

# 2009/2010 BUDGET DEVELOPMENT UPDATE

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# TALKING POINTS

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- THIS PRESENTATION IS BASED ON A COMMON MESSAGE FROM ALL COUNTY OFFICES IN THE STATE
- STATE BUDGET ACT IS PREDICATED ON THE PASSAGE OF MAY 19TH BALLOT MEASURES
  - IF THE MEASURES DON'T PASS, THE COST TO THE STATE WOULD BE APPROX. \$6 BILLION

# STATE PROPOSITIONS

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- PROP. 1A - RAINY DAY FUND
- PROP. 1B - K-14 EDUCATION WOULD RECEIVE \$9.3 BILLION IN LIEU OF MAINTENANCE FACTORS UNDER PROP. 98
- PROP. 1C - LOTTERY MODERNIZATION ACT. \$5 BILLION AT STATE
- PROP. 1D - TAKE CHILD DEVELOPMENT MONIES
- PROP. 1E - DIVERT MENTAL HEALTH MONIES
- PROP. 1F - STATE OFFICERS SALARIES

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STATE AND FEDERAL ECONOMY CONTINUE TO  
DETERIORATE

CALIFORNIA UNEMPLOYMENT = 11.2% - HIGHEST  
SINCE JUNE OF 1941

UCLA ECONOMISTS PROJECT ECONOMY WILL  
CONTINUE TO DETERIORATE THROUGH MID 2010  
WITH UNEMPLOYMENT RISING TO OVER 12%

# WHAT CAN WE EXPECT?

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- LAO PROJECTS \$8 BILLION DEFICIT
- LAO PROJECTS \$3.6 BILLION DROP IN PROP. 98  
GUARANTEE THAT WOULD RESULT IN A \$600-\$1000 CUT PER ADA IN MID 2009/2010
- MANY HOLES IN THE BUDGET ACT. IT COULD TAKE SIX MONTHS INTO THE NEW BUDGET YEAR TO GET ACTION FROM THE LEGISLATURE
- WE ARE ADVISED TO ANTICIPATE FURTHER FUNDING REDUCTIONS IN 2009/2010 BASED ON LEGISLATIVE ACTION

# AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

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- FEDERAL MONEY WILL COME IN THREE FORMS, BUT THE LAO ADDS NOTES OF CAUTION (TITLE 1, IDEA, SFSF)
- MAXIMIZE THE BENEFIT OF FED FUNDS TO THE STATE'S GENERAL FUND
- RECOGNIZE THAT THESE ARE ONE TIME DOLLARS
- MONEY SHOULD BE USED FOR STATE PURPOSES SUCH AS PAYING OF MANDATED OBLIGATIONS OR PURCHASING A STATEWIDE DATA SYSTEM
- EDUCATION WAS NOT ON THE LAO'S RADAR SCREEN

# AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

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- "CURRENTLY THERE ARE MANY UNKNOWNNS INCLUDING THE ACTUAL ALLOCATIONS TO SCHOOL DISTRICTS, WHEN THE FUNDING WILL BE RECEIVED, AND A DETERMINATION OF ALLOWABLE USES. THEREFORE, FUNDING FROM THE ARRA SHOULD NOT BE BUDGETED UNTIL YOU RECEIVE OFFICIAL NOTIFICATION OF AN ALLOCATION."

□ SOURCE: CCSESA'S COUNTY OFFICE CBO SUB COMMITTEE

# TITLE I

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- FOLLOW THE CURRENT TITLE I ALLOCATION FORMULAS AND "SUPPLEMENT NOT SUPPLANT"
- REQUIRED SET ASIDES
  - 5% FOR HIGHLY QUALIFIED TEACHER TRAINING
  - 20% FOR SUPPLEMENTAL SERVICES FOR PROGRAM IMPROVEMENT
- SCHOOLS MAY BE REQUIRED TO DEMONSTRATE HOW THE FUNDS WERE USED TO IMPROVE STUDENT PERFORMANCE



# INDIVIDUAL DISABILITIES EDUCATION ACT (IDEA)

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- THESE MONIES, DESIGNATED FOR SPECIAL EDUCATION, WILL FLOW TO THE SELPAS AND TO DISTRICT'S BASED ON REGULATIONS STILL TO BE FORTHCOMING

# STATE FISCAL STABILIZATION FUNDS

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"WE STILL DO NOT HAVE INFORMATION RELATIVE TO WHEN ALLOCATIONS WILL BE POSTED, THE METHODOLOGY FOR ALLOCATIONS, AND RESTRICTIONS ON USES OF THE FUND OR THE REPORTING REQUIREMENTS."

SOURCE: CCSESA'S COUNTY OFFICE CBO SUB COMMITTEE

# CATEGORICAL FUNDING

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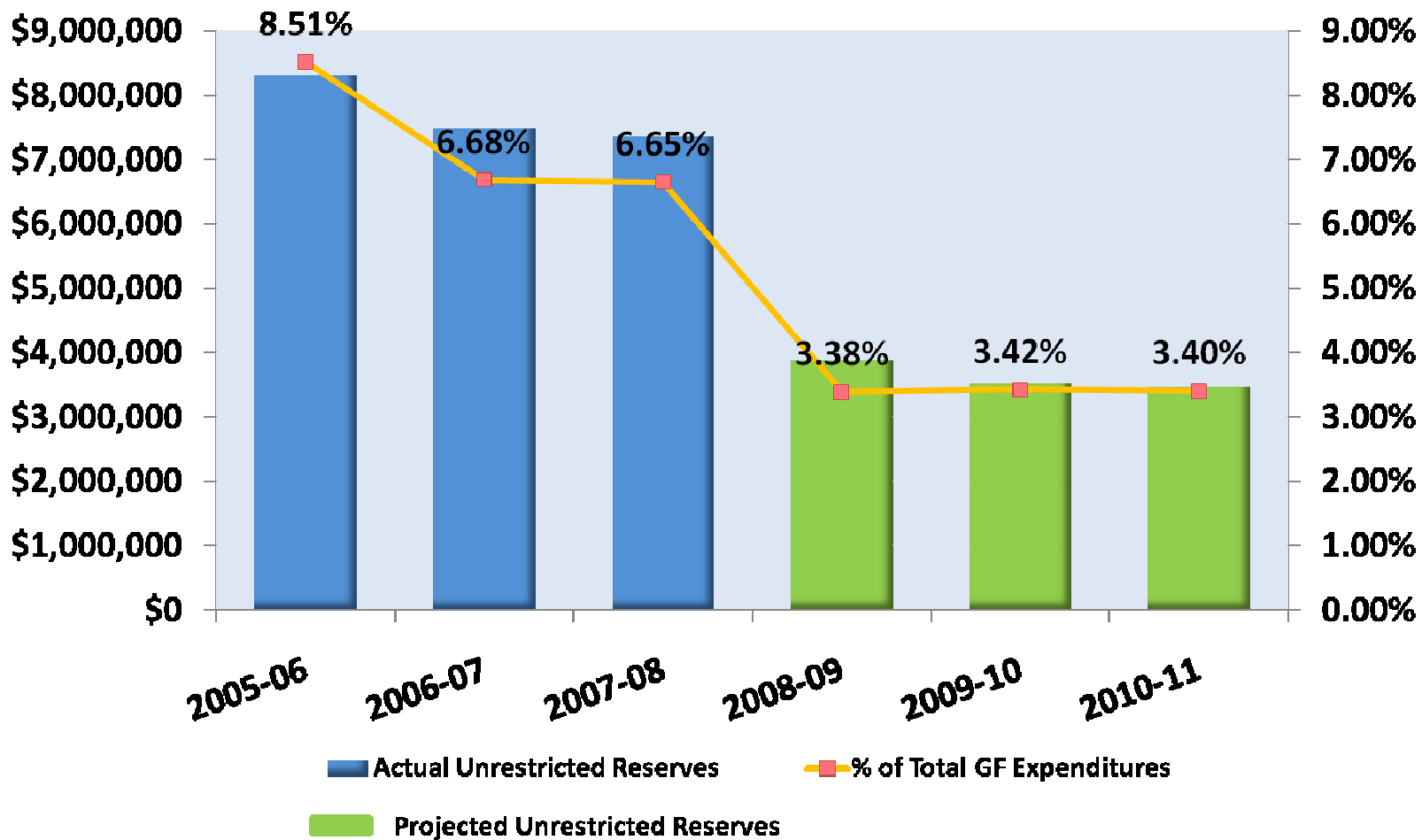
- THE BUDGET ACT REDUCES MOST CATEGORICAL FUNDING BY 15.4% FOR 2008/2009 AND ADDITIONAL 4.5% IN 2009/2010. MOST STATE CATEGORICAL PROGRAMS HAVE FLEXIBILITY FOR THE USE OF THE FUNDS.
- MANY UNANSWERED QUESTIONS RE:FLEXIBILITY
- THESE FLEXIBILITY PROVISIONS ARE IN EFFECT FOR FIVE YEARS, 2008/2009 THROUGH 2012/2013

# RESERVES FOR ECONOMIC UNCERTAINTIES

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- OUR 3% RESERVE REQUIREMENTS  
HAVE NOT CHANGED . THIS IS  
CONSIDERED A BARE MINIMUM.

## Fullerton Elementary School District Unrestricted Reserves



# NEGOTIATIONS

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- "WE ADVISE DISTRICTS TO ADHERE TO THE MAY 15TH DEADLINES AND PROVIDE THE NECESSARY STATUTORY EMPLOYMENT NOTICES THAT PROVIDED THE MOST FLEXIBILITY TO DEAL WITH THE ENACTED BUDGET AND ANY POTENTIAL FUTURE CHANGES AS A RESULT OF THE GOVERNOR'S JUNE 8TH REVISION OR FUTURE LEGISLATION."
  
- SOURCE: CCSESA'S COUNTY OFFICE CBO SUB COMMITTEE

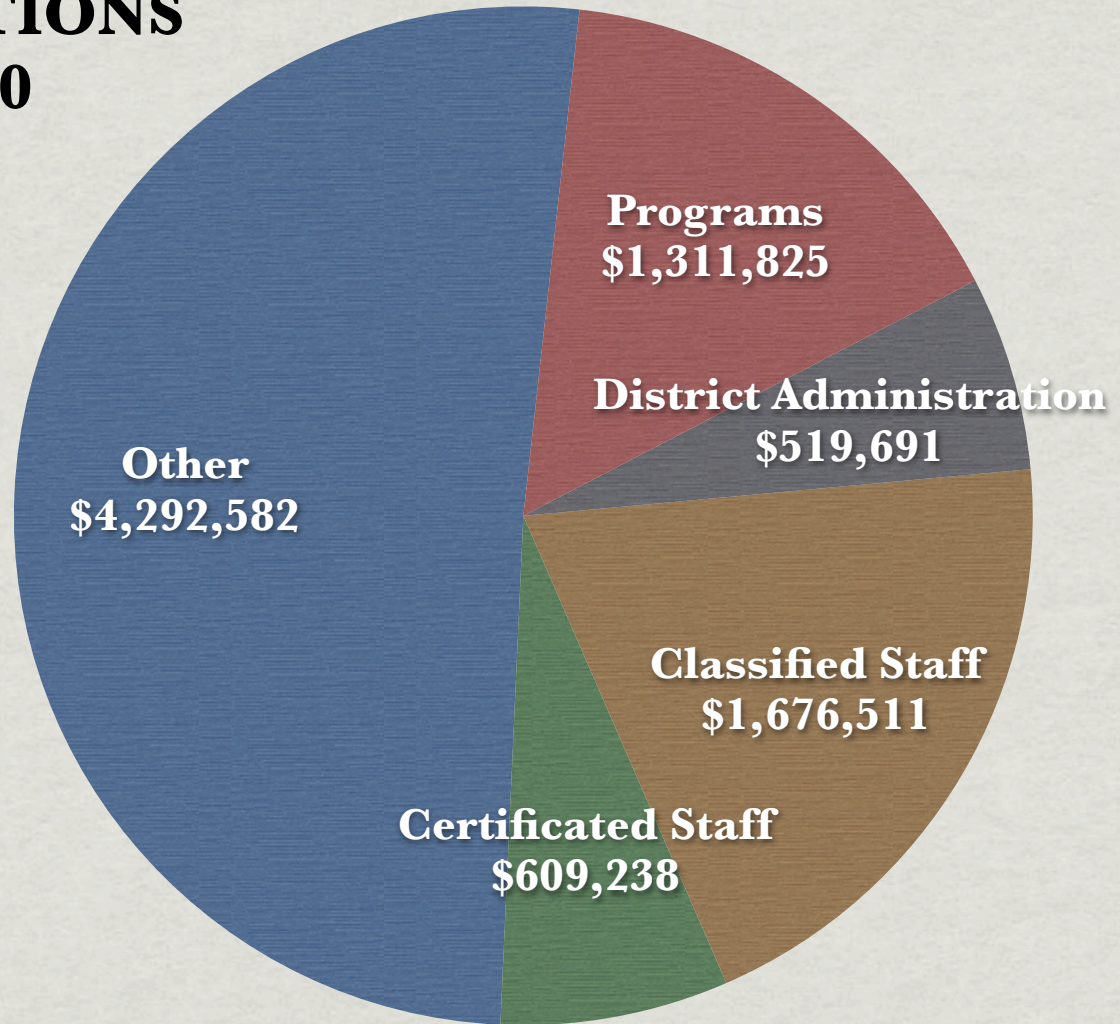
# CASH MANAGEMENT

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- THE STATE BUDGET ACT DEFERS \$2 BILLION IN REVENUE LIMIT FUNDS AS WELL AS \$570 MILLION IN CSR K-3 PAYMENTS FROM FEBRUARY TO JULY 2009
- IN ADDITION, \$1 BILLION IN REVENUE LIMIT APPORTIONMENTS ARE DEFERRED FROM JULY TO OCTOBER 2009
- \$1.5 BILLION IS DEFERRED FROM AUGUST TO OCTOBER 2009
- MANAGEMENT OF CASH FLOW IS CRITICAL

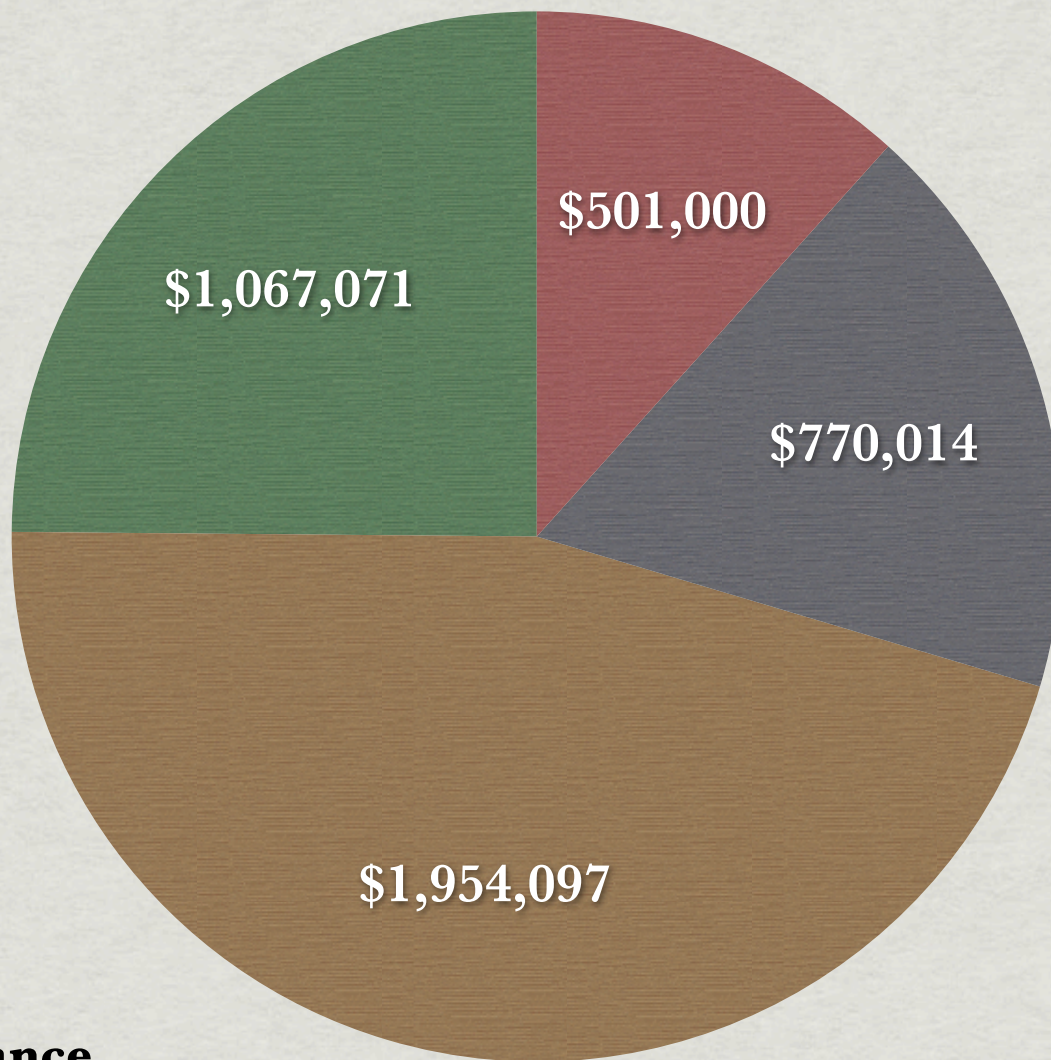
**FULLERTON SCHOOL  
DISTRICT BUDGET  
REDUCTIONS AND  
ADJUSTMENT OPTIONS  
FOR 2009/2010**

**TARGET  
TOTAL:  
\$8,400,000**





**OTHER:  
\$4,292,582**



- **Deferred Maintenance**
- **Salary/Attrition**
- **Tier III Cost Shifts**
- **Child Care, Post Retirement Benefits, Food Services, Special Ed., Etc.**

# RESOURCES

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- PARCEL TAX
- SALARY/BENEFIT CUTS
- FUNDRAISING
- FEDERAL \$'S (ONE TIME \$'S FOR TWO YEARS VS. ONGOING)
- STATE \$'S DEFICIT 2009/2010 (\$600/ADA X \$7.8 MILLION)
- ENROLLMENT
- LAYOFFS
- 3% RESERVE

# CONCLUSION

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"... WE BELIEVE THAT THERE IS A STRONG INDICATION THAT THERE WILL BE FURTHER MID-YEAR REDUCTIONS IN 09/10. WE DO NOT BELIEVE THAT SCHOOL DISTRICTS WILL RECEIVE BOTH THE ARRA FUNDS AND THE ENACTED BUDGET ALLOCATIONS. WE STRONGLY ENCOURAGE SCHOOL DISTRICTS TO DEVELOP CONTINGENCY PLANS THAT CAN BE IMMEDIATELY IMPLEMENTED IF 09/10 MID-YEAR REDUCTIONS ARE ENACTED.

# CONCLUSION

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"...FURTHERMORE, SCHOOL DISTRICTS ARE STRONGLY ENCOURAGED NOT TO WAIT FOR THE MAY 19TH SPECIAL ELECTION, THE JUNE 8TH REVISION, OR POTENTIAL REVENUES FROM THE ARRA. SCHOOL DISTRICTS ARE ADVISED TO BEGIN PLANNING NOW FOR NECESSARY REDUCTIONS FOR 09/10 AND 10/11. AT THE SAME TIME WHILE PLANNING NECESSARY BUDGET REDUCTIONS FOR 09/10 AND 10/11, SCHOOL DISTRICTS CAN ALSO DEVELOP PROGRAM OR EXPENDITURE RESTORATION PRIORITIES IF MORE REVENUES ARE MADE AVAILABLE. . ."

□ SOURCE: CCSESA'S COUNTY OFFICE CBO SUB COMMITTEE