



## Budget Workshop # 2 Governor's Proposal Reduction Level

January 21, 2010

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## Budget Workshop Process

- What is a workshop?
  - All board members are present
  - Solution oriented
  - A time to seek input
  - An opportunity for community discussion
  - A time for questions
- Process to be used this evening:
  - Presentation by staff
  - Community forum
  - Board of Trustees' comments
  - Superintendent's comments

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## Agenda

- Review of Jan. 7<sup>th</sup> Board Meeting
- State Budget Overview
- District Budget
- Recommended Reduction Level
- Next Steps

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## Review of Jan. 7, 2010 Board Meeting

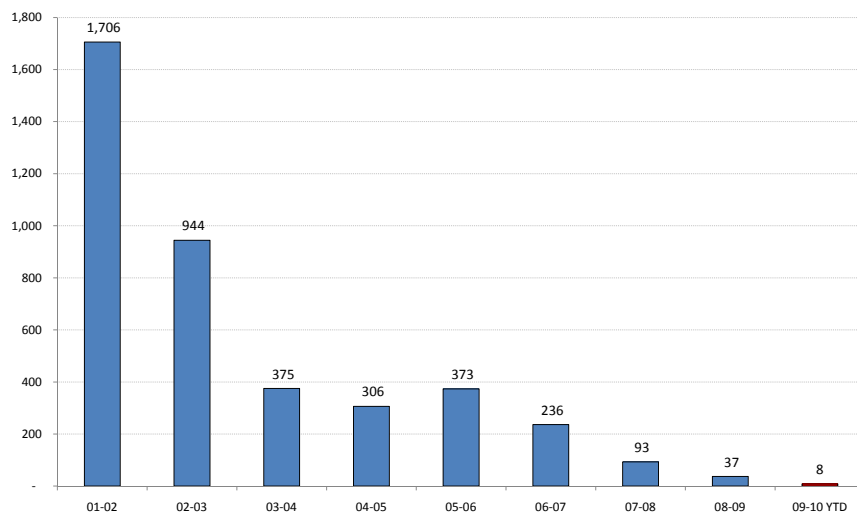
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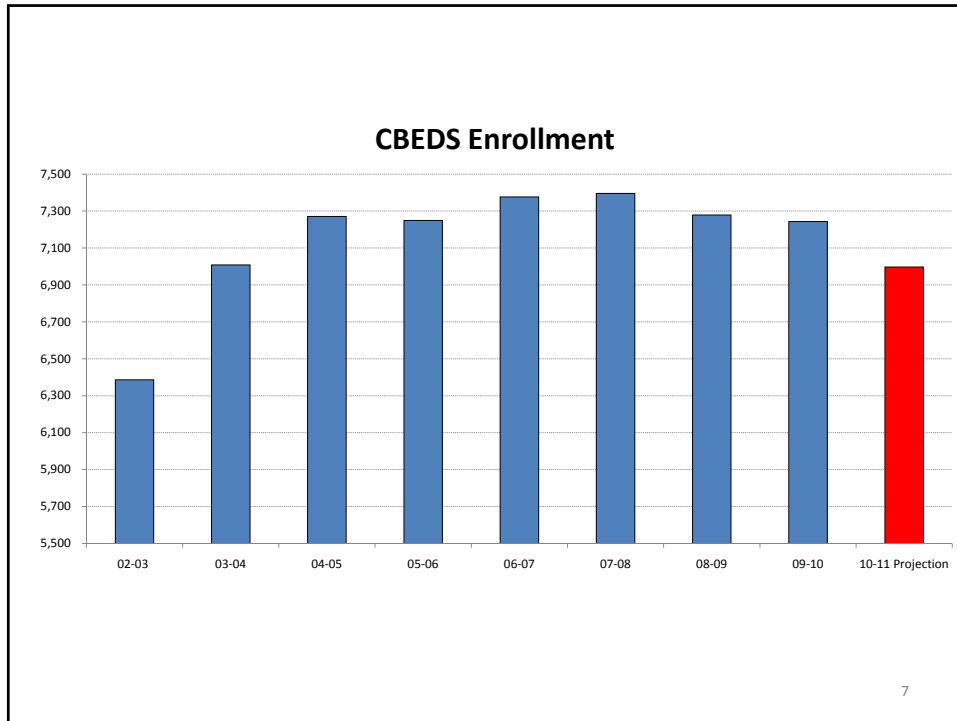
# 1<sup>st</sup> Interim Multi-Year Projection

	09-10	10-11	11-12
Enrollment	7,243	6,996	6,797
Projected COLA	4.25%	0.50%	2.30%
Projected Deficit	18.36%	18.36%	18.36%
<b>A. Total Revenues</b>	<b>46,250,157</b>	<b>46,539,453</b>	<b>45,037,816</b>
<b>B. Total Expenditures</b>	<b>50,541,092</b>	<b>50,991,988</b>	<b>50,487,192</b>
<b>C. Excess (Deficiency)</b>	<b>(4,290,935)</b>	<b>(4,452,535)</b>	<b>(5,449,376)</b>
<b>D. Other Sources/Uses</b>	<b>(254,240)</b>	<b>(329,240)</b>	<b>(329,240)</b>
<b>E. Net Increase (Decrease)</b>	<b>(4,545,175)</b>	<b>(4,781,775)</b>	<b>(5,778,616)</b>
F. 1e) Adjusted Beginning Balance	11,525,248	6,980,073	2,198,298
F. 2) Ending Balance	6,980,073	2,198,298	<b>(3,580,318)</b>
Components of Ending Balance:			
Revolving Cash, Stores, Prepaid	181,000	185,000	185,000
General Reserve 2.0%	1,017,507	1,026,525	1,016,429
Legally Restricted	753,426	0	0
Economic Uncertainties 3.0%	1,526,260	1,539,787	1,524,643
Economic Uncertainties 1.0%	508,754	513,263	508,215
Enrollment Decline	1,258,542	995,932	542,786
Lottery	821,535	810,270	786,203
<b>c) Undesignated Amount</b>	<b>608,294</b>	<b>(2,872,479)</b>	<b>(8,143,594)</b>

## Residential Growth

Building Permits





- ## Projection Methodology
- Move all existing students to their home school
  - Matriculate students
    - K becomes 1<sup>st</sup>, 1<sup>st</sup> becomes 2<sup>nd</sup>, etc..
    - 8<sup>th</sup> grade leaves for high school
  - In-coming Kindergarten
    - 3 year historical average of incoming to prior year class is 97.5%
  - No growth projected due to non-existent residential development
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## 2010-11 Enrollment Projection

2010-11	K	1	2	3	4	5	6	7	8	Total
Dry Creek	90	91	88	96	85	74				524
Heritage Oak	85	86	96	100	102	102				571
Antelope Meadows	120	115	119	125	147	153				779
Quail Glen	75	76	95	96	110	134				586
Olive Grove	91	92	92	92	82	136				585
Coyote Ridge	133	135	138	152	174	149				881
Barrett	74	84	95	79	96	76				504
Antelope Crossing							273	332	322	927
Silverado							334	339	340	1,013
Creekview Ranch							198	199	237	634
Total	668	679	723	740	796	824	805	870	899	7,004
2009-10	677	721	738	794	822	806	869	897	919	7,243
							Year to Year Difference			(239)

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## 2010-11 Classroom Staffing Assumptions

- K-3 student teacher range of 20-24 to 1
- 4-8 student teacher range of 32-34 to 1
- Rationale:
  - Establishes class size as a priority
  - Provides flexibility
  - Minimizes CSR penalties
  - Reduces student overflow and transportation

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## 2010-11 Projected Classroom Positions

2010-11	K	1	2	3	4	5	6	7	8	Total
Dry Creek	4.0	4.0	4.0	4.0	2.5	2.5				21.0
Heritage Oak	4.0	4.0	4.5	4.5	3.0	3.0				23.0
Antelope Meadows	5.0	5.0	5.5	5.5	4.5	4.5				30.0
Quail Glen	3.5	3.5	4.5	4.5	3.5	4.5				24.0
Olive Grove	4.0	4.0	4.0	4.0	3.0	4.0				23.0
Coyote Ridge	6.0	6.0	6.0	7.0	5.5	4.5				35.0
Barrett	4.0	4.0	4.0	4.0	3.0	3.0				22.0
Antelope Crossing							8.0	10.0	10.0	28.0
Silverado							10.0	10.0	10.0	30.0
Creekview Ranch							6.0	6.0	7.0	19.0
Total	30.5	30.5	32.5	33.5	25.0	26.0	24.0	26.0	27.0	255.0
<b>Existing 09-10</b>	32.0	35.0	36.0	38.0	25.0	25.0	27.0	27.0	27.0	272.0
Difference	(1.5)	(4.5)	(3.5)	(4.5)	0.0	1.0	(3.0)	(1.0)	0.0	(17.0)

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Jan. 21, 2010

State Budget Overview  
 District Budget  
 Recommended Level of Reduction

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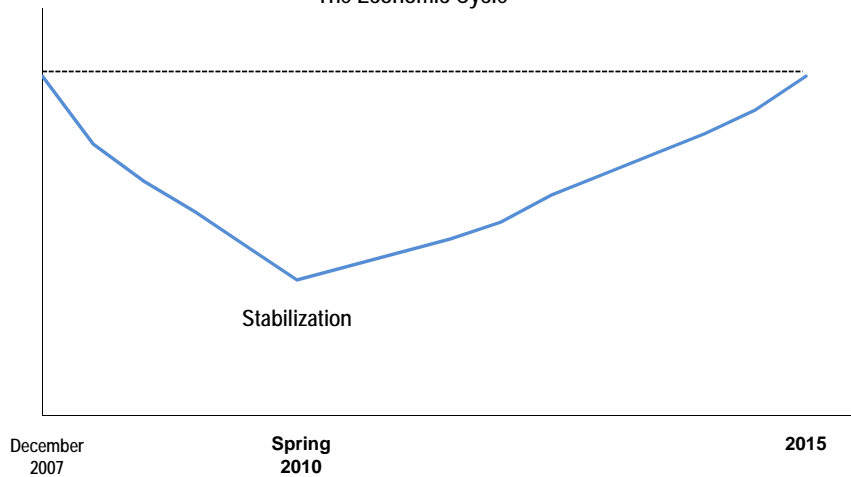
## State Budget Overview

- State deficit projected at approx. \$18.9 billion
  - Approx. \$6.6 billion in FY 2009-10
  - Approx. \$12.3 billion in FY 2010-11
- Governor's January Proposal (GJP)
  - Proposal, not an approved budget
  - Changes will occur
  - Gov. declared a fiscal emergency
    - Legislature has until Feb. 22 to provide any corrections

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## State Budget Overview

The Economic Cycle

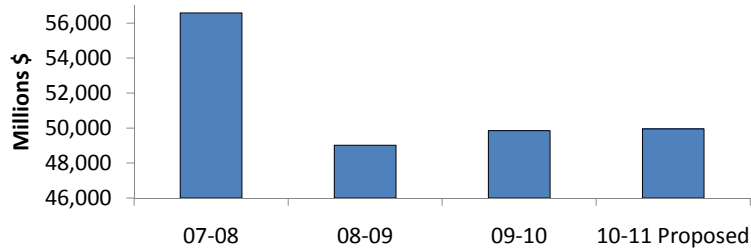


Source: School Services of California

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## State Budget Overview

- Prop. 98 Guarantee



- Maintenance Factor (MF)

- Funds owed to education \$11.2 billion
- Negotiated in FY 10 due to Dept. of Finance interpretation
- Appears any future obligation will be negotiated through the budget process

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## State Budget Overview

- Prop. 98 Con't

- GJP eliminates the gasoline sales tax and replaces with excise tax

- Lowers State revenues thereby reducing the Prop. 98 base
- Manipulation of Prop. 98

- Mandates

- Eliminated except for:

- Inter / Intra district
- CAHSEE

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## State Budget Overview

- Legislative Analyst Office Response to GJP
  - Reasonable estimate of amount
  - Downside risks exists
  - Correct to seek Federal funds, but it's not realistic to assume 40% of solution
  - Reprioritize state finances

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## Reduction and Deferral of Revenues

- COLA reduced by **-0.38%**
  - Impacts Revenue Limit and state categorical programs
- Revenue limit deficit
  - 18.35% deficit or **-\$7.6 million**
- Additional on-going cut of **-\$191** per ADA in Revenue Limit
- Deferrals continue
  - DCJESD \$5.3 million from FY 10 to FY 11

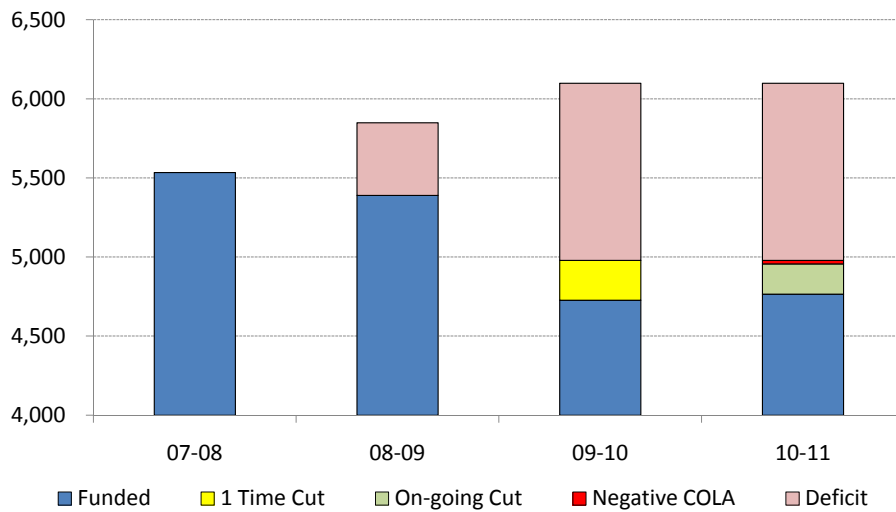
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## Impacts of GJP on DCJESD Revenue Limit

	MYP Dec.	Gov's Jan.	Difference
COLA	+0.50% +\$31 per ADA	-0.38% -\$23 per ADA	-0.88% -\$54 per ADA
On-going RL cut	-0-	\$191 per ADA	-\$191 per ADA
Total			-\$245 per ADA or -\$1.7 million

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## DCJESD Revenue Limit



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## 2010-2011 GJP Financial Projection

- Projections include
  - Governor’s Proposals
    - -0.38% COLA
    - -\$191 on-going cut
  - Enrollment decline staff reductions
  - Class size adjustments

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## 2010-2011 GJP Financial Projection

	09-10	10-11
A. Total Revenues	46,629,489	44,441,810
B. Total Expenditures	50,525,477	49,475,120
C. Excess (Deficiency)	(3,895,988)	(5,033,310)
D. Other Sources/Uses	(415,272)	(504,475)
E. Net Increase (Decrease)	(4,311,260)	(5,537,785)
F. 1e) Adjusted Beginning Balance	11,525,248	7,213,988
F. 2) Ending Balance	7,213,988	1,676,203
Components of Ending Balance:		
Revolving Cash, Stores, Prepaid	181,000	181,000
General Reserve 2.0%	1,020,415	999,692
Legally Restricted	754,025	94,903
Economic Uncertainties 3.0%	1,530,623	1,499,538
Economic Uncertainties 1.0%	510,208	499,846
Enrollment Decline	1,185,583	917,689
Lottery	795,999	810,270
Categorical	304,755	0
c) Undesignated Amount	931,380	(3,326,735)

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## 2010-2011 GJP Financial Projection

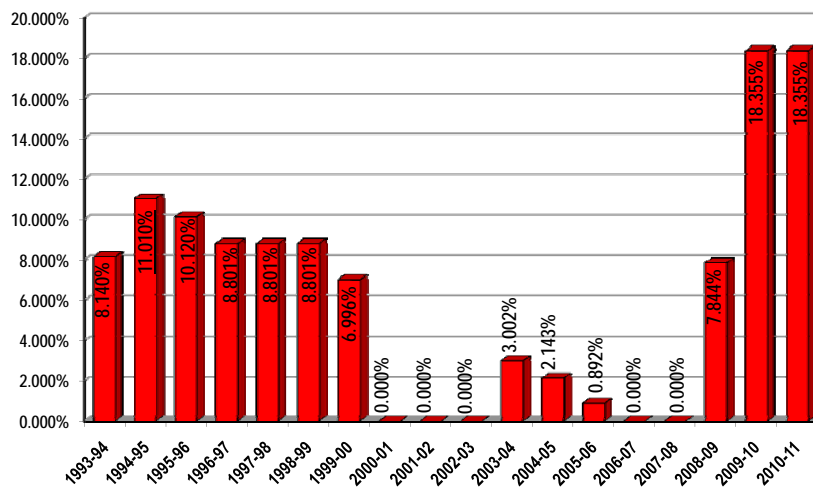
- Recommended reductions to 2010-2011 budget:

**\$3.33 million**

Will still result in deficit spending of more than \$2.2 million

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## Revenue Limit Deficits



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## Summary (State)

- State budget continues to be difficult
  - \$18.9B deficit is approx. 21% revenues of \$88.1B
  - Past budgets relied on borrowing, transfers, accounting changes, deferrals and cuts
  - All areas of the state budget will be impacted: social services, education, safety
- As stated during last year's budget development process, 2010-11 would be more difficult than 2009-10 for Dry Creek JESD

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## Summary

- DCJESD continues to face multiple years of challenging state budgets and declining enrollment
- Reductions are difficult for a school district, its employees, its students and community
- Over the last two years the Board of Trustees approved reductions of **\$4.25 million**
- Cash flow is vital in order to continue to pay our employees and vendors
- Projections indicate reductions of approximately **\$3.3 million** need to be made to expenditures for 2010-2011

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## Next Steps

- Jan. 12
  - Staff attends Gov's. budget workshop
- Jan. 21 - Budget Workshop #2
  - Governor's Budget Proposal Review
  - Recommended level of reductions
- Feb. 4 - Budget Workshop #3
  - Staff recommended reductions
- Feb. 18 - Budget Workshop #4
  - Board Approval of reductions
- Feb. 25
  - Potential action to reduce positions

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## Community Forum

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**Board of Trustees' Comments**  
**Superintendent's Comments**

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