



Alum Rock Union Elementary School District

**2011-12 Adopted Budget
Revised**

Board Meeting: August 11, 2011

Presented by: Laura Phan, Assistant Superintendent, Business Services



Overview

- Board approved District budget on June 16
- Governor Brown signed State Budget and Education Trailer Bill AB 114 on June 30
- Education Code section 42127 requires revision to the district's adopted budget within 45 days after the state budget adoption



2011-12 Budget Assumptions

	2011-12 Adopted Budget	2011-12 Revised Budget	2012-13 Projected	2013-14 Projected
Revenue Limit Factor	2.240%	2.240%	3.200%	2.700%
RL Funding Deficit	-19.754%	-19.754%	-19.754%	-19.754%
Other RL Adjustment	-\$330			
Base Revenue Limit (RL) per ADA	\$6,217.48	\$6,217.48	\$6,416.48	\$6,589.48
Funded Revenue Limit (RL) per ADA	\$4,698.27	\$4,698.27	\$4,857.12	\$4,995.94
Net RL Funding Change from Prior Year	-6.54%	-6.54%	3.38%	2.86%
Enrollment	12,407	12,407	12,152	11,786
Revenue Limit ADA	12,177	12,177	11,883	11,638

Change in Revenue Assumptions:

- ▶ Restoration of \$330 per ADA

Change in Expenditure Assumptions:

- ▶ None until First Interim



Multi-Year Projections – Combined General Fund

Combined General Fund Unrestricted/Restricted	2011-12 Adopted Budget	2011-12 Revised Adopted Budget	Change	Year 2 2012-13 Revised	Year 3 2013-14 Revised
Beginning Fund Balance	\$ 16,005,025	\$ 16,005,025	\$ -	\$ 13,254,096	\$ 9,526,613
Revenue	\$ 98,944,750	\$ 102,997,137	\$ 4,052,387	\$ 102,659,741	\$ 102,297,396
Salaries and Benefits	(89,209,102)	(89,209,102)	-	(89,782,138)	(89,332,220)
Supplies and Operating	(16,251,115)	(16,251,115)	-	(16,317,273)	(16,640,229)
Indirect and Transfers	302,329	302,329	-	302,365	303,386
Debt Service	(590,178)	(590,178)	-	(590,178)	(431,223)
Surplus/(Deficit)	\$ (6,803,316)	\$ (2,750,929)	\$ 4,052,387	\$ (3,727,483)	\$ (3,802,890)
Ending Fund Balance	\$ 9,201,709	\$ 13,254,096	\$ 4,052,387	\$ 9,526,613	\$ 5,723,723
Legally Restricted	(865)	(865)	-	(0)	(0)
Accounting Restriction	(20,000)	(20,000)	-	(20,000)	(20,000)
Committed - Reserve for Economic Uncertainties	(3,172,442)	(3,172,442)	-	(3,191,617)	(3,183,009)
Undesignated Balance	\$ 6,008,402	\$ 10,060,789	\$ 4,052,387	\$ 6,314,996	\$ 2,520,714



Multi-Year Projections - Unrestricted G/F

	2011-12 Revised Adopted Budget	Year 2 2012-13 Projected	Year 3 2013-14 Projected
BEGINNING FUND BALANCE	\$ 15,663,963	\$ 13,253,231	\$ 9,526,613
Revenue Limit	60,722,920	61,270,820	61,587,624
Other Revenues	20,330,519	19,834,103	19,578,382
Total General Fund Revenues	\$ 81,053,439	\$ 81,104,923	\$ 81,166,006
<u>Contribution to Restricted Programs:</u>			
Routine Restricted Maintenance	(2,112,125)	(2,363,581)	(2,363,884)
Transportation (program encroachment)	(1,403,526)	(1,379,414)	(1,394,180)
Special Ed (program encroachment)	(9,154,020)	(9,360,526)	(9,444,784)
Total Contributions	\$ (12,669,671)	\$ (13,103,521)	\$ (13,202,848)
Indirect Costs	1,932,419	1,926,438	1,914,735
TOTAL RESOURCES	\$ 70,316,187	\$ 69,927,840	\$ 69,877,893
Salaries and Benefits	(64,755,695)	(65,606,040)	(65,700,296)
Supplies and Operating Expenditures	(7,381,046)	(7,458,240)	(7,549,264)
Other Debt Service Payments	(590,178)	(590,178)	(431,223)
TOTAL EXPENDITURES	\$ (72,726,919)	\$ (73,654,458)	\$ (73,680,783)
Net Change to Fund Balance	\$ (2,410,732)	\$ (3,726,618)	\$ (3,802,890)
ENDING FUND BALANCE	\$ 13,253,231	\$ 9,526,613	\$ 5,723,723
Accounting Restriction	(20,000)	(20,000)	(20,000)
Designated for Economic Uncertainties	(3,172,442)	(3,191,617)	(3,183,009)
Unassigned Fund Balance	\$ 10,060,789	\$ 6,314,996	\$ 2,520,714



Assembly Bill (AB) 114

- Requires school districts to assume “flat funding” and to restore any expenditure cuts that were made as a result of the previously assumed lower revenues

- No restoration of expenditure cuts necessary
 - One-time Fund Balance was used to absorb the assumed one-time reduction of \$330 per ADA
 - Staff reduction was based on projected enrollment loss
 - K-3 class size is still at 20:1
 - Primary instructional programs are kept intact; i.e. music and art
 - No furlough days or salaries reductions were included in the adopted budget
 - Deficit spending still exists, and projected through 2013-14



State Budget News

- July state revenues fell short of projection by 10.3%
- Stock market turmoil lowered U.S. credit rating with possible consequences for the economy in months to come
 - Lower capital gain and affect state revenues
- State Supreme Court temporarily halts state raid of redevelopment agency funds
 - Puts the state budget at risk





Risks to District Budget

- Possible Mid-year Cuts in February
 - 50% of Home-to-School Transportation funding; \$718 thousand
 - Approximately \$250 per ADA; \$3.1 million

	2011-12 Revised Adopted Budget	Year 2 2012-13 Revised Projected	Year 3 2013-14 Revised Projected
Undesignated Fund Balance, Revised Adopted Budget	\$ 10,060,789	\$ 6,314,996	\$ 2,520,714
Possible Mid-Year Cut, 2011-12 "Triggers"			
Revenue Limit reduction (estimated -\$250 per ADA)	(3,069,990)	(3,069,990)	(3,069,990)
Transportation funding reduction (50%)	(717,875)	(717,875)	(717,875)
Adjusted Projected Fund Balance	\$ 6,272,924	\$ 2,527,131	\$ (1,267,151)

- Year 2 and Year 3 budgets at risk
 - Changes to state revenues will affect future projections



Conclusion

- Considerations for mid-year budget savings
 - Reduce instructional days
 - Spending freeze
 - Hiring freeze
 - Freeze extra duty and overtime
 - Suspend hourly staffing
- Multi-year Considerations – Budget Savings Options
 - School size and consolidation
 - Increase class sizes
 - Review instructional support programs
 - Review extra curricular programs
 - Eliminate or reduce non-mandated services

