



FULLERTON SCHOOL DISTRICT

2010/11 BUDGET ADVISORY COMMITTEE

December 15, 2010



AGENDA

December 15, 2010

Welcome

Introductions

Purpose of the Committee

Ground Rules/Norms

Schedule of Meetings

Distribution of Materials

A Look At California School Finance

Summary of the Session

Closing Thoughts



Main Objectives of Committee

- Understand Basic Concepts of School Finance in California
- Understand the Basics of the FSD Budget
- Provide recommendations to Superintendent/Board regarding budget priorities/reductions for fiscal year 2011/12
- Provide budget recommendations that support Board-adopted District goals



Meeting Norms

- Respect ideas/comments from all Committee members
- Eliminate sidebars when someone has the floor
- Turn off cell phones or turn them on vibrate only
- Begin and end meetings on time
- Others?



A Huge Thanks Goes Out To

Suwen Su

Guillermina Serrano

Debbie Fry

Donna Schnars

for their assistance in the preparation
of this presentation



Schedule of Meetings

December 15, 2010

January 19, 2011

January 26, 2011

February 2, 2011

February 16, 2011



The Concept of California School Finance

Education is a Federal concern, a State function and a Local responsibility.

Our industry is completely dependent on the American taxpayer.

If there is one thing consistent about school finance in California, it is the situation is always changing and seldom stable.

In FSD, it is all about kids, all the time.

Sources of Revenue

Federal - Most Federal dollars come to us as special purpose money, typically referred to as Categorical Money.

Thick strings attached

State - Unrestricted Money
called the Revenue Limit
Restricted Money
is special purpose money

Local - Interest
Donations
Local Agreements

Unrestricted Revenue - State

Revenue Limit

The amount of money a school district receives based on the average number of children serviced each day

concept of Average Daily Attendance (ADA)

Dollars to Fund Revenue Limit

Property taxes and State aid

State aid made up of income and **sales tax** revenue

Portrait of FSDs Revenues

Federal

Unrestricted = 0%

Restricted* = 11%

State

Unrestricted = 73%

Restricted = 7%

Local

Unrestricted = 1%

Restricted = 8%

TOTAL = 100%

*Includes Federal Stimulus Money

Budget Overview - October 2010

OCT BUDGET 10/11 ONLY	STATE ASSUMPTIONS	JANUARY
BRL \$3.4M (\$5,003/ADA)	FED \$5.3B	FED \$0.5B
FED JOBS 2.4M	STATE REV 1.4B	STATE REV 0.0
SFSF .24M	SALE PROP 1.2B	STATE PROP 1.2B
\$6.04 Million	STATE CUTS 7.5B	STATE CUTS 0.0B
	\$15.4B	Est. to save in 10/11* 1/2 of year gone
		\$1.7B

FSD Revenue History

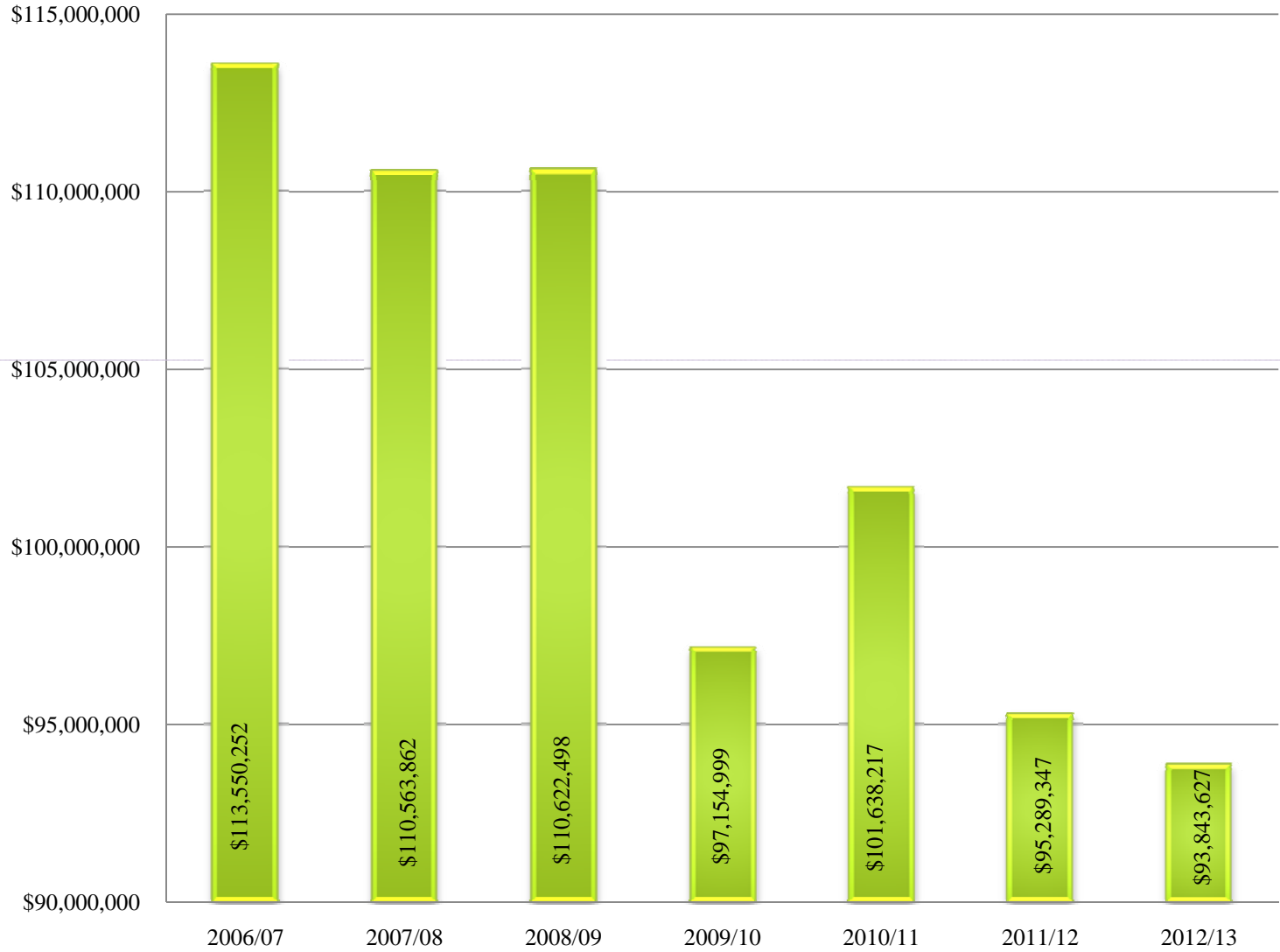
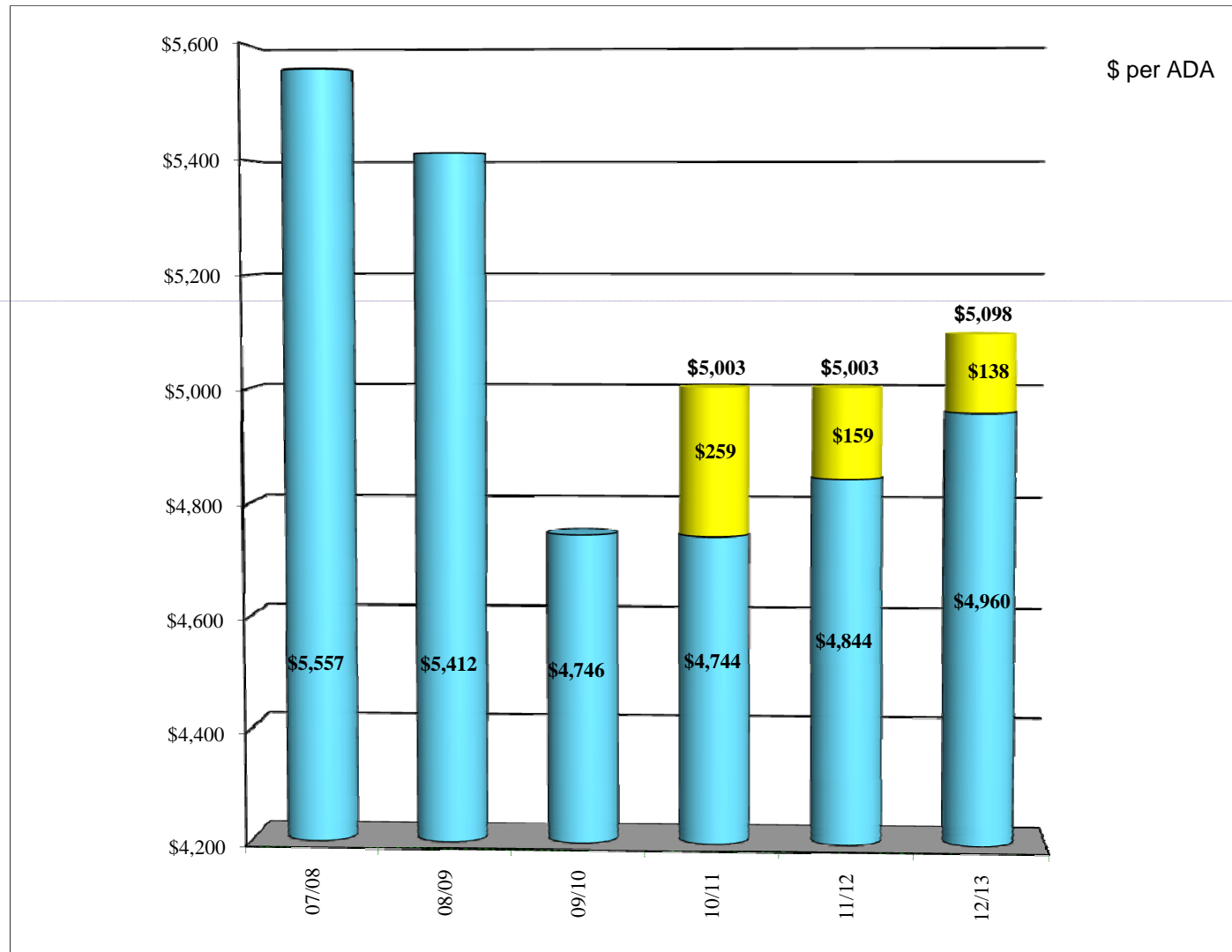
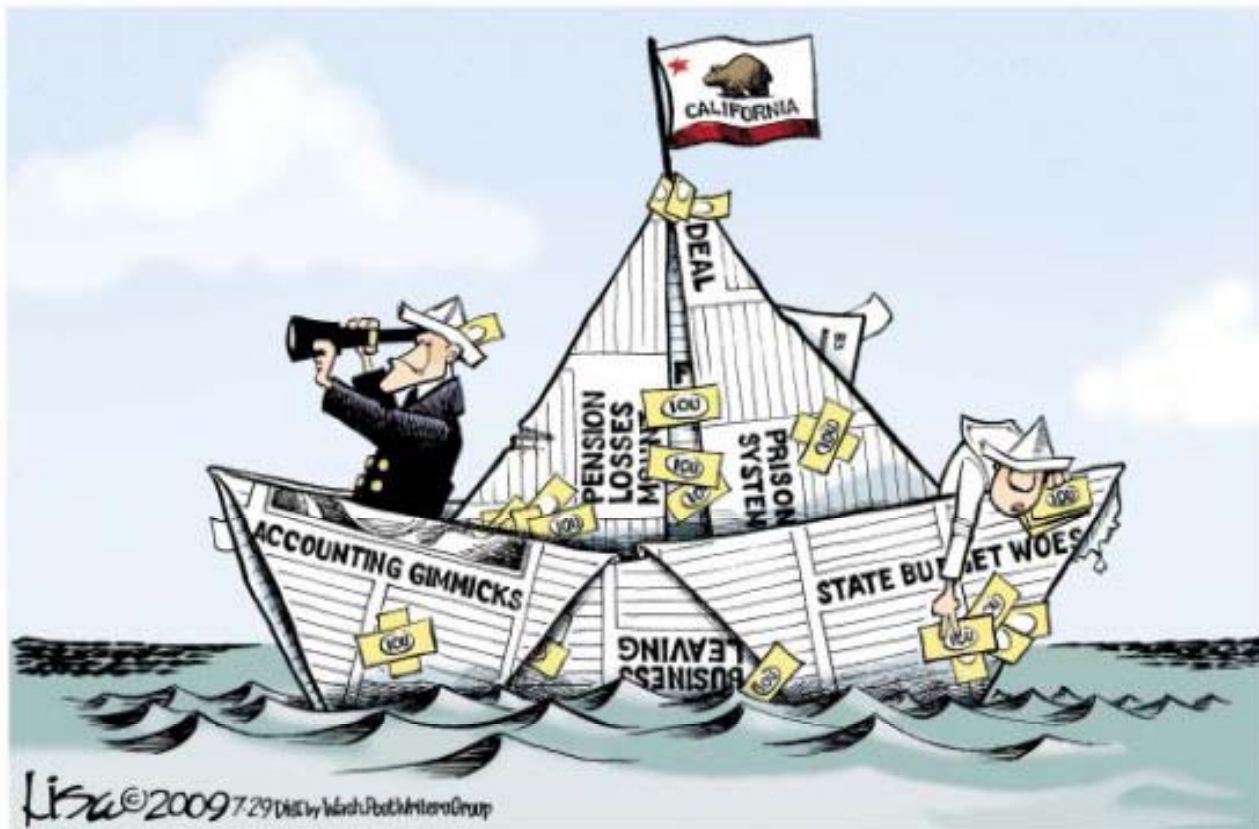


Chart excludes other financing sources, or uses such as transfers in/out and contributions.

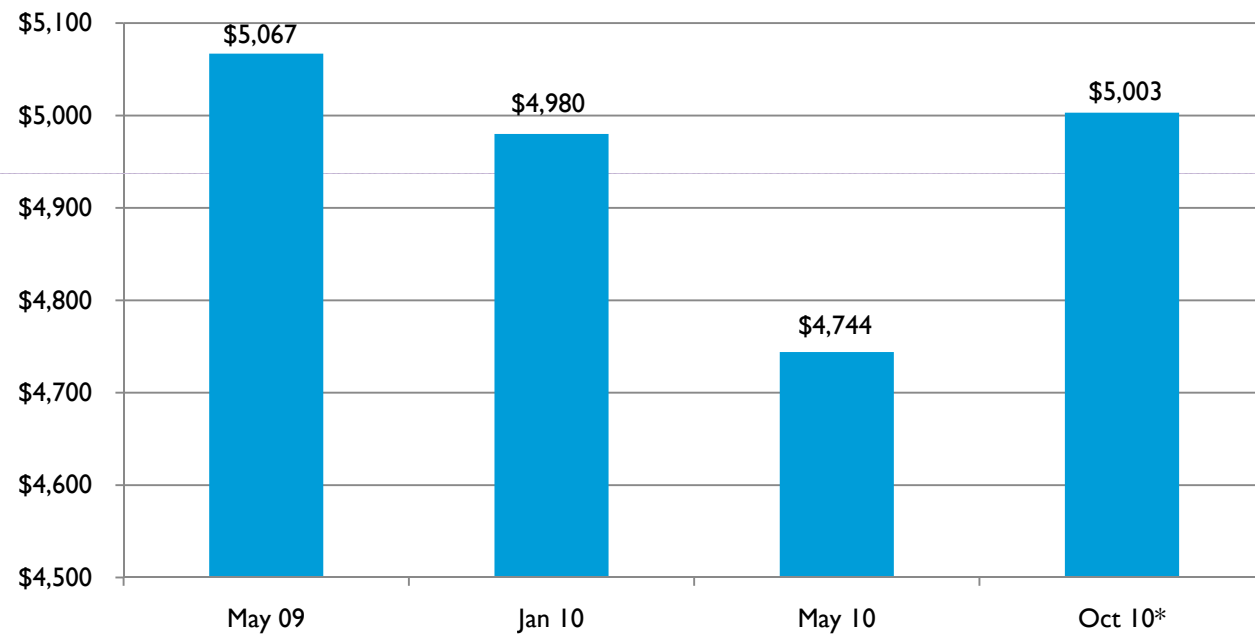
History of Revenue Limit Funding - October Budget Act vs. May Revise



12/15/10

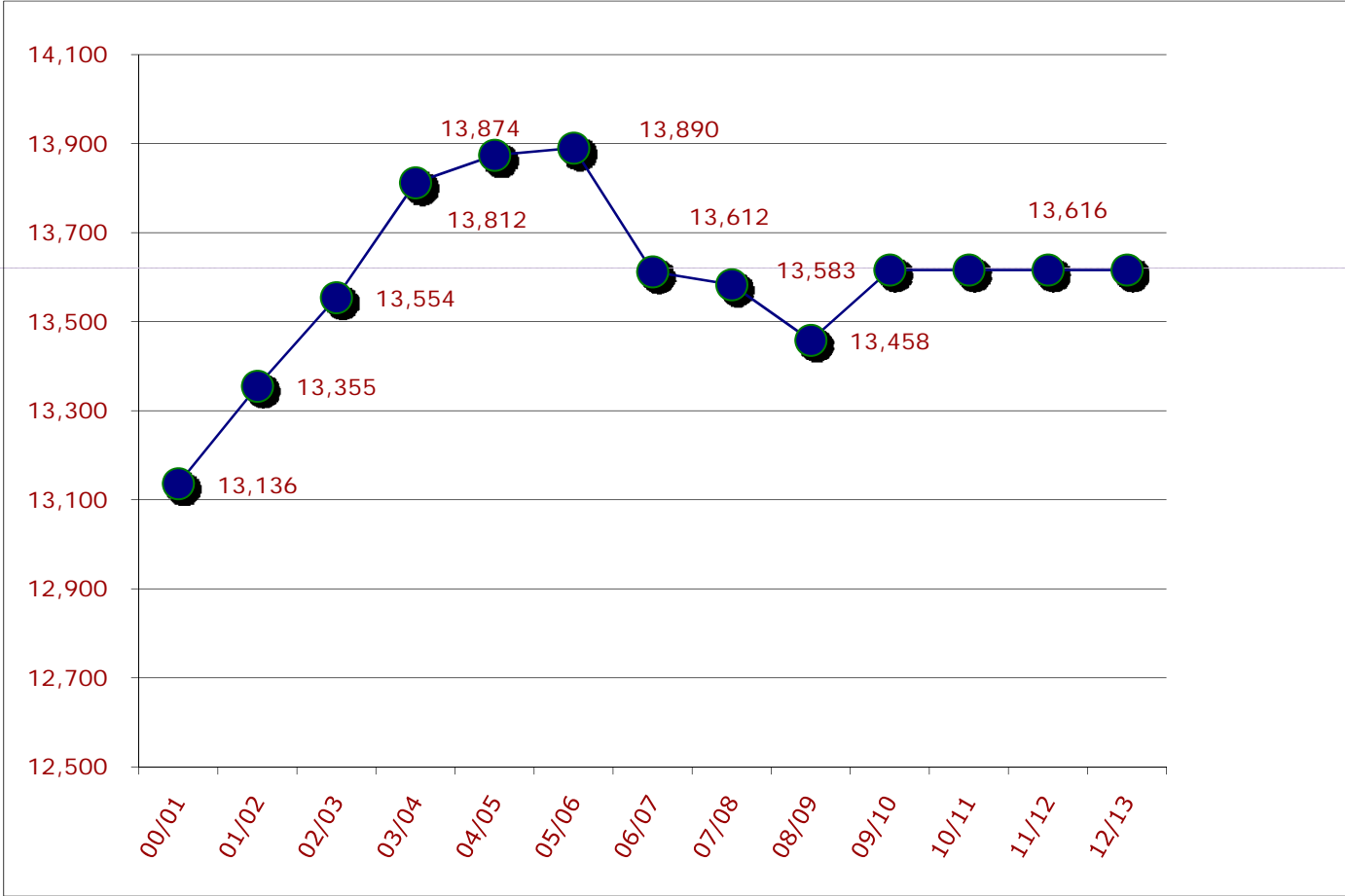


Changes of 2010/11 Funded Base Revenue Limit per ADA



*Eliminated the $-.39\%$ COLA and fully restored the \$235 per ADA to the base revenue limit

District CBEDs Enrollment from 2000/01 through 2012/13



Projections



Budget Calendar

- January - Governor's projected budget for next fiscal year is released

- January - Annual Audit Report to Board
- March - Second Interim Report due
- March 15 - Letters to certificated staff
- May - May Revise
- May/June - Final budget adjustments made for Adopted Budget for next fiscal year

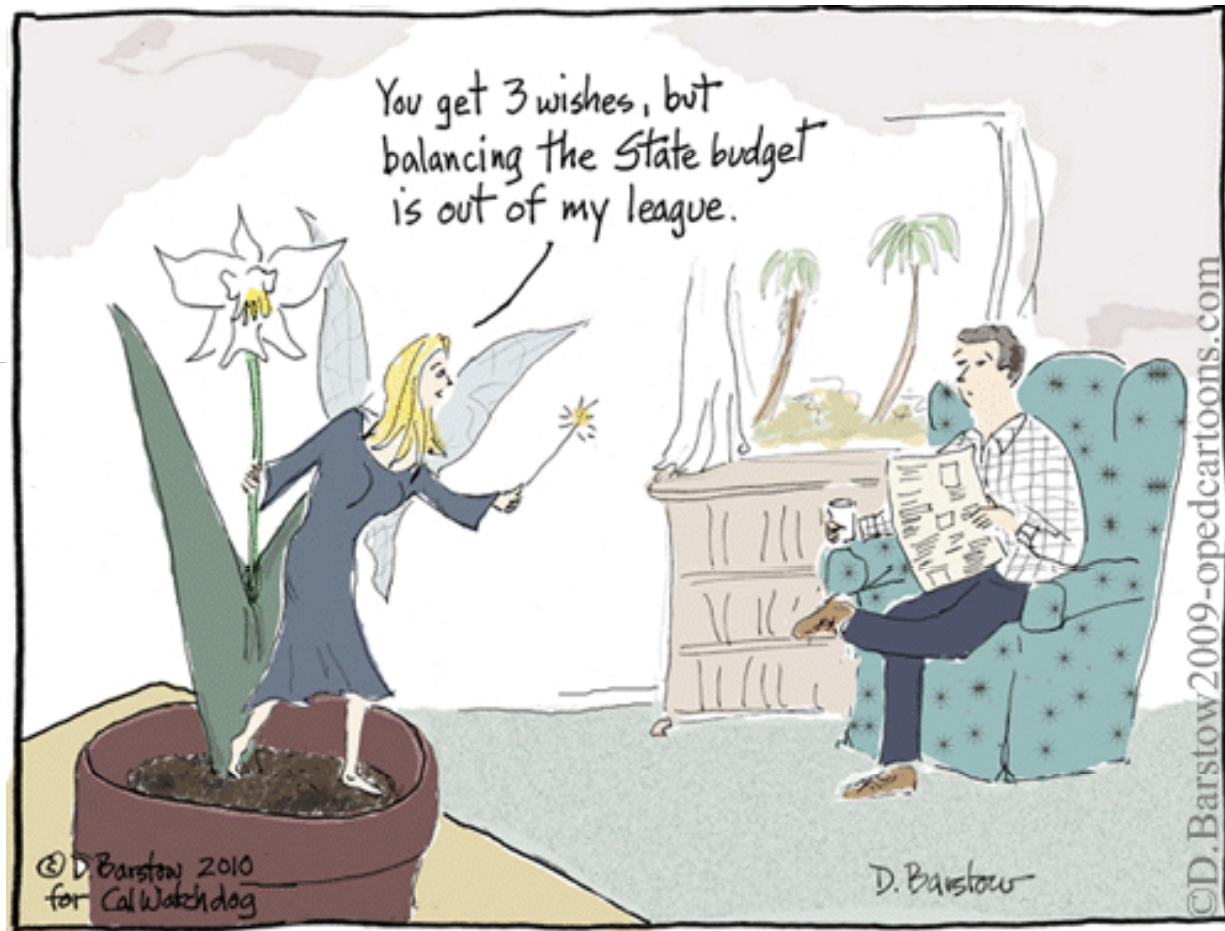


Budget Calendar

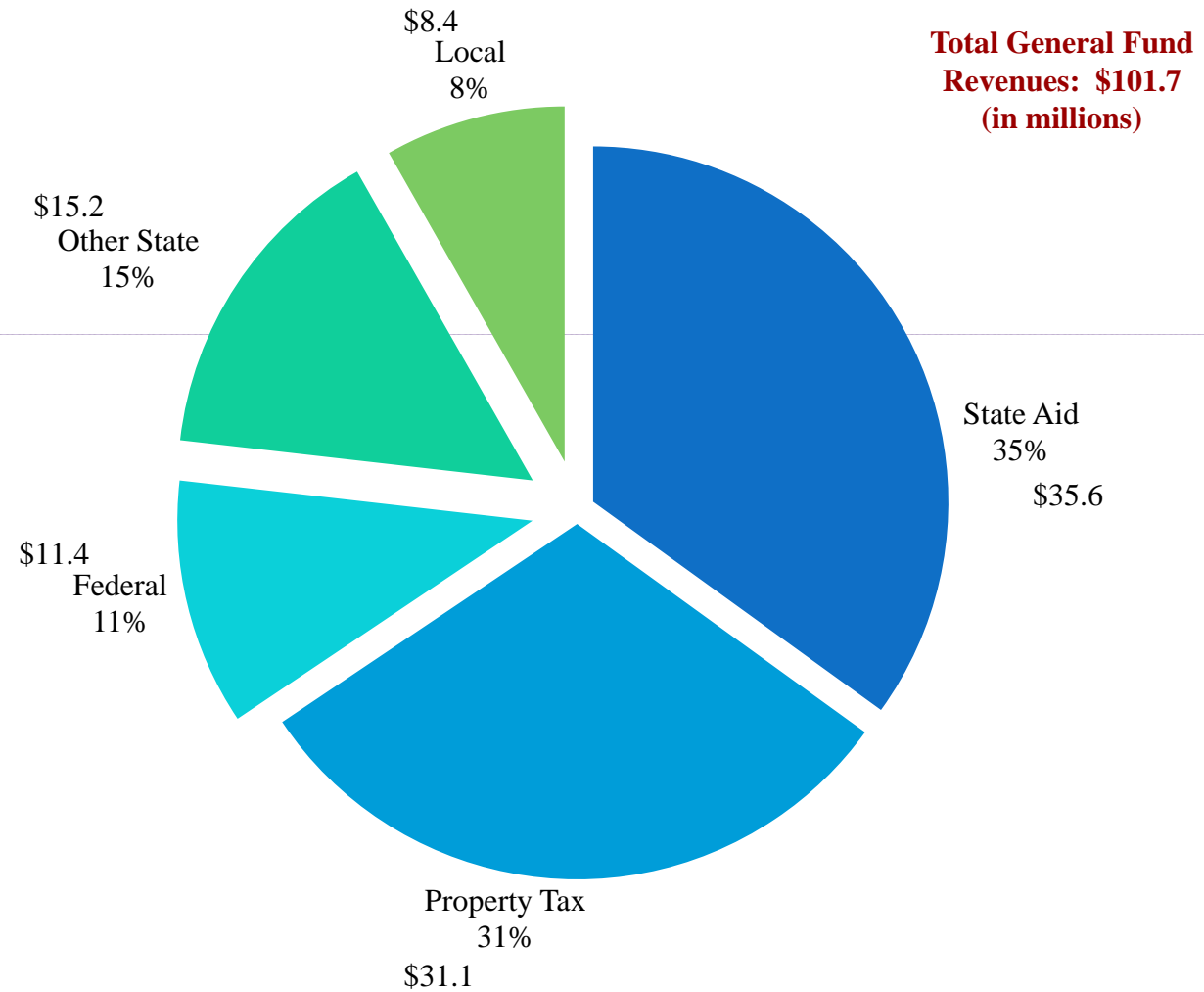
- June 30 - Adopted budget
- July 1 - New fiscal year starts
- July - State budget to be passed by legislature and signed by the Governor
- August - Year-end closing
- September - Revised budget
- October - Categorical budgets released to schools
- December - First Interim Report due

Fullerton School District Proposed First Interim 2010/11 Budget Assumptions

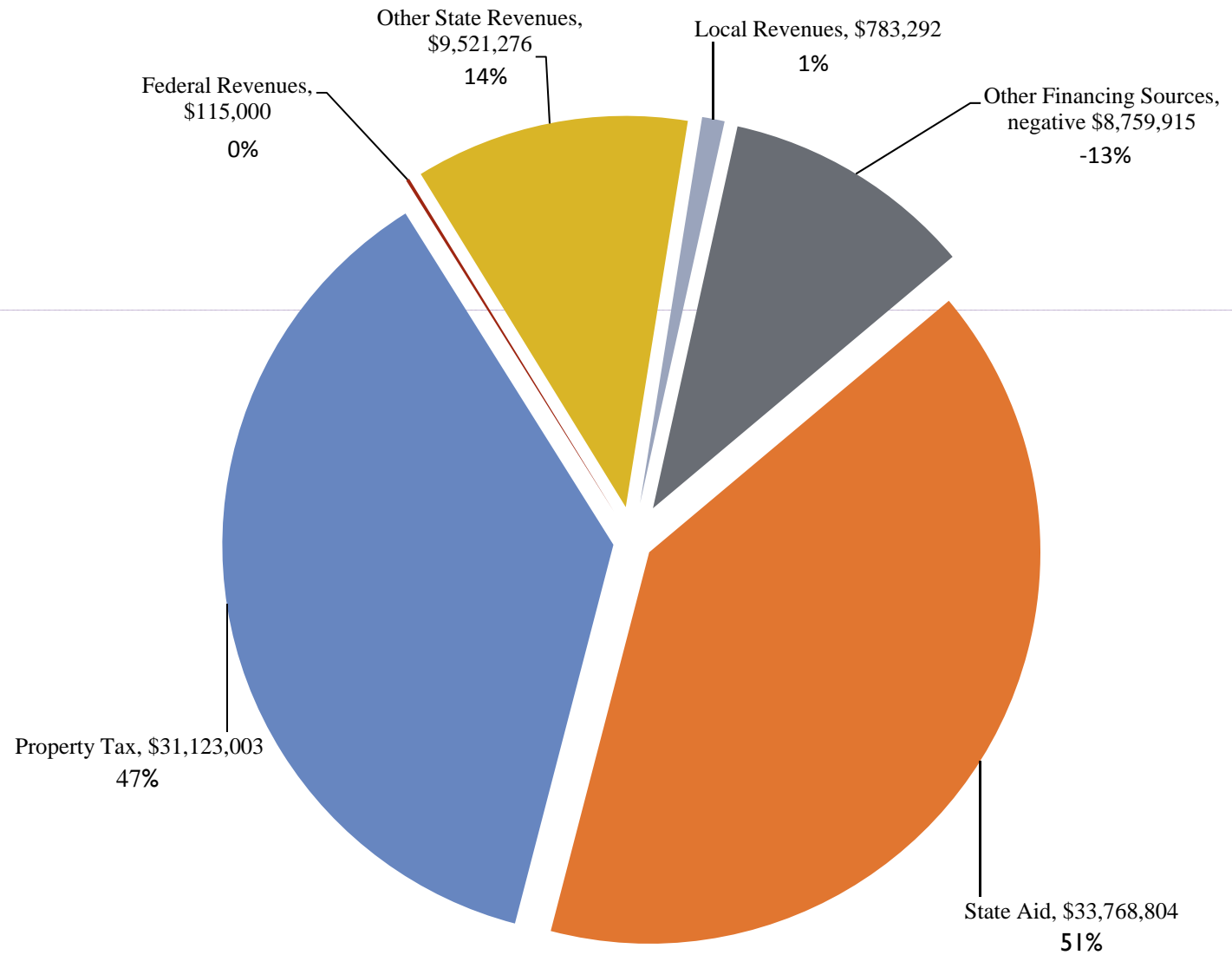
Factors	2010/11 May '10	2010/11 October '10	2011/12 Projected	2012/13 Projected
Revenue Limit COLA	-0.39%	-0.39%	0.00%	1.90%
Deficit Factor	18.355%	17.963%	17.963%	17.963%
Other Adjustments	3.85% reduction to undeficitated BRL*	n/a	n/a	n/a
COLA on Major Categoricals	-0.38%	0.00%	0.00%	1.90%
COLA on Special Education	-0.38%	0.00%	0.00%	1.90%
Revenue Limit Funded ADA (incl. Co. ADA)	13,264	13,276	13,276	13,276
P-2 ADA (excluding County ADA)	13,219	13,231	13,231	13,231
Growth/(Decline) compared to prior year	0	0	0	0
District Total Enrollment	13,617	13,616	13,616	13,616
Growth/(Decline) compared to prior year	0	0	0	0
Health and Welfare Increase			6%	6%
Lottery Funding per ADA				
Unrestricted	\$111.00	\$112.50	\$111.00	\$110.00
Restricted	\$14.50	\$17.50	\$17.50	\$17.20
*\$235 per average daily attendance				



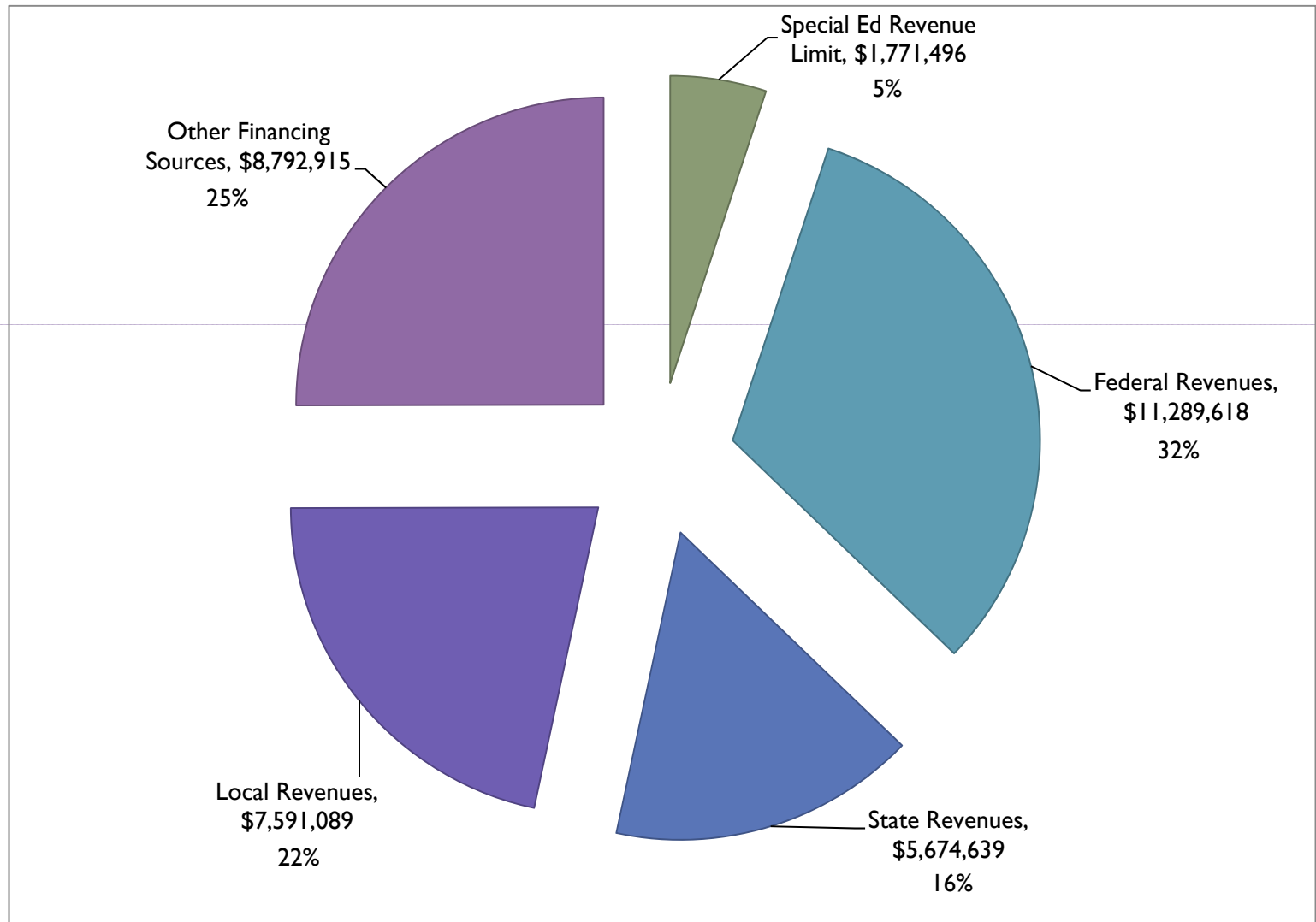
General Fund Revenues 2010/11



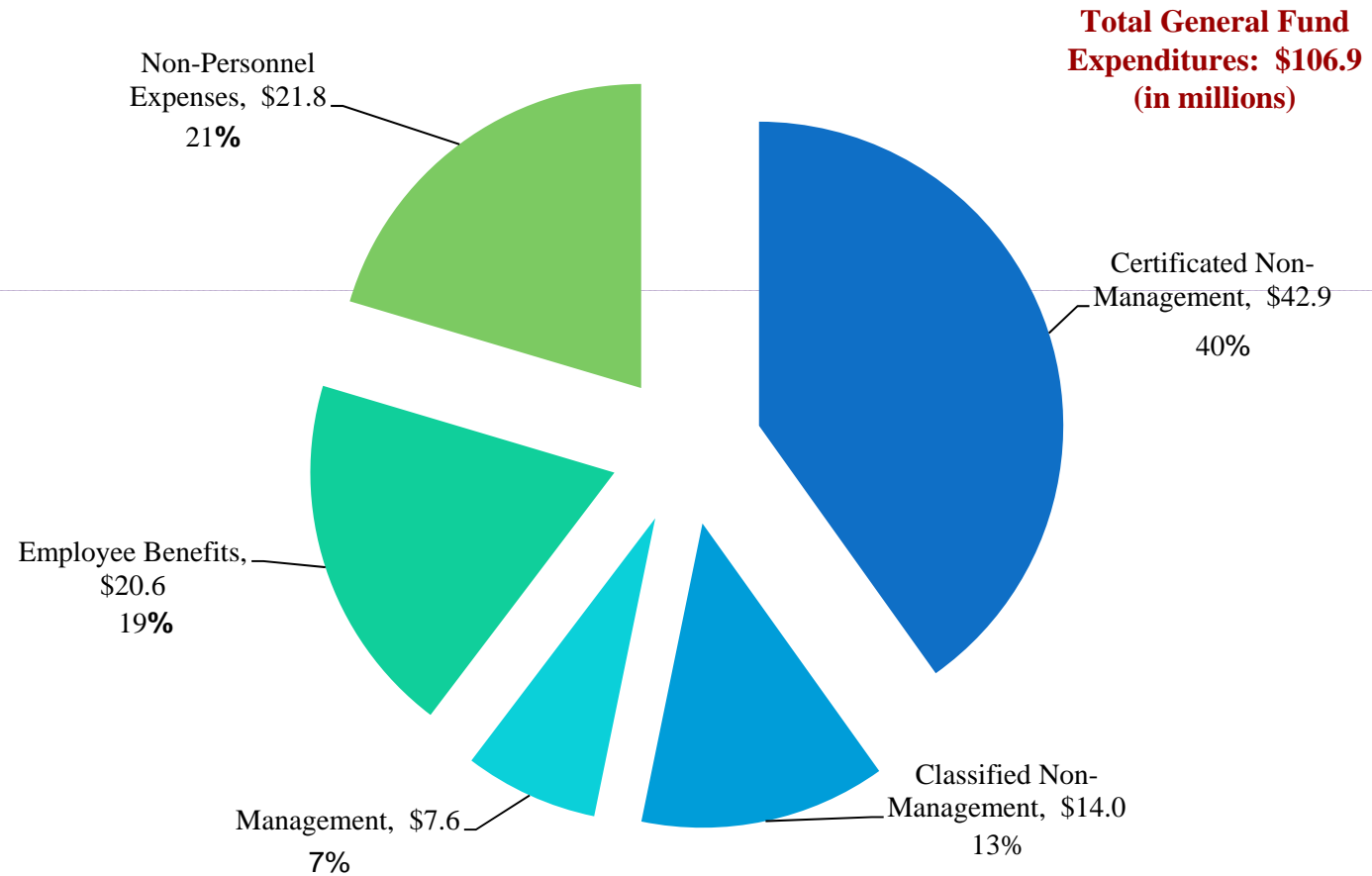
Unrestricted General Fund Revenues 2010/11 First Interim: \$66,551,460



Restricted General Fund Revenues 2010/11 First Interim: \$35,119,757

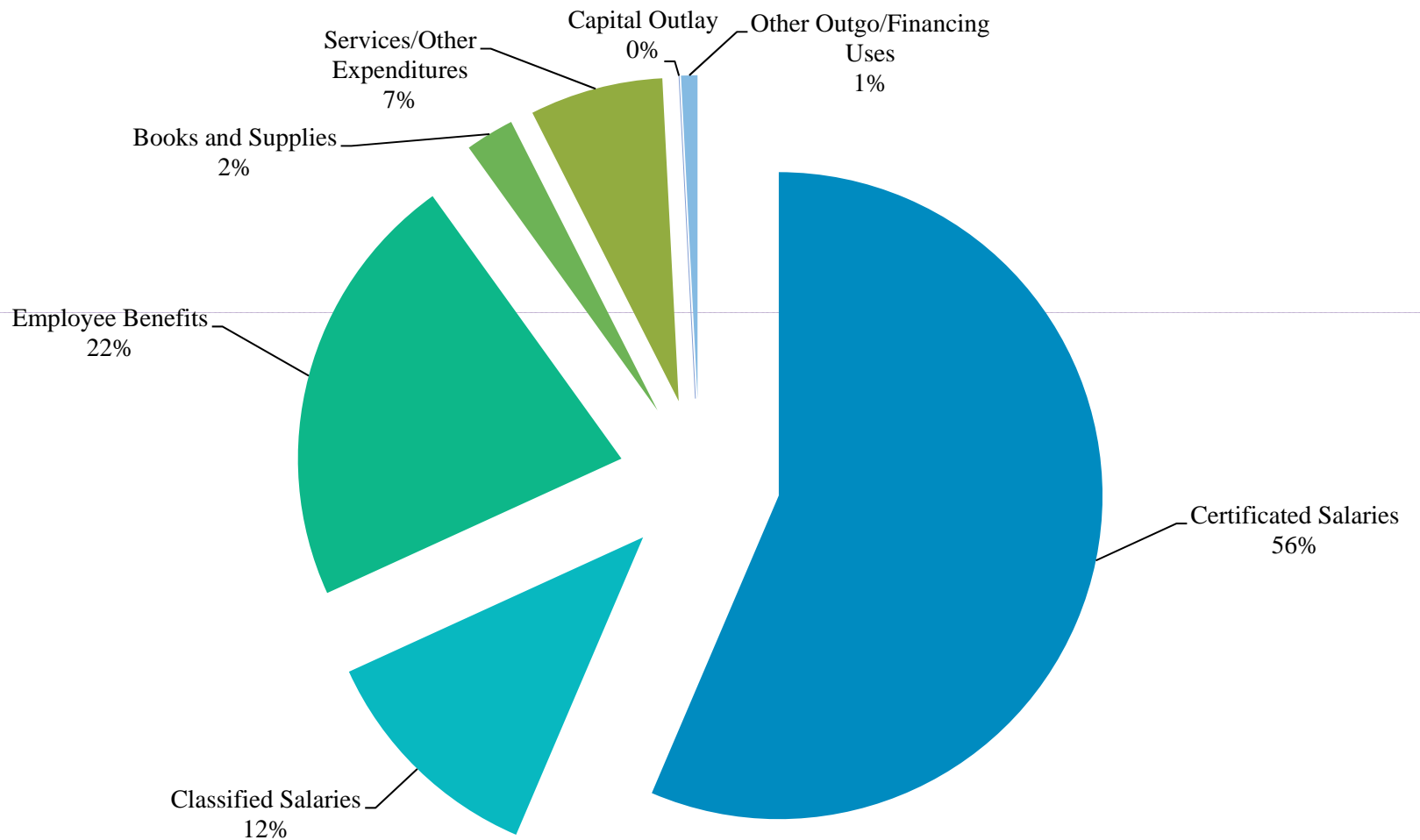


General Fund Expenditures 2010/11



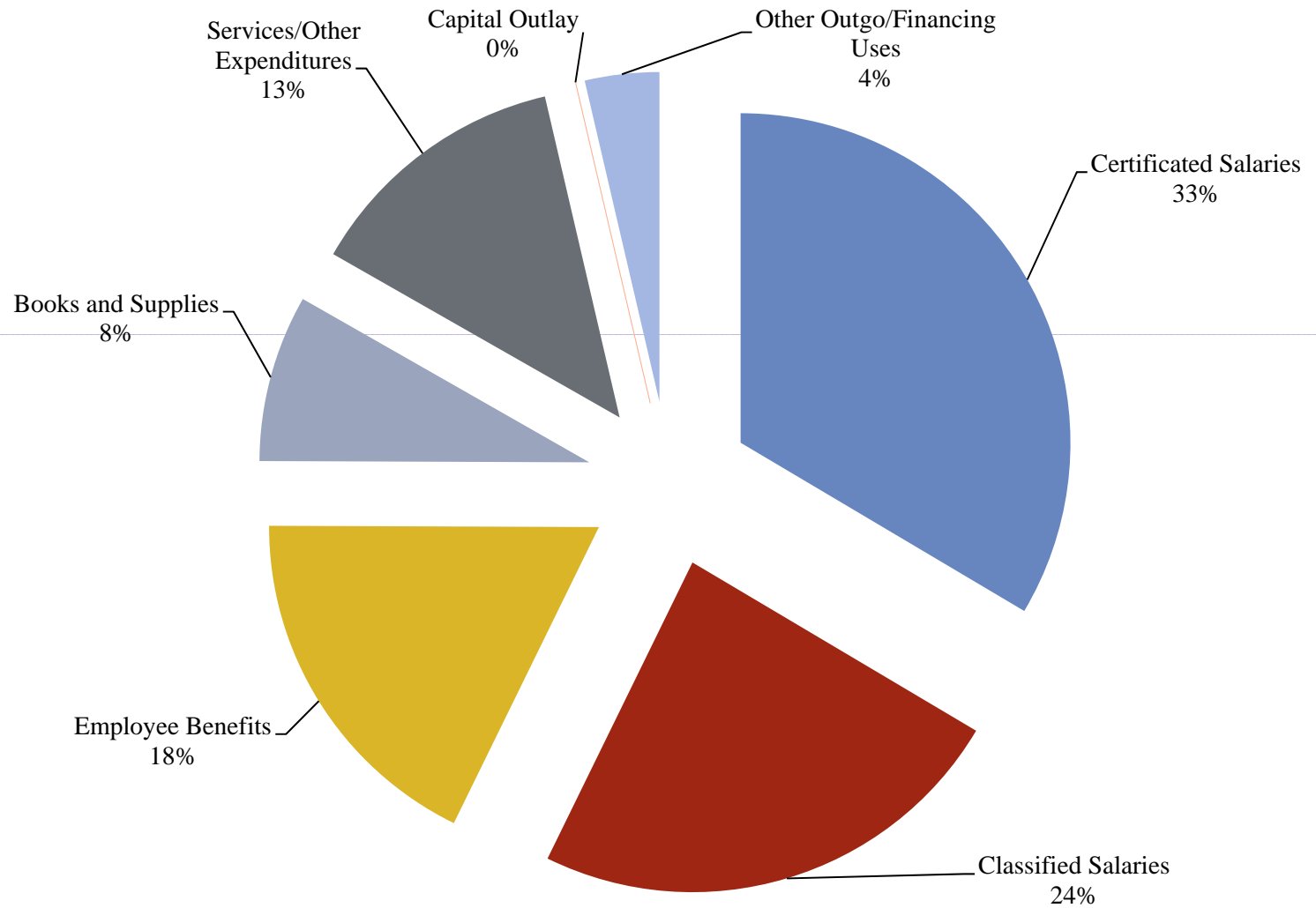
Approximately 80%, or \$85.1 million of the general fund money, goes toward total compensation.

Unrestricted General Fund Expenditures 2010/11 First Interim: \$68,126,570



90%, or \$61,366,502 of the unrestricted general fund money, goes toward total compensation.

Restricted General Fund Expenditures 2010/11 First Interim: \$30,985,501



75%, or \$23,257,365 of the restricted general fund money, goes toward total compensation.

2010/11 Changes from May Revise General Fund Revenues

	October Budget Act	May Revise
REVENUES	2010/11 First Interim	2010/11 Adopted Budget
Funded COLA	5.17%	-0.39%
Revenue Limit ^(a)	\$66,663,303	\$63,152,804
Federal ^(b)	\$11,404,618	\$7,515,432
State	\$15,195,915	\$15,136,926
Local ^(c)	\$8,374,381	\$7,997,401
Other Financing Sources ^(d)	\$33,000	\$1,921,503
Total	\$101,671,217	\$95,724,066

(a) Restoration of the revenue limit cuts from the May Revise.

(b) Includes restricted carryovers and new federal fundings such as the Federal Jobs Bill, Arts grant, and Technology grant.

(c) Includes carryovers, local donations and grants budgeted when received.

(d) Reduce transfers in from other funds due to item (a).

2010/11 Changes from May Revise General Fund Expenditures

EXPENDITURES	2010/11 First Interim (October Budget Act)	2010/11 Adopted Budget (May Revise)
Operating Expenditures ^(a)	\$104,935,989	\$97,428,160
Other Outgo/Financing Uses ^(b)	\$1,973,737	\$1,683,911
Total	\$106,909,726	\$97,428,160
Net Increase/Decrease()	(\$5,238,509)	(\$3,388,002)

(a) Includes new fundings not budgeted in the Adopted Budget such as the Federal Jobs Bill, Arts grant, and Technology grant. Also, restricted carryovers normally not included in the Adopted Budget are included in the First Interim.

(b) Includes parent-paid laptop fees transferred out to Building Fund and adjustment to indirect cost charges.

Multi-Year Projections (Based on October Budget Act)

OCTOBER BUDGET ACT	2010/11 Projected	2011/12 Projected	*2012/13 Projected
Funded COLA	5.17%	0%	1.90%
Total Revenues and Other Financing Sources	\$101,671,217	\$95,902,347	\$94,456,627
Total Expenditures** and Other Outgo/Financing Uses	\$106,909,726	\$99,260,252	\$95,021,211
Net Increase/Decrease()	(\$5,238,509)	(\$3,357,905)	(\$564,584)
Beginning Balance	\$14,993,815	\$9,755,306	\$6,397,401
Projected Ending Balance	\$9,755,306	\$6,397,401	\$5,832,817
Components of Ending Balance:			
Revolving Cash/Stores/Prepaid Exp.	\$1,630,000	\$1,630,000	\$1,630,000
Reserve for SERP	\$1,774,492	\$1,331,362	\$888,232
Reserve for FTEs	\$420,000	\$420,000	\$420,000
Designation for Economic Uncertainties	\$5,930,814	\$3,016,039	\$2,894,585
Percentage Reserved	5.55%	3.04%	3.05%
Budget Reductions Needed		(\$4.0 million)	(\$10.9 million)

Targeted Budget Reductions do not include possible mid-year or future cuts.

*2012/13 assumes no revenues for class size reduction and ARRA.

**Expenditures including budget reductions.

Multi-Year Projections (Based on May Revise)

MAY REVISE	2010/11 Projected	2011/12 Projected	*2012/13 Projected
Funded COLA	-0.39%	2.10%	2.40%
Total Revenues and Other Financing Sources	\$95,724,069	\$93,380,013	\$92,163,484
Total Expenditures** and Other Outgo/Financing Uses	\$99,112,071	\$93,723,941	\$92,207,994
Net Increase/Decrease()	(\$3,388,002)	(\$343,928)	(\$44,510)
Beginning Balance	\$10,533,550	\$7,145,548	\$6,801,620
Projected Ending Balance	\$7,145,548	\$6,801,620	\$6,757,110
Components of Ending Balance:			
Revolving Cash/Stores/Prepaid Exp.	\$1,630,000	\$1,630,000	\$1,630,000
School Sites and Categorical Carryovers	\$1,939,881	\$1,939,881	\$1,939,881
Reserve for FTEs	\$420,000	\$420,000	\$420,000
Designation for Economic Uncertainties	\$3,155,667	\$2,811,739	\$2,767,229
Percentage Reserved	3.18%	3.00%	3.00%
Budget Reductions Needed		(\$8.6 million)	(\$13.9 million)

*2012/13 assumes no revenues for class size reduction and ARRA.

**Expenditures including budget reductions.

Requirement of a 3% Ending Balance

ADA	Required Set-Aside
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300 or less	5%
300-1,000	4%
1,001-30,000	3%
30,001-400,000	2%
400,001 or more	1%

Budget Reductions and Savings Recap from 2008/09 to 2010/11

Categories	2008/09	2009/10	2010/11	TOTAL
Certificated	\$122,000	\$1,060,528	\$4,732,126	\$5,914,654
Classified	1,391,165	1,384,717	542,220	3,318,102
Administrative	353,637	164,466	631,601	1,149,704
Programs	387,281	284,000	-	671,281
Categorical Sweeps and Shifts	2,525,263	3,638,087	2,018,001	8,181,351
ARRA	-	6,435,922	825,316	7,261,238
Other Funds	988,000	861,000	50,000	1,899,000
Others	3,169,609	1,304,585	1,949,304	6,423,498
Total Budget Reductions/Savings	\$8,936,955	\$15,133,305	\$10,748,568	\$34,818,828
Original Target	\$8,200,000	\$13,500,000	\$11,700,000	\$33,400,000
Variance	\$736,955	\$1,633,305	(\$951,432)	\$1,418,828

Notes:

2008/09: Additional year-end categorical sweeps.

2009/10: Primarily, shifts in unrestricted general fund salaries to ARRA.

2010/11: Primarily, reductions in contributions from other funds to the general fund.

school fashions for the 2010 economy..



Current Salary Savings From Bargaining Units

Bargaining Unit	Amount
FETA	
Furlough Days, SERP, and Step & Column Savings	\$4,732,126
CSEA	
3% Salary Reduction	\$508,065
FESMA	
3% Salary Reduction	\$251,502
Total	\$5,491,693

Where To Find Budget Reductions and Savings

1. Program Reductions
2. Use One-Time Funding, i.e., Federal Jobs Money

3. Maximize Categorical Flexibility for General Fund Unrestricted Expenditures

4. *Negotiating with Bargaining Units*

a. Reduce Employee Compensation	1%	\$ 716,000
b. Forgo Step and Column	1 year	\$ 1,275,000
c. Implement Furlough Days	1 day	\$ 358,000
d. Change in Health & Welfare Plan (calendar year)	A to B	\$ 421,000



Questions/Comments



Thank You For Your Attendance and Participation
