

A chalkboard with two pieces of pink chalk and some faint white chalk markings. The chalkboard is the background for the text.

School Budgeting 101

Budget Advisory Committee
Fullerton School District

November 19, 2008

**Gary Cardinale, Ed. D.,
Assistant Superintendent of Business Services**



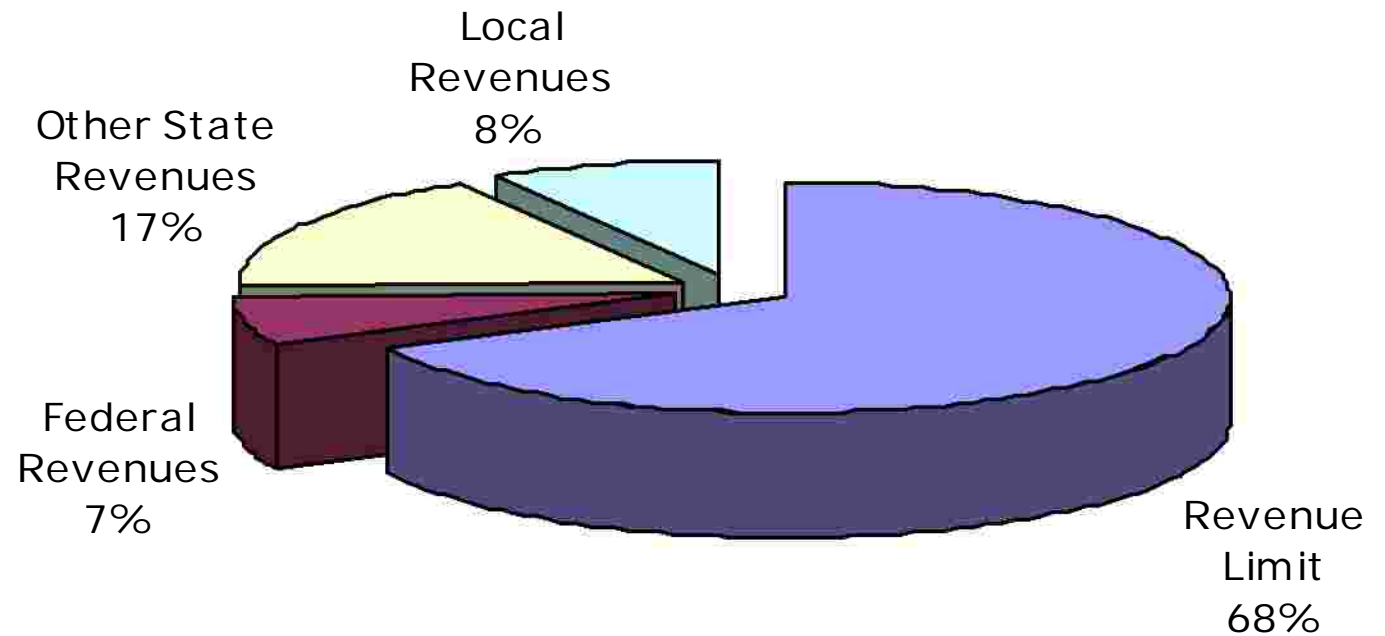
Where Does the Money Come From?

- Federal
Taxes

- State
Sales
Property
Income } Taxes

- Local
Reimbursement
Donations
Interest

General Fund Revenue





WHY DO WE KEEP HEARING THAT SCHOOLS ARE IN FINANCIAL TROUBLE?

- Ø State Revenue is Down
- Ø Expenditures Are Up
- Ø Tourism is Down
- Ø State Deficit Estimated at \$28 Billion Dollars by June 2010
- Ø Credit Crunch
- Ø Foreclosures
- Ø Low Consumer Spending



WHY DO WE KEEP HEARING THAT SCHOOLS ARE IN FINANCIAL TROUBLE?

- Ø Tax Receipts Far Lower Than Expected
- Ø Wild Fires
- Ø CSU System Cutting Freshmen Enrollment by 10,000 Kids
- Ø Unemployment
- Ø Declining Enrollment
- Ø Special Legislative Session
- Ø Mid Year Cuts?



HOW DO SCHOOL DISTRICTS RECEIVE THEIR MONEY?

*Ø Restricted Versus Unrestricted
Funds*

State

Base Revenue Limit



State Aid and Property Tax

- State Aid
Ø\$41,975,295 or 38%
- Property Tax
Ø\$32,157,485 or 30%
- Revenue Limit= \$5,595.48 per Student
(This is Unrestricted Money)



Where Does the Money Come From?

- ADA= Average Daily Attendance
- COLA= Cost of Living Adjustment for Governmental Agencies
 - Ø *For 2008/2009 COLA= Approximately \$38 per ADA or \$.21 per Student per Day*
 - Ø *Not a Pass Through*
- Declining Enrollment
 - Ø *What If We Lose 100 ADA?*



Where Does the Money Come From?

- Categorical Programs – Funds That Are Allocated For a Specific Purpose (These Are Restricted Dollars)

Ø 60+ *Programs*

Ø \$27,049,946



WHEN DO SCHOOL DISTRICTS RECEIVE THEIR MONEY?

- Budget Calendar

- Ø *Adopted Budget: June 30th*

- Ø *State Budget: June 15th - Constitutionally*

- Reality: Usually Mid Summer
 - 2008: September 25th – 85 Days Late
 - Requires 2/3 Approval of Legislature

- Ø *First Interim Report: December 9th*

- Ø *P-1 School Month Closest to December*



WHEN DO SCHOOL DISTRICTS RECEIVE THEIR MONEY?

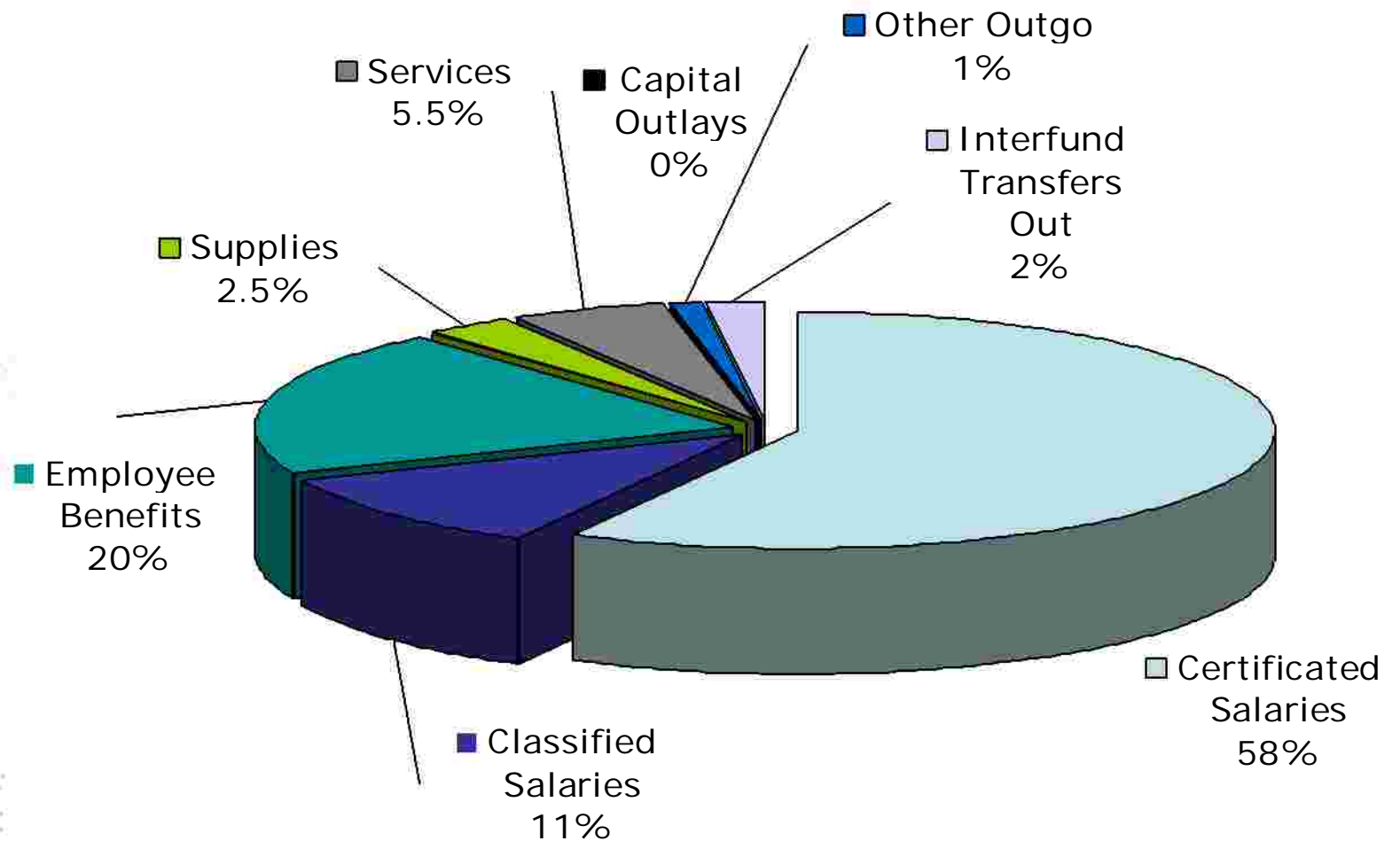
- Ø *Holiday Sales Tax Revenue Receipts: December*
- Ø *Property Tax Collections: December 10th*
- Ø *Governor's Budget for 2009/2010: January*
- Ø *Second Interim Report: March 15th*



WHEN DO SCHOOL DISTRICTS RECEIVE THEIR MONEY?

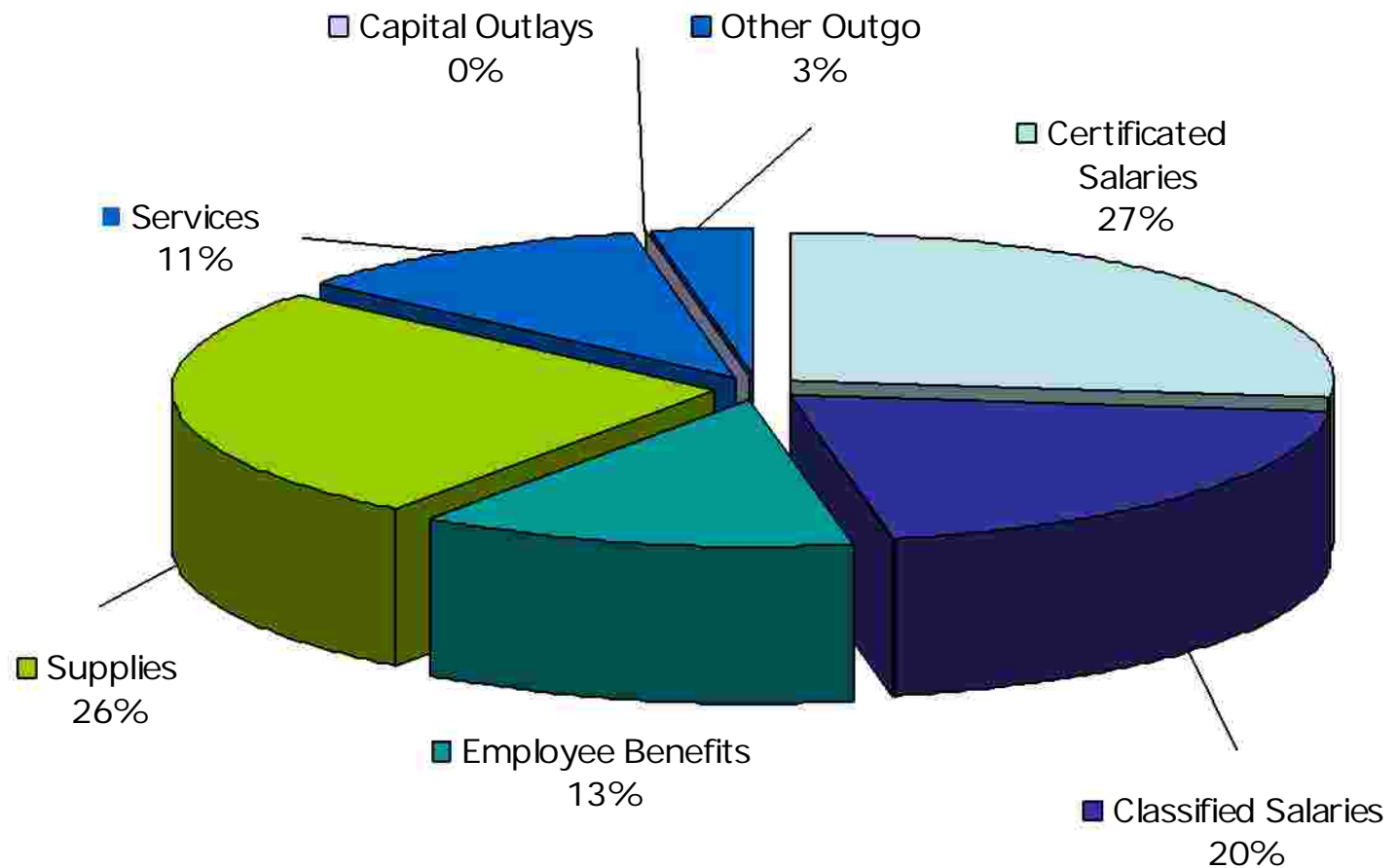
- Ø *Teacher Lay Off Notices: March 15th*
- Ø *P-2: School Month Closest to April 10th*
- Ø *State Income Tax Receipts: April 15th*
- Ø *Cash Flow: Typically Low in Mid to Late November and Late March*

WHAT DO SCHOOL DISTRICTS SPEND THEIR MONEY ON?



Unrestricted Funds = \$73,106,147

WHAT DO SCHOOL DISTRICTS SPEND THEIR MONEY ON?



Restricted Funds = \$43,981,698



Lottery

- What About All That Lottery Money You Guys Receive?

Ø Restricted = \$261,743

Ø Unrestricted = \$1,625,342



HOW MUCH DOES FULLERTON SCHOOL DISTRICT SPEND IN THESE AREAS?

Expenditures	Current Budget	%
Certificated Salaries	\$ 54,311,868	46%
Classified Salaries	\$ 17,036,651	15%
Employee Benefits	\$ 20,146,997	17%
Supplies	\$ 13,250,193	11%
Services	\$ 9,019,636	8%
Capital Outlays	\$ 37,919	0%
Other Outgo	\$ 1,884,119	2%
Interfund Transfers Out	\$ 1,400,462	1%
Total	\$ 117,087,845	100%



DO ALL YOUR PROGRAMS PAY FOR THEMSELVES? **NO!**

CONTRIBUTION PROGRAMS

Program	2008/2009 Unrestricted Contribution
Special Education	\$6,664,025
Home to School Transportation	\$16,742
Special Education Transportation	\$258,985
Total	\$6,939,752

- Are there any elective programs which require an unrestricted contribution?
 - Ø *Laptop Program*
 - Ø *All the Arts*
 - Ø *Class Size Reduction*



ARE THERE ANY STATE RESTRICTIONS ON HOW YOU SPEND THE REST OF THE DISTRICT'S MONEY?

- 3% OF OUR EXPENDITURES MUST BE SPENT ON ROUTINE MAINTENANCE
- 3% OF OUR TOTAL EXPENDITURES MUST BE SET ASIDE FOR UNCERTAINTIES

WHAT OTHER MONEY DOES THE DISTRICT HAVE BESIDES THE GENERAL FUND?

FUND	Beginning Fund Balance	Revenue	Expenditure	Ending Fund Balance
12- Child Development	\$112,529	\$2,454,655	\$2,425,696	\$141,488
13- Cafeteria	\$628,186	\$4,659,894	\$4,679,675	\$608,405
14- Deferred Maintenance	\$2,304,094	\$632,742	\$2,436,836	\$500,000
17- Special Revenue	\$3,697,555	\$0	\$0	\$3,697,555
21- Building Fund	\$2,773,498	\$1,959,263	\$2,694,876	\$2,037,885
23- Measure CC Bond	\$1,686,423	\$12,390	\$1,664,756	\$34,057
25- Capital Facilities Fund	\$1,463,858	\$314,932	\$296,065	\$1,482,725

WHAT OTHER MONEY DOES THE DISTRICT HAVE BESIDES THE GENERAL FUND?

FUND	Beginning Fund Balance	Revenue	Expenditure	Ending Fund Balance
40- Special Reserve Capital Outlay	\$1,712,912	\$164,898	\$1,532,313	\$345,497
68- Worker's Comp	\$914,072	\$796,363	\$981,578	\$728,857
69- Dental Self Insurance	\$161,532	\$1,808	\$77,000	\$86,340
71- (Special Reserve) Post Employment	\$2,340,344	\$69,146	\$2,413	\$2,407,077
81- Property & Liability	\$486,055	\$480,000	\$614,078	\$351,977



WHAT ARE SOME SPECIFIC COSTS FOR THE DISTRICT?

- Allocations for Schools:
 - K-6 \$29.00
 - 7-8 \$33.00

WHAT DOES A 'TYPICAL' SCHOOL BUDGET LOOK LIKE?

Sample ABC School Site Allocation

Rate:	\$29.00
CBEDS:	600
	\$17,400

Allocation:

Instructional Expense

Classroom Supplies	\$11,000
Reproduction Charges for Student Instruction	\$400
Classroom Computers	\$5,000

Non-Instructional Expenditures

School Office Supplies	\$1,194
School Copier Lease	\$350

Total Expenditures	\$17,400
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Fundraisers and Donations

Fundraisers and Donations Received	Amount Received
Pancake Breakfast	\$200
Albertson's Rebates	\$250
Target Charge Card Rebates	\$125
Field Trip Fees Collected from Students	\$75
Total Revenue	\$650
Class Library Books	\$230
Field Trip Admission Fees	\$120
Bus Transportation for Field Trips	\$300
Total Expenditures	\$650



Title I

Based on the Number of Qualified Low Income Students

Revenue	\$98,942
Teacher's Salaries	\$30,000
Benefits	\$8,142
Classroom Supplies	\$60,000
Teacher Conferences	\$800

Total Title I	\$98,942
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School Library Block Grant

Based on CBEDS Count

Revenue	\$43,576
Teacher's Salaries	\$22,000
Benefits	\$4,371
Classroom Supplies	\$8,000
Teachers Conferences	\$500
Media Clerk's Salaries	\$5,500
Benefits	\$3,207
Total Library Grant	\$43,576



Total Budget

- School Site Allocations = \$17,944
 - Fundraisers and Donations = \$650
 - Title I = \$98,942
 - School Library Block Grant = \$43,576
-
- Total Budget Amount = \$161,112



1% Total Compensation by Bargaining Unit

Bargaining Units	Amount
FETA - Certificated	\$507,761
CSEA - Classified	\$189,978
FESMA - Certificated & Classified Management	\$91,366
1% Compensation	\$789,105

WHAT WOULD A \$50,000 A YEAR SALARIED EMPLOYEE REALLY COST THE DISTRICT?

Fringe Benefits	Rate	Certificated	Classified
CalSTRS	8.25%	\$4,125	\$0
CalPERS	9.43%	\$0	\$4,714
OASDI	6.20%	\$0	\$3,100
Medicare	1.45%	\$725	\$725
Health & Welfare		\$8,900	\$8,900
Unemployment Insurance	0.30%	\$150	\$150
Worker's Compensation	0.94%	\$470	\$470
CalPERS Reduction	3.59%	\$0	\$1,796
Benefits Total		\$14,370	\$19,855
Salary and Benefits Total		\$64,370	\$69,855

HOW MANY PEOPLE WORK FOR THE DISTRICT?

Employees	Full-Time Equivalent Employees
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Certificated	659.87
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Classified	471.86
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Management	75.20
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Total	1,206.93
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What's Next?

- **Special Session of the Legislature**
- **Governor's Proposal**
 - Ø *Current Year Deficit Estimated at \$11.2 Billion*
 - Ø *Deficit For 2009/2010 Estimated at \$13 Billion*
 - Ø *Close the Gap with \$4.7 Billion in New Taxes*
 - Ø *\$4.5 Billion in Cuts*



What's Next?

- **Revenue**

- Increase the Sales Tax by 1.5% for Three Years = \$3.5 Billion
- Other tax increases = \$1.2 Billion
- Total = \$4.7 Billion

- **Mid Year Cuts – 2008/2009**

- Prop 98 Reduction \$2.5 billion

Ø Equals \$390 per child or **\$5,155,800 for Fullerton Elementary**



What's Next?

- **Legislative Analyst's Proposal**

- Ø *Deficit Estimated Over the Next 20 Months Will Be \$27.5 Billion*

- Ø *Problem is Too Large to Be Solved by Cuts or Taxes Alone*

- **Mid Year Cuts - 2008/2009**

- Ø *\$167 per Student or **\$2,200,000 for Fullerton Elementary***

- **Dates To Watch**

- Ø *Nov. 23, 2008 Deadline for Special Session Program Cuts*

- Ø *Jan. 9, 2009 Governor's 2009/2010 Budget Released*



What's Next?

- Dates to Watch

- Ø *November 23, 2008*

- Deadline For Special Session Program Cuts

- Ø *January 9, 2009*

- Governor's 2009/2010 Budget Released