



FULLERTON
SCHOOL
DISTRICT



Great Schools
Successful Kids

FULLERTON SCHOOL DISTRICT

2011-12 BUDGET ADVISORY COMMITTEE

December 14, 2011

AGENDA

Welcome – Dr. Mitch Hovey

Introductions

Purpose of the Committee

Ground Rules/Norms

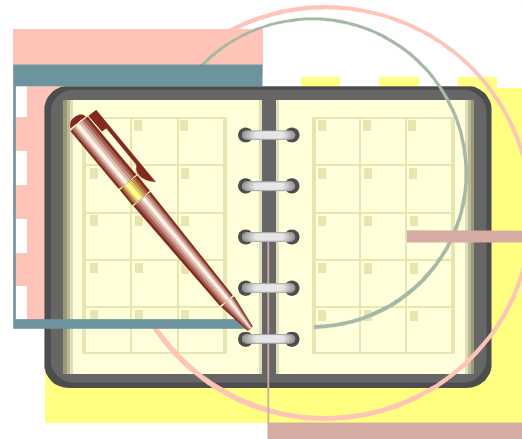
Schedule of Meetings

A Look at California School Finance

Fullerton School District Finances

Looking to the next Meeting

Questions/Comments



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 2012/13
 - *Budget recommendations should 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
- Attend all meetings
- Others?

Schedule of Meetings

December 14, 2011

January 18, 2012

January 25, 2012

February 1, 2012

February 15, 2012



TBD: Board Presentation

Pop Quiz!

How much do you know
about California School
Finance?



True or False?

- The Federal Government determines how much revenue school districts receive in California.
- Local School Boards determine the amount of property taxes to assess the residents of their district.
- Prop 98 guarantees that the school districts will receive an increasing amount of revenue each year.

True or False?

- School districts always receive a COLA (Cost Of Living Adjustment) each year, which they typically pass onto their employees.
- The Lottery has been a financial boon to the school districts.
- Every time the State places additional academic or operational requirements on the districts, it gives them additional funding to implement them.

True or False?

- School districts have never received more money or been in better shape financially.



Answers

- The Federal Government determines how much revenue school districts receive in California. **False**
- Local School Boards determine the amount of property taxes to assess the residents of their district. **False**
- Prop 98 guarantees that the school districts will receive an increasing amount of revenue each year. **False**

Answers

- School districts always receive a COLA (Cost Of Living Adjustment) each year, which they typically pass onto their employees.

False

- The Lottery has been a financial boon to the school districts. **False**
- Every time the State places additional academic or operational requirements on the districts, it gives them additional funding to implement them. **False**

Answers

- School districts have never received more money or been in better shape financially.

If you believe this please see Susan after the meeting about a bridge sale!



State Budget

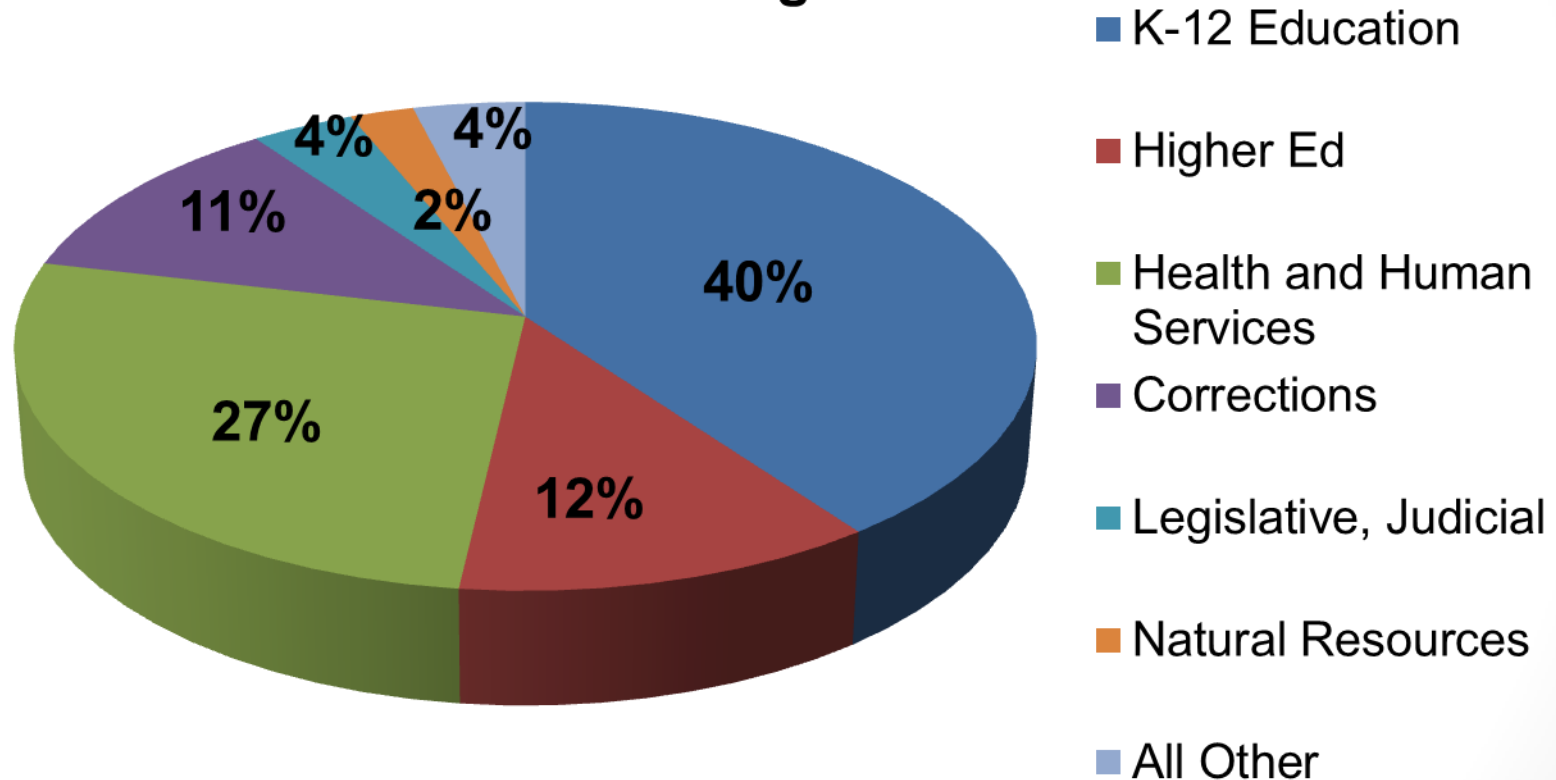
Billions

	<u>2010-11</u>	<u>2011-12</u>
Prior Year Balance	(\$5)	(\$1)
Revenues and Transfers	<u>95</u>	<u>88</u>
Total Resources Available	90	87
Non-Proposition 98 Expenditures	55	53
Proposition 98 Expenditures	<u>36</u>	<u>33</u>
Total Expenditures	<u>91</u>	<u>86</u>
Fund Balance	<u>(\$1)</u>	<u>\$1</u>

For more info see www.ebudget.ca.gov

State Budget – 2011-12

Percent of State Budget



California School Districts

- 2011-12 is the 4th year of reductions in funding for public education
- Overall K-14 funding was cut by nearly 20% in 2008-09
- Funding has remained at or below that level through 2011-12
- Currently cuts to education are saving the State \$9 billion per year
- Education funding for California students, on a per pupil basis, is among the lowest in the nation

2011-12 State Budget for K-12

- School districts “held harmless” (no change to base revenue limits)
- State budget includes automatic reductions if revenue forecasts not met
 - Estimated annual revenues < \$1 billion below forecast: No cuts
 - Revenues \$1 - \$2 billion below forecast: Additional cuts to social services and higher education
 - Revenues \$2 billion short: \$250/ADA cut to Revenue Limit; 50% cut to Transportation
 - Districts awarded “flexibility” to further cut school year

Trigger Language

- Trigger is based upon projections from Legislative Analyst (November) and Department of Finance (December)
- LAO projected State would be \$3.7 billion short for year
- DOF projected State would be \$2 billion short

Maximum Effect on FSD:

Revenue Limit ~~\$ 3,324,742~~

Transportation 498,832

Total ~~\$3,823,574~~

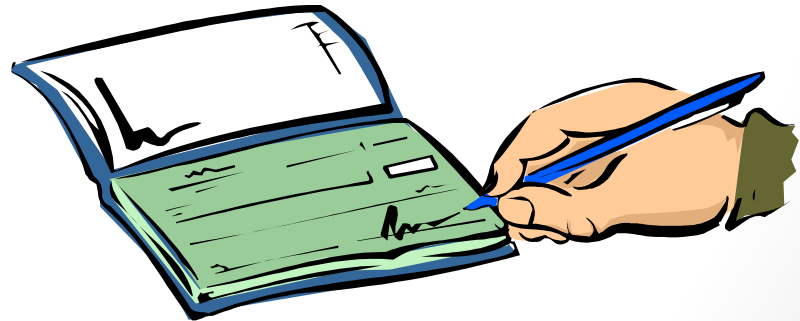
School District Basics

- School districts utilize fund accounting
- Fund accounting emphasizes cash basis of accounting
- FSD maintains 12 funds
- Virtually all revenues are based on attendance
- Largest source of funding is the Revenue Limit (67% for FSD)



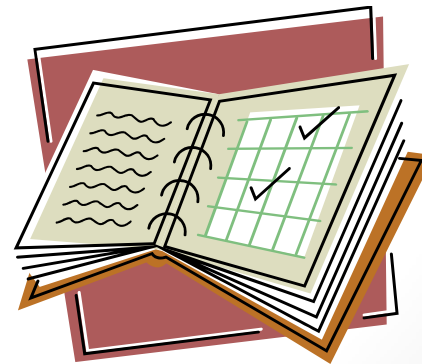
School District Basics

- County Office of Education oversight
 - Cash in County/expenditures
 - Fiscal solvency monitoring
- School Districts must submit budgets for the current and subsequent two fiscal years to their County Office
- Required Reserves
- Certifications:
 - Positive
 - Qualified
 - Negative



Budget Calendar

- January Governor's projected budget for next fiscal year is released
- January Annual Audit Report presented to Board
- March Budget request from sites/departments
- March 15 Second Interim Report due
- March 15 Letters to certificated staff
- May Governor's May Revise

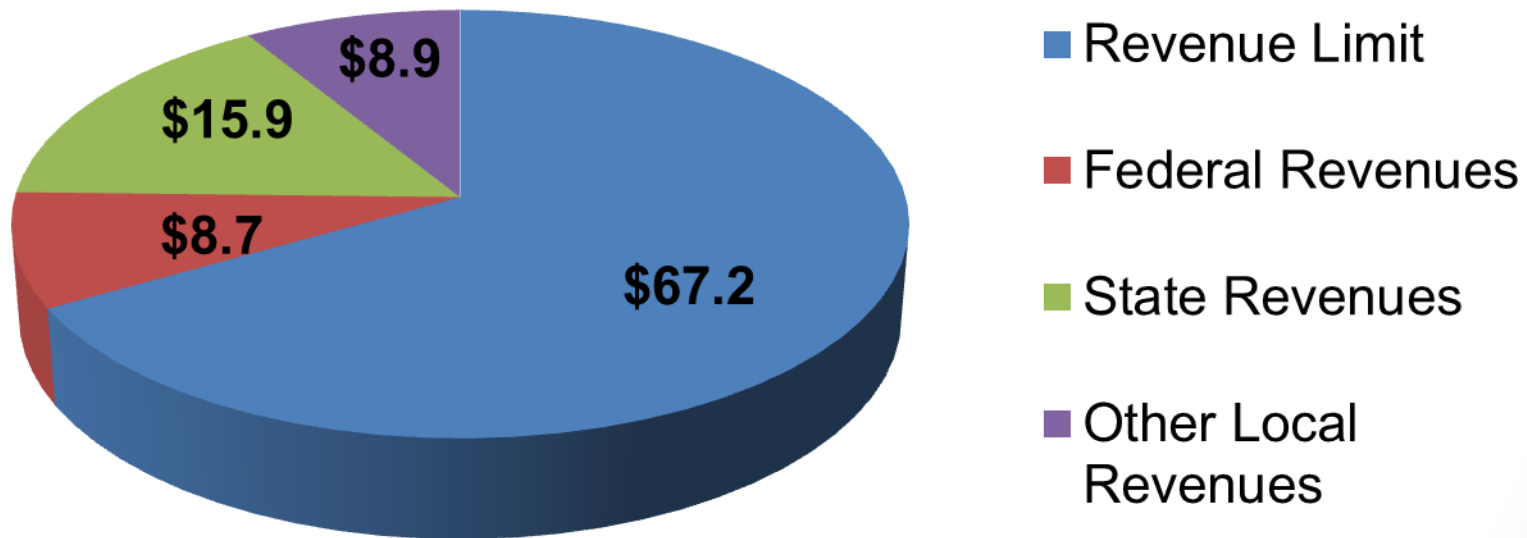


Budget Calendar

June 30	District and State budgets due
July 1	New fiscal year starts
August	Year-end closing
September 15	Unaudited actuals due
September	Revised budget
October	Categorical budgets released to schools
December	First Interim Report presented to Board

FSD – General Fund Revenues

2010-11 Revenues (millions)

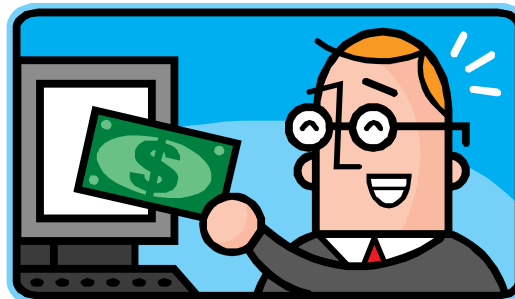


Total Revenues = \$100.7 million

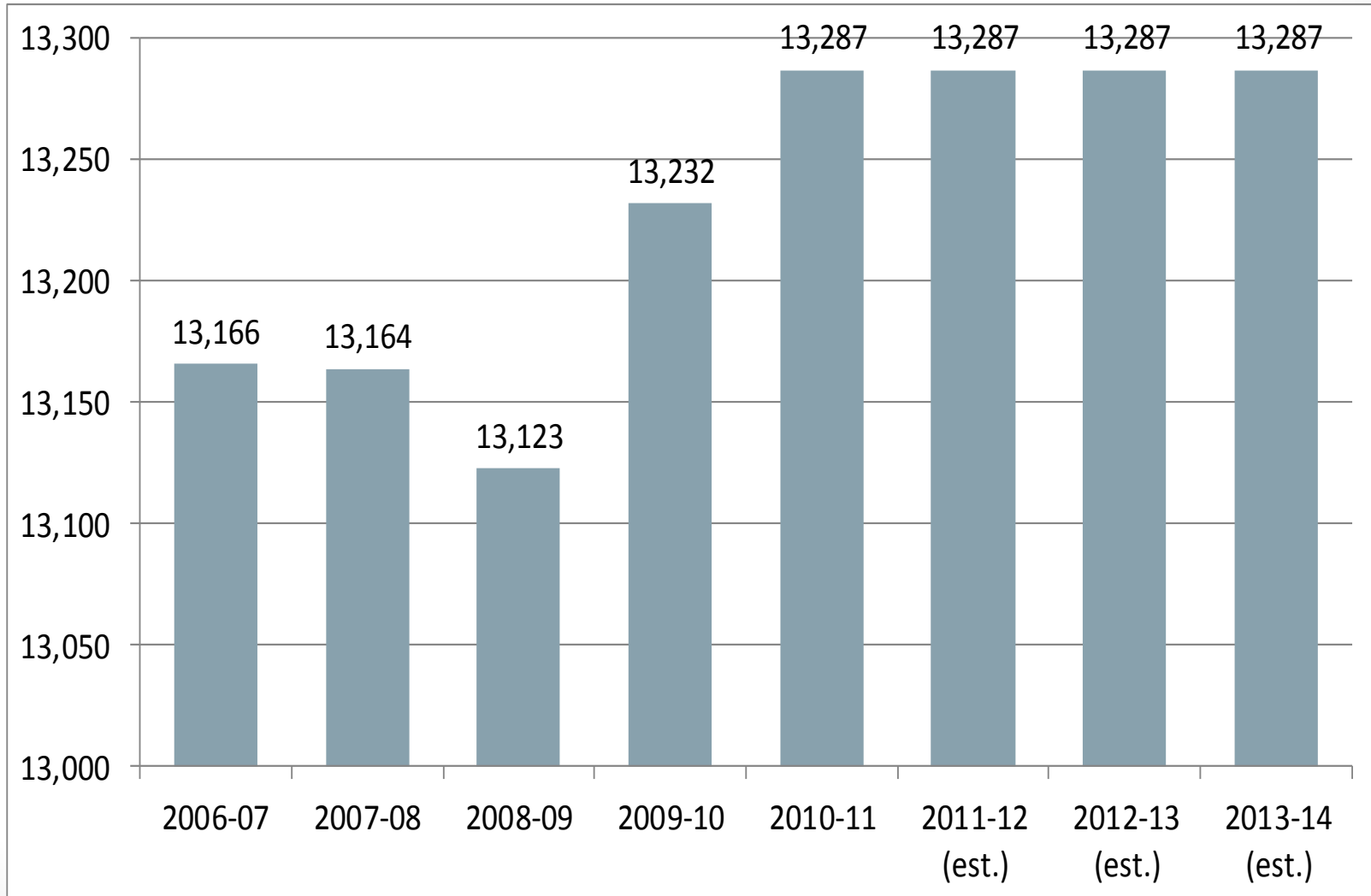
Revenue Limit Calculation

(2011-12 budget)

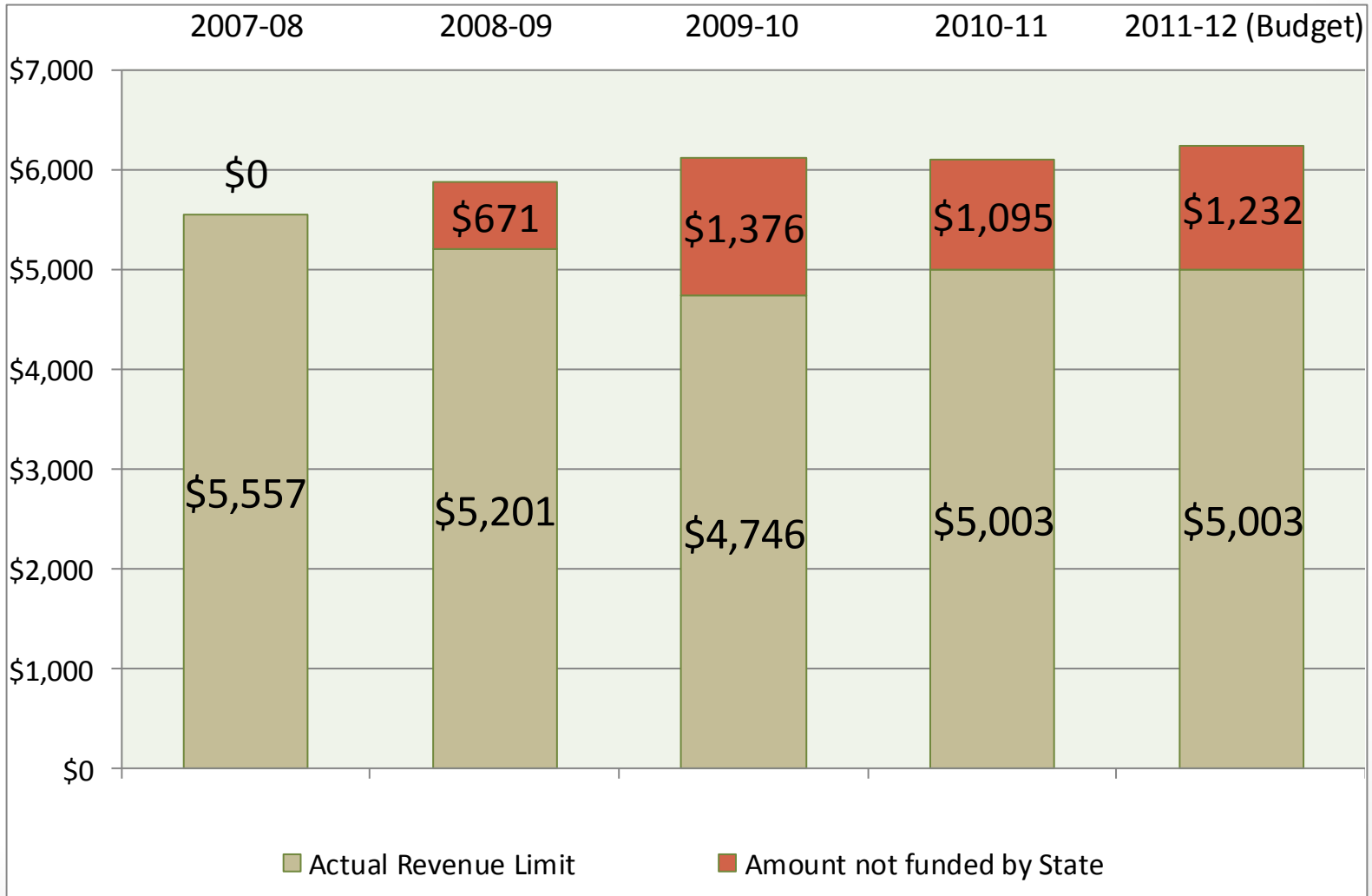
ADA x Base revenue Limit	=	
Total Revenue Limit Income		\$67,728,000
Less: amount received in taxes		<u>(31,305,000)</u>
Amount to be received from state		<u>\$36,423,000</u>



FSD P-2 ADA



FSD Revenue Limit



Revenue Limit Calculation

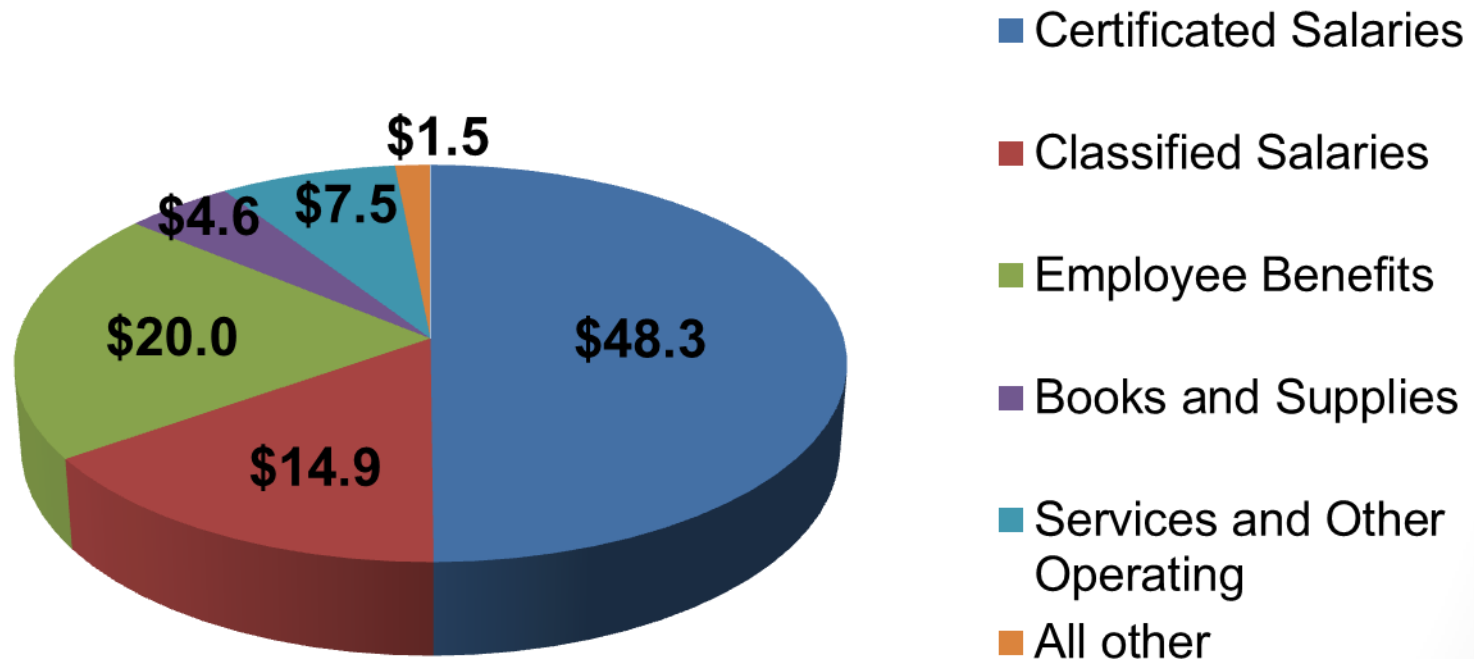
ADA (Average Daily Attendance) is based on actual attendance

- FSD schools have a 97-98% attendance rate
- District has implemented SSOAR (Saturday School Opportunity Attendance Recovery) program to improve academic achievement and recoup ADA



FSD – General Fund Expenditures

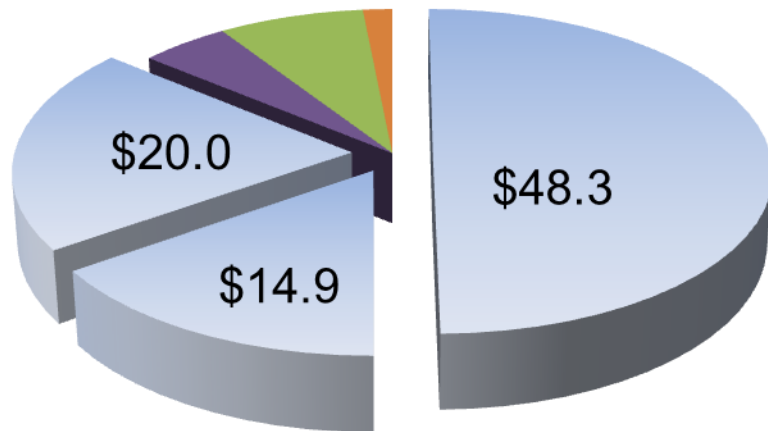
2010-11 Expenditures (millions)



Total Expenditures = \$96.8 million

FSD – General Fund Salaries and Benefits

2010 - Expenditures (millions)



- Certificated Salaries
- Classified Salaries
- Employee Benefits
- Books and Supplies
- Services and Other Operating
- All other

Total salaries and benefits =
\$83.2 million (86%)

Multi-Year Projections

	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Net funded COLA	0.0%	3.1%	2.8%
Dollar Change per ADA	\$ 0	\$ 156	\$144
Change in ADA	-0-	-0-	-0-

Cuts necessary to achieve 3% ending
fund balance in third year: \$3.3 million
ongoing starting 7/1/12

Projected Unrestricted Reserve

Amounts in millions

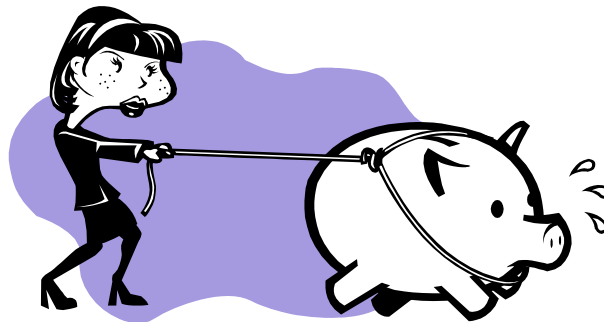
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Projected Unrestricted Loss	(\$3.2)	(\$3.3)	(\$3.7)
Projected Unrestricted Ending Fund Balance	\$ 9.4	\$6.6	\$3.3
Fund Balance Percent	8.6%	6.2%	3.0%
Amount above 3%	\$6.1	\$3.4	-0-

District Certification

- The District shows required 3 % reserve as of June 30, 2014
- The 3% is ONLY MADE through an estimated \$3.3 million in cuts to start July 1, 2012
- COLAs have been included
- Potential mid-year cuts from the State have not been included

District Certification

- Due to financial uncertainties, the District has self-certified “Qualified”
- A qualified certification indicates that the District MAY NOT be able to meet its financial obligations for the current fiscal year or subsequent two fiscal years



What's Fabulous about Fullerton

- Apple Distinguished Schools
- Hands-On Science
- All the Arts for All the Kids
- International Baccalaureate Middle Years (IBMYP)
- Gifted and Talented Education (GATE)
- Multi-Age K-6 program
- 21st Century Teaching and Learning



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Great Schools
Successful Kids

What's Fabulous about Fullerton

- Outstanding academic programs
- Excellent academic performance
 - District –wide API of 861
 - 14 of 20 schools over 800
 - 3 elementary schools in top 10 of Orange County
- Strong community support
 - PTA
 - Foundations
 - Grants



What's Fabulous about Fullerton

- Skilled and dedicated employees
- Solid financial position
 - Steady enrollment
 - Strong reserves
 - Record of making tough decisions when necessary



Looking ahead...

- Next meeting: January 18, 2012
- If additional information needed before then contact Susan at (714) 447-7412 or susan_hume@fsd.k12.ca.us
- More data also available at:

State budget

www.ebudget.ca.gov

California school districts

www.ed-data.k12.ca.us

Fullerton SD

www.fsd.k12.ca.us

Questions/Comments

