

BOARD AGENDA ITEM

F-9

Meeting Date: December 14, 2010

Item Title: Presentation of First Interim Budget and Final Strategic Budget Reductions

Item Type: Public Hearing/Action

BACKGROUND: Twice during the fiscal year, a school district is required to submit a financial report certifying the district's ability to meet its financial obligations for the current year and two subsequent years. The reports examine the district's attendance, spending patterns, fund balance, reserve for economic uncertainties, and multiyear projections.

Staff will present the 2010-2011 First Interim which reports the district's financial position as of October 31, 2010.

Staff will also present the final list of budget reductions for the 2011-12 and 2012-13 fiscal years. These reductions, when approved, will support a positive ending fund balance for the three years required by State Education Code (E.C. 42127).

This is a follow-up presentation to the November 23, 2010 preliminary presentation, which will also provide an update on current cash flow.

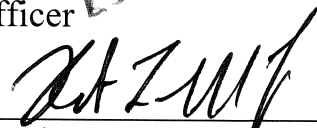
FISCAL IMPLICATIONS: The submitted report will become the district's revised spending plan for 2010-11.

RECOMMENDATION: Receive the First Interim Budget and Final Strategic Budget Reductions as submitted.

AUSD Guiding Principle: #6-Allocation of funds must support our vision, mission, and guiding principles

Submitted by: Robert Shemwell, Chief Business Officer

Approved for Submission to Board of Education

 for K.V.
Kirsten Vital, Superintendent

ALAMEDA UNIFIED SCHOOL DISTRICT
Alameda, California

December 14, 2010

Resolution No. 10-0117

RESOLUTION REGARDING THE
2010-11 FIRST INTERIM FINANCIAL REPORT
AND STRATEGIC BUDGET REDUCTION

WHEREAS, the State of California on October 8, 2010 has adopted a balanced budget, which provided a restoration of approximately 5.17% in revenue limit increase to the Alameda Unified School District for the 2010-11 budget year; and

WHEREAS, the Governor in December has declared a state of fiscal emergency to deal with a state budget shortfall that could reach \$25 billion over the next two years; and

WHEREAS, in planning current state guidelines suggest that districts exercise caution in allocating any of the funds the October budget restored; and

WHEREAS, the Governor has "suspended" a state mandate on county mental health funding, which provides services to students with disabilities (commonly called AB 3632 services), which could have significant financial impact on district finances; and

WHEREAS, the District will be forced to eliminate and curtail essential educational services as a result of the changes in state education funding; and

WHEREAS, although the District may seek additional sources of local revenue in order to continue meeting the District's basic needs, the Board recognizes that it must submit a plan for a balanced budget using currently available resources; and

WHEREAS, funding from the State has been inadequate to meet the needs of the District's educational programs, and the District has no assurance that State or local funding will increase in the future to permit the District to fully fund its programs; and

WHEREAS, the District recognizes that current parcel tax Measures A and H are set to expire in 2012-2013; and

THEREFORE, the Board of Education of the Alameda Unified School District does hereby resolve, determine, and order as follows:

The Chief Business Officer shall submit the First Interim Financial Report to the Alameda County Office of Education as required for annual fiscal compliance.

The Superintendent and Chief Business Officer will maintain and submit to the Board for approval a balanced budget through the 2012-2013 school year. For the 2011-2012 school year, the recommendation shall include up to \$4.5 million in permanent spending reductions. For the 2012-2013 school year, the recommendation shall include \$12.6 million in permanent spending reductions.

The Superintendent and Chief Financial Officer shall present their recommendations for a multi-year balanced budget for Board approval at the December 14th school board meeting.

PASSED AND ADOPTED by the Board of Education of the Alameda Unified School District this 14th day of December 2010, by the following vote:

AYES:

NOES:

ABSENT:

By: _____
Ron Mooney, President
Board of Education
Alameda Unified School District
Alameda County, State of California

ATTEST:

By: _____
Clerk of the Board of Education of the
Alameda Unified School District

Alameda Unified School District

1st Interim 2010-2011

December 14, 2010

**AUSD – 10-11 First Interim
Outstanding Issues
Possibly Impacting the Budget**

State Budget Still in Crisis

- Special session being called in December 2010
- LAO surfaces \$6 billion shortfall 2010-11, \$19 billion 2011-12 (\$25 billion total)
- New Governor's Budget in mid January

State Reduction of Mental Health Dollars

- District currently will be liable for maintaining service to students
- Funding Maintained through December 30th 2010
- Legal action pending at the state level

**AUSD – 10-11 First Interim
Outstanding Issues (Continued)
Possibly Impacting the Budget**

Federal Stimulus Dollars (Maintain Jobs)

- They have been received (approximately \$1.6 million)
- Academy of Alameda will receive some portion
- Will be utilized in 2011-2012 to maintain site based jobs
- Use will become clearer after Governor's budget, Parcel Tax and May revise

State Economic Recovery Still in Flux

- State job growth is still lacking and not showing signs of recovery
- State economic activity in major industries has not shown signs of recovery

AUSD – 1st Interim 2010-11 Multi-Year Projections and Assumptions

<u>Categories</u>	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
<u>Enrollment and ADA</u>					
District Enrollment (CBEDS)	9892	9,770	9,182	9,201	9,165
District ADA-Actual/Projected	9550	9,368	8,838	8,847	8,800
District ADA-Funded	9591	9,396	8,838	8,847	8,847
Charter School ADA	307	612	1,138	1,138	1,138
<u>Revenues</u>					
Revenue Limit COLA Statutory	5.66%	4.25%	-0.39%	0.0%	1.9%
Revenue Limit Deficit	7.844%	18.355%	17.963%	17.963%	17.963%
State Categorical Tiers II and III	-15.38%	-4.46%	0%	0%	1.9%
Other Revenue Limit Adjustments	-	252/ADA	0%	0%	0%
Base Revenue Limit w/Statutory COLA	\$6,106	\$6,368	\$6,343	\$6,343	\$6,464
Base Revenue Limit w/Deficit COLA	\$5,627	\$5,199	\$5,203	\$ 5,203	\$5,303
Additional RL reduction 252 ADA 09/10	-	\$4,947			
Adopted Base Revenue Limit w/Deficit COLA			\$4,934	\$5,039	\$5,160
Revenue Limit Adjustments			\$269	\$164	\$143

AUSD – 1st Interim 2010-11

	Unrestricted	Tier 3	Restricted	Total
REVENUES				
Revenue Limit	\$ 45,174,054		\$ 1,857,884	\$ 47,031,938
Federal	\$ 46,620		\$ 6,929,965	\$ 6,976,585
Other State	\$ 3,179,129	\$ 6,069,800	\$ 2,804,377	\$ 12,053,306
Other Local	\$ 1,247,641	\$ 826,316	\$ 5,431,012	\$ 7,504,969
Parcel Tax	\$ 7,300,000			\$ 7,300,000
Revenues	\$ 56,947,444	\$ 6,896,116	\$ 17,023,237	\$ 80,866,798
EXPENDITURES				
Salaries & Benefits	\$ 45,005,505	\$ 2,094,315	\$ 16,246,985	\$ 63,346,805
Books/Supplies & Outlay	\$ 1,534,144	\$ 2,021,925	\$ 4,965,957	\$ 8,522,026
Services & Op. Expenses	\$ 6,212,323	\$ 451,241	\$ 7,201,253	\$ 13,864,817
Other Outgo & Transfers	\$ (1,637,052)	\$ 2,600,230	\$ 767,064	\$ 1,730,242
Expenditures	\$ 51,114,920	\$ 7,167,711	\$ 29,181,259	\$ 87,463,890
Other Sources (Uses)	\$ (7,120,310)	\$ (3,843,851)	\$ 9,760,196	\$ (1,203,965)
Net Inc/Dec in Fund Bal.	\$ (1,287,786)	\$ (4,115,446)	\$ (2,397,826)	\$ (7,801,058)
Beginning Balance	\$ 7,298,363	\$ 4,343,063	\$ 2,597,798	\$ 14,239,224
Adjustments	\$ 489,874	\$ (227,617)	\$ (199,972)	\$ 62,285
Ending Balance	\$ 6,500,451	\$ -	\$ (0)	\$ 6,500,451

AUSD – Multi-Year Projections 2010-11 through 2012-2013
Unrestricted General Fund, including Tier III, Presented on Nov 23rd

	10/11	11/12	12/13
<u>REVENUES</u>			
Revenue Limit	\$ 45,011,525	\$ 45,332,930	\$ 46,042,238
Federal	\$ 46,620	\$ 46,620	\$ 46,620
Other State	\$ 9,248,929	\$ 9,248,892	\$ 7,268,739
Other Local	\$ 1,861,122	\$ 1,861,092	\$ 1,861,092
Parcel Tax	\$ 7,300,000	\$ 7,300,000	\$ -
Revenues	\$ 63,468,196	\$ 63,789,534	\$ 55,218,689
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 47,107,406	\$ 46,635,673	\$ 51,221,262
Books/Supplies & Outlay	\$ 3,556,068	\$ 1,008,152	\$ 1,035,372
Services & Operating Expenses	\$ 6,665,083	\$ 6,072,166	\$ 6,123,451
Other Outgo & Transfers	\$ 2,266,717	\$ 1,999,273	\$ 2,035,625
PROPOSED CUTS		\$ (4,500,000)	\$ (12,600,000)
Expenditures	\$ 59,595,274	\$ 51,215,264	\$ 47,815,710
Other Sources (Uses)	\$ (9,277,637)	\$ (8,111,015)	\$ (8,574,255)
Net Inc/Dec in Fund Balance	\$ (5,404,715)	\$ 4,463,255	\$ (1,171,276)
Beginning Balance	\$ 11,641,426	\$ 6,498,968	\$ 10,962,223
Adjustments	\$ 262,257		\$ -
SACS Ending Balance	\$ 6,498,968	\$ 10,962,223	\$ 9,790,947
<u>CONTINGENCIES / STIMULUS</u>			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
Federal Job Savings	\$ -	\$ 1,529,908	\$ -
Revenue Limit Adjust. (3.85%)	\$ 2,370,844	\$ 4,741,688	\$ 7,112,532
Maintenance of Tier 3 allocation	\$ 862,190	\$ 862,190	\$ 862,190
Mental Health Contingency	\$ 500,000	\$ 1,000,000	\$ 1,000,000
NET ENDING FUND BAL	\$ 2,715,934	\$ 2,778,437	\$ 766,225

AUSD – Multi-Year Projections 2010-11 through 2012-2013

Unrestricted General Fund, including Tier III, Final 1st Interim

	10/11	11/12	12/13
<u>REVENUES</u>			
Revenue Limit	\$ 45,174,054	\$ 45,332,930	\$ 46,042,238
Federal	\$ 46,620	\$ 46,620	\$ 46,620
Other State	\$ 9,248,929	\$ 9,248,892	\$ 7,268,702
Other Local	\$ 2,073,957	\$ 2,073,957	\$ 2,075,430
Parcel Tax	\$ 7,300,000	\$ 7,300,000	\$ -
Revenues	\$ 63,843,560	\$ 64,002,399	\$ 55,432,990
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 47,099,820	\$ 42,459,996	\$ 38,734,959
Books/Supplies & Outlay	\$ 3,556,069	\$ 1,008,152	\$ 1,035,581
Services & Operating Expenses	\$ 6,663,564	\$ 5,661,285	\$ 5,679,139
Other Outgo & Transfers	\$ 2,487,144	\$ 1,530,171	\$ 1,566,523
PROPOSED CUTS		\$ -	\$ -
Expenditures	\$ 59,806,597	\$ 50,659,604	\$ 47,016,202
Other Sources (Uses)	\$ (9,440,195)	\$ (10,221,852)	\$ (10,746,233)
Net Inc/Dec in Fund Balance	\$ (5,403,232)	\$ 3,120,943	\$ (2,329,445)
Beginning Balance	\$ 11,641,426	\$ 6,500,451	\$ 9,621,394
Adjustments	\$ 262,257		\$ -
SACS Ending Balance	\$ 6,500,451	\$ 9,621,394	\$ 7,291,949
<u>CONTINGENCIES / STIMULUS</u>			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
Federal Job Savings	\$ -	\$ 1,529,908	\$ -
Revenue Limit Adjust. (3.85%)	\$ 2,370,844	\$ 4,741,688	\$ 7,112,532
Maintenance of Tier 3 allocation	\$ 862,190	\$ 237,314	\$ -
Mental Health Contingency	\$ 500,000	\$ 1,000,000	\$ -
NET ENDING FUND BAL	\$ 2,717,417	\$ 2,062,484	\$ 129,417

AUSD – Multi-Year Projections 2010-11 through 2012-2013 Restricted General Fund

<u>REVENUES</u>			
Revenue Limit	\$ 1,857,884	\$ 1,857,884	\$ 1,893,184
Federal	\$ 6,929,965	\$ 5,814,320	\$ 4,294,885
Other State	\$ 2,804,377	\$ 2,804,377	\$ 2,857,660
Other Local	\$ 5,431,012	\$ 5,144,764	\$ 5,242,515
Revenues	\$ 17,023,238	\$ 15,621,345	\$ 14,288,244
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 16,246,985	\$ 15,538,216	\$ 15,783,920
Books/Supplies & Outlay	\$ 4,965,957	\$ 2,324,358	\$ 1,120,326
Services & Operating Expenses	\$ 7,201,253	\$ 7,279,433	\$ 7,429,042
Other Outgo & Transfers	\$ 767,065	\$ 701,190	\$ 701,189
<u>PROPOSED CUTS</u>			
Expenditures	\$ 29,181,260	\$ 25,843,197	\$ 25,034,477
Other Sources (Uses)	\$ 9,760,196	\$ 10,221,852	\$ 10,746,233
Net Inc/Dec in Fund Balance	\$ (2,397,826)	\$ -	\$ -
Beginning Balance	\$ 2,597,798		
Adjustments	\$ (199,972)		
SACS Ending Balance	\$ -	\$ -	\$ -

AUSD – 11/12 CUTS

\$4 Million Reduction Additional		Implementation on July 1, 2011
AUSD Reduction	Savings	Description
Adult Education Elimination	\$750,000	Total Elimination of the Adult Education Program (Soft)
2 Additional Furlough Days for AEA Teachers	\$442,681	Negotiated in 2010 MOU with AEA will be a total of 10 days
Equivalent 10 Days Lay-Off (CSEA 860-27 and Admin)	\$892,241	*Effects must be negotiated but can be imposed. 10 days to equal AEA agreement
Secondary School Closure	\$574,065	Close 1 Middle School
Elimination of Seven Period Day Middle School	\$780,000	Eliminates one elective period from the middle schools
Running Total	\$3,438,987	

AUSD – 11/12 CUTS (Continued)

Total from Previous Page	\$3,348,987	Implementation on July 1, 2011
AUSD Reduction	Savings	Description
32:1 Elementary Class Size Increase Elementary	\$1,108,062	Increase all K-3 Classrooms in the District to 32:1
Athletics- coaching, transportation, operations (-25%)	\$106,889	Eliminates all Freshman and JV Athletics. One coach per sport.
Grand Total	\$4,653,938	

AUSD – 12/13 CUTS

\$9 Million Reduction Additional		Implementation on July 1, 2012
AUSD Reduction	Savings	Description
8% to 9.25% Salary Reduction All Employees	\$4,876,306 -To- \$5,698,141	**Must be Negotiated **Note: using higher number in total
Elimination of Seven Period Day Middle School	\$780,000	Eliminates one elective period from the middle schools
32:1 Elementary Class Size Increase Elementary	\$1,108,062	Increase all K-3 Classrooms in the District to 32:1
Eliminate all of Elementary (Music, PE & Media)	\$795,735	Eliminates all electives at the elementary school sites **Must be Negotiated
3 Elementary School Closures	\$913,146	Three sites to be identified
Eliminate ROTC	\$81,294	Eliminates the ROTC Program
Running Total	\$9,376,378	

AUSD – 12/13 CUTS

Total from Previous Page	\$9,376,378	Implementation on July 1, 2012
AUSD Reduction	Savings	Description
Reduction High School Graduation Requirements	\$1,299,990	Would lower the graduation requirements eliminating 15 FTE
Eliminate Athletics/Pool, Coaching, Transportation, Operations	\$443,111	Complete elimination of all athletics, pool maintenance, operations
Staffing reduction 11 FTE maintaining 35 to 1 at high schools	\$770,000	Will staff as a true base of 35:1 in all high school classes (50:1 PE)
Reduce 3.5 Technology classified Staff	\$254,561	Eliminates Tech support to school sites
Reduce an additional 5 FTE counseling staff	\$455,960	Reduces counseling to 2.5 FTE
Grand Total	\$12,600,000	

Possible Eliminations: State Economic Uncertainty

AUSD Implemented Reductions	Savings	Description
District Office Reductions	\$250,000	Maintain district office reductions
Reduction of 3 TSA at District Office	\$152,000	2 FTE in Special Education, 1 FTE in Technology
Special Education Reduction in Paraprofessionals	\$477,938	Reduction in hours to special education paraprofessionals
Grand Total	\$879,938	

Other Available Reductions	Savings	Description
Elimination of 7 period day at Middle School	\$780,000	Reduces electives to 1 in grades 6, 7, 8
Reduction of High School Graduation Requirements (15)FTE	\$1,050,000	Lowers graduation credits from 140 to 120 over time
Staffing reduction (11) FTE maintaining 35 to at high schools	\$1,120,000	Will staff at a true base of 35:1 in all high school classes 50:1
Grand Total	\$2,950,000	