

Alameda Unified School District

Budget

Categorical Flexibility

Public Hearing

March 24, 2009

Categorical Flexibility

- As an option to address reduced school funding, the State has provided flexibility to school districts to consider using funding from special-purpose programs (known as Categorical Programs) for other school business, like the general operations of the Unrestricted General Fund.
- This is called Categorical Flexibility (Cat. Flex.)
- A Public Hearing is required in order to use Cat. Flex.

Why use Cat. Flex.? For School Funding Challenges

- AUSD faces several school funding challenges over the next few years
- **Declining Student Enrollment** – AUSD receives less funding when fewer students enroll in its schools.
- **Reduced State Funding** – In addition, the state is reducing the overall funding that is provided to schools.
- **Local Parcel Tax** - The local community provides \$7.3M annually to AUSD, but this terminates in 2011/12.
- **Increased Operational Costs** – for employee salaries, special education, technology and utilities.

Strategy to Address Reduced School Funding by using Categorical Flexibility & Reserves

<u>Item</u>	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>
Categorical Flexibility	\$0.8M	\$0.8M	-	\$3.2M
Categorical Carryover	-	\$0.9M	-	-
Reduced GF Contrib.	\$0.4M	\$0.1M	-	-
Budget Cuts	-	-	-	-
Prior Year Sp Ed	\$0.3M	-	-	-
On-Going Reserve 0.71% COLA	\$0.4M	-	-	-
Mandated Costs	-	\$1.1M	-	-
Multi-year Projections	-	\$1.4M	-	-
Measure H	-	\$1.0M	\$6.4M	\$3.6M
TOTALS	\$1.9M	\$5.3M	\$6.4M	\$6.8M

Categorical Flexibility (Cat. Flex.) & Other for 08/09

- **Cat. Flex.:** \$800,000 from the Adult Education Program (Public Hearing Item)
 - No current use was designated for these funds. After this transfer, the Adult Ed Fund will still have an 11% reserve.
- **Other:** \$350,000 reduction in Gen'l Fund Contribution to the Facilities Routine Restricted Maintenance
 - This reduction in current year funding will be covered by the same amount that this program had in carryover.
- **\$1.2M total for 08/09**

Cat. Flex. for 09/10

- **Cat. Flex.:** \$340K transfer from the State Contrib. to the Facilities Deferred Maint. Program (Public Hearing Item)
 - These funds would have been applied to future facility projects on the 5-year Deferred Maint. Plan, and such projects will be covered by this separate fund's reserve of more than \$3M.
- **Cat. Flex.:** \$448K from Targeted Improvement (Public Hearing Item)
 - No current plan for expenditure.
- **\$0.8M total for Cat. Flex. for 09/10**

Categorical Carryover & Other for 09/10

- **Cat. Carryover:** \$634K from Prof. Dev. Buyback Days
 - No current plan for expenditure. After this transfer, there is still \$275K available for professional development on math instruction.
- **Cat. Carryover:** \$218K from 1-time District Block Grant
 - This was going to be used for the district's annual retiree health benefit obligation, which has already been covered by the current budget.
- **Other:** \$140K reduction in the District Match to the Facilities Deferred Maint. Program
 - These funds would have been applied to future facility projects on the 5-year Deferred Maint. Plan, and such projects will be covered by this separate fund's reserve of more than \$3M.
- **\$1M total for Cat. Carryover & Other for 09/10**

Budget Timeline

- Following are school board meeting dates.
- 3/24/09: Public Hearing on Cat. Flex.
- 4/2/09: Public Budget Workshop, review Budget and Cat. Flex.
- 4/14/09: Action Item on Cat. Flex.
- 4/28 & 5/12/09: Info. Items on Budget
- 5/26/09: Info. Item on May Revise
- 6/9/09: Info. Item on Draft 09/10 Budget
- 6/23/09: Action Item on 09/10 Budget

Public Hearing Items

- Use the following funds for the district general operations in the Unrestricted General Fund:
 - 08/09: \$800,000 from Adult Education
 - 09/10: \$340,000 from the State Contrib. to the Facilities Deferred Maint. Program
 - 09/10: \$448,000 from the Targeted Improvement Program

Public Hearing Items

- The following transfers were part of the old Mega Transfers or Block Grant Transfers.
- They have already been approved and included in the 08/09 Budget.
- These transfers are now included in the Cat. Flex., and require a Public Hearing.
- Transfer the following funds between programs for 08/09:
 - \$97K from School & Library Improve. Grant to Special Ed.
 - \$7K from Gifted and Talented Ed and \$5K from Prof. Dev. (PAR) to Special Ed Transportation