

2009-10 First Interim Budget Report

Board of Education Meeting
December 8, 2009

Budget Summary

The First Interim Budget Report is part of the budget approval and monitoring cycle mandated by the State of California, Department of Education (CDE). The report is due to the county office of education December 15, 2009. This report is based on income and expenditures through October 31, 2009.

Our statement regarding the district's financial position has been consistent: we will experience deficits from 2009-10 through 2012-13.

Even with the deficits we project that we will meet our financial obligations for the 2009-10 and the 2010-11 fiscal year.

The district should end the 2009-10 an ending balance that will meet the state's mandated 3% Reserve for Economic Uncertainties requirement (excluding Fund 17).

However, if current funding and spending trends continue the district will have a structural deficit of \$14 million by 2012-13.

Adopted to First Interim

	Adopted	1 st Interim	Difference
Revenues	80,951,350	79,759,842	(1,191,508)
Expenditures	82,694,456	90,194,088	(7,499,632)
Net	(1,743,106)	(10,364,246)	(8,691,140)

Changes to Revenue

Revenue Limit

Adopted Budget	49,466,747
2008-09 \$252/ADA Additional Reduction	(2,683,622)
First Interim	<u>46,783,125</u>

Federal

Adopted Budget	6,227,302
2008-09 Deferred Revenue (Restricted)	1,143,579
First Interim	<u>7,370,881</u>

State Revenue

Adopted Budget	11,185,593
SBX Shift from Restricted to Unrestricted	1,221,339
SBX Shift from Restricted to Unrestricted	(1,221,339)
Mckinney-Vento	(68,175)
First Interim	<u>11,117,418</u>

Other Local

Adopted Budget	14,071,708
Interest, Fees	21,109
Grants, Donations (Restricted)	395,601
First Interim	<u>14,488,418</u>

Changes to Expenditures

2008-09 Program Balances Carried Forward	2,641,329.48
2008-09 Designated Amounts Carried Forward	3,969,122.00
Additions to the 2009-10 Budget that Affect the Ending Balance	603,123.52
Other Budget Corrections/Adjustments	<u>286,057.00</u>
Total	7,499,632.00

Changes to Expenditures

Adopted Budget

1st Interim

Difference

Item	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Notes
Certificated	32,684,837	11,355,909	44,040,746	33,748,019	11,507,424	45,255,443	1,063,182	151,515	1,214,697	
Classified	7,083,440	6,426,290	13,509,730	7,644,639	6,231,167	13,875,806	561,199	(195,123)	366,076	
Benefits	8,947,744	3,437,440	12,385,184	9,095,432	3,551,113	12,646,545	147,688	113,673	261,361	
Books Supplies	831,019	1,419,453	2,250,472	2,067,134	3,334,056	5,401,190	1,236,115	1,914,603	3,150,718	
Services Other	4,804,045	5,306,293	10,110,338	5,996,982	6,443,654	12,440,637	1,192,937	1,137,361	2,330,298	
Capital Outlay	57,707	18,617	76,324	84,907	98,434	183,341	27,200	79,817	107,017	
Other Outgo	(307,199)	626,861	321,662	(385,311)	706,973	321,662	(78,112)	80,112	2,000	
Total	54,101,593	28,592,863	82,694,456	58,251,802	31,872,821	90,124,624	4,150,209	3,281,958	7,432,167	

Some Restricted Programs are Now Unrestricted

SBX3 shifts once restricted programs for unrestricted uses:

Old	New	Description	Entitlement
6091	0691	CAL-SAFE Academic	33,693
6092	0692	CAL-SAFE Child Care	63,592
6285	0685	CBET	63,745
6350	0635	ROP	974,340
6390	0630	Adult Ed Apportionment	1,099,026
6391	0631	Adult Ed Fee	
6392	0632	Adult Ed Projects	
6393	0633	Adult Ed Creditation	
6405	0645	School Safety	134,483

Some Restricted Programs are Now Unrestricted

Old	New	Description	Entitlement
6760	0670	Art & Music Block Grant	133,891
6761	0671	Art, Music & PE	0
7022	0722	Child Nutrition	0
7055	0755	CAHSEE	100,707
7056	0756	CAHSEE - Materials	1,399
7080	0780	Supp. School Counseling	275,700
7140	0714	GATE	65,134
7156	0716	Instructional Material (IMFRP)	553,757
7271	0727	CPARP	44,803

Some Restricted Programs are Now Unrestricted

Old	New	Description	Entitlement
7295	0729	Staff Development Reading Services	7,311
7390	0730	Pupil Retention Block Grant	43,697
7392	0739	Teacher Credentialing Block Grant	56,000
7393	0733	Professional Development Block Grant	507,755
7394	0734	TIIG	665,722
7395	0735	SLIG	610,089
7396	0736	Discretionary Block Grant	0
7397	0737	Discretionary Block Grant, DO	0
7398	0738	Inst. Material Lib.	0
		Total	5,434,844

Multi-year Projections

If current spending trends continue, the district will experience a negative \$14 million ending balance by 2012-13 (excluding Fund 17):

	2009-10	2010-11	2011-12	2012-13
Total Revenues	79,759,842	83,241,665	83,501,971	77,164,534
Total Expenditures	90,194,088	84,915,096	87,893,234	89,269,780
Net Increase	(10,434,246)	(1,673,431)	(4,391,263)	(12,105,246)
Beginning Balance	15,714,276	5,280,030	3,606,599	(784,664)
Ending Balance	5,280,030	3,606,599	(784,664)	(12,889,910)
3% Reserve Requirement (Fund 17)	2,705,823	2,547,453	2,636,797	2,678,093

Ending Balances-Unrestricted and Restricted

	Unrestricted	Restricted	Total
2009-10 Beginning Balance	9,853,367	5,860,909	15,714,276
Net Increase	(5,865,468)	(4,568,777)	(10,434,245)
2009-10 Ending Balance	3,987,899	1,292,132	5,280,031
2010-11 Beginning Balance	3,987,899	1,292,132	5,280,031
Net Increase	(3,529,431)	1,855,998	(1,673,432)
2010-11 Ending Balance	458,468	3,148,130	3,606,598
2011-12 Beginning Balance	458,468	3,148,130	3,606,598
Net Increase	(4,391,263)	0	(4,391,263)
2011-12 Ending Balance	(3,932,795)	3,148,130	(784,665)
2012-13 Beginning Balance	(3,932,795)	3,148,130	(784,665)
Net Increase	(12,105,246)	0	(12,105,246)
2012-13 Ending Balance	(16,038,041)	3,148,130	(12,889,911)

Multi-year Budget Assumptions

Revenue

Base Revenue Limit assumptions were based on current information from SSC

Restricted (categorical) programs receive 0% growth

Expenditures

Step and column salaries are budgeted

Benefits adjusted based on salary increases

No cost-of-living salary adjustment is included

Supplies and services receive zero growth

New ongoing expenditures (Aeries, Destiny) are included

Restricted programs (i.e., Title I, GATE, ASES,) operate within their funding levels do not encroach

into the operations funds (with the exception of special education

Special Education encroachment increases 6% per year

AUSD has Survived by Living on One-time Funds

(updated:12/01/2009)

<u>Item</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
Loss from Operating Funds plus ongoing expenditures	\$13.0M	\$11.1M	\$8.60M	\$12.40M
Restricted Program Carryover	-	\$0.4M	-	-
Cat. Flexibility	\$0.9M	\$0.9M	-	-
Cat. Flex. Adult Ed	\$0.3M	\$0.3M	-	-
Fund 17	\$0.3M	-	-	-
Budget Cuts	-	-	\$4.1M	\$5.10M
Budget Cuts-Parcel Tax	-	-	-	\$7.30M
Fed ARRA Stabilization	\$2.6M	\$1.3M	-	-
Mandated Costs	\$0.9M	-	-	-
Prior Year Sp Ed	\$0.5M	-	-	-
Measure H Use-Current Year	\$1.2M	\$1.2M	\$1.2M	-
Measure H –Previous Year	\$1.7M	\$6.2M	\$3.3M	-
Reduce Ending Fund Balance	\$4.6M	\$0.8M		
TOTALS	\$13.0M	\$11.1M	\$8.60M	\$12.40M

AUSD Parcel Taxes

Measure A was passed on January 7, 2005 to improve education in Alameda schools, retain experienced teachers and attract new qualified teachers, retain teaching specialists in reading, math and science, preserve educational programs in music and art and to maintain small class sizes.

Measure H was passed on June 8, 2008 as emergency parcel tax passed during the 2008-09 fiscal year to offset severe budget cuts to Alameda schools, minimize school closures, and protect the quality of education, student safety, class sizes, excellent teachers and staff and to restore prioritized cuts to music, athletics, advanced placement courses, and other programs.

Both Measure A and H expire in the 2012-13 fiscal year (\$7.3 million).

Parcel Tax Uses (ongoing)

Description	A	H	Total
To protect class sizes:			
Maintain formula for student/teacher ratio @ 29:1 in grades 4-8 & 10-12	529,497	0	529,497
Fund state deficit in K-3 class size reduction (CSR) program	489,346	0	489,346
Fund state deficit in grade 9 CSR in two subject areas	20,004	36,394	56,398
Maintain 0.5 fte for Independent Study		42,580	42,580
Maintain elective and intervention programs @ the middle and high schools:			
Maintain student day @ 7 periods for grades 6 & 7	563,441		563,441
Maintain intervention teachers at middle and high schools	467,409		467,409
To restore prioritized cuts to music and advanced placement courses			
Maintain 2.5 fte for music prep		200,000	200,000
Maintain 1.0 fte for advanced placement (AP) courses		79,981	79,981
Attract and retain the best and most experienced teachers			
Annual cost of salary placements	878,027		878,027

Parcel Tax Uses (ongoing)

Description	A	H	Total
To protect the quality of education and staff			
Maintain 0.94 fte for clerical support at EHS		47,601	47,601
Maintain 3.5 fte for technology classified staff		254,561	254,561
Support school site instructional supplies		150,000	150,000
Support custodial subs		50,000	50,000
Support professional development		20,000	20,000
Maintain counseling programs:			
Avoid reducing two high school counselors	197,497		197,497
Maintain two middle school counselors	162,613		162,613
Avoid reducing one middle school counselor		85,850	85,850
To restore prioritized cuts to athletics			
Support HS athletics coaching stipends and transportation		155,885	155,885
Support swim centers		120,000	120,000
Subtotal of ongoing Measures A & H	3,307,834	1,242,852	4,550,686

Parcel Tax Uses (new)

Description	A	H	Total
Minimize school closures			
3 Elementary schools		780,114	780,114
Maintain ROTC		81,294	81,294
Avoid reducing health clerks		31,124	31,124
Attract and retain the best and most experienced teachers			
Annual cost of salary placements		764,616	764,616
Subtotal	0	1,657,148	1,657,148
Total of ongoing and new uses	3,307,834	2,900,000	6,207,834

Staff recommends the BOE approve the use of Measure H funds as reported.

Certification of District's Financial Condition

Positive Certification

Based upon current projections the district will meet its financial obligations for the current fiscal year and subsequent two fiscal years

Qualified Certification

Based upon current projections the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years

Negative Certification

Based upon current projections the district will be unable to meet its financial obligations for the remainder of the current fiscal year or for the subsequent fiscal year