

Budget Study Session

A Fiscal Profile of CVUSD



CHINO VALLEY
UNIFIED SCHOOL DISTRICT

Student Achievement • Safe Schools • Positive School Climate
Humility • Civility • Service

Business Services Division

September 12, 2012

Budget Study Session #1

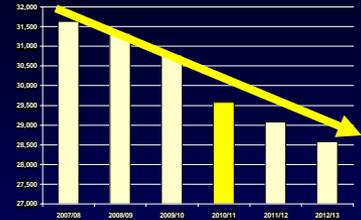
- **Common School Financial Terms**
- **Concurrent Budget Cycles**
- **State of California Budget**
- **CVUSD Budget**
- **Revenue & Expenditure Trend**
- **Budget vs. Cash**
- **Next Steps**



Common School Financial Terms

- **Average Daily Attendance**

Average number of pupils actually attending classes. Excused absences do not count towards ADA.



- **Deficit Factor**

When the State has insufficient funds to pay for State aid portion of the revenue limits, a deficit factor is applied to reduce the statewide entitlement level down to funded level



- **Deficit Spending**

Current-year *expenditure* in excess of current-year *revenues*



- **Multi-Year Budget**

Current-year budget and two subsequent years



- **Revenue Limit Funding**

The amount of revenue that a district can collect annually for general purposes from local property taxes and state aid.
($\$/ADA \pm COLA \times \text{deficit factor} \times P-2 ADA$)



Concurrent Budget Cycles

FOR LAST YEAR Close and Audit

JULY – AUGUST
Close, define actuals,
determine the ending balance

AUGUST – NOVEMBER
Audit and review

DECEMBER
Receive audit, evaluate
Management letters

JANUARY – FEBRUARY
Present audit; Follow
up on audit recommendations

FOR THIS YEAR Monitor

JULY
Analyze adopted budget

JULY – SEPTEMBER
Amend and revise

NOVEMBER – DECEMBER
Amend, measure, and
report 1st Interim Financial

FEBRUARY – APRIL
Amend, measure, and report
2nd Interim Financial

MAY
Amend, measure, and report
3rd Interim Financial
(if needed)

FOR NEXT YEAR Developing the Budget

AUGUST – NOVEMBER
Identify goals for next year

DECEMBER – JANUARY
Project revenues and
expenses
(Governor's Proposal)

FEBRUARY – MARCH
Complete staffing level
studies and incorporate

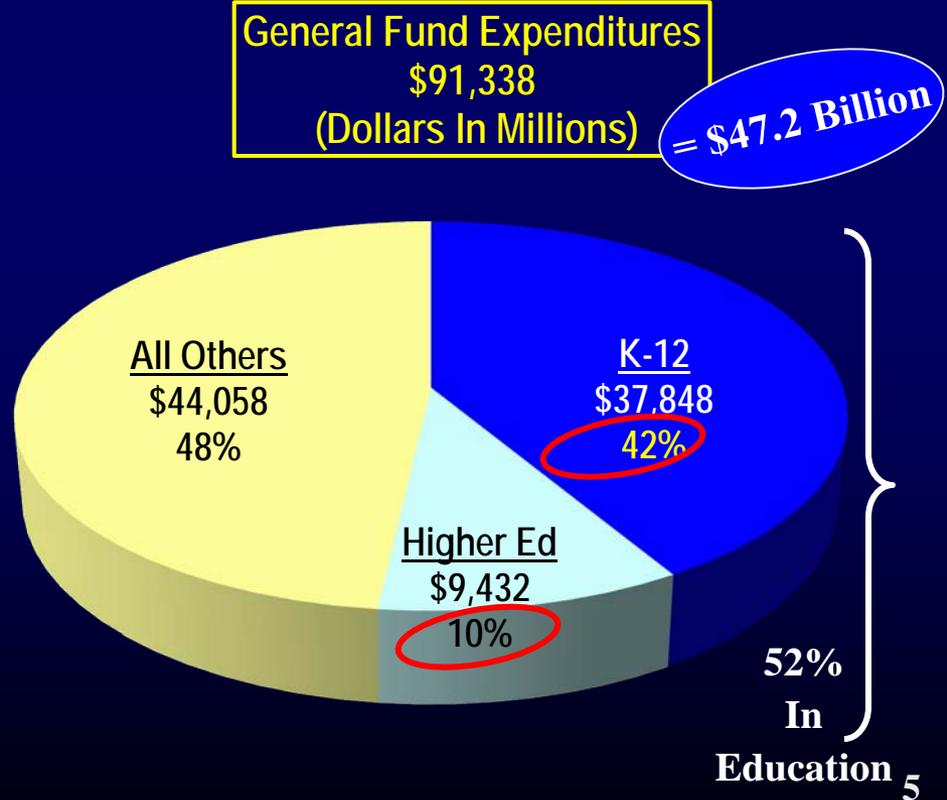
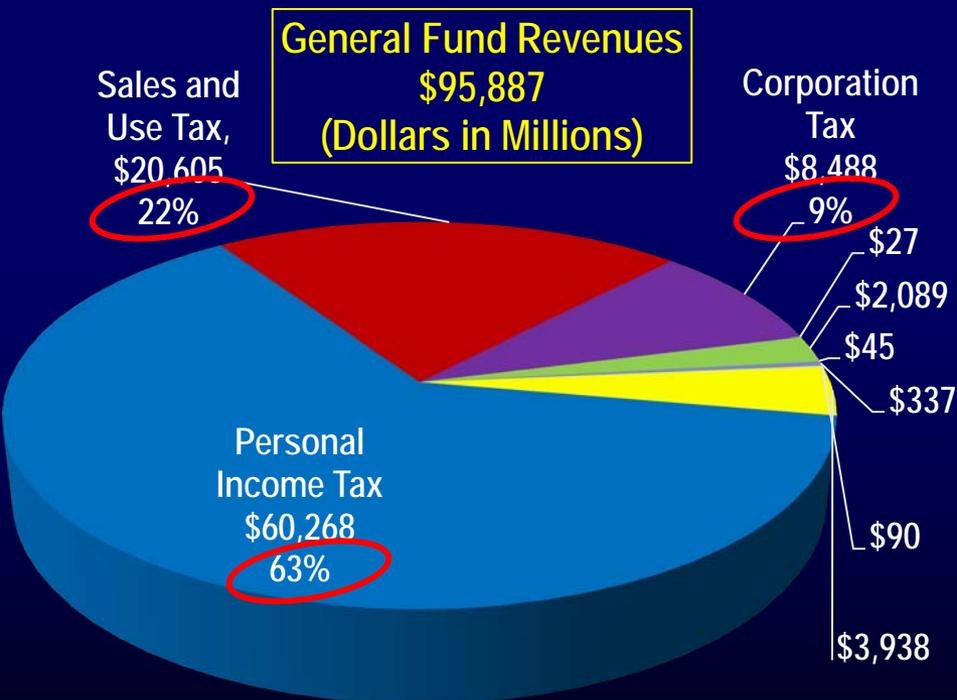
APRIL – JUNE
Review, balance, conclude,
adopt.
(Governor's May Revision)

State Budget

2012/2013 Adopted Revenue and Expenditures Budget

July 2012

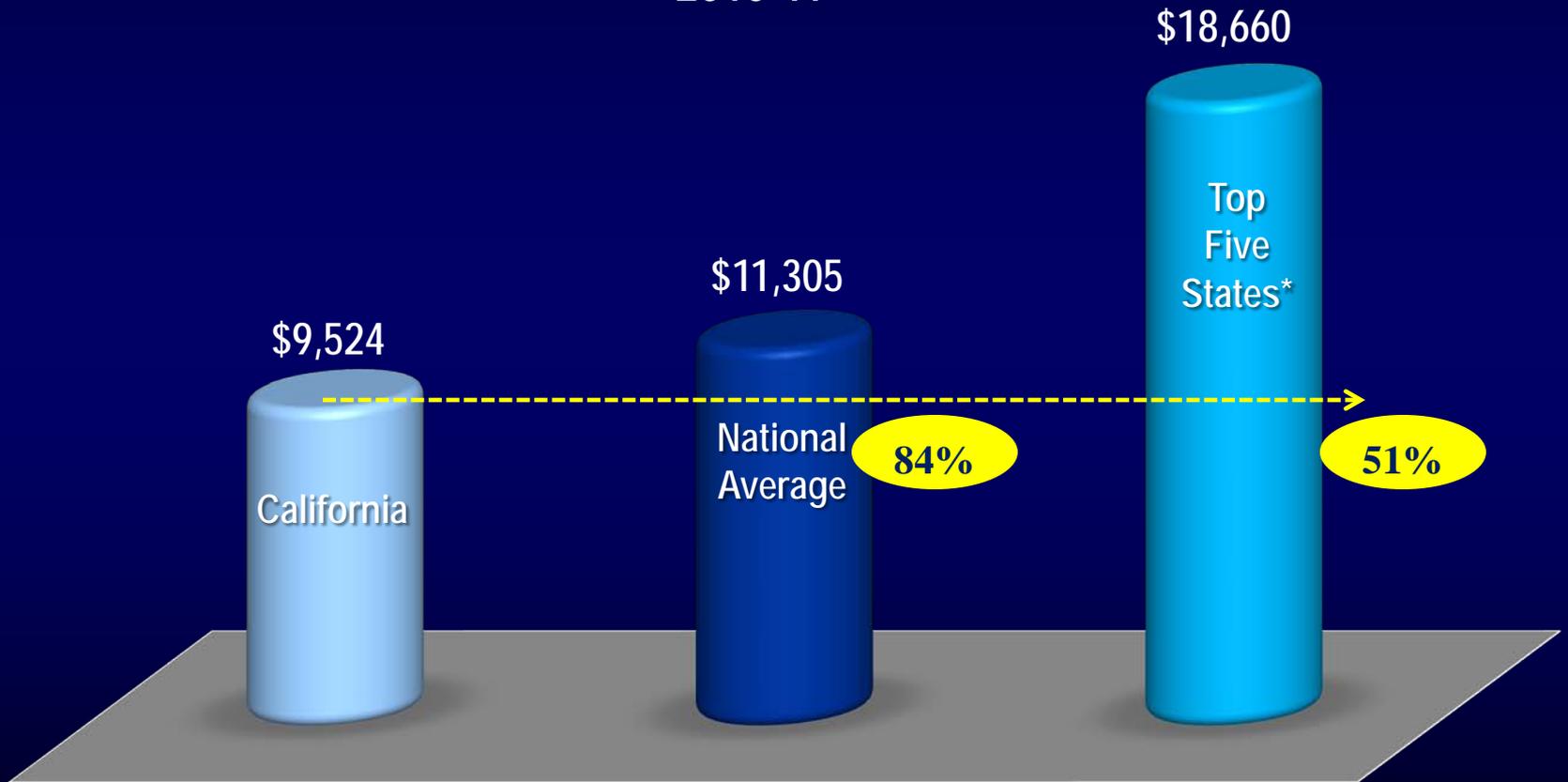
- State adopted a “balanced budget” assuming the passage of Governor Brown’s Tax Initiative (Prop 30), \$8.5 billions in 2012/13.
- If Taxes fail, Education will suffer the brunt of the cut.



Note: Numbers may not add due to rounding

California's Education Spending

K-12 Education Expenditures per ADA
2010-11



*Average of the five states with the highest expenditures per ADA

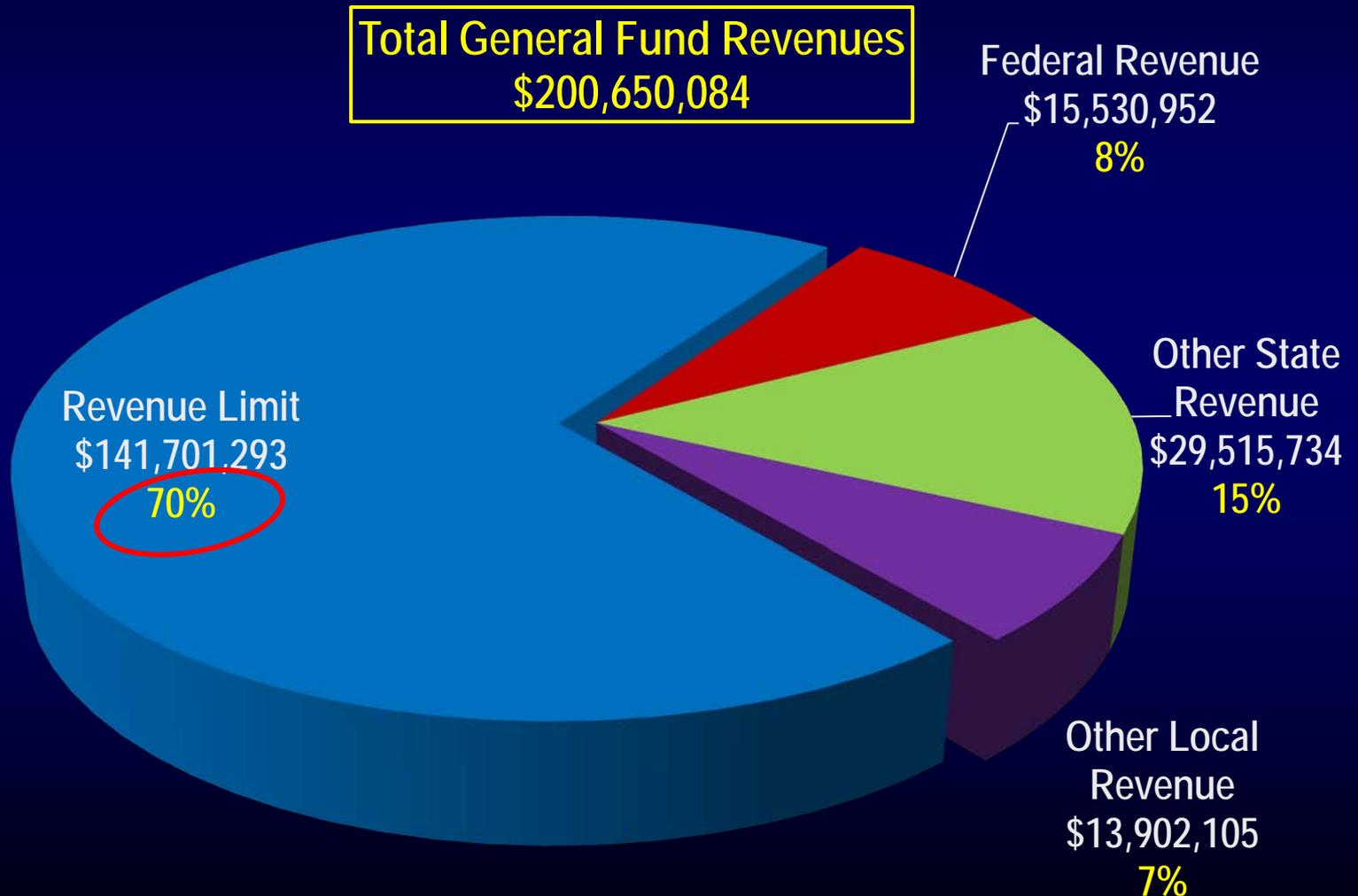
Source: National Education Association (Slide courtesy of School Services of California)

California's Education Spending

- **Per unit of average daily attendance (ADA), California spends only 84.2% of the national average for K-12 education**
 - **California spends \$9,136 less per ADA than the average of the top five states**
- **California has the largest class sizes in the nation**
 - **In 2011-12, its ratio of students to teachers was 22.2:1**
 - **For the same year, nationally, the ratio of students to teachers was 14.7:1, a difference of more than seven students**
- **In 2011-12, average K-12 teacher salaries in California were estimated to be \$69,496, compared to the national average of \$56,643**
 - **Note: California's high cost of living and extremely high class sizes do contribute to higher salaries**

Total General Fund Revenues

CVUSD 2012/13 Adopted Budget



General Fund Revenues

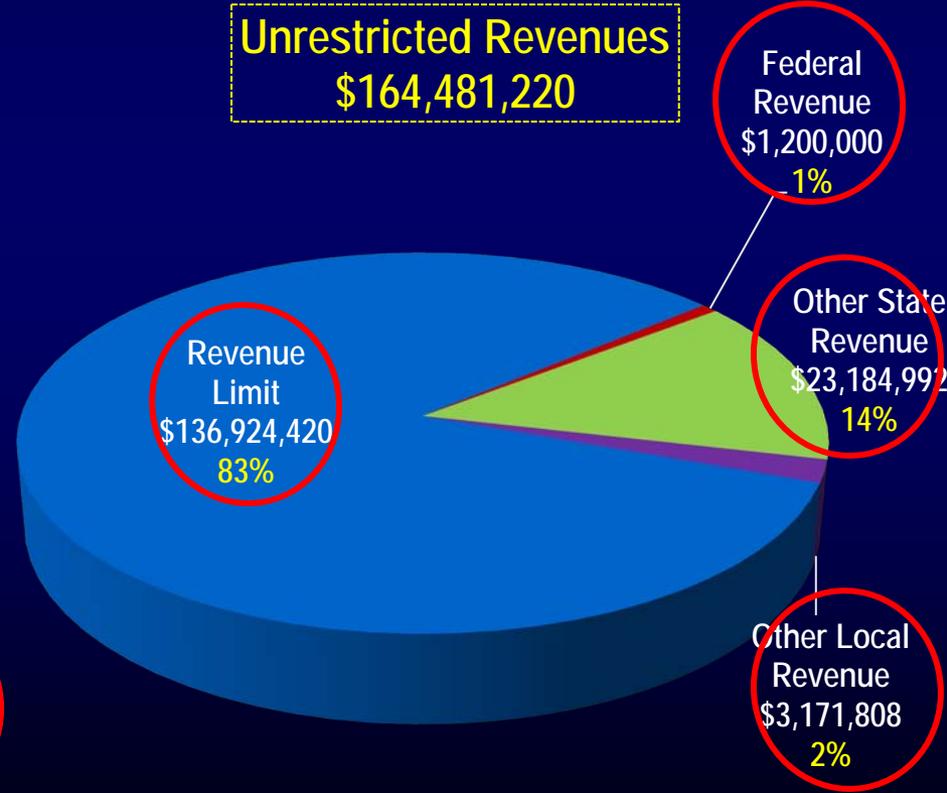
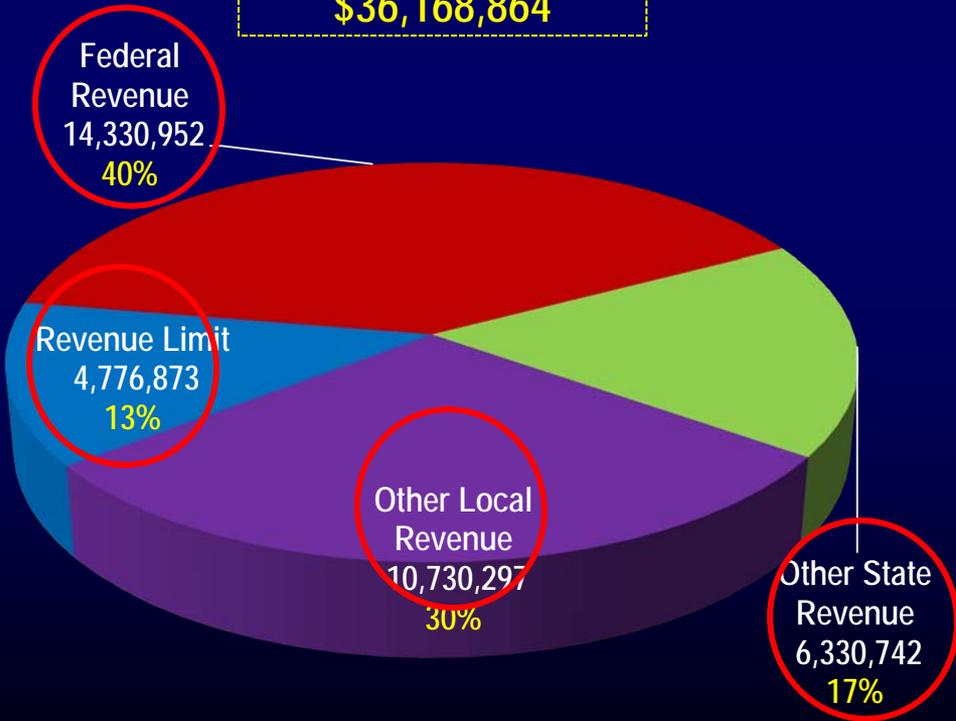
CVUSD 2012/13 Adopted Budget

Restricted vs. Unrestricted

TOTAL
\$200,650,084

Restricted Revenues
\$36,168,864

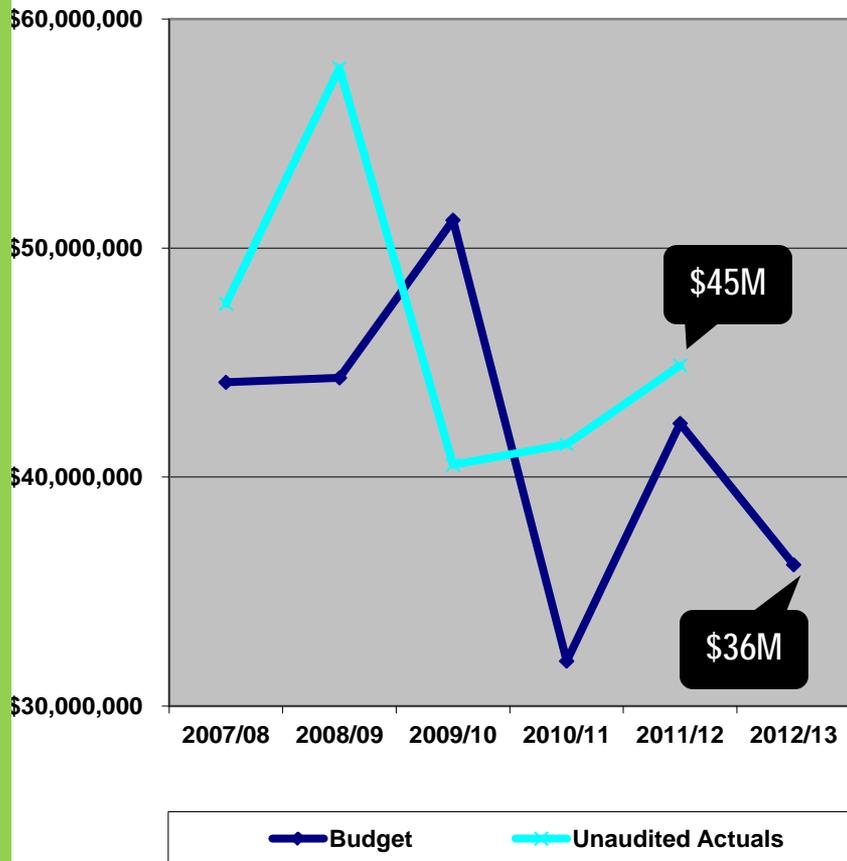
Unrestricted Revenues
\$164,481,220



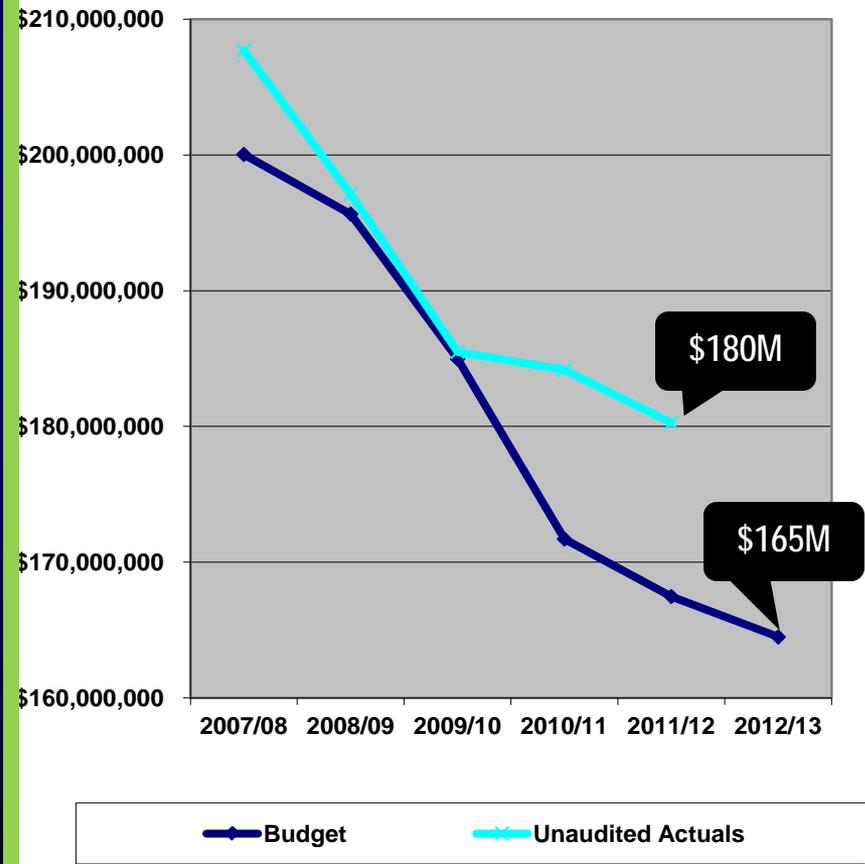
CVUSD Total Revenues Trend

2007/08~today

Total Revenues - Restricted



Total Revenues - Unrestricted

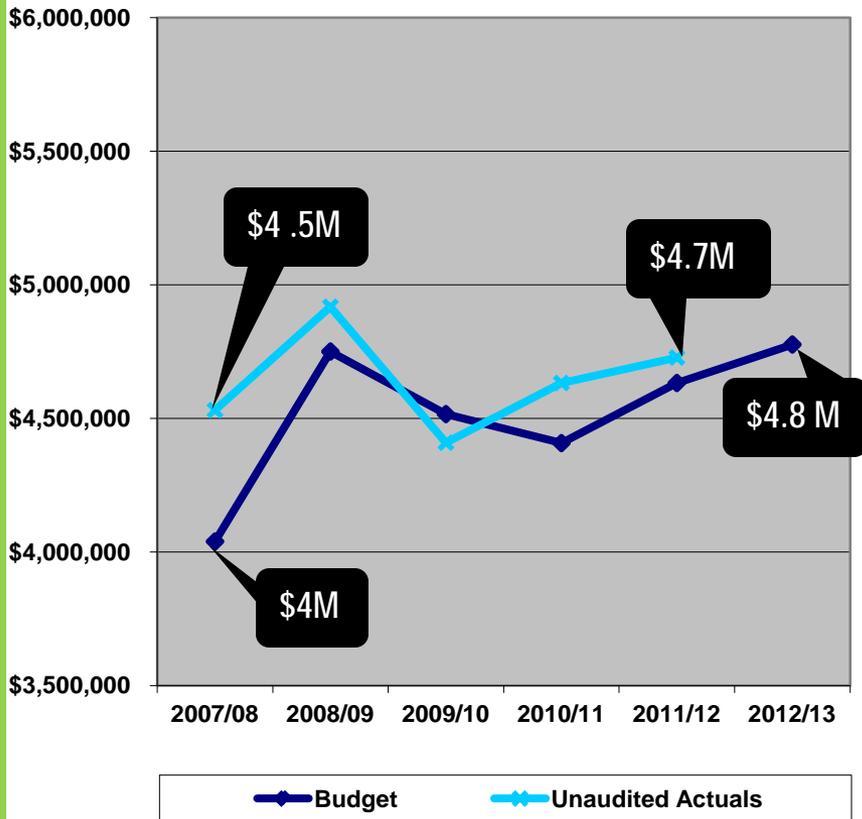


CVUSD Revenues Trend

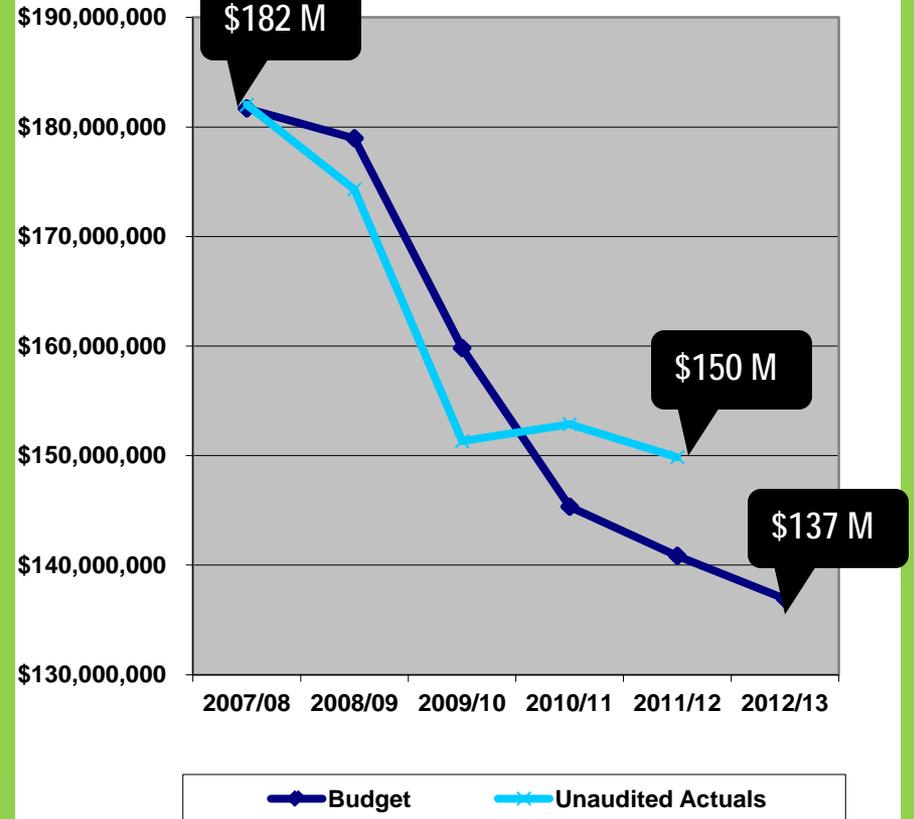
2007/08~2012/13

Revenue Limit Sources

Revenue Limit Sources - Restricted



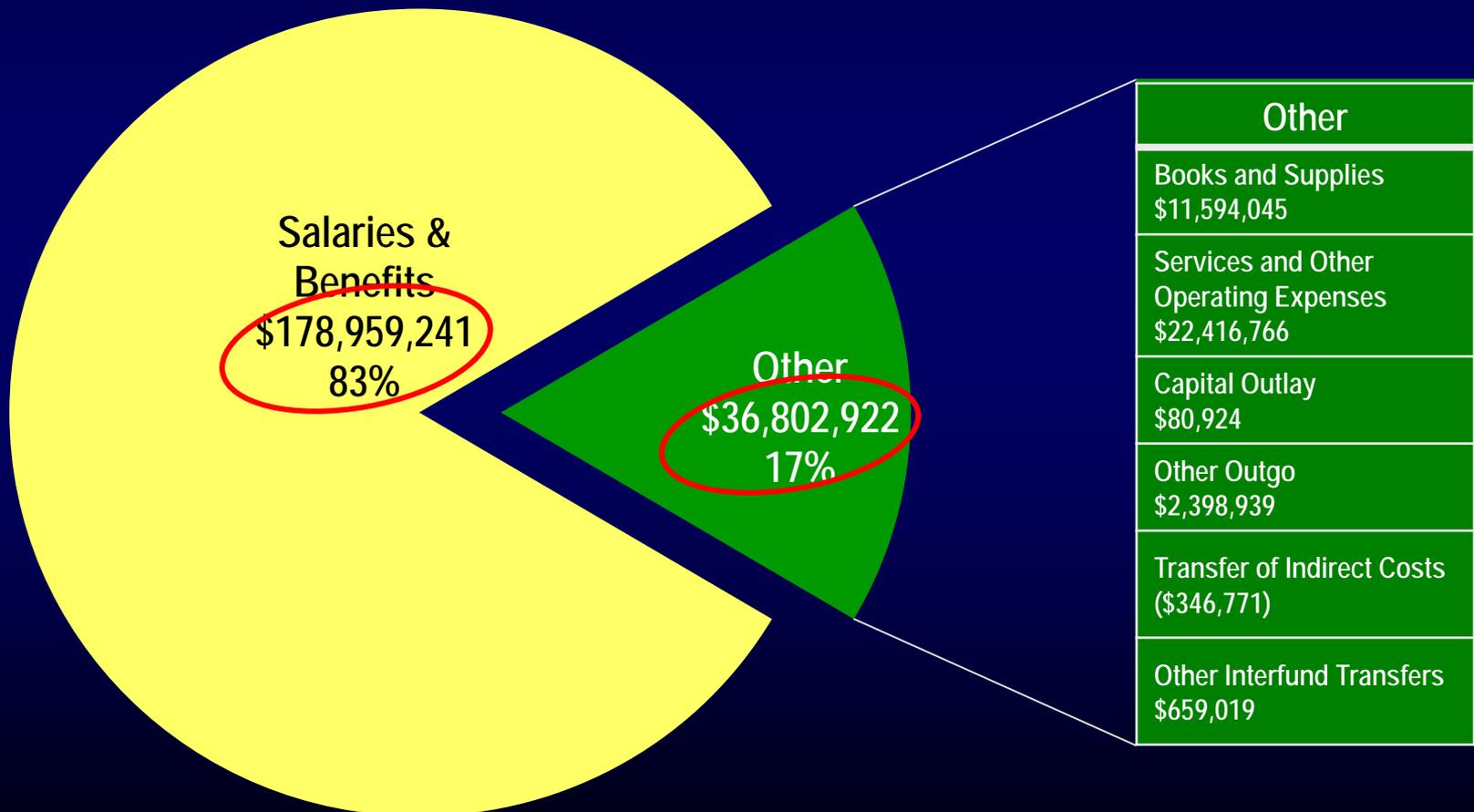
Revenue Limit Sources - Unrestricted



CVUSD Total Expenditures

2012/13 Adopted Budget

Total Expenditures
\$215,762,163



Note: Numbers may not add due to rounding

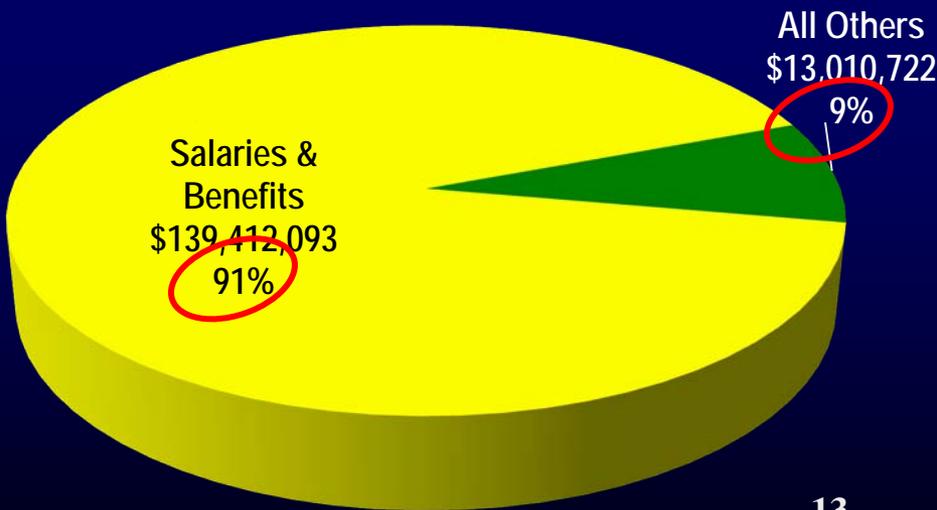
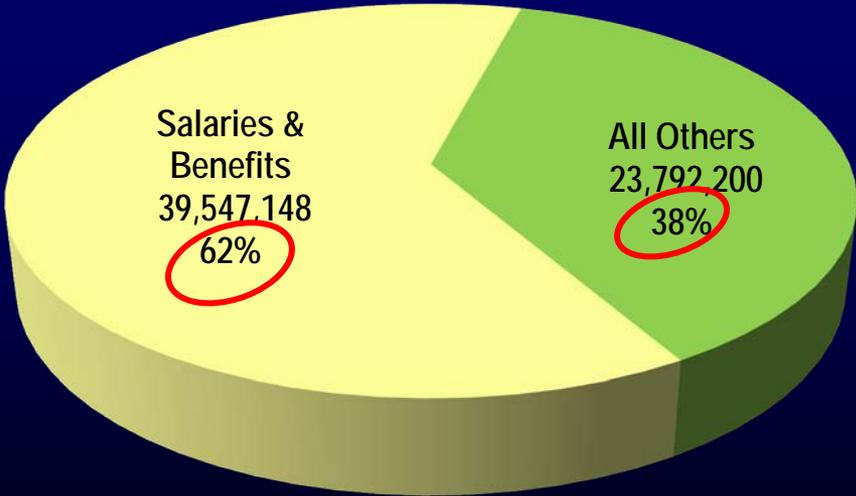
General Fund Expenditures

*CVUSD 2012/13 Adopted Budget
Restricted vs. Unrestricted*

TOTAL
\$215,762,163

Restricted Expenditures
\$63,339,348

Unrestricted Expenditures
\$152,422,815



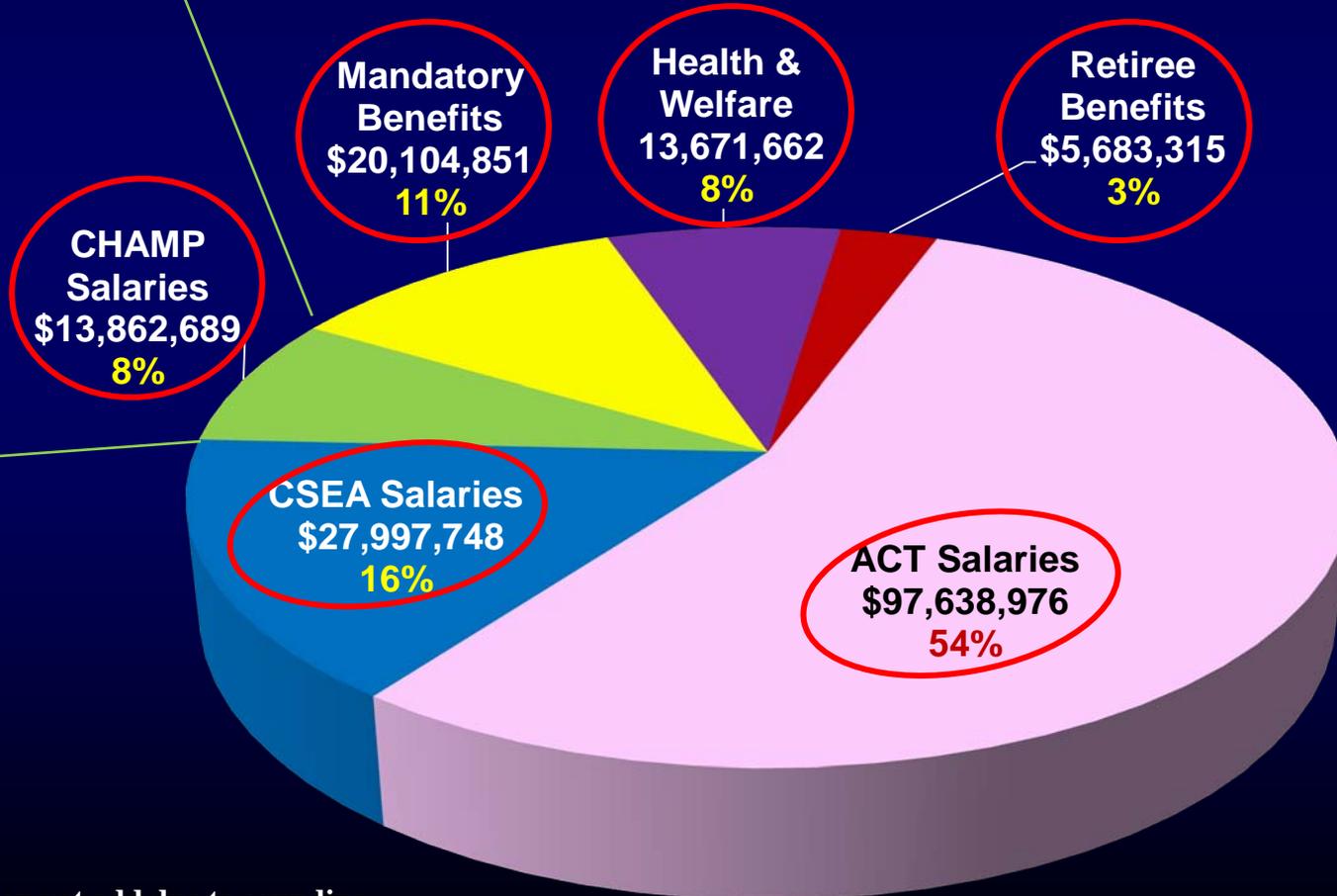
Note: Numbers may not add due to rounding

Salaries and Benefits

2012-2013 Adopted Budget

- Superintendent
- Asst. Supts.
- Principals
- Assistant Principals
- Directors
- Coordinators
- Managers
- Supervisors
- Psychologists
- Program Specialists
- Conf. Admin. Secretaries
- Occupational Therapists
- Technicians
- Programmer Analyst II

TOTAL
\$178,959,241
(Including all substitutes & stipends)

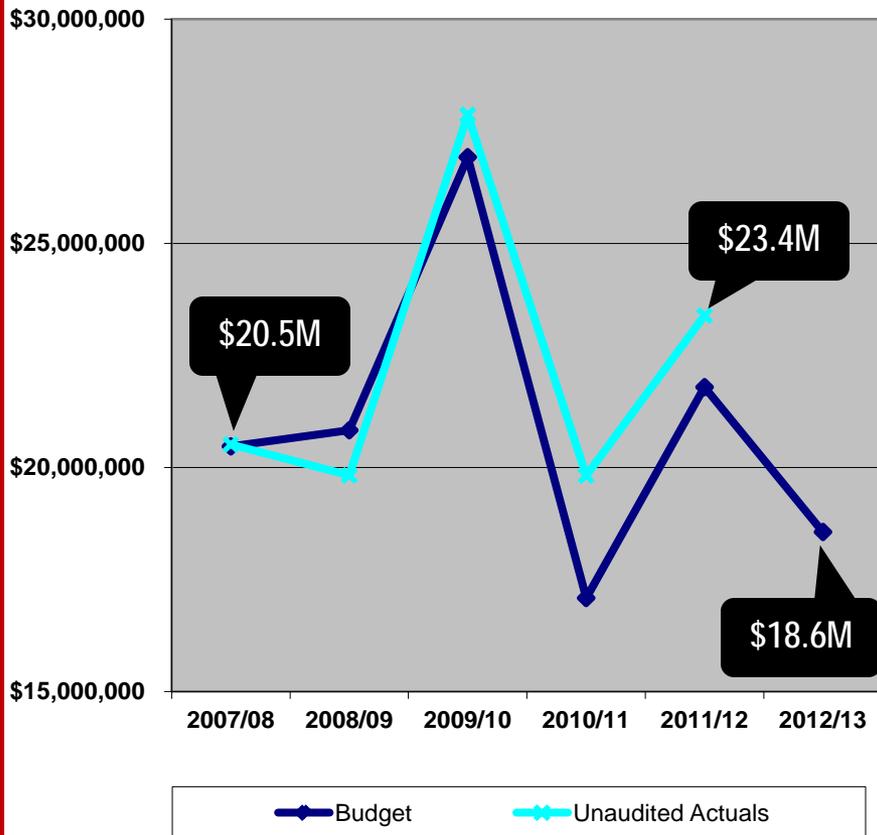


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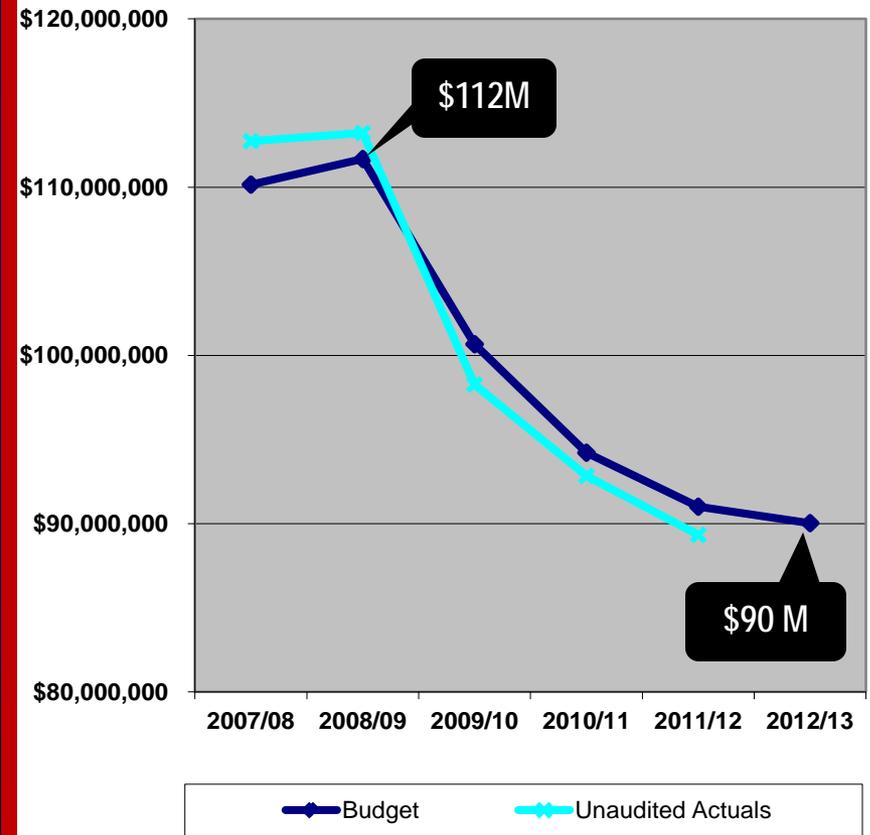
CVUSD Expenditures Trend

2007/08~today
Certificated Salaries

Certificated Salaries - Restricted



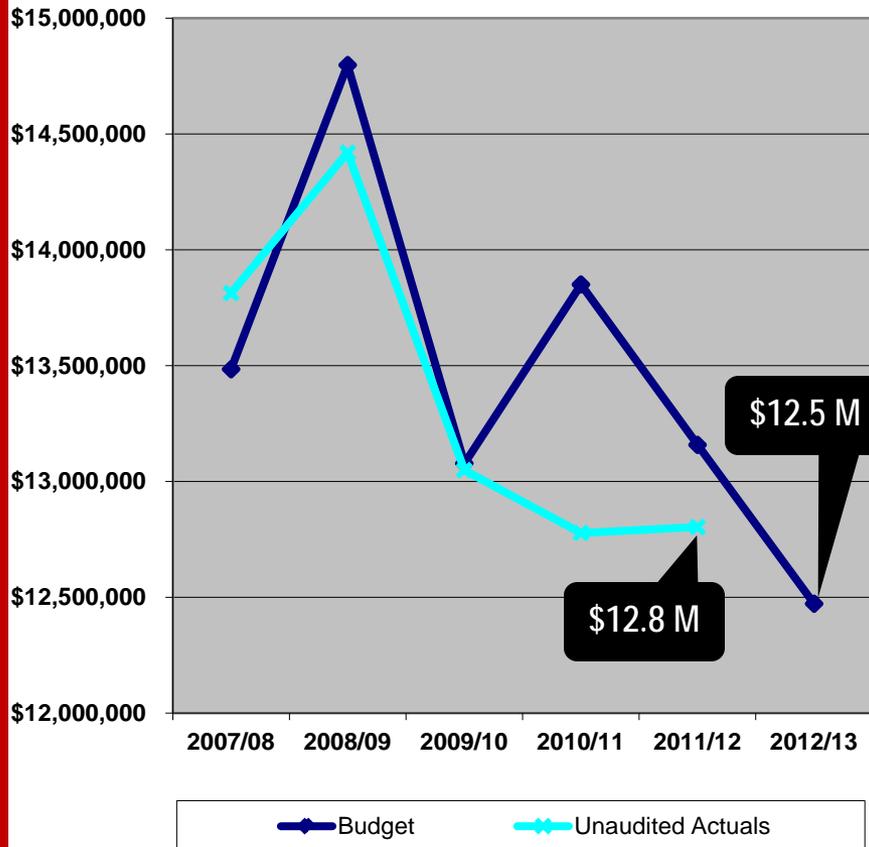
Certificated Salaries - Unrestricted



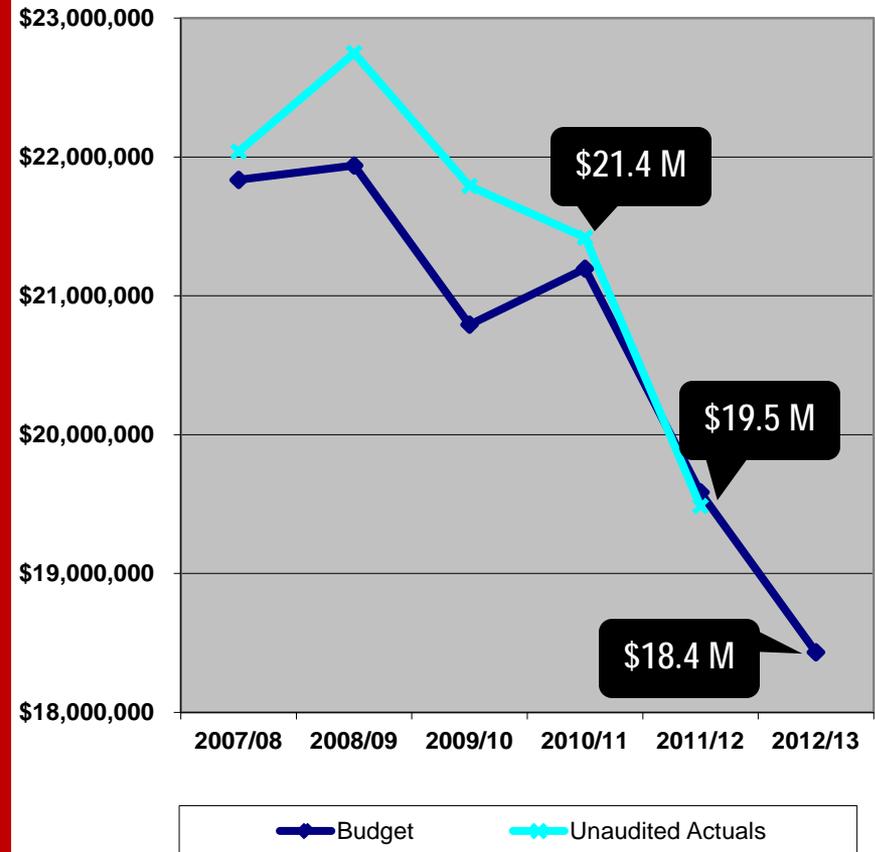
CVUSD Expenditures Trend

2007/08~today
Classified Salaries

Classified Salaries - Restricted



Classified Salaries - Unrestricted

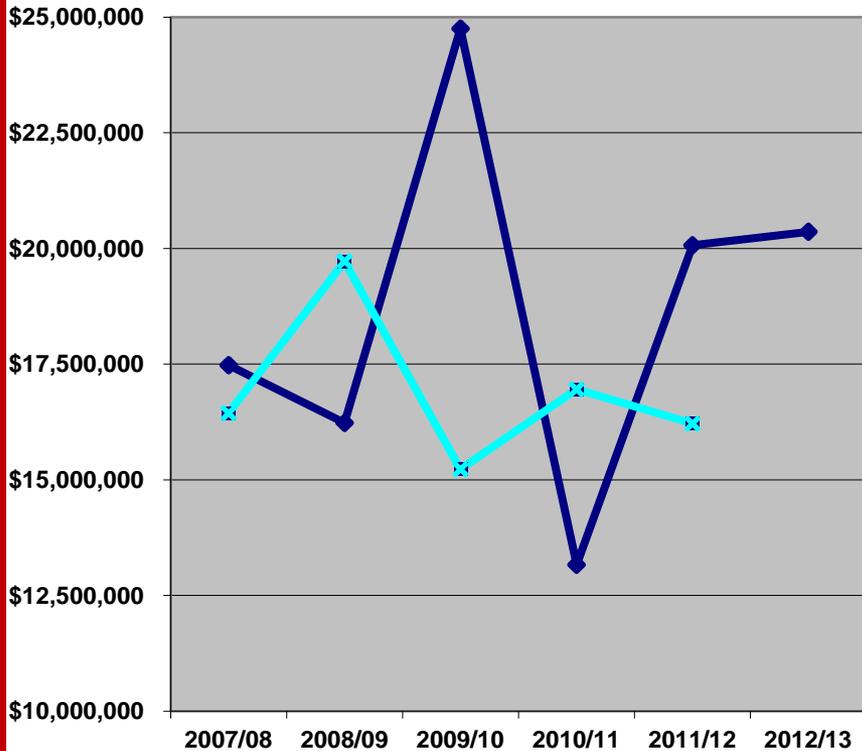


CVUSD Expenditures Trend

2007/08~today

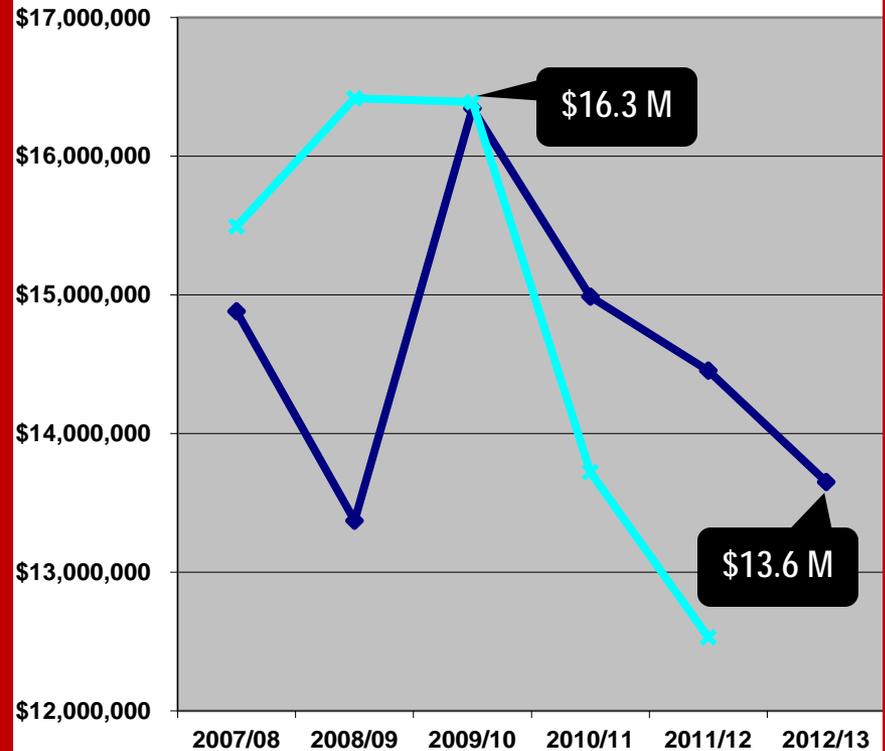
Books/Supplies and Services/Other Operating Expenses

Books/Supplies and Services/Other Op. Exp.
- Restricted



◆ Budget ✕ Unaudited Actuals

Books/Supplies and Services/Other Op. Exp.
- Unrestricted

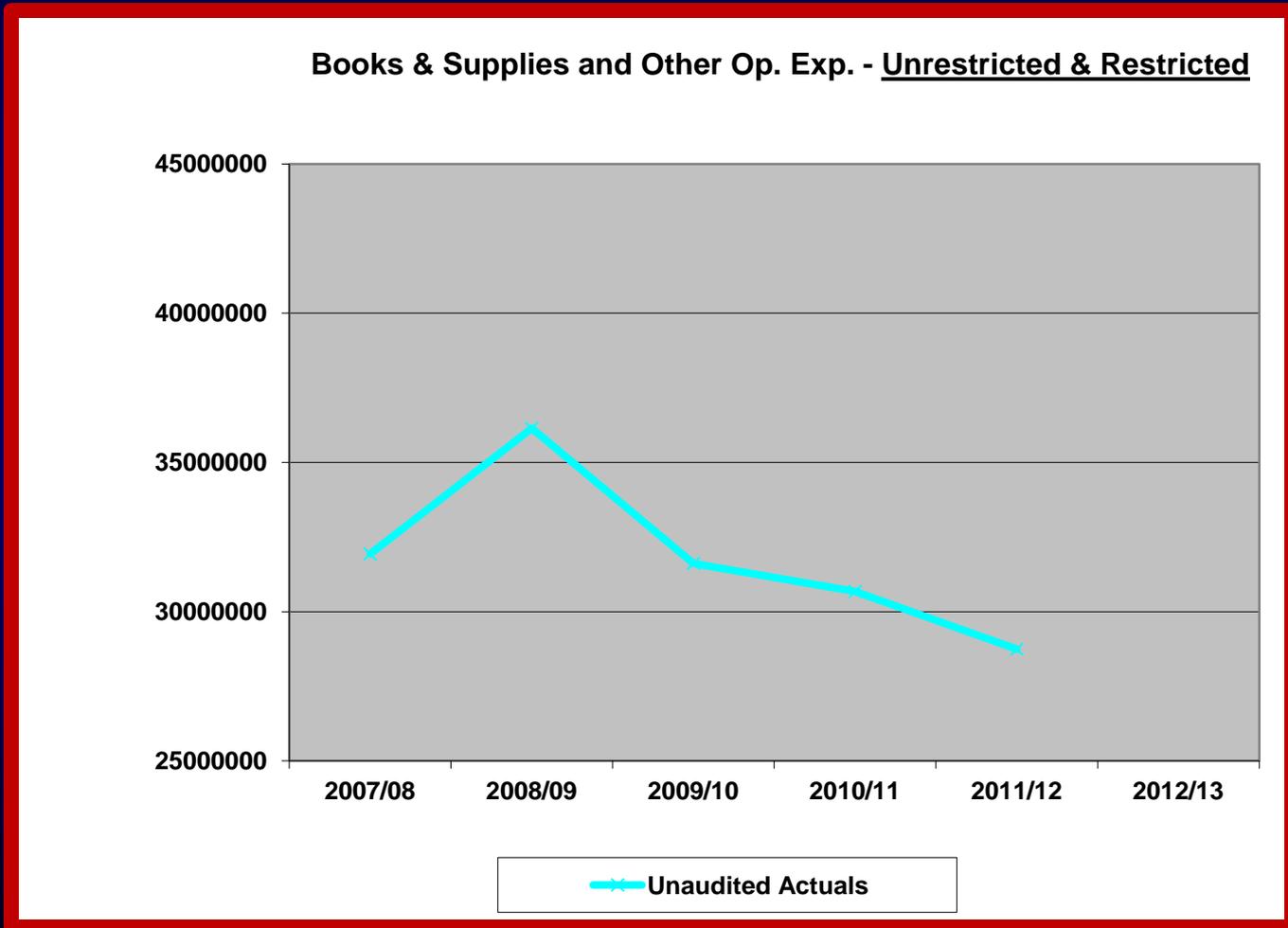


◆ Budget ✕ Unaudited Actuals

CVUSD Expenditures Trend

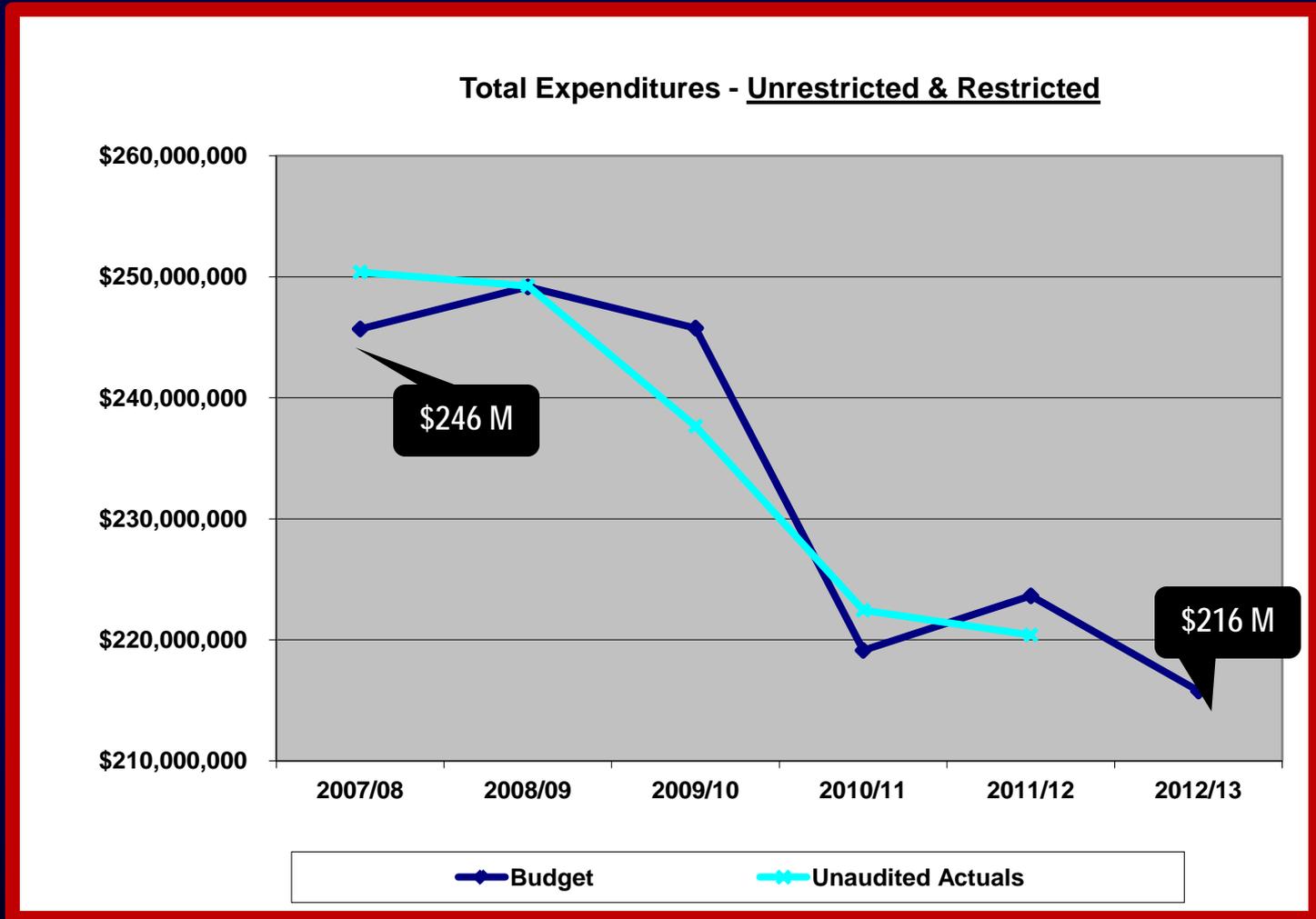
2007/08~today

Books/Supplies and Services/Other Operating Expenses



Total Expenditures Trend

2007/08~today



CVUSD Major Budget Assumptions

General Fund

REVENUE

2012/2013

- Estimated average daily attendance = **29,163**
- COLA: **3.24%**; Deficit Factor: **22.272%**
- 2011/12 Restricted carryover revenues
- Decrease of **\$441/ADA** ongoing cut
- Removal of all one-time revenues

2013/2014

- Estimated average daily attendance = **28,663**
- COLA: **0.00%**; Deficit Factor: **22.272%**
- Decrease of **\$441/ADA** ongoing cut
- Declining enrollment

2014/2015

- Estimated average daily attendance = **28,163**
- COLA: **0.00%**; Deficit Factor: **22.272%**
- Decrease of **\$441/ADA** ongoing cut
- Expiration of Class Size Reduction Flexibility
- Declining enrollment



EXPENDITURE

2012/2013

- Maintain class size by 2
- A.C.T. furloughs (5.5 days)
- CHAMP furloughs (7-10 days)
- Step/Column increases for all groups
- Positions funded with Federal Jobs Money in 2011/12 revert back to General Fund
- 2011/12 Restricted carryover expenditures
- Utility cost adjust. to include rate increase
- Previous Board approved budget reductions
- Declining enrollment

2013/2014

- Step/Column increases for all groups
- A.C.T. furlough salaries restored
- CHAMP furlough salaries restored
- Utility cost increase
- Board approved budget reductions
- Declining enrollment

2014/2015

- Step/Column increases for all groups
- Utility cost increase
- Board approved budget reductions
- Declining enrollment

Budget Scenarios

\$441/ADA Cut vs. \$0/ADA Cut (Flat Funding)

Deficit Spending

\$441/ADA Cut

	2011/12	2012/13	2013/14	2014/15
Beginning Balance	\$44,784,840	\$49,519,026	\$34,406,947	\$17,965,139
Revenue	\$225,138,352	\$200,650,084	\$194,383,817	\$187,885,945
Expenditure	\$220,404,167	\$215,762,163	\$210,825,625	\$211,766,964
Net Increase/Decrease	\$4,734,186	(\$15,112,079)	(\$16,441,808)	(\$23,881,019)
Ending Balance	\$49,519,026	\$34,406,947	\$17,965,139	(\$5,915,880)
Revolving Cash	\$100,000	\$100,000	\$100,000	\$100,000
Economic Uncertainty	\$6,612,125	\$6,504,079	\$6,324,769	\$6,353,009
Restricted Ending Balance	\$2,793,411	\$715,412		
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$39,997,932	\$27,071,897	\$11,524,811	(\$12,384,448)

\$0/ADA Cut Flat Funding

	2011/12	2012/13	2013/14	2014/15
Beginning Balance	\$44,784,840	\$49,519,026	\$47,267,645	\$43,466,035
Revenue	\$225,138,352	\$213,510,782	\$207,024,016	\$200,305,643
Expenditure	\$220,404,167	\$215,762,163	\$210,825,626	\$211,766,964
Net Increase/Decrease	\$4,734,186	(\$2,251,381)	(\$3,801,610)	(\$11,461,321)
Ending Balance	\$49,519,026	\$47,267,645	\$43,466,035	\$32,004,714
Revolving Cash	\$100,000	\$100,000	\$100,000	\$100,000
Economic Uncertainty	\$6,612,125	\$6,504,079	\$6,324,769	\$6,353,009
Restricted Ending Balance	\$2,793,411	\$715,412		
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$39,997,932	\$39,932,594	\$37,025,707	\$25,536,146

Deficit Spending

Deficit Spending

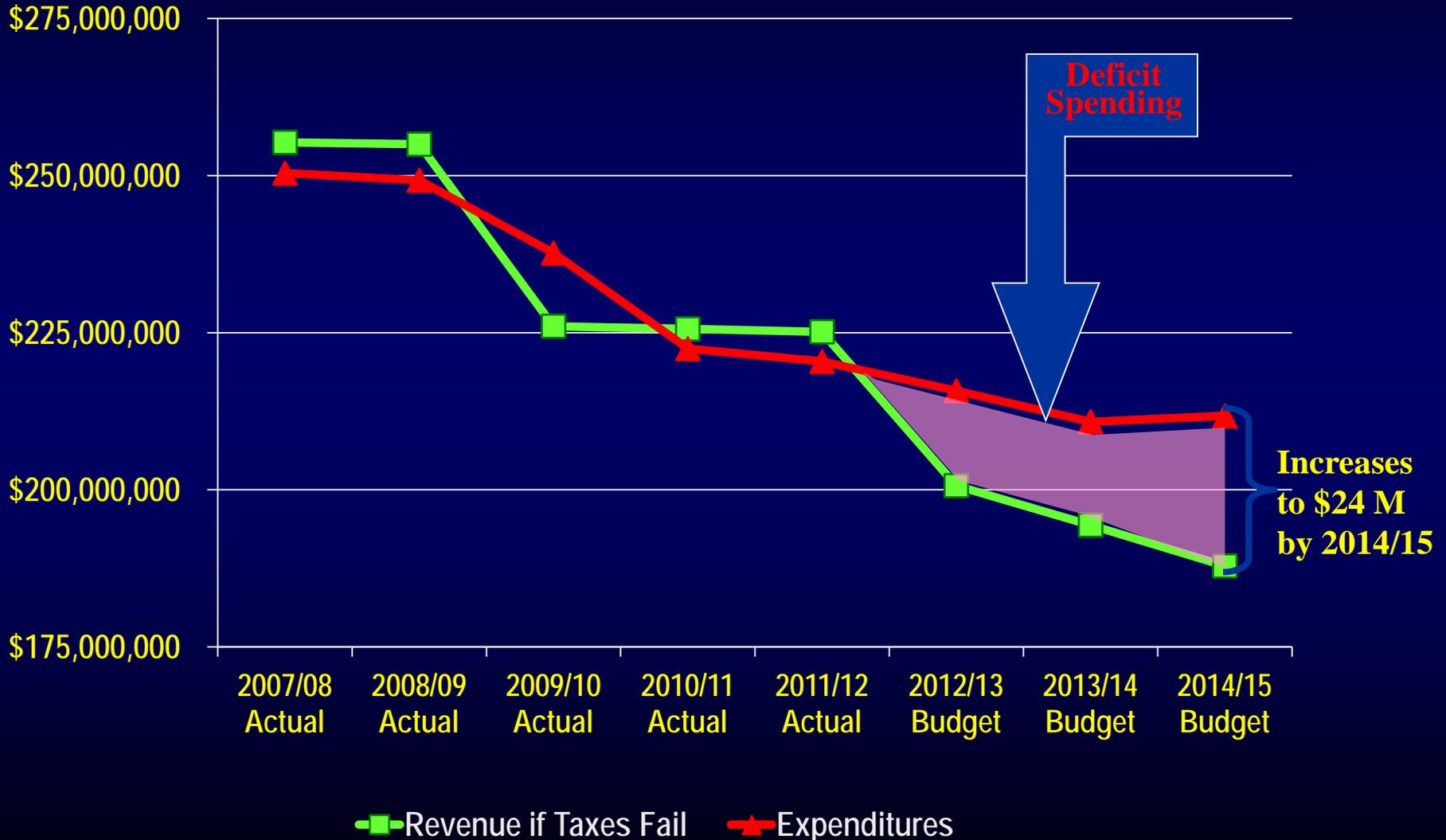
What is it?

- Current-year *expenditures* in excess of current-year *revenues*
- Structural deficit – Spending obligation greater than projected revenue



Revenues vs. Expenditures

Deficit Spending



Budget vs. Cash

- **Budget:**
 - Ability to Spend
- **Cash:**
 - Ability to Pay
 - **Due to cash shortage, District has exhausted internal borrowing of \$13 million**

Ending Balance vs. CASH

As a Result of State Deferrals & Deficited Apportionments



What's Happening to Education Funding?

$$\text{REVENUE LIMIT} = \text{PROPERTY TAXES} + \text{STATE AID}$$

(70% of all revenue sources) (20%) (80%)



COLA

22.272% is deficited, leaving **78¢**

Of the **78¢**, **16¢** is rec'd thru property taxes

32¢ is rec'd thru State Aid

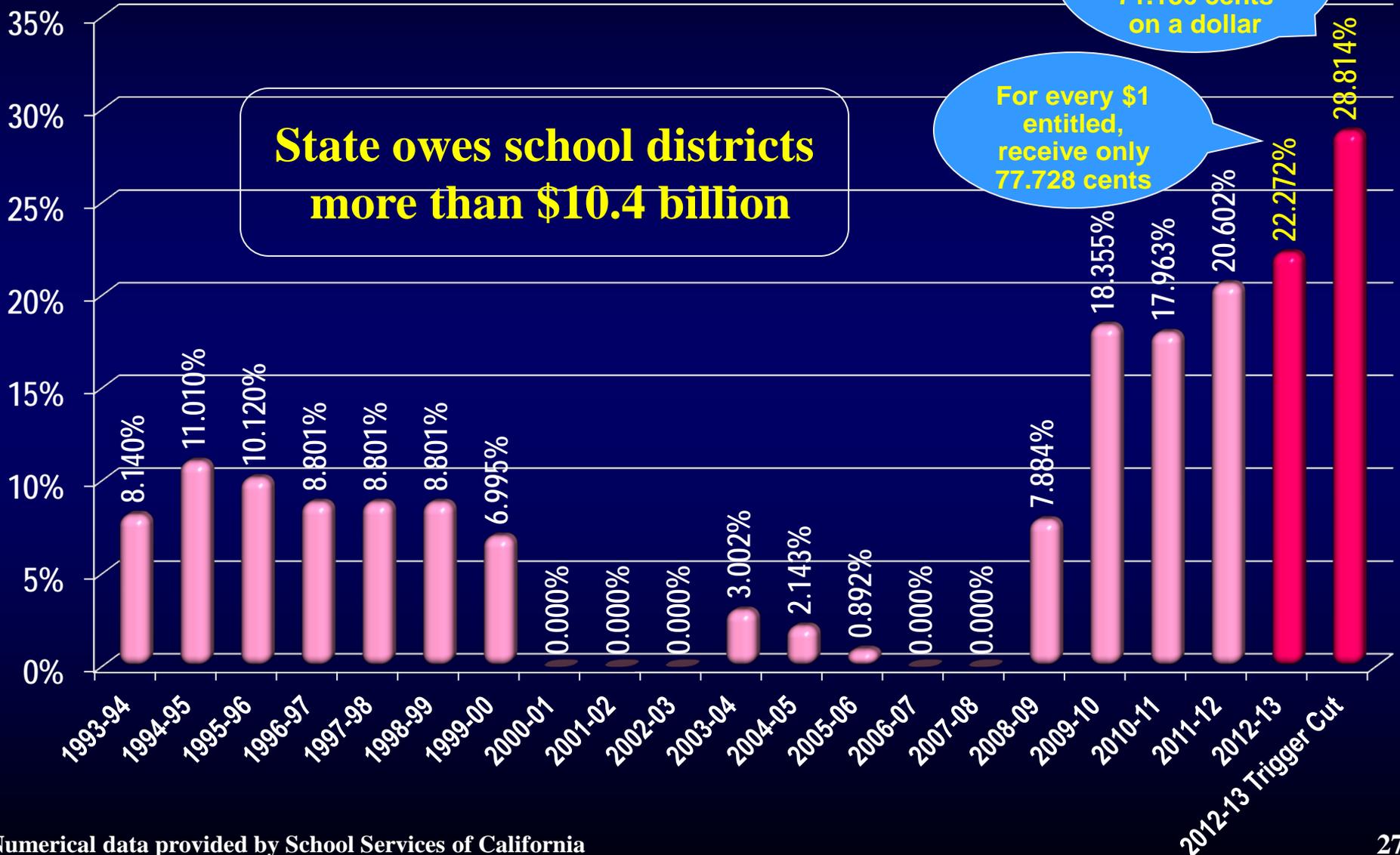
Of the **62¢**, 48% or **30¢** is deferred, leaving **32¢**

48¢ is funded in current year

This causes a severe "budget" problem, and "cash" shortage for school districts!!

Revenue Limit Deficit Factors

Applied by the State

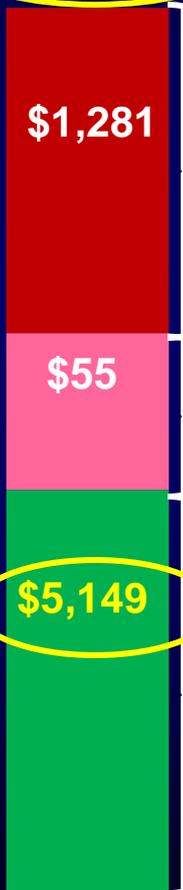


Numerical data provided by School Services of California

Funded Revenue Limit

2011/12 vs. 2012/13

Undeficited Revenue Limit
\$6,485



19.754% deficit

One Time Midyear Trigger Cuts
\$13 Revenue Limit
\$42 Transportation

Funded Base Revenue Limit

2011/12 Budget Act After Midyear Cuts

Undeficited Revenue Limit
\$6,697



22.272% deficit

Funded Base Revenue Limit

2012/13 State Adopted Budget Tax Passes

Undeficited Revenue Limit
\$6,697



22.272% deficit

Ongoing Midyear Trigger Cut

Funded Base Revenue Limit

2012/13 State Adopted Budget Tax Fails

Major Funds

- Each fund is a separate checkbook with its own set of rules and restrictions.

FUND 01 1001

PAY TO THE ORDER OF **Restricted & Unrestricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

General Fund

FUND 11 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Adult Ed Fund

FUND 12 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Child Care Dev Fund

FUND 14. 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Deferred Maint. Fund

FUND 21 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Building Fund (Measure M)

FUND 25 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Capital Facilities Fund

FUND 35 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

County Schools Fac Fund

FUND 49/51/52/56

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Debt Service Funds

FUND 93 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO: _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Cafeteria Fund

Budget Concerns



State level

- **Uncertainty of State Budget**
- **Threat of “another” mid-year cut**
- **Ongoing deficiated funding from State**
- **Decreased cash balance due to increased State deferrals**

Local level

- **Increased deficit spending**
- **Rising special education/transportation costs**
- **Declining enrollment**
- **Reserve for Economic Uncertainty at a minimum 3%**
- **New charter(s)**

Upcoming Events

- November 6, 2012 – *Election Day!!*
- December 13, 2012 Board Meeting – *Adoption of First Interim Financial Report*
- January 2013 – *Governor's Budget Proposal*

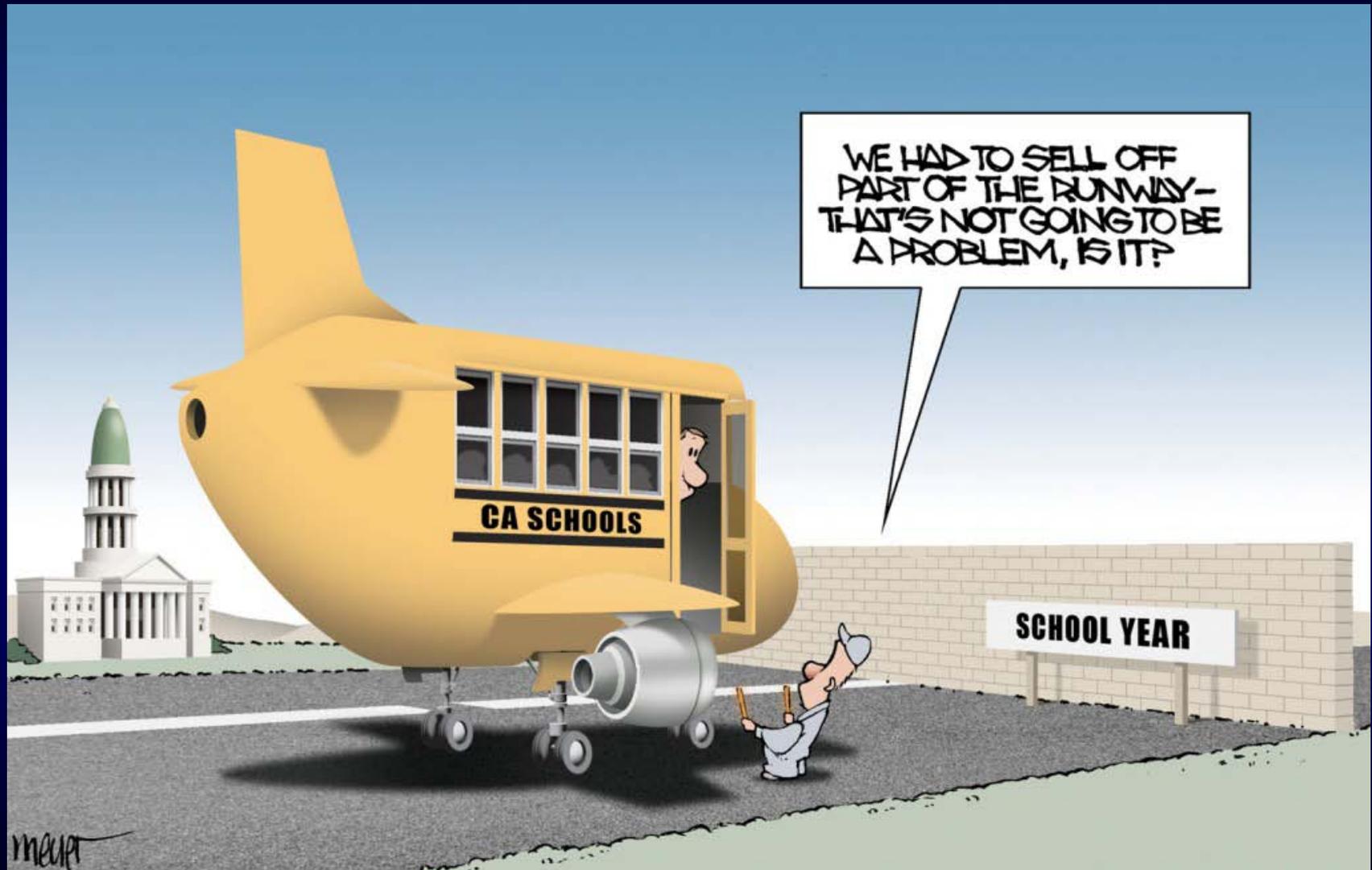


District Budget Calendar



July 1st	District's Adopted Budget due to the County
September 6th	Adoption of Unaudited Actuals
December 13th	Adoption of First Interim Financial Report
January 2013	Governor's Proposed State Budget for 13/14
March 15th	Second Interim Financial Report due to the County/State
Mid-May	Governor's May Revise
June 1st (if needed)	Third Interim Financial Report due to the County/State
June 30th	Adoption of District Budget (13/14, 14/15, 15/16)

Reduction of School Year



Discussions & Questions

Employee Group Concessions

	2008/09	2009/10	2010/11	2011/12	2012/13
A.C.T.		<ul style="list-style-type: none"> ▪ Increase K-3 class size from 20 to 25 ▪ Layoff of 70 FTE 	<ul style="list-style-type: none"> ▪ Increase K-3 class size from 25 to 31 ▪ 5 Furlough days 	<ul style="list-style-type: none"> ▪ Increase 4-12 class <p><u>To Restore</u></p> <ul style="list-style-type: none"> • Nurses (15 FTE) • Counselors (22 FTE) • Music (4 FTE) • Adult Ed 	<ul style="list-style-type: none"> ▪ Layoff of 59 FTE <p><u>Agreement</u></p> <ul style="list-style-type: none"> ▪ Continue the increase in 4-12 class size by 2 ▪ 3.02% salary reduction/5.5 furlough
CSEA		<ul style="list-style-type: none"> ▪ Elim. 17 FTE (3 schools closed) ▪ 6, 7, or 8 Furlough days 	<ul style="list-style-type: none"> ▪ Elim. 12.625 FTE vacancies ▪ Reduce work year of 12 FTE (Wickman) ▪ 6, 7, or 8 Furlough days 	<ul style="list-style-type: none"> ▪ Elim. 41 FTE ▪ Reduce work year and/or hours of 133 positions 	<ul style="list-style-type: none"> ▪ Elim. 46.135 FTE
CHAMP	<ul style="list-style-type: none"> ▪ Freeze 6 FTE 	<ul style="list-style-type: none"> ▪ Elim. 15 FTE ▪ Reclass. 2 FTE ▪ Reduced work year of 4 HS Principals 	<ul style="list-style-type: none"> ▪ Reclass. Assoc. Supt. of HR to Asst. Supt. ▪ 7 Furlough days 	<ul style="list-style-type: none"> ▪ Elim. 7 FTE ▪ Reduce work year of 47 FTE ▪ 7 Furlough days ▪ Asst. Supts. – 10 furlough days 	<ul style="list-style-type: none"> ▪ Elim. 13 FTE ▪ 3.02% salary reduction/ 7 furlough ▪ Asst. Supts. – 4.63% salary reduction/10 furlough days

Budget Items Restored

June 28, 2012 Board Meeting

	PROGRAM/POSITION	2011-2012	2012-2013	2013-2014	EST. SAVINGS
1	Video-taping of board meetings		\$8,421	\$8,421	\$16,842
2	Change board meeting start time to normal business hours to reduce overtime		\$20,376	\$20,376	\$40,752

Budget Items Restored

July 19, 2012 Board Meeting

	PROGRAM/POSITION	2011-2012	2012-2013	2013-2014	EST. SAVINGS
1	Home-to-School Transportation 7-8		\$121,966		\$121,966
2	Home-to-School Transportation 9-12		\$119,494		\$119,494
3	School Nurse (15 FTE)				
4	Elementary Music Program (4 FTE)				
5	HS Counselor (22 FTE)				
6	Adult School staff				
	A.C.T. Furlough (5.5 days) and maintain class size increase by 2 (grades 4-12)		\$370,000		\$370,000

Budget Items Restored

August 16, 2012 Board Meeting

	PROGRAM/POSITION	2011-2012	2012-2013	2013-2014	EST. SAVINGS
1	Uniform for Duplicating Staff		\$464	\$464	\$928
2	Uniform for Warehouse/Delivery Staff		\$1,809	\$1,809	\$3,618
3	Uniform for Maintenance, Operations, and Construction Staff		\$11,372	\$11,372	\$22,744
4	Uniform for Transportation Staff		\$16,393	\$16,393	\$32,786
5	Athletic and Band competition Transportation		\$382,000		\$382,000

Budget Reductions to Consider Restoring

	PROGRAM/POSITION	2011-2012	2012-2013	2013-2014	EST. SAVINGS
1	Sweep Supplemental Counseling Tier III Grant (Intervention Counselor at JHS – 5.6 FTE)		\$454,334		\$454,334
2	Reduce HS Attendance Clerk to one per HS (3.75 FTE)		\$179,311		\$179,311
3	Reduce HS Librarian to one (1 FTE)		\$99,117		\$99,117
4	Eliminate Elementary Library/Media Center Assistant (20 positions)		\$215,844		\$215,844
5	Reduce work year for Duplicating Dept. from 12 to 11 months (6 FTE)		\$18,186	\$18,186	\$36,372