



SAN DIEGO UNIFIED SCHOOL DISTRICT

Budget Discussion with Audit & Finance Committee

June 27, 2012

Presented by: G. Wayne Oetken



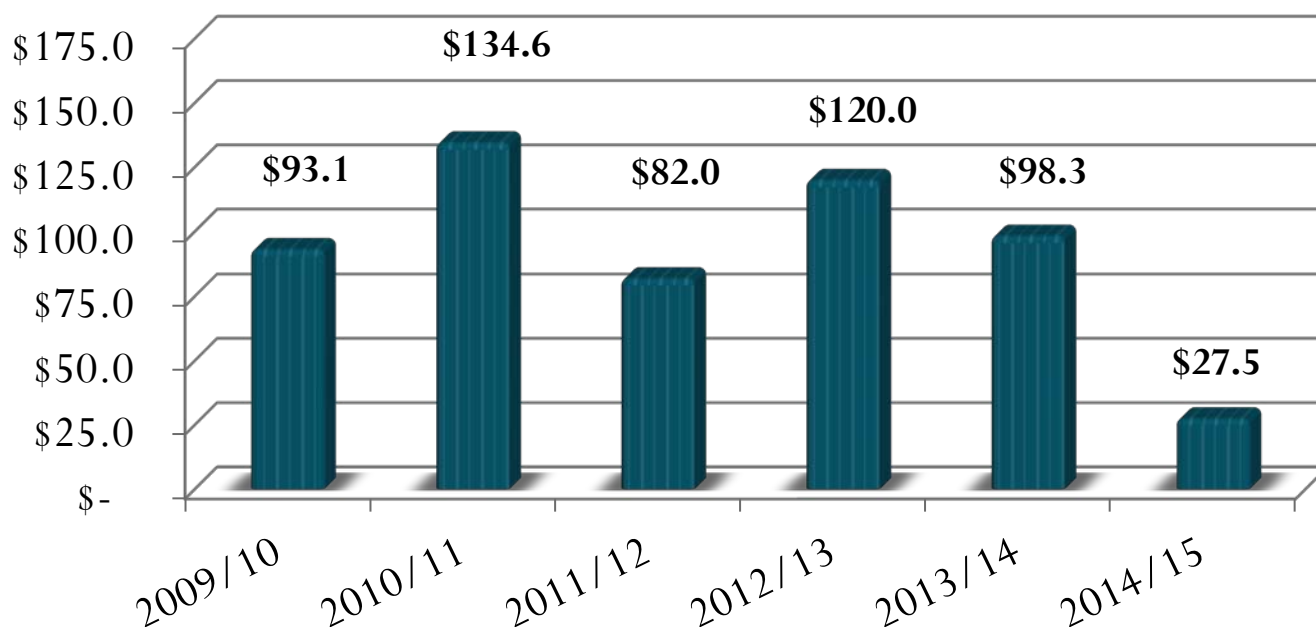
Presentation Agenda

- **Opening Remarks**
- **Budget Overview**
- **Multi-Year Assumptions
& Budget Uncertainties**
- **TRANS Loan Implications**
- **Closing Remarks**



General Fund Budget Reductions 2009/10 to 2014/15

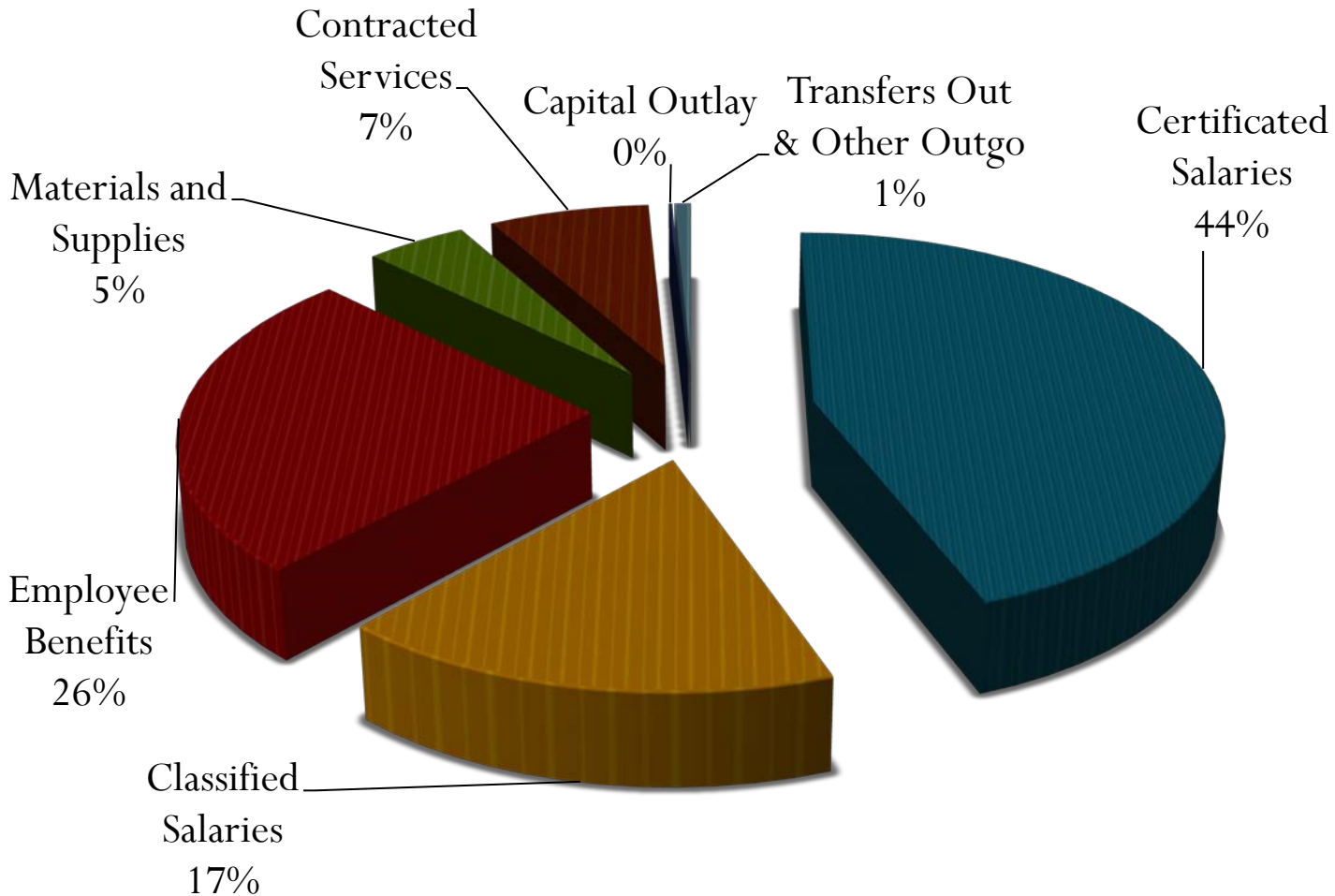
Total Budget Reductions Over 5 Years Is \$555.5 Million



-If 2013/14 Solutions are all on-going then the District would need to reduce only \$27.5 Mil in 2014/15

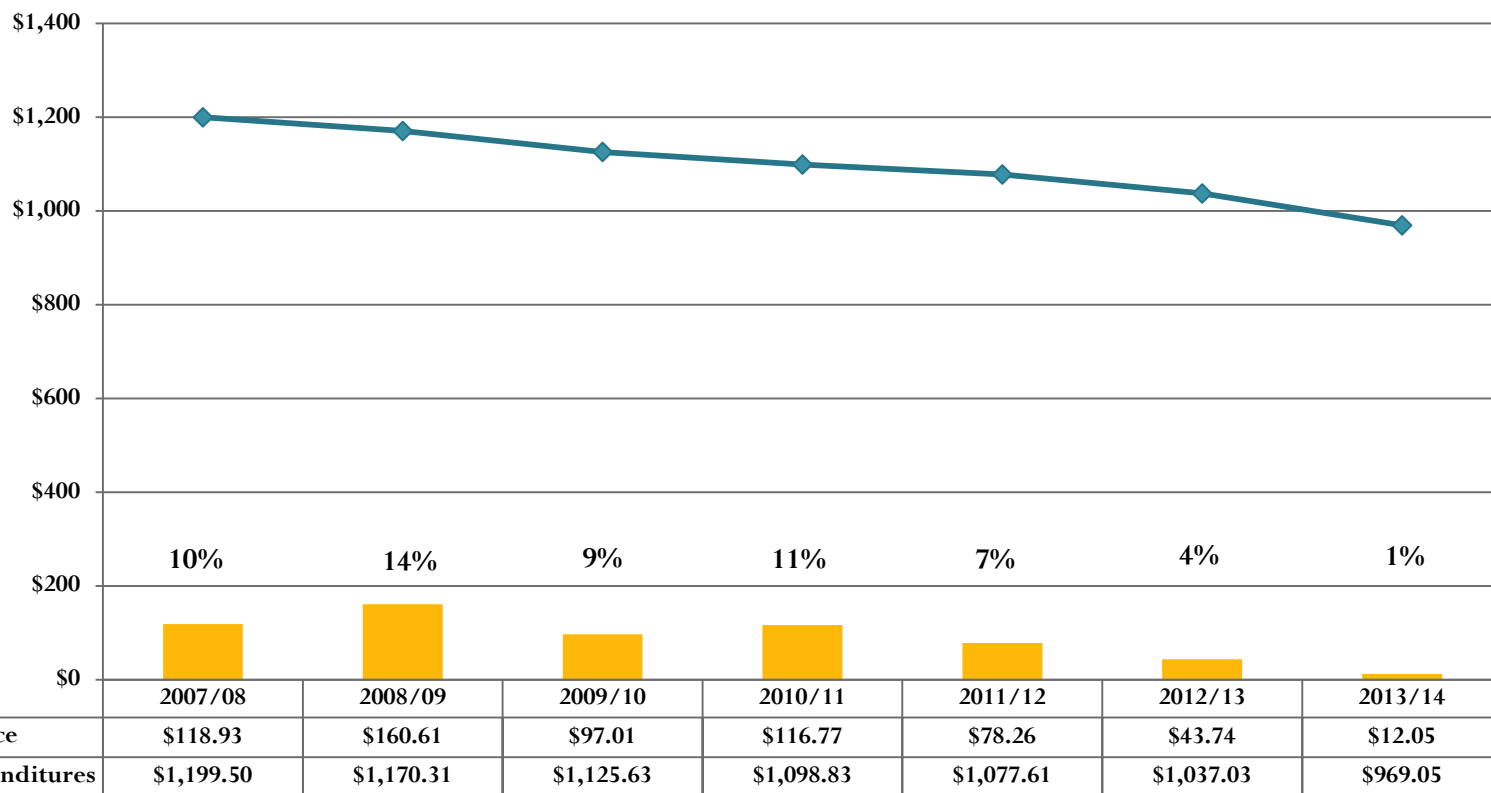


2012/13 Total General Fund Original Budget by Major Account (Excludes Reserves)





Total General Fund Ending Balance as Percent of Total GF Expenditures (In Millions)



- 2008/09 Reflects a larger Ending Balance a Result of the State Implementing Tier III Flexibility late in the year allowing for Certain Restricted balances to be transferred to GFU
- 2010/11 Balance Includes \$30 Mil set-aside to be used to help with 2011/12 Deficit
- 2013/14 District does not meet the 2% Required Reserves even with \$80m of reductions, given the potential loss of \$17m of COLA.



Total General Fund Deficit Spending

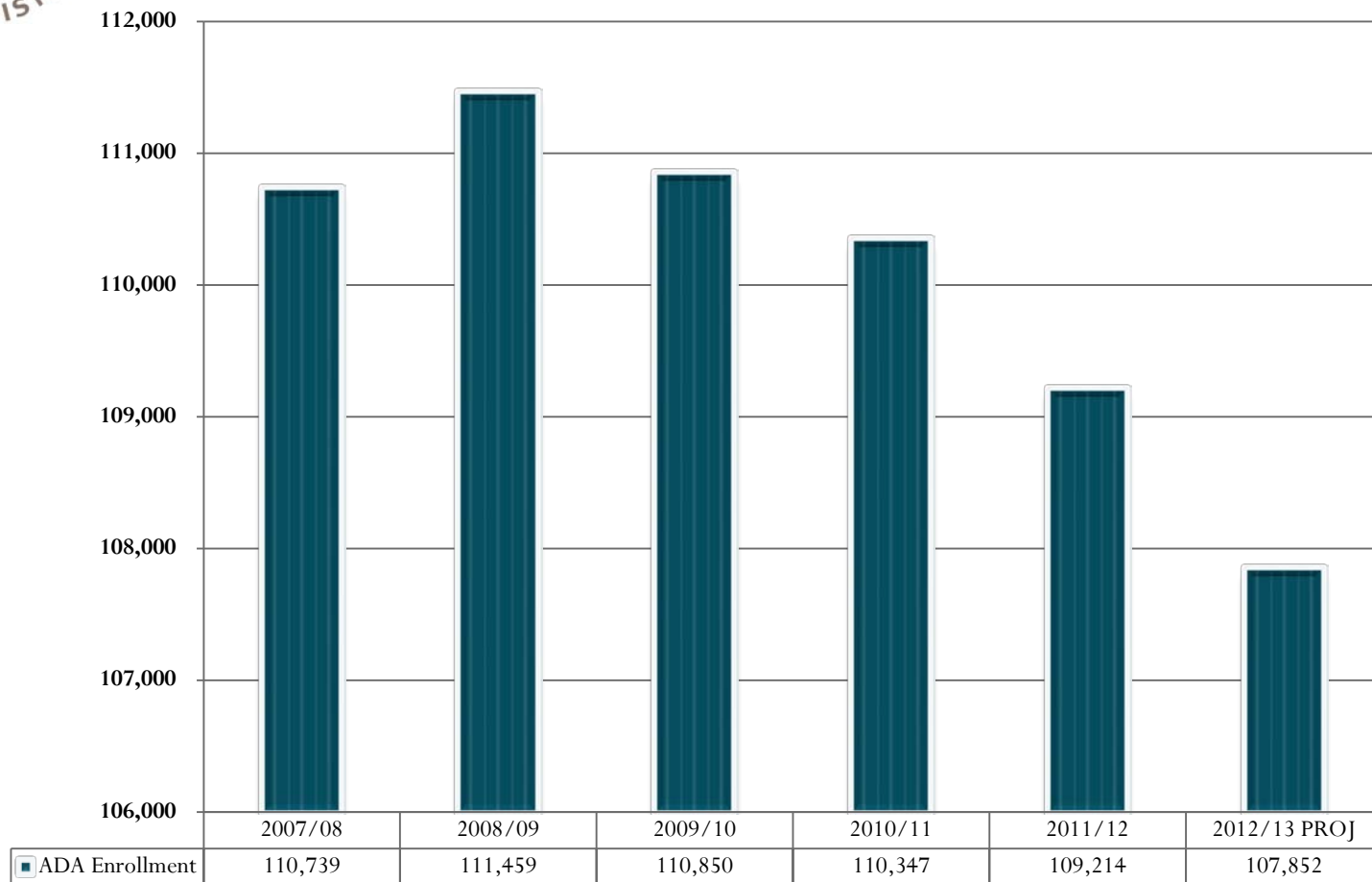
(In Millions)

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenues	\$1,176.49	\$1,190.78	\$1,060.43	\$1,119.01	\$1,038.73	\$967.73	\$951.98
Expenditures	(1,199.50)	(1,170.31)	(1,125.63)	(1,098.83)	(1,077.61)	(1,037.03)	(969.05)
Other Sources	17.68	20.32	(1.76)	(0.43)	.36	.03	3.97
(Deficit)/ Surplus	\$(5.33)	\$40.79	\$(66.96)	\$19.75	\$(38.52)	\$(69.27)	\$(13.10)

- 2008/09 reflects surplus due to first year implementation of Tier III flexibility
- 2010/11 surplus is a result of \$30m Revenue set aside pending final State Budget approval; funds then used in 2011/12 to restore K-3 positions



Historical ADA/Enrollment Analysis

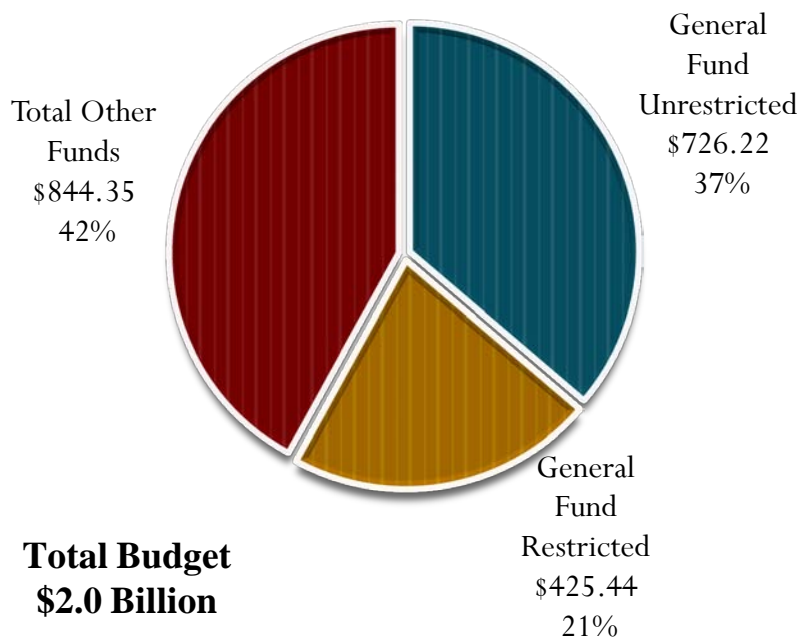


- 2012/13 Projection includes Estimated loss of 800 ADA as a result of Kindergarten Age Requirement (change to December)
- 2013/14 District may lose additional 1,000 Enrollment as a result of further declining enrollment and Kindergarten Age Requirement (change to November)

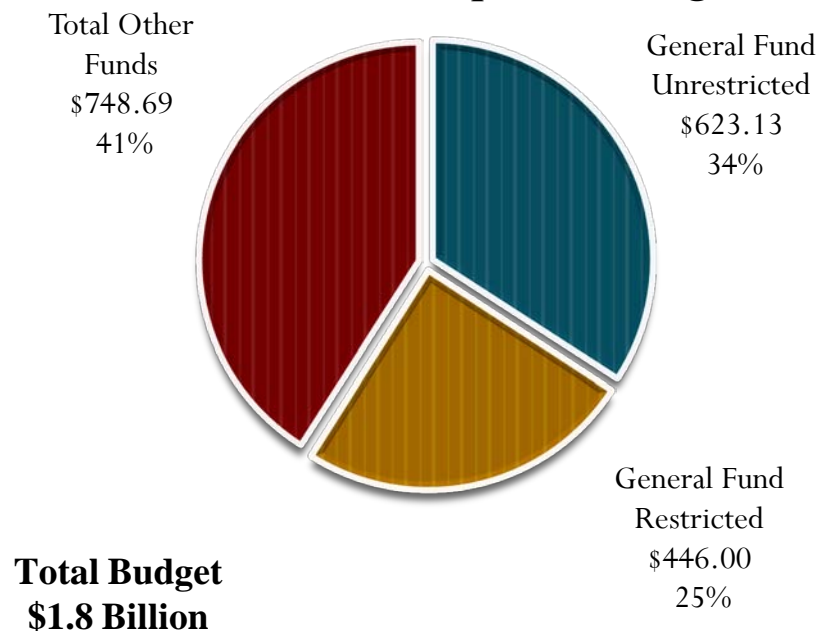


Total All Funds 2012/13 Compared To 2011/12

2011/12 Adopted Budget



2012/13 Proposed Budget

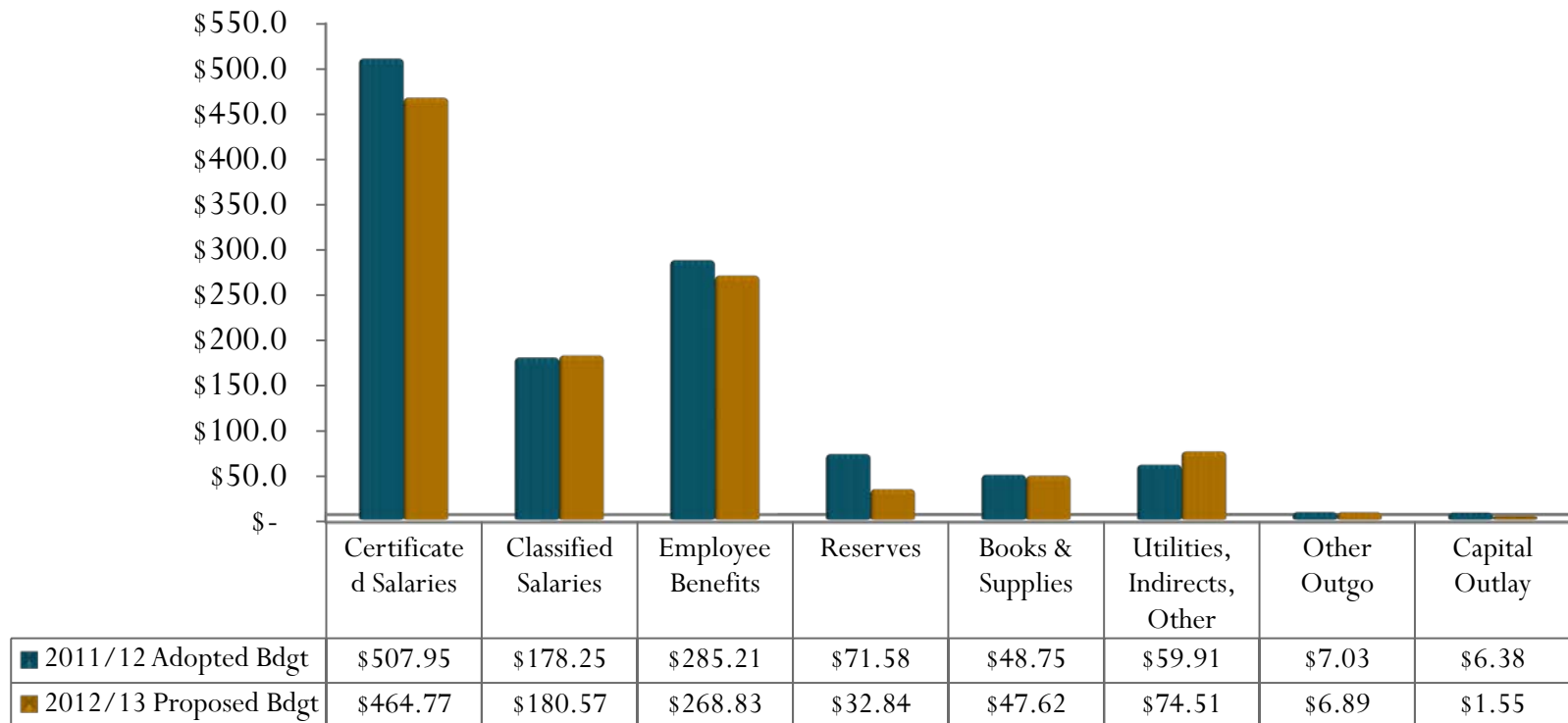


-Current Proposed Budget Reflects 9% Reduction Across All Funds

-General Fund Unrestricted Budget Includes One-time Transfers From Other Funds of \$41Mil



Total General Fund 2012/13 Compared To 2011/12

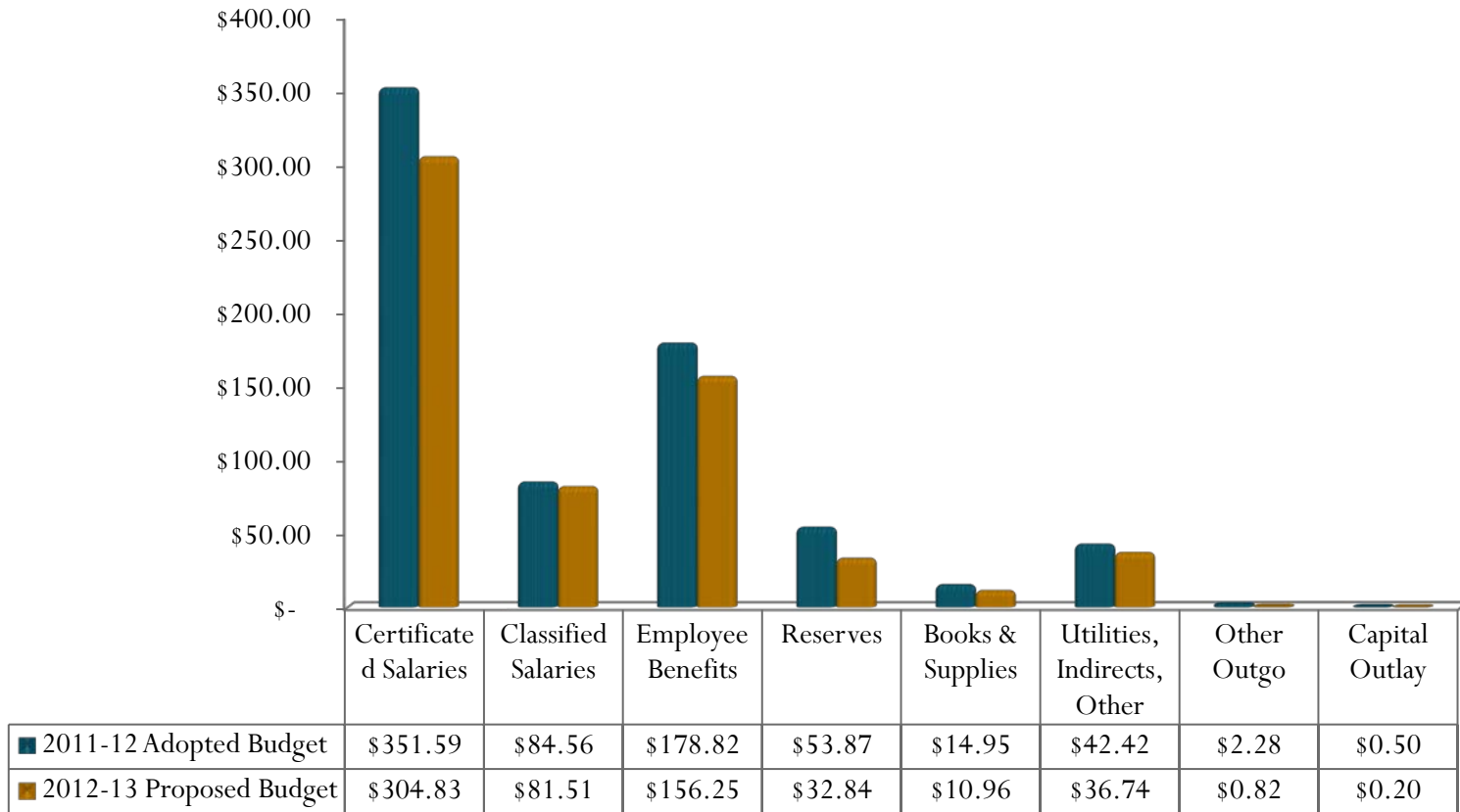


-2012/13 Proposed Total General Fund Budget is \$1,077.57 Mil

-2011/12 Adopted Total General Fund Budget is \$1,165.07 Mil



Total General Fund Unrestricted 2012/13 Compared To 2011/12



-2012/13 Proposed Total General Fund Unrestricted Budget is \$624.15 Mil

-2011/12 Adopted Total General Fund Unrestricted Budget is \$729.00 Mil



What Happens If Governor's Tax Initiative Passes?

- **No New Funding for Schools**
 - School Districts Do Not Get Additional Revenue If the Governor's Tax Initiative Passes
- **Flat Funding Compared to 2010/11 Levels**
 - No Additional Cuts to Schools
- **State Will Reduce Deferrals**
 - Deferrals are Prior Year Revenues Owed by the State to School Districts
 - Receipt of Deferrals Helps the District's Cash Flow But Does Not Enhance Budget Authority. It Does Not Provide Additional Revenues
- **Weighted Pupil Funding Formula Will Be Implemented-Hold Harmless for 2012/13**

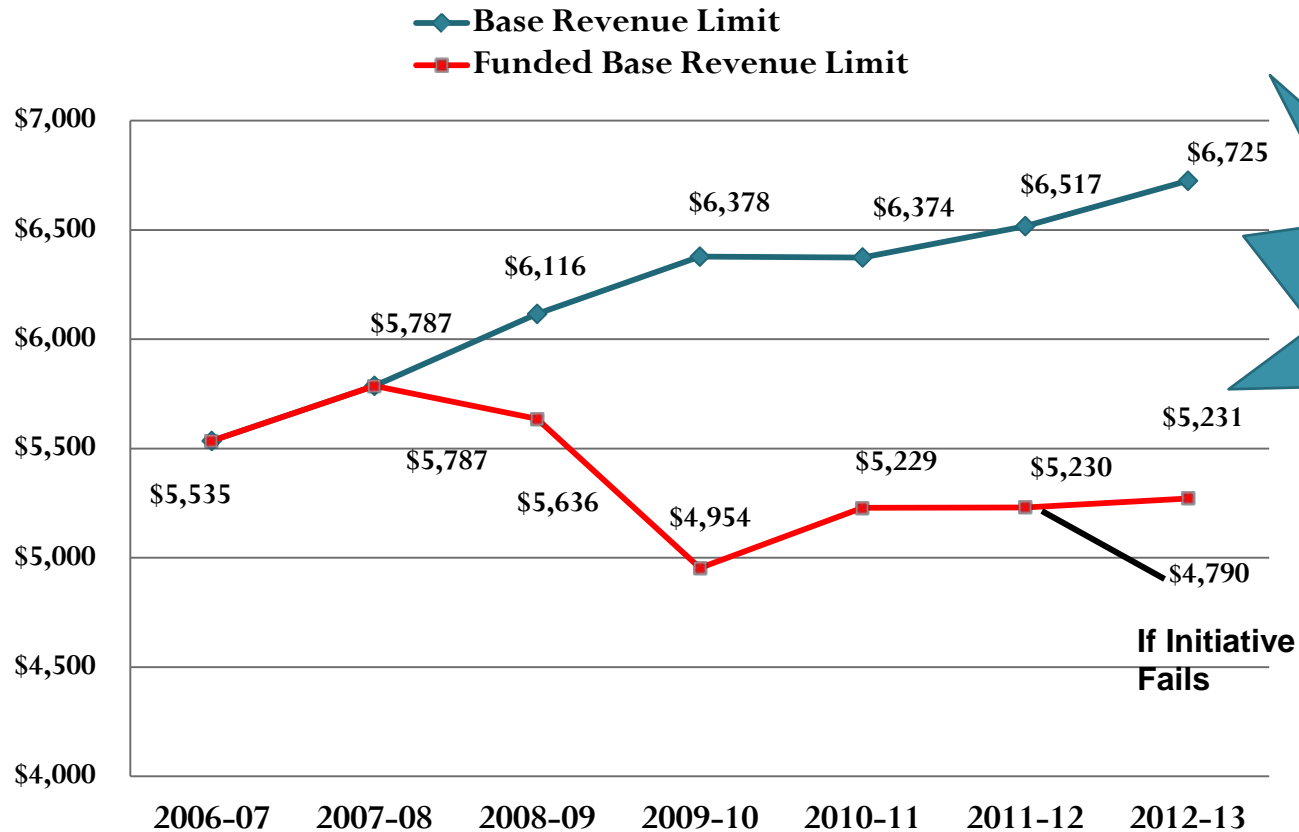


What Happens If Governor's Tax Initiative Fails?

- **K-14 Budgets Will Be Reduced by \$5.5 Bil. in 2012/13**
 - \$2.8 Bil. To Reduce Deferrals Will Not Be Implemented
 - \$2.7 Bil. in Programmatic Reductions to Schools
 - Reduction of **\$441** Per ADA or \$ 47.5 Mil for SDUSD in 2012/13
 - These Reductions Will Be Ongoing
 - Districts are Advised to Use the **\$441** Per ADA for Budget Development
 - Schools Will Be Provided the Flexibility to Reduce the School Year by Additional 15 Days Cumulative Over the Next 2 Years for a Total Maximum of 20 days in One Year.
 - State Will Not Implement Weighted Student Formula (WSF)



Funding per ADA Actual vs. Statutory



District
Loss of
\$200M
Ongoing



County Office of Education: Budget Development Requirements

- **SDCOE Recommendations:**
 - **Assume the Trigger Reduction of \$441 Per ADA**
 - **Unfunded COLA in 2012/13 and 2013/14 or Set Up a Contingency Plan/Reserve**



Multi Year Assumptions – Revenues

Revenue	2012/13	2013/14	2014/15
Projected Districtwide ADA	107,471	107,042	106,613
Revenue Limit COLA	3.24% Unfunded	2.50% Unfunded	2.70% Unfunded
Revenue Limit Deficit	22.27%	22.27%	22.27%
Revenue Limit Adjustment Per ADA	(\$441)	(\$441)	(\$441)
Special Disabilities Adjustment (SDA)	-0-	-0-	-0-
Mandated Costs Reimbursement	-0-	-0-	-0-
Class Size Reduction (CSR)	Flexibility	Flexibility	No Flexibility
Restricted Resources (Categorical)	-0-	2.5%	2.7%
Transfers In (Includes CCDC)	\$42.5 Mil	\$11.7 Mil	\$11.7 Mil
Federal Stimulus Funding	-0-	-0-	-0-



Multi Year Assumptions – Expenditures

Expenditures		2012/13	2013/14	2014/15
Districtwide Furloughs:	Certificated	-0-	-0-	-0-
	Classified	-0-	-0-	-0-
	C/O Management	6 Days	6 Days	6 Days
Step & Column Progression:	Certificated	2.64%	2.64%	2.64%
	Classified	.69%	.69%	.69%
Salary Increase All Employees		4%	3%	0%
Class Size Reduction (K-3) Student to Teacher Ratio		31:1	31:1	31:1
High Poverty Schools 28 Schools		28:1	28:1	28:1
Health & Welfare Benefits Premium Increase		7%	7%	7%



Multi Year Assumptions – Expenditures (cont'd.)

Expenditures	2012/13	2013/14	2014/15
Implemented Board Solutions/Budget Deficit	\$ (120) Mil	\$(98) Mil	\$(27) Mil **
Materials and Supplies	2.3% CPI	2.4% CPI	2.6% CPI
Contracted Services	2.3% CPI	2.4% CPI	2.6% CPI
Utilities- Increase/(Decrease)	2%	2%	2%
Contributions:			
Special Education	\$145.0 Mil	\$158.1 Mil	\$167.2 Mil
Routine Restricted Maintenance	\$11.8 Mil	\$11.8 Mil	\$11.8 Mil
Community Day School	\$1.2 Mil	\$1.3 Mil	\$1.3 Mil
Transportation	\$7.9 Mil	\$8.2 Mil	\$8.3 Mil

**** Assuming 2013/14 Reductions Are All Ongoing**



Multi Year Assumptions & Reserves Requirements

Reserves	2012/13	2013/14	2014/15
Economic Uncertainties- 2%	\$20.9Mil	\$19.5Mil	\$18.9Mil
Unexpended Set-Asides and Reserves	\$7.3Mil	\$6.4Mil	\$6.4Mil
School Site Ending Balances	\$2.1Mil	\$2.1Mil	\$2.1Mil
Stores Inventory	\$1.7Mil	\$1.7Mil	\$1.7Mil
Prepaid Expenses	\$.9Mil	\$.9Mil	\$.9Mil
Revolving Cash Funds	\$.06Mil	\$.06Mil	\$.06Mil



Multi Year Assumptions - Uncertainties

- **Governor's Budget Veto – Uncertainty on Timing and Direction of State Budget**
- **November Tax Initiative Election Result**
- **Enrollment Decline**
 - **Pre- Kindergarten Implementation of Legal Requirements and State Funding**



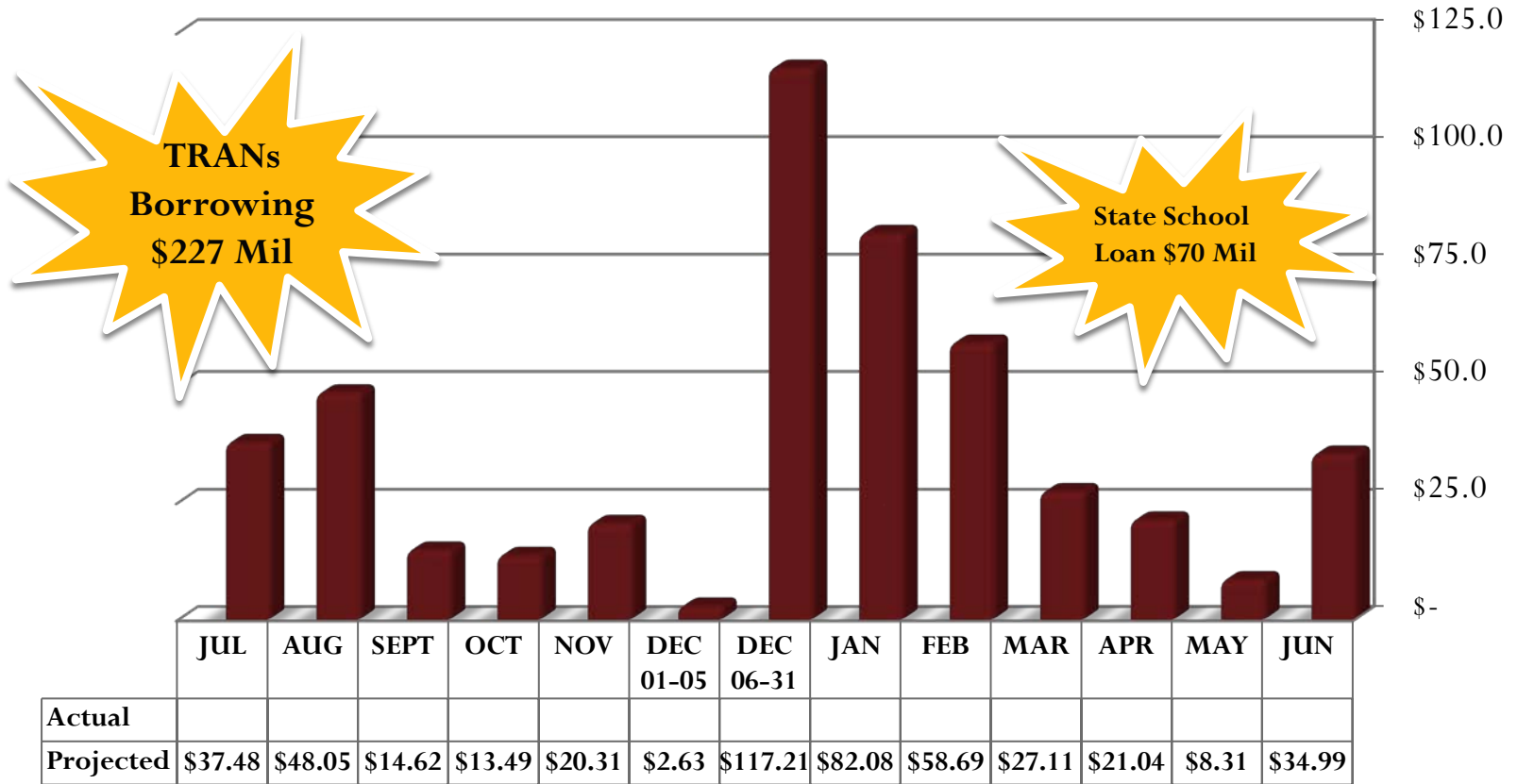
2012/13 Budget – Superintendent’s Recommendation

Multi-Year Projections- General Fund Unrestricted

LINE	DESCRIPTION	2011/12 ESTIMATED ACTUALS	2012/13 BUDGET	2013/14 PROJECTION	2014/15 PROJECTION
	-1-	-2-	-3-	-4-	-5-
1	Beginning Balance	\$97,569,207	\$60,273,162	\$32,979,700	\$30,629,840
2	Revenues	752,551,689	687,534,290	687,385,343	670,020,729
3	Expenditures	(646,986,304)	(583,606,164)	(612,634,379)	(611,862,560)
4	Necessary Reductions 2013/14			98,342,854	98,342,854
5	Necessary Reductions 2014/15				27,531,613
6	Total Expenditures	(646,986,304)	(583,606,164)	(514,291,525)	(485,988,093)
7	Other Sources / Uses	(142,861,430)	(131,221,588)	(175,443,678)	(184,615,636)
8	Ending Balance	\$ 60,273,162	\$ 32,979,700	\$30,629,840	\$ 30,046,840
9	SURPLUS/(DEFICIT)	(\$37,296,045)	(\$27,293,462)	(\$2,349,860)	(\$583,000)
10	Required Reserves				
11	Economic Uncertainties	\$21,741,000	\$20,895,450	\$19,516,000	\$18,933,000
12	Unextended Balances / Set Aside	5,831,000	7,271,333	6,440,333	6,440,333
13	School Site Ending Balances	2,791,479	2,091,479	2,091,479	2,091,479
14	Stores	1,674,228	1,674,228	1,674,228	1,674,228
15	Prepaid Expenses	850,000	850,000	850,000	850,000
16	Revolving Cash	57,800	57,800	57,800	57,800
17	Total Required Reserve	\$32,945,507	\$32,840,290	\$30,629,840	\$30,046,840
18	Reserve (Shortfall) / Surplus	\$27,327,655	\$139,410	\$0	\$0



2012/13 General Fund Projected Cash Flows With TRANs Borrowing



Questions?