



2010-11 State Budget

Eva Rae Lueck

Chief Business and Financial Officer

October 19, 2010

Budget Report No. 2

Revised



2010-11 State Budget – Positive Changes

- *Increased State Funding for Schools and Did Not Raid Federal ARRA Jobs Funding*
- *Some Funding for State Mandates*



2010-11 State Budget – Positive Changes

***Increased State Funding for Schools and
Did not Raid Federal ARRA Jobs Funding***

Much better than the May Revise

- Reversed 3.85% Cut
- Eliminated Impact of Negative .38% Cost of Living Adjustment (COLA)

**Impact to GUSD \$270 Increase Per ADA –
\$6.8 million Funding Increase**



2010-11 State Budget – Positive Changes

Some Funding for State Mandates

- \$200 million for prior year claims paid on an equal amount per ADA with the oldest claims paid first
- \$100 million for claims in 2010-11

Impact to GUSD is Unknown – Additional Information Needed



2010-11 State Budget – Concerns

- *More Revenue Deferrals*
- *Suspension of Prop 98*
- *Vetoed Mental Health Funding and CalWorks Child Care Program*
- *Flexibility Authorization NOT Extended*
- *No Long Term Plan for Stability – “Smoke and Mirrors”*
- *What will the New Governor & Legislature Do?*



2010-11 State Budget – Concerns

More Revenue Deferrals

- Permanent Deferral - \$1.7 Billion – April/May 2011 to July 2011
- One-time Deferral – October 2010 to November 2010 (amount unknown)



2010-11 State Budget – Concerns

Suspension of Prop 98

- Suspension Establishes Minimum Guarantee at \$49.7 Billion
 - It would have been \$54.0 Billion

It is estimated that the “minimum guarantee” will be exceeded in 2010-11 and funding will reach \$52.5 Billion



2010-11 State Budget – Concerns

Vetoed Mental Health Funding and CalWorks Child Care Program

- **Mental Health Funding Impact:** These services were previously provided by the County for our students and these costs may become an added expense to the District. This would be very significant to GUSD.
- **Cal Works Stage 3 Child Care Funding:** The State funding for this program was eliminated and program will operate on Federal Funding until October 31, 2010. The impact to GUSD appears to be minimal, we are awaiting additional information.



2010-11 State Budget – Concerns

Flexibility Authorization NOT Extended

- Ends June 30, 2012
 - K-3 CSR – Reduced Penalties End

- Ends June 30, 2013
 - Routine Maintenance 3% Requirement – Reinstated
 - Deferred Maintenance Matching Contribution – Reinstated
 - State Deferred Maintenance Funding – Restricted
 - Tier III Programs – Flexibility Ends
 - Option to Reduce School Year – Flexibility Ends
 - Instructional Materials Adoptions - Reinstated



2010-11 State Budget – Concerns

No Long Term Plan for Stability – “Smoke and Mirrors”

- Assumes Higher State Revenue - \$1.4 Billion
- Assumes Additional Federal Assistance - \$5.0 Billion
- Assumes Expenditure Cuts - \$7.5 Billion
 - Includes Reductions to Prisons



2010-11 State Budget – Concerns

What Will the New Governor & Legislature Do?

Strong Concern – There May be

Mid Year Cuts

and/or

Significant Reductions in 2011-12



Adjustments to the 2010-11 District Budget

Adjustments to the 2010-11 District Budget

Impact on Ending Fund Balance

One-Time Changes

	<u>millions</u>
Carry Over Funds from Prior Year	(\$5.54)
Miscellaneous Adjustments	(.16)
Litigation Settlement (<i>Received 9/22/10</i>)	3.72
Federal Jobs Program	4.47
<ul style="list-style-type: none">• <i>Obama signed 8/10/10</i>• <i>CA approved 8/22/10</i>• <i>GTA tentative agreement Acknowledged 8/24/10</i>• <i>District received 10/1/10</i>	
Federal SFSF ARRA (<i>Awarded \$1.8 m 8/13/10</i>)	<u>2.35</u>
Increase from One-Time Changes	\$4.84

Adjustments to the 2010-11 District Budget

Impact on Ending Fund Balance

On-Going Changes

	<u>millions</u>
State Funding Increase (Revenue Limit)	\$6.86
• <i>Governor signed 10/8/10</i>	
Miscellaneous adjustments	(.16)
Reversal of Health Insurance Adjustment	.90
• <i>GTA tentative agreement 7/9/10</i>	
K-3 CSR 2010-11 & 2011-12	
(30 students to 24.94 per class)	
Revenue Increase	1.44
Staffing Cost Increase	(3.39)
• <i>(Rescinded Layoffs 8/9/10)</i>	
Summer School	<u>.30</u>
Increase from On-Going Changes	\$5.95



Adjustments to the 2010-11 District Budget

<i>One-Time Changes</i>	<i>\$4.84 m</i>
<i>On-Going Changes</i>	<i><u>\$5.95 m</u></i>
<i>Net Increase to Ending Fund Balance</i>	<i>\$10.79 m</i>



Adjustments to the 2010-11 District Budget

Future Year Adjustments

- ***Added Furlough Days 2011-12 & 2012-13***
- ***CSR Penalties Fully Enforced 2012-13 & 2013-14***



Adjustments to the 2010-11 District Budget

Projected Ending Balance – After Adjustments

Unrestricted General Fund

▪ 2010-11	35.84 million
▪ 2011-12	30.60 million
▪ 2012-13	11.83 million
▪ 2013-14	(20.99) million*

*In 2013-14: To Reach 3% Reserve, the District will need
\$28.08 million