
Addressing Long-Term Budget Challenges (Part 3)

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Chief Business and Finance Officer
June 2, 2009

Impact of Governor's "May Revise" Recommendation

Additional Proposed Cuts (in millions)

Scenario 1

If All Propositions Pass on the May 19th Ballot

<u>State Funding to Glendale</u>	<u>2008-09</u> (\$-119 per ADA)	<u>2009-10</u> (\$-162 per ADA)	<u>2010-11</u> (\$-162 per ADA)	<u>2011-12</u> (\$-162 per ADA)
Additional Revenue Decrease	-\$3.1	-\$4.2	-\$4.2	-\$4.2
Cumulative Reduction		-\$7.3	-\$11.5	-\$15.7

Scenario 2

If Propositions *Do Not* Pass on the May 19th Ballot

<u>State Funding to Glendale</u>	<u>2008-09</u> (\$-225 per ADA)	<u>2009-10</u> (\$-244 per ADA)	<u>2010-11</u> (\$-244 per ADA)	<u>2011-12</u> (\$-244 per ADA)
Additional Revenue Decrease	-\$5.9	-\$6.4	-\$6.4	-\$6.4
Cumulative Reduction		-\$12.3	-\$18.7	-\$25.1

Impact of Governor's "May Revise" Recommendation

Additional Proposed Cuts (in millions)

Scenario 1

All Propositions Pass on the May 19th Ballot

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
<u>State Funding to Glendale</u>	200.0 (\$-119 per ADA)	180.0 (\$-162 per ADA)	162.0 (\$-162 per ADA)
Additional Revenue Decrease	-3.1	-4.2	-4.2
Cumulative Reduction	-7.1	-11.5	-15.7

Scenario 2

Propositions Do Not Pass on the May 19th Ballot

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
<u>State Funding to Glendale</u>	200.0 (\$-225 per ADA)	176.0 (\$-244 per ADA)	152.0 (\$-244 per ADA)
Additional Revenue Decrease	-5.9	-6.4	-6.4
Cumulative Reduction	-11.9	-18.7	-25.1

Impact of Governor's "May Revise"

Scenario 3	<u>May Revise Additional Impact</u>			
<u>State Funding to Glendale</u>	<u>2008-09</u> (-\$219 per ADA)	<u>2009-10</u> (-\$352 per ADA)	<u>2010-11</u> (-\$344 per ADA)	<u>2011-12</u> (-\$344 per ADA)
Additional Revenue Decrease	-\$5.7	-\$9.1	-\$8.8	-\$8.8
Cumulative Reduction		-\$14.8	-\$23.6	-\$32.4

GUSD Current Budget Challenge

- **Before May Revise** - \$25.3
 - Budget Deficit through 2011-12
(based on the February State budget adoption)

 - **After May Revise** - \$57.7
 - Budget Deficit through 2011-12
(based on the February State budget adoption)
-

Projected Unrestricted General Fund Ending Balance Initial 2009-10 Budget Adoption in June 2009

From May 19, 2009 Board Meeting

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Projected Adjusted Ending Balance in Excess of 3% Reserve (Board Meeting, May 5, 2009)	\$15,907,416	\$5,628,351	(\$8,709,197)	(\$25,350,313)
<u>Recommendation for Intial Budget Adoption</u>				
Decrease Restricted Maintenance Transfer -- Utilize Reserves	0	1,000,000	1,000,000	1,000,000
Decrease Restricted Maintenance Transfer -- Deferred Maintenance	1,200,000	1,200,000	1,200,000	1,200,000
Retain State Deferred Maintenance Revenue	1,200,000	1,200,000	1,200,000	1,200,000
Acknowledge Federal Stimulus Stabilization Funding	0	6,964,112	0	0
Utilize IDEA Federal Stimulus Funding -- Reduce Encroachment	1,000,000	1,000,000	1,000,000	1,000,000
Eliminate Future Funding of GASB 45 Liability -- <i>hold</i>	---	---	---	---
Sweep Categorical Balances -- <i>hold</i>	---	---	---	---
Charge Food Service Indirect Costs -- <i>hold</i>	---	---	---	---
Utilize Reserves in Other Funds -- <i>hold</i>	---	---	---	---
Restricted Lottery/Textbooks -- <i>hold</i>	---	---	---	---
Current Year Impact	3,400,000	11,364,112	4,400,000	4,400,000
Cumulative Impact	3,400,000	14,764,112	19,164,112	23,564,112
2nd Interim Adjusted Balance in Excess of 3% Reserve	<u>15,907,416</u>	<u>5,628,351</u>	<u>(8,709,197)</u>	<u>(25,350,313)</u>
Revised Projected Balance in Excess of 3% Reserve	19,307,416	20,392,463	10,454,915	(1,786,201)

Projected Unrestricted General Fund Ending Balance

Initial 2009-10 Budget Adoption in June 2009

May Revise Update - Deficit			
Projected Need through 2011-12 (May 19th Report)	\$	25.3	million
Latest State Update, May Revise - Additional State Cuts		32.4	
Additional Funds Needed to Balance Multi Year Projection in June Adoption 2009-10	\$	57.7	

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Revised Projected Balance in Excess of 3% Reserve	19,307,416	20,392,463	10,454,915	(34.2)

Resources to Support Multi-Year Projection

2009-10 Budget Adoption in June 2009

Recommended Priority Order of Utilization	One-Time		Annual 2008-09 through 2012-13	Utilize 2008-09 through 2011-12 (4 years)
	Some Restrictions	Available		
Federal Stimulus:				
Stabilization		6.96		
IDEA (Sept. 2011)	5.48	??		
Title I (net increase)	3.24	??		
State Deferred Maintenance Funding			1.20	4.80
District Deferred Maintenance Match			1.20	4.80
Restricted Maintenance Reserve		3.50	0.30	1.20
Special Ed Reserve (not budgeted)		0.80		
Tier III Flexibility:				
Exchange State Textbook Funding for Restricted Lottery		2.10	0.40	1.60
Other Programs - Sweep 2007-08 End Balance Restructure and/or Eliminate		??	??	??
Stop GASB 45 Contribution towards Future Liability			1.20	4.80
Charge Food Services for Indirect Costs			0.30	1.20
Utilize Debt Service Reserve Fund (fund balance less pymnts)		10.20		
Utilize GASB 45 Reserves (fund balance less transfers budgeted)		4.30		
Total Available (in millions)	\$ 8.72	\$ 27.86		\$ 18.40
				<u>\$ 54.98</u>

Need \$57.7 million

Future Budget Challenge

Before and After May Revise

Before May Revise

- **Structural Deficit of \$17 million**
 - \$13 Million Revenue Shortfall (ongoing-revenue)
 - \$4 to 5 Million Added Expenditures (each year)

After May Revise

- **Structural Deficit of \$25.9 million**
 - \$21.9 Million Revenue Shortfall (ongoing-revenue)
 - \$4 to 5 Million Added Expenditures (each year)
-

Future Adjustments in the Projected Budget

- Initial June Adoption – Budget will be adjusted to reflect updated benefit rates and enrollment/staffing
 - Future revisions will include:
 - 2008-09 – Actual Ending Balance
 - Tier 3 Transfers at Year End
 - Savings from Reduced Spending
 - Potential State Revenue Reductions (TBD)
 - 2009-10 and Future Years
 - Potential State Revenue Reductions
 - Tier 3 Shift to Unrestricted General Fund
 - Changes in Enrollment
 - Benefit Rates
 - Program Reduction/Restructuring
-

Reductions for Consideration

Unrestricted General Fund School Resource Teachers

Fiscal Impact Estimate: \$187,000 Savings

- Eliminate Periods for School Resource Teachers (SRT) – 2 FTE
(estimated using average teacher salary)

Recommend Approval

Unrestricted General Fund

Decentralize Verdugo Academy

Fiscal Impact Estimate: \$168,000 Savings

- Decentralize Verdugo Academy for Secondary Grades 9-12
 - Reduce from 3 FTE to 1.2 FTE, Saving 1.8 FTE
(estimated using average teacher salary)

Recommend Approval

Tier III Flexibility Discretionary Grant

Fiscal Impact Estimate: \$544,000 Savings

- Sweep District 2007-08 Discretionary Grant Balance

Recommend Approval

Restructure Security Services to Reduce Cost and Extend Services

Fiscal Impact Estimate: \$192,000

- Redistribute Funding Currently Used for School Resource Officers (SRO) to Offset Encroachment on General Fund & Restructure Contracted Services
- Extend Duties or Reassign Security Supervisors from High Schools to Middle Schools
- Utilize Additional Categorical Funding

Recommend Approval

Tier III Flexibility

Physical Education Teacher Incentive

Fiscal Impact Estimate: \$594,000 Savings

- Recommendation: Eliminate Program
- Sweep Ending Fund Balance (est.) \$330,000 (one time)
- Retain Future Revenue (through 2012-13) \$264,000 (on-going)

Recommend Approval

Tier III Flexibility

9th Grade Class Size Reduction (CSR)

Fiscal Impact Estimate: Varied

■	Projected Encroachment (cost to district)	\$395,000 - \$772,000
1.	Eliminate Program and Retain Revenue	\$1,557,000 - \$1,934,000
2.	Re-Structure at 25-to-1 (savings)	\$517,000 - \$717,000
3.	Maintain 20-to-1 in Algebra Classes Only (savings)	\$626,000 – \$868,000

Recommend Approval 20-to-1 Algebra Only

Tier III Flexibility

Art/Music Grant

Fiscal Impact Estimate: Varied

- | | |
|---|-----------------------------|
| ■ Recommendation: Eliminate Program | |
| ■ Sweep 2007-09 Ending Balance | \$633,000 (one time) |
| ■ Retain Future Revenue (until 2012-13) | \$373,000 (on-going) |

Recommend Approval

