

Budget Update and Second Interim Report

Irvine Unified School District
March 1, 2011



Brown's Budget

- Governor Brown acknowledges educational cuts in past years
- The extension of taxes is critical for the education budget – we won't know until June
- The economy is not recovering as anticipated
- Budget planning will include 2 scenarios



Proposition 98 and the Education Budget

- Highlights of the Education Budget
 - Flat funding under Proposition 98 in 2011-12
 - We still lose \$19 per ADA or \$513K for IUSD
 - This is dependent on the extension of taxes
 - Legislative two-thirds vote is required
 - Voters then have to approve
 - What if taxes aren't extended?
 - Additional cuts will be necessary
 - Estimated at \$330 per ADA or \$8.9M for IUSD



K-12 Education Took Biggest Cuts

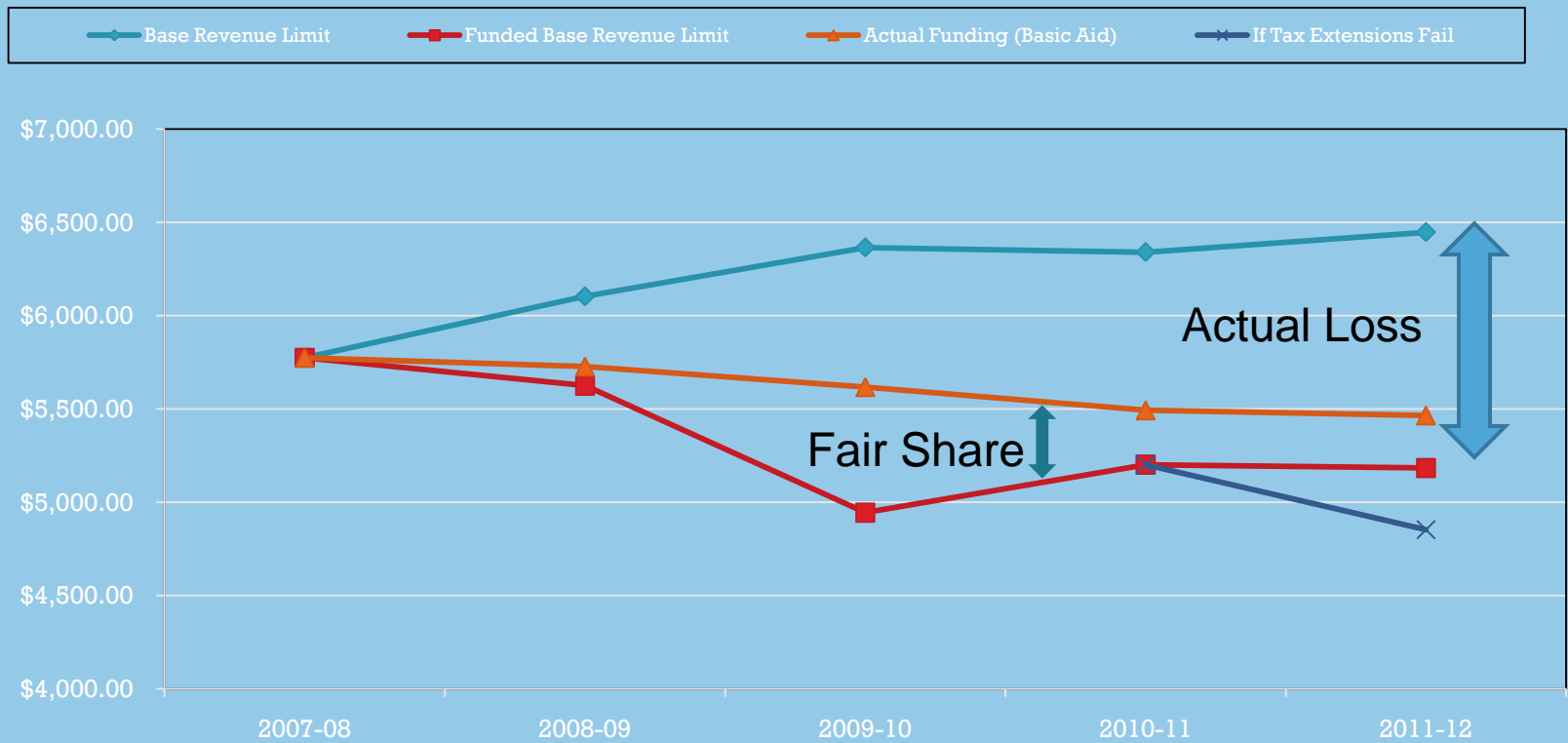
General Fund Expenditures by Major Program Area

	Dollars in Billions				% Change 2007-08 to 2010-11
	2007-08	2008-09	2009-10	2010-11	
K-12 Education	\$42.5	\$35.5	\$34.6	\$36.3	<14.5%>
Higher Education	\$11.8	\$11.7	\$10.6	\$11.6	<1.4%>
Health and Human Services	\$29.7	\$30.9	\$25.0	\$27.0	<9.3%>
Corrections and Rehabilitation	\$10.2	\$10.3	\$8.2	\$9.3	<9.0%>
Natural Resources	\$1.9	\$2.0	\$1.9	\$2.0	8.3%

Source: 2011-12 Governor's Budget Summary



IUSD Revenue Limit History



The Death of Redevelopment Agencies

- Redevelopment Agency phase out
 - Could mean new dollars for schools
 - Phased in approach
- IUSD could gain substantially
 - Basic aid status could be solidified
 - More general fund unrestricted dollars
- Don't count on it
 - Heavy lobbying against this initiative from cities and redevelopment agencies



One-time Federal Funding

Resource	ARRA Grant Name	Total Award
3200	State Fiscal Stabilization Funds (SFSF)	\$ 10,053,235.00
3205	Ed Jobs Bill	\$ 5,034,911.00
3011	Title I	\$ 853,905.00
5635	McKinney-Vento Homeless	\$ 9,550.00
3313	IDEA Basic	\$ 4,064,726.00
3319	IDEA Preschool Section 619	\$ 148,311.00
3324	IDEA Preschool Section 611	\$ 333,315.00
4047	Enhancing Ed through Tech (EETT)	\$ 29,231.00
TOTALS		\$ 20,527,184.00



Second Interim Report

Interim Report Purpose:

Each school district is required to certify its financial condition twice during the fiscal year. This certification addresses the District's ability to meet its financial obligations for the current year and two subsequent years.



Second Interim Revenue Assumptions

Description	2010-11	2011-12	2012-13
ADA Growth	400	400	400
Revenue Limit COLA	-.39%	1.67%	1.80%
Special Ed / Categorical COLA	0.00%	0.00%	1.80%
Rev Limit Deficit	17.963%	19.608%	19.608%
Basic Aid Fair Share - computed	(\$9,747,723)	(\$6,251,001)	(\$5,696,353)
Loss of Taxes - \$330 per ADA		(\$8,934,090)	(\$9,066,090)
Property Tax Growth	0%	1%	2%
Bren Donation	\$2,150,000	\$2,150,000	\$2,150,000
IRWD Easement			
	\$1,063,000	\$1,190,000	\$1,327,800
RIMD Revenues	\$3,948,347	\$4,027,314	\$4,107,860
Redevelopment Revenues	\$322,285	\$672,992	\$686,499
K-3 CSR Revenues	\$4,238,778	\$4,238,778	\$4,238,778

Second Interim Expenditure Assumptions

Description	2010-11	2011-12	2012-13
Step and Column Increases	Included	2%	2%
Additional Teacher FTE – Growth	Included	12	12
Average New Teacher Cost	\$77,554	\$79,105	\$80,687
PERS Rate	10.707%	12.107%	14.207%
Health Insurance Contribution	\$9,622	\$9,622	\$9,622
Workers Compensation Rate	1.25%	1.75%	2.00%
Utility Increases	Included	5%	5%
Retiree Health Costs	Included	\$2,232,304	\$2,049,486
Special Education Underfunding	\$22,600,401	\$24,053,032	\$24,388,698
Deferred Maintenance Transfer	\$0	\$750,000	\$750,000

Unrestricted Dollars

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Total Revenues	\$166,587,926	\$176,271,205	\$179,211,619
Total Expenditures	\$147,920,567	\$149,669,852	\$154,090,105
EXCESS (DEFICIENCY)	\$18,667,359	\$26,601,353	\$25,121,514
Total Other Sources/Uses	(\$23,550,309)	(\$30,843,364)	(\$31,536,556)
NET INCREASE (DECREASE)	(\$4,882,950)	(\$4,242,011)	(\$6,415,042)
Beginning Balance, July 1	\$37,699,804	\$32,816,854	\$28,574,843
Ending Balance, June 30	<u>\$32,816,854</u>	<u>\$28,574,843</u>	<u>\$22,159,801</u>

Unrestricted Dollars

Components of Ending Fund Balance

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Ending Fund Balance	<u>\$32,816,854</u>	<u>\$28,574,843</u>	<u>\$22,159,801</u>
Revolving Cash	\$150,000	\$150,000	\$150,000
Stores	\$250,000	\$250,000	\$250,000
Economic Uncertainties	\$6,926,000	\$6,612,574	\$6,777,043
Board Designated	\$25,490,854	\$21,562,270	\$28,597,903
Remainder	\$0	\$0	(\$13,615,144)

Unrestricted Dollars

Board Designated - Detail

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Total Board Designated	<u>\$25,490,854</u>	<u>\$21,562,270</u>	<u>\$28,597,903</u>
Basic Aid Fair Share	\$9,747,230	\$9,747,723	\$9,747,723
Special Ed AB 3632 (2010-11)	\$850,000	\$850,000	\$850,000
\$330 Reduction 2011-12		\$8,934,090	\$8,934,090
\$330 Reduction 2012-13			\$9,066,090
Designated for future shortfall	<u>\$14,893,624</u>	<u>\$2,030,457</u>	<u>\$0</u>

Unresolved Issues

- AB 3632 – Mental Health
 - \$850,000 set aside for 2010-11
 - Assume funding resumes thereafter
- ACLU Lawsuit
 - Summer school
 - Zero period
 - Summer sports camps
 - Site budget implications



Restricted Dollars

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Total Revenues	\$48,058,259	\$38,528,835	\$38,897,702
Total Expenditures	\$81,346,212	\$68,226,280	\$69,274,832
EXCESS (DEFICIENCY)	(\$33,287,953)	(\$29,697,445)	(\$30,377,130)
Total Other Sources/Uses	\$25,190,097	\$29,697,445	\$30,377,130
NET INCREASE (DECREASE)	(\$8,097,856)	\$0	\$0
Beginning Balance, July 1	\$8,097,856	\$0	\$0
Ending Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Second Interim Report

Observations

- IUSD has a projected budget shortfall of \$13.6 million in 2012-13 based on the information included in the Governor's Proposals for the 2011-12 January Budget:
 - The preliminary numbers will be updated in the Governor's May Revise. The need for additional reductions may become necessary for the 2011-12 Adopted Budget.



Second Interim Report

Recommendation

- Based upon the information included in the Second Interim Report, the District can certify the 2010-11 Second Interim as “Positive”.

