

San Dieguito Union High School District

INFORMATION REGARDING BOARD AGENDA ITEM

TO: BOARD OF TRUSTEES

DATE OF REPORT: December 5, 2012

BOARD MEETING DATE: December 13, 2012

PREPARED BY: Eric R. Dill
Associate Superintendent, Business

SUBMITTED BY: Ken Noah
Superintendent

SUBJECT: Board Workshop / BUDGET UPDATE

EXECUTIVE SUMMARY

Staff will make a presentation at the Board Workshop on December 13, 2012. Presentation materials follow; hard copies will be made available at the workshop.

RECOMMENDATION:

This item is being submitted for review only at the Board Workshop.



Budget Update

San Dieguito Union High School District
Board Workshop
December 13, 2012
District Office Board Room, 4:45 p.m.

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Elections

- Passage of Prop 30 stabilized state funding
 - State budget assumed Prop 30 would pass, so education funding is flat
 - Passage meant avoiding mid-year trigger cuts of \$457 per student
 - Prop 98 still drives state education funding

Elections



- Proposition AA
 - Prop AA provides for facilities funding of specified projects
 - Funds can not be used for general operating expenses
 - Capital debt related to the LCC/CCA solar projects currently backed by the general fund will be retired by Prop AA funds, saving a net \$860K per year

2012/13 First Interim Preview

	2012-2013 Fall Revision	2012-2013 First Interim	Difference
Property Tax	79,004,420	79,094,234	89,814
Federal Income	4,472,868	4,495,144	22,276
State Income	4,084,697	4,658,957	574,260
Local Income	7,601,791	8,045,638	443,847
Transfers	0	0	0
Total Revenue	95,163,776	96,293,973	1,130,197
Certificated Salaries	48,690,824	48,627,734	(63,090)
Classified Salaries	15,672,801	15,690,586	17,785
Benefits	20,343,217	20,309,915	(33,302)
Books & Supplies	4,552,765	4,470,059	(82,706)
Services & Operating Exp.	11,218,034	11,945,275	727,241
Capital Outlay	16,500	48,500	32,000
Other Outgo	1,548,097	2,257,427	709,330
Total Expenditures	102,042,238	103,349,496	1,307,258
Expenditures (over/under) Revenue	(6,878,462)	(7,055,523)	(177,061)

2012/13 First Interim Variances

Revenue – increase of \$1.1M

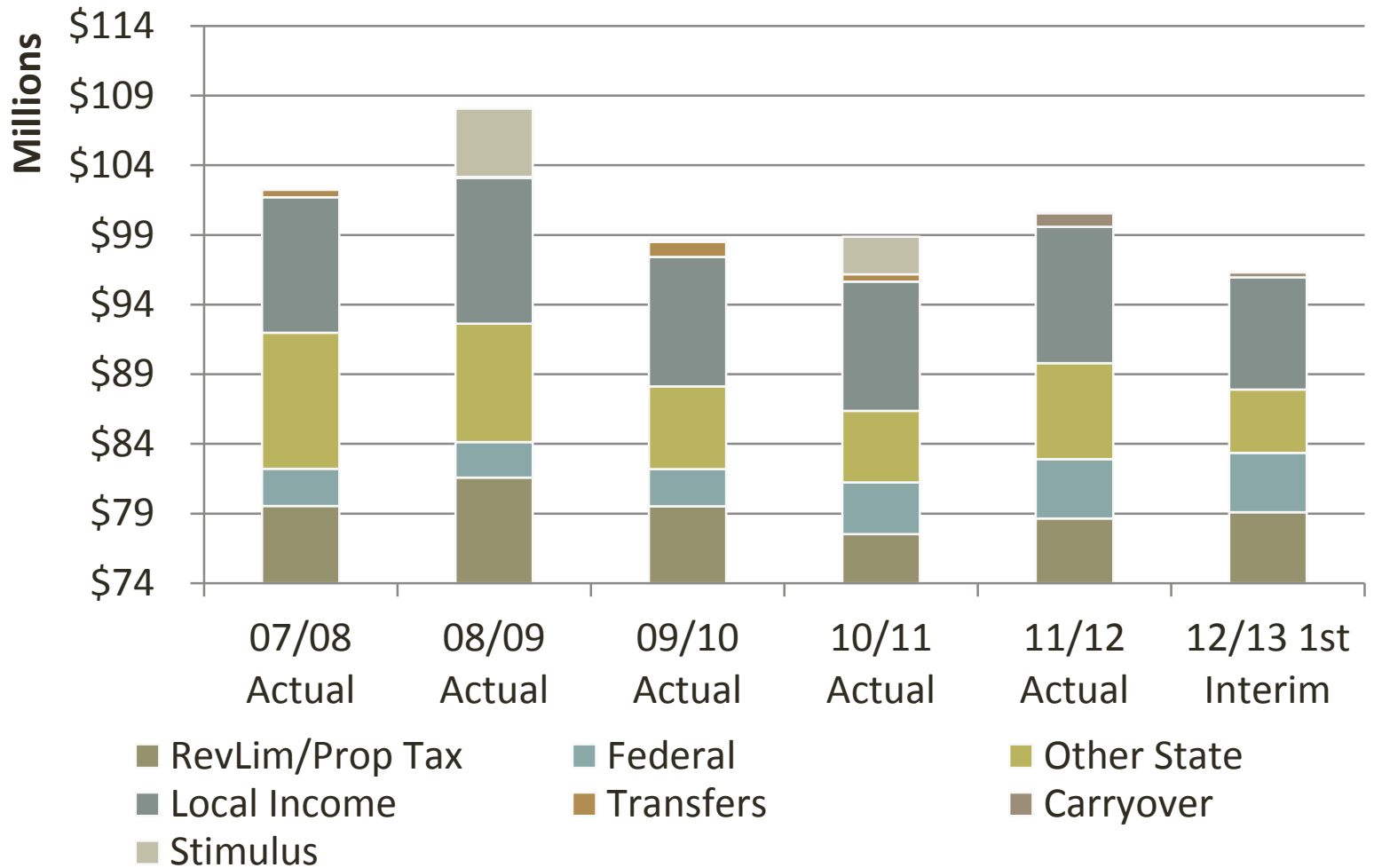
- \$90K increase in Property Taxes based on current estimates
- \$225K increase in Special Education funding (Federal and local revenue)
- \$391K increase in Special Education Mental Health funding (Federal, State and local revenue)
- \$265K increase in other local revenue (donation, parking fees, interest and other local revenue)
- \$112K increase in ROP flexibility revenue due program cost savings

2012/13 First Interim Variances

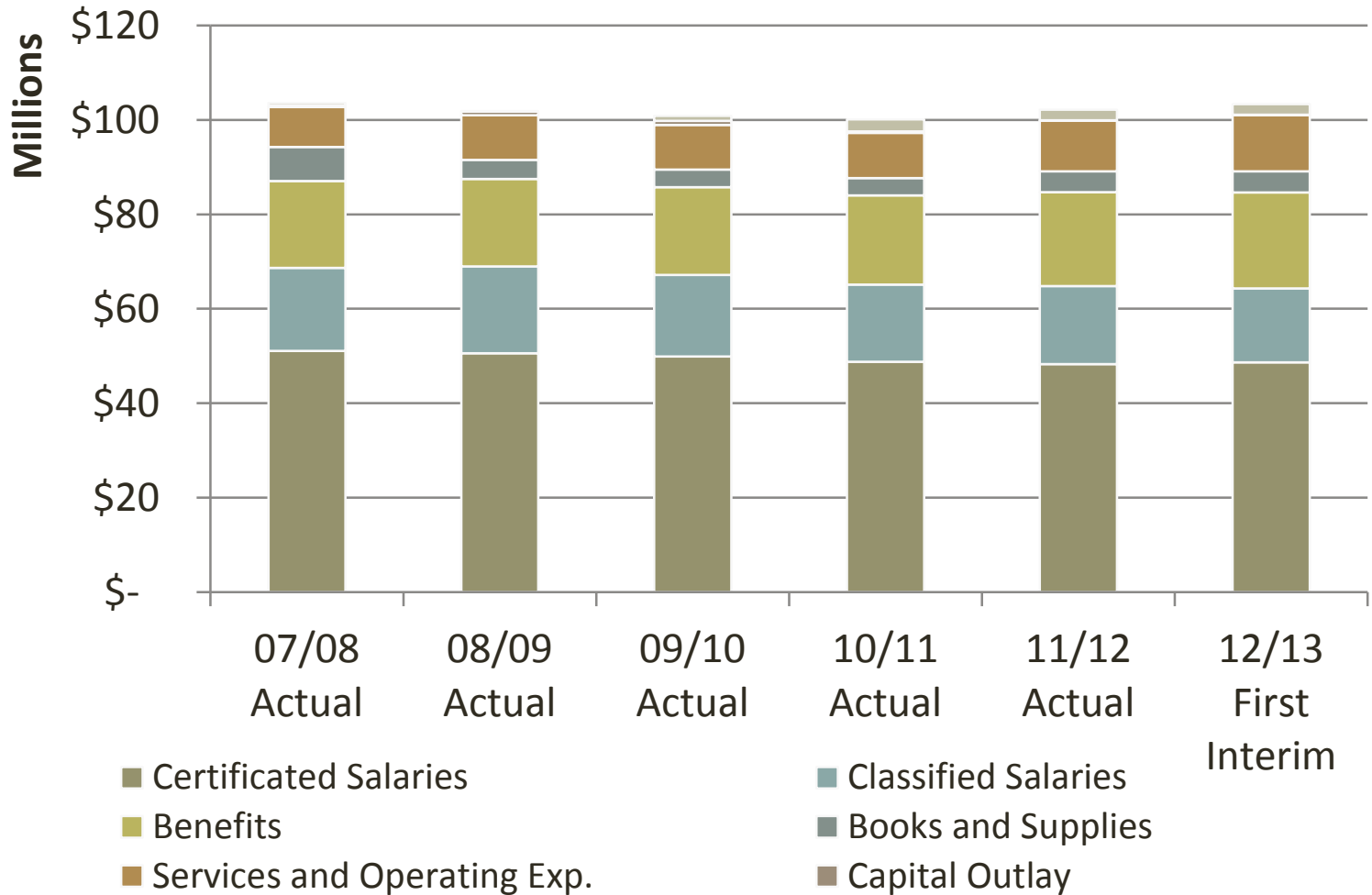
Expenditures – increase of \$1.3M

- \$629K decrease across all categories to reduce site and department budgets to 11/12 spending levels
- \$49K increase in Special Education instructional assistants
- \$160K increase in Books and Supplies for increased donation revenue
- \$1.1M increase in Mental Health Services
- \$519K increase in Special Education costs (non-public schools and agencies)

Revenue History



Expenditure History



Multi-Year Projection

- Multi-year projections (MYP) showing current year, plus two subsequent years are required at budget adoption and interim budgets
- Budget certification is based on the MYP
 - **Positive** – able to meet all obligations
 - **Qualified** – able to meet obligations in current year; possibly unable to meet obligations in subsequent years
 - **Negative** – Unable to meet financial obligations in the current year
- As a starting point, let's look at the MYP without any savings projected in subsequent years...

Multi-Year Projection without Further Budget Actions

	2012-13	2013-14	2014-15
Revenue	93,293,973	96,990,445	97,940,832
Expense	103,349,496	103,121,251	103,641,410
Surplus (Deficit)	(7,055,523)	(6,130,805)	(5,700,579)
Unrest. Ending Balance	6,671,952	537,519	(5,575,727)
GF Reserve	6.46%	0.52%	-5.38%
Unrest. Reserve Surplus(Shortfall) of 3%	3,571,467	(2,556,118)	(8,684,970)
Special Reserve	2,453,145	2,477,676	2,502,453
Combined Reserve	9,125,097 8.83%	3,015,196 2.92%	(3,073,274) -2.97%

Multi-Year Projection

- MYP indicates the need for further reductions
 - Current year is sound, however subsequent years are troublesome
 - Reserves would be depleted
- Cabinet has been working on contingency plans to close the gap between revenue and expenditures for the current and upcoming fiscal years

Updated Budget Assumptions

- Current Year Budget – 12/13
 - Reductions to date
 - Dept/school site budgets reduced to 11/12 levels (decrease of \$629K)
 - Possibilities for remainder of year
 - Cost containment meetings to monitor Special Education costs
 - Monitor budgets to realize any additional savings when possible

Updated Budget Assumptions

- 2013-14 Assumptions
 - Revenue Limit and Property Tax
 - Legislative Analyst forecasts \$4.2B increase for Prop 98
 - Based on state economic recovery, prior budget cuts, and Prop 30 taxes
 - How the Governor will pass that on to schools is unknown
 - Assessed Valuation / Property Tax
 - Modest increases forecast
 - Meeting with Assessor and Treasurer in January
 - Local real estate market appears to have stabilized and improved, however county-wide depreciations continue to affect our income

Updated Budget Assumptions

- 2013-14 Assumptions
 - Other State Income
 - Fair Share formula remains unchanged
 - Fair Share only reduced if Revenue Limit deficit is reduced
 - District is still capped at prior year excess tax amount to return to state
 - No other changes to other state income
 - Weighted Student Formula
 - Governor has convened a task force to reconsider options to reform the state education funding model by implementing a weighted student formula (WSF)
 - We will not know the potential impact until the proposal is unveiled

Updated Budget Assumptions

- 2013-14 Assumptions
 - Local Income
 - SELPA equalization increases in second year (\$330,000)
 - Redirect ROP program savings (\$71,500)
 - Increased athletic donations (\$75,000)
 - Microsoft Settlement voucher eligibility (\$420,000)
 - Other Outgo
 - Retire Qualified School Construction Bonds issued to fund solar projects and backed by the general fund (\$869,578 net)
 - Reduce Adult Ed encroachment (\$75,000)

2013-14 Budget Solutions

- Special Education
 - Non-Public School Alternative Program / Seaside Prep
 - \$60,000 first-year savings
 - \$170,000 second-year savings
 - \$250,000 third-year savings
 - Consolidate Adult Transition Program in District (\$60,000)
 - Continued focus on cost-effective services

2013-14 Budget Solutions

- Home-to-School Transportation
 - Elimination of High School Shuttles (\$100,000)
 - Originally planned for 2012-13, but delayed due to timing of decision
 - Eliminate three routes for 2013-14
 - Prolongs useful life of buses
 - Frees up resources to reduce charter costs

2013-14 Budget Solutions

- Home-to-School Transportation
 - Stagger Middle School Bell Schedules (\$200,000)
 - Reduces staffing, fuel, and equipment costs
 - One early, one late start each in north and south end middle schools
 - Offer flexible scheduling options at all four middle schools
 - Zero period option for students and families preferring earlier starts
 - Alleviate traffic congestion
 - Instruction and Transportation staff are working on a plan

2013-14 Budget Solutions

- Staffing
 - Master Schedule Efficiency (\$300,000)
 - Certificated Retirement Savings (\$300,000)
 - Non-Teaching Salaries (\$375,000)
 - Bond Program Offsets (\$280,000)
 - Benefits related to above (\$432,500)

Updated Budget Assumptions

Revenue / Encroachment	
Microsoft Voucher	420,000
Athletic Contributions	75,000
ROP Flexibility	71,500
	566,500

Expenditures	
Transportation	300,000
Certificated Savings	600,000
Non-Teaching Savings	375,000
Facilities Staffing Offsets	280,000
Related Benefits	432,500
Special Ed Efficiencies	120,000
Adult Ed Encroachment	75,000
Capital Debt Service	869,578
	3,052,078

Multi-Year Projection with Updated Budget Assumptions

	2012-13	2013-14	2014-15
Revenue	96,293,973	96,820,296	97,770,683
Expense	103,349,496	99,282,524	99,776,824
Surplus (Deficit)	(7,055,523)	(2,462,227)	(2,006,141)
Unrest. Ending Balance	6,671,952	4,024,597	1,421,680
GF Reserve	6.46%	4.05%	1.42%
Unrest. Reserve Surplus(Shortfall) of 3%	3,571,467	1,046,1222	(1,571,624)
Special Reserve	2,453,145	2,477,676	2,502,453
Combined Reserve	9,125,097 8.83%	6,502,274 2.92%	3,924,134 3.93%

Additional Solutions

- Set graduation credit requirement at 220 (\$500,000)
 - No change in core academic requirements
 - Creates more choice and flexibility around scheduling
 - Students would still be able to take up to 320 credits
- Credit requirements of comparably performing districts:
 - Palo Alto – 210
 - Irvine – 215
 - Tamalpais – 220
 - Capistrano – 220
 - Los Gatos/Saratoga – 220
 - Huntington Beach – 220

Additional Solutions

- Utilities
 - SDGE Renewable Energy Credits (\$185,000)
 - Action still required by Public Utilities Commission to make schools eligible
 - Additional solar and energy efficiency savings as bond programs roll-out
 - New projects incorporate sustainable design
 - Older, inefficient systems replaced
 - Difficult to quantify at this time

Next Steps

- Approval of First Interim
- Review Governor's January Budget Proposal
- Begin preparation for 2013-14 Budget