

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
BOARD OF TRUSTEES WORKSHOP
MINUTES**

**THURSDAY, DECEMBER 13, 2012
4:45 PM**

**DISTRICT OFFICE BOARD ROOM
710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

The Governing Board of the San Dieguito Union High School District held a Board Workshop on Thursday, December 13, 2012, at the above location.

ATTENDANCE

BOARD OF TRUSTEES

All Trustees present

DISTRICT ADMINISTRATION

Ken Noah, Superintendent

Eric Dill, Associate Superintendent, Business

Terry King, Associate Superintendent, Human Resources (Superintendent Designee)

Rick Schmitt, Associate Superintendent, Educational Services

Delores Perley, Director, Finance

Sue Koehnen, Director, Human Resources

Becky Banning, Executive Assistant to the Superintendent / Recording Secretary

1. CALL TO ORDER

President Dalessandro called the meeting to order at 4:45 PM.

INFORMATION ITEMS

2. BUDGET UPDATE

Associate Superintendent Eric Dill presented the update. To see materials presented, [click here](#). Immediately following the presentation, President Dalessandro called for public comments; none presented.

3. ADJOURNMENT

The meeting was adjourned at 5:58PM.

(See Following page for signatures)

Beth Hergesheimer, Board Clerk

_____ / _____ / 2013

Date

Ken Noah, Superintendent

_____ / _____ / 2013

Date

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APPROVED IN PUBLIC MEETING OF THE
BOARD OF TRUSTEES OF THE SAN DIEGUITO
UNION HIGH SCHOOL DISTRICT 1-17-13

Becky Banning
BECKY BANNING RECORDING SECRETARY
BOARD OF TRUSTEES

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Beth Hergesheimer, Board Clerk

1 / 17 / 2013
Date

Ken Noah
Ken Noah, Superintendent

1 / 17 / 2013
Date

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.

Table of Contents

- Elections
- 2012/13 1st Interim
- Multi-Year Projection
- Updated Budget Assumptions
- 2013-14 Budget Solutions
- Additional Solutions
- Next Steps

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 cannot 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

ITEM 2

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

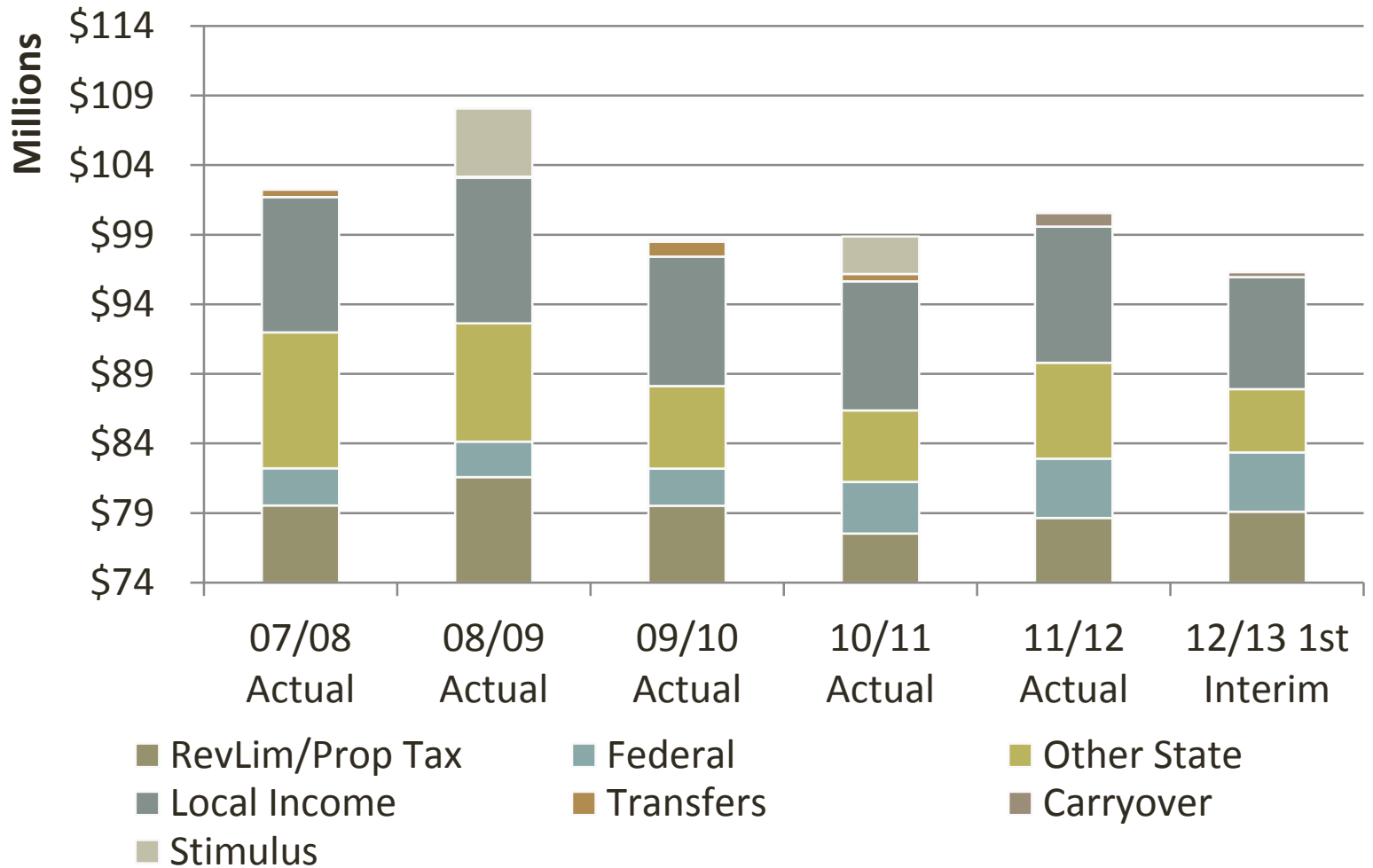
- \$90K increase in Property Taxes based on current estimates
- \$225K increase in Special Education funding (Federal and local revenue)
- \$391K increase in Special Education Mental Health funding (Federal, State and local revenue)
- \$265K increase in other local revenue (donation, parking fees, interest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

2012/13 First Interim Variances

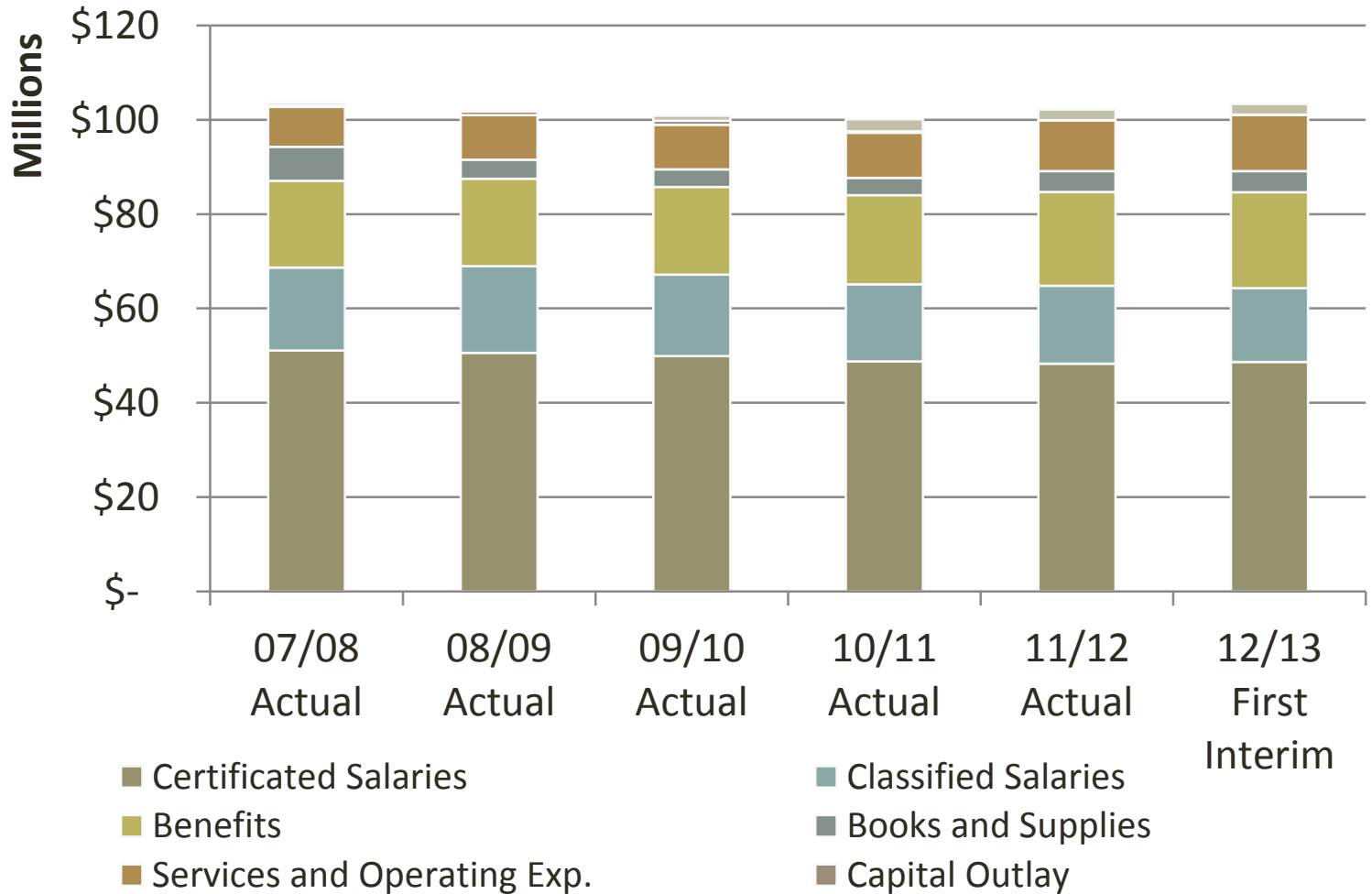
Expenditures – increase of \$1.3M

- \$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	96,293,973	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 6.55%	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