

West Contra Costa Unified School District



**Budget Update
October 20, 2010**

The Economy



- The economy is the key to financial recovery for the state as a whole and for public agencies
 - Unemployment is key and remains higher than the rest of the nation
 - Predictions of an early recovery in the spring of 2010 proved to be overly optimistic
- The real estate and construction markets are economy problems
- The keys to recovery?
 - Improvement in the construction industry
 - Improvement in employment

Major Changes - Final Budget

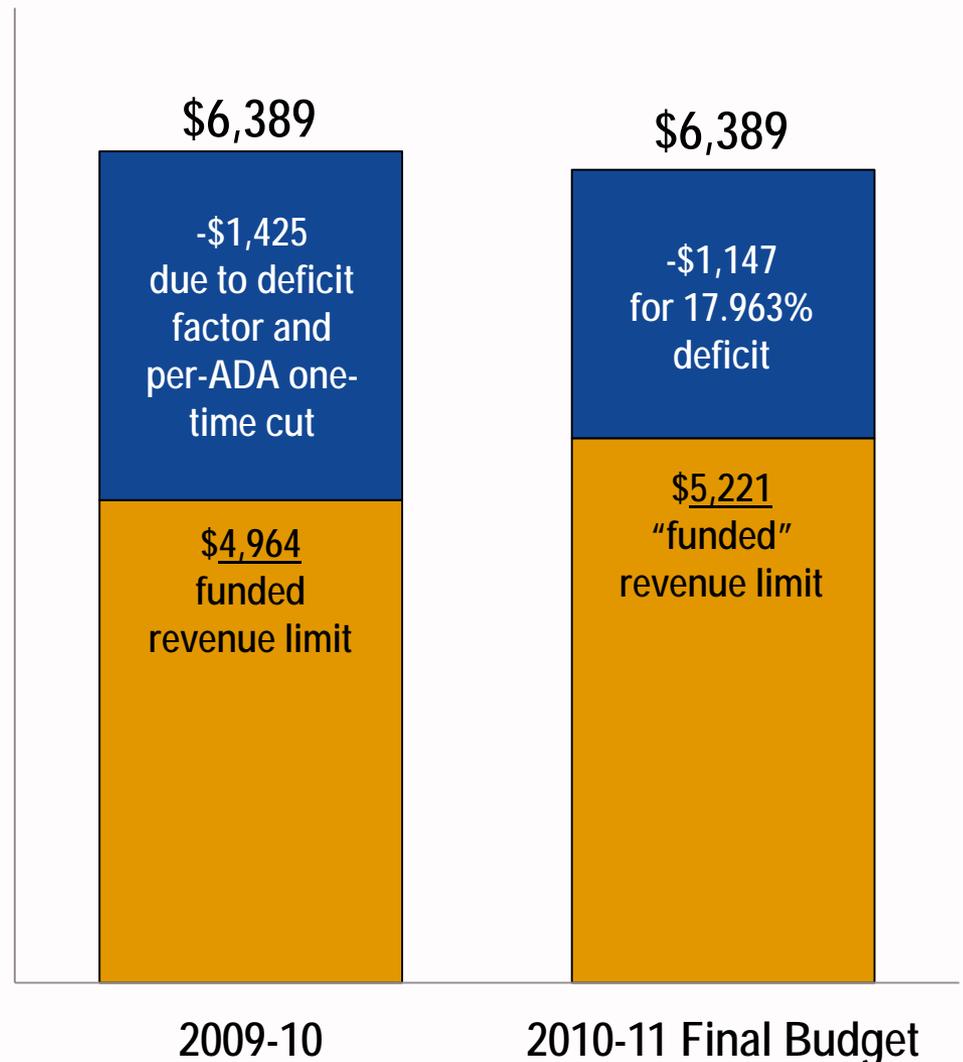


- Reduction of deficit factor
 - Results in more “funding”
- Final Budget: Funding restored for licensed child care providers
 - Good for our families
- May revise proposed suspending the mandate for County Mental Health to provide certain services to public school special education students.
 - No suspension of mandate to County Mental Health
 - No funding provided to the Counties
 - Major concern: Potential estimated increase in cost to the District \$500,000

2010-11 Final Budget vs. 2009-10 Funding



- 2009-10 revenue limits were reduced by the State resulting in a **loss of over \$39 million** for West Contra Costa
- 2010-11 revenue limits have been adjusted in the adopted State Budget resulting in a **loss of \$32 million** for this year
- This is an “improvement” over the May revise of an estimated \$7 million
- The State has adopted, but not “actually funded” because of the deferrals



2010-11 Final Budget



- Budget has been adopted by the State
- The underlying problem of deficit spending for the State has not been resolved
- The State has little in the way of reserves and relies on one time fixes to close the gap
- So the State is keeping 25% of the current year cash that should be flowing to the school district



What about Funding Flexibility ?



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- K-3 Class Size Reduction Penalty Flexibility
 - Expires June of 2012
 - Legislature DID NOT adopt a “fixit” bill to address the misalignment with the Tier III Flex
 - Concern due to potential loss of \$4 million in funding in 2012-13
- Tier III Flexibility continues through 2012-13
 - We are using \$15.3 million in Tier III Flex
 - Paying for Instruction, School Safety and more...
 - The loss of this Flexibility is now known as the “Funding Cliff”

What about Funding Flexibility ?



- What we know
 - The Legislative Analysts Office has made recommendations about continued flexibility and additional Tier III programs
 - Many school districts would be hard pressed to revert to previous program rules and uses
- The “Funding Cliff” will have to be brought to the forefront with the new Administration for answers regarding assumptions for the “out” years
 - But for now plan for losing the flexibility, as that is current law

Next Steps



- The first interim reporting period closes October 31 and the report will be received by the Board on December 8
 - Adjustments to the budget will be made based on the Revised State Budget
- The District will not be deficit spending in 2010-11 based upon the State adopted budget
 - However, with the uncertainty of the State's budget assumptions and the economy...
- We will continue to watch Sacramento closely and provide updates on changes to the Board

Thank You

