



**West Contra Costa Unified School District  
May Revision and Preliminary Budget  
June 2, 2010**

# May Revision

- ▶ The revised Budget gap is projected to be \$19.1 billion, slightly smaller than the \$19.9 billion gap in the January Budget
- ▶ The Governor proposes to close this gap without raising taxes
  - \$12.4 billion in cuts
  - \$3.4 billion in additional federal funds
  - \$3.4 billion in borrowing fund shifts, asset sales, and surcharges
- ▶ We expect the Legislature to have great difficulty voting for the choices before them

# May Revision

- ▶ For the most part, the May Revision contains no further cuts to K–12 education
  - Cuts proposed in January remain – but a revision in how the cuts are calculated cost West Contra Costa an estimated \$1.2 million more in cuts
  - Cuts to child care eliminate subsidized slots for 142,000 children
    - This has potential to affect Kindergarten enrollment
  - No new federal dollars
- ▶ No new taxes are proposed

# Risks to the Revised Budget Proposal

- ▶ The May Revision, if enacted as proposed contains significant risks
  - Court challenges could easily cause \$3 billion to “fall out”, re-benching Proposition 98, elimination of CalWORKs, state worker pay cuts, health care reductions, and other cuts could face court challenges –
    - This could mean as much as \$250 per pupil in lost funding
    - That amount would result in a loss of \$6.8 million for our district
  - Late Budget – a late Budget would delay implementation of program reductions, resulting in the loss of budgeted savings
  - Economic and revenue risks – the state and national economies face the possibility of a “double dip” recession

These risks could mean additional cuts to education ... but we would not know until mid-year at best.

# Major May Revision Proposals

## The West Contra Costa Unified Impact

- ▶ Program cuts make up the majority of the Governor's May Revision proposals, are truly cuts to County Services on which our community, students and families depend. The backlash of these cuts will be felt in schools.
  - \$1.1 billion in savings from the elimination of CalWORKs, the state's welfare program for the poor
  - \$637 million in savings from cuts to the In-Home Support Services program for the disabled
  - \$750 million in savings from Medi-Cal, the state's primary health care program for low-income residents
  - \$244 million in savings from transferring state prisoners to county jails
  - \$602 million in savings from reduced county mental health services

# Major Issues with Multi-Year

- ▶ 2010–11 Budget relies on one time funding
  - Federal Stimulus Funds (ARRA)
    - Title I ARRA – being used for K–3 CSR \$1.8 million
    - Special Ed ARRA – helping offset encroachment and staff funding \$1.4 million
    - SFSF – being used for K–3 CSR and staff funding \$1.2 million
- ▶ Federal Stimulus funding runs out at the end of 2010–11
- ▶ Title II Carry Over is also a one time source for K–3 CSR in 2010–11 \$1.3 million
- ▶ K–3 Class Size Reduction Penalty Flexibility Expires June of 2012
- ▶ Tier III Flexibility continues through 2012–13
  - We are using \$14 million to fund regular programs using Tier III Flex

# District Unrestricted Preliminary Budget Based on Governor's 2010-11 Budget Proposals

<b>Preliminary Unrestricted</b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>
<b>Revenues &amp; Transfers In</b>	<b>\$161,366</b>	<b>\$165,251 *</b>
<b>Expenses</b>	<b>169,118</b>	<b>168,480</b>
<b>Deficit Spending</b>	<b>-7,752</b>	<b>-3,229</b>
<b>Beginning Fund Balance</b>	<b>20,049</b>	<b>12,297</b>
<b>Ending Fund Balance</b>	<b>12,297</b>	<b>9,068</b>
<b>Required Reserve</b>	<b>8,938</b>	<b>7,777</b>
<b>Stores &amp; Revolving Cash</b>	<b>300</b>	<b>300</b>
<b>Remaining Balance</b>	<b>\$3,059</b>	<b>\$991</b>

\* The increase is a result of the increased transfers in from Tier III, Deferred Maintenance and Adult Ed.

# Next Steps

- ▶ Budget must include a multi year projection
  - Through 2012–13
  - Complexities of State Flexibility and Tier III provisions will be reported in the District Budget Executive Summary
- ▶ The State cash deferral system will likely require inter–fund borrowing
  - A resolution will be included at the June 22 meeting
- ▶ A public hearing and resolution will be required for the Tier III programs
  - A resolution will be included at the June 22 meeting

# Next Steps

- ▶ Budget must be adopted by the district prior to June 30, 2010
  - State Budget will most likely not be in place by then
- ▶ Once the State Budget is adopted, the district makes adjustments to its budget within 45 days
- ▶ This could be as late as November this year... Last year set the record, but this year the record could be broken