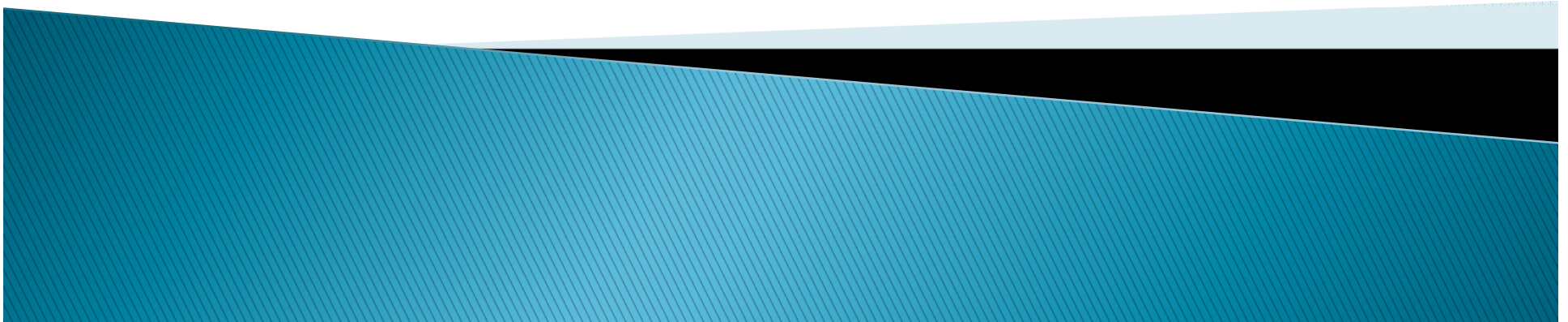




West Contra Costa Unified School District
Preliminary Budget
Board Meeting
June 13, 2012



Preliminary Budget May Revision

- ▶ We still have three major problems in education finance:
 1. Low levels of funding –last in the nation
 2. Volatility of funding – year-to-year funding levels are totally unpredictable
 3. Uncertainty of funding – estimates of funding are wildly uncertain from January to May to Budget enactment and beyond



Preliminary Budget May Revision

- ▶ We will have all three of these problems until:
 - The economic condition of the state improves and expansion begins
 - State revenues and spending reach an equilibrium
 - Education spending rises in priority at the state level
 - There is a stable, predictable source of ongoing funding for education
- ▶ Proposition 98 has not been successful in protecting education
 - We have done worse than the rest of the State Budget in both good times and bad



Risks to the Governor's Budget Proposal

- ▶ Some things remain the same
 - The State Budget is balanced only if revenues are increased by a future event
 - Education funding is the “hot button” for voters to approve taxes
 - Mid Year Triggers are once again threatened

\$441 per pupil cut if taxes do not pass in November
= \$12 million cut



The West Contra Costa Unified Impact

- ▶ The Preliminary budget assumes we are in a “flat funding” model
- ▶ No mid year triggers are included
- ▶ Fund Balance and Special Reserve are in use
- ▶ A reserve is in place in case of mid year triggers
 - In case November elections are not successful
 - Designating \$10.6 million Special Reserve and \$1.4 million General Fund Balance Reserve



Special Reserve Fund

- ▶ Balance is now \$10.0 million
- ▶ \$3.5 million will be added based upon declaratory relief for costs associated with the bond fund
- ▶ Beginning Balance for 2012–13 \$13.5 million
- ▶ Use of \$2.8 million planned for 2012–13
- ▶ Ending balance for 2012–13 \$10.6 million



The West Contra Costa Unified Impact

- ▶ K–3 Class Size Reduction is funded through the existing parcel tax at 28:1
- ▶ Adult Education funded the same as 2011–12
- ▶ School Resource Officers are funded at same level as 2011–12
- ▶ Tier III funding at \$14.5 million



District Unrestricted Preliminary Budget

Based on Governor's 2012-13 May Budget Proposals

Preliminary Unrestricted	<u>2012-13</u>
Revenues and Transfers In	172,418,313
Expenses and Transfers Out	175,721,377
	(3,303,064)
Beginning Fund Balance	21,871,276
Ending Fund Balance	18,568,212
Required Reserve	8,600,000
Stores and Revolving Cash	300,000
Remaining Balance	9,668,212



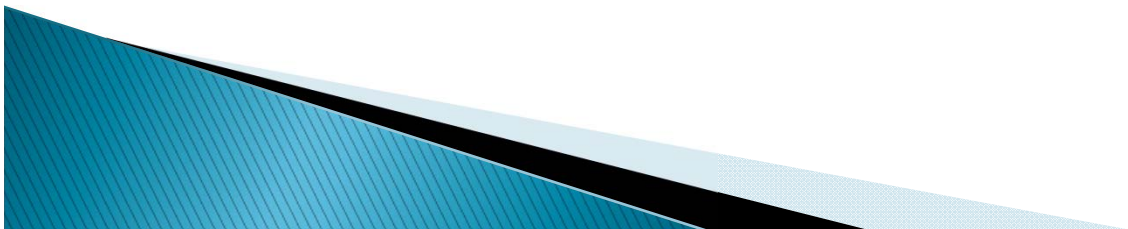
Multi-Year Projection

- ▶ Multi Year required through 2014–15
- ▶ 2012–13 Budget relies on one time use of reserves
 - \$3.3 million General Fund
 - \$2.8 million Special Reserve
 - \$900,000 residual from long term debt fund to pay the COP for 2012–13
- ▶ District must address deficit spending even if taxes pass
 - November taxes provide NO NEW MONEY
- ▶ Tier III Flexibility continues through June 2015
 - We are using \$14.5 million to fund regular programs
- ▶ Parcel tax funding and services expire for 2014–15



Cash Deferrals

- ▶ The State cash deferral system will require inter-fund borrowing
 - ▶ A resolution will be included at the June 27 meeting
- ▶ Fund Balance does not mean cash is in the bank
- ▶ The State is now deferring funding from February 2012 through June 2012 to July and August of 2012



Next Steps

- State Budget Adoption June 15, 2012 ?
- Budget Adoption June 27, 2012
- November Election...

