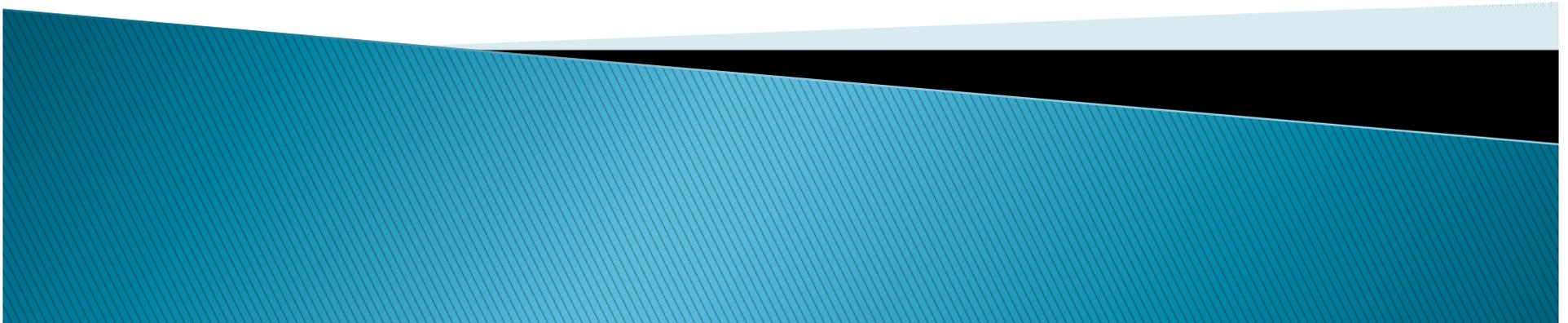




West Contra Costa Unified School District  
Preliminary Budget  
Board Meeting  
June 13, 2012



# 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

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



# 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...

