



# *Cypress School District*

*...A Great Place To Make A Difference*

## **Budget Update Report**

**February 9, 2012**

# 2011-12 Mid-Year Budget Cuts

- *“Trigger” was pulled...*
  - ✓ Shortfall in projected State Revenues caused mid-year cuts to public education

Revenue Limit Reduction (\$13 reduction per ADA)	Transportation Reduction (by 50%)	Total Projected Trigger Amount	Actual Alternative Trigger Amount (SB 81)
<b>- \$49,792</b>	<b>- \$114,529</b>	<b>- \$164,321</b>	<b>- \$210,658</b>

# Governor's Proposal

- On Jan. 5<sup>th</sup>, Governor Brown released his budget proposal for the 2012-13 fiscal year.
- It formally begins the legislative process and many changes are expected to take place prior to the actual enactment of the 2012-13 State Budget.

# Governor's Proposal, continued

- Governor produces another “crisis” Budget
- This proposed budget has significantly reduced the State's general fund deficit
  - ...but still leaves a gap projected at \$9.2 billion!
- Education funding remains at risk for the fifth straight year

# Economic Factors

- California has reduced its budget deficit from \$26.6 billion in 2011-12 to \$9.2 billion in 2012-13
- Stock market showing signs of recovery
- Retail sales posted strong growth for the holiday season
- Unemployment rate for the US dropped to 8.6% in November 2011
  - However, California still remains higher than national average at 11.3%
- European debt crisis is expected to slow economic growth in Europe and likely impact US economic growth

# Another “Crisis” Budget

- Governor’s Budget assumes voters approve a \$6.9 billion tax measure in November 2012
  - **IMPORTANT NOTE:** This assumption provides no additional spending for education, but maintains revenue limits at about 2011-12 pre-trigger-cut levels.
  - Specific proposal includes **100% cut to transportation** funding (both home-to-school & special education)

# Other factors to be considered...

- The 3.17% statutory COLA will not be funded for 2012-13
- Deficit Factor of 19.754% will increase to 21.666%
  - Districts will receive from the state only 78-cents on the dollar
- 2011/12 Trigger reduction is for this year only!

# What If...

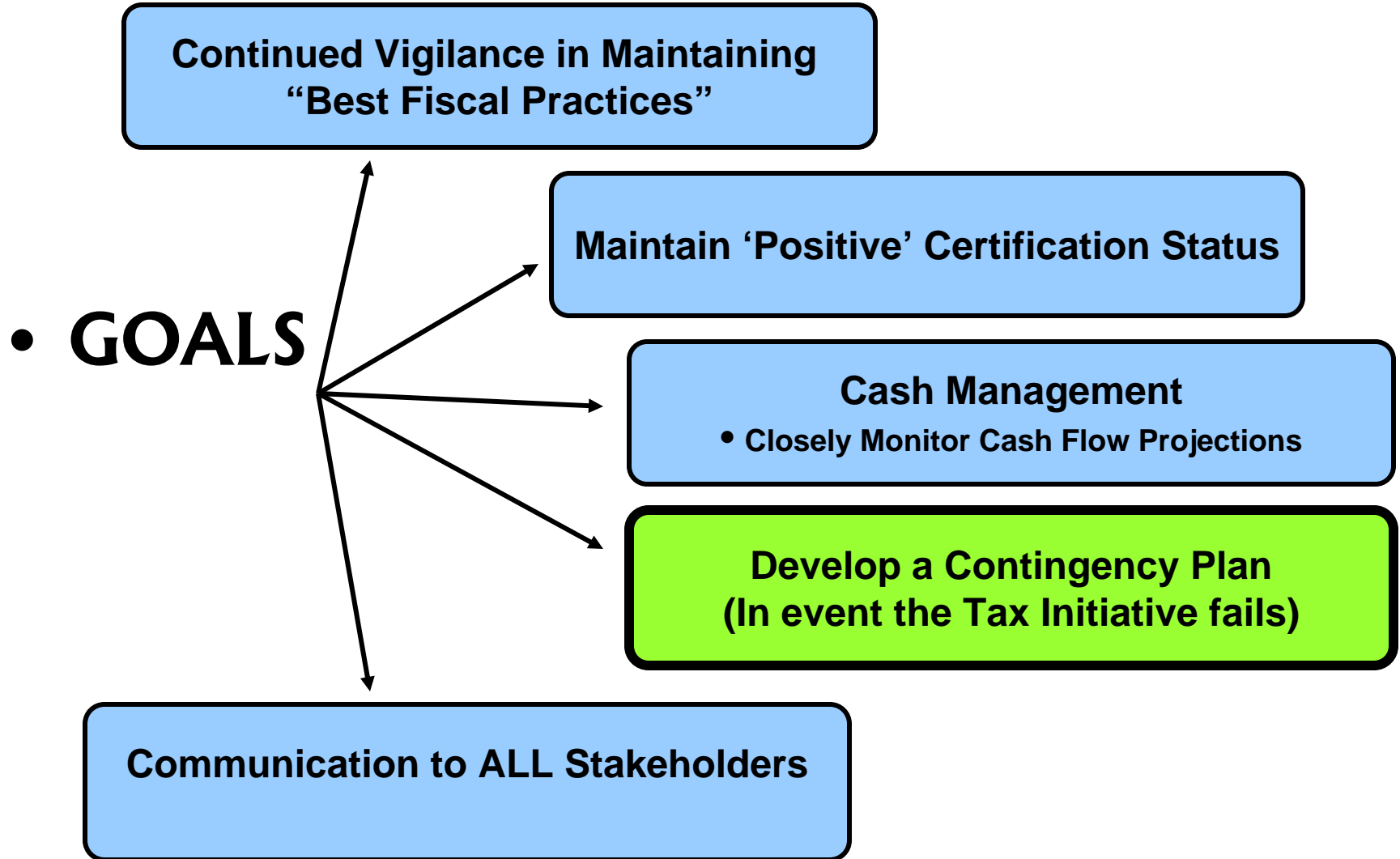
*What if the proposed ballot initiative fails in November 2012?*

- Education is cut \$2.4 billion, equal to about \$370 per average daily attendance (ADA)
- To Cypress School District, this could mean a **midyear cut in 2012/13** to Base Revenue Limit **of \$1.5 million**

# Cypress District's Plan

- Plan for the worst and hope for the best...again!!!
- We will need a contingency plan in the event the Governor's tax initiative fails
  - Contingency plans must be realistic and ready for timely implementation if necessary!
- It is expected that school districts maintain “best fiscal practices”

# District's Budget Priorities



# Proposed Budget Contingency

- Staff to develop proposed 2012/13 Budget & a Budget Contingency Plan
  - This may include input by a Budget Advisory Committee
  - To be shared with both employee groups for feedback
- Contingency Plan may include (but not limited to):
  - Utilization of one time monies and unspent revenues
  - Possible need for furlough days in 2012/13 & 2013/14; (has to be negotiated)
  - Other expenditure reduction / revenue creation recommendations

# Other Considerations...

- Continued Support needed of the Instructional Program
- Health Benefits
  - How much will future costs be increased
- Step & Column
  - Cost for both Certificated & Classified salaries
- Declining Enrollment
- Cash Flow Management
- Transitional Kinder Program
- Transportation Program

# Timeline

DATE	DESCRIPTION
Jan. 5 <sup>th</sup>	Governor Brown released his budget proposal for 2012-13 fiscal year
Feb. 9 <sup>th</sup>	A Budget Report is presented to Board of Trustees, along with a timeline and process for a proposed Budget Contingency Plan
Feb. 10 <sup>th</sup> – Mar. 8 <sup>th</sup>	Staff to develop a proposed Budget and a Budget Contingency Plan
Late Feb.	Proposed Budget and Budget Contingency Plan will be shared with employee groups for feedback
Mar. 8 <sup>th</sup>	The Board of Trustees will approve the 2011-12 Second Interim Report
March – June	<ul style="list-style-type: none"> <li>• Possible development of a Budget Advisory Committee</li> <li>• Negotiations with both Association groups</li> </ul>
May 14 <sup>th</sup>	The Governor releases the May Revise
June 14 <sup>th</sup>	The Board of Trustees will approve the 2012-13 Budget and Budget Contingency Plan, with update from the Governor's May Revise



Questions???