

NEW HAVEN UNIFIED SCHOOL DISTRICT

BUDGET ANALYSIS *FACING FISCAL PRESSURES/CHALLENGES*

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WHAT IS THE CURRENT ENVIRONMENT?

- **Economic Uncertainty**
- **High Unemployment**
- **State's Structural Imbalance**
- **Lack of Federal Funding for the future years**
- **Inadequate funding and budget reductions**
- **Increase in Health and Welfare Costs**
- **Unfunded Mandates to include under-funding of programs like Transportation and Special Education**
- **Increase in Post Employment Benefits and other costs**

OVERVIEW

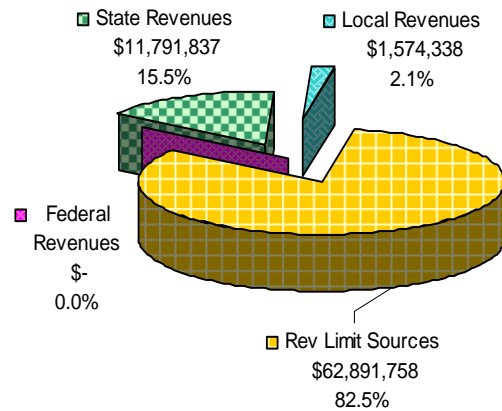
- What has changed with NHUSD's budget?
 - Unrestricted, Federal and State
- Provide Ideas/Strategies to make most of the change.
- By change we mean school districts have less funds today and will see a reduction in funds in 2011-12 and 2012-13.

Budget is everyone's responsibility!

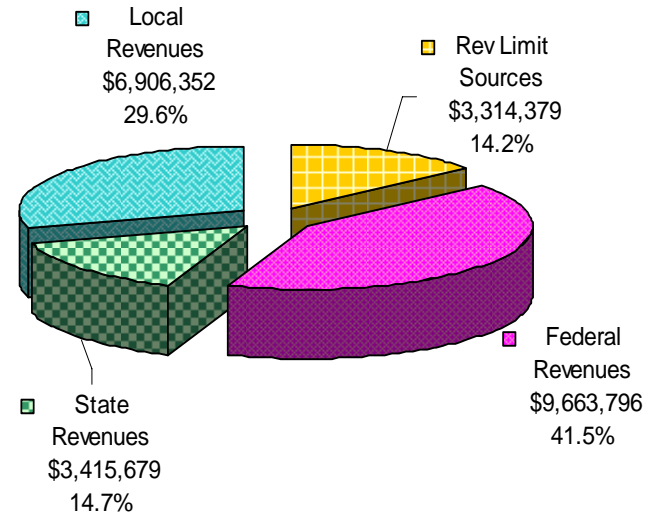
Revenues – Unrestricted and Restricted

2010-11

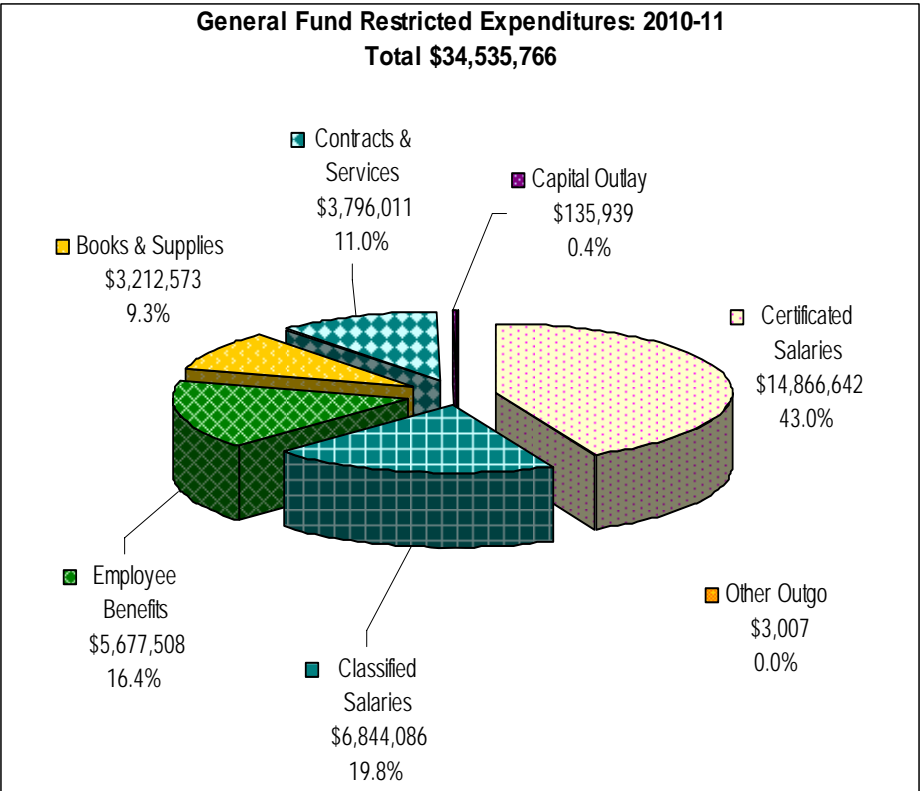
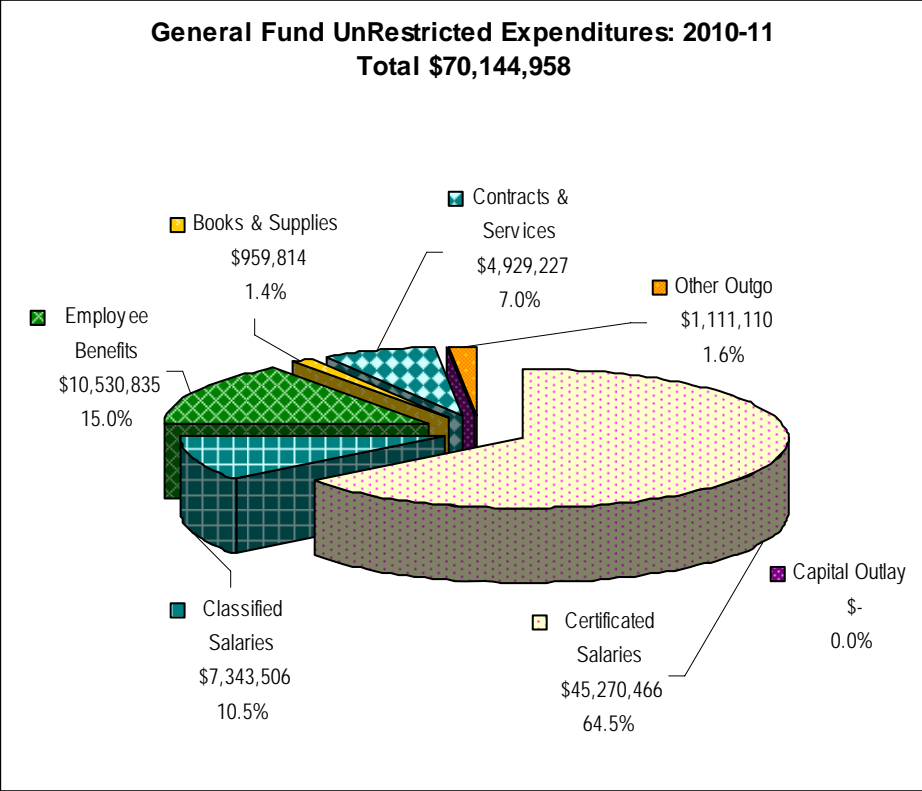
General Fund UnRestricted Revenues: 2010-11
Total \$76,257,933



General Fund Restricted Revenues: 2010-11
Total \$23,300,206



Expenditures – Unrestricted and Restricted 2010-11



REVENUES vs. EXPENDITURES

MULTI-YEAR

	First Interim 2010-11	MYP 2011-12	MYP 2012-13
Revenue	99,558,139	96,152,252	100,023,714
Expenditure	104,563,992	98,262,720	99,607,057
Excess (Deficiency) of Revenues Over Expenses	(5,005,853)	(2,110,468)	416,657
Other Financing Sources	3,248,418	715,000	(30,000)
Net Increase (Decrease) in in Fund Balance	(1,757,435)	(1,395,468)	386,657
Beginning Fund Balance	6,101,684	4,344,249	2,948,781
Ending Fund Balance	\$4,344,249	\$2,948,781	\$3,335,438

FISCAL PRESSURES

WHY DOES NHUSD HAVE FISCAL PROBLEMS?

LOSS OF REVENUES COLA & DEFICIT FACTOR

- State's structural imbalance has negative impact on multi-year projections.
- Probable for schools to remain under resources because of lack of additional funding and cuts already made to the school districts.

	<u>Fiscal Year</u> <u>2008-09</u>	<u>Fiscal Year</u> <u>2009-10</u>	<u>Fiscal Year</u> <u>2010-11</u>
COLA	\$329.00	\$261.00	(\$24.00)
RL Per ADA (Should be)	\$6,120.58	\$6,381.58	\$6,357.58
Funded RL per ADA	\$5,640.48	\$5,210.24	\$5,215.57
Difference per ADA (deficit factor)	(\$480.10)	(\$1,171.34)	(\$1,142.01)
Projected P2 ADA	\$12,447.59	\$12,439.88	\$12,443.83
Total Loss	(\$5,976,087.96)	(\$14,571,329.04)	(\$14,210,978.30)

LOSS OF REVENUES MITIGATION FEES

- NHUSD's dependence on mitigation funds (a structural imbalance) has created a bigger gap in the out year's budgets. No additional funds are available to fill gaps. All district fiscal needs will be from General Funds.

	Fiscal year <u>2008-09</u>	Fiscal Year <u>2009-10</u>	Fiscal Year <u>2010-11</u>	Fiscal Year <u>2011-12</u>
Fund 25 Transfer to Unrestricted General Fund	\$1,574,992	\$1,370,706	\$3,200,418	\$745,000

LOSS OF REVENUES FEDERAL FUNDS

- Loss of one-time federal funds of \$2.4 million Jobs Bill – HR 1586
- Loss of ARRA funds that were utilized in 2010-11: \$619,000

COST INCREASES HEALTH & WELFARE

Current 3-year projection does not include future cost increase: health and welfare increase of 6% has been forecasted. If the increase is higher the district will have to make other budget reprioritizations.

	<u>Health & Welfare Cost Increases:</u> <u>For 2011-12</u>		
	<u>Estimate</u> <u>@ 6%</u>	<u>Estimate</u> <u>@ 8%</u>	<u>Estimate</u> <u>@ 10%</u>
Classified	\$211,207	\$281,610	\$353,012
Certificated & Management	\$600,000	\$800,000	\$1,000,000
Total	\$811,207	\$1,081,610	\$1,353,012

ENCROACHMENT PROGRAMS

- Under-funding of special programs like Special Education Transportation, Special Education Instructional Program, Continuing Education, and others is likely to increase encroachments.
- For 2010-11, contribution from Unrestricted General Fund to these programs is estimated at \$8.1 million.

REVENUE LOSS AND EXPENDITURE INCREASES

COLA & Deficit Factor Loss	\$14.0 million
Mitigation Fee Loss	\$ 2.5 million
HR 1586 – One time Jobs funds	\$ 2.4 million
Health & Welfare Increase	\$811,207 (<i>6% increase</i>)
Step & Column Cost	\$712,427
Encroachment Programs	\$ 8.1 million

Due to these revenue reductions and expenditure increases, the district is forced to propose the reductions for 2011-12 and 2012-13.

CHALLENGES AHEAD

OUR STRATEGIES/PROPOSED
REDUCTIONS TO BALANCE THE BUDGET

Budget/Expenditure Freeze

- Staff is recommending a freeze of non-essential expenditures for the remainder of current year 2010-11.
- Savings realized from this initiative will reduce the intensity of the reductions in the future.
- All non-salary expenditures (object 4000 to 6000) and personal service expenditures like overtime, new hires to be charged against General Fund, will become a part of the freeze.

Budget/Expenditure Freeze

The following are examples of transactions that are recommended to be frozen in 2010-11:

- New positions.
 - Vacant positions remain vacant.
 - Classified overtime.
 - Consultant Services.
 - Non-instructional related equipment and furniture.
 - Non-instructional magazine and newsletter subscriptions.
 - Non-instructional computer software and equipment.
 - Non-instructional supplies.
 - Travel and Conferences.
 - Organizational memberships.
 - Out-of-class differentials.
 - Budget transfers to or from non-instructional objects.
 - Staff development activities.
 - Food purchases for meetings.
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PROPOSED REDUCTIONS

Fiscal Year 2011-12

	FTE	<u>2011-12</u>
K-3 Class Size Reduction (30:1)		1,497,750
5 Furlough Days - All Employees		1,779,227
Media Specialists in Tier III		322,646
Transportation (restricted funds - reduces unrestricted contribution)		400,000
Curriculum Implementation funds allocation \$13/student		163,254
Site based decisionmaking \$2/student		18,684
Business Office Restructure		60,000
Stipends and Release Periods for Co-Curricular/Extra Curricular		350,000
Counselors	4	350,000
TOTAL REDUCTIONS REQUIRED TO MEET 3% RESERVE		\$ 4,941,561

PROPOSED REDUCTIONS:

Fiscal Year 2012-13

	<u>2012-13</u>
3 Furlough Days - All Employees	1,057,290

Next Steps

- Stay informed via State of CA, School Services of California, California Association of School Business Officials and other organizations.
- Adjust budgets to reflect State actions and flow them into future year budget projections.
- Analysis and adjustment of current and future budgets based on State actions, economy.
- Provide updates to the Board at periodic intervals and during the Second Interim reporting periods.
- Start Negotiations with NHTA and CSEA on the future strategies and/or initiatives required for fiscal stability.
- Staff will continue to refine assumptions and highlight changes during the next few months.

Editorial/Final Thoughts

- Mid-year reductions would be devastating to our district.
- Budget is everyone's responsibility.
- Doing business as usual is not possible.
- Every dollar saved today multiplies.
- All stake holders must sync together to solve the budget morass.