



# San Francisco Unified School District

Budget Presentation

January 26, 2010

# SFUSD Budget Update

- When we presented the district's budget to you in November, 2009, the assumptions used to develop our multi-year projections were based on cost-of-living-adjustments (COLA) and revenue limit deficit projections at the time of the August revisions to the state enacted budget.
- At that time, we were projecting a fund balance deficit (surplus of revenue over expenditures and designated reserves) of \$33.6 million in 2010-11, and growing to \$83.4 million in 2011-12.

# FUND 01 – UNRESTRICTED GENERAL FUND

## MULTIYEAR PROJECTIONS

(\$000's)

	FY 2009-10	FY 2010-11	FY 2011-12
	TOTAL	TOTAL	TOTAL
<b>A. REVENUES</b>			
Revenue Limit	241,487	254,879	260,748
Federal	34,847	529	529
State	83,580	83,580	83,580
Local	34,425	34,425	34,425
Rainy Day Reserve	24,600	6,000	-
Total Revenues	418,939	379,413	379,282
<b>B. TOTAL EXP &amp; OTHER FINANCNG SOURCES/USES</b>	429,099	429,099	429,099
<b>C. NET INCR/(DECR) IN FUND BAL (A-B)</b>	(10,160)	(49,686)	(49,817)
<b>D. BEGINNING FUND BALANCE (est a/o 07/01)</b>	42,019	31,859	(17,826)
<b>E. ENDING FUND BALANCE (est. a/o 06/31) C+D</b>	31,859	(17,826)	(67,643)
<b>F. DESIGNATED RESERVES</b>	(15,800)	(15,800)	(15,800)
<b>G. UNDESIGNATED FUND BALANCE</b>	16,059	(33,626)	(83,443)

# California State Budget Update

- Subsequent to the adoption of the California state budget, the state has projected an increased deterioration in revenues that will result in a \$20+ billion budget deficit - \$6.3 billion for the current year (2009-10) and \$14.4 billion for 2010-11 - that needs to be addressed between now and the enactment of the 2010-11 State Budget.

# Governor's January Proposed Budget

- The Governor announced his preliminary proposal for the 2010-11 state budget recently on January 8, 2010 and his proposal includes revisions to the 2009-10 state Budget as well as new proposals for 2010-11 intended to close the \$20 + billion budget gap for 2009-10 and 2010-11.
- Despite the Governor's proclamation that his proposed budget "protects education" from further cuts, school districts will certainly face additional cuts.

# Governor's January Proposed Budget

(cont.)

- COLA
  - Unlike the current budget year which does not include funding in the state budget for a cost-of-living adjustment, the governor proposes to fully fund the statutory COLA in 2010-11. Unfortunately, this COLA is projected at a negative 0.38%, which will actually reduce school districts' revenue limit by this factor.
- Deficit Factor
  - The deficit factor applied to school districts' revenue limit, currently at 18.355%, will remain unchanged for 2010-11. In other words, school districts will continue to receive only 81.65 cents of every dollar owed to them under the state's funding formula.

# Governor's January Proposed Budget

(cont.)

- Ongoing Revenue Limit Reductions
  - In addition to the deficit factor, the Governor is proposing ongoing cuts of \$1.5 billion targeted at reducing “school-district administrative costs” and recaptured savings from “the elimination of barriers to contracting out”.

# Impact on SFUSD's Multi-Year Budget Projections

- The combined impact of the lower projected statutory COLA plus the \$1.5 billion cuts to revenue limit is \$225 per ADA

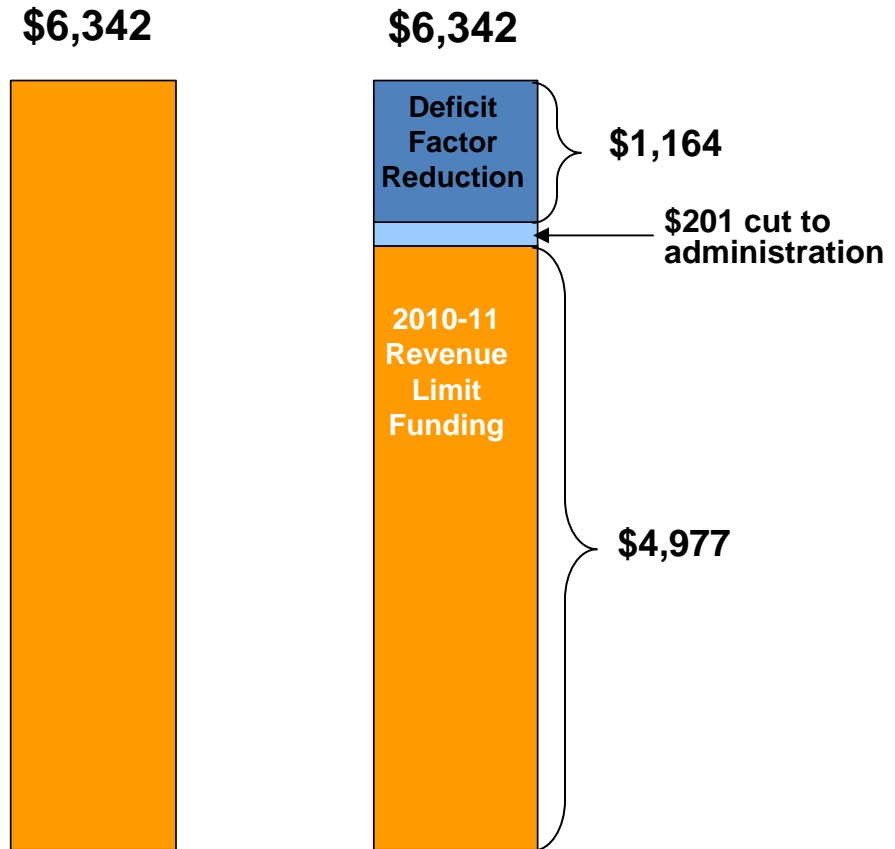


# 2010-11 Deficit Applied plus Cut

- Apply the 2010-11 deficit of 18.355% to SFUSD's undeficit revenue limit of \$6,342 per ADA
- Reduce the revenue limit for \$201 per ADA administrative and contracting out savings

## For SFUSD

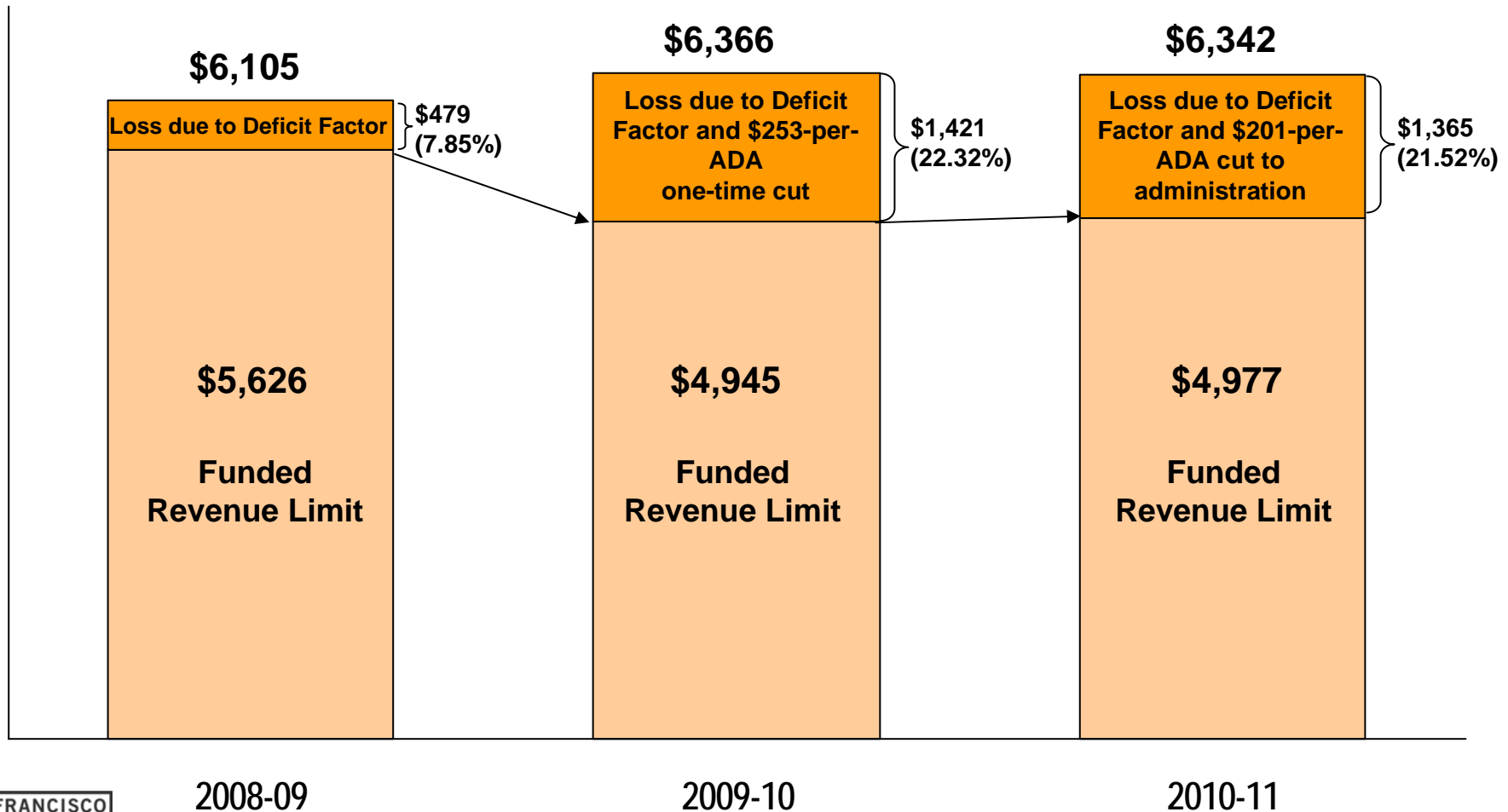
$$\begin{aligned}
 &\text{Funded Revenue Limit} \\
 &= \$6,342 \times (1 - .18355) - \$201 \\
 &= \$6,342 \times 0.81645 - \$201 \\
 &= \$5,178 - \$201 \\
 &= \$4,977
 \end{aligned}$$



2010-11 Revenue Limit  
Before Deficit

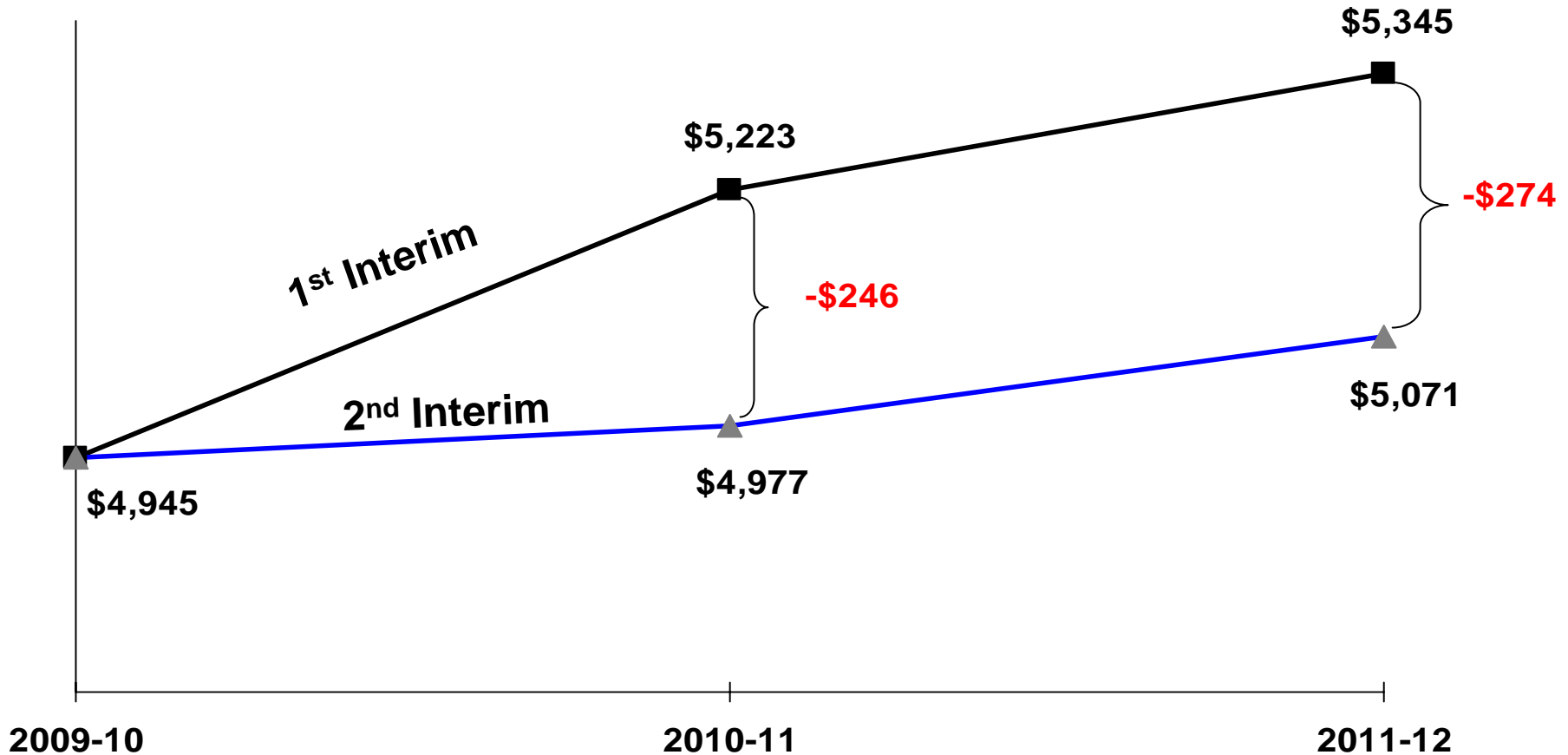
2010-11 Revenue Limit  
After Deficit and Cut

# Funded Revenue Limit per ADA 2008-09, 2009-10 & 2010-11



# Revenue Limit per ADA

## 2009-10 1st Interim vs. 2nd Interim Revenues



# FUND 01 – UNRESTRICTED GENERAL FUND

## REVISED MULTIYEAR PROJECTIONS

(\$000's)

	FY 2009-10	FY 2010-11	FY 2011-12
	TOTAL	TOTAL	TOTAL
<b>A. REVENUES</b>			
Revenue Limit <sup>1</sup>	241,487	242,475	250,889
Federal	27,147	529	529
State	83,580	83,580	83,580
Local	34,425	34,425	34,425
Rainy Day Reserve	24,600	6,000	-
Total Revenues	411,239	367,009	369,423
<b>B. TOTAL EXP &amp; OTHER FINANCNG SOURCES/USES</b>	429,099	429,099	429,099
<b>C. NET INCR/(DECR) IN FUND BAL (A-B)</b>	(17,860)	(62,090)	(59,676)
<b>D. BEGINNING FUND BALANCE (est a/o 07/01)</b>	42,019	24,159	(37,930)
<b>E. ENDING FUND BALANCE (est. a/o 06/31) C+D</b>	24,159	(37,930)	(97,606)
<b>F. DESIGNATED RESERVES</b>	(15,800)	(15,800)	(15,800)
<b>G. UNDESIGNATED FUND BALANCE</b>	8,359	(53,730)	(113,406)

<sup>1</sup> Based on Governor's January Proposed Budget

# Draft Solutions - Summary (\$millions)

	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>Total</b>
Tier 3 / PEEF 3 <sup>rd</sup> 3 <sup>rd</sup> / Central UGF	\$2.000	\$21.750	\$21.750	\$45.500
Apply 50% of FY 2008-09 Prop A Revenue	0.000	7.500	7.500	15.000
Reduce Summer School	1.200	1.700	1.700	4.600
Reduce Transportation	0.000	1.250	1.250	2.500
Higher FY 2008-09 Ending Fund Balance	1.524	0.000	0.000	1.524
Labor Contract Savings	0.000	22.140	22.140	44.282
<b>Total</b>	<b>\$4.724</b>	<b>\$54.341</b>	<b>\$54.341</b>	<b>\$113.406</b>

# Tier 3 / PEEF 3<sup>rd</sup> 3<sup>rd</sup> / UGF (\$millions)

	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>Total</b>
Tier 3 (Additional) Flexibility	\$1.000	\$15.946	\$15.946	\$32.892
PEEF 3 <sup>rd</sup> 3 <sup>rd</sup> (i.e., "Other General Uses")	0.000	1.589	1.589	3.178
Unrestricted General Fund	0.000	3.215	3.215	6.430
Additional Indirect Costs (from Prop A, Parcel Tax)	1.000	1.000	1.000	3.000
<b>Total</b>	<b>\$2.000</b>	<b>\$21.750</b>	<b>21.750</b>	<b>\$45.500</b>

Note: Figures are in addition to assumptions previously scored in prior forecast of \$83 million shortfall.

# Tier 3 Program Reductions (\$millions)

	FY 09-10	FY 10-11	FY 11-12	Total
Deferred Maintenance	\$0.000	\$0.500	\$0.500	\$1.000
PE Teacher Incentive Program	0.000	0.789	0.803	1.592
Alternative Certification	0.000	0.100	0.100	0.200
Community-Based English Tutoring	0.000	0.384	0.384	0.768
School Safety & Violence Prevention	0.000	0.527	0.527	1.054
Arts and Music Block Grant (Ongoing)	0.000	0.680	0.680	1.359
CA High School Exit Exam	0.000	0.029	0.029	0.059
Supplemental Counseling	0.000	1.507	1.507	3.013
Gifted & Talented	0.000	0.112	0.112	0.224
Certificated Staff Mentoring	0.000	0.100	0.100	0.201
Staff Development – Math & Reading	0.000	0.589	0.589	1.147

Note: Figures are in addition to assumptions previously scored in prior forecast of \$83 million shortfall.

# Tier 3 Program Reductions (cont.) (\$millions)

	FY 09-10	FY 10-11	FY 11-12	Total
Pupil Retention Block Grant	\$0.000	\$0.544	\$0.544	\$1.090
Teacher Credentialing Block Grant (BTSA)	0.000	0.589	0.589	1.179
Targeted Instructional Improvement Block Grant (see details)	1.000	5.998	5.998	12.996
School and Library Improvement Block Grant	0.000	0.345	0.000	0.345
To Be Determined ***	0.000	3.167	3.498	6.665
<b>Total</b>	<b>\$1.000</b>	<b>\$15.946</b>	<b>\$15.946</b>	<b>\$32.892</b>

Note: Figures are in addition to assumptions previously scored in prior forecast of \$83 million shortfall.



# TIIBG Reductions (\$millions)

	FY 09-10	FY 10-11	FY 11-12	Total
Direct School Allocations ▪ Reduce allocations at schools with fewest underserved students	\$0.000	\$2.153	\$2.153	\$4.306
STAR / Dream Support ▪ Exit up to [8] schools from STAR program	0.000	1.977	1.977	3.954
Other Centralized Services	0.000	1.300	1.300	2.600
Other / To Be Determined ***	1.000	0.568	0.568	2.135
<b>Total</b>	<b>\$1.000</b>	<b>\$5.998</b>	<b>\$5.998</b>	<b>\$12.996</b>

Note: TIIBG was assumed to exceed Tier 3 appropriations by \$3.658 million annually in prior forecast of \$83 million shortfall.

\*\*\* Additional reductions totaling \$8.8 million over two years have still to be identified

# Labor Contract Savings (\$millions)

## (Requiring Negotiations)

	FY 09-10	FY 10-11	FY 11-12	Total
Suspend Sabbaticals (UASF / UESF)	\$0.000	\$2.000	\$2.000	\$4.000
Freeze Step & Column (All Employees)	0.000	5.750	5.750	11.500
Replace Staff Development Days w/Prop A PD Hours (UESF)	0.000	3.500	3.500	7.000
Furloughs (2 Days per year) (All Employees)	0.000	4.500	4.500	9.000
K-3 Class Size to 25 (Temporary Increase for 2 years)	0.000	4.000	4.000	8.000
Other (Additional Furloughs, AP Prep, Department Heads, Other Prop A \$)	0.000	2.390	2.390	4.781
<b>Total</b>	<b>\$0.000</b>	<b>\$22.140</b>	<b>\$22.140</b>	<b>\$44.282</b>

# What Can We Do?

- Immediately freeze all unfilled positions and non-personnel expenditure unless essential or critical
- Pursue a local parcel tax
- Sue the State for adequate funding
- State advocacy – legislators and the Governor

# Next Steps / Timeline

Feb. 9	Provide more information about proposed solutions
Feb. 23	Superintendent present tentative budget decisions for Board of Education action
Feb.-March	Collective bargaining, preliminary school budget allocations
May	Governor's May Revise
May – June	Superintendent's recommended budget revised based on updated projections
June	Board of Education adopts budget for FY 2010-2011