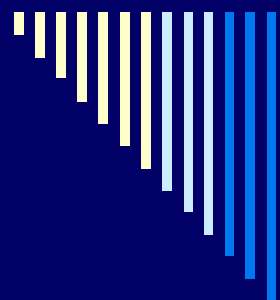


Cotati-Rohnert Park USD

Budget Stabilization 2009-2015



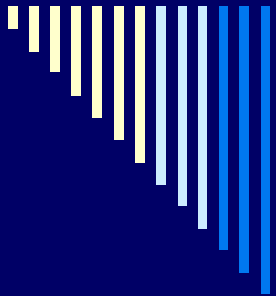
Some Quick Facts

- District's projected General Fund revenue for 2008/2009 as of October 31, 2008 -- \$52,359,881
- Source of our revenues:
 - State of California 87%
 - Local Funding 7%
 - Federal Funding 6%



Some Quick Facts

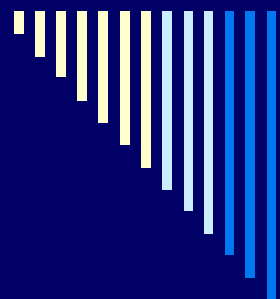
- The District had an Unrestricted General Fund operating deficit of \$876,790 in 2007/2008;
 - At First Interim, our 2008/2009 annual operating deficit, minus the one-time funds transfer of mandated cost revenue, was projected to be \$1,934,208;
 - At First Interim, our ending unrestricted general fund balance was projected to be \$1,853,351 as of June 30, 2009.
-



Some Quick Facts

□ How do we compare at \$1.8M:

■ Santa Rosa	\$10.7M	14,693	ADA	\$729
■ Petaluma	\$7.3M	7,444	ADA	\$983
■ CRPUSD	\$1.8M	6,399	ADA	\$290
■ Windsor	\$2.2M	5,069	ADA	\$426
■ Sonoma Vly	\$3.6M	4,226	ADA	\$852
■ West SCH	\$.9M	2,281	ADA	\$406
■ Healdsburg	\$.8M	2,049	ADA	\$379



Some Quick Facts

- Why are we fiscally “on the edge”
Declining Enrollment
 - From 2000-2007, change in enrollment:

□ Santa Rosa	down	8%
□ Petaluma	down	4%
□ CRPUSD	down	15%
□ Sonoma Vly	down	6%
□ Windsor	up	28%



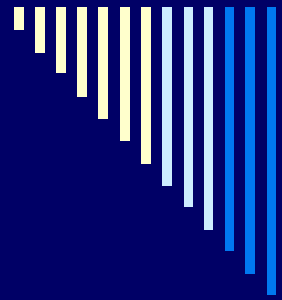
Some Quick Facts

- Why are we fiscally “on the edge”

Lower Revenue Limit Funding

- Percentage Variance based on County Office of Education Data

□ Santa Rosa HS - \$6,375	ES - \$5,298
□ Petaluma HS - \$6,341	ES - \$5,287
□ Windsor Unified	\$5,547
□ Sonoma Unified	\$5,539
□ CRPUSD	\$5,526



Critical Issues Facing the District

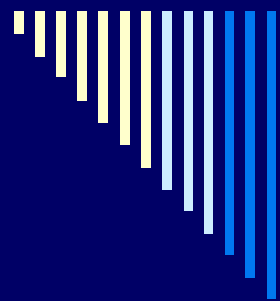
Part One:

- (A) Cash crisis – current year deferrals;
- (B) Enrollment;
- (C) Funding of maintenance department
(Routine Restricted Maintenance Acct.)

Part Two:

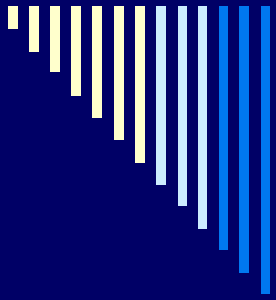
Addressing State funding collapse-

Impact of the Governor's proposed budget solutions on CRPUSD



Cash flow issues – 2008/2009

- At First Interim, general fund **cash balances** were projected to be negative \$468k by June 30, 2009;
- District addressing that issue via revenue transfer from closed Sonoma health care Trust and current year expenditure reductions and freezes;
- Deferrals of apportionments later in the year will force District to borrow from other District funds to cover June and possibly May payroll obligations. Borrowed funds will need to be paid back in 2009/2010.

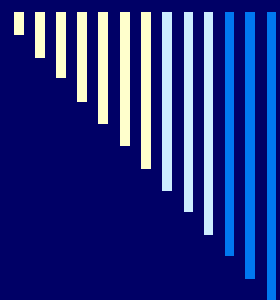


Enrollment Projections

□ Continued decline in enrollment:

■ K-5	08/09-2,806	14/15-2,575	-8%
■ 6-8	08/09-1,538	14/15-1,398	-8%
■ 9-12	08/09-2,043	14/15-1,638	-20%

□ **TOTALS** **6,387** **5,611 (776) -12%**



Lower Enrollment = Decreased Revenue

□ Projected Revenue impact AFTER offset for decreased certificated teaching staff:

- 09/10 est. <\$327,356>
- 10/11 est. <\$201,738>
- 11/12 est. <\$166,376>
- 12/13 est. <\$188,647>
- 13/14 est. <\$208,297>
- 14/15 est. <\$ 92,016>



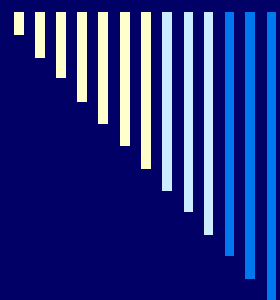
Maintenance Funding

- District has for several years utilized General Obligation bond interest to fund about 75% of the RRMA budget;
 - The funding level of the RRMA budget is determined by law;
 - Current year budget \$ 1,798,727
 - Funded with \$143,727 carryover funds
 - \$418,000 Redevelopment Funds
 - \$1,237,000 Building Funds (Bond Interest)
-



Maintenance Funding

- Maintaining 3% RRMA contribution \$1,600,000:
 - ½ of 1 percent or approx. \$266,672 for Capital Projects in Deferred Maintenance from Building Fund;
 - 2 ½ percent or approx. \$1,333,328 for Maintenance Department:
 - Approx. \$450,000 from Redevelopment Fund
 - Approx. \$883,328 from unrestricted general fund (ongoing increase in Fund 1 expense).



Part One – Summary

- To address the continued enrollment decline and routine maintenance funding requirements, the Board has been directed by the County Office of Education to make the needed structural changes in the unrestricted general fund to prevent the pending insolvency of the District.



Staff Recommendations for Ongoing Budget Stability

- Reduce unrestricted general fund expenditures and/or categorical encroachments and/or increase unrestricted revenues by at least \$3.7M for all future school year budgets, beginning in 2009/2010:
 - \$200k for declining enrollment;
 - \$880k for routine maintenance accounts;
 - \$1.5M to offset loss of one-time mandated cost revenue;
 - \$700k to offset current deficit budget model and address 0% COLA;
 - \$430k to service contract driven salary increases (step and column)



Part Two -- Impacts of a \$42 Billion State shortfall....

- ❑ State budget approved on September 23, 2008 is no longer applicable for any meaningful budget discussion;
 - ❑ Cuts to education for the current year and next year are unavoidable;
 - ❑ School districts, per direction from their County Offices of Education, are planning now based on the January Governor's proposals.
-



Planning for Revenue Reductions in 08/09 and 09/10

- \$1,680,029 reduction in the current year;
 - From \$5,779 to \$5,516 <\$263> per ADA
 - \$ 840,928 additional reductions for next year;
 - From \$5,516 to \$5,380 <\$136> per ADA
 - \$2,520,957 in ongoing reductions;
 - Loss of approx \$400 per ADA, in addition to the loss of \$41 in 08/09 revenue limit funding.

 - This is the current proposal from the Governor as of January 27, 2009...State leaders may modify how these reductions are structured as circumstances change.
-



In Summary - Timelines

- ❑ The Board must reduce the 08/09 budget by approx. \$2.4M;
- ❑ In 09/10, the Board's approved ongoing budget will need to be \$6.2M less than the current operating budget;
- ❑ Before February 15, the Board must take significant action regarding the current year budget or risk negative budget certification from the County Office of Education;
- ❑ Before March 15th, absent any change in the current law, the Board must act on certificated layoffs for the 09/10 school year;
- ❑ The Board can address the totality of the budget crisis unilaterally with program and position eliminations;
- ❑ Alternatively, the Board could take action in collaboration with our various bargaining units, thereby reducing the magnitude of job cuts and program reductions.



Ever Changing Scenarios

- When received and confirmed, updated funding information will be shared with the Board and the community;
 - The impacts of any additional Federal funds has not been factored into these projections as we know too little to make any assumptions at this time;
 - Staff recommended position eliminations approved by the Board can be modified or reversed before the final approval of the District budget in late June.
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