

# CRPUSD 2007-2008 SECOND INTERIM REPORT

2007-2008 BUDGET UPDATE  
PLANNING FOR A STATE FISCAL  
CRISIS IN 2008 AND BEYOND

# EDUCATION CODE 42131

- What is an Interim Certification –
  - The Governing Board of the District certifies the following – *“...that based on upon the current projections this district (CRPUSD) will meet its financial obligations for the current fiscal year and subsequent two fiscal years.”*

# MEET FINANCIAL OBLIGATIONS?

- *Make* payroll, pay medical premiums  
\$3,525,000 per month;
- *Manage* our cash flow – don't run out of  
actual dollars in the bank;
- *Maintain* minimum required 3% reserve  
levels - \$1,779,165

# CURRENT YEAR BUDGET AS OF JANUARY 31, 2008

- Unrestricted General Fund Projected Revenues as of June 30, 2008:
  - \$36,093,449, change from 1<sup>st</sup> Interim
    - Decrease (\$178,354)
- Unrestricted General Fund Projected Expenditures/Transfers/Contributions as of June 30, 2008:
  - \$37,342,930 – change from 1<sup>st</sup> Interim
    - Decrease (\$193,662)

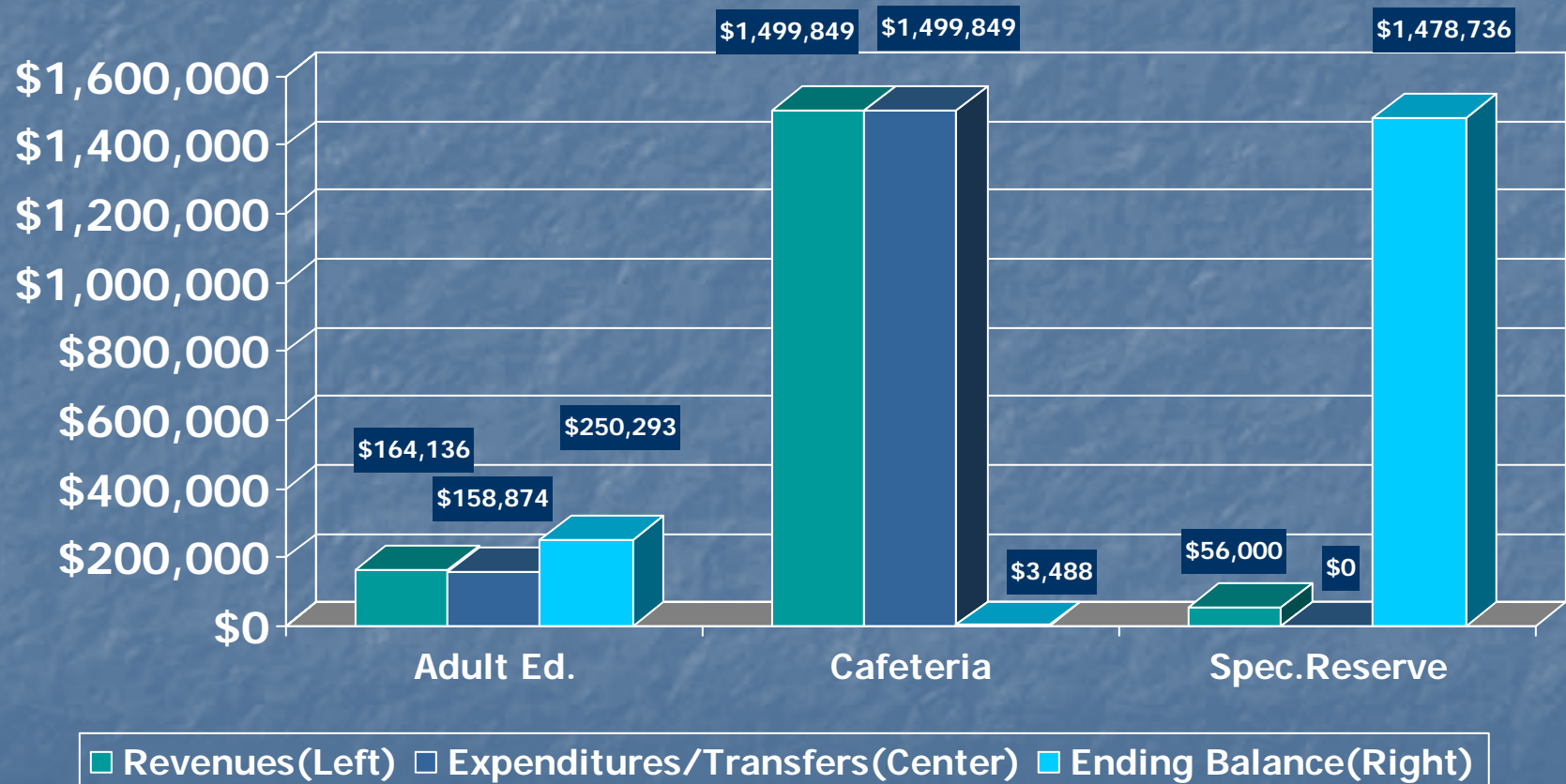
# UNRESTRICTED GENERAL FUND PROJECTED FUND BALANCE AND RESERVE LEVELS

- Minimum reserve level required (3%):
  - \$1,779,165
- Projected ending fund balance as of 06/30/08:
  - \$1,911,233
- Undesignated amount - \$127,068
  - Unallocated balance is a component of the 2008-2009 beginning balance for our required multi-year projections.

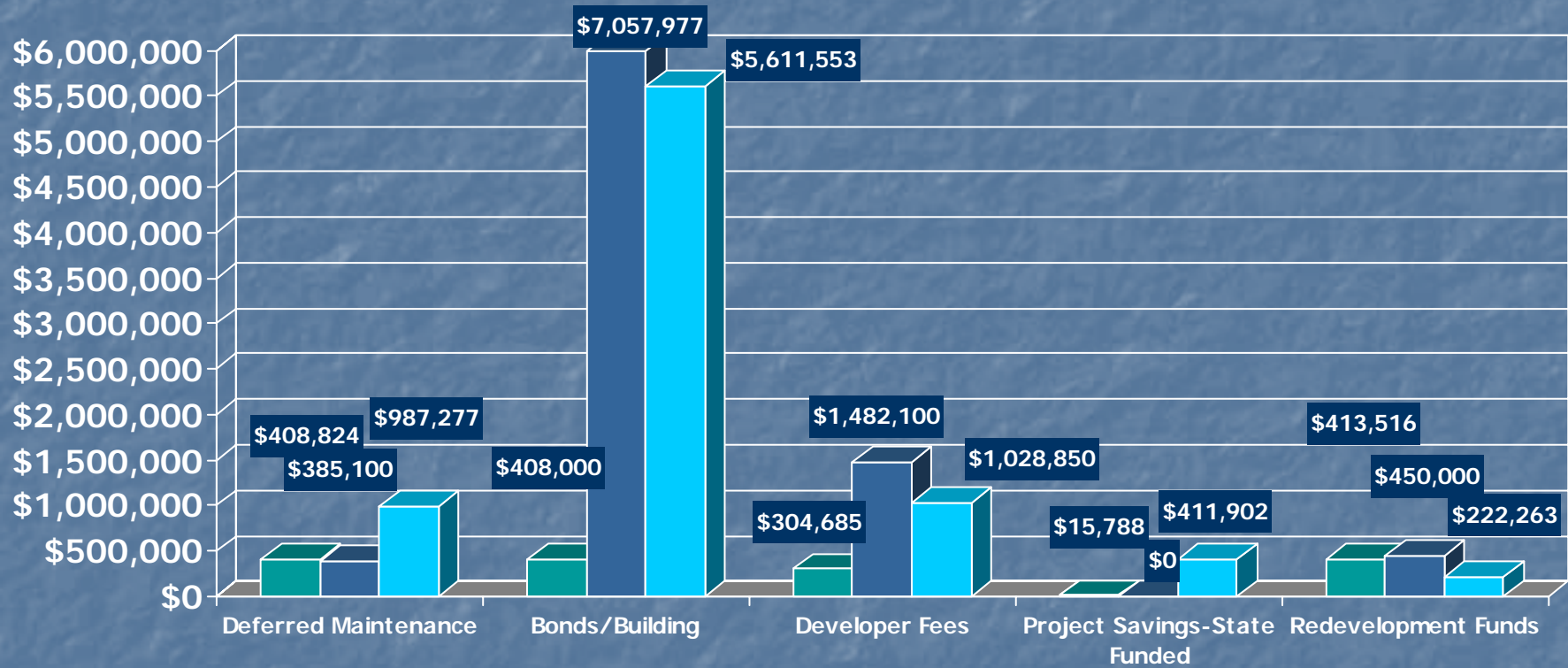
# RESTRICTED GENERAL FUND – CATEGORICAL PROGRAMS

- Projected Revenues/Contributions/Transfers In as of June 30, 2008:
  - \$19,166,302 – change from 1<sup>st</sup> Interim:
    - Increase \$404,626
- Projected Expenditures as of June 30, 2008:
  - \$21,962,404
    - Increase \$404,782
- At 2<sup>nd</sup> Interim, we historically project that all categorical funds will be completely expended – however, at the time of budget adoption in June, these expenditures will be adjusted in anticipation of lower expenditures in the current year.

# OTHER FUNDS – NON CONSTRUCTION-MAINTENANCE



# OTHER FUNDS – CONSTRUCTION- MAINTENANCE-FACILITIES



■ Revenues(Left) 
 ■ Expenditures/Transfers(Center) 
 ■ Ending Balance(Right)

# CALIFORNIA BUDGET CRISIS

- On January 5<sup>th</sup>, Gov. Arnold Schwarzenegger proposed 10% across-the-board cuts to the state budget to address a \$14 billion shortfall;
- Since that time, the estimated budget shortfall has grown to \$16 billion;
- The K-14 portion of these cuts is estimated to be over \$4.8 billion;
- CRPUSD's portion is currently estimated at over \$1.4 million for next year.....

# MULTI-YEAR PROJECTIONS

- Our District is projecting a loss of “per ADA revenue” of \$138 – this reduction comes directly from our unrestricted general fund operating budget (\$910,831);
- Our State funded categorical programs, including Special Education and Transportation, are expected to be cut at least 6.5% -some may be eliminated (\$493,318)

# K-12 IMPACTS ACROSS THE STATE

- Elimination of the following:
  - Libraries;
  - Nurses;
  - Athletic programs;
  - Music programs;
  - Counseling;
  - K-3 and 9<sup>th</sup> Grade Class Size Reduction;
  - Transportation (Athletic, Field Trips, Home to School)
  - Custodians;
  - Office support staff;
  - Administration (site level and district-wide)

# K-12 IMPACTS ACROSS THE STATE

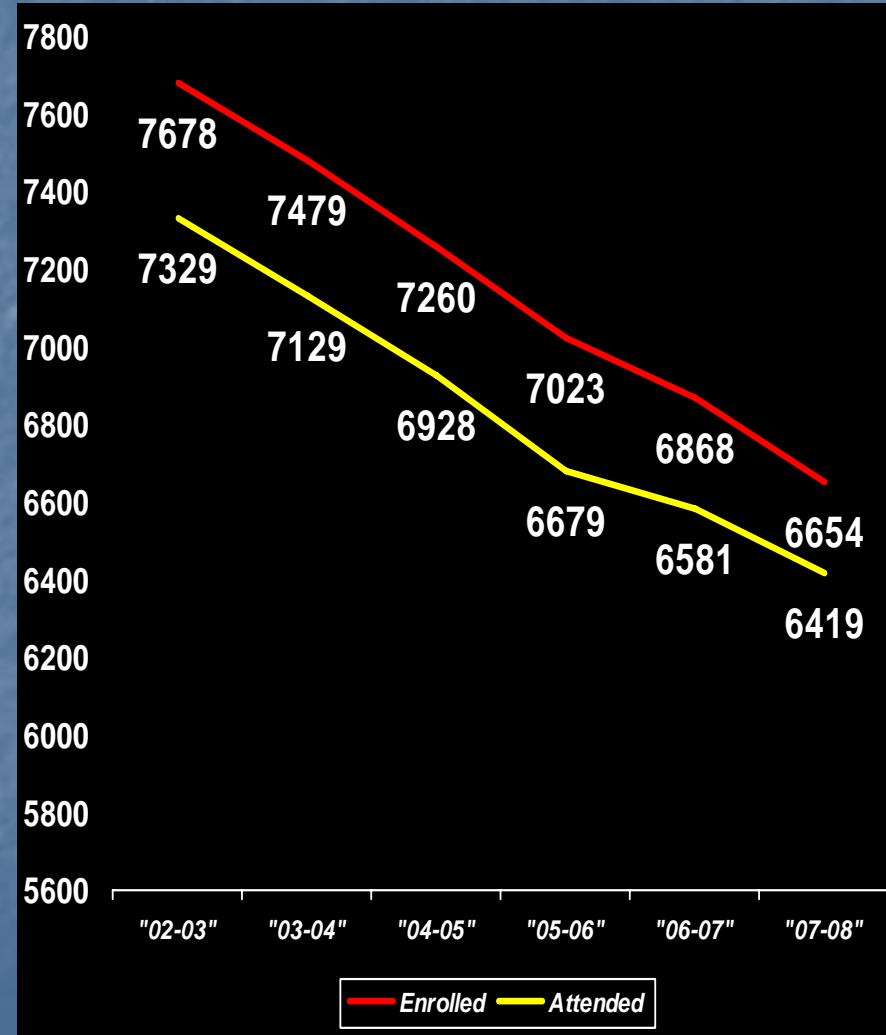
- Increased class sizes (layoff of teaching staff);
- Rollback of employee compensation;
- Closure of school sites.

Given that CRPUSD will close two schools at the end of the current school year, do we still have to make budget cuts?????

# CRPUSD Average Daily Attendance

## Declines = Fiscal Constraints

- Average Daily Attendance has declined by 12.40% over the last six years;
- Enrollment “drives” attendance – ADA “drives” funding;
- Enrollment projections continue to forecast substantial declines with only temporary stabilization around 2011-2012;
- 08-09 projected loss due to decline in ADA (\$1,037,775)



# OTHER CONTRACTUAL BUDGET OBLIGATIONS

- Employee health and welfare benefits:
  - Current Monthly Cost to District: \$569,892
  - Projected Monthly Cost in 08-09: \$625,375
  - Increased impact on General Fund:  
\$665,796 (assumes 15% increase)

# OTHER CONTRACTUAL BUDGET OBLIGATIONS

- Maintenance of Salary Schedules (Step and Column Increases)
  - Projected Monthly Cost in 08-09: \$34,914
  - Increased impact on General Fund:  
\$418,963

# 2008-2009 BUDGET PLANNING

- Employee Salaries (step and column increases): \$418,963
- Employee Health Benefits: \$665,796
- Declining Enrollment: \$1,037,775
- Governor's Budget Cuts \$1,404,149
  
- BUDGET IMPACT ----- \$3,526,683

# ADDRESSING THE FISCAL CRISIS in 2008-2009

Expend Fund 17 –  
including the  
\$300,000 previously  
earmarked for future  
post employment  
retiree medical  
benefits;

- \$3,526,683 Projected Budget Deficit
- Transfer from FD 17
  - -\$1,415,075
- Remaining Deficit:
  - *\$2,111,608*

# ADDRESSING THE FISCAL CRISIS in 2008-2009

Closure of two elementary schools – Elimination of 5.5 FTEs and projected lease revenue from the site(s);

- \$2,111,608 Remaining Budget Deficit
- Savings from school closure:
  - -\$587,584
- Remaining Deficit:
  - \$1,524,024

# ADDRESSING THE FISCAL CRISIS in 2008-2009

Declining enrollment – Continued reduction of both certificated and classified FTEs (projected at 11.55- including regular education and special education programs) due to loss of student enrollment/ADA;

- \$1,524,024 Remaining Budget Deficit
- Savings from elimination of positions directly related to decline in student enrollment:
  - -\$639,012
- Remaining Deficit:
  - *\$885,012*

# ADDRESSING THE FISCAL CRISIS in 2008-2009

Technology Infrastructure Support – In addressing the fiscal crisis, staff has planned a freeze in technology infrastructure improvements. The allocated budget for the next two fiscal year will allow for no District funded technology upgrades and for minimal equipment replacement.

- \$885,012 Remaining Budget Imbalance
- Savings from reduction in technology support:
  - $-\$170,000$
- Remaining Deficit:
  - **$\$715,012$**

# ADDRESSING THE FISCAL CRISIS in 2008-2009

Reduction in service contracts – The District plans to reduce budgeted expenditures in the following areas:

- Legal Services
- Conferences
- Travel
- Utilities
- Office Supplies

- \$715,012 Remaining Budget Imbalance
- Savings from services and supplies:
  - -\$91,985
- Remaining Deficit:
  - \$623,027

# ADDRESSING THE FISCAL CRISIS in 2008-2009

## Staffing Reductions:

Six (6) positions at the District office or district-wide level will be partially or fully eliminated from the 2008-2009 and 2009-2010 General Fund budget.

- \$623,027 Remaining Budget Imbalance
- Staffing reductions:
  - -\$229,703
- Remaining Deficit:
  - \$393,324

# ADDRESSING THE FISCAL CRISIS in 2008-2009

## Classroom Staffing Ratios:

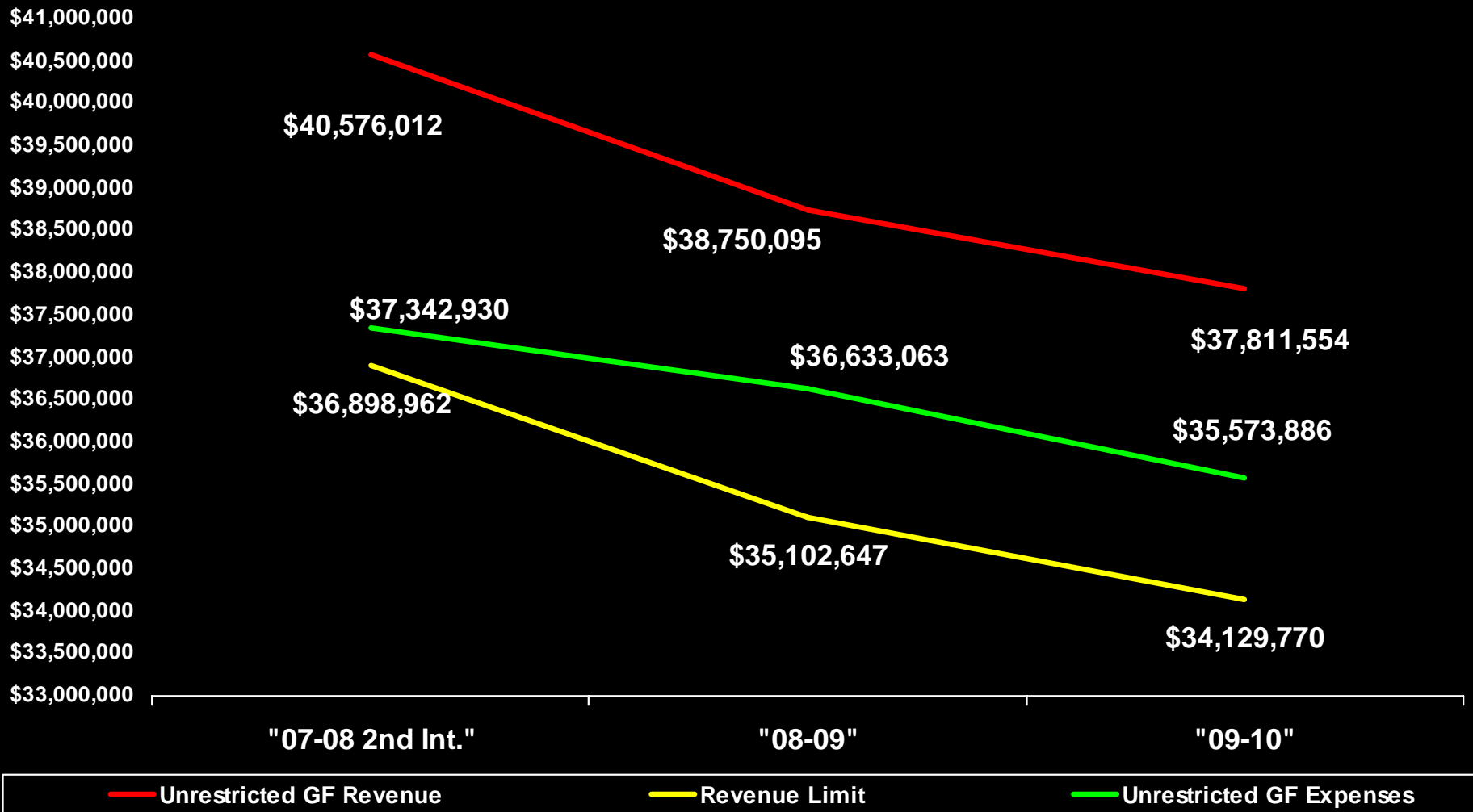
Increased as follows-

K-3	20:1	No change
4-5	30:1	Increase of 2
6-8	30:1	Increase of 1.5
9-12	32:1	Increase of 2

Estimated decrease in certificated FTEs is 9.2

- \$393,324 Remaining Budget Imbalance
- Adjustment of classroom staffing ratios:
  - -\$526,764
- Remaining Deficit for 2008-2009 only has been eliminated:
  - Estimated Positive Balance now \$133,440
  - Multi-year 2008-2009 undesignated reserve is \$160,000.

# Unrestricted General Fund Multiyear Projection

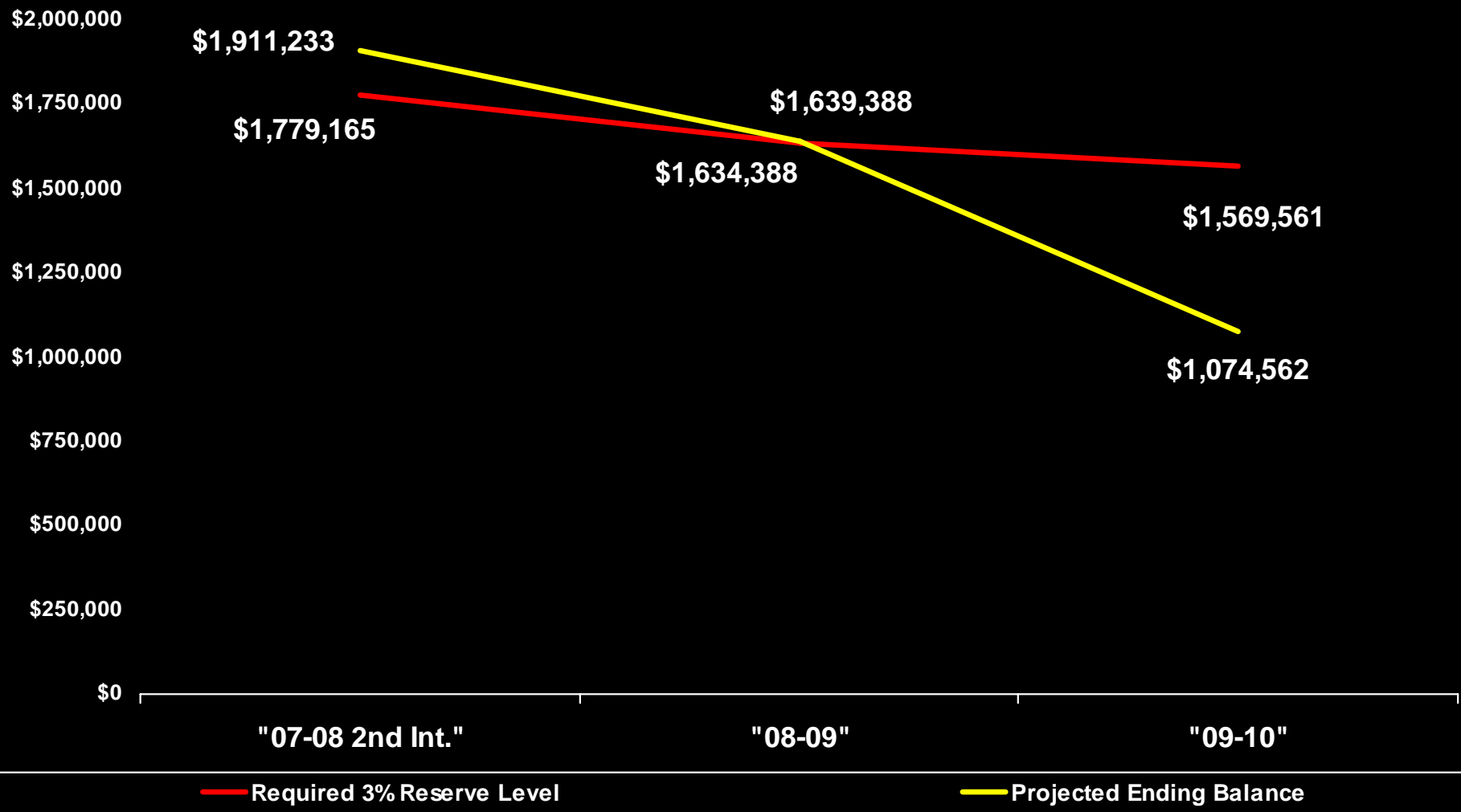


# 2009-2010 BUDGET ISSUES

- Continued declining enrollment;
- Continued increases in health care costs;
- Continued revenue limit deficits;

Addressing these issues and continuing employee contractual obligations means....

# Unrestricted General Fund Multiyear Projection – Reserve and Ending Balance



# Actions Taken or Needed to Maintain 3% Minimum Reserve

- As the 2008-2009 District budget is developed, the following should be noted:
  - Please note that these projections anticipate the complete depletion of all District reserves above the minimum 3% level;
  - These projections do not at this time account for any staff salary increases above the continuing cost associated with the maintenance of step and column increases;
  - Additional budget reductions of \$250,000 in 08-09 or, if postponed, \$500,000 in 09-10 will be required if the District is to maintain a 3% minimum reserve as required by the Education Code.

## The District Must Address the Following Ongoing Issues-----

- Increasing current employee health care costs- District currently pays a minimum of \$9,950 per full time employee, with the District cost for some employees over \$14,400 per year;
- Increasing retiree health care costs – District's current liability is over \$13 million – District spends a minimum of \$4,616 per year, per retiree for their health care premiums.

## The District Must Address the Following Ongoing Issues-----

- The District has more inter district transfers out than transfers in....methods for retaining community students in the District are necessary;
- The District must meet continually changing state and federal special education and other academic mandates that come with insufficient, delayed, zero or NEGATIVE funding;

# In Conclusion.....

- Approval by the Sonoma County Office of Education of the CRPUSD Second Interim Report is contingent upon recognition by the Board of the \$500,000 structural reduction in the unrestricted General Fund budget required no later than 2009-2010 in order to maintain a 3% reserve;
- Staff recommends *Positive Certification* of this report and plans for continuing budget and related operational adjustments over the next several months.