

**Board of Education
Summary of December 8th 2010 Meeting Item
Prepared by June Monarch, School Board Member**

The Budget: Assistant Superintendent Michael Brady presented the 2010-11 First Interim Financial Report to the Board. Based upon the District's recommendations and a clear understanding of the assumptions being made, the Board approved a positive certification of the report, which means the District will be able to meet its financial obligations for this fiscal year and the next two years.

Superintendent Constance Hubbard and the Board expressed gratitude to the employee groups, staff, students, parents, and community members who are working together to address the projected cumulative shortfall over the next two years. Mr. Brady explained that the multi-year projections show that by 2012-13 the shortfall is anticipated to be approximately \$3.9 million. The previously estimated shortfall was revised downward from \$5 million due to an increase of over \$400,000 in one-time federal stimulus funding and over \$600,000 in presumed ongoing State revenues beginning next fiscal year. The current estimated shortfall assumes:

- A drop in Federal stimulus funding in excess of \$400K in 2011-12
- No Program Preservation funds from Parents' Clubs or local foundations in 2011-12 and 2012-13
- No emergency Parcel Tax (Measure E) revenues in 2012-13
- No increase in the Core Parcel Tax (Measure B) in 2011-12 and 2012-13
- No continued savings from the furlough day program (negotiated for 2010-11; none in 2011-12 and 2012-13)
- Health benefit premium cost increases of an estimated 13% per year over the next two years
- A \$200K transfer out of the General Fund in 2012-13 for maintenance

Given the above assumptions, the estimated deficit in 2011-12 would be - \$2,087,561 and -\$3,896,660 in 2012-13. In 2012-13, the funds needed to meet the statutory 3% reserve requirement would total \$3,877,106. In order to balance the budget over the next two years, a minimum of \$1.4 million in spending cuts/revenue enhancements will need to be identified in 2011-12 and in 2012-13 an additional \$1 million in reductions/added revenues will need to be implemented.

The District is taking a conservative stance in making its financial projections. The State Legislative Analyst's Office has projected the deficit to be \$6 billion for 2010-11 and \$19 billion per year for 2011-12 through 2015-16. Mr. Brady reiterated that "there is no guarantee that the State Revenue Limit increases of \$600K per year are expected to hold." Please go to the following link for details on the [First Interim Report](#):