



# **Mt. Diablo Unified School District**

**Third Interim Budget Report 2011-12**

**Activity through April 30, 2012**

**Presented June 4, 2012**

**Steven Lawrence, Ph.D., Superintendent**

**Bryan Richards, Chief Financial Officer**

## 2011-12: No COLA + TRIGGER CUTS

- 2.24% COLA was fully offset by an addition to the deficit factor
- The mid-year trigger cuts came in two forms:
  - \$12.85/ADA trigger cut
  - \$42.18/ADA in lieu of 50% transportation cut
- Combined mid-year cut \$55.03/ADA or (\$1.79M)



## 2012-13: No COLA + POTENTIAL TRIGGER CUTS

- 3.24% COLA is fully offset by an addition to the deficit factor raising it from 20.602% to 22.272%
  - This increase to the deficit factor happens whether taxes pass or fail
- The mid-year trigger cuts have been consolidated into one additional cut of \$441/ADA to the revenue limit (raising deficit factor to approximately 28.853%)
- The mid-year trigger cut comes into play if Governor Brown's tax measure does not pass in November



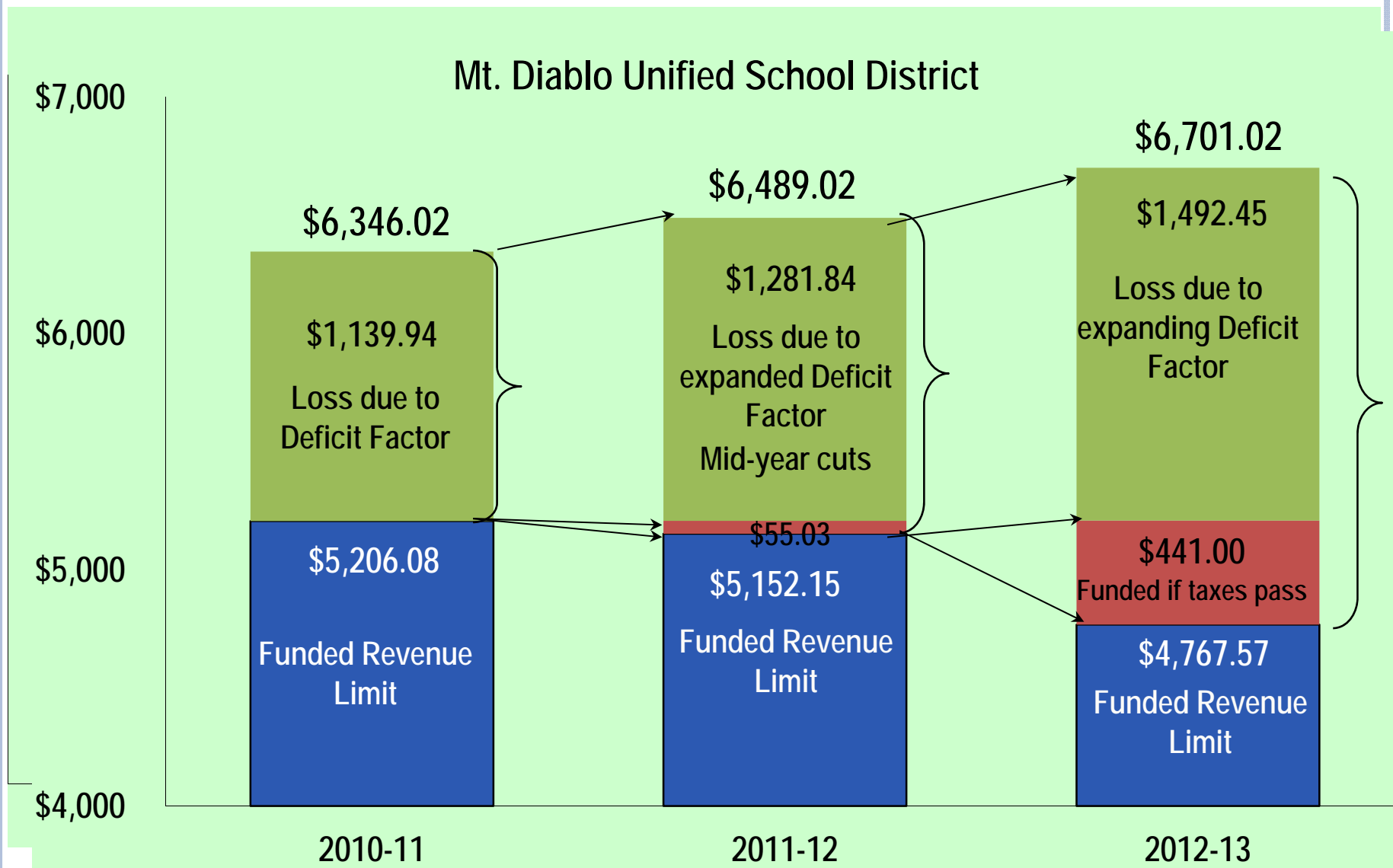
# WHAT DOES A GAP IN FUNDING OF THAT SIZE LOOK LIKE?

	100% funding	20.602% deficit (2011-12 funding)	22.272% deficit (2012-13 funding if taxes pass)	28.853% deficit (2012-13 funding if taxes fail)
School Days	180	143	140	128
Last funded day	June 13	April 22	April 17	March 25
RL \$ *	\$205,073,593	\$162,824,332	\$159,399,639	\$145,903,566
Shortfall *	\$0	(\$42,249,261)	(\$45,673,954)	(\$59,170,027)

\*Note: Calculated based on 30,603.34 units of ADA (excludes charter schools and county office educated pupils)

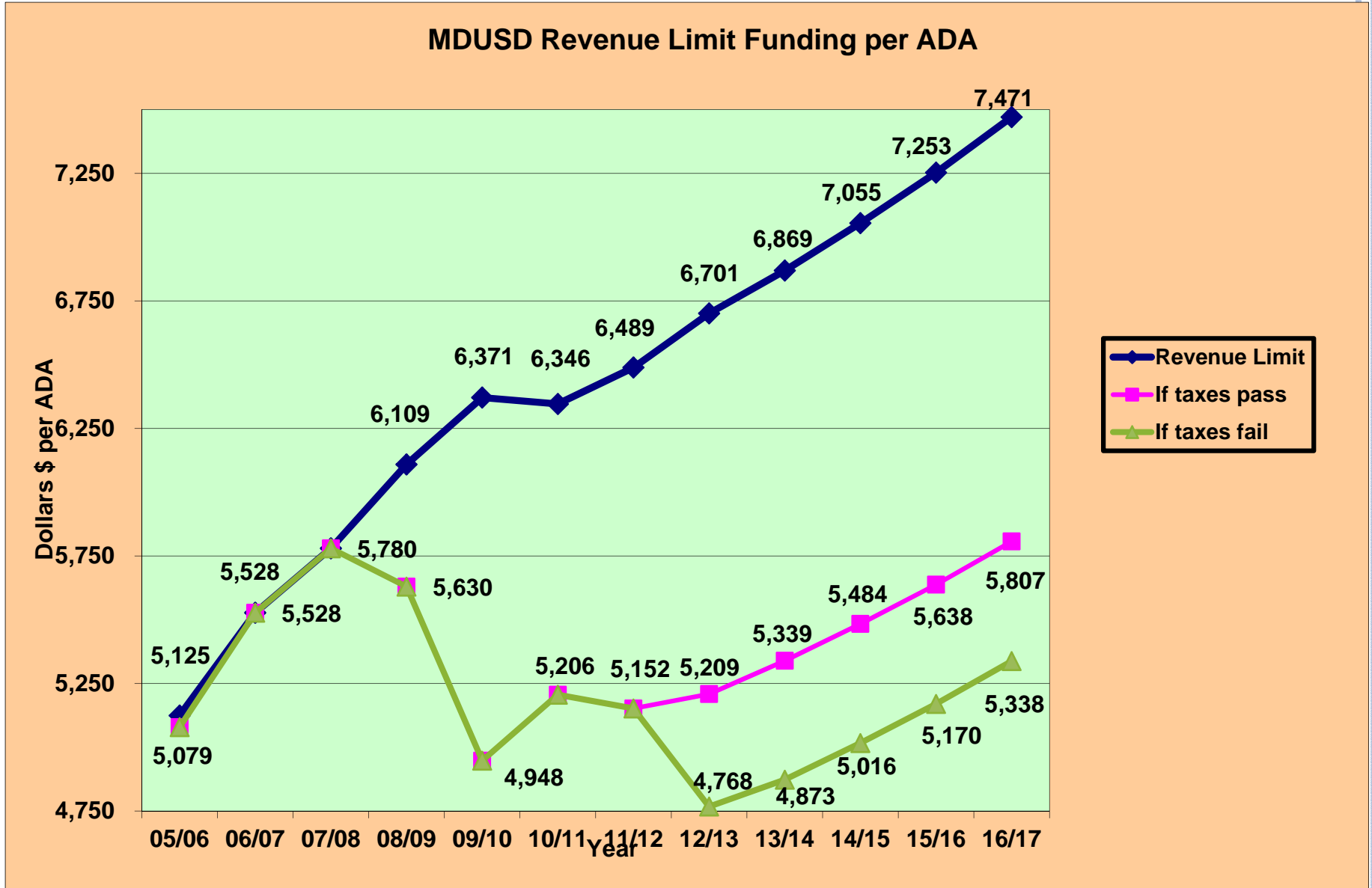


# FUNDED REVENUE LIMIT 2010-11 vs. 2011-12 vs. 2012-13



Graph courtesy of School Services of California, Inc.

# 11/12 REVENUE LIMIT DEFICIT OF \$1,337/ADA WIDENS TO \$1,492/ADA EVEN IF TAXES PASS (\$1,933 IF THEY FAIL)



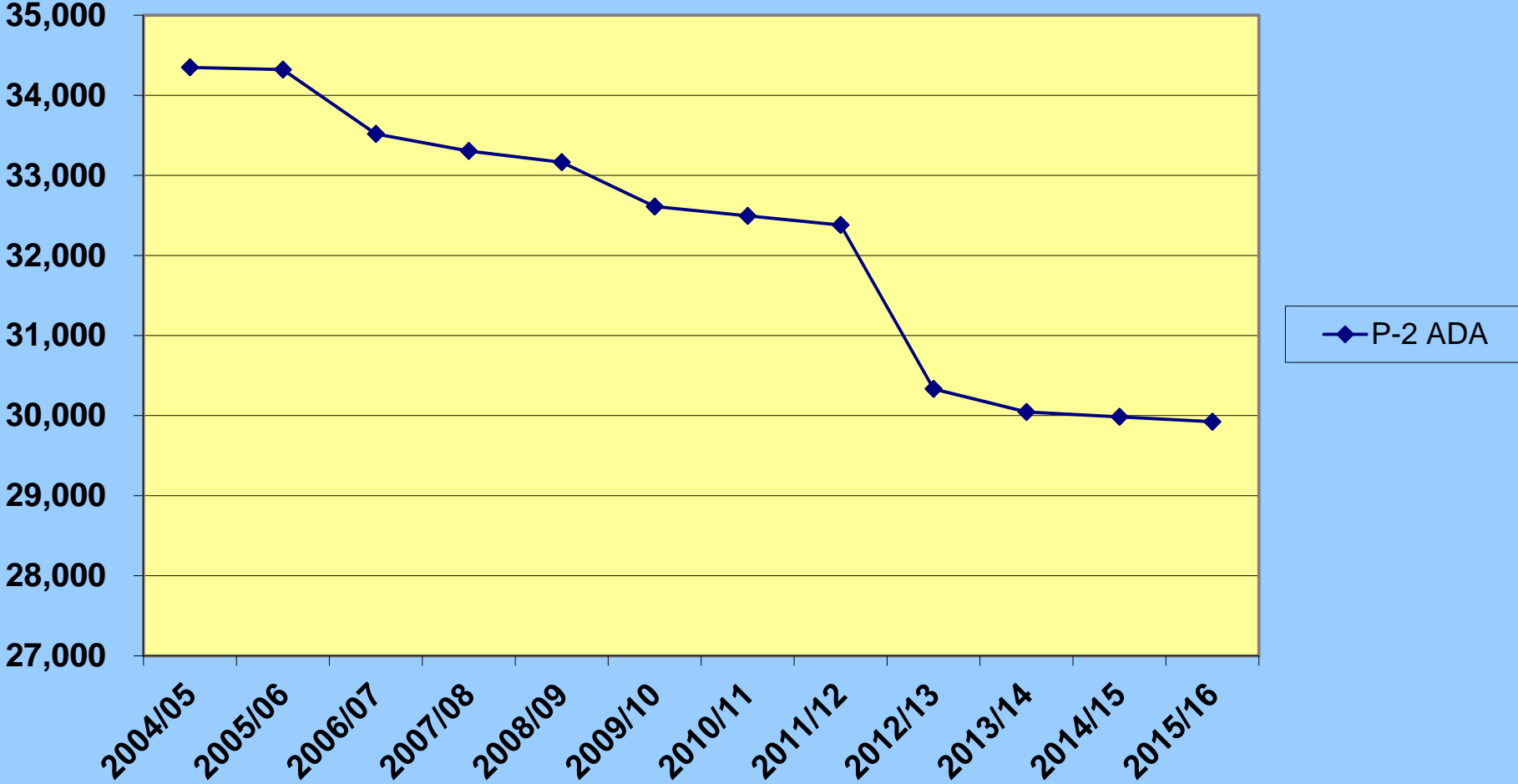
# DECLINING ENROLLMENT

- We are still declining in enrollment
- We declined 113.92 ADA in 2011/12 from 2010/11
- We project we will decline 270.50 ADA in 2012/13
- This does not include effect of Clayton Valley charter school conversion
  - An additional decline of 1,777 ADA



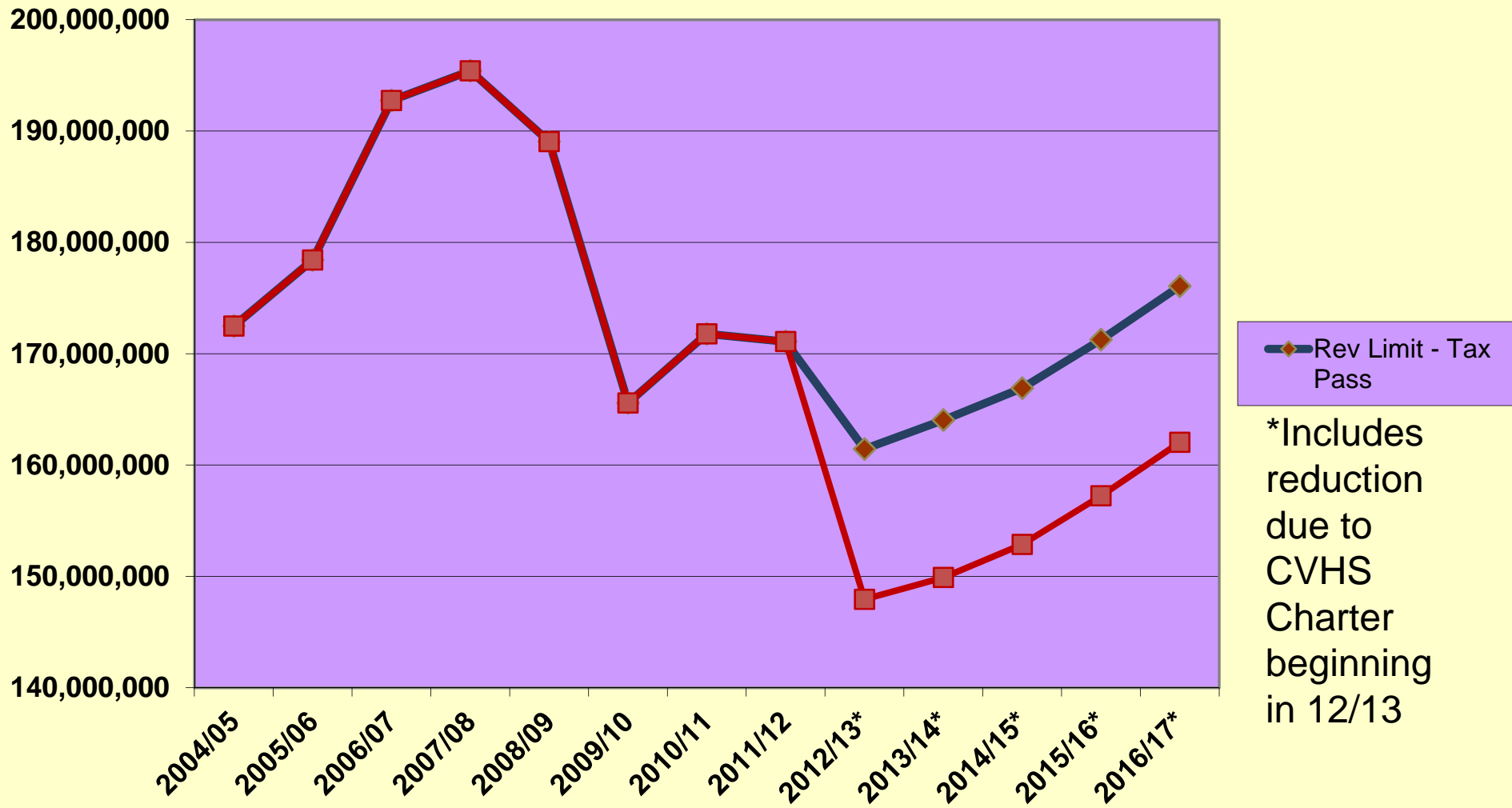
# MDUSD ADA IS STILL DECLINING!

P-2 ADA





# HOW DOES REVENUE LIMIT FUNDING LOOK?



# KEY FINANCIAL ELEMENTS OF POTENTIAL SETTLEMENT WITH MDEA

- 3% one time off-schedule payment
- Formula to address mid-year cuts:
  - For each \$38 drop in the funded Base Revenue Limit per unit of ADA from the current Governor's projection of \$5,208.57 in 2012-13, one furlough day will be implemented (up to 11 days)
  - For each \$38 gain in the funded Base Revenue Limit per unit of ADA from \$5,208.57 in 2012-13, an ongoing salary increase of 0.54% will be implemented.
- Changes to teacher hourly rates:
  - Non Standards based instruction from \$20 to \$25
  - Standards based instruction from \$25 to \$31

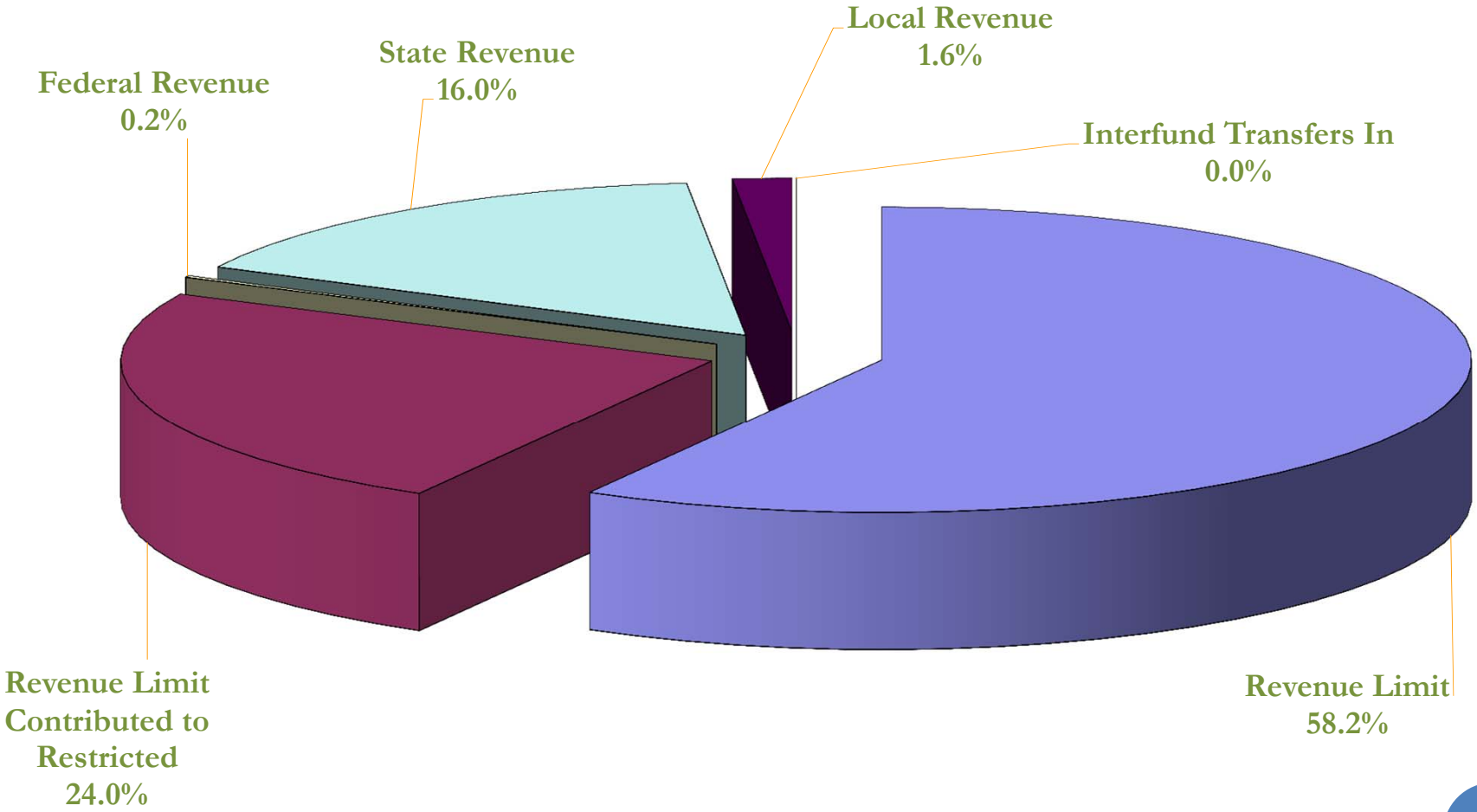


## UNRESTRICTED GENERAL FUND REVENUE

○ Revenue Limit Sources	\$ 164,384,931
○ Federal Revenue	354,151
○ Other State Revenue	32,043,878
○ Other Local Revenue	3,215,379
○ Interfund Transfers In	<u>0</u>
○ Total Revenue	199,998,338
○ Less: Net Contrib. to RGF	<u>(42,966,636)</u>
○ Net Available Revenue	\$ 157,031,702



**Mt. Diablo Unified School District  
Unrestricted General Fund Revenues Before Contributions  
2011-12 Total = \$199,998,338**



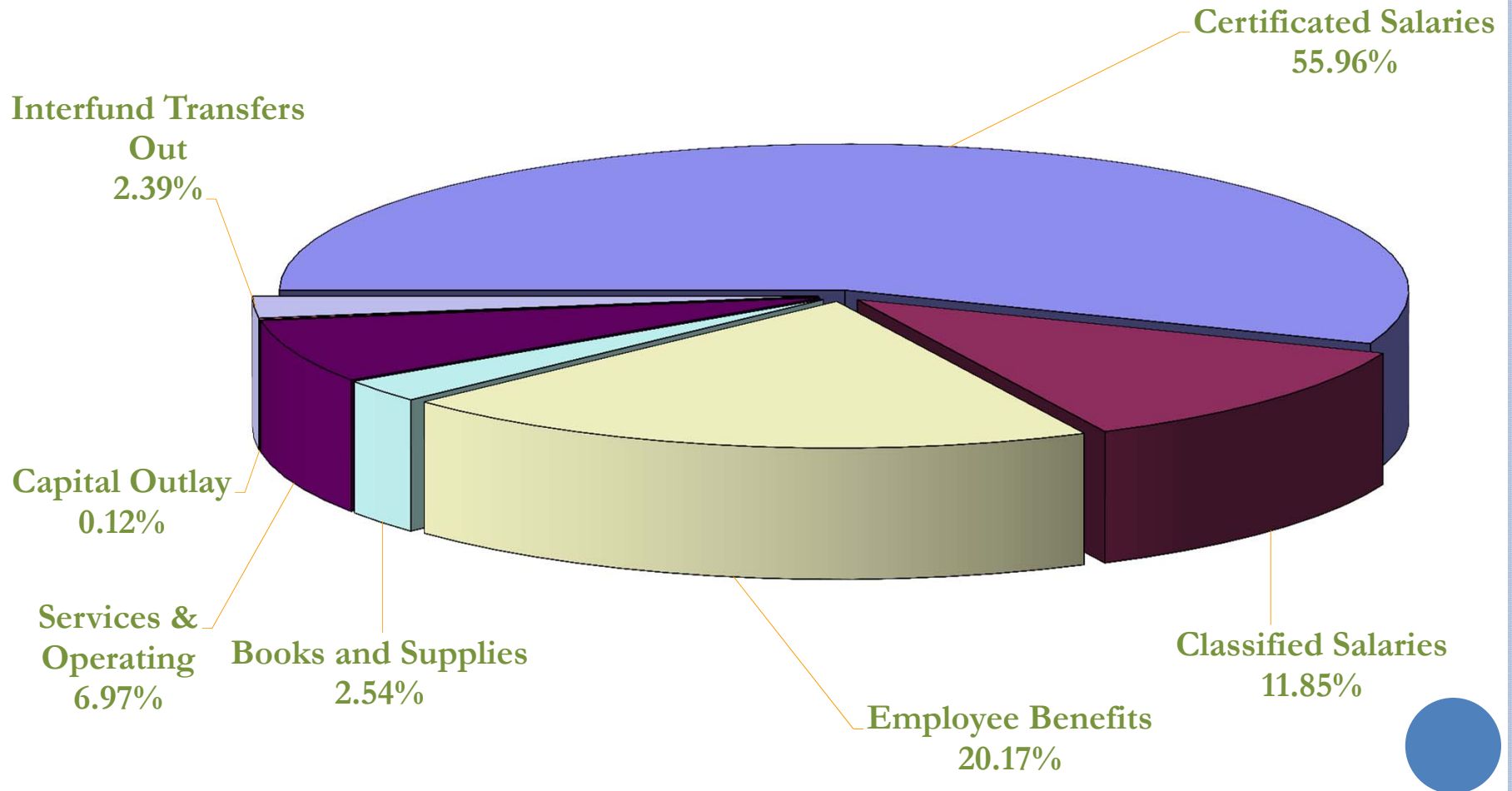
**Revenue Limit is 82.5% of unrestricted general fund revenue.**

# UNRESTRICTED GENERAL FUND EXPENDITURES

○ Certificated Salaries	\$ 93,318,820
○ Classified Salaries	19,762,870
○ Employee Benefits	33,634,072
○ Books & Supplies	4,233,747
○ Services & Operating	11,616,798
○ Capital Outlay	205,435
○ Other Outgo	0
○ Interfund Transfers Out	<u>3,986,579</u>
○ Total Expenditures	166,758,321



**Mt. Diablo Unified School District  
Unrestricted General Fund Expenditures and Transfers Out  
2011-12 Total = \$166,758,321**



**Salaries and Benefits make up 87.98% of expenditures & transfers out**

## UNRESTRICTED GENERAL FUND SUMMARY

○ Net Available Revenue	\$	157,031,702
○ Net Expenditures		<u>166,758,321</u>
○ Net (decrease) fund bal.		( 9,726,618)
○ Beginning Balance, July 1		<u>45,543,431</u>
○ Projected Ending Balance	\$	35,816,813



# COMPONENTS OF ENDING BALANCE

○ Revolving Cash	\$ 300,000
○ Stores Inventory	419,478
○ Economic Uncertainties (2%)	5,978,577
○ IRS Assessment Resolution	533,500
○ Tier 3 Balances & Site carryovers	4,870,743
○ Undesignated	<u>23,714,515</u>
○ Ending Balance	\$ 35,816,813





## RESTRICTED GENERAL FUND REVENUE

○ Revenue Limit Sources	\$ 7,134,045
○ Federal Revenue	29,607,027
○ Other State Revenue	35,974,982
○ Other Local Revenue	10,895,864
○ Interfund Transfers In	0
○ Contribution from Unr.	<u>47,945,732</u>
○ Total Revenue	\$131,557,650

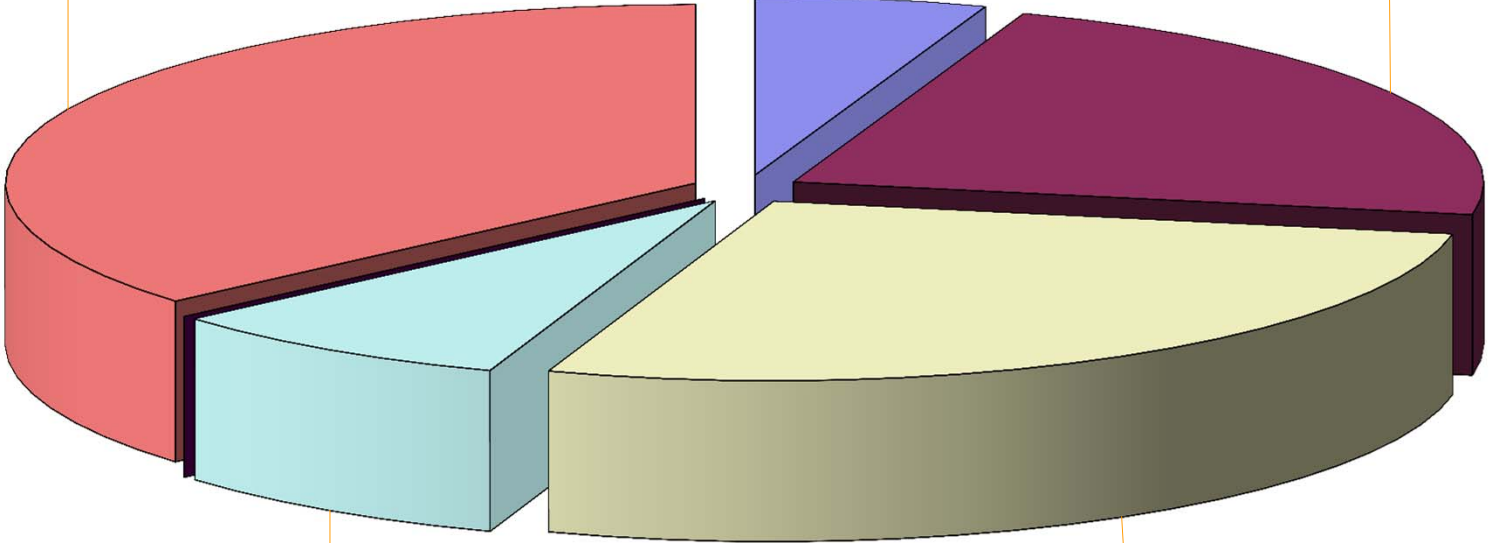


**Mt. Diablo Unified School District  
Restricted General Fund Revenue  
2011-12 Total = \$131,557,650**

**Contribution from  
Unrestricted  
36.44%**

**Revenue Limit  
5.42%**

**Federal Revenue  
22.50%**



**Local Revenue  
8.28%**

**State Revenue  
27.35%**

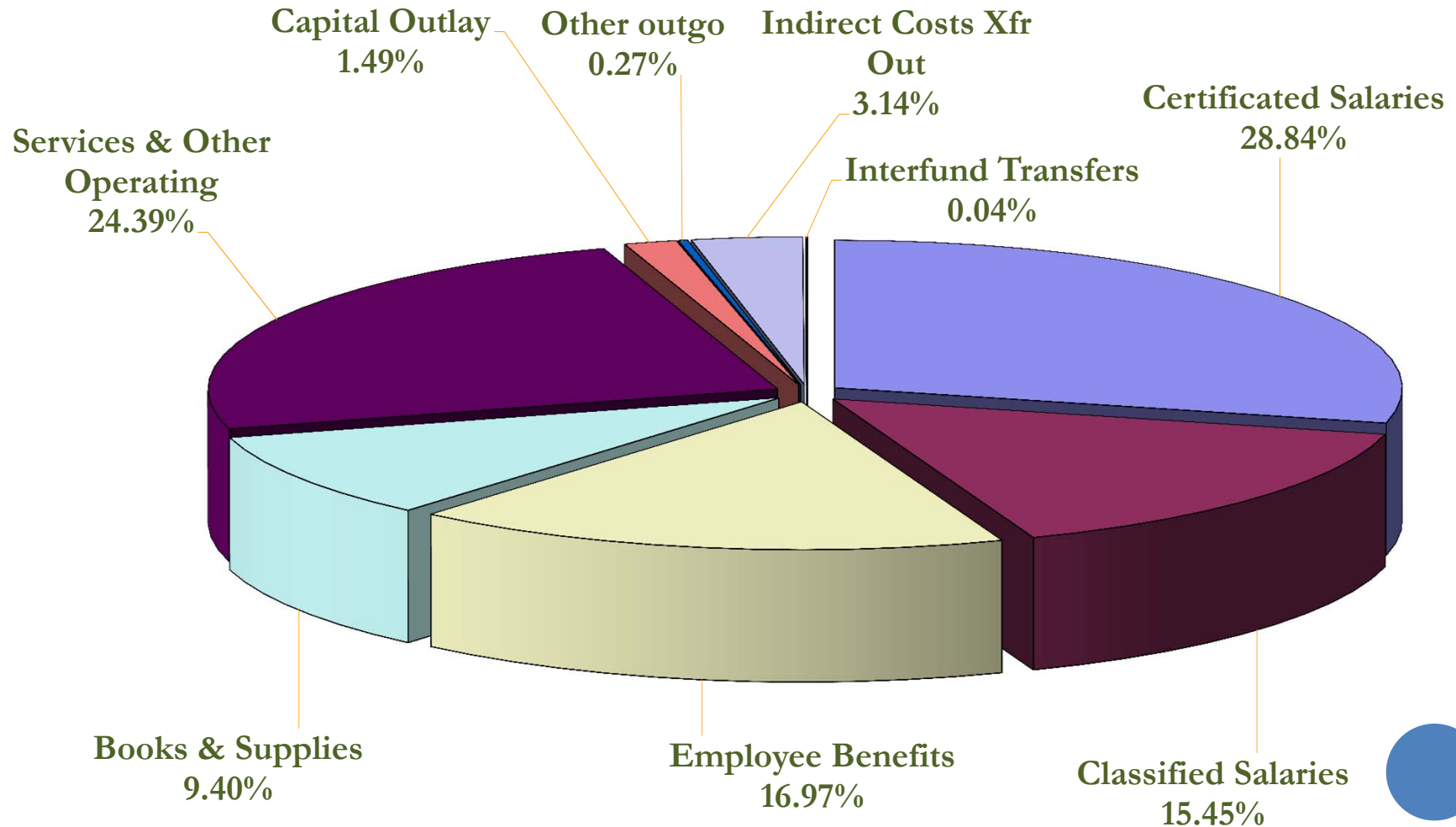


## RESTRICTED GENERAL FUND EXPENDITURES

○ Certificated Salaries	\$ 39,558,336
○ Classified Salaries	21,191,337
○ Employee Benefits	23,271,203
○ Books & Supplies	12,886,621
○ Services & Other Operating	33,454,420
○ Capital Outlay	2,046,300
○ Other Outgo	374,044
○ Indirect Costs	4,310,984
○ Interfund transfers out	<u>56,350</u>
○ Total Expenditures	\$ 137,149,595



**Mt. Diablo Unified School District  
Restricted General Fund Expenditures  
2011-12 Total = \$137,149,595**



## RESTRICTED GENERAL FUND SUMMARY

○ Total Revenue	\$ 131,557,650
○ Total Expenditures	<u>137,149,595</u>
○ Net (decrease) in fund bal.	( 5,591,945)
○ Beginning Balance (Carryover) as of July 1, 2011	<u>13,180,548</u>
○ Projected Ending Balance	\$ 7,588,603



## OTHER FUNDS OF THE DISTRICT

- Funds for special purposes excluded from the General Fund
- Special Revenue Funds
  - Charter School – Form 09I
  - Adult Education – Form 11I
  - Cafeteria – Form 13I
  - Deferred Maintenance – Form 14I
- Capital Projects Funds
  - Building (Measure C 2002 & 2010) – Form 21I
  - Capital Facilities (a.k.a. Developer Fees) – Form 25I



## OTHER FUNDS OF THE DISTRICT (CONT'D)

- Capital Project Funds (continued)
  - County School Facilities Fund (State Bond) – Fund 35I
  - Capital Project Fund for Blended Component Units (Mello-Roos Measure A) – Fund 49I
- Debt Service Funds
  - Bond Interest & Redemption Fund (Measure C) – Fund 51I
  - Debt Service Fund for Blended Component Units (Measure A) – Fund 52I
- Trust Funds
  - Foundation Private-Purpose Trust Fund – Fund 73I



## SUPPLEMENTAL INFORMATION

- Form AI: Average Daily Attendance decrease of (113.92) in 11/12 will decrease funding for 12/13.
- Form CASH: Cash Flow – Ending GF cash will be positive but projecting a decline of **\$16.9M**
- Form RLI: Revenue Limit Calculations





# CLAYTON VALLEY CONVERSION CHARTER EFFECT – UNRESTRICTED GENERAL FUND

○ Revenue Limit decrease	\$ (10,996,076)
○ Rent on CVHS property	450,649
○ Certificated Salary decrease	4,591,659
○ Classified Salary decrease	510,091
○ Benefits decrease	1,525,846
○ Books & supplies decrease	71,152
○ Services & operating decrease	307,349
○ Tier 3 pass through (\$127/ADA)	<u>(225,679)</u>
○ Net effect annually	\$ ( 3,765,009)
• Based on 1,777 units of ADA	



# FORM MYPI: MULTI YEAR PROJECTION

Taxes Pass	TA with MDEA
Unappropriated Ending Balance @ 6/12	23,714,512
Operating Deficit 2012/13	-11,878,320
Adjust reserves	2,148,016
Unappropriated Ending Balance @ 6/13	13,984,208
Operating Deficit 2013/14	-10,477,160
Adjust reserves	1,838,042
Unappropriated Ending Balance @ 6/14	5,345,090



# FORM MYPI: MULTI YEAR PROJECTION

Taxes Fail	TA with MDEA
Unappropriated Ending Balance @ 6/12	23,714,512
Operating Deficit 2012/13	-15,827,119
Adjust reserves	2,338,961
Unappropriated Ending Balance @ 6/13	10,226,354
Operating Deficit 2013/14	-15,027,751
Adjust reserves	1,838,910
Unappropriated Ending Balance @ 6/14	-2,962,487



# FROM SIX BUDGETS TO TWO

<u>Taxes Pass</u>	<u>Certification*</u>	<u>UEB 6/30/13</u>	<u>UEB 6/30/14</u>
TA with MDEA	Positive	13,984,208	5,345,090
<u>Taxes Fail</u>			
TA with MDEA	Qualified	10,226,355	-2,962,486

\*Note: There is no certification on third interim, this is what the certifications would be if we were at second interim.



## LAO ISSUES MAY REVISE ASSESSMENT

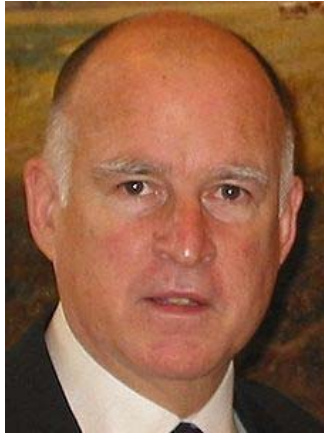
- The Legislative Analyst agrees with Governor's office that the budget problem over 2011-12 and 2012-13 has grown to \$15.7 billion.
- There are concerns about the estimations of Redevelopment Agency Funds being overestimated.
- The budget relies on enactment of the Governor's tax initiative in November.



## NO CERTIFICATION REQUIRED

- Third interim does not require a certification. However, we are happy to report that after implementing the proposed settlement with MDEA, the district is positive through June 2014 if the taxes pass.
- We have a significant gap between revenues and expenditures that must be addressed going forward as we will not be positive through June 2015 at budget adoption if we keep on our current trajectory, even if the taxes pass.





## WHAT NEXT? MORE FROM SACRAMENTO



- ✓ Budget work on hold in legislature until after primary
- ✓ Expect a State budget (balanced or not) by June 15<sup>th</sup> so legislature gets paid
- ✓ Both Governor Brown's measure and the Molly Munger / PTA measure have qualified for the November ballot

