



# **2008-09 Budget Update**

**Budget Presentation  
Board of Education Meeting  
October 14, 2008**

**San Marino Unified School District  
Business Services**

**Special thanks to School Services of California for allowing use of their materials**

- In the short term, the State Budget is balanced by:
  - Budget cuts
  - Closing tax loopholes
  - Using one-time dollars and solutions
  - Slowing cash flow to schools to reduce borrowing costs
  - The Governor has asked for a \$7 billion loan from the federal government to help the state's cash flow
- Longer-term issues are addressed by:
  - A plan for securitizing Lottery revenues
  - Enhancing the Budget Stabilization Fund (i.e. Rainy Day Fund)
- The real hope for long-term stability is that we have all good years – starting soon

## State Budget Reform

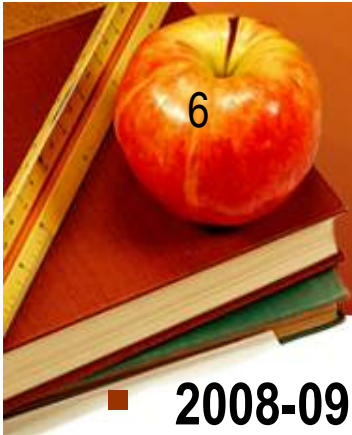
- **The Legislature's Budget plan authorizes the Governor to make mid-year reductions to certain state programs**
  - **Reductions can occur when either revenues or expenditures "substantially" deviate from the budgeted level**
  - **Local assistance funding, including K-14 Education, is currently exempt from mid-year reductions under this authority, but experts are predicting that K-14 Education could see mid-year cuts in January 2009.**
- **The Governor may call for a Special Session of the Legislature before the end of the year to re-address the 2008-09 State Budget and to consider mid-year reductions.**

## What Are the Budget Risks?

- If everything goes as planned in 2008-09, Budget writers acknowledge a \$1.5 billion shortfall in 2009-10
- What could possibly go wrong?
  - The economy slips into recession, tax revenues decline
    - ◆ A mere 3% shortfall in revenues could take away \$3 billion
  - The Lottery securitization plan is rejected by voters, eliminating \$5 billion in 2009-10
  - A court orders the state to pay \$3 billion for prisoner medical care facilities
- The State could be faced with an estimated \$15-\$20 billion budget gap in 2009-10
- The bottom line: The State Budget faces huge downside risks

## Long Term Planning Considerations

- **The current fiscal crisis in California is a multi-year problem**
- **The State Budget includes structural fiscal problems (i.e. funding the ongoing cost of COLA with one-time resources and borrowing)**
- **The District will develop a plan to address the long-term effects of State budget reductions in 2008-09 (mid-year), 2009-10 and 2010-11.**



## **2008-09 District Budget Update**

- **2008-09 Budget Deficit – \$2.787 million**
  - **Due to the loss of State revenues, loss of interest earnings, declining ADA, automatic salary and benefit adjustments, and increased costs in utilities, special education, maintenance and operations, legal fees, and ongoing costs funded with one-time funding in 2007-08.**
  
- **2008-09 Additional Revenues and Savings - \$2.564 million**
  - **San Marino Schools Foundation SOS Campaign (one-time funding), additional local donations (one-time funding), certificated and classified salary and benefit savings, increase in facility use income, parcel tax revenues and reduction of District Office supplies, services, equipment and conference budgets.**
  
- **Net Remaining 2008-09 Deficit \$223,000**



## **District Budget Outlook 2009-10**

- **School Services is projecting that the COLA will be zero in 2009-10.**
- **Projected District Deficit 2009-10 – for Budget Planning Purposes**
- **\$2 million\***
  - **\$1.3 million - One-time SOS funding used for ongoing direct instructional costs.**
  - **\$300,000 - One-time donations used for ongoing direct instructional costs.**
  - **\$400,000 -Projected automatic salary adjustments for years of service and additional educational units.**

\* As of October 14, 2008. Subject to revision.

## District Budget Planning - Next Steps . . .

- Evaluate and update District Budget projections based on any possible mid-year cuts or adjustments in State funding
- Look toward the Governor's Proposed 2009-10 Budget due out in January 2009
- Continue to monitor Student Enrollment & ADA
- Continue to work with the District Leadership Team, the Budget Committee, and the Fiscal Advisory Committees in planning ahead for 2009-10 and beyond