

Budget Update

April 12, 2011

News from Sacramento

- March Revenues down \$370M or 5.4% below budget estimates
 - Primarily due to halt of sale of buildings - \$1.2B projected for February
 - Personal income taxes were up \$1.2B or 144% over estimate
 - Corporate taxes fell \$387M or 19.7% below estimate
 - Suspension of almost all education mandates
- SB 70 Trailer bill legislation signed before budget
 - \$2.1B deferral from 2011-12 to 2012-13
 - \$80M augmentation for AB 3632 for current year
 - 8.92% on-going reduction to basic aid districts
 - 2 year extension for categorical flexibility
- Tax extensions are dead
 - If implementation occurs after July 1st – they are considered tax increases
- Redevelopment vote fell one vote shy of approval in Assembly

Budget Impacts

- Impacts to Education are unknown at this time
 - The worst case scenario included in 2nd Interim becomes our best case scenario
 - Rumors of \$825 per student reductions
 - Estimated \$5B additional cut to education
- There is no estimate from School Services or OCDE at this time
- Review the list of recommended actions included in the April 15, 2011 School Services Fiscal Report

2nd Interim Projections

Unrestricted Dollars

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Total Revenues	\$166,587,926	\$176,271,205	\$179,211,619
Total Expenditures	\$147,920,567	\$149,669,852	\$154,090,105
EXCESS (DEFICIENCY)	\$18,667,359	\$26,601,353	\$25,121,514
Total Other Sources/Uses	(\$23,550,309)	(\$30,843,364)	(\$31,536,556)
NET INCREASE (DECREASE)	(\$4,882,950)	(\$4,242,011)	(\$6,415,042)
Beginning Balance, July 1	\$37,699,804	\$32,816,854	\$28,574,843
Ending Balance, June 30	<u>\$32,816,854</u>	<u>\$28,574,843</u>	<u>\$22,159,801</u>

2nd Interim Report

Unrestricted Dollars

Components of Ending Fund Balance

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Ending Fund Balance	<u>\$32,816,854</u>	<u>\$28,574,843</u>	<u>\$22,159,801</u>
Revolving Cash	\$150,000	\$150,000	\$150,000
Stores	\$250,000	\$250,000	\$250,000
Economic Uncertainties	\$6,926,000	\$6,612,574	\$6,777,043
Board Designated	\$25,490,854	\$21,562,270	\$28,597,903
Remainder	\$0	\$0	(\$13,615,144)

Unrestricted Dollars

Board Designated - Detail

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Total Board Designated	<u>\$25,490,854</u>	<u>\$21,562,270</u>	<u>\$28,597,903</u>
Basic Aid Fair Share	\$9,747,230	\$9,747,723	\$9,747,723
Special Ed AB 3632 (2010-11)	\$850,000	\$850,000	\$850,000
\$330 Reduction 2011-12		\$8,934,090	\$8,934,090
\$330 Reduction 2012-13			\$9,066,090
Designated for future shortfall	<u>\$14,893,624</u>	<u>\$2,030,457</u>	<u>\$0</u>

The 2012-13 Ending fund balance is projected to be \$22,159,801 leaving an estimated shortfall of \$13,615,144 including all reserves and designations

Recent information and Potential Impacts

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
Remainder	\$0	\$0	(\$13,615,144)
<i>State Budget Impacts</i>			
Basic Aid Fair Share 2011-12		(\$6,323,247)	(\$6,323,247)
Basic Aid Fair Share 2012-13			(\$5,711,211)
Special Ed – AB 3632 (Funding restored for 2010-11)	<u>\$850,000</u>	<u>\$850,000</u>	<u>\$850,000</u>
Total SB 70 Adjustments Approved	\$850,000	(\$5,473,247)	(\$11,184,458)
Possible \$500 Reduction 2011-12	<u>\$ 0</u>	<u>(\$13,536,500)</u>	<u>(\$13,536,500)</u>
Total State Budget Impacts	\$850,000	(\$19,009,747)	(\$24,720,958)
Designated for future shortfall (per 2 nd Interim)	<u>\$14,893,624</u>	<u>\$2,030,457</u>	<u>\$0</u>
Designated/(shortfall)	<u>\$15,743,624</u>	<u>(\$16,979,290)</u>	<u>(\$38,336,102)</u>

Projected Impacts to IUSD

Description	2010-11 2 nd Interim	2011-12 Projected	2012-13 Projected
<i>Other IUSD Budget Impacts</i>			
Unemployment Insurance (Rate Increase 0.72% to 1.61%) Included in designations		(\$1,185,942)	(\$1,185,942)
ACLU Lawsuit		(\$3,500,000)	(\$3,500,000)
Tier III – Potential Shortfall		<u>(\$750,000)</u>	<u>(\$750,000)</u>
Total IUSD Budget Impacts		(\$5,435,942)	(\$5,435,942)
Designated/(shortfall) from previous page	<u>\$15,743,624</u>	<u>(\$16,979,290)</u>	<u>(\$38,336,102)</u>
Total Impacts	<u>\$15,743,624</u>	<u>(\$22,415,232)</u>	<u>(\$43,772,044)</u>

Next Steps

- Wait for May Revise information
- Monitor and conserve spending whenever possible
- Keep bargaining units informed
- Prepare a budget reduction calendar in the event that additional reductions become a reality
- Defer one-time expenditures to build reserves