

Governor's Proposals for 2009-10

Livermore Valley Joint Unified School District

January 13, 2009



Governor's Budget 2009-10

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- The 0.68% COLA included in the Adopted Budget for 2008-09 is eliminated
- A deficit of 9.685% is imposed for 2008-09
- The overall reduction to Proposition 98 for 2008-09 is \$6.3 billion
- For 2009-10, the Governor's proposal included:
 - COLA of 5.02%, but not funded
 - Revenue limit deficit at 16.161% of new base revenue limit
 - Categorical and other flexibility to help school agencies deal with the loss of funding

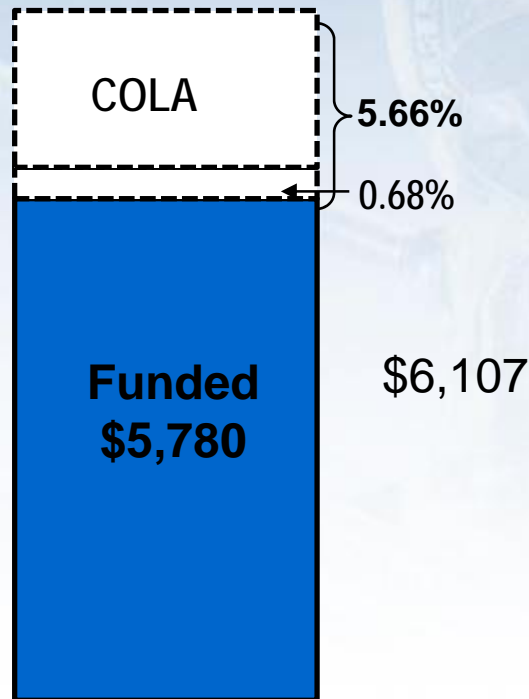
2009-10 January Proposals

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	2009-10 January Budget
Proposition 98	\$55.9 Billion
COLA	5.02%, not funded
Enrollment	<0.3%>*
Deficit Factor	16.161%
Mandates	Only CASHEE and Intra/Inter District Transfers
Categoricals	No COLA

*Projected statewide decline in enrollment

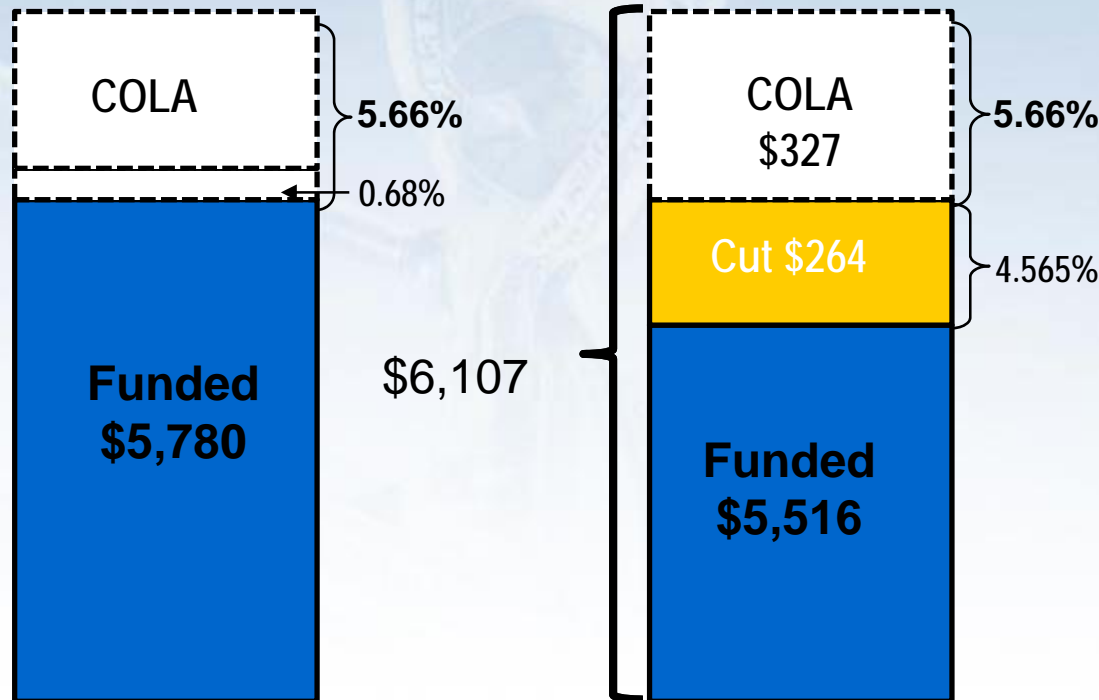
2008-09 and 2009-10 K-12 Revenue Limits



2008-09 Budget Act

2007-08 Base Revenue Limit	\$5,777.83
2008-09 Statutory COLA of 5.66%	\$ 329.00
2008-09 Revenue Limit	\$ 6,106.83
2008-09 Revenue Limit	\$6,106.83
Deficit factor .95287	(\$ 287.81)
With .68 COLA	\$ 5,819.02
2008-09 Revenue Limit	\$6,106.83
Deficit factor .94643	(\$ 327.14)
With 0 COLA	\$ 5,779.69

2008-09 and 2009-10 K-12 Revenue Limits



2008-09 Budget Act

2008-09 Proposed Governor's Budget

2008-09 Revenue Limit
\$ 6,106.83

Minus 5.66 COLA
(\$ 327.14)

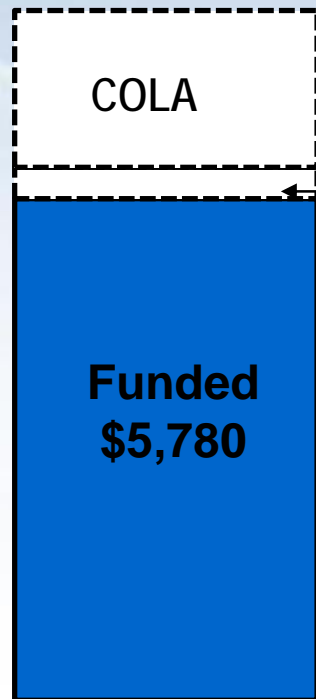
Minus 4.565 additional cut
(\$ 263.96)

2008-09 Funded Revenue Limit
(\$ 5,515.73)

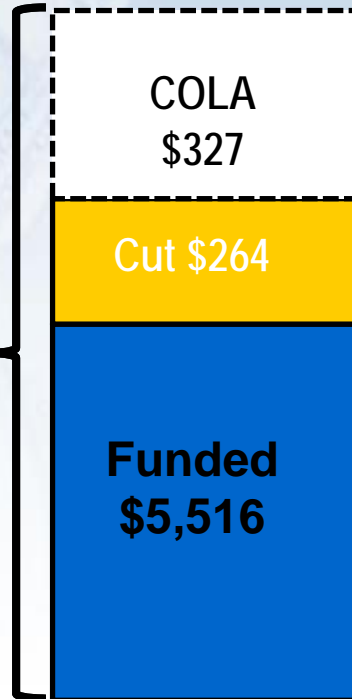
Total cuts for 2008-09
= \$591 per ADA
(Average Daily Attendance)

2008-09 and 2009-10 K-12 Revenue Limits

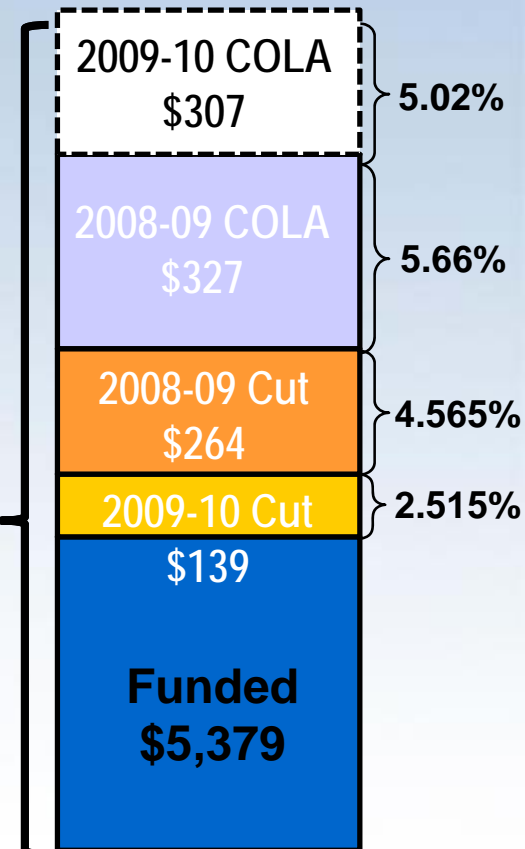
**Total Cuts for 2009-10
= \$1,037 per ADA**



2008-09 Budget Act



2008-09 Proposed Governor's Budget



2009-10 Proposed Governor's Budget

District Budget Overview – Based on Governor’s 2009-10 Budget Proposals

	2008-09 1 st Interim Budget	2008-09 Adjusted Budget	2009-10 Budget	Net Change from 1 st Int. projection
Beginning Fund Balance	18,921,778	18,921,778	7,673,172	
Revenues:				
Revenue Limit	74,788,863	70,920,905	68,804,510	(9,396,699)
Federal	5,451,958	5,451,958	5,375,459	
State	15,384,520	15,384,520	15,061,247	
Other Local	12,651,655	12,651,655	12,681,385	
Flexibility Transfers				
Expenditures (incl. raises)	115,989,676	115,989,676	111,101,450	
Other Financing Sources	314,222	314,222	324,103	
+/- Revenues to Expenses	(7,398,458)	(11,266,416)	(8,854,746)	
Ending Fund Balance	11,523,320	7,673,172	(1,199,379)	

- The Governor's Budget includes a number of proposals to provide districts with added flexibility to mitigate the impact of Budget reductions
- Proposed flexibility options include:
 - Reducing required reserves for economic uncertainty – half of required amount for 2009-10 (3% reduced to 1.5%)
 - Reducing Routine Restricted Maintenance (RRM) reserve from 3% to 1%
 - Eliminating required Deferred Maintenance match
 - Allowing for complete flexibility of categorical funds
 - Utilizing prior-year restricted fund reserves, with certain limitations

What Does it Mean for Our District?

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- All Districts are now in survival mode!
- Prepare for worst-case scenario
- Spending and hiring freeze will be necessary
- What changes, if any, need to be made to take advantage of categorical flexibility if it becomes available?
- We continue to watch our cash very closely and will be looking into a Tax Revenue Anticipation Note (TRAN) for cash flow next year
 - Our salaries alone are about \$6 million plus another \$2 million in benefits for a total of \$8 million each month!

- 2nd Interim (as of January 31) will include:
 - Approved raises
 - Elimination of .68% COLA (currently in designated balance)
 - Reduction to the revenue limit of 4.5%
 - Any decisions made by the Board through the end of February
- Set aside unallocated state categorical funds
- Prepare and educate all stakeholders
- Early action has more impact

- Balanced budget must be adopted by district prior to June 30, 2009
 - State Budget will most likely not be in place by then for 2009-10
 - Consider that the state still does not have a final 2008-09 budget yet
- Developing the budget requires:
 - Clarifying assumptions (hopefully more information at May Revise)
 - How much revenue?
 - What flexibility options will be acted upon?
 - How will expenditures change?
- Once the State Budget is adopted, we have 45 days to make adjustments

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