

San Francisco Unified School District



**Recommended Budget for
Fiscal Year 2009-2010
Augmented Budget Committee
June 16, 2009**

State Budget Outlook

- Since SFUSD adopted its FY 2008-09 budget, a staggering amount of funding cuts have been implemented and/or proposed for K-12 education in California.
- The state adopted its 2008-09 budget in September 2008 (the latest adoption in history)
- Within weeks it became clear that revenues were severely overstated, leading to long, intense talks re. mid-year cuts

State Budget Outlook (cont.)

- The 2008-09 and 2009-10 State Budgets were merged, amended, and adopted together in February (the earliest Budget adoption in history for the 2009-10 Budget)
- Immediately after enactment, it was (again) clear that the Budget was in need of substantial amendment
- Special election measures on May 19 failed
- California's economy and unemployment keep getting worse
- Multiple May Revision proposals have been made (each worse for K-12 than the last)

May Revision Summary

- The already reduced 17-month Budget adopted in February is reduced by another \$24.3 billion
- Major cuts to K-12, welfare, prisons, and higher education
- No suspension of Proposition 98 – not needed as funding floor has dropped
- No cost-of-living adjustment (COLA) & huge deficit factor
- More cuts to K-12 – \$3.9 billion – between the February Budget and the May Revision
- Some additional flexibility anticipated, but not yet approved
- Even more funding deferred (making cash flow difficult)

State Budget Outlook (cont.)

- Significant cuts for all public services appear inevitable
- State budget agreement by June 30th is uncertain but seems necessary to avoid running out of cash this summer
- Many districts (117) are already in qualified or negative fiscal certification and many more are sure to follow

The Good News

- The recommended budget projects that we will get through FY 2009-10
- City's Rainy Day Reserve will provide an estimated \$24.6 million in FY 2009-10
- Proposition A and PEEF are supporting teachers, programs and other investments
- Federal stimulus funds help avoid massive cuts and increase investments

Unrestricted General Fund (UGF) - Summary

- Projected UGF in FY 2009-10:
 - Beginning Balance (7/1/09) \$40.936 M
 - Revenues \$354.988 M
 - Expenditures & Other Uses \$373.630 M
 - Revenues Less Expenses (\$18.642) M
 - Ending Balance (6/30/10) \$22.294 M
 - Undesignated Balance (6/30/10) \$3.223 M
- The projected ending balance exceeds SFUSD's required 2% undesignated reserve plus other mandatory reserves
- SFUSD must maintain the required reserve or face a variety of escalating consequences

The Bad News

- SFUSD will need to make more than \$60 million in cuts through FY 2011-12
- Options include (but are not limited to):
 - Shorter school year / furloughs
 - Reducing PEEF-funded programs
 - Reducing state categorical-funded programs
 - Increasing class size
 - Reducing or eliminating summer school
 - Reducing or eliminating transportation
 - Reducing UGF contributions to special programs
 - Mid-year cuts in FY 2009-10

Unrestricted General Fund (UGF) – Summary: 3-Year Projection (\$ millions)

	FY 09-10	FY 10-11	FY 11-12
Beginning Balance	\$40.936	\$22.294	(\$11.627)
Revenues	\$354.988	\$337.486	\$344.416
Expenditures	\$373.630	\$371.408	\$375.595
Revenues Less Expenses	(\$18.642)	(\$33.920)	(\$31.179)
Ending Balance	\$22.294	(\$11.627)	(\$42.806)
Undesignated Balance	\$3.223	(\$30.699)	(\$61.878)

Fiscal Challenges

- Health Care Costs
 - Premiums for all employees and retirees have increased quickly
 - Retiree health care costs alone have increased from \$7 million to \$30+ million in the past decade
- Under-funding of special programs (contributions / encroachments)

School Site Budgets - Overview

- WSF
 - Reduced by 2% after adjusting for projected enrollment growth and increasing salary and benefits costs
- Restricted Programs
 - Title 1 – Increase total school site allocations by \$1.75 million
 - EIA / SCE – Increase total school site allocations by \$1.2 million
 - EIA / LEP – Maintain SY 2008-09 funding levels
 - SLIBG – Reduction of \$2.1 million
 - TIIBG – Reduction of \$1.5 million, with smallest percentage cuts to Dream Schools, then STAR / PI schools, then other schools

Central Offices - Considerations

- Recommended budgets reflect cuts to state categorical programs + increased flexibility
 - More emphasis on ensuring an adequate base infrastructure using unrestricted funds while implementing categorical flexibility provisions and sustaining categorical cuts
- Budgets include increased costs of step increases and fringe benefits
- Central administration remains lean (3.98% of UGF)

ARRA Funding Summary

- Title I - \$8.7 million
- IDEA (Part B) - \$13.2 million
- State Fiscal Stabilization - \$33.5 million (estimated)
- Other
 - McKinney-Vento (Homeless Children and Youth)
 - Student Nutrition Equipment
 - IDEA Pre-School
 - Competitive grants

SFUSD Progress on ARRA Themes

- Teacher effectiveness and distribution – Prop A, QEIA, TNTP (teacher assignment)
- Data systems to track student progress – School loop, Data Director, School Scorecards, Dashboards
- Rigorous college- and career-ready standards and assessments – A-G Policy, AP/Honors, enhanced language assessments
- Turning around schools – Prop A, STAR/Dream, Small Schools by Design, QEIA, LEA plan

Next Steps

- Augmented Budget Committee – June 16th
- Community Budget Workshop – June 17th
- Board of Education adopts budget – June 23rd
- State adopts budget – Date TBD
- SFUSD staff analyzes final state budget – Summer
 - Determine variances from current assumptions
 - Analyze impact on school site budgets
 - Recommend appropriate adjustments to adopted budget

Next Steps (cont.)

- School sites revise final budgets – Sept. / October
- Unaudited Financials for FY 2008-09 – October
- Audit for FY 2008-09 - December
- First Interim Report for FY 2009-10 – December

- *Begin Budget Development for FY10-11 – Fall 2009*