



# **2012-13 2<sup>nd</sup> Interim Budget Presentation to Board of Trustees Mountain View Whisman School District**

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# Economic Outlook

- National-The US Economy is in slow recovery.
  - GDP growth is projected at 1.8% but has been bumpy, expected to improve to 3%+
  - Despite record-low interest rates and federal stimulus, job growth is **1.3%** and unemployment at 7.8%, down from 2010-11 as high as 10%.
  - FISCAL CLIFF-Budget Super committee failed to agree on \$1.2 trillion in deficit reductions over 10 years. This triggers across-the-board spending cuts – 5.6% projected for education in 2013. This is in addition to the expiration of tax cuts and newly implemented taxes on the wealthy.
- California-State is growing faster than the national economy.
  - Recovery is fueled by job growth of **2.3%**. This includes growth in all industries except manufacturing and government.
  - Unemployment has dropped to **9.6%** and is expected to fully recover by 2014-15
  - Real Estate is recovering. Housing starts are increasing by 24%. Foreclosures have decreased to stable levels. Real Estate construction accounted for 20% of the California economy before the recession and has taken considerable time to recover.

# Governor's Proposed Budget 2013-14

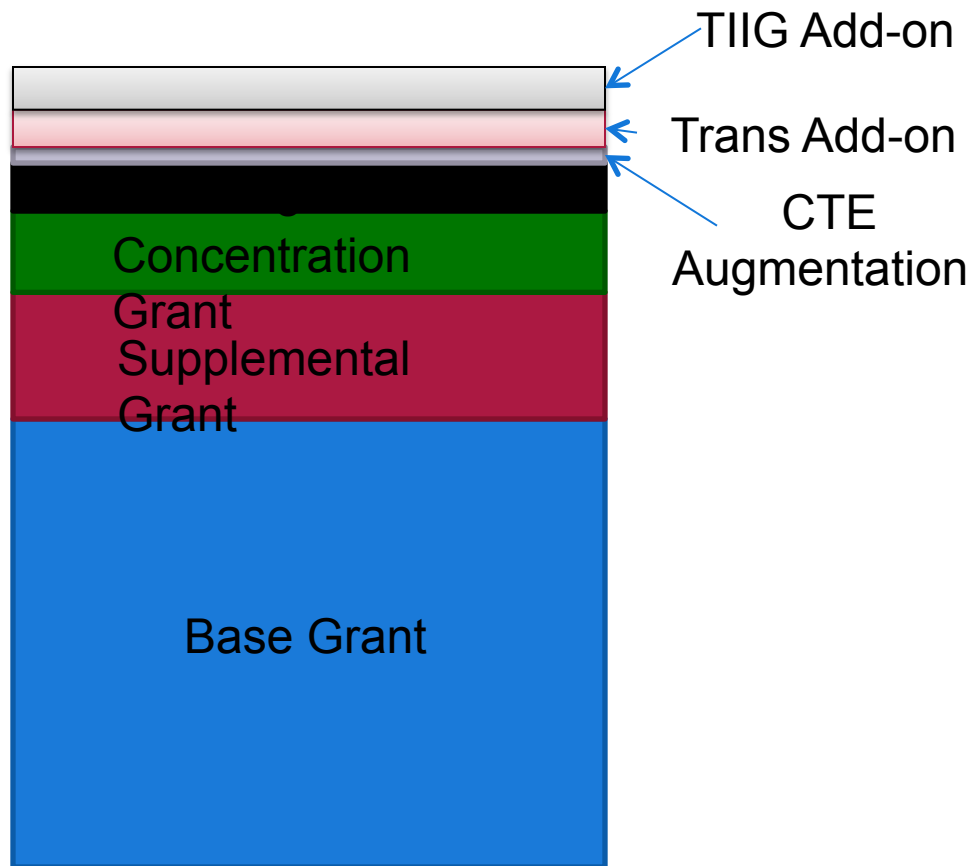
- In 2013-14 Shortfall is eliminated
  - Governor Assumes increased revenue, lower expenses and this erases the deficit and creates a \$1B reserve
  - Key Educational Budget Issues
    - Proposition 30 Funds to be used to reduce deferrals
    - Increased funding for Energy efficiency, special education and mandates, Child Nutrition, American Indian Education Centers
    - School Finance Reform to increase local control, reduce inequities and reflect student needs
    - New Education Funding System Local Control Funding Formula
      - Takes current State funding sources and combines them into an entitlement target for all districts

# Local Control Funding Formula

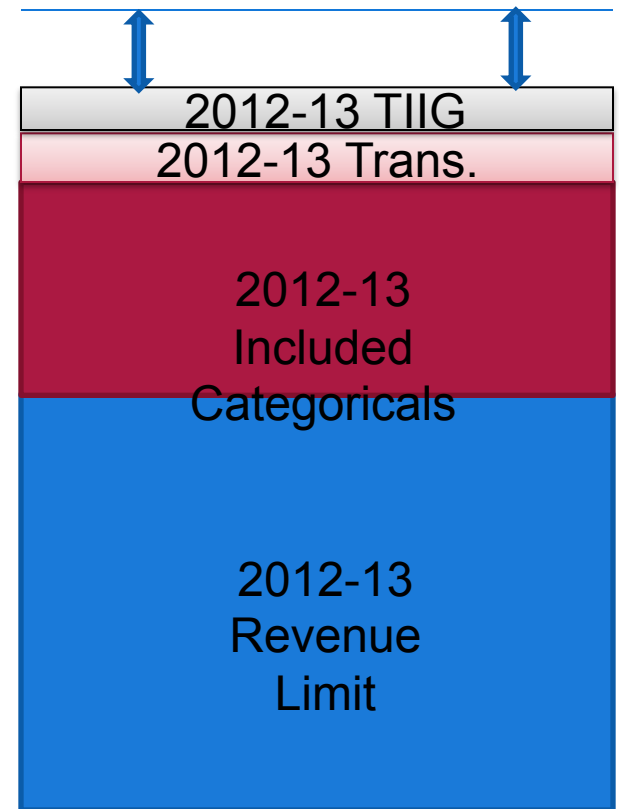
- Funding Replaces current Revenue Limit and Categorical Funding  
Entitlement Target = Base Grant
  - +Supplemental Grant for English Learners and Economically Disadvantaged Student
  - +Concentration Grant for each English Learner and Economically Disadvantaged Student over 50% of student population
  - +Augmentations for K-3 Class Size Reduction and CTE for 9-12 Grade Students
  - +Add-Ons for Transportation and Targeted Instructional Improvement Grants
- Seven Years to Transition from Current Funding to Entitlement Target
  - There will be no cuts to current Districts but some Districts may not increase
  - Basic Aid Districts (Collect Property Taxes in excess of current State Guaranty)
    - May lose future potential increases under the new funding formula

# LCFF Funding

## Entitlement Target



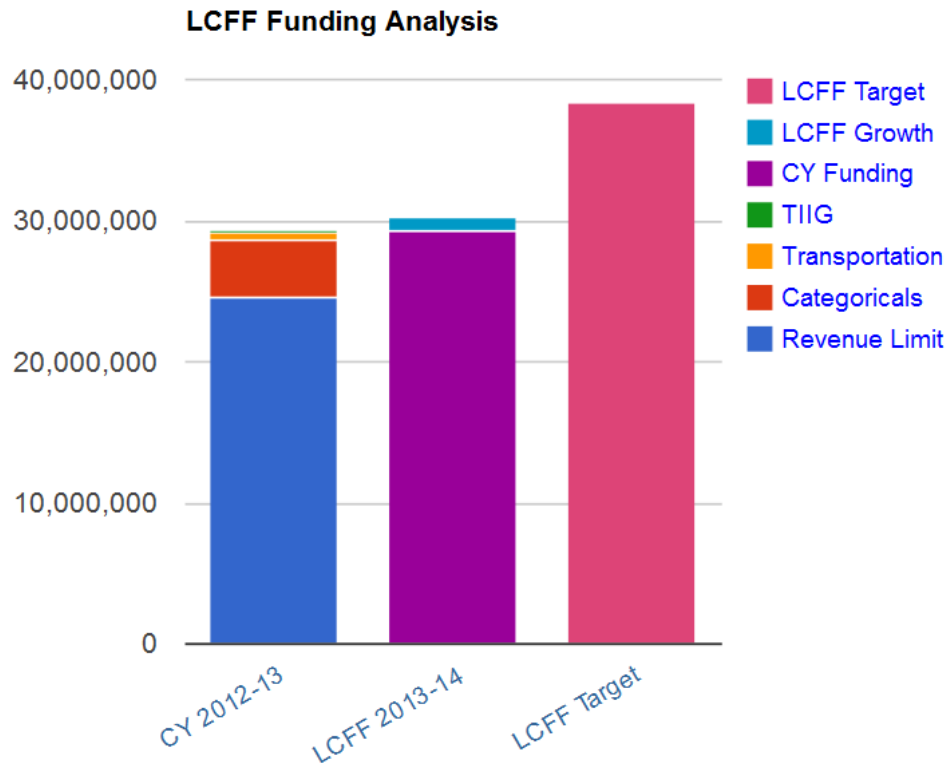
## Hold Harmless Funding



# LCFF Calculation

## Local Control Funding Formula Simulator

Report generated at 08:23 03/08/13



**LCFF Funding Analysis**

Revenue Limit	24,558,928
Categoricals	4,127,985
Transportation	491,293
TIIG	100,981
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CY Funding	29,279,187
LCFF Target	38,331,865
LCFF Funding Gap	9,052,678
LCFF Growth	926,092
<b>LCFF Growth Percent</b>	<b>3.16%</b>
<b>Est. LCFF 2013-14</b>	<b>30,205,279</b>

## 2<sup>nd</sup> Interim Budget Comparison

Mountain View Whisman School District General Fund (Restricted & Unrestricted Combined) Multi-year Projection for 2012-13 @ 2nd Interim prepared as of February 25, 2013		2011-12 Year End Actuals \$ Amount	2012-13 Budget @ June Budget \$ Amount	2012-13 Budget @ 1st Interim \$ Amount	2012-13 Budget @ 2nd Interim \$ Amount	2012-13 Variance from 1st Int \$ Amount
	<b>Budget ADA</b>	<b>4800.53</b>	<b>4937.63</b>	<b>4848.03</b>	<b>4853.93</b>	<b>5.9</b>
	<b>BEGINNING FUND BALANCE</b>	<b>\$ 10,980,644</b>	<b>\$ 12,686,447</b>	<b>\$ 15,035,170</b>	<b>\$ 15,035,170</b>	
<b>REVENUES</b>	<b>Revenue Limit Sources</b>	<b>26,530,841</b>	<b>26,968,397</b>	<b>27,170,191</b>	<b>27,778,879</b>	<b>608,688</b>
	<b>Other State Revenues</b>	<b>6,165,345</b>	<b>6,184,574</b>	<b>6,017,554</b>	<b>6,017,554</b>	<b>-</b>
	<b>Federal Revenues</b>	<b>2,503,558</b>	<b>1,785,890</b>	<b>1,521,590</b>	<b>1,521,590</b>	<b>-</b>
	<b>Local Revenues (including Parcel Tax)</b>	<b>11,277,446</b>	<b>10,119,586</b>	<b>10,612,824</b>	<b>10,612,824</b>	<b>-</b>
	<b>TOTAL REVENUES</b>	<b>\$ 46,477,190</b>	<b>\$ 45,058,447</b>	<b>\$ 45,322,159</b>	<b>\$ 45,930,847</b>	<b>608,688</b>
<b>EXPENDITURES</b>	<b>Certificated Salaries</b>	<b>18,697,193</b>	<b>19,802,593</b>	<b>19,655,427</b>	<b>19,611,473</b>	<b>(43,954)</b>
	<b>Classified Salaries</b>	<b>6,488,385</b>	<b>6,132,753</b>	<b>6,476,664</b>	<b>6,570,838</b>	<b>94,174</b>
	<b>Benefits - H&amp;W</b>	<b>4,788,345</b>	<b>5,513,674</b>	<b>4,990,587</b>	<b>5,077,911</b>	<b>87,324</b>
	<b>Benefits -Statutory</b>	<b>4,156,411</b>	<b>4,256,860</b>	<b>4,199,541</b>	<b>4,219,476</b>	<b>19,935</b>
	<b>Books &amp; Supplies</b>	<b>1,774,029</b>	<b>1,846,510</b>	<b>2,129,117</b>	<b>2,127,913</b>	<b>(1,204)</b>
	<b>Contracts &amp; Services</b>	<b>5,500,099</b>	<b>5,740,785</b>	<b>5,802,429</b>	<b>5,815,389</b>	<b>12,960</b>
	<b>Capital Outlay &amp; Equipment</b>	<b>-</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>-</b>
	<b>Other Outgo</b>	<b>(110,103)</b>	<b>(14,837)</b>	<b>(123,052)</b>	<b>(123,052)</b>	<b>-</b>
	<b>SUB-TOTAL EXPENDITURES</b>	<b>\$ 41,294,359</b>	<b>\$ 43,368,338</b>	<b>\$ 43,220,713</b>	<b>\$ 43,389,948</b>	<b>169,235</b>
	<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>5,182,831</b>	<b>1,690,109</b>	<b>2,101,446</b>	<b>2,540,899</b>	<b>439,453</b>
<b>TRANSFERS OUT</b>	<b>Transfer Out to Deferred Maintenance</b>			<b>-</b>	<b>-</b>	<b>-</b>
	<b>Transfer Out to OPEB</b>	<b>1,128,304</b>	<b>546,834</b>	<b>546,834</b>	<b>546,834</b>	<b>-</b>
	<b>Total Transfers Out</b>	<b>1,128,304</b>	<b>546,834</b>	<b>546,834</b>	<b>546,834</b>	<b>-</b>
	<b>TOTAL EXPENDITURES &amp; TRANSFERS OUT</b>	<b>\$42,422,663</b>	<b>\$43,915,172</b>	<b>\$43,767,547</b>	<b>\$43,936,782</b>	<b>169,235</b>
	<b>Excess (Deficiency) of Revenue over Outgo &amp; Expenditures</b>	<b>4,054,527</b>	<b>1,143,275</b>	<b>1,554,612</b>	<b>1,994,065</b>	<b>439,453</b>
<b>TRANSFERS IN</b>	<b>TIER III TRANSFERS IN</b>					
	<b>ENDING BALANCE with current budget projections</b>	<b>\$15,035,171</b>	<b>13,829,722</b>	<b>16,589,782</b>	<b>\$17,029,235</b>	
<b>BALANCES</b>	<b>Revolving Cash, Stores &amp; Prepaid Exp.</b>	<b>61,458</b>	<b>61,458</b>	<b>61,458</b>	<b>22,986</b>	<b>(38,472)</b>
	<b>Designated-Site Discretionary</b>	<b>239,626</b>	<b>359,780</b>	<b>609,780</b>	<b>303,492</b>	<b>(306,288)</b>
	<b>Designated-Tier III Categorical</b>	<b>2,873,367</b>	<b>0</b>	<b>321,583</b>	<b>371,583</b>	<b>50,000</b>
	<b>Assigned-Routine Repair &amp; Maintenance</b>	<b>224,242</b>	<b>68,296</b>	<b>76,695</b>	<b>81,400</b>	<b>4,705</b>
	<b>Restricted Categorical</b>	<b>3,196,630</b>	<b>4,073,083</b>	<b>5,705,569</b>	<b>5,897,727</b>	<b>192,158</b>
	<b>Assigned Reserve - Greater of /ADA or Fair Share</b>		<b>2,177,495</b>			<b>-</b>
	<b>Restricted Parcel Tax Reserves</b>	<b>977,717</b>	<b>\$918,874</b>	<b>\$912,884</b>	<b>855,573</b>	<b>(57,311)</b>
<b>UNRESTRICTED and UNASSIGNED Reserve for Economic Uncertainties</b>		<b>\$7,462,131</b>	<b>\$ 6,170,736</b>	<b>\$ 8,830,175</b>	<b>\$9,496,474</b>	<b>\$155,208</b>
	<b>Reserve as % of Total Expense</b>	<b>3.07%</b>	<b>14%</b>	<b>20%</b>	<b>21.89%</b>	
	<b>% of Required Reserve for this school district</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	
	<b>\$ Amount of Required Reserve for this school district</b>	<b>\$ 1,238,831</b>	<b>\$ 1,301,050</b>	<b>\$ 1,296,621</b>	<b>\$ 1,301,698</b>	<b>\$ -</b>
	<b>ADDITIONAL Reserves above that needed to maintain required reserve</b>	<b>\$ 6,223,300</b>	<b>\$ 4,869,686</b>	<b>\$ 7,533,553</b>	<b>\$ 8,194,775</b>	

# Changes to Budget for 2nd Interim

- Beginning General Fund Balance over \$15M.
- ADA is increasing.
- Recalculation of Revenue Limit to reflect 6% increase in property taxes and increased RDA funding .
- Increase in salaries for classified staff implemented January 1, 2013.
- Allocation of Tier III funds \$299K allocated to sites to fund intervention.



# Multi-Year Projections

Mountain View Whisman School District General Fund (Restricted & Unrestricted Combined) Multi-year Projection for 2012-2013 @ 2nd Interim prepared as of February 25, 2013		2012-13 @ 2nd Interim Except As Noted \$ Amount	2013-14 @ 2nd Interim Except As Noted \$ Amount	2014-15 @ 2nd Interim Except As Noted \$ Amount
	Budget ADA	4853.93	4853.93	4853.93
	<b>BEGINNING FUND BALANCE</b>	<b>15,035,170</b>	<b>17,029,235</b>	<b>14,143,896</b>
<b>REVENUES</b>	Revenue Limit Sources	27,778,879	28,665,242	29,295,878
	Other State Revenues	6,017,554	4,296,534	2,486,552
	Federal Revenues	1,521,590	1,431,816	1,447,779
	Local Revenues (including Parcel Tax)	10,612,824	8,635,589	7,995,364
	<b>TOTAL REVENUES</b>	<b>\$45,930,847</b>	<b>\$43,029,182</b>	<b>\$41,225,572</b>
<b>EXPENDITURES</b>	Certificated Salaries	19,611,473	20,455,645	20,825,756
	Classified Salaries	6,570,838	6,669,401	6,837,136
	Benefits - H&W	5,077,911	5,746,394	6,514,586
	Benefits -Statutory	4,219,476	4,321,484	4,435,591
	Books & Supplies	2,127,913	2,246,855	2,303,026
	Contracts & Services	5,815,389	5,949,143	6,097,872
	Capital Outlay & Equipment	90,000	92,070	94,372
	Other Outgo/Indirect Cost Recovery	(123,052)	(125,882)	(129,029)
	<b>SUB-TOTAL EXPENDITURES</b>	<b>\$43,389,948</b>	<b>\$45,355,109</b>	<b>\$46,979,309</b>
	Excess (Deficiency) of Revenue over Expenditures	2,540,899	(2,325,927)	(5,753,738)
<b>TRANSFERS OU</b>	Transfer Out to Deferred Maintenance	0	0	0
	Transfer Out to OPEB	546,834	559,411	573,396
	<b>Total Transfers Out</b>	<b>546,834</b>	<b>559,411</b>	<b>573,396</b>
	<b>TOTAL EXPENDITURES &amp; TRANSFERS OUT</b>	<b>\$43,936,782</b>	<b>\$45,914,520</b>	<b>\$47,552,706</b>
	Excess (Deficiency) of Revenue over Outgo & Expenditures	1,994,065	(2,885,339)	(6,327,134)
<b>TRANSFERS IN</b>	<b>TIER III TRANSFERS IN</b>		0	0
	<b>ENDING BALANCE with current budget projections</b>	<b>\$17,029,235</b>	<b>\$14,143,896</b>	<b>\$7,816,762</b>
<b>BALANCES</b>	Revolving Cash, Stores & Prepaid Exp.	22,986	58,000	61,458
	Assigned-Site Discretionary	303,492	244,352	200,507
	Assigned-Tier III Categorical	371,583	250,000	250,000
	Assigned-Routine Repair & Maintenance	81,400	151,341	151,341
	Restricted Categorical	5,897,727	4,385,140	74,368
	Assigned Reserve - Greater of \$441/ADA or Fair Share			
	Restricted Parcel Tax Reserves	855,573	796,314	449,768
<b>UNRESTRICTED and UNASSIGNED Reserve for Economic Uncertainties</b>		<b>\$9,496,474</b>	<b>\$8,258,750</b>	<b>\$6,629,320</b>
	<b>Reserve as % of Total Expense</b>	<b>21.89%</b>	<b>18.21%</b>	<b>14.11%</b>
	<b>% of Required Reserve for this school district</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
	<b>\$ Amount of Required Reserve for this school district</b>	<b>\$1,301,698</b>	<b>\$1,360,653</b>	<b>\$1,409,379</b>
<b>ADDITIONAL Reserves above that needed to maintain required reserve</b>		<b>\$8,194,775</b>	<b>\$6,898,097</b>	<b>\$5,219,941</b>