

**FREMONT UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

AGENDA ITEM

Date of Board Meeting: February 13, 2008

TITLE: 2007-08 and 2008-09 Budget Report

Background:

Each year the budget cycle commences with the Governor's proposed budget for the upcoming fiscal year. This year commences in a manner that has occurred once before. That is with a determination that the current year is in deficit and out of balance. As a consequence, the Governor has declared a fiscal emergency for the 2007-08 fiscal year and has advised the state that the next fiscal year is out of balance.

Current Status:

The State of California Budget for 2007-08 is out of balance by over \$6 Billion. The Governor has declared a fiscal emergency and is directing that K-12 education be cut by \$360 million dollars. The source of the cuts will be from unspent categorical funds.

Additionally, the State is looking at being in deficit by over \$14 Billion for the 2008-09 fiscal year. The Governor has proposed major reductions in all state programs. In education, both restricted and unrestricted are looking at no COLA and reductions in the core funding as the Governor seeks to suspend Proposition 98. It is the worse budget education can recall being presented.

Recommendation:

The power-point attached is presented the Board and the Community for their information.

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NAME/PHONE Staff Contact Person

Business

DIVISION

Doug Gephart

SUPERINTENDENT


California Fiscal Emergency

Fremont USD
Bill Stephens, Assistant
Superintendent Business
February 13, 2008

2007-08 Budget Year

- California Budget Projected to be in deficit by \$6.1 Billion
- Governor has declared a fiscal emergency

Fiscal Emergency

- Governor acting under the Proposition 58.
Actions:
 1. Calls Legislature into Special Session.
 2. Submits a plan to address the budget short-fall.
 -  3. Legislature has 45 days to solve (March 15) or may not adjourn.
 4. Requires 2/3 vote to implement own plan.

Educational Plan

- Reduction of \$360 million from K-12 Education
- Reduction of \$40 million from Community Colleges
- Total Education Reduction:
 - Combined reduces State Education Funding by total of \$400 Million

How?

- Sweep un-allocated categorical funds.
Such as: Certificated Staff Mentoring
English Learner Supplemental Materials
Best Practice Pilot
PE Teacher Incentive Grants
Child Development
Others?

What If There Is Not Enough?

- Cut 2007-08 Cost of Living Adjustment
- Apply Deficit of 0.5% on Revenue Limit Funding This Year

What Does This Mean?

- Fremont is projected to receive 4.55% COLA for 07-08.
- State deficits COLA for current year by .5%.
- That would change the District COLA to 4.05% - **(\$1.3 Million)**

What is Fremont USD Doing?

- Staff has met and identified budget areas to reduce or slow down expenditures.
- Slow down means not filling vacant positions at this time.

Savings

- Staff has identified \$1.6 million dollars in saving for current fiscal year.
- This should be considered 1 time savings.
- Some of the budget reductions may be used again in next fiscal year.

Un-Restricted and Categorical Budget Savings

- Staffing
 - Certificated \$ 320,340
 - Classified \$ 418,223
- Categorical Offset \$ 255,045
- Operations and Supplies \$ 237,539
- Energy \$ 62,000
- Un-restricted Total \$ 1,293,147
- Categorical Programs \$ 275,241
- Grand Total \$ 1,568,388**

Conclusion

- Fremont USD is prepared to implement current year fiscal reductions.

Governor's Proposed 2008-09 State of California Budget

Bill Stephens
Assistant Superintendent, Business
Fremont Unified School District

Governor's Budget Proposal

The Governor commences the budget process with a proposed budget as visualized by the state's chief executive.

Outlook For 2008-09

The budget for the up-coming fiscal year (2008-09) is one of the most challenging in history.

Outlook For 2008-09

The State of California is projecting a \$14.5 Billion deficit for 2008-09.

Outlook For 2008-09

What does this budget propose for K-12 public education?

Governor's Educational Initiatives General Fund - Unrestricted

- Suspend Proposition 98 - (\$4 Billion)
- Add Cost of Living Adjustment - 4.94%
- Deficit of 6.99% in revenue limit funding
- Defer Apportionment from July to September
- Modify the COLA calculation in future years

2008-09 Fiscal Impact

- Loss to Revenue Limit of 2.37%
- 25% reduction in interest revenue



Categorical Proposals

- Categorical Programs
 - Special Education
 - Transportation
 - After School Programs
- COLA of 4.94%
- Reduction of funding by 10.9%
- Net Loss is 6.45%



It's just the beginning.....but



The District must commence to build a budget based on the proposed reductions as indicated.