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# Budget Presentation

Millbrae School District Board of Trustees  
Superintendent Dr. Shirley Martin  
Chief Business Official Cynthia Shieh

# Mission Statement

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- Our purpose, in partnership with family and community, is to prepare all students to become responsible citizens and to promote intellectual, physical, emotional, social, and cultural development.



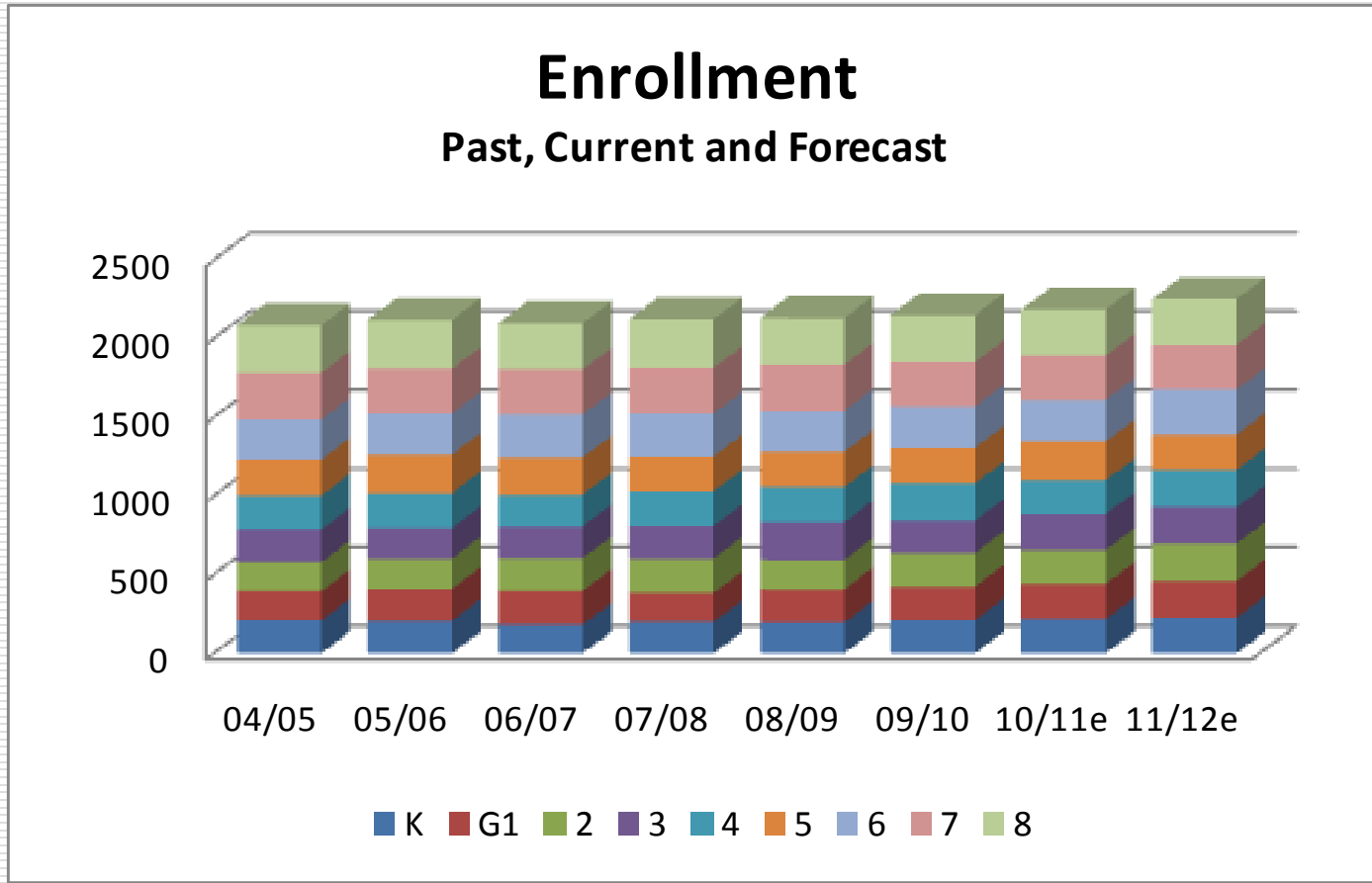
# Goals

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- Student Needs
- Curriculum
- Staffing
- Technology
- Facilities and Finance
- Community



# Students – Stable Enrollment



# Employees (as of June 30, 2009)

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- The MSD employs 232 people
  - Includes all part and full-time staff
- Certificated Staff
  - 117.65 Full time equivalents
- Classified Staff
  - 53.1 Full time equivalents



# Definitions of Terms Used (see Appendix)

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- ADA - Average Daily Attendance
- Basic Aid District
- Categorical Funding
- Deficit Factor
- Deferred Maintenance
- General Fund
- Reserves
- Revenue Limit District



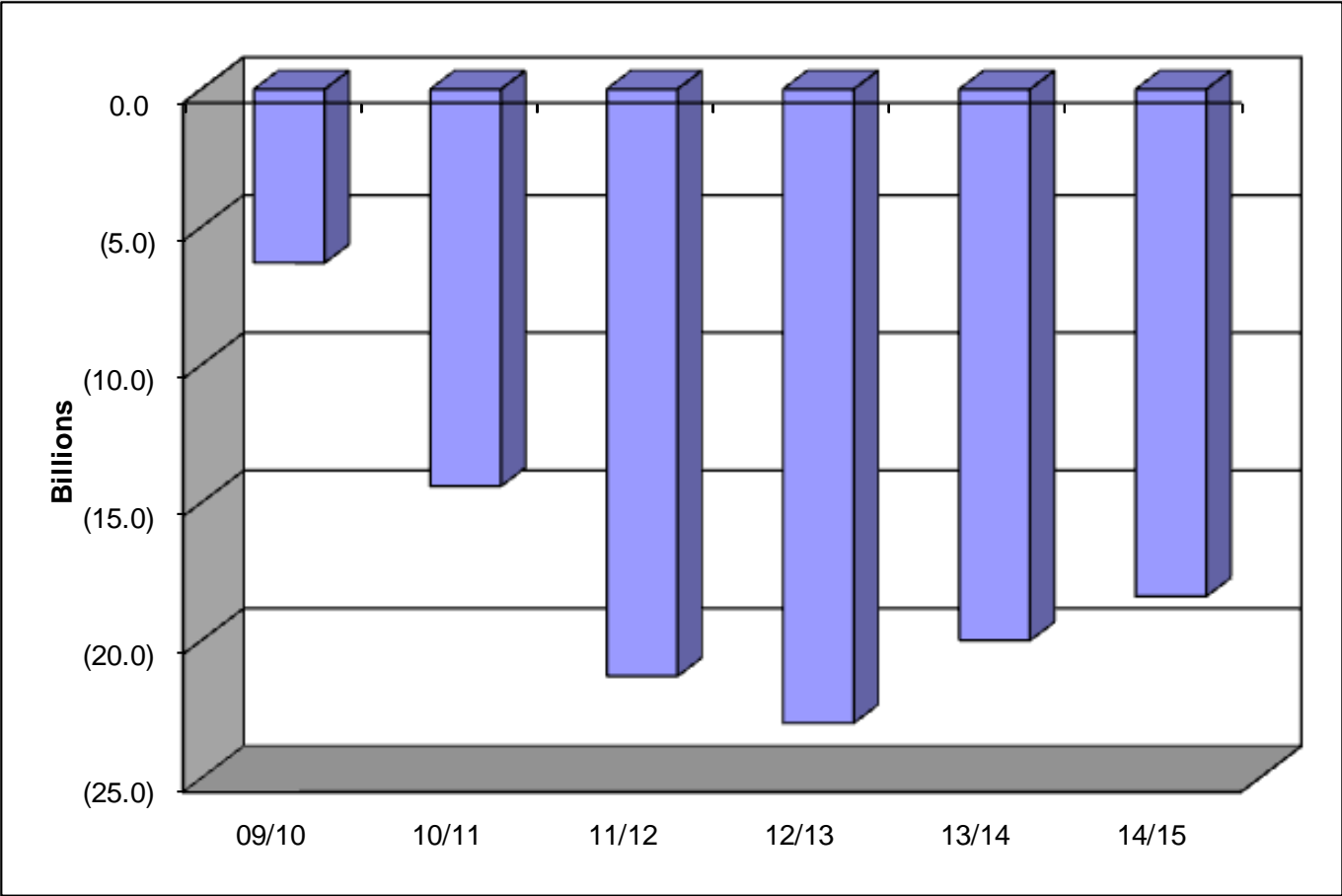
# The Problem

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- ❑ State projects huge budget deficits at least through 2015
- ❑ State budget is a moving target
- ❑ State does not consistently and predictably fund education
- ❑ State and Federal mandated programs that are not funded adequately



# Projected State Budget Deficits

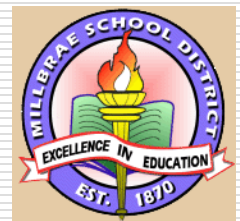


Source: LAO, The 2010-11 Budget: California's Fiscal Outlook, Nov 2009

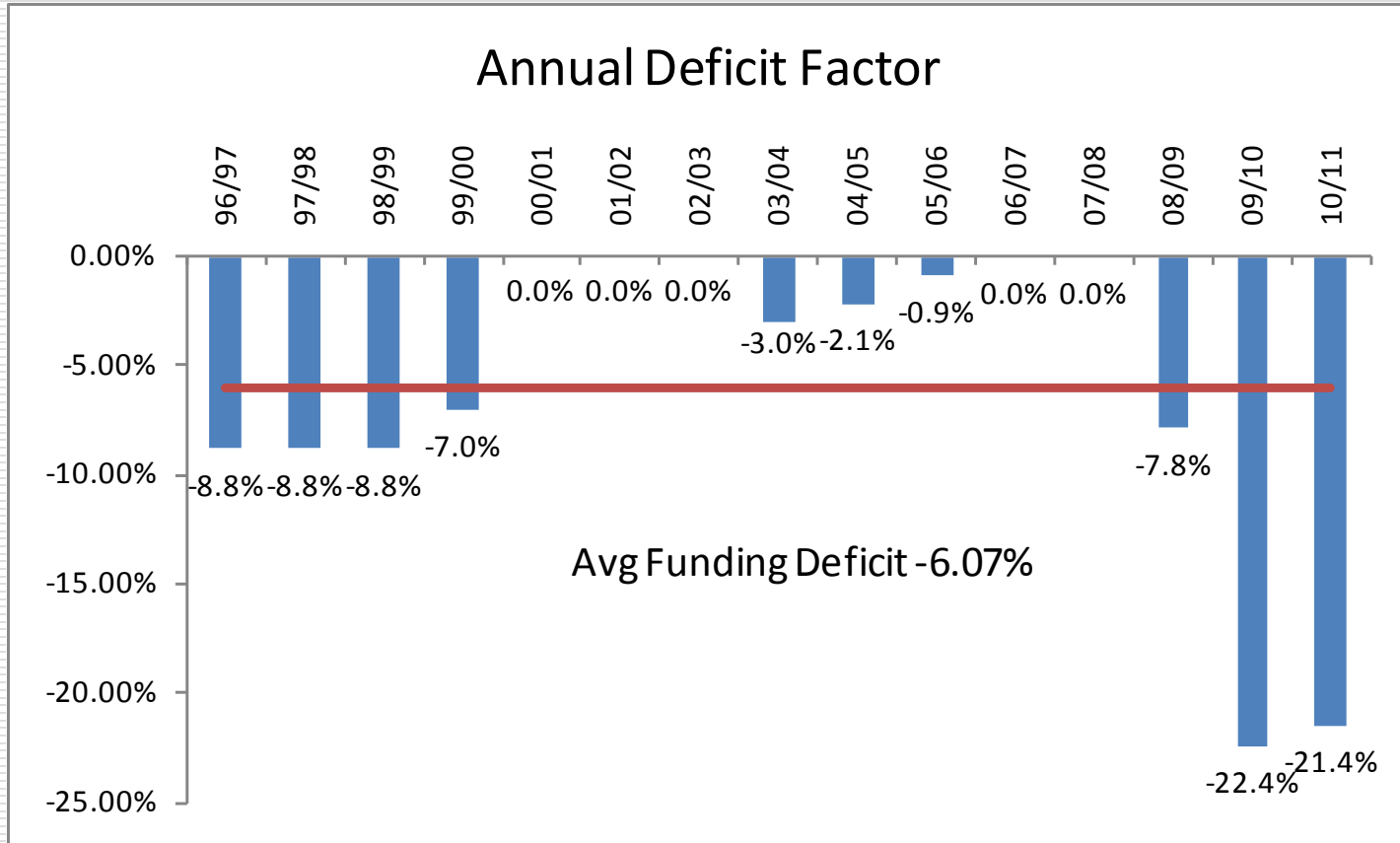
# Funding Deficit Facts

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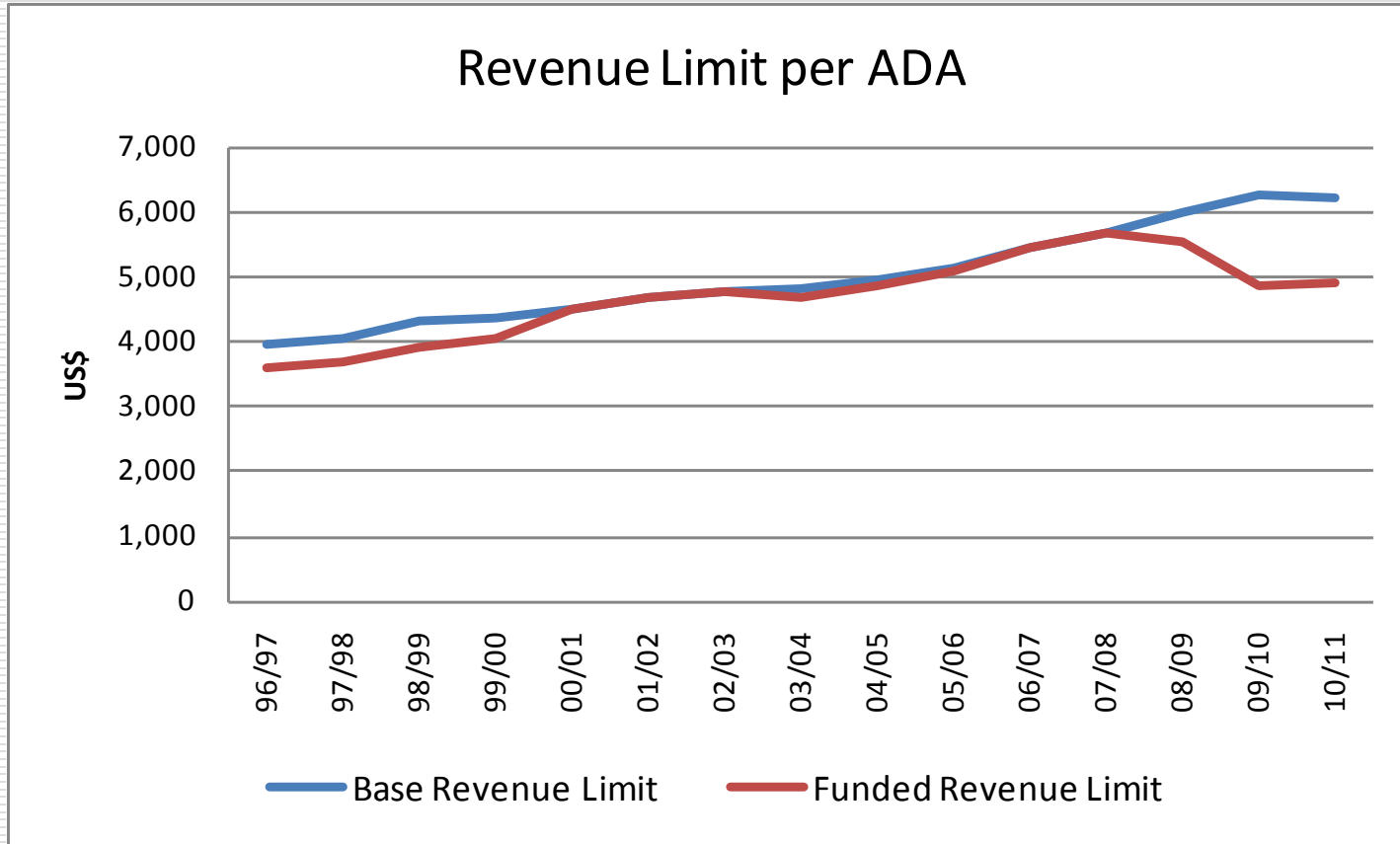
- ❑ State has under funded the Revenue Limit 9 of the last 15 years
- ❑ Average deficit = 6.07%
- ❑ No more than 3 consecutive years of full funding
- ❑ State projects 5 consecutive years of budget deficits
- ❑ Millions owed by State to schools



# Deficit Factor

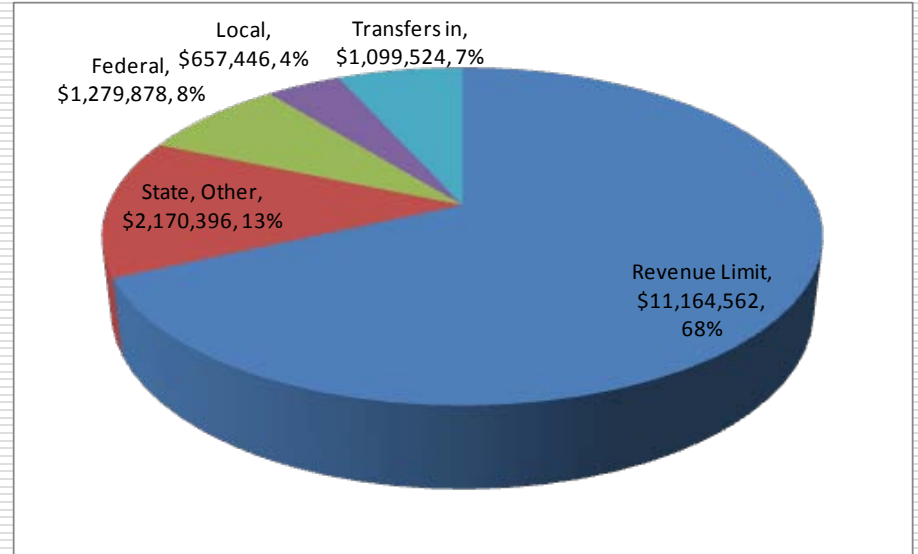


# Revenue Limit Hit



# School Funding Sources (09-10 Budget)

- State – 81%
  - Revenue Limit Source – 68%
    - Funding based on ADA
  - Other State Revenue – 13%
    - Categorical, Class Size Reduction, Prop 49, Lotto, other
- Federal – 8%
  - Special Ed
  - No Child Left Behind
  - Title 1,2,3
- Other Revenue – 4%
- Transfers In – 7%



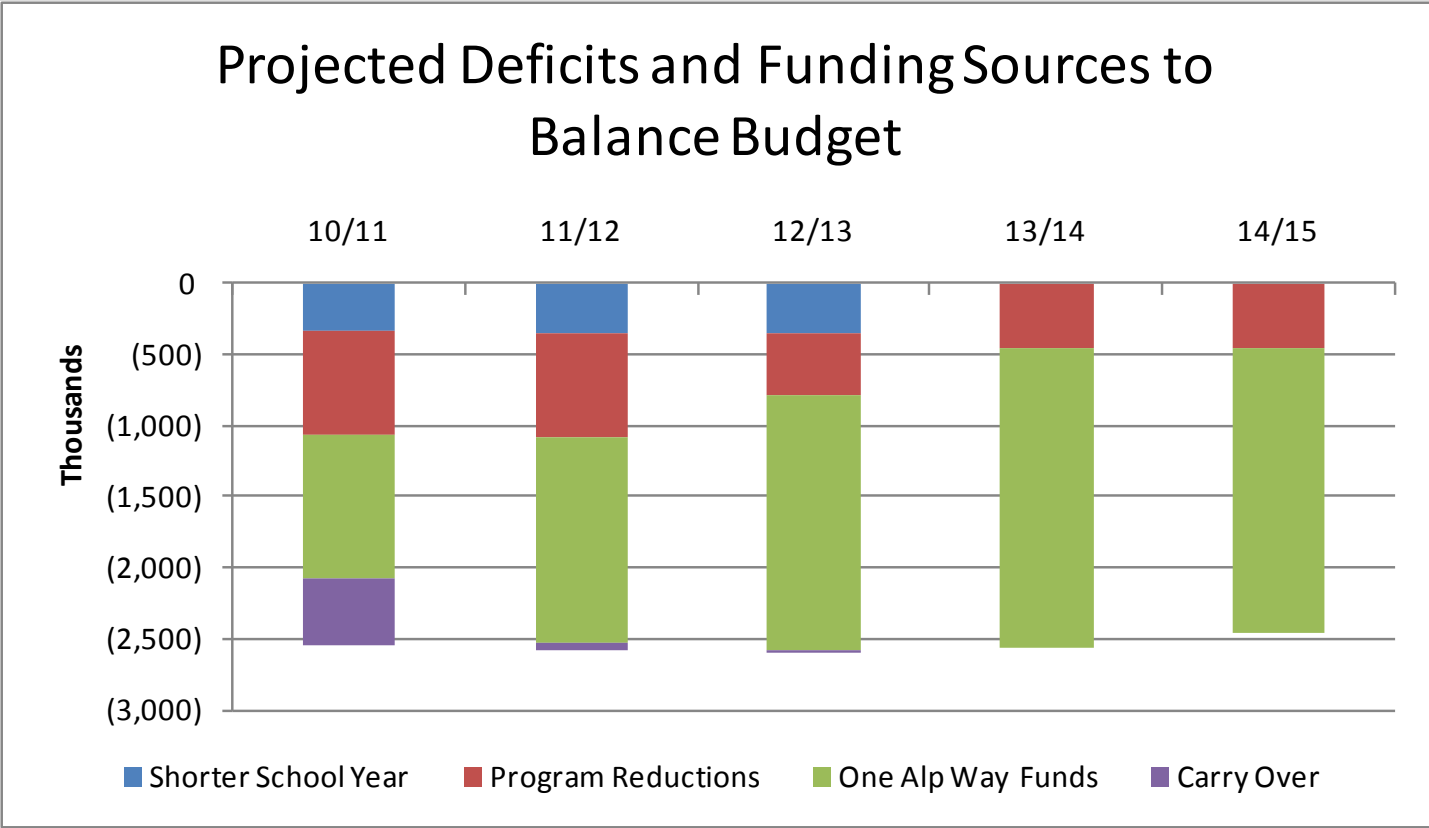
# Consequences of Not Balancing Budget

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- ❑ State would take over day to day operational control of District
- ❑ State would approve all expenditures
- ❑ State would force cuts and use of reserves
- ❑ Board/Community would have no vote



# Projected Budget Deficits



# Potential Short-Term Solutions

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- Find alternative/additional funding
- Eliminate programs
- Design a more cost effective curriculum
- Increase class size
- Reduce staffing
- Across the board furloughs
- Shorten the school year
- Reduce compensation
- Continue to utilize reserves



# District Reserves are Limited

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- ❑ Unrestricted reserves liquidated to cover 08/09 and 09/10 budget deficits
- ❑ One Alp Way proceeds
  - Restricted
  - Usage requires State waiver
  - Uncertain waiver approval will result initially in a higher number of layoffs in March
- ❑ State required minimum reserves
- ❑ Reserves must be re-built to cover future budget deficits



# Income Sources are Few

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- Rental Income
  - Glen Oaks (decreasing)
  - Portables (After school programs)
  - Cell Tower
- Interest Income
  - Minimal



# Potential Long Term Solutions

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- ❑ Rebuild and maintain large reserves
- ❑ Local parcel tax
- ❑ Share services with City and neighboring districts
- ❑ Merge with neighboring district
- ❑ Economic Recovery
- ❑ State adopts “rainy day” fund for education
- ❑ Millbrae property turnover = increased tax revenue



# District Future Is Still Strong

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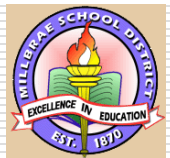
- ❑ All day kindergarten will be district wide next year
- ❑ Test scores continue to improve
- ❑ Excellent teachers, administration, support and maintenance staffs
- ❑ Tremendous community support for education
- ❑ Board will continue fiscally responsible policies
- ❑ State will rebound economically



# Summary

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- ❑ Next year's deficit is greater than \$2.0M
- ❑ Deficits will continue through 2015
- ❑ Painful decisions will be made
- ❑ We will invest in our facilities
- ❑ We will have a balanced budget
- ❑ We will spend our reserves prudently
- ❑ We will continue to provide quality education



# Important Dates in Budget Process

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- ❑ February 8<sup>th</sup> Board Meeting
  - Adopt tie-breaking criteria for certificated seniority purposes
  - Discuss programs and services to be reduced
  - Budget reduction plan
- ❑ February 18<sup>th</sup> Board Meeting
  - One Alp Way waiver hearing
- ❑ February 22<sup>nd</sup> Board Meeting
  - Adopt resolution to reduce or discontinue certificated programs and services
  - Adopt updated certificated seniority list
  - Adopt reduction/discontinuance of classified services
- ❑ March 8<sup>th</sup> Board Meeting
  - Present second interim budget
- ❑ March 15<sup>th</sup>
  - Layoff notices to certificated and classified employees
- ❑ May 12<sup>th</sup> Board Meeting
  - Adopt final layoff notices to certificated employees



# Appendix - Dictionary

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- ADA – Average Daily Attendance
  - The total number of days of student attendance divided by the total number of days in the regular school year. A student attending every day would equal one unit of ADA. ADA is not the same as enrollment. The state uses a school district's ADA to determine its total general-purpose (revenue limit) funding and some other funding.
- Basic Aid District
  - The minimum general-purpose aid guaranteed by the state's constitutions for each school district in California. The amount is \$120 per pupil (ADA), with a minimum of \$2,400 per district for very small districts. In 2003 lawmakers decided that the funding schools receive for categorical programs could satisfy this guarantee.
- Categorical Aid / Categorical Programs
  - Allocations from the state or federal government that generally fall into three categories: specific programs, specific students, and specific characteristics of school districts. All districts receive categorical aid in varying amounts in addition to the funding they receive for their general education program. In most cases districts have limitations on how they may use these funds.
- Deficit Factor
  - The percentage by which an expected allocation of funds to a school district or county office of education is reduced. The state may apply deficit factors to revenue limits and categorical programs when the appropriation is insufficient based on the funding formulas specified by law.

# Appendix - Dictionary

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- **Deferred Maintenance**
  - Major repairs of buildings and equipment that have been postponed by school districts. Some matching state funds are available to districts that establish a deferred maintenance program to proceed with these repairs.
- **General Fund**
  - The primary, legally-defined fund used by the state and school districts to differentiate general revenues and expenditures from those placed in other funds for specific uses.
- **Local Education Agency (LEA)**
  - A public board of education or other public authority within a state that maintains administrative control of public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state. School districts and county offices of education are both LEAs.
- **Reserves**
  - Funds set aside in a school district budget to provide for future expenditures, to offset future losses, for working capital, or for other purposes.
- **Revenue Limit**
  - The amount of general-purpose money districts receive per pupil (ADA) from a combination of state funds and local property taxes. Categorical aid for specific programs and student is an addition to revenue limit income.