

Budget Update

Board of Education Meeting
Feb 26, 2009

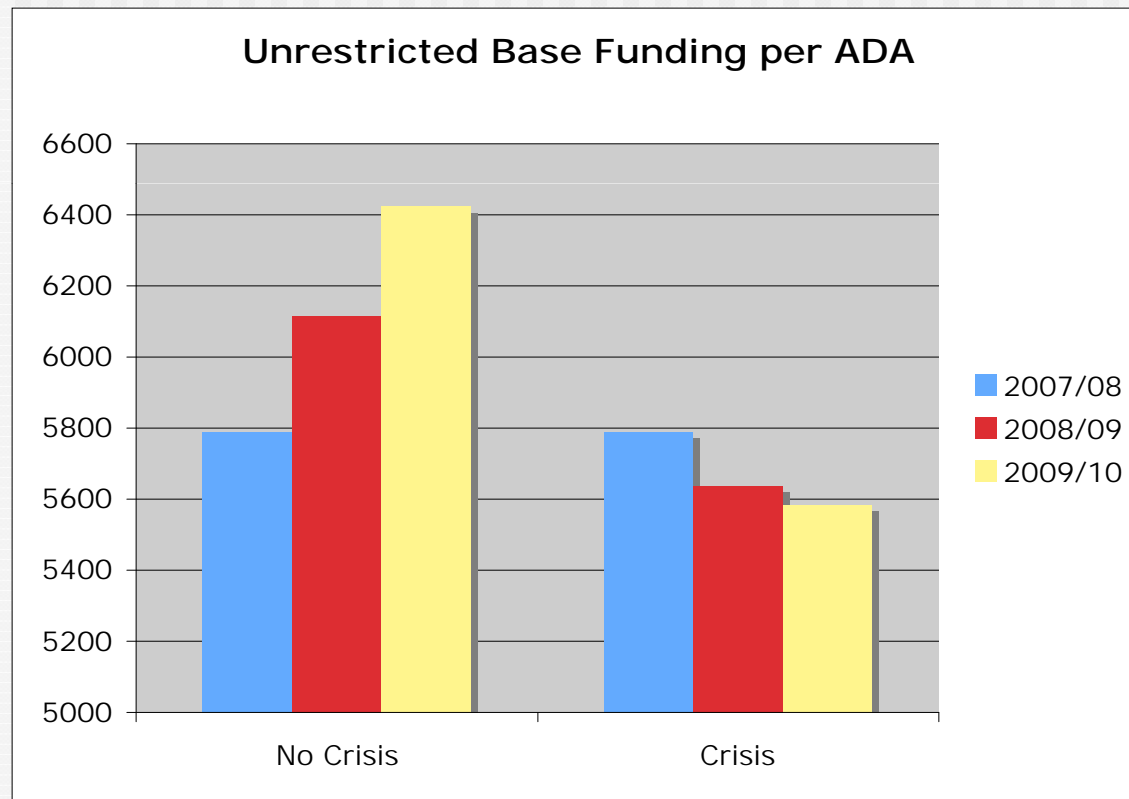
State Budget - 17 Months

- 2-year state shortfall is \$41+ Billion
- Includes \$14.4 billion in temporary revenue, \$11 billion in borrowing - leaving \$15 Billion in Cuts
- May 19th Special Election - there are five specific proposals needed to implement the budget plan
- Cuts to Education are approx 50/50 restricted and unrestricted
- Categorical program flexibility for current plus four years - through 2012-13

State Education Budget

- Current Year - 2008-09
 - Total cuts to K-12 about \$2.3, split 50/50 between Revenue Limits(RL) per student and state categoricals (CATS)
 - \$160 per student RL, 15% CATS
- Budget Year - 2009-10
 - Same cuts continue with an additional \$45 per student for RL and 5% cut to categorical.
 - \$205 per student RL, 20% CATS

State Crisis means loss of \$841.15 per student next year



SJUSD Budget

- Current Year - 2008/09
 - Total projected revenue loss - \$12.6 million
 - 5.2% less than received in 2007-08
 - Loss is split 40/60 between unrestricted and restricted - due to TIIG
 - Unrestricted RL \$160 per student = \$4.8 million
 - Restricted Categorical - 15% loss = \$7.8 million
 - Flexibility to sweep 2007/08 ending balances from some state categorical resources
 - Complete flexibility to use 26 different programs for any educational purpose

SJUSD Budget

- Budget Year - 2009/10
 - Total projected revenue loss - \$16.5 million
 - 6.8% less than received in 2007-08
 - Unrestricted RL \$205 per student = \$6.1 million
 - Restricted Categorical - 20% loss = \$10.4 million
 - Setting the Target for Expenditure Cuts
 - Second Interim - Solvency projection through 2011/12
 - Third year shortfall divided by three will determine the target

Categorical Flexibility

■ Tier I

- No cuts and no flexibility - includes EIA, Child Development, QEIA, K-3 CSR, Special Education, Transportation, Prop 49 After Education, and Child Nutrition

■ Tier II

- Revenue cut 15%, then 5% more with no flexibility - includes ELAP

■ Tier III

- Revenue cut 15%, then 5% more with complete flexibility through 2012-13

Federal Stimulus Package

- Estimated One time Allocations
 - Title I - \$4,287,000
 - IDEA - \$6,918,000
- Federal goal was to get cash out to States in 30 days, then 30 days to LEAs.
- Additional \$\$\$ from Fiscal Stabilization Pot
 - \$4 Billion State wide
 - If 1/2 goes to K-12 this could be about \$266 per ADA

San Jose Positives

- Unrestricted reserves - 9% = \$27 Million
- Fiscally Conservative
 - .68 RL COLA held in reserves - \$1 M
 - 7% of state categorical reserved - \$4.4 M
 - Expenditure freeze - est savings - \$4 M
 - Employee Work furlough - \$1.5 million