



BOARD OF EDUCATION
2006/07 Budget Adoption
General Fund

June 27, 2006



2006/07 BUDGET ADOPTION

General Fund Highlights

June 27, 2006

Total Budget \$ 1.193 Billion

- Funds full year of prior salary increase (3.5%), and current year employee benefits (11.9% average increase), and salary schedule maintenance
- Begins restoration of pupil bus replacement funding (\$1.0m)
- Continues landscape position restoration ¹
(plus 34 for total of 79)
- Funds ethics program implementation & training
- Supports new Area Superintendent structure

¹ Non General Fund; funded by property management & redevelopment funds



2006/07 BUDGET ADOPTION

General Fund Highlights

June 27, 2006



(continued)

- Continues programs initiated in 2005/06
 - Campus security assistants at high schools
 - 9th grade class size reduction incentive program

- Provides for centralized custodial program initiative

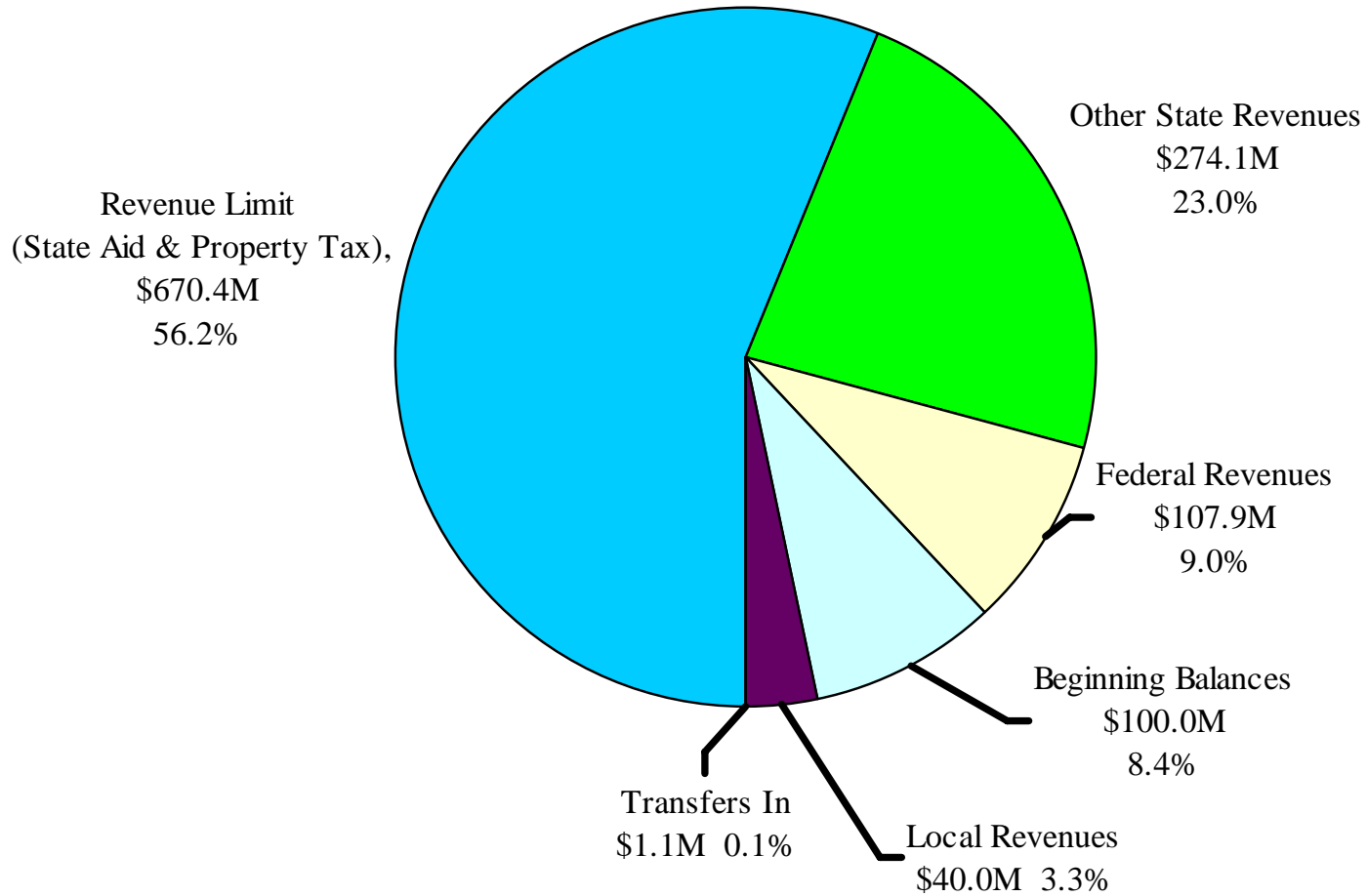
- School sites retain full carryover privileges to 2006/07
(Title I capped at 15%)

- Maintains Workers' Compensation Liability Funding
(year 3 of 5)

- Implements AB825 transfer from TIIBG to Special Education to
free up unrestricted funds (\$11.7m)



2006/07 GENERAL FUND RESOURCES

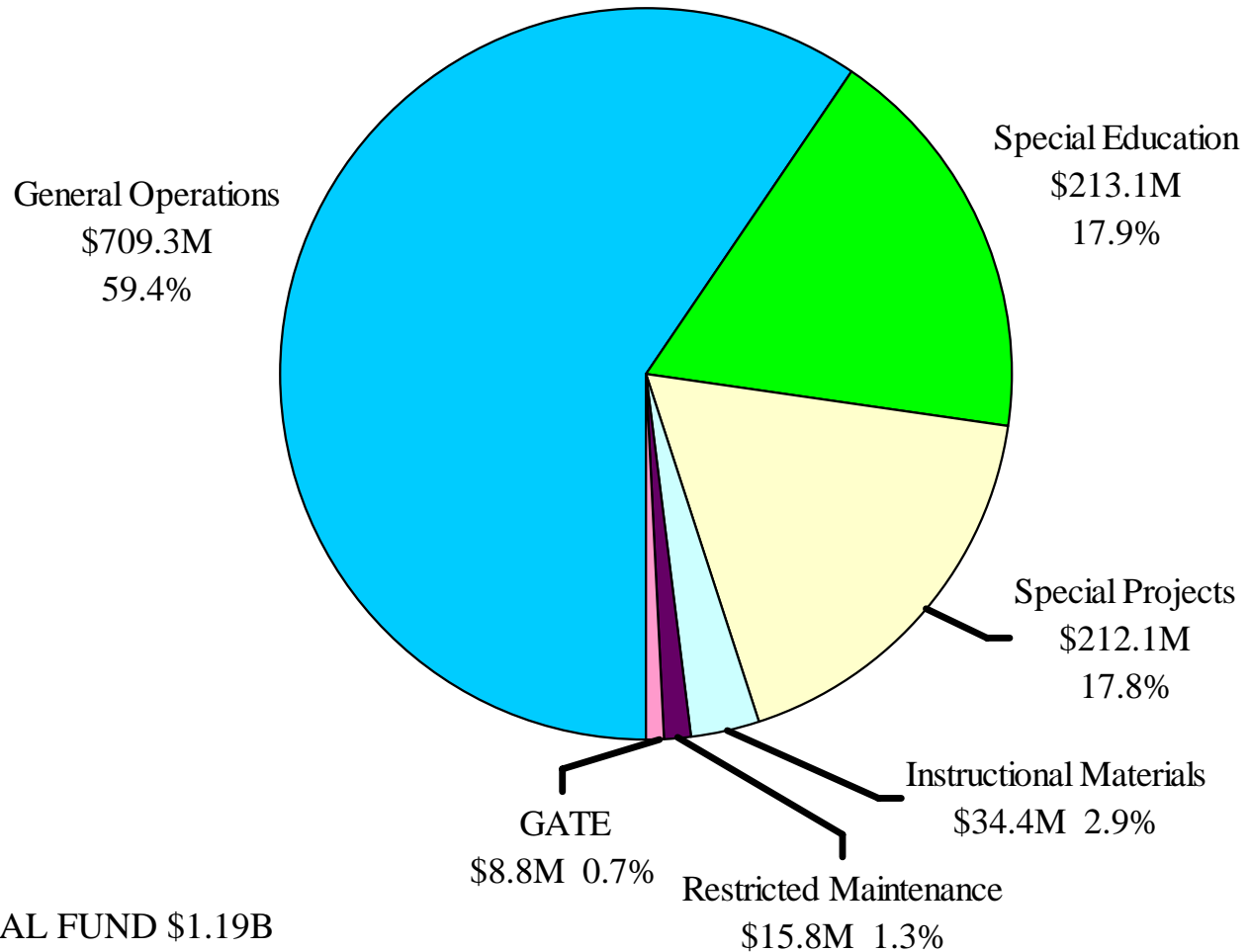


TOTAL GENERAL FUND \$1.19B



2006/07 GENERAL FUND APPROPRIATIONS

By Sub-Fund

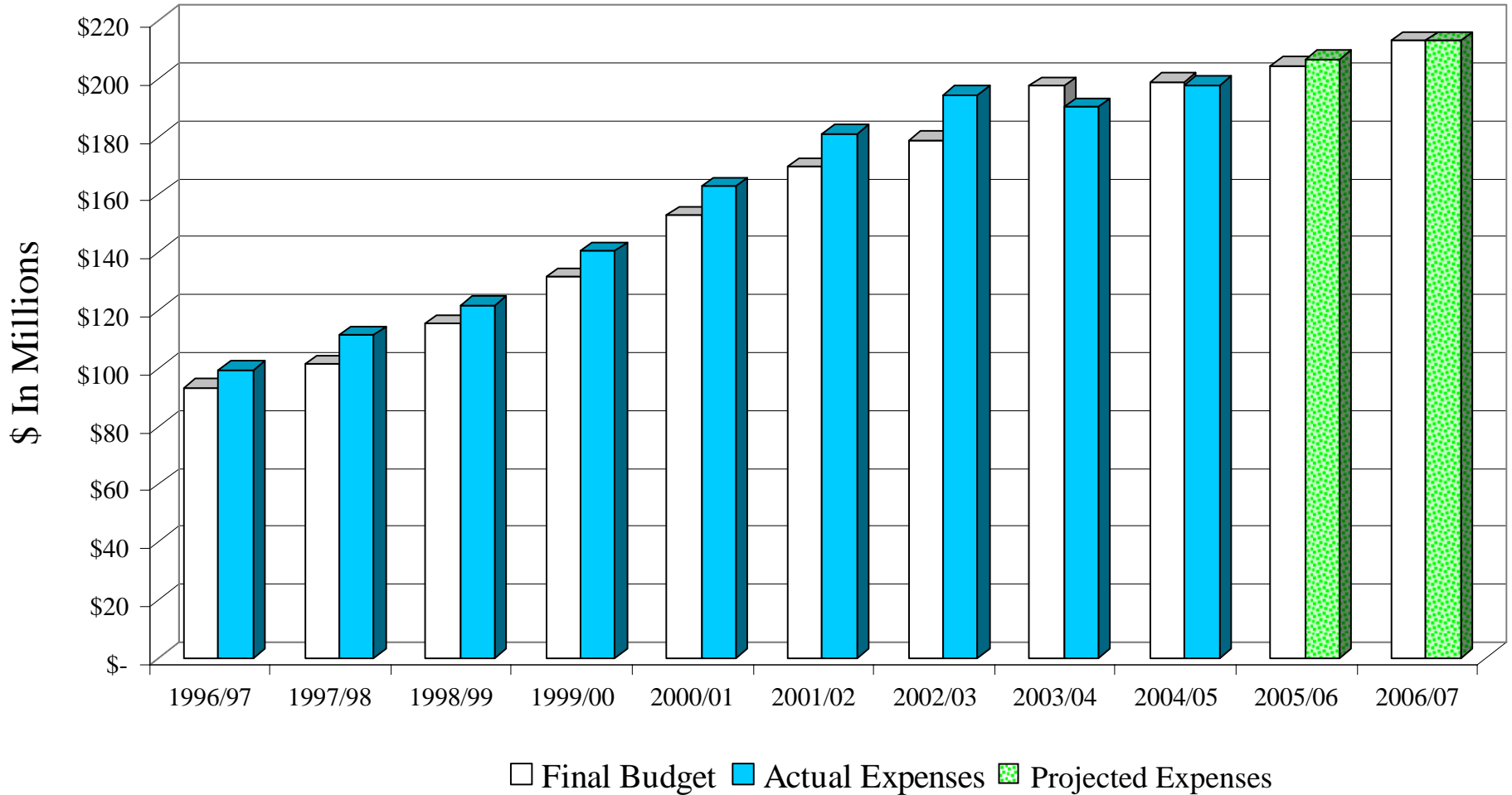


TOTAL GENERAL FUND \$1.19B



SPECIAL EDUCATION

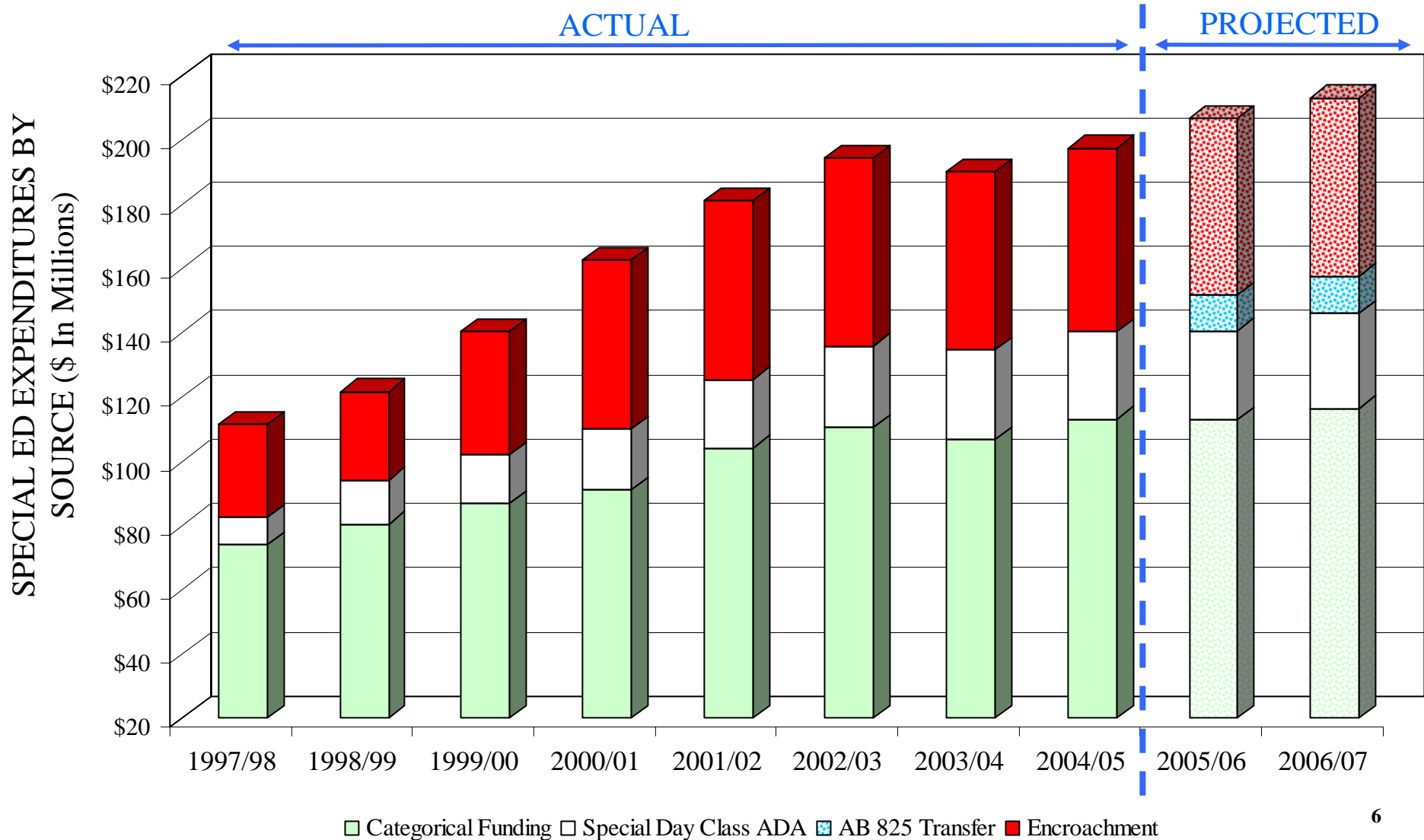
Budget vs. Actuals





SPECIAL EDUCATION

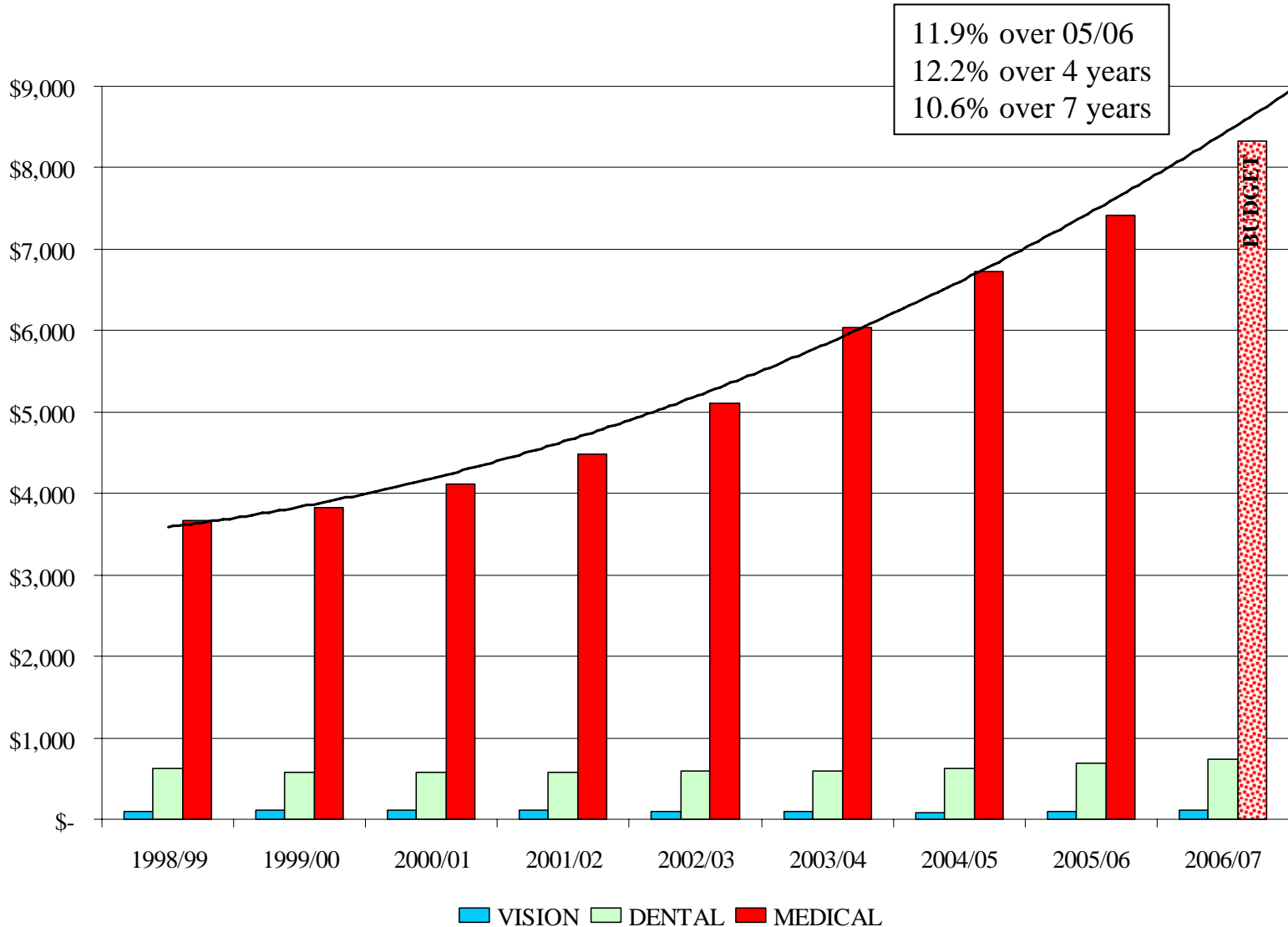
Encroachment Upon Unrestricted Resources





HEALTH & WELFARE BENEFITS

Cost per Employee (Enrolled)





HEALTH & WELFARE BENEFITS

Cost per Employee

FIXED BENEFITS AMOUNTS

1998/99 THROUGH 2006/07

FIXED BENEFIT	ACTUALS								BUDGET
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
VISION	103	108	108	110	101	92	85	96	112
DENTAL	623	584	577	584	586	597	628	688	739
MEDICAL	3,670	3,828	4,123	4,489	5,116	6,034	6,731	7,422	8,332
TOTAL FIXED BENEFITS	\$ 4,396	\$ 4,520	\$ 4,808	\$ 5,183	\$ 5,803	\$ 6,723	\$ 7,445	\$ 8,206	\$ 9,183



FINAL ADOPTED BUDGET SUMMARY

2006/07



	Unrestricted	Restricted	Total General Fund
Begin. Balance	\$ 46,852,545	\$ 53,141,481	\$ 99,994,026
Revenue	734,541,860	358,927,406	1,093,469,266
Contributions	(72,108,068)	72,108,068	-
TOTAL	\$ 709,286,337	\$ 484,176,955	\$ 1,193,463,292
Expend. Appro.	\$ 660,043,999	\$ 431,573,362	\$ 1,091,617,361
Reserves			
Econ.Uncert.	22,122,285	-	22,122,285
All Others	27,120,053	52,603,593	79,723,646
TOTAL	\$ 709,286,337	\$ 484,176,955	\$ 1,193,463,292



FINAL ADOPTED BUDGET COMPARISON



	<u>2005/06 Final Adopted Budget</u>	<u>2006/07 Final Adopted Budget</u>	<u>Increase/ (Decrease)</u>
Beg. Balance	\$ 89,462,878	\$ 99,994,026	\$ 10,531,148
Revenue	1,040,343,806	1,093,469,266	53,125,460
TOTAL	\$ 1,129,806,684	\$ 1,193,463,292	\$ 63,656,608
Expend. Appro.	\$ 1,065,715,388	\$ 1,091,617,361	\$ 25,901,973
Reserves			
Econ. Uncert.	21,550,673	22,122,285	571,612
All Others	42,540,623	79,723,646	37,183,023
TOTAL	\$ 1,129,806,684	\$ 1,193,463,292	\$ 63,656,608



FINAL ADOPTED BUDGET COMPARISON

Resources By Category

	<u>2005/06 Final Adopted Budget</u>	<u>2006/07 Final Adopted Budget</u>	<u>Increase/ (Decrease)</u>
Unrestricted	\$ 671,327,548	\$ 709,286,337	\$ 37,958,789
Restricted			
Special Ed	204,479,585	213,083,456	8,603,871
Special Projects	214,693,744	212,053,453	(2,640,291)
Instructional Materials	16,405,628	34,449,022	18,043,394
Restricted Maintainance	15,000,000	15,800,000	800,000
GATE	7,900,179	8,791,024	890,845
<u>TOTAL</u>	<u>\$ 1,129,806,684</u>	<u>\$ 1,193,463,292</u>	<u>\$ 63,656,608</u>



2006/07 FINAL BUDGET ADOPTION

General Fund – Unrestricted



Multi-Year Comparison

(\$Millions)

LINE	DESCRIPTION	2005/06	2006/07	2007/08
		FINAL PROJECTION -1-	FINAL ADOPTED BUDGET -2-	PRELIMINARY PROJECTION -3-
1	Beginning Balance	\$ 53.1	\$ 46.8	\$ 49.2
2	+ Revenues	700.8	734.5	747.7
3	- Expenditures	635.6	660.0	679.1
4	- Contributions to Restricted Funds	71.5	72.1	71.7
5	= Ending Balance	\$ 46.8	\$ 49.2	\$ 46.1
6	Indicated (Deficit)/Surplus Spending	\$ (6.3)	\$ 2.4	\$ (3.1)

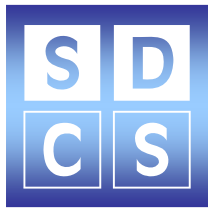


2006/07 FINAL BUDGET ADOPTION

General Fund



Supporting Schedules And Assumptions



2006/07 GOVERNOR'S MAY REVISE

Proposed Revenue Increases – Unrestricted

June 27, 2006

Including Declining Enrollment

		(\$ Millions)			
		STATE FUNDING	ESTIMATED DISTRICT FUNDING	DISTRICT % ***	
I REVENUE LIMIT					
COLA	5.92%	\$ 2,020	\$ 32.2	5.31%	
Growth/(Decline) (2,782 Down for District)		(54)	(15.7)	-2.59%	
Deficit Reduction	0.892%	307	6.6	1.10%	
Equalization Aid		300	6.6	1.10%	
SUB-TOTAL REVENUE LIMIT		2,573	29.7	4.92%	
II CSR COLA					
		90	2.2		
SUB-TOTAL ONGOING INCREASES		2,663	31.9		
III MANDATE REIMBURSEMENTS					
Prior Year		952	1.0		
Current Year		164	**		
Total Increase In Estimated Funding		\$ 3,779 *	\$ 32.9		

* All other funding projected to be restricted for a total proposed funding of \$4.5 billion for K-12 education.

** Any funds received will be set aside in a reserve account until successful completion of audit.

*** Revenue Limit Base = \$606.5



2006/07 GOVERNOR'S MAY REVISE

Compared to January Budget

Proposed Revenue Increases – Unrestricted

June 27, 2006

Including Declining Enrollment

(\$ Millions)

		JANUARY BUDGET ESTIMATED DISTRICT FUNDING	MAY REVISE ESTIMATED DISTRICT FUNDING	MAY REVISE OVER/(UNDER) JANUARY BUDGET
I REVENUE LIMIT				
COLA	5.18% TO 5.92%	\$ 28.1	\$ 32.2	\$ 4.1
Growth/(Decline) (2,782 Down for District)		(16.2)	(15.7)	0.5
Deficit Reduction	.59% TO .892%	4.8	6.6	1.8
Equalization Aid		2.0	6.6	4.6
SUB-TOTAL REVENUE LIMIT		18.7	29.7	11.0
II CSR COLA				
		1.9	2.2	0.3
SUB-TOTAL ONGOING INCREASES		20.6	31.9	11.3
III MANDATE REIMBURSEMENTS				
Prior Year		2.6	1.0	(1.6)
Current Year		*	*	
Total Increase In Estimated Funding		\$ 23.2 *	\$ 32.9	\$ 9.7

* Any funds received will be set aside in a reserve account until successful completion of audit.



2006/07 GOVERNOR'S MAY REVISE

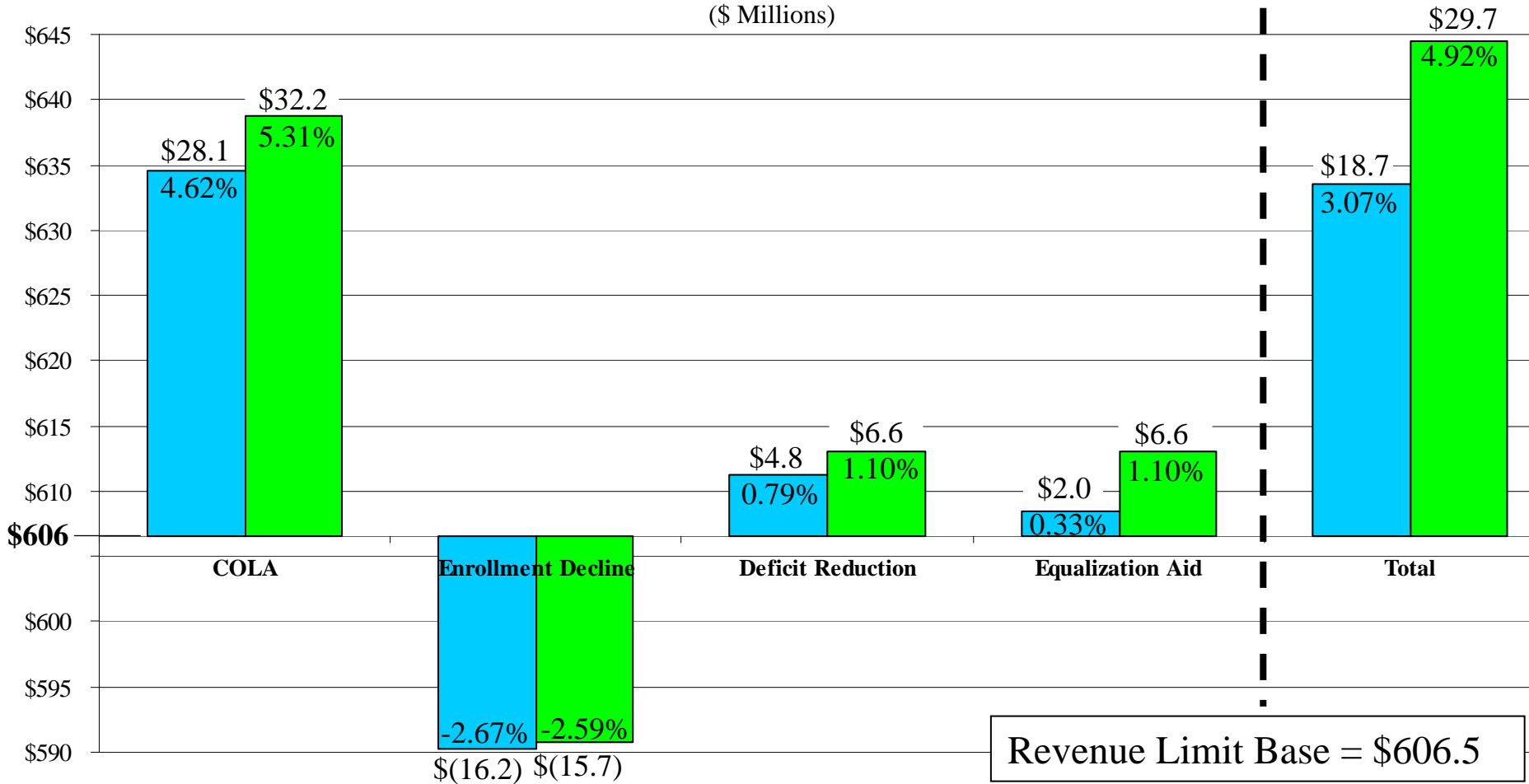
Compared to January Budget

Proposed Revenue Limit Increases – Unrestricted

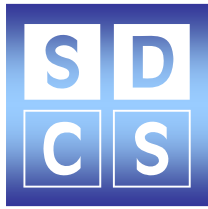
June 27, 2006

Including Declining Enrollment

(\$ Millions)



■ JANUARY PROJECTIONS ■ MAY REVISE

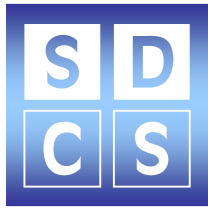


2006/07 REVENUE SUMMARY

(reference page 10)



	<u>Unrestricted</u>	<u>%</u>	<u>Restricted</u>	<u>%</u>	<u>Total General Fund</u>	<u>%</u>
Revenue Limit	\$ 639,638,411	87%	\$ 30,763,115	9%	\$ 670,401,526	61%
Federal	14,092,113	2%	93,822,825	26%	107,914,938	10%
Other State	54,066,414	7%	219,993,725	61%	274,060,139	25%
Other Local	25,648,322	4%	14,347,741	4%	39,996,063	4%
Transfers In	1,096,600	0%	-	0%	1,096,600	0%
TOTALS	\$ 734,541,860	100%	\$ 358,927,406	100%	\$ 1,093,469,266	100%



2006/07 Final Budget Adoption

Unrestricted Contributions to Restricted

(reference page 10)

<u>PROGRAM</u>	<u>2005/06 FINAL BUDGET</u>	<u>2006/07 FINAL BUDGET</u>
Special Education	\$ 59,711,781	\$ 55,424,836
Restricted Maintenance	15,000,000	15,800,000
Community Day	-	883,232
GATE	1,927,582	-
Instructional Materials	1,359,853	-
Instructional Block Grant	164,148	-
<u>TOTAL CONTRIBUTIONS</u>	<u>\$ 78,163,364</u>	<u>\$ 72,108,068</u>



2006/07 GENERAL FUND RESERVES

Unrestricted



<u>Description</u>	<u>Amount</u>
Economic Uncertainties	\$ 22,122,285
Anticipated Unexpended Balances	15,419,004
School Site Ending Balances	11,377,449
Revolving Cash	153,600
Stores	170,000
<u>TOTAL RESERVES</u>	<u>\$ 49,242,338</u>



2006/07 UNRESTRICTED RESOURCES

Changes from 2005/06 Final Budget

Decrease In Beginning Balance		\$ (12,073,522)
Revenue Limit		
Enrollment Decline	\$ (15,697,045)	
COLA	32,179,808	
Deficit Reduction	6,618,541	
Equalization Aid	6,582,680	
Charter School Prop Tax Transfer	(742,297)	
	<hr/>	<hr/>
Total Revenue Limit		28,941,687
Charter School Special Ed. Encroachment (Reclass from Restricted Program)		5,218,841
Contribution To Restricted Funds (Encroachment Decrease)		6,055,296
Mandated Cost Reimbursement		1,000,000
Lottery		496,593
Class Size Reduction K-3		552,032
Interest		1,959,358
Other Income		5,808,504
	<hr/>	<hr/>
TOTAL CHANGE IN RESOURCES		\$ 37,958,789



2006/07 UNRESTRICTED APPROPRIATIONS

Changes from 2005/06 Final Budget

(continued)



School Site Appropriations		
Enrollment Decline	\$ (10,890,885)	
1.5% & 2.5% Set Aside	(8,360,751)	
		<hr/>
School Site Appropriations		(19,251,636)
Employee Salaries & Benefits		
Maintain Salary Schedule	\$ 7,057,251	
3.5% Salary Increase 2006/07 over 2005/06	15,265,826	
STRS Shift from State	(6,189,502)	
Increase in Employee Benefits	4,689,449	
		<hr/>
Total Employee Salaries & Benefits		20,823,024
Charter School Prop Tax Transfer		(742,297)
Budget Flexibility Reserve		26,273,448
Utilities		2,771,357
Decrease Allocation of Indirect Cost		1,785,168
Assistant Superintendents		1,500,000
Centralized Custodial		1,001,161
Bus Replacement Fund		1,000,000
Increase Reserve For Economic Uncertainties 2%		571,612
Ethics Training Program		500,000
Decrease SERP Premium		(1,998,222)
Closing ALBA		(2,009,773)
Other		5,734,947
		<hr/>
		<hr/>
TOTAL CHANGE IN APPROPRIATIONS	\$	37,958,789
		<hr/>



ASSUMPTIONS



❖ Resources

- Beginning balance projected at \$46.9m
Continues the following 2004/05 actions:
 - Transfers school police expenditures to AB 1113 grant (\$1.0m)
 - Restricted funds pay proportionate share of retiree medical (\$1.2 m)
 - Transfers non-capitalized / inventoried equipment expenditures to state school facilities fund (\$5.0m)

- AB 825 transfer of \$11.7m to reduce contributions from unrestricted resources to Special Education



ASSUMPTIONS



❖ Resources

- Revenues are projected based on governor's May Revise
 - 5.92% COLA
 - 0.892% deficit reduction
 - \$63 /ADA equalization aid (\$6.6m)

- Enrollment based on mid range forecast



ASSUMPTIONS



❖ Appropriations

- Maintains reserve for Economic Uncertainties at 2% level
- School sites retain full carryover privileges to 2006/07
- Maintains K-3 CSR allocation ratios at 20/1
- Site allocations are projected with an enrollment decline of 2,782 students
- Fully funds employee salary schedule maintenance



ASSUMPTIONS



❖ Appropriations (continued)

- Funds full year of prior salary increase (3.5%)
- Funds employee health and welfare benefits increase at an average of 11.9%.
- Workers compensation rate funded at 3.56%. Funds year 3 of 5 year liability funding plan



ASSUMPTIONS



❖ Appropriations (continued)

- Begins restoration of pupil bus replacement funding (\$1.0m)
- Continues landscape position restoration
(Plus 34 for total of 79)
- Funds ethics program implementation & training
- Supports new Area Superintendent structure



ASSUMPTIONS



❖ Appropriations (continued)

- Unemployment insurance decreased from .47% to .10%

- Includes ongoing expenditure actions:
 - Transfers school police expenditures to AB 1113 grant \$1.0 million
 - Restricted funds pay proportionate share of retiree medical \$1.2 million
 - Transfers non-capitalized / inventoried equipment expenditures to State School Facilities Fund \$5.0m



2006/07 FINAL BUDGET ADOPTION

General Fund



Data Tables



SPECIAL EDUCATION

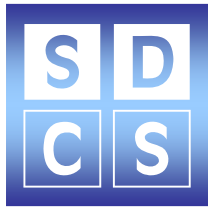
Budget vs. Actuals



Special Education Expenditure History (reference page 6)

<u>Fiscal Year</u>	<u>Prior Yr Budget</u>	<u>Budget Growth</u>	<u>Final Budget</u>	<u>Actual Expend</u>	<u>Growth in Expend</u>
1996/97	\$ 86,875,062	\$ 6,426,499	\$ 93,301,561	\$ 99,531,051	\$ 7,682,937
1997/98	93,301,561	8,116,379	101,417,940	111,513,827	11,982,776
1998/99	101,417,940	13,981,452	115,399,392	121,686,320	10,172,493
1999/00	115,399,392	16,165,840	131,565,232	140,363,160	18,676,840
2000/01	131,565,232	21,245,566	152,810,798	162,736,410	22,373,250
2001/02	152,810,798	16,666,684	169,477,482	181,025,836	18,289,426
2002/03	169,477,482	9,134,972	178,612,454	194,263,314	13,237,478
2003/04	178,612,454	18,676,373	197,288,827	190,214,839	(4,048,475)
2004/05	197,288,827	1,490,970	198,779,797	194,540,982	* 4,326,143
2005/06	198,779,797	5,699,788	204,479,585	204,479,585	* 9,938,603

* Projected Expenditures



SPECIAL EDUCATION

Encroachment Upon Unrestricted Resources



Special Education Encroachment History (reference page 7)

Fiscal Year	Special Ed. Expenditure	Categorical Funding	Special Day Class ADA	Total Funding	Encroachment
1997/98	\$ 111,513,827	\$ 74,184,531	\$ 8,453,891	\$ 82,638,422	\$ 28,875,405
1998/99	121,686,320	80,439,535	13,740,086	94,179,621	27,506,699
1999/00	140,363,160	86,703,329	15,134,496	101,837,825	38,525,335
2000/01	162,736,410	91,218,953	18,975,263	110,194,216	52,542,194
2001/02	181,025,836	104,133,576	21,340,304	125,473,880	55,551,956
2002/03	194,263,314	110,422,789	25,497,780	135,920,569	58,342,745
2003/04	190,214,839	106,906,577	27,596,777	134,503,354	55,711,485
2004/05	194,540,982	* 117,243,530	24,164,417	141,407,947	53,133,035
2005/06	204,479,585	* 115,713,050	29,054,754	144,767,804	59,711,781

* Projected Expenditures



QUESTIONS

