

# FIRST INTERIM REPORT

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DECEMBER 2009

# DISCUSSION POINTS

- \* **State Issues**

- \* **Economy and Economic Indicators**

- \* **Deficit**

- \* **District Budget**

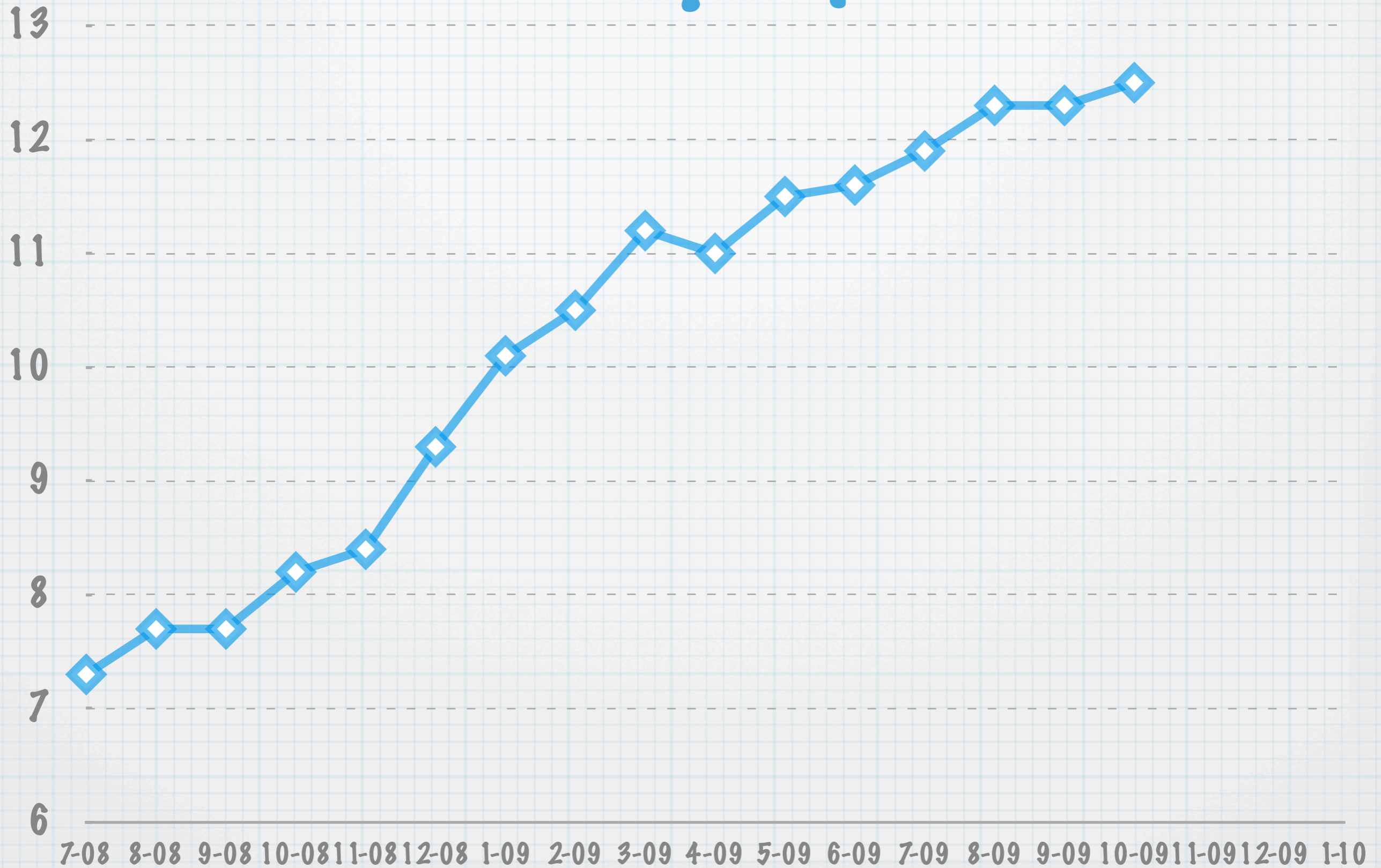
- \* **Status**

- \* **Looking Forward**

# Economy

- \* 2 year old Recession continues
- \* Indicators remain negative for State but positive nationally
- \* State Revenues still below budget but Expenditures are below budget too.

# CA Unemployment



# Indicators

September 2008 vs. September 2009

<b>New Cars Sold</b> <small>July-August</small>	<b>230,734</b>	<b>166,567</b>
<b>Median Home Price</b>	<b>\$283,000</b>	<b>\$251,000</b>
<b>SFR Sales</b> <small>September sales</small>	<b>40,317</b>	<b>40,216</b>
<b>Foreclosures</b> <small>3rd quarter</small>	<b>94,240</b>	<b>111,689</b>
<b>Total Employed</b>	<b>14,930,947</b>	<b>14,199,856</b>
<b>Residential Housing Permits</b>	<b>57,976</b>	<b>37,468</b>

# State Revenue and Estimates (in billions)

	Budget	YTD Budget	YTD Actual	Difference
Personal Income Tax	\$48.9	\$13.4	\$12.2	-\$1.2
Sales/Use Tax	\$27.6	\$7.8	\$7.4	-\$0.4
Corporate Tax	\$8.8	\$2.3	\$2.4	\$0.1
Other Revenue	\$4.2	\$1.5	\$1.7	\$0.2
Total State Revenue	\$89.5	\$25	\$23.7	-\$1.3

# DEFICIT

- \* July 2009: Budget "Balanced"
- \* November 2009: Budget Shortfall by June 2010 will be \$6.3 billion
- \* Estimate June 2011: Budget Shortfall will be \$20.7 billion
- \* Conclusion: More cuts likely for SVUSD

# District Budget

- \* Enrollment decline (-566) is less than expected (-812)
- \* Income revised by -\$2.0 million -- Federal funding
- \* Expenditures revised -\$2.4 million - use of Federal funds
- \* Reserve is 1.63%

# Multi Year Projection

without Reductions

	2009-10	2010-11	2011-12
Beg. Balance	\$34,861,028	\$6,747,708	-\$18,406,619
Revenues	\$227,066,377	\$233,070,269	\$228,985,438
Employee Exp.	\$217,100,006	\$218,842,462	\$217,797,477
Other Exp.	\$37,398,901	\$38,701,344	\$37,553,369
Transfers Out	-\$680,790	-\$680,790	-\$680,790
End. Balance	\$6,747,708	-\$18,406,619	-\$45,452,817
Reserves	\$4,159,432	-\$20,994,895	-\$48,041,093

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Transfers Out	-\$680,790	-\$680,790	-\$680,790
End. Balance	\$6,747,708	\$7,593,381	\$10,347,183
Reserves	\$4,159,432	\$5,005,105	\$7,758,907

# In the Red

- \* Due to MYP showing negative reserves in the two upcoming years, status is **QUALIFIED**
- \* Without reductions, the 2010-11 budget status will be **NEGATIVE** and subject to loss of local control
- \* To return to **POSITIVE** status, a \$26 million expense reduction is necessary--- this could worsen if State reduces our income further

# Looking Forward

- \* Implement Plan for addressing shortfall**
  - \* Previous reductions included cuts in program offerings and operational/administrative positions**
  - \* Now reduce employee costs through negotiations-- include salaries, benefits and work year**
  - \* Reductions must be in place by July 2010--early implementation does not reduce overall cut but can lessen the impact to the individual**

# FAQ's

- \* **Why is SVUSD in financial trouble?**
  - \* **State economy, 17% reduction in funding**
- \* **Why not just cut out some of the fat and administrators?**
  - \* **Have cut \$25 million and 260 fte. over last 3 years, Admin costs are less than 5% and below State average**
- \* **Why expect employees to bear the problem?**
  - \* **Salary and benefit rollbacks are a last resort after cuts in all other areas have been implemented-- now, just as employees share when revenues increase, they are asked to also share that revenues have been reduced.**