

West Contra Costa Unified School District



Budget Update
October 20, 2010

- The economy is the key to financial recovery for the state as a whole and for public agencies
 - Unemployment is key and remains higher than the rest of the nation
 - Predictions of an early recovery in the spring of 2010 proved to be overly optimistic
- The real estate and construction markets are economy problems
- The keys to recovery?
 - Improvement in the construction industry
 - Improvement in employment

- Reduction of deficit factor
 - Results in more “funding”
- Final Budget: Funding restored for licensed child care providers
 - Good for our families
- May revise proposed suspending the mandate for County Mental Health to provide certain services to public school special education students.
 - No suspension of mandate to County Mental Health
 - No funding provided to the Counties
 - Major concern: Potential estimated increase in cost to the District \$500,000

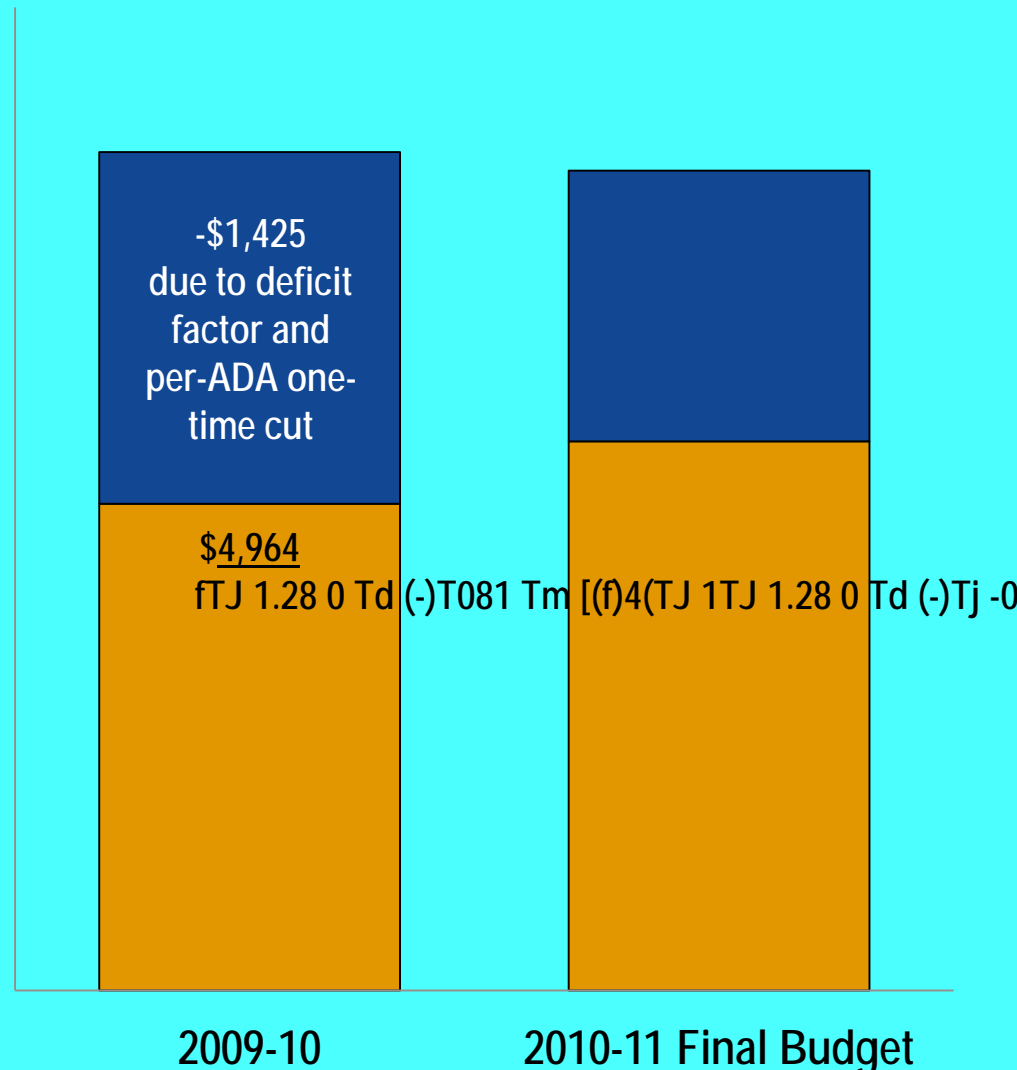
2010-11 Final Budget vs. 2009-10 Funding

2009-10 revenue limits were reduced by the State resulting in a loss of over \$39 million for West Contra Costa

2010-11 revenue limits have been adjusted in the adopted State Budget resulting in a loss of \$32 million for this year

This is an "improvement" over the May revise of an estimated \$7 million

The State has adopted, but not "actually funded" because of the deferrals



Budget has been adopted by the State

The underlying problem of deficit spending for the State has not been resolved

The State has little in the way of reserves and relies on one time fixes to close the gap

So the State is keeping 25% of the current year cash that should be flowing to the school district

K-3 Class Size Reduction Penalty Flexibility

- Expires June of 2012
- Legislature DID NOT adopt a “fixit” bill to address the misalignment with the Tier III Flex
- Concern due to potential loss of \$4 million in funding in 2012-13

Tier III Flexibility continues through 2012-13

- We are using \$15.3 million in Tier III Flex
- Paying for Instruction, School Safety and more...
- The loss of this Flexibility is now known as the “Funding Cliff”



Next Steps

The first interim reporting period closes October 31 and the report will be received by the Board on December 8

- Adjustments to the budget will be made based on the Revised State Budget

The District will not be deficit spending in 2010-11 based upon the State adopted budget

- However, with the uncertainty of the State's budget assumptions and the economy...

