

# *Metropolitan Education District*

## Highlights of the Proposed 2008-09 Budget



# *Purpose of a Budget*



- The educational program of the district expressed in dollars
- A tool to maximize the use of limited resources while implementing the district's goals and objectives

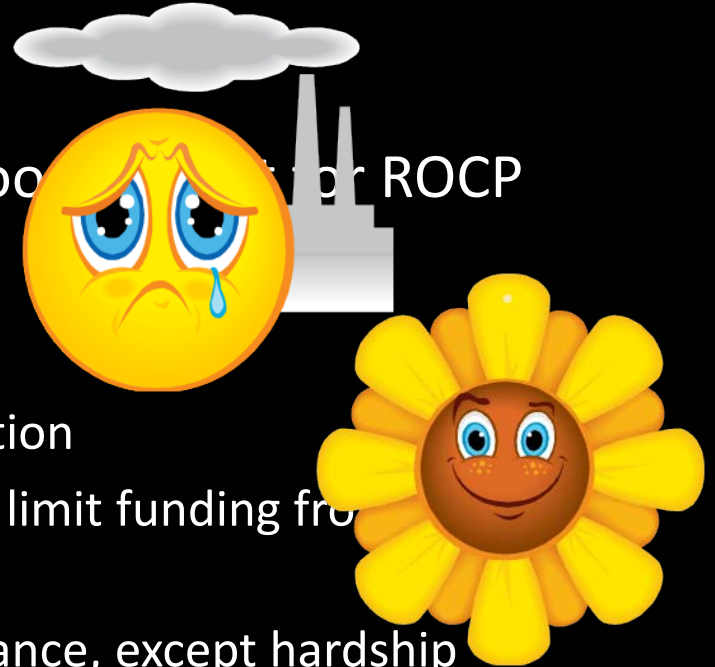
# *State Budget – May Revise*

## **“The Big Picture”**

- Budget year deficit has grown to \$17.2 billion
- Gov. Proposes to borrow against future lottery profits to cover budget year deficit, create a Revenue Stabilization Fund
- Health & Human Services programs targeted for greater reductions than proposed in January
- No suspension of Proposition 98; “fully funds” K-14 education
- But, the Prop 98 base is reduced nearly \$4 billion from current year levels
- Special Education will be fully funded

# *State Education Budget – May Revise*

- We'd like to say that this is a good budget for ROCP and Adult Education.....
- But it's not good at all.....
  - No COLA for ROCP & Adult Education
  - Plus, a 6.5% reduction in revenue limit funding from year levels
  - No funding for Deferred Maintenance, except hardship
  - Cash flow: advance apportionment delayed until at least September; no funding for MetroED until state budget has been approved
- Senate & Assembly restored \$2.3 - 3.0 billion to the ed budget, but have not identified sources of funding



# *How we Build the Budget*

- Governor's May Revise
- School Services of California "Financial Projection Dartboard"
- Historic spending patterns
- Contractual obligations
- District's Goals for the new year, and beyond



# *General Fund Financial Summary*



# ***General Fund***

## ***May Revise Adjustments***

|                   | <u>January</u> | <u>May</u> |
|-------------------|----------------|------------|
| Rev Limit COLA %  | 0%             | 0%         |
| Funding Deficit   | -6.5%          | -6.5%      |
| Rev Limit COLA \$ | -\$227         | -\$227     |
| ADA Growth %      | -.55%          | -.55%      |
| ADA Cap Growth    | -23 ADA        | -23 ADA    |
| Mandate Reimb.    | \$0            | \$0        |

# *General Fund Program Goals for 2008-09; Reinventing CCOC*

- Programs must be responsive to industry and student needs
  - Dropped 4 CCOC Course Sections (low ADA, declining trends)
    - AM Section, Brakes & Alignment program
    - AM Section, Graphic Design program
    - Office Assistant program (1 of 2 courses)
  - New Curriculum
    - Fire Science/EMT, now Fire science/First Responder (curriculum of two programs merged into one)
    - Construction & automotive programs to incorporate new green construction technology



# *General Fund Goals for 2008-09; Reinventing CCOC*

- Continue implementing CTE & ROCP reforms as mandated by AB 2448, CTC, legislature
- CCOC facilities modernization & program reconfiguration with Prop 1D funding
- Expanding partnerships with business & industry, community colleges
- On-going program evaluation
  - School Services report on effectiveness & efficiency
  - Stanford Alumni Consulting Team recommendations
  - WASC self-study completed
  - CCOC program review committee
  - MetroED finance review committee
- SB 70 grants; -expanding pathway opportunities for students

# General Fund Multi-Year Summary

|                    | Budget<br><u>2008-2009</u> | Projected<br><u>2009-2010</u> | Projected<br><u>2010-2011</u> |
|--------------------|----------------------------|-------------------------------|-------------------------------|
| Total Revenue      | \$15,159,484               | \$15,744,742                  | \$16,128,785                  |
| Total Expenses     | <u>\$15,304,319</u>        | <u>\$15,622,981</u>           | <u>\$16,071,834</u>           |
| Excess/Deficiency  | *(\$ 144,835)              | \$ 121,761                    | \$ 56,951                     |
| Other Sources/Uses | <u>(\$ 303,794)</u>        | <u>(\$ 406,840)</u>           | <u>(\$ 408,840)</u>           |
| Change to Fund Bal | <u>(\$ 448,629)</u>        | <u>(\$ 285,079)</u>           | <u>(\$ 351,889)</u>           |
| Beg. Fund Balance  | \$ 2,854,521               | \$ 2,405,892                  | \$ 2,120,813                  |
| End. Fund Balance  | \$ 2,405,892               | \$ 2,120,813                  | \$ 1,768,924                  |

\* Deficit spending in budget year. Reduction in fund balances for three consecutive years

# General Fund

## Multi-Year Summary-Fund Balance

|                             | Budget<br><u>2008-2009</u> | Projected<br><u>2009-2010</u> | Projected<br><u>2010-2011</u> |
|-----------------------------|----------------------------|-------------------------------|-------------------------------|
| Rev. Cash, Prepaid          | \$ 20,000                  | \$ 20,000                     | \$ 20,000                     |
| General Reserve             | \$ 624,744                 | \$ 641,613                    | \$ 659,647                    |
| Econ. Uncertainty           | \$ 937,115                 | \$ 962,419                    | \$ 989,470                    |
| <b>*Deficit Contingency</b> | <b>\$ 700,000</b>          | <b>\$ 400,000</b>             | <b>\$ 0</b>                   |
| Other Designations          | <u>\$ 0</u>                | <u>\$ 0</u>                   | <u>\$ 0</u>                   |
| Total Reserves              | \$2,281,859                | \$2,024,032                   | \$ 1,669,117                  |
| Undesignated F/Bal          | <u>\$ 124,033</u>          | <u>\$ 96,781</u>              | <u>\$ 99,807</u>              |
| <b>Total Fund Balance</b>   | <b>\$2,405,892</b>         | <b>\$2,120,813</b>            | <b>\$ 1,768,924</b>           |

*\*Projected budgets use reserves to cover deficits.*

# *Adult Education Fund Financial Summary*



# ***Adult Education Fund***

## ***May Revise Adjustments***

|                   | <u>January</u> | <u>May</u> |
|-------------------|----------------|------------|
| Rev Limit COLA %  | 0%             | 0%         |
| Funding Deficit   | -6.5%          | -6.5%      |
| Rev Limit COLA \$ | -\$172/ADA     | -\$172/ADA |
| ADA Growth %      | 2.5%           | 2.5%       |
| ADA Cap Growth    | 86 ADA         | 86 ADA     |
| Mandate Reimb.    | \$0            | \$0        |

# *Adult Education Fund*

## *Program Goals for 2008-09*

- WASC self study
- Improving Pay Points (student gains) to enhance federal revenue
- Financial stability-cost containment
  - Cancellation of Parenting, Family & Consumer Awareness Program



# Adult Education Fund

## Multi-Year Summary

|                     | <u>Budget<br/>2008-2009</u> | <u>Projected<br/>2009-2010</u> | <u>Projected<br/>2010-2011</u> |
|---------------------|-----------------------------|--------------------------------|--------------------------------|
| Total Revenue       | \$11,110,871                | \$11,707,151                   | \$12,193,087                   |
| Total Expenses      | <u>\$11,772,284</u>         | <u>\$12,072,665</u>            | <u>\$12,528,203</u>            |
| * Excess/Deficiency | (\$ 661,413)                | (\$ 365,514)                   | (\$ 335,116)                   |
| Other Sources/Uses  | <u>\$ 137,335</u>           | <u>\$ 137,335</u>              | <u>\$ 137,335</u>              |
| Change to Fund Bal  | (\$ 524,078)                | (\$ 228,179)                   | (\$ 197,781)                   |
| <br>                |                             |                                |                                |
| Beg. Fund Balance   | \$ 2,828,214                | \$ 2,304,136                   | \$ 2,075,957                   |
| <br>                |                             |                                |                                |
| End. Fund Balance   | \$ 2,304,136                | \$ 2,075,957                   | \$ 1,878,176                   |

\* Deficit spending for three consecutive years

# Adult Education Fund

## Multi-Year Summary-Fund Balance

|                      | <u>Budget<br/>2008-2009</u> | <u>Projected<br/>2009-2010</u> | <u>Projected<br/>2010-2011</u> |
|----------------------|-----------------------------|--------------------------------|--------------------------------|
| General Reserve      | \$ 470,891                  | \$ 482,907                     | \$ 501,128                     |
| Econ. Uncertainty    | \$ 706,337                  | \$ 724,360                     | \$ 751,692                     |
| *Deficit Contingency | \$ 700,000                  | \$ 450,000                     | \$ 250,000                     |
| Other Designations   | <u>\$ 302,000</u>           | <u>\$ 302,000</u>              | <u>\$ 302,000</u>              |
| Total Reserves       | \$ 2,179,228                | \$ 1,959,267                   | \$ 1,804,820                   |
| Undesignated F/Bal   | <u>\$ 124,908</u>           | <u>\$ 116,690</u>              | <u>\$ 73,356</u>               |
| Total Fund Balance   | \$ 2,304,136                | \$ 2,075,957                   | \$ 1,878,176                   |

\*Projected budgets use reserves to cover deficits.



# Deferred Maintenance Fund

|                                    | Estimated<br><u>2007-08</u> | Budget<br><u>2008-09</u> |
|------------------------------------|-----------------------------|--------------------------|
| Estimated Beginning Fund Balance   | \$460,472                   | \$415,531                |
| <b><u>Revenues:</u></b>            |                             |                          |
| State match                        | \$161,187                   | \$ 0                     |
| State Extreme Hardship Funding     | \$ 0                        | \$801,835                |
| District match contribution        | \$176,954                   | \$176,954                |
| Interest Revenue                   | <u>\$ 20,000</u>            | <u>\$ 20,000</u>         |
| Total Revenues                     | <b><u>\$ 358,141</u></b>    | <b><u>\$998,789</u></b>  |
| <b><u>Expenditures:</u></b>        |                             |                          |
| Sewer Line Replacement             | \$ 4,000                    | \$801,835                |
| Paving Projects                    | \$235,051                   | \$ 50,000                |
| Painting Projects                  | \$ 94,031                   | \$106,286                |
| Other Def. Maintenance Projects    | <u>\$ 70,000</u>            | <u>\$ 0</u>              |
| Total Expenditures                 | <b><u>\$403,082</u></b>     | <b><u>\$958,121</u></b>  |
| <b><u>Ending Fund Balance:</u></b> | <b>\$415,531</b>            | <b>\$456,199</b>         |

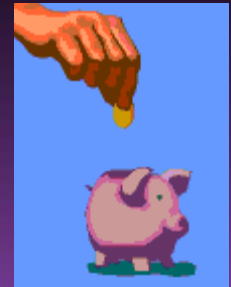
# Asset Management Fund

|                                  | Estimated<br><u>2007-08</u> | Budget<br><u>2008-09</u> |
|----------------------------------|-----------------------------|--------------------------|
| Estimated Beginning Fund Balance | \$536,234                   | \$641,956                |
| <u>Revenues:</u>                 |                             |                          |
| Lease Revenue                    | \$269,217                   | \$270,000                |
| Interest Revenue                 | <u>\$ 34,500</u>            | <u>\$ 35,000</u>         |
| Total Revenues                   | <b><u>\$303,717</u></b>     | <b><u>\$305,000</u></b>  |
| <u>Expenditures:</u>             |                             |                          |
| Existing Programs/Equipment      | \$ 40,000                   | \$100,000                |
| New Programs (Fire Science/EMS)  | \$122,000                   | \$ 0                     |
| Prop 1D Equipment Match          | \$ 0                        | \$290,462                |
| Health & Safety                  | \$ 25,500                   | \$ 50,000                |
| District Management Fee          | <u>\$ 10,495</u>            | <u>\$ 10,495</u>         |
| Total Expenditures               | <b><u>\$197,995</u></b>     | <b><u>\$450,957</u></b>  |
| <u>Ending Fund Balance:</u>      | \$641,956                   | \$495,999                |

# *Capital Outlay Fund*

## *Capital Funding Needs*

- CCOC Facilities - 40 years old
  - Need modernization
  - Programs need reconfiguration and updating
  - \$7 million in Prop 1D grants; \$7 million in match funds
  - \$2.7 million in potential Prop 1D equipment grants
- Adult Ed – DX Center, office & classroom replacement; project timeline = July-Nov, 2008
- Adult Ed – MC Center, phased replacement of older portables, starts 08-09 year
- Capital Outlay Fund is our savings account



# Capital Outlay Fund - CCOC

|                                      | Estimated<br><u>2007-2008</u> | Budget<br><u>2008-2009</u> |
|--------------------------------------|-------------------------------|----------------------------|
| Beginning Fund Balance               | \$5,364,484                   | \$ 7,872,805               |
| <b><u>Revenues:</u></b>              |                               |                            |
| Interest Earnings                    | \$ 529,203                    | \$ 320,000                 |
| Transfers In                         | <u>\$ 2,128,371</u>           | <u>\$ 0</u>                |
| Total Revenues                       | <b>\$ 2,657,574</b>           | <b>\$ 320,000</b>          |
| <b><u>Expenditures:</u></b>          |                               |                            |
| Debt Service-QZAB                    | \$ 19,500                     | \$ 19,500                  |
| Capital Outlay Projects              | <u>\$ 129,753</u>             | <u>\$ 180,500</u>          |
| Total Expenditures                   | <b>\$ 149,253</b>             | <b>\$ 200,000</b>          |
| * <b><u>Ending Fund Balance:</u></b> | <b>\$7,872,805</b>            | <b>\$ 7,992,805</b>        |

\*: \$736,900 is reserved for QZAB bond principal payment in 15 years

# Capital Outlay Fund – Campbell Adult

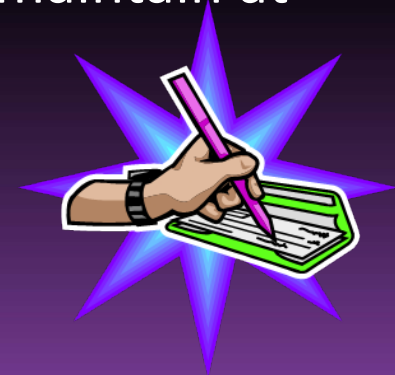
|                             | <u>Estimated</u><br><u>2007-2008</u> | <u>Budget</u><br><u>2008-2009</u> |
|-----------------------------|--------------------------------------|-----------------------------------|
| Beginning Fund Balance      | \$ 767,381                           | \$597,381                         |
| <u>Revenues:</u>            |                                      |                                   |
| Interest Earnings           | \$ 33,000                            | \$ 5,000                          |
| Transfers In                | \$ <u>0</u>                          | \$ <u>0</u>                       |
| Total Revenues              | \$ 33,000                            | \$ 5,000                          |
| <u>Expenditures:</u>        |                                      |                                   |
| Capital Outlay Projects     | \$ <u>203,000</u>                    | \$ <u>575,000</u>                 |
| Total Expenditures          | \$ 203,000                           | \$575,000                         |
| <u>Ending Fund Balance:</u> | <u>\$597,381</u>                     | <u>\$ 27,381</u>                  |

# Capital Outlay Fund – San Jose Adult

|                                    | Estimated<br><u>2007-2008</u> | Budget<br><u>2008-2009</u> |
|------------------------------------|-------------------------------|----------------------------|
| Beginning Fund Balance             | \$1,402,007                   | \$1,445,007                |
| <b><u>Revenues:</u></b>            |                               |                            |
| Interest Earnings                  | \$ 65,000                     | \$ 30,000                  |
| Transfers In                       | <u>\$ 0</u>                   | <u>\$ 0</u>                |
| Total Revenues                     | \$ 65,000                     | \$ 30,000                  |
| <b><u>Expenditures:</u></b>        |                               |                            |
| Capital Outlay Projects            | <u>\$ 22,000</u>              | <u>\$ 800,000</u>          |
| Total Expenditures                 | \$ 22,000                     | \$ 800,000                 |
| <b><u>Ending Fund Balance:</u></b> | <b>\$1,445,007</b>            | <b>\$ 675,007</b>          |

# *Superintendent will Recommend a Positive Certification for all Funds*

- ☑ All funds will be able to meet their financial obligations for 2008-09 & 2 subsequent years
- ☑ All funds will end 2008-09 with a positive cash balance
- ☑ ROCP and Adult Education funds will maintain at least a 5% reserve (10%)



# *Summary, Superintendent's Goals for 2008-09*



- Reinventing CCOC, and all that entails
- Participating district funding equalization; still not resolved
- CCOC & MAEP facilities modernization/reconfiguration
- Maintaining & ensuring the District's financial health



# *Staff Recommendation*

Staff recommends  
the MetroED Governing Board  
review the 2008-09  
Proposed Budget



# *Questions ? Comments?*

The final budget will be presented  
for approval at the  
June 25, 2008  
Governing Board meeting



June 11, 2008