



Metropolitan Education District

Governing Board Presentation of the 2013-14 Proposed Budget

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The May Revision

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- Higher revenues are good news, but the real story is in the *distribution* system for education funding
 - The LCFF provides widely disparate increases to K-12 districts.
 - It's even worse for MetroED as ROC/P and Adult Education funding issues remain unresolved.



The Categorical Squeeze

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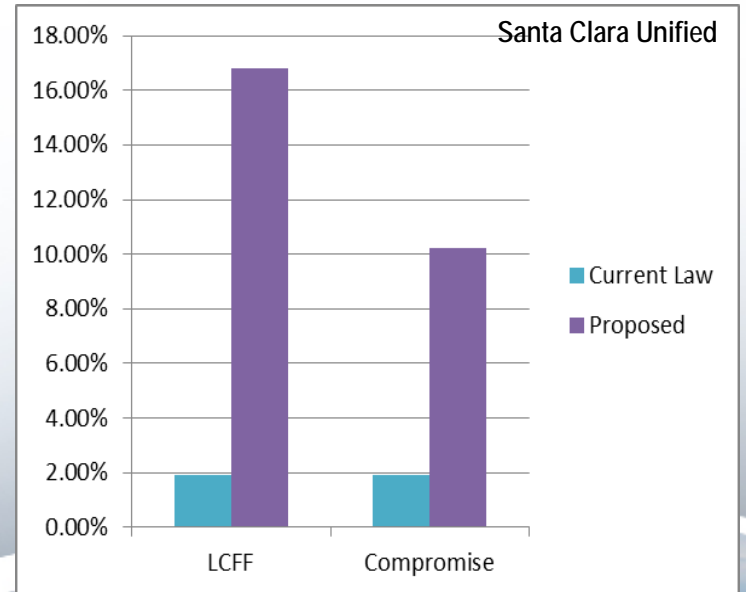
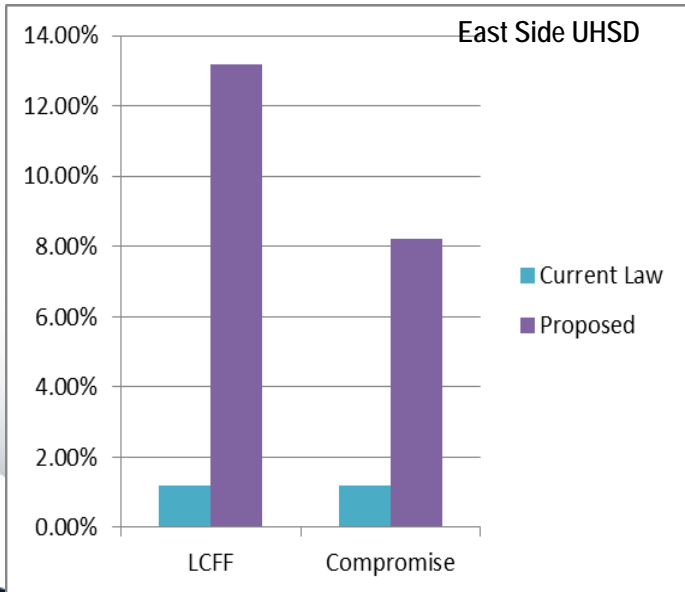
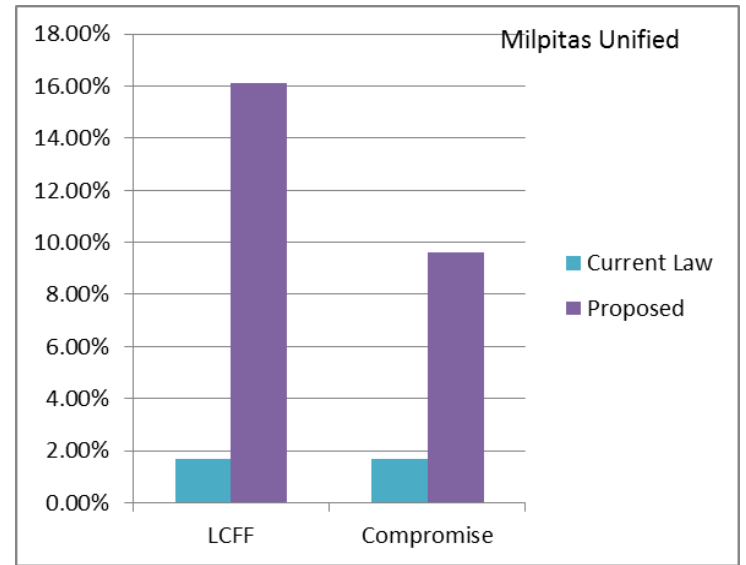
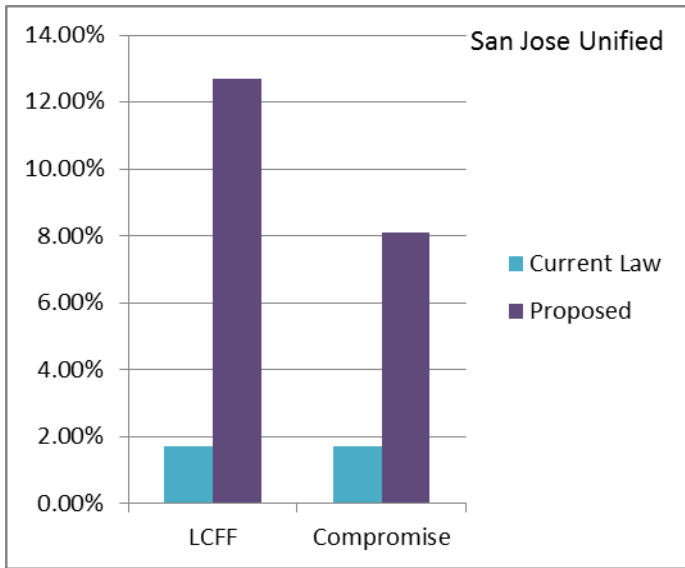
Increasing “accountability” is restricting the unrestricted revenue of the LCFF causing what is termed “the categorical squeeze” –

No funding for the categorical programs within the LCFF will exist; however,

Accountability measures will bring new requirements– meaning further demands on the unrestricted general fund for school districts.



The Categorical Squeeze!



The “Squeeze” in Unrestricted Dollars....

	San Jose	East Side	Milpitas	Santa Clara
LCFF	-27,616,772	-24,861,317	-14,777,417	-12,033,001
Compromise	-3,898,948	-4,763,171	-7,599,564	-846,491

Dollar amounts are estimates based upon information provided by CDE and DOF



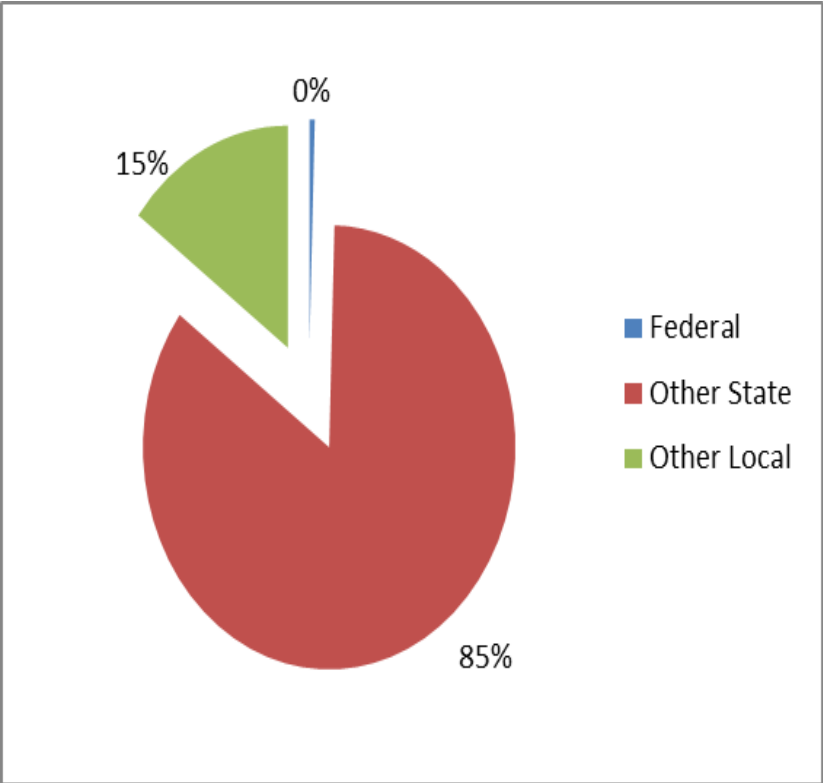
How the “Squeeze” Impacts MetroED

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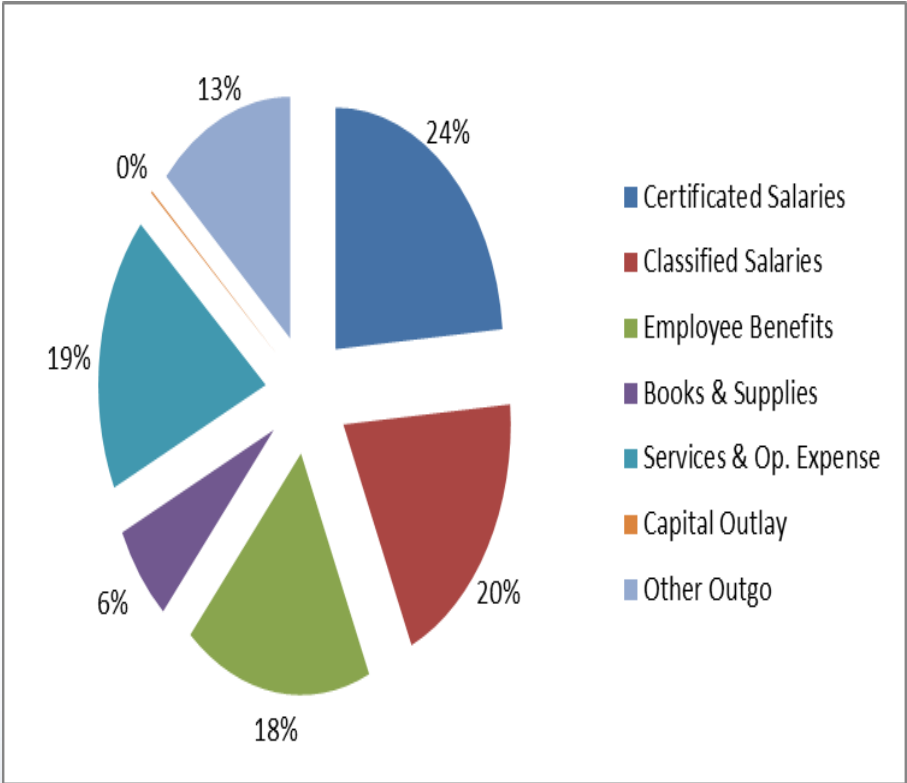
- Fewer unrestricted general fund dollars for our partner districts.
- MetroED programs are paid for through the unrestricted general fund of our partner districts.
- Maintenance of Effort (MOE) requirements for Adult Education and ROC/Ps may be part of the final budget – providing two years of funding – no increases for Adult Education and ROC/Ps through 2015/16.



The MetroED Budget – Fund 010 (CCOC)



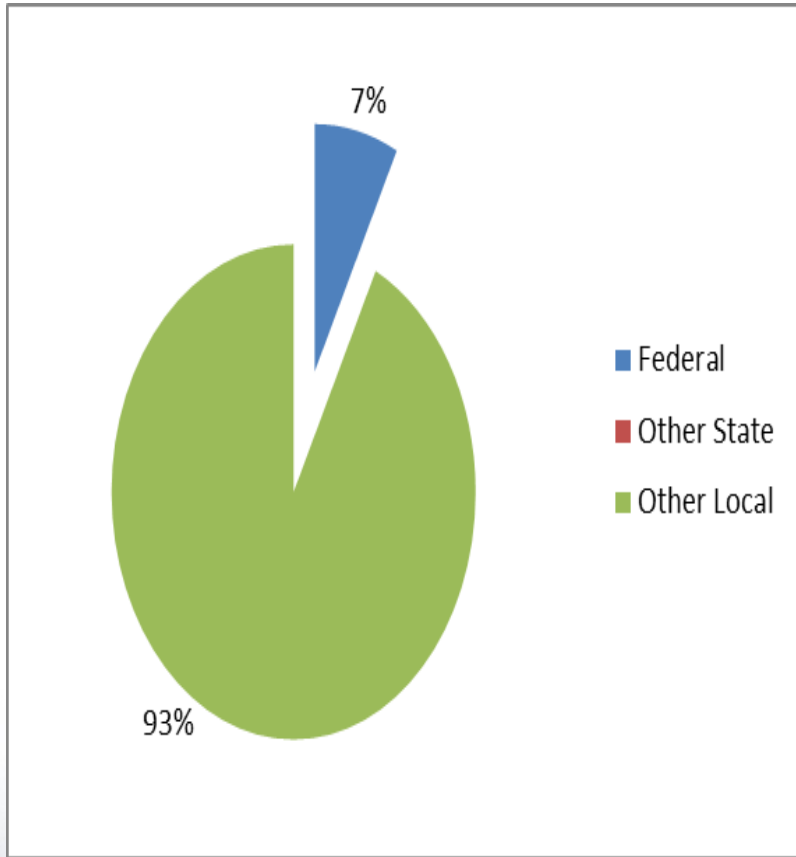
Revenue



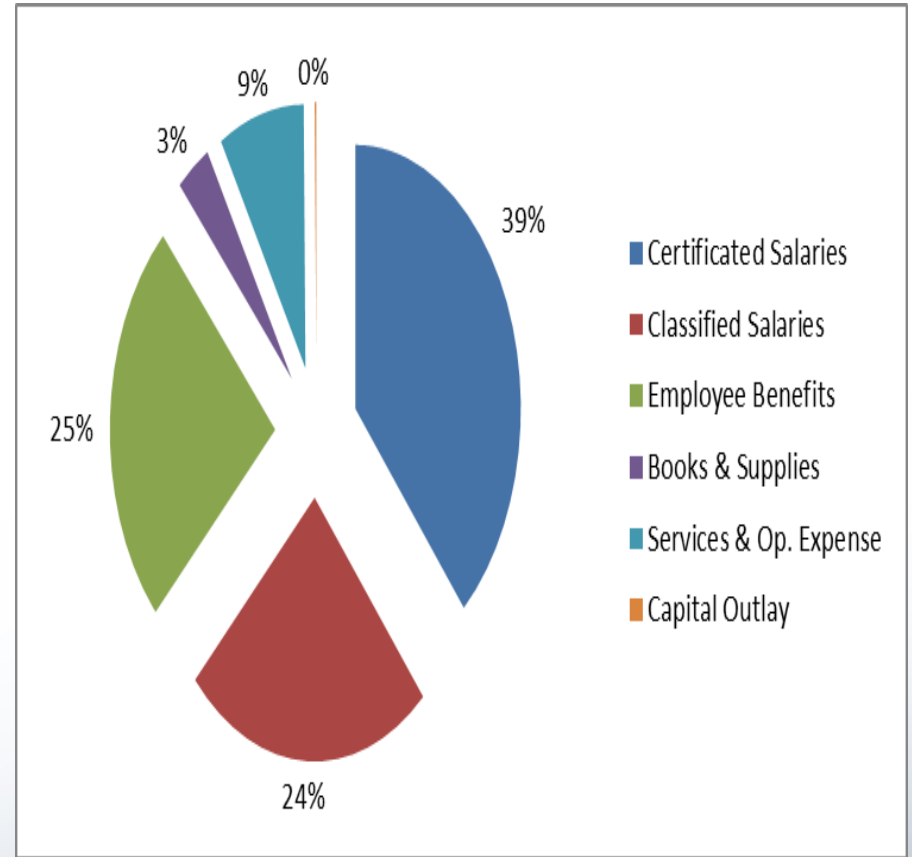
Expense



The MetroED Budget – Fund 110 (MAEP)



Revenue



Expense



THE GOOD...

Revenues are based upon the Master Business Agreements. Funding based upon prior year rather than either funding formula.



THE BAD...

No budgeted revenue for deferred maintenance. (-\$163,000).



THE UGLY...

No budgeted revenue for Excess Property Tax (-\$1,000,000 approximately).



MetroED Budget Assumptions

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- Step and column increases are included.
- 5% increase to health and welfare contributions as agreed upon in the collective bargaining agreements.
- Operational costs budgeted at or near current levels.



MetroED Budget Challenges

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■ Decreasing Revenue

Fund	2012-13 Est. Actual	2013-14 Budget	Change
General Fund 010	14,924,126	13,812,963	-1,111,163
Adult Ed Fund 110	3,928,910	3,693,901	-235,009
Deferred Maint. Fund 140	338,648	3,832	-334,816
Spec. Resv. Non-Cap Outlay Fund 170	4,860	1,194	-3,666
Asset Mgmt. Fund 210	192,408	284,152	91,744*
State Bldg. Fund 350	16,625	-260,694	-244,069
Total:	19,405,577	17,535,348	-1,836,979

* Fund 210 increase is based upon the expiration of the rent reduction agreement with the auto mall. However, a new request for reduction is expected.



MetroED Budget Challenges

■ Expenses

Fund	2012-13 Est. Actuals	2013-14 Budget	Change
General Fund 010	14,547,160	14,583,373	36,213
Adult Ed Fund 110	4,630,837	4,241,067	-389,770
Deferred Maint. Fund 140	536,753	644,049	107,296
Spec. Resv. Non-Cap Outlay Fund 170	4,860	1,194	-3,666
Asset Mgmt. Fund 210	333,324	60,750	-272,574
State Bldg. Fund 350	2,552,876	131,694	-2,421,182
Total:	22,605,810	19,662,127	-3,040,183



Excess (Deficiency) of Revenues vs. Expenditures

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Fund	2012-2013 Est. Actuals	2013-14 Budget	Cumulative Impact
General Fund (010)	376,966	-770,410	-393,444
Adult Ed Fund (110)	-701,927	-547,166	-1,249,093
Deferred Maint. Fund (140)	-198,105	-640,217	-838,322
Spec. Resv. Non-Cap Outlay Fund (170)	4,860	1,194	6,054
Asset Mgmt. Fund (210)	-140,916	223,402	82,486
State Bldg. Fund (350)	-2,536,251	-392,388	-2,928,639
Total:	-3,195,373	-2,125,585	-5,320,958



Multi-year Projection Fund 010

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	2012-13 Est. Actuals	2013-14 Proposed Budget	2014-2015 Projection	2015-2016 Projection
Revenue	14,924,126	13,812,963	13,988,051	14,090,451
Expenditures	14,547,160	14,583,373	14,750,522	15,030,082
Excess (Deficiency)	376,966	(-770,410)	(-762,471)	(-939,631)
Ending Fund Balance	4,619,783	4,247,525	3,470,994	2,514,815



Multi-year Projection Fund 110

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	2012-13 Est. Actuals	2013-14 Proposed Budget	2014-2015 Projection	2015-2016 Projection
Revenue	3,928,910	3,693,901	3,864,792	4,056,069
Expenditures	4,630,837	4,241,067	4,276,154	4,283,923
Excess (Deficiency)	(-701,927)	(-547,166)	(-411,361)	(-227,854)
Ending Fund Balance	1,507,563	1,211,761	841,753	658,102



Summary

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- We are very grateful for the one-year agreements in place with our partner districts while Legislators develop a new funding structure.
- At current funding levels, with no growth in revenue, there is a structural deficit of at least \$1,000,000 per year that must be addressed.
- The budget is a dynamic document that will change several times throughout the year.



RECOMMENDATION

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That the Governing Board review the 2012-13 Estimated Actuals and the 2013-14 Proposed Budget Report. The proposed budget will be brought back at the next meeting of the Board for public hearing and final adoption.





Questions?