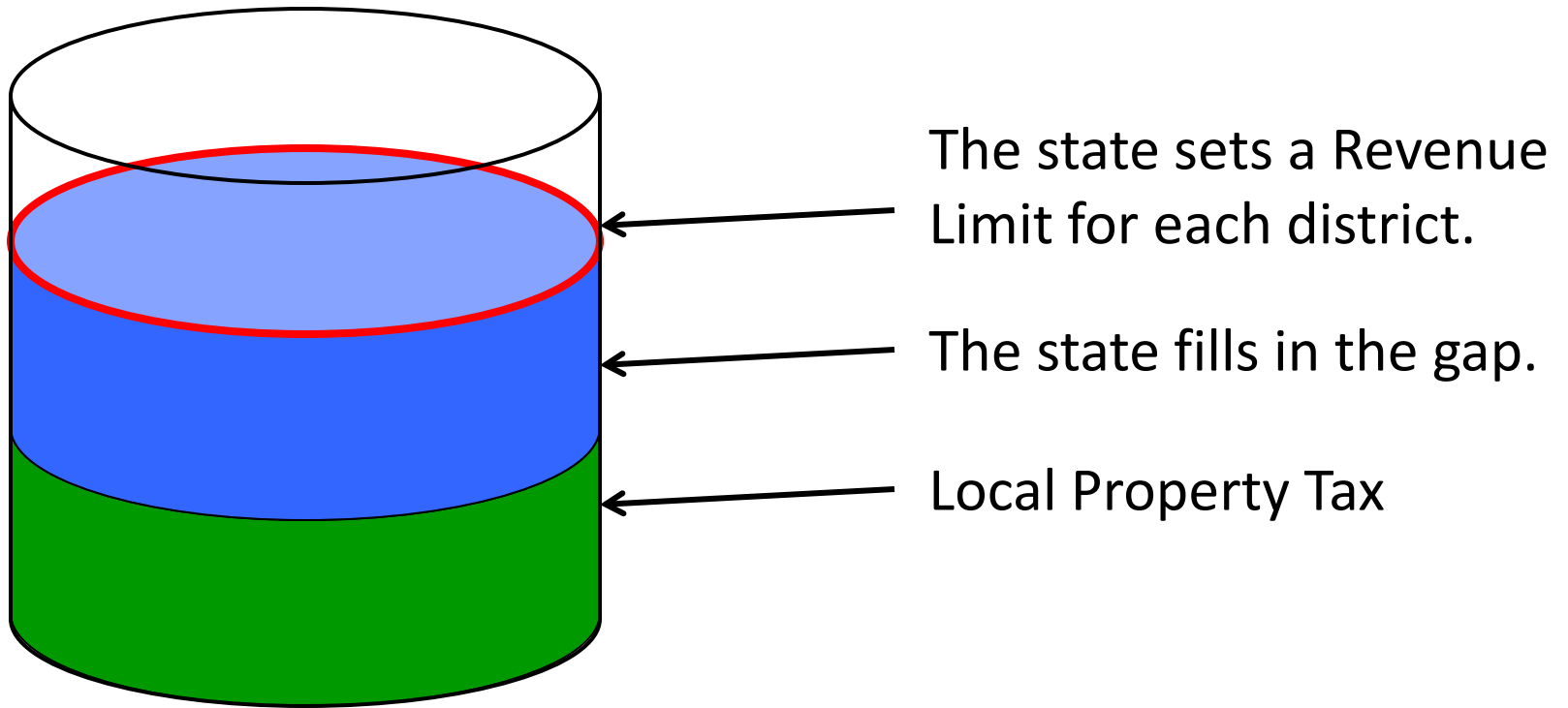


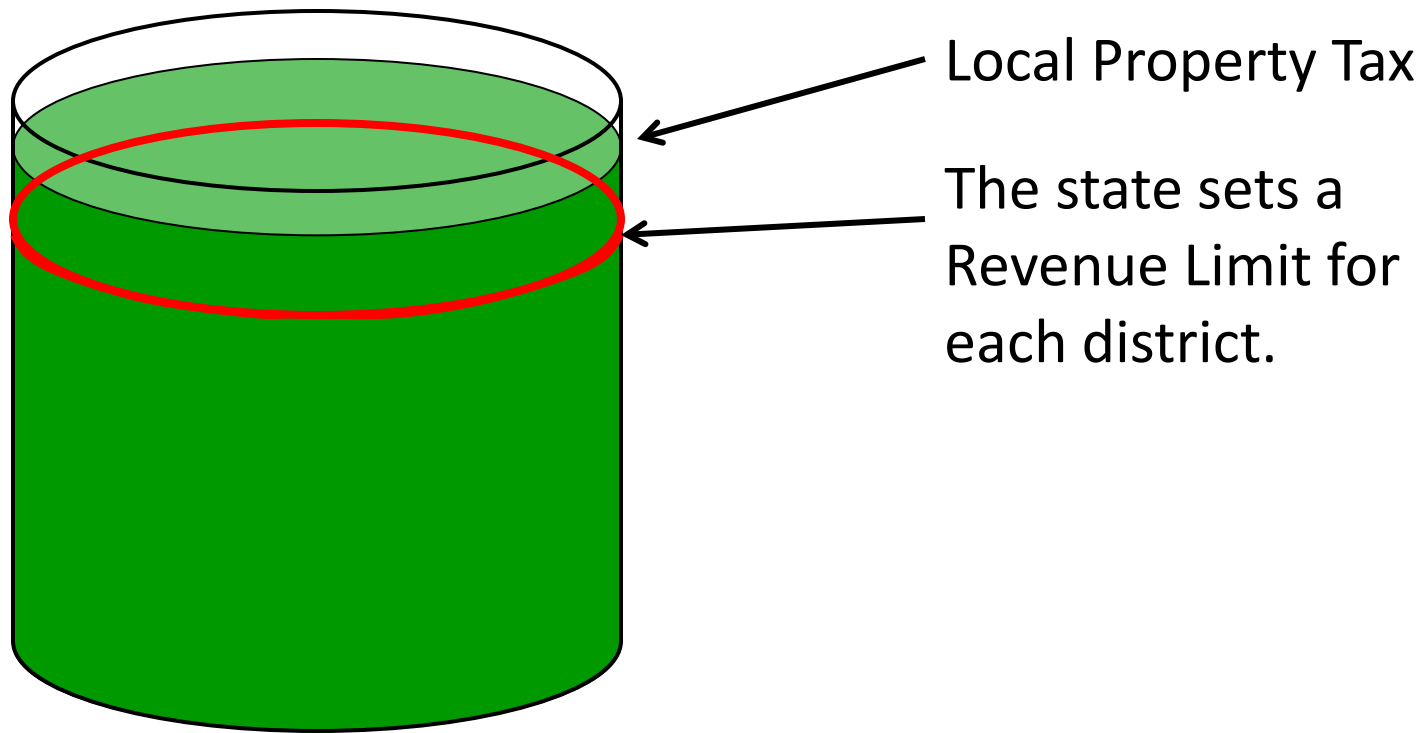
Sonoma Valley Unified
School District
Budget Reduction Process
September 2011

Review of Basic Aid

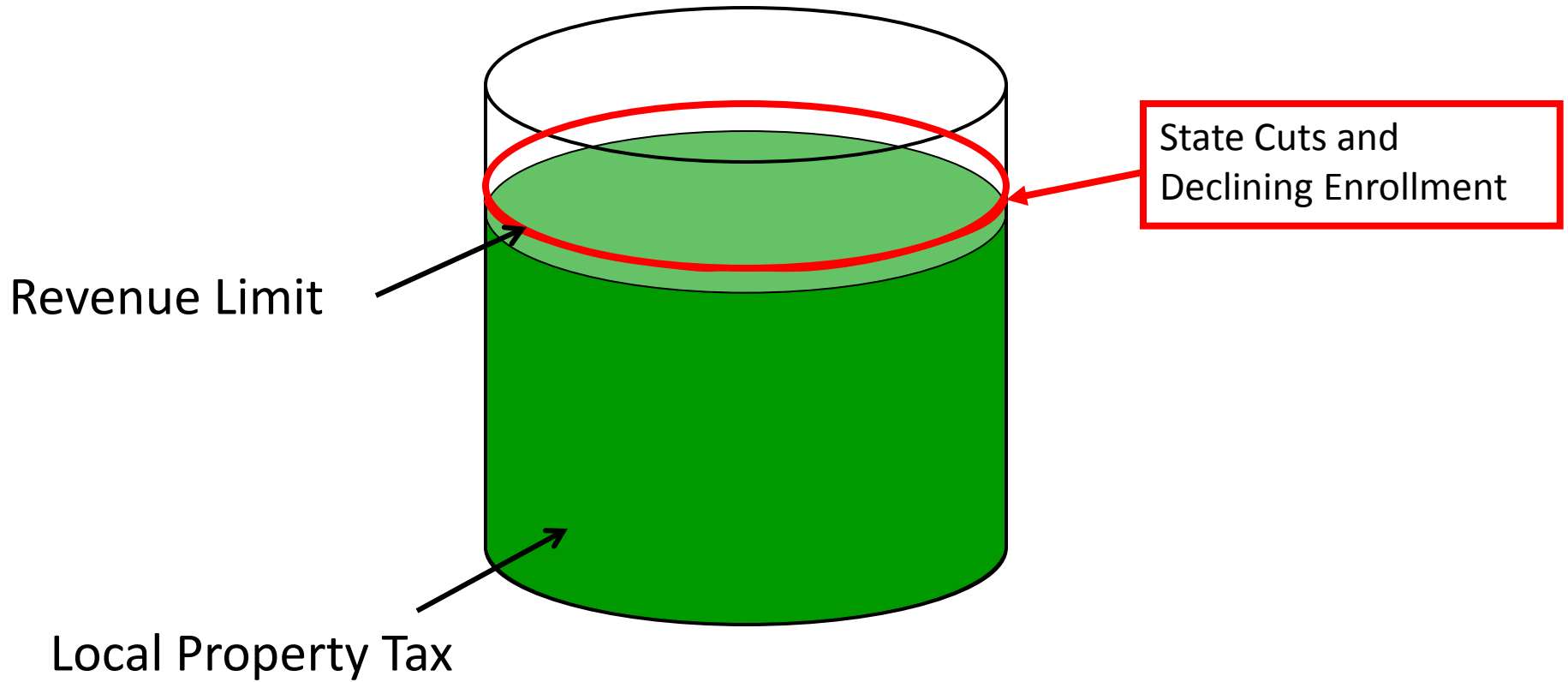
Simple Revenue Limit Model



Simple Basic Aid Model



Moving into Basic Aid

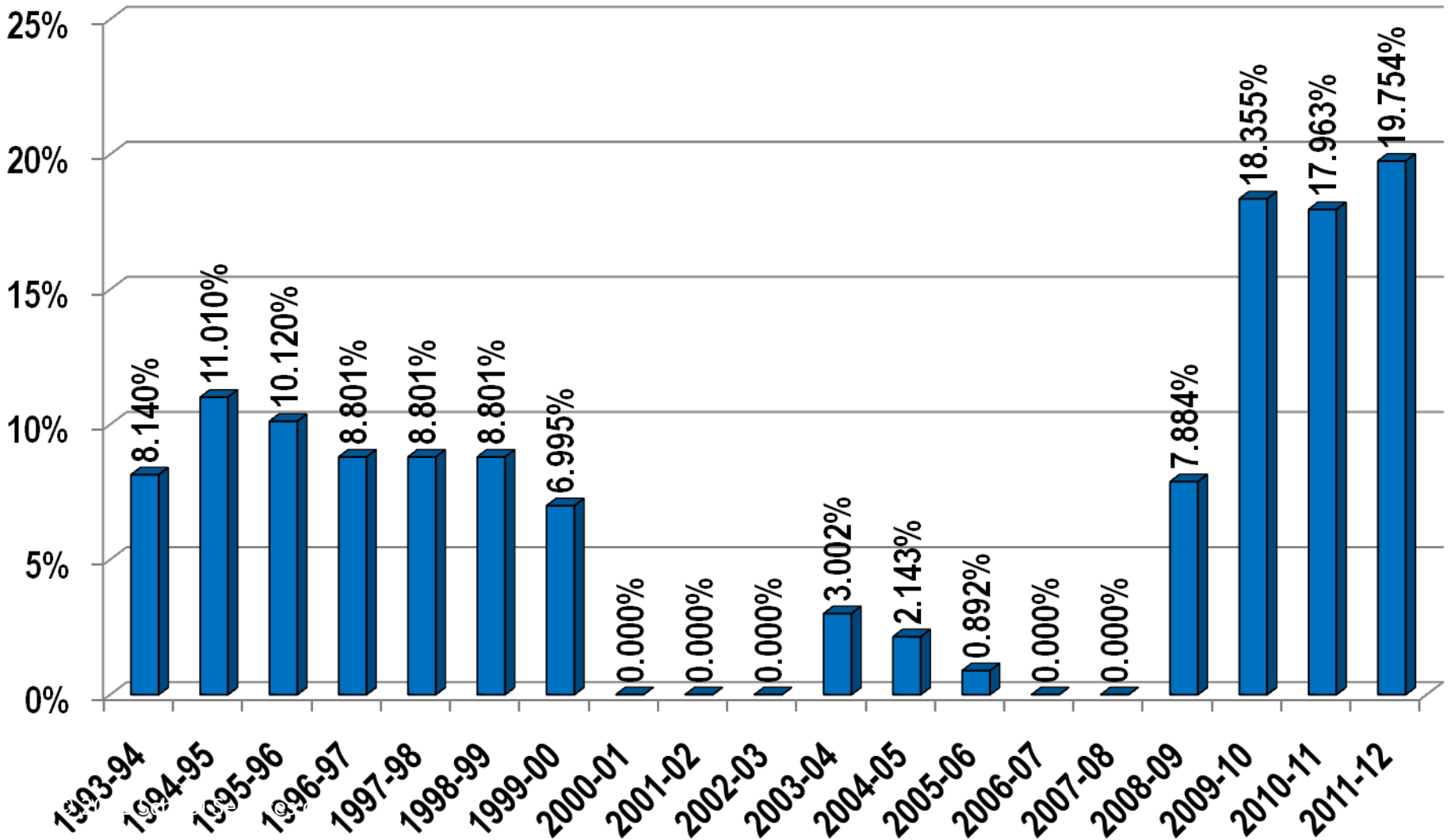


Deficit Funding vs Deficit Spending

Deficit Funding - When the state pays a portion of what a school district is entitled to.

Deficit Spending - When a school district's expenses exceed revenues.

Revenue Limit Deficit Factors

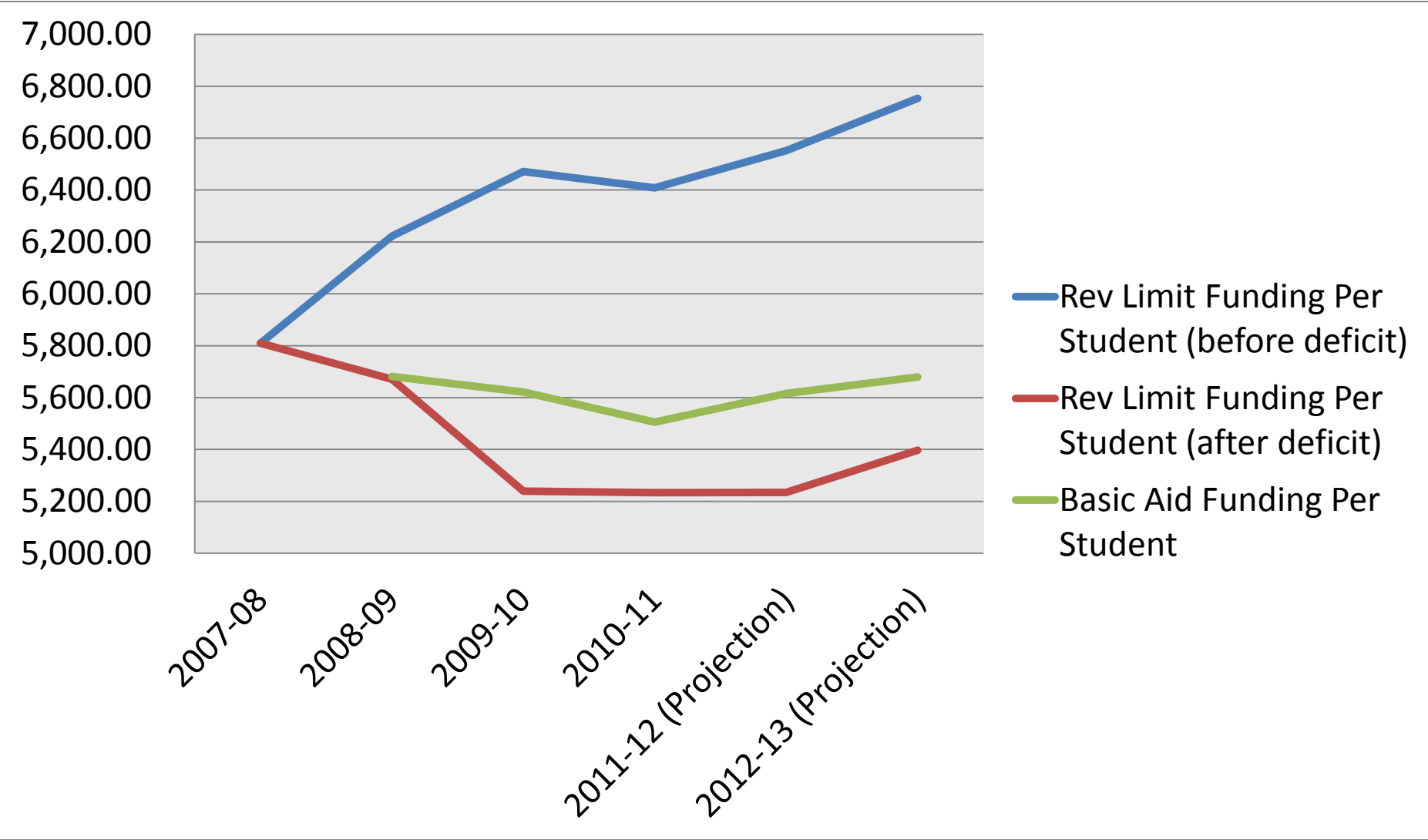


The Transition of Sonoma Valley Unified into Basic Aid Status

Revenue Limit and Basic Aid Funding

Funding Per Student	2007-08	2008-09	2009-10	2010-11	2011-12 Projection	2012-13 Projection
Rev Limit (before deficit)	\$5,810	\$6,222	\$6,472	\$6,408	\$6,552	\$6,754
Rev Limit (after deficit)	\$5,810	\$5,671	\$5,240	\$5,234	\$5,235	\$5,397
Basic Aid		\$5,681	\$5,622	\$5,506	\$5,615	\$5,679
Difference		\$11	\$382	\$272	\$381	\$283
Funding Loss Due to Deficit	\$0	\$0	\$1.248 Million	\$1.284 Million	\$1.275 Million	\$1.743 Million

Funding Per Student History



Basic Aid Fair Share Cuts

- 2008-09 (realized in 2009-10) \$1,026,690
- 2009-10 (realized in 2010-11) \$1,698,459
- 2010-11 (realized in 2011-12) \$2,557,042

Recent State Categorical Reductions

- Tier II & III Programs
 - 15.4% cut in 2008-09
 - 4.9% additional cut in 2009-10

Examples of Tier II Eliminated Programs

- Eng Language Acquisition Program
- State Testing
- Ag Voc Ed

Examples of Tier III Eliminated Programs

Adult Ed

TIIG Grant

Professional Development

GATE

Supplemental Instruction

Charter School Block Grant

High Priority Schools Grant

9th Grade CSR

Pupil Retention Block Grant

CA School Age Families

Community Day Schools

PE Teacher Incentive

Peer Assistance and Review

Certificated Staff Mentoring

Oral Health Assessments

AP Programs

ROP

Instructional Materials

Deferred Maintenance

SLIP

Supp School Counseling

Teacher Credentialing Block Grant

Arts and Music Block Grant

School Safety Block Grant

CAHSEE Instructional Support

Math and Reading Prof. Development

Community Based English Tutoring

Teacher Credentialing Prep

School Safety Competitive Grants

Principal Training Program

Nat. Board Cert. Incentives

Bilingual Teacher Training

District Budget Cut History

- 2008-09 - \$315,000
- 2009-10 - \$1,019,000
- 2010-11 - \$1,026,000
- 2011-12 - \$0
- 2012-13 - \$3,800,000 (Projected Deficit)

Changes to projections

The final tax revenues were available to the District on July 26th. The drop in taxes for 2010-11 not only means we were short last year, but also that this years base income is lower.

We are also less confident that taxes will grow in 2012-13, and have adjusted estimates down from 2% to 0%.

The County Office of Education is advising we plan for a 1.5% tax drop in 2011-12. We continue to plan for a 0% tax increase, using the Fund 17 tax reserve as a back-stop.

Changes to projections

June 2011 Tax Projections

2010-11	<2%>
2011-12	0%
2012-13	2%

Revised 2011-12 Budget tax projections.

2010-11	<3%>
2011-12	0%
2012-13	0%

These changes will be presented in the First Interim Report.

Deficits are expected to increase

2011-12 Deficit	\$3,000,000
2012-13 Deficit (Projected)	\$3,800,000
2013-14 Deficit (Projected)	\$4,045,000
2014-15 Deficit (Projected)	\$4,065,000

This is not the worst case scenario. The state may face trigger cuts this December.

For us, this would mean another \$1.5 million.

Current Reserves Available

Fund 01 (General Fund)	\$2,800,000
Fund 17 (Def. Maint. flex)	\$1,600,000
Fund 17 (Adult Ed flex)	\$500,000
Fund 17 (Tax Reserve)	\$985,000
Fund 17 (3% Reserve)	\$1,300,000
Fund 11 (Adult Ed Fund)	\$250,000
Fund 40 (Previously Received RDA)	\$1,300,000

How much will we
need to cut for 2012-13 and
how will reserves be used?

Proposed Use of Reserves

2011-12

Pre-Reduction Deficit

<\$3,000,000>

One Time Funding Cut to Maint.

\$200,000

Post-Reduction Deficit

<\$2,800,000>

2012-13

Pre-Reduction Deficit

<\$3,800,000>

Budget Cut

\$2,588,000

Post-Reduction Deficit

<\$1,212,000>

2013-14

Deficit

<\$1,457,000>

2014-15

Deficit

<\$1,481,000>

Proposed Use of Reserves continued

2011-12 Post-Reduction Deficit	<\$2,800,000>
2012-13 Post-Reduction Deficit	<\$1,212,000>
2013-14 Deficit	<\$1,457,000>
2014-15 Deficit	<\$1,481,000>
<hr/>	
Three Year Cumulative Reserve Spending	<\$6,950,000>
Fund 01 (General Fund)	\$2,800,000
Fund 17 (Def. Maint. flex)	\$1,600,000
Fund 17 (Adult Ed flex)	\$500,000
Fund 11 (Adult Ed Fund)	\$250,000
Fund 40 (Previously Received RDA)	\$1,300,000
<hr/>	
Total	\$6,450,000

Reserves After Spending

Fund 01 (General Fund)	\$2,800,000
Fund 17 (Def. Maint. flex)	\$1,600,000
Fund 17 (Adult Ed flex)	\$500,000
Fund 17 (Tax Reserve)	\$985,000
Fund 17 (3% Reserve)	\$1,300,000
Fund 11 (Adult Ed Fund)	\$250,000
Fund 40 (Previously Received RDA)	\$1,300,000

Summary

\$2,588,000 of reductions are needed for 2012-13

- Staff Input - September and October
- Community Input - November and January
- Board Approval - January