

HEMET USD BUDGET DEFICIT COULD INCREASE FROM \$13.6M TO \$23.8M

April 12, 2011

Tax Extensions:

The hope of getting a measure on the ballot to extend the existing temporary taxes (sales tax, Personal Income Tax, and Vehicle License tax) ended on April 1, 2011 when the Governor and Legislature could not come to an agreement.

What does this mean to HUSD?

According to Governor Brown this means school districts will see at least a **\$349 per student reduction**, which is \$7.3 million less money to Hemet USD. The Governor has indicated that the reduction to Education could be as much as \$5 Billion which equates to **\$835 per student** for a total of \$17.5 million reduction to Hemet USD.

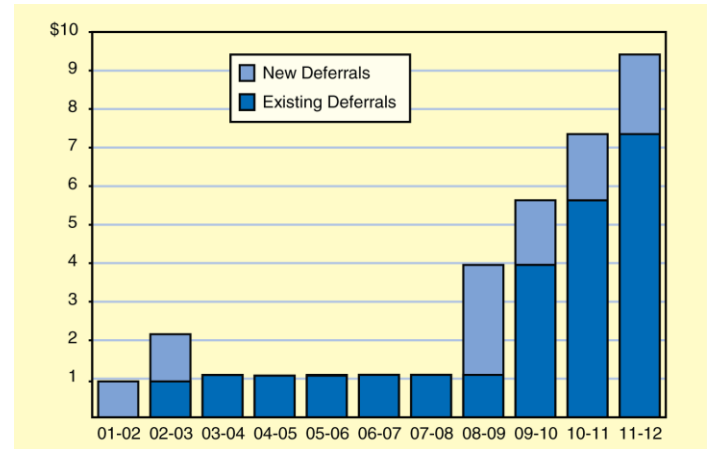
How can Hemet USD's Budget take such a severe reduction?

The district has already planned for the reduction of **\$349 per student** in developing its 2011-2012 budget by reducing administration, reducing utility costs, increasing class sizes, and changing graduation requirements. If the final reduction ends up at \$835 per student it would be the equivalent of all employees taking an additional 9% to 10% reduction to salary.

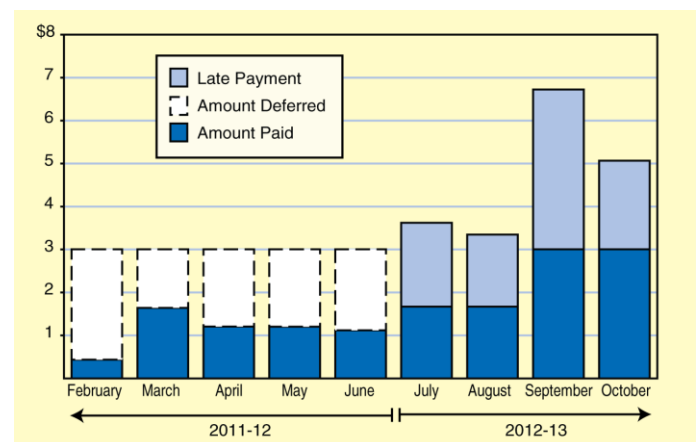
District's Plan for 2011-2012:

- Increase staffing ratios
- Offer Golden Hug to encourage more retirements
- Consolidate programs and resources – Educational Options
- Increase revenues through entrepreneurial endeavors
- Increase efficiencies wherever possible

How does the State's plan for Cash Deferrals affect HUSD?



The Legislative Analyst's Office (LAO) chart shows the growing deferral of cash disbursements to school districts over the past ten years. The new budget proposal for 2011-12 shows that more than 35% of the district's apportionment will not be received in the year it is owed. This forces the district to borrow \$30 million in cash so it can meet its payroll obligations. The cost to borrow will be nearly \$200 thousand, or the equivalent of four teaching positions.



BUDGET REDUCTIONS MADE FROM 2009-10 & 2010-11

	Actual Savings
<u>Budget Reductions for 2009-10</u>	
Certificated Supplemental Employee Retirement Plan (SERP)	2,700,000
Classified SERP	2,000,000
Management SERP (Reduced Cabinet from 8 to 5 members)	1,080,000
Annual Cost of SERP	(761,288)
Outside Contracts	155,952
Conferences & PD (Mandatory training only)	315,030
Energy Conservation	537,770
Textbook Adoptions	1,222,128
Overtime	11,864
Staff Meals/Snacks	40,000
NPS Contracts	373,132
Site Copier Costs	20,000
Special Ed Field Trips/Community Activities	215
No-Cost Field Trips Only	25,000
Reduce Summer School	462,088
Eliminate District Vehicle Commute Use	37,205
Reduce ASB Clerks from 8 to 4 hrs	153,739
Reduce Maintenance Summer Work Crew	170,004
Reduce Special Ed I/A Costs	(47,427)
Close HELP School	132,581
Reduce Counselor Ratio	281,981
Increase Transportation Revenue/Contracts	700,106
2 Day Work Year Reduction	1,312,308
Total	10,922,388
<u>Budget Reductions for 2010-11</u>	
District Office Dept Budgets	395,000
Routine Maintenance	100,000
Wireless Air Cards	3,000
Eliminate mailing of report cards	23,000
Reduce Certificated Sub Pay	158,000
Text books	650,000
Eliminate mailing of paychecks	8,500
Energy Savings	500,000
Athletics Allocations	106,000
Change Winchester/Harmony Boundaries	35,000
Reduce 12 mos school site office staff to 11 mos	120,000
Reduce On-Call Monthly Stipends	12,000
Custodial OT/flex work weeks (savings incl in re-align below)	15,000
Certificated & Classified Supplemental Employee Retirement Plan (SERP)	2,800,000
Eliminate temporary Certificated positions	2,300,000
Tighten site clerical staffing ratios	250,000
Reduce pool tech positions	106,000
Tighten up DO Clerical staff	106,000
Management SERP (Reduced Cabinet from 5 to 4 members)	450,000
Close Elementary School	444,500
Cleaning Crews for HS (savings incl in re-alignment below)	125,000
Custodial Re-alignment	80,600
5 Day Work Year Reduction & Salary Roll Backs (6.5%)	7,511,327
Board Compensation reduction (10%)	3,360
Additional 1.5% cabinet level pay cuts (8%)	10,058
Total	16,312,345
Two Year Total	27,234,733