



2010-11

45 Day Budget Revision

Business Services

November 16, 2010

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This and other Financial & Budget documents of the Hemet Unified School District are posted on the web site:

<http://www.hemetusd.k12.ca.us/>

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2010-11 State Adopted Budget

STATE BUDGET SUMMARY

The 2010-11 Budget Act for the State of California was passed by the Legislature on October 8, 2010 and was the latest budget adoption in state history. The \$87.5 billion budget includes additional revenue from what was assumed in the May Revise, sale of state properties, borrowing and suspension of Proposition 98 to close a \$19 billion budget gap. Included in the improved revenue projections are \$5 billion in federal funds and \$1.4 billion in increased state revenues. Expenditure cuts totaled \$7.5 billion. Analysts have warned that the revenue assumptions may be overly optimistic, while expenditure cuts may not be fully realized because more than one-third of the fiscal year will have already elapsed before they can be implemented.

K-12 EDUCATION BUDGET REVISIONS

Districts are required to revise their budgets within 45 days of the adoption of the State budget to include changes that were enacted subsequent to the budget proposal presented in the May Revise.

The Enacted 2010-11 state budget increased funding for K-12 Education from the May Revision. It fully restored the 3.85% revenue limit cut which equates to an additional \$5 million for Hemet USD. The new state budget also fully funds the negative 0.39% COLA by reducing the 18.355% deficit factor to 17.963% which adds another \$573,364 to the district's revenue limit funding.

Other less publicized changes include a change to the Meals for Needy and Beginning Teacher Salary add-ins to the revenue limit calculation. These changes will result in a net decrease in revenue limit funding for Hemet USD of approximately \$245,000.

Because the 2010-11 budget was approved so late in the fiscal year, the 45 day timeline falls very close to the First Interim Reporting deadline. The district will make the necessary revisions to its budget, as a result of the changes included in the enacted budget in its First Interim Report.

2010-11

Preliminary 45-Day Revenue Limit Revisions

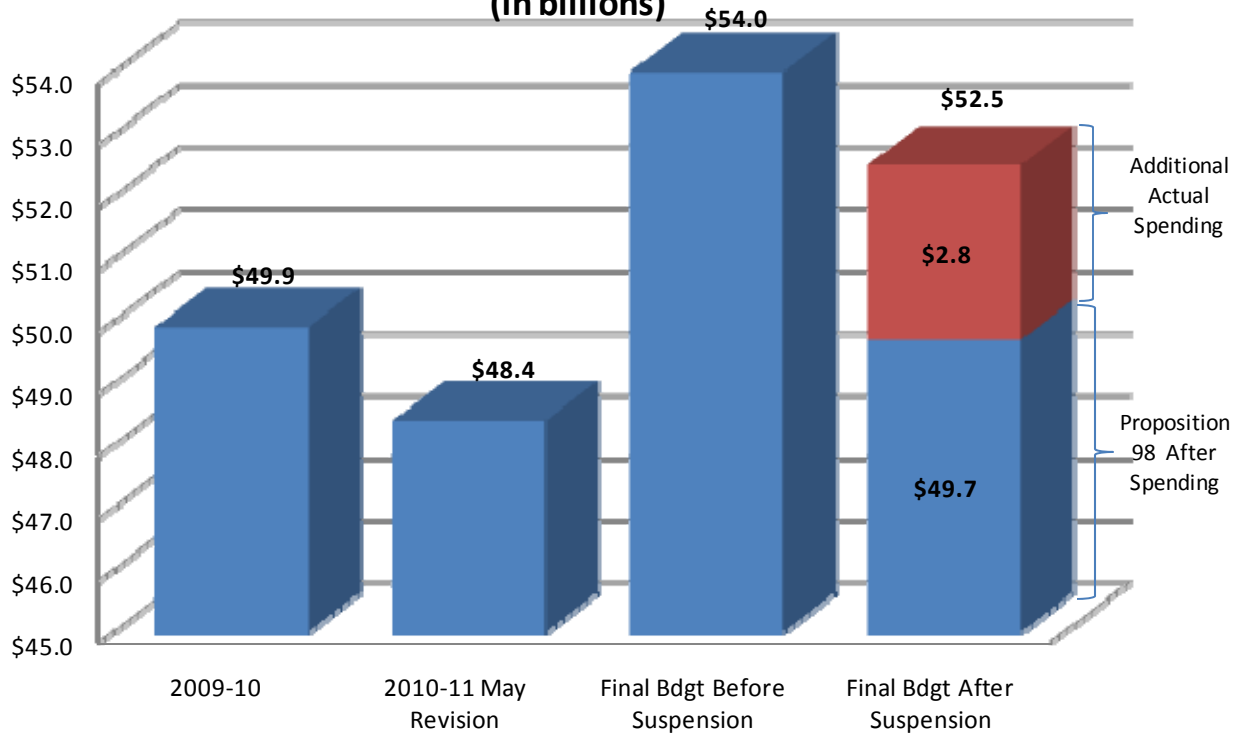
	<u>May Revise</u> HUSD Adopted Budget	<u>Enacted Budget</u> HUSD Revised Budget	Change
Meals for Needy Add-In	\$ 2,894,101	\$ 2,639,841	\$ (254,260)
Beginning Teacher Salary Add-In	164,233	173,311	9,078
Deficit Factor Reduction	107,187,855	107,761,219	573,364
Per ADA Cut Elimination	(5,080,954)		5,080,954
Total	\$ 105,165,235	\$ 110,574,371	\$ 5,409,136

This does not include any potential revisions for ADA

- * Meals for Needy and BTS amounts will change with any funded ADA changes
- * Prior year ADA for students moving to/from charters from will impact total prior year ADA.
- * Current year ADA may exceed last year's ADA.

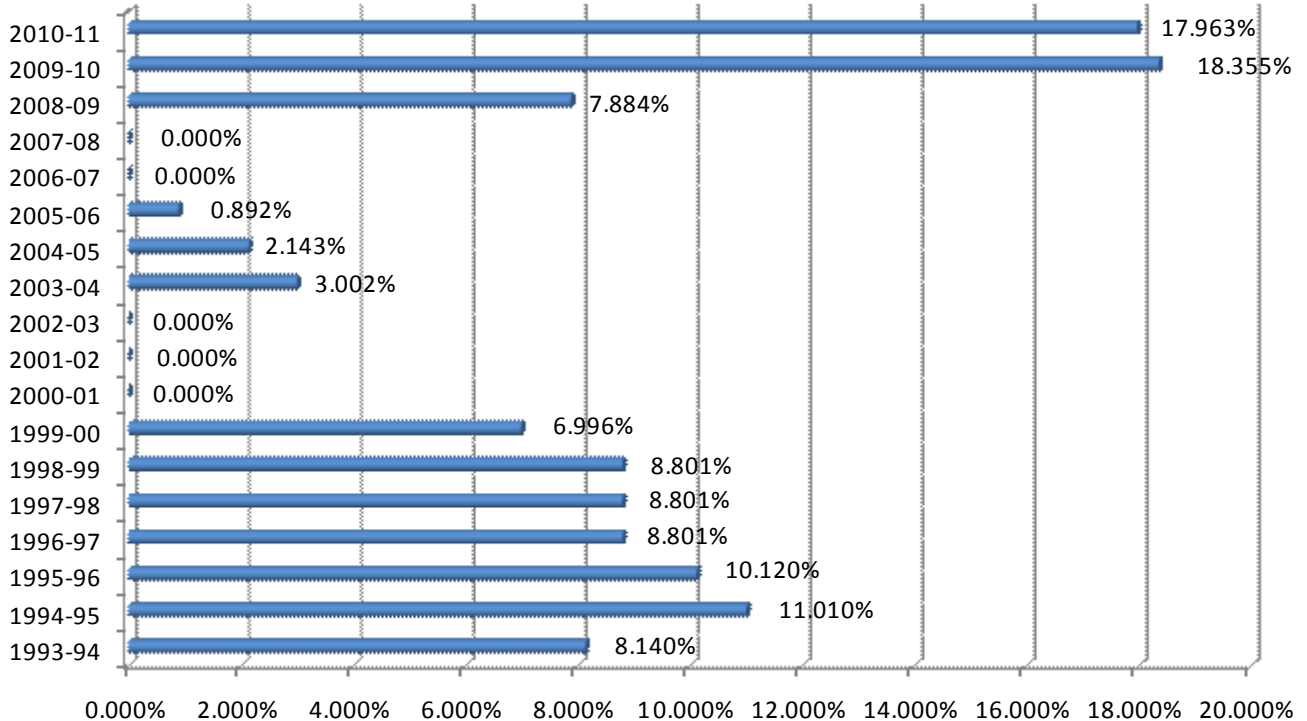


Proposition 98 Guarantee (in billions)



School Services of California, California School Finance & Management Conference 10/2010

Revenue Limit Deficit Factors



District Budget

DISTRICT BUDGET REVISIONS SUMMARY

Changes to formulas, revenue cuts and deficit factors included in the enacted 2010-11 California state budget for K-12 education will result in a projected \$5.4 million increase in revenue limit funding for Hemet Unified. The budget revision for this increase will be presented with the district's First Interim Report along with any revenue adjustments for changes in ADA from original projections included in the district's Adopted Budget approved in June 2010.

Unrestricted General Fund

REVENUES

At the time of adoption of the 2010-11 budget in June 2010, Hemet Unified School District's Unrestricted General Fund revenues were projected to be \$124.6 million. The state's enacted budget approved in October will increase revenues to \$130 million. Revisions to the district's budget for the increase will be included in its First Interim Report which will be presented to the board for approval in December 2010.

EXPENDITURES

Revisions to expenditures related to the enacted budget and other factors will be also be included in the district's First Interim Report.

OTHER SOURCES/USES/CONTRIBUTIONS

No changes are recommended for the Other Sources/Uses/Contributions categories at this time.

FUND BALANCE

No changes will be made to the district's general fund ending balances at this time

Restricted General Fund

2010-11 Budget Changes

	May Revision	Enacted Budget
Prop 98	\$54.9 Billion	\$50.4 Billion
COLA	-0.39%	-.039%
Revenue Limit Deficit	18.355%	17.963%
Revenue Limit Cut	3.85%	- 0 -
Categorical Programs	Continues Tier III program flexibility and reduced penalties for K-3 CSR	Same as May Revision; but eliminates ELAP funding and rolls equivalent dollar amount into EIA
Prior Year Mandates	-0-	\$200 million (and \$100 million for 2010-11 claims)
Lottery	\$110.00 per ADA	\$112.50 per ADA
Prop 20 Restricted Lottery	\$14.50 per ADA	\$17.50 per ADA

The board has approved a variety of changes to the restricted ending balance since July 1 as a result of new funding, changes in projected grant/entitlement awards, and other factors. Those revisions will be shown in the board approved budget column in the First Interim report and any additional revisions to restricted program budgets will be shown in the projected budget column of the report.

Other District Funds

No adjustments to other district funds are proposed at this time

