

School Board Meeting/Workshop Date:

March 8, 2010

Subject:

Financial Update

Presenter:

Chuck Klaassen
Director of Finance and Operations

SUGGESTED SCHOOL BOARD ACTION:

None – Report Only

DESCRIPTION:

There's really not much new in terms of updated financial information to share at this point. The February Forecast did come out last week and we saw some improvement in the State's overall financial picture, with the projected deficit for FY 10-11 dropping from \$1.2 billion to \$.99 billion. That's going the right direction but nothing to really get excited about yet. It still means significant reductions are likely for next year for cities and counties as well as health and human services. Schools would likely be next in line if the State was not able to balance the budget in those first two areas.

The forecast also indicated that there were no significant improvements to the general economic outlook until a couple of years further down the road. Jobs and wages remain the major issues holding down State revenues and general economic recovery.

The Governor did not propose any reductions to K-12 education in his budget plan, but I don't think we should get too confident about that just yet. We also did avoid the State borrowing fund balance from us this spring. The formula used puts us just out of the reach of the State's long arm. The formula uses a net unreserved operating fund balance calculation and ours is not high enough to qualify. That's good news.

As this point, we are sticking with our financial projections and our 2010-11 budget assumptions that were presented in January. That assumes **flat** funding (no increase in general education funding formula) for the next two years. Obviously, we will continue to watch the legislative session closely and will bring back to the Board any developments impacting our district finances and our planning for next year's budget and the future.

ATTACHMENT(S):