



Berkeley Unified Financial Circumstances

"We are committed to work cooperatively with our employee unions to find solutions to these difficult issues."

State Budget Crisis Continues to Hurt Schools

The Governor's proposed budget breaks his promise to restore funds "borrowed" last year from education to reduce the state deficit. If the promise had been funded, it would have brought an additional \$1.5 million to the district in both 2004-05 and 2005-06.

Also, and this will have a large impact on the district's finances, the Governor's proposal shifts responsibility for State Teacher Retirement System (STRS) costs from the state to districts. His proposal increases the district's contribution from 8.25% of teachers' salaries to 10.25%. This increased cost to the district will be \$700,000 annually, though no additional funding is provided.

The Governor's proposed budget avoids tax increases and continues to significantly under-fund education relative to the other 49 states. It is unlikely the state will significantly increase education funding (or even keep up with rising costs) in the next few years.

"New" Money From State Not Sufficient

Our district will initially receive \$1.806 million in additional revenue in 2005-06. Unfortunately, we will lose other revenue we received this year from the state or county, such as lottery funds, mandated reimbursements and interest income; a total loss of \$572,000. For 2005-06 increased medical and required benefits for all employees are estimated to be \$468,000. The STRS costs discussed above will cost \$700,000. Projected cost increases in other areas are \$304,000.

"New" money	\$1,806,000
Less revenue not received (lottery, etc)	-\$572,000
Less health & statutory benefit increases	-\$468,000
Less new STRS payments	-\$700,000
Less other increased expenses	-\$304,000
Remaining dollars to fund required reserve	None

District Reserves Must Be At Legal Limit

Before additional financial commitments can be made, the district is legally required by the state to fund a reserve for economic uncertainties. The required 3% reserve at the end of 2005-06 will be \$2,296,341, and the projected ending balance is far short of this.

Date	2003-04	2004-05	2005-06
Ending GF Balance	\$558,711	\$316,980*	(\$163,525)*

GF is the Unrestricted General Fund. Legally required reserve is 2.5% of district expenses for 2004-05, 3% for 2005-06. *Projected.

BUSD financial statements are verified by an auditor and reviewed by county and state agencies. The county will not approve a salary increase if the district budget is not balanced and the reserve met.

Cost to Give Each Employee a 1% Raise

Here is what the cost of a 1% raise for each employee would be, categorized by our 5 unions:

Union	Amount
BFT (teachers)	\$408,006
BCCE (clerical, technical, paraprofessional)	\$127,596
Local 39 (maintenance & operations)	\$85,470
UBA (principals, asst. prin., coordinators)	\$38,172
Local 21 (classified supervisors & managers)	\$9,966
Total	\$669,210

Includes monthly salaries, hourly and daily work, and statutory benefits for all funds.

Health Care Costs Are Rising Rapidly

Health care costs have risen dramatically over the past several years. Health premiums are estimated to rise 12% next year.

School Year	Kaiser 2+ (family coverage) annual cost	Cumulative premium increase
1999-2000	\$6,503	—
2000-01	\$6,981	7%
2001-02	\$7,191	10%
2002-03	\$8,462	30%
2003-04	\$9,970	53%
2004-05	\$10,576	63%

Teacher Compensation Comparable

At the time of the signing of the last BFT contract, the goal was to achieve teacher compensation comparable to other districts. This goal continues to be met; compensation is similar to other districts.

Meeting Class Size Goals

The District is committed to lowering its class size in accordance with the recent voter approved Measure B. The average class sizes will be 20:1 at grades K-3, 26:1 at 4-5 and 28:1 at 6-12 in 2005-06 and 2006-07. The District is also committed to limiting class size in combination-grade classes.

Improved Attendance Could Boost Revenue

Currently, the Average Daily Attendance (ADA) rate is 91.4%. For every 1% increase in the attendance rate, the district gains \$480,000 in additional revenue.

More information is available at the district website www.berkeley.k12.ca.us. Financial reports are available online or by request. This document was created by the Berkeley Unified School District.