

# Governor's Proposed 2010-2011 Budget

Presented to the Board of Education

January 21, 2010

AMENDED 3/5/10

# State budget worsens

- The governor's budget addresses a \$20 billion state shortfall
- The proposition 98 guarantee continues to fall, so "fully funding" education means less funding to education (approximately 4% loss)
- The Prop 98 guarantee is further reduced by:
  - A plan to reduce gasoline taxes (part of Prop 98 calculation) and increase the excise tax on gasoline (not part of the Prop 98 calculation)
  - A plan to manipulate 08-09 Prop 98 base funding, lowering the amount owed to education
- The good news: no mid-year cuts in 09-10
- The bad news: Revenue limit deficit is still 22.3%

# Per ADA Funding Realities

- 09-10 per ADA if fully funded: \$6,375.97
- 09-10 per ADA is: \$4,952.83
  - Funding loss per ADA: \$1,423.14
  - Funding loss per class of 30: \$41,413\*
- Equals \$110.80 more than 04-054 (\$4,842.03)
- 04-05 versus 09-10:
  - Total GF expense in 2004-05 was \$248 million (enrollment 31,577)
  - 09-10 estimated at \$304 million (enrollment 32,066)
  - 18% cut required to get back to 04-05 expense level

\*Assuming 97% attendance rate

# Impact on SJUSD

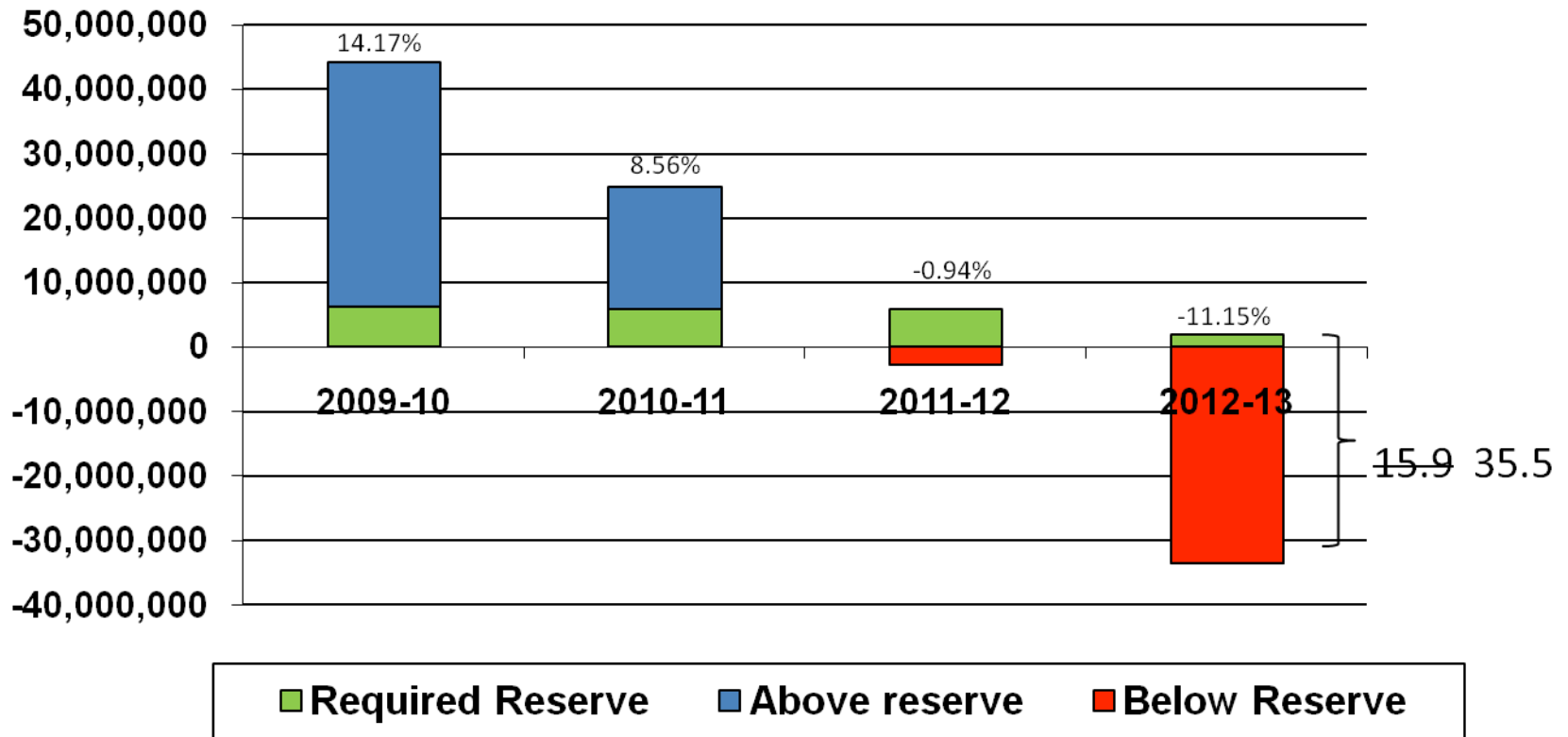
- Cost of Living Adjustment (COLA):
  - Negative 0.38% (-\$24 per ADA)
  - Was projected to be 0%
  - Loss of about \$612K in revenue limit, \$226K in state categorical funding, and \$54K in Special Education funding
  - Future year COLA's are now projected lower, resulting in a projected loss of 1.4 – 1.6 million in unrestricted funding and 634K – 352K in categorical funding.
- One time cut is now proposed to be ongoing
  - Cut of approximately \$201
  - Impact \$6.1 – \$6.8million annually

# Deficit Spending - Governor's Budget

Updated from First Interim

- Fund 031-Unrestricted General Fund
  - 2009-10 -\$18.8 million
  - 2010-11 -~~\$16.9~~ 23.6 million
  - 2011-12 -~~\$17.3~~ 25.0 million
  - 2012-13 -~~\$20.6~~ 28.6 million
- Fund 032-Tier III Categorical
  - 2011-12 -\$~~2.2~~ 2.8 million
  - 2012-13 -\$~~1.9~~ 2.3 million
- 4th Year combined deficit spending is -~~\$22.5~~ 30.9 million

# Fund 171 Reserves



Assumes 2% required reserve in 2009/10 through 2011/12  
 Assumes only 1/3 of 2% required reserve in 2012/13 = \$2 million

# Governor's Focus for Cuts

- The governor suggests that the ongoing \$201 per ADA (\$6.1 million) cut to schools can be made by reducing central district administration.
- The district currently spends \$13.5 on central district administration. A cut of \$6.1 million would be a 45% reduction.
- Central administration is defined as Board, Superintendent, Assistant Superintendents, Human Resources, Fiscal Services, Purchasing, and Centralized Data Processing

# Flexibility Retained

- Current options continue
  - Continued authorization for a reduction in the school year from 180 to 175 days (through 12-13)
  - Tier III categorical flexibility (through 12-13)
  - CSR maintains relaxed penalties for exceeding class size caps (through (11-12)
  - Contribution to Routine Maintenance is 1% rather than 3% (through 12-13)
  - No textbook adoptions until 2013-14
  - Minimum required reserves can drop to 1/3 of 2%

# New Flexibility Proposed

- The governor proposes a change in state law to
  - Give districts the flexibility to lay off teachers without regard to seniority
  - Eliminate the provision that laid off teachers have the first priority to substitute service at their former rate of pay, and
  - Change the layoff notice to teachers to 60 days after the state budget is adopted
- Proposal to eliminate barriers to contracting out
- More reform (unspecified) is promised

# Impact on Other programs

- After School Education and Safety (Proposition 49) and the Quality Education Investment Act (QEIA) will be fully funded
- The governor proposes to reduce funding for early child care by redirecting funds from Proposition 10 (the cigarette tax) to support other state programs serving children.
- The governor proposes to suspend most mandates

# Federal Issues

- More ARRA funding may be coming. Possibly 10% of the amount already received (\$1.8 - \$2.7 million)
- The promise of Race to the Top funding has caused the state legislature to implement reforms that affect all districts, whether or not they receive RTTT funding
  - Open enrollment: districts with identified low performing schools shall provide parents with the option to transfer their child to another school or another district

# Implications of the Governor's Budget

- What will it take to balance SJUSD?
  - Furlough days for all employees
  - Program and staff reductions
- Spending of one time reserves ends in 11-12