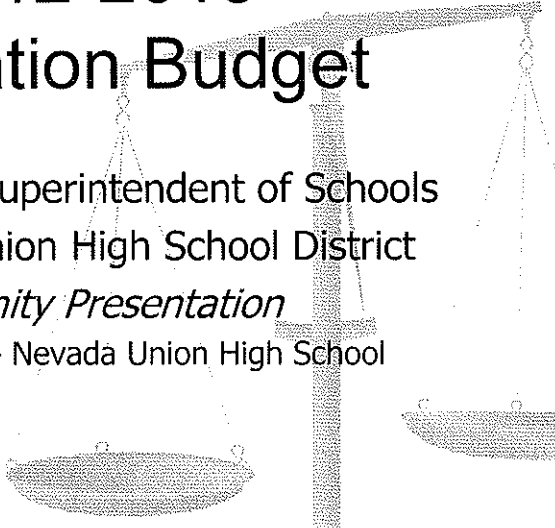
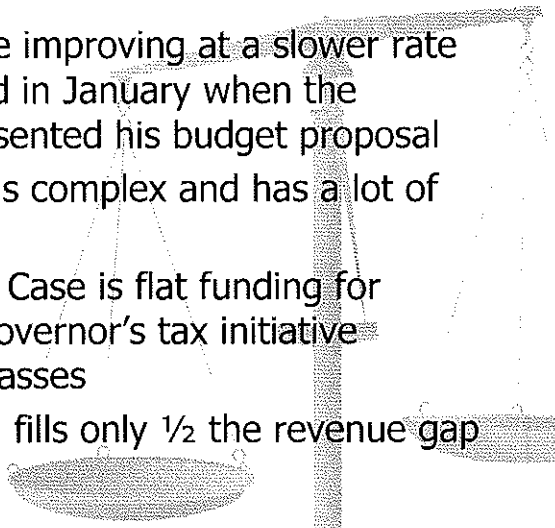


# 2012-2013 Education Budget



Nevada County Superintendent of Schools  
Nevada Joint Union High School District  
*Community Presentation*  
October 8, 2012 – Nevada Union High School

## Facts About the 2012 – 2013 Education Budget

- State revenues are improving at a slower rate than was expected in January when the Governor first presented his budget proposal
  - The state budget is complex and has a lot of moving parts
  - The absolute Best Case is flat funding for education if the Governor's tax initiative (Proposition 30) passes
  - Proposition 30 still fills only 1/2 the revenue gap
- 

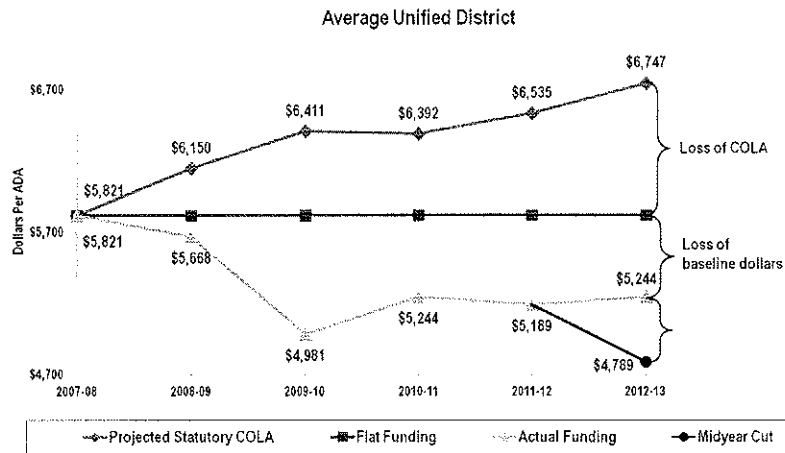
## Facts, cont.

- Funding levels we see today may be reality for the foreseeable future
- Even if Proposition 30 passes, there will still be a significant State Budget problem
- It is important to realize that schools do not get any increase in funding if Proposition 30 passes
- Failure of the tax measure would result in midyear cuts on an average of \$457 / ada (higher for high school districts)
- The state has not provided one single dollar of new funding to schools since 2007-2008

## Facts, cont.

- Education Policy, expectations for student performance and funding for schools are not aligned
- One blatant example:
  - The budget act allows for authorization to reduce the school year by up to 15 days each year in 2012-2013 and 2013-2014 if the tax measure fails
  - With more deferrals, cash continues to be critical

## Funding Per ADA – Actual vs. Statutory Level

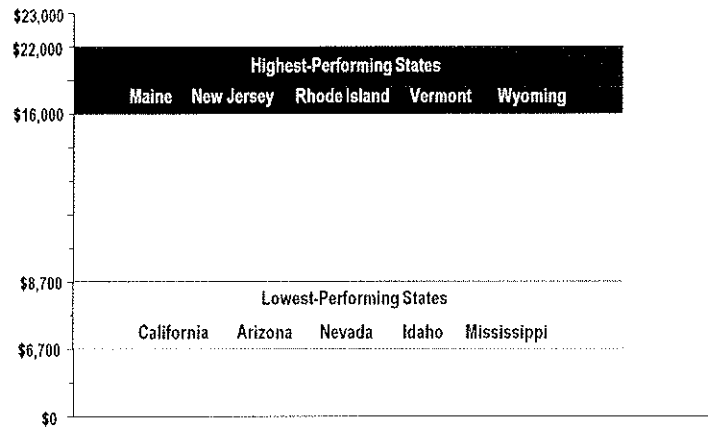


## California Data

- California's spending per student lags behind the rest of the U.S. more than anytime in 40 years
- The average per pupil spending in CA is approx. \$2,856 less than in other states
- CA is in the bottom 5 states in education funding
- CA also ranks at the bottom in several other areas:
  - Spending as a percentage of personal income
  - Number of students / teacher
  - Number of students / administrator
  - Number of students / counselor and librarian

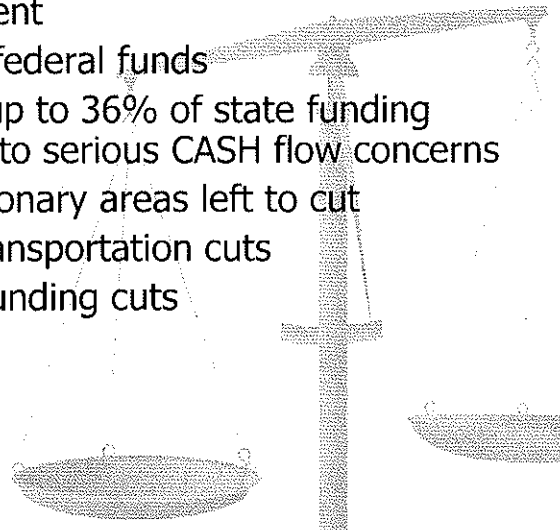
## Money Matters in Student Performance

Test Scores vs. Dollars Per Student



### Additional Factors that Affect Schools in Nevada County Related to the Budget:

- Declining enrollment
- Loss of one-time federal funds
- State deferrals: up to 36% of state funding deferred, leading to serious CASH flow concerns
- Not many discretionary areas left to cut
- Possible future transportation cuts
- Possible federal funding cuts



## **Fiscal Oversight Function of the County Office of Education**

- County office has AB 1200 fiscal oversight responsibilities for all school districts in Nevada County
- Responsibility to review current budget and next two years. A positive certification is issued to a district that is able to meet its financial obligations for the current year AND two subsequent years.
- County office will assign a qualified or negative certification to a school district that is showing signs of fiscal distress or submits a multiyear financial projection that indicates in at least one of the three years its financial obligations will not be met
- In addition to certifying the annual budget, the COE reviews the budget at two interim periods during the year
- COE sends out budget guidance to school districts advising statewide recommendations for approaching budget developments and revisions
- Conservatism in budget development is critical due to continuing uncertainty, loss of one-time federal funds, reductions in funding and slowness in economic recovery

## **Steps to Success (or Survival!!)**

- Conservative plans and backup plans
- Open and frequent communication with stakeholders
- Strong financial reserves
- Patience
- Courage
- Flexibility

## What's Next?

- Education is changing. Can't continue the same with so much less
- Our students are different, requiring different approaches, multi-modality, multi-media, etc.
- No more business as usual in the schools. Need to think outside the box. It's a paradigm shift from the way we have always done things
- More community partnerships
- Better utilize community resources and expertise
- Continue to explore more ways to reduce duplication, share services increase revenues. Consider possibilities and benefits of consolidation

## Overview of Tax Initiatives: Propositions 30 and 38

The Molly Munger / PTA Initiative  
(Proposition 38)

"Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act"

- Provides a significant amount of funding directly to school sites
- Minimum of administrative costs
- New taxes broad-based, high earners pay more
- Separate and above any other state or local funding
- Provides funding to reduce state level debt for first 4 years
- Clearly intended to provide supplemental funding for public education

The Governor's Initiative  
(Proposition 30)

"The Schools and Local Public Protection Act of 2012"

- Designed to provide additional revenues to the state general fund to avoid further cuts to public education
- Revenues would be part of the state general fund budget and normal funding to schools
- New income taxes weighted toward highest earners
- Sales tax increase would affect all taxpayers
- Additional revenues could prevent further cuts to schools
- Helps the state meet its commitment, but no new \$\$

## Proposition 30 and 38

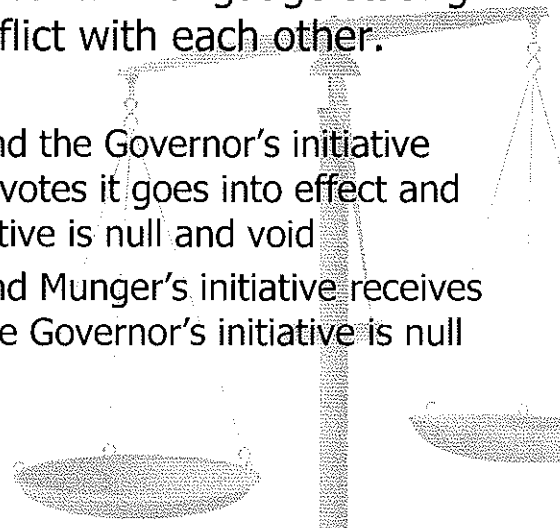
Proponent and Title	Total Revenues Generated	Education Revenues Generated	Sources of Additional Revenues	Duration
Governor Jerry Brown: Proposition 30	\$8.5 billion in 2012-2013; \$6.5 billion thereafter	Limited – additional funds offset general fund; \$2.9 billion increase in Proposition 98 first year	Quarter-cent sales tax increase; up to 3% increase in personal income tax rate for high-income earners (\$250 and above)	4 years sales tax, 7 years income tax
Molly Munger: Proposition 38	\$5 billion in 2012-2013; \$10 billion thereafter	First 4 years: 60% K-12 schools 10% Early Childhood (ECE) 30% bond debt  Remaining Years: 85% K-12 schools 15% ECE	Increase in personal income tax for all but low income earners, from 0.4% for lowest income to 2.2% for high earners (over \$2.5 million)	12 years

### So, What Happens if they Both Pass?

- Both initiatives contain language stating they are in conflict with each other.

Therefore;

- If both pass and the Governor's initiative receives more votes it goes into effect and Munger's initiative is null and void
- If both pass and Munger's initiative receives more votes, the Governor's initiative is null and void.





## Revenue Limit Roller Coaster

	Statutory Base RL With COLA	Deficit	Additional Reductions	Funded	Increase (Decrease) Over Prior Year	Percentage Change Over Prior Year
2007-2008	6,668					
2008-2009	7,048	.92156		6,495	(173)	-2.59%
2009-2010	7,348	.81645	(253)	5,746	(749)	-11.53%
2010-2011	7,319	.82037		6,004	258	4.49%
2011-2012	7,486	.79398		5,944	(60)	-1.00%
2012-2013	7,729	.77728	(507)	5,501	(443)	-7.45%
Total Per Student Reduction from 07-08					(1,167)	

**2012-2013 Statutory vs. Funded: \$7,729 – 5,501 = \$2,228/student**

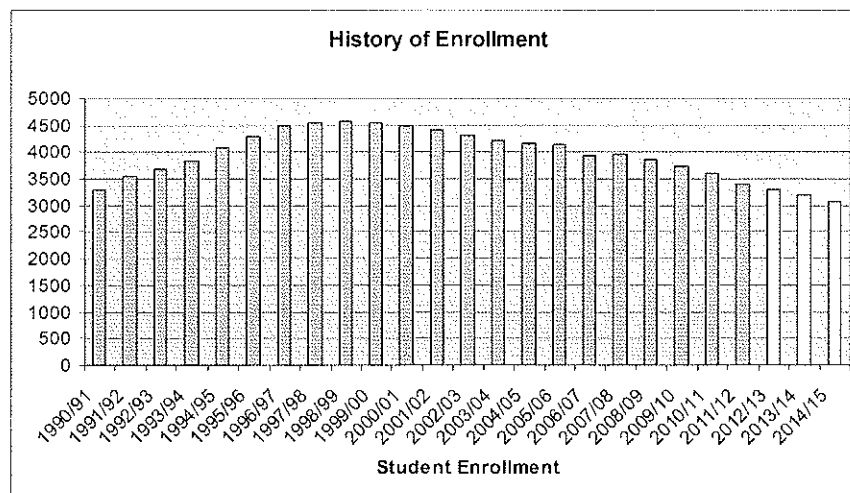
## Revenue Limit Roller Coaster

2012/2013 Funded ADA	Statutory COLA vs. Funded COLA	Statutory Revenue Loss <i>One Year Only</i>
3,210	\$2,228	<b><u>\$7,151,880</u></b>

## District Enrollment

Year	CBEDS Enrollment	Change over Prior Year	% Change over Prior Year
2007/08	3,957	22	0.56%
2008/09	3,850	-107	-2.70%
2009/10	3,734	-116	-3.01%
2010/11	3,592	-142	-3.69%
2011/12	3,391	-201	-5.22%
2012/13	3,296	-95	-2.80%
2013/14	3,192	-104	-3.16%
2014/15	3,076	-116	-3.63%

## District Enrollment



## Loss of Revenue over Prior Year

Declining Enrollment **\$1.2 million**  
(Revenue Limit and Lottery)

\$507/ADA Reduction **\$1.6 million**  
(If November Tax Election Fails)

***These reductions on top of a 22% Funding Deficit***

## Brief History of Cuts-- *Personnel Related*

	08-09	09-10	10-11	11-12	Total	11-12 Total FTEs
Furlough Days All Employees			5 Days*	2 Days		
Certificated FTE	5.50	11.80	8.00	3.40	28.70 58%	168.20 56.6%
Classified FTE	.58	11.80	5.00	--	17.38 35%	108.30 36.4%
Management & Confidential FTE	.40	3.00	--	--	3.40 7%	20.60 6.9%
Total	6.48	26.60	13.00	3.40	49.48	297.10
*Two of the five Days Paid (Restored) to Employees with Federal Jobs Funds						

## Budget Reductions/Changes 2012-2013

	Amount	
<b>Certificated Staffing</b>	<b>\$563,400</b>	
Teachers-Declining Enrollment		
Choral-Half of One Section		
Athletic Director-One Section		
Ag Project-Four Sections		
Librarian-Three Sections		
Counselor-Five Sections		
<b>Classified Staffing</b>	<b>\$257,562</b>	
Registrar – 1 Full-time Equivalent (FTE)		
Athletic/Activities Technician-1 FTE		
Lab Technician Position-1 FTE		
Single Site Custodian-1 FTE		
<b>Other</b>	<b>\$325,000</b>	
Electrical Savings-Server Virtualization		
Maintenance Savings-Server Virtualization		
2007 Retirees off H/W		
Athletics—Reduction in Coaches Stipends		
<b>New/Increased Revenue</b>	<b>\$50,000</b>	
<b>Transfers/Sweeps</b>	<b>\$300,000</b>	
GATE, PAR, CAHSEE, Cal Safe, EIA		
<b>Total</b>	<b>\$1,495,962</b>	

## General Fund Summary

<b>Beg Balance</b>	<b>\$ 6.7m</b>	<b>21.8%</b>
<b>Revenues</b>	<b>\$25.9m</b>	
<b>Expenditures</b>	<b><u>- 29.1m</u></b>	
<b>Net</b>	<b><u>- 3.2m</u></b>	
<b>Ending Balance</b>	<b>\$ 3.5m</b>	<b>12.0%</b>

## Multi-Year Projection

	<b>2013/2014</b>	<b>2014/2015</b>
Beginning Balance	\$3.5m	\$2.2m
Revenues	\$25.9m	\$26.1m
<i>Special Reserve /Adult Ed Transfer</i>	<i>\$0.6m</i>	
Expenditures	(\$29.3m)	(\$29.4m)
<b><i>Level of Ongoing Reductions Necessary</i></b>	<b><i>\$1.5m</i></b>	<b><i>\$2.2m</i></b>
Projected Fund Ending Balance	\$2.2m	\$1.1m

## Next Steps

- Continue Hiring and Spending Chill
- Begin Planning for 2013-14 NOW
- November Election
- First Interim Report December
  - Submit list of budget reductions to County Superintendent by December 15

Questions  
Thoughts  
Suggestions

