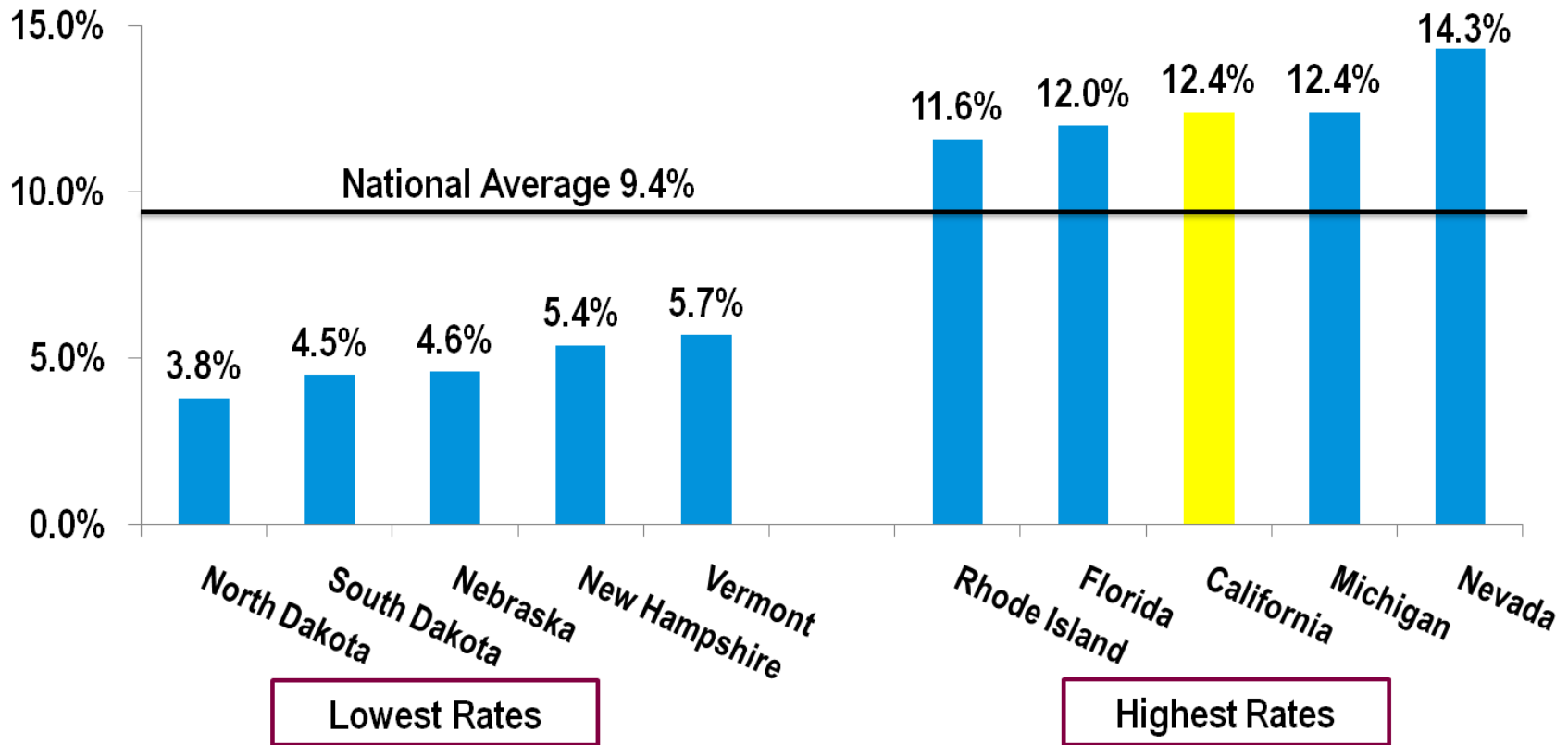


California Economy

- The state's 12.4% unemployment rate is the third highest in the nation
 - ▣ Since the employment peak, the state has lost 1.3 million jobs
 - ▣ Construction employment was hit hardest
- UCLA says the state is well positioned for the recovery
 - ▣ Regional differences: Coastal cities will thrive, while the Inland Empire and Central Valley (including Capital region) will struggle
- The Governor's Budget, however, expects the labor market to be a continuing challenge
 - ▣ Payroll employment is not projected to reach prerecession levels until 2016, eight years from the beginning of the recession

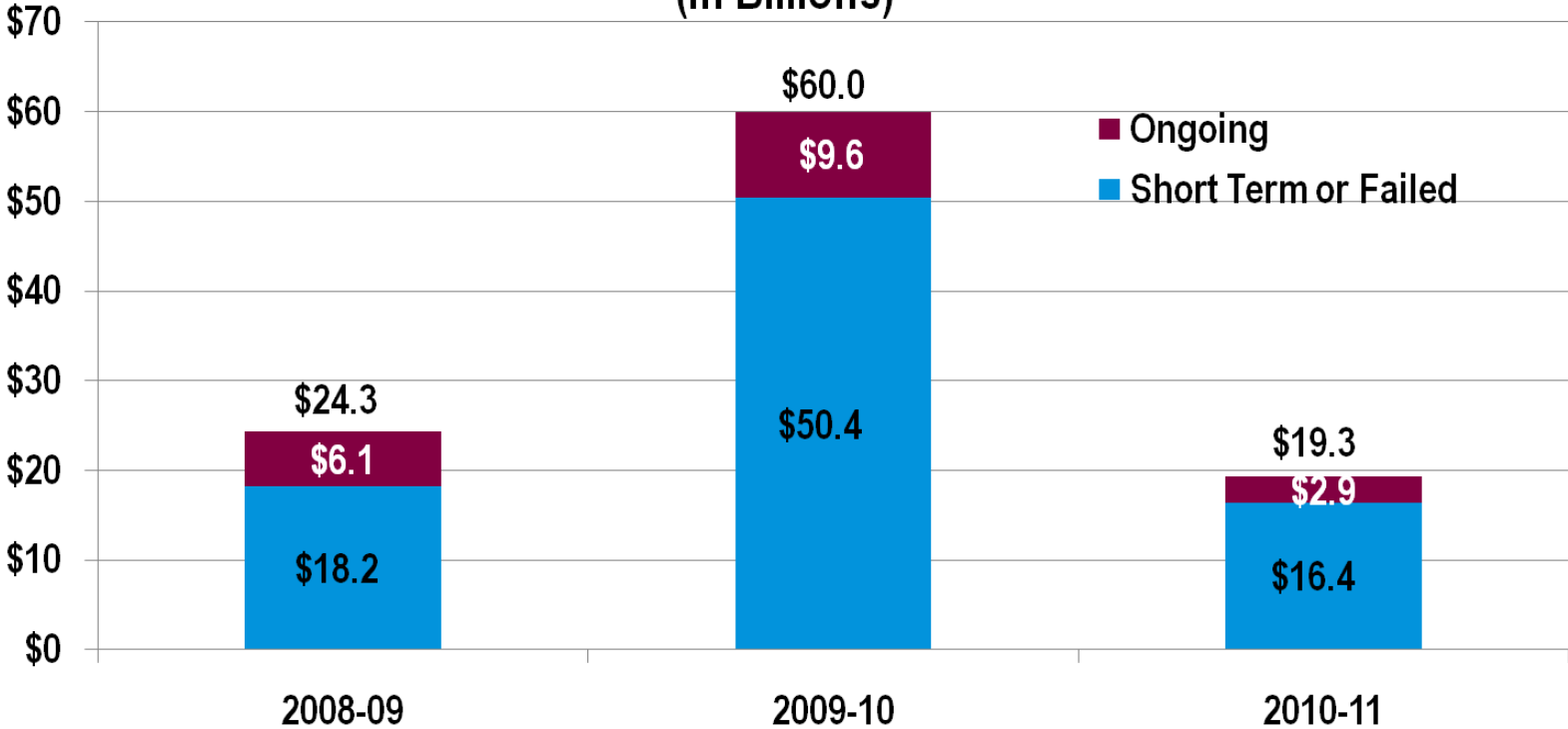
California Unemployment

Highest and Lowest State Unemployment Rates



Prior Year “Solutions”

Ongoing vs. Short Term or Failed Budget “Solutions”
(In Billions)



State Budget Outlook

- LAO Estimates

- 2010-11

- Projected \$6 billion deficit

- 2011-12

- Projected \$19 billion deficit

Total shortfall = \$25.4 billion

- Governor Brown's Proposal

- \$12.5 billion in cuts

- \$12.9 billion in tax extensions and realignment

State Budget Outlook

□ Governor's Proposal

- Proposes to maintain current level of education funding, contingent upon voter approval of extending temporary taxes for five years
 - Funds K-12 at \$49.7 billion
 - Zero COLA, but tracking what they owe us (19%)
 - Reduction in funded base revenue limit drops approximately \$19 per ADA (\$340,000 for FCUSD)
 - Defer \$2.1 billion in apportionments to 2012/13 and continuing \$1.7 billion deferral that was part of the 2010/11 budget

State Budget Outlook

- Governor's Proposal
 - ▣ No mid-year cuts to education
 - ▣ Extends categorical program flexibility through 2014/15
 - ▣ Continues flexibility in CSR penalties through 2013/14
 - ▣ Continues other flexibility provisions through 2014/15 (maintenance contributions, deferred maintenance match, purchase of instructional materials, etc.)

State Budget Outlook

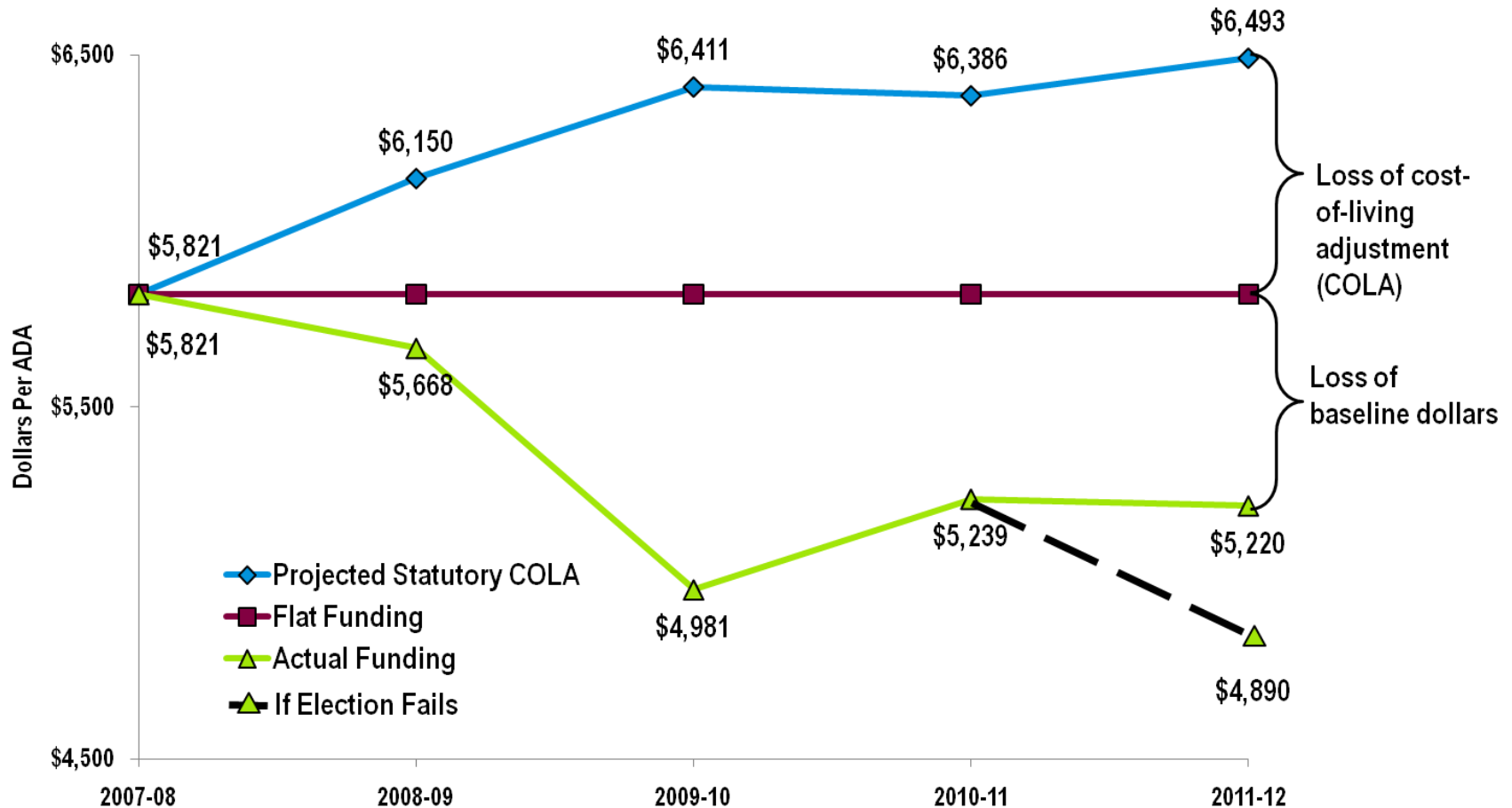
- **Governor's Proposal for Education**
 - **Fully dependent** on voter approval in June of extension of temporary taxes as well as repeal of specific corporate tax breaks
 - If taxes are not approved by voters in June
 - Education funding drops to Prop 98 level for 2011/12 - \$330/student
 - If Prop 98 is suspended for 2011/12 - \$600-650/student
 - **Must plan for the worst case scenario**

Risks to State Budget

- Legislature must approve shifting special funds (Proposition 63 for mental health and Proposition 10 for First 5 Program)
- The Legislature must approve the local government realignment proposal and place the tax extension proposals on the ballot to pay for realignment
- Both require a two-thirds vote by the legislature

Statutory vs. Actual Funding

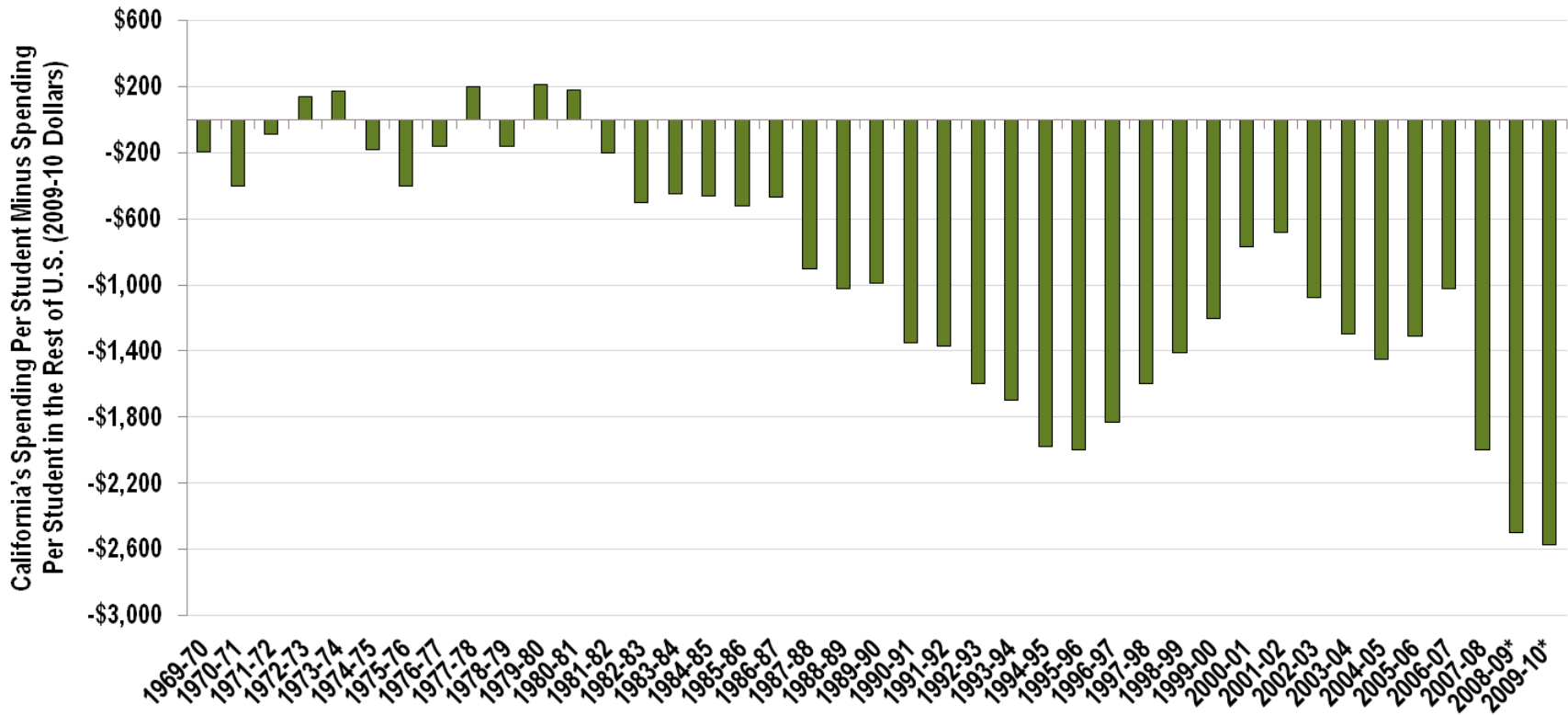
Average Unified District



FCUSD = \$1,600/student = \$28.9 million

California Education Funding

California's K-12 Spending Per Student Lags Behind That of the Rest of the U.S. More Than at Any Time in 40 Years



*2008-09 and 2009-10 estimated.

Note: Rest of U.S. excludes the District of Columbia

Source: National Education Association

Major State General Fund Expenditures by Area

	Dollars in Billions		% Increase
	1998-99	2010-11	
K-14, Proposition 98*	\$35.2	\$49.7	41%
Higher Education (CSU and UC)	\$4.7	\$7.4	57%
Natural Resources	\$1.2	\$2.0	67%
Health and Human Services	\$15.3	\$27.0	76%
Corrections	\$4.4	\$9.3	111%
General Fund Revenues	\$57.3	\$94.1	64%

*Includes state general fund and local property taxes

K-12 Education Took Biggest Cuts

General Fund Expenditures by Major Program Area

	Dollars in Billions				% Change 2007-08 to 2010-11
	2007-08	2008-09	2009-10	2010-11	
K-12 Education	\$42.5	\$35.5	\$34.6	\$36.3	<14.5%>
Higher Education	\$11.8	\$11.7	\$10.6	\$11.6	<1.4%>
Health and Human Services	\$29.7	\$30.9	\$25.0	\$27.0	<9.3%>
Corrections and Rehabilitation	\$10.2	\$10.3	\$8.2	\$9.3	<9.0%>
Natural Resources	\$1.9	\$2.0	\$1.9	\$2.0	8.3%

Folsom Cordova's Budget Scenarios



- Scenario 1 – Best Case Under the Governor's Proposal
- Scenario 2 – Worst Case if the June Special Election and Tax Extensions Fail

FCUSD Budget Best Case Scenario

Loss of one-time Federal ARRA & State SFS (spent in 10-11)	\$3,000,000
Loss of cell tower revenue	600,000
Reduction in funded base revenue limit (\$19/student)	340,000
Declining enrollment	1,900,000
Sunset of furlough day	1,500,000
Automatic salary increases	1,400,000
Employer's share health premium increase	400,000
Utilities/Gas/Property Insurance	100,000
Required Mental Health Services (shifted from Counties to Districts)	300,000
Loss of interest earnings/cost of borrowing	<u>75,000</u>
Structural Deficit	\$9,615,000

Ongoing expenses greater than ongoing revenue

FCUSD Budget Best Case Scenario

One-Time Solutions:

Tier 3 – additional sweep	1,200,000
Federal Jobs Bill (remaining)	2,700,000
One-time revenue funds available	<u>5,000,000</u>

“Best” Case Scenario Budget Shortfall \$ < 715,000 >

One-Time Funds Available

- Federal Jobs Bill \$3.5 m
 - ▣ Positions Funded
 - 3.4 Counselors 10/11
 - 16.75 Special Ed. Aides 10/11
 - 1.0 Elementary Clerical 10/11
 - 3.0 Vista 4X4 11/12
 - 21.0 Middle School Electives 11/12
 - 1.0 Elementary Clerical 11/12

One-Time Funds Available



Tier 3 Additional Categorical Sweep \$1.2 m

- ▣ Will be used for increased operating expenses (gasoline, utilities, supplies, etc.)

One-Time Funds Available

State Revenue

\$5.0 m

- Will be used to backfill for the loss of other one-time funding (federal & state stimulus and cell tower revenue) and to pay for newly mandated mental health services

FCUSD Worst Case Scenario

- If Governor's plan falls short, either in tax extensions, corporate tax changes, realignment of services between state and counties, or if proposed cuts are not enacted as outlined in his plan
- Along with our structural deficit of \$9.6 education could lose \$600-650 per student (dueling consultants have varying estimates)

Resulting in an additional shortfall of \$11.7 m

Next Steps

- We won't know the answer to the funding questions before the March layoff notice deadline
- Additional budget details will be released in the coming weeks
 - ▣ Draft of Budget Reductions for best/worst case scenarios – February 3 Board meeting
 - ▣ Budget Forums
 - Tues., February 8 – 6:00 pm – Virtual
 - Wed., February 16 – 6:00 pm – Mitchell Middle School
 - ▣ Preliminary Certificated Layoff Notices – February 17 Board Meeting
 - ▣ We wait....

2011-12 BUDGET REDUCTION OPTIONS

February 2011

**2011-2012
Budget Reduction Considerations**

DESCRIPTION	CURRENT FTE	CURRENT AMOUNT	FTE	NECESSARY LAYOFFS FOR DECLINING ENROLLMENT/ STRUCTURAL DEFICIT	ADDITIONAL CUTS IF GOVERNOR'S PLAN FOR JUNE ELECTION FAILS		
					FTE	ADDITIONAL LAYOFFS	POSSIBLE NEGOTIATED SOLUTIONS
CERTIFICATED SALARIES							
Counselors	18.40	1,652,761			7.40	592,000	
Alternative Education	31.00	2,367,576			6.00	450,000	
Nurses	10.06	779,700			3.90	300,300	
Psychologists	14.20	1,440,600			2.00	180,000	
Speech Language Pathologists	24.49	2,292,000	3.00	195,000	1.00	75,000	
Special Education Teachers	125.50	9,726,000	8.00	520,000	4.00	300,000	
Program Specialists	4.00	406,616			1.00	85,000	
Elementary Teachers	304.00	25,400,800	5.00	325,000	5.00	375,000	
Newcomers Elementary Teachers	2.00	187,817	1.00	75,000			
Elementary Opportunity Teacher	1.00	88,633			1.00	75,000	
Elem: Music, PE & Prep Teachers	25.70	2,098,000	2.00	130,000			
Athletics		300,000				200,000	
Secondary Teachers	313.06	25,076,721	6.00	390,000	6.00	450,000	
Other Certificated Positions and Stipends		1,866,570				200,000	
Proposed Furloughs or other Contract Changes							5,100,000
Salary Rollback 1% FCEA							
GF/Special Ed/Transp	694,428						
Categoricals	51,151						
Freeze Step	1,147,053						
Freeze Column	334,675						
Furlough Day	407,000						
Prep Time - Elementary 25.70	1,675,000						
Prep Time - Secondary 56.00	3,641,000						
Increase student contacts from 175 to 180	9.00	729,000					
Increase student contacts from 175 to 185	18.00	1,458,000					
CERTIFICATED TOTALS	878.61	73,683,794	25.00	1,635,000	37.30	3,282,300	5,100,000

**2011-2012
Budget Reduction Considerations**

DESCRIPTION	CURRENT FTE	CURRENT AMOUNT	FTE	NECESSARY LAYOFFS FOR DECLINING ENROLLMENT/ STRUCTURAL DEFICIT	ADDITIONAL CUTS IF GOVERNOR'S PLAN FOR JUNE ELECTION FAILS		
					FTE	ADDITIONAL LAYOFFS	POSSIBLE NEGOTIATED SOLUTIONS
CLASSIFIED SALARIES							
Theater Specialist	1.00	78,000	0.25	19,500	0.75	58,500	
Library - Elementary	2.28	81,000			2.28	81,000	
Library - Secondary	3.78	217,000			2.78	175,000	
Library - School Funded	2.69	110,000			2.69	110,000	
Secondary Clerical	31.15	1,401,750			2.00	90,000	
Elementary Opportunity Aide	0.66	22,000			0.66	22,000	
Licensed Vocational Nurses	6.17	282,000					
SLIP Categorical Sweep	4.73	183,400			4.73	183,400	
Maintenance	14.40	952,210			2.00	140,000	
Grounds	13.00	809,000			2.00	114,000	
Custodial	85.28	4,788,477			4.00	200,000	
Occupational Therapists	6.60	742,000	1.00	100,000	1.00	100,000	
Special Education Aides	198.63	6,684,500			15.00	375,000	
Behavioral Support	9.00	530,000	1.50	37,500	1.50	37,500	
District-wide Clerical	30.00	1,530,844			3.00	135,000	
Ed Technology and Information Systems	10.00	852,000			1.00	75,000	
Transportation Routes	52.06	2,760,174			19.00	900,000	
Elem. Noon Duty	135,694						
Elem. Noon Duty Time Sheets	192,166						
Elem. Extra Supervision	181,695						
Sec. Camp. Monitors/In-House Susp.	458,405						
Sec. Camp. Monitors Time Sheets	55,388						
Other Classified Positions	158.27	7,367,078			2.00	80,000	
Proposed Furloughs or other Contract Changes							2,900,000
Salary Rollback 1% CSEA							
GF/Special Ed/Transp	228,170						
Categoricals	63,994						
Freeze Step CSEA	249,900						
Furlough Day	126,000						
CLASSIFIED TOTALS	629.70	29,391,433	2.75	157,000	66.39	2,876,400	2,900,000

**2011-2012
Budget Reduction Considerations**

DESCRIPTION	CURRENT FTE	CURRENT AMOUNT	FTE	NECESSARY LAYOFFS FOR DECLINING ENROLLMENT/ STRUCTURAL DEFICIT	ADDITIONAL CUTS IF GOVERNOR'S PLAN FOR JUNE ELECTION FAILS		
					FTE	ADDITIONAL LAYOFFS	POSSIBLE NEGOTIATED SOLUTIONS
ADMINISTRATION/CONFIDENTIAL SALARIES							
School and District Administration	63.00	8,287,745					600,000
Principals/Vice Principals					1.50	175,000	
District Office Certificated			0.50	50,000	1.00	175,000	
Classified Management					2.00	250,000	
Confidential	11.00	886,850					
Salary Rollback 1% FCLA							
GF/Special Ed/Transp	84,087						
Categoricals	9,127						
Freeze Step	241,480						
Furlough Day	40,000						
ADMINISTRATION/CONFIDENTIAL TOTALS	74.00	9,174,595	0.50	50,000	4.50	600,000	600,000
OPERATING EXPENSES							
Eliminate Conferences		97,766				97,766	
Reduce Substitutes and Overtime						100,000	
Reduce Cell Phones/Radios		56,866				28,433	
Reduce School Site Supply Budgets 20%		388,208				77,000	
Reduce Department Supply Budgets 30%		920,000				279,000	
Reduce Summer School - General Ed (8-12)		370,931				70,000	
Eliminate Summer School						300,000	
Reduce Interventions		125,000				12,500	
Reduce Summer School - Special Ed (K-12)		356,205				150,000	
Sweep all remaining SLIP funds						257,000	
Sweep additional from Textbook Funds						300,000	
Sweep some CalSafe, SOARS, ROP, Academies, Gate						500,000	
Sweep additional from Professional Development						70,000	
Spending Freeze effective February 1						600,000	
OPERATING TOTALS	0.00	2,314,976	0.00	0	0.00	2,841,699	2,840,000
GRAND TOTAL			28.25	1,842,000	108.19	9,600,399	11,440,000

Budget Information

- Additional budget details will be released in the coming weeks
 - ▣ Check Budget Central on website regularly
- This draft of budget reductions for best/worst case scenarios – February 3 Board meeting
- Budget Forums
 - Tues., February 8 – 6:00 pm – Virtual
 - Wed., February 16 – 6:00 pm – Mitchell Middle School
- Preliminary Certificated Layoff Notices – February 17 Board Meeting
- We wait....and advocate for education funding