

# **Governor's Proposed Budget for 2010/11**

**Folsom Cordova Unified  
School District  
January, 2010**

# Governor's State of the State Message

- Education must be protected
- Reforms need for flexibility
- Declared fiscal emergency

# And the truth is...

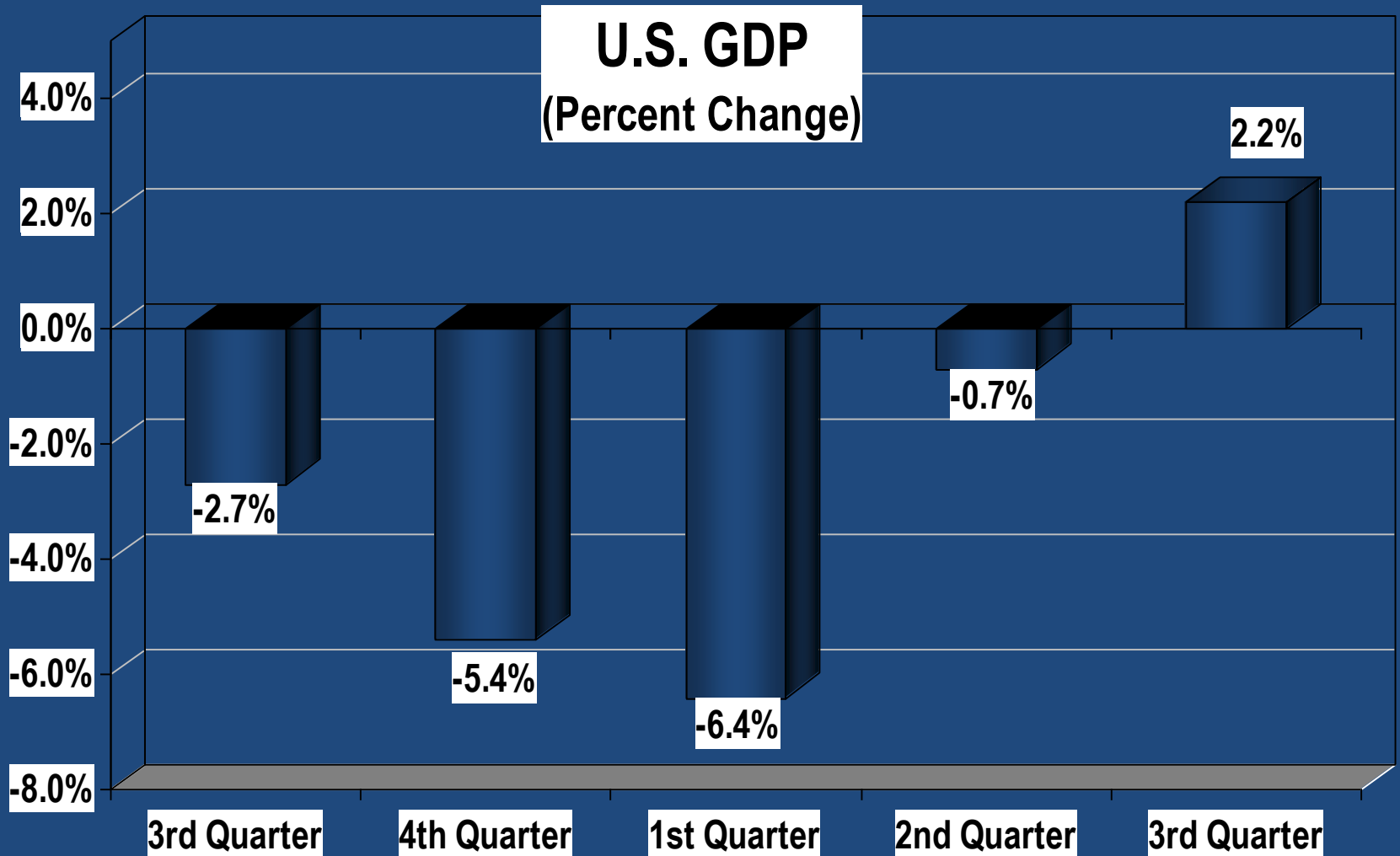
- Additional cuts to K-12
  - UC and State Universities fared better – received an increase
- Governor's proposed “changes” are similar to flock-shooting
- Timeline for solving emergency...

**Good news... no mid-year cuts proposed**

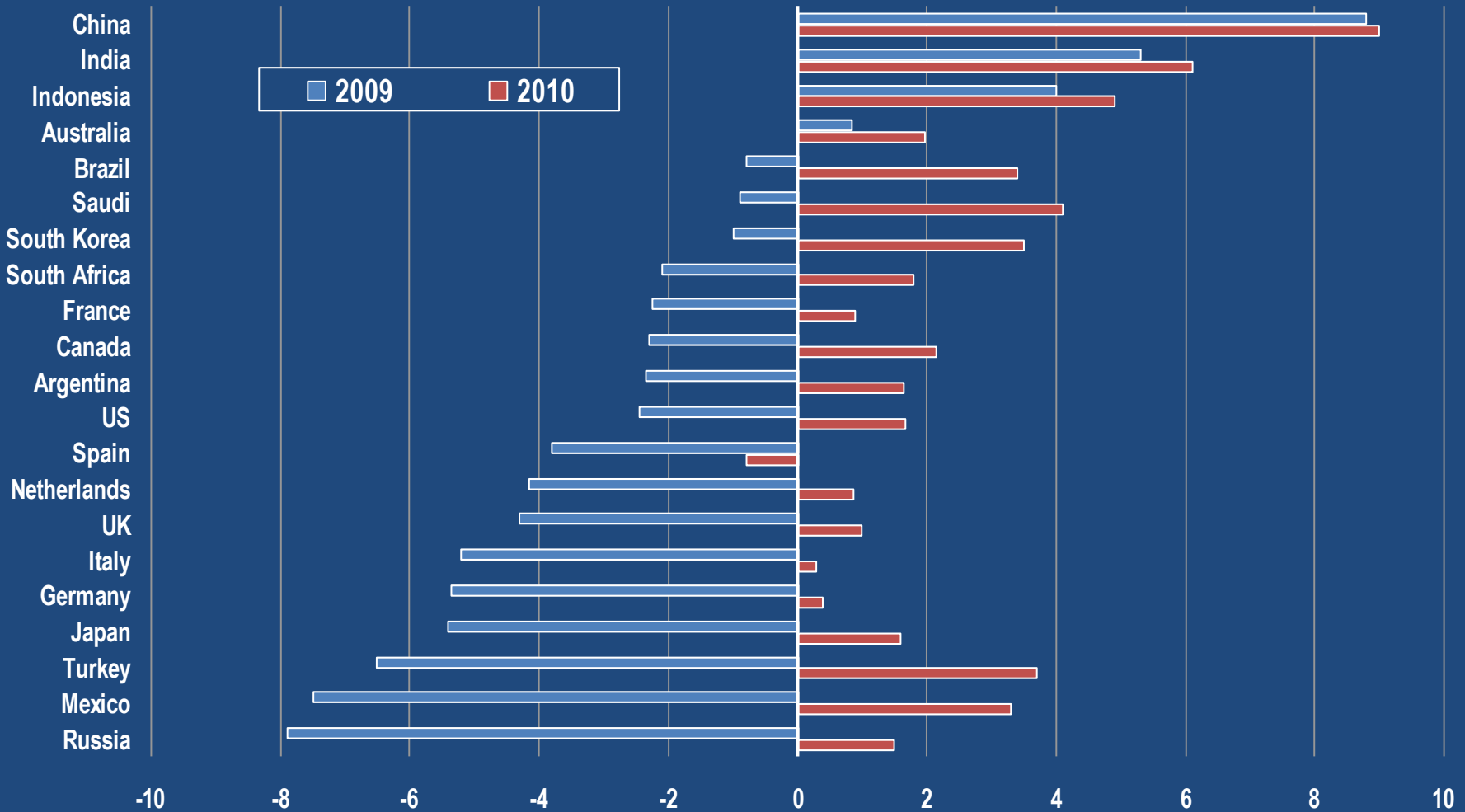
# Education is key to long-range recovery

- California – technology, construction, finance
- Nation – manufacturing and agriculture
- Well educated nations have a higher standard of living

# U.S. Economic Outlook



# Forecast for Real Gross Domestic Product (GDP)



# Has recovery started in California – how long to fully recover?

- Still losing jobs (at a slower pace)
- State income still declining
- Home sales up compared to prior year
- Consumer spending up (2.8% 3Q)
- Stock market up (60% in 2009)
- Exports up (14.7% 3Q)
- Bottom Line – recovery is in sight
- One-time federal dollars are gone
- More budget cuts

# Other State Programs

- Health/Human Services \$2.4 billion
  - Medi-Cal, Healthy Families, In Home Services, CalWorks, Cash Assistance
- Corrections \$1.2 billion
  - Medical services, sentencing for non-violent crimes
- State Employees
  - 15% cut through hiring freeze, reduction, higher employee contribution to PERS
- Governor assumed \$6.9 billion in new federal money
  - More cuts if not realized

# The Budget Gap

## Problems and Solutions (in billions)

**\$19.9**



**Reason for Shortfall**

**\$19.9**



**Proposed Solutions**

# Proposition 98 (\$11.2+ billion at risk)

- Intended to protect and advance funding for education
- If state revenues drop midyear, midyear cuts are imposed
- Shifts from gas taxes to “fees” lowers Prop 98 calculation (41.2% of \$1.6 billion)
- Even though law, Maintenance Factor has been challenged by DOF
- Governor renames obligation as “in lieu” – reneges on last year’s agreement to start repayment in 2010/11
- What about Maintenance of Effort for education required by federal ARRA?
  - Two amendments already for California
  - Waiver to be submitted by Governor

# Base Revenue Limit

- Reduction due to -0.38% COLA (\$24/student)
- Continue deficit factor of 18.355%
  - Created when state pays less than statutorily required
- Further reduction of \$201/student for cut to non-classroom expenditures and savings for contracting out
  - Ongoing cut
  - Not reflected in deficit factor – never repay

# Categorical Funding

- Remember 20% cut is ongoing
- Further reduction -0.38% COLA
- Same for Special Ed except:
  - Final installment ARRA
  - Add \$10/student for behavior plans
  - Regular federal funding is also reduced
- Lottery revenue is declining
- Flex transfers still permitted

# Personnel and Administrative Reforms/Proposals from Governor

- All require legislation
- Laid off teachers would no longer have priority for sub jobs or be paid their prior daily rate
- Change the March 15 layoff notice deadline to 60 days after state budget approval or any amendments
- Layoffs and rehires to be based on skill/subject matter needs rather than seniority
- Certificated dismissal provisions to be relaxed
- Again permitted to negotiate school year reduction from 180 to 175 days

# Federal Funding

- Title I funded at last year's rate
  - Expected a reduction
- New programs
  - Race to the Top
  - Estimated to be 10-25% of Title I-A base grant distributed over 4 years
  - National Teacher Incentive Fund
  - Literacy Initiative

# Federal Funding

- Charter Startup Funds
  - High School Graduation Initiative
  - Investing in Innovation (districts apply directly)
- 
- ARRA State Fiscal Stabilization Fund
    - Estimated to be \$10 – 25/student
    - No time line yet available

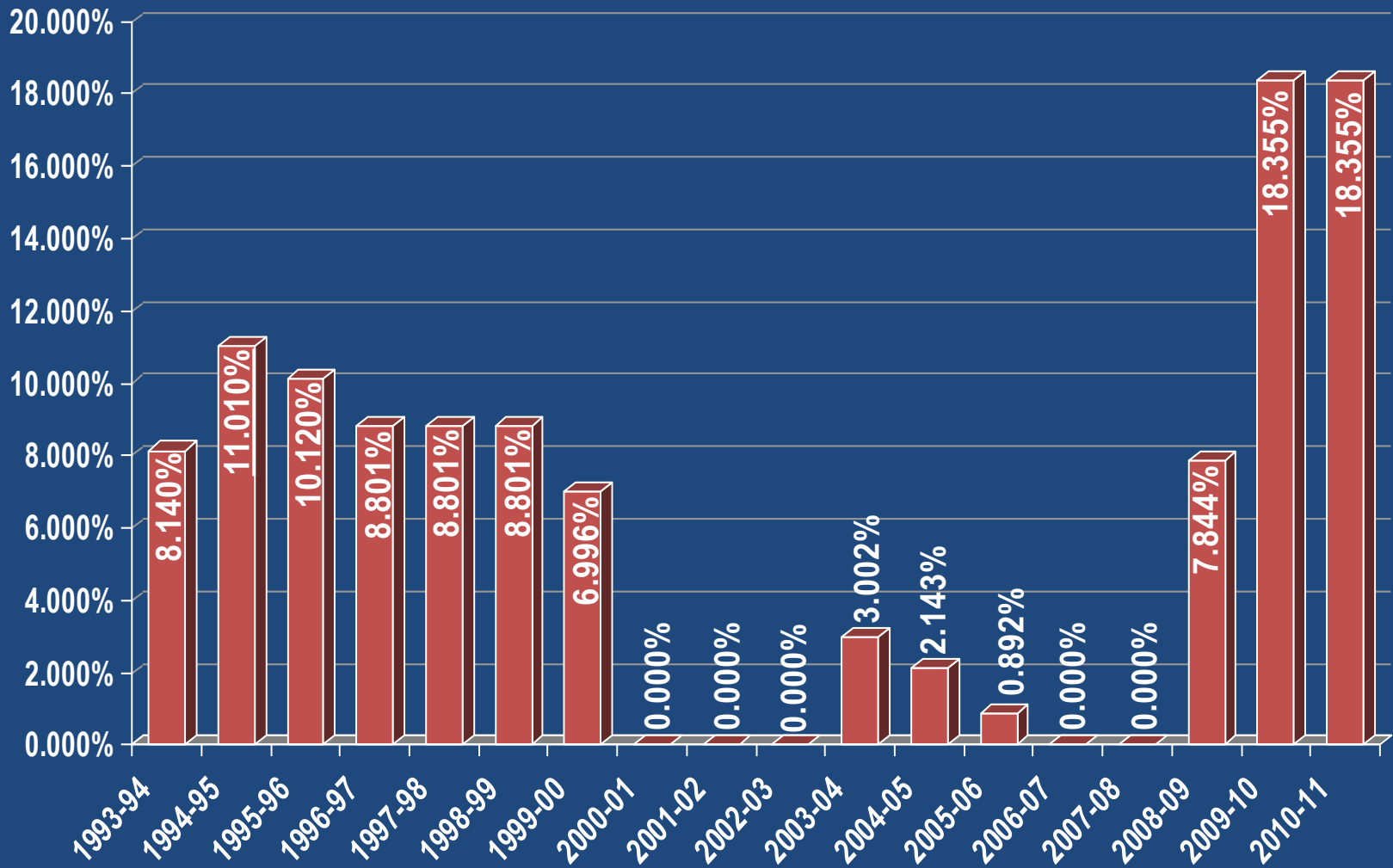
# Federal Funding – Under Consideration

- TARP (Troubled Asset Relief Program)
  - One time
  - Save/retain jobs
  - Small amount compared to prior
  - No action by Congress yet
- Governor wants more...
  - Return on taxes paid to federal government
  - Reimbursement for special education mandates
    - \$1 billion to fund 40% of mandates

# Long-Term Solutions

- Do we need tax reform or less spending? We need both!
  - Per-capita state revenues are higher than other states
  - But per-capita spending is even higher
- Revenues rely too much on the volatile sales and income taxes
  - Property tax is much more stable
- Expenditure patterns are also different
  - We spend far less than the national average on education
  - More than average on prisons, health and welfare, and social services
  - To be more normal in education spending, we must learn how to be more normal and spend less in other areas as well
- Reform initiatives attempt to address these and other issues

# Revenue Limit Deficit Factors



# Revenue Limit Funding (base funding per student)

	<u>Actual</u>	<u>Statutory</u>
■ 2007/08	\$5,784	\$5,784
■ 2008/09	5,633	6,110
■ 2009/10	4,951 (includes “one-time” cut)	6,342
■ 2010/11	4,983 (includes ongoing cut)	6,330
– \$801 less than 2007/08 – 15% reduction (\$15 million)		
– \$1,347 less than law requires		
– Plus 20-30% reduction in categorical funding (\$3.5 m)		
– Loss of one-time federal stimulus funding (\$6.5 m general purpose/categorical)		

# Trends

2006/07

Personnel	115,379,117	83%
Non-Personnel	<u>23,394,992</u>	17%
	138,774,109	

Non-Personnel expenses include textbooks, paper, classroom materials, custodial supplies, library books, professional development, property and liability insurance, utilities, repairs, non-public school tuition and services, furniture, equipment, transfers

# Trends

2007/08

Personnel	124,719,251	84%
Non-Personnel	<u>24,064,506</u>	16%
	148,783,757	

2008/09

Personnel	124,265,410	86%
Non-Personnel	<u>20,551,016</u>	14%
	144,816,426	

2009/10

Personnel	122,900,000	87%
Non-Personnel	<u>18,500,000</u>	13%
	141,400,000	

# Ending Balances

06/07 20.2 million

07/08 19.4 m

08/09 24.3 m

June 30, 2009

4.5 m

Reserve (minimum 3%)

7.4 m

Legally restricted

2.6 m

School/Dept. balances

2.0 m

Tier 3 balances

5.2 m

Sweep Tier 3 balances

2.6 m

State cut deferral

09/10 17.0 m

Estimated June 30, 2010

4.5 m

Reserve

7.0 m

Legally restricted

1.6 m

School/Dept. balances

1.3 m

Tier 3 balances

2.6 m

Sweep Tier 3 balances

# Impact of State Budget on FCUSD

## Ongoing Revenue/Ongoing Expenses

Revenue available this year projected to 2010/11

(Includes encroachment programs – i.e. spec. ed., spec. ed. transportation, CDS, continuation ed., but not other restricted categoricals)

121,130,337	2009/10
- 4,935,677	ARRA stimulus general purpose (one-time)
- 1,613,581	ARRA stimulus categorical (one-time)
- 995,478	ARRA stimulus IDEA (spec. ed.) 09/10 (net available after new classes)
+ 2,275,955	ARRA stimulus IDEA 10/11 (final installment)
+ 4,750,000	State restoration of \$250/ADA cut from 09/10
- <u>4,275,000</u>	Proposed cuts to education (\$201+ 24 = 225)
116,336,556	

# Impact of State Budget on FCUSD

## Ongoing Revenue/Ongoing Expenses

### Current Year Expenditures

(Includes encroachment programs – i.e. spec. ed., spec. ed. transportation, CDS, continuation ed., but not other restricted categoricals)

Does not include carryover amounts/entitlements

126,859,314

+ 1,875,000

Agreement on furlough days, all employees, sunsets in 09/10

+ 1,456,854

Cost of step/column

130,191,168

<13,854,612>

Shortfall for 2010/11

12% (was 8.8% in December before Governor's Budget)

\* No provision made for utility health benefit, property/liability rate increases

# Superintendent's Tentative Budget Reductions

		FTE	AMOUNT
<b>Revenue</b>			
Charge for summer school	Fee for processing registration		10,000
Cell tower rental proceeds	One-time contribution; need payback plan over 6 years		600,000
Increase athletic fee to \$200 per participant	Currently charging \$75		200,000
	<b>TOTAL REVENUE</b>		810,000

# Superintendent's Tentative Budget Reductions

<b>Tentative Budget Reductions</b>			
<b>Administration</b>	Currently 20 FTE general fund		
Reduction in principals due to closing of 2 elementary schools		2.0	260,000
Reduction in work year	6 days – all administrators/confidential employees		240,000
District administration		3.5	400,000
District administration - clerical support		2.0	100,000
<b>Alternative Education Programs</b>			
Continuation education	Encroachment - 530,000 due to 20% cut in revenue	1.0	70,000
Community day school	Encroachment - 290,000 due to 20% cut in revenue		30,000
<b>Athletics</b>	\$450,000 district contribution for 3000 participants		
Fund only baseball, basketball, football, volleyball, softball, and cheer advisors			150,000
Eliminate freshman sports			160,000
Athletic Directors	Release time plus stipends totals 85,311; reduce release time to specific days		55,000

# Superintendent's Tentative Budget Reductions

<b>Campus Monitors</b>	450,000 annual cost		100,000
<b>Categorical Flex Transfers</b>			
Tier 3 State Categorical Programs			
Sweep some 6/30/09 balances	PE Teacher Grant, Art & Music Grant, CAHSEE		450,000
Sweep SLIP 6/30/09 balance	Approximately 300,000		300,000
Adult Ed	ELL, high school completion, parenting; current revenue - 590,000		290,000
Arts, PE and Music Grant	Lead teachers; current revenue - 60,000		60,000
CAHSEE	Interventions; current revenue - 99,000		39,000
GATE	Current revenue - 115,000		40,000
Instructional materials	Current revenue - 940,000; No new adoptions		540,000
Peer assistance	BTSA; current revenue - 20,000		20,000
Professional development grant (buyback)	Current revenue - 120,000		60,000
School and Library Improvement Program (SLIP)	Current revenue - 680,000; 50% reduction	11.89	340,000
Intervention and Summer School programs	Current revenue - 850,000		500,000

# Superintendent's Tentative Budget Reductions

Eliminate regular summer school, grades 6-8	Grades K-5 eliminated in 2009		40,000
<b>Class Size</b>			
Grades 1 & 2	Increase class size to 30:1	16.0	1,040,000
<b>Counseling Services</b>	Currently 23.3 FTE = 2,090,000; 1 FTE = 85,000	8.0	680,000
<b>Custodians</b>			
Night custodians reduction at secondary schools	District-wide, currently 50. 7 FTE = 770,986; 1 FTE = 45,000	2.0	90,000
Reduction in head custodians due to school closure		2.0	100,000
<b>Elementary Department Chairs reduction</b>	Elementary - 86,233		40,000
<b>Grounds workers</b>	Currently – 8 district/.5 Mills/.5 Sutter/ 2 FHS/2 VdL; 1 FTE = 45,000	1.0	45,000
<b>Health Assistants</b>	Reduction due to school closure	0.625	12,500
<b>High School Certificated Staffing</b>	1 FTE = 65,000	9.0	585,000
<b>Library Services</b>	Currently 11.1 FTE = 517,000; reduce to 1 day/week for elem. and 2 days/high school	6.83	250,000
Reduction in library services due to school closure			15,000

# Superintendent's Tentative Budget Reductions

<b>Maintenance</b>	Currently 14.6 FTE = 860,000 (includes 1.0 categorically funded); 1 FTE = 60,000	2.0	120,000
<b>Middle School Electives</b>	20 FTE = 1,300,000; 1 FTE = 65,000	20.0	1,300,000
<b>National Board Certification program</b>	Encroachment = 53,000		38,000
<b>Newcomers Program</b>	Reduction from 4 to 2 FTE	2.0	130,000
<b>Nursing Services</b>	8.85 FTE = 557,550; 1 FTE = 63,000	2.0	126,000
<b>Other Funds</b>			
Food Services Fund	Currently paying indirects plus direct		100,000
Retiree Benefit Fund	No contribution in 2010/11 to fund liability		500,000
Deferred Maintenance Fund	Further reduce contribution in 2010/11		250,000
<b>Professional Development Academy, including Lead Teachers</b>	Redirect categorical funding; currently 6.83 FTE = 644,000	6.83	344,000
<b>Reduce Reserves due to reduced expenditures</b>			300,000
<b>Site Allocation</b>			
Reduce	10% reduction = 120,000		60,000

# Superintendent's Tentative Budget Reductions

<b>Site Clerical</b>	12 month 1 FTE = 50,000; 10 month 1 FTE = 40,000	1.0	40,000
Reduction in clerical due to school closure		2.0	100,000
<b>Special Education</b>			
Behavior Services	Currently 15 FTE = 857,000; 1 FTE ranges include 25,000, 70,000, 80,000 and 130,000	1.0	80,000
CEC program reduction (18-22 yr. old)	Encroachment - 94,000; reduce staffing	1.0	24,000
Non Public Agency Services	Provide through district personnel rather than outside vendor		300,000
Occupational Therapists	Currently 7.6 FTE = 850,048;	1.0	85,000
	OT Assistant - 1.7 FTE = 76,269	1.0	44,000
Program Specialists	Currently 6.0 FTE = 640,000; 1 FTE = 102,000	6.0	640,000
Psychologists	Currently 14.7 FTE = 1,530,000; 1 FTE = 87,000	1.0	87,000
Special Education aides	Currently 185 FTE	7.0	224,000
Speech services	Currently 29.5 FTE = 2,640,000; 1 FTE = 72,000	3.0	216,000
Increase class size/combine classes	Reduce two teachers	2.0	120,000

# Superintendent's Tentative Budget Reductions

<b>Starbase Program</b>	Encroachment - 37,000; cancel agreement	1.0	37,000
<b>Theater Specialist</b>	1 FTE = 75,000	1.0	75,000
<b>Transportation</b>			
Increase walking distance	1-2 routes = 30,000	1.0	30,000
<b>Utilities</b>			
Reduction in utilities due to school closure	2 schools		90,000
Sites turn off half of lights, beginning at 9:00 am	Could be savings of over \$100,000		50,000
Close schools in summer	Don't turn on HVAC		30,000
Start school year 1 week later (or after Labor Day)			30,000
<b>Warehouse reduction</b>	2.5 FTE currently; 1 FTE = 60,000	1.0	60,000
	<b>TOTAL EXPENDITURES</b>		12,731,500
	<b>TOTAL NEW REVENUE &amp; EXPENDITURE CUTS</b>	128.675	13,541,500

# Other Options And Considerations

		FTE	AMOUNT
<b>Revenue Generating Ideas</b>			
Use in-house suspension	Increase may be possible		
Require Saturday School to make up absences	Saturday School already available		
Provide student attendance incentives	Amount unknown		
Increase student care fees	Currently sliding scale based on income levels		
Facility leases	Fees increased in 2008/09		
Increase independent study	State requires 5 day minimum absence		
Consider a parcel tax	Work on for possible 2012 election		
Donations from parents	19,000 x \$550 = \$10.6 million		
Student textbook fees	Could ask for donation to Folsom Cordova Education Foundation		

# Other Options And Considerations

Budget Reduction Ideas			
<b>Administration</b>			
High school/alt ed vice principals	7.5 FTE = 800,000; 1 FTE = 106,000 (.5 serves as Music/PE coordinator)		
Middle school vice principals	4.5 FTE = 500,000; 1 FTE = 110,000		
Principals	30 FTE plus 2.0 FTE funded by special programs including .5 student care, .5 preschool, .5 Adult Ed, .5 ADP; 3,900,000; 1 FTE = 130,000		
<b>Alternative Education Programs</b>			
Combine Kinney and Folsom Lake	50,000 savings		

# Other Options And Considerations

<b>Categorical Flex Transfers</b>			
PDA/SPA/Transitional English	Redirect where possible		
Tier 3 Programs			
Cal Safe	Funds staff for Adolescent Parent Program - 150,000		
PE Teacher Grant	Funds Adaptive PE - 1.0 FTE = 95,000		
ROP	Supports CTE classes - 270,000		
School Safety	Funds campus monitors and SRO - 200,000		
<b>Class size</b>			
Grades 1 & 2	Increase class size to 28:1 780,000 savings	12.0	
Grades 1 & 2	Increase class size to 32:1 1,365,000 savings	21.0	
	NOTE: If district added one-3 hour aide in each classroom grades 1 and 2 - 950,000 additional cost		

# Other Options And Considerations

<b>Computer aides</b>	5 FTE SLIP 214,000; .5 FTE Title I (WR); .6 FTE Trans English		
<b>Counseling Services</b>	23.3 = 2,090,000    1 FTE = 85,000 average		
Provide 2 each high school, 1 each middle and .5 FTE each alt ed	847,000 savings		
<b>Elementary Opportunity program</b>	Encroachment 70,000		
<b>Eliminate Division Leaders at secondary</b>	Total cost - 232,569 (reduced in 2009/10)		
<b>ETIS</b>	8 FTE = 600,000 - includes 4 PC technicians, 2 network technicians, 1 main frame, 1 student attendance;    1 FTE=70,000		
<b>In-school Suspension</b>	Currently - 4.3 FTE=140,000; may restructure program		
<b>Other Funds</b>			
Student Care	Currently paying for .5 FTE principal		

# Other Options And Considerations

<b>Parent Coordinators</b>	Funded by SLIP - will be reduced or eliminated when SLIP funding is reduced		
<b>Print Shop</b>	Could eliminate if copiers at schools were utilized		
<b>Special Education</b>			
Non Public Schools	Negotiate reduced required number of days in SELPA agreement		
Physical Therapists	Currently - 1.0 FTE = 120,136		
Program Coordinators	Currently - 3.0 FTE/1 FTE = 120,000		
<b>SRO in Rancho Cordova</b>	Cost is currently 125,000		

# Other Options And Considerations

<b>Sweep Site Carryovers</b>			
<b>Transportation</b>			
No high school transportation (except Mather to CHS and Sundahl to FHS)	50,000 savings but probable loss in attendance		
<b>Utilities</b>			
Turn irrigation water off	Not practicable with playgrounds		
School sites to turn off gym, multi, stadium, library lights when not in use	Energy conservation will continue to be emphasized		
Adjust HVAC set points 1-2 degrees	Current settings - heat-68 ; air-78		
Start school 2 weeks later	Starting one week later has been proposed; save an additional 30,000 for second week		

# Negotiable

		FTE	AMOUNT
<b>Budget Reduction Ideas</b>			
K-12 Preparation time			
Step (experience)	1,056,350		
FCEA (teachers, psychologists, counselors, nurses, etc.)	648,250		
CSEA (clerical, custodial, aides, bus drivers, etc.)	326,800		
FCLA (administration and confidential employees)	81,300		
Column (FCEA)(education)	400,000		
Staffing ratios and student contacts	Currently 35:1 at secondary and 30-34:1 at elementary		

# Negotiable

Overall salary reduction	1% = 1,030,000 all groups		
Work year reduction	1 day = 553,000		
FCEA (teachers, psychologists, counselors, nurses, etc.)	387,000		
CSEA (clerical, custodial, aides, bus drivers, etc.)	126,000		
FCLA (administration and confidential employees)	40,000		
No district subsidy for FCEA or CSEA president & substitutes	20,000-40,000		
Noon Duty/Extra	270,000 noon/170,000 extra		

# Change In Law Required

		FTE	AMOUNT
<b>Revenue Generating Ideas</b>			
Fine parents of truant students	Allowed but difficult to collect		
<b>Budget Reduction Ideas</b>			
Reduce testing			
Contract out for food services, transportation, print shop, tech services, maintenance, etc.	Governor has proposed		

**JoAnne McCarthy**

District Parent

**Marie Correa**

[www.SupportCAkids.org](http://www.SupportCAkids.org)

# Next Steps

- Public Forums – 6:00 pm
  - January 21 at Vista del Lago High School
  - February 2 at Mills Middle School
- Work with education groups and parents to influence legislature
- No later than March 15
  - Preliminary reduction list to SCOE
  - Preliminary layoff notices
- Next required revision by the State is May 15
- District must adopt budget by June 30