



Pacifica School District

375 Reina Del Mar Avenue • Pacifica CA • 94044

MEMORANDUM

Administrative Services

Agenda Item: 8d
Meeting of 1/13/10

TO: Susan Vickrey, Superintendent
for Members, Board of Trustees
FROM: Josephine Peterson, Chief Business Official
SUBJECT: **State Budget Update**
(Information)

It is anticipated that the Governor's January Proposal will be released in the next several days. An update on the State Budget will be presented at the Board meeting.

Approved for Board Presentation

Pacifica School District

**Governor's Proposals for the 2010-11
State Budget for K-12 Education**

**Board Meeting
January 13, 2010**

State Budget Deficit

- **Governor Schwarzenegger has once again invoked his powers and declared a fiscal emergency**
- **That requires that the Legislature act on the Governor's proposals within 45 days (February 22nd)**
- **The Governor's budget proposal for the remainder of 2009-10 and 2010-11 estimates a \$19.9 billion deficit**

Governor's Budget 2009-2010

- The State Budget for 2009-10 is short by **\$6.6 billion**
- No mid-year cuts are proposed for school districts

Governor's Budget 2010-11

- The State Budget for 2010-11 is short by **\$12.3 billion**
- Cost of living adjustment (COLA) is **negative 0.38%**
- COLA adjustment of **-.38%** for most state categorical programs and special education
- No additional revenues (i.e. payments of past owed money)
- Proposes an on-going **targeted cut of \$1.5 billion** in 2010-11
 - Cuts targeted at school district central administration
 - No specifics on how this will be implemented

Governor's Budget 2010-11-Mandates

- **Since 2001-02 (except for 2006-07), the state has required school districts to provide mandated services.**
- **Law requires that the state reimburse districts for mandated costs but this hasn't been done.**
- **The Legislative Analysts Office (LAO) estimates that total amounts owed to school districts through 2008-09 exceed \$1 billion**

2010-11 Apportionment Deferrals

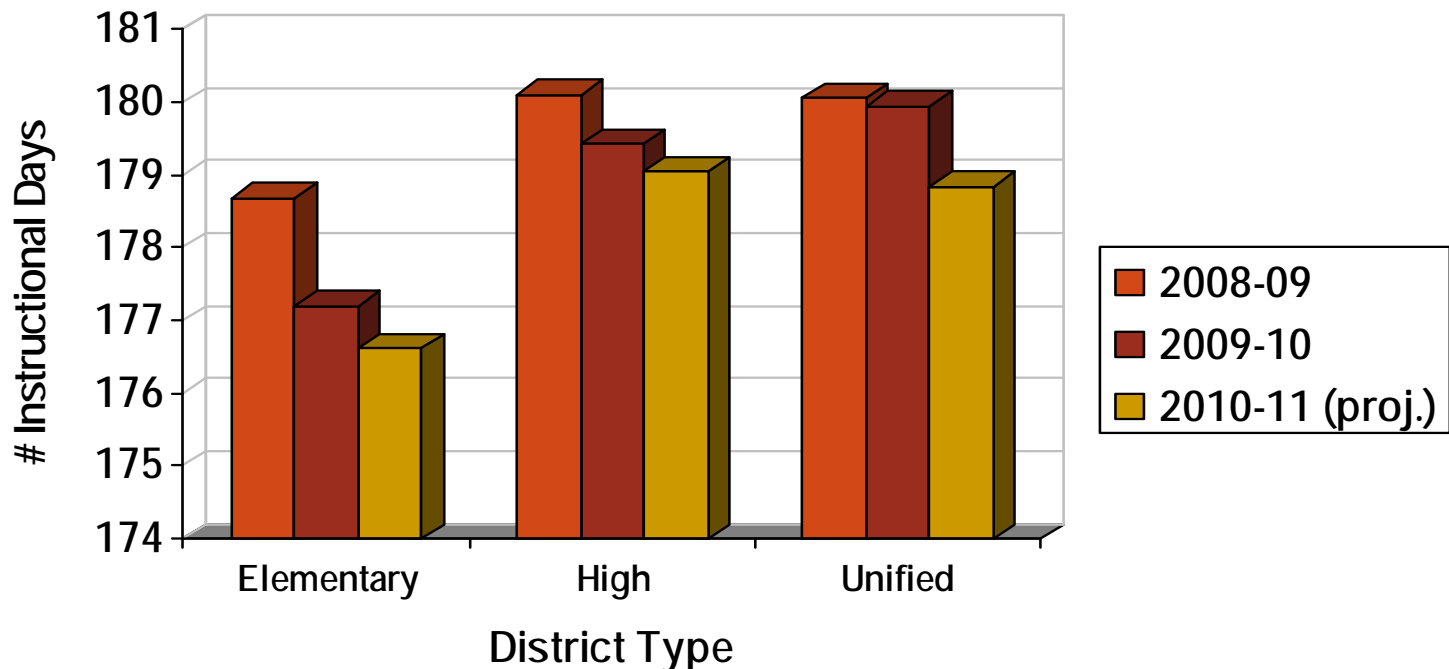
- In 2008-09 and 2009-10, the state balanced its budget by deferring payments to school districts
- All current deferrals will be continued for 2010-11 school year
- No additional deferrals are proposed at this time
- It is still too early to count out the possibility of additional deferrals

Continued Flexibility for School Districts

- **Reserve requirement reduced to 1%**
(not recommended because the continuing possibility of mid year cuts and the need to cover deferrals in state payments)
- **No match requirement for Deferred Maintenance**
- **Reduced requirement for Routine Restricted Maintenance**
(legal obligation remains to keep facilities in good repair)
- **Class size reduction money continues with penalties for exceeding 20:1**
- **Shorter school year allowed (175 vs. 180 days)**

Changes to Instructional and Contract Days

- Approximately 20% of districts reduced the work-year for certificated, classified, and management in 2009-10
- For 2010-11, approximately one-third of districts are expect to make some level of work-year reduction



Significant Policy Reforms

The Governor's Budget proposes significant policy reforms:

- **Eliminate seniority as a consideration in employment decisions**
- **Allow layoff notification for teachers up to 60 days after the state budget is adopted**
- **Eliminate the requirement to give laid-off teachers priority as substitute teachers at their former pay rate**
- **Suspend most education mandates**

Risks to the Budget Proposal

Most experts are indicating that revenues projections to balance this years budget are NOT accurate.

Additional cuts will likely be needed.

PSD 2010-11 Budget Reductions

- **\$70,000** – negative COLA (-.38%)
-Loss of \$23 per student times 3020 ADA
- **\$10,000** – negative COLA (-.38%) applied to special education and state categorical programs
- **\$577,000** - the Governor’s “targeted” cuts to administration
-\$191 per student times 3020 ADA

Total cuts for PSD based on Governor’s Proposal = \$657,000

PSD 2010-11 Budget Reductions

One time federal stimulus funds paid for the following during 2009-10:

- P.E. Teacher
- Program Coordinator
- Staff Development Days
- Custodian

Total cost **\$380,000**

- In addition, in 2009-10, PSD eliminated 2 school days saving **\$100,000**
- **Total Reductions= \$480,000**

PSD 2010-11 Expenditures

- Increases in health benefits (estimated **\$150,000**)
- Other payroll costs (estimates not available at this time)
- Step and column increases (estimated **\$120,000**)
- Utility increases (estimates not available at this time)
- Other ???

Total new expenditures for 2010-11 will be at least
\$270,000

Total PSD Reductions for 2010-11

- **Governor's Proposed Cuts** **\$657,000**
- **Expenses from federal stimulus** **\$380,000**
- **Reduction in school days** **\$100,000**
- **On-going increased costs** **\$270,000**

Total needed reductions **\$1,407,000**

PSD Reserves

- **\$160,000** – Parcel tax carryover
- **\$300,000** – ARRA (stimulus) carryover
- **\$750,000** – 3% General fund reserve
- **\$680,000** – Fund 17

Large reserves are recommended because of the State economic crisis and continual cash flow issues

Impact of Governor's Administrative Reductions to PSD

Current district office costs **

- 3 Certificated managers \$ 475,000
- 1 Classified manager \$ 167,000
- 9 Classified staff \$ 460,400

Total \$ 1,102,400

Need to cut \$577,000

Proposed Administrative budget for 2010-11
\$525,400

****Costs include salary, benefits, retirement & payroll costs**

Revised District Office Staffing

Example of staffing based on 2010-11 Proposed Budget of **\$525,400**

- **2 Management (Superintendent, Business)** **\$355,000**
- **Classified staff support:**
 - **1 Personnel** **\$ 75,000**
 - **1 Business** **\$ 75,000**
 - **1 General Secretary** **\$ 80,000**

Total **\$ 585,000**

Still leaves district over budget by **\$59,600**

**** **Costs include salary, benefits, retirement & payroll costs**

Other District Staff

(not counted as central administration)

- **2 Technology Staff** **\$264,000**
- **School Foods** **\$138,000**
- **Maintenance**
 - **Manager & Secretary** **\$187,500**
 - **Maintenance workers** **\$523,000**

**** **Costs include salary, benefits, retirement & payroll costs**

Next Steps:

- Budget study session - January 20th
- Direction from Board
- Balanced Budget must be adopted by District by June 30, 2010.
 - State Budget will most likely not be in place by then
- Developing Budget requires
 - Clarifying assumptions
 - How much revenue?
 - How much expenditures will change?