

SAUSALITO MARIN CITY SCHOOL DISTRICT

MAY REVISE 2012-13 OVERVIEW





Themes for the May Revision

© 2012 School Services of California, Inc.

- It's all about the economics
 - Revenues are improving at a much slower rate than expected in January
 - Immense pressure on the State Budget and competition for limited resources
 - Bottom line: Best case is flat funding for education – and maybe a lot worse
- In January, the Governor's tax initiative was expected to fill the revenue gap
 - In May, revenues have fallen, and, if the initiative passes, it fills only half the gap
- Education policy, expectations for student performance, and funding for schools are not aligned
- Today's funding level may be our new reality for the foreseeable future



The May Revision

© 2012 School Services of California, Inc.

- The May Revision recognizes that January's projected \$9.2 billion State Budget shortfall has grown to \$15.7 billion in May
 - Even if the Governor's tax measure passes in November, there will still be a significant State Budget problem
- As a result, the Governor proposes:
 - More cuts to the non-Proposition 98 side of the Budget
 - More manipulations to reduce Proposition 98 actual funding
 - But, in the end, planned K-12 funding is much like the January proposal
 - Flat funding if the taxes pass
 - Big cuts if they don't
 - 2012-13 will not be a good year for education funding
 - And failure of the taxes would make it a disaster



The Governor's Major Proposals

© 2012 School Services of California, Inc.

- Temporary taxes
 - More reliance on temporary taxes than ever
- Cash deferrals
 - Deferrals are the balancer; Proposition 98 gains disappear by reducing deferrals
- Redevelopment agencies (RDA)
 - State counts RDA money as property taxes, offsetting General Fund costs
- Weighted Student Formula (WSF)
 - Grade span adjustments and additional revised add-ons
- Flexibility proposals
 - Still alive – no changes from January
- Transitional Kindergarten (TK)
 - Governor reduces savings estimate, but still proposes elimination of the mandate



Education Funding Initiatives

© 2012 School Services of California, Inc.

Proponent and Title	Total Revenues Generated	Education Revenues Generated	Source of Additional Revenues	Duration
Governor Jerry Brown – “The Schools and Local Public Protection Act of 2012”	\$8.5 billion in 2012-13; \$6.5 billion thereafter	Limited – additional funds offset State General Fund (GF) obligation; \$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 (\$250,000 and above)	4 years sales tax, 7 years income tax
* Molly Munger (PTA supported) “Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act”	\$5 billion in 2012-13; \$10 billion thereafter	First 3 years: 60% K-12 schools 10% Early childhood education (ECE) 30% State GF 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 individuals to 2.2% for individuals earning more than \$2.5 million	12 years

* The Munger initiative provides K-12 funds on a school specific, per-pupil basis, subject to local control, audits, and public input. It also prohibits the state from directing or using these funds.



May Revision – Key Issues

- Budget has two scenarios
 - Temporary taxes approved
 - Temporary taxes rejected
- Other Major Issues
 - Weighted pupil formula



Governor's Tax Initiative

© 2012 School Services of California, Inc.

- Taxes Approved
 - No state budget cuts to K – 12 education
 - Inter-year deferrals reduced by \$2.5 billion
 - Weighted Student Formula Implemented

- Taxes Rejected
 - Deficit factor goes up - \$441 per ADA
 - SMCSC addition to fair share to be taken in 2013 – 14 approx . \$57,330
 - No reductions to deferrals
 - Weighted Student Formula not Implemented



Weighted Pupil Funding Formula

- Substantially revised, reducing but not eliminating “winners and losers”
- No budget impact in 2012 – 13
- Maintains TIIG and Transportation Funding
- Not clear how it will effect Basic Aid Districts, potential loss of all categorical funds



Key Budget Assumptions Based on Governor's May Revision

© 2012 School Services of California, Inc.

ADA	2011–12 ADA 156.55 to 2012–13 ADA 131.13
Property Tax	0% growth applied thru 2014 - 2015
Fed Revenue	Budgeted Flat till info on Fed budget is available
State Revenue	Flat with ongoing Fair Share 9.57% plus \$441/ADA if taxes fail or loss of categorical if taxes pass WSF is implemented
Mental Health	Revised funding for new funding model
Grants	MCF reduced by 20% each year ongoing
Health and Welfare	No change to cap
Staffing Levels	Staffing by formula
Other:	
- PERS employer rate	Increased from 11.2% to 11.417%
- Workers Comp rate	Increased from 1.836% to 2.215%
- Attendance Audit	Reduction of Special ED and Lottery \$115,000 2012 – 13 only
- Deferred Maintenance	\$40,000 to address on-going major repairs district wide



What Should We Plan For?

● If the Governor's tax initiative passes:

- Plan for the WSF to move forward with loss of categorical funding
- Have a plan to reverse planned budget cuts and restore flat funding in your district
- Remember, under this plan you get no new dollars, but you do not take another cut

● If the Governor's tax initiative fails:

- Plan to make a \$441 per-ADA cut on an ongoing basis
- The WSF will not move ahead
- Focus on reserves – without the taxes, we expect the Governor to propose another cut in January 2013 to address the structural deficit

● If the PTA/Munger initiative passes, could offset \$441 cut



What Should We Plan For? Taxes Pass

© 2012 School Services of California, Inc.

Description		Object Codes	2012-2013 Budget	2013-2014 Budget	2014-2015 Budget
A. REVENUES AND OTHER FINANCING SOURCES					
1	Revenue Limit Sources	8010-8099	\$ 3,478,517	\$ 3,246,681	\$ 3,117,381
2	Federal Revenues	8100-8299	\$ 196,976	\$ 191,203	\$ 191,203
3	Other State Revenues	8300-8599	\$ 701,279	\$ 449,716	\$ 449,716
4	Other Local Revenues	8600-8799	\$ 900,963	\$ 853,070	\$ 757,357
5	Other Financing Sources	8900-8999	\$ -	\$ -	\$ -
6	Total (Sum lines A1 thru A5)		\$ 5,277,735	\$ 4,740,670	\$ 4,515,657
B. EXPENDITURES AND OTHER FINANCING USES					
1	Certificated Salaries	1000-1999	\$ 1,599,523	\$ 1,630,481	\$ 1,665,173
2	Classified Salaries	2000-2999	\$ 846,402	\$ 861,308	\$ 877,504
3	Employee Benefits	3000-3999	\$ 711,515	\$ 717,333	\$ 720,717
4	Books and Supplies	4000-4999	\$ 155,788	\$ 155,788	\$ 155,788
5	Services and Other Operating Expenditures	5000-5999	\$ 1,543,323	\$ 1,009,062	\$ 1,009,062
6	Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	\$ 611,476	\$ 611,476	\$ 611,476
7	Other Financing Uses	7610-7699	\$ 155,298	\$ 155,298	\$ 155,298
11	Total (Sum lines B1 thru B10)		\$ 5,623,325	\$ 5,140,746	\$ 5,195,018
C. NET Revenue & Expenses			\$ (345,590)	\$ (400,077)	\$ (679,361)
D. FUND BALANCE					
1	Net Beginning Fund Balance		\$ 959,819	\$ 614,229	\$ 214,152
2	Ending Fund Balance		\$ 614,229	\$ 214,152	\$ (465,209)
F. REQUIRED/BOARD RESERVES					
1	Meet Reserve Percentage	10%	\$ 562,332	\$ 514,075	\$ 519,502
			YES	NO	NO



What Should We Plan For? Taxes Fail

© 2012 School Services of California, Inc.

Description		Object Codes	2012-2013 Budget	2013-2014 Budget	2014-2015 Budget
A. REVENUES AND OTHER FINANCING SOURCES					
1	Revenue Limit Sources	8010-8099	\$ 3,478,517	\$ 3,246,681	\$ 3,117,381
2	Federal Revenues	8100-8299	\$ 196,976	\$ 191,203	\$ 191,203
3	Other State Revenues	8300-8599	\$ 701,279	\$ 583,462	\$ 583,462
4	Other Local Revenues	8600-8799	\$ 900,963	\$ 853,070	\$ 757,357
5	Other Financing Sources	8900-8999	\$ -	\$ -	\$ -
6	Total (Sum lines A1 thru A5)		\$ 5,277,735	\$ 4,874,416	\$ 4,649,403
B. EXPENDITURES AND OTHER FINANCING USES					
1	Certificated Salaries	1000-1999	\$ 1,599,523	\$ 1,630,481	\$ 1,665,173
2	Classified Salaries	2000-2999	\$ 846,402	\$ 861,308	\$ 877,504
3	Employee Benefits	3000-3999	\$ 711,515	\$ 717,333	\$ 720,717
4	Books and Supplies	4000-4999	\$ 155,788	\$ 155,788	\$ 155,788
5	Services and Other Operating Expenditures	5000-5999	\$ 1,543,323	\$ 1,009,062	\$ 1,009,062
6	Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	\$ 611,476	\$ 611,476	\$ 611,476
7	Other Financing Uses	7610-7699	\$ 155,298	\$ 155,298	\$ 155,298
11	Total (Sum lines B1 thru B10)		\$ 5,623,325	\$ 5,140,746	\$ 5,195,018
C. NET Revenue & Expenses			\$ (345,590)	\$ (266,331)	\$ (545,615)
D. FUND BALANCE					
1	Net Beginning Fund Balance		\$ 959,819	\$ 614,229	\$ 347,898
2	Ending Fund Balance		\$ 614,229	\$ 347,898	\$ (197,717)
F. REQUIRED/BOARD RESERVES					
		10%	\$ 562,332	\$ 514,075	\$ 519,502
1	Meet Reserve Percentage		YES	NO	NO