

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT BOARD OF TRUSTEES WORKSHOP

MINUTES

THURSDAY, FEBRUARY 16, 2012
5:00 PM

DISTRICT OFFICE BOARD ROOM
710 ENCINITAS BLVD., ENCINITAS, CA. 92024

The Governing Board of the San Dieguito Union High School District held a Board Workshop on Thursday, February 16, 2012, at the above location.

ATTENDANCE

BOARD OF TRUSTEES

All board members were present.

DISTRICT ADMINISTRATION

Ken Noah, Superintendent

Eric Dill, Associate Superintendent, Business

Terry King, Associate Superintendent, Human Resources

Rick Schmitt, Associate Superintendent, Educational Services

John Addleman, Director, Planning and Financial Management

Sue Koehnen, Director, Human Resources

Joann Schultz, Recording Secretary

1. CALL TO ORDER

The meeting was called to order at 5:00 PM.

INFORMATION ITEMS

2. BUDGET UPDATE

Mr. Dill gave some opening comments. The following topics were covered:

- Governor's proposed budget
- Property Tax Outlook
- Funding & Expenditures History
- District Revenue & Expenditures History

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the District Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability

- Proposed State Budget Effects on the District
- Weighted Student Formula
- Transportation Funding
- 11-12 HTS Transportation Routes
- 12-13 HTS Transportation Options
- Fair Share
- Redevelopment Agencies
- Mandate Reform
- Target Reductions
- 12-13 Potential Solutions
- Next Steps

For details on this presentation, please refer to the attached document, which was distributed at the workshop.

3. ADJOURNMENT

The meeting was adjourned at 5:56 PM.

Amy Herman
Amy Herman, Board Clerk

3 / 1 / 2012
Date

Ken Noah
Ken Noah, Superintendent

3 / 1 / 2012
Date

APPROVED IN PUBLIC MEETING OF THE
BOARD OF TRUSTEES OF THE SAN DIEGUITO
UNION HIGH SCHOOL DISTRICT 3-1-12
Becky Banning
BECKY BANNING RECORDING SECRETARY
BOARD OF TRUSTEES

2012-13 Budget Update

SDUHSD Board Workshop
February 16, 2012
5:00 p.m.

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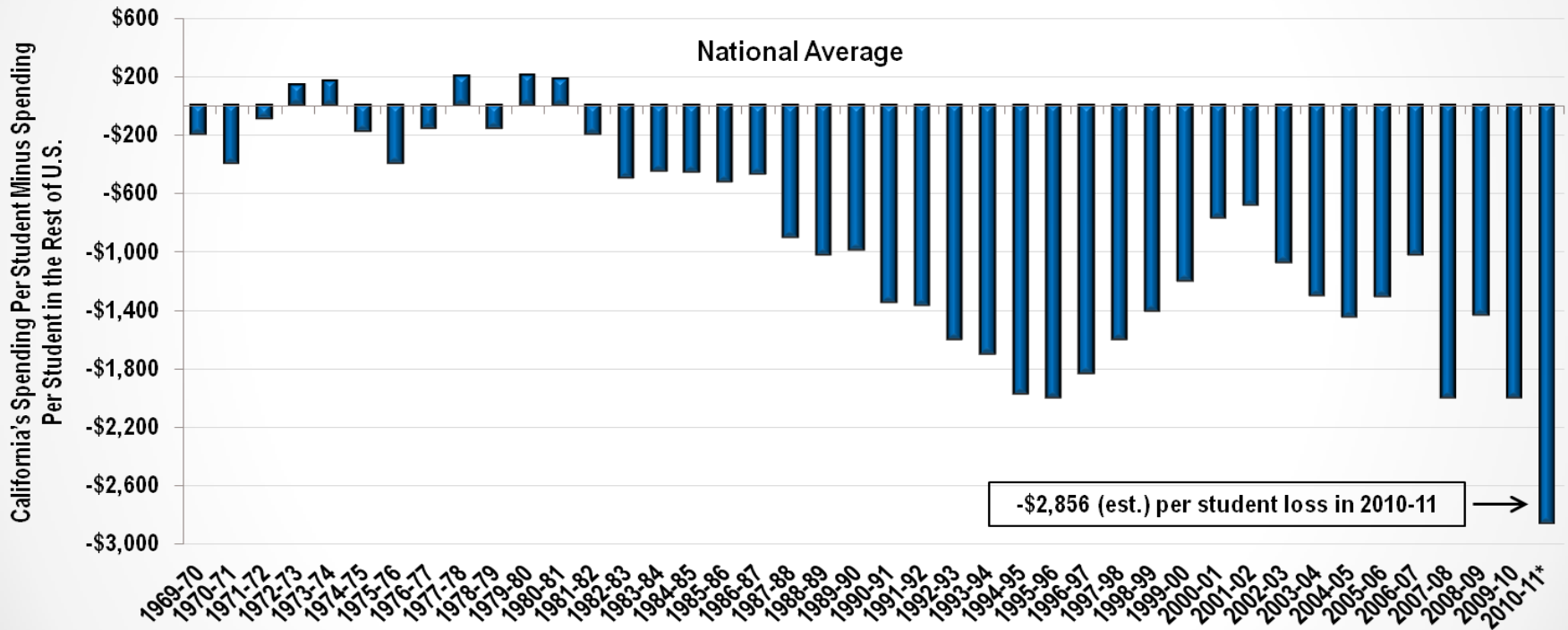
- Governor's Proposed Budget
- Property Tax Outlook
- Funding & Expenditures History
- District Revenue & Expenditures History
- Proposed State Budget Effects on the District
- Weighted Student Formula
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- Next Steps

Governor's Proposed Budget

- State budget proposal is best categorized as a status quo year with the chance of additional cuts
- While the economy is recovering slowly, the state education budget has not
 - More threats of future cuts
 - No funding of the Cost of Living Adjustments (COLAs)
 - No reduction of the Revenue Limit Deficit Factor
 - \$8 -10 billion in deferrals
- When the above issues are addressed, then we can say education funding is recovering
- At the point of full restoration, California might rise to 46th in the nation in education funding

California's Education Spending Continues to Lag

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



* 2010-11 data estimated

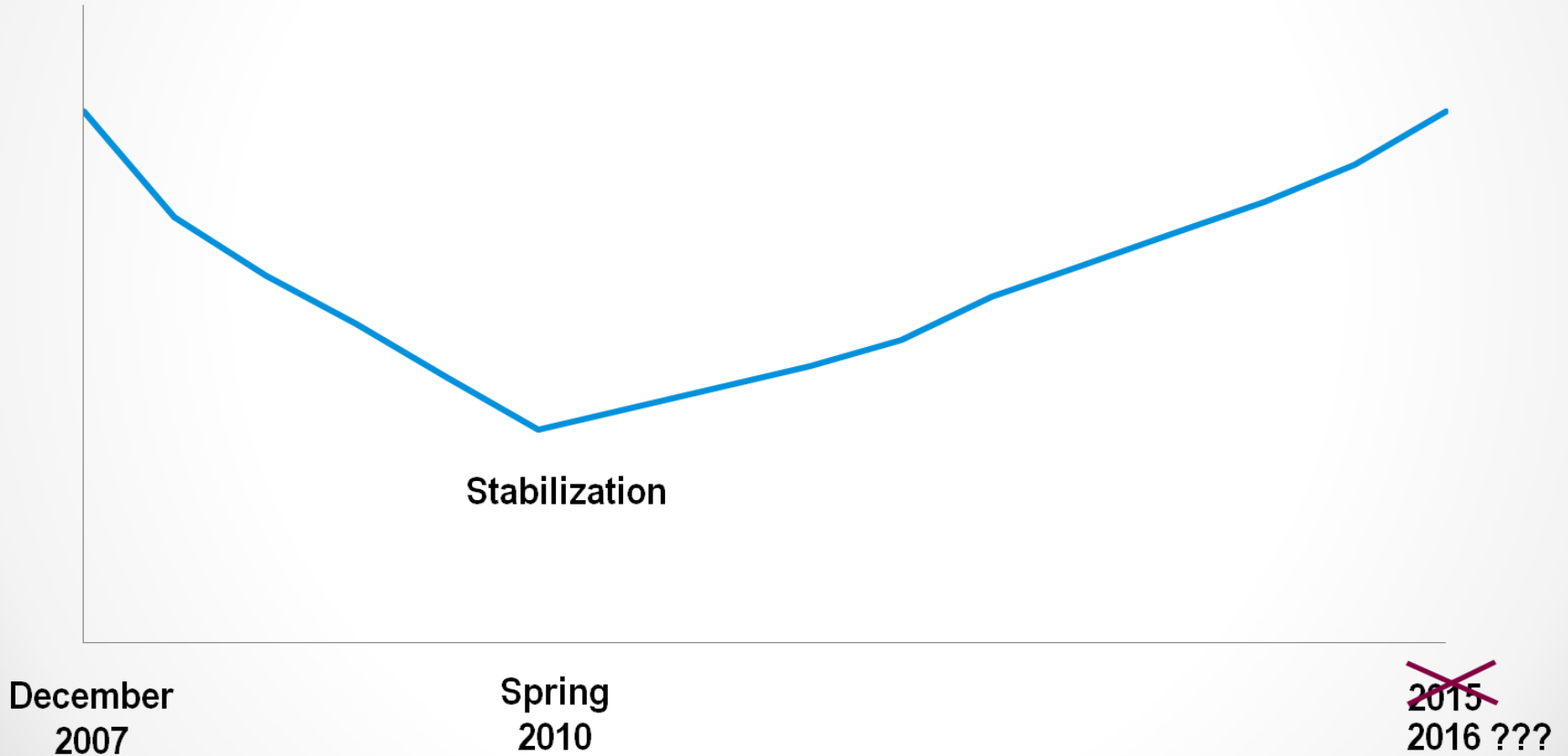
Note: Rest of U.S. excludes the District of Columbia

Source: National Education Association

Source: 2012 School Services of California, Inc.

Recovery Takes a Long Time

The Economic Cycle

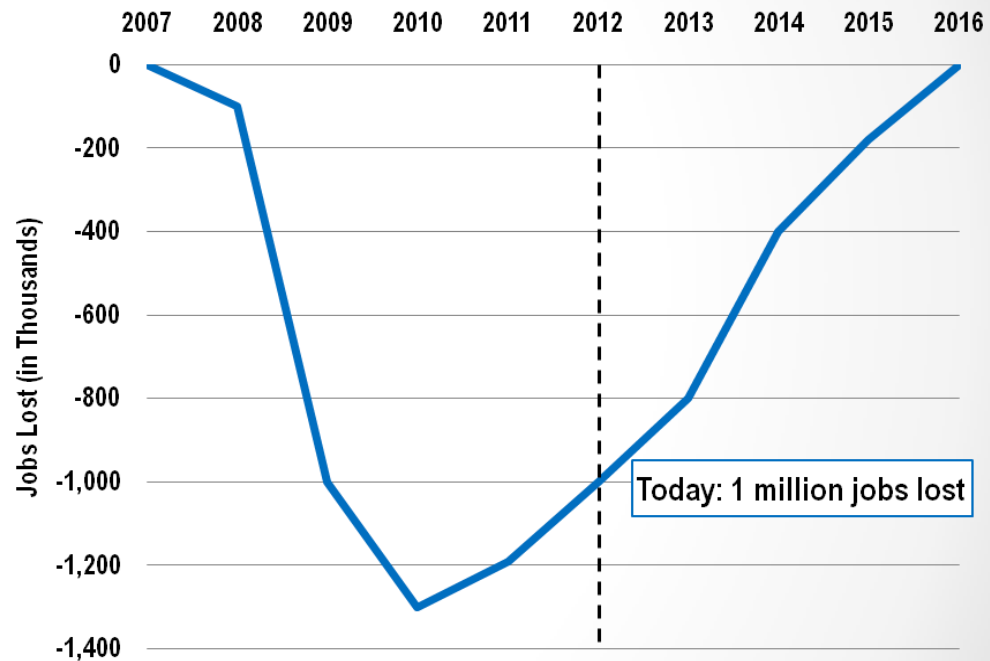


Source: 2012 School Services of California, Inc.

California's Labor Market

- California lost 1.3 million payroll jobs in the recession
- About one-third of this job loss has been recovered
- It may take four and a half more years to reach California's prerecession employment peak

Jobs Lost During Recession Not Recovered Until 2016



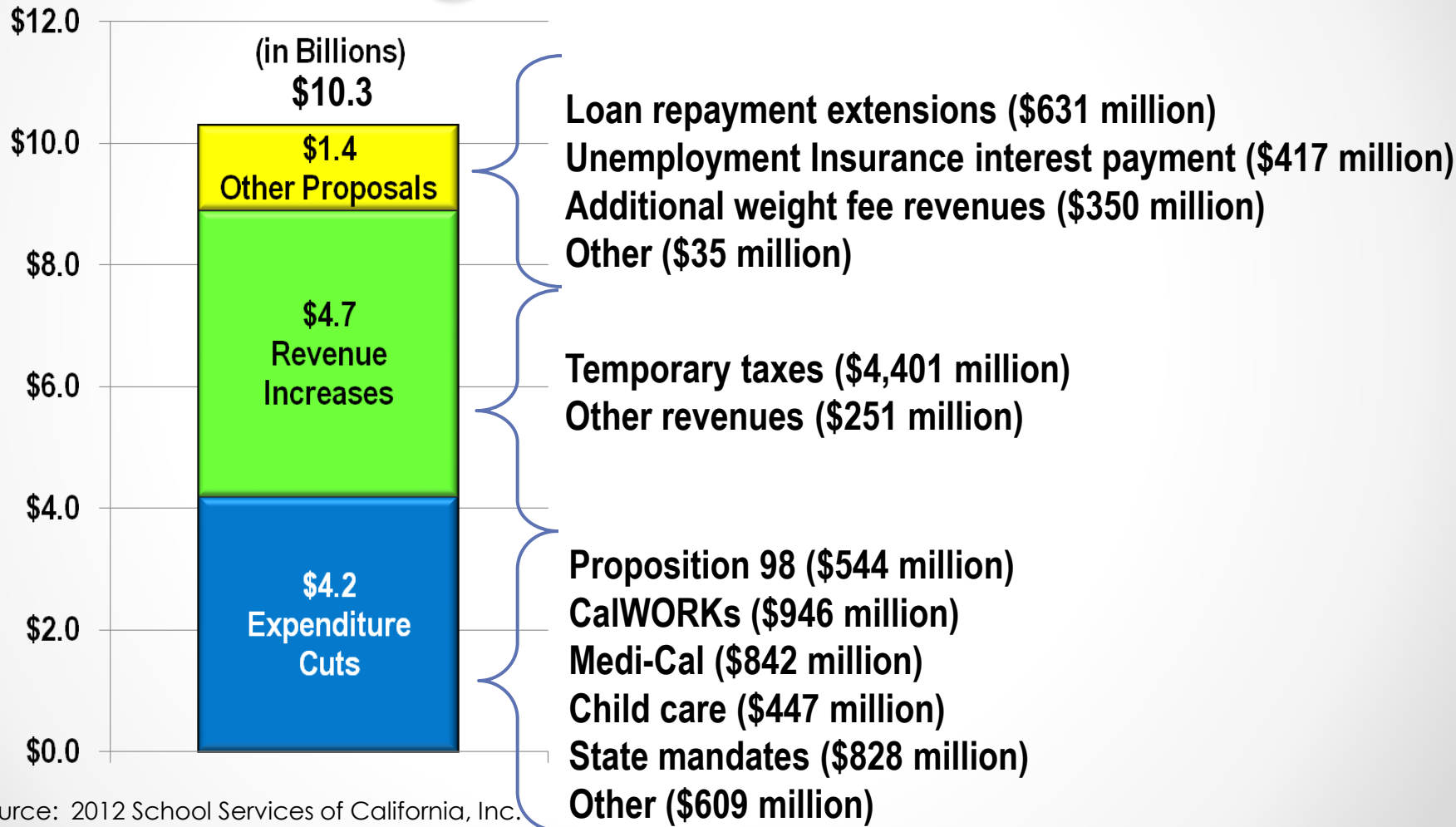
Source: 2012-13 Governor's Budget, page 41

Source: 2012 School Services of California, Inc.

Governor's Proposed Budget

- Governor proposes \$10.3 billion in budget solutions for the 12-13 fiscal year
- Combination of cuts, new revenues, and transfers
- Assumes that new temporary taxes are approved by the voters
- Trigger reductions in place for 12-13 if the tax initiative does not pass
 - Trigger reductions total \$5.4 billion
 - Cuts are linked to the failure of the ballot initiative, not a general revenue shortfall

Governor's Budget Solutions



Governor's Proposed Budget

- Trigger reductions hit education the hardest, particularly Proposition 98
- Prop 98 gets half of the new revenue if the tax initiative passes, but suffers 90% of the cuts if it doesn't

Programs Targeted for Trigger Cuts

Program	Amount	% Share
Prop 98	\$4,837 M	89.7%
Univ of CA	\$200 M	3.7%
Cal State Univ	\$200 M	3.7%
Courts	\$125 M	2.3%
All other	\$28 M	0.6%
Total	\$5,390 M	100%

Governor's Proposed Budget

If the tax initiative passes:

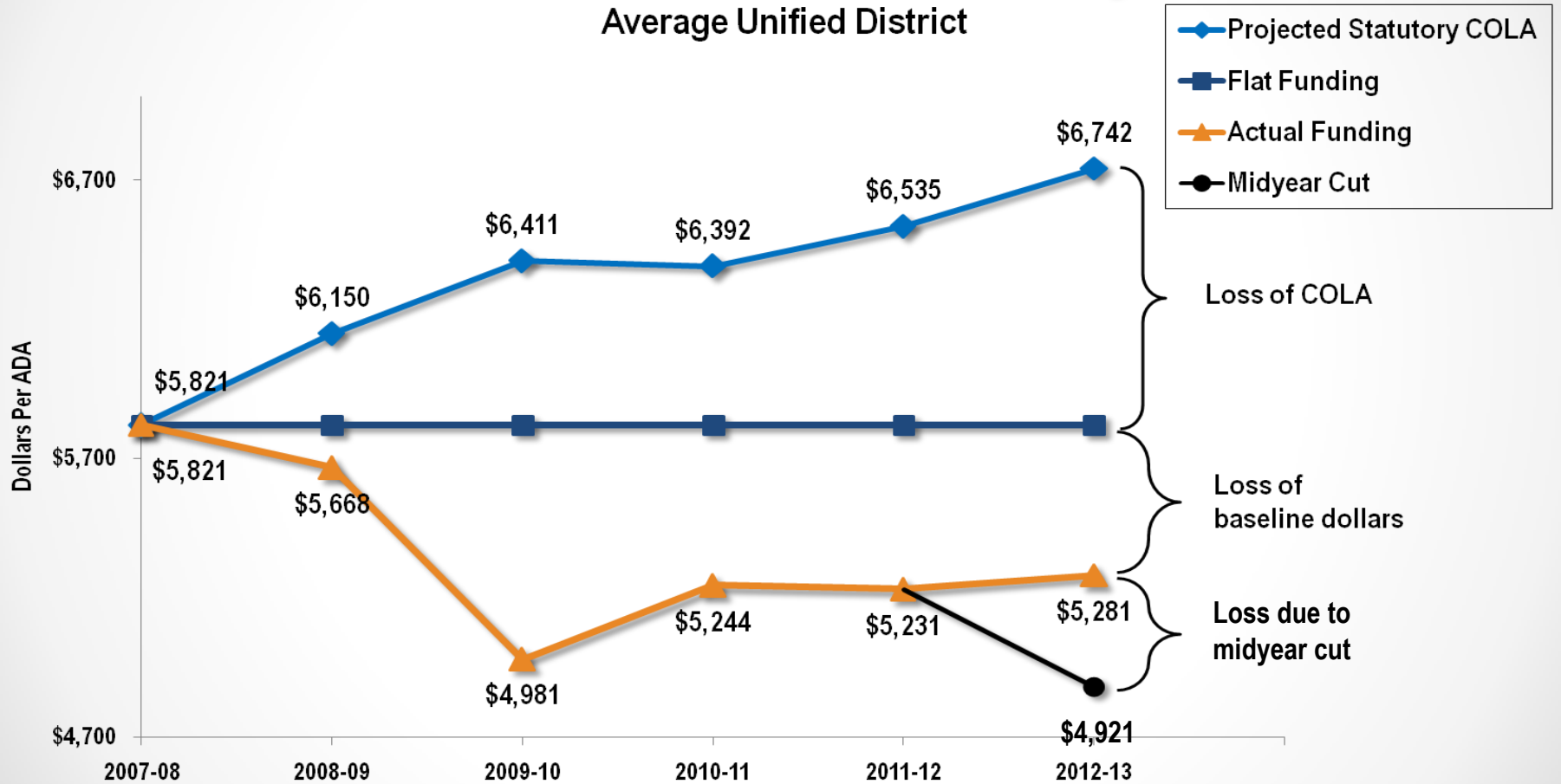
- Flat funding for schools, except for transportation
- Revenue Limits not increased; no COLA
- Deferrals paid down

If the tax initiative fails:

- \$4.8 billion reduction in K-14 funding
 - Reinstatement of deferrals - \$2.2 billion
 - Bond debt service shifted to Prop 98 - \$2.6 billion
- Loss of about \$370 per ADA

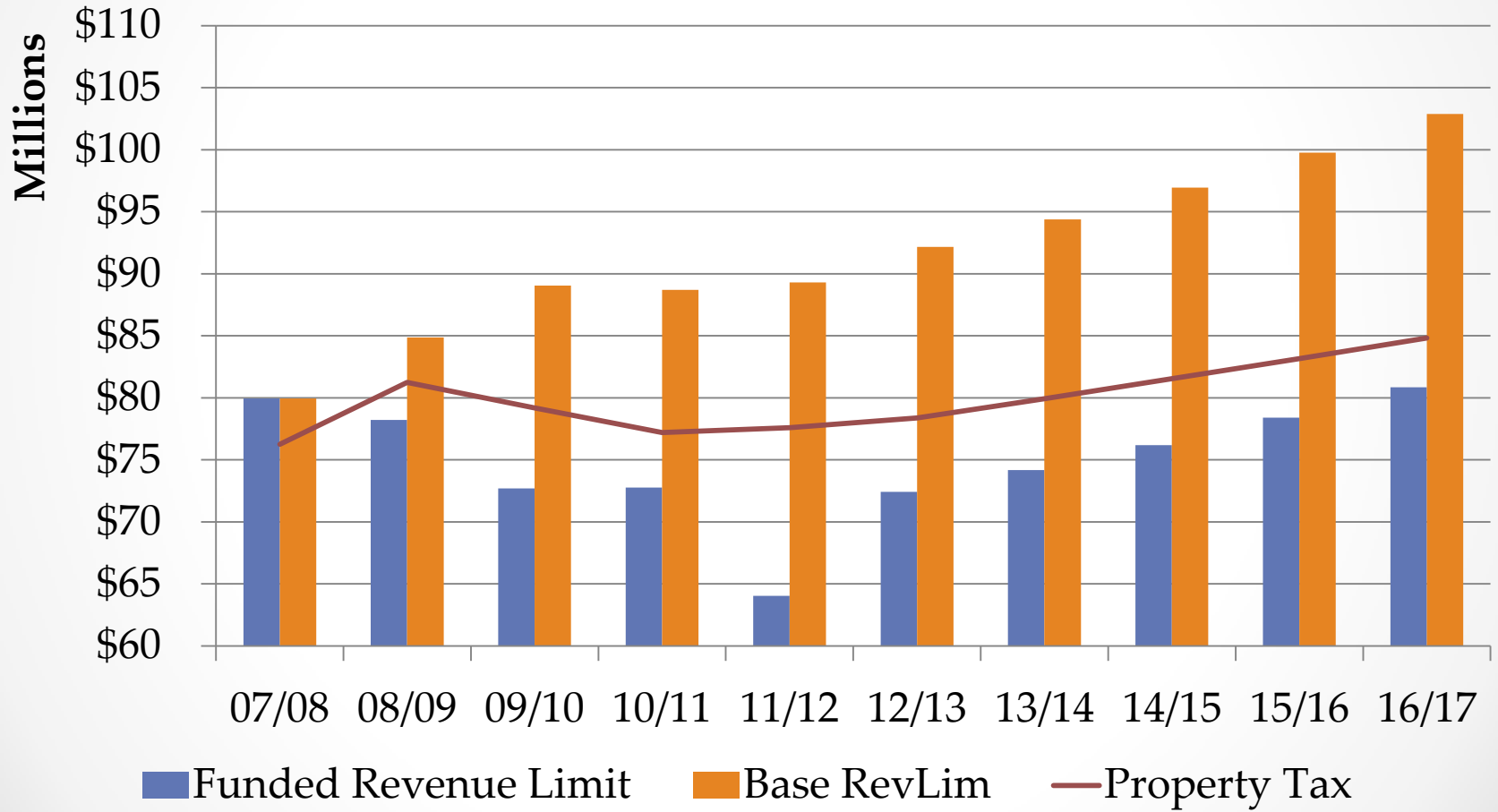
Funding Per ADA Actual vs. Statutory Level

Average Unified District

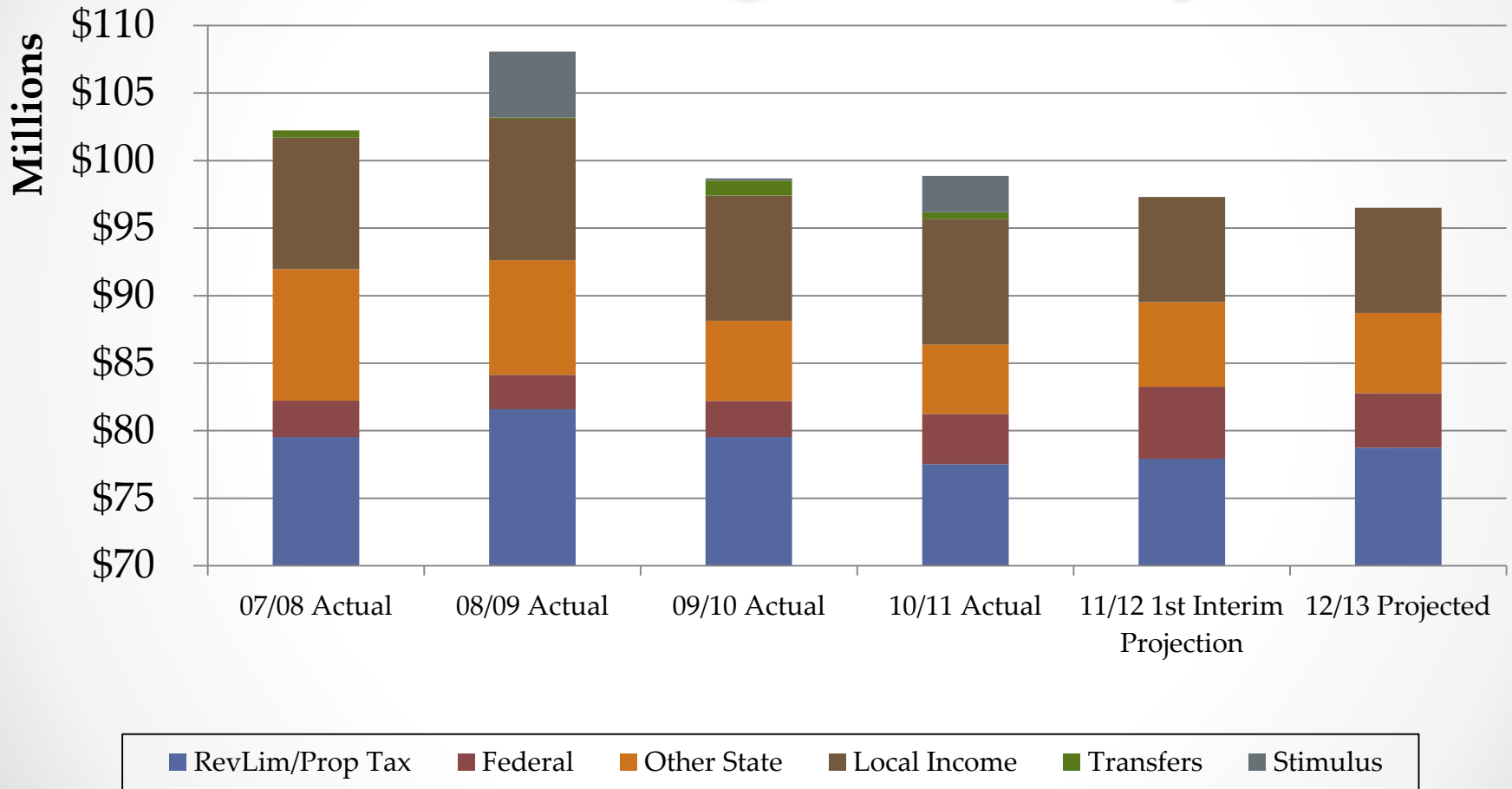


Source: 2012 School Services of California, Inc.

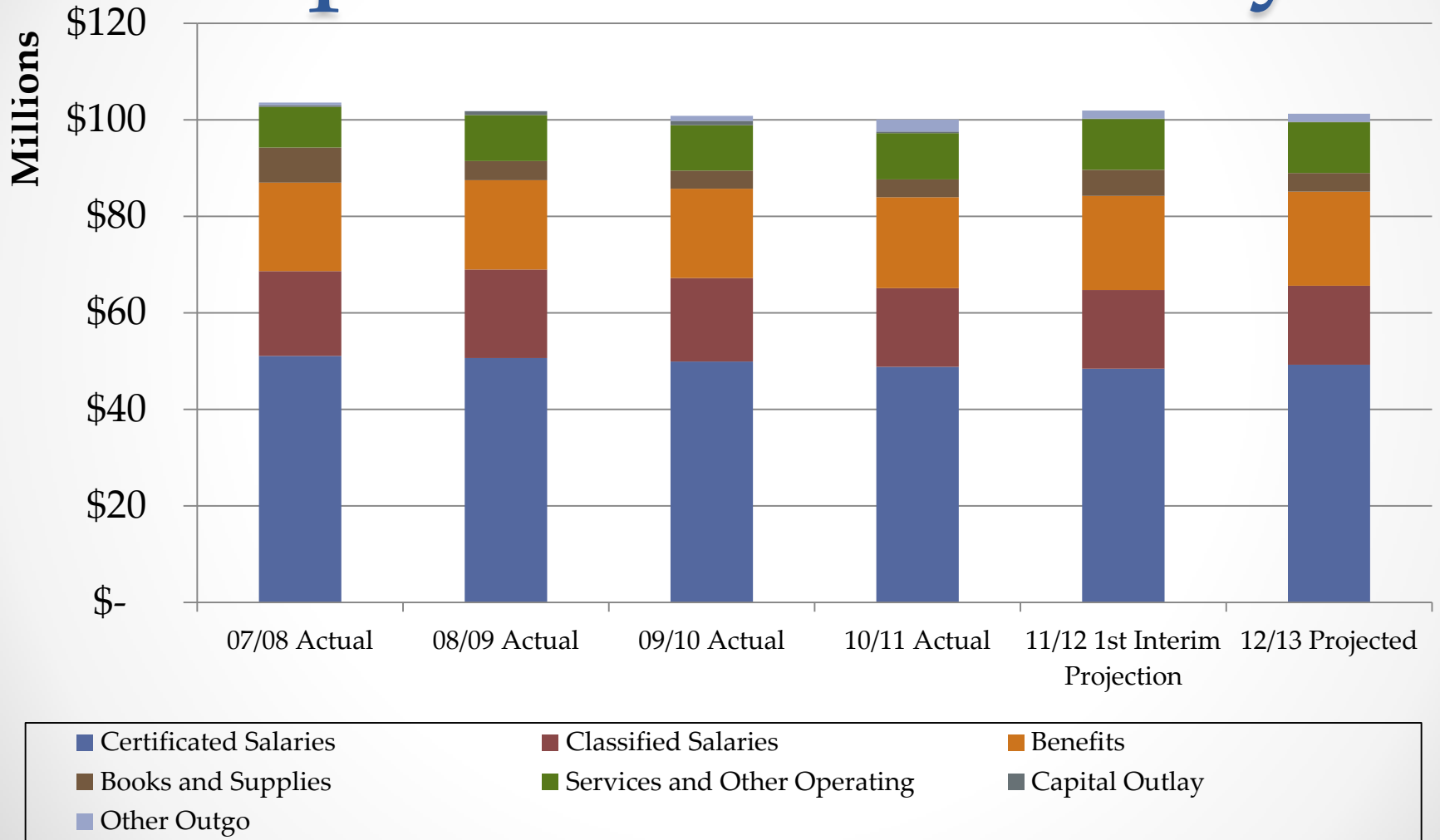
Property Tax Outlook



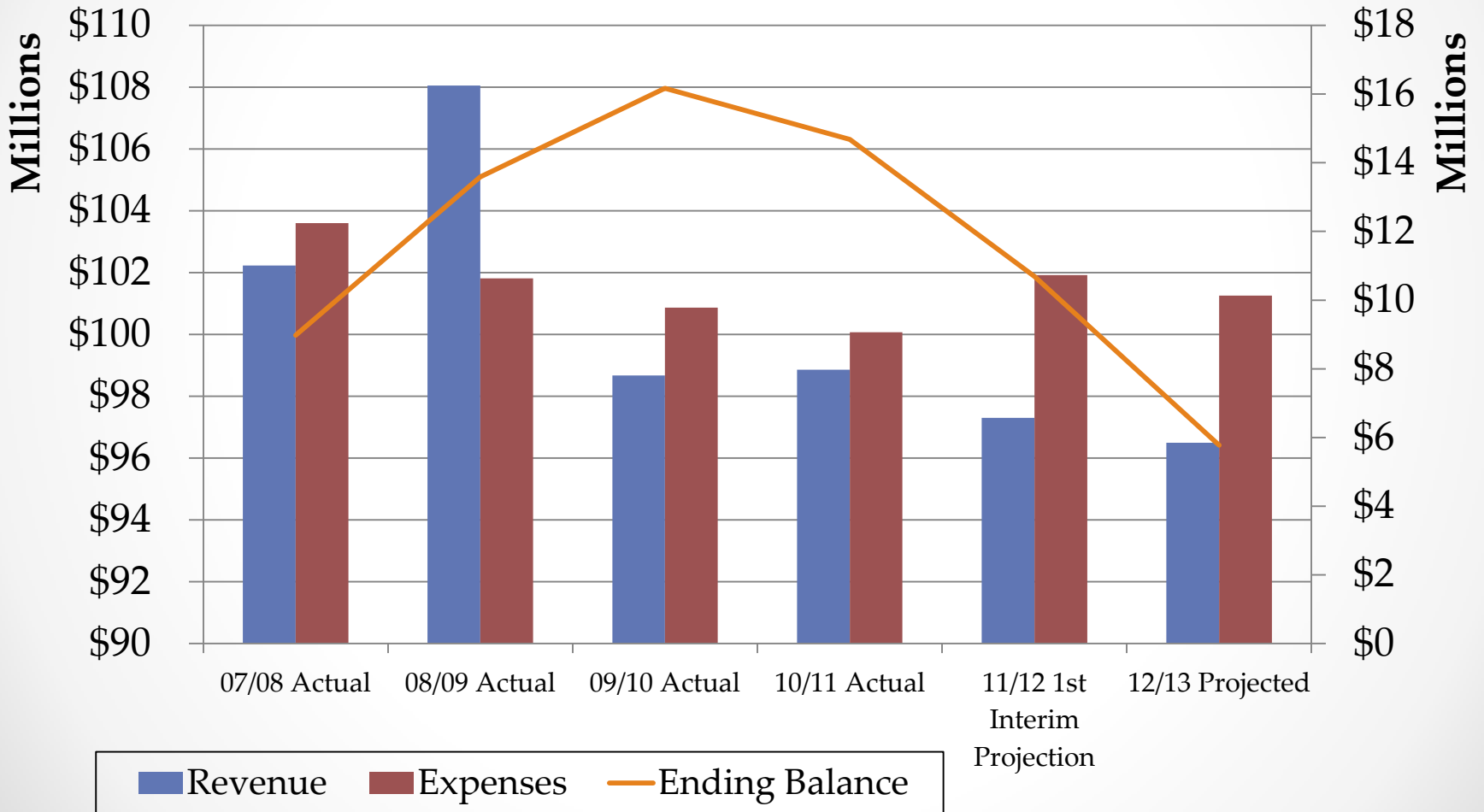
Funding History



Expenditures History



District Revenue & Expenditures



Proposed State Budget Effects on the District

- Three major areas impacted by Governor's Budget
 - Categorical Funding Shift to Weighted Student Formula
 - Transportation
 - Fair Share Contribution
- Other areas of interest
 - Redevelopment Agencies
 - Mandate Reform

Weighted Student Formula

- Categorical funding revolutionized
 - All state categorical programs eliminated except those required by federal law such as special education
 - Funds formerly used for categorical programs redistributed to districts as unrestricted funding
 - Base grant
 - \$4,920 per ADA
 - Supplemental grant
 - $\$4,920 \times 37\% \times [\text{Number of English Learners \& Free \& Reduced Students}]$
 - Phased in over six years
 - 2012-13—5% on the new formula
 - 2013-14—15%
 - 2014-15—40%
 - 2015-16—60%
 - 2016-17—80%
 - 2017-18—100%

Weighted Student Formula

- Weighted Student Formula and Basic Aid
 - Allocation formula appears to be $[\text{Revenue Limit}] + [\text{WSF}] - [\text{Property Tax}]$
 - Districts with high amount of Excess Tax would be shut out
 - Will not be incorporated in Second Interim Multi-Year Projection
- For 2012-13
 - Hold Harmless clause for districts—no loss of categorical funds compared to 2011-12
 - Home-to-School Transportation funding is restored
 - HTS funding is made flexible for “any educational purpose”
- For 2013-14 and beyond
 - Categorical funding phased out as WSF is phased in
 - Home-to-School funding is eliminated and replaced with WSF
 - There will be winners & losers

Transportation Funding

- 2011-12 Funding
 - Half of state transportation funding cut as part of the trigger reductions
 - Disparate effect statewide
 - Rural districts severely impacted
 - Restored by the Legislature and Governor in SB 81
 - Offset by 0.65% cut to Revenue Limits
 - Fair Share will increase by same amount
- 2012-13 Funding
 - Eliminated without comment in the Governor's proposed budget
 - Restored in budget trailer bill and tied to the Weighted Student Formula
 - Specifically restored for "2012-13 only"
 - Restored funding is made flexible for any educational purpose (Tier III)
 - Flexible funding to District: \$550,000

Transportation Funding

- Reinstated transportation funding is available for any educational purpose
- Transportation-related encroachments:
 - Special Education - \$2.8 M
 - Home-to-School - \$264 K
 - Athletic Field Trips - \$219 K

2011-12	Revenue	Expense	Net
Spec Ed	\$79,185	\$2,894,776	(\$2,815,591)
HTS	\$989,086	\$1,253,206	(\$264,120)
Field Trips	\$315,550	\$535,000	(\$219,450)
Total	\$1,383,821	\$4,682,982	(\$3,299,161)

Transportation Funding

- State Transportation revenue restored for current year by SB 81
- Middle School Transportation still operates with a deficit due to prior state categorical program reductions

2011-12 HTS Transportation Revenue	
State Revenue	\$481,086
Bus Pass Revenue	\$508,000
General Fund Contribution	\$264,120
Total	\$1,253,206

11-12 Home-to-School Transportation Routes

Middle School	Routes	Riders
Oak Crest MS	7	252
Diegueno MS	2	85
Carmel Valley MS	6	268
Earl Warren MS*	6	206
Total	21	811

High School	Routes	Riders
SDA to LCC	1	37
LCC to SDA	1	24
Sol Bch to TPHS	1	29
Sol Bch to Sunset	1	11
Total	4	101

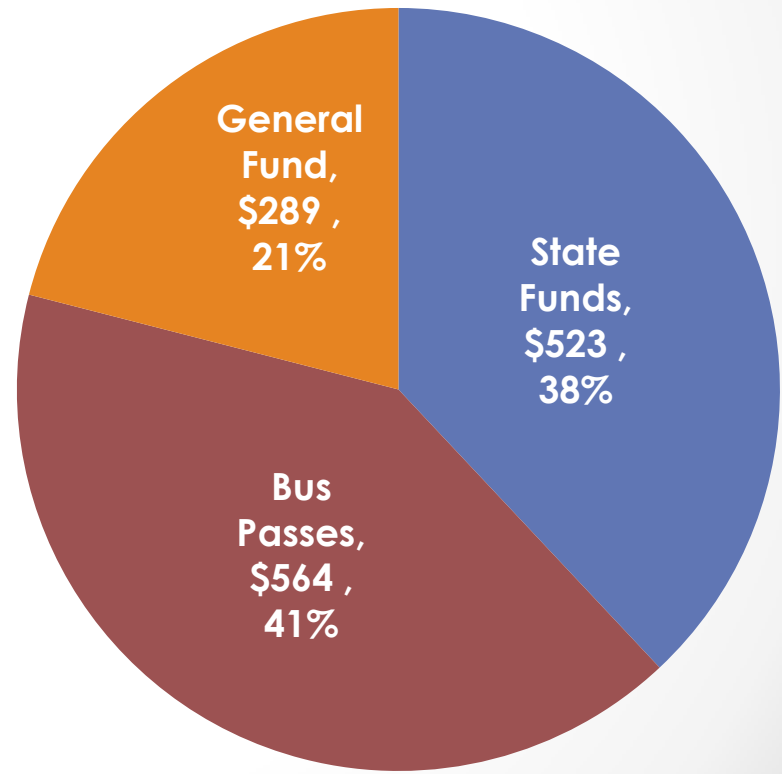
*Includes 30 students from CVMS attendance area

11-12 Home-to-School Transportation Routes

Average Daily Ridership

- 912 Riders – about 7% of enrollment
- Bus pass fee is currently \$600
 - 90 Middle school students qualify for a free pass
 - 146 High school students qualified for a free pass at the beginning of the year (101 students currently riding consistently)
- Cost per student is approximately \$1,375

Revenue Per Student



12-13 Home-to-School Transportation Options

- While transportation funding is reinstated for 2012-13, it is now flexible
- The budget trailer bill eliminates transportation funding by statute after 2012-13
- If current proposal is enacted, the District is faced with these options:
 - Keep Transportation options as-is for 2012-13
 - Make adjustments to service to reduce / eliminate encroachments
 - Eliminate Home-to-School Transportation
 - In 2012-13 and apply flexible funding to other purposes
 - In 2013-14 due to loss of funding
 - Combination of the above

12-13 Home-to-School Transportation Options

- 12-13 funding may be the final year of designated transportation funding
- District is possibly shut out from receiving Weighted Student Formula funding depending on Excess Tax vs WSF phase-in levels
- Total loss of transportation funding means:
 - HTS encroachment would approach \$750,000
 - Savings would need to be found elsewhere in the budget
 - Bus pass fee revenue is insufficient to cover costs
 - Approximately \$1,100 per student would be needed to cover the loss of state funding
 - \$1,375 per student for transportation to be self-supporting

12-13 Home-to-School Transportation Options

- Options
 - Eliminate Home-to-School Transportation
 - Relieves General Fund of \$264K encroachment compared to current year
 - Avoids encroachment increase to \$750K when funding is eliminated in 2013-14
 - HTS & SpEd transportation encroachment could be reduced by \$750K in 2012-13 if eliminated next year
 - Shifts resources to Athletic Field trips
 - In-house field trips are less costly than charters when buses and drivers are available
 - Athletic field trips operating with a \$219K deficit
 - Changes in driver work rules would need to be negotiated
 - Raise Bus Pass Fee
 - Price point tolerance is unknown
 - Paid ridership may drastically decrease in response
 - \$100 increase would result in \$70,000 revenue

12-13 Home-to-School Transportation Options

- Options
 - Stagger Middle School Bell Schedules
 - Fewer bus drivers needed to accommodate all routes
 - Savings of approximately \$200,000
 - Morning bell times could range from 7:15 to 9:00
 - Eliminate High School Shuttles
 - Savings of approximately \$100,000
 - Impacts lower socio-economic students

12-13 Home-to-School Transportation Options

Minutes, (Handout) February 16, 2012
Board Workshop, Budget Update

- Due to uncertainty of legislative process, staff will continue to:
 - Prepare alternatives for elimination of HTS service for both 2012-13 and 2013-14
 - Prepare options to close gap between revenue & expense
 - Continue to update Board of Trustees on developments with state budget and impacts on transportation funding
- May Revise could further alter our outlook

Fair Share

- Basic Aid districts contribute back to the state lesser of:
 - 9.57% of the Base Revenue Limit (8.92% prior to SB 81)
 - SDUHSD = \$8,547,496
 - Estimated amount of its excess property tax at prior year P-2
 - SDUHSD = \$4,897,247
- Any increase in our current year excess tax increases next year's Fair Share Contribution
 - Drop in Revenue Limit (SB 81 resulted in 0.65% cut)
 - \$370/ADA Trigger cut in 12-13
 - Natural growth in Property Tax
- Unknown if shift to Weighted Student Formula would affect Fair Share contribution

Redevelopment Agencies

- Single small RDA within District boundaries
- Agencies must first retire their bond debt
- As debt is retired and property tax grows, districts will see increase in revenue formerly directed toward RDAs
- This is not a windfall, but a small increase over time

Mandate Reform

- Governor proposes to eliminate many educational mandates and make the remaining mandates optional
- No funding for eliminated mandates
- Block grant for districts performing optional mandates paid on a per ADA basis

Mandate Reform

Eliminated

- Behavioral Intervention Plans
- Caregiver Affidavits
- Second Science Class
- Habitual Truants
- Scoliosis Screening
- Student Records

Optional

- Collective Bargaining
- Immunization Records
- Teacher Evaluation
- Criminal Background Checks
- School Accountability Report Cards

Target for Reductions

- Target set at \$3 million
- Working on Second Interim Budget
- Weighing options for 12-13 budget
 - Considering likelihood of Governor's proposals
 - Available information to forecast impacts
 - Budget workshop discussion
- Multi-year projection will be shared with Second Interim Budget at next Board meeting

12-13 Potential Solutions

Certificated Staffing & Benefits	Amount
Savings through retirements	\$300,000
Reduction of Non-Formula Sections	\$200,000
Administrative Reductions	\$165,597
Reduce Counselors	\$320,000
Eliminate READI Counselors	\$90,000
Reduce Graduation Credits from 230 to 220	\$500,000
Total	\$1,575,597

12-13 Potential Solutions

Classified Staffing & Benefits	Amount
District & Site-Level Reductions	\$830,000
Absorb more payroll into Mello-Roos funds	\$20,000
Reduce 24 Walk-on Coaches (@ \$3,348 each)	\$80,352
Total	\$930,352

12-13 Potential Solutions

Materials, Supplies, & Services	Amount
Reduce Textbook Purchases	\$165,597
Reduce ROP supply budget to 09/10 level	\$100,000
Additional Solar Project Utility Savings	\$168,847
Suspend out-of-county field trips and conferences	\$15,000
Total	\$449,444

12-13 Potential Solutions

Transportation Options	Amount
Stagger Bell Schedules	\$200,000
Eliminate High School Shuttles	\$100,000
Raise Bus Pass Fee by \$100	\$70,000
Eliminate Middle School Transportation	
Encroachment savings	\$264,120
Use Transportation Funding Flexibly	\$481,086
Range	\$70,000 – 745,000

12-13 Potential Solutions

Revenue Sources	Amount
Increase Athletic Transportation Contributors	\$150,000
Increase Athletic Transportation Contribution	\$175,000
Adult Ed Encroachment Repayment	\$50,000
Expand Parking Citation Program at High Schools	\$30,000
Cell Tower Revenue	
Verizon Tower upgrade @ TPHS	\$10,000
Sprint Tower @ CCA	\$36,000
Clearwire Tower @ SDA	On Hold
Total	\$451,000

12-13 Potential Solutions

Summary	Amount
Certificated	\$1,410,000
Certificated Administration	\$165,597
Classified	\$930,352
Supplies & Services	\$449,444
Transportation	\$745,000
Revenue	\$451,000
Total	\$4,151,393

Next Steps