

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT BOARD OF TRUSTEES WORKSHOP

MINUTES

THURSDAY, MAY 24, 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, May 24, 2012, at the above location.

ATTENDANCE

BOARD OF TRUSTEES

Joyce Dalessandro absent; all other trustees present

DISTRICT ADMINISTRATION

Ken Noah, Superintendent

Eric Dill, Associate Superintendent, Business

Terry King, Associate Superintendent, Human Resources

Delores Perley, Director, Finance

Ron Tackett, President, CSEA

1. CALL TO ORDER

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

INFORMATION ITEMS

2. STATE & DISTRICT BUDGET UPDATE

For details on the topic discussion, please see attached document, which was distributed at the meeting.

3. 2012-13 DISTRICT TENTATIVE BUDGET / GENERAL FUND & SPECIAL FUNDS

A. GENERAL FUND

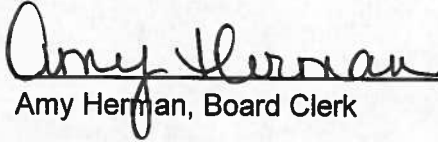
B. SPECIAL FUNDS

This item was submitted for review only as a first read and will be resubmitted for Board action at its regular Board meeting on June 21, 2012.

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

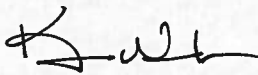
4. ADJOURNMENT

The meeting was adjourned at 5:45 PM.



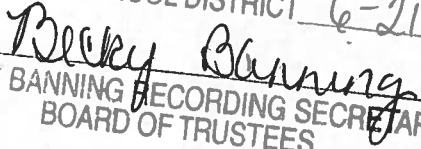
Amy Herrman, Board Clerk

6 / 21 / 2012
Date



Ken Noah, Superintendent

6 / 21 / 2012
Date

APPROVED IN PUBLIC MEETING OF THE
BOARD OF TRUSTEES OF THE SAN DIEGUITO
UNION HIGH SCHOOL DISTRICT 6-21-12


BECKY BANNING, RECORDING SECRETARY
BOARD OF TRUSTEES

Budget Workshop

San Dieguito Union High School District

May 24, 2012

5:00 p.m.

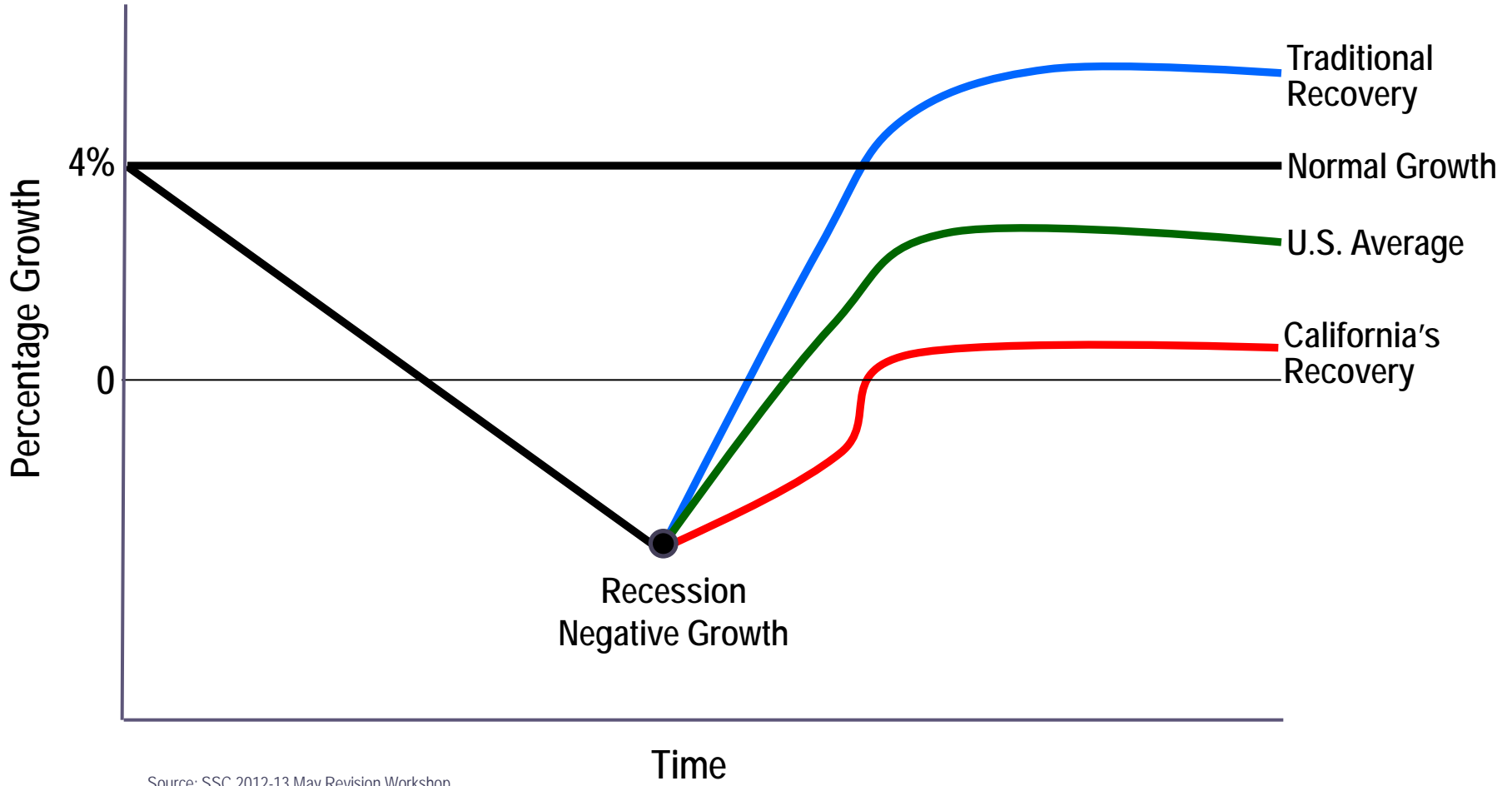
Table of Contents

- State & District Budget
 - State & Federal Economy
 - Governor's May Revision
 - Proposition 98 and Tax Initiatives
 - Weighted Student Formula
 - Basic Aid & Fair Share
 - Transportation
 - School Facilities Program
 - What Happens Next?



Are We Recovering?

© 2012 School Services of California, Inc.



Source: SSC 2012-13 May Revision Workshop

State & Federal Economy

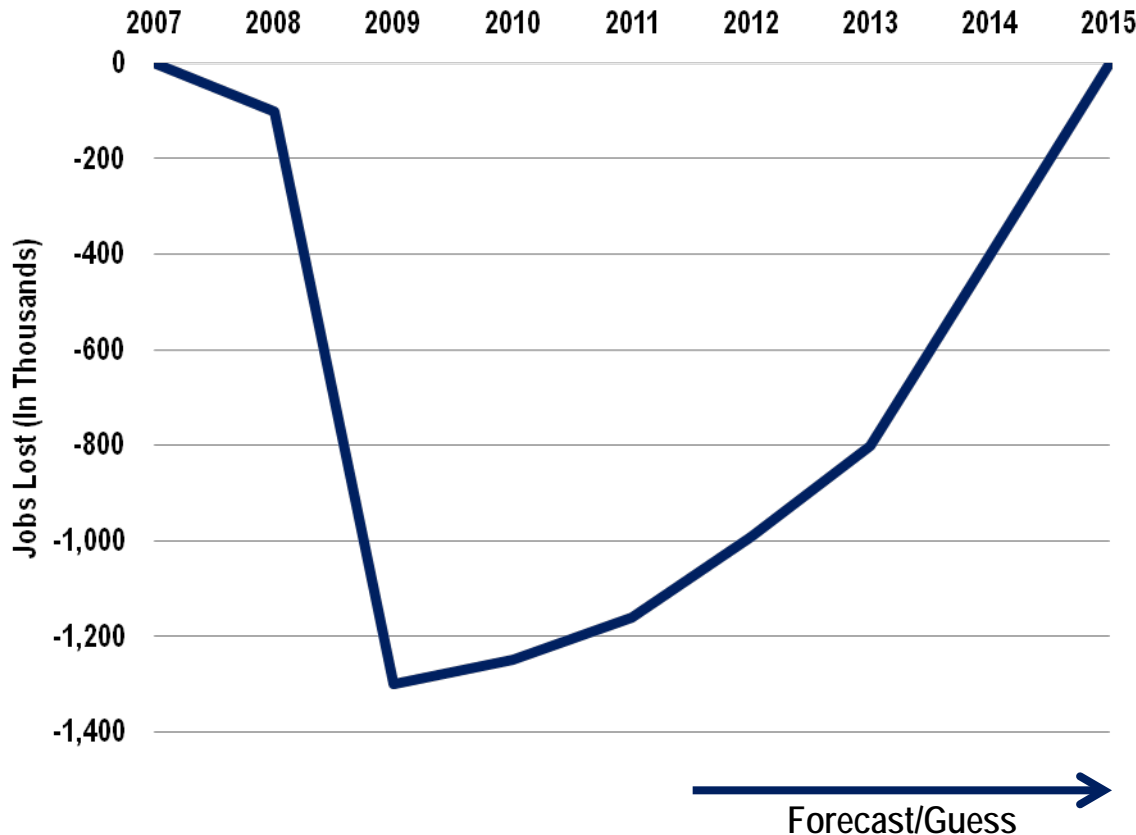
- Revenues are improving but at a much slower rate than anticipated in January
- Job growth is also slow
- Best case scenario for education is flat funding
- In January, the Governor's tax initiative was expected to fill the revenue gap, but now it fills only half
- Education policy, expectations for student performance, and funding for schools are not aligned



California's Labor Market

© 2012 School Services of California, Inc.

Jobs Lost During Recession
Not Recovered Until 2015



Source: SSC 2012-13 May Revision Workshop

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

Governor's May Revision

- Education funding hinges upon Governor's tax initiative
- Funding is flat if the taxes pass
 - New tax dollars eliminate cross-year deferrals
 - Manipulation of Prop 98 Base
- Deep cuts if the taxes do not pass
 - Additional cuts above January proposal
 - Deferrals restored
- Weighted Student Formula (WSF) modified along with flexibility options



Education's Share of the Cuts

Budget (In Millions)

	2007-08	2012-13	Change	% Change
Health and Human Services	\$29,726	\$23,043	(\$6,683)	-22%
Corrections and Rehabilitation	\$10,209	\$9,821	(\$388)	-4%
K-12 Education	\$42,233	\$34,302	(\$7,931)	-19%
Higher Education	\$11,819	\$10,248	(\$1,571)	-13%
Labor and Workforce Development	\$104	\$371	\$267	257%
General Government	\$1,177	\$1,777	\$600	51%
Other	\$8,065	\$6,374	(\$1,691)	-21%
	\$103,333	\$85,936	(\$17,397)	-17%

Education has taken at least its share

Source: SSC 2012-13 May Revision Workshop

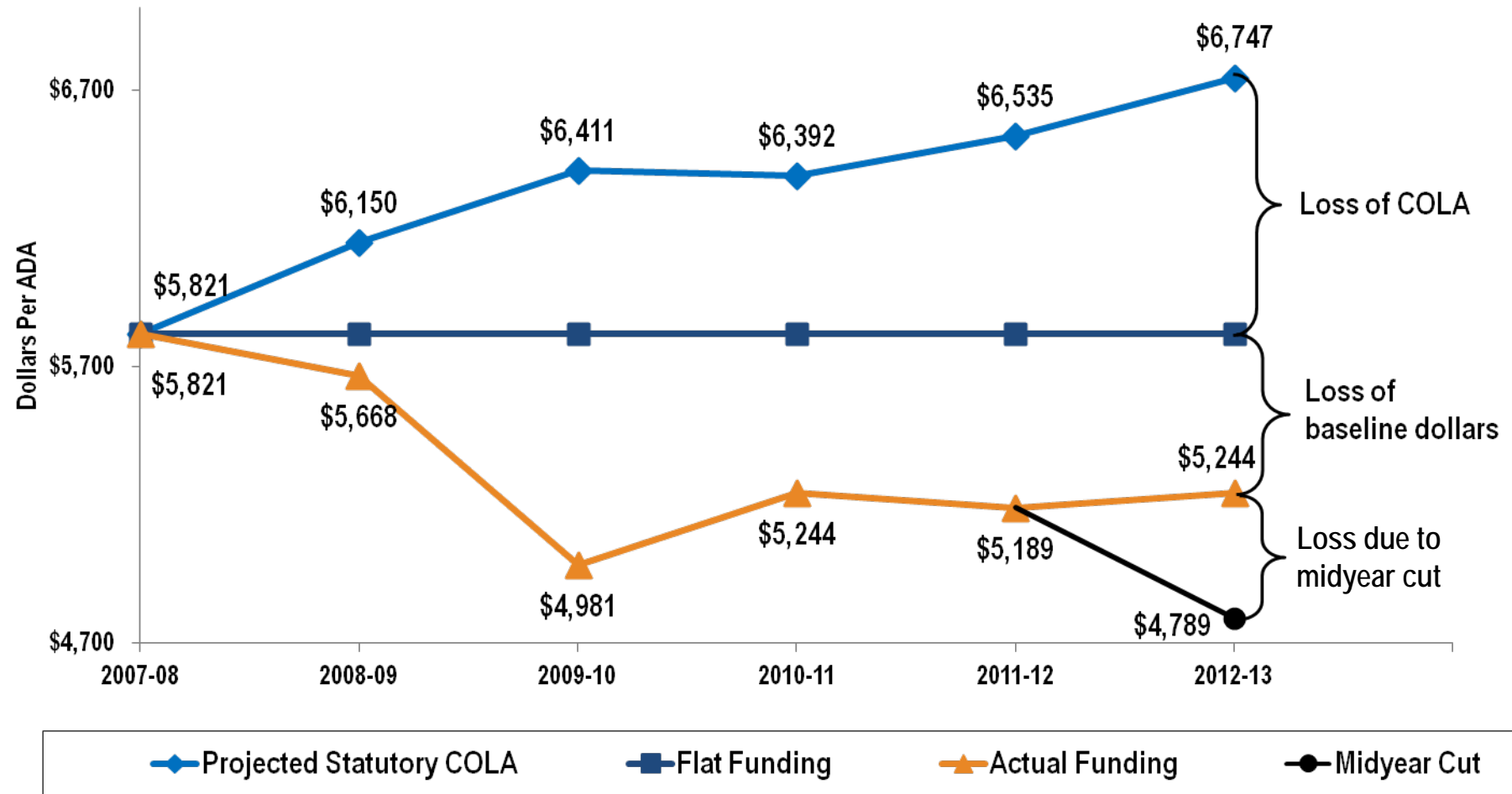
Source: 2007-08 Final State Budget and Governor's Budget May Revision 2012-13



Funding Per ADA – Actual vs. Statutory Level

© 2012 School Services of California, Inc.

Average Unified District



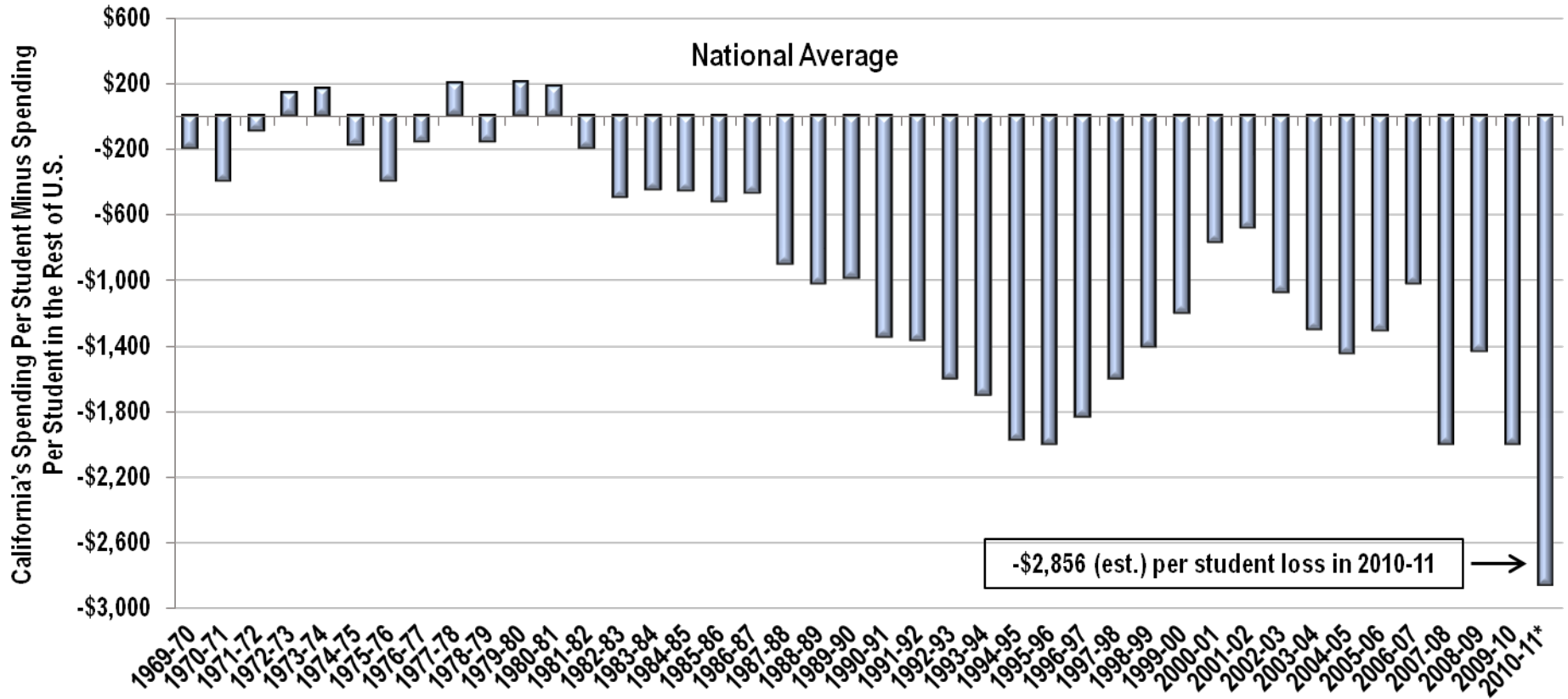
Source: SSC 2012-13 May Revision Workshop



California's Education Spending Continues to Lag

© 2012 School Services of California, Inc.

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

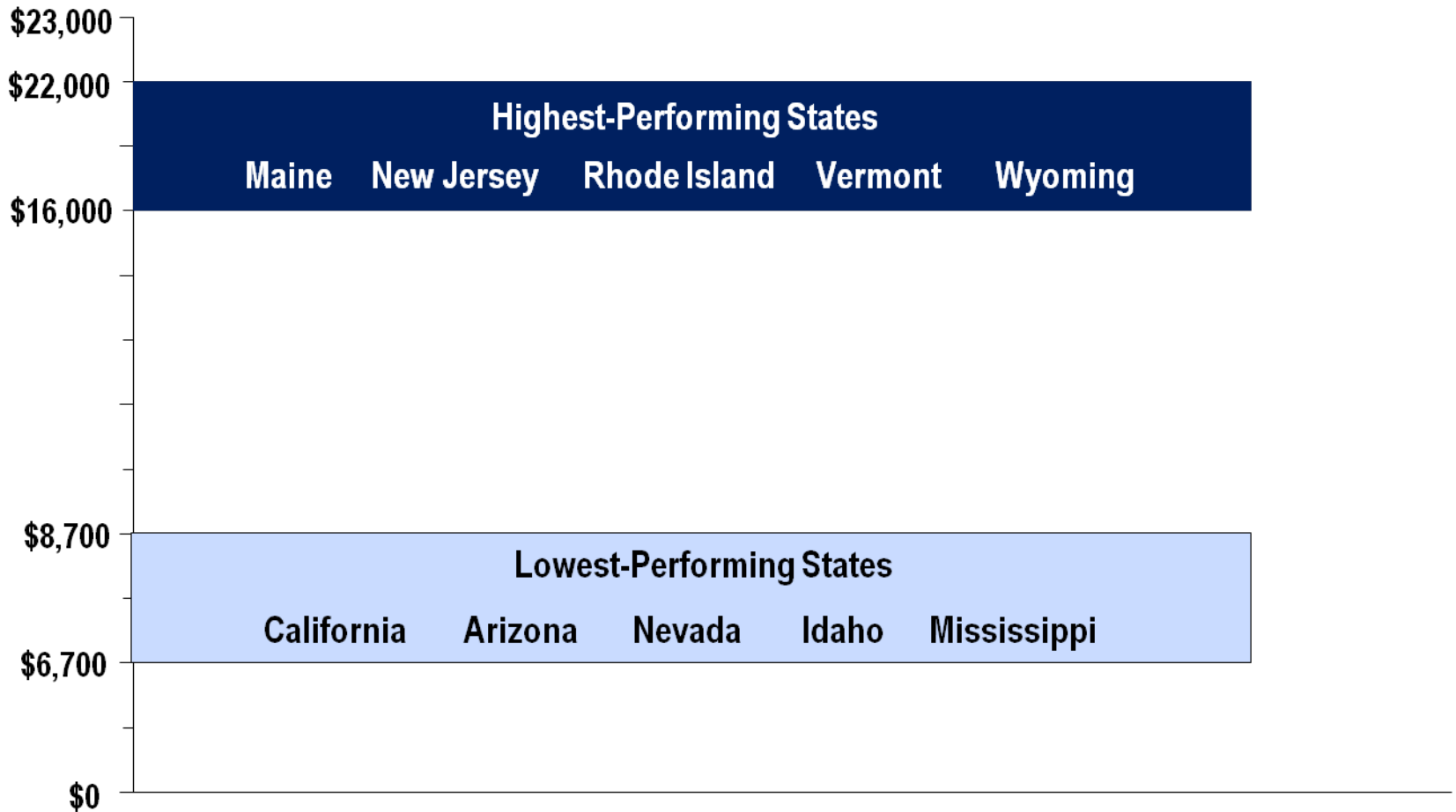
Source: National Education Association

Source: SSC 2012-13 May Revision Workshop



Money Matters in Student Performance

Test Scores vs. Dollars Per Student





California's Spending Lags the Nation

California's Schools Lag Behind Other States on a Number of Measures

	California Rank	California	Rest of U.S.
K-12 Spending Per Student (2009-10)*	44	\$8,826	\$11,372
K-12 Spending as a Percentage of Personal Income (2008-09)*	46	3.28%	4.25%
Number of K-12 Students Per Teacher (2009-10)*	50	21.3	13.8
Number of K-12 Students Per Administrator (2007-08)	46	358	216
Number of K-12 Students Per Guidance Counselor (2007-08)	49	809	440
Number of K-12 Students Per Librarian (2007-08)	50	5,038	809

*Estimated

Note: "California Rank" and "Rest of U.S." exclude the District of Columbia. Spending per student and number of students per teacher are based on average daily attendance (ADA). Number of students per administrator, guidance counselor, and librarian are based on statewide enrollment.

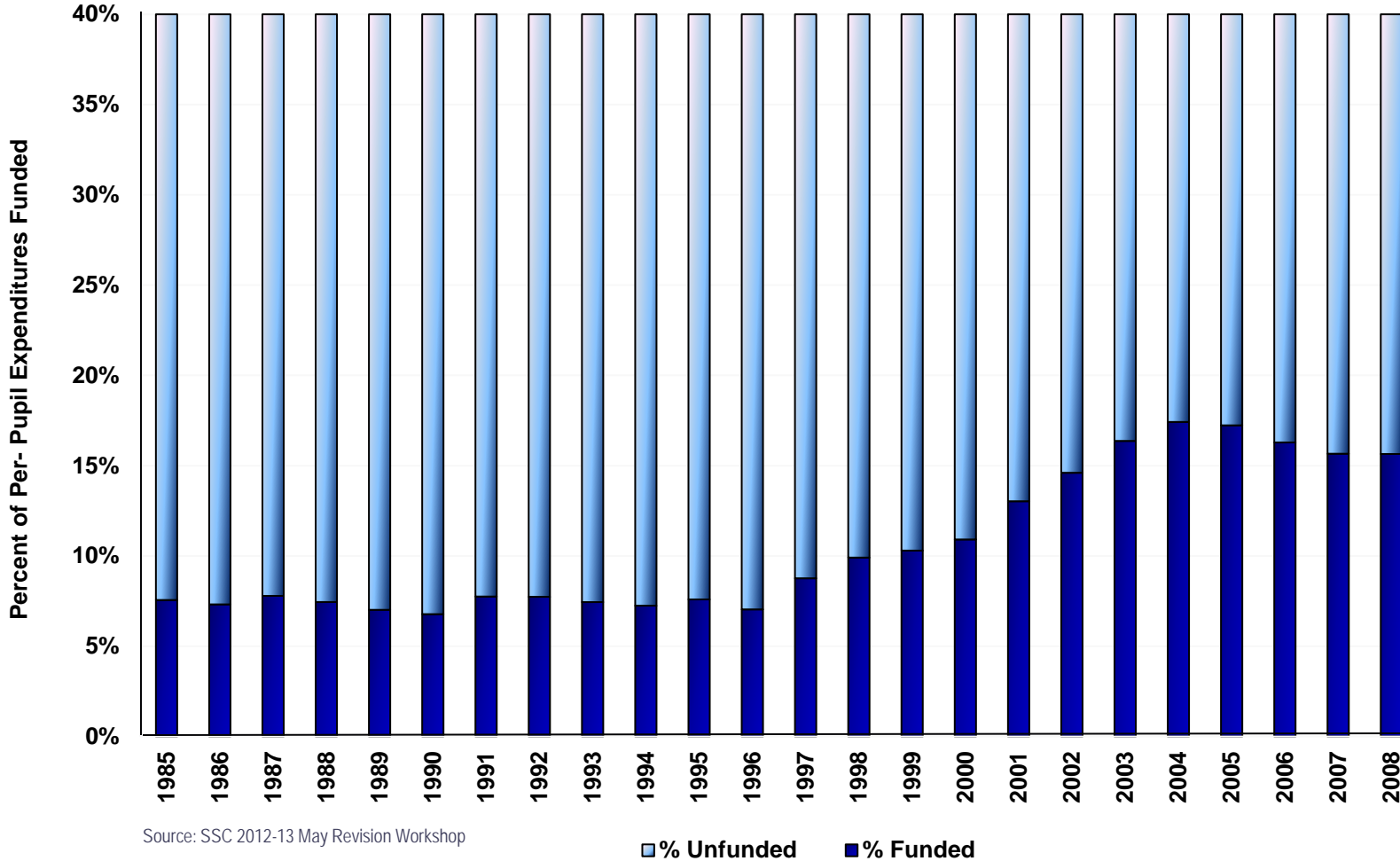
Source: National Education Association, National Center for Education Statistics, and U.S. Bureau of Economic Analysis



Historical Federal Individuals with Disabilities Act Funding

© 2012 School Services of California, Inc.

Historical Federal IDEA Funding



Source: SSC 2012-13 May Revision Workshop

Proposition 98

- Proposition 98 and the education budget are managed so that the Proposition 98 minimum guarantee becomes the maximum for K-14 funding . . .
- . . . and so the minimum guarantee provides exactly the funding that the state wants to provide for K-14 programs
 - Ways to “adjust” the minimum guarantee include:
 - Shift state revenues between fiscal years
 - Shift property taxes among local agencies and schools
 - Move state General Fund revenues to special funds
 - Move education programs into and out of Proposition 98
 - Delay paying funds owed to schools from prior-year adjustments
 - Use prior-year funds owed to reduce current-year Proposition 98 spending
 - And the state has used them all

Source: SSC 2012-13 May Revision Workshop

Risks to the Revised Budget Proposal

- Even if the Legislature adopts the Governor's May Revision as proposed, the State Budget would face huge risks in 2012-13
- Voter approval of the Governor's tax initiative is uncertain at best
 - The measure has yet to qualify for the November ballot
 - The latest poll found that about 54% of those surveyed supported the measure, a slim margin at this stage of the campaign
 - A competing measure sponsored by Molly Munger and the Parent Teacher Association (PTA) could confuse voters and draw support away from the Governor's initiative

Source: SSC 2012-13 May Revision Workshop



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

Source: SSC 2012-13 May Revision Workshop

* 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.

What Happens if the Governor's Initiative Fails?

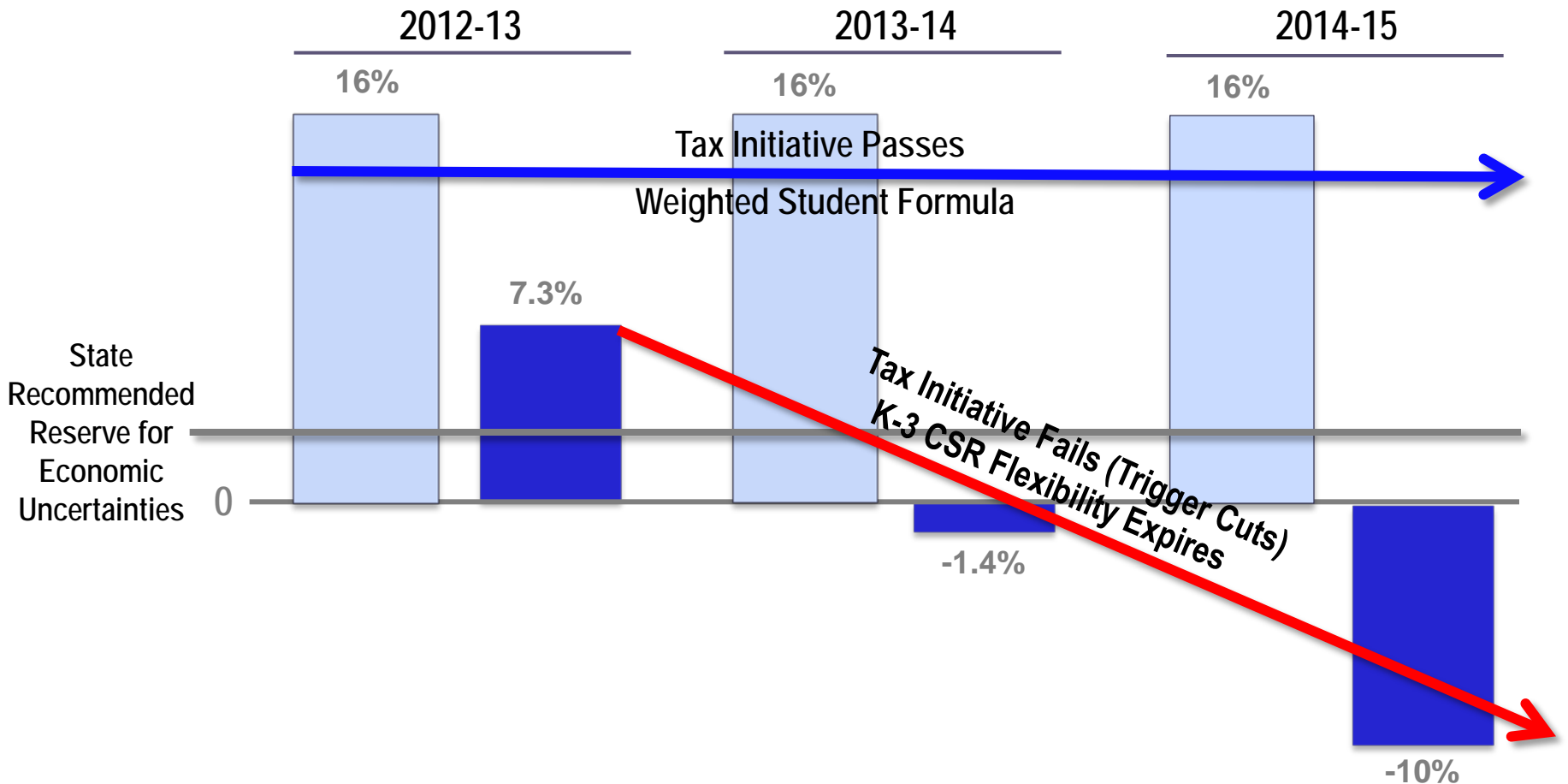
- If the Governor's tax initiative is not approved by voters in November, the May Revision proposes that K-14 education take a \$5.5 billion cut:
 - Proposition 98 revenues fall by \$2.9 billion on the natural
 - As in January, the Governor continues to propose forcing additional programmatic cuts by recasting spending that currently resides outside of Proposition 98 into Proposition 98
 - K-14 debt service on general obligation bonds – \$2.4 billion
 - Other non-Proposition 98 spending added to Proposition 98 – \$200 million

Source: SSC 2012-13 May Revision Workshop



Ending Fund Balance Example Sample School District

© 2012 School Services of California, Inc.



Source: SSC 2012-13 May Revision Workshop

Weighted Student Formula

Minutes, May 24, 2012
Budget Update Workshop

ITEM 6

- Proposal for WSF has changed since January
- Funding
 - Increase in base-level funding from \$4,920/ADA to \$5,081 (grades 7-8) and \$5,887 (grades 9-12)
 - Reduces the supplemental grant for English Learners and Free & Reduced meal students to 20% of base grant (\$1,016 — 7 & 8; \$1,177 — 9-12)
 - Results in approx \$5,760/ADA for District when fully implemented
 - Basic Aid status would continue at that state funding level
- Phase-in conditions
 - Restoration of funding through elimination of deficit factor
 - Phased in over seven years instead of six
 - These two conditions are at odds with each other and create a paradox in that our undeficitated Revenue Limit exceeds our property tax and is substantially higher than potential revenue from the WSF
- Will not be implemented if tax initiative fails

Basic Aid Districts

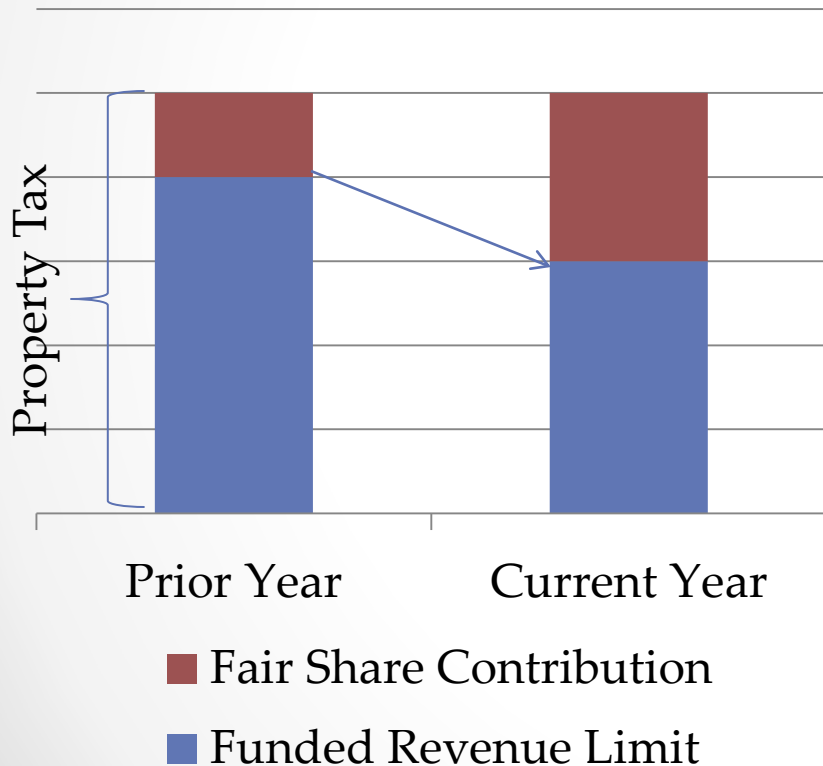
- SB 81 included a provision of the “Fair Share” reduction for two years:
 - In 2011-12, the rate is 9.57% of the Base Revenue Limit, which will be applied in 2012-13, reflecting a one-year adjustment to incorporate the midyear reduction
 - In 2012-13, the rate is 8.92%, which will be applied in 2013-14 and 2014-15
 - The “Fair Share” cut will be taken from basic aid school district unrestricted (supplemental and Tier III) and restricted (state categorical) funds in each respective fiscal year, as per current law
 - We are concerned that our Fair Share contribution in 2013-14 & 2014-15 will exceed our Tier II & III categorical funding and that the state could consider our Special Education funding an available resource

Source: SSC 2012-13 May Revision Workshop

Fair Share Contribution

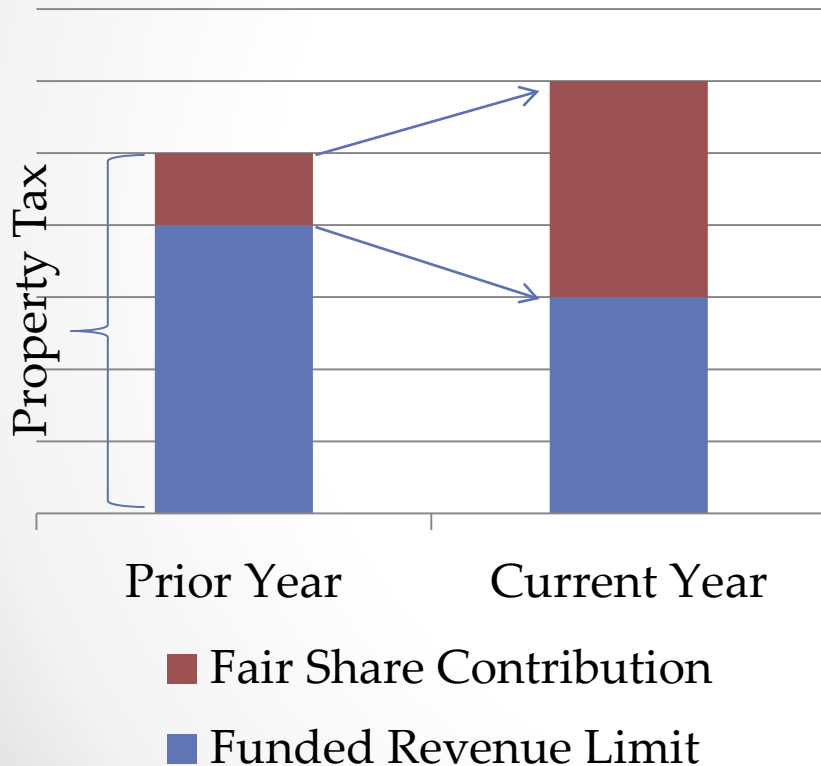
- Factors influencing Fair Share
 - Statutory Base Revenue Limit
 - Increases every year by the COLA, even when not fully funded
 - Funded Revenue Limit
 - Based on level state chooses to fund education
 - Property Tax
 - Amount of property tax above the Funded Revenue Limit sets the level of Excess Tax
 - Formula for Fair Share:
 - 9.57% of BRL or Amount of Excess Tax, whichever is lower
 - District is currently capped at level of Excess Tax
 - Cuts to Funded Revenue Limit artificially inflate level of Excess Tax
 - Increases to Property Tax raise level of Excess Tax
 - Both of these occurred in 2011-12

Fair Share Contribution



- Cut to Funded Revenue Limit will increase Excess Tax amount even if Property Tax stays flat

Fair Share Contribution



- Cut to Funded Revenue Limit increases Excess Tax amount
- Increase in Property Tax raises Excess Tax amount

Transportation Funding

- January proposal eliminated 100% of home-to-school and special education transportation funding
- May Revision eliminates both home-to-school and special ed transportation programs, but districts will continue to receive the same amount of funding as part of an add-on to the WSF
 - Contingent upon passage of Governor's tax initiative
 - Flexible – funds may be spent for any educational purpose

Transportation

- District conducted an informal survey in April, 2012 asking parents of current bus riders their opinions on bus service and cost of bus pass fees
- Survey link sent via Connect-Ed to 831 parents; 220 responses
- Not a scientific poll; summary is based on those who chose to respond

Transportation Survey

Responses by School

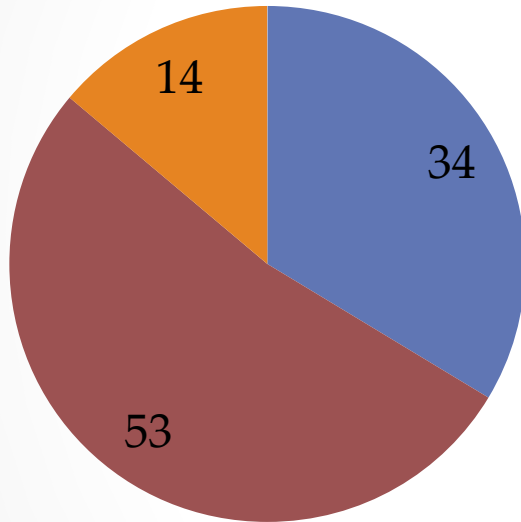
School	Responses	Percent
CVMS	85	33
EWMS	64	25
OCMS	84	32
DNO	13	5
SDA	7	3
LCC	3	1
TPHS	4	2

Responses by Grade

Grade	Responses	Percent
7 th	145	56
8 th	114	44
9 th – 12 th	14	5

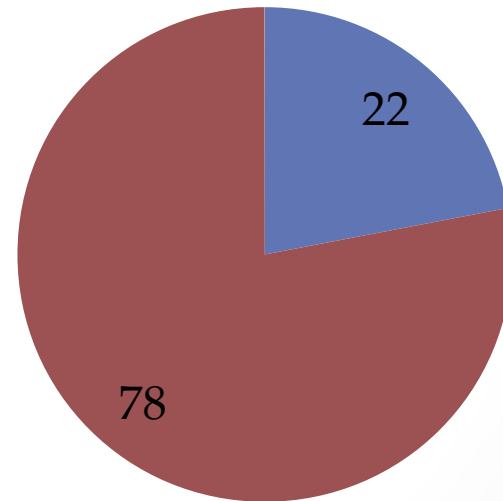
Transportation Survey

How Important is bus service to you?



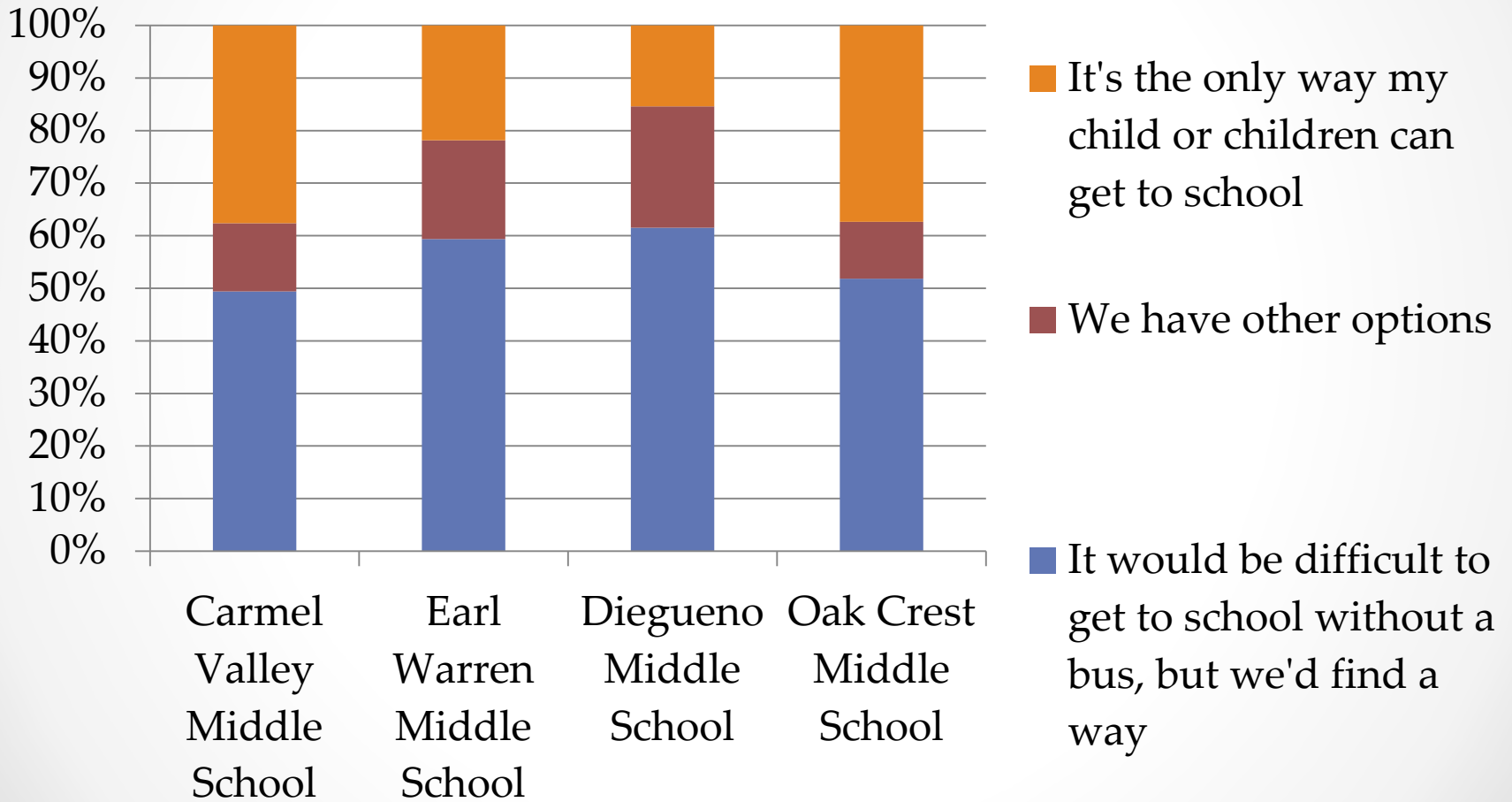
- It's the only way my child can get to school
- It would be difficult to get to school without a bus, but we'd find a way
- We have other options

If you had to pay full cost of \$1,375 per student or give up bus service, which would you choose?



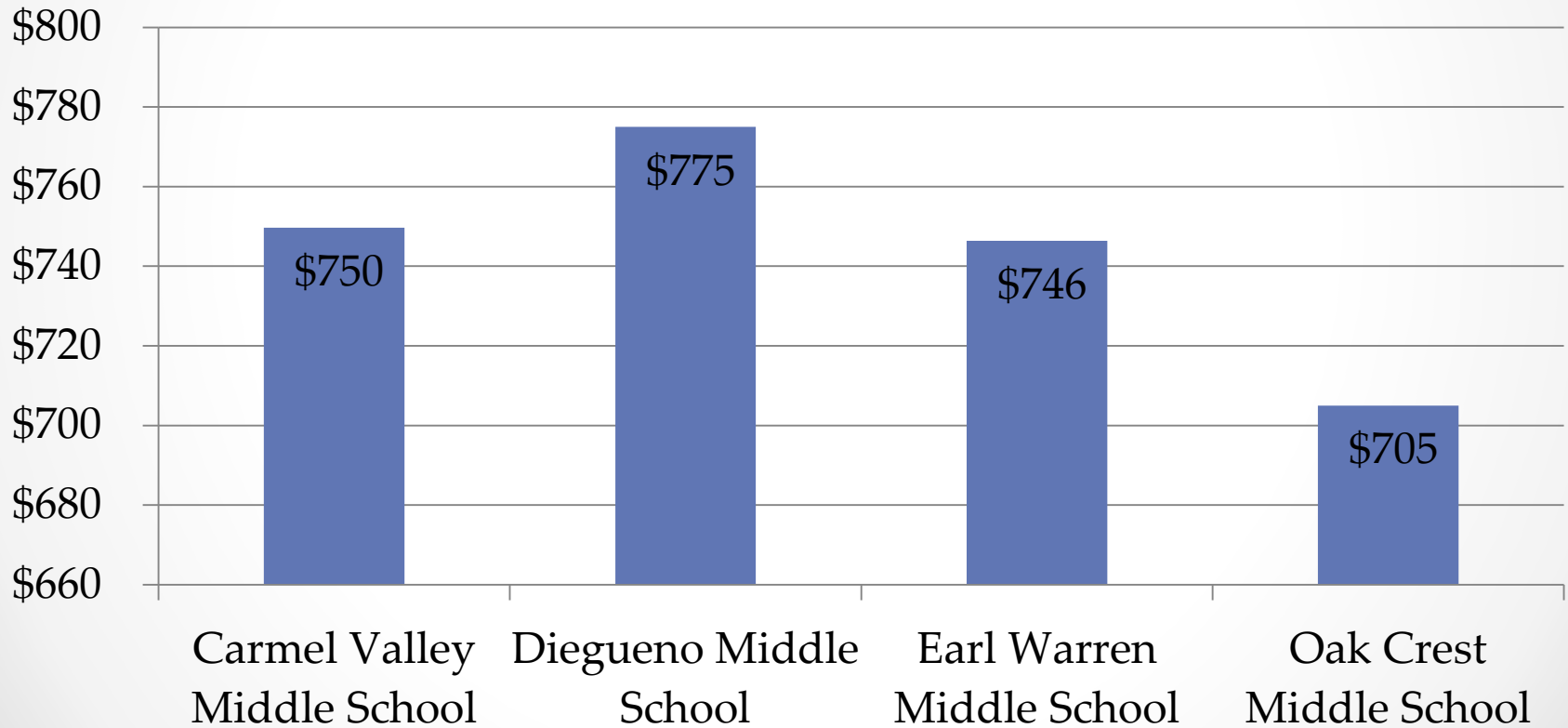
- I would pay the full cost of \$1,375
- I would find another way to transport my child

Transportation Survey



Transportation Survey

It costs \$1,375 per student to provide middle school transportation. The bus pass fee is currently \$600 per year. How much would you be willing to pay for a bus?



Transportation

- Middle School Transportation Recommendations for 2012-13
 - No reductions in middle school transportation
 - CV to EW buses serve district's interest in drawing enrollment to EWMS
 - Increase bus pass fee to \$700
- Consider eliminating HS shuttle service for 2012-13
 - Three shuttles running
 - One bus from Solana Beach to TPHS
 - Two buses from SDA to LCC and back to SDA
 - Families advised in HS Selection that transportation might not be an option and not to base decision on availability of a bus
 - High school transportation not provided elsewhere in the District

Transportation

- Options for 2013-14 school year
 - Stagger Middle School start times
 - Bus routes would be consolidated to run same number of routes with fewer buses
 - Estimated savings of \$200,000
 - Eliminate Middle School transportation
 - Transportation funding would be made available for any educational purpose under Governor's proposal
 - Funds formerly restricted toward transportation could be diverted to support Special Ed Transportation encroachment or other district programs
 - Estimated savings of \$489,000

School Facilities Issues – State Bond Sale

- The State Treasurer's Office sold approximately \$1.34 billion in general obligation bonds in April 2012
 - \$619.5 million is designated for the School Facilities Program (SFP)
- These funds will be available for projects currently on the unfunded list
- Districts receiving state bond money must be ready to proceed or they will lose funding

Source: SSC 2012-13 May Revision Workshop

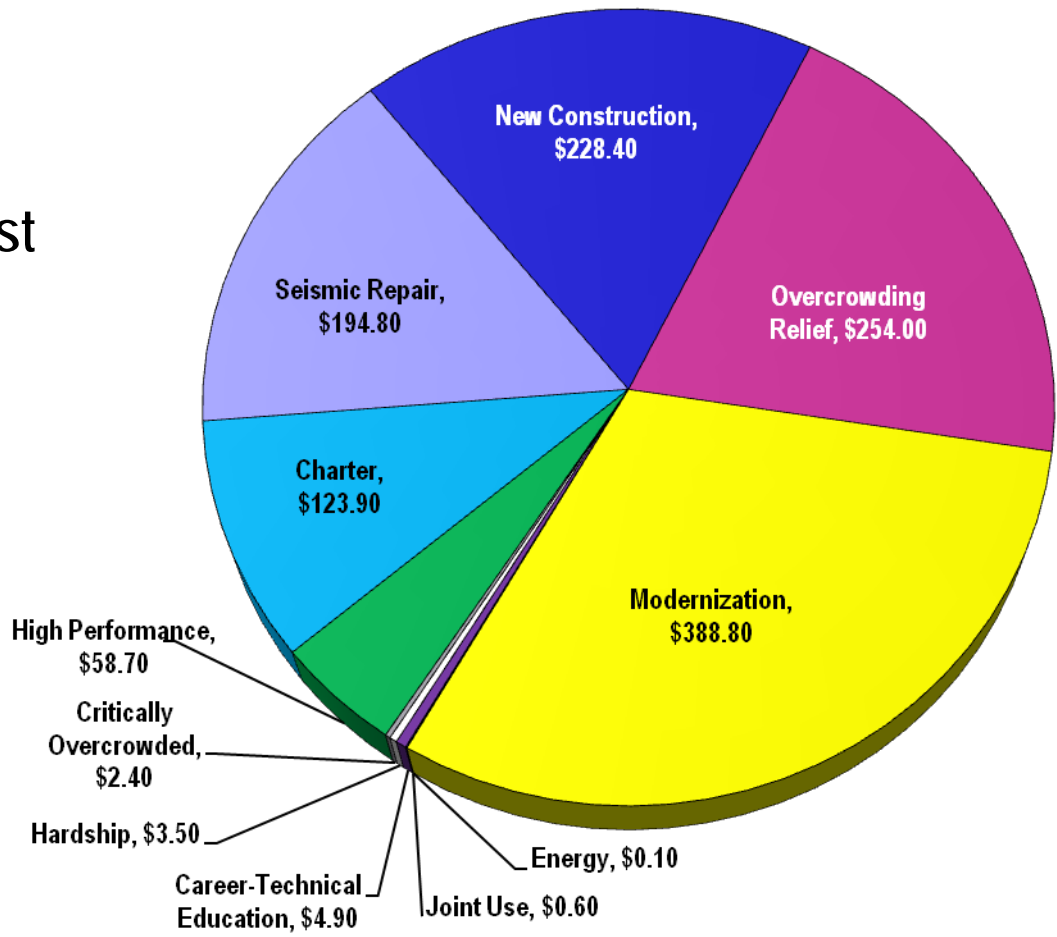


School Facilities Issues – Remaining Bond Authority

© 2012 School Services of California, Inc.

- The last statewide school facilities bond was passed in 2006
- Existing bond authority for the SFP's new construction and modernization programs is almost exhausted
- The Governor's May Revision proposal does not address ongoing school facilities needs

\$1.260 Billion as of April 25, 2012
(by program, in millions)



Source: SSC 2012-13 May Revision Workshop

What Happens Next?

- School Services of California does not expect much real debate or legislative action on the State Budget until after the June 5 primary election
- Proposition 25 almost guarantees the Legislature passes a “Budget” by June 15
 - Allows legislators to pass a Budget with a majority vote
 - Legislators’ pay is forfeited if they do not pass a Budget by that time
 - The State Controller is not permitted to judge the fiscal integrity of the Budget; only whether or not the Legislature passed one

What Happens Next?

- Staff is working on incorporating changes from May Revision into 2012-13 Budget
- Budget information will be communicated to the Board in advance of consideration for adoption
- Board Meeting June 21, 2012