

A 3D rendered maze in shades of blue. A person in a dark suit, seen from behind, is walking away from the viewer down a central path that leads into the maze. The lighting is dramatic, with the path and the person's silhouette highlighted against the darker blue walls of the maze.

MDUSD 2011-12
**Where We Started, Where We Are &
Where the Governor's Budget Takes Us**

Steven Lawrence, Ph.D., Superintendent
February 1, 2012

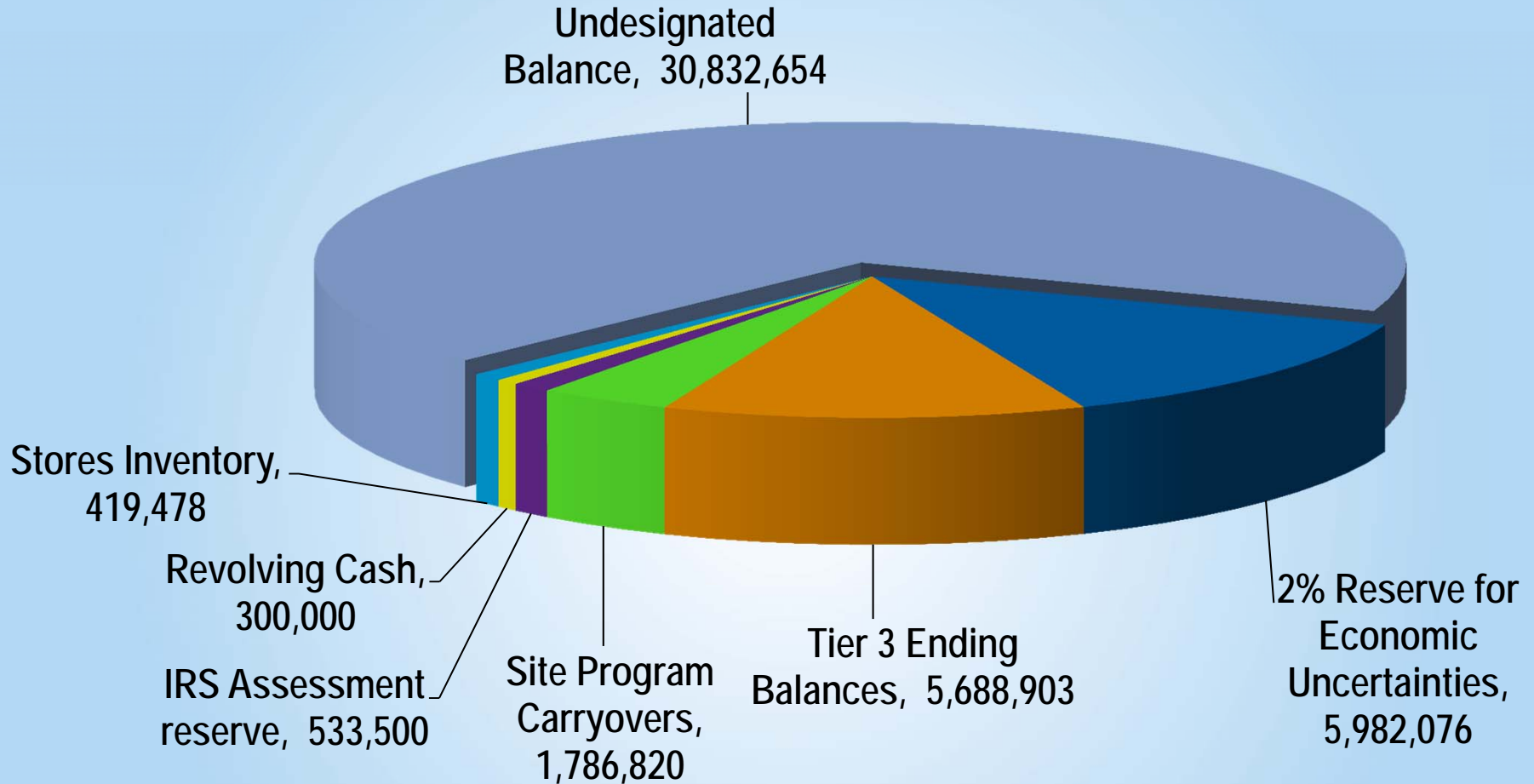
Where did last year's ending balance come from?

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● Beginning balance 7/1/2010	\$ 24,791,068
● Revenues & other sources	204,626,993
● Expenditures & other uses	<u>(183,874,630)</u>
● Ending balance 6/30/2011	45,543,431
● Revolving cash	(300,000)
● Stores Inventory	(419,478)
● 2% Reserve for Economic Uncertainties	(5,982,076)
● Tier 3 Categorical Program Balances	(5,688,903)
● School Site Carryovers	(1,786,820)
● IRS assessment reserve	<u>(533,500)</u>
● Undesignated ending balance 6/30/2011	\$ 30,832,654

What did last year's ending balance contain?

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Why is last year's ending balance higher than projected?

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- Cash Flow & State Deferrals:
 - Deferrals increased by \$8.55M
 - Need higher fund balance to maintain positive cash

- Programmatic & site budget carryovers \$7.5M

- Late one time revenue payments (Total \$5M)
 - 2009-10 SDA Adjustment \$2M
 - Prior year mandated costs \$1.4M
 - State Fiscal Stabilization supplement \$1.6M

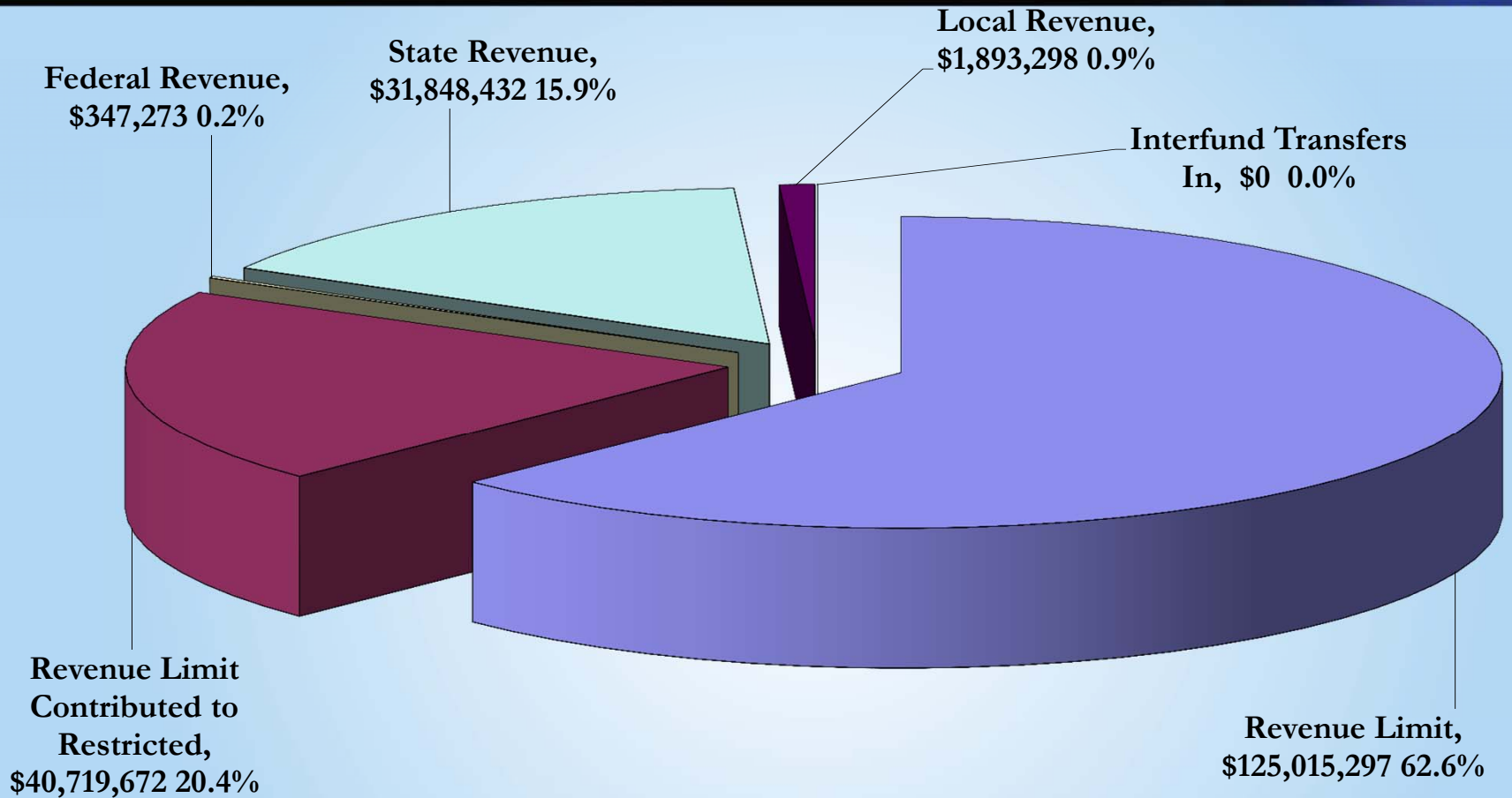
- Held off spending anticipating an across the board cut of \$330/ADA (\$10,724,165), which became trigger cut of \$13/ADA plus half of transportation

Where do this year's funds come from?

Unrestricted General Fund Revenues Before Contributions

2011-12 Total = \$199,823,971

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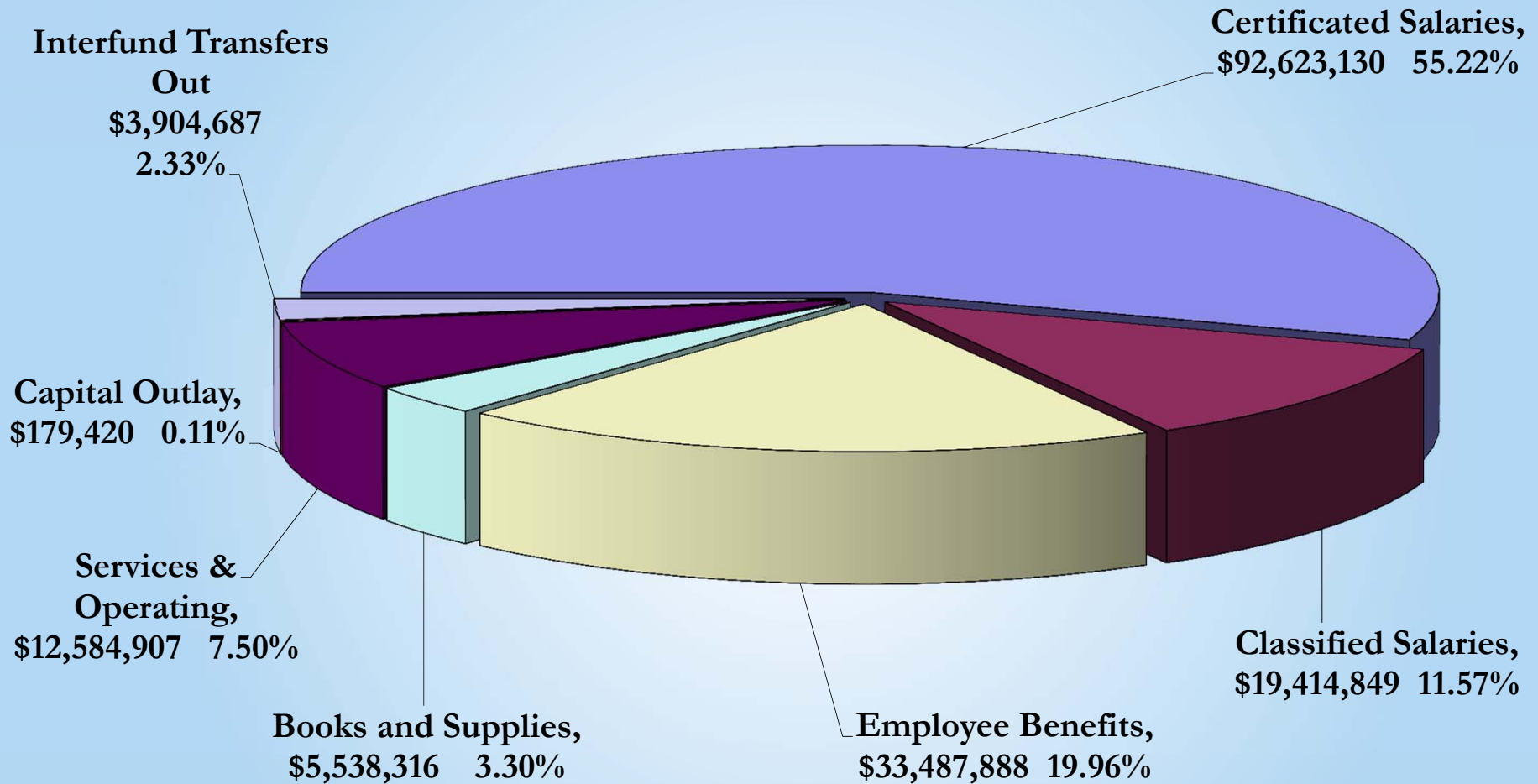


Revenue Limit is 83% of unrestricted general fund revenue.

How do we spend it?

Unrestricted General Fund Expenditures and Transfers Out

2011-12 Total = \$167,733,197



Salaries and Benefits make up 86.75% of expenditures & transfers out

Operating deficit relies on the ending balance

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● Revenues	\$199,823,971
● Less: Contribution to restricted	<u>(40,719,672)</u>
● Net revenues	159,104,299
● Less: Expenditures	<u>(167,733,197)</u>
● Operating Deficit	\$(8,628,898)

- ARRA/SFSF funds received in 08/09 through 10/11 helped minimize reductions
- Without Measure C the deficit would be \$10.6 M for 11/12 and would grow to \$15.6 M beginning in 12/13

● Where does funding come from to cover the deficit?

- The undesignated prior year ending balance of \$30,832,654

● If \$330/ADA loss (\$10,724,165) had come through, how long could we maintain program until we ran out of cash?

- 1 year, 8 months

Governor's 2012-13 Budget Proposal Continues mid-year Contingent Trigger Cuts

B-4

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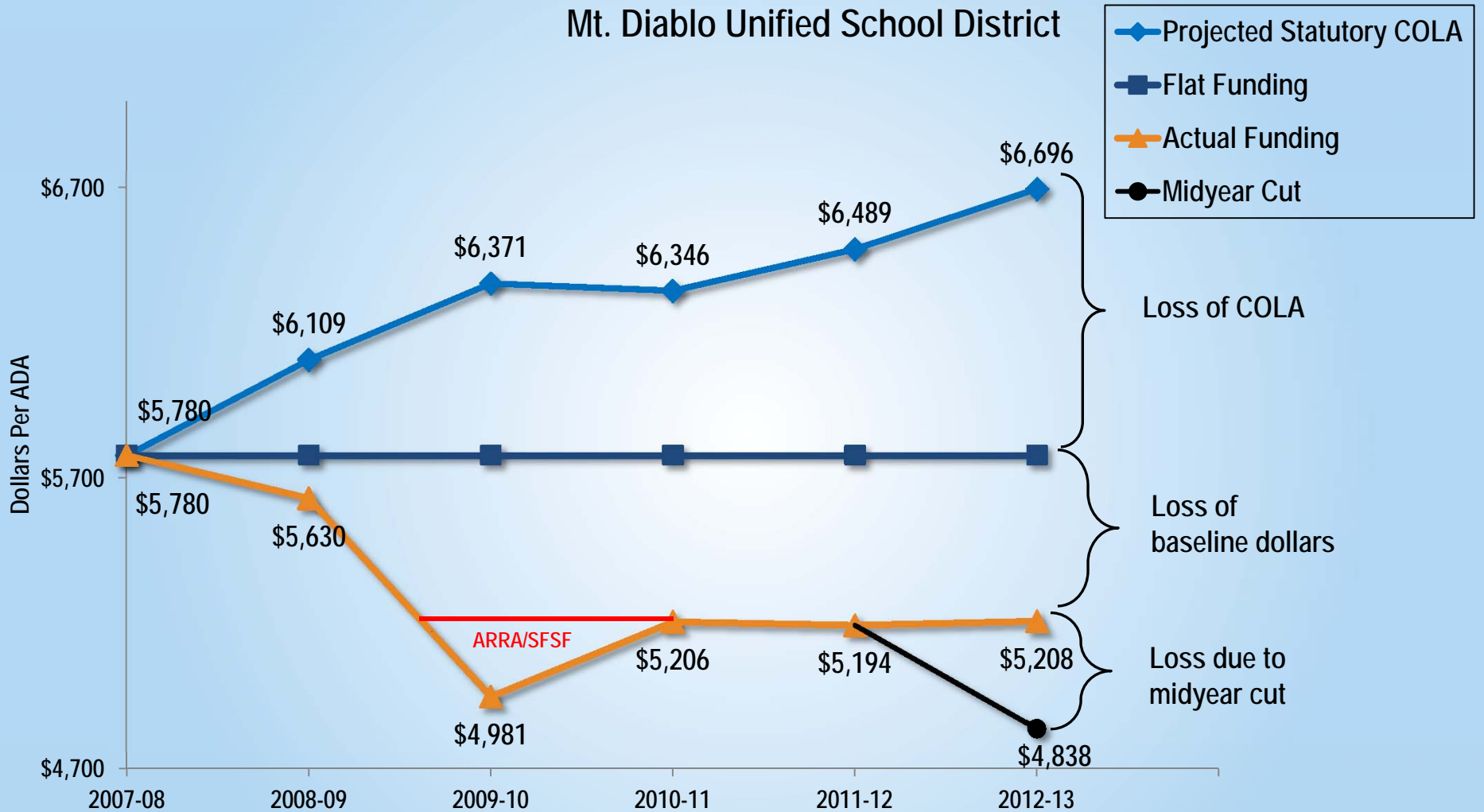
- The Governor's Budget Proposal for 2012-13 contains automatic trigger reductions of \$5.4 billion if the proposed \$6.9 billion tax initiative either does not get on the ballot or does not pass
 - The trigger reductions for K-12 is approximately \$370/ADA
- Regardless of the tax initiative the Governor's budget proposal fully cuts transportation funds which is a reduction of \$2,259,413 for MDUSD. The amount of transportation funding we receive does not cover the cost of special education transportation which is a Federal mandate.
- For MDUSD a \$370/ADA reduction is \$12,025,000 plus 100% transportation cut of \$2,259,413 or a total of \$14,284,413 if taxes fail
- If the \$14.3M reductions occur, along with our current spending deficit of \$8.6M, we would have to cut our budget by \$22.8 M in on-going funds
- The \$30.8 M reserve would address this loss for 16 months before on-going reductions would need to be in place
- Because it would be a mid-year reduction 6 of the 16 months would have already passed

Funding Per ADA – Actual vs. Statutory Level

B-23

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Mt. Diablo Unified School District

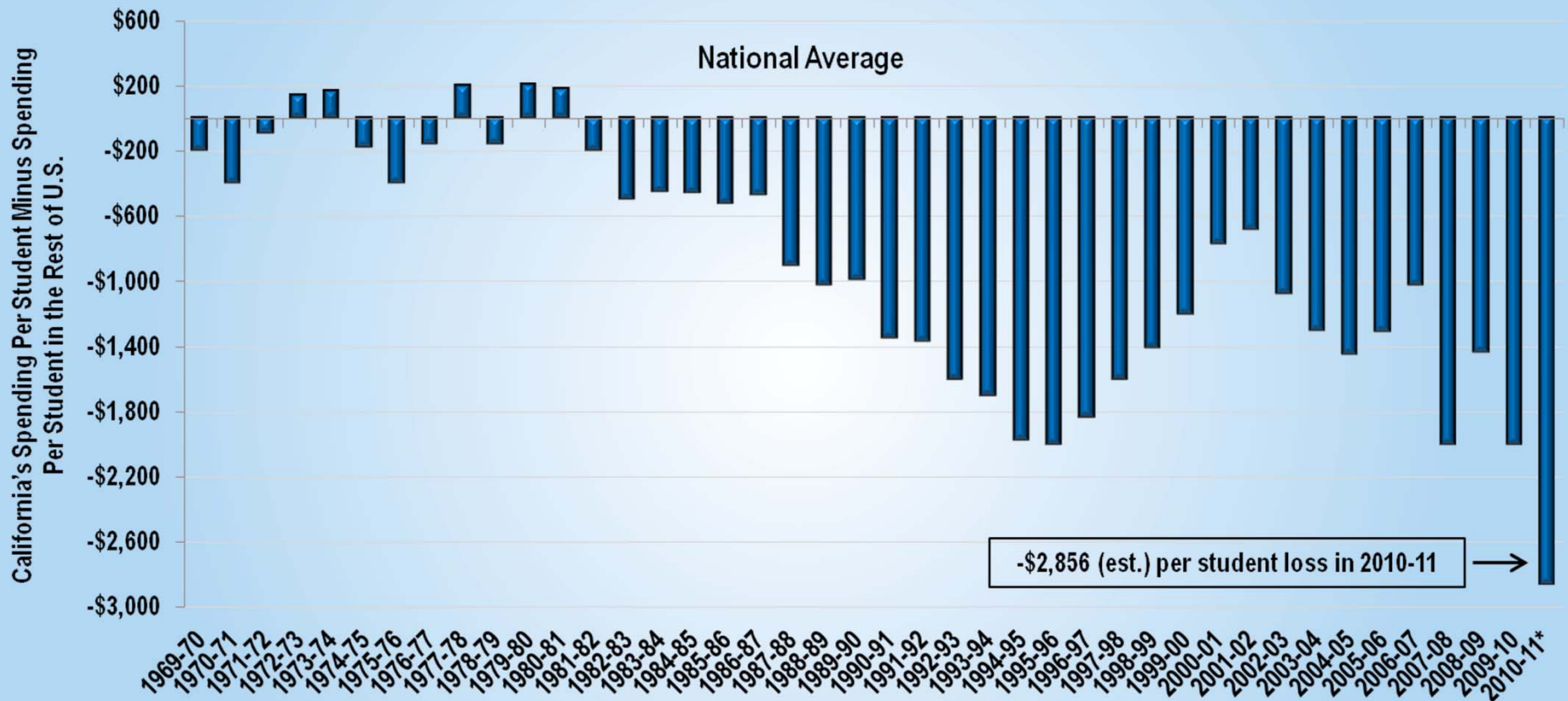


California's Education Spending Continues to Lag

B-26

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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

What would full funding mean for our schools in dollars?



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- For the 2011-12 school year if we received the full statutory revenue limit we would have an additional \$1,295/ADA or \$42M
- Even with flat funding next year (2012-13) the gap widens next year to \$1,488/ADA it is \$48.3M
- Funding at nationwide average in 2010-11 would increase our funding by \$2,856/ADA or \$92.8M

Performance on National Assessment of Educational Performance (NAEP) vs State Spending on Education

B-27

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- The top five states, in terms of student performance on the NAEP, are Vermont, Rhode Island, Wyoming, New Jersey, and Maine
- The bottom five are California, Idaho, Mississippi, Nevada, and Arizona
- What's different in per pupil spending?

	Top Five	Bottom Five
Per-student spending	\$16,000 – \$22,000	\$6,700 – \$8,700
Percent of state resources	4.2% – 6.0%	3.2% – 3.9%
4 th Grade NAEP*	32% – 44%	22% – 33%
8 th Grade NAEP*	34% – 47%	19% – 37%
*National Assessments of Educational Progress		

- California has fallen from number one to number 46 in per-ADA funding; and the results bear that out

Late developments

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- SB 81 passed the Assembly Budget Committee on a bipartisan vote January 31
 - Would convert 2011-12 transportation cut into a further revenue limit deficit of 0.65% or \$42.18 per ADA
 - This is a deeper current year cut than the transportation cut originally implemented by \$264,791

- AB 1172 passed the Assembly on a 41-27 partisan vote January 30.
 - Would allow school districts to consider financial impact of charter schools
 - Bill heads to Senate

What can parents/community members do?

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- Attend meetings where State representatives are present and let them know that any further reductions to education funding are not OK. Including this year's mid-year reductions.
- Write letters and send e-mails (form e-mails are not as useful as individually written e-mails)
- Highlight what we should be receiving per student (\$1295 more)
- Highlight how far below the national average California is (-\$2856) and ask how our children are supposed to compete when education is not the # 1 priority of State leaders
- The goal is to make educational funding the #1 priority in Sacramento