

**32<sup>nd</sup> District PTA Presents:**

# School Finance 101

***PTA***<sup>®</sup>

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May 16, 2011

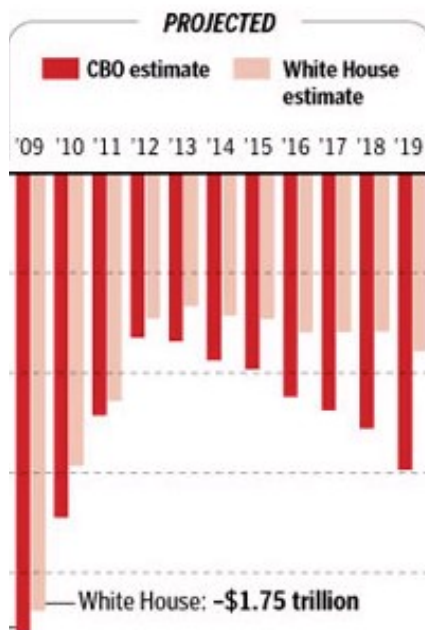
**CONTRA COSTA COUNTY  
OFFICE OF EDUCATION**

# THE SACRAMENTO BEE

## Brown budget will spare schools if voters extend tax hikes



# Economic Forecast



## THE FORECAST

The California and national economies entered 2011 in the midst of a weak recovery from the worst recession of the post-World War II era. A sharp rebound does not appear likely. Rebuilding household balance sheets requires restrained consumer spending; and that restraint in turn will provide for only modest job growth for some time.

The loss of confidence in Greece, and most recently Ireland, presents the possibility of a spreading debt crisis whose fallout, although nearly impossible to anticipate at this point, could potentially rival the financial meltdown that struck the United States at the end of 2008. At the very least, the austerity measures proposed to deal with these crises will place a significant drag on European economic growth and put downward pressure on demand for U.S. exports. ✓

The outlook for the national economy is for tepid growth in 2011, followed by moderate growth in 2012 and 2013. Real Gross Domestic Product is projected to grow by 2.2 percent in 2011, 2.9 percent in 2012, and 2.7 percent in 2013. After falling 0.5 percent in 2010, nonfarm payroll employment is forecast to grow 1.0 percent in 2011, 1.8 percent in 2012, and 1.9 percent in 2013.

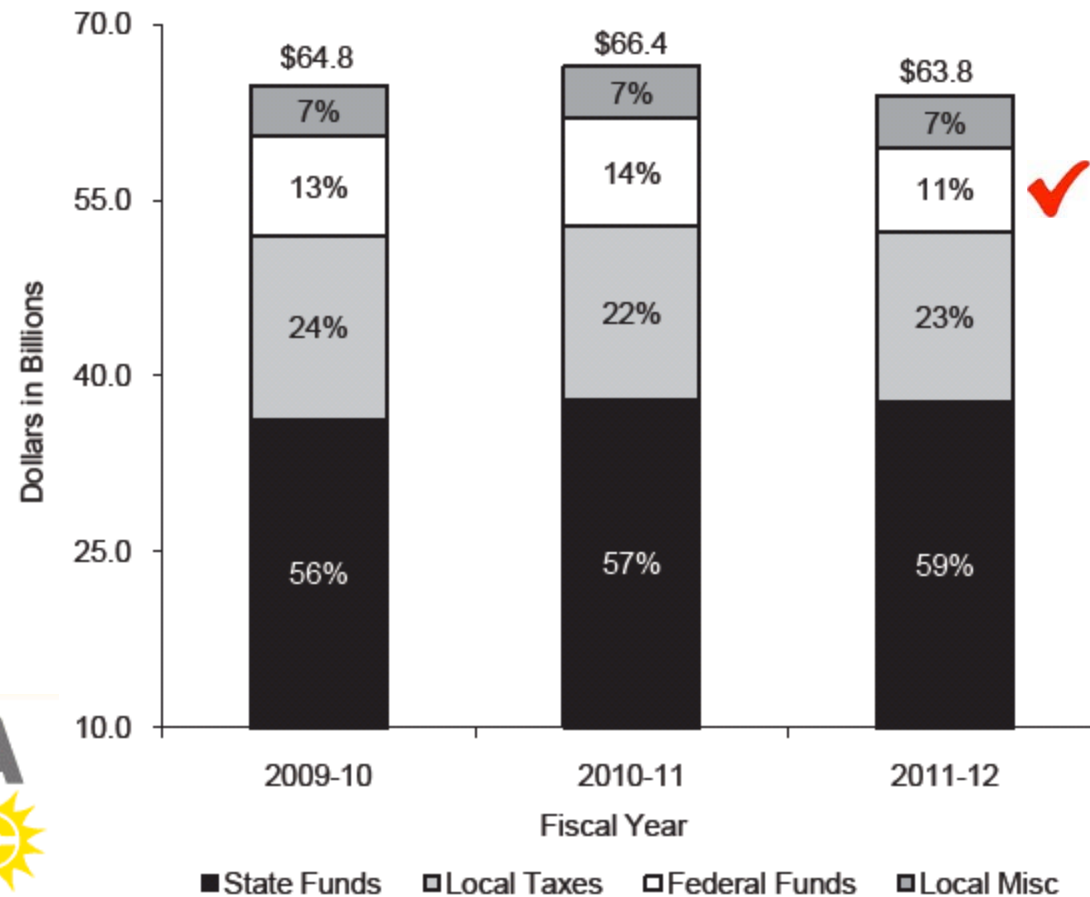


**State's economic forecast fifth-worst in U.S.**

**California Debt Crisis, Muni Bonds At Real Risk of Default**

**The Market Oracle**

**Sources of Revenue for California's K-12 Schools**  
(As a Percent of Total)



Public education in California faces  
perilous 'funding cliff'

**Absent Permanent Solutions,  
 Deficits Will Persist for Years**

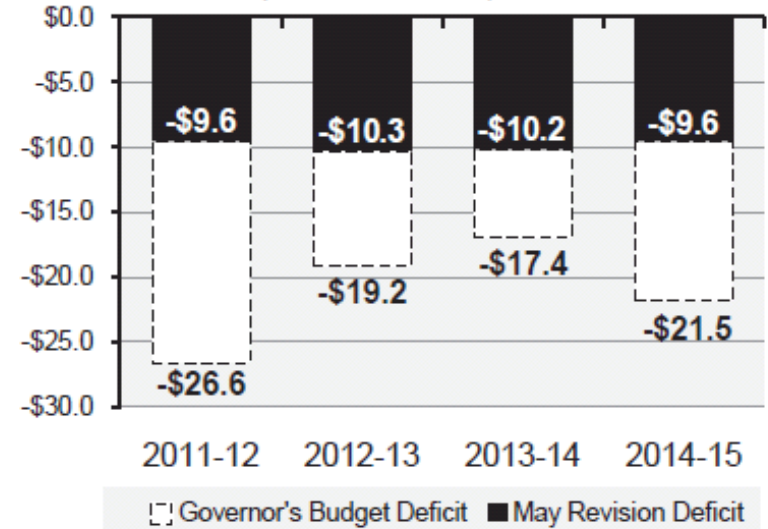
General Fund (In Billions)



Source: Legislative Analyst's Office

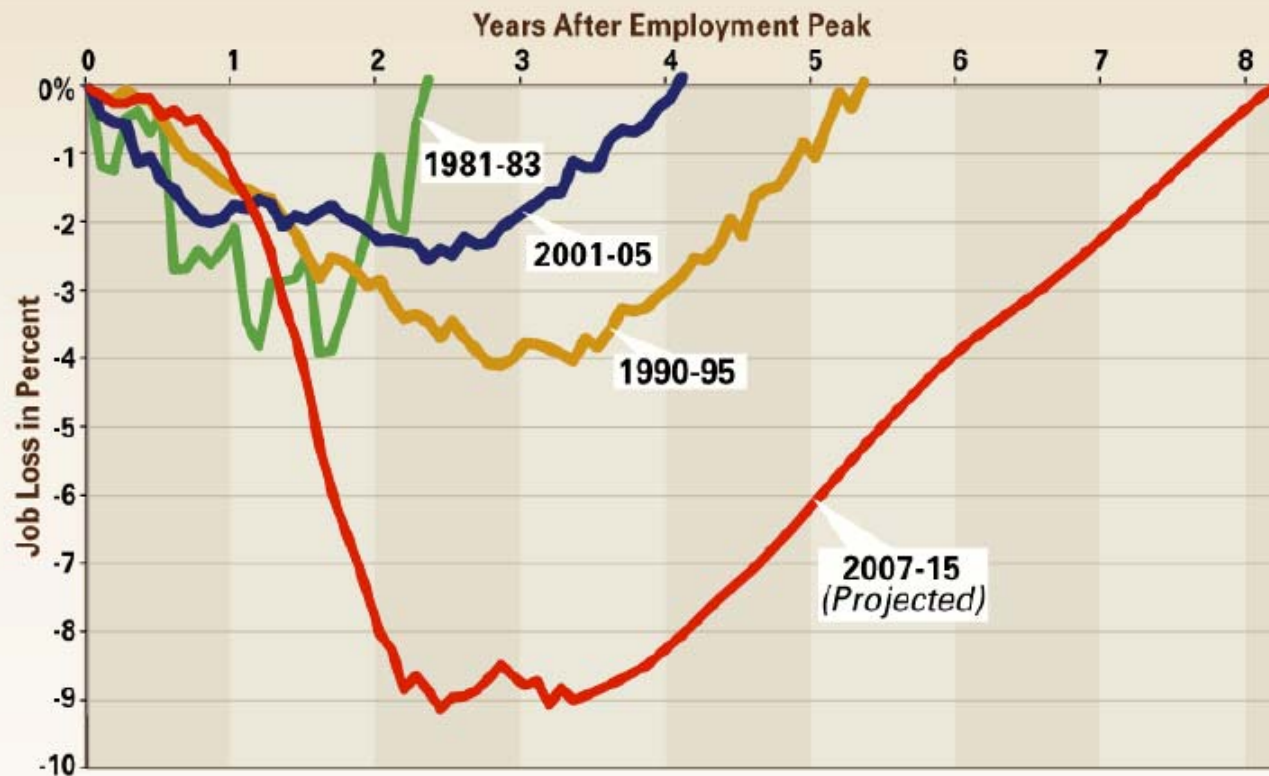
**State's Budget Gaps Have Been Reduced  
 to \$10 Billion Annually**

(Dollars in Billions)



**Los Angeles Times**  
 California's credit rating cut to lowest of all 50 states

## Very Modest Recovery Forecast



Source: Legislative Analyst's Office



sacbee.com

**Dan Walters: Slow recovery may  
 bring California to a spending  
 crisis**

# FCMAT Predictors

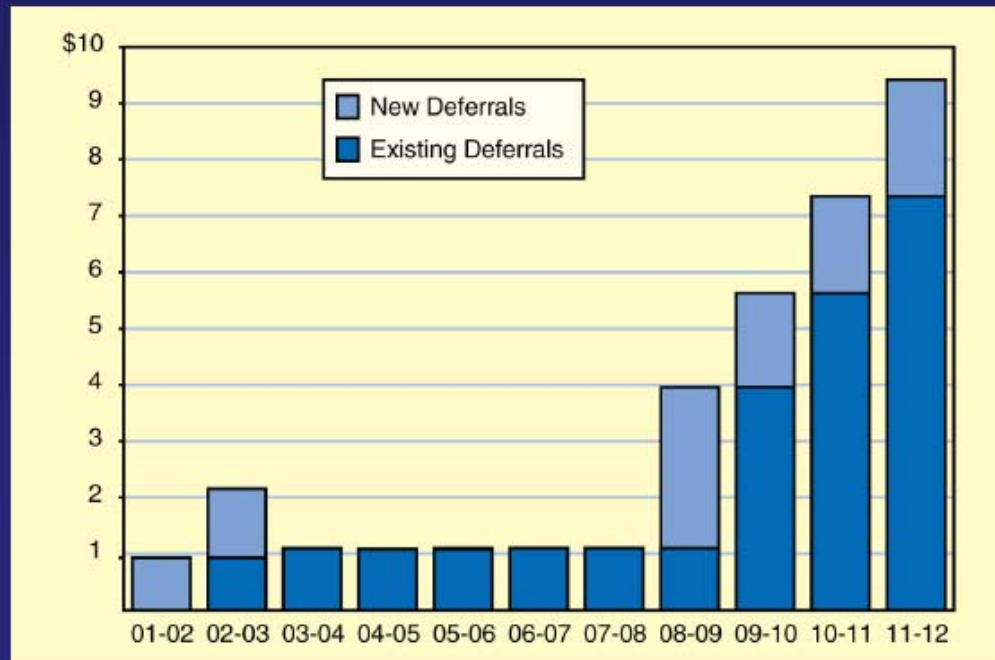
## 4. Inadequate Budget Development\*

Flawed multi-year projections  
Poor cash flow analysis and  
reconciliation\*\*

\*\* Represents the 15 conditions that have been found most frequently to indicate fiscal distress

## K-12 Deferrals Now \$9.4 Billion

(In Billions)







THE LATEST ON CALIFORNIA POLITICS AND GOVERNMENT

February 14, 2011

## **Legislative analyst identifies massive cuts if taxes fail**

As was expected, the alternatives are grim - \$4.5 billion less for K-12 schools than Brown proposed, as well as a \$1.7 billion reduction to universities and community colleges. The Analyst's Office also laid out \$2.6 billion in cuts to corrections and courts, \$1.2 billion in health and social services reductions, \$1.8 billion in cuts to "general" state and local government operations and \$1.7 billion in cuts to transportation and resources.

**Jason Sisney**, LAO director of state finance, emphasized that his office was not necessarily recommending the cuts, but offering options that responded to a hypothetical suggested by Leno.

"We tried to score savings we thought were realistic under the law," Sisney said. "We attempted to identify as many options that would avoid touching core programs as much as possible."

Here's a sampling of what the Analyst's Office proposed as alternatives to higher tax extensions proposed by Brown (savings in parentheses):

### **K-12 Schools**

- Eliminate K-3 class size reduction (\$1.275 billion)
- Require that kindergarteners be 5 years old at enrollment in 2011-12 (\$700 million)



### **State Schools Chief Tom Torlakson to Districts: Plan for the Worst**



California Department of  
**EDUCATION**

*Superintendent Seeks to Gauge Impact of \$4.5 Billion in School Cuts*

SACRAMENTO—State Superintendent of Public Instruction Tom Torlakson is warning school districts to plan for the worst and took steps to tally the impacts on California schools if the state's temporary taxes expire July 1.

[guardian.co.uk](http://guardian.co.uk)

## Wall Street shares slump as S&P downgrades US debt outlook

Ratings agency cuts long-term outlook from stable to negative for first time since Pearl Harbor attack 70 years ago

**School administrators warn of 160-day year**



# Contra Costa Impact

<u>District</u>	Instructional Days	<u>District</u>	* <u>Certification</u>
ACALANES	10/11 178 days	ACALANES	positive to qualified
ANTIOCH	180 days	ANTIOCH	positive to negative
BRENTWOOD	10/11 180 days	BRENTWOOD	positive to qualified
BYRON	177 days	BYRON	positive to negative
CANYON	180 days	CANYON	remains positive
JOHN SWETT	10/11 178 days	JOHN SWETT	remains negative
KNIGHTSEN	10/11 175 days	KNIGHTSEN	remains positive
LAFAYETTE	11/12 176 days	LAFAYETTE	positive to qualified
LIBERTY	10/11 180 days	LIBERTY	positive to negative
MARTINEZ	178 days	MARTINEZ	positive to qualified
MORAGA	180 days	MORAGA	positive to qualified
MT. DIABLO	10/11 177 days	MT. DIABLO	positive to negative
OAKLEY	11/12 175 days	OAKLEY	positive to negative
ORINDA	10/11 180 days	ORINDA	remains positive
PITTSBURG	180 days	PITTSBURG	positive to negative
SAN RAMON	10/11 179 days	SAN RAMON	positive to negative
WALNUT CREEK	180 days	WALNUT CREEK	remains positive
WEST CONTRA COSTA	180 days	WEST CONTRA COSTA	positive to negative

\* Assumes all cuts budget with \$800 ADA reduction and no additional corrective action 11

# May Revise – News

## Gov’s “May revise” forces switch to budget tax plan

5:18 p.m. | Julie Small | KPCC

### TAXES

Brown hopes to hold a special election asking voters to extend a series of temporary increases to the sales, personal income and vehicle taxes. Because all the taxes will expire by July 1, Brown hopes the Legislature will temporarily approve the tax increases until a special election could be held, possibly in the fall. The proposed tax solutions are:

### EDUCATION

\_ K-12 funding will rise by about \$3 billion under the voter-approved Proposition 98, bringing total school spending to \$66 billion, or \$38.7 billion from the general fund. That represents about 43 percent of all general fund spending. It would be the highest education guarantee since the 2007-08 fiscal year.



## Tough Budget Spot for Governor (No Plan B) Brown



## Governor’s May Revision Ties \$1 Billion CSU Cut to Tax Extensions