

# Contra Costa County Office of Education 2010-11 Budget Update

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December 2010



## Los Angeles Times

### An ugly, temporary answer to California's intractable budget problems

*With few services left to cut, little left to tax and almost no political will or legislative experience to move past partisan bickering, the state budget was bound to be a disappointment.*

October 10, 2010 | By Evan Halper, Los Angeles Times



Rich Pedroncelli, Associated Press

Reporting from Sacramento — It was another prolonged Sacramento production, full of bickering, posturing and inaction that led to the latest state budget in modern history and provided a convenient target for the gubernatorial candidates, who say things would be different if they were in charge.

One of them will be put to the test come January, when California starts the exercise all over again. Gov. Arnold Schwarzenegger and the current crop of lawmakers are leaving much of the \$19-billion deficit for either GOP nominee Meg Whitman or her Democratic rival, Jerry Brown.

### Attack deficit's core, experts say

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PUBLISHED SUNDAY, NOV. 21, 2010

### CALIFORNIA: Darrell Steinberg signals midyear budget talks

[San Francisco Chronicle](#) ^ | 11/4/10 | Wyatt Buchanan, Chronicle Sacramento Bureau





## 2010-11 BUDGET UPDATE – DECEMBER 2010

### 2011-12 Budget Problem Up to \$28 Billion

LAO Projected Budget Gap	\$25.4 billion
Possible Estate Tax Revenue Loss	\$2.7 billion
<b>Total</b>	<b>\$28.1 billion</b>





## 2010-11 BUDGET UPDATE – DECEMBER 2010

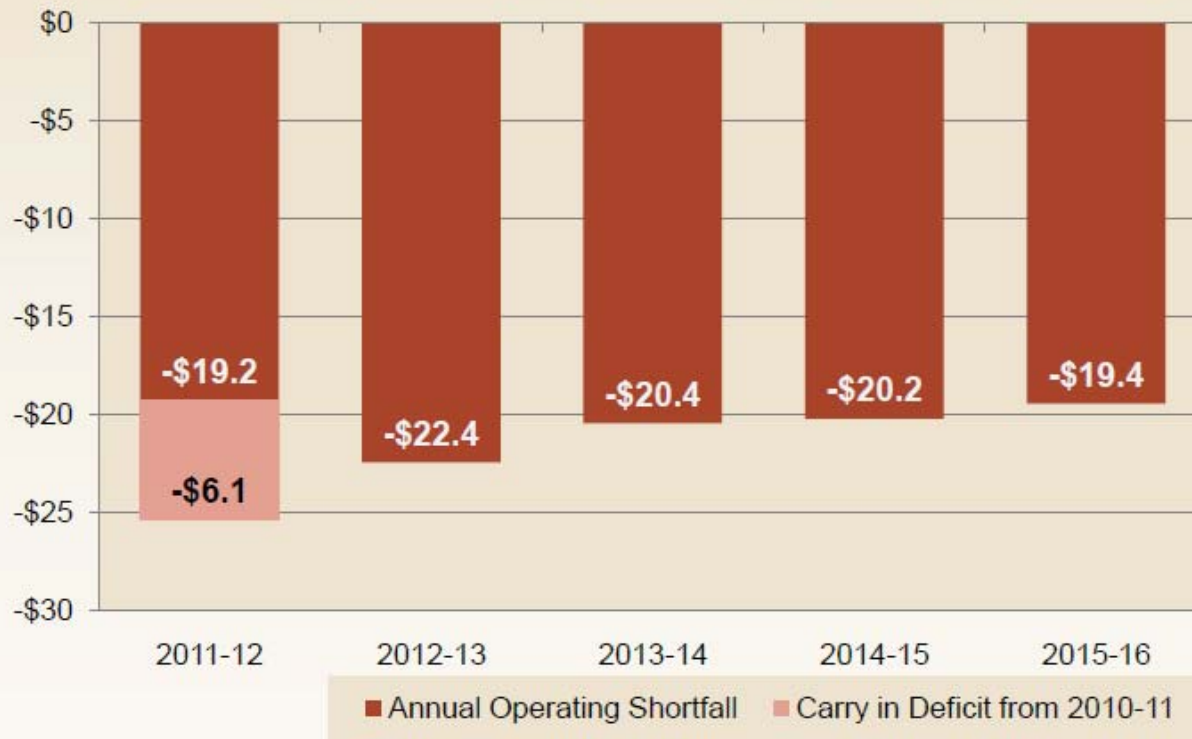
### Worse Next Year Than This Year

- Revenues Temporarily High This Year
  - Last year of temporary tax increases (\$8.3 billion).
  - One-time revenues (sale of state buildings)
- Federal stimulus funds used up



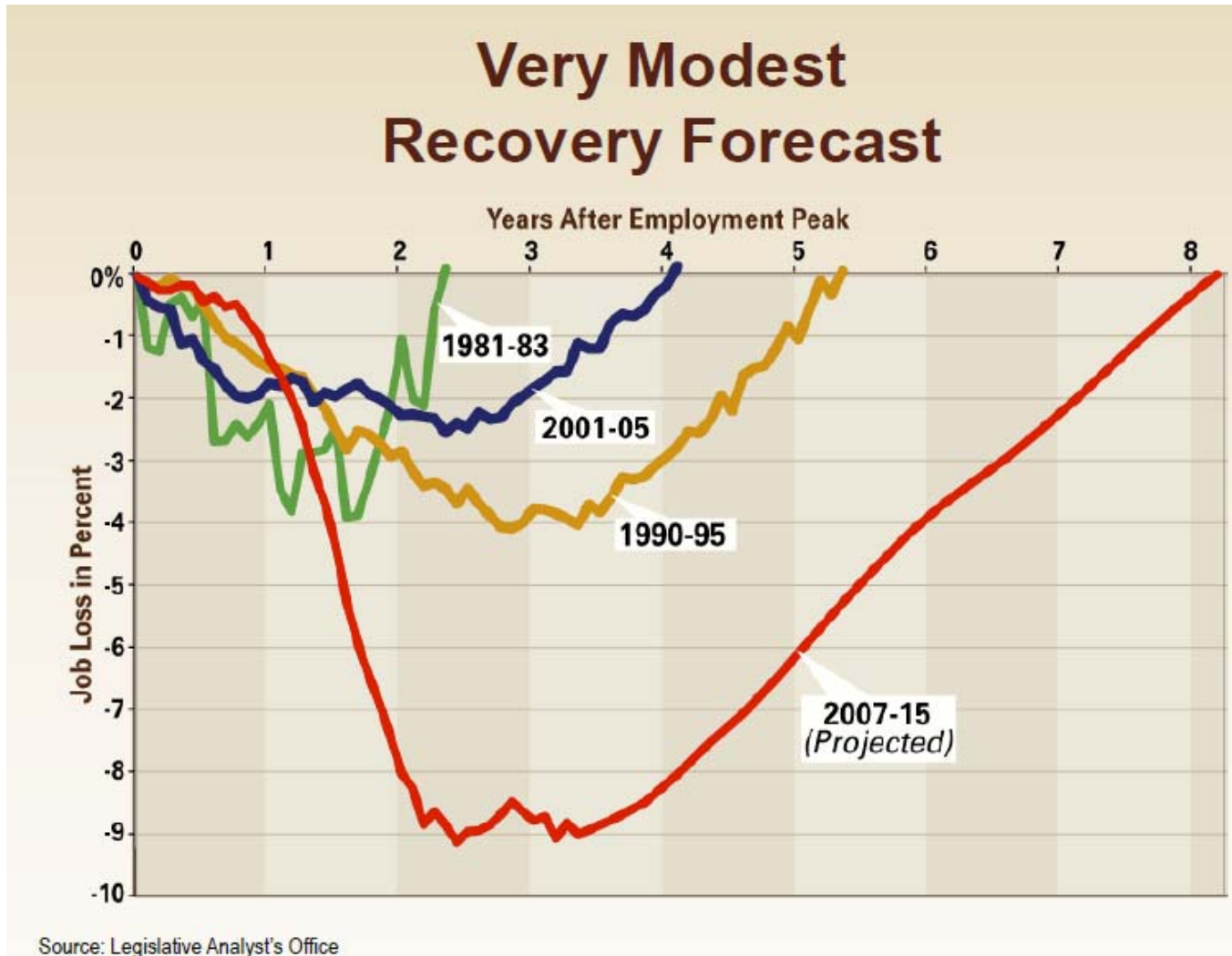
## Absent Permanent Solutions, Deficits Will Persist for Years

General Fund (In Billions)



Source: Legislative Analyst's Office







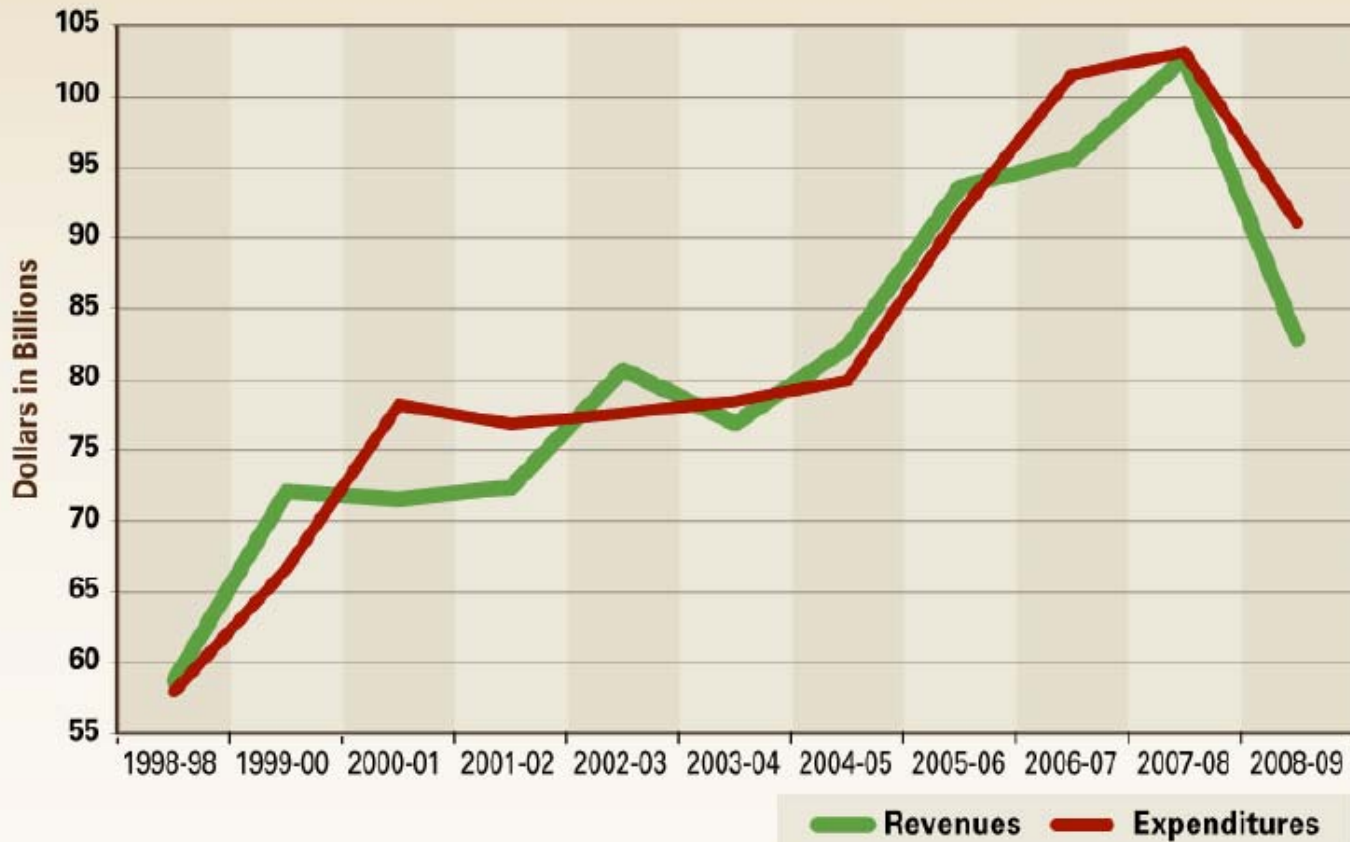
## 2010-11 BUDGET UPDATE – DECEMBER 2010

### Billions in Threats and Future Pressures

- Pension Liabilities —  
\$100.0 Billion To \$500.0 Billion
- Unemployment Insurance Fund Deficit —  
\$10.3 Billion
- Outstanding Budgetary Borrowing —  
\$15.3 Billion
- Health Care Reform —  
\$3.5 Billion



## General Fund Revenues vs. Expenditures





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## Some Things We've Done to Balance the Budget in the Last Decade

(Dollars in Billions)

### Temporary Solutions

1 Federal Stimulus Funds	2008-09 to 2010-11	\$17.4
2 Expiring Tax Measures (2010-11 Value)	2009-10	8.3
	<b>SUBTOTAL</b>	<b>\$25.7</b>

### Solutions That Can't Be Repeated

1 Accelerate Collection of Personal Income Tax and Corporate Taxes	2008-09 and 2009-10	\$6.5
2 One-Time Shift of Property Taxes from Redevelopment Agencies	2009-10 and 2010-11	2.1
3 Medi-Cal Program Budget Costs on a "Cash Basis"	2005-06	0.9
4 Shift State Employee Payroll from June 30th to July 1 <sup>st</sup>	2009-10	0.8
	<b>SUBTOTAL</b>	<b>\$10.3</b>

### Solutions That Made the Future Deficit Worse

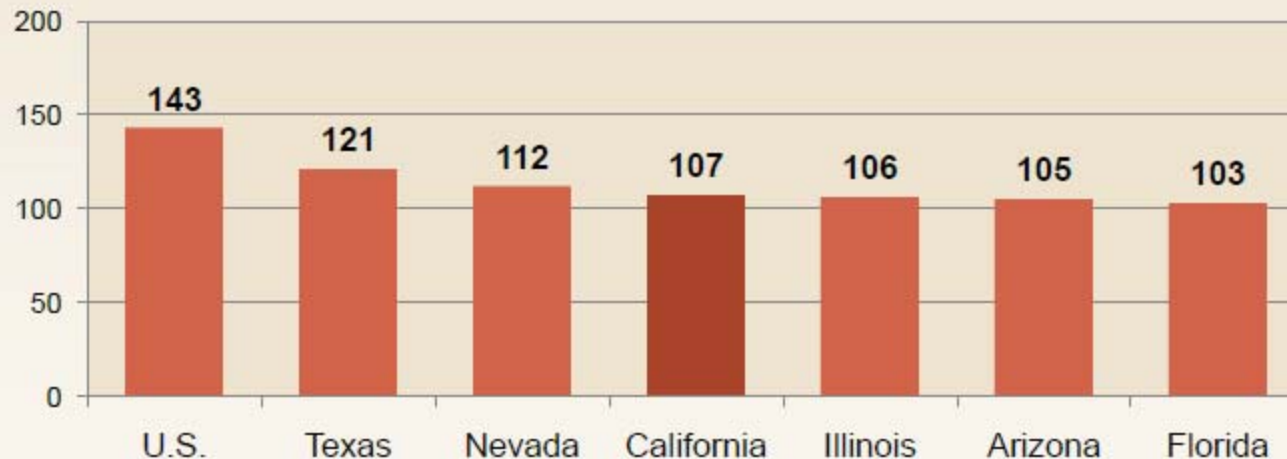
1 Economic Recovery Bonds	Various	\$14.6
2 Sale of Future Tobacco Lawsuit Funds	Various	7.6
3 Loans from Special Funds	Various	3.5
4 Borrowing from Local Government	2009-10	2.0
5 Sale of State Buildings	2010-11	1.2
6 Deferral of State Mandates	Various	1.2
	<b>SUBTOTAL</b>	<b>\$30.1</b>

**GRAND TOTAL \$66.1**



## Government Employees in California Compared to Other States

- Ratio of state employees per 10,000 residents in 2009, California ranked the 4th lowest.



- Ratio of state and local government employees per 10,000 residents in 2009, California ranked the 6th lowest.





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## California's Pupil-Staff Ratios are Among the Highest in the Nation

	Students per Teacher		Students per Counselor		Students per Librarian		Students per School Administrator	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
California	20.8	49	809.2	49	5,038.5	50	433.1	47
Florida	15.8	37	433.3	30	912	36	333.3	37
New York	13.1	9	463.1	37	876.8	32	294.6	28
Texas	14.5	26	249.7	29	922.8	37	231.7	9
All other states	15.1		440.0		782.8		312.3	





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- "The day of reckoning is upon us and I'm determined to bite the bullet, get it done in whatever way the consensus of California can be built," he said. "Fair, transparent and enduring — that's my goal."
- Sen. Alan Lowenthal, D-Long Beach, said he expects the budget proposal to be "terrible, terrible – that's what he's telling us," followed by a push by Brown for taxes to preserve services that would otherwise be cut.
- In the past, state leaders relied on one-time gimmicks, some of which made the state's deficit worse, and one-time cash infusions to patch over flawed spending plans. Those days are over, Brown said.
- "We'll present a budget on Jan. 10. It will be a very tough budget, but it will be transparent," he said. "We'll lay it out as best I can. We've been living in fantasy land. It is much worse than I thought. I'm shocked."
- The governor-elect's comments came during his second budget forum, which focused on education. Brown and other state officials painted a bleak picture, saying the deep fiscal problems mean there will be more reductions affecting California's classrooms.

"This is really a huge challenge, unprecedented in my lifetime," Brown told hundreds of educators, union representatives and parents who had gathered at UCLA. "I can't promise you there won't be more cuts, because there will be."





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- Prepare to implement drastic budget cuts
- Protect jobs; Protect base pay
- Get focused on value added services
- Develop cash management strategy
- Use federal money/reserves carefully
- Invest one-time dollars to create ongoing budget savings

