

Acalanes Union High School District

Budget Update



January 11, 2012

Governor's Budget 2012-2013

- Provides for a Prop 98 increase of \$4.9 billion.
- Increase used largely to reduce size of ongoing deferrals.
- Does not provide any new dollars for spending.
- Does not fund the 3.1% projected COLA.
- Assumes passage of Governor's tax initiative of \$6.9 billion.
- Failure of tax initiative will result in a trigger reduction of \$4.8 billion – an equivalent magnitude reduction of three weeks of instruction.
 - ❖ \$2.2 billion by restoring deferral
 - ❖ \$2.6 billion cut to Prop 98
- Failure would also continue the 20% inter-year deferrals.

Other Features of Governor's Budget 2012-2013

A weighted student funding formula will be phased in over five years and will include:

- Base level of funding for all students.
- Additional weighting for English learners.
- Additional weighting for students on free and reduced-price lunch.
- Additional weighting for schools with high concentrations of the above two categories.
- K-3 class size reduction and Economic Impact Aid will be folded into the revenue limit beginning with the budget year.

The move to eliminate mandated programs will continue and will include a proposal to create a block grant for the remaining programs.

- \$200 million in funding for the block grant will be allocated on a per ADA basis.

Legislative Analyst's Office Overview

- **Tax initiative would improve the financial outlook of public education over the next several years.**
- **Trigger plan would create significant uncertainty for schools in 2012-2013.**
- **The uncertainty of passage is likely to be particularly problematic for schools.**
- **Districts will feel compelled to build 2012-2013 budgets assuming the trigger cuts will be implemented.**
- **Likely schools will implement most, if not all, of the reductions that many hope to avoid.**
- **Legislature needs to be very deliberate in structuring a workable trigger package.**
- **Legislature will need to be careful in setting the size of the trigger reduction and specific education reductions to impose.**
- **Legislature should design tools to help schools respond to the trigger cuts.**

Legislative Analyst's Office Overview

2012-13 Proposition 98 Spending Changes			
(In Millions)			
Technical			
Backfill one-time actions			\$2,440
Make revenue limit technical changes			162
Fund revenue limit growth			158
Backfill Proposition 63 mental health funding			99
Backfill CCC fee revenue decline			97
Make other technical adjustments			-182
Subtotal			(\$2,775)
Policy			
Pay down K-12 deferrals			\$2,151
Pay down CCC deferrals			218
Create K-12 mandate block grant			98
Create CCC mandate block grant			12
Do not initiate Transitional Kindergarten program			-224
Reduce preschool funding			-58
Swap one-time funds			-57
Eliminate Early Mental Health Initiative			-15
Subtotal			(\$2,125)
Total			\$4,900

Impact on the 2012-2013 AUHSD Budget

- District expenses continue to increase despite no new revenue proposed by Governor's budget:

Step & Column, Health Benefits, Other Operational Expenses

- No new revenue proposal based on voter approval of November 2012 tax initiative will require dual budget scenarios:

1. Tax initiative failure 2. Tax initiative approval

- District could lose up to \$2.2 million of revenue limit on tax initiative failure.
- District budget should be developed on tax initiative failure.
- Potential exist for service reduction.

Next Steps

- School Services of California, Inc.
Governor's Budget Workshop January 17, 2012.
- Plan for the worst, hope for the best.
- Present preliminary look of the District's 2012-2013 budget on February 1.

Questions

