THE GOVERNOR'S 2011-2012 BUDGET AND ITS POSSIBLE IMPACT ON SAN BERNARDINO

WHAT THE GOVERNOR PROPOSED ...

- Not funding the 1.67% Statutory COLA (would have been $107/ADA) and applying a 19.6% deficit ($19/ADA)
- Initiating a NEW deferral which delays payment to schools due on July 2011 until October 2012
- Putting **EXTENSION** of existing temporary taxes in effect since 2009 on June 2011 ballot.

HOW TO INTERPRET THE GOVERNOR'S PROPOSAL FOR SCHOOLS...

- Deferrals create cash flow problems for districts and can result in districts borrowing at additional costs.
- COLA would have given districts $6,493/ADA. Deficit drops it to $5220/ADA.
- Categorical funds get both a reduction and no COLA
- Extension of temporary taxes = **IF APPROVED** = Schools lose $19 per ADA
- Extension of temporary taxes = **IF NOT APPROVED** = Schools lose **ADDITIONAL** $330 PER ADA **ONGOING**!
  Brings **TOTAL** loss to schools to **$349 PER ADA** before any other factors (such as declining enrollment, higher benefits costs, etc. are considered ...

AND THE GOVERNOR SAYS SCHOOL WILL ABSORB THE $2.1 BILLION HIT!

WHAT HAPPENS TO SBCUSD ...

- The District is required to plan a budget for three (3) years = **2011–2012, 2012-2013, 2013-2014**
- The District builds budgets on projected enrollment BUT gets paid on actual Average Daily Attendance from March of previous year (P2). Here is SBCUSD data:

Year	Proj. Enroll.	P2 Enroll.	P2 ADA	ADA Lost to Charters
2008-09	54,193	52,014	49,332	1618
2009-10	52,061	51,276	48,425	2177
2010-11	52,049	50,282 (est)	47,566 (est)	3095 (12/24/10)
2011-12	51,252	49,513 (est)	46,839 (est)	
2012-13	50,545	48,830 (est)	46,193 (est)	

- Loss of $19/ADA = Loss of Approximately $900,000.
- Loss of $330/ADA = Loss of $15,518,322 **ONGOING**
- Loss of $349/ADA = $16,395,286

HOW TO INTERPRET THESE LOSSES

- **At an average unit member salary of $60,000 not including cost of benefits ...**
  Loss of $349/ADA 2011-2012 = Roughly 275 teaching positions not including categorical positions*
  Loss of $330/ADA ONGOING 2012-13 = $30,815,585 = 238 ADDITIONAL teaching positions
  Loss of $330/ADA ONGOING 2013-2014 = $46,112,847 = 255 ADDITIONAL teaching positions

THIS MEANS WE COULD LAY OFF THE ENTIRE FACULTY FROM ANY TWO OF OUR HIGH SCHOOLS AND STILL HAVE TO LAY OFF ADDITONAL TEACHERS JUST FOR 2011-2012.

WHAT WILL THE DISTRICT HAVE TO DO?

- BUILD "Worst Case Scenario" budget plan @$349/ADA loss
- Personnel costs are typically the largest of a district budget. The District will have to act to reduce those costs, without knowing whether or not the extension of the temporary taxes passes. Statutory timelines for layoffs don't allow for "Wait and See."
- Develop contingency plans on how to act (1) if governor's proposal passes; (2) if extension fails; (3) if new cuts arise; (4) if the tax extension fails and even more cuts arise; OR, (5) the District has to borrow at high interest rates to meet obligations.

WHAT DOES SBTA NEED FROM YOU AS SBTA MEMBERS?

- Help SBTA educate our friends and family members about what is at stake and why the June election is so critical.
- Step up and be part of any plans designed to pass the June tax extension once it is approved for the ballot.
- Stay informed and help our SBTA leadership advocate for reasonable solutions in our own District.
- Prepare for the worst and hope for the best.
- Ignore the rumor mill by staying tuned to SBTA.