

Frequently Asked Questions

2012/2013

What happens if neither Proposition 30 or 38 passes?

- The California State Budget has language which states that if the Governor's tax initiative (Proposition 30) does not pass, school districts will have a mid-year cut imposed of up to \$438 per Average Daily Attendance (ADA).
- For Livermore Valley Joint Unified School District that would equate to approximately a \$5.4 million loss in funds.
- This school year would be reduced at a minimum of 1 to 5 days.

Examples of what \$5.4 million equates to:

- Cost of 15 school days
- 5% of our budget
- 83 teachers
- 57,000 textbooks
- Two years of utilities

Basically if the triggers are pulled, our State funding will revert back to the same level it was 10 years ago!

What happens if Proposition 30 passes?

- The District's 2012/2013 budget was based on flat funding which assumes that the Governor's budget will pass.
- Therefore there would be no budget adjustments necessary.
- Some of the revenue deferrals would be eliminated, therefore helping to relieve some of the cashflow issues we have encountered due to the deferrals.

What are deferrals?

- Example-
 - Imagine that your annual salary is \$60,000, so your monthly salary is \$5,000
 - Your paycheck covers rent/mortgage, utilities, insurance, food, etc.
 - You have \$10,000 in savings
 - Now imagine that your employer tells you that because of a fiscal crisis your Sept, Oct, and Nov paychecks (\$15,000) will be deferred to Dec.
 - You still have your expenditures and now will need to figure out how to make your payments...

- Most likely your choices would be:
 - Use savings (Reserve)
 - Use credit cards or borrow from ?? (TRANS)
 - Reduce spending (Cuts)
 - Find a new job

Districts are required to maintain a 3% reserve, but this would only cover approx. two weeks of payroll.

A Tax Revenue Anticipation Note (TRAN) is short term borrowing often used by districts to cover cash shortages caused by State deferrals.

The District has made millions of dollars in cuts and will need to make more to stay solvent.

What happens if Proposition 38 passes?

- The California State Budget has language which states that if the Governor's tax initiative (Proposition 30) does not pass, school districts will have a mid-year cut imposed of up to \$438 per Average Daily Attendance (ADA) (loss of \$5.4 million).
- The District would begin to receive approximately \$1,000 per ADA or approximately \$12.3 million beginning in 2013/2014.
- This could result in a net gain of approximately \$6.9 million.

What happens if both propositions pass?

- If both tax initiatives pass, then the initiative with the most votes will overrule the other.
- Approval requires a simple majority for either initiative, not a 2/3 vote like a parcel tax.

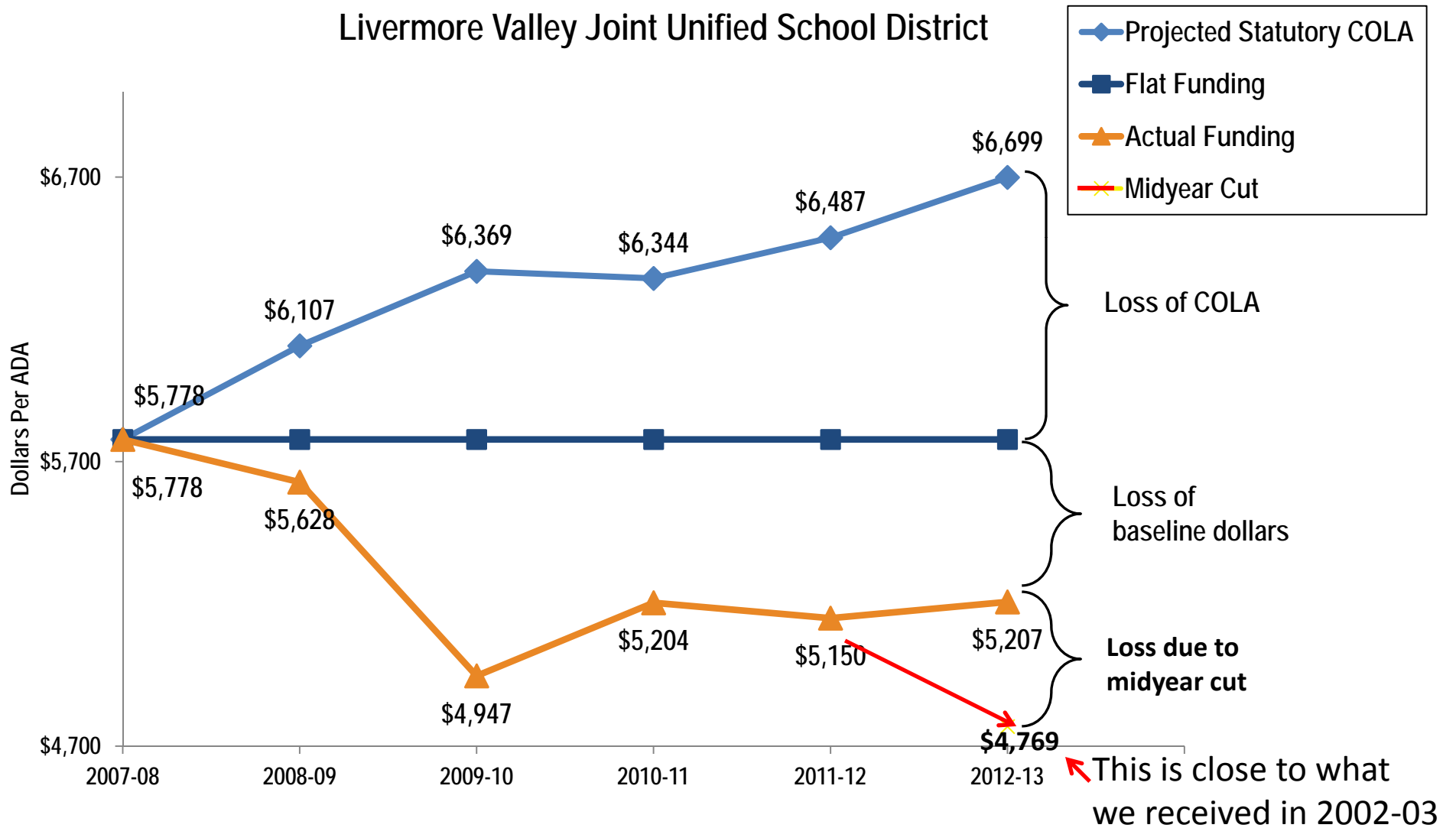
How much State funding have we lost?

	Loss per ADA	ADA	Funding Lost	% of budget
2007/2008	\$0	12,705	\$0	0%
2008/2009	\$479	12,708	\$6,087,472	6%
2009/2010	\$1,422	12,628	\$17,956,733	16%
2010/2011	\$1,140	12,380	\$14,108,018	14%
2011/2012	\$1,337	12,348	\$16,502,124	16%
2012/2013 Depends on election	Between \$1,492 and \$1,930	12,348	Between \$18,423,216 and \$23,831,640	18 to 24%

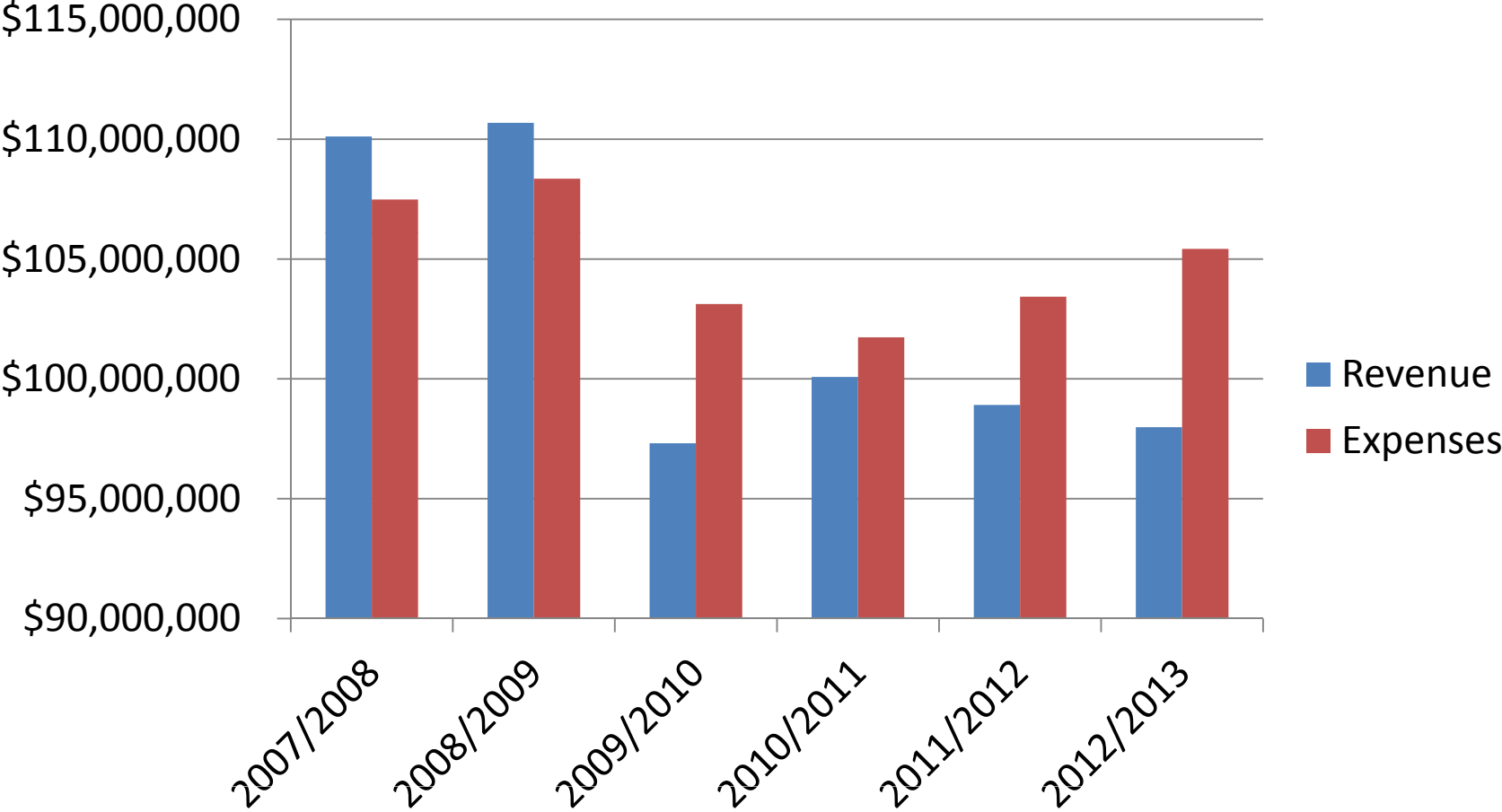
Funding lost so far from 07/08 to 11/12 = \$54,654,347 which equates to over 50% of our budget.

Funding lost in 12/13 depends on the election and proposed trigger cuts.

Prop 98 vs. Actual Funding per ADA



Balanced Budget vs. Deficit Spending



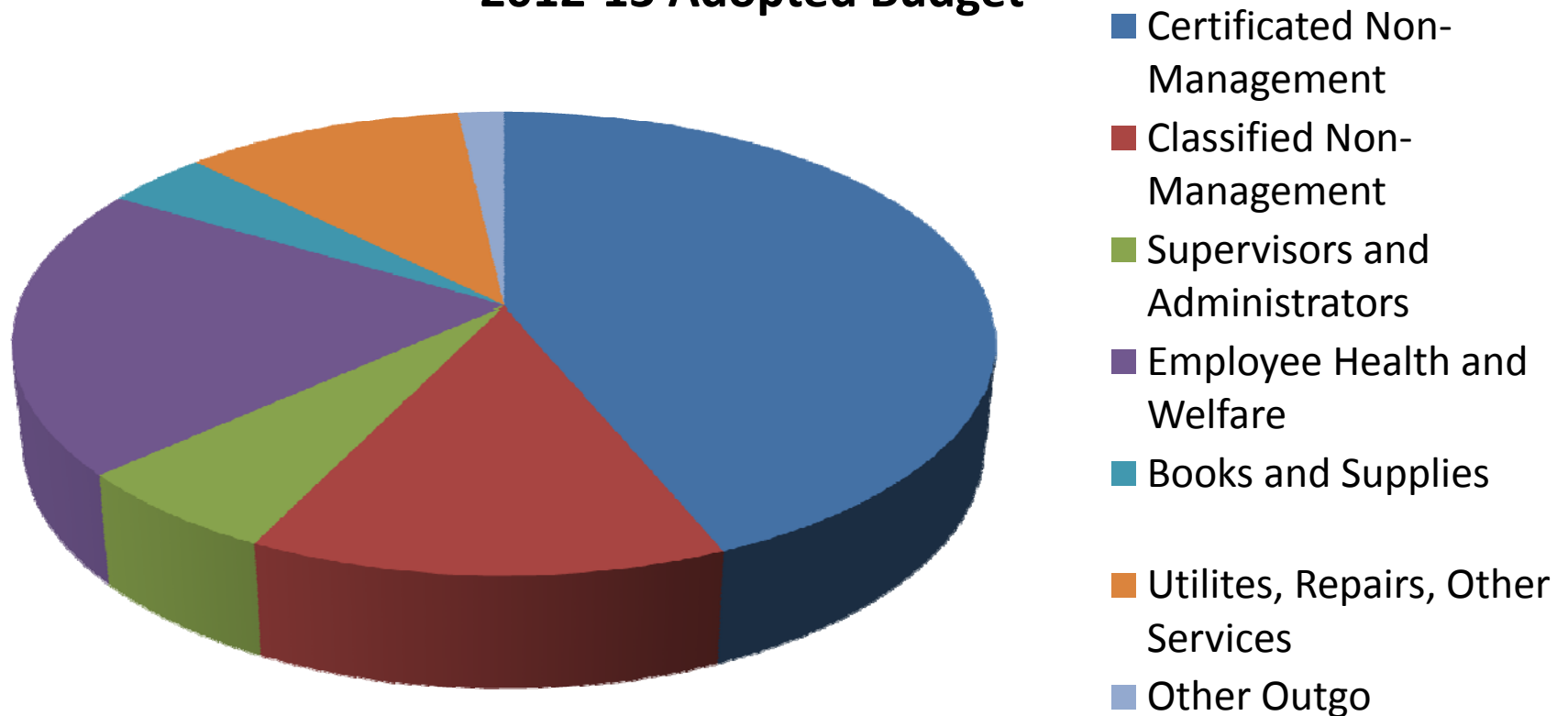
Where do the dollars go?

General Fund	2012-13 Expenditures		\$ per Student (12,900 students)	% of Total
Certificated Non-Management Salaries	\$	43,761,610	\$ 3,393	44%
Classified Non-Management Salaries	\$	13,473,432	\$ 1,045	13%
Supervisors and Administrators Salaries	\$	6,103,149	\$ 474	6%
Employee Health & Welfare Benefits	\$	20,243,773	\$ 1,570	20%
Books & Supplies	\$	3,933,934	\$ 305	4%
Utilities, Repairs, Other Services	\$	10,779,396	\$ 836	11%
Capital Outlay, Other Outgo	\$	1,752,053	\$ 136	2%
	\$	100,047,347	\$ 7,759	100%

Why is it so difficult to cut?

Approximately 84% of the District's expenditures are people. This percentage increases to 90% when all the restricted grants are excluded.

2012-13 Adopted Budget



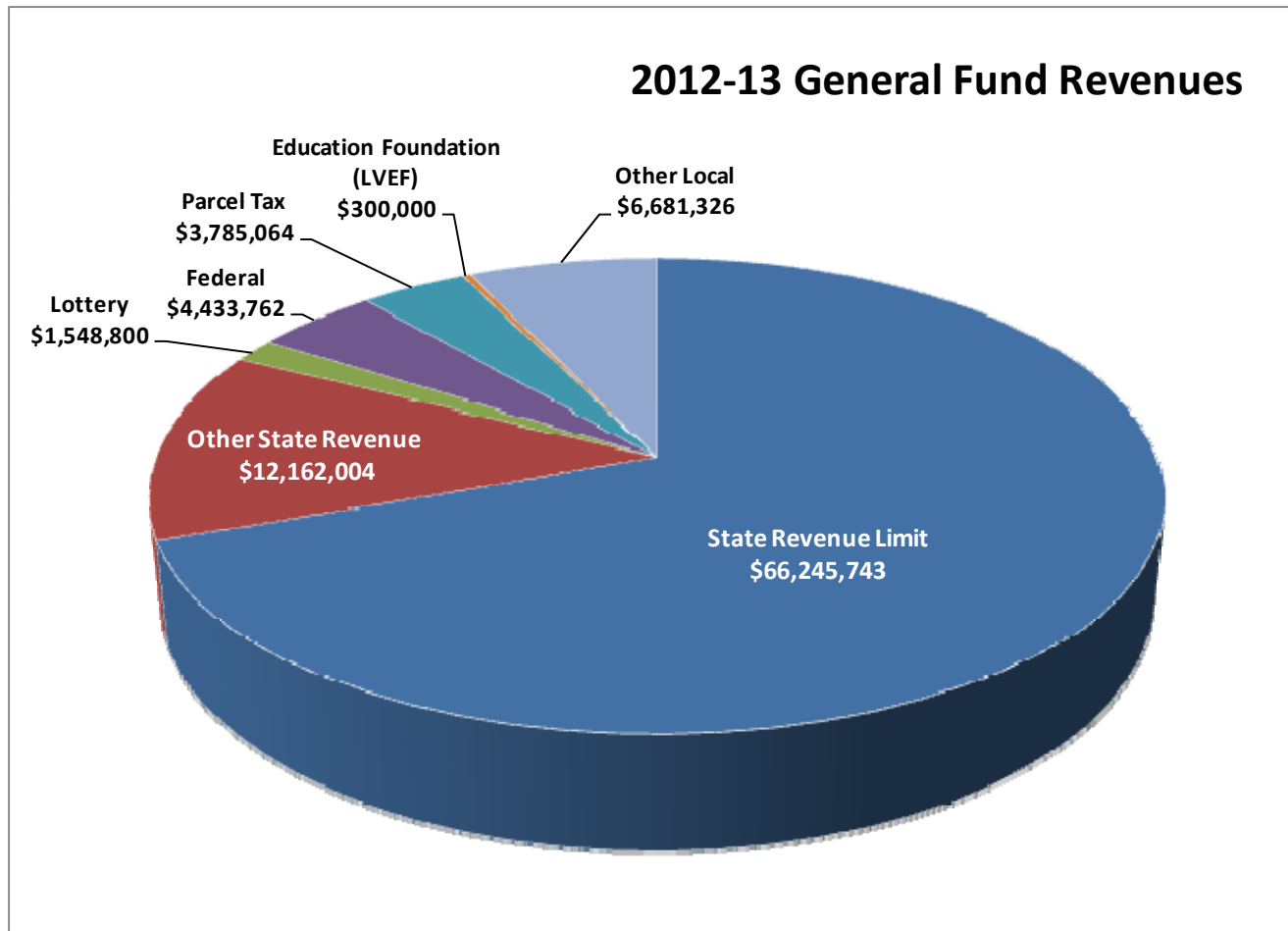
How do we compare to our neighbors?

2011/2012 REVENUE PER STUDENT

Tri-Valley Districts compete for same labor force with same program & performance expectations	\$ PER STUDENT	DIFFERENCE PER STUDENT PER YEAR
Livermore Valley JUSD	\$5,151	
Tracy Joint Unified	\$5,432	\$281
Pleasanton Unified	\$5,620	\$469
Dublin Unified	\$5,867	\$716

Why is the State budget so important?

Approximately 80% of the District's revenue comes from the State of California



We passed and renewed a Parcel Tax.

Doesn't that help?

Yes, without the Parcel Tax, we would be looking at a much greater deficit. It makes up about 4% of our budget. Here is how the funds were spent in 11/12:

Elementary Science	\$ 1,251,643
High School Counseling	\$ 495,818
Technology	\$ 200,000
K-3 Class Size Reduction	\$ 931,123
Middle School and High School Smaller Classes	\$ 961,231
Fees paid to County	\$ 63,000
Reserve	\$ <u>3,748</u>
Total	\$ 3,906,563

