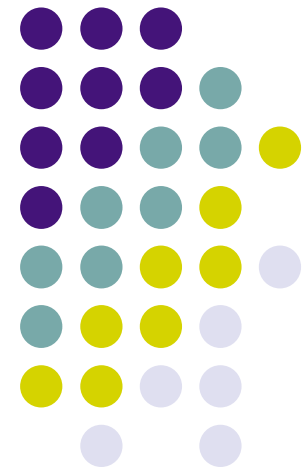


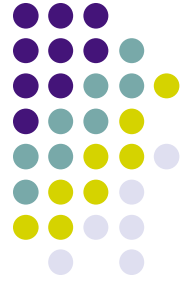
Fullerton School District Staff Information Meeting

Dr. Mitch Hovey
Superintendent
February 18, 2009

Assisted By:
Mark Douglas
Assistant Superintendent, Personnel Services
Suwen Su
Director, Business Services
Becky Silva
Assistant Director, Business Services



Evolution of a State Budget Crisis



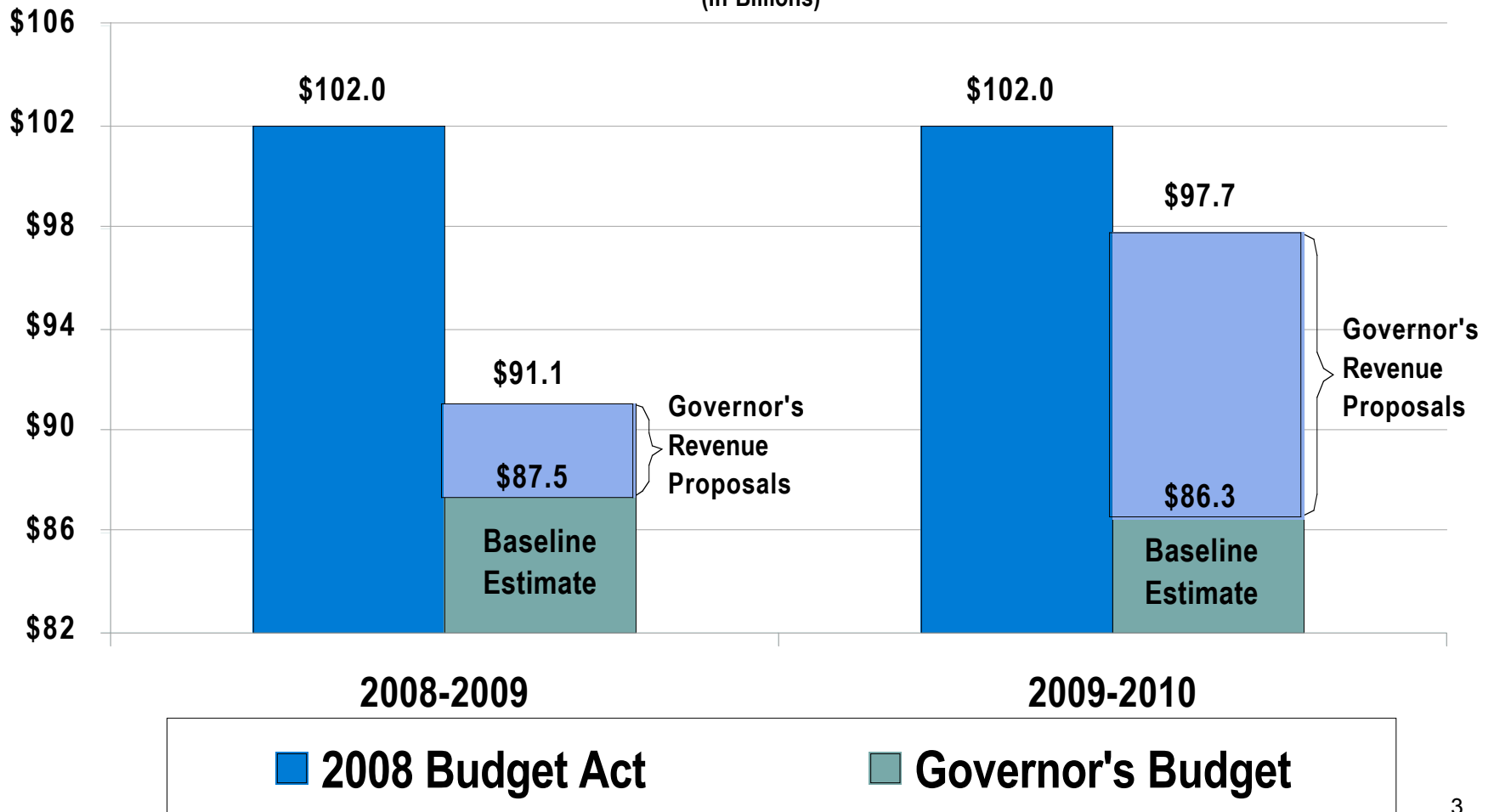
- Collapse of Subprime Mortgage Market
- Housing Crisis
- Major Financial Institutions Collapse
- Credit Market Tightens
- Jobless Claims Rise (Currently 9.3%)
- Drives Stock Market Down (40% From High)
- State Revenue Forecasts Overestimated by \$14.5 Billion in 2008/2009
- No Agreement in Sacramento on Solutions

Result = \$42 Billion Deficit by June 30, 2009₂

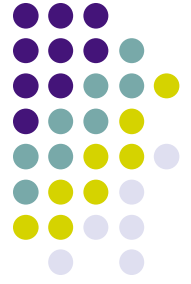


Governor's Budget Projections

General Fund Revenues
(In Billions)

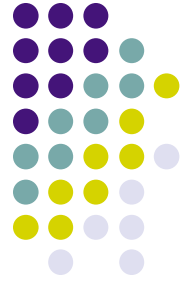


Governor's Proposition 98 Proposals



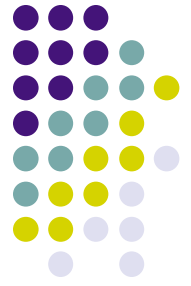
- The Governor's Budget assumes a loss of current-year General Fund revenues of \$14.5 billion, which in turn drives down the Proposition 98 guarantee from \$58.1 billion to \$51.5 billion

\$6.6 Billion Loss in Prop 98 Guarantee



Unlike in prior years,
Proposition 98
guarantee will not be
restored.

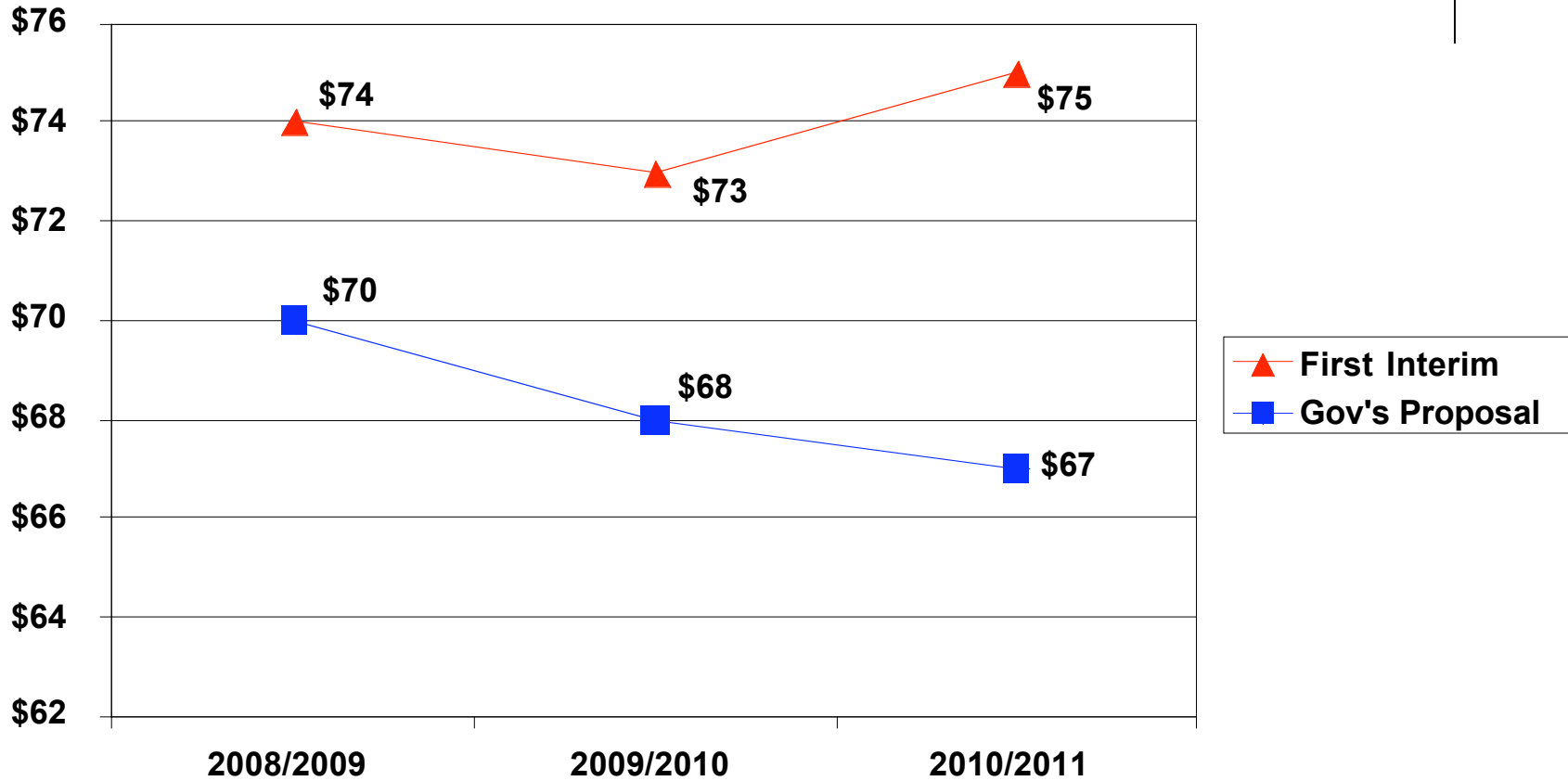
Fullerton School District Revenue Limit \$ Update



<u>2008/2009</u>	Statutory COLA	Revenue Limit Deficit	Funded COLA	Before Deficited BRL*/ADA	Deficited BRL*/ADA	Loss (-) \$ Per ADA	Revenue Limit ADA	Loss in Revenue
May 2008 Revise	5.66%	5.357%	0%	\$5,872	\$5,557	\$0		
Adopted Budget	5.66%	5.357%	0%	\$5,872	\$5,557	\$0		
Sept 2008	5.66%	4.713%	0.68%	\$5,872	\$5,595	\$38		
Jan 2009**	5.66%	9.685%	-4.57%	\$5,872	\$5,304	-\$291	13,158.73	-\$3,829,754
<u>2009/2010</u>								
Sept 2008	5.60%	9.766%	0%	\$5,872	\$5,595			
Jan 2009**	5.02%	16.161%	-2.52%	\$6,167	\$5,171	-\$424	13,046.71	-\$5,537,644
<u>2010/2011</u>								
Sept 2008	3.50%	9.766%	3.50%	\$6,077	\$5,791			
Jan 2009**	0.50%	16.161%	0.50%	\$6,198	\$5,197	-\$594	12,901.66	-\$7,669,488
*BRL: Base Revenue Limit **Jan '09 Gov's Proposal								
Total Loss in Revenue Limit \$ For 3 Years							-\$17,036,885	

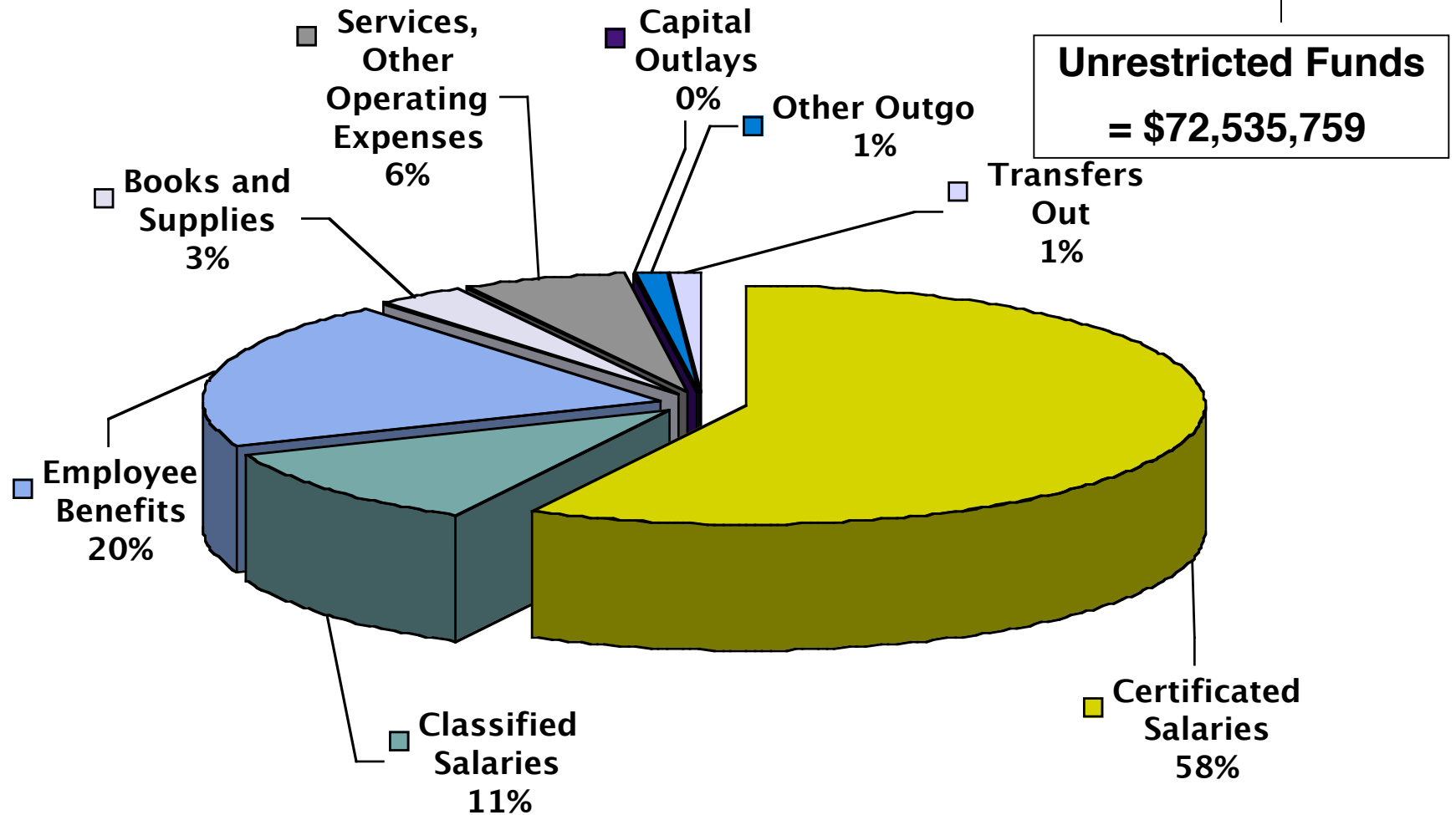
Unrestricted Revenue Limit Funding Change

(in Millions)



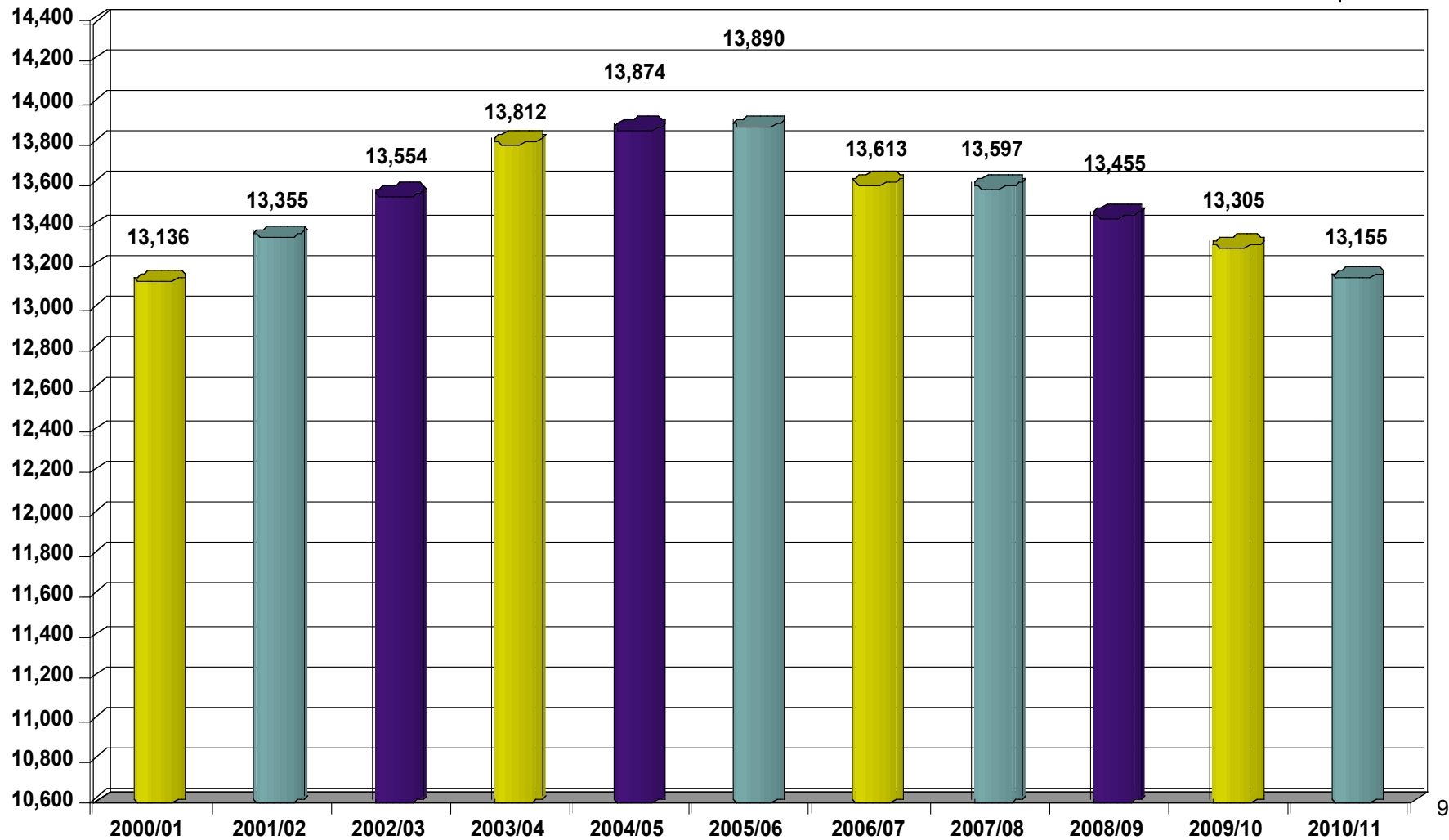
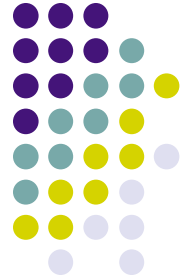
- Unrestricted Revenue: Funds without restrictions from State and local Government
- Restricted Revenue: State or Federal funds for restricted purposes

What Do School Districts Spend Their Money On?

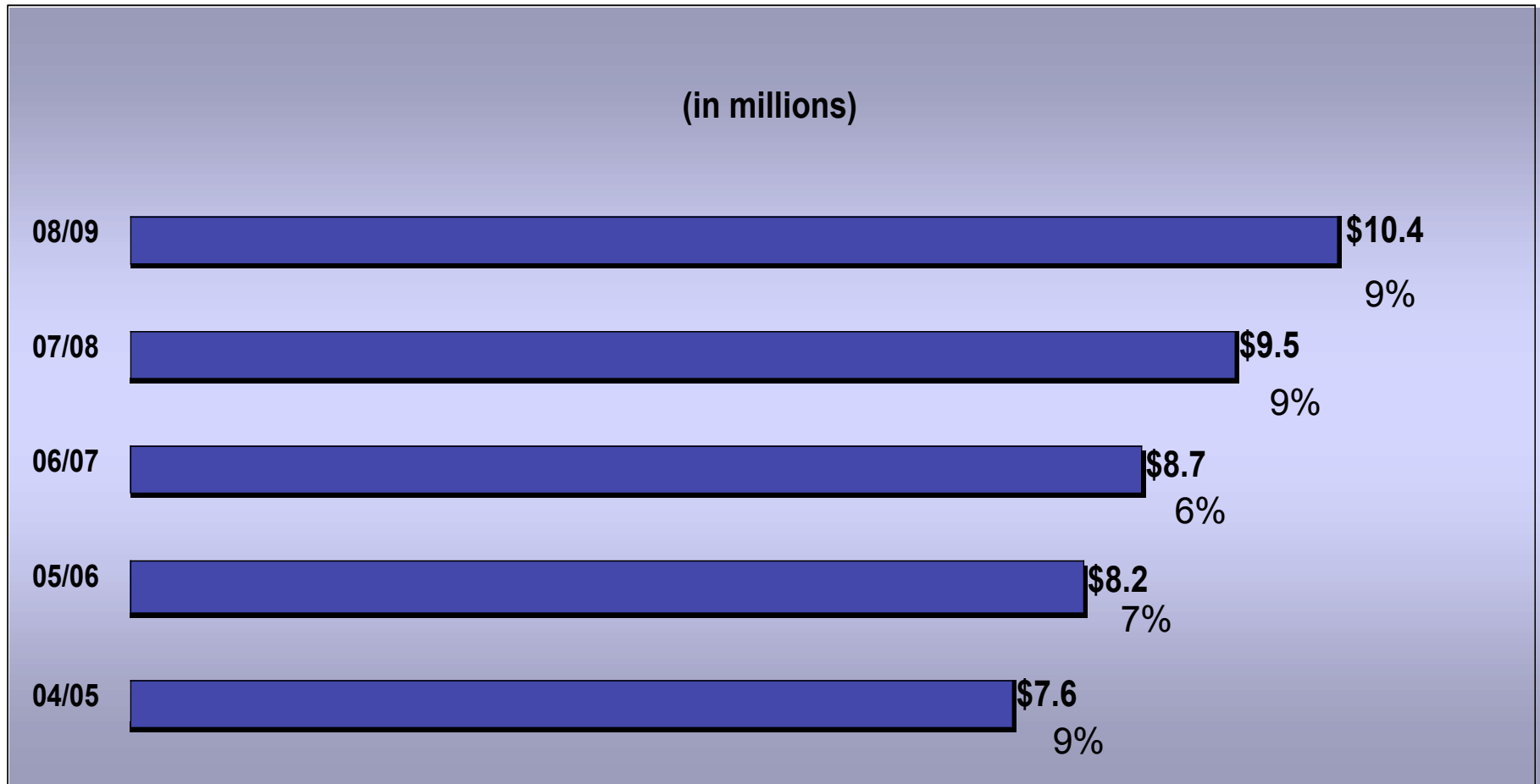


90% or \$65,181,331 of unrestricted money goes toward total compensation.

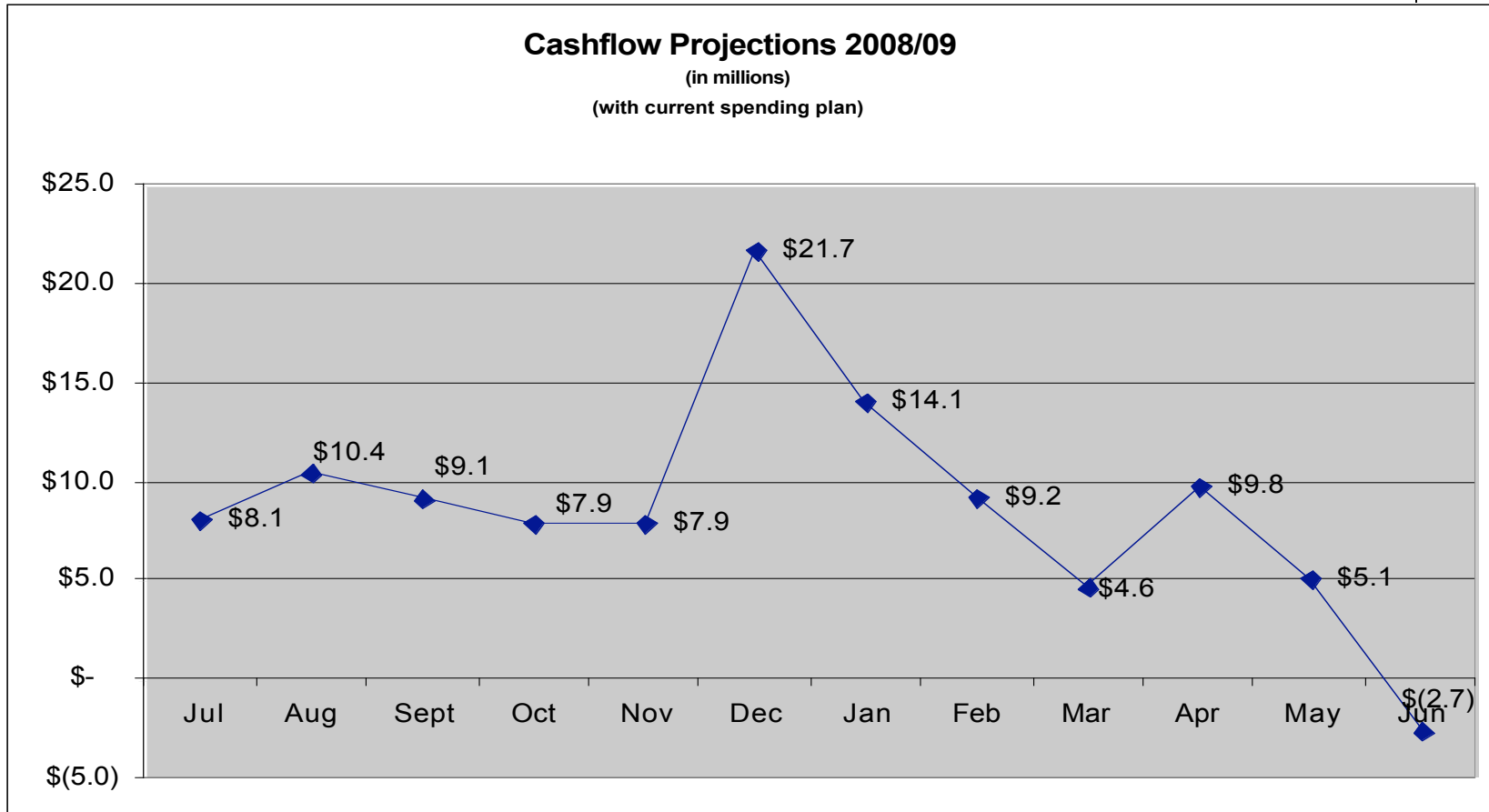
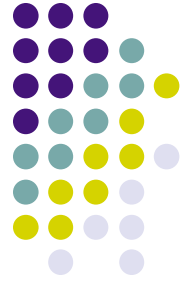
Enrollment History



Health and Welfare Benefits 5 Year History District Share Restricted and Unrestricted



Fullerton School District Cashflow Borrowing

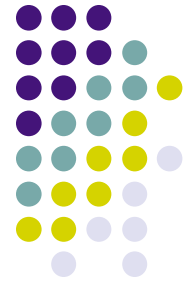


Payroll Per Month =
\$8.9 million

Borrow \$2.5 Million to Meet Payroll

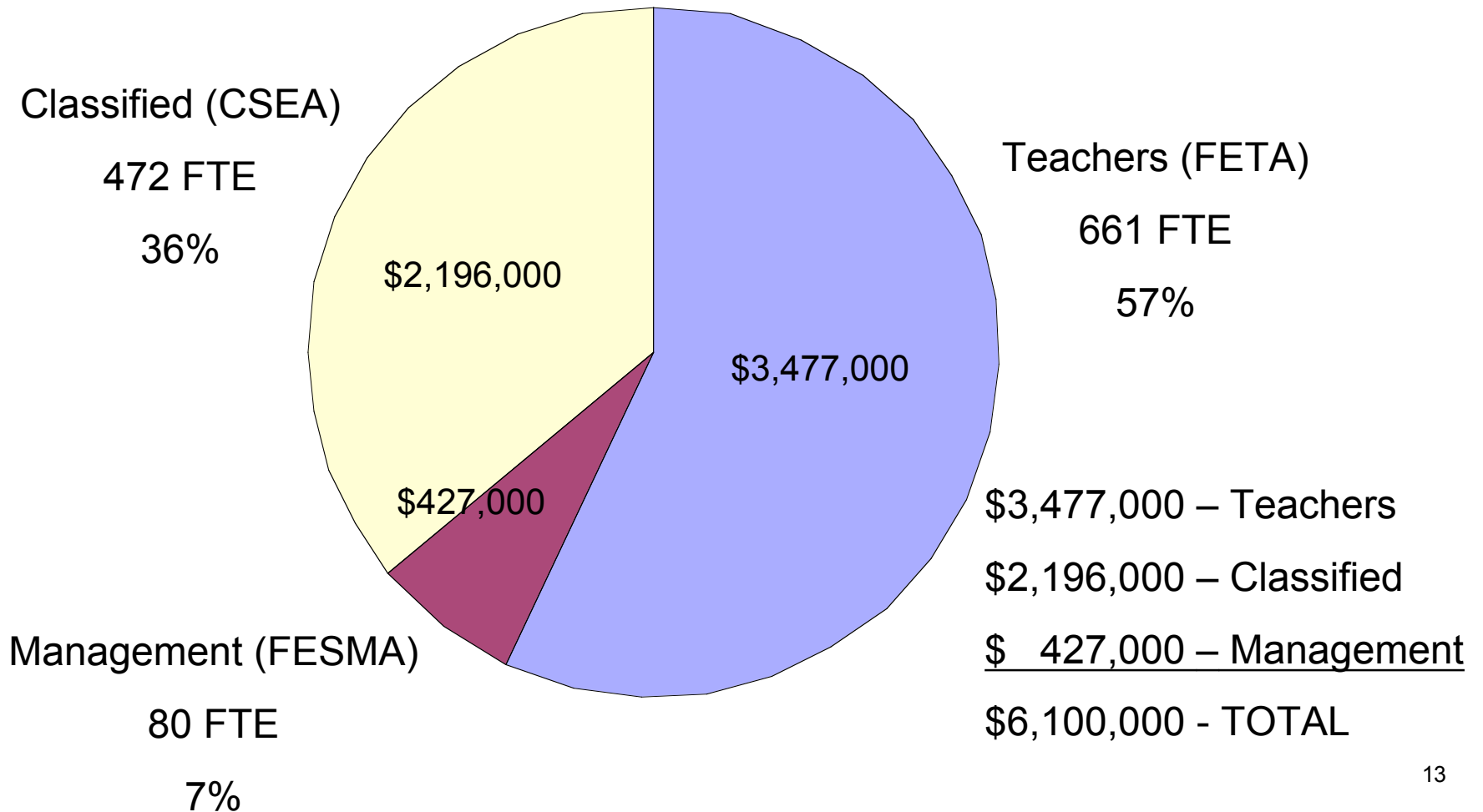
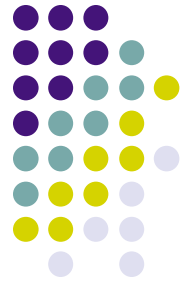
Need to Borrow from Other Funds or County Treasurer to make payroll

Budget Cuts

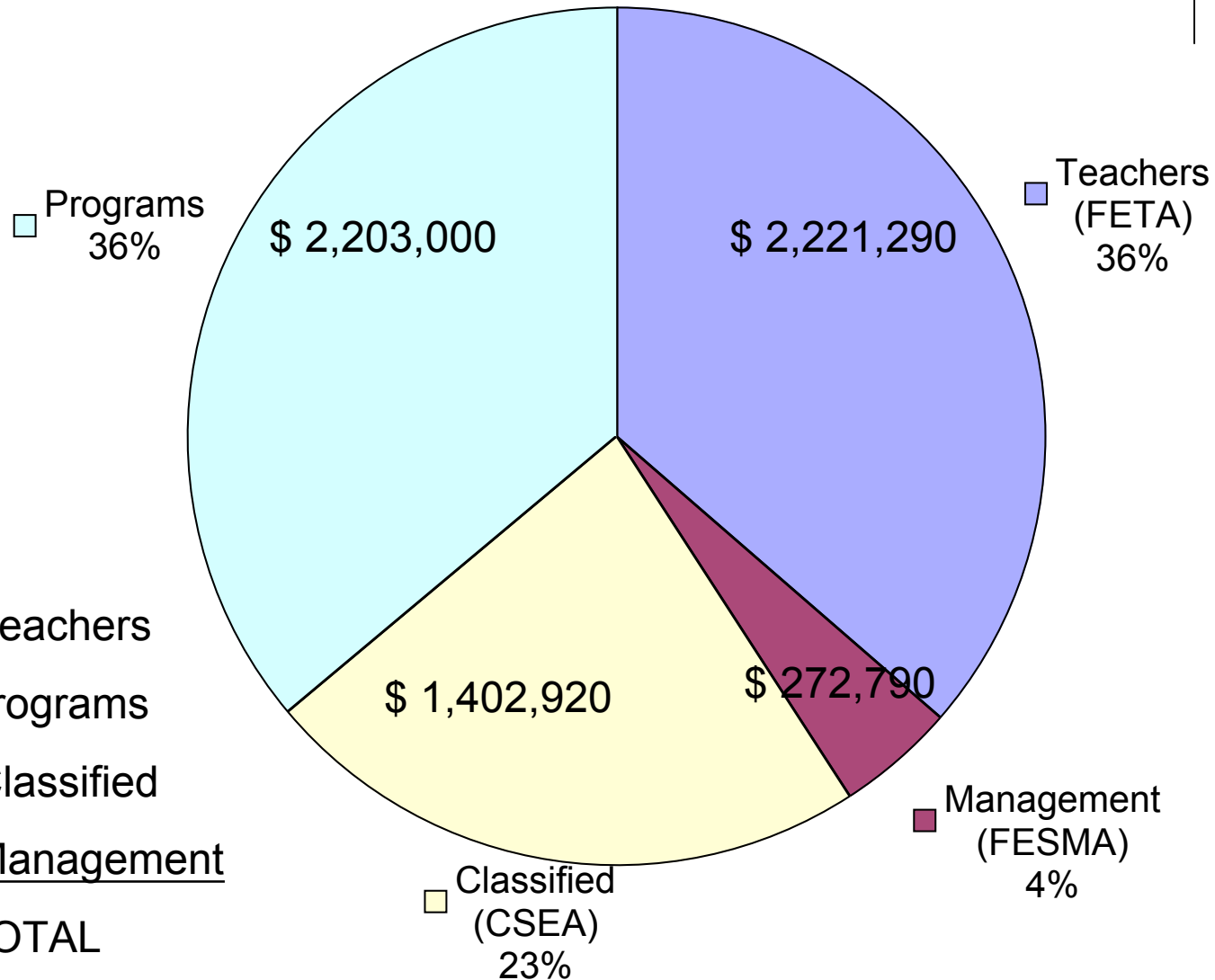
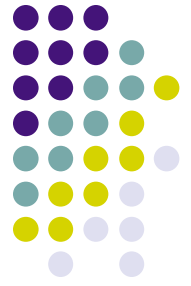


	December 2008 1st Interim		January 2009 Governor's Proposal		Total
2008/2009	Original Cuts:	\$ 3.9 million	Ongoing: \$ 3.3 million One Time: \$(0.8) million Not Yet Determined: \$ 0.4 million	Ongoing: \$ 3.3 million One Time: <u>\$(2.1) million</u> Not Yet Determined: \$ 0.4 million	\$ 7.2 million
2009/2010	Original Cuts:	\$ 5.5 million	Board Approved Ongoing: \$ 3.3 million Not Yet Determined: \$ 1.0 million	Ongoing: \$ 3.3 million Board Approved Ongoing: \$(0.8) million Not Yet Determined: <u>\$(1.5) million</u>	\$ 6.5 million
TOTAL		\$ 9.4 million		\$ 4.3 million	\$ 13.7 million

Possible Budget Adjustment in Relationship to % of Budget



Possible Budget Adjustment in Relationship to % of Budget



\$2,221,290 – Teachers

\$2,203,000 - Programs

\$1,402,920 – Classified

\$ 272,790 – Management

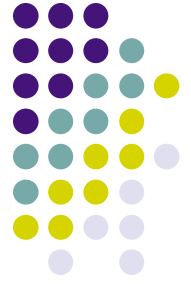
\$6,100,000 - TOTAL



Program Costs

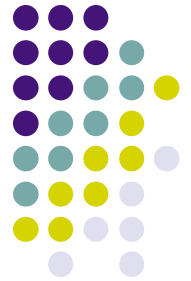
STUDENT PROGRAMS	COST OF PROGRAM	OFFSET *	NET DIFFERENCE	# OF STUDENTS
IB Middle Years	\$60,000	\$200,000	+\$140,000	273
PE @ 14 Elementary Sites	\$585,000	\$585,000	0	8,461
Laptops for Learning	\$306,000	\$233,000	-\$73,000	2,000
CSR	\$209,000	0	-\$209,000	4,598
Multi-Age	\$204,000	\$374,000	+\$170,000	196
GATE	\$120,000	\$120,000	0	846
All the Arts	\$502,000	\$240,000	-\$262,000	10,500
Elementary Music	\$217,000	0	-\$217,000	2,379
TOTAL	\$2,203,000	\$1,752,000	-\$451,000	
* Categorical or Other Sources				

WHAT IS A FURLOUGH?



- The Governor proposed cutting school year to 175 student days for 2009-10. The current school days are 180.
- Governor Schwarzenegger refuses to pay for 5 days of ADA.
- Associations must negotiate the reduction in days and which days would be best to take off.
- If the days are not taken by staff there will be an additional \$1.8 million needed for a cut.
- If a furlough day is taken, one day of per diem is lost in salary for the staff member.
- Staff calendars may need to be adjusted for retirement service credit.
- Classified staff with a 10 month calendar or less may not be able to correct service credit with a calendar adjustment. This is dependent on the number of days.

HOW CAN FURLOUGH DAYS BE TAKEN?

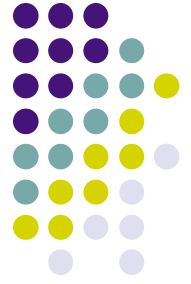


- Our Associations and the District must reach a negotiated agreement.
- Furlough days could be a combination of student days and staff development days.
- Continuity of instruction should be a strong consideration when selecting furlough days.
- In addition to the Governor's proposal, loss of funding for staff development days may also require additional furlough days.

Furlough Days - General Fund

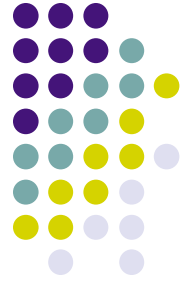
Total Savings: \$1,789,602

(One Day Equals Approximately \$360,000)

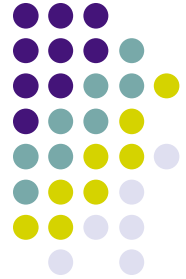


Bargaining Unit	General Fund 01
	5 days
Certificated Management	
Unrestricted	\$ 103,498
Restricted	\$ 58,663
Classified Management	
Unrestricted	\$ 22,010
Restricted	\$ 11,232
Classified CSEA	
Unrestricted	\$ 190,626
Restricted	\$ 21,065
FETA	
Unrestricted	\$ 1,312,192
Restricted	\$ 70,317
Grand Total	
Unrestricted	\$ 1,628,326
Restricted	\$ 161,276
Total Savings	\$ 1,789,602

Salary Reductions



- Take place through the negotiation process
- Can be beyond those experienced through a furlough process
- Would be part of a larger attempt to save jobs and programs

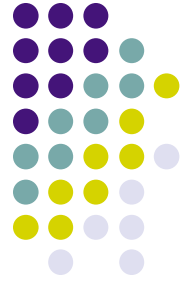


**Propose Salary Reduction (Salary and Statutory Benefits)
as of January 23, 2009**

Unrestricted*					Restricted**					Combined Total
	Reduce	Certificated	Classified	Management		Total	Certificated	Classified	Management	
1%	485,492	128,158	73,107	\$ 686,757	30,249	67,549	19,449	\$ 117,247	\$ 804,005	
2%	970,984	256,316	146,215	\$ 1,373,515	60,497	135,099	38,899	\$ 234,495	\$ 1,608,010	
3%	1,456,476	384,475	219,322	\$ 2,060,272	90,746	202,648	58,348	\$ 351,742	\$ 2,412,015	
4%	1,941,968	512,633	292,429	\$ 2,747,030	120,995	270,197	77,798	\$ 468,990	\$ 3,216,020	
5%	2,427,460	640,791	365,536	\$ 3,433,787	151,244	337,747	97,247	\$ 586,237	\$ 4,020,024	
6%	2,912,952	768,949	438,644	\$ 4,120,544	181,492	405,296	116,696	\$ 703,485	\$ 4,824,029	
7%	3,398,444	897,107	511,751	\$ 4,807,302	211,741	472,846	136,146	\$ 820,732	\$ 5,628,034	
8%	3,883,936	1,025,265	584,858	\$ 5,494,059	241,990	540,395	155,595	\$ 937,980	\$ 6,432,039	
9%	4,369,428	1,153,424	657,965	\$ 6,180,817	272,239	607,944	175,045	\$ 1,055,227	\$ 7,236,044	
10%	4,854,920	1,281,582	731,073	\$ 6,867,574	302,487	675,494	194,494	\$ 1,172,475	\$ 8,040,049	
11%	5,340,412	1,409,740	804,180	\$ 7,554,331	332,736	743,043	213,943	\$ 1,289,722	\$ 8,844,054	
12%	5,825,904	1,537,898	877,287	\$ 8,241,089	362,985	810,592	233,393	\$ 1,406,970	\$ 9,648,059	
13%	6,311,395	1,666,056	950,394	\$ 8,927,846	393,233	878,142	252,842	\$ 1,524,217	\$ 10,452,064	
14%	6,796,887	1,794,215	1,023,502	\$ 9,614,604	423,482	945,691	272,292	\$ 1,641,465	\$ 11,256,069	
15%	7,282,379	1,922,373	1,096,609	\$ 10,301,361	453,731	1,013,241	291,741	\$ 1,758,712	\$ 12,060,073	
16%	7,767,871	2,050,531	1,169,716	\$ 10,988,118	483,980	1,080,790	311,190	\$ 1,875,960	\$ 12,864,078	
17%	8,253,363	2,178,689	1,242,823	\$ 11,674,876	514,228	1,148,339	330,640	\$ 1,993,207	\$ 13,668,083	
18%	8,738,855	2,306,847	1,315,931	\$ 12,361,633	544,477	1,215,889	350,089	\$ 2,110,455	\$ 14,472,088	
19%	9,224,347	2,435,006	1,389,038	\$ 13,048,391	574,726	1,283,438	369,539	\$ 2,227,702	\$ 15,276,093	
20%	9,709,839	2,563,164	1,462,145	\$ 13,735,148	604,974	1,350,987	388,988	\$ 2,344,950	\$ 16,080,098	

*Unrestricted: includes M&O, Spec Ed and Transportation

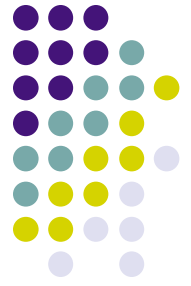
*Restricted: categorical, other funds and Food Service



Layoffs and RIF Notices

- Process is designed to inform as well as allow time for staff to prepare for reductions in days, salary, or loss of a position.
- Board shall take final action on financial reductions and the programs affected.
- Board must approve a resolution for the programs and staff affected by the budgetary reductions. Personnel Services will notify individuals affected.

Layoffs and RIF Process



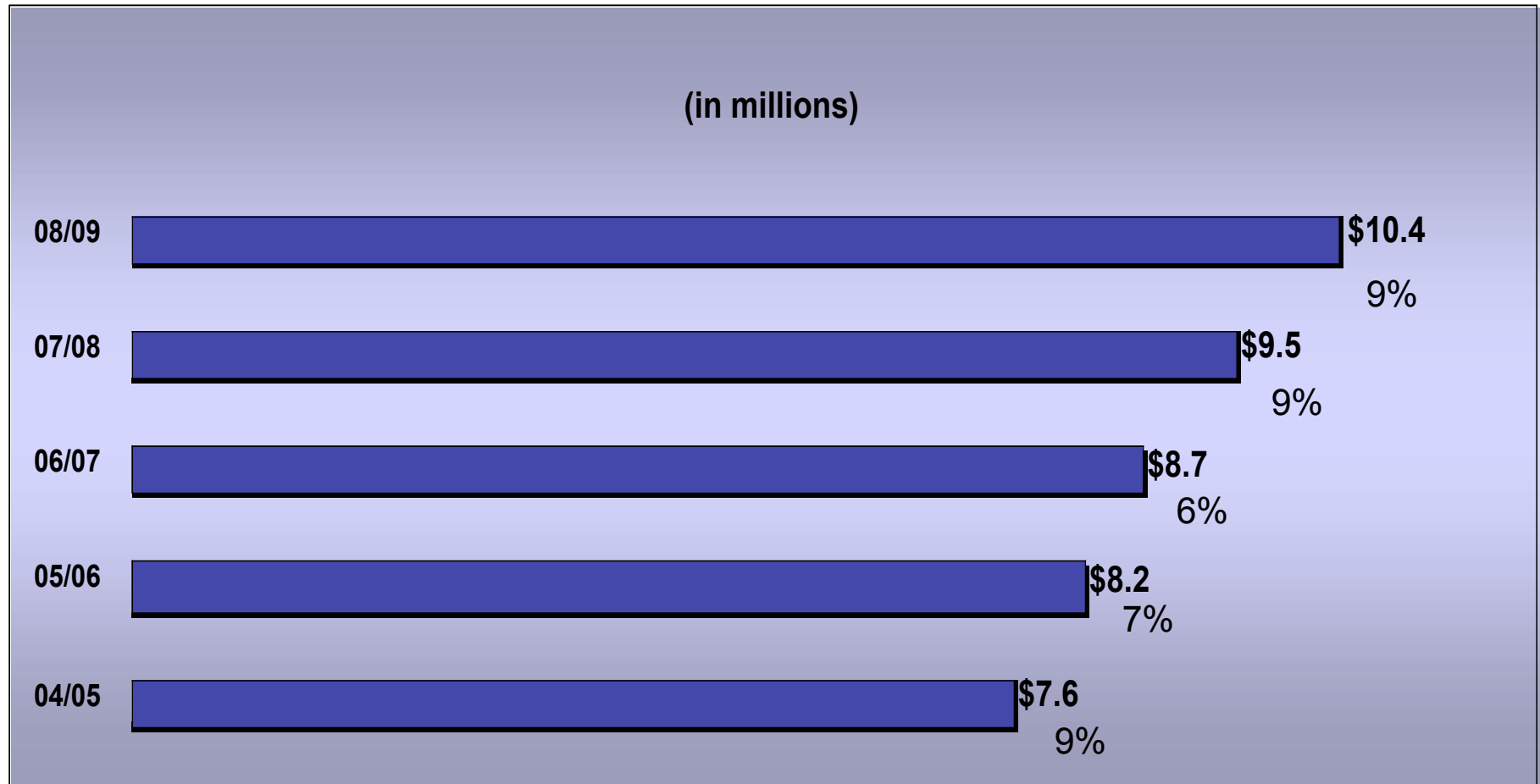
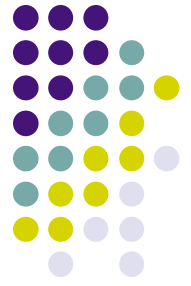
Layoff - Classified

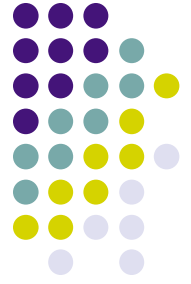
- Staff who are going to be reduced in days, position, or salary must be laid off
- The Board approves a resolution for positions
- 45 days until final work day
- Association would negotiate the effects but not the decision to layoff
- Process is guided primarily by seniority within a position type

RIFs - Certificated

- Staff who are going to be reduced in days, position, or salary must receive RIF notices
- Must be noticed by March 15th per Ed Code
- Hearings are held to verify individuals being released
- Final notice in May
- Official last day of work would be the end of the school year in June
- Process is based primarily upon seniority by hire date

Health and Welfare Benefits 5 Year History District Share Restricted and Unrestricted Benefit Audit-A Cost Saving Opportunity

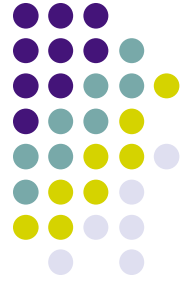




Ensuring District Excellence

- Stick To Our Mission...
 - **“Great Schools – Successful Kids”**
 - Provide Education To All Students That is...
 - Innovative
 - High Quality
 - Provide A Safe Learning Environment
 - Provide A Program That Will Achieve...
 - Academic Excellence
 - Interpersonal Skills
 - Technological Expertise (21st Century Learning)
 - Learning That Meets the Needs of All Students
 - Maintain Highly Qualified Staff

Ensuring District Excellence



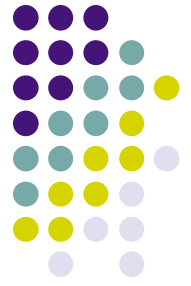
- Maintain Fiscal Integrity
 - Hiring Freeze for non-essential positions, 15% cut to District budgets, 10% cut to school site budgets & budget reductions referred to earlier (\$3.9 M, \$1.5 M)
- Communicate Effectively with All Stakeholders
 - Students
 - Parents
 - Employees
 - Community
 - Supporters



Ongoing Steps

- Generate Proposed Solutions
- Prioritize Expenditures
- Investigate Revenue Enhancements
- Examine Budget Reductions
- Consider Program Alternatives
- Other?

Upcoming Dates



- February 18, 2009
 - Staff Information Meeting at Fullerton EV Free - 2:00 p.m. & 4:00 p.m.
 - Community Information Meeting at Beechwood - 6:00 p.m.
- February 24, 2009
 - Board Meeting at Ladera Vista - 5:30 p.m.
- February 26, 2009
 - Public Info Night at Ladera Vista - 5:30 p.m.
- March 10, 2009
 - Board Meeting - 5:30 p.m.; Location TBA