

CUCPTSA Legislation Newsletter – April 2010

LOCAL

CUSD Budget

Currently the CUSD budget deficit for the 2010/2011 school year is approximately \$34 million. There is nothing coming out of Sacramento or from the OCDE (Orange County Dept of Ed) right now to indicate a change in that budget deficit estimate. The interim report submitted to OCDE in March was again a self-qualified budget (meaning CUSD MAY NOT be able to meet its fiscal obligations) as the district must demonstrate fiscal solvency for the current and two subsequent school years. The CUSD Board of Trustees continues to attempt to identify the needed cuts from the 2010/2011 budget.

In late February, CUSD staff held a budget workshop to review and examine core programs, determine priorities within the programs and activities, and look for ways to maximize efficiency. The results of the workshop will be presented at the April 13 CUSD Board meeting.

March 15 was the deadline to notify certificated staff of preliminary layoffs. At the March 9th Board meeting, the trustees approved preliminary layoffs of 25 teacher positions grades 4-6, 55 teacher positions grades 7-12, 2 nurses, 2 teachers on special assignment, and approx 242 teachers on temporary contracts. In addition, 119 certificated managers were notified of potential salary and/or work year calendar reductions.

Negotiations (PTA REMAINS NEUTRAL AT ALL TIMES)

CUEA (Teachers) - Fact Finding took place on January 25 and January 26, but failed to reach an agreement. The Fact Finding Report was released March 12, and it addressed the issues of Inability to Pay, Health and Welfare benefits, Wages, and Reduction of the work year with a corresponding pay reduction. Recommendations were made by the Fact Finding chair in the areas of Health and Welfare, Reduction of School Year, Class Size, and Wages for school years 09/10, 10/11, and 11/12. The teachers (CUEA) responded to these recommendations with a status of concur. CUSD responded with a status of qualified concur, stating that the district disagreed with the recommendation to achieve savings through increasing class size in K-12 by two students.

At a special board meeting held March 31, the trustees voted 6-1 (Trustee Brick dissenting) to approve a resolution to implement changes in the terms and conditions of employment of the certificated bargaining unit. Consequently, CUSD will impose a contract on the teachers for the school years 2009/2010 and 2010/2011. For the current school year (2009/2010), 4 furlough days will be implemented: May 28 - a student instructional day, June 24 - a non-student instructional day, and 2 additional student instructional days TBD by April 30.

For the 2010/2011 school year, the resolution includes a salary reduction of 3.7% beginning July 1, 2010, a suspension in step/column until Feb 1, 2011, 5 furlough days (2 student instructional days and 3 non-student instructional days), and a health benefit cap. The estimated fiscal impact of the resolution is a \$19.8M General Fund savings. The breakdown of financial implications of the resolution is as follows:

4 Furlough Days (2009/2010)	\$4.1M
5 Furlough Days (2010/2011)	\$5.2M
3.7% Salary Reduction (2010/2011)	\$7.4M
Health and Welfare Cap	\$1.6M
Step and Column Suspension	<u>\$1.5M</u>
TOTAL	\$19.8M

CSEA (Classified Staff) – No updates.

Teamsters – No updates.

Superintendent Search Process

The CUSD Board of Trustees is working with a consultant firm (Hazard, Young, Attea, and Associates) to hire a permanent superintendent. In February, a timeline was established for this process. As of late March, 30 applications had been received by the search firm. The applicants include 20 men and 10 women who come from 11 states (14 are from California) and 2 foreign countries. Of the 30, 20 hold Doctorate degrees, 9 Masters degrees, and 1 Bachelors degree. There are 9 current superintendents, 9 assistant or deputy superintendents, 1 professor, 2 in education (private sector), 2 government or military employees, 1 other (education field), and 6

other (consultants, etc). In early April, the search firm will screen the applicants and determine a slate of candidates to be presented to the trustees on April 16 following an interviewing workshop for the trustees.

Summer School

- Summer on-line Health and CCP (College and Career Planning) classes are available for students entering grades 9-12 through Capistrano Adult and Community Education. They require the permission of the academic advisor and high school administrator.
- Students entering grades 10-12 who need to recover credits in Biology or CCP, or students who are at least 15 1/2 and need Driver's Education, may enroll in CUSD Summer School at San Juan Hills HS.
- Students entering grades 10-12 who need credit recovery, may register for independent study or on-line college prep credit recovery through Pacific Coast High School Summer School.
- Students entering grades 10-12 who need to make up high school coursework, may register for independent study or non-college prep credit recovery at ACCESS.
- Full details for high school summer school may be found on the CUSD website.

STATE

State Budget Update

The State Legislature passed and sent to the Governor two of three bills he demanded relating to the State Budget. The Governor signed AB 183 which gives a tax credit of up to \$10,000 for first-time homebuyers to purchase existing homes and other homebuyers to purchase new homes. The legislation gives the Franchise Tax Board authority to extend a total of \$200 million in tax credits to California homebuyers; \$100 million for buyers of new, unoccupied homes and another \$100 million for first-time buyers of existing homes. The credit will be extended from May 1, 2010 to December 31, 2010.

The governor also signed a sales tax exemption on the purchase of manufacturing equipment by environmental technology firms, which lawmakers and Schwarzenegger hope will attract more companies to California.

The Legislature did not send Schwarzenegger a \$3,000 hiring tax credit that he sought. But the other tax benefits were sufficient to avoid a Schwarzenegger veto of the Democratic transportation package, which he signed Monday. Democrats also agreed to alter the transportation plan to clarify that rail operators would not face higher fuel taxes.

The governor's May Revision of the 2010/11 Budget is due in Mid May.

Source: www.sacbee.com

California Budget Project Report

Local Impact of Proposed Cuts in Funding to California's Public Schools

The California Budget Project, a nonprofit organization providing fact-based, nonpartisan analyses of state fiscal and tax policies and their implications, has just released a report on the impact of the Governor's proposed cuts to the 2010/11 K-12 Education budget. The analysis examines the breaks down the \$1.75 billion of statewide cuts to each school district's General Fund revenue. The report excludes proposed cuts to the K-3 Class Size Reduction Program (\$890 million) since that data are yet available on a district level.

According to the CBP report, CUSD will experience a reduction of \$15.1 million or \$302 per student (ADA). This amount is in addition to cuts already planned for 2010/11 as a result of the past and current budgets. CUSD is currently operating under the assumption that Revenue Limit funding (State and local property tax dollars) will be approximately \$4,983 per ADA for 2010/11. The Governor's May Revision to the budget proposal is expected in Mid May.

Additional information can be found at *OC Watchdog* at <http://taxdollars.freedomblogging.com/2010/03/31/wholl-be-biggest-loser-among-oc-public-schools/54177/> and the entire report at California Budget Project at www.cbp.org.

State Economic Forecast

With California's consumers still nervous about spending, the state's economic recovery will be slow, and unemployment will remain above 10 percent through the end of 2011, according to the latest projections from UCLA. The quarterly Anderson Forecast says the state can expect job growth to resume this year but "unemployment will hang high for some time." The statewide unemployment rate, currently 12.5 percent, won't sink below 10 percent until early 2012, the forecast says.

UCLA economist Jerry Nickelsburg said a lag in consumer spending is the main reason the recovery will be slower than usual. "In other deep recessions, the consumer has shot back fast," he said in an interview. This time, though, consumers remain heavily in debt and are still psychologically scarred by the abrupt collapse of the financial markets in late 2008. Consumer spending accounts for about two-thirds of all economic output.

The Employment Development Department reports that across all industries, employers eliminated 20,400 jobs in February. The construction industry in particular continues to struggle. Single-family housing starts in California jumped 32 percent in February compared with a year ago, according to the Construction Industry Research Board. However, construction activity is still well below the levels of a few years ago.

Source: www.sacbee.com

School District Budgets Across the State

In the 2006-07 school year, 22 school districts throughout the state were on the fiscal early warning list. This year, state education officials said the list has grown to 126 districts. School Districts are required to show that they have enough money to meet financial obligations for the current year and two "out years" in their projected budgets. If a district cannot pay the bills and maintain state-required reserves for this school year or the next, they move into "negative certification."

Source: www.sacbee.com

State Cash Update

There is some good news with regards to State finances. State Controller John Chiang released report covering California's cash balance, receipts and disbursements in February. The month's receipts rose above the Governor's 2010-11 budget estimates by \$480 million, or 8.7 percent. Year-to-date receipts are ahead of budget estimates by \$1.94 billion, or 3.9 percent. The State's cash position was \$2.15 billion ahead of projected levels on February 28.

"Revenues came in above projections for the third month in a row, continuing a positive trend that shows California is on the road to recovering from the recession. Given February's numbers and recent action from the Legislature to improve the State's cash flow, Californians should expect to receive their hard-earned tax refunds on time," Chiang said. "While the worst may be behind us, we still face cash challenges later in the summer absent enactment of further credible and sustainable budget and cash solutions."

These additional receipts lower the projected General Fund Deficit to \$22.3 billion. The deficits are being covered with a combination of \$13.5 billion of internal borrowing from special funds and \$8.8 billion in short-term Revenue Anticipation Notes.

Source: *California State Controller's Office* -- <http://www.sco.ca.gov/>

Governance Reform Update

As you already know, the two outside governance reform efforts (Repair California and California Forward) both ran out of funds to collect the necessary signatures to qualify their initiatives for the Nov 2010 ballot.

However, on Thursday, March 11th, the Democratic legislative leaders proposed a wide-ranging overhaul (crafted by California Forward) that would allow lawmakers to pass budgets by a simple-majority vote and would require them to forfeit pay if they are late in passing a spending plan.

The changes will be consolidated into at least one constitutional amendment that would require a two-thirds majority of the Assembly and Senate to qualify for the ballot, meaning at least a handful of GOP votes in each house. Other proposals include requiring lawmakers to identify funding sources for legislation that would increase annual costs by \$25 million or more, and requiring a two-thirds vote to approve fees that replace an existing tax.

Read more: <http://www.sacbee.com/2010/03/12/2601465/legislative-leaders-target-two.html#ixzz0jnQS931m>

(Excerpted from the *Sacramento Bee*, March 12, 2010)

School Finance Reform Update

AB 2335 was introduced February 19, 2010 by Julie Brownley and is very similar to A/M Brownley's previous bill, AB 8, which the Governor vetoed last year. This bill would require the state Superintendent of Public Instruction to study topics related to development of a new system of school financing and report findings and recommendations to the Legislature and Governor by December 1, 2011. The bill was referred to committee on March 11, 2010.

State PTA Convention Resolutions

There are two proposed Resolutions that will be considered at this year's State PTA Convention:

1. Proposed Resolution A: Computer Workstation Health
2. Proposed Resolution B: Child Trafficking in California

Please review these Resolutions and then make a recommendation to your unit at your April meeting as to how your unit's delegates should vote. We will be making our recommendation to Council (for the Council delegates) at the April 12th meeting. For the full text of the resolutions, please go to:

<http://www.capta.org/sections/convention-2010/downloads/ProposedResolutionsAandB.pdf>

4th District PTA – Information about California Education Finance

For a concise explanation of California's complex education finance system, please go to <http://www.fourthdistrictpta.org/legislation/communicator.html> and click on the March 2010 issue of 4th District PTA's Legislative Advocacy Communicator.

FEDERAL

Race To the Top

The U.S. Department of Education announced that Tennessee and Delaware were awarded grants worth \$600 million in the first round of the Race to the Top competition.

Both states received high marks for having state-wide support for comprehensive reform plans, and for passing laws that supported the reforms.

California was eliminated from the competition earlier in the first round. Scores and reviews for all applicants were released. These revealed that California ranked 27th out of 41 applicants, and that California was criticized for not having enough support from school districts and unions across the state. California also received poor scores for its state-wide student data system, because the system does not yet allow tracking of individual student performance. California can reapply for funds by June 1.

ESEA Reauthorization

President Obama released his plan for reauthorization of NCLB, now referred to as ESEA in March. The plan, called "A Blueprint for Reform," is available at <http://www2.ed.gov/policy/elsec/leg/blueprint/index.html>. Secretary of Education Arne Duncan testified before the House Health, Education, Labor and Pension committee that Obama has three major goals for reauthorization, including raising standards, rewarding excellence, and increasing local control/flexibility while at the same time working to close achievement gaps. The plan includes incentives for states to adopt academic standards that provide for workplace and college success, and creates accountability systems that measure student growth and focus on college readiness. Details about the timeline for reauthorization have not yet been released.

NAEP Reading Assessment Results

The Nation's Report Card: Reading 2009, National Assessment of Educational Progress (NAEP) at Grades 4 and 8 report was released in March. Nationwide, 4th grade scores remained the same as in prior testing, and 8th grade scores increased by one point. In California, the 2009 test results were generally unchanged from 2007, although 8th grade African American students did improve slightly. When compared with other states, California ranked near the bottom nationally.