



## Governor Makes Budget Proposal for 2012-13

*Another Trigger is proposed with possible midyear cuts . . . AGAIN!*

On January 5, 2012, Governor Brown introduced his Proposed 2012-13 State Budget. This action officially begins the legislative process, and many changes are expected to take place prior to the actual enactment of the 2012-13 State Budget later this June.

The proposed budget has significantly reduced the State's general fund deficit, but still leaves a gap projected to be at \$9.2 billion for 2011-12 and 2012-13. Last year's budget deficit gap was \$26.6 billion. The Governor proposes to close this gap by a combination of increased revenues, primarily temporary taxes, and further reductions in non-Proposition 98 expenditures.

The cornerstone of this budget assumes passage of a new Tax Initiative. The Governor is calling it, "Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding." According to the Department of Finance (DOF), the initiative would generate an additional \$6.9 billion annually from 2013 to 2016. This initiative, if passed by the voters in the November 2012 election, would temporarily increase the state sales tax by ½ cent and would increase the income tax rate by up to 2% on the state's wealthiest taxpayers.

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## Cypress School District Budget Update Report

At its last Board meeting on February 9, 2012, the Board of Trustees received a Budget Update Report. This presentation provided information related to Cypress School District's Plan and Budget priorities as we begin developing the 2012-13 Budget and a Budget Contingency Plan.

A copy of the PowerPoint presentation is available on the [Cypress School District website](#).

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### SCHOOL FINANCE FACTS

Spending by California's public schools is among the lowest of the 50 states.

California schools ranked 46<sup>th</sup> among the 50 states in K-12 spending per student in 2010-11.

	CA	REST OF U.S.
K-12 spending per student	\$8,908	\$11,764

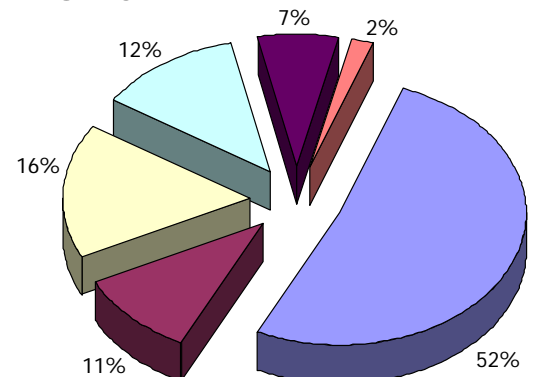
California schools spent \$2,856 less per student than the rest of the U.S. that year.

To reach the level of the rest of the U.S., California would have had to spend an additional \$17.3 billion on education, an increase of 32.1 percent.

*(California Budget Project)*

### CYPRESS SCHOOL DISTRICT UNRESTRICTED GENERAL FUND 2011-12 EXPENDITURES

Certificated Salaries	\$ 11,846,616.00	52%
Classified Salaries	\$ 2,404,149.00	11%
Employee Benefits	\$ 3,751,108.00	16%
Special Ed/Transportation	\$ 2,879,367.00	12%
Services & Other Operating	\$ 1,611,924.00	7%
Books & Supplies	\$ 415,418.00	2%
<b>Total Revenue</b>	<b>\$ 22,908,582.00</b>	



## Governor Makes Budget Proposal *(continued)*

It must be noted the Governor’s budget, in its current state, is assuming voters will approve his tax measure in November. If this measure passes, no additional money will be given to education, but rather it will only maintain revenue limits equal to 2011-12.

However, if the ballot initiative fails, the Governor has proposed “trigger reductions” of \$5.4 billion to education and public safety. These reductions would take place on January 1, 2013 and would be equal to a \$370/ADA reduction to the revenue limit—a possible reduction to Cypress School District of \$1.5 million.

### District Mission Statement

“The mission of the Cypress School District is to provide a school-community environment which promotes the development of each child’s maximum potential by providing a quality staff, low class sizes based on financial conditions, well maintained and safe campuses, opportunities for parent involvement, a focus on high scholastic standards and positive self-esteem.”

## Cypress School District – Budget Update Report *(continued)*

The following timeline highlights specific events which will take place before the 2012-13 Budget is presented to the Board of Trustees for final approval in June.

### BUDGET DEVELOPMENT TIMELINE

DATE	DESCRIPTION
January 5	Governor Brown released his budget proposal for the 2012-13 fiscal year
February 9	A Budget Report was presented to the Board of Trustees, along with a timeline and process for a proposed Budget Contingency Plan
February 10 – March 8	Staff to develop a proposed Budget and a Budget Contingency Plan
Late February	Proposed Budget and Budget Contingency Plan will be shared with employee groups for feedback
March 8	The 2011-12 Second Interim Report will be presented to the Board of Trustees for approval
March – June	<ul style="list-style-type: none"> <li>• Possible development of a Budget Advisory Committee</li> <li>• Negotiations with both Associations (ACT &amp; CSEA)</li> </ul>
May 14	Governor Brown releases the May Revise
June 14	The 2012-13 Budget and Budget Contingency Plan, with updates from the Governor’s May Revise, will be presented to the Board of Trustees for approval



## YOU ASKED...

Following are answers to some questions recently asked by our Cypress School District community:

### What ever happened to the California Lottery money given to schools?

This is a popular question! During the 1980s, a Lottery Initiative was approved by California voters to help recoup losses experienced by Proposition 13. It allowed for limited gambling, with the idea that the money generated could go towards schools. However, this did not come close to solving education’s financial situation. As it turned out, just 34% of lottery revenues are distributed to education, making up just about 1% of K-12 education annual funding today. For the current 2011-12 school year, the Cypress School District receives \$117 per student from the California Lottery.

### Can a school district use school bond proceeds to pay teacher and other employee salaries?

California Constitution is clear that school bond proceeds may be expended only for “the construction, reconstruction, rehabilitation, or replacement of school facilities” and not “for any other purpose, including teacher and administrator salaries and other school operating expenses.” This is further supported by Proposition 39, which was recently approved in November of 2000. In order to ensure that all bond proceed funds have been expended appropriately, districts are required to conduct an annual independent performance audit. This audit is then reviewed and approved by a Citizens Oversight Committee. To date, all audits of the Cypress School District have disclosed no instances of noncompliance, and all expenditures paid by Measure M bond proceeds have been made in accordance with the bond project list approved by voters on November 4, 2008.