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Understanding School Finance and the DJUSD Budget For Parents and the Community

As a school leader, parent, or interested member of the community, we want you to be able to better understand our budget situation and to bring your ideas and suggestions to the table. The Davis Joint Unified School District must address a \$4 million shortfall in its 2008-09 budget, a figure which represents an 8% reduction. Failure to do this will require the Yolo County Office of Education to assume control of District finances and make needed reductions. The process of budget reductions began with the identification of possible program and personnel cuts. Budget decisions will continue through the coming year and your input is vital.

Davis schools are not alone. State funding cuts are affecting all schools and over half of California school districts are experiencing declining enrollment. The situation remains fluid as new information is received and evaluated. Yet those who will be touched by these changes have a need for clear and timely information, and an opportunity to make their priorities known.

Please review this basic information on school finance and specifics of the DJUSD situation, together with answers to frequently asked questions. Additional information sources are also referenced. This is the first edition. Please watch for updated editions in the weeks and months ahead.

Questions and suggestions are welcome and may be directed to: Superintendent, Davis Joint Unified School District, 526 B St., Davis, CA 95616, phone: 757-5300 or email: budgetinput@djUSD.k12.ca.us.

James Q. Hammond
Superintendent

Sheila A. Allen
President, Board of Education

The following sources provide background information on state and district finances:

The Basics Of California's School Finance System (EdSource, 2006)
http://edsources.org/pdf/QA_financefinal.pdf

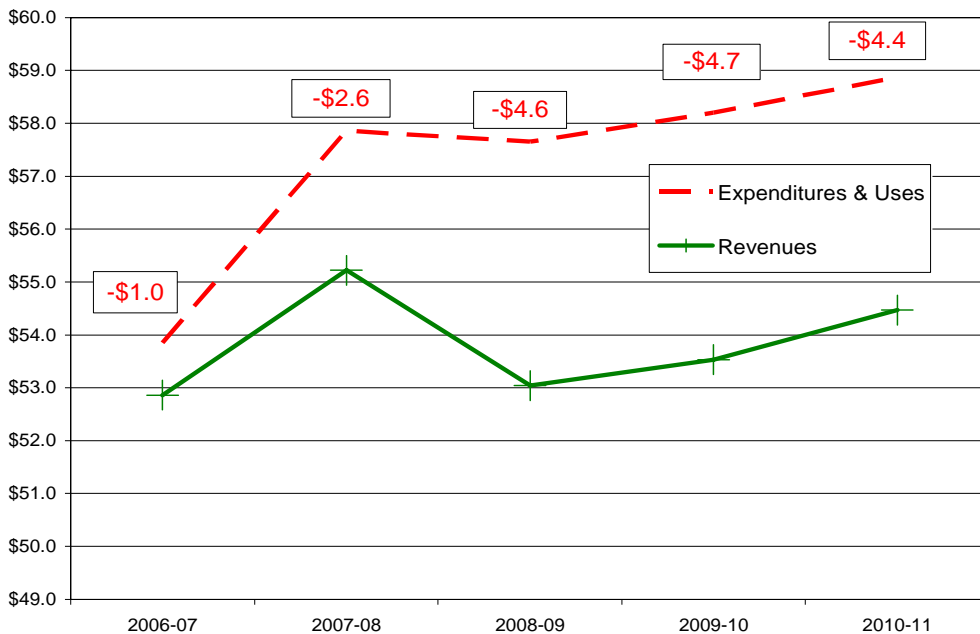
Davis Joint Unified School District: Facts and Information 2007-2008
<http://www.djUSD.k12.ca.us/boardofeducation/djUSDfacts2008.pdf>

Davis Joint Unified School District: Board Budget Workshop (February 7, 2008)
http://www.djUSD.k12.ca.us/District/budget/BudgetWorkshop2-07-08_files/frame.htm

Davis Joint Unified School District: Board Budget Update (February 21, 2008)
http://www.djUSD.k12.ca.us/District/budget/BudgetUpdate2-21-08_files/frame.htm

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**Frequently Asked Questions**



**Q. What is our "budget crisis"?**

A. Expenditures have exceeded revenue and the District has been using one time money received from the state during times of economic prosperity to cover ongoing expenses. These funds have been exhausted and can no longer close the gap. The shortfall is projected to be \$4.6 million in 2008-09. State law requires the District to present a balanced budget to the Yolo County Board of Education.

**Q. What is causing the deficit?**

A. There are three major factors contributing to the deficit:

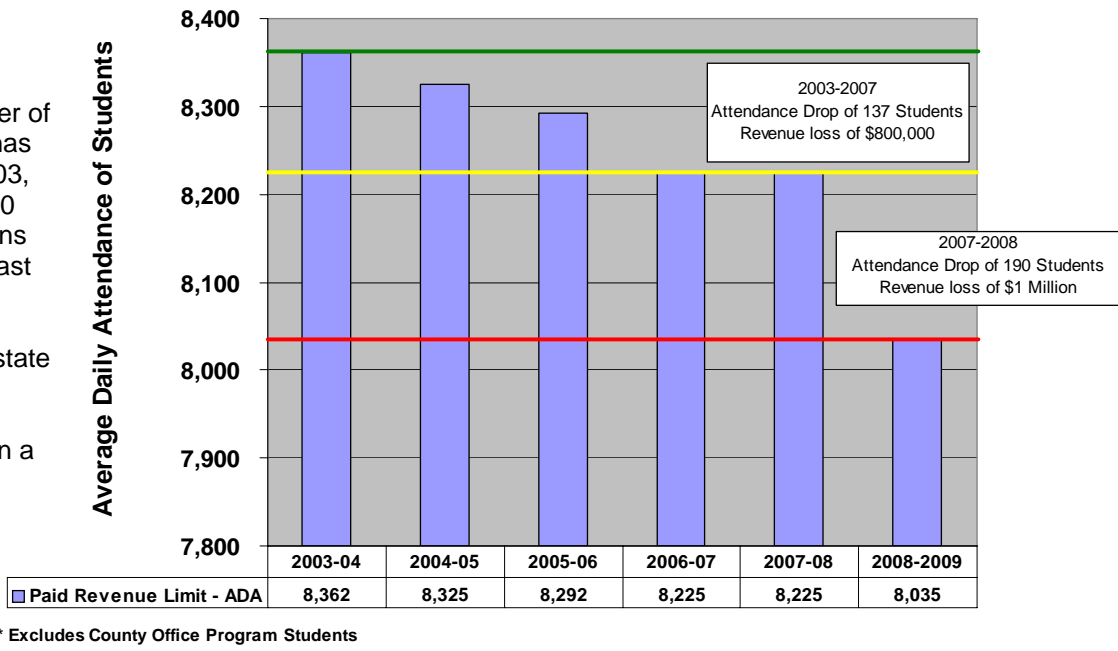
**Declining enrollment:** The number of students attending Davis schools has declined by 327 students since 2003, with an especially steep drop of 190 students in the last year. Projections show this trend continuing for at least the next ten years.

School districts are funded by the state using a formula based on student attendance. Declining enrollment reduces District revenue faster than a district is able to shed expenses.

**School funding:** The state and federal governments mandate certain services for students, but do not adequately fund those services in all cases. Federal funding is not adjusted for inflation and has actually decreased over the last few years. State funding has been a roller coaster of feast and famine, with famine being the main story over the last ten years. Most recently, the economic climate of the state has resulted in the Governor’s proposing a budget with deep cuts to public education funding. This continual erosion of base funding creates budget imbalances as the District works to provide quality educational programs.

**Cost increases:** The cost of providing education - including personnel, supplies and services - increases every year. These costs are rising faster than revenue.

In combination, these factors – declining enrollment, school funding and cost increases - have contributed to a \$4.6 million shortfall in the 2008-09 budget.



**Q. Why can't we make the necessary reductions without cutting important programs like science, music, libraries and counselors?**

A. The District's budget is divided into categories with restrictions on how some dollars are spent. Our instructional program is funded through the general operating fund, and there are rules about how those dollars can be spent. Failure to follow the rules means the funds are lost. Existing law also prevents the District from using money in our facilities fund, or generated by the sale of land assets, for instructional programs. The District is also required to maintain a 3% reserve for economic uncertainty. The amount of truly discretionary spending in the District budget is very limited, and the School Board has few options when making reductions. Core instructional programs must be maintained, leaving support and enrichment programs vulnerable.

**Q. What is the budget timeline?**

A. The District must submit a preliminary budget to the Yolo County Office of Education in March that reflects the best information available at this time. This budget will identify areas of possible program reduction and serve as the basis for notifying employees of potential lay-offs. It is important to note, however, that the process is not complete at that time. Employee departures and retirements, input on community priorities, potential sources of income, and new information from the state will permit continued refinement of the budget plan. In all likelihood, some lay-off notices the District issues in March will be rescinded in May. The final budget will be adopted by the Davis School Board in June, likely before the state adopts its budget.

**Q. The state budget is only the Governor's proposal and will certainly change before it is finally adopted. Why should our budget be based on information that we know will change?**

A. The year-to-year cuts to education proposed in the Governor's January budget account for less than half of our deficit. Even if the state outlook improves, budget reductions will still be required. Unfortunately, indications are that the state outlook will worsen.

**Q. What happens if the Board does not submit a balanced budget to the Yolo County Office of Education?**

A. By law, the County is then required to assume responsibility for making the necessary reductions. Local autonomy over decisions affecting our students will be lost.

A positive certification is received from the County when the District shows it can meet its financial obligations for a three year period.

**Q. Why didn't Measure Q, our instructional parcel tax, fix this problem?**

A. Measure Q dollars supplement but do not fully fund specific programs (e.g. intensive reading instruction, smaller class sizes, more secondary level course offerings). With the base state funding for the programs eroding, the level of service provided will decline, but Measure Q protects the programs from disappearing entirely.

**Q. What options are being explored to generate new revenue?**

A. Our community recently voted to tax itself to support our students and schools. If Measure Q had not passed in November, we would now be faced with reducing the District budget by \$8 million rather than \$4 million. Additional taxes and bond measures require time and money to pass. The budget must be balanced by June with the pattern of ongoing deficit spending eliminated. Solutions need to be permanent, not just one-time infusions of money.

To maximize revenue, the District encourages good attendance and the use of independent study contracts when students will be absent for five or more consecutive school days, a period defined by state law. The District also has an open door policy that permits students living outside of Davis to enroll in our schools.

The sale of District owned real estate assets is a multi-year process. This is currently underway for the Grande property and just beginning for Nugget Field. However, by law, funds generated by the sale of these properties can be used only on capital expenditures not instructional programs. The recently recovered \$4.5 million in state matching funds for the construction of Montgomery Elementary is similarly limited to capital expenditures, and is needed to modernize aging facilities in the District.

Suggestions about new funding sources are welcome.

**Q. How can I make a financial contribution to Davis schools?**

A. The District can accept direct donations, though not for pre-specified purposes. There are also several Davis foundations that funnel donations to public schools:

The **Davis Schools Foundation** supports educational excellence in Davis public schools by raising funds for district-wide programs and promoting equitable opportunities between schools. They sponsor a Dollar-A-Day direct donation campaign. For more information, visit <http://www.davisschoolsfoundation.org/>.

The **Davis School Arts Foundation** supports arts education in the Davis public schools. For more information, visit <http://dcn.davis.ca.us/go/dsaf/>.

The **Davis Bridge Educational Foundation** is a charitable non-profit group dedicated to improving the academic achievement of low-income Davis students, particularly Latinos from Spanish-speaking households in grades K-12. For more information, visit <http://www.davisbridge.org/DavisBridgeAnnualReport2005.pdf>.

The **Blue and White Foundation** supports the improvement of facilities at Davis High School with fundraising efforts currently directed toward the renovation of the stadium. For more information, visit <http://www.dhsblueandwhite.org/>

The **Davis Farmers Market Foundation** supports programs that teach students healthy nutrition habits, personal responsibility, environmental stewardship and community awareness. For more information, visit their website at <http://www.davisfarmtoschool.org/>.

**Q. Will there be an opportunity for community input into the decision making process on program reductions?**

A. The budget process continues through June. As more information becomes known, decisions are refined, and potential new sources of revenue identified, lay-off notices could be rescinded and programs reinstated. Community members are encouraged to take an active part in this conversation, sharing ideas about raising revenues, cutting costs, or establishing priorities. Here are some options:

- contact the Davis Joint Unified School District at 526 B St., Davis, CA 95616 or 757-5300, or e-mail [budgetinput@djud.k12.ca.us](mailto:budgetinput@djud.k12.ca.us)
- attend PTA and Site Council meetings at your school
- share your thoughts with site administrators and parent leaders in your community who represent you at the District level

You are also invited to attend the public meetings of the Davis School Board held on the first and third Tuesday of each month at 7:00 pm in Community Chambers, 23 Russell Blvd. Special scheduled meetings, if needed, will be noticed in the Davis Enterprise. The meetings can be viewed live or in replay on cable Channel 17 or video streamed at [www.djud.tv](http://www.djud.tv).

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Our View: Let's Work Together on Budget

Shared Sacrifices Will Help Us All Get Through These Difficult Times

The Davis Enterprise, February 22, 2008

Less than three months ago, Davis school district administrators, teachers, support staff and parents were congratulating themselves for the successful passage by voters of a parcel tax to support instructional programs.

Measure Q will raise more than \$4 million per year to enrich the education of every student, from kindergarten through 12th grade. The tax, which has been supported by voters since 1983, preserves class size reduction; pays for reading specialists and aides; preserves additional class periods so students can enroll in music, art, foreign language and career technical education courses; pays for counselors, nurses and others who provide direct student support services; and buys up-to-date classroom and library materials for students of all ages.

Coincidentally, \$4 million is also the budget deficit looming for our schools. Thanks to a combination of factors - declining enrollment and the state budget crisis chief among them - Davis' budget is being hit hard.

Last week, Superintendent James Hammond released a list of possible budget cuts totaling \$3.9 million that would mean the loss of 60 jobs, including music teachers, school librarians and counselors and several district office positions.

For months, Hammond has been warning anyone who will listen that deep cuts are ahead, and that we're all going to feel the pain. That all sounded abstract, however, until we saw the list of potential cuts staring us in the face on Sunday: 23 secondary teachers and three elementary teachers; science and physical education prep positions in grades 4-6; elementary and junior high librarians; school counselors and a school psychologist; the school climate coordinator; administrators and support staffers at the district office; and reductions in junior high and high school vice principal hours.

In addition, the entire elementary music program would be eliminated, and athletic programs would see a cut, with some sports moving to a 'pay to play' basis.

Feeling the pain? And how.

Now that the shock has worn off, it's time to move forward. Here is our responsibility, as a community:

- Learn the facts. Understand why we can't just sell the long-vacant school site on Grande Avenue and solve all our problems. (Under state law, real estate proceeds cannot be used to cover teachers' salaries or pay the costs of running educational programs.)
- Stop the blame game. The school district did not create this problem; it's merely saddled with the unpleasant task of fixing it.
- Participate. Hammond and members of the Davis school board are working out the details of a facilitated community workshop at which we'll all get an opportunity to help build a budget - one that works for everyone. Participants will be asked to establish spending priorities and weigh trade-offs.
- Be realistic. Community input is critical in times like this, but ultimately, Hammond and the school board will make the final choices. Our input has value, but we are not the decision-makers.
- We're in this together. Our community will not benefit if we pit ourselves against each other - music vs. athletics; librarians vs. counselors. If we are willing to share the sacrifice, we'll survive. But if we tear each other down in the process, no one will come out of the battle unscathed.

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## **Additional Resources**

The School District Budget Process

[http://www.edsource.org/pdf/QA\\_budgetfinal.pdf](http://www.edsource.org/pdf/QA_budgetfinal.pdf)

EdSource, 2006

Davis Joint Unified School District Audit Report

<http://www.djUSD.k12.ca.us/District/DJUSDAuditReport2006.pdf>

Davis Joint Unified School District: Fiscal Review

FCMAT, 2006

<http://www.djUSD.k12.ca.us/District/FCMAT.pdf>

California School Finance

<http://californiaschoolfinance.org/>

California Department of Education Newsroom

<http://www.cde.ca.gov/nr/>