

**OFFICE OF LARRY E. REIDER
KERN COUNTY SUPERINTENDENT OF SCHOOLS
ADVOCATES FOR CHILDREN**

**District Advisory Newsletter
September 2008**

The Budget

The latest budget on record was signed as of this writing, the 23rd. For education, the facts are fairly simple:

- Prop 98 funding set at \$58.1m, at or near the minimum calculation. The danger will be overfunding if revenues are undercollected
- A 0.68% increase in the revenue limit calculated by School Services to be:

Elementary	\$38
High School	\$46
Unified	\$40

Deficit factor: 4.713%
- Home to school transportation costs will be reimbursed to the general fund from the PTA
- Pending approval by the voters in 2009, education's share of the lottery will be "bought out" and folded into Prop 98
- And best of all (if midyear cuts don't interfere), categorical programs receive the same amount of funding as last year – no 6.5% reduction
- The subject of midyear reductions is very "fluid" at this moment. Given the soft construction of the state revenue plan, undercollection is a real possibility. Many say that education is exempt from the Governor's new authority. But others point out that the language gives the Governor broad authority and reductions, such as those experienced last Spring, are possible.

Budget Conferences

School Services:

Sept 25 – Anaheim
Sept 26 – Fresno
Sept 29 – Sacramento
Sept 30 – Santa Clara

School Innovations & Advocacy:

Sept 30 – Sacramento
Oct 1 – Bakersfield
Oct 2 – Ontario
Oct 3 – San Diego
Oct 6 – Redding
Oct 7 – Santa Clara

Dept of Finance Monthly Bulletin

It is reported that 9 of the state's 11 major industry sectors lost jobs in July increasing the unemployment rate to 7.3%. This is an increase of 1.9 percentage points from July 2007 (5.4%). And the unemployment rate is unfortunately increasing. Financial activities has replaced construction as the major sector with the largest number of job losses. Home construction continued its decline. July marked the 29th consecutive month of declining activity. For the first seven months of 2008, permitting was down 43% from 2007 and 60% from 2006. Existing home sales in July continued to pick up pace, a trend begun in May. However, this trend was at the cost of deteriorating home values. The median price of a single family home was \$350,800, a 40% free fall since July 2007.

It appears that fiscal year 2007-08 tax collections ended the year in positive numbers – an over collection of \$320m on total collections of \$100.784b. For August 2008, collections were down over projection by \$124m, on total collections of \$6.157b. (See table page 2). Also troubling is the fact that sales tax collections were down by \$222m, a direct reflection of the trend in consumer spending. Revenue collections will be a closely monitored report given the great concern with the budget's revenue plan.

The entire DOF finance bulletin is available at www.dof.ca.gov.

2008-09 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	AUGUST 2008				2008-09 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,014	\$2,947	-\$67	-2.2%	\$5,655	\$5,848	\$193	3.4%
Sales & Use	2,537	2,315	-222	-8.8%	4,578	4,275	-303	-6.6%
Corporation	167	214	47	28.1%	421	416	-5	-1.2%
Insurance	388	340	-48	-12.4%	400	367	-33	-8.3%
Estate	0	1	1	n/a	0	3	3	n/a
Pooled Money Interest	26	29	3	11.5%	50	59	9	18.0%
Alcoholic Beverages	27	26	-1	-3.7%	60	59	-1	-1.7%
Tobacco	10	9	-1	-10.0%	20	19	-1	-5.0%
Other (a)	112	276	164	146.4%	698	729	31	4.4%
Total	\$6,281	\$6,157	-\$124	-2.0%	\$11,882	\$11,775	-\$107	-0.9%

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller. Except for estate & "other" revenues, revenues are ranked in descending order of fiscal year magnitude.

Totals may not add due to rounding. The forecast is from the 2008 May Revision.

Apportionments

The latest information from the CDE tells us that September will include both the monthly apportionment for the current month plus the deferred apportionment from July.

These payments are overappropriated by the statutory COLA of 5.66%. Revenue limit apportionments will be re-certified and excess COLA payments deducted in October.

Special purpose apportionment involving transportation and EIA are withheld due to the budget delay. The September apportionment may be combined with October or it may be processed on the 10th of October.

County K-12 Enrollments

First day enrollments in the districts of the county were up 1952 students over the 2007 count and up slightly over first Friday enrollments. The first day count was 169,444, a 1.2% increase over 2007. 24 of 47 districts saw enrollment gains. Interestingly, 14 districts saw substantially higher enrollments by the third Friday, Sept 5th.

Sufficiency of Instruction Materials

The annual resolution to satisfy the requirement in EC60119 is available at

www.cde.ca.gov/ci/cr/cf/documents/reso60119lang.doc. Please remember that Board action must be taken by the end of the eighth week.

Co Supt Spec Ed Billback Transfer

The first scheduled transfer for county operated special education expense has been postponed due to the delay in district special education revenues. Cash flow issues have never been more critical than in 2008-09 and it is hoped that this postponement will assist districts in dealing with the burden imposed by the state.

TSA Third Party Administration

The January 1, 2009 deadline for compliance with the new 403b regulations is fast approaching. If you have not already contracted with a TPA for your plan administration we encourage you to do so. For additional information, please contact Ken Gragg at 661-636-4356, kegragg@kern.org, or reference our original memo on the matter distributed on July 29.

Organizational Meetings

The annual organizational meeting required by EC35143 must be held within a 15-day period no earlier than Friday, Dec 5 and Saturday, Dec 20. At that meeting:

- New trustees are seated
- Officers of the Board are elected
- The regular meeting day, time, and location are established

Please contact Mark Fulmer or Bud Burrow with any questions.

Funds Received

July:

1. Second apportionment for Title III, Part A, English Language Acquisition, 2007-08.
2. Third apportionment for Title IV, Part A, Safe & Drug Free Schools, 2007-08.
3. Final apportionment for Pupil Retention Block Grant, 2007-08.
4. Payment #1 for the California English Language Development Test, 2006-07.
5. Deferred payment for the Targeted Instructional Improvement Block Grant, 2007-08.
6. Deferred apportionment for Transportation, 2007-08.

August:

1. First apportionment for the Quality Education Investment Act, 2008-09.
2. Deferred apportionment for the Carl Washington School Safety Act, grades 8-12, 2007-08.
3. Third apportionment for Title I, Part A, 2007-08.
4. Final apportionment for Title II, Part A, Teacher & Principal Training and Recruiting, 2006-07.
5. Second apportionment for the Arts & Music Block Grant, 2007-08.

September:

1. Apportionment for the Math & Reading Professional Development Program, 2007-08.

Calendar

October 22 – Superintendents' meetings & lunch

October 23 – Trustees Fall dinner meeting, 5:15 PM