

# Welcome!

This page includes frequently asked questions about California's budget crisis and its impact on the Coronado Unified School District. New entries will be added regularly to help clarify our complex and evolving budget picture.

The first section of the FAQ features an index that links with the rest of the document. Just find the topic that interests you and click it to go right to the correct page.

## INDEX

### State Funding in Coronado Public Schools

- ✓ *What can we expect for this school year and future fiscal years?*
- ✓ *What happens next?*
- ✓ *How much of CUSD's budget is spent on people?*
- ✓ *What does it mean for CUSD to have a Qualified Certified Interim Financial Report?*

### Fees

- ✓ *How did the ACLU lawsuit against the state over student fees impact school district budgets?*

### Basic Aid

- ✓ *How are school districts usually funded?*
- ✓ *What is Basic Aid?*
- ✓ *Why doesn't CUSD qualify as a Basic Aid district?*
- ✓ *Has CUSD had to make cuts?*

### Reserves

- ✓ *Why must we keep a 3 percent reserve?*

### Facilities

- ✓ *Can we sell or lease district property to create income for the district?*
- ✓ *Why is the district still spending money on construction when budgets are tight or short?*
- ✓ *Can we increase facility use fees?*
- ✓ *Doesn't the Pool (BBMAC) spend more than it takes in?*

## **Programs that Require Contributions from the General Fund**

- ✓ *Special Education for Children with Disabilities*
- ✓ *What is ROP?*
- ✓ *CoSA– Coronado School of the Arts*
- ✓ *Extracurricular and Interscholastic Sports*
- ✓ *Food Services & Student Nutrition*

## **Furloughs**

- ✓ *Exactly what are furlough days? What does it mean for schools to have furlough days?*
- ✓ *Will additional furlough days be needed to balance the budget?*
- ✓ *What are the pros and cons of furlough days?*
- ✓ *How much money was saved through furlough days?*
- ✓ *Were administrators and classified staff furloughed?*
- ✓ *How does the process of approving furlough days work?*

## **Other Savings**

- ✓ *For years, school districts have been shortchanged by unfunded and underfunded mandates, meaning our schools are required to perform services that they are not reimbursed for. Given our current situation, why don't we refuse to provide these services?*
- ✓ *Should the District Make an Early Retirement Incentive Available to Current Employees?*
- ✓ *Why don't we contract out services?*
- ✓ *What other operating expenses has the district reduced and/or made more efficient?*

## **Alternative Revenue**

- ✓ *Why do we allow students to enroll who do not live in Coronado?*
- ✓ *Is CUSD working to bring in additional revenue through fundraising?*
- ✓ *Under what conditions can other groups conduct fundraising to save programs?*
- ✓ *Why not ask the City of Coronado for help?*

## **Special Education**

- ✓ *How much does CUSD spend on special education?*

## **Parcel Tax or Bond?**

- ✓ *What about floating a parcel tax or bond to raise additional ongoing revenue?*

## **Proposition E, a Local Ballot Measure for Coronado Voters**

- ✓ *The bond proposal is unique by virtually any standard. It is designed as a “pay-as-you-go” public financing option. Bonds will be subject to several new and more stringent taxpayer protections.*

## **Does California Skimp on Public School Funding?**

- ✓ *Is it true that students in California receive less support for their education than students in other places?*
- ✓ *How can this be? Isn't California a high-tax state?*

# State Funding for Coronado Public Schools

## *What can we expect for this school year and future fiscal years?*

The adopted State budget for 2013-14 relied heavily on the Proposition 30 November 2012 ballot initiative that temporarily raised taxes for high-income earners and increased the sales tax by a half-cent through 2016. This initiative kept education spending essentially flat. The legislation that followed, spurred on by the “super-majority” elected in November, is what devastated the funding for CUSD.

The new state Local Control Funding Formula (LCFF) changed the funding game for all school districts in California. Just as the State finally began inching toward economic recovery, the LCFF undercut CUSD’s access to restored funding. Instead of rapidly restoring state cuts, LCFF extends the period of cuts for school districts through 2021.

The new supplemental money from LCFF is earmarked for students who are English Language Learners and/or economically disadvantaged, of which CUSD has a very small percentage. More money or “concentration” funding is provided to districts that have larger percentages of these students. LCFF relies on the state economy rising steadily over this 8 year period, something that has not occurred for over 40 years. Because this new formula promises to return school budgets to the 2007-2008 funding level, LCFF guarantees that California schools, in particular Coronado Unified schools, will remain dead last in per pupil funding as compared to other states for years to come.

By law we must develop our budget with worst-case scenarios in mind. CUSD has grown accustomed to planning for the worst, and we have remained on strong financial ground relative to other districts thanks in large part to the sacrifices made by our employees, who have endured furlough days and program cuts. In addition, the strong leadership of our Board of Education has provided our district with the financial stability to endure the national recession while encouraging the continued success of our academic programs.

Based on the latest revenue and expenditure forecasts, we're projecting a structural deficit of \$3.1 million for 2013-14. While our reserves will keep us afloat for the 2013-14 school year, sadly, it appears that the district will be insolvent by Spring of 2014.

Over the past five years, our district has taken drastic steps to cut programs and services in our district. This is not a step we take lightly, as we know it will have a significant impact on our schools' day-to-day operations. At the same time, this strategy has proven to be highly effective by netting onetime savings in previous years.

Given current projections in order to meet the minimum state mandated reserve requirements (3% of total expenditures), we will need to increase revenue or decrease expenditures by a total of \$400K in the 2014-15 school year. An additional \$1.6M in cuts will be needed in 2015-16 to continue to meet the minimum state mandated reserves. These new revenues or cuts must be ongoing in order to meet state mandated budget requirements of predicting solvency in the current and two subsequent years.

To put it another way, CUSD should receive \$6,225 per ADA (Average Daily Attendance) in 2013-14, which is an increase of \$247/ADA from the previous year. That sounds good, but it is nowhere near what we need to close the structural deficit. In fact, CUSD is now 11th of 12 unified districts— Carlsbad USD is at the bottom of the unified pile with \$6,168/ADA. It is hard to believe, but as a result of the LCFF, San Diego Unified receives \$7,300/ADA this year— over \$1000/ADA more than Coronado!

I don't have to tell you that these are incredibly challenging times, exacerbated by the uncertainties at the state level. As discussions continue in Sacramento, new developments are likely to unfold that may alter our projections, for better or worse. It is our intent to communicate with you every step of the way as we pursue a number of proactive steps that will keep our district on solid financial ground.

As always, thank you for your patience and support.

## *What happens next?*

In January 2013, Governor Jerry Brown proposed the LCFF and dramatically changed the funding formula that had existed for over 40 years. Coronado immediately felt the sting of this decision and it does not appear that the pain of being underfunded will ever go away. Districts like CUSD will get less forever and recover much slower from the Great Recession cuts. Others like San Diego Unified and Los Angeles Unified will get more money and recover more quickly.

Our new reality is that financial rescue from the Great Recession is now further away due to adoption of LCFF. CUSD is out of “short-term” options for filling the gap. We need to quickly cut our most precious programs, or cut school day hours, or further increase class sizes, or somehow find another revenue source. If we resolve this staggering problem strictly by program and staff cuts, nearby school districts will soon be superior to us in salaries for high quality teachers, creating a risk of degrading CUSD’s educational programs by not being competitive with personnel.

And to add insult to injury, the Federal government is “sequester-minded” and actually cutting our military impact funds. We expect the funding from the federal government to continue to decrease at least 10% per year, leaving us with no other option but to decrease the services we offer to our nation’s heroes and their families.

This is all very confusing and very hard to understand because of all the legal policies and procedures that must be upheld even though there is no money to do so. It doesn’t help that our state’s budgeting system is a bit backwards. Coronado and other school districts in California are required to submit their annual spending plans on or before June 30, but major decisions must be made much sooner.

For example, teachers must be notified by March 15 if the possibility exists that they will not be employed the following year. In addition, March also marks the deadline for CUSD to certify its Second Interim Report, indicating our district’s ability to meet all financial obligations for the current year and two subsequent years. If CUSD is unable to show a balanced budget by this date, it must file the report as “qualified,” and that designation can bring a number of consequences including sanctions and/or county intervention.

**Listed below are the important dates on the road to budget adoption:**

- June – Adopt the next year’s budget
- September – Prior Year Unaudited Actuals
- December – Current Year First Interim Report
- January – Prior Year Final Audit Report
- March – Current Year Second Interim Report

### ***How much of CUSD’s budget is spent on people?***

The Coronado Unified School District spends more than 81 percent of its operational budget on staff. This number holds critical importance when budget cuts are necessary, and it makes midyear cuts nearly impossible as many of our employees are contracted for the full year.

### ***What does it mean for CUSD to have a Qualified Certified Interim Financial Report?***

California school districts are called Local Educational Agencies (LEAs). They are required to file two reports during a fiscal year (interim reports) on the status of the LEA's financial health. The first interim report is due December 15 for the period ending October 31. The second interim report is due March 17 for the period ending January 31. Every county in California has a Superintendent who manages the county level of school governance. County superintendents are to report to the Superintendent of Public Instruction and the State Controller the certification for all districts in their county within 75 days after the close of the reporting period.

The interim reports must include a certification of whether or not the LEA is able to meet its financial obligations. The certifications are classified as positive, qualified, or negative. A positive certification is assigned when the district will meet its financial obligations for the current and two subsequent fiscal years (3 years in a row). A qualified certification is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years (2 years in a row). A negative certification is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year. In addition, the state Superintendent of Public Instruction may reclassify the certification of any county office of education or reclassify a

certification based on an appeal of a school district in accordance with the above standards.

Practically speaking, this means that Coronado must prepare a third interim report. It also means we are not eligible for certain financial transactions without additional scrutiny by county government. It does not affect the district on a day to day basis, but it does mean that the future financial health of the district is bleak.

## Fees

### *How did the ACLU lawsuit against the state over student fees impact school district budgets?*

In 2010, the American Civil Liberties Union filed a lawsuit against the state over fees, charges and deposits imposed on public school students.

Though new legislation was later introduced in an effort to codify existing laws and to detail new audit procedures, the bill known as AB 165 has since been vetoed by the governor. Yet California's Constitution already affirms that students and parents cannot be required to pay money to gain access to educational activities, nor can they be charged for materials and supplies necessary to participate in educational activities.

“Educational activities” has been clearly defined to include extracurricular offerings such as music, sports and some clubs. Moreover, the rules described above are believed to apply to all affiliated groups supporting district and school programs, including PTAs, PTOs, boosters and foundations.

Recently Coronado Unified School District conducted an internal audit of all Governing Board policies, school procedures, and affiliated shareholder group practices. Minor changes were made over the 11-12 school year to ensure that all were in compliance with not only the letter of the law, but also the spirit of the law.

It should be noted that the law does not prohibit schools and districts from requesting voluntary donations, and that’s how CUSD intends to preserve some of its more vital educational offerings.

# Basic Aid

## *How are school districts usually funded?*

School districts get funding from local, state and federal sources, and a lot of it is tied to specific programs or needs. (For example, construction dollars must be spent to build or modernize facilities.) For now, however, let's just talk about the unrestricted, general purpose funding that school districts receive from the state.

Since the early 1970s, most school districts have received their general purpose funding under the so-called "Revenue Limit" formula. The Revenue Limit is essentially calculated by taking a set amount of dollars per student – as determined by the state of California – and multiplying that figure by each district's Average Daily Attendance (ADA). To keep pace with rising costs, the per-pupil figure is usually increased from one year to the next based on the state-calculated Cost of Living Adjustment (COLA). For the past few years, however, school districts have seen major decreases in per-student spending.

Beginning July 2013, the state now funds public schools based on the Local Control Funding Formula. The Local Control Funding Formula represents the most significant change in California's funding system for K-12 schools in four decades. It is the central feature of landmark legislation—Assembly Bill 97. It affects every school in the state, including charter schools. One goal of the new law is to improve academic outcomes by providing more money to school districts that serve high-needs students. Another goal is to give local school districts more authority to decide how to spend education dollars, and hold them accountable for getting results.

Funding will go to districts rather than individual schools. Most of the funds will consist of a base grant that districts will receive for every student in attendance. The base grant will be higher for younger elementary school students and highest for high school students. The base grant—when full funding is achieved—will be \$7,675 for students in grades K-3, \$7,056 for students in grades 4-6, \$7,266 for students in grades 7-8, and \$8,638 for students in grades 9-12. These figures include a cost-of-living adjustment for 2013-14. The base grants will be adjusted upward each year to reflect cost-of-living increases.

Districts will also receive a supplemental grant based on the number of high-needs students enrolled in the district. Those with more than 55% high-needs students will get even more funds through what are called concentration grants. The new law effectively eliminates 32 "categorical" programs—dedicated funding for everything



from summer school and school counselors to building maintenance and principal training—that for decades were intended to serve specific needs. Instead, the categorical funds will be folded into the grant districts will get. Districts will have the option to provide the services funded by categorical funds, but they won't be required to do so.

## *What is Basic Aid?*

Basic Aid, also known as “local funding,” essentially occurs when the local property tax revenue in a district exceeds the total general purpose funding that the state would have provided. In other words, there's no need to factor in any state aid because the property taxes alone surpass the minimum funding level established by the state.

This doesn't have any impact on taxpayers or specific programs, but it changes the way that dollars are routed, and it used to mean more money.

## *Why doesn't CUSD qualify as a Basic Aid district?*

The Coronado community has benefited from the late 1980's from redevelopment agency law, better known as community development agency (CDA). This has given us the beautiful facilities that we see today. However, redevelopment funding utilizes that portion of local property tax revenue that would have otherwise gone into the basic aide formula.

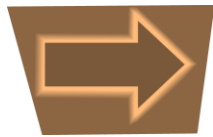
CUSD could move into the Basic Aid formula as a result of the state's elimination of redevelopment agencies sometime in the future, but not before 2020 as a good guess. Since the Governor and the Legislature have slashed per-student spending to such an extent that levels have fallen below the income currently generated by our district's own property taxes, and with redevelopment funds no longer being used to fund city improvements, we might one day be funded by our own property taxes.

## *Has CUSD had to make cuts?*

Yes. CUSD needed to make significant reductions to remain fiscally solvent during the Great Recession and even before that starting in 2003. But because of the

severity of the Great Recession, in 2010 our Governing Board created a five year plan to drastically reduce expenses, make facilities more energy efficient, find ways to create efficiencies via the use of technology, as well as use the cash reserves that had been saved for just such a catastrophe.

Employee groups participated in the expense cuts by volunteering to take furlough days and allow the increase of class sizes over a three year period. The community agreed to take cuts by taking five days of instruction away from their children.



**[Click Here for a List of Budget Cuts the District Has Made Since 2003.](#)**

## Reserves

### *Why must we keep a three percent reserve?*

State law requires districts of our size to maintain an uncommitted reserve of three percent of the general fund expenses. However, it should be noted that state and county officials advise a much higher reserve level due to the current fiscal crisis. In fact, the Governing Board Philosophy is to maintain a reserve fund of two months' worth of expenses, which is approximately 16%, a far cry from 3%!

In addition, in order to assist the State's cash flow needs, the state deferred a significant amount of current year revenue to all school districts in California. The District must make up the difference through borrowing if necessary.

# Facilities

## *Can we sell or lease district property to create income for the district?*

Selling school property would generate significant income, but unfortunately it would not help our operational shortfall.

Since most of our schools were built with a combination of local redevelopment money and state dollars, there are a number of restrictions, depending on the particular property. Generally speaking, under the state's complex financing rules, proceeds from the sales of surplus sites must return to the capital budget, which pays for construction and modernization.

The district still owns approximately 2.2 acres located at the corner of Second Street and Prospect Place in Coronado. It has been referred to as the Glorietta Property because of its proximity to Glorietta Bay and because, until 1976, the Glorietta School operated there.

Currently, the Property is leased to Villa Coronado, a California limited partnership (successor in interest to Royale Guest Home of Coronado, a California limited partnership) and has been improved with a retirement home (assisted living) located on Parcel 1 and a convalescent hospital located on Parcel 2. The district has a long term lease and receives approximately \$23,000 per month for both parcels.

## *Why is the district still spending money on construction when budgets are tight or short?*

Again, there is a sharp legal distinction between dollars used for operating schools and dollars used for construction. Money designated for school construction cannot legally be used to operate schools.

District staff and the Governing Board will continue to move forward with construction and modernization projects based on the needs of our student population and available resources.

## *Can we increase facility use fees?*

Yes, but not by much. Because our facilities were built with tax dollars, the law says the public has already paid for them. Consequently, what we're allowed to charge the community in most cases is an amount sufficient only to cover the actual cost of operating the facility during the time of use. The law does not allow us to charge for facility replacement costs. However, we may charge market rates, if the user is a commercial entity.

## *Doesn't the Pool (BBMAC) spend more than it takes in?*

Back in 2008 the Superintendent formed a citizen's committee to look at the business plan for the pool and figure out why it was at that time losing over \$300K per year. The Aquatics Task Force came up with a plan to market the pool rentals to a worldwide audience and not to just southern California. In other words, the advertising would go out to tourists who played water polo or swam competitively.

The good news is that the plan worked! Teams began coming to Coronado from places like Australia, New Zealand, England, Romania, Canada, and northern US states such as Wisconsin. Due to those rentals, the pool operations will be at around break even by the end of the 2013-14 year including the \$100K contribution from the district to offset \$170,000 in swim/water polo costs. However, that \$100K contribution will end in 14-15 and BBMAC will use some of its reserves as it becomes a break-even operation by 2015-16. This is all being accomplished even though the district still won't be contributing for swim teams, water polo teams, or aquatic safety lessons in Physical Education classes.

Coronado merchants love the tourism dollars the BBMAC brings to their businesses especially during the winter months. It is believed the BBMAC brings over \$300K in tourist dollars to our community annually. The website for BBMAC (<http://bbmac.org/>) features "Swim and Stay" packages for tourists. BBMAC works with local hotels and local eateries to bring more dollars to Coronado. On top of that good news, the merchants give back a percentage of those tourism dollars to the BBMAC.

# Programs that Require Contributions from the General Fund

## *Special Education for Children with Disabilities*

For too long, Congress has failed to live up to its commitment to fund special education. This continued underfunding – in combination with current state fiscal crises – forces school districts to either raise taxes or dip into general education budgets to make up for the shortfall, thereby cutting other critical services. Funding for this service is considered another unfunded mandate and is designated in our budget as the largest “restricted” funding.

Over the past 10 years, the number of U.S. students enrolled in special education programs has risen 30 percent. Three out of every four students with disabilities spend part or all of their school day in a general education classroom. In turn, nearly every general education classroom across the country includes students with disabilities. Each school and school district must determine the best way to conduct programs and figure out how to pay for them.

In the Coronado Unified School District the 2013-14 budget for special needs students is \$5.2M of which \$2.7M is a contribution from the unrestricted general fund. This is our single largest area of contribution. We have undertaken a study that was conducted in December 2013 by the California Fiscal Crisis and Management Assistance Team (FCMAT), to identify areas where we can control Special Education expenditures. The report on that study is due in February 2014.

## *What is ROP?*

ROP, short for Regional Occupational Program, offers career-oriented technical education classes, such as computer graphics, automotive technology and video production, for high school students and adults. This is one of the few district programs that carries its weight financially and does not impact the general fund.

## *CoSA– Coronado School of the Arts*

Coronado School of the Arts (CoSA) is a public arts conservatory for students in grades 9 through 12 that embraces and encourages artistic creativity and academic excellence. This pre-professional arts program reaches out to talented students in San Diego County, offering a nurturing environment focused on individual growth, opportunity and diversity. CoSA is supported by a Professional Advisory Board, whose members are all artists or who work in the arts industry. Most students at CoSA are also students at Coronado High School (CHS), an award-winning public high school.

CoSA is supported by the CoSA Foundation, a non-profit organization that contributes over \$200K each year. Currently the district supplements this donation with another \$170K in order to meet the expenses of the program. There are other grants that also assist with the full funding of the award-winning program.

CoSA also uses a number of ROP teachers who could be used to teach other high school classes. To be fair, CoSA “pays” for these teachers by the number of students enrolled in the CoSA classes. But these teachers could be used in general education courses if the CoSA program was eliminated.

## *Extracurricular and Interscholastic Sports*

Extracurricular/co-curricular activities include interscholastic teams (CIFSD), ASB, pep squad, cheerleaders, drill team, flag team, band, orchestra, choral, drama, and similar programs requiring practice and performance time beyond a class period for which unit credit may or may not be granted.

Excluded from these regulations are activities or programs such as yearbook, newspaper, student league, letter clubs, honorary or scholarship or other voluntary clubs or associations.

For the purpose of making the sports discussion easier to understand our revenue and expense numbers are only for football, basketball, swimming, water polo, soccer, and lacrosse. These sports bring in revenue from ticket sales and food sales, but the Islander Sports Foundation handles the food sales so the budget for sports does not reflect this part of the program. After all revenue and expenses have been figured, these sports operate at a loss of over \$330K annually.

## *Food Services & Student Nutrition*

The Food Services Department at Coronado Unified School District works to surpass the standard nutrition requirements while also creating meals and an environment that is attractive to students. Lunches for students who qualify for a free and reduced meal are mandated by law.

The operating goal is for all expenses to be covered by revenues generated. However, in 13-14 a district subsidy of \$100K is required. The Director of Food Services is currently working on a plan to reduce this subsidy substantially by using more local vendors and improved purchasing procedures.

## **Furloughs**

### *Exactly what are furlough days? What does it mean for schools to have furlough days?*

A furlough day could be defined as a mandatory day off without pay. For school districts, furloughs may or may not result in the loss of instructional days.

In March 2010, following negotiations with the district's collective bargaining associations, the CUSD Governing Board approved seven district-wide furlough days for 2010-11 through 2012-13. However, in 2010-11 the district received Federal Jobs funding and gave back one day and in 2011-12 the district gave back three days for professional development. The Governing Board approved 3 days in 2012-13 for professional development using General Fund dollars. All furlough days were restored in 13-14 and there are no plans for more furlough days in the future although that is a potential way to decrease expenses. Agreements for furlough days are subject to mutual agreement with our employee associations.

## *What are the pros and cons of furlough days?*

Furloughs can equate to the loss of instructional days for students, and they translate into reduced compensation for our employees. They were viewed necessary for CUSD to weather the state fiscal crisis in previous years. It is important to know that any changes to the work year are subject to negotiations with our district's certificated and classified employee groups.

## *How much money was saved through furlough days?*

Our district has calculated a savings of approximately \$95,000 per furlough day. Keep in mind that these totals are derived from adjusting the compensation for all employees, including certificated, classified and administrative staff members.

## *Were administrators and classified staff furloughed?*

Yes. All district employees were impacted in an equitable manner.

## *How does the process of approving furlough days work?*

The process begins with negotiations between our district and leaders of our collective bargaining associations – the Coronado Teachers Association and the California School Employees Association.

Once a tentative agreement is reached with a particular bargaining group, the proposal is voted on by union members before heading to the CUSD Board of Education for a final vote.



# Other Savings

*For years, school districts have been shortchanged by unfunded and underfunded mandates, meaning our schools are required to perform services that they are not reimbursed for. Given our current situation, why don't we refuse to provide these services?*

It's true that school districts have historically been mandated to provide services without adequate resources to do so. However, failure to comply with state and federal directives is unlawful and could result in costly litigation, which would only serve to exacerbate our budget challenges.

*Should the District Make an Early Retirement Incentive Available to Current Employees?*

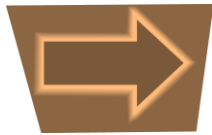
The District instituted a Supplemental Early Retirement Plan in 2010, which saved more than \$150K in the following year. This retirement incentive is financed over a period of five years. The next time it would be financially feasible to offer another retirement incentive will be in 2015-2016.

*Why don't we contract out services?*

“Contracting out” is severely limited by the Education Code, court decisions and collective bargaining laws that govern public schools. In simple terms, once the school district has a class of classified employees performing a particular function, that function cannot be transferred to a private sector contract. For those few functions that can be “contracted out,” public schools must, by law, use contractors that pay prevailing wage rates and ensure that all employees are properly fingerprinted. These additional requirements, even for contract employees, erode most of the savings that might otherwise be realized by contracting out.

## ***What other operating expenses has the district reduced and/or made more efficient?***

CUSD has been touted in recent years for its aggressive energy-savings campaign. Over the past several years, CUSD staff has worked diligently to capture as many dollars as possible through energy savings and conservation. From 2008-09 to 2011-12, CUSD saw its kilowatt usage drop from nearly 2.9 million to 2.5 million, for a savings of \$90,000 per year.



**Click Here for a List of Budget Cuts the District Has Made Since 2003.**

## **Alternative Revenue**

### ***Why do we allow students to enroll in our schools who do not live in Coronado?***

Our District included 20% of the enrollment as Interdistrict Transfer (IDT) in 2008. Six years later in 2014, only 8% of the District's students were IDTs. More families than ever have moved into Coronado as a result of the high academic quality of Coronado's public schools. These students are NOT a financial burden on our schools. Our state laws treat them just like a resident and fund them in the same manner. In fact, IDTs add to the cultural diversity of our school population. Most of our IDTs are children of our employees. The next largest group of students is in our high school conservatory the Coronado School of the Arts (CoSA). This highly acclaimed program depends upon IDT students to "round out" the artistic talent necessary to implement such a program.

## *Is CUSD working to bring in additional revenue through fundraising?*

Coronado Schools Foundation (CSF), CUSD's nonprofit fundraising arm, supports academic and technology programs throughout the district. Thanks to a generous community, CSF returned over \$800,000 to our five public schools, enabling CUSD to maintain its program offerings, and adding new offerings in engineering, biotechnology and hands-on project based learning opportunities.

This nonprofit foundation's program return rate exceeds 85%, as evidenced by the audited financial statements. Any contribution made directly benefits the academic standards that have helped to make our community—and its successful graduates—all they are today.

The truth is quality public education isn't free anymore. So, our 3,200 public school children learners need help from groups like CSF more than ever.

## *Under what conditions can other groups conduct fundraising to save programs?*

A number of groups collaborate with CSF to address the needs of Coronado students, including our PTAs, the Islander Sports Foundation, the City of Coronado, the Coronado School of the Arts Foundation and businesses such as the Hotel del Coronado, Boney's Bayside Market, Nadolife Restaurant Group, Mullins Orthodontics, and Martial Arts America.

That said, since the costs of supporting programs are based on contractual obligations, funding must come from an ongoing source rather than one-time efforts.

## *Why not ask the City of Coronado for help?*

The City of Coronado is a strong supporter of CUSD and has been a very generous donor of time and resources to the district. Acknowledging that the City of Coronado is already making a tremendous contribution, education funding is truly the responsibility of the state and the community, not municipalities.

# Special Education

## *How much does CUSD spend on special education?*

The Coronado Unified School District spends approximately \$5.2 million serving students with special needs. While these services are mandated by the Federal Government, the district only receives approximately \$2.5 million from the state and federal government.

We consistently look for areas to increase efficiency. In December 2013 the district requested and received an audit of the Special Education Department from the Fiscal Crisis and Management Assessment Team (FCMAT). The purpose of FCMAT is to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The results of this audit should be available for the Governing Board to review in February 2014.

# Parcel Tax or Bond?

## *What about floating a parcel tax or bond to raise additional ongoing revenue?*

In November 2013, the Superintendent employed True North Research to conduct a professional survey of the Coronado community. This survey involved 252 completed telephone interviews with registered voters. The overall margin of error for the results of this survey is +/- 6%.

The results showed that the perception of the district is extremely positive with nine-in-ten voters rating the quality of education provided by the Coronado Unified School District as excellent (62%) or good (28%). Nearly 60% of voters rated the District's performance in managing its finances as excellent (20%) or good (39%), 17% indicated it is fair, whereas 16% confided that they were unsure or unwilling to answer the question.

The survey asked: "shall Coronado Unified School District issue 90 million dollars in bonds at legal interest rates, with mandatory audits, independent citizen oversight, no funds for administrator salaries, and all money staying local?" With

only that question asked, 69% of likely November 2014 voters indicated that they would definitely or probably support a school bond measure at this stage in the survey, whereas 24% stated that they would oppose the measure and 8% were unsure or unwilling to share their vote choice.

Because a parcel tax currently demands a two-thirds vote of approval from voters, winning approval of a parcel tax proposal does not seem possible. However, a local school bond that requires only a 55% authorization rating seems to have a favorable chance of approval in Coronado.

The School Board approved a ballot measure to be placed on the June 3, 2014, ballot to ask the Coronado voters if they would like such a bond. This ballot measure is called Proposition E.

## Proposition E, a Local Ballot Measure for Coronado Voters

*The bond proposal is unique by virtually any standard. It is designed as a “pay-as-you-go” public financing option. Bonds will be subject to several new and more stringent taxpayer protections.*

Under the innovative ballot measure proposal, proceeds of the bonds will be used only on capital items such as facilities, equipment, and technology. This will permit Coronado’s facilities to stay current, to promote secondary science, technology, career technical educational classrooms, and instructional technology, to continue advanced programs in math, science, and the arts, and to meet university admission and industry-standard job-training specifications. Bonds would also be used to fund renovation of existing classrooms, libraries, labs, and school facilities, and to relieve the CUSD General Fund by paying or prepaying lease-purchase obligations. All of these needs are legitimate uses for school bond funding as defined in State Proposition 39 approved by California voters in the year 2000.

Coronado Unified has been funding virtually all of its facilities, equipment and technology needs from General Fund or local sources. If CUSD can cover its capital needs from bond proceeds, then General Fund dollars can be used instead for

smaller class sizes, expanded programs and other educational purposes. As Board President Ovrom notes, “If we pass Proposition E, it will mean we can cover capital costs with bond proceeds, thereby freeing our General Fund to continue advanced CUSD programs in math, science and technology among others.”

### ***Unique Taxpayer Protections Embedded in Proposition E***

Beyond current Prop 39 mandated taxpayer protections, the School Board has insisted upon including features in the bond measure, which will make it particularly fiscally prudent. The proposed measure includes the following unprecedented package of taxpayer protections:

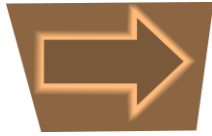
- ◆ **Prudent Maximum Bond Authorization** – Bonds are capped at \$29 million over the 10-year program. This figure is “right-sized” to cover the expected total funding shortfalls over that period.
- ◆ **No Long-Term Debt** – All bonds must be paid in full by 2024 - these bonds will not burden future generations. Further, individual bond durations will be less than 5 years. This is a true “pay-as-you-go” proposition, paying for current, authorized expenditures with current revenues.
- ◆ **Caps on Outstanding Debt and Annual Debt Service** – Bonds cannot be issued if they will cause total outstanding debt to exceed \$13.2 million or total annual payments (on all bonds) to exceed \$3.3 million – these caps protect residents from creeping assessments on account of the bonds.
- ◆ **Independent and Rigorous Citizen Oversight** – As required by Proposition 39, an independent citizen oversight committee will oversee the bond program.
- ◆ **Funding for capital assets only** – Money can only be used for items with useful lives equal or longer than the bond life, or refinancing debt incurred to cover such items.

### ***A Fiscally Efficient Bond Measure***

The design of the bond program is such that the effective payback ratio is estimated to be less than \$1.04 : \$1.00, meaning that interest and issuance costs will be less than four (4) cents for every bond dollar. In fact, given the fiscally responsible provisions detailed above, it is extremely likely that taxpayer payments will drop from approximately \$40.00 per \$100,000 in assessed valuation at the start of the

**Click here to return to Index**

bond program to approximately \$31.00 per \$100,000 in assessed valuation at the end of the bond program.



**[Click Here for More Information on Proposition E.](#)**

## Does California Skimp on Public School Funding?

*Education funding comparisons are notoriously slippery. Is it true that students in California receive less support for their education than students in other places?*

Yes, it's true. California consistently skimps on educating students. In 2009-10, for example, public K-12 education spending in the rest of America (exclusive of California) averaged close to \$10,796 per student. In California, the average was lower: \$8,520. If this is news to you, you are in good company: most Californians have no idea. According to a 2011 survey by the Public Policy Institute of California "Fewer than four in 10 Californians (36%) think that the state's per pupil spending for K-12 public education is below average compared to other states; 25 percent say it is near the top or above average and 27 percent say it is average."

A word here about statistics: Public statistics about education spending are collected with a frustrating amount of delay. They vary according to the accounting rules used to calculate them, which can produce flawed comparisons on the margin. But regardless of the source, the accounting approach and the year, California consistently and significantly lags other states in the real resources that it commits to educate children. The gap is huge, persistent, and not at all subject to debate. It is impossible to argue away.

*How can this be? Isn't California a high-tax state?*

The Public Policy Institute of California (PPIC) explains this paradox well. In an analysis of 1999-2000 spending on public education, PPIC found that California generated 9% more state and local tax revenue per capita than other states did. But they also found that this state devoted less of its resources toward public education (22% vs. 25% in the rest of the USA). Further, California had 8% more public school students per capita than the average of the rest of the US.

*In other words, California has more students than the rest of the US, and puts less of its taxes toward schools.*

Perhaps most important of all is California's wage context. As a high-wage, high-cost-of-living state, education dollars in California don't go as far as they do in Ohio, Texas, or Florida, all of which fund students at a level roughly comparable to California in nominal dollars. Other high-wage states such as New York, Connecticut, New Jersey and Massachusetts invest considerably more dollars per student than does California.

There is no escaping the pinch: Below-average spending per student, combined with high wages, results in real investment gaps. Even before the budget crunch of 2011, California routinely ranked last or next-to-last in the nation in terms of teachers per student, librarians per student, counselors per student, and administrators per student. Overall, California schools entered the budget crunch already making do with 30% fewer adults per student than schools have in the rest of the US. Prior to the crunch, schools in California already made do with 21 students per teacher, vs. 15 per teacher in the rest of the US. On a per-student basis, California schools have about a third fewer principals and vice principals, half the number of counselors, and 69% fewer district staff.

Philanthropy cannot plug an operating gap of this magnitude. Nationally, donations to schools and to education-related non-profit organizations add up to less than 1% of educational spending. Even in the wealthiest suburban communities, donations and fundraising only account for 5-10% of school budgets.

**The facts in this section “Does California Skimp on Public School Funding?” complete with links and graphs, can be accessed at <http://www.ed100.org/californiaskimps/>**