

# General Fund Relief Through Prop. 39 Bonds



## Capitalizing Operating Costs to Improve the Bottom Line

**General Fund revenues are shrinking.** The State cut 10% from school budgets last year, and closing a projected \$20 billion deficit next year will undoubtedly lead to more cuts. Federal stimulus funds gave a shot in the arm, but were one-time funds. General Funds will continue to feel the pinch of reduced revenues.

**Parcel Taxes are difficult to pass.** The voter support required to pass a parcel tax is two-thirds, leading many districts to reject the concept out of hand. While proposals to reduce the threshold are in the Legislature, districts today cannot achieve General Fund relief without the two-thirds supermajority.

**Prop. 39 Bonds provide an answer.** California voters already gave approval for school bonds to pass with 55% voter approval under Prop. 39. Many capital expenditures that are traditionally borne by the General Fund can be included in a G.O. Bond Program requiring 55% voter approval. Shifting these expenses from the General Fund to the tax base can provide flexibility in these trying budget times.

**Renewable Energy.** Taxpayers can fund the District's purchase and installation of a photovoltaic system. The combination of annual cost savings and utility rebates can add up to millions.

**Deferred Maintenance.** The District can put 1.5% back into the budget without shredding the safety net for future repairs.

**Charter School Facilities.** Charter school facilities can be included in a G.O. Bond Program to provide a dedicated source for facilities and release those obligations from the General Fund.

**Technology Replacement.** Instead of waiting for the next grant or donation, the District can take control of its technology replacement on a defined schedule.

### Case Study: Lennox School District

The Lennox School District wanted to provide students with modern technology in the classroom on an ongoing basis and CFW designed a program in which each computer will be replaced every three years over the next decade. Coupled with the capitalization of the District's deferred maintenance match, the District has more unrestricted funds available to meet programming and staffing needs.

"With our second successful election, we look forward to continuing to improve the education we provide our students."

Bruce McDaniel  
Superintendent  
Lennox SD

“We did the analysis; put a comprehensive program together and garnered significant voter approval. This is something that California school districts should consider to gain greater budget control and flexibility.

It frees up ongoing funds to be spent on needed student programs and services. CFW has helped us every step of the way in designing our successful program.”

Steve Lund  
Superintendent, (Ret.)  
Fort Bragg USD



## Case Study: Fort Bragg Unified School District

Fort Bragg Unified School District in Northern Mendocino County may not be the first place you would think to build a photovoltaic system, given the persistent fog in the area. However, an analysis of peak sun hours and a survey of local voters showed there was plenty of sunlight to power the schools, and plenty of support for a ballot measure.

In June 2008, voters approved Measure “C,” authorizing the District to build photovoltaic systems that are projected to reduce annual energy costs by \$200,000. Those savings are the equivalent of a \$24 parcel tax without the 2/3 voter requirement.

## CFW and Your District: A Partnership that Works

CFW can dedicate its full services to help your district:

- Develop a plan that works
- Secure State and Federal funding
- Develop and implement your Bond Program
- Manage your Bond Election
- Select and Manage Team Members
- Implement the Construction Program

We recognize that District administrative staff is heavily burdened. CFW does all the Program Administration and can let you focus on your day job – We’ll do the rest! Please call Ernesto Flores or Abel Guillén at (510) 596-8180 to discuss how CFW can help your District.



## Interested?

CFW can provide you with a **free estimate** of your potential General Fund benefit **today** at the CSBA Conference. CFW is available to guide your District through the entire process of planning a bond measure, winning the campaign, selling the bonds, and implementing your District’s program.

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