



# **2011-12 and 2012-13 Budget Recommendations and Reductions**

## **Board Item #9.3**

### **Board of Education January 12, 2012**



# Overview



- 2011-12 Budget
  - Proposed Recommendations
- 2012-13 Budget
  - Proposed Recommendations
- Contracts Update/Information
- Cash Flow
- Next Steps



# 2011-12 Budget



- “Trigger” Impact
    - Reduction in Transportation Revenue \$ 2.00 M
      - 50% Home-to-School and Special Education
    - \$13 per ADA Revenue Limit Reduction \$ .50 M
- Total 2011-12 Mid-Year Revenue Reductions \$2.50 M**



# 2011-12 Budget cont'd



- Balancing Mid-Year Reductions
  - Reduction in Central Office operating costs and contract reductions (one-time) \$ .672 M
  - Use of remaining reserve for potential reductions/ cash flow \$ 1.828 M

**Total 2011-12 Budget Expenditure Reductions \$2.500 M**



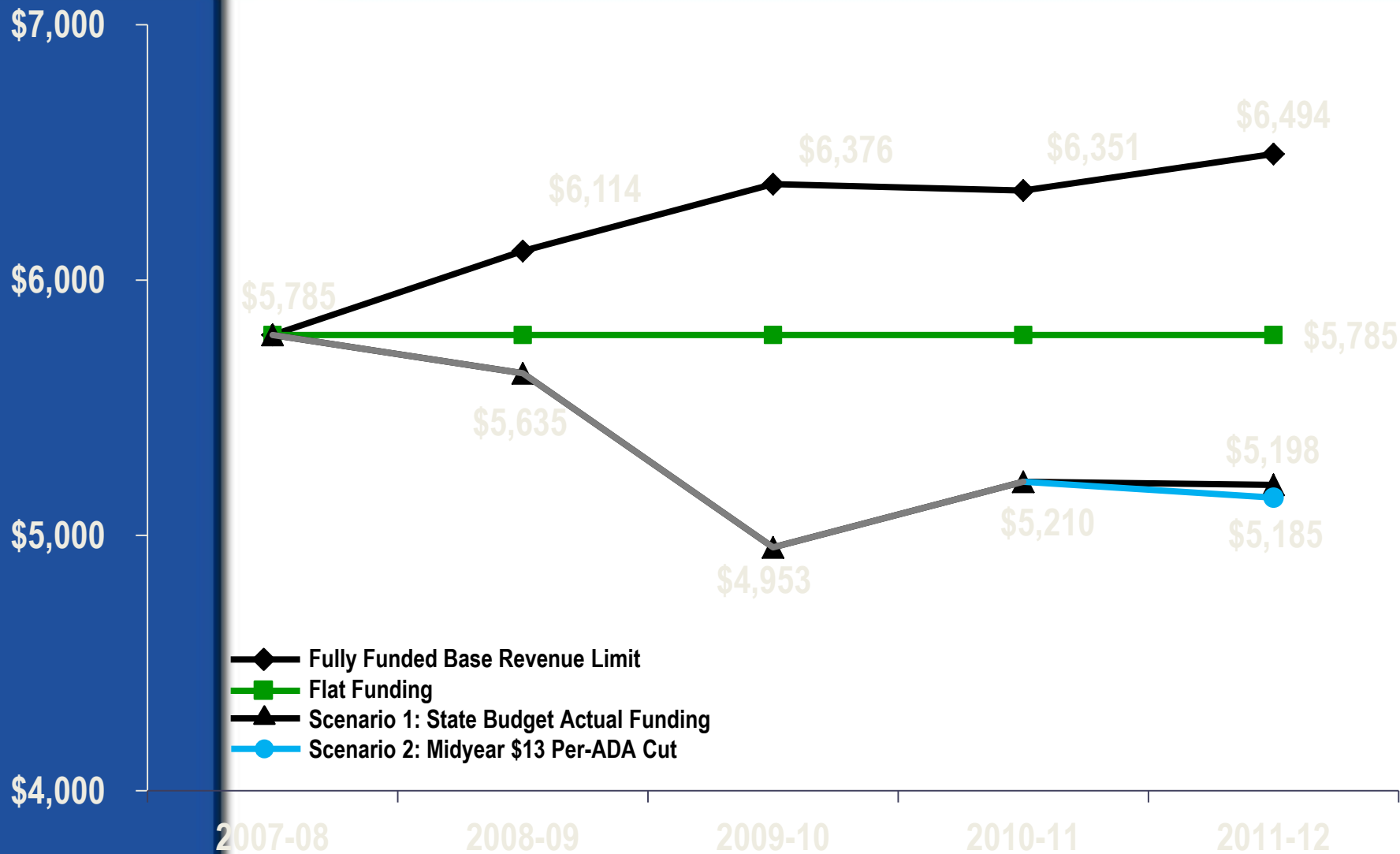
# 2011-12 Budget cont'd



- Impact of Reductions
  - Inhibits critical expenditures
  - No unscheduled audits
  - Reduced legal use
  - Reduced Strategic Plan Initiatives
  - Use of one-time funds



# Alligator Chart – School Services of California





# 2012-13 Budget



- Revenue Reduction
  - Reduction in 475 Average Daily Attendance/enrollment decline \$ 2.48 M
  - Special Education \$ .86 M
    - Declining enrollment
    - Charters pulled out of Special Education Local Plan Area (SELPA)
  - Use of one-time funds to balance 2011-12 (Federal Education Jobs, Planned One-time Carryover, etc.) \$10.98 M

**Total Revenue Reduction \$14.32 M**



# 2012-13 Budget cont'd



• Expenditures	
– Step/Column/Attrition	\$ 2.50 M
– Estimated 10% Increase on Health & Welfare benefits	\$ 6.04 M
– Furlough/Salary Reduction Agreements End June 2012	<u>\$ 3.07 M</u>
<b>Total Expenditure Increase</b>	<b>\$11.61 M</b>





# 2012-13 Budget cont'd



- Revenue Decrease \$ 14.32 M
- Expenditure Increase \$ 11.61 M

**Total Estimated Shortfall \$25.93 M**

**Governor's January Budget \$ 2.00 M**

- Complete Elimination of Transportation
  - Assumes tax measure passes

**Total Estimated Shortfall \$27.93 M**



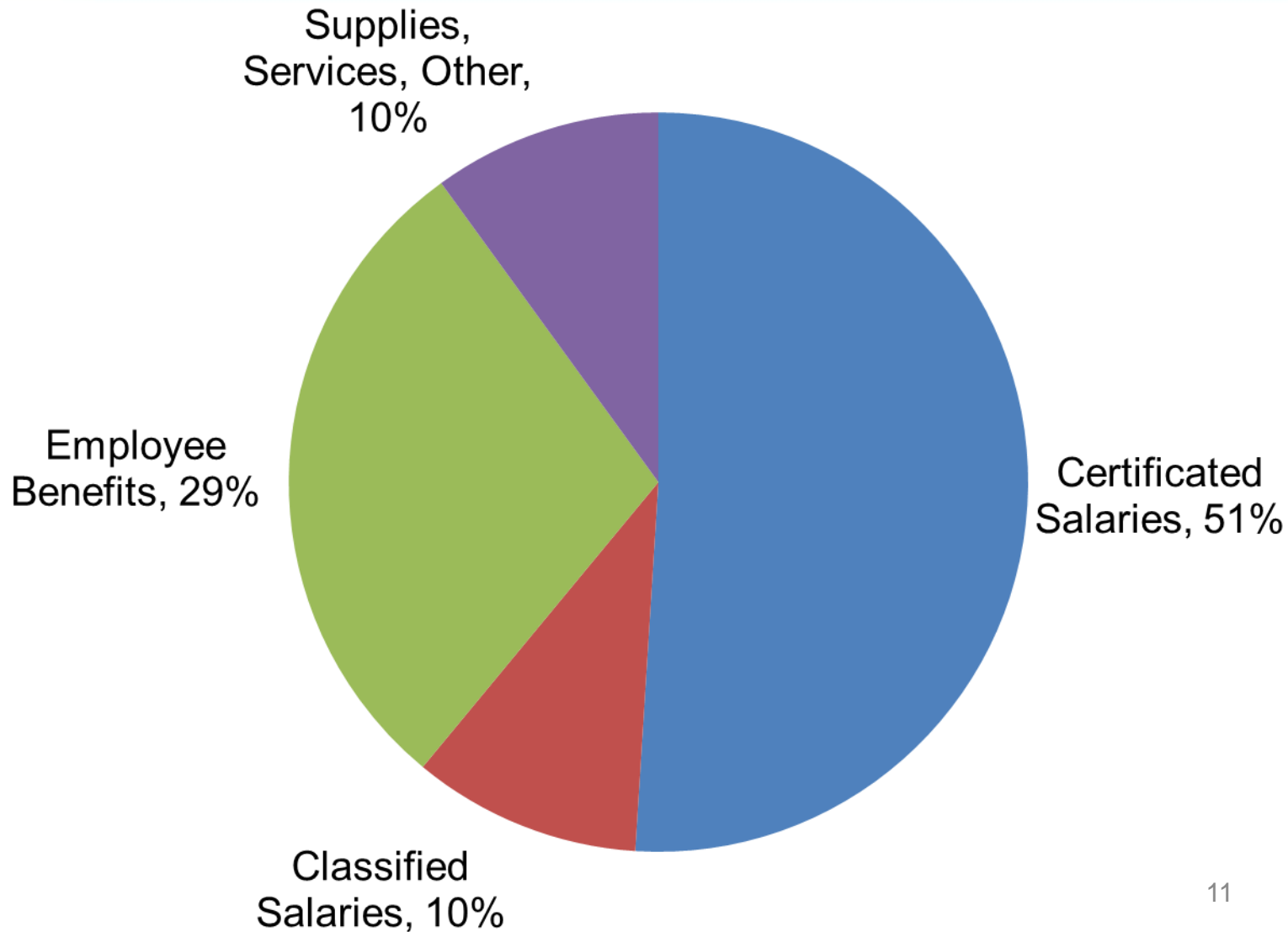
# Prior Year Reductions



- \$186 Million Over 10 Years
- Prior and Current Year
  - Central Office Staffing Reductions – 18%
  - Tier III Program Reductions/Elimination
  - Increased Class Sizes
  - Use of One-Time Funds
  - Reduced School Site Certificated and Classified Positions
  - Furlough Days/Equivalent



# Salaries and Benefits – Unrestricted Only





# 2012-13 Proposed Recommendations

- PARS Payments Charged to Retiree Benefits Fund \$ 3.74 M
- Reduce Contracts and Central Office Operating Budgets \$ 1.00 M
- Use Reserve for Unfunded Liability (One-time) \$ 1.00 M

**Sub-Total Proposed Recommendations** **\$ 5.74 M**  
(\$1.0 Million One-time)



# 2012-13 Proposed Recommendations cont'd

- Reduce Central Office Staff or Equivalent \$ .50 M
- Five Furlough Days for Unrepresented Management, Supervisors, Confidential (One-time) \$ .16 M
- Freeze Step Increases for Unrepresented Management, Supervisors, Confidential (One-time) \$ .03 M

**Sub-Total Proposed Recommendations \$ .69 M**



# 2012-13 Proposed Recommendations cont'd

- Tier III Programs
  - Eliminate Adult Education \$ 2.90 M
    - Reflects elimination of revenue contribution
    - Skills Center to be self supporting
  - Eliminate Deferred Maintenance Contribution (one-time) \$ .75 M
    - Needs will be compounded
  - Eliminate School Library Improvement Block Grant \$ .72 M
    - Eliminates Librarians from middle schools (3.6 FTE's)



# 2012-13 Proposed Recommendations cont'd

- Eliminate Arts and Music Grant \$ .57 M
  - Eliminates Music Teachers (5.6 FTE's)
- Reduce ROP by 5% \$ .08 M
- Reduce GATE program by 5% \$ .02 M

**Total Tier III Reductions \$ 5.04 M**



# 2012-13 Proposed Recommendations cont'd

- Increase Class Sizes to Contract Maximum (87 FTE's) \$ 4.79 M
- Eliminate 50% Custodial Staff (60 FTE's) \$ 3.40 M
- Eliminate 50% Plant Managers (37 FTE's) \$ 2.09 M
- Eliminate Middle and High School Counselors (19.8 FTE's) \$ 1.68 M
- Reduce Maintenance Staff by 20% (17 FTE's) \$ 1.27 M
- Eliminate Co-Curricular Support \$ 1.26 M





# 2012-13 Proposed Recommendations cont'd

- Eliminate 50% Middle/High School Assistant Principals (9.5 FTE's) \$ 1.13 M
- Eliminate Home-to-School Transportation (18 FTE's) \$ .98 M
- Eliminate Middle and High School Librarians (7.87 FTE's) \$ .82 M

**Sub-Total Proposed Recommendations \$17.42 M**

**Grand Total Proposed Recommendations \$28.89 M**



# 2012-13 Impact of Proposed Recommendations

- Impact of Reductions
  - Potential Impact on Teaching and Learning
  - Low Student Morale/Engagement due to eliminated co-curricular activities, music teachers and librarians
  - Increased Class Sizes
  - Minimal Adult Education Program
  - Minimal Assistant Principals, Counselors, Librarians, Music Teachers
  - Severe Reduction in Custodial/Plant Manager and Maintenance Staff



## 2012-13 Impact of Proposed Recommendations cont'd

- Potential ADA loss due to elimination of home-to-school transportation
- Low employee morale, increased work load
- Use of one-time funds
  - Unfunded Liability Reserve
  - Deferred Maintenance
  - Furlough Days/Freeze Step Increases



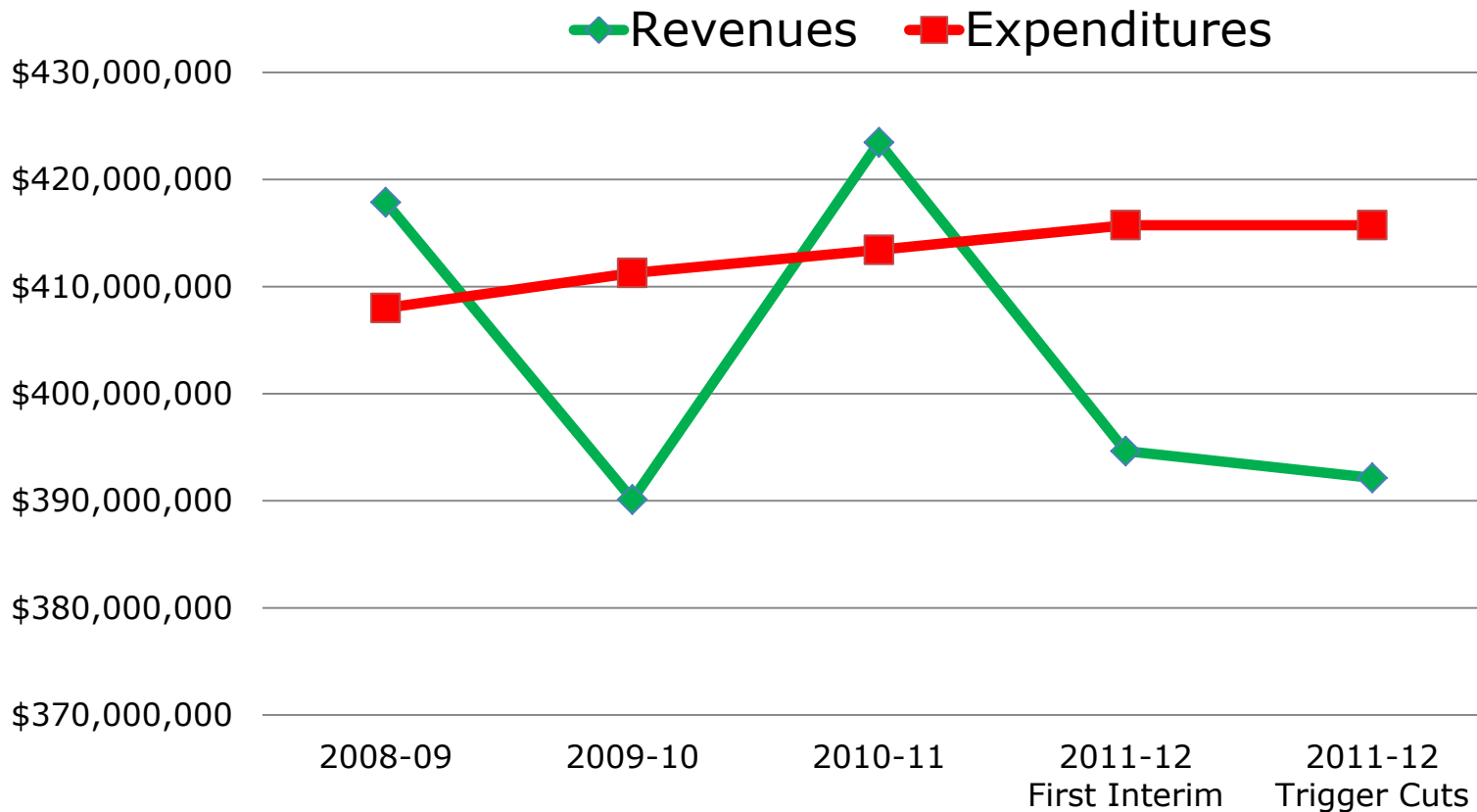
# Possible Solutions



- Requires Negotiations
  - Furlough Days
  - Reduce School Year
  - Health Benefit Savings
  - Salary Reductions



# Deficit Spending



Green – Revenues and Interfund Transfers IN

Red – Expenditures and Interfund Transfers OUT



# Contracts Update/Information



- See Attachments A and B



# Cash Flow Report



- Generated from Escape Finance System
- Reflects Actuals through November
- Provide to Board monthly per request



# Next Steps



- Begin discussions with bargaining unit partners for 2012-13
- Board Approval of Recommendations by January 31
- Continue Review of Governor's January Budget
- Budget Survey





## Next Steps cont'd



- Community Budget Forums
- Second Interim Financial Report to SCOE by March 15
- March 15 Notices to Staff
- Review of Governor's May Revise
- Balanced 2012-13 Budget for Adoption