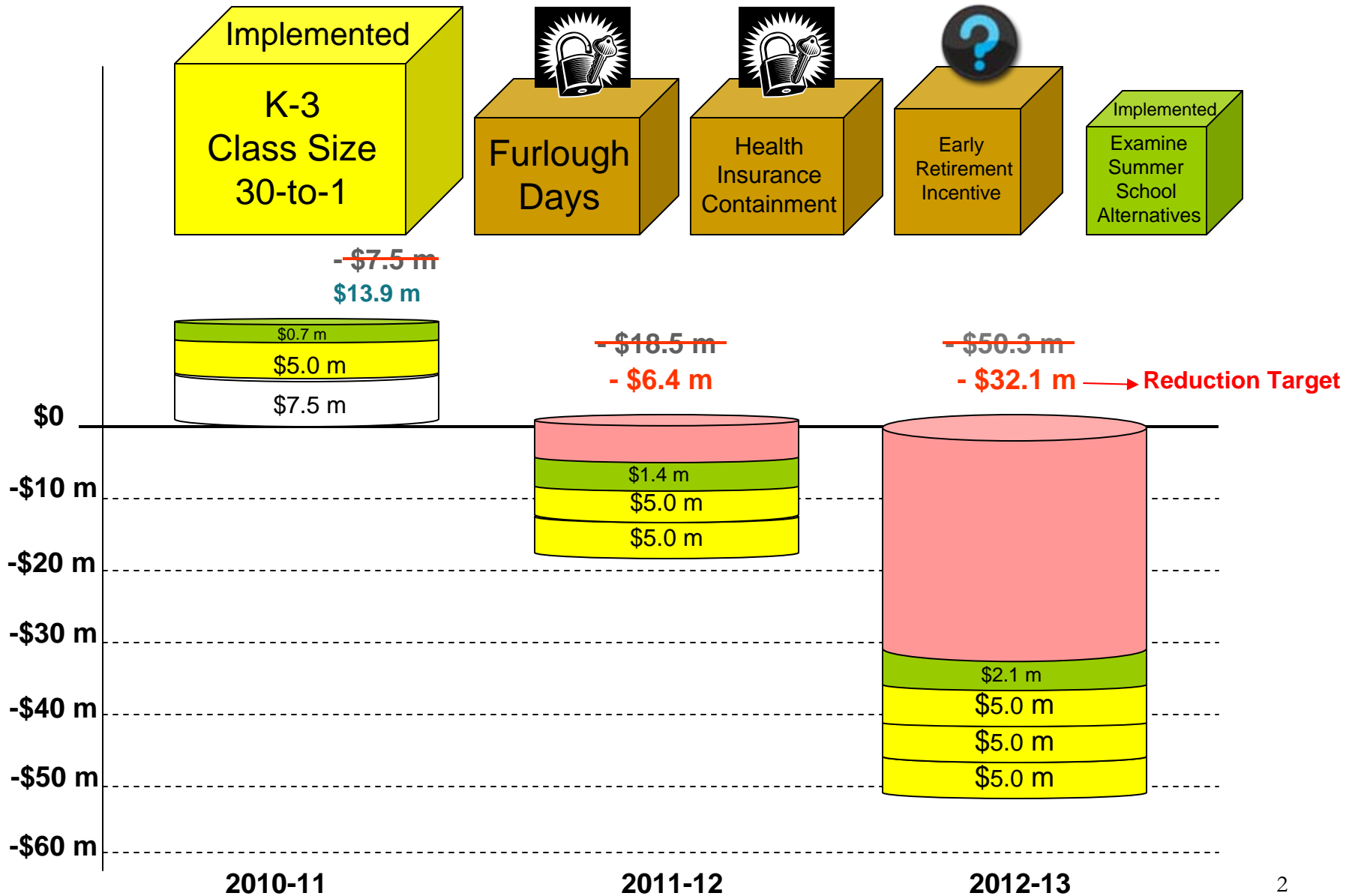

Addressing Long-Term Budget Challenges (Part 13)

Glendale Unified School District Board Meeting – April 20, 2010

Eva Rae Lueck
Chief Business and Finance Officer
April 20, 2010



How can we fill the Budget Gap? (2nd Interim)



Financial Status – 2nd Interim Report

- The District's current financial status is “qualified”. The budget shortfall will increase to \$32 million in 2012-13 if no action is taken.
- There is a structural deficit of \$25.5 million in 2012-13 and it will increase:
 - Annually due to salaries (step & column) and health insurance increases
 - When Special Ed Reserves, Retiree Benefit Reserves, and Restricted Maintenance Reserves are depleted in 2012-13 & 2013-14

GTA Tentative Agreement – Budget Impact

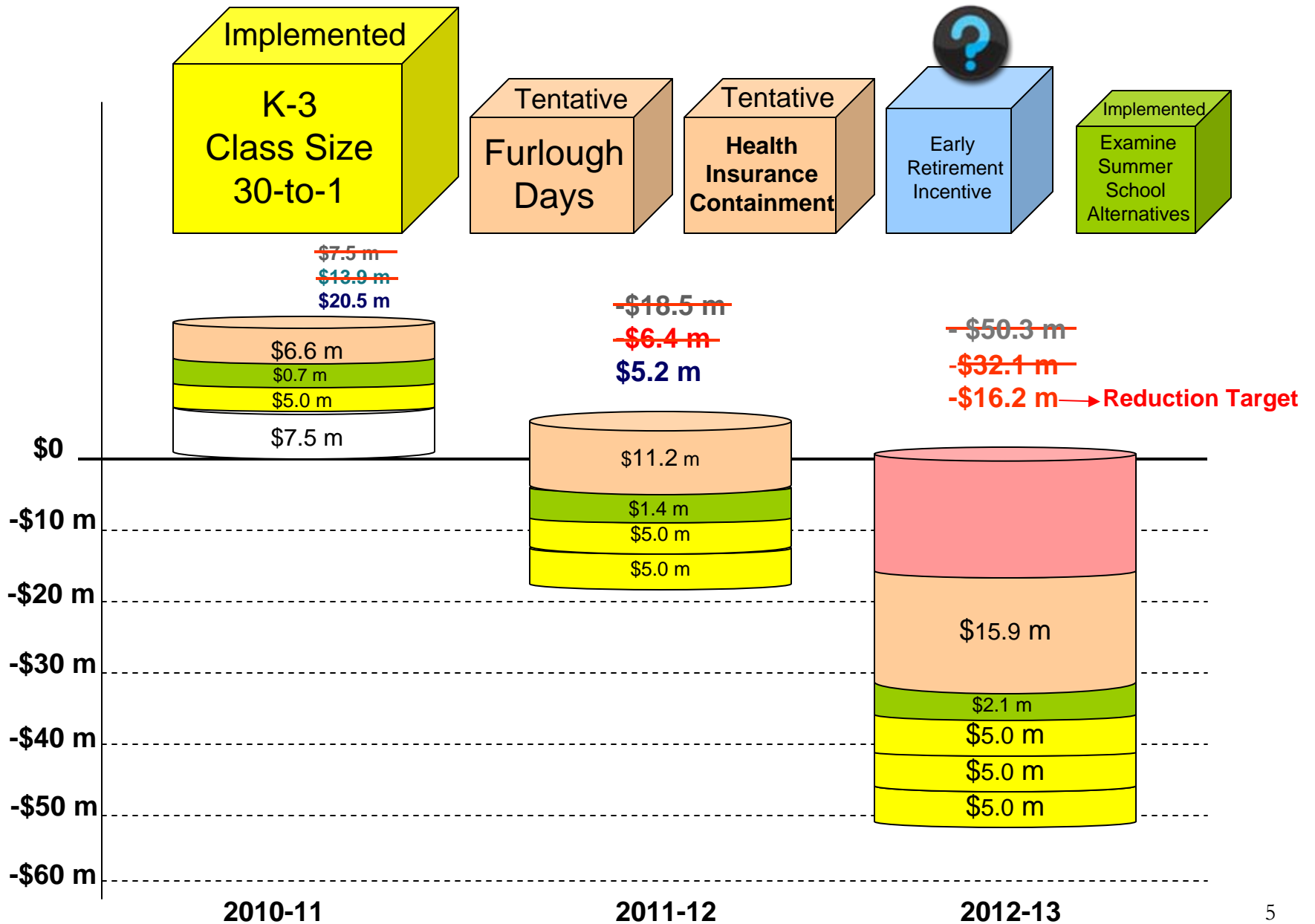
GTA Tentative Agreement - Budget Impact

Assumptions: All Bargaining Unit Settlements will be of Equivalent Value
Health Insurance Premiums Increase No More than 10% Annually
Calculations are Based on Current Staffing and Current Insurance Enrollment

Impact 2009-10 through 2012-13 (in millions)		
All Employees	Unrestricted General Fund 86%	All Funds
16 Furlough Days	\$ 10.7	\$ 12.5
Health Insurance	5.2	6.0
Projected Savings	\$ 15.9	\$ 18.5

Final Savings Will Be Impacted by: Reduction in Force
Retirements
Employee Ins. Changes during Open Enrollment

How are we filling the Budget Gap?



Tier III Status Report – Previously Swept

TIER III

Programs Eliminated

	Previously Swept		Options Remaining	
	On-Going	One-Time	On-Going	One-Time
Applied Competitive Tech.	\$ -	\$ 583	\$ -	\$ -
Comm-Based Tutoring Grants	180,484	105,267	-	-
Continuation HS Add-On	18,569	23,009	-	-
Discretionary Blk Grant-District	-	544,078	-	-
Instr. Mat. Block Grant	1,495,840	2,204,210	-	-
Ninth Grade CSR	697,719	-	-	-
Physical Ed. Teacher Incent.	264,137	310,573	-	-
Staff Dev Principal Train (Gates)	-	2,700	-	-
Supplemental Counseling Prog	819,971	627,785	-	-
Technology Support	-	254,152	-	-
Tenth Grade Counseling	61,056	88,143	-	-
Total Swept for Eliminated Programs	\$ 3,537,776	\$ 4,160,500	\$ -	\$ -

Tier III Status Report – Currently Being Maintained

TIER III

Primarily Site Based Allocations - Maintained

	Previously Swept		Options Remaining *	
	On-Going	One-Time	On-Going	One-Time
One Time Art - School Sites	\$ -	\$ 186,191	\$ -	\$ 336,340
One Time PE - School Sites	-	307,156	-	458,738
School & Library Improvement Block Grant	953,153	-	786,383	-
Cal-SAFE Academic-Daily HS (pregnant minor)	-	14,940	26,540	-
Discretionary Block Grant - School Sites	-	300,400	-	522,498
Total Site Based Allocations - Maintained	\$ 953,153	\$ 808,687	\$ 812,923	\$ 1,317,576

*These balances are currently being spent

Tier III Status Report – Currently Being Maintained

TIER III

District-wide Programs - Maintained

	Previously Swept		Options Remaining *	
	On-Going	One-Time	On-Going	One-Time
Ed Tech Dist Prog (TIIGB) - ETIS	-	2,555	890,966	-
Sch/Law Enforcement (TIIGB) - Sec Security	-	-	254,314	-
Gifted & Talented Education - partial	-	-	176,832	-
Math & Reading Prof. Development	-	-	95,186	-
Staff Dev. Math & Reading	-	-	104,204	-
Peer Assistance & Review	-	7,153	98,140	20,787
Arts & Music Block Grant - partial	367,449	429,062	-	227,965
Beg Teach Support Block Grant	64,100	109,200	238,916	167,285
CAHSEE Intensive Inst.& Serv.	-	85,883	166,233	-
Cal-Safe Child Care	-	7,316	56,144	-
Total District-wide Programs - Maintained	\$ 431,549	\$ 641,169	\$ 2,080,935	\$ 416,037

*These balances are currently being spent

Tier III Status Report – Summary of Swept Funds

TIER III

	Previously Swept	
	On-Going	One-Time
Eliminated Programs	\$3,537,776	\$4,160,500
Site Based Allocations - Partially Maintained	953,153	808,687
District-wide Programs - Partially Maintained	431,549	641,169
Total Swept for All Programs	\$4,922,478	\$5,610,356

Tier III Status Report – Potential Re-Structure

TIER III

Potential Re-Structure - Being Evaluated

	Previously Swept		Options Remaining *	
	On-Going	One-Time	On-Going	One-Time
ROP - Support Allocation	\$ -	\$ -	\$ 298,987	\$ -
ROP-Classroom/Prg. Allocation. (min 25 students)	-	-	697,638	-
Sch. Comm. Violence Prev. Rosemont - new	-	-	-	700,000
Sch. Comm. Violence Prev. Toll - new	-	-	-	700,000

*These balances are currently being spent

Budget Reductions - Implemented

	Previously Implemented		Options Remaining	
	On-Going	One-Time	On-Going	One-Time
Staff Reductions - Currently in Budget				
Decentralize Verdugo Academy (1.2 FTE)	\$ 109,028	\$ -	\$ -	\$ -
Daily High School - Transition from 15-1 towards 20-1 (2 FTE)	181,714	-	-	-
School Site Clerical at High Schools (3 FTE)	208,954	-	-	-
Human Resources (1 FTE)	47,939	-	-	-
Purchasing (1 FTE)	48,625	-	-	-
ETIS (1 FTE)	71,108	-	-	-
Summer School Cost Reduction (2010-11)	700,000	-	1,600,000	-
Class Size Increase in K-3 to 30:1	4,976,280	-	-	-
Total	\$ 6,343,648	-	\$ 1,600,000	-

Budget Reductions - Recommendations

Recommendation for 2010-11

	Previously Implemented		Options Remaining	
	On-Going	One-Time	On-Going	One-Time
Middle Schools Reduce 1 FTE per 1,000 exclude Roosevelt (3 FTE)	\$ -	\$ -	\$ 300,000	\$ -
High School Staffing Reduce 1 FTE per 1,000 students (9 FTE)	-	-	900,000	-
Clark Staffing Adjusted to 6 periods (4 FTE)	-	-	400,000	-
Daily & Clark Reduce Counseling to Ratio (2 FTE)	-	-	250,000	-
Special Education Reduction due to Enrollment (3.4 FTE)	-	-	340,000	-
Consolidate & Restructure District Administration (estimate)	-	-	1,100,000	-
Charge Food Service for Indirect Cost	-	-	280,000	-
Total	-	-	<u>\$ 3,570,000</u>	-

Budget Reductions – Not Currently Recommending

Options Remaining

Currently in Process of Developing Specific Recommendation

Restructure FASO - will be finalized after CSEA retirements	???
Reduce Classified Positions - will be finalized after CSEA retirements	???
Restructure Clark Transp. \$800,000 - Centralize pick up and drop off	???
Increase Charges to Organizations Using District Facilities	???

Future Considerations

Eliminate Elementary Music - (4 FTE) - On-going	\$400,000
Athletic Programs - On-going	???
Adjust Other Staffing Ratios and Days in Work Year - On-going	???
Sweep E-Rate Reserves - One-time	\$360,000
Re-direct Use of Ongoing E-Rate Funding - On-going	\$250,000
Retain MAA Funding at District (do not share with sites) - On-going	???

Budget Reductions

Previously Implemented

Utilization of Non-General Fund Reserves

Special Education Reserve (Reserve depleted 2013-14)	\$750,000
Retiree Benefit Fund 20 (Reserve depleted 2013-14)	\$1,250,000
Restricted Major Maintenance Reserve (Reserve depleted 2012-13)	\$1,000,000

State Flexibility Options (Non-Tier III)

No Deferred Maintenance Transfer (legally ends 2012-13)	\$1,238,000
Deferred Maint Fund Revenue to General Fund (legally ends 2012-13)	\$907,000
Deferred Maintenance Fund Balance - \$4.2 million Ending Balance	

Summary of Potential Budget Impacts

Summary of Potential Budget Impacts - Unrestricted General Fund (in millions)

	Annual Savings or (Deficit Increases)	2010-11 thru 2012-13 # years impacted	Impact on 2012-13 Ending Balance
Second Interim Report - Reductions Needed to Obtain 3% Reserve			
Tentative Agreement GTA & Equivalent CSEA & GSMA Agreements	varies	4	\$ (32.1)
Additional Reduction Needed to Obtain 3% Reserve (sub-total)			\$ (16.2)
Adjustments Under Consideration:			
Recommended Staff Reductions (April 20) and Charges to Food Services	3.57	3	\$ 10.7
Reduced Revenue Limit Funding Due to Weather/Flu	(0.90)	1	(0.9)
Reduced Revenue Limit Funding Due to \$250 vs. \$201 Cut	(1.30)	3	(3.9)
Annual Payment to PARS (includes CSEA)	(0.90)	3	(2.7)
PARS - 86% Cost of Early Retiree Health Ins. (utilizing 2009-10 rates)	(0.75)	3	(2.3)
Reductions Needed to Obtain 3% Reserve (sub-total)			\$ (15.2)
Future Adjustments Needed:			
Cost of Health Ins. if Renewal is Over 10%			???
Adjustment to Retiree Insurance in Multi Year Plan for Rate Increases.			???
Savings from Replacing Retirees with New Hires			???
Savings from Re-Structuring FASO			???
Adjustment for May Revise			???

Why Does the Reduction Target Change?

...State Funding Decreases...

2009 - 2010	Per ADA Dollar Change	Loss In ADA Revenue
Decrease from Jan 2009 to Feb 2009	- \$243/ADA	- \$6.2 Million
Additional Decrease May 2009	- \$352/ADA	- \$9.0 Million
Additional Decrease Sept 2009	- \$278/ADA	- \$7.1 Million
Total	- \$873/ADA	- \$22.3 Million
2010 - 2011	Per ADA Dollar Change	Loss In ADA Revenue
Decrease from Jan 2009 to Feb 2009	- \$407/ADA	- \$10.4 Million
Additional Decrease May 2009	- \$344/ADA	- \$8.8 Million
Additional Decrease Oct 2009 1 st Interim – Jan 2010 Budget	- \$247/ADA	- \$6.3 Million
Total	- \$998/ADA	- \$25.5 Million

Why Does the Reduction Target Change?

...State Funding Decreases... It Will Change Again – May Revise and Final State Budget

