
Addressing Long-Term Budget Challenges (Part 2)

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Current Budget Challenge 2011-12

(Prior to “May Revise” and May 19th Election Results)

- **\$25 Million deficit in 2011-12 if no action taken**
 - **Structural Deficit of \$17 million**
 - \$13 Million Revenue Shortfall (ongoing-revenue)
 - \$4 to 5 Million Added Expenditures (each year)
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Budget Assumptions for the Initial 2009-10 Budget Adoption in June 2009

- LACOE Revenue Assumption and Maintain 2008-09 Staffing Allocations
 - Remain Unchanged from the May 5, 2009 Board Presentation
 - Implementation of Flexibility Options
 - Utilize \$3 million from the Restricted Maintenance Reserve at a rate of \$1 million per year (Beginning in 2009-10)
 - Retain the State Deferred Maintenance Revenue in the Unrestricted General Fund in 2008-09 through 2011-12 (approximately \$1.2 million per year)
 - Retain the District's funds that are normally transferred to provide for the required matching funds for the State Deferred Maintenance Program for 2008-09 through 2011-12 (approximately \$1.2 million per year)
 - Acknowledgement of the Federal Stimulus Funding in the Following Amounts:
 - Stabilization Funding -- \$6.9 million
 - IDEA Funding -- \$4 million
 - Title I Funding – To be budgeted at a later date
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Projected Unrestricted General Fund Ending Balance

Initial 2009-10 Budget Adoption in June 2009

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Projected Adjusted Ending Balance in Excess of 3% Reserve (Board Meeting, May 5, 2009)	\$15,907,416	\$5,628,351	(\$8,709,197)	(\$25,350,313)
<u>Recommendation for Intial Budget Adoption</u>				
Decrease Restricted Maintenance Transfer -- Utilize Reserves	0	1,000,000	1,000,000	1,000,000
Decrease Restricted Maintenance Transfer -- Deferred Maintenance	1,200,000	1,200,000	1,200,000	1,200,000
Retain State Deferred Maintenance Revenue	1,200,000	1,200,000	1,200,000	1,200,000
Acknowledge Federal Stimulus Stabilization Funding	0	6,964,112	0	0
Utilize IDEA Federal Stimulus Funding -- Reduce Encroachment	1,000,000	1,000,000	1,000,000	1,000,000
Eliminate Future Funding of GASB 45 Liability -- <i>hold</i>	---	---	---	---
Sweep Categorical Balances -- <i>hold</i>	---	---	---	---
Charge Food Service Indirect Costs -- <i>hold</i>	---	---	---	---
Utilize Reserves in Other Funds -- <i>hold</i>	---	---	---	---
Restricted Lottery/Textbooks -- <i>hold</i>	---	---	---	---
Current Year Impact	3,400,000	11,364,112	4,400,000	4,400,000
Cumulative Impact	3,400,000	14,764,112	19,164,112	23,564,112
2nd Interim Adjusted Balance in Excess of 3% Reserve	<u>15,907,416</u>	<u>5,628,351</u>	<u>(8,709,197)</u>	<u>(25,350,313)</u>
Revised Projected Balance in Excess of 3% Reserve	19,307,416	20,392,463	10,454,915	(1,786,201)

Future Adjustments in the Projected Budget

- Initial June Adoption – Budget will be adjusted to reflect updated benefit rates and enrollment/staffing
 - Future revisions will include:
 - 2008-09 – Actual Ending Balance
 - Tier 3 Transfers at Year End
 - Savings from Reduced Spending
 - Potential State Revenue Reductions (TBD)
 - 2009-10 and Future Years
 - Potential State Revenue Reductions
 - Tier 3 Shift to Unrestricted General Fund
 - Changes in Enrollment
 - Benefit Rates
 - Program Reduction/Restructuring
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Impact of Governor's "May Revise" Recommendation

Additional Proposed Cuts (in millions)

Scenario 1

If All Propositions Pass on the May 19th Ballot

<u>State Funding to Glendale</u>	<u>2008-09</u> (\$-119 per ADA)	<u>2009-10</u> (\$-162 per ADA)	<u>2010-11</u> (\$-162 per ADA)	<u>2011-12</u> (\$-162 per ADA)
Additional Revenue Decrease	-\$3.1	-\$4.2	-\$4.2	-\$4.2
Cumulative Reduction		-\$7.3	-\$11.5	-\$15.7

Scenario 2

If Propositions *Do Not* Pass on the May 19th Ballot

<u>State Funding to Glendale</u>	<u>2008-09</u> (\$-225 per ADA)	<u>2009-10</u> (\$-244 per ADA)	<u>2010-11</u> (\$-244 per ADA)	<u>2011-12</u> (\$-244 per ADA)
Additional Revenue Decrease	-\$5.9	-\$6.4	-\$6.4	-\$6.4
Cumulative Reduction		-\$12.3	-\$18.7	-\$25.1

Reductions for Consideration

Teacher Specialist Work Year Reduction

Fiscal Impact Estimate: Up to \$176,000 Savings

- Standardize Length of Teacher Specialist Work Year to Create Flexibility
 - Establish Base Contract at 186 Days
 - Authorize Extra Days as Needed
 - Current Funding from Multiple Accounts

Recommend Approval

Administrator/Teacher Specialist Reductions and/or Reassignment

Fiscal Impact Estimate: \$488,000 Salary Savings (Plus Benefits)

- Continue to Capture Saving Opportunities through the Consolidation and Reduction of Assignments
 - Current Funding from Multiple Sources

Recommend Approval

Regional Occupational Program (ROP) Reductions

Fiscal Impact Estimate: \$391,000 Savings

- Reduce Certificated and Classified Positions
- Program Target -- Operate Program within Reduced State Funding
- Tier 3 Flexible Program

Recommend Approval

Classified Work Year Reductions

Fiscal Impact Estimate: \$34,000 -- \$39,000 Savings

- Reduce Work Year of Classified Employees from Year Round Schools to Match School Year (10.25 months to 9.25 months)
- Authorize Extra Days as Needed

Recommend Approval

Community-Based English Tutoring (CBET)

Fiscal Impact Estimate: \$180,000 Savings

- Program Provides English Classes for Adults
- All Instructors Hired and Paid by Glendale Community College
- Clerical and Administrative Staff from District
- Tier 3 Flexible Program
- Recommendation: Eliminate Program

Recommend Approval

Establish Eligibility Pools to Provide Flexibility

- Create Eligibility Pools
 - Elementary Principal
 - Secondary Principal
 - Assistant Principal
- Pools to Be Comprised of “In-House” GUSD Employees

Recommend Approval

Restructure Security Services to Reduce Cost and Extend Services

Fiscal Impact Estimate: Savings TBD

- Redistribute Funding Currently Used for School Resource Officers (SRO) to Offset Encroachment on General Fund & Restructure Contracted Services
- Extend Duties or Reassign Security Supervisors from High Schools to Middle Schools

Recommend Approval

Clark Magnet High School Transportation

Fiscal Impact Estimate: \$740,000 Savings

- Eliminate District-Provided Transportation to Clark Magnet High School
 - Considerations
 - Impact on Enrollment
 - Parent/Student Ability to Transport

Future Consideration

Clark Magnet High School

Modifying Staffing Ratios

Fiscal Impact Estimate: \$285,000 to \$396,000 Savings

- Adjust Staffing to Match Other High Schools
 - 34.8 Students per Teacher and a Six Period Day (Reduction of 4.2 FTE)

Future Consideration

Increase Charges for Facility Use

Fiscal Impact Estimate: Varies on Rate Increase

- 2007-08 Net Revenue from Rental of Facilities was \$310,653
 - Considerations
 - Impact on Youth Organizations
 - Impact on Community Service Organizations
 - Education Code Restrictions

Future Consideration

Charge Indirect Costs to Food Services Program

Fiscal Impact Estimate: Shift of \$300,000 to General Fund

- Charge Indirect Costs to Food Service
 - Considerations
 - Fiscal Viability of Food Services Program
 - State Revenue Reductions to Program
 - Cost Increases in Program

Future Consideration

Request Reduction in Utility Fees from Glendale Water and Power

- Request that Glendale Water and Power Establish a Reduced “Government/School” Rate

- Considerations

- 2007-08 Glendale Water and Power
Utility Costs (in millions)

Electricity	\$	3.05
Water		.25
Sewer		<u>.12</u>
Total	\$	3.42 million

- Current Glendale Water and Power Support: \$100,000 Energy Savings Grant, Energy Efficient Refrigerators, \$30,000 Adjustment (Toll Meter)

Modifying Staffing Ratios

K-3 Class Size Reduction

K-3 Class Size Considerations

Current Ratio 20-to-1

Savings if Ratio is Increased

	<i>Beginning</i>	<i>Average</i>
	<u>Teacher Salary</u>	<u>Teacher Salary</u>
District Wide Basis		
If 1 extra student is added to each class	\$383,000	\$790,000
If 2 extra student is added to each class	738,000	1,519,000
If 5 extra student is added to each class	1,327,000	3,038,000

Capped Schools

Financial impact will vary depending on whether a staffing increase can be avoided

Specialty Programs -- *Immediate Concern*

This impact will be unique depending on whether the program is supported by "out of district" students

Future Consideration