
Addressing Long-Term Budget Challenges (Part 6)

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September 15, 2009

2009-10 Budget Update and Revisions

- 2008-09 Ending Fund Balance & Reserves
 - July 2009-10 State Budget Amendments
 - Federal American Recovery & Reinvestment Act (ARRA) Funding & Proposed Utilization
 - New Staffing Reductions since June 2009-10 Adoption
 - Multi-Year Plan Update
 - Potential Future Reductions
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2008-09 Financial Records Finalized

(pending standard annual audit)

2008-09 Ending Fund Balance (Unrestricted)

	Amount (in millions)
<u>Components of Ending Balance</u>	
Revolving Cash & Stores	\$ 0.19
3% Reserve	7.00
Specific Carryovers & Designations	2.74
Revenue Limit Reserve for 2009-10	5.71
Undesignated Balance & Staff Dev. Funding	13.84
Fund Balance Prior to Tier III Sweep	\$ 29.48
<u>Tier III Summary</u>	
Reserved for Tier III Program Activities	2.18
Swept Funds to be Utilized Elsewhere	4.98
Total Tier III	\$ 7.16
Total Fund Balance	\$ 36.64

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\$12.87 million
more due to
“flexibility” and
“deferred
reduction”

\$14.88 million
more than July
budget adoption

(includes the \$12.87 million above)

July State Budget Amendments & Impacts

July State Budget Amendments & Impacts

2009-10

Revenue Limit Deficit Factor 17.967% to 18.355%	\$	(0.63)	On-Going
Revenue Limit One Time Reduction	\$	(6.51)	One-Time
Instructional Materials Grant Increase Funding	\$	0.30	On-Going
Transportation Funding (20% reduction)	\$	(0.18)	On-Going
Local Interest Revenue (\$1.5 million to \$900,000)	\$	<u>(0.60)</u>	On-Going

Total \$ (7.62) Million

2010-11

Revenue Limit Cola .90% to .50%	\$	(0.48)	On-Going
Special Education COLA .90% to .50%	\$	<u>(0.10)</u>	On-Going

Total \$ (0.58) Million

Total Cummulative Amended Reductions

2009-11 Reductions -- On-Going	\$	(1.69)	
One-Time	\$	<u>(6.51)</u>	
2009-11 Total Reduction	\$	(8.20)	Million

Federal Stimulus Program -- ARRA

ARRA Has Three Major Programs \$19.64 Million

- | | |
|---|-----------------|
| ❑ State Fiscal Stabilization Funds –
Based on reductions to Revenue
Limit and categorical funding | \$ 9.54 Million |
| ❑ IDEA – Special Education
Programs – One Time Allocation | \$ 5.46 Million |
| ❑ Title I – One Time Allocation
Based on Percentage of Free &
Reduced Lunch Students | \$4.64 Million |

ARRA Proposed Utilization to Maintain Services

State Fiscal Stabilization Funds (SFSF) - ARRA (One-Time)	\$ 9.54 Million
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Contract Teacher Costs
High School Summer School Salaries and Benefits
Secondary Assistant Principals
Counselors
School Site Clerical Staff

IDEA ARRA Funds (One-Time)	\$ 5.46 Million
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Special Education Program Salary, Benefits, Supplies and Services
Transfer 50% (\$2.73 Million) to Support Unrestricted General Fund Including K-3 Class Size Reduction, Elementary Summer School and Clark Transportation

ARRA Proposed Utilization to Maintain Services

Title I ARRA Funds (One-Time)	\$ 4.64 Million
Elementary Assistant Principals	\$ 3.26 Million <i>(Split between 2009-10 & 2010-11)</i>
Daily High School Staffing	
Daily High School Counselors Over Ratio	
Jewel Community Day School Staffing Over Ratio	
AVID Teacher FTEs	
Middle School -- Summer School	
Other	
Backfill Title I Program Reduction	\$ 1.38 Million

Staffing Reductions Since the June 2009-10 District Budget Adoption

Expenditure Reductions (On-Going Savings)

\$667,000

Decentralize Verdugo Academy (1.2 FTE)

Daily High School -- Transition Staffing from
15-to-1 towards 20-to-1 (2 FTE)

Site Clerical at High Schools (3 FTE)

Human Resources (1 FTE)

Purchasing (1 FTE)

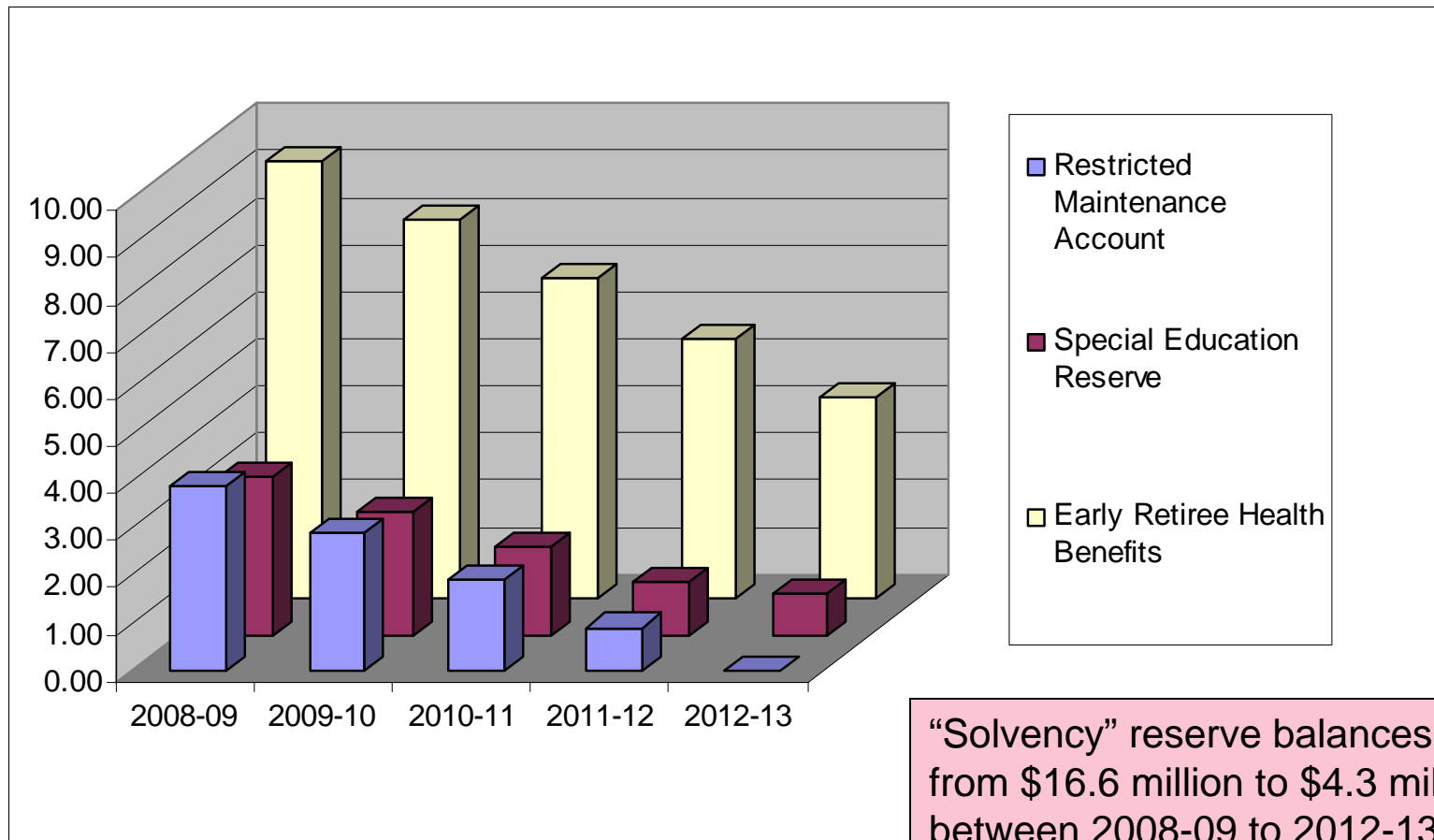
ETIS (1 FTE)

2008-09 Reserve Balances for Possible Utilization in District Solvency Plan

Reserve Balances for Utilization in "Solvency Plan"

<u>Reserves Currently Utilized in Solvency Plan</u>	<u>2008-09 Year End Balance</u>	<u>Budgeted Use Through 2012-13</u>	<u>Balance Remaining</u>
Restricted Maintenance Account	\$ 3.90 million	\$ (4.00)	\$ -
Balance Increased \$420,000	\$ 3.92		
Scheduled to be utilized at the rate of \$1 million per year starting in 2009-10			
Special Education	\$ 3.37 million	\$ (2.50)	\$ 0.87
Scheduled to be utilized at a rate of \$750,000 per year for 3 years, starting in 2009-10. \$250,000 used in 2012-13 (fourth year)			
Early Retiree Health Benefit Funds (GASB 45) Fund #20.0 & 67.2	\$ 10.96 million	\$ (5.00)	\$ 5.96
2% rate is in 2009-10 Budget and reduced to 1% in future years for current retirees	\$ 9.30		\$ 4.30
Scheduled to be utilized at a rate of \$1.25 million per year starting 2009-10			
<u>Potential Reserves Options but Not Currently Recommended</u>			
Debt Service Fund	\$ 14.46 million		
Debt service payment is \$1.27 million			
Utilized for debt service payment in 2008-09 and scheduled for future years (Loan Balance at End of 2008-09 -\$10.6 million, with interest \$13.9 million)			
Deferred Maintenance Fund #14.0	\$ 4.70 million		
New flexibility option to "sweep" fund balance	\$ 4.76		
This is primary funding source for major capital repairs and roof warranty maintenance			
Restricted Lottery Reserve	\$ 2.75 million		
Limited options -- must be used for instructional materials			
Current plan is to utilize restricted lottery for textbook purchases and sweep Instructional Material funding			

Utilizing Reserve Balances that Are Not in the Unrestricted General Fund to Meet Current Fiscal Needs



Multi-Year Plan Updated for: 2008-09 Ending Balance, State Budget Amendments, ARRA, and Staffing Reductions

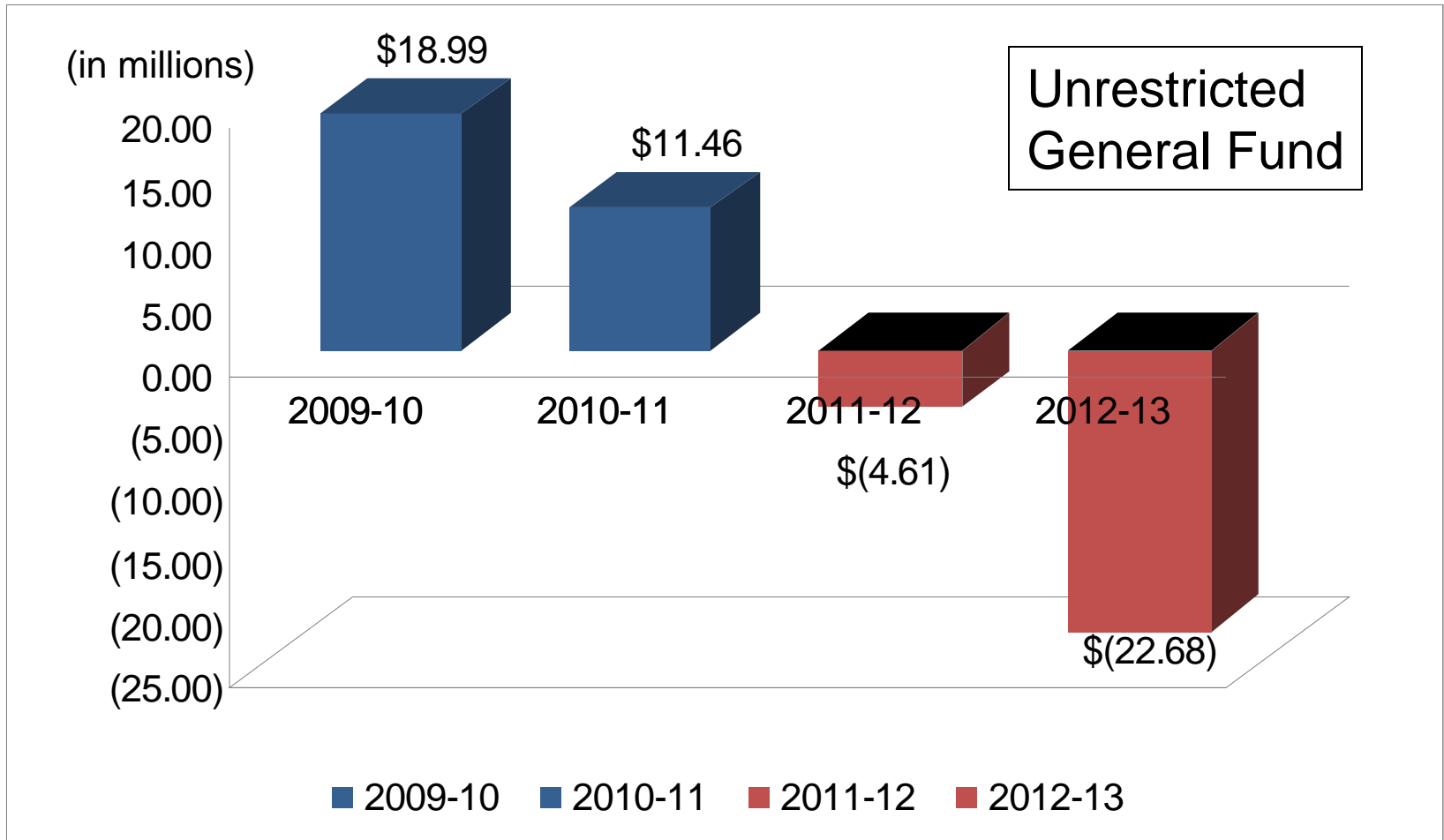
Updated Multi-Year Plan

(numbers in millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Ending Balance	\$ 33.20	\$ 20.64	\$ 4.71	\$ (13.24)
Designated and Restricted including 3% reserve, and fund balance designation	(14.21)	(9.18)	\$ (9.32)	\$ (9.44)
Adjusted Ending Balance in Excess of 3% Reserve	\$ 18.99	\$ 11.46	\$ (4.61)	\$ (22.68)

Reduction Target \$22.68 Million

The Impending Funding Cliff



Future Potential Reductions

Change # of days in school/work year

\$540,000 per day

Teachers - Eliminate up to 3 staff development days	1,620,000
Eliminate up to 5 instructional days	2,700,000
Eliminate up to 3 non-student contract days	1,620,000

(Note:These are teachers' salaries/benefits. There would also be a small savings in classified personnel)

Limit District Contribution to Health Insurance Benefit

0 to \$5 million

Change Staffing Ratio K-3 CSR

Net Savings

21 Students District Wide	\$383,103 to \$790,643
22 Students District Wide	\$738,268 to \$1,519,138
25 Students District Wide	\$1,326,858 to \$3,038,525

If an individual class exceeds 20:1, each extra student in a single class receives a \$2,142 penalty

Future Potential Reductions

Clark High School

Staff at 34.8 and a six period day

\$285,000 to \$396,000

Eliminate Transportation

\$740,000

Miscellaneous

\$280,000

Food Service Program Charge Indirect Costs

Request City support through reduced utility fees

Increase charges to organizations using District facilities

Reduce athletic and music programs

Reduce Summer School 2010-11

Retain MAA Funding at District (do not share with sites)

Re-direct use of E-Rate Reserve and funding from ETIS

Adjust Other Staffing Ratios and Days in Work Year

Tier III Programs Recommended to Be Maintained

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<u>Program Name</u>	<u>Program Description</u>	<u>Allocation</u>		<u>Possible Uses</u>
CALSAFE Academic-Daily HS/ Support teenage Moms	<i>Increase support for expectant or parenting students by improving academic achievement and parenting skills</i>	\$24,821	On-Going	Personnel, Operating Services
CALSAFE Child Care/Support babies	<i>Prevent expectant and parenting students from dropping out and provide child care to their children</i>	\$69,908	On-Going	Personnel, Operating Services
CAHSEE Intensive Instruction & Services	<i>Support intensive instruction and services for 11th & 12th grade students who have fail one or both parts of CAHSEE</i>	\$166,237	On-Going	Intervention Personnel, Materials, Online Courses
GATE	<i>Provide unique opportunities for high achieving and under achieving students who are identified as "gifted and talented"</i>	\$198,905	On-Going	Site Funds, Personnel
School Community Violence Prevention Grants	<i>Promotes school safety and prevent school violence</i>		Limited Term	Personnel (6 programs)
School and Library Improvement Block Grant (SLIBG)/CSR Teachers, School & Library Improvement	<i>Provides State resources targeted toward site-level improvement and library needs</i>	\$1,745,206	On-Going	Partially School Site Funds, \$900,000 in CSR, Only Funds Given to Non-Title I Schools
ED Tech Mega Item (TIIBG)/Technology Support	<i>Improves educational delivery through technology. Provides main source of funds for ETIS</i>	\$890,282	On-Going	Personnel, Other

Tier III Programs Recommended to Be Partially Maintained

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Beginning Teacher Support and Assessment (BTSA)	<i>Supports teacher retention through an induction program</i>	\$270,000 *	On-Going	Personnel
Peer Assistance and Review/ Professional Development	<i>Assists experienced teachers who have received an unsatisfactory evaluation or are referred to the program</i>	\$103,100 *	On-Going	Personnel

* Maintain Professional Development Programs at \$309,000 by reducing on-going funding to \$309,000 and sweeping \$64,100 of on-going funding. Sweep prior year carry over balance of \$336,177.

Tier III Programs Being Reviewed

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School Law Enforcement (TIIBG)	<i>Provides security law enforcement services</i>	\$248,108	On-Going	Personnel, Services
Discretionary Block Grant "School Site"	<i>One-Time resources for textbooks, library books, and technology</i>	\$827,612	One-Time	School Site Carry Over
One-time Arts, Music, & Physical Ed & Equipment (Art Program)	<i>Supports standards-aligned arts and music instruction</i>	\$336,339	One-Time	School Site Carry Over
One-time Arts, Music, & Physical Ed & Equipment (PE Program)	<i>Supports standards-aligned physical education instruction</i>	\$654,347	One-Time	School Site Carry Over
Art and Music Grant	<i>Supports standards-aligned arts and music instruction</i>	\$227,964	One-Time	School Site Carry Over
AB 1113 - Carl Washington Violence Prevention	<i>Provides security law enforcement services</i>	\$422,004	On-Going	Personnel & Services