
Budget Update

Board of Education Meeting, November 17, 2009

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Glendale Unified School District



California Financial Situation

- The State is \$7 billion short in the current fiscal year and \$12 to \$15 billion short in the upcoming fiscal year (2010-11)
 - Temporary tax increases expire at the end of 2010-11
 - Additional ARRA funds may be redirected to other areas
 - The State is looking for a way to modify or waive its maintenance of effort (MOE) requirement from the federal government
 - Four of the “Big Five” are termed out of office, the governor’s “CBO”, Mike Genest, Director of Finance, resigns
 - This is an Election Year
 - November 18, 2009 Legislative Analyst Office (LAO) will release budget analysis
 - January, 2010 the Governor will release his 2010-11 budget proposal. The Governor states there will be “across-the-board” reductions in 2010-11
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Multi-Year Plan Updated for: 2008-09 Ending Balance, State Budget Amendments, ARRA, and Staffing Reductions; Using Assumptions Provided by the County (September 15, 2009)

Updated Multi-Year Plan

(numbers in millions)

Reported September 15, 2009

	<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

Revision to September 15, 2009 Budget Projection – *Eliminate Future COLAs*

	2009-10	2010-11	2011-12	2012-13
Adjusted Balance in Excess of 3% Reserve (Sept 15, 2009 Presentation)	\$ 18,984,221	\$ 11,465,494	\$ (4,615,974)	\$ (22,678,720)
Revenue Limit Adjustments - No COLA & No Increase to Deficit Factor				
2009-10 Enrollment Higher 107 students (or 103 ADA and no COLAs)		509,438	509,438	509,438
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2010-11 Eliminate .5% COLA (Assumes NO additional Deficit Factors)		(663,416)	(663,416)	(663,416)
2010-11 Eliminate .5% COLA			(654,472)	(654,472)
2010-11 Eliminate .5% COLA				(670,592)
2011-12 Eliminate 2.3% COLA (Assumes NO additional Deficit Factors)			(3,045,812)	(3,045,812)
2011-12 Eliminate 2.3% COLA				(3,013,747)
2012-13 Eliminate 2.5% COLA (Assumes NO additional Deficit Factors)				(3,362,445)
Sub-Total with Revenue Limit Adjustments	\$ 18,984,221	\$ 11,311,516	\$ (7,960,798)	\$ (32,560,890)
<u>Adjustments Currently in Process</u>				
Salary & Benefit Savings (inc net impact of CSR change rev & expense - note full analysis not completed)	2,000,000	2,000,000	2,000,000	2,000,000
Potential additional allocation of ARRA Stabilization \$1.4 million but may be retained by State	???	???	???	???
Additional ROP ARRA	300,000	300,000	300,000	300,000
May receive additional Categorial A/R not set up at end of 2008-09	???	???	???	???
Total with Adjustments in Process	\$ 21,284,221	\$ 13,611,516	\$ (5,660,798)	\$ (30,260,890)

Note: These figures do not include possible increases to the deficit factor

Budget Reductions: Options

Options Already Implemented by District

Reduced Restricted Maintenance Contribution*

Utilized Deferred Maintenance Revenue*

Allowed slight increases in K-3 CSR

Tier III Program Sweeps*

Reduced Instructional Materials*

Reduced Counseling Ratio*

Partially Swept Arts & PE Grant Funds*

Reduced 9th Grade CSR*

Other Smaller Programs

Reduced Positions*

Energy Conversation Program*

**Reduced Tier III Programs 20% to Match State
Reductions***

Restructured Security

Utilized Reserves*

Reduced Annual GASB 45 Contribution*

* Over \$500,000

Budget Reductions: Options

Options Remaining

Do Not Require Negotiation

Eliminate K-3 Class Size Reduction*

Reduce Summer School*

Clark Magnet High School

Staffing

Transportation (eliminate*)

Additional Staffing Reductions

Increase Facility Use Fees

Funding Shifts between Programs

Require Negotiation

Health & Welfare Benefit Structure*

Furlough Days*

Early Retirement*

Salary Reductions*

Retiree Benefits*

Shorten the School Year*

* Over \$500,000

Elimination of the K-3 Class Size Reduction Program

- Class Size Reduction (CSR) in grades K-3 has become “flexible” allowing class size to increase with a range of penalties from 5% to 30%
 - Penalties do not increase after reaching a 25-to-1 threshold
 - Despite the penalties, increasing class size still allows the District to reduce expenses
 - Actions needed to increase class size to 30 students:
 - Reduction in Force notices (112 FTE) – March 15, 2010
 - Impacted by potential Early Retirement Program
 - Facility analysis and reconfiguration of classrooms – Summer 2010
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