

GLENDALE UNIFIED SCHOOL DISTRICT

June 1, 2010

DISCUSSION REPORT NO. 3

TO: Board of Education

FROM: Michael F. Escalante, Superintendent

PREPARED BY: Eva Rae Lueck, Chief Business and Financial Officer

SUBJECT: **2010-11 Draft Budget**

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The State's fiscal crisis and the resulting drop in funding to the District has been a topic at nearly every Board of Education meeting, as well as numerous community and school site meetings this past year. While we are all aware that the fiscal information will change, the Board of Education must by law adopt a budget for 2010-11 and include a fiscal plan for 2011-12 and 2012-13 by June 30, 2010. Based upon the information that has been shared at the various meetings, the Superintendent is recommending the following:

- Establish class size at Kindergarten and First Grade at 25 students and Second and Third Grade at 30 students for 2010-11. The budgets for 2011-12 and 2012-13 would be projected with 30 students per class in Grades K-3.
- Reduce staffing at secondary schools 1 FTE per 1,000 students. Roosevelt Middle School would be exempted from this reduction due to their program improvement status.
- Allow Clark Magnet High School to retain the 7 period day through the use of their categorical funds. This would result in a reduction of cost in the Unrestricted General Fund of 4 FTE.
- Reduce counseling at Daily High School by 1 FTE to align their staffing with the 600 student ratio.
- Sweep \$1.2 million of the new School Safety Grants. The monies will be utilized for Unrestricted General Fund purposes.
- The District received \$5.4 million from the SLIM JPA in 2009-10 as a settlement for withdrawing from the Workers' Compensation JPA. The recommendation is to utilize \$1.8 million in each of the next 3 years toward the District's annual Workers' Compensation premium. The District is also evaluating various options to re-structure the program from a "dollar one" program to one with a self-insured layer.

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- Utilize \$500,000 of Restricted Lottery funds each year to support the purchase of instructional materials.
- Charge the Food Service Program the indirect cost rate as allowed in the Education Code. This charge would begin in 2009-10.
- Establish a bus transportation fee for students who wish to ride the bus to Clark High School. The fee would be on a semester basis and include a waiver for those students that are considered low income under the AFDC guidelines. The fee would be in the \$50 to \$100 range.
- Adopt increased fees for “Group 3” usage of the District’s facilities. A specific recommendation on the dollar amount will be provided at a future meeting.
- Instead of doing equal disbursements each year, shift the utilization of the reserves from outside the Unrestricted General Fund into the years they are needed.

These are termed “Solvency Transfers” in our documents and relate to the \$750,000 from Special Education, \$1.25 million of Retiree Health Insurance Fund, and \$1 million from the Restricted Maintenance Account.

For example, instead of transferring the \$3 million into the Unrestricted General Fund in 2009-10 when there is no immediate need, do a transfer of \$6 million in 2011-12. The amount and timing of the transfer would be dependent on the amount and year the funding is needed to meet the 3% reserve requirement.

- To maintain maximum flexibility, all Deferred Maintenance projects in 2009-10 and future years should be charged to the Capital Facility Fund #40.1. This will preserve the \$4.2 million Deferred Maintenance Fund Balance. Prior to closing the 2009-10 financial records, the staff will implement the State guidelines to ensure the flexibility to utilize the \$4.2 million balance in future years.

While the reductions and funding changes that are being recommended are not ideal, they are intended to provide a solid base to work from as we explore alternative funding options. They will also provide a baseline for future adjustments needed as the State funding changes and the health insurance costs are finalized.