

Budget Study Session

Oct. 24, 2019
Board of Education



Today's purpose, and next steps

Deeper dive into multi-year budget challenges and timelines for action

Provide update on feedback collected through collaborative process

Review impacts of ideas generated by stakeholder groups

Nov. 21: Board adopts formal recommendations for budget reductions

Guiding Principles (developed from 2018-19 study sessions):

- Reduce expenditures
- Minimize potential layoffs
- Minimize impact to students
- Review programs



Why urgency? Don't we adopt budgets in June?

Dec. 19, 2019

- 1st Interim to Board for approval
- Plan to address the fiscal condition that resulted in Qualified Certification for 2019/20 required by SCOE:

“...a budget plan, to be submitted with the First Period Interim Report, addressing the \$5.4 million shortfall in meeting the unrestricted reserve requirements for 2021-2022. The plan must be viable and reverse the deficit spending trend. It should include supporting on-going expenditures from ongoing revenue sources. Any delay in resolving the budget shortfall for 2021- 2022 could compromise the options available to the district to maintain fiscal solvency.”



Implications of Qualified or Negative Certification

- Requires additional interim reporting
- SCOE required plan for addressing the fiscal condition of the District
- SCOE may disapprove budget
- Will affect credit ratings for current bonds
- Will affect interest rates for future bonds
 - Increases debt service to taxpayers
 - Decreases bond proceeds
- SCOE can stay or rescind any action that is determined to be inconsistent with the district meet its obligations
- SCOE can appoint a fiscal advisor to perform any or all duties to meet obligations and FCMAT to review policies and practices of hiring



Why is there still a budget deficit?

Our big cost drivers:

- Increased STRS/PERS employer contribution (projected 4.28% for 20/21)
- Cost of step & column (average 2% annually)
- Ongoing operating increases (utilities, insurance) (average 1% annually)
- Increasing special education contribution (10% - 15% annually)
- Increasing transportation contribution (10% - 12% annually)
- Increased workers' compensation (9% for 19/20)

Why state's budget isn't enough:

- District costs are rising faster than state funding
- Increased funding will be based on COLA only moving forward
- 85% of budget is salaries and benefits
- Per pupil funding has increased dramatically but remains below the national average
- California schools have relatively low levels of funding, especially for a state with a high cost of living
- While LCFF addressed many of the issues with the prior funding system, it does not address either special education funding or pension debt
- Preschool-age kids are entitled to services without state funding to cover



Our revised budget projections:

Description	2019/20	2020/21*	2021/22*
Beg Balance, July 1 (estimated)	\$ 28,794,798	\$ 21,103,424	\$ 8,337,846
Revenues/Other Financing Sources	\$ 223,927,119	\$ 230,297,307	\$ 235,537,769
Expenditures/Other Financing Uses	<u>\$ 231,618,493</u>	<u>\$ 243,062,885</u>	<u>\$ 242,513,166</u>
Ending Balance, June 30	\$ 21,103,424	\$ 8,337,846	\$ 1,362,449
Designated for Economic Uncertainties (required 3%)	\$ 7,100,000	\$ 7,200,000	\$ 7,300,000
Legally Restricted	\$ 5,850,703	\$ 3,226,567	\$ 3,541,987
Assigned/Committed	<u>\$ 8,270,157</u>	<u>\$ 1,166,119</u>	<u>\$ 1,166,119</u>
Unassigned/Unappropriated	\$ (117,435)	\$ (3,254,840)	\$ (10,645,657)

*Does not include salary increases for 2020/21 and 2021/22

**Cost of 1% = \$1,595,668 for all groups

Thoughts & Ideas from Budget Study Sessions



Administrative Staff Reductions

Adult Ed Funding/Fee-Based services

Alternative High Schools Consolidation

Budget Guidelines Formula Review

Centralized Services

- Centralize enrollment/attendance; reduce clerks in schools
- Centralize interventions
- Centralize immunizations

Core K-12 Focus

Four Day School/Work Week, Longer Day

- Kids in daycare on 5th day (Student Care)

Furlough Days (all groups)

Grant Writer

In-house Counsel (Special Education, Labor, General)

Kindergarten/Transitional Kindergarten Schedules

Legislation for EPSDT MediCal

Non-rostered Teachers (i.e. intervention teachers)

Parcel Tax

Print Shop

Review of High-Cost Programs

Retiree Benefits Contribution

Secondary School Schedules - 7 period days

- 4x4 Schedule
- IB Program
- 7 period vs 6 period

Special Ed Contribution

- Audit of expenditures
- County Mental Health funding for Special Education
- Use SIG DIS set aside to cover other line items (e.g. Mental Health, GATE)

Textbook Adoptions

- Instructional materials

Travel and Conferences

Vacant Positions Review

2019/2020

*Reductions:

PARS: (\$969,359)

Reduced travel: (\$300,000)

Fund 71 (\$350,000)

Eliminated administrator positions:

- Family and Community Engagement Director
- Assistant Principal
- Child Welfare Coordinator

Collapsed vacant positions:

- Lead Teacher
- Administrative Assistants

Eliminated one-time expenditures:

(\$1,992,246)

Eliminated elementary summer school/Boost:

(\$275,000)

2020/2021

3,500,000.00

Proposed Reductions:

**

PARS:
\$778,409.00

\$778,409.00

- \$3,500,000.00

2021/2022

3,500,000.00

5,500,000.00

Proposed Reductions:

- \$9,000,000.00

2022/2023

3,500,000.00

5,500,000.00

9,000,000.00

Proposed Reductions:

- \$ 18,000,000.00

* Reductions made in the 2019/2020 school year already accounted for in the following years.

** Reduction identified in 19/20 for 20/21 qualified budget status.

Critical budget and staffing timelines

Oct. 24-Nov. 7
Budget Study Session #5
Continued engagement with stakeholders

Dec. 13
SCOE deadline for First Interim Report



October 2019
Engagement with bargaining units, management, and Student Advisory Board

Nov. 21
Recommendations to Board of Education

January 2020
Staffing projections due for 2020-21 school year

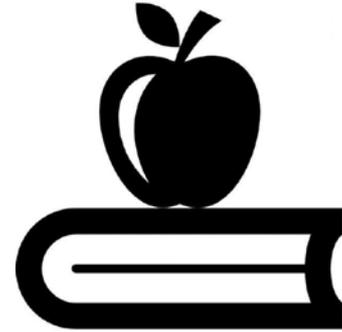


Feedback from students (SAB):

Important: Inside the Classroom	Less Important: Inside the Classroom
<ul style="list-style-type: none">● Chromebooks/technology● Qualified teachers/teacher training● Online curriculum● Quality of classrooms/facilities	<ul style="list-style-type: none">● iReady● StudySync books● Printed materials/textbooks
Important: Outside the Classroom	Less Important: Outside the Classroom
<ul style="list-style-type: none">● Counselors● Cleanliness● Music/athletics/extracurriculars● Cafeteria service/eating areas● Wellness centers● Transportation● Campus safety	<ul style="list-style-type: none">● Some clubs● Vending machines



Collaborative process with bargaining units:



Collaborative process with bargaining units:

Does this meet our Guiding Principles?

- Reduce expenditures
- Minimize impact to students
- Minimize potential layoffs
- Review programs

What is the impact?

- ... to students?
- ... to staff/faculty?
- ... to families?

Assign each item 1-4: How high a priority?

- 1 = Do not consider reductions
- 2 = Not sure; need more info
- 3 = Consider reductions in 1-3 years
- 4 = Consider reductions now (2020-21)

How much time do we need?

- ... short-term (2020-21)
- ... medium-term (2021-22)
- ... long-term (beyond 2022)



Feedback: Broad support

List of common high priorities

- *Chromebook replacement from Retiree Benefit Fund Reserve balance - \$1,021,500*
- *Reduce 1% contribution to Retiree Benefit Fund- \$1,379,064*
- *Early Retirement Incentive for CSEA & FCLA \$ TBD*
- *Review software programs*
 - *Eliminate Naviance & Safari Montage - \$155,141*
 - *Eliminate iReady (final year of licensing)*
 - *Review iLit (year 3 of 8)*
 - *Review StudySync*
- *Review future textbooks adoptions and supplemental materials*
- *Reduce travel and conference - \$350,000*

*Budget Impacts:
(\$3,682,114)*



Feedback: No support

Common themes: Avoid reductions in these areas

- *Custodial*
- *Department chairs - \$104,285*
- *Intervention teachers (Rancho Title I sites, SIG grant funded) - \$1,530,087*
- *Parent Coordinators - \$252,961*
- *CHS Partnership Academy match - \$334,977*
- *Software - Apex, Edgenuity and Illuminate - \$231,796*

*Budget Impacts:
(\$2,454,106)*



Feedback: Mixed support (2020/21)

List of Common themes with mixed support for 2020/21:

- *Closure of Folsom Lake High School and offering credit recovery at comprehensive high school sites - \$500,000*
- *Reducing site/departments carryovers - \$1,400,000*
- *Special Friends (PIP Program)- \$257,264*
- *ESC Administrator/Director reduction - \$149,000*
- *ESC Classified reduction - \$50,000*
- *GATE stipend/conferences - \$19,492*
- *Standardize Kindergarten schedules to AM/PM - \$350,000*
- *Lead Teachers - \$500,000*
- *National Board Certified Teachers (NBCT) stipends/renewals - \$50,154*
- *PLTW- lab replacements/consumables/licensing - \$379,300*
- *Prep periods at Mills - \$386,390*
- *Prep periods at Mitchell - \$442,403*
- *Site technology coordinator stipends - \$112,837*
- *Summer School (Secondary)- \$437,000*
- *Transportation (staggered start times)*

***Budget Impacts:
(\$5,033,840)***



Feedback: Mixed support (2021/22)

List of Common themes with mixed support for 2021/22

- *Elementary Prep reduction - \$1,000,000*
- *IB Coordinators/operating/licensing - \$462,211*
- *Prep periods at CHS- \$1,048,000*
- *Prep periods at VDL - \$776,000*
- *Print Shop - \$494,877*

*Budget Impacts
(\$3,781,088)*



2019/2020

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Proposed Reductions:

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2022/2023

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5,500,000.00

9,000,000.00

Proposed Reductions:

Cost of 1%:

- FCEA \$1,016,329
- CSEA \$ 436,387
- FCLA \$ 142,951

* Reductions made in the 2019/2020 school year already accounted for in the following years.

Feedback: Other ideas to explore

- *Academy for Advanced Learning (Mather Heights and Theodore Judah)*
- *Assistant Principals*
- *Athletics stipends/transportation allocations*
- *Centralized registration*
- *District legal counsel*
- *Districtwide zero-based budgeting model*
- *Elementary Opportunity Program (Cordova Gardens and Blanche Sprentz)*
- *Employee benefits*
- *Energy management*
- *FLES (Folsom Hills)*
- *Furlough days*
- *Grant Writer*
- *Library services*
- *Montessori (Carl Sundahl)*
- *Release periods for non-rostered teachers*
- *Special Education*
- *Staff Development*
- *Stipends*
- *Yard Duty scheduling (Elementary)*



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Questions from Board & Audience

