

Budget Recommendations

Nov. 21, 2019
Board of Education



Tonight's purpose and next steps

Nov. 21:Board approves resolution for budget reductions for 2019/20 and 2020/21

Dec. 19:Board approves First Interim Report for 2019/20

March 15, 2020: Board identifies additional reductions prior to Second Interim for 2020/21 and 2021/22

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

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



Critical budget and staffing timelines

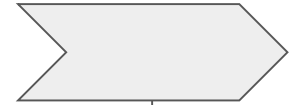
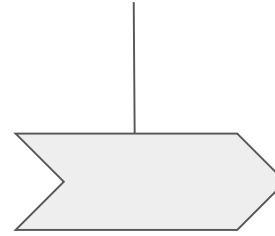
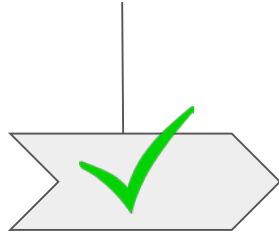
Oct. 24-Nov. 7

Budget Study Session #5

Continued engagement with stakeholders

Dec. 16

SCOE deadline for First Interim Report



Sept-Oct. 2019

Engagement with bargaining units, management, and Student Advisory Board

Nov. 21

Board of Education approves resolution for budget reductions

January 2020

Certificated Staffing projections due for 2020-21 school year



Recommendations - 2019/20

Mid-year recommendations for First Interim:

- Reduce 1% contribution to Retiree Benefit Fund - \$1,379,064
- Additional reduction of travel and conference from unrestricted funds - \$300,000
- Partial freeze on non-essential supply purchases
- Reduce maintenance projects (does not include preventative or deferred maintenance projects)

*Budget Impacts:
(\$1,679,064)*



Fund 71: By the Numbers

Previous Board Direction:

Establishment of Fund 71 as an irrevocable trust on February 15, 2007

- To fully fund the liability identified by actuarial study assumptions
- Commitment to increase contribution to 2 to 3% of all payroll costs over the next several years

Annual approval of budget guidelines for general fund transfer of 1% of all salary costs to Fund 71 in addition to annual contribution for pay-as-you-go

\$22 million

Net OPEB liability to fund current and future obligations per actuarial

\$14 million

Beginning fund balance in retiree benefits fund

472

Current number of all retirees receiving benefits

\$904,084

Current annual cost for all retirees

\$815,000

Current budgeted pay -as-you-go amount

414

Current eligible classified retirees (ages 50-65)

263

Current eligible certificated retirees (ages 55-65)

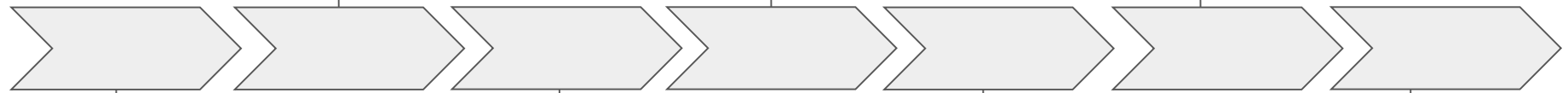


Fund 71 Retiree Benefit Fund Timelines

2008-09 through 2012-13
District suspended pay-as-you-go contribution to Fund 71

2016-17
GASB 73 implemented - clarified that assets held for OPEB purposes were not assets of the District and should not be included in District financial statements

September 12, 2019
Board approved Resolution establishing an OPEB Trust through PARS



February 7, 2007
Closed Fund 20 and Established Fund 71

2014-15
GASB 68 implemented - applied to pension plans administered through trusts in which contributions were irrevocable

2017-18
Board approved increase in pay-as-you-go amount from \$600,000 to \$815,000

November 21, 2019
Proposed transfer to Irrevocable Trust



Retiree Benefits Fund 71

Beginning Balance - \$14 Million

Tonight's Recommendation

Retiree Benefits Fund 71

Proposed - \$0

Reserve for Capital Outlay Fund 40

Proposed - \$4 Million

Set aside for Chromebook
replacement plan

Board Approved
Irrevocable Trust with
PARS (Sept. 12, 2019)
Proposed - \$10 Million

Does not fully meet actuary's
reported unfunded liability



Unrestricted General Fund Reductions

Factors being considered	What we sacrifice	What we gain
<p>Initial reduction of \$350,000 for travel and conference at adopted budget 2019/20</p> <p>Additional mid-year reduction of \$300,000 for:</p> <ul style="list-style-type: none">• Non-essential supplies• Non-restricted program travel and conference• Maintenance projects• Overtime/Extra help	<p>Staff development</p> <p>Cost savings from projects completed by in-house staff</p> <p>Increase in work order response</p>	<p>Ongoing savings of \$300,000</p>



Recommendations - 2020/21

Recommendations for multi-year projections:

- Reduce site/department carryovers - \$1,400,000 (*one-time \$*)
- Chromebook replacement from Retiree Benefit Fund Reserve balance - \$1,021,500
- Redirection of Folsom Lake High School to other Alt Ed options- \$300,000
 - Reduce certificated positions - \$300,000
 - Reduce classified positions - \$107,000
- ESC Administrator/Director reduction - \$149,000
- ESC Classified reduction - \$100,000
- Reduce PE prep coverage (Standardize Kindergarten schedules to AM/PM - \$190,000) (Does not eliminate PE prep for Kinder teachers)
- Reduce Lead Teacher positions- \$300,000
- Reduce Prep periods at Mills - \$386,390
- Reduce Prep periods at Mitchell - \$442,403
- Reduce Summer School (Secondary)- \$200,000
- Eliminate district-paid Naviance & Safari Montage - \$155,141

Budget Impacts:
(\$4,749,434)



Redirection of Folsom Lake High to other Alt Ed options

Factors being considered	What we sacrifice	What we gain
<p>Currently 55 students enrolled; 24 graduating in May, 2020</p> <p>Approx. revenue per student: \$9,329 Approx. cost per student: \$18,218</p> <p>Current student-teacher ratio: 13:1 Proposed student-teacher ratio: 25:1</p> <p>Alt Ed options exist for students at Kinney High School</p> <p>Relocate Folsom Lake classes to Folsom High on a reduced scale in a designated location</p> <p>ILS Program remains on current Folsom Lake site for 2020-21. Explore alternate locations for ILS program (18-22 year olds) for future years.</p>	<p>3 certificated, 2 classified employees, and 1 administrator will be impacted, with potential to absorb possible FTE reductions through attrition</p> <p><i>*CSEA Article 8 and FCEA Article 11 Voluntary/ involuntary transfer language & Possible surplus/layoff language</i></p>	<p>Ongoing savings of \$407,000</p> <p>Opportunity to obtain credits through a hybridized model</p> <p>Classes offered face-to-face and/or online</p> <p>Opportunity to enroll in electives at FHS</p> <p>Opportunity to access mental health support services</p> <p>Opportunity to participate in CTE pathways</p>



Staffing Reductions at Education Services Center (ESC)

Factors being considered	What we sacrifice	What we gain
<p>Began eliminating vacant administrator and ESC positions in 2018/19, including:</p> <ul style="list-style-type: none">• Family and Community Engagement Director (\$135,842)• Child Welfare Coordinator (\$136,660)• Lead Teacher (\$108,262)• Administrative Assistants (\$161,580) <p>Continuous evaluation of opportunities for restructuring operations to support evolving school/District needs</p> <p>Reduction of administrator and classified positions at ESC</p>	<p>Decreased support for sites</p> <p>Manageable workload</p> <p>Reductions: 1 Director (\$149,000), 2 Classified (\$100,000)</p>	<p>Ongoing savings of approximately \$250,000 - in addition to previous reductions</p>



Reduce PE Prep coverage (Standardize Kindergarten Schedules to AM/PM)

Factors being considered	What we sacrifice	What we gain
<p>Physical Education minutes are not mandated for kindergarten</p> <p>Currently 6 schools utilize the AM/PM schedule</p> <p>The current slip sessions, utilized by 9 sites, mirror the same minutes as the AM/PM models</p> <p>7 sites utilize the Extended Day schedule</p> <p>Teachers in an AM/PM model have the ability to take their prep during their non student-rostered time</p>	<p>School site's ability to choose the kindergarten schedule that works best for their site</p> <p>Extended time for students enrolled in the Extended Day schedules</p>	<p>The alignment of kinder schedules across the district</p> <p>A savings in 1.9 FTE in the form of PE specialists</p> <p>PE still delivered by PE specialist</p> <p>Gained facilities space for future programs or growth</p>



Restructure Lead Teachers

Factors being considered	What we sacrifice	What we gain
<p>Currently 7 Lead Teachers</p> <p>ELA and Math adoption complete</p> <p>Opportunity to shift from content area focus to Curriculum and Instruction K-12 Specialists</p> <p>Currently 40 PLC Implementation Coaches across 20 sites</p>	<p>Targeted professional development, over 22,000 hours provided since 2015</p> <p>Continued support for GVC at the level currently staffed</p> <p>Support of PLC implementation designated at each site</p>	<p>Restructuring to 4 K-12 Curriculum and Instruction Specialists, including PLC implementation</p> <p>K-12 Curriculum and Instruction Specialists would have specialty training to support varied needs at sites</p> <p>Opportunity for site-based leadership and collaboration</p> <p>Ongoing savings of \$300,000</p>



Prep periods at Mills and Mitchell Middle

Factors being considered	What we sacrifice	What we gain
<p>7-period schedule vs. 6-period schedule</p> <p>Cost of two prep periods per teacher</p> <p>Inconsistent and inequitable amount of instructional minutes per period between middle school sites</p>	<p>Unique schedule option for students</p> <p>Surplus of teachers: 5.2 Mitchell; 4.5 Mills</p> <p>Three schedule changes in three years for Mills Middle School</p> <p>Uncertain impact on IB/MYP “whole school” designation</p>	<p>Ongoing savings of \$828,793</p> <p>Fewer student transitions in a 6-period day</p> <p>Opportunity to create consistent “learning time” across the District</p> <p>Opportunity to allocate funding -per-student based on standardized funding formula</p>



Restructure Summer School at Comprehensive High School Sites (does not include ESY)

Factors being considered	What we sacrifice	What we gain
<p>More effective and rigorous credit recovery models exist that better serve students' learning needs than current four-week, half-day structure</p> <p>Online credit recovery options at CHS and FHS using Edgenuity and/or APEX</p> <p>Added expense with no revenue received from ADA</p>	<p>Traditional model</p> <p>Short-term solution for learning gaps</p>	<p>Increased focus on school-year-embedded interventions</p> <p>Increased rigor and instruction targeted to individual student needs</p> <p>Flexible options for students depending on academic needs</p> <p>Ongoing savings of approx. \$200,000</p> <p>More localized control</p> <p>Reduce the need for additional administrator for summer school</p>



Early Retirement Incentive (Classified)

Factors being considered	What we sacrifice	What we gain
<p>FCEA Incentive was offered last year for current 19/20 school year</p> <p>An early retirement incentive could be a way to reduce positions across the District and eliminate layoffs by not backfilling vacancies</p> <p>Opportunity to evaluate departments and reduce staffing</p> <p>Continued discussion with CSEA</p> <p>Continued discussion with FCLA</p>	<p>FTE reduction in classified to be determined</p>	<p>Savings TBD over 5 years</p> <p>Reduction in positions and minimizing the potential for layoffs</p> <p>Provide an incentive to long term staff</p>



What's not included

- Reductions identified for 2019/20 and 2020/21 do not fully reverse the deficit spending
 - Does not meet directive from SCOE
 - SCOE may disapprove First Interim budget
 - Any delay in resolving the budget shortfall for 2021/22 could compromise the options available to the district to maintain fiscal solvency
- Board has not identified further reductions for 2021/22
 - Will impact 2020/21 adopted budget and future years
- Reductions identified do not provide available funding for salary increases
- Additional staff reductions in Classified and Management positions to be identified



Further Discussion for 2021/22

Review the following prior to Second Interim (March 12, 2020):

- Prep periods at CHS - \$1,048,000
- Prep periods at VDL - \$776,000
- Certificated stipends, including but not limited to:
 - PLC Implementation Coaches (40) - \$90,000
 - Site Technology Coordinators - \$112,837
 - GATE, NBCT - \$69,646
- iReady software
 - Replace or continue (expense not included in budget)
- Print Shop
- Secondary PLTW (consumables, licensing, lab replacements) - \$379,300
- Supplemental EL/LI funded positions
- Additional reductions in travel and conference
 - Reduce teacher release days
- SIG Grant funding expires (6.35 FTE in grant-funded positions)
- Grant Writer
- Districtwide zero-based budgeting model
- Continuous evaluation of opportunities for restructuring operations to support evolving school/District needs



Board Follow-Up Questions



Legal Fees vs In-house Counsel

Factors being considered	What we sacrifice	What we gain
<p>Prior Year General Fund expenses:</p> <ul style="list-style-type: none"> • Business Svcs - \$59,842 • HR - \$101,202 • Instruction - \$25,120 • Special Ed - \$191,684 • Supt - \$46,038 <p>Review of similar districts with in-house counsel</p> <p>Additional staff support needed (paralegal, administrative, legal analyst)</p> <p>All invoices are analyzed for correct information and appropriate charge</p>	<p>Specialized legal services from 3 large attorney firms</p> <p>Cost-benefit?</p> <p>The flexibility to have multiple attorneys during peak time and having no cost during summer months.</p> <p>The institutional knowledge of our current firms.</p>	<p>Cost-benefit?</p>



Services and Other Operating - Unrestricted

Unrestricted Expenditures 2018/19 - Object 5000-5999

- Travel & Conference - \$611,270
- Property/Liability Insurance - \$847,454
- Utilities - \$4,415,166
- Repairs - \$414,932
- External Auditors - \$74,200
- Software - \$2,013,190
- Legal fees - \$232,202
- Fingerprinting - \$62,375
- Charter bus service - \$240,447
- Student activity fees - \$670,308
- School Resource Officers - \$473,980
- District-provided radios/cell phones/iPads - \$216,034



Services and Other Operating - Unrestricted (cont.)

Unrestricted Expenditures 2018/19 - Object 5000-5999

- Other Services - \$2,527,488
 - Athletics - \$95,444 (ASB reimbursed)
 - Proms/Dances - \$56,072 (ASB reimbursed)
 - Outside printing services - \$87,719
 - IB exam fees - \$54,184
 - AP exams - \$202,094 (ASB reimbursed)
 - Athletic officials - \$128,268 (ASB reimbursed)
 - Yearbooks - \$190,490 (ASB reimbursed)
 - Armored car/banking courier service - \$30,905
 - Nursing services - \$83,716
 - Fire alarm inspections - \$92,746
 - SCOE financial services - \$149,333
 - SCOE Teacher Induction - \$103,700
 - State/County fees/permits - \$57,328
 - Maintenance (i.e. elevator service, wheelchair lifts, fire extinguisher service, bleacher repairs, FID monitoring, pest control, Hazmat training) - \$139,946

*Unaudited Actuals -
Unrestricted:
(\$12,971,529)*



Services and Other Operating - Restricted

Restricted Expenditures 2018/19 - Object 5000-5999

- Travel & Conference - \$320,964
- Restricted Maintenance Repairs - \$1,264,542
- Other Services - \$5,574,565
 - Clean Energy Prop 39 Grant (LED light retrofit, energy audits, energy efficient projects) - \$3,517,687
 - Speech - \$333,059
 - OT/PT/Psych - \$196,532
 - Residential placements (out-of-state) - \$265,418
 - Significant Disproportionality training - \$68,000
 - GLAD training - \$86,400
- Software (i.e. N2Y, Cengage, iCEV, Imago, Newsela) - \$93,667
- Legal fees (special education) - \$191,684
- Non-public school (60 students with 4-5 pending) - \$2,348,671
- Non-public agencies - \$144,378
- Legal settlements - \$211,156
- Student activity fees (i.e. field trip admissions) - \$81,129

*Unaudited Actuals -
Restricted:
(\$11,060,685)*



Next Steps

- Board approves resolution identifying \$6.3 million in reductions for 2019/20 and 2020/21
- Board approves 2019/20 First Interim Report on December 19, 2019
- Additional identification of \$2.5 million in potential reductions for 2020/21 and 2021/22 prior to Second Interim (March 15, 2020)



Questions from Board & Audience

