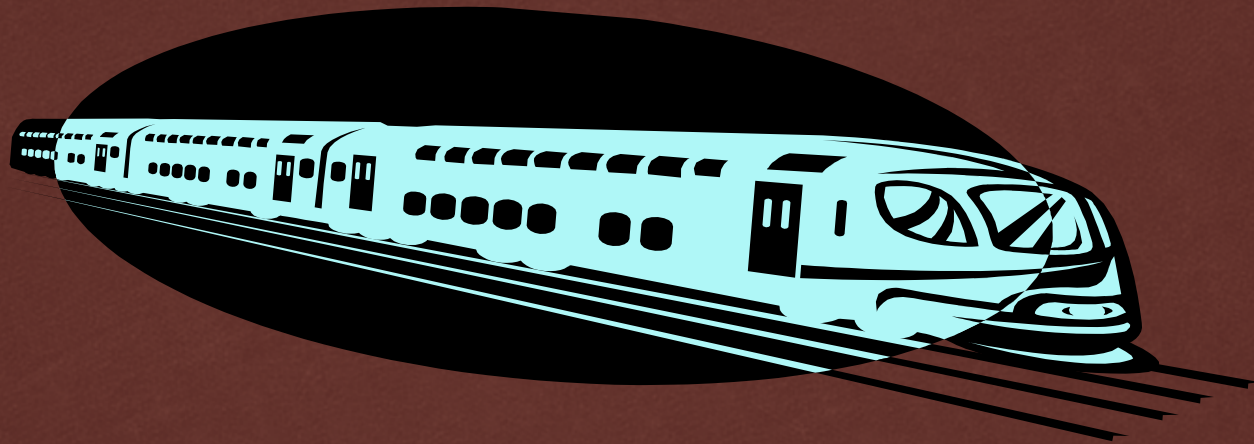


2012-13

**Budget Development Update:
Parallel Budget Tracks**



**Board of Education
October 25, 2011**



**Presented By
Chief Financial Officer**



Introduction



- ❧ **In Preparation for 2012-13 Budget Development, Staff has Embarked Upon Four Parallel Budget Tracks**
- ❧ **Work Teams Have Been Formed to Address**
 - ❧ Current Year Resource Allocations – Track #1
 - ❧ Potential 2011-12 Mid-Year Solutions – Track #2
 - ❧ “X” Factor Allocations Review – Track # 3
 - ❧ 2012-13 Potential Budget Solutions – Track #4
- ❧ **Collaborative Endeavor Among Representatives from Academics (A), Business (B), Finance (F), Information Technology (T) and Superintendent (S) Divisions**
- ❧ **Recommendations from the Teams Will Help Close the Anticipated General Fund Budget Shortfall for 2011-12 (Mid-Year) and 2012-13 Budget Year.**



Balanced Budget Shortfall 2012-13



Probability*	Range (\$ Million)	Required 2012-13 Budget Solutions to Balance GF Budget
CERTAIN - Based on current assumptions, current district realities and the current fiscal environment these factors will come to pass [e.g.- enrollment decline; excess teachers & counselors; T-dap ADA loss].	(\$6.0) to (\$1.3)	\$60 M to \$65 M
PROBABLE - This scenario includes current fiscal realities AND 2011-12 Mid-Year Reductions AND NO 2012-13 COLA with no offsetting current year budget solutions.	(\$57.7) to (\$47.0)	\$106 M to \$116 M
POSSIBLE - Less probable but possible scenario that also includes 2011-12 Mid-Year reductions, NO 2012-13 COLA AND grievance settlements, and additional excess teacher assumptions.	(\$59.0) to (\$44.5)	\$103 M to \$118 M

* Based on Fiscal Assumptions as of September 23, 2011



Track 1: How We Spend Our \$



- ❧ **Board Workshops Started in September and Will Conclude in November**
- ❧ **Presentations to the Board from Division Heads and Program Managers Include:**
 - ❧ Current Year Budgets
 - ❧ Story of How They are Functioning with the Resources They Have Been Provided this Year
- ❧ **Team:**
 - ❧ Ron Little-Co-Chair (F)
 - ❧ Ami Shackelford-Co-Chair (F)
 - ❧ Zandy Macasinag (F)
 - ❧ Division and Department Leaders (A,B,T,S)



Track 1: How We Spend Our \$



❧ The following Board Presentations Have Been Completed:

- ❧ September 20 – Superintendent - Direct Reports
- ❧ September 27 – Business Services
- ❧ October 11 – Academics - Support

❧ Future Board Presentations Will Be on:

- ❧ October 25 – Academics - Schools
- ❧ November 1 – Other Funds & Charter Schools

❧ Track 1 Timeline: September – November 2011



Track 2: Potential Mid-Year Solutions 2011-12



- ❧ Identify & Quantify Potential Mid-Year Reductions
- ❧ Analyze Options that May Be Available to Help Mitigate Impacts of a Potential \$30M Loss in 2011-12
- ❧ Team:
 - ❧ Phil Stover – Co-Chair (B)
 - ❧ Sue Weir - Co-Chair (F)
 - ❧ Brenda Campbell (A)
 - ❧ Marian Phelps (A)
 - ❧ Ron Little (F)



Track 2: Potential Mid-Year Solutions 2011-12

- ❧ **Team Has Met to Review All Areas Where Immediate Cost Savings Might Be Realized:**
 - ❧ Hiring Freeze/Vacancy Elimination
 - ❧ Spending Freeze
 - ❧ Hourly Expenses
 - ❧ Classified Positions for Potential Mid-Year Eliminations

- ❧ **Review Cash Flow Projections**

- ❧ **Team Will Develop Recommendations for Possible Mid-Year Reductions**

- ❧ **Track 2 Timeline: September - November 2011**



Track 2: Current Range of Solutions



Solutions	One-Time/ On-Going	Estimated Amount
Sale of Property (Current Year)	One-Time	\$6.0 M
Self-Insurance Fund Reserve (70% CL)	One-Time	\$ 0.8 M
Classified Personnel Reductions (App. 65-70 FTEs/5 Months)	On-Going	\$2.0 M-\$2.2 M
Total Identified to Date:		\$8.8 M-\$9.0 M



Track 3: “X” Factor Review



- ❧ Review the “X” Factor Model Used in 2010-11 and Provide Recommendations for Improvement
- ❧ Improve SBB Processes Roll Out/Implementation
- ❧ Team:
 - ❧ David Lorden – Co-Chair (A)
 - ❧ Debbie Foster- Co-Chair (F)
 - ❧ Cesar Alcantar (A)
 - ❧ Frederick Hilgers (A)
 - ❧ Hedieh Khajavi (B)
 - ❧ Jonathan McDade (A)
 - ❧ Lillie McMillan (A)
 - ❧ Sarah Sullivan (A)
 - ❧ Gamy Rayburn (F)
 - ❧ Barbara Samilson (A)



Track 3: "X" Factor Review

☞ Team Meets Weekly

☞ Accomplished To Date:

- ☞ Data Analysis to Determine What Changes Needed to Be Made; What Worked, What Didn't
- ☞ Better Understanding of the Challenges Faced by Principals
- ☞ Understanding of Nursing and Counseling Contract Requirements and Options
- ☞ Reached a Philosophical Agreement on How to Establish a More Equitable "X" Factor Allocation
- ☞ Exploring Various "X" Factor Models



Track 3: "X" Factor Review



- ❧ **Agreed on a Collaborative and Transparent Process**
 - ❧ Communicate and Receive Feedback from Principals at All Levels by Sharing Information at Their Group Meetings
- ❧ **Near Completion of a Model for Elementary and Middle Schools**
- ❧ **High Schools, Alternative and Atypical Schools Will Follow**
- ❧ **Recommendation to Cabinet and CFO By Middle of November**
- ❧ **Track 3 Timeline: September – December 2011**



Track 4: Potential Budget Solutions 2012-13

☞ **Identify Short-Term and Long-Term Solutions to Help Close the Anticipated 2012-13 General Fund Balanced Budget Shortfall**

☞ **Team:**

- ☞ Sid Salazar – Co-Chair (A)
- ☞ Jenny Salkeld –Co-Chair (F)
- ☞ Bernie Rhinerson (S)
- ☞ Nellie Meyer (A)
- ☞ Darryl LaGace (T)
- ☞ Donata Barbour (F)
- ☞ Robin McCullough-Fair (A)
- ☞ John Aguilar (A)
- ☞ Ami Shackelford (F)



Track 4: Potential Budget Solutions 2012-13

- ❧ **Team Meets Every 2 Weeks**
- ❧ **Exploring the Possibility of Enhancing Revenue by Implementing Effective Student Attendance Monitoring**
- ❧ **Discussed Timing of Real Estate Sales**
- ❧ **Meeting Scheduled with Deputy Superintendent Business to Discuss**
 - ❧ Real Estate Sales
 - ❧ School Closures/Realignment
- ❧ **Track 4 Timeline: September - January 2012**



Track 4: Current Range of Solutions



Solutions	One-Time/ On-Going	Amount (In Millions)
Non-Negotiated Solutions:		
Additional Centrally Funded Program Reductions	On-Going	\$8.0
Sale of District Surplus Property (one-time)	One-Time	\$14.0
Closure or Consolidation of 10 Schools	On-Going	\$5.0
Elimination of K-3 CSR	On-Going	\$24.2
GFU Contribution Cap to Special Education	On-Going	\$3.0
Additional Revenues (advertising/ towers/ mandated costs/ etc)	On-Going	\$1.0
Sub-Total		\$55.2
Solutions Subject to Negotiations:		
Extend 5 Furlough Days (GFU & Special Education)	On-Going	\$17.1
Postpone Salary Increase (GFU & Special Education)	On-Going	\$21.0
Health & Welfare Cap Based on Kaiser Family Premium (GFU & Spec.Ed)	On-Going	\$14.7
Sub-Total		\$52.8
Total Identified To Date:		\$108.0



Board Decision Matrix: Actions Required



- ☞ **The Next 60 Days Are Critical!**
- ☞ **To Provide Schools their Budget Allocations by January 2012, as Directed, Staff Needs the Following Board Actions/Directions :**

Actions	Timeline
Transportation Reductions (Enrollment Projections)	October 2011
Counselors and Nurses (Consultation)	November 2011
Centralized Support Reductions	November 2011
Mid-Year Reductions and Other Classified Lay Offs	November 2011
Staffing Allocations (Class Size Ratios)	November 2011
Title I Phasing Plan/Ranking	November 2011
School Closures/Realignment (Enrollment Projection)	December 2011
“X” Factor Determination	December 2011
School Program Reductions/Eliminations	December 2011
First Interim Contingency Plan for Mid-Year Cuts to SDCOE	December 2011



Questions?