



Investing in students, creating the future
Eugene School District 4J

SUSTAINABLE BUDGET STRATEGY OPTIONS



Superintendent's REVISED Recommendations

Board Work Session
January 5, 2011

These revised recommendations are intended to:

- place highest priority on maintaining programs and services that value learning, excellence and equity;
- increase our system's ability to maintain quality programs through larger and consolidated schools as enrollment and resources decline;
- support teaching and learning through redesign of the instructional delivery model for the future;
- ask employees to share the pain by sacrificing through compensation-related adjustments; and
- move toward a sustainable budget while using reserves and one-time funds to bridge toward better times and possible additional sources of revenue in 2013-14.

**BOARD GOAL:
SUSTAINABLE BUDGET STRATEGY**

By 2014-15, the district will implement a **sustainable budget** that:

- maintains reserves at or above board targets,
- minimizes the use of one-time funds for ongoing expenses,
- optimizes the use of short-term resources to improve student achievement, and
- increases operational efficiency while reducing long-term capital needs.

Superintendent goal:

Develop strategy options for achieving the board's sustainable budget goal and present a proposal to the board and budget committee by February 2011.

The board's current sustainable budget goal is....

By 2012-13, the district will implement a sustainable budget that:

- *maintains reserves at or above board targets,*
- *minimizes the use of one-time funds for ongoing expenses,*
- *optimizes the use of short-term resources to improve student achievement, and*
- *increases operational efficiency while reducing long-term capital needs.*

My revised recommendations assume the board is willing to modify its goal by extending the timeline to 2014-15 as the date for implementation of a sustainable budget. It also assumes that the board will establish a 3-year plan of strategy options to get there.

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The superintendent's goal remains the same: *develop strategy options for achieving the board's sustainable budget goal and present a proposal to the board and budget committee by February 2011.*

Based on the revised schedule, my new goal is to present and have the board adopt final recommendations by February 2, 2011.

4J's Financial Forecast

- **Prelim: Operating shortfall of 19-27% next year.**
- **Revised: Operating shortfall of 15-23% next year.**
 - Based on a state funding level ranging from the same as this biennium to a 15% reduction
- Continuing shortfalls through 2014 assuming use of one-time strategies 2011-12 through 2013-14.

2011-12	2012-13	2013-14
-\$22 million to -\$33 million	-\$9.1 million to -\$22.0 million	-\$2.7 million to -\$3.0 million
-\$27 million to -\$38 million	-\$0.2 million to -\$1.1 million	-\$4.0 million to -\$4.3 million

In 2009-10 we reduced \$21 million from our GF budget, and for this year we cut another \$15 million. The future will be just as challenging. My original financial forecast showed that our shortfall for next year (2011-12) would range from 19-27%: \$26.9 million to \$37.7 million, with smaller deficits continuing through 2015.

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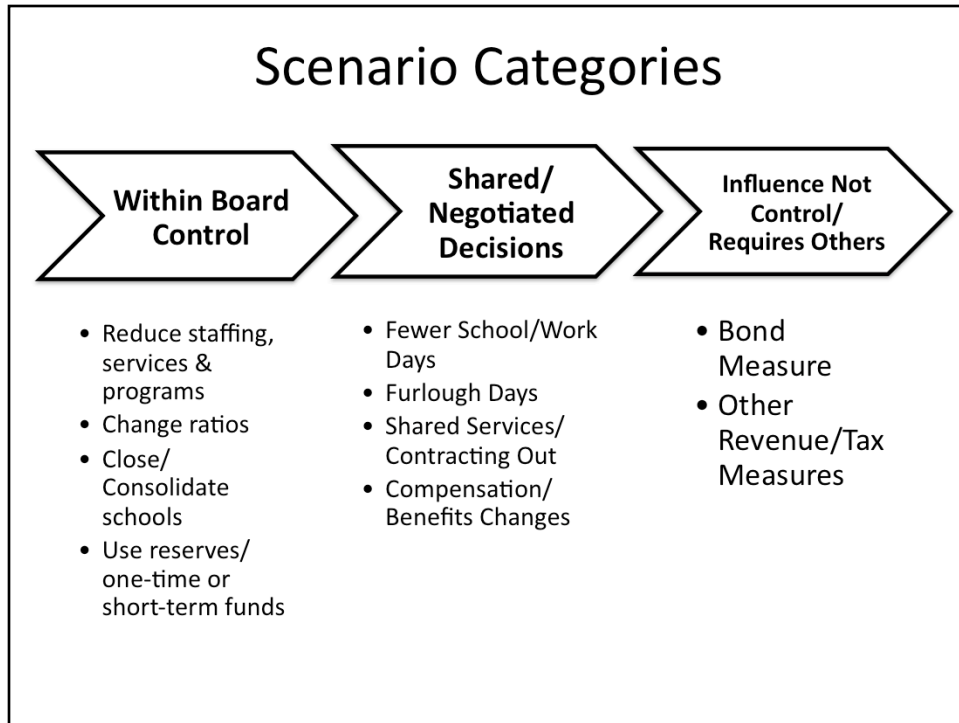
My preliminary recommendations were based on a target of \$30 million. The revised recommendations assume "status quo" funding from the State for 2011-12 and 2012-13, or about \$5.7 billion for the biennium. For us, this would mean a shortfall target of \$22 million at status quo, or 15% rather than 20%. There is some risk to this assumption and therefore retaining a reasonable and prudent reserve is necessary as a hedge for any additional cuts that might occur in the State budget. It will not be until some time in January before we know what the new governor's budget proposal is for K-12 funding. At this point, based on the current governor's reset report and our recent conversation with local legislators, it appears that any thing more than status quo should not be anticipated.

We all need to remember that state funding is still unknown at this time. The state expects a 15% revenue shortfall for next biennium. If school funding is reduced by a similar amount that would translate into a \$33 million shortfall for 4J.

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The deficits in future years assume that we would balance each year's budget by using some reserves and one-time resources. By doing that we are pushing part of our financial gap forward. Therefore, we will need to make further reductions in each of the subsequent years or find additional revenue.

Scenario Categories



The board had asked that we try categorizing the available options according to those areas for which the board has unilateral decision making authority compared to those decision making areas where the board has to either rely on others to accomplish the strategy or negotiate with stakeholder groups in order to reach agreement for their implementation. Following are the categories and key strategies that we believe fit into each:

1. Decisions That Are Within the Control of the Board. The board can unilaterally make the decisions that fall within this category without having to consult, negotiate or depend on others to make it happen. The board may consider input and feedback from various stakeholders, but it ultimately makes the decision. The decisions that will be most impactful on the overall budget picture will be those that are ongoing and sustainable, such as reducing staff and eliminating programs or services; changing the staffing ratios resulting in more teacher layoffs; closing and consolidating schools. The board could also elect to spend down reserves or use other one-time sources of money to buy some more time. As mentioned earlier, since these would be unsustainable sources of funds this would require deeper cuts in subsequent years.
2. Decisions That Require Engagement or Negotiations With Others. These are decisions that cannot be made unilaterally by the board and would require the negotiation or consultation with others in order for a decision to be made and implemented. Primarily, these recommendations would require negotiation and agreement with the labor organizations to implement. These include both ongoing strategies such as freezes or reductions in compensation or benefits, or more temporary measures such as furlough days and reducing the school year with an expectation that some or all could be restored in better times.
3. Decisions That the Board Can Influence But Not Control the Outcome. The board can try to achieve a certain outcome but must rely on decisions of others for it to happen. While the board can make decisions about when and what to put on the ballot as a bond measure, they would have to work with stakeholders and rely on voters to ensure a successful election. In the case of other revenue matters, such as a City local option or ordinance, the board would have to convince the Council or others to take such a step to benefit the school district.

Strategic Disinvestment/Reinvestment

2011-12 to 2014-15

Revised Target: \$22 Million

Preliminary Target: \$30 M

Revised Scenarios

Combination of:

- 1. Ongoing & Sustainable Reductions**
- 2. One-time and short-term “bridging” strategies**



These revised scenarios look at each of the strategy option areas previously identified and propose reduction scenarios within each, where appropriate. Most of the revised strategies have a 3-year plan that outlines the proposed actions in each of those years. Some of the proposed actions are dependent on other things happening, either in the previous year or same year. For example, without a bond measure passing to support ongoing critical needs or facilities modifications, one of the school closures or mergers could not occur without overcrowding some of the receiving schools.

I've also tried to identify those reduction strategies that would provide for ongoing savings that are sustainable, and the plan assumes that we are willing to transform the system by doing some things dramatically different in the future. I also identify some one-time or shorter term strategies that can be used to help us bridge some of our educational programs and services into the future, while we seek to find other longer-term solutions that may require a little more time to develop and implement. Not all strategy options will go out through three years, and some of them will be overlapping or interdependent because of the causal relationship of one with the other.

The Revised Recommendations include a 3-year plan with a \$22 million target for 2011-12 that is a combination of 1) ongoing and sustainable reductions; and, 2) one-time and short-term “bridging” strategies.

Strategy Options

**2011-12 Strategy goal is \$22 million
vs. \$30 million:**

- a) 50% ongoing reductions:
\$11.0 million vs. \$15 million**
- b) 25% reserves/one-time funds:
\$5.5 million vs. \$7.5 million**
- c) 25% compensation-related:
\$5.5 million vs. \$7.5 million**

For year one, 2011-12, the strategy goal is to achieve a balance that includes about 50% ongoing reductions; about 25% use of one-time dollars from reserves or other short-term sources; and about 25% compensation-related savings from a combination of fewer days and salary/benefits.

Reduce Staffing/Services & Programs

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • Options <ul style="list-style-type: none"> • Reduce admin and classified staff by 10% (62 fte)– \$3.5M <ul style="list-style-type: none"> • Including restructure and consolidate Central Office departments, reduce administration • Change staffing ratio by range of 4 to 6, [avg. of 5] (e.g.; 6@HS; 5@MS; 4@ES) = 98 fte @ \$8.2M • Eliminate or reduce teachers on special assignment and staff development specialists - \$500K • Cost/Savings Target: \$12.2M 	<ul style="list-style-type: none"> • 2011-12 <ul style="list-style-type: none"> • Reduce admin and classified staff by 7.0% (43 fte) - \$2.8M <ul style="list-style-type: none"> • Including restructure and consolidate Central Office departments, reduce administration • Change staffing ratio by range of 2/3, or 3/4* (e.g.; 3@HS; 3@MS; 2@ES) = 56-75 fte @ \$4.6 to \$6.3M • Eliminate or reduce teachers on special assignment and staff development specialists - \$.5M • Cost/Savings Target: \$7.7 – 9.2M

The following slides represent a comparison of the revised recommendations with the preliminary recommendations. In some cases there are no changes, but in others there are some fairly significant revisions from what was originally recommended. As a result of some of the changes in assumptions, the major areas in which substantial revisions occurred are staff and program reduction; staffing ratios; closure and consolidation (reconfiguration); school/workday reductions (furloughs); and, other compensation-related adjustments.

As I looked at the numbers and the impacts on specific schools, it's become clear to me that a staffing ratio change of 4-5-6 for next year as proposed will be just too devastating for schools and programs. One of the benefits of revising the forecast downward is that it allows me to propose a smaller increase in the staffing ratio for next year. For now, I'm suggesting two options: a 2 increase at elementary and a 3 for secondary; or a 3 at elementary or 4 at secondary. This "either/or" approach will require schools to develop two staffing plans. Which staffing ratio increase is implemented will depend on how the other scenarios play out through the budget and negotiations processes. Long-term, this adjustment may mean that we have to increase the staffing ratio for the following year (2012-13), unless something changes.

Impacts/Assumptions:

1. Reduced services and programs to support schools. Determinations regarding service/program elimination or reduction based on district values and priorities, and as part of budget development process.
2. Reorganization and restructuring of central administration
3. Larger class sizes and fewer specialists

Fewer School/Work Days

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • <u>Option A (ongoing)</u> <ul style="list-style-type: none"> • Reduced work year for non-school based staff (12 mo to 11 mo; 11 mo to 10 mo) and school-based staff reduced 10 days (6 fewer school days) - • Cost/Savings Target: \$5.7M • <u>Option B (temporary)</u> <ul style="list-style-type: none"> • 9-12 Furlough Days (6 less school days) – one/month based on work year - • Cost/Savings Target: \$5M 	<ul style="list-style-type: none"> • <u>2011-12</u> <ul style="list-style-type: none"> • 9-12 Furlough Days (6 less school days) – one/month based on work year and school-based staff reduced 9/10 days (6 fewer school days) - • Cost/Savings Target: \$4.0M • <u>2012-13</u> <ul style="list-style-type: none"> • Continue 9-12 Furlough Days (6 less school days) – one/month based on work year - • Consider 4-day work (32 hrs) and school weeks if necessary • Cost/Savings Target: \$4.0M • <u>2013-14</u> <ul style="list-style-type: none"> • Continued 9-12 Furlough Days (6 less school days) – one/month based on work year • Continued 4-day work (32 hrs) and school weeks if necessary • Cost/Savings Target: \$4.0M

Impacts/Assumptions:

1. All employees would take furlough days based on their work year: 12 month = 12 days; 11 month = 11 days; 10 month = 10 days; 9 months = 9 days. Assumption is these are temporary and the days would be added back to work year when financial picture improves.
2. Shortened school year and less paid workdays with reduced pay for all employees
3. Presumes ability to negotiate reduced work days or furloughs with labor organizations.

School Closures/Consolidations

Preliminary Recommendations

• **Options**

- Close Coburg, Twin Oaks, Crest Drive, Meadowlark, Parker and Family School in 2011 & redistribute some students to K-3's and 4-8's
- Convert Adams, McCornack, Chavez, Edgewood & Holt to K-3's
- Convert Spencer Butte, ATA, Kennedy, & Monroe to 4-8's
- Buena Vista K-8 @ Meadowlark
- Charlemagne K-8 @ Parker
 - **Cost/Savings Target: \$1.25M**

Revised Recommendations

• **2011-12**

- Close Coburg, Crest Drive and Parker in 2011
- Consolidate Meadowlark at Willagillespie
- Move Charlemagne K-5 to Parker
- **Cost/Savings Target: \$1.0M**

• **2012-13**

- Close Twin Oaks
 - if Bond Measure passes, consolidate Twin Oaks with McCornack after addition
- **Cost/Savings Target: \$0.3M**

• **2013-14**

- Possible closure/merger of non-language alternative schools with neighborhood schools

No community wants to see its neighborhood school closed, but staff in those schools understand that there comes a point when staying open just doesn't make good instructional or financial sense. Closure of Coburg, Crest Drive, Twin Oaks and Parker will result in savings from having four less schools with their ongoing operational costs. While consolidation of Meadowlark with Willagillespie will not necessarily save any dollars, even under the staffing ratio increase of 2, Meadowlark would lose close to 1.5 positions (full time equivalent/FTE). After consolidation with Willagillespie, the combined school would have far more flexibility in both staffing resources and facilities.

The revised recommendation anticipates continuation of the language immersion schools for now as K-5 elementary schools. However, I still recommend moving the Charlemagne French Immersion to the Parker site, or another more centralized location. In 2011-12, I suggest taking another look at non-language immersion schools such as Corridor and Family School to determine their future in the district and whether they remain distinctive in their approach as provided in the board's alternative school review criteria. Although we have closed or merged some alternative schools over the last few years, we need to periodically explore this question as district enrollment grows smaller. We also need to reconsider language immersion and alternative schools for the longer-term and examine whether there is a way to provide a second language experience in all of our neighborhood elementary schools.

Impacts/Assumptions:

1. Closure of some smaller neighborhood elementary schools.
2. Moves and transitions for some students and staff and merging of school teams.
3. Consolidated elementary schools will have more students and staff, and therefore, more flexibility in serving students.
4. Fewer school buildings to maintain and support through central services, including special education.
5. Maintains four viable high schools.
6. Some redrawing of boundaries will be required.

Shared Services/Contracting Out

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • 2011-12 <ul style="list-style-type: none"> • Identify additional services that can be provided by Lane ESD • Determine what current services can be transferred to Lane ESD • Cost/Savings Target: \$500K • 2012-13 <ul style="list-style-type: none"> • Explore service sharing options with other districts that could reduce costs • Look at contracting out some services 	<ul style="list-style-type: none"> • 2011-12 <ul style="list-style-type: none"> • Identify additional services that can be provided by Lane ESD • Determine what current services can be transferred to Lane ESD <ul style="list-style-type: none"> • Cost/Savings Target: \$500K • 2012-13 <ul style="list-style-type: none"> • Explore service sharing options with other districts that could reduce costs • Look at contracting out some services • Cost/Savings Target: TBD • 2013-14 <ul style="list-style-type: none"> • Contract out or consolidate some services with other school districts or provide through private sector • Cost/Savings Target: TBD

Impacts/Assumptions:

1. Shifting of services to ESD that may currently be provided by district
2. Ability to work within current ESD Local Service Plan to find savings
3. Collective bargaining required in most instances; impact bargaining in others.

Materials & Supplies/Services

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none">• <u>Option A (ongoing)</u><ul style="list-style-type: none">• 20% reduction in materials & supplies, equipment & contracted services budget• Centralize purchasing of materials & supplies, equipment• Cost/Savings Target: \$1.5M • <u>Option B (temporary)</u><ul style="list-style-type: none">• Moratorium on technology & textbook purchases for 1 yr	<ul style="list-style-type: none">• <u>2011-12 (ongoing)</u><ul style="list-style-type: none">• 15% reduction in materials & supplies, contracted services budget• Centralize purchasing of materials & supplies, equipment• Cost/Savings Target: \$1.1M • <u>2012-13</u><ul style="list-style-type: none">• TBD • <u>2013-14</u><ul style="list-style-type: none">• TBD

Impacts/Assumptions:

1. Substantial reduction in materials and services budget, including contracted services.
2. Some fixed costs such as utilities and fuel expense reductions will be achieved through efficiencies

School/Instruction Redesign

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • Options • 2011-12 <ul style="list-style-type: none"> • Develop and expand on-line learning options at high schools • Expand credit by proficiency & dual credit offerings • Cost/Savings Target: TBD • 2012-13 <ul style="list-style-type: none"> • Revise school calendar <ul style="list-style-type: none"> • Longer breaks during the year • Shorter summer breaks • 4 day school weeks • Consider program staffing and teacher/student ratio instead of staffing ratio for staffing schools 	<ul style="list-style-type: none"> • <u>2011-12</u> <ul style="list-style-type: none"> • Stakeholder Task Force to recommend reconfiguration to Supt and Board for implementation 2012-13 • Redesign instructional delivery model for secondary schools to accommodate fewer students & less resources <ul style="list-style-type: none"> • Cost/Savings Target: TBD • <u>2012-13</u> <ul style="list-style-type: none"> • Revise school calendar <ul style="list-style-type: none"> • Shorter summer breaks • Consider 4 day school weeks • Implementation of reconfiguration recommendations, if any • Cost/Savings Target: TBD • <u>2013-14</u> <ul style="list-style-type: none"> • TBD

Grade reconfiguration needs more time and thought. While staff may understand the necessity for reconfiguration to get to a more sustainable future and maintain a viable instructional program in the years ahead, we have just not done a good enough job of convincing the board or the public. While the revised recommendations do not propose reconfiguration of schools for 2011-12, I do believe that some kind of reconfiguration will be necessary to maintain strong instructional programs into the future if we are to keep four viable regions and four high schools.

The K-3 and 4-8 model that was recommended was based on some assumptions about the benefits to teaching and learning that would allow for greater flexibility in staffing and providing instruction. However, at this point there is no common ground even within the district about reconfiguration and the best model for moving forward into the future.

Impacts/Assumptions:

1. Extends timeline for consideration of reconfiguration of schools and establishes broad stakeholder task group
2. Future review of status and efficacy of alternative schools, including language immersions
3. Looks at redesign of instructional delivery models
4. Possible revisions to school calendars

Non-Instructional/Student Support Programs	
<p><u>Preliminary Recommendations</u></p> <ul style="list-style-type: none"> • <u>Option A</u> <ul style="list-style-type: none"> • Reduce GF support for athletics programs and other extracurricular offerings by 25% • Consider implications of ratio changes on specialists and other student support programs - TBD • Cost/Savings Target: \$500K 	<p><u>Revised Recommendations</u></p> <ul style="list-style-type: none"> • <u>2011-12</u> <ul style="list-style-type: none"> • Reduce GF support for athletics programs and other extracurricular offerings by 25% • Cost/Savings Target: \$500K • <u>2012-13</u> <ul style="list-style-type: none"> • TBD • <u>2013-14</u> <ul style="list-style-type: none"> • TBD

Impacts/Assumptions:

1. Reductions to General Fund support for athletics and other extracurricular programs. Assumes some can be made up by school or community fundraising; or some conversion to club sports
2. Ratio change will impact specialist staffing and student support programs in the schools

Reserves/One-time Funds

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • <u>Option A</u> <ul style="list-style-type: none"> • Use <u>NO</u> reserves and maintain board targets • <u>Option B</u> <ul style="list-style-type: none"> • 2011-12 <ul style="list-style-type: none"> • Use up to \$6M from reserve funds in 2011-12 • 2012-13 <ul style="list-style-type: none"> • Use up to \$3M from sales of surplus property • 2013-14 <ul style="list-style-type: none"> • GF Reserve and Contingency = Board Targets 	<ul style="list-style-type: none"> • <u>2011-12</u> <ul style="list-style-type: none"> • Use up to \$5.5M reserves/one-time funds to maintain and bridge to 2012-13 • Cost/Savings Target: \$5.5M • <u>2012-13</u> <ul style="list-style-type: none"> • Use up to \$3M from sales of surplus property or lease revenue • Cost/Savings Target: \$3.0 M • <u>2013-14</u> <ul style="list-style-type: none"> • GF Reserve and Contingency = 90% of Board Targets • Cost/Savings Target: TBD • <u>2014-15</u> <ul style="list-style-type: none"> • GF Reserve and Contingency = Board Targets

Impacts/Assumptions:

1. Use of combination of reserves to mitigate 2011-12 and 2012-13 reductions. Assumes back to 90% board targets by 2013-14 and on sustainable path for 2014-15.
2. Presumes passage of bond measure in 2011-12 that carries forward GF offload
3. Uses sale of surplus property to replenish capital reserve accounts
4. Eliminates or reduces transfers to non-GF accounts

Compensation/Benefits	
<p><u>Preliminary Recommendations</u></p> <ul style="list-style-type: none"> • <u>Option A</u> <ul style="list-style-type: none"> • Negotiate pay freeze, including no step/column increase • Negotiate no increased benefits costs <ul style="list-style-type: none"> • GF Costs/Savings Target: \$1.5M • (Fewer workdays = less pay) • <u>Option B</u> <ul style="list-style-type: none"> • Negotiate salary reduction of 5% across the board • Negotiate reduction in part of PERS employer pick-up <ul style="list-style-type: none"> • GF Costs/Savings Target: \$4 – \$6 million 	<p><u>Revised Recommendations</u></p> <ul style="list-style-type: none"> • <u>2011-12</u> <ul style="list-style-type: none"> • Negotiate pay freeze, including no step/column increase • Negotiate no increased benefits costs <ul style="list-style-type: none"> • GF Costs/Savings Target: \$1.5M • <u>2012-13</u> <ul style="list-style-type: none"> • Negotiate contract adjustments that minimize and contain ongoing costs to district • <u>2013-14</u> <ul style="list-style-type: none"> • TBD

While the intent is not to build this budget on the “backs of employees”, our continuing reality is that over 85% of our budget is in personnel costs. Which means we will have fewer people working for the district and/or those who do work for us will have to share in the sacrifice to help mitigate some of the impacts so we don’t have to eliminate as many jobs or services. As we increase the ratio substantially, the impact will be both on students and staff, and that’s not a scenario that is consistent with our hierarchy of values, goals and priorities.

Impacts/Assumptions:

1. Dual impact on remaining employees with decreased work years (furloughs) and no compensation increases.
2. Workload impact as fewer people around to do the work
3. This scenario once again asks employees to sacrifice in order to preserve services into the future. Employees have stepped up as we’ve asked them to do more with less, and now we’ll be asking them sacrifice even more as we struggle to balance our budget going forward.

Revenue Enhancement

<u>Preliminary Recommendations</u>	<u>Revised Recommendations</u>
<ul style="list-style-type: none"> • Option A <ul style="list-style-type: none"> • Bond Measure \$100-150M in May 2011 for critical needs, technology & new schools (offload of GF = \$1M) • Increase community use fees by 20% (\$20K) • Lease closed schools to charters/others (\$200K) • Revenue Target: \$1.2M • Other: <ul style="list-style-type: none"> • City income tax to support schools in 2012-13 (TBD) • Option B <ul style="list-style-type: none"> • Sell Civic, Willard, or other vacant facilities w/50% proceeds to GF Reserve (\$3M) 	<ul style="list-style-type: none"> • 2011-12 <ul style="list-style-type: none"> • Bond Measure \$130M in May 2011 for critical needs, technology & new school (offload of GF = \$1M) • Increase community use fees by 20% (\$20K) • Lease closed schools to charters/others (\$200K) • Revenue Target: \$1.2M GF • 2012-13 <ul style="list-style-type: none"> • Sell Civic, Willard, or other vacant facilities w/50% proceeds to GF Reserve (\$3 -5M) • Local tax to support local schools in 2012-13 (\$10 M for 3 yrs) – Nov 2011 • 2013-14 <ul style="list-style-type: none"> • Implementation of any new revenue sources to mitigate reductions

Impacts/Assumptions:

2011-12:

1. Pass bond measure in May to support purchase of technology, address critical facilities maintenance and repair needs, and construct new school/s. If doesn't pass, re-try in Nov 2011.
 2. Increase in user fees to current fee payers and adding fees for User Class 1. Assumes that community organizations can afford to pay fee increases.
 3. Increases lease fees to provide for a profit margin for the district. Some lessees may look elsewhere.
- Other option: Nov 2011 if City or County will be willing to do tax to support schools.

2012-13

- Civic sells for about \$4 million. One-time support to GF.

2013-14

- Implement any new revenue sources.

Other Options

Preliminary Recommendations

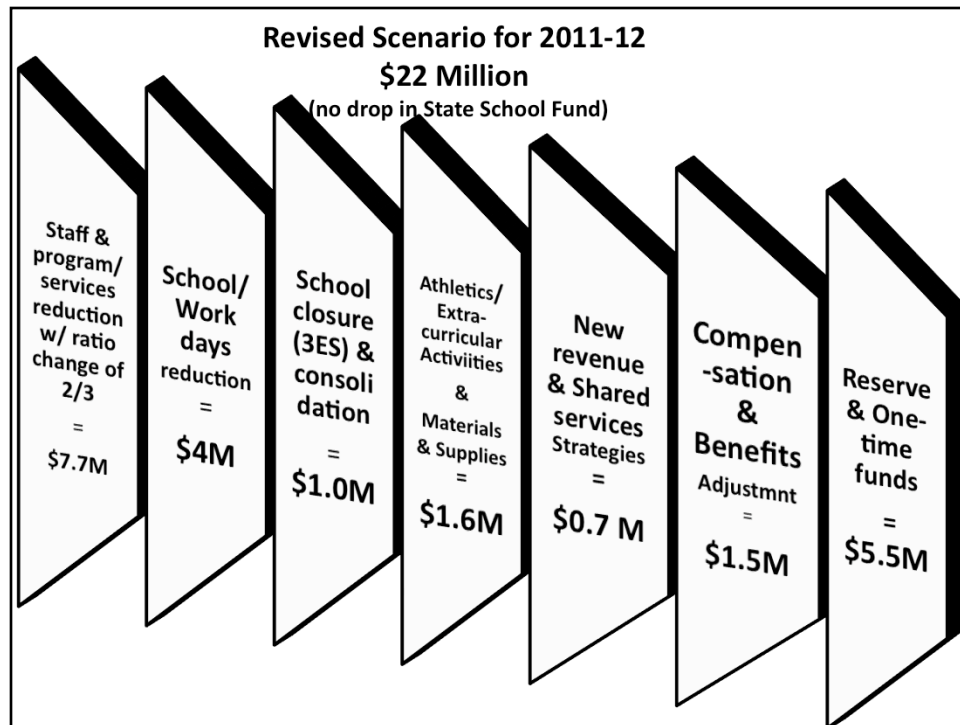
- **Options**
 - Consider early retirement incentives
 - Adopt single-platform technology systems for centralized purchasing & technical support
 - Minimize site-based decision making and increase centralized direction for staffing; e.g., program staffing for student support services
 - **GF Costs/Savings Target: TBD**

Revised Recommendations

- **Options**
 - Consider early retirement incentives
 - Adopt single-platform technology systems for centralized purchasing & technical support
 - Minimize site-based decision making and increase centralized direction for staffing; e.g., program staffing for student support services
 - **GF Costs/Savings Target: TBD**

Impacts/Assumptions:

Determine whether these options would result in actual cost-savings or more efficient operations.



This slide recaps the 2011-12 strategy for getting to the \$22 million target. As suggested earlier, additional reductions and/or revenue will be needed to achieve the board's goal of a sustainable budget, even if the target date is extended to 2014-15. This shows a strategy that is built upon the assumption that things could get a little better in the future. The revised recommendations include for 2011-12:

1. Reducing staff, services and programs for \$7.7 million in cost reductions, including reducing nearly 62 teaching positions and a total of 43 administrative and classified staff across the district;
2. Reducing the school and work year to achieve another \$4.0 million in cost savings (primarily through furloughs);
3. Reducing materials, supplies and contract services by 15% for \$1.1 million and reducing athletics and extracurricular activities by 25% for \$500,000 in cost reductions;
4. Revenue enhancements and sharing services services totaling \$0.7 million annually, not including the potential bond measure to fund critical capital projects and allow us to shift some technology and facility costs out of the operating budget
5. Closing a total of four elementary schools (three buildings) in 2011-12 for \$1.0 million in long-term ongoing cost reductions
6. Negotiating a freeze on pay and contributions to benefits to achieve \$1.5 million in savings (note: both this option and that involving furloughs/school year reductions require negotiations with labor organizations);
7. Spending reserves and using some of the proceeds from selling surplus properties to help balance the budget in the short-term.

Sustainable Budget

REVISED

Strategy Options

A Course for Change

Board Work Session
January 5, 2011

Setting a course for change: A final assumption is that when you approve the final recommendations in February, it will set us on a course for change. You have asked for a three-year sustainable budget plan that shows where we're heading and we've tried to provide that. Once you settle on a final scenario, there will still be a legislative session and district budget process to go through in terms of particulars, and a negotiations process with labor organizations that may not give us clear answers until well into the spring. The final sustainable budget scenario that you adopt in February will point us in the appropriate direction for both developing the 2011-12 budget and knowing what steps we need to take as a district to achieve the board's goal of a sustainable budget by 2014-15.