

# Local Control Accountability Plan Town Hall Meeting Topic: Budget

March 2, 2020

Presented by: Stephen Dickinson

Chief Business and Financial Officer



*Excelling Together with Endless Pathways for Success!*




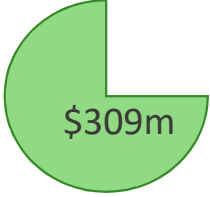
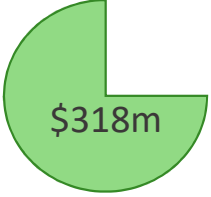
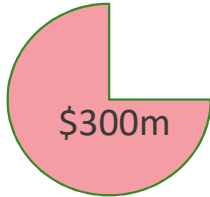
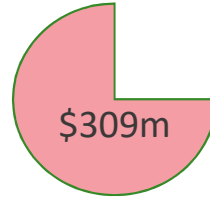
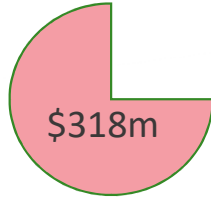



# Agenda

- What is a “structural deficit” and why is it happening
- GUSD revenue, expense and reserves
- Solutions and options for the future
- GUSD key indicators



# BALANCED



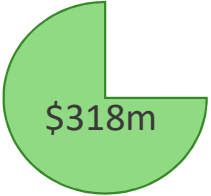
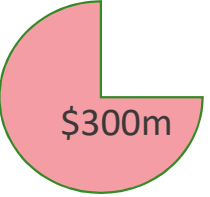
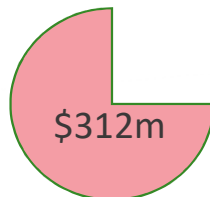
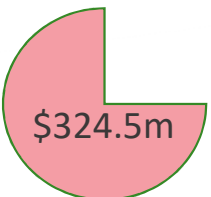



What is a “Structural Deficit”? A Simplified, but Relevant Example

	<u>Current Year</u>		<u>Next Year</u>		<u>And the Next Year</u>
Revenues	 \$300m	+3%	 \$309m	+3%	 \$318m
Expenses	 \$300m	+3%	 \$309m	+3%	 \$318m
Surplus/(Deficit)	\$0		\$0m/0%		\$0m/0%
Savings	 \$30m/10%		 \$30m/9.7%		 \$30m/9.4%



# 1% Structural Deficit

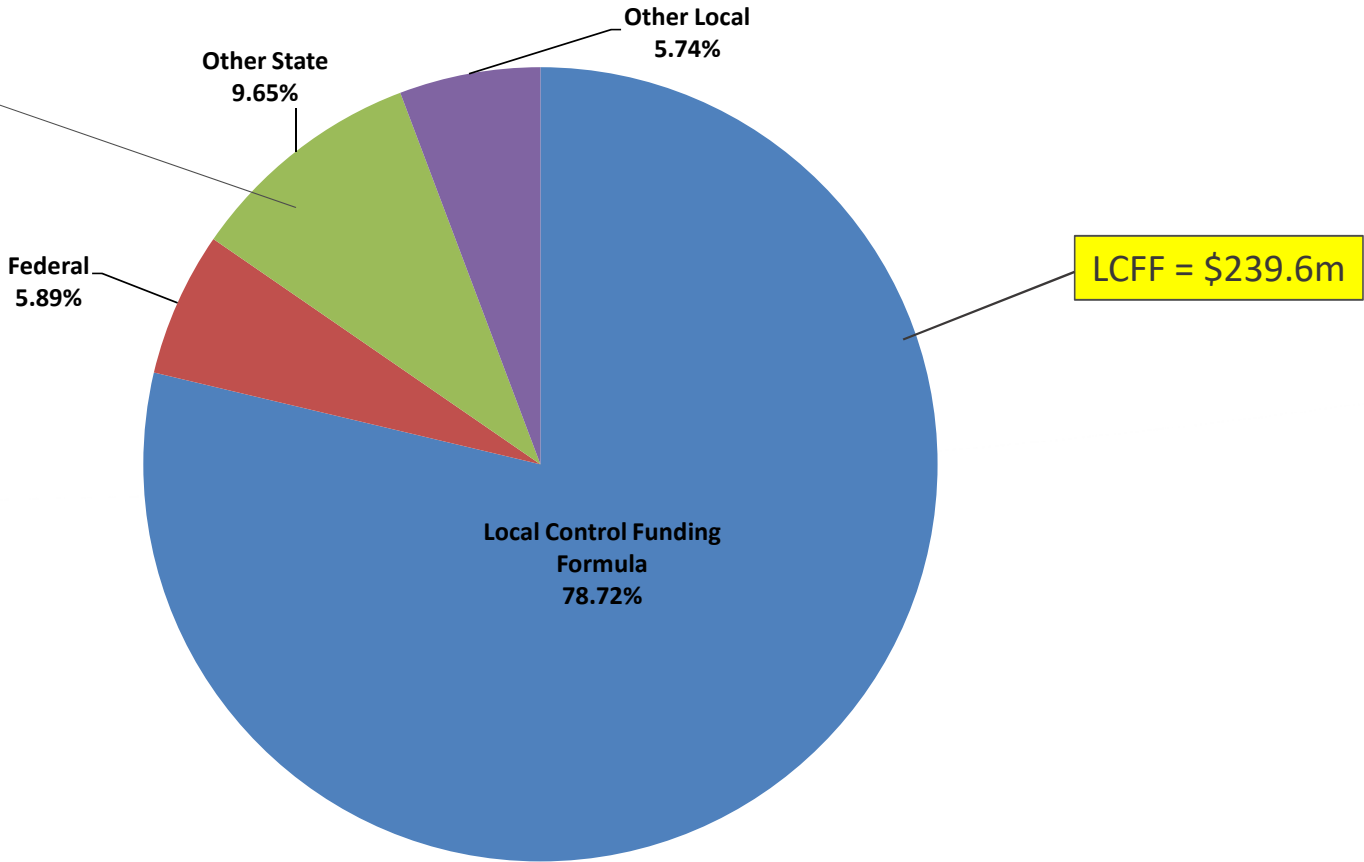
What is a “Structural Deficit”? A Simplified, but Relevant Example

	<u>Current Year</u>		<u>Next Year</u>		<u>And the Next Year</u>
Revenues	 \$300m	+3%	 \$309m	+3%	 \$318m
Expenses	 \$300m	+4%	 \$312m	+4%	 \$324.5m
Surplus/(Deficit)	\$0		(\$3m/1%)		(\$6.5m/2%)
Savings	 \$30m/10%		 \$27m/8.7%		 \$20.5m/6.3%



# 2019-20 First Interim TOTAL REVENUE – GENERAL FUND

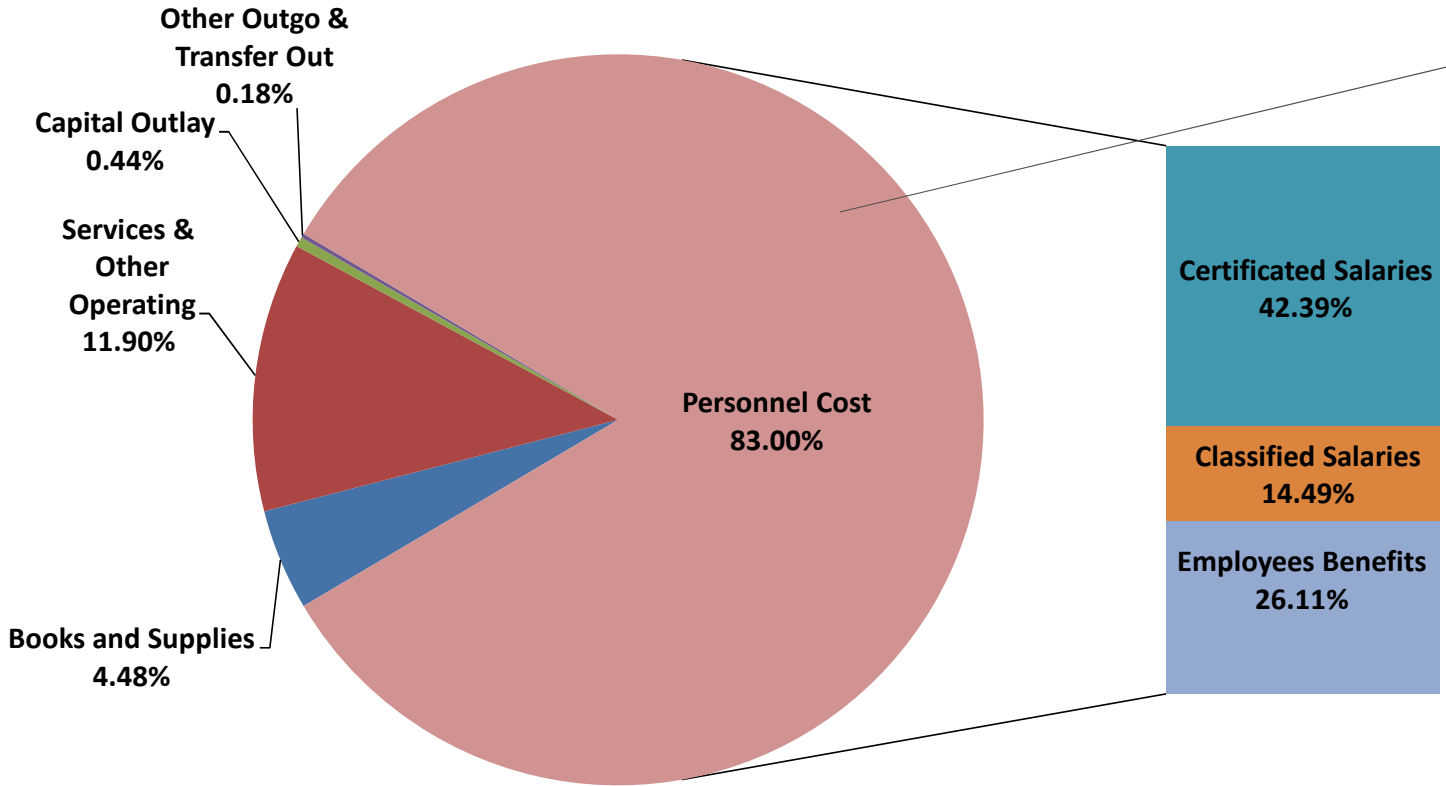
Includes \$2.4m of  
Pre-school SPED  
One-Time Funding



Total Revenues \$304,390,290



# 2019-20 First Interim TOTAL EXPENDITURES – GENERAL FUND



Employee costs = \$257m  
That's \$21.4m per month  
in payroll costs

Total Expenditures = \$ 310,182,880



## Personnel Costs

- Breakdown of the cost of 1% wages = **\$2.22m**
  - GTA (Certificated) = \$1,390,000
  - CSEA (Classified) = \$557,000
  - GSMA (Management) = \$271,000
- Average Step/Column/Net Attrition for the whole district equals about 1% = **+\$2.22m/yr**  
(GUSD step/column cost is below the State average of about 1.5% because GUSD has very good staff retention)
- Health & Welfare contract language states that the district contribution increase by 8% per year. Until the actual premium increases are know (May each year), the budget assumption is that premiums will increase by at least 8% = **+\$2.4m/yr**
- STRS/PERS varies each year but about = **+\$2m/yr** (final year of increase is currently 2021-22 for STRS and 2022-23 for PERS, but this is heavily dependent on the economy, investment returns, interest rates and Legislative influences)
- Special Education contribution annual increase varies each year, but about = **+\$2m/yr**



## Personnel Costs

- Recent history of GUSD negotiated wage increases:
  - Several years of 0% during the recession up through 2012-13
  - 2013-14 = 3% ongoing, plus 0.98% one-time
  - 2014-15 = 3% ongoing, plus 0.53% one-time
  - 2015-16 = 5.89% ongoing, plus 0.65% one-time
  - 2016-17 = 1.5% ongoing
  - 2017-18 = 1.5% ongoing
    - 2013 to 2018 average of 2.98% per year ongoing
  - 2018-19 and 2019-20
    - CSEA recent settlement for 2.5%
    - GTA negotiations in progress





## Annual Cost Increases Exceed Annual Revenue Increases

COLA-only revenue increase = **+\$6-7m**

(Cost of living adjustments are not guaranteed)

Will future revenue increase by more?  
Will there continue to always be one-time funds?

We all must continue to lobby, advocate and organize

But in the meantime, GUSD must plan and take appropriate action

Built-in cost increase = **+\$8-10+m**

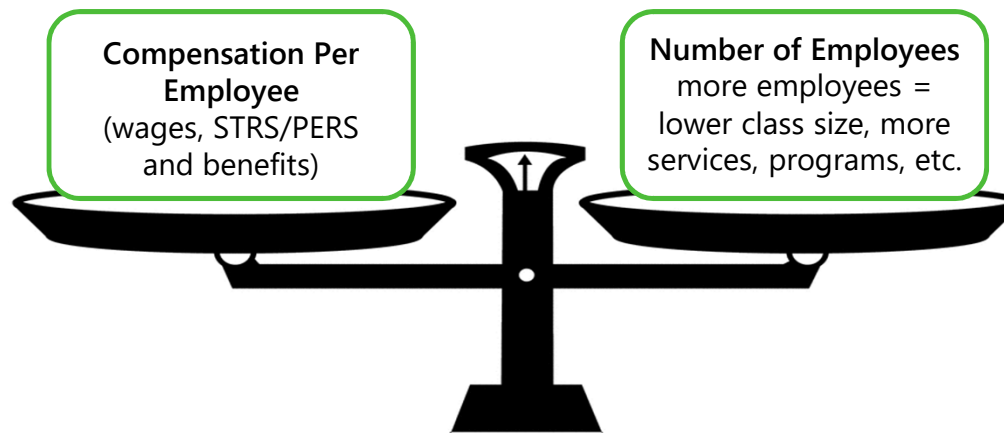
- Step and column
- Health and welfare
- STRS and PERS rates
- Special Ed contribution

Could be lower if H&W rate increases come in lower. Will be lower in a couple of years if STRS/PERS rates stop increasing

Does not include negotiated wage/benefit increases

# School Budgets: Finding the Right Balance

More than 80% of a school district's budget is spent on personnel costs, which have two competing components:



School districts must find the right balance of compensating employees fairly while also providing the best possible services to our students and families.



## **Solution: We Only Have a Few Options to Address a Deficit**

1. Implement reductions – Start furthest from the classroom and scale back programs instead of eliminating programs
2. Maximize restricted dollars (Routine Restricted Maintenance and Low-Performing Students Block Grant)
3. New/increasing revenue sources
4. Use of Reserves



## GLENDALE UNIFIED SCHOOL DISTRICT 2019-20 Fiscal Stability Plan (Detail)

Dept	Program	Est. Savings
T&L	Restructure funding source for professional development to LPS Block Grant	\$ 500,000
DO	Eliminate (1) ETIS Sr. Info Analyst	\$ 104,000
DO	Eliminate (1) Purchasing Agent	\$ 122,000
DO	Eliminate (1) Accounts Payable Supervisor and Realign to Accounting Tech	\$ 6,000
DO	Eliminate (1) TCIII in HR	\$ 36,000
DO	Eliminate (2.5) TC in CTE/T&L/Student Services	\$ 111,000
DO	4.5% reduction in all DO department budgets - supplies, services, conferences	\$ 1,130,000
DO	Reduce copier/printer equipment and supply costs due to new contract (phase-in)	\$ 150,000
DO	Reduce annual increase in projected H&W rates from +9%/yr to +8%/yr	\$ 300,000
FASO	Move up to 9 Grounds positions to Routine Restricted Maint funding	\$ 720,000
FASO	Eliminate (1) Asst. Operations Coordinator	\$ 91,000
FASO	Eliminate (1) Grounds position	\$ 85,000
Elem	Eliminate (1) Teacher Specialist	\$ 154,000
Elem	Eliminate (2.5) Teaching positions	\$ 265,000
Middle	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
HS	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
<b>Total</b>		<b>\$ 5,008,000</b>



## GLENDALE UNIFIED SCHOOL DISTRICT 2020-21 Fiscal Stabilization Plan - \$5,000,000 Needed

Dept	Program	Est. Savings/Rev
1. LCFF Funding	2020-21 LCFF above current COLA projection of 3% (Jan/May 2020 Gov proposals); 1% = \$2.4m	\$ 0
2. T&L/Funding	Restructure funding source for professional development to LPS Block Grant (Yr2 of 2)	\$ 500,000
3. LCFF Funding	ADA% increase of 0.25% (could begin in 2019-20) – need specific plans and actions; 1% = \$2.4m	\$ 600,000
4. DO Cert Mgmt	Eliminate Exec. Dir. Of Secondary Ed position – vacant	\$ 200,000
5. DO Non-personnel	3% reduction in all non-site department budgets – supplies, consulting services, conferences (Yr2)	\$ 750,000
6. DO Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2020); 1% = \$300,000	\$ 0
7. Elem	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 900,000
8. Middle	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 200,000
9. HS	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 100,000
10. Classified	Adjust Classified staffing – due to ratios and declining enrollment from 2019-20	\$ 50,000
11. Classified	Adjust Classified staffing – review of all vacancies for possible non-replacement	\$ 100,000
12. Cert Mgmt	Adjust Assistant Principal position due to declining enrollment from 2019-20	\$ 150,000
13. Classified	Apply one-time 2018-19 savings related to sub/benefit costs within certain LCAP Targeted Programs	\$ 1,500,000
		\$ 0
		\$ 0
	<b>AS OF 12/17/19</b>	\$ 0
	<b>Total Needed = \$5,000,000</b>	<b>Current Total = \$ 5,050,000</b>

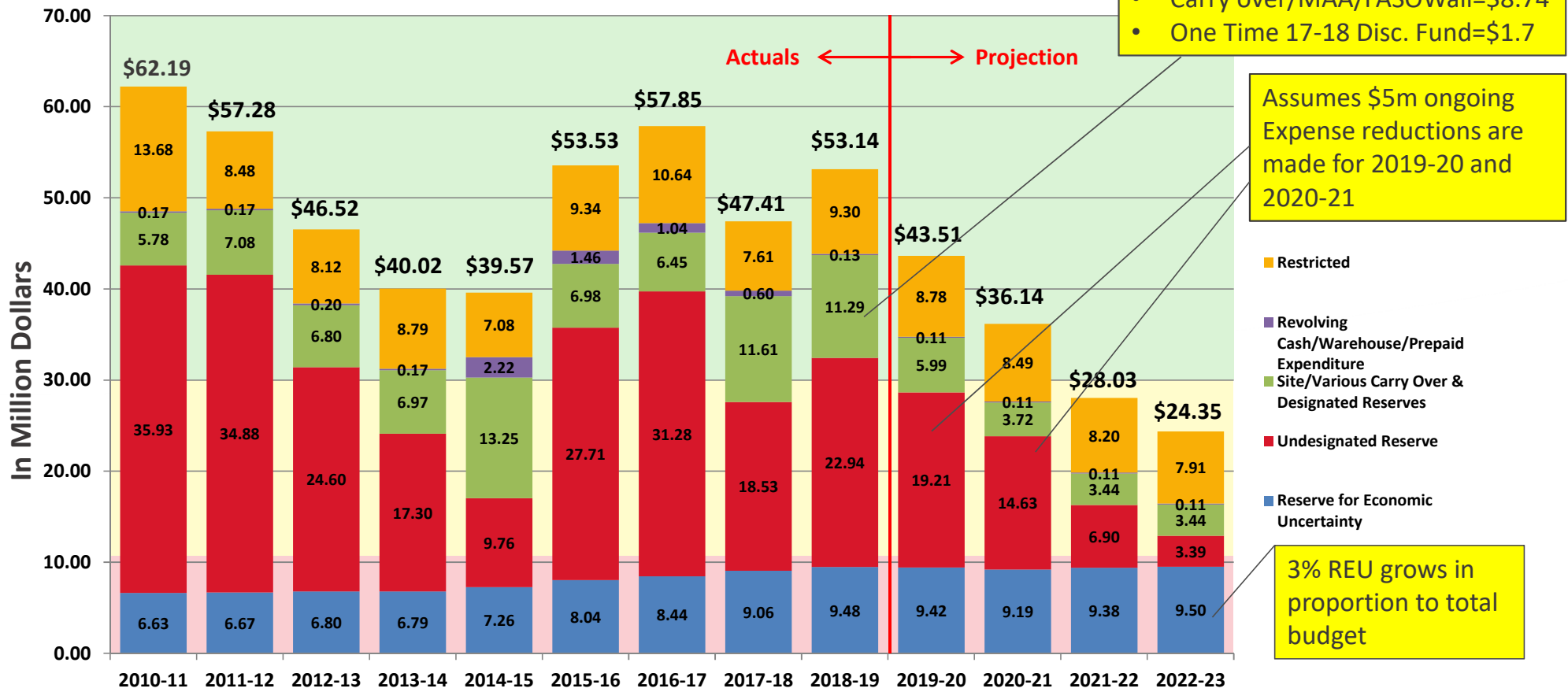


## Future Options to Increase Enrollment and/or Revenue

- Average daily attendance (ADA%)
- Asset management
- Full-Day Kindergarten and expanding child care services
- Additional personalization opportunities such as enrichment and summer school
- Advocating for increased funding for public education
- Fundraising
- Grants
- Advertising/Promotion to increase enrollment



## 2019-20 First Interim Summary of General Fund Ending Fund Balances



Designated Reserves:

- LACOE charges=\$.84
- Carry over/MAA/FASOWall=\$8.74
- One Time 17-18 Disc. Fund=\$1.7

Assumes \$5m ongoing Expense reductions are made for 2019-20 and 2020-21

- Restricted
- Revolving Cash/Warehouse/Prepaid Expenditure
- Site/Various Carry Over & Designated Reserves
- Undesignated Reserve
- Reserve for Economic Uncertainty

3% REU grows in proportion to total budget

As of 12/09/2019



## GUSD Key Indicators

GUSD is a great school district for many reasons:

- Outstanding students
- Outstanding teachers and support staff
- Outstanding parent involvement
- Informed, responsible and proactive Board of Education
- Excellent class offerings, programs, curriculum and technology
- Competitive average class sizes
- Very good and competitive wages and excellent health insurance benefits
- Stable fiscal reserves





# QUESTIONS? FOR MORE BUDGET INFO . . .

[WWW.GUSD.NET/BUDGET](http://WWW.GUSD.NET/BUDGET)

[WWW.ED100.ORG](http://WWW.ED100.ORG)

CALL OR EMAIL STEPHEN DICKINSON, CFO  
(818) 241-3111 EXT. 1271  
SDICKINSON@GUSD.NET



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President, California State PTA

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