

GLENDALE UNIFIED SCHOOL DISTRICT

July 16, 2013

ACTION REPORT NO. 6

TO: Board of Education
FROM: Richard M. Sheehan, Superintendent
PREPARED BY: Eva Rae Lueck, Chief Business and Financial Officer
SUBJECT: **Approve Revisions to the District's Budget for 2013-14**

The Superintendent recommends that the Board of Education approve revisions to the District's Budget for 2013-14.

State Budget

Legally, the District is required to update its budget for any significant changes in State funding 45 days after the State Budget is signed. That would place our deadline for the revision at August 15, and we would address it in the August 13 Board meeting. The 45 day timeline allows for the county offices to provide direction on what assumptions should be included for State funding.

At this point in time, we have not received any guidance from the County on the State Budget nor have we received any additional information from School Services of California. We have however received a notice from Los Angeles County Office of Education (LACOE) regarding what we should expect to receive from them for ROP funding. There are still some questions as to whether they will reduce their funding to us by the approx. \$300,000 we anticipate receiving in CTE funding from the State.

Staff has prepared two scenarios for the Board's consideration; both scenarios are based on the School Services LCFF revenue calculator. Scenario A assumes LACOE will provide the ROP funding net of the CTE monies the District will receive from the State. Scenario B assumes LACOE removes all ROP funding. Staff believes Scenario A will be implemented and have utilized it for the baseline for the various staffing options. Scenario A results in an addition of \$3.4 million in State revenue.

It is important to note that we are moving forward without the County Advisory or detailed information. Therefore, the numbers may shift when they are finalized. We have not updated the revenue increases that will occur in 2014-15 and future years to the LCFF; the increases have been maintained at the level in the District's adopted budget. A multi-year LCFF projection model has not been developed, and there is a great deal of discussion as to what assumptions should be included in the future years.

Attached are four staffing options for TK through 6th grade. These address the students in the regular school program. The Superintendent is recommending that the Board approve class sizes outlined in Scenario A2 attached.

Scenario A - Option 1 - Budget Adjustment Impact on Unrestricted General Fund Ending Balance**LCFF Funding Includes Categorical Programs Except ROP**

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Adjustment For Actual 2012-13 Ending Balance	\$ -	\$ -	\$ -	\$ -
Revised 2013-14 Ending Balance Reflecting Actuals Adjustment	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Initial 2013-14 Budget Adjustments				
2014-15 Health and Welfare Inflation Adjustment	\$ -	\$ 950,000	\$ 950,000	\$ 950,000
2015-16 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ 950,000	\$ 950,000
2016-17 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ -	\$ 950,000
Technology Leaders (Teacher Extra Duty Pay) Savings	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Professional Development Savings	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LCFF Additional Funding	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722
Restore Program (20%)				
13-14 Restore Program Adjustment	\$ (1,700,000)	\$ (1,700,000)	\$ (1,700,000)	\$ (1,700,000)
14-15 Restore Program Adjustment		\$ (1,700,000)	\$ (1,700,000)	\$ (1,700,000)
15-16 Restore Program Adjustment			\$ (1,700,000)	\$ (1,700,000)
16-17 Restore Program Adjustment				\$ (1,700,000)
Employee Salary Increase (60%)				
13-14 Salary Increase Adjustment	\$ (5,100,000)	\$ (5,100,000)	\$ (5,100,000)	\$ (5,100,000)
14-15 Salary Increase Adjustment		\$ (5,100,000)	\$ (5,100,000)	\$ (5,100,000)
15-16 Salary Increase Adjustment			\$ (5,100,000)	\$ (5,100,000)
16-17 Salary Increase Adjustment				\$ (5,100,000)
Current Year Impact	\$ (3,055,278)	\$ (8,905,278)	\$ (14,755,278)	\$ (20,605,278)
Cumulative Impact to Ending Balance	\$ (3,055,278)	\$ (11,960,556)	\$ (26,715,834)	\$ (47,321,112)
Adjusted Ending Balance Projection	\$ 22,940,324	\$ 24,441,636	\$ (1,992,586)	\$ (34,390,625)
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 96,578	\$ 96,578	\$ 96,578	\$ 96,578
3% Mandated Reserve for Economic Uncertainties	\$ 6,600,108	\$ 6,878,625	\$ 7,192,814	\$ 7,452,793
Fund Balance Assignment	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 14,370,083	\$ 15,592,878	\$ (11,155,533)	\$ (43,813,551)
STRUCTURAL DEFICIT	\$ (14.94)	\$ (21.20)	\$ (26.44)	\$ (32.40)

Scenario A1 - TK - 3 Class Size Reduction (21 Additional FTE - Approx. \$ 1.8M)
 Grades TK - 3 @ 24.94
 Grades 4 - 6 @ 31.90

LCFF Funding Includes Categorical Programs Except ROP

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Adjustment For Actual 2012-13 Ending Balance	\$ -	\$ -	\$ -	\$ -
Revised 2013-14 Ending Balance Reflecting Actuals Adjustment	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Initial 2013-14 Budget Adjustments				
2014-15 Health and Welfare Inflation Adjustment	\$ -	\$ 950,000	\$ 950,000	\$ 950,000
2015-16 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ 950,000	\$ 950,000
2016-17 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ -	\$ 950,000
Technology Leaders (Teacher Extra Duty Pay) Savings	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Professional Development Savings	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LCFF Additional Funding	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722
TK-3 Class Size Reduction (21 Additional FTE)	\$ (1,785,000)	\$ (1,785,000)	\$ (1,785,000)	\$ (1,785,000)
Grade TK @ 24.94				
Grade K @ 24.94				
Grade 1 @ 24.94				
Grade 2 @ 24.94				
Grade 3 @ 24.94				
Grades 4-6 @ 31.90				
Current Year Impact	\$ 1,959,722	\$ 2,909,722	\$ 3,859,722	\$ 4,809,722
Cumulative Impact to Ending Balance	\$ 1,959,722	\$ 4,869,444	\$ 8,729,166	\$ 13,538,888
Adjusted Ending Balance Projection	\$ 27,955,324	\$ 41,271,636	\$ 33,452,414	\$ 26,469,375
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 96,578	\$ 96,578	\$ 96,578	\$ 96,578
3% Mandated Reserve for Economic Uncertainties	\$ 6,449,658	\$ 6,524,175	\$ 6,634,364	\$ 6,690,343
Fund Balance Assignment *	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 19,535,533	\$ 32,777,328	\$ 24,847,917	\$ 17,808,899
STRUCTURAL DEFICIT	\$ (9.92)	\$ (9.38)	\$ (7.82)	\$ (6.98)

Scenario A2 - TK - 3 Class Size Reduction (8 Additional FTE - Approx. \$ 0.7M)
 Grades TK - K @ 24.90
 Grades 1 - 3 @ 26.90
 Grades 4 - 6 @ 31.90

LCFF Funding Includes Categorical Programs Except ROP

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Adjustment For Actual 2012-13 Ending Balance	\$ -	\$ -	\$ -	\$ -
Revised 2013-14 Ending Balance Reflecting Actuals Adjustment	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Initial 2013-14 Budget Adjustments				
2014-15 Health and Welfare Inflation Adjustment	\$ -	\$ 950,000	\$ 950,000	\$ 950,000
2015-16 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ 950,000	\$ 950,000
2016-17 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ -	\$ 950,000
Technology Leaders (Teacher Extra Duty Pay) Savings	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Professional Development Savings	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LCFF Additional Funding	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722
TK-3 Class Size Reduction (8 Additional FTE)	\$ (680,000)	\$ (680,000)	\$ (680,000)	\$ (680,000)
Grade TK @ 24.90				
Grade K @ 24.90				
Grade 1 @ 26.90				
Grade 2 @ 26.90				
Grade 3 @ 26.90				
Grades 4-6 @ 31.90				
Current Year Impact	\$ 3,064,722	\$ 4,014,722	\$ 4,964,722	\$ 5,914,722
Cumulative Impact to Ending Balance	\$ 3,064,722	\$ 7,079,444	\$ 12,044,166	\$ 17,958,888
Adjusted Ending Balance Projection	\$ 29,060,324	\$ 43,481,636	\$ 36,767,414	\$ 30,889,375
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 96,578	\$ 96,578	\$ 96,578	\$ 96,578
3% Mandated Reserve for Economic Uncertainties	\$ 6,416,508	\$ 6,491,025	\$ 6,601,214	\$ 6,657,193
Fund Balance Assignment	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 20,673,683	\$ 35,020,478	\$ 28,196,067	\$ 22,262,049
STRUCTURAL DEFICIT	\$ (8.82)	\$ (8.28)	\$ (6.72)	\$ (5.88)

Scenario A3 - TK - 3 Class Size Reduction (8 Additional FTE - Approx. \$ 0.7M) Grades
 TK - K @ 24.90
 Grade 1 @ 25.90
 Grade 2 @ 26.90
 Grade 3 @ 27.90
 Grades 4 - 6 @ 31.90

LCFF Funding Includes Categorical Programs Except ROP

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Adjustment For Actual 2012-13 Ending Balance	\$ -	\$ -	\$ -	\$ -
Revised 2013-14 Ending Balance Reflecting Actuals Adjustment	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Initial 2013-14 Budget Adjustments				
2014-15 Health and Welfare Inflation Adjustment	\$ -	\$ 950,000	\$ 950,000	\$ 950,000
2015-16 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ 950,000	\$ 950,000
2016-17 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ -	\$ 950,000
Technology Leaders (Teacher Extra Duty Pay) Savings	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Professional Development Savings	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LCFF Additional Funding	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722
TK-3 Class Size Reduction (8 Additional FTE)	\$ (680,000)	\$ (680,000)	\$ (680,000)	\$ (680,000)
Grade TK @ 24.90				
Grade K @ 24.90				
Grade 1 @ 25.90				
Grade 2 @ 26.90				
Grade 3 @ 27.90				
Grades 4-6 @ 31.90				
Current Year Impact	\$ 3,064,722	\$ 4,014,722	\$ 4,964,722	\$ 5,914,722
Cumulative Impact to Ending Balance	\$ 3,064,722	\$ 7,079,444	\$ 12,044,166	\$ 17,958,888
Adjusted Ending Balance Projection	\$ 29,060,324	\$ 43,481,636	\$ 36,767,414	\$ 30,889,375
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 96,578	\$ 96,578	\$ 96,578	\$ 96,578
3% Mandated Reserve for Economic Uncertainties	\$ 6,416,508	\$ 6,491,025	\$ 6,601,214	\$ 6,657,193
Fund Balance Assignment	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 20,673,683	\$ 35,020,478	\$ 28,196,067	\$ 22,262,049
STRUCTURAL DEFICIT	\$ (8.82)	\$ (8.28)	\$ (6.72)	\$ (5.88)

Scenario A4 - TK - 3 Class Size Reduction (12 Additional FTE - Approx. \$ 1.0M)
Grades TK - 3 @ 25.90
Grades 4 - 6 @ 31.90

LCFF Funding Includes Categorical Programs Except ROP

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Adjustment For Actual 2012-13 Ending Balance	\$ -	\$ -	\$ -	\$ -
Revised 2013-14 Ending Balance Reflecting Actuals Adjustment	\$ 25,995,602	\$ 36,402,192	\$ 24,723,248	\$ 12,930,487
Initial 2013-14 Budget Adjustments				
2014-15 Health and Welfare Inflation Adjustment	\$ -	\$ 950,000	\$ 950,000	\$ 950,000
2015-16 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ 950,000	\$ 950,000
2016-17 Health and Welfare Inflation Adjustment	\$ -	\$ -	\$ -	\$ 950,000
Technology Leaders (Teacher Extra Duty Pay) Savings	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Professional Development Savings	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LCFF Additional Funding	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722	\$ 3,444,722
TK-3 Class Size Reduction (12 Additional FTE)	\$ (1,020,000)	\$ (1,020,000)	\$ (1,020,000)	\$ (1,020,000)
Grade TK @ 25.90				
Grade K @ 25.90				
Grade 1 @ 25.90				
Grade 2 @ 25.90				
Grade 3 @ 25.90				
Grades 4-6 @ 31.90				
Current Year Impact	\$ 2,724,722	\$ 3,674,722	\$ 4,624,722	\$ 5,574,722
Cumulative Impact to Ending Balance	\$ 2,724,722	\$ 6,399,444	\$ 11,024,166	\$ 16,598,888
Adjusted Ending Balance Projection	\$ 28,720,324	\$ 42,801,636	\$ 35,747,414	\$ 29,529,375
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 96,578	\$ 96,578	\$ 96,578	\$ 96,578
3% Mandated Reserve for Economic Uncertainties	\$ 6,426,708	\$ 6,501,225	\$ 6,611,414	\$ 6,667,393
Fund Balance Assignment	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555	\$ 1,803,555
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 20,323,483	\$ 34,330,278	\$ 27,165,867	\$ 20,891,849
STRUCTURAL DEFICIT	<u>\$ (9.16)</u>	<u>\$ (8.62)</u>	<u>\$ (7.06)</u>	<u>\$ (6.22)</u>