

Update on the Plan to Maintain District Solvency & Financial Responsibility

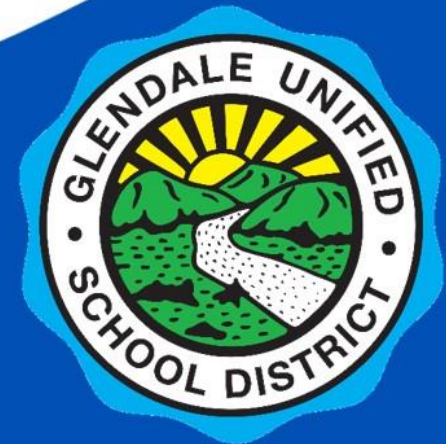
February 26, 2019

Budget Study Session

Presented by: Stephen Dickinson

Chief Business and Financial Officer

Stephen Dickinson, Chief Business & Financial Officer
Karineh Savarani, Director, Financial Services





Agenda

- 1) Preview/Summary of 2nd Interim Report – with impact of recommended budget reductions and the Governor’s January budget proposal
- 2) Enrollment Information – presentation from Hagop Eulmessekian, Director of Student Support Services – Consensus on 2019-20 projected enrollment
- 3) Additional Information – to reference as needed
- 4) Recommended Budget Reductions

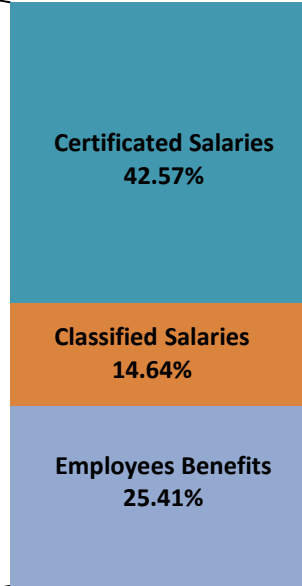
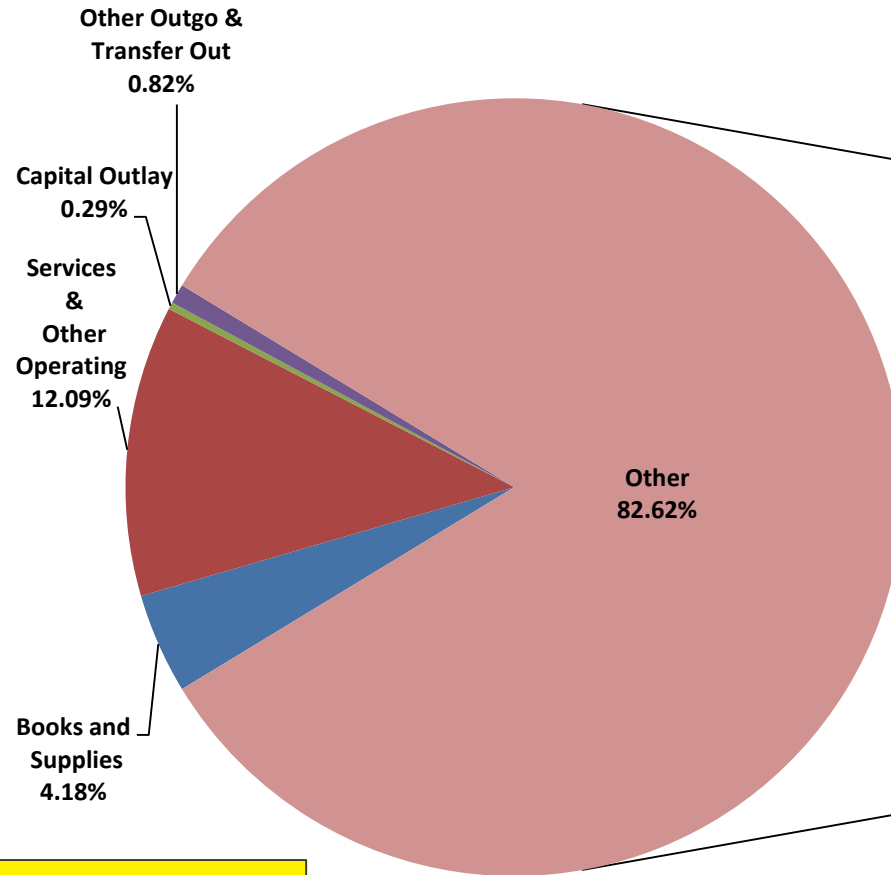
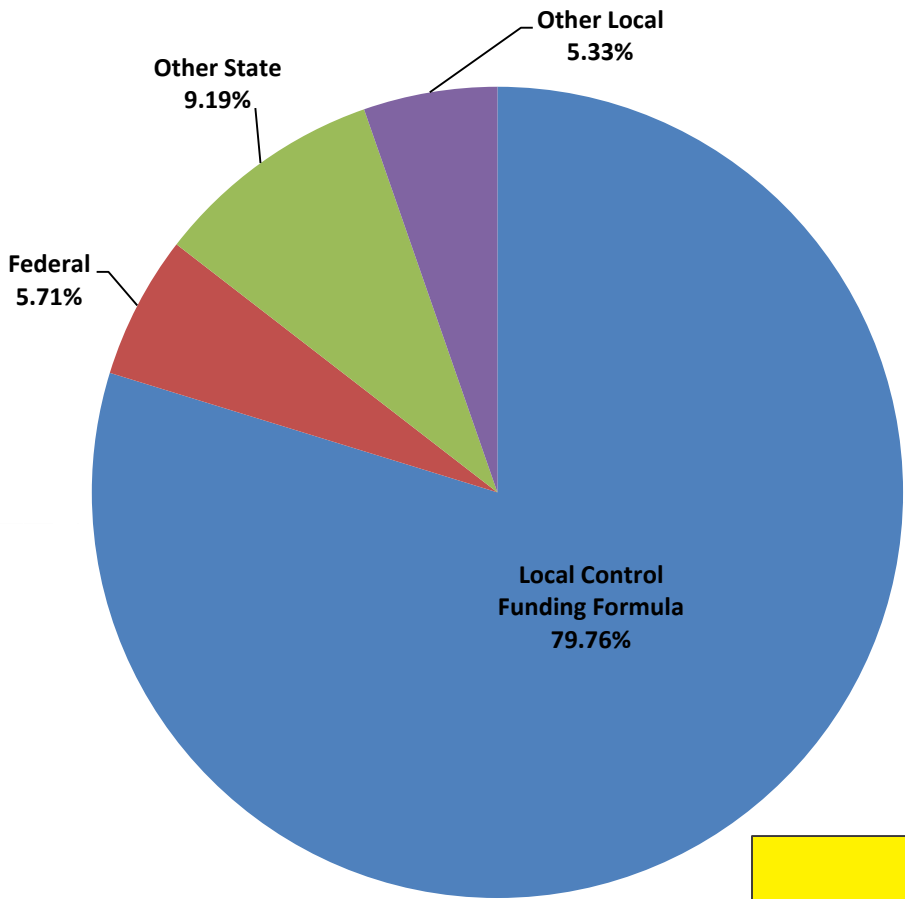


Additional Information

- 1) Enrollment
- 2) Carry-Over Process
- 3) Health and Welfare Costs
- 4) Minimum Wage Impact on CSEA Schedule
- 5) Legal Costs
- 6) District Office Department Budget Reductions
- 7) Assistant Principal Staffing Ratio
- 8) Summary of Prior Years' LACOE Budget Letters
- 9) January 4, 2019 Information Packet
- 10) School Services of California Report



DRAFT 2018-19 Second Interim TOTAL REVENUES & EXPENDITURES – GENERAL FUND



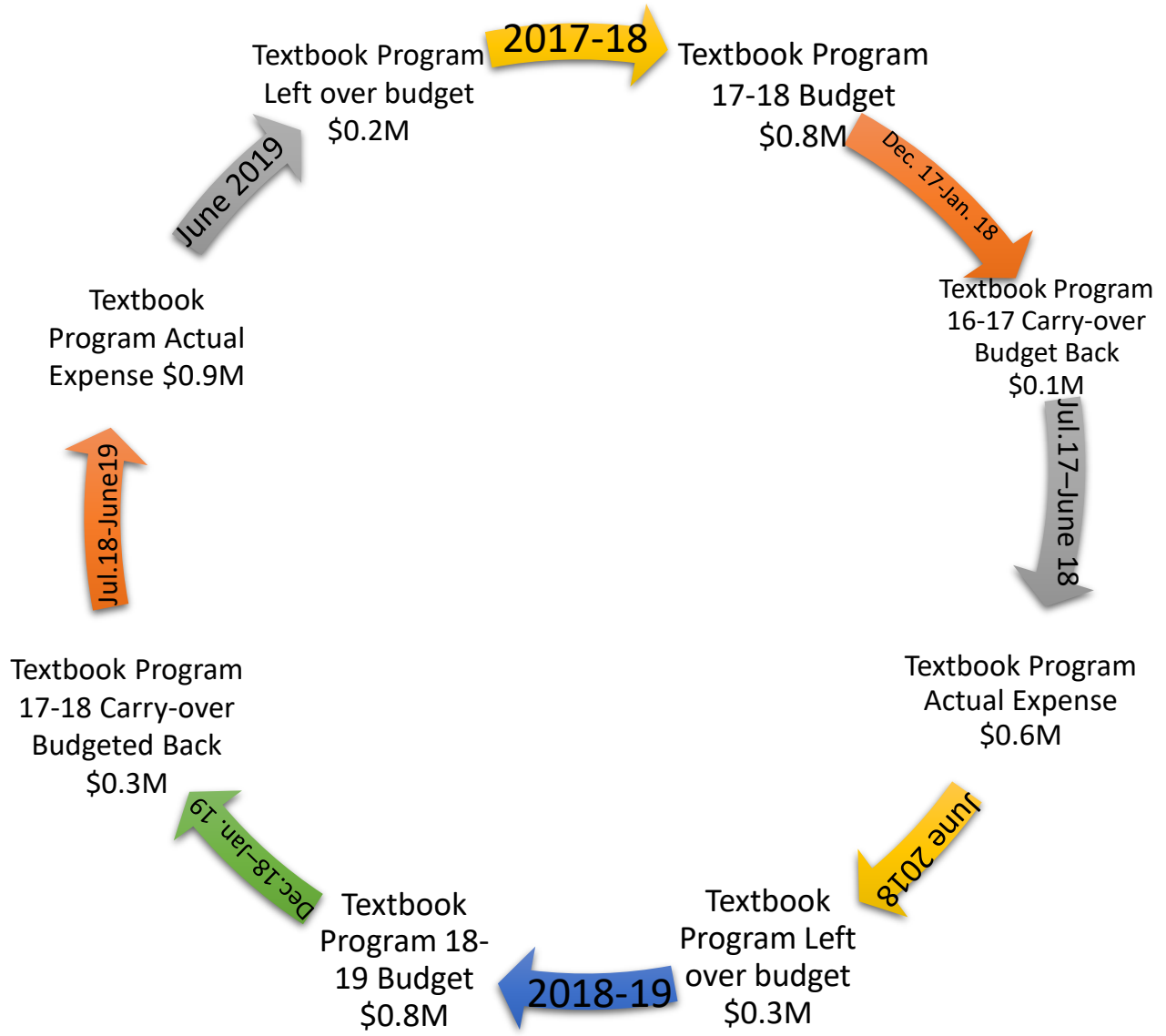
Rev \$295.36m
 - Exp \$298.24m
 Current Deficit = \$2.88m

Be aware of the annual carryover process

Total Revenues \$295,363,465

Total Expenditures \$ 298,243,198

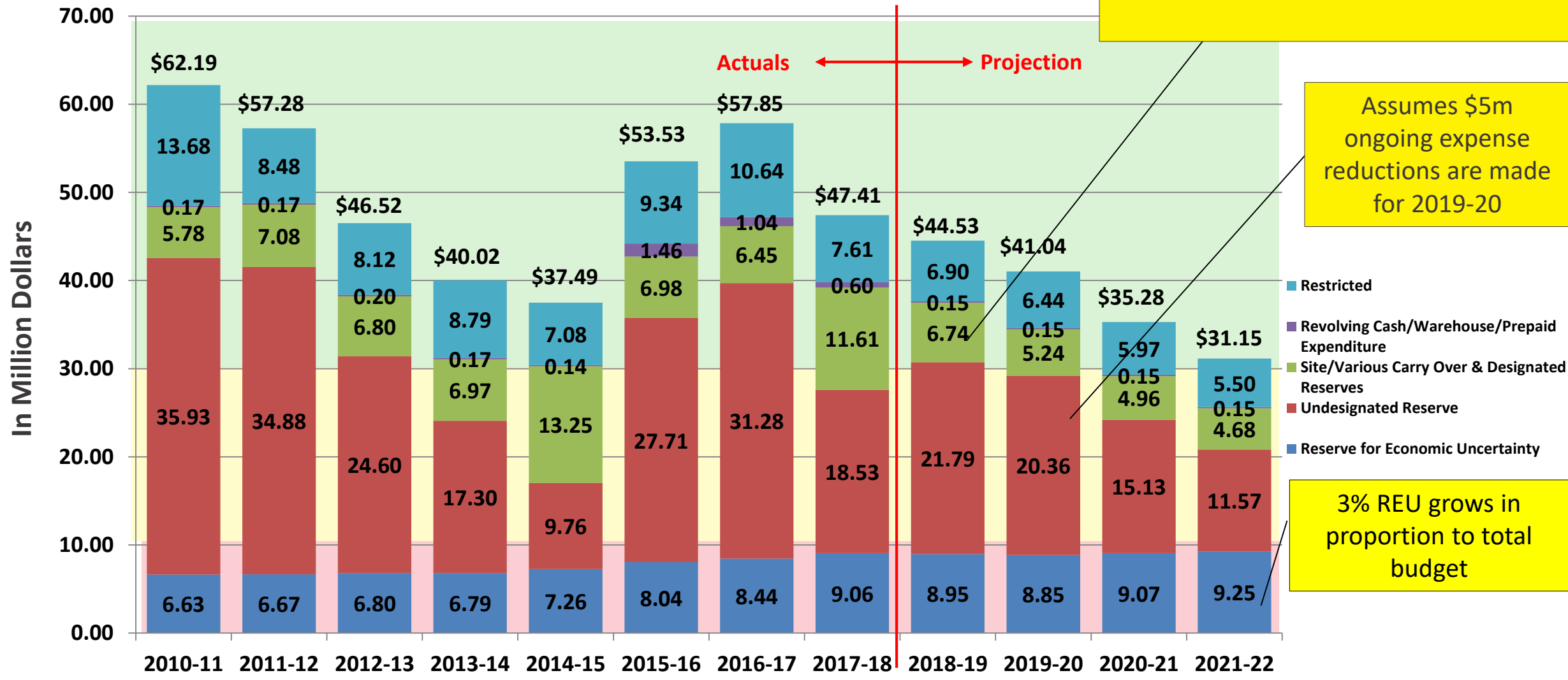
Example: Illustration of Textbook Program Carry-Over



Draft Second Interim 2018-19 Summary of General Fund Ending Fund Balances

Designated Reserves:

- LACOE charges = \$0.84m
- Carry over/MAA = \$4.7m
- One Time 17-18 Disc. Fund = \$1.2m



Assumes \$5m ongoing expense reductions are made for 2019-20

3% REU grows in proportion to total budget



Budget Modes: Deficit – Balanced – Surplus

Surplus/ Additions	8	
	7	
	6	Innovation
	5	Build reserves
	4	Increase employee compensation
	3	Build/expand programs
	2	Reduce class size
	1	LCAP goals
Balanced Budget		
Deficit/ Reductions	1	LCFF revenue increases above projections
	2	Use of one-time funds and/or current reserves
	3	Supplies & Equipment
	4	Contracted services
	5	Administrative and management staffing
	6	Classified staffing (reduce support and service)
	7	Certificated staffing (reduce programs and
	8	increase class size)



Possible Budget Reduction Options to Close the Two-Year Deficit of \$6.83m

**Holding everything else constant, the range of options are:*

- 1) 2019-20 = \$5.63m / 2020-21 = \$1.2m – most conservative option
- 2) 2019-20 = \$0m / 2020-21 = \$6.83m – least conservative option
- 3) 2019-20 = \$3.5m / 2020-21 = \$3.33m – middle option
- 4) Or any variation between that totals \$6.83m

**Holding everything else constant – this analysis does not include the future impacts of negotiated compensation increases, additional LCFF improvements, one-time funds, increase/decrease in enrollment, and other budget variables*



Solution: We Only Have Three Options to Address the 2-Year \$6.83 Million 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. Use of Reserves



1. Potential Reductions – District Office

Current (2018-19)	Proposal for 2019-20
<ul style="list-style-type: none"> - 1 ETIS Sr. Info Analyst - 1 Purchasing Agent - 1 Accounts Payable Supervisor 	<ul style="list-style-type: none"> - Eliminate position – vacant \$104,000 - Eliminate position – vacant \$122,000 - Realignment to Accounting Tech – vacant \$6,000
<ul style="list-style-type: none"> - 1 Typist Clerk III - HR - 2.5 Typist Clerks – CTE, T&L and Student Services 	<ul style="list-style-type: none"> - Eliminate position – vacant \$36,000 - Eliminate positions – vacant \$111,000
<ul style="list-style-type: none"> - Department budgets – supplies, services, conferences 	<ul style="list-style-type: none"> - 4.5% reduction to all department budgets within Supt. Office, Business, HR and Educational Services \$1,130,000
<ul style="list-style-type: none"> - Copier/printer equipment and service costs 	<ul style="list-style-type: none"> - Lower contract rate (phase-in over 2-3 years) \$150,000
<ul style="list-style-type: none"> - Budgeted annual increase in projected H&W rates +9% 	<ul style="list-style-type: none"> - Lower projection to +8% \$300,000
<p>Budget Savings: \$1,959,000</p>	



1. Potential Reductions – FASO

Current (2018-19)	Proposal for 2019-20
- FASO Asst. Operation Coordinator - 1 Grounds - 1 Electronics Tech - 1 Glazier - 1 Plumber	- Eliminate position – vacant \$91,000 - Remain vacant \$85,000 - Remain vacant (RRM funding \$85,000) - Remain vacant (RRM funding \$85,000) - Remain vacant (RRM funding \$85,000)
Budget Savings: \$176,000	



1. Potential Reductions – Elementary Schools

Current (2018-19)	Proposal for 2019-20	
- 1 Asst. Principal position - 2.5 FTE teaching positions	- If available through attrition	\$154,000
	- *Eliminate due to declining enrollment	\$265,000
<p>*Retirements, resignations and release of temporary teachers</p> <p>Budget Savings: \$419,000</p>		



1. Potential Reductions – Middle and High Schools

Current (2018-19)	Proposal for 2019-20	
- 2 Asst. Principal positions - 7.2 FTE Middle School teaching positions - 7.2 FTE High School teaching positions	- Eliminate due to declining enrollment - *Eliminate due to declining enrollment - *Eliminate due to declining enrollment	\$308,000 \$617,000 \$617,000
<p>*Retirements, resignations and release of temporary teachers</p> <p>Budget Savings: \$1,542,000</p>		



2. Leverage Restricted Funding

Targeted Professional Development (PD)

- Low-Performing Students Block Grant : \$1m (one-time funding, only available for two years)

Current (2018-19)	Proposal for 2019-20
February 19, 2019 – Information Report #2	February 19, 2019 – Information Report #2 \$500,000
Budget Savings: \$500,000	



2. Leverage Restricted Maintenance Funding

Current (2018-19)	Proposal for 2019-20
Restricted Routine Maintenance currently is not paying for landscaping/grounds (even though it is allowable)	Move up to 9 Grounds Positions from General Fund to Restricted Routine Maintenance. <ul style="list-style-type: none">- Impact: less RRM funds for projects; “break-fix” only- Related to three other RRM vacancies being unfilled- Sustainable for up to four years <p style="text-align: right;">\$720,000</p>
Budget Savings: up to \$720,000	



2. Potential Reductions – Planning & Development

Current (2018-19)	Proposal for 2019-20
- Executive Director position	- Remain vacant and realignment (Measure S \$175,000)
Measure S Net Budget Savings: \$175,000	



2019-20 Potential Budget Balancing Ideas			
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) Typist Clerk III in HR		\$ 36,000
DO	Eliminate (2.5) Typist Clerk in CTE/T&L/Student Services		\$ 111,000
DO	4.5% reduction in all District Office department budgets - supplies, services, conferences		\$ 1,130,000
DO	Reduce copier/printer equipment and supply costs due to new contract (phase-in over 2-3 years)		\$ 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
FASO	Eliminate (1) Plumber position	\$ 85,000 RRM	\$ -
FASO	Eliminate (1) Electronics Tech position	\$ 85,000 RRM	\$ -
FASO	Eliminate (1) Glazier position	\$ 85,000 RRM	\$ -
Elem	Eliminate (1) Asst. Principal		\$ 154,000
Elem	Eliminate (2.5) Teaching positions		\$ 265,000
Middle	Eliminate (7.2) Teaching positions due to declining enrollment		\$ 617,000
Middle	Eliminate MS Summer School		\$ 0
HS	Eliminate (2) Asst. Principals due to declining enrollment		\$ 308,000
HS	Eliminate (7.2) Teaching positions due to declining enrollment		\$ 617,000
P&D	Executive Director of Planning & Development to remain vacant and realign with stipends	\$ 175,000 Meas S	\$ -
		Total	\$ 5,316,000



Future Options to Increase Enrollment and/or Revenue

- Fundraising
- Grants
- Parcel Tax
- Advertising/Promotion
- Full-Day Kindergarten



PRELIMINARY DRAFT Plan for 2020-21

Proposed Action	Target	Estimated Actual
2020-21 LCFF Improvement over current COLA projection	TBD	\$0
Any other revenue assumption changes	TBD	\$0
Services, supplies and all other non-personnel budgets	TBD	\$0
Admin/Mgmt staffing level	TBD	\$0
Classified staffing level	TBD	\$0
Certificated staffing level	TBD	\$0
Plus/minus staffing adjustments for actual enrollment of 2019-20	TBD	\$0
Subtotals	TBD	\$0
Target Total	TBD	\$0



Next Steps

- March 12, 2019 Second Interim Report
- June 18, 2019 Adoption of 2019-20 Budget