

Second Interim Financial Report

**Glendale Unified School District
Board Of Education Meeting – March 11, 2014
Discussion Report No. 2**

**Eva Rae Lueck, Chief Business & Financial Officer
Mike Lee, Controller**

Budget Report No. 7

Second Interim Report And Certification

- AB 1200 and AB 1708 require county offices to monitor and review district budget and financial reports
- Districts are required to submit two interim budget reports determining if they can meet their financial obligations in the current and the two subsequent years
- The County certifies each report as “positive”, “qualified”, or “negative” based on the ability of the district to meet its financial obligations
- The second interim report represents the actual and projected financial position of the General Fund as of January 31, 2014

Board Priorities Implemented

■ Maintain Staffing – Avoid Layoffs

➤ 8 Additional FTE to maintain TK-3 Class Size Reduction \$680,000

■ Eliminate Furlough Days

➤ GTA (5 days) \$2,300,000

➤ GSMA (5 days) \$305,000

➤ CSEA (4 days)* \$488,000

Multi-year Budget Assumptions (LCFF)

	2013-14	2014-15	2015-16
Adopted Budget Funding Increase Before L. A. County Calculation	\$5.6 M	\$1.8 M	\$2.5 M
Projection based on combination of COLA increase, decline in ADA.			
Second Interim Increase over adopted Budget	\$1.4 M	\$14.3 M	\$12.7 M
Adjustment between the Adopted Budget Funding and Projected LCFF Revenue Increase.			
Total Projected LCFF Revenue Increase (L.A. County Calculator)	\$7.0 M	\$16.1 M	\$15.2 M

Breakdown				Target
Supplemental	?	?	?	= \$24.5 M
Concentration	?	?	?	

Changes Included in Second Interim

Second Interim Budget Adjustments

	In Millions			
	2013-14	2014-15	2015-16	2016-17
Special Education – Education Assistants- Intensive Support, 9 FTE	\$ (0.23)	\$ (0.45)	\$ (0.45)	\$ (0.45)
LCFF Net Income Adjustment				
2013-14	\$ (0.33)	\$ (0.33)	\$ (0.33)	\$ (0.33)
2014-15*	–	\$ 6.36	\$ 6.36	\$ 6.36
2015-16*	–	–	\$ 5.54	\$ 5.54

* L. A. County Office of Education recommends assignment of these dollars as Reserved.

Multi-year Budget Assumptions

One Time Money

Category	2012-13	2013-14	2014-15	2015-16	2016-17
<u>“Solvency Transfers”</u>					
- Special Ed. Reserve	\$1,110,000	—	—	—	—
- Post Employment Benefits Fund #20.0	2,750,000	—	—	—	—
- Restricted Maintenance Reserve	1,000,000	700,000	—	—	—
- Early Retirement Benefit Fund #67.2	—	1,800,000	2,400,000	—	—
- Deferred Maintenance Fund #14.0	—	—	4,900,000	—	—
- Debt Service Fund #56.0	—	—	14,900,000	—	—
<i>Total Solvency Transfer</i>	\$4,860,000	\$2,500,000	\$22,200,000	—	—
	≈\$30 M				

Increased Funding in Future Year

Items to Consider

■ Restructure/Restore Programs

- **Determine Site Staffing “Base Needs” (LCAP Committee)**
 - **Restore Staffing**
 - **2014-15 – 1 FTE per 1000 students at secondary grades**
 - **Evaluate Support programs**
 - **Counseling, Computer Assistants, Library Assistants**
 - **K-3 Staffing – Proficiency Focus**

Increased Funding in Future Year

Items to Consider

- **Supplemental and Concentration Allocation**
 - **English Learner, Low Income, Foster Care, Students with Disabilities**
 - **Unduplicated Count Approximately 57% (\$24.5 million in 8 years)**

Increased Funding in Future Year

Items to Consider

- **Program Expansion – Common Core/Other**
 - **Textbooks Adoption**
 - **Additional Technology**
 - **Career Technical Education (animation program, robotics, automotive, etc.)**

Increased Funding in Future Year

Items to Consider

■ Negotiated Salary Increases

- 1% \approx \$1.4 Million
- 2007-08 Fiscal Year Was the Last Increase

Increased Funding in Future Years

Impact on Unrestricted General Fund Ending Balance/Structural Deficit

	In Millions			
	2013-14	2014-15	2015-16	2016-17
Adjusted Ending Balance Projected	\$ 27.7	\$ 54.7	\$ 73.7	\$ 95.9
	↓	↓	↓	↓
Adjusted Balance in Excess of Assigned 3% Reserve	\$ 17.0	\$ 28.3	\$ 13.9	\$ (2.1)
Structural Deficit Second Interim	\$ (11.4)	\$ (12.9)	\$ (13.8)	\$ (15.8)

Structural Deficit Will Be Impacted By 2013-14 Negotiations.

Second Interim Summary

- **The Superintendent is recommending a Positive Certification for Second Interim.**

- **Next Steps**
 - **Develop Local Control Accountability Plan (LCAP)**
 - **LCAP Committee Meetings: 2/27/14, 3/6/14, 3/25/14, 4/8/14, and 4/21/14**
 - **Allocation of Supplemental/Concentration**
 - **Evaluate Impact of Reduced Federal Funding (Special Education)**
 - **Evaluate State May Revise Budget Impacts**
 - **Public Hearing of 2014/15 District LCAP and Budget on May 20, 2014**
 - **Board Adoption of 2014/15 District LCAP and Budget on June 17, 2014**