

Budget Study Session II

2008/09 Mid-year Cuts
2009/10 Budget Proposal

February 9, 2009

Presented by Business & Support Services

Budget Study Session I is available online at:

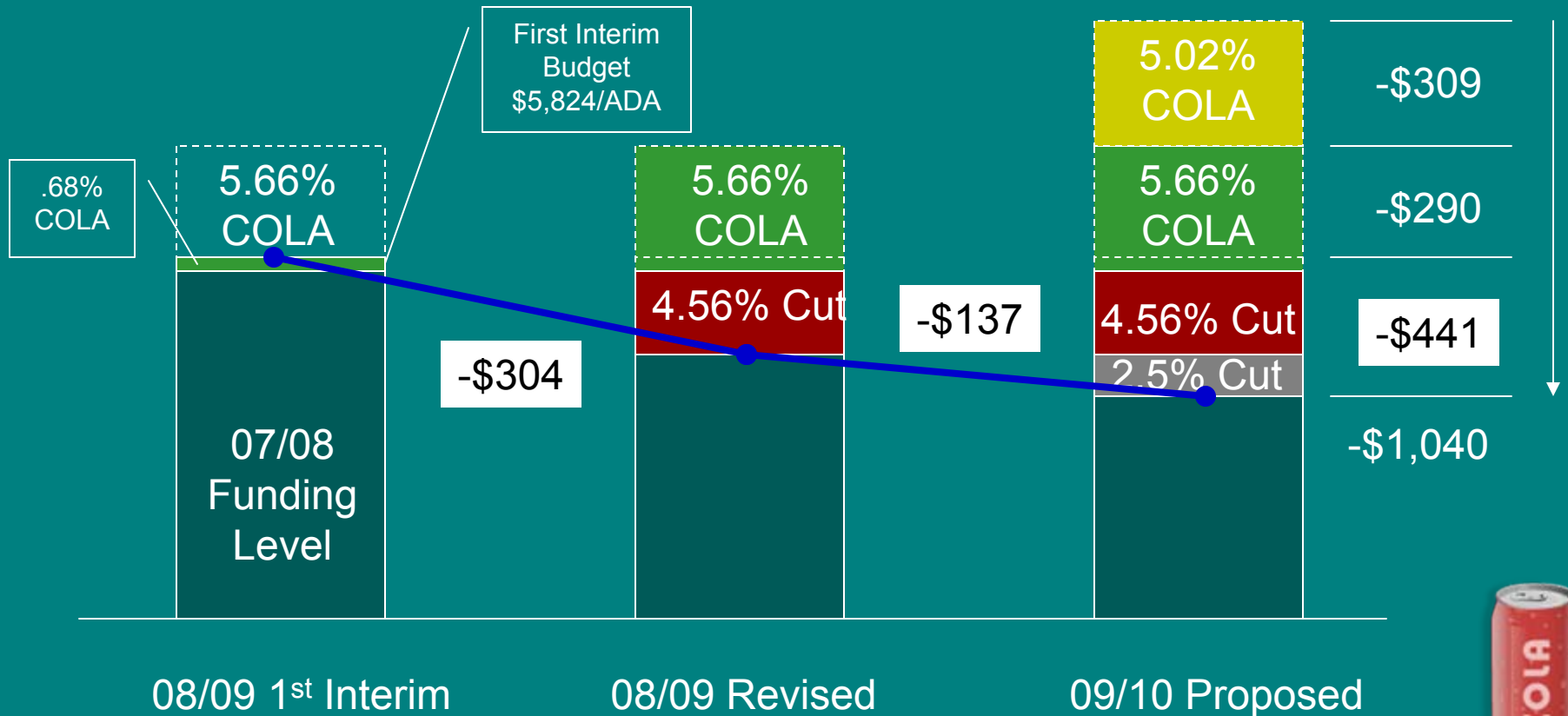
http://www.capousd.org/board_agen/BudgetStudySession1-21-09.pdf

Recap of Budget Study Session I January 21, 2009

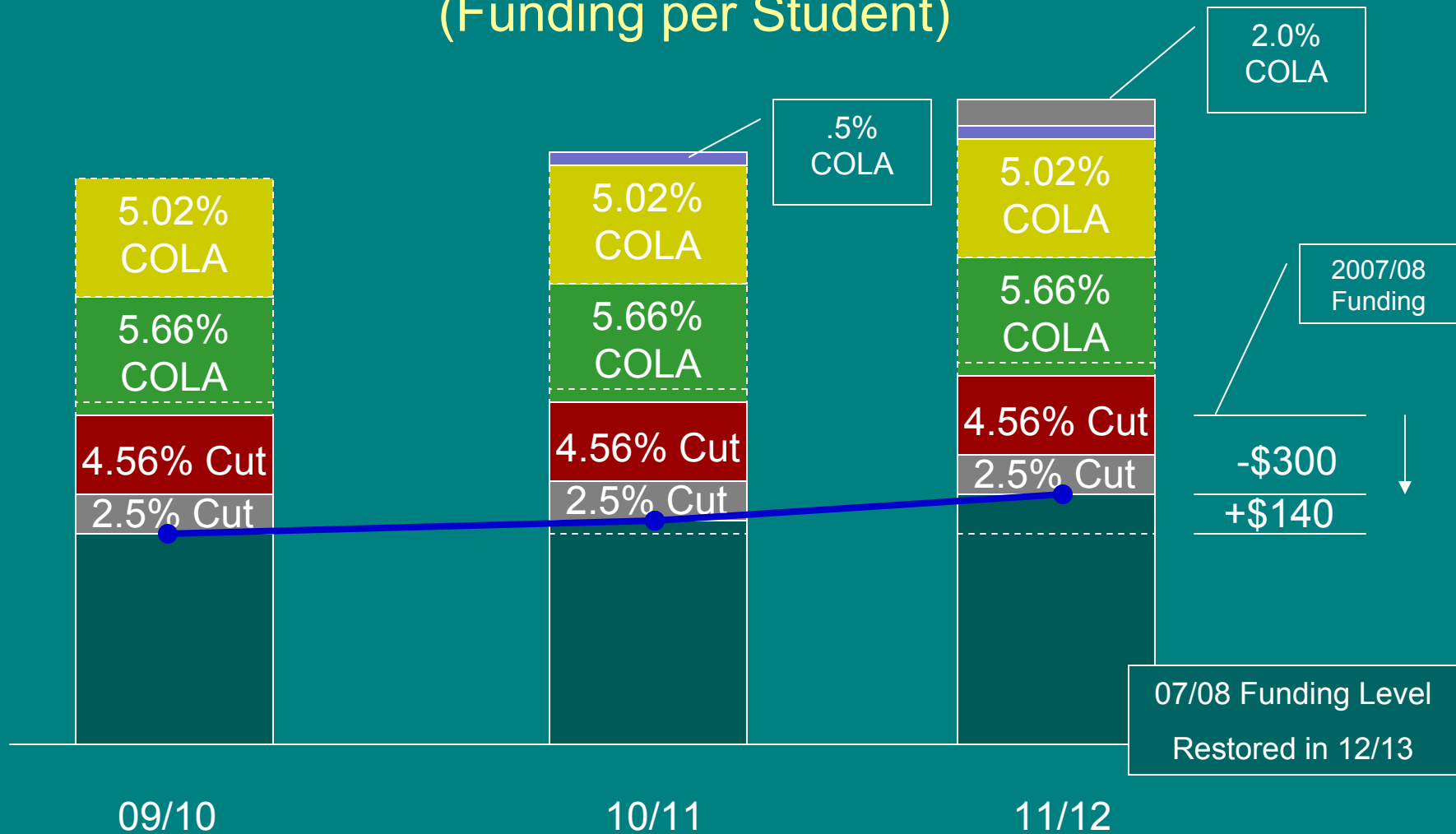


2008/09 & 2009/10 Revenue Limit COLA (Funding per Student)

Cumulative Loss from Statutory Level: 16.16%!



2010/11 & 2011/12 Revenue Limit COLA (Funding per Student)



Two Revenue Challenges

- Revenue Cuts*
 - Actual reduction in GF revenue
 - 2008/09 Mid-year Cuts \$15.5M
 - 2009/10 Proposed Budget \$22.5M
- Revenue Deferrals**
 - Apportionment Deferral: April to July
 - Estimated amount \$9.0M

*Should be treated as on-going

**A permanent deferral = cut



Governor's Flexibility Proposal

- Spending flexibility for categorical programs including CSR.
- Shorter school year (180 days-175 days)
- Reduce reserves by 50% (2%-1%)
- Eliminate deferred maintenance match
- Reduce routine restricted maint. (3%-1%)
- CUSD flexibility potential \approx \$10.0 million



2008/09 Mid-year Budget Cuts



CUSD 3 Pronged Response

1. Cost Containment Measures (Nov. 08)
 - Spending Guidelines/PO Justification
 - Overtime Restrictions
 - Heightened PO Scrutiny
 - Vacancies Left Unfilled
 - Non-essential Conferences Restricted
 - Additional Assignments
2. Encumbrance Review/Reduction
3. Categorical Program Review/Sweep



Name of Categorical Program/Grant	Resource Code	Amount Available	Primarily Used for:
District Level			
Physical Education Incentive	6258	\$ -	Teacher Salaries/Supplies
English Language Acquisition Program	6286	\$ 65,964	Staffing
Library Materials Grant	6296	\$ -	Library books
Lottery - Instructional Material*	6300	\$ -	Books, Textbooks
School Safety Grant	6405	\$ 92,295	Safety supplies and Staffing
Ongoing Arts, Music Block Grant	6760	\$ 657,985	Arts, Music Staffing & Supplies
1-Time Arts Music Supplies Block Grant	6761	\$ 1,400,000	Arts, Music Supplies
CAHSEE (High School Exit Exam)	7055	\$ 22,611	High School staffing
School Counselor grades 7-12	7080	\$ 947,604	Counselors (salaries)
EIA	7090	\$ 194,591	English Learner Supplies/staff
Gate AAA	7140	\$ 29,996	Staffing & Supplies at sites
Instructional Material Funds Realignment Program	7156	\$ 882,640	Textbooks
1-Time English Language Learner Instructional Materials	7157	\$ 46,000	English Learner Supplies
PAR	7271	\$ 79,929	Teacher Additional Assignments
Pupil Retention Block Grant	7390	\$ 7,295	Salaries
Teacher Credentialing Block Grant	7392	\$ 140,000	Teacher Additional Assignments
Professional Development Block Grant	7393	\$ 216,824	Staff Development
TIIIIG	7394	\$ 1,791,904	Undesignated (was Transportation)
School, Library Improvement Block Grant (SIP)	7395	\$ 346,143	Site Supplies and Staffing
1-Time Discretionary Site Block Grant	7396	\$ 816,263	Site Supplies
1-Time Instructional Materials, Library, Ed Tech. Block Grant	7398	\$ 184,521	Educational Technology for Sites
Deferred Maintenance Contribution	8150	\$ 2,050,000	Deferred Maintenance
Total		\$ 9,972,565	
Site Level			
SLIBG	7395	\$ 1,000,000	
Gate AAA	7140	\$ 300,000	
Discretionary Site Block Grants (carryover)	7396	\$ 250,000	
Arts, Music Block Grants (carryover)	6761	\$ 850,000	
Total		\$ 2,400,000	
Other			
*Still in lottery 7940		\$ 2,236,131	
Grand Total		\$ 14,608,696	

2008/09 Mid-year Cut Impact-Response

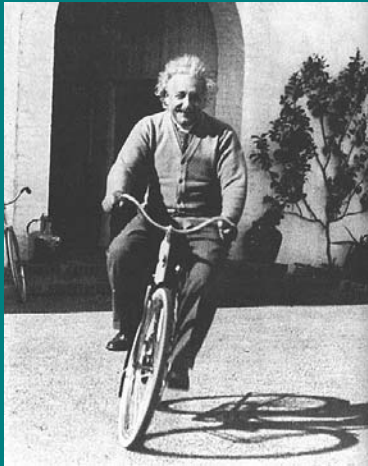
Categorical Flexibility	\$14.6M
Cost Containment/Encumbrance	<u>\$1.0M</u>
Total	\$15.6M
Revenue Limit Reductions	<u>(\$15.5M)</u>
Margin	\$0.1M



2009/10 Budget Proposal



Paradigm Shift



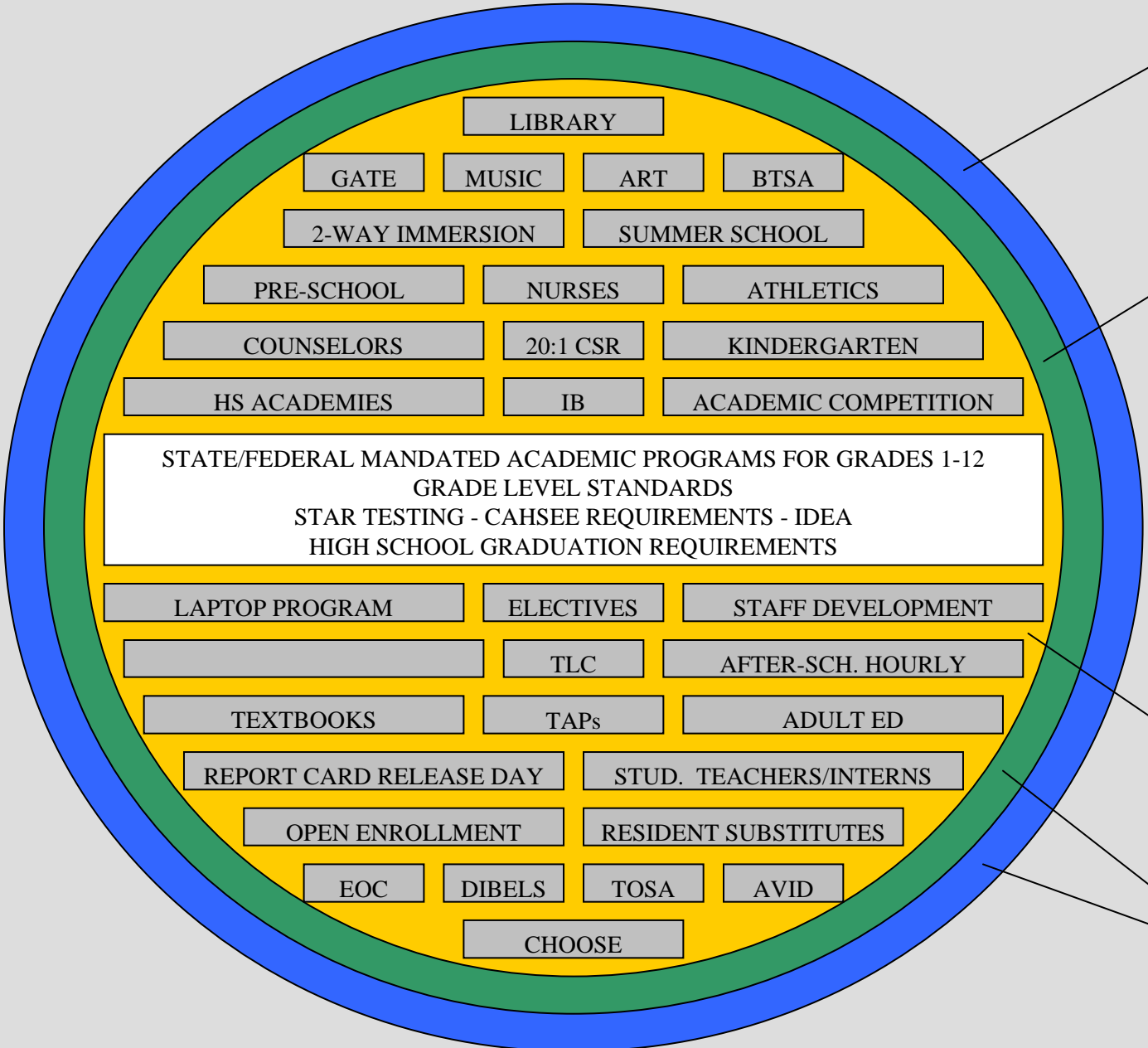
“We cannot solve our problems with the same thinking we used when we created them.”

Albert Einstein

~~Conventional Wisdom~~ ^{Myths}

- The education system is failing.
 - If we don't fix it, who will?
- There isn't enough money.
 - What we have is being reduced, there won't be more.
 - We need to more efficiently utilize what we have.
- It's too complicated; "they" won't understand.
 - If it's that complex, something's wrong.
 - We should be able to explain it with a napkin diagram.
- If we cut "X," student learning will suffer.
 - Everything we do impacts student learning.
 - It's impossible to make changes in an educational system without impacting learning.

CORE ACADEMIC PROGRAMS AND SUPPORTING MECHANISM



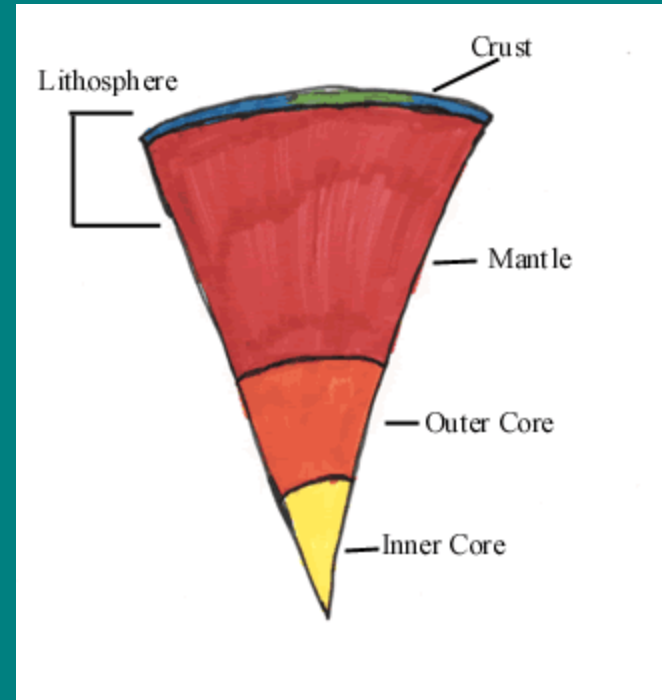
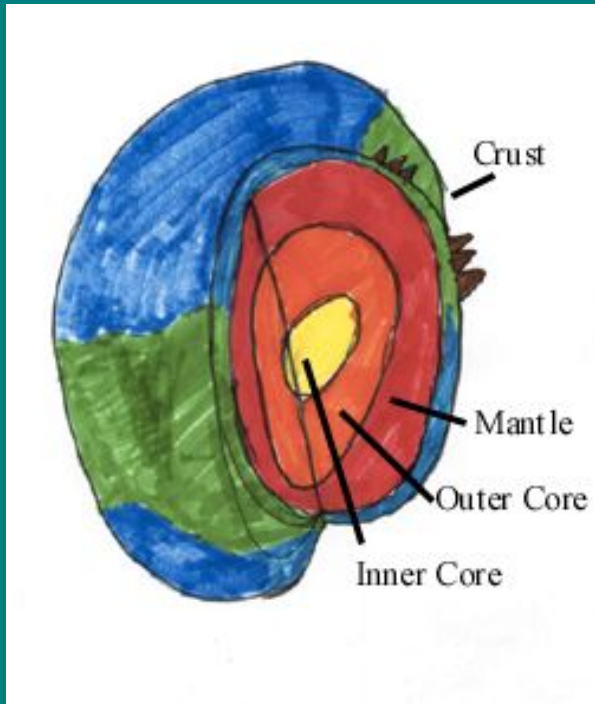
Administration
Curriculum & Instruction
Human Resources
Business Services

Classified Support Staff
Office & Clerical
Maintenance
Custodial
Grounds
Transportation
Food Service
Facilities
Purchasing
Accounting
Payroll
Budget
Printing
Insurance
TIS

Instructional Staff
Certificated
Classified

Support Bands

Core Examples



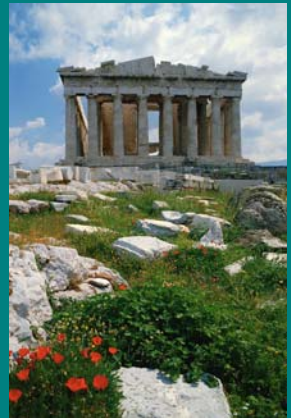
Fundamental Questions

1. What's at the core and why?
 - Determine/define core purpose/principles.
2. Is there a measurable nexus between the program and the desired results?
 - If not, why are we doing it?
3. If it's needed and also a priority, is there a more cost effective delivery method?
 - Can it be improved, done differently, or at less cost?
4. Can we do it well? Or...
 - Are we just doing it because we always have?
 - Don't know any other way?



Program Prioritization

1. Required - Mandated
 - No choice, have to do it.
 - Carved in Stone - Mandated programs
2. Institutional Habits
 - Untouchables
 - Part of the culture
 - Often confused or viewed as mandates
3. Hometown Favorites
 - Local commitments or choice
 - Sensitive and/or political
4. Above and Beyond
 - Optional Programs



2009/10 Proposed Budget Numbers on a Napkin

Estimated Flexibility (Impacts)	\$10.0M
Federal ARRA	\$?.0M
Revenue Limit Reductions	<u>(\$22.5M)</u>
Needed	(\$12.5M)
2009/10 Increased Fixed Costs	<u>(\$9.5M)</u>
Needed 2009/10	(\$22.0M)
Additional Needed in 2010/11	(\$20.0M+)



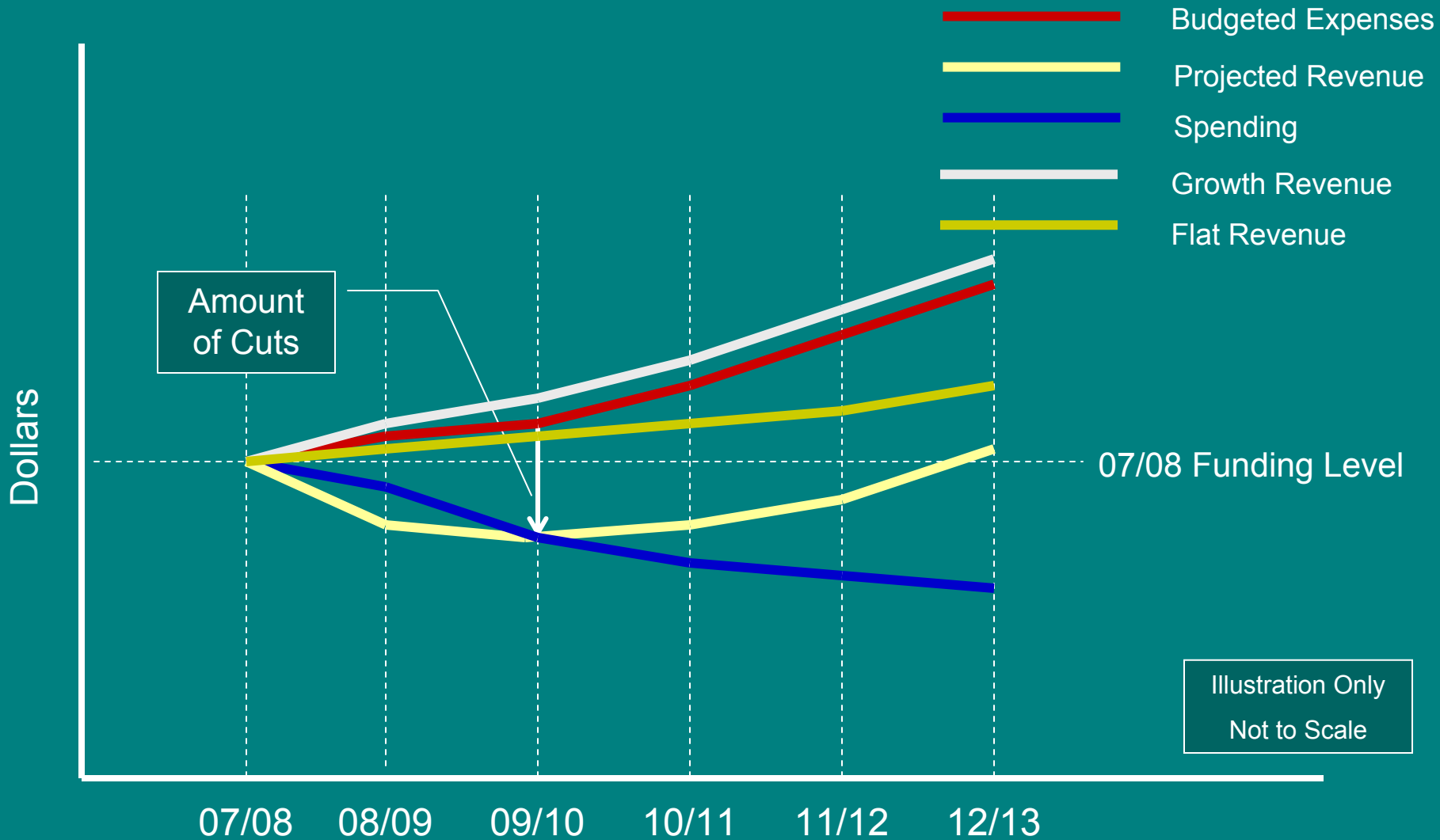
Permanency

- Reductions in revenue are permanent and ongoing as far as we can see.
- Cuts must therefore be ongoing as opposed to temporary or one time.
- Trimming the edges won't be sufficient.
- Cuts will impact the classroom/program.
- Cuts will impact jobs and/or salaries.

“To infinity and beyond!” *Buzz Lightyear in Toy Story*



Revenue vs. Expenditures



Responding To Cuts

- Why are cuts necessary?
 - Board/Staff Discussion
 - Quantification of impacts
- What cuts will we make?
 - Board votes to reduce:
 - Programs
 - Services, or level of services
- Who will be cut?
 - The “who” is a function of the eliminated program or service and is determined by:
 - Job Classification
 - Seniority
 - Bumping Rights
 - Credentials/qualifications



Potential Cut	Description	Type	FTE	Amount
		Draft - List Not Complete		
<u>Programs</u>				
Kindergarten Program	Eliminate kindergarten	IH	119.00	\$9,044,000
K-3 Class Size Reduction	Eliminate 20:1 CSR in grades 1-3.	HF	217.00	\$2,360,000
HS Athletics	Eliminate HS Athletic programs	IH		\$1,966,000
BTSA	Eliminate BTSA program			\$530,000
ConnectEd	EliminateConnectEd	AB		\$130,000
International Baccalaureate	Eliminate IB program			\$50,000
International Baccalaureate	Eliminate IB program			\$100,000
Intervention Programs	Eliminate intervention programs			(\$200,000)
<u>Positions</u>				
CUMA Administration	Eliminate all CUMA Administrators	IH	198.00	\$22,000,000
K-5 Assistant Principals	Eliminate AP's at K-5 schools	HF	11.00	\$1,309,000
High School Assistant Principals	Eliminate AP's at high schools	IH	17.00	\$2,302,000
Increase class size 4-12	Increase class sizes in grades 4-12	HF	35.40	\$2,690,000
<u>Negotiable/Salary</u>				
Salary Rollback - 1.0%	1.0% Sallary rollback for all employees	N		\$2,978,000
Salary Rollback - 2.5%	2.5% Sallary rollback for all employees	N		\$7,444,000
Salary Rollback - 5.0%	5.0% Sallary rollback for all employees	N		\$14,888,000
Salary Rollback - 7.0%	7.0% Sallary rollback for all employees	N		\$20,843,000
Salary Rollback - 10.0%	10.0% Sallary rollback for all employees	N		\$29,776,000
Furlough Days - 1 day	Furlough Days for all Employees	N		\$1,472,000
Furlough Days - 2 days	Furlough Days for all Employees	N		\$2,944,000
Furlough Days - 3 days	Furlough Days for all Employees	N		\$4,416,000

A Word (or 2) About CSR

- CSR Costs/Teachers

Size	Costs	Teachers
20:1	+\$2.36M	217
25:1	+\$4.86M	$95 = (217 - 122)$
31:1	-\$2.36M	$0 = (217 - 217)$

- Facilities Issues
- CSR Flexibility?



Budget Timeline

- February 25th - Budget Study Session
 - Finalize 2008/09 Mid-year Adjustments
 - Review and Discussion of Potential Cuts for 2009/10
- March 9th - Board Meeting
 - Approve Program/Service Cuts for 2009/10
 - Approve 2nd Interim Report
 - Certificated Layoff Notices (March 15th)
- May 11th - Board Meeting
 - Classified Layoff Notices (45 Days prior to June 30)
- June 8th – Board Meeting
 - Present Finalized Budget
- June 22nd – Board Meeting
 - Budget Hearing and Adoption



Conclusion

- The nature of school business has changed.
- “Normal” has been redefined.
- Revenue reductions are “permanent.”
- Cuts must be permanent also.
- On-Line Suggestion Box

<http://elisten.capousd.org/surveys/CommunityInput/comminput.html>

- Questions/Comments

