

LAUSD Budget 2009-10 Proposed Base Staffing Changes April 14, 2009

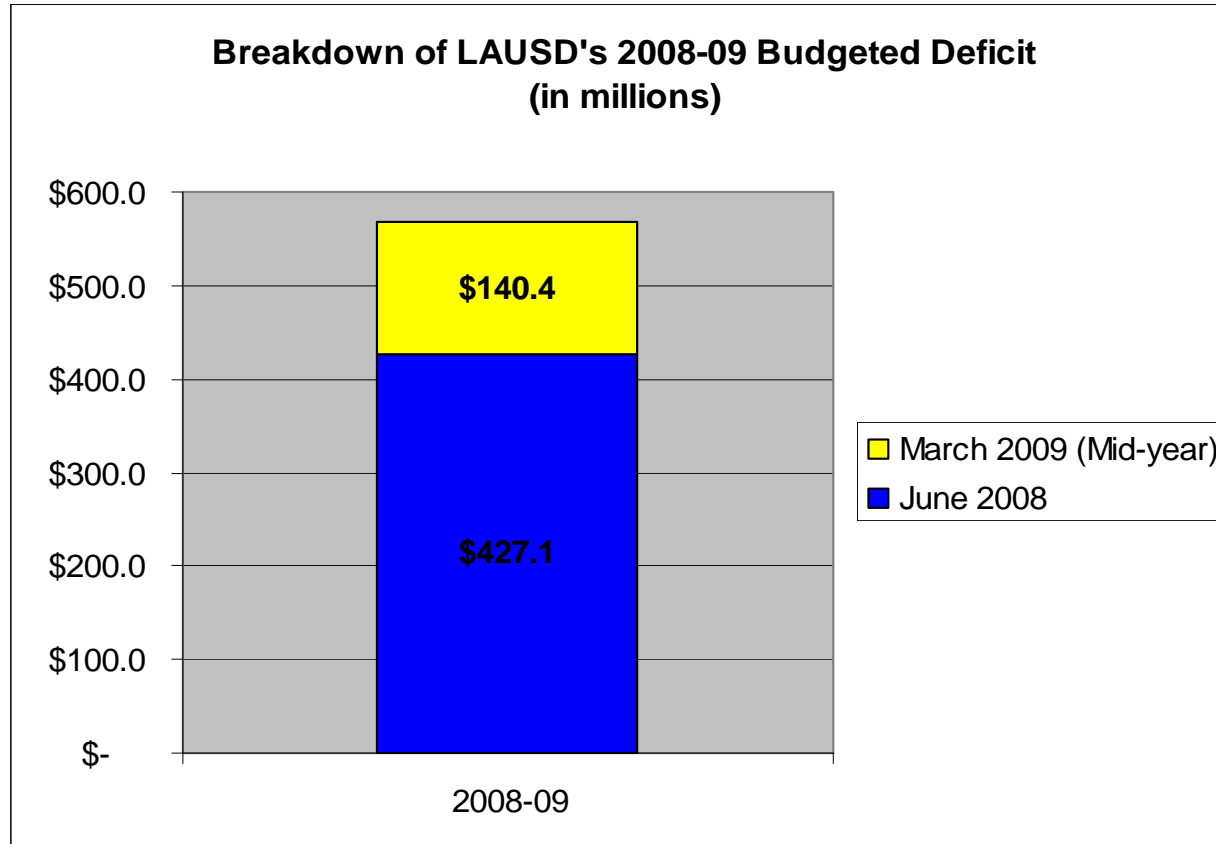


Agenda

- The Problem: Projected Budget Deficit
- Federal Stimulus Funding
- Work with Collective Bargaining Units
- Central Office and Local District Cuts
- Impact on the Schools
- Why are We Voting Now?
- Next steps – Call to Action

We resolved our 2008-09 budget deficit with one time savings.

On March 31st the Board of Education approved the budgetary actions needed to resolve the \$140M 2008-09 mid-year deficit.



Solution

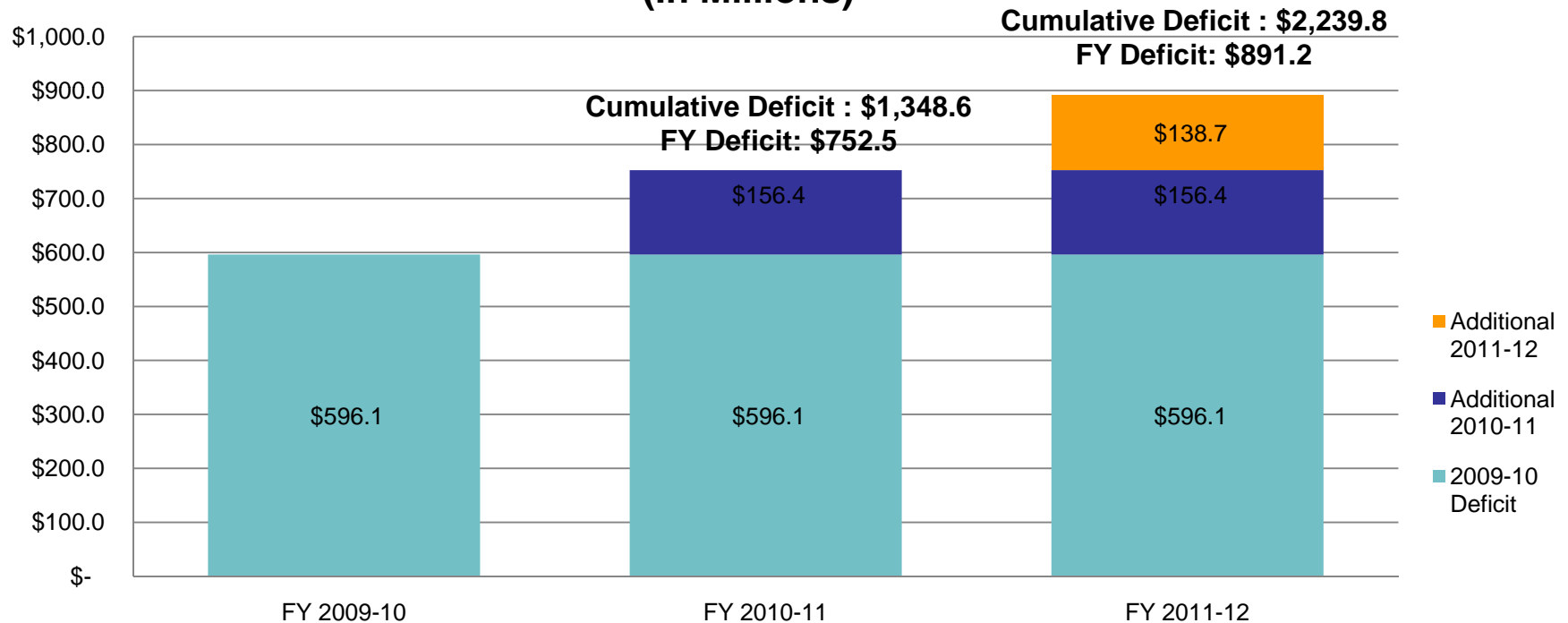
Primarily one time savings

Resulted in a loss of only 535 filled positions (central office only)

We must make ongoing reductions to address our 2009-12 projected deficits

Per State law (AB1200) LAUSD must demonstrate that it will meet its financial obligations for the next three years in June.

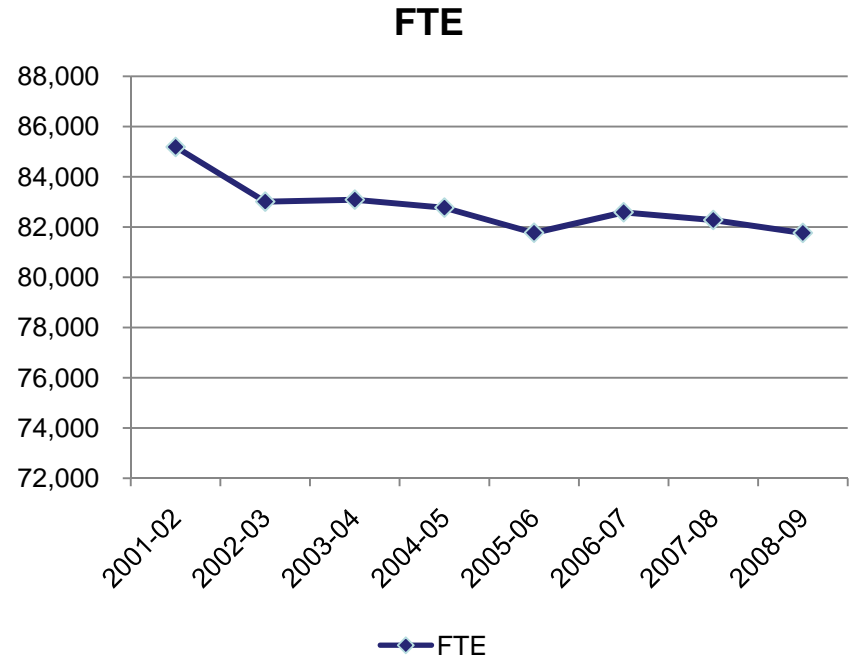
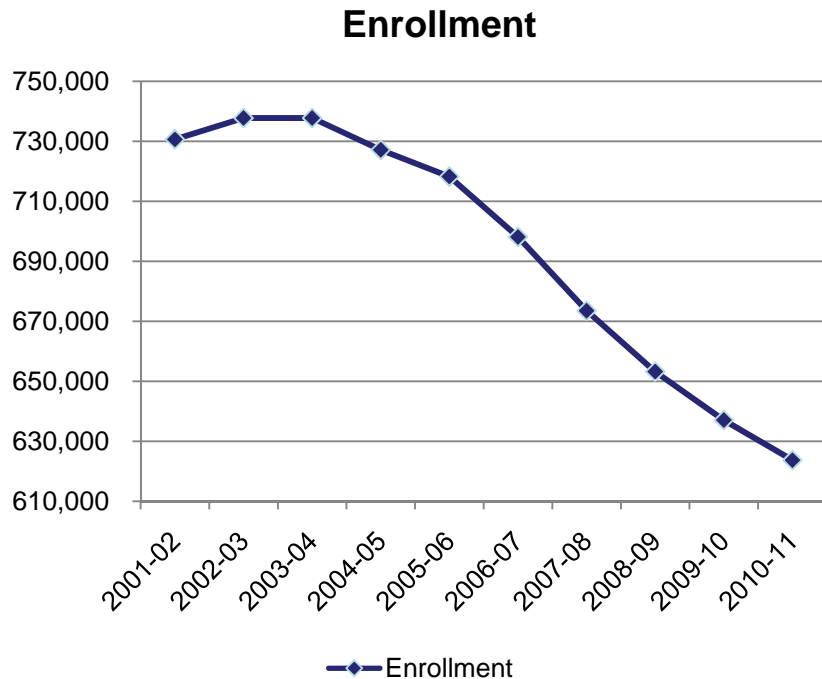
**Breakdown of LAUSD Budget Deficit
(In Millions)**



* NOTE: FY 2011-12 Estimates only reflect 2010-11 ongoing base. It does not reflect any known changes or additional requirements. Still Subject to change.

The District has focused on improving instruction through small learning communities, new facilities, and smaller classes.

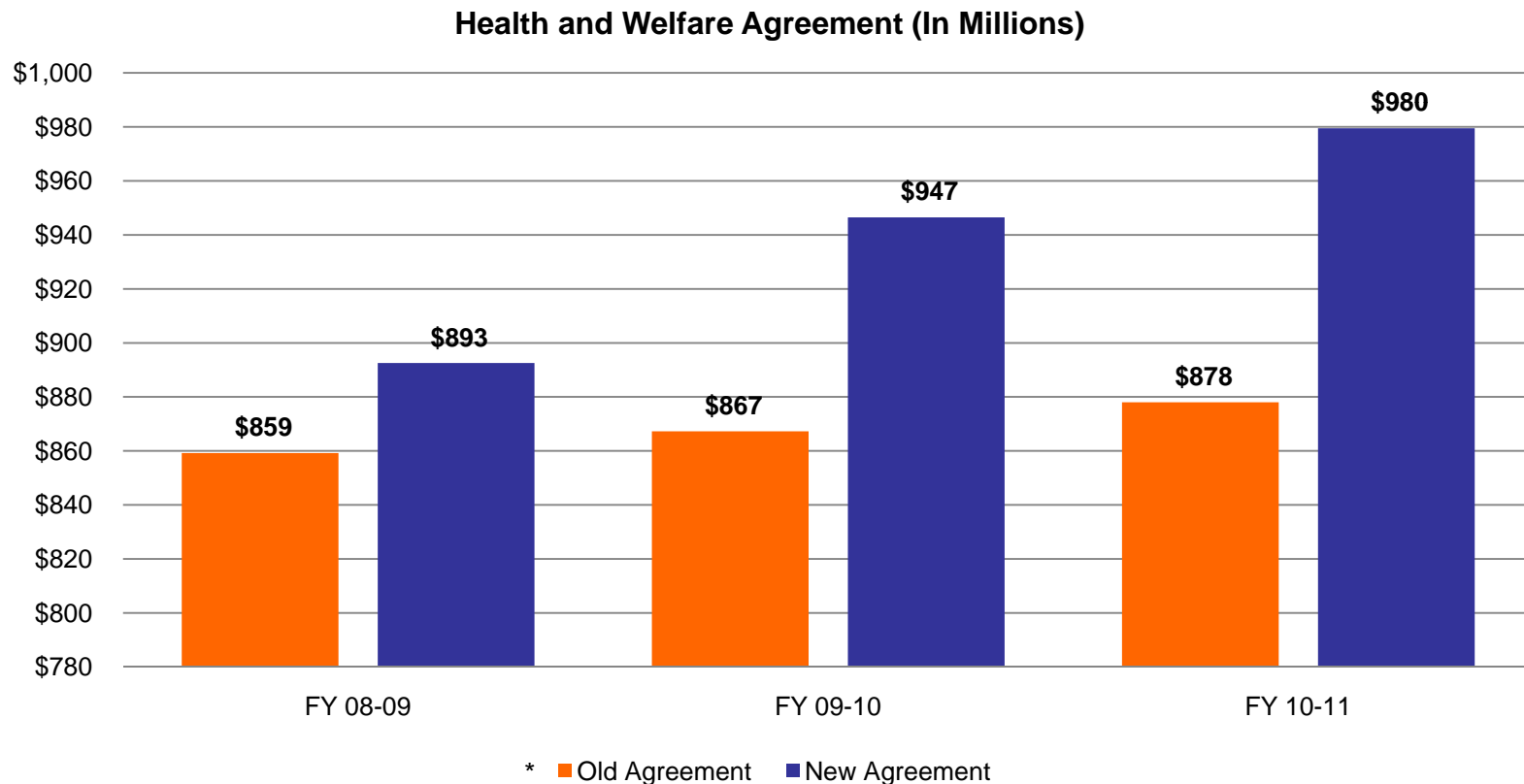
Despite declining enrollment we have been successful but we can no longer sustain these staffing levels in the current economy.



Note: The ratio of employees to students in 2003 was 1 to 8.9, in 2009 it is 1 to 8.0 (all funds)

One of our investment priorities has been employee health benefits.

Together with the Health Benefit committee, we agreed to support our employees via our health benefits package, an investment that contributes to our projected deficit.



* Based on CY 2008 per participant rate of \$7,795 x projected no. of participants

We have used Federal Stimulus funding in our plans but we still have not covered our 3 year deficit.

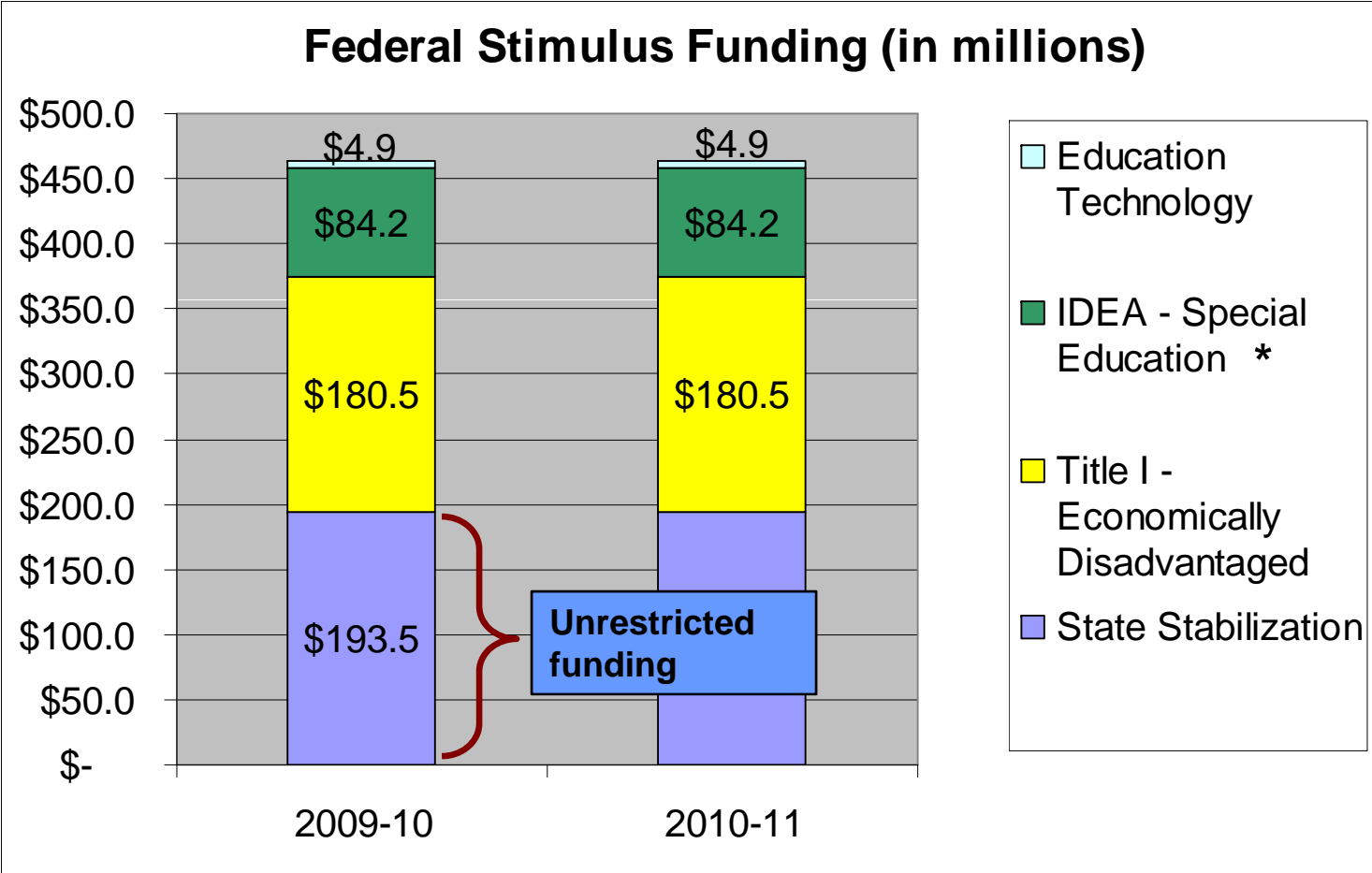
	'09-10	'10-11	'11-12
PROJECTED DEFICIT (NOT CUMULATIVE)	(596.1)	(752.5)	(891.2)
Central offices, local districts, & central services (administrative accounts) *	150.7	156.2	156.2
Class Size Increases *	113.4	113.4	113.4
Other School Personnel (APEIS, Building & Grounds Workers) *	75.0	75.0	75.0
Tier 3 Categorical Program Reductions	55.0	42.4	42.4
Out of Classroom Norms (Principals, Counselors, Clerks) *	51.8	51.8	51.8
Midyear Re-norming	8.1	8.1	8.1
Leases, Claims and Schedule Changes	(4.6)	(1.6)	9.7
Retiree Medical Liability	(10.0)	(15.0)	(22.5)
Offsetting Cost of Implementation (includes Early Retirement)	(50.0)	(13.4)	(13.4)
Total possible reductions (as of 4/9/9)	391.8	419.3	423.1
Federal Stimulus (Fiscal Stabilization (\$160M) & IDEA (\$20M))	180.0	180.0	0.0
PROJECTED REMAINING DEFICIT (NOT CUMULATIVE)	(26.7)	(155.6)	(470.5)

* These line items include staffing decisions (approx. \$320M general fund) for today's vote.

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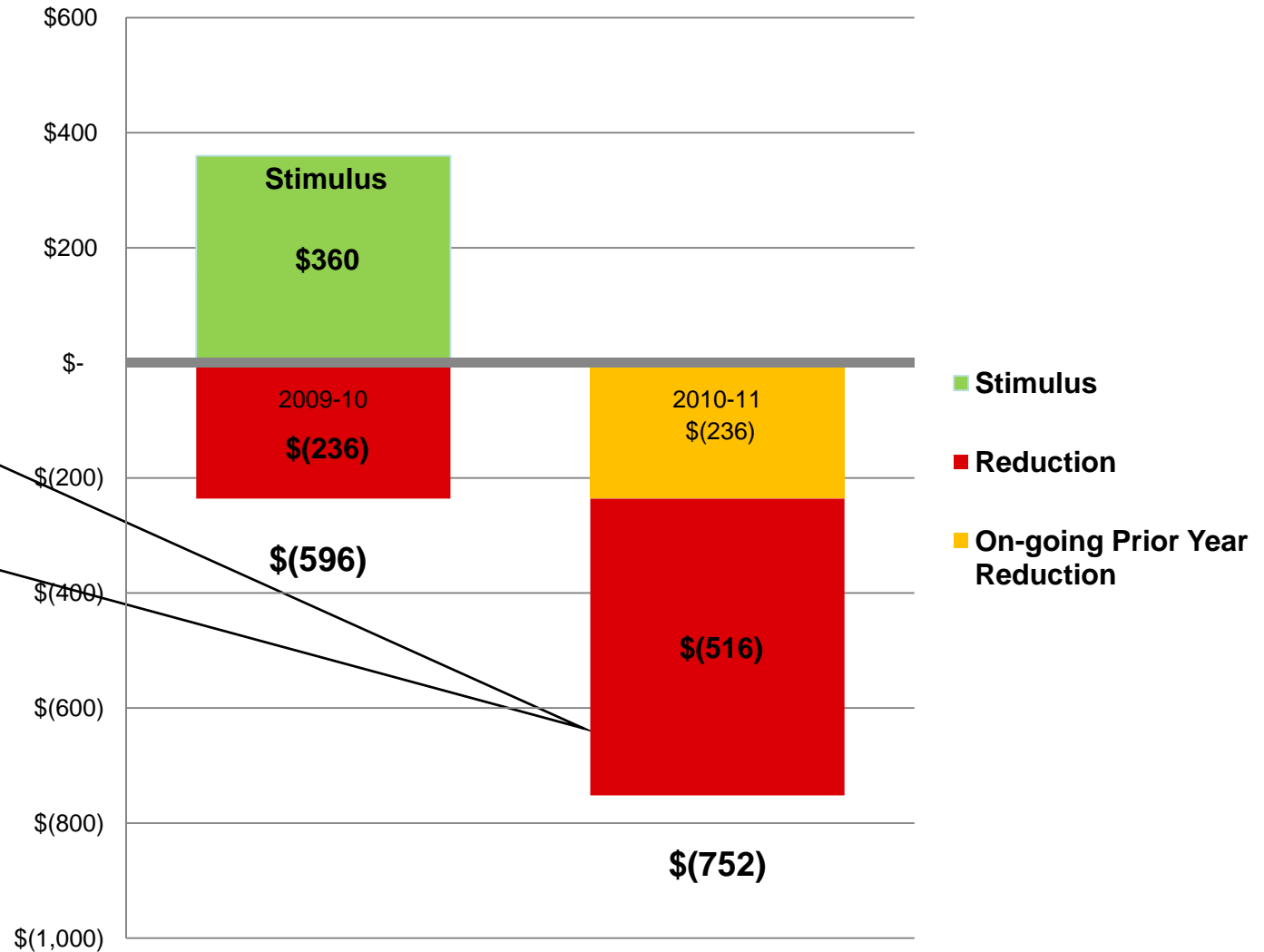
Most of the Federal Stimulus funding is restricted.



* 50% of IDEA can be used to offset encroachment if we qualify.

If we front load the Federal Stimulus funding in the 1st year we will be facing a funding & personnel reduction cliff.

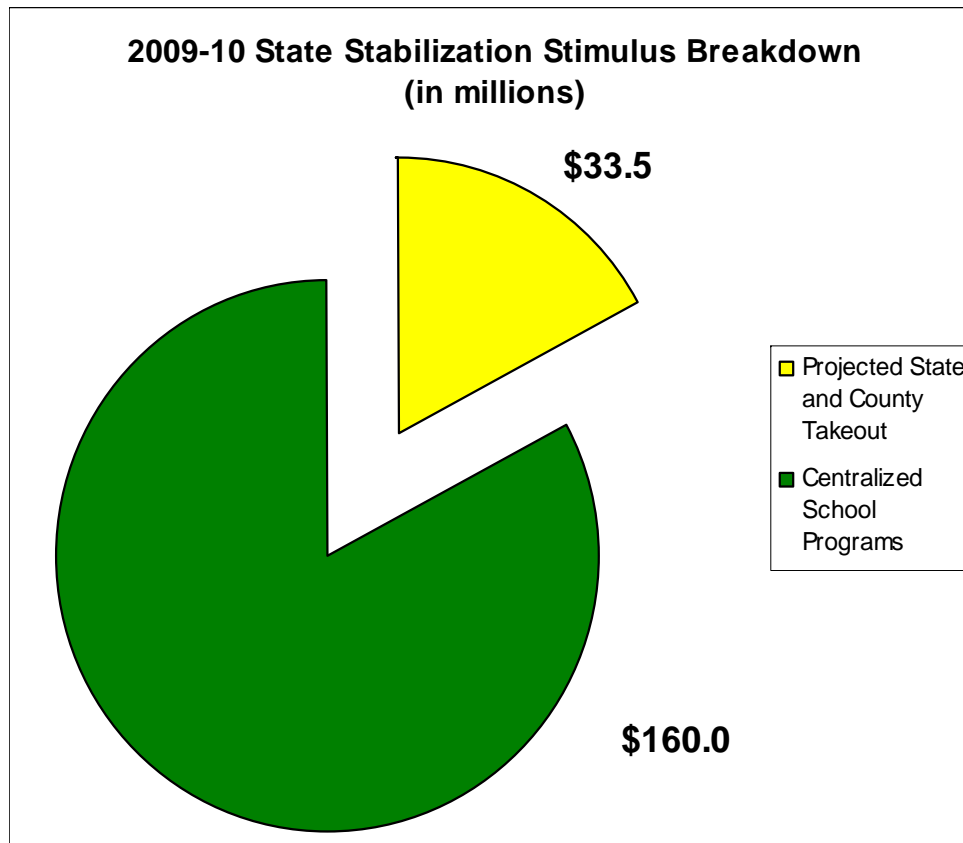
The Funding Cliff (In Millions)



If we use all funding in 2009-10, we would be impacting class size and programs even more the following year

We are already using \$160M (83%) of the State Stabilization funding to save ~2,600* jobs

We minimized the impact on additional programs by being aggressive with our State Stabilization funding.



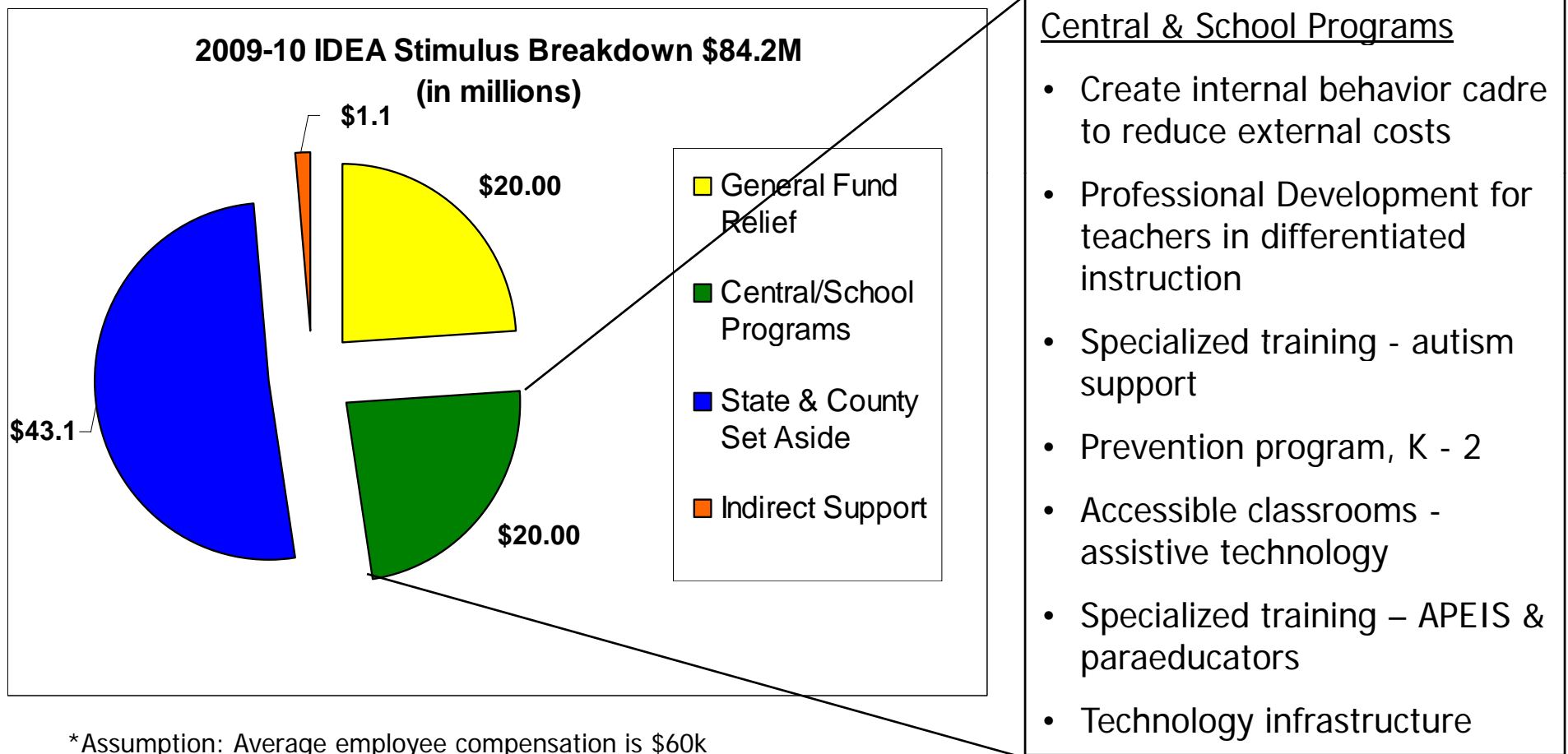
Reductions Avoided by Use of State Stabilization Funds \$160.0 M

•Maintain K-3 Class Size Reduction at 24:1 vs. 29:1	\$47.0
•Preserve School Police	\$20.0
•Elementary Arts and Music Teachers	\$17.0
•Afterschool Program	\$15.0
•Avoid further increase in secondary class size	\$12.2
•Clerical Support	\$10.0
•Custodians	\$10.0
•Counselors	\$10.0
•Maintain Norms @ 27:1 for Continuation and Independent Study	\$10.0
•Campus Aides	\$5.0
•Nursing Program	<u>\$4.2</u>
	\$160

*Assumption: Average employee compensation is \$60,000

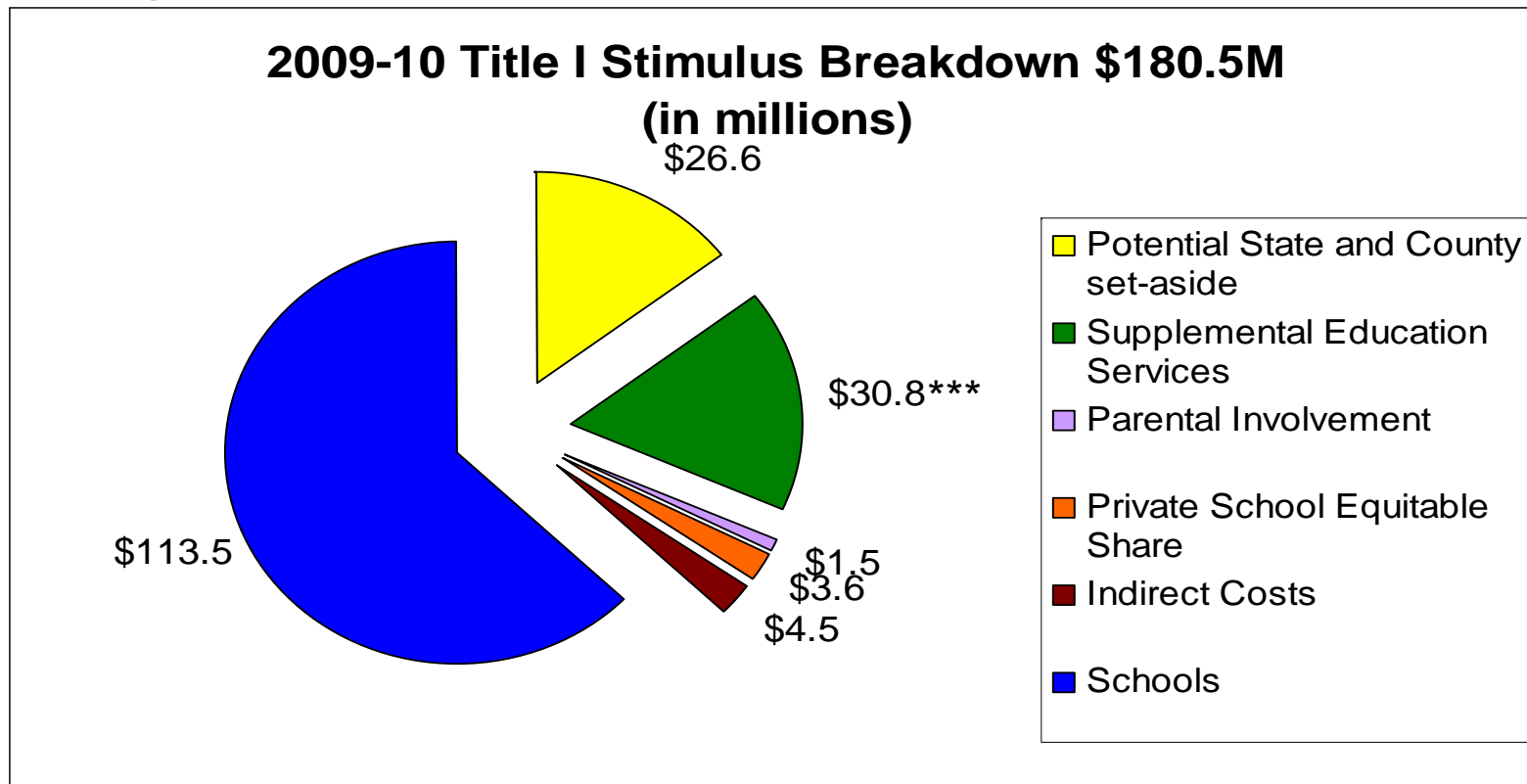
We are using \$20M of the Stimulus IDEA funding to prevent further reductions of ~333* jobs.

Of the stimulus funding for Individuals with Disabilities Education Act (IDEA) we are relying on \$40M. We may be allowed to use 50% to save jobs and the other 50% for one-time special education programs.



Schools* will be able to use \$113M of Stimulus Title I funding to save ~1,325** jobs.

Superintendent Cortines is allocating as much of the funding as possible to schools and is encouraging them to use the funding to stabilize their schools by adding back positions. This promotes choice and better aligns with Federal guidelines.



* Schools = principals, teachers, students, staff, parents, & community members

** Average teacher compensation is \$85,300

***See next page about our process for seeking a waiver

A Federal Stimulus Title I SES waiver will allow us to save ~363* more jobs.

We are currently working on submitting a waiver to the Department of Education to allocate Supplemental Education Service (SES) funding to support other Title I programs (e.g., class-size reduction, counselors, coaching, clerical**, nurses, etc.)

**Potential funding to support our Title I eligible employees
\$31 M or ~363 employees**

*Average teacher compensation is \$85,300

**Up to 5% of the Title I indirect cap

We expect to save ~4,621 jobs by using Federal Stimulus funding.

Jobs Already Saved* :	
Type of Federal Stimulus	# of Jobs
State Stabilization	2,600
IDEA - Special Ed	333
	2,933
Additional Jobs Expected to be saved:	
Type of Federal Stimulus	# of Jobs
Title I	1,325
Title I SES Waiver	363
	1,688
Total Jobs Saved with Federal Stimulus	4,621

* The 8,541 FTE reductions that we are asking the Board to approve would have been increased by 2,933 had we not used the Federal Stimulus funding.

District budgets 86,000 Full-time equivalent positions*

Personnel Reductions without Stimulus Funds ~ 11,474 jobs

Estimated Number Positions saved due to stimulus funds ~ 2,933 jobs

ASKING THE BOARD TO VOTE ON

Personnel Reductions with Federal Stimulus (\$180M) 8,541 jobs

Estimated No. of Positions schools could buy back using Title I and II Funds ~ 3,167 *

Estimated Final Personnel Reduction ~ 5,374 jobs

*Note: No. of jobs estimated based upon average teacher salary and subject to individual school allocation

We are allocating an additional \$270.1M to schools, so that they can add back ~ 3,167 jobs

- \$113 M of Title I stimulus
- \$122.0 M of decentralized Title I
- \$35.1 M of decentralized Title II
- \$ 270.1 M Total new funding available to schools

- Expectation of ~3,167 positions will be added back

- Schools will be able to add back:
 - Teachers for Class Size Reduction
 - Counselors
 - Library Aides
 - Coaching Services
 - Clerical Support (up to 5% of Title I indirect cap)
- In addition, \$7.3M of decentralized Title III will be allocated for assistance with English Learners*

* Title III cannot be used to purchase positions at the school site

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Our collective bargaining units have not agreed to alternatives to staff reductions.

Over the last two weeks, District staff has met with all our bargaining units both individually and collectively to identify potential alternatives to reductions.

- Some options (i.e.: seniority/bumping) require legislative changes in addition to negotiated changes in the different collective bargaining agreements
- District-wide as well as individual bargaining units options were actively pursued
- Possible outcomes from alternatives discussed include:
 - 5% salary reductions for all employees saves ~3,800 jobs (\$225M)
 - 10 furlough days for all employees saves ~3,000 jobs on a one-time basis (savings of \$180M)
 - Freezing step and column (annual raise) for all employees saves ~1,100 jobs on a one-time basis (savings of \$65M)
- Bargaining units have agreed to continue meeting to discuss alternatives to staff reductions

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During this budget process, we have continued to focus on streamlining central office and local districts

We reduced central office & local district positions by 10% in 2008-09 & are proposing the following additional reductions for 2009-10.

Area	FTEs	Dollars
Central Office – 22% FTE Reduction		
Certificated	289	\$31.85 M
Classified	739	\$70.25 M
Total Central Office Reductions	1,028	\$102.1M
Local District – 52% FTE Reduction		
Certificated	162	\$16.03
Classified	50	\$3.02
Total Local District Reductions	212	\$19.05 M
Total	1,241	\$121.2 M

We have continued to freeze non-essential consultant contracts to save our employees.


Impact of other cost control actions taken:

- Reduced the number of vehicles to administrators by over 25%
- Reduced travel costs by over 50%
- Reduced facility rental expenses by 62%
- Reduced the number of professional service contracts by 45%

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Why are we decentralizing funding and some decision-making?

- We have been controlling resources and decision making centrally for years and we have not seen the academic progress that is necessary.
 - 25% of our students graduate in 4 years eligible for the UC system (completed A-G requirements)
 - 29% of 3rd graders are proficient or advanced in English Language Arts
 - 3% of our High School English Learners are proficient or advanced in Math and English
 - 6% of our African American students are proficient or advanced in Math and 28% in English Language Arts
- 
- Decision making needs to happen closest to the student in order to address the specific needs of each and every student
 - Accountability – all schools will be held accountable for their data-based decisions. Lower performing schools will receive additional support and oversight.

Oversight and Accountability

- Target resources for instructional improvement; services and programs that will impact student learning.
- Provide training and guidance for school staff.
- Implement tiered approval structure.

Proposed Class Size Norm Changes

Schools may use categorical funds to save some of these jobs.

	FTEs	Dollars*
Grades K-3 increase by 4 (24:1)	1,673	\$35 M
Grade 4-5 increase by 2 (31:1)	267	\$16.1 M**
Grade 6-8 increase by 2 (35:1)	336	\$20.2 M**
Grades 9-12 increase by 2 (Grade 9&10 34:1) (Grade 11&12 43:1)	411	\$24.7 M
Eliminate Class Size Reduction (CSR) Programs:		
8 th grade English and Math CSR	155	\$9.3 M
9 th grade Math CSR	72	\$4.3 M
Morgan Hart (9 th & 11 th grade) CSR	502	\$30.1 M
Total	3,416	\$139.7M

Note: *Savings are calculated using lowest salary/benefit \$60,300 due to the effects of bumping.

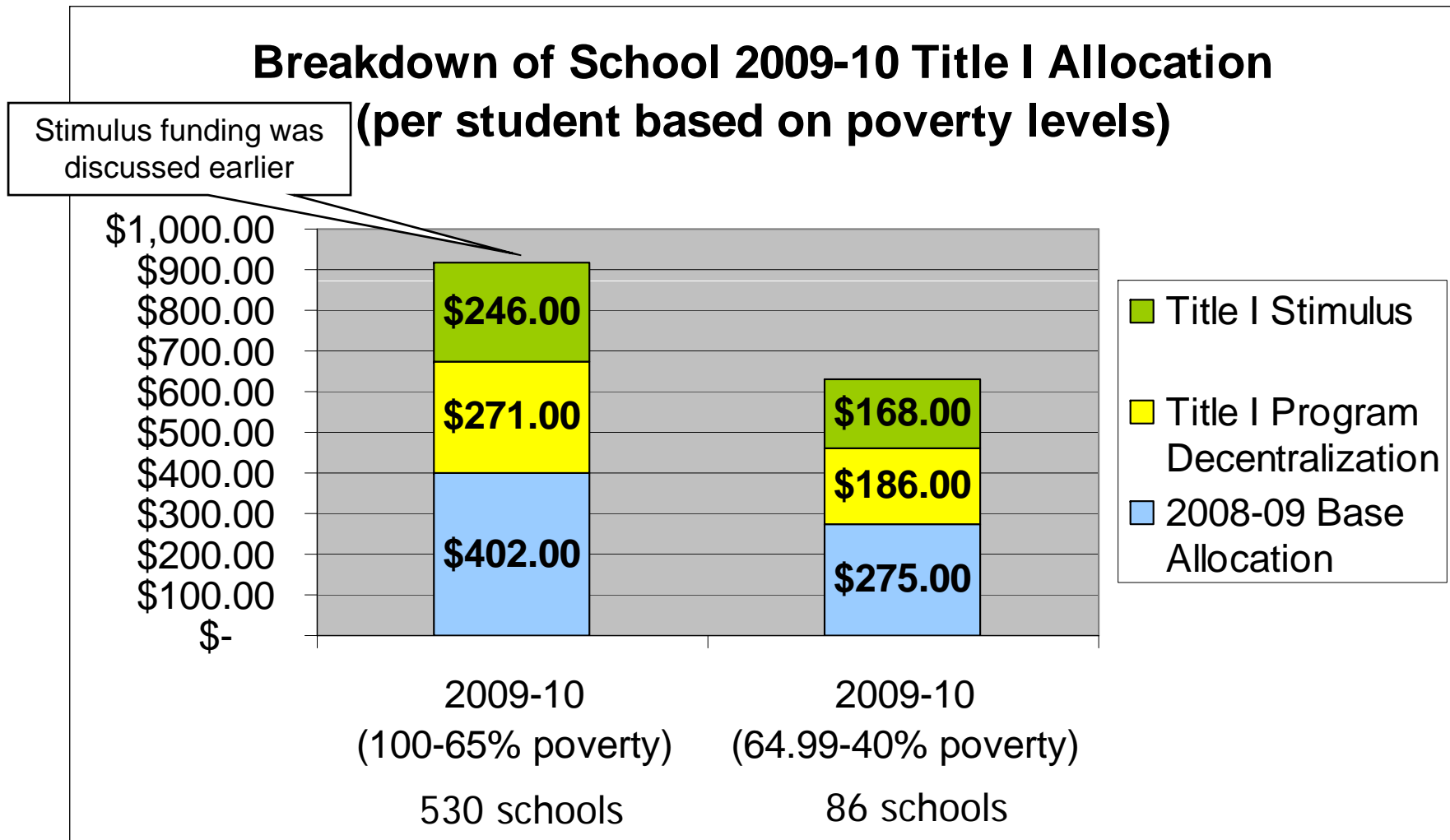
** Savings of \$16.1 Million and \$3.3 million had already been assumed in 09-10 Budget as approved by the Board in 08-09 Final Budget Adoption.

Proposed Out of Classroom Norm Changes

Schools may be able to add back some positions with their categorical funding.

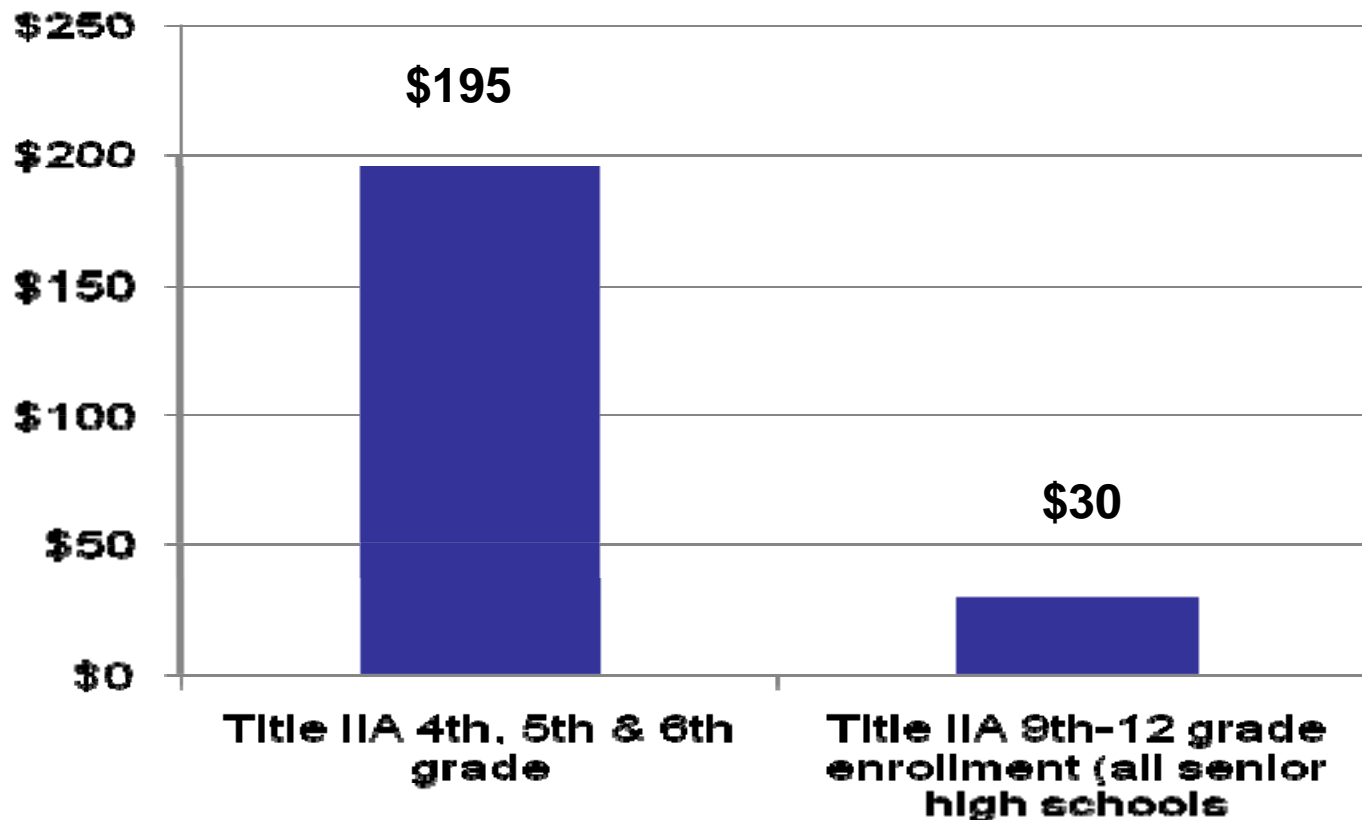
	FTEs	Dollars
Elementary Administrator: fewer than 300 students = 0.5 FTE	20	\$2.0M
Elementary Administrator increase norm by 100 students	40	\$4.1M
Secondary Administrator increase norm by 250 students	55	\$5.6M
Counselor increase ratio by 150 students	177	\$14.3 M
Library Aides less than 550 students will share	82.5	\$2.8 M
Clerical: Create one norm chart based on enrollment	529	\$22.0 M
Total	903.5	\$50.8

The Per Pupil Title I Allocations to Schools Will More than Double



We will be allocating Title II funds to schools for the first time on a per pupil basis for class size reduction and professional development.

**Title IIA Decentralization
(per student)**



To minimize the number of layoffs we are pursuing early retirement programs

Certificated Early Retirement

- 2200 responded to the survey, indicating an interest
- 1100 have come to orientations
- 600 have already submitted their retirement paperwork
- The final date to enroll is **April 24th**

Classified Early Retirement

- We have sent out an early retirement incentive interest survey to all CalPERS-retirement eligible employees who are at least age 50 and have 5 or more years of service – responses are due **April 15th**
- Based on the responses we will determine the necessary next steps

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Why must the Board vote now?

- The school planning process must begin so we can incorporate the use of Federal Stimulus dollars.
- Without a decision schools will not be able to effectively plan without staffing information.
- Schools need to review reductions, see their new allocations, and determine what positions to add back.
- Over 100 schools are on year-round schedules. Classes begin the first week of **July, 2009**.
- School categorical budgets are due **May 15, 2009**.
- By union agreement, each school needs to post a list of available classes so that teachers may select by seniority (matrix).

Why must the Board vote now?

- We will not be able to implement classified personnel actions by **July 1, 2009**, which will reduce our 2009-10 estimated savings by \$2.7 M each week.

We must position ourselves now with a staffing framework that allows options for:

- a State economy that continues to worsen, and
- the opportunity to apply for additional competitive Federal Stimulus grants

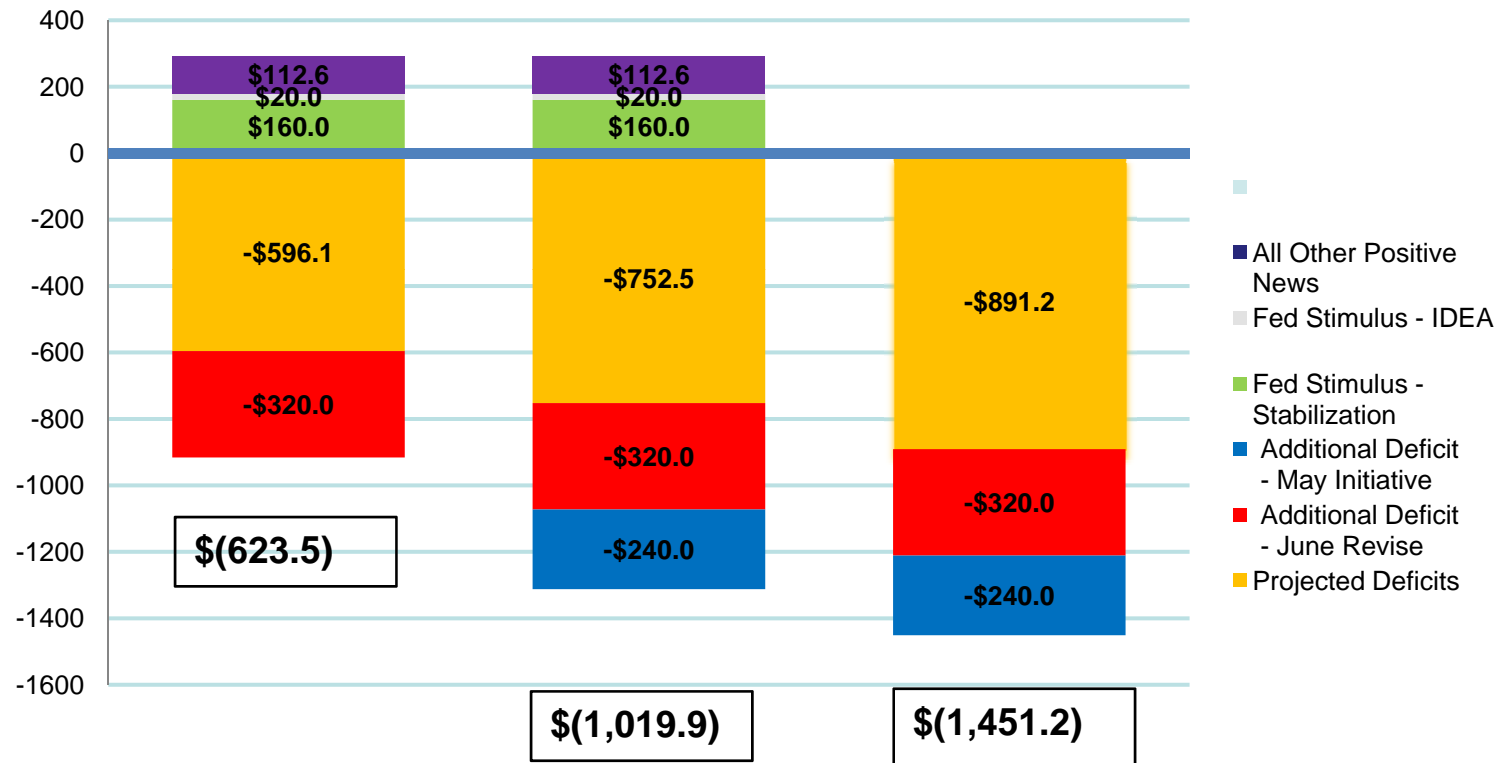
The effect of the State's continuing economic deterioration may eclipse any potential additional Federal Stimulus funding we may receive

Potential Positives	2009-10	2010-11	2011-12	Total
We receive the full IDEA Stimulus funding and can use funds to cover General Fund encroachment	22.1	22.1	-	44.2
We receive the full Fiscal Stabilization Funding	33.5	33.5	-	67.0
The Fiscal Stabilization funding is favored towards restoring categorical programs	57.0	57.0	-	114.0
Total Potential Positive	112.6	112.6	-	225.2
Potential Negatives	2009-10	2010-11	2011-12	Total
The State reduces revenue based on LAO report	(320.0)	(320.0)	(320.0)	(960.0)
The May Voter Initiatives do not pass		(240.0)	(240.0)	(480.0)
We are ineligible to use IDEA Stimulus funds to reduce General Fund encroachment	(42.1)	(42.1)		(84.2)
Total Potential Negative	(362.1)	(602.1)	(560.0)	(1,524.2)
Net positive and negative	(249.5)	(489.5)	(560.0)	(1,299.0)

Therefore we need to make substantive on-going reductions now.

LAUSD'S projected deficit with positive and negative assumptions included

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(In Millions)



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Call to Action - We must continue working critical concerns identified by Board members, parents and employees.

- Urgency with the State to confirm and release Federal Stimulus dollars to school districts.
- Bumping/Seniority – current state law does not appropriately support the needs of students during a financial crisis.
- Seeking alternatives to prevent further job loss
- United effort and advocacy in Sacramento and Washington to protect education funding and support reforms.

Questions?