



## **Budget Challenges 2010-11 and Beyond Pleasanton Unified School District**

The state continues to face fiscal challenges, and many are predicting that the negative impact on schools will continue through the 2013-14 school year. Our short and long range forecasts indicate that to maintain a balanced budget and to retain our 3% reserve for economic uncertainties, we will need to:

- 1) layoff positions and reduce funding to programs that were added over the summer and supported by \$1.3 million in one time funds,
- 2) reduce expenditures by \$2.3 million to address the advancement of positions and programs to the 2010-11 school year, and
- 3) position the District to make additional spending reductions to address new state-wide cuts to K-12 education for the 2010-11 school year.

In addition, as we look long range to the financial health of the District, we anticipate the need to make further reductions of \$1.8 million for the 2011-12 school year.

It is important to note that the reductions we have implemented over the past two years have been staggering. For 2008-09, we cut \$2 million from our schools; in 2009-10, we cut \$11 million; and now we are anticipating a reduction of at least \$5.4 million over the next two years. Programs have been eliminated or reduced; the purchase of classroom supplies and equipment has been curtailed; and certificated staff has been reduced by 6.8%, classified by 7.3%, and management by 23.1%.

Another way to understand the financial situation in which we find ourselves is to look at the change in our revenue limits over the past two years. The revenue limit is the amount of state money we receive per student per year and accounts for the vast majority of funds we receive as a District. In 2008-09, we received \$6,171 per student. For 2009-10, that number dropped to \$5,428. That is about \$11 million less to provide programs and staff to support our students.

## **Identified Budget Challenge – Reduce expenditures for the 2010-11 school year by \$3.6 million**

We are currently faced with the known challenge of reducing \$3.6 million in expenditures for the 2010-11 school year in order to have a balanced budget and our 3% reserve fund maintained. The need to make this level of reductions comes from two challenges. The first is the elimination of \$1.3 million of programs and positions that were supported by one-time funds for this year, and the second is the elimination of \$2.3 million which is the amount we need in order to roll our current budget forward into the 2010-11 school year.

The programs and positions added during the summer of 2009 were funded with the following one time sources: a) the Board decision to delay a payment for “Other Post Employment Benefits” or OPEB, b) the efforts of the “I Love Pleasanton Schools” campaign and c) compensation contributions by the management team. The total contributed by these decisions and efforts was \$1.3 million. As a result of these funds not being available for the 2010-11 school year, the following positions will need to be noticed of possible layoff:

- 4.5 Reading Specialist Positions
- 0.92 Positions to support Elementary Strings and Band
- 3.6 Positions High School Counseling
- 2.5 Positions Elementary Counseling
- 3.0 Positions of Tech Support and Library Services
- 1.5 Positions of Middle School Vice Principal
- 0.2 Position of Management Assistant (PIO)

Also, as a result of these funds not being available for the 2010-11 school year, \$45,000 to support Barton Reading and \$15,000 to support off-site counseling will need to be eliminated.

Finally, the need to reduce \$2.3 million is to address our annual “roll over” costs which include annual increases in payroll (including step and column obligations) and insurance, and adjustments to reflect inflation. It also reflects the lack of new federal money coming in to buffer the continuing state-wide budget problem.

## **Anticipated Additional Challenge – Position district to make additional cuts to address potential state level reductions to K-12 education for the 2010-11 school year**

Over the next six to eight months, we will learn more about the Governor's budget proposal for K-12 education for 2010-11. Currently, the state is facing a \$21 billion shortfall. Last year the shortfall was \$42 billion. The exact "hit" to schools will not be known until the state has a budget. The state's goal is to have a budget by July 1, but as we know, many times the budget is delayed until well into the summer or fall.

To position the District to meet its financial obligations, Cabinet recommends that we layoff the positions and reduce the program support that was funded by one time sources of revenue this summer, and that we prepare to make spending reductions to address the \$2.3 million in rollover costs. **Obviously, if there are further reductions in state funding for K-12 education this year, we will need to make reductions beyond the \$3.6 million identified above.**

To address the financial challenges before us, the Board will need to take action to provide affected employees a notice of "possible layoff" by March 15 and to inform staff and the community of possible program reductions. We are targeting the regularly scheduled Board meeting of February 23 for making a final decision as to who will need to receive a notice of "possible layoff."

## **Possible Reductions to Address Financial Challenges**

To address the budget challenges we can identify at this time for the 2010-11 school year, Cabinet has provided below a list of “Possible Reductions.” By placing a position or program on the list, Cabinet is not necessarily recommending that the reduction be made, but the list does represent the reductions that the Board has the authority to make.

As we learn more about the impact of the state budget on K-12 education, we will know to what level we need to make reductions, and this will be based on Cabinet, employees, and the District’s Budget Advisory Committee recommendations along with community input. The final decision will rest with the Board.

### Reduce Categorical Programs \$659K

\$212,000 School and Library Improvement Plans (SLIP) Pull this amount of SLIP funding to the General Fund to address the reduction in K-12 state funding. This will reduce SLIP funding to schools to \$212,000, which is 20% of the SLIP funding they received in 2008-09. This would leave \$212,000 as a potential to pull to the General Fund to address reductions in state funding.

\$28,000 Arts and Music Grant – Pull this amount of art and music grant money to the General Fund to address the reduction in state funding to K-12 schools. This action would allocate to the General Fund all of the amount received through this grant for Arts Education.

\$404,000 Class Size Reduction Grade 9 – Move class sizes in grade 9 English and math to 32 students from the current class sizes of 25. This will allow the transfer of \$404,000 to the General Fund to support the reduction in state funding to K-12 schools. This action would lead to the layoff of approximately five high school English and math teachers.

\$15,000 Gifted and Talented - Pull this amount of Gifted and Talented funds to the General Fund to address the reduction in state funding to K-12 schools. This would allocate all of the funds we receive for Gifted and Talented Education to the General Fund.

### Reduce Counseling Services \$256K

The number of counselors for the 2009-10 school year is 24.9 FTE across all of the grades. By eliminating the positions supported by this year’s one time

funds, the counseling numbers would drop to 18.7 FTE counselors. Cabinet has identified the counseling positions below as a minimum recommended level of service. The plan represents a counseling team of 15.5. This would save \$256,000 for the 2010-11 school year. The counselors would be allocated as follows:

- 7.4 FTE High School counselors to provide a student to counselor ratio of 685:1 (For 2009-10 the ratio is 425:1)
- 0.6 FTE Alternative Education Counseling
- 4.5 FTE Middle School Counseling
- 2.0 FTE Elementary Counseling
- 1.0 FTE At Risk Counseling

Eliminate K-3 Class Size Reduction \$1.3 million

This would increase class sizes in grades K-3 to 30 students per classroom instead of the current 25 students per class. This action would lead to the layoff of approximately 26 multiple subject teachers.

Reduce One Specialist Section Through a Shortened Day Schedule in Grades 1-5 \$408K

Shorten the school day one day a week by 45 min. for students in Grades 1-5 and move the teacher preparation period to the end of the day rather than have a specialist provide the preparation period.

Reduce Weekly One Specialist Section For Grades 4-5 and Two to Three Sections For Grades 1-3 Through a Shortened Day Schedule

- One Section - Grades 4-5 and Two Sections - Grades 1-3 \$632K
- One Section - Grades 4-5 and Three Sections - Grades 1-3 \$856K

Shorten the school day one day a week by 45 min. for students in grades 4-5 and two to three days per week for grades 1-3. Move the teacher preparation periods to the end of the day rather than have a specialist provide the preparation periods during the school day.

Reduce Summer School 2010 \$200K

Summer school offerings have been reduced, and some classes have become “fee based.” As a result of these modifications to the program, the summer school income will be able to contribute an additional \$200,000 to the General Fund.

Eliminate Reading Specialists \$360K

As a result of the loss of one time funding enjoyed for 2009-10, the elementary school reading specialists are already at 50% compared to 2008-09. This action would eliminate the positions entirely.

Eliminate District Funding for the Barton Reading Program \$45K

As a result of the loss of one time funding enjoyed for 2009-10, the District support for the Barton Reading Program is already at 50% compared to 2008-09. This action would eliminate the District funding for the program entirely.

Reduce Supplemental Remediation Hours \$45K

The after school remediation program funding level was reduced from approximately \$116,000 in 2008-09 to \$45,000 in 2009-10. This recommendation would be to pull the remaining funds of \$45,000 to support the General Fund.

Reduce Site funds and/carryover levels \$150K

The school sites’ discretionary budgets were reduced by 20% for the 2009-10 school year, and \$308,000 in carryover funds were pulled back to the District to support the General Fund. This action would be to pull an additional \$150,000 from the school sites to support the General Fund.

## Other Funding Sources

There are two funding sources that might provide the Board some flexibility in these very difficult financial times. One is the “Other Post Employment Benefits” (OPEB) responsibility we have, and the other is the Deferred Maintenance flexibility now allowed by the state. The annual OPEB payment responsibility we have is \$670,000. This is not a required contribution. Failure to make the contribution may negatively impact our bond rating and will be noted in our next audit. The board last year decided to not make this OPEB contribution for one year and could make the same decision this year. The Deferred Maintenance flexibility allows a district to use the deferred maintenance state contribution of \$550,000 to support other financial challenges in the district. We are using it now to support our COP debt payments. Our Sycamore Fund money could be used to support COP payments, and the deferred maintenance match money could be used to support the General Fund.

In regards to administrative cuts, it is important to note that as a result of the loss of one time funding enjoyed for 2009-10, middle school assistant principals will already be reduced by 1.5 positions (a half position for each middle school), and we will have unfunded a part time position of management assistant, a position which has been supporting our public information needs.

## Negotiable Items

As we consider the budget impacts on our school services, we will also want to work with our bargaining units to determine what changes to contracts could be agreed to in order to support staff, students, and our sound financial future.

Such opportunities might include:

Reduction of work days –

\$450K per day (All units – Certificated, Classified, Management)

Possible Reductions – three staff development days, two teacher work days, and five instructional days for a total of 10 days

Suspend high school collaboration period and reduce seventh period day options - \$448K

Suspend Voluntary Staff Development Hours - \$380K

Modify service provider in warehouse and graphics - \$250K

Suspension of Step and Column increases - \$1.6 million

## **Schedule of Critical Dates for 2010-2011 Budget Development**

January 7 - BAC to meet to review cabinet identified options and to present other possibilities

January 8 – Governor’s budget proposal announced

January 12 – Regular Meeting of the Board

January 14 - BAC to meet

January 19 – Budget Hearing

January 26 – Regular Meeting of the Board

January 27 - BAC to meet

February 2 – Budget Hearing

February 9 – Regular Meeting of the Board

February 23 – Regular Meeting of the Board – Board to Finalize Reductions

March 2 – Budget Hearing

March 9 – Regular Meeting of the Board

March 15 – Distribute Notices of Possible Layoff

March 23 - Regular Meeting of the Board – Board Approve 2nd Interim Report

April 13 – Regular Meeting of the Board

April 20 – Budget Hearing

May 15 – Final Notice of Layoff Distributed

May 25 – Budget hearing

June 30 – District/State Budget Adopted

August 15 – Second round of layoffs possible if state has adopted budget by June 30th