

BUDGET UPDATE

November 24, 2009 Board Meeting

Recap of past budget updates and timeline leading to December 8 vote.

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Date	Topic
10/20/2009	Reconciliation of the 2010-11 deficit.
10/27/2009	Update on State Budget Condition & Key Budget Dates.
11/10/2009	Our approach for the 2010-11 budget year: Building on the 2009-10 decentralization efforts.
11/17/2009	LA County Office of Education update on December 15 County deadline to re-submit budget balancing solutions for the 2010-11 budget year.
11/24/2009	2010-11 budget outlook.
Week of 11/30/2009	Superintendent's recommended balancing solutions.
12/8/2009	Board vote.

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2010-11 Budget Outlook

General Fund revenue is declining.

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- The base per student rate the District receives from the State is declining.
- District enrollment is also declining due to demographic shifts and the increase in charter options for students.

	2008-09	2009-10	2010-11
Revenue Limit Rate per ADA	\$5,645.07	\$5,214.31*	\$5,214.31
Revenue Limit ADA (Non-Charter Schools)	596,137	585,715	562,399
Fiscally-Dependent Charter Schools ADA**	6,679	6,912	6,972
Fiscally-Independent Charter Schools ADA**	48,404	57,414	65,176

*Does not include one time \$252.83 per ADA reduction, which the State took in exchange for not making an 08-09 mid-year reduction.

**Charter Schools have different revenue limit rates.

NOTE: The State permits districts with declining enrollment to use their prior year ADA or current year ADA -- whichever is higher -- for the purposes of apportioning the base revenue limit. For each of the years above, the Revenue Limit ADA figure reflects the prior year's ADA. Actual enrollment for 2008-09 is 637,051 and estimated enrollment for 2009-10 is 617,798.

However, the District plans on leveraging State-provided flexibility.

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Tier III Categorical Programs

Targeted Instructional Improvement Program	Adult Education	Regional Occupation Centers	Supplemental Hourly Programs	School and Library Improvement Block Grant	Instructional Material Fund	Deferred Maintenance
Professional Development Block Grant	Counselors, Grade 7-12	Morgan Hart Class Size Reduction	Teacher Credentialing Block Grant	Arts & Music Block Grant	School Safety & Violence Prevention	CAHSEE Intervention
Math & Reading/English Learner Professional Dev.	Gifted and Talented Education	Pupil Retention Block Grant	Charter Schools Categorical Block Grant	Alternative Credentialing	Community Day Schools	Peer Assistance and Review
PE Teacher Recruitment Grant	School Safety Consolidated Competitive Grant	Advance Placement Grant	Child Oral Health Assessments	Specialized Secondary Programs	California Technology Assistance Project	CaSAFE
Reader Services for Legally Blind Teachers						

As we build our 2010-11 budget, we are considering how best to leverage the State categorical flexibility for these programs.

Projected Expenditures are expected to Exceed Projected Revenues in 2010-11

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	2010-11 (\$ M)
Beginning Balance	\$18.9
Revenues - Tier III and General Fund, Regular Program, excluding Special Education and restricted programs.	
Revenue Limit Resources (includes 0% COLA, K-3 Revenue)	\$2,861.6
Federal Resources	\$18.4
State Resources	\$1,042.7
Local Resources	\$75.0
Other Financing Sources	\$25.0
Total Revenue	\$4,022.6
Estimated Expenditures	
Special Education Program Support	\$692.3
Routine Repair and General Maintenance Contribution	\$141.9
Child Development Fund Subsidy	\$4.1
Cafeteria Fund Subsidy	\$3.5
Non-school operating budget	\$261.1
District-wide administered programs	\$3,432.3
Total Estimated Expenditures	\$4,535.1
Ending Balance	\$1.5
Deficit	\$ (495.2)

Why is the deficit larger than previously stated?

0% COLA	-\$30 M
K-3 Revenue Increase	+\$17M

Figures are subject to change. We will continue to reconcile to provide on-going transparency.

Under LACOE guidelines, the projected \$495 million shortfall in 2010-11 leaves few choices.

We are pursuing a limited parcel tax, foundation assistance, and other revenue generating options to offset cuts. In the immediate, we have two choices as we face a \$50-60 million deficit this year and a \$495 million deficit in July 2010: **Choice A**, calls for agreements or concessions from the unions, **OR Plan B**, LAUSD’s only option and legal authority is to resort to cutting jobs, increasing class sizes and reducing support to schools.

Examples of new programmatic reductions for 2010 in the absence of new revenue or District-union agreements	
Consolidations and school closures	Reduce school/office personnel
Delay purchase of English Language Arts Textbooks	Reduce School Psychologists
Reduce Arts and Music teachers	Reduce campus aides
Increase K-3 class size from 24 to 1 to 29 to 1	Reduce number of academic/athletic stipends
Reduce nurses	Reduce school police
<u>PLUS, \$237 MILLION WORTH OF CUTS STILL TO BE DETERMINED</u>	

The 10-11 shortfall means reductions of 10-20% on top of previous years' cuts.

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- Central and local district offices will have to take 10-20% cuts on top of 45% reductions since 2006-07.
- District-wide programs will need to be reduced by 10-20%.
- Schools will need to review the impact of out of classroom positions and determine their priorities.

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School Community Budgeting

Why are we moving to School Community Budgeting?

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- Of the unrestricted resources at school sites, just 1% is allocated on a per-student dollar basis.
- The rest is allocated to schools based on staffing formulas.
- Especially with limited resources, one-size-fits-all staffing formulas may not serve all schools well.
- School communities are best positioned to adjust their budgets and decide how to spend scarce resources according to their instructional and operational priorities.

What our schools should expect over the next several months.

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- Schools will receive a snapshot of their current budget in December to review with the school community.
 - ▣ Schools need to begin the work of identifying their instructional and operational priorities.
 - ▣ Schools should begin to think about whether what's been funded at their schools is helping them to achieve their instructional goals and meet their operational priorities.
 - ▣ We need to raise awareness that the State's budget crisis will impact what the school will be able to fund next year.
- This work now will help schools prepare for school budget development in March.

What our schools should expect over the next several months.

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- ❑ Schools should expect to see a 10-20% reduction in services.
- ❑ Before budget development begins in March, the Superintendent will present to each school his recommendation for which school-site services to maintain and which to reduce.
- ❑ School communities may modify recommendations but must use data to justify their decisions and must submit a balanced budget.
- ❑ Local Districts will support schools as they develop tailored budgets that consider the needs of their specific school and student population.

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