

2009-10 Second Interim Report and 2010-11 Fiscal Stabilization Plan



March 9, 2010

Board of Education Meeting



GOALS



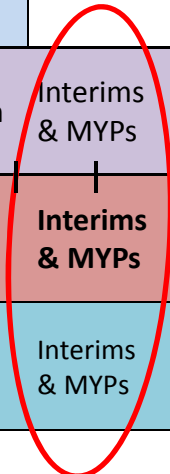
100 % PROFICIENCY AND
100 % GRADUATION

- ☑ **PRESERVE INTEGRITY OF INSTRUCTIONAL PROGRAM, STUDENT SAFETY AND WORKFORCE STABILITY**
- ☑ **PROVIDE A PATHWAY TO A THREE YEAR BALANCED BUDGET**
- ☑ **SEEK SHARED COMMITMENTS (INCLUDING LABOR CONCESSIONS AND REVENUE SOURCES) TO CLOSE A \$640 MILLION DEFICIT FOR 2010-2011 SCHOOL YEAR**

Today marks our 7th formal opportunity to review plans for the 2010-11 budget. *We will have 2 more opportunities before July 1.*

	Fiscal Year 2008-2009		Fiscal Year 2009-2010		Fiscal Year 2010-2011		Fiscal Year 2011- 2012	
	Jun	Jul	Jun	Jul	Jun	Jul	Jun	Jul
2007-08	Audit							
2008-09	Board Adoption	Budget Execution	1st, 2nd, 3rd Interims & MYPs	Audit				
2009-10	Budget Formulation Yr 2	Interims & MYPs	Board Adopt.	Execution	Interims & MYPs	Audit		
2010-11	Budget Formulation Yr 1	Interims & MYPs	Budget Formulation Yr 2	Interims & MYPs	Board Adopt.	Execution	Interims & MYPs	Audit
2011-12			Budget Formulation Yr 1	Interims & MYPs	Budget Formulation Yr 2	Interims & MYPs	Board Adopt.	Execution
2012-13					Budget Formulation Yr 1	Interims & MYPs	Budget Formulation Yr 2	Interims & MYPs

MYP= Multi-Year Projections



CHALLENGES



- CHANGE THE WAY WE DO OUR WORK TO IMPROVE OUR ACADEMIC RESULTS
- DECLINING ENROLLMENT
- FEWER DOLLARS
- SOLUTIONS TO CLOSE GAP MUST LAST MORE THAN ONE OR TWO YEARS
- FINDING WAYS TO WORK TOGETHER

What do continued cuts to education mean for our school district?

2008-09 School Year Cuts

Central office cuts	new, updated math and English textbooks
No General Fund support of certain categorical programs	Delay to the planned class size reduction
No purchases of	



2009-10 School Year Cuts

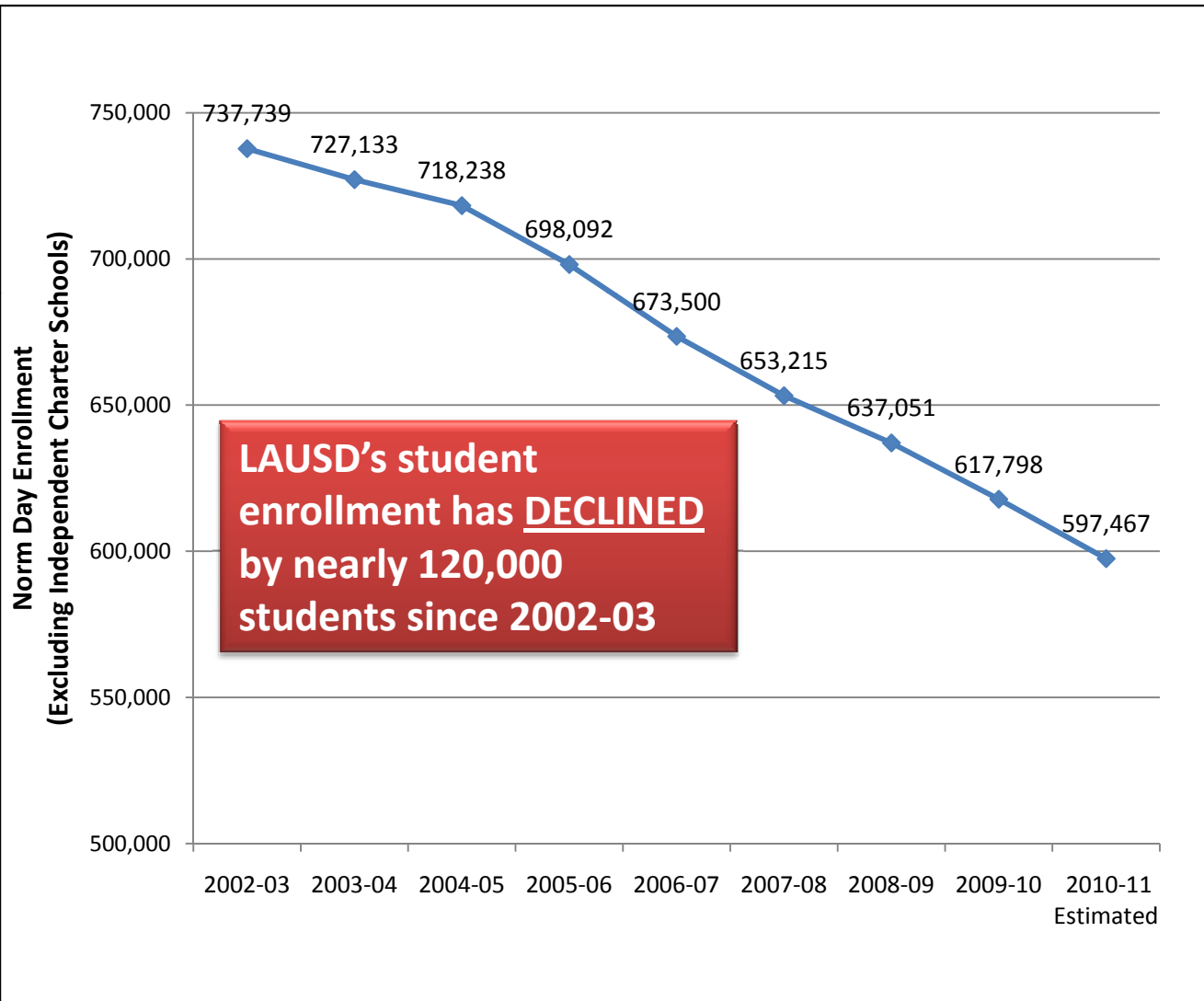
More central office cuts	clerical positions
Larger Class Sizes	No purchases of new, updated English textbooks
Fewer school site administrators, custodians, and	No summer school for most students

LAUSD must close a projected **\$640 million** gap for the 2010-11 school year. This is on **top** of the over **\$800 million** in balancing strategies we implemented this school year, and the millions we implemented in the 2008-09 school year.

2010-11 School Year Potential Cuts

More cuts to central offices and support for schools	Education, Special Education, Gifted and Talented Education and numerous other instructional programs
Even larger K-8 class sizes	Reduction of LAUSD's nationally recognized elementary arts program
Another 20-25% cut to school site support staff (administrators, nurses, counselors, psychologists, etc.)	
Program reductions for Adult	

↑ Declining Enrollment
↓ Increases our Budget Pressures



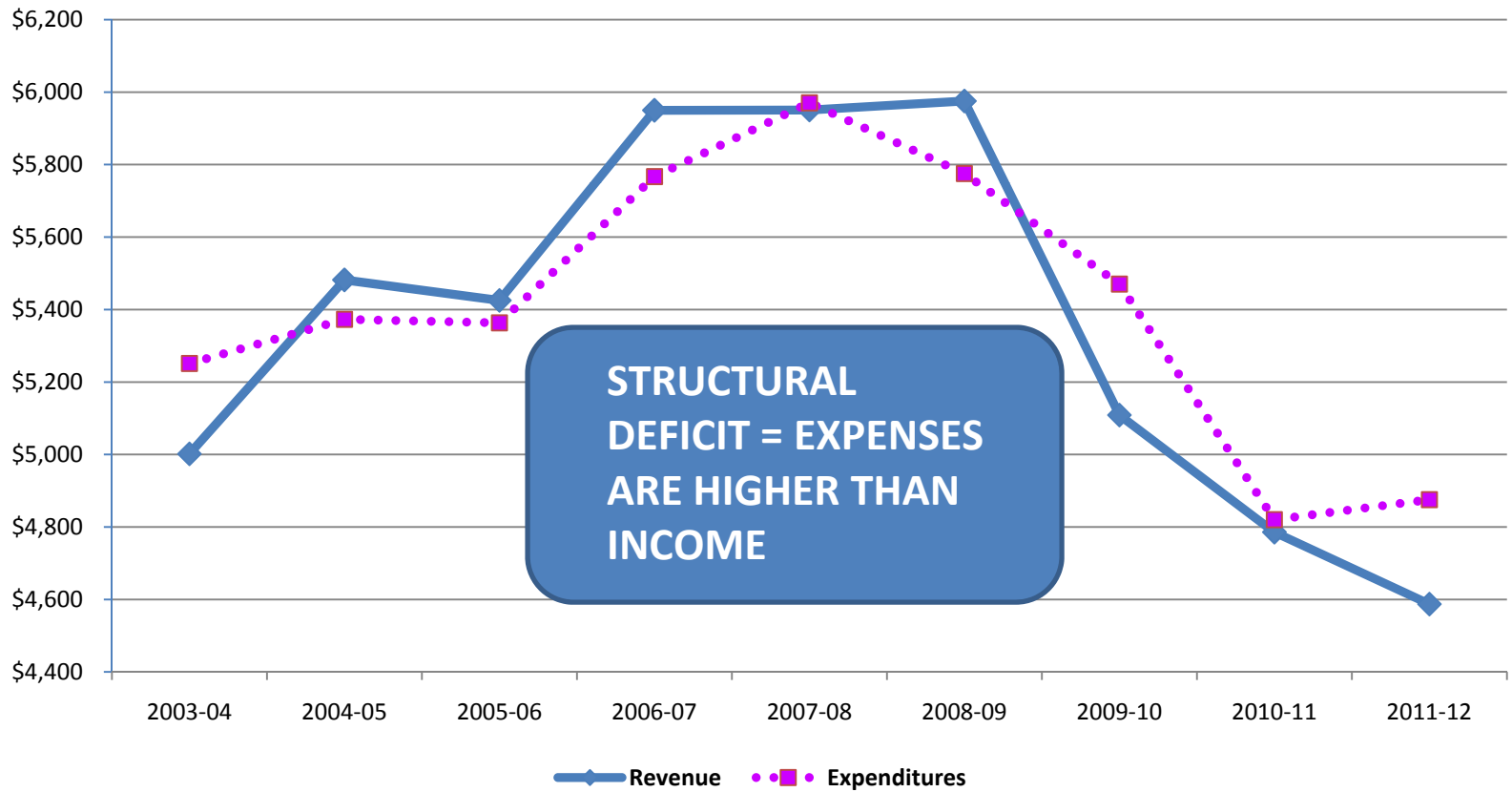
When we have fewer and fewer students, it means that there is less and less money to pay for the current amount of employees and operations.

We need to look ahead to 2011-12 even as we focus on 2010-11.

- One-time solutions will not solve our fundamental problem: our ongoing costs exceed our ongoing revenues.
- One-time solutions may bring our structural deficit into balance temporarily, but the gap between ongoing revenues and ongoing expenditures will continue to result in budgetary crisis.



General Fund – Regular Program Revenue and Expenditure Summary (in millions)



What's changed since December funding per child? The Governor's January Budget included a negative COLA and a \$250 ongoing Revenue Limit Cut.

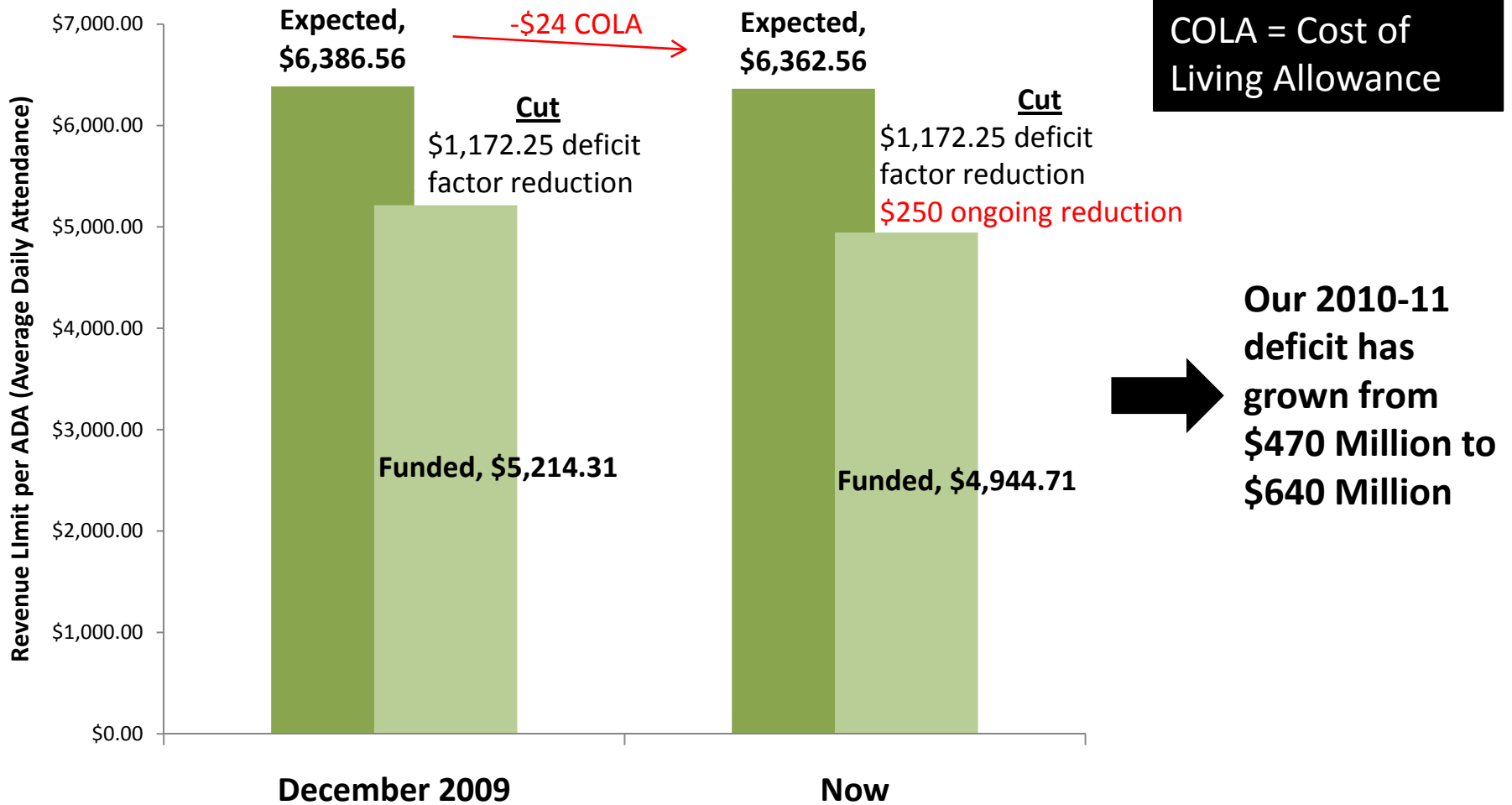


Chart only includes base revenue (Revenue Limit) and reductions. Chart does not include categorical revenue or reductions.

MEETING THE CHALLENGES

- Decrease in salary expenditures based on the early retirement incentive program, hiring freeze and furlough days.
- Change to B-basis (shorter work year) for many employees to mirror school year schedule
- Other employee shared solutions (1% ~\$40 M; 10% ~ \$400 M)
- **Last alternative** that must be identified to meet LACOE requirements = **employee layoffs, cuts to vital programs, increase in K-8 class sizes, and increase in counselor/administrator norms**



We are still pursuing all alternatives,
with Plan D as the last resort.

PLAN A SHARED SOLUTIONS X+Y+Z Causal Relationship: EVERYONE CONTRIBUTES EMPLOYEES COMMUNITY VOTERS	PLAN B ALL SHARED EMPLOYEE COMMITMENTS & <u>NO CUTS</u> ~16% SALARY CUT	PLAN C OTHER EQUIVALENT COMMITMENT 1% SALARY ~ \$40 MILLION 1 FURLOUGH DAY ~ \$15 MILLION	PLAN D LAST RESORT ONLY LEGAL AUTHORITY WITHOUT COMMITMENTS FROM THE COMMUNITY AND EMPLOYEES
\$640 MILLION*	\$640 MILLION	\$640 MILLION	\$640 MILLION
-\$20 M	-\$20 M	-\$20 M	-\$20 M

•These numbers are subject to change.

SHARED SOLUTIONS/OPPORTUNITIES



- 10% salary cut ~ \$400 M in savings
- 5 furlough days for 2009-10 = \$75 M in savings
- 7 furlough days for 2010-2011 = \$105 M in savings
- **More shared solutions = fewer cuts to the classroom**

LAST ALTERNATIVE

“When we receive additional shared solutions, we will restore class size and return essential resources and services to our schools.”

Superintendent
Ramon C. Cortines

- Reduction of Visual and Performing Arts programs by 50 percent



Reduce librarians, aides and nurses to only mandates or non-general funding

LAST ALTERNATIVE

“This plan is not my recommendation for what is academically the right thing for our students. This plan is unfortunately our necessity and only option unless other solutions become available. “

Superintendent
Ramon C. Cortines



- Increase class size in grades K-8 by two to five students

- Counselor to student ratio will be 1000 to 1 at most middle schools; 800 to 1 at most senior high schools



LAST ALTERNATIVE

“I am also committed to continuing to work with our collective bargaining groups to secure the shared commitment that we need. But time is running short and the lives our employees are being impacted the longer we wait.”

Superintendent
Ramon C. Cortines

2010-11 PROPOSED “LAST ALTERNATIVE” REDUCTIONS EFFECTIVE JULY 1, 2010*	POSITIONS REDUCED	PERCENTAGE OF EMPLOYEE RANKS
Central and Local District office	440	11%
Teachers	3,104	11%
Administrators	276	17%
Other certificated school support service personnel	524	18%
Other classified support	1,998	11%
TOTAL EMPLOYEE REDUCTIONS	6,344	11%

*Most reductions in force will be effective by July 1; Others will continue on a rolling-basis throughout 2010-2011.

NEW SCHOOLS BRING CHANGES FOR EMPLOYEES

As LAUSD builds more schools, more students move off of year-round schedules. The District is realigning many central office employees' work schedules to mirror schools' calendars. This change in "basis" brings with it a 15% pay cut for the employee.



South Gate Elementary School #6

CHANGE OF BASIS (SHORTENED WORK YEAR) /15% PAY CUT	AMOUNT OF EMPLOYEES	PERCENT OF EMPLOYEES
Central and Local District office	855	19%

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- **More shared solutions = fewer cuts to the classroom**



Currently, senior management and five collective bargaining groups have agreed to four furlough days this year.

Limited parcel tax to be voted on in June 2010 = fewer cuts to the classroom.

WE ARE LAUSD



SHARED SOLUTIONS FOR A BETTER LAUSD