

SPUSD Business Office Memo

To: South Pasadena USD Governing Board and Brian Bristol, Superintendent
From: Mary Anne McCabe, Asst. Superintendent
Date: March 11, 2008 **BOARD APPROVED 3/11/08**
Re: Budget Reductions and Revenue Enhancements

Overview

The 2nd Interim Budget must be board approved by the 15th of March and must incorporate current and future assumptions based on the state budget and the effect on education revenue. The proposed budget for 2008/2009 and beyond included some major impacts with a deficit (6.99%) larger than the cost of living increment (4.74%) in state revenue limit funding estimate, a reduction by 6.5% in state revenue (categoricals and special education); a 3% cost of living allowance and 6.99% deficit for revenue limit funding estimate for 2009/2010. The proposed impact for 2007/2008, which included a .5% deficit to current funding for revenue limit has been temporarily put on hold and the district has received approval to reserve these funds in the ending balance as designated funds at their meeting on 2/26/08 (this action was also suggested by Los Angeles County Office of Education). Staff has shared the major loss of revenue we are estimating and desire and recognize the need to keep reductions as far away from the classrooms as possible whenever possible. Staff has also tightened up our practices for budgeting and have made corrections found within our system as we move forward.

The 2nd Interim budget requires a certification that the district will be solvent in the current year and two subsequent years. LACOE is requiring a separate board action to adopt the reductions that we are incorporating in our budget planning process so they can be sure that we are committed to solvency and making our established plan work (Districts are required to show fiscal solvency for the current and two subsequent years).

You, as a board, can always change one item for another as we continue through our process in preparing for the filing of the adopted budget for 2008/2009. The impact to our budget is not for the current year but for the "out years" that must be included in our interim budget process by way of our multi year projecting. Fiscal solvency issues are determined based on meeting the district obligations and maintaining the required reserve amount.

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Staff has brainstormed ideas for reductions and enhancements that have the least impact to the instructional programs or attempt to improve instruction by stressing the need for student attendance. Our list of ideas has gone through various review scenarios and also been discussed with the board to avoid impacts to personnel as much as possible. These ideas have also been shared with the newly formed budget review committee.

An in-depth review of our budget categories, projections, current funds received, and funds expended began in December with our consultant to identify areas in our budget that were over or under estimated based on information received from different internal sources for validity. Systems need to be improved as we have identified and we are committed to doing so. The exchange of information is not as seamless and integrated as we would like to allow for consistent interpretation and easy tracking. Staff recognizes the continued need to identify established protocols to use and information to be reevaluated to verify corrections and proper implementation continue.

Description of Action

Staff began the process of reviewing the budget with our financial consultant and looking at areas that needed improvement, such as salary and benefit estimating, and a better use of the purchasing system to track annual expenditures to avoid excessive carryover situations. A starting point and target list was established by cabinet based on the most recent approved operating budget and incorporating the revenue reductions from the state to identify the shortfall. This list was expanded by the leadership team with ideas, cabinet reviewed the expanded list once again and refined the list and associated revenue and expenditure estimates to it. A refined list was shared with the board and budget committee at the meeting on February 27, 2008. This list has been refined since that time with more information that is pertinent to our fiscal solvency decision making and after getting more direction from the Governing Board and preparing the 2nd Interim budget.

Our consultant provided a multi-year budget projection summary form that identified the areas of reductions needed as a tool. Reductions have been made to achieve a balanced budget in the current year and two subsequent years with conservative estimates that was realistic and had the least impact to loss of positions and student learning.

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Master List of Options:

Some of the areas we have identified are as follows:

1. Eliminate Saturday School \$50,000
2. Reduce Class Size Reduction K-3 and Grade 9
3. Class Size Reduction utilize Option 2
4. Increase class size
5. Freeze travel and conference for all employees or for non-categorical funds
6. Reduce budget for supplies, legal and consultant services \$150,000
7. Reduce instructional minutes
8. Discontinue administrative retreat during summer \$5,000
9. Re-evaluate all positions before rehiring
10. Reduce Coordinator of Assessments and Categorical Programs \$90,000
11. Reduce Teacher on Special Assignment \$75,000
12. Eliminate Middle School Counselor \$75,000
13. Eliminate crossing guard payment to city \$25,000
14. Identify overlap in employee duties and eliminate as necessary
15. Eliminate 5th grade musical \$10,000
16. Cut elective classes
17. Discontinue uniform allowance \$8,100
18. Freeze substitute costs and not hire subs for some positions \$10,000
19. Utilize energy conservation program \$35,000
20. Reduce custodian positions \$12,500-\$50,000
21. Reduce capital outlay costs not spent to date (2007/08)
22. Establish reduced cleaning program
23. 4 by 4 block schedule concept
24. Freeze health and welfare paid by district \$250,000
25. Freeze step and column \$218,000
26. Eliminate summer school (utility and operations costs)
27. Establish perfect attendance program and educate parents \$240,000
28. Increase parking fee at district office \$60,000
29. Raise pool use costs/lesson costs \$5,000
30. Establish bingo budget dollar program
31. Pursue independent study for all grade levels
32. Calendar adjustment to improve attendance
33. Adjust facility use fees to cover all direct costs
34. Offer retirement incentive \$100,000
35. Reduce athletic transportation costs \$50,000
36. Business Office Reorganization \$35,000
37. Reduce SPEF partnering contribution \$130,000
38. One-time property liability insurance reduction \$30,000

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- 39. Include salary increase proposed for 07/08 (incorporated on 2/26/08)
- 40. Add teacher for Monterey Hills 1st grade 07/08
- 41. Reduce Special Education Excess costs – one time \$150,000
- 42. Shift intervention costs to categorical programs \$50,000
- 43. Recover CAHSEE hours of instruction from high school \$25,000

Budget Enhancements

Fiscal Year	Description of Activity	Amount
2008/2009	Facility use fee restructuring to allow for recovering direct costs that include labor, utilities, cleaning, loss of productivity for staff and indirect costs which include scheduling, coordination of staff, hiring and monitoring activity of our employees.	Estimated Revenue is \$15,000
2008/2009	Increase ADA 1% (different than 50 previously listed); This can be done through various methods the district is prepared to use and keep the community informed such as parent notification of what a loss of attendance for a day means to the district at \$42.10 as well as impact to education of their children; enforce attendance through the School Attendance Review Board process, encouraging independent study for absences (family trips) for five days or more; calendar planning strategies for 2008/09 and 2009/10 to target better attendance patterns during holiday periods. Regular monitoring with sites and to the board.	Estimated Revenue is \$223,446

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2008/2009	Increase pool use costs for lessons, community swim and other pool uses	\$5,000
2008/09	Increase attendance by allowing for interdistrict permits by 25 students for city employees (17) and business owners in the community (8). We have had numerous calls since discussion was held at the board meeting on regulations	\$141,197
	ENHANCEMENT TOTAL	\$384,643

Budget Reduction Areas

Fiscal Year	Description	Estimated amount
2007/2008	Freeze all expenditure categories for supplies and services to minimize impact for next year.	\$50,000
2007/2008	Removal of expenditure for charter school taxes	\$249,862
2007/2008	Shift intervention salary and benefit to Title One for 2007/2008 (\$50,000); capture CAHSEE intervention hours (\$25,000)	\$75,000
2008/2009	Eliminate crossing guard payment to city	\$25,000
2008/2009	Eliminate Saturday School unless generating revenue source and is cost neutral	\$50,000

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2008/2009	Reduce expenditures in supplies and other services by 8%	\$150,000
2008/2009	Reduce athletic transportation by 50%	\$50,000
2008/2009	Reduce certificated staffing by 1 (SpEd)	\$65,000
2008/2009	Provide substitutes for necessary positions only	\$10,000
2008/2009	Reduce contribution for liability property insurance for one time only	\$30,000
2008/2009	Reorganize Business Office	\$35,000
2009/2010	No summer school/use school year intervention	\$50,000
2009/2010	Revisit CSR program for reduction to one or more grade levels; Use of option 2 for kindergarten	\$85,000
2009/10	Reduction of clerical positions at various locations	\$50,000
2009/10	Reduction to custodian time based on reduction of classrooms (5 hr positions) Could increase to \$100000	\$25,000
2009/2010	Retirement incentive (net savings)	\$100,000
	Total	\$1,129,862
	Grand Total	\$1,514,505

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Recommendation:

Staff recommends the board take appropriate action to embrace these reductions and incorporate into the budget for the 2nd interim and the multi-year plan.