

INTER-OFFICE CORRESPONDENCE
Los Angeles Unified School District
Office of the Chief Financial Officer

TO: Members, Board of Education
Ramon Cortines, Superintendent

DATE: June 23, 2009 (Revised*)

FROM: Megan Reilly, CFO 
Yumi Takahashi, Budget Director 

SUBJECT: Budget Balancing Solutions

Earlier this year, the Board of Education voted both to adopt mid-year reductions in order to balance the 2008-09 budget (see March 31, 2009 Board Report 304-08/09) and to adopt personnel reductions for the 2009-10 school year so that schools could begin to plan their 2009-10 budgets (see Appendix I).

On June 23, 2009, the Board is scheduled to vote on additional balancing proposals for 2008-09 and the 2009-10 Final Budget, which includes balancing proposals for 2010-11 and 2011-12. Attachment A summarizes the balancing proposals.

We have prepared the attached materials to provide the Board with additional information on the balancing proposals and other adjustments that are contained in the 2009-10 Final Budget. These items fall into four categories:

- **Solutions necessary to balance the current year (2008-09) budget.** After the Board's March 31, 2009 vote to adopt budget-balancing mid-year reductions, the State's financial situation deteriorated. Additional State cuts in funding now require the Board to adopt additional reductions to balance the current year budget. Section I includes descriptions of staff's recommended solutions to balance the 2008-09 budget.
- **Solutions necessary to balance the 2009-10 budget.** On April 14, 2009, the Board voted to adopt various personnel reductions with the knowledge that staff would return before June 30, 2009 with non-labor reductions. Staff is now bringing forward non-labor reductions for the Board's approval, but must also bring forward additional personnel-related reductions due to the continuing State budget crisis. Section II describes staff's recommended solutions for 2009-10.
- **Additional items affecting the size of the deficit.** In addition to the detail on proposed reductions, we are providing summaries of other items that affect the size of the deficit. These are primarily adjustments resulting from the restoration, alteration, or implementation of previously approved cuts. A summary is included in Section III.
- **Solutions necessary to balance the 2010-11 and 2011-12 budgets.** State law requires school districts to submit a balanced budget by June 30 of the current year for the upcoming school year and the subsequent two school years. *As described in Attachment A, it is the District's intention to pursue a parcel tax and/or additional secured shared commitments from our bargaining units. Section IV describes the budget balancing solutions to be implemented in 2010-11 and 2011-12 should the parcel tax and/or secured shared commitments not materialize.

As always, we are available to answer any questions you may have.

Attachment A (Revised*)

*This attachment contains proposals to balance 2008-2009 and 2009-2010. Many of these reductions are on-going in nature.

*As described in the materials presented to the Board of Education June 18, 2009, it is the District's intention to pursue a parcel tax and/or secured shared commitments for the 2010-2011 and 2011-2012 fiscal years. Should the parcel tax and/or secured shared commitments not materialize, the budget reduction proposals contained in "Budget Items Affecting only 2010-11 and 2011-12" will be implemented.

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	4-Year Total	Notes
Second Interim Projected Deficit	(140.4)	(718.1)	(1,458.8)	0.0	(2,317.3)	
Board-Approved Balancing Items (March 31, 2009)	140.6	(18.6)	(11.7)	0.0		Refer to Board Report March 31, 2009
Board Approved Staffing Reductions (April 14, 2009)		320.2	356.2	0.0		Refer to Appendix 1
Changes as a result of Third Interim Expenditure Report	1.6	12.9	(28.9)	0.0		
Projected Deficit at Third Interim	1.8	(261.3)	(686.5)	(1,278.9)	(1,278.9)	
May Revise Reduction in Revenue	(133.5)	(273.4)	(257.3)	(251.2)	(915.4)	
Total Cumulative Deficit	(131.7)	(668.1)	(1,350.7)	(2,194.3)	(2,194.3)	
Total Non Cumulative Deficit	(131.7)	(536.5)	(682.5)	(843.6)	(2,194.3)	
Balancing Proposals						
Federal Stimulus Revenues						
State Stabilization Funds	0.0	358.8	154.4	0.0	513.2	
Special Ed IDEA	0.0	34.4	34.4	0.0	68.8	
Subtotal Federal Stimulus Revenue	0.0	393.2	188.8	0.0	582.0	
Categorical Flexibility						
Tier III Flexibility	75.2	40.8	40.8	40.8	197.7	
Tier III Programs Requirement	0.0	(46.2)	0.0	0.0	(46.2)	
Deferred Maintenance	28.0	25.0	25.0	25.0	103.0	
Summer School and Intersession	0.0	33.0	33.0	33.0	99.0	
Subtotal Categorical Flexibility	103.2	52.6	98.8	98.8	353.5	
Non-School Related Reduction						
Issue COPs to cover ISIS project	21.4	(2.7)	(2.7)	(2.7)	13.3	
Additional Central Office Reductions	2.8	5.2	5.2	5.2	18.5	
Central Office Non-Salary Reductions (accompany April 14 staff reductions)	0.0	17.2	17.2	17.2	51.6	Refer to Appendix 2
Additional Transportation Reductions	0.0	16.2	16.2	16.2	48.6	
Administered by Central Office Non-Salary Reductions (accompany April 14 staff reductions)	0.0	15.5	15.5	15.5	46.5	Refer to Appendix 3
Shortened work year - 27 days of furlough for classified non school staff	0.0	9.0	18.0	18.0	45.0	
Shortened work year - B basis for certificated non school staff	0.0	3.0	3.0	3.0	9.0	
Beaudry Operating Account	0.0	1.3	1.3	1.3	3.9	
Reduce District cars provided to management staff	0.0	0.1	0.0	0.0	0.1	
Subtotal Non-School Related Solutions	24.2	64.8	73.7	73.7	236.5	
School Related Reduction						
Reduce School Unspent IMA and Arts Music and PE Block grant funds	4.8	0.0	0.0	0.0	4.8	
SRLDP Classes converted to State Preschool	0.0	10.0	10.0	10.0	30.0	
Mid-year Renorming	0.0	8.1	8.1	8.1	24.3	
After School Funding Shift to Prop 49	0.0	7.3	7.3	7.3	21.9	
School Police Reduction of Overtime	0.0	1.0	1.0	1.0	3.0	
Subtotal School Related Solutions	4.8	26.4	26.4	26.4	84.0	
Additional Items that Affect the Size of the Deficit						
Change of Year-Round Schools to Traditional	0.0	7.3	18.0	27.0	52.3	
Reduce Day to Day Sub Account	0.0	3.7	3.7	3.7	11.1	
Reduction in administrative telephone expense as a result of lease consolidation and reduction in staff	0.0	1.6	1.6	1.6	4.8	
Classified early retirement cost less than expected	0.0	0.6	0.6	0.6	1.8	
KPMG Audit Extension	(0.6)	0.0	0.0	0.0	(0.6)	
Retraining and RIF Support for Personnel Commission and Payroll	0.0	(2.2)	(1.2)	(1.2)	(4.6)	
Small school principals - no reduction, only change to B- basis	0.0	(2.0)	(2.0)	(2.0)	(6.0)	
Ten Schools Program reduction (2009-10 from 50% reduction to 30%)	0.0	(2.2)	(2.2)	(2.2)	(6.6)	
Magnet Schools Increase Capacity	0.0	(2.2)	(2.2)	(2.2)	(6.6)	
Small Learning Community Lead Teacher Auxiliary Period restored	0.0	(5.1)	(5.1)	(5.1)	(15.3)	
Subtotal Items that Affect the Size of the Deficit	(0.6)	(0.5)	11.2	20.2	30.3	
Total Balancing Strategies	131.6	536.5	398.9	219.1	1,286.2	
Total Cumulative Deficit	(0.0)	(0.0)	(283.6)	(908.1)	(908.1)	
Total Non Cumulative Deficit	(0.0)	0.0	(283.6)	(624.5)	(908.1)	

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	4-Year Total	Notes
Balancing Items affecting only 2010-11 and 2011-12						
Revenue						
Revision to out-year revenue estimates	0.0	0.0	8.5	8.5	17.0	
Align Work Year to Calendar (change basis)						
School financial managers at traditional calendar schools (A to B basis)	0.0	0.0	0.5	0.5	1.0	
Clerical staff at traditional calendar middle and high schools (A to B basis)	0.0	0.0	2.0	2.0	4.0	
Central Office						
Charge employees for parking at Beaudry	0.0	0.0	1.2	2.4	3.6	
Continue to streamline business operations (e.g., KLCS)	0.0	0.0	3.0	3.0	6.0	
Cost efficiencies						
Consolidations and school closures	0.0	0.0	5.4	10.9	16.3	
Deferral of purchase						
English Language Arts textbooks	0.0	0.0	20.0	40.0	60.0	
District-wide salary reduction						
Eliminate 2 pupil free days and institute 2-day furlough for all employees	0.0	0.0	28.5	26.5	55.0	
Salary Reduction (5-6%)	0.0	0.0	0.0	200.0	200.0	
Out of classroom pay						
Reduce number of academic differentials by 50%	0.0	0.0	1.5	1.5	3.0	
Reduce number of athletic differentials by 50%	0.0	0.0	3.6	3.6	7.2	
Procedural efficiencies						
Reduce salary overpayments	0.0	0.0	10.0	15.0	25.0	
Program reduction and/or program conversion						
Eliminate Child Development subsidy	0.0	0.0	3.9	3.9	7.8	
*Convert Ten Schools Program funding to grant funding	0.0	0.0	7.5	7.5	15.0	
Convert additional SRLDP classes to state preschool or other grants	0.0	0.0	25.6	38.4	64.0	
School Site Resources						
Reduce Capacity Adjustment Program (CAP) school site resources by 33%	0.0	0.0	0.2	0.2	0.4	
Reduce Permits With Transportation (PWT) school site resources by 33%	0.0	0.0	0.5	0.5	1.0	
School Site Staff						
Eliminate advance course offerings for middle and elementary span year round schools	0.0	0.0	1.6	1.6	3.2	
Create norm for librarians	0.0	0.0	2.0	2.0	4.0	
Reduce General Fund, Unrestricted-funded school psychologists by 50%	0.0	0.0	3.4	3.4	6.8	
Reduce District-funded nurses by 50%	0.0	0.0	5.0	5.0	10.0	
Additional school site clerical reductions in 2011-12				10.0	10.0	
Reduce campus aides by 25% in 2010-11 and add'l 25% in 2011-12	0.0	0.0	4.1	8.1	12.2	
Reduce magnet coordinator allocations to magnet schools and centers	0.0	0.0	6.5	6.5	13.0	
Increase student counselor ratio - 100 in 2010-11, add'l 100 in 2011-12	0.0	0.0	5.6	10.0	15.6	
Eliminate allocation for non-classroom activities	0.0	0.0	8.5	8.5	17.0	
Reduce Administrator, Assistant Principal Secondary Counseling Services positions	0.0	0.0	10.9	10.9	21.8	
Reduce Arts and Music teachers by 50% in 2010-11 and 100% in 2011-12	0.0	0.0	14.4	28.8	43.2	
Half day kindergarten in 2011-12	0.0	0.0	0.0	46.5	46.5	
Increase class size in K-3 from 24:1 to 29:1	0.0	0.0	47.3	47.3	94.6	
Services to Schools						
Reduce Facilities Operations budget by 5%	0.0	0.0	9.9	9.9	19.8	
Reduce School Police by 25%	0.0	0.0	10.1	10.1	20.2	
Reduce transportation budget by 10% in 2010-11 and add'l 5% in 2011-12	0.0	0.0	18.1	27.2	45.3	
Reduce Routine Repair and General Maintenance contribution	0.0	0.0	17.5	32.6	50.1	
Total 2010-11 and 2011-12 Balancing Solutions	0.0	0.0	286.8	632.8	919.6	
Total Cumulative Deficit	(0.0)	(0.0)	3.2	11.5	11.5	
Total Non Cumulative Deficit	(0.0)	0.0	3.2	8.3	11.5	

Section I

2008-09 Mid-Year Solutions

CATEGORICAL FUNDS FLEXIBILITY – 2008-09

Description of Current Program

The State has established a number of categorical programs to provide funding to districts for specific purposes or to serve specific groups of students.

The State budget, adopted in February, grants districts the flexibility to redirect funding for certain categorical programs to any other educational purpose over a five-year period ending July 1, 2013.

Proposed Changes

Utilize the flexibility granted in the State budget to redirect balances in certain categorical programs in order to balance the 2008-09 budget, as illustrated in the table below.

Categorical Program	Amount
Arts and Music Block Grant	\$1,117,569
Arts, Music, and PE Block Grant – PE portion	\$6,063,021
Supplemental School Counseling*	\$1,789,033
Gifted and Talented Education	\$61,331
Instructional Materials Realignment*	\$23,782,525
California Peer Assistance & Review Program	\$1,988,785
Pupil Retention Block Grant	\$264,933
Teacher Credentialing Block Grant	\$2,402,274
Professional Development Block Grant	\$4,764,281
School and Library Improvement Block Grant	\$8,117,969
Staff Development: Math & Reading	\$1,507,060
Targeted Instructional Improvement Block Grant*	\$22,569,444
Certificated Staff Monitoring	\$790,146
TOTAL	\$75,218,371

*In order to fund program commitments in 2009-10, the District will provide funding in the 2009-10 budget for the Supplemental School Counseling, Targeted Instructional Improvement Block Grant, and Instructional Materials Realignment programs, at a total of \$46 million.

Impact

Funds will not be used for the intended purposes of these programs, but will instead be utilized to balance the unrestricted, General Fund.

DEFERRED MAINTENANCE FUND

Description of Current Program

Each year, as required by law, the District contributes an amount equal to one half of one percent of the District's General Fund to the Deferred Maintenance Fund in order to be eligible for the State's Deferred Maintenance basic grant. The Fund is a restricted fund and is used to cover the costs of:

- major repair or replacement of plumbing, heating, air conditioning, electrical, roofing, and floor systems,
- the exterior and interior painting of school buildings,
- the inspection, sampling, and analysis of building materials,
- the encapsulation or removal of asbestos-containing materials,
- the inspection identification, sampling, and analysis of building materials to determine the presence of lead-containing materials,
- the control, management, and removal of lead-containing materials, and
- any other items of maintenance approved by the State Allocation Board.

Since the passage of Measure Y, the District has been reimbursed for its contribution to the Fund by Measure Y Basic Repairs funding.

The State budget adopted in February 2009 suspends the one half of one percent local match requirement from 2008-09 through 2011-12. The State budget also allows districts to use funding from the State's Deferred Maintenance Grant program for other educational purposes during this period.

Proposed Changes

Use the flexibility granted in the State budget to:

- eliminate the one half of one percent local match for 2008-09 through 2011-12
- direct State funding from the Deferred Maintenance Grant program toward other educational purposes for 2008-09 through 2011-12

	2007-08	2008-09	2009-10
Beginning Balance	\$ 153.90	\$ 149.60	\$ 129.00
Revenue	\$ 67.00	\$ 69.20	\$ 28.50
Expenditures	\$ (71.30)	\$ (61.80)	\$ (132.50)
Ending Balance	\$ 149.60	\$ 157.00	\$ 25.00
Flexibility		\$ (28.00)	\$ (25.00)
Revised Ending Balance after Utilizing Flexibility	\$ 149.60	\$ 129.00	\$ -

Impact

Reducing funding for the Deferred Maintenance Program will impact the District's ability to address the backlog of deficiencies which currently totals over \$7 billion and is increasing at an estimated \$500 million per year. Critical repairs will be further deferred, increasing the backlog of deficiencies. The number of service calls will also increase as systems that would have been replaced continue to deteriorate. Future repairs for the systems will be more costly as repair costs rise. Safety issues may also arise with the deferral of peeling paint and concrete repairs.

Given the possibility that the District may not be able to issue as many bonds as previously planned, there will be fewer opportunities to access bond funds for major repairs and replacements of building systems. Deferred Maintenance funds may be the only funds available for major repairs and replacements of building systems.

INTEGRATED STUDENT INFORMATION SYSTEM

Description of Current Program

The Integrated Student Information System (ISIS) is a secure, web-based software application that houses all student records in a single system. It replaces 26 different and antiquated systems the District previously used to store student data. The ISIS budget includes \$21.4 M in General Fund carryover.

Proposed Changes

Capture the General Fund carryover to balance the 2008-09 budget and borrow \$21.4 M in funding through the issuance of Certificates of Participation (COPs) in order to pay for work related to the implementation of the Integrated Student Information System.

Impact

Funding will be available to continue the implementation of ISIS, but the District will begin paying interest on the COPs issuance beginning in 2009-10 at a rate of \$2.7 M/year from the General Fund.

DIVISION OF INSTRUCTION

Description

The District will capture \$2.8 million in unspent balances in Division of Instruction offices to balance the 2008-09 General Fund budget, as follows:

Office	Amount	Notes
Elementary Instruction	\$1.10	Includes unspent balances in Elementary Language Arts, Math, and Science
Secondary Instruction	\$0.83	Includes unspent balances in Middle and High School Summer School, World Languages, and Secondary Literature.
Instructional Support Services	\$0.20	Includes unspent balances in the Secondary College Career Counseling Unit.
Office of Curriculum and School Support	\$0.15	
Beyond the Bell Branch	\$0.08	Includes unspent balances in Extended Learning Program.
iDesign Schools	\$0.45	
School Family, Community, and Parent Services	\$0.01	
Total	\$2.81	

CAPTURE IMA & ARTS, MUSIC, & PE BLOCK GRANT FUNDS AT SCHOOL SITES

Description of Current Program

Each LAUSD school receives an Instructional Materials (IMA) allocation based on a funding formula to purchase instructional materials and cover other essential costs of school operations. These funds are highly flexible within District guidelines. At the end of the budget year, schools may carryover 25% of the remaining IMA or 25% of the initial allocation, whichever is less.

LAUSD schools also receive an allocation from the State Arts, Music, and Physical Education (PE) Block grant for professional development, equipment, and supplies to improve instruction in physical education and the visual and performing arts. For 2008-09, schools received \$19/student based on Norm Day enrollment for the PE portion of the block grant and \$43/student based on 2005 enrollment data for the arts and music portion of the block grant. Schools cannot carryover these funds from one budget year to the next.

Proposed Changes

Capture 50% of the remaining balances (funds that are unencumbered and unspent) in school IMA and Arts, Music, and PE Block Grant accounts. For schools that have a balance of \$1,000 to \$1,999, the District will leave \$1,000 in the account. The District will not capture any funds from schools that have a balance \$999 or less in their accounts.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE	-	-	-
Labor (\$mill)	-	-	-
Other Expenditures (\$mill)	\$31.6	\$4.8	\$26.8
Total	\$31.6	\$4.8	\$26.8

Impact

Schools that had plans to spend their unspent IMA and Arts, Music, and PE account balances in the current year will not be able to implement those plans.

Schools that intended to carryover 25% of their unspent IMA balance for use in the following year will have a smaller carryover.

Section II

2009-10 Proposed Solutions

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) STATE FISCAL STABILIZATION AND IDEA FUNDING

State Fiscal Stabilization Funds

The American Recovery and Reinvestment Act (ARRA) provides one-time stabilization funding school districts can use from 2008-09 through 2010-11 to save jobs and promote educational reform. The State will provide 70% of this funding to districts by July 2009 and the remaining 30% in Fall 2009.

The District's estimated total share of State Fiscal Stabilization Funds for both installments* is approximately \$513.2 M. The District will use 70% or \$358.8 million in 2009-10 and 30% or \$154.4 million in 2010-11 to cover the cost of existing positions and to prevent further reductions in staff.

Stabilization funding will cover the cost of positions such as:

- Teachers
- School police
- Custodians
- Counselors
- Campus Aides
- Nurses
- Librarians
- Library Aides
- School administrators

Stabilization funding for 2009-10 has covered the cost of approximately 6,400 positions.

*Note: Though the District has not been notified officially of the fall 2009 installment of funds, the District has assumed that the State will allocate the funding it receives from the Federal Government in the same fashion as it did the first 70% of funding.

Individuals with Disabilities Education Act (IDEA) funding

The District received notification that it is to receive \$151.6 million in IDEA over the next two years. The District will share a portion of this funding (the estimate is 6%) with charter schools that are in the geographic area.

IDEA funding falls under a 50% supplement not supplanting rule – 50% of the funding must be used to supplement existing special education expenditures and 50% of the funding may be used to reduce the District's General Fund, Unrestricted support of special education. For 2009-10 and 2010-11 the District will provide \$34.4 million in supplementary special education programs and will utilize \$34.4 million to reduce District's general fund, unrestricted support of special education.

CATEGORICAL FUNDS FLEXIBILITY – 2009-10

Description of Current Program

The State has established a number of categorical programs to provide funding to districts for specific purposes or to serve specific groups of students. These categorical funds represent a sizable part of the District's budget.

The State budget adopted in February grants districts the flexibility to redirect funding for certain categorical programs to any other educational purpose over a five-year period ending July 1, 2013.

Proposed Changes

Utilize the flexibility granted in the State budget to redirect funds for certain categorical programs, as illustrated in the table below.

Categorical Program	Amount
Arts and Music Block Grant	\$8,719,753
CAHSEE Intensive Instruction and Services	\$5,000,000
California Peer Assistance & Review Program	\$344,902
Teacher Credentialing Block Grant	\$4,000,000
Professional Development Block Grant	\$6,719,064
School and Library Improvement Block Grant	\$1,968,327
Supplemental Hourly Programs	\$14,078,854
Total	\$40,830,900

Impact

Funds will not be used for the intended purposes of these programs, but will instead be utilized to balance the unrestricted, General Fund.

Arts & Music Block Grant – There will be fewer resources available for arts and music instruction and contracts with community arts organizations that support the District's arts program will be reduced.

CAHSEE Intensive Instruction and Services – Fewer resources will be available for California High School Exit Exam intensive instruction; however, balances in the program will sustain the program's current level of service.

Peer Assistance & Review – Fewer resources will be available to assist permanent teachers in improving their practice.

Teacher Credentialing Block Grant, Professional Development Block Grant, and School and Library Improvement Block Grant – Fewer resources will be available to support beginning teachers and for professional development District-wide.

Supplemental Hourly Programs – Fewer resources will be available to provide students with before and after school intervention.

DEFERRED MAINTENANCE FUND

Description of Current Program

Each year, as required by law, the District contributes an amount equal to one half of one percent of the District's General Fund to the Deferred Maintenance Fund in order to be eligible for the State's Deferred Maintenance basic grant. The Fund is a restricted fund and is used to cover the costs of:

- major repair or replacement of plumbing, heating, air conditioning, electrical, roofing, and floor systems,
- the exterior and interior painting of school buildings,
- the inspection, sampling, and analysis of building materials,
- the encapsulation or removal of asbestos-containing materials,
- the inspection identification, sampling, and analysis of building materials to determine the presence of lead-containing materials,
- the control, management, and removal of lead-containing materials, and
- any other items of maintenance approved by the State Allocation Board.

Since the passage of Measure Y, the District has been reimbursed for its contribution to the Fund by Measure Y Basic Repairs funding.

The State budget adopted in February 2009 suspends the one half of one percent local match requirement from 2008-09 through 2011-12. The State budget also allows districts to use funding from the State's Deferred Maintenance Grant program for other educational purposes during this period.

Proposed Changes

Use the flexibility granted in the State budget to:

- eliminate the one half of one percent local match for 2008-09 through 2011-12
- direct State funding from the Deferred Maintenance Grant program toward other educational purposes for 2008-09 through 2011-12

	2007-08	2008-09	2009-10
Beginning Balance	\$ 153.90	\$ 149.60	\$ 129.00
Revenue	\$ 67.00	\$ 69.20	\$ 28.50
Expenditures	\$ (71.30)	\$ (61.80)	\$ (132.50)
Ending Balance	\$ 149.60	\$ 157.00	\$ 25.00
Flexibility		\$ (28.00)	\$ (25.00)
Revised Ending Balance after Utilizing Flexibility	\$ 149.60	\$ 129.00	\$ -

Impact

Reducing funding for the Deferred Maintenance Program will impact the District's ability to address the backlog of deficiencies which currently totals over \$7 billion and is increasing at an estimated \$500 million per year. Critical repairs will be further deferred, increasing the backlog of deficiencies. The number of service calls will also increase as systems that would have been replaced continue to deteriorate. Future repairs for the systems will be more costly as repair costs rise. Safety issues may also arise with the deferral of peeling paint and concrete repairs.

Given the possibility that the District may not be able to issue as many bonds as previously planned, there will be fewer opportunities to access bond funds for major repairs and replacements of building systems. Deferred Maintenance funds may be the only funds available for major repairs and replacements of building systems.

SUMMER SCHOOL/INTERSESSION

Description of Current Program

LAUSD currently offers summer school in traditional calendar elementary, middle, and high schools and intersession courses in year-round elementary, middle, and high schools at 221 locations. Approximately 225,000 students participate in summer school/intersession each year.

Proposed Changes

Cancel summer school and intersession offerings in elementary and middle schools. Limit the scope of high school summer school and intersession courses to credit recovery, i.e. offer courses to students who need additional credits or coursework for graduation. There are 48 school sites offering high school summer school.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE*	NA	NA	NA
Labor (\$mill)	52.1	32.3	19.8
Other Expenditures	2.2	0.7	1.5
Total	54.3	33.0	21.3

*Teachers and administrators take on summer school/intersession assignments in addition to their regular school year duties.

Impact

The cancellation of summer school/intersession will impact more than 225,000 students in the District. Students needing enrichment and/or remediation will not be receiving this instruction. It is unknown at this time what the short and long term effects of this decision will be.

CENTRAL & LOCAL DISTRICT OFFICES

On April 14, 2009, the Board voted to approve personnel reductions in central and local district offices. At that time, staff submitted non-personnel reductions to the Board for adoption prior to June 30. Descriptions of the central and local district office non-personnel reductions are available in the March 25, 2009 Impact Statement binder and summarized in Appendix II and III.

In addition to these items, staff is recommending additional reductions as follows:

	2009-10	Description
Office of the Inspector General, 25%	\$ 1.5	OIG is exploring options to achieve a 25% reduction.
Board of Education, 25%	\$ 1.1	The Board of Education is exploring options to achieve a 25% reduction.
Office of General Counsel	\$ 2.0	OGC will reduce outside contracts.
Adult and Career Education	\$ 0.2	The Division of Adult and Career Education is reducing 1 Office Technician position, 1 and one-half Regional Occupational Center/Program teaching positions, 2 teacher assistant positions, and a half-time advisor position.
Student Health	\$ 0.2	The Student Health and Human Services Division is reducing 1 Administrative Secretary position, 1 office technician position, and a half-time Coordinator position.
Early Childhood	\$ 0.1	The Early Childhood Education Division is redirecting one Temporary Advisor position to a non-General Fund source.
Chief Operating Officer	\$ 0.1	The Office of the Chief Operating Officer is reducing 1 Administrative Secretary position.
Total	\$ 5.2	

In addition, the District's warehouse is making an additional \$500,000 in reductions that do not impact the General Fund, but will translate into lower costs for schools that purchase items from the warehouse. The reductions will close 6 positions including one forklift operator, one assistant loading dock supervisor, one purchasing services coordinator, one receiving inspector, one senior illustrator, and one warehouse supervisor.

TRANSPORTATION

Description of Current Program

The Los Angeles Unified School District Transportation Branch transports approximately 59,800 students to and from school each day. In addition, the Transportation Branch provides transportation for school field trips and athletic events.

Proposed Change

The Governor's May Budget Revision included a 65% cut to the home-to-school transportation program, requiring the District to make additional reductions to the transportation budget on top of reductions approved earlier this year. The new reductions total approximately \$16.2 M but do not fully cover the loss in revenue from the Governor's May Revise cut, which is approximately \$62 million.

Item	Impact
Increase the home-to-school distance threshold (walk zone) for bus transportation from 2 miles to 3 miles.	The expansion of the walk zone will disqualify 2,133 students from transportation eligibility. Thirty contract buses will be reduced as a result of the walk zone expansion.
Extend maximum ride time for students from 75 minutes to 90 minutes.	Current average ride time of 40 minutes will increase. This proposal will result in the reduction of approximately 50 contract buses.
Consolidate bus routes for selected schools.	Thirteen schools will be affected by the bus route consolidation and may need to coordinate bell schedules and staff development time.
Consolidate bus routes for transporting students to athletic events.	In some cases, teams from different schools will ride the same bus.
Reduce the number of positions in the transportation branch by an additional 12 full-time equivalent positions. The affected positions are: 1 Transportation Inspector, 1 Automotive Parts Purchaser, 1 Driver-trainer, 1 Senior Personnel Clerk, 2 Senior Office Technicians, and 6 Office Technicians.	The elimination of 12 FTEs will result in delays in investigations and responses to complaints, a reduction in training opportunities for bus drivers, and a reduction in the ability to provide support for the branch's units.
Reduce the assignment for 8-hour full-time bus driver positions to 7 hours.	Hours will be reduced for approximately 192 full time bus drivers, but full-time status will be maintained.
Provide the option of a Metropolitan Transit Authority bus pass to all traveling student in lieu of school bus transportation.	Depending on the number of students/parents selecting this option, there may be a large number of students at certain public bus stops and on certain MTA bus routes.
Eliminate transportation provided to students who take a school bus to and from their neighborhood school because the route is potentially hazardous.	This proposal would affect approximately 1,918 students at 15 school sites (Glenfeliz ES, Locke EEC, Sunrise ES, Valerio ES, Carnegie MS, Revere Ms, Banning HS, Huntington Park HS, Lincoln HS, Palisades Charter HS, Roosevelt HS, San Pedro HS, Sylmar HS, Cooper HS CDS, and Bernstein HS/Johnson CDS).
Reduce Special Education student transportation by reviewing student Individualized Education Plans and eliminating transportation where it is no longer required.	Estimates indicate that approximately 2% fewer special education students would be transported.
Capture projected balances in various programs due to enrollment projections.	No change in service and no impact on students.

TRANSPORTATION

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE	442	37.4	405
Labor (\$mill)	\$8.2	\$2.1	\$6.1
Other Expenditures (\$mill)	\$184.4	\$14.1	\$410.7
Total	\$192.6	\$16.2	\$410.7

NON-SCHOOL STAFF – SHORTENED WORK YEAR

Description of Current Program

Most non-school employees work on a 261-day calendar.

Proposed Changes

Change the work calendar for certificated non-school staff from 261 days (A Basis) to 221 days (B Basis).

Institute a 27-day furlough for non-school classified employees, reducing their work year from 261 days to 234 days.

Savings Resulting from Proposed Changes (\$mill)

	2009-10*	2010-11	2011-12
Non-School Classified Employees	\$9.0	\$18.0	\$18.0
Non-School Certificated Employees	\$3.0	\$3.0	\$3.0
Total	\$12.0	\$21.0	\$21.0

*Furloughs for non-school classified employees must be negotiated with the individual bargaining units. The projected savings of \$9 M in 2009-10 reflects a mid-year implementation of the proposed furlough.

Impact

Non-school employees will have a shorter work year and a reduced salary. The Superintendent has requested a taskforce to review this proposal and its implementation.

BEAUDRY OPERATING ACCOUNT

Description of Current Program

The Beaudry operating account provides funding for the routine and daily operations of the LAUSD headquarters building, as well as maintenance and repair for the building. The account covers the cost of utilities for the building, custodial services, and other administrative support.

Proposed Changes

Reduce the operating account by \$1.3 million.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE			
Labor (\$mill)	\$0.3	\$0.0	\$0.3
Other Expenditures (\$mill)	\$12.7	\$1.3	\$11.4
Total	\$13.0	\$1.3	\$11.7

Impact

Reductions in the Beaudry operating account will result in the increased deferral of maintenance and repair efforts of the building. Maintenance staff will not be available for routine maintenance and repairs, and service call response will be delayed or deferred. The overall condition of the building will deteriorate at an accelerated rate.

DISTRICT CARS

Description of Current Program

LAUSD currently provides designated employees with a District take-home vehicle. For example, some senior-management contracts include a take-home vehicle as part of the compensation package. Some units, such as the Transportation Division, may assign take-home vehicles to certain employees based on the employees' job duties.

Proposed Changes

Reduce the number of take home vehicles in each unit by 25%, for an estimated savings of \$100,000.

Impact

Fewer employees will have a take-home District vehicle.

SCHOOL READINESS LANGUAGE DEVELOPMENT PROGRAM

Description of Current Program

LAUSD currently offers the School Readiness Language Development Program (SRLDP) at 329 sites throughout the District. This oral language program, which is intended to prepare students for kindergarten, is available to 4-year olds who will attend a Predominantly Hispanic, Black, Asian, and Other Non-Anglo (PHBAO) school and whose parents agree to a parent-involvement program. The program operates Monday through Thursday for 2 hours and 20 minutes each day. SRLDP teachers carry an elementary teaching credential.

Targeted Instructional Improvement Grant (TIIG) dollars support the SRLDP program. The State is reducing TIIG by 20%.

LAUSD also offers the California Preschool Program to three and four-year olds whose families complete an application and provide supporting documentation demonstrating income eligibility. The California Preschool Program operates Monday through Friday for 3 hours each day. California Preschool teachers carry a Child Development Permit.

LAUSD recently received grant funds from the California Department of Education to expand the California Preschool Program.

Proposed Changes

Close 83 SRLDP classrooms and replace them with California Preschool classrooms.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE	1,260	177	1,083
Labor (\$mill)	\$60.6	\$9.7	\$50.9
Other Expenditures	\$1.0	\$0.3	\$0.7
Total	\$61.6	\$10.0	\$51.6

Impact

There will be no reduction in the number of classrooms offering an early childhood education program. Projected State Child Development funds will be used to offer State preschool classes in place of SRLDP classes closed. There is an income eligibility requirement for state preschool classes.

Because they carry elementary teaching credentials, SRLDP teachers whose classrooms will be closed will be reassigned to elementary schools. The new California Preschool classrooms will be staffed by employees with a Child Development Permit.

MID-YEAR RENORMING

Description of Current Program

LAUSD currently allocates teaching positions to schools using staffing formulas that are based on each school's projected enrollment for the coming school year. On Norm Day (a designated day after the start of the school year), the District reviews each school's actual enrollment and adjusts the number of teaching positions based on the school's actual enrollment as of Norm Day. This level of staffing continues for the remainder of the school year regardless of changes in enrollment at the school site.

Proposed Changes

Re-adjust the number of teaching positions at each secondary school based on each school's actual enrollment at the end of the first semester.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE	9,906	266	9,640
Labor (\$mill)	\$806.32	\$8.1	\$798.22

Impact

Schools whose enrollment decreases between Norm Day and the end of the first semester may lose teaching positions, while schools whose enrollment increases may gain teaching positions.

An analysis of enrollment data for the 2008-09 school year indicates that re-norming at the end of the first semester would lead to the closure of 266 secondary teaching positions.

Schools have the option of banking positions (not filling teaching positions at the start of the school year) in order to minimize the impact of reorganizing classes in the 2nd semester. A school with banked positions would close these unfilled positions before displacing teachers in filled positions.

Displaced teachers will be placed in a substitute pool or assigned to schools with an increase in the number of positions.

Since the District receives revenue based on cumulative Average Daily Attendance as of April 15 of the school year, the principal advantage to renorming is that it realigns District expenditures with the revenue the District will receive. It also gives schools an incentive to retain students. The principal disadvantage to renorming is that it is disruptive when students are moved from year-long courses.

PROP 49/AFTER-SCHOOL PROGRAMS

Description of Current Program

In 2002, California voters approved Proposition 49, which created the After School Education and Safety (ASES) Program. This program provides funding for the establishment of local after school education and enrichment programs. Through the ASES program, LAUSD receives \$77.4 M annually for 77 middle school programs and approximately 353 elementary school programs. These after school programs operate in partnership with community based organizations and offer academic assistance as well as enrichment and recreational activities. The funding also allows 95 elementary schools to offer before school programs.

In addition, General Fund dollars support LAUSD's Youth Services Program, which provides elementary and middle school students the opportunity to participate in recreational and enrichment activities under adult supervision in a safe environment at 535 school sites. The program serves 40,000 students daily.

Proposed Changes

Reduce the General Fund contribution to after school program offerings and fund most offerings using ASES program funding.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE			
Labor (\$mill)	\$12.5	\$7.2	\$5.3
Other Expenditures (\$mill)	\$0.8	\$0.1	\$0.7
Total	\$13.2	\$7.3	\$5.9

Impact

There will be no reduction in the sites that offer after school programming. All schools will receive the same quality services that they previously received. However, the District will contract with fewer community based organizations and provide more services using District employees.

SCHOOL POLICE – OVERTIME

Description of Current Program

In order to provide coverage for adult schools, sporting events, student body activities, board room security, conferences, year-round schools, and to maintain five-day coverage at school sites, the Los Angeles Unified School District School Police Department authorizes overtime for its school police force.

In 2008-09, the overtime budget for the Los Angeles Unified School District School Police Department is \$5.7 million. Actual overtime expenditures through June 30, 2009 are expected to be \$8.2 million.

Proposed Changes

Reduce overtime expenditures for the School Police Department by \$1 million.

	Budget Before Proposed Change	Reductions Resulting from Proposed Change	Budget After Proposed Change
FTE	NA	NA	NA
Labor (\$mill)	\$5.7	\$1.0	\$4.7

Impact

After school, evening, and early morning coverage will be reduced.

Other District organizations may need to cover overtime costs for requested services.

Unless necessary, after-hours reports, radio calls, and investigations will be referred to the Day Watch Commander.

After-hours non-school related incidents will be referred to local law enforcement agencies.

Section III

***Additional Items that Affect the Size of
the Deficit***

Summary of Items that Affect the Size of the Deficit

Item	2008-09	2009-10	2010-11	2011-12	Cumulative Total	Description
<i>Items that Reduce the Size of the Deficit</i>						
Converting schools on a year-round calendar to a traditional calendar		\$7.3	\$18.0	\$27.0	\$52.3	The increase in class size at elementary schools and the opening of new schools allows 25 schools to convert to a traditional calendar in 2009-10. The number of schools that will convert to a traditional calendar in 2010-11 and 2011-12 as a result of new schools openings are 38 and 32, respectively. These conversions result in cost savings due primarily to reduced salary costs associated with a shorter assignment basis (work year) for school site positions. In addition, there are savings associated with funding distributed to year-round schools for the unique costs related to operating a year-round school.
Reduce Day-to-Day Substitute Account		\$3.7	\$3.7	\$3.7	\$11.1	The District's current \$66 M budget for day-to-day substitutes is based on the number of classroom teachers in the District. The increase in class size results in a smaller teacher workforce, necessitating a corresponding decrease in the budget for day-to-day substitutes.
Classified Early Retirement cost less than expected		\$0.6	\$0.6	\$0.6	\$1.8	In May 2009, the Board of Education authorized the Superintendent to implement a retirement incentive program for classified employees in order to strategically manage a reduction in the workforce. Employees who opt to take the retirement incentive will receive a payment from the District that equals 40% of their 2008-09 salary over 5 years. In addition to this cost, the District must contract with PARS to administer the retirement incentive program. The District estimated that approximately 15% of eligible employees would take advantage of the retirement incentive. However, only 5% expressed interest, reducing the estimated cost.
Reduction in administrative telephone expense		\$1.6	\$1.6	\$1.6	\$4.8	Lease consolidations and the reduction in force will result in fewer telephone expenses.
<i>Items that Increase the Size of the Deficit</i>						
KPMG Audit Extension	(\$0.6)					On May 12, 2009, the Board of Education approved an amendment to the agreement with KPMG for audit services to allow KPMG to complete 2006-07 District financial statements and audits on four bond measures for the Bond Oversight Committee and the Modified Consent Decree for the Special Education Division.
Retraining and RIF Support for Personnel Commission/Payroll		(\$2.2)	(\$1.2)	(\$1.2)	(\$4.6)	The Superintendent has authorized an investment in resources to support the reduction in force effort that the Personnel Commission must implement due to schools purchasing or closing positions, possible assignment basis changes, the early retirement incentive, the existence of unfunded positions after July 1, and possible mid-year cuts. Employees who are affected by layoffs will receive support in order to move into District need areas. Employees in school offices who are affected by the bumping process will receive mentoring to facilitate their transition into their new roles. Funding will also support a cross-functional team of subject matter experts to help provide support to schools and central offices in the areas of payroll, time reporting, time approval, and related systems.

Summary of Items that Affect the Size of the Deficit

Item	2008-09	2009-10	2010-11	2011-12	Cumulative Total	Description
<i>Items that Increase the Size of the Deficit, continued</i>						
No reduction to number of small school principals; only basis change		(\$2.0)	(\$2.0)	(\$2.0)	(\$6.0)	In April 2009, the Board adopted changes to the administrator staffing formula for elementary schools, including a proposal to allocate a half-time principal position to schools with 300 or fewer students. Given concerns about the lack of a full-time administrator at schools with fewer than 300 students, the District will allocate a full-time administrator position to these schools, but change the assignment basis (work year) for these principals from 261 days (A Basis) or 234 days (E Basis) to 221 days (B Basis).
Reverse TIIG Reduction - only 30% instead of 50% reduction		(\$2.2)	(\$2.2)	(\$2.2)	(\$6.6)	In adopting the 2008-09 budget, the Board voted to reduce the Ten Schools Program by 50% in 2009-10. Staff now proposes to reduce the Ten Schools Program by 30% instead of 50%.
Increase Capacity at Magnet Schools		(\$2.2)	(\$2.2)	(\$2.2)	(\$6.6)	The Board-adopted class size increase means that magnet schools will have more space to accommodate students on their waiting lists if their site capacity is increased. The Magnet Office, with the Superintendent's approval, intends to increase the capacity at 26 schools. This results in the displacement of 37 fewer magnet school teachers and requires the District to reduce the cost savings associated with the class size increase by \$2.2 M.
Restore SLC Lead Teacher Auxiliary Period		(\$5.1)	(\$5.1)	(\$5.1)	(\$15.3)	In previous years, high schools with approved small learning communities (SLC) receive an extra auxiliary period for each SLC. Staff had proposed eliminating the SLC Lead Teacher auxiliary period for 2009-10 and had accounted for the savings. The District has since agreed to provide the SLC Lead Teacher auxiliary period. As a result, the savings of \$5.1 M/year will not materialize.

Section IV

2010-11 & 2011-12 Proposed Solutions

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
Revenue	Revision to out-year revenue projection	Average Daily Attendance (ADA) figures as of the Period 2 reporting period (April 15, 2009), showed a higher ratio of ADA to enrollment. As a result, staff increased the revenue estimates shown in the 08/09 Third Interim Financial Report to reflect the higher ADA. Further review of revenue estimates show that out year revenue estimates can be increased by \$8.5 million.	\$8.5	\$8.5	\$17.0
Align work year to calendar	Change basis of school financial managers at traditional calendar schools to B-Basis	School financial managers are responsible for accounting for student store inventories, preparing the financial statements, filing sales tax and other required reports, and preparing cash collections including cafeteria sales for deposit at middle and senior high schools. These positions are multi-funded by the General Fund and the Cafeteria Fund. Middle school financial managers currently work on a 261-day calendar (A-Basis). Staff proposes changing the work calendar for financial managers to B-Basis or 221 days per year because their job duties can be accomplished during the shorter work year.	\$0.5	\$0.5	\$1.0
Align work year to calendar	Change basis of school clerical staff at traditional calendar middle and senior high schools to B-basis	At traditional calendar middle schools, the school administrative assistant and two clerks work a year-round schedule (A-basis, 261 work days). At traditional calendar senior high schools, the school administrative assistant and three clerks are on A-basis. This item would convert the SAA and two clerk positions to B-basis (221 days) at traditional calendar middle schools and would convert two clerk positions at senior high schools to B-basis. (The SAA and one clerk position would remain on A-basis).	\$2.0	\$2.0	\$4.0
Central Office	Charge employees for parking at Beaudry.	Employees who work at the District's central headquarters park in one of four parking lots. The parking is free to employees. The cost of operating the employee parking lots is \$3M. Staff proposes charging employees for parking at a monthly rate of between \$70 and \$20 in 2010-11 and \$130 and \$45 in 2011-12, depending on the employee's parking location.	\$1.2	\$2.4	\$3.6
Central Office	Continue to streamline business operations	Staff will continue to look for efficiencies in performing its business functions, including streamlining KLCS.	\$3.0	\$3.0	\$6.0
Cost efficiencies	Consolidations and school closures	The District currently operates a number of small schools whose enrollments are too small to generate the revenue required for operation. Staff proposes to consolidate or close sites with enrollments of less than 400 students. There are approximately 81 elementary schools with enrollments ranging from just over 100 students to just under 400 students. Staff proposes closing/consolidating 15 sites per year in order to achieve savings in fixed costs. Fixed costs are those costs that are allocated to schools regardless of enrollment and include the school principal, plant manager, and school administrative assistant, among other positions.	\$5.4	\$10.9	\$16.3
Deferral of purchase	ELA textbooks - delay adoption	Staff is seeking a waiver to delay the purchase of new English Language Arts textbooks until full funding becomes available from the State.	\$20.0	\$40.0	\$60.0
District-wide salary reduction	Eliminate 2 pupil free days and institute a 2-day furlough for all employees	The work year for teachers includes 2 pupil free days. Staff proposes furloughing teachers on the 2 pupil free days and applying a 2-day furlough for all other employees. This item must be negotiated with the District's employee unions.	\$28.5	\$26.5	\$55.0

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
District-wide salary reduction	Salary Reduction in 2011-12	Staff recommends a salary reduction of 5-6% for all employees in order to balance the budget. This item would have to be negotiated.		\$200.0	\$200.0
Out of classroom pay	Reduce number of academic and activity differentials by 50%	The District provides additional pay in the form of a salary differential to staff for coordinators or other designated assignments. Salary differentials exist for assignments such as the testing coordinator, the gifted coordinator, the chemical safety coordinator, the competency coordinator, and activities such as yearbook, journalism, cheerleading, choral music, and speech. The number of salary differentials varies by school. Staff proposes reducing the number of academic salary differentials at schools by 50%. This will result in fewer activities for students.	\$1.5	\$1.5	\$3.0
Out of classroom pay	Reduce number of athletic differentials by 50%	The District provides additional pay in the form of a salary differential to employees who take on coaching assignments in addition to their regular assignment. Salary differentials exist for assignments such as the football head coach, tennis coach, soccer coach, golf coach, and wrestling coach. The number of salary differentials varies by school. Staff proposes reducing the number of athletic salary differentials at schools by 50%. This will result in fewer athletic activities for students.	\$3.6	\$3.6	\$7.2
Procedural efficiencies	Reduce Salary Overpayments	Employees can be overpaid for reasons related to pay dates and late assignments. By law, classified employees must receive their pay checks on the last day of the month. In order to meet this requirement, the District must submit payroll information before the pay period is complete and must anticipate the amount of time worked in the last week of the pay period. For various reasons, employees may not work the hours that the District anticipated in the last week, resulting in a situation where employees are paid for time not worked. Staff will seek a waiver from the State to pay employees on paid on a monthly cycle 5-7 business days after the close of the month. This new pay date would reduce the dollar amounts of overpayments to active employees by approximately 8%. In addition, staff will work on reducing the time required to process assignments and improve time-reporting procedures. In instances where an employee received pay and has since left the District, recoupment may continue to be difficult. The District anticipates salary overpayment expenditures to total \$24 million in 2009-10. These proposed changes will result in \$10 million in savings in 2010-11 and an additional \$5 million in savings in 2011-12.	\$10.0	\$15.0	\$25.0
Program reduction and/or conversion	Eliminate child development subsidy	The funding that the Early Childhood Education Division receives is not enough to cover the cost of the current program. The General Fund must provide additional resources in the amount of \$3.9 M in 2009-10 to support the current Early Childhood program. Staff proposes eliminating this contribution in 2010-11, requiring the Early Childhood Education Division to identify reductions.	\$3.9	\$3.9	\$7.8

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
Program reduction and/or conversion	*Convert Ten Schools program funding to grant funding	The Ten Schools Program provides additional resources such as Pupil Service Attendance counselors, half-time school psychologists, instructional coordinators, staff development time, and school discretionary resources to selected schools with the aim of improving student achievement. Staff proposes seeking grant funding to provide the additional resources that schools in the Ten Schools program receive. Schools will also continue to have the option to purchase these services with their school site resources.	\$7.5	\$7.5	\$15.0
Program reduction and/or conversion	Convert additional SRLDP classes to State Preschool and investigate other grant opportunities (Reduce SRLDP in the TIIG budget by 50% in 2010-11 and 75% in 2011-12.)	The School Readiness Language Development Program prepares students for kindergarten and is available to 4-year olds who will attend a Predominantly Hispanic, Black, Asian, and Other Non-Anglo school. In 2009-10, the District will, subject to Board approval, close 83 SRLDP classrooms and will replace them with California Preschool classrooms, for which the District has received expansion funds. Staff proposes converting additional SRLDP classrooms to California Preschool classrooms in 2010-11 and 2011-12. Staff will also investigate additional funding opportunities including competitive grants.	\$25.6	\$38.4	\$64.0
School site resources	Reduce CAP Program resources (non transportation) by 33%	The Capacity Adjustment Program transports students whose neighborhood schools have reached their enrollment capacities to another school with space. Receiving schools are allocated additional discretionary resources on a per-traveling student basis. As new schools open, relieving overcrowding at existing schools, the need for this program diminishes. However, greater savings can be achieved if the program is managed more closely to ensure that students return to their neighborhood school once space becomes available. Staff proposes a 33% reduction in the CAP program in 2010-11.	\$0.2	\$0.2	\$0.4
School site resources	Reduce PWT Program resources (non-transportation) by 33%	The Permits with Transportation (PWT) Program provides students with the opportunity to request a permit to attend a school other than their neighborhood school. Approximately 5,000 students currently participate in the program. Much of the cost of the program relates to the costs associated with transporting students; however, schools receiving PWT students receive resources for programs to support the traveling students. For example, receiving schools receive an allocation for instructional salaries and overtime, a PSA counselor, and a discretionary allocation they use to purchase day-to-day substitute time, clerical relief, and instructional materials. Staff proposes reducing the amount of additional resources that the District allocates to receiving schools. As more schools are built, this program should continue to be reduced.	\$0.5	\$0.5	\$1.0
School site staff	Eliminate advance course offerings for year-round middle schools and elementary span schools.	In order to ensure that students on all tracks at a year-round school had access to specialized courses, the District provides additional teaching positions to year-round schools. Staff proposes eliminating this additional offering at year-round middle schools and elementary span schools. Schools would have to work within their norm (base) allocation of teaching positions to create master schedules that offer students on all tracks access to these courses.	\$1.6	\$1.6	\$3.2

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
School site staff	Create Norm for School Librarians	All secondary schools receive a librarian position regardless of enrollment. Staff proposes achieving savings in the account for Librarians by creating an allocation formula for secondary library positions based on enrollment beginning in 2010.	\$2.0	\$2.0	\$4.0
School site staff	Reduce General fund unrestricted school psychologists by 50%	School psychologists provide psychological services to general education students and students with disabilities; conduct psycho-educational assessments to assist in determining eligibility for special education services and the development of educational plans; consult with school personnel, parents and others concerned with the progress of students; and provide individual and group counseling services. District-wide, there are approximately 568 school psychologists for a total budget of \$64 M. Most of these psychologists provide services to Special Education students. Staff proposes reducing the unrestricted general fund school psychologist budget by 50%.	\$3.4	\$3.4	\$6.8
School site staff	Reduce District-funded nurses by 50%	The District currently allocates 3 days/week of nursing time to high schools, 2 days/week to middle schools, and 1 day/week to elementary schools. Schools generally supplement the nursing time provided by the District with school site resources. Staff proposes reducing the General Fund budget for nursing positions by 50%, resulting in a reduction in the amount of nursing time that the District will allocate to schools.	\$5.0	\$5.0	\$10.0
School site staff	Additional school site clerical reductions in 2011-12	In April 2009, the Board approved a new staffing formula for the allocation of clerical positions. Staff proposes increasing the ratio of students to clerical positions in 2011-12.		\$10.0	\$10.0
School site staff	Reduce campus aides by 25% in 2010-11 and an additional 25% in 2011-12	The District currently allocates campus aides to schools based on a number of factors including the number of incident reports at or around the school and the school's API. Staff proposes reducing the budget for campus aides by 25% in 2010-11 and an additional 25% in 2011-12 resulting in a reduction in the number of campus aides that can be allocated to school sites.	\$4.1	\$8.1	\$12.2
School site staff	Reduce magnet coordinator allocations to magnet schools and centers	All magnet centers receive a full-time or half-time coordinator position based on the number of teachers in the center. Elementary magnet centers with 5 or fewer teachers receive a half-time coordinator position, while centers with 6 or more teachers receive a full-time coordinator position. Secondary magnet centers with 6 or fewer teachers receive a half-time coordinator, while centers with 7 or more teachers receive a full-time coordinator. Staff proposes providing magnet centers with enrollment 200 or fewer one period or one-hour of Z-time per day, magnet centers with enrollment of 200-399 students a 1/2 time magnet coordinator, and magnet centers with enrollment 400 or more one full-time coordinator.	\$6.5	\$6.5	\$13.0
School site staff	Increase student counselor ratio by 100 in 2010-11 and an additional 100 in 2011-12	In April 2009, the Board approved proposals to increase the ratio of students to counselors by 150 students. Staff proposes further increasing the student to counselor ratio by an additional 200 students in 2010-11. This item returns the counselor-student ratios to 2006-07 levels, before the District received the Secondary School Counseling grant.	\$5.6	\$10.0	\$15.6

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
School site staff	Eliminate allowance for non-classroom activities	In addition to the teaching positions that secondary schools receive based on their grade level enrollment, all secondary schools receive additional teaching positions or fractions of teaching positions based on an allocation formula. These additional teachers perform out-of-classroom activities as determined by the school site. For example, teachers may serve as deans or assist with duties of the counseling office or attendance office. These additional teachers may also teach classes at the school site's discretion. In 2009-10, the allocation formula will generate an estimated 142.6 positions District-wide. Staff proposes eliminating this allocation.	\$8.5	\$8.5	\$17.0
School site staff	Reduce number of Administrator, Assistant Principal Secondary Counseling Services positions	The Administrator, Assistant Principal Secondary Counseling Services (APSCS) position is responsible for developing the school's master schedule as well as providing leadership in the counseling and guidance program and in the evaluation and development of curriculum. District-wide, there are 133 APSCS positions. Staff proposes centralizing the master scheduling function in order to achieve efficiencies. The number of APSCS positions would be reduced to 33 and the function would be centralized. These positions would be responsible for providing support to school sites in developing the master schedule and ensuring that students have access to the courses they need to graduate.	\$10.9	\$10.9	\$21.8
School site staff	Reduce elementary arts and music teachers by 50% in 2010-11 and by 100% in 2011-12	The District currently provides a music teacher to elementary schools for at least 1 day per week for the entire year and at least 1 day of a week, in 12 week rotations, of dance, theatre, and visual arts instruction. There are currently 377 full time arts and music teachers. Given the severe budget crisis, the District proposes cutting this offering by 50% in 2010-11 and by 100% in 2011-12. Schools will have the option to use school resources to purchase arts instruction.	\$14.4	\$28.8	\$43.2
School site staff	Half-day kindergarten in 2011-12	Prior to 2004, the District enrolled kindergarten students in either an AM or PM sessions of kindergarten. Teachers were assigned as the primary teacher in either the AM or PM session and worked an additional 110 minutes in the session for which they were not the primary teacher. Staff proposes returning to the AM/PM kindergarten schedule, but staffing both sessions with the same primary teacher. Staff would need to request a waiver from the state to allow one teacher to teach both sessions. This proposal would reduce the number of kindergarten teachers by 775 teachers and reduce the number of instructional minutes for kindergarten students beginning in 2011-12.	\$0.0	\$46.5	\$46.5
School site staff	Increase class size in K-3 to 29:1	In April 2009, the Board approved a proposal to increase class size in kindergarten through third grade from 20 students to 24 students per teacher. The encroachment of the K-3 class size reduction program before this change was \$80 million. The Board-adopted 24:1 class size ratio reduced the encroachment to \$45 M. Staff proposes further increasing class size in these grades to 29 students per teacher in 2010-11 and eliminating the encroachment. This change would reduce the number of elementary teachers by 1,390.	\$47.3	\$47.3	\$94.6

Summary of Budget Balancing Solutions for 2010/11 and 2011/12 (Revised*)

Type	Item	Description	Anticipated Savings		
			2010-11	2011-12	Total
Services to schools	Reduce Facilities Operations budget by 5%	Facilities Operations covers custodians, gardeners, window washers, tree trimmers, bathroom attendants, and other custodial positions at school sites and roving crews. Staff proposes identifying ongoing savings in this budget of 5%.	\$9.9	\$9.9	\$19.8
Services to schools	Reduce school police by 25%	Staff will review options to reduce the School Police Department budget by 25% in 2009-10. Staff will avoid reductions that would impact the District's eligibility for federal grants.	\$10.1	\$10.1	\$20.2
Services to schools	Reduce Transportation Budget by 10% in 2010-11 and additional 5% in 2011-12	Staff proposes transportation reductions to transportation programs including the Magnet, Capacity Adjustment, Permits with Transportation, Other Transported Students and Special Education busing programs. Options being evaluated include bus stop consolidation, stacking of bell schedules, and fee for service arrangements for athletics.	\$18.1	\$27.2	\$45.3
Services to schools	Reduce Routine Repair and General Maintenance contribution from 2.2% to 2% in 2010-11 and to 2.0% to 1.8% in 2011-12	The Routine Repair and General Maintenance Fund covers the cost of routine repairs and maintenance to District facilities in order to prevent more costly repairs in the future. The State budget adopted in February granted districts the flexibility to reduce the state-mandated contribution to the Routine Repair and General Maintenance fund from 3% of General Fund expenditures to 1%. In 2009-10, the District reduced its contribution to 2.2% of General Fund expenditures. The District proposes further reducing the contribution to 2% in 2010-11 and 1.8% in 2011-12.	\$17.5	\$32.6	\$50.1
Total			\$286.8	\$632.8	\$919.6

Appendices

2009-10

Central Office

Function	Division Name	
Board of Education	Inspector General	\$0.7
	Personnel Commission	\$1.6
Board of Education Total		\$2.2
Superintendent	General Superintendent	\$1.3
	Adult & Career Education	\$0.5
	Communications (KLCS, Translation & Comm-Central Off)	\$1.8
	General Counsel	\$0.4
	Government Relations	\$1.0
	iDesign - Charter Schools	\$0.5
	Student Information /Research & Assessment	\$4.9
Superintendent Total		\$10.3
Office of Curriculum, Instruction & School Support	Beyond the Bell	\$0.8
	Early Childhood Education	\$0.1
	Educational Support Services	\$0.2
	Elementary Instruction	\$0.6
	Instructional Media Services	\$1.0
	Instructional Support Services	\$0.7
	Leadership Excellence thru Adminstr Dev't (LEAD)	\$0.2
	Professional Devt & Leadership (ELIMINATE)	\$0.1
	School Family & Community & Parent Serv	\$0.1
	Secondary Instruction	\$2.8
	Special Education	\$5.2
	Special Education - Regional Office-Central-West	\$1.2
	Special Education - Regional Office-East	\$1.2
	Special Education - Regional Office-North	\$1.4
	Special Education - Regional Office-South	\$1.0
	Student Health & Human Services	\$2.1
	Student Integration (Magnet, GATE, 10 Schools)	\$0.1
Teacher Support & Development	\$1.1	
Office of Curriculum, Instruction & School Support Total		\$20.0
Financial Support	Chief Financial Officer	\$0.2
	Accounting & Disbursements Division	\$1.5
	Budget Services & Financial Planning Div.	\$0.3
	School Fiscal Services	\$0.4
Financial Support Total		\$2.3
Operational Support	Office of the Chief Operating Officer	\$0.2
	District Support Services	\$1.6
	Environmental Health & Safety Division	\$1.2
	Human Resources	\$2.1
	Information Technology Division	\$9.9
	Office of Staff Relations	\$0.7
	Procurement Services	\$1.7
	Risk Management	\$0.1
	School Operations	\$1.2
Transportation Services	\$1.3	
Operational Support Total		\$20.1

		2009-10
Facilities	Existing Facilities	\$0.6
	Facilities Executive Off	\$0.1
	Facilities Support Services	\$0.7
	Maintenance & Operations	\$2.0
	New Construction	\$0.3
	Planning & Development	\$0.3
Facilities Total		\$4.0
Local Districts	Local District 1	\$1.0
	Local District 2	\$1.1
	Local District 3	\$1.4
	Local District 4	\$1.3
	Local District 5	\$1.4
	Local District 6	\$1.4
	Local District 7	\$1.4
	Local District 8	\$1.4
Local Districts Total		\$10.4
Subtotal-Central Office		\$69.3
Central Office -Admin		
Superintendent	School Police	\$0.3
	Student Information /Research & Assessment	\$0.0
Superintendent Total		\$0.4
Office of Curriculum, Instruction & School Support	Office of the Chief Academic Officer	\$0.0
	Beyond the Bell	\$5.1
	Elementary Instruction	\$0.1
	Instructional Support Services	\$0.5
	Leadership Excellence thru Adminstr Dev't (LEAD)	\$0.8
	Secondary Instruction	\$0.2
	Student Health & Human Services	\$1.9
Office of Curriculum, Instruction & School Support Total		\$8.6
Financial Support	Budget Services & Financial Planning Div.	\$0.2
Financial Support Total		\$0.2
Operational Support	Office of the Chief Operating Officer	\$0.2
	Procurement Services	\$0.5
	School Operations	\$1.0
	Transportation Services	\$4.7
Operational Support Total		\$6.4
Facilities	Maintenance & Operations	\$1.8
Facilities Total		\$1.8
Local Districts	Local District 1	\$0.1
	Local District 2	\$0.1
	Local District 3	\$0.0
	Local District 4	\$0.0
	Local District 5	\$0.2
	Local District 7	\$0.1
Local Districts Total		\$0.4
Subtotal-Central Office Admin		\$17.7
Administered-Schools	Routine Repairs and Maintenance	\$28.3

		2009-10
Norm-Teachers		
	K-3 at 24:1	\$35.0
	4-5 Rollback	\$0.0
	6th Grade Rollback	\$3.3
	Back out Rollback for Grade 6 CSR	(\$14.1)
	8th Grade Math and English	\$9.3
	Middle Sch increased by 2	\$16.9
	Senior High increased by 2	\$24.7
	Morgan Hart	\$30.1
	Non Morgan Hart 9th Gr Math	\$4.3
	Options	\$3.9
Subtotal- Norm Teachers		\$113.5
Norm-Administrators		
	Elementary	\$6.1
	Secondary	\$5.6
Subtotal- Administrators		\$11.8
Norm Others		
	Counselors	\$14.3
	Clerical	\$22.0
	Library Aides	\$3.8
Subtotal-Norm Others		\$40.2
Others-Schools		
	APEIS	\$18.0
	Early Ed Teachers	\$1.0
	Early Ed Aides	\$0.8
	Facilities-Custodians	\$40.5
	Secondary Arts Teachers	\$2.5
	Consolidation and Closure of Schools	\$1.8
	TIIG EI Counselors/part of PICS	\$3.0
	GF Coaches	\$7.3
Subtotal-Others-Schools		\$75.3
Allowance for delayed implementation		(\$36.0)
GrandTotal		\$320.2

General Fund Regular Programs Central Office Redcution (Operating Expenses Only)

Function	Division Name	Total
Board of Education	Personnel Commission	\$175,554
Board of Education Total		\$175,554
Superintendent	General Superintendent	\$297,104
	Communications (KLCS, Translation & Comm-Central Off)	\$430,454
	General Counsel	\$12,219
	Government Relations	\$101,063
	iDesign - Charter Schools	\$1,442,957
	Student Information /Research & Assessment	\$884,848
Superintendent Total		\$3,168,645
Office of Curriculum, Instruction & School Support	Beyond the Bell	\$4,112
	Early Childhood Education	\$182,235
	Elementary Instruction	\$582,747
	Federal and State Education Programs	\$1,084,430
	Instructional Media Services	\$80,000
	Instructional Support Services	\$257,666
	Leadership Excellence thru Adminstr Dev't (LEAD)	\$32,403
	Office of the Chief Academic Officer	\$26,367
	Professional Devt & Leadership (ELIMINATE)	\$310,822
	School Family & Community & Parent Serv	\$271,322
	Secondary Instruction	\$49,315
	Special Education	\$253,315
	Student Health & Human Services	\$673,891
	Student Integration (Magnet, GATE, 10 Schools)	\$23,000
	Teacher Support & Development	\$142,644
Office of Curriculum, Instruction & School Support Total		\$3,974,269
Financial Support	Chief Financial Officer	\$40,000
	Accounting & Disbursements Division	\$344,013
	Budget Services & Financial Planning Div.	\$135,811
	School Fiscal Services	\$82,911
Financial Support Total		\$602,735
Operational Support	Office of the Chief Operating Officer	\$445,951
	Human Resources	\$305,496
	Information Technology Division	\$1,301,587
	Office of Staff Relations	\$675,504
	Office of the Business Manager	\$14,507
	Procurement Services	\$196,840
	School Operations	\$229,141
	Transportation Services	\$6,083
Operational Support Total		\$3,175,109
Facilities	Existing Facilities	\$28,227
	Facilities Support Services	\$3,079,752
	Maintenance & Operations	\$211,532
	Planning & Development	\$243,928
Facilities Total		\$3,563,439
Local Districts	Local District 1	\$237,276
	Local District 2	\$470,660
	Local District 3	\$324,400
	Local District 4	\$729,575
	Local District 5	\$79,416
	Local District 6	\$252,171
	Local District 7	\$95,847
	Local District 8	\$383,357
Local Districts Total		\$2,572,702
Grand Total		\$17,232,453

General Fund Regular Program Administered by Central Office Reduction (Operating Expenses Only)

Function	Division Name	Total
Office of Curriculum, Instruction & School Support	Office of the Chief Academic Officer	\$159,319
	Beyond the Bell	\$81,198
	Elementary Instruction	\$519,889
Office of Curriculum, Instruction & School Support Total		\$760,406
Operational Support	Information Technology Division	\$744,291
	Procurement Services	\$200,000
	Risk Management	\$1,295,881
	School Operations	\$5,000
	Transportation Services	\$7,548,115
Operational Support Total		\$9,793,287
Facilities	Existing Facilities	\$604,146
	Facilities Support Services	\$114,470
	Maintenance & Operations	\$2,872,587
	Planning & Development	\$1,296,819
Facilities Total		\$4,888,022
Local Districts	Local District 1	\$9,149
	Local District 2	\$9,149
	Local District 5	\$9,149
	Local District 6	\$8,649
Local Districts Total		\$36,096
Grand Total		\$15,477,811