



# San Francisco Unified School District

Board of Education

Regular Meeting

March 23, 2010

# The Current Budget Deficit

- Based on Governor's proposed budget, SFUSD faces a \$113 million projected deficit through 2011-2012.
- We should be receiving \$70 million more of Revenue Limit annually.
- At last reporting, California ranked 47th in the nation in per-pupil spending. After this year, we'll be close to last.

# FUND 01 – UNRESTRICTED GENERAL FUND (UGF) REVISED MULTIYEAR PROJECTIONS

(\$000's)

	FY 2009-10	FY 2010-11	FY 2011-12
	TOTAL	TOTAL	TOTAL
<b>A. REVENUES</b>			
Revenue Limit <sup>1</sup>	241,487	242,475	250,889
Federal	27,147	529	529
State	83,580	83,580	83,580
Local	34,425	34,425	34,425
Rainy Day Reserve	24,600	6,000	-
Total Revenues	411,239	367,009	369,423
<b>B. TOTAL EXP &amp; OTHER FINANCNG SOURCES/USES</b>	429,099	429,099	429,099
<b>C. NET INCR/(DECR) IN FUND BAL (A-B)</b>	(17,860)	(62,090)	(59,676)
<b>D. BEGINNING FUND BALANCE (est a/o 07/01)</b>	42,019	24,159	(37,930)
<b>E. ENDING FUND BALANCE (est. a/o 06/31) C+D</b>	24,159	(37,930)	(97,606)
<b>F. DESIGNATED RESERVES</b>	(15,800)	(15,800)	(15,800)
<b>G. UNDESIGNATED FUND BALANCE</b>	8,359	(53,730)	(113,406)



<sup>1</sup> Based on Governor's January Proposed Budget

# What Are We Doing To Respond?

- Freezing all unfilled positions and non-personnel expenditures unless essential or critical
- Offering early retirement incentives to reduce layoffs
- Advocating for more education funding
  - Pursuing a local parcel tax
  - Suing the State for adequate funding
  - State advocacy (legislators and the Governor)

# Superintendent's Budget Deficit Action Plan

**Since the enormity of the scale of our deficit and a continuing concern that school districts will face additional reductions following the May revise, the Superintendent is proposing a two-step budget development process.**

- Step 1: Approval of a plan that outlines budget reductions in specific areas to address the projected \$113 million deficit.
- Step 2: This plan would form the basis for the second step, which would be to incorporate new information – such as updated state budget assumptions and negotiated agreements with our labor partners – in the development of the final budgets for SFUSD and the San Francisco County Office of Education.

# What Will Happen Next?

- The Board is being asked to approve a framework for budgetary planning – not a final budget for next school year
- During the next two months, we will continue to analyze programs and budgetary projections, gather community feedback and refine our recommendations to the Board
- In June the Board of Education will adopt a budget for SY 2010-11

# Specific Steps

- **Equity Report** – Staff will more fully describe and report on ways specific budget decisions will affect students and schools
- **Community Engagement** – We will continue to meet with stakeholders to clarify information and gather feedback, including hosting open “office hours”
- **Analyze Programmatic Results** – We will continue to be explicit about the evidence that specific investments have or have not achieved desirable results

*These steps will help refine the Superintendent’s budget recommendations to the Board and inform their consideration of the official budget for FY 2010-11.*

# General Comments

- No one – including the Superintendent or Board of Education – wants to make any of these budget cuts
- However, the unprecedented magnitude of this historic fiscal crisis is forcing us to identify reductions that unfortunately must affect school sites and staff members
- The question is which cuts will do the least harm and best allow us to continue our progress toward achievement, access and equity, and accountability
- It is important to also recognize the different impacts of the layoff notification process on individual schools

# Guiding Principles

- **Fight for long-term solutions** - The SFUSD community can lead the call for systemic change to fund schools adequately
- **Consider students with the highest need** – To the greatest extent possible, prioritize resources and services to students with greatest academic needs
- **Prioritize services directly impacting achievement**
- **Be willing to change the status quo** – Reduce investments that haven't shown enough results and focus resources on research-based initiatives
- **Plan thoughtfully** – Consider short- and long-term impact of cuts and how other funding sources can help reduce the impact
- **Keep SFUSD financially healthy** – maintain solvency, avoid state takeover and survive to see better times ahead
- **Engage the community** – Provide meaningful opportunities for stakeholders to inform budget decisions at schools and at the district level

## Superintendent's Proposed Budget Deficit Action Plan Summary (\$millions)

Service Reductions	Funding Source	FY 09-10	FY 10-11	FY 11-12	Total
Centrally-Budgeted School Support Programs (e.g. teacher training, program supervision, counselors, security)	Tier 3 / Public Education Enrichment Fund (PEEF/ Prop H) 3rd 3 <sup>rd</sup> / Central Unrestricted General Fund (UGF)	\$6.524	\$19.312	\$19.664	\$45.500
Minimal	Apply 50% of FY 2008-09 Prop A Revenue	0.000	7.500	7.500	15.000
Summer School	UGF	1.200	1.700	1.700	4.600
School Buses	UGF	0.000	1.250	1.250	2.500
Minimal	Higher FY 2008- 09 Ending Fund Balance	1.524	0.000	0.000	1.524
Class size, sabbaticals, raises	UGF, Labor Contracts	0.000	22.141	22.141	44.282
	<b>Total</b>	<b>\$9.424</b>	<b>\$52.110</b>	<b>\$51.886</b>	<b>\$113.406</b>

# Tier 3 / PEEF 3<sup>rd</sup> 3<sup>rd</sup> / UGF (\$millions)

	FY 09-10	FY 10-11	FY 11-12	Total
Tier 3 (Additional) Flexibility	\$2.824	\$11.308	\$11.459	\$25.591
PEEF 3 <sup>rd</sup> 3 <sup>rd</sup> (i.e., “Other General Uses”)	0.000	1.589	1.589	3.178
Unrestricted General Fund	2.700	4.251	4.451	11.402
Reduced Workers Comp. Premium	0.000	1.165	1.165	2.330
Additional Indirect Costs	1.000	1.000	1.000	3.000
<b>Total</b>	<b>\$6.524</b>	<b>\$19.312</b>	<b>19.664</b>	<b>\$45.500</b>

# Tier 3 Savings (\$millions)

Tier 3 Resource	Estimated Revenue			Anticipated Cuts				Revenues Remaining		
	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	Total	2009-10	2010-11	2011-12
Deferred Maintenance-State Matching Funds	1,908,451	1,901,199	1,935,420	1,000,000	1,500,000	1,500,000	4,000,000	908,451	401,199	435,420
Physical Education Teacher Incentive Grants	791,838	788,829	803,028	-	788,829	803,028	1,591,857	791,838	-	-
Alt Certification-Intern Program	333,466	332,198	338,178	-	135,000	135,000	270,000	333,466	197,198	203,178
Paraprofessional Teacher Training	185,170	184,466	187,786	-	-	-	-	185,170	184,466	187,786
National Board Certification Training	156,312	155,718	158,521	-	-	-	-	156,312	155,718	158,521
Community-Based English Tutoring Grant (CBET)	434,073	432,423	440,207	-	384,073	384,073	768,146	434,073	48,350	56,134
School Safety & Violence Prevention	706,122	703,439	716,101	-	527,203	527,203	1,054,406	706,122	176,236	188,898
Arts and Music Block Grant (Ongoing)	715,522	712,803	725,633	-	679,522	679,522	1,359,044	715,522	33,281	46,111
California High School Exit Exam (CAHSEE)	472,002	470,209	478,672	-	29,260	29,260	58,520	472,002	440,949	449,412
Supplemental School Counseling Program	1,480,910	1,475,283	1,501,838	-	700,283	726,838	1,427,121	1,480,910	775,000	775,000
Gifted & Talented Education (GATE)	363,426	362,045	368,562	-	111,958	111,958	223,916	363,426	250,087	256,604
Instructional Mat Funding Realign Prog (IMFRP)	2,929,861	2,918,727	2,971,264	2,929,861	2,918,727	2,971,264	8,819,853	-	-	-
California Peer Assistance & Review (PAR)	242,842	241,919	246,273	-	-	-	-	242,842	241,919	246,273
Certificated Staff Mentoring Program	100,285	99,904	101,702	-	99,904	101,702	201,606	100,285	-	-
Staff Development: Math & Reading	773,804	378,528	385,342	375,320	378,528	385,342	1,139,190	398,484	-	-
Staff Development: Principal Training	21,643	21,561	21,949	-	-	-	-	21,643	21,561	21,949
Supplementary Programs: Specialized Secondary	32,064	31,942	32,517	-	-	-	-	32,064	31,942	32,517
AB 825 Pupil Retention Block Grant	779,877	776,914	790,898	-	544,881	544,881	1,089,762	779,877	232,033	246,017
AB 825 School Community Violence Prevention Grant	160,320	159,711	162,586	-	-	-	-	160,320	159,711	162,586
AB 825 Teacher Credentialing Block Grant	1,089,411	1,085,272	1,104,806	-	1,085,272	1,104,806	2,190,078	1,089,411	-	-
AB 825 Targeted Instructional Improvement Block Grant	38,216,557	38,071,334	38,756,618	(430,233)	4,643,309	4,673,309	8,886,385	38,646,790	33,428,025	34,083,309
AB 825 School and Library Improvement Block Grant	3,717,160	3,703,035	3,769,690	425,913	1,164,532	1,164,532	2,754,977	3,291,247	2,538,503	2,605,158
TBD (Flex Sub-Accounts During FY 09-10 Closing)				1,282,000			1,282,000	(1,282,000)		
TBD (Savings From Spending Freeze)				1,625,000			1,625,000	(1,625,000)		
<b>Total</b>	<b>55,611,116</b>	<b>55,007,459</b>	<b>55,997,593</b>	<b>7,207,861</b>	<b>15,691,281</b>	<b>15,842,719</b>	<b>38,741,860</b>	<b>48,403,255</b>	<b>39,316,178</b>	<b>40,154,874</b>

Cuts Previously Taken in \$83 Million Shortfall Scenario: 4,383,628 4,383,628 4,383,628 13,150,883  
 Additional Cuts Proposed Based on \$113 Million Shortfall: 2,824,233 11,307,653 11,459,091 25,590,977



# Labor Contract Savings\* (\$millions) (Requiring Negotiations) [ORIGINAL PROPOSAL]

	FY 09-10	FY 10-11	FY 11-12	Total
Suspend Sabbaticals (UASF / UESF)	\$0.000	\$2.000	\$2.000	\$4.000
Freeze Step & Column (All Employees)	0.000	5.750	5.750	11.500
Replace Staff Development Days w/Prop A PD Hours (UESF)	0.000	3.500	3.500	7.000
Furloughs (2 Days per year**) (All Employees)	0.000	4.500	4.500	9.000
Increase K-3 Class Size**	0.000	4.000	4.000	8.000
Other (Additional Furloughs**, AP Prep, Department Heads, Other Prop A \$)	0.000	2.390	2.390	4.781
<b>Total</b>	<b>\$0.000</b>	<b>\$22.140</b>	<b>\$22.140</b>	<b>\$44.282</b>

*\*These are temporary measures, proposed for FY 2010-2011 and FY 2011-12 only.*

*\*\*The Superintendent has also proposed 4 teacher furlough days each year in order to maintain existing elementary class sizes.*

# Differentiated Furloughs

- **The Superintendent will seek a different number of days for different employees for a more equitable approach to furloughs**
- **Employees who earn more will be asked to take more furlough days**
- **Unrepresented management employees would take the most days**

*\*Require negotiations for represented employees.*

# Summary of Cuts to Central Offices

- Elimination of 10-12 central administrator positions (8-10%)
- Academics and Professional Development
  - 80% reduction in UGF, Tier 3, and PEEF 3<sup>rd</sup> Third budgets
  - Most other centralized expenses are on restricted funds (e.g., Title IIA)
- Unrestricted General Fund Cuts of \$6 million
- More furlough days
- WSF budgets have historically been prioritized

Category of UGF Budget	FY 2006-07	FY 2009-10	Difference	% Difference
WSF	\$196.2 M	\$218.2 M	\$22.0 M	11.22%
Centrally Budgeted	\$90.1 M	\$97.7 M	\$7.6 M	8.46%

**Note: These figures reflect increases in salaries, benefits and other costs.**

# On The Children's Allocation Team Budget

- Appreciations
  - This work reinforces an important question about how central offices are adding value to schools
  - Attention to budget deliberations and specific numbers
- Concerns
  - Making 20% across-the-board cuts to central offices will harm schools and cause major systems to fail
  - UGF cuts represent 20% of total budgets including restricted funds but restricted funds are not interchangeable with unrestricted funds
- There are some areas of alignment with Superintendent's Recommendations (e.g., APD, School Volunteers)
- Staff can continue to meet with Children's Allocation Team members to build understanding and gather feedback

# Alternative Options

- Using the Superintendent's recommended plan as a reference, items could be added back as long as additional cuts could be identified
- Ideas for restorations and/or additional cuts include:
  - Class size
  - Furlough days
  - Prop A-funded expenses
  - Tier 3 funding for supplemental counselors
  - Any other Tier 3 programs
  - PEEF (Learning Support Professionals)
- Staff would encourage ongoing feedback from Commissioners during the next phases of the budget development process