

# Palo Alto Unified School District



## **BUDGET UPDATE**

**FEBRUARY 9, 2010**

# Budget Balancing Values



- **Maintain academic excellence**
- **Avoiding layoffs is a high priority**
- **Transparency and openness about our challenge**
- **Continued support and fidelity to the district's Strategic Plan**
- **Participation by all stakeholder groups**
- **Understanding of and dedication to what works educationally**
- **Optimism about ability to solve problems**
- **Long term fiscal health – no gimmicks**
- **Staffing levels that sustain program quality as we grow**

# Budget Situation



	<b>Structural Deficit</b>	<b>Ending Balance</b>
September	\$5.7 million	\$5.9 million
First Interim (December)	\$5.1 million	\$6.4 million
Governor's Budget Proposal	\$7.6 million	\$6.4 million

Note: This is an estimate based on data from School Services of California from analysis of the Governor's proposed budget.

# Budget Savings Enacted to Date



- **There have been major efforts to preserve resources. In the staffing budget, there is a total savings of over \$2 million through the First Interim budget review in December.**
  - Not hiring additional teachers for enrollment growth at the elementary level
  - Increased K-5 class sizes incrementally
  - Tighter staffing at secondary level
  - Soft hiring freeze
  - Savings include 15 new teacher positions, 1 director position, and 3.5 FTE classified support positions

# 2009-10 Budget Savings Enacted to Date



- In other areas of the budget, there is a total savings of over \$450,000 through the First Interim budget review in December. Although mostly one-time savings in 2009-10, the savings will add to the ending fund balance.

○ Board election costs	\$125,000
○ Legal services/consultants/supplies budget	\$250,000
○ Summer School	\$ 91,000

# Sources to Address Structural Deficit



1/3 of Ending Balance	\$2.1 million (rest of money to be used in “out” years)
Parcel Tax*	\$1.8 million
Budget Cuts	\$3.7 million
<b>TOTAL</b>	<b>\$7.6 million</b>

## Notes:

- There may be further savings during 2009-10 year that could increase the ending balance and/or reduce structural deficit.
- This assumes district pays “fair share” of state budget cuts and reduced COLA.
- *\*If passed May 4, 2010.*

# Budget Balancing Input



- Budget Balancing Process developed to provide PAUSD stakeholders with information on the budget challenge and an opportunity to share their views on the issue.
  - Purpose of the input is to provide the Superintendent's staff with a wide range of perspectives on the budget issue.
  - The input is not to prescribe which budget saving ideas are recommended to balance the budget.
- At school sites, both certificated staff, classified staff, and Site Councils reviewed budget balancing ideas and shared views on the priority levels for the various ideas.

# Budget Balancing Input



- District departments (maintenance, transportation, district office, etc.), also had an opportunity to review budget balancing ideas and to provide input on priorities.
- PTA Council sent surveys to parents and to the community to gather their perspectives on budget.  
<http://palaltopta.org/index.shtml>
- All groups invited to identify additional budget saving ideas during budget discussions and through emails.

# Budget Input Timeline



- List of budget balancing possibilities generated by Leadership Team – October
- Budget balancing possibilities shared with PAUSD stakeholder groups – November/December
- Stakeholder groups have opportunity to provide input on budget balancing ideas – December/January
- Superintendent's Cabinet/Council reviews input and creates a draft of budget balancing recommendations – December/January/February
- Leadership Team reviews draft of budget balancing recommendations – January/February
- Board Study Session – February 9

# Overview of Input



- **The District received budget input from:**
  - 17 School Staffs
  - 17 Site Councils
  - 6 District Departments
  - 50 budget ideas submitted to [balancedbudget@pausd.org](mailto:balancedbudget@pausd.org)
  - Over 1,400 Participants in PTAC survey
  - Over 200 additional budget saving ideas collected from sites
- **Budget input from sites & departments**
  - (see Appendix A)
- **PTAC survey results**
  - (see Appendix B)

# Items Not Being Recommended At This Time



- **March 15 Certificated Staffing Layoff Notices**
- **Elimination/Reductions to Major Programs**
- **Reductions to Professional Development**
- **Furlough Days**

# Areas of Focus



- Continue soft hiring freeze
- Continue to manage use of employee overtime
- Further review of health benefits
- District Office organization review
- Residency verification
- Examine how technology can be used to realize cost efficiencies
  - ✦ Electronic vs. print
- Delay adoption of new instructional materials when appropriate
- Special Ed Study
- Energy usage and savings
  - ✦ Close facilities during breaks
  - ✦ Green toilets
  - ✦ Pool operation costs

# Areas of Focus



- **Parcel Tax election May 4, 2010**

# 2010 Budget Balancing Recommendations



- Total Budget Reduction = \$3.7 million
- 25 items impacting all levels of the district

Revenue Shifts and Increases (Items 1-2)	\$ 390,000
Operational Savings (Items 3-18)	\$1,669,500
Other (Item 19)	\$ 92,500
Staffing Savings (Items 20-23)	\$1,120,000
Staff Reductions (Items 24-25)	\$ 450,000
<b>TOTAL</b>	<b>\$3,712,000</b>

# Revenue Increases



<b>1. Transfer State Deferred Maintenance income to the General Fund</b>	<b>\$350,000</b>
<b>2. PAPIE Funds \$40,000 more of the Spectra Art program costs</b>	<b>\$ 40,000</b>

# Operational Reductions/Savings



<b>3. Reduce per student site discretionary allocation by \$35</b>	<b>\$402,500</b>
<b>4. 25% of site rental income goes to the General Fund</b>	<b>\$125,000</b>
<b>5. Close middle school pools, November to March</b>	<b>\$ 75,000</b>
<b>6. Suspend “remediation” payments for 2010-11</b>	<b>\$ 40,000</b>
<b>7. Reduce General Fund support of summer school</b>	<b>\$100,000</b>
<b>8. Reduce General Fund support to Student Nutrition Services</b>	<b>\$ 50,000</b>
<b>9. Eliminate off-site rentals for District events</b>	<b>\$ 19,000</b>
<b>10. Reduce pony run to three day schedule</b>	<b>\$ 25,000</b>

# Operational Reductions/Savings



11. Reduce District print shop costs	\$ 12,000
12. Reduce legal budget	\$ 50,000
13. Reduce District-wide back-to-school event (Chow Down) cost	\$ 5,000
14. Reduce District Office contracted services/supplies budgets	\$160,000
15. Additional employee medical opt out savings	\$128,000
16. Savings in health benefits	\$158,000
17. Reduce vacation day payouts	\$ 20,000
18. Use December 2009 enrollment projection for 2010-11	\$300,000

# Other Reduction



<b>19. Reduce primary language tutors to serve only the neediest students</b>	<b>\$ 92,500</b>

# Staffing Savings



<b>20. Increase elementary class size by one student</b> <ul style="list-style-type: none"><li>• K-3: 22 to 1</li><li>• 4/5: 24 to 1</li></ul>	<b>\$600,000</b>
<b>21. Increase middle school class size incrementally</b>	<b>\$240,000</b>
<b>22. Increase Math and English class size in 9<sup>th</sup>/10<sup>th</sup> grades by one</b>	<b>\$ 80,000</b>
<b>23. Collapse 7 under enrolled classes to 5 classes in 2010-11 (savings of 2 classes)</b>	<b>\$200,000</b>

# Staff Reduction



<b>24. Further reduce District administrative personnel</b>	<b>\$120,000</b>
<b>25. Reduce classified support positions by 5.75 FTE</b>	<b>\$320,000</b>