

# Proposed Budget Reductions

Presented to:  
The Board of Education  
March 3, 2004

# The Major Cause of the \$3 Million Structural Deficit Reported in December

## Lack of Property Tax Growth

- For 2003-04, estimated property tax growth was reduced from 3.66% to 0.23%. (\$2.4 million)
- For 2004-05, estimated property tax growth was reduced from 2.23% to 1.23%. (\$0.7 million)

*Note: Other factors such as health benefit costs, workers compensation costs, and PERS increases add to overall cost. Increased enrollment, which is not funded by the state, compounds the problem.*

# Superintendent's Recommendations to Close the \$3 Million Gap

- Make \$1.5 million in ongoing reductions. Have these reductions be kept as far from program and staff reductions as possible.
- Close the remaining \$1.5 million gap with community raised funds, budgeting \$1.5 million from the Reserve as collateral until the community funds are raised.
- Establish a Basic Aid Reserve policy

# Now an Additional \$1.2 million deficit

- The major causes are:
  - Based on February 12 information from the County, the projected property tax growth percentage for 2004-05 is reduced from 1.23% to 0%, a loss of \$900,000.
  - Increase in PERS cost from 10.4% to 12.2% for 2004-05, a cost of \$243,000.
  - Reduction in interest earnings due to declining interest rates, a loss of \$50,000.

# Summary: Cause of the \$4.2 Million Structural Deficit

- Lack of property tax growth accounts for almost all of the problem.
  - Projected at 3.66% last June for 2003-04. Current projection is 0.16%. (Loss: \$2.4 million)
  - Projected at 2.23% last June for 2004-05. Current projection is 0%. (Loss: an additional \$1.6 million)
- *Other factors such as health benefit costs, workers compensation costs, and PERS increases add to overall cost. Increased enrollment, which is not funded by the state, compounds the problem.*

# Unrestricted, Undesignated Fund Balance

- June 30, 2002: \$4,032,540
- June 30, 2003: \$3,381,185
- June 30, 2004 (projected) \$1,002,000
- June 30, 2005 (projected) \$0

# Projected Available Reserves on July 1, 2004

\$3,168,000

State 3% reserve

\$ 0

Unrestricted, undesignated fund balance will be zeroed out for the 2004-05 budget.

\$6,211,000

\$500,000 of the Basic Aid Reserve will be used to fund the 2004-05 budget.

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\$9,379,000 TOTAL

# Unknowns

- Property Tax Growth (next news in May)
- PERS Retirement System (probably no further news)
- ~~Proposition 57 and 58~~
- Restructuring of State School Finance
- Enrollment Growth
- Orange County Court Case

# Meetings from January 9 to February 10

- District administration with all principals (four times).
- Principals at all sites met with staffs and parents.
- Individual meetings with high school and middle school principals.
- CSEA leadership.
- CSEA general membership (invited by CSEA President)
- PAEA leadership (offer to speak to general membership was declined).

# Meetings from January 9 to February 10

- Palo Verde PTA.
- Hays PTA/School Site Council.
- PTA Council
- ASF, PAFE, and PTA leadership.
- Palo Alto High School staff.
- Board members talked with liaison schools.
- Joint School Site Council/PTA Presidents meeting attended by PAEA representatives as well as parents.
- Board of Education meetings of January 27 and February 10.

# Themes from Jan 9-Feb 10 meetings

- Keep reductions as far as possible from the classroom.
- Balance the reductions with previous reductions.
- Preserve as many positions as possible.
- Balance reductions across school levels and across employee groups.
- Look for savings within the District, e.g. utilities, garbage collection, before going to program.
- Keep school programs intact, especially class size.
- Keep art and music at the elementary level.

# Information Gathering Process

- Feb 17 - Voluntary Staff Meeting for South Elem Schools at Fairmeadow (3:15 PM)
- Feb 17 - Board Study Session on State of the District at District Office (7:00 PM).
- Feb 18 - Voluntary Staff Meeting for West Elem Schools at Escondido (3:15 PM).
- Feb 19 - Voluntary Meeting for Staff at Gunn High School (2:30 PM).
- Feb 19 - CSEA Membership Meeting at District Office (4:30 PM).
- Feb 19 – Secondary Schools Community Forum at JLS (7:00 PM).
- Feb 23 - Voluntary Staff Meeting for North Elem Schools at Duveneck (3:15 PM).
- Feb 23 – Elementary Schools Community Forum at JLS (7:00 PM).
- Feb 24 – Meeting with all principals and other district administrators (10:00 AM)
- Feb 24 - Voluntary Meeting for All Middle School Staff at JLS (3:30 PM).
- Feb 24 – Regular Board of Education Meeting (no budget action taken) (7:00PM).
- Feb 25 - Voluntary Meeting for Staff at Paly High School (3:15 PM).
- Mar 3 - Special Board of Education Meeting (Budget will be discussed) (7:00 PM).
- Mar 9 – Regular Board of Education Meeting (Budget action will be taken) (7:00 PM).

# Community and Staff Input Toward Budget Reductions

Source:

Community Forums and  
Staff Meetings



# Consider for reduction and priority to restore as funding becomes available

- Reduce Superintendent's Cabinet (Administration)
- Eliminate double textbook program
- Reduce janitorial supplies, outsource, kids maintain schools
- Reduce classroom supplies/expenses – family expense
- Suspend class size reduction
- Cut back on team sports
- Reduce number of world language offerings
- Reduce Tinsley enrollment
- Consolidate Special Education enrollment across schools
- Limited class size increase in secondary schools

# Do not consider for budget reductions

- Eliminate all non-funded state testing
- Reduce maintenance levels (landscaping)
- Eliminate classroom aides
- Class size reduction
- Discussion of salary freeze/furlough days/salary reductions
- Suspend merit pay funds, bonuses, travel allowances
- Reduce Art/Music programs
- Eliminate/consolidate electives with low enrollment
- Standardize materials across schools
- Shorten school day/instructional time

# Remaining Ideas

- Reduce assessments
- Cut transportation expenses
- Reduce administrative personnel
- Increase outsourcing
- Salary freezes/reductions
- Re-evaluate health benefits
- Re-evaluate consulting fees
- Re-open consideration of furlough days
- Suspend non-essential equipment purchases
- Place Board packets on CD-ROM instead of paper

# Efficiencies to consider

- Centralize copying and forms
- Reveal energy usage to promote conservation
- Use parents, students, retirees, community members more as volunteers
- Move communication with parents to e-news on the web
- Consider outsourcing printing – pursue “under-writing by local businesses
- Find someone to help “green” our facilities
- Review admin costs as a percent of total budget and benchmark nationwide
- Collect fees owed by students (damaged/lost property)
- Consolidate or outsource Special Education services
- Evaluate Academy program
- Evaluate database management

# Increased Revenue Stream Suggestions

- Corporate sponsorships for Facilities/Programs/Technology
- Fair share parent donation per student (\$500/student)
- Raise rents on leased facilities with aggressive marketing
- Increase student fees for sports
- Community drive for e-scrip, Costco partnership, etc.
- Bond measure and Parcel Tax
- Explore other fundraising models for ASF and PAFE
- Raise fees for summer school
- Sell district real estate
- Donation for classroom supplies/supply from home.

# What we reduced in preparing the 2003-04 budget

- \$4 million in reductions
- % administrator FTEs reduced 7%
- % teacher FTEs reduced 1%  
(all teachers placed)
- % classified positions reduced 5%

# Proposed \$1.5 Million in Budget Reductions

1. Reduce the centralized Educational Services budget by \$100,000.
2. Reduce the Academy/Summer School budget by \$54,000.
3. Reduce the Information Technology budget by \$70,000.
4. Delete the remaining 0.17 FTE Assistant Business Manager position. This is a retirement and the position will not be backfilled. (\$25,250)
5. Delete a 1.0 FTE warehouse position. (\$60,485)
6. Delete the 1.0 FTE Project Specialist position in Business Services. (\$106,868)

# Proposed \$1.5 Million in Budget Reductions

7. Reduce 1.0 classified FTE in Digital Publications. (\$66,284)
8. Reduce 1.0 FTE in Educational Services. (\$53,461)
9. Reduce the centralized library/media staff from 1.0 FTE to 0.1 FTE. (\$73,335)
10. Delete 0.5 FTE district teacher on special assignment position. (\$40,742)
11. Reduce 1.0 FTE landscape position. (\$51,219)
12. Reduce the high school funding by the equivalent of \$15 per student, from \$95 per student to \$80 per student. (\$50,739)
13. Reduce the elementary school funding by the equivalent of \$20 per student, from \$100 per student to \$80 per student. (\$93,200)

# Proposed \$1.5 Million in Budget Reductions

14. Reduce 1.0 FTE High School Assistant Principal at each high school. (\$219,824)
15. Reduce elementary school library-media positions by a total of 2.0 FTEs. (\$143,482)
16. Reduce certificated staffing by five periods at each high school. (\$143,482)
17. Delete the General Fund support for the reading teachers at El Carmelo and Fairmeadow. (\$64,567)
18. Reduce the below the line middle school periods by a total of 0.5 FTE. (\$35,871)
19. Delete the 1.0 FTE unfilled Secretary II middle school position. (\$47,732)

# The recommended \$1.5 million in budget cuts for 2004-05

- \$4 million earlier + \$1.5 million in reductions
- % administrator positions reduced      7% -> 10%
- % teacher positions reduced              1% -> 2%
- % classified positions reduced            5% -> 7%

*Every effort is being made to find alternative positions for existing staff.*

# Additional \$1.2 Million in Budget Adjustments

1. Credit 50% of the K-5 rental revenue to the General Fund. (\$15,000)
2. Appropriate the annual Adult Education lottery income to the General Fund. (\$65,000)
3. Charge Adult Education for custodial services. (\$10,319)
4. Use \$70,000 of middle school carryover to balance the budget.
5. Transfer \$200,000 to Routine Maintenance from B4E Planned Maintenance rather than the General Fund. (\$200,000)
6. Staff will prepare enrollment projections and therefore save on contractual expense. (\$16,000)

# Additional \$1.2 Million in Budget Adjustments

7. Reduce the communications consultant contract by \$15,000.
8. Charge for the actual cost of TB testing. (\$11,000)
9. Delete the K-12 site allocation for travel and conferences. (\$57,000)
10. Require classified employees to take their vacation each year in order to avoid payouts. (\$20,000)
11. Delete the general fund allocation for Camp Anytown. (\$24,000)
12. Delete the general fund allocation for high school athletics of \$10,000 at each site. (\$20,000)

# Additional \$1.2 Million in Budget Adjustments

13. Reduce the support for Spectra Art by \$20,000, leaving \$45,000.
14. Delete 1.0 FTE administrator at the district office. (\$128,084)
15. Delete 0.25 FTE Account Technician position at the district office. (\$10,898)
16. Reduce the number of middle school support teaching periods by a total of eight periods. (\$114,785)
17. Reduce the number of high school support teaching periods by five periods at each high school. (\$143,482)
18. Delete 0.5 FTE psychologist position or equivalent. (\$49,148)

# Additional \$1.2 Million in Budget Adjustments

19. Delete 0.8 FTE clerical position at each high school. (\$67,383)
20. Delete a total of 1.6 FTE clerical positions at the middle schools. (\$67,383)
21. Reduce the amount of the clerical support at each elementary school by one hour. (\$67,383)

*Alternative to adjustments 19, 20, and 21:*

22. *The savings for a two-day furlough for administrators, CSEA members, and confidential/supervisory employees is \$199,092. This can be substituted for items 19, 20, and 21.*

# The recommended \$1.2 million in budget adjustments for 2004-05

- \$4 million earlier + \$1.5 million + \$1.2 million
- % administrator positions reduced      7% -> 10% -> 13%
- % teacher positions reduced                      1% -> 2% -> 3%
- % classified positions reduced                      5% -> 7% -> 7 or 8%

*Every effort is being made to find alternative positions for existing staff.*

# For further information

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[www.pausd.palo-alto.ca.us](http://www.pausd.palo-alto.ca.us)