

2007-08 Budget Reallocation Committee (BRC) Update

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The Problem.....

Continued Enrollment Loss

CBEDS / Enrollment Change

Fiscal Year	CBEDS Change
2000-01	+1,794
2001-02	+951
2002-03	+185
2003-04	(1,078)
2004-05	(1,011)
2005-06	(2,321)*
2006-07 Budget	(1,950)
2006-07 Prelim*	(1,662)

**We have 288 students more than we anticipated!
We had projected losing 1,950.**

**1,662 students @ \$5,500
= <\$9 million>**

* Includes one-time loss of 343 SAUSD students to OCEAA Charter School.

We Continue To Lose Students

21 of the 27 Orange County school districts are experiencing declining enrollment (78%)

- Reasons:
 - Slowdown in birth rates
 - It takes four minimum wage earners' income to rent a two bedroom apartment in Santa Ana
 - High home prices in urban and suburban regions (i.e. affordability)
 - Families are moving to more affordable areas
- **Every student lost = approx. \$5,500 in lost revenues.**



2007-08 Budget Reductions (per MYP)

**Reductions Required in 2007-08 to
meet State's Mandated 2%
Requirement:**

\$21 Million

**(\$6 million will come from less teachers
due to loss in enrollment, & \$15 million
will come from budget reductions)**

BRC Committee Process

- The Budget Reallocation Committee (BRC) was formed to identify and recommend potential reductions to the Superintendent / Cabinet
- The BRC is comprised of approx. 59 members
 - ◆ Site Admin. (11), Parent / Parent Group Reps (10), Community Reps. (2), Association Reps. (4), Dept. Heads (25), Fiscal Rep. (1), & **Cabinet/PIO (6) [non-voting]**.
- The BRC has been directed to keep the cuts as far away from the classroom as possible.



BRC Committee Process (cont'd)

- BRC is using an open & inclusive process
- Committee members (w/ budgetary responsibilities) are bringing suggestions to reduce their own budgets while maintaining district's goal of educating students
- Anyone desiring to offer suggestions can submit them on budget reduction suggestion forms (Available on the District's website and at school sites)
- Yes vote of 60% is required for BRC approval
- Per prior BRC Committees, we anticipate spending at a minimum of **800+ person hours** identifying, evaluating & deliberating proposed budget reductions
- 1st meeting: Nov. 16, 2006; Total of 6 meetings to date.

BRC Committee Process (cont'd)

- BRC will recommend budget cuts to Interim Superintendent/Cabinet
- Recommended cuts will be reviewed & approved by Interim Superintendent/Cabinet
- Interim Superintendent/Cabinet recommended cuts will be submitted for Board approval
- **Today, the Board is receiving an updated list of recommended cuts to date**
- A finalized budget reduction recommendation list will be submitted for Board approval in February 2007.



Budget Reductions for 2007-08

Hard Cuts:

1. **Portable Savings** *(vote for: 100%, against: 0%)* **\$500,000**
 - Consistent with District's declining enrollment trend, reduce number of leased portables
 - Portables currently leased at a cost of approx. \$6.5K/year
 - Facilities Department has identified 77 "unneeded" portables.
2. **Flexibility Transfer Provision** *(100% / 0%)* **\$800,000**
 - Utilize flexibility transfer provisions associated with new Discretionary Block Grant – District to reduce transportation encroachment costs.

Budget Reductions for 2007-08 (cont'd)

3. **Reduce Warehouse Related Costs** *(100% / 0%)* **\$120,000**
 - Reconfigure responsibilities and eliminate one Storekeeper position and reduce District inventory by \$60K
 - Storekeeper position reduction = On-going savings of \$60K
 - Reduction in inventory = One-time savings of \$60K.

4. **Reduce Teacher Substitute Pay Budget** *(100% / 0%)* **\$110,000**
 - As teaching positions are reduced (due to declining enrollment) reduce corresponding substitute pay budget for these positions.

Budget Reductions for 2007-08 (cont'd)

5. Offer In-House Occupational & Physical Therapy Services (97% / 3%)

\$40,000

- Currently District out sources majority of services to NPAs (non-public school agencies)
- Replicate other districts' successes and bring services in-house while meeting student needs
- Note: This initiative was proposed for 2006-07 with committed savings of \$113K. However, implementation has been delayed.
 - ◆ District has reassessed and conservatively estimates \$40K in savings effective 2007-08 (Year 1) & by Year 3 projects annual savings of \$250K.
 - ◆ Note: 2006-07 Consultant Expenditures have been reduced to partially recoup committed \$113K savings.

Budget Reductions for 2007-08 (cont'd)

6. **Strictly Monitor the Number of Days Classified Subs & Short Term Employees are Allowed to Work (95% / 5%)** **\$350,000**
 - By law, after 196 consecutive work days, Classified subs & short term employees become permanent employees
 - Monitor issue via Oracle.

7. **PC Setup/Maintenance Fee (86% / 14%)** **\$300,000**
 - Charge a one-time setup/maintenance fee to recoup ITC support costs associated with these PCs
 - ITC maintenance support costs currently funded entirely via General Fund-Unrestricted



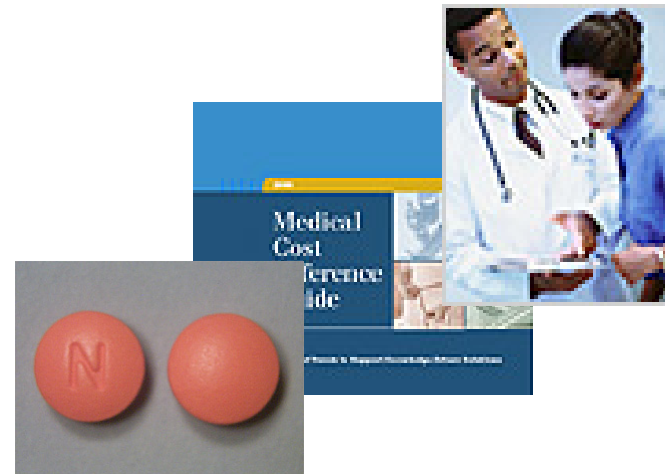
Budget Reductions for 2007-08 (cont'd)

8. **Realign Nurse Responsibilities** (81% / 19%) **\$222,000**
- Reduce nurse positions by 3 FTEs by realigning responsibilities (Hard Cuts = \$222K)
 - Change funding for 2 existing nursing positions by generating incremental MAA revenues
 - ◆ Note: Generating incremental MAA revenues would be classified as revenue enhancers and cannot be categorized as a "Hard Cut." (Revenue Enhancer = \$148K)

Budget Reductions for 2007-08 (cont'd)

Savings Requiring Negotiations:

9. **Realign Employee Medical Benefits to levels Consistent with Other Districts** *(68% / 32%)* **\$5,000,000**
 - Benefits currently offered by District are very generous
 - Realign Medical Benefits to levels consistent with other Districts.



Budget Reductions for 2007-08 (cont'd)

Revenue Enhancers and/or Soft Cuts:

10. **Expanded ARC** *(100% / 0%)* **\$110,000**
 - Relocate ARC to a larger facility to accommodate additional students and increase District ADA
 - Sub-committee estimates an additional 100 students/day could be served with an expanded facility.

11. **Adjust Civic Center Rates** *(95% / 5%)* **\$750,000**
 - Revisit rates to ensure that District is adequately compensated for costs associated with use of District facilities by outside organizations.

Budget Reductions for 2007-08 (cont'd)

12. Maximize MAA Revenues *(93% / 7%)* **\$1,730,000**

- Maximize reimbursement of Medical Administrative expenditures by mandating completion of reimbursement forms
- Currently the District estimates that only ¼ of reimbursement forms are completed.

13. Implement Initiatives that Promote Perfect Attendance *(93% / 7%)* **\$1,500,000**

- Provide student incentives to increase attendance (e.g. Principal's BBQ, Free Prom Tickets, Free Yearbook, X-Box Raffles, etc.)
- A 1% Increase in ADA Translates to Approx. \$3 million. Assume we attain a 0.5% Increase.

2007-08 Budget Reductions

Reductions Required: **\$15 Million**

Reductions Identified to Date:

- Hard Cuts: **\$2.4 Million (16% of Goal)***
- Cuts Requiring Negotiations: **\$5.0 Million**
- Revenue Enhancers or Soft Cuts: **\$4.1 Million**



Closing the Gap to Targeted \$15 Million in Reductions

- 10 BRC Meetings Scheduled in January & early February
- Additional Meetings will be Held as Needed
- 90 Proposals Still being Analyzed by Sub-committees
- 30 Additional Proposals under Review by “New Proposal” Sub-committee with Additional Suggestions Received Each Day

Closing the Gap (Cont'd)

Proposals Under Full BRC Committee Discussion

\$1,625K*

1. Eliminate or Substitute Unrestricted Funding of 1 AP & 1 Clerical Position per High School \$875K
2. Eliminate or Substitute Unrestricted Funding of Library Media Technicians at High Schools \$750K

* All Dollars presented here are estimates. Further analysis is required before dollar savings can be finalized.

Closing the Gap (Cont'd)

Proposals Not Yet Discussed but Likely to be Approved (?) \$5,191K*

- | | |
|--|----------|
| 1. Move up P2 Date | \$1,600K |
| 2. Pay Portion of Portable Lease Costs w/ Developer's Fees | \$1,500K |
| 3. Substitute Unrestricted Funding of Music Teacher Positions | \$900K |
| 4. Provide Employee Incentive to Eliminate Medical Double Coverage | \$480K |
| 5. Modify DSO Work Schedules | \$210K |
| 6. Association Sub-Pay | \$186K |
| 7. 4 Day Work Week During Summer Months | \$125K |
| 8. Substitute Unrestricted Funding of Planner Positions | \$100K |
| 9. 5% Departmental Budget Reduction | \$90K |

* All dollars presented are estimates. Further analysis is required before dollar savings can be finalized.



Closing the Gap (Cont'd)

Proposals Not Yet Discussed but Requiring In-Depth Discussion \$7,600K *

- | | |
|---|----------|
| 1. Reduce Unrestricted Staff Positions by 10% | \$4,000K |
| 2. Increase Class Size by One Student | \$2,000K |
| 3. Close School Site(s) | \$1,000K |
| 4. Increase Reliance on Santa Ana Police | \$400K |
| 5. Legal Fees Reduction | \$200K |

Total Savings from above 3 Groupings = \$14.4 million*

Savings from Other Proposals (Not Listed) = ?

BRC Approved "Hard Cuts" = \$ 2.4 million

Total = \$16.8 million

* All dollars presented here are estimates. Further analysis is required before dollar savings can be finalized.