

12/8/2009



LOS
ANGELES
UNIFIED
SCHOOL
DISTRICT

**2010-2011 and 2011-2012 BUDGET OVERVIEW AND
FISCAL STABILIZATION PLAN
FINDING SOLUTIONS TO PROTECT OUR CHILDREN**

VISION

- ☑ **Our vision is that every LAUSD student will receive a quality education in a safe, caring environment, and every graduate will be college-prepared and career-ready. To achieve this vision, we are working to create an organization that personalizes the learning experience for every student.** The challenge we have is to achieve our vision even as resources are reduced by the State.

GOALS

- ☑ **PRESERVE INTEGRITY OF INSTRUCTIONAL PROGRAM, STUDENT SAFETY AND WORKFORCE STABILITY**
- ☑ **PROVIDE A PATHWAY TO A THREE YEAR BALANCED BUDGET**
- ☑ **SEEK SHARED COMMITMENTS (INCLUDING LABOR CONCESSIONS AND REVENUE SOURCES) TO CLOSE A \$470 MILLION DEFICIT FOR 2010-2011 SCHOOL YEAR**

INSTRUCTIONAL SNAPSHOT

- ☑ Instructional trends are improving
- ☑ Graduation rates are up to 72 percent (2007-2008)
- ☑ Dropout rates are down to 26 percent. (2007-2008)
- ☑ First time pass rate on California High School Exit Exam (CAHSEE) is up to 60 percent
- ☑ More schools are meeting goal of 800 Academic Performance Index (API) than ever before
- ☑ General improvement in almost every area and grade level on the California Standards Test with the exception of Middle School
- ☑ Attendance rates are up to 94 percent (2008-2009)
- ☑ Suspension rates are down
- ☑ LAUSD listening to students, parents and teachers through Report Card surveys

DEC. 8 BUDGET VOTE

Because of the continuing loss of State and local funding, the District is facing a catastrophic financial crisis which, absent substantial new revenue or major concessions from our unions, will result in the need to reduce a significant number of programs and positions affecting certificated management, confidential, supervisory and bargaining unit employees.

- ☑ In August, Los Angeles County Office of Education (LACOE) "***conditionally***" approved the 3-year 2009-2012 LAUSD budget. LAUSD must resubmit a 3-year budget with identified cuts by Dec. 15, 2009.
- ☑ LACOE guidelines do not allow us to rely on revenue contingent on voter approval or negotiating proposals that have not been agreed to in our resubmitted budget. We also

must incorporate the most recent budget guidelines the State passed and adopted over the summer.

- ☑ We are currently facing a **\$470 million** shortfall for the 2010-11 school year. The Board priority in June was to identify a revenue alternative or negotiated alternative before additional cuts were finalized in 2010-11.
- ☑ In order to balance the **2009-10** budget, the District addressed a deficit of more than **\$800 million**. Approximately half was addressed in reductions and another half was relieved by the State Fiscal Stabilization funds (SFSF) and other federal or one-time funds filling in the gap. Unfortunately, these SFSF funds are now gone and not available to help with next year's budget.
- ☑ The District has many expenses from prior years we can no longer afford. It is inaccurate to say that these programs are wasteful, or ineffective; or that employees are performing poorly. Rather, with fewer resources, the District needs to be selective in supporting targeted programs that focus on helping to achieve our goals.

SHARED SOLUTIONS BUDGET BALANCING STRATEGIES

The District remains steadfastly committed to exploring all contingencies, revenue sources, and cost efficiencies. Without concessions or new revenues that meet the LACOE guidelines by July 1, 2010, the academic school year budget will be a zero sum balancing where we will be forced to plan for the reduction of personnel. The Superintendent proposes a multi-tiered approach with parallel contingency plans. We want to pursue multiple strategies for long term financial health and health of our instructional programs. Some rely on shared solutions with partners, the community, unions and a continuing commitment by the District to continue "rightsizing", seeking revenue sources and other cost efficiencies. SEE APPENDIX A. Plan A, B, C and D show different scenarios of solutions to this budget crisis.

LAUSD is exploring the option of placing a parcel tax initiative on the June or November 2010 ballot in order to minimize budget cut impacts and send dollars directly to schools. Polling of potential voters is currently taking place. A recommendation will go to the Board/Superintendent in December 2009/January 2010. A parcel tax requires 2/3 vote. This is critical to address 2010-2012 where further shortfalls are anticipated, including the cessation of Title I/IDEA federal stimulus funding after the 2010-2011 year.

Superintendent Cortines sent a letter to all union presidents on November 13, 2009 inviting them to a meeting where the drastic nature of our current fiscal context will be emphasized. A one percent salary reduction for all certificated and classified employees is equal to \$40 million and a 11.75% salary reduction across all employees is therefore equivalent to about \$470 million dollar cost savings.

Given the LACOE guidelines, the December deadline, and the possibility that community and union commitments will not be available, the budget presents a final option centered on the establishment of a future consequence through a decision on December 8, 2009 to **effect a significant reduction in force of certificated and classified personnel on July 1, 2010**. SEE APPENDIX B.

SCHOOL COMMUNITY BUDGETING

Our ability to create personalized learning environments rests on schools' ability to develop spending plans that consider the unique needs of their school communities. Transparency is essential to understanding the true cost of doing business for all services at schools, including support services.

School Communities need to determine which services they will maintain with their scarce resources. Last year we started the process of giving more decision making authority to our school communities while at the same time providing oversight and support centrally. This year we will continue down the path of local decision making at the school sites.

We will implement the following process:

1. A transparent budget will be posted that details our revenues and costs and breaks down the amount that is based at schools and the amounts used centrally.
2. The Superintendent and staff will be reviewing every program and function paid for out of the General Fund, Regular Program, including categorical programs made flexible by the State (Tier III programs). For each program and function, the Superintendent and staff we will consider whether we will continue to run the program centrally and at what funding level.
3. For the programs that are decentralized, we will allocate those amounts to schools on a per student basis.
4. The Superintendent will be making recommendations on a school by school basis which services and supports to keep and which ones to reduce.
5. School Communities will then have the opportunity to modify the recommendations, but they must use data to justify their decisions and they must submit a balanced budget.
6. Local Districts will support schools to develop tailored budgets that consider the needs of their specific school and student population.
7. Parent Community Services Branch will continue to conduct trainings for school site councils to develop budgets based on priorities and data.

Schools with low enrollments

Given the severity of these economic times, each school must have a budget that is balanced based on the revenues their students generate. For schools that have very low enrollments, the

Superintendent may recommend school consolidations if they cannot balance their budgets. Each school will be reviewed on a case by case basis.

CORE PURPOSE: INSTRUCTIONAL FOCUS

Even though times are tough, that does not mean we can stray from our vision of all of students being college prepared and career ready. We must continue to focus on creating an organization where we know every child and adult by name and face. We need to personalize the learning experience for everyone in this great district. We can never forget students are our number one priority. We must stay focused and lead with instruction.

Our curriculum, instructional materials, and tools have provided the foundation for classroom learning and teaching. However, not all instructional materials and tools meet the needs of all learners. One size truly does not fit all. When we review the data, both quantitative and qualitative, details become clear that we are not meeting the needs of many students.

The importance of a continuous improvement cycle or problem solving model becomes clear and relevant as we look at student-centered data.

Our School Report Card and the launch of our classroom-based data dashboard, MyData, has for the first time put in the hands of teachers and administrators information critical to monitoring the progress every student by name.

To become systemic in this approach we must continue our efforts to build and extend skills and leadership at our school sites. The gains achieved over the past few years are a result of many efforts, one being of quality professional development. We need to continue to support this approach to empower schools to make decisions that are deeply rooted in data, good first teaching, and high expectations for all students.

Therefore, our instructional focus is narrow, but mighty in scope:

- Promotion of courageous leadership that leads to effective student and adult learning
- Systemic implementation of a multi-tiered framework of instruction, intervention, and student supports
- Use of student-centered, data-based instructional decision making that drives all use and allocation of resources and personnel
- Implementation and use of progress monitoring that targets English Learners, students with disabilities and socio-economically disadvantaged students

- ☑ Planning, delivery, and implementation of data-based, high quality professional development that exponentially increases the use of culturally relevant instruction, as well as behavioral intervention strategies that promote proficiency for all student groups

- ☑ **In this climate of scarcity, we must consider whether to defer and/or eliminate actions or mandates as a result of Board resolutions, Bulletins, and other policies that are not needed or do not directly result in improved student outcomes.**

FINAL OUTCOMES

The Board's experience, leadership and courage is necessary to help LAUSD navigate through this ongoing budget crisis. Despite the pressure, we must not lose sight of our main goals:

- ☑ **PRESERVE INTEGRITY OF INSTRUCTIONAL PROGRAM, STUDENT SAFETY AND WORKFORCE STABILITY**
- ☑ **PROVIDE A PATHWAY TO A THREE YEAR BALANCED BUDGET**
- ☑ **SEEK LABOR CONCESSIONS TO CLOSE A \$470 MILLION DEFICIT FOR 2010-2011 SCHOOL YEARS**

We owe this to our students, our employees and the communities we serve.