

TO: BOARD OF EDUCATION

DISCUSSION

05/21/09

FROM: TIM CUNEO / CHIUNG-SALLY CHOU

RE: BUDGET SOLUTIONS - TIER III CATEGORICAL FUNDS
FLEXIBILITY

DISCUSSION ITEM NO. D.02

It is recommended that at the June 4, 2009, board meeting the Board of Education review and approve the proposed budget solution in the allocation of certain "Tier III" categorical funds. The District is estimated to receive \$3.2 million from the state in these categorical programs (see list below). All funds from these programs will be deposited by the State into the District's general fund. The District will develop general fund budgets to continuing programs. It is recommended that the following programs be funded at the proposed levels for 2009-2010.

School Safety	\$220,000
Supplemental Counseling	\$168,000
Arts and Music (teachers)	\$165,000
Outreach Specialists	\$333,000
Instructional Materials	\$250,000
Teacher Credentialing Block Grant (BSTA)	\$150,000
Educational Services (CTAP, CAHSEE, PD)	\$150,000
JAMS Science Magnet	\$ 80,000
APEX Learning (online credit recovery)	\$ 24,000
Transportation	\$146,000
School & Library Improvement/GATE	\$630,000
<i>(estimated at \$57/student for K-8, \$10/student for 9-12)</i>	
<u>Total</u>	<u>\$ 2,200,000</u>

Comments: California's fiscal outlook is deteriorating and the potential of a massive budget problem is looming in 2009-10. The near term outlook for the state's economy has turned extremely negative due to reduced consumer spending, higher unemployment, the near collapse of the financial and credit markets, and other factors. Earlier estimates projected a revenue shortfall of more than \$8 billion. The state also faces huge shortfalls in the longer term if the voters do not approve the measures on the May 19 ballot. The staff has developed several budget reduction options for the Board's consideration based on the States adopted 2009-10 budget. If the measures on the May 19 ballot are not approved the District could face an added revenue loss of \$6.8 million and additional

budget reductions will have to be considered. During the last four months a variety of options have been discussed during board meetings, at two Board - Fiscal Oversight Committee workshops, and at community/staff meetings. Staff has analyzed a variety of options and makes this recommendation knowing the implications it will have on students and district programs.

The following is one of the budget solutions presented at these various meeting regarding the use of categorical funds of which the state has granted the school districts particular kinds of flexibility. These changes are in effect until 2012-13. The categorical funds have been divided into three "tiers."

- **Tier I** funds receive no funding reduction, no program flexibility, and no statutory requirements waived (with the exception of Class Size Reduction (CSR) penalty provisions). In SMMUSD, these funds include Child Development, Child Nutrition, Economic Impact Aid, K-3 Class Size Reduction, Special Education, Home-to-School transportation, and Special Education Transportation.

Tier II funds were reduced by 15.38% in 2008-2009 and will face an additional 5% reduction in 2009-2010, but no flexibility, and programs are to be operated under the current requirements. In SMMUSD, these funds include State Testing and English Language Acquisition Program (ELAP) for grades 4 - 8.

Tier III funds were reduced by 15.38% in 2008-2009 and will also face the same 5% reduction in 2009-2010, but with maximum flexibility to move funding for any educational purposes. In SMMUSD, these funds include Targeted Instructional Improvement Block Grant, Adult Education, Regional Occupational Centers and Programs (ROC/P), School and Library Improvement Block Grant, Supplemental Instruction (hourly reimbursement), Instructional Materials, Deferred Maintenance, Professional Development Block Grant Program (Buy-back days), Supplemental School Counseling Program, Teacher Credentialing Block Grant (BSTA), High Priority Schools Grant Program, Arts and Music Block Grant, School

Safety Block Grant for grades 8 - 12, Pupil Retention Block Grant Program, CAHSEE Instructional Support and Services, California School Age Families Education (CAL-SAFE), Gifted and Talented, Community-Based English Tutoring Program (CBET), Peer Assistance and Review, Principal Training (AB 460), National Board Certification Incentives, and AP Programs (fee waiver).

As indicated earlier, the total amount expected to be deposited in the general fund for Tier III programs is \$3.2 million. Approval of this item will continue existing programs at \$2.2 million and the balance will be used to offset general fund reductions.

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Public Comments:

- *Cynthia Torres, a member of the FOC, addressed the board regarding this item.*

Following discussion, the board agreed with the Superintendent's recommendation to bring this item back for approval on the Consent Calendar at the June 4 board meeting.

TO: BOARD OF EDUCATION

DISCUSSION

05/21/09

FROM: TIM CUNEO / JANECE L. MAEZ

RE: 2009-10 BUDGET REDUCTIONS AND REALIGNMENT IN
DISTRICTWIDE CONTRACTED SERVICES AND SPECIAL EDUCATION

DISCUSSION ITEM NO. D.03

California's fiscal outlook is deteriorating and the potential of a massive budget problem is looming in 2009-10. The near term outlook for the state's economy has turned extremely negative due to reduced consumer spending, higher unemployment, the near collapse of the financial and credit markets, and other factors. Earlier estimates projected a revenue shortfall of more than \$8 billion. The state also faces huge shortfalls in the longer term if the voters do not approve the measures on the May 19 ballot. The staff has developed several budget reduction options for the Board's consideration based on the States adopted 2009-10 budget. If the measures on the May 19 ballot are not approved the District could face an added revenue loss of \$6.8 million and additional budget reductions will have to be considered. During the last four months a variety of options have been discussed during board meetings, at two Board - Fiscal Oversight Committee workshops, and at community/staff meetings. Staff has analyzed a variety of options and makes this recommendation knowing the implications it will have on students and district programs.

It is recommended that at the June 4, 2009, board meeting the Board of Education approve a total of a one million dollar budget reduction in two areas of the District's budget. The recommendation is to reduce contract services accounts in district wide departments by a total of \$300,000 and to realign the Special Education budget to reflect historical expenditure patterns with a reduction of \$700,000.

COMMENT:

Contracted Services

Staff has reviewed district level contract accounts in an effort to identify line items in the budget that could be eliminated or reduced. Examples of expenditures charged to this object code in the past have been: Superintendent Search Firm, the interim Superintendent's contract, a Special Education Working Group consultant, the Communications consultant, certificated personnel support, legal costs, district policy support, a facility permit consultant, and technology consultants. Account lines in the Superintendent, Human Resources, and the office of CFO and district wide contract accounts will be reduced by \$300,000 should this recommendation be approved.

Special Education Alignment

Reducing line items in the Special Education budget comes as a result of analysis reviewing several years of expenditure patterns in Special Education. This analysis reflected a pattern of under spending over time the Special Education allocation provided the department. There were some very specific areas that were consistent from year to year. These areas included: legal costs, non public school and non public agency contracts and instructional assistant allocations. There is any number of reasons that these patterns might have persisted. In what many considered the most challenging budget times it is appropriate to be especially careful about over allocation. It is prudent in the district's budget development to reduce these budget line items at this time. It should be noted the district is committed to maintaining the level of services required and expected based upon maintenance of effort. Line items in the Special Education budget will be reduced by \$700,000 should the recommendation be approved.

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Public Comments:

- *Debra Shepherd, Meredith Hight, Theresa Harris, Harry Keiley, Lee Jones, Tricia Crane, Cynthia Torres, members of the community, addressed the board regarding this item.*

Following discussion, the board agreed with the Superintendent's recommendation to bring this item back for approval on the Consent Calendar at the June 4 board meeting.

TO: BOARD OF EDUCATION
FROM: TIM CUNEO / MICHAEL D. MATTHEWS
RE: CLASS SIZE FOR THE 2009-10 SCHOOL YEAR

DISCUSSION
05/21/09

DISCUSSION ITEM NO. D.04

California's fiscal outlook is deteriorating and the potential of a massive budget problem is looming in 2009-10. The near term outlook for the state's economy has turned extremely negative due to reduced consumer spending, higher unemployment, the near collapse of the financial and credit markets, and other factors. Earlier estimates projected a revenue shortfall of more than \$8 billion. The state also faces huge shortfalls in the longer term if the voters do not approve the measures on the May 19 ballot. The staff has developed several budget reduction options for the Board's consideration based on the States adopted 2009-10 budget. If the measures on the May 19 ballot are not approved the District could face an added revenue loss of \$6.8 million and additional budget reductions will have to be considered. During the last four months, a variety of options have been discussed during board meetings, at two Board/Fiscal Oversight Committee workshops, and at community/staff meetings. Staff has analyzed a variety of options and makes this recommendation knowing the implications it will have on students and district programs.

It is recommended that at the June 4, 2009, board meeting the Board of Education approve an increase in the ratio of students to teacher in grades K-3 and in grades 6-12 for the 2009-10 school year. Staff makes this recommendation knowing very well that this is a critical issue to teachers, parents, and students. But with the state budget worsening, and with revenues to the District declining, staff believes this is a necessary change. Staff recommends the following changes for the 2009-10 school year:

- 23:1 in grades K-3
 - This is an increase of 3 student per class.
 - The state has reduced penalties for going over the 20:1 level, making this a financially viable option.
 - 23:1 is still a low class size.
- 30:1 in grades 4-5
 - There is no change from this year's class sizes.
 - This will be the class size at SMASH as well.
- 25:1 in grades 4-5 in all four Title I schools
 - Will Rogers & Edison already have this ratio in 08-09.

- This will be a decrease of 5 students per class at McKinley and Muir.
- 32:1 in grades 6-12
 - In the 2008-09 school year, secondary schools were staffed at 32:1.
 - This year (2009-10), the staffing was improved to 31:1.
 - This recommendation will take secondary schools back to 32:1.
 - Staffing ratios are based on students taking 6 classes and teachers teaching 5 classes.
- 30:1 at John Adams Middle School
 - In the 2008-09 school year, John Adams was staffed at 29:1.

These changes will result in a reduction of approximately \$1.9 million in expenditures in the 2009-10 school year. Staff is recommending these changes and plans to implement them without certificated layoffs. Santa Monica-Malibu is one of the few districts not to issue layoff notices this year. Every effort has been made to retain our probationary and permanent teachers, and we are planning for retirements, resignations and leaves of absences to create the necessary reductions in staff.

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Public Comments:

- *Cynthia Torres and Harry Keiley addressed the board regarding this item.*

Following discussion, the board agreed with the Superintendent's recommendation to bring this item back for approval on the Consent Calendar at the June 4 board meeting.

TO: BOARD OF EDUCATION

DISCUSSION

05/21/09

FROM: TIM CUNEO / MICHAEL D. MATTHEWS

RE: REDUCTION IN ONE HOUSE AT SAMOHI BEGINNING 2009-10

DISCUSSION ITEM NO. D.05

California's fiscal outlook is deteriorating and the potential of a massive budget problem is looming in 2009-10. The near term outlook for the state's economy has turned extremely negative due to reduced consumer spending, higher unemployment, the near collapse of the financial and credit markets, and other factors. Earlier estimates projected a revenue shortfall of more than \$8 billion. The state also faces huge shortfalls in the longer term if the voters do not approve the measures on the May 19 ballot. The staff has developed several budget reduction options for the Board's consideration based on the States adopted 2009-10 budget. If the measures on the May 19 ballot are not approved, the District could face an added revenue loss of \$6.8 million and additional budget reductions will have to be considered. During the last four months, a variety of options have been discussed during board meetings, at two Board/Fiscal Oversight Committee workshops, and at community/staff meetings. Staff has analyzed a variety of options and makes this recommendation knowing the implications it will have on students and district programs.

It is recommended that at the June 4, 2009, board meeting the Board of Education approve a reduction to Santa Monica High School by one house, beginning in the 2009-10 school year. Staff makes this recommendation knowing very well that this is a critical issue to teachers, parents, and students. Staff also believes that the House system has been very successful at Santa Monica High School, particularly in the area of personalizing education for students. It is staff's intent to continue to support this very successful house system. But with the state budget worsening, and with revenues to the District declining, staff believes this is a necessary change. Staff considered many factors in making this recommendation, including the following:

1. Santa Monica High School enrollment has decreased since the House System began. There were 3,449 in the 2003-04 school year. There are currently 2,891 students, a reduction of 16.1%.
2. Reducing by one house would be a reduction of 16.6%, so the house system would have similar ratios when compared to its beginnings.
3. Santa Monica High School receives additional staffing for the house system, which includes:
 - a) A lower student to counseling ratio than all other secondary schools
 - b) A lower co-administrator (house/assistant principal/dean) to student ratio than all other secondary schools
 - c) A lower clerical staffing to student ratio than all other secondary schools
 - d) Student Outreach Specialists (no other school has them)
 - e) Teacher Leaders (no other school has them)

If this change were implemented, each house would remain very similar to how it looks right now.

	Current House in 6-House System	Proposed House in 5-House System
House Principal	1	1
Students	482	578
Advisors	2	2
Student: Advisor Ratio	241:1	289:1
Student Outreach Specialists	1	1
Teacher Leader	2 Periods	1 Period

Staff is recommending the following reductions for the 2009-10 school year:

- 1 House Principal (\$130,000)
- 2 Advisors (\$160,000)
- 1 Outreach Specialist (\$60,000)
- 1 Administrative Assistant (\$70,000)
- 1 Senior Office Specialist (\$60,000)
- 1 Security Officer (\$60,000)
- 0.5 Librarian (\$40,000)
- 1.2 Teacher Leaders (\$120,000)

These changes will result in a reduction of approximately \$700,000 in expenditures in the 2009-10 school year. Staff is committed to assisting Santa Monica High School in its transition from a 6-House to a 5-House high school.

Public Comments:

- *Dona Davoodi, Richard McKinnon, Cynthia Torres, Elizabeth Stearns, Debbie Mulvaney, Rochelle Fanali, Lee Jones, Lauri Crane, Patti Braun, and Laurie Lieberman, members of the community, addressed the board regarding this item.*

The handout can be found under Attachments at the end of these minutes.

Dr. Escarce supported the recommendation, but expressed his concern regarding students who will be seniors next year losing their counselors. Ms. Leon-Vazquez said she was opposed to the reduction at SAMOHI and urged staff to examine staffing at all school sites. Mr. Snell agreed with staff's recommendations to maintain the house system at SAMOHI, but to reduce the campus by one house. Ms. Pye and Mr. Allen supported staff's recommendation. Mr. de la Torre wanted to make sure there was equity across the district.

Following discussion, the board agreed with the Superintendent's recommendation to bring this item back for approval on the Consent Calendar at the June 4 board meeting.