



LAUSD: The Reality of a Budget in Crisis

Los Angeles Unified School District
Budget Presentation



FACTS



- A depressed economy that continues.

Education in California is primarily funded by sales and income tax. When the economy is depressed, schools are hit especially hard.

- A history of underfunding when it comes to education.

California spends less on education than most of the other states.

- Sacramento owes LAUSD money!

For nearly a decade, Sacramento has owed us money! In 2011-12 the State proposed to owe more than \$9.5 BILLION to schools. For LAUSD, that's hundreds of millions of dollars. Sacramento has used school cash to pay its bills and balance its budget.

THE REALITY



If public education in California sustains a \$5 Billion cut, because proposed tax extensions won't arrive in time to prevent local cuts, the reality is that our funding will be just above where it was in 1999-2000.

We will be operating an education system with 2011 costs while trying to fund it with 1999 levels of funding.

HOW BAD IS IT FOR LAUSD?

**ANSWER:
VERY BAD!**

A **\$408 MILLION**

DEFICIT FOR 2011-12 IS
EQUIVALENT TO:

- Eliminating 120 LAUSD schools, OR
- Cutting the school year by almost two months, i.e. ending the school year the week after Spring Break
(this equals 34 unpaid furlough days District-wide)

NOTE: These are not recommendations but illustrations showing the magnitude of the cuts that have been proposed by the state.

WHAT WAS AND WHAT IS *NOW*



In 1999, unleaded gas was \$1.14 and diesel gas was \$1.35, now at 4 times the cost (\$4.08 and \$4.35). Last year, 2,940,000 gallons of gasoline were consumed to bus students to and from school and learning events.

Operating with 1999 funding would mean students could only be transported to school 54 out of the 180 required school days.

WHAT WAS AND WHAT IS *NOW*

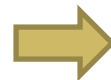
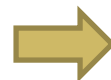
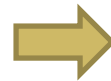
1999

Most LAUSD students had an opportunity to attend summer school by 2000.

Students had access to a vibrant music program

Student/teacher ratio was 20:1

Average Normed Class Size across all grades: 31.77*



2011

Summer School is closed to elementary and middle school students

Funding for the Arts program (music, dance, theater and visual arts) has been slashed by 80% over the last three years

Student/Teacher ratio will expand to 29:1

Average Normed Class Size across all grades: 37.42*

WHAT CUTS HAVE WE ALREADY MADE?



Since 2009-10, the **District has cut \$1,500,000,000** (that's \$1.5 BILLION) from its Budget.

In the past three years, we have been **forced to eliminate more than 5,900 teacher, counselor, nurse, librarian and administrator positions**, resulting in **more than 2,700 layoffs**.

More than **10,500 classified and certificated positions have been cut** or eliminated over the last two years resulting in more than **4,900 certificated and classified employee layoffs**.

In addition to the furlough days taken by over sixty eight thousand employees over the last two years – over 10,700 classified positions have had a reduction in pay, reduction in work hours, have been moved to lower paid positions or have been laid off.

WHAT CUTS HAVE WE ALREADY MADE?



Reduced Administrative and Support Office Space

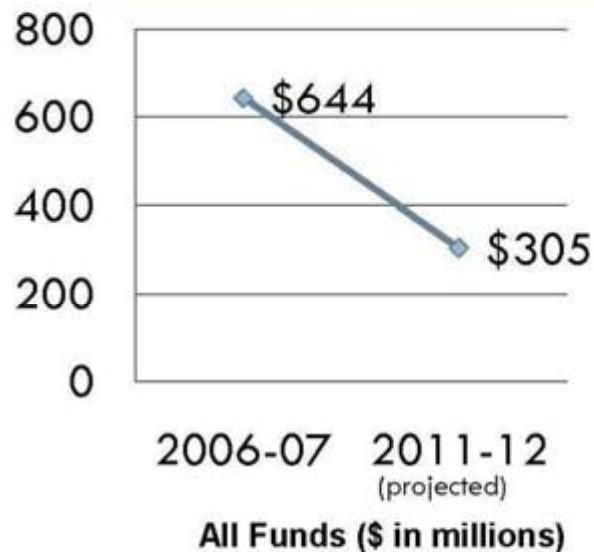
Since May 2009, LAUSD has terminated 77 leases with an aggregate monthly rental expense of \$874,997, representing **382,397 square feet of space**. Leased space has gone from 1.26 million square feet to 808K square feet since 2009.

This is **approximately 8 football fields of space eliminated** in the last two years. 92% of this space was for administrative support to schools.

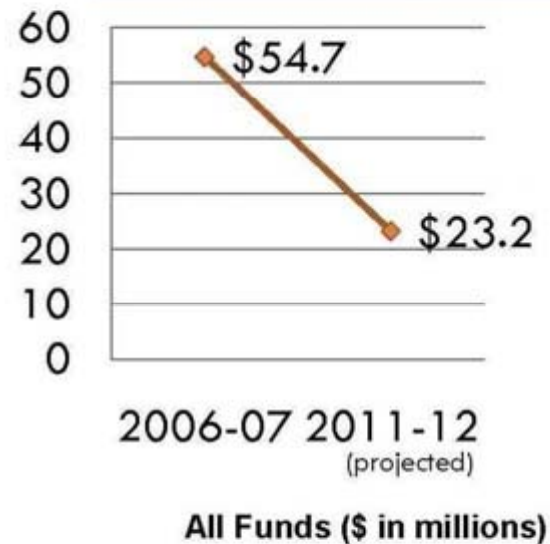
WHAT CUTS HAVE WE ALREADY MADE?

LAUSD has slashed Central and Local District Budgets, including personnel, by more than half!

**Central Office Budgets Cut
53% over 5 years**



**Local District Budgets Cut
58% over 5 years**



Proposed Framework for a Temporary One-Year Solution

This plan does not address lost stimulus funding and declining enrollment

Any Collective Bargaining agreement does not address:
- Loss of Other Funds, like Federal Stimulus Funds
- Declining Enrollment

- In addition to the \$408M deficit, we must bear the loss of one-time Federal Stimulus funds; \$108 million to Title I and \$76 million to IDEA. The loss of these Federal Stimulus funds will result in the loss of over 2,000 employees.¹
- The District must also plan for declining enrollment estimates and the impact on budgeted positions.

[1] More than half of these employees are certificated and are included in the March 15 Reduction in Force notice action. The 2,000 employees figure correlates with the 1,700 positions identified in earlier Board reports.

Overview of a One-Year Temporary Framework

Proposed Framework

- On average each employee will take 12 “furlough” days. Estimated savings up to \$168 million*
 - 5 instructional days and 7 non-instructional days
- Temporarily “Borrow” \$127 million from a Health and Welfare Reserve fund*
 - To capture a \$100 million general fund (GF) portion of the contribution, approximately \$127 million in contributions will be adjusted because roughly 79 cents of every dollar (79%) contributed is from the general fund.
- “Borrow” from internal funds and other solutions (to be determined).

*Source of Budget Framework: John Bowes Letter to Bargaining Units, April 6, 2011

However, the estimates for the dollar amounts have been updated as of April 12th, 2011.

This is not a sustainable budget model - it will make 2012-13 worse

This is a one-time tourniquet solution to address the crisis we are facing.
Our challenges for 2012-13 are going to be very significant

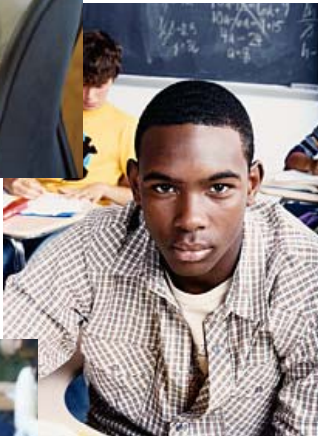
- These positions could be saved for one year only with the temporary savings.
 - We have also relied on one-time Federal Education Jobs Bill funding that is no longer available in 2012-13
- Otherwise, \$304 million will be added to an already existing deficit of close to \$400 million in 2012-13, exacerbating our budget crisis.
 - State IOUs will be put aside to help address the 2012-13 problem.
 - Any borrowing costs will create additional expense, contributing even more to the deficit.
- We need a longer-term solution to protect education.

WHAT ARE WE DOING TO INCREASE REVENUE?

LAUSD is pursuing all available options for generating more revenue to support school operations. Some of the options include:

- The Governor's proposal seeks to identify sustainable solutions, including new revenues for public education
- Re-focus on attendance recovery
- Seek full funding of federal obligations, for example, fully funding IDEA, Special Education funding
- We need to explore local options, including:
 - Parcel Tax,
 - Mello-Roos Districts,
 - Local Occupancy/Bed Tax,
 - Foundations and Philanthropic organizations
- Seek other funding opportunities, e.g. Mandated Costs and Cost Recoveries

Next Steps for the District, Schools, Parents and Students



- Parents and Families focus on perfect attendance.
- LAUSD and Labor Partners reach tentative agreements by May 1.
- Continue building awareness with our schools and communities via budget presentation, video, and Town Halls
- To learn more about your school site budget, participate in your School Site Council. Get involved in your schools, volunteer in the school Parent Center.
- For more information, contact your Local Legislator, LAUSD Board Member, or Union Representative.
- Your elected leaders represent YOU! Your representative needs to know your opinion in order to bring your message to Sacramento.
 - <http://www.leginfo.ca.gov/yourleg.html>