

File No. 110471

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: City and School District Select

Date: June 9, 2011

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement (Approved as to Form) |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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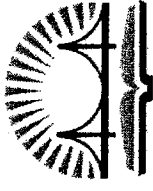
Completed by: Andrea S. Ausberry

Date June 2, 2011

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.



SAN FRANCISCO
PUBLIC SCHOOLS

SFUSD

San Francisco Unified School District

Budget Planning Update

FY 2011-12

April 2011

State Budget Recap

- In January Governor Brown proposed a budget for 2011-12 which would have closed the State's \$26.7 billion budget gap mostly through a combination of non-K-12 spending cuts and 5-year extension of temporary tax increases enacted 2 years ago
- He proposed to keep K-12 funding at current year levels (but with no COLA), noting that education has borne a disproportionate share of cuts in the past
- Governor's plan depended on
 - 2/3 of the Legislature agreeing to place on a June special election an extension of the temporary tax increases
 - A majority of voters approving the measure
- The Legislature has approved the non K-12 spending cuts but has fallen short of approving the tax extensions
- Time has run out for a June ballot measure
- Governor is still trying to convince Republican legislators and their constituents to support tax extensions, maybe through legislative action first followed by voter approval later

Budget Contingency Plans

- Like other school districts, we have been planning for two scenarios:

Scenario A

- The extension of tax increases is approved by the voters and funding is maintained flat. Under this scenario, the average unified school district will see a \$19 per ADA reduction in revenue limit funding

Scenario B

- The Legislature fails to place the measure on the ballot or a majority vote of the electorate is not successful. This would result in an *additional* loss of \$330 per ADA (\$349 total)

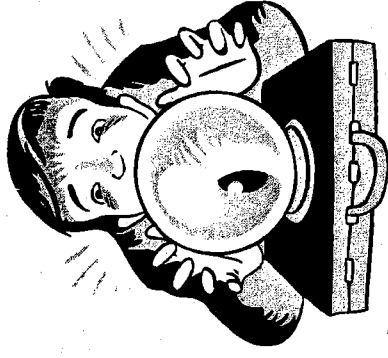
- Because a June ballot measure is not possible, we must now focus on Scenario B
- Many are speculating that things could be even worse than that

In addition to these cuts to the state Revenue Limit (ADA) funding, increasing costs including benefits and step and column adjustments are contributing to our projected deficit.

How Bad Could It Get?

- Governor and legislators are increasingly talking about an “all-cuts” budget, to lay out consequences of not extending taxes
 - Governor has stated that education would face a cut of \$4 to 5 billion in an all-cuts budget
 - That could mean a cut of \$825 per ADA (instead of \$349)
- This would require a suspension of Prop 98, which needs a 2/3 vote of the Legislature
- In this situation, rules would likely need to change for schools (such as reducing days, making more restricted programs flexible, removing class size restrictions)
 - Otherwise, many districts will require State bailout loans – reversing much of the savings from K-12 funding cuts
- CA schools have been in crisis mode for a long time but things keep getting worse

What Happens Next in Sacramento?



- Some speculate it's still possible to approve the tax extensions legislatively (but not by voter approval) by the beginning of the fiscal year (July 1)
 - Theoretically, tax measure(s) could be placed on a fall special election ballot but by then would represent a tax increase (not an extension)
- In the meantime, economic changes could also cause a revision, up or down
- Governor releases his next plan by the May Revision (mid-May), considering the possibility of new taxes and latest news on current year revenues

SFUSD Plans

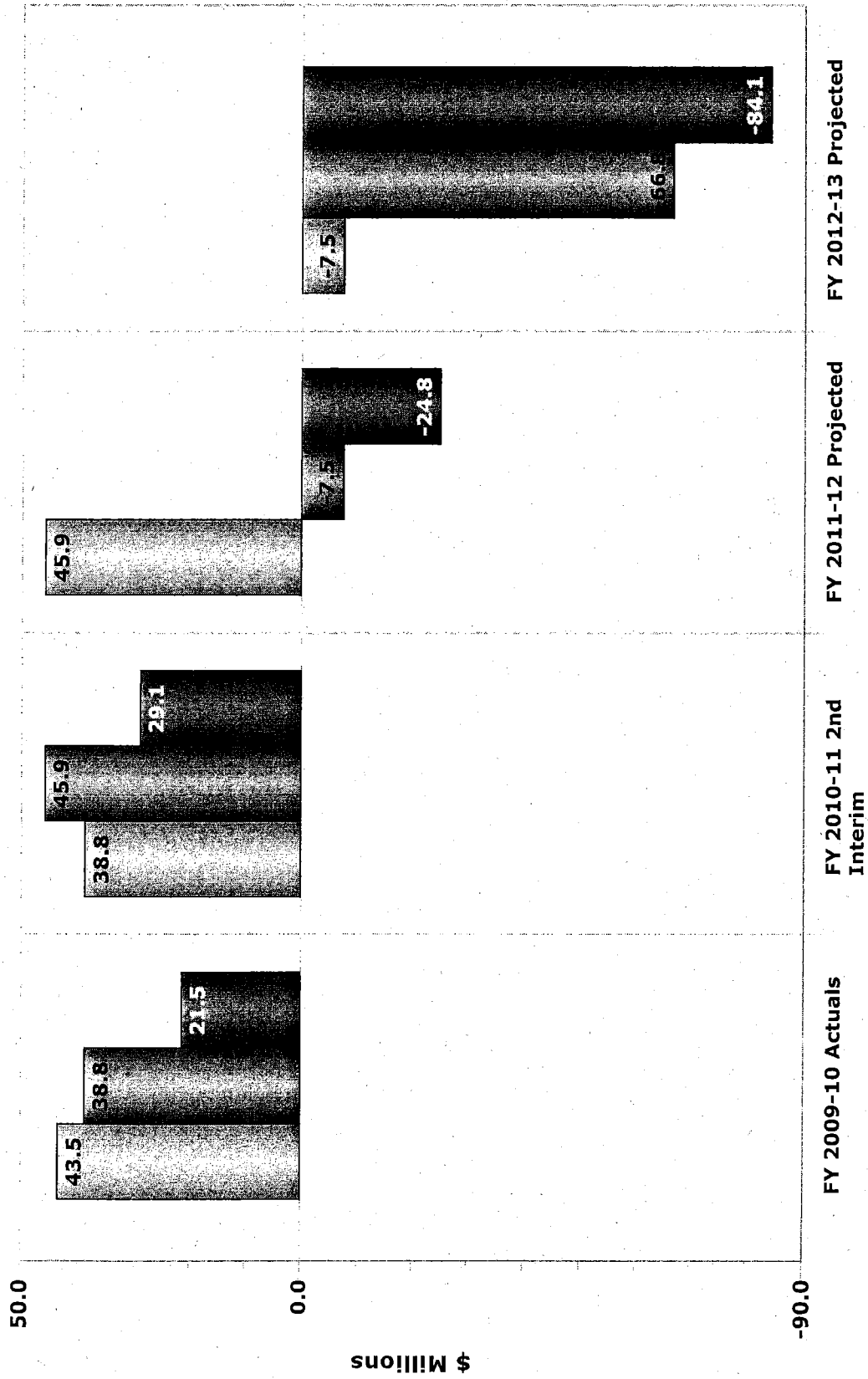
- We are basing our current projections on Scenario B, the \$349 per ADA cut
 - This approach is tied directly to the Governor's January budget
 - Although there is speculation about a higher cut to education, there is currently no proposal by the Governor or Legislature
 - FCMAT, School Services and business officials of most County Offices of Education do not believe we should attempt to guess at a new number until the Governor announces a new plan
 - Increases in our costs bring the projected shortfall up to \$25 million, or about \$485 per ADA, after taking federal jobs funds into account
- We should know more by the May Revision at the latest (mid-May)
- Remember these latest cuts will be on top of those identified last year for FY 2010-11 and FY 2011-12 to close a \$113 million shortfall, including:
 - Furlough (no school) days
 - Use of Prop A revenues
 - Reduce summer school
 - Reduce transportation
 - Tier 3 program flexibility sweeps
 - Reduce STAR support
 - Central services cuts
 - Reduce PEEF (Other General Uses)

Current Multi-Year Baseline Projections (Before New Cuts)

(All \$ in millions)	FY 2009-10 Actuals	FY 2010-11 2nd Interim	FY 2011-12 Projected	FY 2012-13 Projected
Total Unrestricted Revenues	382.6	381.9	358.5	364.8
Total Unrestricted Expenditures	365.0	353.0	388.9	401.2
Surplus/ (Deficiency)	17.6	28.9	(30.5)	(36.4)
Total Other Sources/(Uses)	(8.8)	(9.0)	(9.3)	(9.3)
Interfund Transfers	(13.5)	(12.8)	(13.6)	(13.6)
Net Increase / (Decrease) in Fund Balance	(4.7)	(4.7)	(53.4)	(59.3)
Beginning Fund Balance	43.5	38.8	45.9	(7.5)
Ending Fund Balance	38.8	45.9	(7.5)	(66.8)
EFB After Reserves & Designations	21.5	29.1	(24.8)	(84.1)

Multi-Year Baseline Projections: Fund Balance

(All \$ in millions)



■ Beginning Fund Balance ■ Ending Fund Balance ■ EFB After Reserves & Designations

Guiding Principles for Budget Process

- **Fight for long-term solutions** - The SFUSD community can lead the call for systemic change to fund schools adequately
- **Consider students with the highest need** – To the greatest extent possible, prioritize resources and services to students with greatest academic needs
- **Prioritize services directly impacting achievement**
- **Be willing to change the status quo** – Reduce investments that haven't shown enough results and focus resources on research-based initiatives
- **Plan thoughtfully** – Consider short- and long-term impact of cuts and how other funding sources can help reduce the impact
- **Keep SFUSD financially healthy** – maintain solvency, avoid state takeover and survive to see better times ahead
- **Engage the community** – Provide meaningful opportunities for stakeholders to inform budget decisions at schools and at the district level

Potential Ways to Close Deficit

(All \$ in millions)	FY 2010-11 2 nd Interim	FY 2011-12 Projected	FY 2012-13 Projected
Additional Revenues - Rainy Day Reserves		8.35	TBD
Central Services Expenditure Reductions		5.5	5.5
WSF Reductions- (Scenario B)		5.3	5.3
Lower Contributions to SpEd, EED, SNS, Maintenance		2.0	2.5
Reductions in Tier III Programs		3.0	3.0
Reduction to Gen Ed Transportation		0.84	1.39
Other Adjustments	0.86	2.21	1.71
Extend Furlough (non- school) Days			6.6
Extend Ongoing Prop A Offsets / Cuts			6.0
Total	0.86	27.2	32.0

Other Options

- Other potential cuts include (but are not limited to):
 - Reduce AP prep allocation*
 - Increase K-3 Class size*
 - Transportation
 - Freeze Step & Column*
 - (Special Ed, faster cuts to
 - Close Schools
 - Gen. Ed.)
 - Deeper reductions to items listed on p.7
- Revenue-generating efforts
 - Real estate leases
 - Medi-Cal recovery
 - Local parcel tax
 - Additional Rainy Day funds (in 12-13)
 - Grants and donations
 - Increase attendance rates

*Subject to collective bargaining.

***We welcome suggestions from employees and community members
Please email your ideas to: budget@sfusd.edu***

School Budget Planning

- Schools were asked to submit two versions of site-based budgets.
 - Scenario A: Allocations assumed “flat funding” of K-12 education (tax extensions).
 - ☑ Scenario B: Allocations assumed a reduction of K-12 education (no tax extensions).
- We need to plan for Scenario B
- If things get even worse, we will need to adjust accordingly

We know school budgets are already “bare bones” and we’re trying to find cuts elsewhere as much as possible

What Can We Do?

- Legislative Advocacy - "No Suspension" Pledge
- Joint advocacy with CORE network of large districts
- Seek assistance from City's Rainy Day Reserve

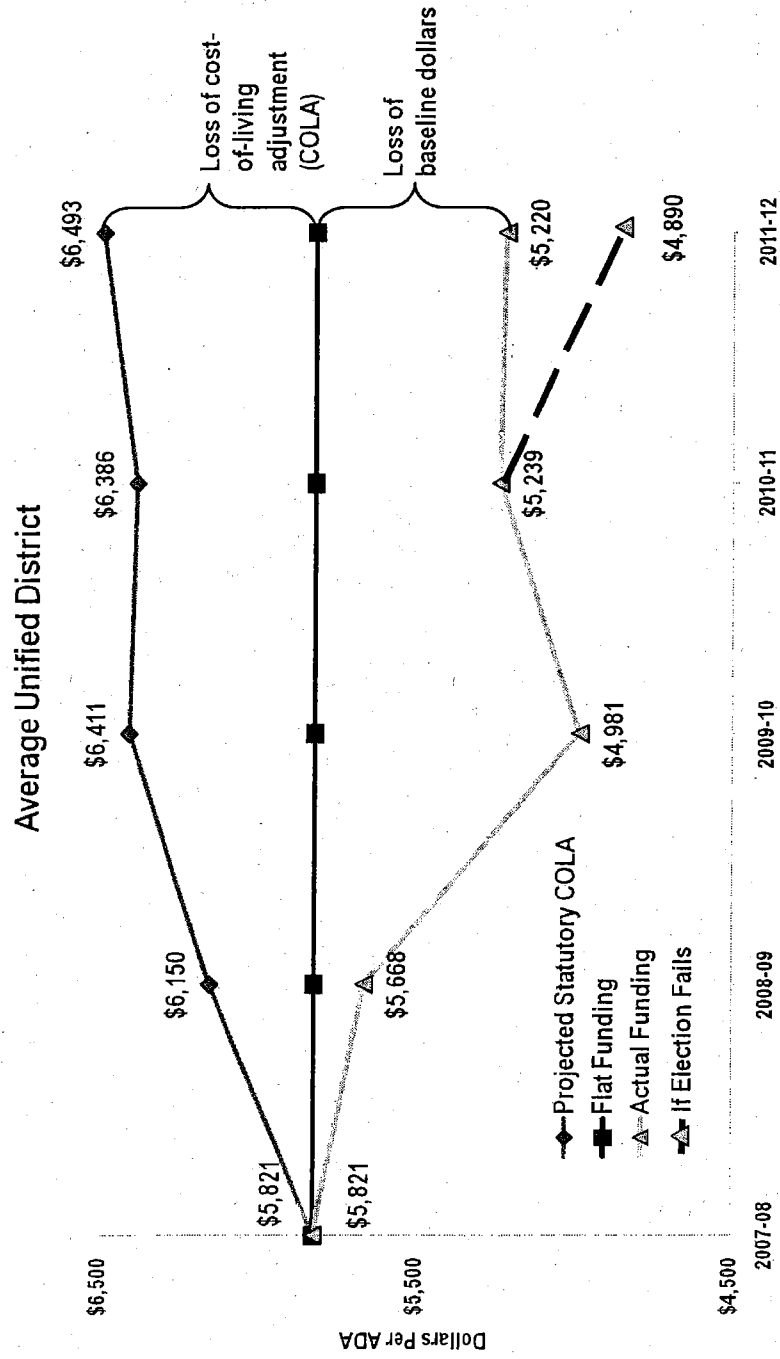
Local efforts and support have been critical to SFUSD. Thanks to the Public Education Enrichment Fund, Prop A Quality Teacher and Education Act, SFUSD facilities bonds and the City's Rainy Day Reserve, we have been able to maintain more services than most California school districts.

Draft Budget Development Timeline*

Feb. 12	School Planning Summit
March	Preliminary notification of certificated layoffs
March 24	School budgets and BSC's submitted
May 5, 12	Community meetings
Mid-May	Governor's May Revision; layoff notification for certificated (final notice) and other employees
May-June	Superintendent's recommended budget revised based on updated projections
June 28	Board of Education adopts budget for FY 2011-2012

**Some dates are subject to change pending new information*

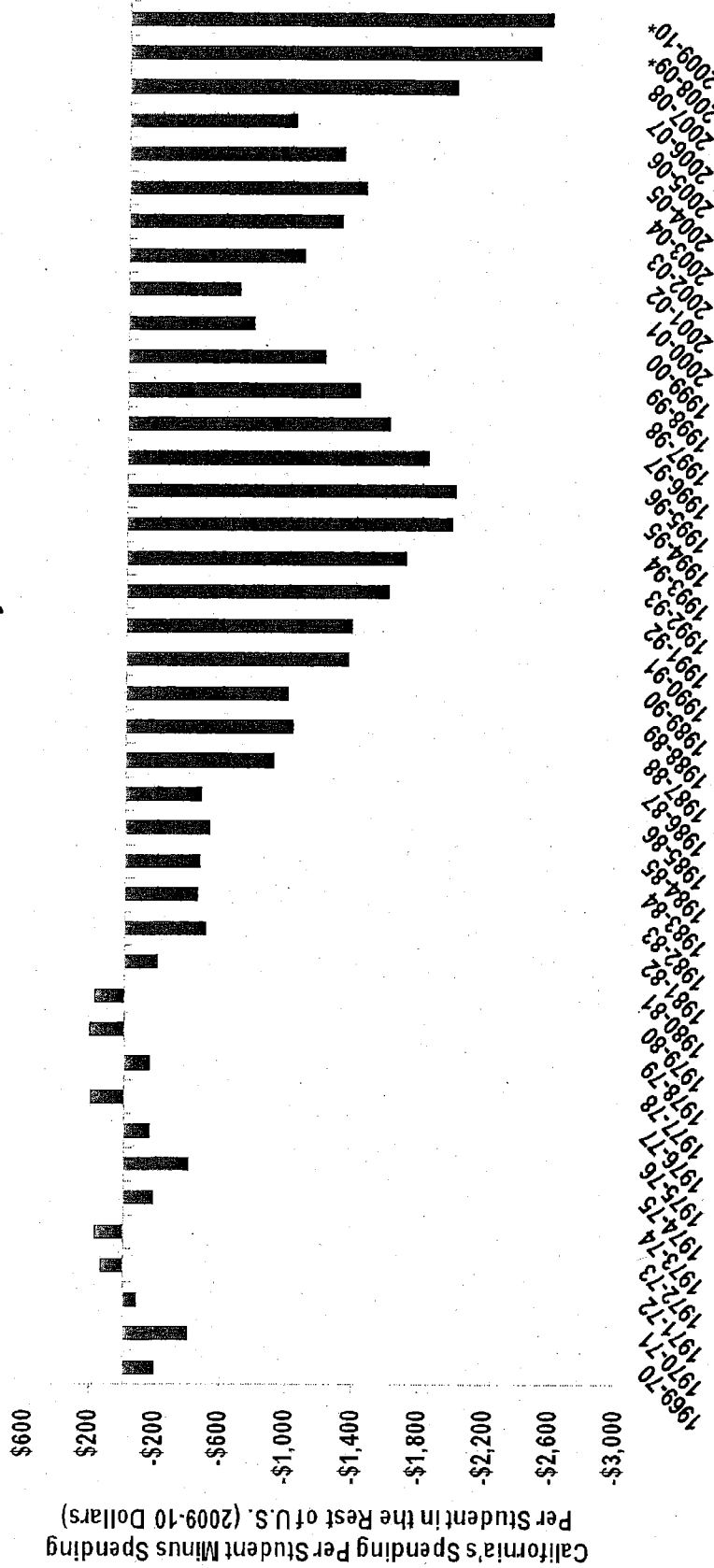
Appendix A: Underfunding CA Schools Projected vs. Actual Funding Per ADA



Failure of tax proposals (Scenario B) translates to underfunding of \$83 million in FY 2011-12

Appendix A: Underfunding CA Schools CA's K-12 Spending Lags the U.S.

California's K-12 Spending Per Student Lags Behind
That of the Rest of the U.S. More Than at Any Time in 40 Years



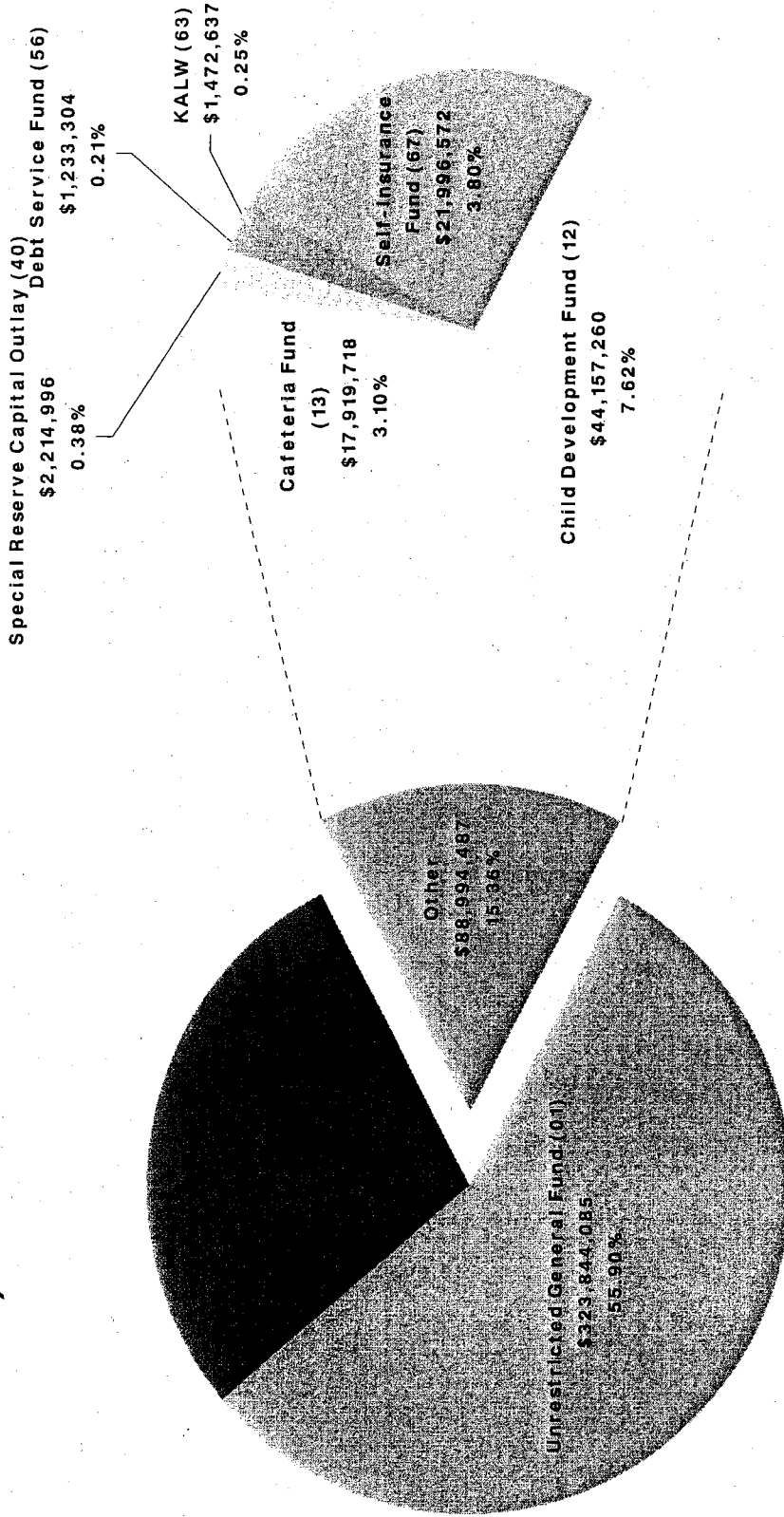
*2008-09 and 2009-10 estimated.
Note: Rest of U.S. excludes the District of Columbia
Source: National Education Association

Appendix B: Guide to Acronyms

- ADA – Average Daily Attendance
- COLA – Cost of Living Adjustment
- CORE – California Office to Reform Education
- EED – Early Education Department
- FCMAT – Financial Crisis Management and Assistance Team
- PEEF – Public Education Enrichment Fund
- SNS – Student Nutrition Services
- SpEd – Special Education
- STAR – Students and Teachers Achieving Results
- Tier 3 – State funds for formerly restricted programs that are now flexible, including funding for maintenance, textbooks, professional development and other expenses
- WSF – Weighted Student Formula

Appendix C: SFUSD Budget Overview*

(FY 2010-11)

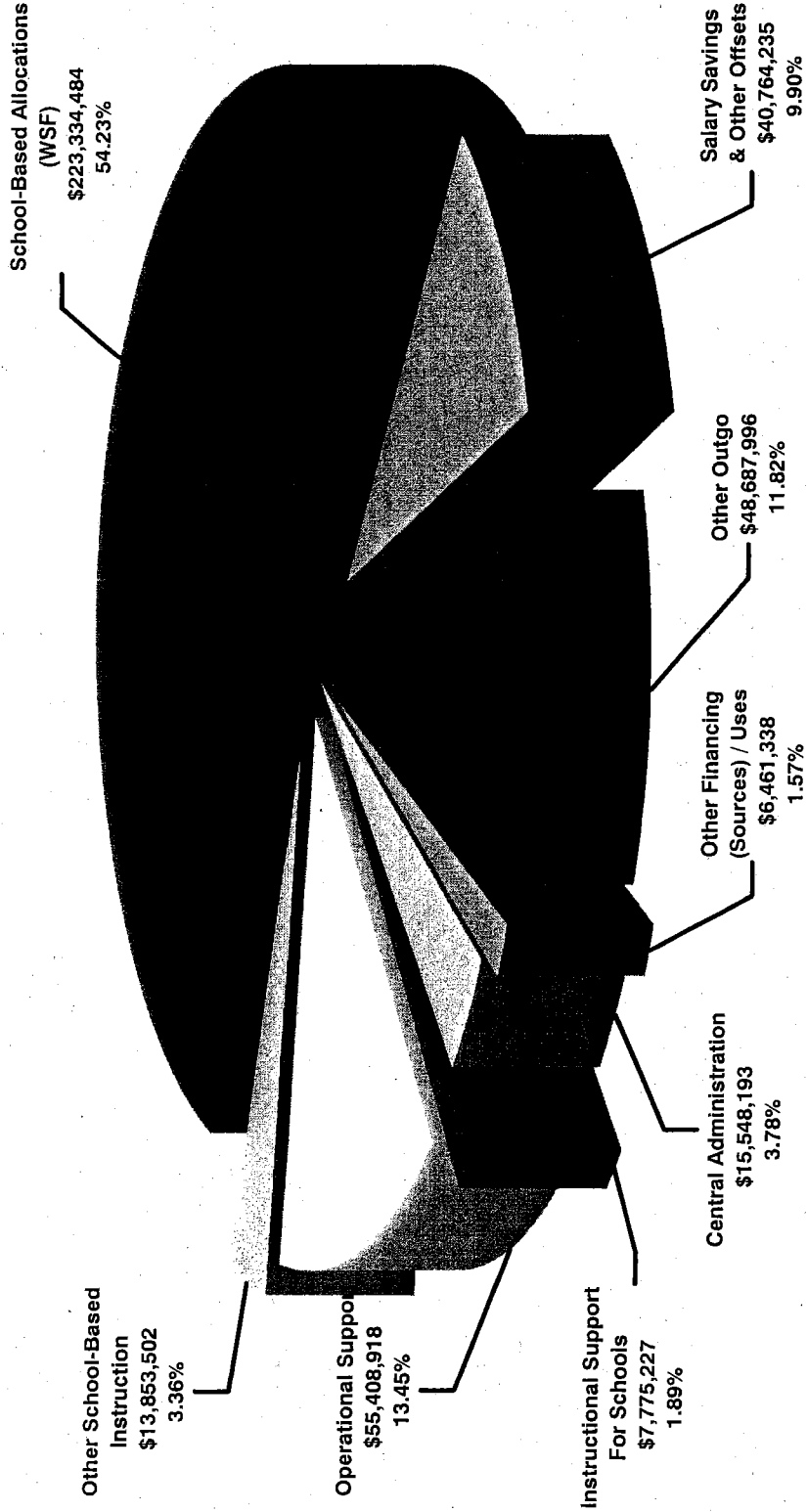


The UGF is the focus for determining the overall "bottom line" but SFUSD budgets and pays for other important activities through other funds.

*Does not include County Office of Education.

Appendix C: SFUSD Budget Overview

Unrestricted General Fund (FY 2010-11)



The UGF is affected by contributions to several other funds (in "Other Outgo" and "Other Uses" categories).

Adopted by the Board of Education, on Suspension of the Rules at First Reading, at its Regular Meeting of April 12, 2011

Subject: Resolution No. 114-12A4

In Support of the Kinder Card and First Card Program between the San Francisco Public Library (SFPL) and the San Francisco Unified School District

- Commissioners Hydra B. Mendoza, Sandra Lee Fewer, Kim-Shree Maufas, Emily M. Murase, Rachel Norton, Jill Wynns, and Norman Yee

WHEREAS: Literacy and educational success for San Francisco's children is important to the present and future of our City; and

WHEREAS: The San Francisco Public Library (SFPL) and the San Francisco Unified School District (SFUSD) are committed to fostering literacy and educational success for the City's children; and

WHEREAS: There are approximately 11,000 kindergarten and first grade students in the SFUSD; and

WHEREAS: Possession of a public library card allows children access to a wide array of materials and resources; and

WHEREAS: 81,425 of the City's school age children and youth received introduction to, and instruction in the use of SFPL resources in 2009-2010; and

WHEREAS: 47,688 of those receiving instruction were in kindergarten and elementary school; and

WHEREAS: In order to succeed, children need access to the widest possible resources from the beginning of their school career; and

WHEREAS: The Kinder Card and First Card Program promotes SFPL and SFUSD working together to distribute library card applications and issue library cards to every SFUSD student in kindergarten and first grade by the end of the school year in order to achieve the above goals.

THEREFORE BE IT RESOLVED: That the Board of Education of the San Francisco Unified School District hereby supports the Kinder Card and First Card Program between SFPL and the SFUSD and ensures the shared awareness by our Board Members, the City Supervisors and the public of this important program for the public school children of the City and County of San Francisco.

4/12/11

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

Time Stamp or
Meeting Date

-I hereby submit the following item for introduction:

- 1. For reference to Committee:
An ordinance, resolution, motion, or charter amendment
- 2. Request for next printed agenda without reference to Committee
- 3. Request for Committee hearing on a subject matter
- 4. Request for letter beginning "Supervisor _____ inquires..."
- 5. City Attorney request
- 6. Call file from Committee
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File Nos.
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole
- 11. Question(s) submitted for Mayoral Appearance before the BOS on _____.

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Cohen

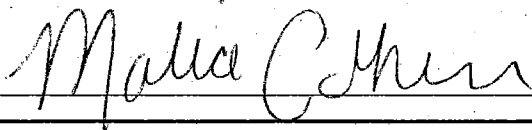
Budget Update - San Francisco Unified School District

SUBJECT: _____

The text is listed below or attached:

Hearing on the proposed 2011/2012 budget for the San Francisco Unified School District.

Signature of Sponsoring Supervisor: _____



For Clerk's Use Only: