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A BRIEF HISTORY OF SCHOOL FINANCE

History and Evolution of K-12 School Finance

- Pre-*Serrano* era, prior to 1971
- Post-*Serrano* era, 1971 to 1979
- Post-Proposition 13 era, 1979 to 2013
- The Local Control Funding Formula era, 2013 forward
- Prospects for the Future

Pre-Serrano Era – Prior to 1971

- Schools were funded primarily by local property taxes, as they are in most other states
- The state and federal governments played a minor role in school finance
- Local school boards were the primary decision makers for public education
 - The state and federal governments played a supporting role

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Pre-Serrano Era – Prior to 1971

- Local property taxes varied widely from district to district
 - Districts with high assessed valuation and low numbers of students had high resources
 - Districts with lower assessed valuation and/or high numbers of students had lower resources to spend on each student

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Pre-Serrano Era – Prior to 1971

- These seemingly random differences in property taxes led to wide variations in per-student spending
- There was a perception that student programs were not equal across the state, even though California was in the top five states in per-student spending

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Post-Serrano Era – 1971 to 1979

- Beginning in 1970, a series of lawsuits were filed and collectively called the Serrano lawsuits
- The court ruled that a funding system based upon property tax alone created inequities and that the state had an obligation to equalize funding
- Senate Bill 90 of 1972 created a system of revenue limits and categorical programs
 - Districts were guaranteed a certain amount of base funding per student

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Post-Serrano Era – 1971 to 1979

- If property taxes came up short, the state made up the difference
- Categorical programs provided additional services for students with special needs and were strictly controlled by the state
- The state's subvention system caused the state to raise its share of the cost of public education to about 30%

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governance U

Post-Proposition 13 Era – 1979 to 2013

- In 1978, faced with ever increasing local property taxes, Howard Jarvis and other taxpayer groups initiated Proposition 13, a measure to rollback local property taxes and to limit future increases
 - Proposition 13 was implemented in 1979
- This rollback of property taxes made the state the primary payer for the cost of public education, more than 70% of funding came from the state
- Property taxes are much more stable than the sales and income taxes that fueled the state's contribution

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Post-Proposition 13 Era – 1979 to 2013

- The Rodda Act, which required collective bargaining as we now know it, was passed in 1974
- The combination of lower property taxes and reliance on volatile state budgets, caused California to fall to the bottom in per-student spending
- Student achievement fell commensurately

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The Local Control Funding Formula Era – 2013 Forward

- The Local Control Funding Formula (LCFF) was included in the enacted state budget for fiscal year 2013-14
- The base revenue limit and categorical programs were eliminated
- It provides that by 2021, an equal base grant would be provided for each student by grade level
- In addition additional funding is provided for English learners and for high poverty students

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The Local Control Funding Formula Era – 2013 Forward

- The state no longer controlled the delivery of student programs
 - The state still specified which students would get additional services, but local boards determined what services based upon the Local Control Accountability Plan (LCAP)
- The state plans to ramp up spending to achieve full implementation in 2021
- After 2021, all districts would receive only a cost of living adjustment annually

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Prospects for the Future

- Educators and politicians alike are hopeful that the LCFF will improve student achievement, especially for the state's neediest students
- But California is still last in the nation in per-student spending and will remain near the bottom even at full implementation of LCFF
 - Real gains will only come when per-student funding approaches the national average – California is now 30% below the average

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Prospects for the Future

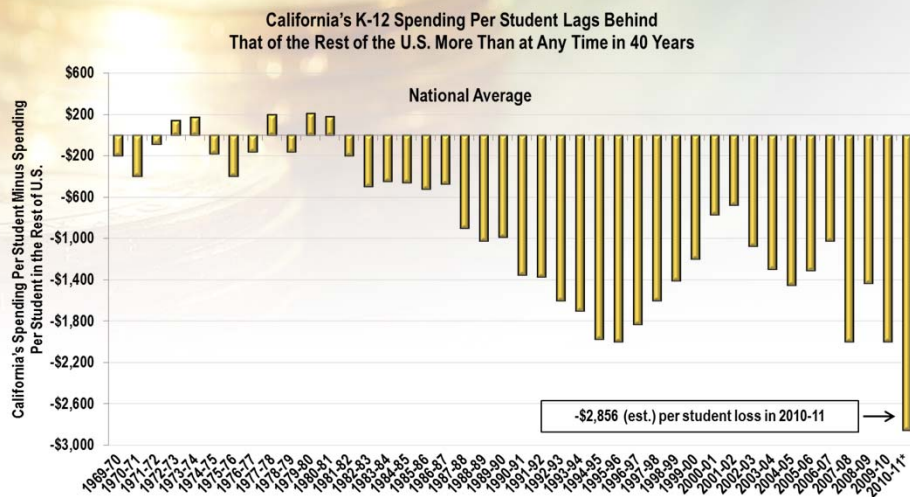
- And the combination of the LCFF, Common Core State Standards for curriculum, and Smarter Balanced testing represents huge change
- It will take time to assess the effectiveness of LCFF
- And the system will be tested over time by recessions, legislative changes, and accountability for student performance
- It will take patience, wisdom and courage to stay the course and give the new system a chance to improve education in California

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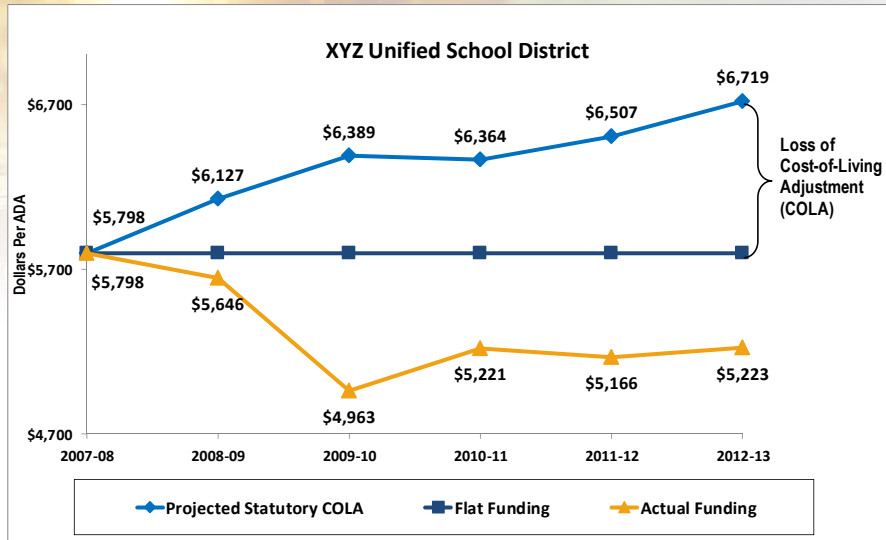
California's Education Spending Continues to Lag

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Funding Per Average Daily Attendance (ADA) – Actual vs. Prior Statutory Level



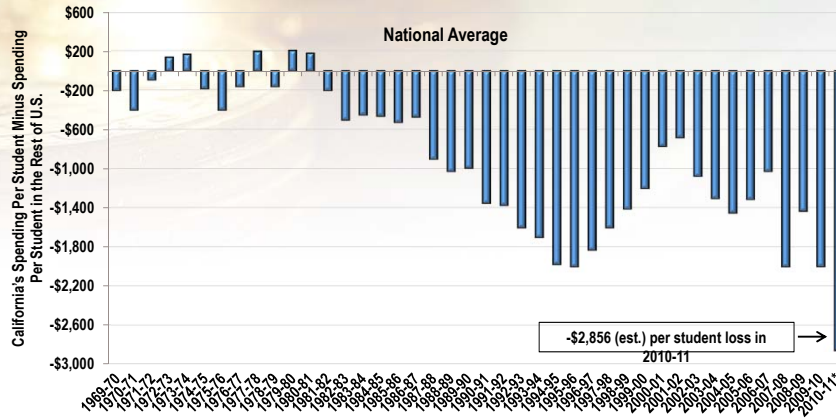
Proposition 30 – The Schools and Local Public Protection Act of 2012

16

- Proposition 30, the Schools and Local Public Protection Act is sponsored by Governor Brown
- Education organizations that supported the measure include: California Teachers' Association, California Federation of Teachers, California School Boards Association, and Association of California School Administrators
- Temporarily increases the state sales tax and personal income tax for high-income earners
 - Sales tax increase of 0.25% would expire in 2016
 - Personal income tax increase would expire in 2018
- Generates \$6.8 billion to \$8.5 billion in 2012-13 and \$5.4 billion to \$7.6 billion each year thereafter
- Revenues from tax increases would fund the Education Protection Account, which would offset state aid toward school district funding
- Would also make permanent the sales tax shift to fund county government realignment

California's Education Spending Continues to Lag

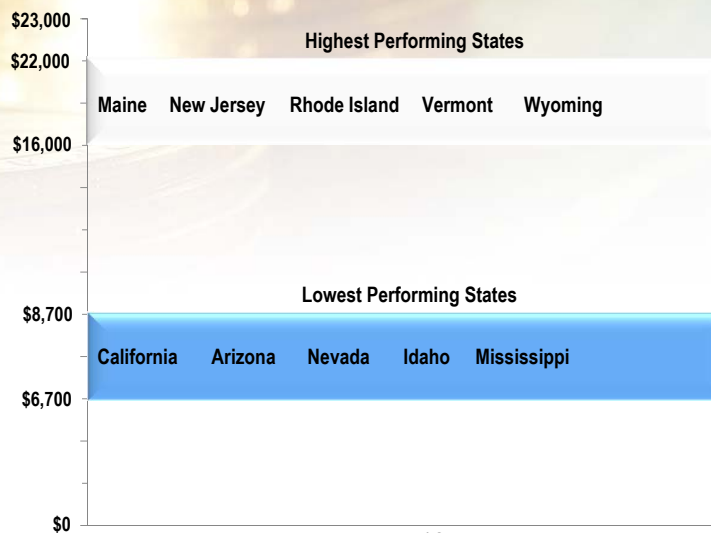
California's K-12 Spending Per Student Lags Behind
That of the Rest of the U.S. More Than at Any Time in 40 Years



* 2010-11 data estimated
Note: Rest of U.S. excludes the District of Columbia

Money Matters in Student Performance

Test Scores vs. Dollars Per Student

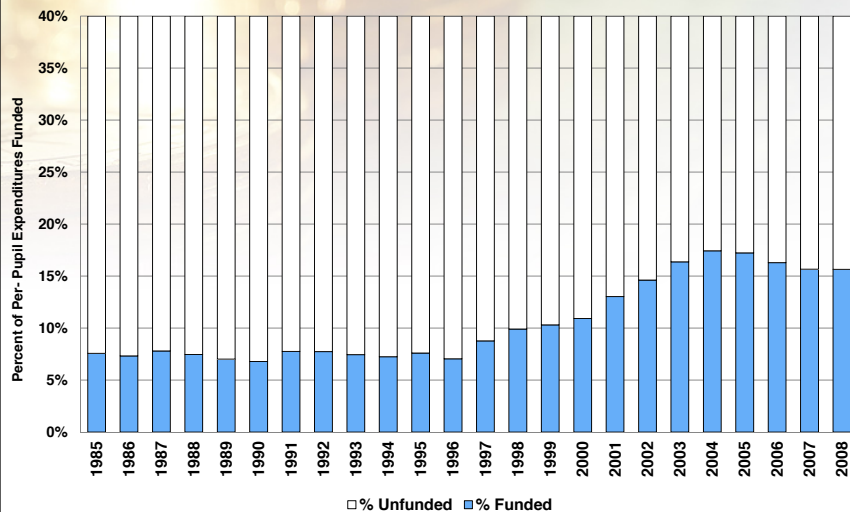


California's Spending Lags the Nation

California's Schools Lag Behind Other States on a Number of Measures			
	California Rank	California	Rest of U.S.
K-12 Spending Per Student (2009-10)*	44	\$8,826	\$11,372
K-12 Spending as a Percentage of Personal Income (2008-09)*	46	3.28%	4.25%
Number of K-12 Students Per Teacher (2009-10)*	50	21.3	13.8
Number of K-12 Students Per Administrator (2007-08)	46	358	216
Number of K-12 Students Per Guidance Counselor (2007-08)	49	809	440
Number of K-12 Students Per Librarian (2007-08)	50	5,038	809

*2008-09 and 2009-10 data are estimated.
 Note: "California Rank" and "Rest of U.S." exclude the District of Columbia. Spending per student and number of students per teacher are based on average daily attendance (ADA). Number of students per administrator, guidance counselor, and librarian are based on statewide enrollment.
 Source: National Education Association, National Center for Education Statistics, and U.S. Bureau of Economic Analysis

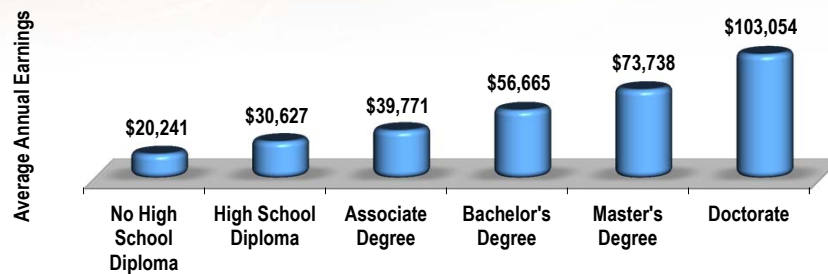
Historical Federal Individuals with Disabilities Act Funding



Source: Digest of Education Statistics 2011, National Center for Education Statistics; U.S. Department of Education

The Value of Education

- Education is critical to the economic success of individuals and our state as a whole
 - Personal income accounts for more than half of state General Fund revenues
 - Educational attainment affects earnings

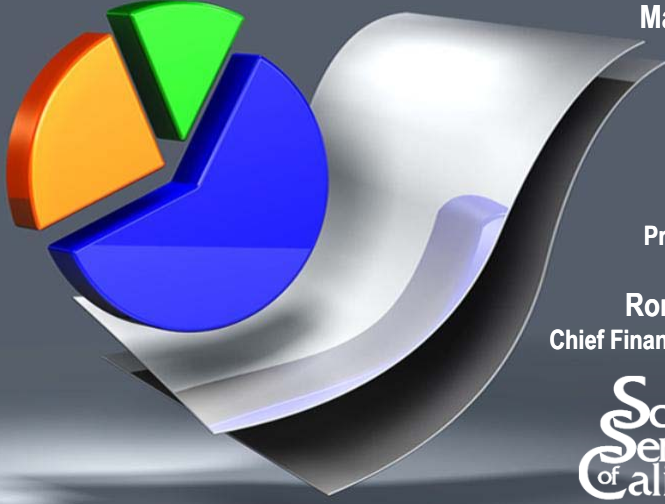


Source: U.S. Census Bureau Population Survey, 2009

Los Angeles Unified School District
Local Control Funding Formula
May 6, 2015

Local Control Funding Formula

Los Angeles Unified School District
May 6, 2015



Presented by
Ron Bennett
Chief Financial Officer

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LCFF – What it Does



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- The Local Control Funding Formula (LCFF) makes fundamental changes to how we allocate state Proposition 98 revenues to schools
- There are direct parallels with how we have funded schools in the past
 - The LCFF base grants are like revenue limits
 - The LCFF base grant adjustments – Class-Size Reduction (CSR), Career-Technical Education (CTE), supplemental grants, concentration grants – are like categorical programs
- At full implementation, the LCFF will fund every student at the same base rate
 - Over time, most school district and charter school base grant funding will equalize to the same level
- The LCFF provides that each school district receive at least as much state aid in 2013-14 and future fiscal years as the district received in 2012-13
- The LCFF continues the necessary small school funding adjustment for eligible school districts, per Education Code Section (E.C.) 42280 et seq.

**Los Angeles Unified School District
Local Control Funding Formula
May 6, 2015**

Categorical Programs



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- A partial list of the 40 categorical programs rolled into the Base Grant
 - Adult Education
 - CSR (K-3)
 - Deferred Maintenance
 - Economic Impact Aid
 - Gifted and Talented Education
 - Regional Occupational Centers/Programs

Categorical Programs and the LCFF



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- Over the years, a variety of programs and purposes were supported by categorical program funding
 - Some were general purpose, such as instructional materials and deferred maintenance
 - Some were intended to be targeted to meet the needs of specific students or circumstances, such as Economic Impact Aid and Home-to-School Transportation
- The LCFF replaces most categorical programs with two weighting factors applied against the LCFF base grant
 - 20% on behalf of each eligible student (down from 35% in the Governor's proposal)
 - An additional 50% for the eligible students exceeding 55% of total enrollment (up from 35% in the Governor's proposal)
 - The combination of the two factors still equals 70%, as in the May Revision

Los Angeles Unified School District

Local Control Funding Formula

May 6, 2015

Documenting Eligibility



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- Pupils eligible for free and reduced-price meals (FRPM)
 - Participation in the federal program is not required
 - Eligibility is not identical to federal requirements
 - For federal “Provision 2 and 3” schools, districts must verify eligibility annually, using an alternative method chosen by the school district
 - At this time, direct verification (good for a four-year period under federal law) is not deemed sufficient to document the count of FRPM-eligible students at Provision 2 and 3 schools for purposes of LCFF funding
- Accurate and documented verification of student status as an FRPM eligible, an English learner, or a foster youth is of high importance in the LCFF

Base Grant Entitlement Calculation



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- 2014-15 target entitlement calculation
 - Grade span per-pupil grants are increased for the 0.85% statutory cost-of-living adjustment (COLA) – unchanged from the May Revision

Factors	K-3	4-6	7-8	9-12
2013-14 Base Grant per ADA	\$6,952	\$7,056	\$7,266	\$8,419
COLA @ 0.85%	\$59	\$60	\$62	\$72
Base grants – 2014-15	\$7,011	\$7,116	\$7,328	\$8,491

Los Angeles Unified School District

Local Control Funding Formula

May 6, 2015

LCFF – K-3 CSR and CTE Adjustments



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- 2013-14 target entitlement calculation

- K-3 CSR and 9-12 CTE adjustments are additions to the base grant
- CTE is unrestricted; CSR requires progress toward maximum site average of 24 students enrolled in each class

Factors	K-3	4-6	7-8	9-12
Base grants – 2013-14	\$6,952	\$7,056	\$7,266	\$8,419
Adjustment percentage	10.4% CSR	-	-	2.6% CTE
Adjustment amount	\$723	-	-	\$219
Adjusted grant per ADA	\$7,675	\$7,056	\$7,266	\$8,638

Supplemental and Concentration Grants



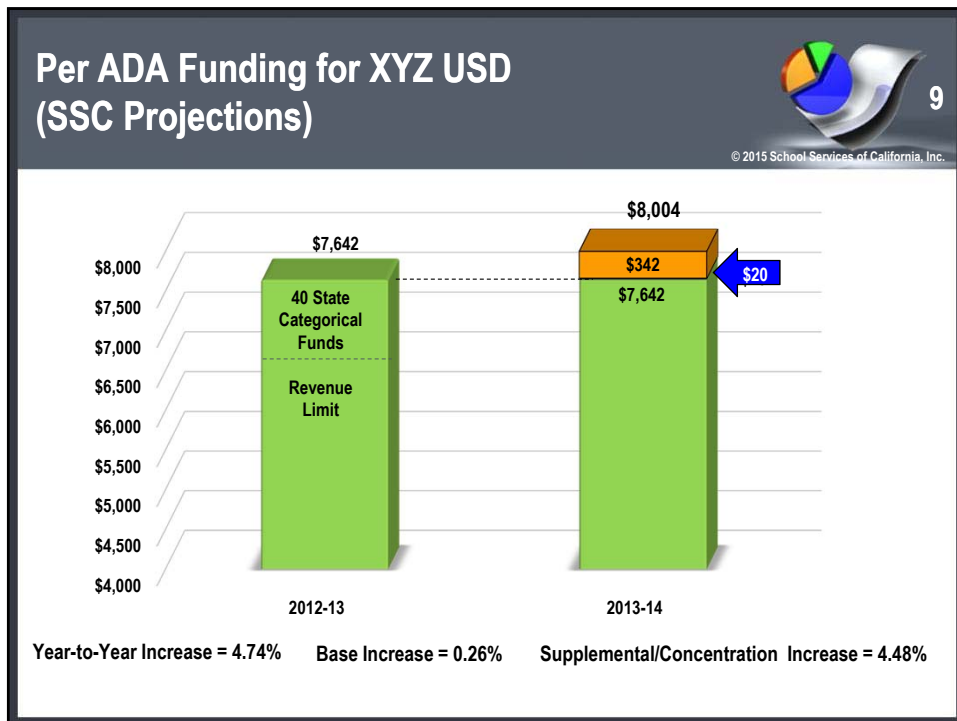
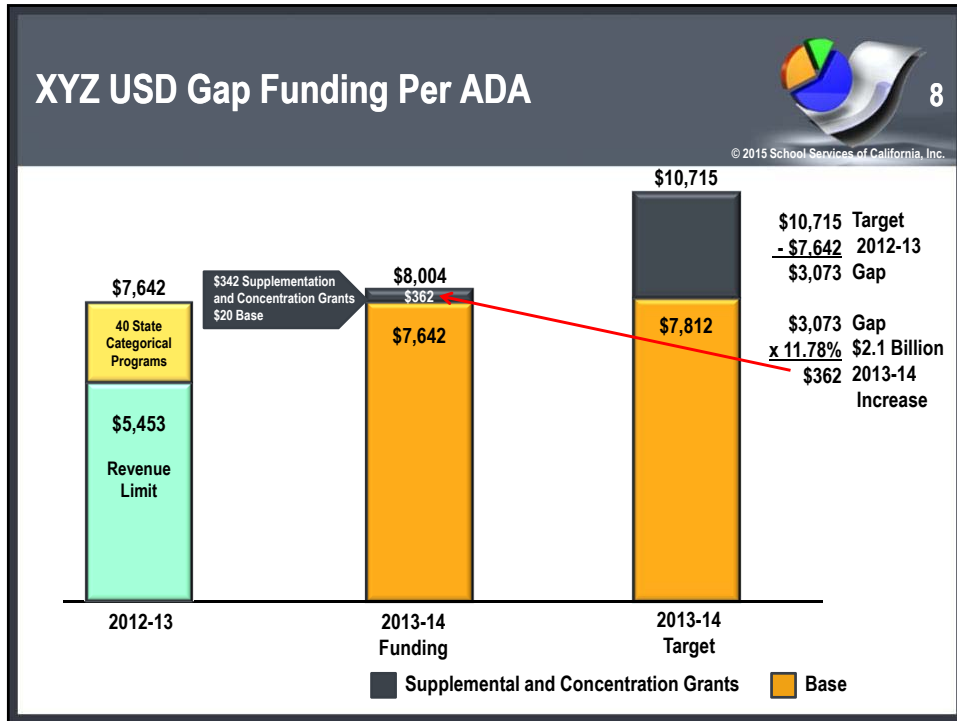
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- Supplemental and concentration grants are calculated based on the percentage of district enrollment accounted for by EL, FRPM program eligible students, and foster youth

Factors	K-3	4-6	7-8	9-12
Adjusted grant per ADA	\$7,740	\$7,116	\$7,328	\$8,712
20% supplemental grant	\$1,548	\$1,423	\$1,466	\$1,742
50% concentration grant (for eligible students exceeding 55% of enrollment)	\$3,870	\$3,558	\$3,664	\$4,356

Los Angeles Unified School District Local Control Funding Formula May 6, 2015

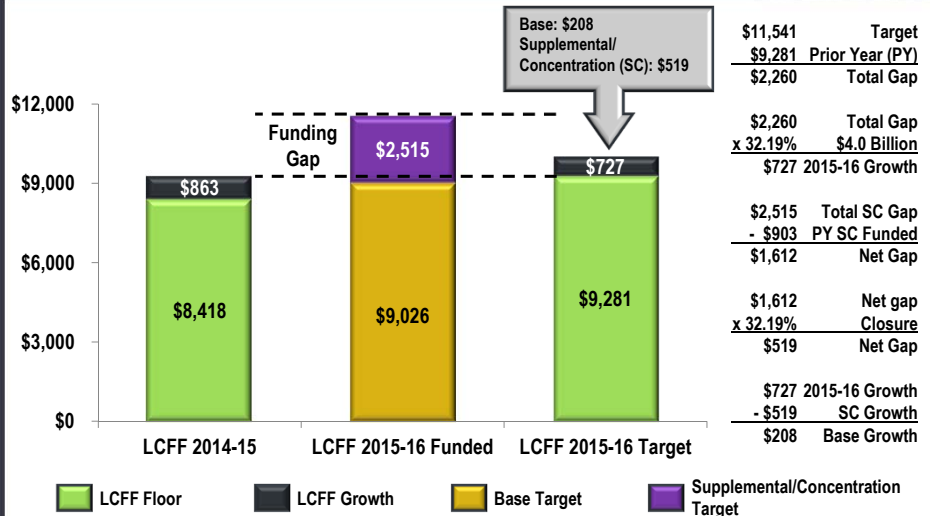


Los Angeles Unified School District Local Control Funding Formula May 6, 2015

LCFF Funding Analysis – Los Angeles USD



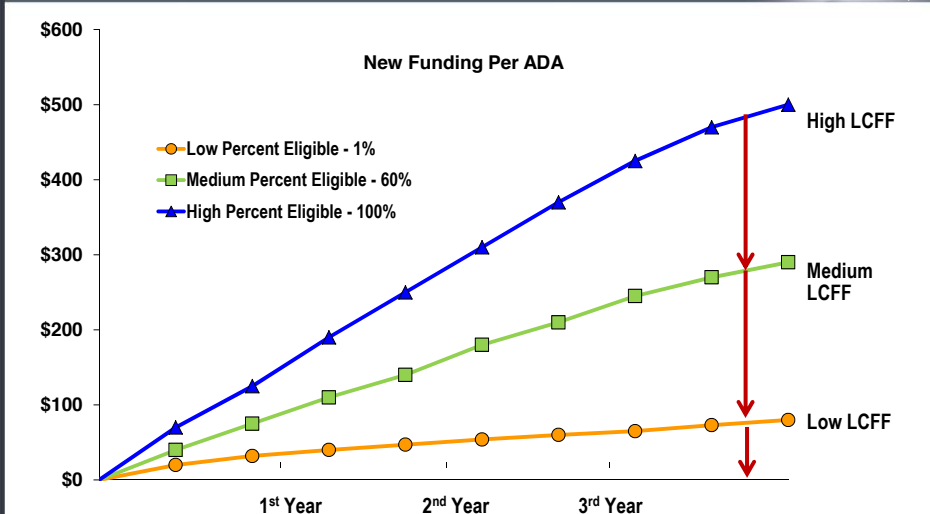
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Differential Risks – An Example



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Adopting and Updating the LCAP



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Consultation with:

- Teachers
- Employee associations
- Principals
- School Personnel
- Pupils
- Parents

1

Present for Review and Comment to:

- Parent advisory committee
- English learner parent advisory committee
- The superintendent must respond in writing to comments received

2

LCAP

Opportunity for Pupil Input:

- Adopted concurrent with the LEA
- Submitted to COE for approval
- Posted on district website
- COE posts LCAP for each district/school or a link to the LCAP

4

Adoption of the Plan:

- Notice of the opportunity to submit written comment
- Public hearing to solicit public comment on proposed actions and expenditures

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Negotiations Under the LCFF



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Revenue Limits

Categorical Programs

Any increase was restricted and not generally available for negotiations

Base Revenue Limit

Annual COLA always available for negotiations

LCFF

Targeted Funds

Any increase used to fund LCAP strategies for targeted students
Must negotiate issues within the scope of bargaining

Base Grant

Annual increase to base grant always available for negotiations

Los Angeles Unified School District
Local Control Funding Formula
May 6, 2015

LCFF Funding Model –
Two “Pots” of Money in One!



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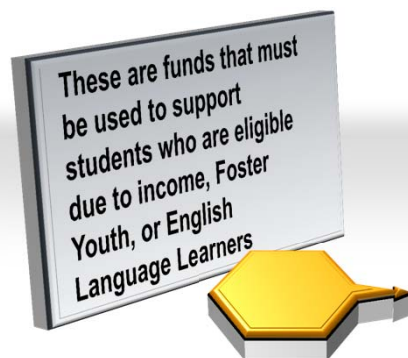
BASE GRANT –
(Unrestricted)

Supplemental and
Concentration Grants
(Targeted Funds)

Supplemental and Concentration Grants



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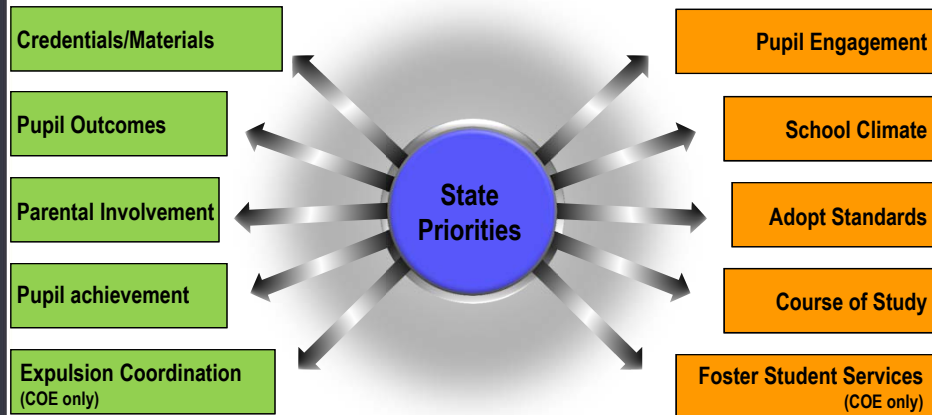


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State Priorities



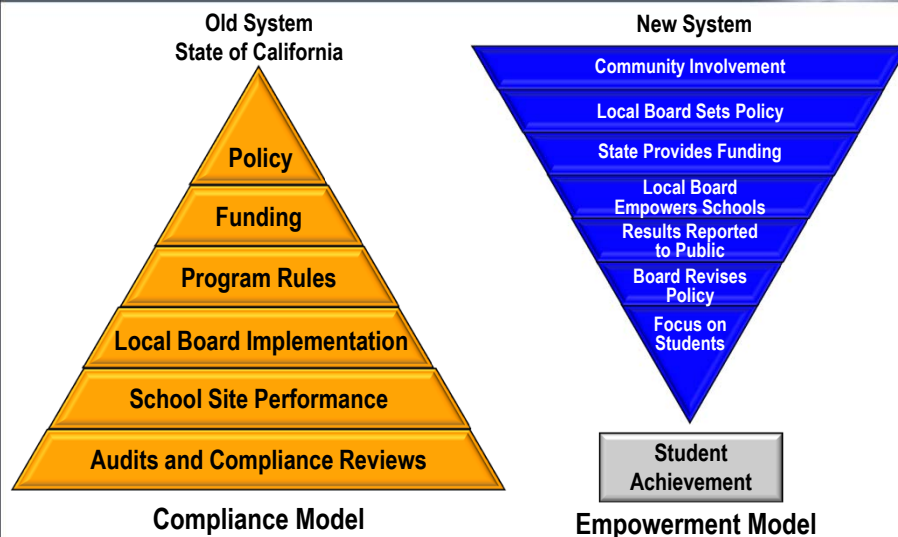
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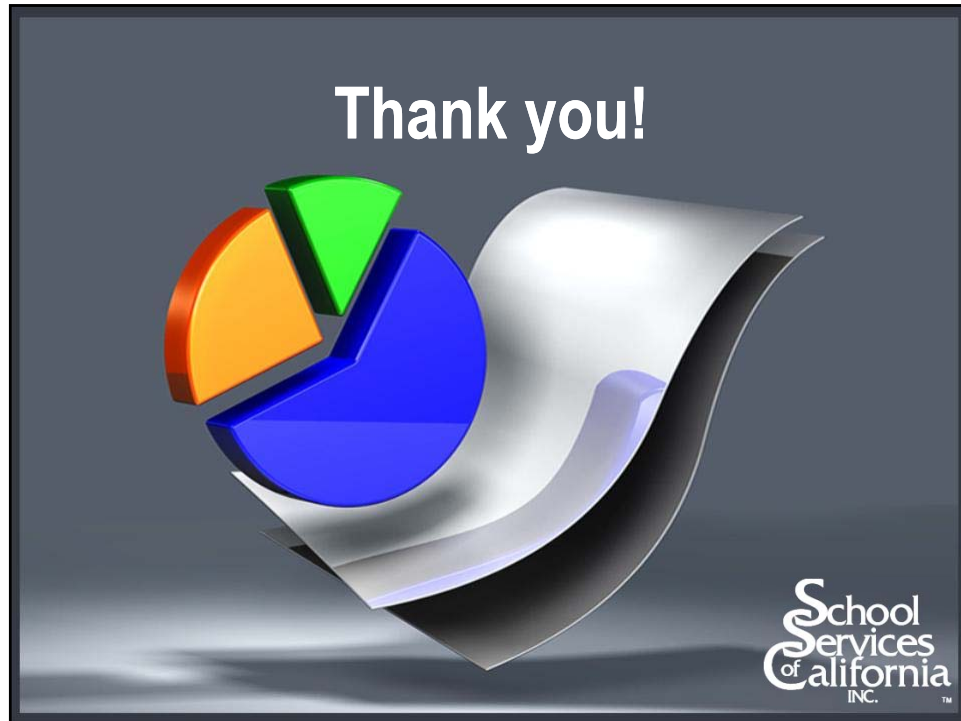
To Act Differently We Must Think Differently



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Los Angeles Unified School District
Local Control Funding Formula
May 6, 2015





Los Angeles Unified School District

2015 General Obligation Refunding Bonds, Series A



Rating Agency Presentation

April 22, 2015



Presentation Team

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Outline of Discussion

- I. Financial and Budget Update
- II. Capital Facilities Program
- III. Outstanding Debt and Tax Base
- IV. 2015 General Obligation Refunding Bonds
- V. Questions & Answers / Wrap-Up

Appendix: Estimated Debt Service Refunding Schedule

Financial and Budget Update





Institutionalized Financial Management Framework

- Three key financial policies: Budget & Finance, Debt Management, and Investment
 - Establishes minimum reserve levels, prudent use of bonded indebtedness and conservative investment strategy
- Strong State oversight
 - Per AB 1200, all California school districts are required to prepare two Interim Reports annually to track its finances with a multi-year forecast
 - Must certify whether it expects to meet its financial obligations in current year and two subsequent fiscal years
 - An additional “June Report” is required if the Second Interim report is certified as qualified or negative



Ramon C. Cortines School of
Visual and Performing Arts



Maurice Sendak Elementary School



Fiscal Year 2014-15 Financial Reports

- Second Interim Report reflects modest continued improvement in the District’s ending balance for fiscal 2014-15
 - Results mostly from lower than expected expenditures and a slight increase in revenues over the fiscal year

(\$ in millions) ⁽¹⁾	Fiscal Year 2014-15 District Final Adopted Budget	First Interim Report (December 2014)	Second Interim Report (March 2015)
Beginning Balance ⁽²⁾	\$655.2	\$700.3	\$700.3
Revenues	6,223.1	6,225.9	6,234.2
Expenditures	6,261.6	6,112.5	6,071.3
Operating Surplus (Deficit)	(38.6)	113.4	162.9
Other Financing Sources/Uses	(127.3)	(124.0)	(117.1)
Ending Balance	\$489.3	\$689.6	\$746.1

(1) Totals may not equal sum of component parts due to rounding.

(2) Reflects a downward audit adjustment of approximately \$45.1 million from the beginning balance set forth in the operating budget approved by the District Board. Includes anticipated settlements.

Sources: Los Angeles Unified School District Fiscal Year 2014-15 District Final Adopted Budget, Fiscal Year 2014-15 First Interim Report, Fiscal Year 2014-15 Second Interim Report



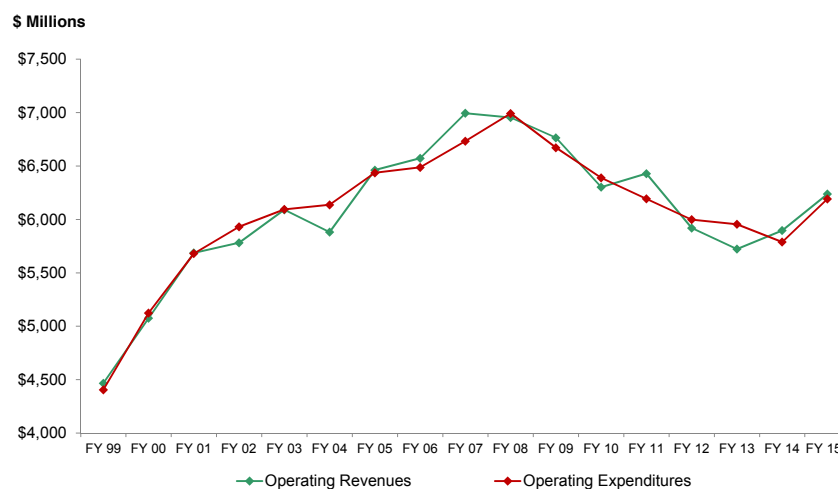
Second Interim Self-Qualified

- District has been conservatively self-certifying its Interim Reports as “qualified” since fiscal 2008-09
- District submitted a self-qualified certification to LACOE at First Interim this year due to anticipated deficits in 2015-16 and 2016-17
 - Without corrective actions, the District forecasted deficits at First Interim of \$326.0 million in 2015-16 and \$462.8 million in 2016-17
 - LACOE requested a Fiscal Stabilization Plan be submitted with Second Interim
- At Second Interim, District submitted a self-qualified certification, but forecast a deficit only in fiscal year 2016-17
 - 2015-16 deficit of \$158.3 million was eliminated by a Board-approved Fiscal Stabilization Plan
 - Plan included a combination of ongoing solutions, program realignment and one-time sources of funds for a \$19.7 million 2015-16 balance
 - Board also approved sending Reductions in Force notices to over 2,400 employees
 - Remaining 2016-17 deficit of \$282.0 million needs be addressed later
- District is preparing a June Report



District Continues to Manage Through State Funding Cycles

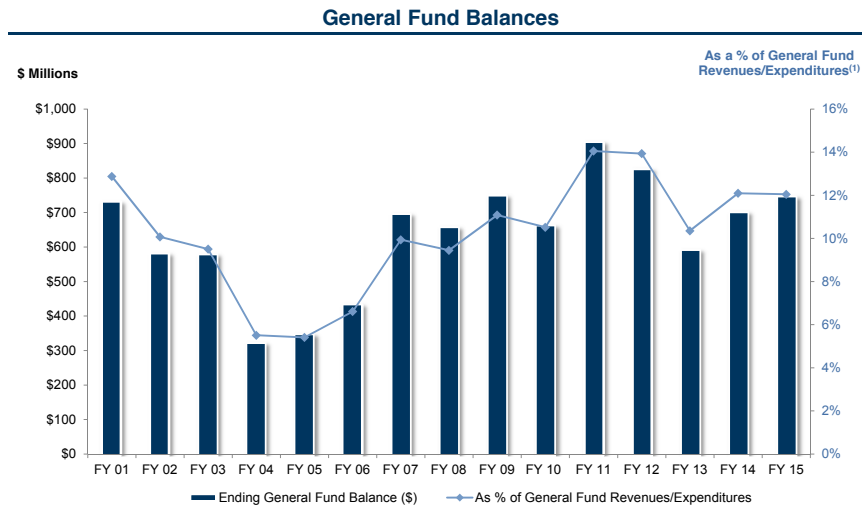
Operating Revenues vs. Operating Expenditures



Sources: The District's audits, with the exception of FY 2014-15 which is projected as of the Second Interim.



District has Consistently Met its 5% Reserve Policy



(1) FY2001-13 - % of revenues and transfers-in; beginning in FY2013-14, the District's reserve policy changed to be a % of expenditures and transfers-out.

Sources: District's Comprehensive Annual Financial Reports, with the exception of FY 2014-15 which is projected as of the Second Interim.

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Labor Costs

- Last week, tentative agreements were reached on Health and Welfare benefits with all of the District's unions and with the UTLA on its labor agreement
- Up until then, all units had settled their labor agreements except UTLA and portion of CSEA for approximately 6.5% salary increases over 3 years
- District has budgeted same amounts for UTLA
- Under the contracts, the out-year increases were contingent on available revenues

Employee Bargaining Unit	Contract Expiration Date (June 30)	Number of Members
Associated Administrators of Los Angeles (Certificated) ⁽¹⁾	2017	2,330
Associated Administrators of Los Angeles (Unit J)	2015	234
Unit A (Los Angeles School Police Association)	2017	421
Unit B (Instructional Aides)	2017	11,851
Unit C (Operations – Support Services)	2017	7,806
Unit D (California School Employees Association) ⁽¹⁾	2014	4,200
Unit E (Skilled Crafts)	2017	1,334
Unit F (Teacher Assistants)	2017	4,387
Unit G (Playground Aides)	2017	10,833
Unit H (Sergeants and Lieutenants)	2017	63
Unit S (Classified Supervisors) ⁽¹⁾	2017	3,064
United Teachers of Los Angeles	2011	32,368
District Represented Employees	N/A	577

(1) These units have "me-too" clauses.

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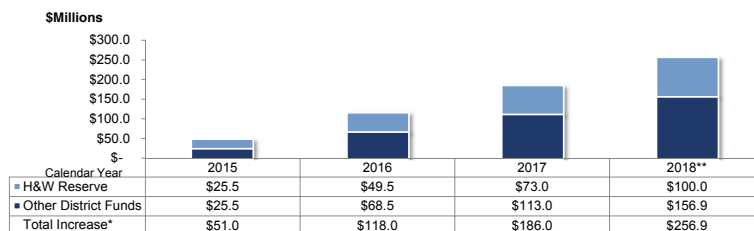
Tentative UTLA Labor Agreement Costs

- On April 17, the ULTA approved a Tentative Agreement with LAUSD for a new two year contract
 - Follows a period of salary freezes and furlough days required by the recession and a contract that expired in 2011
- UTLA was initially negotiating for a 17.6% pay raise
- 2014-17 agreement includes:
 - 10% on the scale salary increase over 2014-15 and 2015-16, with a salary re-opener in 2016-17
 - Phased in with a 4% retroactive increase effective 7/1/14, a 2% retroactive increase effective 1/1/15, a 2% increase effective 7/1/15, and a 2% increase effective 1/1/16
- District's prior proposal of 6.5% over 3 years was estimated to cost \$589.7 million for all employees
 - Estimated costs are now approximately \$875.3 million (the \$589.7 million plus the \$254 million for UTLA plus the \$31.6 million for bargaining units with "me too" clauses)
- Next steps: UTLA members must review and approve the tentative labor and health and welfare agreements



Health and Welfare Benefits Agreement

- On April 14, Board authorized the Superintendent to enter into a Tentative Agreement on health benefits for 2015-2017 calendar years
 - Maintains current level of benefits for active employees, pre-Medicare retired employees, and Medicare eligible retired employees
 - Cost will be covered in part by drawing down a portion of the Health & Welfare reserve, with the balance coming from other District funds
 - Fiscal year General Fund impact of \$21.6 million in 2015-16, \$62.9 million in 2016-17 and about \$100 million in 2017-18
 - Identified funding source for District's General Fund share are the OPEB set-asides
 - Plan extension into 2018 contingent upon certain financial criteria



* Increase from 2014 contribution level

** 2018 Plan year contingent upon certain agreed-upon criteria



State Funding Update

- 2014-15 is the second year that the District has been operating under the Local Control Funding Formula ("LCFF") and a Local Control Accountability Plan ("LCAP"), a significantly different State funding approach
- LCFF benefits LAUSD which has approximately 415,612 of its non-charter school students classified as Targeted Disadvantaged Students on an unduplicated count basis
 - LAUSD's Unduplicated Pupil Percentage is currently 83.5%
- The LCAP is a district-wide plan that describes how districts are using state funds and supporting targeted youth
 - The LCAP must be updated annually
 - The LCAP must include:
 - Stakeholder Engagement
 - Goals and Progress Indicators
 - Actions, Services, and Expenditures



Governor's January Budget is Favorable to K-12

- Governor signaled his continued commitment to LCFF and LCAP in January Budget
- Highlights of the Governor's K-12 proposals for 2015-16 include:
 - Current year Prop 98 guarantee revised up by \$2.3 billion from enacted level
 - Budget fully funds the Proposition 98 minimum guarantee in 2015-16
 - 2015-16 K-12 State revenues are \$2.6 billion higher than the revised 2014-15 amount
 - \$4.048 billion in additional Prop 98 revenues expected to fund the remaining LCFF funding gap in 2015-16 at 32.19%; up from 20.68% in December (First Interim)
 - Overall LCFF funding increases by 9%
 - Eliminates all remaining cash deferrals (\$992 million) by June 30, 2016 - schools will receive principal apportionments of State Aid on time (no TRANS issued since 2012-13)



LAO's Outlook for the May Revise

- Next key budget checkpoint for the District is the State's May Revise
- According to the LAO, revenue outlook is strong
- Outlook for schools is more favorable than for the rest of the State Budget due to Propositions 98 and 2
- Increases in 2014-15 revenues over January Budget will increase the 2014-15 Minimum Guarantee nearly dollar for dollar
- Increases in 2015-16 revenues will further increase the 2015-16 Minimum Guarantee by approximately 50 cents on the dollar
- After 2015-16, State revenues projected to grow modestly as Prop 30 phases out
 - Increased revenue uncertainty



District Budget Calendar

- Expected June 16
 - Presentation and LCFF-required public hearing for LCAP
 - Presentation and public hearing for Fiscal Year 2015-16 Budget
 - Public hearing on the District's budgeted ending fund balance in excess of the minimum required
 - Costs of the new labor agreements will be incorporated into the upcoming budget
- Expected June 23
 - Adoption of LCAP
 - Adoption of Fiscal Year 2015-16 Budget



Robert F. Kennedy Community Schools
Middle School



Other Updates

- My Integrated Student Information System (MiSiS), attendance, and Unduplicated Count
- Tablets
- Other liabilities
- District leadership



Focused on Long-Term Sustainability and Fiscal Health

- Superintendent recently established an Independent Financial Review panel to help review and make recommendations concerning the long-term financial sustainability and health of the District
 - Focused on addressing long-term structural challenges including declining enrollment, post-employment benefits, pension costs and special education General Fund Subsidy
 - Panel members include:

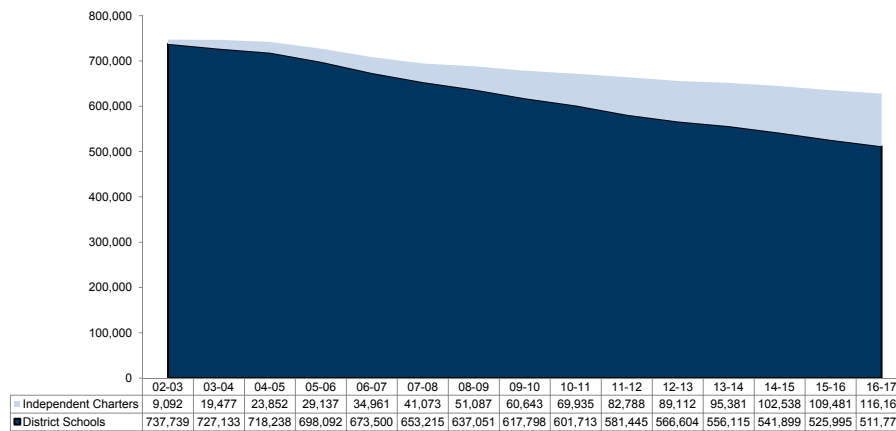
Maria Anguiano	Vice Chancellor for Business & Finance at University of California, Riverside
Delaine Eastin	Former Superintendent of Public Instruction and Member of the California Assembly
Bill Lockyer	Former California Attorney General and State Treasurer
Joel Montero	Chief Executive Officer, Fiscal Crisis and Management Assistance Team
Darline Robles	Professor, Rossier School of Education, University of Southern California and former Superintendent of the Los Angeles County Office of Education
Miguel Santana	Chief Administrative Officer, City of Los Angeles
Darrell Steinberg	Former California State Senate President pro-Tempore
Peter Taylor	President of the ECMC Foundation and former Chief Financial Officer for the University of California
Kent Wong	Director, University of California, Los Angeles Labor Center

- Work will get underway early in Fiscal Year 2015-16



Declining Enrollment

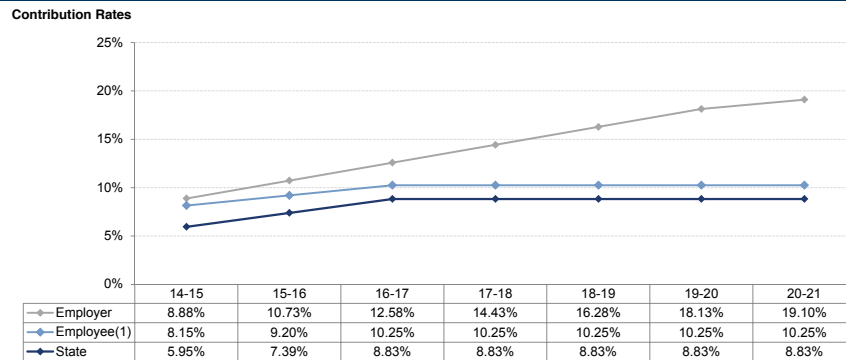
- Enrollment has fallen by about 196,000 students since 2002-03
 - About 100,000 have moved to about 185 independent charter schools in the District per the District's reform initiatives
 - Demographics have changed (for example, birth rates)



Post-Employment Costs – CalSTRS

- Following passage of AB1469 in June 2014, CalSTRS' pension costs began to increase significantly in 2014-15
 - Rates may be revised for 2021-22 and after to stay on track to retire the CalSTRS UAAL by June 30, 2046

CalSTRS Pension Costs (As a % of Covered Payroll)



(1) Applicable to employees who joined CALSTRS prior to PEPRA, for employees who joined after PEPRA, contribution will increase to 9.205% by 2016-17



Estimated Impact of CalSTRS and CalPERS Rate Increases

- General fund impact of CalSTRS' rate increases effective 2014-15 and CalPERS projected rate increases as of June 2014
 - Assumes ADA declines through 2015-16 and stabilizes thereafter; does not take into account parameters that will impact actual costs (e.g. enrollment or salary changes)
 - Based on the June 2014 Valuation, in April 2015, CalPERS rates are lower than their March 2014 projections: 2015-16: 11.85% vs. 12.60% and 2016-17: 13.05% vs. 15.00%

Estimated Impact of Increased CalSTRS Rates on LAUSD Employer Cost (General Fund Only)			
Fiscal Year	CalSTRS Employer Rate	Estimated Total General Fund Certified Salaries (\$Millions) ⁽¹⁾	Estimated General Fund CalSTRS Cost (\$Millions)
2012-13	8.25%	\$ 2,590	\$ 208
2013-14	8.25%	2,585	207
2014-15	8.88%	2,685	230
2015-16	10.73%	2,758	296
2016-17	12.58%	2,734	344
2017-18	14.43%	2,734	395
2018-19	16.28%	2,734	445
2019-20	18.13%	2,734	496
2020-21	19.10%	2,734	522

Estimated Impact of Increased PERS Rates on LAUSD Employer Cost (General Fund Only)				
Fiscal Year ⁽¹⁾	CalPERS Employer Rate (Miscellaneous)	CalPERS Employer Rate (Safety) ⁽²⁾	Estimated Total General Fund Classified Salaries (\$Millions) ⁽¹⁾	Estimated General Fund CalPERS Cost (\$Millions)
2012-13	11.42%	33.23%	\$ 772	\$ 98
2013-14	11.44%	31.82%	800	99
2014-15	11.77%	30.85%	860	113
2015-16	11.85%	(2)	910	116
2016-17	13.05%	(2)	919	129

- (1) Actuals through 2013-14, the 2014-15 Second Interim Report for 2014-15 through 2016-17, projections based on no salary growth after 2016-17
- (2) The CalPERS Employer Rate (Safety) beyond fiscal year 2014-15 are not yet available. In the above table, the District has assumed annual increases in the CalPERS Employer Rate (Safety) to be proportional to the annual increases in the CalPERS Employer Rate (Miscellaneous) for fiscal years subsequent to fiscal year 2014-15.

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Post-Employment Costs - OPEBs

- OPEB liability as of July 1, 2013 was \$10.9 billion, down from \$11.2 billion in 2011
 - Net decline was the result of a combination of factors such as lower health care cost increases, changes in mortality rates, changes in the cost of dependent coverage, and a change in the discount rate
- OPEB Trust administered by CalPERS established in May 2014; currently \$90 million

Annual Required Contributions and OPEB Costs ⁽²⁾ (\$Millions)				
Fiscal Year	Annual Required Contribution ⁽¹⁾	Annual OPEB Cost ⁽¹⁾	Actual Contribution ⁽²⁾	Annual OPEB Cost Contributed
2009-10	\$1,006.8	\$ 977.2	\$237.3	24%
2010-11	1,050.6	1,022.0	240.1	23
2011-12	1,085.9	1,048.0	228.7	22
2012-13	1,085.9	1,038.2	245.4	24
2013-14	868.6	890.9	326.9	37

- (1) Information for Fiscal Years 2009-10 through 2012-13 reflects results of actuarial studies prepared by Buck Consultants. Information for Fiscal Year 2013-14 reflects results of an actuarial study prepared by Aon Hewitt.
- (2) Figures represent actual contributions reports in the District's Comprehensive Annual Financial Report for the respective fiscal years included in the table. Figure for Fiscal Year 2013-14 includes \$60 million contributed to the OPEB Trust.

Sources: 2013 Postemployment Valuation for FY 2009-10 through 2014-15; District's Comprehensive Annual Financial Report for FY 2009-10 through 2013-14.

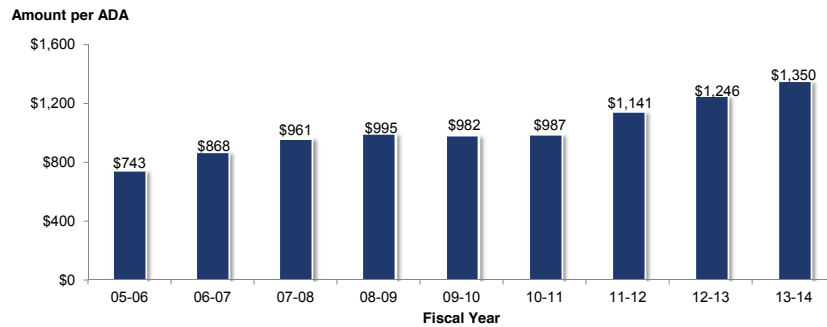
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Special Education

- Special Education funding is based on K-12 ADA of all students, not just special education students, so funding has no relationship to actual expenditures
 - No additional funding for moderate to severe students
 - Overall District enrollment is declining, but share of Special Education students are increasing

District General Fund Contribution to Special Education Per ADA is Increasing



Capital Facilities Program





Goals and Accomplishments

- Nearly \$19 billion invested in constructing new schools and repairing and modernizing legacy schools
 - Completed approximately 20,000 repair & modernization projects
 - Implemented full day kindergarten District-wide
 - Completed approximately 600 new construction projects
 - Two-semester neighborhood schools District-wide
 - ✓ 130 of 131 new K-12 school projects completed – 131st under construction!
 - ✓ 65 of 65 new K-12 addition projects completed
 - ✓ No schools operating on a Concept 6 calendar
 - ✓ Only 1 school operating on a multi-track calendar – 99% decrease over the last 10 years



Playa Vista School



Dr. Theodore T. Alexander Jr.
Science Center School



Oguin Campus at San Pedro HS



There's Still More Work To Be Done

- In addition to addressing enrollment growth, the District's capital program is modernizing and repairing aging facilities
- Nearly 800 of the buildings were constructed more than 75 years ago and almost half of the District's buildings were constructed at least 50 years ago
- Legacy school facilities do not meet current building codes or support current instructional vision



Huntington Park High School



Roosevelt High School



Roosevelt High School



Today's Focus – Modernizing and Repairing

- Primary focus of the School Upgrade Program is to upgrade legacy school facilities
- Prior phase of bond program focused on constructing new school facilities to eliminate use of multi-track calendars and involuntary busing
- Under the Program, the District will modernize, build and repair school facilities to improve student health, safety, and educational quality
- Board program goals:
 - Schools should be physically safe and secure
 - School building systems should be sound and efficient
 - School facilities should align with instructional requirements and vision
- Program currently valued at \$7,852,900,000
- 18 categories of need/priorities with associated funding sources
- Program will continue to address any future needs for additional classroom capacity to maintain District's commitment to two-semester neighborhood school operations District-wide
 - 3 classroom addition projects already anticipated



Commitment to Capital Fund Compliance

- Finance has added a Director of Capital Fund Compliance
 - Post-issuance compliance, as documented in the District's Debt Management Policy
 - Tax compliance
 - Continuing Disclosure compliance
 - All uses of proceeds are subject to approval
 - Program staff and District leadership trained annually

Debt and Tax Base



Overview of G.O. Bond Authorizations

Bond Authorization	Date Authorized by Voters	Amount Authorized (\$Billions)	Amount Issued (\$Billions)	Amount Unissued (\$Billions)
Proposition BB	April 8, 1997	\$2.400	\$2.400	-
Measure K	November 5, 2002	3.350	3.350	-
Measure R	March 2, 2004	3.870	3.710	0.160
Measure Y	November 8, 2005	3.985	3.603	0.382
Measure Q	November 4, 2008	7.000	-	7.000
Total		\$20.605	\$13.063	\$7.542



Debt Capacity

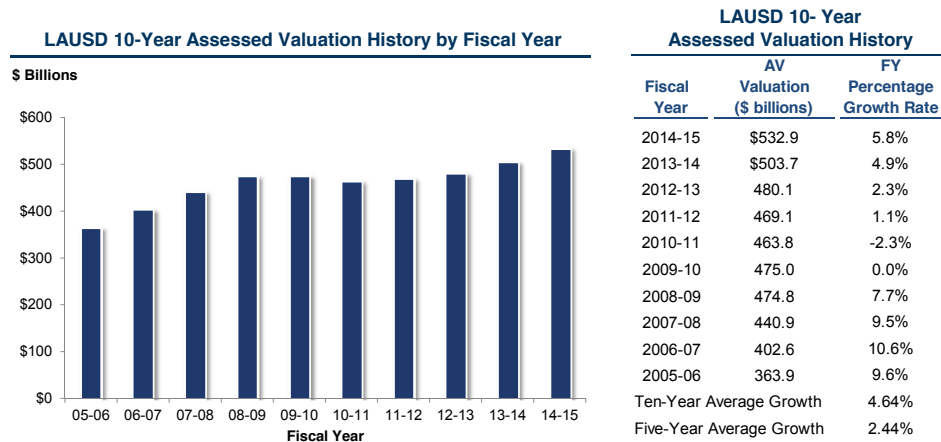
Current Statutory Debt Limit (2.5% of AV)	\$13,323,355,180
Outstanding G. O Bonds	\$10,348,740,000
Available Capacity (as of April 1, 2015)	\$2,974,615,175
Estimated Available Capacity (as of July 1, 2015, assuming 5% AV Growth)	\$3,640,782,934

- The District does not anticipate issuing any additional new money bonds in 2014-15
- District regularly monitors AV growth to ensure that we are realistically planning for our capital program



Ad Valorem Property Taxes Spread Across Very Large Base

- The District's 2014-15 total assessed valuation is \$532.9 billion
- 5 and 10-year average annual AV growth rates are 2.44% and 4.64%, respectively
 - AV is currently at an all-time high
 - Dipped down only slightly for one year during recession

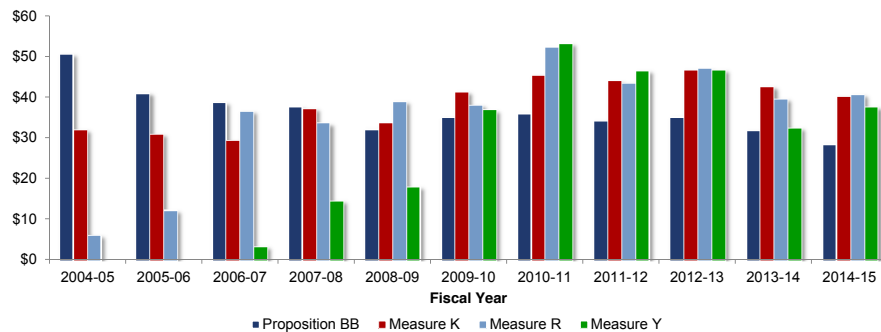




General Obligation Bond Tax Rates

- At the time each series of new-money bonds are issued under Prop 39, District must represent that the tax rate on all bonds issued under the related bond measure is expected to be at or below the \$60 per \$100,000
- District's tax rates for each bond measure are below \$60 per \$100,000 of AV
- District regularly monitors tax rate capacity to assure any new bond issuance complies with Proposition 39 requirements

Property Tax Rates by Measure (\$ per \$100,000 AV)



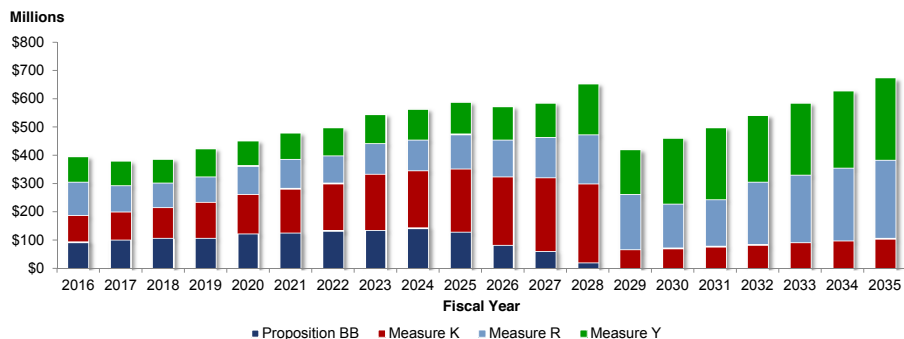
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Outstanding G.O. Bonds

- \$10.3 billion outstanding G.O. bonds as of April 1, 2015
 - All bonds are fixed rate, current interest bonds with no CABs or swaps
 - Outstanding principal is amortized annually through 2035 (i.e., over 20 years)
 - Typical new money issue amortized over 25 years
 - Capacity to layer in additional bonds without exceeding debt limit

Outstanding General Obligation Bonds by Bond Measure by Fiscal Year
(Includes Set-Asides for QSCBs)



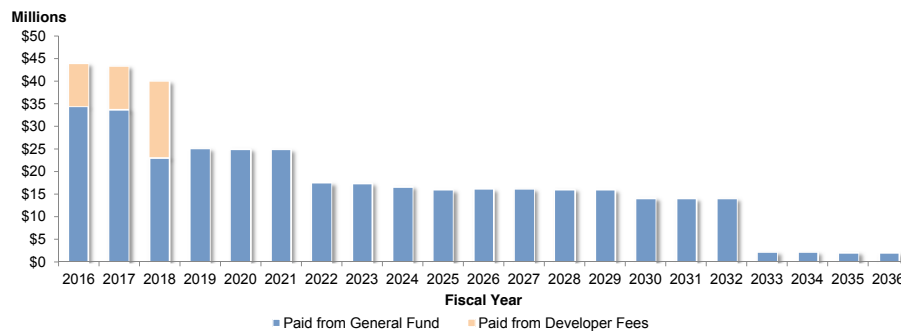
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Outstanding COPs Debt Service Relatively Small

- \$296 million outstanding fixed-rate COPs including a \$22 million private placement
 - No swaps or derivatives
- Debt burden is relatively low at 0.97% of general fund expenditures per last CAFR
 - Well below Debt Policy ceiling of 2.5%

Certificates of Participation Debt Service
(As of April 1, 2015)



2015 General Obligation Refunding Bonds





2015 General Obligation Refunding Bonds

- District expects to refund \$402 million of G.O. Bonds for savings
 - \$378 million of Proposition BB Bonds with a call date of July 1, 2015
 - \$24 million of Measure R Bonds with a call date of July 1, 2016
- Estimated net present value savings: \$78 million, or 19% of refunded par
 - Matched maturity amortization structure
- Principal Payment Date: July 1
- Interest Payment Dates: January 1 and July 1
- Amortization*: 2017-2031

Refunded Maturities*			
Series	Meas./Prop	Maturity	Principal
2005A-1	BB	7/1/2017	2,250,000
2005A-1	BB	7/1/2019	40,150,000
2005A-1	BB	7/1/2020	42,190,000
2005A-1	BB	7/1/2021	44,325,000
2005A-1	BB	7/1/2022	46,625,000
2005A-1	BB	7/1/2023	46,690,000
2005A-1	BB	7/1/2024	400,000
2005A-1	BB	7/1/2024	23,875,000
2005A-1	BB	7/1/2025	25,480,000
2005A-2	BB	7/1/2019	15,605,000
2005A-2	BB	7/1/2020	16,385,000
2005A-2	BB	7/1/2021	17,200,000
2005A-2	BB	7/1/2022	18,065,000
2005A-2	BB	7/1/2023	18,965,000
2005A-2	BB	7/1/2024	19,915,000
G (2006)	R	7/1/2017	550,000
G (2006)	R	7/1/2029	23,635,000
G (2006)	R	7/1/2031	125,000
Total			402,430,000

*Preliminary and subject to change.

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Schedule

\$350,000,000* 2015 General Obligation Refunding Bonds

Ratings Due:	April 29
POS Posting Date*:	April 29
Sale Date*:	May 6
Closing Date*:	May 28

**Preliminary and Subject to Change*



Helen Bernstein High School



Hollywood High School

37 |

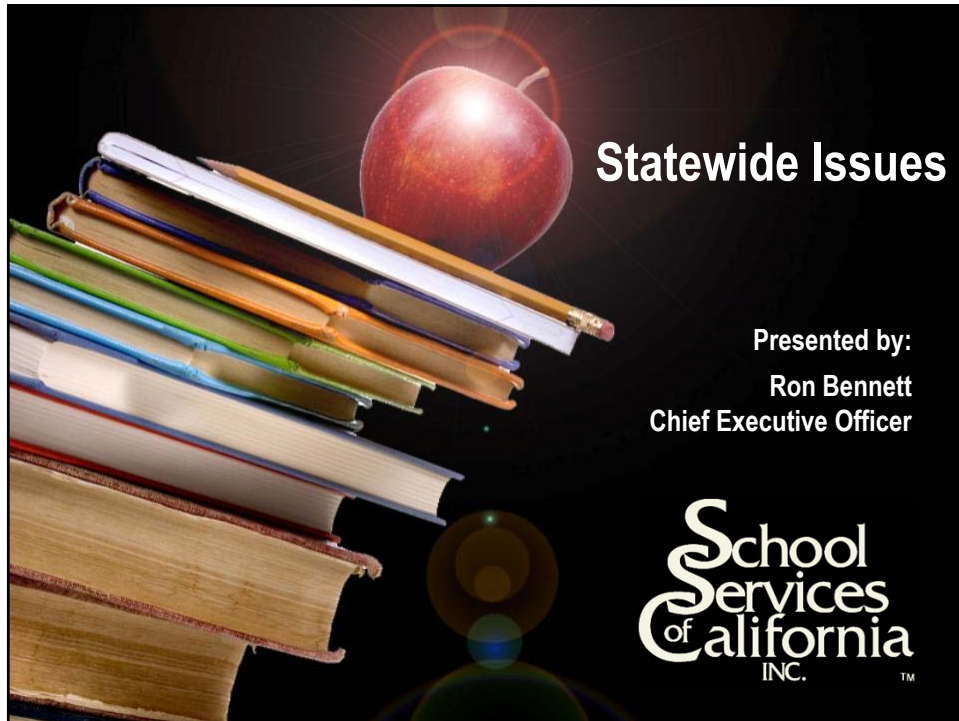
Questions & Answers / Wrap-Up



Appendix A Estimated Debt Service Schedule for 2015 General Obligation Bonds



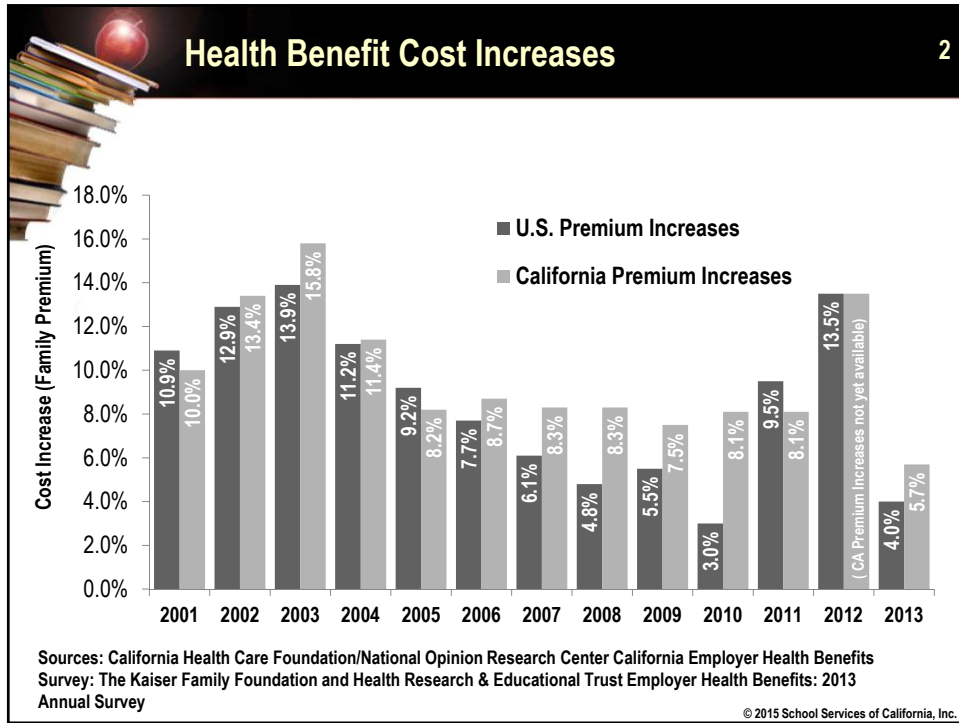
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Average Plan Cost Increases

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Year	Average Active Employee Total Plan Cost per Full-Time Equivalent (FTE) (Unified School District)	Percentage Increase
2013-14	\$14,320	5.1%
2012-13	\$13,544	4.0%
2011-12	\$13,023	6.3%
2010-11	\$12,253	5.9%
2009-10	\$11,569	8.3%
2008-09	\$10,678	—


Source: Teacher Salary and Benefit Report, J-90, for applicable years

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School District Health and Welfare Benefits						4
Unified School District Average Health and Welfare Benefit Costs						
Health and Welfare Benefits as a Percent of Payroll		All Benefits as a Percent of Payroll		All Benefits as a Percent of General Fund Expense		
2003-04	14.14%	2003-04	28.16%	2003-04	18.20%	
2004-05	12.98%	2004-05	30.24%	2004-05	19.01%	
2005-06	13.01%	2005-06	30.32%	2005-06	18.98%	
2006-07	13.01%	2006-07	29.67%	2006-07	18.51%	
2007-08	13.16%	2007-08	29.27%	2007-08	18.38%	
2008-09	13.77%	2008-09	29.68%	2008-09	18.79%	
2009-10	14.63%	2009-10	31.68%	2009-10	19.63%	
2010-11	15.14%	2010-11	32.51%	2010-11	20.00%	
2011-12	11.73%	2011-12	25.44%	2011-12	21.03%	
2012-13	11.76%	2012-13	25.35%	2012-13	21.22%	
2013-14	11.81%	2013-14	24.73%	2013-14	20.47%	

Source: CADIE Report, for applicable years

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School District Health and Welfare Benefits

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- Both employer and employee costs continue to increase significantly
 - In 2002-03, school district employers paid 92%
 - And in 2013-14, school district employers still paid 84%
- Almost half of all school districts have no cap on the employer contribution to premiums*
- The absence of a cap on benefit plan contributions can equate to an automatic 1% to 2% across-the-board salary increase each year
- It is critical to manage total costs no matter who pays the premiums


*Per 2013-14 Salary and Benefits Schedule for the Certificated Bargaining Unit (Form J-90)

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Federal Health Care Reform

6

- We are now five years into federal health care reform
 - House of Representatives (H.R.) 3590, The Patient Protection and Affordable Care Act (PPACA or ACA)
 - H.R. 4872, The Health Care and Education Affordability Reconciliation Act of 2010
- Provisions are being phased in over a number of years
- The most significant changes are happening now and in the next few years

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Pension Benefits

7


- Because both of the California pension systems covering our employees are underfunded, contributions are increasing significantly for both systems
- Governmental Accounting Standards Board Statement No. 68 (GASB 68) requires LEAs to recognize their respective portions of these unfunded liabilities on their local financial statements
 - Starting with the 2014-15 fiscal year

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Pension Reform

8

- The California Public Employees' Pension Reform Act of 2013 (PEPRA) changes the pension benefits program for new members of the pension systems as of January 1, 2013
- Any individual that is not a "new member" is classified by:
 - CalSTRS as a "2% at 60" member
 - CalPERS as a "classic" member
- New members must contribute at least 50% of normal costs of the plan
 - For 2014-15, the new member contribution rates are:
 - CalPERS: 6% (classic members pay 7%)
 - CalSTRS: 8.15% (same as 2% at 60 members, for now)
- New member contribution rates will be adjusted each year

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Pension Reform

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- Employers are not allowed to pay any portion of a new member's contribution
 - Unless the terms of a contract in existence as of January 1, 2013, would be abrogated
 - Once the contract is terminated, amended, extended, or renewed, new members will be required to begin paying 50% of normal costs

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Pension Reform

10

- Are classic or 2% at 60 members required to pay at least 50% of normal costs?
 - In other words: can classic or 2% at 60 members still benefit from the employer paying all or part of the employee's contribution?
 - It differs between CalSTRS and CalPERS

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Pension Reform

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- For CalSTRS 2% at 60 members:
 - If a collective bargaining agreement or a written employment agreement is entered into or changed on or after January 1, 2014, employer payment of the employee's contribution is no longer allowed
 - If the agreement was in effect before January 1, 2014, employers can continue to pay the member contribution until the contract expires or is renewed, amended, or extended in any way

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Pension Reform

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- For CalPERS classic members:
 - The employer can continue to pay any or all of the employee's contribution because the employee was a member before January 1, 2013

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Pension Reform

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- PEPRA also revised many provisions of working after retirement
- Continues limiting the exemptions to the earnings limitation to retirees that meet these requirements

Appointed by a COE or the state because of academic or financial issues in a local school agency (Education Code Section [E.C.] 24214[h])

Adds the requirement that they cannot have received an early retirement incentive (E.C. 24214[j])


All other members that retire on or after January 1, 2013, must wait 180 calendar days before returning to work or their retirement benefit will be reduced dollar for dollar

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Pension Reform

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- CalSTRS provides an exception to the 180-day waiting period if the retiree is of at least retirement age and if the appointment meets the requirements for an exception (E.C. 24214.5)
 - The retiree is still subject to the earnings limitation, which is \$40,173 for 2014-15 and \$40,321 for 2015-16
- CalPERS provides an exception to the 180-day waiting period if the appointment meets certain conditions (Government Code Section [G.C.] 7522.44 and 7522.56)
 - The retiree is limited to 960 hours per year

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Pension Reform

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- These provisions also apply to independent contractors and third-party employees who are retirees
 - So school employers are required to report the hours worked and/or earnings to CalPERS and CalSTRS

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Other Postemployment Benefits

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- OPEB includes all postemployment benefits other than pension
- Can include pharmaceutical costs, dental, vision, life insurance, long-term disability, and long-term care benefits
- Historically, a vast majority of districts funded obligations on a pay-as-you-go basis
- OPEB obligation amounts are rivaling pension obligations

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What Is GASB 45?

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- How you fund your OPEB obligations can significantly impact your financial statements and reduce discretionary dollars that could be made available at the bargaining table
- GASB 45 requires that all districts offering nonpension post employment benefits
 - Quantify their liabilities by preparing actuarial valuations every 2-3 years
 - Account for and disclose OPEB liabilities on public financial statements
- Implementation occurred from 2009-11 depending on district size

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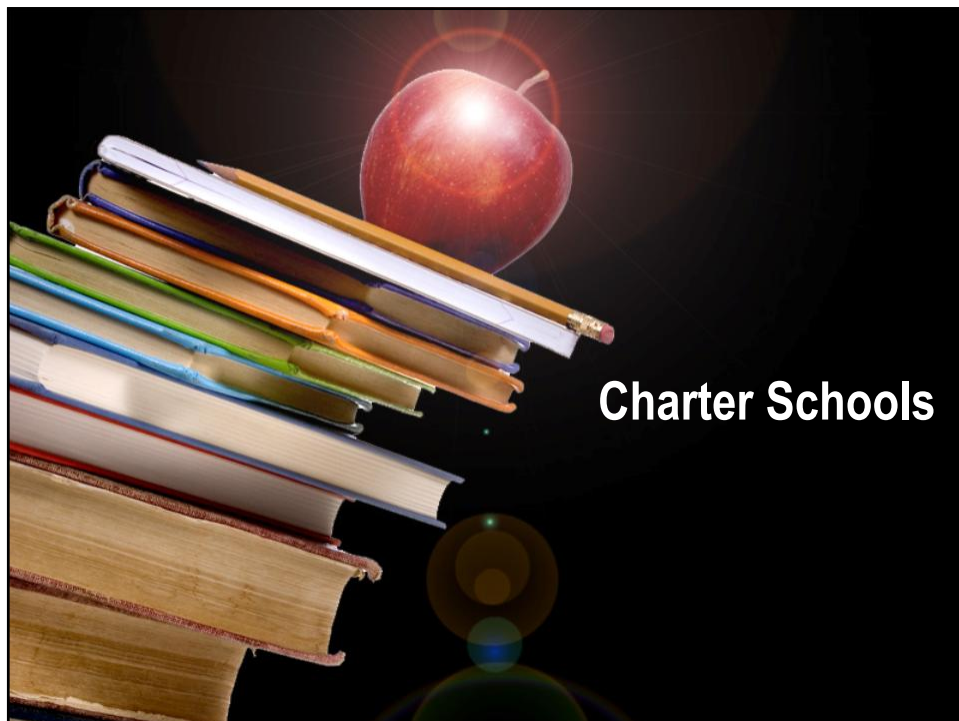


Why This Matters Today

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- OPEB benefits – less funded and growing quicker than pensions
 - Workforce is aging and the Baby Boomer generation is phasing into retirement
 - Medical costs are anticipated to rise at a greater rate than inflation for the foreseeable future
 - Greater life expectancies are increasing obligations and long- term demand on employers


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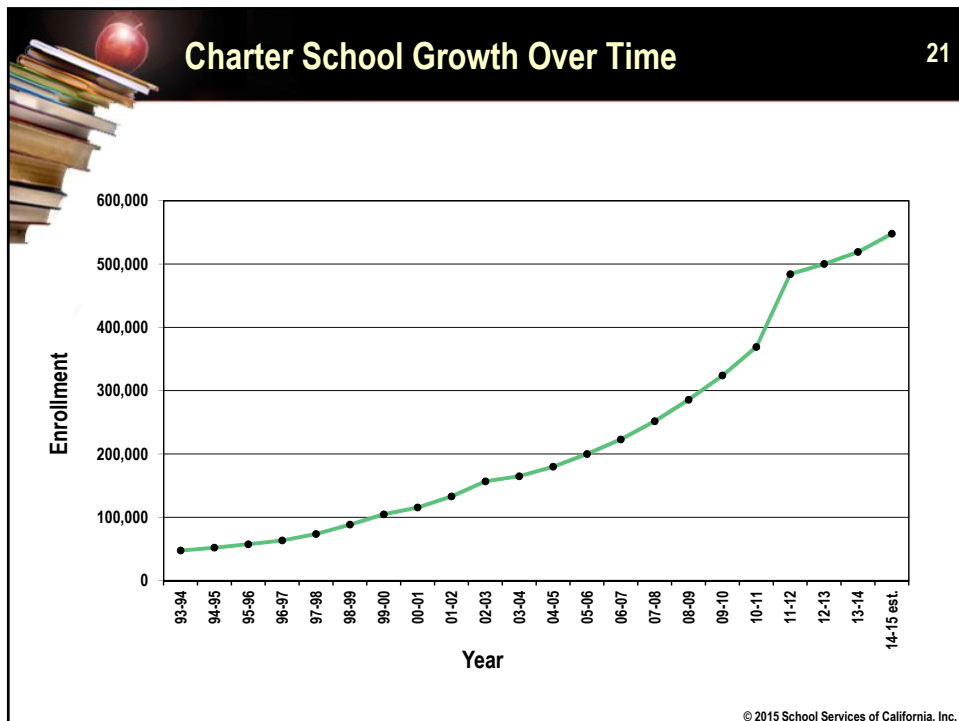
Charter School Facts

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- 🍎 A charter school is an independently run public school that is allowed greater flexibility in its operations in exchange for greater performance based accountability
- 🍎 The number of students attending charter schools has more than tripled in the last decade
 - Average rate of growth – 12% per year
- 🍎 In 2013-14, 1,100 charter schools served 500,000 students statewide
 - Representing about 8% of the state's student population

Reference: Legislative Analyst's Office (LAO) 2015-16 Proposition 98 Education Analysis


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State Laws

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• Charter schools are exempt from “the laws governing school districts,” except:

- The Charter Schools Act (Education Code Section [E.C.] 47600 et. seq.)
- All federal laws
- All laws that are a condition of funding for a specific program in which the charter school participates
- Specific provisions of law related to teachers’ retirement and employee relations
- State pupil testing programs
- Laws establishing minimum age for school attendance
- Laws governing nonclassroom-based programs
- The California Uniform Building Code is subject to narrow exceptions (E.C. 47610[d] and 47610.5)

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State Laws

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• A charter school must also comply with:


- All of the provisions of its charter – which may include references to specific provisions of the Education Code as well as local agreements
- All state laws that apply to all public agencies or are of general application, such as:
 - California Division of Occupational Safety and Health (Cal-OSHA)
 - Open Meetings Act (Brown Act)
 - Public Records Act

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Charter Authorization

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- A charter can be authorized by:
 - School district
 - County office of education (COE)
 - A petition may be submitted directly to a county board of education (CBE) for charter schools “that will serve pupils for whom the COE would otherwise be responsible” (E.C. 47605.5)
 - Such as a county community school
 - Such a petition uses the same processes and timelines as for a school district petition

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Charter Authorization

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- Countywide Program
 - A CBE may also approve a petition for a countywide charter school that provides educational services not generally provided by a COE – but only if it cannot be operated by a charter school that operates in a single district (E.C. 47605.6)
 - » Surprisingly, the standards for this process are not the same as for a district-approved charter
 - » CBE can deny such a charter for any reason

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Charter Authorization

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- State Board of Education (SBE) – Statewide Charter
 - A charter school may submit a petition directly to the SBE (E.C. 47605.8)
 - Such a petition needs to be for instructional services of statewide benefit that cannot be provided otherwise
 - If approved, such a charter school is exempt from any geographic and site limitations

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Charter School Review Team

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• Recommendations:

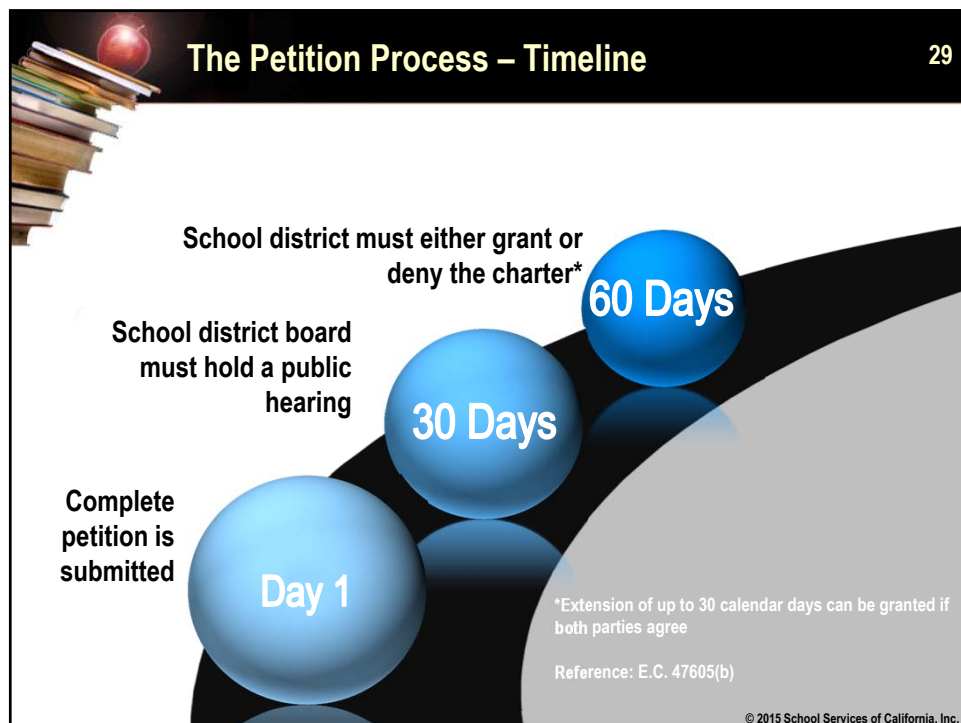
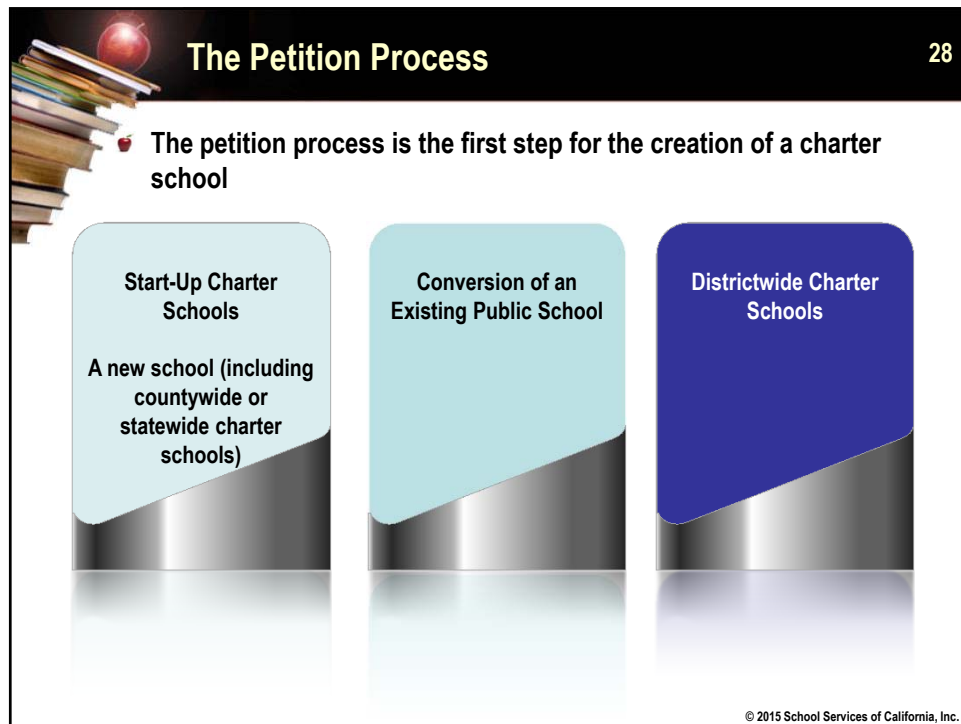
1. Designate and train appropriate staff members before a proposal is received.
2. Depending on the district's size and composition, consider including the superintendent and interested board members on this team.
3. One individual, a staff member or consultant, should review the entire charter school proposal for compliance with Board Policy, as well as the requirements of law.

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Required Elements of the Petition


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 A charter school petition must contain:

- Signatures of parents or legal guardians or teachers
 - Including a statement stating that the signatures show meaningful interest
- Reasonably comprehensive descriptions of the “16 Required Elements (A-P elements)”
 - Including state priorities that apply for the grade levels serviced or nature of program operated by charter school
- Affirmation of the “Four Conditions”
- Proposed charter


Reference: E.C. 47605(a)-(h) and (l)

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Additional Required Information

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 Petitioners must provide information regarding the proposed operation and potential effects of the school, including, but not limited to:

- The facilities to be used and their proposed location
- The manner in which administrative services are to be provided
- Potential civil liability effects upon the charter school and the district
- Financial statements that include the proposed first-year operational budget, including startup costs, and cash flow and financial projections for the first three years of operation


Reference: E.C. 47605(g)

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The Four Conditions

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1. Shall be nonsectarian in their programs, admission policies, employment practices, and all other operations.
 - Teaching about religion in a neutral way is not prohibited
 - A charter school located in a church, mosque, or synagogue is not necessarily prohibited
2. Shall not charge tuition.
 - No charter school shall receive any public funds for a pupil if the pupil also attends a private school that charges the pupil's family for tuition (E.C. 47602[b])

Reference: E.C. 47605(d)

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The Four Conditions

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3. Shall not discriminate against any pupil on the basis of ethnicity, national origin, gender, or disability.
4. Shall admit all students who reside in California who wish to attend (up to the school's capacity based upon space, staff, or charter school policy).
 - If the number of applicants exceeds the school's capacity, enrollment shall be determined by a random drawing
 - Conversion schools shall adopt a policy giving "admission preference to pupils who reside within former attendance area of that public school"


Reference: E.C. 47605(d)

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The Four Conditions

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- Preferences shall also be extended by the charter school to:
 - Pupils currently attending the charter school
 - Pupils who reside in the district
- Preferences may be permitted by the chartering agency on an individual school basis, if consistent with the law

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Three Prohibitions

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Prohibition 1	Prohibition 2	Prohibition 3
An employee of the school district cannot be required to be employed in a charter school (E.C. 47605[e]).	A pupil enrolled in the school district cannot be required to attend a charter school (E.C. 47605[f]).*	No charter shall be granted that authorizes the conversion of any private school to a charter school (E.C. 47602[b]).


*Districtwide charter schools must specify “alternative public school attendance arrangements for pupils residing within the school district who choose not to attend the charter schools” (E.C. 47606[a][2])

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Geographic Limitations

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- New and renewal charter schools must be located in chartering district (E.C. 47605[a] and [g])
- A new petition must identify a single charter school that will operate within the geographic boundaries of the school district receiving the petition
 - The petition may propose multiple sites within the school district, as long as each location is identified in the charter school petition
- A petition must include a description of the facilities to be used and specify where the charter school intends to locate
- See Workshop Resources for exception if a charter school is unable to locate within the geographic boundaries of the chartering district

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Geographic Limitations

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- Nonclassroom-Based Charter Schools
 - A resource center, meeting space, or other satellite facility may be located in a county adjacent to that in which the charter school is authorized if both:
 - The facility is used exclusively for the educational support of independent study pupils
 - The charter school is chartered in the county where a majority of students reside


Reference: E.C. 47605.1(c)

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Grade Level Restrictions

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- A school district cannot approve a charter school serving grades not served by the school district, unless the charter school proposes to serve all of the grade levels served by that school district (E.C. 47605[a][6])
 - For example, a K-8 district may approve a K-12 charter school, but not a 7-12 or 9-12 charter school
 - A charter school may phase in additional grades over time

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Governing Board Approval

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- Initial approval of a charter school may be granted for a period not to exceed five years (E.C. 47607[a][1])
- A governing board may grant “conditional approval” – that is, approval of the charter school to open, but only after certain conditions are met, such as:
 - Finding an acceptable facility
 - Getting additional financing, such as a loan, implementation grant, or donations
 - Developing an acceptable memorandum of understanding (MOU)

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After Approval: Amendments or Revisions

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- **Material Amendments/Revisions to the Charter**
 - May be made only with the approval of the authority that granted the charter (E.C. 47607[a][1])
 - School board policy should address the process by which the charter may be amended/revised
 - All material amendments/revisions must contain a “reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed” (E.C. 47607[a][2])

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Renewal of Charter

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- **To be renewed, a charter school must meet one of the following requirements (E.C. 47607[b]):**
 - Attainment of the Academic Performance Index (API) growth target in the prior year or in two of the last three years both schoolwide and for all groups served
 - API (state) rank of four or above in the prior year or in two of the last three years
 - API (comparable schools) rank of four or above in the prior year or in two of the last three years
 - A positive determination by the chartering authority regarding the comparative academic performance of the charter school
 - Qualification by the charter school for an alternative accountability system (E.C. 52052)

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Renewal of Charter

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- Upon renewal, additional terms shall be five years
- Renewals shall be governed by standards and criteria in E.C. 47605
 - Thus, a chartering authority engages in the same evaluation on renewal as it does on granting an initial charter – based upon current law, not law in effect when charter was first granted
 - Renewals must include a description of any new legal requirements adopted since charter was granted (E.C. 47607[a][2])

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Renewal of Charter

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- If within 60 days of receiving the petition for renewal, the district has not made a written factual finding, then the absence of the writing shall be deemed an approval of the petition for renewal – 5 California Code of Regulations (CCR) 11966.4(c)


A chartering authority that refuses to renew a charter for reasons that constitute grounds for revocation should pursue the revocation process

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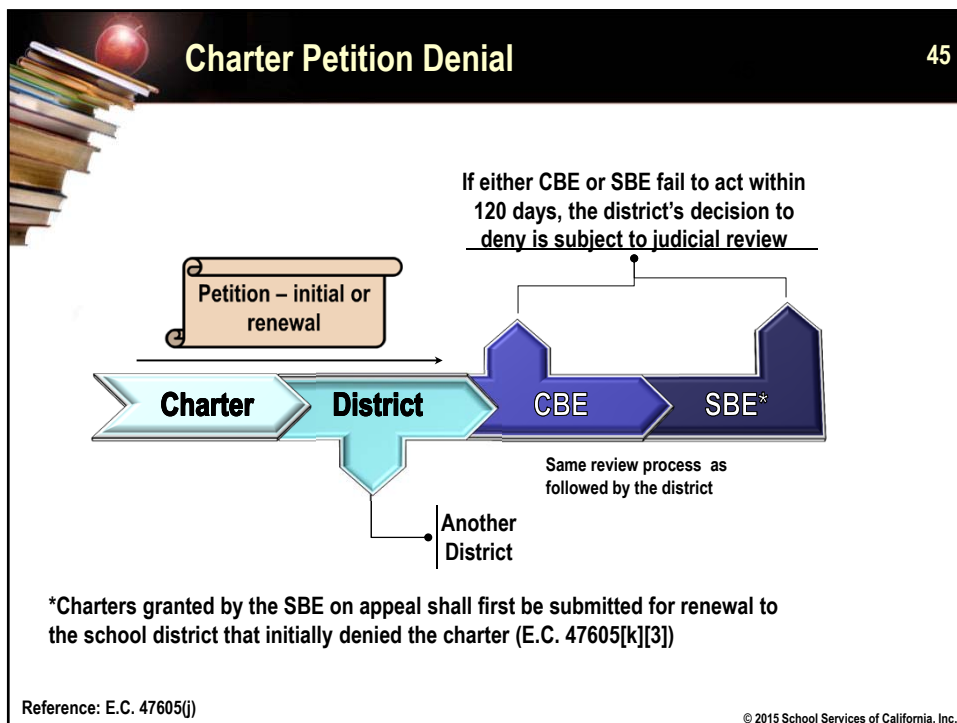


Charter Petition Denial

44

- Denial of a charter petition must cite facts that support at least one of the five reasons for denial provided in E.C. 47605(b):
 - The charter school presents an unsound educational program for the pupils to be enrolled in the charter school
 - The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition
 - The petition does not contain the number of signatures required
 - The petition does not contain an affirmation of each of the four conditions
 - The petition does not contain reasonably comprehensive descriptions of the required 16 elements
- A school district cannot use the fiscal impact on the district as a reason to deny, but knowing the impact is still important


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Surrender of Charter


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- “Surrender” is the voluntary termination of charter school activities
- No external process is necessary
 - Notify California Department of Education (CDE)
- Chartering authority should pay attention to potential liability for claims made after the charter has been surrendered: disposition of assets and transfer of pupil records



See Workshop Resources for school closure recommendations
(also <http://www.cde.ca.gov/sp/cs/lr/csclosurerules.asp>)

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Charter School ADA

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- Charter school average daily attendance (ADA) = number of days of pupil attendance divided by number of days taught (CCR, Title 5, Section 11960)
- However:
 - Minimum year for a charter school is 175 instructional days, not 180
 - ADA is proportionally decreased if fewer than 175 days are taught
 - Charter school cannot claim more than one day's attendance per calendar day (even for independent study)
 - The flexibility to allow for the reduction of up to five days of instruction without incurring penalties expires June 30, 2015

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Charter School ADA

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ADA and Enrollment Rules

- Attendance boundaries for a classroom-based charter school are the entire state
 - Cannot claim ADA for non-California residents (E.C. 47612[b])
 - Cannot claim ADA for pupil who pays private school tuition (E.C. 47602[b])
- Charter schools are funded for current-year ADA only
- All charter schools in their first year of operation must start school by September 30 (E.C. 47652)

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Charter School ADA

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There is no minimum day

- ADA may be claimed as long as pupils are “engaged in educational activities required of them by their charter schools on days when school is actually taught”
- But charter schools must meet minimum annual minute requirements

Grade(s)	Minimum Annual Minutes
Kindergarten	36,000
1-3	50,400
4-8	54,000
9-12	64,800


References: E.C. 47612.5 and CCR, Title 5, Section 11960

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Charter School ADA

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- Charter schools must maintain “written contemporaneous records that document pupil attendance”
 - And make those records available for inspection and audit
- The CDE requires charter schools, chartering districts, and county superintendents to certify the accuracy of charter school ADA
- Charter school must separately track in-district classroom ADA if it is using district facilities under the provisions of Proposition 39 (2000)

References: E.C. 47612.5 and CCR, Title 5, Section 11960

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Charter School ADA

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- Minimum/Maximum Age**
 - Pupils must have 5th birthday on or before November 1 per Senate Bill (SB) 1381 (Chapter 705/2010) effective 2012-13 (Transitional Kindergarten)
 - Only adults who have been enrolled in public schools since age 19, have been continuously enrolled since then, and under the age of 22 may be claimed for charter school ADA (except for programs specified in E.C. 47612.1 or if SBE waiver is granted)


References: E.C. 47612(b) and CCR, Title 5, Section 11960(c)

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ADA Shifts Between Charter Schools and Districts

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- 🍏 State does not want to pay twice for the same student
 - Example: District had ten schools last year, one of which converted to a charter school this year
- 🍏 State will not pay both:
 - District's prior-year ADA for all ten schools
 - Charter school's current-year ADA
- 🍏 State law makes an adjustment to the district's prior-year ADA
 - For all charter schools, not just new ones

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ADA Shifts Between Charter Schools and Districts

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- 🍏 The reduction to prior-year ADA is offset by the ADA of pupils who transfer from a district-sponsored charter school in the prior year to a district school in the current year
 - In no case can this result in an increase in the prior-year ADA
- 🍏 There is no required reduction to prior-year ADA for a K-8 district for a pupil attending 9th grade in a charter school (or for a K-6 district for a pupil attending 7th grade in a charter school)


Reference: E.C. 42238.051

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Calculating the Charter Adjustment


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Step 1:

2014-15 Second Principal Apportionment (P-2) ADA for pupils attending a charter school sponsored by the district in 2014-15 who attended a noncharter school of the district in 2013-14

Last Name	First Name	P-2	P-2	Lessor
		2013-14 ADA Regular K-12	2014-15 ADA Charter	
Sample	Sally	0.97	0.86	0.86

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Calculating the Charter Adjustment

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Step 2:

2013-14 P-2 ADA for pupils attending a noncharter school in 2014-15 who attended a charter school sponsored by the district in 2013-14

Last Name	First Name	P-2	P-2	Lessor
		2013-14 ADA Charter	14-2015 ADA Regular K-12	
Sample	Sam	0.85	0.17	0.17

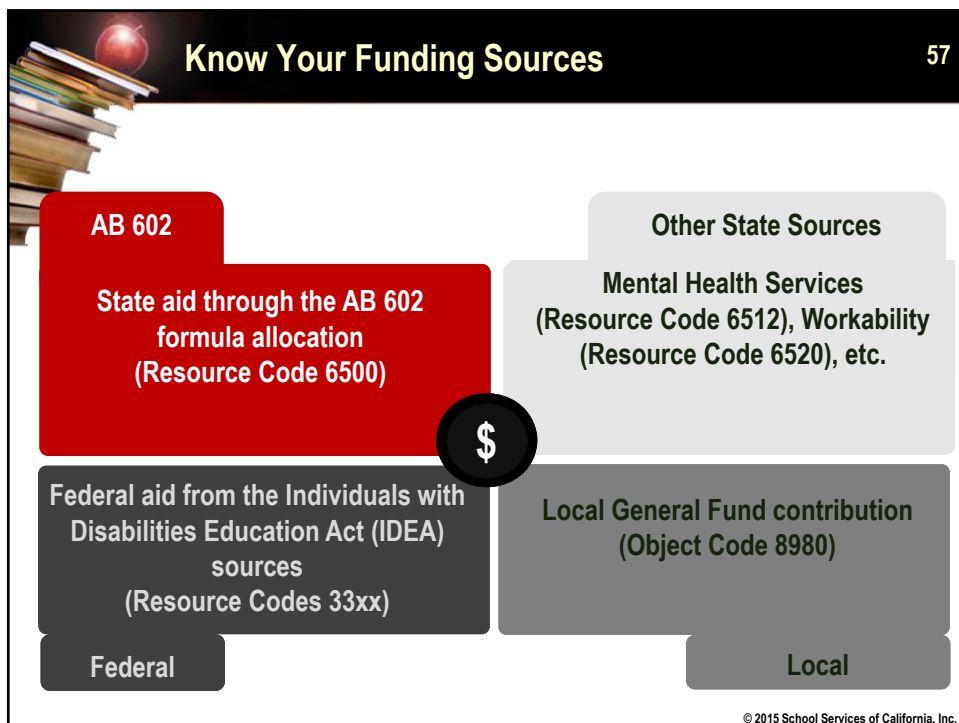
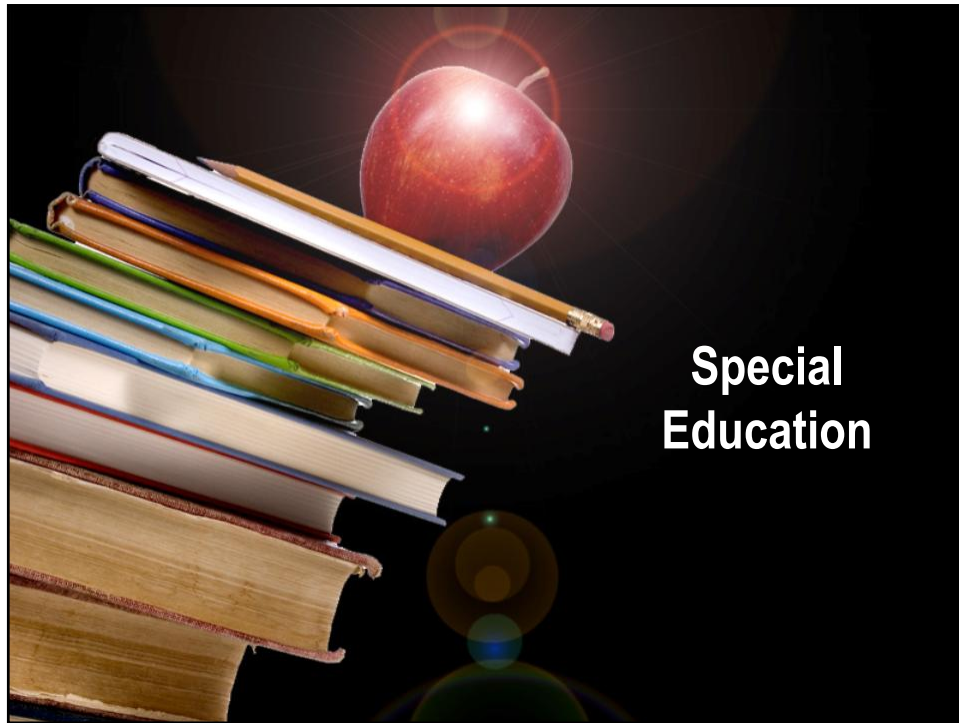
Lessor of Step 1 – Lessor of Step 2 = Net Shift

Net Shift in ADA =

0.86
-
0.17
=
0.69

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Overview of Major Funding Sources

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- **AB 602 Funding**
 - A blend of federal* and state funds
 - Rates vary by special education local plan area (SELPA) throughout the state
 - Funds are based on average daily attendance (ADA)
- **Out of Home Care** – a component of AB 602 based on a rate per bed or per pupil as of April 1 (DDS provides data)
- **Infant Grants** – no new participants allowed
 - Based on numbers of instructional personnel and classroom type

*Federal funds are woefully inadequate – fewer than 20% of overall expenditures

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Overview of Major Funding Sources

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- **Mental Health Services (State)**
 - Supports Individualized Education Program (IEP) Driven Mental Health Services
 - Based on ADA
- **Extraordinary Cost Pool**
 - Based on Excess Costs for Nonpublic School/Agency (NPS) Placements
- **Preschool (Federal)**

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Local General Fund Contribution

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- Starting in 2013-14, Object Code 8091 – Revenue Limit Transfers – could no longer be used with Resource Code 6500
 - According to the CDE: Because “. . . this ‘revenue limit’ transfer to Special Education is a holdover from before the AB 602 funding model was implemented. There is no part of the LCFF calculation that is tied to amounts that should be transferred for Special Education.”
- So there is no equivalent transfer of per-ADA or per-student funding generated by special education students from the LCFF
 - Which resulted in a compensating increase in the local General Fund contribution in Object Code 8980 starting in 2013-14

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IDEA Funding Sources (Federal)

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- The CDE receives funding under three provisions of the federal IDEA Part B, Sections 611 and 619 and Part C:
 - Local Assistance and Preschool Entitlements
 - Capacity Building
 - Federal Preschool Program
 - Capacity Building
 - Early Education Programs
 - Infant Programs
- California’s Legislature and Governor provide the guidelines for these funds through the annual Budget Act

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Federal Sources

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 Revenues from federal IDEA programs are treated as follows, using the appropriate Resource Code for each:


	Administrative Unit	SELPA Member
Funds passed through SELPA	<ul style="list-style-type: none"> AU records SELPA state revenues and pass-through payments to other SELPA members using Fund 10 Object Codes 8287 and 721x 	AU and SELPA members record revenues in Fund 01 Object Code 8181/8182
Direct recipient or single agency SELPA	<ul style="list-style-type: none"> AU not applicable 	Record revenues in Fund 01 Object Code 8181/8182

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2014-15 Federal Preschool Funding

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 Federal preschool dollars may be retained by each SELPA as incentive to serve preschoolers

- No offset to state aid, but still very little preschool funding
- About 10% of the total federal special education funds are for preschool


Note: For each SELPA, some of the AB 602 funding base originally came from 1997-98 state-funded J-50 units for preschoolers. Don't expect to fund all of the preschool programs only from federal dollars – some AB 602 dollars will be needed, and probably a large local General Fund contribution as well!

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2014-15 Federal Preschool Funding

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- SELPA receives both:
 - Section 611 funding (local assistance for preschool pupils who are ages 3 and 4)
 - Section 619 funding (preschool grant)
- For both allocations, receive:
 - SELPA's 1999-00 base year amount, plus
 - Share of increase in federal aid, allocated:
 - 85% based on K-12 enrollment in public and private schools
 - 15% based on poverty (using free and reduced-price meal counts)
- Each SELPA receives funding as a percentage of statewide totals

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Infant J-50 Funding – Highlights

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- State funding still uses J-50 unit rates/support ratios
 - The 2014-15 0.85% cost-of-living adjustment (COLA) applies for Infant unit rates, too
 - Last year's \$2 million augmentation has been absorbed into the overall base rate for total special education funding – it is not carved out for infants
 - In addition to the existing appropriation for infant programs mentioned above, the State Budget provides an additional \$2.3 million state General Fund for infant programs with priority for special education students in sparsely populated areas


Go to: www.cde.ca.gov/fg/fo/profile.asp?id=3461
for the infant apportionment exhibits

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Infant Funding Rates		66
2014-15	Statewide Average	
Special Day Class	\$58,318	
Resource Specialist	\$61,486	
Designated Instruction	\$57,595	
Aide	\$23,681	

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School-Based Medi-Cal Administrative Activities		67
	On October 14, 2014, the Department of Health Care Services (DHCS) and the Centers for Medicare and Medicaid Services (CMS) agreed to a School-Based Medi-Cal Administrative Activities (SMAA) cost settlement that includes a cash payment for deferred claims while others will be subject to “back casting”	
	Back casting is the process of applying new rules to old claims, which will result in reducing the claim amount	

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Managing the Maintenance of Effort

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- There is an MOE requirement for IDEA Part B funds
 - Must be used to supplement and not supplant state and local funds*
- Must spend at least the same amount on special education as in the prior year
 - Based on either total or per-capita expenditures
 - And based on either state and local funds or local funds only
- Monitored by the CDE at the SELPA level
 - SELPAs monitor each member district, charter school, and County Office of Education (COE), although the CDE receives the data as well

*CFR Title 34, Sections 300.203-300.205 (34 CFR 300.203-300.205)

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Managing the Maintenance of Effort

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- The MOE is calculated and tested twice for each fiscal year – for 2014-15 this would be:
 - 2014-15 Adopted Budget compared with 2013-14 Unaudited Actuals (Standardized Account Code Structure [SACS] Form SEMB)
 - 2013-14 Unaudited Actuals compared with 2012-13 Unaudited Actuals (SACS Form SEMA)
- Budgeted and actual expenditure data for Forms SEMB and SEMA are automatically extracted from the Unaudited Actuals SACS file
 - Other data is manually entered*

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Managing the Maintenance of Effort


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	State and Local Sources	Local Sources Only
Total expenditures	MOE met?	MOE met?
Per-capita expenditures	MOE met?	MOE met?

🍎 If the MOE is not met for one or more of the above tests, there are two more tests:

1. Was the reduction in expenditures due to an increase in IDEA Part B funds?
 - Up to 50% of the increase can be used to supplant
2. Were there any transactions exempt from the MOE requirement?

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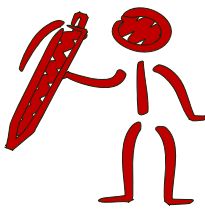


Managing the Maintenance of Effort

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🍎 Transactions exempt from the MOE requirement*:

- Departure (voluntary or for just cause) of personnel replaced by lower-cost staff
- Decrease in enrollment of students with disabilities (SWD)
- Termination of high-cost, long-term expenditures, for example:
 - Equipment acquisition
 - Construction of school facilities




*34 CFR 300.204

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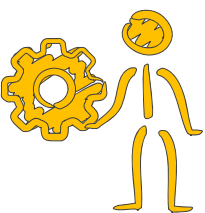
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Managing the Maintenance of Effort

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- Termination of the local agency's obligation for a high cost placement of an SWD that:
 - Has left the agency of residence, or
 - No longer needs the program, or
 - Has reached an age where the agency is no longer obligated to provide a Free and Appropriate Public Education (FAPE)



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Managing the Maintenance of Effort

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- What about adjustments to the MOE for these situations?
 - Salary reductions for furlough days: Not allowable
 - One-time bonuses: Not allowable
 - Significant one-time legal expenses: Check with the CDE
 - Shift of external services to internal: Check with the CDE
 - Salary and benefit negotiations not yet settled: Check with the CDE
- The opportunity to reduce the MOE is rare
 - If you don't meet the MOE requirement, be sure to analyze your expenditures for unusual circumstances that might be exempt from the calculation

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Overview of AB 602 Funding Model

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- Became the funding structure in 1997
- Each SELPA's computed entitlement is funded from:
 - Property taxes for special education
 - This is now the only “deduct” from the state perspective
 - The balance is state aid
 - Base rates range from \$478.30 per ADA to \$925.88 per ADA in 2014-15
 - The statewide target is \$527.30

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Overview of AB 602 Funding Model

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- Growth in ADA is funded at current-year statewide target
 - Calculation of growth in ADA is based on change in ADA for SELPA as a whole, not greater of current-year or prior-year ADA for each district
- Declining SELPA is funded for greater of current-year or prior-year SELPA total ADA
 - No loss in funding in first year of ADA decline – but loss in second year

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Overview of AB 602 Funding Model

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- For AB 602 calculations, a SELPA's ADA includes all school district K-12 ADA plus:
 - COE ADA – special education, juvenile court school, community school, etc.
 - Charter school ADA for the SELPA where the charter school is a member LEA or, if not an LEA, where the chartering agency is located (which may be a different SELPA from where the charter school itself is located)

For details of what categories of ADA are used, and whether the P-2 or annual count of ADA is used, please visit the downloadable materials.
(Also available at: <http://www.cde.ca.gov/fg/aa/se/ab602apptdat.asp>)

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Final Thoughts

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- Special education requires providing services that are necessary, yet there is no mechanism within the state funding formula to fund based on the same criteria or the level of need identified locally
- However, local discretion is often far greater than we choose to exercise
 - Our goal should be to provide a high quality, legally defensible program that is cost effective
 - With this in mind, it is important to know how revenue is generated
 - But it is also equally important to know where the money goes
- Go back to your district, have a candid conversation about where you are and where you want to go with special education

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Final Thoughts

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- 🍎 **Work together with your stakeholders on LCAP priorities for special education students**
- 🍎 **Read the task force report**
- 🍎 **Gather the data for the excess cost calculation and start looking at the numbers**
- 🍎 **Compare your staffing and fiscal numbers with those we provided**
- 🍎 **Remember, comparative data related to students served and special education program and transportation expenditures can illuminate problem areas**
 - Pull back the data curtain
 - Conduct a self-study

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Staffing/ Class Sizes

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Staffing Ratios Have an Enormous Cost Influence


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District	Students Per Employee	Percent State Average
San Francisco USD	16.40	117.44%
San Diego USD	16.78	114.78%
Oakland USD	16.86	114.23%
Fresno USD	17.59	109.49%
Los Angeles USD	17.90	107.60%
Long Beach USD	18.42	104.56%
Sacramento City USD	18.55	103.83%
Clovis USD	18.77	102.61%
Mt. Diablo USD	18.86	102.12%
Big 20 District Average	19.03	101.21%
Stockton USD	19.22	100.21%
All Unified Districts	19.26	100.00%
Elk Grove USD	19.44	99.07%
San Juan USD	19.74	97.57%
San Bernardino City USD	20.22	95.25%
Corona-Norco USD	20.23	95.21%
Santa Ana USD	20.39	94.46%
Moreno Valley USD	20.81	92.55%
Garden Grove USD	21.38	90.08%
Fontana USD	21.50	89.58%
Capistrano USD	21.53	89.46%
Poway USD	21.61	89.13%
Riverside USD	22.63	85.11%

Source: 2007-08 State-Certified Reports: J-90, CBEDS, SACS

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 **Services and staffing ratios can make or break a district**




Staffing Ratios Have an Enormous Cost Influence

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District	Staff Required for 40,000 Students	*State Average
San Francisco USD	2,391	\$29,549,622.56
San Diego USD	2,328	\$25,429,319.64
Oakland USD	2,322	\$24,585,554.05
Fresno USD	2,210	\$17,249,740.02
Los Angeles USD	2,167	\$14,302,926.82
Long Beach USD	2,139	\$9,597,033.91
Sacramento City USD	2,104	\$8,461,784.81
Clovis USD	2,067	\$6,576,418.04
Mt. Diablo USD	2,066	\$5,817,809.20
Big 20 District Average	2,062	\$4,404,458.95
Stockton USD	2,055	\$2,854,419.39
All Unified Districts	2,043	\$2,531,992.19
Elk Grove USD	2,023	\$1,097,489.67
San Juan USD	2,020	-\$1,235,212.00
San Bernardino City USD	1,972	-\$4,823,557.82
Corona-Norco USD	1,893	-\$4,896,504.30
Santa Ana USD	1,880	-\$6,053,916.96
Moreno Valley USD	1,869	-\$9,007,446.63
Garden Grove USD	1,869	-\$12,830,201.30
Fontana USD	1,860	-\$13,609,163.60
Capistrano USD	1,858	-\$13,802,547.41
Poway USD	1,847	-\$14,315,612.60
Riverside USD	1,782	-\$20,539,220.22

Source: 2007-08 State-Certified Reports: J-90, CBEDS, SACS


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 **Staff ratio costs yield high-cost differential**

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Staffing Ratios Have an Enormous Salary Influence

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🍎 The richest-staffed districts have the lowest salary rankings

District	Staffing Rank	Salary Rank BA+60	Salary Rank Maximum
San Diego USD	1	19	17
San Francisco USD	2	17	19
Oakland USD	3	22	23
Fresno USD	4	14	22
Sacramento City USD	5	23	11

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Staffing Ratios Have an Enormous Salary Influence

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🍎 The lowest-staffed districts have the highest salary rankings


District	Staffing Rank	Salary Rank BA+60	Salary Rank Maximum
Moreno Valley USD	19	7	6
Santa Ana USD	20	3	4
Montebello USD	21	9	8
Capistrano USD	22	4	2
Riverside USD	23	10	7

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Some Districts Have High Seniority, Forcing Lower Salaries

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Schedule A		
# of Employees	Salary Level	Salary Cost
10	\$34,000	\$340,000
10	\$40,000	\$400,000
10	\$46,000	\$460,000
10	\$52,000	\$520,000
10	\$58,000	<u>\$580,000</u>
Total Salaries		\$2,300,000
Average Salary	\$46,000	

- 🍎 Seniority or placement on schedule is the most significant determinant of salary expense
- 🍎 Lower seniority can fund significantly higher salaries
- 🍎 A move of just two full-time equivalencies (FTEs) from the top of the schedule to the bottom provides enough for a 2.22% salary increase
 - If four FTEs move, salary increase can be 4.6%

Schedule B – With 2.22% Higher Salaries		
# of Employees	Salary Level	Salary Cost
12	\$34,748	\$416,976
10	\$40,880	\$408,000
10	\$47,012	\$470,120
10	\$53,144	\$531,440
8	\$59,276	<u>\$474,280</u>
Total Salaries		\$2,301,280
Average Salary	\$46,030	

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Key Performance Indicators: From Promise to Payoff

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INTRODUCTION

In 2005, when the Council of the Great City Schools and its member districts began developing a series of key performance indicators, we had little idea how useful they would prove to be. At the time, chief financial officers and chief operating officers in the nation's major urban school systems realized that they lacked the tools to assess their performance or to compare themselves to one another....

What followed that realization was a unique project that involved senior staff from large-city school systems across the country. The members of that project came together over several years to design, pilot, and implement a performance management system (PMS) that is unique in public education and maybe in municipal and state government.

From the outset, the goals of the project included:

- Establishing a common set of key performance indicators (KPIs) in a range of big-city school operational areas;
- Benchmarking and comparing the performance of the nation's largest urban school systems on these key performance indicators;
- Identifying and documenting effective management practices of the top-performing districts to help urban school districts nationwide improve their operations;
- Automating the performance data in a way that would allow districts to improve resource deployment and decision making over time; and
- Developing standards of excellence on each of the indicators, and eventually expanding the system to incorporate lead indicators in academic areas as well as operations.

The work was carried out under the aegis of two Council task forces—one on leadership, governance, and management, and the other on finance. Both were led by urban school superintendents and school board members. Staff teams from the city school systems were set up in 2005 in four broad functional areas to design the performance management system to its last detail. (The four areas were business operations, budget and finances, human resources and information technology.)

Potential key performance indicators were created, reviewed, debated, and included or excluded based on their value to Council-member school districts. For example, the key value of bus transportation to a school system is a function of safety, timeliness, and cost. So, measures were created around the degree to which those values were realized. Options for measuring the indicators were considered, variations were contemplated, and Six Sigma methodology was applied to make the measures comparable across cities. Formulas for turning the raw data into clear performance measures were written. Draft indicators were tested across cities and the entire process was repeated multiple times until the technical teams were convinced that an item was viable.

An expanding set of KPIs was then tailored to the informational needs of staff at different levels of school district governance and decision-making. Power Indicators, for instance, were designed for school boards and superintendents; a category called the Essential Few indicators were developed for chief officers and department heads; and general Performance Indicators were incorporated for operational staff. (See exhibit 1 for a list of power indicators as of the end of 2013.)

Exhibit I. Power Indicators by Operating Area

Function	Operating Area	Power Indicator
Finance	Accounts Payable	Accounts payable per \$100k revenue
		Accounts payable costs per invoice
		Days to process invoices
		Invoices processed per FTE per month
	Cash Management	Cash flow—short-term loans per \$100k revenue
		Investment earnings per \$100k
	Compensation	Paychecks processed per FTE per month
		Payroll costs per \$100k spend
		Payroll costs per paycheck
	Financial Management	Debt principal ratio to district revenue
		Debt servicing costs ratio to district revenue
		Fund balance ratio—unassigned
		Fund balance ratio—uncommitted
		Fund balance ratio—unrestricted
		Expenditure efficiency—final budget vs. actual spend
		Revenue efficiency—final budget vs. actual revenue
	Grants Management	Grant funds as percent of total budget
		Grant-funded staff as percent of district FTEs
		Returned grant funds per \$100k grant revenue
	Procurement	Competitive procurements ratio
		Procurement cost per \$100k spent
		Procurement cost per purchase order
		Procurement savings ratio
		Strategic sourcing ratio
	Risk Management	Cost of risk per student
		Workers compensation cost per \$100k payroll spend
		Workers compensation cost per employee
		Workers compensation lost work days per 1,000 FTE
Operations	Food Services	Cost per meal
		Food cost per meal
		Fund balance as percent of revenue
		Total costs as percent of revenue
		Breakfast participation rate
		Lunch participation rate
		Supper participation rate

Function	Operating Area	Power Indicator
	Maintenance & Operations	Cost of custodial work per square foot
		Custodial workload
		Cost of routine maintenance per square foot
		Cost of major maintenance per student
		Cost of renovations per student
		Work-order completion time in days
	Safety & Security	Assault/battery incidents per 1,000 students
		People incidents per 1,000 students
		Security expenditures per 1,000 students
		Security expenditures as percent of district budget
		Security staff per 1,000 students
		Training hours per security personnel
	Transportation	Average age of bus fleet
		Cost per mile operated
		Cost per rider
		On-time performance
Human Resources		Substitute placement rate
		Teacher absences per teacher
		Teacher retention by year
		Teacher vacancies on first day of school
Information Technology		Average age of computers
		Computers per employee
		Computers per student
		IT spending per district FTE
		IT spending per student
		IT spending as percent of district budget
		Network bandwidth per 1,000 students
		Network bandwidth per 1,000 users

As the ability to define the measures and collect comparable data on them grew, so did the possibilities of what one could do with such a system. We laid out some of those possibilities in a book chapter, "Managing for Results in America's Great City Schools." But in the last several years since that chapter was written, the performance management system has moved ever more convincingly from promise to payoff.

The initiative is now managed under the aegis of the Council by its director of management services, Robert Carlson, and the chief operating officer from the Orange County Public Schools, Michael Eugene. The project has backing from Council staff and technical team support from school district executives around the country.

The KPI system is now in use, at least in part, in the vast majority of the nation's big-city school systems. It is beginning to produce efficiencies and savings in a number of these urban school districts, and is helping to identify best practices. Moreover, it has been evaluated by an independent third-party. It is expanding into the academic arena. And it is being rolled out for the use of other school systems across the nation. Still, there is much more potential to realize. The following chapter summarizes some of the ongoing work on the system, its results to date, and what we envision for its future.

HOW THE PERFORMANCE MANAGEMENT SYSTEM WORKS: THE PROMISE

The process of operating and maintaining the performance management system developed by the Council of the Great City Schools begins with annual data collection to ensure districts have the most current indicators available. District staff members provide raw data using an online survey that requests information on some 1,000 data elements, and these data are used to produce some 500 performance measures in four functional areas, including business operations (transportation, food services, facilities maintenance and operations, and safety and security), budget and finance, human resources, and information technology.

Once the performance measures are calculated, the data are placed into a data dashboard that graphically benchmarks the performance of each individual urban school district against the performance of other big-city districts nationwide and the norm or median of all responding urban districts. Immediately, district executives have strategic data that can assist them in identifying where they lead or lag. They can identify top-performing districts in any function or activity on which a district would like to improve. From there a district can work through the Council of Great City Schools to connect to top-performing districts and identify practices that have produced statistically proven results in other city school systems.

A key benefit of the data is this timeliness for strategic planning. While other comparative data exist from other sources, those data have often aged as much as three years before they are published. This lag undermines the relevance of data for planning purposes. In contrast, the Council's KPI data is based on data from the most recent full fiscal year. This makes the information timely and relevant for a school district's strategic planning process. Further, the use of the automated data-modeling tool in the online system allows districts with rapidly changing performance to update their information to enhance precision in planning.

Finally, once districts have focused on where they need improvement, identified top-performing peers in a particular area, and inventoried practices that produce better results, the automated system and its data-modeling tool help districts identify what initiatives are needed to make improvements. This allows them to set targets, run calculations, and determine whether a contemplated improvement plan is likely to work and what the return-on-investment is likely to be. This is a significant change from the traditional method of incremental target-setting without a basis in business analytics. With this tool, district executives no longer face the dilemma of being "a mile wide and an inch deep," as they can now prioritize a smaller set of areas on which to focus time and resources, while sustaining current performance in areas that are in good shape. Additionally, executives can move faster to implement effective practices and improve results knowing that they are backed by solid data and good research.

EVALUATION AND EMERGING PAYOFFS OF THE KPI SYSTEM

In 2010, with modest funding provided by the Hewlett Foundation—the only external funding that has supported the initiative—the Council of the Great City Schools commissioned an external evaluation of the KPI system. The work was done by the American Institutes for Research (AIR). The goal of the evaluation was to provide the Council with feedback on the use, usability, and perceived impact of the key performance indicators in improving urban school district performance. The evaluation involved both individual interviews and surveys to examine how familiar line administrators in city school systems were with the KPIs, how likely they were to look at them, whether they learned things from them, what changes were made as a result of usage, what impact the system had on districts, and whether data were shared and decision-making in districts was improved.

An evaluation survey was administered to chief financial officers, chief operating officers, chief information officers, and human resource directors in the then-65 member districts of the Council. Of the 260 individuals who received the survey, 142 responded for a response rate of 55 percent. A sample of respondents was chosen for in-depth follow-up interviews.

The results of the surveys and the interviews indicated that administrators in the Great City Schools were clearly aware of the key performance indicators. Some 91 percent of respondents knew about the system while only eight percent indicated they were not familiar with it. Most of those indicating they were not familiar were either human resource directors or individuals who had been on the job for less than a year — or both.

In addition, about 85 percent of those who knew about the KPIs reported that they had used the system in the last 12 months, and 64 percent had used it in the last two months. Some 15 percent of those who were familiar with the KPIs did not use them. Those saying that they did not use the system cited not having the time, not knowing enough about the KPIs, not being in their current positions long enough to know how to use the system, or not being able to make the comparisons they wanted with the system.

Each of the 65 districts had at least one registered user of the KPI system, and the average urban school system had 17 registered users. These users were typically senior line managers and program administrators.

Also, the survey results found that 100 percent of administrators who knew of the KPI system reported that it was useful, and 15 percent indicated that it was essential to their jobs. An additional 37 percent reported that the system was very useful, and 48 percent responded that the system was somewhat useful. About 67 percent of respondents reported that they learned something useful from the KPIs that helped them in their jobs; about 20 percent reported that they learned a lot that helped them in their positions; about 10 percent indicated that they learned things but that they were not helpful in performing the job; and three percent reported that they either learned nothing or were unsure.

When asked about what was useful in the KPI data, respondents indicated that the greatest utility rested in their ability to compare their performance with other districts. Others reported that the system was useful in helping to shape and drive district goal-setting and benchmarking efforts. Finally, respondents reported that the system was useful in spurring their internal discussions about school district performance and options for improvement.

In terms of changes resulting from use of the KPI system, the evaluation results indicated that the KPIs mostly helped participating districts identify areas in need of improvement. Many districts reported acting on the information, many with tangible results. Some 45 percent of respondents indicated that they or their staff members had made changes to their operations based on the KPI data; 42 percent said they had not; and 13 percent were not sure if changes were made. Exhibit 2 below summarizes some of the major changes that respondents indicated they had made in their districts as a result of the KPI system and the results they had seen as of 2011.

Exhibit 2. Summary of Survey Results on Reported Changes and Results from Use of the Key Performance Indicators

Reported Changes		Reported Results	
Business Operations			
<ul style="list-style-type: none">• Optimized transportation• Reorganized maintenance and operations workflow, implemented a second shift• Reviewed warehouse utilization and deliveries• Improved food services operations		<ul style="list-style-type: none">• Saved millions• Improved warehouse operations• Increased productivity, work orders are closed faster• Reduced resource usage by approximately five percent• Eliminated 100 buses• Improved services, reduced cost across operations	
Finance			
<ul style="list-style-type: none">• Improved resource allocation and budgeting• Used the “sunshine” from the KPIs on cost-per-student metrics to negotiate lower contract costs• Changed cash reserve balance target• Changed procedures: direct deposit, payment of invoices, risk management		<ul style="list-style-type: none">• Moving to online finance systems• Reorganized financial processes surrounding budget development and presentation• Saved at least \$40,000• Changed policy	
Human Resources			
<ul style="list-style-type: none">• Incorporated KPIs into individual goals and performance reviews (e.g., teacher absenteeism)• Used the KPIs as a method to assess or validate staffing requirements		<ul style="list-style-type: none">• Saved \$500,000 in labor• Saved \$50,000• Used data to “right size the organization”	
Information Technology			
<ul style="list-style-type: none">• Looked to improve business processes where our district is performing below (e.g., the median) other districts• Changed IT policies and practices (e.g., on help desk processes and ticketing)		<ul style="list-style-type: none">• Gained better understanding of customer• Improved IT service delivered to the district	

USING THE KPI TO IMPROVE OPERATIONAL PERFORMANCE AND SAVE MONEY

So how have districts used the KPI to improve operational performance? The AIR evaluation indicated that the KPI system has already helped urban school districts identify areas in need of improvement and maximize resources through cost savings, efficiencies, data collection and benchmarking, budgeting and decision-making, and identification of best practices. Examples of these uses are described briefly below.

Cost Savings

Districts have reported cost savings that have ranged from \$25,000 to \$12 million through their use of the KPIs. For example, as a result of the KPIs, Cincinnati changed labor practices and menus in its food services operations, altered staffing and supplies in custodial services, and increased training in maintenance staff and found that *"cost savings have been substantial, in the range of \$10 - 12 million per year."* In addition, Clark County (Las Vegas) reported that "We use the metrics for comparative performance assessment and to identify and target any weak areas," which has led to *"significant"* gains in efficiency and savings in the *"millions."*

A particularly good example of how the KPI system has saved money for school systems is found in Orange County (Orlando). Orange County Public Schools (OCPS) has one of the larger district-owned bus fleets in the country. To save on transportation costs, initially, the district attempted to reduce costs by making adjustments to its bell schedule. But the changes resulted in significant push-back from parents and others, and created the need to come up with different cost-cutting strategies. To explore other options, OCPS retained a consulting group to conduct an audit of the district's transportation operations. OCPS management used the KPIs provided by the Council's performance management system to verify audit findings and vice versa. Further, OCPS management used the data-modeling tool in the Performance Management System to establish targets to implement savings initiatives and efficiencies.

The external audit verified two years of data from the KPI system indicating that the district owned more buses than it needed to run routes for the nearly 73,000 students the school system transports each day. As a result, the district sold 280 buses at auction, generating one-time revenue of \$1.7 million and saving an additional \$90,000 in costs for mechanics to maintain the unneeded buses as well as untold amounts in fuel to run those buses. Further, the district was able to consolidate a number of routes with buses that were under utilized. The route improvements meant 44 routes were cut from the previous school year for a savings of about \$1.9 million. The routing reductions also led to some staff cuts — two routing positions and two area managers — to eliminate redundancy, creating annual savings of an additional \$178,000.

In addition, the district removed 71 late-model buses from the fleet and redeployed staff to cover absenteeism, resulting in a savings of approximately \$3.7 million in operating costs. Finally, the routing efficiencies ultimately resulted in a reduction in average daily student ride-time (morning and afternoon travel time combined) on the buses from 94 minutes in 2009-10 to 84 minutes in 2010-11, or 11 percent.

The 2013-14 Winter Edition of "Florida School Bus" recently featured the OCPS transportation department's use of the KPIs to drive sustainability initiatives while reducing costs. For example, through another KPI-driven initiative on anti-idling, OCPS eliminated 1,503 metric tons of emissions from the atmosphere, while saving \$537,805. Other performance improvements driven by the KPIs include increased recycling, faster IT customer-service response times, shorter supply-delivery times to schools, increased savings through procurement, reduced false security system alarms, and more.

The OCPS transportation team has continued to embed the use of KPIs into its leadership culture. OCPS Superintendent Dr. Barbara Jenkins expects decision-making to be based on data, and each of the eight departments in the operations division of the school system uses KPIs and benchmarks from the Council's performance management system extensively in their work. KPIs are embedded in department scorecards to monitor progress on priorities in the strategic plan, and are then published in the annual "Service Efforts & Accomplishments" report of the district.

Efficiencies

The KPIs are also demonstrating their value in improving efficiencies over and above saving money. As one district in the Midwest indicated during the AIR interviews, efficiency is the name of the game: *"As we approach operational costs more efficiently, the district has more funds for instruction. With limited budgets, this is critical for teaching and learning for children."*

Efficiencies reported by districts varied widely. A number of districts reported using the KPIs to help with the extensive downsizing of resources (five percent or more) that some districts are pursuing, including reducing personnel.

Kansas City, for example, *"has been able to save money on the operations side of the house that is then available for instruction. In printing, processing checks and invoices, facilities work orders, and in other areas, we have reduced our costs per transaction."* In some cases, the district was able to move transactions online to speed up services, resulting in thousands of dollars in savings.

Indianapolis reported that as a result of the KPI system, the school system implemented an "Energy Conservation Program" to save on utility costs. It developed a maintenance cost budget and tracked expenses at each school building to reduce maintenance costs. Now *"individual schools are much more aware of the cost of their maintenance requests."* The energy program is "projected to produce 10 percent savings in utility costs."

Another district in the Midwest changed its budget reserve-balance target, revised internal control manuals to reflect updated standards, and initiated reviews of warehouse utilization, all of which the district expects to result in gains in efficiency or productivity.

Data Collection and Benchmarking

Use of the KPIs has also led to district alignment of data and dashboard systems. In several districts, including Charlotte-Mecklenburg, Seattle, Anchorage, Kansas City, and Broward County, the boards of education and staff members are fully aware of the KPIs and have begun integrating the measures into required reporting procedures in their districts.

In addition, the KPIs have spurred some districts to reconsider the types of data they collect and report. For example, one district reported that it began *"collecting data on customer satisfaction that we did not collect previously."* Another reported *"in-depth tracking of maintenance work"* and yet another stated that it "established reports on these indicators to make it easier to pull data."

Kansas City indicated that, *"KPIs are not institutionalized within our district but that is the goal."* Since the evaluation of the system, Kansas City has built movement on some KPIs into the superintendent's evaluation.

Other districts reported that they:

- *Use “KPIs as part of our budget reviews for operational areas with our school board.” –Southeastern district*
- *“Expanded the data that we collect and track to better address the KPIs set forth in the survey so that we can more accurately benchmark ourselves to our counterparts in the Council.” – Boston*
- *“Used KPIs to establish new and revise their previous KPIs.” – Midwestern district*
- *“Began to think about ways to better measure our activities. We also adopted some of the KPIs as performance measures we [are] committed to achieving.” – Southwestern district*

Moreover, as intended, the KPI has become a benchmarking tool in many districts:

- *“We used the KPI data on the percent of teacher absenteeism as a benchmark.”
– District on the East Coast*
- *“[We] looked to improve business processes where our district is performing below the median of the other KPI responding districts.” – District in Midwest*
- *“We look at ways to reduce costs in areas where we were (are) expending more funds than comparison districts.” – District in the Southeast*
- *“We set benchmarks for our district to meet and/or exceed in order for the staff to manage their operations more efficiently and effectively.” – Another district in the Southeast*

Other districts pointed out that the KPIs serve as a way of validating and supporting functions and operations that are going well. For instance, Seattle reported that the KPIs proved useful as a way of *“validating existing process strategies.”* Another district noted that the KPIs helped validate some of the school system’s staffing patterns while questioning others.

Palm Beach, meanwhile, compared its information technology (IT) spending per student and per employee to other urban districts of similar size and compared their strategies to the initiatives in other districts, and was able to demonstrate their efficiency to stakeholders inside and outside the school system (and build perceived value for the organization).

Budgeting and Decision-Making

More than half of district leaders surveyed reported that the KPIs have also improved decision making in their districts. Decisions regarding staffing, budgeting, and the development of benchmarks were just some of the areas in which districts used KPI data to inform their work. The use of the KPIs allows districts to put costs into understandable terms when discussing the budget as a whole. Transportation staff can debate costs per student, maintenance staff can consider costs per square foot, food services staff can confer on costs per meal, etc. The manner in which the KPIs “unitize” costs, and illustrate those costs over time, can help communicate the budget in terms more accessible to policy makers and the public.

Five districts specifically cited budgeting as the place where KPIs helped decision making the most. For example, the chief financial officer of the Anchorage School District (ASD) reported that *“ASD is using KPIs to make budgeting decisions.”* Rochester City School District reported that it *“reorganized financial processes surrounding budget development and presentation”* based on the KPIs.

Others reported using KPI data to identify potential cuts and determine the best places for reductions in force.

Districts also pointed out that the KPIs serve to validate and support functions that are doing well. A southeastern district reported that they *“use the KPIs as a method to validate staffing requirements.”* Another district noted that it faced mounting pressure to eliminate central-office functions, and the KPIs helped to justify operational-staffing levels.

The KPIs have also helped *“in determining which areas we should target for improvement.”* The KPI enable the testing of policy and practice choices, so districts can assess *“budget value to see that we are making good decisions.”*

In other cases, the KPIs have resulted in decision-making that leads to additional investments in areas needing improvement. In Miami-Dade County, for example, *“Data on computer-to-student ratios helped support our plans to meet students’ needs.”* Boston noted that it was *“able to use these benchmarks to advocate for additional resources.”*

Throughout the interviews conducted as part of the AIR evaluation, a repeated theme was voiced: *“The data helps us assess our situation and often causes us to pause and ask questions about ‘why we do things the way we do.’”* Most responses implicitly referred to the idea that managers in the Springfield schools articulated: The KPIs are the *“development of an industry standard.”*

Orlando, again, has been a particularly active user of the KPI system to improve decision-making in part because its chief operating officer (COO) was one of the system’s key architects and advocates—and is a co-author of this paper. Using the KPIs, the COO and others in Orlando have determined that the district actually performs well compared with other cities in such areas as food service costs and fund balance, transportation safety, security system training and access control, information technology first-call resolution rates, and sole-sourcing procurement.

However, one area in need of improvement in the Orange County Public Schools, according to the KPIs, involved elementary-school breakfast participation rates for its neediest students — an indicator that can affect overall student academic performance. The data in the system indicated that Orlando would have to increase its breakfast participation rate for needy students by some 46 percent or by about 1.7 million additional breakfasts just to reach the national average. This would require significant program and policy changes in the school system — something the district’s managers were determined to accomplish.

The district used the data-modeling feature of the KPI performance management system to help determine the level of effort that would be needed to accomplish such a large goal on a year-by-year basis. The COO and others in the district started by looking at top-performing urban school systems in school breakfast rates and found that those with the best participation actually required and implemented breakfast programs in all schools, had active “breakfast in the classroom” programs, had implemented either Provision 2 or Universal Breakfast programming, and coordinated programming with their principals and teachers.

District leaders took these examples of best practices, set goals, developed a plan, and had the school board consider and approve a wellness policy that requires a breakfast program in every school. The board instituted a universal breakfast program and a breakfast-in-the-classroom program, and administrators changed bus arrival times so children would have sufficient time to eat before classes started. As part of the implementation, the district also tracked factors that might influence the new policies, programs, and their implementation: the willingness of school-based staff to change practices to allow students to eat breakfast in classrooms, program effects on instructional time, meal production capacity at the district and school levels, and the like. While more changes in the plan to reach the national average are now moving into action, simply using the Council’s KPIs, benchmarks, and data-modeling tools, OCPS has already increased participation in its breakfast program for its neediest students by 139 percent (from 16.2 percent of needy students to 38.9 percent) in just two years.

OCPS still has much work to do, as the Council’s KPI system continues to show, given the fact that top-performing districts still far outpace Orlando in breakfast rates for needy students. However, the district has made significant gains, and has shown the capacity of the performance management system to deliver key strategic data quickly to decision makers to show where a district was strong, average or in need of improvement; to set empirically-based improvement targets; and to connect top performers in operational areas to spread the best practices at the root of the indicators.

In addition, OCPS is pursuing ways to rapidly increase its student participation rates in the broader meal program. While the district has built its strategic plan based on the KPI system and best practices of top performing school districts, one distinguishing characteristic comes up when OCPS compares itself to other school districts. In the vast majority of cases, districts with higher participation rates have a higher concentration of students in poverty.

In fact, the KPIs reveal that even accounting for participation among students that are not eligible for free/reduced price meals, districts with higher poverty rates tend to have higher school-meal participation rates. This probably points to a greater acceptance of the program and less feeling of stigmatization in the districts with greater concentrations of poverty. To address this common characteristic, OCPS is examining the need to address program appeal through marketing strategies such as chef partnerships, food shows, customer-designed menus, social media, and the purchasing of a food truck to connect to students through pop culture.

OCPS is also proactively pursuing strategies that do not stigmatize students, such as replacing the meal application with the name “Club Lunch,” and increasing the numbers of schools in Provision 2 and Community Eligibility programs where application forms can be eliminated. In cases like these, the KPIs serve as the basis for asking broader questions about why a school district’s performance looks like it does compared with other districts and what might be done to improve it. Further, using KPIs to assess the effectiveness of a district’s approach allows executives to quickly distinguish strategies and practices that produce efforts without outcomes, versus those that produce results.

Identification of Best Practices

Another way in which the key performance indicators are beginning to pay off is in their ability to identify best practices. This is done by identifying consistently top-performing districts using the indicators and then determining the procedures underlying both *Power Indicators* and the *Essential Few*—those practices that lead these districts to high performance. This is the type of information districts often spend thousands of dollars getting from high-priced management consulting firms. Now districts have immediate access to this information and the confidence of knowing it is backed up with statistically proven performance outcomes. Further, the Council's KPI program assists districts in identifying best practices much faster, which is particularly beneficial when the demand for improvements is immediate. By calling management services staff at the Council, districts can be immediately connected to top-performing districts.

A specific example is in the area of accounts payable. Using the most recently collected data in this area, the KPI team determined that eight Great City School districts consistently scored in the top quartile in this area: the Wichita Public Schools, Portland Public Schools, the School District of Palm Beach County, Los Angeles Unified School District, Denver Public Schools, Minneapolis Public Schools, Charlotte-Mecklenburg Public Schools, and the Austin Independent School District.

Once the team identified districts that scored in the top rungs among other major city school districts in accounts payable, it devised a "best practices" survey that allowed chief financial officers and their staffs in these districts to describe the management and operational practices that lead their districts to produce high-quality outcomes. Questions on the survey were derived from best practice recommendations and industry standards promulgated by the Government Finance Officers Association (GFOA), the National Institute of Government Purchasing (NIGP), and the International Accounts Payable Professionals Association (IAPP).

Results from the surveys were analyzed by the project team, which then conducted follow-up phone interviews to clarify responses and obtain needed details. Three indicators proved critical to determining which districts actually performed well in the accounts payable arena: 1) the number of days it took to process a vendor payment; 2) the number of non-purchase order invoices processed per FTE per month; and 3) the number of voided checks as a percent of total checks.

The median number of days that it took the Great City School districts to process payments was 21 days. However, the number of days to process payments among seven of the eight top-performing districts was between two and 15 days. (The range among all districts was from two to 75 days.)

In the area of non-purchase order invoices, the median Great City Schools district processed 328 invoices per employee a month while the numbers of such invoices processed in six of the eight top-performing districts ranged from 417 to 1,118 invoices per employee per month.

Additionally, in the area of voided checks, the Great City School districts ranged from having to void between 1.05 and 3.24 percent of their checks per year. However, the top-performing eight districts ranged from having to void between 0.06 percent and 0.88 percent of their checks per year.

The surveys of the top eight districts determined that three critical practices undergirded the high accounts-payable indicators in the area of vendor processing: the use of electronic payments to vendors instead of traditional check writing, the ability to use automation to decrease invoice-processing time and costs, and the presence of written policies and procedures to govern financial practices.

For instance, the top-performing districts often made payments in the form of electronic funds transfers that allowed a vendor to collect recurring payments electronically. Denver, for example, uses system flags in its Enterprise Resource Planning (ERP) system to make direct payments to specified vendors for certain invoiced goods and services. Eighty percent of the top-performing districts also use “purchase cards” or P-cards for small purchases to speed up payments to vendors. Austin reports that its use of P-cards reduced the number of purchase orders processed by two-thirds.

In addition, 60 percent of top-performing districts use electronic fund and wire transfers directly from district bank accounts to third-party administrators for such things as employee health insurance. Moreover, 40 percent of these districts also used “ghost payment” cards that allowed preferred vendors with detailed controls to charge the district automatically when it makes purchases.

The use of automation to decrease invoice-processing time and costs were also found to be common elements among the eight top-performing city school districts. Los Angeles, for instance, used an automated three-way matching system for invoice-receiving reports-purchase order documentation that is linked to the district’s financial system, accelerating invoice-processing time. Other similar practices included the automation of routine business transactions, the processing of early-pay discounts, and electronic data interchanges (EDI). Palm Beach County uses both EDI and spreadsheets to load hundreds of food service, non-purchase order vendor invoices at one time into its ERP system and can transmit the data between other internal systems or to the systems of outside agencies and organizations.

According to survey results from the top-performing cities, districts with the most favorable indicators also had in place specific policies to govern their accounts payable processes. These policies often included: 1) prompt-payment discounts in contract negotiations with vendors; 2) expedited payments of selected transactions that meet specified policy criteria or thresholds; 3) “piggyback” arrangements on previously negotiated master-service agreements to take advantage of discounts on purchases over certain levels; and 4) strict deadlines for reimbursing employee expenses.

Survey data also indicated that districts with top-scoring indicators used such practices as cross-training among their accounts-payable staff, staff-retention initiatives, standardized communications protocols, the consolidation of vendor billing, the regular review of productivity opportunities, invoice-resolution teams, and the regular review of invoice “aging” reports.

Moreover, the data on accounts-payable indicators relating to the number of non-purchase order invoices processed and the number of voided checks identified best practices that drove performance in the eight top-performing districts. In brief, these practices included: use of automation; management oversight of the accounts payable process; the use of formal written policy and procedures manuals; and strong internal-control and monitoring systems.

The KPI teams also identified top-performing districts in the areas of compensation, grants management, cash management, financial management, risk management, and procurement — and is working on identifying best financial practices in each of these areas, something that would have been impossible without the key performance indicators and the data collected and reported in the performance management system.

AREAS OF NEEDED IMPROVEMENT IN THE KPI SYSTEM

Although districts have found the KPI to be useful, there were also aspects of the tool that users would like to see improved: 1) better and more consistent data definitions; 2) additional contextual data; 3) reduced data-collection burden; and 4) more best practices information.

The most prominent issue that urban districts indicated needed additional work involved data definitions and the ability to “compare apples to apples.” Districts are not always fully confident that all the districts are defining the KPI measures the same or the right way. Districts also want greater ability to make comparisons based on — or that at least account for — certain district characteristics such as student demographics or district size.

For example, one district indicated that *“There is too much variation in the size of member districts. Information needs to be bracketed based on district enrollment or some other demographic.”* This kind of information would ensure that districts were comparing their performance against those with similar characteristics. This kind of information is now being built into next generation systems, but the Council continues to caution districts not to compare themselves solely to similar districts for fear that it would lead them to rationalize their results and fail to stretch beyond their immediate peer group.

Challenges with the data collection process were also noted (e.g., users reported that the process was time consuming, and that some questions are *“confusing or ambiguous”*), and a few districts want the Council to *“eliminate data collection that does not support KPI calculations.”*

Finally, districts were hungry for improvement ideas. One district cited wanting much more *“information regarding best performing districts and what they are doing to achieve the results they have,”* while another said that one *“can’t tell what best practice from the metric is or what is being recommended.”* Districts indicated that they wanted guidance from the Council on target levels and help with supporting a *“dialogue with other districts to learn what they are doing.”*

Districts also provided more detailed responses to the question about what still needs to be done to improve the system. Sample responses included:

- *"It would be nice to have a webinar to discuss EACH operational area section of the survey so that respondents could ask questions of one another."*
- *"Establishing protocols for exporting data from commonly used ERPs would be helpful (e.g., PeopleSoft, Lawson, etc.)"*
- *"I'd like to have a consensus method for counting custodial and grounds productivity and overhead. The difficulty lies in the use of school-based staff in a manner that would not be available under outsourcing, and in how supervisory positions are credited for direct production versus overhead work, as well as differences amongst schools as to usage of teaching staff or students for any such duties."*
- *"I think we need to revisit the IT KPIs and definitions to modify where necessary, and to include a teaching and learning focus. I also think that we need to have districts document the sources of their data to ensure that we are using consistent data points to truly be able to use the KPI survey as a benchmarking tool."*
- *"Reduce the number of purchasing-related KPIs. There is an over-abundance of those when compared to other areas. Give more details on how the KPIs are calculated — sources of the data."*
- *"It would be good to be able to see live data from other districts and what they are doing or changing to influence their measurements."*
- *"It would be good to survey the members regarding which KPIs they use: monthly/quarterly/annually/never."*
- *"Better metrics are needed for Human Resources than are currently specified. Metrics should measure results not inputs."*
- *"Council member districts need to be 'all in' for the data set to be as complete and robust as possible for comparability measures to be worthwhile."*
- *"Identify only four employee groups: Teachers, Support Employees, Principals and Assistant Principals, Central Office (district Level) Administrators and Professional Technical. While it is useful to know the total number of staff in HR, the probability of those staff members having multiple assignments makes the calculation of a sum difficult and maybe misleading. It might be more practical to ask 'Is worker's compensation (or professional development, risk management, payroll, employee benefits, or others) under the supervision of the human resources department or someone else?' I suggest the definition of general fund is appropriate, and that we really only need to know for these purposes how much money is available from the general fund, the building fund (capital projects funds), and federal programs funds. I think what we want to know is the amount of money available to spend per student (or per employee)."*
- *"We may need more assistance from Council personnel in completing our reporting requirements."*

Since the AIR evaluation results were released, the Council has made a major push to improve the comparability of data. Every survey question has been revisited and most have been tightened to improve how districts interpreted and answered the questions. The data published by the organization in 2013 reflected new and improved definitions of most variables and greater confidence that the results were more comparable across school districts. Still, more work lies ahead in all areas.

AUTOMATION AND COMMERCIALIZATION OF THE KPI SYSTEM

The KPIs have now been fully automated by the Council and its partner TransACT Communications, Inc. into a performance management system that is capable of collecting and analyzing operational data, comparing results from one city to another, and better reporting results.

At present, the automated performance management system allows districts to enter their raw data on each of the four major functional areas using a detailed set of electronic surveys, see a district's overall performance relative to the norm using an automated "EKG" system, and compare a district's performance with other major city school systems participating in the project. (See exhibit 3.) Once data are entered into the system, it is converted automatically into benchmark graphs and dashboards using a series of complex equations. The system also provides brief narratives that describe each indicator, list factors that are likely to influence each indicator's value, and discuss why the indicator has value.

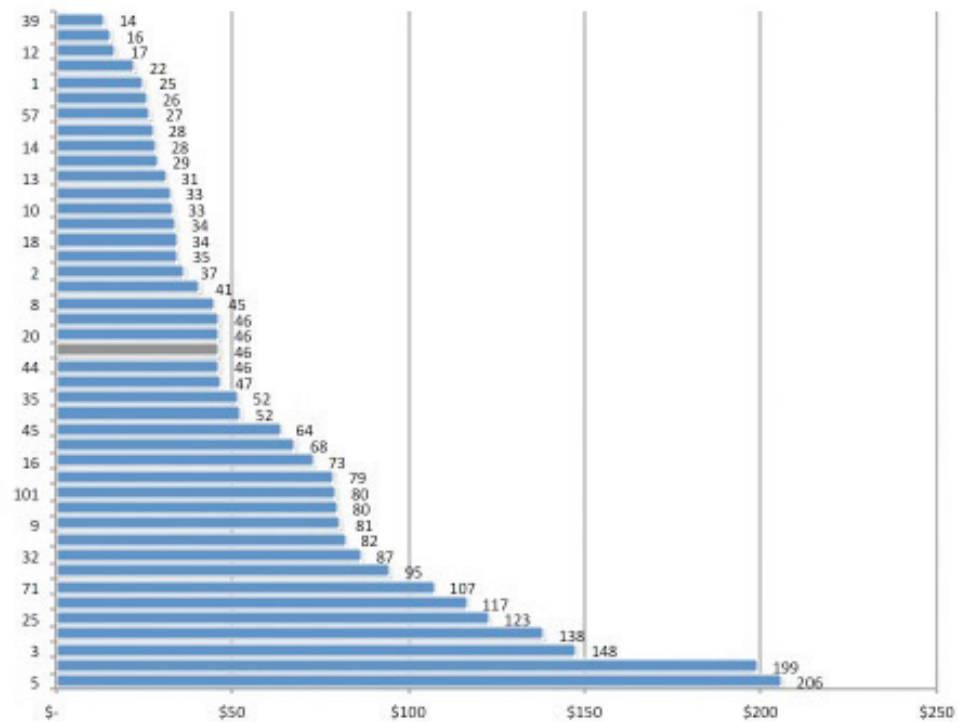
A district can also filter out other school systems to look only at those with similar enrollments, poverty levels, geographic region, state laws, or labor status (union or right to work). This work was a direct response to district needs to compare themselves to others with similar characteristics. In addition, a district is able to determine with the automated system whether its performance is improving over time and to compare trends against a peer group's trends.

Moreover, the upgraded system allows school systems to download data onto PDAs and other hand-held devices, to conduct more sophisticated data analysis, and to make more complex and tailored comparisons.

Finally, the automated system provides school districts immediate feedback on the results of various policy and practice changes and allows districts to answer various "what/if" questions without permanently changing their data.

Now, the system has been packaged for commercial availability to school systems of all sizes and types across the country. Some 60 non-Council school systems across the country have now purchased the system through TransAct Communications, the Council's sole licensing agent, since the fall of 2012. Over time, the new business arrangement should provide both the Council of the Great City Schools, which owns the KPIs, and TransACT, which owns the software to run it, sufficient revenue to sustain and expand the effort.

Exhibit 3. Sample Screen on Procurement Costs (in dollars) per Purchase Order in the Great City Schools



FUTURE PRIORITIES AND NEXT STEPS

A considerable amount of work has gone into the performance management system since it was first launched some nine years ago. The system has more and better indicators than was originally planned, and its automation goes beyond what was initially thought possible. Still, there is much more that is envisioned for this unique tool.

First, the Council of the Great City Schools expects to expand the key performance indicators into the academic arena and is working on those indicators now. Over a decade ago, the organization initiated the Trial Urban District Assessment of the National Assessment of Educational Progress (NAEP). This project currently allows 21 major urban school systems — about one-third of the Council's membership—to be oversampled to allow comparable cross-state results on student achievement. The outcome measures have been instrumental in driving the reforms of urban education nationally over the last decade.

However, what is missing is a set of comparable formative academic or instructional indicators that could be used to predict graduation rates, college and career readiness, and achievement levels. These academic indicators are being designed as predictors of summative or end-results, and may include preschool participation rates, third- and fourth-grade reading proficiency rates, attendance rates in the late elementary grades and middle grades, attendance, promotion and retention rates, instructional minutes per day or year, core-course participation and success rates in ninth grade, numbers of teachers teaching out-of-field, teacher turnover rates, and other similar predictors.

In addition, the Council is currently developing a series of academic cost indicators at the activity level that will help district administrators make better decisions about where to place their scarce instructional dollars. These may include such indicators as average cost per teacher of induction programs; average cost per student for credit-recovery programs; average cost of assessments used to identify students for English as a Second Language programs; and average cost of initial special education evaluations. Technical teams are also exploring the feasibility of creating rudimentary return-on-investment indicators for instructional activities that have a clear academic outcome. Council teams have already developed scores of these potential academic indicators and will be pilot-testing these measures later in 2014 for possible inclusion in the broader KPI system in 2015.

Together with the operational KPIs and TUDA outcome measures, the predictive and cost-related academic data would provide urban school systems with a comparable 360 degree look at their overall status and progress. And while others might be capable of building such a system, only the Council can collect the data on the academic indicators and compare the results across major city school systems.

Second, the system still needs indicators that allow districts to compare spending by functional area and staffing levels by major personnel categories. Some of this already exists in the National Center for Educational Statistics' (NCES) common core of data. But the spending categories are too broad to be very helpful to school systems, and there are continuing complaints about the accuracy of the state-submitted data. For instance, there is no way to tell from the NCES system how much school systems spend on such broad functional areas as professional development, special education, or textbooks. These comparisons would be enormously helpful to districts as they face additional challenges with right-sizing their operations, staffing, and spending.

Third, the current key performance indicator system allows urban school systems to compare and contrast themselves with other similarly sized districts and to the median of all reporting districts. As we indicated earlier, the Council cautions districts not to compare themselves solely to others that are exactly like them. There is a risk of not setting stretch goals if peer districts uniformly perform poorly.

Still, there may be regional “tolerance” levels of performance that need to be considered. For example, the potential for significant cost reductions in transportation is dependent, in part, on geographic region and weather, and will present administrators with trade-offs in service levels and customer experience. In other words, regional differences may inform differences in how districts set ideal performance levels and how they compare themselves from region to region. At a minimum, the KPIs should facilitate a deliberate and transparent dialogue with the school board, who represents parents and the community, and with executives, who are accountable for results, to determine the performance levels they expect for their district.

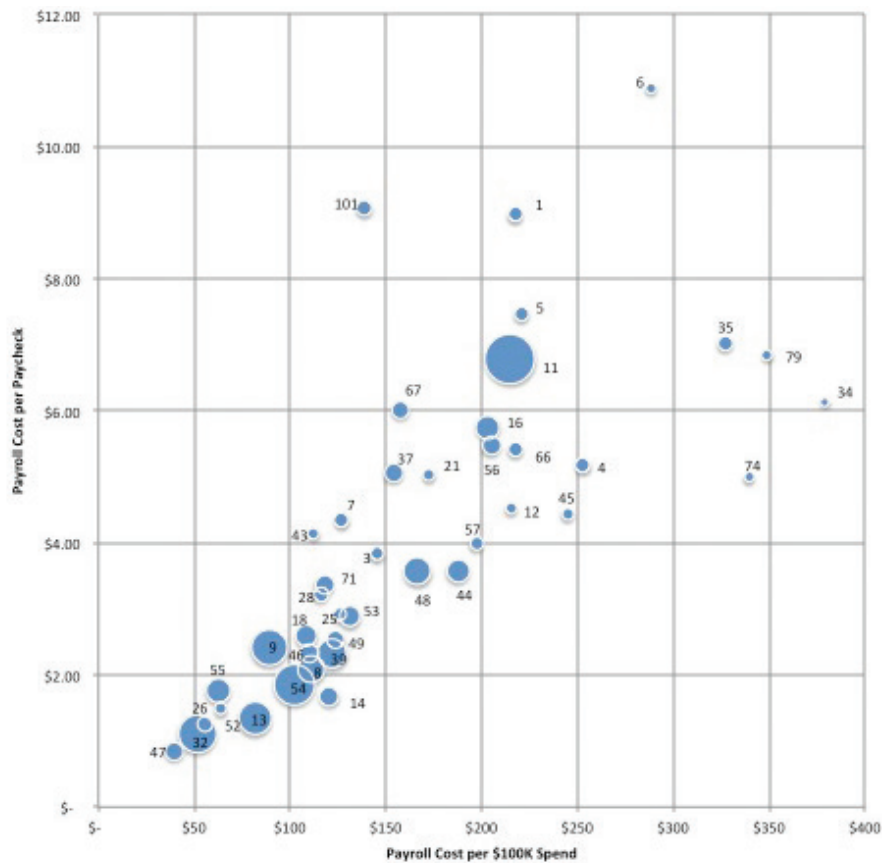
Fourth, what the KPI system cannot do yet is to allow school systems to compare themselves against an industry standard. At present, it is difficult to know whether the median of all urban school systems on a particular measure is actually a desirable state or whether the median of all urban school systems is below where it should be. There are a number of operating standards available from various niche organizations that specialize in procurement operations, for instance, but there is no bundle of such indicators that might be applied across large, multi-faceted organizations like urban public schools. The need to build such a system and integrate it with the current system remains a strong priority of the Council and its member school districts, and is on the drawing board for development. We anticipate some of the KPI work will actually inform those standards being used in other sectors.

Fifth, the Council is just beginning to realize the potential of the analytics that may be possible with the system. The possibilities appear to be particularly strong in two areas: cross-indicator analytics and trends. For instance, in the first area, the Council has begun exploring the relationship between voided payments and invoices past due since these two indicators should be minimized simultaneously but are sometimes not.

In addition, the relationship between such indicators as payroll cost per \$100,000 and payroll cost per paycheck provides another measure of the overall cost-efficiency of a district’s payroll operations, and in combination with enrollment size will tell a district whether or not it is taking advantage of its scale to maximize payroll efficiency. (See exhibit 4)

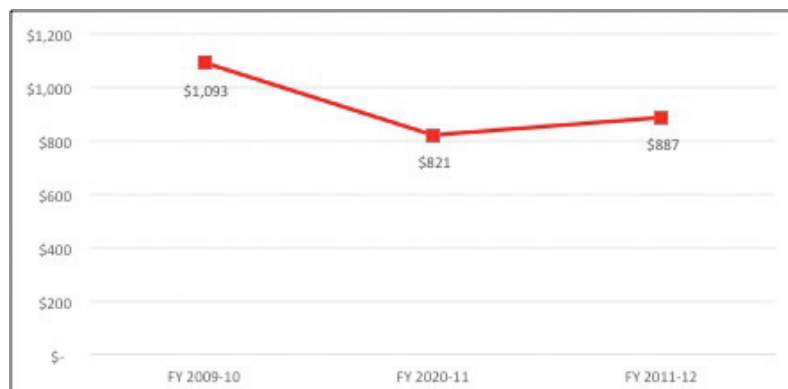
Another example involves the relationship between custodial workload and maintenance costs per square foot. Preliminary results of these analytics show that a number of districts have been able to reduce costs through efficiencies other than personnel cuts—a finding that would not be obvious without cross-referencing the indicators with one another.

Exhibit 4. Payroll Cost per \$100k Spend vs. Payroll Cost per Paycheck by District Enrollment



In addition to the cross-indicator analytics, the data on over 100 indicators have been defined and measured consistently enough that creating trend lines are now possible for both individual districts and the Council median. For instance, Exhibit 5 shows the trend across Council districts in average transportation costs per rider in 2009-10, 2010-11, and 2011-12. The results show that average costs have dropped from \$1,093 per pupil to \$887 per pupil over the period. Some 64 percent of the districts showed a decrease in costs while 36 percent showed an increase. This development means that the organization and its members can begin determining whether operations have improved or not; identifying which districts show improvements and which do not; and determining what changes in practices explain the improvements or lack thereof.

Exhibit 5. Trends in Average Transportation Costs per Rider in the Great City Schools



Sixth, having a comprehensive system that includes both management and academic data suggests the possibility of establishing systems by which one could better align these two halves of school system operations. At present, it is very difficult to build budgets or define staffing levels around district instructional goals and priorities because the academic and management systems are not convincingly linked. A seamless system would allow school districts to start thinking about resource alignment in ways that have never happened before. In fact, the alignment of resources with strategic priorities is just as important a priority as the ability to squeeze operational efficiencies out of program administration.

Finally, the KPI system raises the possibility of designing the system in a way that could enhance accountability for results at the local level, the possibility of assessing and enhancing equity measures to ensure that all students have equal access to school system resources, and the potential that return-on-investment calculations could be produced and economies of scale could be achieved.

It is clear that a considerable amount of program architecture has been built around the original notion of the key performance indicators, but that much remains to be done. Moreover, the nation's weak economic conditions have spurred fresh questions about how school districts use their resources. These questions now involve public education's organization, funding, infrastructure, human capital, academic, programming, technology, and other features.

But before critics assume that the enterprise of urban public education is not capable of innovation, of learning from others, or of capitalizing on ideas and practices from other sectors, they should consider this effort by the nation's urban public schools to create a whole new mechanism — through both the urban NAEP on the instructional side and the KPIs on the non-instructional side — by which they can analyze their performance, assess their efficiencies, streamline their operations, save precious dollars, and improve results. These new tools are not fully developed yet, but their promise is beginning to payoff. And the payoff is resulting in stronger public education in our nation's major cities.

RESOURCES

Hess, F. and E. Osberg (2010). *Stretching the School Dollar: How Schools and Districts Can Save Money While Serving Students Best*. Cambridge, MA: Harvard Education Press.

Pane, Natalia. *Council of the Great City Schools Key Performance Indicators Evaluation*. American Institutes for Research, December 2011.

Boston, Atlanta, Minneapolis, St. Paul, Clark County, Broward County, Norfolk, Milwaukee, Miami-Dade County, and Jefferson County.

Memphis, Miami-Dade County, Norfolk, Columbus, and Boston.

Chicago, Broward County, Atlanta, St. Paul, East Baton Rouge, and Miami-Dade County.

Austin, Pittsburgh, East Baton Rouge, Houston, and Omaha.

Charlotte-Mecklenburg, Little Rock, East Baton Rouge, Anchorage, Clark County, Albuquerque, and Orange County (FL).

Charlotte-Mecklenburg, Norfolk, Houston, Clark County, and Denver.





Los Angeles Unified School District

CGCS KPI Report - LAUSD Report

Created 6/3/15

ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Pay Checks - Percent Off-Cycle

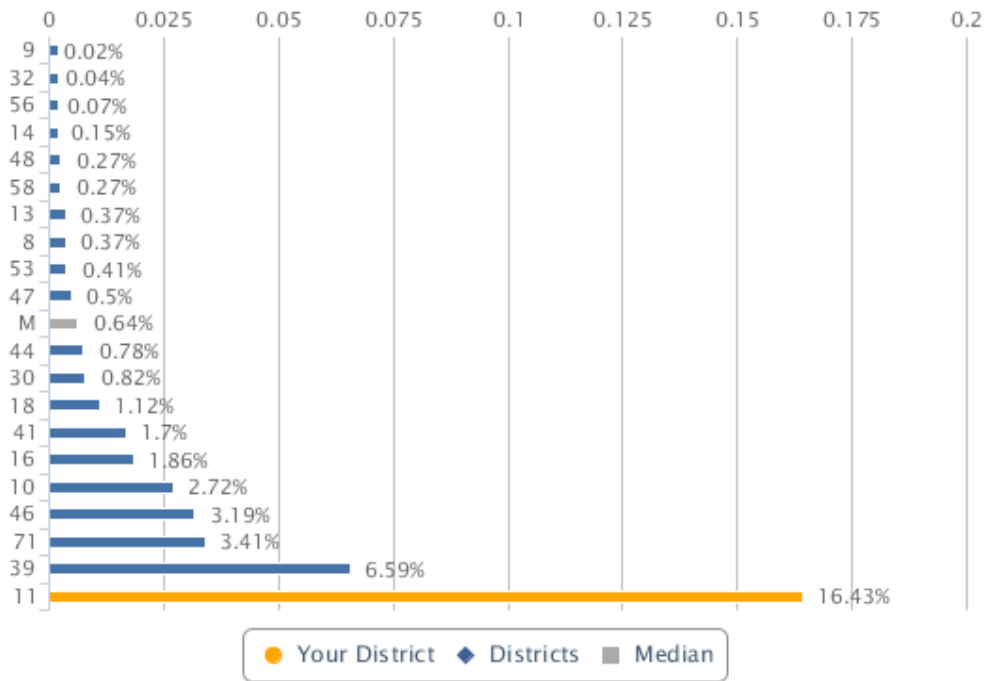
Total number of off-cycle pay checks issued, divided by the total number of pay checks issued.

Why This Measure Is Important

Off-cycle pay checks tend to take more staff time, and are therefore less efficient than regular-cycle checks.

Factors That Influence This Measure

2013-2014 - Pay Checks - Percent Off-Cycle



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Pay Checks Processed Per FTE per Month

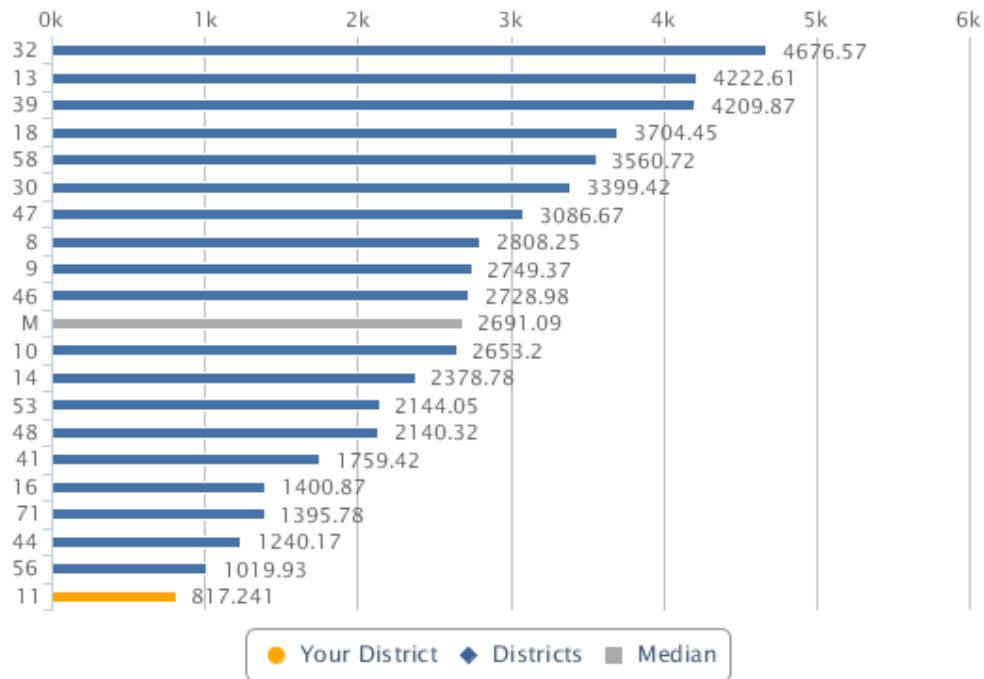
Total number of pay checks processed by Payroll department, divided by total number of Payroll staff (FTEs), divided by 12 months.

Why This Measure Is Important

This measure is a driver of a payroll department's costs. Lower processing rates may result from a low level of automation, high pay check error rates, or high rates of off-cycle pay checks that must be manually processed. Higher processing rates may be the result of increased automation and highly competent staff.

Factors That Influence This Measure

2013-2014 - Pay Checks Processed Per FTE per Month



www.actpoint.com

ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Payroll Cost Per \$100K Spend

Total Payroll personnel costs plus total payroll non-personnel costs, divided by total district payroll spend over 100,000.

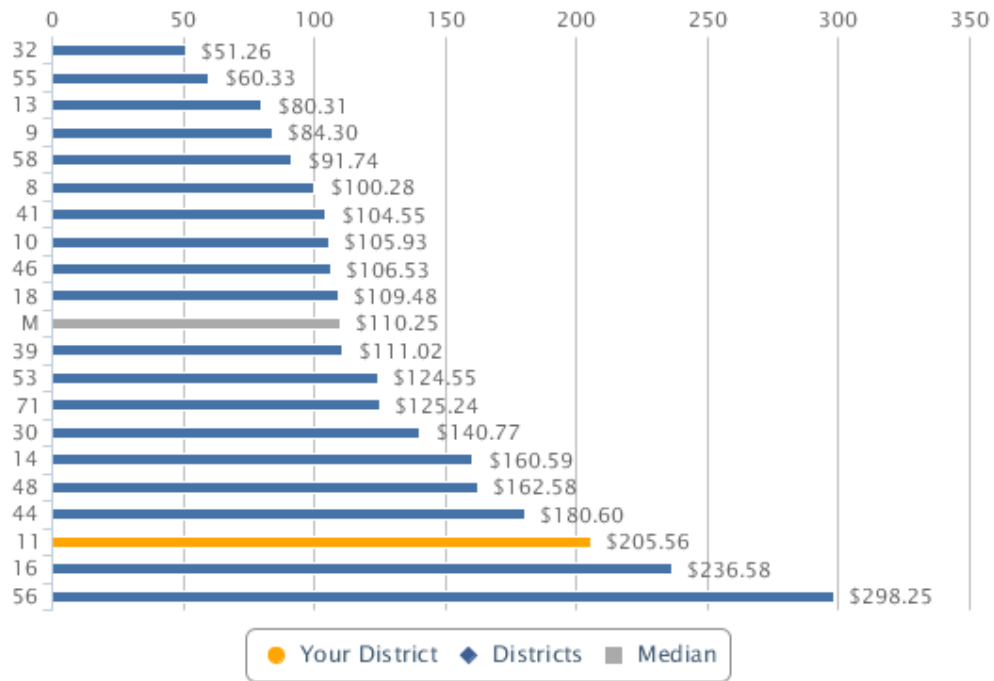
Why This Measure Is Important

This measures the efficiency of the payroll operation. A higher cost could indicate an opportunity to realize efficiencies in payroll operation while a lower cost indicates a leaner, more efficient operation.

Factors That Influence This Measure

- Number of employees processing the payroll
- Skill level of the employees processing payroll
- Types of software/hardware used to process the payroll
- Processes and procedures in place to collect payroll data
- Number of employees being paid
- Number of contracts requiring compliance
- Frequency of payrolls
- Complexity of state/local reporting requirements

2013-2014 - Payroll Cost Per \$100K Spend



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Payroll Cost Per Pay Check

Total Payroll personnel costs plus total payroll non-personnel costs, divided by total number of payroll checks.

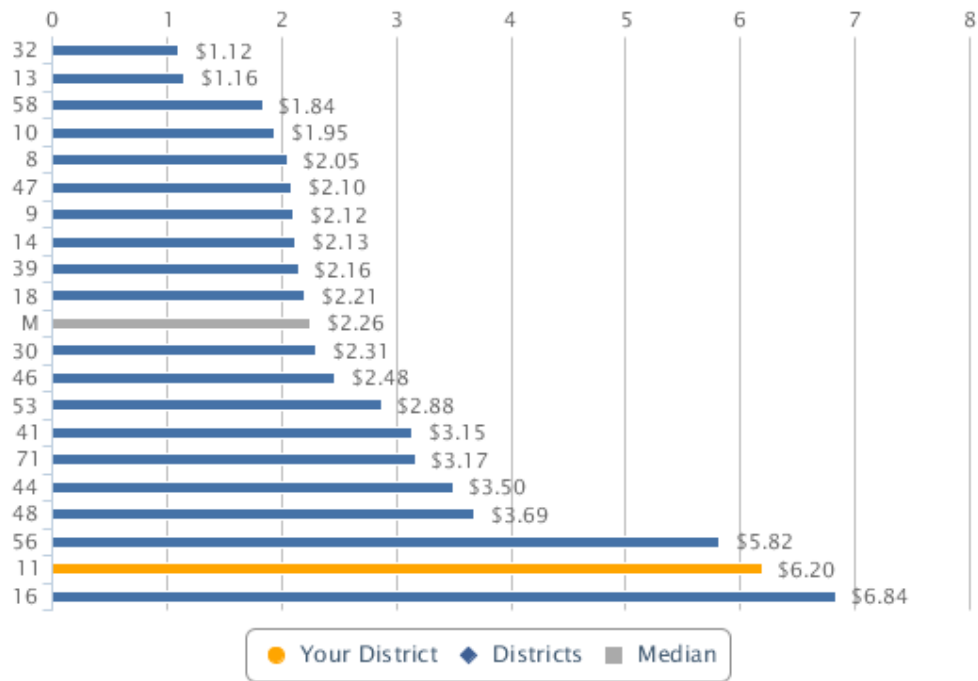
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- Number of employees being paid
- Number of contracts requiring compliance
- Frequency of payrolls
- Complexity of state/local reporting requirements

2013-2014 - Payroll Cost Per Pay Check



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Pay Checks - Direct Deposits

Total number of pay checks paid through direct deposit, divided by the total number of pay checks issued.

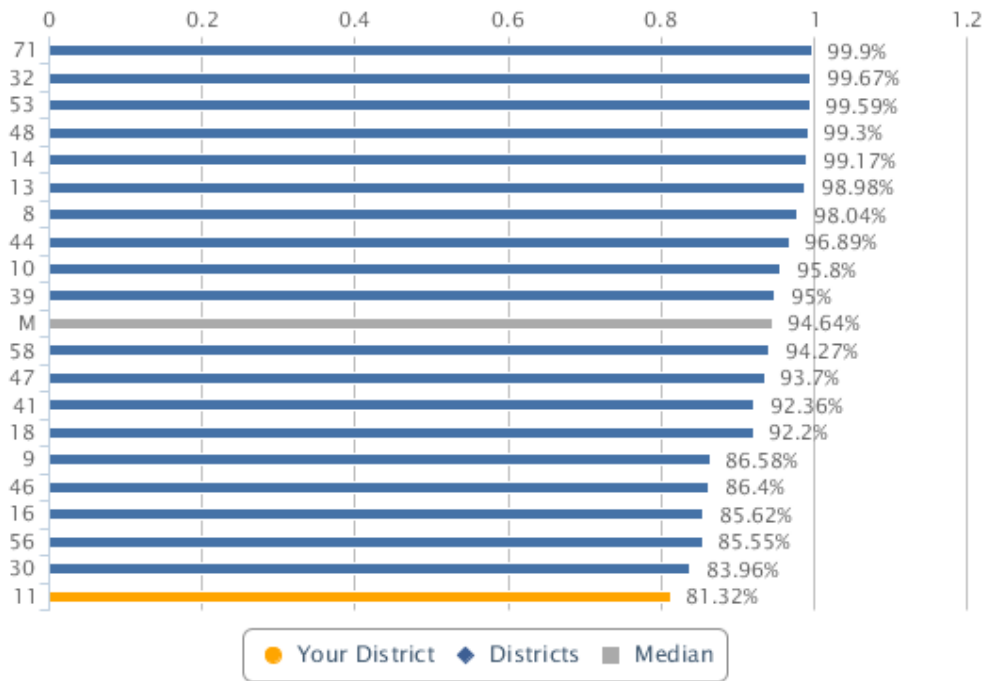
Why This Measure Is Important

Use of direct deposit can increase the levels of automation and decrease costs.

Factors That Influence This Measure

- Payment systems
- Pay check policy

2013-2014 - Pay Checks - Direct Deposits



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Time To Fill Vacancies - Teachers

Average time to fill vacancies for teachers.

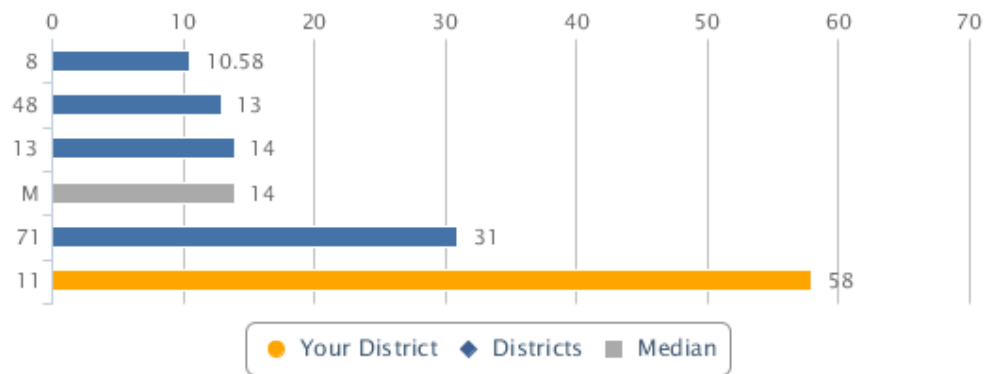
Why This Measure Is Important

This measure reflects the instructional loss when there is not continuity in the classroom and in instructional support.

Factors That Influence This Measure

- Culture of community
- Leadership of the school
- Funding

2013-2014 - Time To Fill Vacancies - Teachers



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Employee Relations - Discrimination Complaints Per 1,000 Employees

Number of discrimination complaints, divided by total number of district employees (FTEs) over 10,000.

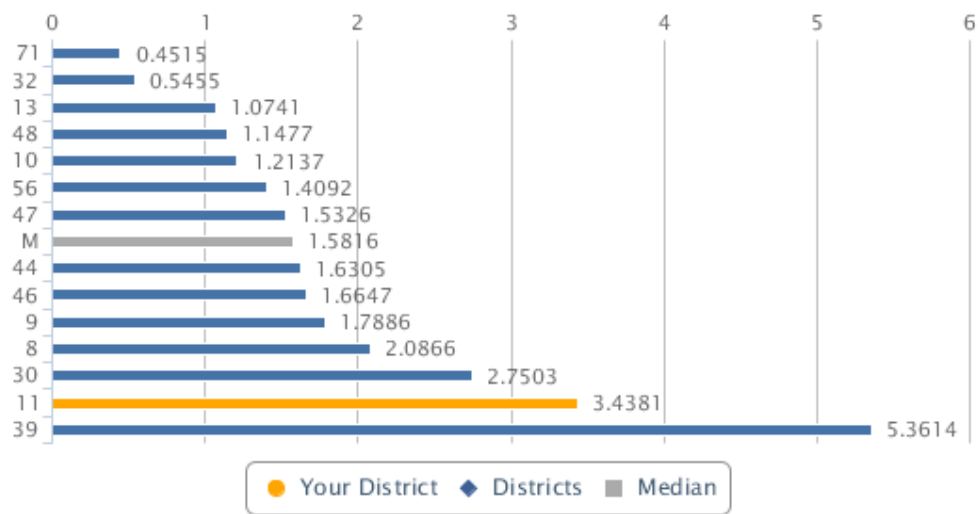
Why This Measure Is Important

1. State and local laws defining discrimination will impact
2. Board Policy and organizational protocol for resolution
3. Organizational climate
4. Quality and level of supervisory training
5. Quality and level of EEO Awareness training for all employees
6. Indicator as to the effectiveness of supervisors and managers

Factors That Influence This Measure

Number of Equal Employment Opportunity (EEO) charges filed by employees divided by total number of employees

2013-2014 - Employee Relations - Discrimination Complaints Per 1,000 Employees



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Devices Per Student

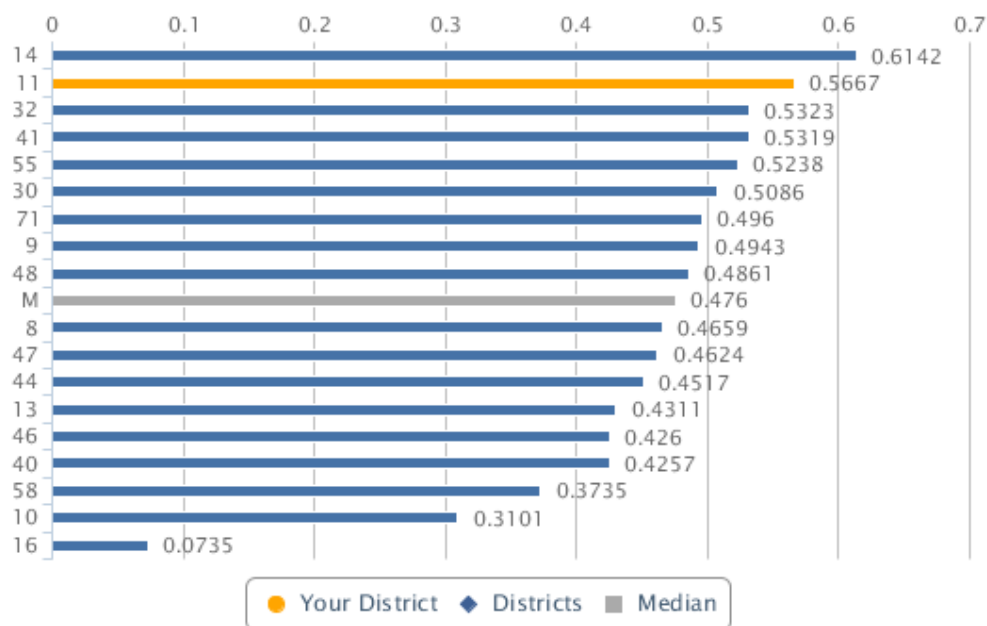
Total number of desktops, laptops and tablets that are for student-only use or mixed-use, divided by total student enrollment.

Why This Measure Is Important

This tracks the movement toward a one-to-one ratio of students to devices.

Factors That Influence This Measure

2013-2014 - Devices Per Student



www.actpoint.com

ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Support - Help Desk Call Abandonment Rate

Number of abandoned calls to the Help Desk, divided by total number of calls to the Help Desk.

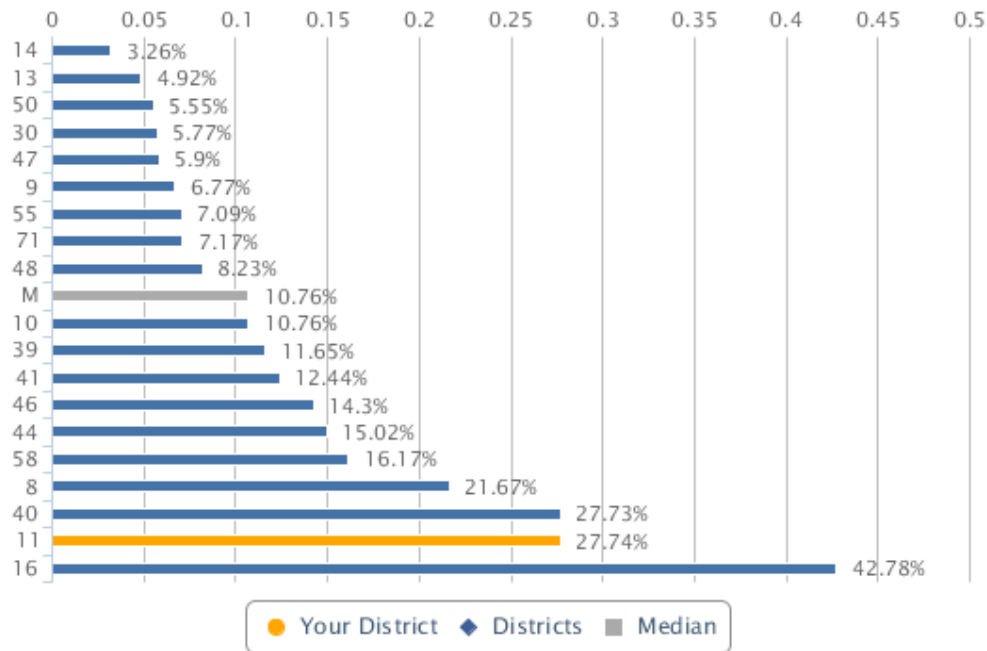
Why This Measure Is Important

This measure assesses the percentage of telephone contacts that are not answered by the service desk staff before the caller disconnects. CAR is an indicator of the staffing level of the service desk relative to the demand for service. The CAR can be used as a management indicator to determine staffing levels to support seasonal needs or during times of system issues (application or network problems). On an annual basis, it is a measurement of the effectiveness of resource management. This measure should be used as a tool to help guide quality improvement processes.

Factors That Influence This Measure

- The Call Abandonment Rate will be influenced by effective supervision to ensure that service desk team members are online to take calls
- A high percentage could indicate low availability caused by inadequate staffing, long call handling times and/or insufficient processes
- Length of time the caller is on hold
- Capacity of the organization to respond to customer support requests
- Proper staffing when implementing district-wide applications, which significantly increase calls
- Automation tools like password reset can reduce number of calls to the help desk and reduce overall call volume
- Increased training of help desk can reduce long handling time freeing up staff to take more calls

2013-2014 - Support - Help Desk Call Abandonment Rate



www.actpoint.com

ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - IT Spending Per Student

Total IT staffing costs plus total IT hardware, systems and services costs, divided by total student enrollment.

Why This Measure Is Important

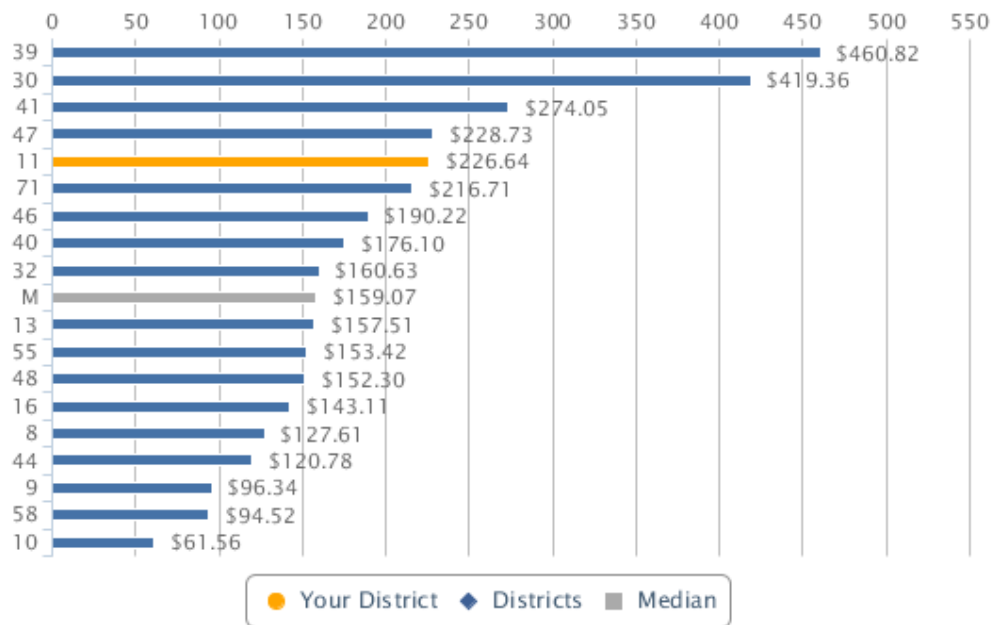
The measure provides a tool for districts to compare their IT spending per student with other districts. Because each district defines IT slightly differently, it is important to define what is included in the IT budget calculation regardless of the department in which the budget resides.

Keeping IT costs as low as possible and maintaining proper support of academic and operational needs of the district is important in all educational institutions. This measure must be viewed in relationship to other KPIs to strike the correct balance between the district's efficiency and its effective use of technology. If other KPIs such as customer satisfaction, security practices, and ticket resolution are not performing at high levels, low costs associated with IT Spending per Student may indicate an under-resourced operation.

Factors That Influence This Measure

- Budget development and staffing
- IT expenditures can be impacted by new enterprise implementations
- The commitment of community for support technology investments in education
- IT Department standards and support model
- Age of technology and application portfolio
- IT maturity of district

2013-2014 - IT Spending Per Student



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ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Support - First Contact Resolution Rate

Number of tickets/incidents resolved on first contact, divided by the total number of tickets/incidents.

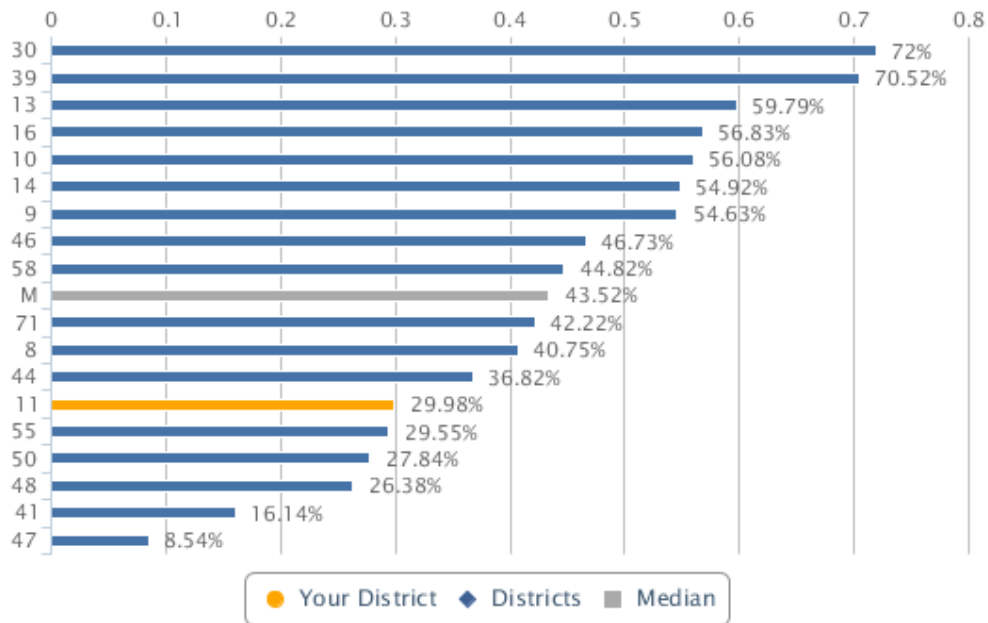
Why This Measure Is Important

This measure calculates the percentage of user initiated contacts to the help desk which generates a ticket which is resolved without escalation to the next support level. FCRR is an indicator of the number of exception contacts that a support center is receiving. It can be used as a management indicator to devise strategies to lower cost, improve operational ability and workflow, and improve customer satisfaction. It is more cost effective for the organization to resolve calls on first contact because the customer is returned to productive work more quickly. Private industry has recognized the cost-benefit of expecting that 85% of trouble calls are to resolved on first contact. This measure can also be used as a tool to help guide quality improvement processes.

Factors That Influence This Measure

- Software and systems that can collect contact information at the help desk
- Automation tools for common help desk issues like password reset can improve performance and reduce costs – these numbers should be included in data collection
- Knowledge and training of help desk staff in enterprise applications
- Knowledge and training of end user of enterprise applications used
- New implementations will cause increase in service calls
- Permissions that are set for the help desk staff. If permissions are restricted, help desk staff will be able to resolve fewer types of problem calls.
- Capacity of the organization to respond to customer support requests
- Ability of help desk ticket application to track work tickets
- Tactical assignment of responsibilities may be different in each organization. The responsibilities of the help desk may vary from simply opening tickets to complete troubleshooting and problem resolution.

2013-2014 - Support - First Contact Resolution Rate



www.actpoint.com

ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Workers' Compensation Cost Per \$100K Payroll Spend

Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fiscal year, divided by total payroll outlays over 100,000.

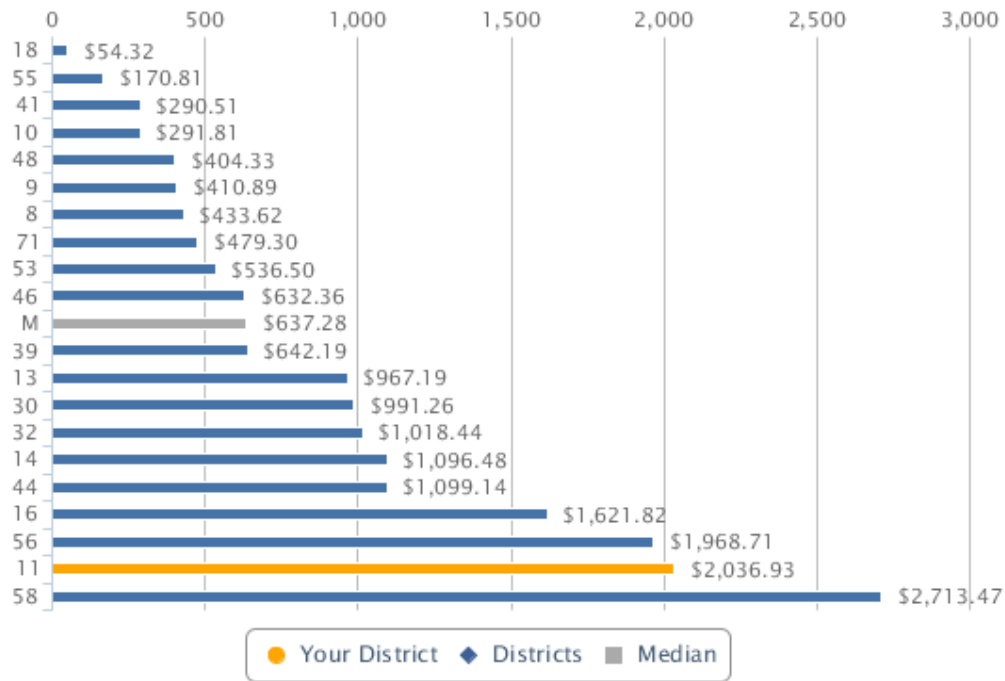
Why This Measure Is Important

This is a metric that can be used to measure success of programs or initiatives aimed at reducing workers' compensation costs.

Factors That Influence This Measure

- Medical management programs
- Quality of medical care
- Litigation
- Timely provision of benefits

2013-2014 - Workers' Compensation Cost Per \$100K Payroll Spend



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Workers' Compensation Claims - Percent Litigated

Number of workers' compensation claims that were litigated, divided by total number of workers' compensation claims filed in the fiscal year.

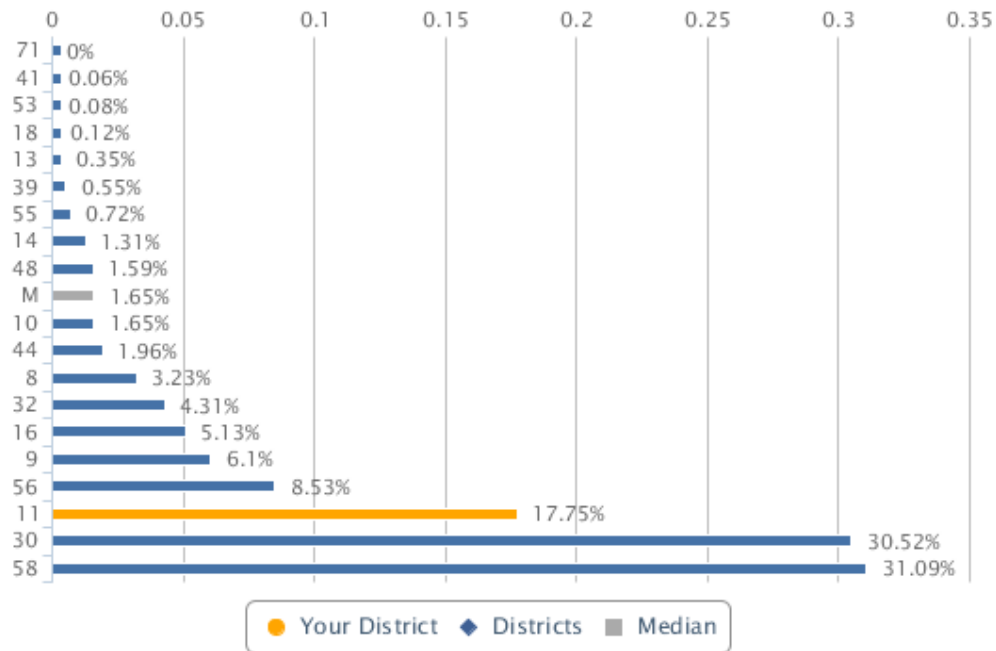
Why This Measure Is Important

This is an important metric as litigation is expensive and increases the cost of the claim.

Factors That Influence This Measure

- Severity of injuries
- Settlement rate
- Motivation of plaintiff

2013-2014 - Workers' Compensation Claims - Percent Litigated



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ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Workers' Compensation Cost Per Employee

Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fiscal year, divided by total number of district of district employees (number of W-2's issued)

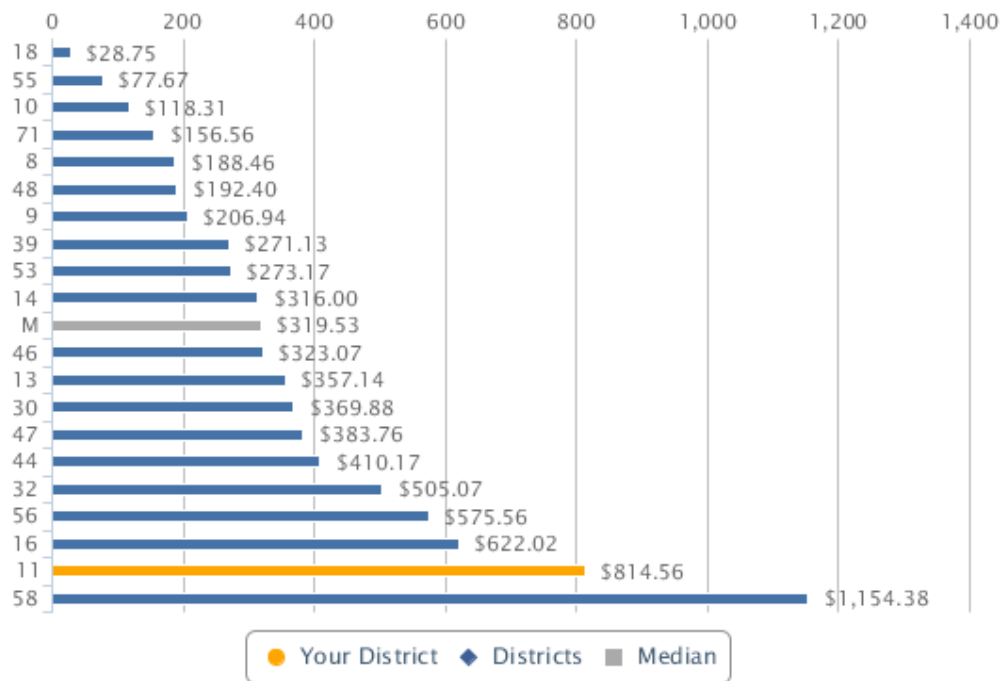
Why This Measure Is Important

This metric would most likely be used for the same purpose as the average cost per workers' compensation claim – to measure success of programs and initiatives. It can also be a way to measure trends over time or to benchmark against other employers.

Factors That Influence This Measure

- Medical management programs
- Quality of medical care
- Litigation
- Timely provision of benefits

2013-2014 - Workers' Compensation Cost Per Employee



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Workers' Compensation Lost Work Days Per 1,000 Employees

Total number of lost work days for all workers' compensation claims filed during the fiscal year, divided by total number of employees (W-2's) over 1,000.

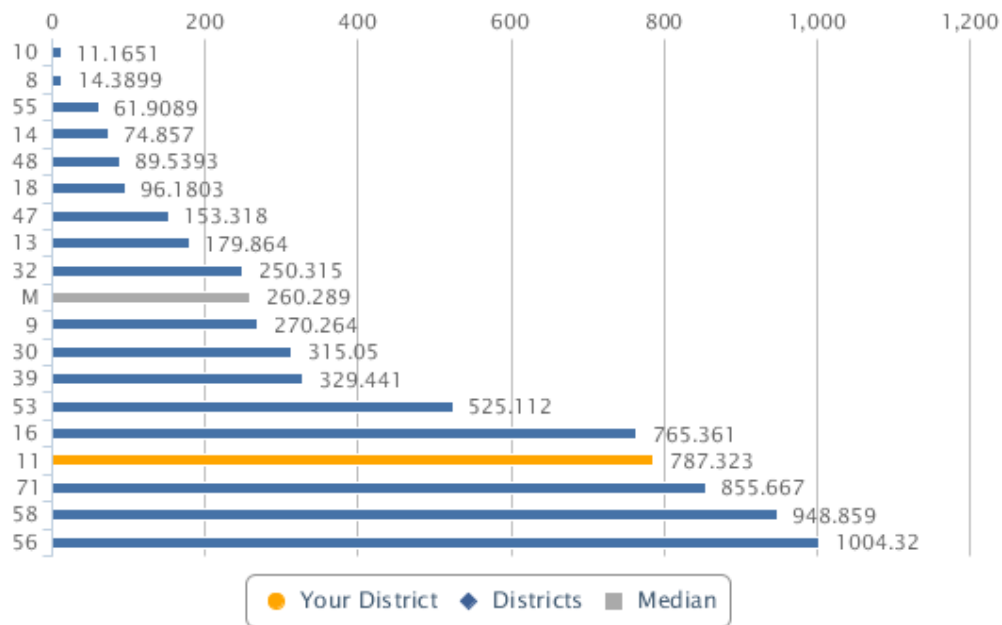
Why This Measure Is Important

This metric could be used to track the effectiveness of medical treatment and a Return to Work program, but since this metric is using all employees in the equation instead of just the number of injured employees, a drastic change in the number of employees (reduction in force etc) would impact this metric without any actual change in the items being tracked.

Factors That Influence This Measure

- Quality of medical care (Medical Provider Networks)
- Type of injury
- Use of nurse case managers
- Litigation
- Availability of modified or alternative work on both a temporary and permanent basis

2013-2014 - Workers' Compensation Lost Work Days Per 1,000 Employees



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Workplace Incidents Per 1,000 Employees

Total number of employee workplace accidents/incidents reported during the fiscal year.

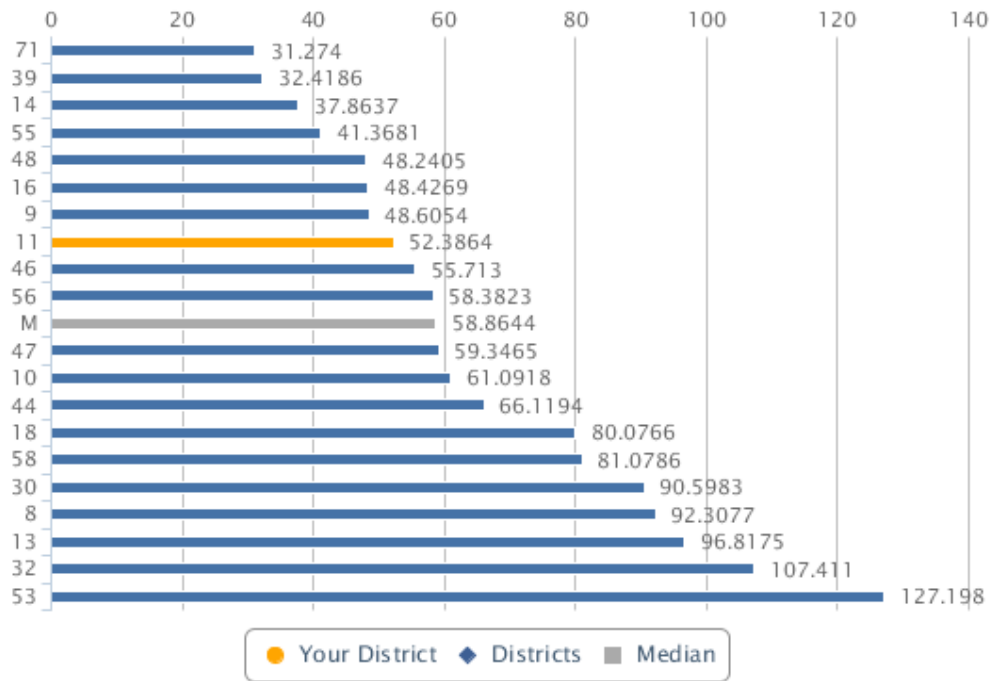
Why This Measure Is Important

This metric would be used to measure the success of programs and initiatives aimed at reducing workplace injuries/incidents.

Factors That Influence This Measure

- Disciplinary actions
- RIF notices
- Management support
- Effectiveness of safety programs
- Safety training
- Injury investigations used to determine cause of injury
- Maintenance of facilities
- Established safety protocols/guidelines/Employer policies

2013-2014 - Workplace Incidents Per 1,000 Employees



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Bus Usage - Daily Runs Per Bus

Total number of daily bus runs, divided by the total number of buses used for daily yellow bus service (contractor and district).

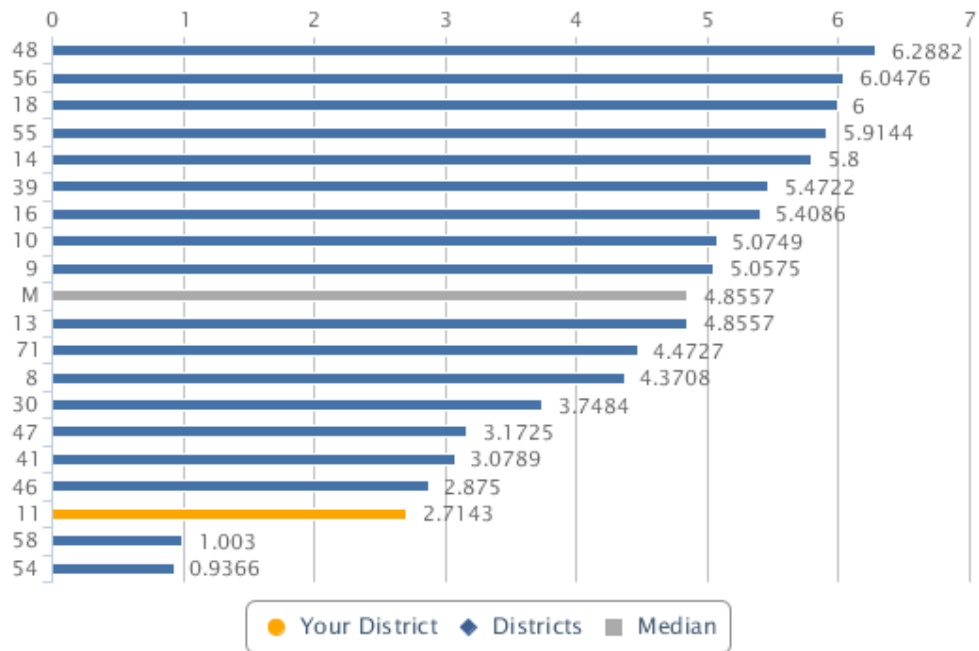
Why This Measure Is Important

- There is a positive correlation between the number of daily runs a bus makes and operating costs.
- Efficiencies are gained when one bus is used multiple times in the morning and again in the afternoon.
- Using one bus to do the work of two buses saves dollars.

Factors That Influence This Measure

- District-managed or contractor transportation
- Tiered school bell times
- Transportation department input in proposed bell schedule changes
- Bus capacities
- District guidelines on maximum ride time
- District geography
- Minimum/shortened/staff development day scheduling
- Effectiveness of the routing plan
- Types of transported programs served

2013-2014 - Bus Usage - Daily Runs Per Bus



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ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Bus Fleet - Average Age Of Fleet

Average age of bus fleet.

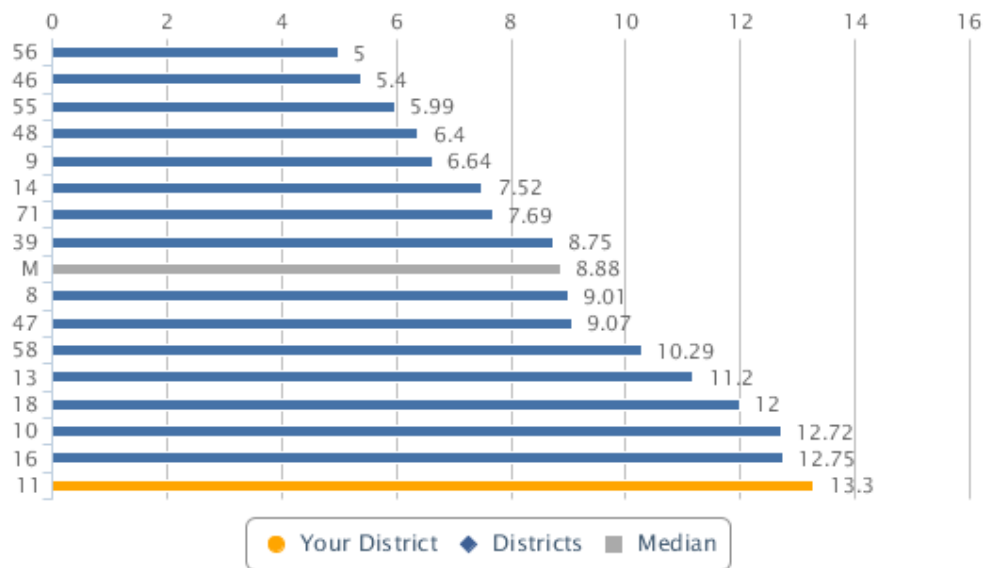
Why This Measure Is Important

- Fleet replacement plans drive capital expenditures and on-going maintenance costs
- Younger fleets require greater capital expenditures but reduced maintenance costs
- A younger fleet will result in greater reliability and service levels.
- An older fleet requires more maintenance expenditure but reduces capital expenses.

Factors That Influence This Measure

- Formal district-wide capital replacement budgets and standards
- Some districts may operate climates that reduce bus longevity
- Some districts may be required to purchase cleaner burning or expensive alternative-fueled buses
- Availability of state or local bond funding for school bus replacement

2013-2014 - Bus Fleet - Average Age Of Fleet



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ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Bus Usage - Live Miles Per Deadhead Mile

Total number of live miles, divided by the difference between total miles and live miles (i.e. the number of deadhead miles) for both district and contractor buses.

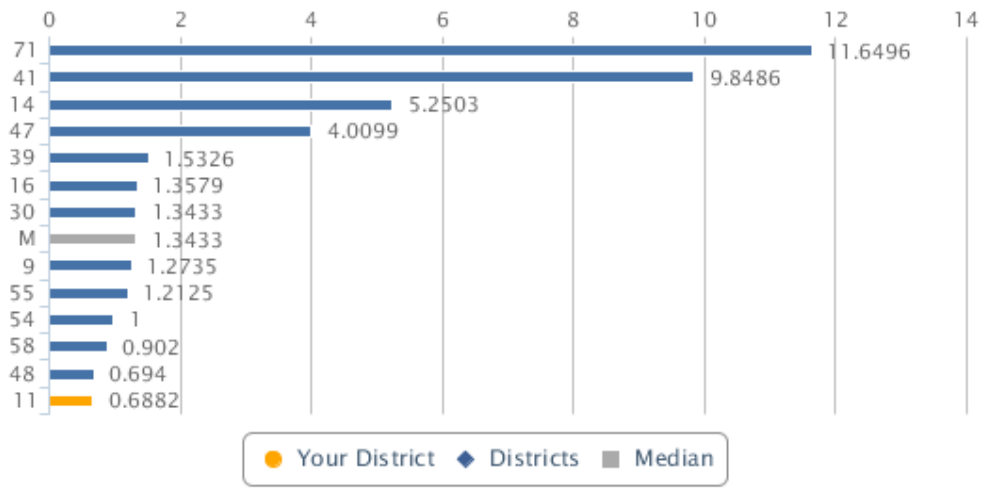
Why This Measure Is Important

- This measure is essentially an efficiency indicator for transportation services.
- The lower the amount of deadhead a district experiences could indicate a well run operation.
- Reducing deadhead miles reduces fuel consumption, vehicle maintenance and other costs of operation.

Factors That Influence This Measure

- Routing system
- Types of transportation programs served
- Size of service area
- District-labor agreements
- Location of bus depots

2013-2014 - Bus Usage - Live Miles Per Deadhead Mile



ActPoint KPI Measure Report

Los Angeles Unified School District

2013-2014 - Cost Per Rider

Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by number of riders.

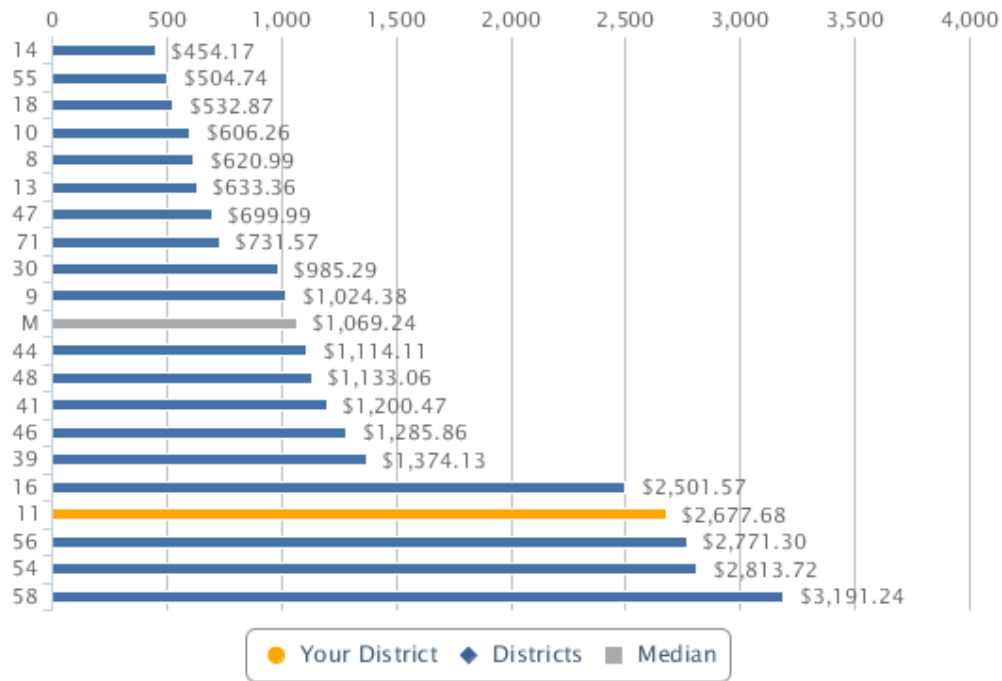
Why This Measure Is Important

This is a basic measurement of the cost efficiency of a pupil transportation program. It allows a baseline comparison across districts that will inevitably lead to further analysis based on a district's placement.

Factors That Influence This Measure

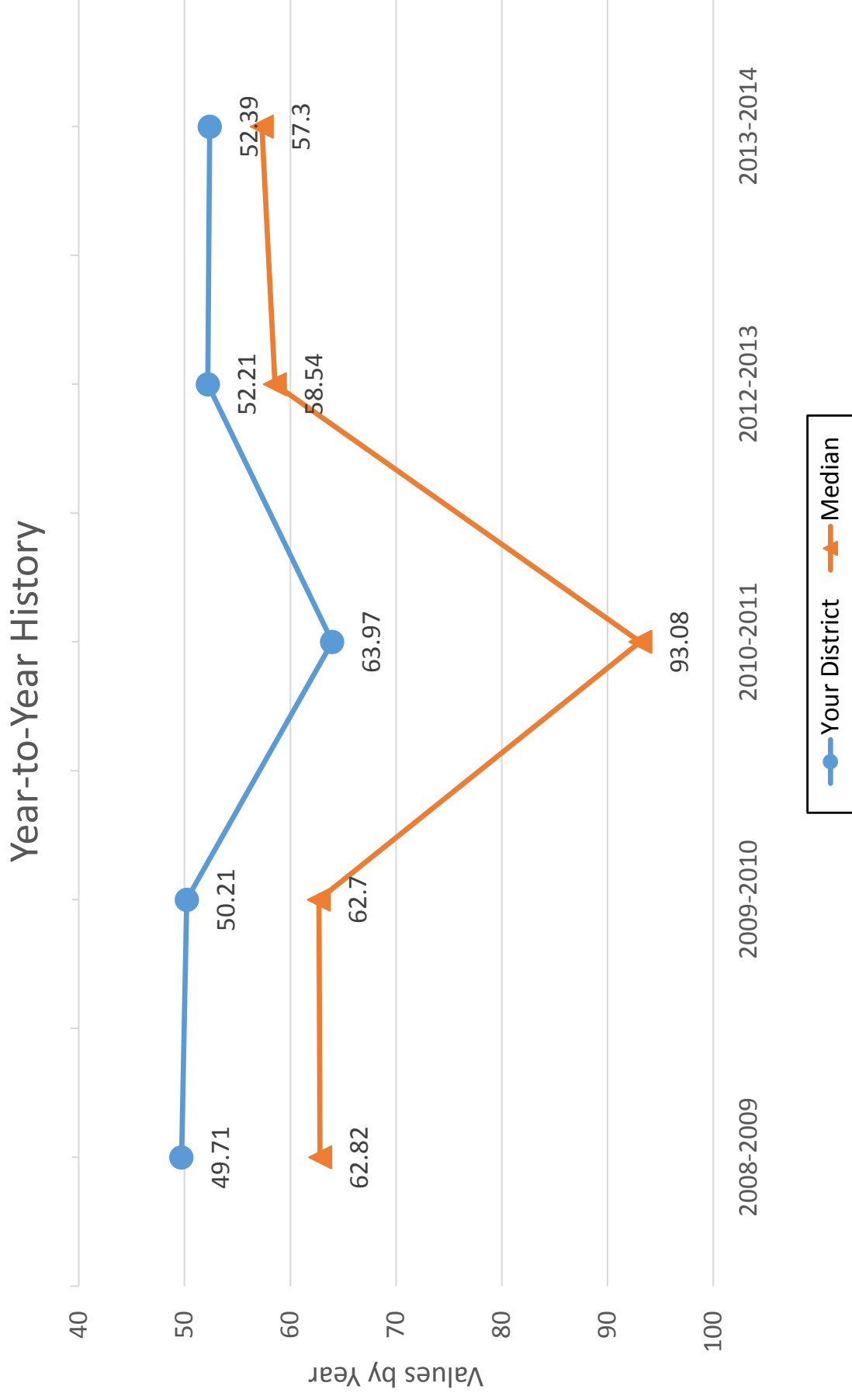
- Driver wage and benefit structure; labor contracts
- Cost of the fleet, including fleet replacement plan, facilities, fuel, insurance and maintenance also play a role in the basic cost
- Effectiveness of the routing plan
- Ability to use each bus for more than one route or run each morning and each afternoon
- Bell schedule
- Transportation department input in proposed bell schedule changes
- Maximum riding time allowed and earliest pickup time allowed
- Type of programs served will influence costs

2013-2014 - Cost Per Rider

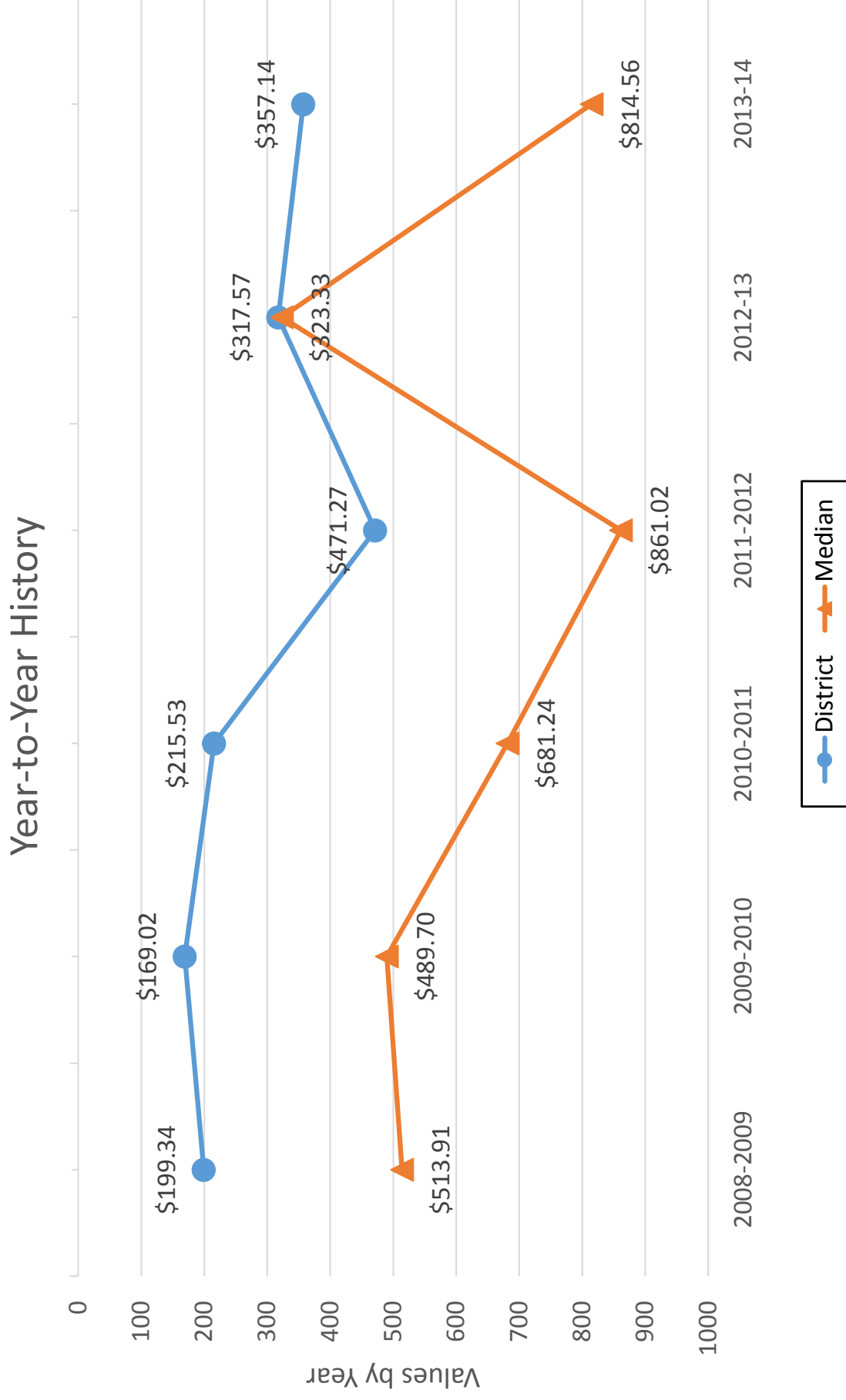


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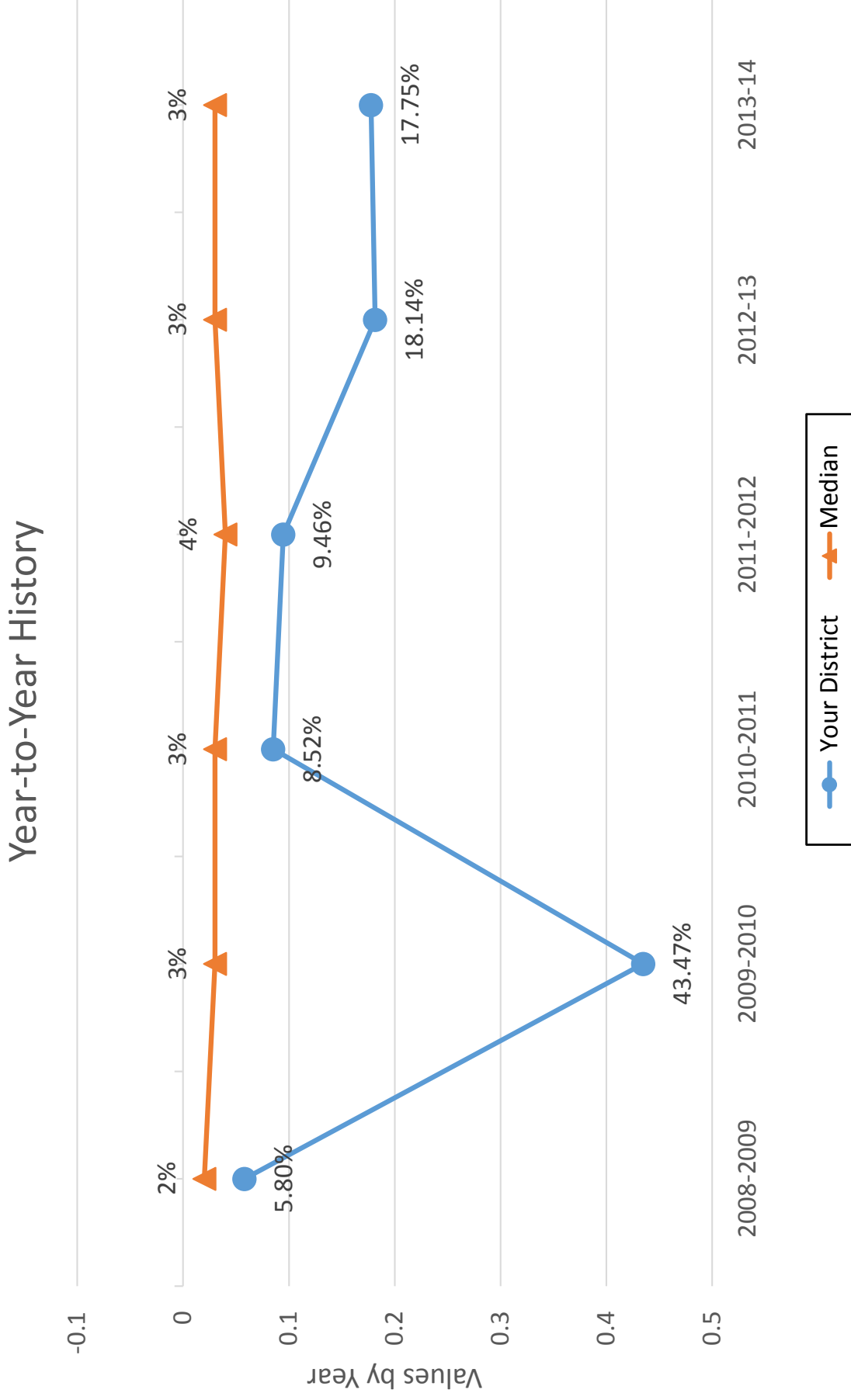
Workplace Incidents



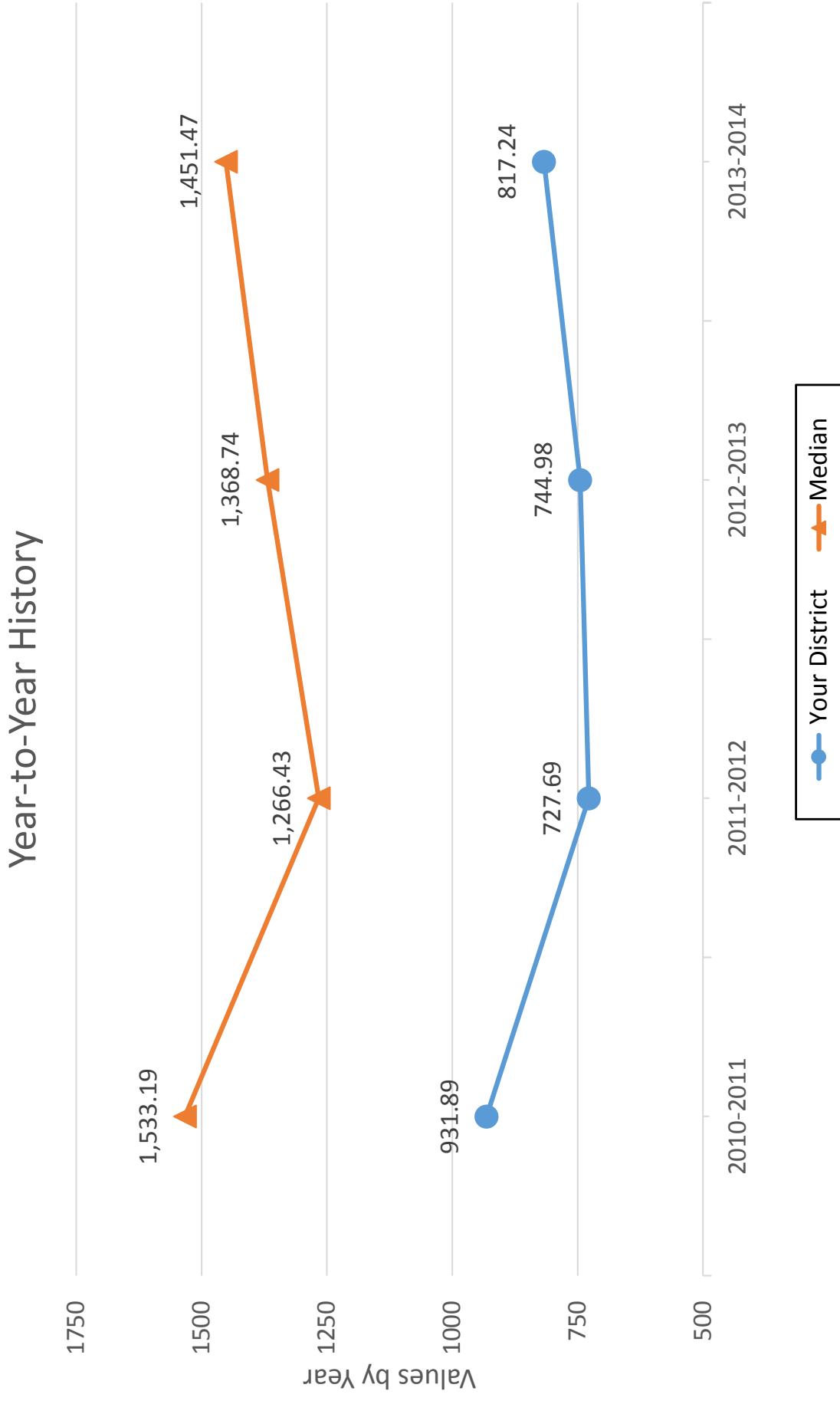
Workers' Compensation Costs



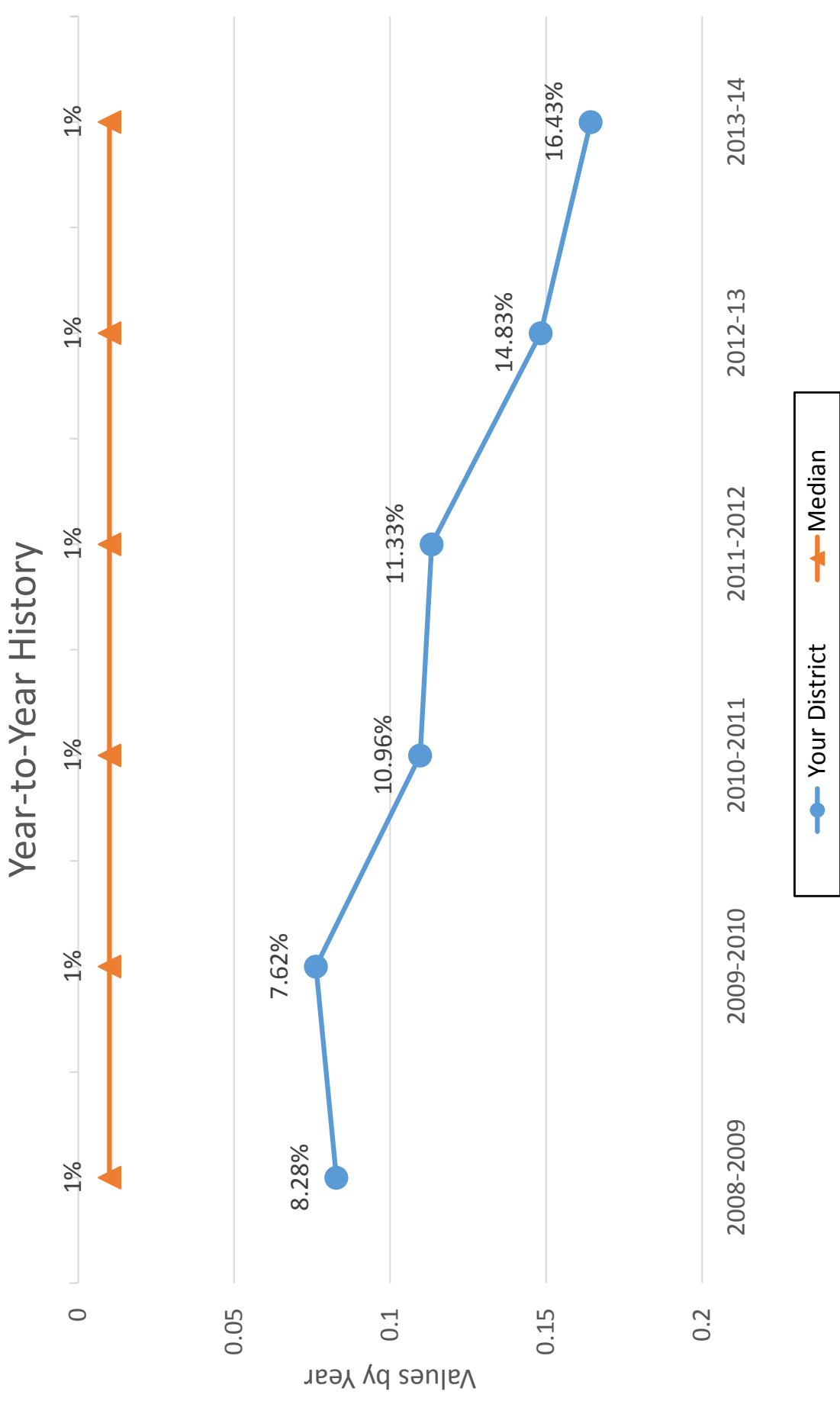
Workers' Compensation Claims



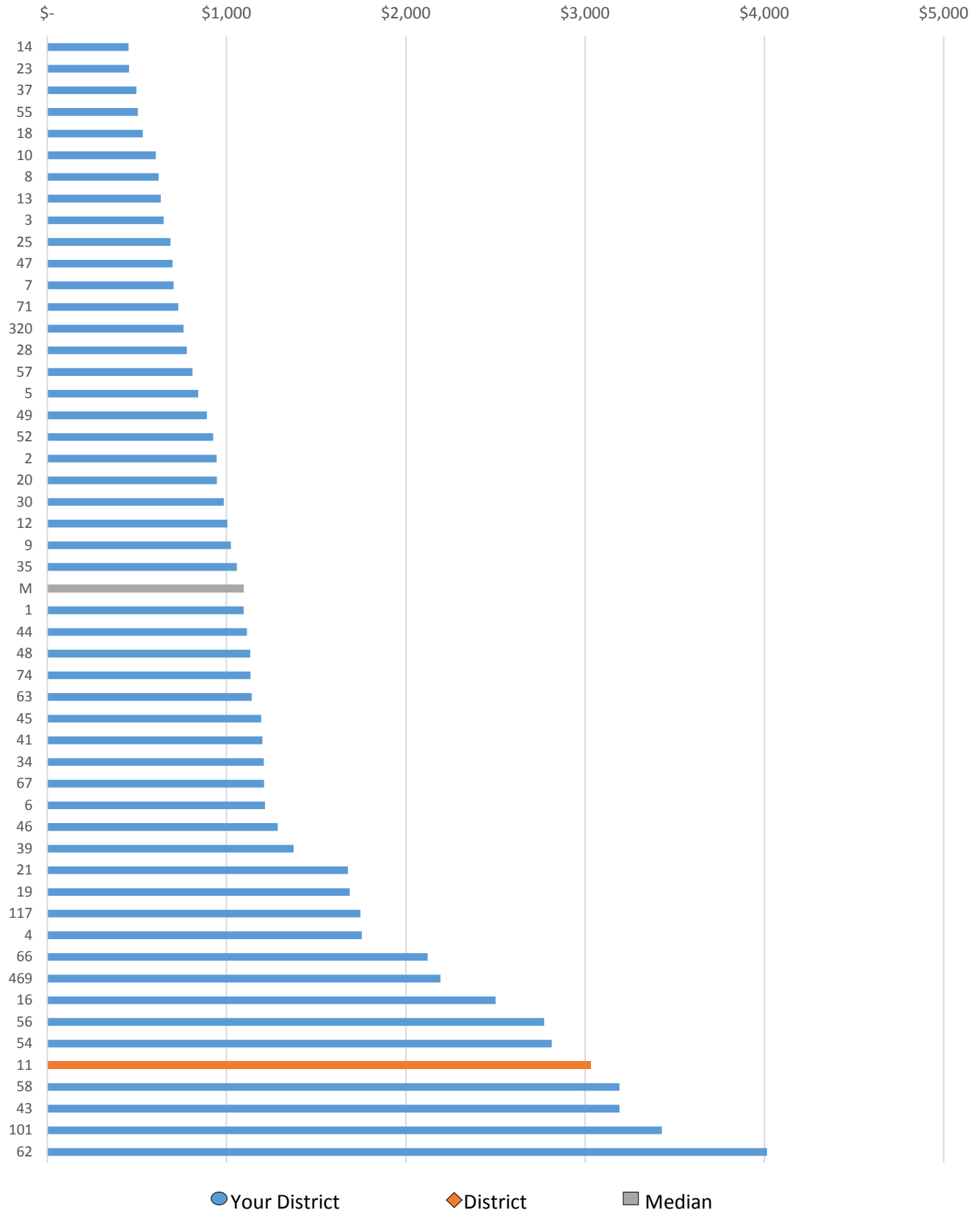
Pay Checks Processed Per FTE Per Month



Pay Checks % Off Cycle



Cost Per Rider



Total ADA by Fiscal Year with Percentage Change						
District	% Change in ADA from 2009-10 to 2013-14	Total ADA				
		2009	2010	2011	2012	2013
Clovis Unified	7.43%	36,218	36,933	37,412	37,826	38,909
Poway Unified	5.41%	32,684	33,147	33,450	34,031	34,451
Fremont Unified	5.06%	31,137	31,452	31,611	32,249	32,712
Corona-Norco Unified	2.26%	50,605	50,725	51,322	51,242	51,747
San Francisco Unified	1.17%	48,973	49,228	49,207	49,359	49,548
Elk Grove Unified	0.55%	59,053	59,196	58,794	58,848	59,378
Riverside Unified	-0.10%	40,386	40,301	40,217	40,118	40,344
Santa Ana Unified	-0.99%	52,287	51,982	51,771	51,634	51,769
Fontana Unified	-1.19%	39,042	39,159	39,034	38,876	38,576
Comparative Group	-1.70%	983,453	980,552	973,752	965,553	966,723
All Unified Districts	-1.76%	4,001,176	3,969,008	3,964,299	3,924,678	3,930,573
Garden Grove Unified	-1.94%	46,527	46,803	46,629	46,081	45,623
Capistrano Unified	-2.76%	49,717	49,398	48,704	48,432	48,343
Fresno Unified	-2.82%	67,878	66,946	66,563	65,920	65,964
San Bernardino City Unified	-3.10%	48,583	48,296	47,914	47,147	47,077
Oakland Unified	-3.36%	36,368	36,621	36,011	34,711	35,145
San Juan Unified	-3.44%	39,651	39,191	38,640	38,157	38,289
Moreno Valley Unified	-4.30%	34,411	34,464	33,710	33,019	32,930
San Diego Unified	-4.69%	111,279	110,765	109,211	106,840	106,065
Stockton Unified	-5.26%	34,290	33,297	32,667	32,403	32,486
Sacramento City Unified	-5.44%	42,287	41,888	41,383	40,449	39,987
Long Beach Unified	-5.72%	82,076	80,761	79,501	78,212	77,383
Los Angeles Unified	-9.32%	582,935	567,507	550,798	536,464	528,577

Source: State-certified data
Includes charter school ADA

Comparative Analysis of District P-2 ADA from 2008-09 to 2013-14
(Ranked by Percentage Change in ADA)

District	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	% Change
Clovis Unified	35,838	36,100	36,683	37,412	38,164	38,909	8.57
Poway Unified	32,367	32,575	33,051	33,450	34,031	34,451	6.44
Fremont Unified	31,204	31,330	31,396	31,853	32,499	32,946	5.58
Corona-Norco Unified	49,969	50,549	50,692	51,322	51,242	51,747	3.56
Elk Grove Unified	58,943	59,029	59,432	59,132	59,114	59,630	1.17
Stockton City Unified	34,630	34,209	33,223	34,571	34,157	34,361	-0.78
Riverside Unified	41,047	40,238	40,151	40,217	40,118	40,344	-1.71
San Francisco Unified	50,445	48,773	49,036	49,207	49,359	49,548	-1.78
Fontana Unified	39,397	38,982	39,097	39,034	38,876	38,576	-2.08
Santa Ana Unified	52,909	52,045	51,781	51,771	51,634	51,769	-2.16
Garden Grove Unified	46,997	46,480	46,756	46,629	46,081	45,623	-2.92
Fresno Unified	68,397	67,826	66,855	66,563	66,177	66,226	-3.17
Oakland Unified	36,469	36,110	36,359	36,011	34,711	35,145	-3.63
Capistrano Unified	50,077	49,890	49,354	48,704	48,432	48,203	-3.74
San Juan Unified	40,217	39,329	38,995	38,640	38,157	38,289	-4.79
San Diego City Unified	111,469	110,844	110,340	109,211	106,840	106,065	-4.85
Moreno Valley Unified	34,724	34,175	34,228	33,780	33,070	32,973	-5.04
Sacramento City Unified	44,754	43,221	42,534	42,849	42,019	41,629	-6.98
San Bernardino City Unified	50,661	48,429	48,129	47,914	47,147	47,077	-7.07
Long Beach Unified	83,779	81,865	80,545	79,501	78,214	77,383	-7.63
Los Angeles Unified	598,145	572,670	559,724	537,267	507,596	488,838	-18.27

Source: State-certified data

Does not include charter school ADA

Comparative Analysis of ADA/FTE Ratio from 2011-12 to 2013-14
(Ranked by 2013-14 ADA/FTE Ratio)

District	P-2 ADA			Teacher Salary Schedule FTE			Ratio (ADA/FTE)		
	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
San Francisco Unified	49,206.95	49,358.89	49,548.10	3,371.64	3,345.28	3,406.42	14.59	14.75	14.55
San Bernardino City Unified	47,914.02	47,146.73	47,077.10	2,768.00	2,634.00	2,597.00	17.31	17.90	18.13
San Diego City Unified	109,210.52	106,840.06	106,065.00	6,781.60	6,602.77	5,740.28	16.10	16.18	18.48
Los Angeles Unified	537,266.57	507,596.26	488,838.00	27,208.00	25,532.00	25,813.00	19.75	19.88	18.94
Fresno Unified	66,563.45	66,176.61	66,226.46	3,355.55	3,223.83	3,472.65	19.84	20.53	19.07
Oakland Unified	36,011.22	34,711.12	35,144.60	1,771.38	1,928.36	1,829.11	20.33	18.00	19.21
Elk Grove Unified	59,132.08	59,113.95	59,629.97	3,009.92	3,055.01	3,083.87	19.65	19.35	19.34
Sacramento City Unified	42,849.47	42,018.82	41,629.32	2,255.84	2,078.13	2,068.88	18.99	20.22	20.12
Stockton City Unified	34,570.81	34,156.55	34,360.78	1,724.00	1,696.00	1,689.00	20.05	20.14	20.34
Santa Ana Unified	51,771.13	51,634.28	51,768.60	2,476.80	2,466.87	2,461.23	20.90	20.93	21.03
Fremont Unified	31,852.58	32,498.73	32,945.94	1,444.08	1,493.06	1,556.61	22.06	21.77	21.17
Fontana Unified	39,033.85	38,875.56	38,576.10	1,780.22	1,828.38	1,810.35	21.93	21.26	21.31
San Juan Unified	38,640.13	38,156.82	38,288.60	1,864.70	1,877.10	1,795.78	20.72	20.33	21.32
Moreno Valley Unified	33,780.29	33,070.22	32,973.14	1,572.10	1,552.80	1,502.00	21.49	21.30	21.95
Corona-Norco Unified	51,321.70	51,242.03	51,746.60	2,335.40	2,253.75	2,296.20	21.98	22.74	22.54
Riverside Unified	40,217.49	40,118.46	40,343.80	1,685.80	1,699.40	1,725.90	23.86	23.61	23.38
Long Beach Unified	79,501.21	78,213.61	77,382.70	3,372.61	3,292.00	3,287.64	23.57	23.76	23.54
Clovis Unified	37,411.67	38,163.96	38,909.10	1,540.19	1,537.48	1,631.47	24.29	24.82	23.85
Poway Unified	33,449.76	34,030.76	34,450.60	1,434.00	1,431.00	1,430.23	23.33	23.78	24.09
Garden Grove Unified	46,629.22	46,080.91	45,622.80	1,917.31	1,878.53	1,891.14	24.32	24.53	24.12
Capistrano Unified	48,704.01	48,432.47	48,203.10	2,033.50	1,923.90	1,949.90	23.95	25.17	24.72

Source: State-certified data

Average Years of District Service for Certificated Personnel					
District	Rank	Teachers	Nonadministrators	Administrators	All Certificated
Oakland Unified	1	9.22	9.25	9.68	9.29
San Bernardino City Unified	2	11.35	11.43	14.20	11.70
All Unified Districts	-	11.48	11.39	11.10	11.36
Stockton Unified	3	11.60	11.73	13.61	11.85
San Juan Unified	4	11.78	11.54	10.50	11.47
Corona-Norco Unified	5	12.70	12.51	13.09	12.55
San Francisco Unified	6	12.80	12.64	14.45	12.78
Garden Grove Unified	7	12.96	12.67	13.33	12.71
Fremont Unified	8	13.07	12.93	15.43	13.05
Elk Grove Unified	9	13.08	13.08	14.71	13.17
Comparative Group	-	13.11	13.01	14.25	13.09
Moreno Valley Unified	10	13.18	13.19	14.24	13.23
Poway Unified	11	13.32	13.02	11.97	12.92
Fontana Unified	12	13.35	13.32	14.00	13.37
Sacramento City Unified	13	13.51	13.42	12.01	13.34
Clovis Unified	14	13.63	13.54	16.58	13.84
Riverside Unified	15	13.73	13.75	17.64	13.99
Santa Ana Unified	16	13.83	13.71	14.38	13.75
San Diego Unified	17	13.97	13.80	17.31	14.01
Capistrano Unified	18	14.29	13.96	12.46	13.87
Fresno Unified	19	14.36	14.24	16.43	14.39
Los Angeles Unified	20	14.91	14.82	18.66	15.18
Long Beach Unified	21	16.41	16.36	18.99	16.50

Source: State-certified data

Average Class Size by Grade Level

District	Rank	District Average	Grade K-3	Grade 4-6	Grade 7-8	Grade 9-12
Poway Unified	1	33.94	25.76	33.87	35.22	35.41
Corona-Norco Unified	2	31.99	28.10	30.45	32.17	32.77
Long Beach Unified	3	31.73	28.31	33.23	32.35	31.69
Fremont Unified	4	31.52	27.95	29.03	31.89	32.41
Capistrano Unified	5	31.31	25.89	32.66	33.49	30.89
Garden Grove Unified	6	30.26	25.89	30.94	30.02	31.08
Santa Ana Unified	7	29.91	28.08	31.23	32.04	29.01
Riverside Unified	8	29.72	26.63	31.09	29.88	30.00
Sacramento City Unified	9	29.54	27.86	29.63	30.16	29.55
Clovis Unified	10	28.95	26.52	34.38	35.90	26.32
Comparative Group	-	27.15	24.98	28.90	29.28	26.62
Moreno Valley Unified	11	26.81	27.07	27.44	27.15	26.42
Fontana Unified	12	26.70	24.13	26.58	26.45	27.32
Oakland Unified	13	25.63	23.23	27.35	26.92	25.22
Stockton Unified	14	25.51	22.50	25.54	27.52	26.77
San Francisco Unified	15	25.27	20.60	27.49	27.50	24.92
Los Angeles Unified	16	24.77	22.64	27.36	27.14	23.57
Elk Grove Unified	17	24.72	22.97	26.50	30.43	22.69
Fresno Unified	18	24.36	23.71	28.00	27.06	22.85
All Unified Districts	-	23.64	22.72	26.39	25.31	22.76
San Diego Unified	19	23.37	23.68	27.64	26.65	21.05
San Bernardino City Unified	20	21.14	22.99	27.63	26.24	18.09

Source: State-certified data

**Total Compensation: Computed Average Salary
Plus Average District Contribution for Health and Welfare Benefits**

District	Rank	Total Compensation	Computed Average Salary	Average Health and Welfare Benefit Contribution
Garden Grove Unified	1	\$102,004	\$84,242	\$17,762
Long Beach Unified	2	\$98,031	\$81,046	\$16,985
Capistrano Unified	3	\$94,782	\$81,876	\$12,906
Santa Ana Unified	4	\$94,241	\$81,556	\$12,685
Riverside Unified	5	\$89,946	\$79,035	\$10,911
Corona-Norco Unified	6	\$88,658	\$82,178	\$6,480
Fontana Unified	7	\$87,114	\$72,272	\$14,842
Poway Unified	8	\$85,232	\$72,715	\$12,517
Comparative Group Average	-	\$85,178	\$72,455	\$12,723
San Diego City Unified	9	\$84,939	\$69,748	\$15,191
San Bernardino City Unified	10	\$84,654	\$73,599	\$11,055
Sacramento City Unified	11	\$84,625	\$65,695	\$18,930
Region 11 Unified Average	-	\$84,337	\$72,129	\$12,208
Elk Grove Unified	12	\$83,835	\$71,340	\$12,495
San Juan Unified	13	\$83,814	\$71,583	\$12,231
Statewide Unified Average	-	\$83,128	\$70,982	\$12,146
Moreno Valley Unified	14	\$82,546	\$73,232	\$9,314
Fresno Unified	15	\$81,508	\$67,859	\$13,649
Los Angeles Unified	16	\$81,375	\$68,881	\$12,494
Fremont Unified	17	\$78,936	\$78,936	\$0
Stockton City Unified	18	\$78,170	\$61,632	\$16,538
Clovis Unified	19	\$75,833	\$64,825	\$11,008
San Francisco Unified	20	\$72,772	\$64,434	\$8,338
Oakland Unified	21	\$69,511	\$55,670	\$13,841

Source: State-certified data

Special Education Program Expense Per ADA for 2013-14
(Total of Goals 5000-5999)

District	Rank	Revenue Per ADA	Expense Per ADA	Contribution Per ADA	Contribution as % of Special Education Expense	Contribution as % of Total Expense
San Diego Unified	1	\$966.22	\$2,549.66	\$1,583.44	62.10%	20.94%
Los Angeles Unified	2	\$1,026.50	\$2,562.22	\$1,535.72	59.94%	18.21%
Sacramento City Unified	3	\$978.55	\$2,160.40	\$1,181.85	54.71%	17.01%
Long Beach Unified	4	\$790.10	\$1,798.33	\$1,008.24	56.07%	15.91%
Oakland Unified	5	\$1,044.94	\$1,970.11	\$925.17	46.96%	9.58%
All Unified Districts	-	\$784.51	\$1,701.74	\$917.23	53.90%	13.13%
Santa Ana Unified	6	\$902.60	\$1,807.38	\$904.77	50.06%	12.04%
Poway Unified	7	\$757.94	\$1,609.37	\$851.42	52.90%	14.82%
Fremont Unified	8	\$796.45	\$1,647.53	\$851.07	51.66%	14.34%
Capistrano Unified	9	\$782.46	\$1,632.95	\$850.49	52.08%	14.51%
Comparative Group	-	\$821.39	\$1,642.90	\$821.51	50.00%	11.87%
Moreno Valley Unified	10	\$815.14	\$1,619.75	\$804.61	49.68%	12.58%
San Juan Unified	11	\$1,089.99	\$1,891.19	\$801.19	42.36%	10.83%
Elk Grove Unified	12	\$806.72	\$1,601.58	\$794.86	49.63%	11.94%
Riverside Unified	13	\$786.94	\$1,572.69	\$785.75	49.96%	11.82%
Stockton Unified	14	\$1,076.87	\$1,770.91	\$694.04	39.19%	9.06%
Fresno Unified	15	\$880.18	\$1,548.66	\$668.48	43.17%	8.24%
Garden Grove Unified	16	\$791.42	\$1,452.22	\$660.81	45.50%	9.05%
Corona-Norco Unified	17	\$733.62	\$1,393.12	\$659.50	47.34%	11.54%
San Bernardino City Unified	18	\$845.38	\$1,364.15	\$518.76	38.03%	7.66%
Fontana Unified	19	\$788.58	\$1,241.87	\$453.30	36.50%	8.03%
Clovis Unified	20	\$830.22	\$1,129.27	\$299.05	26.48%	4.71%
San Francisco Unified	21	\$0.00	\$56.10	\$56.10	100.01%	0.77%

Source: State-certified data

Total Employee Benefit Expense for 2013-14					
District	Rank	Employee Benefits Per ADA	Employee Benefits Dollars	% of Total Expense, Transfers, and Other Uses	% of Total Salary
Sacramento City Unified	1	\$2,652.37	\$106,058,973.02	27.48%	50.63%
San Diego Unified	2	\$2,646.24	\$280,672,705.43	24.97%	39.04%
Los Angeles Unified	3	\$2,621.63	\$1,385,731,679.42	24.01%	40.93%
Oakland Unified	4	\$2,549.24	\$89,591,901.94	21.26%	40.77%
San Francisco Unified	5	\$2,368.45	\$117,352,041.12	19.36%	37.11%
Stockton Unified	6	\$2,306.24	\$74,919,681.46	23.68%	39.55%
Fresno Unified	7	\$2,187.19	\$144,276,528.73	22.23%	36.19%
Garden Grove Unified	8	\$2,057.02	\$93,847,040.88	22.97%	35.88%
San Bernardino City Unified	9	\$2,003.68	\$94,327,575.03	19.45%	32.47%
Comparative Group	-	\$1,969.90	\$1,904,353,067.55	21.17%	34.15%
San Juan Unified	10	\$1,962.77	\$75,151,834.46	22.53%	34.86%
Long Beach Unified	11	\$1,913.26	\$148,053,399.55	21.93%	34.35%
All Unified Districts	-	\$1,898.54	\$7,462,335,034.14	20.12%	32.86%
Fontana Unified	12	\$1,896.02	\$73,140,976.96	22.26%	36.10%
Santa Ana Unified	13	\$1,862.61	\$96,424,455.28	19.90%	31.38%
Elk Grove Unified	14	\$1,858.00	\$110,325,339.70	21.75%	33.73%
Clovis Unified	15	\$1,691.87	\$65,828,907.08	20.26%	32.66%
Poway Unified	16	\$1,629.68	\$56,143,442.69	19.97%	31.00%
Moreno Valley Unified	17	\$1,614.31	\$53,159,448.75	19.18%	29.54%
Capistrano Unified	18	\$1,532.07	\$74,064,863.44	19.96%	30.60%
Riverside Unified	19	\$1,444.30	\$58,268,477.97	16.81%	27.16%
Corona-Norco Unified	20	\$1,187.16	\$61,431,736.28	15.33%	22.12%
Fremont Unified	21	\$957.25	\$31,313,737.78	11.69%	16.40%

Source: State-certified data

Other Postemployment Benefits (OPEB) Expense for 2013-14					
				% of Total Expense, Transfers, and Other Uses	% of Total Salary
District	Rank	OPEB Per ADA	OPEB Dollars		
Los Angeles Unified	1	\$544.53	\$287,826,031.96	4.99%	8.50%
San Francisco Unified	2	\$523.53	\$25,940,112.64	4.28%	8.20%
Sacramento City Unified	3	\$493.10	\$19,717,410.25	5.11%	9.41%
Fresno Unified	4	\$397.10	\$26,194,362.16	4.04%	6.57%
Elk Grove Unified	5	\$239.23	\$14,204,879.52	2.80%	4.34%
All Unified Districts	-	\$171.33	\$673,436,291.13	1.82%	2.97%
Comparative Group	-	\$158.56	\$153,287,186.32	1.70%	2.75%
Garden Grove Unified	6	\$157.45	\$7,183,222.08	1.76%	2.75%
Long Beach Unified	7	\$151.74	\$11,742,271.18	1.74%	2.72%
Stockton Unified	8	\$147.97	\$4,806,919.93	1.52%	2.54%
Clovis Unified	9	\$145.67	\$5,667,769.38	1.74%	2.81%
Santa Ana Unified	10	\$141.58	\$7,329,252.72	1.51%	2.39%
Fontana Unified	11	\$129.62	\$5,000,284.02	1.52%	2.47%
San Bernardino City Unified	12	\$129.56	\$6,099,469.74	1.26%	2.10%
San Juan Unified	13	\$125.72	\$4,813,547.76	1.44%	2.23%
Fremont Unified	14	\$99.17	\$3,244,142.27	1.21%	1.70%
Moreno Valley Unified	15	\$65.97	\$2,172,301.28	0.78%	1.21%
Capistrano Unified	16	\$45.33	\$2,191,364.23	0.59%	0.91%
Poway Unified	17	\$43.71	\$1,505,746.64	0.54%	0.83%
Riverside Unified	18	\$37.59	\$1,516,412.92	0.44%	0.71%
Corona-Norco Unified	19	\$25.92	\$1,341,485.00	0.33%	0.48%
San Diego Unified	20	\$24.67	\$2,616,232.60	0.23%	0.36%
Oakland Unified	21	\$0.00	\$0.00	0.00%	0.00%

Source: State-certified data

Special Education Funding and Enrollment Trends

California Allocation System



In California, resources for students with disabilities are allocated under the following model:

- Students with disabilities are included in Local Control Funding Formula (LCFF) allocations to districts, but there are currently no additional weights for any disability.
- Restricted resources for students with disabilities are allocated as a separate categorical program.

California Allocation System



- Special Education funding is based on K-12 ADA (average daily attendance) of all students, not just special education students. Funding has no relationship to actual expenditures.
- There is no additional funding for moderate to severe students.
- The California Department of Education allocates federal, state, and local funds specifically for students with disabilities to 120 regional groups of school districts known as SELPAs (Special Education Local Plan Areas).
- The SELPA allocation includes a Special Education Apportionment under AB 602. Funds are primarily allocated based on each District's total ADA, regardless of its actual share of students with disabilities, or the type of disability. In effect, AB 602 assumes that students with disabilities are evenly proportional to total student enrollment across the state.

IDEA Grants



- Under the Individuals with Disabilities Education Act (IDEA), federal special education funds are distributed through state grant programs and several discretionary grant programs.
 - **Part B** of the law, the main program, authorizes grants to state and local education agencies to offset part of the costs of the K-12 education needs of children with disabilities;
 - **Part C** authorizes infant and toddler state grants for pre-kindergarten programs and early intervention services.
- IDEA grants are based on a complex formula that accounts for number of students with disabilities in the SELPA and share of students receiving free or reduced priced meals.

Federal Guidelines



The federal Individuals with Disabilities Education Act (IDEA) sets the following mandates for districts in serving students with disabilities:

- Students with disabilities have a legal entitlement to a “free and appropriate public education” or FAPE.
- Districts must serve disabled children regardless of funding availability and costs of needs.

Federal Guidelines



- IDEA specified that the federal government would, beginning in 1980, subsidize up to 40 percent of the average cost of per pupil expenditures to subsidize the excess cost of special education. This has not yet happened.
- School districts incur excess costs when they spend more on educating students with disabilities than they spend on the average of all students.
- LAUSD actual IDEA Part B allocation for FY 2013-14 is 15.8% (\$121.5M) even though it was promised 40% (\$308.4M)

Districts must also meet federal Maintenance of Effort (MOE) requirements.

- Districts receive funds under Part B IDEA Section 611 that shall be used only to pay the excess costs of special education and related services.
- Districts must also spend the same level of funds on students with disabilities as in the prior year, either in terms of total or per student expenditures.

Challenges Facing the District

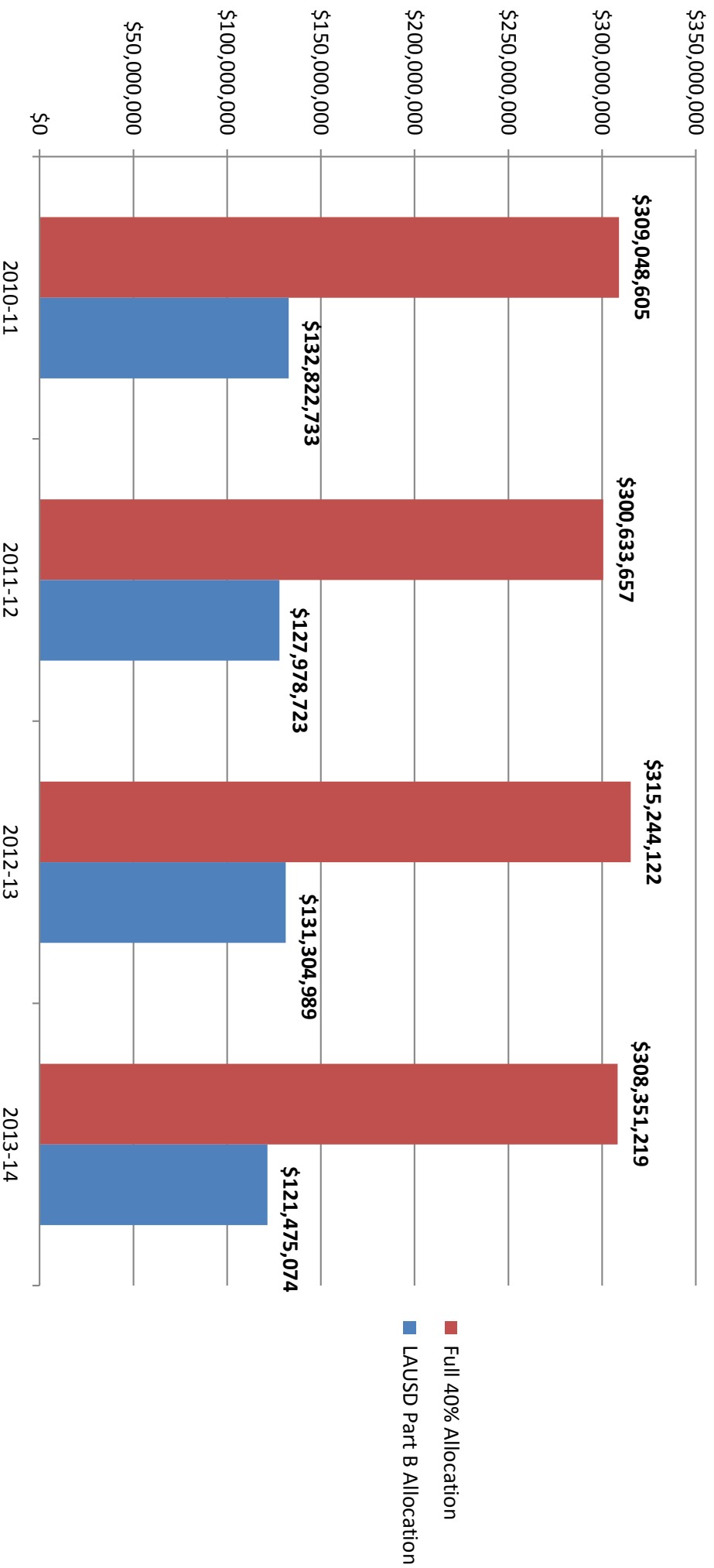


- Overall declining Revenues
- Increased Fixed Costs
- Additional challenges for special education programs
 - MOE amount stays the same as prior year even if special education revenues are declining
- More pressure on General Fund

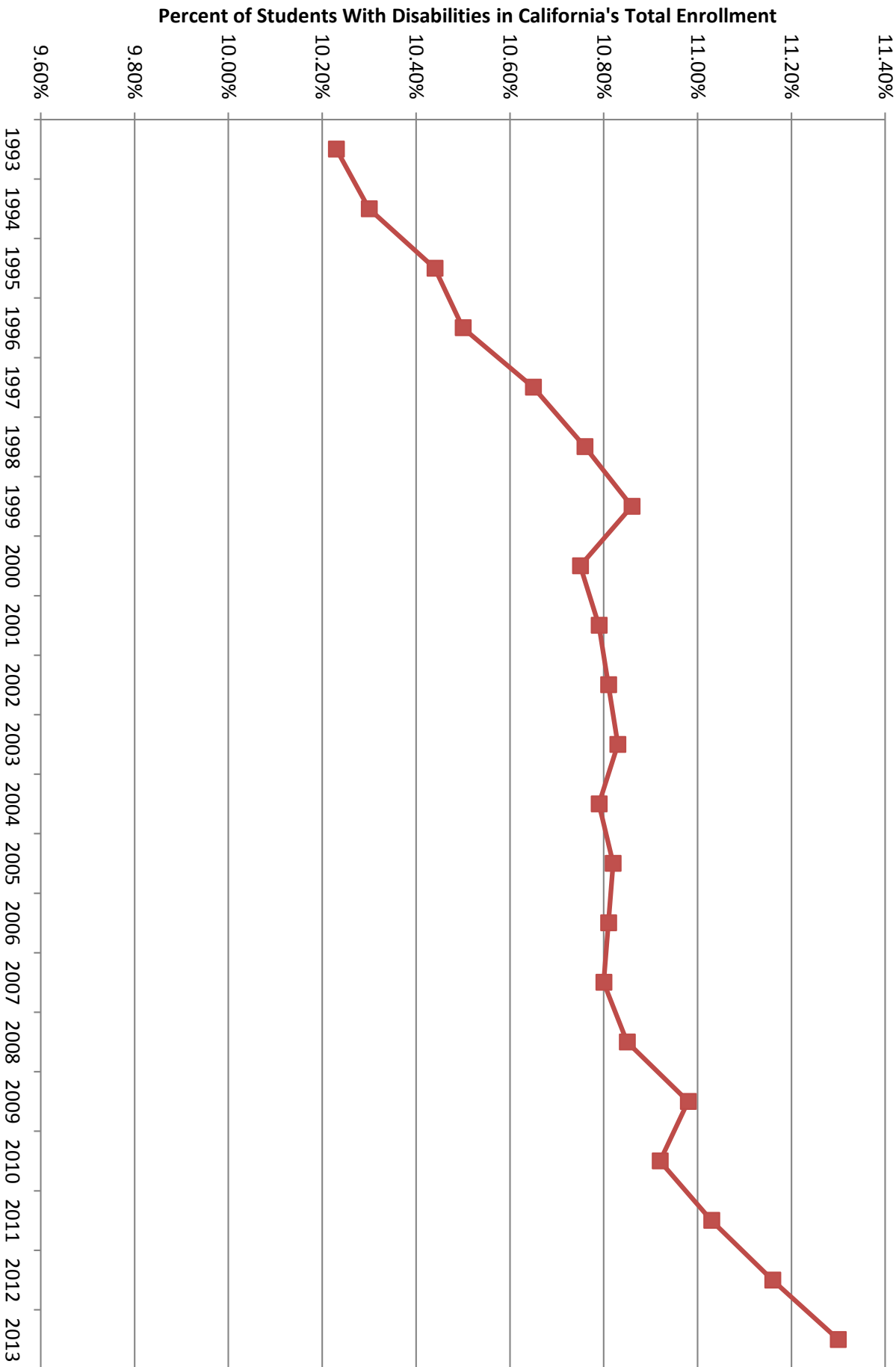
LAUSD SELPA Would Have Received Tens of Millions, if Not Hundreds of Millions More, if the Federal Government Funded Even a Slightly Larger Share of the Excess Cost of Special Education, 2010-11 to 2013-14

Year	LAUSD Actual Part B Allocation	Percent of Average Per Pupil Expenditure	Allocation if 20% of Avg Per Pupil Exp Funded	Allocation if 25% of Avg Per Pupil Exp Funded	Allocation if 30% of Avg Per Pupil Exp Funded	Allocation if 35% of Avg Per Pupil Exp Funded	Allocation if 40% of Avg Per Pupil Exp Funded
2010-11	\$132,822,733	17.19%	\$154,524,303	\$193,155,378	\$231,786,454	\$270,417,529	\$309,048,605
2011-12	\$127,978,723	17.03%	\$150,316,829	\$187,896,036	\$225,475,243	\$263,054,450	\$300,633,657
2012-13	\$131,304,989	16.66%	\$157,622,061	\$197,027,576	\$236,433,092	\$275,838,607	\$315,244,122
2013-14	\$121,475,074	15.76%	\$154,175,610	\$192,719,512	\$231,263,414	\$269,807,317	\$308,351,219

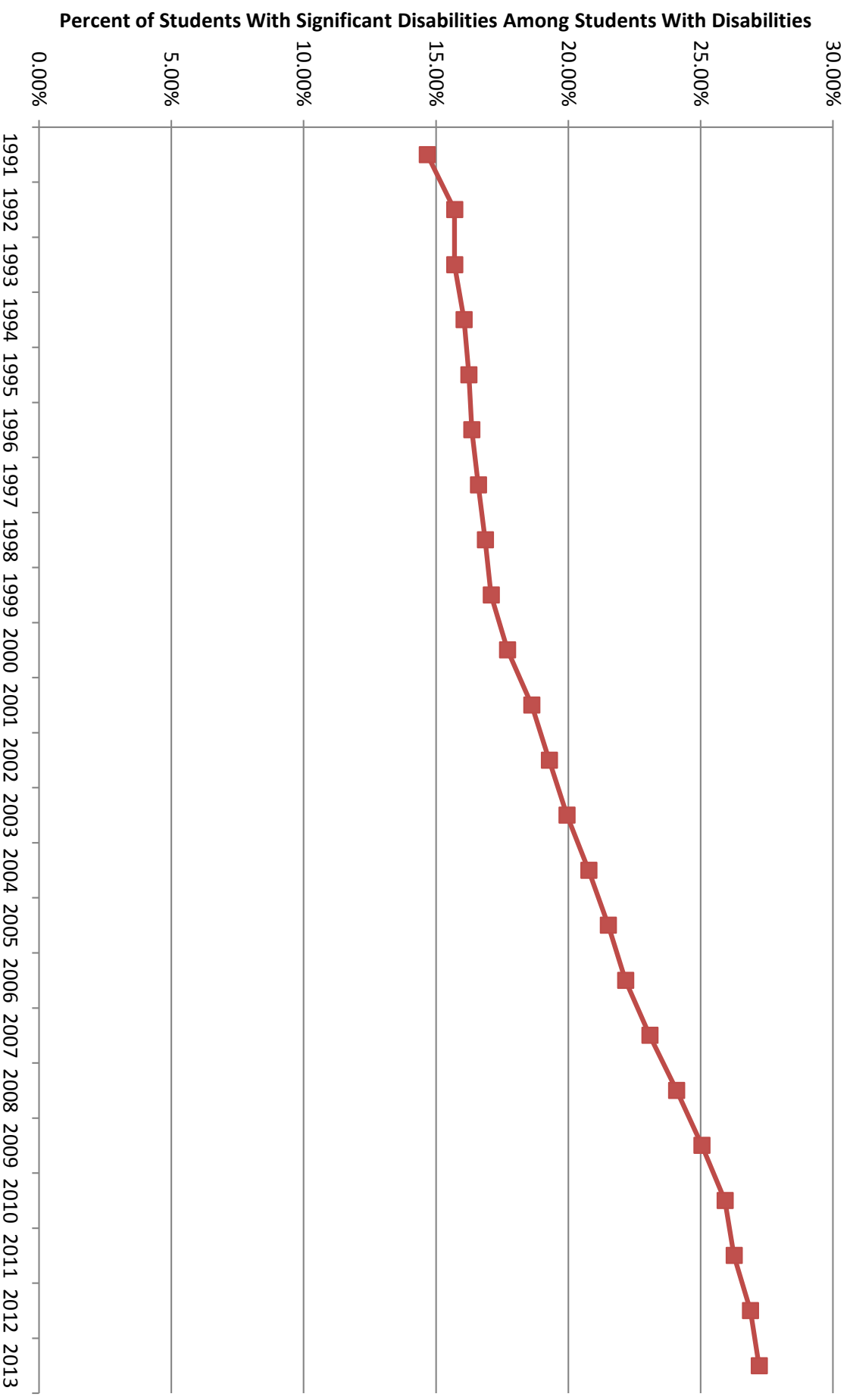
LAUSD SELPA Would Have Received Almost \$200M More Each Year if Federal Government Upheld Commitment to Fund 40 Percent of Average Per Pupil Expenditure



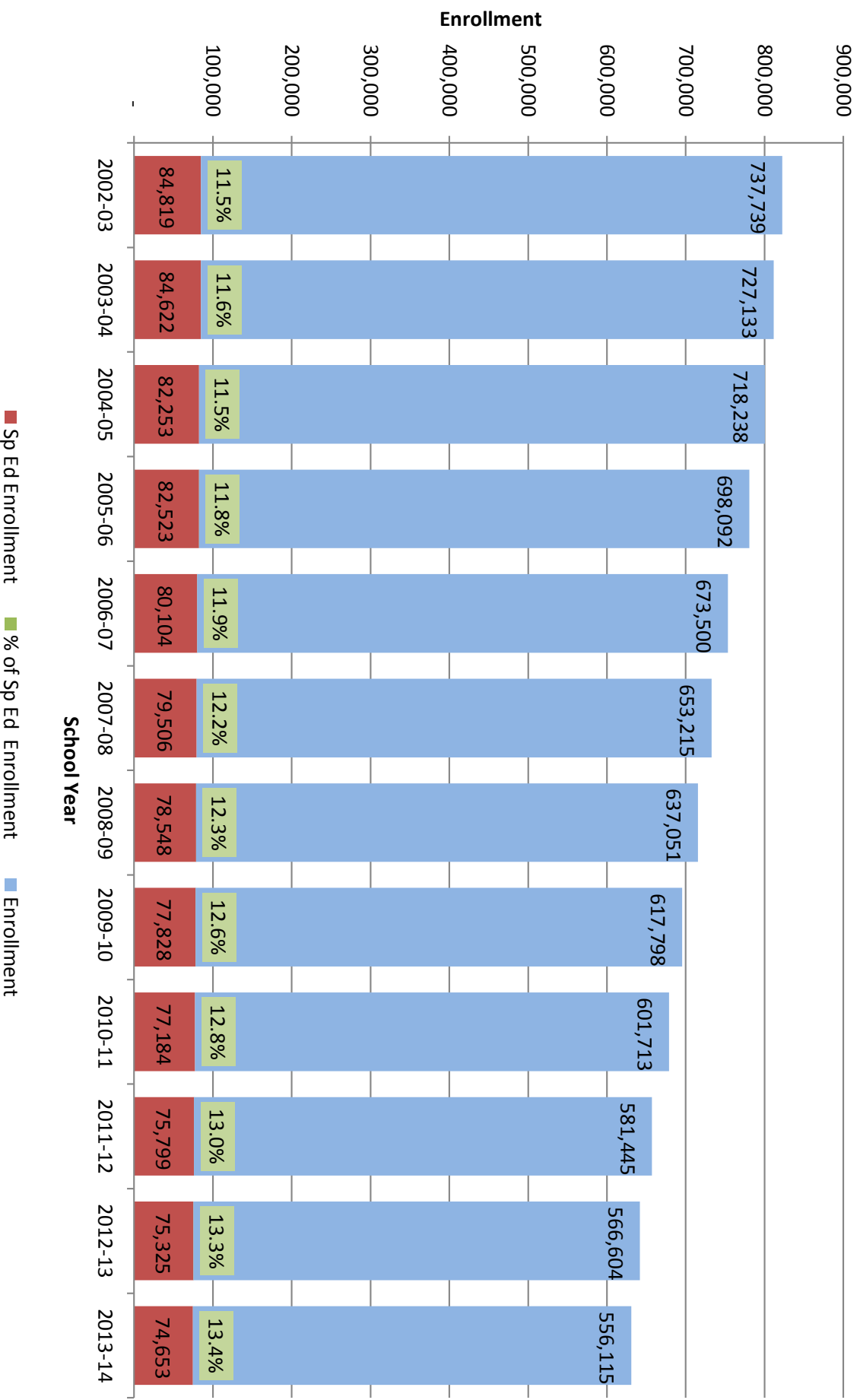
Share of Students With Disabilities is Increasing in California



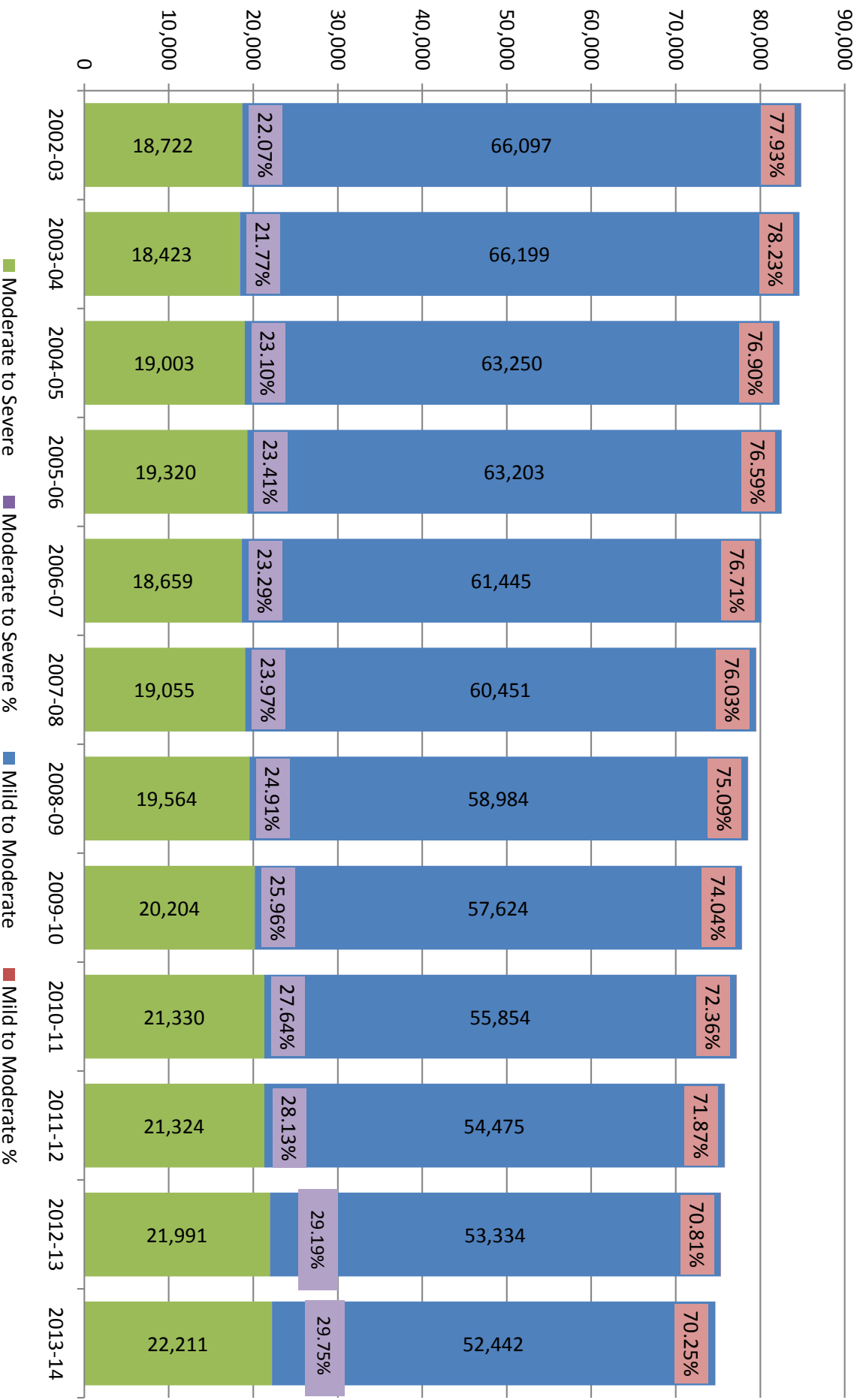
Among Students With Disabilities, Share of Significant Disabilities in California is Increasing



Overall District Enrollment is Declining, But Share of Special Education Students Are Increasing



District Incidence of Moderate to Severe Disabilities Is Increasing Among All Students With Disabilities



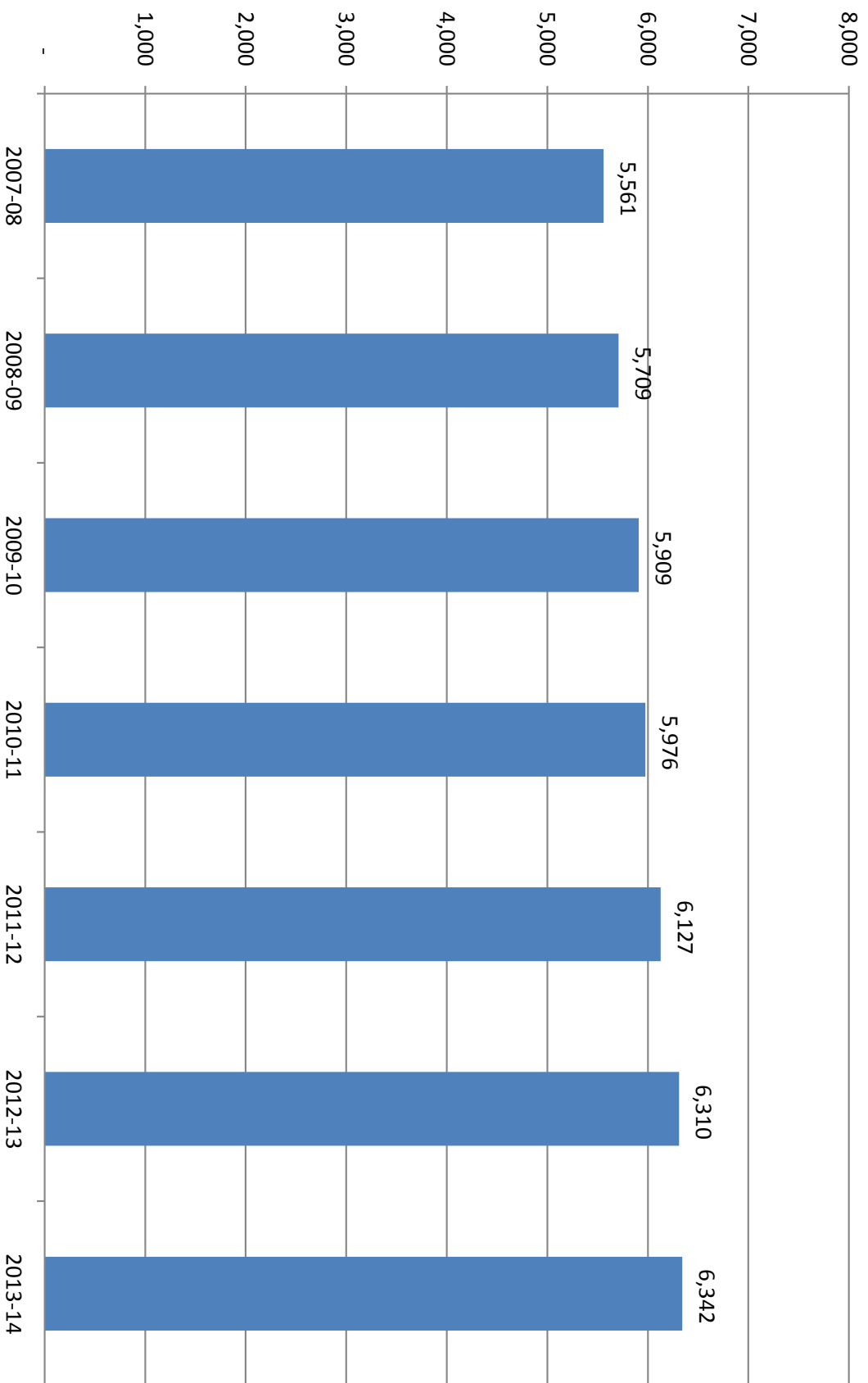
Share of Students With Moderate to Severe Disabilities are Increasing Across the District, Independent Charters, and SELPA As a Whole

	Fiscally Independent Charters			District			SELPA		
CASEMIS Report Date	Mild to Moderate %	Moderate to Severe %	Total	Mild to Moderate %	Moderate to Severe %	Total	Mild to Moderate %	Moderate to Severe %	Total
Dec-02	88%	12%	710	78%	22%	84,819	78%	22%	85,529
Dec-03	89%	11%	819	78%	22%	84,622	78%	22%	85,441
Dec-04	84%	16%	954	77%	23%	82,253	77%	23%	83,207
Dec-05	88%	12%	1,449	77%	23%	82,523	77%	23%	83,972
Dec-06	89%	11%	2,546	77%	23%	80,104	77%	23%	82,650
Dec-07	90%	10%	2,881	76%	24%	79,506	77%	23%	82,387
Dec-08	88%	12%	3,778	75%	25%	78,548	76%	24%	82,326
Dec-09	88%	12%	4,705	74%	26%	77,828	75%	25%	82,533
Dec-10	88%	12%	5,096	72%	28%	77,184	73%	27%	82,280
Dec-11	86%	14%	6,458	72%	28%	75,799	73%	27%	82,257
Dec-12	86%	14%	7,440	71%	29%	75,325	72%	28%	82,765
Dec-13	85%	15%	7,711	70%	30%	74,653	72%	28%	82,364

Mild to Moderate: SLD, SLI, OHI

Moderate to Severe: MR, HH, DEAF, VI, ED, OI, DB, MD, AUT, TBI

LAUSD SELPA's Preschoolers With Disabilities Are Increasing

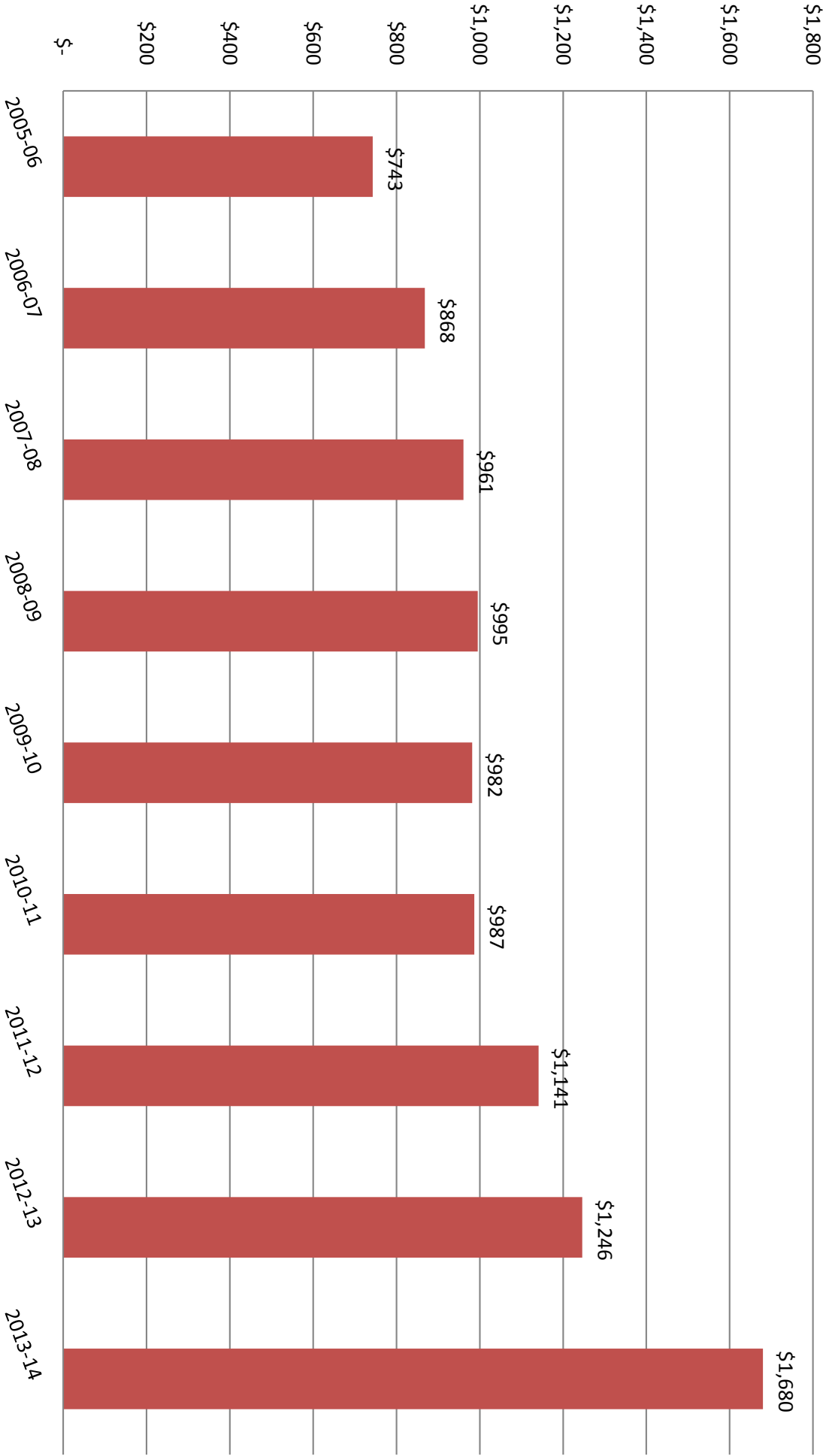


Relationship of Special Education Programs to the District-wide Budget



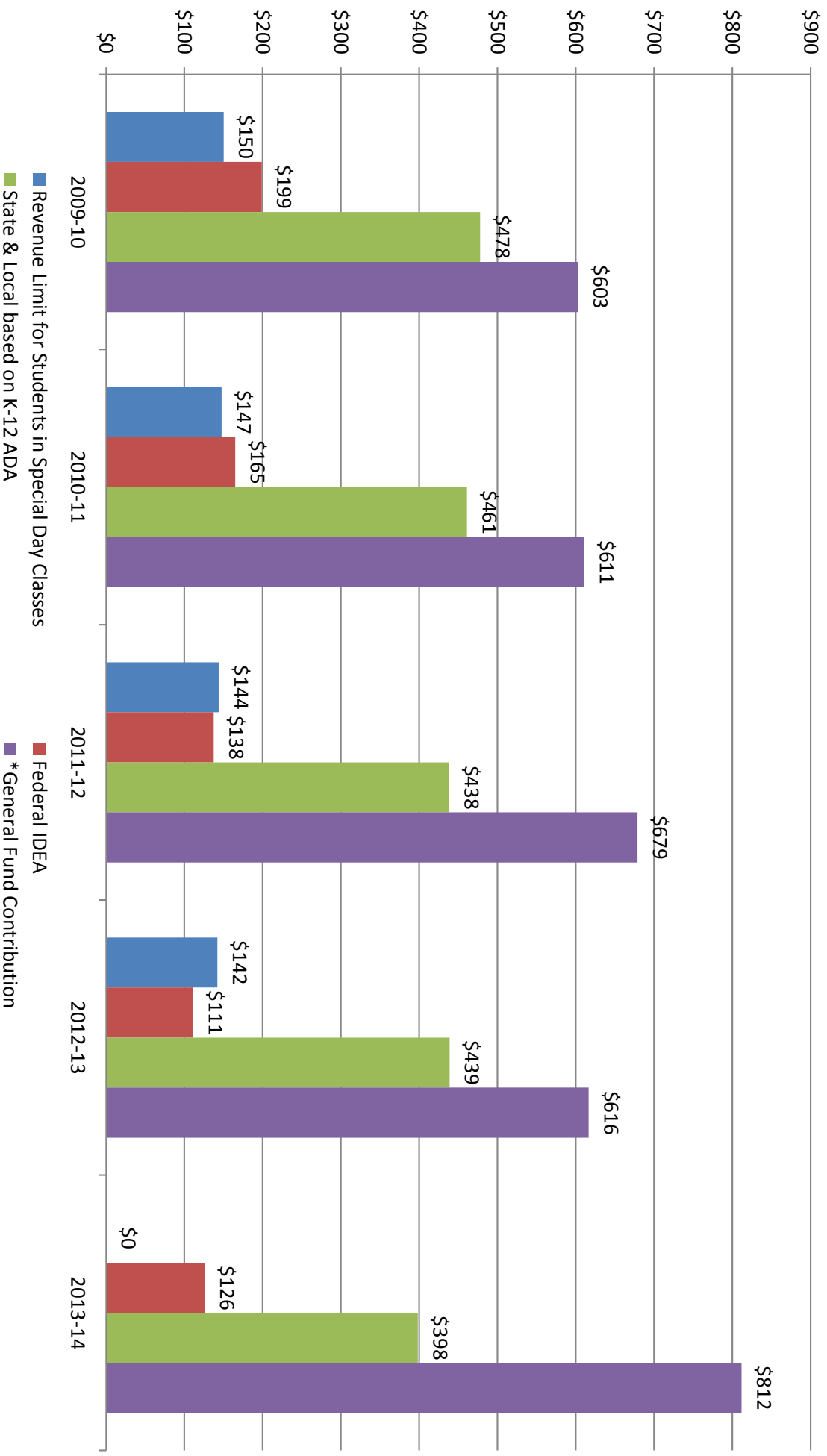
- Since State funding for special education is based on District-wide K-12 ADA, declining District-wide general education enrollment means less revenue for special education, and more pressure on an already reduced General Fund.
- \$670.5 Million of special education expenditures are budgeted from the General Fund in Fiscal Year 2014-15.

District General Fund Contribution to Special Education Per ADA is Increasing



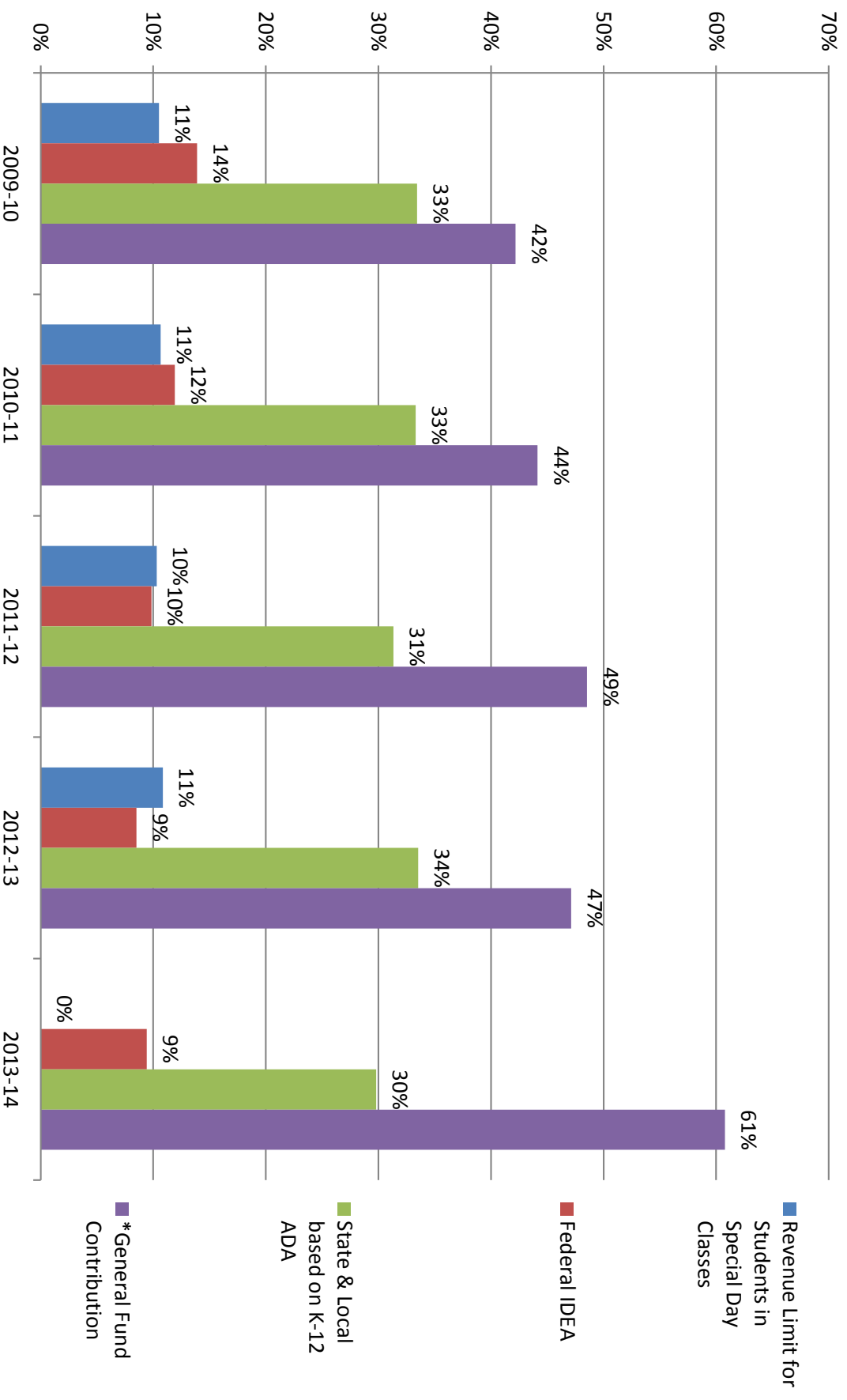
Note: Prior to the implementation of LCFF, the General Fund Contribution Per ADA accounted for the Revenue Limit for Special Education. If we were to continue to account for the Revenue Limit, the General Fund Contribution would be \$1,350 per ADA for 13-14.

LAUSD SELPA Expenditures By Revenue Source In Millions



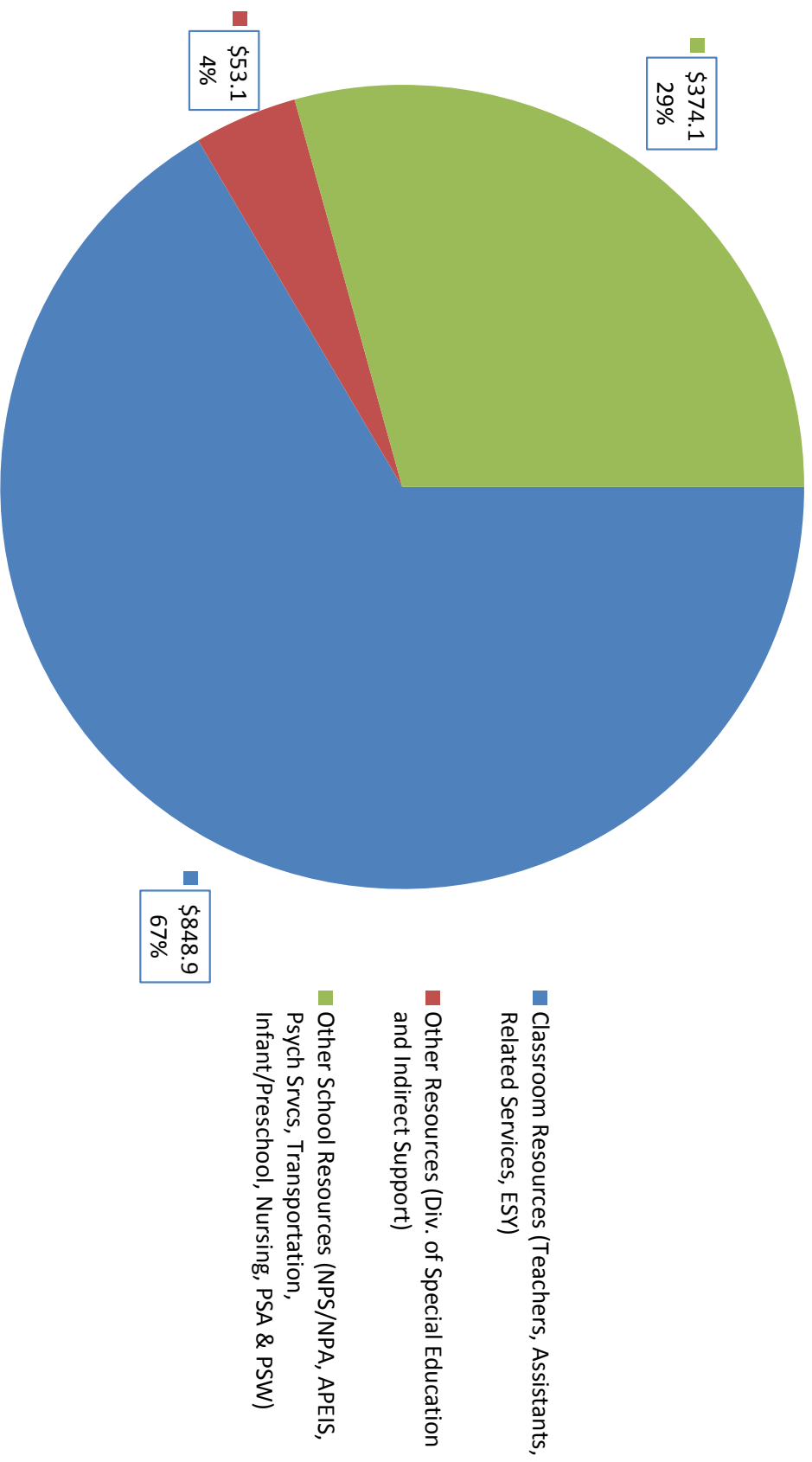
Note: General Fund Contribution includes Beginning and Ending Balances. Revenue limit funds are unrestricted apportionments from the State based on the ADA of Special Education students. State and local funds include restricted AB602 resources, donations, and inter-district billing.

Share of Revenue Source for LAUSD SELPA Expenditures



Note: General Fund Contribution includes Beginning and Ending Balances.

96% of Special Education Expenditures are School-Based



Special Education Expenditures Fiscal Year 2013-14

Amount in millions



Revenue & Expenditure Data

FY 2013-14

Revenues per ADA

LCFF	\$8,399
IDEA	\$181
State (AB 602)	\$586
Total Revenues per ADA	\$9,166

As mentioned in previous slides, Special Education revenues are based on Districtwide ADA.

Special Education Expenditures

Average District wide expenditure per Special Ed student	\$17,093
Average cost per student in RSP classroom without additional services	\$9,523
Average cost per student at Special Ed. Center	\$40,889
Average cost per student at Non-Public School	\$29,456
Average cost per student for Behavior Intervention Implementation Services (BII)	\$44,990

Data for Fiscal Year 2013-14



Accountability - Profile of two schools

		School A		School B	
Total student with disabilities	38		107		
Mild/Moderate	22	58%	80	75%	
Moderate/Severe	15	39%	16	15%	
Included (Services Only)	1	3%	11	10%	
Resources	# of Staff	Budgeted Cost	# of Staff	Budgeted Cost	
	Special Day Program Teachers	2	\$ 187,662	2	\$ 189,582
	Resource Specialist Program Teachers	1	84,584	2	161,850
	Baseline Assistants	3	149,559	4	189,269
	Adult Assistants	1	55,305	4	189,269
	Behavior Intervention Implementation Aides	1	45,000	4	180,000
		Total	\$ 522,110		\$ 909,970
Average cost per student for the above services		\$	13,740	\$	8,504
Data source: SAP, Welligent, Current Modified Budget FY 2014-15					
Report date: 1/29/2015					

Accountability at School, Local District, and Central Levels (Internal Effort)

- ❑ Review Current Programs & Service Delivery Models
 - Identify and implement effective & cost efficient programs and services that provide educational benefit for students with disabilities
- ❑ Use Data To Make Informed Decisions
 - Student data to determine supports & services
 - School data to determine how supports & services are provided
 - District data used to make informed decisions that may impact programs & services for students with disabilities
- ❑ Personnel Accountabilities
 - All staff at all levels assume responsibility for implementing compliant IEP supports and services for students
 - District professional development must include the needs of students with disabilities and staff who provide these programs
 - Special education resources including personnel are used for the intended purpose of providing supports & services to students with disabilities



LOCAL CONTROL ACCOUNTABILITY PLAN (UPDATE)

ALL YOUTH ACHIEVING

Board of Education - Official Public Hearing: June 16, 2015

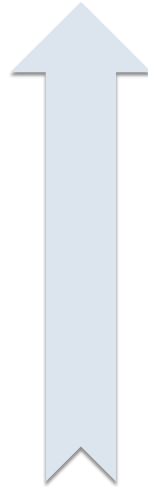
Serving Our Students



Funding puts greater focus on Student Success

The LCFF provides an opportunity for the LAUSD to increase targeted support and intervention for our highest need students, while creating an opportunity to raise the bar and push toward meeting the District Goals.

Student Support



Targeted Intervention



Increased Accountability



Community Engagement



Funds Increase Support for District Strategies



Student Support



FY 14-15	\$61.9
FY15-16	\$114.3

Targeted Intervention



FY 14-15	\$17.5
FY15-16	\$45.1

Increased Accountability



FY 14-15	\$80.5
FY15-16	\$153.3

Community Engagement



FY 14-15	\$4.6
FY15-16	\$5.0

Shared Strategies and Outcomes



Student Impact



School Impact



Community Impact

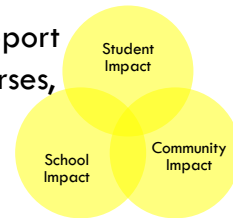


Accomplishments for 2014-15

Strengthening School-Sites with Essential Resources



- School Budget Autonomy embraces spirit of decentralized decision-making while targeting our neediest students
 - ▣ Distributed funds via a new method that embraced the tenets of the Local Control Funding Formula, known as the “Student Equity-Based Index”.
 - ▣ Nearly \$154 million went to school-sites to support core staffing to improve school climate, hire nurses, counselors, reduce class sizes, and more.

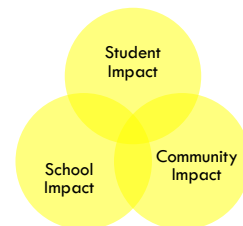
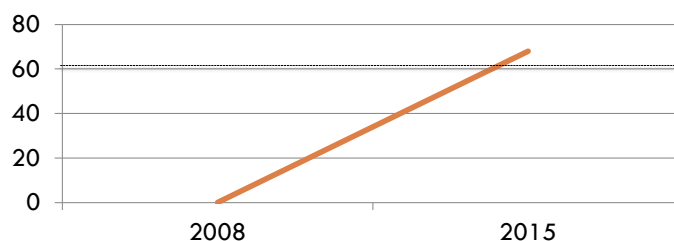


Investments & Accomplishments for Targeted Students



- \$4.2 million to expand Restorative Justice in High Schools
 - ▣ 68% of schools are now implementing practices to address student behavior and improve school climate

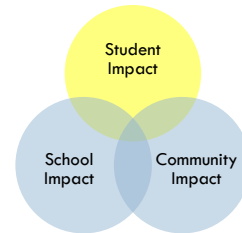
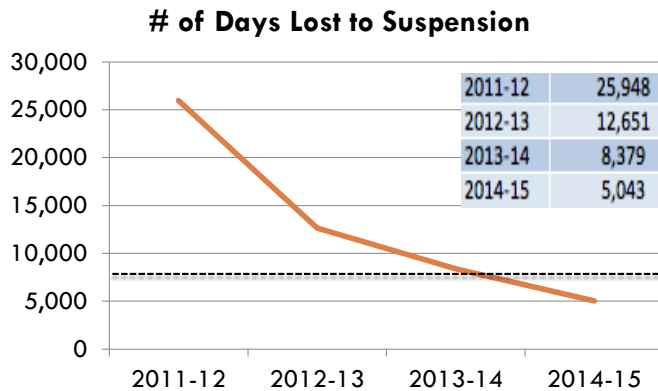
**Percentage of Schools Using Discipline
Foundation Policy**





Investments & Accomplishments for Targeted Students

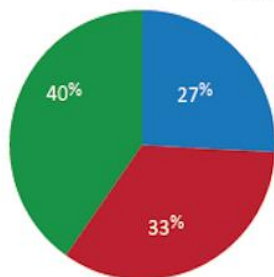
- Continued decrease in the number of instructional days lost to suspension.
 - ▣ Exceeded the 2014-15 LCAP Target of 8250 instructional days



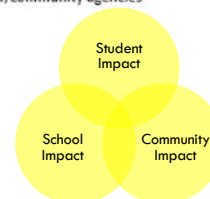
Investments & Accomplishments for Targeted Students

- \$8.9 million to establish the District's Foster Youth Achievement Program
 - ▣ 70 new counseling personnel to support a more intensive intervention and support program for Foster youth.

INTENSIVE INTERVENTIONS



- ▣ **Direct Service**
student and caregiver contact, home visits and interdisciplinary team meetings
- ▣ **Monitoring Student Progress**
monitoring, reviewing, and/or transferring records
- ▣ **Collaboration**
coordinating services with school based staff/community agencies





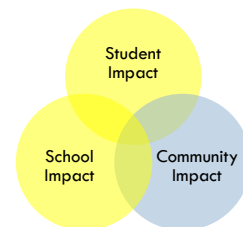
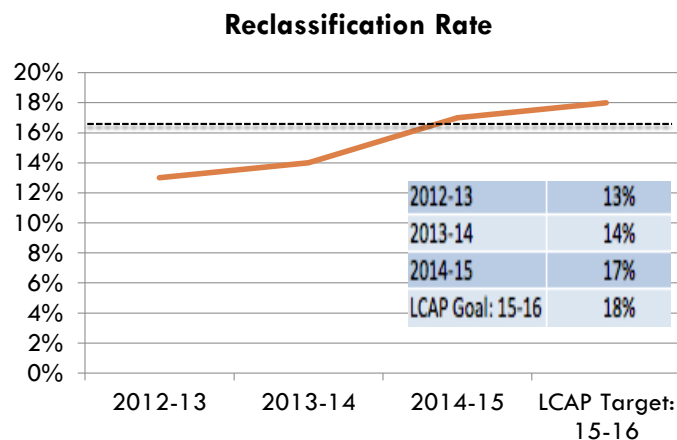
Investments & Accomplishments for Targeted Students

- Implemented Year 1 of the District's Foster Youth Achievement Program
 - Exceeded the District's target of completing academic assessments for the majority of Foster Youth



Investments & Accomplishments for Targeted Students

- Continued success in increasing the reclassification of English Learners



Sustaining Our Commitment

New Investments Serving Targeted Youth



Investment Description	2015-16 Investment
After-School Program: Enhanced Youth Services After-School program – Priority for Targeted Students	\$7.3 million
Arts Program: Realigned Arts program to target sites with arts program deficits	\$26.4 million
4 year-old Academic TK program: Transition the District's School Readiness and Literacy Development Program to a more academically rigorous transitional kindergarten program for 4 year olds over the next two years.	\$27 million
Homeless Youth Program: Continue commitment to serving our most at-risk by providing unique counseling and support services to homeless youth.	\$1.8 million
Targeted On-going Maintenance: Provide maintenance tiger team support to school-sites utilizing a methodology that prioritizes schools with high concentrations of unduplicated students and significant maintenance needs.	\$15 million



New Investments Serving Targeted Youth

Investment Description	2015-16 Investment
Counseling Support: College, Career and Academic Counseling services	\$13 million
A-G Drop-Out Intervention: Focus on increase A-G eligibility and supporting graduation efforts	\$15 million
Diploma Project: Additional support to continue graduation awareness throughout the District	\$2 million
Student Engagement: Implementation of a student leadership and engagement plan	\$0.25 million



Sustained & Increased Investments Serving Targeted Youth

Investment Description	Sustained Investment	Increased Investment	Total Investment for 2015-16
Foster Youth Achievement Program	\$8.9 million	\$2.1 million	\$11 million
School Climate & Restorative Justice	\$4.2 million	\$3 million	\$7.2 million
Class Size Reduction	\$13 million	--	\$13 million
School Site Supports (clerical, custodial, nurses, counselors, & APs)	\$64.4 million	\$18.5 million	\$82.9 million
English Learner & Standard English Learner Coaches	\$6.8 million	\$0.4 million	\$7.2 million

Outcome-driven Accountability

Career & College-Ready Students



- The LCAP contains various career and college-ready measures to ensure that all students are on the path to graduate
 - ▣ Increase the number of students on track to meet A-G in 2015-16
 - ▣ Increase the pass rate of Advanced Placement exam takers
 - ▣ Early Assessment Program exam performance measure



Instructional Targets



- An expansion of instructional targets in early literacy & special education student integration
 - ▣ Target for 2nd grade literacy: 84% demonstrating proficiency in 2015-16
 - ▣ Target for Special Education students in general education settings: 80% or more of the school day in 2015-16

Additional Metrics

- Measuring school safety and climate
- Tracking the District's progress in reducing middle and high school drop-outs
- Expanding attendance accountability measures to employees
 - ▣ 76% of school site staff attending 96% or more of their work year in 2015-16
 - ▣ Expanding attendance accountability measures to employees

Build more Capacity System-wide



Recognize school leaders need more support and training

- ▣ Need to fully integrate LCFF resources into school planning and promote best practices for stakeholder engagement
- ▣ Strengthen labor and community partnerships to leverage existing infrastructures of parent, teacher and student leaders.



Q & A



Please visit lcff.lausd.net for additional resources.



Superintendent's 2015-16 Budget & Review of Ending Balances

June 2015



May Revise Highlights

- The Governor's May Revision provides good news, with an estimated additional \$415 million for the upcoming 2015-16 school year.
 - Half of the monies are ongoing and half are one-time only funds.
- These dollars are sufficient to balance our budget for 2015-16 and 2016-17.
- However, we are still estimating a deficit of over \$300 million for 2017-18, even with the Governor's increase in dollars.



May Revise Highlights

- LACOE and AB 1200 require a balanced budget through 2017-18.
- One-time additional funds from the May Revision are being “committed” to balance 2016-17.
- All of the new funding from the Governor’s May Revision is “spent.”
 - ▣ Covers the recent health benefit agreements, salary increases, and growing bills.



Third Interim Results and Final Budget Ending Balance

Ending Balance (in millions)	2014-15	2015-16	2016-17	2017-18
Non-spendable (inherently non-spendable)	\$19.60	\$19.60	\$19.60	\$19.60
Restricted (externally enforceable limitations)	\$124.50	\$58.40	\$44.80	\$35.90
Committed (self-imposed by highest level of authority)	\$0.00	\$218.30	\$0.00	\$0.00
Categories Subject to Reserve Cap				
Assigned (limitation resulting from intended use)*	\$341.00	\$308.90	\$312.60	\$309.90
Unassigned- (Reserve of Economic Uncertainty)*	\$65.40	\$72.40	\$72.40	\$72.40
Unassigned (residual resources for unrestricted use)*	\$114.70	\$41.30	\$0.90	(\$333.40)
Estimated Total Ending Balance	\$665.20	\$718.90	\$450.30	\$104.50

*Subject to the “cap” requirement, if in effect. State law “caps” assigned and unassigned balances at a certain percentage of expenditures.



Breakdown of the Components of the Assigned Ending Balance

	2015-16	2016-17	2017-18
General Fund School Allocation	\$130.6	\$128.2	\$125.8
District-wide Cost	\$92.8	\$97.1	\$102.7
School Site Programs	\$ 79.2	\$80.9	\$75.0
Central Office	\$5.9	\$5.9	\$5.9
Salary Increase Set Aside	\$0.4	\$0.6	\$0.6
Total Assigned Ending Balance	\$308.9	\$312.6	\$309.9

"Assigned Ending Balance" refers to monies that can be used for any purpose but have been designated for specific future uses. Examples of this are school site allocations, donation and filming accounts.



Calculation of Minimum Reserve Requirement (in millions)

	2015-16	2016-17	2017-18
Minimum Reserve Levels applicable for the District	1%	1%	1%
Minimum Reserve Requirements	\$70.9	\$71.1	\$72.0
Reserve Cap (if CAP is in effect) is 3 times minimum reserve requirement	\$212.6	\$213.4	\$216.0
Estimated Total Assigned and Unassigned Ending Balance (with Fiscal Stabilization Plan)	\$423.0	\$385.0	\$382.3
Excess over Minimum	\$352.1	\$313.9	\$310.3
Excess over Cap Reserve Requirement (if in effect)	\$210.4	\$171.6	\$166.3



What's In Assigned Ending Balance?

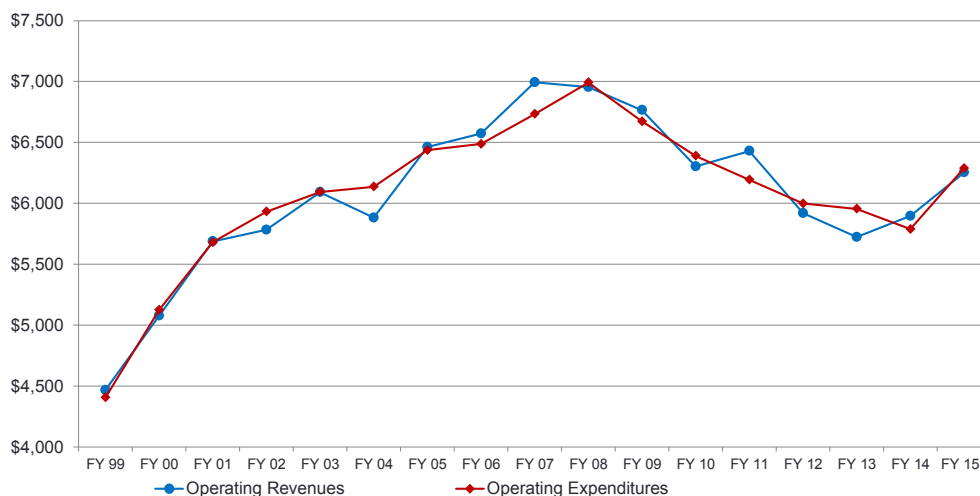
- Approximately 65% of the assigned ending balances are in the General Fund School Allocation and School Site Program categories.
 - ▣ These are the main accounts that schools use for their local needs.
 - ▣ Other accounts are specific local revenues such as donations and filming revenues.
- The District has been decentralizing resources and decision-making to school sites with community engagement, accountability, and greater support.



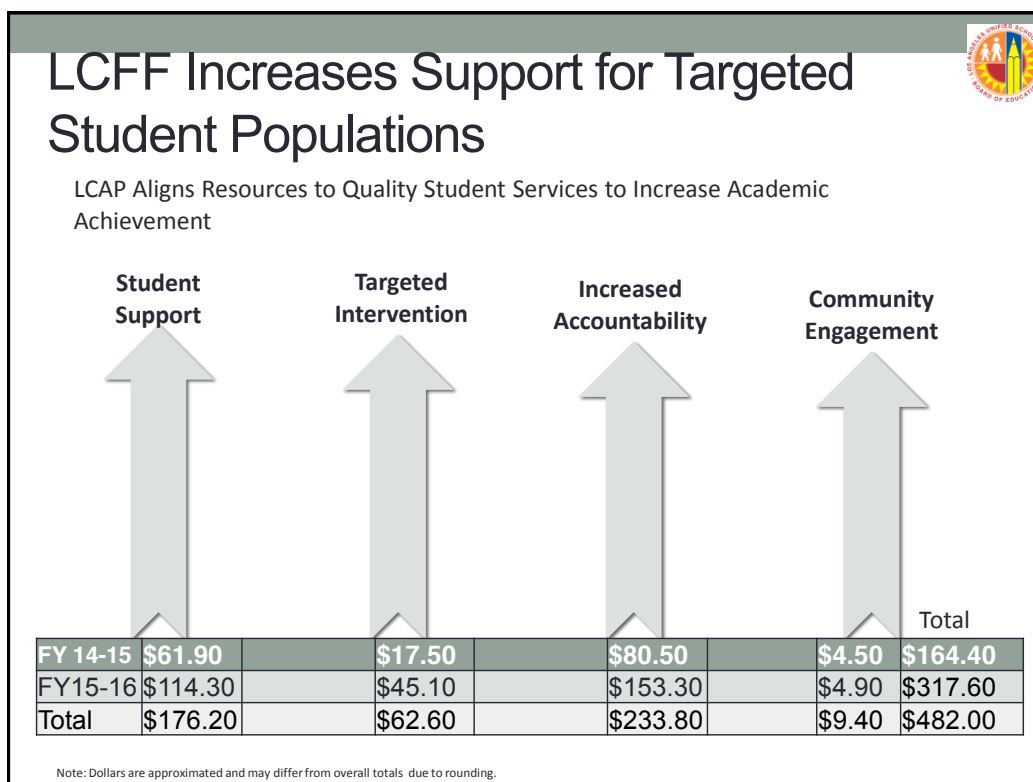
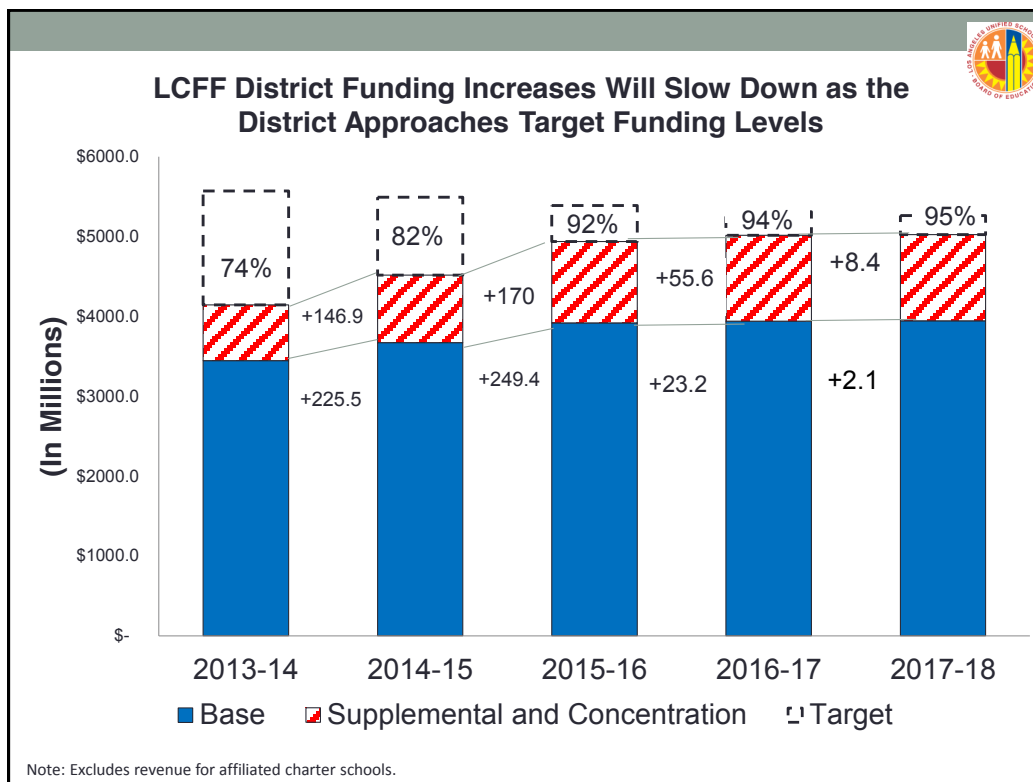
Good News: The District's Revenues and Expenditures Have Been Volatile Over the Past Decade, But Have Increased in the Past Few Years Since Passage of Proposition 30

District Funding Still Well Below Pre-Crisis Levels

\$ Millions



Sources: The District's audits, with the exception of FY 2014-15 which is projected as of the Third Interim Projection





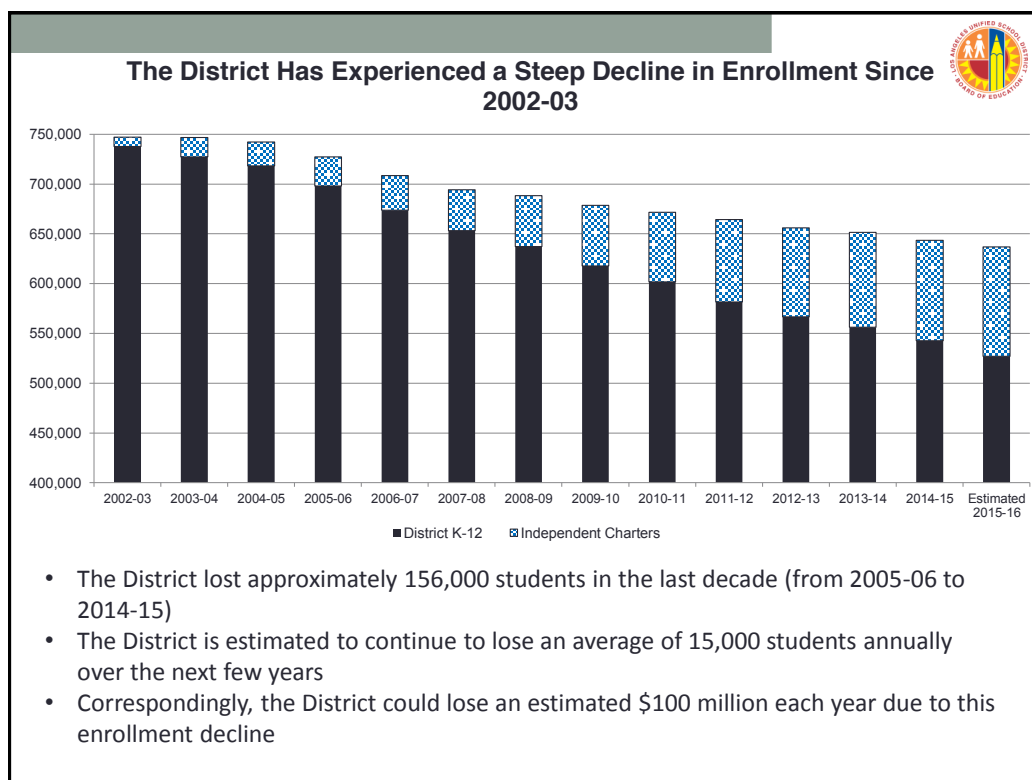
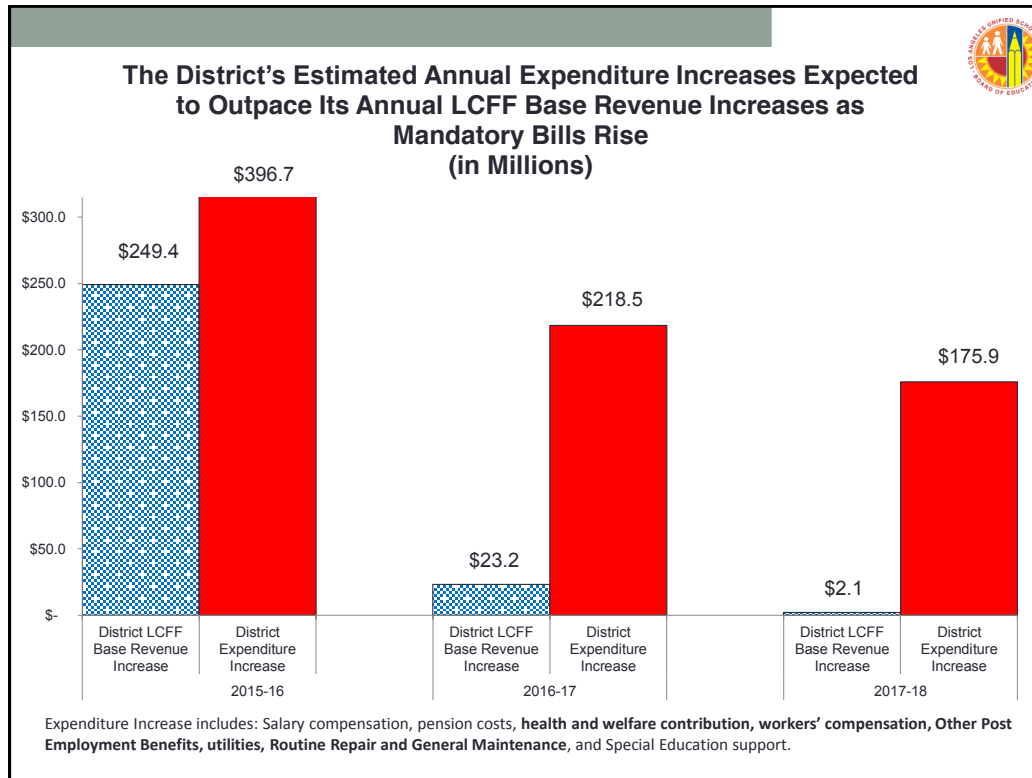
Additional Resources For Student Priorities

- A to G and Zero Dropout initiatives, \$15m
- Transitional Kindergarten Program, \$14m
- Caps and Gowns, \$2m
- Athletic Fees, \$2m
- Dual Language Program, \$6.2m
- Magnet Program Expansion (16-17), \$2.2m
- Redesign and refocus programs to serve students:
 - Arts
 - Afterschool
 - Maintenance



Cost Considerations for the Future

- Expected Slowdown in Revenues
- Declining Enrollment
- Special Education Requirement
- Increasing Pension Costs
- Labor Agreements
- Maintenance Requirement

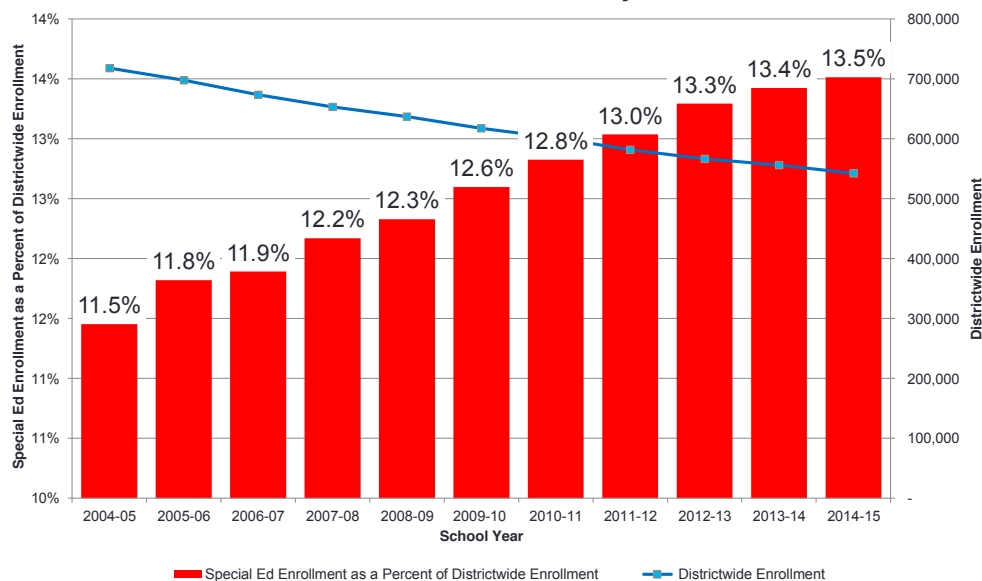




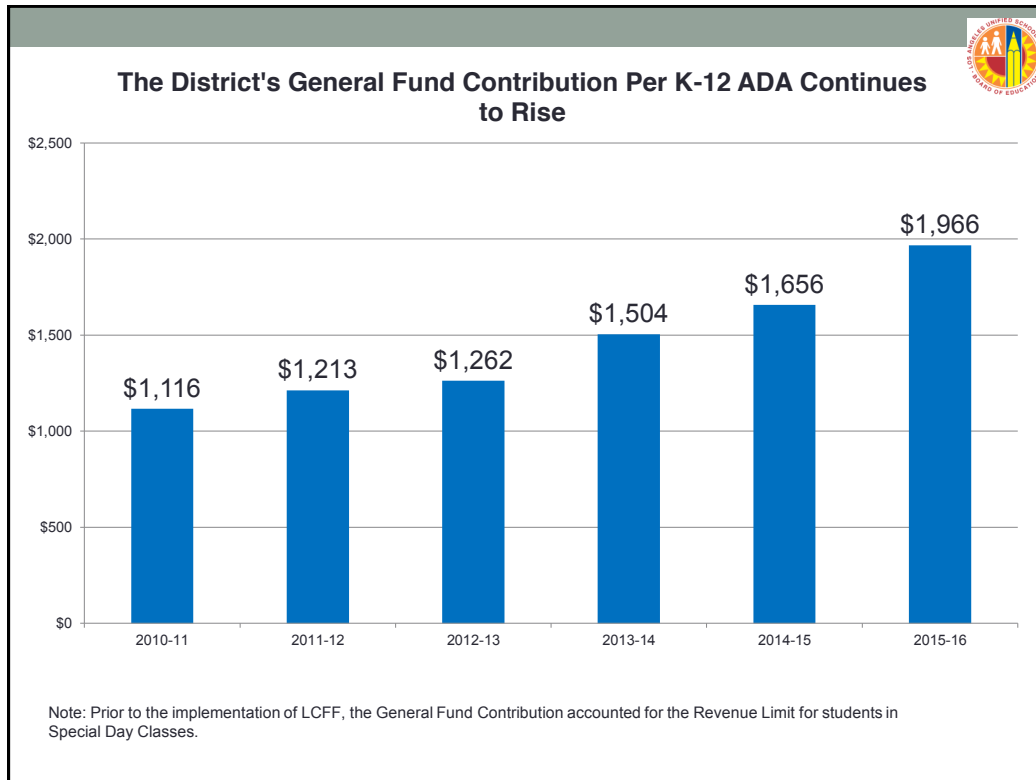
Special Education


- For 15-16, we estimate a General Fund contribution to Special Education of \$923.5m, or \$1,966 per General Ed K-12 ADA.
- Overall District enrollment has declined over the past decade, but Special Education students are a growing share of enrollment.
 - ▣ State funding for special education is based on District-wide K-12 ADA
 - ▣ So if overall enrollment declines, but share of Special Education students increases, this means less revenue for Special Education
- The share of students with severe disabilities is also increasing among all students with disabilities at the District.
 - ▣ The District does not receive any additional revenue based on type of disability
 - ▣ Services for students with moderate to severe disabilities are more costly

Districtwide Enrollment Has Declined, But Share of Special Education Students Has Steadily Increased



Note: Excludes enrollment for Independent Charters.





Cost Considerations

Pension costs are expected to sharply increase by over 100% in the next few years (or by over \$300 million).

CalSTRS Rates			CalPERS Rates		
Fiscal Year	CalSTRS Employer Rate	Cumulative Change due to CalSTRS Rate Change (\$ Millions)	Fiscal Year	CalPERS Employer Rate (Misc)	Cumulative Change due to CalPERS Rate Change (\$ Millions)
2013-14	8.25%		2013-14	11.44%	
2014-15	8.88%	\$23	2014-15	11.77%	\$7
2015-16	10.73%	\$90	2015-16	11.84%	\$22
2016-17	12.58%	\$145	2016-17	13.05%	\$42
2017-18	14.43%	\$197	2017-18	16.60%	\$58
2018-19	16.28%	\$249	2018-19	18.20%	\$72
2019-20	18.13%	\$301	2019-20	19.90%	\$89
2020-21	19.10%	\$328	2020-21	20.40%	\$94

LACOE requires a District Fiscal Stabilization plan and contingency plan



Fiscal Stabilization Plan (in Millions)

	DOF Estimates		LACOE Guidance	
	2016-17	2017-18	2016-17	2017-18
Estimated Deficit	-\$259	-\$334	-\$437	-\$644
Release of Committed Funds	\$218		\$218	
Balance from 15-16, 16-17	\$41	\$1	\$41	
Deficit to Address	\$1	-\$333	-\$177	-\$644
Solutions				
Onetime Sources*		\$120	\$20	\$100
Program Reduction**		\$217	\$157	\$544
Total		\$337	\$177	\$644
Balance	\$1	\$3	\$0	\$0

*One-time sources include change in carryover policies for per pupil schools.

**Program reductions include decrease in central and districtwide programs as well as increase in class sizes in Grades 4 through 12, administrator, counselor, and clerical norms.

Next Steps



- The Board is being asked to adopt and approve the following:
 - ☑ Superintendent's 2015-16 Final Budget and Local Control Accountability Plan;
 - ☑ Superintendent's Fiscal Stabilization Plan as required by LACOE and AB 1200;
 - ☑ Resolution Regarding Expenditures from the Educational Protection Account ("EPA");
 - ☑ Commitment of one time funds of \$218.3 million needed to pay for recent salary compensation increases in 2016-17.



Next Steps

- Although we are almost at our target LCFF funding levels, we must continue to advocate for adequate funding that recognizes the District's needs
- On a positive note, LCFF allows us to invest strategically in programs to ensure success for all students
- This Budget is a concerted effort to meet the needs of our community and moves our District forward on a path of stability into the future
- We must continue to persist towards a balanced budget for multiple years and refocus our programs to best serve our students

☑ Calendar

- ☑ June 16: Public Hearing required for Local Control Accountability Plan (LCAP) and for the Budget
- ☑ June 23: Adoption of LCAP and Budget



LAUSD Student Data

Independent Financial Review Panel
6/24/2015

Agenda

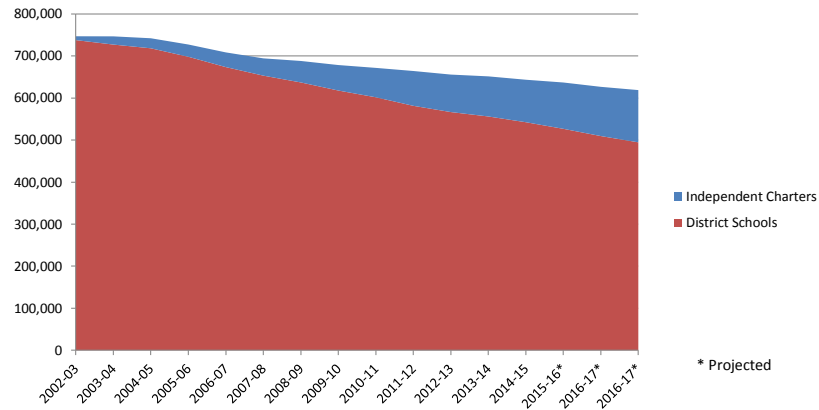


- Enrollment
- Attendance
- Graduation Rates
- Dropout Rates

Declining Enrollment



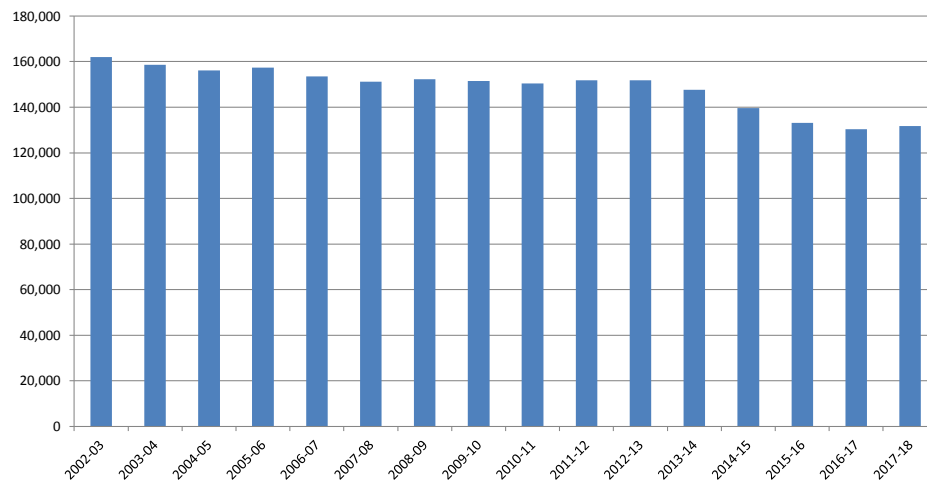
- Enrollment has fallen by about 196,000 students since 2002-03
 - About 100,000 have moved to about 185 independent charter schools in the District per the District's reform initiatives
 - Demographics have changed (for example, birth rates)



Declining Live Births



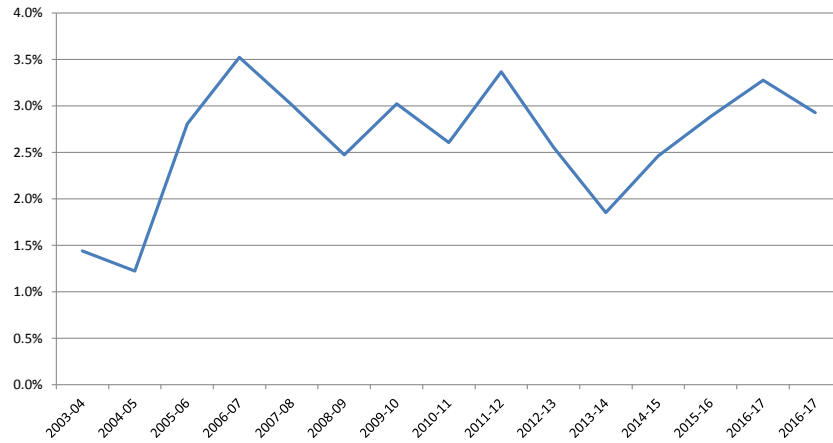
Live Births (Lagged 5 Years)



Percent of Enrollment Decline



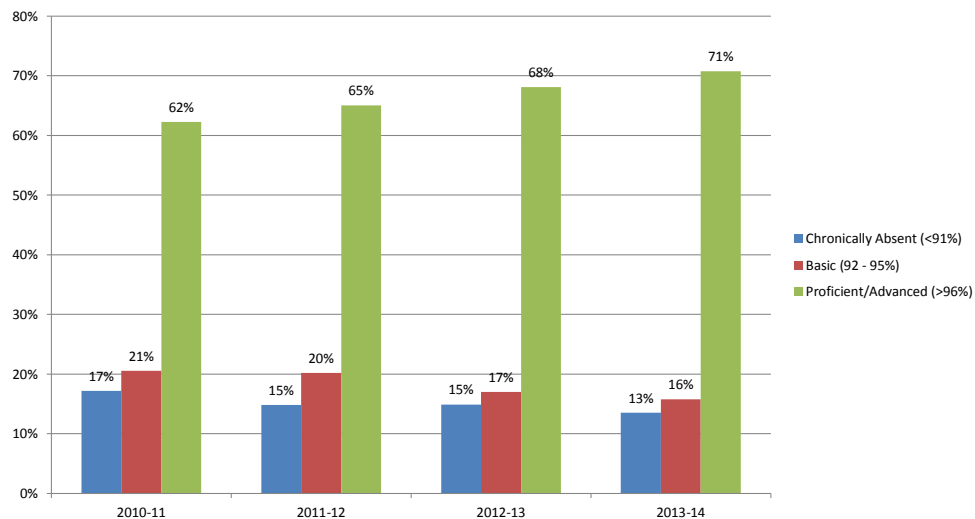
■ Since 2002-03, enrollment has declined 2.6% per year on average



Student Attendance



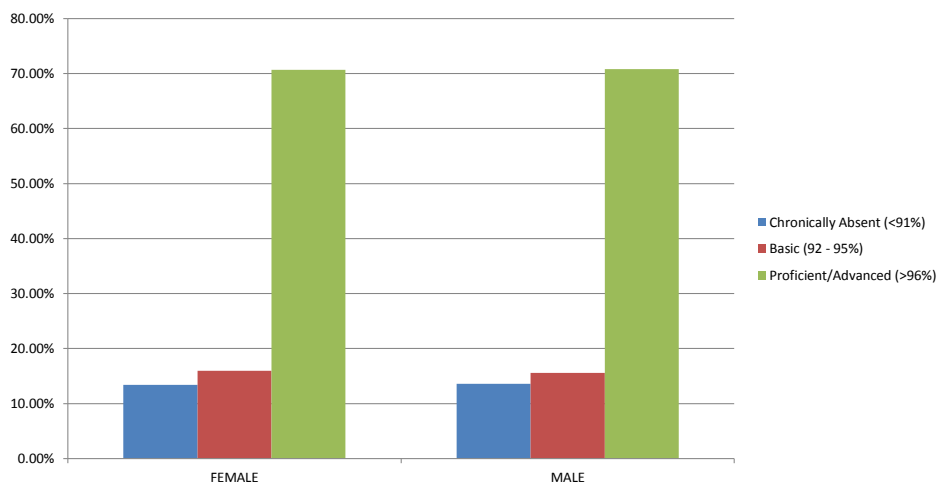
■ The percentage of students with at least 96% attendance has been increasing



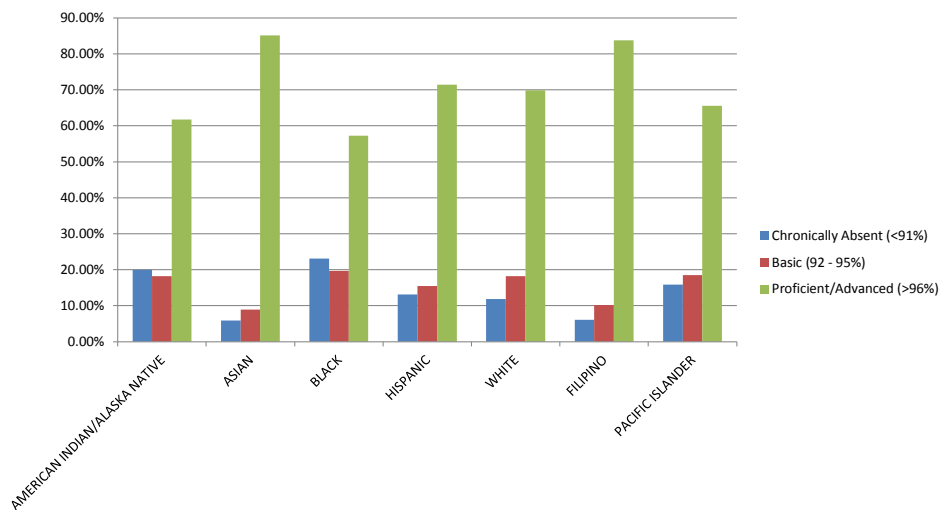
Student Attendance – By Gender



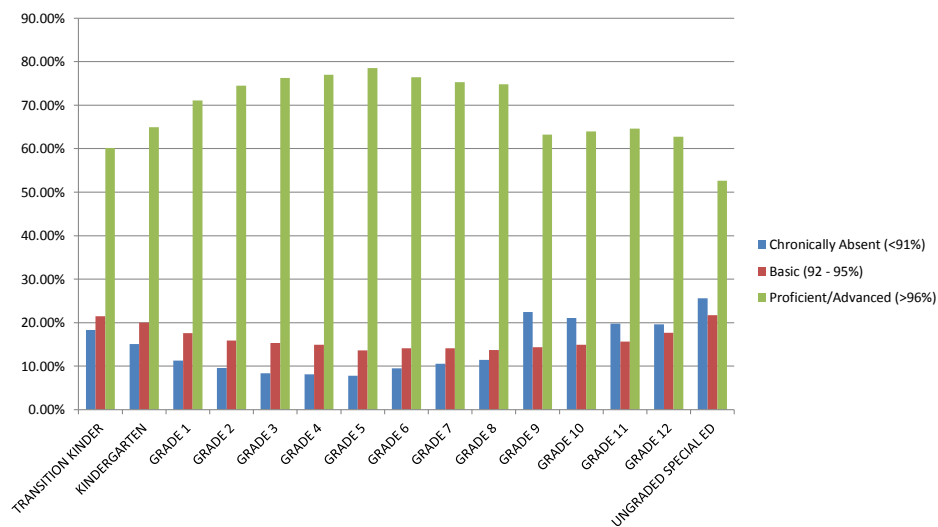
2013-14 Attendance



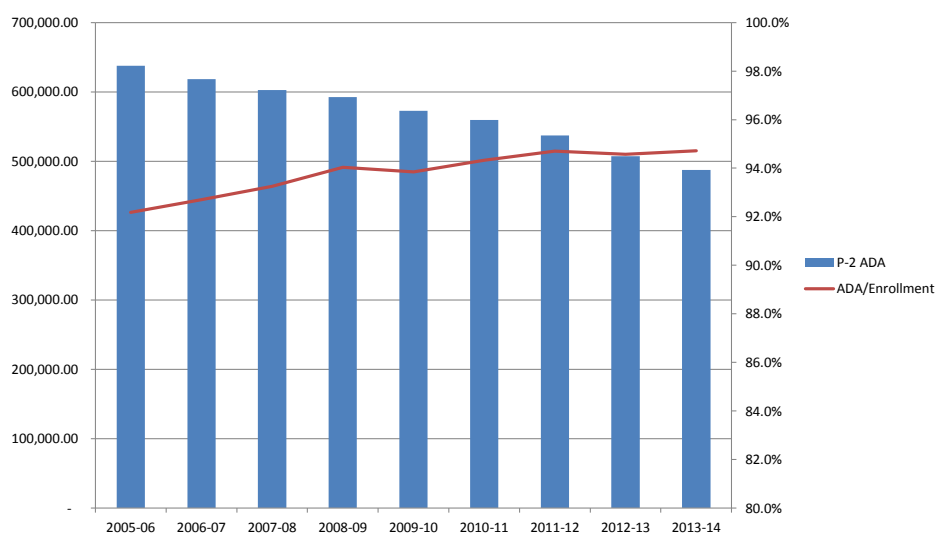
Student Attendance – By Ethnicity



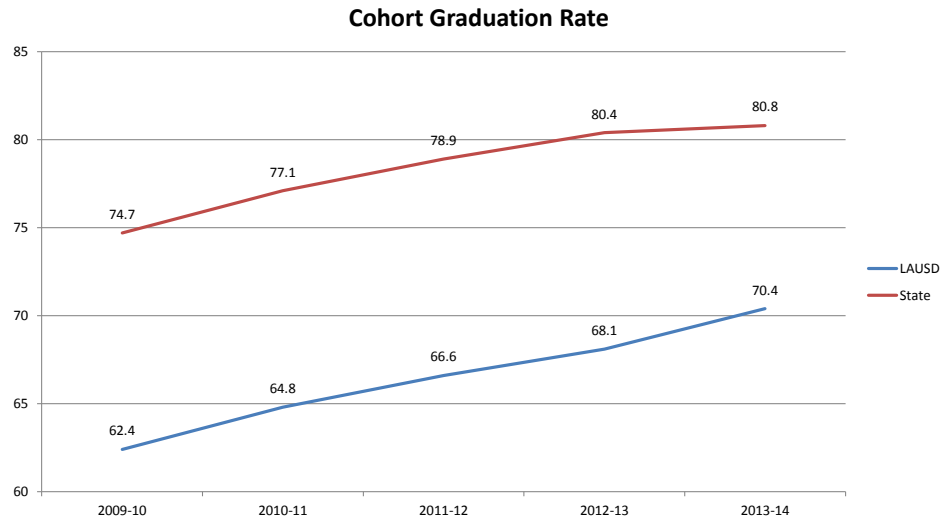
Student Attendance – By Grade Level



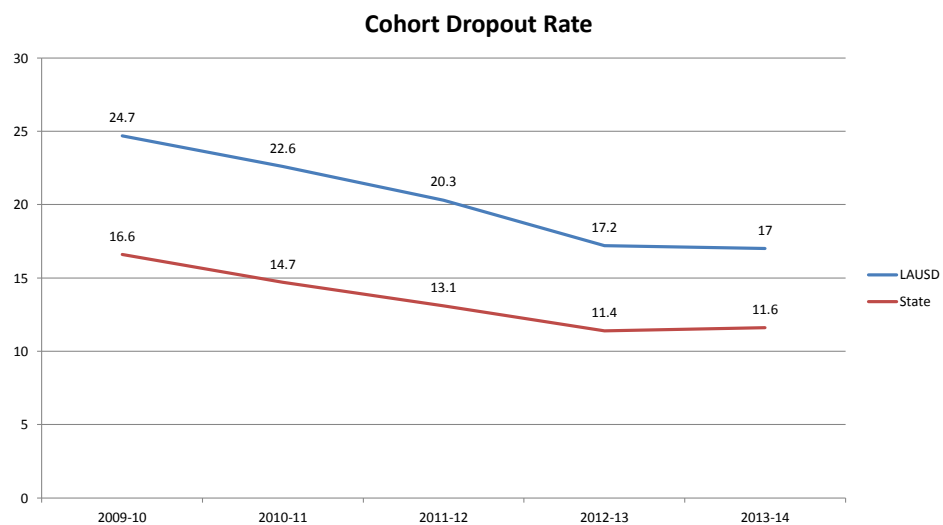
Average Daily Attendance (ADA)



Cohort Graduation Rate



Cohort Dropout Rate



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LAUSD Pension Benefits

Independent Financial Review Panel

8/11/2015



State Budget Picture

- Positive signs for education funding continue
- We are well into the implementation of the Local Control Funding Formula (LCFF) for K-12 education
- New funding is estimated to close the gap between 2015-16 funding levels and LCFF full implementation targets by 32.19%
- When combined with 2013-14 and 2014-15 LCFF funding, implementation progress would cover almost 58% of the gap in just three years

State Budget Picture



- But, no new funding to address the increased district costs for California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS)

LAUSD's Primary Retirement Systems



CALSTRS

Certificated staff

 **CalPERS**

Classified staff

PUBLIC
AGENCY
RETIREMENT
SERVICES | **PARS**
TRUSTED SOLUTIONS. LASTING RESULTS.

Part-time/seasonal staff

Pension Benefits



- Because both of the California pension systems covering our employees are underfunded, contributions are increasing significantly for both systems
- Governmental Accounting Standards Board Statement No. 68 (GASB 68) requires LEAs to recognize their respective portions of these unfunded liabilities on their local financial statements
 - Starting with the 2014-15 fiscal year
- Questions and issues about implementation of pension reform remain

CalSTRS and CalPERS



- The employer contribution costs for both CalSTRS and CalPERS are projected to double over the span of seven years
 - CalSTRS—From 8.25% in 2013-14 to 19.1% in 2020-21
 - CalPERS—From 11.442% in 2013-14 to 20.4% in 2020-21
- The 2015-16 State Budget proposal *does not* address these cost increases for school districts or COEs
 - The Governor *does* propose allocation increases for the California Community Colleges, partly in recognition of increased expenses in the area of retirement benefits

CalPERS Rate Increases



- The employer contribution to CalPERS is projected to increase from 11.771% in 2014-15 to 11.847% in 2015-16 (final rate received CalPERS Board approval 4/15/15)
 - Classic members continue to pay 7.00%
 - New members pay 6.00%, which may fluctuate from year to year based on the PEPRA requirement to pay half the normal cost rate
- Estimates of the resulting future contribution rate increases for school employers are as follows:

Actual		Projected				
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.771%	11.847%	(13.05%) 15.0%	16.6%	18.2%	19.9%	20.4%

CalSTRS Rate Increases



- Unlike CalPERS employer contributions, which are set by the CalPERS Board each year, contributions to the CalSTRS are set by statute:
 - The employee contribution rate has been 8% of creditable compensation since 1972
 - The employer contribution rate was 8.25% since 1990
 - The state's contribution rate has changed frequently over the years and is currently 3.291%
 - Any change to the contribution rates requires legislation
- For the first time since the above rates were set, the State Budget Act of 2014 specifies a progressive increase in contribution rates

CalSTRS Rate Increases



- Employer rates are increasing to 10.73% in 2015-16, up from 8.88% in 2014-15
 - No specific funds are provided for this cost increase
- Once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer and state contribution rates

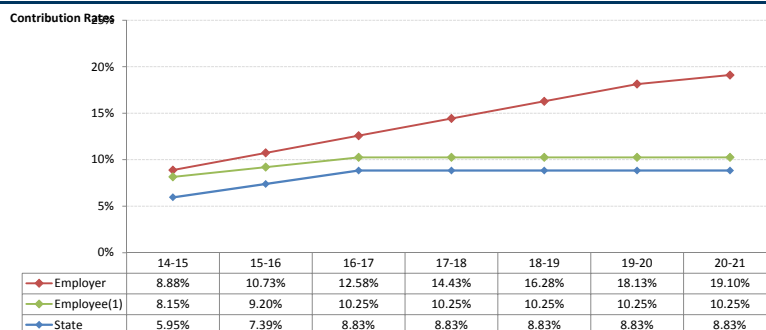
Year	Employer	Pre-PERPA Employees	Post-PERPA Employees
2014-15	8.88%	8.15%	8.15%
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

CalSTRS Rate Increases



- Following passage of AB1469 in June 2014, CalSTRS' pension costs began to increase significantly in 2014-15
 - Rates may be revised for 2021-22 and after to stay on track to retire the CalSTRS UAAAL by June 30, 2046

CalSTRS Pension Costs
(As a % of Covered Payroll)

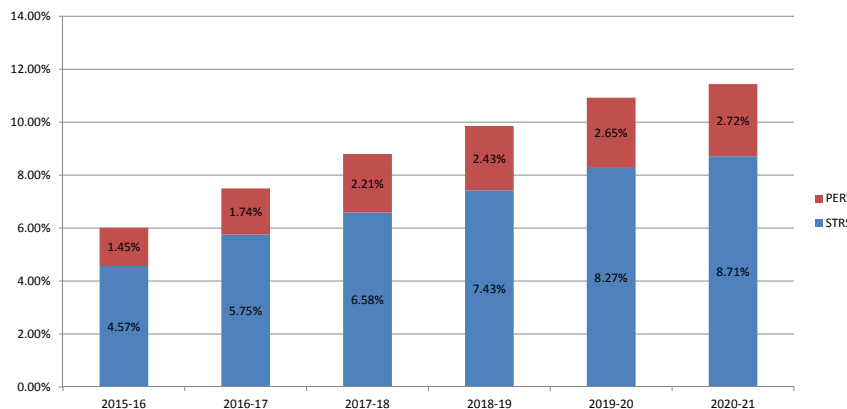


(1) Applicable to employees who joined CALSTRS prior to PERPA, for employees who joined after PERPA, contribution will increase to 9.205% by 2016-17

LAUSD Pension Contributions Increasing



**Estimated Employer Pension Contributions
as a Percentage of General Fund Revenue**



Note: 2015-16 through 2017-18 are from the District's Multi-Year Projection (MYP)
2018-19 through 2020-21 hold salary and revenues at 2017-18 levels

CalSTRS



- Last year's plan to put CalSTRS on solid financial footing was vitally important and the state is increasing its contributions as well
 - But without addressing the significant cost increases, LEAs are being put in a squeeze that can only result in a reduction in services to students while expectations for those services are increasing
- A group of K-12 districts throughout the state –at all points on the LCFF spectrum –are forming a coalition to address the issue of increasing CalSTRS employer costs
 - The CalSTRS Funding Coalition is seeking a funding stream within Proposition 98 –but outside of the LCFF –to address these extraordinary costs, which were not contemplated in the creation of the LCFF

Pension Reform



- The California Public Employees' Pension Reform Act of 2013 (PEPRA) changes the pension benefits program for new members of the pension systems as of January 1, 2013
- Any individual that is not a "new member" is classified by:
 - CalSTRS as a "2% at 60" member
 - CalPERS as a "classic" member
- New members must contribute at least 50% of normal costs of the plan
 - For 2014-15, the new member contribution rates are:
 - CalPERS: 6% (classic members pay 7%)
 - CalSTRS: 8.15% (same as 2% at 60 members, for now)
- New member contribution rates will be adjusted each year

Pension Reform



- Employers are not allowed to pay any portion of a new member's contribution
 - Unless the terms of a contract in existence as of January 1, 2013, would be abrogated
 - Once the contract is terminated, amended, extended, or renewed, new members will be required to begin paying 50% of normal costs

Pension Reform



- Are classic or 2% at 60 members required to pay at least 50% of normal costs?
 - In other words: can classic or 2% at 60 members still benefit from the employer paying all or part of the employee's contribution?
 - It differs between CalSTRS and CalPERS

Pension Reform



- For CalSTRS 2% at 60 members:
 - If a collective bargaining agreement or a written employment agreement is entered into or changed on or after January 1, 2014, employer payment of the employee's contribution is no longer allowed
 - If the agreement was in effect before January 1, 2014, employers can continue to pay the member contribution until the contract expires or is renewed, amended, or extended in any way

Pension Reform



- For CalPERS classic members:
 - The employer can continue to pay any or all of the employee's contribution because the employee was a member before January 1, 2013

Pension Reform



- PEPRRA also revised many provisions of working after retirement
- Continues limiting the exemptions to the earnings limitation to retirees that meet these requirements

Pension Reform



- CalSTRS provides an exception to the 180-day waiting period if the retiree is of at least retirement age and if the appointment meets the requirements for an exception (E.C. 24214.5)
 - The retiree is still subject to the earnings limitation, which is \$40,173 for 2014-15 and \$40,321 for 2015-16
- CalPERS provides an exception to the 180-day waiting period if the appointment meets certain conditions (Government Code Section [G.C.] 7522.44 and 7522.56)
 - The retiree is limited to 960 hours per year

Pension Reform



- These provisions also apply to independent contractors and third-party employees who are retirees
 - So school employers are required to report the hours worked and/or earnings to CalPERS and CalSTRS

CalSTRS



- CalSTRS has been actively auditing LEAs
 - Developed a list of agencies to audit based upon a risk assessment, including:
 - Significance of pay increases provided to employees right before retirement
 - Excess sick leave days reported
 - Significant findings have been reported
 - Which included reclassification of some positions out of CalSTRS
 - Human resources, business office, information technology, etc.

CalSTRS



- Based upon concerns expressed by members and employers alike, CalSTRS has stopped the audits for now
 - In the meantime, Assembly Bill (AB) 963 (Bonilla, D-Concord) has been introduced to clarify creditable service, so stay tuned . . .

Creditable Compensation –CalSTRS



- Effective January 1, 2015, CalSTRS creditable compensation will no longer include allowances for automobile use, expenses, or cash in lieu of health benefits
 - These allowances are often provided to superintendents and some cabinet-level and administrative positions as mileage, telephone, and expense stipends and/or cash in lieu of health benefits

Creditable Compensation –CalSTRS



- Prior to January 1, 2015, these allowances were considered creditable to the Defined Benefit program
- For many superintendents and certificated administrators, this change in statute means that the compensation calculation for monthly retirement benefits will be lower than it was prior to January 1, 2015

Creditable Compensation –CalSTRS



- How can this be resolved?
 - Districts can adjust current contracts to “restructure” into salary those amounts that will be excluded
 - The restructure must occur prior to January 1, 2016
 - The restructured additional compensation won't be creditable until the effective date of the restructuring
 - After January 1, 2016, a restructure must be part of a collective bargaining or contract negotiation agreement to be considered “consistent”
 - Once the restructure has occurred, there is no requirement to maintain the original purpose of the additional compensation

Creditable Compensation –CalSTRS



- Remember – be consistent
 - CalSTRS will consider compensation to be inconsistent if the additional compensation is reversed when a successor is assigned to the same position
 - When a superintendent or administrator receiving additional compensation (formerly mileage or expense allowance) leaves a district, it is important that his/her successor also receive the stipend in order to comply with the rule of consistency



LAUSD Health and Welfare Benefits

Independent Financial Review Panel
8/11/2015

1

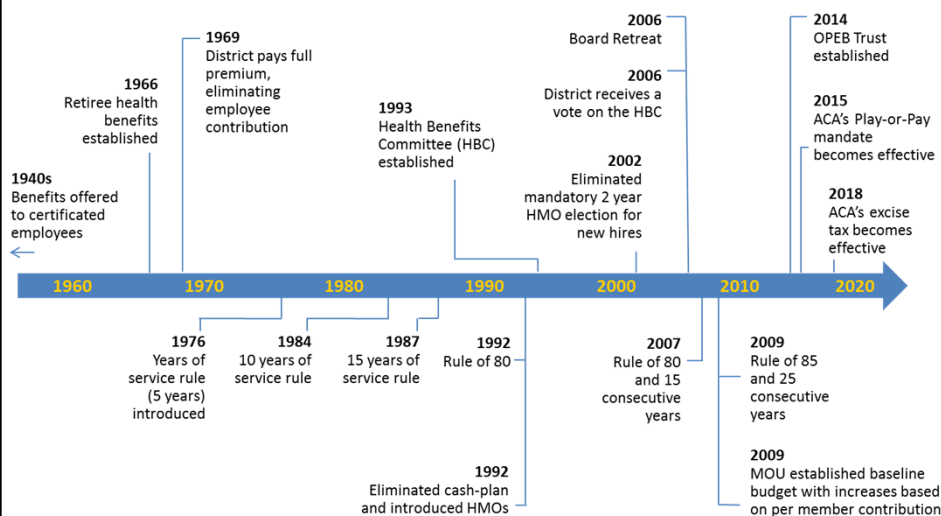


Agenda

- Benefits overview
- Cost drivers & financial impact
- Health Benefits Committee
- Other Post-Employment Benefits
- Potential Cost Containment Strategies

2

History of Health Benefits



3

District Benefits Summary



Benefit	Paid By		Benefit Provided To			
	District	Employee	Active	Active Dependents	Retiree	Retiree Dependents
Health Care						
Health (Medical, Dental, Vision)	✓		✓	✓	✓	✓
Health Care Flexible Spending Account		✓	✓			
Dependent Care Flexible Spending Account		✓	✓			
Employee Assistance Program	✓		✓	✓		
Continuation of Health Coverage—Cobra		✓	✓	✓	✓	✓
Life Insurance						
Basic Life Insurance	✓		✓			
Optional Life Insurance		✓	✓	✓		
Accidental Death & Dismemberment (AD&D)		✓	✓	✓		
Retirement						
State Teachers' Retirement System (STRS)	✓	✓			✓	
Public Employees' Retirement System (PERS)	✓	✓			✓	
Public Agency Retirement Services (PARS)	✓	✓			✓	
403(b)		✓			✓	
457(b)		✓			✓	

4

Current Benefits – Active Employees



Offered Plans

- Medical
 - Anthem EPO & HMO
 - Kaiser HMO
 - Health Net HMO
 - Opt-Out/Cash Back (\$3,000)
- Dental
 - MetLife DHMO & PPO
 - Western Dental DHMO & Plan Plus
- Vision
 - EyeMed Vision Care
 - VSP Select Network
- Basic & Optional Life
- Flexible Spending Account
- Cobra and AB 528
- IRS Sec. 403(b) and 457(b) Plan
- Miscellaneous

Not Offered

- Short-term disability
- Long-term disability
- Accidental death & dismemberment
- Long-term care
- Cafeteria plan

Health Benefits Eligibility



Who	How
Regular Employees	Assigned half-time or more of a full-time assignment
Substitutes	100 days of paid status in previous fiscal year and current paid status; benefit year is from Oct - Sept
Retirees	Age and year of service credit; actual thresholds depend on hire date
Dependents	Dependents of eligible employees and retirees; active dependents to age 26 per PPAC* and retiree dependents to age 25 if full time student or as determined by PPAC
Anyone Losing District Benefits	Continuation coverage member expense (COBRA and AB528)

* PPAC: Patient Protection and Affordable Care Act as amended by the Health Care & Education Reconciliation Act of 2010

Eligibility for District Retiree Health Benefits



If Hired	Consecutive Service Immediately Prior to Retirement
On or before March 11, 1984	Five
Before July 1, 1987, but after March 11, 1984	Ten
Before June 1, 1992, but after July 1, 1987	Fifteen years of consecutive service immediately prior to retirement or ten years of consecutive service immediately prior to retirement plus ten years of non-consecutive service
Before March 1, 2007 but after June 1, 1992	The sum of consecutive years of service immediately prior to retirement plus age must equal or exceed 80
Before April 1, 2009 but after March 1, 2007	In addition to the rule of 80, a minimum of 15 consecutive years of service is required
On or after April 1, 2009	The sum of consecutive years of service immediately prior to retirement plus age must equal or exceed 85, a minimum of 25 consecutive years of service is required
On or after April 1, 2009 (sworn personnel only)	The sum of consecutive years of service immediately prior to retirement plus age must equal or exceed 80, a minimum of 20 consecutive years of service is required

Retirees must enroll in those parts of Medicare for which they are eligible

7

Monthly Composite Rates for Medical Premiums



Overview of Current District Health & Welfare Benefits Plan



- Plan design by the Health Benefits Committee/Coordinated Bargaining Process
- Eligibility rules
 - Benefited active employee benefits are the same, whether employee is full-time or at least half-time, except T.A.'s
 - Retiree benefits are the same, whether full-time or part-time¹
 - No variation in retiree benefits based on years of service
- No employee/retiree premium contribution for medical, dental and vision
- Low copayments and deductibles
- Lifetime medical, Rx, dental and vision for employee and spouse (and eligible dependents)
 - District pays 100% of premium
 - Retirees pay deductibles and make copayments

¹Retiree must meet service requirements.

9

Issues and Growing Concerns



- LAUSD offers relatively generous health benefits
- Increasing healthcare costs
- ADA funding decrease (declining student enrollment)
- Growing ratio of retirees to active employees
- Growing unfunded liability for retiree health benefits
- Legislative compliance

10

Medical Benefit Examples

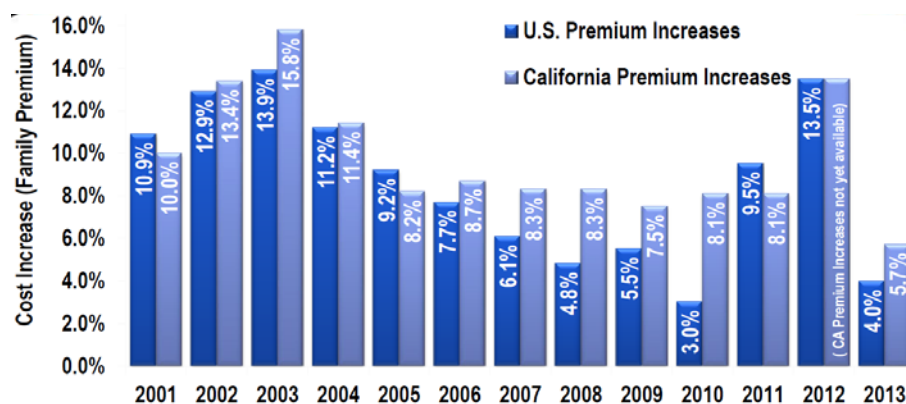


More Than Half of LA County Unified School District have Active Employee Premium Contributions

Unified School District	Active Employee Health Benefit Premiums Paid by District (Type of Coverage)	Retiree Lifetime Health Benefits Paid by District (Type of Coverage)
LAUSD	Fully Paid (Employee + Dependents)	Fully Paid (Employee + Dependents)
Beverly Hills	Partially Paid (Employee + Dependents)	Partially Paid Employee ONLY Benefits end at Age 65
Long Beach	Fully Paid (Employee Only)	Partially Paid (Employee + Dependents) Benefits End at 67 yrs
Oakland	Partially Paid (Employee + Dependents)	None (Employee Pays Full Premium Amount)
San Diego	Fully Paid (Employee + Dependents)	None (Employee Pays Full Premium Amount)
San Francisco	Partially Paid (Employee + Dependents)	Partially Paid (Employee + Dependents)
Santa Ana	Partially Paid (Employee + Dependents)	Partially Paid (Employee + Dependents) Benefits End at 65 yrs

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Health Benefit Cost Increases



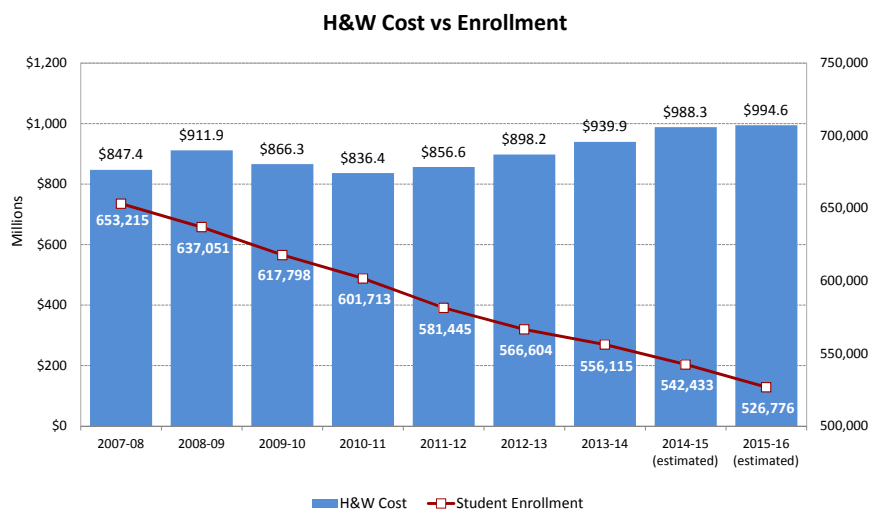
National Health Care Cost Drivers



- **Provider Cost**
 - Physician compensation, malpractice premiums, and supply and demand
- **Hospital Cost**
 - Wage pressure and workforce shortage, technology and pharmaceutical costs, hospital competition, facility expansion and technology acquisition, and increased use of inpatient, outpatient, and emergency services
- **Technology: Pharmaceutical, New Advanced Diagnostic Tool**
 - New and more effective drugs cost more, pharmaceutical market growth, and direct-to-consumer advertising
- **Consumer Behavior**
 - Patients demand for latest technology, more costly drugs, and specialty care
- **Insurance Costs**
 - Administrative costs and cost shifting from Government to private entities (employers)
- **Longevity**
 - Longer life span
- **Healthcare Reform**
 - Increase to dependent coverage, increase in preventative care coverage, and decrease in governmental coverage to Medicare

13

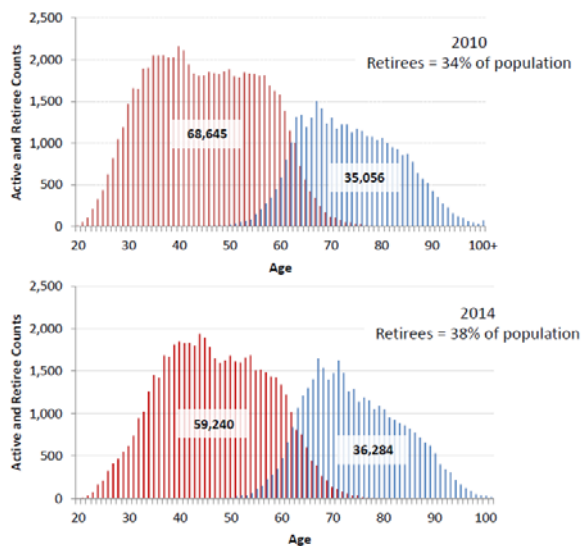
H&W Cost vs. Enrollment



Growing Retiree Population - 2010 vs 2014

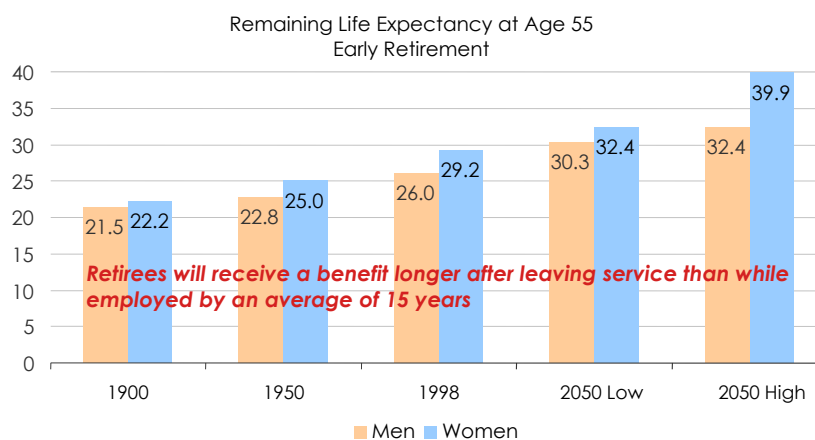


The ratio of Retirees to Actives receiving District-sponsored health benefits has increased



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Increasing Life Expectancy



Source: Statistical Abstract of the U.S. 1900, 1950, 1998.
For 2050, Administration on Aging based on U.S. Census Bureau projections

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Affordable Care Act



- The District was already in compliance for the most part
- Changes required the following:
 - Extend dependent coverage age from 19 to 26
 - Eliminate lifetime limits on benefits
 - “Pay or Play” Employer Shared Responsibility –A large employer may be subject to a penalty if it fails to offer its full-time employees and their dependents minimum essential coverage that is affordable and provides minimum value
 - Penalty A and Penalty B
 - Individuals not provided health benefits by their employer must purchase through the Exchange or pay a penalty
 - Definition of full-time employee is now an employee working:
 - 30 hours/week
 - 130 hours/month

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Affordable Care Act



- Employers will be required to report to the Internal Revenue Service (IRS) the following each year:
 - Names of employee and dependents covered
 - Number of full-time employees
 - Length of waiting period
 - Monthly premium
 - Employer share of cost
 - Actuarial value of lowest-cost option
- Individual and group plans (through employers) must provide a uniform Summary of Benefits and Coverage to all applicants and enrollees.
- Covered employers must notify employees upon hire about insurance exchanges, eligibility for subsidies, and loss of employer contribution (if any) if employee purchases a plan through the Exchange

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Health Benefits Committee (HBC)



- Structure
 - Comprised of bargaining units
 - Each unit receives one vote
 - District receives one vote
- Roles
 - Recommend plan design to the Board
 - Review cost and quality of benefit programs
 - Determine scope of financial responsibilities
 - Be aware of legislative development
 - Negotiate all contracts
- Accomplishments
 - Conducted Request for Proposals for health plans
 - Negotiated prices
 - Made plan adjustments to live within means

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Collective Bargaining Agreement and HBC Role



According to the 2015-17 Coordinated Bargaining Health Benefits Agreement:

“The HBC shall be responsible for proposing all plan design modifications including, but limited to, co-pays, deductibles, premium contributions and assessments, and selection, addition, termination of health plans/providers for all active and retired employees provided that the HBC shall not recommend any changes that would expand eligibility. Any such changes shall be implemented upon action by the HBC and in accordance with the provisions of this agreement.”

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District Funding to HBC

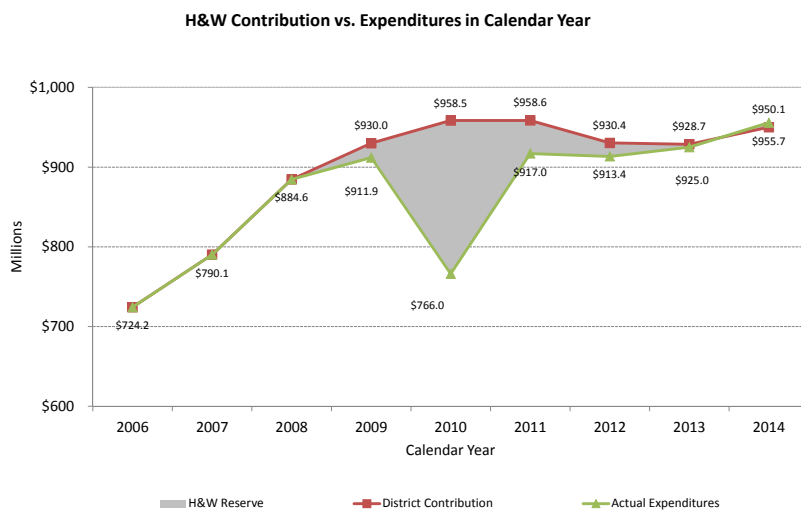


- Annual budget
 - CY 2015 \$1.029 B*
 - CY 2016 \$1.095 B*
 - CY 2017 \$1.163 B*
- The increase from 2015 to 2016 represents a 6.5% increase
- The increase from 2016 to 2017 represents a 6.1% increase
- HBC is required to “live within” the annual budget as established by the District’s annual contribution as set forth in the collective bargaining agreement.

* To be adjusted based on per member contribution

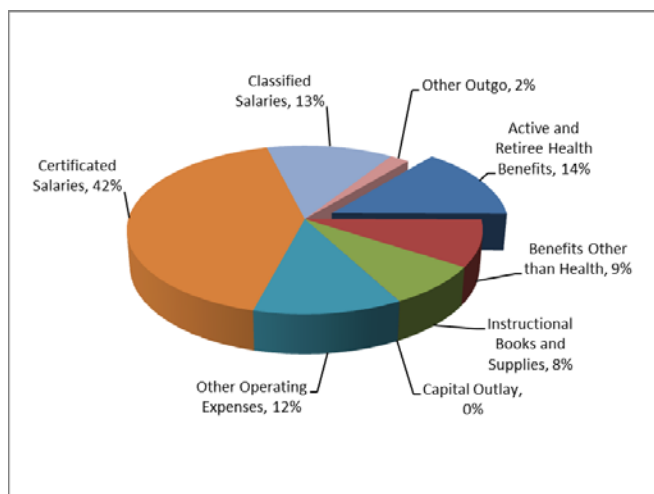
21

H&W Contribution vs. Expenditures in Calendar Years



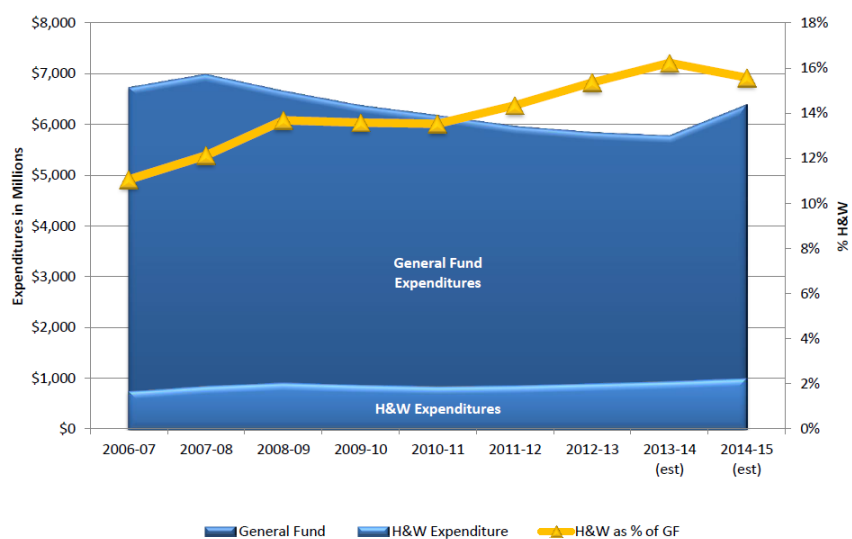
22

Cost Against Total Budget



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Cost Against Total General Fund Budget



Current Funding Method for Retirees



Pay-As-You-Go Method



Retiree health benefits cost is added to the cost of benefits for each active employee. This is called the retiree load.

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Other Post-employment Benefits (OPEB)



- Other Post-employment Benefits (OPEB) are benefits, other than pensions, that state and local governments provide to their retired employees
- OPEB benefits principally involve health care benefits, but may include life insurance, disability, legal and other services

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Actuarial Valuation



- Required by Governmental Accounting Standards Board (GASB) Statement 45
 - All plans of state and local government entities that provide Other Postemployment Benefits (OPEB) are required to report the cost of these benefits on their financial statements
 - Requires public sector employers to conduct an actuarial valuation of their (OPEB)
 - School District is required to include the results in its financial statements effective with the fiscal year ending June 30, 2008
 - Standardizes OPEB measurement and disclosure
 - Accurately quantify future financial liabilities
- Assists in budget forecasting
- Assists in understanding effect of past and current decisions
- Important tool for decision making

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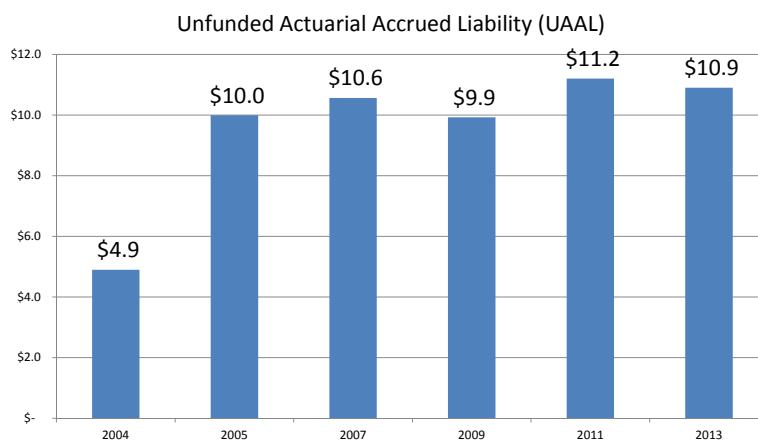
OPEB Liability and Annual Required Contribution



- Total unfunded actuarial accrued liability (UAAL) as of July 1, 2013 is \$10.9B
- Annual required contribution (ARC) of \$869M is needed to fund the UAAL based on a 30 – year amortization
- District's current funding policy is pay-as-you-go for OPEB
- Net OPEB liability increases each year if unfunded

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UAAL Trend



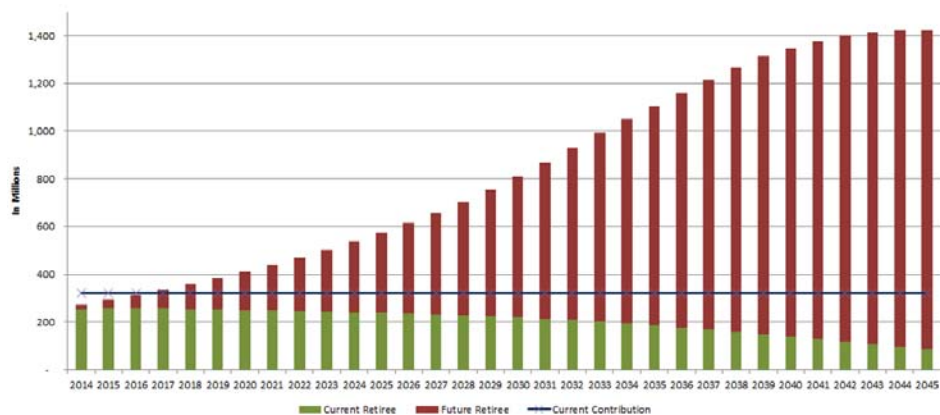
Source: 2004 - The Epler Company Actuarial Study for OPEB as of June 30, 2004
 2005, 2007 - The Segal Company Actuarial Valuation and Review of OPEB as of June 30, 2005 and June 30, 2007
 2009, 2011 - Buck Consultants GASB 43 & 45 Valuation report as of June 30, 2009 and as of June 30, 2011
 2013 - Actuarial Valuation Report GASB 45 as of July 1, 2013

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Pay-As-You Go



Based on the most recent actuarial report, if the District continues funding the retiree Benefit on a pay-as-you-go basis, the cost is expected to grow an average of 5.5% annually over the next 30 years.



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Post-Employment Costs - OPEBs



- OPEB liability as of July 1, 2013 was \$10.9 billion, down from \$11.2 billion in 2011
 - Net decline was the result of a combination of factors such as lower health care cost increases, changes in mortality rates, changes in the cost of dependent coverage, and a change in the discount rate
- OPEB Trust administered by CalPERS established in May 2014; currently \$90 million

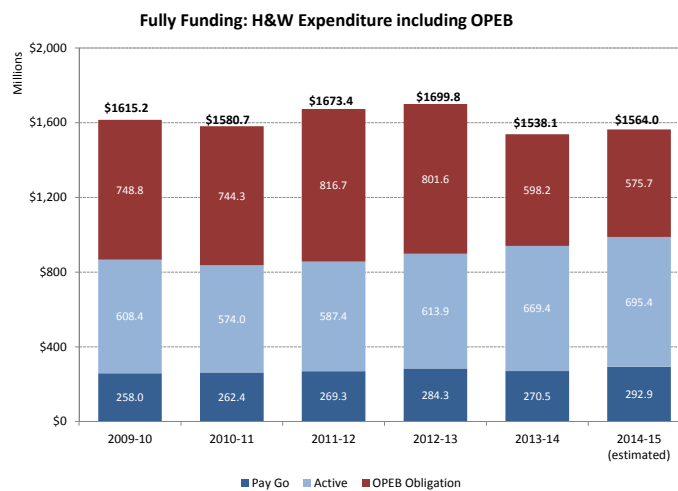
Annual Required Contributions and OPEB Costs ⁽²⁾ (\$Millions)				
Fiscal Year	Annual Required Contribution ⁽¹⁾	Annual OPEB Cost ⁽¹⁾	Actual Contribution ⁽²⁾	Annual OPEB Cost Contributed
2009-10	\$1,006.8	\$ 977.2	\$237.3	24%
2010-11	1,050.6	1,022.0	240.1	23
2011-12	1,085.9	1,048.0	228.7	22
2012-13	1,085.9	1,038.2	245.4	24
2013-14	868.6	890.9	326.9	37

(1) Information for Fiscal Years 2009-10 through 2012-13 reflects results of actuarial studies prepared by Buck Consultants. Information for Fiscal Year 2013-14 reflects results of an actuarial study prepared by Aon Hewitt.

(2) Figures represent actual contributions reports in the District's Comprehensive Annual Financial Report for the respective fiscal years included in the table. Figure for Fiscal Year 2013-14 includes \$60 million contributed to the OPEB Trust.

• Sources: 2013 Postemployment Valuation for FY 2009-10 through 2014-15; District's Comprehensive Annual Financial Report for FY 2009-10 through 2013-14.

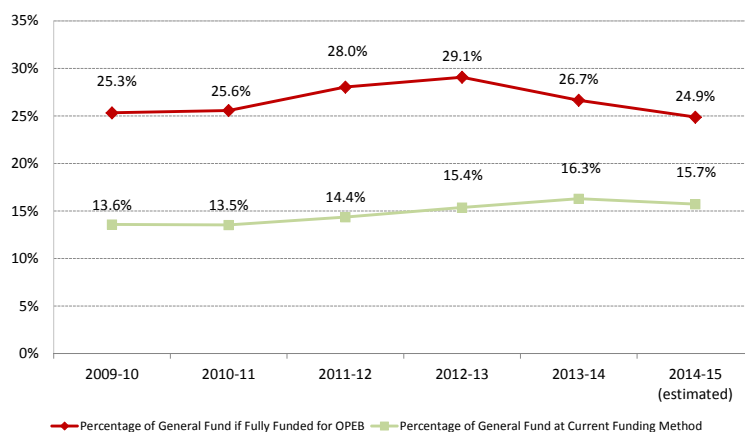
Components of fully funding health benefits. Pay-Go + OPEB Obligation = Annual Required Contribution (ARC)



Fully Funded H&W including OPEB as Percentage of General Fund



Fully Funded H&W as Percentage of General Fund



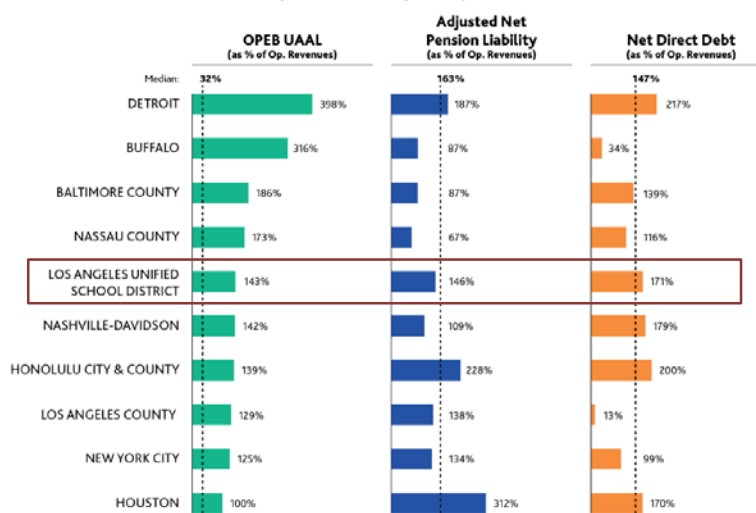
Source: Superintendent's 2010-2011 Final Revised Budget, Superintendent's 2006-2007 Adopted Final Budget
 The Segal Company Actuarial Valuation and Review of OPEB as of June 30, 2005 and June 30, 2007
 Buck Consultants GASB 43 & 45 Valuation report as of June 30, 2009
 The Segal Company Annual Projection dated 12/03/10
 January 18, 2011 Strategic Budget Review: Health & Welfare

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OPEB – How LAUSD Compares



Top 10 Heaviest OPEB Liabilities Relative to Budget in Fiscal 2012 Significantly Exceed Median of 32%



Detroit figures evaluated prior to judicial approval of the bankruptcy settlement proceedings, which eliminated most of its OPEB liability
 Source: Moody's Investors Service and issuer audited financial statements

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Typical Cost Containment Strategies



1. Hard cap on District contributions
2. District Contribution Based on a particular plan
e.g. Mid-Priced Plan ("floating cap")
3. Closed Formulary on Drug Plan for Blue Cross
4. Increase Rx co-pay
5. Allow families to only enroll in one plan (ROM)
6. Increase co-pays
7. Cap Reimbursement for Medicare eligible
retirees at Medicare Advantage HMO costs only
8. Eliminate post-65 benefits
9. Change eligibility (subject to CBA)

Source: Segal Company, 2008.
Note: Figures may vary slightly due to rounding.

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LAUSD Cost Containment



- OPEB Trust
- Audits
 - Dependent Audit
 - To date, estimated cost avoidance of \$12.6 million
 - Medicare Audit
 - Death Match
 - Medical and Pharmacy Claims Audit
- Employer Group Waiver Plan
- Total Health Management
- Contracts Negotiations

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LAUSD Staffing

Independent Financial Review Panel
8/11/2015

1



Agenda

- Contract Pool Teachers
- Reduction in Force (RFP)
- Staffing Trends

Reasons for Contract Pool Teachers



- Mutual Consent
- Displacements of least senior teachers due to “ECAST” Enrollment Projections
- Teachers returning from a Leave of Absence such as: Child Care, Personal, and Detached Service
- Administrators returning to teacher class due budget reductions
- Loss of funding such as QEIA
- Magnet/Charter Conversion/Reconstitutions
- Budget shortfall

Mutual Consent

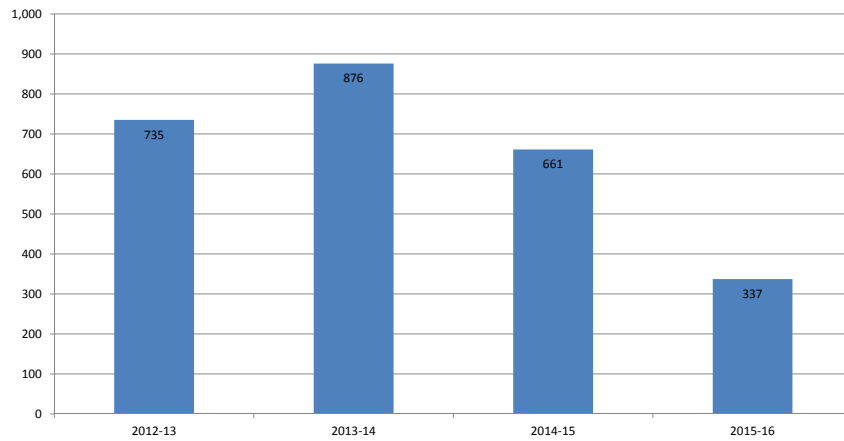


- Under Mutual Consent, teachers have the right to accept or reject positions at schools and school leadership teams have the right to accept or reject potential teachers.
- If a teacher without an assignment to a position has seniority, they end up in the pool.
- Per the 2015 labor agreement, mandatory placements now allowed during agreed upon periods of the year.

Contract Pool Decreasing in Size



Contract Pool as of Norm Day



Size of Pool Fluctuates Throughout the Year



SUBJECT	CONTRACT POOL TEACHERS FROM 2014- 2015	DISPLACED TEACHERS FOR 2015-2016	TOTAL (AS OF JUNE 8, 2015)	PROJECTED FOR THE FIRST DAY OF SCHOOL (AS OF AUGUST 6, 2015)
ART	9	9	18	7
BUSINESS	4	4	8	7
COMPUTER SCIENCE	5	2	7	8
COUNSELORS	11	22	33	14
EARLY CHILDHOOD EDUCATION	0	0	0	0
ELEMENTARY	108	306	414	102
ENGLISH	54	107	161	54
FOREIGN LANGUAGE	19	15	34	12
HEALTH	7	5	12	10
HOME ECONOMICS	1	0	1	1
INDUSTRIAL ARTS	3	1	4	3
MATH	51	87	138	43
MUSIC	9	4	13	5
PHYSICAL EDUCATION	23	10	33	6
SCIENCE	50	40	90	34
SOCIAL STUDIES	40	46	86	23
SPECIAL EDUCATION	21	51	72	8
TOTAL	415	709	1,124	337

Contract Pool Teachers – First Subs of the Day



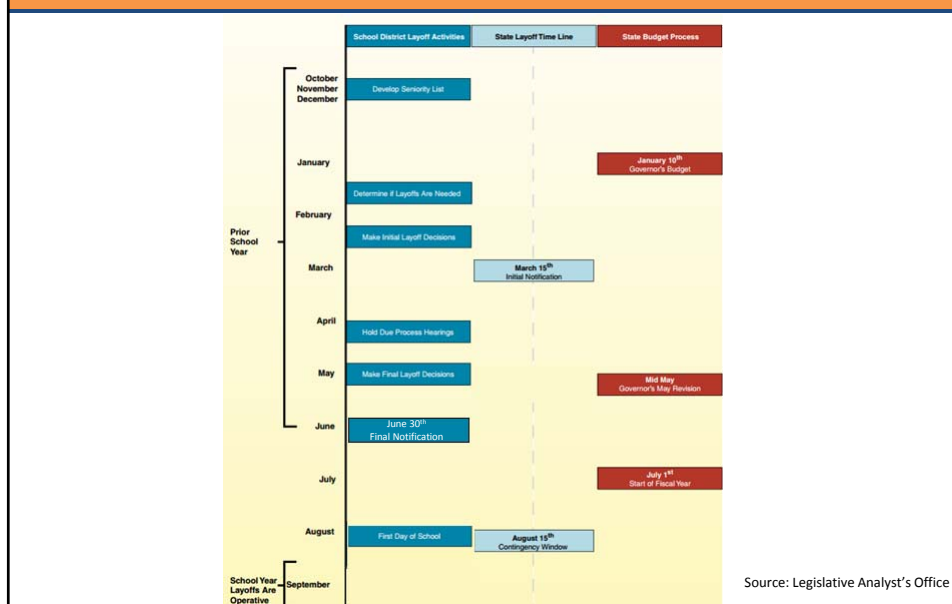
- The cost of carrying the Contract Pool Teachers is offset in part by using the teachers as substitutes
 - However, Contract Pool Teachers are more expensive than a traditional substitute

Reduction in Force (RIF)



- Layoff process largely dictated by state law
- State law specifies under what conditions districts can lay off teachers
 - Declining enrollment
 - Need to reduce a “particular kind of service”
 - State-required curriculum modification
- State law also prescribes various other aspects of layoff process
 - Sets criteria districts are to use in determining which teachers to lay off
 - Sets timeline
 - RIF Notices by March 15
 - Official layoff decisions by May 15

Reduction in Force (RIF) Timeline



Staffing Levels



- School-based staff are allocated using staffing ratios, or "norm" tables

This table provides one position for every 24 pupils based on the total enrollment in Kindergarten plus grades 1-3.

Active Enrollment			Number of Teachers			Active Enrollment			Number of Teachers		
From	To		From	To		From	To		From	To	
1	-	24	1	793	-	816	34				
25	-	48	2	817	-	840	35				
49	-	72	3	841	-	864	36				
73	-	96	4	865	-	888	37				
97	-	120	5	889	-	912	38				
121	-	144	6	913	-	936	39				
145	-	168	7	937	-	960	40				
169	-	192	8	961	-	984	41				
193	-	216	9	985	-	1,008	42				
217	-	240	10	1,009	-	1,032	43				
241	-	264	11	1,033	-	1,056	44				
265	-	288	12	1,057	-	1,080	45				
289	-	312	13	1,081	-	1,104	46				
313	-	336	14	1,105	-	1,128	47				
337	-	360	15	1,129	-	1,152	48				
361	-	384	16	1,153	-	1,176	49				
385	-	408	17	1,177	-	1,200	50				
409	-	432	18	1,201	-	1,224	51				
433	-	456	19	1,225	-	1,248	52				

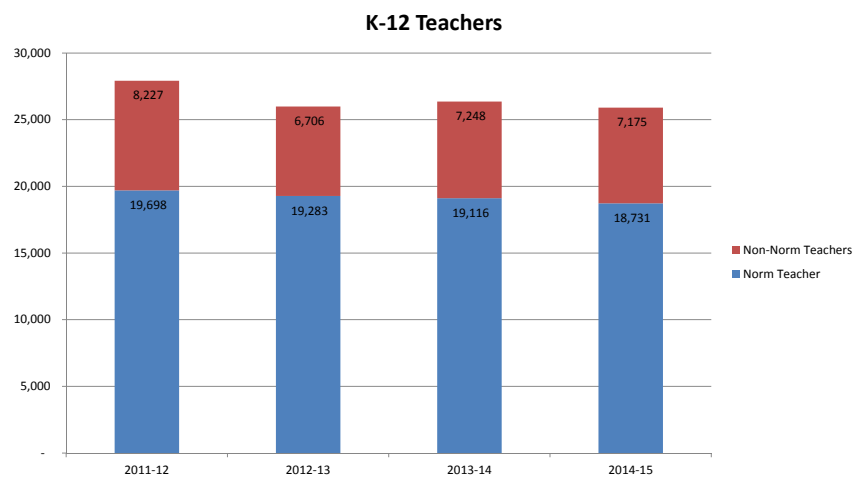
Impact of Declining Enrollment on Staffing



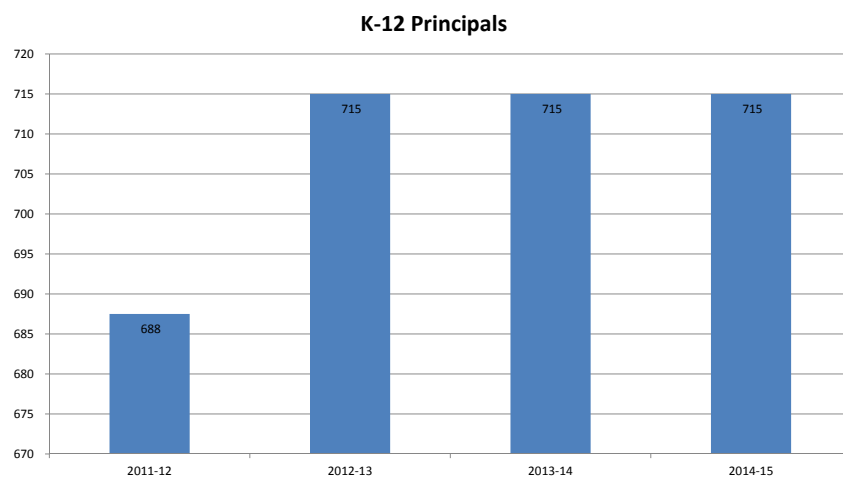
Income Loss	Proportional Layoff
<ul style="list-style-type: none"> 114 ADA decline at \$7,000 each – yields marginal revenue loss 	<ul style="list-style-type: none"> 120 students requires 5 teachers at 24:1 Five teachers times cost per novice teacher yields savings of: \$300,000 (\$60,000 per teacher, including benefits, x 5 teachers) Miscellaneous savings (\$400/ADA) <u>\$48,000</u>
Lost Revenue: \$798,000	Total proportional savings: \$348,000

Proportional layoff leaves a \$450,000 deficit. In this example, eight more teachers would need to be laid off to cover the decline. Program cuts would be required.

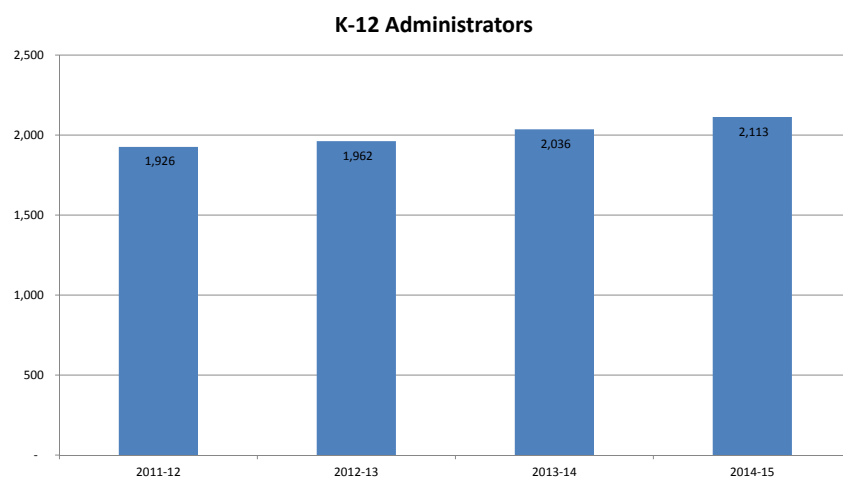
K-12 Teachers



K-12 Principals



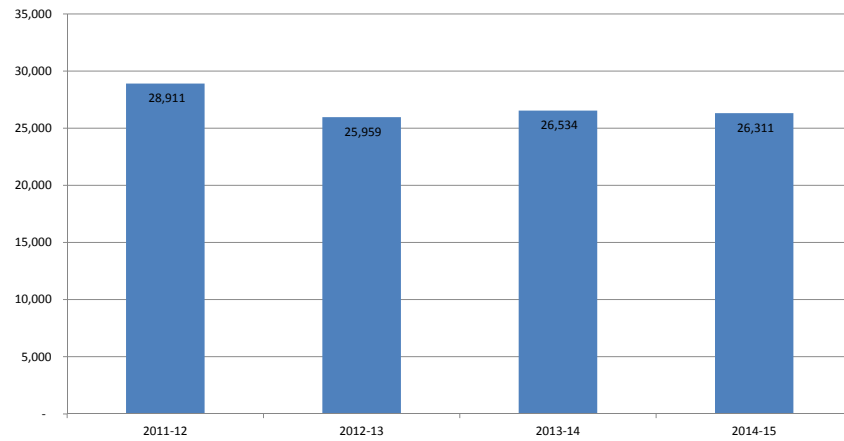
K-12 Administrators



Regular Classified Personnel



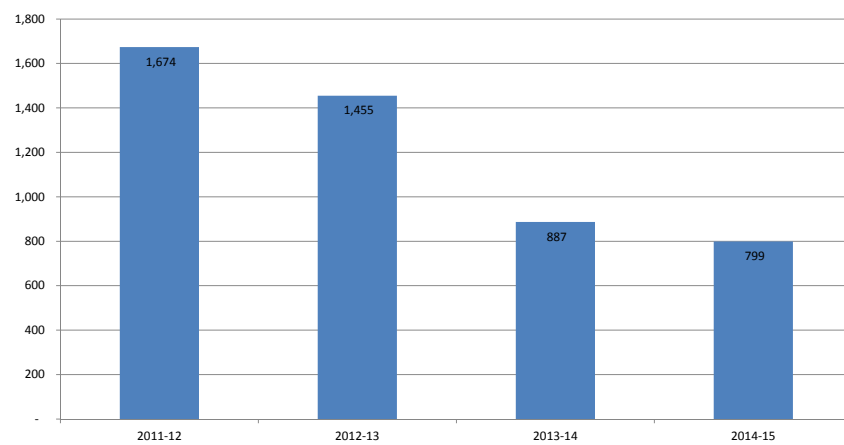
Regular Classified Personnel



Adult Education Teachers



Adult Education Teachers



Early Education Teachers



Early Education Teachers

