

**Board of Education
LONG BEACH UNIFIED SCHOOL DISTRICT**

SUBJECT: Budget Reductions and Revisions, Phase II for 2012-2013

CATEGORY:	Unfinished Business	Reason for Board Consideration: <u>Information/Action</u>
	Business Department	Date: <u>May 1, 2012</u>

BACKGROUND:

The state has experienced dramatic declines in revenue due to the severe economic downturn which began in the fall of 2007 and has made extensive reductions to public education funding. Accordingly, the District faces yet another year of significant budget deficits.

Governor Brown proposed a budget for education which, in its best case, removes the statutory COLA and may cut transportation funding entirely in the 2012-2013 year. This would result in a funding decrease of nearly \$19 million for the district. This optimistic scenario relies on the success of a November 2012 initiative increasing the state sales tax by 0.5% and increasing state income tax rates on the highest earners – those earning \$250,000 and above. These taxes would remain in effect through 2016 and are estimated to generate \$6.9 billion yearly at the state level. If the proposed initiative is unsuccessful, this will trigger a reduction of an estimated \$370 per ADA for districts, which would result in a yearly funding loss of \$30 million for Long Beach Unified. Accordingly, school districts are compelled to plan for two eventualities: (1) if the proposed initiative is successful, and (2) if the proposed initiative is not successful. The budget reductions in this item are necessary under either scenario.

Staff is actively engaged in identifying expenditure reductions designed to safeguard the District against being placed in a position of fiscal jeopardy.

The Board may consider budget reductions and revisions in any department, division, program, or service in the District, including, but not limited to, items listed, as well as reductions in force or in hours for represented and non-represented certificated and classified positions. In addition, recommended actions of reducing unrestricted General Fund expenditures may include utilization of categorical funding, revenue enhancements, realignment of priorities, and implementation of other measures designed to safeguard the District's fiscal health.

RECOMMENDATION:

Consider staff recommendations for budget reductions and revisions and take action as deemed appropriate.

Approved and Recommended:

Christopher J. Steinhauser
Superintendent of Schools

**Long Beach Unified School District
 Budget Expenditure Information
 Proposed Budget Solutions for Fiscal Year 2012-2013
 May 1, 2012**

	Estimated Savings
Business Services	
Reorganization of Custodial Services as part of a plan to eliminate Team Cleaning: Reassign Lead Custodians (22) to Custodians; Establish one-year "Pilot" program that emphasizes accountability and communication	\$ 74,800
Head Start	
Encroachment of Head Start program: The district will operate the program for one more year (through the end of the 2012-2013 fiscal year). Due to the encroachment in the general fund, the district does not plan to renew its application for the 2013-2014 fiscal year.	\$ (225,000)
Total Savings (Expense) from Above Recommendations	\$ (150,200)
Savings from Phase I and II reductions previously approved	21,234,085
Total Budget Solutions for 2012-2013 to date	\$ 21,083,885