

TO: BOARD OF EDUCATION

ACTION/CONSENT

06/04/09

FROM: TIM CUNEO / CHIUNG-SALLY CHOU

RE: APPROVE BUDGET SOLUTIONS - TIER III CATEGORICAL FUNDS  
FLEXIBILITY

RECOMMENDATION NO. A.07

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

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

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

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

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

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

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

**Tier III** funds were reduced by 15.38% in 2008-2009 and will also face the same 5% reduction in 2009-2010, but with maximum flexibility to move funding for any educational purposes. In SMMUSD, these funds include Targeted Instructional Improvement Block Grant, Adult Education, Regional Occupational Centers and Programs (ROC/P), School and Library Improvement Block Grant, Supplemental Instruction (hourly reimbursement), Instructional Materials, Deferred Maintenance, Professional Development Block Grant Program (Buy-back days), Supplemental School Counseling Program, Teacher Credentialing Block Grant (BSTA), High Priority Schools Grant Program, Arts and Music Block Grant, School Safety Block Grant for grades 8 - 12, Pupil

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

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

This item came forward discussion at the May 21, 2009, board  
meeting as Discussion Item No. D.02.

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Public Comments:

- *Rebecca Kennerly, PTA Council President, addressed the board regarding this item.*

*Mr. de la Torre expressed his concern regarding school safety. He also wanted to make sure that services to students would not be less effective. Dr. Chou explained to the board that there will be some postponements in spending, like putting off content area textbook adoptions. She added that despite a reduction in state funds, there were some federal funds available. Mr. Allen inquired about the GATE program funding. Dr. Chou replied that GATE would now be a part of the School Improvement money, allowing principals more flexibility to spend their enrichment activities funds. Ms. Maez explained that by approving this item, these changes will be reflected in the final budget.*

MOTION MADE BY: Mr. de la Torre  
SECONDED BY: Mr. Snell  
STUDENT ADVISORY VOTE: N/A  
AYES: All (7)  
NOES: None (0)

TO: BOARD OF EDUCATION

ACTION/CONSENT

06/04/09

FROM: TIM CUNEO / JANECE L. MAEZ

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

RECOMMENDATION NO. A.08

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

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

COMMENT:

Contracted Services

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

Special Education Alignment

Reducing line items in the Special Education budget comes as a result of analysis reviewing several years of expenditure

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

This item came forward discussion at the May 21, 2009, board meeting as Discussion Item No. D.03.

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Public Comments:

- *Rebecca Kennerly and Richard McKinnon, members of the community, addressed the board regarding this item.*

*Mr. de la Torre inquired about the process used to reach \$300K. Ms. Maez said staff identified services the district had contracted out and determined what could and could not be done with in-house staff next year. Ms. Leon-Vazquez asked if the district would be revisiting this for more reductions in the future. Ms. Maez replied that although staff was bringing forward this set of budget reductions and solutions tonight, the district was not done looking at budget reductions - anything could still be put on the table. Ms. Leon-Vazquez asked about bringing contracted services in-house. Mr. Cuneo said Dr. Davis, Interim Director of Special Ed, is helping the district to evaluate those areas, especially in regards to Special Education. He added that when the district hires a permanent Director of Special Ed, he will be evaluating that person's ability to bring such services in-house. Mr. de la Torre requested that the district continue ongoing analysis of contracting services and that staff deliver a report to the board regarding cost containment strategies. Mr. Cuneo said this directive could be given to the Superintendent's Budget Committee and the FOC. The board agreed.*

MOTION MADE BY: Mr. Snell  
SECONDED BY: Mr. de la Torre  
STUDENT ADVISORY VOTE: N/A  
AYES: All (7)  
NOES: None (0)

TO: BOARD OF EDUCATION

ACTION/CONSENT

06/04/09

FROM: TIM CUNEO / MICHAEL D. MATTHEWS

RE: CLASS SIZE FOR THE 2009-10 SCHOOL YEAR

RECOMMENDATION NO. A.09

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

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

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

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

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

This item came forward discussion at the May 21, 2009, board meeting as Discussion Item No. D.04.

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Public Comments:

- *Rebecca Kennerly, Sarah Braff, and Elizabeth Stearns, members of the community, addressed the board regarding this item.*

*Dr. Matthews said the district will continue to provide additional support to students at SAMOHI through the existing and proposed house system. Mr. de la Torre proposed adding the following language: "It is the school board's intent to implement this item as a temporary budget solution, and to return to 2008-09 class sizes when it is fiscally prudent to do so." The board supported this additional language.*

MOTION MADE BY: Mr. Snell  
 SECONDED BY: Mr. de la Torre  
 STUDENT ADVISORY VOTE: N/A  
 AYES: All (7)  
 NOES: None (0)

TO: BOARD OF EDUCATION

DISCUSSION  
06/04/09

FROM: TIM CUNEO / MICHAEL D. MATTHEWS

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

RECOMMENDATION NO. A.10

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

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

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

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

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

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

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

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

This item came forward discussion at the May 21, 2009, board meeting as Discussion Item No. D.05.

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Public Comments:

- *Laura Simone, Judith Hinojosa, Al Trundle, Irene Ramos, Hilda Urena, JoDee Moen, Richard McKinnon, Maurice Maxwell, Olla Mitchell, Rebecca Kennerly, Lora Morn, Debbie Mulvaney, Kouros Shaffy, Curt Mayvis, Megan Faber, Elizabeth Stearns, Laurie Lieberman, Abby Adams, Paula Goldman, Alan Nelson, Will Wolf, Peter Philbin, Jessica Casillas, Michelle Prichard-Lane, Stephen Saks, Alfredo Aria, Rochelle Finali, Michelle Shaffer, Ross Gordan, Ben Kay, Lori Williams, Wendy Wyman-McGinty, Deb Love, Rose Nelson, Rochelle Montgomery, Pyong Kim, Dana Bart-Bell, Mariam Billington, and Deirdre Anglin.*

*Mr. Allen asked about increasing attendance as a means of increasing revenue. Ms. Maez explained that SMMUSD has very respectable attendance rates, and to expect a significant increase would be unlikely. She added it is not advisable to rely on that for this particular budget problem. Mr. Snell expressed his concern that a reduction in advisors would adversely affect rising seniors. Ms. Pye asked if it was typical for outreach specialists to offer language translation services. Dr. Pedroza replied that it was not part of their job description, but outreach specialists often provide any necessary supports. Mr. Allen asked about the possibility of keeping the six houses, but reducing to three House Principals. Dr. Matthews explained that would lead to a very high student-to-administrator ratio, which defeats the small school goal. Mr. Cuneo added that it*

would increase the teacher-to-administrator ratio. Dr. Pedroza added that such a workload would be too much for three House Principals. Mr. de la Torre expressed his concern with the time frame for reducing one house. Mr. Cuneo assured that board that staff has already started initial discussions, and that during this summer there are activities planned with House Principals, teachers, and the SCORE team. Also, the school will develop a set of metrics to measure achievement and progress over the entire school year with two reports back to board. Mr. Cuneo emphasized that the goal is to make sure this transition from six to five houses is successful, and it will be backed with time, effort, and dollars. Meetings have been scheduled to address what is needed. He again assured the board that the school will be prepared in September. Dr. Escarce said he would like to see rising seniors retain their current counselors. Dr. Matthews replied that in order to determine which advisors would be reassigned in the district, staff would adhere to the SMMCTA contract.

Mr. de la Torre urged staff to keep the two advisors and one outreach specialists. Ms. Leon-Vazquez voiced her opposition to the original recommendation. Mr. Mechur supported the original recommendation and encouraged everyone to see the big picture and work together. Ms. Pye emphasized the need to be fiscally responsible and make cuts now because things will only get worse. She voiced her support for reducing SAMOHI by one house, but keeping one advisor and the librarian position. Dr. Escarce cautioned that even with these cuts, the district is still in the red. He agreed with the original recommendation, but suggested keeping the advisors and outreach specialist.

Ms. Black MOTIONED to make no changes to the number of SAMOHI houses.

AYES: 1 (Maria Leon-Vazquez)

NOES: Five (5)

ABSTAIN: Ben Allen

The motion failed.

Dr. Escarce MOTIONED to pass this item as written with the exception that the two advisors and one outreach specialist would be retained for the 2009-10 school year.

SECONDED by Mr. de la Torre.

Ms. Leon-Vazquez expressed her concern regarding future cuts to SAMOHI. Dr. Matthews explained that this motion represents a \$480K reduction, rather than the original \$700K. Board members requested that staff provide them with frequent updates in the fall regarding the transition at Samohi from six to five houses.

AYES: Six (6)

NOES: 1 (Maria Leon-Vazquez)