

Budget Update – Reducing the Deficit in 2019-2020

Background

The structural budget deficit that was in our adopted budget in June 2019 has not reduced in size over the first 6 months of our fiscal year. At the 1st Interim budget report on December 16, 2019, the deficit was \$10,974,204. Superintendent Matsuoka has been working with the business department team to unpack the budget, analyze the major areas where we have flexibility and are on our way to reducing our structural budget deficit. As we enter negotiations with our unions, it is critical to identify savings as we negotiate compensation improvements for 2020-21.

Identified Savings - \$3,807,698 (as of 1/22/20)

The following spreadsheet lists the savings by category. A short narrative of each line follows below.

1	Budget savings strategies, 2019-2020		
2			
3		Deficit as of 1st Interim	\$(10,974,204.00)
4			
5	budget reduction	Travel and Conference	\$ 250,000.00
6	budget reduction	Turf replacement transfer to Fund 40	\$ 100,000.00
7	budget reduction	slow down retiree health care contribution	\$ 550,000.00
8	new income	Debris Flow	\$ 537,000.00
9	new income	SPED Equalization	\$ 409,000.00
10	SpEd staffing	SpEd positions - not needed	\$ 825,000.00
11	savings	Business division savings	\$ 196,198.00
12	savings	One-time CALPERS account closure	\$ 400,000.00
13	Technology	Staff laptop program	\$ 380,000.00
14	Technology	Software Maintenance Agreement (5620)	\$ 40,500.00
15	unfilled positions	ETS positions	\$ 120,000.00
16			
17		savings	\$ 3,807,698.00
18			
19		new deficit number	\$ (7,166,506.00)

Narrative explanation:

Line number	Strategy
5	We have imposed a soft freeze on travel and conference involving unrestricted funds. Trips that have already been approved, trips using restricted resources, and trips deemed essential will continue. Cabinet will monitor all requests very carefully.
6	We have been saving funds towards future turf replacement. Given the new fields at DPHS and SBHS and the good condition at SMHS, we will stop this savings program for the next few years.
7	There is another action item on the 1/28/20 agenda that details this recommendation.
8	We finally received funds that were part of the recovery of the January 2018 debris flow.
9	The State of California has increased their SpEd funding model, new income
10	We built a SpEd staffing model that included the goal of overstaffing to deal with leave of absences, mid-year resignations, and other vacancies. We have not been able to fill those positions (lack of candidates) so we are releasing those positions and freeing up budget space.
11	Identified savings in the business department
12	One-time savings from changes in CALPERS retirement system
13	We are going to stretch out the life span of our staff laptops from 3 years to 4 to 4.5 years.
14	Various software savings
15	Unfilled ETS positions this year

The total savings identified as of January 22, 2020 is \$3,807,698. Our budget deficit has been lowered to (\$7,166,506). Our goal is to cut the deficit by 50% so we have another \$1.7 million dollars of savings to identify. Our leadership team has been informed about the importance of reducing our budget deficit and they are committed to be part of the solution. A season of austerity is needed and more challenging decision lie ahead. But we want to assure the board and community that we are doing this to protect programs, maintain staffing levels, and invest in our employees.

We will provide another update at the February 11, 2020 meeting.