



Evergreen School District

From strong roots grow bright futures

January 22, 2018

To: Board of Trustees

From: Kathy Gomez, Superintendent

Re: 2018-2019 Budget Development

The Governor's January Proposed Budget for 2018-2019 calls for full funding of the LCFF and an additional \$295 in per pupil one time mandate funding. The combination of declining enrollment and increasing PERS/STRS, special education, and operational costs, however, outpace current and future projected revenue increases (likely limited to COLA as we move beyond 2018-2019) and result in a deepening structural deficit.

History

The District's June 2017 Adopted Budget included an \$11 million deficit and an \$8.7 million reserve shortfall. After the State budget was finalized and the district's budget updated, the reserve shortfall fell to \$6.3 million. During the adoption process, the Board was presented with a list of Fiscal Stabilization Plan items and advised that we would need to meet in the fall to make reductions and submit a balanced budget to the Santa Clara County Office of Education.

On September 21, 2017, the Board was presented with a set of options for addressing this \$6.3 million shortfall so that a balanced budget could be submitted to the Santa Clara County Office of Education by October 20, 2017. The Board requested additional information and held a special study session on September 28, 2017 to discuss additional options.

The Board took action on October 12, 2017 to make reductions which included \$660,484 in ongoing savings. It was disclosed in October that "preliminary estimated unrestricted budget deficit spending in 2020-2021 is likely more than \$11 million." The Superintendent and CBO stated that absent additional monies from the State in 2018-2019, we would need to make additional reductions in January.

The Problem

Evergreen's 2018-2019 budget development reflects an \$18 million deficit and a \$20.6 million shortfall in meeting our 3% required reserve in 2020-2021. To address this shortfall and to present a balanced budget to the Santa Clara County Office of Education in June 2018, we will need to make approximately \$7 million in on-going budget reductions effective 2018-2019.

Overall Reductions

Cabinet has analyzed areas for potential reductions and identified the following broad categories as places to go for savings. We believe we can make savings as follows:

- \$1.5 million (approx.) in Supplemental spending
- \$1.5 million (approx.) in General Fund spending
- \$3.8 million (approx.) in negotiated items

Specifics

Initial thoughts as to where these reductions to Supplemental and General Funds could be made follow:

Supplemental Expenditures

Instructional Coaches (3.5 FTE)
ELD Instructional Assistants (6 FTE)
20% Reduction 1593 (Instructional Support)
20% Reduction 1595 (Parent Engagement)
25% Reduction of 1596 (Staff Development)
100% Reduction of 1592 (Site Technology Support)
100% Reduction of 1597 (Release Day)

General Fund Expenditures

Middle School Assistant Principal (.5 FTE, Leyva)
Principal (2 FTE, two small schools to be covered by one principal and one school to be covered by Cabinet member)
Mechanic (1 FTE, to be vacant)
Instruction Department Clerical (.5 FTE)
Social Worker (reassign funding from GF to Mental Health)
*Coordinator, Special Education (1 FTE)
*Principal on Special Assignment (1 FTE - realign positions)
ELD Assessment Specialist (1 FTE, to be covered by IT staff)
Custodian (2 FTE)
HR/Superintendent Office (reassign funding from GF to Bond and Restricted Maintenance)
20% Reduction of 1170 (Site budget allocation)
100% Reduction of SEAT
100% Reduction of 1250 (Middle School one-time extra-curricular)
Cell phones stipend reduction

**Principal on Special Assignment is currently funded through supplemental funds. Coordinator, Special Education is funded through General Fund. Realigned position will support Special Education and Instruction Department and will be funded through supplemental funds.*

Additional Reductions

The Board has expressed concern about consolidating schools and the Board majority has expressed a desire to first have a plan for the sites that would be vacated. We believe that if the Board chose to consolidate schools in 2019-2020, the 2018-2019 school year could be used to develop a plan for the properties.

Note, these recommendations are in addition to the Board authorized reductions of 1 FTE Cabinet position in 2019-2020; .5 FTE Clerical in 2018-2019; LCFE Induction; and Professional Development reductions

Next Steps

Classified employees whose positions will be eliminated require 45 days notice. To impact the 2018-2019 budget, we would like the Board to take action on elimination of positions at the March 8, 2018 Board meeting. This topic will be agendaized for the February 2018 meeting which will provide the Board time to think, ask questions, and engage in further conversation.