

Planning for Long-Term Financial Sustainability

Board of Education Meeting
February 9, 2017



Beverly Hills Unified School District

Mission:

The mission of the Beverly Hills Unified School District is to inspire and enable each student to achieve academic excellence and meet the goals of college and career readiness.

Vision:

Through a safe and supportive environment, every student will engage in a rigorous and enriching quality education, and will be prepared to thrive in a complex, changing world.

Presentation Agenda



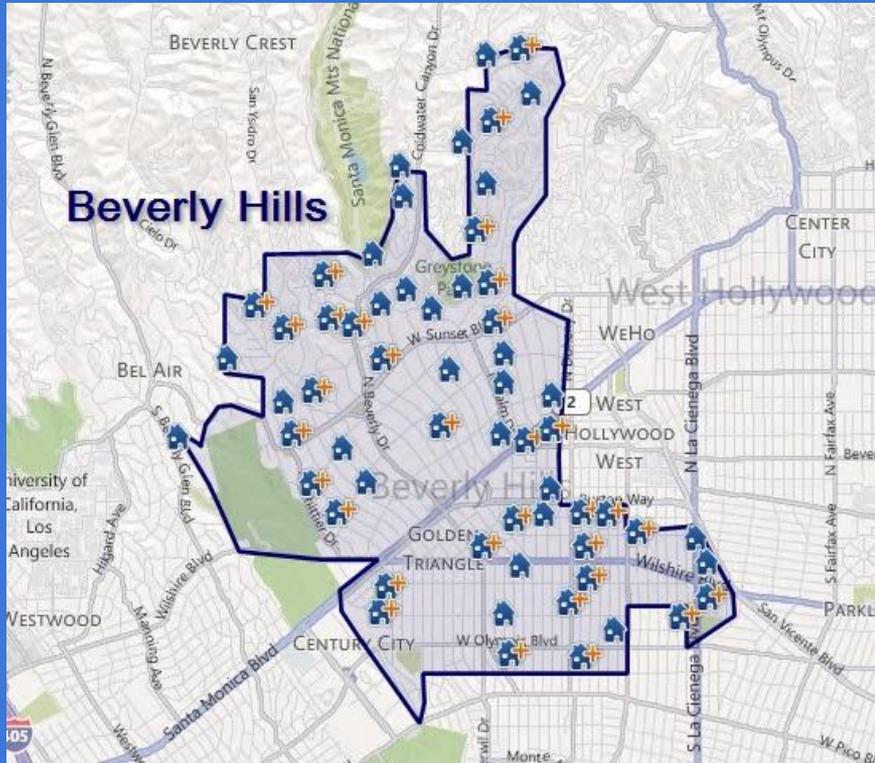
1. Issues
2. Enrollment Trends
3. Financial Data
4. Financial Projections
5. Recommendations
6. Q&A and Board Direction
7. Budget Study Session - Part II: February 16, 2017 at 3:00 PM

The planning conversation will likely involve significant change. We must be sensitive with our staff members and community stakeholders throughout this process.

Background



Background



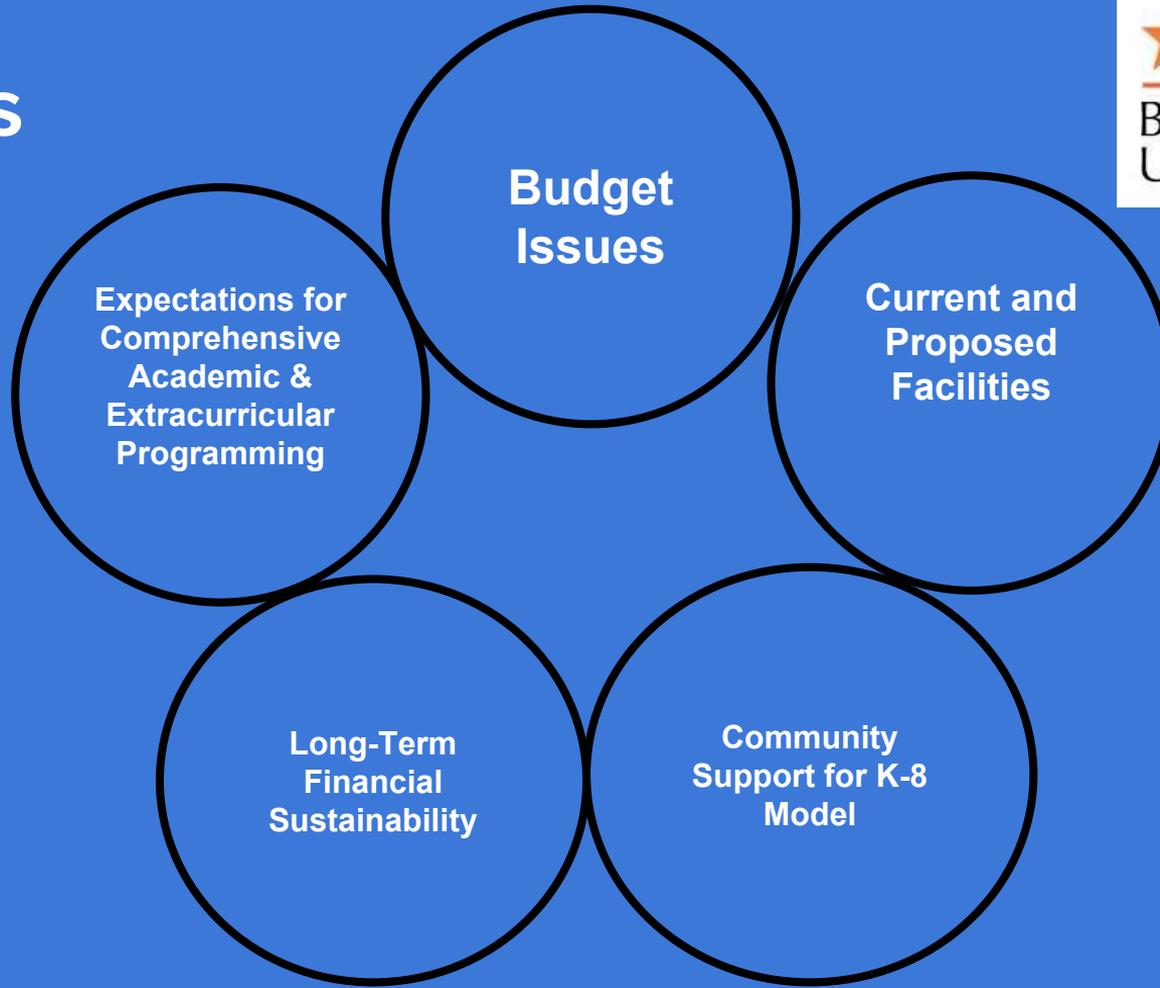
- 4,013 Students in five schools, including one continuation school
- Grades Pre-K to 12
- 1,483 Students in one high school
- 8% Low-Income
- 298 Certificated
- 156 Classified

Current Offerings - A Snapshot



- TK-5: Low Class Size, Dedicated Art, Choral, STEM/Technology, Intervention, GATE and Physical Education Teachers. Extra programs: e.g., Fifth Grade District Choir and Instrumental Program
- Middle School: STEM/Technology, Instrumental Music, Choir, Physical Education, Intervention, GATE, Art, Clubs, and Extra Programs
- High School: Comprehensive program offerings, including over eighty course offerings, a robust selection of Honors and AP Courses, Performing Arts, Athletics, a Medical Science Academy, dedicated college and intervention counseling, and other specialty programs offered during a flexible 7-8 period day

Issues



Review Board Direction: Our Charge



Review causes of projected deficit spending, and make recommendations for long-term financial sustainability

Starting the Conversation



- Current Situation – Unsustainable Financial Path
- Review Previous Budget Reductions
- Analyze Staff Savings Through Attrition
- Configuration Offered Educational Opportunities/ Extracurricular, and Athletic
- Staffing/Efficiency
- Begin a Conversation to Determine a Set of Givens with Board Input

Enrollment Trends

SCHOOL	2012-13	2013-14	2014-15	2015-16	2016-17	MIN	AVERAGE	MAX	Δ District/School
BHUSD - TK	19	17	39	33	45				
BHUSD - K	252	269	194	218	202	194	227	269	-75
BHUSD - 1	223	238	248	212	238	212	231.8	248	-36
BHUSD - 2	224	234	260	255	234	224	241.4	260	-36
BHUSD - 3	245	241	247	275	264	241	254.4	275	-34
BHUSD - 4	288	259	265	268	310	259	278	310	-51
BHUSD - 5	268	278	269	280	278	268	274.6	280	-12
BHUSD - 6	391	278	329	282	312	278	318.4	391	-113
BHUSD - 7	362	378	289	323	297	289	329.8	378	-89
BHUSD - 8	347	361	378	223	342	223	330.2	378	-155
BHHS - 9	386	372	391	394	311	311	370.8	394	-83
BHHS - 10	460	404	392	381	411	381	409.6	460	-79
BHHS - 11	490	449	411	368	384	368	420.4	490	-122
BHHS - 12	541	480	439	397	377	377	446.8	541	-164
TOTAL	4496	4258	4151	3909	4005	3909	4133.2	4496	-587

District Class Sizes

Board of Education Class Size Guidelines

- K-3: 23
- 4-12: 29
- PE: K-5: 30+1 adult
6-12: 45+1 adult/30

Current Class Size Range

- K-3: 18-23
- 4-5: 24-28
- 6-12: 7-36

District Class Sizes

Causes of Uneven Class Size:

- K-8 Model
- Low Enrollment
- Special Programs
- Modernization, Facilities Space During Construction

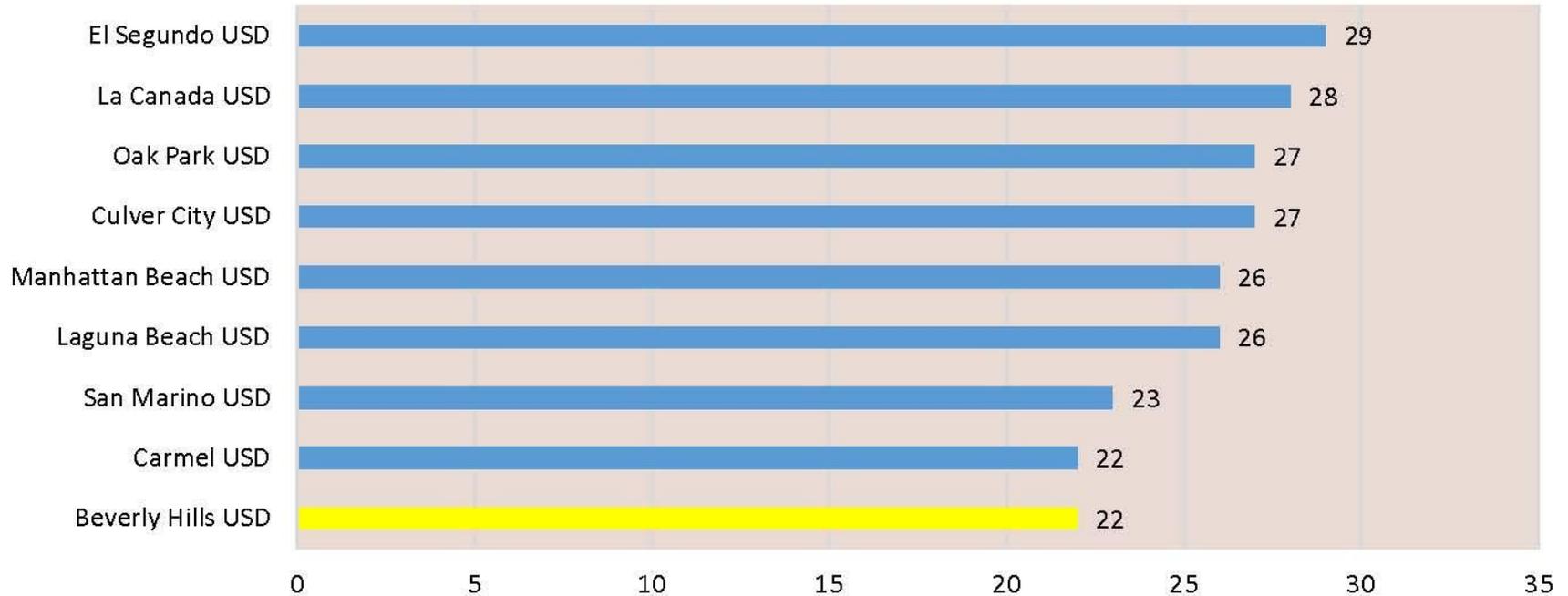
Results:

- Uneven Class Sizes
- Low Enrollment in Special Programs
- High Operating Costs
- Educational Ineffectiveness

The district is committed to maintaining BOE class size guidelines; however, the current configuration is not sustainable.

FY 2015 Average Class Size

Average Class Size: Comparable School Districts



District Class Size

Average Class Size 2015 = 22

Current Class Size Compared to Board Guidelines

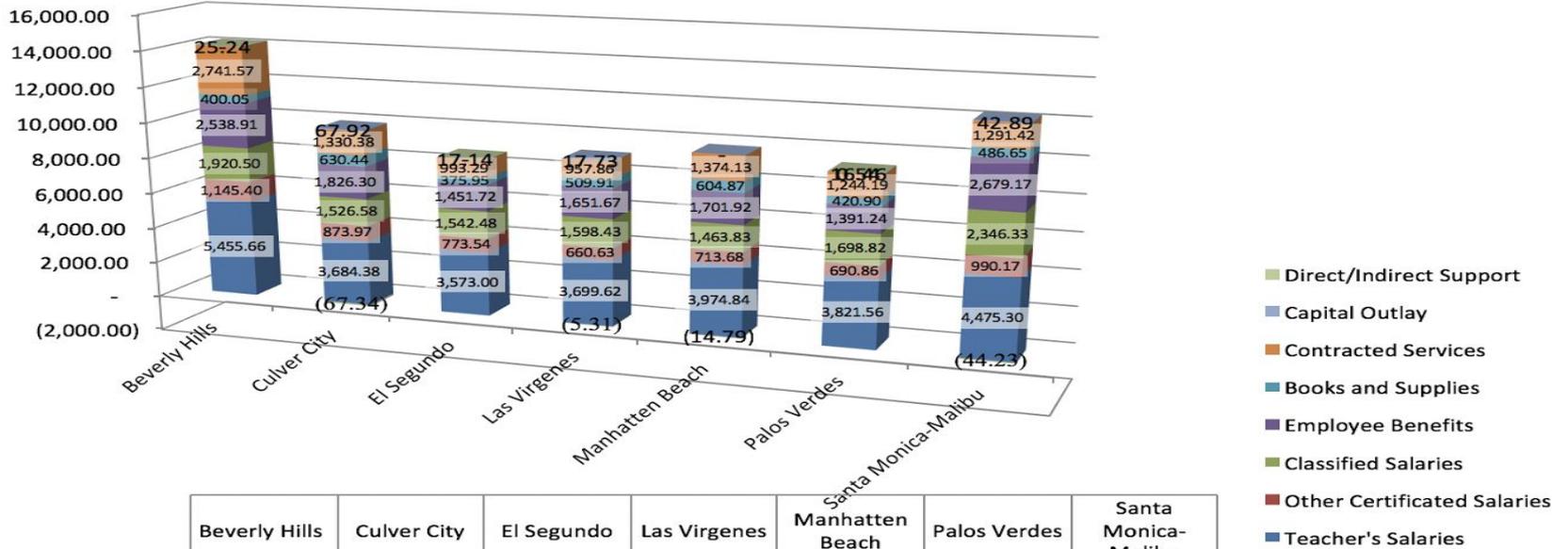


Other Considerations.....



- Staff Morale and School Climate
- Competitiveness with Surrounding School Districts
- Staff Retention
- Future Program Reductions/Eliminations
- Contractual Considerations (e.g., instructional versus teaching minutes)
- TK-5 School Placement: Roll-up at the home school results in low enrollment classes.

Per ADA Spending with Comparable Districts



	Beverly Hills	Culver City	El Segundo	Las Virgenes	Manhattan Beach	Palos Verdes	Santa Monica-Malibu
Direct/Indirect Support	-	(67.34)	-	(5.31)	(14.79)	0.54	(44.23)
Capital Outlay	25.24	67.92	17.14	17.73	-	16.46	42.89
Contracted Services	2,741.57	1,330.38	993.29	957.86	1,374.13	1,244.19	1,291.42
Books and Supplies	400.05	630.44	375.95	509.91	604.87	420.90	486.65
Employee Benefits	2,538.91	1,826.30	1,451.72	1,651.67	1,701.92	1,391.24	2,679.17
Classified Salaries	1,920.50	1,526.58	1,542.48	1,598.43	1,463.83	1,698.82	2,346.33
Other Certificated Salaries	1,145.40	873.97	773.54	660.63	713.68	690.86	990.17
Teacher's Salaries	5,455.66	3,684.38	3,573.00	3,699.62	3,974.84	3,821.56	4,475.30

Chart Area

2017-2018 Enrollment Projections with Current Class Size Guidelines

	HM	ER	BV	HAW	BHHS
TK-5 Sections	17	16	19	16	--
6-8/9-12 Sections	88	93	90	86	505
Enrollment	541	646	713	622	1483
Programs	T1/SDC	--	PK	T1 2017/PK	Moreno/IS

2017-2018 Enrollment Projections with Increased Class Size Guidelines

	HM	ER	BV	HAW	Total
TK-3 Sections Current	12	12	14	11	49
TK-3 Sections at 26	12	10	13	10	45
TK-3 Sections at 29	11	9	13	10	43

Current Budget & MYP Fund Balance Erosion WITHOUT Budget Reductions

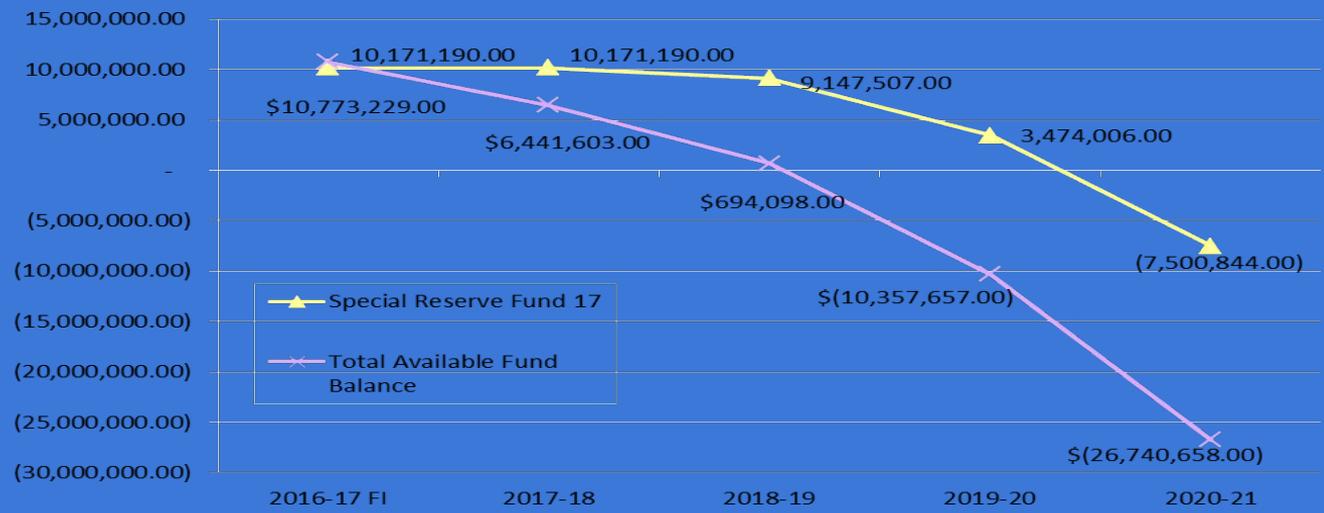
- As of First Interim Reporting
- Multiple Years of Deficit Spending

- 16/17 Reserves @ 20%
- 17/18 Reserves @ 19%
- 18/19 Reserves @ 17%
- 19/20 Reserves @ 9%
- 20/21 Reserves @ 3%

District Reserve
Limit Policy Needed

General and Reserve Fund Balance

	2016-17 FI	2017-18	2018-19	2019-20	2020-21
GF Beginning Fund Balance	7,918,989.00	3,294,537.00	(1,023,683.00)	(5,673,501.00)	(10,974,850.00)
<i>GF Revenue</i>	<i>63,995,411.00</i>	<i>64,748,588.00</i>	<i>66,883,787.00</i>	<i>68,795,748.00</i>	<i>70,559,869.00</i>
<i>GF Expenses</i>	<i>68,619,863.00</i>	<i>69,066,808.00</i>	<i>71,533,605.00</i>	<i>74,097,097.00</i>	<i>75,913,527.00</i>
GF Net Change	(4,624,452.00)	(4,318,220.00)	(4,649,818.00)	(5,301,349.00)	(5,353,658.00)
GF Restricted and 3% Reserve	2,692,498.00	2,705,904.00	2,779,908.00	2,856,813.00	2,911,306.00
GF Net Fund Balance	\$ 602,039.00	\$ (3,729,587.00)	\$ (8,453,409.00)	\$ (13,831,663.00)	\$ (19,239,814.00)
Special Reserve Fund 17	10,171,190.00	10,171,190.00	9,147,507.00	3,474,006.00	(7,500,844.00)
Total Available Fund Balance	\$ 10,773,229.00	\$ 6,441,603.00	\$ 694,098.00	\$ (10,357,657.00)	\$ (26,740,658.00)



Enrollment Reductions

Action	Estimated Savings
Total FTE K-8: 8.5	\$ 850,000
Total FTE 9-12: 4.6	\$ 460,000
Maximum Savings Total: 13.1 FTE	\$ 1,310,000

Program Elimination/Reduction Options

Action	Estimated Savings
Eliminate K-8 Technology/STEM Teachers and embed programs in core classes with iCoach support (<i>note: reduction of more than one “special” program results in exceeding the teaching minutes cap for grades 4 and 5</i>).	\$400,000
Reduce librarian technical staffing by 50% and move to a shared service model.	\$ 82,000
Reduce Instrumental Music Teachers by 50% and move to a shared service model.	\$200,000
Reduce K-5 Intervention teachers by 50% and all intervention sections at MS (<i>note: these specialists have only been in place for 6 months, and so there is limited data to evaluate the overall effectiveness of this new program; also, LCAP requires \$678,000 of funding for intervention- UDP</i>)	\$480,000

Program Elimination/Reduction Options - Continued

Action	Estimated Savings
HS Classified	\$60,000
GATE: Reduce by 50%	\$80,000
Increase TK-3 size to 26 (\$400,000) or 29	\$600,000
Reduce HS Counselors by Two	\$240,000
Enrollment Reductions	\$1,310,000
Estimated Total Savings	\$3,452,000
Reaching a \$5M budget deficit reduction target will require a reduction of an additional 16 FTE (\$1,600,000)	\$5,052,000

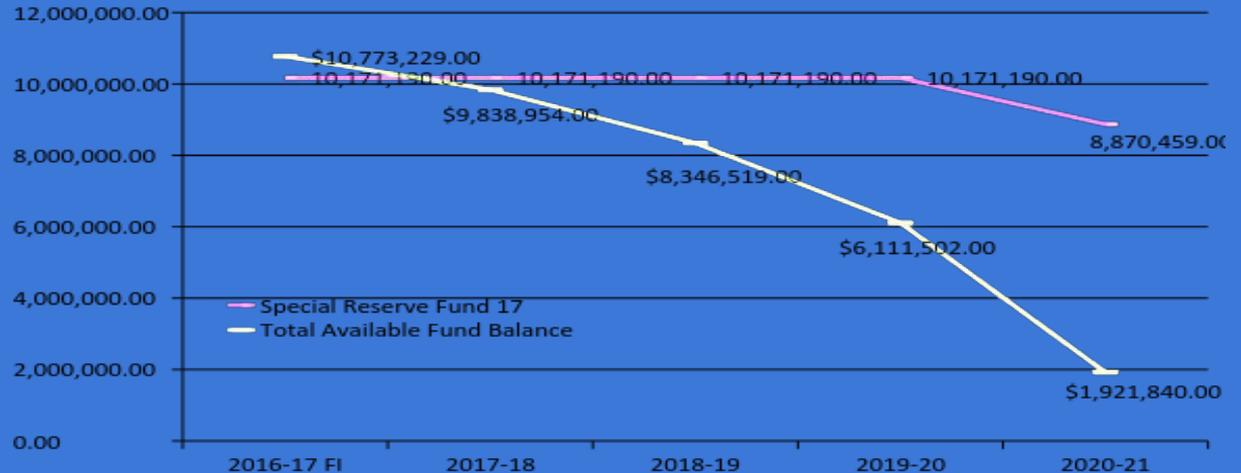
Current Budget & MYP

\$3.2 Million Reduction 2017-2018

- Slows the Erosion of the Fund Balance
- Continuation of Deficit Spending
- Allows Time for a Engaged Process
- Must be Sustained Reduction

General and Reserve Fund Balance with \$3.2M Reduction

	2016-17 FI	2017-18	2018-19	2019-20	2020-21
GF Beginning Fund Balance	7,918,989.00	3,294,537.00	2,271,337.00	854,760.00	(1,300,731.00)
<i>GF Revenue</i>	63,995,411.00	64,748,588.00	66,883,787.00	64,795,748.00	70,559,869.00
<i>GF Expenses</i>	68,619,863.00	65,771,788.00	68,300,364.00	70,951,239.00	73,376,055.00
GF Net Change	(4,624,452.00)	(1,023,200.00)	(1,416,577.00)	(2,155,491.00)	(2,816,186.00)
	3,294,537.00	2,271,337.00	854,760.00	(1,300,731.00)	(4,116,917.00)
GF Restricted and 3% Reserve	2,692,498.00	2,603,573.00	2,679,431.00	2,758,957.00	2,831,702.00
GF Net Fund Balance	\$ 602,039.00	\$ (332,236.00)	\$ (1,824,671.00)	\$ (4,059,688.00)	\$ (6,948,619.00)
Special Reserve Fund 17	10,171,190.00	10,171,190.00	10,171,190.00	10,171,190.00	8,870,459.00
Total Available Fund Balance	\$10,773,229.00	\$ 9,838,954.00	\$ 8,346,519.00	\$ 6,111,502.00	\$ 1,921,840.00



Revelations

- District Class Size - Driven by K-8 Configuration
- Future Budget Deficit Reductions will Require Changes in High School Programming
- Budget Challenges/Labor Association Contracts/Fund Balance

Process

TOP DOWN

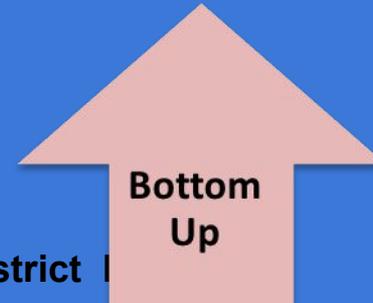


VS.

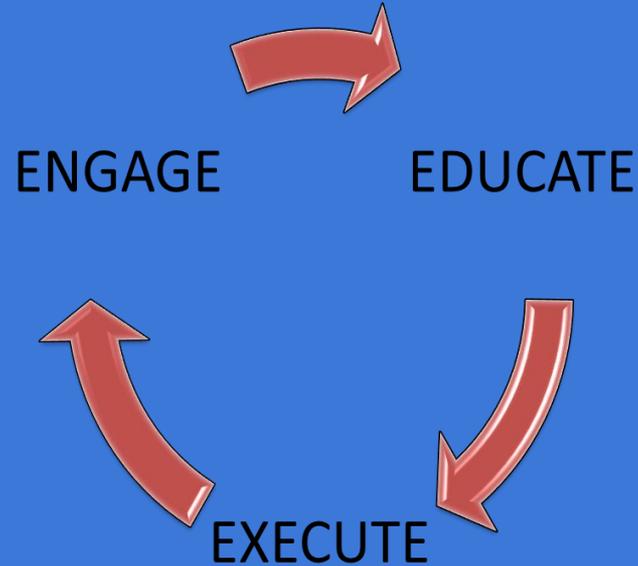
BOTTOM UP

- Committee Members Develop Options
- Broader Community Offers Feedback
- Committee Recommendation to Administration
- Administration Recommendation to the Board
- Board Takes Action

- Administration Makes Recommendation
- Board Takes Action



Process



Next Steps

Board Study Session - February 16, 2017

Districtwide Financial Study

Presented - School Services of California

February 16, 2017

2nd Interim Report - March 28, 2017

Board Direction &

