

Presented to the Board and Parent Groups in Spring 2011



How Reed Differs from Revenue Limit Districts

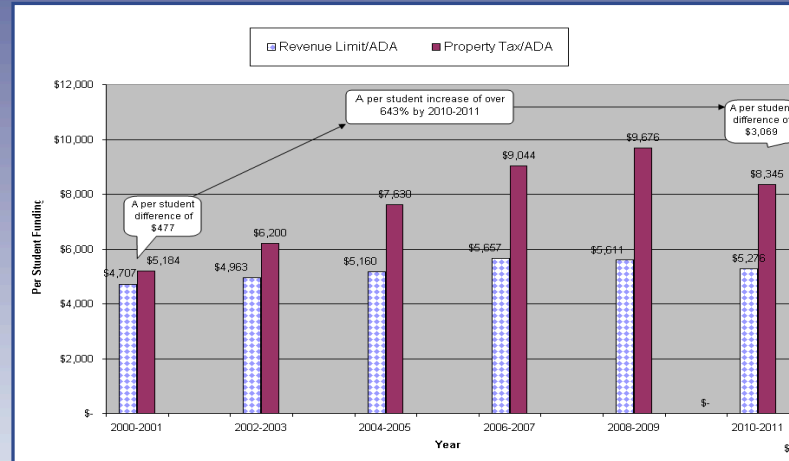
	Reed (Community Funded)	Other (Revenue Limit)
Number of California districts	125	928
Revenue primarily determined by	Property values	State budget
Higher enrollment means	No additional funding	Receive additional funding (based on enrollment)
Current amounts per pupil *	\$ 8345	\$ 5300

* Amounts only reflects property taxes and state's basic revenue limit, respectively

This slide sets the context that being Community Funded provides RUSD with more resources. The \$8345 is based on enrollment projections (not ADA) divided by the total amount of property taxes, but is an artificial number because RUSD gets our revenue from local property taxes that do not depend on the number of students attending the District. (Enrollment projections tend to be higher than average daily attendance-ADA- because this is based on actual days students attend school.) It explains the difference between what RUSD would have to work with if we were a Revenue Limit District as opposed to a Community Funded District. It also illustrates that enrollment growth means **less** money per student for Community Funded Districts which is counter-intuitive because most public schools depend on enrollment growth to get additional revenue.



Revenue Limit vs. Property taxes Funding, per Student *



*Per Student = Average Daily Attendance (ADA)

Reed Union School District 2010 – 2011 Budget Review

We know this slide is hard to read, but the reason we kept it in the deck is to focus on the changes to the relative difference between Revenue Limit District since 2000-2001 until this past year 2010-2011.

The gap in 2000-2001 was \$477 per student (more money than if RUSD were a revenue limit district) and has grown to \$3,069 in 2010-2011 per student. The gap has grown significantly, but with enrollment growth continuing and with flat property value increases the past couple years, the gap is getting a little tighter. Either enrollment growth must slow our property taxes need to go up or both to happen for the trend to reverse. It remains better for RUSD to be a Community Funded School District but the difference in 2010-2011 is less than in the preceding year.



How Are We Funded?

Source	Amount	Share
Property Taxes	\$ 10,695,418	67%
Foundation	\$ 1,430,000	9%
Parcel taxes *	\$ 1,418,555	9%
Special Ed	\$ 655,215	4%
Granada	\$ 409,400	3%
Federal	\$ 509,467	3%
State	\$ 397,415	2%
Local (bus tickets, etc.)	\$ 281,642	2%
Lottery	\$ 151,130	1%
TOTAL	\$ 15,948,242	

* Increases 3% annually; expires
2016

Reed Union School District 2010 – 2011 Budget Review

This slide shows the sources of revenue for RUSD. The majority of all revenue for RUSD comes **from local sources**. 85% is from our local community in the form of property taxes, Foundation support and parcel taxes (which automatically increase 3% a year until 2016) when this tax sunsets unless RUSD goes back to the voters to get it reauthorized.

- Special education revenue only covers between 15-18% of actual costs for these services
- Granada revenue comes mainly from rents collected from seven different private vendors who use this facility but the Granada facility may need some RUSD financial support to keep the facility in good working order.
- LOCAL is really revenue from fees for services that comes into RUSD but then immediately goes out for the services provided, such as transportation.



Property Taxes

Year	Assessed Value	RUSD Receipts	Y/Y Change
2003-04	\$4,151,602,942	\$7,263,222	
2004-05	\$4,434,727,254	\$7,805,567	7.5%
2005-06	\$4,836,330,349	\$8,501,471	8.9%
2006-07	\$5,249,200,319	\$9,270,217	9.0%
2007-08	\$5,616,598,404	\$9,933,678	7.2%
2008-09	\$6,029,803,291	\$10,594,082	6.6%
2009-10	\$6,264,745,079	\$10,956,502	3.4%
2010-11	\$6,118,774,782	\$10,728,087	-2.1%
2011-12* * Estimated	\$6,222,163,843	\$10,806,435	0.7%

Reed Union School District 2010 – 2011 Budget Review

In the recent past, property taxes in RUSD have historically grown by 6-9% annually, but since the economic downturn, they have actually been negative or flat. Since the District continues to experience enrollment growth, there is actually less money per student to provide the programs when property values are not growing. Community Funded school districts rely on local property values.



Property Taxes

Year	Enrollment	Property tax Receipts per Enrollment	Y/Y Change
2003-04	1,084	\$6,700	
2004-05	1,048	\$7,448	11.2%
2005-06	1,031	\$8,246	10.7%
2006-07	1,055	\$8,787	6.6%
2007-08	1,104	\$8,998	2.4%
2008-09	1,162	\$9,117	1.3%
2009-10	1,243	\$8,815	-3.3%
2010-11			
2011-12*	1,411	\$7,659	-4.0%

* Estimated

Reed Union School District 2010 – 2011 Budget Review

This is the MOST crucial slide because it shows why the District has been forced to freeze compensation and not grow programs the past 3 years.

The \$8345 on slide #3 is equivalent to the \$7976 above because on slide #3 we used an artificial enrollment projection divided into the amount property tax revenue we have. This slide shows the actual enrollment used to plan teacher hires and not the average daily attendance (which is based on actual days students attend school). Predicting enrollment is an inexact science because the majority of growth is due to new families moving into the District with school-age children. With the economy struggling, less residents send their children to private schools too.

The difference is between ADA (Average Daily Attendance) and Enrollment, is because ADA is based on the actual days students attend school and enrollment is based on how many students actually sign up to attend school. (ADA in 2010-11 = 1,284.88 while Enrollment = 1,345). Enrollment is 4.67% higher, so \$7,976 multiplied by 1.0476 = \$8,348, approximately the difference between the two numbers from slide #3 and slide #6.



Recent State Budget Cuts

Year	State Cuts
2008-2009	\$ 50,031
2009-2010	\$ 337,405
2010-2011	\$ 432,013
2011-2012 <i>(projected)</i>	\$ 700,206

Reed Union School District 2010 – 2011 Budget Review

Each year RUSD has made separate budget reductions so these reductions are not cumulative. For the past few years “Community Funded” school districts were told by the State to contribute a comparable amount of budget reductions to what revenue limit districts were experiencing. In 2010-11 the amount Community Funded Districts had to reduce their budgets was 5.6% and in 2011-12 that amount grew to 8.92% of total revenue from the state. For RUSD the state annually gives the District a small amount of revenue to serve special student populations (like poverty or non-English speaking students). In 2011-12, the amount of state aid that was reduced is a little more than \$700,000 or essentially all the money the state would normally give to RUSD.

The Federal ARRA monies helped offset some of these reductions the past 3 years but that money will be entirely used up this year.



Foundation Funding

Year	Program Expenditures	Foundation Funding
2003-2004	\$ 896,393	\$ 715,000
2004-2005	\$ 805,473	\$ 715,000
2005-2006	\$1,017,216	\$ 794,000
2006-2007	\$1,249,388	\$1,000,000
2007-2008	\$1,347,118	\$1,000,000
2008-2009	\$1,419,521	\$1,000,000
2009-2010	\$1,478,999	\$1,300,000
2010-2011	\$1,451,352	\$1,400,000

Reed Union School District 2010 – 2011 Budget Review

This slide shows the annual increased contribution to total District revenues by the Foundation for Reed Schools. Without this voluntary support, RUSD would not be able to offer many of the strong programs in art, music, PE, technology and foreign language. The “\$1,430,000” that is shown for 2010-11 does NOT represent additional revenues provided by programs like “raise the paddle” which contributed over \$30k for Smart Boards last year and over \$55k this year for iPad purchases and training of staff. For 2011-2012, the Foundation has agreed to raise their annual contribution rate to \$1,500,000. In addition, a one-time donation of \$300,000 will be used by the District to help maintain class size targets in 2011-2012.



How Do We Spend It?

Use	Amount	Percent
Employee Salaries	\$ 10,188,438	63%
Employee Benefits	\$ 2,878,495	18%
Services and other Operating Expenditures	\$ 1,741,278	11%
Books and Supplies	\$ 1,012,219	6%
Other Outgo	\$ 279,195	2%

Reed Union School District 2010 – 2011 Budget Review

Certificated (+ administrative) and Classified salaries combined and with employee benefits equate to over 81% of total expenditures each year. Services and operating expenses include items like service contracts, travel & conferences, property & liability insurance, utilities, special education non-public school fees and agency costs (speech therapists, etc.).

Supplies encompasses ALL supplies, including custodial and maintenance supplies, paper, printer cartridges, and support texts. RUSD has been saving money in the recent past to wait for companies developing electronic text support and new Common Core Standards alignment to purchase new instructional materials.



Teacher Salary and Benefits

Year	Average Teacher Salary and Benefits	Y/Y Increase
2003-2004	\$ 74,289	
2004-2005	\$ 82,994	12%
2005-2006	\$ 88,193	6%
2006-2007	\$ 91,300	4%
2007-2008	\$ 96,492	6%
2008-2009	\$ 98,716	2%
2009-2010	\$101,376	3%
2010-2011	\$102,710	1%

Reed Union School District 2010 – 2011 Budget Review

Factors in this calculation include mandated costs for pensions (8.25%) as well as medical/dental insurance (16-17%), and unemployment, workers comp and Medi-care (5%) benefits which together account for approximately 30% of the total compensation for the average employee.

In 2010-2011 there was no COLA settlement for certificated and classified employees and the prior year there was only an one-time compensation increase equivalent to $\frac{3}{4}$'s of 1%. **RUSD is competitive in the market for public education compensation comparisons in Marin County and most often compares its compensation packages to public school districts in Kentfield, Mill Valley, Larkspur and Ross.**



What is the Cost of Maintaining Small Class Size for K-5 students?

Number of Students per Class	Number of Teachers	Teacher Cost *
20	45	\$4,621,950
21	43	\$4,416,530
22	41	\$4,211,110
23	39	\$4,005,690
24	37	\$3,800,270
25	36	\$3,697,560

* Assuming the Total Cost for One Teacher is \$102,710

Reed Union School District 2010 – 2011 Budget Review

If we were to balance budget reductions by increasing average class sizes, this chart shows the impact. It would save the District roughly \$200k to put one more student in every class in grades K-5. Del Mar Middle School impacts are harder to calculate because of they utilize content area specialists that are able to teach different numbers of students in some classes (like music and PE) but each teacher costs the District approximately a \$100k for salary and all benefits. **The State has captured back all RUSD's class size reduction revenue for 2011-2012.** This state program for years had been the incentive for keeping class sizes smaller but now the incentive is no longer there.

We currently project the following class sizes for 2011-12, but these numbers can vary before the start of the new school year. We are monitoring this closely.

REED is difficult to keep class sizes any smaller because we are using all classroom space, are adding a new portable classroom for kindergarten and in the future will need to move art or music to a cart to repurpose another classroom if we want to add another class. The campus is too small to add anymore portables without causing some major congestion during lunch.

K= 22.25 to 1

1= 23.0 to 1

2= 21.4 to 1

BEL AIRE has space and some growth that has come in this summer.

3 = 23.1 to 1

4 = 24.0 to 1

5 = 26.1 to 1

DEL MAR is more challenging to calculate due to teachers working in multiple grades

6 = 22.8 to 1

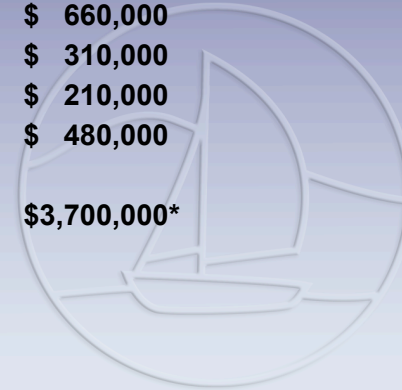
7 = 23.5 to 1

8 = 23.0 to 1



2010-2011 District Reserves

○ Basic Aid Reserve	\$1,490,000
○ Special Ed. Litigation	\$ 100,000
○ Enrollment Growth	\$ 280,000
○ Program Improvement	\$ 170,000
○ Program Restoration	\$ 660,000
○ State Reduction	\$ 310,000
○ Other Reserves	\$ 210,000
○ 3% State-Required Reserve	\$ 480,000
○ TOTAL:	\$3,700,000*
* 23% of expenditures	



Reed Union School District 2010 – 2011 Budget Review

RUSD has been conservative and has focused on saving resources in case of a change in the method of funding school Districts in California. To ensure we have enough resource to completely fund the difference between being a community funded or revenue limit district would require \$3.9 Million in Basic Aid Reserve which is now 38% funded at \$1,490,000. If all reserves were used for this purpose, we are nearly 100% fully funding the reserve accounts.

RUSD has been trying to save money to replace programs that were reduced in the past few years due to the state's reductions. The District monitors the state's economic situation weekly and lobbies legislators with other Community Funded Districts to ensure this funding structure remains in place.



As We Plan for 2011-2012 ...

○ CURRENT YEAR SAVINGS FROM:	\$500,000
• UNFILLED POSITIONS	
• *CONTRACT NEGOTIATIONS SUPPORTED IN-HOUSE	
• REDUCED SUPPLIES/MATERIALS	
○ USE REMAINING ARRA* FUNDS	\$125,000
○ CANCEL SUMMER SCHOOL	\$ 24,000
○ ADDED DONATION FROM FOUNDATION	\$300,000
○ ONE-TIME USE OF RESERVES	\$ 0
○ TOTAL	\$949,000
○ *AMERICAN RECOVERY & REINVESTMENT ACT	

Reed Union School District 2010 – 2011 Budget Review

We showed earlier that our revenue will be reduced by approximately \$700k for 2011-2012 due to the 8.92% state reduction for all Community Funded School Districts. RUSD's enrollment is also growing and therefore have hired the equivalent of 2.2. FTE at a cost of approximately \$220k so we needed minimally \$920k to maintain our current reserve position. The Board approved the spend down of up to \$200,000 of the reserves to manage class size projections but the Foundation for Reed Schools graciously donated an additional \$300,000 in one time monies to help deal with this situation so no District reserves should be needed now.



Our Approach to Balancing the Budget

- **AVOID LAYOFFS WHILE CONTROLLING HIRING**
- **MAINTAIN PROGRAMS WHILE BEING VIGILANT WITH NEW SPENDING**
- **COLLABORATE WITH SF2* AND MARIN'S OTHER COMMUNITY-FUNDED DISTRICTS**
- **CLOSELY MONITOR THE STATE BUDGET**
- **EXPLORE CREATIVE SOLUTIONS SUCH AS INCREASING THE USE OF SHARED SERVICES**
- **COMMUNICATE OPENLY AND OFTEN**

***SCHOOLS FOR SOUND FINANCE**

We are continuing to work with our advisors and staff to maintain our current budget position because the new few years may be quite volatile for the State of California's budget.



Executive Summary

CHALLENGES

- **STATE SUPPORT IS DECREASING**
- **PROPERTY TAX REVENUE IS FLAT**
- **ENROLLMENT IS INCREASING**
- **EMPLOYEE COSTS GROW ANNUALLY**

APPROACHES

- **FOUNDATION SUPPORT IS INCREASING**
- **CLASS SIZE IS INCREASING SLIGHTLY**
- **SHARE SERVICES & MANAGE EXPENSES**
- **ENSURE ACADEMIC ACHIEVEMENT REMAINS HIGH!**

We have CHALLENGES, and have adopted an APPROACHES for the next year. We continue to see high academic achievement and will be working toward the goals outlined in the updated Strategic Plan.



Strategic Plan Goals 2011-2015

- **Create a teaching and learning environment that utilizes rigorous curriculum standards and assessments that measure student progress against world class expectations.**
- **Pursue, obtain and allocate resources ambitiously to support programs, people and facilities that further students' efforts to realize our vision of the Reed Union School District learner and graduate.**

There are four main GOALS outlined in the Strategic Plan. Action plans will be developed in the Fall of 2011 for each of these 4 goals. These are two of them.



Strategic Plan Goals 2011-2015

- **Strengthen understanding and partnership among students, staff, families, and community through respectful, efficient, and comprehensive communication.**
- **Promote personnel practices to recruit, develop and retain the most talented staff to create an exceptional learning environment, recognize and reward excellence and innovation in the classroom, and support professional development and opportunities for all employees to collaborate.**

Reed Union School District 2010 – 2011 Budget Review

There are four main GOALS outlined in the Strategic Plan. Action plans will be developed in the Fall of 2011 for each of these 4 goals. These are the other two of them.



Strategically Prepare for the Future

Strategy retreat with the Board to plan budget scenarios once we know the State's Financial Plan – Fall 2011

Implement Action Plans for 2011-2015 Strategic Plan

- Vision of a RUSD Graduate (Common Core Standards)
- Fiscal Planning
- Communication
- Attract & Retain Excellent Employees

- ***If you have QUESTIONS, please e-mail them to the Superintendent. Thank you!***

Reed Union School District 2010 – 2011 Budget Review

In Fall 2011, when we have a sense who might be on the School Board after November, we will plan a Strategic Planning Retreat on fiscal strategies for the future.

This fall we are finishing Action Plans for the 4 Strategic Plan goals:

- 1 Curriculum, Instruction & Assessment: “Vision of a RUSD Graduate”
 - a 21st Century Learning
 - b. New Common Core Math and English/ Language Arts
 - c. Later: Science, History & Social Studies, Information Technology & Arts
2. Fiscal Planning to ensure resources support Strategic Plan
3. Communication systems to engage community and parents
4. Systems to recruit, develop and retain excellent staff