STRATEGIC ROADMAP UPDATE: BUDGETING FOR STUDENT ACHIEVEMENT

OCTOBER 26, 2010

AGENDA

- **Strategic Roadmap Overview**

- Budget Overview

- Budget Pressures and Challenges

- How Does Budgeting for Student Achievement (per pupil budgeting) Connect to our Overall Budget

Vision

Every LAUSD student will receive an education in a safe, caring environment, and every student will be college-prepared and career-ready

Mission

LAUSD will provide high quality instruction and a coherent and rigorous curriculum in every classroom to facilitate student learning and achievement

Goals

1. 100% graduation 2. Proficiency+ for All 3. 100% Attendance
4. Engaged Parents/Families 5. Safe Schools

Theory of Change

Personalized learning (student, educators, family & community)

Strategies

*1.Using Data to Drive Standards Based Instruction 2. Supporting All Employees
3. Budgeting for Student Achievement 4. Creating and Supporting Quality Schools*

Metrics / Objectives

The specific metrics & objectives under each strategy that will help us realize our goals

Operational Plan

*<In development with Leadership Team>
How we will achieve our objectives*

Inspirational

Operational

Set by the Board and Superintendent

Revised 10.26.10

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Theory of Change

We envision an organization where we know every child and adult by name and face and we personalize the learning experience for all students and adults.


Student – personalized learning experience based on the needs and talents of our students

Educators – personalized learning experience based on the needs and talents of our employees. We are all teachers and learners including administrators, classified staff, and support staff

Family & Community – personalized learning experience based on the needs and talents of our families and community members.

LAUSD has four interconnected strategies that will help us meet our goals and ensure all students are college-prepared and career-ready.
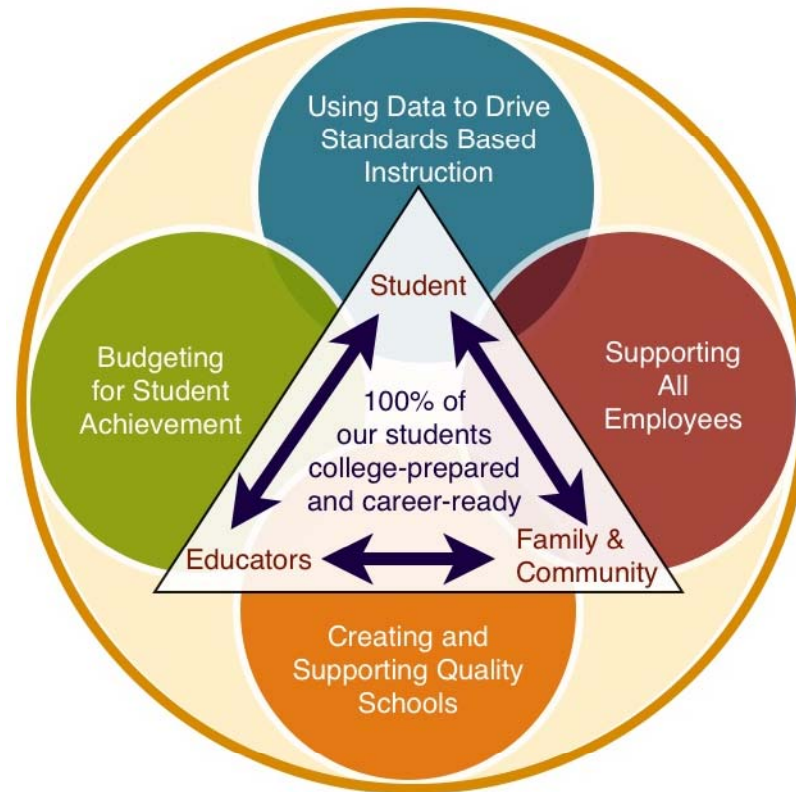
Use data to drive standards – based, effective instruction for all students, coupled with support and intervention, when students need extra assistance or accelerated learning.

We will make the District budget more transparent, align resources for greater impact and equity, and give schools the ability to target resources to meet their school specific needs, bringing funding and decision-making closer to schools and classrooms.

We are accountable for our students' success. We will use data to personalize the supports that all of our employees need to be efficient and successful, from professional development and training, to creating measurable performance goals.

We will analyze multiple data points to differentiate the service and support we deliver to schools. In addition, we will capture and share best practices across all of our schools regardless of school models.

Strategic Priority: Budgeting for Student Achievement

Definition

We will make the District budget more transparent, align resources for greater impact and equity, and give schools the ability to target resources to meet their school specific needs, bringing funding and decision-making closer to schools and classrooms.
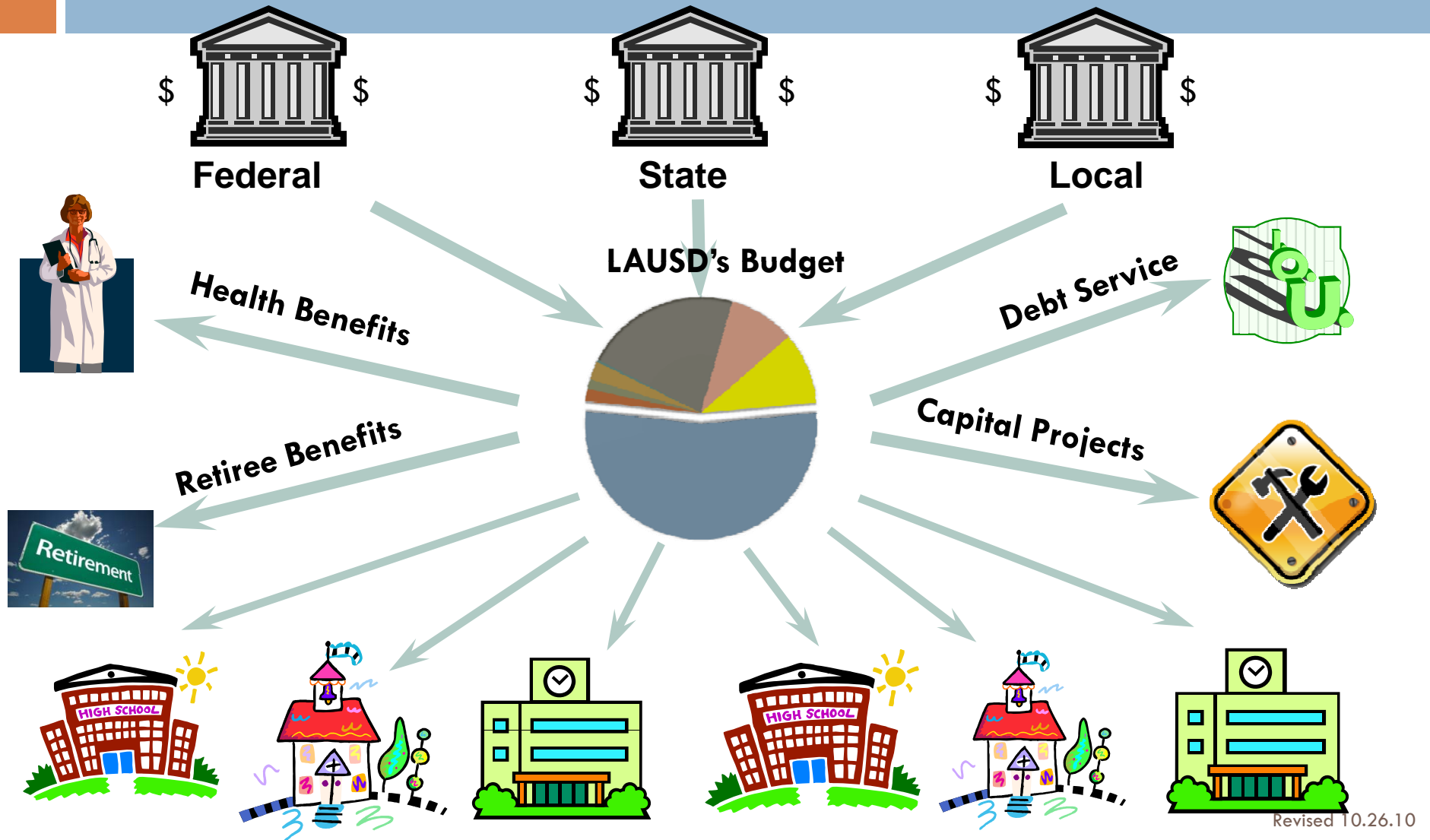
Supporting Resolutions:

- Budget Transparency and Accountability (January 9, 2007) – Presented by Board Member Canter, seconded by Board Member Garcia

- Financial Transparency and Equity for LAUSD Schools - Ms. Galatzan, Ms. Garcia, and Dr. Vladovic

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- **Budget Overview**

- Budget Pressures and Challenges

- How Does Budgeting for Student Achievement (per pupil budgeting) Connect to our Overall Budget

Our sources of Revenue are Local, State and Federal, but these dollars flow to the District for specific or general purposes, and the District distributes them according to those constraints
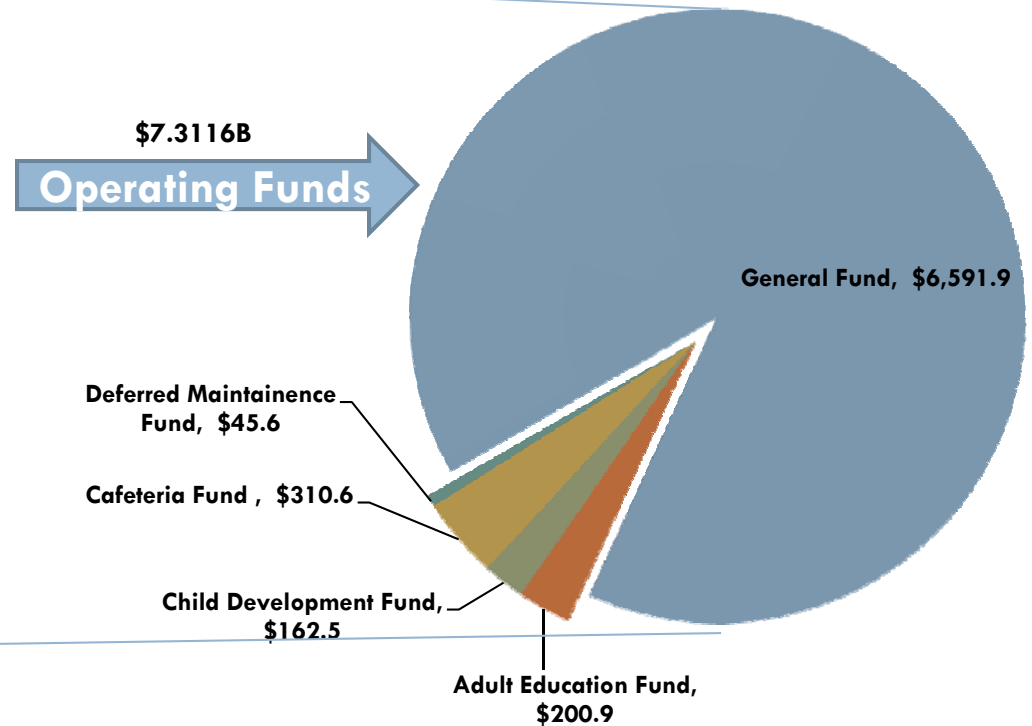
Federal

State

Local

LAUSD's Budget

Health Benefits

Retiree Benefits

Debt Service

Capital Projects

HIGH SCHOOL

HIGH SCHOOL

We have a total budget of $12B, but only $7B is our operating budget

LAUSD Total Estimated Expenditures: $12.002B
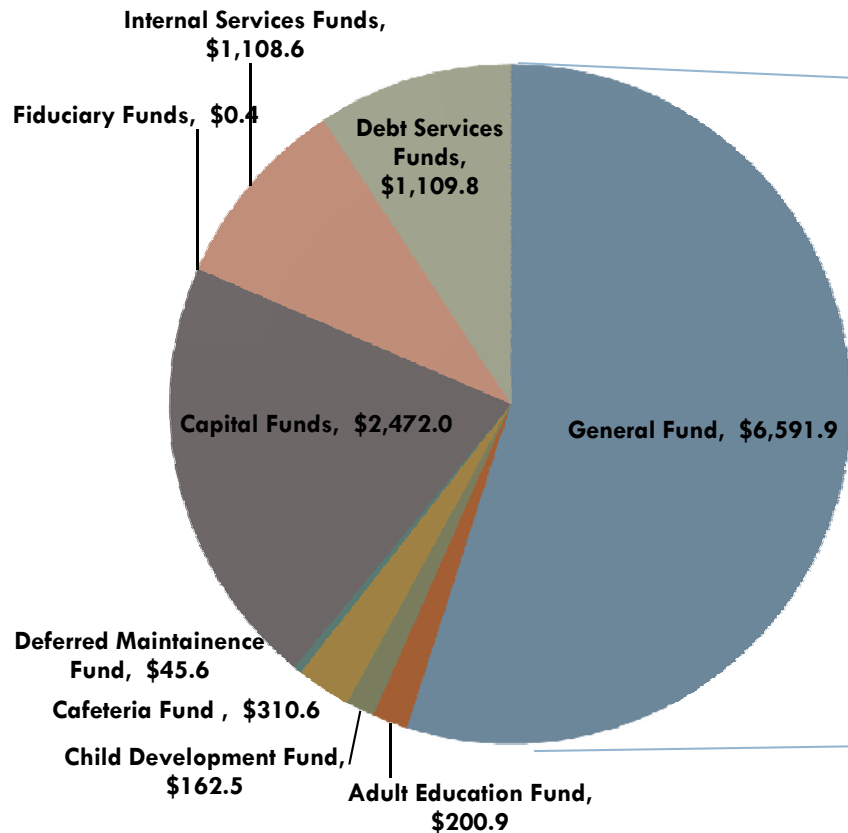
LAUSD Total Estimated Operating Funds Expenditures: $7.3116B

Internal Services Funds, $1,108.6

Fiduciary Funds, $0.4

Debt Services Funds, $1,109.8

Capital Funds, $2,472.0

General Fund, $6,591.9

Deferred Maintainence Fund, $45.6

Cafeteria Fund, $310.6

Child Development Fund, $162.5

Adult Education Fund, $200.9

$7.3116B
Operating Funds →

General Fund, $6,591.9

Deferred Maintainence Fund, $45.6

Cafeteria Fund, $310.6

Child Development Fund, $162.5

Adult Education Fund, $200.9

Legend (left):
- General Fund
- Child Development Fund
- Deferred Maintainence Fund
- Fiduciary Funds
- Debt Services Funds
- Adult Education Fund
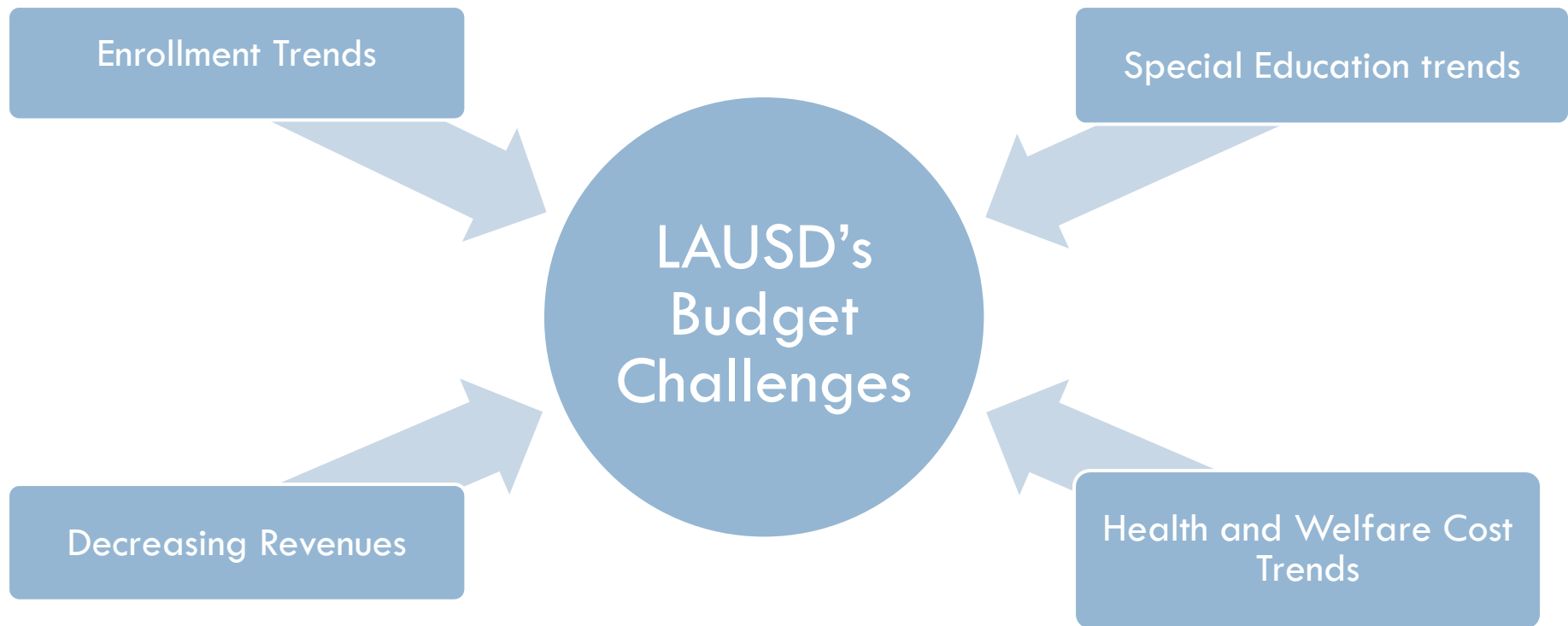- Cafeteria Fund
- Capital Funds
- Internal Services Funds

Legend (right):
- General Fund
- Child Development Fund
- Deferred Maintainence Fund
- Adult Education Fund
- Cafeteria Fund

Revised 10.26.10

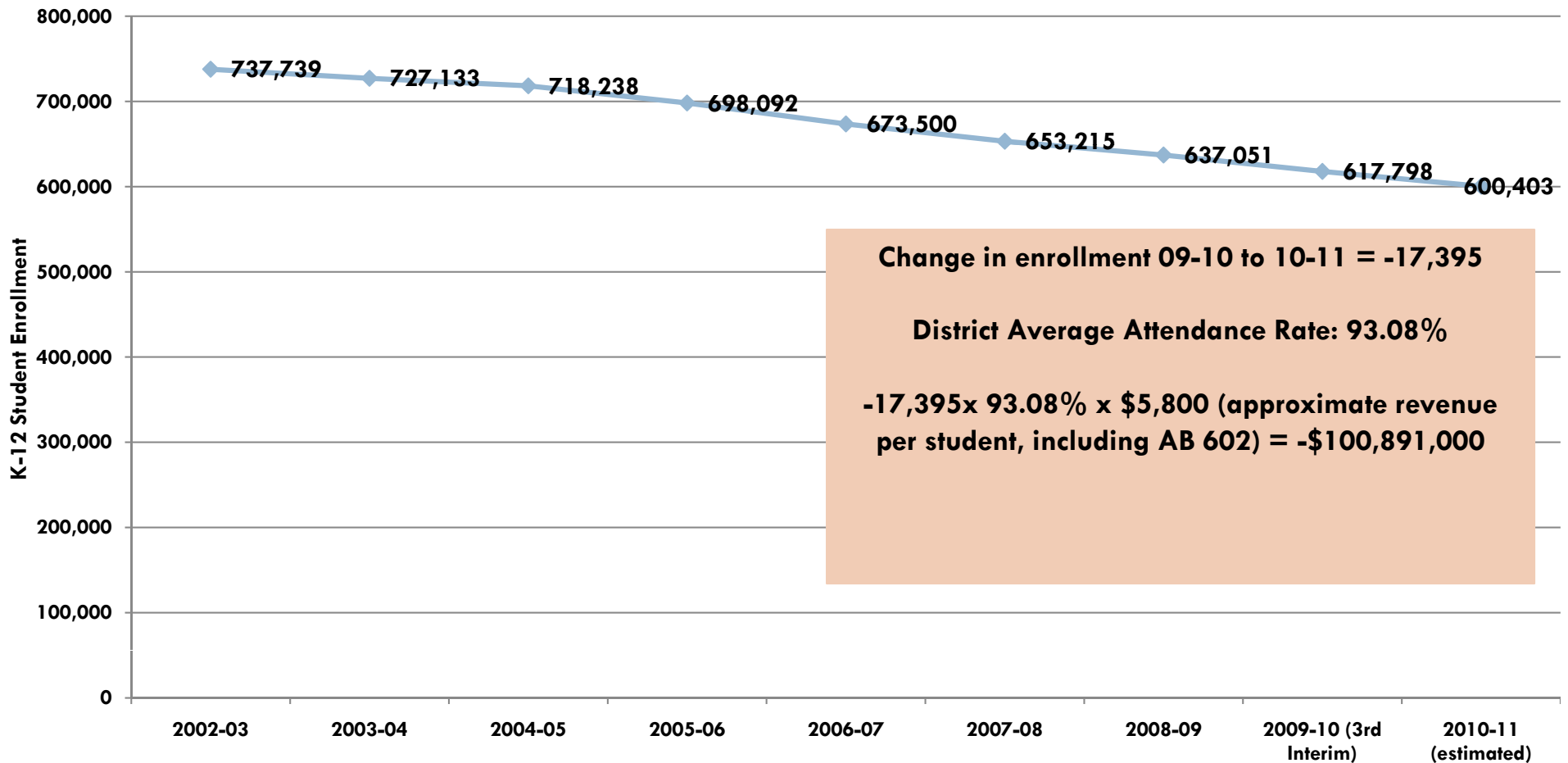**Source: Page II-5 Superintendent's 2010-11 Revised Final Budget**   9

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- Strategic Roadmap Overview

- Budget Overview

- **Budget Pressures and Challenges**

- How Does Budgeting for Student Achievement (per pupil budgeting) Connect to our Overall Budget

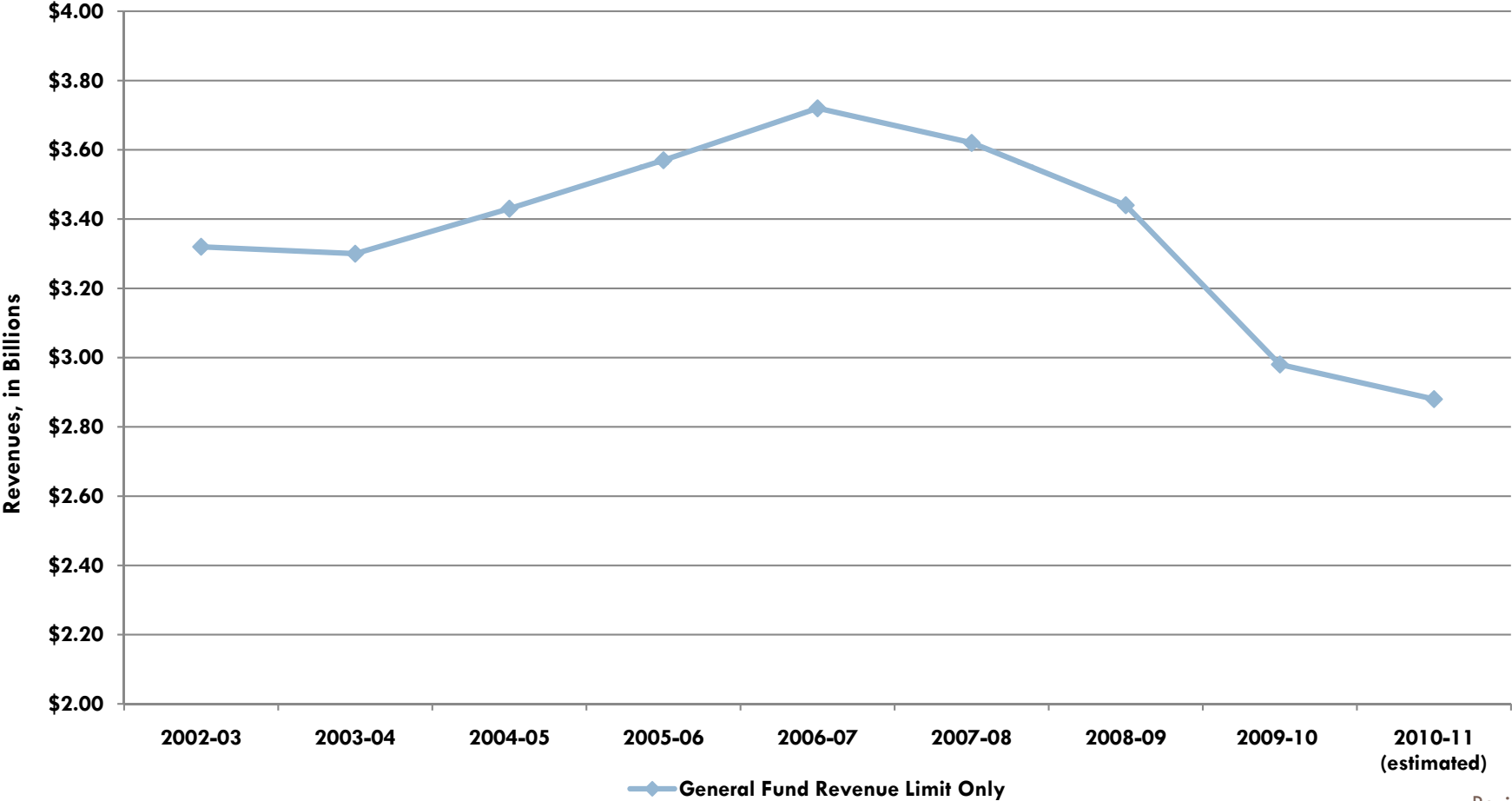# We have several pressures causing our deficit

Enrollment Trends

Special Education trends

LAUSD's Budget Challenges

Decreasing Revenues

Health and Welfare Cost Trends

Enrollment continues to decline over time

Graded and Ungraded Enrollment, School Year 2002-03 through 2010-11 (estimated)

Change in enrollment 09-10 to 10-11 = -17,395

District Average Attendance Rate: 93.08%

-17,395x 93.08% x $5,800 (approximate revenue per student, including AB 602) = -$100,891,000

We are experiencing a 4 year drop in revenues primarily driven by the state and enrollment loss
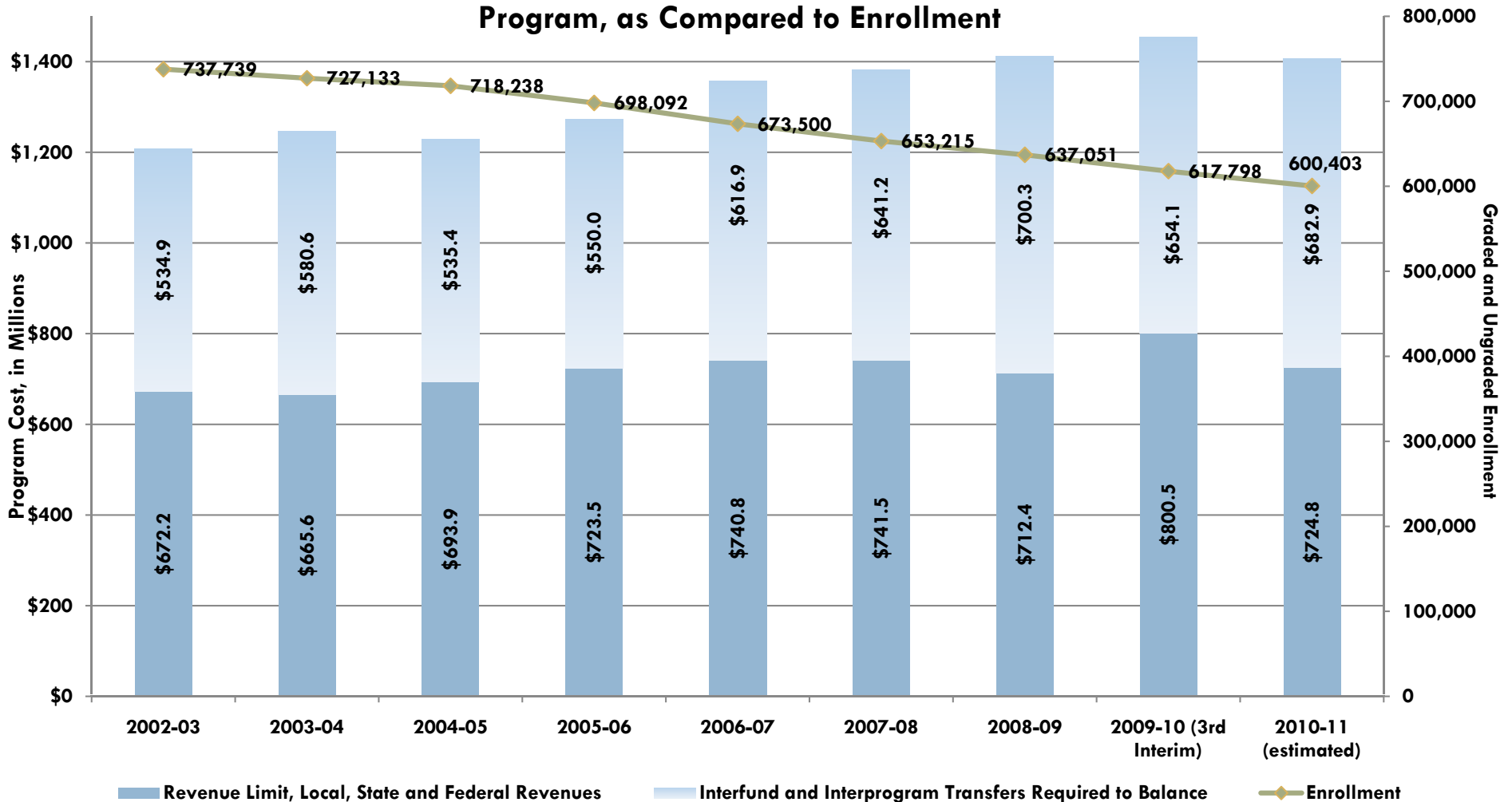
General Fund Revenue Limit Revenue

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# Special Education costs continue to increase as overall student enrollment decreases

Cost of Special Ed Program and Value of General Fund Contribution to Special Ed Program, as Compared to Enrollment

Program Cost, in Millions (left axis, $0 to $1,400)
Graded and Ungraded Enrollment (right axis, 0 to 800,000)

Year	Revenue Limit, Local, State and Federal Revenues	Interfund and Interprogram Transfers Required to Balance	Enrollment
2002-03	$672.2	$534.9	737,739
2003-04	$665.6	$580.6	727,133
2004-05	$693.9	$535.4	718,238
2005-06	$723.5	$550.0	698,092
2006-07	$740.8	$616.9	673,500
2007-08	$741.5	$641.2	653,215
2008-09	$712.4	$700.3	637,051
2009-10 (3rd Interim)	$800.5	$654.1	617,798
2010-11 (estimated)	$724.8	$682.9	600,403

Legend:
- Revenue Limit, Local, State and Federal Revenues
- Interfund and Interprogram Transfers Required to Balance
- Enrollment

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District Health Benefit Contributions Continue to Increase Over Time

Health and Welfare Contribution
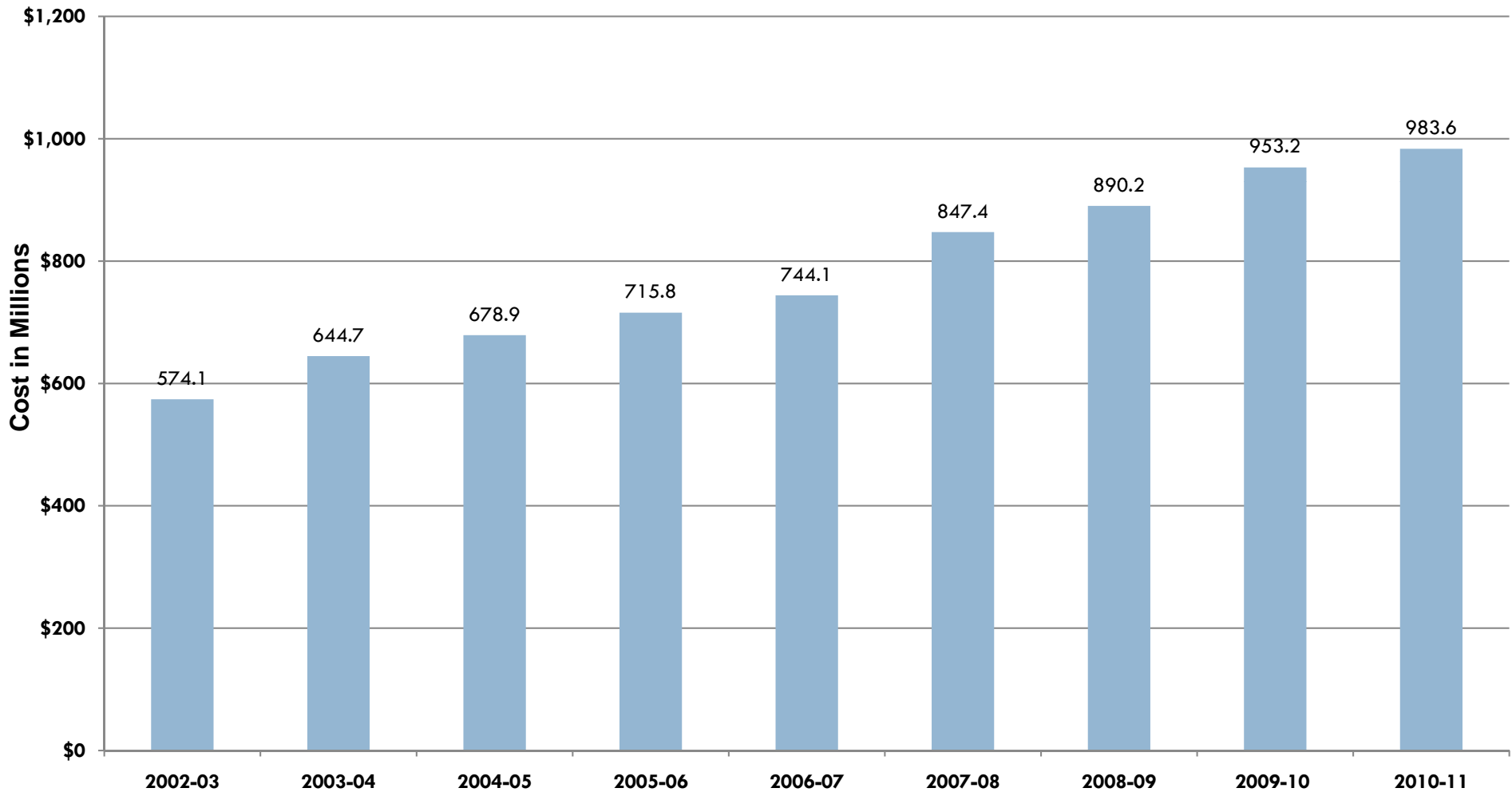
Budget Pressures and Challenges
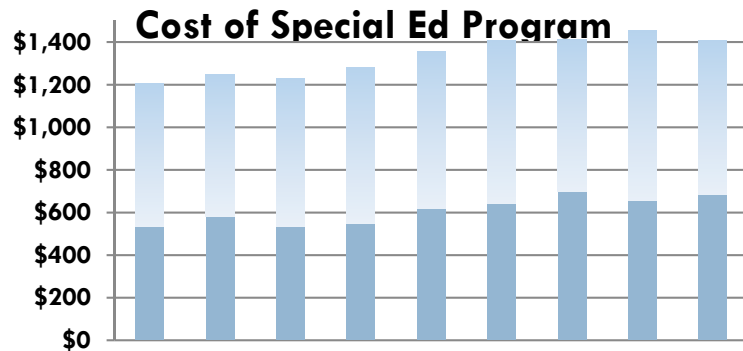
☐ Without addressing these structural issues, fewer and fewer dollars will be available for all students.

Cost of Special Ed Program

K-12 Enrollment

Health and Welfare Contribution

574.1 644.7 678.9 715.8 744.1 847.4 890.2 953.2 983.6

General Fund Revenue Limit Revenue

Billions
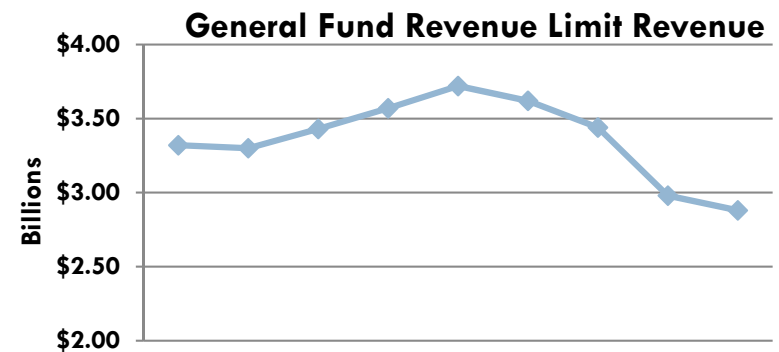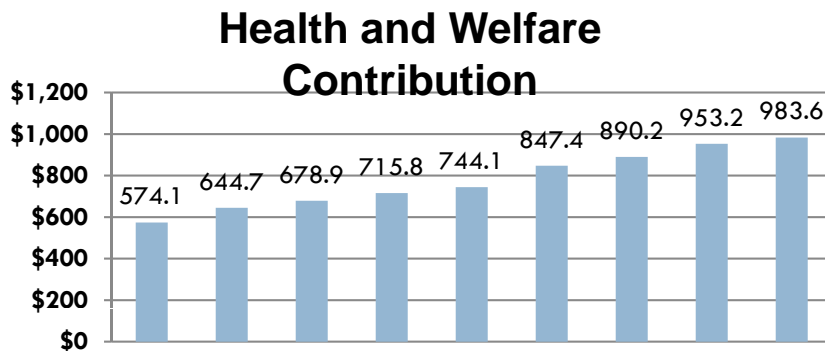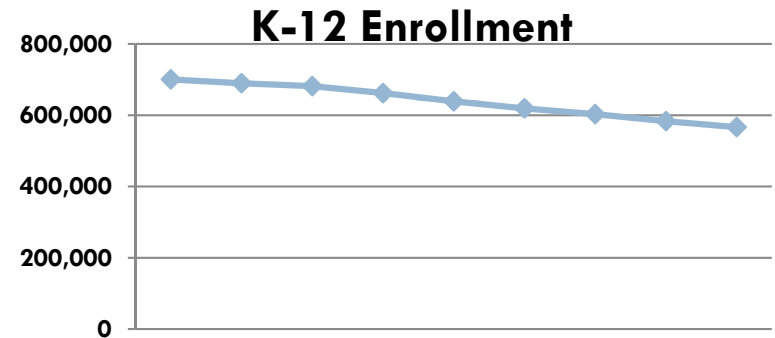
Budget Timeline: Each Committee of the Whole we will take a closer and more comprehensive look at the District's budget

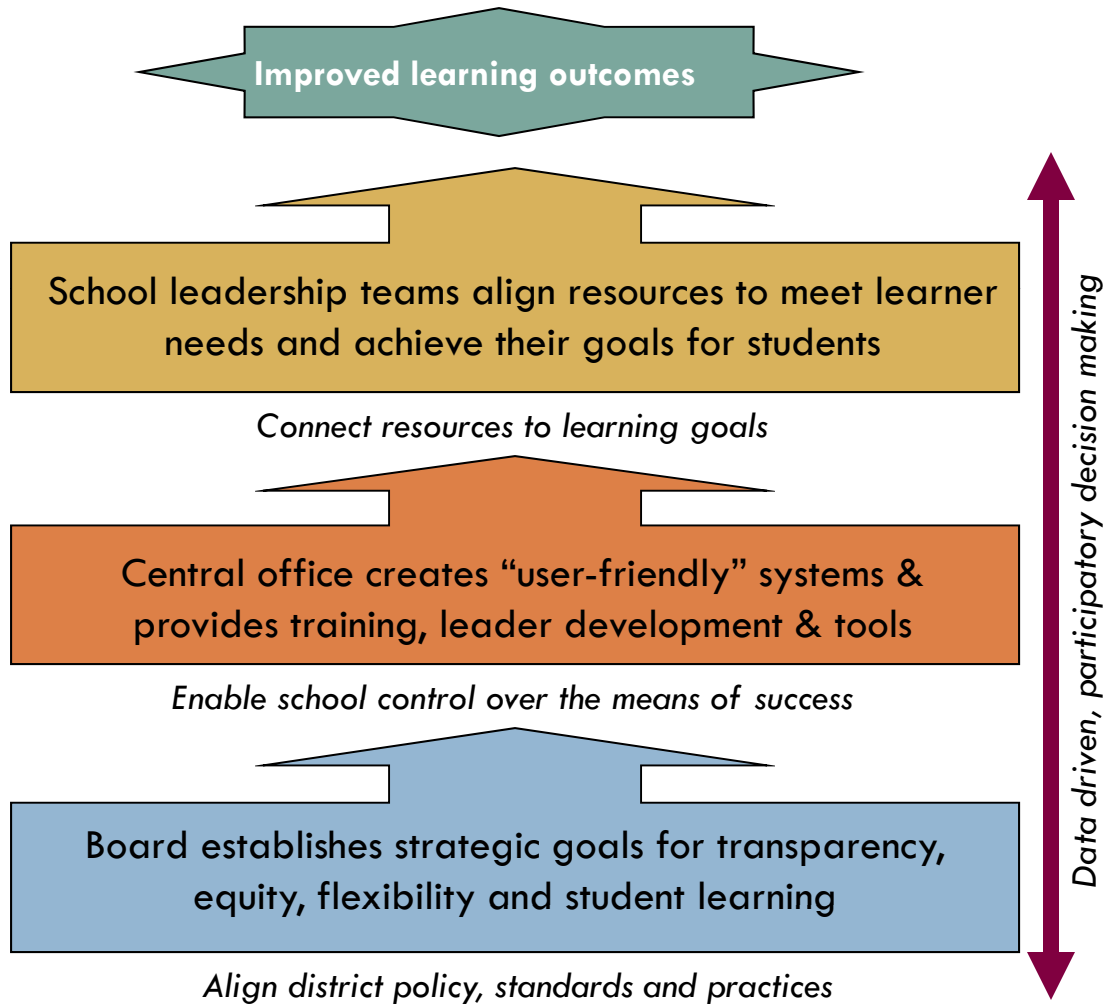| Nov 2010	Dec 2010	Jan 2011	Feb 2011
• Statewide elections – New Governor • COW Budget - **Budget Update**	• First Interim Financial Reports • Conditional LACOE approval requires 12-13 Stabilization Plan • COW Budget –**Budget Update**	• Governor's Budget proposal for 11-12 and any changes for 10-11 • COW Budget - **Budget Update**	• Negotiations Deadline to achieve cost savings • COW Budget - **Budget Update**

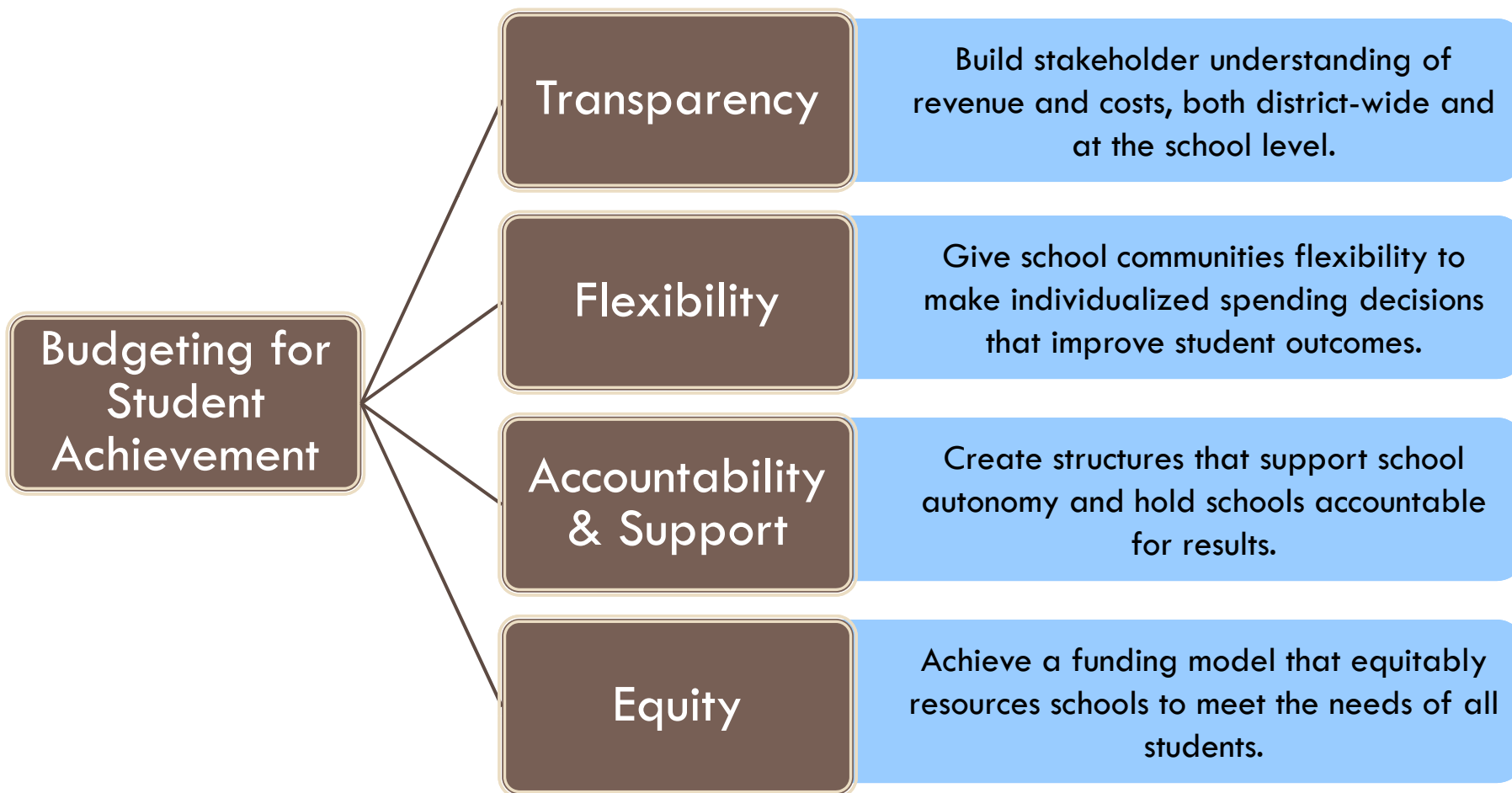| Mar 2011	Apr 2011	May 2011	Jun 2011
• Second Interim Financial Reports • Noticing Permanent Certificated for the 11-12 year. • COW Budget - **Budget Update**	• School Site Budget Development • COW Budget - **Budget Update**	• Governor's May Revision • COW Budget - **Budget Update**	• Superintendent's Final Budget 11-12 • COW Budget - **Budget Update**

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- **How Does Budgeting for Student Achievement (per pupil budgeting) Connect to our Overall Budget**

New Model: Budgeting for Student Achievement

Improved learning outcomes

School leadership teams align resources to meet learner needs and achieve their goals for students

Connect resources to learning goals

Central office creates "user-friendly" systems & provides training, leader development & tools

Enable school control over the means of success

Board establishes strategic goals for transparency, equity, flexibility and student learning

Align district policy, standards and practices

*Data driven, participatory decision making*

Giving school sites the ability to make data-driven decisions about budgeting to the Single Plan for Student Achievement can lead to better student outcomes.
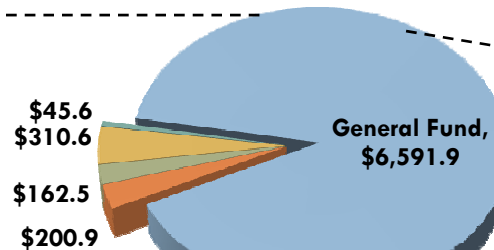
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Why Budget on a Per Pupil Basis?

Budgeting for Student Achievement

Transparency
Build stakeholder understanding of revenue and costs, both district-wide and at the school level.

Flexibility
Give school communities flexibility to make individualized spending decisions that improve student outcomes.

Accountability & Support
Create structures that support school autonomy and hold schools accountable for results.

Equity
Achieve a funding model that equitably resources schools to meet the needs of all students.

Revised 10.26.10

Transparency: How We Get To A Per Pupil Amount - Step 1

LAUSD Estimated Expenditures = $12.0B

$1,109.8
$1,108.6
$0.4
$2,472.0
$45.6
$310.6
$162.5 $200.9
$6,591.9
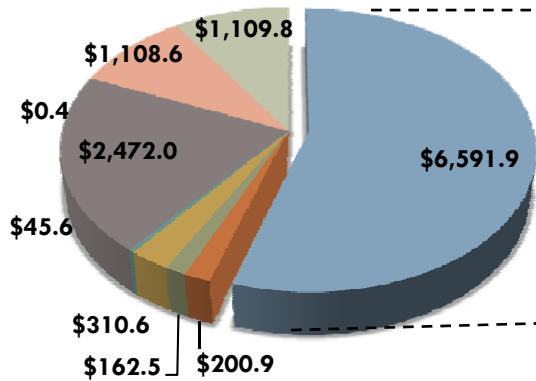
K-12 Operating Budget= $7.31B

$45.6
$310.6
$162.5
$200.9
General Fund, $6,591.9
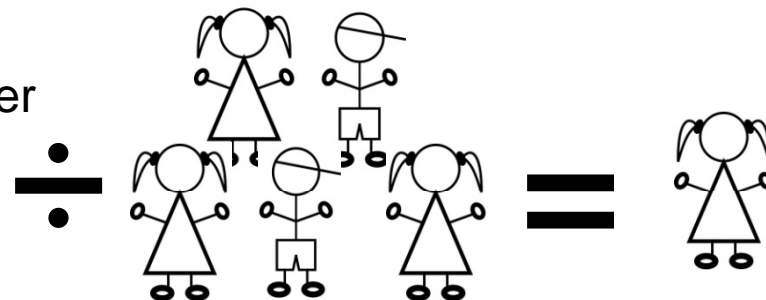
Regular Program Per Pupil Resources = $3.2B

Regular Program Resources : $3.2B
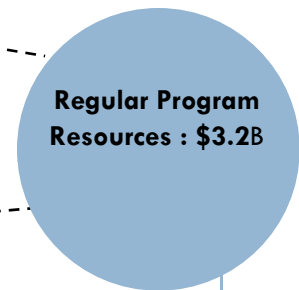
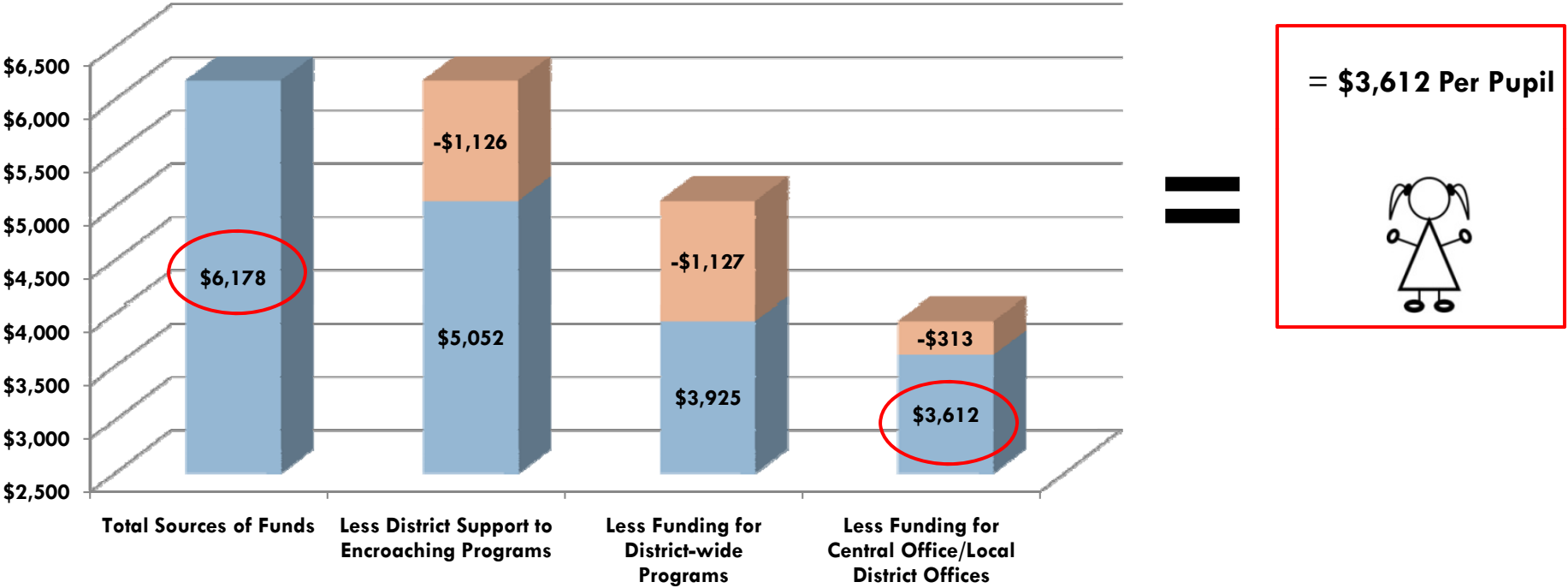**Prior Year Average Daily Attendance: 517,898.55**   =   **$6,178 Per Pupil**

We take the program resources, divide by Average Daily Attendance and arrive at a Per Pupil Rate.
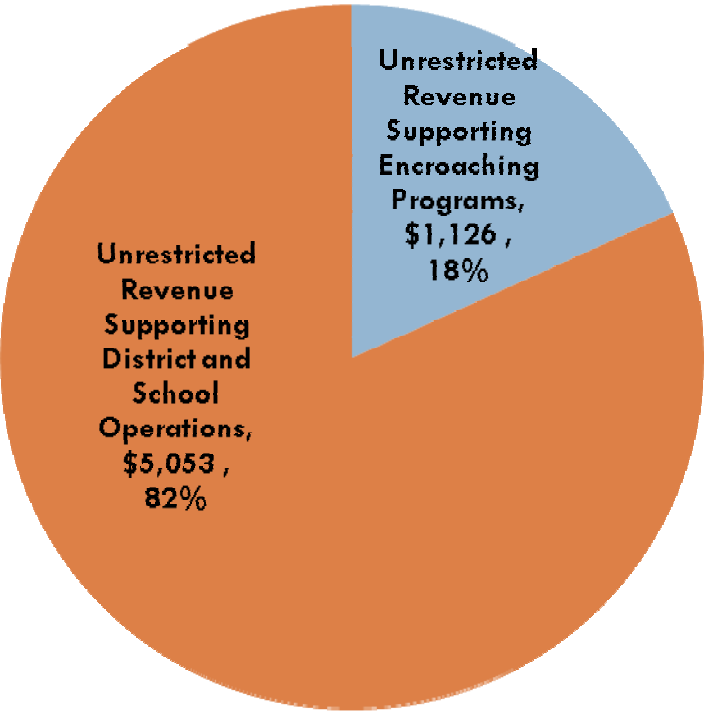
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Transparency: How We Get To A Per Pupil Amount – Step 2

= $3,612 Per Pupil
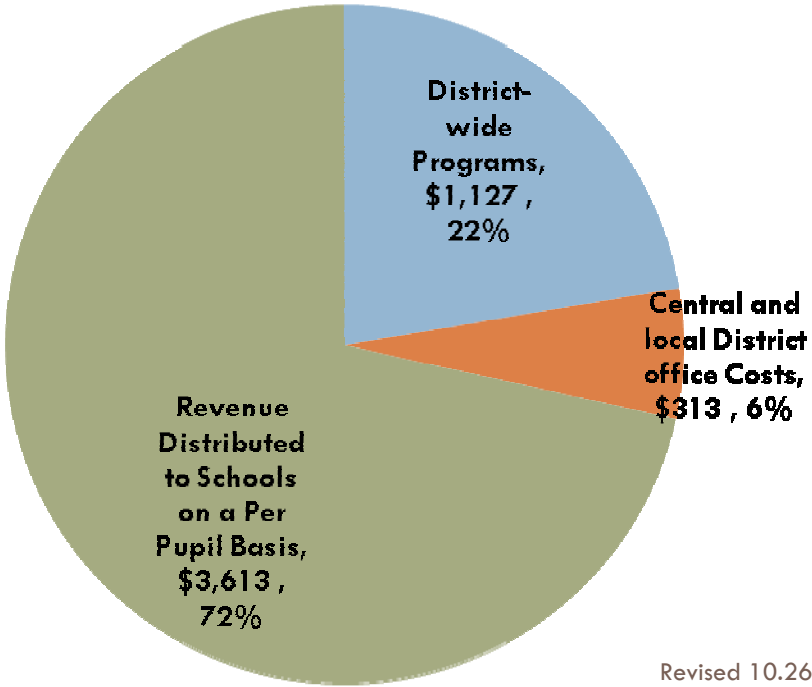
Flexibility: Program & Policy Reviews

Nearly 20% of Unrestricted Revenue Supports Programs that Lack Full Funding from the State or Federal Governments.

Reducing the encroachment requires lobbying and programmatic analysis.

Of the Revenue Supporting District and School Operations, 72% is distributed to schools on a per pupil basis in the 2010-11 Pilot.

Getting to 80% or more requires detailed program reviews.

Pie chart 1:
- Unrestricted Revenue Supporting Encroaching Programs, $1,126, 18%
- Unrestricted Revenue Supporting District and School Operations, $5,053, 82%

Pie chart 2:
- District-wide Programs, $1,127, 22%
- Central and local District office Costs, $313, 6%
- Revenue Distributed to Schools on a Per Pupil Basis, $3,613, 72%

Revised 10.26.10

Flexibility: This process is an evidence-based review of existing programs and spending policies

Analyze

- **Equity**
  - **Are we allocating resources fairly so that every child learns and achieves, no matter what their circumstances?**
- **Efficiency**
  - **Have we optimized our resources and aligned them to our goals for learning?**
- **Effectiveness**
  - **Are we spending money in ways that clearly support or improve learning and achievement?**
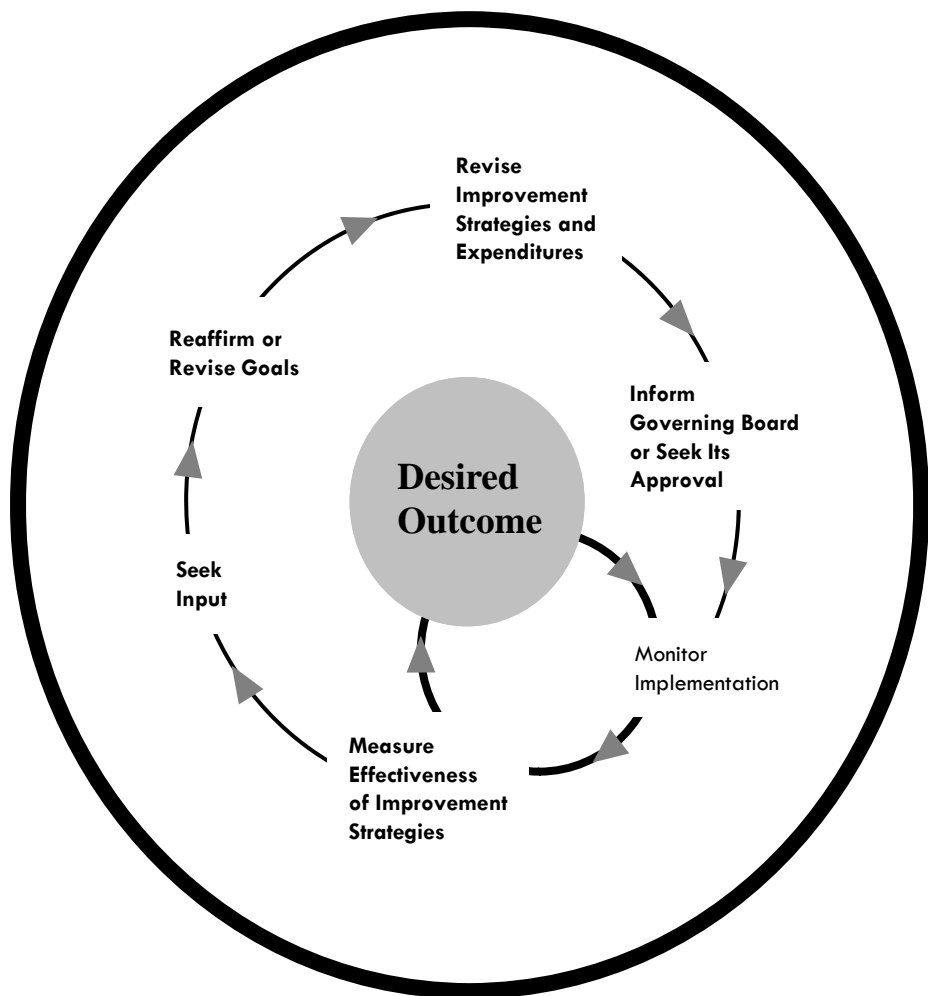
Recommend

- **Increase Impact on Student Outcomes**
- **Central vs. local control of resources**
- **Flexibility guidelines**
- **Cost efficiency strategies**
- **Decentralize dollars**
- **Right sizing**
- ***More?***

Decide

- **Vet the reviews and recommendations with stakeholders**
- **Send to the appropriate decision makers**
- **Rule on the recommendations**

Act

- **Create a plan**
- **Assign responsibility**
- **Implement**
- **Monitor**
- **Review**
- **Evaluate**

Revised 10.26.10

Support and Accountability: The Single Plan for Student Achievement (SPSA)

Revise Improvement Strategies and Expenditures

Reaffirm or Revise Goals

Inform Governing Board or Seek Its Approval

Desired Outcome

Seek Input

Monitor Implementation

Measure Effectiveness of Improvement Strategies

Steps for Developing the Single Plan for Student Achievement

The graphic represents the cycle of actions required by the SSC in the development, implementation and revision of the SPSA.

Support and Accountability

- As more resource decisions move to school sites, schools will need to be supported with training and capacity building.
  - School Site Councils will need expanded training to engage in a robust and meaningful discussion of:
    - Student Data
    - Design and Implementation of Student Interventions
    - Aligning Resources to the Single Plan for Student Achievement
  - Administrators and Staff will need training and support in order to:
    - Engage School Site Councils in an expanded and thoughtful budget planning and development process
    - Analyze and identify trends in data
    - Communicating data trends and appropriate interventions based on data
    - Designing instructional programs tied to data and creating budgets that align and maximize resources to the instructional program

Revised 10.26.10

Equity: Why Budget on a Per Pupil Basis? To allow greater understanding of our budget

We would expect that in an equity-based model, our General Fund spending should be flat across schools, with no correlation to Poverty or other student characteristics.
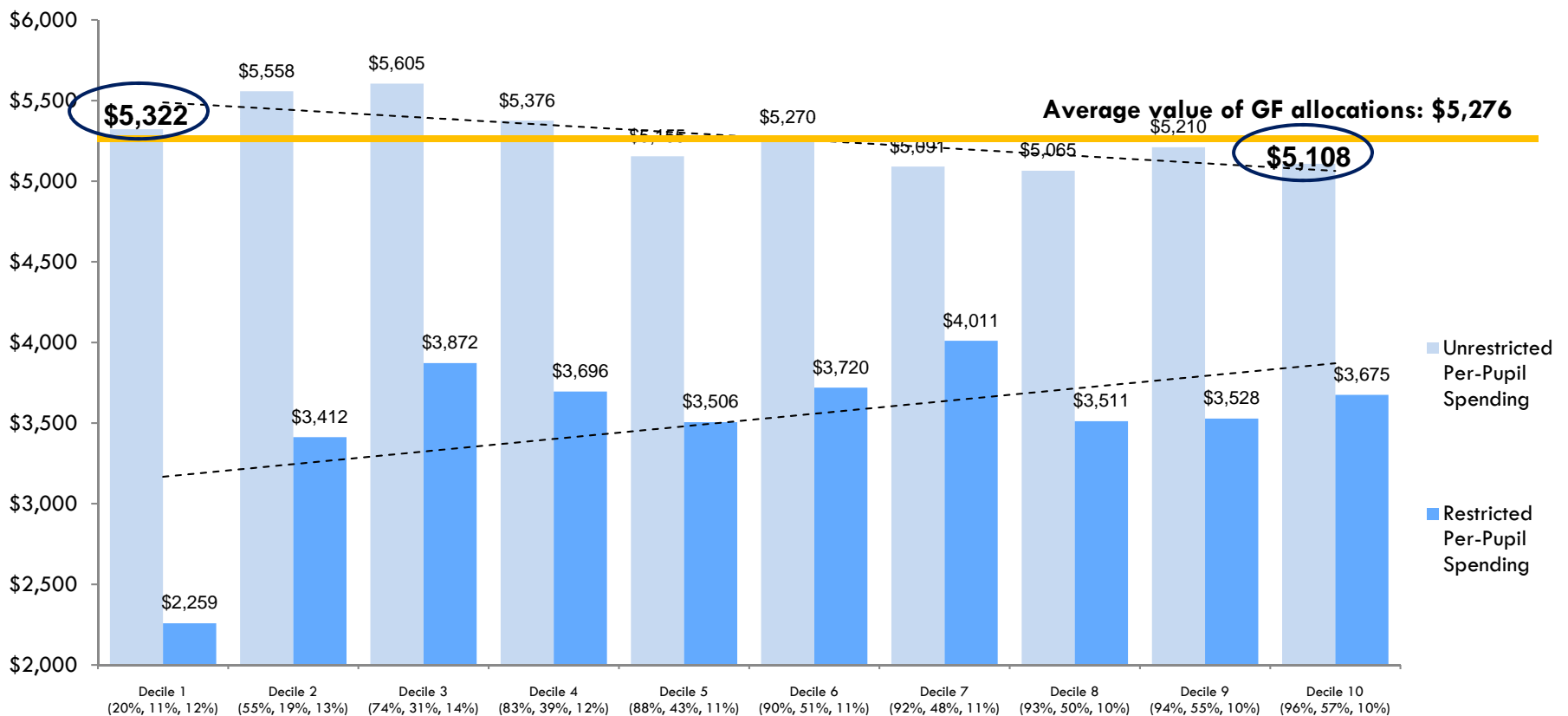
Average Overall, Restricted and Unrestricted Spending Per Pupil by Decile of Percent Free or Reduced Price Lunch (FRL) for LAUSD Elementary Schools in 2008-09 (Overall Spending Per Pupil in Bold)

Revised 10.26.10

Ordered by Free and Reduced Lunch Decile
(Free and Reduced Lunch%, English Language Learner%, Special Education%)

Budgeting for Student Achievement: What we've done so far.

✓ **Budgeting for Student Achievement (65,154) serves a student population about the size of the Denver Public School System (70,316). It is larger than San Francisco USD (56,000), and almost twice the size of districts in Oakland (38,826) or Cincinnati (34,012).**

✓ Increased the number of schools participating in this budgeting model from 33 to 73 schools (and 19 magnet centers).

✓ In SY 2009-2010, 15% of our unrestricted revenues were allocated on a per pupil basis to school sites, and in SY 2010-2011 an average of 72% of revenues were allocated to school sites.

✓ Mapped budget process; identified areas for improvement and are working towards prioritizing areas for development and improving the budget process

✓ The Transparent Budgeting Advisory Group met throughout the year. We used their feedback to refine a three-year work plan

✓ Developed School Site Council (SSC) training video focused on using student data to develop budgets, in partnership with UTLA, AALA, parent groups revised SSC training.

Budgeting for Student Achievement
1 Year Goals

Transparency

- Expand the pilot group, including all Public School Choice sites, and present all school budgets in a dollarized manner with all adjustments to site budgets explicitly depicted

Flexibility

- Commence program and operational reviews
- Identify potential additional program resources to allocate to school sites on a per student basis

Support and Accountability

- Develop training that meets the needs of School Site Councils, parents, principals, and other stakeholders in understanding and engaging in the budget development process
- Identify requirements to develop tools and processes that assist and support school communities
- Provide more time to school sites for budget development

Equity

- Assess how we currently allocate resources and the adjustments we make (enrollment, actual vs. average, attendance)
- Work with the Board of Education to set district priorities to align to the needs of our students.

Budgeting for Student Achievement
3 Year Goals

Transparency

- Board approved student funding formula is in place and is part of a per pupil funding model in all schools
- A technology system is integrated to support our budgeting process

Flexibility

- The District has maximized the resources allocated to school sites via program and operational reviews.

Support and Accountability

- School site councils are supported with regular and timely training to align their budgets to meet the needs of their students.
- The budget process is clearly documented. The schedule provides schools with the maximum amount of time for development

Equity

- A clearly documented and transparent set of funding policies (student need, school size, actual expenses, etc.) are reviewed annually by the Board of Education

Next Steps

- We will return to you during the Committee of the Whole with discussion topics on each of the structural issues we've identified with you today.

- We will continue our work on Budgeting for Student Achievement, bringing recommendations, legislative and negotiations topics for your review and potential adoption

- We will continue research and development of an Equity-based funding formula which may include student/needs-based funding weights