



Los Angeles Unified Frequently Asked Questions

The community wants to lower class size, hire more librarians, nurses and counselors. How come that all can't be done now?

There are great teachers in all of our schools. Los Angeles Unified needs to pay them better, and provide them with more support and more professional development.

L.A. Unified wants smaller class sizes, more school librarians, nurses, and counselors. The question is, where does the money come from to pay for it?

The annual cost of all of these together is approximately \$800 Million. Because L.A. Unified already has an annual operating deficit of \$500 Million, it simply can't afford to spend an additional \$800 Million each year at this time.

What about the \$1.8 Billion in savings? What happens when that runs out?

\$1.8 Billion is mistakenly cited as the District's available savings but about \$500 Million of that is already committed for federal and state required programs such as resources used to support students in poverty with tutoring and intervention programs.

All of the remaining \$1.3 Billion will be spent over the next 24 months or so to fund the operating deficit. If L.A. Unified exhausts its savings, the school district will be placed into state receivership.

L.A. Unified has proposed to UTLA that the parties bring in an independent auditor to examine the financial records of L.A. Unified in order to make certain both parties are working from the same set of facts. UTLA has refused this offer.

While each party is entitled to their own opinions, they must both agree on the same set of facts.

What is the current and forecasted operating deficit of L.A. Unified? \$1.8 Billion sounds like a lot of money. Won't that pay for everything?

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|------------------------------|----------|----------|----------|----------|----------|
| Revenue | \$7.5 B | \$7.3 B | \$7.2 B | \$7.3 B | \$7.2 B |
| Costs | \$8.0 B | \$7.7 B | \$7.7 B | \$7.8 B | \$7.9 B |
| Deficit | -\$500 M | -\$400 M | -\$500 M | -\$600 M | -\$700 M |
| Savings at Beginning of Year | \$1.3 B | \$0.8 B | \$0.4 B | -\$0.1 B | -\$0.7 B |
| Less Deficit | -\$0.5 B | -\$0.4 B | -\$0.5 B | -0.6 B | -\$0.7 B |
| Savings at End of Year | \$0.8 B | \$0.4 B | -\$0.1 B | -\$0.7 B | -\$1.4 B |



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UTLA has refused to even acknowledge the recurring deficit and has not offered any plans or proposals to address the issue. If L.A. Unified continues to run operating deficits, it will exhaust its savings and become insolvent. This will happen sometime in the next 2-3 years unless something changes.

What is the per student funding of L.A. Unified and how is it set?

\$16,000

L.A. Unified gets about 90% of its funding from the state of California, the remaining money comes from the federal government.

The California state legislature sets the per student amount, but L.A. Unified and UTLA can work together to try to convince the legislature to increase funding for Los Angeles schools.

What is the cost of UTLA's "Last, Best and Final" contract demands? What are the implications?

\$ 1.3 Billion in total. The total cost of UTLA's demands would immediately bankrupt L.A. Unified and lead to the layoff of over 12,000 employees, including teachers. L.A. Unified simply does not have the money to pay for UTLA's demands.

Under UTLA's plan, \$500 Million would be spent for work done two years ago.

An additional cost of \$800 Million would be added each year to L.A. Unified's annual operating deficit.

What has L.A. Unified has offered UTLA?

6% pay raise for all teachers, counselors, an nurses.

Add teachers and reduce class size at 15 middle schools and 75 elementary schools in communities that have the highest needs.

Additional pay for teachers who take courses in STEAM curriculum (science, technology, engineering, arts and math), in dual language instruction, in early literacy intervention and other areas that help teachers better support their students.

Increase transparency in labor contracts by creating a "plain language" version of the UTLA contract to help students, families and communities to have a voice in all of the issues the contract covers.



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What are some of the other changes UTLA wants in the contract?

Magnets Schools. UTLA wants to stop the opening of magnet schools, despite support of families and parents for magnet schools. Student enrollment at magnets has increased 35% over the last 7 years. Magnets have lower class sizes and student achievement is outperforming independent charters and the state average.

Testing. UTLA wants to have the sole authority to decide what tests students take. We are not aware of any other comparable school district in the nation that has this policy. Currently, L.A. Unified decides on testing with input from families, communities, educators and other stakeholders.

Local School Spending. UTLA wants the sole authority to decide how each school spends their funding. Currently, school principals make these decisions in consultation with community stakeholders and teachers.

L.A. Unified employees earn lifetime healthcare benefits when their age plus years of service equal 85. What is the Rule of 87?

The change to the Rule of 87 will have no impact on any employee of L.A. Unified hired before July 1, 2019.

Rule of 87 refers to only new employees hired on July 1, 2019 or after.

L.A. Unified and UTLA have begun Mediation. What does that mean? And how long will it take?

L.A. Unified and UTLA have entered a Mediation process as required by California law. The Mediation process will continue as long as both L.A. Unified and UTLA are bargaining and working towards a resolution.

L.A. Unified remains committed to the Mediation process and to any other way to resolve the issues fairly and transparently to prevent a strike that would hurt students and families.

If Mediation is not successful, L.A. Unified and UTLA will enter Fact Finding. In Fact Finding a three member panel will look at the facts and make a determination about the issues.



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I still want to lower class sizes, more teachers, librarians, nurses and counselors in schools. How much would these cost each year?

| | |
|--|----------------------|
| Class Size Reduction | \$275 Million |
| More Counselors and Librarians | \$19 |
| Nurse in Every School | \$72 |
| Additional Special Education Staffing | \$263 |
| School Support Position for Every 400 Students | \$227 |
| Salary Increase – Difference Between 6% and 6.5% | \$24 |
| Total | \$880 Million |

Why is the annual operating deficit increasing each year?

Costs for pension and healthcare benefits are increasing. Benefits costs are about 21.3%% of the current budget and will grow to 23.3% by 2020-21.

| | 2009-10 | 2021-22 |
|--------------|-----------------|-----------------|
| Pension | \$0.33 B | \$0.75B |
| Healthcare | \$0.94 B | \$1.28 B |
| Total | \$1.27 B | \$2.03 B |
| Per Student | | |
| | 2009-10 | 2021-22 |
| Pension | \$533 | \$1,692 |
| Healthcare | \$1,528 | \$2,888 |
| Total | \$2,061 | \$4,580 |

The current cost of benefits, \$1,906.00 per student, is more than L.A. Unified spends on English and math instruction.



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Have any other outside experts looked at these issues?

Yes, L.A. Unified has heard from the LA County Office of Education, the Office of the State Superintendent of Education, of California, outside panels (Cortines 2015, Advisory Task Force 2018), and financial experts of HLH2. All have warned L.A. Unified of its perilous financial state.

"Yes, my presence is indicative that this is serious."

- Nick Schweizer, Office of the State Superintendent of Education, Sep 2018

*"The problem is that these reductions [L.A. Unified's fiscal stabilization plan] do not eliminate the structural deficit in the district's budget-so there is more work that needs to be done. The fact is that L.A. Unified [Budget] is *NOT* too big to fail, so it is up to all of us to resolve the district's fiscal challenges"*

- Candi Clark, CFO, Los Angeles County Office of Education, Aug, 2018

"As the District works to increase investments critical to student learning, it must also address a looming, large budget deficit. LA Unified is facing a structural budget deficit which threatens its long-term viability and its ability to deliver basic education programs. The District's own forecasts show it will have exhausted its reserve fund balance by 2020-21, will have a budget deficit of \$400 million in 2020-21, and therefore be insolvent."

- L.A. Unified Advisory Task Force, Jun 2018

The LAUSD is facing a significant structural deficit in its operating budget that threatens the District's long-term financial viability.

- Report of the Independent Financial Review Panel (Cortines Report), Nov 2015