



2003-04 Budget Picture

Despite continued state budget uncertainty, in April, the San Diego City Schools Board of Education approved district budget recommendations for the 2003-2004 School Year. The recommendations included major cuts to district administration and support positions at every level, as well as cuts to the Blueprint and other programs that will impact instruction. However, on April 30, San Diego Education Association President Terry Pesta and Superintendent Alan D. Bersin announced that K-3 class-size reduction would be maintained and no teachers would be laid off for the 2003-04 school year.

Background

District staff originally estimated a potential shortfall of \$147.7 million for the 2003-04 school year that has been subsequently revised to \$113.5 million after correcting estimates for salary and benefits costs. This estimate was based upon the following assumptions:

- \$7.5 million reduction in income from the state as a result of continuation of the governor's vetoes in September 2002
- \$28 million reduction in income from the state from the continuation of the governor's December mid-year reduction recommendations for 2002-03
- \$29.6 million reduction in income from the state if the 2002-2003 deferrals are not repaid by the state
- \$4.3 million reduction in income of state revenue limit and federal impact aid
- \$4.0 million for the maintenance of the salary schedule
- \$13.1 million for the increased costs of benefit rates
- \$1.8 million for the increased cost of goods and services based on the consumer price index
- \$2.1 million for the estimated increase in utility costs
- \$24.1 million to replenish the district's reserve for economic uncertainty

On June 24th district staff will request that the Board of Education approve a balanced budget based on aggressive cost reduction actions and other changes:

On the plus side:

- \$43.2 million of savings from central office administration and support position reductions and operational and program reductions within the four branches
- \$21.7 million of savings in non-Title I (categorical resources) funding from the Blueprint
- \$28 million improvement from 2002/03 mid-year income reductions not continued
- \$29.6 million improvement from 2002/03 deferrals to be paid in 2003/04

On the negative side:

- \$2.6 million increase in reserve for economic uncertainties (to 1.2% from 1%)
- \$2.2 million increase in employee salary and benefit costs mitigated by 90% as a result of implementation of early retirement program
- \$4.2 million in ongoing program cost increases

2003-04 BUDGET CUTS SUMMARY

Major 2003-04 budget cut recommendations:

- ❖ Central office administration and support reduction and elimination (\$43.2 million)
- ❖ Consolidation of management positions and functions
- ❖ Work year reductions
- ❖ \$36 million reduction in Blueprint spending, of which \$21.7 will help to reduce the budget shortfall
- ❖ Reduced consultant services and professional development

Guiding Principles:

- ❖ Protect the instructional core that contributes to student learning and improves student achievement
- ❖ Protect direct services to the classroom and students by minimizing teacher layoffs to the full extent practicable
- ❖ Maintain class size reduction in grades K-3
- ❖ Maintain employee salaries and benefits to the full extent practicable
- ❖ Protect district from fiscal crisis likely to adversely impact public education over (at least) two fiscal years
- ❖ Continue to streamline systems to ensure efficiency and effectiveness
- ❖ Ensure the safety of students, teachers and staff
- ❖ Maintain lifecycle maintenance plans (major

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Serving more than 140,000 students, San Diego City Schools is the second largest school district in California, with more than 200 educational facilities and more than 17,000 employees. SDCS is improving student achievement through a focus on basic education skills in reading, writing and mathematics. The district is committed to supporting schools and enhancing the classroom learning environment through modernized facilities and resources and through parent, teacher and community involvement in the educational process.