

**DMUSD Strategic Plan
Financial Task Force**

Final Report

April 30, 2010

Table of Contents

Executive Summary

Introduction to School Finance

DMUSD Strategic Financial Task Force

Charter

Members

Operations

Subcommittee Reports

Reserve Policy

Basic Aid Contingency Policy

Expenditure Reductions

Revenue Generation

Solar Energy

Conclusion

Appendix A

Expenditure Reduction Subcommittee Detail

Appendix B

Revenue Generation Subcommittee Detail

Executive Summary

The current recession has hit California particularly hard. State government budgets have been severely cut and still are not balanced. State funded public education has been deeply effected. Most California public school districts receive funds from the state based on how many students they serve (average daily attendance) and are called "Revenue Limit" districts. California statutes dictate a minimum level of funding for education. Despite this legal guarantee, many school districts are running large deficits while simultaneously making cuts in services and salaries.

DMUSD is in the minority of districts that receives its funds from the state as a "Basic Aid " status district, where funding is based on local property tax revenues, not on a per pupil basis. Property taxes are assessed annually and therefore fluctuate. The district does not know how much it will receive until the property taxes paid in December and April are tallied. Our basic aid status translated to \$10.5 million additional dollars in 2008-09 versus what we would have expected as a revenue limit district. The district assumes no change in property tax revenue for 2009-2010. However, the California legislature has instituted a temporary initiative, called "Fair Share", where Basic Aid districts receive the same reductions as Revenue Limit districts. The DMUSD portion of the fair share is \$1 million for 2009-2010 and \$1.5 million for 2010-11. The total approved budget for 2009-2010 was \$42 million.

The DMUSD Board of Trustees created the DMUSD Strategic Plan Financial Task Force (FTF). The FTF is comprised of eighteen volunteers. The Board of Trustees appointed one Trustee to serve as co-chair of the FTF. Thirteen parents were nominated to the FTF; one from each PTA and Trustee. The DMSEF appointed a representative. The DMUSD appointed a senior administrator, a classified staff member, a principal and a teacher to the FTF. The charter of the FTF was to develop a series of recommendations and policies addressing short-term and long-term financial issues the district may face. The FTF met nine times Jan-Apr. 2010 and formed six subcommittees to study specific issues, analyze data, take public input, derive recommendations and communicate the findings. The subcommittee recommendations were discussed in public meetings, amended and approved by a simple majority vote of the FTF, usually by unanimous consent.

Recommendations

Reserve Policy

The FTF recommends a reserve balance of not less than 22% or greater than 30% than expenditures. If, or when, reserves fall below the minimum level, then material budget cuts should be considered for the following year. Currently, the DMUSD has \$11 million in general fund reserves, \$1.7 million in an enterprise fund, \$0.5 million in unallocated categorical funds and \$8.1 million in the capital improvement fund (can only be used for capital improvements and not on going expenses).

Basic Aid Contingency Policy

The FTF recommends that if the district loses its basic aid status, or basic aid is significantly eroded, then the reserves should be used in graduated steps and budget cuts should be phased as necessary. The district should adopt a policy that defines when the Board of Trustees could declare an economic state of emergency.

Expense Reductions

The FTF established a priority ranking based on impact and feasibility of expense reductions. The budget cuts were categorized as "Actionable regardless of financial condition", "Actionable when the reserves are approaching the minimum level" and "Actionable once reserves have fallen significantly below the minimum level". It is noted that many of the substantial budget cuts are subject to negotiation under the Agreement between the DMUSD and the DMCTA (Del Mar California Teachers Association).

Revenue Generation

The FTF reviewed the economic impact and feasibility of potential revenue enhancement opportunities including after school program rate increases, internet advertising, field rental rate increases, establishing a paid tuition preschool and a parcel tax.

Solar Energy

The FTF recommends limited professional analysis of the feasibility and impact of implementation of solar energy to offset a portion of the \$600,000 annual electricity.

Communications

The FTF recommends communication of the findings and recommendations of the FTF contained in this report at the May 5, 2010 DMUSD Board of Trustees meeting followed by at least three open, public, town-hall meetings.

Introduction to School Finance

Basic Aid Funding

Basic Aid districts receive funding directly from local property taxes, while Revenue Limit districts receive the bulk of their funding from the state based on enrollment. Approximately, 90 percent of the state's 1,000 school districts are Revenue Limit. School districts receive the higher of the basic aid or the revenue limit amount. For the 2008-2009 school year, DMUSD received \$10.5 million more in revenues as a Basic Aid status district than it would have under revenue limit. Thus, a loss of Basic Aid status would cut the district's revenue from the state by approximately 30% and require significant reductions in expenses.

Basic Aid Status

Currently, California allows districts that collect property taxes in excess of their Revenue Limit guarantee to keep the funds locally. This additional funding is used to enhance educational programs. At anytime the State could draft new legislation that would redistribute those additional funds to all school districts. If this happened, we would be required to operate our educational programs on our Revenue Limit guarantee and this would be a reduction to approximately 70% of our current operating revenue.

Property Tax

The San Diego County Tax Assessor provides property tax estimates to all districts in May, November, April and June/August. Basic Aid districts also receive estimates in December, January, and February. Over the years, the DMUSD Business Office has tracked these estimates in proportion to cash received. There is no obvious correlation and this is likely due to the complicated tax schedules and arcane formulas used by the County Assessor's Office as well as fluctuations in the real estate market. For instance, all San Diego County foreclosures are allocated across the county, not necessarily in the jurisdiction in which they occur. For example, a foreclosure in National City reduces the property tax revenues in the whole county; not just that area.

Our district is fortunate that most existing homes are selling at a higher price than the assessed value resulting in higher property tax income. In addition, we are one of a few areas with new construction. This year, the Assessor's Office processed automatic reductions in assessed valuation within the City of San Diego. This will have a negative effect on our property tax revenues. This is offset by increased property assessments in the City of Del Mar due to resale of existing homes.

Mello-Roos

A Mello-Roos District is an area where a special property tax on real estate, in addition to the normal property tax, is imposed on those real property owners within a

Community Facilities District. These districts seek public financing through the sale of bonds for the purpose of financing public improvements and services. These services may include streets, water, sewage and drainage, electricity, infrastructure, schools, parks and police protection to newly developing areas. The tax paid is used to make the payments of principal and interest on the bonds. Mello Roos pays for the buildings and parks but not the operating expenses of those facilities.

Fair Share

The State Budget continues to reduce funding for Revenue Limit Districts. This cut did not affect Basic Aid districts. In the spirit of fairness and to protect Basic Aid funding, the Basic Aid districts offered to take the same reduction as the Revenue Limit districts. DMUSD's fair share is approximately \$1 million for 2008-2009 and \$1.5 million for the 2009-2010 school year. Both are payable in the year following the cut, i.e. 2008-2009 is payable in the 2009-2010 school year. At this time it appears the Fair Share will continue until the 2014-2015 fiscal year.

Reserve

DMUSD has budgeted well in the past and has increased their reserves from \$5.7 million (20% of expenditures) in 2004-2005 to today where we stand at \$11.2 million (27% of 2009-2010 expenditures). The State requires that districts have a minimum reserve of 3% in order to remain solvent. Our current level of reserves would enable the district to meet its obligations with no changes to the budget for 12 months if Basic Aid was eliminated and the district reverted to Revenue Limit status.

"Categoricals" (and "categorical" reserves)

The Federal and State Government allocate "categorical" funds to school districts, which come with rules and restrictions. These funds are accounted for in the Restricted General Fund. Any unused funds must be carried to the following year as a Restricted Reserve. At the end of the 2008-09 fiscal year, the State gave the districts some flexibility on certain categorical programs. These categorical balances were transferred to the Unrestricted General Fund and increased our Available Reserves.

ESC (Extended Studies Curriculum)

DMUSD's ESC core program consists of Science, Music, Art, and Technology. In addition, each school has the ability to customize the program to include other specialties such as Spanish, Band, Chorus, PE, Drama, Problem Solvers, etc. This program was originally developed to cover the contractual prep time of the teaching staff. Over time, parents requested more time/programs and the Foundation (DMSEF) was started so parents could fund these additional programs. ESC teachers are allocated to each site based upon the number of teaching units/sections. Currently the ESC program costs over \$3 million. Approximately \$1.5 million of ESC expense is covered by the district as part of classroom teacher "Preparation Time" as per the Agreement between the DMCTA and the DMUSD (see below). Additional ESC

teachers are funded by donations from the DMSEF. Without parental support the ESC program would be significantly reduced.

DMSEF

The Del Mar Schools Education Foundation is a not-for-profit 501(c)(3) charitable organization. The Foundation was founded to raise the necessary funds to provide Del Mar Union School District students with enrichment programs such as science, music, art, technology, and physical education. It is governed by a Board of Directors that is comprised of parent volunteers from each of the District's elementary schools and community members.

The Agreement between the DMCTA and the DMUSD

There is an Agreement between the DMUSD and the Del Mar California Teachers Association (DMCTA). In addition to salary and benefits, some terms included in the Agreement define working conditions (i.e. class size, Preparation Time and hours of employment, etc.) and have a fiscal impact on the DMUSD. Other terms do not have a fiscal impact (Evaluations, Site Based Decision Making, etc.). The current Agreement expires June 30, 2010, but will remain in effect until changes are agreed upon. Any changes to the Agreement require that the DMUSD and DMCTA to follow a collective bargaining process. Failure to follow this process would result in a Public Employment Relations Board violation. Historically, DMUSD and the DMCTA have used the "Interest Based Bargaining" approach. This approach, and the resulting Agreement, benefits the district and its students as well as the teachers.

Timeline

January: Governor's Proposed State Budget for the next fiscal year.

February: DMSEF Fundraising Deadline

March: State mandates "Pink Slips" be given if there is a chance of a layoff in the following academic year (i.e. for 2010-2011 for March 2009).

DMUSD Second Interim Budget analysis for the current academic year

May: Finalize number of "Pink Slips"

June: Board Adopts Budget for the next academic year

DMCTA contract expires

Current academic year ends

August: District receives final payment of Property Taxes for the prior academic year

Next academic year begins

September: "Unaudited Actual" budget report for the prior academic year

December: External Audit Report for the prior academic year

DMUSD Second Interim Budget analysis for the current academic year

DMUSD Strategic Plan Financial Task Force

Charter

The Board of Trustees and the Superintendent of the DMUSD jointly proposed in late 2009 to initiate a task force to study the finances of the district and suggest strategies and actions. The DMUSD Strategic Plan Financial Task Force (FTF) was organized in early 2010 to provide input regarding current school year budgets, provide recommendations for savings, recommend guidelines for reserves and recommend long term budgetary goals for the DMUSD.

The FTF was modeled after the City of San Diego Select Committee on Government Efficiency and Fiscal Reform. Citizen appointees should possess a strong financial background, knowledge of public financing and/or familiarity with school budgeting processes and will join several representatives from the district. As a committee formed by and reporting to an elected board, the FTF was subject to the open meeting regulations of the Brown Act.

The FTF was organized to provide recommendations to the DMUSD Board of Trustees, following an extensive public outreach process, to assist during these unprecedented economic times. The FTF was scheduled to present its interim report to the Board of Trustees in February 2010 and conclude its work by March or April 2010.

The FTF was tasked to make recommendations on the following:

1. Conduct Short Term Financial Planning including the development of a near term financial plan and a priority ranking of budget cuts.
 - a. Review the document "List of Potential Budget Reductions Under Consideration for the 09/10 School Year"
2. Identify and recommend Guidelines for the DMUSD's Reserve including recommending the amount of necessary reserve and recommending a list of economic and financial triggers for the use of the reserve.
3. Identify Long Term Planning Criteria, which would include a plan to address budget cuts should the district lose its Basic Aid status.
4. Examine revenue enhancement opportunities.

On February 24, 2010, the FTF delivered its interim report and at that time the Board of Trustees directed the FTF to adjust their recommendations considering good, average or poor budget expectations. To comply, the FTF put its recommendations in three classifications: "Actionable regardless of financial condition"; "Actionable when the reserves are approaching the minimum level", or "Actionable once the reserves have fallen significantly below the minimum level".

Members

The FTF is comprised of the following members (total of 19):

A parent representative from each school PTA (8 total)

Tim Blazer, Sycamore Ridge

Melanie Carmosino, Del Mar Hills Academy

Jonathan Flam, Carmel Del Mar

Alan Kholos, Ocean Air (replacement for Eileen Hoppen)

Christopher Lien, Sage Canyon

Rita Macdonald, Del Mar Heights

Deborah Muns-Park, Ashley Falls

Kiim Tiernan, Torrey Hills

A parent appointed by each Board of Trustees member (5 total)

Steve Danon, Torrey Hills

Vicki Hutchison, Ashley Falls

Doug Rafner, Ashley Falls

Bob Shopes, Del Mar Hills Academy

Beth Westburg, Del Mar Hills Academy

DMCTA Representative

Sandy Johnson

DMSEF Representative

Chris Stevenson, DMSEF Representative

Principal Representative

David Jones, Carmel Del Mar

Classified Staff Member Representative

Eileen Randall

District Office Cabinet Representative

Holly McClurg

Board of Trustees Representative

Doug Perkins

The DMUSD Superintendent and Business CBO served as non-voting advisors to the task force.

Operations

The FTF was formed in January 2010 and met nine times in open session.

The Board of Trustees representative, Doug Perkins served as one co-chair. Eileen Hoppen, the PTA representative from Ocean Air, selected by unanimous consent, served as co-chair from February 19, 2010 through March 26, 2010. Ms. Hoppen resigned from the FTF on April 1, 2010. Jon Flam, the PTA representative from Carmel Del Mar, was selected by unanimous consent to serve as co-chair on April 16, 2010. The co-chairs jointly set the agenda and ran the meetings. Melanie Carmosino was elected Secretary and timekeeper.

Given the complexity of the task, and directions from the Board of Trustees, the FTF formed six sub-committees to accomplish its goals. Five of the subcommittees were charged with the study of policy and budgets. Members of the FTF volunteered to sit on one or more subcommittees. Each subcommittee had eight or fewer members allowing meetings and discussions to be held without violation of the Brown Act.

Reserve Policy Subcommittee

Beth Westburg, Chair
Fred Bettig (observing teacher representative)
Steve Danon
Jonathan Flam
Holly McClurg

Basic Aid Contingency Plan Subcommittee

Bob Shopes, Chair
Eileen Hoppen
Vicki Hutchison
Kiim Tiernan

Expenditure Reduction Subcommittee

Christopher Lien, Chair
Vicki Hutchison
Sandy Johnson
David Jones
Rita Macdonald
Deborah Muns-Park
Eileen Randall
Beth Westburg

Revenue Generation Subcommittee

Jonathan Flam, Chair
Tim Blazer
Melanie Carmosino
Deborah Muns-Park
Doug Rafner

Solar Energy Subcommittee

Bob Shopes, Chair
Vicki Hutchison
Leandra Kalt (observing teacher representative)
Doug Rafner
Chris Stevenson
Kiim Tiernan

In addition, a Communication subcommittee, comprised of the chairs of each of the subcommittees above, and a co-chair of the FTF, was formed.

The FTF held its public meetings on alternate Fridays 7AM to 9AM at Carmel Del Mar Elementary School. The subcommittees met once or twice in the interval between public meetings and would report findings and progress at the following general meeting. Open discussion, and questions, on all topics allowed the full FTF to stay abreast of subcommittee progress. On Feb. 24, 2010, co-chair Eileen Hoppen gave an interim FTF progress report to the DMUSD Board of Trustees.

The FTF actively sought public input on any budget issue and solicited suggestions for potential cost savings, or improvements, via an interactive section at the www.dmusd.org website. All public input was posted, some anonymously, and submissions closed on March 17th, 2010. Each item of public input was logged, assigned to a subcommittee, researched and discussed. All suggestions and ideas from public input were addressed in the recommendations below and the attached appendices.

Based on analysis of the data, investigation of ideas and discussion each subcommittee formed a set of recommendations that it brought to the full FTF at a public meeting. Each item was discussed, often more than once, and clarifying questions were asked. The recommendations were put to a vote of the attending FTF members and those that passed by a simple majority are included in this report.

Subcommittee Reports

The findings of each subcommittee were presented to the FTF over the course of several public meetings. This included draft recommendations that were thoroughly discussed, often amended and then put to a vote of the FTF. All recommendations below reflect not just the opinion of one subcommittee but also the will of a majority of the FTF.

Reserve Policy

All school districts are required to have a minimum reserve equal to 3% of annual expenses or face sanctions. In contrast, the San Diego County Office of Education recommends that Basic Aid districts maintain a reserve between 20% and 30% of annual expenditures. Similarly, the non-profit advisory group "Schools For Sound Finance" suggests that Basic Aid districts have reserves equal to the differential between of their Basic Aid funding and what they would otherwise receive as a Revenue Limit district. For DMUSD the additional amount received was \$10.5 million in 2008-2009 (\approx 25% of the total budget). Many districts, including revenue limit districts, are dipping into reserves to balance their budgets.

Currently, our reserves stand at \$11.2 million in the general fund with additional reserves in the Enterprise fund (\$1.8 million) and \$0.5 million in carryover categoricals from last year. Our total reserves are approximately \$13.5 million. Del Mar currently has the 2nd highest percent reserve (27% of expenditures) among basic aid districts in the County of San Diego while neighboring Solana Beach school district, has a 23% reserve.

It is difficult for the DMUSD to accurately determine future revenues, as they are dependent on local property taxes. Actual property tax receipts are not known until August, well after the end of the school year in June, and only then can a financial report be accurately reconciled. Creating a budget, or even determining if the current year is on track, based upon property tax projections has proven to be very difficult, and historically, revenue has been conservatively underestimated. It is probable that property tax revenue will remain flat or perhaps show a modest gain. Nonetheless, due to actions like "Fair Share" and the fluctuations of real estate it is prudent to have a substantial reserve.

Recommendations

The FTF recommends that the district continue to retain a healthy reserve. However, the goal of a high reserve should not prevent the DMUSD from using reserves to fund temporary deficits during "down" years so that the educational programs (small class size, ESC, etc.) for the DMUSD students remain stable. The District should be adding to the reserves in "surplus" years when programs are stable.

DMUSD Strategic Plan Financial Task Force

Reducing DMUSD educational programs and services for our students is not recommended while there are sufficient reserves to handle temporary deficits. In the event there are structural budget conditions, like a permanent reduction in Basic Aid Revenue, then it is appropriate to use reserves on an interim basis until the structural adjustments (budget cuts and/or programmatic changes) are completed.

The FTF recommends a floor amount for the reserve to be equal to 22% of the expenditures and a ceiling amount for the reserve equal to the differential between basic aid and revenue limit status amounts (approximately 30%). Using figures from the 2009-2010 financial statements this would result in a reserve range of \$9.1 to \$12.5 million. At this point, this releases up to \$2.1 million to be cover future deficits while maintaining sufficient reserves. If, or when, the reserve is less than the floor of 22%, then material budget cuts should be considered for the following year.

Basic Aid Contingency Policy

The additional revenue that basic aid status brings to the DMUSD has been essential to establishing DMUSD as one of the premier elementary school districts in San Diego County and California. Basic aid has made it possible for DMUSD to hire the most qualified teachers, pay them accordingly, provide excellent working conditions and expand a wide range of educational opportunities for the children it serves. Loss of basic aid status would be greatly damaging to the DMUSD. The FTF formed the Basic Aid Contingency Plan subcommittee to study the issue and to develop a strategy in the event of lasting cuts to basic aid.

The Basic Aid subcommittee did not study what budget cuts would be made or other consequences of the loss of basic aid, or even set a reserve policy. All of those issues overlap, and impact, the basic aid policy, and those studies were left to the other subcommittees. Instead, we recommend policies that the DMUSD Board of Trustees could adopt now. The actions described by these policies would be triggered in the future by the loss, or significant erosion, of basic aid status.

Recommendations

1. A substantial reserve, according to the recommended reserve policy, should be maintained as insurance for the possible changes in the level of basic aid funding.
2. If basic aid funding is greatly decreased, or eliminated, or the DMUSD reverts to revenue limit funding status, then the reserve should be spent incrementally to preserve programs to the extent it is feasible.

We recommend a stepped approach...

- a. The DMUSD should utilize 50% of reserves in year one and 50% of remaining reserves in year two. In year three, and thereafter, any remaining reserves should be used while maintaining a minimum reserve of 3-to-5%.

In addition...

- b. The DMUSD Board of Trustees should declare an economic state of emergency in order to amend, modify or rescind the agreement between the district and DMCTA.
 - c. The DMUSD should review all areas of the budget for possible cuts.
 - d. The DMUSD should endeavor to retain programs via expanded fund raising and/or parcel tax.
3. We recommend to the Board of Trustees, in the best interest of the DMUSD in their contracts and other dealings, that they establish a definition, or formula, of

what constitutes a "state of emergency" in the event of loss, or significant erosion, of basic aid funding or a significant change in funding status.

Expenditure Reductions

The largest FTF subcommittee examined and discussed dozens of items fielded from the public input and FTF members. Several expenditure reductions estimated to yield the greatest savings are subject to collective bargaining. Certificated & Classified employee salary & benefit schedules are strictly governed by Agreement regulations and prior period negotiations, so any cost reductions stemming from these items must be negotiated between the DMCTA and the DMUSD during the annual bargaining cycle. If the District should choose to pursue these cost reduction items, they must be initiated in accordance with its agreement with the union. The expenditure reduction items were consolidated into three groups:

- Not subject to collective bargaining
- Subject to collective bargaining (DMUSD & DMCTA must resolve these items in contract negotiations)
- Not to be implemented (already approved, or rejected, by the Board of Trustees or deemed infeasible; these are not included below but are in Appendix A3).

It is worth noting that allowing DMUSD employees to opt-out of healthcare coverage stood out as an expenditure reduction above the rest with high potential positive impact and high feasibility. This proposal may yield substantial significant savings to the district, perhaps \$0.3 million to \$0.9 million, while enhancing benefits for employees. However, this healthcare coverage is part of the Agreement between the DMCTA and the DMUSD, and therefore subject to collective bargaining, so the opt-out was not a formal recommendation of the FTF but a strong suggestion for future study.

Individual items within each group were stratified based on a ranking partly based on "pain vs. gain", relevance and feasibility.

- Actionable regardless of financial condition (e.g. efficiency improvements which provide beneficial cost & logistical savings)
- Actionable when the reserves are approaching the minimum level
- Actionable when reserves have fallen significantly below the minimum level (more drastic actions)

Several items have varying degrees of savings based on State & Federal programs with "sunset provisions" which result in temporary cost savings projections. Such items were

given less weighting due to their temporary cost savings being weighed against potential reduction in educational quality or benefit.

Items are not listed in order of impact, feasibility or desirability but in the order that they were received or studied. No weight should be given on the basis of the order.

Recommendations

A. Items not subject to collective bargaining restrictions

I. Actionable regardless of financial condition

1. Use a portion of the proceeds of Shores property sale to build Ocean Air Childcare facility. \$1.9M can be transferred to the General Fund from the Enterprise Fund.

Source: DMUSD Staff

Impact: High

Feasibility: High

Recommendation: Implement

2. Turn off air conditioning & lights in classrooms when school is not in session.

Source: Public Input

Impact: Moderate

Feasibility: High

Recommendation: Implement

3. Keep employee childcare, special day preschool at Sycamore Ridge until Pacific Highlands Ranch is built out. Unknown capital improvement savings but no general fund impact.

Source: Public Input

Impact: Low

Feasibility: High

Recommendation: Implement

4. Reduce copying costs (reduce unnecessary & single-sided copies, use more eBlast)

Source: Public Input

Impact: Low

Feasibility: Moderate

Recommendation: Implement

5. Reduce or eliminate district-provided mobile phones & service

Source: Public Input

Impact: Low

Feasibility: Moderate

Recommendation: Implement

II. Actionable when the reserves are approaching minimum levels

1. Use custodial night crews rather than custodians exclusively assigned to one school.

Source: Public Input

Impact: Low

Feasibility: Moderate

Recommendation: Needs further study. Do not implement at this time

2. Aligned vacation days for District office personnel (close office, save utility costs)

Source: Public Input

Impact: Low

Feasibility: Moderate

Recommendation: Do not implement at this time

3. Develop a magnet school. Voluntary redistribution of students to under-capacity schools from impacted schools.

Source: Public Input

Impact: Unknown

Feasibility: Moderate

Recommendation: Needs significant further study. Cost savings are dependent on elimination of asst principal positions at larger schools. May have start-up costs.

4. Furlough District office staff during each July

Source: Public Input

Impact: Moderate

Feasibility: Moderate

Recommendation: Do not implement at this time

5. Reduce/eliminate second night custodial staff

Source: Public Input

Impact: Moderate

Feasibility: Moderate

Recommendation: Do not implement at this time

III. Actionable once the reserves are significantly below the minimum level.

1. Reduce office assistant hours as proposed on March 24 by Superintendent, Option F

Source: DMUSD Staff

Impact: Moderate

Feasibility: High

Recommendation: Do not implement at this time

2. Redistrict school assignment boundaries district-wide to eliminate Assistant Principals.
Could vary from \$0 to \$400,000 depending on the number of positions eliminated.

Source: Public Input

Impact: Variable

Feasibility: Low

Recommendation: Do not implement at this time

3. Eliminate Assistant Principal positions

Could vary from \$0 to \$400,000 depending on the number of positions eliminated.

Source: Public Input

Impact: Variable

Feasibility: Moderate

Recommendation: Do not implement at this time

IV. Not feasible due to legal or policy restrictions or practical considerations

1. Eliminate gardener's position; consolidate with presently retained gardening service

Source: Public Input

Impact: Low/Moderate

Feasibility: Low (position cannot be terminated until employee leaves)

Recommendation: Do not implement

2. Reduce hours of SDC preschool by working when students are being served

Source: Public Input

Impact: Moderate

Feasibility: Low

Recommendation: Do not implement

3. Schedule special education aide/ELL meetings & trainings during days when students not being serviced (PTC weeks, first/last weeks of school, etc.)

Source: Public Input

Impact: Low

Feasibility: Low

Recommendation: Do not implement

4. Use teacher on special assignment for assistant principal position

Source: Public Input

Impact: Moderate

Feasibility: Low

Recommendation: Do not implement

5. Revise Assistant Superintendent position to become Director of Human Resources
No cost savings as they are on the same salary schedule.

Source: Public Input

Impact: None

Feasibility: High

Recommendation: Do not implement

B. Items subject to collective bargaining restrictions.

No formal FTF "Recommendations" are made on these items but are suggestions for points of interest for collective bargaining negotiation.

I. Actionable regardless of financial condition

1. Opt out option added to DMUSD employee health insurance benefit.

The contractual benefits package could be modified to allow employees to opt out of health insurance coverage. Health insurance costs the DMUSD \$8,818 per employee for 2009-2010 school year. At 10% participation implementation would yield \$0.3 million in savings and at 25% participation yield \$0.9 million in cost savings. Savings may be offset if premiums increase for the remaining employees or if incentives are given.

Source: Public Input

Impact: High

Feasibility: High

II. Actionable when reserves are approaching minimum levels

1. Eliminate the use of substitute teachers for the purposes of parent-teacher conferences grades 4-6.

Source: Public Input

Impact: Low

Feasibility: Low

2. Reduce guaranteed preparation time for teachers

Source: Public Input

Impact: Variable

Feasibility: Low

3. Use Classified staff rather than Certificated teachers when feasible for ESC classes.

Source: Public Input

Impact: Moderate

Feasibility: Low

III. Actionable when reserves are significantly below the minimum level

1. Reduce District employee salaries. Cost reductions scale as percentage of salary reductions.

Source: Public Input

Impact: High

Feasibility: Low

2. Reduce school year by a certain number of days

Source: Public Input

Impact: Moderate/High

Feasibility: Moderate

3. Freeze employee salaries for one year

Source: Public Input

Impact: Moderate

Feasibility: Moderate

4. Increase grades K-3 class size limits to 24 students

Source: Public Input

Impact: Moderate/High

Feasibility: Low

5. Increase grades 4-6 class size limits to 30 students

Source: Public Input

Impact: Low/Moderate

Feasibility: Low

6. Reduce lunch duty expenses by requiring teachers to actively monitor students

Source: Public Input

Impact: Moderate

Feasibility: Moderate

IV. Not actionable

1. Use Classified staff rather than Certificated teachers for ESC classes (DMSEF paid portion)

Source: Public Input

Impact: None

Feasibility: Low (potential legal restrictions apply)

2. Reduce parent-teacher conference days

Source: Public Input

Impact: Low

Feasibility: Low (potential legal restrictions apply)

Revenue Generation

The Revenue Sub-Committee reviewed a variety of ideas and suggestions for revenue enhancements that were, in large part, received from the Public Input we received through submissions made at www.dmUSD.org. The Financial Task Force reviewed and classified all of the ideas that were submitted from the public. The Revenue subcommittee reviewed public input classified as Revenue Enhancements. We reviewed these ideas for impact and feasibility and then provided a recommendation.

The Financial Task Force is making the recommendations using the following groupings: "Actionable regardless of financial condition"; "Actionable when the reserves are approaching the minimum level"; "Actionable once reserves have fallen significantly below the minimum level" and "No action to be taken. OR Further evaluation by DMUSD is required."

Items are not listed in order of impact, feasibility or desirability but in the order that they were received or studied. No weight should be given on the basis of the order.

Recommendations

I Actionable regardless of financial condition

1. Re-evaluate the revenue collected from renting the fields and or facilities to determine if there are opportunities to enhance revenues. The District owns and operates several fields that are used by the local community baseball leagues, soccer leagues and a variety of other organizations. Currently, it is understood that the policy is to charge only "cost" to non-profit organizations. Most of the users of DMUSD fields are "non-profit" children's sport leagues.

Source: Public Input

Impact: Low

Feasibility: Moderate

Recommendation: FTF recommends that the DMUSD evaluate whether there are opportunities to schedule in Field Rentals from "for-profit" organizations as well as re-evaluate the current charges to non-profit organizations for use of the fields.

2. An American Express Points program is available to non-profit organizations. The program allows organizations to earn points that can result in cash rebates from using your American Express card to pay certain vendors. This program is utilized in other school districts across the state. After discussion with Dena Wittington the impact is likely to be "Low".

Source: DMUSD staff

Impact: Low

Feasibility: Moderate

Recommendation: FTF recommends that DMUSD explore the potential and if there is meaningful opportunity, then we recommend that the DMUSD pursue this option.

3. Put advertising on DMUSD.org website

Source Revenue Committee

Impact: Moderate/High

Feasibility: Low/Moderate

Recommendation: FTF recommends that the DMUSD Board of Trustees consider this option for Revenue Enhancements. In addition, the FTF recommends that the DMUSD Board of Trustees consider developing a plan for naming rights on the fields.

II. No action to be taken. OR Further evaluation by DMUSD is required.

1. Ability to increase revenue \$30-\$50 per child enrolled. Person that recommended this idea is interested starting a program to resell equipment using the school as a distribution channel.

Source: Public Input

Impact: Undetermined (probably Low)

Feasibility: Low

Recommendation: Not recommended

2. Scrip Program. The DMUSD would buy "scrip" at a discount from local businesses and sell at a profit to parents.

Source: Public Input

Impact: Low (and could divert donation to PTAs from parents)

Feasibility: Moderate

Recommendation: Not recommended

3. Coffee and breakfast carts on campus for parents dropping off kids

Source: Revenue committee

Impact: Low

Feasibility: Low

Recommendation: Not recommended. Dena Whittington advised that this would likely violate the Health and Education Code

4. Charge more for after-school care

Source: Public Input

Impact: Moderate

Feasibility: Moderate

Recommendation: FTF recommends that DMUSD Board of Trustees have new Director of After School Programs continue to evaluate pricing on an annual basis.

5. Parcel Tax: This is an extra property tax for every parcel in the DMUSD school district. The potential revenue depends on the amount levied per parcel. For example, a \$200 per parcel tax would yield over \$3 million in revenue. To pass a Parcel Tax, a supermajority is required and a significant investment to campaign for the initiative and the cycle from Board Action to actual revenues being collected is likely to be at least one year.

Source: Public Input

Impact: Significant

Feasibility: Low

Recommendation: The FTF recommends that it is not feasible for the next fiscal year because of timing and expense in getting on the ballot and the difficulty of getting a Parcel Tax passed. We recommend that the Board continue to evaluate in the future especially in dire financial circumstances (i.e. Basic Aid is substantially eroded or no longer in place).

6. Allow Intra-district Transfers to receive additional revenue from the State.

Source: Revenue Committee

Impact: Moderate to Significant (if new regulations are enacted)

Feasibility: Low/Moderate

Recommendation: Not recommended at this time. Currently, as a basic aid district, the DMUSD would receive no extra state funds for additional student and may add to expenses. There are some regulations proposed that would permit basic aid status districts to receive additional revenue for each student accepted as an intra-district transfer. Once such regulations are in place it should be re-evaluated.

7. Expand Early Childhood Education offering to include a revenue generating preschool

Source: Public Input

Impact: High

Feasibility: Low

Recommendation: FTF tabled this idea because there was not enough information available to the Revenue Subcommittee or the FTF to make a thoughtful recommendation. The DMUSD would need to develop a detailed "business plan" and receive community input on such a plan. At that point it would be possible to make a recommendation. Because of the potential impact, the DMUSD should invest in a meaningful planning exercise to determine the feasibility and likelihood of success of this type of venture.

9. Buy a building with excess space using capital improvement funds and lease the excess space.

Source: Revenue Committee

Impact: Moderate

Feasibility: Low

Recommendation: FTF did not make a recommendation. The DMUSD Board of Trustees

is addressing this issue.

III. Actionable when the reserves are approaching the minimum level

The FTF recommends DMUSD Board of Trustees reconsider, and evaluate, the items above that request further evaluation or study.

IV. Actionable once reserves have fallen significantly below the minimum level.

The FTF recommends DMUSD Board of Trustees reconsider and evaluate a Parcel Tax during a financial crisis. A parcel tax will be more acceptable to the community under difficult financial circumstances.

Solar Energy

The DMUSD spends \approx \$0.65 million per year on electricity. Most of that is used for lighting and HVAC (heating, ventilation and air conditioning); the sites have been retrofitted for energy efficient lighting systems. Each site has numerous AC condenser units on the roof, usually one per classroom, for a total of approx 250 units. The electrical costs peak when class is in session, however, the decrease usage in the summer months varied from site to site.

The DMUSD is rated as a commercial user by SDG&E. As such, the billing method is complex. There is a "demand charge" per meter, some sites have more than one meter that is calculated on the basis of maximal draw during a 15-minute interval. Next is the cost of the actual energy used, in kWh, for which the rates vary with the season (summer and winter), and time of day (peak, semi-peak and off peak). On top of that SDG&E can levy "critical peak period" pricing when charges can spike 10-fold.

The decision to invest in renewable energy must take into account upfront costs, on-going potential savings and environmental aspects. Photovoltaic panels have a useful life of over 30 years, and are guaranteed to meet certain specs for at least 25 years, so this is a long-term commitment. However, the DMUSD is likely to occupy the same buildings for a long time and will likely consume significant amounts of energy over that span. Several municipalities and school districts are looking into solar projects. There are pitfalls so careful study must be done before committing to a project.

The costs and potential savings by installing solar at school sites are largely dependent on the financing arrangements.

The DMUSD could own the systems outright and all the benefits would accrue to the district. But the risks and maintenance would fall on the district also. The DMUSD could invest existing capital improvement funds in a solar project, or raise funds specifically for a project by issuing a CREB (certified renewable energy bond) or seek low-cost loans from the federal government. The DMUSD is eligible for a rebate from the state, paid over 5 years, based on the size of the system but typically about 25-30% of the total cost. The DMUSD is not eligible for the 30% federal tax credits nor can it take advantage of accelerated depreciation. A common arrangement for a municipality is a "power purchase agreement" (PPA) with a contractor (or another third party). In that case the project expense, risk, management and maintenance are borne by the commercial entity. The district would agree by contract to purchase electricity at a certain rate, usually at a set discount from prevailing SDG&E rates.

A solar installation company (Xnergy Inc., Carlsbad) did a preliminary analysis on the installation of solar panels at each school site (see Appendix A for a summary). This is a rough estimate, and not a bid or a proposal, and from a contractor with a potential financial gain so all the numbers should be viewed as such.

For example, at Ocean Air an 120 kW system would cost approximately \$0.75 million which is then off-set partially by a state rebate of \$0.25 million for a net installed cost of \$0.5 million out of the capital improvement fund. This system would produce approx 40% of the electricity used at that site or \$33,000 less out of the general fund for the 1st year. Assuming a 5.5% annual rate increase and outright ownership the break even point is 11 years and over 30 years nets a positive cash flow of \$1.9MM.

Not included in this simple analysis are Federal tax credits of 30% and an allowance of accelerated depreciation both of which are significant financial advantages that the DMUSD cannot directly take advantage of. On the other hand, the 5.5% presumed annual increase in costs, versus an average annual increase of 3.4% over the last 20 years, overstates the potential value.

The use of electricity during the summer months, when six of the eight sites are "closed" and the other two are only partially used, needs to be examined in detail. It seems that some of the closed schools have significant drops in bills but others do not. Due to the complexity of SDG&E billing, and the variation in activity at the sites, there is not readily apparent answer. It may be that several sites can save \$5,000 to \$10,000 at several sites each if electricity was used more judiciously when school is not in session.

The DMUSD has over 250 individual air conditioning condensers. While well maintained, there may be some older units that are not efficient. The state has a program to replace old AC units in schools.

Water is a relatively minor budget item now but looks to become more expensive in the near future. Grey water systems for field irrigation are a possibility. This was not studied.

Recommendations

1. The FTF recommends that a non-profit, Center for Sustainable Energy, do a preliminary study of all school sites. After review, if any sites seem to yield substantial potential benefits then the DMUSD should have a detailed cost benefit analysis done using the actual historical billing and the likely possible outcomes of a project. The detailed analysis would cost the DMUSD \$6,000 a meter via a fixed-price arrangement with County Education.
2. The FTF recommends a study be done to determine if each if electricity can be used more carefully when school is not in session.
3. The FTF recommends a study be done to determine is cost savings could be gained by replacing air conditioning units.

Conclusion

The DMUSD Strategic Plan Financial Task Force was comprised of a variety of stakeholders including the staff from DMUSD Administration, a Principal, a Trustee and a teacher but mostly parents from each school and with a broad range of perspectives. This Task Force came together and there was a great deal of consensus and common ground.

The FTF meetings created an opportunity for the task force members to carefully review detailed financial information. This enhanced our understanding of the difficulties, financial challenges and forecasting constraints that the DMUSD Board of Trustees and Administration face each and every year. The FTF believes that more extensive sensitivity and probability analysis should be done while budgeting, especially with regard to revenues, which are difficult to accurately predict but have a large impact on outcomes.

In the DMUSD we are extremely fortunate that during these challenging economic times our children's education and the programs they receive have not been reduced or compromised in any significant way. On behalf of the FTF we are grateful to the DMUSD Board of Trustees for empowering this Task Force and we are hopeful that our contribution will be viewed as valuable input to guide you when you form the budgets in the future.

Our report and work was performed with two major objectives: to address the immediate financial challenges of our school district, and enhance the long-term financial structure. The FTF believes this will ensure that our Del Mar Schools continue to thrive, irrespective of the economic conditions that may exist.

This Final Report was approved by unanimous consent of the DMUSD Strategic Plan Financial Task Force on April 30, 2010.

Cost Savings
March 31, 2010

Appendix A1

	Possible Savings	Pros	Cons
<p>Aligned Vacation Days for DO: (e.g. spring break, winter & Thanksgiving breaks)</p>	<p>\$38 a day utilities plus \$150 per day for temp (?) Unsure of financial savings figure</p>	<p>Saves in utilities No loss to student achievement</p>	<p>More aligned with other employees for common planning & committee work Requires change in Board policy to permit voicemail rather than live attendant</p>
<p>Furlough District Office Staff during July (Santee & other districts already do this) Staff can use vacation or take time off without pay. Transfer phones to child care office since they're open all summer.</p>	<p>\$50K-\$100K</p>	<p>Share financial burden Eliminates salary cost for district office staff (except for Child Care) for four weeks Saves \$38/day in utility costs per day</p>	<p>Additional phone messaging responsibility on Child Care staff District Office will not be available to answer questions for four weeks Yearend accounting needs to be processed by end of June Protocol must be developed for Child Care staff's routing of important calls & communication</p>
<p>Turn off Air/Conditioning and Lights in classrooms when school is not in session It appears that only Del Mar Heights and Carmel Del Mar turned off their A/C and lights during July 2009. Would need to consolidate summer activities into one school. We have individual classroom A/C control, should be able to just turn on office a/c during early August. Air/Conditioning should also be off during other week long breaks (November, December and April).</p>	<p>\$20,000 (estimate)</p>	<p>No financial hardship</p>	<p>Administrative or maintenance will need to ensure a/c and lights are off</p>

<p>Reduce Copying Costs</p> <p>One or more schools do not have EBlasts setup</p>	<p>\$1,000 per year</p>	<p>Saves paper and copier wear & tear</p>	<p>Schools without EBlast systems might need assistance in setting up own system.</p> <p>These schools would need to setup a small kiosk with a few copies of the weekly flyers in their offices.</p>
<p>Reduce or eliminate district provided cell phones; Consider subsidizing personal cell phones for 10 months rather than providing a district cell phone.</p> <p>29 phones are used by 13 custodians, 4 child care, 3 nurses, 3 technology, & 2 DO administrative, 1 child nutrition, & 3 school site staff. Priority should be given to custodians, nurses, & child care staff.</p>	<p>\$10,800 per year</p>	<p>Saves cost of phone service not deemed necessary</p>	<p>Would need to terminate existing phone contracts and change the phone number list.</p>
<p>Use Capital funds from the sale of the stores to build Ocean Air Childcare facility</p>	<p>\$1.9 million from the Enterprise Fund could be transferred into general fund</p>	<p>New facility is built and \$1.9 million is added to general fund to cover expenses</p>	<p>Reduces capital budget by \$1.9 million</p> <p>District may not be able to purchase new district office with reduced funds</p>

<p>Eliminate Assistant Principals</p>	<p>One AP = \$130,000</p>	<p>Saves money</p>	<p>Student safety</p> <p>Too many management tasks for principal</p> <p>Principal will have less time to focus on teaching and learning due to topics such as: management tasks, student discipline, conducting all staff evaluations</p> <p>Principal will spend less time in the classroom</p> <p>Principal will have to address all discipline issues</p> <p>Contract requires an AP once 850 students are enrolled in a school</p>
<p>Reduce Office Assistant hours as proposed on 3/24/10 by Superintendent McClain, Option F</p>	<p>\$32,192 for 4 OA who would not longer qualify for health care benefits (based on 4x\$8048)</p> <p>\$148,040 Salary savings to general fund</p>	<p>Share financial burden</p> <p>"Equity" for School Site Office Staff</p>	<p>Less office staff coverage during high traffic times means less service to our stakeholders</p> <p>Disruption of Site Office Teams due to possible "bumping"</p> <p>Decreased hours with same job expectations: Merging CNS into OA position w/ less hours</p> <p>Will actually increase job expectations for larger schools when adding CNS portion, which they currently do not do</p> <p>Student Safety: Need at least a 7 hour employee to cover office from 7:45 AM to 2:45 PM when students are present. Need to have 2 office staff present to provide safe coverage. Also, if one employee is out, who covers?</p> <p>Higher paid staff may move to full-time position at larger school: increased salary load</p> <p>Possible loss of experienced, dedicated OA if hours too low. i.e. DM HILLS @ 4 and HTS @ 5</p> <p>Decreased morale: OA position not valued</p> <p>Using Sections as proposed on Option F doesn't include enrollment issue w/ possible increased class size</p>

Reduce 2 nd night custodial staff @ to part-time or hire college students as a roving team to vacuum sites		Share financial burden By reducing salary and eliminating health care benefits	Maintenance follows CASBO formula for staffing Some changes to cleaning/vacuuming schedule
Reduce hours of SDC preschool by working only when students are being serviced	Waiting for Sheila Weinberg for information	Share financial burden	No prep time to assist teachers
Schedule Special Ed Aide/ELL meetings and trainings during days staff not directly servicing students (i.e. PTC weeks, first/last weeks of student school days)	Waiting for Sheila Weinberg for information	Share financial burden	Inconvenience of scheduling times
Use teacher on special assignment instead of hiring AP	Depends on salary schedule	Saves money	
Use night crews instead of individual night custodians		Saves Money Able to clean more buildings with fewer people	
Keep Special Day Preschool and Employee childcare at Sycamore Ridge until PHR is built out.	Unknown Capital Expenses (waiting for district report)	Saves Capital budget Keeps preschool in current location Existing K-6 children will not be moved.	When the 15/56 connector is built, PHR will start home construction resulting in more children attending Sycamore Ridge.
Move Eastside boundaries	\$0 - \$450,000	Reduces need for APs at larger schools Saves Money Equalizes enrollment across the district Allows for Full-time ESC positions	Existing communities do not want to be moved away from current school. Creates ill-will in the district Affects DMSEF fundraising
Merge with Solana Beach	Unknown	Reduces administration costs	Solana Beach receives more money per student, thus it is not feasible for Solana Beach
Share Admin or Part-time with Solana Beach	Unknown		Past the scope of our committee
Gardening Services - eliminate remaining employee gardener and rely only on contracted services	Gardener's salary	Reduce expenses by the cost of one staff gardener Lower maintenance plantings should yield lower needs/costs for contracted services	Per district staff, employees can not be replaced with lower salaried employees.

<p>Change upcoming Assistant Superintendent position to Director of Human Resources</p>	<p>None Reason: Regardless of the title given to this position when posted, the salary remains the same</p>	<p>No cost savings</p>	<p>Position may be less desirable to candidates, therefore, it may be more difficult to find the best person for the position</p>
<p>Magnet School</p>	<p>\$0 - \$150,000</p>	<p>Positive way to create equity in administrative costs versus boundary changes or school closures</p> <p>Families choose to attend school versus involuntary transfers</p> <p>Students are guaranteed enrollment each year</p> <p>Enrollment priorities are flexible. For example, it can favor students in high growth/ over populated areas.</p> <p>Helps eliminate overcrowding at high growth schools</p> <p>Freedom to develop unique programs</p> <p>Could be the "jewel" of the district</p>	<p>Neighborhood children do not have priority into Magnet programs</p> <p>Traditionally costs more money to operate</p> <p>Other schools may be "jealous" of unique programs ("Not Fair")</p>

**Cost Savings Subject to Collective Bargaining
March 31, 2010**

Appendix A2

Salaries: Using page 52 figures from the first interim report Dec. 9, 2009

	Possible Savings	Pros	Cons
Reduce Certificated Employees Salaries by 1%	\$194,000	Share financial burden	Reduced compensation for employees
Reduce Classified Employee salaries by 0.5%	\$41,000	Students Maintain Current Number of Instructional Days	May present financial burden for employees
Reduce Classified Management by 1%	\$3,800	May reduce the number of employees that would be terminated	Loss of ability to subsidize health care
Reduce salaries of Principals, Certificated Management, & Superintendent by 2%	\$32,000	Common cost reduction in other districts	Lower morale could lead to decrease in extra services for students: ie. Lunch clubs, morning tutoring, recess support Affects teachers' pensions
Shorten School Year by One Day (Furlough days)	\$150,000-200,000 a day	Share financial burden Avoid permanent loss in retirement for educators	One-to-one loss of student instructional days Under compensation for employees Financial burden for employees Loss of ability to subsidize health care Lower morale could lead to decrease in extra services for students: ie. Lunch clubs, morning tutoring, recess support Potential loss of time on the job Affects teachers' retirements unless contract language is modified
Reduce Parent Teacher Conference Days	Up to \$6600 per conference cycle	Saves on substitute teacher salary / usage (66 sections, one 1-day substitute, \$90 per day)	Employees are still required to work Instructional days are already included in the school year
Schedule 4 th , 5 th & 6 th grade conferences before or after school eliminating the need for substitute teachers for up to 66 sections (1875 students)	Up to \$6600 per conference cycle	Saves on substitute teacher salary / usage (66 sections, one 1-day substitute, \$90 per day)	Upper grades have more students than lower grades. This is to cover the additional 8 or so students.

<p>Use Classified vs. Certificated Instructors for the ESC program (DMSEF Paid Portion)</p>	<p>None</p>		<p>District legal opinion states that children must be with a credentialed teacher and thus, teachers would need to attend the ESC sections with their students and be unable have their contractual prep time</p>
<p>Use Classified vs. Certificated Instructors for the ESC program (District Paid Portion)</p>	<p>\$40,000 per instructor (\$90K-Certificated) (\$50K - Classified)</p>	<p>Saves money</p>	<p>District legal opinion states that children must be with a credentialed teacher and thus, teachers would need to attend the ESC sections with their students and be unable have their contractual prep time</p> <p>The quality of teaching and learning may be compromised because teachers will not be certified</p> <p>We may experience more staff turnover if positions are not full time with a quality salary and benefits package</p> <p>Teachers will have less time to share teaching strategies, to develop units, lessons, and common assessments. and to discuss and strategize</p>
<p>Reduce guaranteed prep time (planning time for classroom teachers)</p>	<p>Total Current cost: \$1.5 million</p> <p>Savings: \$150,000 for a 10% reduction in prep time minutes.</p>	<p>Saves money</p> <p>Assuming an equitable distribution of ESC Certificated teachers who were funded by the foundation, there would still be an opportunity for teachers to have PLC time</p>	<p>Teachers will have less time to share teaching strategies to improve instructional practices.</p> <p>Teachers will have less time to develop units, lesson, and common assessments to improve student learning.</p> <p>Teachers will have less time to discuss and strategize next steps after looking at student assessment data</p>
<p>Opt-Out of Employee Health Insurance</p>	<p>\$8818/employee</p> <p>Example: 25% opt out ratio would result in approximately \$881K per year at present benefits cost, more savings if costs increase</p>	<p>Employees also save \$125 - \$1661 per mo from reduced paycheck contributions</p> <p>Win-Win for employees, district, students</p> <p>Requested by teachers' union in recent negotiation</p> <p>Benefits package can be renegotiated with broker or hire new broker to provide same coverage for smaller pool for similar cost</p> <p>Savings would permit district to absorb cost increase if any and still save a large sum of money</p>	<p>May require new insurance broker/provider (could also be seen as a pro by some observers based on their presentation)</p>

<p>Increase class sizes in grades K-3 to 24</p>	<p>\$650,000 - \$800,000</p>	<p>Saves money Research is inconclusive linking class size to achievement Possible reduction of combination classes</p>	<p>Less 1-on-1 time available for students. Small class sizes are highly valued by our community. Some parents have already elected not to enroll their children in K in the DMUSD next year because they believe class sizes are going up. Penalties for exceeding the 20:1 ratio in grades K-3 will increase after the 2011-2012 school year. As a result, the savings from increased class sizes will be reduced. Less differentiation per class</p>
<p>Increase class sizes in grades 4-6 to 30:1.</p>	<p>\$0-\$150,000</p>	<p>Saves money Research is inconclusive linking class size to achievement Possible reduction of combination classes</p>	<p>Less 1-on-1 time available for students. Small class sizes are highly valued by our community. Less differentiation per class</p>
<p>Freeze salaries for 1 year: For DMUSD Employees: Includes Certificated Supervisors, Administrators' Salaries, Superintendent Classified Salaries Classified Employees & Classified Mgmt.</p>	<p>\$113,011.44 \$26,787.56</p>	<p>Temporarily share financial burden</p>	<p>No true savings as pay must be retro back to employee as soon as possible Creates a balloon payment & budget problems in a future year</p>
<p>Reduce Lunch Duty Expenses - Rely on teachers doing lunch duty 15-45 minutes per day/week/month; Use parent volunteers to monitor playground</p>	<p>\$100,000</p>	<p>Saves money</p>	<p>Teachers are paid extra to do lunch duty Most district use administration and staff for lunch duty Teachers need a lunch break</p>

Cost Savings Considered by Board and Not Implemented
 March 31, 2010

Appendix A3

	Possible Savings	Pros	Cons
Do Not Build Ocean Air Childcare facility	\$1.0 million from Enterprise Fund Reserve could be transferred into general fund	\$1.0 million in additional funds are now available to cover expenses	Ocean Air Aftercare Students would continue to use the Ocean Air MUR program
Reconfiguration (One school located at 2 sites)		Saves money	Considered by the 7-11 Committee and was not viewed as a viable option
Close Del Mar Hills	\$394,000	Saves money	Board eliminated this option