

Lack of Overall Funding

Simply put, our base funding is insufficient. California ranks 46th out of 50 states in terms of per pupil spending. Additionally, several key factors unique to the Bay Area are increasing our costs. These include higher retirement contributions, receiving lower cost of living adjustments, increasing costs to serve students with disabilities, and a higher city-wide minimum wage.

Mistakes Made in the Past and Repeated

Due to several challenges detailed in the [FCMAT report](#), the District has had difficulty effectively forecasting, monitoring and managing budgets to ensure revenues match or exceed expenditures. As a result, we have spent beyond our means and depleted savings to the point where immediate action is necessary.

Cost Saving Measures Are Needed Immediately

To ensure solvency and local control, **reducing costs by \$14.2 M is the current target** recommended by the Superintendent. We expect the Board of Education to increase this target given our long term funding outlook and the need to restore savings. We have tough decisions ahead and will do our best to protect students and sites but the truth is, we will not be able to make the cuts necessary without impacting sites.

Initial Action Plan to Improve Fiscal Vitality

A new Budget Strategy Team is in place comprised of staff from the Finance Division, the office of the Superintendent, and [West Ed](#). This team is charged with problem solving and creating robust financial systems. Additionally, the Superintendent is monitoring all site budgets on a monthly basis and all Central Office and School Site Leaders will be held accountable to monitor site dollars. We are also revisiting our multi-year projections for 2018-19, 2019-20, 2020-21 to mitigate any future financial surprises.

Next Steps

Central and site based leaders from across the District are collaborating and jointly prioritizing the budget adjustments for this and next year and are also hard at work forecasting budget reduction scenarios to meet any proposed cost savings targets. More information will be provided about the final Board decision regarding the 2017-18 budget as soon as possible.

