



# SAN DIEGO COUNTY OFFICE OF EDUCATION

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Randolph E. Ward, Ed.D., Superintendent of Schools

November 8, 2016

Cindy Marten  
Superintendent  
San Diego Unified School District  
4100 Normal Street  
San Diego, CA 92103-2682

Dear Superintendent Marten:

We have received the San Diego Unified School District's Disclosures of Collective Bargaining for the San Diego Education Association (SDEA) bargaining unit and the Administrators Association San Diego, Certificated and Classified Supervisors Unit (AASD). The proposed agreements are effective July 1, 2014 through June 30, 2017 and are being acted upon by the governing board at its meeting on November 8, 2016.

The SDEA Agreement calls for the following:

- Rates of pay increased by 3% on July 1, 2016
- Rates of pay increase by an additional 1% on January 1, 2017
- Audiologists will be placed on the appropriate step/column of Appendix G: SLP Salary schedules
- Early Childhood Education Program Plans salary schedules in Appendix B will be compacted from 23 steps to 17 steps
- Unit members shall be paid \$29.50 per hour for Supervision Session Service where the supervising teacher is not already receiving a stipend for the work performed.

The AASD Agreement calls for the following:

- Rates of pay increased by 3% on July 1, 2016
- Rates of pay increase by an additional 1% on January 1, 2017
- School Police Captains will receive a monthly cleaning/clothing stipend of \$80 (\$960 annually). Stipend will not be paid while on unpaid leave of absence.

## Comments

On July 1, 2016, the District submitted a budget with *anticipated* unrestricted general fund budget reductions of \$85 million in fiscal year 2017-18 and \$135 million in fiscal year 2018-19. These were supported with a board resolution acknowledging these amounts and a commitment to develop a solution plan by First Interim. Without these anticipated reductions, the district would have a negative ending unrestricted fund balance in those fiscal years. These two proposed agreements along with expectations that all bargaining units will settle for the same in the upcoming weeks will add an additional \$28 million in unrestricted expenditures for 2017-18 (now estimated to be \$113 million in anticipated reductions) and another \$29 million to the 2018-19 projection (now estimated to be \$164 million in anticipated reductions).

### Concerns

**The San Diego County Office of Education is extremely concerned about the District's ability to reduce unrestricted expenditures in the upcoming fiscal years and meet the required 2% reserve percentage.** In past years, the District used one-time funds to reduce ongoing expenditures which included land sales and one-time funding allotments from the State along with a reliance on increased LCFF funding. The LCFF is almost fully funded, therefore it is unlikely that the District will see large revenue increases from this funding source over the next few years. Expenditure reductions of this magnitude will require ongoing budget solutions to maintain fiscal solvency. We also note that at the time of this writing, neither the District's Chief Financial Officer nor the Superintendent has certified to the affordability of the agreement in the current fiscal year and beyond, we expect that this certification will be forthcoming.

### Requirements

We have met with the District Superintendent and various leadership team members twice during the past few months to discuss the District budget. During those meetings, we cautioned that before the District enters into any commitments which would include any salary or benefit increases, it first would need to identify viable expenditure reductions that will maintain the District's fiscal solvency in the current year and beyond. Should the Board ratify the proposed agreements, we are requiring (in addition to the detailed list of implemented budget reductions as requested with budget approval) that the District provide the following with the submission of the 2016-17 First Interim report:

- Identify specific expenditure reductions that maintain the reserve at the required 2% level for 2017-18 with the costs of all agreements incorporated.
- Identify general expenditure reductions that maintain the reserve at the required 2% level for 2018-19.
- Submit a Board adopted resolution identifying the revised expenditure reduction amounts needed should the Board approve these and any other agreements. (This is similar to what the Board submits each year with the submission of the original budget in July).

We wish to express our appreciation to the District staff for their efforts in working with us during the review of these AB1200 public disclosures and the projected impacts. Please be assured that we are here to assist you as necessary. You may direct any questions or concerns to me at (858) 292-3618 or Brent Watson, Executive Director at (858) 292-3537.

Sincerely,



Lora Duzyk  
Assistant Superintendent  
Business Services

cc: Michael McQuary, Board President, San Diego Unified School District  
Jenny Salkeld, Chief Financial Officer, San Diego Unified School District  
Brent Watson, Executive Director, DFS, San Diego County Office of Education  
Tammy Britt, San Diego County Office of Education