

Consideration of Approval of Allocation Formulae

Policy Reference: OE-5, Financial Planning

Background Information: Each year the Board has revisited the personnel allocation formulae to address the average class size as required by Board action. In addition, for the past several years the District has increased fund balance. Although additional revenues play a part of the increase, the District has incurred savings from vacant positions. In 2014-15 the District averaged a 4% vacancy rate. The net impact of the vacancies (after payment of substitutes) was approximately \$8.4 million.

Additionally, the Board of Education approved the Personalized Digital Learning (PDL) plan in June 2013 with the stipulation that the average class size would increase by two additional students after implementation of the PDL initiative at each specific grade level. For the last two fiscal years, the Board has waived that increase in class size as part of the approved budget, based on the positive impact on Fund Balance for each of the respective years.

Two different Board Committees (Joint HR/Finance and Finance) addressed the increase in class size due to the PDL initiative at their last meetings. Two different motions emerged from those committees: one motion was to increase class size as originally planned, and a second motion was to drop from current and future consideration the increase in class size for PDL. While these are competing motions, Board members comments at the December 9, 2015, Finance meeting and the subsequent Board meeting on December 14, 2015, appeared to be in favor of removing increased class size as a part of the PDL implementation requirements. The Allocation Formula being presented assumes that class size would not be increased due to PDL implementation.

The PDL initiative was scheduled for a three-year phase-in for grades 3-12, and currently PDL is in place in grades 5-12, with grades 3-4 delayed a year ago. Based on the original Board vote in June 2013, the administration is ready to finalize the original PDL initiative by implementing the program in the grades 3-4 during 2016-17.

Purpose: To define the personnel allocation formulae on which the 2016-17 Superintendent's Comprehensive Budget will be developed **and** remove the stipulation that the average class size will increase by two additional students as a result of the PDL initiative from any future personnel allocation formulae discussions.

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Recommended Action: Move to approve utilizing the net funds saved from vacant positions as a potential source of funds for maintaining the allocation formulae. This amount would be a utilization of fund balance.

Move to remove the stipulation that the average class size will increase by two additional students as a result of the PDL initiative from any future personnel allocation formulae discussions.

Estimated Project Cost: TBD

Recurring X Non-recurring
Funding Sources: General Fund