Agenda

- The Issue & Financial Impact
- Independent Financial Review Panel Recommendations
- Steps We Are Taking
- Path Forward
The Issue and Financial Impact

- Independent Financial Review Panel Recommendations
  - Steps We Are Taking
  - Path Forward
District’s Strategic Goals

100% Graduation

School Safety

Proficiency for All

Parent, Community, Student Engagement

100% Attendance
Great teachers, school leaders, and support staff are the key to meeting our goals.

Given our fiscal challenges, how do we adjust the size and cost of our work force, AND STILL attract, develop, and retain effective staff?
Practices to Ensure Effective Staff

- Recruitment & Selection
- Onboarding & Work Climate
- Retention & Succession Planning
- Training & Development
- Performance Management
Recruitment Challenge

- Shortage of
  - Special Education and Substitute teachers
  - Special Ed Assistants and trainees
  - Teachers in STEM and Dual Language

- Many employees approaching retirement and fewer entrants into the workforce to replace them

- Improved economy has increased competition in the labor market
Work Climate: School Experience Survey

- 90% of staff believe their school is safe
- 81% of teachers felt that adults at their school treated each other with respect
- 68% of teachers felt they were able to participate in decision-making
Work Climate: New Principal Survey Results

Top Challenges mentioned

- Lack of time to complete tasks
- Lack of sufficient personnel
- Limited opportunities for instructional training and professional development
Retention

• The time, effort and funds invested by the District, schools, and communities in supporting new employees through their first years are substantial.

• Costs of turnover
  • Lack of instructional continuity
  • Lower productivity
  • Overworked remaining staff
  • Lost knowledge
  • Training Costs
  • Interviewing Costs
Succession Planning

• As employees retire, this will translate into risks:
  • Loss of highly skilled employees and their knowledge
  • Leadership talent
  • Replacement costs: recruiting, hiring, orienting, and training employees

• In order to best meet the challenges of an more experienced workforce, LAUSD needs a strong succession plan and an ambitious plan to train new employees
Classified Staff by Age Group

64 was average retirement age in 2014-15
K-12 Teachers by Age Group

64 was average retirement age in 2014-15
Staffing Levels

- Staffing level trends
- Rising cost of each employee
- Declining enrollment
- How staffing levels determined
79% of General Fund Budget is Salaries and Benefits

- 42% Certificated Salaries
- 14% Classified Salaries
- 23% Benefits
- 5% Books & Supplies
- 15% Other
Staffing Levels Declined After the Recession, then Stabilized...

Source: LAUSD Budget
...but Cost increased
Certificated Administrators Staffing Levels

Years:
- 2011-12
- 2012-13
- 2013-14
- 2014-15
- 2015-16

School Based
- 538
- 632
- 723
- 785
- 905

Non-School Based
- 1,603
- 1,466
- 1,476
- 1,620
- 1,723

Legend:
- Blue: School Based
- Red: Non-School Based
K-12 Classroom Teachers Staffing Levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Staffing Levels</th>
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<tbody>
<tr>
<td>2011-2012</td>
<td>27,208</td>
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<td>2012-2013</td>
<td>25,532</td>
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<td>2013-2014</td>
<td>25,813</td>
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<td>2014-2015</td>
<td>25,688</td>
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<td>2015-2016</td>
<td>24,863</td>
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Staff Costs

Per Employee Costs

Salary
Pension
Health & Welfare

# of Employees

\[ \text{Total Staff Costs} = \text{Per Employee Costs} \times \text{# of Employees} \]
Average Salary Trends

Average Base Teacher Salary

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary</th>
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<tbody>
<tr>
<td>2007-08</td>
<td>63,188</td>
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<tr>
<td>2008-09</td>
<td>64,737</td>
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<tr>
<td>2009-10</td>
<td>66,827</td>
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<td>2010-11</td>
<td>67,645</td>
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<tr>
<td>2011-12</td>
<td>68,754</td>
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<tr>
<td>2012-13</td>
<td>69,512</td>
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<tr>
<td>2013-14</td>
<td>69,442</td>
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<tr>
<td>2014-15</td>
<td>72,426</td>
</tr>
<tr>
<td>2015-16</td>
<td>75,434</td>
</tr>
</tbody>
</table>

Note: Pay Increase

2014-15: 72,426
2015-16: 75,434
The employer contribution costs for both CalSTRS and CalPERS are projected to double over the span of seven years.

**2014-15**
- CalSTRS: 8.25%
- CalPERS: 11.4%

**2020-21**
- CalSTRS: 19.1%
- CalPERS: 20.4%* (projected)
Pension costs will take up 9% of Unrestricted General Fund revenues by 2020-21.
Health Benefit Trends

Employee Health Benefit Costs

$8,000 additional needed to fully fund OPEB
Cost of Single Teacher Increases Over Time

15-16

Salary Cost: $50,368
Pension Cost: $2,274
Fringe Benefits Cost: $2,272
Health Benefits: $5,404
Total: $69,212

16-17

Salary Cost: $50,428
Pension Cost: $3,032
Fringe Benefits Cost: $2,274
Health Benefits: $5,404
Total: $72,404

17-18

Salary Cost: $50,965
Pension Cost: $3,999
Fringe Benefits Cost: $2,299
Health Benefits: $5,404
Total: $74,777

18-19

Salary Cost: $51,502
Pension Cost: $4,852
Fringe Benefits Cost: $2,323
Health Benefits: $5,404
Total: $77,218

19-20

Salary Cost: $51,661
Pension Cost: $5,712
Fringe Benefits Cost: $2,325
Health Benefits: $5,404
Total: $79,144
Enrollment Retention Challenges

200,000
Reduction in student enrollment since 2002-03

100,000
Students are enrolled at 211 independent charter schools in the District
Drops in Revenue not addressed by staff reductions

$127 million
Projected Revenue Loss in 2016-17

Only $36 million
Saved through Normed staff reductions
How are Staffing Levels Determined?

**Student Enrollment (Norm-Based)**
- Teachers – class size
- Counselors
- Office Techs

**Number of Schools**
- Principals
- School Administrative Assistants
- Plant Managers

**School Determined Needs**
- Schools fund positions with discretionary funds

**Central Office**
- Staffing levels generally not determined by student enrollment or the number of schools
- Staffing levels primarily driven by budget considerations
School Staffing Levels: Elementary

250 students
- 1 principal
- 1.5 clerical
- 11 teachers

500 students
- 1 principal
- 2 clerical
- 21 teachers
School Staffing Levels: High School

500 students
- 1 principal
- 0 asst. principals
- 1 counselor
- 1.5 clerical
- 17 teachers

1,000 students
- 1 principal
- 1 asst. principal
- 2 counselors
- 3 clerical
- 24 teachers
Decentralization and Local Control

- The Norm dictates staffing levels, but schools have the flexibility to change certain staffing levels.
- Schools also determine which staff is funded with discretionary funds (e.g., Targeted Student Population funds).
- Substitute teacher budgets allocated directly to schools — incentivizing good teacher attendance.
Staff Costs

- # of Employees
- Employee Cost
- # of Employees
- Employee cost
The Issue and Financial Impact

☑ Independent Financial Review Panel Recommendations

Steps We Are Taking

Path Forward
Summary of Recommendations

• Make proportional staffing reductions in any year where enrollment declines

• Eliminate the Teacher Pool

• Increase employee attendance

• Re-norm schools mid-year

• Exploring an early retirement program
- The Issue and Financial Impact

- Independent Financial Review Panel Recommendations

✅ Steps We Are Taking

- Path Forward
Contract Pool Teachers

- Ensuring the selection/assignment of Contract Pool Teachers
- Contract Pool Teachers used as substitutes (“first sub of the day”)
Dealing With Reductions

Attrition Management

• As employees retire/separate from the District, it reduces the need for RIFs
• As more employees retire, there’s an opportunity to re-align staff resources
Recruitment Efforts

Teacher Training Academies

Expanding & Creating New Teacher Pipelines
- Grow partnership with our Urban Teacher Residence (UTR)
- Partner with local Institutes of Higher Education

Special Ed
- Career Ladder program (STEP-UP)
- District Intern Teacher Credentialing Program
- Special Education Trainees - 800+ hired this year

LAUSD Job Fair for IT Professionals

Focused Recruitment for Maintenance and Operations
Recruitment Goals

100% of classrooms staffed with their teacher on the first day of instruction

- First met in 2015-16

100% fully credentialed teacher workforce

- Currently 98% overall, 89% in Special Education

Full eligibility lists for all Classified job classifications at school sites prior to first day
Onboarding

New Teacher Institute
• Offered in the summer
• Voluntary

Classified New Employee Orientation
• Offered 2-4 times/year
• Voluntary with low attendance
Training

- New Principal Support (NPS)
- Aspiring Principals Program (APP)
- Organizational Excellence - Classified
- Succession Planning:
  - Executive Certificated Leadership (EXCeL)
  - Leadership Enhancement and Development (LEAD)
GOAL: Retain 95% of new teachers every school year

• Over the last 3 years, teacher retention has held relatively steady, with approximately 92% of new teachers remaining employed with LAUSD for a second year.

• The Council of the Great City Schools ranks LAUSD in the “Best Quartile” in retaining first year teachers based on the 2013-14 data results.
Performance Management

Educator Development and Support: Teachers

Educator Development and Support: School Leaders

Career Growth Development Cycle (CGDC) Pilot
Staffing Levels

- Freeze on creating central office positions and on filling vacancies to shift resources to schools

- Reduction in central office budgets for 2016-17
The Issue and Financial Impact

Independent Financial Review Panel Recommendations

Steps We Are Taking

✔ Path Forward
Agreement on March 9th with UTLA

- Sets a goal for the placement of displaced teachers
Strategic Alignment Committee

- Align staffing decisions to strategic goals
- Oversee initiatives to provide excellent customer service
- Oversee initiatives to increase efficiency and reduce costs
Succession Planning

• Strategic Alignment Committee to support divisions in the creation of 5 year succession plans
  • Identify areas where current employees need improvement so they are prepared when it's time to promote them

• Strategic Alignment Committee will facilitate knowledge transfer
Recruitment

• LAUSD will need to ensure that we are an “employer of choice”, and that we are perceived as an organization at which top talent would want to work

• Adopt a “grow our own” strategy as a way to fill some positions that require specific knowledge
Professional Development & Training

• Through training, ensure that staff within job classifications have consistent skill sets

• Greater focus on customer service
  • Use school experience survey to determine best practices, and to identify need for targeted support
Onboarding

Develop a web-based onboarding training/orientation, and make it mandatory for new employees

• Overview of District goals and values
• Overview of District benefits
• Necessary technical training
Employee Retention

- Analysis of which employees are leaving
- Exit interviews
  - Why are employees leaving?
Central Office costs/staffing should be maintained at 5% of General Fund Unrestricted Revenue

- As General Fund Revenue declines, Central Office costs/staffing would have to be reduced
Our Considerations

Our focus is attracting, developing, and retaining effective staff

- Improve work climate
- Ensure the selection/assignment of displaced teachers
- Become an employer of choice, and “grown our own”
- Reduce Central Office Strategically
Discussion