



Working to Keep Kids Safe and Learning in School

Introduction

L.A. Unified's offer to UTLA, made in September 2018, reflects the main elements of the state appointed neutral Fact Finder Report. UTLA has rejected the offer.

Background on Contract Negotiations

For three years, UTLA leadership have publicly stated their desire to strike and have not bargained in good faith in order to achieve that objective. Only UTLA can authorize a strike. The question is what does UTLA leadership actually expect to gain from a strike? And will that help or hurt students, families, and UTLA members?

- UTLA leadership has not engaged in good-faith bargaining as its sole intention has been to have a strike.
- UTLA leadership stated a desire to strike before contract negotiations even began.

“The next year and a half must be founded upon building our capacity to strike, and our capacity to create a state crisis, in early 2018.”

Alex Caputo-Pearl, Aug 24, 2016

- Contract negotiations began in April 2017.
- UTLA's list of 24 demands totals 70 pages. UTLA has not changed or compromised on any of these demands since April 2017.
- UTLA's financial demands, if met, would cause the immediate insolvency of Los Angeles Unified, causing a state takeover and the layoffs of more than 10,000 employees. This would result in larger class sizes and reduce the number of counselors, librarians and nurses in schools.
- L.A. Unified could not lawfully agree to these “take it or leave it” demands.
- The state appointed Mediator in October 2018 noted, “I have never seen one party work so hard to resolve the issues” (Los Angeles Unified) and one party so unwilling to bargain” (UTLA leadership).

The Public Conversation

L.A. Unified strives to set a positive example for students on how to handle disagreements with respect. Unfortunately, the UTLA leadership has not maintained that standard. UTLA leadership's use of baseless rhetoric decreases public support for education and does nothing to solve the issues.

- Remarks by the Superintendent and the Board of Education are in sharp contrast to those of UTLA leadership.

"We need to treat you and everyone in your school with respect, provide you with access to best in class tools, and then get out of your way so you can put your students on the path to college and 21st century career readiness."

Superintendent Austin Beutner Administrator Address, Aug. 9, 2018

"We, the Board of Education, do not support a strike. We hope the shared responsibility to put students first will lead to a common-sense resolution that acknowledges the hard work of our employees while addressing the safety and instructional needs of students and the financial solvency of L.A. Unified."

Los Angeles Unified Board of Education, Aug. 21, 2018

"We need to pay our teachers more and provide coaching, professional development, and whatever is needed so that every teacher has the chance to develop and truly excel in their classrooms."

Superintendent Austin Beutner Address at RFK Community Schools, Sept. 9, 2018

"Los Angeles Unified and UTLA want many of the same things — smaller class sizes, better pay for teachers, and additional teachers, counselors, librarians and support staff in every school. But we need more money to pay for those things..."

Superintendent Austin Beutner, LA Times Op-Ed, Sept. 25, 2018

"We model behavior for our students, and in doing so, we are teaching students how to handle differences with respect, how to have conversations with people you disagree with, how to resolve problems, and why name calling, bullying and violence are wrong."

Superintendent Austin Beutner Address at First AME Church Interfaith Prayer Service, Nov. 1, 2018

- At no time has the Board of Education or Superintendent mentioned any support for "privatization," a "portfolio district" or "destroying public education as we know it."

Los Angeles Unified's Financial Position

Los Angeles Unified faces serious financial issues, a fact which has been confirmed by regulators and several independent experts. At no time has UTLA presented any other financial

forecast or proposed any solution to the budget issues. UTLA has rejected L.A. Unified’s offer for UTLA to have its own independent auditor review L.A. Unified’s finances.

- The State of California Superintendent of Education and the Los Angeles County Office of Education, which together oversee L.A. Unified, as well as independent commissions established by two prior superintendents of L.A. Unified and a nationally recognized financial advisor have all warned L.A. Unified of insolvency and a state take-over.

The LAUSD is facing a significant structural deficit in its operating budget that threatens the District’s long-term financial viability.

Report of the Independent Financial Review Panel (Cortines Report), Nov 2015

“... the District...must address a looming, large budget deficit. LA Unified is facing a structural budget deficit which threatens its long-term viability and its ability to deliver basic education programs. The District’s own forecasts show it will have exhausted its reserve fund balance by 2020-21, will have a budget deficit of \$400 million in 2020-21, and therefore be insolvent.”

L.A. Unified Advisory Task Force (King Report), Jun 2018

*“The problem is that these reductions [L.A. Unified’s fiscal stabilization plan] do not eliminate the structural deficit in the district’s budget...The fact is that L.A. Unified [Budget] is *NOT* too big to fail, so it is up to all of us to resolve the district’s fiscal challenges”*

Candi Clark, CFO, Los Angeles County Office of Education, Aug, 2018

“The Unassigned Ending Balance for fiscal years 2021-22 and 2022-23 is a shortfall position (deficit) of \$418.9 million and \$880.1 million, respectively. Additionally, the 1.0 percent minimum reserve condition is not met commencing in fiscal year 2021-22.”

Los Angeles Unified School District Projected Financial Position Analysis, Houlihan Lokey, Sep, 2018

“Yes, my presence is indicative that this is serious.”

Nick Schweizer, Office of the State Superintendent of Education, Sep 2018

- Los Angeles Unified is spending significantly more than it receives in funding. This overspending is a recurring problem and cannot be solved with a one-time infusion of money.

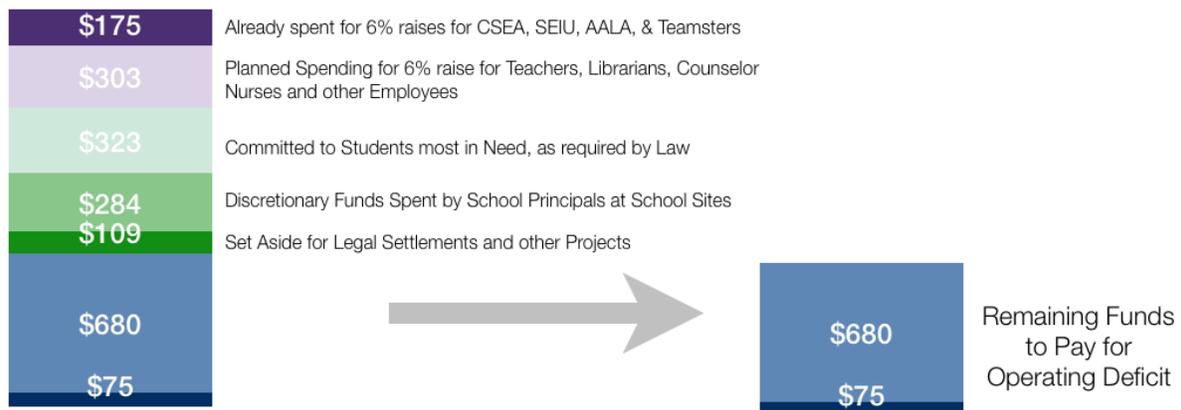
A Large and Growing Deficit

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$7.4 B	\$7.3 B	\$7.2 B	\$7.2 B	\$7.2 B
Costs	\$7.9 B	\$7.7 B	\$7.7 B	\$8.0 B	\$8.0 B
Deficit	-\$500 M	-\$400 M	-\$500 M	-\$700 M	-\$800 M

- Los Angeles Unified will spend about \$24 billion from July 2018 to June 2021 educating students, including all of its \$1.8 billion of reserves. L.A. Unified is using the reserves on teacher salaries, counselors, librarians, nurses, and reducing class size.

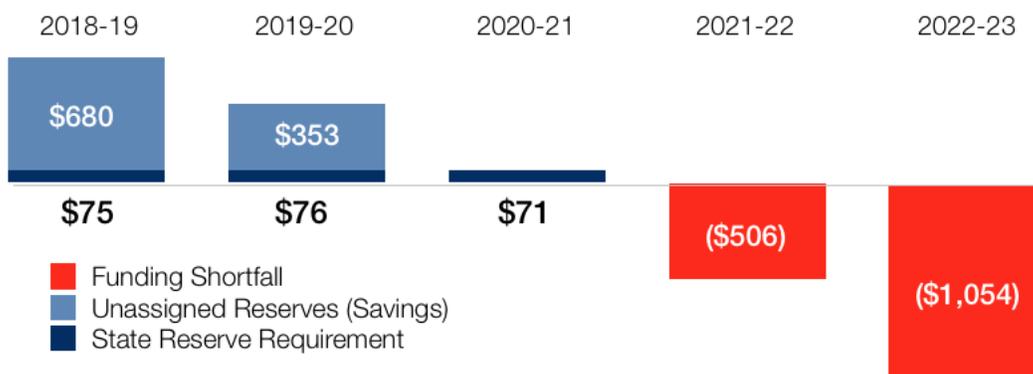
LA Unified is Already Spending its Reserves

December 2018



Dollars in Millions

- Unless something changes, all of L.A. Unified's reserves will all be spent serving students by 2020-21. By 2021, L.A Unified will be facing insolvency and a state take over.



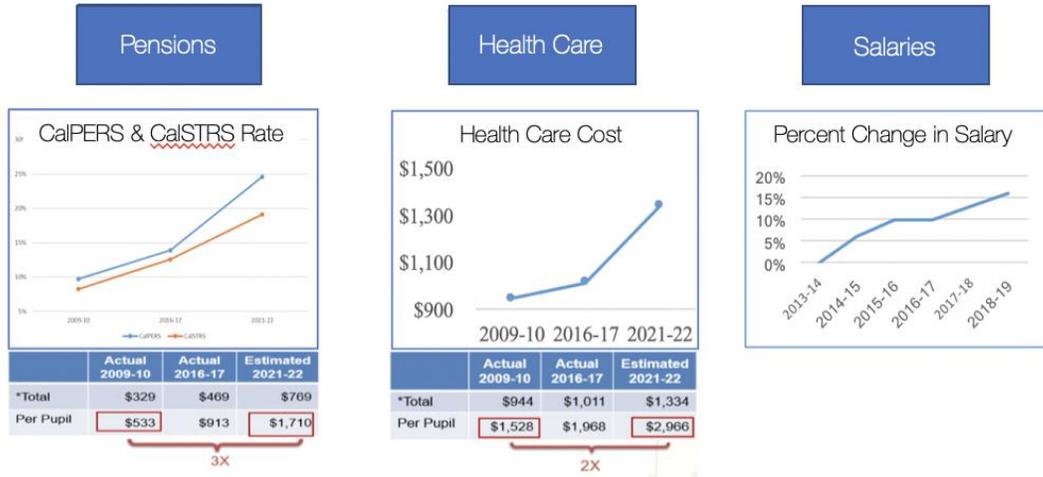
Dollars in Millions

Rising Costs

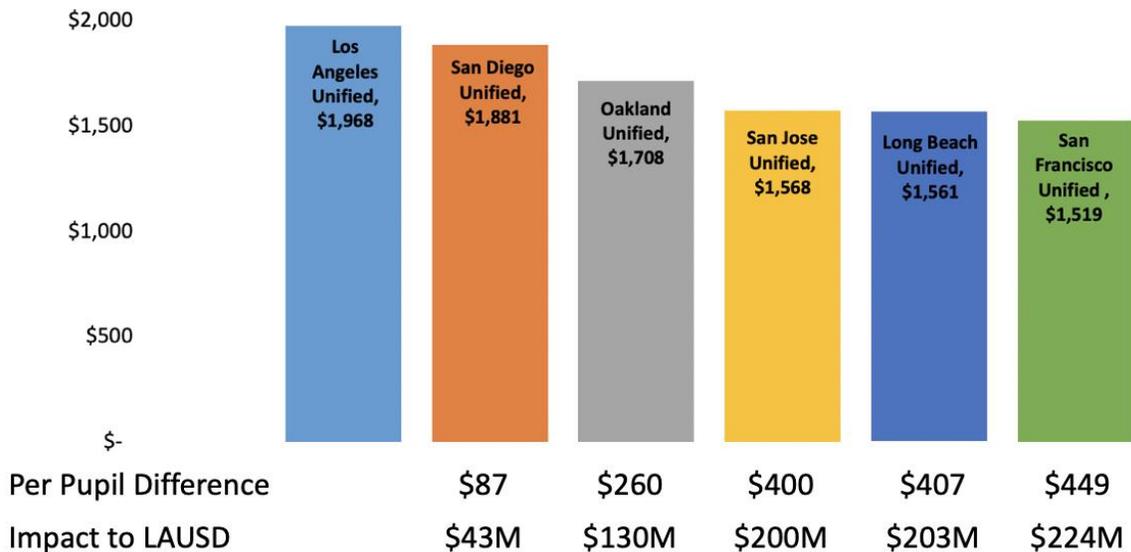
The operating deficit facing L.A. Unified is driven by rising costs related to wages, pension and healthcare benefits.

Employment Cost Are Rising

Health Care and Pension Costs, in particular, will rise meaningfully



- If Los Angeles Unified had the same healthcare costs for employees (active and retired) as neighboring Long Beach, Los Angeles Unified would have an additional \$203 million in funding each year, which could be spent on higher wages, class size reduction, and additional counselors, nurses and librarians in schools.

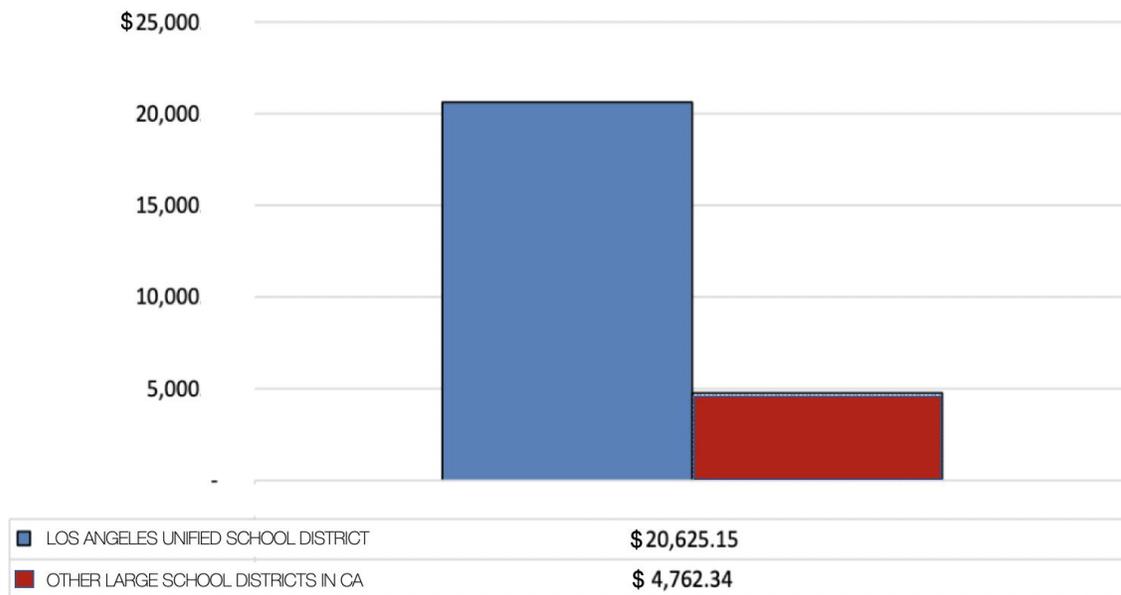


Source: 2016/17 Unaudited Actual Standardized Account Code Structure

- L.A. Unified is in the unusual position of having little control over its employee health benefit plans because they are set by a Health Benefits Committee (HBC), which UTLA chairs. The details of the benefit plans are established by the HBC.

- In addition, Los Angeles Unified faces a significant liability for unfunded commitments for healthcare and retiree benefits. If money was being set aside to fund these commitments, the payments would consume more than 14% or approximately \$1.06 billion of the District's annual budget. Most other school districts in California have already set aside money to pay for these liabilities.

LA Unified has a Significantly Larger Unfunded Healthcare Liability than Other Districts



Unfunded Healthcare Liability per Student

Class Size and Compensation

Los Angeles Unified and UTLA both want smaller class sizes. L.A. Unified however, needs more money to hire more teachers to achieve smaller class sizes.

- Smaller class size is an issue the State of California has to address with additional funding. The funding would be used to hire additional teachers and reduce class size.
- Los Angeles Unified has the 2nd lowest average class size of the 10 largest school districts in California.

Class Size is an Issue Across California

<u>School District</u>	<u>Average Class Size</u>	<u>Lifetime Total Compensation</u>
San Francisco	25.10	\$2,061,017
Los Angeles	25.97	\$1,996,465
Fresno	27.32	\$1,827,876
San Diego	28.46	\$1,939,824
Elk Grove	28.56	\$1,987,716
San Bernardino City	28.94	\$2,199,854
Santa Ana	29.33	\$2,277,177
Capistrano	29.66	\$2,123,598
Long Beach	30.04	\$2,236,375
Corona-Norco	30.69	\$2,319,966

- Total compensation for teachers in Los Angeles is on par with comparable districts. If class size were on par with other districts, compensation could be higher and the inverse is also true.

UTLA's Non-monetary Demands

- UTLA wants to stop the opening of Magnet schools, despite support of families and parents for Magnet schools. Student enrollment at Magnets has increased 35% over the last 7 years. Magnets have lower class sizes and student achievement is outperforming independent charters and the state average.
- UTLA wants the sole authority to decide what tests students take in any given classroom. No other comparable school district in the nation that has this policy. Currently, L.A. Unified decides on testing with input from families, communities, educators and other stakeholders.
- UTLA wants the sole authority to decide how each school spends their discretionary funding. Currently, school principals make these decisions in consultation with families, community stakeholders and teachers.

What Is the Impact of a Strike

A strike will hurt the most vulnerable students, families and communities and it will not solve any of the issues facing L.A. Unified.

- Only UTLA can authorize a strike.
- A strike will hurt L.A.'s most vulnerable students and families.
- It will leave almost 20,000 homeless students in Los Angeles Unified without a meal or a safe place to use the restroom. It will disrupt the learning of more than 400,000 students living in poverty.
- L.A. Unified serves more than a 1 million meals every day to students living in poverty. Where will they eat?
- Parents will have to choose between missing days of work or paying for child care they cannot afford.

What is the Difference Between West Virginia, Oklahoma and Los Angeles

In other parts of the country, teacher strikes have led to much needed, additional funding for education. The difference is that those strikes focused on state legislatures, which allocate the funding for education, while UTLA is aiming its efforts at L.A. Unified, which does not control funding. In California, the state legislature determines funding for schools.

- Across the country, public education does not receive the support politically or financially it deserves.
- The union activity in West Virginia, however, was based on very different circumstances than the prospective strike in Los Angeles.
- In West Virginia, those who do the work do not have a seat at the table. They used collective action to earn a seat at the table at the state capital, leading to better wages.
- Los Angeles has a Democratic Mayor, 14 of 15 City Council members are Democrats, and 4 of the 5 County Supervisors are Democrats.
- Sacramento has a Democratic supermajority in both houses of the legislature and a newly elected, Democratic Governor.
- Teachers unions are one of the most powerful political forces in the state.
- The state provides 90% of the funding and sets most of the regulations for school districts in California.
- Los Angeles Unified may be the largest school district in California, but it has no more control over funding than Coffee Creek Elementary School District in Central California with five students. 90% of Los Angeles Unified's funding comes from the state and 10% from the Federal government.

- Unlike state legislators in West Virginia, the L.A. Unified Board of Education cannot unilaterally increase funding to provide for better wages, smaller class sizes and more librarians, counselors, and nurses.

How to Solve This

The way to move forward is to work together. Public education must be, at its core, a partnership between labor and management as it is people who do the work educating students. It is time for a new chapter based on the collaboration necessary to empower educators and improve working conditions in schools to help make sure each and every student gets the education they deserve.

- Los Angeles Unified has proposed to UTLA a reasonable offer. The state appointed, neutral fact finder agrees.
 - A 6 percent raise with no contingencies
 - Backpay for 2017-2018
 - Additional pay for teachers who take courses in areas that support students
 - A significant amount of money for Los Angeles Unified and UTLA to use together to lower class sizes and increase the number of counselors, librarians and nurses
 - Creation of a working group for L.A. Unified and UTLA to deal new language for the contract to deal with class size
- The 6% raise is consistent with the views of the state appointed, neutral Fact Finder and UTLA concurs with the Fact Finder.
- Los Angeles Unified is collaborating with its other labor partners, community organizations and the business community to work with the state legislature in Sacramento to increase funding for Los Angeles Unified. UTLA is not part of the working group on funding.
- Los Angeles Unified is implementing a plan to reduce bureaucracy, use the resources it has more efficiently, and provide more resources and autonomy to schools. This plan will help improve working conditions for educators and allow them to better address the unique needs of their students. UTLA has stated its opposition to the plan to eliminate bureaucracy and provide more resources to schools.