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## **Fiscal Impact (Cost/Benefit) Analysis for DCSD Organizational Restructure**

The initial estimated financial impact of the reorganization will be a cost annualized cost increase of approximately \$260,000. This increase will be recognized during the period of time between the approval and implementation of the plan and the end of the fiscal year on June 30, 2016. The Fiscal Year 2017 financial impact will be an annualized cost savings of approximately \$60,000, which is essentially revenue neutral given the overall size of the District's annual budget of \$1.5 billion.

The increased transitional cost is primarily driven by fulfillment of the District's contractual obligations to current employees who will continue to draw their current salaries through the end of Fiscal Year 2016 while also paying their replacements and the establishment of new positions. Additionally, certain Directors will be elevated to the position of Executive Director with more responsibility as some functions are consolidated and streamlined. Vacant positions are being held open as the District waits for Departmental audits to be completed and opportunities for increased efficiency and additional cost savings are identified. Current support vacancies require the Superintendent's approval to be filled.

The projected Fiscal Year 2017 cost savings are driven primarily by shedding the salaries of reassigned employees at the end of their contracts – which are only partially offset by additions of executive and mid-level support for the restructured functions. Additional savings will be realized through attrition due to retirements, non-renewals, and eliminating redundant functions and positions.

### Key Assumptions and Valuations

1. This analysis only reflects changes in total salary and benefits expenditures for divisions and departments that function as components of central office operations.
2. Baseline totals reflect salary and benefits data as of November 2015. Transitional cost totals reflect the change from the baseline in total annualized salary and benefits expenditure projections for the period of 01/01/2016 through 06/30/2016. Final cost totals reflect the change from the baseline in total annualized salary and benefit projections for July 1, 2016.
3. Transitional costs of \$260,000 primarily consist of the following impacts:
  - a. Contractual salary obligations for reclassified executive staff - \$395,698
  - b. Increase in expenditures from newly created positions - \$311,749
  - c. Vacancies eliminated or held open – (\$448,298)
4. Cost savings of \$60,000 primarily consist of the following impacts:
  - a. Increase in expenditures of newly created positions - \$522,586
  - b. Position eliminations and attrition from resignations and retirements – (\$562,969)
5. Final disposition of certain positions currently held or vacant will be determined as Divisional Audits are completed and recommendations for additional organizational efficiencies are communicated.