

**Coast USD Superintendent's Financial Analysis Committee  
12/14/2018 (Second Meeting)**

**AGENDA**

**9:30 a.m.**

**BUDGET BALANCING IN MACRO**

There are two tools in this toolbox: increasing revenues or decreasing expenses

Increasing Revenues

- Voter-approved revenue augmentations
  - Facilities Bonds/ SFIDs (reducing pressure on GF) 55% threshold
  - Parcel Taxes (unrestricted) 66.7% threshold
- Liquidating Assets (usually real property)
  - Sale (one-time headache ☹ one-time dollars ☹ irrevocable decision ☹)
  - Lease (ongoing headache ☹ ongoing dollars ☹ revocable decision ☺)
- Other (largely out of district control)
  - Grants
  - Donations
  - Increased Local Property Tax revenue
  - State Categorical Funding

Reducing Expenses (one-time or ongoing, depending on nature of fiscal crisis)

- Things (Object Codes 4000-6999)
  - Books & Supplies
  - Oil/Gas/Equipment (under \$5K)
  - Travel
  - Dues/Insurance
  - Utilities and Housekeeping
  - Rentals/Leases/Repairs

- Staff Development
  - Home-to-school Transportation
  - Maintenance
  - Contractual Services (including non-district employees)
  - Buildings and Grounds (Acquisitions/Construction)
  - Equipment (over \$5K)
- People (Object Codes 1000-3999)
    - Certificated Salaries (Teachers/Librarians/Student Support/Administration etc.)
    - Classified Salaries (Instr. Aides/Food Services/Trans/M&O/Admin/Clerical)
    - Employee Benefits

*Note: Reducing expenditures on “Things” is the easier path (there are few, if any, voices). However, three caveats: 1) Things represent a much smaller slice of district expenditures than People, so potential savings are less. 2) Reducing expenditures on Things is sometimes only one-time in nature, and can actually increase costs downstream (think slurry sealing). 3) Things may contribute disproportionately more than they cost to the quality of the educational program.*

*Reducing expenditures on “People” can be accomplished by decreasing (or limiting the growth of) the number of staff, decreasing (or limiting the growth of) total compensation (Salary plus Benefits), or a combination of the two. Reductions through attrition are less traumatic than layoffs, which is yet another reason why long-range planning is optimal.*

## **COAST USD STATUS**

The magnitude of the budget crisis currently facing Coast USD is mitigated by:

- 1) Actions taken in recent years to reduce costs and address neglected capital needs
- 2) Healthy level of Reserve for Economic Uncertainties
- 3) Anticipatory nature of current budget balancing efforts

HANDOUT: 5-Year MYP with Assumptions

## **COAST USD COMPARISONS**

HANDOUT: Comparative analyses of Revenues/Expenditures & Salaries/Benefits compared to A) similar (small, high revenue, comparable SES) districts, and B) SLO County districts

A Cautionary Greek Myth

First Pass through Comparative Analyses (explaining definitions, noting outliers, answering questions)

## **LUNCH**

Second Pass the Comparative Analyses (examining Coast USD priorities and discussing possible anomalies between priorities and expenditures)

If time permits, we will try to summarize the findings of the Second Pass

Conclusion and Next Steps

Next Meeting Date: January 18, 2019 – 1:00 p.m. for lunch