



Budget Advisory Committee 11-20-2024

Ryland | STRATEGIC BUSINESS
CONSULTING

Live Oak School District


Agenda

- ▶ Introductions
- ▶ Budget Recovery
 - ▶ Target solution, Process and Timeline
- ▶ Possible Budget Solutions
- ▶ Public Comment
- ▶ Next meeting date December 4, 2024



Introductions

The purpose of the Budget Advisory Committee is to advise the Superintendent in budget planning, development, reductions and implementation matters for recommendations to the Board of Trustees.



Committee membership

Parents and School
Community Members

Administration

Board Member



Budget Advisory Committee Materials

- ▶ The district is maintaining a webpage for the Budget Advisory Committee
- ▶ Presentations and supporting materials for all meetings are available on the webpage
- ▶ A Frequently Asked Questions (FAQ) document has also been posted to the webpage. The FAQ will be updated subsequent to each meeting.

Budget Recovery

Adopted Budget Multi-Year Projection (Unrestricted)

- ▶ The budget adopted by the board in June shows deficit spending the next three years
- ▶ The unrestricted fund balance meets the state’s minimum 3% reserve requirement - but just barely

	UNRESTRICTED GENERAL FUND			
	Unaudited Actuals	Budget Adoption	Adoption MYP	Adoption MYP
	2023-24	2024-25	2025-26	2026-27
ADOPTED BUDGET				
Surplus/ (Deficit) spending	1,512,796	(348,532)	(377,504)	(253,634)
Beginning Fund Balance	431,683	2,033,644	1,685,112	1,307,608
Ending Fund Balance	1,944,479	1,685,112	1,307,608	1,053,974
	7%	7%	5%	4%

Target Solutions to Balance the Budget

- ▶ Adopted Budget reflected deficit spending in the \$300K range for the next three years
 - ▶ A review of Special Education contributions indicates needed increase in the \$200K range annually beginning in 2025-26
 - ▶ The number of students placed in non-public schools has grown increasing costs by approximately \$215,000
 - ▶ Current contracts and professional services encumbrances exceed the budget by \$200K
 - ▶ The district has settled negotiations with teachers and will need to increase the budget for the cost – approximately \$250,000 for all units to receive a like increase.
- ▶ Adjusted on-going deficit spending of almost \$1.2 million
 - ▶ This is the **target** to balance the budget

Additional Solutions to Restore Fund Balance

- ▶ A small district must maintain healthy reserves far above the meager state minimum of 3%
- ▶ The General Finance Officers Association (GFOA) recommends that a small district should aim for a reserve in the 12-16% range to cover unexpected swings in expenditures.
 - ▶ Note that a 16% reserve covers approximately 2 months of payroll and operating costs.
- ▶ To also restore fund balance to a more appropriate reserve level requires **additional** solutions

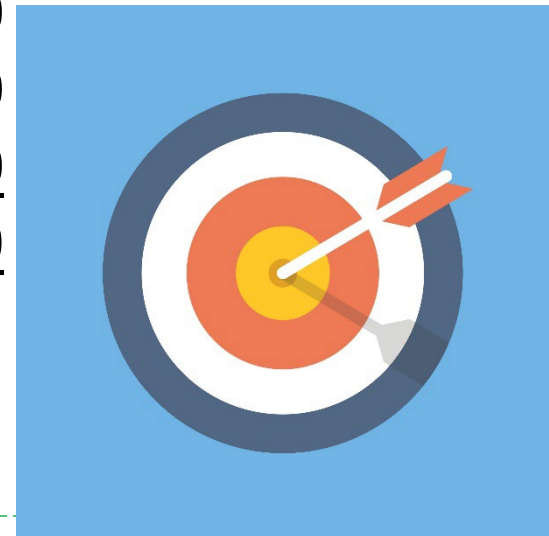


Restoration of certain services

- ▶ The district eliminated yard duty and recess coaches in the current fiscal year which is creating safety issues across all sites.
 - ▶ The superintendent is recommending restoring these positions at an estimated cost of \$128,000
- ▶ The district eliminated a salary schedule increase for certificated management, however, legal counsel has determined the elimination is not in conformance with the contract.
 - ▶ Estimated cost to restore the increase \$65,000
- ▶ Funding these restorations will require **additional solutions**

Budget Recovery Target

➤ Adopted Budget Annual Deficit	\$300,000
➤ Increased SpEd costs in MYP	\$200,000
➤ Increased contractual costs	\$200,000
➤ Reserve recovery 1%	<u>\$250,000</u>
➤ Subtotal	\$950,000
➤ Increased Special Education NPS	\$215,000
➤ Restoration of services	\$193,000
➤ Negotiations estimate	<u>\$251,000</u>
Total Target	<u>\$1,609,000</u>



Budget Recovery Target

- ▶ Target to balance the district's budget and restore reserves: \$1,609,000
 - ▶ The budget advisory committee's role is to recommend solutions
 - ▶ The board's role is to adopt solutions
- ▶ Potential solutions should exceed the target
 - ▶ If the solutions presented to the board are equal to the target the board is given no options thereby circumventing the decision-making process
- ▶ Total solutions to be presented for committee consideration targeted at \$2,000,000

Budget Advisory Committee Process & Timeline

▶ November 6, 2024

- ▶ Overview of the Adopted Budget
- ▶ Deficit reduction and reserve recovery plan:
 - ▶ Identify the recovery plan target
- ▶ Prepare a budget “Frequently Asked Questions” document incorporating questions from the committee meeting

▶ November 20, 2024

- ▶ Presentation of budget solutions including program impact

▶ December 4, 2024

- ▶ Presentation of additional budget solutions
- ▶ Finalize budget solution recommendations

Table Talk

In break-out rooms, choose a group reporter and discuss the following questions:

- ▶ Is there a specific area of the district's budget that you would like the committee to review in greater detail?



Budget Solutions

Potential Budget Solutions

- ▶ The preliminary options presented this evening as potential budget solutions are for BAC discussion and review
- ▶ Additional options are being investigated and will be presented at the next BAC meeting
- ▶ Recommendations from the BAC will be presented to the Board for consideration in February 2025
- ▶ **No decisions have been made about the potential budget solutions to be implemented.**

Potential Solutions – Restricted Funds

- ▶ District staff have been combing the budget to ensure restricted funds are used first where allowable.
 - ▶ Shift a portion of custodial costs to the Cafeteria Fund
 - ▶ Estimated annual cost savings \$56,000
 - ▶ Charge an allocation of utility costs to the cafeteria fund, the child development fund and the expanded learning opportunity program
 - ▶ *Costs to be determined and reported out at future meeting*
 - ▶ Charge retiree health benefits to the OPEB reserve fund
 - ▶ Estimated annual cost savings \$90,000
- ▶ **Total Potential Solutions – Restricted funds** **\$146,000**

Potential Solutions – Restricted Funds

- ▶ The Santa Cruz County Office of Education (COE) has notified the district of an opportunity for funding to support up to three mental health clinicians providing up to \$82,000 per clinician
 - ▶ The district currently employs 3.8 FTE mental health clinicians at an average cost of \$140,000 per FTE
 - ▶ As the funding is temporary, the district should reclassify these positions as partially categorically funded. If a continuing revenue stream does not materialize once this funding expires, the district would need to consider laying off the categorically funded FTE

▶ **Total Potential Solutions – Restricted funds** **\$246,000**

Potential Solutions – Revenue generation

- ▶ Update the budget for current year increase in enrollment
 - 2025-26 \$82,000
 - 2026-27 \$168,000
- ▶ Implement an attendance recovery program
 - ▶ Beginning in 2025-26 districts can provide an attendance recovery program to make up student absences
 - ▶ An attendance recovery program can be provided in concert with and be funded by the expanded learning opportunity program
 - ▶ Students currently attend approximately 94% of all school days. If the district can improve this to 95% with a recovery program the district's general purpose funding (LCFF) could increase by:
 - 2025-26 \$81,000
 - 2026-27 \$132,000
 - ▶ The district will need to cost out the new program and determine feasibility before the new program can be included in proposed solutions.
- ▶ **Total Potential Solutions – Attendance Recovery** **\$82,000**

Potential Solutions – Revenue generation

- ▶ Increase facility rental income
 - ▶ Administration are working with a service provider to assess the feasibility of increasing facility usage and associated fees.

- ▶ Review all Agreements with outside agencies
 - ▶ Boys and Girls Club
 - ▶ Special Education Center

- ▶ Potential fee adjustments with Tierra Pacifica Charter School
 - ▶ The district is currently working with the Charter to review the following areas in which the district provides support or services to the Charter school
 - Facilities
 - Oversight fee – cannot exceed 1%
 - Special Education student services

- ▶ Staff will report out findings at a future committee meeting

Potential Solutions – Revenue generation

- ▶ Align bond funded infrastructure development with revenue generation
 - ▶ The district is getting ready to determine which projects will be implemented. Giving priority to projects that also serve the community, such as a gymnasium, could position the district to further increase facility rental income.
- ▶ Prepare for renewal of the parcel tax
 - ▶ The Parcel Tax is assessed at \$98 per parcel which provides about \$500,000 in revenue per year. The parcel tax is due to expire in June 2030. With these funds, the District pays for all of the library aides, life lab aides, music teachers, art teachers, after-school support programs and after school sports at Shoreline Middle School. In addition, these funds are shared with Tierra Pacifica. The current parcel tax is a fixed rate but the associated expenditures increase annually meaning the revenue loses purchasing power over time.
- ▶ These potential solutions are for longer term stability and cannot currently be projected for inclusion in recommendations.



Potential Solutions – Reduce Expenditures

- ▶ Eliminate certain contracts
 - ▶ The fiscal recovery implemented in 2024-25 reduced the budget for contracted expenditures in the unrestricted general fund by \$332,000. Unfortunately, not all these reductions were able to be implemented and as shown in previous slides, the services and other operating expenditures area of the budget needs to be increased by \$200,000.
 - ▶ District staff are continuing to identify multi-year contracts to which the district is committed that could be eliminated in the future.

- ▶ **Total Potential Solutions – eliminate contracts** **\$0**

Potential Solutions – Reduce Expenditures

- ▶ Districtwide restructuring and position changes
 - ▶ District Office:
 - reduce 2 FTE to lower classifications
 - Move 0.5 FTE to restricted funding sources
 - FACE coordinator currently vacant
 - Total District Office restructure** **\$240,000**

- ▶ Restructure business office
 - Eliminate Director position and replace with Financial Analyst
- Total Business Office restructure** **\$ 96,000**

Potential Solutions – Reduce Expenditures

- ▶ Districtwide restructuring and position changes
 - ▶ Ocean Alternative School restructure
 - Realign staffing to student enrollment \$100,000
 - ▶ Restructure school site offices
 - Reduce school site support by 1 FTE per site \$250,000
 - ▶ Elementary Physical Education
 - Reduce 1 FTE \$100,000
 - ▶ District wide pupil support services
 - Reduce 2.5 FTE \$305,000

Potential Solutions – Reduce Expenditures

▶ Districtwide restructuring and position changes	
▶ District Office	\$240,000
▶ Restructure business office	\$96,000
▶ Ocean Alternative School restructure	\$100,000
▶ Restructure school site offices	\$250,000
▶ Elementary Physical Education instruction	\$100,000
▶ District wide pupil support services	\$305,000
▶ Total	<u>\$1,091,000</u>
▶ Total Potential Solutions – districtwide restructuring	\$1,091,000

Potential Solutions – Reduce Expenditures

- ▶ Review of vacant positions
 - ▶ Vacant positions have been reviewed and included in the districtwide restructuring where feasible. The budget will be updated at first interim to reflect any savings in the current year.
- ▶ Keeping the district right-sized
 - ▶ District staff are working on comparing the latest staffing allocation matrix to how the district is actually staffed in the current year. The matrix will then be updated to show the cost of the staffing model. Staff will share the results of this work at a future committee meeting.

Summary Potential Solutions

▶ Restricted Funds:	
▶ Operations costs	\$ 56,000
▶ Allocate utility costs	TBD
▶ Retiree benefits	\$ 90,000
▶ Mental health funding	\$246,000
▶ Revenue generation:	
▶ Enrollment improvement	\$ 82,000
▶ Facility and Service Fees	TBD
▶ Expenditure reductions:	
▶ Districtwide restructure	\$1,091,000
▶ TOTAL POTENTIAL SOLUTIONS	\$1,565,000

Table Talk

In break-out rooms, choose a group reporter and discuss the following questions:

- ▶ Do you need any more information about any of the solutions presented this evening?
- ▶ Do you have any ideas you would like district staff to investigate for presentation at the next meeting?

Public Comment

Members of the public have an opportunity to comment.

- ▶ A total of 15 minutes has been reserved with comments limited to two (2) minutes each.



Thank You!

