

Budget Advisory Committee 12-4-2024

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Live Oak School District

Agenda

- ▶ Introductions
- ▶ Budget Recovery
 - ▶ Target solution, Process and Timeline
- ▶ Program Review
- ▶ Possible Budget Solutions
- ▶ Public Comment
- ▶ *Proposed* next meeting date December 17, 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

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

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 increases the deficit and will require **additional** solutions

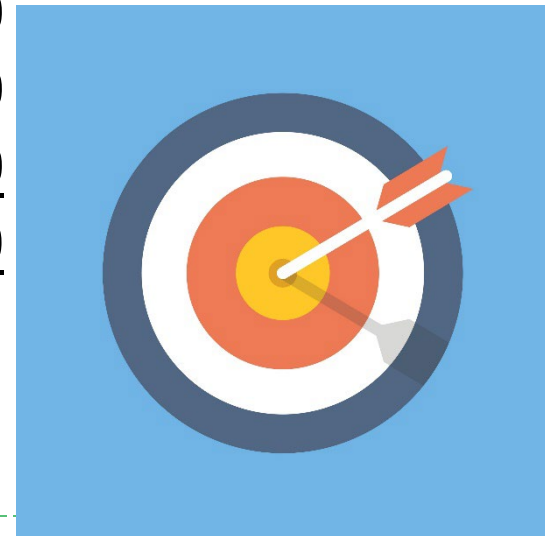
Additional Solutions to Restore Fund Balance

- ▶ 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



Deficit Reduction & Reserve 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>



Deficit Reduction & Reserve 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

First Interim Budget Report

- ▶ The First Interim Budget Report reports on actual expenditures for the year through October 31st and updates the Adopted Budget for all known and board approved changes as of the same period.
- ▶ The First Interim Budget will be presented to the board on December 18, 2024.
- ▶ We are requesting an additional meeting of the Budget Advisory Committee on December 17, 2024 to preview the first interim update and finalize recommendations for the deficit reduction and reserve restoration plan to the board

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
 - ▶ Program overview: Parcel tax and Arts and Music in Schools (Prop 28)
 - ▶ Presentation of additional budget solutions
- ▶ December 17, 2024 ****additional meeting date**
 - ▶ First Interim Budget update
 - ▶ Finalize budget solution recommendations
- ▶ February 2025
 - ▶ Board to review and approve final deficit reduction and reserve restoration plan to be included in the 2025-26 Adopted Budget

Table Talk

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

- ▶ Please discuss the proposed restoration of services and if you support finding the additional budget solutions necessary to fund the costs.



Budget Advisory Committee 12-6-2024

Program Review



Program Review – Parcel Tax

The District receives additional community support through a Parcel Tax Measure that was first approved in 2008. The parcel tax was renewed in 2016 for 12 years with a resounding 80% YES vote

	Vote Count	Percent
Yes	6,247	80.13%
No	1,549	19.87%
Total	7,796	100.00%



Local ballot measure: R

R1

R

Live Oak School District parcel tax

Ballot question

To protect quality education with funds that cannot be taken by the State, including science, art, music, reading, math and tutoring programs, attract and retain qualified teachers, support library services, and preserve small class sizes and after school programs to keep children safe, shall Live Oak School District renew its existing annual education parcel tax at \$98, for twelve years, with exemptions for senior citizens, citizen oversight, mandatory audits and no money for administrative salaries?

Pregunta de boleta

A fin de proteger la calidad de la educación con fondos que no puedan ser tomados por el Estado, incluyendo programas de ciencias, arte, música, lectura, matemáticas y tutoría, atraer y retener maestros calificados, apoyar los servicios de biblioteca, y preservar el tamaño reducido de las clases y los programas extracurriculares para mantener a los niños seguros, ¿debe el Distrito Escolar de Oak renovar su impuesto anual a la parcela para educación existente en \$98, durante doce años, con exenciones para ciudadanos mayores, supervisión ciudadana, auditorías obligatorias y ningún dinero para salarios administrativos?



Program Review – Parcel Tax

- ▶ The parcel tax is currently assessed at \$98 per parcel which provides about \$600,000 in revenue per year.
 - ▶ The parcel tax revenue is allocated in an equal amount by the prior year's enrollment count at each school including district students enrolled at the Tierra Pacifica Charter School.
 - ▶ For 2024-25 this resulted in \$356 per student

▶ Elementary & Middle Schools	\$511,617
▶ Ocean Alternative	\$ 26,328
▶ Tierra Pacifica Charter School	<u>\$ 43,761</u>
▶ Total estimated parcel tax revenue	<u>\$581,706</u>

Program Review – Parcel Tax

- ▶ The parcel tax budget is overseen by a parcel tax oversight committee
- ▶ The elementary and middle schools budget for 2024-25 included \$150,667 in carryover funding and was allocated to the following major expenditures:
 - Art (1.8 FTE) \$222,600
 - Music (2 FTE) \$224,000
 - Life Labs (~3 FTE) \$163,000
 - After School Coaches \$ 52,500
- ▶ The current parcel tax is a fixed rate but the associated expenditures increase annually meaning the revenue loses purchasing power over time.

Program Review – Parcel Tax

- ▶ Since the parcel tax measure was first approved the state has implemented several programs that complement activities supported by the Parcel tax including:
 - ▶ The Expanded Learning Opportunity Program
 - ▶ The Arts and Music in Schools program (Prop 28)
- ▶ The district may therefore be able to reallocate parcel tax funding to other areas that can be supported by the measure including:
 - ▶ Attract and retain qualified teachers
 - ▶ Support library services
 - ▶ Preserve small class sizes

Program Review – Prop 28 Arts & Music in Schools

On November 8, 2022, California voters approved Proposition 28: The Arts and Music in Schools (AMS) Funding Guarantee and Accountability Act. The measure required the state to establish a new, ongoing program supporting arts instruction in schools beginning in 2023–24.

- ▶ The legislation allocates 1 percent of the kindergarten through grade twelve (K–12) portion of the Proposition 98 funding guarantee provided in the prior fiscal year, excluding funding appropriated for the AMS education program.
- ▶ Local educational agencies (LEAs) with 500 or more students are required to ensure that at least 80 percent of AMS funds to be expended are used to employ certificated or classified employees to provide arts education program instruction.
- ▶ The remaining funds must be used for training, supplies and materials, and arts educational partnership programs, with no more than 1 percent of funds received to be used for an LEA's administrative expenses.

Program Review – Prop 28 Arts & Music in Schools

- ▶ On June 12, 2024, the Board approved the district's 2023-24 Prop 28 report and 2024-25 plans for each of the district's school sites.
- ▶ The Prop 28 regulations require the funding to **supplement not supplant** existing funding sources.
- ▶ The district has used parcel tax funds in accordance with the authorizing measure to pay for arts and music education and has therefore designed the Prop 28 plans around new and more Visual and Performing Arts (VAPA) components from the districts overarching VAPA plan

Program Review – Prop 28 Arts & Music in Schools

LOSD Visual & Performing Arts Plan

“If all things were possible, what would we want to see in five years in arts education as the result of our plan?”

Visible and Dynamic Celebration of Student Art	Supportive and Meaningful Wellness and Social Emotional Competencies through the Arts	Infused and Equitable Arts Experiences	Valued and Connected Family and Community Engagement
Sustainable Funding, Staffing, and Support Systems	Sequential and Standards-Based Curriculum, Instruction, and Assessment	21st Century Spaces and Resources to Support College and Career Readiness	Collaborative and Interdisciplinary Culture of Arts Integration



Program Review – Prop 28 Arts & Music in Schools

In 2023-24 the district used Prop 28 funds to accomplish:

- ▶ Integrated art lessons taught to over 300 elementary students
- ▶ Co-planning and co-teaching of integrated arts lessons in 12 classrooms, districtwide
- ▶ Standards-based art resources provided to all TK-8 teachers
- ▶ Piloting of two high-quality art curriculum programs in 7 elementary & middle school classrooms
- ▶ Creation of arts webpage, planning of arts assemblies and field trips, facilitation of curriculum pilot, student art in public spaces, new equipment, art supply orders

Program Review – Prop 28 Arts & Music in Schools

Each site developed a plan for 2024-25 which in summary provides for:

- ▶ 1 FTE additional art teacher for elementary - Current VAPA TOSA
- ▶ Funds for additional materials that will be used by new teacher and to provide supplies to all classrooms for teacher's use
- ▶ Shoreline will be looking at integration of art into math adding 0.4 FTE



Program Review –Arts & Music

The district’s adopted budget includes Arts and Music Education across multiple funding sources including Parcel tax revenues and Prop 28 allocations as shown in the table below:

PARCEL TAX		PROP 28	
Major Object	Amount	Major Object	Amount
Certificated Salaries	\$ 330,729	Certificated Salaries	\$ 134,823
Classified Salaries	\$ 137,737	Classified Salaries	\$ 6,055
Benefits	\$ 191,521	Benefits	\$ 44,681
Supplies	\$ 47,615	Supplies	\$ 9,513
Services/Contracts	\$ 25,000	Services/Contracts	\$ 21,000
Total	\$ 732,602	Total	\$ 216,072

Budget Solutions



Potential Budget Solutions

- ▶ The preliminary options presented this evening as potential budget solutions are for BAC discussion and review
- ▶ Additional options for both immediate and long-term fiscal stability are still being investigated
- ▶ 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

- ▶ At the 11-20-24 BAC meeting we presented the following solutions for better utilization of restricted funds:

Better utilize restricted funding sources		
A-1	Shift a portion of custodial costs to the Cafeteria Fund	\$ 56,000
A-2	Charge pro-rata share of utilities to cafeteria, child development and Expanded Learning Opportunities Program	TBD
A-3	Charge retiree benefits to the OPEB reserve fund	90,000
A-4	Shift 0.5 Financial Analyst in D.O. to restricted funds	50,000
A-5	Mental Health funding through SCCOE	246,000
	Total restricted funds	\$ 442,000

**note A-4 financial analyst previously presented under expenditure reductions*



Potential Solutions – Revenue generation

- ▶ At the 11-20-24 BAC meeting we presented the following revenue generation solutions:

Revenue Generation		
B-1	Current year increase in enrollment increases LCFF	TBD
B-2	Implement attendance recovery program	<i>in process</i>
B-3	Increase facility rental income	<i>in process</i>
B-4	Review all agreements with outside agencies	<i>in process</i>
B-5	Potential fee adjustments with Tierra Pacifica Charter	<i>in process</i>
		\$ -

**note B-1 decreased from \$82,000 to \$0: While the adjusted base grant increases with the increase in enrollment, supplemental and concentration grant funding is reduced by an equal amount due to a lower percentage of enrolled pupils who are either Low Income, English Learner, or Foster Youth. This key assumption will be certified for the 2024-25 year in mid-December.*



Potential Solutions – Expenditure Reductions

- ▶ At the 11-20-24 BAC meeting we presented the following expenditure reductions as potential solutions:

Potential Expenditure Reductions		
C-1	District office: reclassify 2 FTE, leave 1 FTE vacant	\$ 190,000
C-2	Business office restructure: eliminate Director replace with financial analyst	96,000
C-3	Ocean Alternative School: realign staffing to enrollment	100,000
C-4	Restructure school site offices: Reduce 1 FTE per site	250,000
C-5	Elementary Physical Education: Reduce 1 FTE	100,000
C-6	Districtwide pupil support services: Reduce 2.5 FTE	305,000
		\$ 1,041,000

** note C-1 District Office restructure previously included 0.5 FTE financial analyst which has now been moved to restricted funds utilization*

Additional Potential Solutions

Since the last BAC meeting the following additional solutions have been developed:

- ▶ The district has entered into an MOU with another district to place a student in a district special day class.
 - **The MOU is subject to SELPA agreements regarding service fees but should generate \$24,000 annually**
- ▶ Two students will be returning to district programs from Non-Public School placements.
 - **Net savings approximately \$55,000**
- ▶ District staff are reviewing the Medical Billing program which appears to have available reserves to support certain special education services that currently are paid with unrestricted sources.
 - **Amount available to be reported out at the next committee meeting**
 - **A deeper dive into the special education program will also be provided at a future meeting**
- ▶ District staff are continuing to identify multi-year contracts to which the district is committed that could be eliminated in the future.
 - **The superintendent was able to cancel a pre-paid contract recouping \$130,500 for the district**

Summary Potential Solutions

▶ Restricted Funds:	
▶ Operations costs	\$ 56,000
▶ Allocate utility costs	TBD
▶ Retiree benefits	\$ 90,000
▶ District office restructure	\$ 50,000
▶ Mental health funding	\$ 246,000
▶ Medical Billing program	TBD
▶ Revenue generation:	
▶ Enrollment improvement	TBD
▶ Service fee for SDC placement	\$ 24,000
▶ Facility and Service Fees	TBD
▶ Expenditure reductions:	
▶ Contract savings	\$ 130,500
▶ Districtwide restructure	\$1,041,000
▶ Bring back 2 NPS placements	\$ 55,000
▶ TOTAL POTENTIAL SOLUTIONS	\$1,692,500

Summary Potential Solutions

▶ To further summarize the options presented to BAC

▶ Restricted funds \$ 442,000

▶ Revenue generation \$ 24,000

▶ Expenditure reductions \$1,226,500

▶ TOTAL POTENTIAL SOLUTIONS \$1,692,500

▶ Staff will continue to investigate additional options to generate revenue and better utilize available restricted funding. As additional options are found, the district hopes to reduce the total expenditure reductions that will have to be made.

Table Talk

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

- ▶ Please discuss the options for expenditure reductions included in the district wide restructure and be prepared to rank the options in order of your support – with a #6 representing the option you are most willing to support and #1 the option you are least willing to support.

Ranking options for expenditure reductions

- ▶ Districtwide restructuring and position changes
 - ▶ District Office
 - Reclassify 2 FTE, Leave 1 FTE vacant \$190,000
 - ▶ Restructure business office
 - Eliminate Director and replace with Financial Analyst \$96,000
 - ▶ 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

- ▶ Total districtwide restructuring \$1,041,000

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!

