



Budget Advisory Committee 12-17-2024

Ryland | STRATEGIC BUSINESS
CONSULTING

Live Oak School District

Agenda

- ▶ Introductions
- ▶ First Interim Budget update
- ▶ Budget Recovery
 - ▶ Target solution, Process and Timeline
- ▶ Possible Budget Solutions
- ▶ Public Comment
- ▶ *Proposed* next meeting date TBD in early 2025



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 Advisory Committee 12-17-2024

First Interim Budget



First Interim Budget

Unrestricted General Fund

- ▶ The first interim budget is on the agenda for review and approval by the board on December 18, 2024.
- ▶ The first interim budget is being presented with a “Qualified” certification meaning the district may not be able to meet all obligations in the current or two subsequent years.
- ▶ The budget update includes actual activity through October 31st and includes any changes to the budget due to the enactment of the state budget: Since districts’ budgets are prepared based on the May Revision, the First Interim Report incorporates the applicable provisions from the enacted state budget and subsequent budget trailer bills.
- ▶ The multi-year projection includes a reduction to expenditures in the amount of \$1.5 million to reflect the district’s recognition of the need to develop a deficit reduction and reserve restoration plan.
- ▶ The agenda also includes a resolution for the board’s consideration to commit to the necessary budget reductions to maintain fiscal solvency.

First Interim Budget

Unrestricted General Fund

- ▶ The first interim budget reflects an increase to projected deficit spending in the current and both subsequent years
- ▶ The unrestricted fund balance is unable to meet the state's minimum 3% reserve requirement without budget solutions

	UNRESTRICTED GENERAL FUND			
	Unaudited Actuals	1st Interim	1st Interim MYP	1st Interim MYP
	2023-24	2024-25	2025-26	2026-27
FIRST INTERIM				
Surplus/ (Deficit) spending	1,512,796	(1,336,760)	(1,198,188)	(1,132,169)
Line 10 adjustment (uncategorized adjustments)			1,500,000	1,500,000
Revised deficit		(1,336,760)	301,812	367,831
Beginning Fund Balance	431,683	1,944,480	607,720	909,532
Ending Fund Balance	1,944,479	607,720	909,532	1,277,363
	7%	2.2%	3.5%	4.9%

First Interim Budget

	Unrestricted General Fund			
	Adopted Budget	First Interim	Change	
Revenues				
LCFF	18,672,194	18,690,943	18,749	0%
Federal	-	-	-	0%
State	320,518	320,518	-	0%
Local	1,046,886	1,056,396	9,510	1%
Contributions	(4,850,663)	(5,568,798)	(718,135)	15%
Interfund Transfers In	900,000	1,068,344	168,344	19%
Revenues Total	16,088,935	15,567,403	(521,532)	-3%
Expenditures				
Certificated	7,379,926	7,438,200	58,274	1%
Classified	3,116,392	3,143,569	27,177	1%
Benefits	4,434,797	4,492,279	57,482	1%
Supplies	495,007	551,195	56,188	11%
Services	1,666,022	1,907,196	241,174	14%
Capital Outlay	-	6,064	6,064	0%
Other Outgo	-	9,377	9,377	0%
Indirect	(654,677)	(643,717)	10,960	-2%
Other Uses	-	-	-	0%
Expenditures Total	16,437,467	16,904,163	466,696	3%
Total Deterioration in the unrestricted general fund			(988,228)	

First Interim Budget

Unrestricted General Fund

- ▶ The budget has changed in the following areas:
 - ▶ Contributions to support the special education program have increased by \$718,135 since budget adoption
 - ▶ An interfund transfer to support the cost of retiree benefits increases revenues by \$168,344
 - ▶ Salaries and benefits have increased by \$142,933 primarily for substitute and instructional aides
 - ▶ Non-salary expenditures increased by \$323,763 with services and other operating expenditures for insurance, legal and other professional consultants accounting for \$241,174 of the increase.

Budget Recovery



First Interim Budget

Unrestricted General Fund

- ▶ The budget advisory committee developed a target for budget solutions of \$1.6 million made up of the following elements:

▶ Adopted Budget deficit spending	\$300,000
▶ Reserve Recovery 1%	\$250,000
▶ Restoration of Services	\$193,000
▶ Negotiations estimate	\$251,000
▶ Additional costs in the following areas:	
□ Special Education Contribution	\$200,000
□ Non-Public School additional contracts	\$215,000
□ Contracts Over-encumbered	\$200,000
▶ Total anticipated increases	<u>\$615,000</u>
▶ Total Targeted budget solutions	<u>\$1,609,000</u>

First Interim Budget Unrestricted General Fund

- ▶ The first interim budget reflects ***additional*** increases

▶ Special Education	\$300,000
▶ Contracts (primarily legal)	\$ 41,000
▶ Salaries and benefits	\$143,000
▶ Miscellaneous other	<u>\$ 26,000</u>
▶ Total additional increases	\$510,000

- ▶ The first interim budget also implements utilizing Fund 20, OPEB Reserve fund for the cost of retiree benefits

▶ Total interfund transfer added	\$168,000
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- ▶ This results in a net increase to the target of \$342,000

- ▶ **Revised Targeted budget solutions** **\$1,951,000**

First Interim Budget Unrestricted General Fund

- ▶ A Target budget solution of \$1.5 million has been included in the first interim budget which returns the district to a surplus position, restoring reserves.
- ▶ The first interim budget does NOT include the following potential increases included in the BAC budget recovery target:

▶ Labor negotiations	\$251,000
▶ Restoration of yard duty/recess coaches	\$128,000
▶ Restoration of management increase	\$ 65,000
▶ Total anticipated increases	\$444,000
- ▶ The adjusted budget recovery target has therefore grown to **\$1.9 million** due to the additional increases in the first interim budget

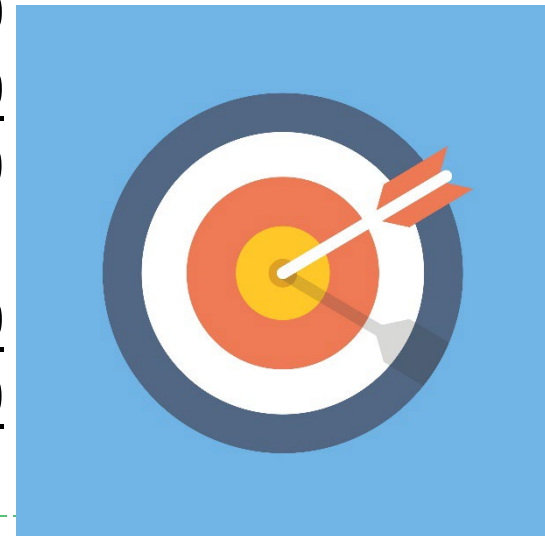
First Interim Budget

Unrestricted General Fund

- ▶ The additional deteriorations in the first interim budget are largely driven by increased costs for special education.
- ▶ In response, the superintendent has called for a deep analysis of costs and case loads and has convened the leadership team to develop a more comprehensive process for the development of solutions to meet students needs.
- ▶ While every effort is made to update the budget with all known costs, it is entirely possible and perhaps even certain that costs in the area of special education will continue to grow.
- ▶ The adjusted budget recovery target may therefore be adjusted yet again before the final plan is submitted to the board in early 2025.

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>
➤ Subtotal	\$1,609,000
➤ Net increases at first interim	<u>\$342,000</u>
Total Target	<u>\$1,951,000</u>



Deficit Reduction & Reserve Recovery Target

- ▶ Target to balance the district's budget and restore reserves: \$1,951,000
 - ▶ 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 a minimum of \$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**
 - ▶ Program overview: Parcel tax and Arts and Music in Schools (Prop 28)
 - ▶ Presentation of additional budget solutions
- ▶ **December 17, 2024**
 - ▶ First Interim Budget update
 - ▶ Finalize budget solution recommendations
- ▶ **February 2025**
 - ▶ Budget Advisory to review final budget target and solutions (date TBD in early 2025)
 - ▶ Board to review and approve final deficit reduction and reserve restoration plan to be included in the 2025-26 Adopted Budget

Questions ?



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.**

Additional Potential Solutions

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

BETTER UTILIZATION OF RESTRICTED RESOURCES

- ▶ The district currently pays for the middle school after school coaches from parcel tax revenues. These costs can be shifted to the Expanded Learning Opportunity Program as the district offers a fully compliant program to all K-6 students.
 - **Utilize parcel tax revenues to pay for other allowable purposes with net savings to the unrestricted general fund of \$50,000 annually**

- ▶ District staff have completed a preliminary review of the Medical Billing program which appears to have available reserves to support certain special education services that currently are paid with unrestricted sources.
 - **The district would appear to have \$100,000 available annually for at least the next 3 years in this resource.**

Additional Potential Solutions

BETTER UTILIZATION OF RESTRICTED RESOURCES, continued

- ▶ The district has met with the County Behavioral Health department and they have increased their offer of partial funding for mental health clinicians from 3FTE to up to 5FTE. The district currently employs 3.8 FTE of which 0.8 FTE has been included in budget solutions. The County have further indicated they can support the district's efforts to increase revenues in the medical billing program which could create an ongoing funding stream to support these services.
 - **Funding of \$82,000/FTE results in \$65,600 new one-time revenue (note the district would either choose this solution or the reduction for cost savings of \$113,000)**
- ▶ The district's early childhood development program utilizes the services of the school psychologist and can afford to add their fair share of costs to their budget.
 - **Staff are working with the early childhood program to identify the appropriate allocation of costs – amount TBD**

Additional Potential Solutions

REVENUE GENERATION

- ▶ The district's first interim budget reflected minimal changes in the local control funding formula as although enrollment and associated attendance (ADA) improved from the adopted budget, the count of "unduplicated pupils" (low-income, English Learner, Foster and Homeless Youth) had decreased. The district has since completed all work to identify unduplicated students which increases the count to historical levels although slightly lower than last year. The district should continue with efforts to ensure all students qualifying as low-income are identified to maintain funding.

- **Update the budget for improved enrollment and associated attendance \$118,000**



Additional Potential Solutions

EXPENDITURE REDUCTIONS – PERSONNEL

- ▶ As the district declines in enrollment the district must consider restructuring leadership assignments.
 - Reduce an Assistant Principal Position to 0.5FTE for annual savings of \$79,000
 - The district has refined the staffing structure for support services in all functions except for technology. Applying a consistent structure would redefine the director position to a coordinator for annual savings of \$27,000
 - Reduce the Middle School Intervention teacher for annual savings of \$106,000

EXPENDITURE REDUCTIONS – NON-PERSONNEL

- ▶ No new reductions in this area

Total new potential solutions

\$545,600



Potential Solutions – Restricted Funds

Since the last BAC meeting two solutions better utilizing restricted funding sources have been developed and another is being analyzed:

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 <i>Included in first interim budget update</i>	-
A-4	Shift 0.5 Financial Analyst in D.O. to restricted funds	50,000
A-5	Mental Health funding through County Behavioral health	246,000
A-5	Increase to MH funding - OR select item in C-6 for 113,000	65,600
A-6	Medi-Cal Billing Option	100,000
A-7	Parcel tax: Utilize ELOP for MS After School Coaches	50,000
A-8	Reclass Psychologist services to Fund 12	TBD
	Total restricted funds	\$ 567,600



Potential Solutions – Revenue generation

- ▶ The district certified enrollment data on December 13th and a preliminary estimate of the increase to the Local Control Funding Formula has been included in the following potential solutions:

Revenue Generation		
B-1	24-25 increase in enrollment increases LCFF in 25-26	\$ 118,000
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>
B-6	SDC placement	\$ 24,000
		\$ 142,000

Potential Solutions – Expenditure Reductions

- ▶ Since the last BAC meeting three additional potential expenditure reductions in the area of personnel have been developed:

Potential Expenditure Reductions - Personnel		
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: site determined changes	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
C-7	Reduce site leadership 0.5 FTE	79,000
C-8	Reclassification in technology services	27,000
C-9	Middle School Intervention: Reduce 1 FTE	106,000
		\$ 1,253,000

Potential Solutions – Expenditure Reductions

- ▶ There have no changes to potential expenditure reductions in the area of non-personnel:

Potential Expenditure Reductions - Non-Personnel		
D-1	Contract savings - Centegix	130,500
D-2	Bring back 2 students from NPS placement	55,000
		\$ 185,500



Summary Potential Solutions

- | | |
|--------------------------------------|--------------------|
| ▶ Restricted funds | \$ 567,700 |
| ▶ Revenue generation | \$ 142,000 |
| ▶ Expenditure reductions - Personnel | \$1,253,000 |
| ▶ Non-personnel expenditures | <u>\$ 185,500</u> |
| ▶ TOTAL POTENTIAL SOLUTIONS | <u>\$2,148,100</u> |
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- ▶ 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.

Ranking options for expenditure reductions

Districtwide restructuring and position changes			RANK/PRIORITY
	Ocean Alternative School restructure		
1	Site determined changes in staffing	100,000	
	Restructure school site offices		
2	Reduce school site support by 1 FTE per site	250,000	
3	Elementary Physical Education 1 FTE	100,000	
	District wide pupil support services		
4	Elementary Intervention teacher 1 FTE	106,000	
5	Middle Sch Intervention 1 FTE	106,000	
6	Psychologist 0.6 FTE	65,000	
7	Mental Health Clinician 0.8 FTE	113,000	
8	Library Media Tech reduce 0.03 FTE	15,000	
	Leadership		
9	Reduce 0.5 FTE Assistant Principal	79,000	
10	Reclassify Director to Coordinator	27,000	
		961,000	



Table Talk

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

- ▶ Please discuss the options for personnel related expenditure reductions and be prepared to rank the options in order of your support – with a #10 representing the option you are most willing to support and #1 the option you are least willing to support.
 - ▶ This ranking also provides the priority with which personnel reductions would be restored – #1 is the first priority to restore.
- ▶ Please be prepared to report your groups top three priorities
- ▶ At the conclusion, BAC members will be directed to a google poll to individually rank the listed reductions

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!

