



Live Oak School District

Our mission is to empower, inspire and ensure equitable opportunities for every student to thrive. We teach and nurture the whole child in an academically rigorous, collaborative and innovative environment.

*Patrick Sánchez
Superintendent*

Superintendent's Budget Status Report

Budget Status as of January 15, 2025

To: Live Oak School Board, Staff and School District Community,

Subject: Financial Status Update and Actions for Fiscal Stability

I write to share an update on the financial condition of our district as of today and outline the steps being taken to address the fiscal challenges we currently face. As the Superintendent, I deeply understand the urgency and importance of maintaining transparency and ensuring the community is informed about our district's financial health.

As we have recently shared with our Budget Advisory Committee, we are working to develop budget solutions of approximately **\$2 million by February 5, 2025 Board Meeting**. The board approved a resolution committing to at least \$1.5 million in budget reductions to accompany the first interim budget report. The \$2 million target for budget solutions includes the \$1.5 million shown in the first interim budget report plus the impact of labor negotiations and the cost of restoring yard duty and recess coaches.

The Santa Cruz County Office of Education (SCCOE) has reviewed the First Interim Financial Report for the period ending October 31, 2024. In compliance with California Education Code Section 42131, our district self-certified as "Qualified," indicating that we may face difficulties meeting our financial obligations for the current or two subsequent fiscal years. The SCCOE has concurred with this assessment due to the following primary concerns:

Key Areas of Concern:

1. **Projected Deficit Spending:** The district projects unrestricted deficit spending of \$1,094,056 for 2024-25. While we anticipate meeting the required 3% reserve for economic uncertainties in subsequent years, this is dependent on achieving \$1.5 million in unspecified cost reductions.
2. **Declining Enrollment:** Projections indicate ongoing declines in enrollment over the current and next two fiscal years, directly impacting revenue.



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3. **Cash Flow:** While the district maintains a positive cash balance of \$1.97 million as of June 30, 2025, this balance is below the monthly average expenditures of \$2.4 million. Depleting reserves in 2023-24 has left the district solely reliant on General Fund resources for cash flow.

Required Actions and Timeline: To stabilize our finances and ensure long-term sustainability, the SCCOE has mandated the following steps:

1. **Fiscal Stabilization Plan (FSP):** The district must submit a detailed, Board-approved Fiscal Stabilization Plan by February 6, 2025. This plan must address the \$1.5 million in reductions required to balance the budget and maintain reserves. Final approval and incorporation into the Second Interim Financial Report must be completed by March 15, 2025.
2. **Budget Oversight:**
 - Submit a financial projection for all fund and cash balances.
 - Encumber contracts and obligations, prepare cash flow analyses, and record receivables and payables accurately.
 - Allow SCCOE to review and comment on proposed collective bargaining agreements before approval.
3. **Spending and Hiring Freezes:** Immediate freezes on discretionary General Fund expenditures and non-essential hiring have been recommended to conserve resources.
4. **Engage the Budget Advisory Committee:** The committee, comprising parents, community members, administrators, and Board members, will continue to play a vital role in advising on budget planning, reductions, and implementation prioritization strategies.

Ongoing Challenges:

- The district's reliance on personnel costs, which constitute 89.1% of the unrestricted budget, underscores the need for strategic adjustments in staffing and operations.
- Declining enrollment and attendance negatively impact Local Control Funding Formula (LCFF) revenue. Monitoring these trends will be critical.

Acknowledgements: We commend the Budget Advisory Council and site leadership for efforts to address these challenges.. However, the inability to fully implement



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reductions outlined in the previous fiscal stabilization plan and unforeseen escalating Special Education Costs have exacerbated our financial instability.

Next Steps: To ensure our fiscal health and protect the quality of education for our students, we will:

- Finalize and implement a sustainable fiscal stabilization plan.
- Closely monitor cash flow and expenditure trends.
- Collaborate with the SCCOE and other stakeholders to achieve financial stability.
- We are re-evaluating all Memorandums of Understanding with all outside agencies who utilize our facilities.
- Re-evaluating what we charge for rental of all district owned properties to be more in line with market rates in our area.
- Continue to seek appropriate grants that can help offset expenditures from the General fund.
- Continue to evaluate all expenditures for the remainder of this fiscal year.
- Seek support from the SCCOE to fully evaluate Special Education Services.

Your engagement and support are crucial during this time. Together, we can navigate these challenges to build a stronger financial foundation for our district and preserve the high-quality education our students deserve. If you have questions or require additional information, please feel free to contact my office directly.

Thank you for your understanding and commitment to the Live Oak School District.

Sincerely,

Patrick Sánchez

Superintendent
Live Oak School District