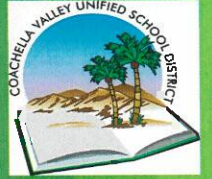
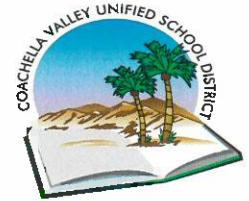


# Coachella Valley Unified School District Fiscal Stabilization Plan



December 13, 2024



# Goal of the Governing Board: To Maintain Fiscal Responsibility

The Board takes action on the recommendations brought forward by the Superintendent, to maintain a responsible fiscal budget that involves, and seeks, business and community support by:

- ➔ Ensuring the long-term fiscal health of the District
- ➔ Implementing a Fiscal Stabilization Plan

## How Did We Get Here?



1. Lack of former leadership oversight.
2. Assumptions for Cost of Living (COLA) were not implemented timely causing an overstatement of revenue in the multiyear projection.
3. Governing Board Approved staff reductions that did not materialize March 15, 2024.
4. Assumptions for negotiations were overstated with a claim that there was a 17% ending fund balance.
5. Plan for one-time COVID-19 monies was not implemented.
6. One-time monies were used to fund on-going positions.

**This Year's Deficit \$40,255,454**



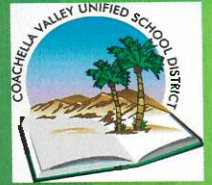
**General Fund Combined 2024-25**

Revenues	\$374,748,115
Expenditures	\$415,003,569
Deficit Spending	(\$40,255,454)

## RCOE's Concerns with CVUSD's Reserves

- ▶ *“Reserve for Economic Uncertainties – The minimum state-required reserve for Coachella Valley Unified School District is 3.0 percent. While the district has projected that it will meet this minimum reserve requirement for the current and the two subsequent fiscal years, achieving these projections is contingent upon implementing the planned, yet unidentified, reductions incorporated into the multi-year financial projections. To ensure the necessary expenditure reductions are recognized in the 2025-26 fiscal year, the district must take action on position reductions no later than March 15, 2025.”*

RCOE, 2024





# Impact of Overestimating 2023 Cost of Living (COLA) Assumptions

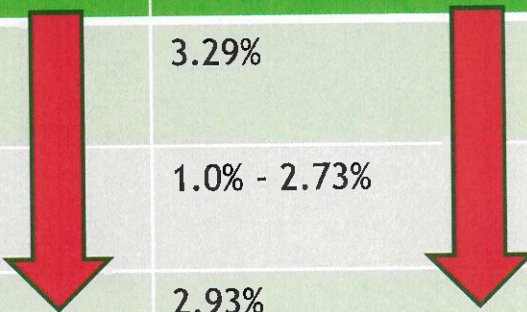


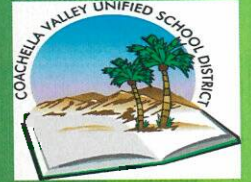
- On December 7, 2023, Business Department leadership received an email that included several agency warnings PRIOR to the December 14, 2023, First Interim Report for 2023-24 that the Cost of Living (COLA) factors for the 2024-25 and 2025-26 fiscal years were not materializing.
- Business Department leadership continued to use the inflated COLA numbers causing an estimated impact of \$16.7M in Local Control Funding Formula in 2024-25 and 2025-26 combined.

# Impact of Assumptions for Cost of Living Not Implemented Timely

The chart below shows the estimated reductions from School Services of California, Legislative Analyst' Office, the Common Message from Business and Administration Services Committee (BASC) to all California Superintendents and Chief Business Officers.

Cost of Living	2024-25	2025-26
Prior Estimates May 2023	3.94%	3.29%
Recommended Estimates December 2023	0.76% -1.27%	1.0% - 2.73%
Final Estimate May 2024	1.07%	2.93%





## Governing Board Approved RIFs in 2024

- Former Human Resource leadership made several one-time funded positions into permanent positions without informing the Board for fiscal year 2023-24.
- Former Human Resource leadership failed to fully follow through with Board authorized reductions in force.
- Former Business Department leadership approved Human Resource leadership in adding 41.67 certificated positions into a grant instead of releasing the positions as approved by the Board.



# Inaccurate Information of District Unrestricted Reserves in 2023-24



This information was incorrect and it was provided to the Governing Board and used in **Negotiations** and it showed Unrestricted Reserves at Adoption at **17.8%**, and at First Interim **18.7%**:

Unrestricted General Fund					
	Unaudited Actuals 2022-2023	Adopted Budget 2023-2024	Operating Budget 2023-2024	Budget Adjustments 2023-2024	Revised Budget 2023-2024
<b>Revenues</b>					
LCFF	244,231,079	253,070,634	253,014,988	162,602	253,177,590
Federal Revenue	1,635,128	450,000	450,000	-	450,000
State Revenue	8,057,949	8,151,492	8,151,492	-	8,151,492
Local Revenue	2,867,584	830,000	830,000	-	830,000
Other Transfers	-	-	-	-	-
<b>Total Revenues</b>	<b>256,791,740</b>	<b>262,502,126</b>	<b>262,446,480</b>	<b>162,602</b>	<b>262,609,082</b>
<b>Expenditures</b>					
Certificated Salaries	87,697,180	91,889,807	90,349,605	(1,321,341)	89,028,264
Classified Salaries	32,475,016	36,810,941	35,386,854	(33,362)	35,353,492
Employee Benefits	56,459,226	62,029,130	62,434,911	(618,909)	61,816,002
Books & Supplies	7,560,232	9,418,941	19,382,001	(138,810)	19,245,191
Services and Operating Expens	17,205,897	19,292,266	23,085,886	126,236	23,211,922
Capital Outlay	750,278	599,478	739,891	137,263	877,154
Other Outgo	1,711,623	822,745	822,745	-	822,745
Indirect/Direct Support Costs	(3,356,321)	(5,660,396)	(4,741,203)	(924,698)	(5,665,901)
<b>Total Expenditures</b>	<b>200,531,131</b>	<b>214,202,912</b>	<b>227,460,490</b>	<b>(2,771,621)</b>	<b>224,688,869</b>
<b>Excess (Deficiency)</b>	<b>56,260,608</b>	<b>48,299,214</b>	<b>34,985,990</b>	<b>2,934,223</b>	<b>37,920,213</b>
Interfund Transfers In/Out	-	-	-	-	-
Contributions & Other Sources	(42,128,427)	(54,249,580)	(54,249,580)	2	(54,249,558)
<b>Total Other Sources &amp; Uses</b>	<b>(42,128,427)</b>	<b>(54,249,580)</b>	<b>(54,249,580)</b>	<b>2</b>	<b>(54,249,558)</b>
<b>Change in Fund Balance</b>	<b>14,132,181</b>	<b>(5,950,346)</b>	<b>(18,511,950)</b>	<b>2,934,225</b>	<b>(16,329,345)</b>
Beginning Fund Balance	44,305,559	44,137,667	58,332,525	-	58,332,525
Audit Adjustments	(105,216)	-	-	-	-
Adjusted Beginning Balance	44,200,344	44,137,667	58,332,525	-	58,332,525
<b>Ending Fund Balance</b>	<b>58,332,525</b>	<b>38,187,321</b>	<b>39,820,575</b>	<b>2,934,225</b>	<b>42,003,180</b>

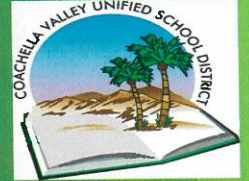
$$\frac{\$38,187,321}{\$214,202,912} = 17.8\%$$

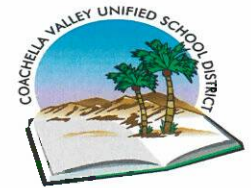
$$\frac{\$42,003,180}{\$224,688,869} = 18.7\%$$

## RCOE's Concern of CVUSD's Position Control

- ▶ *“Position Control – During our review of the district’s Adopted Budget, our office identified key position control budgeting practices that may hinder the district’s ability to accurately forecast and manage personnel costs. Our office strongly recommended the district review its position control budgeting practices and analyze the impact of actual position changes on the district’s multi-year projections.”*

*RCOE, 2024*





# Internal Controls & Position Control

Positions of authority have a fiduciary duty to ensure that the activities of the District are conducted in a manner that complies with board policies, laws, regulations, and standards of conduct to safeguard assets and ensure that internal controls are functioning as intended. This includes safeguarding the Position Control system between the Human Resources and Business departments.

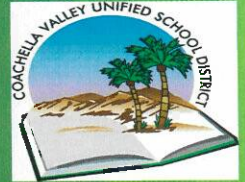
**Riverside County Office of Education found thousands of “open” positions in the Position Control system instead of closing vacant positions.**

	RES	FY Awarded	Funds Expire	Funded	Remaining Allocation FY 25/26
<b>ONE-TIME FUNDS</b>					
CARES Emergency Relief (ESSER)	3210	2020		\$ 8,499,245.00	\$ -
Governor's Emergency Education Relief (GEER)	3215	2020		\$ 980,284.00	\$ -
Emergency Relief II (CRSSA ESSER II)	3212	2020		\$ 32,494,071.00	\$ -
Emergency Relief III (ARP, ESSER III)	3213	2020		\$ 58,435,807.00	\$ -
Emergency Relief Learning Loss (ARP, ESSER III)	3214	2020		\$ 14,608,952.00	\$ -
Expanded Learning Opportunity Grant (ELO ESSER II RESERVE)	3216	2020		\$ 2,083,602.00	\$ -
Expanded Learning Opportunity Grant (ELO GEER II)	3217	2020		\$ 478,205.00	\$ -
Expanded Learning Opportunity Grant Emergency Needs (ELO ESSER III EMERGENCY)	3218	2020		\$ 1,358,266.00	\$ -
Expanded Learning Opportunities Grant Learning Loss (ELO ESSER III LLM)	3219	2020		\$ 2,341,417.00	\$ -
Cares Relief Fund Learning Loss (CRF LLM)	3220	2020		\$ 20,327,818.00	\$ -
Learning Loss (GF LLM)	7420	2020		\$ 1,716,263.00	\$ -
IN-PERSON INSTRUCTION	7422	2020		\$ 3,302,379.00	\$ -
Expanded Learning Opportunities Grant Prop 28 (ELO)	7425	2020		\$ 6,495,472.00	\$ -
Expanded Learning Opportunities Grant Paraprofessionals (ELO-PARAPROF)	7426	2020		\$ 1,394,107.00	\$ -
Educator Effectiveness	6266	2021	2025-26	\$ 4,394,337.00	\$ 848,999.00
Literacy Coaches & Literacy Reading Grant	6211	2022	2026-27	\$ 3,058,280.00	\$ 3,367,330.00
Arts, Music and Instructional Materials Discretionary Grant (AMI)	6762	2022	2025-26	\$ 9,445,608.00	\$ 793,641.00
Learning Recovery Emergency Block Grant	7435	2022	2027-28	\$ 28,037,745.00	\$ 3,938,747.00
			TOTAL	\$ 199,451,858.00	\$ 8,948,717.00



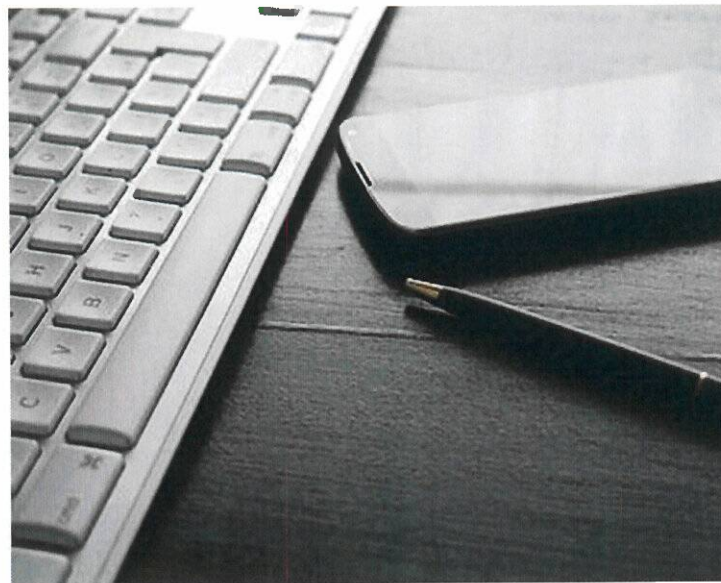
## RCOE's Recommendations for Staffing

- a. Take all necessary actions regarding position reductions that require notification by March 15, 2025. This includes, but is not limited to, analyzing seniority lists, reviewing applicable contract provisions, and consulting with legal counsel.
- b. Freeze all unrestricted General Fund discretionary expenditures unless operationally necessary – as determined by the district's CBO or designee.
- c. Implement a hiring freeze on all positions not providing direct services to students.
- d. Review and reconcile position control for the current year's budget.
- e. Analyze the impact of any positions currently being funded by one-time dollars.

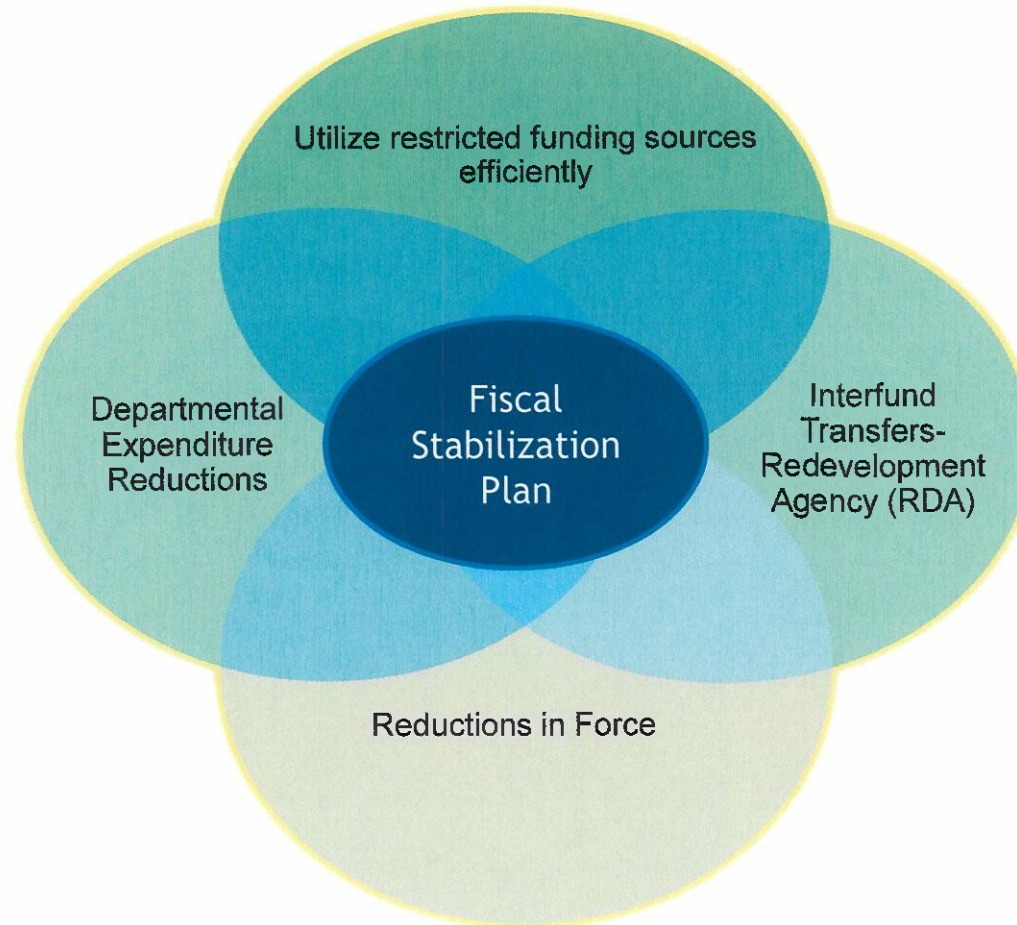




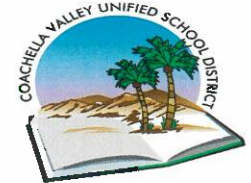
# The Option for the Governing Board to Address the District's Structural Deficit



# Recommended Adjustments



# Options to Decrease Expenditures



1. Transfer unallocated Redevelopment Agency funds to General Fund.
2. Shifts of expenditures from Unrestricted to Restricted Sources.
3. Utilize one-time restricted funds according to allowable uses.
4. Utilize available prior year restricted balances for current year expenditures.
5. Reduce vendor contracts.
6. Reductions in Force for Management, Certificated, Classified and Confidential staff.



# Summarized Reductions

## EXPENDITURE REDUCTIONS

Certificated	\$ 6,011,152.00
Classified	11,798,909.00
District Management	1,416,493.00
District Dept. Reductions	5,712,354.00
Contracts	<u>3,000,000.00</u>

**Total** **\$ 27,938,908.00**

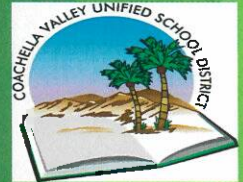
## REVENUE ENCHANCEMENTS

FUND 40 RDA Transfer	\$ 13,000,000.00
ELOP	<u>6,000,000.00</u>

**Total** **\$19,000,000.00**

**Grand Total** **\$ 46,938,908.00**





PROPOSED REDUCTIONS/ADJUSTMENTS	CLASSIFICATION	FTE	# VACANCY	COST
SHIFT FROM FUND 40 TO GENERAL FUND				\$ 13,000,000.00
ALIGN UNRESTRICTED/RESTRICTED EXPENSES				\$ 6,000,000.00
<b>Total</b>				<b>\$ 19,000,000.00</b>
REDUCE LATINO COMMISSION CONTRACT				\$ (3,000,000.00)
25% DISTRICT DEPARTMENT CUTS	Classified	48.00		\$ (7,386,824.00)
25% DISTRICT DEPARTMENT CUTS	Certificated-Mngt	6.00		
REDUCE PRINCIPALS FROM 12 MONTHS TO 11 MONTHS	Certificated			\$ (445,630.00)
REDUCE ASSISTANT PRINCIPALS FROM 12 MONTHS TO 11 MONTHS	Certificated			\$ (409,266.00)
SECONDARY ASSISTANT PRINCIPAL	Certificated	2.00	2.00	\$ (410,040.00)
SECONDARY TEACHER -WSHS	Certificated	1.00		\$ (158,149.00)
VAPA TEACHERS	Certificated	21.00		\$ (3,910,578.00)
DUAL LANGUAGE-1 SITE	Certificated	4.00		\$ (677,489.00)
REDUCE SITE ADMINISTRATIVE SPECIALISTS TO 11 MONTHS	Classified			\$ (261,807.00)
REDUCE PARENT LIAISONS TO 6HRS/10MTHS	Classified			\$ (652,572.00)
GENERAL INSTRUCTIONAL AIDES	Classified	45.00	2.00	\$ (2,728,156.00)
EL SUPPORT ASSISTANTS	Classified	21.00		\$ (2,125,755.00)
LEAD MECHANIC	Classified	1.00		\$ (167,183.00)
BUS DRIVERS	Classified	13.00		\$ (1,188,840.00)
BILINGUAL PSYCH TECHNICIANS	Classified	9.00		\$ (1,054,678.00)
OFFICE TECHNICIANS	Classified	13.00		\$ (1,369,626.00)
BEHAVIOR INTERVENTION	Classified	6.00		\$ (575,822.00)
COORDINATOR OF ATTENDANCE	Certificated-Mngt	1.00	1.00	\$ (191,334.00)
COORDINATOR OF LCAP	Certificated-Mngt	1.00	1.00	\$ (188,073.00)
COORDINATOR OF POSITIVE SCHOOL CLIMATE	Certificated-Mngt	1.00	1.00	\$ (191,344.00)
COORDINATOR OF MTSS	Certificated-Mngt	1.00	1.00	\$ (167,711.00)
DIRECTOR	Classified Mngt	1.00		\$ (269,072.00)
TRANSPORTATION SUPERVISORS	Classified Mngt	2.00		\$ (408,959.00)
<b>Total</b>		<b>197.00</b>	<b>8.00</b>	<b>\$ (27,938,908.00)</b>
	Reductions Total			\$ 27,938,908.00
	Revenue Enhancements			\$ 19,000,000.00
			<b>]</b>	<b>46,938,908.00</b>

## Conclusion

- Per RCOE's recommendations, the Fiscal Stabilization Plan is step one of addressing the fiscal challenges in CVUSD.
- The second step in stabilizing CVUSD's finances, will include additional reductions to be presented to the Board at the start of 2025.

