



Budget Advisory Task Force

Meeting #4

Chris J. Kim, Ed.D, MBA

Chief Business Official

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Welcome & Thank You!

Dr. Kimberly McGrath

Superintendent

REED UNION SCHOOL DISTRICT



- Name
- Role or Professional Affiliation
- Connection to RUSD
- What brought you here today?

NORMS

- Share the Air
 - Listen Actively
 - Engage and Disagree Respectfully
 - Assume Positive Intent
 - One Voice at a Time
 - Focus on Ideas, Not Individuals
-

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PURPOSE

- Provide input and recommendations
 - Ensure transparency and accountability
 - Identify areas for improvement
 - Build community engagement
 - Build long-term understanding of the District's budget
 - Advisory
 - Bring ideas in and out
-

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AGENDA

- Welcome by Dr. Kimberly McGrath, Superintendent
 - Introductions, norms and expected behaviors, scope & purpose
 - Strategic plan alignment, Year 2 vertically aligned goals, & Board Reserve Policy
 - Brief recap of prior meeting topics
 - Overview of 2025/26 2nd Interim Budget & Multi Year Projections
 - Briefing: RUSD Budget Advisory Task Force Survey Insights
 - Discussion
 - Next Steps: Report to the Board on April 14th
-

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SYNOPSIS

May 8, 2025

- Purpose and charge of the Budget Advisory Task Force
- Fundamentals of public school finance
- Education of major components of District revenue and expenditure categories

September 28, 2025

- Review of adopted FY 2025/26 budget, financial statements, and 2 Year fiscal forecast
- Board adopted reserve policy
- Highlight of key operating pressures on the budget

January 26, 2026

- Review FY 2025/26 1st Interim budget, financial statements, and impact on 2 Year fiscal forecast
- Review of FY 2024/25 Audit
- Review of Staffing : Enrollment Trends

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Subsequent Year Budget & LCAP
(June)

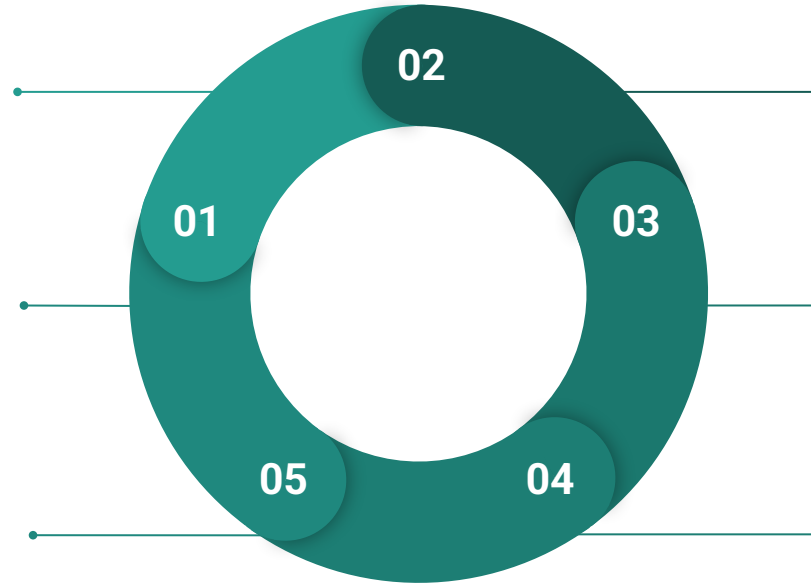
BAC Meeting #1 (May 2025)

2nd Interim Budget Update
(March)

BAC Meeting #4 (Mar./Apr. 2026)

Independent Auditor's Report
(January)

BAC Meeting #3 (January 2026)



45 Day Budget Revision
(August)

Prior Year Unaudited Actuals
(September)

BAC Meeting #2 (Sept. 2025)

1st Interim Budget Update
(December)

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Strategic Plan, Pillar #6: Finance

“RUSD will responsibly steward fiscal resources to create nurturing, educational, and innovative opportunities for all RUSD students.”

Year 2, Vertically Aligned Goal:

“The District will collaborate with its Budget Advisory Committee to develop a three-year framework for achieving a balanced budget to be presented to the board.”

FY 2025/26 2nd Interim Budget Report

The FY 2025/26 2nd Interim financial report presented a combined .04% or \$11,809 decrease to budgeted revenue and a 1.2% or \$416,483 decrease to budgeted expenditures.

The District’s operating budget for fiscal year 2025–26 is \$32.9 million, with a projected year-end unrestricted reserve of 36.5%. Based on current projections, operating expenditures are expected to rise to \$34.25 million in FY 2026–27 (with reserves declining to 31.8%), and to \$35.28 million in FY 2027–28 (with reserves further decreasing to 27.1%).

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Key Variance Variables (Revenue): - \$11,809

- **State Sources:** Increase in Lottery Funding
- **Other Local Sources of Revenue:** Routine Reconciliation of Clearing Accounts & Chart of Accounts

Key Variance Variables (Expenditures): - \$416,483

- **Certificated:** Removed budget (in FY 2025/26) associated with unfilled positions (*e.g. Spanish Teacher position at Reed*)
- **Classified:** Removed budget (in FY 2025/26) associated with unfilled positions (*e.g. Campus Supervisor position at Bel Aire*)
- **Benefits:** Driven cost adjustments to Certificated & Classified positions + reconciliation of H&W Benefits budget
- **Supplies and Services:** Proposition 28 funded equipment and supply purchases + routine reconciliation of PO's.

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Key Multi Year Projection Budgeted Variables (Revenue):

- Secured Property Tax Rates: FY 25/26 (4.17%); FY 26/27 (4.00%); FY 27/28 (3.85%)
- State COLA: FY 25/26 (2.3%); FY 26/27 (**2.41%**); FY 27/28 (**3.06%**)
- Parcel Tax Growth Rate remains at (3%) in FY 26/27 and in FY 27/28 respectively.
- 10 Year Treasury Forecast: FY 26/27 (4.36%); FY 27/28 (**4.50%**) on Cash held in County Treasury
- Foundation Contributions remain projected at \$1.75 million in FY 26/27 and FY 27/28.
- Special Education apportionment increases remain budgeted against State COLA assumptions.
- Transportation Revenue assumptions remain as budgeted in FY 25/26 (i.e. HTS Reimbursement & Measure AA)

Key Multi Year Projection Budgeted Variables (Transfers In):

- Tenant Lease Revenue Transfer (in) from the Granada Fund: \$510k in FY 26/27 and \$535k in FY 27/28.

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Key Multi Year Projection Budgeted Variables (Expenditures):

- Salary Schedule Step and Column Increases at 3% in FY 26/27 and FY 27/28 respectively.
- Negotiated COLA at 3% in FY 26/27 for Represented Certificated and Classified; 2.5% in FY 26/27 for Non-Represented.
- CalSTRS Contribution Rates (Certificated) remains flat at 19.1%.
- CalPERS Contribution Rates (Classified): 26.81% (FY 25/26); **26.40%** (FY 26/27); **26.9%** (FY 27/28)
- Statutory Benefits Rates: SS (6.20%), SUI (0.50%), WC (1.33%), MCare (1.45%)
- Health and Welfare: 4% Projected Increase to H&W Costs (Employee Only); Emp. +1 (\$18,100 Cap); Family (\$22,260 Cap)
- CPI: FY 25/26 (**3.37%**); FY 26/27 (**3.08%**); FY 27/28 (**2.75%**)

Key Multi Year Projection Budgeted Variables (Transfers Out):

- \$200,000 CERBT Trust Investment

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Reserve Guidelines

The District maintains a minimum committed fund balance of not less than 27 percent (inclusive of the percentage required by 5 CCR 15450) of budgeted general fund expenditures and other financing uses as a Reserve for Economic Uncertainties. Because amounts in the non-spendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned and unrestricted. The Governing Board believes a reserve of this level is prudent to maintain a high bond rating and to protect the service level provided by the District from financial uncertainty.

In determining the minimum committed fund balance amount, the Governing Board considered the California Department of Education's recommendations for minimum fund balances for community funded districts plus risks specific to the District including potential catastrophic losses due to natural disasters based on historical data from similar districts, uncertainty around future state and federal funding, historical data around economic fluctuations, and uncertainty around unknown legal liabilities.

Use of the Reserve for Economic Uncertainties must be approved by Board action, and any shortfall shall be replenished as soon as reasonably possible.

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	FY2024/25 (Audited Actuals) Sept. 9, 2025	FY 2025/26 (2nd Interim Proposed) Mar. 10, 2026	FY 2026/27 (Forecast) as of Mar. 10, 2026	FY 2027/28 (Forecast) as of Mar. 10, 2026
E. Change in Fund Balance	\$131,419	-\$1,001,110	-\$1,605,786	-\$1,606,669
F. Beginning Balance	\$14,184,528	\$14,208,149	\$13,207,039	\$11,601,253
G. Ending Balance	\$14,315,946	\$13,207,039	\$11,601,253	\$9,994,584
H. Components of Ending Balance	---	---	---	---
1. Revolving Cash & Prepaid	\$2,000	\$0	\$0	\$0
2. Restricted Balances	\$1,753,381	\$1,130,346	\$662,378	\$388,197
3. Board Policy Designated	\$6,967,189	\$7,948,185	\$8,267,498	\$8,162,366
4. State Required Reserves	\$1,211,685	\$993,523	\$1,033,437	\$1,419,542
5. Unassigned / Unappropriated	\$4,383,691	\$3,134,985	\$1,637,940	\$24,479
Unrestricted Reserve Forecast (as of FY 25/26 2nd Interim)	41.5%	36.5%	31.8%	27.1%

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Executive Summary

- The data reveals a strong consensus on **prioritizing long-term fiscal sustainability** and **protecting core academic instruction**.
- While there is an **appetite for revenue generation**, specifically through the Granada site and **enhanced fundraising**, respondents are **cautious regarding the use of reserves**, preferring **early, incremental adjustments** over delayed, disruptive actions.
- A significant tension exists between the **desire to maintain current staffing levels** and the recognition that **reductions may be necessary** for sustainability.
- **Retirement incentives are widely supported** as a humane and strategic method to manage staffing through attrition.

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“Which best describes your primary role or affiliation with the District?”

 Response Distribution

Affiliation	Count	% of Responses
Community Representative (PTA, Foundation, Board)	4	36%
District Staff (Certificated, Classified, Admin)	4	36%
Parent / Guardian of Current Student	3	27%
Total	11	100%

The responses are evenly split between District staff and community leadership (36% each). Parents represent a slightly smaller but still meaningful segment (27%). This is a well-balanced advisory sample, not dominated by a single stakeholder group.

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"How long have you been associated with the District?"

 Response Distribution

Tenure	Count	% of Responses
4–10 years	4	36.4%
More than 10 years	4	36.4%
0–3 years	3	27.3%
Total	11	100%

Input from stakeholders with substantial experience in the District - most with more than four years of involvement - provides perspectives informed by both historical context and current program expectations

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“How many Budget Advisory Task Force meetings have you attended so far?”

 Response Distribution

Meetings Attended	Count	% of Responses
1 of 3 meetings	5	45.5%
2 of 3 meetings	4	36.4%
All 3 meetings	2	18.2%
Total	11	100%

While most participants attended multiple sessions, attendance varied, meaning responses reflect both deeply engaged participants and those with more limited exposure, capturing both informed and values-based perspectives.

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“How informed do you currently feel about the District’s financial condition?”

 Response Distribution

Level of Understanding	Count	% of Responses
5	6	54.5%
4	4	36.4%
3	1	9.1%
Total	11	100%

Participants in the Task Force survey report a high level of understanding of the District’s financial condition, reflecting both the experience of the group and the effectiveness of the engagement process to date.

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“Compared to when the Budget Advisory Task Force process began, how has your understanding of the District’s finances changed?”

 Response Distribution

Change in Understanding	Count	% of Responses
Somewhat improved	6	54.5%
Significantly improved	4	36.4%
No change	1	9.1%
Total	11	100%

The Task Force process has meaningfully increased participants’ understanding of the District’s financial condition, with over 90% reporting improved understanding—demonstrating that the process is both informative and effective.

REED UNION SCHOOL DISTRICT

“Compared to when the Budget Advisory Task Force process began, how has your understanding of the District’s finances changed?”

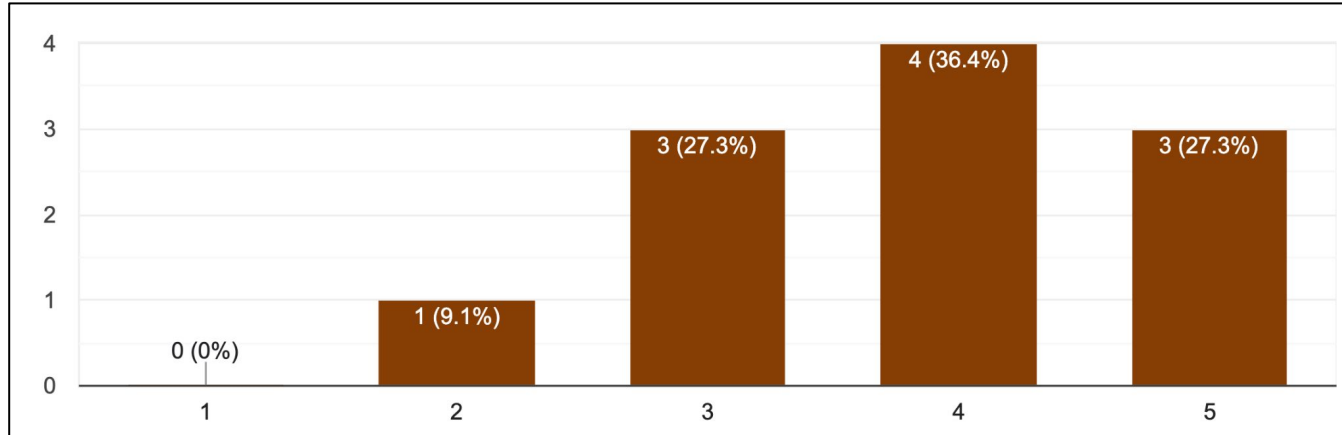
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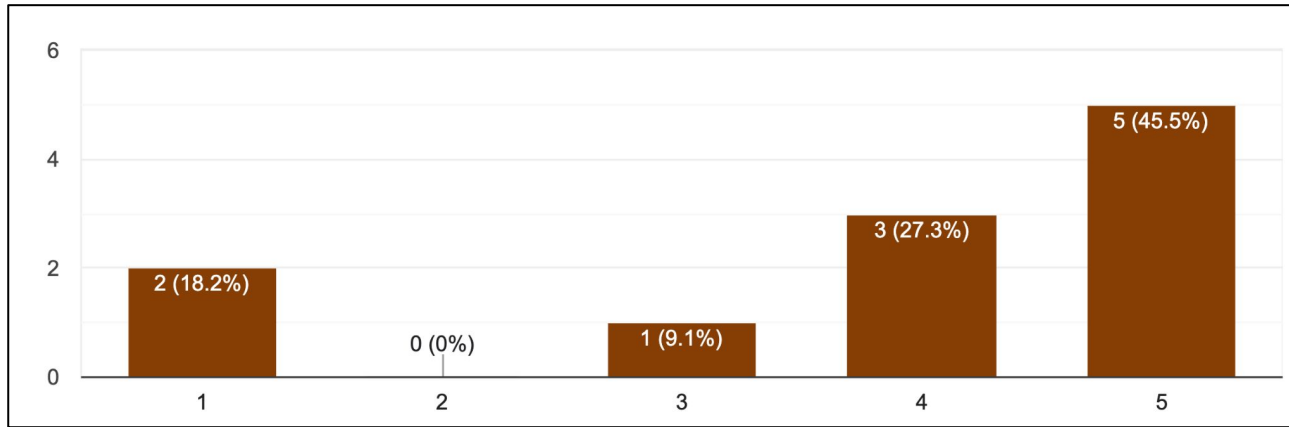
“Long-term fiscal sustainability should be prioritized over preserving all existing programs.”



A majority of Task Force participants support prioritizing long-term fiscal sustainability, though responses indicate that many weigh this alongside the impact on programs—highlighting the importance of carefully navigating trade-offs.

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“The District should avoid relying on reserves as an ongoing operating strategy.”



A strong majority of Task Force participants support avoiding the ongoing use of reserves to balance the budget, indicating alignment with long-term fiscal sustainability principles. However, a smaller group expressed willingness to use reserves to preserve programs, highlighting the need to carefully balance short-term impacts with long-term stability.

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"Program offerings should decrease as overall enrollment decreases."

Response Distribution

Response	Count	% of Responses
4	2	18.2%
3	3	27.3%
2	3	27.3%
1	3	27.3%
Total	11	100%

This is the first strong contradiction. Stakeholders support fiscal discipline in principle, but are less comfortable with one of its primary implications - program reduction. Responses suggest a preference for more nuanced, program-specific decision-making rather than automatic reductions.

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"Early, incremental adjustments are preferable to delayed, more disruptive actions."

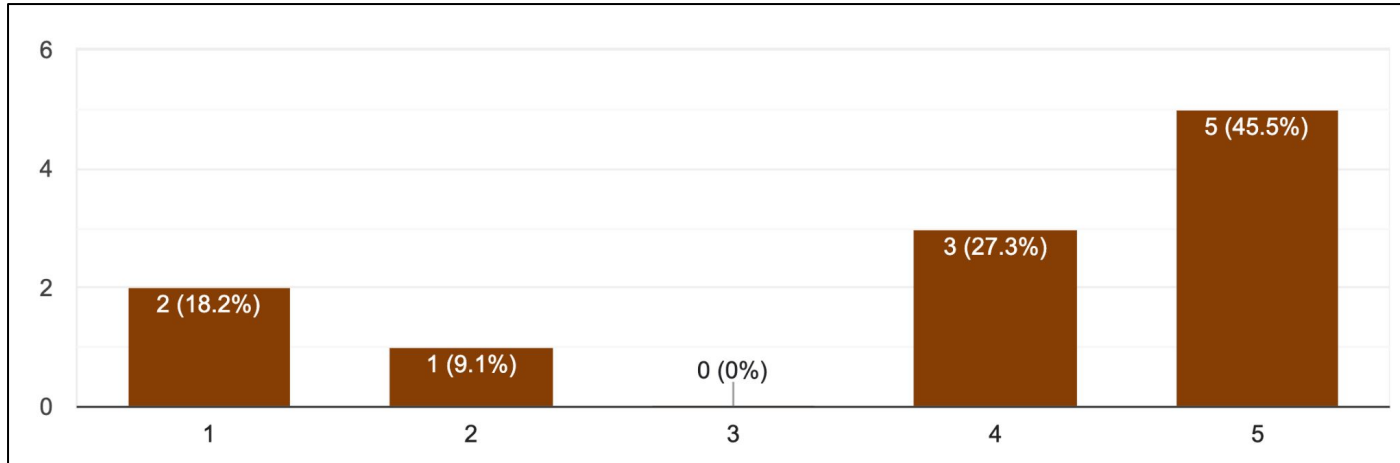
Response Distribution

Response	Count	% of Responses
5	7	63.6%
4	3	27.3%
2	1	9.1%
Total	11	100%

There is strong consensus among Task Force participants that early, incremental adjustments are preferable to delayed, more disruptive actions—indicating support for proactive planning and phased implementation.

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“Maintaining adequate reserves consistent with Board policy is important.”



A strong majority of Task Force participants support maintaining adequate reserves consistent with Board policy, reinforcing alignment with long-term fiscal stability and prudent financial management.

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“When difficult trade-offs are unavoidable, rank the following principles in order of importance.”

 Average Ranking (Lower = Higher Priority)

Principle	Average Rank
Protecting core academic instruction	2.0
Maintaining adequate reserves	2.8
Maintaining small class sizes	3.0
Investing in student well-being and belonging	3.0
Preserving enrichment and elective programs	3.33

When asked to prioritize among difficult trade-offs, participants consistently placed protecting core academic instruction as the highest priority, with other considerations—such as reserves, class size, and student well-being—closely grouped, and enrichment programs viewed as more flexible.

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"Which statement best reflects your fiscal philosophy?"

Response Distribution

Fiscal Philosophy	Count	% of Responses
Balance program preservation and fiscal discipline	7	63.6%
Preserve programs even if it increases short-term financial risk	4	36.4%
Total	11	**100%

Stakeholders are not divided between “cut vs. preserve”—they are aligned around a balanced approach, but differ in how much risk they are willing to tolerate to preserve programs.

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“How much financial risk should the District tolerate to preserve current services?”

 Response Distribution

Risk Tolerance	Count	% of Responses
Limited risk with guardrails	8	72.7%
Higher risk if community-supported	3	27.3%
Total	11	100%

Stakeholders support a balanced approach that protects programs where possible, but within clear financial guardrails and with limited tolerance for risk.

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“Which approach best reflects how the District should address projected deficits?”

 Response Distribution

Approach	Count	% of Responses
Balanced revenue and expenditure actions	7	63.6%
Temporary reserve use while planning	3	27.3%
Revenue solutions first	1	9.1%
Total	11	100%

Stakeholders are aligned around a balanced, disciplined approach: take action early, combine strategies, limit financial risk, and avoid over-reliance on any single solution.

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"If new or additional revenue is pursued, rank the following approaches in order of priority."

 Average Ranking (Lower = Higher Priority)

Revenue Strategy	Average Rank
Increasing tenant revenue (Granada property)	2.0
Increased Foundation fundraising	2.82
Seeking long-term revenue (endowments)	3.00
Other (write-in responses)	3.13
Voluntary parent/community contributions	3.20

Stakeholders prefer revenue solutions that are internally generated, sustainable, and do not place additional burden directly on families.
Write In Responses (ranked 4th) follows on the subsequent page:

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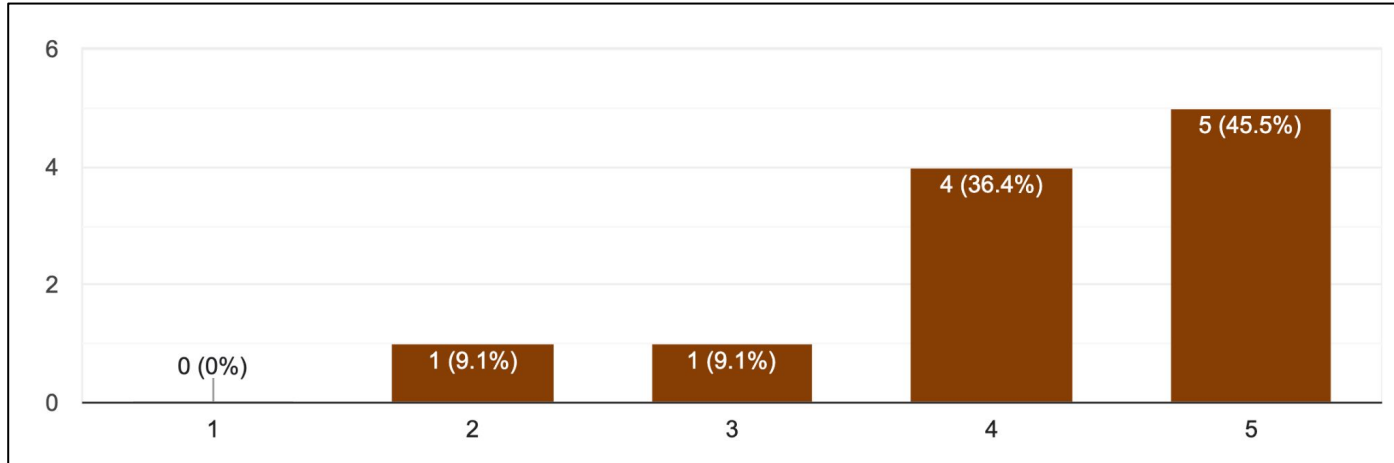
“What other revenue generation options should the District consider?”

Write In Responses (ranked 4th):

1. Partner with third parties to lease District campuses during downtime (e.g., summer and weekends) to generate recurring revenue.
2. Implement facilities use fees for after-school and summer programs operated by private entities.
3. Increase investment in the Granada property (e.g., upgrades) to support higher rental rates.
4. Consider selling the Granada property and investing the proceeds.
5. Expand the use of District facilities by renting them out during off-hours to generate additional revenue.
6. Offer a retirement incentive program to reduce expenditures, thereby improving long-term financial capacity.
7. Explore a parcel tax and expanded facility rental opportunities.
8. Consider a renewed or increased parcel tax measure in the future (e.g., 2031).

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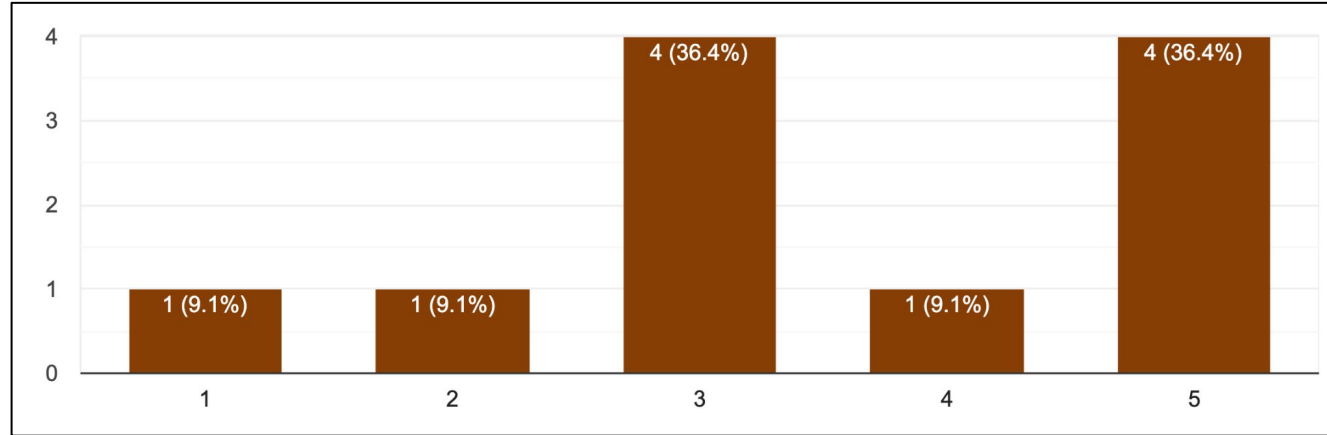
“If revenue efforts are unsuccessful, how acceptable is temporary reserve use with a replenishment plan?”



While participants expressed caution about relying on reserves as an ongoing strategy, there is strong support for temporary, strategic use of reserves when paired with a clear replenishment plan.

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“How important is protecting the District’s reserve when making budget decisions?”



Stakeholders value reserves, but expect them to be used thoughtfully and flexibly when necessary—not protected at the expense of all other priorities.

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“If budget reductions were to become necessary, rank the following areas in the order they should be considered for reduction.”

 Average Ranking (Lower = Reduced First)

Reduction Area	Average Rank
Discretionary operating expenses (field trips, after-school tutoring)	2.5
District investments (e.g., OPEB Trust)	3.0
Foundation-sponsored programs	3.14
Athletics and extracurricular programs	3.22
Student support and wellness services	3.40

Participants indicated a strong preference to begin with reductions to discretionary operating expenses, while protecting student support and wellness services as a high priority.

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"If Foundation-sponsored programs were to be reduced, rank them in order of preference for reduction."

 Average Ranking (Lower = Reduced First)

Program	Average Rank
Spanish	2.50
STEM	3.40
Library	3.43
PE	3.63
Music	3.64
Art	3.78

Stakeholders support protecting key elements of a well-rounded education—particularly Art, Music, and PE—even when considering reductions, while viewing Spanish as comparatively more flexible.

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"Which statement best reflects your view on staffing?"

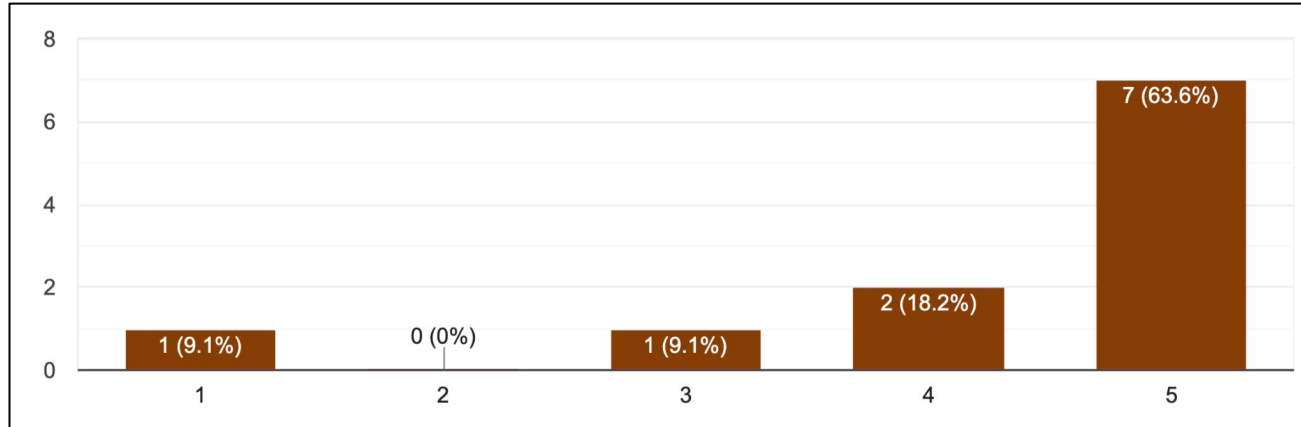
 Response Distribution

Staffing View	Count	% of Responses
Staffing reductions may be necessary to remain sustainable	7	63.6%
Staffing should remain stable even if deficits persist	4	36.4%
Total	11	100%

While a majority of participants recognize that staffing adjustments may be necessary to maintain long-term fiscal sustainability, a significant portion of respondents expressed a preference for maintaining staffing stability, highlighting the sensitivity of staffing decisions.

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“How supportive are you of offering retirement incentives (upfront cost with longer-term savings) to reduce staffing through attrition?”



Stakeholders strongly support using retirement incentives as a primary strategy to manage staffing reductions in a way that minimizes disruption and supports long-term fiscal sustainability.

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“What budget trade-off do you believe will be hardest for the community to accept?” *(Extracted from Write In Responses)*

1. Core Academic Impact & Class Size (Primary Concern)

- Protecting instructional quality
- Avoiding larger class sizes
- Maintaining academic outcomes
- **Signal:** Highest sensitivity to anything affecting the classroom experience

2. Staffing Reductions (Closely Related Concern)

- Teacher layoffs
- Reduced staffing leading to larger classes
- **Signal:** Strong concern due to direct and visible impact on students

3. Enrichment & Elective Programs (Broad Secondary Concern)

- Foundation-supported programs
- **Signal:** Community values a well-rounded educational experience

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If you could offer one piece of guidance to the Board of Trustees as they navigate these decisions, what would it be?

- Form a formal revenue committee to identify scalable, recurring revenue opportunities. The Foundation should consider increasing donation guidance to reflect the true cost of community-funded programs. Conduct annual evaluations of these programs to ensure they deliver optimal return on investment compared to alternative uses.
- Consider reducing some elective offerings at Del Mar as class sizes decline.
- Be realistic about the scale of needed reductions. Incremental cuts around the edges may not be sufficient; it may be necessary to consider higher-cost areas (e.g., salaries) alongside lower expenditures.
- As a parent, I would be willing to contribute more financially to preserve specialists and field trips. I would also be open to slightly larger class sizes. The District should consider whether selling the Granada property and investing the proceeds—potentially through an endowment—could generate comparable or greater long-term revenue.
- Explore all available options and leverage the Task Force to generate ideas that minimize impacts to school operations while continuing to support both staff and students.
- Ensure educators receive a fair cost-of-living adjustment (COLA).
- Use reserves strategically to buffer temporary deficits while pursuing long-term structural solutions. Avoid decisions that erode instructional quality or staff morale, particularly during negotiation cycles. Maintaining staffing stability and reasonable class sizes is essential to preserving educational quality and community trust.
- Prioritize offering early retirement incentives for selected staff as an alternative to layoffs.

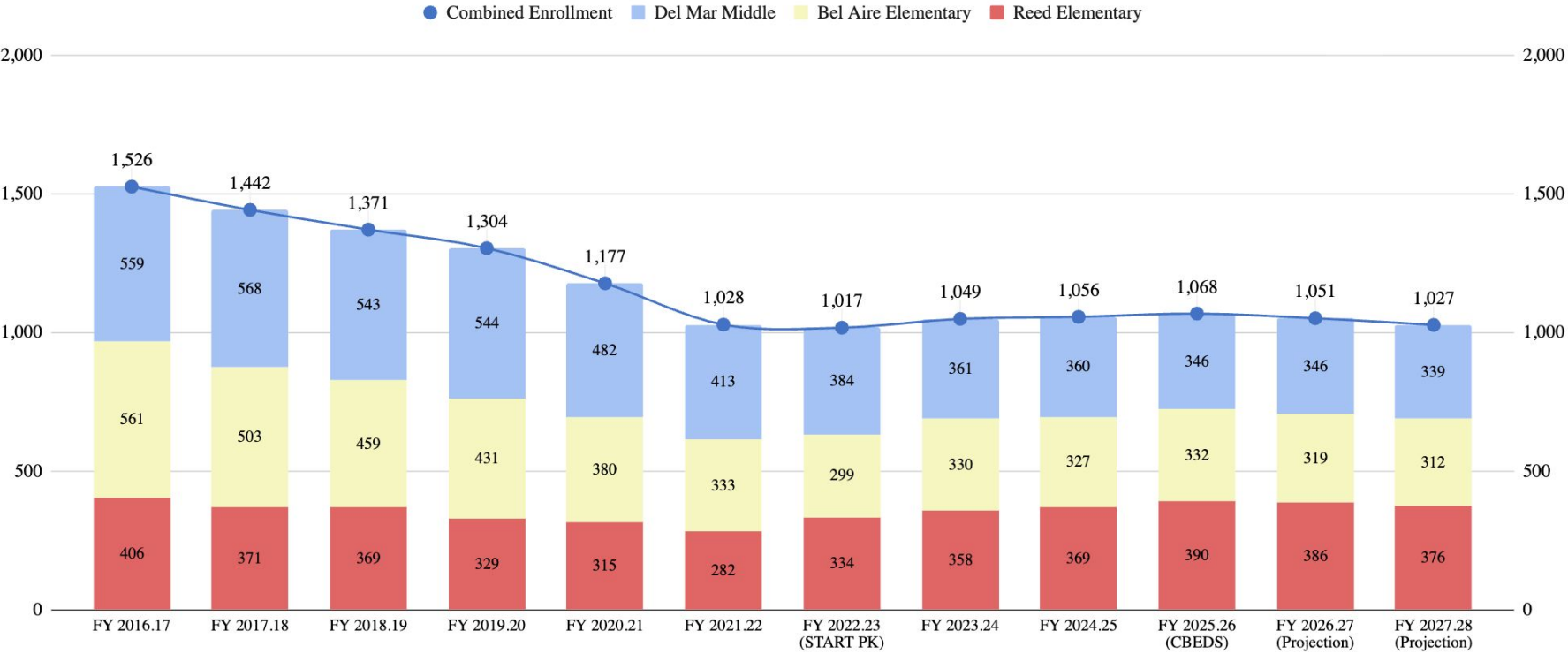
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TEXT

- Draft Report to be e-mailed to the Budget Advisory Task Force (4/1/26)
- Feedback requested no later than (4/6/26)
- To be presented to the Board on (4/14/26)

SUPPLEMENTAL
SLIDES

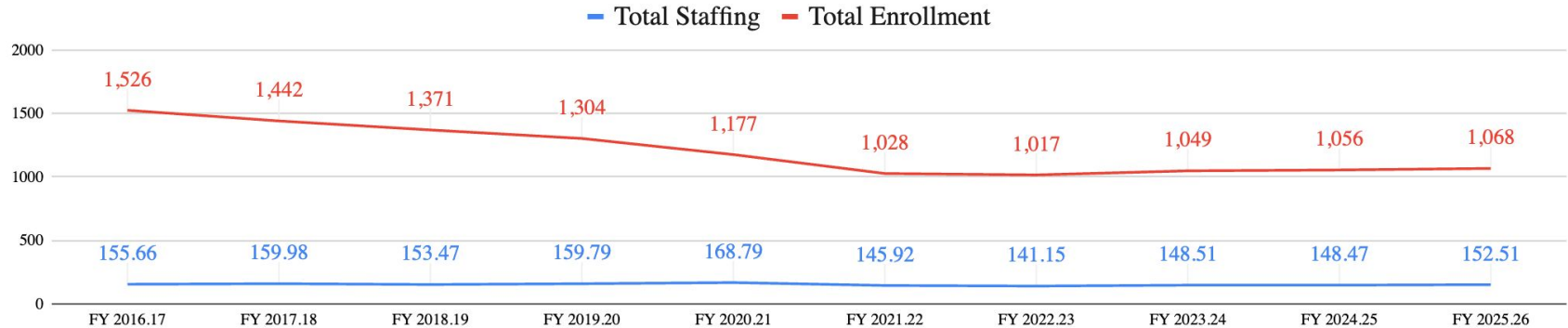
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Enrollment History

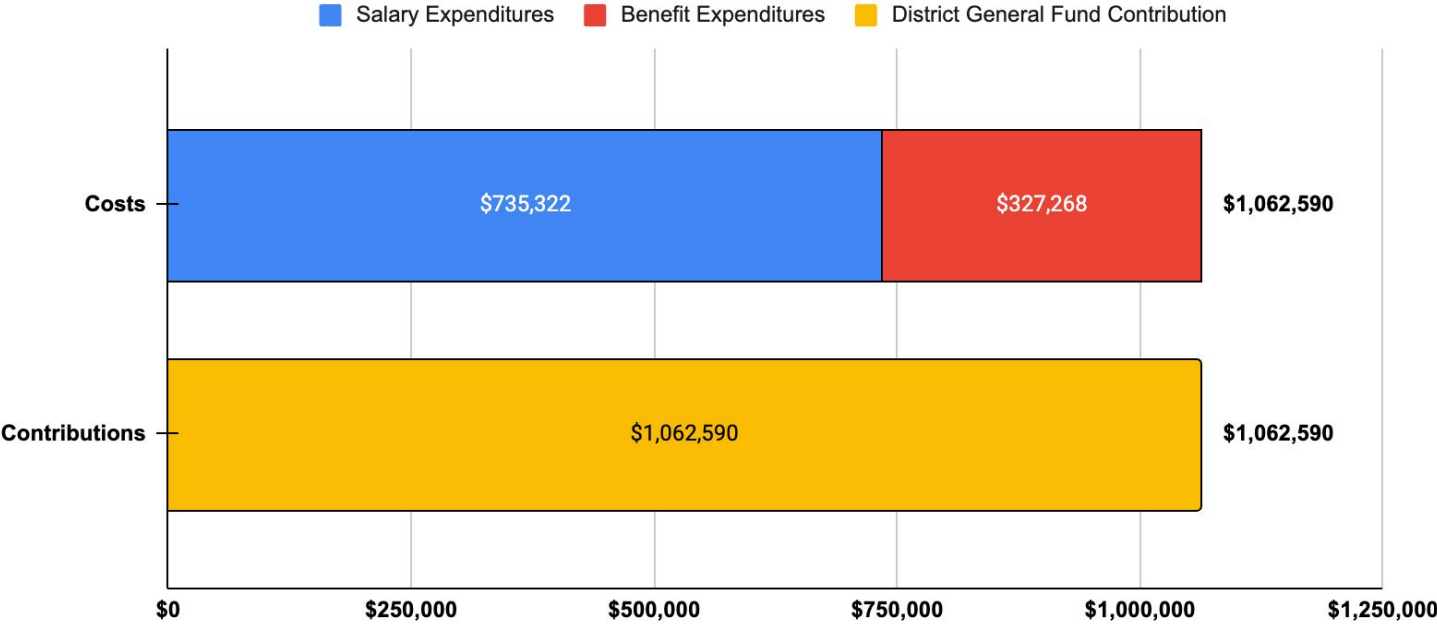
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Reed Union SD	FY 2016.17	FY 2017.18	FY 2018.19	FY 2019.20	FY 2020.21 (Pandemic)	FY 2021.22	FY 2022.23 (START PK)	FY 2023.24	FY 2024.25	FY 2025.26 (CBEDS)	Delta
Total Staffing	155.66	159.98	153.47	159.79	168.79	145.92	141.15	148.51	148.47	152.51	-3.15 Staff
Total Enrollment	1,526	1,442	1,371	1,304	1,177	1,028	1,017	1,049	1,056	1,068	-458 Students
Ratio: (Students per Staff FTE)	9.8	9.0	8.9	8.2	7.0	7.0	7.2	7.1	7.1	7.0	



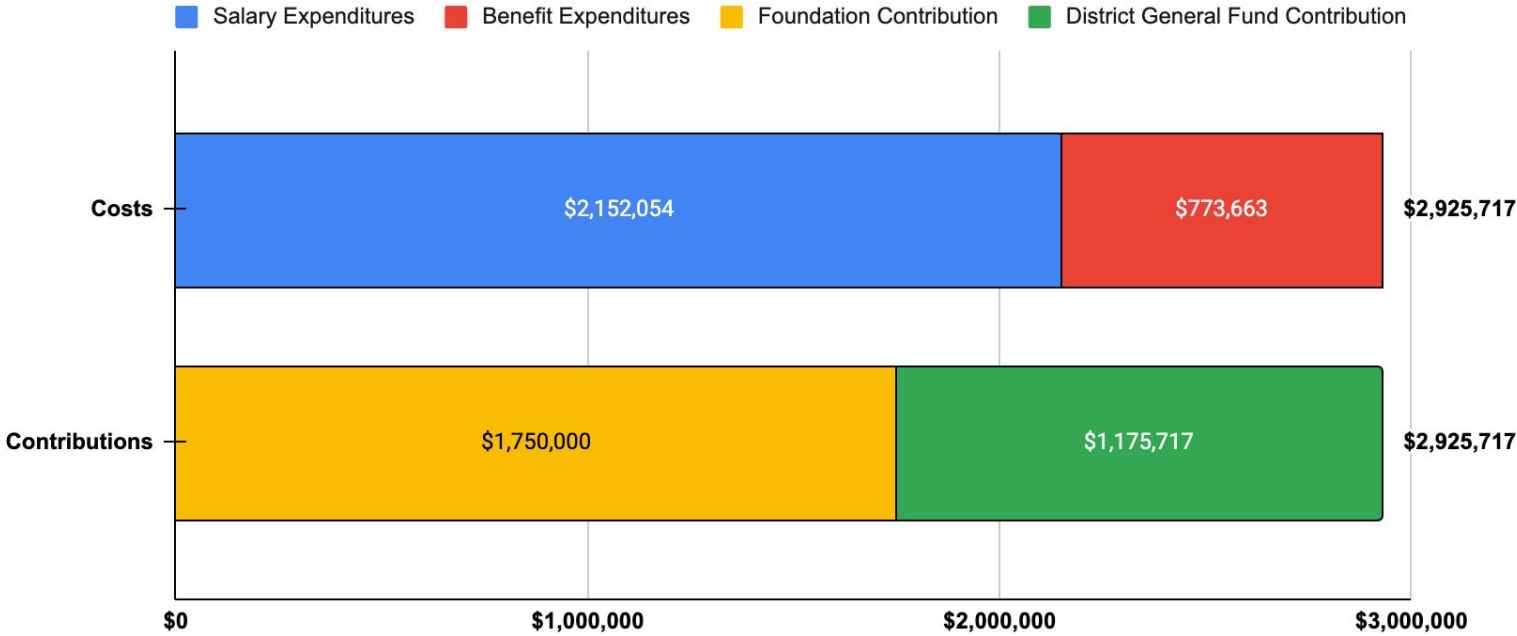
Enrollment & Staffing Ratios

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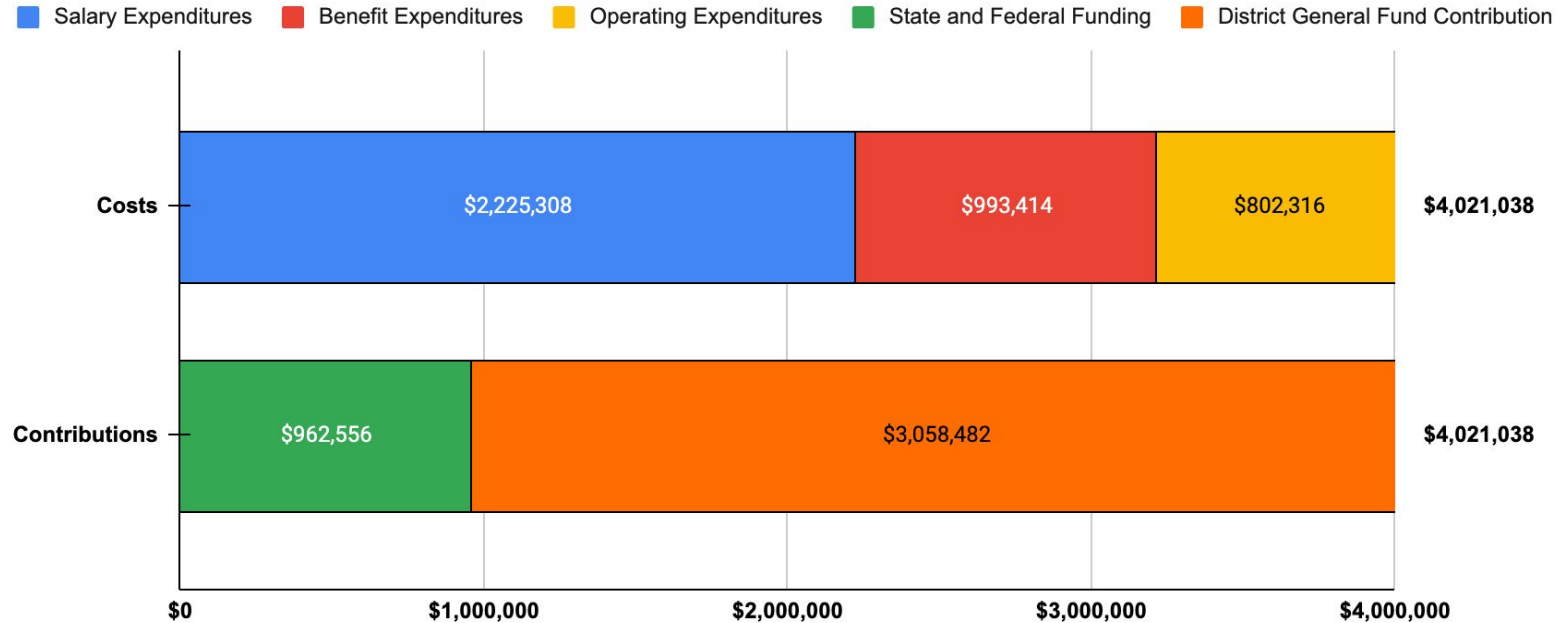
The District launched a Pre-K program in FY 2022/23, ahead of the State’s required full implementation in FY 2025/26. As a community-funded district, RUSD does not receive additional per-ADA funding to operate this program. By FY 2025/26, the District operates five Pre-K classrooms staffed by five teachers and five instructional aides, serving students at an average ratio of 19.4:1.

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The Foundation is budgeted to contribute \$1.75 million in FY 2025/26 to support elective programs. However, the total cost of salaries and benefits for these programs is projected at \$2.95 million. As a result, the District’s General Fund must provide an additional \$1.175 million to cover the shortfall. This does not include supplies and other associated operating expenditures.

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 (1)	• One Time State Funding	• TBD
 (2)	• Increased Property Tax Revenue?	• 4.17% in FY 25/26 • 4% Projected in FY 26/27 • 3.85% Projected in FY 27/28
 (3)	• General Obligation Bond driven reduction in M&O budget pressure.	• Replacement of aging facilities with new build.
 (4)	• Increased support from the Foundation and PTA?	• TBD

Revenue Variables that MAY Influence the District's Multi Year Projection

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(1)	FY 27/28 Collective Bargaining	• Increases to Salaries beyond Step and Column • Increases to Capped Benefits Contributions
(2)	Federal Funding Assumptions	• \$230k Budget in FY 25/26 (1%)
(3)	General Obligation Bond	• Failure to pass a General Obligation Bond would put increasing pressure on Maintenance and Operations

Expenditure Variables that MAY influence the District's Multi Year Projection
