



Fiscal Recovery Plan

Board Meeting

December 16, 2021

Agenda Item No. 9.3

Agenda

Background/History on District's Budget
2021-22 Budget update and Multi-

Background

Definitions

Structural Deficit: occurs when on-going expenditures exceed on-going revenues

One-time Resources



History/Background

District's budget has been operating a structural deficit for several years due to on-going expenditures exceeding on-going revenues

Fiscal year 2019-20 and 2020-21 surpluses were a result of one-time savings due to less spending during COVID-19

The District has managed the deficit with one-time sources and reserves – a non-sustainable plan as these resources will eventually be depleted

Employee salaries and benefits account for approximately 90% of the *unrestricted* budget

The District's benefit structure for active employees and retirees is one of the highest in the region

Salaries and benefits continue to increase year over year yet revenue has not increased at the same rate or remains flat



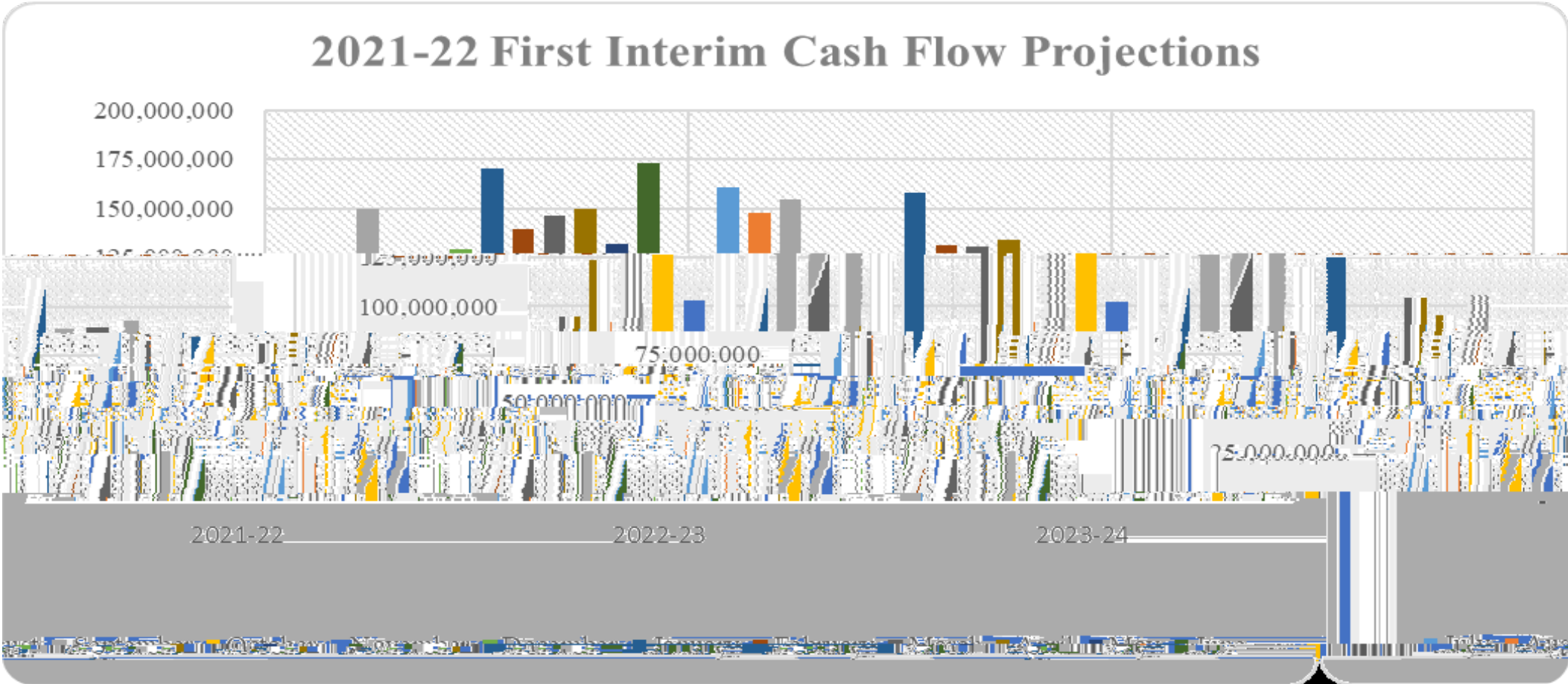
2021-22 Budget Update

MYP based on 38,044 enrollment, adjustments to state enacted budget and other adjustments shown in the 2021-22 First Interim Report

Projected to spend down 38% of fund balance over next two years

2021-22 First Interim Multi-Year Projections			
Description	Proposed 2021-22	Projected 2022-23	Projected 2023-24
Total Revenues	711,345,307	597,075,014	606,905,302
Total Expenditures	715,746,748	618,584,156	635,156,851
Excess/(Deficiency)	(4,401,442)	(21,509,142)	(28,251,549)
Other Sources/Uses	2,050,301	2,050,301	2,050,301
Net Increase/(Decrease)	(2,351,141)	(19,458,841)	(26,201,248)
Add: Beginning Fund Balance	125,906,717	123,555,577	104,096,736
Ending Fund Balance	123,555,577	104,096,736	77,895,487

2021-22 First Interim Cash Flow Projections



Budget Reductions to Date



2018-19, 2019-20 & 2020-21 Budget Adjustments

Approval Date	Ongoing (in millions)	One-Time (in millions)	Items
December 2018	17.5	3.6	Position Control, Debt Service, OPEB, Central Office Personnel, Supplies, Services & Utilities
February/March 2019	7.8	0.0	Staffing adjustments - aligning to enrollment for 2019-2020
May 2019	21.0	2.5	

Fiscal Recovery Plan Overview

Student centered budget decisions guided by core values

Proposed budget reductions to address ongoing deficit target of \$26.2M and achieve balanced budget

If deficit persists, districts cash balance will deteriorate and ending fund balance will diminish

FRP Action Items

The multi-year projections below show the impact of implementing the \$5.3M in budget solutions effective July 1, 2022. The staffing adjustment of \$7.9M is already accounted for in the multi-year projections as an expenditure reduction.

	2022-23	2023-24	Disposed	Projected	Projected
			Description		2021-22
Total Revenues	1,345,307,707	1,397,075,014	606,908,302	Total Revenues	635,156,156
Total Expenditures	1,851,549,142	1,851,549,142	715,746,748	618,584,156	635,156,156
Excess/(Deficiency)	(506,241,435)	(454,474,128)	(4,401,442)	(21,509,142)	(28,251,435)
General Fund Balance	2,050,733,011	2,205,333,334	2,205,333,334	2,205,333,334	2,205,333,334
FRP Textbook Adoption Savings 1x	0	0	0	0	5,054
Revised Surplus/(Deficit)	(67,058,074)	(67,058,074)	(67,058,074)	(67,058,074)	(67,058,074)
Add: Beginning Fund Balance	5,906,717	123,555,577	109,393,910	123,555,577	123,555,577
Ending Fund Balance	5,839,669	156,497,503	109,393,910	156,497,503	156,497,503

FRP Action Items

FRP Part II

Approve reserving one-time unrestricted general fund savings that result from unexpended budget categories.



FRP Additional Considerations

FRP Part IV

Achieve a negotiated solution to address the deficit

DISTRICTWIDE - SUBJECT TO NEGOTIATIONS		
Item	Action	Potential Cost Savings
Health Benefits	Reduce District Contribution to 100% employee only (any plan) & 75% of Kaiser Rate for ee plus1 or ee plus family plan	\$17,708,933
Health Benefits	Reduce District Contribution to Kaiser rate:100% employee only & 75% for ee plus1 and 75% for ee plus family plan	\$18,744,093
Dental & Vision Benefits	Reduce to 80% per Tier	\$1,421,022
Dental & Vision Benefits	Reduce to employee only	\$2,986,951
CompleteCare (Keenan Program)	\$400 Cash In-lieu of Benefits assuming 3% participation	\$1,152,703
CompleteCare (Keenan Program)	\$500 Cash In-lieu of Benefits assuming 3% participation	\$1,071,209



FRP Additional Considerations

FRP Part V (Continued)

Items to Review for Alternative Funding Sources

SCHOOL SITE PROGRAMS - STAFFING CONSIDERATIONS	
Item	Review for Alternative Funding Sources
8.0 FTE Assistant Principal - Middle School - LCFF Base	\$1,244,800
14.0 FTE Assistant Principal - High School - LCFF Base	\$2,245,600
3.0 FTE Assistant Principal - K-8 Schools - LCFF Base	\$452,400
9.3 FTE Counselor, High School - LCFF Base	\$1,203,420
1 FTE Counselor, High School Continuation - LCFF Base	\$129,400
15.9 FTE Counselor, Middle School - LCFF Base	\$2,057,460
TOTAL LCFF BASE	\$7,333,080
VAPA Music Equipment - LCFF Base	\$78,500



Summary

Budget reduction target of \$26.2M excluding 1X COVID Relief Funds
Negotiated and non-negotiated budget reductions needed to address deficit

Board Action by December 16, 2021 – **Approve Fiscal Recovery Plan**

Next Steps

- Implement proposed FRP action items effective July 1, 2022
- Review Additional Considerations & Update at 2nd Interim

