

A Complete Plan for Closing the \$2.5 Million Dollar Gap in 2017-18

Background

On December 13, 2016, we presented a 1st Interim budget update that showed the need to close a \$2.5 Million dollar gap for 2017-18. At the February 14, 2017 board meeting, we presented a partial plan that identified \$1,468,000 in identified savings. This report will present a complete plan for closing the \$2.5 Million dollar gap for the 2017-18 budget year.

New Information – Enrollment Trends

The Board is receiving an enrollment projection report that shows that declining enrollment has begun in our district. This presents some future challenges and opportunities regarding our budget projections. Less students means less income for a LCFF district. But the income for a given budget year is based on the average daily attendance (ADA) for the prior year, so there is a one year delay in feeling the budget impact of less students. During the decline, if managed properly, we have a higher income based on last year's ADA for a current number of students. It is crucial that we monitor and act on accurate enrollment data every spring for the next 6-8 years. When our enrollment starts increasing, we will have a one year delay in seeing the financial benefit of more students. We will deal with that problem in the future.

We are very lightly overstaffed across our district in the current year due to the decline in enrollment that began in August 2016. With the projected enrollment drop of 4% in our elementary student count for 2017-18, there is greater savings to be found if we accurately match our staffing to enrollment. We will use a combination of attrition created by retirements and leaves of absences of teachers to avoid any layoffs. In fact, we anticipate needing to hire a complete cohort of special education teachers, a select number of elementary teachers, and secondary teachers by credential area as needed.

Operational Budgets

We have been studying three budget categories in search of savings. Here are three categories and the amounts in our current fiscal year, 2016-17, as of 2nd Interim:

Books and supplies - \$8,097,573
Services and operations - \$24,966,945
Assigned budget for future years - \$2,699,602

Total - \$35,764,120

The total amount of budget in these three categories is \$35,764,120. For the sake of brevity, we will call these our operational budget. Our plan shows a final gap of \$818,000, which represents finding 2.3% of \$35.8 Million dollars. We are completely confident that we can identify such savings as we close the books on 2016-17 this summer and as we develop the budget for 2017-18.

Analysis and Recommendations

We are presenting this set of recommendation in the following order. The first list are strategies that were identified and solid on February 14th. The second list are new savings that we have identified between February 14 and March 14, 2017.

Item	Mtg Date	Amount	Comments
Technology software	2/14/17	\$100,000	We have identified various software platforms that we are not using enough to justify such contracts
Technology coach	2/14/17	\$87,000	We have one position that we can trim from our staffing
GATE consultant	2/14/17	maintain support	The savings was \$25,000 for one part-time coordinator. We recommend keep both GATE coordinators in place.
Open Alternative School (OAS)	2/14/17	\$169,000	This savings plan assumes the potential restoration of the office manager position. We will bring a final set of recommendations about OAS once we get a solid student registration number.
Site Budget Reduction	2/14/17	\$200,000	We will reduce our distribution of site funds for 2017-18 by 5%.
Phone system savings	3/14/17	\$246,000	We identified this savings on our phone system contract.
Secondary staffing	3/14/17	\$320,000	We have lowered the target from 6 fte to 4 fte of staffing to be reduced through attrition and efficient design of our master schedules.

Elementary staffing	3/14/17	\$560,000	<p>We are planning on lowering our elementary teacher count by 7 fte for next year.</p> <p>Our enrollment decline in 2016-17 (147) and 2017-18 (224) is 371 students. Assuming a blended average (24 vs. 32) of 27 per class, $371 \text{ students} / 27 = 13.7 \text{ fte}$. We will seek a reduction of 7 fte which is a reasonable goal.</p>
New subtotal	3/14/17	\$1,682,000	
Savings from operational budgets	3/14/17	\$818,000	<p>We will continue to find these savings as we close 2016-17 and plan for 2017-18. This represents 2.3% of our projected operational budget total of \$35.8M in next year.</p>
Total savings		\$2,500,000	

In summary, we are achieving the savings of \$2.5 Million dollars through two primary strategies:

1. Staffing our schools in alignment with accurate enrollment data from our schools. Or simply stated, smart and proactive staffing.
2. Finding savings in our operational budgets across our entire district.