

Ravenswood City
School District

Interim Budget Update

Agenda

Process Overview

SY20-21 Budget Overview

- Expenditure
- Revenue

Changes & Implications

SY20-21 Cash Flow

Multi-Year Forecast

SY21-22 Budgeting Process

Increased Budget Transparency



Budget Process

Our strategic plan calls for, and our community deserves, a strategic and transparent budget

SP 5: Manage people, time and budget responsibly, equitably and strategically in service of students

Create and implement **transparent budgeting** and financial reporting processes that include **annual assessment of the effectiveness and efficiency of existing personnel, programs and services** and **align resources to investments** that produce the greatest outcomes for students.



Budget Process

This year we have undertaken a more comprehensive budget review than is typical

1

We met with every budget owner multiple times to understand their spending

2

Aligning our budget to our district's structure

3

Correcting inaccuracies



All together, we made or plan to make meaningful changes to 50% of budget lines and changed in all, or part, 95%+ of lines

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Budget Process

We are working to shift how we think about the detail in budgets to make them more accessible and transparent

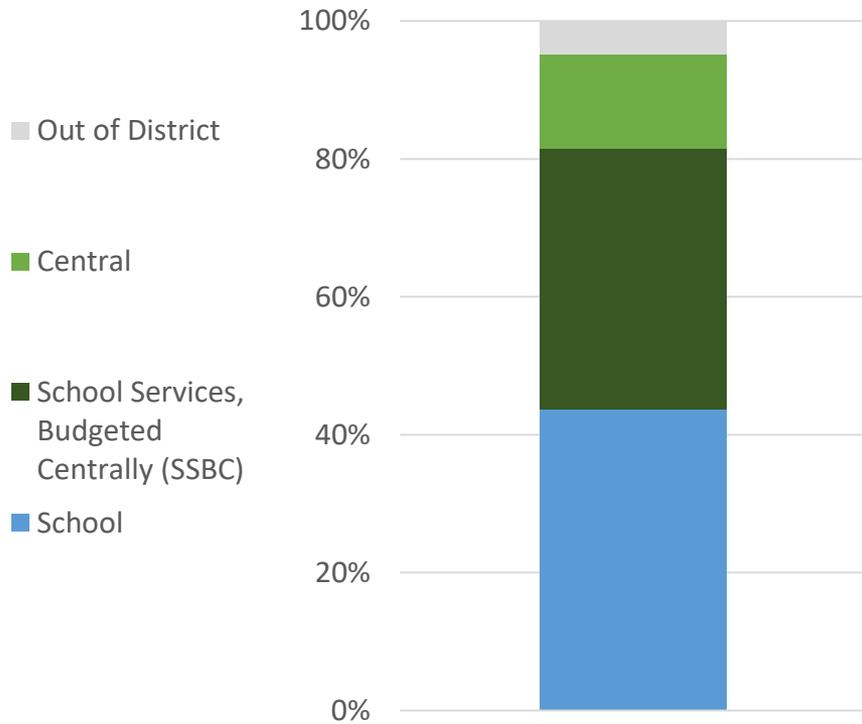
Category	Example	What it means
Level	School, Central, School Services Budgeted Centrally (SSBC)	The broad category of budget owner
Site / Department	Belle Haven, Special Education, Technology, etc.	The department name
Activity Name	Teacher, Driver Salaries, Translator, Student Supports, Custodian, etc.	Big, understandable, categories of spending within a department. These are meant to answer the question “what does your department do”?
Resource	General Fund, COVID Fund, Title I, etc.	These are the specific grant name that is supporting a funding source
Object	Office and other supplies, Teacher Salaries, gas, instructional materials	The state approved list of spending codes – that is, what specific type of thing the line is going to



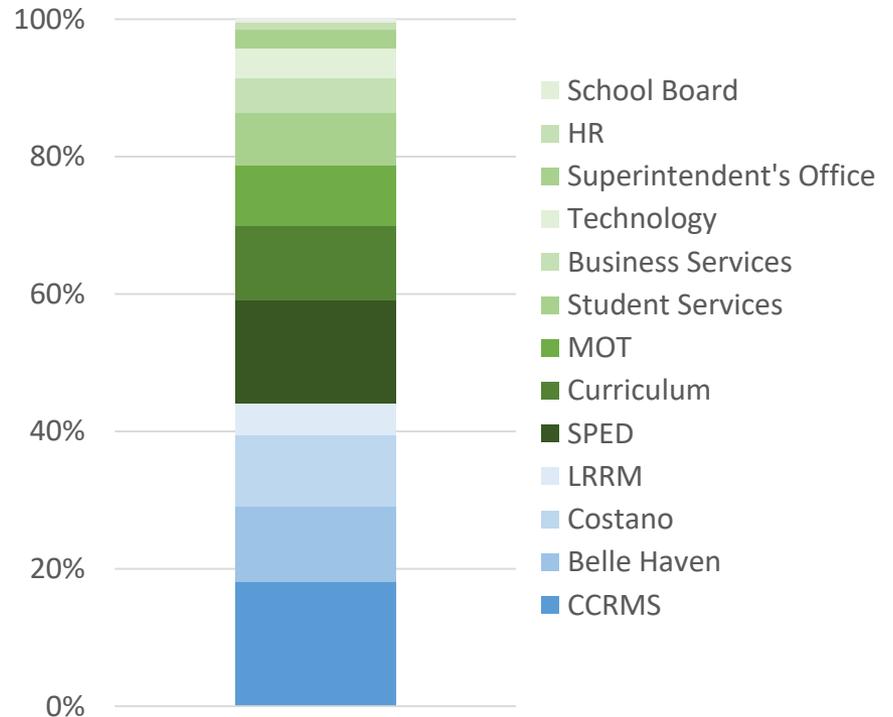
Revised SY20-21 Budget Overview – Expenses

Over 80% of the district’s budget goes directly to serving students in schools

Budgeted Expenditures, by Level



Budgeted Expenditures, by Department



Note: Excluded in this analysis are small salary amounts which the BO is currently trying to allocate to a given department; Out of District expenses refers to non-public tuition and funding for RCSD students attending the county school
 Source: Internal Data

Revised SY20-21 Budget Overview – Expenses

Activities help departments and school sites better understand their core functions and how much is spent on each

Overview of Activities

- Activities are the main areas of spend that each department/site undertakes in plain English.
- These are meant to clarify what budget owners have in their budget and how much is spent on each component.

Activity Name	Description	Budget	Resource / Grant	Object
Central Administration	Flu shots for staff	\$10,000	REF	PROFSNL/CONSLT SVCS-CLAS
Long Term Financial Planning	Building a long term financial plan	\$40,000	REF	DUES&MEMBERSHIP/LICENSING FEE
Central Administration	Includes printer supplies, unclassified credit card purchases - Rollover of SY-19 costs: Associated Business Machines 2k; postage 35k; Office Depot 29k	\$83,000	General Fund	OFFICE AND OTHER SUPPLIES
Central Administration	Posting RFQ advertisements	\$2,448	General Fund	ADVERTISING
Copiers and Printers	Maintenance of printers, etc.	\$40,000	General Fund	NONCAPITALIZED EQUIPMENT
Districtwide Audit Support	Routine audits for the district	\$60,000	General Fund	AUDITING SERVICES
Districtwide Insurance	Property insurance for the district	\$259,175	General Fund	PROPERTY & LIABILITY INSURANCE
Districtwide Mailing	Districtwide postage costs	\$35,000	General Fund	POSTAGE
Software	Financial software for BO use (Financial 2000) and Data software for districtwide use	\$35,000	General Fund	DUES&MEMBERSHIP/LICENSING FEE

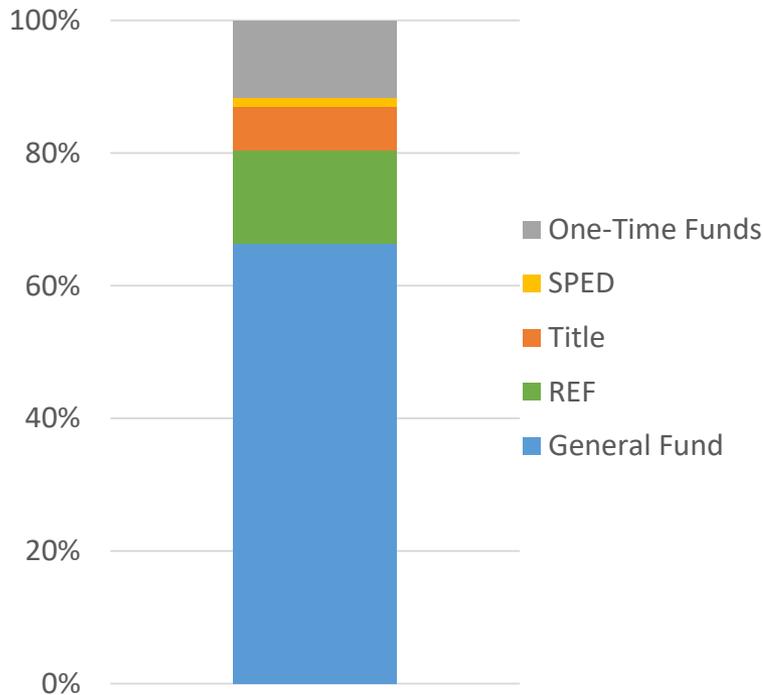
Note: A Title I Summer School hold of \$750k has been excluded from this analysis along with any other \$1 holds
 Source: Internal Data



Revised SY20-21 Budget Overview – Expenses

A meaningful portion of RCSD’s budgeted spend will come from our General Fund, which is heavily funded by our LCFF apportionment

Expenditure by Revenue Source



Overview of Revenue Sources

General Fund

- Includes our apportionment from the state based on average daily attendance (ADA) from the prior school year
- Includes Supplemental and Concentration grants (S&C) for disadvantaged pupils
- Includes rental revenues
- Also includes funds earmarked to augment the Special Education allocation

REF Funds

- Funds from the Ravenswood Education Foundation, typically covering costs for specific programs

SPED Allocation

- State and Federal SPED apportionment based on the number of SPED students in the prior school year

Title Funds

- Federal funds dispersed under the Every Student Succeeds Act (ESSA) of 1965. There are 4 types of title funds we receive. For ease of understanding:
 - Title I: For low-income students
 - Title II: For improving teacher and principal quality (recruiting or professional development)
 - Title III: For English learners
 - Title IV: Supplements other title funds

One-Time Funds

- Other funds that RCSD receives for one-time usage (e.g., Coronavirus relief funds, Afterschool program funds, etc.)



Note: This slide shows our budgeted expenditures by the fund they are likely to be spent from, as such, there may be minor discrepancies between this chart and our revenue chart, given that budgeted revenue and budgeted expenses may not have the same topline

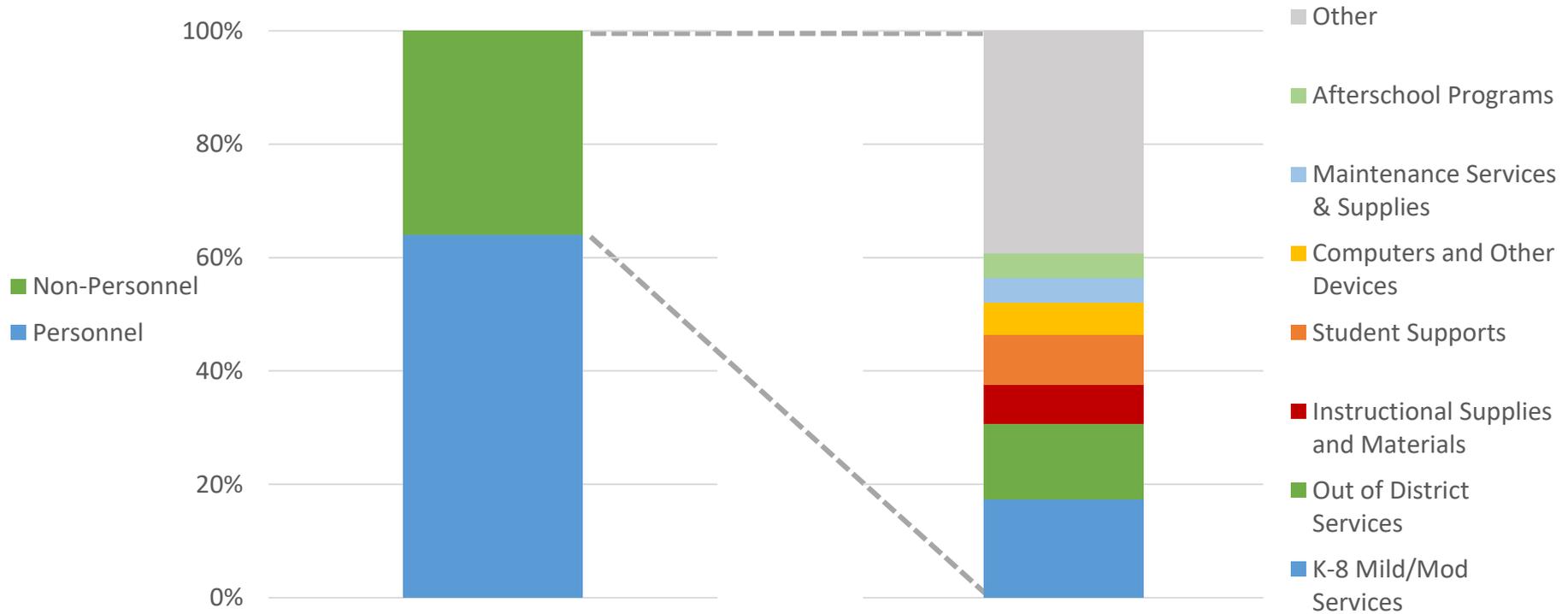
Source: Internal Data

Revised SY20-21 Budget Overview – Expenses

A majority of our budgeted spend will be towards salaries and benefits of staff & teachers

Expenditure by Type

Non-Personnel Expenditures



Note: "Other" category includes all other activities that departments and sites plan to do during SY20-21
Source: Internal Data

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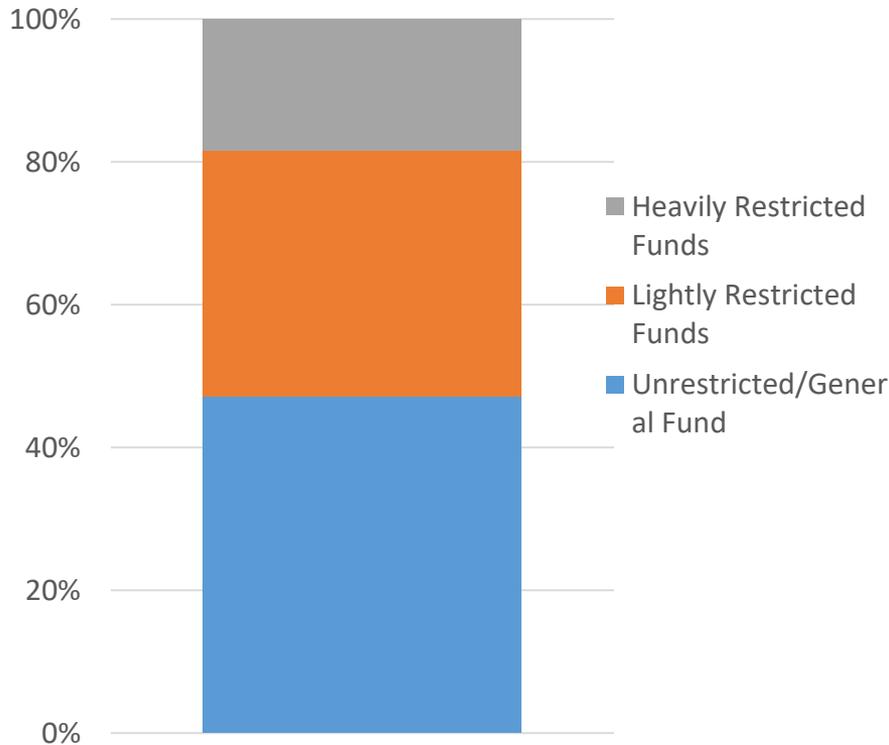
Increased Budget Transparency



Revised SY20-21 Budget Overview – Revenue

While a small portion of our funding is truly unrestricted, we have varying levels of control over our remaining funding sources

RCSD Estimated Revenue, by Fund Restrictiveness



Overview of Fund Restrictiveness

Unrestricted Funds

- These are funds that do not have to be used for an express purpose in the district
- This fund consists of our rental income, LCFF allotment, and some donations

Lightly Restricted Funds

- Funds that have some stipulations on how they are spent
- For example, Title I funds must be spent on low-income students, but there is some flexibility in terms of what can be bought
- Title funds and REF funds make up a large majority of this amount

Heavily Restricted Funds

- These are funds that have specific usages and where the district must spend a particular amount on a specific cause
- For example, we have relatively little flexibility in our Special Education funds



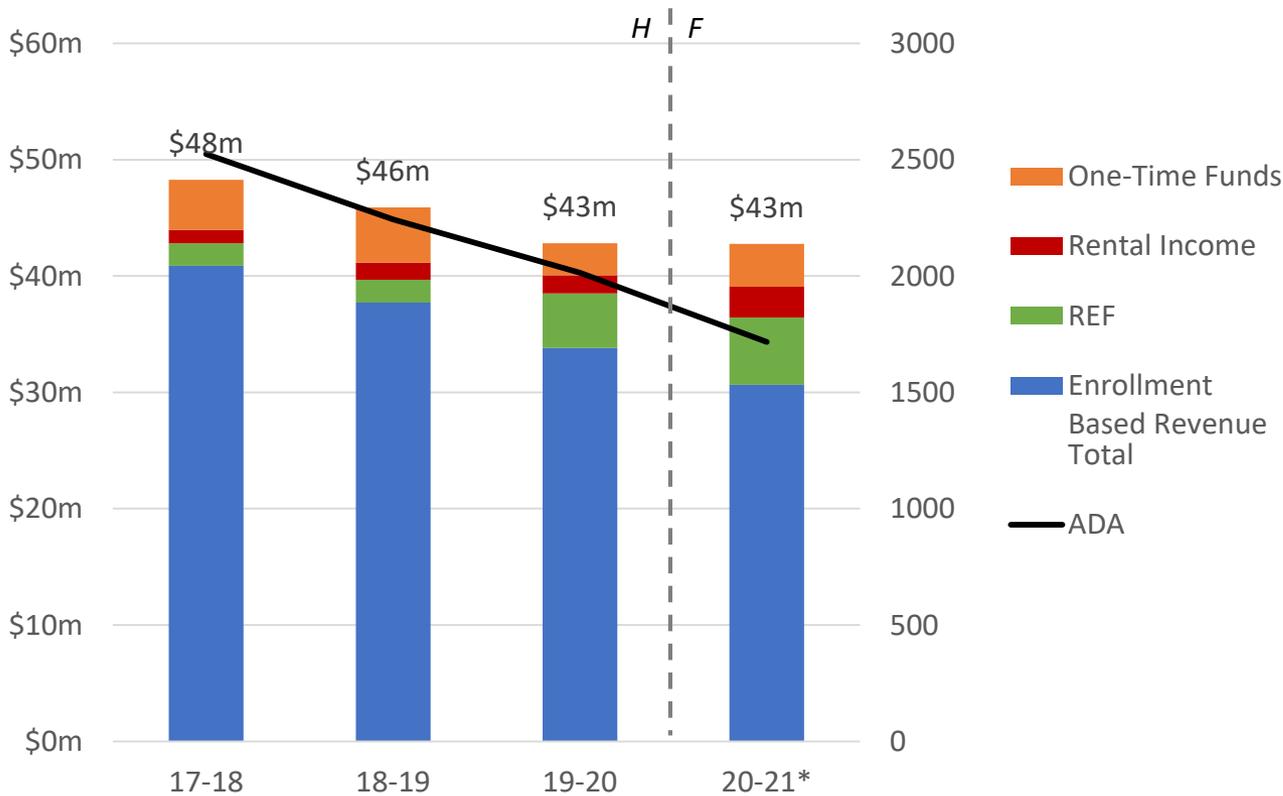
Note: Only includes revenues from Fund 01
Source: Internal Data

Revised SY20-21 Budget Overview – Revenue

Overall revenue has not decreased as quickly as enrollment, in large part due to REF...

Revenue by Type of Funds

Notes



- Historically, expenses have not always been allocated to the correct fund, creating some discrepancy
- In SY20-21 there is a large influx of revenue due to Coronavirus relief packages and a ~\$3m grant from the Peery Foundation (captured in REF funds)

*SY20-21 is an estimate for total revenue based on current revenues received and early budget projections

Note: Only includes revenues from Fund 01; "Enrollment Based Revenue" includes Title Funds, Other Federal Funds, SPED Funds, and our LCFF allotments, due to the varying nature of these specific categories of students, the revenue may not completely align to the ADA; additionally LCFF allotments are done based off of the prior year ADA

Source: Internal Data



Revised SY20-21 Budget Overview – Revenue

...This has resulted in significant increases in per pupil revenue over time

Per Pupil Revenue Over Time



Note: Only includes revenues from Fund 01
Source: Internal Data

Revised SY20-21 Budget Overview – Revenue

The result is the RCSD has more total funds per pupil than neighboring districts...

All Funds Expenditures Per Pupil, SY17-18

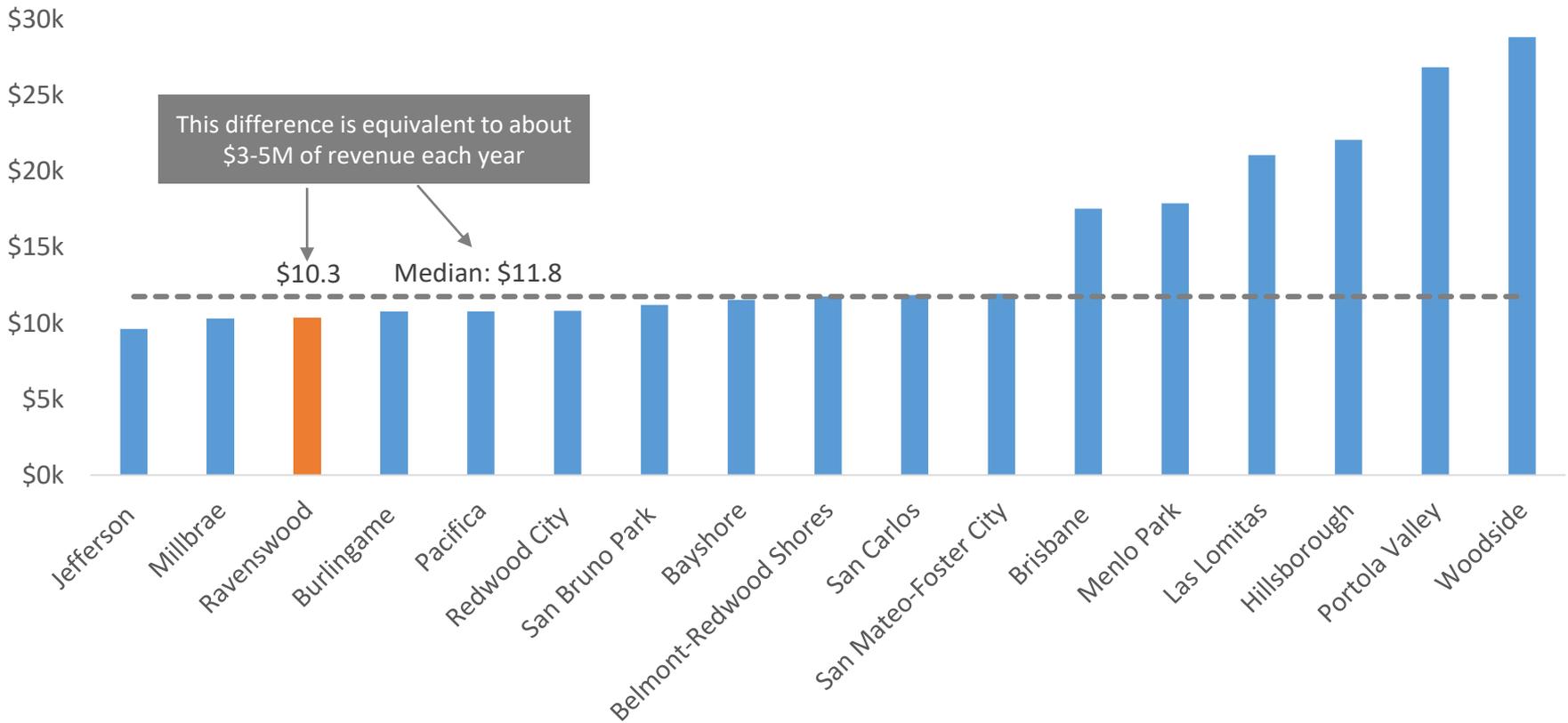


Note: Expenditures per pupil is calculated as total expenditure divided by average daily attendance
Source: Ed-Data

Revised SY20-21 Budget Overview – Revenue

...until you control for student need

All Funds Expenditures per Weighted Pupil, SY17-18



Source: <http://www.ed-data.org>; ERS analysis of per weighted pupil funding based on LCFF Weights of 1.2 for FRPM/EL/Foster, and 1.5 for Concentration Weight (above 55%).

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Changes and Implications

Overall, we are forecasting higher revenues and expenditure

Revenue

- State revenue has been adjusted up, as the state budget looks more positive than it did over the summer – because of that, we are no longer planning on fully drawing \$1.25m from Fund 25. **Altogether, general fund revenue is basically flat (technically down slightly)**
- We have received significant amounts of unanticipated grant money due to COVID. **Altogether total restricted revenue is up \$4.4m**

Expenditure

- As mentioned, we **have deliberately re-categorized significant portions of our expenditure**, with more movement to come
- We have worked hard to **shift expenses from the general fund to grants**, where permissible and appropriate
- Altogether, **budgeted GF expenditures are \$450k lower while total restricted expenses are up \$4.4m**

Net Impact

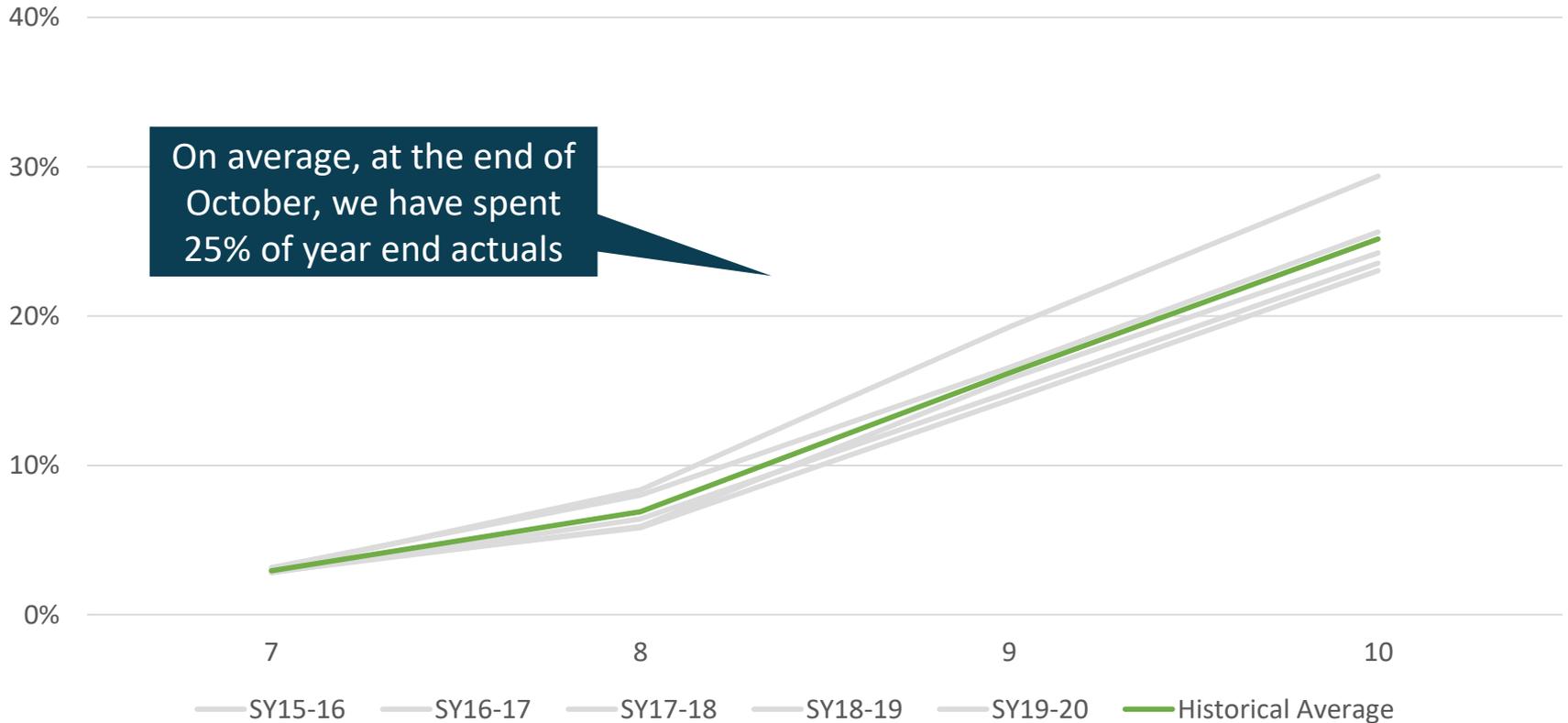
- There remains a lot of uncertainty in this budget, however we have a **smaller deficit than anticipated and have been able to avoid** – at this point – drawing down any of our Fund 25 Reserves



Revised SY20-21 Budget Overview – Balance

Historically, RCSD has spent ~25% of its budget by the end of October

Actual SY20-21 Spend in Comparison to Historical Spend



On average, at the end of October, we have spent 25% of year end actuals

Note: In June (the last month of the school year), there is usually a spike in expenses of about 2x the normal rate. This is attributable to us paying any outstanding amounts to vendors and departments using the remainder of their budget that will not rollover into the next school year. The line with the large spike in September is SY19-20, likely due to bus purchases.

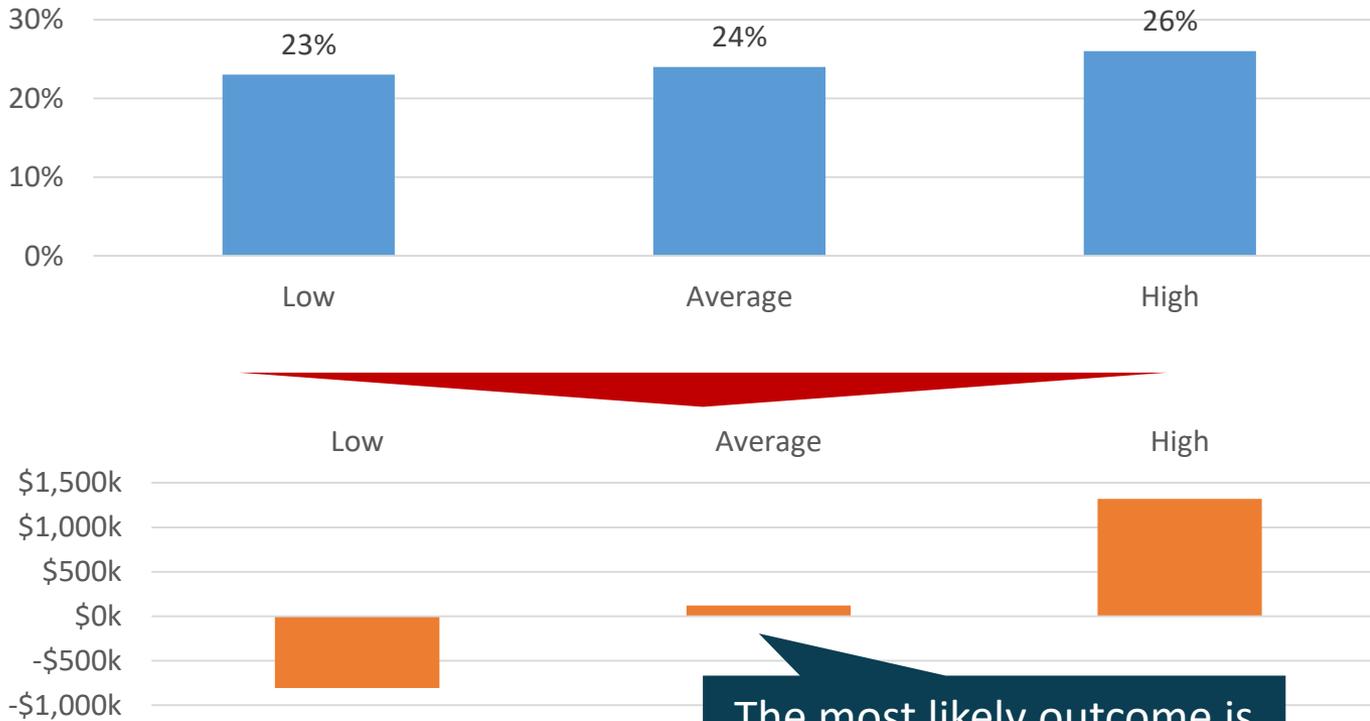
Source: Internal Data



Revised SY20-21 Budget Overview – Balance

Based on year to date expenditure, RCSD will likely see a near-balanced budget, with a range of possible outcomes

Potential Surplus/Deficit Outcomes Given Current Spending and Historical Spending Rates



Should our current expenditures through Oct 2020 represent the percentage of spend through October for one of the past 5 years, we would see a range of outcomes from a ~\$1m surplus to a near \$1m deficit

The most likely outcome is a close to balanced budget



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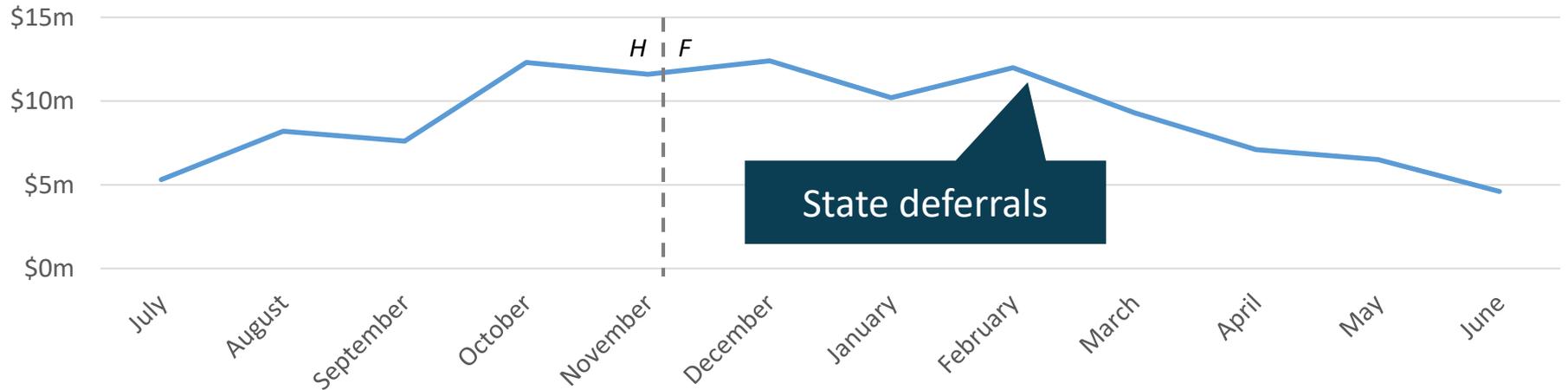
Increased Budget Transparency



SY20-21 Cash Flow

We began the year with strong cash reserves, but there is an unusual amount of uncertainty this year

Expected Monthly Beginning Cash Balance



Overview

- While our budget remains reasonably healthy, **deferred payments from the state create a possible challenge** in the spring this year.
- Fortunately, **we have begun the year with a relatively strong cash balance**, in part due to federal COVID Funding

Continued Monitoring

- Based on what we know at this point, we should have sufficient cash on hand – **however, the situation is continually evolving and this could change**
- Therefore, we continue to **actively monitor our cash modeling and are exploring various options**, including a TRAN note, out of an abundance of caution
- **We will follow up quickly should anything change**



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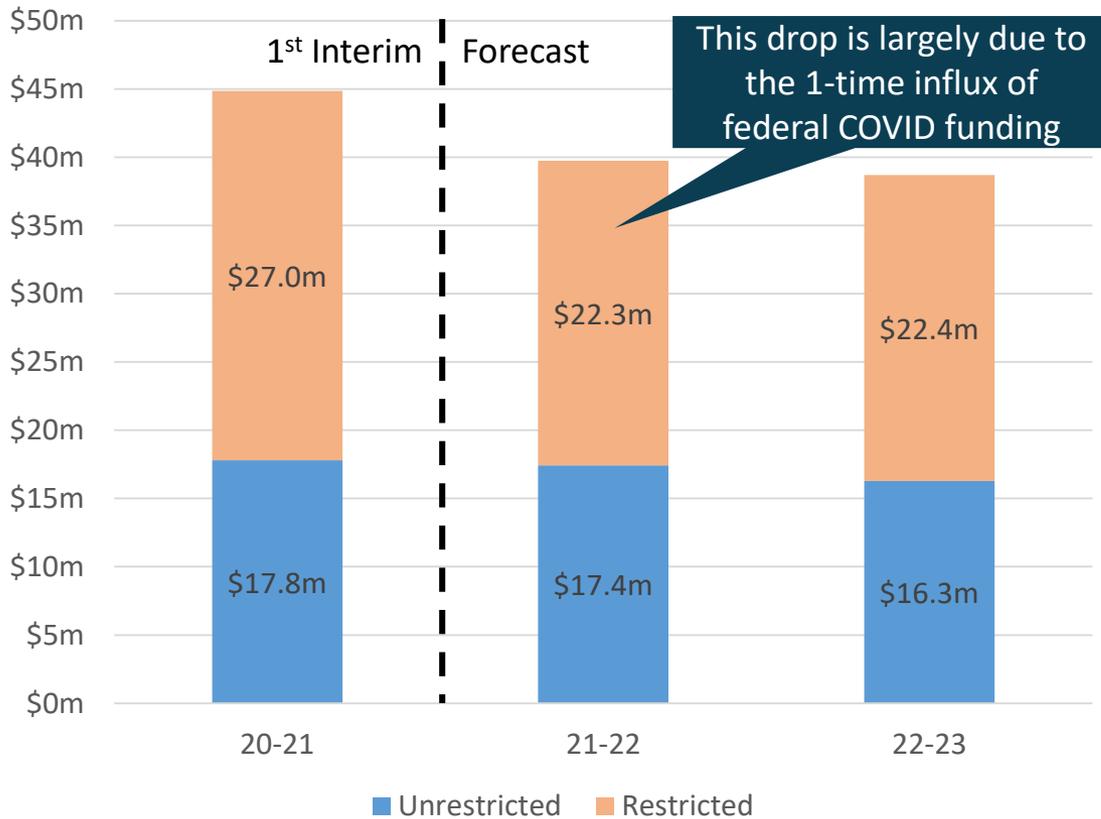
Increased Budget Transparency



Multi-Year Forecast

We expect enrollment to decline over the next few years, resulting in a decrease in enrollment and corresponding cuts

Forecast Enrollment and Revenue



Notes

We are forecasting a decline in revenue due to enrollment declines. This will require us to explore future enrollment related reductions

There is significant revenue uncertainty for us:

- Changes in state funding formula;
- Possibly moving to basic aid;
- COVID related federal stimulus;
- REF funding;
- Enrollment changes



Multi-Year Forecast

At the same time as we see declining enrollment, we feel a need for significant investments as aligned with the strategic plan

Operating Budget	Addressing learning loss	<i>New Initiative Under Strategic Priority 1 and 2</i> <ul style="list-style-type: none">• Due to the pandemic, our students have made less academic and SEL progress– we will need additional investments to address this
	Increasing staff salaries	<i>Strategic Priority 3</i> <ul style="list-style-type: none">• We pay the lowest, or among the lowest, in the county for nearly all positions
	Expanding early childhood	<i>Strategic Priority 4</i> <ul style="list-style-type: none">• We need to address a lack of access to pre-k across the district
	Other investments as needed	
Capital Budget	Better facilities	<i>Strategic Priority 5</i> <ul style="list-style-type: none">• We need to make significant and strategic investments in our campuses, while rethinking our overall district footprint



Notes: We have made a number of investments in Strategic Priority 2

Multi-Year Forecast

We are in the early stages of building a more comprehensive long term financial plan

Overview

- REF provided \$100,000 in one-time funding to **support the creation of a long term financial plan**, as well as significantly revamping our budget.
- As part of this, we are building a more robust long term financial plan to help us chart a path to new revenue streams, new investments, and **better understanding the trends and tradeoffs in our budget**

	SY	SY15-16	SY16-17	Historical			Forecast															
				SY17-18	SY18-19	SY19-20	SY 20-21	SY 21-22	SY22-23	SY23-24	SY24-25	SY25-26										
Overview																						
Revenues																						
All Funding Sources																						
LFFF	\$	31,983,126	\$	31,151,414	\$	31,721,373	\$	29,448,261	\$	30,171,066	\$	26,895,177	\$	29,503,238	\$	29,474,736	\$	29,849,415	\$	28,589,929	\$	27,997,196
Title	\$	1,517,329	\$	1,644,571	\$	1,813,532	\$	1,667,028	\$	22,842	\$	1,247,548	\$	1,079,701	\$	1,149,904	\$	1,115,333	\$	1,096,613	\$	1,019,749
SPED	\$	2,981,335	\$	3,173,297	\$	2,729,732	\$	2,616,736	\$	2,258,621	\$	2,702,757	\$	2,285,730	\$	2,079,942	\$	2,017,411	\$	1,983,549	\$	1,844,518
Afterschool & Safe Neighborhc	\$	1,024,715	\$	1,104,108	\$	1,073,970	\$	955,078	\$	986,789	\$	647,914	\$	643,489	\$	639,094	\$	634,729	\$	630,394	\$	626,088
Other Federal, State, & Local	\$	7,790,201	\$	6,334,118	\$	6,376,498	\$	7,198,567	\$	5,484,091	\$	5,306,047	\$	5,176,638	\$	5,204,138	\$	5,220,311	\$	5,262,039	\$	5,296,171
REF	\$	1,700,906	\$	1,473,198	\$	1,806,936	\$	1,232,490	\$	1,561,570	\$	1,577,871	\$	1,594,343	\$	1,610,987	\$	1,627,805	\$	1,644,798	\$	1,661,968
Rental	\$	177,233	\$	227,881	\$	1,145,840	\$	1,470,289	\$	2,106,261	\$	2,075,093	\$	2,136,746	\$	2,200,248	\$	7,813,211	\$	8,376,308	\$	8,948,862
Prop 39	\$	-	\$	-	\$	-	\$	736,365	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Donations, Grants, & Awards	\$	2,502,216	\$	2,742,124	\$	1,605,024	\$	560,556	\$	110,700	\$	57,897	\$	41,644	\$	29,953	\$	21,544	\$	15,496	\$	11,146
Total Revenues	\$	49,677,061	\$	47,850,711	\$	48,272,904	\$	45,885,370	\$	42,701,940	\$	40,510,304	\$	42,461,528	\$	42,389,002	\$	48,299,759	\$	47,599,126	\$	47,405,699
Expenses																						
All Funding Sources																						
LFFF																						
Historical Spend	\$	28,198,344	\$	27,690,210	\$	26,225,611	\$	23,099,917	\$	26,410,512	\$	6,233,884	\$	5,846,331	\$	5,807,635	\$	5,737,777	\$	5,228,063	\$	5,011,888
LFFF to SPED	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
LFFF General Fund Leftover	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Title	\$	1,517,329	\$	1,644,571	\$	1,813,532	\$	1,667,028	\$	22,046	\$	1,247,548	\$	1,079,701	\$	1,149,904	\$	1,115,333	\$	1,096,613	\$	1,019,749
SPED	\$	7,894,535	\$	7,853,240	\$	8,080,859	\$	8,456,596	\$	10,291,354	\$	2,702,757	\$	2,285,730	\$	2,079,942	\$	2,017,411	\$	1,983,549	\$	1,844,518
Afterschool & Safe Neighborhc	\$	1,024,715	\$	1,104,108	\$	1,073,970	\$	955,078	\$	986,789	\$	647,914	\$	643,489	\$	639,094	\$	634,729	\$	630,394	\$	626,088
Other Federal, State, & Local	\$	7,247,598	\$	6,393,777	\$	6,340,253	\$	5,555,609	\$	1,163,407	\$	3,801,750	\$	3,627,360	\$	3,608,528	\$	3,576,980	\$	3,569,555	\$	3,553,060
REF	\$	1,732,441	\$	1,514,267	\$	1,835,303	\$	1,687,288	\$	2,731,741	\$	2,428,162	\$	2,371,842	\$	2,317,477	\$	2,265,021	\$	2,214,434	\$	2,165,673
Prop 39	\$	4,958	\$	1,615	\$	-	\$	-	\$	859,793	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Donations, Grants, & Awards	\$	2,580,163	\$	2,752,829	\$	1,634,839	\$	623,281	\$	487,480	\$	57,897	\$	41,644	\$	29,953	\$	21,544	\$	15,496	\$	11,146
Total Expenses	\$	50,200,083	\$	48,954,618	\$	47,004,367	\$	42,044,796	\$	42,953,121	\$	37,781,206	\$	39,553,004	\$	39,299,634	\$	39,480,434	\$	38,099,970	\$	37,217,430
Net Funds	\$	(523,021)	\$	(1,103,906)	\$	1,268,537	\$	3,840,574	\$	(251,181)	\$	2,729,098	\$	2,908,525	\$	3,089,368	\$	8,819,325	\$	9,499,156	\$	10,188,270

Screenshot from
Current Long-term
Financial Plan Model



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SY21-22 Budget Process

While we are closing FY19-20, we are monitoring spending in FY20-21 and preparing for FY21-22

Sept.

Oct.

Dec.

Jan.

Feb.

Mar.

Apr.

SY19-20
Actuals

Auditors finalize their review of SY19-20 spending and prepare findings

COVID Audited Actuals Extension

Final Results Shared

SY20-21
Budget

Budget reviewed and adjusted

Interim Update #1

Interim Update #2

SY21-22
Budget

Initial Budget Projections Developed

Budget Owners Develop SY21-22 Budgets

Draft SY21-22 Budget Presented to Board



SY21-22 Budget Process

We are proposing an earlier and deeper budgeting process for SY21-22

SY21-22
Budget

Sept.

Oct.

Dec.

Jan.

Feb.

Mar.

Apr.

Initial Budget Projections Developed

Budget Owners Develop SY21-22 Budgets

Draft Budget Presented to Board

- Building off our multi-year projection, we are working to estimate the impact that changes in enrollment will have on our budget
- From here, we will give draft budget allocations to school leaders for next year while working on the central budget

- We will support school leaders and budget owners work with their community to create and revise their initial budgets
- We expect to engage with our community over this period

- We will then present a budget to the Board several months earlier than normal
- We are hoping to begin making hires based on this budget
- This budget will change as we get greater clarity on the state's budget



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Increased Budget Transparency

We are proposing taking a number of steps to build increased public confidence in our SY21-22 budget

Greater Public Engagement

- We do not want to develop a budget behind closed doors and report the outcome to the board
- We are seeking to create an iterative process that clarifies tradeoffs for the community
- We expect to hold public events focused around our budget

Long Term Planning

- Develop and release a long term financial plan that reflects the investments – and reductions – necessary to achieve the vision outlined by the strategic plan

Budget Visualization

- We have received a grant from REF to make our budget more transparent and strategic (aligned with SP5)
- One approach to that is to develop a customized website that presents our budget in an intuitive way
- We have received and reviewed multiple bids, and have selected a preferred vendor for this work



Increased Budget Transparency

We are proposing taking a number of steps to build increased public confidence in our SY21-22 budget

Budget Visualization

