



RAVENSWOOD  
CITY SCHOOL DISTRICT

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# First Interim Budget Update

December 9<sup>th</sup>, 2021

# Executive Summary

## ***FY21-22***

- Our initial budget largely resembles that presented at first interim; the most major change is the increase in salaries from the RTA contract and the corresponding increase in additional revenue from REF
- We are on-track to hit our overall anticipated contribution to Fund 17, which we hope will have ~\$10M in it at the end of this year (in addition to the 17% reserves in Fund 1)

## ***FY22-23***

- We are beginning the budget process for the SY22-23 school year, with the goal of being able to begin hiring for positions in March
- We expect to become a Basic Aid district next school year
  - Given our declining enrollment and rising property taxes, we will likely switch from LCFF funding to Basic Aid funding.
  - This means that we will be funded at a similar level over time until our enrollment reaches a certain threshold (adding ~450 students).

# Agenda

SY21-22 Budget Update

Multi-Year Forecast

Next Steps

# SY21-22 Budget Update

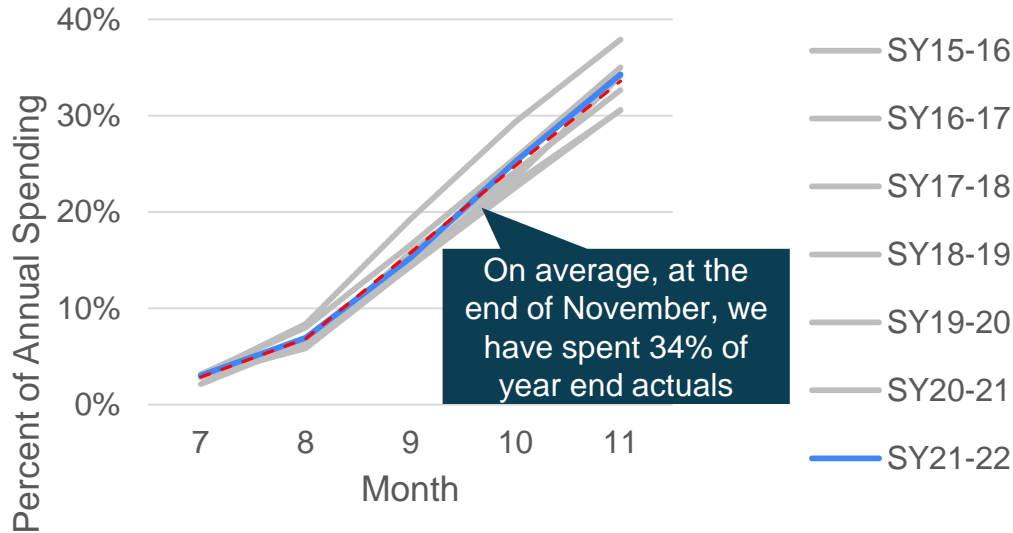
Our budget has remained relatively even with our initial projections, with the exception of raise-related increases

Category	Initial Budget	First Interim	Comments
Certificated Salaries	\$12,223,718	\$13,530,289	<ul style="list-style-type: none"><li>Increased budget to account for ~\$1.3m in raises (offset by additional revenue from REF)</li><li>Other small cleanup</li></ul>
Classified Salaries	\$5,398,331	\$5,457,531	
Employee Benefits	\$8,491,869	\$8,491,869	
Books and Supplies	\$3,316,052	\$3,769,121	<ul style="list-style-type: none"><li>Budget hold for high dosage tutoring still remains on this line, we are working to move it</li></ul>
Services and Other Operating Expenses	\$12,253,642	\$12,081,914	<ul style="list-style-type: none"><li>Reallocation and cleanup of stimulus funds</li></ul>
Other Outgo – Transfers of Indirect Costs	\$760,209	\$760,209	
<b>Total</b>	<b>\$42,443,821</b>	<b>\$44,090,934</b>	

# SY21-22 Budget Update

So far, current expenditures line up with historical spend through the end of November

## Actual SY21-22 Spend in Comparison to Historical Spend



Our initial budget forecast had us saving ~\$5m at the end of the year; based on our spending year to date we are on track to meet that

# Agenda

SY21-22 Budget Update

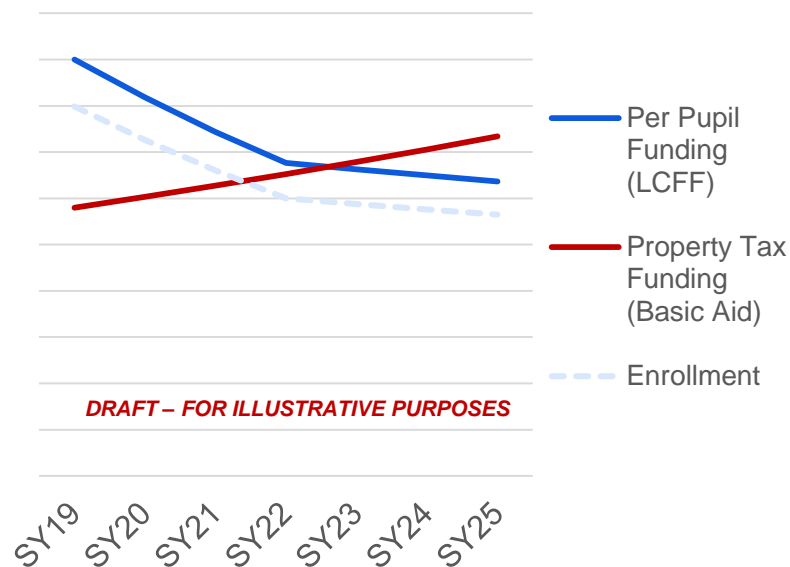
Multi-Year Forecast

Next Steps

# Multi-Year Spending & Saving Plan

Starting next year, we will be a Basic Aid district for the foreseeable future

Basic Aid and LCFF in the RCSD  
Context



## What is happening?

- We receive the greater of either a per-pupil amount from the state (LCFF) or our share of local property taxes (Basic Aid)
- Our enrollment has declined AND our property tax base has increased
- This has automatically triggered a shift into basic aid

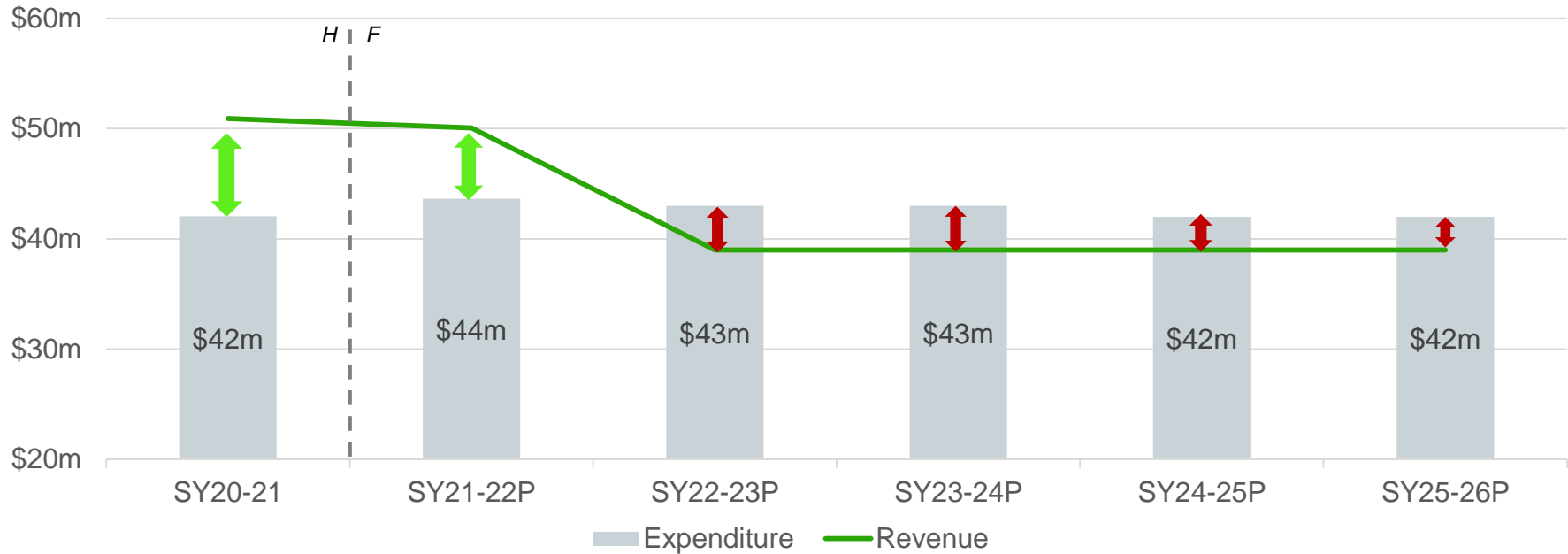
## Implications

- The district has now hit the funding 'floor' – our revenue will only go down if property tax revenue decreases in EPA/Menlo Park
- We have higher overall levels of funding
- Taking on new students means more cost, but no new funding; losing students means cost savings, and no change in funding

# Multi-Year Spending & Saving Plan

Simultaneously, we have been using stimulus funds to strategically build up Fund 17 reserves and have a plan to spend them down over ensuring years

Forecast Proposed Total Revenue and Total Expenditure





# Multi-Year Spending & Saving Plan

We have raised salaries and have a plan to sustain it in the next five years (through REF) and longer term (through leases and other plans)

After the five year REF funding period, there are multiple paths to covering these raises

The state asks us to forecast out three years – which is very difficult. Forecasting out five years is more or less impossible in normal times. Given the flip to basic aid from LCFF, overall rates of inflation, stimulus funds, new mandates, and other tumult – I have low confidence in any five year forecast.

Big Questions	Estimated Dollar Implications
Additional costs associated with closing other compensation disparities (CSEA, principals, management)? <i>(pending negotiations)</i>	<b>TBD</b> (in added costs)
Can we realign central office costs to enrollment?	<b>\$0 to \$1m</b> (in savings)
How will LCFF/Basic Aid funding change things in five years? <i>(How fast will tax revenue grow)?</i>	<b>-\$2m to \$2m</b> (in revenue)
How will our enrollment change? <i>(As a basic aid district, we get added costs but no added revenue)</i>	<b>-\$3m to \$1m</b> (in added costs)
Will REF continue to fund us at historically high levels?	<b>-\$6m to \$2m</b> (in revenue)
What will happen with required costs (e.g. general inflation, health care, special education, pension obligations)?	<b>\$-2m to \$0m</b> (in added costs)
Additional lease revenue <i>(pending negotiations)</i>	<b>TBD</b> (in revenue)

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## Next Steps - Budgeting

Similar to last year, while we close the FY20-21 year, we are monitoring this year's spending and are preparing the budget for SY22-23

