

SMCSD Budget Advisory Committee

Findings and Recommendations

Members of the Budget Advisory Committee (BAC)

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Thank you!

Public Attendees at Meetings

Healthy Bayside MLK and Willow Creek Academy

During the development of the Actionable and Advisory items the BAC recognized the importance for both Bayside MLK and Willow Creek Academy to operate robust and sustainable programs.



"What the best and wisest parent wants for his own child, that must the community want for all of its children. Any other ideal for our schools is narrow and unlovely; acted upon, it destroys our democracy." - John Dewey

Summary of Budget Advisory Committee's Work

Full review of the following components of the budget:

- Basic Budget Components
- Personnel and Benefits Costs
- Contracts and MOUs

Recommendations grouped into the following categories:

- **Actionable**
- **Advisory**
- **Cautionary**

Actionable Recommendation - #1

Over-Allocation of Space Reimbursement Rate*

Options

1. Seek reimbursement from Willow Creek Academy for over-allocation of space based on CDE rate of \$1,700 per student. CCR 11969.8 allows reimbursement between facility allocation and difference of facility use for in-district students.
 - a. **Option to assess fee on 84 out-of-district students attending Willow Creek**
 - b. **Projected Revenue= \$142,800**
2. Incurred cost not addressed in Willow Creek MOU

LCAP Links: Goal #1, Student Achievement; Goal #2, Community School

Generates additional resources to invest in robust academic programs and the implementation of the Children's Defense Fund / Freedom School model into the school year.

Calculations regarding section of the MOU

1. MOU calls for a 2% Facility Use Fee	
a. Cost to Willow Creek Academy	\$62,000 per year
2. Current District Costs (Approved MOU)	
a. Utility Costs	\$98,000 per year
b. Over-Allocated Space Reimbursement Fee	<u>\$143,800 per year</u>
(calculated using out-of-district student counts)	
Current Net Loss to the District	\$179,800 per year

Actionable Recommendation - #2

Address Low Enrollment Projections through Combination Classroom(s)

Recommendation:

1. Maintain one combination class

a. No fiscal impact - currently operating one combination class

LCAP Link: Goal #1, Student Achievement; maintains instructional delivery through minimizing combination classes.

Optional Consideration:

2. Additional Combo class with one teacher and one full-time aide

a. Option 2: Projected Savings, 1 FTE certificated = \$90,000

LCAP Link: Goal #1, Student Achievement; increased combination classes may negatively impact instructional delivery

Actionable Recommendation - #3

Move District Office to Bayside/MLK

Options

1. End lease in current offices by September 30, 2017
 - a. Sub-lease the remainder of rental agreement October 2017 through March 2018
 - b. Projected Savings, one-time in 2017-2018 = \$32,000
2. Maintain lease through March 2018
 - a. Added expense; \$32,000 expense not included in the Second Interim Multi-Year Projection

LCAP Link: LCAP Goal #2 Community School

Places support staff on the BMLK campus to better support staff and students to coordinate and connect with community resources.

Actionable Recommendation - #4

Reconfigure Administration of District and BMLK

Options

1. Seek a waiver for Admin/Teacher Ratio Penalty

(State Board of Education waivers possible for one-time anomalies and union support)

Possible Savings = \$37,708 and \$43,812 for penalties owed in 2016-17 and 2017-18

2. Reduce administrators for 2017-18 by 1.5 FTE

Additional 1.0 FTE school climate, non-administrator position (counselor, community coordinator, etc.)

Projected Savings = \$83,000

(\$63,000 savings included with 2nd Interim Multiyear Projection)

LCAP Link: Goal #3, Family and Community Engagement

Increases staff that directly support students, families, and community

Actionable Recommendation - #5

Reduced Deferred Maintenance

Options

1. Reduce contribution by 50% to \$25,000

Projected Savings= \$25,000

Risks: Ignores need for sustained facilities maintenance investment; reduced maintenance investment seen as additional key fiscal indicator of fiscal distress

LCAP Link: Goal #2, Community School

Generates additional resources to invest in robust academic programs and the implementation of the Children's Defense Fund / Freedom School model into the school year.

LCAP Conflict: LCAP Goal #4; School Climate

Potential to jeopardize safe, well-maintained school facilities and State's Basic Service Priority under LCFF.

2. Sustain contribution at \$50,000

Summary of Actionable Items

Item	Possible Savings	Notes
#1 Out of District Student Facility Use Fee	\$142,800	*Calculations are not beneficial to the district
#2 Low Enrollment (Combo Classes)	\$90,000 per combo class	Raises class sizes; creates instructional complexity
#3 Sub-Lease District Office	\$32,000	Contingent upon ability to sub-lease
#4 Administrative Reconfiguration	\$20,000 (\$63,000 included in MYP; \$83,000 Total Savings)	Replaces 1.5 Admin with a Student Support position (counselor, community coordinator, etc.)
#5 Reduce Deferred Maintenance Contribution	\$25,000	Increased budget liability
Total:	\$309,800	

Advisory Recommendations - #1

Stronger Policies, Oversight and Enrollment Management

Options

1. Improved sharing of enrollment information between BMLK and Willow Creek
2. Increase messaging for optimum enrollment to sustain robust programs at BMLK

Projected Savings = None

Focus= improved student focus and outcomes

Advisory Recommendations - #2

Efficiency Practices of Food Program

Options

1. Keep same program but attempt to reduce costs in staffing, purchasing and fee for meals
2. Increase return rate of Free and Reduced Meal Applications
3. Initiate competitive bidding process for FY 18-19

Projected Savings Goal = \$10,000+

Advisory Recommendations - #3

Reconfigure Business Office Duties

Options

1. Contract with Marin County Office of Education for District business management
2. Hire a District Chief Business Official in 2017-2018
3. Combination of Contract with MCOE and district position to support day-to-day business functions (Provides for separation of duties)

Projected Savings= \$20,000-30,000

Advisory Recommendations #4

Demolish and Tear Down Annex

Options

1. Use State Grant to tear down Annex

Projected Savings = \$0

Projected Excess Revenue= \$150,000 toward same site construction of new facility, otherwise return balance to grantee.

Advisory Recommendations - #5

Utilization of Insurance Funds

Options

1. The Budget Advisory Committee does not recommend use of funds to close structural deficit in FY17-18
Offsets 6 ½ years of remaining 26 COP payments
2. Use funds to address facility needs in FY17-18
3. May be viewed as another key fiscal indicator of fiscal distress

Projected Savings = \$0

Projected Revenue= Option 1 reduces facilities funds

Advisory Recommendations - #6

Revise MOU with Willow Creek

Options

1. Special Education Services share of costs - **Projected revenue = \$750K**
2. Utilities Costs- \$98,000
3. Ensure accurate division of contract expenses- Projected savings - \$5,000.
 - a. Technology
 - b. Insurance
 - c. Student Information System
 - d. Food Service Software for Meal Counts and Menu Planning
 - e. Others?

Other Advisory Recommendations

Fundraising and Grants

Charter Oversight Mandated Costs and Reimbursements

Negative Basic Aid Calculation

Use of Reserve Funds for 16-17 and 17-18

Legal Defense Fund Development/ Reduction of Legal Fees

Impact on Students of Advisory Recommendations

Increased Revenue and Services would be possible to address needs of students at Bayside MLK

Focus on investments at Bayside MLK to create healthy, functional school

Increase clarity for SMCSD and Willow Creek on shared costs for contracts, facilities use and enrollment policies

Increased clarity for community on the annual budget revenue for Bayside MLK and expenses link to LCAP Goals and Actions

Summary of Advisory Items

Recommendations	FY17-18	FY18-19
#1 Stronger Policies, Oversight and Enrollment Management	0	0
#2 Efficiency practices of Food Program (Estimated)	10,000	10,000
#3 Reconfigure Administration of District and BMLK	20,000	20,000
#4 Demolish and Tear Down Annex (Estimated)	0	0
#5 Utilization of Insurance Funds	0	0
#6 Revise MOU with Willow Creek to cover costs (Estimated)	868,000	868,000

Cautionary Items

- If Basic Aid Negative Excess amount included in Second Interim Budget is not included with 2017-18 Budget, the budget will be reduced by the following amounts in the Multi Year Projection:

Revenue Projected from Willow Creek at Second Interim:

<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
\$196,419	\$165,044	\$61,069

- Legal fees may be higher than \$75,000 projected in 2017-18 and 2018-19 (Estimated expense could be an additional \$25,000 or more each year)

Multi-Year Projections with Actionable Items

	2016-2017 (2nd Interim)	2017-2018 (Projected)	2018-2019 (Projected)	2019-2020* (Projected)
Revenue (Includes Basic Aid Negative Excess from WCA)	\$5,778,441	\$5,643,793	\$5,671,478	\$5,796,632
Expenses	\$6,459,257	\$5,832,487	\$5,784,403	\$5,860,180
Actionable (Decreases Deficit)	\$0	\$277,800	\$277,800	\$277,800
Net Increase/Decrease	(\$680,817)	\$89,104	\$164,874	\$214,251
Ending Fund Balance	\$ 1,176,879	\$ 1,265,983	\$ 1,430,857	\$1,645,108
Reserve % With Actionable Items Plus Basic Aid Negative Excess	12.77%	17.13%	20.23%	23.62%
Reserve % Without Actionable Items Plus Basic Aid Negative Excess	12.77%	12.05%	10.24%	8.95%
Reserve % Without Actionable Items & Without Basic Aid Negative Excess	9.73%	5.85%	2.93%	1.74%

Potential Consequences without Board Action

1. Structural Deficit remains
2. Unclear MOU and Negative Excess Calculations with Willow Creek Academy render District unable to accurately budget moving forward
3. Absent increased revenues or decreased expenditures, deficit spending continues for 3 budget years beginning with June 2017-18 Budget. Results in reduced reserves below 3% and possible Negative Certification.
4. Inability to invest in Community/Freedom School model

Linking the Budget Development Process to the LCAP

Goal 1 - Student Achievement - Provide all students with a rigorous, creative, and broad curriculum to maximize academic achievement and college/career readiness.

Goal 2 - Community School - Enhance and sustain a community school model that includes partnerships and services for improved and expanded student learning, stronger families and a healthier community.

Goal 3 - Family and Community Engagement - Generate active engagement between parents/families and the school, and connections with the community, to promote learning and success.

Goal 4 - School Climate - Creating a safe, welcoming and respect-for-all school climate

Questions and Public Comments

Thank You