

2024-2025 1st Interim Presentation

Board Presentation December 16, 2024

Rick Champion, Assistant Superintendent of Business Services
Phil D'Agostino, Ed.D, Assistant Superintendent of Educational Services

What is the First Interim Report?

- One of two annual revenue and expenditure estimates for the current fiscal year and the two subsequent fiscal year.
- Education Code Section 42130 requires school districts to file a 1st and 2nd Interim Financial Report annually.
- These reports require districts to certify they can meet their financial obligations for the current fiscal year and two subsequent years.
- The First Interim Report is due on or before December 15 and the Second Interim Report is due on or before March 15.
- Oversight: Local governance under AB 1200 ensures district financial health.

Certification Indicates the District's Ability to Meet its Financial Obligations

- **Positive** - Based on current projections, the district *can meet* its financial obligations for the current fiscal year and two subsequent years.
- **Qualified** - Based on current projections, the district *may not be able to meet* its financial obligations for the current fiscal year and two subsequent years.
- **Negative** - Based on the current projections, the district *will not be able to meet* its financial obligations for the current fiscal year or for either two subsequent fiscal years.

Based on current financial obligations, the Brea Olinda Unified School District will be able to meet its financial obligations and therefore be recommending the filing of a

POSITIVE CERTIFICATION

Executive Summary

Key Financial Components:

- **Fund Balance:** Reflects starting and ending balances for fiscal health.
- **Revenues:** Driven by Average Daily Attendance (ADA) and state funding, Federal and State budget allocations, and other local revenue sources.
- **Expenditures:** Allocated to maximize educational outcomes and LCAP preporties Federal State, and local budget requirements, and Restricted/Unrestricted Funding.

Unrestricted vs. Restricted Funding:

- **Unrestricted Funds:** Flexible use for operational needs, such as salaries, facilities, and supplies.
- **Restricted Funds:** Allocated for specific purposes like Special Education, Title I programs, or grants.

Objectives of the Interim Report:

- Assess financial condition mid-year.
- Provide updates to the Board of Education and public.
- Identify required budget adjustments for fiscal stability.

State Budget Overview 2024-2025

Governor's Budget: Signed in June 2024, focus: fiscal sustainability.

Proposition 98:

- Guarantee of \$116.8 billion for K-14 education funding.
- Suspension of Proposition 98: Temporary suspension for 2023-24. created an \$8.33 billion maintenance factor to be repaid starting in 24-25, with \$4.07 billion allocated in the first year.

COLA Adjustments:

- Local Control Funding Formula (LCFF): 1.07%.
- Special Education and categorical programs: 1.07%.

Key Investments:

- \$100 million for inclusive early education programs.
- Postponed \$550 million facilities grant for TK and Kindergarten.

TK-12 Revenue Total \$134.6



What is LCFF?

What is LCFF?

- California's primary funding mechanism for K-12 schools. Provides base, supplemental, and concentration grants based on student demographics and attendance.

BOUSD LCFF Funding Breakdown (2024-25):

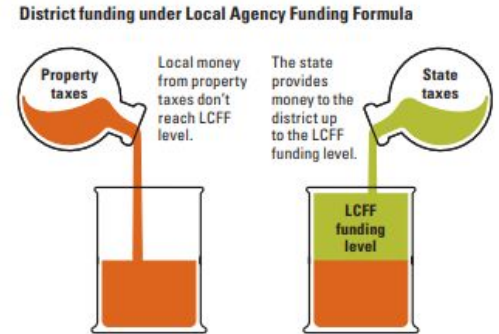
- Base Grant: \$52.21 million (property tax sources).
- State Aid: \$15.64 million.
- EPA Funding: \$1.15 million.
- Supplemental Grants: \$3.51 million for 2024-25.
- Calculated based on the 27.36% UPP (unduplicated pupils).

Key Factors Impacting LCFF Revenue:

- Average Daily Attendance (ADA): Funded at 5,745.74 for 2024-25.
- Declining enrollment trends reducing base funding.

Challenges:

- BOUSD does not qualify for additional concentration grants as its UPP is below the 55% threshold.
- COLA: 1.07%.



Key Fiscal Challenges

- **Pension Obligations:**
 - a. CalPERS (non-teaching staff): **27.05%** employer contribution for 2024-25.
 - b. CalSTRS (teachers): **19.10%** employer contribution for 2024-25.
- **Cost Pressures:**
 - a. Rising operational costs. CPI 3.2%.
 - b. Expiring COVID-19 & Block Grant relief funds supporting supporting key programs.
- **Declining Enrollment:**
 - a. Loss of revenue tied to ADA.
 - b. Mitigated partially by 3-year rolling average funding.
- **Legislative Constraints:** Limited local control use of funds.
- **Legislative Mandates:** Increasing restricted programs with proscribe funding allocations and reporting.



MAY vs AUGUST (BUDGETING FOR ENROLLMENT)

01/31/2024 2nd Int.	Grade	Budget	10/02/24	Difference (Enrollment - Budget)		
166	TK	143	173	30		
362	K	328	342	14		
383	1	387	373	-14		
439	2	397	388	-9		
449	3	443	445	2	23	1721
476	4	448	447	-1		
454	5	489	487	-2		
455	6	462	452	-10	-13	1386
456	7	459	472	13		
468	8	455	452	-3	10	924
436	9	467	407	-60		
435	10	431	427	-4		
464	11	433	431	-2		
459	12	475	478	3	-63	1743
5902	Totals	5,817	5,774	-43	-43	5,774

Enrollment vs. ADA Trends

Enrollment Trends:

- 2024-25: 5,774 students.
- 2025-26 (projected): 5,643 students.
- 2026-27 (projected): 5,554 students.

Funded ADA (Average Daily Attendance):

- 2024-25: 5,745.74 - prior year.
- 2025-26 (Projected): 5,617.38 - prior year
- 2026-27 (Projected): 5,616.84 - 3 prior year average

ADA Impact:

- Current ADA: 5,617.38 (97% attendance rate).
- MYP ADA calculated as the higher of prior year or 3-year rolling average.

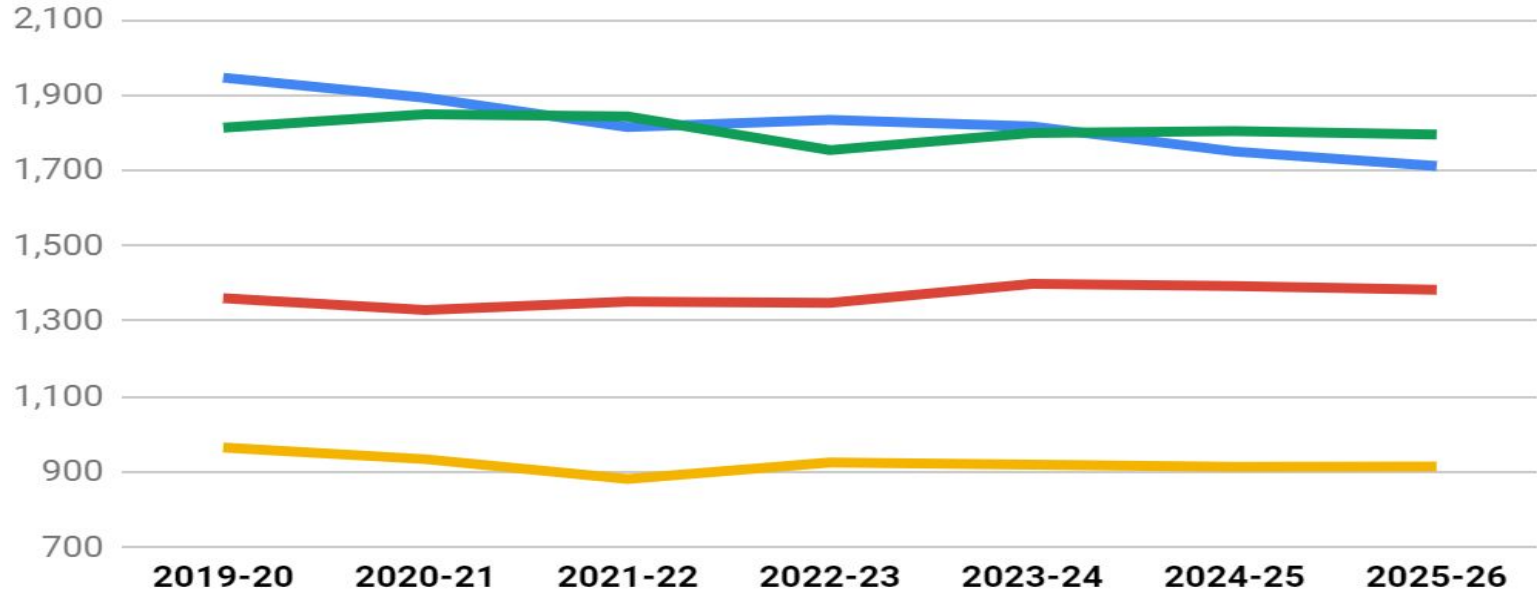
Challenges:

- **Declining enrollment affects funding and resource allocation.**

Enrollment Trends By Grade Span (Budget)

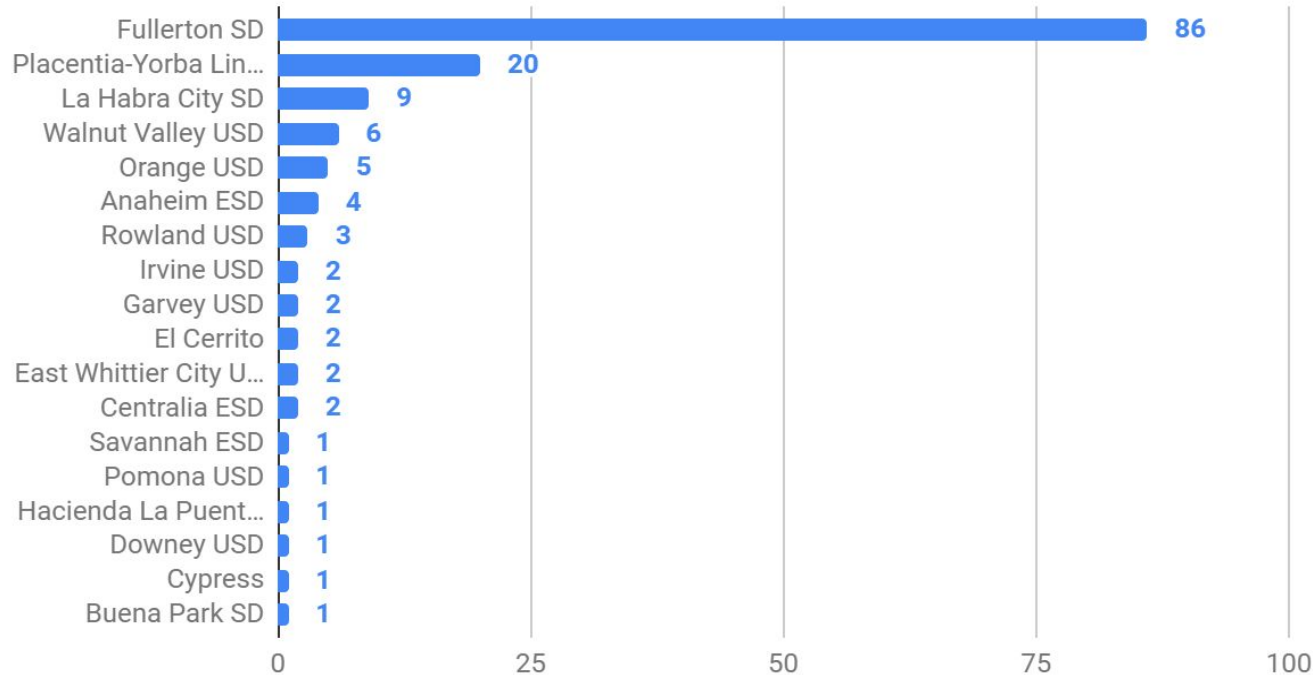
Enrollment Trends - By Grade Span (Budget)

— UTK/K-3 — 4-6 — 7-8 — 9-12



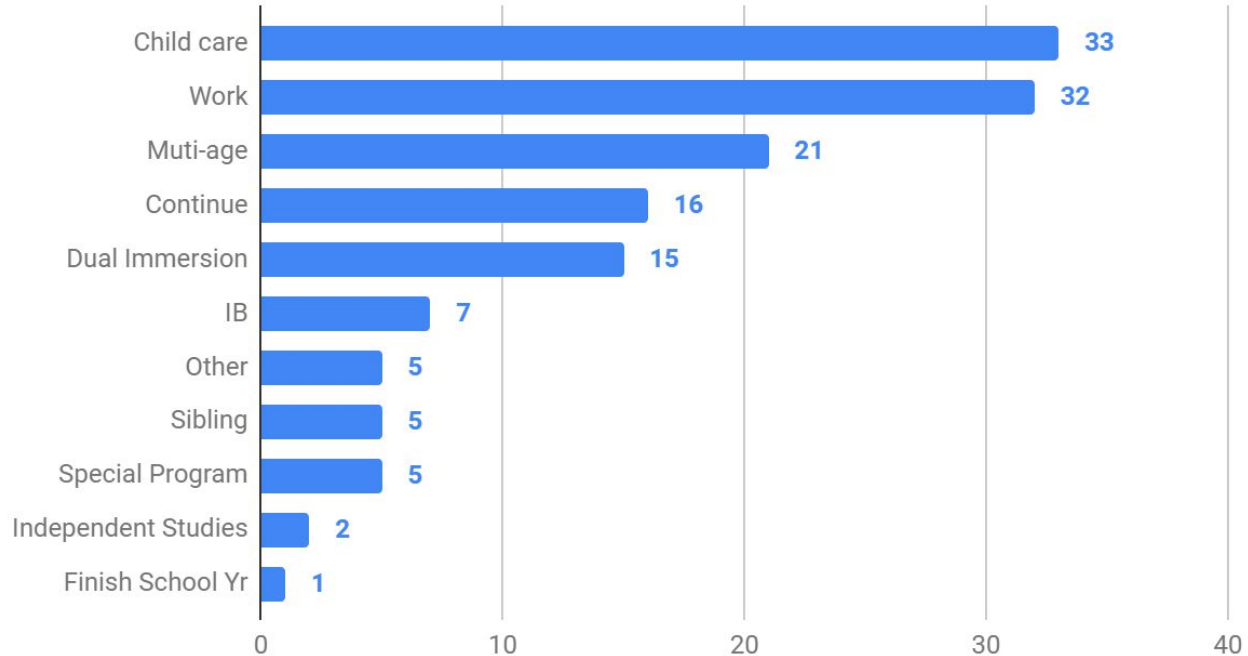
Enrollment

2024-2025 Elementary IDT's Out: Where Are They Going?



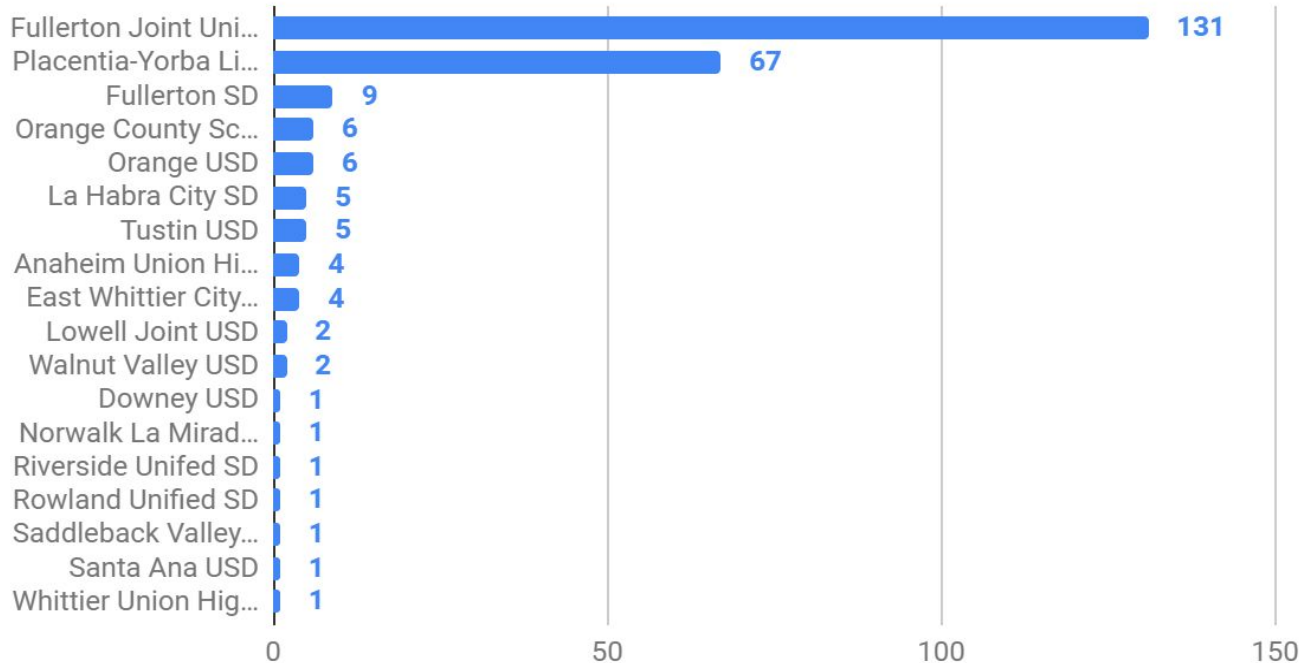
Enrollment

2024-2025 Elementary IDT's Out: Why Are They Leaving?



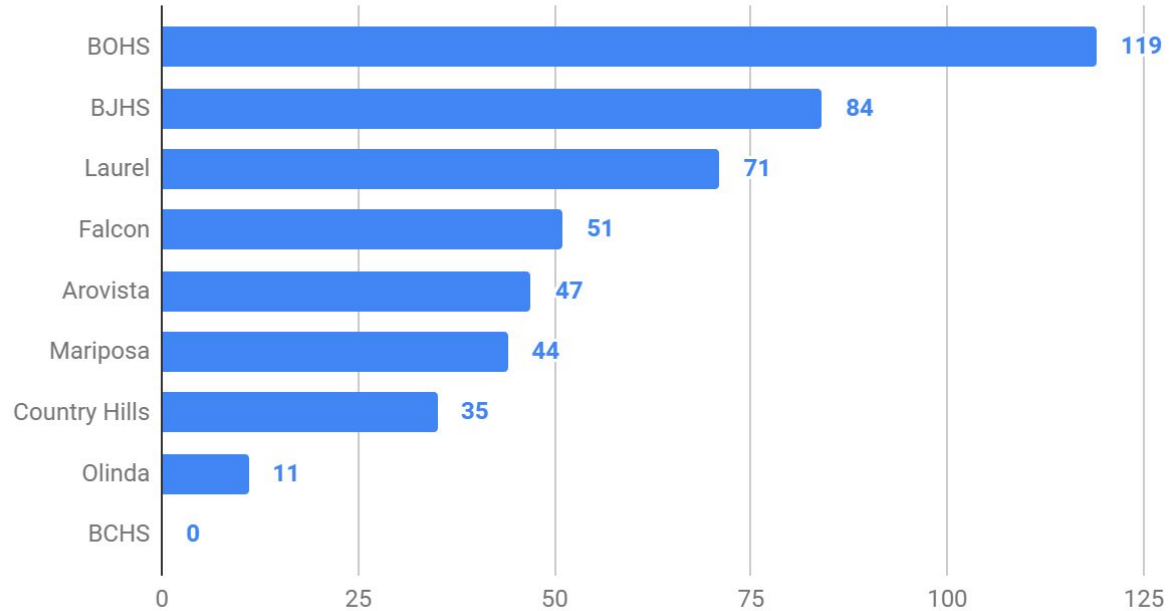
Enrollment

2024-2025 Secondary IDT's Out: Where Are They Going?



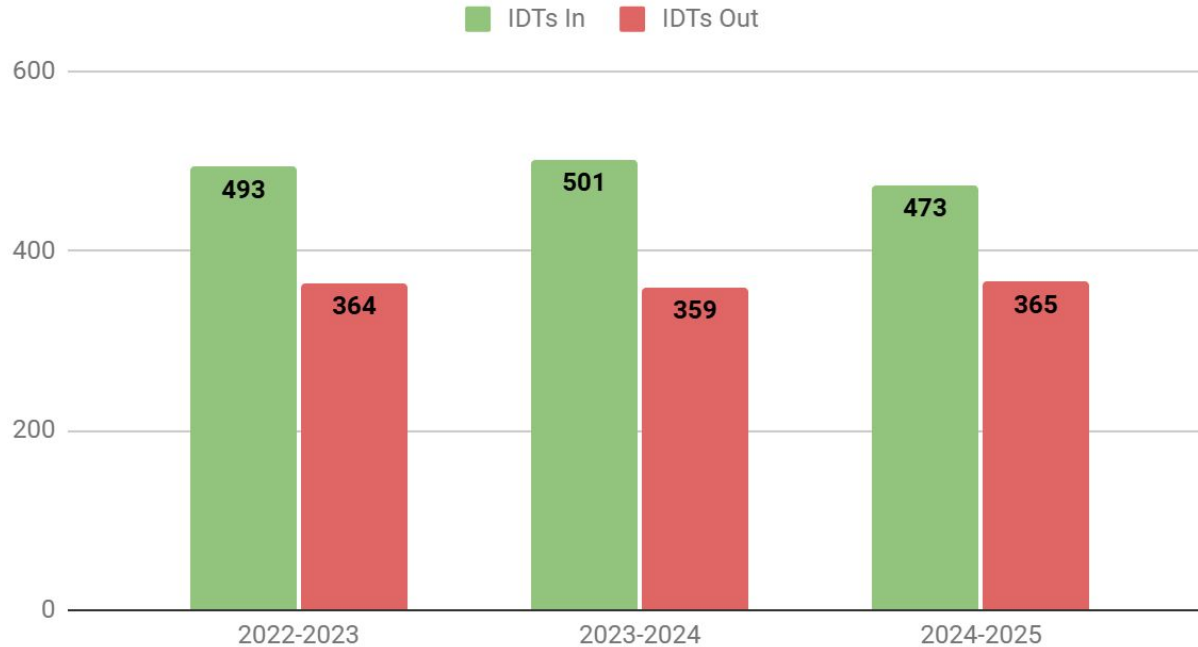
Enrollment

2024-2025 IDT's Into BOUSD by School Site



Enrollment

BOUSD IDT Totals, 2022-2024



Supplemental Funding

LCFF Base Grant Enhancements:

- **20% Supplemental Grant** for high-need students (English learners, foster youth, low-income).
- Additional **65% Grant** for UPP > 55% (BOUSD currently at 27.36%).

Projected Supplemental Funding (2024-25): \$3,513,587.

High-Need Students Definition:

- English learners, low-income, and foster youth (counted once per student).

Special Programs and Initiatives

Universal School Meals:

- We continue to provide two free meals per day for all students, regardless of income.
- Funded through federal and state programs.

Home-to-School Transportation:

- 60% reimbursement of eligible transportation costs.
- Mandated plans & Board presentation for low-income and TK through grade 6 students.

Proposition 28:

- Dedicated funding for arts and music education based on enrollment.
- 80%: Staffing for arts education; 20%: Supplies, materials, and professional learning.

Expanded Learning Opportunities Program (ELOP):

- Allocations must be spent within two fiscal years.
- Focuses on providing after-school and summer enrichment for eligible students.

Financial Stability

Certification Status: Positive

- District will meet financial obligations for the current and next two years.

Reserves:

- Minimum requirement: **3% of General Fund expenditures.**
- OCDE & industry recommendation: Maintain (two months' operating costs).

Key Risks:

- State revenue fluctuations.
- Rising cost pressures (pensions, salaries, benefits).
- Declining ADA due to demographic trends.

Next Steps

Monitor State Revenue:

- Track changes to Proposition 98 funding for 2025-26 and beyond.
- Assess impacts of state budget revisions on district finances.

Budget Adjustments:

- Prepare for rising costs in pensions (CalPERS and CalSTRS) and operational expenses.
- Align staffing and program funding with enrollment and ADA trends.

Utilize Data-Driven Planning:

- Leverage enrollment and attendance projections to refine budget assumptions.
- Explore cost-saving opportunities without compromising educational quality.

Maintain Adequate Reserves:

- Ensure 3% reserve for economic uncertainties as required.
- Build larger reserves to mitigate unforeseen revenue shortfalls.

Prepare for Long-Term Challenges:

- Address declining enrollment with innovative programs to attract and retain students.
- Strategize for expiring one-time relief funds and other grants.

The word "Feedback" is written in large, colorful, 3D block letters. Each letter is a different color: 'F' is pink, 'e' is lime green, 'e' is purple, 'd' is orange, 'b' is yellow, 'a' is light blue, 'c' is lime green, and 'k' is pink. The letters are held up from below by several hands, suggesting a collaborative or community effort. The word is centered on a white background, flanked by two vertical blue bars.