



LCPS SECOND INTERIM and 2024-25 BUDGET Preparaton

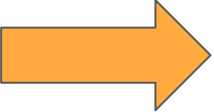

Finance Committee - 2/2/24
Board of Directors - 2/7/24



2023-24 Timeline Overview

Month to Month - where we are headed!

	First Semester
October	<p>Board Meeting:</p> <ul style="list-style-type: none"> • Dashboard Update • Finalized our Audit submissions on 9/27 • Capital Expenses from Bond <p>Finance Committee:</p> <ul style="list-style-type: none"> • Director final interviews
November	<p>Finance Committee -</p> <ul style="list-style-type: none"> • Budget Revision and 1st Interim preparation • Audit Committee (target date) • Preliminary teacher and staff compensation review for FY 24-25 SY
December	<p>Board Meeting:</p> <ul style="list-style-type: none"> • Dashboard Update • Bond Report • Audit approval • First Interim Approval • Preview teacher and staff compensation review for FY 24-25 for Board Feedback

	Second Semester
<p>January</p> 	<p>Finance Committee -</p> <ul style="list-style-type: none"> • Preliminary teacher and staff compensation review for FY 24-25 SY Continued • Budget Revision and 2nd Interim preparation • Preliminary FY 24-25 Budget
<p>February</p> 	<p>Board Meeting:</p> <ul style="list-style-type: none"> • Dashboard Update • Approve teacher and staff compensation for FY 24-25 Budget • Enrollment Lottery Update • Preliminary FY 24-25 Budget for Board Feedback, including Special Education
March	<p>Board Meeting:</p> <ul style="list-style-type: none"> • Dashboard Update • Second Interim Approval <p>Finance Committee:</p> <ul style="list-style-type: none"> • FY 24-25 Budget Continued
April / June	<p>Board Meeting:</p> <p>Finance Committee:</p> <ul style="list-style-type: none"> • Finalize FY 24-25 Budget and LCAPs



Q2 Summary

Revenues and Expenses

Lighthouse Community Public Schools (LCPS)

Budget vs. Actual

Jul 2023 to Dec 2023

	Budget	Actual	Balance	% of Budget
Revenue				
8010 - Principal Apportionment	\$21,716,737	\$10,858,369	\$10,858,368	50.00%
8100 - Federal Revenue	\$2,638,598	\$1,419,299	\$1,219,299	53.79%
8300 - Other State Revenues	\$9,067,095	\$4,533,547	\$4,533,547	50.00%
8600 - Other Local Revenue	\$942,283	\$640,248	\$302,035	67.95%
8800 - Donations/Fundraising	\$2,723,663	\$1,260,457	\$1,463,207	46.28%
Total - Revenue	\$37,088,377	\$18,711,920	\$18,376,457	50.45%
Expense				
1000 - Certificated Salaries	\$16,956,609	\$8,417,409	\$8,539,199	49.64%
2000 - Classified Salaries	\$3,018,110	\$1,367,106	\$1,651,004	45.30%
3000 - Employee Benefits	\$4,282,699	\$2,173,308	\$2,109,391	50.75%
4000 - Books & Supplies	\$3,067,633	\$1,295,782	\$1,771,850	42.24%
5000 - Services & Other Operating Expenses	\$8,487,397	\$4,735,035	\$3,752,362	55.79%
6000 - Capital Outlay	\$760,000	\$347,107	\$412,893	45.67%
Total - Expense	\$36,572,447	\$18,335,747	\$18,236,700	50.14%
Net Income	\$515,929	\$376,173		



Q2 Summary

Revenues and Expenses

Revenue	Expenses
<p>There are two changes (LCFF and Safety Grant) and one FYI item in our revenue:</p> <ul style="list-style-type: none">● LCFF: We are below at our budgeted ADA. Enrollment is down (53 students) our attendance is up 1%. We did not add many students at the semester.● BiPartisan School Safety Grant - we have formally received notification and will budget 700k for this year and next two years (\$2.1M).● Last Year of ESSER, Educator Effectiveness, Strong Workforce, A-G Learning, and Learning Recovery Emergency Blcok Grants - We will be winding down spending by the end of the school year for these grants.	<p>There are three main changes as we evaluate our expenses this fiscal year:</p> <ul style="list-style-type: none">● Personnel vs. Substitute Costs: Due to:<ul style="list-style-type: none">○ COVID Absences○ Vacancies - both Teaching and Special Education Aides○ Regular staff absences○ Short term / Long term Leaves of Absences● Moving “pre-pay” purchases for the following school year i to next year's budget. This largely hits operational, tech, and curriculum spending in the spring as they gear up for the upcoming school year,● Other unexpected expenses: Legal



Revenue Assumptions for 2nd Interim (March) for 2023-24

To have a strong fiscal close to the end of the FY:

- **LCFF:** Increase our attendance rates to improve ADA. This requires us push second semester to get to a 92% attendance rate or higher for the end of the year.
- **Restricted Funding:** We are on pace to spend down all restricted funding budgeted for this FY, including ESSER and other one time related grants that end this summer.
- **New Grants:** BiPartisan Safety Grant (approx 700K), we may be able to offset a
 - unbudgeted contracted campus safety costs (approx \$4K per week).
 - Investment in security cameras and cabling this spring / summer

Notes:



Expenses Assumptions for 2nd Interim (March) for 2023-24

To have a strong fiscal close to the end of the FY:

- **1000, 2000, and 3000:** We are on pace to be within our budget for all certificated and classified employees, as well as for benefits costs.
- **4000 and 5000:** Here, we expect to be under budget, as historically, spring spending at the end of the year was largely for school readiness for the next. One shift in our accounting we want to make is to book revenue/expenses for purchases for the following SY
 - Note: this will have implications / shifts to our 2nd interim and end of year close that may be slightly different from adopted budget.
 - Next level streamlining of Tech, Operational, SPED Contracting, and Curriculum management.
- **Unbudgeted Expenses:** Continue to monitor substitute, legal, facilities costs (example: city taxes were unbudgeted for Lodestar's 15 parcels).

Notes:

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MYP Scenarios vs. Teacher Compensation

Managing toward 2 key increases - Keep our Step Increases

- **Original Rationale:** A modest flat increase (1-2%) allows us to continue to compete in the Bay Area market & with OUSD and continue to address rising cost of living concerns for all staff while tempering what we pay for staff who are not fully credentialed and whom we are already investing in through tuition assistance, support to attain licensure, etc.
- **Final Proposal:** Due to current fiscal landscape, adding an additional flat increase is not feasible and is less important in terms of needed market adjustments than an add-on for credentialed teachers.

Flat Increase	Flat Increase Cost	% Increase to Total Teacher Comp
0.0%-Only Go Up A Step	\$141,592	1.90%
Step +1.0%	218,600	2.90%
Step + 1.5%	\$257,104	3.40%
Step + 2.0%	\$295,608	3.90%



MYP Scenarios vs. Teacher Compensation

Managing toward 2 key increases - Prelim/Clear Add-ons

- **Original Rationale:** A targeted add-on addresses where we are currently least competitive with OUSD and the local charter & district market. It rewards staff who have attained licensure and have more experience and expertise—and lowers other costs (time & money) as we don't have to invest in their training at the same rate.
- **Final Proposal:** We propose adding the maximum add-on for Preliminary and Clear Credentialed Teachers to better ensure our position in the market for more experienced teachers who are more likely to achieve stronger student outcomes and who are in higher demand and being offered more competitive salaries in the Bay Area currently.

Targeted Add-On for Prelim/Clear	Cost	% Increase to Total Teacher Comp
\$1,000/\$2,500	\$101,000	1.3%
\$1,500/\$3,000	\$130,500	1.7%
\$2,000/\$4,000	\$174,000	2.3%
\$2,500/\$5,000	\$217,500	2.9%



MYP Scenarios and Summary

Revenues and Expenses

Revenue	Expenses
<p>We modeled three scenarios that will impact our Principal Apportionments / LCFF funding (8010);</p> <ul style="list-style-type: none">● Best Case Scenario: We modeled LCFF funding here at:<ul style="list-style-type: none">○ 1640 students and 92% attendance● Middle Case Scenario- We modeled LCFF funding here at:<ul style="list-style-type: none">○ 1610 students and 92% attendance● Low Case Scenario- We modeled LCFF funding here at:<ul style="list-style-type: none">○ 1570 students and 90% attendance <p>Note: We did not include the \$2.5M - 3M from ERC in this modeling.</p>	<p>Here, kept staffing at current rates to show approximately what the expense “overage” would be, as that would determine FTE, operational, and services reductions and we would need to make vs each scenario.</p> <p>Additionally:</p> <ul style="list-style-type: none">● Our proposed teacher compensation increases: Going up 1 step on our current rubric plus prelim/clear add ons● All other employees at 1.5% compensation increases:● Health Care Costs: We modeled a 15% increase in health care benefits going into next year:



Revenue Assumptions for MYP Scenarios

Key Revenue Assumptions for our Multi Year Projections

- **LCFF:**
 - We anticipate a 0.78% COLA increase based on the updated Governor's January projections in the best, middle, and low case scenarios for FY 2025.
 - We assumed no-change enrollment (same enrollment and attendance per each scenario) but with a 2% COLA in FY 2026 projections.
- **Restricted Funding:** State revenues will drop over the next two years due to the spend down of one time COVID related grant funding.
 - FY 24 to 25: Wind down of ESSER, Educator Effectiveness, Strong Workforce, A-G Learning Grant, and Learning Recovery Block Grant
 - FY 25 to 26: Expanded Learning Opportunities Program
- **New Grants** (Awaiting but not part of modeling)
 - Will hear back from: ASSETs/ASSES/CCLC (after school), Golden State Pathways, and a few others. This could impact other State Revenue (8300)
- **Minimal Change in our Model for other revenue sources:** Federal, other Local, and Fundraising revenue in all three assumptions

Notes:

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Expenses Assumptions for MYP

Key Expenses Assumptions for Multi Year Projections

- **1000, 2000, and 3000:** With the expected increase in LCFF at .076% for FY 25 and 2% in FY 26, we are:
 - Centering our Teacher compensation - net increase is ~\$400K for FY 25
 - Modeling a range of compensation increases for all roles at 1.5% for FY 25
 - Modeling a range of health care benefits increases of 15%; health care benefits make up ~40% of the 3000 line item.
- **4000 and 5000:** Here, we do not expect any major changes but plan to deeply analyze areas for costs saving before our final budget approval in June, and will share findings in March and April.
 - Key Areas: Special Education, Operations, Books/Supplies/Technology, and Contract Services

Notes:

- Please refer to this deck for [Teacher Compensation preliminary plan](#)



MYP Best Case Scenario (1640 + 92% for ADA)

	FY24 Adopted Budget	FY24 1st Interim Bud (Oct 23)	FY24 Projected (Jan 24)	FY25 Forecast	FY26 Forecast
8010 - Principal Apportionment	21,716,737	21,792,153	21,103,609	22,394,123	22,841,521
8100 - Federal Revenue	2,638,598	2,838,598	3,538,598	3,181,610	3,164,020
8300 - Other State Revenues	9,067,095	8,913,095	9,038,095	7,744,744	5,671,093
8600 - Other Local Revenue	942,283	847,483	847,483	998,183	998,183
8800 - Donations/Fundraising	2,723,663	2,723,663	2,723,663	2,723,663	2,723,663
	-	-	-	-	-
Total Revenue	\$ 37,088,377	\$ 37,114,992	\$ 37,251,448	\$ 37,042,324	\$ 35,398,481
1000 - Certificated Salaries	16,956,609	16,786,609	16,786,609	17,246,609	17,505,308
2000 - Classified Salaries	3,018,110	3,018,110	3,018,110	3,068,110	1,389,107
3000 - Employee Benefits	4,282,699	4,252,699	4,252,699	4,612,091	4,704,333
4000 - Books & Supplies	3,067,633	3,117,633	3,117,633	3,131,556	3,225,502
5000 - Services & Other Operating Expenses	8,487,397	8,687,397	8,687,397	8,548,838	8,439,267
6000 - Capital Outlay	760,000	775,000	775,000	782,800	806,284
	-	-	-	-	-
Total Expense	\$ 36,572,447	\$ 36,637,447	\$ 36,637,447	\$ 37,390,003	\$ 36,069,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	515,929	477,545	614,001	(347,679)	(671,320)

Notes:

- **At minimum, this would require an FTE reduction/consolidation of 5 roles.** Many of these roles are currently funded by one-time restricted revenue sources.
- **We have already planned to phase out 6-9 FTEs in this scenario (though the forecast above does not include any of those cuts or additional grant revenues we anticipate but have not yet received, showing what the budget deficit might be without them).**



MYP Middle Case Scenario (1610+92% for ADA)

	FY24 Adopted Budget	FY24 1st Interim Bud (Oct 23)	FY24 Projected (Jan 24)	FY25 Forecast	FY26 Forecast
8010 - Principal Apportionment	21,716,737	21,792,153	21,103,609	21,976,108	22,418,639
8100 - Federal Revenue	2,638,598	2,838,598	3,538,598	3,181,610	3,164,020
8300 - Other State Revenues	9,067,095	8,913,095	9,038,095	7,744,744	5,671,093
8600 - Other Local Revenue	942,283	847,483	847,483	998,183	998,183
8800 - Donations/Fundraising	2,723,663	2,723,663	2,723,663	2,723,663	2,723,663
	-	-	-	-	-
Total Revenue	\$ 37,088,377	\$ 37,114,992	\$ 37,251,448	\$ 36,624,309	\$ 34,975,599
1000 - Certificated Salaries	16,956,609	16,786,609	16,786,609	17,246,609	17,505,308
2000 - Classified Salaries	3,018,110	3,018,110	3,018,110	3,068,110	1,389,107
3000 - Employee Benefits	4,282,699	4,252,699	4,252,699	4,612,091	4,704,333
4000 - Books & Supplies	3,067,633	3,117,633	3,117,633	3,131,556	3,225,502
5000 - Services & Other Operating Expenses	8,487,397	8,687,397	8,687,397	8,548,838	8,439,267
6000 - Capital Outlay	760,000	775,000	775,000	782,800	806,284
	-	-	-	-	-
Total Expense	\$ 36,572,447	\$ 36,637,447	\$ 36,637,447	\$ 37,390,003	\$ 36,069,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	515,929	477,545	614,001	(765,694)	(1,094,202)

Notes:

- **At minimum, this would require an FTE reduction and consolidation of 9 roles.** Many of these roles are currently funded by one-time restricted revenue sources.
- **We have already planned to phase out 9 FTEs in this scenario.**



MYP Low Case Scenario (1570 + 90% for ADA)

	FY24 Adopted Budget	FY24 1st Interim Bud (Oct 23)	FY24 Projected (Jan 24)	FY25 Forecast	FY26 Forecast
8010 - Principal Apportionment	21,716,737	21,792,153	21,103,609	21,014,797	21,436,300
8100 - Federal Revenue	2,638,598	2,838,598	3,538,598	3,181,610	3,164,020
8300 - Other State Revenues	9,067,095	8,913,095	9,038,095	7,744,744	5,671,093
8600 - Other Local Revenue	942,283	847,483	847,483	998,183	998,183
8800 - Donations/Fundraising	2,723,663	2,723,663	2,723,663	2,723,663	2,723,663
	-	-	-	-	-
Total Revenue	\$ 37,088,377	\$ 37,114,992	\$ 37,251,448	\$ 35,662,998	\$ 33,993,260
1000 - Certificated Salaries	16,956,609	16,786,609	16,786,609	17,246,609	17,505,308
2000 - Classified Salaries	3,018,110	3,018,110	3,018,110	3,068,110	1,389,107
3000 - Employee Benefits	4,282,699	4,252,699	4,252,699	4,612,091	4,704,333
4000 - Books & Supplies	3,067,633	3,117,633	3,117,633	3,131,556	3,225,502
5000 - Services & Other Operating Expenses	8,487,397	8,687,397	8,687,397	8,548,838	8,439,267
6000 - Capital Outlay	760,000	775,000	775,000	782,800	806,284
	-	-	-	-	-
Total Expense	\$ 36,572,447	\$ 36,637,447	\$ 36,637,447	\$ 37,390,003	\$ 36,069,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	515,929	477,545	614,001	(1,727,005)	(2,076,541)

Notes:

- **This would require an FTE reduction and consolidation between 17 and 20 roles.** Many of these roles are currently funded by one-time restricted revenue sources.



Summary

Making Targeted Investments: We seeking approval for our teacher compensation increases through the following steps:

Investing in our Teachers through Prelim/Clear Credential Add-On and Keeping our step increase in our board approved rubric from last February.

Identifying FTE reductions / consolidations in each scenario: In each of the scenarios, we will need to have some level of reductions.

- Hence, we have identified 9 roles we will phase out in the middle and best case scenarios.
- We have also preliminary identified 10 additional roles for our low case scenario.

Working Toward our Material Revision for Lighthouse K-8 and Full Enrollment of our High Schools

- We will be bringing a discussion around a material revision to add TK (40 students) and 25 students for our middle school (total - 65 student increase)

Our Teachers in Training Model:

- We are evaluating the short and long term viability for our Teachers in Training. These roles are funded by our after school program related grants, receive CTC (teacher preparation) grants for their degree and credential/residency costs, and our one time funds (which are rolling off).

Notes:

- Please refer to this deck for [Teacher Compensation preliminary plan](#)

