



MCSO BUDGET NEWSLETTER

Welcome to the Miller Creek School District Budget Newsletter!

The District faces a \$1.2 million budget shortfall, and we are embarking on a collaborative process to prioritize spending and maintain fiscal health. The purpose of this newsletter is to share information about the budget and the work of our newly formed Budget-LCAP Advisory Committee, which was created specifically to advise the Board of Education regarding necessary budget adjustments.



A School District's Budget is More Than a Financial Statement

The budget reflects the District's priorities for its students. These priorities have been established by the MCSO Board of Trustees through the District's mission, goals, and the Local Control and Accountability Plan (LCAP). The District budget is structured to meet the needs of the students we serve.

Budget-LCAP Advisory Committee

The Superintendent has established a Budget-LCAP Advisory Committee to make recommendations to the Board of Trustees to address the budget shortfall. The Advisory Committee will meet over the next few months to review MCSO programs and services, help identify budget priorities, and review potential reductions. Through this process, the District and Advisory Committee will be engaging with community partners and interest holders to collect input from staff and the community. For more information, please check out the [Advisory Committee webpage](#) on the District's website. Included in this page is a list of Frequently Asked Questions (FAQ) where you can also submit your own questions and/or comments to budget-lcap-advisory@millercreeksd.org. Questions and responses will be posted on the Advisory Committee webpage.

Dollars and Sense

The District's budget shortfall is \$1.2 million and will require thoughtful decisions aligned with the student priorities spelled out in the District's goals and LCAP. The Advisory Committee is committed to transparency when considering the impact of any and all recommendations to the Board of Trustees. School districts operate within a complex set of state and local regulations and accounting rules and staff will be on hand to guide the Committee through these complexities.

Facts and Figures

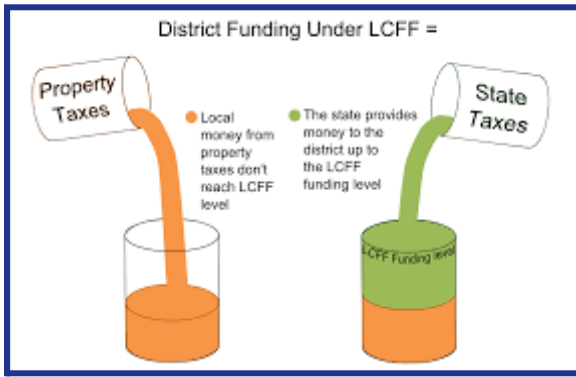
Here is a snapshot of the 2023-24 budget for the District's General Fund, showing a majority of the budget is dedicated to salaries and benefits. School district revenues are divided into two categories: Unrestricted and Restricted. Restricted revenues can only be spent according to the rules that accompany the revenues.

2023-24 1st INTERIM BUDGET REPORT

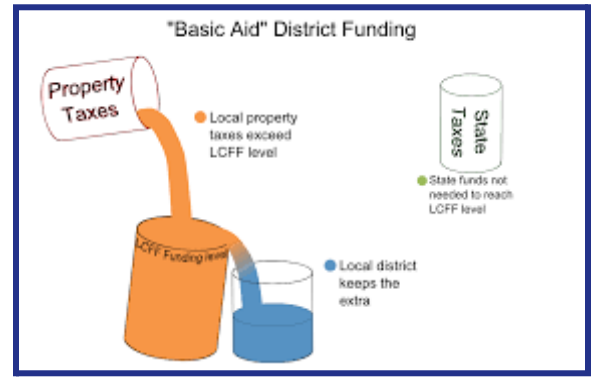
<i>As reported on 12/12/23</i>	Unrestricted	Restricted	Total
Salaries and Benefits	\$15,947,387	\$9,711,445	\$25,658,832
Books and Supplies	\$453,521	\$449,879	\$903,400
Services & Other Operating Expenses	\$2,267,858	\$3,008,023	\$5,275,881
Capital Outlay	\$53,682	\$40,000	\$93,682
Other Outgo	\$53,682	\$1,515,254	\$1,568,936
TOTAL	\$18,488,448	\$14,724,600	\$33,213,048

State Funding Explained: LCFF or Basic Aid?

School districts receive their funding through the state through the Local Control Funding Formula (LCFF). The formula establishes a district's entitlement. To meet each district's entitlement, the state first credits each district with its share of local property tax revenue. For the vast majority of school districts, local property tax revenue is insufficient to cover their total LCFF target. The state provides funding to cover the remaining amount. When property tax revenue is in excess of a district's LCFF allotment, a district keeps their excess property tax revenue to spend on their local education priorities. In 2021-22, the state had 118 basic aid school districts (about 13% of all districts).



The District does **NOT** get to choose. Assignment of the funding status is a component of the formula used to determine the District's allocation.



Being a Basic Aid district does not always mean that a district has large amounts of excess property taxes. For example, an excess of \$1 dollar above a district's entitlement classifies it as a "basic aid" district. Miller Creek School District's basic aid status generates a nominal amount of excess property taxes.

Core Budget

MCSO REVENUE VS EXPENDITURE SUMMARY							
Description	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Revenues	\$ 25,102,457	\$ 26,971,965	\$ 28,419,362	\$ 33,392,342	\$ 32,129,304	\$ 31,172,199	\$ 32,163,848
Expenditures	\$ 25,362,342	\$ 26,402,607	\$ 29,152,768	\$ 31,932,075	\$ 33,217,043	\$ 32,866,582	\$ 33,127,731
Deficit/Surplus	(259,885)	569,358	(733,406)	1,460,267	(1,087,739)	(1,694,383)	(963,883)
Data Source:	UA 9/20	UA 9/21	UA 9/22	UA 9/23	1st Interim	MYP	MYP

In recent years, the District has received an unprecedented level of one-time federal and state stimulus funding during and following the COVID pandemic, which allowed the District to implement important enhanced programs and services that served the significant needs of students. The District budget has operated at a deficit to a slight surplus as these funds were spent over multiple years. The District is expending the last of the one-time funds in the current year. Looking ahead to the 2024-25 fiscal year, it's projected that the District will need to implement budget reductions totaling \$1.2 million to address deficit spending and avoid spending down its reserves.

Reserves

The District's financial forecast shows district reserves declining. While the District meets the State-required reserve of 3% in the current year and the next two years, the Board values fiscal preparedness and recognizes the value of achieving the Government Finance Officers Association (GFOA) reserve recommendation of 17% of general fund expenditures. Strong reserves help to protect students and programs from future financial uncertainties.

