



BERRYESSA UNION SCHOOL DISTRICT
981 Ridder Park Drive, San Jose, CA 95131

BUDGET STABILIZATION PLAN



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INTRODUCTION

A Budget Stabilization Plan serves as a critical instrument in navigating the ebbs and flows of fiscal uncertainty, ensuring sustainable financial health, and fortifying against unforeseen economic challenges. This comprehensive strategy aims to proactively manage fluctuations in Berryessa Union School District's revenue and expenses to ensure financial solvency in future years.

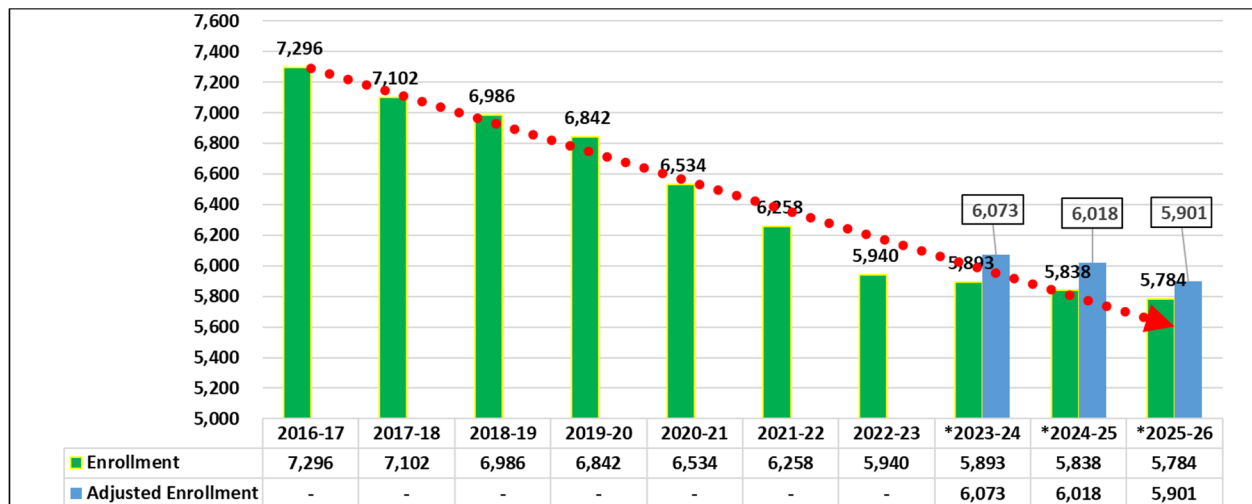
This document brings forth tools and recommendations to assist the Berryessa Union School District as it navigates through this difficult economic time and ensuring the District's ability to deliver programs and services that its students deserve.

CHALLENGES

Over the past 6 years Berryessa Union School District has faced substantial issues that affected the District's budget. These issues have led to a structural deficit.

ENROLLMENT

Enrollment has been at a steady decline from 2016-17 to what is currently projected for the 2025-26 school year. The graph below illustrates that since 2016-17 the district has lost a total of 1,356 students or 18.%. This loss equates to a decrease of approximately \$14.916m in the Unrestricted General Fund.



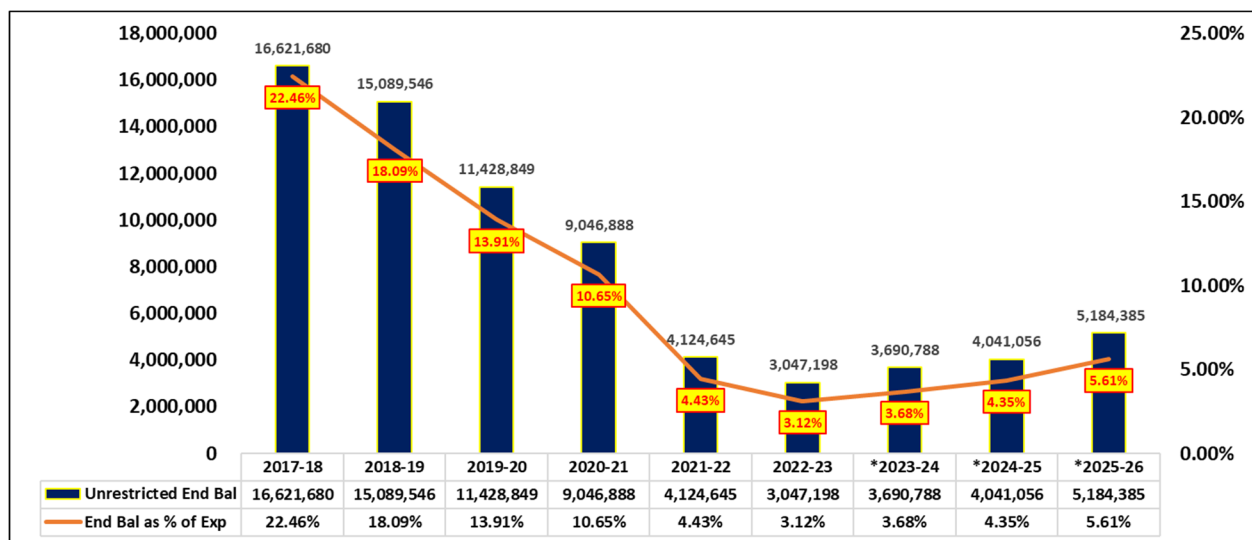
DISTRICT RETIREMENT CONTRIBUTION

The State Teachers' Retirement System (STRS), and the Public Employees' Retirement System (PERS) are two significant retirement systems for school districts. Over the past 6 years, Berryessa's contribution has increased significantly. Without a corresponding increase in revenue, these increases have put significant pressure on the District's budget.

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25*	2025-26*
STRS	12.58%	14.13%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%
PERS	11.85%	13.89%	15.53%	18.06%	20.73%	23.60%	25.37%	26.68%	27.80%	28.50%
* Projections										

DEPLETING ENDING BALANCE

Due to the structural deficit, the District has depleted its ending balance and reserves. In 2016-17 the District had a healthy ending balance of \$16.621m which equated to a reserve amount of 22.46%. This was well above the State required 3%. However, in the 2022-23 fiscal year the district had an ending balance of \$3.047m, which is about 3.12%.



BUDGET STABILIZATION COMMITTEE

In May of 2022, a Budget Stabilization Committee was formed as a result of the District's deficit spending, and of the concerns that the Santa Clara County Office of Education has on Berryessa meeting its future financial obligations. The committee was tasked to find, either, increasing revenue or reducing expenditures by \$6m over the course of 2 years.

The Committee is currently comprised of the following members:

- 2 Californian Teachers Association of Berryessa (CTAB) representatives
- 2 California School Employees Association (CSEA) representatives
- 2 Teamsters representatives

- 4 Parents
- 5 Administrators (combination of Elementary School, Middle School and District Office)

The Budget Stabilization Committee held a total of nine (9), two (2) hour meetings, both via Zoom and in person, to establish recommendations to Berryessa's Board of Trustees to increase revenue and reduce total expenses. All meetings were facilitated by two (2) independent consultants from Eric Hall & Associates/MGT.

The committee reviewed and analyzed the District's current financial status, as well as, provided essential feedback. Through this process the committee determined a total of five (5) recommendations. Two (2) of the recommendations would assist in generating revenue, two (2) recommendations would help reduce expenses and one (1) would assist with both.

RECOMMENDATIONS

RENT/LEASE OUT EMPTY SITE(S) OR CLASSROOMS

PROS	CONS
<ol style="list-style-type: none"> 1. Funding in 2024-25 2. Regular Income Stream 3. Address Structural Deficit 	<ol style="list-style-type: none"> 1. Limited Funding 2. Possible to have outside entities on campuses 3. Adjusting to new entities on site 4. No Guarantee

SELL DISTRICT PROPERTY

PROS	CONS
<ol style="list-style-type: none"> 1. Funding at \$42.5m 2. Less property to maintain 3. Reduces insurance liability 	<ol style="list-style-type: none"> 1. Potential need for 7-11 committee 2. Legal implications 3. City of San Jose parameters 4. One-time funding 5. Receive funds in FY2025-26 6. Property no longer available 7. Limited use of funds with the General Fund 8. Does not address the structural deficit

CONSOLIDATE/MERGE SCHOOLS

PROS	CONS
<ol style="list-style-type: none">1. Elimination of Combination Classes; opportunities for teacher collaboration; improved differentiated instruction2. Can generate an estimated \$977k of savings3. Reduces expenditures4. Allows for repurposing of schools5. Ensures the efficient use of district facility assets6. Better utilization of district resources7. Addresses Structural Deficit	<ol style="list-style-type: none">1. Some staff and students would have to move2. Personnel reductions for redundant positions3. Potential negative community feedback4. Lengthy process which will require an effective communication strategy and input gathering5. Getting comfortable with change6. Funding available in FY2025-26

STAFFING REDUCTIONS

PROS	CONS
<ol style="list-style-type: none">1. Funding available in FY2024-252. Reduces expenditures by \$3.7Mil in FY2024-25 and \$4.1Mil in FY2025-263. Use of the retiree/vacant positions to mitigate the impact of layoffs4. Will prompt district to review staffing ratios5. Addresses Structural Deficit	<ol style="list-style-type: none">1. Potential for layoffs2. Potential negative morale

SUPPLEMENTAL EARLY RETIREMENT PROGRAM

PROS	CONS
<ol style="list-style-type: none">1. Potential for personnel expenditure reductions2. Will help inform staffing ratio adjustments3. Addresses structural deficit	<ol style="list-style-type: none">1. Requires discipline on not hiring additional staff2. Potentially not enough teachers eligible for the SERP to be viable3. Still paying for previous plan extended in 2020-2021

IMPLEMENTATION PLAN

RENT/LEASE OUT EMPTY SITE(S) OR CLASSROOMS

- Process
 - Review all available locations that are eligible to lease or rent
 - Sites to review
 - 3435 Birchwood Ln, San Jose, CA 95132 (Birchwood School Site)
 - 1376 Piedmont Rd, San Jose, CA 95132 (Former District Office)
 - All School Sites with open classrooms
 - Contract with a third party for a Request for Proposal (RFP). To determine the interest.
 - Evaluate all possible Leases
- Start Date: Currently reviewing
- End Date: Ongoing

POSSIBLE REVENUE - \$1.1M TO \$1.5M OVER FY 2024-25 AND FY 2025-26

SELL DISTRICT PROPERTY

- Process
 - Review all available locations that are eligible to sell
 - Sites to review
 - 3435 Birchwood Ln, San Jose, CA 95132 (Birchwood School Site)
 - 1376 Piedmont Rd, San Jose, CA 95132 (Former District Office)
 - Commodore Open Land (approx. 10 acres)
 - Full analysis of the viability and options of the selling of property
- Start Date: Immediately for analysis
- End Date: Ongoing

POSSIBLE REVENUE - \$42.5M IN FY 2025-26

CONSOLIDATE/MERGE SCHOOLS

- Process
 - Create an initial committee
 - The committee will review all of the following but not limited to:
 - Closure of an Elementary School
 - Closure of a Middle School
 - Review possible update grade level configurations of all school sites
 - Provide feedback to the Board of Trustees on reviewed and suggested options
- Start Date: Immediately for analysis
- End date: Ongoing

POSSIBLE EXPENSE REDUCTIONS - \$.977M IN FY 2025-26

STAFFING REDUCTIONS

- Process
 - Review all current vacant positions
 - Review current staffing ratios as set in the District's Administrative regulations
 - Update staffing and FTEs based on review
 - Reductions by Staffing Category:
 - Certificated: 13 FTE
 - Classified: 9.275 FTE
 - Management: 2FTE
- Start Date: Immediately for analysis
- End Date: Ongoing

POSSIBLE EXPENSE REDUCTIONS - \$4.1M OVER FY 2024-25 AND FY 2025-26

SUPPLEMENTAL EARLY RETIREMENT PROGRAM

- Process
 - Review current staffing for analysis of possible implementation:
- Start Date: Immediately for analysis
- End Date: Ongoing

POSSIBLE EXPENSE REDUCTIONS – UNKOWN AT THIS TIME

A Table and summary of proposed reductions are provided at the end of the document.

SUMMARY

In conclusion, the implementation of a comprehensive budget stabilization plan stands as a pivotal strategy in fortifying Berryessa Union School District financial foundation. Through prudent fiscal management, proactive measures, and strategic allocation of resources, this plan not only safeguards against economic uncertainties but also fosters resilience in the face of unforeseen challenges. For this plan to be truly successful the District will need to commit to one or a combination of these strategies to maintain its fiscal solvency in the future. It is important to note that this plan is a fluid document and changes may be needed as the District works through the current economic environment.

Budget Stabilization Committee Proposed Reductions/Increases

R/E	Type	Reduction	Description	Funding Type	Resource	Frequency	Amount		
							2023-24	2024-25	2025-26
Revenue	Budget Stabilization Committee	Lease District Property	<ul style="list-style-type: none"> Lease 1376 Piedmont Road Amount already included in the MYP at \$2.25 per sqft x 22,000 sqft 	Unrestricted	Unrestricted	Ongoing		594,000	594,000
Revenue	Budget Stabilization Committee	Lease District Property	<ul style="list-style-type: none"> Lease portables at 3435 Birchwood Ln at \$2.25 per sqft x 6,000 sqft 					162,000	162,000
Revenue	Budget Stabilization Committee	Sell District Property	<ul style="list-style-type: none"> Sell of various unused properties various sites 	Unrestricted	Unrestricted	One-time			42,500,000
Total							-	756,000	43,256,000

R/E	Type	Reduction	Description	Funding Type	Resource	Frequency	Amount		
							2023-24	2024-25	2025-26
Expense	Budget Stabilization Committee	School Consolidations	<ul style="list-style-type: none"> Advisory Committee still reviewing for best possible school Middle School - est. \$1,250,000 Elementary School - est. \$704,000 	Unrestricted	Unrestricted	One-time			977,000.00
Expense	Budget Stabilization Committee	Staffing Reductions							
Expense	Budget Stabilization Committee	Staffing Reductions	<ul style="list-style-type: none"> Reduction of 13 Certificated FTE 	Unrestricted	Unrestricted	Ongoing		2,475,444.00	1,190,848.00
Expense	Budget Stabilization Committee	Staffing Reductions	<ul style="list-style-type: none"> Reduction of 9.275 Classified FTE 	Unrestricted	Unrestricted	Ongoing		549,423.86	350,632.00
Expense	District	Staffing Reductions	<ul style="list-style-type: none"> Management: 2 FTE 	Unrestricted	Unrestricted	Ongoing		684,796.76	
Total							-	3,709,664.62	2,518,480.00