

FISCAL YEAR 2023-24 SECOND INTERIM BUDGET



**Meeting of the Governing Board
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BUDGET ANALYSIS

Budget Update

OMI collaborated with administration, the business office, military personnel, and CBO contractors to develop a revised budget for fiscal year 2023-24 and projections for four out years. This narrative provides information on changes between the First Interim and the Second Interim budgets.

Planning Factors

Key planning factors for 2023-24 first interim and multi-year projections.

Planning Factor	2023-24	2024-25	2025-26
Cost of Living Adjustment (COLA)			
LCFF COLA*	8.22%	0.76%	2.73%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	26.68%	27.80%	28.50%
Lottery			
Unrestricted per ADA	\$177	\$177	\$177
Proposition 20 per ADA	\$72	\$72	\$72
Mandated Block Grant			
Charters			
K-8 per ADA	\$19.85	\$20.00	\$20.55
9-12 per ADA	\$55.17	\$55.59	\$57.11

**1% Increase in Average
Daily Attendance**

\$62,371

Budget and Cash Summaries

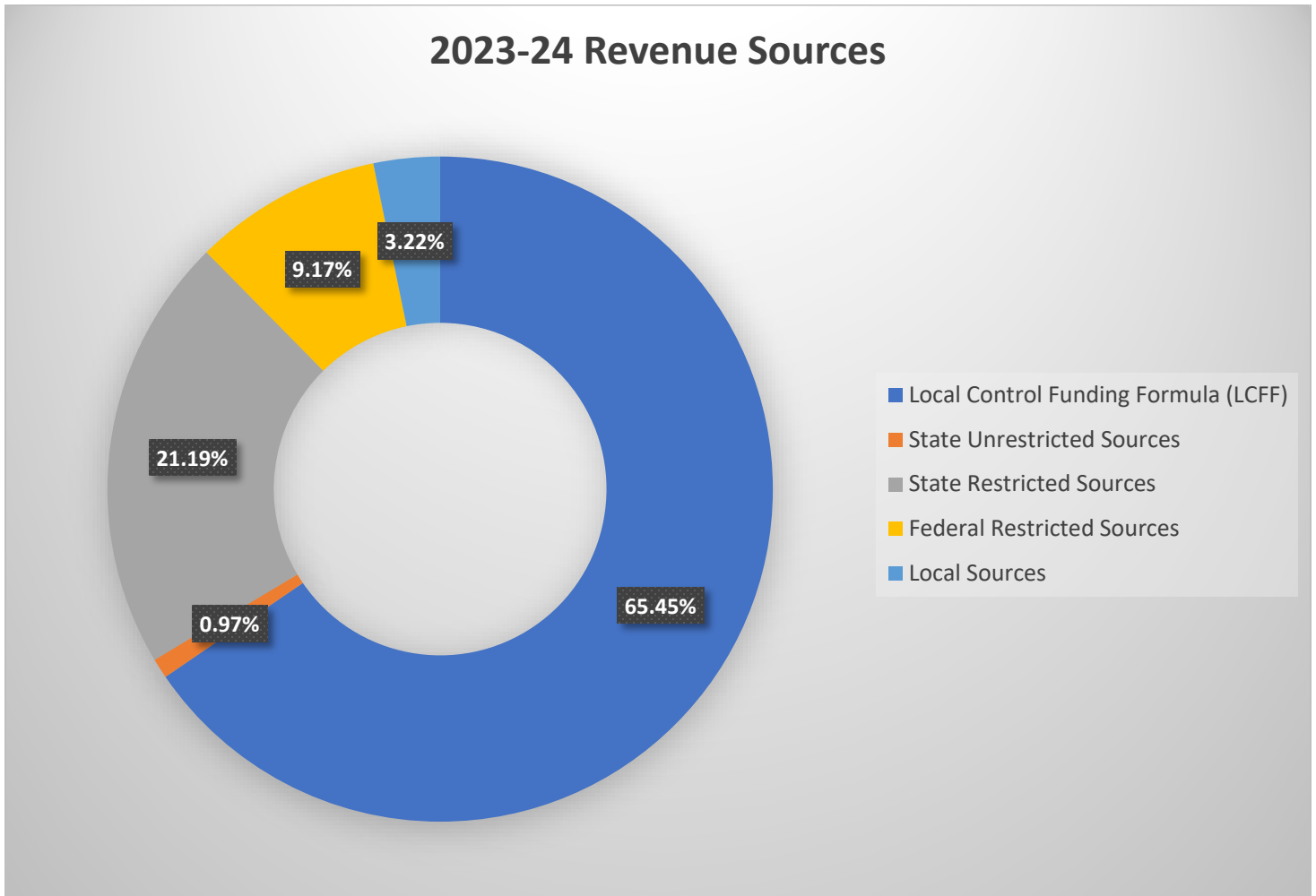
	2023-24
Enrollment	518
Average Daily Attendance	471
Beginning Fund Balance	12,077,861
Revenue	10,767,319
Expenditure	11,090,678
Ending Fund Balance	11,754,502
<i>Excess (Deficiency) of revenues over expenses</i>	<i>(323,359)</i>
Components of Ending Fund Balance	
Other Assignments	8,710,532
Balance	3,043,970

CASH	2023-24
Beginning Cash	4,768,840
	8,848,982
	10,780,843
Ending Cash	2,836,979

Revenue Summary

The school's overall projected revenue for school year 2023-2024 is \$10,767,319.

The Local Control Funding Formula (LCFF) is the main source of revenue for most California schools. LCFF funds make up 65.45% of 2023-24 revenue. Influxes of one-time state and federal funding during COVID significantly lowered the percentage of total revenue provided from LCFF. Oakland Military Institute, College Preparatory Academy (OMI) expends all one-time Federal funds in the current fiscal year. A small amount of one-time State revenue is carried to the next fiscal year.



State Restricted Sources include Expanded Learning Opportunities Program; After School Education and Safety grant; Educator Effectiveness grant*; Lottery Instructional Materials; Special Education; Arts, Music and Instructional Materials Block Grant*; Kitchen Infrastructure and Training grants*; A-G Completion Improvement and Learning Loss Mitigation grants*; Child Nutrition reimbursements; Learning Recovery Block Grant*; and Arts and Music in Schools funds.

Federal Special Revenue sources include No Child Left Behind/Every Student Succeeds Act (Title I-IV), Special Education (IDEA), the National School Lunch Program, and ESSER III*.

Other Local Funds include the new donor sponsored Superintendent Commandant Fund*, Measure G1 funds, and National Guard deferred revenue funds. Measure G1 funds flow through from Oakland Unified School District. OMI will apply for funding twice per year.

**One-time funding source*

Local Control Funding Formula Revenue per Average Daily Attendance (ADA)			
	2023-24	2024-25	2025-26
Grade 6	13,183	13,319	13,732
Grade 7-8	13,573	13,713	14,137
Grade 9-12	16,140	16,306	16,810

1% Increase in Average Daily Attendance
\$62,371

Revenue Changes

Oakland Military Academy's estimated revenue has increased 1.64% between the First Interim budget and the Second Interim budget.

	2023-24 First Interim	2023-24 Second Interim	Change	% Change
CBEDS Enrollment	520	518	(2)	-0.38%
Average Daily Attendance (ADA)	485	471	(14)	-2.89%
LCFF Revenue Sources				
State Aid	4,163,626	3,687,353	(476,273)	-11.44%
Education Protection Act	1,658,254	1,616,077	(42,177)	-2.54%
Transfers of Charter Schools in Lieu of Property Taxes	1,411,078	1,743,707	332,629	23.57%
Total LCFF Sources	7,232,958	7,047,137	(185,821)	-2.57%
Federal Revenue Sources				
Every Student Succeeds Act	213,988	219,220	5,232	2.44%
Special Education - Federal	59,280	59,280	0	0.00%
Child Nutrition	340,000	350,343	10,343	3.04%
Other Federal Revenues	358,475	358,475	0	0
Total Federal Sources	971,743	987,318	15,575	1.60%
Other State Revenue Sources				
Special Education - State	410,018	416,348	6,330	1.54%
All Other State Revenues	1,822,576	1,969,651	147,075	8.07%
Total State Revenues	2,232,594	2,385,999	153,405	6.87%
Other Local Revenue Sources				
Superintendent/Commandant Fund	50,000	50,000	0	0.00%
Prior Year Property Tax Refunds	51,959	51,959	0	0.00%
Measure G1	0	99,628	99,628	
National Guard Deferred Revenue	0	95,689	95,689	
Other Local	53,847	49,589	(4,258)	-7.91%
Total Other Local Revenue Sources	155,806	346,865	191,059	122.63%
Total Estimated Revenue	10,593,101	10,767,319	174,218	1.64%

LCFF revenue decreased to account for a lowered Average Daily Attendance (ADA) projection. Original projections were based on a 93% attendance rate; however, recent reports indicate this will likely be 91% when P-2 attendance is reported.

Federal revenue increases include a small adjustment to the Title I allocation and an increase in the number of student meals served and claimed for reimbursement.

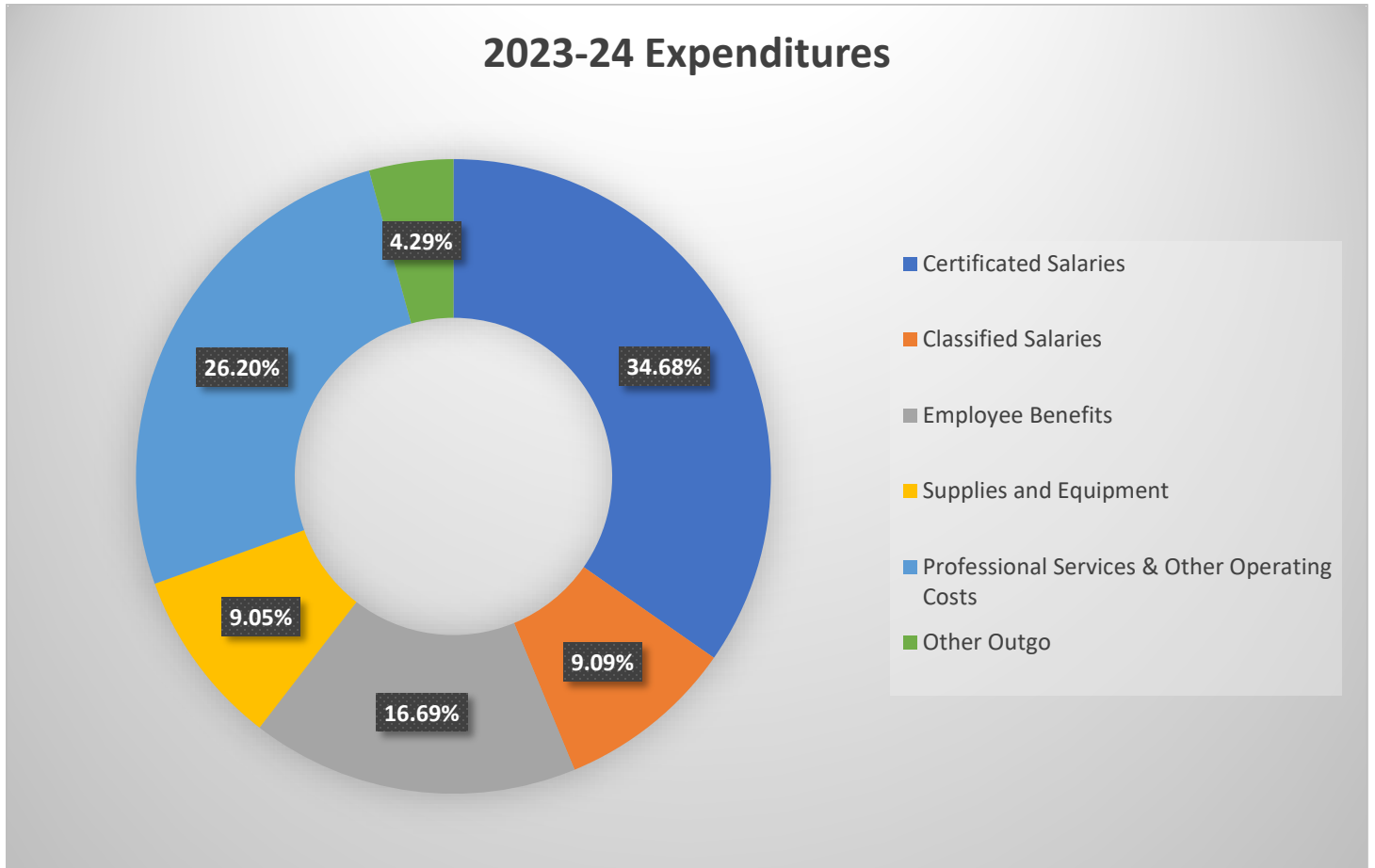
State revenue increases include the following:

- Special Education – small adjustment to revenue calculation
- State Nutrition Services – increase in number of meals claimed for reimbursement
- Additional use of one-time State funding sources

Local revenue increases are a result of Measure G1 funds and reflect National Guard revenue deferred from the prior fiscal year.

Expenditure Summary

Oakland Military Institute's expenditures total \$11,090,708. Salaries and associated employee benefits account for 60.46% of the 2023-24 budget. This percentage will increase as one-time revenue and associated costs decrease in the out years.



Personnel Costs

Personnel costs decreased 1.14% from First Interim budget to Second Interim budget. This reduction is due to vacant positions. Each month of a vacancy decreases the personnel budget. In most cases the reduction exceeds the cost of a substitute resulting in an overall decrease in costs.

	2023-24 Second Interim	2023-24 Second Interim	Change	% Change
Certificated Salaries				
Certificated Teacher Salaries	3,050,378	2,912,611	(137,767)	-4.52%
Certificated Pupil Support Salaries	314,884	274,533	(40,351)	-12.81%
Certificated Supervisor/Administrative Salaries	564,256	617,236	52,980	9.39%
Other Certificated Salaries	0	42,194	42,194	
Total Certificated Salaries	3,929,518	3,846,574	(82,944)	-2.11%
Non-Certificated Salaries				
Non-certificated Salaries	151,108	148,254	(2,854)	-1.89%
Non-certificated Support Salaries	416,305	405,697	(10,608)	-2.55%
Non-certificated Supervisor/Administrative Clerical and Office Salaries	175,613	177,747	2,134	1.22%
Other Non-certificated Salaries	271,429	263,998	(7,431)	-2.74%
Other Non-certificated Salaries	12,000	12,000	0	0.00%
Total Non-Certificated Salaries	1,026,455	1,007,696	(18,759)	-1.83%
Employee Benefits				
STRS	649,828	639,835	(9,993)	-1.54%
PERS	323,622	328,593	4,971	1.54%
OASDI/Medicare	151,741	157,209	5,468	3.60%
Health and Welfare Benefits	609,172	627,736	18,564	3.05%
Unemployment Insurance	37,903	44,422	6,519	17.20%
Workers' Compensation Insurance	54,603	53,657	(946)	-1.73%
Total Employee Benefits	1,826,869	1,851,452	24,583	1.35%
Total Compensation and Benefits	6,782,842	6,705,722	(77,120)	-1.14%

Other Expenditures

Non-personnel costs equal \$4,155,523. This increased 4.13% between First Interim and Second Interim. A large portion of this increase is for student meal purchases.

Services and other operating expense increases reflect the addition of \$71,756 for Oakland Unified School District's charter oversight fee. This expense was left out of the First Interim budget.

The payment for debt service principal has been removed from the budget. Charter school budget reporting requirements exclude this from budgeted expenses. The amount is included as part of Net Capital Asset calculations.

	2023-24 First Interim	2023-24 Second Interim	Change	% Change
Books and Supplies				
Approved Textbooks and Core Curricula Materials	77,727	71,697	(6,030)	-7.76%
Books and Supplies	7,000	7,000	0	0.00%
Materials and Supplies	425,074	384,703	(40,371)	-9.50%
Equipment	0	35,693	35,693	0.00%
Food	375,034	504,450	129,416	34.51%
Total Books and Supplies	884,835	1,003,543	118,708	13.42%
Services & Other Operating Expenses				
Subagreement for Services	141,000	141,000	0	0.00%
Travel and Conference	22,751	33,703	10,952	48.14%
Dues and Memberships	22,300	19,641	(2,659)	-11.92%
Insurance	107,926	108,281	355	0.33%
Operations and Housekeeping Services	366,005	402,850	36,845	10.07%
Rentals, Leases, Repairs and Noncap. Improvement	517,309	439,375	(77,934)	-15.07%
Professional Consulting Services and Other Operating Expend.	1,525,117	1,657,089	131,972	8.65%
Communications	100,000	104,100	4,100	4.10%
Total Services & Other Operating Expenses	2,802,408	2,906,039	103,631	3.70%
Capital Outlay & Other Outgo				
Buildings and Improvement of Buildings	0	0	0	0.00%
Equipment Replacement	0	0	0	0.00%
Depreciation	444,066	451,190	7,124	1.60%
Debt Service - Interest	24,214	24,214	0	0.00%
Debt Service - Principal	55,433	0	(55,433)	
Total Capital Outlay & Other Outgo	523,713	475,404	(48,309)	-9.22%
Total Other Expenses	4,210,956	4,384,986	174,030	4.13%

Capital Asset Expenditures

Budgeted expenses do not include the total cost of capital assets in the year they are purchased. The total cost of the asset is depreciated over its useful life and the depreciation is recorded in the budget as an expense each year.

In 2023-24, Oakland Military Institute spends \$310,000 on its technology refresh project. This includes Chromebook and staff computer replacement, IP phone upgrade, a new security system, and upgrading technology infrastructure. The school spent approximately \$25,000 on a bathroom remodel project and will spend \$248,000 remodeling the kitchen.

Multi-Year Projections Summary

The Second Interim multiyear budget projections include enrollment increases over the next two years. Enrollment in the school increased from 456 students in 2022-23 to 518 in 2023-24. The school continues making large investments in recruiting efforts and has a comfortable degree of certainty that enrollment will continue to increase.

Despite the projected increase in enrollment and ADA, the multiyear projections indicate expenses will exceed revenues in the current and three future fiscal years. Oakland Military Institute continues to seek grants to increase revenue and has established a budget committee to review ongoing expenses.

For state reporting purposes, budgeted beginning and ending fund balances include the total amount of capital assets purchased over the years less the amount those assets have depreciated less any long-term debt owed. This is referred to as Net Capital Assets. Budgeted expenses include the amount the assets depreciate in that fiscal year.

It is important to note that budget projections are not the same as cash projections. Budgeted revenue and expenses are everything related to that fiscal year. Actual income and expenses cross fiscal years. When student enrollment is increasing, the school is still paid on the previous year enrollment and average daily attendance for most of the school year. Adjustments are made to cash payments after the first attendance report of the year is certified. A final calculation of revenue owed is done when the second attendance report has been certified. Final payments for most of the remaining revenue are received in July.

I have included the multiyear budget projection reported to the state as well as the cashflow projection.

	2023-24	2024-25	2025-26	2026-27	2027-28
Enrollment	518	550	600	600	600
Average Daily Attendance	471	502	549	549	549
COLA	8.22%	0.76%	2.73%	3.11%	3.17%
Budgeted Beginning Fund Balance	12,077,861	11,754,502	11,157,138	10,764,581	10,586,852
Revenue	10,767,319	10,149,222	10,763,411	11,093,518	11,404,647
Expense	11,090,678	10,746,586	11,155,968	11,271,248	11,394,739
Budgeted Ending Fund Balance	11,754,502	11,157,138	10,764,581	10,586,852	10,596,759
<i>Excess(Deficiency) revenue over expenses</i>	<i>(323,359)</i>	<i>(597,364)</i>	<i>(392,557)</i>	<i>(177,730)</i>	<i>9,908</i>

Ending Fund Balance	11,754,502	11,157,138	10,764,581	10,586,852	10,596,759
Less Net Capital Assets	8,710,532	8,474,176	8,326,618	8,117,401	7,916,026
Balance	3,043,970	2,682,962	2,437,963	2,469,450	2,680,733

**CASH MULTIYEAR
PROJECTION**

	2023-24	2024-25	2025-26	2026-27	2027-28
Beginning Cash	4,768,840	2,836,979	1,929,615	1,600,635	1,686,276
Revenue	8,977,882	9,632,506	10,815,996	11,215,003	11,433,916
Expense	10,794,775	10,539,870	11,144,976	11,129,362	11,475,548
Ending Cash	2,951,947	1,929,615	1,600,635	1,686,276	1,644,644

Multi-Year Revenue Projections

The Local Control Funding Formula revenue is projected to increase as a percentage of overall revenue for the school. All Federal one-time funds are spent in this fiscal year. Remaining State one-time funds are spent fully in 2024-25. Measure G-1 local funds are projected through 2027-28 at which time the parcel tax expires. Cost-of-living adjustment percentages are taken from the Governor’s January Budget Proposal.

	2023-24	2024-25	2025-26	2026-27	2027-28
COLA	8.22%	0.76%	2.73%	3.11%	3.17%
LCFF	7,047,137	7,616,062	8,463,055	8,730,722	9,016,282
Other State	2,385,999	1,787,721	1,501,258	1,557,148	1,582,767
Federal	987,318	655,515	709,174	715,674	715,674
Local	346,865	89,924	89,924	89,924	89,924
Total	10,767,319	10,149,222	10,763,411	11,093,518	11,404,647

	2023-24	2024-25	2025-26	2026-27	2027-28
LCFF	65.45%	75.04%	78.63%	78.70%	79.06%
Other State	22.16%	17.61%	13.95%	14.04%	13.88%
Federal	9.17%	6.46%	6.59%	6.45%	6.28%
Local	3.22%	0.89%	0.84%	0.81%	0.79%

Multi-Year Expenditure Projections

Oakland Military Institute decreases overall expenditures in 2024-25. Several education consultant contracts paid for with one-time funds end in 2023-24. The school also purchased curriculum and other student instructional materials that will not need to be purchased again for three to five years. Increased personnel costs offset the total cost of reductions. Many ongoing costs once paid for with one-time funds will be paid using unrestricted funds unless additional reductions are identified in future budget planning sessions.

** This projection includes capital outlay and loan principal expenses rather than depreciation to reflect total purchases planned for each fiscal year.*

	2023-24	2024-25	2025-26	2026-27	2027-28
Certificated Salaries	3,846,574	3,953,077	4,065,917	4,161,079	4,258,620
Classified Salaries	1,007,696	1,052,209	1,076,789	1,101,984	1,127,809
Employee Benefits	1,851,452	1,974,468	2,008,916	2,076,657	2,145,640
Books and Supplies	1,003,543	1,018,434	1,066,274	1,081,518	1,076,459
Services & Other Operating Expenditures	2,906,039	2,232,416	2,430,910	2,361,213	2,305,283
Capital Outlay*	576,871	200,000	280,000	200,000	200,000
Other Outgo*	80,756	79,626	79,603	79,580	79,554
Total Expenditures	11,272,931	10,430,604	10,928,807	10,982,451	11,113,810

Salaries and Benefits

Current projections include maintaining permanent full-time equivalency (FTE) in staffing and reducing temporary staff by 4.75 FTE. The OMI Administration believes current staffing levels will accommodate the projected increase in students. Projections include step and column increases. Cost-of-living adjustments for salaries are not currently included.

Personnel costs increase in 2024-25 despite a reduction in temporary staff. Step and column changes and having all positions filled with permanent staff cause a rise in salary and benefit costs. Employer PERS contributions increase from 26.68% in 2023-24 to 27.80% next fiscal year. Employer-paid health and welfare costs have been budgeted with an 8% increase.

	2023-24	2024-25	2025-26	2026-27	2027-28
Certificated Teacher	30.00	30.00	30.00	30.00	30.00
Administration/Management	6.00	5.00	5.00	5.00	5.00
Certificated Student Support	3.00	3.00	3.00	3.00	3.00
Classified Student Support	5.96	5.96	5.96	5.96	5.96
Maintenance, Operations, Security	6.00	6.00	6.00	6.00	6.00
Clerical/Office	3.50	3.50	3.50	3.50	3.50
Other Certificated	5.75	2.00	2.00	2.00	2.00
Total	60.21	55.46	55.46	55.46	55.46

Considerations

Governor Gavin Newsom's January Budget Proposal painted a brighter picture for 2024-25 than many in school business expected. The governor did not propose significant reductions to education programs and

instead reduced the cost-of-living adjustment to 0.76%. In addition, the governor's proposal addresses an estimated \$37.9 billion budget deficit through reserve draw-downs, spending reductions, new revenue proposals, internal borrowing, funding delays, fund shifts, and deferrals. The Legislative Analyst's Office (LAO) recommends a more conservative approach. One recommendation is to reduce the 2024-25 COLA from 0.76% to 0.00%.

The school management team has consciously chosen to spend reserves in the current and next fiscal years to help attract and retain teachers. The school will maintain educational staffing levels and programs to focus on student achievement and well-being. Enrollment and academic performance decreased significantly, and student mental health issues increased, due to the COVID-19 pandemic. Schools and districts throughout the state continue to prioritize these issues despite shrinking budgets and the bleak COLA outlook.

Oakland Military Institute, College Preparatory Academy continues to review and analyze its budget. OMI recognizes the Governor's May Revision may bring news of reduced funding. The school is committed to seeking out additional revenue sources and identifying possible reductions to maintain the projection of a balanced budget in the 2027-28 fiscal year.

Appendix

2023-2024 Second Interim Budget Charter Alt Form

Second Interim Budget LCFF Calculator