2025-2026

Budget Advisory Task Force

Year 1 Report

April 14, 2026

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Introduction and Intent

Reed Union School District Vision

The Reed Union School District (RUSD) is committed to ensuring that every student is both challenged and inspired to reach their fullest intellectual, social-emotional, and creative potential. This vision extends beyond academic achievement to include the development of well-rounded individuals prepared to positively impact the world. As such, this foundational belief serves as the lens through which all financial decisions must be evaluated. Fiscal stewardship is not an isolated function; rather, it is a critical enabler of the District's ability to deliver on its core promise to students.

Mission for the Reed Union School District Student

RUSD's mission centers on developing students who are motivated learners, creative problem solvers, effective communicators, engaged citizens, and balanced individuals. Financial planning must therefore support a broad and balanced educational program that includes core academics alongside enrichment opportunities, student wellness supports, and co-curricular experiences. Budget decisions inherently reflect institutional values, and the District's mission provides a clear and consistent framework for prioritization.

Strategic Plan Alignment (Pillar #6 – Finance)

The work of the Budget Advisory Task Force is directly aligned with Pillar #6: Finance of the District's Strategic Plan, which emphasizes responsible stewardship of fiscal resources to sustain high-quality educational opportunities. The Strategic Plan underscores the importance of long-term financial stability, aligning resources to student outcomes, utilizing data to inform decision-making, and maintaining transparency through community engagement. These guiding principles shaped both the structure of the Task Force and the design of the accompanying survey instrument.

FY 2025/26 Vertically Aligned Goal

The District's vertically aligned financial goal establishes the broader fiscal context for this work. As of the FY 2025/26 2nd Interim Financial Report presented in March 2026, the District has a $32.91 million operating budget and projects a strong unrestricted reserves of 36.5%. However, multi-year projections outline increasing expenditures, a persistent structural deficit, and declining reserve levels. Specifically, expenditures are forecasted to rise to $34.25 million in FY 2026–27 with reserves declining to approximately 31.8%, and further to $35.28 million in FY 2027–28 with unrestricted reserves declining to approximately 27.1%. In response, the District has committed to developing a multi-year framework to achieve structural balance, informed in part by the work of the Budget Advisory Task Force.

RUSD Budget Advisory Task Force

Purpose and Background

The Budget Advisory Task Force was convened to support long-term financial planning, enhance transparency, and incorporate community-informed perspectives into fiscal decision-making. Serving in an advisory capacity, the Task Force provides input and recommendations to the Board of Trustees while also deepening community understanding of public school finance. The work of the Task Force focused on building a shared understanding of the District's fiscal landscape, identifying priorities and trade-offs, and strengthening trust through transparent engagement.

Meeting Dates and Times

The Task Force convened across multiple sessions during the 2025–2026 school year, beginning with a foundational orientation on May 8, 2025, followed by continued analysis on September 29, 2025. Discussions deepened on January 26, 2026, with a focus on fiscal scenarios, culminating in a synthesis session on March 30, 2026 informed by survey results. The spacing of these meetings allowed participants to reflect, review materials, and engage meaningfully between sessions.

Norms and Agreements

The Task Force operated under clearly defined norms intended to promote productive dialogue and inclusive participation. These norms emphasized active listening, respectful engagement, shared participation, and a focus on ideas rather than individuals. Establishing these expectations proved essential in creating an environment where complex and, at times, sensitive fiscal topics could be explored constructively.

Participants

The Task Force included a diverse cross-section of stakeholders, including parents, community members, PTA and Foundation leadership, District staff and administration, and union leadership. This representation ensured that multiple perspectives were incorporated into the discussion, consistent with the District's commitment to inclusive and transparent decision-making.

Covered Topics

Over the course of its meetings, the Task Force explored a comprehensive range of topics, beginning with foundational elements such as the school budget cycle and multi-year projections, and progressing to more complex considerations including revenue sources, expenditure drivers, reserve policies, enrollment trends, and strategies for addressing projected deficits. This structured progression supported participants in building both knowledge and confidence as discussions evolved.

Survey Methodology

To capture input in a systematic and analyzable manner, the District administered a structured survey to Task Force participants. The survey, conducted via Google Forms, included participation from eleven informed members and incorporated a mix of question types, including Likert-scale, ranking, categorical, and open-ended responses. The results were analyzed through both quantitative methods, such as distribution and ranking analysis, and qualitative thematic review, ensuring that findings reflected both measurable trends and nuanced stakeholder perspectives.

Summary of Findings

Fiscal Philosophy and Decision-Making

Survey responses indicate a strong preference for a balanced fiscal approach. Participants consistently rejected reliance on a single strategy, whether exclusively cutting expenditures or pursuing new revenues. Instead, responses reflect a philosophy centered on preserving core programs, maintaining long-term sustainability, and aligning decisions with student impact. This reinforces the importance of advancing strategies that demonstrate both fiscal discipline and programmatic sensitivity.

Risk Tolerance and Use of Reserves

Participants expressed a low tolerance for ongoing structural deficits, underscoring the importance of maintaining long-term fiscal stability. This perspective is closely aligned with the Board's adopted Reserve Policy, which establishes a minimum committed fund balance of 27 percent and emphasizes reserves as a safeguard against financial uncertainty rather than a mechanism to sustain ongoing imbalances. This distinction is significant. It reflects a shared understanding that reserves are intended to function as a stabilizing bridge during periods of transition or volatility, while preserving the District's ability to maintain programmatic continuity, protect its financial position, and uphold long-term structural balance.

Approaches to Addressing Budget Deficits

A strong majority of participants supported a combined approach to addressing projected deficits, integrating both revenue generation and expenditure adjustments, with qualitative discussions favoring revenue generation over reductions to programs. There was limited support for delaying action or relying on a single strategy. Instead, participants favored proactive, incremental adjustments that mitigate the need for more significant and disruptive reductions in the future.

Revenue Generation Preferences

Survey findings indicate a clear preference for internally controlled and sustainable revenue strategies. Participants consistently prioritized maximizing revenue from District-owned assets, including facilities such as the Granada property, as well as broader asset optimization strategies. Additional support was expressed for considering an increase to Foundation contributions to bridge a growing gap in funding, and a long-term stability strategy, such as the development of an endowment. In contrast, there was less support for increased direct financial contributions from families. Open-ended responses further reinforced interest in facility utilization, lease optimization, and strategic asset management, and convening of a formal revenue sub-committee to identify scalable, creative, recurring revenue opportunities.

Expenditure Reduction Priorities

Participants demonstrated a clear prioritization framework for potential reductions, if necessary, with a preference for first examining discretionary operational spending. Student support services and wellness programs were consistently identified as areas to be protected. This reflects a strong emphasis on maintaining programs that directly impact students' daily experience.

Staffing Considerations

Participants acknowledged that staffing represents the largest cost driver and may need to be addressed as part of long-term fiscal solutions. However, there was a clear preference for minimizing disruption through attrition, exploration of retirement incentives, and strategic workforce planning, rather than direct layoffs. Concerns regarding class size increases and impacts on instructional quality were consistently emphasized.

Year 1 Recommendations

Cross-Sectional Insights

Across all findings, several consistent themes emerged. Stakeholders via the survey expressed a clear preference for a balanced and measured approach to balancing District operations, while discussions prioritized revenue generation strategies. There was a strong emphasis on protecting the student experience, particularly in areas such as core instruction, class size, and enrichment. Participants also favored early and incremental action, as well as maximizing internally controlled resources before introducing external financial burdens. Finally, there was a consistent desire to minimize disruption, particularly with respect to staffing.

District Facing Recommendations:

Based on Task Force input, the District is encouraged to advance a multi-year fiscal stabilization plan that maintains reserves at Board policy–aligned levels while restoring and sustaining structural balance. This approach includes prioritizing asset-based revenue strategies—particularly related to Granada and other District facilities—and thoughtfully sequencing any expenditure reductions to minimize impacts on student-facing services. Given that approximately 80 percent of District expenditures are personnel-related, staffing strategies must be intentionally integrated into long-term financial planning, with a focus on attrition, workforce planning, and alignment to enrollment trends. Continued transparent engagement with stakeholders remains essential to building understanding and trust throughout this process. In addition, the development of a focused revenue optimization subcommittee may support the strategic maximization of District-owned assets, including facilities, investments, and potential long-term investment opportunities, while also helping to address gaps in foundation funding.

Conclusion

The Budget Advisory Task Force process reflects a collaborative effort to align fiscal decision-making with the District's mission, values, and long-term sustainability goals. As the first year of a three-year mandate, this initial phase was intentionally designed to build shared understanding and community knowledge of the District's fiscal landscape. Survey results demonstrate a high degree of alignment among participants, emphasizing balance and a commitment to preserving the student experience. Looking ahead, Year Two will shift toward a more focused examination of revenue generation strategies, building on this foundational work. This forward planning is critical given the rapidly evolving public education landscape, where fiscal policy changes at the local, state, and federal levels—along with broader economic conditions—will continue to shape the District's financial outlook.

Budget Advisory Task Force

Year 1 Report

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April 14, 2026

Reed Union School District
Vision

The Reed Union School District (RUSD) is committed to ensuring that every student is both challenged and inspired to reach their fullest intellectual, social-emotional, and creative potential. This vision emphasizes not only academic achievement, but also the development of well-rounded individuals who are prepared to positively impact the world.

This foundational belief serves as the lens through which all financial decisions must be evaluated. Fiscal stewardship is not an isolated function; rather, it is a **critical enabler of the District's ability to deliver on its core promise to students.**

ACADEMIC EXCELLENCE

SOCIAL-EMOTIONAL GROWTH

CREATIVE POTENTIAL

POSITIVE IMPACT ON THE WORLD

Mission for the
Reed Union School District Student

RUSD's mission centers on developing students who are **motivated learners, creative problem solvers, effective communicators, engaged citizens**, and **balanced individuals**.

The District's financial planning must therefore support a broad and balanced educational program—one that includes not only core academics, but also enrichment opportunities, student wellness supports, and co-curricular experiences. Budget decisions inherently reflect values, and the District's mission provides a clear framework for prioritization.

MOTIVATED LEARNERS
Cultivating curiosity, resilience, and a love of learning.

CREATIVE PROBLEM SOLVERS
Encouraging innovative thinking and real-world application.

EFFECTIVE COMMUNICATORS
Building confidence to express ideas and listen with purpose.

ENGAGED CITIZENS
Inspiring responsibility, empathy, and a commitment to community.

BALANCED INDIVIDUALS
Supporting social-emotional wellness and a healthy, fulfilling life.


Strategic Plan Alignment
(Pillar #6 – Finance)
PILLAR
#6
FINANCE
The work of the Budget Advisory Task Force is directly aligned with Pillar #6: Finance of the District's Strategic Plan, which calls for responsible stewardship of fiscal resources to sustain high-quality educational opportunities.
The Strategic Plan further emphasizes:
Long-term financial stability
Building and maintaining the fiscal strength needed to weather uncertainty and invest in student success.
Alignment of resources to student outcomes
Directing resources to the strategies and supports that have the greatest impact on student learning and well-being.
Data-informed decision-making
Using accurate, timely data to evaluate options, prioritize investments, and measure results.
Transparency and community engagement
Fostering trust through clear communication and meaningful engagement in financial decisions.

FY 2025/26 Vertically Aligned Goal

The District's vertically aligned financial goal further established the context for this work:

Specifically, in FY 2025/26 (as of its 2nd Interim Financial Report presented to the Board in March 2026), the District has a **$32.91 million** operating budget and strong unrestricted reserves **(36.5%)**, but projections indicate rising expenditures, a continued structural deficit and declining reserves in future years.

FY 2025/26 Current Year (2nd Interim)	FY 2026-27 Projected	FY 2027-28 Projected
OPERATING BUDGET **$32.91 million**	GENERAL FUND EXPENDITURES **$34.25 million**	GENERAL FUND EXPENDITURES **$35.28 million**
UNRESTRICTED RESERVES **36.5%**	UNRESTRICTED RESERVES **~31.8%**	UNRESTRICTED RESERVES **~27.1%**

As a result, the District has committed to developing a **multi-year framework to achieve structural balance**, informed in part by the work of the Budget Advisory Task Force.

NORMS

Our Shared Norms

These norms help us build trust, foster respectful dialogue, and make the most of our time together.

- **Share the Air** | Speak openly so others can hear your ideas.
- **Listen Actively** | Give full attention, ask clarifying questions, and reflect on what others are saying.
- **Engage and Disagree Respectfully** | Different perspectives make us stronger. Challenge ideas, not people.
- **Assume Positive Intent** | Approach every conversation with curiosity and goodwill.
- **One Voice at a Time** | Be mindful of others. Don't interrupt. Let everyone contribute.
- **Focus on Ideas, Not Individuals** | Keep the conversation solution-oriented and respectful.

PURPOSE

Why We Do This Work

Our work as a Budget Advisory Task Force is guided by a clear **purpose**.

- Provide input and recommendations
- Ensure transparency and accountability
- Identify areas for improvement
- Build community engagement
- Build long-term understanding of the District's budget
- Advisory
- Bring ideas in and out

SYNOPSIS

May 8, 2025

- Purpose and charge of the Budget Advisory Task Force, fundamentals of public school finance, and education of major components of District revenue and expenditure categories

September 28, 2025

- Review of adopted FY 2025/26 budget, financial statements, and 2 Year fiscal forecast, Board adopted reserve policy, and highlight of key operating pressures on the budget

January 26, 2026

- Review FY 2025/26 1st Interim budget, financial statements, and impact on 2 Year fiscal forecast, review of FY 2024/25 Audit, and Review of Staffing and Enrollment Trends

March 30, 2026

- Synthesis and Survey informed dialogue

Prior Meeting(s) Synopsis

Survey Methodology

A structured survey was administered to Task Force participants to capture input in a systematic and analyzable format.

Key elements of the methodology included:

- Administration via Google Forms
- Participation by eleven, informed Task Force members
- Use of mixed question types (Likert scale, ranking, categorical, open-ended)
- Quantitative analysis of distributions and rankings
- Thematic analysis of qualitative responses

This approach ensured that findings were both **data-informed** and **reflective** of nuanced stakeholder perspectives.

Summary of Findings

Fiscal Philosophy and Decision-Making

Survey responses indicate a strong preference for a **balanced fiscal approach.** Participants consistently rejected extremes—neither exclusively cutting expenditures nor relying solely on new revenues.

INSTEAD, RESPONSES REFLECT A PHILOSOPHY CENTERED ON:

PRESERVING CORE PROGRAMS

Protecting the essential programs that support student learning and well-being.

MAINTAINING LONG-TERM SUSTAINABILITY

Making thoughtful decisions today that safeguard fiscal health for the future.

ALIGNING DECISIONS WITH STUDENT IMPACT

Ensuring that fiscal choices advance opportunities and outcomes for all students.

This suggests that future Board decisions will be best supported by strategies that demonstrate **both fiscal discipline and programmatic sensitivity.**

Risk Tolerance and Use of Reserves

Participants expressed low tolerance for **structural fiscal risk**, emphasizing the importance of avoiding ongoing deficits.

LOW TOLERANCE FOR STRUCTURAL FISCAL RISK

Participants emphasized the importance of avoiding ongoing deficits.

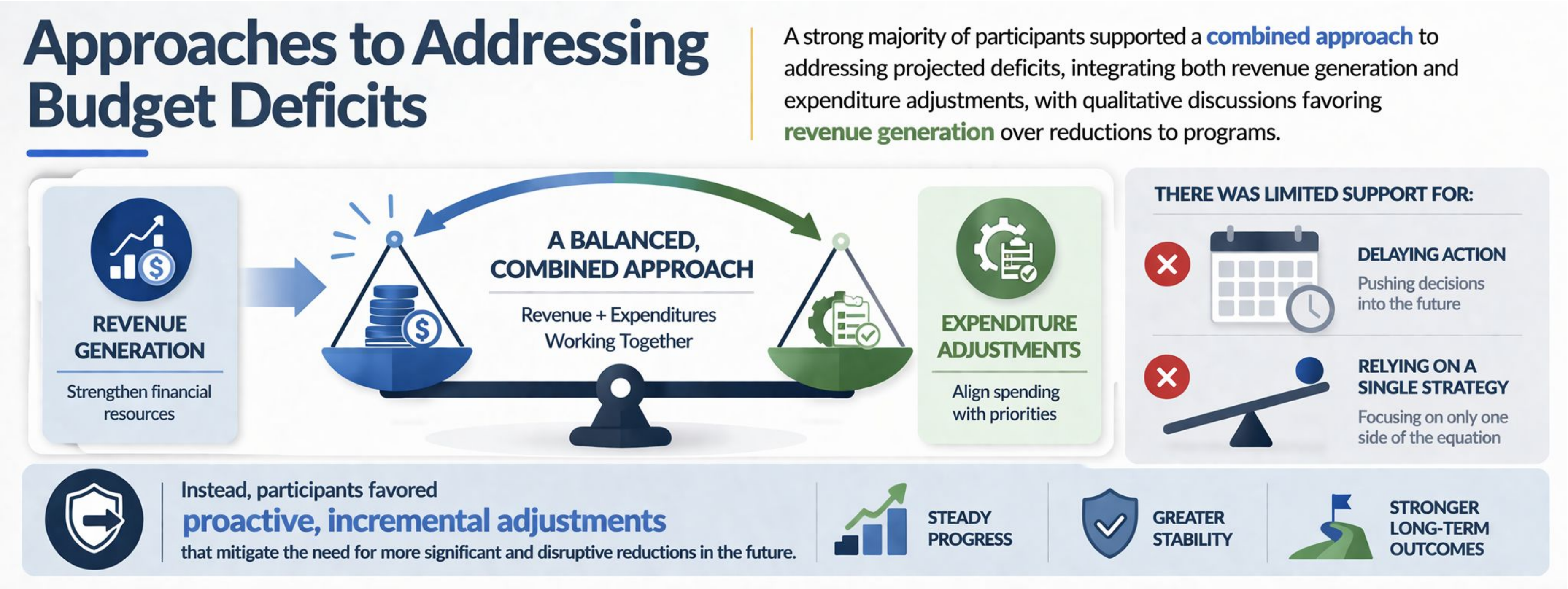
KEY DISTINCTION

Reserves are a tool for stability—not a substitute for structural balance.

ALIGNED WITH POLICY

This perspective is closely aligned with the Board's adopted Reserve Policy, which establishes a minimum committed fund balance of **27%**. Reserves are intended as a safeguard against financial uncertainty.

This distinction is critical. The Task Force recognizes reserves as **a tool for stability—not a substitute for structural balance.**


Approaches to Addressing Budget Deficits
A strong majority of participants supported a combined approach to addressing projected deficits, integrating both revenue generation and expenditure adjustments, with qualitative discussions favoring revenue generation over reductions to programs.
REVENUE GENERATION
Strengthen financial resources
A BALANCED, COMBINED APPROACH
Revenue + Expenditures Working Together
EXPENDITURE ADJUSTMENTS
Align spending with priorities
THERE WAS LIMITED SUPPORT FOR:
DELAYING ACTION
Pushing decisions into the future
RELYING ON A SINGLE STRATEGY
Focusing on only one side of the equation
Instead, participants favored
proactive, incremental adjustments
that mitigate the need for more significant and disruptive reductions in the future.
STEADY PROGRESS
GREATER STABILITY
STRONGER LONG-TERM OUTCOMES


Revenue Generation Preferences
Survey findings indicate a clear prioritization of internally controlled, sustainable revenue sources.
TOP-RANKED STRATEGIES
Increasing tenant revenue from District-owned properties (e.g., Granada)
Optimizing use of District assets
ADDITIONAL SUPPORT
Foundation contributions
Long-term stability strategy (i.e. endowment)
LOWER-RANKED STRATEGIES
Increased direct financial contributions from families
These findings suggest strong community support for maximizing existing assets before pursuing external funding burdens.
OPEN-ENDED RESPONSES REINFORCED INTEREST IN:
Facility utilization optimization
Lease restructuring
Strategic asset management

Expenditure Reduction Priorities

Participants demonstrated a clear **prioritization framework** for potential reductions:

MOST APPROPRIATE for initial consideration	LEAST APPROPRIATE for reductions
Discretionary operational spending	**Student support and wellness services**
Focus on areas with flexibility and minimal direct impact on students.	Essential services that directly impact students' daily experience and success.

This reflects a consistent emphasis on **protecting programs that directly impact students' daily experience.**

Staffing Considerations

Participants acknowledged that **staffing represents the largest cost driver** and may need to be part of long-term solutions.

However, there was clear preference for:

ATTRITION-BASED REDUCTIONS

Allowing natural staff turnover to reduce headcount.

RETIREMENT INCENTIVES

Encouraging voluntary retirement through incentive programs.

MINIMIZING DIRECT LAYOFFS

Avoiding involuntary separations whenever possible.

This reflects a desire to **balance fiscal realities with maintaining educational quality.**

Concerns were consistently raised regarding:

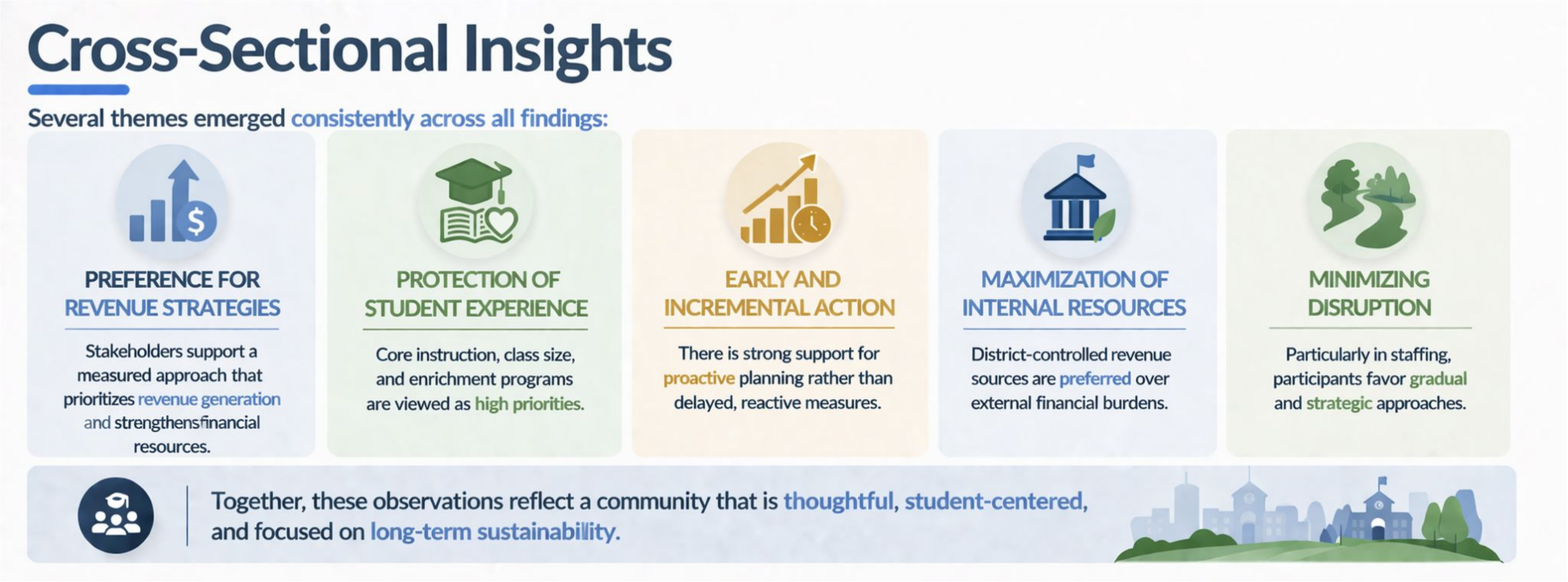
Class size increases

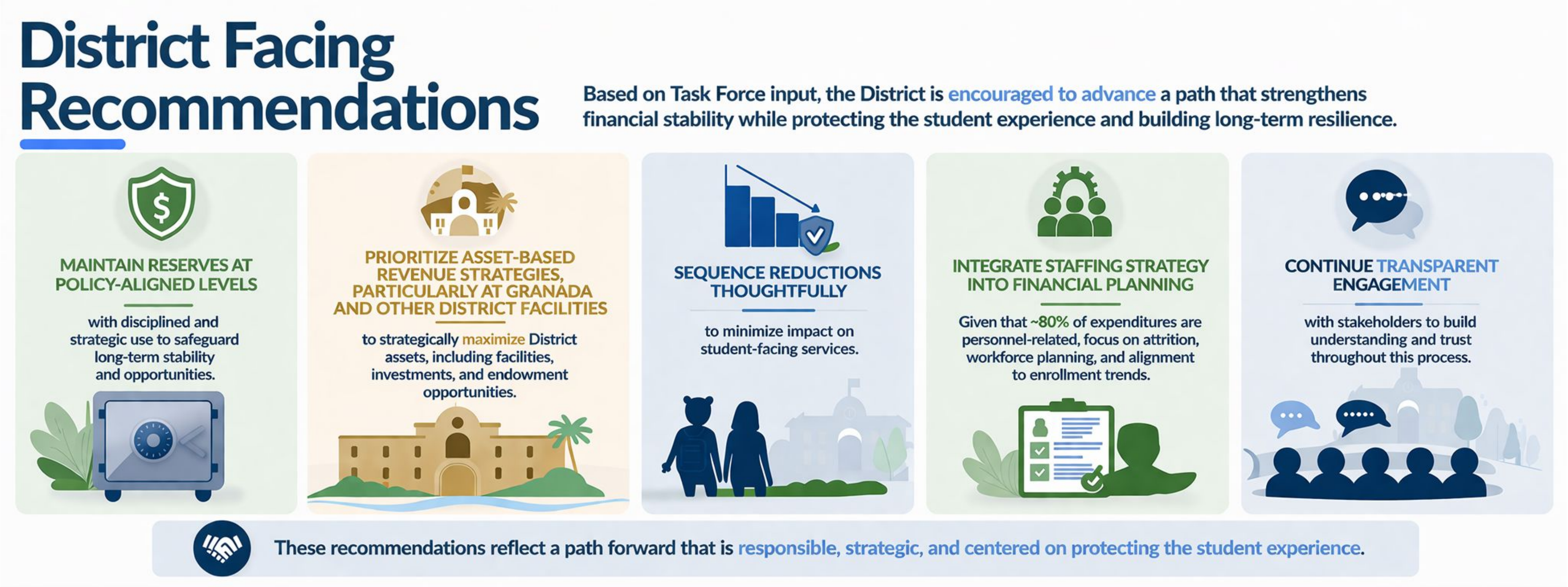
Larger classes could impact student learning and individual attention.

Impacts on instructional quality

Changes to staffing could affect the strength and consistency of instruction.

Year 1 Recommendations

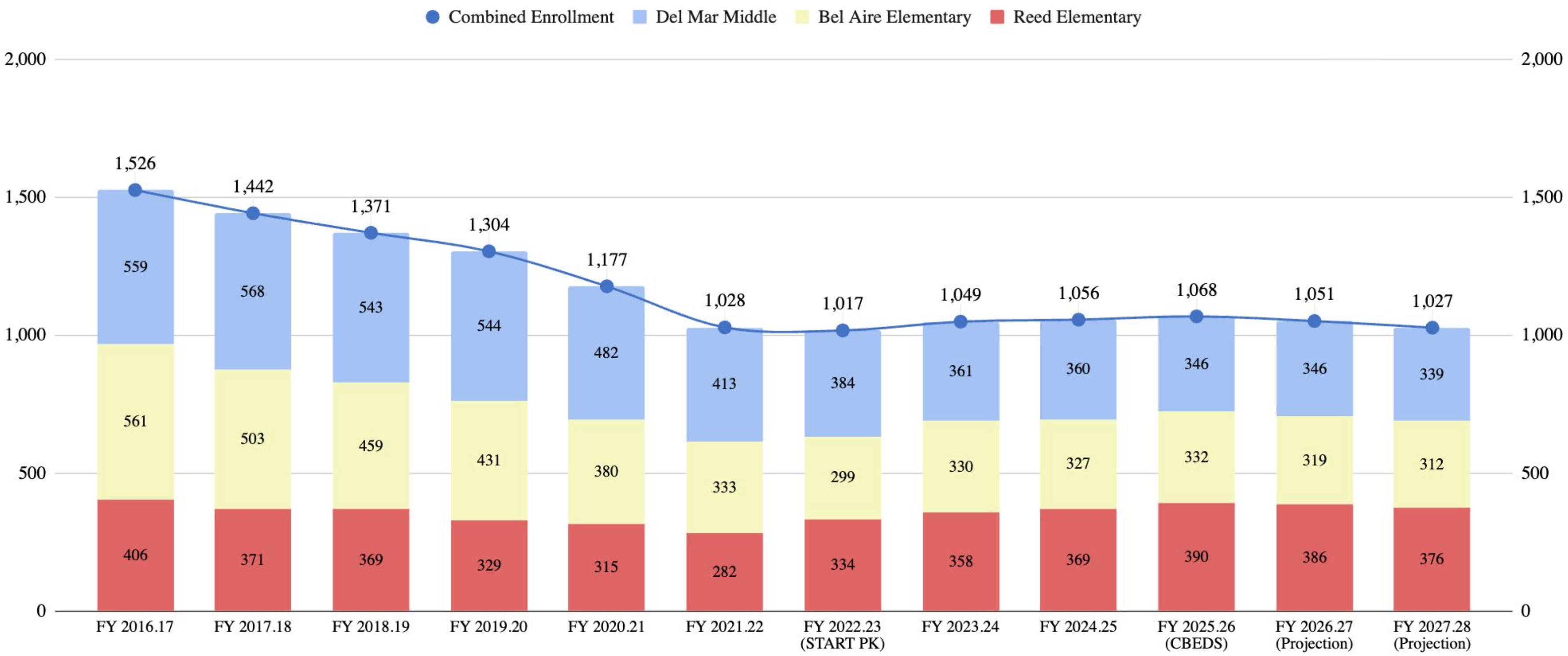

Cross-Sectional Insights
Several themes emerged consistently across all findings:
PREFERENCE FOR REVENUE STRATEGIES
Stakeholders support a measured approach that prioritizes revenue generation and strengthensfinancial resources.
PROTECTION OF STUDENT EXPERIENCE
Core instruction, class size, and enrichment programs are viewed as high priorities.
EARLY AND INCREMENTAL ACTION
There is strong support for proactive planning rather than delayed, reactive measures.
MAXIMIZATION OF INTERNAL RESOURCES
District-controlled revenue sources are preferred over external financial burdens.
MINIMIZING DISRUPTION
Particularly in staffing, participants favor gradual and strategic approaches.
Together, these observations reflect a community that is thoughtful, student-centered, and focused on long-term sustainability.


District Facing Recommendations
Based on Task Force input, the District is encouraged to advance a path that strengthens financial stability while protecting the student experience and building long-term resilience.
MAINTAIN RESERVES AT POLICY-ALIGNED LEVELS
with disciplined and strategic use to safeguard long-term stability and opportunities.
PRIORITIZE ASSET-BASED REVENUE STRATEGIES, PARTICULARLY AT GRANADA AND OTHER DISTRICT FACILITIES
to strategically maximize District assets, including facilities, investments, and endowment opportunities.
SEQUENCE REDUCTIONS THOUGHTFULLY
to minimize impact on student-facing services.
INTEGRATE STAFFING STRATEGY INTO FINANCIAL PLANNING
Given that ~80% of expenditures are personnel-related, focus on attrition, workforce planning, and alignment to enrollment trends.
CONTINUE TRANSPARENT ENGAGEMENT
with stakeholders to build understanding and trust throughout this process.
These recommendations reflect a path forward that is responsible, strategic, and centered on protecting the student experience.


Conclusion
The Budget Advisory Task Force process reflects a collaborative and deliberate effort to align fiscal decision-making with the District's mission, values, and long-term sustainability goals.
A COLLABORATIVE FOUNDATION
Year One established shared understanding and community knowledge of the District's fiscal landscape.
STRONG ALIGNMENT ON PRIORITIES
Survey results show high alignment on balance, prudence, and preserving the student experience.
A CLEAR NEXT STEP
Year Two will focus on a deeper examination of revenue generation strategies, building on this strong foundation.
PREPARING FOR WHAT'S AHEAD
The evolving education and economic landscape makes forward planning essential to navigate policy changes and fiscal volatility.
COMMUNITY-INFORMED DECISION-MAKING
These insights equip the Board with a clear, structured, and trusted foundation for today and the future.
Together, we are building a fiscally responsible path forward—one that protects the student experience today while postioning the District for long-term success.

Supplemental Slides

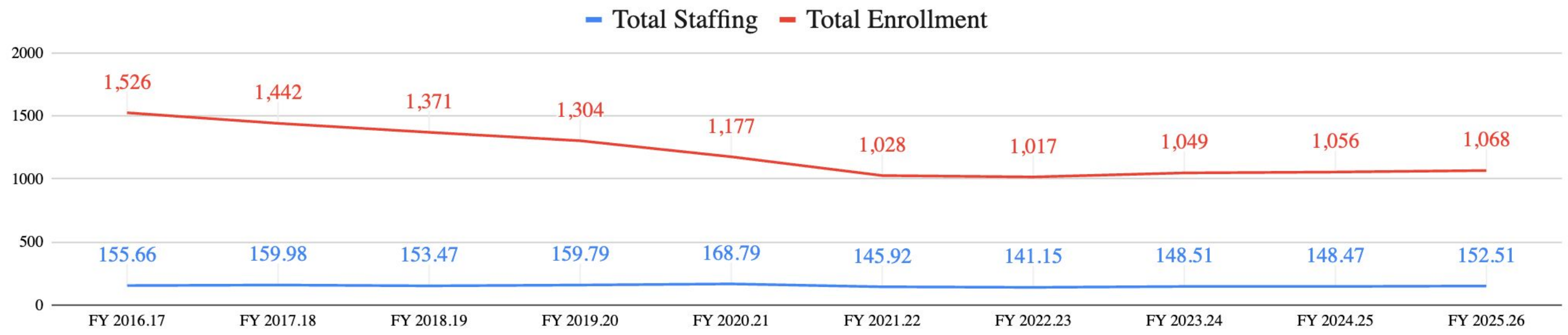
REED UNION SCHOOL DISTRICT



Enrollment History

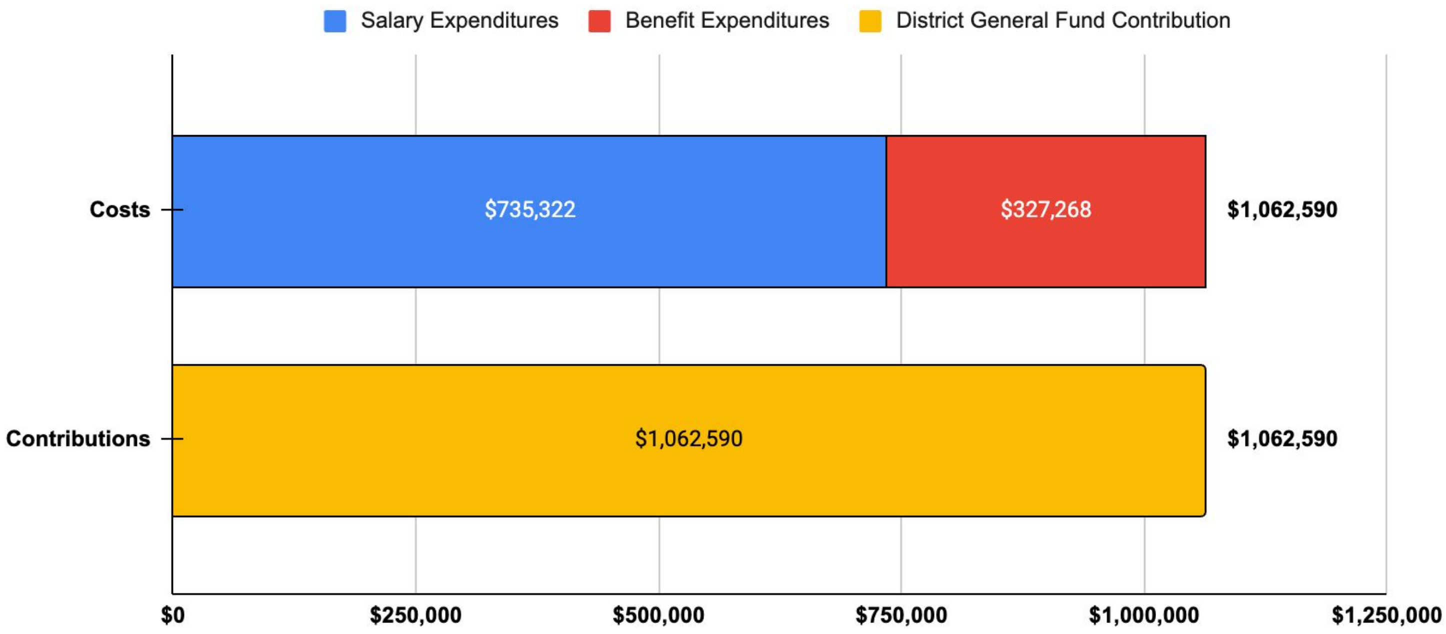
REED UNION SCHOOL DISTRICT

Reed Union SD	FY 2016.17	FY 2017.18	FY 2018.19	FY 2019.20	FY 2020.21 (Pandemic)	FY 2021.22	FY 2022.23 (START PK)	FY 2023.24	FY 2024.25	FY 2025.26 (CBEDS)	**Delta**
Total Staffing	155.66	159.98	153.47	159.79	168.79	145.92	141.15	148.51	148.47	152.51	-3.15 Staff
Total Enrollment	1,526	1,442	1,371	1,304	1,177	1,028	1,017	1,049	1,056	1,068	-458 Students
Ratio: (Students per Staff FTE)	9.8	9.0	8.9	8.2	7.0	7.0	7.2	7.1	7.1	7.0	

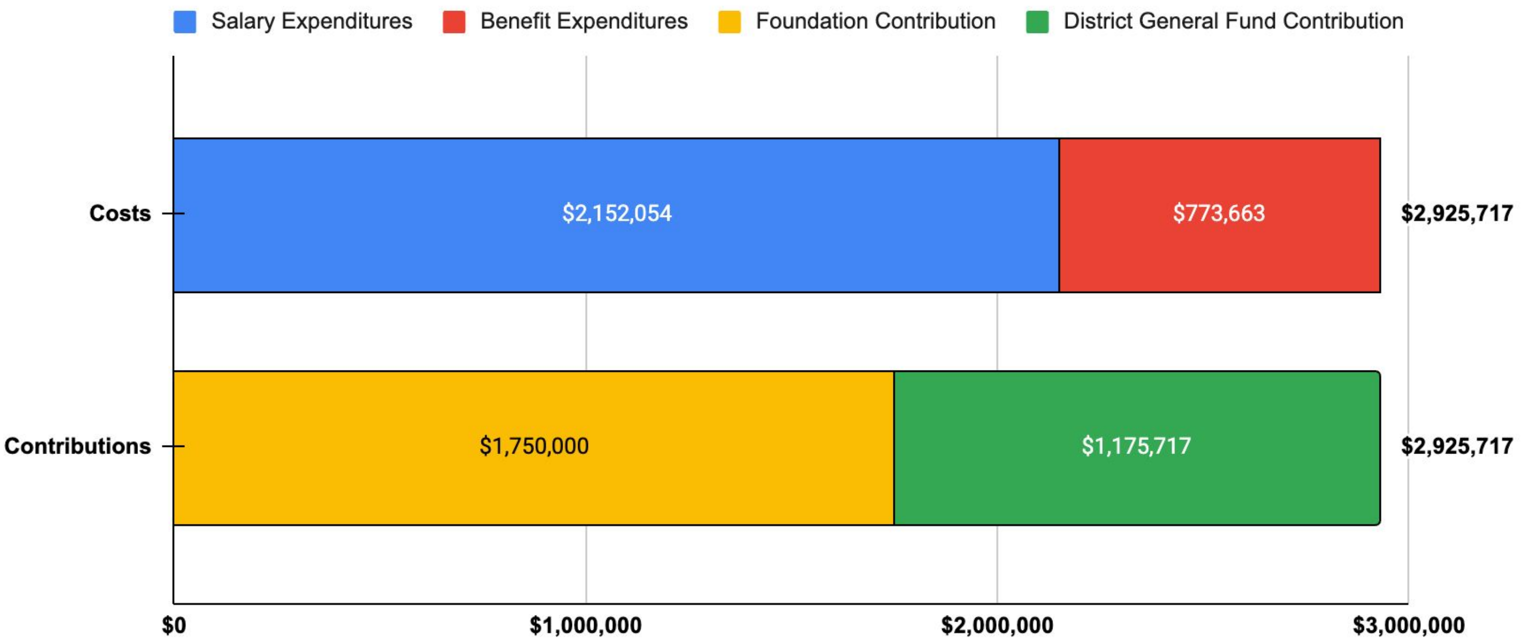


Enrollment & Staffing Ratios

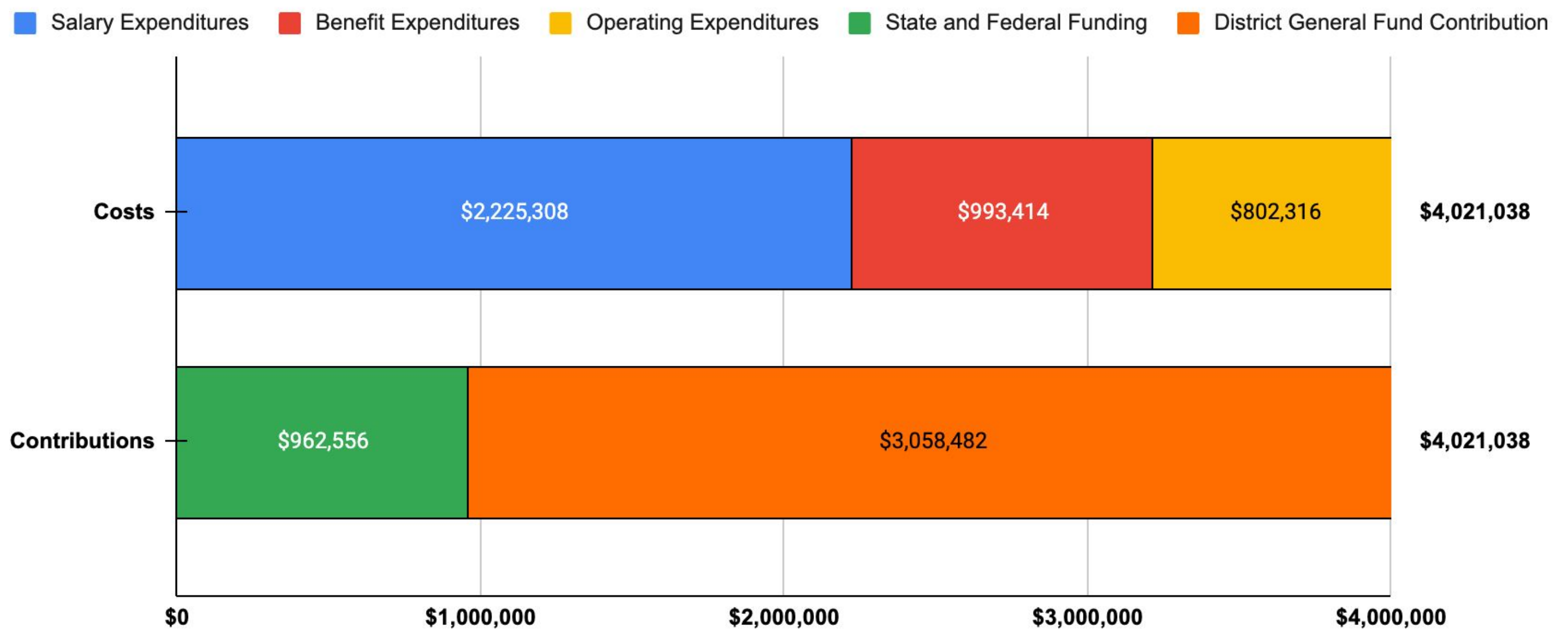
REED UNION SCHOOL DISTRICT



The District launched a Pre-K program in FY 2022/23, ahead of the State's required full implementation in FY 2025/26. As a community-funded district, RUSD does not receive additional per-ADA funding to operate this program. By FY 2025/26, the District operates five Pre-K classrooms staffed by five teachers and five instructional aides, serving students at an average ratio of 19.4:1.



The Foundation is budgeted to contribute $1.75 million in FY 2025/26 to support elective programs. However, the total cost of salaries and benefits for these programs is projected at $2.95 million. As a result, the District's General Fund must provide an additional $1.175 million to cover the shortfall. This does not include supplies and other associated operating expenditures.



Special Education (*FY 25/26 Adopted Budget 6/10/25*)

REED UNION SCHOOL DISTRICT

(1)	• One Time State Funding	• TBD
(2)	• Increased Property Tax Revenue?	• 4.17% in FY 25/26 • 4% Projected in FY 26/27 • 3.85% Projected in FY 27/28
(3)	• General Obligation Bond driven reduction in M&O budget pressure.	• Replacement of aging facilities with new build.
(4)	• Increased support from the Foundation and PTA?	• TBD

Revenue Variables that <u>MAY</u> Influence the District's Multi Year Projection

(1)	FY 27/28 Collective Bargaining	• Increases to Salaries beyond Step and Column • Increases to Capped Benefits Contributions
(2)	Federal Funding Assumptions	• $230k Budget in FY 25/26 (1%)
(3)	General Obligation Bond	• Failure to pass a General Obligation Bond would put increasing pressure on Maintenance and Operations

Expenditure Variables that <u>MAY</u> influence the District's Multi Year Projection