

Avoiding the Funding Cliff

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Presented By



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Slide 2

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Rehmann

What's your agency's post-COVID operating environment?

Consider...

- **New/Added positions?**
- **Enrollment** up, down, or relatively the same?
- New/added **ongoing programs?**
- Stipends, bonuses, and other **one-time payments?**

Last spring, someone (not mentioning any names) warned that, "FY24 and FY25 budgets are CRITICAL. If you are starting now, it's too late".

How has your agency used these budget cycles to prepare for impact?



New Positions

- Did you add staff/positions that **did not exist pre-pandemic**?
 - If yes, **how will you fund** these added positions post-September 30, 2024?
 - **Review of impact** of new staff/positions is crucial. If the position provides value, **look for other options to maintain** and fund through existing mechanisms



Enrollment Effects

- Did your enrollment increase, maintain, or decrease?
 - Increase? You are **probably okay**
 - Maintain? **It depends** on your localized factors
 - Decrease? You need to **be very cautious!**



New Programming

- Did you **new/add programming** that did not exist pre-pandemic?
 - If yes, **how will you fund** these added programs post-September 30, 2024?
 - **Review of impact** of new programs is crucial. If the program provides value, **look for other options to maintain** and fund through existing mechanisms



One Time Payments

- Did you use COVID funding for **stipends, bonuses, other one-time payments**?
 - Stipends, Bonuses, and other Payments are nice, but have **little impact to offset** potential challenges of funding cliff
 - While it **may help the immediate localized labor situation**, must be cautious about the mid-to-long-term impact
 - **Other options** were available to directly offset potential of financial distress that you **may need to be prepared to respond** to as the grant funding ends, particularly if you are on the edge or over the cliff itself



Strategies to Avoid the Cliff

- What did some do to **avoid the Funding Cliff**?
 - Aligned staffing to **enrollment trends**
 - Implemented **new programs** that were **sustainable**
 - **Supplanted staffing costs** effectively to maintain viability
 - Used **Capital Projects** to reduce potential GF costs
 - Utilized **other COVID funds** to reduce long-term maintenance cost



FY 2024/25 Budget & Beyond

- **Detailed budgeting** critical due to continued changes in funding
- **Staffing levels** need to be carefully considered
 - Grant funded positions
 - **Class sizes** may need to be adjusted, especially if ESSER funding used to keep low in past years
- **Inflation** still impacting cost
- Recommended/targeted **fund balance** percentages need to be evaluated long-term
- Utilize **multi-year projections**
- Carefully craft **messaging** to board, community, and other stakeholders



Union Negotiations

- **Multi-year projections** essential to forecast long-term impacts of negotiations (even with short-term agreements)
- **Enrollment expectations**
- **Fund balance** considerations
- **Education / messaging** more important than ever
 - Board
 - Unions / employees
- **Inflationary** pressures
- **Be cautious** with significant increases



Questions?

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