



LITTLE ROCK
SCHOOL DISTRICT

LRSD BOARD FINANCIAL UPDATE

June 24, 2021

Financial Reports

1. Summary Revenue Status Report (pages 1-3)
2. Summary Expenditure Status Report (pages 4-7)
3. Detailed Statement of Changes in Fund Balances (pages 8-13)



Continuous Fiscal Review

The Little Rock School District Board and Administration is continually reviewing and dissecting every facet of LRSD's operations to identify potential savings and utilization of resources to achieve maximum operational efficiency. This dissection includes exploring changes in staffing at all levels, academic programs/interventions, revenue utilization, facility maintenance/upgrades, utility usage, human capital needs, etc.



Budgetary Focus

Our budgetary focus is on fiscal solvency and sustainability. There is a conscious effort to address the areas of Revenue Utilization, Staffing/Human Capital, Current & Future Facility Needs, Salary Schedules and Minimum Fund Balance as it relates to the current budget and subsequent fiscal years.



Overall Fiscal Goal

Our overall fiscal goal is to achieve the greatest operational efficiency possible while still providing a high quality and equitable education to all our students as well as attracting and retaining the most competent team members.

We realized that this is not an easy task, but we are prepared to make the necessary changes to right-size our District operations in order to stay financially solvent and educationally focused. We owe this to every student, employee, parent and tax payer of Little Rock School District.



Fiscal Year 2021

- Adopted a budget this fiscal year that projected an operational deficit of \$5,777,790. This was primarily due to very conservative projections of local tax revenue collections due to Covid-19 and expenditures associated with the completion of Little Rock Southwest High School.
- Current revenue projections are expected to come in approximately \$9.8 million over budget. Estimates for indirect cost recovery from ESSER I & II are approximately \$650,000.
- Salary & benefit expenditures are expected to come in approximately \$3.5 million under budget and the District was able to reallocate \$2 million of Covid-19 related operating expenditures to ESSER II funding.
- The Debt Service Mills Extension of 2020 failed to get voter approval in November 2020. LRSD had plans to pay for FFE for LRSWHS (\$4.2m) and architect fees for McClellan site (\$2.0m) using these funds.
- District had \$16.4 million of unfunded one-time capital improvement costs in fiscal year 2021.



Fiscal Year 2022

- LRSD is projecting to receive an additional \$3.5 million of local tax revenue and \$500,000 of indirect cost recovery revenue from ESSER II.
- State funding is expected to decrease by \$1.9 million due to decline in ADM from 2020/2021 school year. In subsequent fiscal years this loss will be \$4.7 million.
- LRSD is projecting operating fund savings of \$6.6 million. This includes a reduction of certified positions and utilization of ESSER II funding.
- Cumulative available operating funds are \$18.6 million as compared to fiscal year 2021.



Fiscal Year 2023

- LRSD is projecting to receive an additional \$3.6 million of local tax revenue and \$500,000 of indirect cost recovery revenue from ESSER II & ARP ESSER.
- LRSD has very preliminary savings of \$2.8 million that can be achieved by right-sizing of staffing at buildings.
- Cumulative available operating funds are \$19.1 million as compared to fiscal year 2021.



Fiscal Year 2024

- LRSD is projecting to receive an additional \$3.6 million of local tax revenue and \$500,000 of indirect cost recovery revenue from ARP ESSER.
- No expenditure savings have been identified at this time but will be determined at a later date. District will have to address “funding cliff” for ESSER II and ARP ESSER.
- Cumulative available operating funds are \$23.4 million as compared to fiscal year 2021.



HUMAN CAPITAL

Human capital is an intangible asset or quality not listed on a company's balance sheet. This includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality. The concept of **human capital** recognizes that not all labor is equal.





HUMAN CAPITAL OFFERINGS

AIR supports our public and private sector clients with unique insights and solutions, as demonstrated in the following areas:

- Collect & identify information on the duties, tasks, & knowledge, skills, & abilities for a particular job.
- Determine the influence that factors have on successful performance within a profession.

Job & Practice Analysis

- Improve organizational & individual performance over time.
- Systematically identify & analyze current & future workforce needs.

Workforce Planning

- Develop frameworks to define the requirements associated with successful performance.
- Identify & prioritize competency gaps within the workforce.

Competency Modeling

- Identify & implement impactful reskilling & upskilling strategies.
- Identify tools to proactively detect & address reskilling & upskilling opportunities.

Reskilling & Upskilling

- Identify appropriate processes & materials to maximize hiring potential.
- Develop legally defensible selection tools.

Employee Selection Test Development & Validation

- Provide recommendations on occupational licensing issues.
- Examine & update licensure & certification requirements.

Occupational Licensing & Certification



CFO Mantra

“We have the fiduciary responsibility not just to be good stewards, but to be great stewards of the resources we have available. In doing so, we can provide our children with the greatest educational opportunities to ensure they achieve their maximum potential.”



Exist vs Thrive

It has been stated the LRSD has a lot of money and that is a fact, our budget is over \$300 million. At times this has been misconstrued and statements made that LRSD does not need additional funds. This is simply an *illusion*, which is a "***perception of something objectively existing in such a way as to cause misinterpretation of its actual nature***".

Question: Would you prefer to have fruit trees in your orchard that produce some of the greatest fruit in the world to merely to "***Exist***" or "***Thrive***"?

Exist = *To live at an inferior level or under adverse circumstances (Survival Mode)*

Thrive = *To progress toward or realize a goal despite or because of circumstance (Prune/Flourish Mode)*

We have to decide whether we want to "***Exist***" or "***Thrive***"

