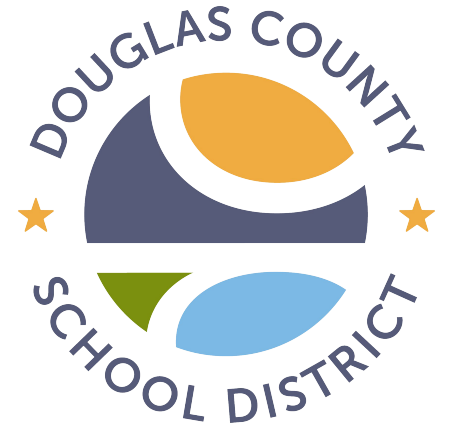


DOUGLAS COUNTY SCHOOL DISTRICT



# **Fiscal Stabilization & Recovery Plan Follow Up**

An overview of the immediate corrective measures, and steps to be taken on a long-term path to solvency prepared for the Committee on Local Government Finance.



# Fiscal Condition Overview

Assessing the progress made toward achieving the budgetary reductions as outlined in the DCSD  
Dept of Taxation Fiscal Recovery Plan.

# HISTORICAL TRENDS: EFB DEPLETION

Between FY 2016 and FY 2022, DCSD built a surplus of **\$11.6 Million**. However, this reserve was fully exhausted by FY 2025 to offset structural operating deficits.

- ↓ 17.4% Enrollment Decline since 2016
- ↑ 14% Total Expenditure Growth
- ↔ Flat per-pupil funding realization



# THE FISCAL EMERGENCY SNAPSHOT

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**\$5.4M**

Total Projected Deficit

## **NRS 288.150 Declaration**

The Board has formally declared a **Fiscal Emergency** as the Ending Fund Balance (EFB) has fallen below the 4% statutory threshold. This allows for the immediate reopening of collective bargaining agreements regarding compensation and benefits.

**Current EFB Position:** Estimated between -\$849,000 to -\$970,885 depending on year-end finalizations.

# IMMEDIATE CORRECTIVE ACTIONS

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## Contract Denials

Avoidance of approximately **\$928,000** in new costs by denying proposed collective bargaining agreements with Bus Drivers and Certified Staff.



## Hiring Freeze

Elimination of unfilled and vacant positions generated **\$1.26M** in immediate savings, controlling personnel expenditures.



## Capital Shifting

Redirected **\$1.1M** in Technology and Bus purchases from the General Fund to Capital Projects budgets to preserve cash.

# PENDING CORRECTIVE ACTIONS

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## Contract Approvals pending

The Board will consider multiple Association contracts that includes a reduction of five (5) contracted work days, resulting in a total savings of \$336,382.

\*\* In the process of negotiating with the largest Association that represents 75% of the total salary/benefit costs.



## Hiring Freeze

Elimination of unfilled and vacant positions generated. Personnel budgeting practices implemented.

\*\* DCSD is filling vacant administrative positions from within using current administrative staff and or aspiring administrators.



## Capital Shifting

Redirected \$1.1M in Technology and Bus purchases from the General Fund to Capital Projects budgets to preserve cash.

\*\* DCSD has shifted Debt Service Funds to accommodate Capital Improvements and allow for this expenditure shift to take place for two consecutive fiscal years.

# PROPOSED LABOR ADJUSTMENTS

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To bridge the remaining gap, the District is pursuing critical negotiated adjustments to core compensation packages.

- 📉 **4% Salary Reduction:** Targeted for Jan 2026 implementation (\$1M savings in FY26).
- 🔗 **PERS Cost-Sharing:** Adjusting split to save \$561k annually.
- 📅 **Contract Day Reductions:** Reducing 5 contract days to save \$947k.

# ABANDONED COST SAVINGS

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These labor adjustments are subject to negotiations with our Associations and must meet statutory requirements of NV PERS. NV PERS will not allow a split of PERS for one (1) year of the biennium.

- ~~→ **4% Salary Reduction:** Targeted for Jan 2026 implementation (\$1M savings in FY26).~~
- ~~→ **PERS Cost-Sharing:** Adjusting split to save \$561k annually.~~
- The only viable option is to bargain a temporary work day calendar adjustments.

# VERIFIED CURRENT-YEAR/NEXT-YEAR SAVINGS

Recovery Measure	Action Status	Savings Amount
Contract Compromise (Bus drivers/Classified/Admin)	Pending Board Approved (5/19)	\$336,382
Vacancy Eliminations	Implemented	\$1,260,520
Capital Expenditure Transfer	Implemented	\$1,100,000
Classified Staff Hour Reductions	Implemented	\$240,938
Classified Management RIFS	Implemented	\$523,056
Certified Management RIFS	Implemented	\$426,611
Classified RIF	Implemented	\$233,395
School Consolidation	Implemented	\$938,762
Authorization for Interlocal Sale of Parcel adjoining District Office	Board Approved	\$400,000
<b>Total Verified Savings</b>		<b>\$5,459,664</b>

# STRUCTURAL CHANGE: CONSOLIDATION

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## **Meneley / Scarselli Merger**

The Board authorized preliminary action in Feb 2026 to consolidate C.C. Meneley Elementary into Scarselli Elementary starting Fall 2026.

- ✓ Projected Annual Savings: **\$938,762**
- ✓ Optimization of building utilization
- ✓ Reductions in administrative overhead

# MULTI-YEAR RECOVERY TIMELINE

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## Phase I: FY26

Eliminate current-year deficit through strategic measures, immediate cuts to management and personnel, and negotiate a compromise with Associations.



## Phase II: FY27

Embed structural controls, consolidation, and continue to “Right Size” staffing levels. We need to stay consistent with financial decision making.



## Phase III: FY28

Restore **4% Ending Fund Balance** minimum and a 2% contingency fund.

# BUDGET: APRIL TENTATIVE VS. MAY FINAL

General Fund Metrics (FY 2026-27)	Tentative (April)	May Final Budget	Variance
Opening Fund Balance	(\$1,349,088)	(\$849,088)	+\$500,000
Total Budgeted Expenditures	\$59,418,296	<b>\$57,697,712</b>	<b>(\$1,720,584)</b>
Interfund Transfers (Out)	\$5,600,000	\$5,500,000	(\$100,000)
Ending Fund Balance (EFB)	(\$2,050,777)	<b>\$169,807</b>	<b>+\$2,220,584</b>

## Opening Position Improvement

Starting balance improved by **\$500K** due to the successful realization of FY26 cost-containment measures, creating a stronger foundation for the recovery year.

## Strategic Expenditure Cuts

Identified an additional **\$1.72M** in General Fund reductions between April and May by finalization of "right-sizing" personnel targets and operational efficiencies.

# Review & Discussion

Next Steps for DCSD:

- ✓ Finalize Labor Negotiations (Pending)
- ✓ Approve Asset Liquidation Strategy (Pending)
- ✓ Appoint Chief Financial Officer (Completed)