

Marysville Joint Unified School District
June 20, 2017 Board Meeting
2017-18 Budget Presentation



**Proposed 2017-18
Budget for Adoption**

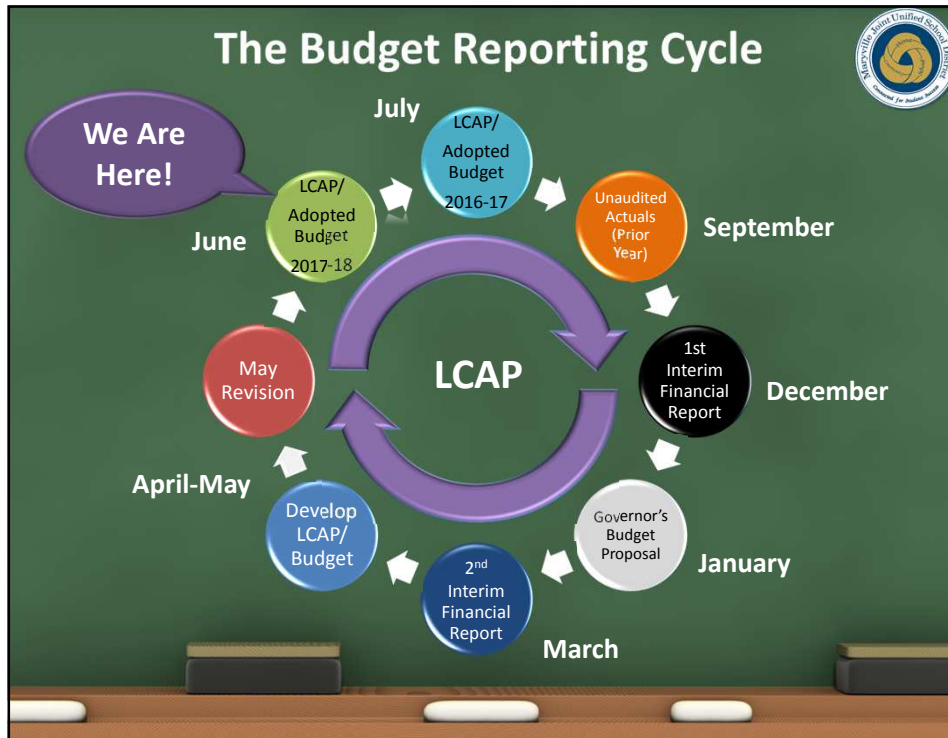
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
June 20, 2017

A green chalkboard with a wooden frame is the central focus. The text "Proposed 2017-18 Budget for Adoption" is written in white. Below the text is the district logo. At the bottom of the chalkboard, the text "MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT" and "June 20, 2017" is displayed. The chalkboard sits on a white and grey checkered floor.

BUDGET PROCESS

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- ### Budget Development Process
- Many Factors:
 - Underlying budget assumptions
 - Estimated expenditure increases
 - Step and column
 - CPI
 - Historical expenditure analysis
 - Stakeholder Input - LCAP
 - District LCAP-Budget Advisory Committee
 - Survey
 - District English Learner Advisory Committee (DELAC)
 - Management review



MAY REVISION



2017 May Revision Overview



- May Revision is the last statutorily required revision
 - Opportunity to modify revenue and other forecasts based upon the updated economic news and state tax collections
- Governor raised his revenue forecast for 2017-18
- But expenditures continue to rise
 - Many school districts are deficit spending and making expenditure reductions, including layoffs and reductions of programs funded by targeted dollars
- Further, the State Administration continues to signal that the next recession is just around the corner

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2017 May Revision Overview

Proposition 98

2017-18 funding up \$1.1 billion from January proposal

LCFF Increases

May Revision ups the LCFF funding increase to \$1.4 billion

Deferral Is Gone

2016-17 proposed deferral replaced by settle-up payment

One-Time Funding Up

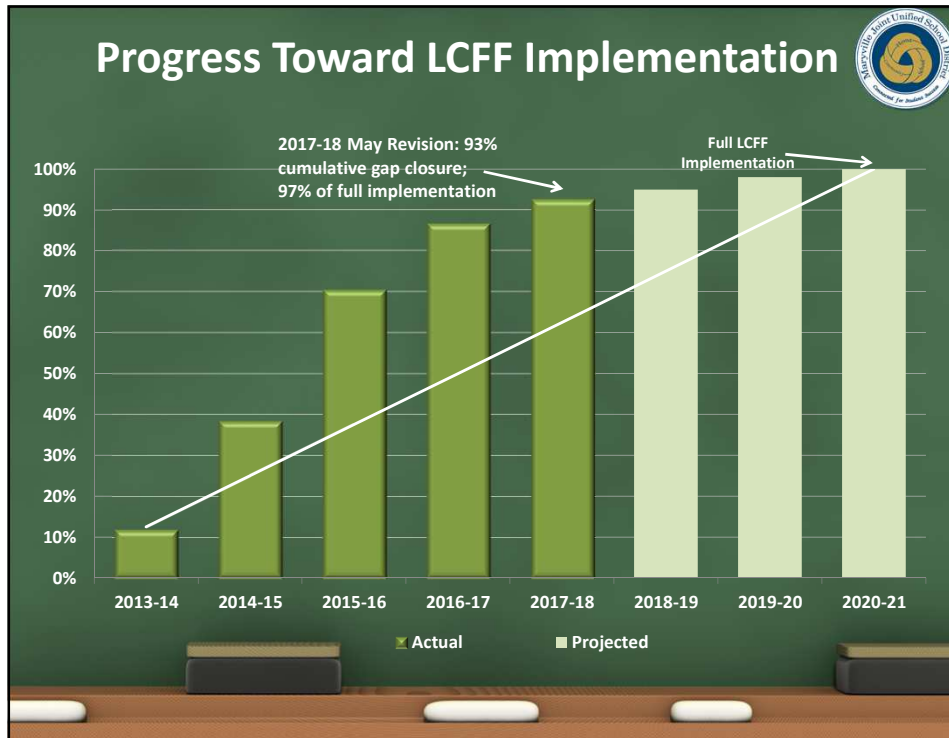
May Revision adds almost \$750 million to January's one-time funds, but with a twist

January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding	23.67% or \$744 million	43.97% or \$1.4 billion
Proposition 98 Minimum Funding Guarantee		
2015-16	\$68.7 billion	\$69.1 billion
2016-17	\$71.4 billion	\$71.4 billion
2017-18	\$73.5 billion	\$74.6 billion
2017-18 COLA	1.48%	1.56%
One-Time Discretionary Funds for 2017-18	\$287 million \$48 per ADA	\$1.01 billion* \$170 per ADA

*Not received until May 2019 - SSC Recommendation: DON'T BOOK ANY OF IT!

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2017-18 LCFF Target Funding Factors

Grade Span	2017-18 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP*	50% Concentration Grant – UPP Above 55%*
K-3	\$7,941	\$1,588	\$3,971
4-6	\$7,301	\$1,460	\$3,651
7-8	\$7,518	\$1,504	\$3,759
9-12	\$8,939	\$1,788	\$4,470

- Over 84% of the District’s funding
- Unduplicated Pupil Percentage (UPP) = 81.99%
 - English Learners
 - Low Income
 - Foster Youth



What Does This Mean for MJUSD?



2016-17 vs. 2017-18 LCFF Revenue

2016-17 LCFF Revenue per Estimated Actuals	Projected 2017-18 LCFF Revenue*	Project Net Increase/(Decrease)*
\$90,265,754	\$93,467,092	\$3,201,338*

- 3.5% Increase
- Projected Increase at Second Interim was \$2,284,619 or 2.5%
 - Based on Governor's January Budget Proposal

CalSTRS Rate Increases



- Employer rates are increasing from 12.58% in 2016-17 to 14.43% in 2017-18
 - No specific funds are provided for this cost increase
- Under Education Code Section 22950.5, once the statutory rates are achieved, CalSTRS may marginally increase or decrease the employer and state contribution rate
 - CalSTRS cannot increase rates by more than 1% in a year and cannot exceed 12% overall, until the remaining unfunded actuarial obligation is eliminated

Year	Employer	Pre-PEPRA*	Post-PEPRA**
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%
2021-22***	19.10%	10.25%	9.205%

* First hired on or before December 31, 2012

** First hired on or after January 1, 2013

*** 2021-22 CalSTRS rates have not been published. Projection using prior year rates.

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CalPERS Rate Increases



- Employer contribution rate of 15.531% for 2017-18, almost 2% higher than the current-year rate of 13.888%
- New projected rates are slightly lower than those previous, but still significant annual increases
- Employee contribution rates:
 - PEPPRA members: from 6% up to 6.5% for 2017-18
 - “Classic” members continue to pay 7.0%

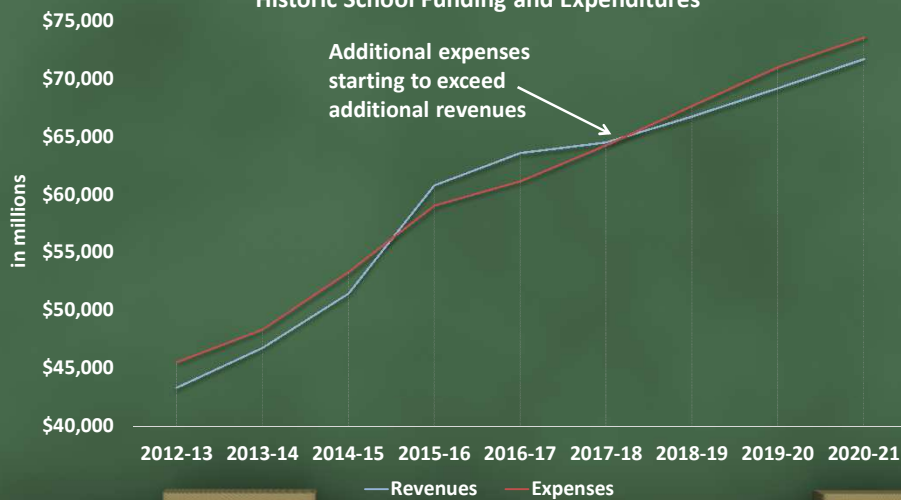
Year	Previously Released Employer Contribution Rates	Employer Contribution Rate*
2016-17	13.888%	13.888%
2017-18	15.8%	15.531%
2018-19	18.7%	18.1%
2019-20	21.6%	20.8%
2020-21	24.9%	23.8%
2021-22	26.4%	25.2%
2022-23	27.4%	26.1%
2023-24	28.2%	26.8%

*Actual for 2017-18

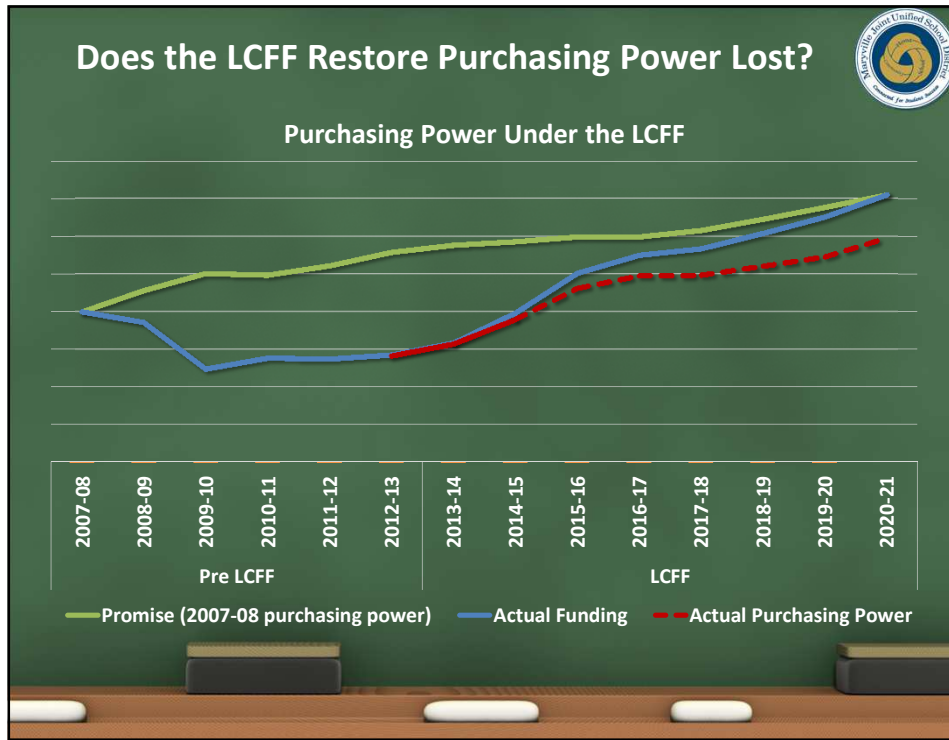
School Agency State Revenues vs. Expenditure Trends



Historic School Funding and Expenditures



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BUDGET ASSUMPTIONS

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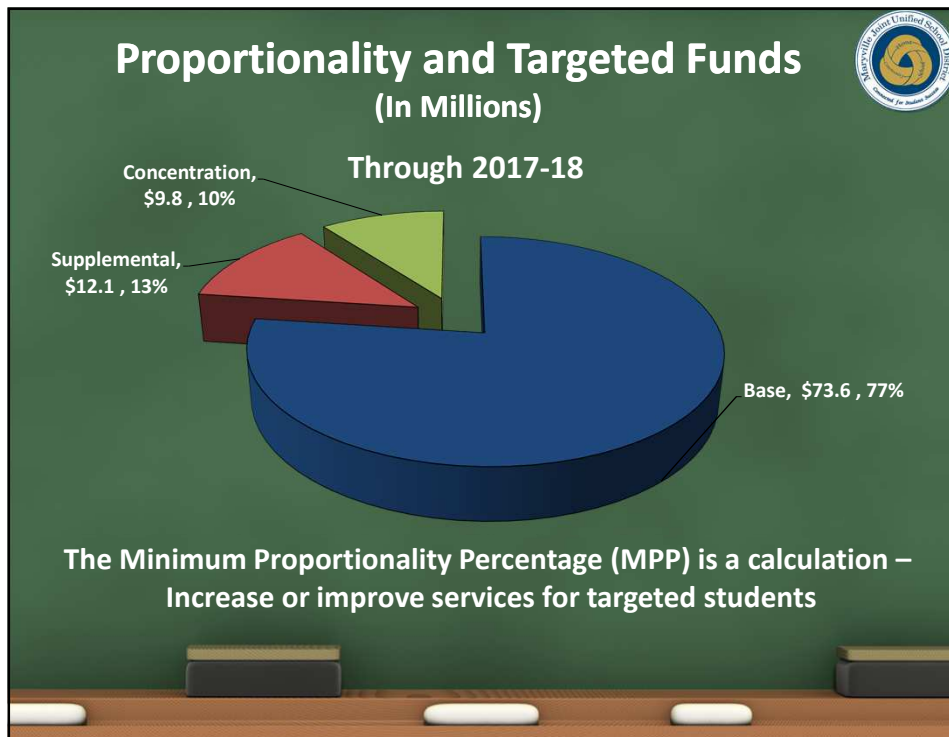
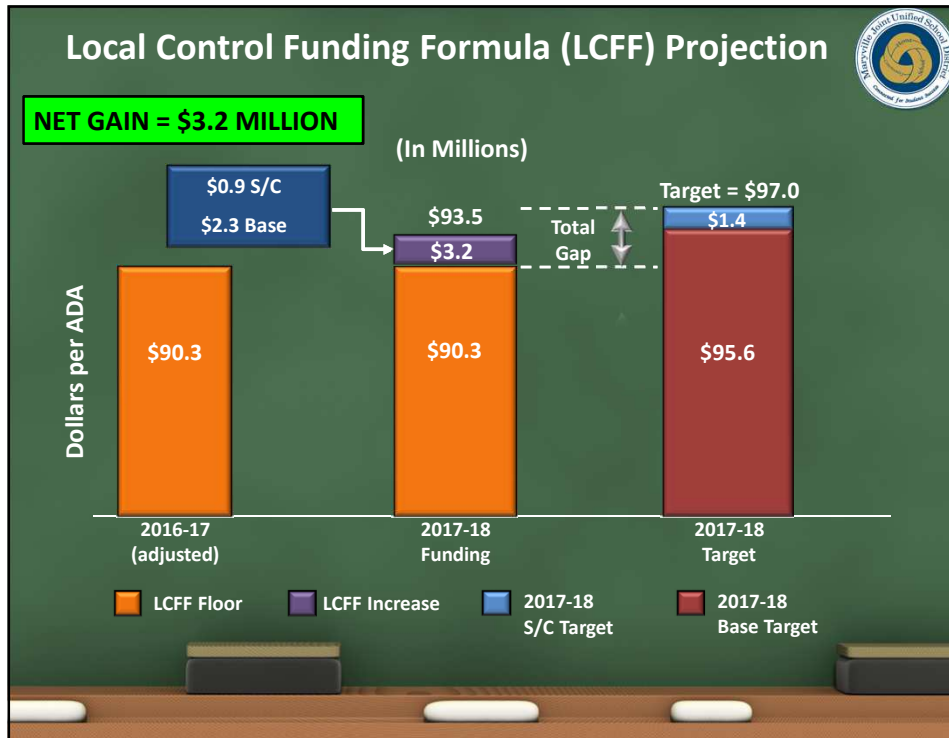


Major Assumptions for Proposed Budget

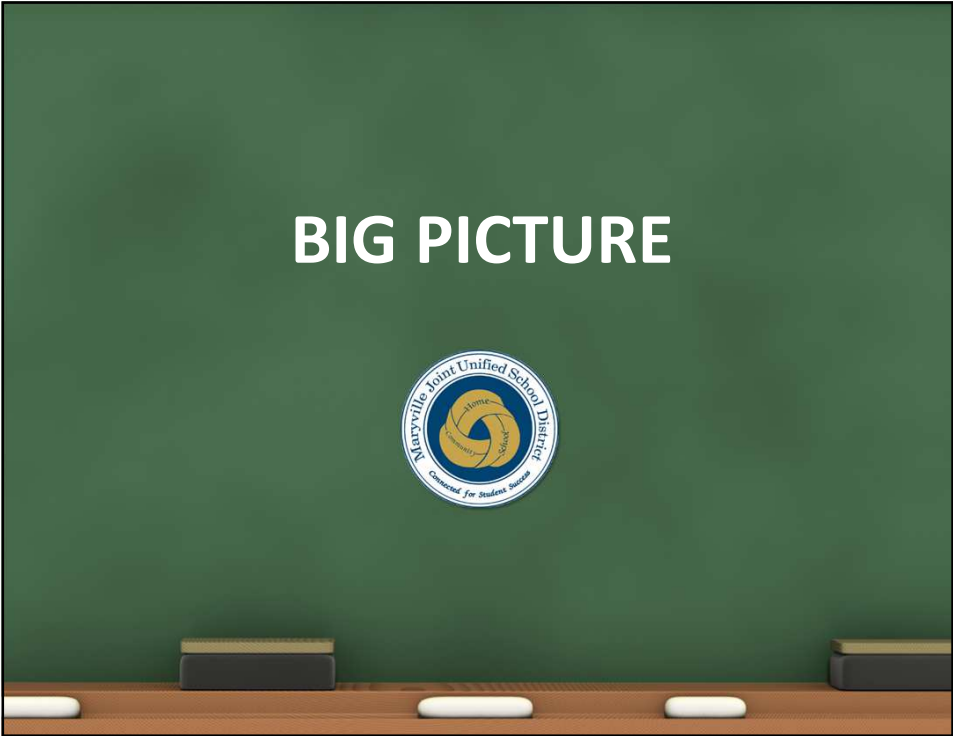
LCFF Planning Factors	2017-18	2018-19	2019-20
Average Daily Attendance (ADA)	9,105	9,105	9,105
Statutory COLA	1.56%	2.15%	2.35%
Step and Column	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)
Gap Funding (DOF)	43.97%	71.53%	73.5%
CalSTRS Employer Rate (Statutory)	14.43%	16.28%	18.13%
CalPERS Employer Rate (Projected)	15.531%	18.10%	20.80%
Lottery Revenue – Unrestricted	\$144.00/ADA	\$144.00/ADA	\$144.00/ADA
Lottery Revenue – Restricted	\$45.00/ADA	\$45.00/ADA	\$45.00/ADA
California Consumer Price Index (CPI)	3.11%	3.19%	2.86%
One-Time Discretionary Funds	\$-	\$-	\$-
Negotiated Settlements	5% - MUTA Only	-	-

LCFF FUNDING

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2017-2018 Budget "Snapshot"

(In Millions)		Unrestricted	Restricted	Total
Beginning Fund Balance (Est.)	@ 7/1/17	\$20.3	\$3.1	\$23.4
Projected Revenue		\$95.6	\$15.4	\$111.0
Contributions to Rest. (SPED, RRMA, etc.)		\$(12.0)	\$12.6	\$-
Projected Expenses:				
Certificated Salaries		\$36.7	\$6.9	\$43.5
Classified Salaries		\$11.3	\$5.0	\$16.3
Benefits		\$16.8	\$7.9	\$24.7
Books & Supplies		\$4.8	\$2.1	\$7.0
Services		\$7.9	\$2.4	\$10.3
Capital Outlay		\$0.4	\$0.4	\$0.8
Other Outgo/Trans. of Indirect		\$0.3	\$2.7	\$3.0
Transfers Out (Deferred Maint.)		\$-	\$0.8	\$0.8
Total Expenses		\$78.2	\$27.3	\$106.4
Net Increase/Decrease to Ending Balance		\$4.8	\$(0.2)	\$4.6
Projected Ending Fund Balance	@ 6/30/18	\$25.1	\$2.9	\$28.0

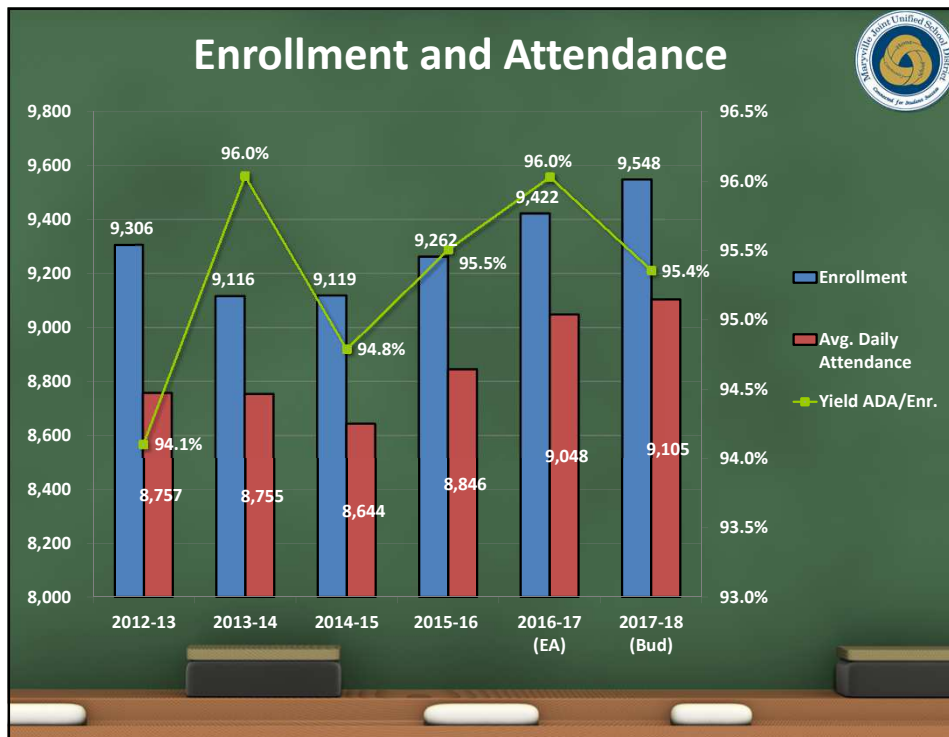
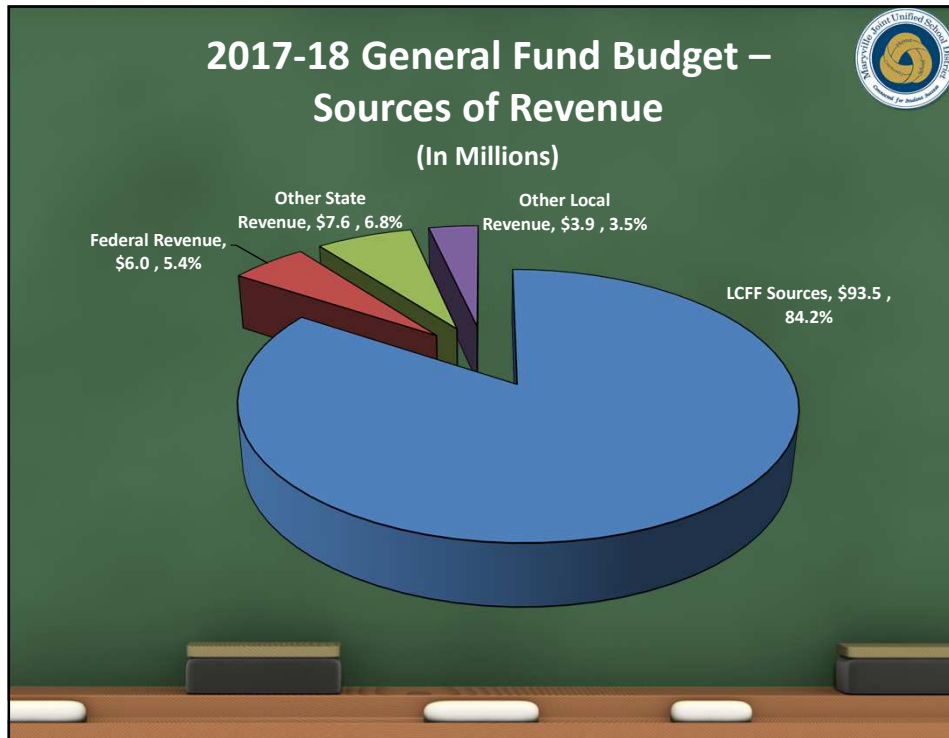
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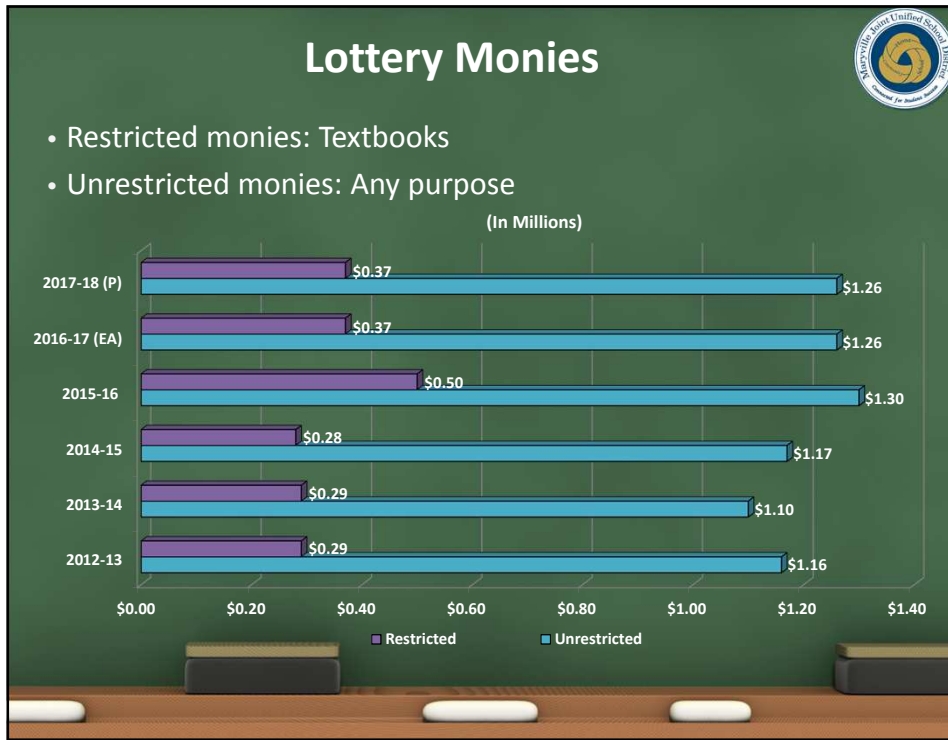
Estimated Actuals 2016-17 vs. Proposed Budget 2017-18
 Revenue Changes - Unrestricted

	Increase/ (Decrease) (In Millions)
Local Control Funding Formula (LCFF)	
<i>Estimated Funding 16-17 & Prior Year Adjustment</i>	\$90.3
<i>Estimated Funding 17-18</i>	\$93.5
INCREASE	\$3.2
Other State Revenue	
Less One-Time Discretionary Funds from PY (\$1.9M) & PY adjustment to lottery & testing (\$0.1M)	\$(2.0)
Other Local Revenue	
Less one-time funds for School Facility Program and local and interest income	\$(1.1)
TOTAL	\$(0.1)

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EXPENDITURES

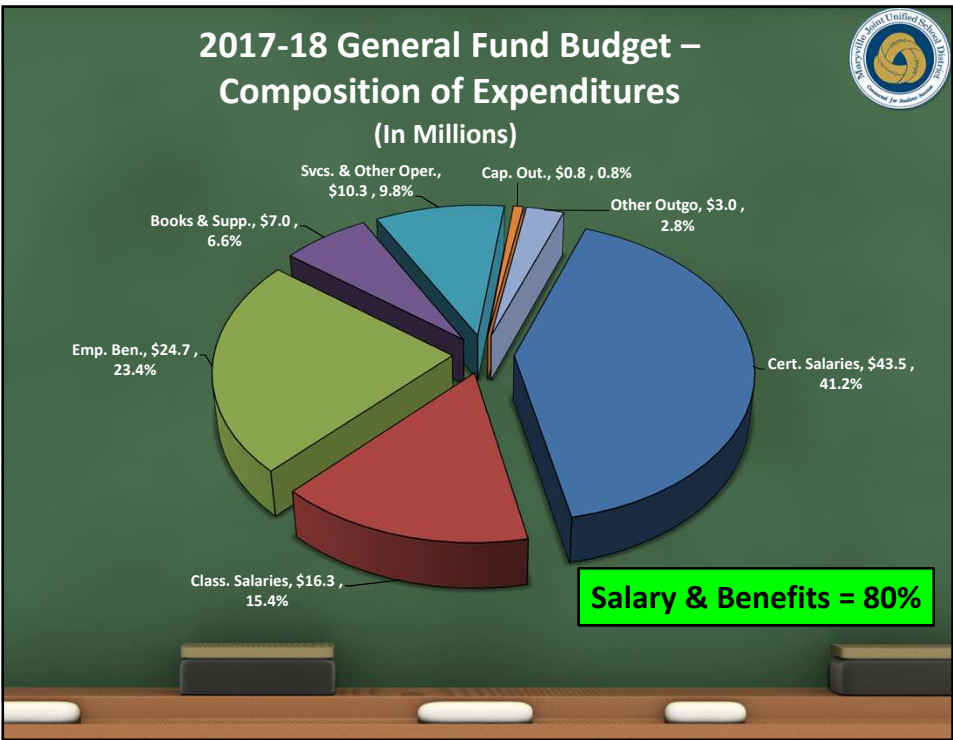
The logo of Marysville Joint Unified School District, featuring a circular emblem with the words "Home", "Community", and "School" inside, surrounded by the district's name and the motto "Committed for Students Success".

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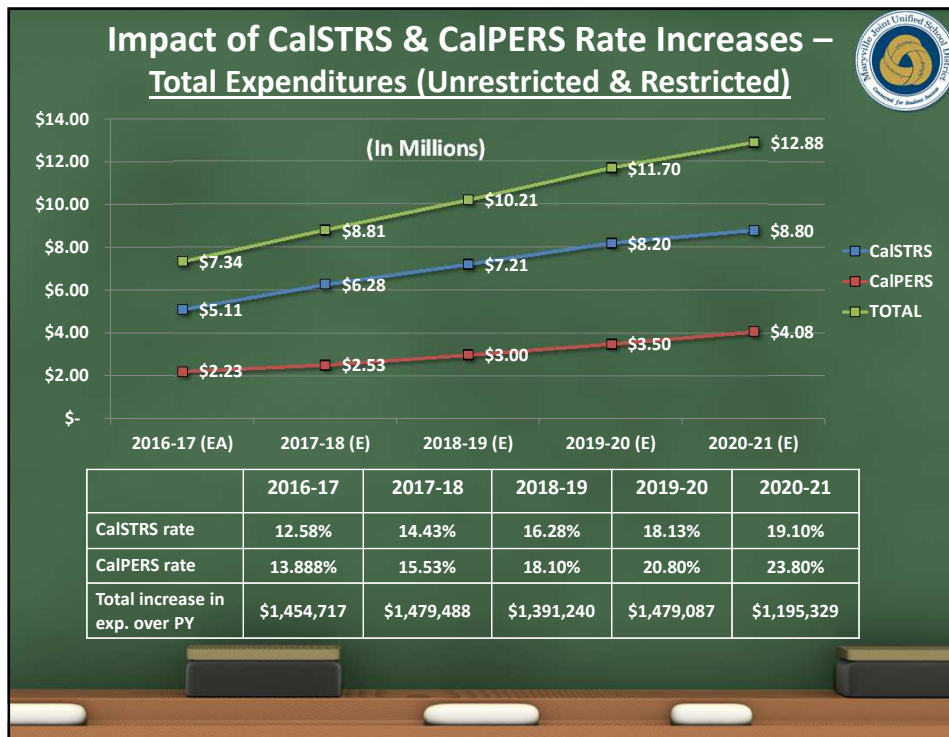
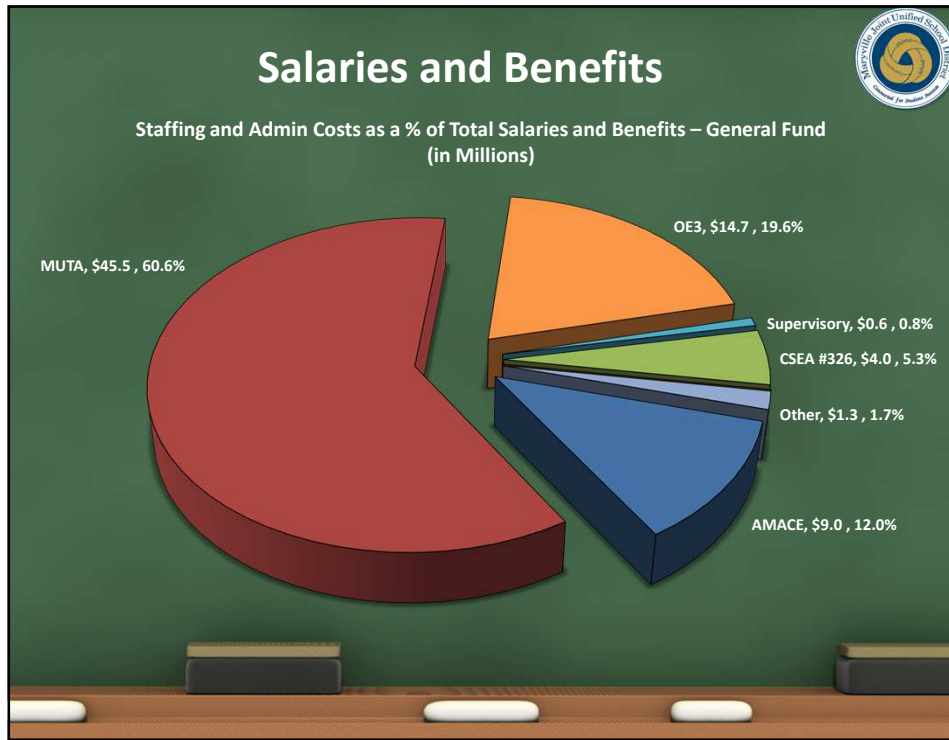


Estimated Actuals 2016-17 vs. Proposed Budget 2017-18
Expenditure Changes - Unrestricted

	Increase/(Decrease) (In Millions)
Certificated Salaries	
LCAP staffing additions, step & column, retirements, MUTA compensation increase and other adjustments	\$3.1
Classified Salaries	
Minor adjustments	\$-
Employee Benefits	
Add'l STRS, PERS, Workers' Comp benefits plus benefits for LCAP staffing additions	\$1.0
Materials and Supplies	
Site discretionary money spent and/or removed	\$(1.0)
Services	
Site discretionary money spent	\$(0.6)
Capital Outlay	
One-time discretionary decrease	\$(7.8)
Other Outgo	
Minor adjustments	\$0.1
TOTAL	\$(5.2)



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Contributions to Restricted Programs

	Resource	Est Actual 16-17	Budget 17-18	% Increase/ (Decrease)
Special Education	6500	\$8,150,300	\$9,042,899	11.0%
Routine Restricted Maintenance Account*	8150	\$3,377,915	\$3,534,237	4.6%
TOTAL	-	\$11,528,215	\$12,577,136	9.1%

* Includes \$820,000 that is transferred to Fund 14 – Deferred Maintenance

Special Education

Encroachment of \$9.0 Million!

Projected Encroachment 2017-18 (in Millions)

Spec. Ed. Expenditures (without trans), \$14.4

Composition of Special Ed Expenditures 2017-18 (in Millions)

Projected Encroachment 2017-18 (in Millions)

- Spec. Ed. Expenditures (without trans)
- SPED State and Federal Revenue
- Encroachment

Composition of Special Ed Expenditures 2017-18 (in Millions)

- Cert. Sal.
- Benefits
- Class. Sal.
- Supplies & Equip
- Services
- Indirect Costs/Tuition

Projected Encroachment 2017-18 (in Millions)

- \$5.4
- \$9.0



ENDING FUND BALANCE



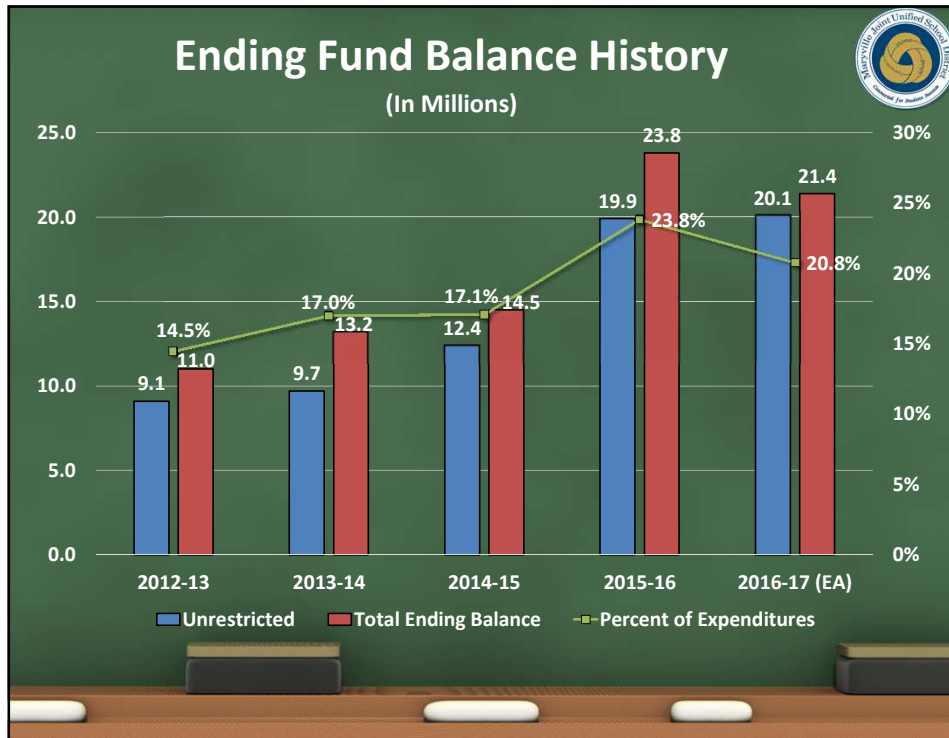
Components of Ending Fund Balance



Ending Fund Balance = One-Time Money!

Description	2017-18	2018-19	2019-20
Additional 3% for Assignments and Restrictions	\$602,158	\$168,844	\$139,649
2012 COPs Payments Beginning in 2023	\$15,305,835	\$23,310,273	\$27,550,612
Remaining 2006 COPs Payments	\$2,759,372	\$-	\$-
Cost of 5% 2016-17 Retro	\$1,474,555	\$-	\$-
Textbooks	\$407,025	\$-	\$-
One-Time Discretionary Projects	\$146,798	\$-	\$-
Cost of 5% 2017-18	\$1,504,046	\$1,534,127	\$1,564,810
Supplemental & Concentration Funding	\$0	\$1,534,944	\$1,755,751
Amount Disclosed per SB 858 Requirements	\$22,199,789	\$26,548,188	31,010,822
Add: Nonspendable Reserves	\$205,833	\$205,833	\$205,833
Add: State REU – 3%	\$2,676,842	\$3,272,156	\$3,363,351
Add: Restricted Fund Balance	\$2,924,824	\$2,924,824	\$2,924,824
Estimated Ending Fund Balance	\$28,007,288	\$32,951,001	\$37,504,830

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Fund Summaries (In Millions)


Fund #	Fund Name	2016-17	Est. Net Change	2017-18
01	General (Unrest. & Rest.)	\$23.4	\$4.6	\$28.0
09	Charter	\$0.5	\$0.1	\$0.6
11	Adult Education	\$-	\$-	\$-
12	Child Development	\$0.2	\$-	\$0.2
13	Cafeteria	\$1.5	\$0.1	\$1.6
14	Deferred Maintenance	\$0.8	\$0.8	\$1.6
21	Building Fund	\$-	\$-	\$-
25	Capital Facilities	\$1.8	\$0.7	\$2.4
35	County School Facilities	\$0.1	\$-	\$0.1
51	Bond Interest & Redemption	\$3.4	\$-	\$3.4
52	Debt Service	\$2.1	\$-	\$2.1
73	Foundation-Private Purpose Trust Fund	\$0.3	\$-	\$0.3
	TOTAL	\$34.2	\$6.3	\$40.5



MULTI-YEAR PROJECTION (MYP)



Major Assumptions for MYP



LCFF Planning Factors	2017-18	2018-19	2019-20
Average Daily Attendance (ADA)	9,105	9,105	9,105
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One-Time Discretionary Funds	\$-	\$-	\$-
Negotiated Settlements	5% - MUTA Only	-	-



Multi-Year Projection (MYP)



	2015-16 (EA)	2016-17 (P)	2017-18 (P)	2018-19 (P)
Revenues	\$115.1	\$111.0	\$114.8	\$117.5
Expenditures	\$114.4	\$105.5	\$109.1	\$112.1
Other Financing Uses/Sources	\$0.9	\$0.8	\$0.8	\$0.8
Beginning Balance	\$23.6	\$23.4	\$28.0	\$33.0
Increase/(Decrease)	\$(0.2)	\$4.6	\$4.9	\$4.6
Ending Balance	\$23.4	\$28.0	\$33.0	\$37.5

Multi-Year Projection (MYP): General Fund – Ending Fund Balance





MOVING FORWARD



Key Takeaways



- Budget Surplus still exists in 2017-18
 - Due to:
 - Increased LCFF revenues in May Revision
 - Increased lottery funds
 - Increased COE ADA
 - Only MUTA compensation increase included in budget
 - Other bargained settlements will hit budget during 17-18
 - No additional one-time discretionary funds budgeted but more coming per 2017-18 State Budget Act
- Ongoing Surplus is stable as growth slows and future is uncertain
 - Almost at full implementation of LCFF
 - Higher COLAs in 18-19 and 19-20 impact projection
 - Recession is inevitable – Governor warns of slowdown
 - Statutory benefit costs continue to rise into next decade

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THANK YOU
Questions?