

# Proposed 2016-17 Adopted Budget



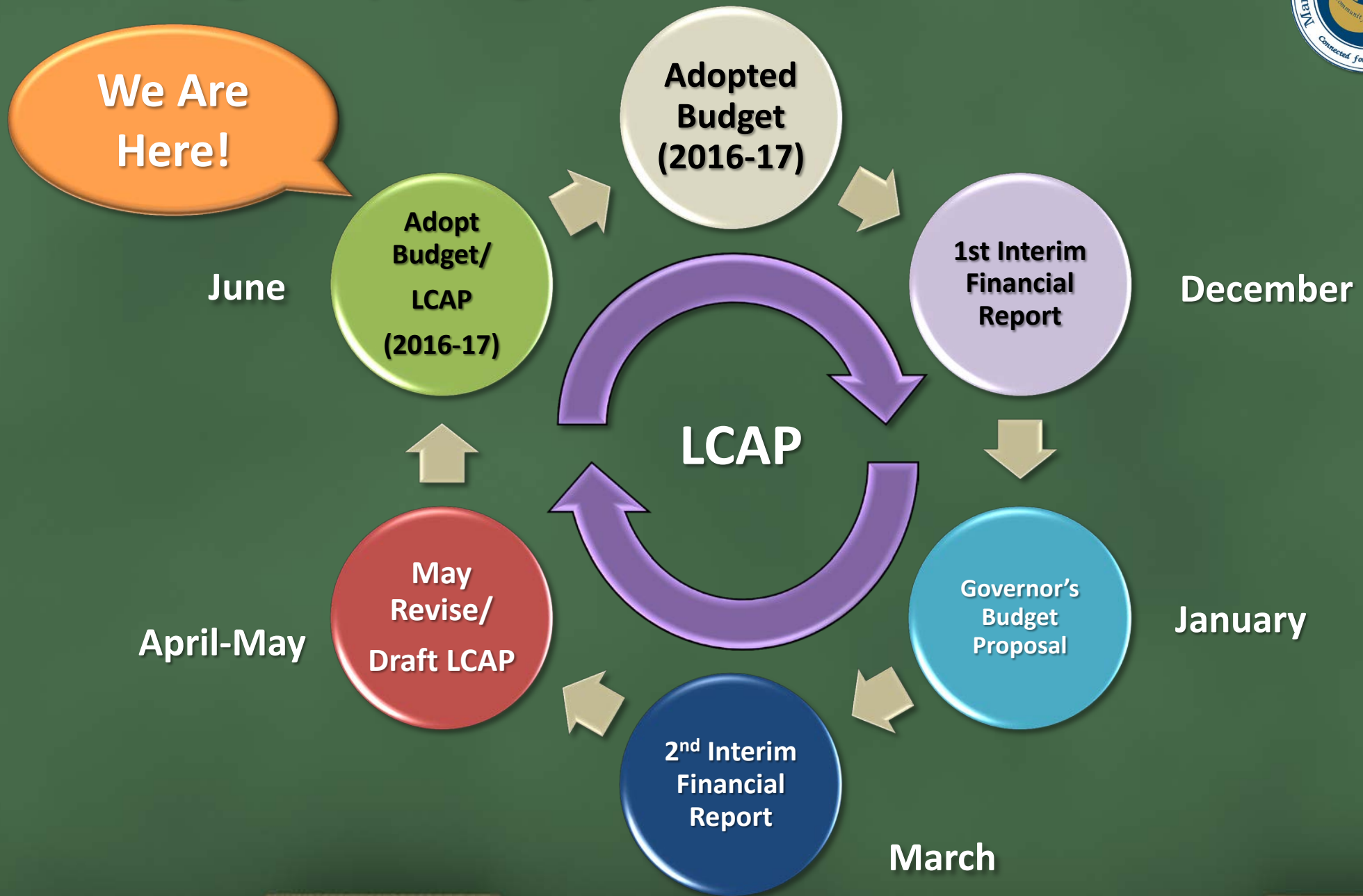
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT

June 21, 2016

# BUDGET PROCESS



# The Budget Reporting Cycle





# Budget Development Process

- Many Factors:
  - Underlying budget assumptions
  - Estimated price increases
  - Historical expenditure analysis
  - Stakeholder Input - LCAP
    - District LCAP-Budget Advisory Committee
      - Survey
    - District English Learner Advisory Committee (DELAC)
    - District (Parent) Advisory Committee (DAC)
  - Management review

# MAY REVISION







# May Revision Summary

- Proposition 98 still rising, but at a much lower rate - boost from the maintenance factor nearly gone
- Recent years have started with low revenue forecasts that got better
  - This year the Governor's January forecast is higher than the May Revision revenues
- However, both one-time and ongoing revenues to education grow slightly above the January forecast for 2016-17
- The May Revision projects that the Local Control Funding Formula (LCFF) will be 95.7% implemented in 2016-17
  - At full implementation the supercharged increases are over, all local educational agencies (LEAs) just get a Cost-Of-Living Adjustment (COLA) – but COLA is 0% for 2016-17
    - NOTE: COLA at 0% impacts Categorical programs
- Key assumption: Proposition 30 will expire
- Now is the time to start preparing for slower growth



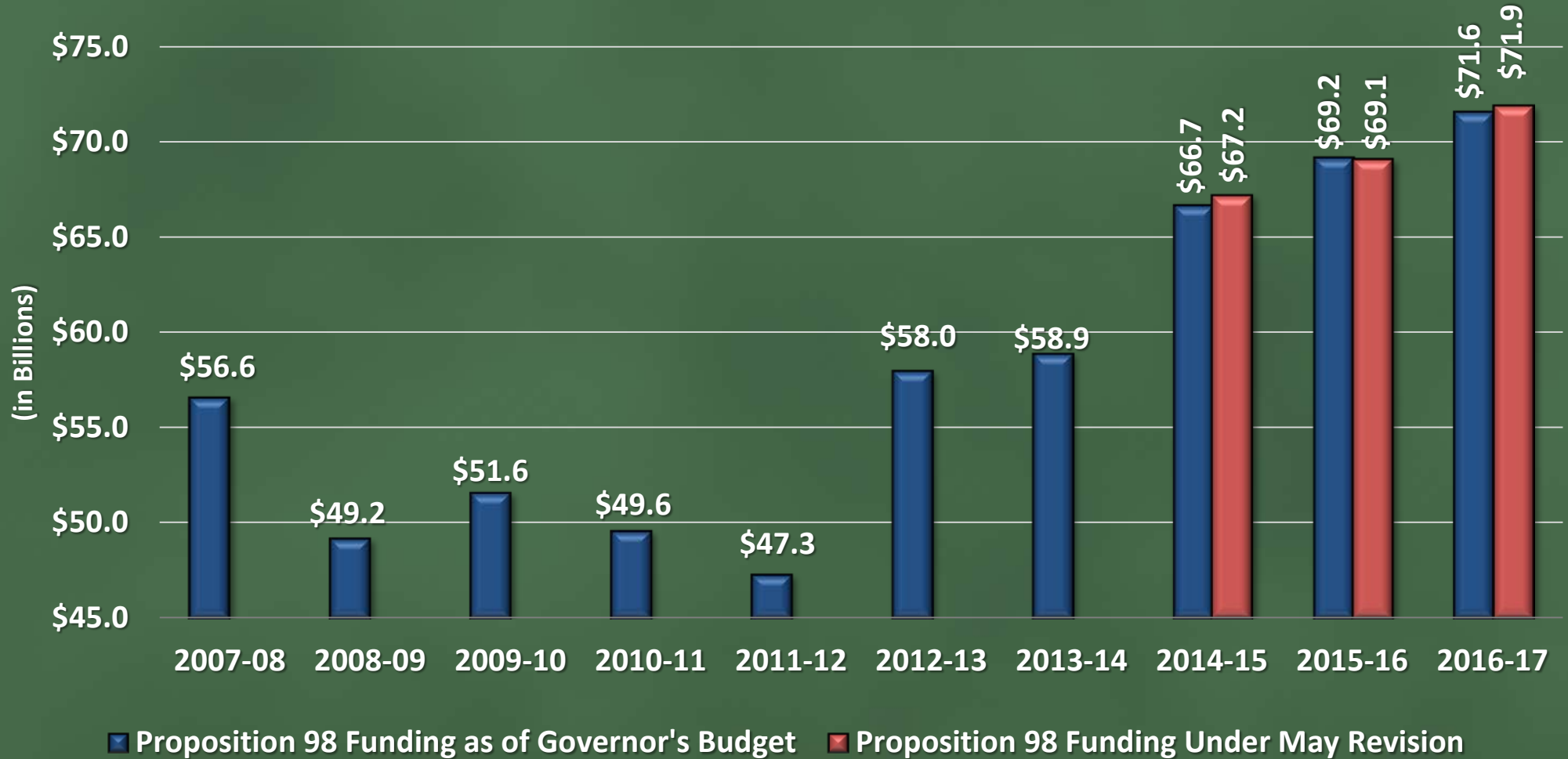
# May Revision Summary

- The May Revision acknowledges a mixed bag for the prior, current, and Budget year Proposition 98 funding, a combined total increase of \$626 million
  - 2014-15: increase of \$463 million to \$67.2 billion
  - 2015-16: decrease of \$125 million to \$69.1 billion
  - 2016-17: increase of \$288 million to \$71.9 billion
- Compared to the 2011-12 Proposition 98 guarantee, funding in 2016-17 will have increased \$24.6 billion to \$71.9 billion under the May Revision
  - These gains are largely attributed to the repayment of the Proposition 98 Maintenance Factor, an amount equivalent to the loss of funds imposed on K-14 education during the recession
    - A restoration, not a repayment
- According to the May Revision, \$908 million in Maintenance Factor payments will remain at the end of 2016-17
  - \$155 million outstanding with another \$746 million newly created



# Proposition 98 Funding

2007-08 to 2016-17



Source: 2016-17 May Revision, pg. 11

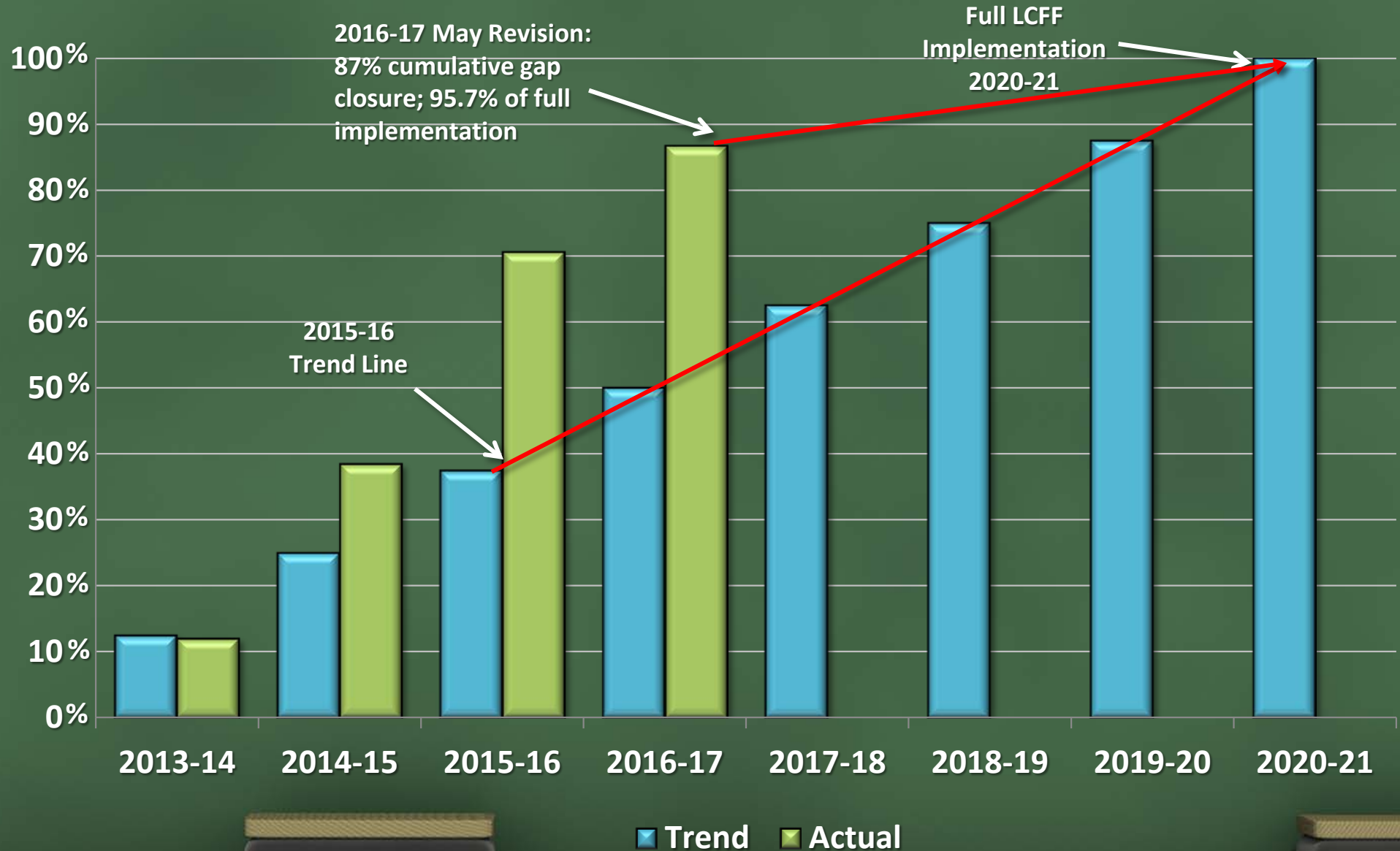




# January Proposal vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding	49.08% or \$2.8 billion	54.84% or \$2.9 billion
Proposition 98 Minimum Funding Guarantee		
2014-15	\$66.7 billion	\$67.2 billion
2015-16	\$69.2 billion	\$69.1 billion
2016-17	\$71.6 billion	\$71.9 billion
2016-17 COLA	0.47%	0.00%
One-time Discretionary Funds for 2016-17	\$1.2 billion \$214 per ADA	\$1.4 billion \$237 per ADA

# Progress Toward LCFF Implementation





# Statutory Benefits

## CalSTRS

- Still not addressed
  - CalSTRS/CalPERS
    - CalSTRS: employer contribution rate statutorily increases to 12.58%
    - CalPERS: rate increase higher than anticipated – increasing at 13.888%

Year	Employer	Pre-PEPRA* Employees	Post-PEPRA* Employees
2015-16	10.73%	9.20%	8.56%
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%

\*Public Employees' Pension Reform Act

## CalPERS

Actual	Projected				
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.847%	13.888%	15.50%	17.10%*	18.60%*	19.80%*

\*CalPERS provided estimates, April 2016



# Routine Restricted Maintenance

2015-16 and 2016-17

Lesser of:

3% of total General Fund expenditures

The amount deposited in 2014-15

2017-18 to 2019-20

Greater of:

Lesser of 3% of total General Fund expenditures or the amount deposited in 2014-15

2% of total General Fund expenditures

2020-21 and beyond

At least:

3% of total General Fund expenditures

Legislative Intent:  
Comply with minimum 3% deposit at full LCFF implementation





# May Revision Conclusion

- Another good year in 2016-17 but not at 2014-15 and 2015-16 levels
- Proposition 98 funding will slow considerably once the Maintenance Factor has been fully paid
  - Growth will likely be in the range of 2% to 4% annually
- If a recession occurs and Proposition 30 is not extended, state revenues could drop below prior-year levels, and cuts to education could be on the table again
  - Prop 30 Extension - Likely Voter Support: 58%\*

\*Per Public Policy Institute of California Statewide Survey, May 2016

# BUDGET ASSUMPTIONS





# Major Assumptions for Proposed Budget

LCFF Planning Factors	2016-17	2017-18	2018-19
Average Daily Attendance (ADA)	9,127	9,127	9,127
Statutory COLA	0.00%	1.11%	2.42%
Step and Column	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)
Gap Funding (DOF)	54.84%	73.96%	41.22%
CalSTRS Employer Rate (Statutory)	12.58%	14.43%	16.28%
CalPERS Employer Rate (Projected)	13.888%	15.50%	17.10%
Special Education and Categorical Programs COLA	0.00%	1.11%	2.42%
Lottery Revenue – Unrestricted	\$140.00/ADA	\$140.00/ADA	\$140.00/ADA
Lottery Revenue – Restricted	\$41.00/ADA	\$41.00/ADA	\$41.00/ADA
California Consumer Price Index (CPI)	2.15%	2.26%	2.49%
One-Time Discretionary Funds	\$237/ADA	\$-	\$-

# LCFF FUNDING



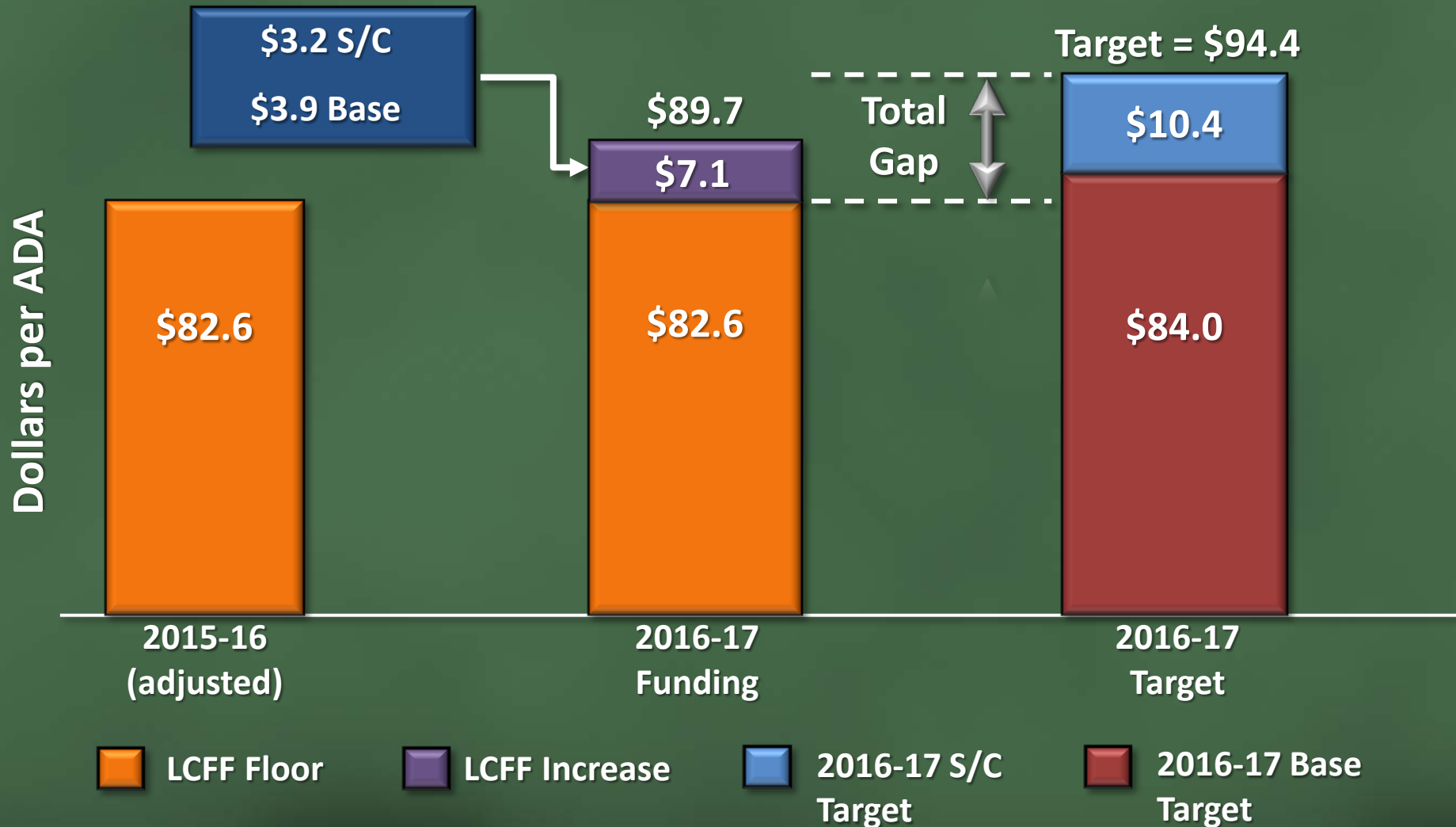


# Local Control Funding Formula (LCFF) Projection



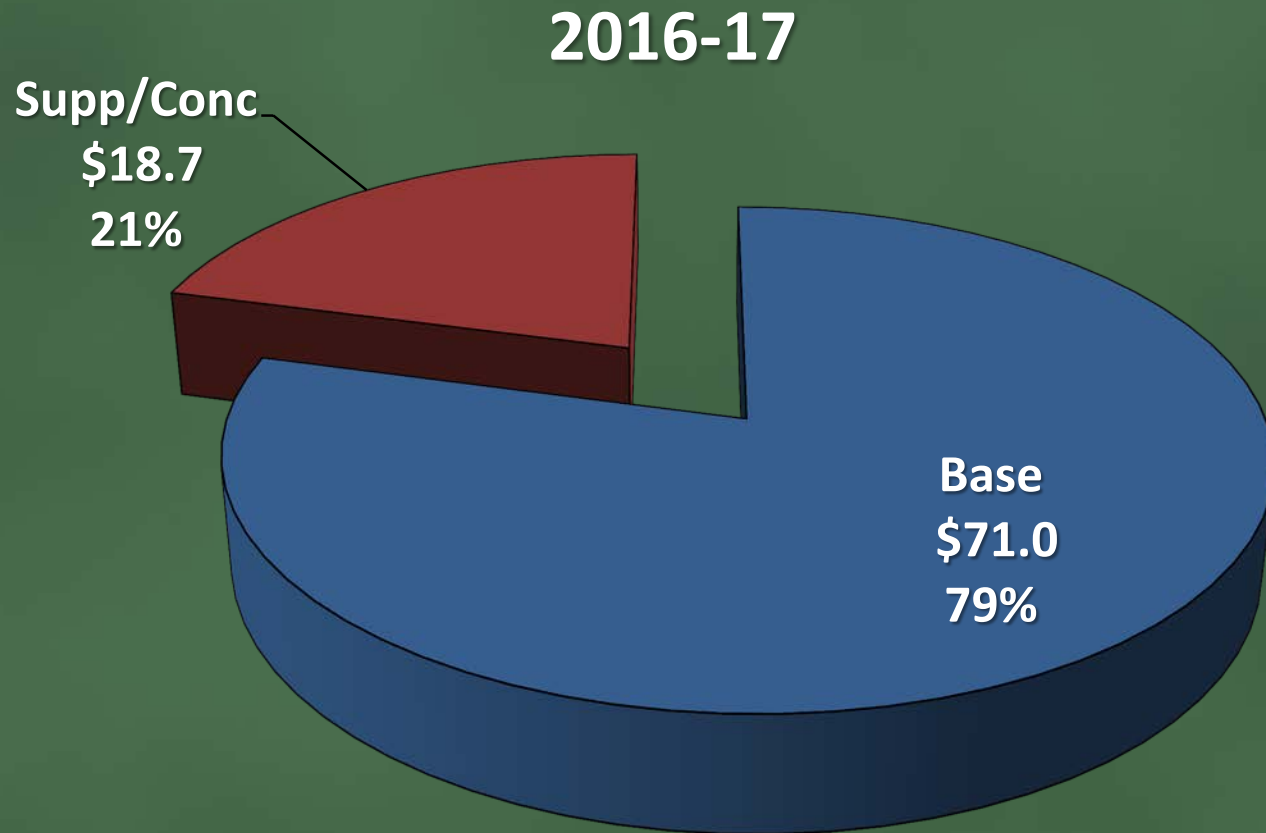
**NET GAIN = \$7.1 MILLION**

(In Millions)





# Proportionality and Targeted Funds (In Millions)



The Minimum Proportionality Percentage (MPP) is a calculation –  
Increase or improve services for targeted students

# BIG PICTURE



# 2016-2017 Budget "Snapshot"



(In Millions)		Unrestricted	Restricted	Total
Beginning Fund Balance (Est.)	@ 7/1/16	\$14.2	\$1.4	\$15.6
Projected Revenue		\$93.9	\$15.1	\$109.0
Contributions to Rest. (SPED, RRMA, etc.)		\$(11.3)	\$11.3	\$-
<u>Projected Expenses:</u>				
Certificated Salaries		\$34.7	\$6.5	\$41.2
Classified Salaries		\$11.2	\$4.6	\$15.8
Benefits		\$15.4	\$6.8	\$22.1
Books & Supplies		\$4.8	\$1.8	\$6.6
Services		\$7.9	\$2.8	\$10.7
Capital Outlay		\$2.3	\$0.3	\$2.6
Other Outgo/Trans. of Indirect		\$0.6	\$2.8	\$3.4
Transfers Out (Deferred Maint.)		\$-	\$0.8	\$0.8
Total Expenses		\$76.9	\$26.4	\$103.2
<b>Net Increase/Decrease to Ending Balance</b>		<b>\$5.8</b>	<b>\$0.0</b>	<b>\$5.8</b>
Projected Ending Fund Balance	@ 6/30/17	\$20.0	\$1.4	\$21.4



# REVENUE





# Estimated Actuals 2015-16 vs. Proposed Budget 2016-17

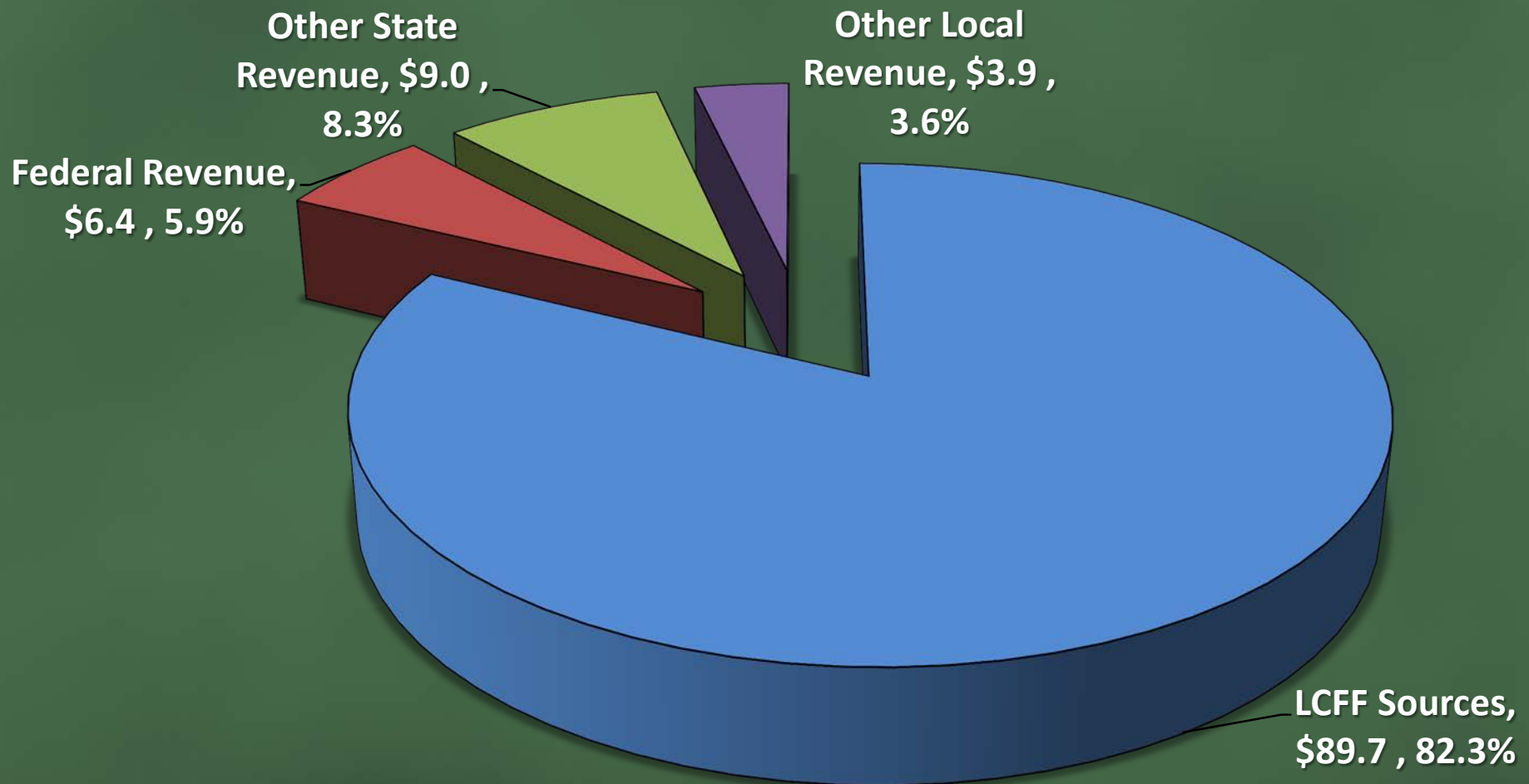
## Revenue Changes - Unrestricted

	Increase/(Decrease) (In Millions)
<b>Local Control Funding Formula (LCFF)</b>	
<i>Estimated Funding 15-16 &amp; Prior Year Adjustment</i>	<i>\$82.6</i>
<i>Estimated Funding 16-17</i>	<i>\$89.7</i>
<b>INCREASE</b>	<b>\$7.1</b>
<b>Other State Revenue</b>	
One-Time Discretionary Funds (\$2.1M) less than last year's one-time funding (\$4.6M)	<b>\$(2.5)</b>
<b>Other Local Revenue</b>	
Less local income and interest income	<b>\$(0.5)</b>
<b>TOTAL</b>	<b>\$4.1</b>



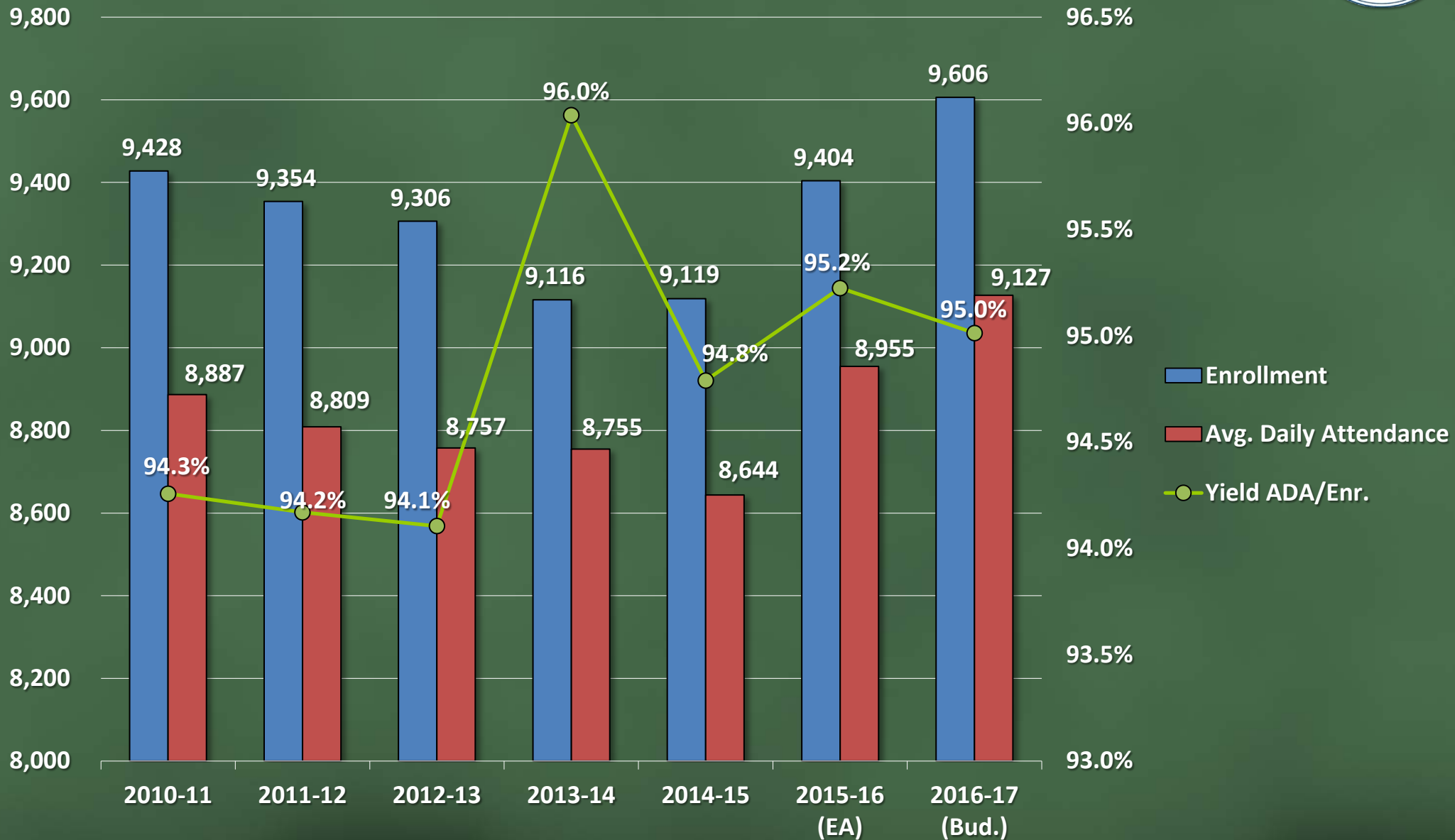
# 2016-17 General Fund Budget – Sources of Revenue

(In Millions)





# Enrollment and Attendance

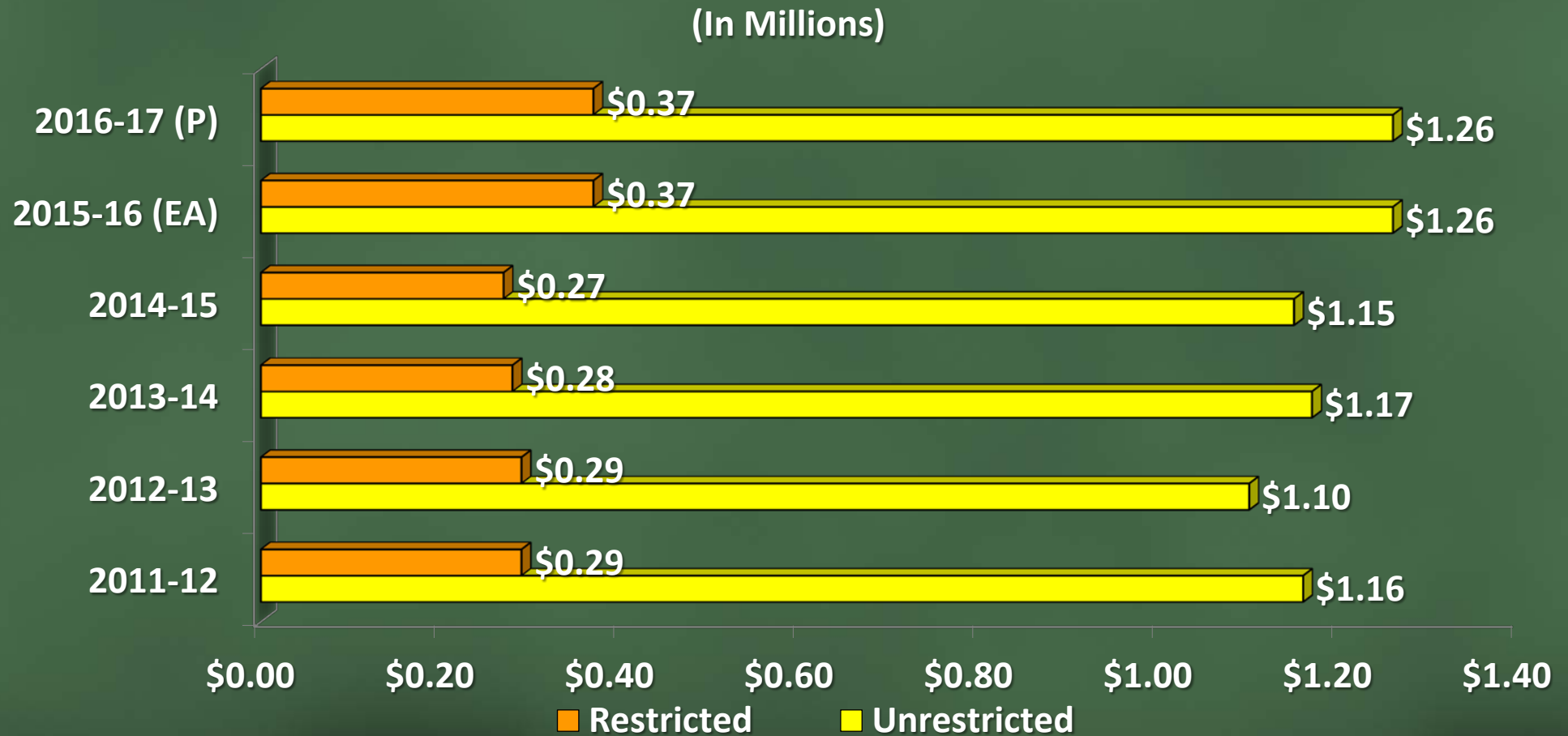






# Lottery Monies

- Restricted monies: Textbooks
- Unrestricted monies: Any purpose



# EXPENDITURES



# Estimated Actuals 2015-16 vs. Proposed Budget 2016-17

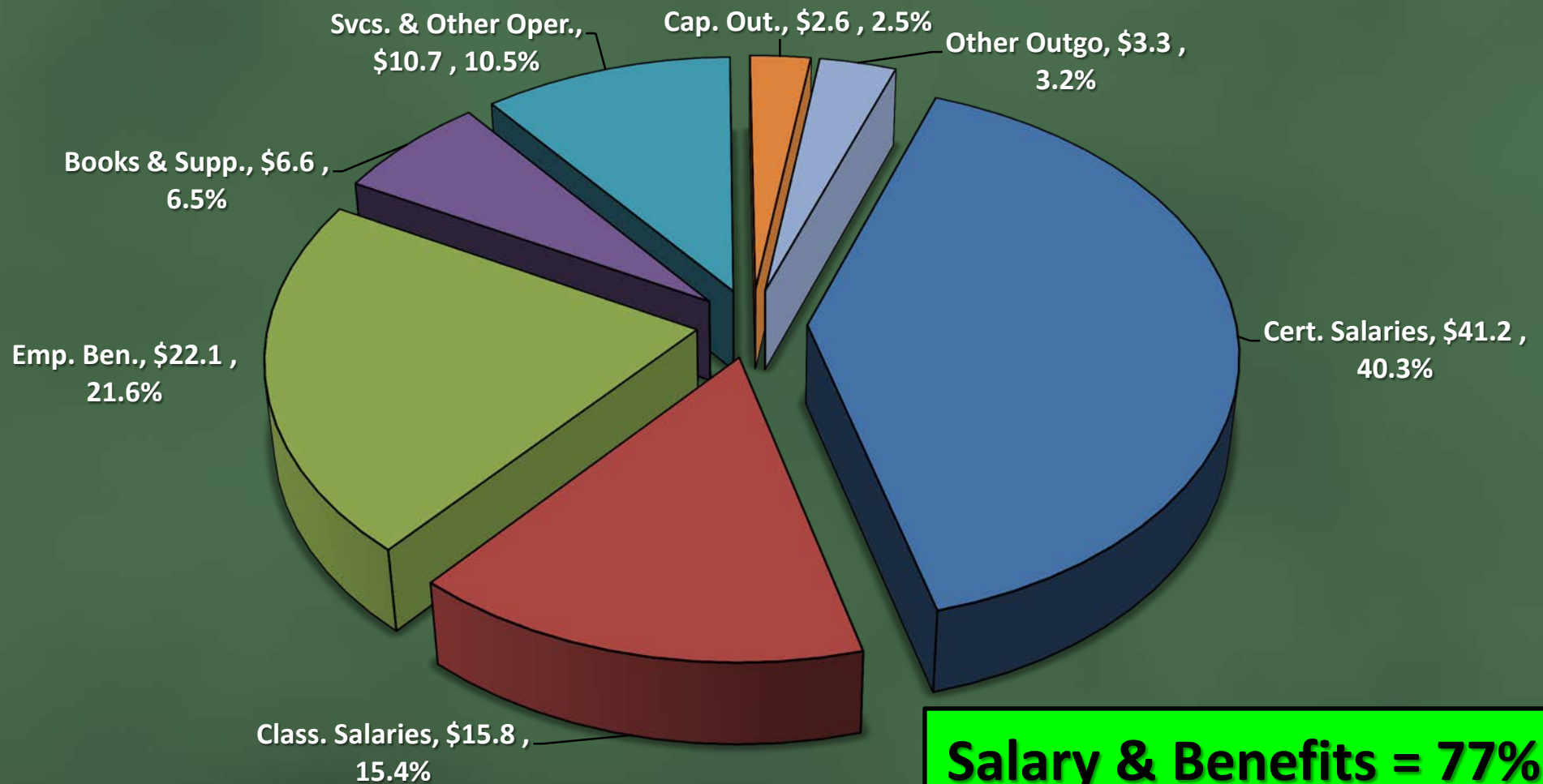
## Expenditure Changes - Unrestricted



	Increase/ <b>(Decrease)</b> (In Millions)
<b>Certificated Salaries</b>	
LCAP staffing additions, step & column, retirements and other adjustments	\$1.6
<b>Classified Salaries</b>	
LCAP staffing additions, step & column, retirements and other adjustments	\$0.2
<b>Employee Benefits</b>	
Add'l STRS, PERS, Workers' Comp benefits plus benefits for LCAP staffing additions	\$0.6
<b>Materials and Supplies</b>	
Site discretionary money spent and/or removed	<b>\$(1.0)</b>
<b>Services</b>	
Add'l LCAP items	\$0.7
<b>Capital Outlay</b>	
One-time discretionary decrease	<b>\$(2.9)</b>
<b>Other Outgo</b>	
COPs payment (\$0.5M), less transfer of indirect costs	\$0.7
<b>TOTAL</b>	<b>\$(0.1)</b>



# 2016-17 General Fund Budget – Composition of Expenditures (In Millions)

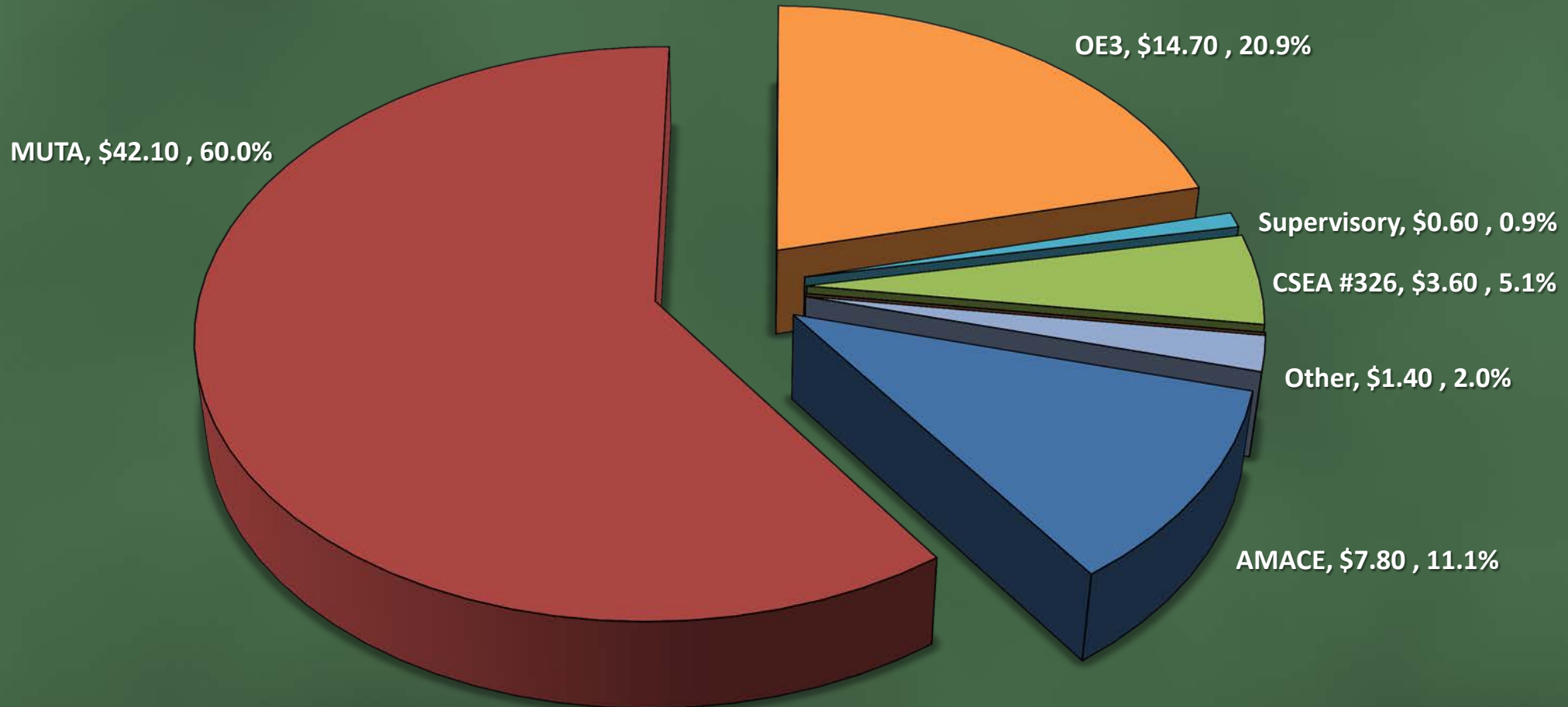






# Salaries and Benefits

Staffing and Admin Costs as a % of Total Salaries and Benefits – General Fund  
(in Millions)





# Contributions to Programs

	Resource	Est Actual 15-16	Budget 16-17	% Increase/ (Decrease)
Special Education	6500	\$8,090,030	\$7,860,230	(2.9)%
Routine Restricted Maintenance Account*	8150	\$2,895,700	\$3,377,915	14.3%
ASES	6010	\$0	\$48,000	-
<b>TOTAL</b>	-	<b>\$10,985,730</b>	<b>\$11,286,145</b>	-

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

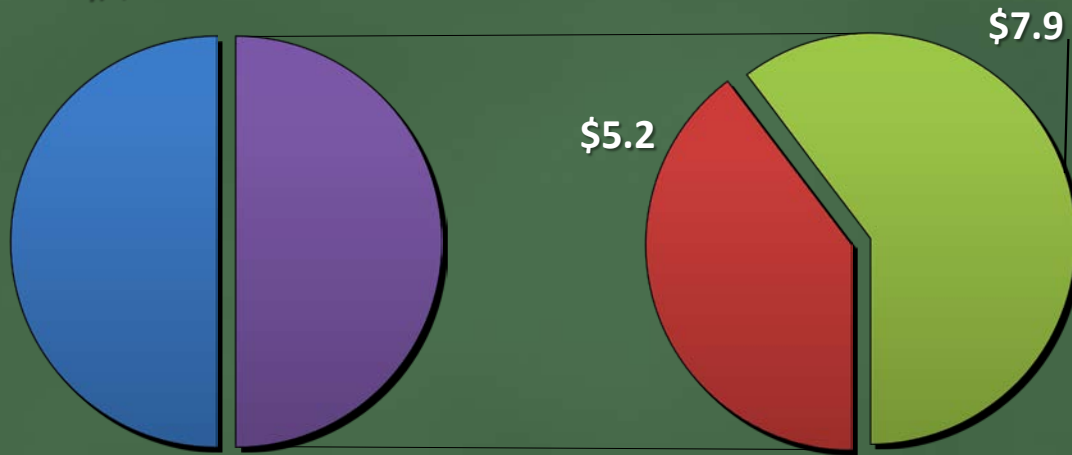


# Special Education

## Encroachment of \$7.9 Million!

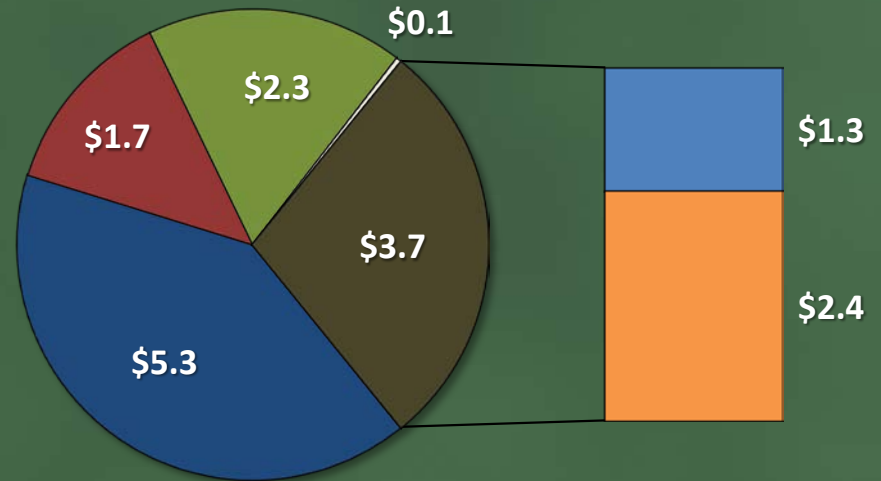
### Projected Encroachment 2016-17 (in Millions)

Spec. Ed.  
Expenditures  
(without  
trans), \$13.1



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

### Composition of Special Ed Expenditures 2016-17 (in Millions)



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

# ENDING FUND BALANCE







# Components of Ending Fund Balance

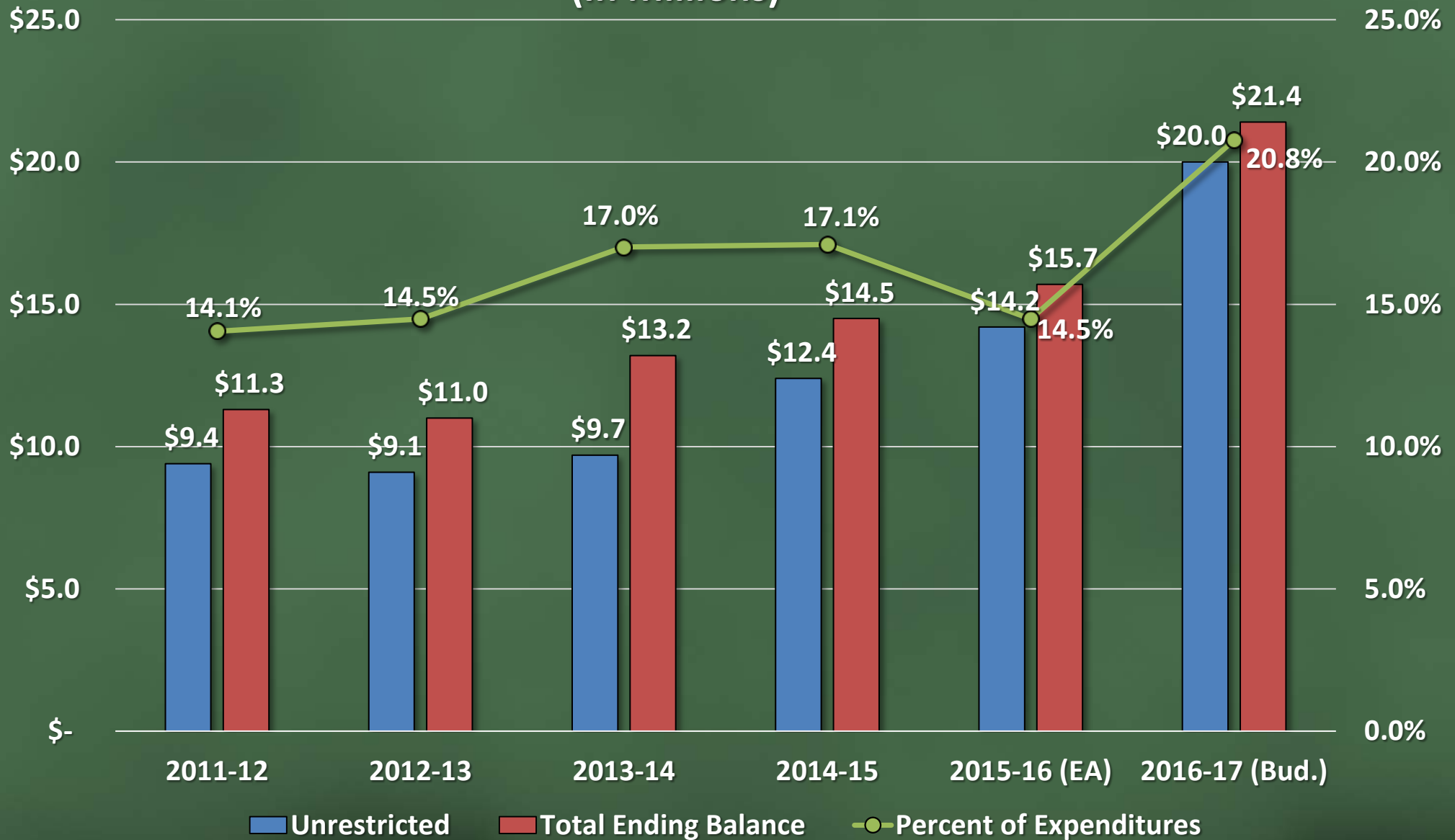
Ending Fund Balance = One-Time Money!

Description	Unrestricted	Restricted	Total
<b>Ending Fund Balance</b>	<b>\$20,009,525</b>	<b>\$1,422,135</b>	<b>\$21,431,659</b>
Revolving Cash	\$30,000	\$-	\$30,000
Estimated Ending Inventory	\$106,750	\$-	\$106,750
Restricted Purpose	\$-	\$1,422,135	\$1,422,135
Assigned	\$3,329,240	\$-	\$3,329,240
Reserve for Economic Uncertainty	\$3,238,000	\$-	\$3,238,000
<b>Unassigned/Unappropriated</b>	<b>\$13,305,535</b>	<b>\$-</b>	<b>\$13,305,535</b>
<b><i>Percent Unappropriated</i></b>	<b>66.5%</b>	<b>0%</b>	<b>62.1%</b>



# Ending Fund Balance History

(In Millions)





# Fund Summaries

## (In Millions)

Fund #	Fund Name	2015-16	Est. Net Change	2016-17
01	General (Unrest. & Rest.)	\$15.6	\$5.8	\$21.4
09	Charter	\$0.3	\$0.2	\$0.4
11	Adult Education	\$-	\$-	\$-
12	Child Development	\$0.2	\$-	\$0.2
13	Cafeteria	\$1.5	\$0.1	\$1.5
14	Deferred Maintenance	\$0.3	\$0.8	\$1.1
21	Building Fund	\$-	\$-	\$-
25	Capital Facilities	\$1.0	\$0.6	\$1.6
35	County School Facilities	\$0.1	\$-	\$0.1
51	Bond Interest & Redemption	\$4.3	\$-	\$4.3
52	Debt Service	\$2.1	\$0.2	\$2.2
73	Foundation-Private Purpose Trust Fund	\$0.3	\$-	\$0.3
	<b>TOTAL</b>	<b>\$25.7</b>	<b>\$7.7</b>	<b>\$33.1</b>

# MULTI-YEAR PROJECTION (MYP)







# Major Assumptions for MYP

LCFF Planning Factors	2016-17	2017-18	2018-19
Average Daily Attendance (ADA)	9,127	9,127	9,127
Statutory COLA	0.00%	1.11%	2.42%
Step and Column	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)
Gap Funding (DOF)	54.84%	73.96%	41.22%
CalSTRS Employer Rate (Statutory)	12.58%	14.43%	16.28%
CalPERS Employer Rate (Projected)	13.888%	15.50%	17.10%
Special Education and Categorical Programs COLA	0.00%	1.11%	2.42%
Lottery Revenue – Unrestricted	\$140.00/ADA	\$140.00/ADA	\$140.00/ADA
Lottery Revenue – Restricted	\$41.00/ADA	\$41.00/ADA	\$41.00/ADA
California Consumer Price Index (CPI)	2.15%	2.26%	2.49%
One-Time Discretionary Funds	\$237/ADA	\$-	\$-

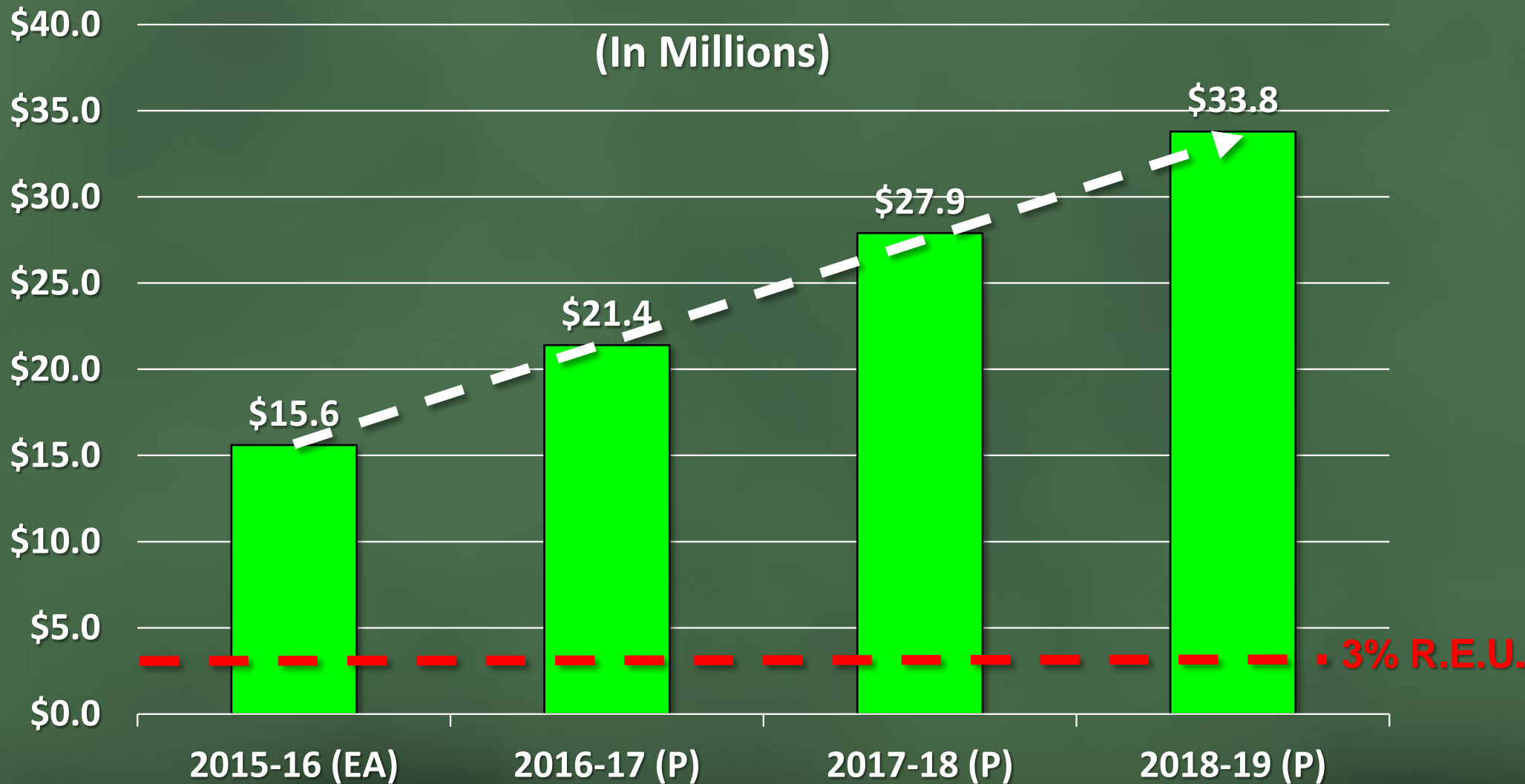


# Multi-Year Projection (MYP)

	2015-16 (EA)	2016-17 (P)	2017-18 (P)	2018-19 (P)
Revenues	\$108.6	\$109.0	\$110.9	\$112.4
<i>Expenditures</i>	<i>\$106.8</i>	<i>\$102.3</i>	<i>\$103.6</i>	<i>\$105.7</i>
<i>Other Financing Uses/Sources</i>	<i>\$0.8</i>	<i>\$0.8</i>	<i>\$0.8</i>	<i>\$0.8</i>
Beginning Balance	\$14.5	\$15.6	\$21.4	\$27.9
<b>Increase/(Decrease)</b>	<b>\$1.1</b>	<b>\$5.8</b>	<b>\$6.5</b>	<b>\$5.8</b>
Ending Balance	\$15.6	\$21.4	\$27.9	\$33.8



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



# LOOKING AHEAD







# Key Takeaways

- Budget Surplus in 16-17 and onward
  - Due to:
    - 54.84% gap closure = \$5.7 Million
    - Plus ADA increase equating to an add'l \$1.4 Million
    - Total of \$7.1 Million gain for on-going funding
  - May look better come November if Prop 30 is extended
  - An Additional \$2.1 M in One-Time Discretionary Revenue in 2016-17 (\$4.6 M in 2015-16)
- Increase in funding is slowing – expect more moderate growth (2-4%) in 17-18 and onward
  - No additional net growth in 2017-18 and beyond projected
  - Almost at full implementation
  - State maintenance factor almost paid off
  - Recession is inevitable
  - 0% COLA this year, 1.11% in 2017-18 and 2.42% in 2018-19
  - Statutory benefit costs continue to rise into next decade



**THANK YOU**  
**Questions?**