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Budget Advisory Committee Meeting

Budgetary Planning Considerations

March 11, 2015

Agenda

Budgetary Planning Considerations

- Second Interim & Multi-Year Projections
- Extended Multi-Year Projections
- Benefits Projection
- On-going Statutory Cost
- Factors Contributing to Fiscal Imbalance
- Fiscal Correction Strategies

2nd Interim and Multi-Year Projection

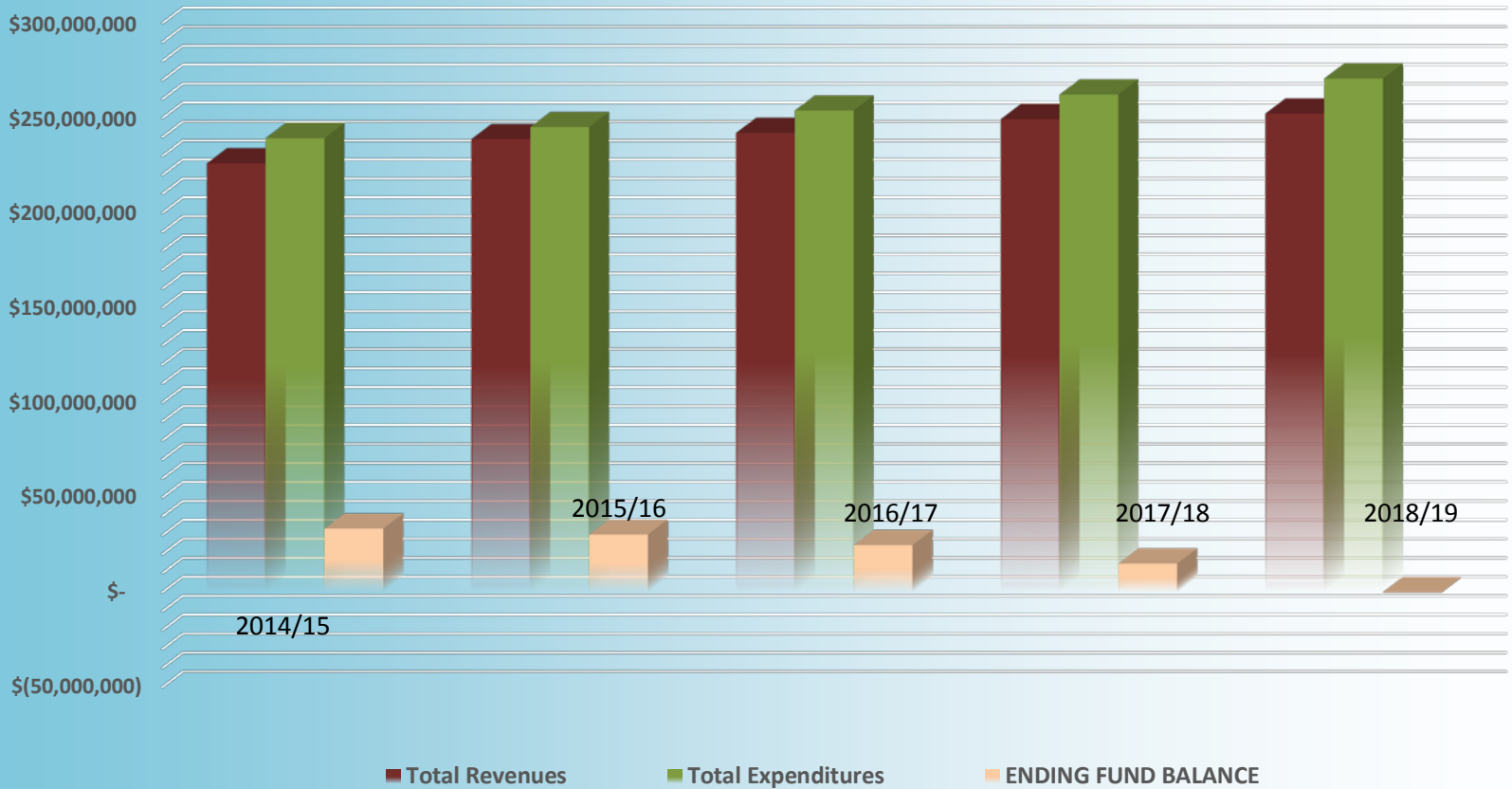
Categories	2014/15 Second Interim			2015/16 Projection			2016/17 Projection		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenues									
Total Revenues	\$ 205,395,675	\$ 20,582,361	\$ 225,978,036	\$ 219,399,207	\$ 19,397,446	\$ 238,796,653	\$ 222,505,437	\$ 19,559,875	\$ 242,065,312
Expenditures									
Total Expenditures	\$ 182,495,195	\$ 56,802,775	\$ 239,297,970	\$ 188,649,386	\$ 56,487,042	\$ 245,136,428	\$ 195,643,932	\$ 58,228,672	\$ 253,872,605
Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources & Uses	\$ 22,900,480	\$ (36,220,414)	\$ (13,319,934)	\$ 30,749,821	\$ (37,089,596)	\$ (6,339,775)	\$ 26,861,505	\$ (38,668,798)	\$ (11,807,293)
Other Sources / Uses									
Subtract: Transfer to F61 & F67	\$ 855,289	\$ -	\$ 855,289	\$ 850,000	\$ -	\$ 850,000	\$ 850,000	\$ -	\$ 850,000
Add: Trfr fr OPEB, F17 & to Sp Ed , Def Maint & RRMA	\$ (25,634,964)	\$ 32,315,017	\$ 6,680,053	\$ (32,772,169)	\$ 36,772,169	\$ 4,000,000	\$ (31,376,637)	\$ 38,376,637	\$ 7,000,000
Net Increase (Decrease) in Fund Balance	\$ (3,589,773)	\$ (3,905,397)	\$ (7,495,170)	\$ (2,872,348)	\$ (317,427)	\$ (3,189,775)	\$ (5,365,132)	\$ (292,161)	\$ (5,657,293)
BEGINNING BALANCE	\$ 28,313,976	\$ 4,874,681	\$ 33,188,657	\$ 24,724,203	\$ 969,284	\$ 25,693,487	\$ 21,851,855	\$ 651,857	\$ 22,503,712
ENDING BALANCE BEFORE RESERVE	\$ 24,724,203	\$ 969,284	\$ 25,693,487	\$ 21,851,855	\$ 651,857	\$ 22,503,712	\$ 16,486,722	\$ 359,697	\$ 16,846,419
Revolving Cash	\$ 2,500		\$ 2,500	\$ 2,500		\$ 2,500	\$ 2,500		\$ 2,500
Stores	\$ 159,435		\$ 159,435	\$ 159,435		\$ 159,435	\$ 159,435		\$ 159,435
Fund 17, General Reserve	\$ 7,559,943		\$ 7,559,943	\$ 7,635,542		\$ 7,635,542	\$ 7,711,898		\$ 7,711,898
ENDING FUND BALANCE	\$ 32,446,081	\$ 969,284	\$ 33,415,365	\$ 29,649,332	\$ 651,857	\$ 30,301,190	\$ 24,360,555	\$ 359,697	\$ 24,720,252
	13.44%			11.99%			9.50%		

Extended Multi-Year Projections

Categories	2017/18 Projection			2018/19 Projection		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenues						
Total Revenues	\$ 229,588,324	\$ 19,721,922	\$ 249,310,246	\$ 232,366,865	\$ 19,879,162	\$ 252,246,027
Expenditures						
Total Expenditures	\$ 202,135,540	\$ 60,120,627	\$ 262,256,166	\$ 208,872,614	\$ 61,846,950	\$ 270,719,565
Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources & Uses	\$ 27,452,784	\$ (40,398,704)	\$ (12,945,920)	\$ 23,494,251	\$ (41,967,788)	\$ (18,473,537)
Other Sources / Uses						
Subtract: Transfer to F61 & F67	\$ 850,000	\$ -	\$ 850,000	\$ 850,000	\$ -	\$ 850,000
Add: Trfr fr OPEB, F17 & to Sp Ed , Def Maint & RRMA	\$ (36,101,860)	\$ 40,101,860	\$ 4,000,000	\$ (37,943,016)	\$ 41,943,016	\$ 4,000,000
Net Increase (Decrease) in Fund Balance	\$ (9,499,076)	\$ (296,844)	\$ (9,795,920)	\$ (15,298,765)	\$ (24,772)	\$ (15,323,537)
BEGINNING BALANCE	\$ 16,486,722	\$ 359,697	\$ 16,846,419	\$ 6,987,647	\$ 62,852	\$ 7,050,499
ENDING BALANCE BEFORE RESERVE	\$ 6,987,647	\$ 62,852	\$ 7,050,499	\$ (8,311,118)	\$ 38,080	\$ (8,273,038)
Revolving Cash	\$ 2,500		\$ 2,500	\$ 2,500		\$ 2,500
Stores	\$ 159,435		\$ 159,435	\$ 159,435		\$ 159,435
Fund 17, General Reserve	\$ 7,789,017		\$ 7,789,017	\$ 7,866,907		\$ 7,866,907
ENDING FUND BALANCE	\$ 14,938,599	\$ 62,852	\$ 15,001,451	\$ (282,276)	\$ 38,080	\$ (244,196)
	5.62%			-0.16%		

Increase of revenues cannot keep up with increase of expenditures. The deficit expenditures depletes the fund balance

Multi Year Projection



Benefit Projection Details

Benefit Projection Details						
	Object #	2014/15	2015/16	2016/17	2017/18	2018/19
Certificated Salaries	1000	\$ 113,518,159	\$ 114,758,859	\$ 116,300,810	\$ 118,162,890	\$ 119,900,606
Classified Salaries	2000	\$ 30,346,881	\$ 31,758,959	\$ 32,762,313	\$ 33,417,559	\$ 34,085,506
STRS Rate per SSC Dartboard		8.88%	10.73%	12.58%	14.43%	16.28%
STRS Rate Increase			1.85%	1.85%	1.85%	1.85%
STRS	3100	\$ 9,835,143	\$ 12,056,099	\$ 14,362,930	\$ 16,861,264	\$ 19,242,620
PERS Rate per SSC Dartboard		11.771%	12.600%	15.000%	16.600%	18.200%
PERS Rate Increase			0.83%	2.40%	1.60%	1.60%
PERS	3200	\$ 3,352,138	\$ 3,822,311	\$ 4,667,834	\$ 5,339,571	\$ 5,996,359
MMC & OASDI	3300	\$ 3,985,977	\$ 4,162,886	\$ 4,262,125	\$ 4,288,271	\$ 4,418,971
Medcial Ben	3400	\$ 34,906,045	\$ 36,941,256	\$ 38,857,339	\$ 41,577,353	\$ 44,487,767
Proj Medical Ben Rate Increase			5.00%	5.00%	7.00%	7.00%
Unemployment Insurance	3500	\$ 71,967	\$ 73,259	\$ 74,532	\$ 75,790	\$ 76,993
Workers' comp	3600	\$ 2,857,763	\$ 2,906,327	\$ 2,934,457	\$ 2,984,037	\$ 3,031,395
OPEB	3700	\$ 4,237,860	\$ 4,545,277	\$ 4,625,539	\$ 4,774,283	\$ 4,775,673
Others (SERP)	3900	\$ 1,076,485	\$ 1,076,485	\$ 1,076,485	\$ -	\$ -
Total Benefits	3000	\$ 60,323,378	\$ 65,583,901	\$ 70,861,242	\$ 75,900,568	\$ 82,029,778

On-going Statutory Cost

Multi-Year Analysis					
	2014/15	2015/16	2016/17	2017/18	2018/19
Total Revenues (LCFF, State, Federal & Local)	\$ 225,978,036	\$ 238,796,653	\$ 242,065,312	\$ 249,310,246	\$ 252,246,027
Revenues Increase from Prior Year	\$ 8,236,801	\$ 12,818,617	\$ 3,268,659	\$ 7,244,934	\$ 2,935,781
Contribution Increase					
To Special Ed *	\$ (1,034,462)	\$ (2,819,152)	\$ (1,342,468)	\$ (1,475,223)	\$ (1,541,156)
To Restr. Routine Main **	\$ (850,000)	\$ (1,638,000)	\$ (262,000)	\$ (250,000)	\$ (300,000)
Annual Revenues Increase after Contribution	\$ 6,352,339	\$ 8,361,465	\$ 1,664,191	\$ 5,519,711	\$ 1,094,625
Cummulative Revenues Increase after Contribution		\$ 14,713,804	\$ 16,377,995	\$ 21,897,706	\$ 22,992,331
Statutory Expenditures Increase from Prior Year					
Step & Column Projection	\$ 2,453,283	\$ 2,723,210	\$ 2,826,472	\$ 2,925,265	\$ 3,016,230
STRS	\$ 1,428,504	\$ 2,220,956	\$ 2,306,831	\$ 2,414,307	\$ 2,465,383
PERS	\$ 504,365	\$ 470,173	\$ 845,523	\$ 676,309	\$ 652,216
Medical benefits	\$ 3,244,491	\$ 2,035,211	\$ 1,916,083	\$ 2,720,014	\$ 2,910,414
Other Statutory Benenefits (UI, WC, OASDI...)***	\$ 1,268,664	\$ 534,183	\$ 208,904	\$ 205,647	\$ 200,732
Property & Liabilities Insurance	\$ 59,563	\$ 63,436	\$ 66,608	\$ 69,938	\$ 73,436
Utilities/Communication	\$ 248,688	\$ 228,135	\$ 245,836	\$ 258,127	\$ 271,032
Debt Services	\$ 42,906	\$ 39,798	\$ 41,690	\$ 38,323	\$ 44,956
Annual Statutory Expenditures Increase	\$ 9,250,464	\$ 8,315,102	\$ 8,457,947	\$ 9,307,930	\$ 9,634,399
Cummulative Statutory Expendiutes Increase		\$ 17,565,567	\$ 26,023,514	\$ 35,331,444	\$ 44,965,843
Net Annual Available Balance for Other Operations	\$ (2,898,125)	\$ 46,363	\$ (6,793,756)	\$ (3,788,219)	\$ (8,539,774)
Cummulative Available Balance for Other Operations		\$ (2,851,763)	\$ (9,645,519)	\$ (13,433,738)	\$ (21,973,512)
* Note: 2015/16 Special Ed has NO re-funding of one-time Access Revenues from COE and Deferred Revenues as in 2014/15					
** Note: State 3% requirement contribution to RRMA from 2015/16 and after					
***: Note: Workers' Comp rate increased in 2014/15, but budget flat for all out years					
Additional / One-time Revenues Offsets:					
OPEB Reimbursements	\$ 2,480,053	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Transfer from Fund 17	\$ 4,700,000				
Transfer from Self-Insurance F68			\$ 3,000,000		

Factors Contribution to Fiscal Imbalance

Revenue :

- District lost an estimated \$159 million since the recession began in 2008/09 to 2012/13 as revenue limit deficit factor
- District made cumulative reductions and implemented savings strategies for an estimated total of \$114 million
- Reductions and savings strategies were not dollar for dollar
- One-time Reserves have been used to mask the ongoing fiscal imbalance

Factors Contribution to Fiscal Imbalance

Enrollment:

- Enrollment in 2008/09 25,283; 2016/17 Projected Enrollment 23,154 – Representing a decline of 2,129 students
- Average Daily Attendance 2008/09 23,558 2016/17 Projected ADA 22,303 - Representing a loss of 1,255 ADA or a loss of \$10 mil in funding annually

Factors Contribution to Fiscal Imbalance

Benefits:

- 2008/09 health benefits cost total \$23.8 million and 2016/17 projected cost of \$38.8 million which represents an increase of \$15 million
- Total benefits are expected to increase by \$22 million between 2014/15 and 2018/19

Factors Contribution to Fiscal Imbalance

Special Education:

- 2008/09 cost total \$28.2 million with \$13.2 million encroachment - 2016/17 projected expenditures \$36 million with \$30.7 million In encroachment*
- Total Special Ed encroachment increased \$17.5 million

*State eliminates the ADA transfer to Special Ed since 2013/14

Factors Contribution to Fiscal Imbalance

PERS/STRS:

- 2008/09 STRS rate was 8.25% or cost of \$9.2 million; 2016/17 projection rate has increased to 12.58% or cost to \$14.3 million which represents a significant increase of \$5.1 million
- 2008/09 PERS rate was 9.428% or cost of \$2.5 million; 2016/17 projection rate has increased to 15.0% or cost to \$4.6 million which represents an increase of \$2.1 mil.

Factors Contribution to Fiscal Imbalance

Special Education Transportation:

- 2008/09 Special Education Transportation cost totaled \$3.9 mil with \$1.5 mil encroachment and 2016/17 projected cost total \$6.3 mil with encroachment estimated at \$4.4 million
- Total Special Ed transportation encroachment contribution increased by \$2.9 million

Fiscal Correction Strategies

- Benefits – Addresses Cadillac Tax – Reduce costs by \$2.5 million over 3 years
- Information Technology – Measure I Funding – Transfer \$500k to \$800k of GF expenditures annually – Estimated Saving btw. \$1.5 - \$2.5 mil. Over 3 years
- Certificated/Classified Salaries – Reduce current additional (open) budgeted positions – Estimated savings \$1 to \$1.5 mil. Annually
- Targeted Across the Board Reductions - \$ 1 to \$2 million;
- Eliminate Deferred Maintenance Contribution of \$500k per year and replace with flexibility provided in the Governor's budget for RRMA – Est savings \$1.5 mil.

Fiscal Correction Strategies

Not Guaranteed

- Parcel Tax Campaign – Focus: Reduced Class Size/Increased Librarians and Counselors 2016 Gen. Elec. Est. \$95 per parcel would generate revenues between \$9 - \$10 mil. Annually

Questions & Comments