



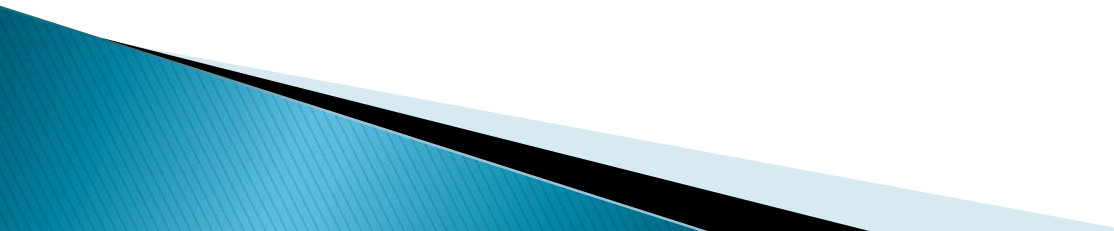
Budget Advisory Committee Meeting

(2017-18 Budget Update)

November 13, 2017

**Financial
Services**

Discussion Topics

- ▶ Section 1 – Budget Update and Overview
 - ▶ Section 2 – First Interim Projection
 - ▶ Section 3 – Budget Scenarios based on Full Funding of the Local Control Funding Formula (LCFF)
 - ▶ Section 4 – Other Issues and Recommendation Regarding Proposed Changes to the FTE Reductions at First Interim
 - ▶ Questions/Comments
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Section 1

»» Budget Update and Overview

Multi-Year (Adopted Budget without Cuts Proposed)

Total General Fund (Combined)	2017-18	2018-19	2019-20
Revenues	262,971,451	268,451,797	265,125,732
Expenses	277,764,716	286,714,011	293,479,818
Excess (Deficiency)	(14,793,265)	(18,262,214)	(28,354,086)
Other Sources/Uses	1,019,626	1,290,000	1,150,000
Net Increase (Decrease)	(15,812,891)	(19,552,214)	(28,354,086)
Beginning Balance	38,725,221	22,912,330	3,360,116
Ending Balance before Reserve	22,912,330	3,360,116	(26,143,970)
Revolving Cash & Stores	202,480	202,480	202,480
General Fund Reserves F/17	8,424,042	8,748,282	0
Est. Ending Fund Balance	31,538,852	12,310,878	(25,941,490)
Est. Reserve %	10.21%	3.48%	(6.15)%

Board Budget Resolution (Reduction in Force)

Employee Groups	%	2018-19 FTEs	2018/19 Reductions	2019-20 Cumulative FTEs	2019/20 Reductions
Certificated	72.60%	69.65	8.0 million	100.25	11.69 million
Classified	21.10%	31.00	2.7 million	33.20	3.0 million
Administrators & Managers	6.30%	6.00	766 thousand	7.3	937 thousand
Totals	100%	106.65	\$11.4 million	140.75	\$15.6 million

Total Estimated Reduction in Force 140.75 FTEs Based on the Adopted Budget Resolution 2016/2017-36




Multi-Year (Adopted Budget with Reduction in Force)

Total General Fund (Combined)	2017-18	*2018-19	*2019-20
Revenues	262,971,451	268,451,797	265,125,732
Expenses	277,764,716	275,299,959	277,850,874
Excess (Deficiency)	(14,793,265)	(6,848,162)	(12,725,142)
Other Sources/Uses	1,019,626	1,290,000	1,150,000
Net Increase (Decrease)	(15,812,891)	(8,138,162)	(13,875,142)
Beginning Balance	38,725,221	22,912,330	14,774,168
Ending Balance before Reserve	22,912,330	14,774,168	899,026
Revolving Cash & Stores	202,480	202,480	202,480
General Fund Reserves F/17	8,424,042	8,748,282	8,935,765
Est. Ending Fund Balance	31,538,852	23,724,931	10,037,272
Est. Reserve %	10.21%	7.75%	3.20%

Note: *Reductions in Force for 140.75 FTEs have been reduced in the Multi-Year budget by \$11.4 million in 2018-19 and \$15.6 million in 2019-20

Major Changes and Updates Since 2017–18 Budget Adoption

Item	May Revision (ESUHSD Adopted Budget)	Enacted Budget
FY 17/18 – LCFF Gap Funding %	43.97% \$1.38 billion	43.19% \$1.36 billion
One-Time Discretionary Funds for FY 17- 18	\$1.01 billion** \$170 per ADA **Not Counted – Not received until May 2019	\$877 million \$147 per ADA

Gap Funding Percentage	FY 17–18	FY 18/19	FY 19/20	FY 20/21
May Revise (Adopted Budget)	43.97%	71.53%	73.51%	100.00%
Enacted Budget	43.19% 	66.12% 	64.92% 	100.00%

Enrollment Update as /of October 3, 2017

FY 2017–18 Budget vs. CBEDS

ESUHSD Grade Level Enrollment	9 th Grade	10 th Grade	11 th Grade	12 Grade	Adult Transition (Post Senior)	Non- Public School (NPS)	Total Increase
Inc./Dec.	+98	-1	+64	+14	+29	-16	+188

Charter Schools vs. East Side Year-Over-Year Comparison

Charter School Grade Level Enrollment	9 th Grade	10 th Grade	11 th **Grade	12 ***Grade	Total Increase
Inc./Dec.	-196	-44	+179	+132	+71

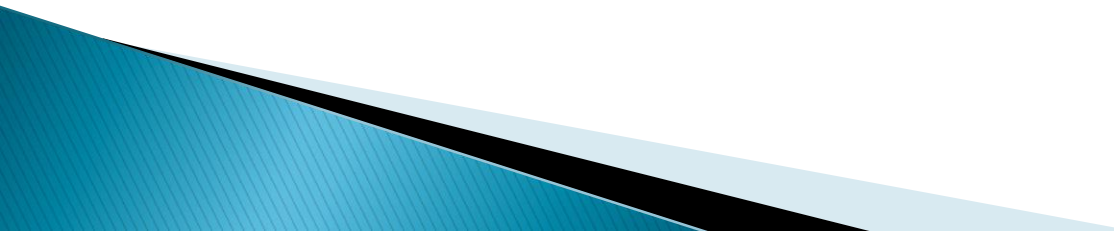
Note: ** Alpha Charter Added 125 to Grade 11 and Roberto Cruz Added 82 to Grade 11

*** Luis Valdez Added 97 to Grade 12

Section 2

»» First Interim Projection

Key First Interim and Multi-Year Budget Assumptions

- Update Enrollment and Average Daily Attendance (ADA)
 - Local Control Funding Formula Unduplicated count %
 - Update and Revise Projected Revenue and Expenditure Allocations
 - Review School Services of California (SSC) Dartboard Assumptions
 - SCCOE First Interim Guidelines
 - Salary Savings from Unfilled Positions & Benefit Adjustments
 - Other Adjustments
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State Enacted Budget and ESUHSD Enrollment Impacts at First Interim

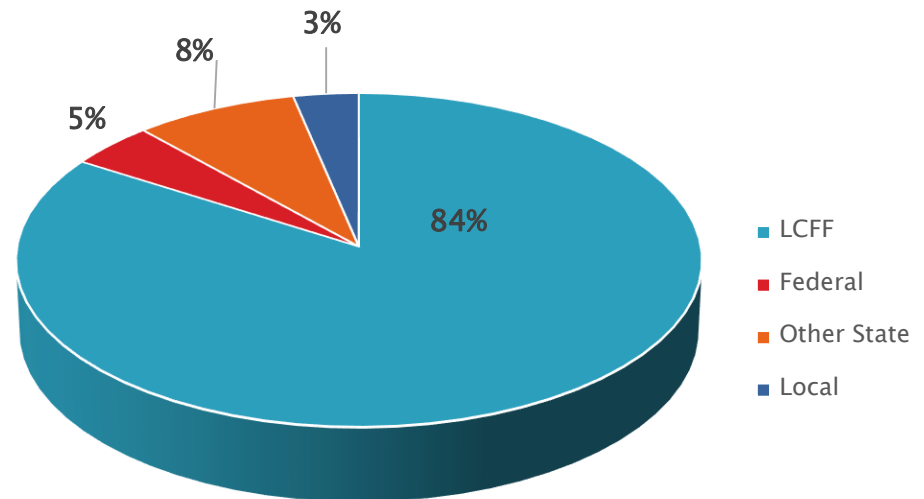
Items	FY 17-18	FY 18/19	FY 19/20
Unaudited Actual	1,059,569		
Gap Chg. %	(84,034)	(597,708)	(819,122)
One-Time Discretionary	3,293,707		
*Enrollment Increase	413,776	761,049	742,195
*(Less 6.2 FTE adjustment)			
Total Projected Fiscal Impact	4,683,018	163,341	(76,927)

2017-18 First Interim Projected Revenues



**Total Revenues -
\$ 267.7 million**

- **Unrestricted –
\$ 238.3 million**
- **Restricted -
\$ 29.4 million**



- ▶ **Projected Revenues Increased \$ 4.8 million Since Budget Adoption**

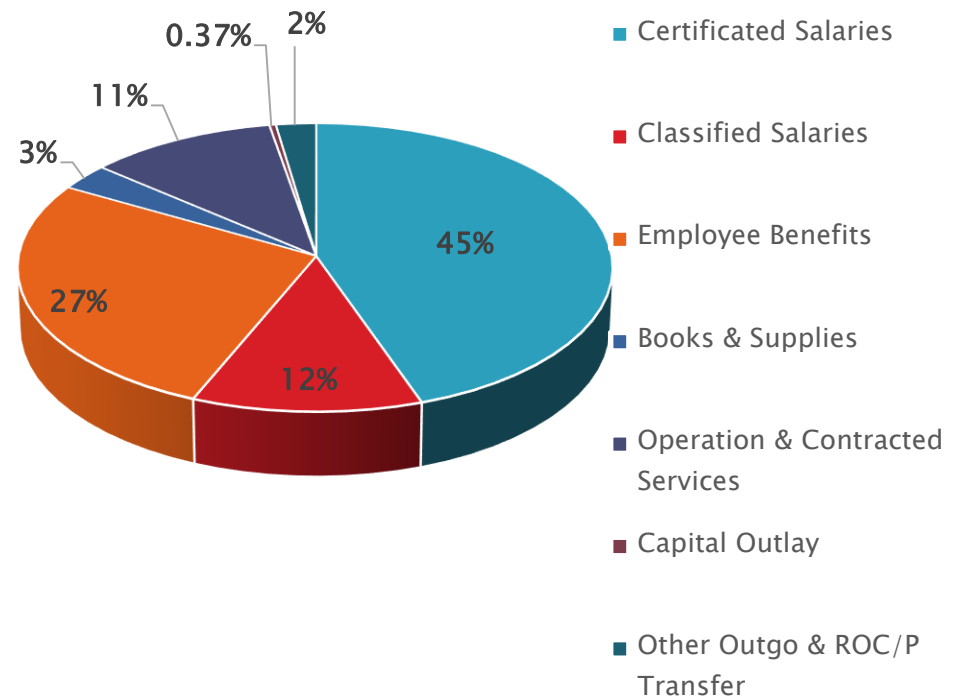
2017-18 First Interim Projected Expenses



**Total Expenses -
\$ 276.4 million**

- **Unrestricted –
\$ 198.3 million**
- **Restricted -
\$ 78.1 million**

- ▶ **Projected Expenses
decreased \$ 1.3
million since budget
adoption**



2017-18 First Interim Projected Ending Fund Balance

Categories (Unrestricted)	2017/18 Adopted Budget	2017/18 First Interim	Variance
Revenues	262,971,451	267,724,510	4,753,059
Expenditures	277,764,716	276,429,675	(1,335,041)
Excess (Deficiency)	(14,793,265)	(8,705,166)	6,088,100
Other Sources / Uses	1,019,626	1,094,626	75,000
Net Increase (Decrease) in Fund Balance	(15,812,891)	(9,799,792)	6,013,100
Beginning Balance	38,725,221	39,418,943	693,722
Ending Balance Plus Gen. Res.	31,538,852	38,198,248	6,659,396

The Projected Ending Fund Balance Increased by \$6.7 million since Budget Adoption

2017-18 First Interim Projected Fund Balance Components

Components	Unrestricted
Ending Balance	38,198,248
Revolving Cash	2,500
Stores	232,487
Legally Restricted (Categorical Balance)	3,301,385
Economic Uncertainty – General Res. (Fund 17)	8,344,109
Designated Reserves – LCAP & EIA	1,587,350
Designated Reserves - General Fund – Budget Balancing	24,730,417

**All Unrestricted Reserves total
improved from 10.21% to 12.49% of
General Fund**

Multi-Year Projected Ending Fund Balances (FY 2017/18 through 2019-20)

Components	Base Year FY 2017-18	FY 2018-19	FY 2019-20
Revenues	267,724,510	270,570,005	266,888,655
Expenses	276,429,675	289,135,109	293,976,261
Excess/(Deficit)	(8,705,166)	(18,565,105)	(27,087,606)
Other Sources/Uses	1,094,626	1,425,000	1,190,000
Net Increase(Decrease)	(9,799,792)	(19,990,105)	(28,277,606)
Beginning Balance	39,418,943	29,619,152	9,629,047
Ending Balance plus Gen. Reserve	38,198,248	18,580,837	(18,413,572)
Stores & Rev. Cash	234,987	234,987	234,987
Legally Restricted (Categorical)	3,301,385	1,355,708	785,846
Designated Reserves – LCAP & EIA	1,587,350	1,640,030	0
Economic Uncertainty - Statutory Reserve (Fund 17)	8,344,109	8,716,803	0
Designated Reserves - GF – Budget Balancing	24,730,417	6,633,310	0
District Reserve %	12.49%	5.85%	-3.58%

Note: The district's state statutory reserve for FY 2019 – 20 Projected to improve by \$7.6 Million

Section 3

- » BUDGET SCENARIOS
Based on Full
Funding of the LCFF

Scenario A: First Interim Multi-Year Projection with Full Funding Beginning in FY 2018-19

Total General Fund (Unrestricted Only)	2017-18	*2018-19	2019-20
Revenues	267,724,510	270,570,005	266,888,655
Full Funding		3,585,993	2,704,816
Expenses	276,429,675	281,772,674	281,904,291
Excess (Deficiency)	(8,705,166)	(7,616,677)	(12,310,820)
Other Sources/Uses	1,094,626	1,425,000	1,190,000
Net Increase (Decrease)	(9,799,792)	(9,041,677)	(13,500,820)
Beginning Balance	39,418,943	29,619,152	20,577,475
Ending Balance before Reserve	29,619,152	20,577,475	7,076,655
Revolving Cash & Stores	234,987	234,987	234,987
General Fund Reserves F/17	8,344,109	8,716,803	8,854,988
Est. Ending Fund Balance	38,198,248	29,529,265	16,166,630
Est. Reserve %	12.49%	9.87%	5.35%

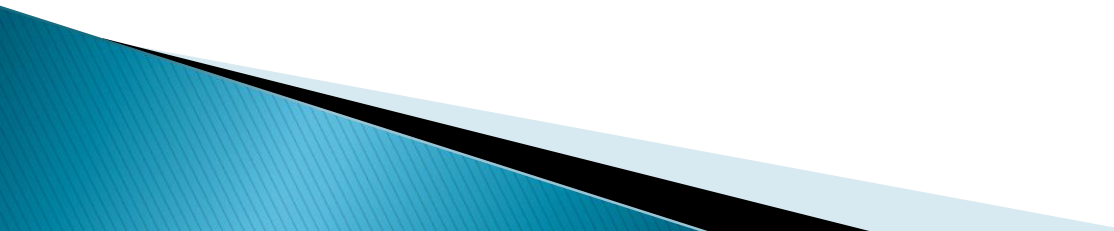
Scenario B: First Interim Multi-Year Projection with Full Funding Beginning in FY 2019-20

Total General Fund (Unrestricted Only)	2017-18	2018-19	*2019-20
Revenues	267,724,510	270,570,005	266,888,655
Full Funding			2,704,816
Expenses	276,429,675	281,772,674	281,904,291
Excess (Deficiency)	(8,705,166)	(11,202,670)	(12,310,820)
Other Sources/Uses	1,094,626	1,425,000	1,190,000
Net Increase (Decrease)	(9,799,792)	(12,627,670)	(13,500,820)
Beginning Balance	39,418,943	29,619,152	16,991,482
Ending Balance before Reserve	29,619,152	16,991,482	3,490,662
Revolving Cash & Stores	234,987	234,987	234,987
General Fund Reserves F/17	8,344,109	8,716,803	8,854,988
Est. Ending Fund Balance	38,198,248	25,943,272	12,580,637
Est. Reserve %	12.49%	8.60%	4.08%

Section 4

- »» Other Issues and Recommendation of Revisions to the Proposed FTE Reductions at First Interim

Program Implications of Eliminating Positions Funded by LCAP

- ▶ Any Reductions in Force or savings from programmatic reductions or efficiency measures do not negate the fact that unduplicated students must be those primarily served by specific LCAP portion.
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Board Budget Resolution (Reduction in Force)

Employee Groups	%	2018-19 FTEs	2018/19 Reductions	2019-20 Cumulative FTEs	2019/20 Reductions
Certificated	72.60%	69.65	8.0 million	100.25	11.69 million
Classified	21.10%	31.00	2.7 million	33.20	3.0 million
Administrators & Managers	6.30%	6.00	766 thousand	7.3	937 thousand
Totals	100%	106.65	\$11.4 million	140.75	\$15.6 million

Total Estimated Reduction in Force 140.75 FTEs Based on the Adopted Budget Resolution 2016/2017-36

Recommended Adjustments to FTE Reductions at First Interim

Employee Groups	%	2018-19 FTEs	2018/19 Reductions	2019-20 Cumulative FTEs	2019/20 Reductions
Certificated	70.4%	48.0	5.5 Million	70.4	8.2 Million
Classified	20.4%	11.5	1.0 Million	36.7	3.0 Million
Administrators & Managers	9.2%	7.0	0.9 Million	7.0	0.9 Million
Totals	100%	66.5	7.4 Million	114.10	12.1 Million

Multi-Year Projected Ending Fund Balances With RIF (FY 2017/18 through 2019-20)

Components	Base Year FY 2017-18	FY 2018-19	FY 2019-20
Revenues	267,724,510	270,570,005	266,888,655
Expenses	276,429,675	281,772,674	281,904,291
Excess/(Deficit)	(8,705,166)	(11,202,678)	(15,015,636)
Other Sources/Uses	1,094,626	1,425,000	1,190,000
Net Increase(Decrease)	(9,799,792)	(12,627,670)	(16,205,636)
Beginning Balance	39,418,943	29,619,152	16,991,482
Ending Balance plus Gen. Reserve	38,198,248	25,943,272	(9,875,821)
Stores & Rev. Cash	234,987	234,987	234,987
Legally Restricted (Categorical)	3,301,385	1,355,708	785,846
Designated Reserves – LCAP & EIA	1,587,350	1,640,030	0
Economic Uncertainty - Statutory Reserve (Fund 17)	8,344,109	8,716,803	8,854,988
Designated Reserves - GF – Budget Balancing	24,730,417	6,633,310	0
District Reserve %	12.49%	8.60%	3.13%

Note: The district's state statutory reserve for FY 2019 – 20 Projected to improve by \$48,000

Potential Costs Savings Opportunities

▶ Reduce the Police Budget	\$450,000
▶ Assign Title I – Carryover	\$600,000
▶ Hiring Freeze for non-essential positions	\$400,000
▶ Reduce Conference/Travel	\$ TBD
▶ Assign Unallocated Adult Education \$	\$500,000
▶ Eliminate Early Education Program (Child Care)	\$800,000

Total Potential Savings
\$2,750,000

Budget Advisory Committee Meeting

QUESTIONS
COMMENTS
CONCERNS