

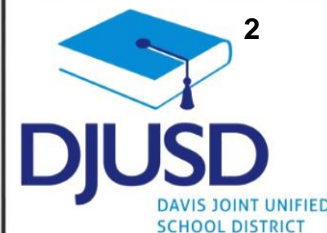
**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**2015-16 FIRST INTERIM BUDGET UPDATE**

**NOVEMBER 5, 2015**

**BRUCE COLBY**  
**ASSOCIATE SUPERINTENDENT OF BUSINESS**



# FIRST INTERIM BUDGET PLANNING SUMMARY



The First Interim Report in December includes updates from the final approved State budget, unaudited actuals, and other budget revisions based upon current activity. This report will include changes in budget projections for the current year as well as future year projections.

The specific updates will include fund balances from the unaudited actuals, LCFF and other funding changes from the final State budget, updates to projected student enrollment and attendance (ADA) based on our current year snapshot, updated staffing from enrollment changes and actual payroll costs, program carryover spending commitments and board approved changes.

# BUDGET CONSIDERATIONS

- DJUSD has a strong tradition of academic excellence and fiscal responsibility.
- While State funding has improved, it's not enough to pay for all the services we'd like to have for our students and families.
- The Board and administration are committed to invest dollars strategically and wisely towards the future of our district.

# STATE BUDGET UPDATE

- LCFF funding decreased to cover other State Programs (-\$200k)
- One-time Discretionary funds reduced to cover the creation of restricted “Educator Effectiveness” program (-\$600k)
- Transfer of funding from unrestricted to restricted
- Already allocated in Adoption Budget by DJUSD for “Educator Effectiveness” purposes

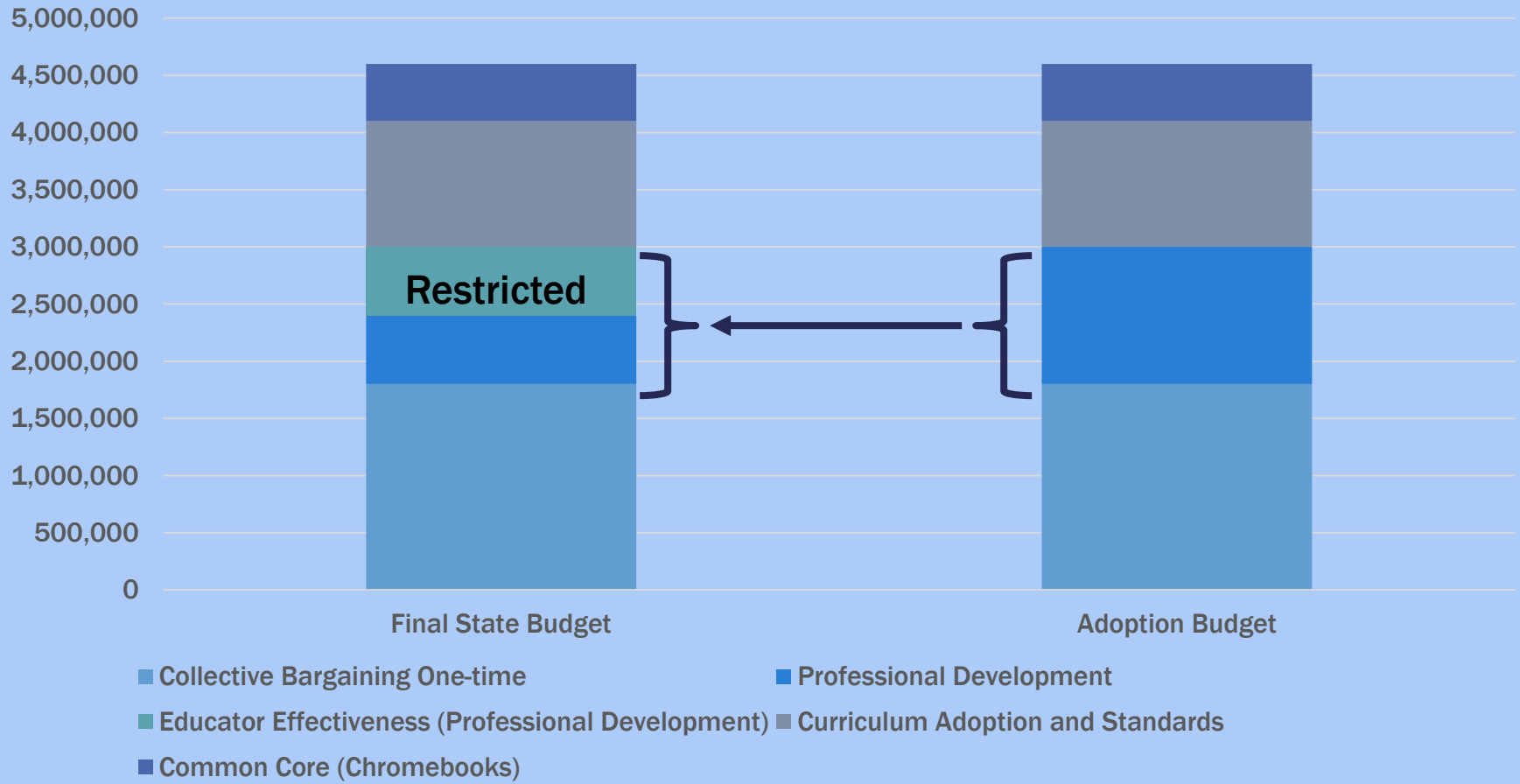
# ADOPTION BUDGET ONE-TIME DISCRETIONARY FUNDS

- State Budget encourages LEAs to prioritize the funds for professional development, beginning teacher induction and mentoring, instructional materials, technology infrastructure, and other Common Core State Standards implementation efforts, these dollars are unrestricted and can be used for any purpose determined by an LEA's governing board

# FINAL STATE BUDGET EDUCATOR EFFECTIVENESS FUNDS

- The funds can be used for the following purposes:
  - Beginning teacher and administrator support and mentoring
  - Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support
  - Professional development for teachers and administrators that is aligned to the state content standards
  - To promote educator quality and effectiveness, including, but not limited to, training on mentoring and coaching certificated staff and training certificated staff to support effective teaching and learning.

# STATE ONE-TIME FUNDING \$4.6 MILLION



# OTHER UPDATES

- **Staffing to current approved positions & placements**
- **Enrollment/ADA review and updates**
  - LCFF and site allocations
- **Carryover/Commitments**
  - Site funds
  - Summer projects
  - Safety needs
  - Infrastructure (Furniture, Technology)



# DJUSD BUDGET OUTLOOK

- **Fiscal themes for the near future**
  - Projected state revenue growth in the future
    - Implementation of LCFF
  - Managing deficit spending
  - Parcel tax revenues in the future
    - Rate changes to cover cost increases (CPI adjustment)
    - Impact of “Borikas Case” on tax structure
    - 2016-17 Election
  - Pension costs
    - Employee compensation and collective bargaining
    - Staffing and Program
    - Fund balance reserve components

# DJUSD BUDGET OUTLOOK

- Projected LCFF revenue

- LCFF Target Entitlement

- Base Grant by Grade Span ADA +
- Add-On for K-3 CSR and 9-12 CTE +
- **Supplemental Grant (20% of base)**
- **Eligible Students**
  - **Free & reduced students (FRMP)**
  - **English Learner (ELL)**
  - **Foster Youth**
  - **Concentration Grant (50% of base)**
- **For Eligible students over 55%**
  - Plus prior year amount for former TIIG & Home-to-School

## Projected State LCFF revenue in the future 8 year implementation goal to fund target (2021)

### Annual changes from – Gap Funding

Difference between target and current funding

Annual Gap funding percent allocation

Funding percent set by state budget process each year

No separate COLA funding (included on target)

No funding levels set in statute

## Projected State LCFF revenue

### Key Revenue Factors

COLA (applied to target)

Gap Funding Rate

Average Daily Attendance (ADA)

Unduplicated Pupil Percentage

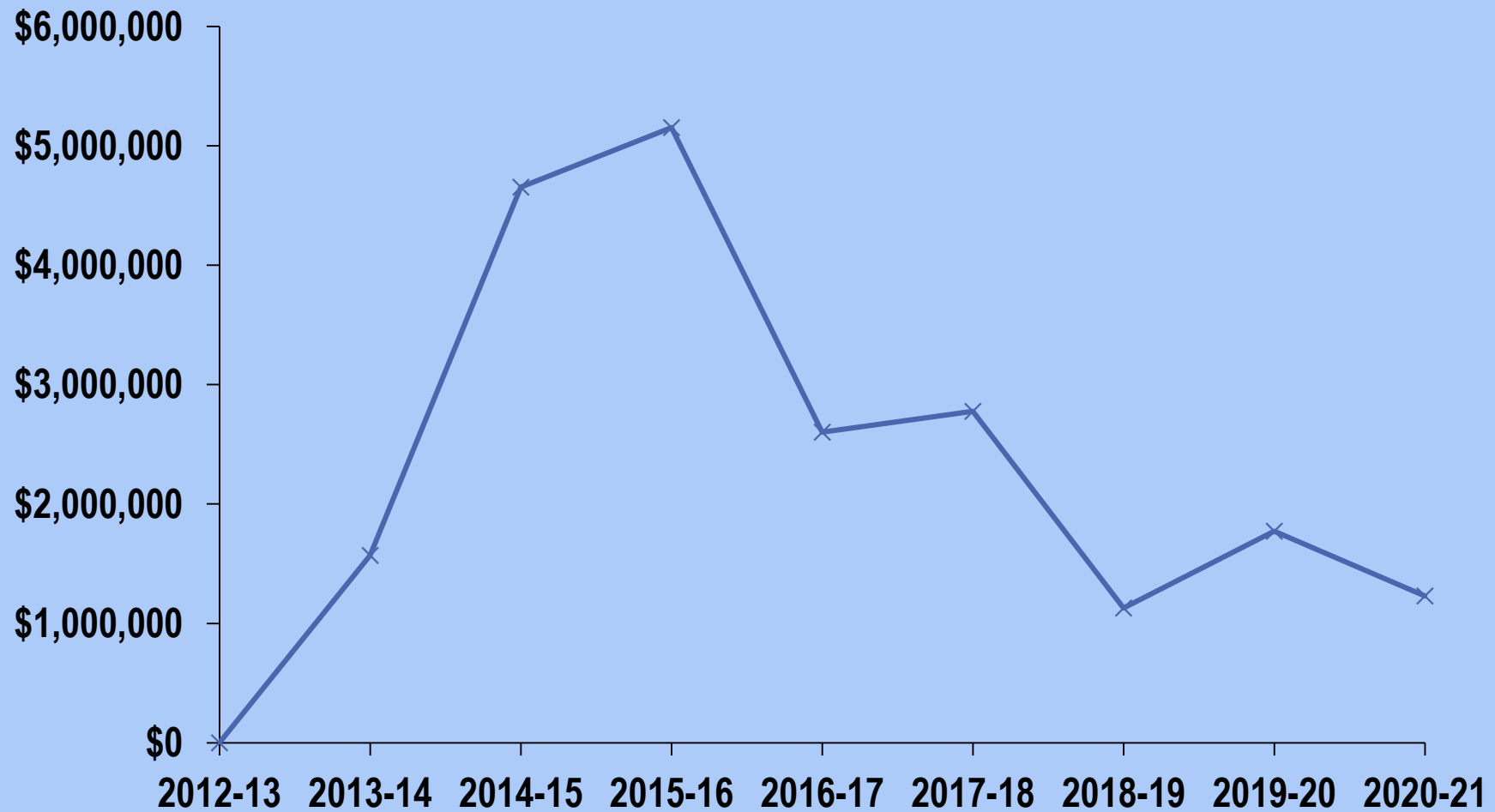
# DJUSD Budget Outlook

## Projected State LCFF revenue

LCFF Factors *	2015-16	2016-17	2017-18
COLA	1.02%	1.60%	2.48%
Gap Funding Rate	51.52%	35.55%	35.11%
ADA	7,617	7,666	7,765
Unduplicated Pupil Percentage	27.08%	27.01%	26.58%

**\* Subject to change based upon new information**

# LCFF REVENUE GROWTH



# DJUSD BUDGET OUTLOOK

- Managing deficit spending

The district has been using fund balance reserves to deficit spend

- ***District goal to reduce structural deficit to \$500k or below***

# DJUSD BUDGET OUTLOOK

## ■ Parcel tax revenues in the future

- The District has two voter approved parcel tax measures that allow taxes to be assessed and collected over the next three years. They both expire June 2017

- The school board sets the rates according to the specific approved language on an annual basis. The district has the authority to increase the rate to cover inflation using the California Consumer Price Index (CPI)

- The current projected rates are flat as it takes board approval to increase the rate

Parcel Tax Revenue	2015-16	2016-17	2017-18
Adoption Budget	\$9,521,629	\$9,521,629	\$0
Measure C rate	\$327/\$153	\$327/\$153	N/A
Measure E rate	\$204	\$204	N/A
<i>Possible CPI Increase</i>	<i>Unchanged</i>	<i>2.0%</i>	<i>2.1%</i>



# DJUSD BUDGET OUTLOOK

## ■ Parcel tax revenues in the future

- In order to continue the parcel tax funded programs, the school board will need to run an election prior to June
- Pending an election, in the next adoption budget, the third year of the multi-year election projection will have no tax revenue
- Measure C currently has two rates. The “Borikas” case judgment from the California court of appeals has changed our ability to have multiple rates (Measure C)
- Compliance with the “Borikas” judgment for our future tax at our current rates would reduce the taxable assessment by approximately \$1.3 million
- The total assessed rate would need to be increased approximately \$90 per parcel to mitigate this impact

# DJUSD BUDGET OUTLOOK

## ■ Pension costs

- The Budget includes increases for payroll pension costs based upon the State's plan for increased rates
- State mandated use of LCFF funds

STRS Pension	2015-16	2016-17	2017-18
Final State approved rates	10.73%	12.58%	12.58%
<i>Final State rate change</i>	+1.85%	+1.85%	+1.85%
Budget cost projection	\$720,000	\$720,000	\$600,000

PERS Pension	2015-16	2016-17	2017-18
Final State projected rates	11.85%	13.05%	16.60%
<i>Final State rate change</i>	+0.08%	+1.20%	+3.55%
Budget cost projection	\$11,000	\$180,000	\$540,000

# DJUSD BUDGET OUTLOOK

- **Employee compensation and collective bargaining**
  - The Adopted Budget included increases for annual step and column costs based upon the district staff placements
  - The budget also included the cost to cover the on-going 2% increase for all employees that was agreed to last year for 15-16 & 16-17 as well as other one-time payments
  - Any additional increases to compensation are part of the annual collective bargaining/negotiations process

Employee Compensation	2014-15	2015-16	2016-17	2017-18
Budget Step & Column Estimates *	\$775,000	\$808,000	\$824,000	\$824,000
Collective Bargaining Agreements **	\$3,180,000	\$2,120,000	\$1,620,000	Negotiated
Cost of 1% all employees **	\$530,000	\$530,000	\$540,000	\$540,000

**\* Subject to change based upon updated analysis of current employee placements**

**\*\* Details by employee group reported in the Adoption Budget Criteria and Standards Status of Labor Agreements**

# DJUSD BUDGET OUTLOOK

## ■ Staffing and Program

- The Adopted Budget included increases for mandated programs that are part of the State budget regulations
  - Progress towards K-3 Class Size to 24:1 average by site
  - Routine maintenance at 3% of total expenditures
- The district must show adequate program support and services for the LCFF supplemental program funds allocated based upon the Unduplicated Count of students of need. The approximate financial support for these student programs and service needs to grow at an annual rate of **\$200,000** to meet the LCFF target entitlement for supplemental programs in **2021**
- The district has other planning goals for the Strategic Plan and the Local Control Accountability Plan (LCAP) that need to be reviewed as part of the long term budget planning

# DJUSD BUDGET OUTLOOK

## ■ Staffing and Program

### ■ Curriculum Adoption and Standards

- In the past State funding model, adoptions and state mandated instructional materials were funded using restricted categorical funds for this specific purpose
- In the new Local Control funding model, districts need to develop local plans to support these adoptions from LCFF or other funds.
- During the State budget crisis, mandated adoption dates were suspended through 2015-16

# DJUSD BUDGET OUTLOOK

## ■ Curriculum Adoption and Standards

	2016-17	2017-18	2018-19
English Language Arts	\$200,000	\$950,000	
Math	\$125,000	\$125,000	\$150,000
Science (NGSS)			\$650,000
Foreign Language		\$75,000	\$75,000
Immersion		\$250,000	
Health	\$75,000		
Annual Totals *	\$400,000	\$1,400,000	\$875,000
GRAND TOTAL *			\$2,675,000

\* Partially covered, budget set-aside from 2015-16 State One-Time Discretionary is \$1.5 million

# DJUSD BUDGET OUTLOOK

## ■ Staffing and Program

### ■ Instructional Technology

- In the past State funding model, site instructional technology was funded using restricted categorical funds allocated to sites
- In the new Local Control funding model, districts need to develop local plans to support site instructional technology from LCFF or other funds.
- New testing and assessment processes and curriculum adoption standards require investments in site instructional technology

# DJUSD BUDGET OUTLOOK

## ■ Instructional Technology

	2016-17	2017-18	2018-19
Wireless Implementation *	\$350,000	\$150,000	
Classroom Projection *	\$400,000	\$50,000	\$50,000
Chromebooks & Labs **	\$100,000	\$500,000	\$500,000
Total	\$850,000	\$700,000	\$550,000

\* Not covered in current budget projections

\*\* Partially covered in current budget projections



# DJUSD BUDGET OUTLOOK

## ■ Fund balance reserve components

- The budget includes detailed analysis of specific use and purposes for the fund balance reserves
- Taking into consideration all of the planning factors, the district must maintain adequate reserves for fiscal solvency
  - Recommended at 2 months (Cash or Fund Equity)
- These reserves include:
  - Non-Spendable (balance sheet accounts)
  - Restricted reserves
  - The State required 3% reserve for economic uncertainties
  - The District board reserve of 1.5% for unknown contingences
  - Reserves to cover carryover and other approved spending commitments
  - Reserves to cover State mandated program spending requirements
  - Reserves to cover deficit spending

# Questions

