

DAVIS JOINT UNIFIED SCHOOL DISTRICT
2016-17 FIRST INTERIM BUDGET UPDATE

NOVEMBER 3, 2016

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.

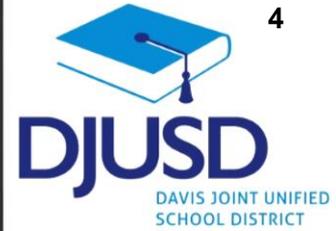
The specific updates will include fund balances from the unaudited actuals, LCFF and other funding changes from the final State budget, updates to projected student enrollment and attendance (ADA) based on our current year snapshot, updated staffing from enrollment changes and actual payroll costs, program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

BUDGET CONSIDERATIONS



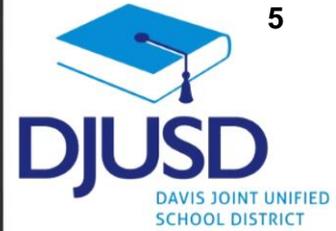
- DJUSD has a strong tradition of academic excellence and fiscal responsibility.
- While State funding has improved, it's not enough to pay for all the services we'd like to have for our students and families.
- The Board and administration are committed to invest dollars strategically and wisely towards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

STATE BUDGET UPDATE



- LCFF funding approved as projected
- One-time discretionary payment reduced \$180,000
- Reallocated by the State for the new “College Readiness Block Grant” categorical program at lower amount of funding for DJUSD of \$75,000

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

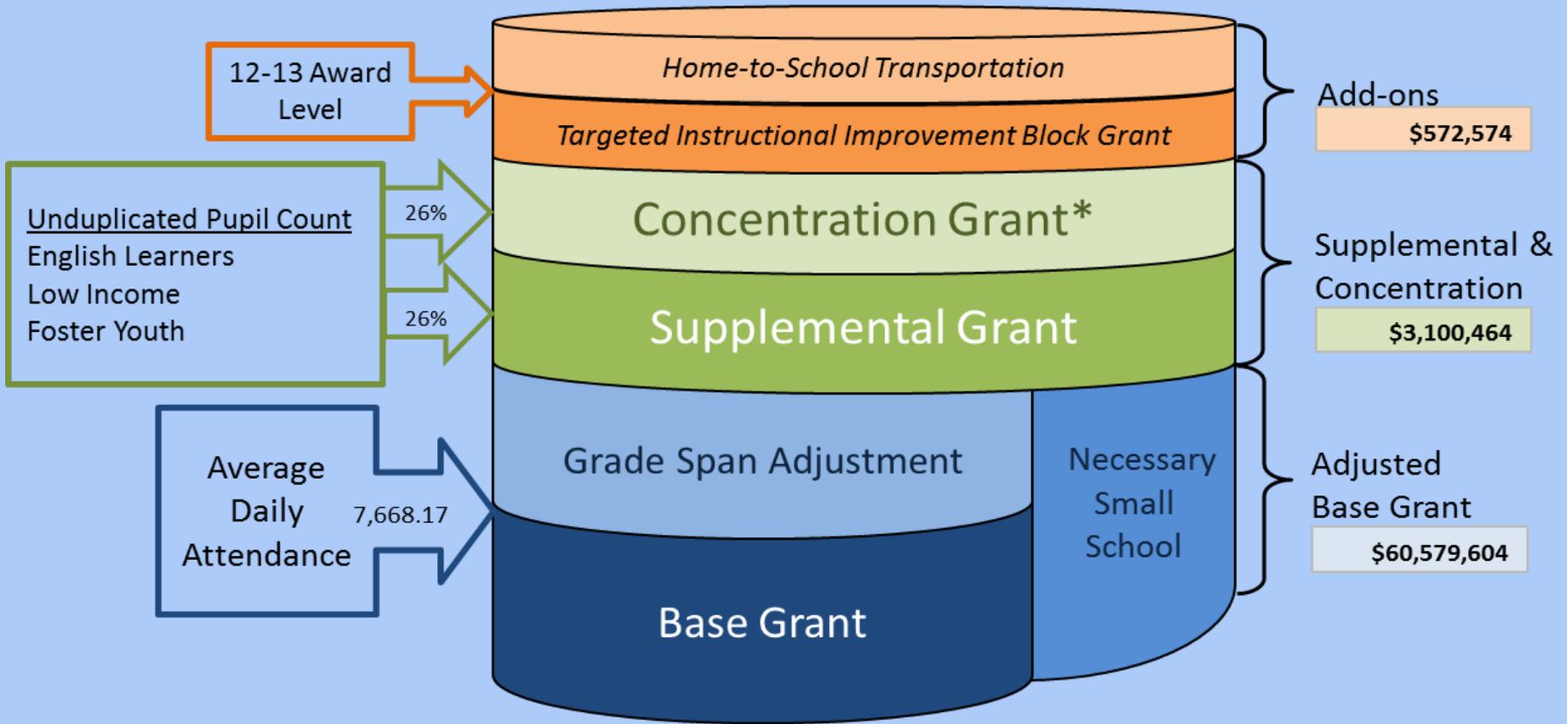


- Managing deficit spending
- Parcel tax revenues in the future
- Increases in Statutory Benefits
- Employee compensation and collective bargaining
- Staffing and Program
- Fund balance reserve components
 - Maintaining minimum uncertainty reserve level of 8%
 - Multiyear program funding

LOCAL CONTROL FUNDING



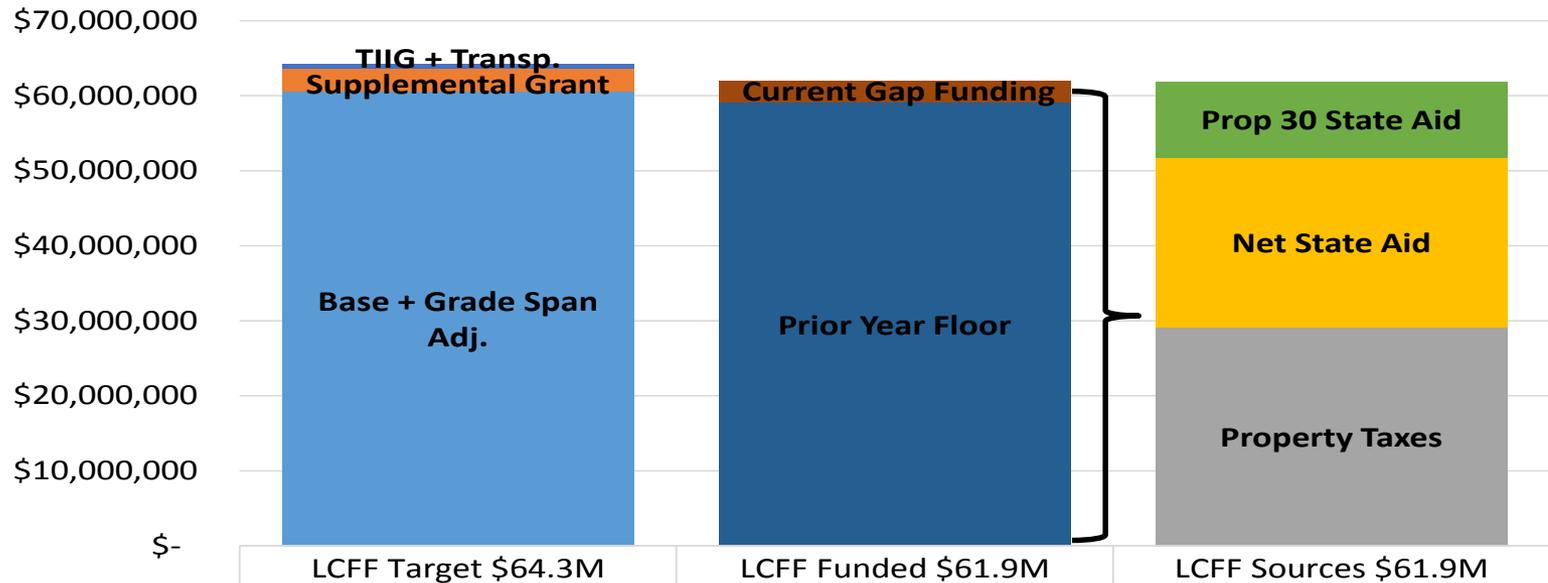
TOTAL TARGET LCFF: \$64,252,642



*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

LOCAL CONTROL FUNDING FORMULA

DJUSD Local Control Funding Formula 2016-17



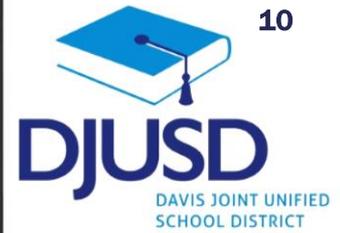
- Prop 30 State Aid
- Net State Aid
- Property Taxes
- Current Gap Funding
- Prior Year Floor
- TIIG + Transp.
- Supplemental Grant
- Base + Grade Span Adj.



Projected State LCFF revenue

- **Key Revenue Factors**
 - COLA (applied to target)
 - Gap Funding Rate
 - Average Daily Attendance (ADA)
 - Unduplicated Pupil Percentage

DJUSD Budget Outlook LCFF



LCFF Factors *	2016-17	2017-18	2018-19
COLA	0.00%	1.11%	2.42%
Gap Funding Rate	54.18%	72.99%	40.36%
ADA	7,668	7,710	7,765
Unduplicated Pupil Percentage	25.59%	24.97%	24.97%

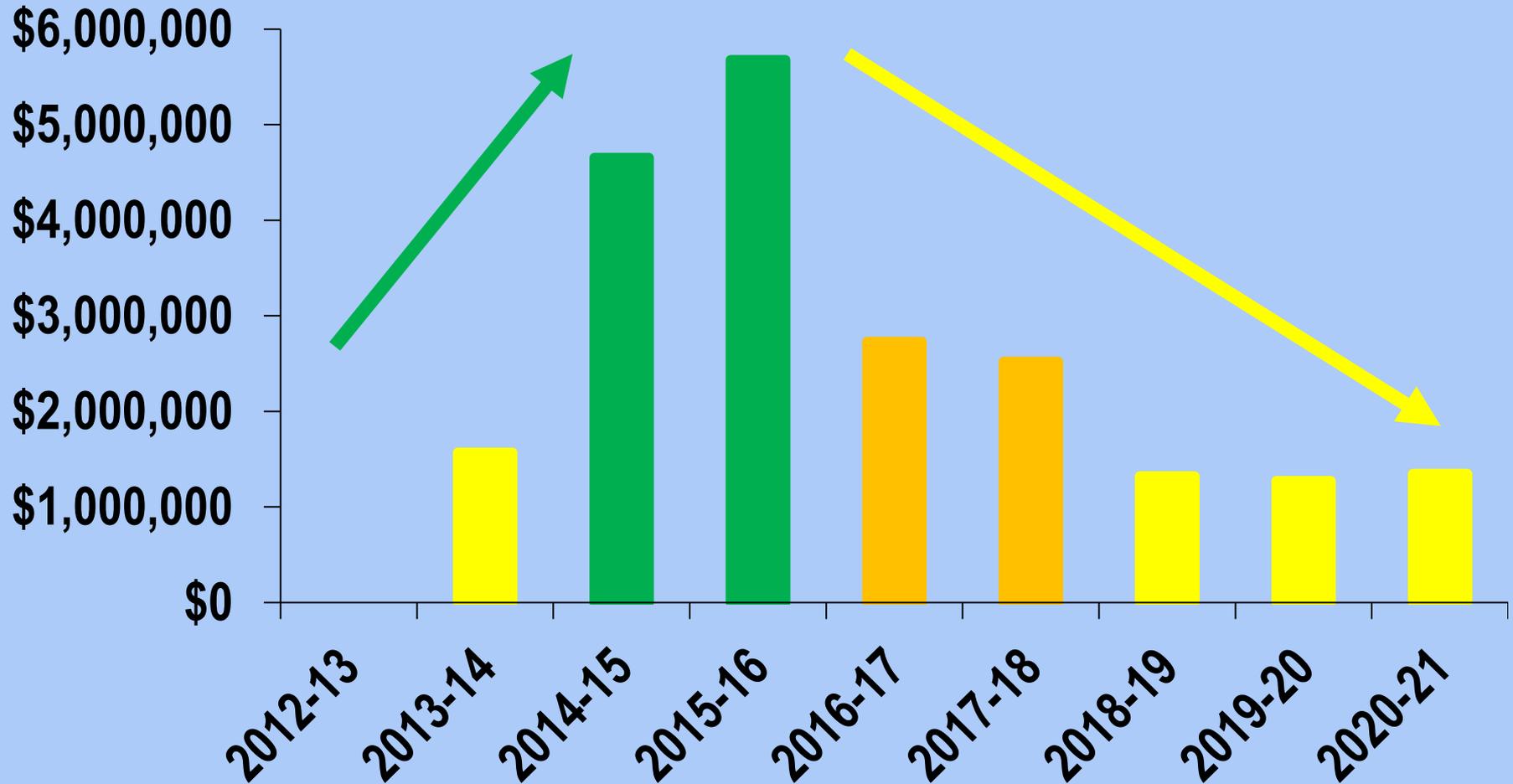
*** Subject to change based upon new information**

DJUSD Budget Outlook LCFF

\$ Millions	2016-17	2017-18	2018-19
LCFF target	\$64.3	\$65.2	\$67.2
 Projected LCFF Funding	\$61.9	\$64.4	\$65.8
Base Grant and Add-Ons	\$58.9	\$61.4	\$62.7
Supplemental Grant	\$3.0	\$3.0	\$3.1

Projection Using the Latest Gap Funding Information from the State

LCFF REVENUE ANNUAL GROWTH RATE



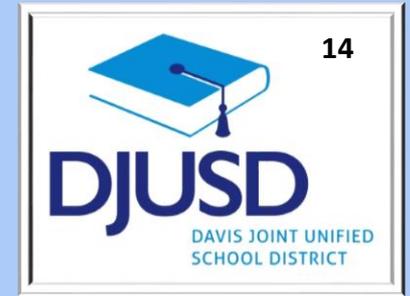
DJUSD BUDGET OUTLOOK



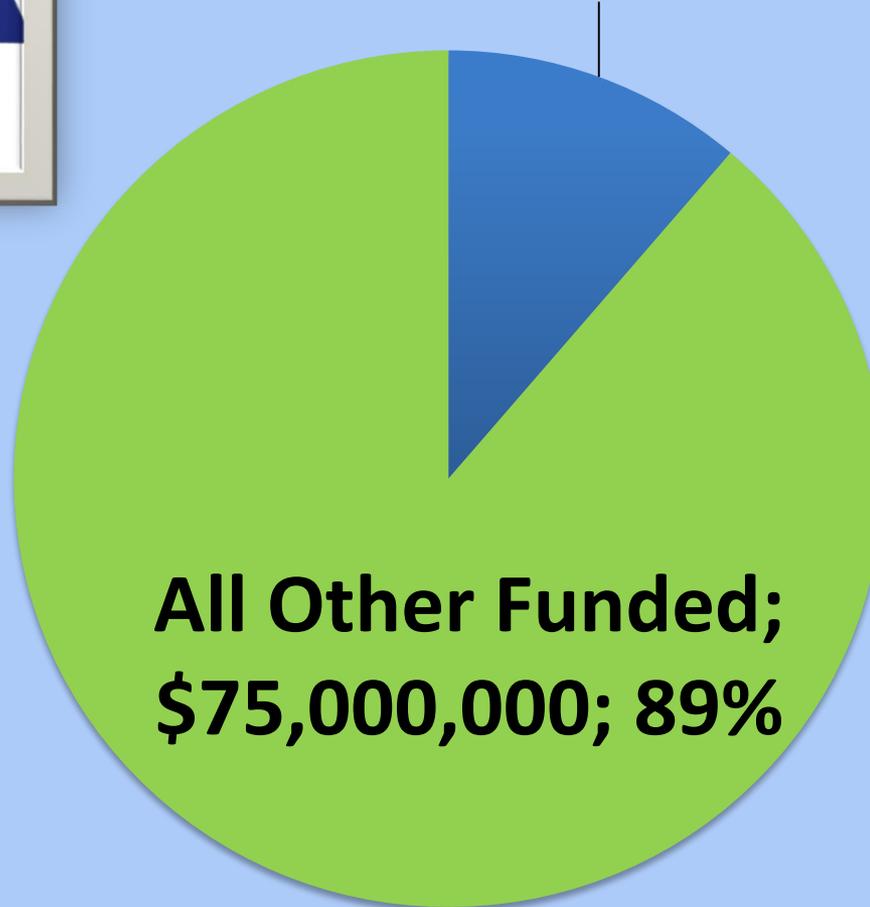
■ Managing deficit spending

The District has been using fund balance reserves to deficit spend

- ***District goal to maintain 8% minimum reserve for Economic Uncertainties***
- ***Eliminate spending deficit as needed to maintain minimum reserve level***



**Parcel Tax Funded;
\$9,500,000; 11%**

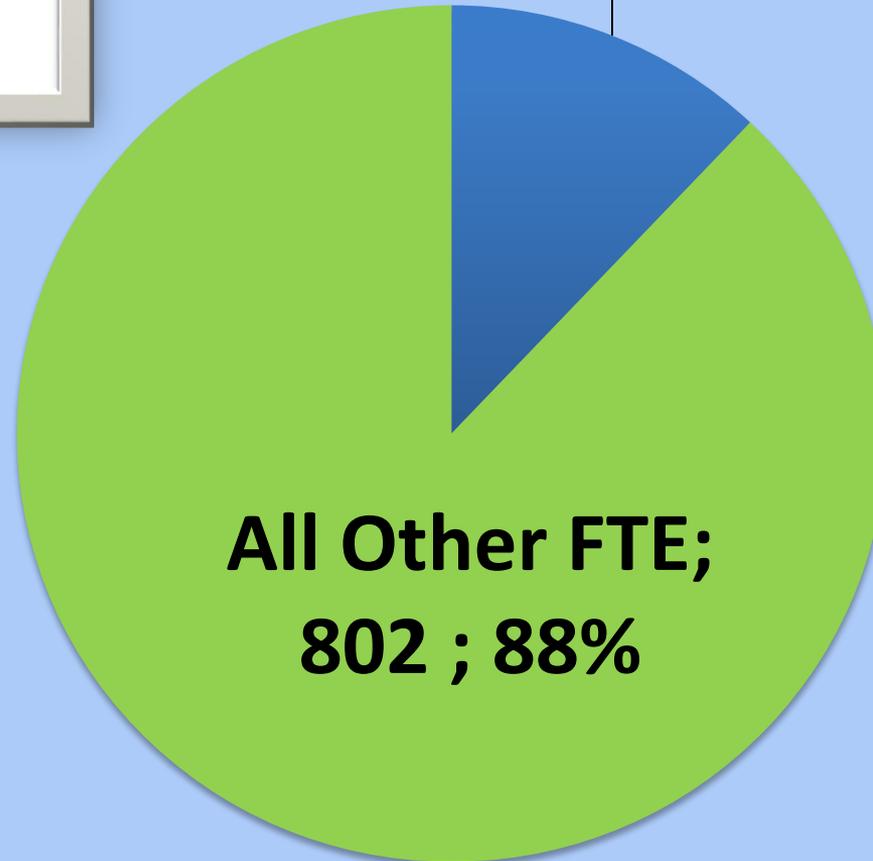
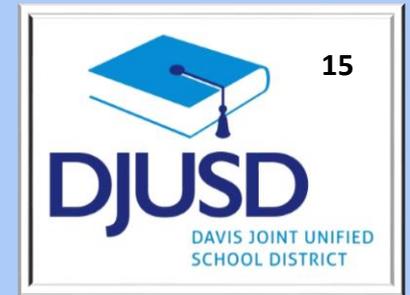


**All Other Funded;
\$75,000,000; 89%**

Total General Fund Expenditures \$84,500,000



**Parcel Tax FTE;
110 ; 12%**



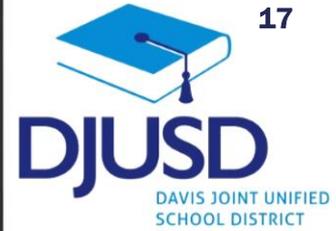
Total General Fund FTE 912



PARCEL TAX FACTS

- Current Measures C & E generate **\$9.5 Million** in program funding, **11%** of the current General Fund Budget
 - Both tax Measures expire June 30th, 2017
- Measure H is on November 8th ballot to **replace expiring measures**
 - Rate set to maintain current funding and program level
 - **No increase over current funding level**
 - **It is not mitigated by Propositions 30, 51 or 55**
- Budget Scenarios
 - Measure Passes; maintain current program funding in budget projection
 - Measure Fails; immediately implement staff/program reduction plan including layoff notice process and develop long-term fiscal solvency plan (possible school closures, increased class size, other staffing and program reductions)

DJUSD BUDGET OUTLOOK



■ Statutory Benefits - 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	2016-17	2017-18	2018-19
Final State approved rates	12.58%	14.43%	16.28%
<i>Final State rate change</i>	+1.85%	+1.85%	+1.85%
Budget cost projection	\$730,000	\$620,000	\$620,000

PERS Pension	2016-17	2017-18	2017-18
Final State projected rates	13.89%	15.50%	17.10%
<i>Final State rate change</i>	+2.04%	+1.61%	+1.60%
Budget cost projection	\$330,000	\$260,000	\$260,000

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	2016-17	2017-18	2018-19
Budget Step & Column Estimates *	\$824,000	\$824,000	\$824,000
Collective Bargaining Agreements **	\$1,620,000	Negotiated	Negotiated
Cost of 1% all employees **	\$650,000	\$650,000	\$650,000

* 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

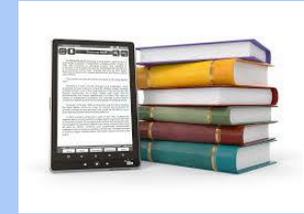
- The Adopted Budget included increases for mandated programs that are part of the State budget regulations
 - K-3 Class Size to 24:1 average by site
 - Routine maintenance at 3% of total expenditures
- The district must show adequate program support and services for the LCFF supplemental program funds 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 **\$100,000** 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

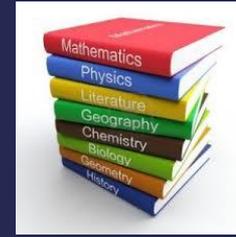
■ Staffing and Program

■ 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 & Development (ELA/ELD)	\$1,000,000	-	-
Math	\$125,000	\$125,000	\$150,000
Science (NGSS)	-	-	\$650,000
History/Social Science	-	-	\$500,000
Foreign Language	-	\$75,000	\$75,000
Immersion	-	\$250,000	-
Health	\$75,000	-	-
Library Materials	\$75,000	\$75,000	-
Annual Totals *	\$1,275,000	\$525,000	\$1,375,000
		GRAND TOTAL	\$3,175,000

* Partially covered, by budget set-asides from State One-Time Discretionary

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

* Partially covered, by budget set-asides from State One-Time Discretionary

** Capital facilities funds budget



DJUSD BUDGET OUTLOOK RESERVE COMPONENTS

■ Non-Spendable

- Revolving Cash, Inventory, Pre-paid expenditures

■ Restricted

- Restricted use by funding source (Not included in reserve calculation %)

■ Committed

- Committed for a specific purpose by Board vote

■ Assigned

- Assigned for a specific purpose as part of the budgeting process
- Uses include setting aside for future year expenditures/liabilities

■ Unassigned/Unappropriated

- Minimum reserve for economic uncertainties 8%
 - State required minimum reserve for economic uncertainties - 3%
 - Local board policy minimum reserve for uncertainties - 5% additional



Questions

