



DAVIS JOINT UNIFIED SCHOOL DISTRICT

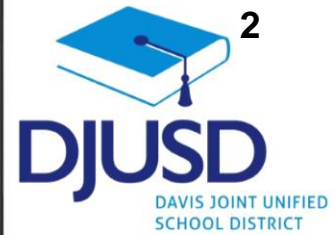
**2016-2017 SECOND INTERIM BUDGET
UPDATE**

MARCH 2, 2017

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CHIEF BUSINESS AND OPERATIONS OFFICER



SECOND INTERIM BUDGET PLANNING SUMMARY



The Second Interim Report in March includes updates since the last budget, review of actuals to date and projections for next year using the Governor's January Budget proposals. The report will include changes in budget projections for the current year as well as future year projections.

The specific updates will include LCFF and other funding changes from the Governor's January State budget proposal, updates to projected student enrollment and attendance (ADA), updated staffing from enrollment changes and actual payroll costs, spending commitments and Board-approved changes.



Multiyear Projections (MYP)

- **Multiyear Projections are required by AB 1200 (Chapter 1213/1991) and AB 2758 (Chapter 52/2004)**
- **Multiyear financial planning is a sound business practice that all well-run organizations do regardless of any legal requirements**
- **Recognize that MYPs are projections, not forecasts**
 - **Projections are expected to change as various factors change – they are not predictions**
 - **Projections are the mathematical result of today's decisions based on a given set of assumptions**
 - **Forecasts are predictions of the future – there is a higher implied reliability factor than for projections**
- **Projections will change any time the underlying factors change – therefore, plan to adjust as conditions change**

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

- **2016-17 No Changes**
- **2017-18 Local Control Funding Formula (LCFF)**
 - Projected LCFF growth increase of \$0.8m for DJUSD
- **2017-18 One-Time Discretionary**
 - Equal to about \$48 per ADA
 - DJUSD projection of \$386 thousand

OTHER UPDATES

- Staffing to current approved positions & placements
- Enrollment/ADA review and updates
- Special Education
- Operating cost budgets

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
 - Taxable parcels
 - Rate changes to cover cost increases (CPI adjustment)
- Pension costs
- Employee compensation and collective bargaining
- Staffing and Program
- Fund balance reserve components

DJUSD Budget Outlook

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

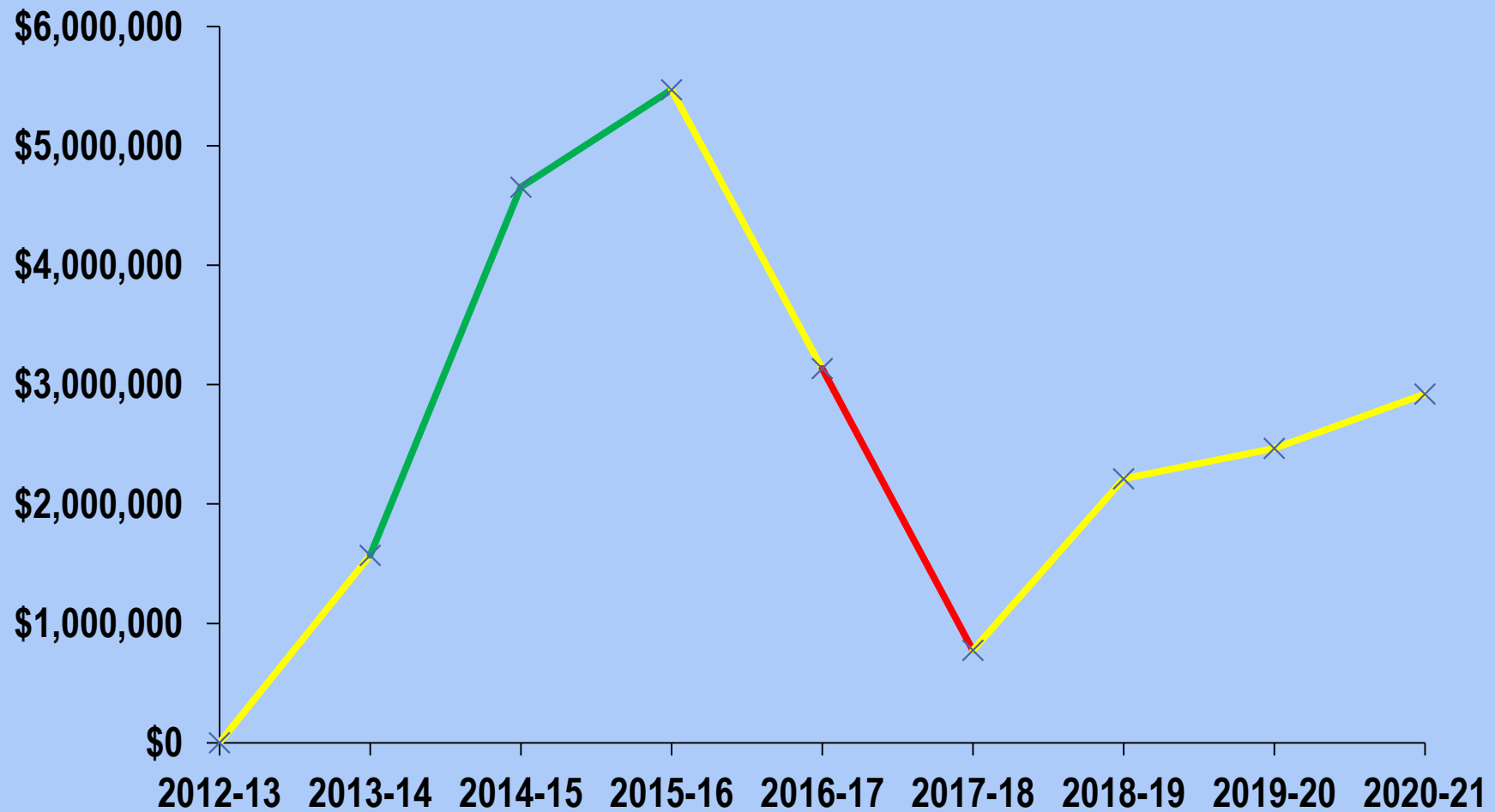
DJUSD Budget Outlook

Projected State LCFF revenue

LCFF Factors *	2016-17	2017-18	2018-19
COLA	0.00%	1.48%	2.40%
Gap Funding Rate	55.28%	23.67%	53.85%
ADA	7,647	7,647	7,647
Unduplicated Pupil Percentage	26.23%	26.23%	26.23%

* 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.

Fiscal Indicators	2016-17	2017-18	2018-19	2019-20
a. Operating Deficit - / Surplus +	(\$900,000)	(\$1,900,000)	(\$1,600,000)	(\$1,300,000)
b. Operating Deficit Change	(\$500,000)	(\$1,000,000)	\$300,000	\$300,000

DJUSD BUDGET OUTLOOK

■ Parcel tax revenues in the future

- The District has a new voter-approved parcel tax measure that expires June 2025.

- 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).

Parcel Tax Revenue	2016-17	2017-18	2018-19	2019-20
Projected Revenue	\$9,578,000	\$9,500,000	\$9,500,000	\$9,500,000
Taxable Parcels	C = 15,744	H = 15,323	H = 15,323	H = 15,323
	E = 15,256			
Measure H rate		\$620	\$620	\$620
Possible CPI Increase %	Unchanged	N/A	2.6%	2.6%
Possible CPI Increase \$	Unchanged	N/A	\$247,000	\$253,000

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

State Pension Costs (STRS/PERS)	2017-18	2018-19	2019-20
Budget cost increase projection	\$1,060,000	\$1,220,000	\$1,240,000

STRS Pension	2017-18	2018-19	2019-20
Final State approved rates	12.58%	14.43%	16.288%
<i>Final State rate change</i>	+1.85%	+1.85%	+1.85%
Budget cost increase projection	\$750,000	\$750,000	\$760,000

PERS Pension	2017-18	2018-19	2019-20
Final State projected rates	15.8%	18.7%	21.6%
<i>Final State rate change</i>	+1.1%	+2.9%	+2.9%
Budget cost increase projection	\$310,000	\$470,000	\$480,000

DJUSD BUDGET OUTLOOK

- **Employee compensation and collective bargaining**
 - The 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 for 2016-17 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 *	\$900,000	\$900,000	\$900,000
Collective Bargaining Agreements **	\$1,700,000	Negotiated	Negotiated
Cost of 1% all employees **	\$668,000	\$680,000	\$695,000

*** Subject to change based upon updated analysis of current employee placements, this cost is offset by teacher retirements**

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

DJUSD BUDGET OUTLOOK

■ Staffing and Program

- The Budget includes 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 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 curriculum adoption dates were suspended through 2015-16.

DJUSD BUDGET OUTLOOK

■ Curriculum Adoption and Standards

	2016-17	2017-18 *	2018-19 *
English Language Arts	\$900,000		
Math		\$100,000	\$150,000
Science (NGSS)			\$650,000
History/Social Science			\$500,000
Foreign Language		\$75,000	\$75,000
Immersion		\$250,000	
Health	\$75,000		
Annual Totals	\$975,000	\$425,000	\$1,375,000

* Not funded in current budget assumptions

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	\$350,000 *	
Classroom Projection *	\$400,000	\$50,000	\$50,000
Chromebooks & Labs **	\$100,000	\$75,000	\$75,000
Total	\$850,000	\$475,000	\$125,000

* Facilities funds expenditures (non-General Fund)

** *Not in funded in current budget assumptions*

DJUSD BUDGET OUTLOOK

■ Fund balance 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

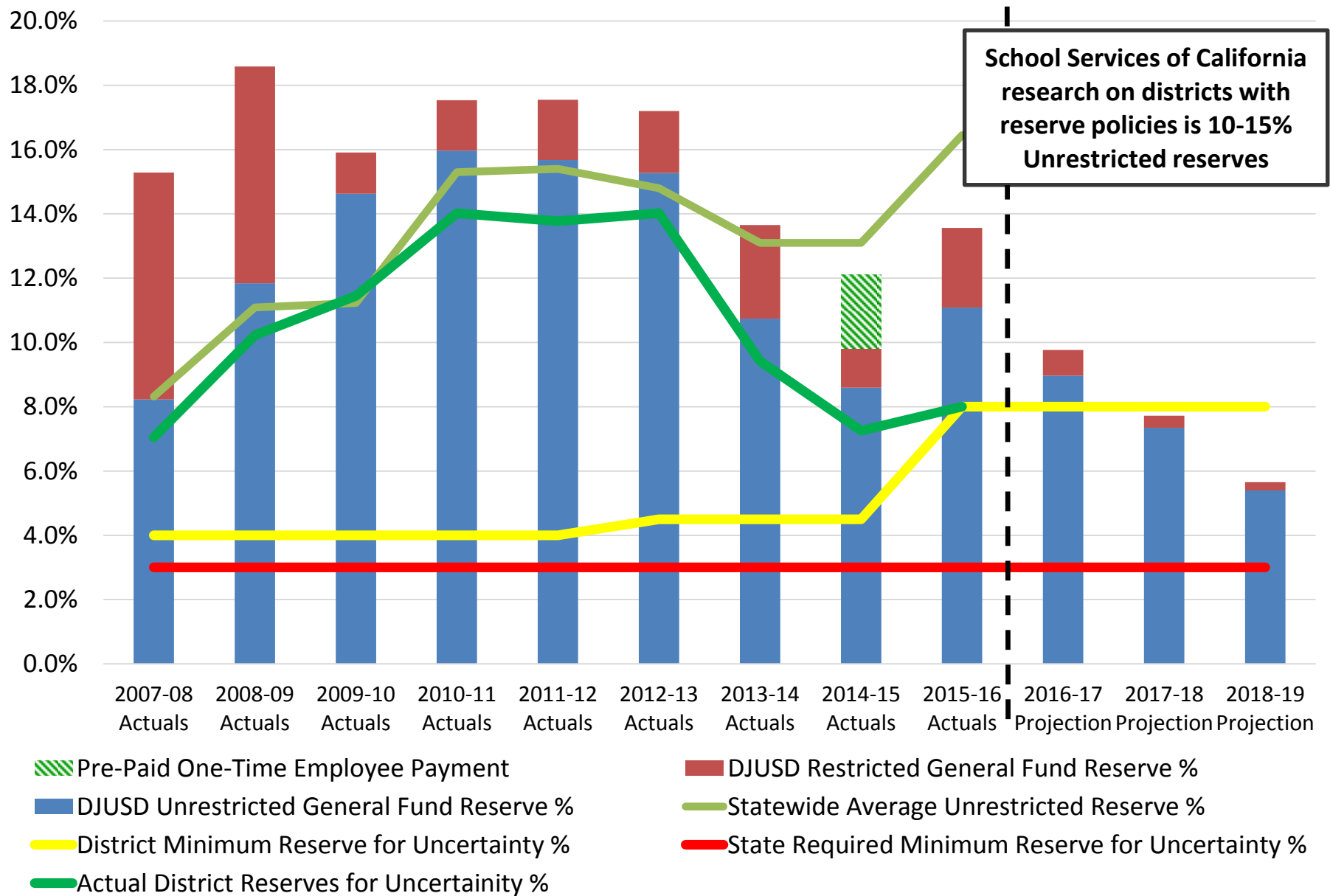
■ Assigned

- 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**

DJUSD General Fund Reserve Levels



DISTRICT UNRESTRICTED RESERVES

**Unrestricted General Fund, Plus Fund 17;
Net Ending Balances as a Percentage of
Total General Fund Expenditures, Transfers, and Other Uses**

	2015-16 Actuals	2016-17 First Interim
State Average Unified	16.45%	N/A
Yolo County		
Davis Joint USD	11.08%	8.96%
Woodland Joint USD	24.06%	8.59%
Washington USD	23.78%	15.33%
Winter Joint USD	15.79%	13.00%
Esparto USD	18.99%	14.15%
Solano County		
Dixon USD	8.71%	7.99%
Vacaville USD	16.03%	15.53%
Travis USD	15.01%	10.69%
Benicia USD	14.26%	15.61%
Others		
Natomas USD	14.82%	11.27%
Rocklin USD	14.68%	13.64%

Questions

