

# 2019-20 Budget

Board Study Session, May 21, 2019

# Unrestricted General Fund Projections

	2018-19 Estimated Actuals	2019-20 Adoption Budget	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Revenues	51,341,519	53,043,278	55,204,153	57,572,176	59,987,030	62,524,160
Expenditures	42,941,743	43,616,096	45,154,591	45,886,757	46,971,425	47,836,662
Other Sources/Uses	8,841,422	9,406,106	9,661,605	9,958,431	10,197,715	10,491,094
Increase/Decrease	(441,646)	21,076	387,957	1,726,988	2,817,890	4,196,404
Beginning Fund Bal	515,027	73,381	94,457	482,414	2,209,402	5,027,292
Ending Fund Balance	73,381	94,457	482,414	2,209,402	5,027,292,	9,223,696
Unappropriated Bal.	60,231	81,307	469,264	2,196,252	5,014,142	9,210,546
Balance in Fund 17	3,233,728	3,253,728	3,273,728	3,293,728	3,313,728	3,333,728
Total Reserve	3,293,959	3,335,053	3,742,992	5,489,980	8,327,870	12,544,274
<b>Reserve Percentage</b>	5.46%	5.45%	5.95%	8.59%	12.76%	18.89%

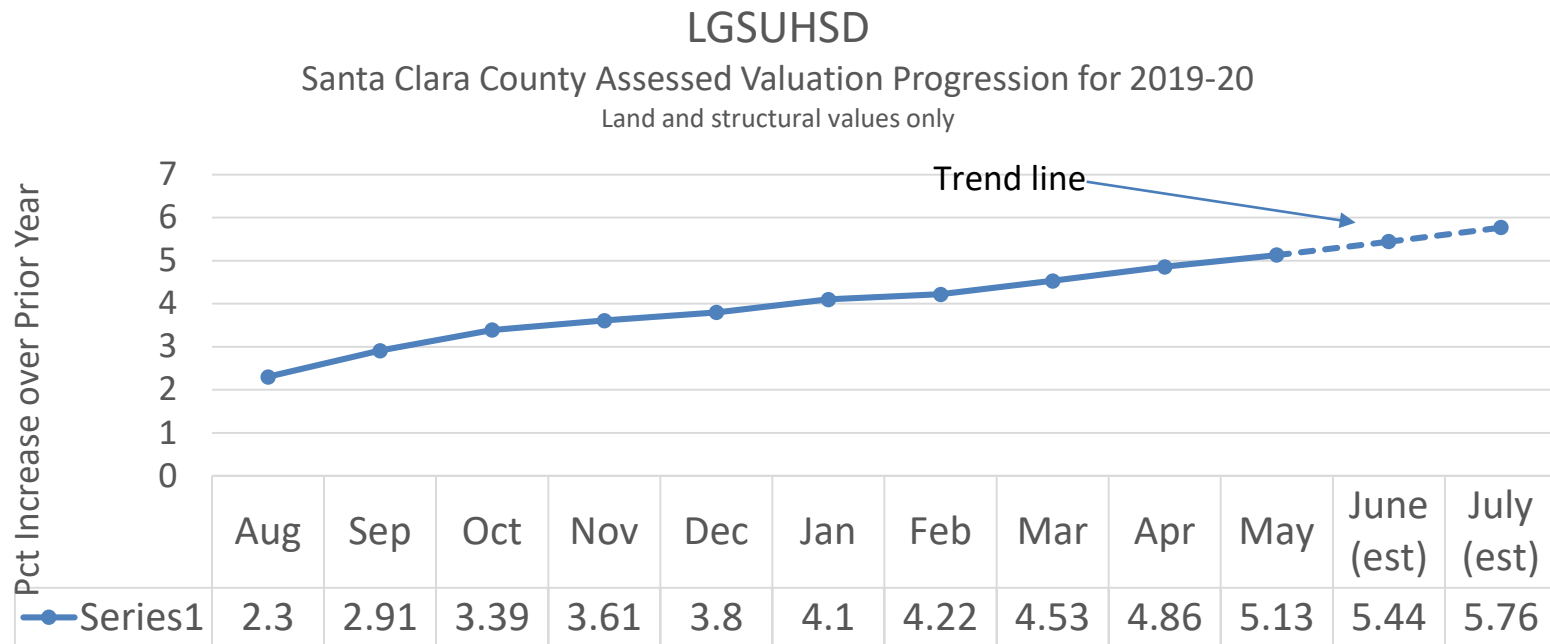
# Enrollment/ADA

- The budget projections assume student enrollment declines starting in 2020-21.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Enrollment	3,520	3,540	3,513	3,476	3,356	3,264
ADA	3,386	3,374	3,348	3,313	3,198	3,111

# Revenue Assumptions

- Property Taxes: The growth in assessed valuation for 2019-20 is strong. Assumed 5.25% increase in property taxes in 19-20 and 4.5% thereafter.



# Revenue Assumptions

- One-Time Funds: No one time funds are assumed.
- State COLA: the cost of living adjustment used for state programs such as Special Education is as follows:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
2.71%	3.26%	2.66%	2.72%	2.70%	2.70%

# Revenue Assumptions

- Lottery Funding: is assumed to remain at \$151/ADA unrestricted and \$53/ADA restricted.
- These funds are distributed to schools for instructional materials and other site discretionary purposes.

# Other Funding

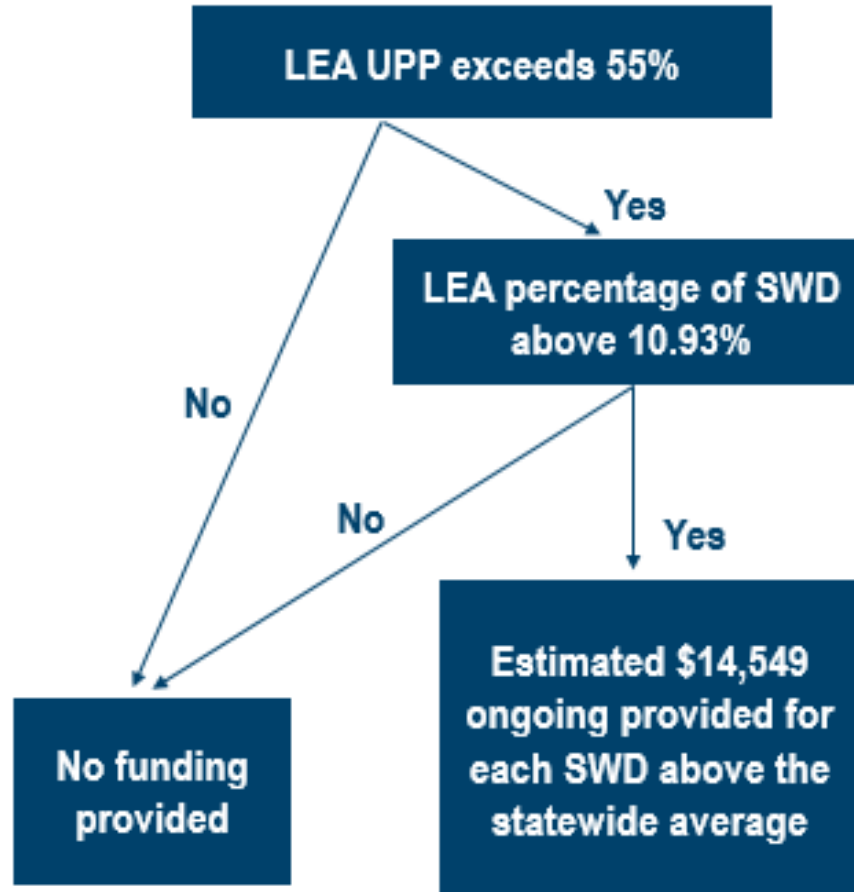
- Parcel Taxes: are flat at \$49 per parcel, with total annual revenue of \$955,000.
- Facility Use Fees: Most of these fees are recorded in Fund 40, the Special Reserve for Capital Outlay.
- Rental Income: Rental Income at 809 University Avenue and the District office is \$120,000. Leases are under negotiation.

# Special Education

- The governor's proposal contains additional funding for Special Education.
- If enacted as proposed this funding would benefit only 40% of school districts - those with high counts of students in poverty, English learners and foster youth.
- Therefore no additional funding is assumed for our district.
- On May 15<sup>th</sup> the Senate Subcommittee on Education rejected the governor's proposal, instead redirecting some funds to equalizing AB 602 funding and other funding to early intervention (3 and 4 year olds).



# Special Ed Funding Proposal



# Questions

# Expenditure Assumptions

- The budget assumes a net 0.6 FTE increase in teachers in 2019-20, flat for 2020-21, and a 1.0 FTE reduction in 2021-22. In 2022-23 and 2023-24 three teacher reductions are assumed annually.
- There were 5 teacher retirements for 2019-20. Three retirements are assumed annually thereafter.
- A net 0.4 FTE administrator position is added in the budget year and continues thereafter.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
FTE	301.7	302.7	302.7	301.7	298.7	295.7

# Salary Costs

- No salary increases are assumed.
- The cost of a 1% raise is \$374,244 in 2019-20.
- A 2% raise in each of the budget years would reduce the ending fund balance approximately as follows:
  - 2019-20: \$0.75 M
  - 2020-21: \$1.55 M
  - 2021-22: \$2.40 M
  - 2022-23: \$3.30 M
  - 2022-23: \$4.25 M

# 2% Raise Costs (estimated)

	2019-20	2020-21	2021-22	2022-23	2023-24
Beginning Fund Balance	73,381	0	0	0	0
Revenue-Expense	21,076	387,957	1,726,988	2,187,890	4,196,404
2% raise in 19-20	750,000	775,200	800,000	825,000	850,000
2% raise in 20-21		775,200	800,000	825,000	850,000
2% raise in 21-22			800,000	825,000	850,000
2% raise in 22-23				825,000	850,000
2% raise in 23-24					850,000
<b>Total Raise Cost</b>	<b>750,000</b>	<b>1,550,400</b>	<b>2,400,000</b>	<b>3,300,000</b>	<b>4,250,000</b>
Current tax assumption	5.25%	4.50%	4.50%	4.50%	4.50%
Tax increase needed to cover raise	1.51%	2.26%	1.22%	0.83%	0.09%
<b>Total Tax Increase Needed</b>	<b>6.76%</b>	<b>6.76%</b>	<b>5.72%</b>	<b>5.33%</b>	<b>4.59%</b>

# PERS and STRS

- These rates continue to rise. The PERS rate for 2019-20 is slightly higher than originally expected.
- The governor has proposed to contribute \$3 billion one-time to CalSTRS to reduce long-term liabilities for employers. The reduction in rates will be included in the budget as of First Interim, should the legislature enact this proposal.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
STRS	16.28%	18.13%	19.10%	19.10%	18.60%	18.60%
PERS	18.062%	20.733%	23.40%	24.50%	25.50%	25.70%

# Health and Welfare

- The district will learn of the new rates to be implemented on January 1, 2019 after the budget adoption. The assumption is a 9% increase in medical and no increase in vision and dental.
- Actual rates will be adjusted as of the First Interim report.

# Instructional Materials

- One time funds received in 2017-18 (\$472,879) were set aside for textbooks/instructional materials. These funds are assumed to be all spent in 2018-19.
- In the following years the budget for instructional materials is \$100K.



# Cafeteria Redesign

- The budget assumes that the cafeteria redesign reduces deficits in 2019-20. The budget assumptions use the reduced deficit (\$190K) throughout the multi-year projections.
- Should these changes not result in any savings, more annual ongoing costs (approx. \$100K annually) will need to be recognized.

# Questions