



PERRIS UNION
HIGH SCHOOL DISTRICT

2019-20 BUDGET

JUNE 3, 2019
BUDGET PROPOSAL



PUHSD.ORG



@puhsd



PerrisUnionHSD



PerrisUnionHSD

CALIFORNIA STATE BUDGET





2019-20 MAY REVISION

- The May Revision is the last statutorily required revision to the Governor's 2019-20 proposed budget prior to adoption of school district budgets and the enactment of the State Budget in June
- With strong April tax revenues, Governor Newsom was able to retain most of his proposals from January and was even able to invest additional funds into programs that he has designated as a priority
- We see a commitment to former Governor Brown's Local Control Funding Formula (LCFF) with the inclusion of the statutory cost-of-living adjustment (COLA), but local educational agencies (LEAs) will continue to face budget challenges as LCFF funding flattens and costs rise
- The education budget continues the proposals from January, but with some important changes and additions



2019-20 MAY REVISION

- In keeping with his predecessor, Governor Newsom is practicing cautious optimism
- While the May Revision projects increased short-term revenues, it forecasts slower economic growth and intensified risks
- Though it stops short of predicting a recession, the May Revision acknowledges that the state needs to be prepared for the possibility of a moderate recession
- The May Revision allocates funding to pay down unfunded retirement liabilities, eliminate debts, reverse deferrals, and build budget reserves
 - Including a deposit into the state's Rainy Day Fund of \$1.2 billion



CAP ON DISTRICT RESERVES

- The 2014-15 Budget Act included a last-minute provision to cap school district reserves, if certain conditions are met
 - In the year following any deposit into the Proposition 98 reserve, districts would be required to reduce their reserve to no more than twice the minimum reserve specified by the State Board of Education (SBE)
- All four criteria have been met, therefore the May Revision anticipates a deposit into the Proposition 98 reserve of \$389 million in 2019-20
- Fortunately, this deposit will fall short of the 3% level, which the May Revision estimates to be \$2.1 billion
 - Therefore, the cap on district reserves will not be triggered in 2020-21
- Nevertheless, it is only a matter of time until deposits reach the 3% Proposition 98 threshold, thus triggering the cap on district reserves



CALSTRS PROPOSAL

- The Governor's May Revision provides an additional \$150 million to his January proposal that would further reduce the employer share of the CalSTRS unfunded liability





“SPECIAL EDUCATION SCHOOL READINESS GRANT”

- The May Revision continues to propose a new categorical program, although under a new name, which would provide flexible funding based on Special Education pupil counts for concentration grant districts
 - The only significant change from the Governor’s January Budget is in the amount of funding – increasing from \$576 million (of which \$186 million is one time) to \$696.2 million all ongoing funding
 - But the distribution method remains the same from January and excludes about three quarters of school districts from eligibility
 - Funding is estimated at \$14,549 per eligible pupil for Districts that do receive funds
- Eligibility would be restricted to school districts that have a three-year average of both:
 - A UPP of 55% or higher, and
 - Special Education enrollment as a percentage of total district enrollment above 10.93%, which is currently the statewide average



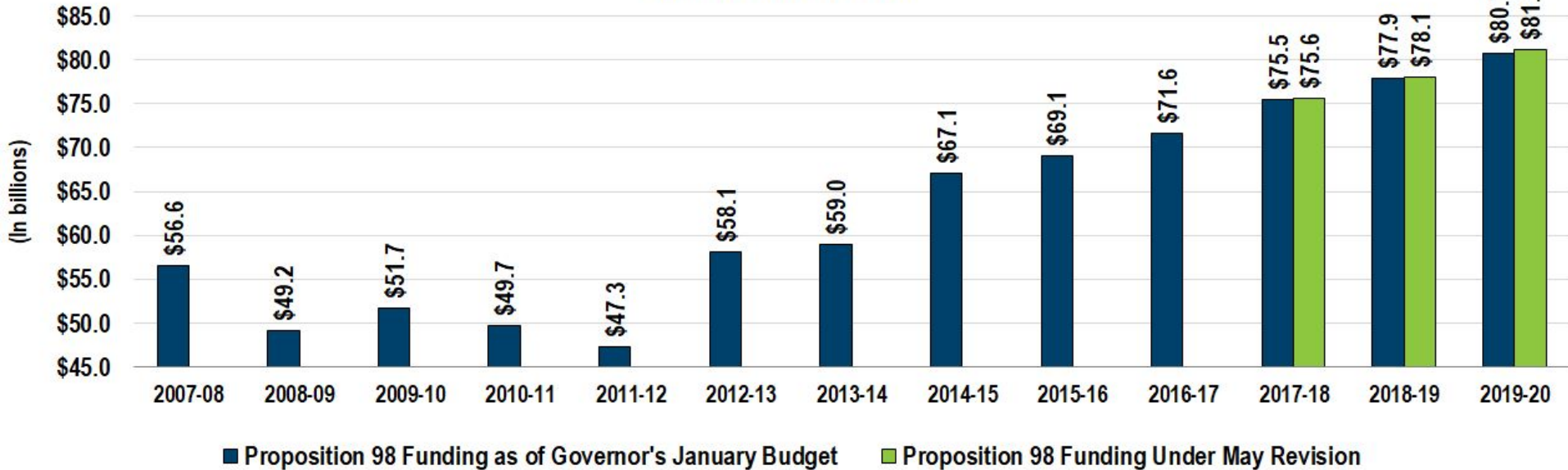
JANUARY BUDGET VS. MAY REVISION

Item	January Budget	May Revision
LCFF Gap Funding	\$2.023 billion	\$1.959 billion
Proposition 98 Minimum Funding Guarantee		
2017-18	\$75.5 billion	\$75.6 billion
2018-19	\$77.9 billion	\$78.1 billion
2019-20	\$80.7 billion	\$81.1 billion
2019-20 COLA	3.46%	3.26%
One-Time Discretionary Funds for 2019-20	\$0	\$0
“Special Education” Proposal	\$390 million ongoing \$186 million one-time	\$696.2 million ongoing
CalSTRS Proposal	\$3 billion one-time (non-Prop.98)	\$3.15 billion one-time (non-Prop.98)



PROPOSITION 98 FUNDING

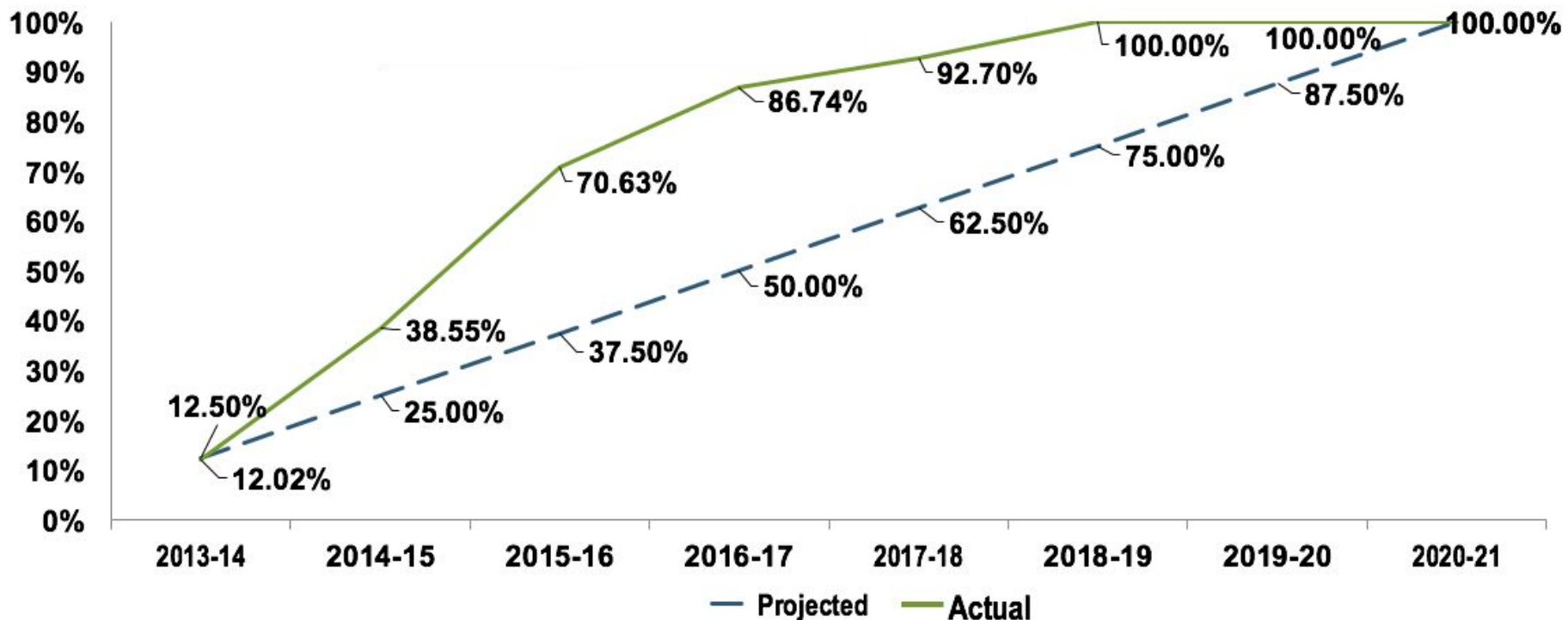
Proposition 98 Funding
2007-08 to 2019-20



Source: 2019-20 Governor's Budget, pg. 32 and 2019-20 May Revision, pg. 17



THE ROAD TO LCFF IMPLEMENTATION





COLA AND AUTOMATIC COST INCREASES

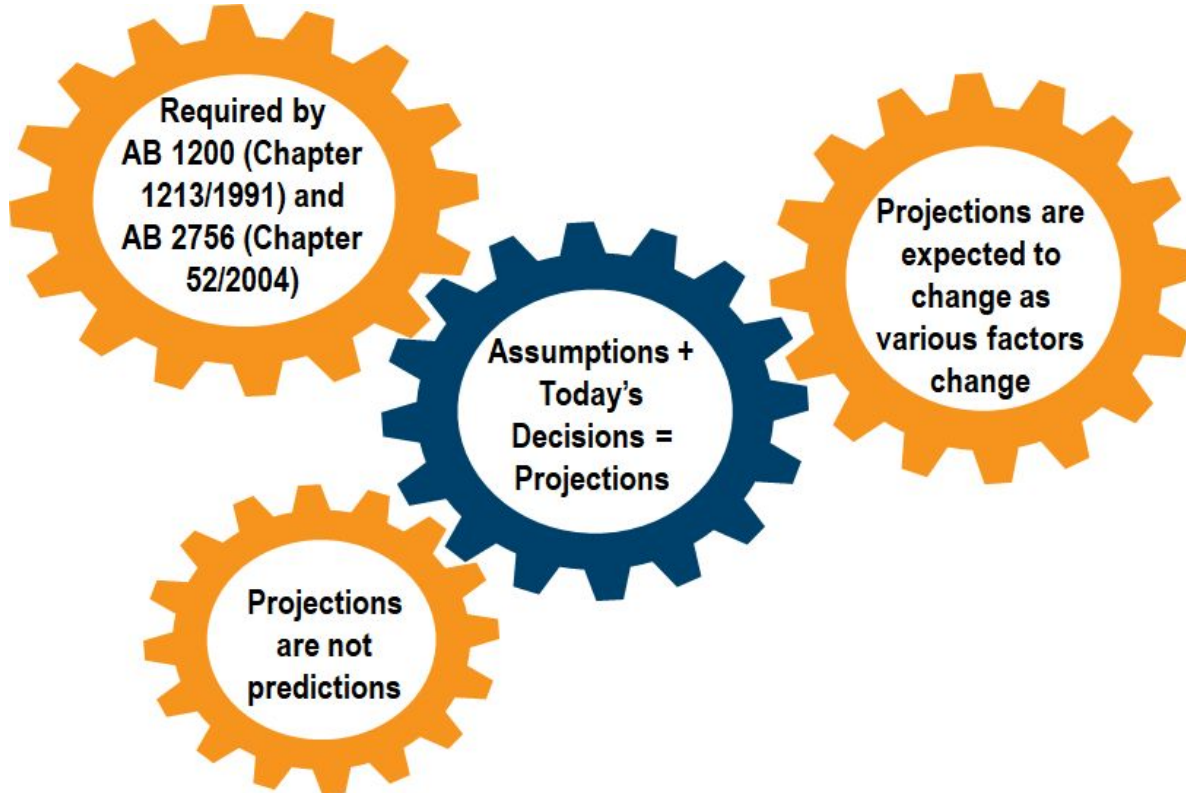
- With the LCFF target having been reached, beginning with 2019-20, increased funding is limited to COLA only

	2018-19	2019-20	2020-21	2021-22
Statutory COLA	3.70%	3.26%	3.00%	2.80%

- Automatic cost increases will make it a significant challenge to merely maintain current programs
 - CalSTRS and CalPERS
 - Step and column
 - Health and welfare
 - Contributions to restricted programs
 - Primarily Special Education as population growth and student needs increase



MULTI-YEAR PROJECTIONS

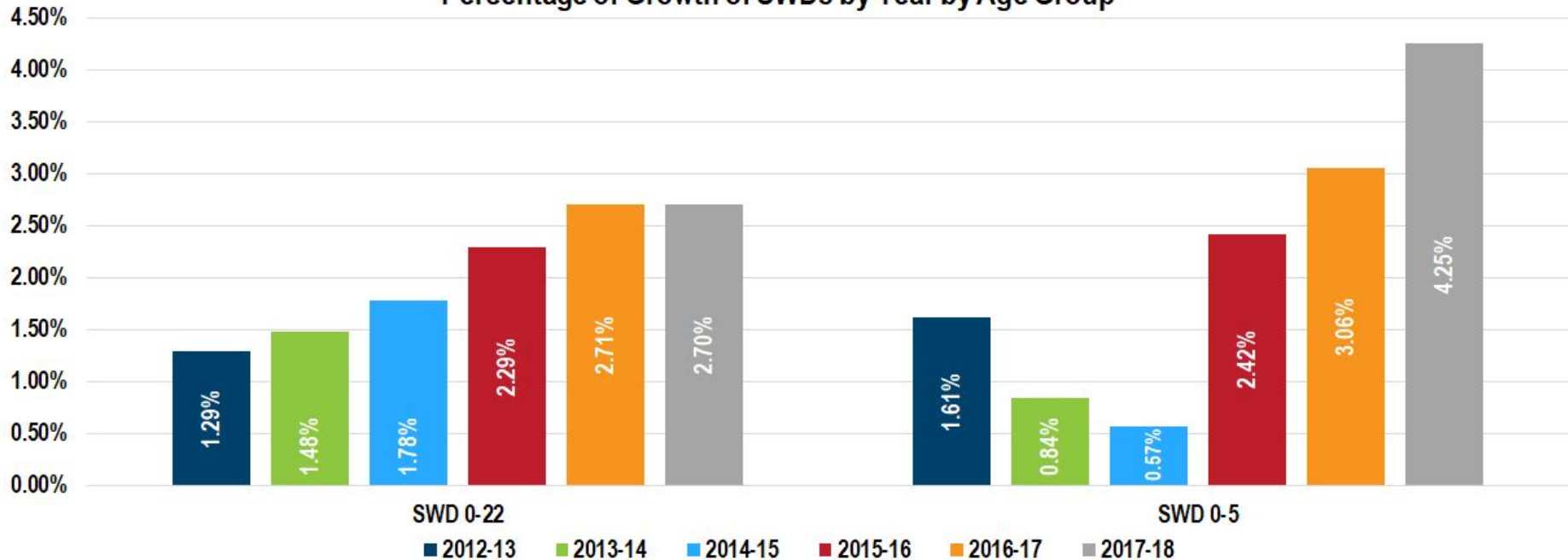


A slowing economy and rising costs pose challenges in the multi-year projection



EARLY LEARNERS WITH DISABILITIES ON THE RISE

Percentage of Growth of SWDs by Year by Age Group





PUHSD BUDGET CONSIDERATIONS

- Revenue increases of COLA only will be difficult following years of moderate to large revenue increases
 - This will be even more difficult for PUHSD and other districts with high unduplicated counts with the LCFF target reached
- New revenues will not cover new costs
 - This means planning for expenditure reductions
- Multi-year projects are vital to the fiscal health of the District
 - Well thought out long range planning
 - Liberty High School start up costs (one-time expenses) as well as staffing (ongoing expenses) are included in the multi-year projection
 - Adequate reserve levels to meet multi-year projections

2019-20 PROPOSED BUDGET





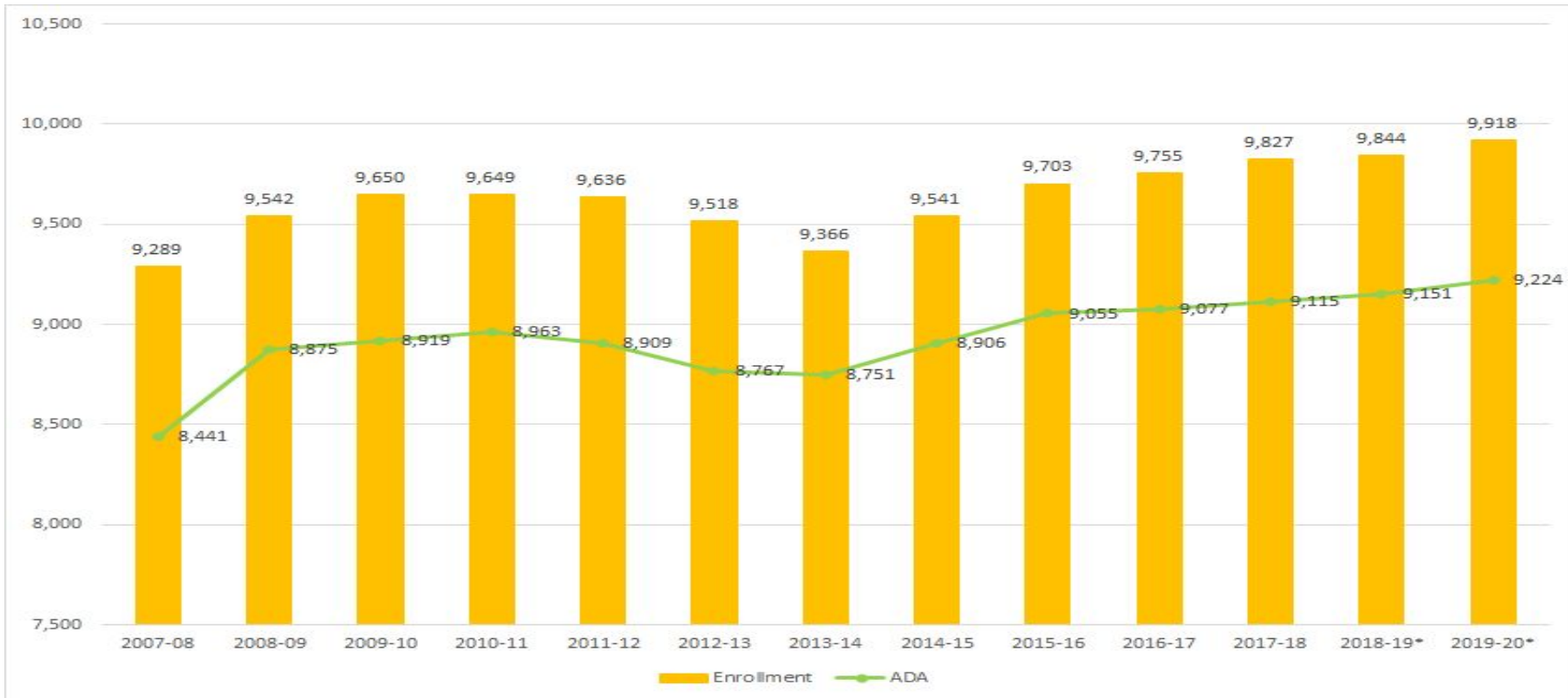
LCFF CALCULATION

Calculation Factors	7-8	9-12
2018-19 Initial Base Grants per ADA	\$7,796	\$9,034
3.26% COLA	\$254	\$295
2019-20 Base Grant per ADA	\$8,050	\$9,329
2.6% CTE Grade Span Adjustment		\$243
2019-20 Adjusted Base Grant per ADA	\$8,050	\$9,572
Supplemental*	\$1,167	\$1,388
Concentration*	\$704	\$838
Total LCFF Funding per ADA	\$9,921	\$11,798

**District specific calculation based on 72.50% 3 yr. rolling average unduplicated pupil count*



ENROLLMENT TO ADA HISTORICAL TRENDS & PROJECTIONS





CALSTRS AND CALPERS RATE INCREASE IMPACT COMBINED GENERAL FUND

18

	CalSTRS		CalPERS	
	Rate	Additional Budget Impact	Rate	Additional Budget Impact
2013-14	8.25%		11.442%	
2014-15	8.88%	\$246,357	11.771%	\$48,073
2015-16	10.73%	\$838,172	11.847%	\$12,186
2016-17	12.58%	\$854,606	13.888%	\$347,367
2017-18	14.43%	\$891,871	15.531%	\$290,737
2018-19	16.28%	\$882,415	18.062%	\$416,903
2019-20	16.70%	\$213,836	20.733%	\$483,013
2020-21	18.10%	\$778,259	23.60%	\$609,492
2021-22	17.80%	(\$170,533)	24.90%	\$299,450
8-Year Total	Δ= 9.55%	\$4,546,336	Δ= 13.46%	\$2,577,825

2019-20 STATUTORY BUDGET INCREASES COMBINED GENERAL FUND



Statutory/Negotiated Increases	PSEA	CSEA	Management/ Confidential	Total
Step/Column	\$739,057	\$256,685	\$102,819	\$1,098,561
Health & Welfare	\$628,875	\$514,379	\$100,181	\$1,243,435
CalSTRS/CalPERS	\$192,244	\$407,111	\$97,494	\$696,849
Total	\$1,560,176	\$1,178,175	\$300,494	\$3,038,845



2019-20 BUDGETED EXPENDITURES

	Unrestricted	Restricted	Combined
Certificated Salaries 1000-1999	\$43,925,319	\$9,691,306	\$53,616,625
Classified Salaries 2000-2999	\$15,172,900	\$5,554,056	\$20,726,956
Employee Benefits 3000-3999	\$21,524,447	\$10,333,951	\$31,858,398
Books and Supplies 4000-4999	\$3,500,396	\$2,163,093	\$5,663,489
Services/Other Operating 5000-5999	\$12,565,193	\$4,801,873	\$17,367,066
Capital Outlay 6000-6999	\$369,000	\$1,345,861	\$1,714,861
Other Outgo 7100-7299/7400-7499/ 7600-7629	\$364,760	\$212,500	\$577,260
Direct Support/Indirect Costs 7300-7399	-\$2,178,618	\$1,356,793	-\$821,825
Total	\$95,243,397	\$35,459,433	\$130,702,830



MULTI-YEAR PROJECTION ASSUMPTIONS SUMMARY

	2019-20 Projected Budget	2020-21 Projected Budget	2021-22 Projected Budget
LCFF Gap Funding	100%	100%	100%
COLA (applied to LCFF base)	3.26%	3.00%	2.80%
Enrollment	9,918	10,017	10,117
Enrollment Growth %	0.75%	1.00%	1.00%
ADA	9,223.74	9,315.81	9,408.81
ADA %	93.00%	93.00%	93.00%
Unduplicated % (Rolling 3yr)	72.50%	71.31%	71.31%
*Staffing Growth (FTE's) CE	12.00	3.30	3.40
Liberty High School FTE's		2.92	22.75
Salary Increase PSEA	2.00%	2.00%	0.00%
Salary Increase CSEA	2.00%	2.00%	0.00%
Salary Increase Management	2.00%	2.00%	0.00%
Step & Column - Certificated	1.44%	1.44%	1.44%
Step & Column - Classified	1.38%	1.38%	1.38%
STRS Rates	16.700%	18.100%	17.800%
PERS Rates	20.733%	23.600%	24.900%
Identified Cuts/Reductions		(\$1,156,107)	
TBD Cuts/Reductions		(\$2,250,000)	(\$2,250,000)



2019-20 BUDGETED REVENUES

	Unrestricted	Restricted	Combined
LCFF Base	\$71,707,727	\$0.00	\$71,707,727
Supplemental/Concentration	\$20,240,939	\$0.00	\$20,240,939
Education Protection Act (EPA)	\$16,198,713	\$0.00	\$16,198,713
Total LCFF	<u>\$108,147,379</u>	<u>\$0.00</u>	<u>\$108,147,379</u>
Federal	\$355,195	\$7,247,732	\$7,602,927
State	\$1,989,998	\$5,571,129	\$7,561,127
Local	\$2,016,515	\$3,821,803	\$5,838,318
Contributions	-\$18,634,402	\$18,634,402	\$0.00
Total	\$93,874,685	\$35,275,066	\$129,149,751



UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION SUMMARY

	2018-19 Estimated Actuals	2019-20 Projected Budget	2020-21 Projected Budget	2021-22 Projected Budget
Beginning Balance	\$9,233,933	\$9,842,960	\$8,478,248	\$8,557,525
LCFF Revenue	\$104,731,418	\$108,147,379	\$111,678,394	\$115,784,717
Other Revenue	\$6,496,263	\$4,361,708	\$4,361,708	\$4,361,708
Contributions	<u>-\$16,315,070</u>	<u>-\$18,634,002</u>	<u>-\$19,301,379</u>	<u>-\$19,914,102</u>
Total Revenues	\$94,912,611	\$93,874,685	\$96,738,723	\$100,232,323
Certificated Salaries	\$42,221,747	\$43,925,319	\$45,601,231	\$46,714,588
Classified Salaries	\$14,773,912	\$15,172,900	\$15,528,681	\$17,214,781
Employee Benefits	\$19,918,993	\$21,524,447	\$23,564,236	\$24,959,860
Books and Supplies	\$4,869,099	\$3,500,396	\$2,060,748	\$1,404,883
Services, Operating Expenses	\$12,752,705	\$12,565,193	\$11,477,266	\$11,667,177
Capital Outlay	\$1,139,195	\$369,000	\$219,000	\$219,000
Other Outgo	<u>-\$1,372,066</u>	<u>-\$1,813,858</u>	<u>-\$1,795,717</u>	<u>-\$1,965,007</u>
Total Expenditures	\$94,303,585	\$95,243,397	\$96,655,446	\$100,215,282
Net Increase/(Decrease) to Ending Balance	\$609,026	(\$1,368,712)	\$83,277	\$17,041
Total Ending Balance	\$9,842,960	\$8,474,248	\$8,557,525	\$8,574,566
<i>Total Ending Balance %</i>	<i>6.00%</i>	<i>5.35%</i>	<i>6.05%</i>	<i>6.18%</i>



COMPONENTS OF THE UNRESTRICTED GENERAL FUND ENDING BALANCE

	2018-19 Estimated Actuals	2019-20 Projected Budget	2020-21 Projected Budget	2021-22 Projected Budget
Reserve for Economic Uncertainties	\$3,852,820	\$3,921,085	\$4,026,341	\$4,108,022
<i>Reserve for Economic Uncertainties %</i>	3.00%	3.00%	3.00%	3.00%
Assigned Ending Balances				
Supplemental / Concentration / CTE	\$6,865	\$6,865		
High School 4 Start-Up Costs (one-time)	\$1,000,000	\$1,000,000	\$500,000	
High School 4 Operational Costs (ongoing)	\$4,338,515	\$3,144,850	\$3,942,424	\$4,350,841
Other One-Time, 2019-20 Project Carryover	\$319,125	\$182,960		
Unrestricted Resource Balances (Facility Usage / Lottery)	\$300,635	\$193,488	\$63,760	\$90,703
Nonspendable Ending Balances				
Revolving Cash	\$25,000	\$25,000	\$25,000	\$25,000



SUMMARY OF OTHER DISTRICT FUNDS

Fund	2019-20 Estimated Beginning Fund Balance	Total Revenues/ Contributions/ Other Sources	Total Expenditures/ Transfers Out	2019-20 Estimated Ending Fund Balance
Unrestricted General Fund	\$9,842,960	\$93,874,685	\$95,243,397	\$8,474,248
Restricted General Fund	\$2,707,927	\$35,275,066	\$35,459,433	\$2,523,560
Charter School Fund	\$3,022,678	\$12,587,508	\$13,040,832	\$2,569,354
Adult Education Fund	\$74,608	\$212,575	\$327,928	\$0
Cafeteria Fund	\$1,408,604	\$4,695,916	\$4,717,871	\$1,386,649
Building Fund	\$0	\$148,250,000	\$55,640,4777	\$92,609,523
Capital Facilities Fund	\$7,396,941	\$41,472,427	\$44,763,560	\$4,105,808
County School Facilities Fund	\$1,182,896	\$20,000	\$0	\$1,202,896
Debt Service Fund	\$1,206	\$15	\$0	\$1,221



NEXT STEPS

- The Board will open a public hearing to receive input on the District's budget
- A final budget will be presented to the Board for approval on June 19, 2019
- The District's Adopted Budget, along with the District's Local Control Accountability Plan (LCAP), will be reviewed by the Riverside County Office of Education (RCOE)
- After the California State Budget is adopted, the District's budget will be revised and presented to the Board for approval, if necessary
- The District will continue to monitor Enrollment, ADA as a percentage of enrollment and Special Education expenses
- Additional budget reductions will be identified if the State and District budget position is not improved



QUESTIONS?