



PERRIS UNION
HIGH SCHOOL DISTRICT

2018-19 BUDGET

JUNE 4, 2018
BUDGET PROPOSAL



PUHSD.ORG



@puhsd



PerrisUnionHSD



PerrisUnionHSD

CALIFORNIA STATE BUDGET





2018-19 MAY REVISION

- The May Revision is the last statutorily required revision to the Governor's 2018-19 proposed budget prior to adoption of school district budgets and the enactment of the State Budget in June
- May Revision revenue forecast through 2018-19 is increased by \$8 billion, but, the impact to the Proposition 98 minimum guarantee was minor
- \$3.2 billion for funding beyond full implementation of the LCFF - \$320 million above the January level
 - 2.71% COLA and additional LCFF funding in 2018-19, for a total increase of 3.0% on the LCFF base target grants
- Offsetting mandate reimbursement claims, the May Revision includes \$2.04 billion - \$286 million above the January level
 - This equates to \$344 per ADA



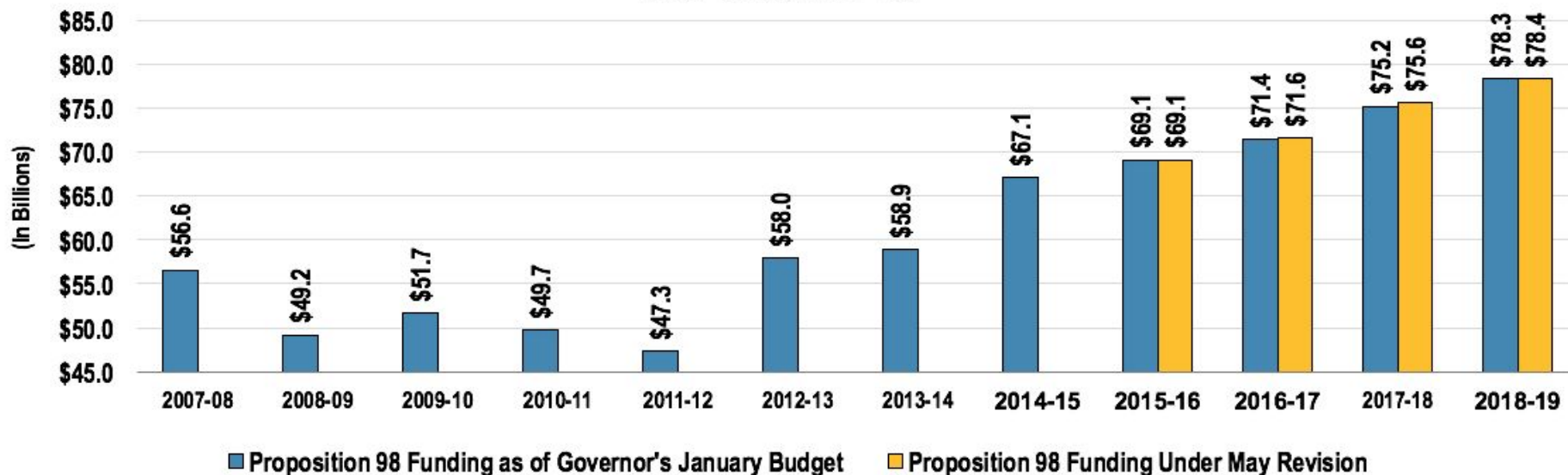
JANUARY BUDGET VS. MAY REVISION

Item	January Budget	May Revision
LCFF Gap Funding	100% or \$2.9 billion	100% or \$3.2 billion
Proposition 98 Minimum Funding Guarantee		
2016-17	\$71.4 billion	\$71.6 billion
2017-18	\$75.2 billion	\$75.6 billion
2018-19	\$78.3 billion	\$78.4 billion
2018-19 COLA	2.51%	2.71%
Additional LCFF Funding		.29%
One-Time Discretionary Funds for 2018-19	\$1.8 billion \$295 per ADA	\$2.02 billion \$344 per ADA



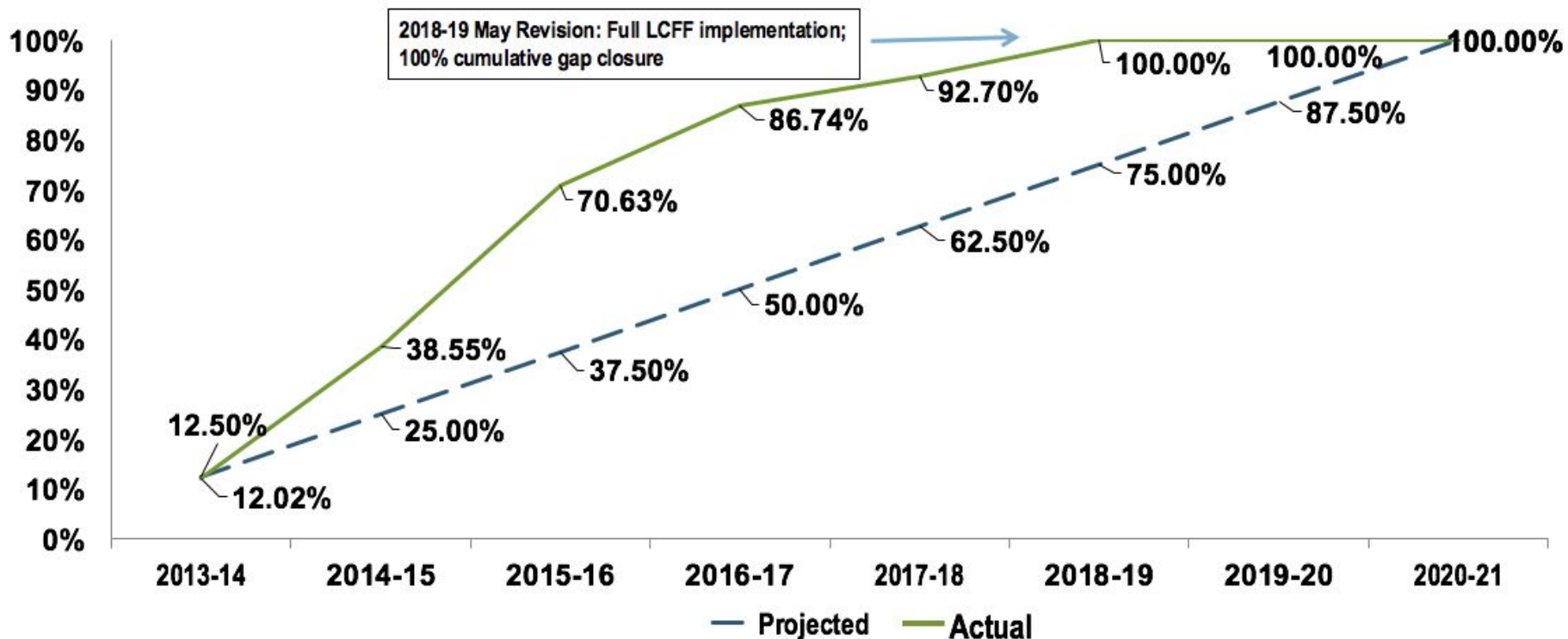
PROPOSITION 98 FUNDING

Proposition 98 Funding
2007-08 to 2017-18





PROGRESS TOWARD LCFF IMPLEMENTATION





LCFF FULL IMPLEMENTATION

- How did the Governor define full implementation?
 - Restoration of K-12 funding levels that prevailed in 2007-08, the year before the Great Recession
 - Prior to deep cuts that were imposed on revenue limits and most categorical programs
 - Restoration would include cost-of-living adjustments (COLA) since 2007-08
- The Governor's goal was to reach full funding by 2020-21, an eight-year implementation period
 - The May Revision proposes funding to reach full implementation in 2018-19, two years earlier than planned



LCFF PURCHASING POWER

- However, the LCFF addresses an LEA's revenues – what about its costs over the same period?
 - Employer contribution rates to CalSTRS and CalPERS have increased each year to address the unfunded liability of these pension systems
 - School Services of California's analysis finds that, of the \$20 billion in new funding provided through the LCFF, approximately \$2.8 billion, or 14%, has been used to fund these costs
 - Employer rate increases will continue well beyond full implementation of the LCFF
- Since full funding of the LCFF has not been adjusted for these local costs, purchasing power will not be fully restored



COLA AND AUTOMATIC COST INCREASES

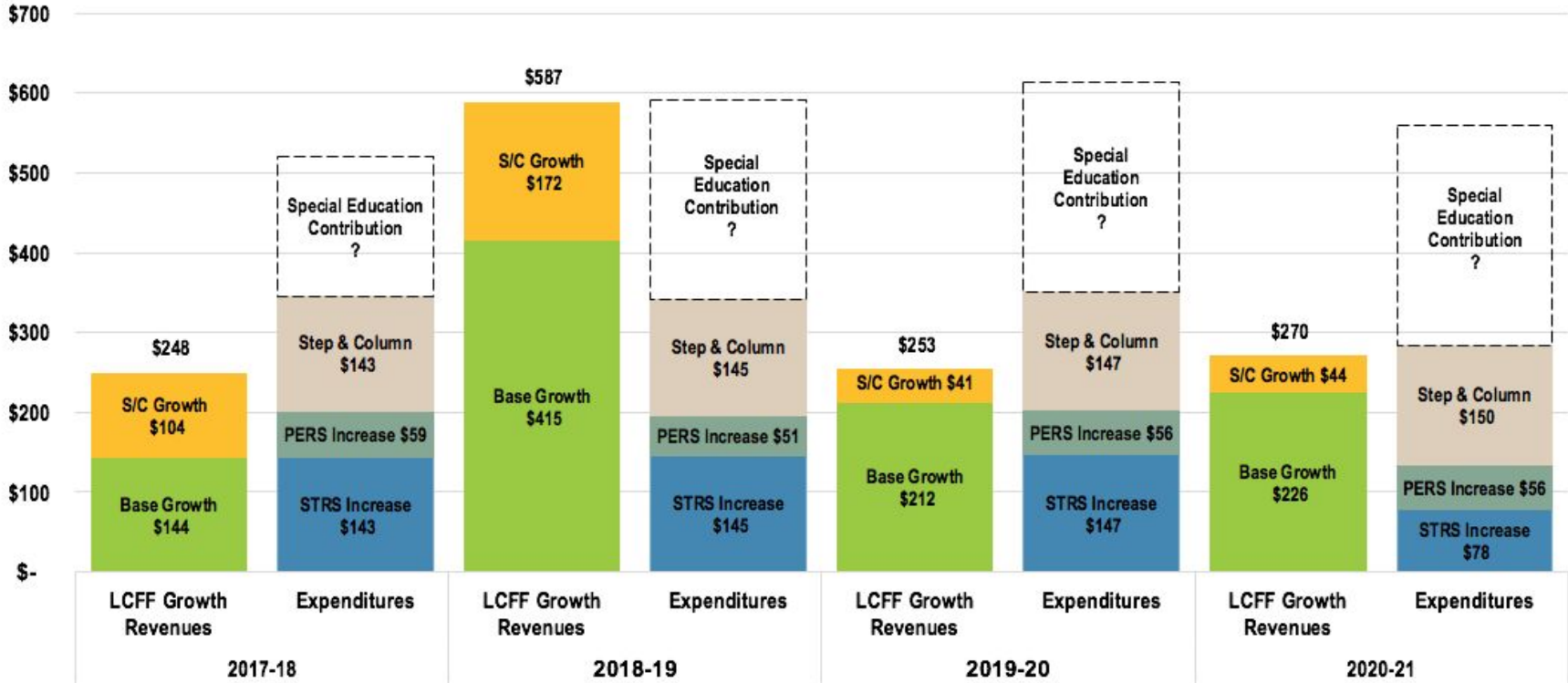
- With the LCFF target being reached, the projection is for COLA-only funding beyond 2018-19

	2018-19	2019-20	2020-21	2021-22
Statutory COLA	3.00%	2.57%	2.67%	2.90%

- 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

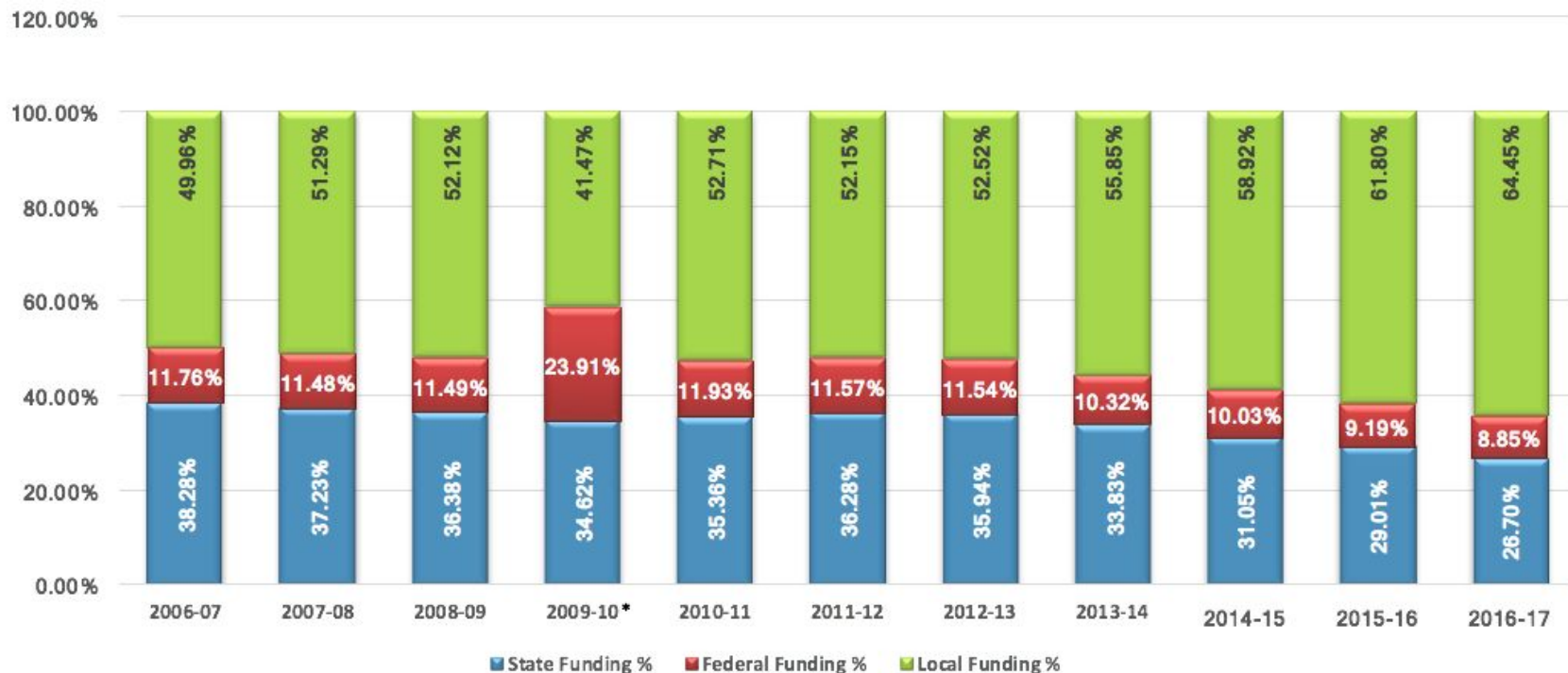


PER-ADA REVENUES VS. EXPENDITURES





CONTRIBUTIONS TO SPECIAL EDUCATION



Source: Coalition for Adequate Funding for Special Education

*2009-10 includes Federal American Recovery and Reinvestment Act Funds



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
 - New 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



CAP ON DISTRICT RESERVES

- Proposition 2 (2014) established the Rainy Day Budget Stabilization Fund Act that included a state education rainy day fund and imposed a cap on what school districts could maintain in their local reserves if certain conditions are met
 - The conditions will not be met in fiscal year 2018-19



Maintenance Factor

Met: Proposition 98 Maintenance Factor prior to 2014-15 is fully paid



Test 1

Not Met: Minimum Guarantee is determined by Test 1 (2018-19 is projected to be Test 2)



ADA and COLA

Met: Proposition 98 Minimum Guarantee is sufficient to fund ADA and COLA



Capital Gains

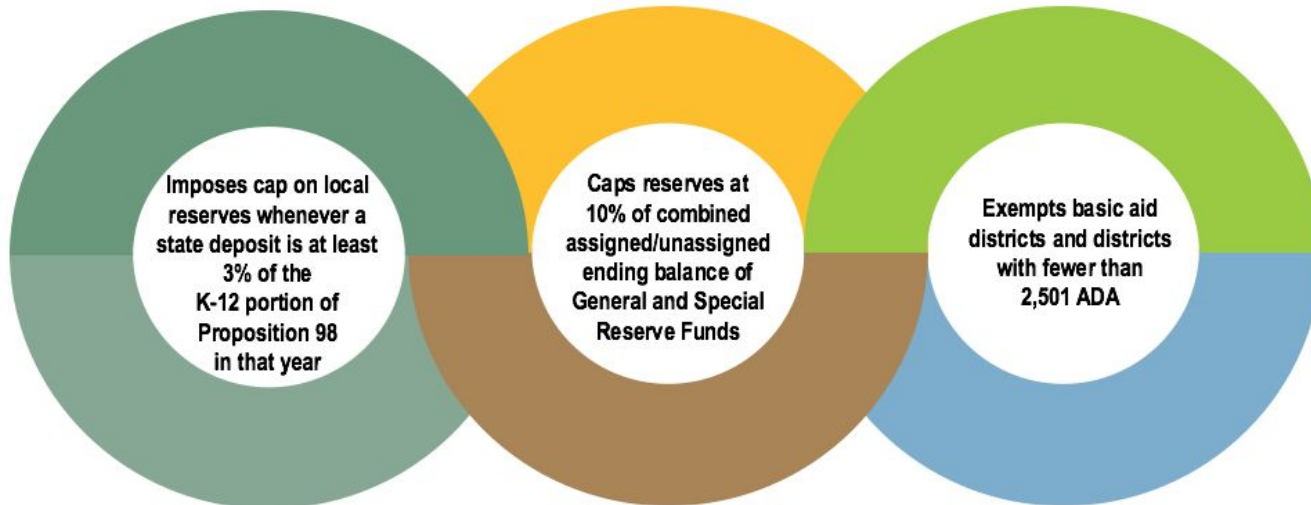
Met: Capital gains exceed 8% of General Fund revenues





CAP ON DISTRICT RESERVES

- When the four Proposition 2 conditions are met, requiring a state deposit into the education Rainy Day Fund, SB 751 (Chapter 674/2017) changed the limits of how much school districts can maintain in their local reserves in the fiscal year following a deposit





UNRESTRICTED FUND BALANCE - AVERAGES

2016-17 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change From Prior Year
Unified School Districts	16.64%	0.19%
Elementary School Districts	21.07%	-0.46%
High School Districts	17.25%	0.06%

- The Government Finance Officers Association recommends a minimum of two months' expenditures in reserve
 - Equates to a minimum of 17%

2018-19 PROPOSED BUDGET





LCFF CALCULATION

Calculation Factors	7-8	9-12
2017-18 Initial Base Grants per ADA	\$7,518	\$8,712
3.0% COLA	\$226	\$261
2018-19 Base Grant per ADA	\$7,744	\$8,973
2.6% CTE Grade Span Adjustment		\$233
2018-19 Adjusted Base Grant per ADA	\$7,744	\$9,206
Supplemental*	\$1,149	\$1,366
Concentration*	\$743	\$883
Total LCFF Funding per ADA	\$9,636	\$11,455

**District specific calculation based on 74.18% unduplicated pupil count*



ENROLLMENT TO ADA HISTORICAL TRENDS & PROJECTIONS





CALSTRS AND CALPERS RATE INCREASE IMPACT COMBINED GENERAL FUND

	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	18.13%	\$932,015	20.80%	\$521,285
2020-21	19.10%	\$499,620	23.50%	\$520,317
7-Year Total	Δ= 10.85%	\$5,145,056	Δ= 12.01%	\$2,156,868

2018-19 STATUTORY BUDGET INCREASES COMBINED GENERAL FUND

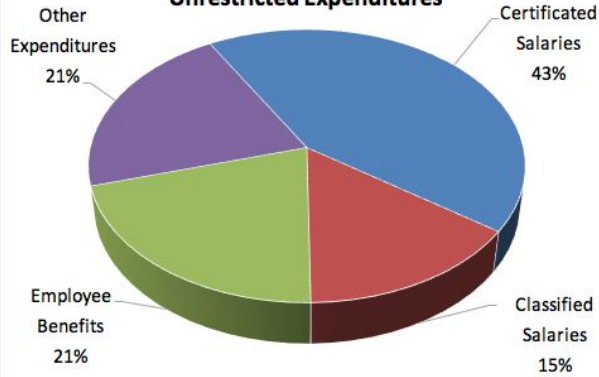


Statutory/Negotiated Increases	PSEA	CSEA	Management/Confidential	Total
Step/Column	\$549,992	\$145,095	\$77,117	\$772,204
Health & Welfare	\$144,278	\$88,647	\$14,820	\$247,745
CalSTRS/CalPERS	\$793,674	\$345,608	\$160,036	\$1,299,318
Total	\$1,487,944	\$579,350	\$251,973	\$2,319,267

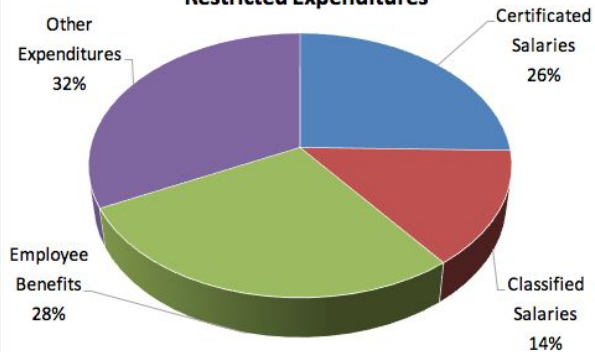
2018-19 BUDGETED EXPENDITURES



Unrestricted Expenditures

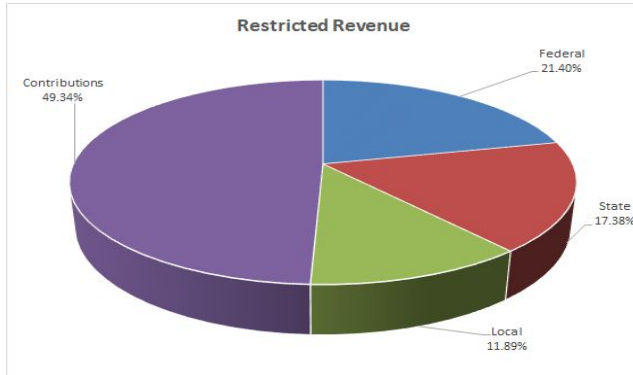
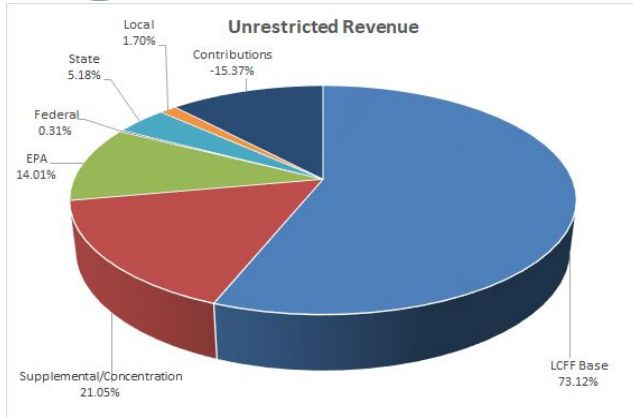


Restricted Expenditures



	Unrestricted	Restricted	Combined
Certificated Salaries 1000-1999	\$41,724,969	\$7,803,288	\$49,528,257
Classified Salaries 2000-2999	\$14,435,803	\$4,371,864	\$18,807,667
Employee Benefits 3000-3999	\$20,093,829	\$8,670,820	\$28,764,649
Books and Supplies 4000-4999	\$5,250,869	\$1,660,752	\$6,911,621
Services, Other Operating Expenses 5000-5999	\$13,071,575	\$4,909,117	\$17,980,692
Capital Outlay 6000-6999	\$3,231,403	\$1,701,322	\$4,932,725
Other Outgo 7100-7299 & 7400-7499	\$663,665	\$511,426	\$1,175,091
Direct Support/Indirect Costs 7300-7399	-\$1,777,456	\$1,153,634	-\$623,822
Total	\$96,694,657	\$30,782,223	\$127,476,880

2018-19 BUDGETED REVENUES



	Unrestricted	Restricted	Combined
LCFF Base	\$71,219,225	\$0.00	\$71,219,225
Supplemental/Concentration	\$20,505,441	\$0.00	\$20,505,441
Education Protection Act (EPA)	\$13,644,863	\$0.00	\$13,644,863
Total LCFF	<u>\$105,369,529</u>	<u>\$0.00</u>	<u>\$105,369,529</u>
Federal	\$305,195	\$6,492,218	\$6,797,413
State	\$5,041,353	\$5,272,726	\$10,314,079
Local	\$1,657,925	\$3,606,138	\$5,264,063
Contributions	-\$14,970,411	\$14,970,411	\$0.00
Total	\$97,403,591	\$30,341,493	\$127,745,084



UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION SUMMARY

	2017-18 Estimated Actuals	2018-19 Projected Budget	2019-20 Projected Budget	2020-21 Projected Budget
Beginning Balance	\$9,959,859	\$8,502,576	\$9,211,510	\$10,347,452
LCFF Revenue	\$97,776,233	\$105,369,529	\$110,248,371	\$113,961,487
Other Revenue	\$5,607,087	\$7,004,473	\$3,726,509	\$3,726,509
Contributions	<u>-\$16,292,194</u>	<u>-\$14,970,411</u>	<u>-\$15,572,916</u>	<u>-\$16,053,260</u>
Total Revenues	\$87,091,126	\$97,403,591	\$98,401,964	\$101,634,736
Certificated Salaries	\$40,324,776	\$41,724,969	\$42,760,955	\$43,763,500
Classified Salaries	\$14,023,932	\$14,435,803	\$14,612,702	\$14,789,696
Employee Benefits	\$17,836,604	\$20,093,829	\$21,869,478	\$23,202,096
Books and Supplies	\$4,786,267	\$5,250,869	\$5,579,888	\$5,181,414
Services, Operating Expenses	\$12,436,748	\$13,071,575	\$13,181,430	\$13,084,469
Capital Outlay	\$423,923	\$3,231,403	\$243,835	\$243,835
Other Outgo	<u>-\$1,283,841</u>	<u>-\$1,113,791</u>	<u>-\$982,266</u>	<u>-\$973,236</u>
Total Expenditures	\$88,548,409	\$96,694,657	\$97,266,022	\$99,291,773
Net Increase/(Decrease) to Ending Balance	(\$1,457,283)	\$708,934	\$1,135,942	\$2,342,963
Total Ending Balance	\$8,502,576	\$9,211,510	\$10,347,452	\$12,690,415
<i>Total Ending Balance %</i>	6.90%	7.23%	8.07%	9.69%



COMPONENTS OF THE UNRESTRICTED GENERAL FUND ENDING BALANCE

	2017-18 Estimated Actuals	2018-19 Projected Budget	2019-20 Projected Budget	2020-21 Projected Budget
Reserve for Economic Uncertainties	\$5,467,426	\$5,878,231	\$7,461,533	\$7,855,526
<i>Reserve for Economic Uncertainties %</i>	4.44%	4.61%	5.82%	6.00%
Assigned Ending Balances				
Supplemental / Concentration / CTE	\$640,054	\$640,054	\$0.00	\$0.00
High School 4 Start-Up Costs (one-time)	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000
High School 4 Operational Costs (ongoing)				\$1,750,318
Other One-Time, 2018-19 Project Carryover	\$834,971			
Unrestricted Resource Balances <i>(Risk Management / Facility Usage / Lottery)</i>	\$535,125	\$551,077	\$45,119	\$45,119
Nonspendable Ending Balances				
Revolving Cash	\$25,000	\$25,000	\$25,000	\$25,000
Unassigned/Unappropriated Ending Balances				
One-Time Funds		\$418,496	\$418,496	\$418,496
Transportation Savings		\$698,652	\$1,397,304	\$2,095,956



SUMMARY OF OTHER DISTRICT FUNDS

Fund	2018-19 Estimated Beginning Fund Balance	Total Revenues/ Contributions/ Other Sources	Total Expenditures/ Transfers Out	2018-19 Estimated Ending Fund Balance
Unrestricted General Fund	\$8,502,576	\$97,403,591	\$96,694,657	\$9,211,510
Restricted General Fund	\$2,319,152	\$30,341,493	\$30,782,223	\$1,878,422
Charter School Fund	\$2,410,248	\$12,576,677	\$12,723,147	\$2,263,778
Adult Education Fund	\$92,061	\$202,862	\$294,923	\$0
Cafeteria Fund	\$843,088	\$4,944,513	\$5,218,529	\$569,072
Building Fund	\$9,305,236	\$50,000	\$9,271,235	\$84,001
Capital Facilities Fund	\$7,104,015	\$2,322,486	\$5,413,503	\$4,012,998
County School Facilities Fund	\$1,154,341	\$10,500	\$0	\$1,164,841
Debt Service Fund	\$1,081	\$610,094	\$611,094	\$81



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 20, 2018
- 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



QUESTIONS?