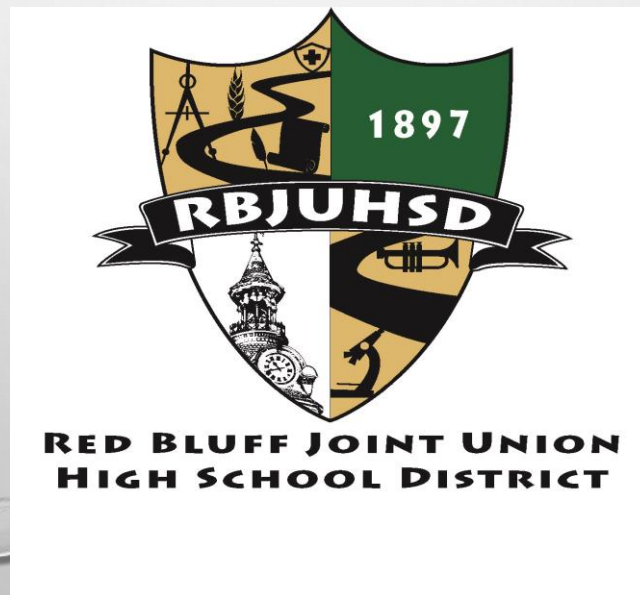


2018-19 PUBLICATION BUDGET RED BLUFF JOINT UNION HIGH SCHOOL DISTRICT JUNE 20, 2018



MAY REVISE FOR 2018-19

LCFF

May Revision projects LCFF to be 100% funded in 2018-19

COLA

COLA only in future years

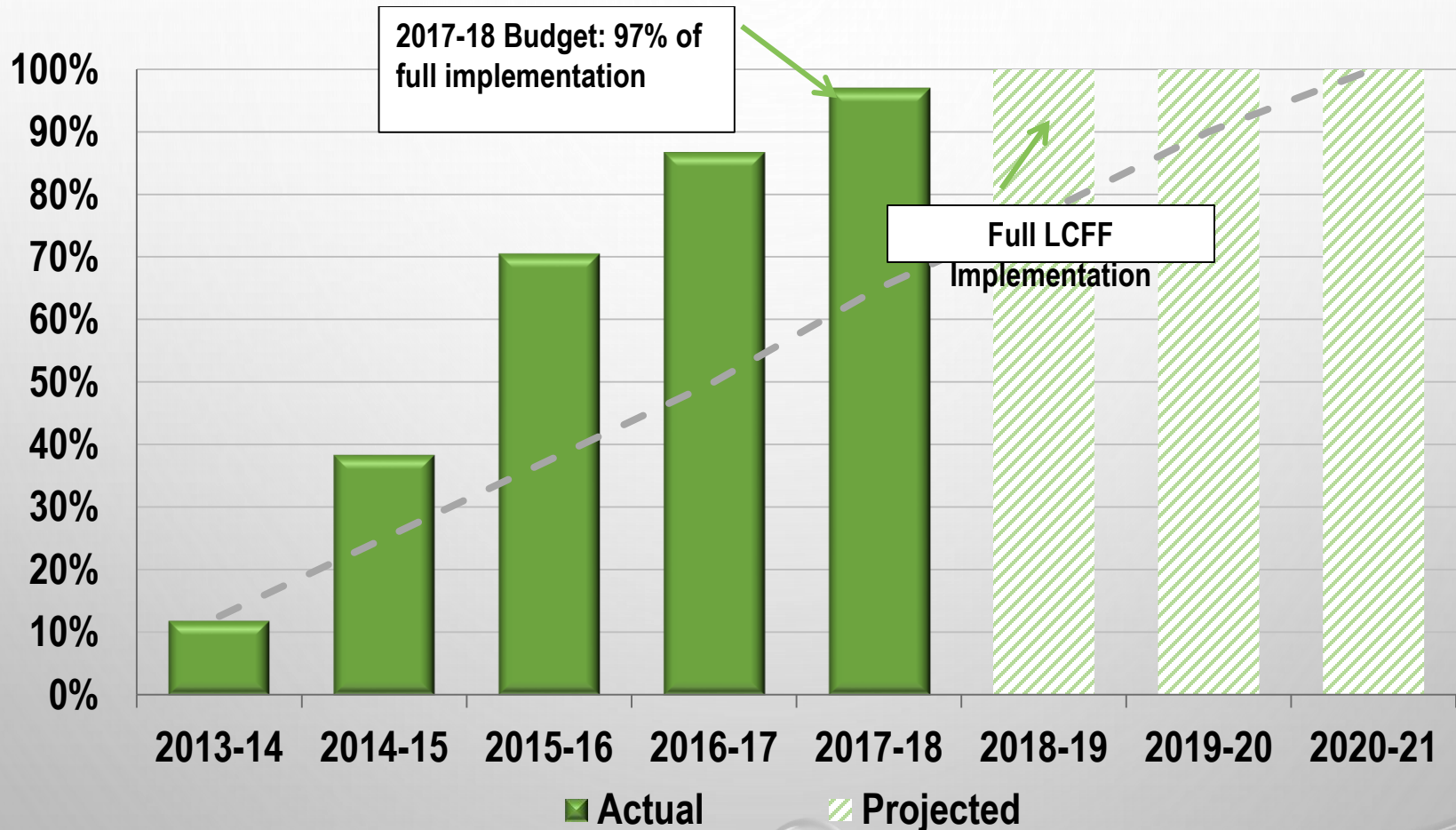
One-Time Funding

Adds an increase to the one-time discretionary funding, but volatile

MAY REVISE FOR 2018-19 STATE BUDGET

- Governor Brown's last budget before term expires
- When Governor Brown entered office in 2011 he faced a budget deficit of \$27 billion
- He is leaving office with a surplus of \$6 billion with tax revenues ahead of projections
- LCFF is proposed to reach full implementation 2 years earlier than originally projected
- Restoration of K-12 funding received in 2007-08 prior to the Great Recession
- COLA only years projected for future years
- COLA projections increased from 2.51% at original budget proposal to 3.00%, but now projections are estimating even higher at 3.48%
- Projected one-time discretionary funding was based on \$296 per ADA and then increased to \$344 per ADA at May Revision but has now been estimated to decrease to \$168 at budget adoption
- May Revision also proposes to use State surplus funding on one-time spending such as infrastructure needs, homelessness, and mental health

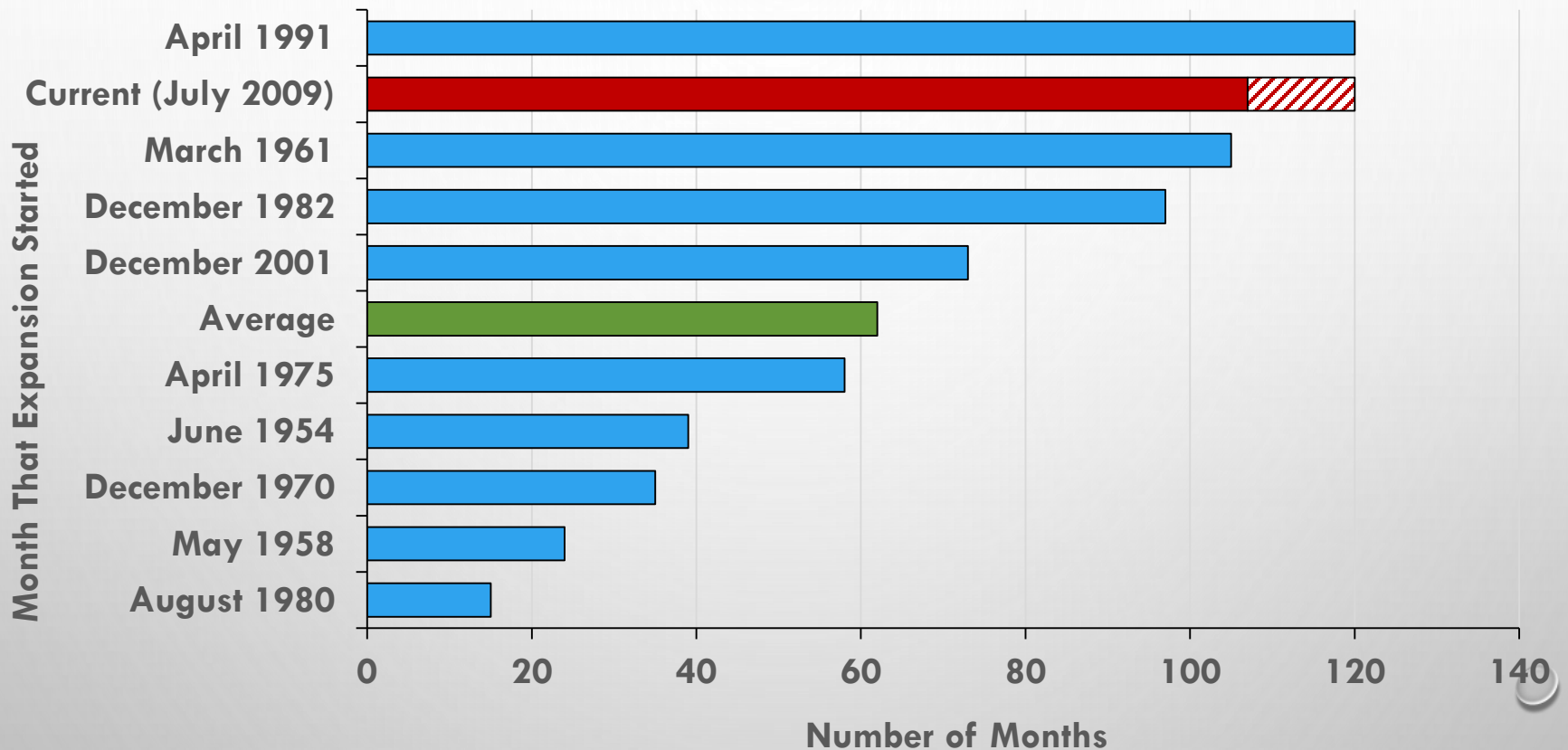
PROGRESS TOWARD LCFF IMPLEMENTATION



IMPLICATIONS FOR EDUCATION FUNDING

- The state continues to signal that the next recession is just around the corner
- The governor was quick to point out that the current recovery is the longest recovery in modern history and if there is not a recession soon it will be historic
- Best way to buffer against uncertainty and protect against future cuts is to build up the districts' reserves

Current Recovery Is Approaching The Longest Ever



CRITICAL ISSUES

- Two critical issues looming over districts and claiming additional revenues are:
 - Minimum Wage Increases
 - STRS/PERS Rate Increases

MINIMUM WAGE INCREASES

- On January 1, 2019 minimum wage will increase from \$11.00 per hour to \$12.00 per hour
- Each January thereafter it will increase by \$1.00 each year until January 1, 2022 when it will reach \$15 per hour
- District currently has no employees making less than the required minimum wage
- Lowest classified job classification range is range 10
- First step of range 10 starts at \$13.70 per hour for 2018-19

CALSTRS

- Employer rates are increasing to 16.28% in 2018-19, up from 14.43% in 2017-18
 - No specific funds are provided for this cost increase
- Under Education Code Section 22950.5, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer and state contribution rate

Year	Employer Contribution Rate
2016-17	12.58%
2017-18	14.43%
2018-19	16.28%
2019-20	18.13%
2020-21	19.10%

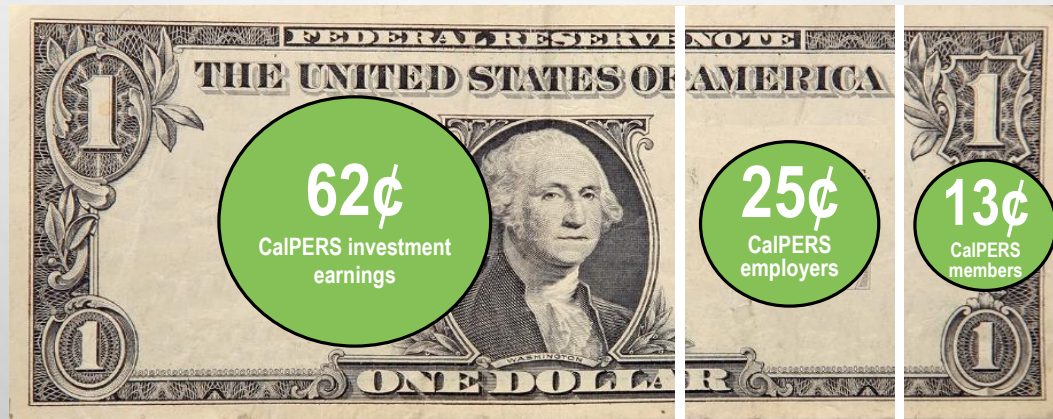
CALPERS

- The CalPERS Board adopted an employer contribution rate of 18.062% for 2018-19, 2.53% higher than the prior year rate

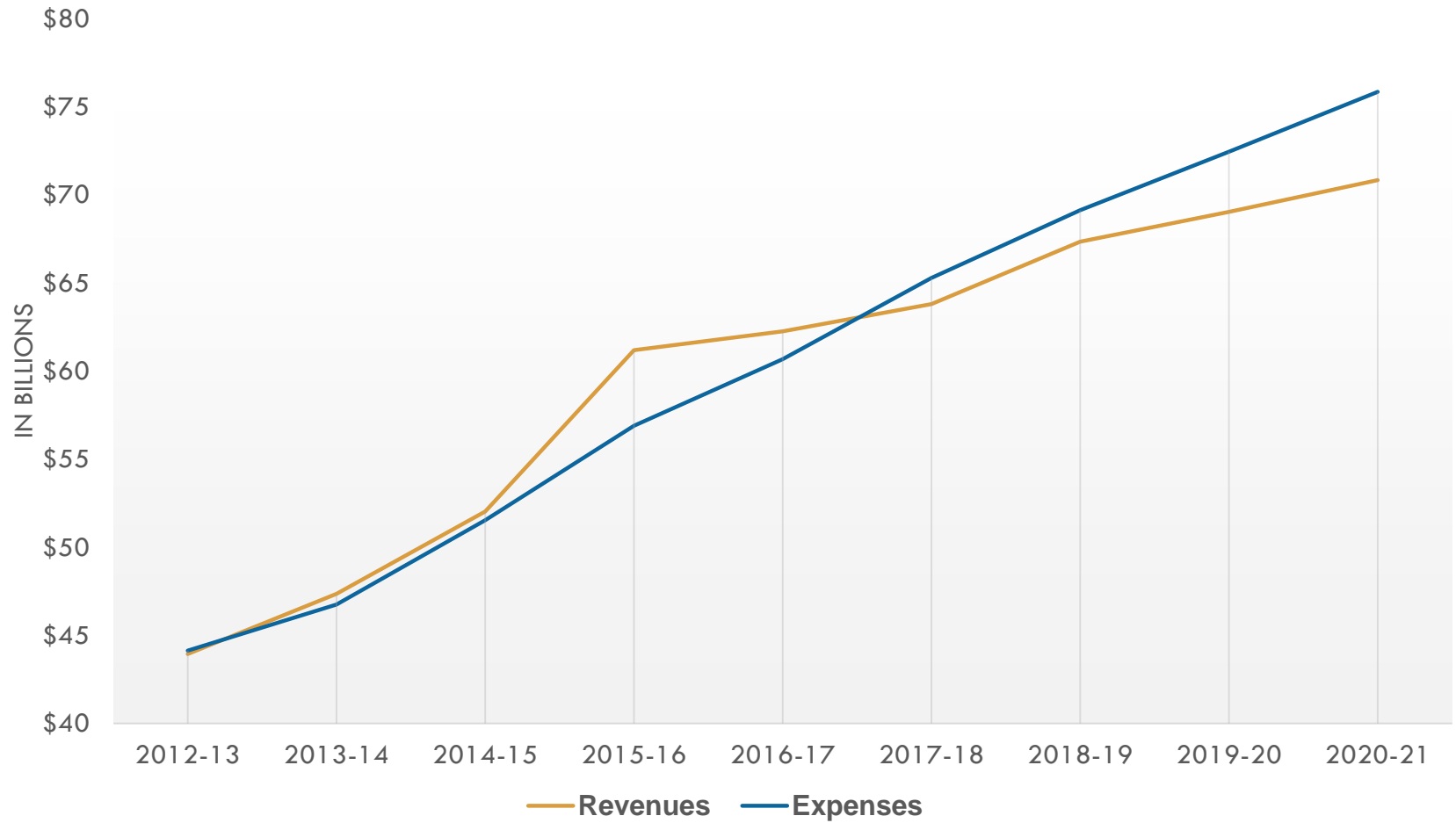
Year	Employer Contribution Rate
2017-18	15.531%
2018-19	18.062%
2019-20	20.8%
2020-21	23.5%
2021-22	24.6%
2022-23	25.3%
2023-24	25.8%

FUNDING CALPERS

- Every dollar paid to CalPERS retirees comes from three sources:



Historic School Funding and Expenditures



LCAP/MPP

- Budget aligned with Local Control Accountability Plan goals
- Budget meets Minimum Proportionality Percentage
 - Proportional share of LCFF funds that are required to be spent to increase or improve services for English language learners, low income, and foster youth
 - 14.51% or \$2,071,046

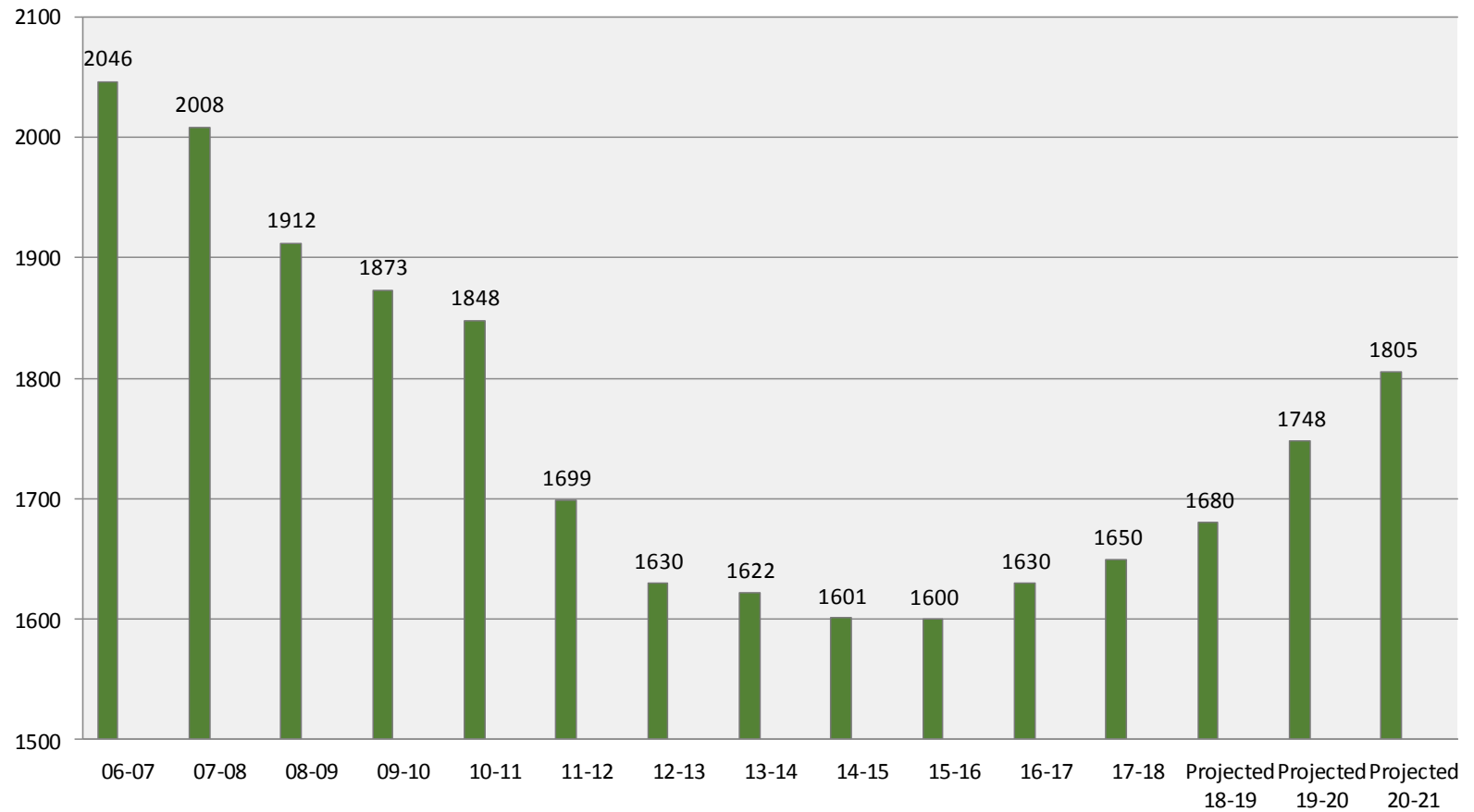
LCAP ACTIONS

- Professional development (instructional strategies, co-teaching, ATE, collaboration, etc)
- Maintain AVID courses in all grades
- Staffing an assessment and curriculum coordinator
- New Leadership Model
- Maintain social/emotional counselor
- Emotional Wellness Center
- Instructional materials (AP, dual enrolled, English, etc)
- Staff ELD classroom
- AP/Dual-enrolled courses
- Dual-enrolled courses
- CTE programs
- ACT testing
- Co-teaching
- Intervention programs
- Tutoring lab
- ASSETS
- Jump Start
- Surveys
- Technology (chrome books, laptops, software, etc)
- A-G courses at ISP
- Athlete committed
- Empower Tehama (ATV)
- Facilities

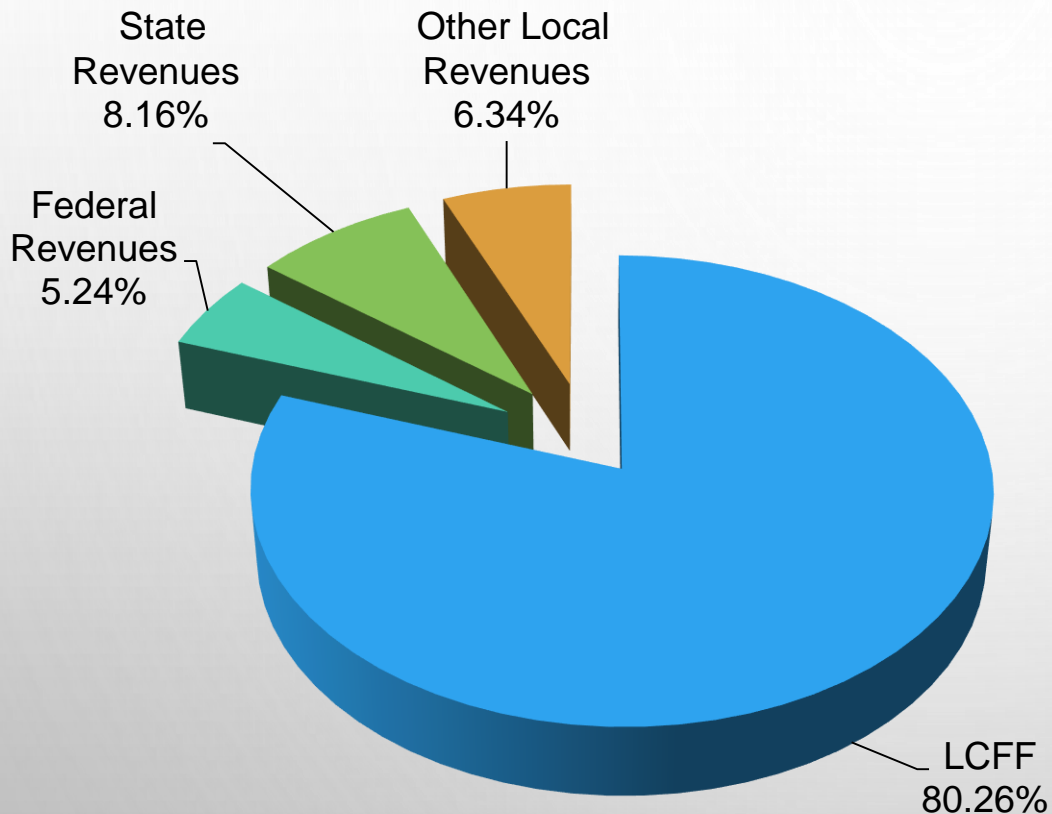
ENROLLMENT/ADA ASSUMPTIONS

YEARS	PROJECTED ENROLLMENT	AVERAGE DAILY ATTENDANCE (ADA)
2018-19	1,680	1,544
2019-20	1,748	1,607
2020-21	1,805	1,660

ENROLLMENT TREND



TOTAL REVENUE SUMMARY



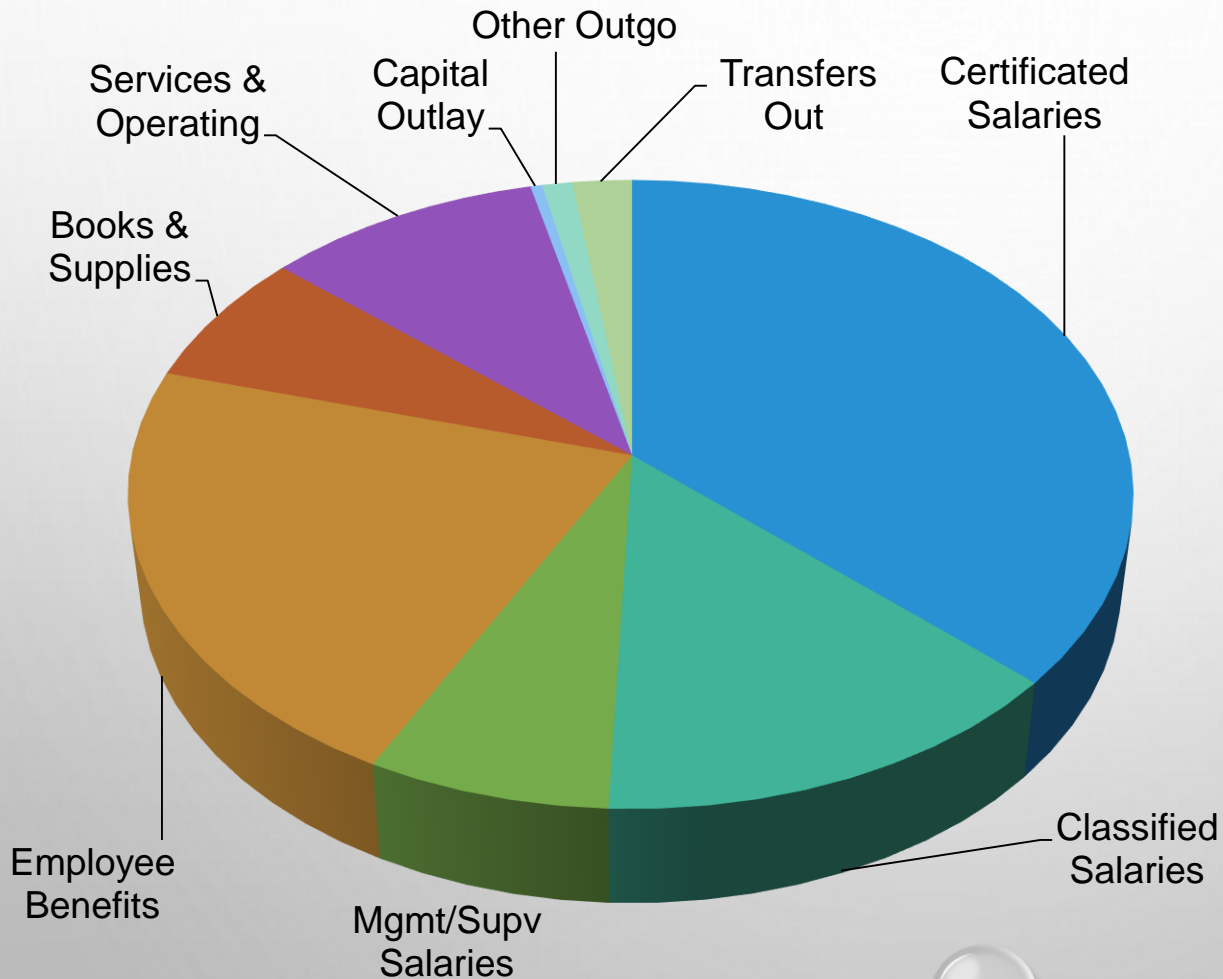
Revenue Categories

LCFF	\$16,645,266
Federal Revenues	\$1,085,957
State Revenues	\$1,692,078
Other Local Rev	<u>\$1,315,986</u>
Total Revenues	\$20,739,287

PROJECTED REVENUES

- Federal revenues decrease in the budget year due to a reduction in Special Ed revenue
- State revenues decrease in the budget year due to the loss of Prop 39 and reduced CTE Incentive Grant funding. They then decrease in the out years due to the loss of the one-time discretionary funding, and the elimination of the CTE Incentive Grant and GRIT grant
- Local revenues decrease in the budget year due to the loss of the Shasta College CTE funding, reduced Adult Ed funding, elimination of the SUMS grant, and the loss of local donations.

TOTAL EXPENDITURE SUMMARY



Expense Categories

Certificated Salaries	\$7,699,408
Classified Salaries	\$2,909,666
Mgmt/Supv Salaries	\$1,458,849
Employee Benefits	\$4,563,610
Books/Supplies	\$1,453,732
Services/Operating	\$2,089,127
Capital Outlay	\$ 87,859
Other Outgo	\$ 229,369
Transfers Out	\$ 450,000
Total Expenses	\$20,941,620

PROJECTED EXPENDITURES

- Approximately 80% of school budgets are in employee wages and benefits. When we develop a preliminary (publication) budget, a substantial amount of time is spent making sure all personnel costs are estimated as close as possible
- Approximately 38% of employee costs are contributed to statutory benefits
- The remaining expenditures for books, supplies, services and capital outlay make up the remaining 20% of the budget
- A 1% variance in our personnel budget amounts to approximately \$166,315
- A 1% variance in all other expense categories, including transfers out, amounts to approximately \$43,101

PROJECTED EXPENDITURES (CONT'D)

- Step & column costs have been included in the budget and both out years
- STRS and PERS rate increases are reflected – an increase cost of \$244,301 for 2018-19, \$276,238 for 2019-20, and \$218,825 for 2020-21 (Overall increase for 3 years is \$739,364)
- Materials, supplies, services and operating budgets decrease in the budget year and out years due to the loss of funding sources mentioned previously and the projected reduction in legal expenses. These decreases have been slightly offset by the anticipated instructional materials and technology purchases
- Other Outgo remains fairly constant with projected contributions to support cafeteria, transportation, deferred maintenance, and capital outlay

MULTIYEAR PROJECTIONS

- MYPs are required by AB 1200 (chapter 1213/1991) and AB 2756 (chapter 52/2004)
- 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

GENERAL FUND MULTI-YEAR PROJECTION

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Beginning Fund Balance	2,253,822	2,051,489	2,287,116
Revenues	20,739,287	21,346,742	22,313,633
Expenses	20,941,620	21,111,115	21,485,740
Net Increase/(Decrease)	(202,333)	235,627	827,893
Projected Ending Fund Balance	2,051,489	2,287,116	3,115,009
Assigned/Committed			
Medi-Cal Billing Funding	30,900		
STRS and PERS costs for	276,238		
Technology	69,021		
Designated for Economic Uncertainties – 8% (Board Policy)	1,675,330	1,688,889	1,718,859
Unrestricted/Undesignated	-0-	598,227	1,396,150
Percentage of Available Funds (includes 8% DEU)	8.00%	10.80%	14.49%

MULTIYEAR PROJECTION

- MYP includes substantial projected enrollment growth on the revenue side but no additional staffing has been budgeted on the expense side
- Budget aligns with the Program Sustainability and Future Reserve Plan
- Projects positive ending fund balance growth in the out years

UPCOMING

- Governor is expected to approve the 2018-19 state budget by June 30, 2018
- Work on closing the books for 2017-18
- Bring 2017-18 Unaudited Actuals to the September Board meeting for approval
- Auditors will be back in October to finalize the closing of the books

The background is a light gray gradient. It is decorated with several realistic water droplets of various sizes, some in the top-left, top-right, and bottom-right corners. In the center of the image, there is a faint, circular logo or watermark that is not clearly legible.

QUESTIONS?