



**EAST SIDE**  
**HIGH SCHOOL DISTRICT**  
*Silicon Valley*

Preparing every student to thrive in a global society.

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# Community Meeting on FY 2016-17 Preliminary Budget

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**May 23, 2016**

# Presentation Summary

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- State Budget Update and May Revise Outlook
- Prop 30 Update
- FY 2016-17 Preliminary & Multi-Year Budget Assumptions
- FY 2016-17 LCAP Supplemental Budget
- FY 2016-17 Preliminary Budget
- FY 2016 -17 through FY 2019-20 Multi-Year Budget
- Next Steps

# State Budget Update

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- ▶ The State Controller reports that April revenues fell short of the Governor's proposed 2016-17 budget by \$1.19 billion, primarily as a result of lower-than-expected receipts from the personal income tax
- ▶ Retail Sales and use tax revenues of \$816.1 million lagged by \$53.9 million or 6.2%
- ▶ Corporate taxes was the only revenue category to beat estimates, with revenues of \$1.98 billion coming in \$95.4 million higher than expected

# May Revision LCFF Update

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		2015-16	2016-17	2017-18	2018-19	2019-20
Governor's January Budget	Remaining LCFF Gap Closed	51.97%	49.08%	45.34%	6.15%	34.21%
<b>Governor's May Revision Update</b>	<b>Remaining LCFF Gap Closed</b>	<b>52.20%</b>	<b>54.84%</b>	<b>73.96%</b>	<b>41.22%</b>	<b>75.16%</b>
	Chg. In Revenues	\$79,069	\$860,245	\$2,226,608	\$5,005,085	\$5,434,154
	Total Estimated Revenue Increase	\$13,605,161				
	Discretionary - One Time Revenues	From \$214 to \$237 (Estimated Increase \$482,000)				

# Key impacts from governor's budget proposal for 2016/17 and May Revisions

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- × **\$2.8 billion** for LCFF gap closure equals \$367.77 per ADA for ESUHSD or \$8.2 million toward the LCFF target (**May Revise update gap% resulting in an additional \$860K**)
- × **\$1.2 billion** for discretionary one-time uses equals \$214 per ADA for ESUHSD or \$4.8 million estimate (**May Revise Update to \$237 per ADA resulting in an additional \$482K**)
- × **0.47% Statutory COLA** for FY 2016-17, which equates to an increase of \$497,000 for ESUHSD toward the LCFF target (**May Revise provides a zero cola representing a loss of \$497K**)

# Prop 30 Update

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- On Wednesday, May 11, 2016, the coalition, led by the California Teachers Association, Service Employees International Union, and the California Medical Association announced that nearly one million signatures have been collected and will be submitted to local elections offices—well more than the minimum 585,407 signatures needed from registered California voters to qualify the constitutional amendment initiative for the November 2016 ballot.
- The new prop 30 proposal would extend for 12 years the income tax increases on California's high-income earners.
- According to School Services, Prop 30 is estimated to generate between \$8 billion and \$11 billion annually, revenues from this proposal would continue to fund the Education Protection Account. Additionally, up to \$2 billion annually would go towards improving health care access for low-income families and children.



# ESUHSD 2016-17 Preliminary Budget Assumptions

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# FY 2016-17 Major Budget Development Assumptions

- Review of Unrestricted Estimated Actual Projection
- Governor's Budget & School Services Dartboard
- Enrollment & ADA
- Salary & Benefits
- Major Financial adjustments related to changes in staffing, programs, and other expenses
- Recommended Fund Transfers, if applicable



# School Services Dartboard

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Major Factors	2015-16 Estimated Actual	2016-17	2017-18	2018-19	2019-20
Statutory COLA	1.02%	0.00%	1.11%	2.42%	2.67%
LCFF Gap Funding Percentage	52.20%	54.84%	73.96%	41.22%	75.16%
California CPI	2.02%	2.15%	2.26%	2.49%	2.36%
California Lottery (Base)	\$140	\$140	\$140	\$140	\$140
California Lottery (Prop 20)	\$41	\$41	\$41	\$41	\$41

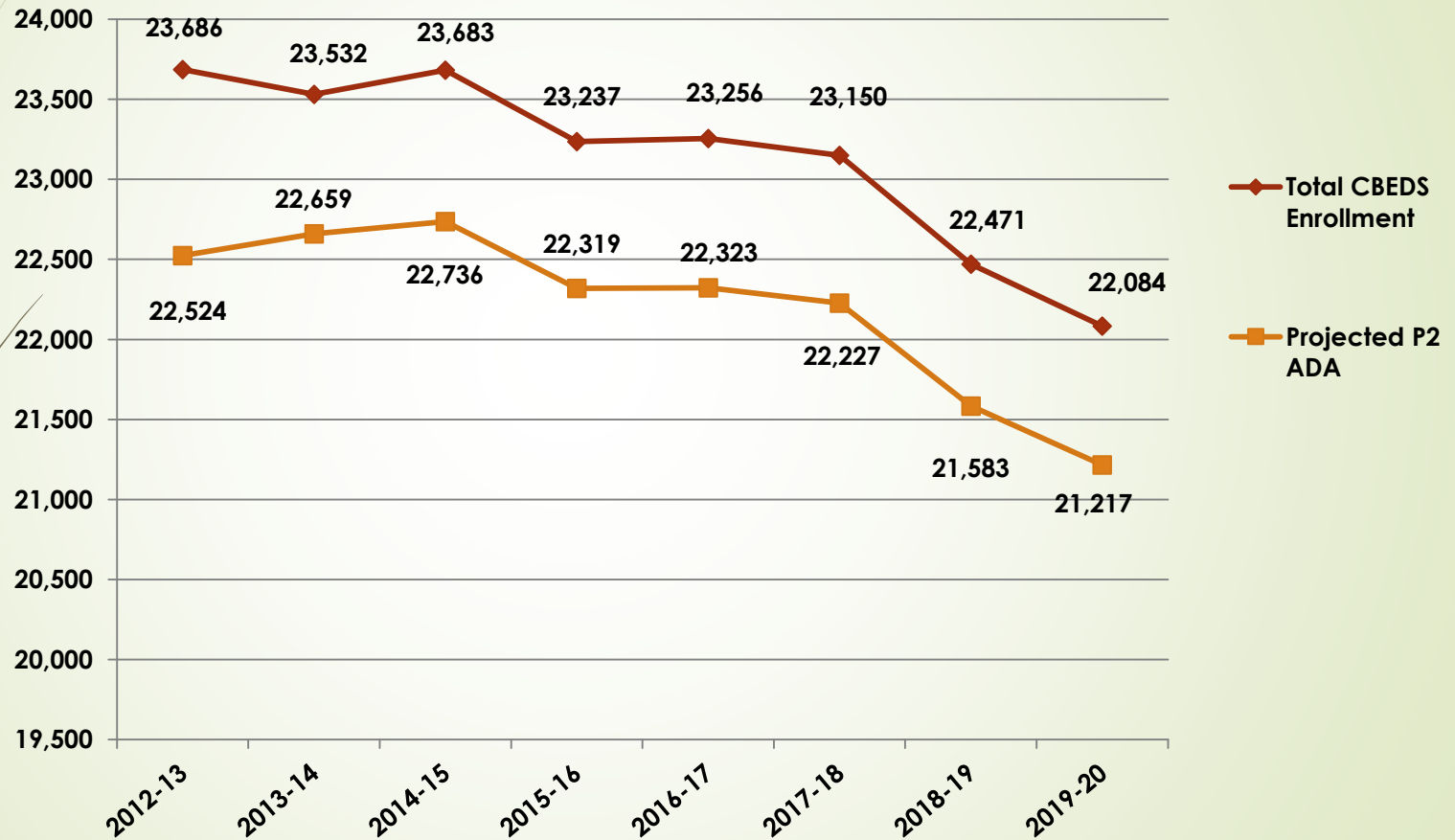
# Salary & Benefit Budget Assumption

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Salary and Benefit Assumptions	FY 2015-16 (Base Year)	FY 2016-17 (Year 1)	FY 2017-18 (Year 2)	FY 2018-19 (Year 3)
Negotiated Settlements				
Certificated	4.25%	2.25%		
Classified	4.25%	2.25%		
Management	4.25%	0%		
Salary Step and Column % Increases:				
Certificated	1.5%	1.5%	1.5%	1.5%
Classified	2%	2%	2%	2%
Management	1.5%	1.5%	1.5%	1.5%
Benefits:				
STRS	10.73%	12.58%	14.43%	16.28%
PERS	11.847%	13.888%	15.5%	17.1%
Unemployment	0.05%	0.05%	0.05%	0.05%
Workers Comp.	1.8966%	1.8966%	1.8966%	1.8966%
Health & Welfare	3%	0%	5%	5%

# Enrollment & P-2 ADA Trend

### East Side Union High School District Enrollment / ADA Projections



# Projected Staffing (FTE) Expenditure Increases Beginning FY 2016-17

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<b>New Positions Budgeted for FY 2016-17</b>	<b>Certificated Administrators</b>	<b>Classified Managers</b>	<b>CSEA</b>	<b>ESTA</b>	<b>Total New Positions</b>
LCAP – Supplemental Positions					
*Negotiated Settlement - Class Size Restoration				19.8	<b>19.8</b>
Projected Enrollment Increase by 40				1.4	<b>1.4</b>
Special Education				.6	<b>.6</b>
<b>Total Positions</b>				<b>21.8</b>	<b>21.8</b>

# Supplemental FTEs Budget

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Supplemental Budget	FTEs	Multi-Year Budget		
		2016/17	2017/18	2018/19
<b>Ed Center</b>				
Director I-Accountability	0.50			
Coordinator Support Services	1.00			
Nurse	1.00			
Counselor-Migrant Ed/Student Svc	0.50			
<b>Ed Center Total</b>	<b>3.00</b>	<b>\$ 384,650</b>	<b>\$ 397,586</b>	<b>\$ 410,885</b>
<b>School Sites</b>				
Instructional Coaches	12.00			
Social Workers	13.50			
Parent Involvement Specialists	12.00			
Site Based monitoring of acad progress for EL students				
New Tech - James Lick	3.60			
Librarians	3.00			
Teachers for EL Students	2.20			
Class Size Restoration (Teachers)	67.80			
Teachers on Special Assignment	0.60			
Support Service Tech (FH)	1.00			
Counselors (All Sites)	11.90			
Counselors (Decile 1-3)	6.00			
<b>Total</b>	<b>133.60</b>	<b>14,230,094</b>	<b>14,598,238</b>	<b>15,105,377</b>

# Ongoing Action Items—14.2 Million Dollars

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- Restore class size
- Increase access to counseling
- Increase after school options
- Support coaching for improved teaching and learning
- Support English Language Learners
- Increase presence of social workers
- Increase technology use
- Place Parent and Community Involvement Specialists at every site
- Software for developing high



# New/Enhanced Action Items—18.2

## Million Dollars

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<b>Actions</b>	<b>Cost</b>
Restore class size	2,700,000
Support English Language Learners	120,000
Parent workshops	60,000
Expansion of in-school programs and events for positive school culture	75,000
Professional Development	220,000
City Year	250,000
<b>Total</b>	<b>3,425,000</b>

# 2016-17 Prelim Budget vs. 2015-16 Estimated Actual Comparison

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Components (Combined)	2015-16 Estimated Actual	2016-17 Prelim Budget	Variance
Revenues	258,161,470	257,677,792	(483,678)
Expenses	249,673,029	267,759,973	18,086,944
Net Increase (Decrease)	8,488,441	(10,082,181)	(18,570,622)
Other Sources/Uses	(662,845)	(1,150,500)	(487,655)
Beginning Balance	34,127,924	41,375,147	7,247,223
Ending Balance before Reserve	41,953,520	30,142,466	(11,811,054)
Revolving Cash & Stores	164,557	164,557	0
General Fund Reserves F/17	7,882,322	8,291,145	408,823
<b>Ending Fund Balance (Est.)</b>	<b>50,000,399</b>	<b>38,598,168</b>	<b>(11,402,231)</b>
<b>Reserve %</b>	<b>18.39%</b>	<b>13.24%</b>	

# FY 2016-17 Projected Revenues

Components (Combined)	2015-16 Estimated Actual	2016-17 Prelim Budget	Variance
LCFF & Supplemental	213,313,058	219,239,288	5,926,230
Federal Revenues	12,235,195	12,521,634	286,439
Other State	25,186,775	21,755,715	(3,431,060)
Local	7,426,442	4,161,155	(3,265,287)
Total Revenues	258,161,470	257,677,792	(483,678)

For FY 2016/17 Contributions to Sp Ed increase \$3.6 million to \$34.9 million; for Restricted Routine Maintenance, increase \$0.7 million to \$7.3 million

# 2016-17 Major Changes in Revenues

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- **Local Control Funding Formula (LCFF/Supplemental) – \$5.9 mil.** Increase based on Gov. Budget;
- **Federal Revenues** – Increase \$286K mainly from Title I;
- **Other State – (\$3.4 mil.)** decrease primarily from one-time discretionary funds (\$529/ADA in 2015/16; Proj \$237/ADA in 2016/17); No refunding for Educator Effectiveness and new funding for Career Tech Incentive Grant
- **Local – (\$3.3 mil.)** decrease primarily due to the sunset of the renewable energy credit for Solar and SELPA income decrease due to County program expense increase
- **Special Education Contributions – (\$3.6 mil.)** Increase primarily for special education increasing for non-public school placements and increased county office of education costs and staff salaries/benefits increase
- **Transfer for Routine Restricted Maintenance (RRMA) - \$699k** Increase for RRMA due to salary & benefits increase of 2.25% and other operations expenses

# 2016-17 General Fund Expenditures Estimates by Category

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Components (Combined)	2015-16 Estimated Actual	2016-17 Prelim Budget	Variance
Cert. Salaries	119,279,902	126,333,918	7,054,016
Classified Sal	30,813,026	32,112,983	1,299,957
Employee Ben	60,014,327	65,149,459	5,135,132
Books & Supplies	6,306,322	8,471,576	2,165,254
Operation & Svc	24,339,568	28,669,138	4,329,570
Capital Outlay	3,547,568	2,041,717	(1,505,851)
Other Outgo	4,215,742	3,537,190	(678,552)
Indirect Cost	(905,730)	(660,001)	245,729
Debt Services	2,062,304	2,103,993	41,689
Total Expenditures	249,673,029	267,759,973	18,086,944
Other Sources/Uses	(662,845)	(1,150,500)	(487,655)

# Major 2016-17 Expenditure Reductions, Increases, and Adjustments

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- **Certificated Salaries – Increase of \$ 7.0 Mil.** Primarily due to increase in certificated step and column, 2.25% salary increase, and 19.8 FTEs for Class Size restoration;
- **Classified Salaries - Increase of \$1.3 Mil.** Primarily due to step increase and related to 2.25% salary increase;
- **Employee Benefits – Increase of \$5.1 Mil.** Primarily due to increase in certificated and classified salaries expenses, and benefits costs for additional ftes, and STRS and PERs rates increase;
- **Books and Supplies – Increase of \$2.1 Mil.**  
for textbooks/instructional materials and supplies and reserve for Career Tech Incentive Grant;
- **Operations and Contracted Services Expenses – Increase of \$4.3 Mil.**  
Primarily related to NPS/contracted services for Sp Ed and Career Tech Incentive Grant; communication/ utility, and cost of insurance rates increase and Board election costs ;
- **Capital Outlay– Decrease of \$1.5 Mil**  
for Prop 39 Clean Air Energy Grant;
- **Other Outgo & Debt Service – Decrease of \$246k**  
for eliminate restricted grant pass-through

**Total Increases and Adj.  
\$18.1 Mil.**



# 2016-17 Budget Imbalance

## Total Unrestricted General Fund Revenues

with Special Ed and Restricted Routine Maintenance Contributions:

**(\$6.3 million) decrease**

## Total Unrestricted General Fund Expenditures

with Salaries, STRS, PERS and other operation rates increase:

**\$12.35 million increase**

**Note: The overall decrease in year-over-year revenues, coupled with increased contributions for special education and RRMA and increased expenses total an estimated \$18.65 million which are primarily augmented by district reserves**

# Multi-Year Budget Implications Through FY 2019 - 20

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Components (Combined)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Revenues	\$257,677,792	\$250,680,761	\$253,022,621	\$254,549,798
Expenses	\$267,759,973	\$262,501,408	\$273,898,360	\$281,261,583
Net Increase (Decrease)	(\$10,082,181)	(\$11,820,647)	(\$20,875,739)	(\$26,711,785)
Other Sources/Uses	(\$1,150,500)	(\$820,500)	(\$820,500)	(\$820,500)
Beginning Balance	\$41,375,147	\$30,142,466	\$17,501,320	<b>(\$4,194,920)</b>
Ending Balance before Reserve	\$30,142,466	\$17,501,320	<b>(\$4,194,920)</b>	<b>(\$31,727,205)</b>
Revolving Cash & Stores	\$164,557	\$164,557	\$164,557	\$164,557
General Fund Reserves F/17	\$8,291,145	\$8,374,057	\$8,457,797	\$8,542,375
<b>Ending Fund Balance (Est.)</b>	<b>\$38,598,169</b>	<b>\$26,039,934</b>	<b>\$4,427,435</b>	<b>(\$23,020,273)</b>
<b>Reserve %</b>	<b>13.24%</b>	<b>9.18%</b>	<b>1.30%</b>	<b>-7.98%</b>

For FY2018/19 the unrestricted GF deficit total \$4.8 million

# Questions or Comments