Agenda

- Welcome and Introductions
- Review purpose and expectations of Budget Advisory Committee (BAC)
- Introduction to School Finances
- Review ESUHSD 2019–20 Adopted Budget and Assumptions
- Other questions and answers
Purpose

- Superintendent’s Committee comprised of representatives from various District stakeholders
- To review the District’s Budget
- Share the information with constituent groups
  - Disseminate information to as many parents, students, staff, and community members as possible
- Provide input or recommendations as requested by the Superintendent for consideration in the Budget development process
- The Committee is advisory in nature and will not have decision making responsibilities
BAC Expectations

- Start and end on time
- One person talks at a time (No side conversations)
- Everyone has a “voice” and to respect each others thoughts and opinions
- Address the issues, not the people (individuals)
- Confidentiality of discussions
- Stay on task at hand, keep to items on the “floor” at time of discussion
- No implied agreements
- Represent the needs of the entire District (Not a specific site or program)
- Any recommendations are advisory
Introduction to School Finance

- Proposition 98
- History of School Funding
  - Revenue Limit and Average Daily Attendance (ADA)
  - Local Control Funding Formula (LCFF)
- LCFF vs. Basic Aid Funding
- Fiscal Solvency
- District Fund Accounts
What is Proposition 98?

- 1988 Voter approved constitutional amendment intended to provide a stable and growing source of funding for K-14 education
- Establishes the minimum level of state funding for school districts
- Education receives at least 40.319% of the State’s general fund tax revenues
Revenue Limit Funding Model

- Revenue Limit Calculation
  - Average Daily Attendance (ADA) is
    Total Number of Days of Student Attendance divided by Total Number of Days in School Year

- Example.. Student attends all 180 day out of 180 school days
  = 1 ADA
    Student attends 175 out of 180 school days = .972 ADA

- Federal Funding and other State Funding
Local Control Funding Formula (LCFF) Assumptions
Locally Controlled Funding Formula (LCFF)
- In 2013–14, Governor’s plan to overall California’s system of school finance
- LCFF would replace revenue limits and most state categorical program funding

Elements of the formula
- Base target grant equal to undeficited statewide average base revenue limit per ADA
- Differential adjustments for early primary, primary, middle, high school grade spans; added funding for K–3 Class Size Reduction (CSR)
- Additional funding based on the school’s demographics;
  - English Learner population
  - Pupils eligible for free and reduced-price meals
  - Foster Youth
- Some exclusions to the formula Special Education, Child Nutrition, After School Education and Safety (ASES)
- Transportation is a separate add-on to the formula, however COLAs will not be applied
LCFF Full Implementation

- 2018–19 Budget Act appropriated sufficient funding to close remaining LCFF Gap
  - 100% Gap closed in 6 years, not 8 years as projected
- Base grant funding is now equalized across all LEAs
- Supplemental and Concentration grant funding will be determined by the LEA’s Unduplicated Pupil Count
- Annual growth in LCFF funding will be determined by:
  - The change in LEA’s Average Daily Attendance (ADA) and Unduplicated Pupil Counts.
  - The statutory Cost of Living Adjustment (COLA)
  - Any funding provided in excess of the COLA
District Enrollment and Funding per Average Daily Attendance (ADA)

Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
<th>LCFF Funding per ADA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>23,532</td>
<td>$7,871</td>
</tr>
<tr>
<td>2014-15</td>
<td>23,685</td>
<td>$8,537</td>
</tr>
<tr>
<td>2015-16</td>
<td>23,237</td>
<td>$9,390</td>
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<tr>
<td>2016-17</td>
<td>23,287</td>
<td>$10,041</td>
</tr>
<tr>
<td>2017-18</td>
<td>23,336</td>
<td>$10,678</td>
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<tr>
<td>2018-19</td>
<td>22,615</td>
<td>$11,022 (est)</td>
</tr>
<tr>
<td>2019-20</td>
<td>22,075 (est)</td>
<td>$11,330 (est)</td>
</tr>
<tr>
<td>2020-21</td>
<td></td>
<td>$11,657 (est)</td>
</tr>
<tr>
<td>2021-22</td>
<td></td>
<td>$12,050 (est)</td>
</tr>
<tr>
<td>2022-23</td>
<td></td>
<td>$12,750 per ADA</td>
</tr>
</tbody>
</table>

As of 2019-20 Adopted Budget

East Side Union High School District
LCFF Gap Closure Analysis

LCFF Target

LCFF Gap

LCFF Funding Level

2013-14 LCFF = $4,999,443
2.87%

2014-15 LCFF = $14,687,797
Base = $13,822,012
Supplemental = $865,785
8.19%

2015-16 LCFF = $19,529,058
Base = $17,821,920
Supplemental = $1,707,138
10.06%

2016-17 LCFF = $5,755,746
Base = $5,515,398
Supplemental = $240,348
2.69%

2017-18 LCFF = $4,965,745
Base = $4,197,492
Supplemental = $768,253
2.26%

2018-19 LCFF = $14,099,627
Base = $13,003,220
Supplemental = $1,096,407
6.28%
LCFF Funding Level

As of 2019-20 Adopted Budget

GAP Closure Rate
2017-18 at 42.97%
2018-19 at 100%

COLA
2017-18 COLA at 1.56%
2018-19 COLA at 3.70%
2019-20 COLA at 3.26%
2020-21 COLA at 3.00%
2021-22 COLA at 2.80%
2022-23 COLA at 3.16%

LCFF Additional Funding
2017-18 LCFF = $4,965,745
Base = $4,197,117
Supplemental = $768,628
2.26%

2018-19 LCFF = $14,185,892
Base = $13,610,809
Supplemental = $575,083
6.32%

2019-20 LCFF = $592,555
Base = $607,046
Supplemental = <$14,491
0.25%

2020-21 LCFF = $2,221,210
Base = $2,354,472
Supplemental = <$133,262
0.93%

2021-22 LCFF = $5,609,582
Base = $4,684,758
Supplemental = $924,824
2.32%

2022-23 LCFF = <$458,547
Base = <$832,306
Supplemental = $373,759
<0.19%

$265 Million
$260 Million
$255 Million
$250 Million
$245 Million
$240 Million
$235 Million
$230 Million
$225 Million
$220 Million
$215 Million
$210 Million
$205 Million
$200 Million
$195 Million
$190 Million
$185 Million
$180 Million
$175 Million

$230,611,947
$238,525,801
$239,118,356
$241,339,566
$246,949,148
$246,490,601

As of 2019-20 Adopted Budget

East Side Union High School District
LCFF Funding vs. Basic Aid Funding
LCFF DISTRICT FUNDING

MONEY FROM LOCAL TAXES AND MONEY FROM THE STATE

Property Taxes

Local Control Funding Formula (LCFF)

State Aid

Local Control Funding Formula (LCFF)
Property Taxes

Local Control Funding Formula (LCFF)

Extra Property Taxes to keep

BASIC AID DISTRICT FUNDING

MONEY FROM LOCAL TAXES
# Fiscal Solvency Certification

<table>
<thead>
<tr>
<th>Certification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>District <strong>WILL</strong> meet its financial obligations for the remainder of the fiscal year and the subsequent 2 years</td>
</tr>
<tr>
<td>Qualified</td>
<td>District <strong>MAY NOT</strong> be able to meet its financial obligations either in the current year or the subsequent 2 years</td>
</tr>
<tr>
<td>Negative</td>
<td>District <strong>WILL NOT</strong> be able to meet its financial obligation for current fiscal year or subsequent year</td>
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</table>
# District Fund Accounts

<table>
<thead>
<tr>
<th>Funds</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Unrestricted and Restricted</td>
<td>School District Operations</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>Child Nutrition Services Program</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Adult Ed program</td>
</tr>
<tr>
<td>Building Fund</td>
<td>General Obligation Bond</td>
</tr>
<tr>
<td>Capital Facilities Fund</td>
<td>Developer Fees</td>
</tr>
<tr>
<td>Special Reserve Fund for Capital Outlay</td>
<td>Capital Improvement Funds</td>
</tr>
<tr>
<td>Projects</td>
<td></td>
</tr>
<tr>
<td>School Facilities</td>
<td>State Modernization Program</td>
</tr>
<tr>
<td>Child Development Fund</td>
<td>Child Development Centers</td>
</tr>
<tr>
<td>Bond Interest &amp; Redemption</td>
<td>Repayment of Bonds</td>
</tr>
<tr>
<td>Retiree Benefit Fund</td>
<td>Post Retirement Health Benefits</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Child Care Program</td>
</tr>
<tr>
<td>Self Insurance</td>
<td>Self Funded Health, Dental &amp; Vision Program</td>
</tr>
</tbody>
</table>
2019–20 Adopted Budget
2019-20 and 2020-21 Budget Calendar

- 2019–20 Budget and LCAP Adoption – June 11, 2019
- 2019–20 First Interim – December 12, 2019
- 2019–20 Second Interim – March 5, 2020
- 2020–21 Preliminary Budget Development – May 2020
- 2020–21 Budget and LCAP adoption – June 25, 2020
2019–20 Budget Graphs
82% of Budget is spent on Instruction and Support Services for students
2019-20 General Fund: Instruction

INSTRUCTION
$131,827,894 (44%)

- Capital Improvements: $539,677 (<1%)
- Services and Other: $2,861,557 (2%)
- Supplies/Materials: $3,333,878 (3%)
- Employee Benefits: $35,351,608 (27%)
- Classified Salary: $97,740 (<1%)
- Certificated Salary: ~89.7m (68%)

- Instructional Related Services
- Instruction - Special Ed
- Pupil Services
- Ancillary Services
- General Administration
- Plant Services
- Other Outgo
- Community Services
- Instruction
Pupil Services

2019-20 General Fund: Pupil Services

PUPIL SERVICES
$43,334,734 (14%)

- Services and Other Expenditures: $9,335,306 (22%)
- Supplies/Materials: $1,921,044 (4%)
- Employee Benefits: $10,891,603 (25%)
- Classified Salary: $5,598,064 (13%)
- Certificated Salary: $15,59m (36%)

Instructional Related Services
Instruction
Other Outgo
General Administration
Ancillary Services
Plant Services
Instruction - Special Ed
Community Services
Pupil Services

Chart showing the distribution of funds for Pupil Services in 2019-20.
Ancillary Services

2019-20 General Fund: Ancillary Services

ANCILLARY SERVICES
$2,442,568 (1%)

- Services and Other Expenditures: 244,361 (10%)
- Supplies/Materials: 44,494 (2%)
- Employee Benefits: 452,464 (19%)
- Classified Salary: 499,810 (20%)
- Certificated Salary: 1,201,439 (49%)

- Instruction
- Pupil Services
- Instruction - Special Ed
- Community Services
- Ancillary Services

Instructional Related Services
Other Outgo
General Administration
2019-20 General Fund: General Administration

General Administration

$16,481,451 (5%)

- Capital Improvements: 5,000 <1%
- Inclusive/Other/Unallocated: (684,637) 4%
- Services and Other Expenditures: 4,846,572 29%
- Supplies/Materials: 178,704 1%
- Employee Benefits: 3,942,652 24%
- Classified Salary: 6,347,083 39%
- Certificated Salary: 1,846,077 11%

- Instructional Related Services
- Instruction
- Other Outgo
- Community Services
- Pupil Services
- Plant Services
- Instruction - Special Ed
- Ancillary Services
- General Administration
Community Services

2019-20 General Fund: Community Services

- Instruction - Special Ed
- Ancillary Services
- Community Services

COMMUNITY SERVICES
$63,591 (<1%)

- Services and Other Expenditures: 6,977 (11%)
- Supplies/Materials: 28,946 (46%)
- Employee Benefits: 1,103 (2%)
- Classified Salary: 26,565 (42%)

- Instructional Related Services
- Instruction
- Other Outgo
- General Administration
- Pupil Services
- Plant Services
2019-20 General Fund: Other Outgo

- Instructional Related Services
- Instruction
- Pupil Services
- General Administration
- Ancillary Services
- Plant Services
- Instruction - Special Ed
- Community Services
- Other Outgo

Other Outgo

$14,597,281 (5%)
Multi-Year Assumptions and Projections
## EAST SIDE UNION HIGH SCHOOL DISTRICT
### 2019 / 20 Proposed - Budget Assumptions

<table>
<thead>
<tr>
<th>Description</th>
<th>Proposed Budget</th>
<th>Projection</th>
<th>Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on SSC Dashboard</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory COLA</td>
<td>3.29%</td>
<td>3.29%</td>
<td>2.80%</td>
</tr>
<tr>
<td>LCFF Target Base</td>
<td>9,329</td>
<td>9,699</td>
<td>9,678</td>
</tr>
<tr>
<td>LCFF CTE</td>
<td>245</td>
<td>250</td>
<td>257</td>
</tr>
<tr>
<td>LCFF Unduplicated Count Percentage</td>
<td>52.98%</td>
<td>51.98%</td>
<td>52.98%</td>
</tr>
<tr>
<td>LCFF Approved Funding Rate (GAP)</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>LCFF Entitlement</td>
<td>239,118,356</td>
<td>241,336,566</td>
<td>246,949,148</td>
</tr>
<tr>
<td>Lottery Per ADA - Unrestricted</td>
<td>151</td>
<td>153</td>
<td>151</td>
</tr>
<tr>
<td>- Restricted</td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Mandate Cost Block Grant per ADA</td>
<td>62</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Title I</td>
<td>4,091,139</td>
<td>4,213,673</td>
<td>3,831,170</td>
</tr>
<tr>
<td>Title II</td>
<td>575,330</td>
<td>592,560</td>
<td>592,182</td>
</tr>
<tr>
<td>Career Technical Incentive</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>California Career Pathway</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>One Time Discretionary Revenue</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Use of Facilities Rental</td>
<td>1,741,300</td>
<td>1,828,365</td>
<td>1,919,783</td>
</tr>
<tr>
<td>Enrollment (CBEDS) Projected with NPS and Post Seniors</td>
<td>22,472</td>
<td>22,350</td>
<td>21,582</td>
</tr>
<tr>
<td>Projected Funded Average Daily Attendance (ADA) with East Side Special Ed ADA</td>
<td>21,438</td>
<td>21,046</td>
<td>20,927</td>
</tr>
<tr>
<td>Salary Step and Column % Increases:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Classified</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Management</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Salary Increases for Certificated &amp; Classified Effective 2018 - 19</td>
<td>3.25%</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Decrease Teacher FTEs due to Enrollment Changes</td>
<td>(15.4 FTEs)</td>
<td>(4.0 FTEs)</td>
<td>(25.6 FTEs)</td>
</tr>
</tbody>
</table>

### Reduction in Force Strategy
- **Certificated Staff**
- **Classified Staff**
- Administrators/Managers/Confidential
- Projected Savings with RIF

### Benefits:
- **STRS**
- **PERS**
- Medicare
- **CASDI**
- **Workers’ Comp**
- **Unemployment Insurance**
- **Health & Welfare Increase**
- **SRFP Amenity Paid by Fund 71**
- **OFED Paid by Fund 71**
- **Medical Benefits Expenses to Self Insurance Fund, F16 (30 one time)**
- **Add back Medical Benefits Expense in General Fund**

### Operations:
- **Augment Math / Science Text Book Adoption**
- **Utilities / Communication rates increase**
- **Properties/ Liabilities Insurance rate increase**
- **Board Election Cost**
- **OFED Debt Payment**
- **Direct Cost Transfer for Ad Ed Concurrently Enroll**

### Contributions:
- **Contribution to Special Ed**
- **Contribution to Restricted Routine Maintenance & Unrestricted General Fund**
- **Contribution to Restricted Routine Maintenance from Redevelopment Funds**
- **Total Contribution to Restricted Routine Maintenance**

### Fund Transfers in/out:
- **Transfer from (to) General Reserve (F17)**
- **Transfer to Child Development Fund (F12)**
- **Transfer to Child Nutrition Services (F9)**
- **Transfer to Property & Liabilities Fund (F17)**
## 2018-19 Fund Balance (Combined)
Estimated Actuals vs. Unaudited Actuals

<table>
<thead>
<tr>
<th></th>
<th>Estimated Actuals</th>
<th>Unaudited Actuals</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance (Fund 01)</strong></td>
<td>$35,129,520</td>
<td>$35,129,520</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Beginning Balance General Reserve (Fund 17)</strong></td>
<td>$8,305,768</td>
<td>$8,305,768</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Fund Balance (Fund 01 &amp; 17)</strong></td>
<td>$43,435,288</td>
<td>$43,435,288</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Revenue (Fund 01 &amp; 17)</strong></td>
<td>$290,015,579</td>
<td>$298,901,615</td>
<td>$8,886,036</td>
</tr>
<tr>
<td><strong>Expenditures (Fund 01 &amp; 17)</strong></td>
<td>$294,119,648</td>
<td>$299,303,673</td>
<td>$5,184,025</td>
</tr>
<tr>
<td><strong>Net Increase/(Decrease) to Fund Balance</strong></td>
<td>$35,129,520</td>
<td>$35,129,520</td>
<td>$3,702,011</td>
</tr>
<tr>
<td><strong>Other Sources/Uses/Adjustment (Fund 01 &amp; 17)</strong></td>
<td>($2,476,755)</td>
<td>($2,777,006)</td>
<td>($300,251)</td>
</tr>
<tr>
<td><strong>Ending Fund Balance (Fund 01)</strong></td>
<td>$27,945,678</td>
<td>$40,256,224</td>
<td>$12,310,546</td>
</tr>
<tr>
<td><strong>Ending Fund Balance General Reserve (Fund 17)</strong></td>
<td>$8,908,786</td>
<td>$0</td>
<td>($8,908,786)</td>
</tr>
<tr>
<td><strong>Total Ending Balance (NOW COMBINED)</strong></td>
<td>$36,854,464</td>
<td>$40,256,224</td>
<td>$3,401,760</td>
</tr>
</tbody>
</table>

2018-19 General Fund Unaudited Budget - $299,303,673
### Updated Fund Balances based on 2018-19 Unaudited Actuals

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance (TOTAL COMBINED)</strong></td>
<td>$40,256,224</td>
<td>$22,040,760</td>
<td>$17,196,848</td>
</tr>
<tr>
<td><strong>Plus: Revenues/Other Sources</strong></td>
<td>$281,721,909</td>
<td>$289,281,205</td>
<td>$293,710,214</td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td>$321,978,133</td>
<td>$311,321,965</td>
<td>$310,907,062</td>
</tr>
<tr>
<td><strong>Less: Expenditures/Other Uses</strong></td>
<td>$299,937,373</td>
<td>$294,125,117</td>
<td>$299,416,053</td>
</tr>
<tr>
<td><strong>Ending Fund Balance (TOTAL COMBINED)</strong></td>
<td>$22,040,760</td>
<td>$17,196,848</td>
<td>$11,491,009</td>
</tr>
<tr>
<td><strong>Projected Revenue Greater(Less) than Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted &quot;RESERVE&quot; or Legally Restricted Balance</strong></td>
<td>$3,612,306</td>
<td>$2,147,023</td>
<td>$2,103,814</td>
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<tr>
<td><strong>&quot;RESERVE&quot; Required (3%)</strong></td>
<td>$8,998,121</td>
<td>$8,823,754</td>
<td>$8,982,482</td>
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<tr>
<td><strong>Note: Fund Balance Reserves - Inventories/Prepaids</strong></td>
<td>$1,762,066</td>
<td>$1,026,553</td>
<td>$404,713</td>
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<tr>
<td><strong>Undesignated/Unappropriated</strong></td>
<td>$7,668,267</td>
<td>$5,199,518</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Reserve Percentage</strong></td>
<td>6.14%</td>
<td>5.12%</td>
<td>3.14%</td>
</tr>
</tbody>
</table>

**Deficit Spending Amount**

- Reserve Amount – Needs to be at least 3% every year
What do we know today?

- District’s has a Structural Budget deficit
  - District needs to reduce 2019-20 General Fund Budget by approximately $24M (est.)

- Current economic growth of State cannot last forever!
  - Will current estimated COLA projections hold?

- Will there be an economic slowdown or will there be another recession?

- Forecasted decline in District enrollment

- District’s Attendance Rate is 94.79%
  - 1% increases in attendance = $2.5 million additional revenue

- Will categorical programs come back?

- STRS and PERS cost impacts

- Collective Bargaining

Next steps.....

- 2019-20 First Interim Report
- Continue leveraging all available District resources
- Minimize contributions
- Monitor State and Federal economic news
- Anticipation of Governor’s January Budget Proposal for 2020-21
Q & A