

Creating Fiscal Stability

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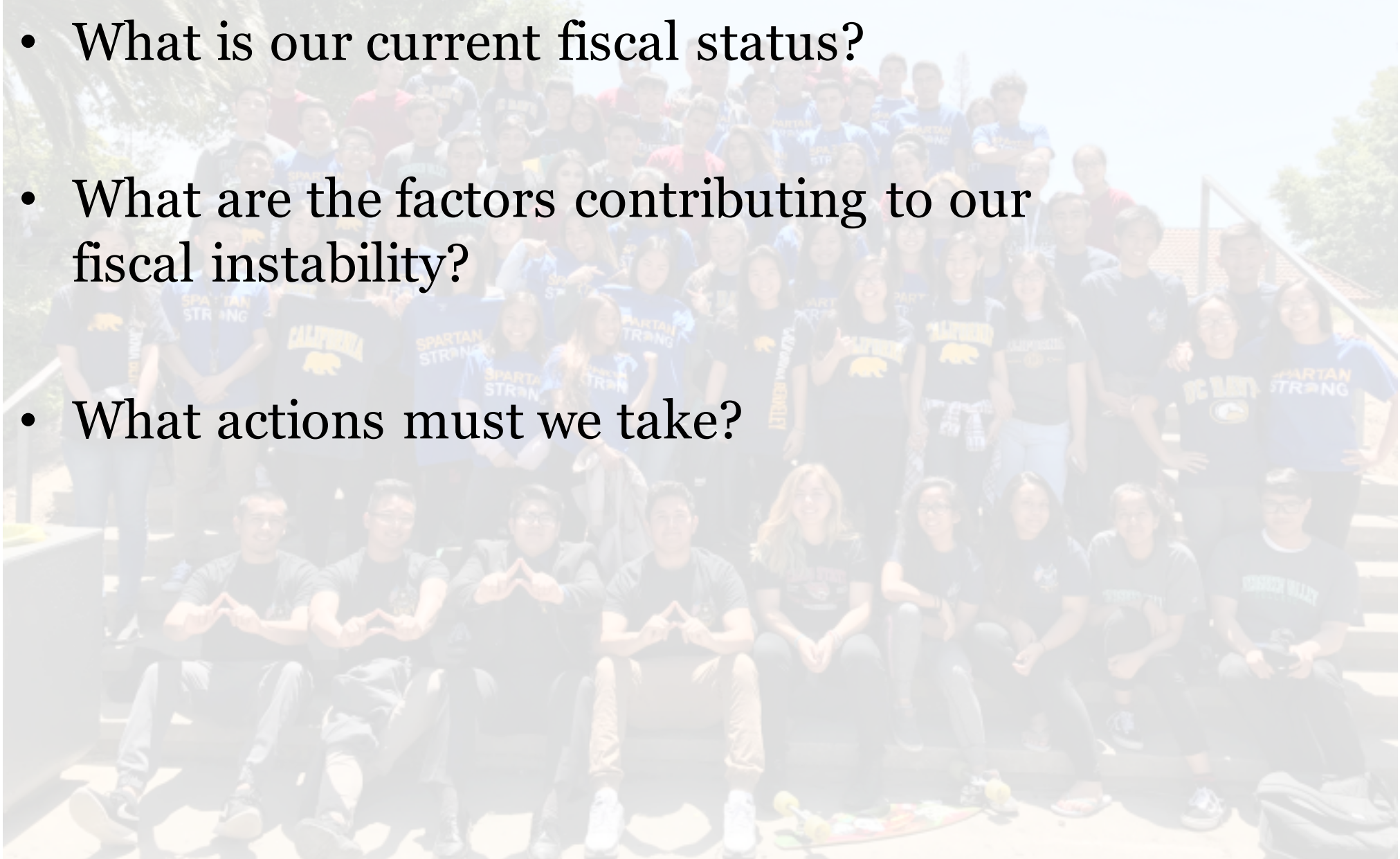
East Side Union High School District
Preparing every student to thrive in a global society



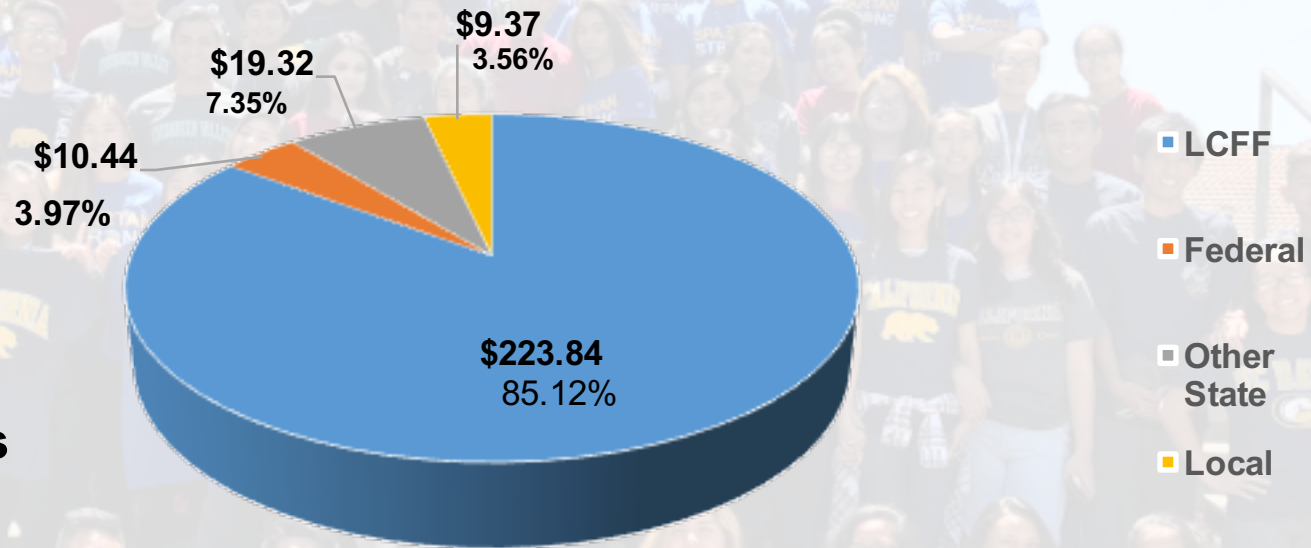
Intended Outcomes



- What is our current fiscal status?
- What are the factors contributing to our fiscal instability?
- What actions must we take?



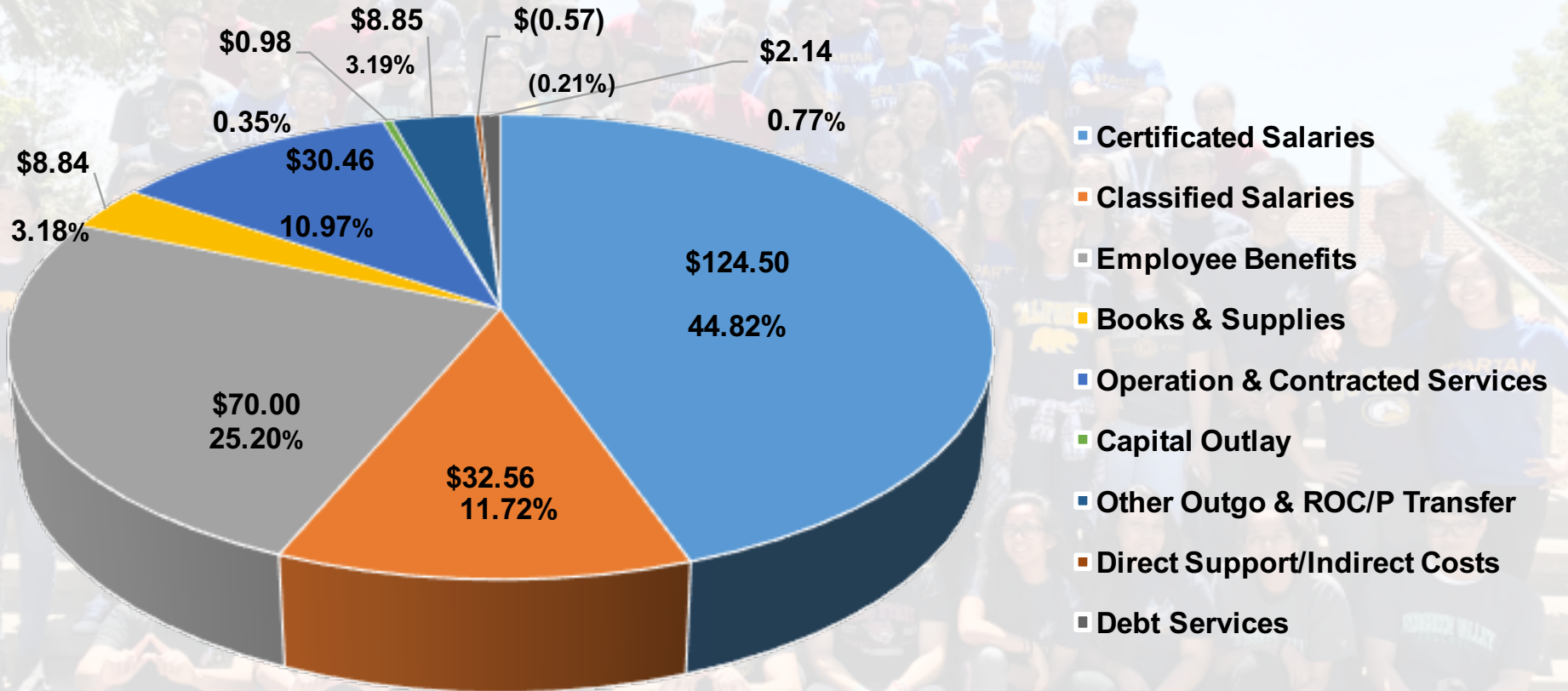
General Fund 2017/18 Projected Revenues (Combined – Restricted & Unrestricted)



Dollars In Millions

FY 2017-18 Est. Revenues Total \$263 million

General Fund 2017/18 Projected Expenses (Combined - Restricted & Unrestricted)



Total Expenditures for FY 2017-18 Total \$277.7 million

East Side is Facing an Estimated \$ 27 million Budget Shortfall



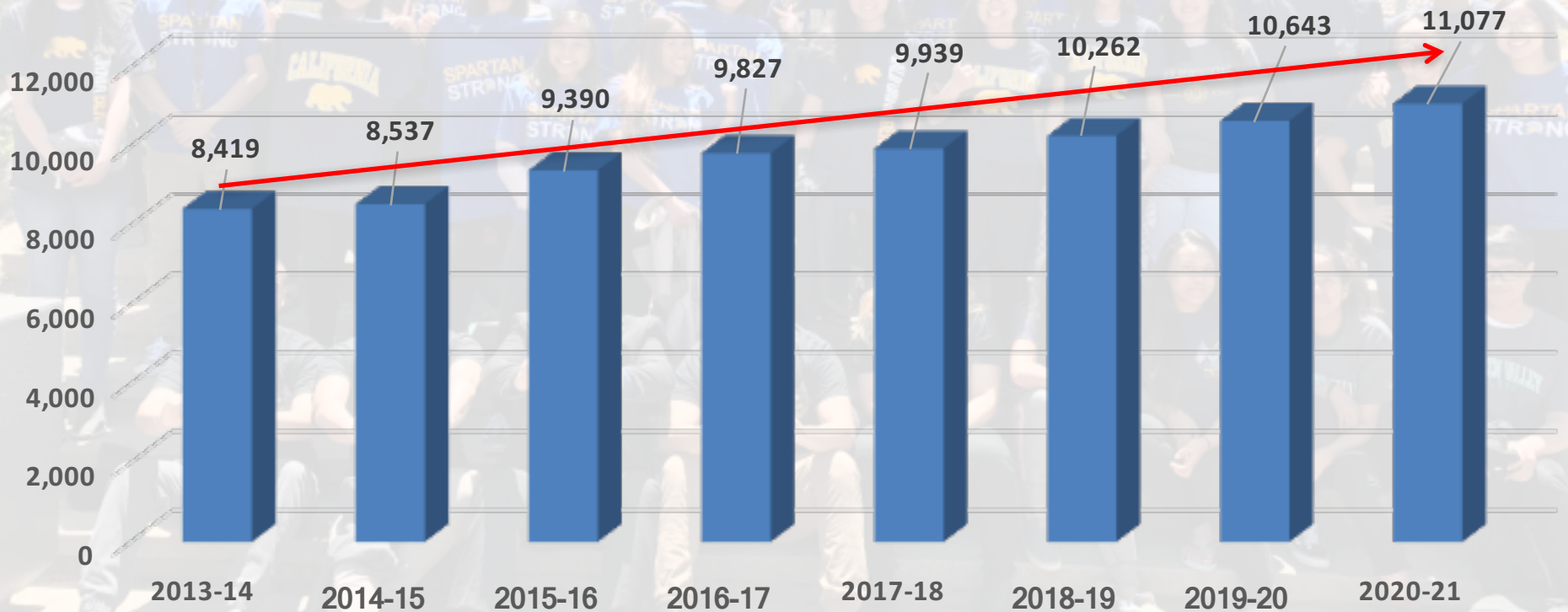
Some of the Primary factors contributing to our instability:

- New funding from State Local Control Funding is leveling off →
- One-Time State Discretionary Funds ↓
- Declining Enrollment ↓
- Increased Pension Contributions ↑
- Special Education Costs ↑
- Healthcare Costs ↑
- Declining Reserves ↓

Local Control Funding Formula Entitlement



Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
LCFF Entitlement per ADA	8,419	8,537	9,390	9,827	9,939	10,262	10,643	11,077

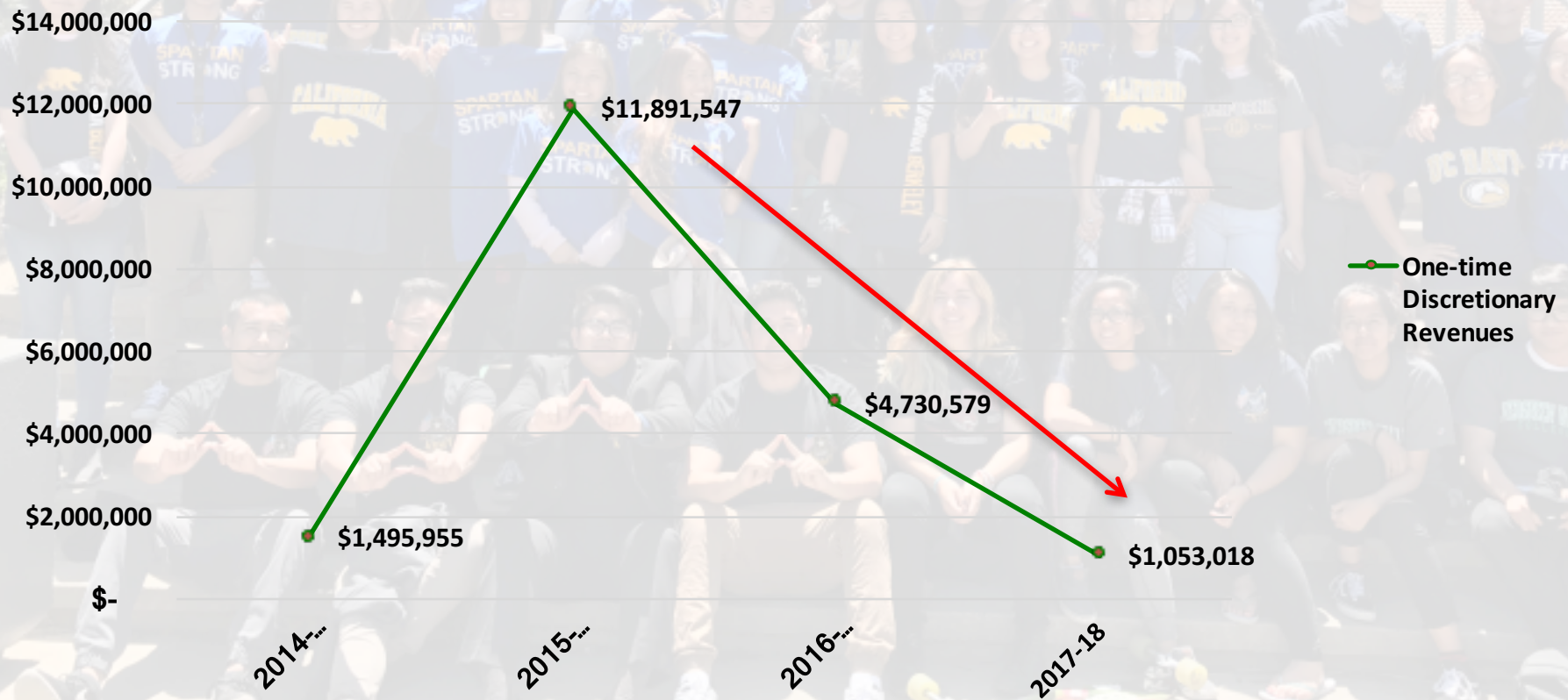


One-Time State Discretionary Funding



These funds like other one-time funds have been utilized to support on-going expenses.

East Side Union High School District
Discretionary One-Time Proposition 98 Funds

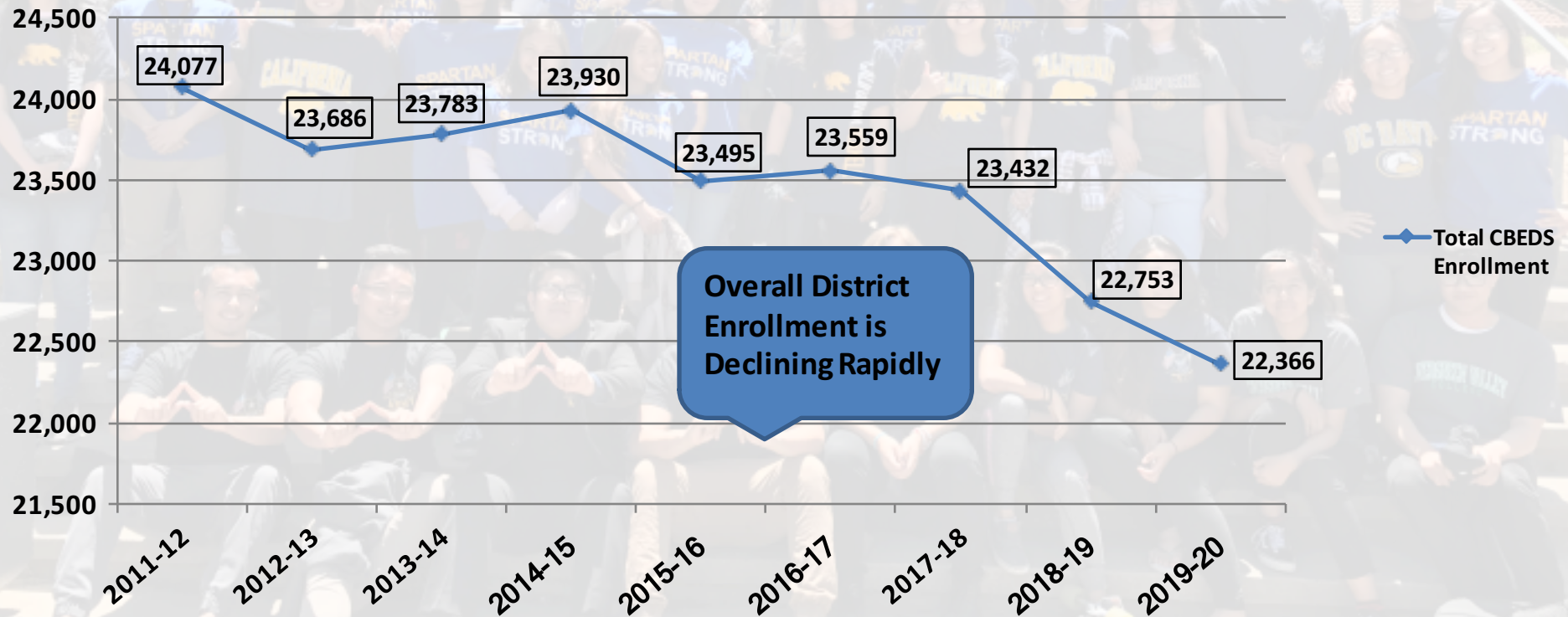


Declining Enrollment



Declining Enrollment – Between the Period of Oct. 2011 through Oct. 2019, East Side is expected to lose an estimated 1,711 students for a loss of an estimated \$16 million over 9 years.

Total CBEDS Enrollment

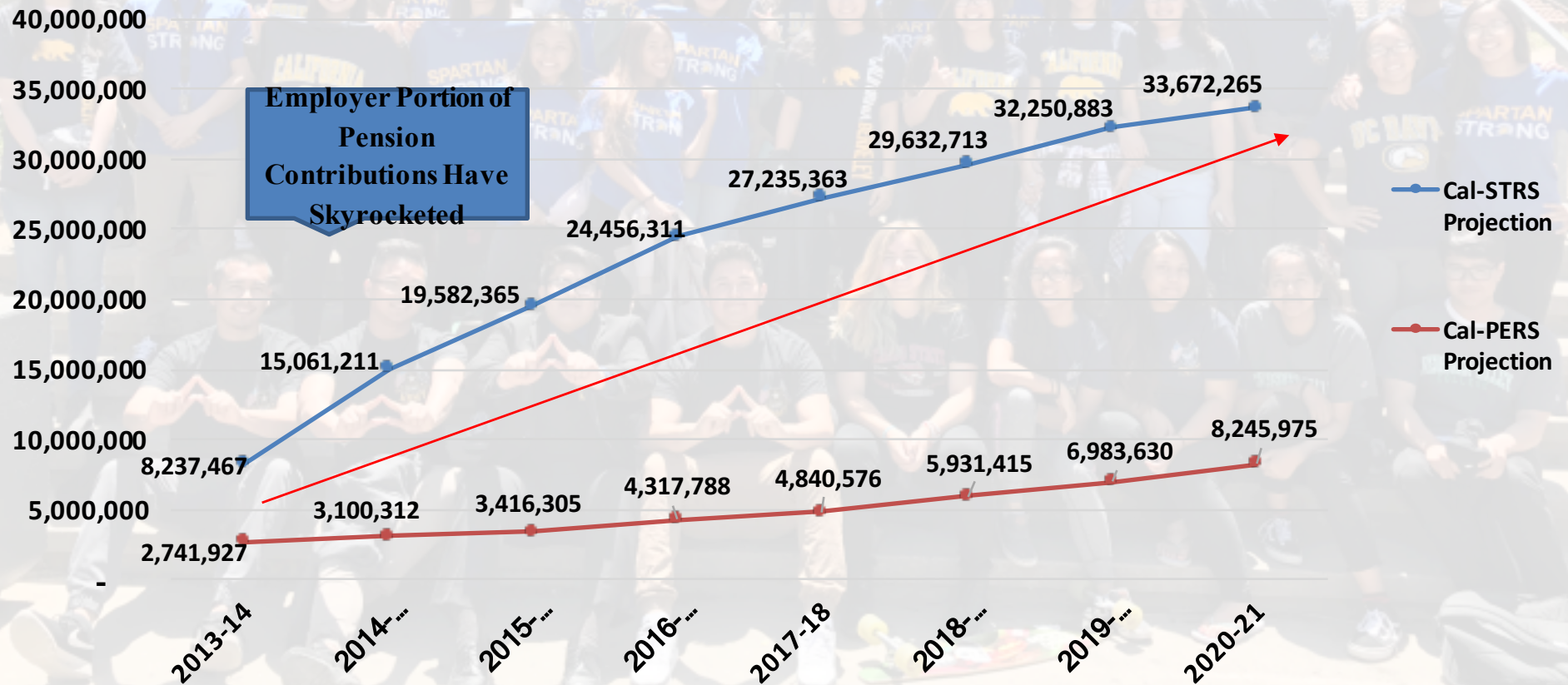


Pension Contributions



Pension Contributions -The total estimated increase for STRS and PERS contributions over this period total \$31.4 million.

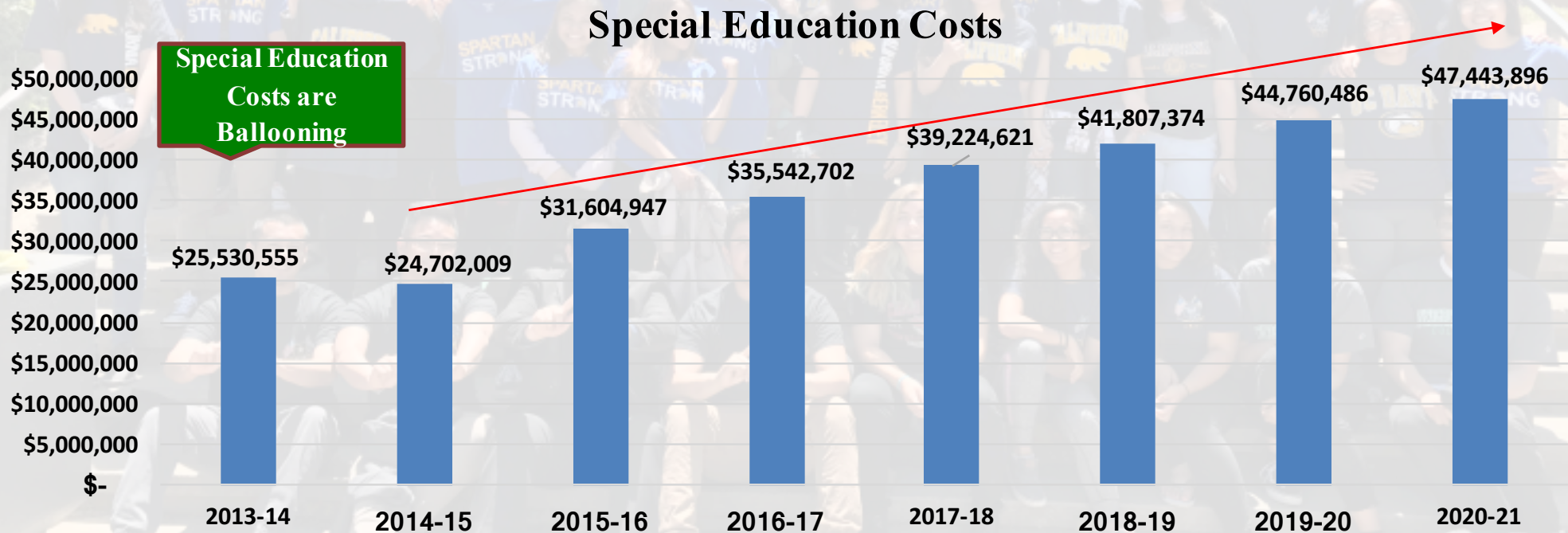
East Side Union High School District
Pension Cost Projections



SPED Costs



Special Education cost have increased dramatically since 2013-14 from \$25.5 million to an est. \$47.5 million by 2020-21. The total projected increase for the period totals \$22 million.

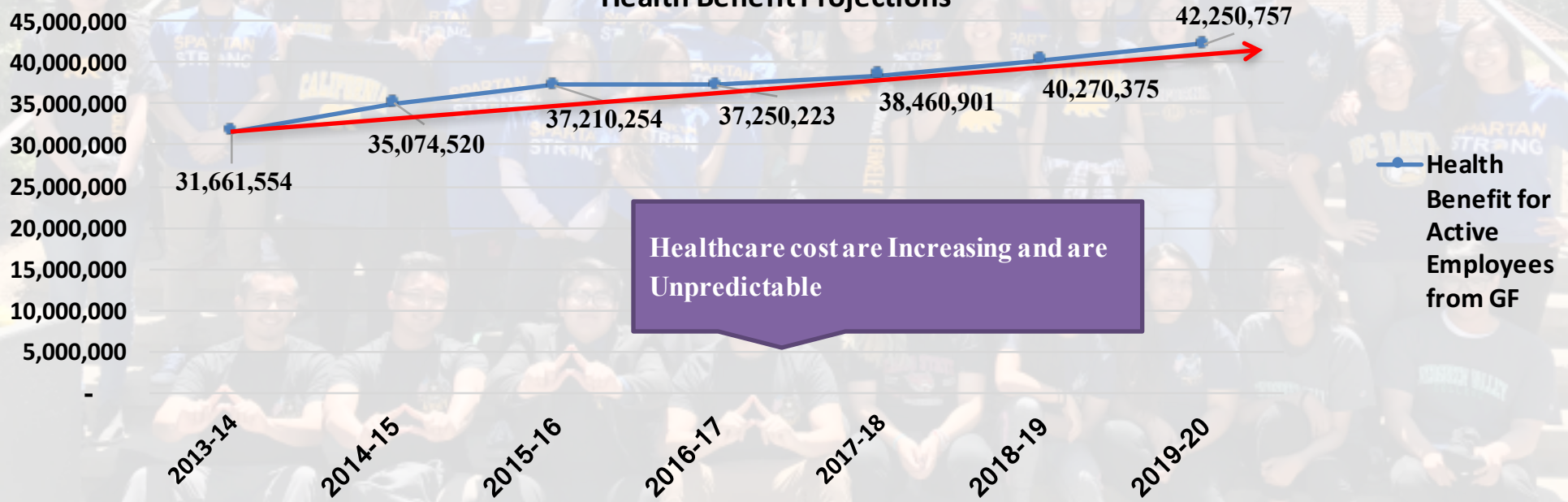


Health Benefits



Estimated to increase by \$11 million between June 2013 through June 2019 from \$31.6 million to \$42.2 million

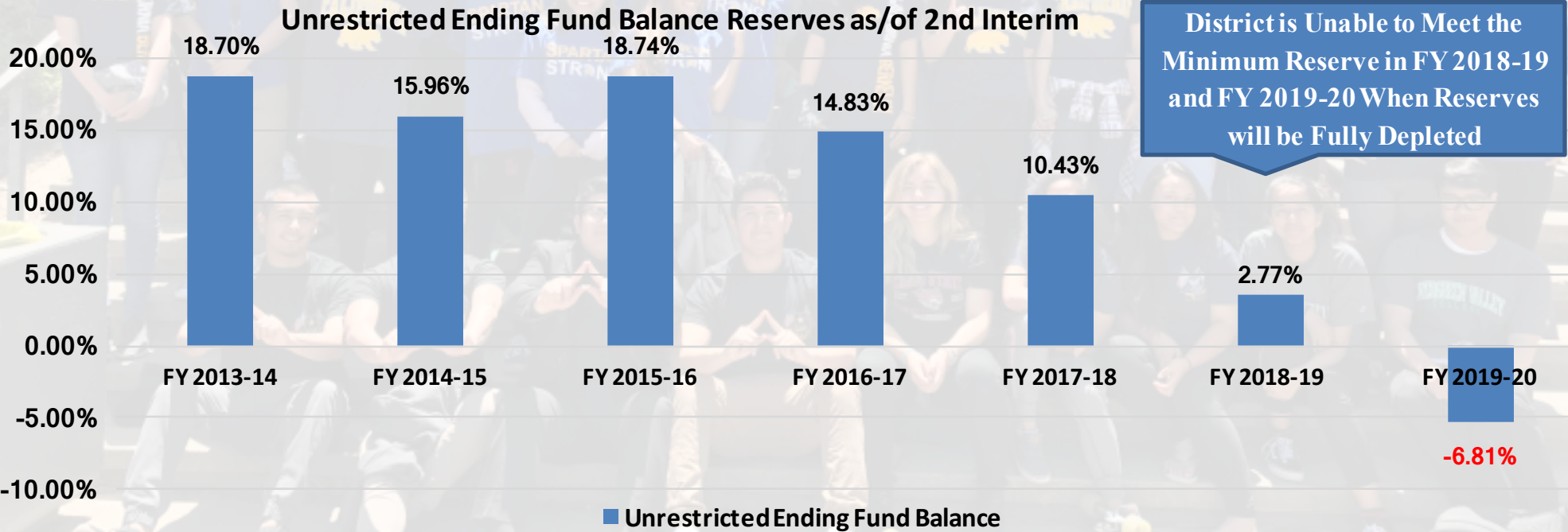
East Side Union High School District
Health Benefit Projections



Eroding End Balance



The district is required to maintain a minimum ending fund balance of 3% in each year. Our current ending fund balance is projected to be depleted by FY 2019-20 to a negative 6.81%. This means we a Qualified Budget.



FY 2017-18 Multi-Year Adopted Budget with No RIF



Total General Fund (Combined)	2017-18	2018-19	2019-20
Revenues	262,971,451	268,451,797	265,125,732
Expenses	277,764,716	286,714,011	293,479,818
Net Increase (Decrease)	(14,793,265)	(18,262,214)	(28,357,086)
Other Sources/Uses	1,019,626	1,290,000	1,150,000
Beginning Balance	38,725,221	22,912,330	3,360,116
Ending Balance before Reserve	22,912,330	3,360,116	(26,143,970)
Revolving Cash & Stores	202,480	202,480	202,480
General Fund Reserves F/17	8,424,042	8,748,282	8,935,765
Est. Ending Fund Balance	31,538,852	12,310,878	(17,005,725)
Est. Reserve %	10.21%	3.48%	(6.15%)

Budget Resolution Reduction in Force Strategy



Employee Groups	%	2018-19 FTEs	2018/19 Reductions	2019-20 Cumulative FTEs	2019/20 Reductions
Certificated	72.60%	70.45	8.0 million	99.45	11.65 million
Classified	21.10%	29.00	2.7 million	32.3	3.1 million
Administrators & Managers	6.30%	6.00	765 thousand	7.00	916 thousand
Totals	100%	105.45	\$11.4 million	138.75	\$15.66 million

Total Estimated Reduction in Force 138.75 FTEs Based on the 2017-18 Adopted Budget

Total Estimated Savings from Reduction in Force \$27 million

Multi-Year Budget after RIF Reduction



Total General Fund (Combined)	2017-18	*2018-19	*2019-20
Revenues	262,971,451	268,451,797	265,125,732
Expenses	277,764,716	275,299,959	277,850,874
Net Increase (Decrease)	(14,793,265)	(6,848,162)	(12,725,142)
Other Sources/Uses	1,019,626	1,290,000	1,150,000
Beginning Balance	38,725,221	22,912,330	14,774,168
Ending Balance before Reserve	22,912,330	14,774,168	899,026
Revolving Cash & Stores	202,480	202,480	202,480
General Fund Reserves F/17	8,424,042	8,748,282	8,835,765
Est. Ending Fund Balance	31,538,852	23,724,931	10,037,272
Est. Reserve %	10.21%	7.75%	3.20%

Possible Negotiated Reductions



Description		FY 2017-18	FY 2018-19	FY 2019-20
Reduce Cert. Staff Work Days	1 day	\$868,000	\$868,000	\$868,000
Reduce Cert. Staff Work Days	2 days	\$1,736,000	\$1,736,000	\$1,736,000
Class Size Increase	1 Student Increase		\$2,000,000	\$2,000,000
Class Size Increase	2 Students Increase		\$4,000,000	\$4,000,000
Class Size Increase	3 Students Increase		\$6,000,000	\$6,000,000
Benefits – Negotiate Benefit Plan Changes	Max. \$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000
Benefits – Negotiate Benefit Plan Changes	Min. \$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
5% Across the Board Salary Reductions			\$8,200,000	\$8,200,000

Revenue Generation Strategy



*PARCEL TAX INITIATIVE

Est. Annual Revenues

Parcel Tax @ \$47.50 per parcel	\$5,000,000
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Parcel Tax @ \$95.00 per parcel	\$10,000,000
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Note: *A Parcel Tax could reinstate any planned budget reductions

Questions or Comments Suggestions?



Each of you are vital contributors to our success and maintaining a healthy and supportive environment.