

THE EAST SIDE BUDGET COMMUNICATOR



NEWSLETTER FOR BUDGET AND FINANCE NEWS AND UPDATES

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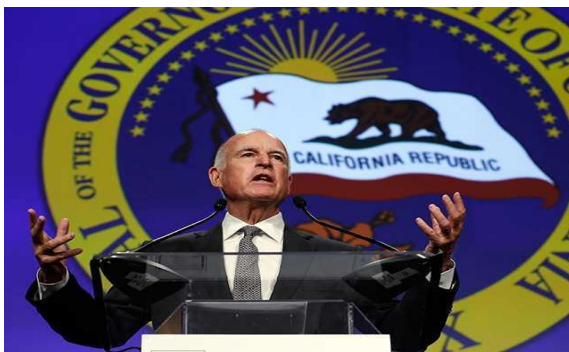
The Governor's 2016-17 State Budget Edges Closer to Fully-Funding K-12 Education

On Monday, June 27, 2016, the Governor signed SB 826, the 2016-17 Budget Act, and a number of trailer bills to implement policy changes in the budget. For the first time since the 1980's, the Governor did not exercise his line-item veto authority to reduce or eliminate any of the budget appropriations passed by the Legislature.

The budget includes \$122.5 billion in General Fund expenditures, \$51.6 billion of which is slated for K-12 education programs. The budget prioritizes preparing for the next economic downturn, one of the Governor's top priorities, by placing an extra \$2 billion into the state's Rainy Day Fund, bringing the total fund balance to \$6.7 billion. The budget also addresses one of the Legislature's top priorities by including \$400 million for affordable housing, tied to future regulatory reform, and authorizing development of a \$2 billion bond program to address homelessness for individuals with mental health needs.

The minimum funding guarantee for K-12 schools and community colleges will grow to \$71.9 billion this year, which is the highest level in state history and represents a \$24.6 billion increase since 2011-12. Per pupil K-12 funding increased \$10,643, a \$440 increase over last year and a \$3,600 increase over 2011-12 levels. With the 2016-17 budget, the LCFF is 96% percent complete.

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“Overall, the enacted State Budget focuses on investing more in education, boosting programs in fighting poverty and homelessness, and stays on the course of increasing reserves and paying down debt by contributing to California’s Rainy Day Fund. “This solid budget makes responsible investments in California and sets aside billions of dollars to prepare for the next recession,” said Governor Brown.”

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FY 2016-17 Adopted Budget

Highlights of the 2016-17 Adopted Budget

The District's 2016-17 budget reflects increased funding by the State and the expansion of district programs and services. The District has committed almost \$18 million in ongoing revenue to support the District's Local Control Accountability Plan (LCAP) and strategic restoration efforts. The district has added over 200 positions over the past 3 years to restore programs and services, and to reduce class size. The district added 21 full-time teachers to complete the final phase of class size restoration.

Although the District is projecting increased funding over the next 3 years, deficit spending (i.e. expenses exceeding revenues) is expected to continue. For fiscal year 2016-17, the district is projecting a budget deficit of (\$8.6) million, and deficits totaling (\$9.8) million, and (\$19.2) million in fiscal years 2017-18, and 2018-19, respectively. The District is currently estimating an \$8.2 million surplus for the current fiscal year ending June 30, 2016, and an ending unrestricted fund balance of \$47 million.

Based on continuing concerns about deficit spending, the district prepared financial projections through fiscal year 2019-20. When considering FY 2019-20, the district's financial status changes from "positive" to "qualified" based on the district's inability to maintain a minimum State required reserve of 3%. With the 2016-17 budget adoption, it is estimated that the district's deficit in FY 2019-20 would be an estimated \$25 million. Based on this information, the district's Board will be initiating a "point counter-point" budget review process in the fall which will include a budget review and critical question query, discussion of fiscal realities, involve critical stakeholders resulting in a series of findings and recommendations to be provided to the Board by the spring of 2017.

Governor's Budget Cont.

Key Proposition 98 and K-12 Proposals:

- ◆ \$2.94 billion for LCFF gap closure
- ◆ \$1.28 billion for discretionary one-time uses
- ◆ \$1.93 billion for Mandated Repayments
- ◆ \$500 million for an Adult Education Block Grant
- ◆ \$200 million K-12 College Readiness Block Grant (one-time/Restricted)
- ◆ \$300 million for one-time Career Technical Education (CTE) incentive grants
- ◆ \$100 million to fund 8,877 additional full day pre-school slots

The Measure to Extend Proposition 30 Now Known As Proposition 55

The California Children's Education and Healthcare Protection Act of 2016 will now be known as Proposition 55. On July 1, 2016, the Secretary of State assigned proposition numbers to 17 legislative, initiative, and referendum measures for the November 2016 election. The upcoming November ballot is planned to be the longest since March 2000, which had 20 propositions.



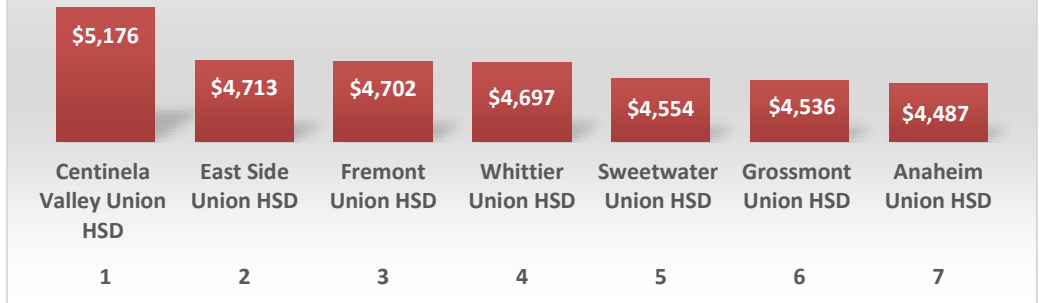
Statewide Rankings - High School Districts Total Benefits \$\$

Rank	District	Expense Per ADA
#1	East Side Union HSD	\$2,883
2	Oxnard Union High	\$2,675
3	Fremont Union HSD	\$2,580
4	Grossmont Union HSD	\$2,555
5	Kern HSD	\$2,463
6	Centinela Valley Union HSD	\$2,414
7	Antelope Valley Union HSD	\$2,393
8	Chaffey Joint Union HSD	\$2,378
9	Campbell Union HSD	\$2,373

ESUHSD Ranks # 1 for all High School Districts Statewide for Total Benefits Expense Per ADA and #2 for Certificated Non-Mgmt. Salaries

Source: 2014-15 School Services CADIE Report

High School Districts - Statewide Rankings (Avg. Certificated Monthly Non-Mgmt. Salaries Per ADA)



East Side Union High School District Still Ranks #2 Statewide When Compared to all High School Districts Avg. Monthly Cert. Non-management Salaries Per ADA

New District Foreign Exchange Program Receives Federal Approval?

In Late May, the East Side Union High School District received final approval to launch our new Foreign Exchange Student Program. The district received over 125 student interest applications from students all around the world. Based on the late approval, we only received firm commitments from 8 students. Seven of the students are from Vietnam and 1 is from Finland. Four of the incoming students will attend Silver Creek, two will attend Andrew Hill, one will attend Independence, and one will attend Piedmont. If you happen to meet one of our new foreign exchange students, please welcome them to the District.



The District welcomes our first cohort of foreign exchange students and their Host Families at the East Side Education Center

The District's New \$5 million State of the Art Security Camera System will be fully operational districtwide by November 2016. The new camera's will assist in keeping our students, staff, and facilities safe and secure. The camera's will provide high resolution and daytime clarity at night and the ability to zoom from a distance the length of 2 football fields.



East Side Board Initiating Point Counter–Point Budget Inquiry Due to Budget Concerns?

With the Adoption of the 2016-17 budget and on-going concerns around the district's long-term forecast, the Board has been prompted to initiate a Point Counter-Point budget inquiry. The inquiry was brought about to increase consensus and understanding around the budget. The District's most recent financial projections indicated that the District may fall into a qualified budget status as early as December 2016 and by FY 2019-20, the district may not have enough reserves to meet the 3% minimum reserve as required by the State. The District's budget has been impacted by a number of factors including declining enrollment, charter school growth, increased health and welfare costs, higher employer pension contributions, and the pending expiration of Proposition 30. All of the factors combined have had a profound effect on the district's budget. The Point Counter-Point budget Inquiry will do the following:

- Provide a Budget Review and Critical Question Query
- Provide for an Open Discussion and Understanding of the Fiscal Realities
- Involve all Key Stakeholders including Board Members, Union Representatives, District Staff, Parents and Students, County Office Staff, and other interested parties

The first kick-off meeting is being scheduled for October 2016.

ATTENTION CERTIFICATED STAFF belonging to CalSTRS (California State Teachers' Retirement System)

Assembly Bill 1459, which took effect 7/1/2014, increases the member and employer contribution rates for the CalSTRS Defined Benefit Program. The rates are subject to increase annually as per AB 1459.

For the **2016-2017** fiscal year, effective July 1, 2016, the CalSTRS employee rate has increased to **10.25%** for employees that were members **prior** to January 1, 2013 (2% at 60).

For the **2016-2017** fiscal year, effective July 1, 2016, the CalSTRS employee rate has increased to **9.205%** for employees that were members **on/or after** January 1, 2013 (2% at 62).

**To Report Fraud, Waste, or
Abuse Anonymously Call
1-855-247-3156**

NOTEWORTHY

New East Side \$500 Million Bond Initiative Goes to the Voters in November 2016

The new \$500 million bond if passed will allow the District to continue the modernization of all sites within the District. The modernization of facilities will further enhance the learning environment for both students and teachers in the District. Newly updated facilities will allow the District to keep its commitment to the East Side community to "Prepare Every Student to Thrive in a Global Society."

Summer Work Completion

The Business Division has been very busy this summer with the assistance of our summer interns and the following was completed:

- Cleaned surfaces, keyboards, and mice in all labs
- Installed new white boards at IAC
- Installed over 100 new POS computers for food service
- Cleaned and repaired 23,000 computers
- Junk and debris removal from all sites

Kudos to IT and the entire Business Services Division Team.

Early Retirement Options

A Supplemental Early Retirement Proposal for eligible Certificated Staff and a Cash Incentive for eligible Managers and CSEA staff who are at least 55 and have 10 years of service will be presented at the August 18th Board meeting for consideration.