

# 2019-20 Proposed Budget and Long Range Financial Projections

San Marino Unified School District  
June 11, 2019

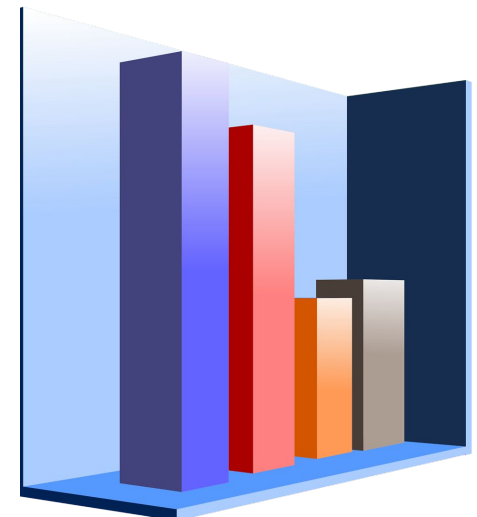
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Assistant Superintendent, Business Services

# Economic Update - National

- National - Continued slow and inequitable growth
- Real GDP growth up 2.9% in 2018, slowing in 2019-20
- Unemployment 3.9% in 2018, falling slightly in 2019-20
- Inflation 2.4% in 2018, continuing at 2-3% in 2019-20

Economic risks: Tax reform and federal spending, trade issues, immigration reform, housing, revenue volatility, aging population, and consumer debt.

*Special thanks to Capitol Advisors and School Services of CA, Inc. for their input and key information contained in this report.*



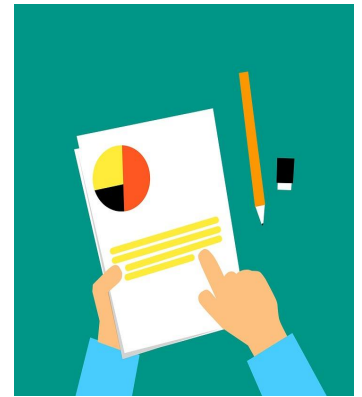
# Economic Update - California

- Slowing and uneven growth
- Unemployment 4.1% in 2018, 4.3% in 2019
- Employment growing at 1.6% in 2018, slowing in 2019-20
- Inflation 3.7% in 2018
- Housing costs up by 5%
- Many workers saw a decrease in real income in 2018; below 2% in total real personal income through 2021



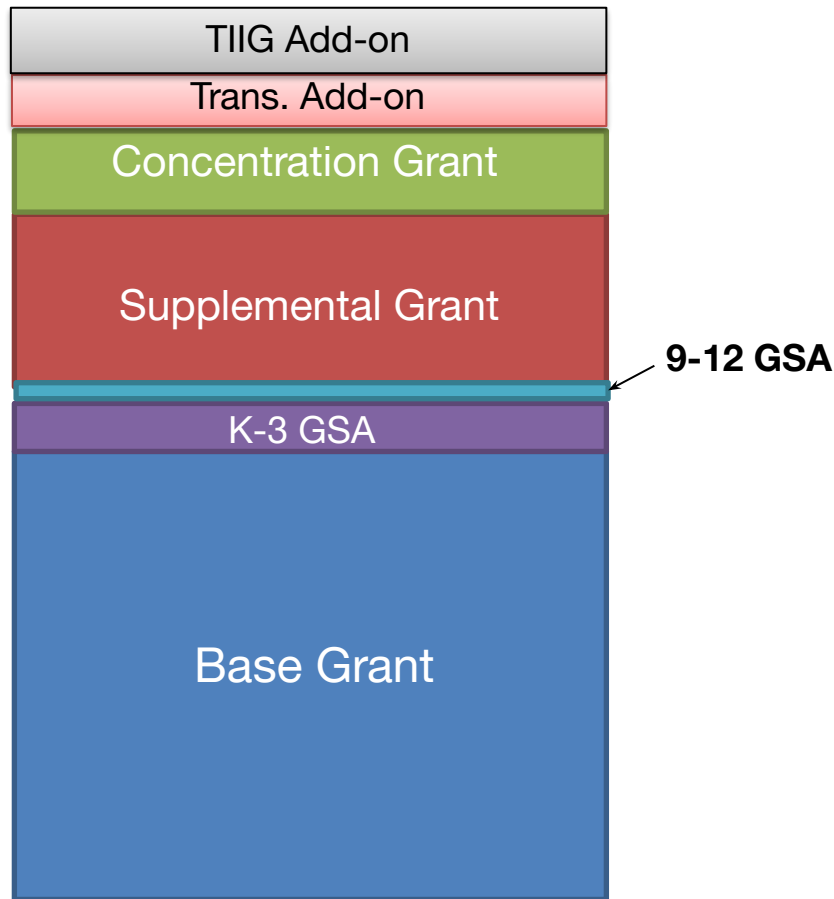
# Proposed State Funding for K-12 Education: 2019-20

- LCFF Funding/COLA
  - LCFF Funding is based on COLA and ADA.
  - SMUSD to receive a fraction of the 3.26% statutory COLA
- Categorical programs and Special Education COLA
  - Also based on actual Average Daily Attendance
- Supplemental Grant Funding
- Concentration Grant Funding
  - 55% or more Unduplicated Count Students
  - SMUSD does not qualify for this funding
- No one-time Discretionary Funding
- Special Education Readiness Program - Targeted at school districts with both students with exceptional needs and unduplicated count students
- Teacher Recruitment/Retention/Training and Scholarships



# LCFF Funding Model

## Entitlements



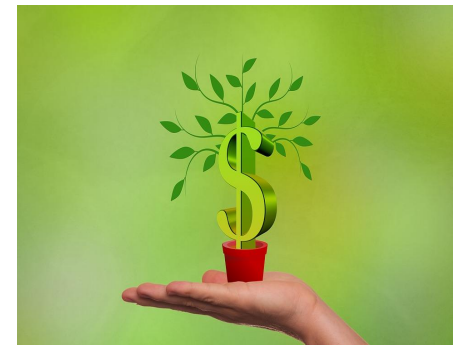
**The LCFF Funding Model is based on “Base Grants” by specific grade levels, adjusted by Augmentation Grants for grades K-3 and 9-12. School districts receive Supplemental Grant funding based on the number of Unduplicated Count Students. For those school districts with 55% or more Unduplicated Count Students, they receive Concentration Grant Funding (50% of Base Grants). School districts also receive Targeted Instructional Improvement Grants and funding for Home-to-School Transportation.**

# 2019-20 Local Control Funding

<b>Grade Level</b>	<b>Base Grant</b>	<b>Augmentation Grants</b>	<b>Total Grant</b>
<b>TK-3</b>	<b>\$7,702</b>	<b>\$801</b>	<b>\$8,503</b>
<b>4-6</b>	<b>\$7,818</b>	<b>-</b>	<b>\$7,818</b>
<b>7-8</b>	<b>\$8,050</b>	<b>-</b>	<b>\$8,050</b>
<b>9-12</b>	<b>\$9,329</b>	<b>\$243</b>	<b>\$9,572</b>

# 2019-20 District Funding

- It is projected that the District's LCFF Funding will increase by \$188,283 or .72%.
- At the same time, the District is incurring increased costs for CalSTRS and CalPERS contributions, health benefit increases, and step and column salary adjustments.
- The District's increased costs exceed its new LCFF Funding.



# Key Revenue Assumptions

	2018-19	2019-20	2020-21	2021-22
<b>Student Enrollment</b>	<b>2,967</b>	<b>2,935</b>	<b>2,904</b>	<b>2,853</b>
<b>LCFF Funded ADA</b>	<b>2,992.37</b>	<b>2,906.68</b>	<b>2,860.10</b>	<b>2,830.03</b>
<b>Increase in LCFF Funding</b>	<b>\$1,500,042</b>	<b>\$188,283</b>	<b>\$359,436</b>	<b>\$450,904</b>
<b>One-Time State Funding</b>	<b>\$549,516</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Federal Revenues</b>	<b>\$1,020,571</b>	<b>\$1,024,743</b>	<b>\$1,024,743</b>	<b>\$1,024,743</b>
<b>Schools Foundation</b>	<b>\$2,149,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>Parcel Taxes</b>	<b>\$5,800,000</b>	<b>\$5,924,500</b>	<b>\$6,102,235</b>	<b>\$6,153,220</b>



# Key Revenue Adjustments

	2019-20	2020-21	2021-22
<b>Net Increase in LCFF Funding</b>	<b>\$188,283</b>	<b>\$359,436</b>	<b>\$450,904</b>
<b>Increase in Federal Revenues</b>	<b>\$4,172</b>	-	-
<b>Other State Revenues - One-Time Funding &amp; Lottery</b>	<b>(\$616,264)</b>	-	-
<b>Special Education Funding</b>	<b>\$19,658</b>	-	-
<b>Parcel Tax Revenues</b>	<b>\$124,500</b>	<b>\$177,735</b>	<b>\$50,985</b>

# Key Expenditure Assumptions

	2018-19	2019-20	2020-21*	2021-22*
<b>Certificated Salaries</b>	<b>\$17,424,148</b>	<b>\$17,820,606</b>	<b>\$17,048,806</b>	<b>\$16,689,606</b>
<b>Classified Salaries</b>	<b>\$8,377,833</b>	<b>\$8,415,667</b>	<b>\$8,455,667</b>	<b>\$8,615,667</b>
<b>Employee Benefits</b>	<b>\$10,165,358</b>	<b>\$10,695,813</b>	<b>\$10,961,225</b>	<b>\$11,017,040</b>
<b>Books and Supplies</b>	<b>\$2,529,906</b>	<b>\$1,371,792</b>	<b>\$1,288,328</b>	<b>\$1,244,447</b>
<b>Operating Expenditures</b>	<b>\$5,406,039</b>	<b>\$4,050,641</b>	<b>\$3,950,641</b>	<b>\$3,950,641</b>
<b>Equipment</b>	<b>\$843,918</b>	<b>\$310,000</b>	<b>\$210,000</b>	<b>\$210,000</b>

★ *Note: Future year projections include potential budget savings/reductions.*

# Key Expenditure Adjustments

	2019-20	2020-21	2021-22
<b>Certificated Step &amp; Column</b>	<b>\$60,000</b> Column, Step Included in Total Salaries	<b>\$260,000</b>	<b>\$260,000</b>
<b>Classified Step</b>	<b>Included</b>	<b>\$160,000</b>	<b>\$160,000</b>
<b>Statutory Benefits</b>	<b>Included</b>	<b>\$210,000</b>	<b>\$210,000</b>
<b>Health Benefits</b>	<b>\$156,527</b>	<b>TBD</b>	<b>TBD</b>
<b>STRS/PERS Increases</b>	<b>\$299,369</b>	<b>\$479,402</b>	<b>\$61,705</b>
<b>COP Debt Service Payment</b> (Donations will cover the COP debt services payments through 2021)	<b>\$412,775</b>	<b>\$463,008</b>	<b>\$466,400</b>

# Other Sources/Uses

	2019-20	2020-21	2021-22
<b>Transfer In from Cash Flow Fund</b>	<b>\$1,306,850</b>	<b>-</b>	<b>-</b>
<b>Transfer In from Deferred Maintenance Fund</b>	<b>\$300,000</b>	<b>-</b>	<b>-</b>
<b>Transfer In from Health Benefits Fund</b>	<b>\$9,909</b>	<b>TBD</b>	<b>TBD</b>
<b>Transfer Out to Capital Fund</b>	<b>(\$15,500)</b>	<b>(\$15,500)</b>	<b>(\$15,500)</b>
<b>Contribution to Special Education</b>	<b>\$3,917,842</b>	<b>\$3,778,994</b>	<b>\$3,831,432</b>
<b>Contribution to Maintenance</b>	<b>\$1,747,700</b>	<b>\$1,759,700</b>	<b>\$1,771,700</b>

# CalSTRS and CalPERS Employer Contribution Rates

	2018-19	2019-20	2020-21*	2021-22*
CalSTRS	16.28%	16.70%	18.10%	17.80%
CalPERS	18.062%	20.73%	23.60%	24.90%
Increase (\$'s)	\$707,088	\$299,369	\$479,402	\$61,705

Added employer pension contributions are consuming 40% of Proposition 98 growth. Future year increases are projected through 2024-25.

# 2019-20 Bridging the Budget Gap

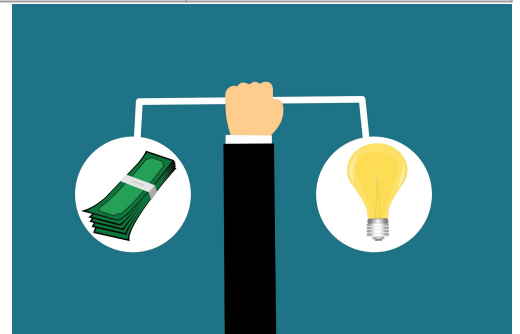
	2019-20
<b>Projected Budget Deficit (as of 2018-19 Second Interim Report)</b>	<b>\$2,500,000</b>
<b>Transfer from Cash Flow Fund (one-time)</b>	<b>\$1,306,850</b>
<b>Transfer from Deferred Maintenance Fund (one-time)</b>	<b>\$300,000</b>
<b>Contribution from Post Employment Benefits Trust (one-time)</b>	<b>\$36,209</b>
<b>Budget Savings/Reductions (Future Year Savings TBD)</b>	<b>\$856,941</b>

**Note: In planning for 2020-21 and beyond, there are several factors such as actual state, federal, and local revenues, student enrollment/ADA, and pending legislation related to K-12 Education funding. Potential budget reductions/savings have been included in the 2020-21 and 2021-22 projections for planning purposes.**

# Ending Balance Projections

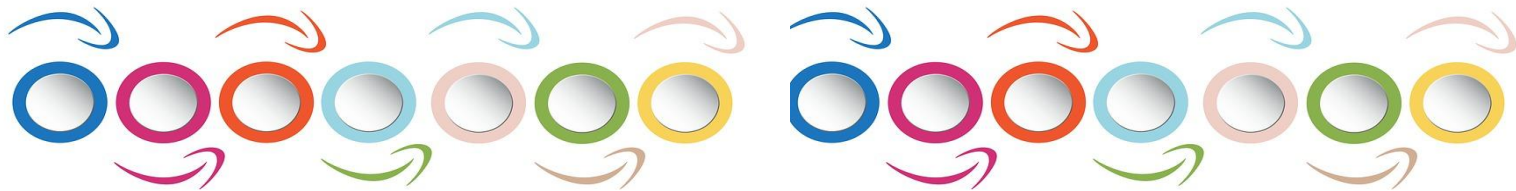
	2018-19	2019-20	2020-21*	2021-22*
<b>3% Reserve for Economic Uncertainties</b>	<b>\$1,358,186</b>	<b>\$1,297,134</b>	<b>\$1,276,145</b>	<b>\$1,270,629</b>
<b>Assigned Carryover: School Site Donations</b>	<b>\$177,141</b>	<b>\$314,248</b>	<b>\$102,521</b>	<b>\$102,521</b>
<b>Revolving Fund/Stores</b>	<b>\$107,804</b>	<b>\$107,804</b>	<b>\$107,804</b>	<b>\$107,804</b>

★ Financial projections contingent upon actual state and local revenues, budget savings/reductions and actual student enrollment/ADA.



# 2019-20 - Next Steps

- Continue to assess/evaluate student enrollment, staffing, programs/services, and budgets
- June 25<sup>th</sup> Board of Education approval of Proposed 2019-20 LCAP Update and 2019-20 Budget
- July 1<sup>st</sup> Adoption of the State Budget
- August 15<sup>th</sup> Update District Budget based on Adopted State Budget for 2019-20.
- September 15<sup>th</sup>: 2018-19 Audited Actual Financial





# Looking Ahead: 2020-21 Budget Planning



- September: 2018-19 Unaudited Actuals
- October: December: District Leadership Budget Meetings
- December: 2018-19 Audited Financial Statements
- January - March: 2020-21 Governor's Proposed Budget, Future Year Enrollment Projections; Board Budget Study Sessions, Potential Budget Savings/Reductions
- May: Governor's May Revise, Updated Budget Projections
- June: 2020-21 Proposed Budget Presented to the Board



# Questions/Discussion

