

DAVIS JOINT UNIFIED SCHOOL DISTRICT
2017-18 FIRST INTERIM BUDGET UPDATE
NOVEMBER 2, 2017





FIRST INTERIM BUDGET PLANNING SUMMARY



The First Interim Report in December includes updates from the final approved State budget, unaudited actuals, and other budget revisions based upon current activity. This report will include changes in budget projections for the current year as well as future year projections.

The specific updates will include fund balances from the unaudited actuals, LCFF and other funding changes from the final State budget, updates to projected student enrollment and attendance (ADA) based on our current year snapshot, updated staffing from enrollment changes and actual payroll costs, program carryover spending commitments and Board approved changes.

BUDGET CONSIDERATIONS



- DJUSD has a strong tradition of academic excellence and fiscal responsibility.
- While State funding has improved, it's not enough to pay for all the services we'd like to have for our students and families.
- The Board and administration are committed to invest dollars strategically and wisely towards the future of our district.

STATE BUDGET UPDATE



- Current year LCFF funding approved as projected, multi-year projections reduced
- One-time State discretionary payment approved; \$1.1 million for DJUSD
- **One-Time Funds for Outstanding Mandate Claims, Fiscal Year 2017–18**
 - *Legislative intent is to prioritize the use of funds for deferred maintenance, professional development for educators, induction for beginning teachers with a focus on relevant mentoring, instructional materials, technology infrastructure, and any other investments necessary to support the implementation of California’s academic standards.*

OTHER UPDATES



- Staffing to current approved positions & placements
- Enrollment/ADA review and updates
 - LCFF and site allocations
- Carryover/Commitments
 - Site funds
 - English Language Arts adoption
 - Restricted grants and donations

DJUSD BUDGET OUTLOOK

■ Fiscal themes for the near future

- Projected state revenue growth in the future
 - Implementation of LCFF



- Managing deficit spending
- Increases in Statutory Benefits
- Employee compensation and collective bargaining
- Staffing and Program

■ Fund balance reserve components

- Maintaining minimum uncertainty reserve level of 8%
- Multiyear program funding

LOCAL CONTROL FUNDING



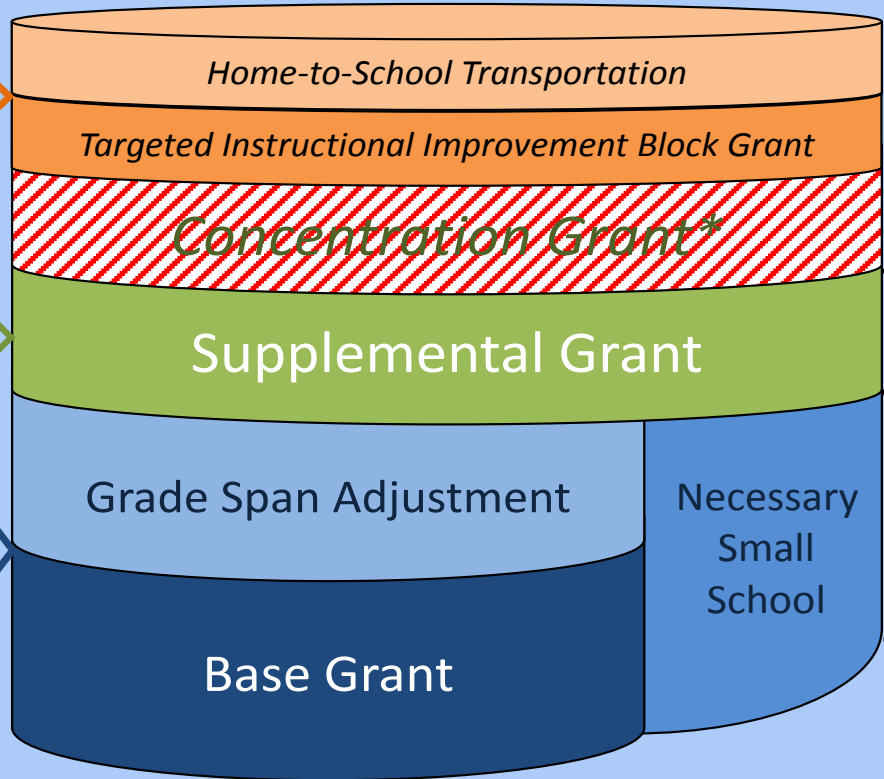
TOTAL TARGET LCFF: \$65,576,886

12-13
Award Level

Unduplicated Pupil Count
English Learners
Low Income
Foster Youth

26

Average
Daily Attendance
7,695.00



Add-ons
\$572,574

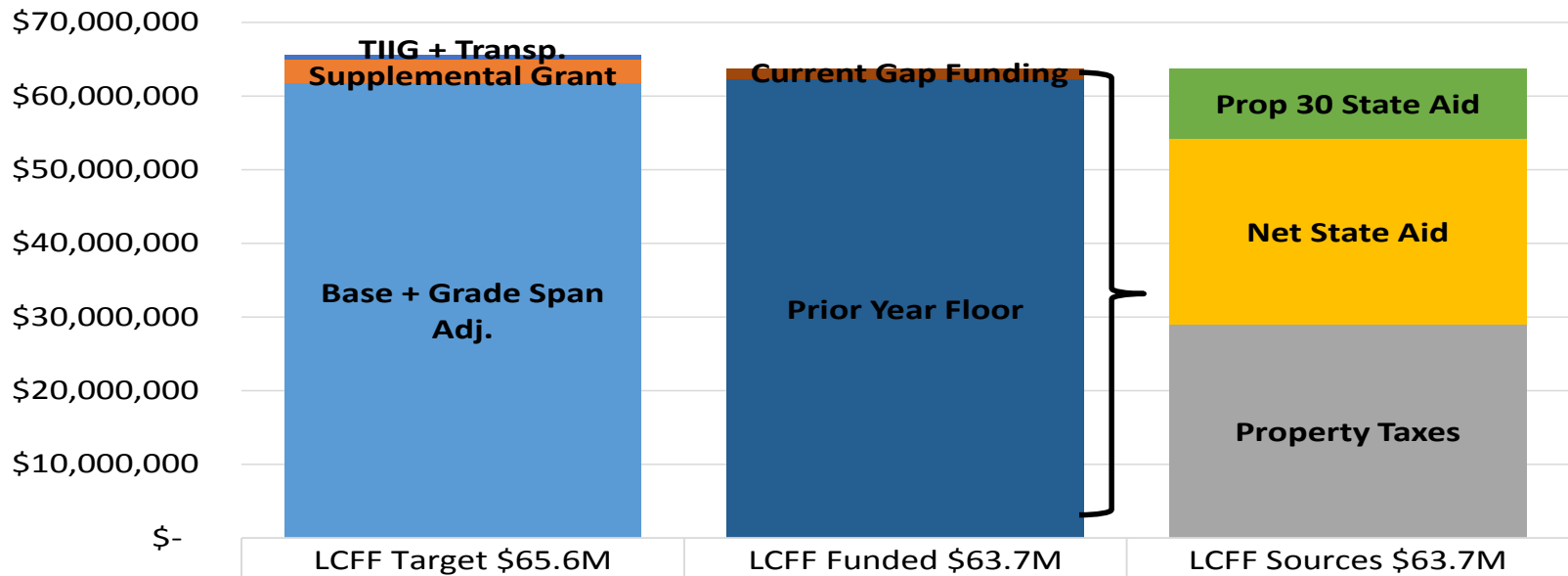
Supplemental
\$3,191,987

Adjusted Base Grant
\$61,812,325

*** No Concentration Grant funding for DJUSD, Unduplicated Pupil Percentage must be above 55% to receive funding**

LOCAL CONTROL FUNDING FORMULA

DJUSD Local Control Funding Formula 2017-18



- Prop 30 State Aid
- Net State Aid
- Property Taxes
- Current Gap Funding
- Prior Year Floor
- TIIG + Transp.
- Supplemental Grant
- Base + Grade Span Adj.

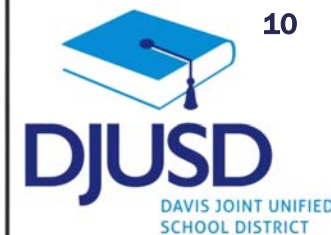


DJUSD Budget Outlook

Projected State LCFF revenue

- **Key Revenue Factors**
 - **COLA (applied to target)**
 - **Gap Funding Rate**
 - **Average Daily Attendance (ADA)**
 - **Unduplicated Pupil Percentage**

DJUSD Budget Outlook LCFF




LCFF Factors *	2017-18	2018-19	2019-20
COLA	1.56%	2.15%	2.35%
Gap Funding Rate	43.19%	66.12%	64.92%
ADA	7,695	7,695	7,695
Unduplicated Pupil Percentage	25.82%	26.24%	26.24%

*** Subject to change based upon new information**

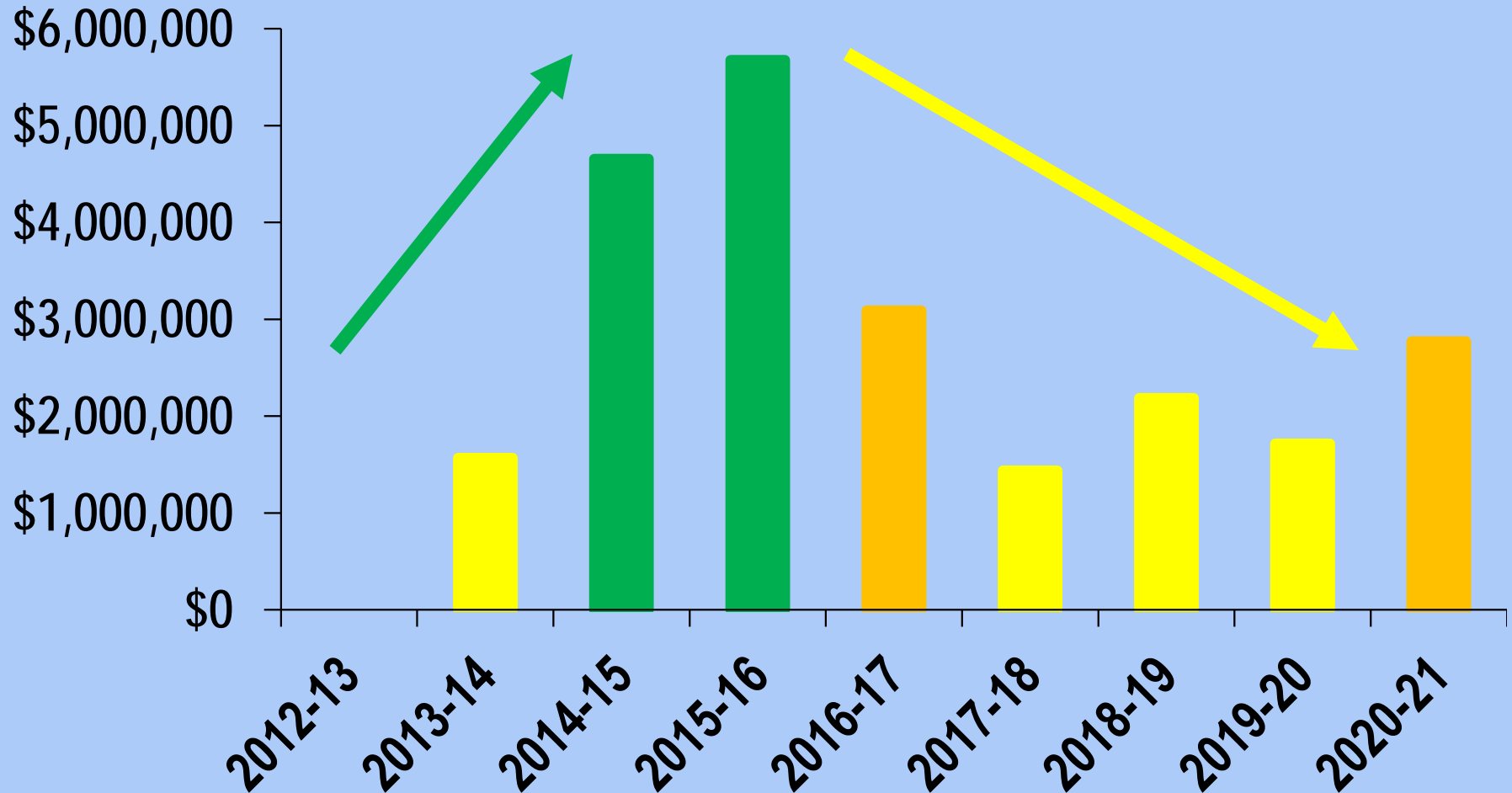
DJUSD Budget Outlook LCFF



\$ Millions	2017-18	2018-19	2019-20
LCFF target	\$65.6	\$67.0	\$68.5
 Projected LCFF Funding	\$63.7	\$65.9	\$67.6
Base Grant and Add-Ons	\$60.7	\$62.7	\$64.3
Supplemental Grant	\$3.0	\$3.2	\$3.3

Projection Using the Latest Gap Funding Information from the State

LCFF REVENUE ANNUAL GROWTH RATE



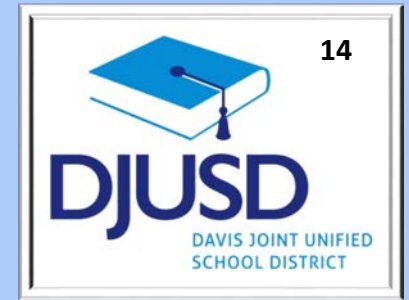
DJUSD BUDGET OUTLOOK



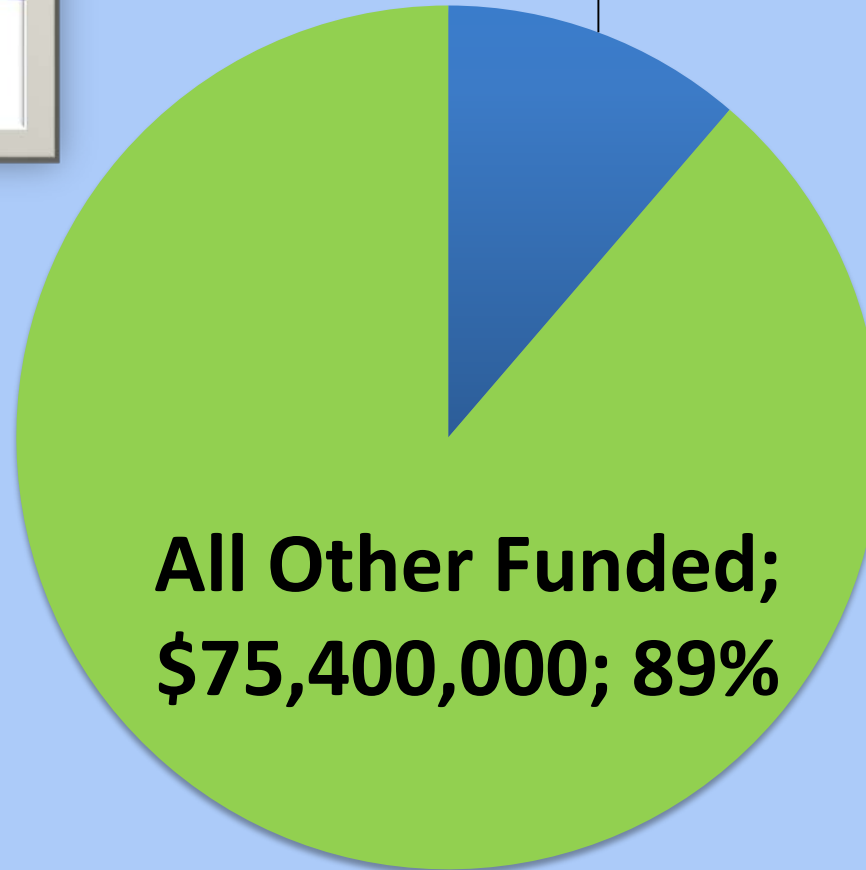
■ Managing deficit spending

The District has been using fund balance reserves to deficit spend

- *District goal to maintain 8% minimum reserve for Economic Uncertainties*
- *Eliminate spending deficit as needed to maintain minimum reserve level*



**Parcel Tax Funded;
\$9,600,000; 11%**

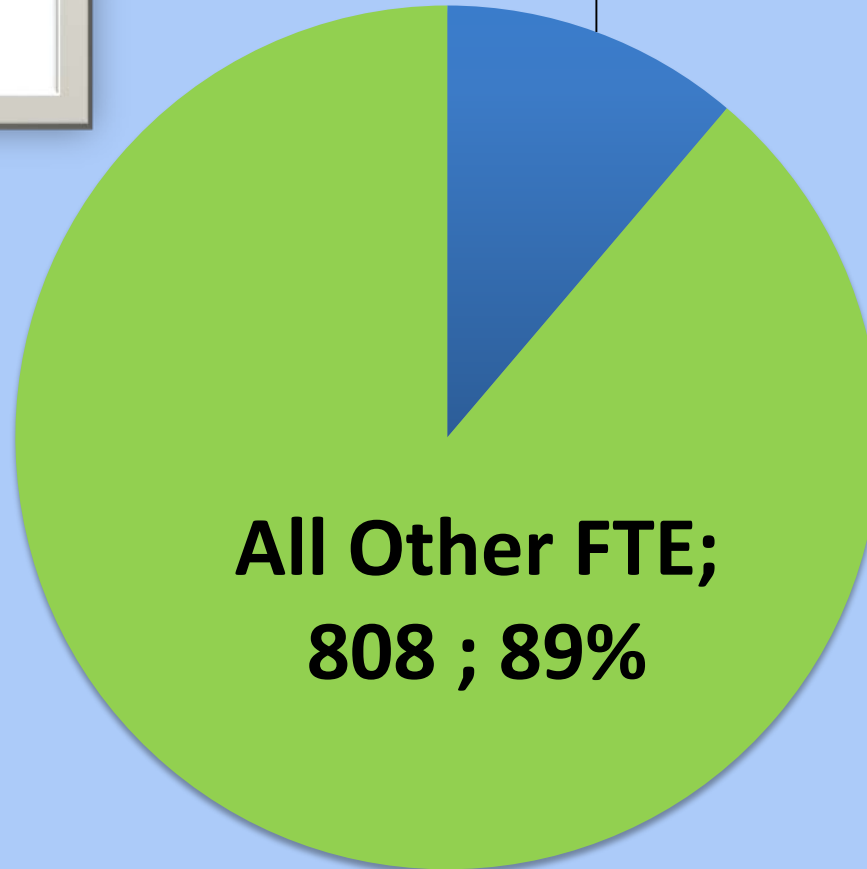
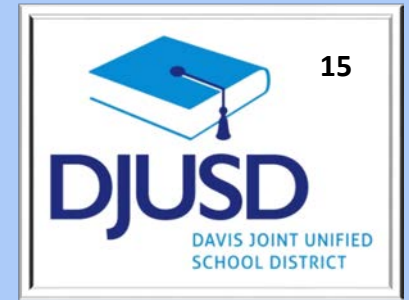


**All Other Funded;
\$75,400,000; 89%**

Total General Fund Expenditures \$85,000,000



**Parcel Tax FTE;
102 ; 11%**



Total General Fund FTE 910

DJUSD BUDGET OUTLOOK

Statutory Benefits - Pension costs

- The Budget includes increases for payroll pension costs based upon the State's plan for increased rates
- State mandated use of LCFF funds



STRS Pension	2017-18	2018-19	2019-20
Final State approved rates	14.43%	16.28%	18.13%
<i>Final State rate change</i>	+1.85%	+1.85%	+1.85%
Budget cost projection	\$750,000	\$760,000	\$770,000

PERS Pension	2017-18	2017-18	2019-20
Final State projected rates	15.53%	18.10%	20.80%
<i>Final State rate change</i>	+1.64%	+2.57%	+2.70%
Budget cost projection	\$270,000	\$430,000	\$460,000

DJUSD BUDGET OUTLOOK



- Employee compensation and collective bargaining
 - The Adopted Budget included increases for annual step and column costs based upon the District staff placements
 - Any additional increases to compensation are part of the annual collective bargaining/negotiations process

Employee Compensation	2017-18	2018-19	2018-19
Budget Step & Column Estimates *	\$935,000	\$935,000	\$935,000
Collective Bargaining Agreements **	Negotiated	Negotiated	Negotiated
2017-18 CSEA Agreement	\$327,000	\$141,000	\$83,000
Cost of 1% all employees **	\$699,000	\$699,000	\$699,000

*** Subject to change based upon updated analysis of current employee placements**

**** Details by employee group reported in the Adoption Budget Criteria and Standards Status of Labor Agreements**

DJUSD BUDGET OUTLOOK

■ Staffing and Program

- The Adopted Budget included increases for mandated programs that are part of the State budget regulations
 - K-3 Class Size to 24:1 average by site
 - Routine maintenance at 3% of total expenditures
- The District must show adequate program support and services for the LCFF supplemental program funds allocated based upon the Unduplicated Count of students of need. The approximate financial support for these student programs and service needs to grow at an annual rate of **\$100,000** to meet the LCFF target entitlement for supplemental programs in 2021
- The District has other planning goals for the Strategic Plan and the Local Control Accountability Plan (LCAP) that need to be reviewed as part of the long term budget planning



DJUSD BUDGET OUTLOOK

■ Staffing and Program



■ Instructional Materials and Technology

- In the past State funding model, instructional materials and site instructional technology were funded using restricted categorical funds for these specific purposes.

- New testing and assessment processes and curriculum adoption standards require investments in site instructional technology.

- In the new Local Control funding model, districts need to develop local plans to support these program needs from LCFF or other funds.





DJUSD BUDGET OUTLOOK RESERVE COMPONENTS



■ Non-Spendable

- Revolving Cash, Inventory, Pre-paid expenditures

■ Restricted

- Restricted use by funding source (Not included in reserve calculation %)

■ Committed

- Committed for a specific purpose by Board vote

■ Assigned

- Assigned for a specific purpose as part of the budgeting process
- Uses include setting aside for future year expenditures/liabilities

■ Unassigned/Unappropriated

- Minimum reserve for economic uncertainties **8%**
 - State required minimum reserve for economic uncertainties - 3%
 - Local Board policy minimum reserve for uncertainties - 5% additional



Questions

