



DAVIS JOINT UNIFIED SCHOOL DISTRICT

2017-2018

SECOND INTERIM BUDGET UPDATE

MARCH 1, 2018

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CHIEF BUSINESS AND OPERATIONS OFFICER



SECOND INTERIM BUDGET PLANNING SUMMARY



The Second Interim Report in March includes updates since the last budget, review of actuals to date and projections for next year using the Governor's January Budget proposals. The report will include changes in budget projections for the current year as well as future year projections.

The specific updates will include LCFF and other funding changes from the Governor's January State budget proposal, updates to projected student enrollment and attendance (ADA), updated staffing from enrollment changes and actual payroll costs, spending commitments and Board-approved changes.



Multiyear Projections (MYP)

- Multiyear Projections are required by AB 1200 (Chapter 1213/1991) and AB 2758 (Chapter 52/2004)
- Multiyear financial planning is a sound business practice that all well-run organizations do regardless of any legal requirements
- Recognize that MYPs are projections, not forecasts
 - Projections are expected to change as various factors change – they are not predictions
 - Projections are the mathematical result of today's decisions based on a given set of assumptions
 - Forecasts are predictions of the future – there is a higher implied reliability factor than for projections
- Projections will change any time the underlying factors change – therefore, plan to adjust as conditions change

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



- **2017-18 No Changes**
- **2018-19 Local Control Funding Formula (LCFF)**
 - Projected LCFF growth increase of \$3.6m for DJUSD
- **2018-19 One-Time Discretionary**
 - Equal to about \$295 per ADA
 - DJUSD projection of \$2.3 Million

ASSUMPTIONS FOR ADOPTION BUDGET

- Decrease staffing ratios including the use of attrition reductions to generate budget savings
- Decrease site and department operating cost budgets

DJUSD BUDGET OUTLOOK



- **Fiscal themes for the near future**
 - **Projected state revenue growth in the future**
 - Full Implementation of LCFF
 - **Parcel tax revenues in the future**
 - Taxable parcels
 - Rate changes to cover cost increases (CPI adjustment)
 - **Increasing Pension costs**
 - **Employee compensation and collective bargaining**
 - **Staffing and program reductions**
 - **Fund balance reserve components**

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

DJUSD Budget Outlook

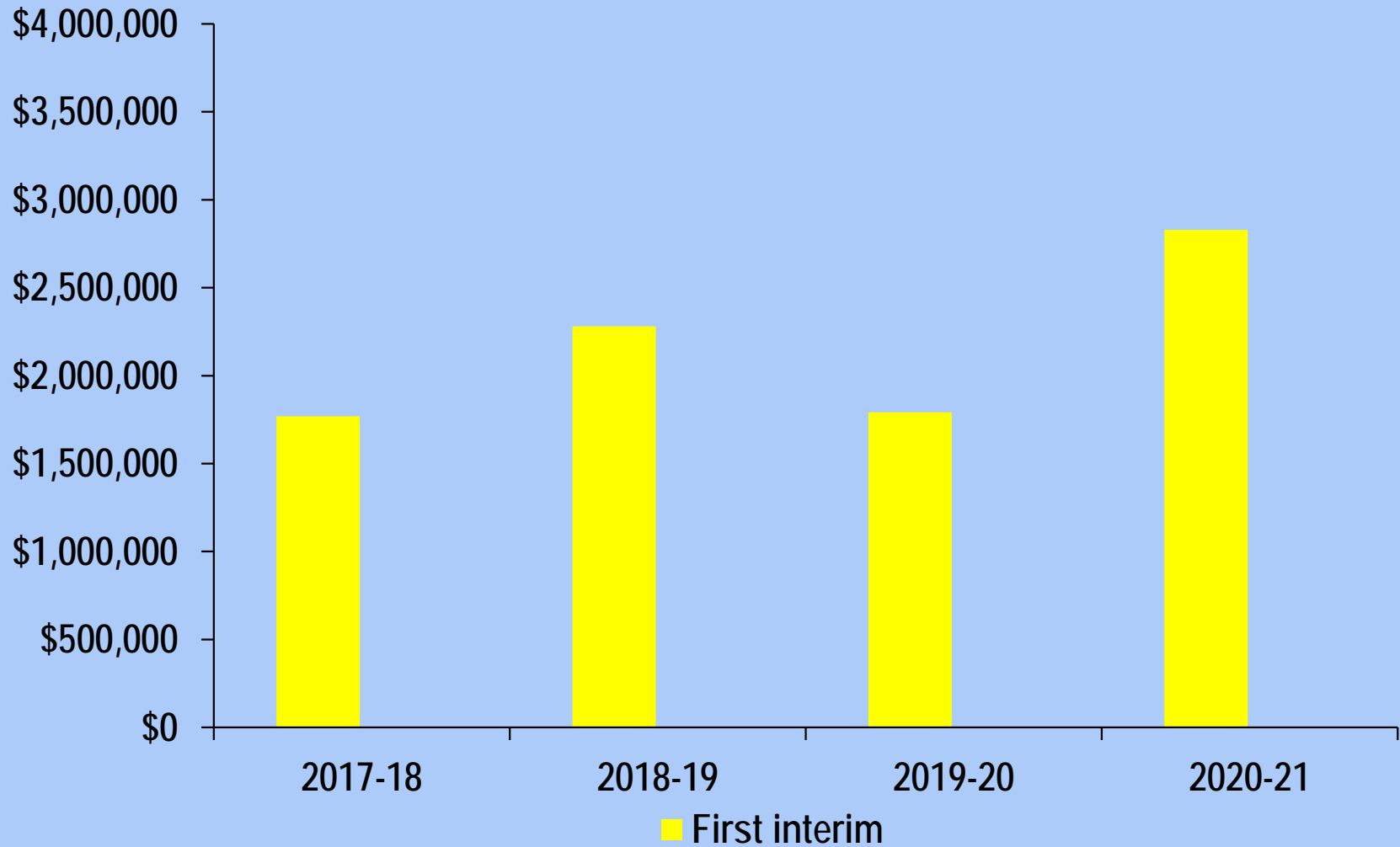
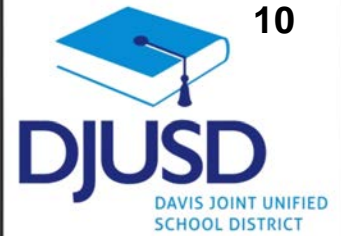


Projected State LCFF revenue

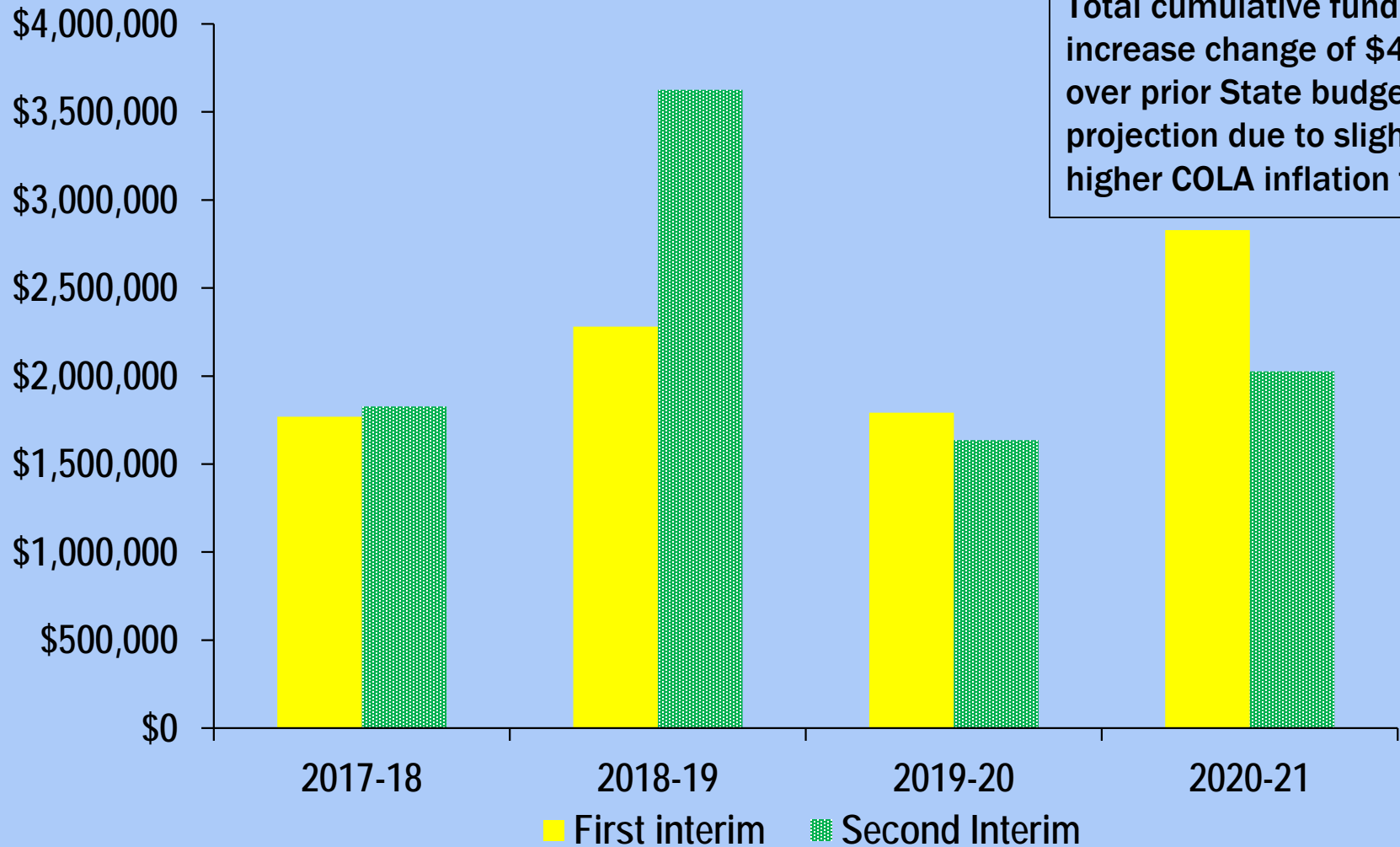
| LCFF Factors * | 2017-18 | 2018-19 | 2019-20 |
|--------------------------------------|----------------|----------------|----------------|
| COLA | 1.56% | 2.51% | 2.41% |
| Gap Funding Rate | 44.97% | 100.00% | 100.00% |
| ADA | 7,735 | 7,735 | 7,735 |
| Unduplicated Pupil Percentage | 26.28% | 27.16% | 27.61% |

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

LCFF ANNUAL GROWTH



LCFF ANNUAL GROWTH



Total cumulative funding increase change of \$450K over prior State budget projection due to slightly higher COLA inflation factors

DJUSD BUDGET OUTLOOK



■ Parcel tax revenues in the future

- The District has a new voter-approved parcel tax measure that expires June 2025.

- The school board sets the rates according to the specific approved language on an annual basis. The district has the authority to increase the rate to cover inflation using the California Consumer Price Index (CPI).

| Parcel Tax Revenue | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|-------------|-------------|-------------|-------------|
| Projected Base Revenue | \$9,600,000 | \$9,600,000 | \$9,600,000 | \$9,600,000 |
| Taxable Parcels | 15,500 | 15,500 | 15,500 | 15,500 |
| Measure H base rate | \$620 | \$620 | \$620 | \$620 |
| <i>Possible CPI Annual Increase %</i> | <i>N/A</i> | 2.6% | 2.6% | 2.6% |
| <i>Possible CPI Adjusted \$ Rate</i> | <i>N/A</i> | \$636.12 | \$652.66 | \$669.63 |
| <i>Possible CPI Annual Increase \$</i> | <i>N/A</i> | \$247,000 | \$253,000 | \$253,000 |

DJUSD BUDGET OUTLOOK



■ 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

| State Pension Costs (STRS/PERS) | 2018-19 | 2019-20 | 2020-21 |
|---------------------------------|-------------|-------------|-----------|
| Budget cost increase projection | \$1,140,000 | \$1,170,000 | \$880,000 |

| STRS Pension | 2018-19 | 2019-20 | 2020-21 |
|---------------------------------|-----------|-----------|-----------|
| Final State approved rates | 16.28% | 18.13% | 19.10% |
| <i>Final State rate change</i> | +1.85% | +1.85% | +0.97% |
| Budget cost increase projection | \$770,000 | \$770,000 | \$410,000 |

| PERS Pension | 2018-19 | 2019-20 | 2020-21 |
|---------------------------------|-----------|-----------|-----------|
| Final State projected rates | 17.7% | 20.0% | 22.7% |
| <i>Final State rate change</i> | +2.2% | +2.3% | +2.7% |
| Budget cost increase projection | \$370,000 | \$400,000 | \$470,000 |

DJUSD BUDGET OUTLOOK



- Employee compensation and collective bargaining
 - The Budget includes 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 | 2019-20 |
|-------------------------------------|-------------|-------------|-------------|
| Budget Step & Column Estimates * | \$1,061,000 | \$1,061,000 | \$1,061,000 |
| Collective Bargaining Agreements ** | Negotiated | Negotiated | Negotiated |
| 2017-18 CSEA Agreement | \$327,000 | \$141,000 | \$83,000 |
| Cost of 1% all employees ** | \$699,000 | \$707,000 | \$732,000 |

* 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 Budget includes increases for mandated programs that are part of the State budget regulations:
 - Progress towards 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 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



■ Program

■ Curriculum Adoption and Standards

- In the past, State funding model, adoptions and state mandated instructional materials were funded using restricted categorical funds for this specific purpose.
- In the new Local Control funding model, districts need to develop local plans to support these adoptions from LCFF or other funds.
- During the State budget crisis, mandated curriculum adoption dates were suspended through 2015-16.
- *Projected needs of \$1-2 Million for future materials adoptions*

*** Not funded in current District budget assumptions**

DJUSD BUDGET OUTLOOK



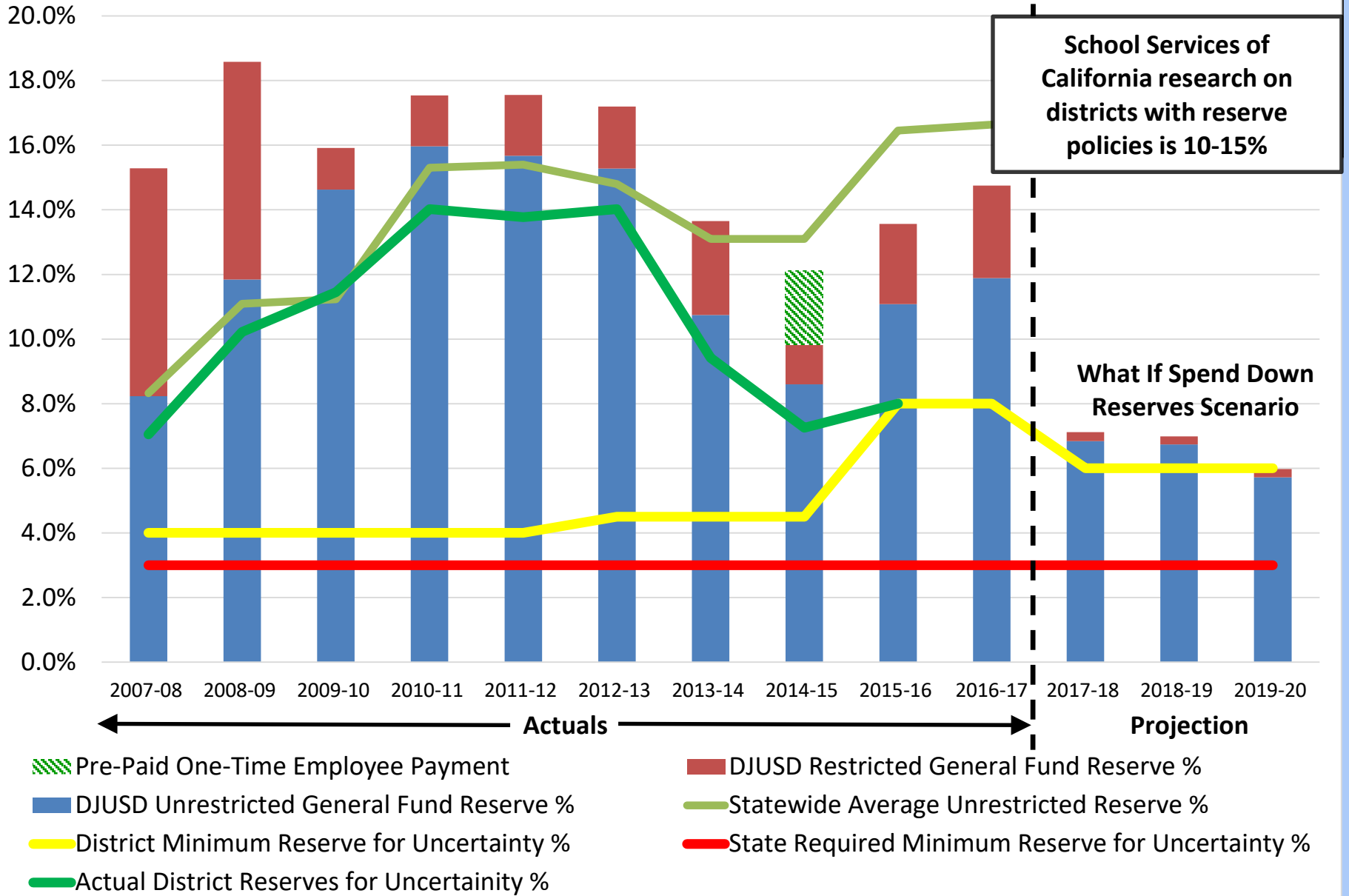
■ Program

■ Instructional Technology

- In the past State funding model, site instructional technology was funded using restricted categorical funds allocated to sites.
- In the new Local Control funding model, districts need to develop local plans to support site instructional technology from LCFF or other funds.
- New testing and assessment processes and curriculum adoption standards require investments in site instructional technology.
- *Projected needs of \$125 to \$150 thousand per year*

*** Not funded in current District budget assumptions**

DJUSD General Fund Reserve Levels



DISTRICT UNRESTRICTED RESERVES

Unrestricted General Fund, Plus Fund 17; Net Ending Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses

| | 2015-16 Actuals | 2016-17 Actuals |
|------------------------------|--------------------|--------------------|
| State Average Unified | 16.45% | 16.64% |
| Yolo County | | |
| Davis Joint USD | 11.08% | 11.88% |
| Woodland Joint USD | 24.06% | 20.39% |
| Washington USD | 23.78% | 19.59% |
| Winter Joint USD | 15.79% | 12.54% |
| Esparto USD | 18.99% | 19.50% |
| Solano County | | |
| Dixon USD | 8.71% | 7.00% |
| Vacaville USD | 16.03% | 19.76% |
| Travis USD | 15.01% | 14.65% |
| Benicia USD | 14.26% | 13.39% |
| Others | | |
| Natomas USD | 14.82% | 17.67% |
| Rocklin USD | 14.68% | 18.08% |



Questions

