

2019-20 Proposed Budget and Long Range Financial Projections

San Marino Unified School District
June 11, 2019

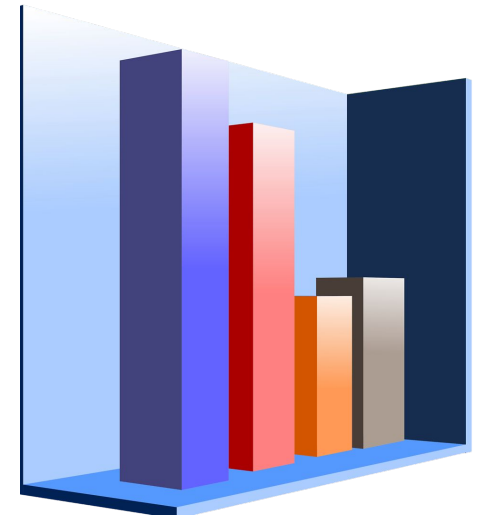
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Assistant Superintendent, Business Services

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.



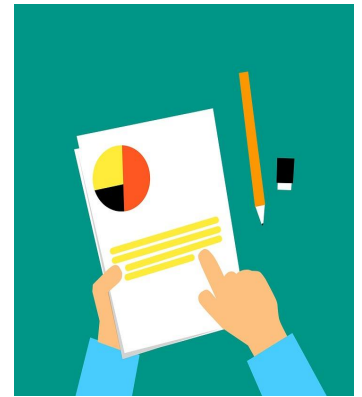
Economic Update - California

- 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



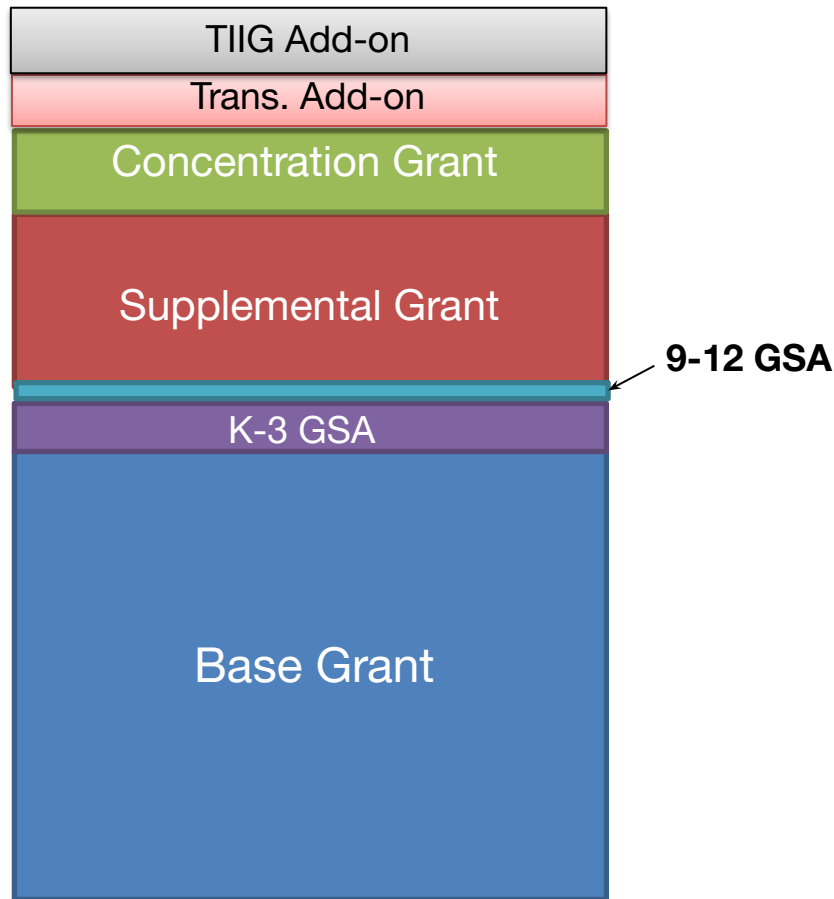
Proposed State Funding for K-12 Education: 2019-20

- 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

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

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

Key Revenue Adjustments

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

Key Expenditure Assumptions

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

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

Key Expenditure Adjustments

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

Other Sources/Uses

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

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

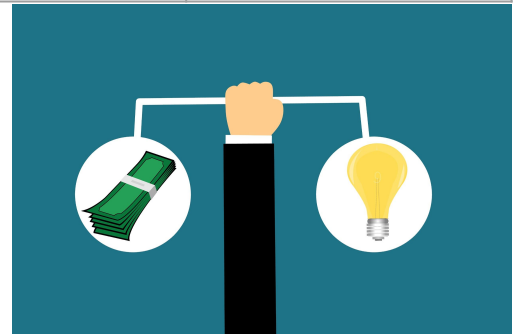
	2019-20
Projected Budget Deficit (as of 2018-19 Second Interim Report)	\$2,500,000
Transfer from Cash Flow Fund (one-time)	\$1,306,850
Transfer from Deferred Maintenance Fund (one-time)	\$300,000
Contribution from Post Employment Benefits Trust (one-time)	\$36,209
Budget Savings/Reductions (Future Year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

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

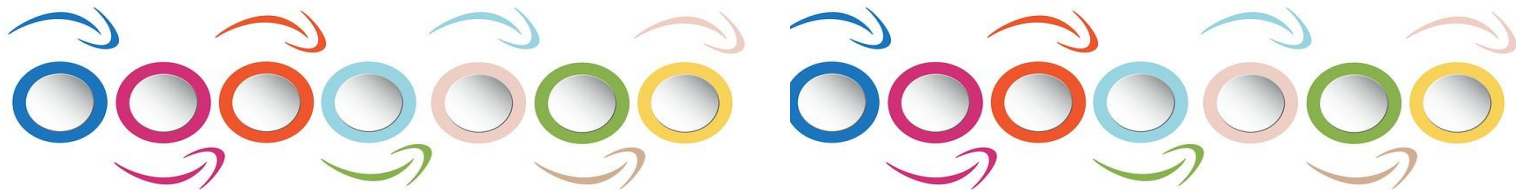
	2018-19	2019-20	2020-21*	2021-22*
3% Reserve for Economic Uncertainties	\$1,358,186	\$1,297,134	\$1,276,145	\$1,270,629
Assigned Carryover: School Site Donations	\$177,141	\$314,248	\$102,521	\$102,521
Revolving Fund/Stores	\$107,804	\$107,804	\$107,804	\$107,804

★ 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 25th Board of Education approval of Proposed 2019-20 LCAP Update and 2019-20 Budget
- July 1st Adoption of the State Budget
- August 15th Update District Budget based on Adopted State Budget for 2019-20.
- September 15th: 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

