

2017-18 ADOPTED BUDGET REPORT



Board Study Session: June 06, 2017



MAY REVISION

The Governor's May Revision was released on May 11, 2017. Growth continues to slow as we enter the 7th year of recovery.

Highlights include:

- One-time discretionary funds
- Proposition 30 & 55
- Proposition 39



ONE-TIME DISCRETIONARY FUNDS

- As a result of modest revenue increases since the release of the January Budget, the May Revision proposes an increase in discretionary one-time funding of just under \$750 million.

1-TIME FUNDS	January Budget	May Revision
Per-Pupil	\$48	\$173
Total	\$287 million	\$1.04 billion

- But, the Governor proposes to hold all of the funds until May 2019!



PROPOSITIONS 30 & 55

- Proposition 30 was enacted in 2012, temporarily raising the state sales tax (\$1.5 billion annually) and high-bracket income tax (\$6 billion to \$8 billion annually)
- In November 2016, with the passage of Proposition 55, voters extended the high-bracket income tax for an additional 12 years through 2030
- Over the long run, these measures will generate about \$10 billion to \$14 billion annually to support all General Fund programs. K-14 education will benefit as Proposition 98 increases, capturing about 40% of these added revenues



PROPOSITION 55 - SPENDING PLAN

TOTAL 2017-18 BUDGET = \$2,000,000

Professional Development: \$1,300,000

- Curriculum Leads: \$330,000
- Summer Curriculum Team Planning Work: \$650,000
- Professional Learning Advisory Team of Educators: \$20,000
- Team Leads: \$300,000

Athletics and Safety: \$600,000

- Trainers: \$200,000
- Coaches: \$200,000
- Science Lab Assistants: \$200,000

Supporting Curricular Interventions

- Academic Foundations: \$100,000



CLEAN ENERGY JOBS ACT PROP 39

- Without Legislation 2017-18 is the last year of the Clean Energy Jobs Act Program as conceived with the passage of Proposition 39 in 2012.
- The May Revision proposes a final appropriation of \$413.7 million for K-12 and Community College energy projects.
 - K-12: \$367.2 million
 - Community Colleges \$46.5 million
- Current law requires LEA's to spend or encumber their allocations no later than June 30, 2018



SB 518 (de LEON)

Clean Energy Job Creation Program

- Would extend the current encumbrance deadline from June 30, 2018 to December 1, 2018
- Beginning in 2018-19, would establish, on an indefinite basis, the Clean Energy Job Creation Program as successor to the current program
- Would extend budget appropriation authority to fund program by an additional five years, until 2022-2023



LCFF CALCULATION 2017-18

Total 17-18 Target Calculation (2019-20 Target)

Base Funding w/ COLA	93,534,253
9-12 Augmentation (CTE @ 2.6%)	2,437,130
Supplemental Grant	3,193,928
Transportation & TIIG Add-On	842,498
Total 17-18 Target	100,007,809

Gap Payment Calculation

Start w/ 2017-18 Target	100,007,809
Minus 16-17 Funding Base Level	(94,364,633)
Equals 17-18 LCFF Funding Gap	5,643,176
Gap Payment (43.97% of Gap)	2,481,304



LCFF CALCULATION 2017-18

Final 17-18 LCFF Calculation

17-18 Funding Base Level	94,364,633
17-18 Gap Payment	2,481,304
TOTAL	\$96,845,937

Because our estimated Property Tax revenue is greater than the estimated LCFF funding, we will remain in Community Funded status.

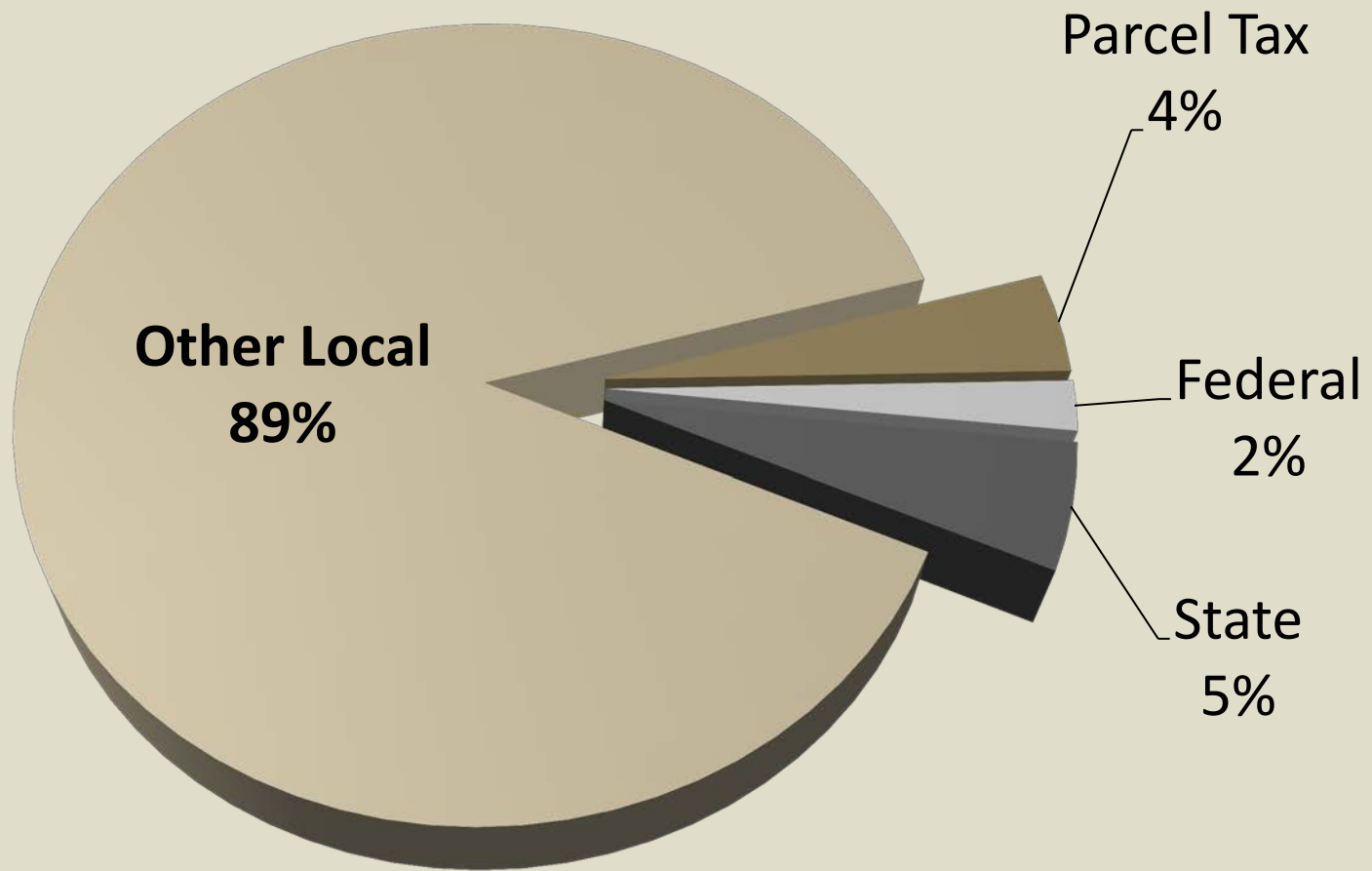


GEN. FUND REVENUE ASSUMPTIONS

- Local Property Tax Growth = 5.27%
- Parcel Tax = \$5.2M
- Guaranteed State Aid (GSA) = \$1.45M
- Mandated Cost Block Grant (MCBG) = \$576,000
- Prop. 30/55 = \$2.06M
(Prop. 55 - 1/1/18 to 12/31/30)
- Lottery Unrestricted = \$1.51M



GENERAL FUND REVENUE





LOCAL PROPERTY TAXES

3-Year Summary: 16-17 to 17-18

<i>In Millions</i>	2015-16 Actual	2016-17 Est. Actual	2017-18 Adopted
Secured	99,521,193	107,267,000	113,416,203
Unsecured	7,378,554	7,176,134	7,176,134
RDA*	1,774,902	2,262,465	2,262,465
Total	108,674,649	116,705,599	122,854,802
Growth	10.34%	7.39%	5.27%

* In addition in 15-16, the District received a 1-time RDA payment of \$2,537,000 as part of ongoing litigation.



GEN. FUND EXPENDITURE ASSUMPTIONS

1. No Salary changes for CSEA, FEA and FMA
2. No additional CSEA and FMA Health insurance changes – cap remains unchanged
3. FEA Health insurance projected increase of 8%
4. Increase of 7.0 teaching FTE
5. Step and Col. = 1.2% for all three groups
6. Statutory Benefits: Certificated 17.52% & Classified Classic 32.33%, Classified PEPRA 24.84%

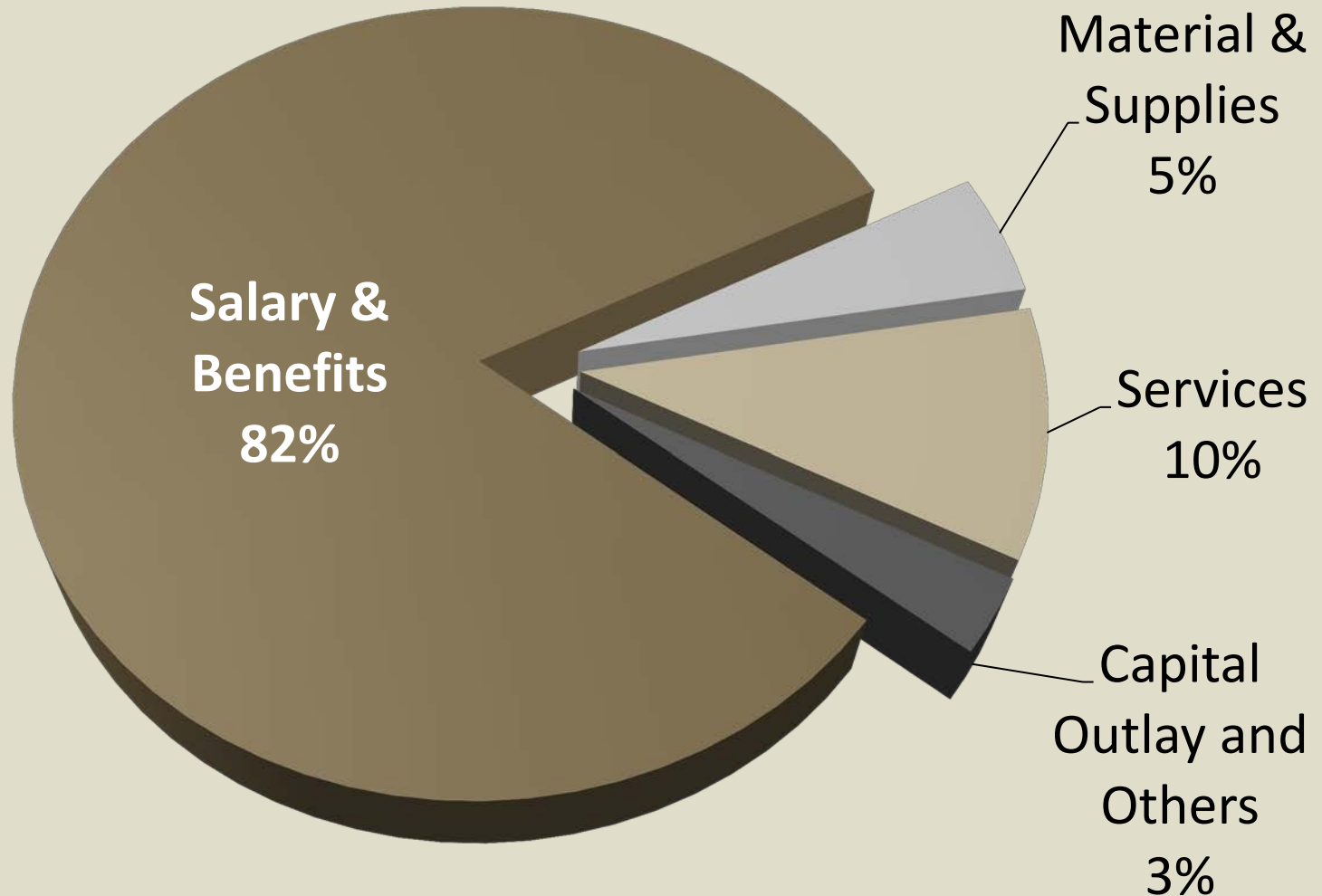


STATUTORY BENEFIT RATES (%)

Benefit	Cert.	Classic	PEPRA
STRS - Employer	14.43		
Unemployment Insurance	0.05	0.05	0.05
Workers Compensation	1.2757	1.275	1.275
Medicare Insurance	1.45	1.45	1.45
Income Protection	0.34	0.36	0.36
OASDI – Disability		6.20	6.20
PERS – Employer		15.531	15.531
PERS – Employee		7.49	0.0
Total Statutory Rate	17.55%	32.36%	24.87%



GENERAL FUND EXPENDITURE





EXPENDITURES BY FUNCTION

Instruction

Total Cost of instructional staff
Supplies, materials, & all other costs

Instructional Related Services

Instructional Supervision & Admin.
Curriculum Development
Instructional Staff Development
Library, Media & Technology

Pupil Services

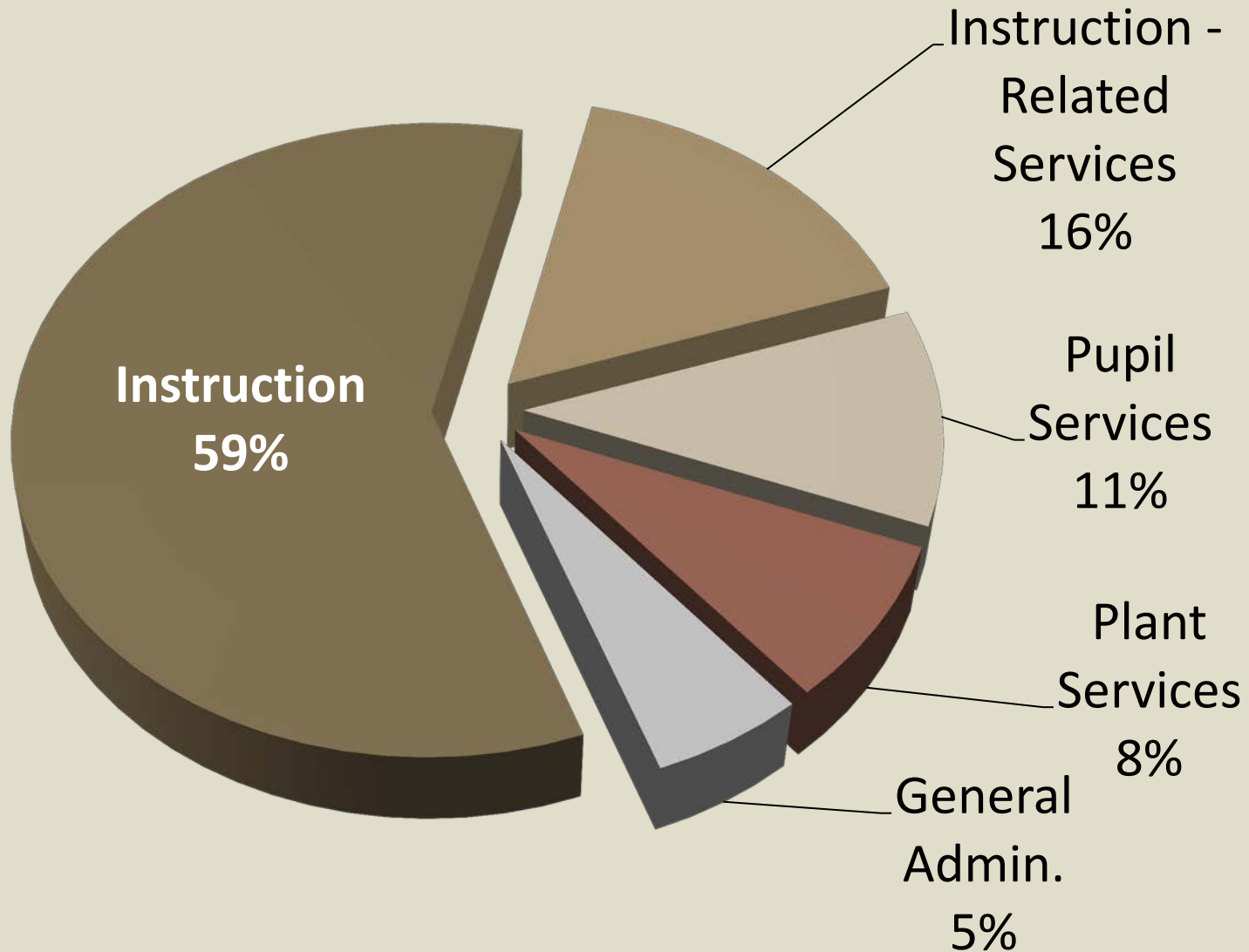
Guidance and Counseling Services
Psychological Services
Attendance and Social Work Services
Health Services
Speech Pathology Services
Pupil Testing Services
Pupil Transportation

General Administration

Board and Superintendent
Public Information
Fiscal Services
Personnel/Human Resources
Purchasing
Printing, Publishing and Duplicating
Data Processing Services



GF EXPENDITURES BY FUNCTION





ENROLLMENT PROJECTIONS 2017-18

Site	Actual 2016-17	Proj. 2017-18	Proj. Change
Fremont	2,030	2,117	87
Homestead	2,397	2,439	42
Monta Vista	2,334	2,414	80
Cupertino	2,303	2,258	-45
Lynbrook	1,750	1,800	50
Other*	33	32	-1
District Total	10,847	11,060	213

*This data includes Community Day School & Non Public School Enrollments



SPECIAL EDUCATION CONTRIBUTION

3-Year Summary: 15-16 to 17-18

Description	2015-16	2016-17	2017-18
	Actual	Est. Actual	Adopted
Local/State Rev.	3,883,503	3,811,042	3,708,934
Federal Rev.	2,269,718	2,281,110	2,281,110
Total Revenue	6,153,221	6,092,152	5,990,044
Salaries	14,663,258	15,601,031	15,835,986
Benefits	5,307,527	5,729,580	6,017,558
All Other*	7,082,970	7,482,613	7,741,225
Total Expenses	27,053,755	28,813,224	29,594,769
GF Contribution	20,900,534	22,721,072	23,604,725

*Includes Special Ed Transportation



UTILITIES EXPENDITURES

3-Year Summary: 15-16 to 17-18

In Millions	2015-16 Actual	2016-17 Est. Actual	2017-18 Adopted
Electricity	1,502,795	1,555,250	1,664,118
Gas	297,584	335,000	385,250
Water/Sewage	532,795	603,000	658,260
All Other*	360,391	375,000	393,750
Total	2,693,565	2,868,250	3,101,378

*All other includes Waste Disposal, Cell Phones and Security



UPDATE ON BOND ISSUANCE SCHEDULE

- April 24 Submitted credit package to rating agency and bond insurers
- May 2 Study Session on Bond Issuance
- May 8 Met with rating agencies
- May 16 FUHSD Board of Trustees approved resolution authorizing bond issuance
- May 26 **Received AAA from both rating agencies (S&P and Moody's) – highest in California**
- June 20** Price Bonds
- July 11** Close Bond Issuance



SB 858 - LOCAL RESERVES CAP

- Trailer bill that passed 3 days before 2014 budget vote
- Requires more detailed public disclosure of district ending balances
- Requires districts to cap (spend down) reserves at 3% if State makes a contribution of any size to the Prop. 98 Reserve fund (rainy day fund)
- The State has yet to make a Prop. 98 contribution
- Districts can be awarded a two year exemption from the County Office of Education if County can substantiate the need for reserves above the recommended minimum

See handout for detailed disclosure of ending fund balances.



SB 858 - LOCAL RESERVES CAP

Two related bills remain active:

- SB 751 (Hill)
Would increase reserve cap to 17% and change what funds are subject to the cap. Basic aid and districts under 2,501 ADA would be exempt.
- SB 590 (Moorlack)
Would completely repeal the reserve cap – was rejected by the Senate Education Committee

MULTI YEAR PROJECTIONS



2017-18 to 2019-20



MULTI YEAR REVENUE ASSUMPTIONS

- Property Taxes
 - 17-18 = 5.27% growth
 - 18-19 & 19-20 = 4.0% growth
- Parcel Tax
 - 18-19 to 19-20 = \$5.2M each year
- Guaranteed State Aid = \$1.45M annual
- Mandated Block Grant = \$576,000 annual
- Prop. 55 = \$2.06M annual (Until 12/31/2030)
- Lottery Unrestricted = \$1.51M annual



MULTI YEAR EXPENDITURE ASSUMPTIONS

Salary Schedules: remain flat for all groups

Step & Column: 1.2% per year for all groups

Health & Welfare: 8% Increase Annually for FEA

Staffing Changes for FEA

- 2017-18= Increase 7.0 FTE
- 2018-19 = decrease (1.2) FTE
- 2019-20 = Increase 1.0 FTE



CaISTRS CONTRIBUTION RATES

Year	Employer %	Employee PEPRA %	Employee Classic %
Current	12.58	9.205	10.25
2017-18	14.43	9.205	10.25
2018-19	16.28	9.205	10.25
2019-20	18.13	9.205	10.25
2020-21	19.10	9.205	10.25

Note: PEPRA employees enrolled in STRS/PERS after Jan. 1, 2013



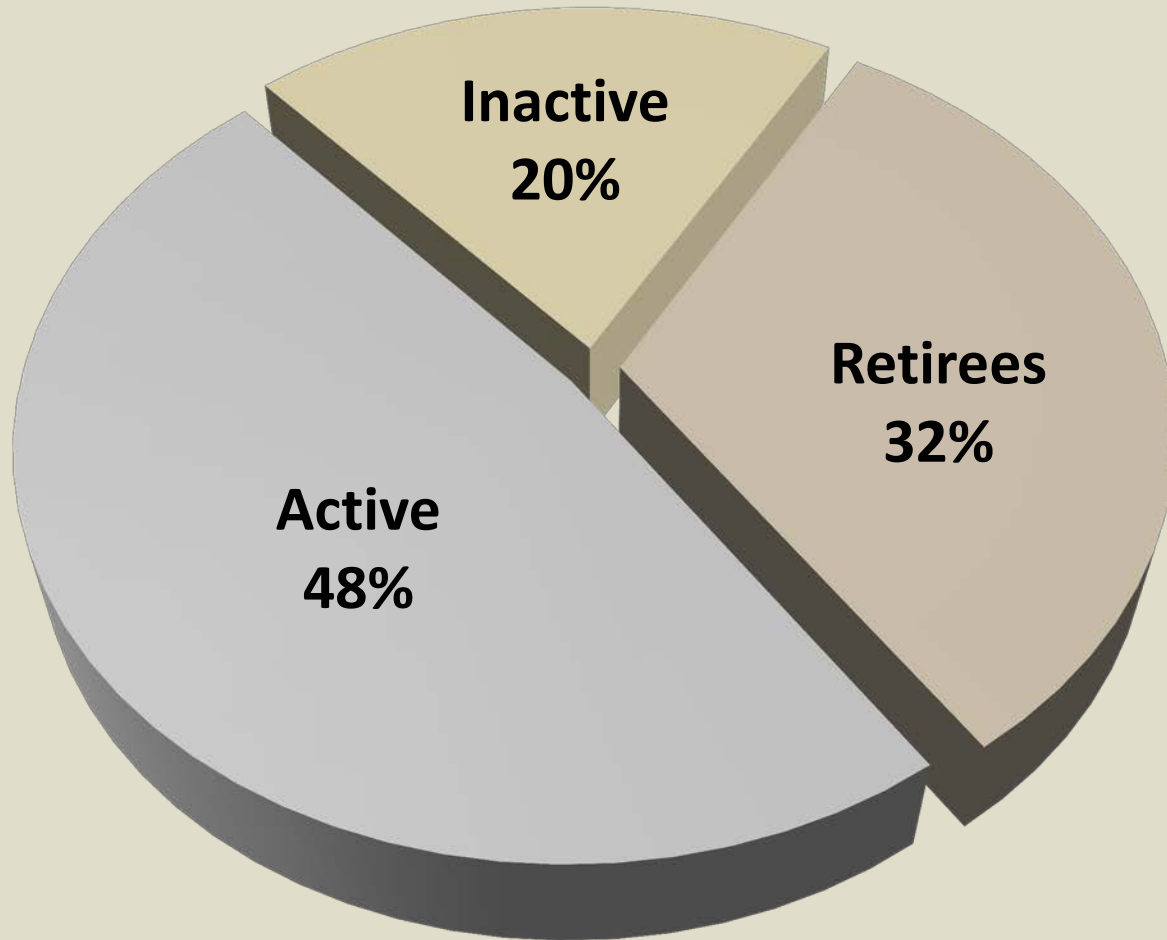
CaIPERS CONTRIBUTION RATES

Year	Employer %	Employee PEPRA %	Employee Classic %
Current	13.89	6.0	7.0
2017-18	15.53	6.5	7.0
2018-19	18.10	6.5	7.0
2019-20	20.80	6.5	7.0
2020-21	23.80	6.5	7.0

Note: PEPRA rates will vary each year based upon PEPRA requirement to pay half the normal cost rate

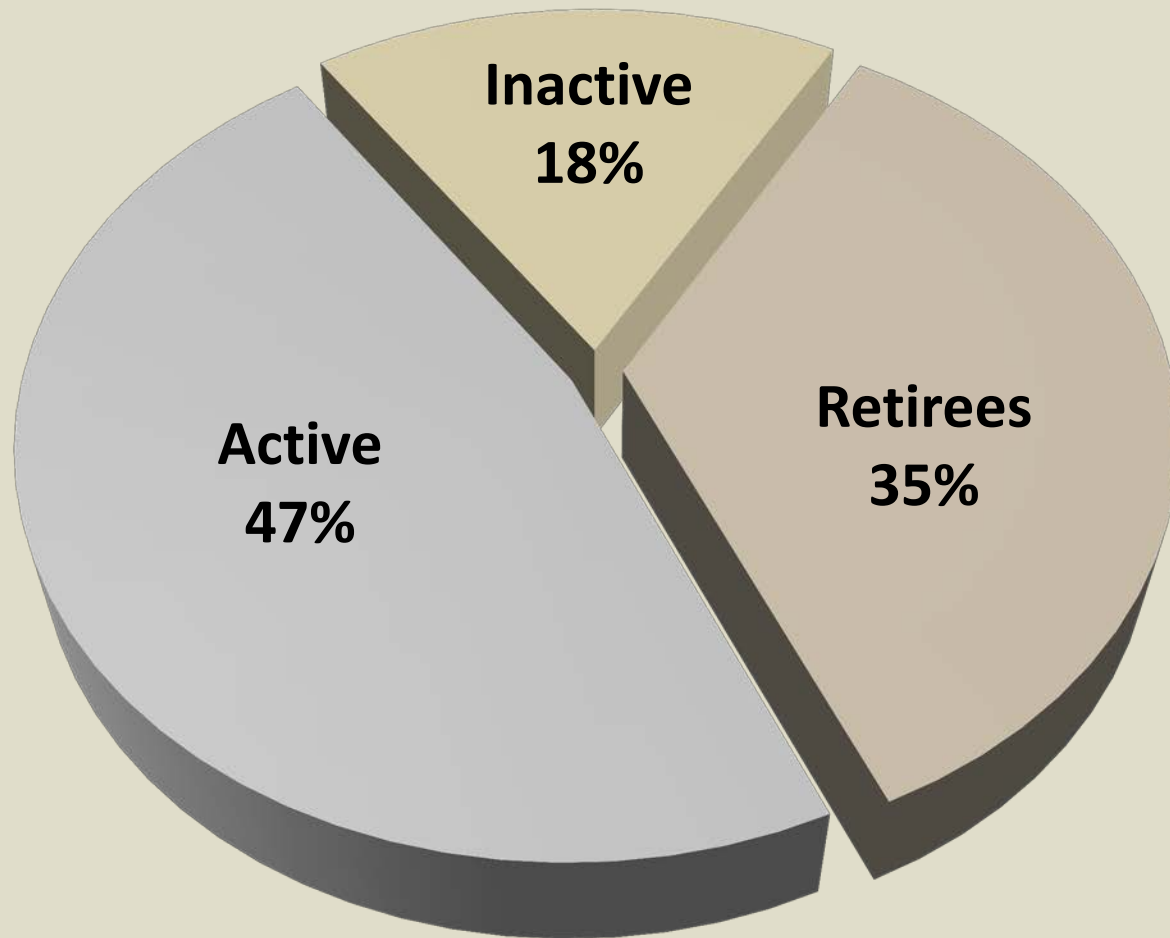


STRS MEMBERSHIP





PERS MEMBERSHIP





MULTI-YEAR REVENUE

Unrestricted GF	2017-18	2018-19	2019-20
LCFF Revenue	125.58	130.60	135.82
State Revenue	2.14	2.14	2.14
Parcel Tax	5.20	5.20	5.20
Other Local	2.12	1.87	1.87
Contribution	-26.21	-27.52	-28.9
Total Revenue	108.83	112.29	116.13

State Revenue includes Property Taxes, EPA & GSA

LCFF Revenue includes Mandated Cost Block Grant & Lottery



MULTI-YEAR EXPENDITURES

Unrestricted GF*	2017-18	2018-19	2019-20
Salary + Benefits	91.24	94.36	97.70
Supplies & Other	13.11	13.36	13.66
Transfers out	4.58	1.73	1.73
Total	108.93	109.45	113.09

*In millions



MULTI-YEAR PROJECTIONS

Unrestricted GF	2017-18	2018-19	2019-20
Beginning Fund Balance	27.14	27.04	29.88
Plus Total Revenue	108.83	112.29	116.13
Less Total Expenditures	108.93	109.45	113.09
Less Reserve	14.90	15.09	15.62
Less Committed/Assigned	10.35	13.05	15.35
Net Shortfall/Surplus	1.79	1.74	1.95



KEY BUDGET DEADLINES FOR 2017-18

BUDGET ITEM	DATE
Budget/LCAP Public Hearing	June 06, 2017
Adopted Budget	June 20, 2017
First Interim	December 15, 2017
Calculation of RSP	February of 2018
Enrollment Projections	February of 2018
Second Interim	March 15, 2018
Site Budget Allocations	May of 2018
Unaudited Actuals	September 15, 2018
Final Audit Report	December 15, 2018



BUDGET CERTIFICATION

Certification:

1. The budget contains expenditures to implement the LCAP
2. School district complies with SB 858 – Reserve Cap