

Pension Liability

History and Projected Impact

September 24, 2019

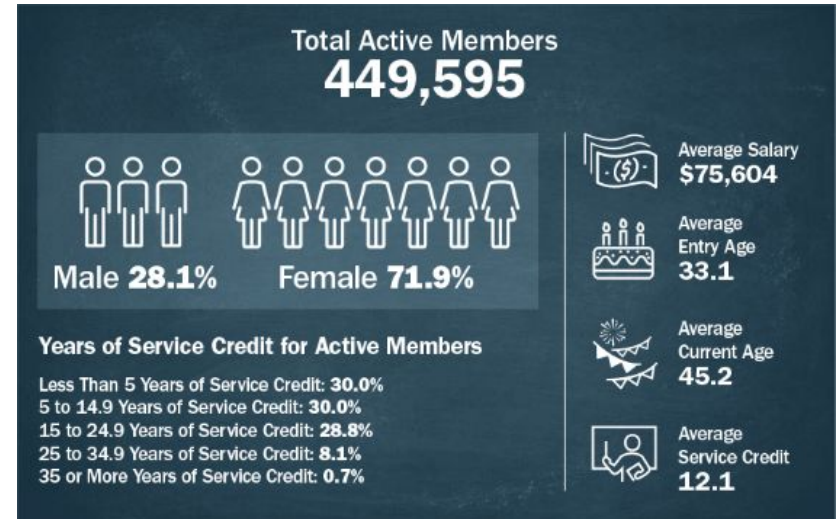
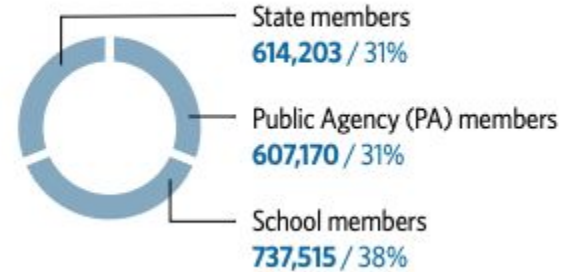




Presentation Outline

- Historical and **projected** impact of our employer contributions to CalSTRS and CalPERS
- Graph of impact in terms of total contributions we make
- Description of current process for managing impact in budget development
 - Built-in cost increases into budget and MYP

Members by Employer Type





CA State Teachers Retirement System

Fiscal Year	Employer Contribution %	Total Financial Impact
2014-15	8.88%	\$2.8M
2015-16	10.73%	\$3.4M
2016-17	12.58%	\$4.6M
2017-18	14.43%	\$5.2M
2018-19	16.28%	\$5.9M
2019-20	17.10%	\$6.3M
2020-21	18.40%	\$6.9M
2021-22	18.10%	\$7.1M

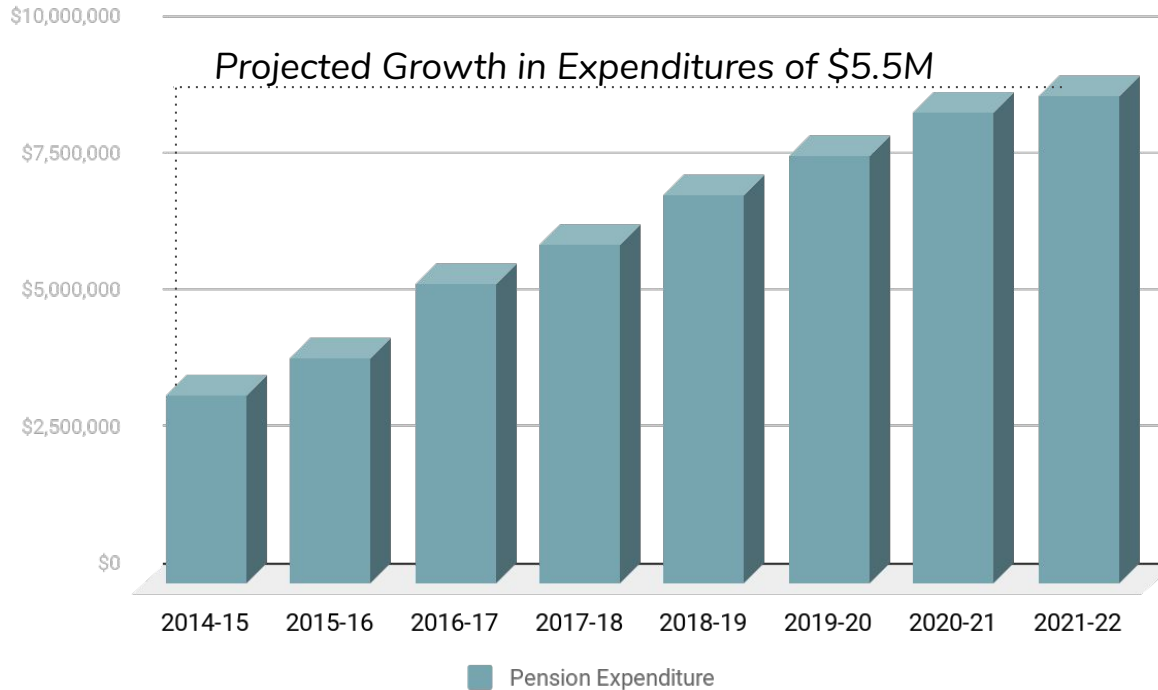


CA Classified Employees Association

Fiscal Year	Employer Contribution %	Total Financial Impact
2014-15	11.77%	\$650K
2015-16	11.85%	\$725K
2016-17	13.89%	\$890K
2017-18	15.53%	\$980K
2018-19	18.01%	\$1.2M
2019-20	19.72%	\$1.5M
2020-21	22.70%	\$1.7M
2021-22	24.60%	\$1.8M



Total Impact & Current MYP Budget



Current Process

- The projected increases in our pension costs are included in the budget.
- Assumed increases are included in the multi-year budget projections (next 5-years).
- The 2019 State Budget included a payment of \$3.15B of non-Prop 98 funds to CalSTRS and CalPERS to help slow the growth in the employer contributions.
- Our 2018-19 budget assumed higher rates that we would be contributing on behalf of our employees and we were still able to meet all of our financial obligations (positive certification).
- We rely on recommendations from School Services of California contained within their “Dashboard” for budget planning. (Handout provided for reference)

SSC School District and Charter School Financial Projection Dashboard

2019-20 Adopted State Budget

This version of School Services of California, Inc. (SSC) Financial Projection Dashboard is based on the 2019-20 adopted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF GRADESPAN FACTORS	2019-20 Adopted State Budget			
	K-3	4-6	7-8	9-12
Enrollment Factors per ADA*	7.8	7.8	7.8	9.12
2018-19 Base Grants	\$7,459	\$7,471	\$7,706	\$9,034
COLA at 1.20%	\$243	\$247	\$254	\$295
2019-20 Base Grants	\$7,702	\$7,718	\$8,000	\$9,329
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$801	—	—	\$243
2019-20 Adjusted Base Grants	\$8,503	\$7,718	\$8,000	\$9,572
Supplemental Grants (% Adj. Base)	20%	20%	20%	20%
Concentration Grants	55%	50%	50%	50%
Concentration Grant Threshold	55%	55%	55%	55%

*Average daily attendance (ADA)

LCFF FUNDING FACTORS	2019-20 Adopted State Budget				
	2018-19	2019-20	2020-21	2021-22	2022-23
Department of Finance Local Funding Percentage	100.00%	—	—	—	—
LCFF A ¹	3.70%	3.20%	3.00%	2.80%	3.10%

OTHER PLANNING FACTORS	2019-20 Adopted State Budget				
	2018-19	2019-20	2020-21	2021-22	2022-23
Statutory COLA ²	2.7%	3.20%	3.00%	2.80%	3.10%
California CPI	3.62%	3.33%	3.14%	3.02%	3.13%
California Lottery	Unrestricted per ADA	\$164	\$157	\$153	\$153
	Restricted per ADA	\$66	\$54	\$54	\$54
Mandated Block Grant	Grades K-8 per ADA	\$11.16	\$12.18	\$13.10	\$14.06
(District)	Grades 9-12 per ADA	\$59.83	\$61.94	\$63.10	\$65.99
Mandated Block Grant	Grades K-8 per ADA	\$16.33	\$16.86	\$17.37	\$17.86
(Charter)	Grades 9-12 per ADA	\$45.33	\$46.47	\$48.28	\$49.43
One-Time Discretionary Funds per ADA	\$184	—	—	—	—
Employer Rate for Ten-Year Forecasts	2.94%	2.55%	2.44%	2.40%	2.70%
CalPERS Employer Rate ³	18.623%	19.711%	22.70%	24.60%	23.40%
CalSTRS Employer Rate ⁴	16.26%	17.10%	19.40%	18.10%	18.10%

STATE MINIMUM RESERVE REQUIREMENTS	District ADA Range	
	Reserve Requirement	District ADA Range
The greater of 1% or \$67,000 ⁵	\$16,100	301 to 1,000
The greater of 4% or \$67,000 ⁶	301 to 1,000	1,001 to 20,000
3%	20,001 to 400,000	400,001 and higher
2%		
1%		

¹2018-19 rate includes statutory COLA of 2.71% plus an augmentation of 0.99% for school districts and charter schools. County offices of education receive only the statutory COLA.
²Applies to Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers/American Early Childhood Education and Mandated Block Grant.
³California Public Employees' Retirement System (CalPERS) rate in 2019-20 is final, that rate as well as the rates in the following years are subsidized based on the adopted State Budget.
⁴California State Teachers' Retirement System (CalSTRS) rates for 2019-20 and beyond are subsidized based on the adopted State Budget.
⁵Rate adjusts upward to \$67,000 beginning in 2019-20.



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Questions?