



# San Ysidro

School District **EST - 1887**

QUALITY EDUCATION AND OPPORTUNITY FOR ALL STUDENTS TO SUCCEED

2017-18 First Interim Board Presentation  
December 14, 2017

# Background

- Statutory Requirement
  - AB 1200 - enacted in the early 1990s in response to a number of near bankruptcies, requests for state loans, or defaults on school district obligations
  - At least twice a year
  - December 15 and March 15
- Certifications
  - Positive – Will meet financial obligations in the current and subsequent two fiscal years
  - Qualified – May not meet financial obligations in the current or subsequent two fiscal years
  - Negative – Will NOT meet financial obligations in the current or subsequent two fiscal years
  - Qualified or negative status requires additional reporting (due June 1) until district is “positive” again

# Key Assumptions

	2017-18	2018-19	2019-20
LCFF Gap Funding	43.19%	39.12%	41.60%
Statutory COLA	1.56%	2.15%	2.35%
One-time Discretionary Funding	\$147 per ADA	\$0	\$0
Projected ADA	4,584.49	4,584.49	4,584.49
Unrestricted Lottery per ADA	\$146	\$146	\$146
Restricted Lottery per ADA	\$48	\$48	\$48
Mandated Block Grant per ADA	\$30.34	\$30.34	\$30.34
CalPERS Employer Rate	15.531%	18.10%	20.80%
CalSTRS Employer Rate	14.43%	16.28%	18.13%

# Unrestricted General Fund – Multi-year Projections

	2017-18	2018-19	2019-20
<b>Revenues:</b>			
<b>LCFF</b>	46,779,883	48,471,488	49,701,407
<b>Federal Revenues</b>	-	-	-
<b>Other State Revenues</b>	1,897,322	670,513	670,513
<b>Other Local Revenues</b>	127,986	123,959	123,959
<b>Total Revenues</b>	48,805,191	49,265,960	50,495,879
<b>Expenditures:</b>			
<b>Certificated Salaries</b>	19,670,094	21,203,763	21,808,763
<b>Classified Salaries</b>	5,983,989	6,506,673	6,630,762
<b>Employee Benefits</b>	7,562,838	7,941,090	8,338,145
<b>Books and Supplies</b>	3,128,820	2,647,129	2,647,129
<b>Services &amp; Other Oper. Exp.</b>	7,055,134	5,938,367	5,939,367
<b>Capital Outlay</b>	107,062	105,397	108,032
<b>Other Outgo</b>	413,442	418,512	418,511
<b>Contributions</b>	5,809,178	6,376,594	6,376,594
<b>Total Expenditures</b>	49,730,557	51,137,525	52,267,303
<b>Net Operating Surplus/(Deficit)</b>	(925,366)	(1,871,565)	(1,771,424)
<b>Beginning Fund Balance</b>	10,840,995	9,915,629	8,044,064

# Certification

- SYSD will remain financially solvent in the current and subsequent two fiscal years
- Positive certification

# Economic Overview

- The economy continues to expand
  - The stock market keeps hitting all-time highs
  - Unemployment rates show we are at full employment, so people are working
  - Housing prices have recovered
  - Legislative Analyst Office (LAO) projects full Prop 98 funding in 2018-19

# Economic Overview

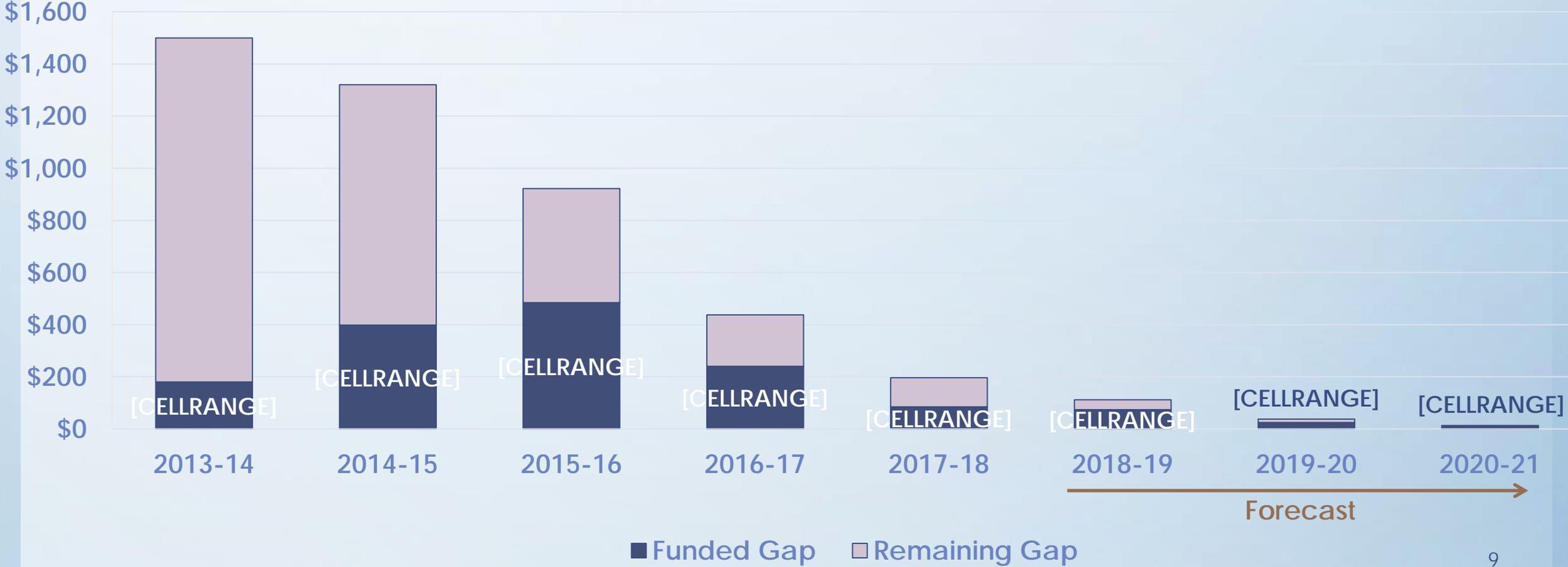
- California's revenues continue to be fragile and volatile
  - Fragile because we depend so heavily on the top one percent of taxpayers, a group that is not growing
  - Volatile because we rely on sales and income taxes for the marginal dollar, not the less volatile property tax
- And we have all become skeptical of economic forecasts
  - None of the world's leading economists forecasted the Great Recession
  - None of them forecasted the recovery that began in 2012
  - And likely none of them will accurately forecast the next recession

# Challenge: CalPERS/CalSTRS

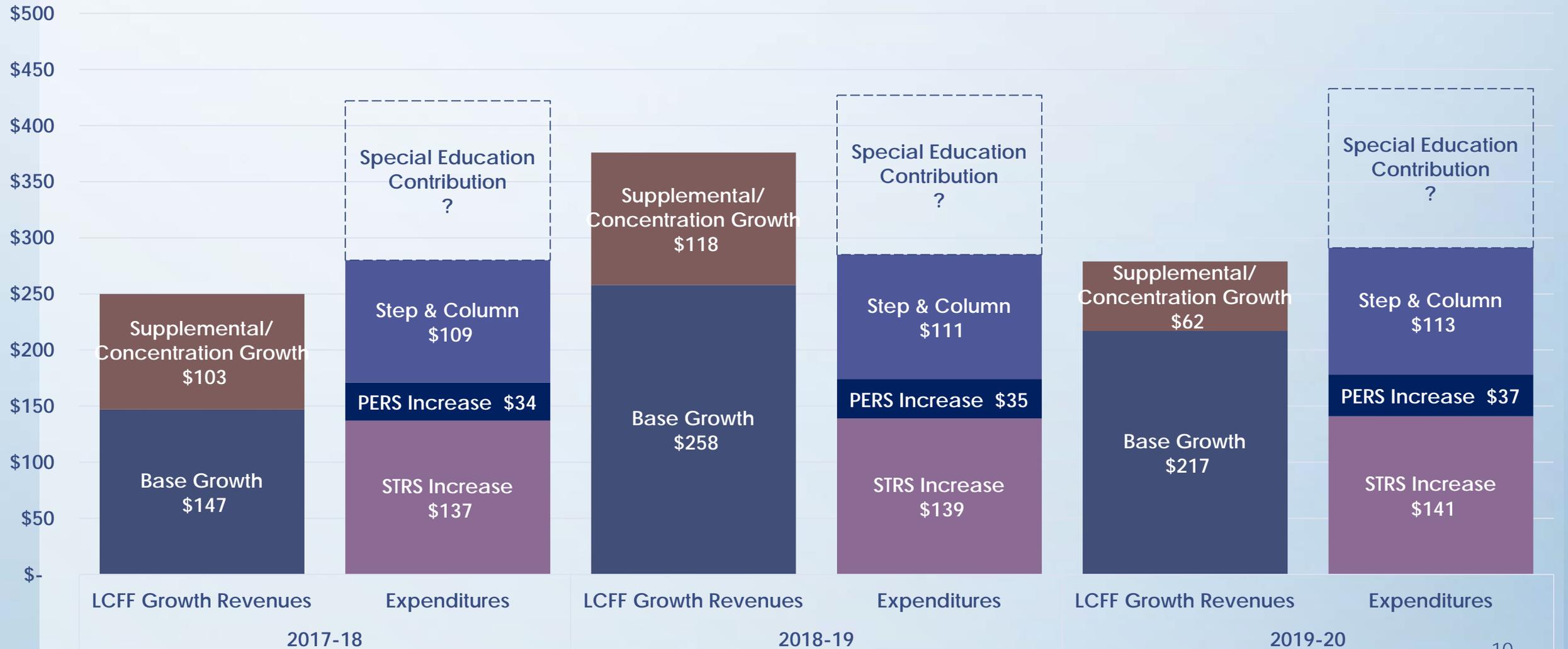
- One of the largest single expenses in the average school district's MYP is the cost of the employer contribution to employee retirement programs
  - The increases exceed the increased cost of step and column, health care, and, in many cases, pay raises
  - Even after the significant employer contribution rate increases, both the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) are seeing unfunded liabilities continue to grow
    - Lower investment returns and higher pension payments are a difficult combination
  - It is unlikely that the state will grant relief to school agencies

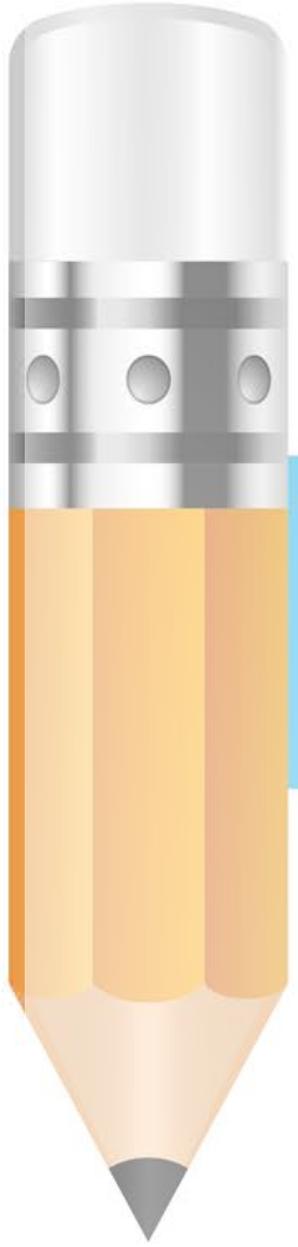
# Challenge: LCFF Funding Gap

LCFF Gap Funding Implementation  
(A District With \$1,500 Per-ADA Gap in 2013-14)



# Challenge: Per-ADA Revenues vs. Expenses





Questions?

