



Saddleback Valley
Unified School District



2019-20 Green L-shaped graphic

June 20, 2019



2019-20 Original Budget Major Assumptions

- 1. Local Control Funding Formula (LCFF) revenue is based on the Governor's May Budget Revision**
 - a. Cost of Living Adjustment (COLA) = 3.26%
 - b. Full funding of target LCFF entitlement

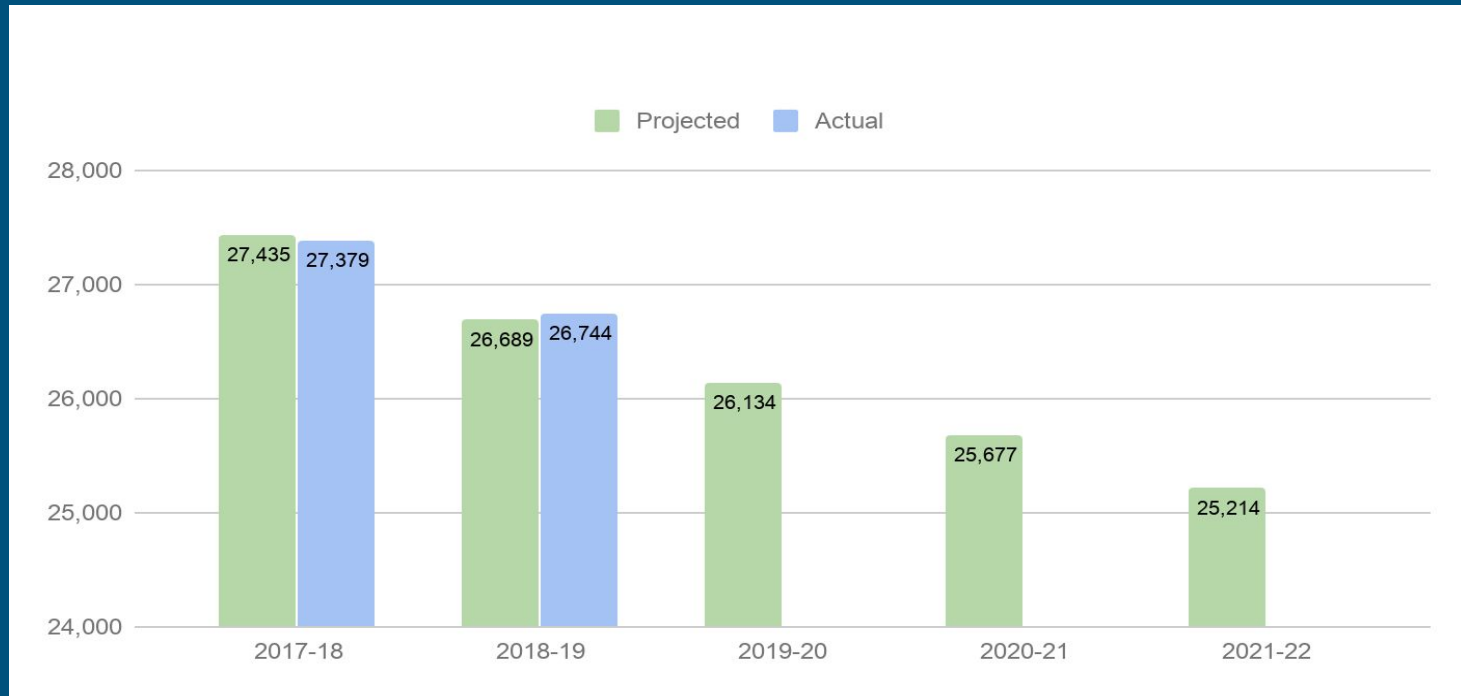
- 2. Funded ADA 25,832.99**
 - a. Funded on 2018-19 ADA due to declining enrollment

- 3. Salaries and benefits reflect actual staffing as of 05/31/19 including vacancies**
 - a. Reduction of 24 teacher FTE due to projected enrollment decline
 - b. 8.0 FTE Staffing Reserve

- 4. STRS employer contribution rate = 16.70% (increased from 16.28% in 2018-19)**

- 5. PERS employer contribution rate = 20.733% (increased from 18.062% in 2018-19)**

2019-20 Original Budget Multi-Year Projected Declining Enrollment



2019-20 Original Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
 - a. COLA adjustments, 2020-21 = 3.0%, 2021-22 = 2.8%
- 2. Enrollment and ADA projections based on historical trends and demographer study**
 - a. Decrease in funded ADA of 548 in 2020-21 and 438 in 2021-22
 - b. Due to declining enrollment we are funded on prior year ADA
- 3. Salaries and benefits adjusted for step & column, attrition and increase to retirement contributions (STRS & PERS)**
- 4. Inflation increases applied to utilities, fuel and other contracted services**
- 5. Textbook adoptions are adjusted based on projected curriculum needs**

2019-20 Original Budget Multi-year Projection - Unrestricted Only

	2019-20 Original Budget	2020-21 Projected	2021-22 Projected
Beginning Fund Balance	69,841,530	51,658,681	39,907,751
Revenue	250,756,936	252,540,759	254,654,859
Expenditures	268,939,785	264,291,689	263,635,306
Surplus/(Deficit)	(18,182,849)	(11,750,930)	(8,980,447)
Ending Fund Balance	51,658,681	39,907,751	30,927,304
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	15,699,508	15,337,311	15,257,027
Assigned Fund Balance	31,501,779	15,816,987	5,175,878
Unappropriated Fund Balance	4,017,665	8,313,724	10,054,670

Impact of STRS and PERS Contribution Rate Increases

	2019-20	2020-21	2021-22
Estimated Increase in LCFF Funding	1,329,118	1,687,517	2,097,696
Estimated Change in Employer STRS Costs	(564,804)	(1,864,799)	399,912
Estimated Change in Employer PERS Costs	(845,085)	(922,286)	(425,257)
	(80,771)	(1,099,567)	2,072,352
	2019-20	2020-21	2021-22
STRS Estimated Rates	16.7% **	18.1% **	17.8% **
- Change from prior year	0.42%	1.40%	-0.30%
PERS Estimated Rates	20.733%	23.60%	24.90%
- Change from prior year	2.67%	2.87%	1.30%
** Reflects reduction projected in the Governor's 2019-20 May Revision			

2019-20 Original Budget - Next Steps

1. Adoption of State Budget on June 15th

- a. Anticipated changes in STRS and PERS rates from those in the Governor's Proposed Budget
- b. Review trailer bill analysis for impacts on District budget

2. Continue to monitor enrollment and attendance

3. Close out 2018-19 actuals by September 15th

4. First Interim budget presented for approval in December

2019-20 Original Budget - Closing Thoughts

- 1. The district continues to face declining enrollment**
 - a. Identify strategies to attract students to SVUSD
- 2. The structural operating expenses are increasing each year**
 - a. Employer contributions for PERS and STRS exceeds the increase to LCFF base funding in all years except 2021-22
 - b. The cost of district paid health benefits projected to increase until the negotiated settlement is fully implemented in January 2023.
 - c. The cost of Special Education services escalates with little to no increase in Special Education Funding
- 3. On-going evaluation of program needs**
 - a. Innovate ways to do more with less