

***SADDLEBACK VALLEY
UNIFIED SCHOOL DISTRICT***

**2015-16 May Revise and
2015-16 Budget**

June 11, 2015

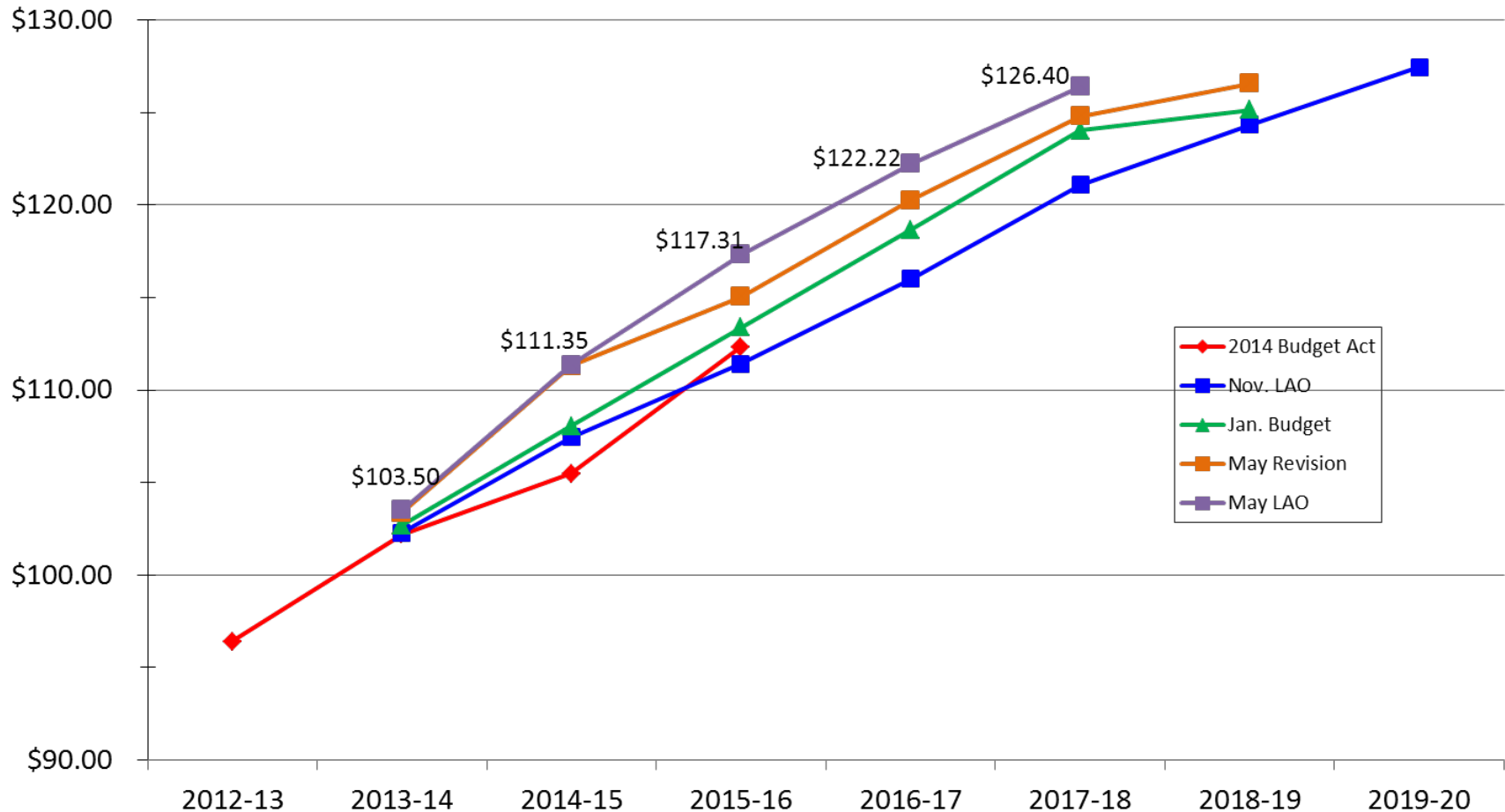
California's 2015-16 May Revise

☞ **The Economy – Continuing Recovery**

- **A Reinvigorated Real Estate Market**
- **Record-Level Returns on Stocks, Bonds and Capital Gains Taxes**
- **Improved Job Growth**
- **Recovering Wage Earnings**
- **Large Gains on Sales and Income Taxes**
- **Growing Confidence from Businesses**

State General Fund Revenues

(In Billions)



California's 2015-16 May Revise

☞ **Remaining Concerns for the Economy**

- **Dependency on Capital Gain Taxes**
- **Effect of the Drought is Still Unknown**
- **Inland Job Growth Still Lags**
- **Gas Price Volatility**
- **Global Volatility**

May Revise Highlights for Education

∞ Compared to the January Proposal

- **Education Spending Increased by \$6 Billion**
 - **Prop 98 Receiving 90% of New Revenues**
 - **Local Control Funding Formula (LCFF) Increased by \$2.1 Billion**
 - **One-Time Mandate Increased by \$2.4 Billion**
 - **Rainy Day Reserve Funding (Prop 2)**
 - **Increases in Career Technical Ed & Special Ed**

May Revise Implications for SVUSD

∞ **Approximate Funding Increases Since January**

- **\$7 Million in Base LCFF**
- **\$1 Million in Supplemental LCFF**
- **\$12 Million in One-Time Mandate Reimbursement**

∞ **District Reserve Cap Not yet Triggered**

Budget Assumptions 2015-16

☞ LCFF Gap Funding	53.08%
☞ LCAP Supplemental Funding	\$9.9 M
☞ One-Time Mandate Reimbursement	\$17 M
☞ Enrollment Decline of 379	(\$3.0 M)
☞ Increased STRS & PERS Costs	(\$2.1 M)
☞ Increased Health Insurance Costs	(\$3.2 M)
☞ Increased Special Ed Costs	(\$1.7 M)

Budget Assumptions 2016-17 & 2017-18

	<u>16-17</u>	<u>17-18</u>
∞ LCFF Gap Funding	25.0%	27.4%
∞ Enrollment Decline	198	295
∞ Possible Charter School Loss	(\$2.0 M)	(\$2.0 M)
∞ Increased STRS & PERS Costs	(\$2.0 M)	(\$4.5 M)*
∞ Health & Welfare Increase	(\$3.5 M)	(\$7.3 M)*
∞ 24:1 Class Size Movement K-3	(\$2.9 M)	(\$3.1 M)*

* Cumulative Increased Costs Over 2015-16 Costs

Multi-Year Projection

	2014-15 Estimated Actuals	2015-16 Adopted Budget	2016-17 Est. Budget	2017-18 Est. Budget
Beginning Balance	\$ 67,033,375	\$ 53,207,429	\$ 62,107,049	\$ 53,946,552
Revenue	\$246,070,011	\$274,498,289	\$ 258,156,277	\$ 263,030,662
Expense Deficit Spending <i>*Includes Charter & 24:1 K-3 Class Size</i>	\$259,895,957 (13,825,946)	\$265,598,669	\$ 266,316,774 (8,160,497)*	\$ 276,021,018 (12,990,356)*
Ending Balance	\$ 53,207,429	\$ 62,107,049	\$ 53,946,552	\$ 40,956,196
Unappropriated Amount	\$ 35,172,583	\$ 44,164,044	\$ 36,688,832	\$ 23,847,897

Reserve Requirement

☞ Rainy Day Fund Prop 2 Reserve Requirement

- Identify the Minimum Reserve Level
- Identify the Amount in Excess of the Minimum
- Substantiate the Need for the Excess

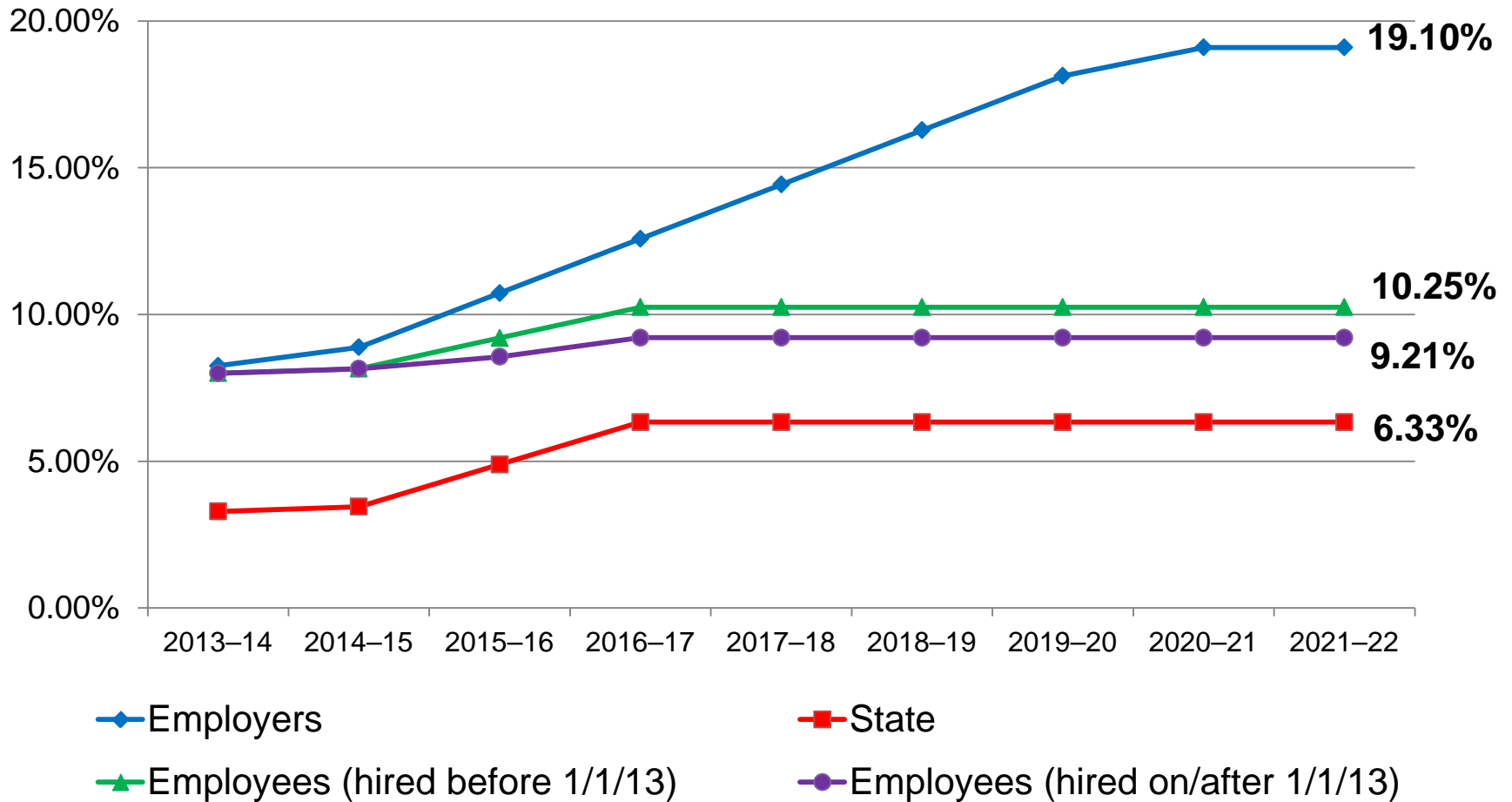
Combined Assigned and Unassigned Fund Balances		
01	General Fund	\$59,191,872.00
	Total Assigned and Unassigned Fund Balance	\$59,191,872.00
	District Standard Reserve Level	3.0%
	Less: Reserve for Economic Uncertainties	\$7,967,960.07
	Fund Balance that Requires a Statement of Reasons	\$51,223,911.93
Reasons for Assigned and Unassigned Ending Fund Balances Above the State Recommended Minimum Level		
Deficit Spending Caused by:		
Increased STRS & PERS Costs		
Increased Health & Welfare Costs		
Declining Enrollment		
Upcoming Affordable Care Act Excise (Cadillac) Tax		
Facility Repair Needs		

Looking Ahead

- ⌘ **STRS and PERS Escalating to 19.1% and 20.4% Respectively by 2020-21**
- ⌘ ***Affordable Care Act* Excise (Cadillac) Tax**
 - Approximately **(\$3M)** in 2018-19
- ⌘ **Health and Welfare Costs Escalating**
- ⌘ **Deficit Spending**
- ⌘ **Declining Enrollment**
- ⌘ **Facilities Funding**
- ⌘ **Reserve Cap**

STRS

Future Changes in Contribution Rates



Questions ?