

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

**2016-17 May Revise and
2016-17 Budget Adoption**

June 9, 2016

California's 2016-17 May Revise

- **Economic slowdown**
 - **March and April Revenues lagged January's expectations**
 - **Governor Brown calls for fiscal restraint**
"We need reserves"
- **However**
 - **Unemployment rate fell slightly**
 - **Housing sales and prices still rising**

May Revise Education Funding

- **Compared to the January Proposal**
 - **Education spending slightly increased**
 - **Local Control Funding Formula (LCFF) increased by \$154 million**
 - **COLA lowered to zero**
 - **Special Education**
 - **Child Nutrition**
 - **One-time Mandate Reimbursement increased by \$200 million**

May Revise Education Funding

- **The Department of Finance projections assume:**
 - **Expiration of Proposition 30**
 - **Very low COLAs for the next few years**
 - **Much lower growth in Proposition 98**

May Revise Implications for SVUSD

- **Approximate funding changes since January**
 - **\$500,000 increase in Base LCFF**
 - **\$ 20,000 increase in Supplemental LCFF**
 - **\$500,000 increase in One-time Mandate Reimbursement**
 - **\$ 80,000 decrease** due to zero COLA on Special Ed

Budget Assumptions 2016-17

- **LCFF Base funding increase** **\$ 2.5M**
 - Enrollment decline of 729
- **LCFF Supplemental funding increase** **\$ 1.7M**
- **One-time Mandate Reimbursement** **\$ 6.4M**
- **Salary increase – 1%** **(\$ 1.7M)**
- **Increased STRS & PERS costs** **(\$ 3.2M)**
- **Increased Health Insurance costs** **(\$ 3.1M)**
- **Increased Special Ed contribution** **(\$ 3.2M)**

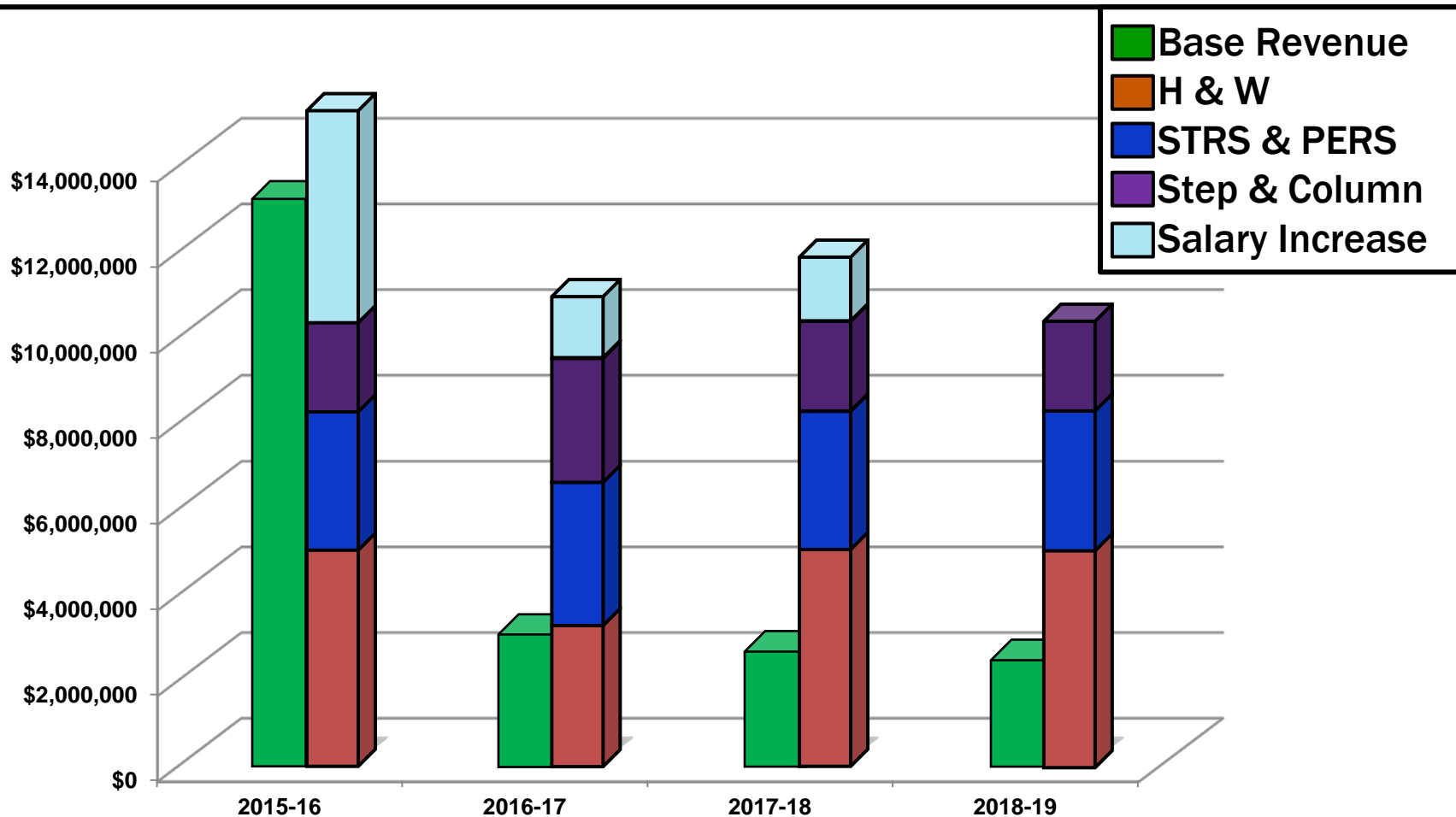
Budget Assumptions

2017-18 & 2018-19

	<u>17-18</u>	<u>18-19</u>
• LCFF Base funding increase	\$ 2.0M	\$ 1.9M
• Enrollment decline - 241 & 265		
• LCFF Supp. funding increase	\$ 1.0M	\$.5M
• Salary increase – 1%	(\$ 1.7M)	-
• Increased STRS & PERS costs	(\$ 2.8M)	(\$ 2.9M)
• Increased Health Insurance costs	(\$ 4.0M)	(\$ 4.4M)
• Increased Special Ed contribution	(\$ 1.0M)	(\$ 1.1M)

Revenue vs. Expense

Annual Increase Comparison



Multi-Year Projection

	2015-16 Estimated Actuals	2016-17 Adopted Budget	2017-18 Estimated Budget	2018-19 Estimated Budget
Beginning Balance	\$ 59,096,750	\$ 66,307,926	\$ 60,357,352	\$ 41,602,419
Revenue	\$287,295,915	\$276,613,845	\$ 272,309,507	\$ 275,108,717
Expense Deficit Spending	\$280,084,739	\$282,564,419 \$ (5,950,574)	\$ 291,064,440 \$ (18,754,933)	\$ 302,969,397 \$ (27,860,680)
Ending Balance	\$ 66,307,926	\$ 60,357,352	\$ 41,602,419	\$ 13,741,739
Revolving Cash & Stores	439,729	439,729	439,729	439,729
EU Reserves – 5%	14,004,237	14,128,221	14,553,222	15,148,470
Restricted Balances	4,682,907	4,782,453	3,223,283	1,149,818
Site/Dept Carryover	7,714,646	7,714,646	7,714,646	7,714,646
Unappropriated Amount	\$ 39,466,407	\$ 33,292,303	\$ 15,671,539	\$ (10,710,924)

Orange County Department of Education Requirement

- **In submitting the 2016-17 Adopted Budget, the Board understands its fiduciary responsibility to maintain fiscal solvency for the current year and the two subsequent fiscal years.**
- **With the 2016-17 First Interim Report submission, the Board will provide a 2018-19 budget reduction plan along with an implementation timeline.**
- **The District plans to implement \$10.7 million in budget reductions in 2018-19 to maintain fiscal solvency.**

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	\$55,135,170
	Total Assigned and Unassigned Fund Balance	\$55,135,170
	District Standard Reserve Level	3.0%
	Less: Reserve for Economic Uncertainties	\$8,476,933
	Fund Balance that Requires a Statement of Reasons	\$46,658,237
Reasons for Assigned and Unassigned Ending Fund Balances Above the State Recommended Minimum Level		
	Deficit Spending Caused by:	
	Salary Increases	
	Increased STRS & PERS Costs	
	Increased Health & Welfare Costs	
	Declining Enrollment	

Looking Ahead

- **STRS and PERS escalating to 19.1% and 20.4% respectively by 2020-21**
- **Health and Welfare costs escalating**
- **Declining enrollment**
- **Deficit spending**
- **Board approved Budget Reduction Plan required at First Interim Report**