



Evergreen School District

From strong roots grow bright futures

DATE: June 14, 2018

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Mary T. Stark – Interim CBO

SUBJECT: Approval of the 2018–19 Budget

The 2018-19 Budget is being presented with the Governor's May Revision proposal for the State Budget for California schools.

Major assumptions included in the Budget are as follows:

Revenue Assumptions

- The Local Control Funding Formula (LCFF) is based on the Fiscal Crisis & Management Assistance Team (FCMAT) calculator and with Department of Finance projected full funding and no further “gap”:
 - 2018-19 at 100%
 - 2019-20 at 100%
 - 2020-21 at 100%
- LCFF per ADA for Evergreen School District:
 - 2018-19 at \$8,618
 - 2019-20 at \$8,850
 - 2020-21 at \$9,085
- Declining enrollment is projected to continue. The LCFF calculator uses the prior year average daily attendance (ADA) in a “hold harmless” status. ADA for each of the years is projected to be funded at:
 - 2018-19 at 11,025 (2017-18 ADA held harmless)
 - 2019-20 at 10,707 (projected decline in 2018-19 of 318 ADA)
 - 2020-21 at 10,277 (projected decline in 2019-20 of 430 ADA)
- One-time mandated cost revenue only in 2018-19 is included. At the rate of \$344 per 2017-19 P2 ADA of 11,025 = \$3,792,600 in one-time funds.
- Federal, State, and Local estimated carryovers not included

Expenditure Assumptions

- Enrollment projection based on 2017 demographer’s report
 - 2018-19 reduce 429 students; reduce 10 teachers
 - 2019-20 reduce 430 students; reduce 10 teachers
 - 2020-21 reduce 345 students; reduce 10 teachers

- \$678,230 each year projected for step and column salary increase for all groups.
- SERP savings of \$370,990 in 2018-19; \$139,121 in 2019-20 and \$139,121 in 2020-21.
- Salary level status quo (subject to negotiations).
- Health benefits reflecting transition to SISC in 2018-19 and 5% annual increases in future years. When compared to 2nd Interim multi-year projections on April 12, 2018 there are net savings of **(\$775,549)** in 2018-19; **(\$814,326)** in 2019-20 & **(\$855,044)** in 2020-21.
- Routine restricted maintenance (RRM) contribution for 2018-19 & 2019-20 is @ required 2.5% of general fund expenses; 2020-21 is @ full 3% contribution.
- Added 4.375 FTE instructional assistants for 2018-19 full day TK & K. Reduced 1 FTE Director in 2019-20.

- STRS rate increases:
 - 2018-19 at 16.28%; budgeted increase of \$1,594,336 from 2017-18
 - 2019-20 at 18.13%; projected increase of \$1,559,249 from 2018-19
 - 2020-21 at 19.10%; projected increase of \$ 817,251 from 2019-20
- PERS rate increases:
 - 2018-19 at 18.062%; budgeted increase of \$268,070 from 2017-18
 - 2019-20 at 20.80%; projected increase of \$312,949 from 2018-19
 - 2020 -21 at 23.50%; projected increase of \$352,644 from 2019-20
- Proportionality requirement met, spend supplemental grant for LCAP:
 - 2018-19 calculated \$7,226,703; budgeted \$7,226,703
 - 2019-20 calculated \$7,189,897; projected budget \$7,189,897
 - 2020-21 calculated \$6,985,783; projected budget \$6,985,783

The 2017-18 beginning balance had an available unrestricted reserve of \$21.7 million. In 2017-18 the estimated ending available reserve will be \$19.5 million.

The budget and multi-year projections assume the full implementation and resultant savings from \$16,885,534 in previous Board approved revenue increases and expenditure reductions. All items are included in this budget and projections.

Due in part to one time mandate reimbursement state funds, a 3% COLA, health plan savings and one-time transfers of previous Board designated reserves the District's 2018-19 budget reflects a \$4,062,656 increase in available unrestricted funds. Deficit spending returns in 2019-20 when one-time funds are assumed to end and the parcel tax election is conservatively projected not to pass in November, 2018. This creates a drop of **(\$6,384,276)** in 2019-20 and **(\$10,548,878)** in 2020-21 in unrestricted general fund available balance. Should the Board approve the budget the District will project meeting the minimum reserve requirement of 3% with \$1,741,333 in available unrestricted General Fund reserves in 2020-21.

The District will continue to work closely with all stakeholders to address the issue.

RECOMMENDATION:

It is recommended that the Board of Trustees approve the 2018-19 Budget.