

2019-2020 Budget - Public Hearing



Pacifica School District
Board Meeting
May 29, 2019



Budget

Guiding Principle

Balanced Approach
People, Operations & Program

State Budget 2019-2020 Budget Proposal

	May Revision Proposal
LCFF Funds – COLA	3.26%
LCFF is considered fully funded. There are no additional revenues expected.	
One Time Discretionary Funds	\$0
Special Education COLA	3.26%
Child Nutrition COLA	3.26%
Federal Programs – Title II	unknown

State COLA Percentage Comparison

Fiscal Year	Governor's January Budget Proposal	Governor's May Revision	Difference
2019-20	3.46%	3.26%	(0.20%)
2020-21	2.86%	3.0%	0.14%
2021-22	2.92%	2.80%	(0.12%)
2022-23	2.90%	TBD	

Source: 2019 School Services of California, Inc.

2019-20 LCFF Funding Factors

- The State Budget proposes \$2 billion towards LCFF to fund the 3.26% statutory COLA
- The K-12 COLA is 3.26% for 2019-20 and is applied to the LCFF base grants for each grade span

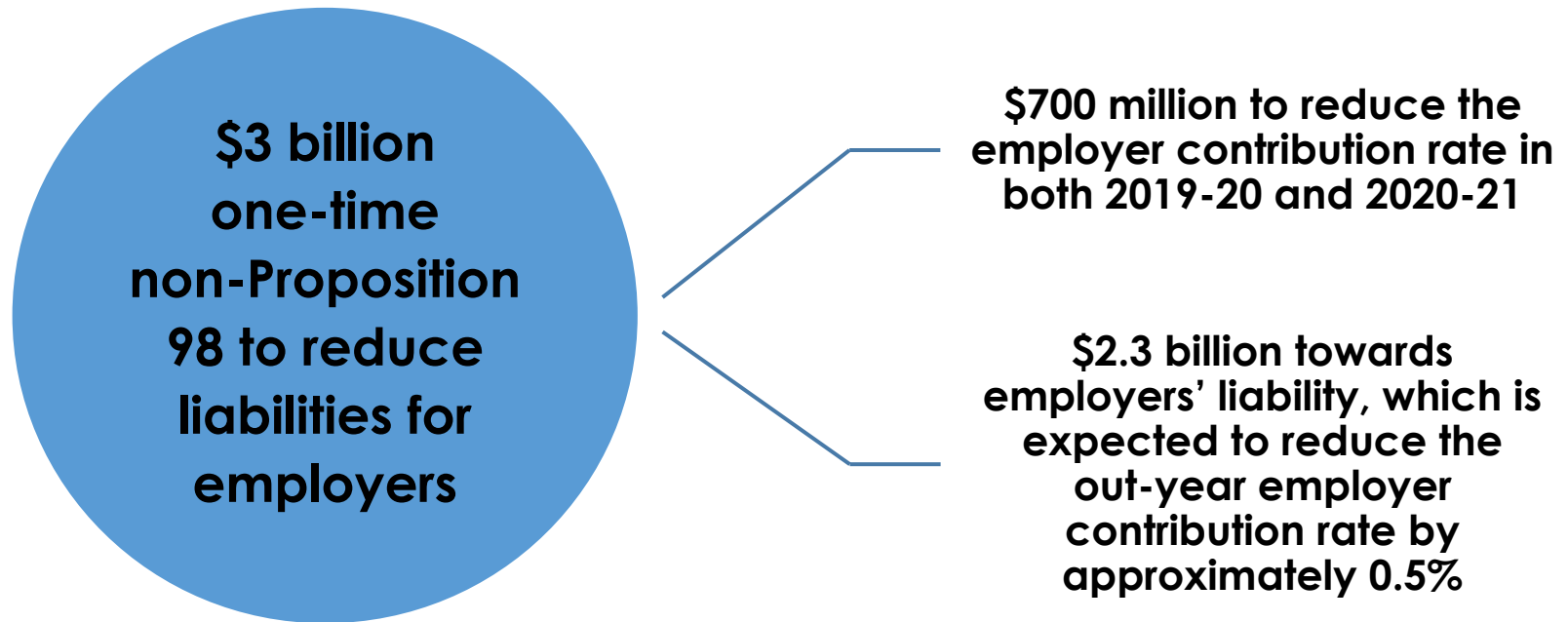
Grade Span	2018-19 Base Grant Per ADA	3.26% COLA	2019-20 Base Grant Per ADA
K-3	\$7,459	\$243	\$7,702
4-6	\$7,571	\$247	\$7,818
7-8	\$7,796	\$254	\$8,050
9-12	\$9,034	\$295	\$9,329

Other State Budget Initiatives:

Workforce Housing-Funding for technical
assistance

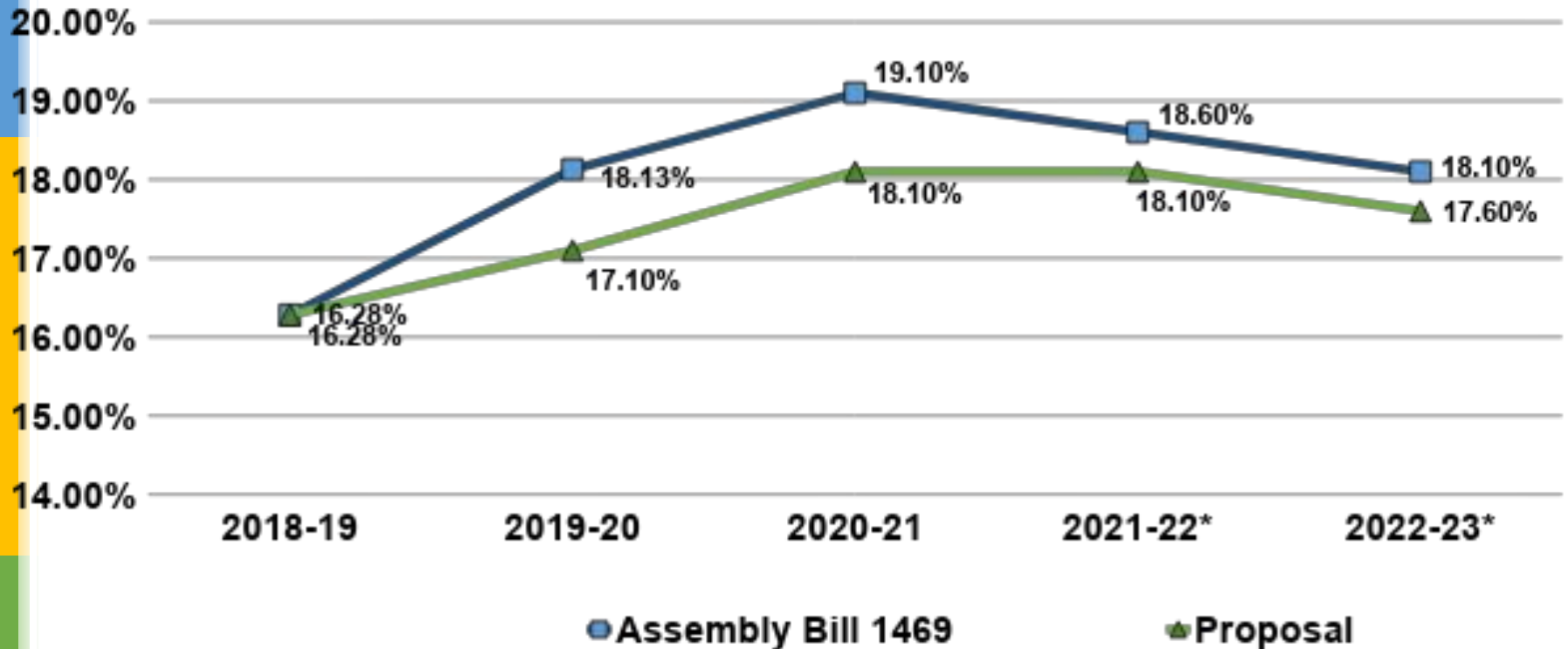
CalSTRS – Employer Contributions

- The proposed budget recognizes the cost pressures LEA's face with rising CA State Teachers' Retirement System (CalSTRS) employer contribution rates



Source: 2019 School Services of California, Inc.

CalSTRS Employer Contribution Rates – Current Law Versus Governor’s Proposal



*Beginning in 2021-22, the CalSTRS Board has authority to increase/decrease the employer contribution rate (with some restrictions) to fully fund the unfunded liability by 2046

2019-2020 Revenue Budget Assumptions:

- Enrollment = 3,119, ADA = 2,980
- LCFF COLA = 3.26%
- Lottery = \$151 per ADA for unrestricted, and \$53 for restricted
- Mandated Cost Block Grant remains at \$31 for K-8
- No Discretionary one-time funds

2019-2020 Expenditure Budget Assumptions:

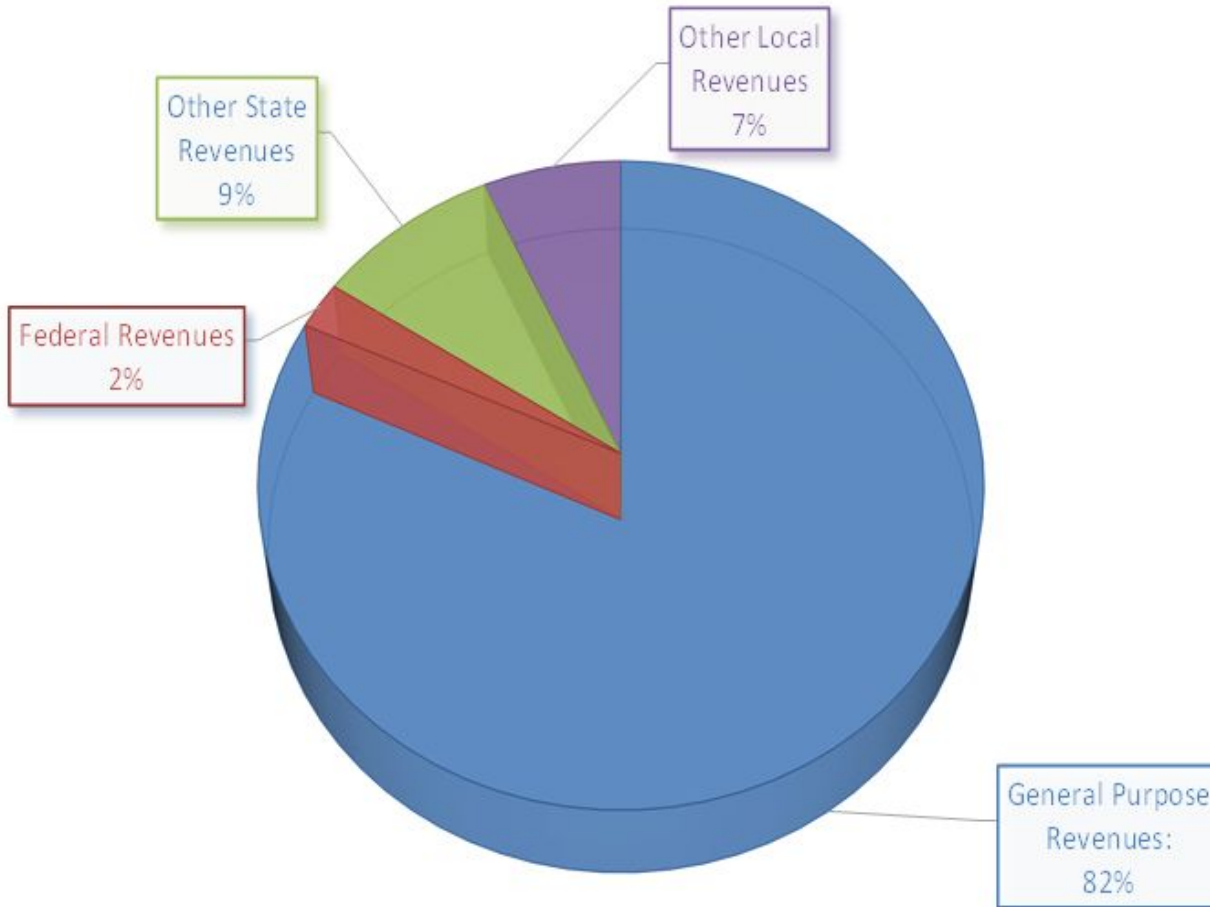
- Staffing – Increase of 2.0 FTE (TK/K)
- Assembly Bill 1469 increases employer contribution of CalSTRS from 16.28% in 2018-19 to 17.1%
- CalPERS increased employer contribution from 18.062% in 2018-19 to 20.70%
- Employee Health Benefit increase 5%
- Employee step & column increases (range from 1-2.5%) partially offset by retirements

What Does this Mean for Pacifica?

Over the next 4 years, we might receive an additional 1.15 million:

- Cumulative Effect of COLA: \$750,000
 - Amount budgeted in the District's Second Interim
- Cumulative Change to STRS: \$400,000
 - *Due to its uncertainty, the amount has not been included in the District's Proposed budget*
- Next step: If included in the final State Budget, PSD will include in First Interim Revisions (Oct 2019)

COMBINED GENERAL FUND REVENUES



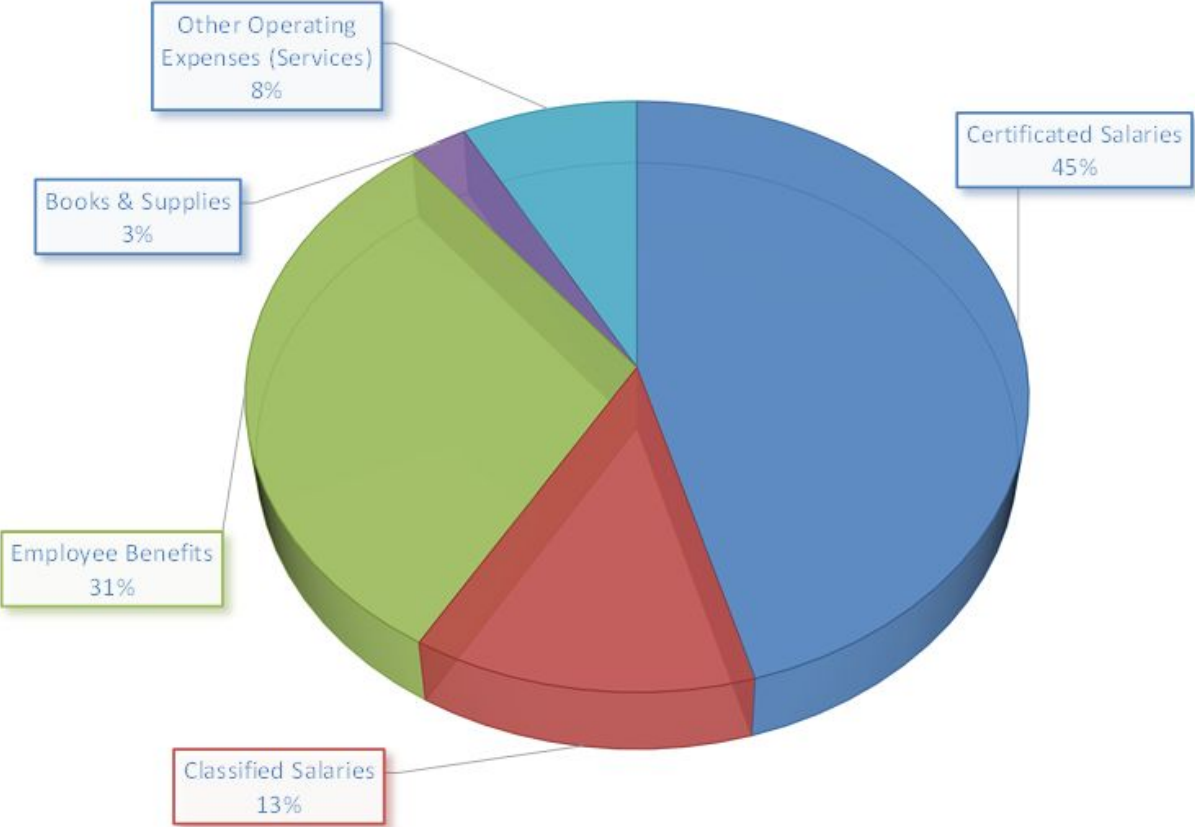
General Purpose – State aid and property taxes

Federal – District must follow specific grant guidelines (Title I, Title II, etc.)

Other State – State funds not part of general purpose funds (Block Grants, Lottery, Special Education)

Local – Funds received from local sources (interest, County, parcel taxes, and local grants)

UNRESTRICTED GENERAL FUND EXPENDITURES



2019-2020 General Fund Summary

GENERAL FUND

Fund 01

Description	Unrestricted	Restricted	Total
REVENUES & EXPENDITURES			
TOTAL BUDGETED REVENUES	\$ 26,866,721	\$ 5,320,610	\$ 32,187,331
TOTAL BUDGETED EXPENDITURES	22,983,730	9,853,838	32,837,568
EXCESS (DEFICIENCY)	3,882,991	(4,533,228)	(650,237)
OTHER ESTIMATED SOURCES/USES	(3,954,298)	4,098,298	144,000
NET INCREASE (DECREASE)	(71,307)	(434,930)	(506,237)
ADD: BEGINNING FUND BALANCE	1,273,128	846,884	2,120,012
ENDING FUND BALANCE (ESTIMATED)	\$ 1,201,821	\$ 411,954	\$ 1,613,775

Contributions from the Unrestricted General Fund

Restricted Maintenance	\$ 990,000
Special Education	<u>\$ 3,108,298</u>
Total	\$ 4,098,298

Multi-Year Summary

2019-2020 Three Year			
Budget Projection (Unrestricted)			
Description	2019-2020	2020-2021	2021-2022
Projected Surplus (Deficit)	(\$71,307)	(\$53,794)	\$157,677
Beginning Fund Balance	\$1,273,128	\$1,201,821	\$1,148,027
Ending Fund Balance (Reserve)	\$1,201,821	\$1,148,027	\$1,305,704
Fund Balance Reserve %	3.65%	3.44%	3.89%
Fund 17 Reserve	1.04%	1.04%	1.04%
Total Reserves	4.70%	4.48%	4.93%

*The estimated activity, fund balances, and reserve percentages are dependent on the District transferring \$200,000 from Fund 17 in 2019-2020.
(Excludes: General Salary Increase for all employees)

Multi-Year Cautions

- Resist using future projected dollars or one-time dollars to justify paying on going expenditures in current year
- A future recession is predicted – timing unknown
- Low COLA environment on programs that require contributions
- Increased retirement obligations

Reserve Considerations

- Cash Management – avoid cost of borrowing
- Fluctuation in enrollment
- Flexibility to absorb unanticipated expenditure
- Protection against expiration of temporary taxes (Prop 30 & Parcel Tax)
- Protect against exposure to significant one time outlay (disaster, lawsuit)
- Protection against volatility in state funding

Statewide Unrestricted Fund Balance

2017-2018 Average Unrestricted General Fund, Including Fund 17	
Unified School Districts	16.98%
Elementary School Districts	20.20%
Pacifica School District (17/18)	6.0%
Pacifica School District (18/19)	4.9%
High School Districts	15.63%

Summary of Other Funds

FUND	2018-2019	Estimated Net Change	2019-2020
GENERAL (UNRESTRICTED & RESTRICTED)	\$2,120,011	(\$506,237)	\$1,613,774
CAFETERIA FUND	\$168,896	\$1,145	\$170,041
DEFERRED MAINTENANCE	\$15,817	\$3,500	\$19,317
SPECIAL RESERVE	\$542,661	(\$190,500)	\$352,161
OTHER POST EMPLOYMENT BENEFITS	\$863,726	\$8,000	\$871,726
BUILDING FUND	\$18,507,196	(\$680,743)	\$17,826,453
CAPITAL FACILITIES	\$409,224	\$25,500	\$434,724
CAPITAL OUTLAY	\$1,890,731	\$439,086	\$2,329,817
TAX OVERRIDE	\$221,383	\$0	\$221,383

Planning for 2019-2020

Other Funds/Needs

- **Child Nutrition**

- Ongoing contribution for quality meals \$56,000

- **Deferred Maintenance**

- Ongoing contribution \$40,000
- Increase future contributions for maintenance projects not covered by Facility Master Plan (Measure O)

Parcel Tax Report

July 1, 2019 to June 30, 2020 Projections

Parcel Tax Revenues	
2018-2019 Balance of Parcel Tax Funds (TBD)	\$15,000
2019-2020 Projected Funds	\$1,292,000
Total Parcel Tax Funds Available 2019-2020	\$1,307,000
Parcel Tax Expenditures	
Teachers Salaries (6-7 Teachers Positions)	\$670,000
Teacher Support	\$78,750
Counseling Program	\$206,174
Library Media Technician	\$195,330
Outdoor Education	\$138,140
School Gardens	\$5,332
Total Parcel Tax Expenditures as of June 30, 2020	\$1,293,726
Balance in Parcel Tax Fund as of June 30, 2020	\$13,274

Next Steps

- State level
 - Next update – Final Budget June 15, 2019
- District level
 - May 15, 2019 – Governor's May Revise
 - May 29, 2019 – 2019/20 Budget Public Hearing
 - June 5, 2019 – 2019/20 Budget Adoption



Questions/Comments/ Direction