



# First Interim Budget 2018-2019

WSD Board Meeting  
December 13, 2018

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Assistant Superintendent,  
Business Services

# 2018-2019 Budget Calendar

Budgeting for a school district is a continuous, year-round process. Projections continually change based on new and changing information.

- |                            |   |
|----------------------------|---|
| ❖ June 30, 2018            | Adopted 2018 – 19 Budget                              |
| ❖ September 2018           | Unaudited Actuals                                     |
| ❖ <b>December 15, 2018</b> | <b>1st Interim Budget</b> <i>(Data as of October)</i> |
| ❖ March 15, 2019           | 2nd Interim Budget <i>(Data as of January)</i>        |
| ❖ June 30, 2019            | Adopted 2019 – 20 Budget                              |

Other than the presentation of the actual financial information all other budget presentations are a combination of actuals and projections for the current and upcoming year

# First Interim Development Trends

- ▶ Enrollment
  - Enrollment decrease was as projected
- ▶ Increased Expenditures
  - Pension Costs – STRS and PERS
  - Compensation – Step and Column yearly increases
  - Special Education program cost increase
- ▶ State Revenue Projections
  - LCFF fully funded
  - Awaiting the new Governor's January Proposal

# Enrollment and Revenue

- ▶ Declining enrollment reduces available resources from the budget
  - The District is paid on the higher of the current or previous year (held harmless)
  - This means that less than anticipated decline will impact the budget in the following 2 years
- ▶ Potential conservative projections could have the district enrollment declining below 8,000 within the next 10 years
- ▶ Investments in “Destination District” Programs can have an impact in sustaining revenue
- ▶ Every Intradistrict and Interdistrict transfer is sustained, or increased revenue of approximately \$10,055

# State Budget Update

- ▶ UCLA and the State Legislative Analyst (LAO) revenue projections are anticipating gains in State Revenues
- ▶ Based upon LCFF full-funding and a COLA only environment under Proposition 98 guidelines none of the new revenue would need to be earmarked for education
  - Legislative Agenda does not include additional funding to Education other than “recognition of pension impact”
- ▶ This will present a difficult narrative and simply stated pictorially

State Budget Revenue



Public Schools Budget Revenue



# Enrollment Trends – UPDATE

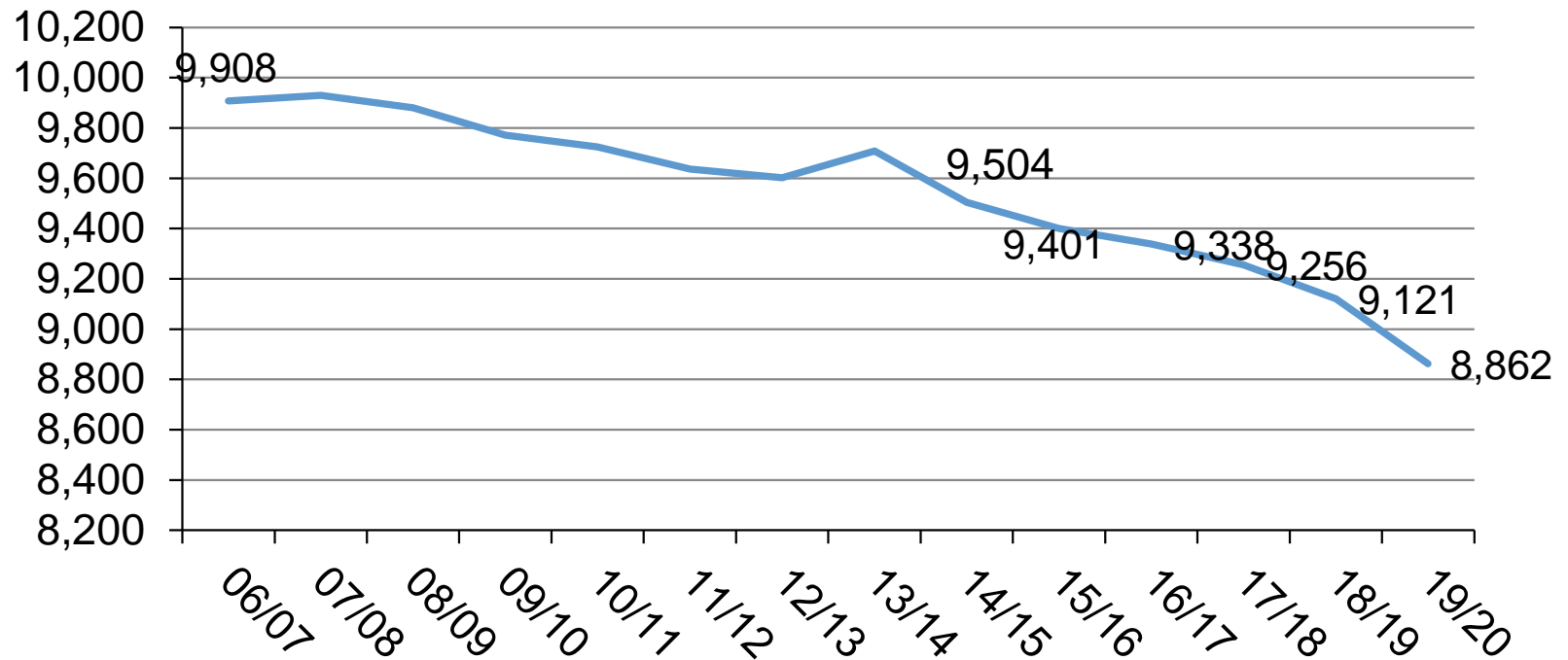
Enrollment  
2014 – Draft 2019

- ▶ Declining Enrollment has impacted the District for several years
- ▶ Kinder enrollment has **declined from 961** in 2014 **down to 865** projected in 2019
- ▶ The actual outgoing 8<sup>th</sup> grade class of 1,034 is being replaced with 865 Kinder students **(169 fewer)**

Grade	2014	2015	2016	2017	2018	2019
TK	246	245	226	286	218	216
K	961	945	890	898	874	865
1	1015	964	930	903	888	870
2	989	991	978	908	897	884
3	987	986	976	966	895	886
4	1014	969	987	977	958	889
5	971	1005	981	978	971	955
6	957	968	1022	990	994	982
7	1009	973	1005	1021	1002	1007
8	989	1015	998	1007	1034	1008
Subtotals:	9138	9061	8993	8934	8731	8562
Pct Chg:	0%	-0.8%	-0.8%	-0.7%	-2.3%	-1.9%
SDC:	353	345	338	322	317	310
Totals:	9491	9406	9331	9256	9048	8872

# Enrollment Projections

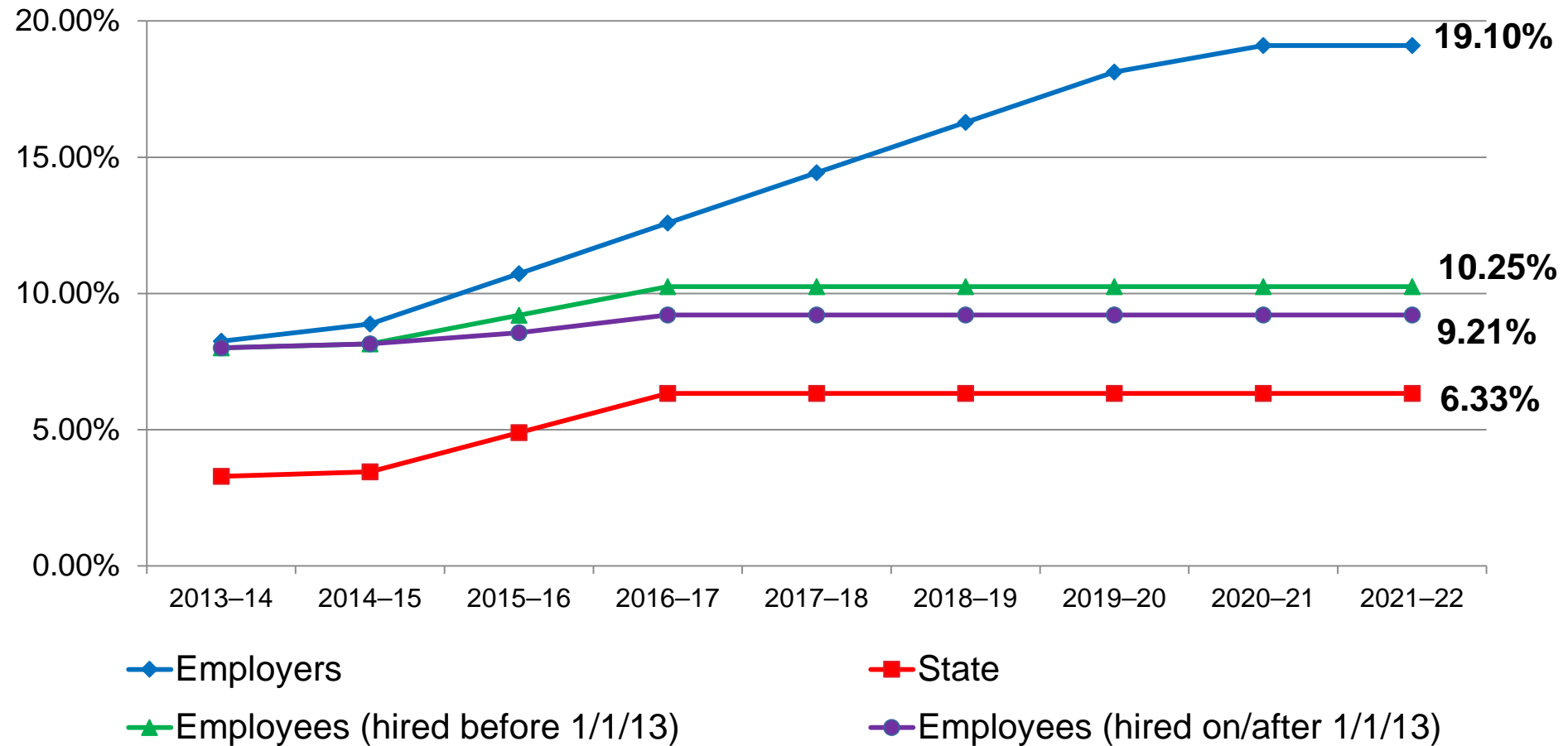
## 2006-2007 through Draft 2019-20



2018-19 and 2019 -2020 Projected

# CalSTRS

## Future Changes in Contribution Rates





# Impact of CalSTRS and CalPERS

- ▶ Employer Rate Keeps increasing yearly

Year	STRS Rate	PERS Rate	CalSTRS \$ Increase	CalPERS \$ Increase	Total \$ Increase	Cumulative \$ Increase
2015-2016	10.73%	11.847%	\$1,243,211	\$207,853	\$1,451,063	
2016-2017	12.58%	13.888%	\$1,138,690	\$467,514	\$1,606,204	\$3,057,267
2017-2018	14.43%	15.531%	\$1,109,352	\$480,573	\$1,589,925	\$4,647,192
2018-2019	16.28%	18.062%	\$1,249,538	\$560,529	\$1,810,067	\$6,457,259
2019-2020	18.13%	20.7%	\$1,170,837	\$574,191	\$1,745,028	\$8,202,287
2020-2021	19.10%	23.4%	\$729,744	\$603,064	\$1,332,808	\$9,535,095

- ▶ The STRS and PERS increases of \$9,535,095 more per year will be 10% of the budget by 2020 increasing from \$5,718,414 to \$15,210,08500 per year

# Revenue vs. STRS/PERS

- ▶ Since 2015 – 2016 the total increase through 2020 for STRS and PERS in expenditures is estimated at \$9,535,095
- ▶ During this same period, the LCFF total increase in estimated revenue is \$20,877,764 (from 14–15 to 20–21)
- ▶ Over 45% of all LCFF revenue has or will be absorbed to fund required STRS and PERS contributions

# Changes at First Interim

- ▶ Payment QZAB loan
- ▶ Distribution of Supplemental and Concentration Funds for Interventions
- ▶ Includes costs of 0.58% compensation increase to all employee groups
- ▶ Utilization of one-time Safety Funds
- ▶ One-Time Mandate Block Grant funds incorporated
  - Designated reserves included for technology (potential teacher devices) and instructional materials

# Major Expenditure Assumptions – Out Years

## (At 2018-2019 First Interim)

	2017 –2018	2018 –2019	2019–2020	2020–2021
LCFF Gap Rate Projection	44.97%	100%	0%	0%
Projected COLA (DOF)	1.56%	3.7%	2.57%	2.67%
Step & Column cost	\$1,213,816	\$1,511,470	\$1,400,710	\$1,426,827
STRS (increased rate)	\$1,065,927	\$1,249,538	\$1,170,837	\$729,744
PERS (increased rate)	\$480,573	\$560,529	\$574,191	\$603,064
Restricted Maintenance (3% contribution)	\$54,564	\$86,026	\$87,940	\$57,574
Reserve for Economic Uncertainties (increase to 7%)	\$841,227	\$38,942	–\$21,976	\$134,340
Declining Enrollment (loss of revenue)	\$815,074	\$1,053,060	\$1,344,507	\$2,204,100
Special Education Contribution (SELPA)	\$262,112	\$289,352	\$289,352	\$289,352
Insurance / Workers Compensation	\$71,958	\$75,000	\$75,000	\$75,000
<b>TOTAL New Expenditures</b>	<b>\$4,805,251</b>	<b>\$4,863,917</b>	<b>\$4,920,561</b>	<b>\$5,520,001</b>

# Multiyear Projections – Combined 12/13/18

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<b>Revenue</b>	\$112,895,662	\$110,072,452	\$110,100,337
<b>Expenses</b>	\$117,704,905	\$112,390,971	\$114,310,112
<b>Difference</b>	<b>(\$4,809,243)</b>	<b>(\$2,318,519)</b>	<b>(\$4,209,775)</b>
<b>Beginning Balance</b>	\$33,047,726	\$28,238,483	\$25,919,964
<b>Ending Balance</b>	\$28,238,483	\$25,919,964	\$21,710,188
<b><u>Components of Ending Fund Balance</u></b>			
<b>Reserve for Economic Uncertainties</b>	\$7,889,344	\$7,867,368	\$8,001,708
<b>Stores</b>	\$20,000	\$20,000	\$20,000
<b>Bus Replacement</b>	\$270,000	\$180,000	\$90,000
<b>Textbook Adoptions</b>	\$3,505,541	\$3,505,541	\$3,505,541
<b>Code to the Future</b>	\$232,000	\$99,000	
<b>ACA/AB1522</b>	\$378,966	\$378,966	\$378,966
<b>Revolving Cash</b>	\$100,000	\$100,000	\$100,000
<b>Restricted Designation</b>	\$6,636,221	\$6,792,029	\$6,828,697
<b>Facilities Use</b>	\$160,381	\$118,052	\$75,723
<b>Technology</b>	\$2,000,000	\$2,000,000	\$2,000,000
<b>Student Support</b>	\$621,383	\$621,383	\$621,383
<b>Future STRS/PERS</b>	\$6,424,646	\$4,237,624	\$88,170

# Next Steps

- ▶ With all known expenditures loaded into the multi-year projection and enrollment updated to reflect this year, the next step is the Governor's January budget proposal
- ▶ This proposal while reflecting a positive economy is not projected to provide additional resources for Education
- ▶ While the Budget for the District is stable, the further out-years do not look promising without new ongoing funding and may require the same mitigations that many districts are already starting to grapple with

# Certification Definition

- ❖ **Positive** = A school district that, based on current projections, **will** be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
  - ❖ Superintendent is recommending that the Board approve the 2018 – 2019 First Interim Budget Report with a Positive Certification
- ❖ **Qualified** = A school district that, based on current projections, **may not** meet its financial obligations for the current fiscal year or subsequent two fiscal years.
- ❖ **Negative** = A school district that, based on current projections, **will be unable** to meet its financial obligations for the current fiscal year or for subsequent two fiscal years.