

Calexico Unified School District

2018-19 Estimated Actuals

&

2019-20 Budget Adoption

Presented by:

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Maribel Paez, Business Manager

Regular Board Meeting

June 6th, 2019

- Introduction
- Agenda
- State Budget Process
- 2018-19 Estimated Actuals
 - LCFF Funding Factors
- 2019-20 Proposed Budget Adoption
 - LCFF Funding Factors
 - LCFF Funding Factors Comparison (2018-19/2019-20)
 - Additional Expenditures for 2019-20
- Multi-Year Projections
- Other Funds
- Economic Outlook
- California School Funding



Jan.

- **Governor's Proposed Budget** - State Constitution requires that the Governor submit a budget to the Legislature by January 10 – each year

May

- **May Revision** - adjustments are due by May 14, and consist of an update of General Fund Revenues and changes in expenditures for school funding requirements , Per Proposition 98

June

- **Budget Adoption** - Governor's Budget is signed and becomes law. The LCAP & District Budget is open for public hearing and approval

Sept.

- **Unaudited Actuals** – close the books for the prior year.

Dec.

- **First Interim** – revision of key assumptions and necessary budget revisions.

Dec.

- **Annual Audit** – independent audit firm test district's transactions

March

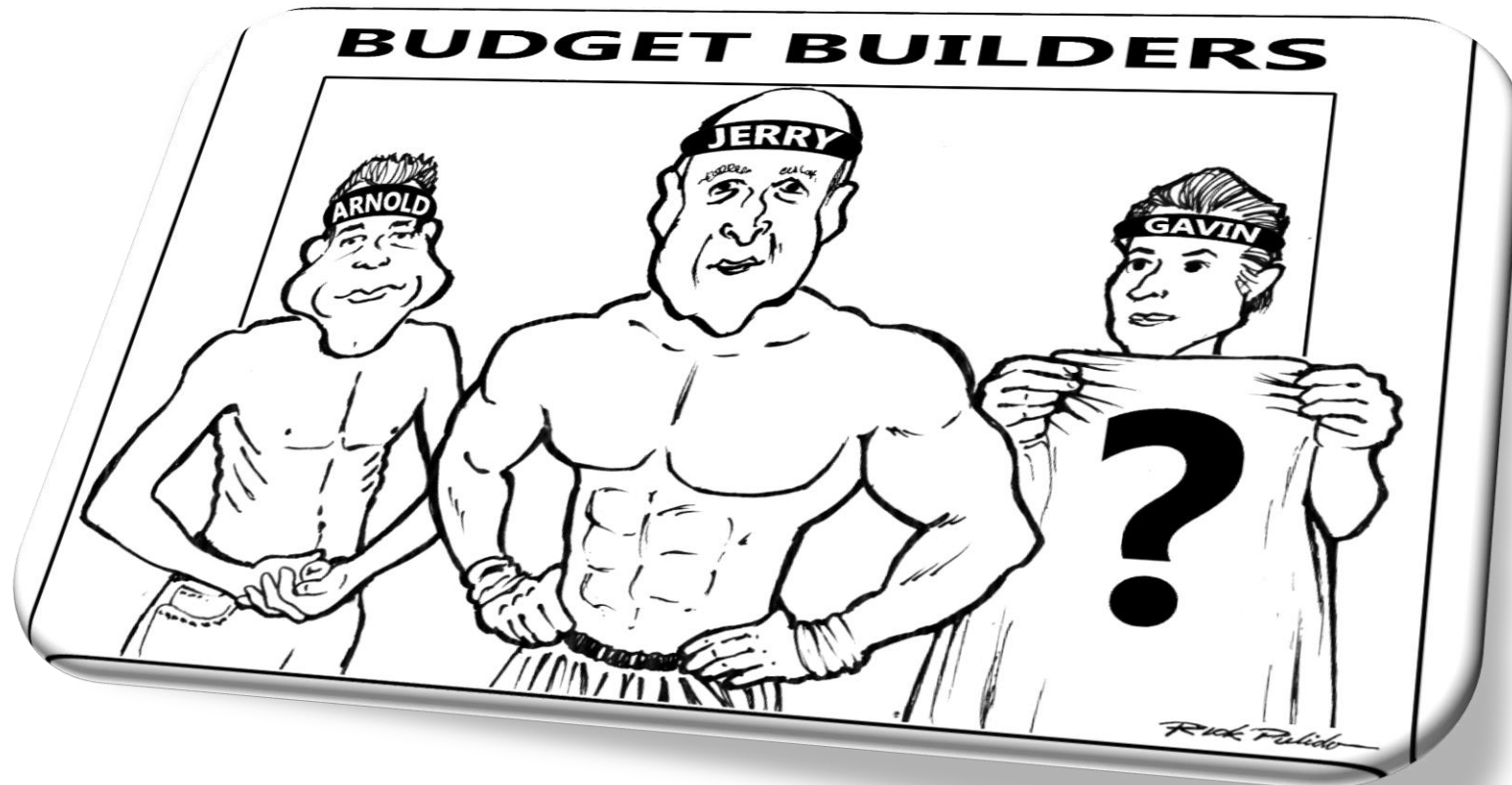
- **Second Interim** - revision of key assumptions and necessary budget revisions.

STATE BUDGET PROCESS



2018-19 Estimated Actuals – LCFF Funding Factors

- COLA = 2.71%
- GAP Funding = 100% (LCFF Fully Funded)
- CPI 3.64%
- Lottery = \$151 Unrestricted
- Lottery = \$53 Restricted
- MBG = \$31.16 (K-8)
- MBG = \$59.83 (9-12)
- One-Time \$184.00 Per ADA
- CalPERS = 18.062
- CalSTRS = 16.28 (Statutory)



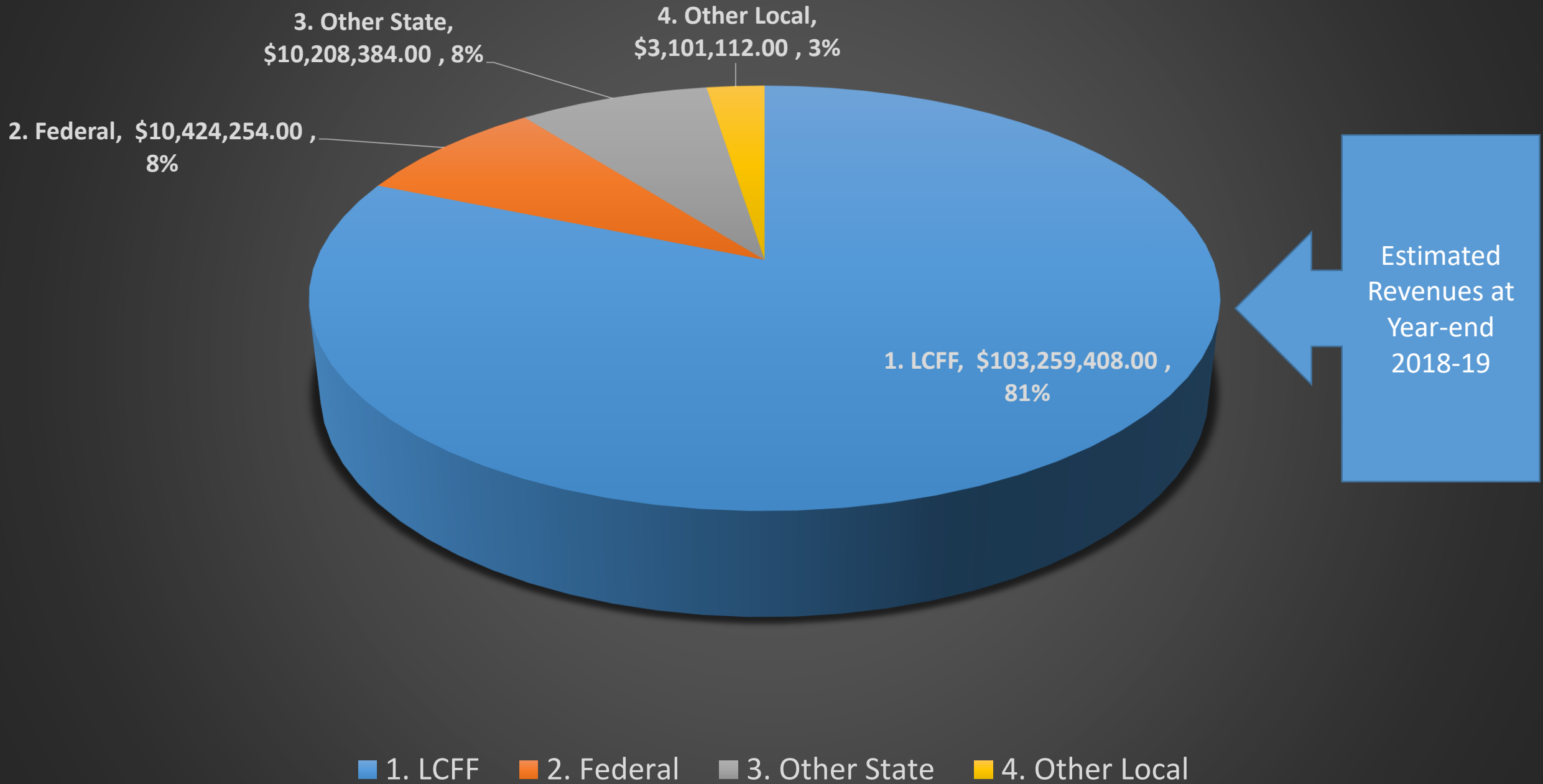
2018-19 Estimated Actuals – Revenues/Expenditures

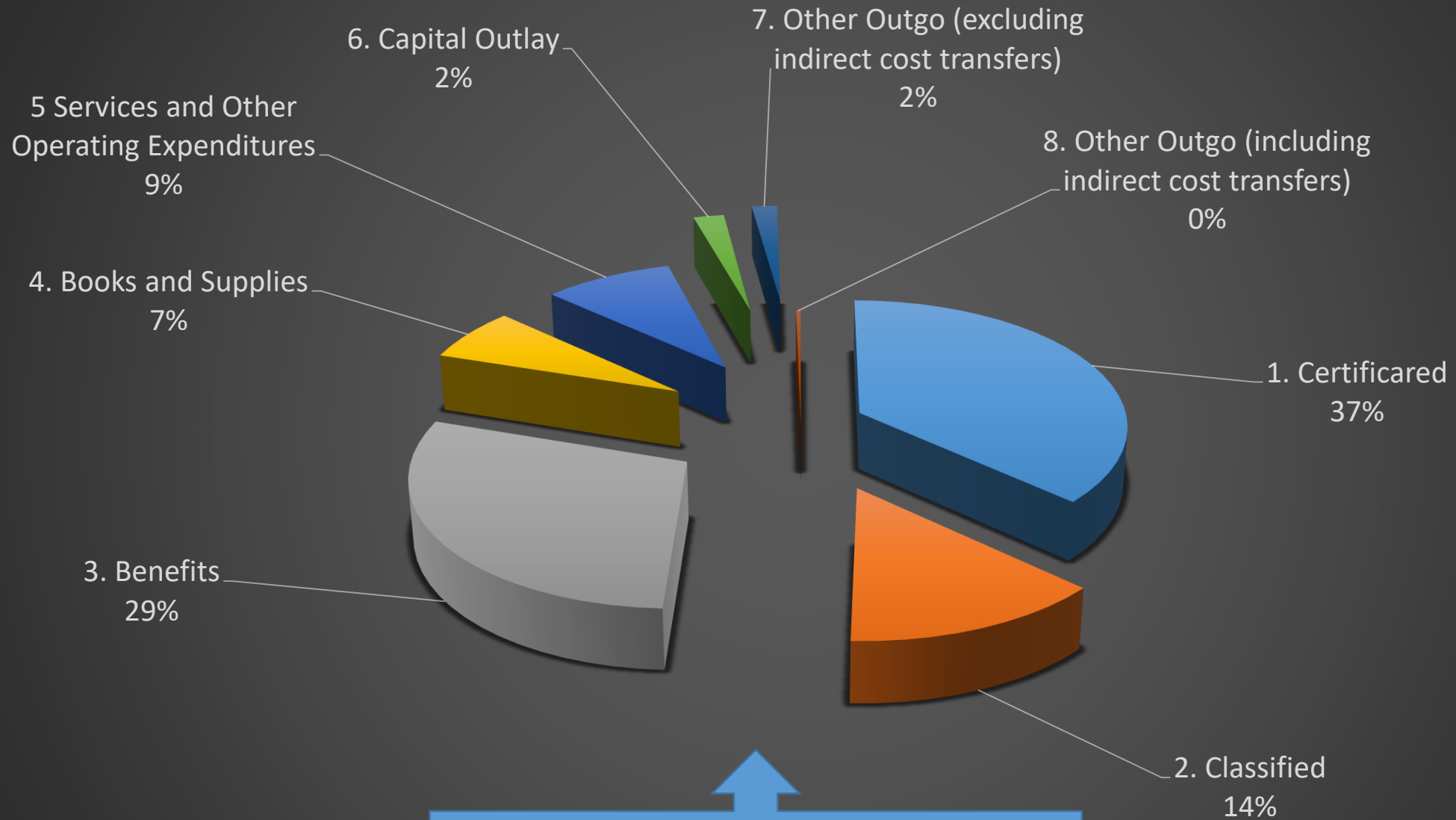
Description	2018-19 Estimated Actuals		
	Unrestricted	Restricted	Total Fund
Revenues			
1. LCFF	\$ 103,259,408.00	\$ -	\$ 103,259,408.00
2. Federal	\$ -	\$ 10,424,254.00	\$ 10,424,254.00
3. Other State	\$ 3,342,021.00	\$ 6,866,363.00	\$ 10,208,384.00
4. Other Local	\$ 1,324,870.00	\$ 1,776,242.00	\$ 3,101,112.00
5. Total Revenues	\$ 107,926,299.00	\$ 19,066,859.00	\$ 126,993,158.00
Expenditures			
1. Certificared	\$ 38,098,463.00	\$ 7,975,009.00	\$ 46,073,472.00
2. Classified	\$ 12,926,722.00	\$ 4,328,405.00	\$ 17,255,127.00
3. Benefits	\$ 27,961,695.00	\$ 8,823,376.00	\$ 36,785,071.00
4. Books and Supplies	\$ 5,584,267.00	\$ 2,876,715.00	\$ 8,460,982.00
5 Services and Other Operating Expenditures	\$ 8,248,937.00	\$ 2,828,206.00	\$ 11,077,143.00
6. Capital Outlay	\$ 1,213,060.00	\$ 1,504,308.00	\$ 2,717,368.00
7. Other Outgo (excluding indirect cost transfers	\$ 811,641.00	\$ 1,479,253.00	\$ 2,290,894.00
8. Other Outgo (including indirect cost transfers	\$ (1,099,122.00)	\$ 707,680.00	\$ (391,442.00)
9. Total Expenditures	\$ 93,745,663.00	\$ 30,522,952.00	\$ 124,268,615.00
Excess (Deficiency) of Revenues over expenditures before other fanancing sources and uses	\$ 14,180,636.00	\$ (11,456,093.00)	\$ 2,724,543.00

Total estimated revenues for 18/19

Total estimated Expenditures for 18/19

Total estimated Excess Revenues 18/19





Approximately 80% of 2018-19 budget will go towards salaries and benefits

2018-19 Estimated Actuals – Ending Fund Balance

Description	2018-19 Estimated Actuals		
	Unrestricted	Restricted	Total Fund
Net Increase (Decrease) in Fund Balance	\$ 2,837,396.00	\$ (112,853.00)	\$ 2,724,543.00
Fund Balance, Reserves			
1. Beginning Fund Balance			
a) As of July 1 - Unaudited	\$ 15,792,304.00	\$ 1,323,013.00	\$ 17,115,317.00
b) Audit Adjustments	\$ -		
c) As of July 1 Audited	\$ 15,792,304.00	\$ 1,323,013.00	\$ 17,115,317.00
d) Other Restatements	\$ -		
e) Adjusted Beginning	\$ 15,792,304.00	\$ 1,323,013.00	\$ 17,115,317.00
2. Ending Balance, June 30	\$ 18,629,700.00	\$ 1,210,160.00	\$ 19,839,860.00

Total estimated Excess
Revenues
18/19

Beginning Fund Balance
at July 1, 2018

Projected Beginning Fund
Balance at July 1, 2019

2019-20 Proposed Budget – LCFF Funding Factors

- COLA = 3.26%
- GAP Funding = 100% (LCFF Fully Funded)
- CPI 3.38%
- Lottery = \$151 Unrestricted
- Lottery = \$53 Restricted
- MBG = \$32.18 (K-8)
- MBG = \$61.94 (9-12)
- One-Time \$00.00 Per ADA
- CalPERS = 20.733
- CalSTRS = 17.10 (Statutory)



LCFF Planning Factors 18/19

- COLA = 2.71%
- GAP Funding = 100% (LCFF Fully Funded)
- CPI 3.64%
- Lottery = \$151 Unrestricted
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Additional Expenditures for 2019-20

- Retro Pay for Unrepresented Groups: **\$802,746**
 - **Please Note: This amount was not reflected in the March 2018, 2nd Interim presentation/2nd Interim Report**
- Salary Increases for Unrepresented Groups: **\$404,973**
 - **Please Note: This amount was not reflected in the March 2018, 2nd Interim presentation/2nd Interim Report**
- Health Insurance Increase: **\$976,671**
- Ongoing Maintenance Increase: **\$1,342,243**
- California Clean Energy (Prop. 39): **\$442,947**
 - **Please Note: This is a recurring payment from year-to-year until paid in full. It impacts our General Fund**
- Special Education Contribution: **\$742,734**
- Medical Billing Option: **\$14,047**
- Total New Expenditures for 2019-20: \$3,075,695**



2019-20 – Projected Revenues/Expenditures

2019 – 20 Revenues & Expenditures			
Description	Unrestricted	Restricted	Total Fund
Revenues			
1. LCFF	\$ 106,582,269.00	\$ -	\$ 106,582,269.00
2. Federal	\$ -	\$ 9,941,475.00	\$ 9,941,475.00
3. Other State	\$ 1,746,382.00	\$ 5,393,867.00	\$ 7,140,249.00
4. Other Local	\$ 384,973.00	\$ 1,869,392.00	\$ 2,254,365.00
5. Total Revenues	\$ 108,713,624.00	\$ 17,204,734.00	\$ 125,918,358.00
Expenditures			
1. Certificared	\$ 39,407,445.00	\$ 7,830,585.00	\$ 47,238,030.00
2. Classified	\$ 12,592,889.00	\$ 4,173,979.00	\$ 16,766,868.00
3. Benefits	\$ 29,121,327.00	\$ 9,110,227.00	\$ 38,231,554.00
4. Books and Supplies	\$ 5,268,400.00	\$ 2,918,083.00	\$ 8,186,483.00
5. Services and Other Operating Expenditures	\$ 7,494,052.00	\$ 2,681,338.00	\$ 10,175,390.00
6. Capital Outlay	\$ 2,508,213.00	\$ 1,844,497.00	\$ 4,352,710.00
7. Other Outgo (excluding indirect cost transfers)	\$ 811,641.00	\$ 1,479,253.00	\$ 2,290,894.00
8. Other Outgo (including indirect cost transfers)	\$ (895,494.00)	\$ 510,896.00	\$ (384,598.00)
9. Total Expenditures	\$ 96,308,473.00	\$ 30,548,858.00	\$ 126,857,331.00

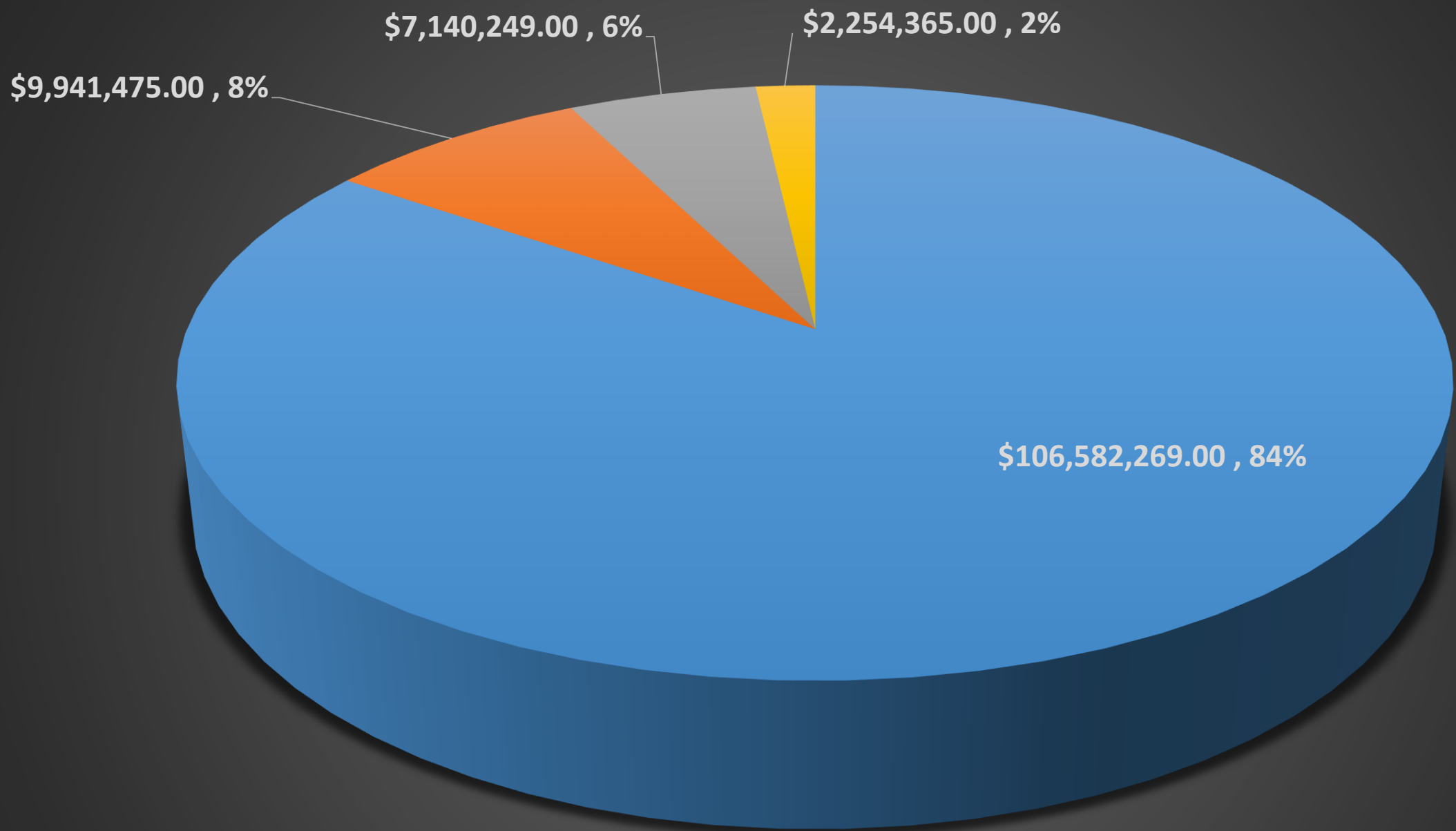
Unrestricted revenues increased by \$787,325 from prior year.

Restricted revenues decreased by about \$1.8 million mostly due to state grants going away

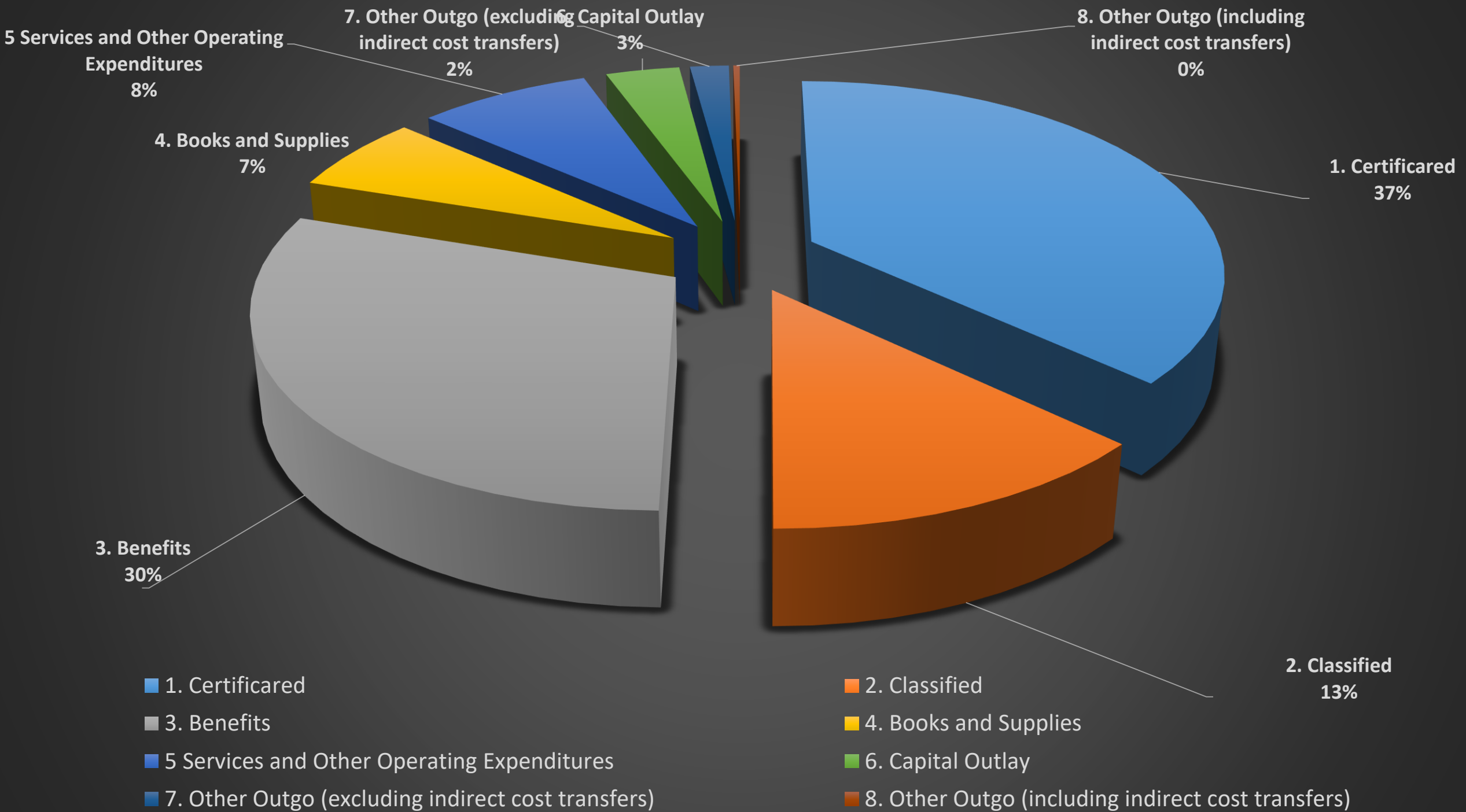
Overall, revenues are down by about \$1 million from 2018-19

Comparing Revenues Vs Expenditures for 2019-20, there is a deficit of \$938,973

9. Total Expenditures \$ 96,308,473.00 \$ 30,548,858.00 \$ 126,857,331.00



■ 1. LCFF ■ 2. Federal ■ 3. Other State ■ 4. Other Local



2019-20 – Beginning Fund Balance

	2019 – 20 Beginning Fund Balance		
Description	Unrestricted	Restricted	Total Fund
Net Increase (Decrease) in Fund Balance	\$ (912,113.00)	\$ (26,860.00)	\$ (938,973.00)
Fund Balance, Reserves			
1. Beginning Fund Balance			
a) As of July 1 - Unaudited	\$ 18,629,700.00	\$ 1,210,160.00	\$ 19,839,860.00
b) Audit Adjustments	\$ -		
c) As of July 1 Audited	\$ 18,629,700.00	\$ 1,210,160.00	\$ 19,839,860.00
d) Other Restatements	\$ -		
e) Adjusted Beginning	\$ 18,629,700.00	\$ 1,210,160.00	\$ 19,839,860.00
2. Ending Balance, June 30	\$ 17,717,587.00	\$ 1,183,300.00	\$ 18,900,887.00

Comparing Revenues Vs Expenditures for 2019-20, there is a deficit of \$938,973

2018-19 Ending Fund Balance becomes Beginning Fund Balance for 2019-20

2019-20 Beginning Fund Balance minus projected deficit of \$938,973

5. Ending Balance June 30

\$ 18,629,700.00

\$ 1,210,160.00

\$ 19,839,860.00

Multi-Year Projections 2019-20 July 1st Budget

Description	COMBINED		
	2019-20	2020-21	2021-22
REVENUES			
LCFF Sources	\$106,582,269	\$109,956,376	\$113,027,172
Federal Revenues	\$9,941,475	\$9,596,591	\$9,596,591
Other State Revenues	\$7,140,249	\$6,956,454	\$6,967,889
Other Local Revenues	\$2,254,365	\$2,267,977	\$2,319,954
Other Financing Sources			
Total Revenues	\$125.918.358	\$128.777.398	\$131.911.606

The common denominator here is that now that the LCFF has been fully implemented, we are now living in a world of COLA increases only. Our COLA increases are nowhere near enough to offset the cost of CalPERS and CalSTRS alone. At some point, our reserves will shrink due to the cost increases of doing business.

Planning Factors used:

- COLA = 3.26%
- CPI = 3.38%
- Lottery (Un) = \$151
- Lottery (R) = \$53
- MBG (K-8) = \$32.18
- MBG (9-12) = \$61.94
- PERS Rate = 20.733%
- STRS Rate = 16.70%

Planning Factors used:

- COLA = 3.00%
- CPI = 3.16%
- Lottery (Un) = \$151
- Lottery (R) = \$53
- MBG (K-8) = \$33.15
- MBG (9-12) = \$63.18
- PERS Rate = 23.60%
- STRS Rate = 18.10%

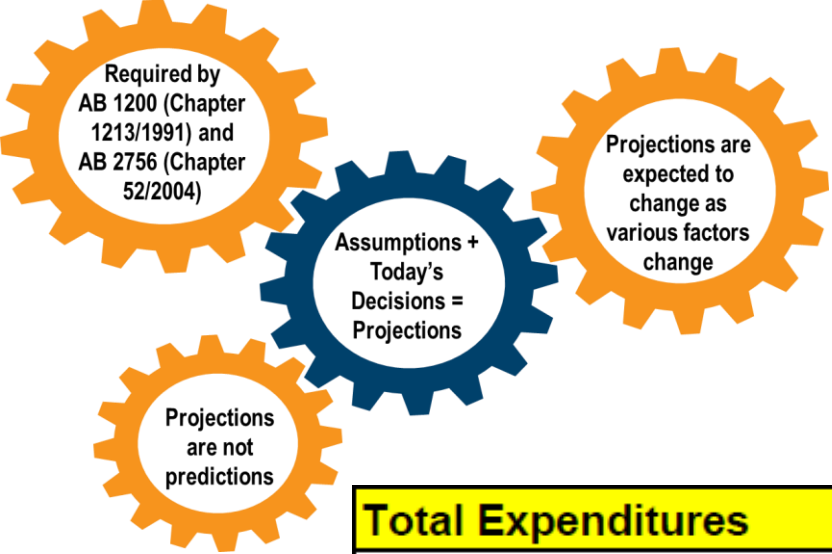
Planning Factors used:

- COLA = 2.80%
- CPI = 3.05
- Lottery (Un) = \$151
- Lottery (R) = \$53
- MBG (K-8) = \$34.08
- MBG (9-12) = \$65.59
- PERS Rate = 24.90%
- STRS Rate = 17.80%

EXPENDITURES			
Certificated Salaries			
Base Salaries		\$47,238,030	\$48,182,791
Step & Column Adjustment		\$944,761	\$963,656
Cost-of-Living Adjustment		\$0	\$0
Other Adjustment		\$0	\$0
Total Certificated Salaries	\$47,238,030	\$48,182,791	\$49,146,446
Classified Salaries			
Base Salaries		\$16,766,868	\$17,102,325
Step & Column Adjustment		\$335,457	\$342,167
Cost-of-Living Adjustment			
Other Adjustment			
Total Classified Salaries	\$16,766,868	\$17,102,325	\$17,444,492
Employee Benefits	\$38,231,554	\$40,569,371	\$42,095,955
Books & Supplies	\$8,186,483	\$8,268,348	\$8,351,031
Services, Other Operating	\$10,175,390	\$10,277,144	\$10,379,915
Capital Outlay	\$4,352,710	\$4,077,792	\$3,803,125
Other Outgo	\$2,290,894	\$2,290,894	\$2,287,894
Direct Support/Indirect Costs	(\$384,598)	(\$384,598)	(\$384,598)
Other Financing Uses			
Other Adjustments			
Total Expenditures	\$126,857,331	\$130,384,067	\$133,124,261
NET INCREASE/DECREASE	(\$938,973)	(\$1,606,669)	(\$1,212,655)

Our new MYP includes a 2% step & Column adjustment from year to year. In a COLA environment, it is barely enough to cover the annual increase for certificated/classified salaries

Employee benefits represent about 30% of our entire budget, and every year their cost in premiums go up. From current year to 2019-20, the benefit cost increase totaled \$976,671. Pension plans also continue to increase at historical rates.



When you compare our revenues Vs our expenditures, we noticed that we are no longer living within our means. Every year starting with 2019-20, we are deficit spending so the district has to create a budget stabilization plan.

Total Expenditures	\$126,857,331	\$130,384,067	\$133,124,261
NET INCREASE/DECREASE	(\$938,973)	(\$1,606,669)	(\$1,212,655)
Fund Balance			
Beginning Fund Balance	\$19,839,860	\$18,900,887	\$17,294,218
Ending Fund Balance	\$18,900,887	\$17,294,218	\$16,081,563
Ending Fund Balance Percent	14.90%	13.26%	12.08%

One of the strengths of our district is our ending fund balance, projected at 14.90% reserve for 2019-20, that's in spite of the \$938,973 deficit. What's important to understand here is that, as the arrows point out, every year we are in a deficit, and if things remain the same, assuming that our assumptions remain as predicted, using the same enrollment, attendance, number of people, etc; we have enough reserves to carry us for about six or seven years before we run out of money. That is why it is important to create saving opportunities, and live within our projected revenues. **These figures DO NOT include any more potential salary increases.**

2018-19 Estimated Actuals			
	<i>Adult Ed (11)</i>	<i>Child Dev (12)</i>	<i>Cafeteria (13)</i>
Total Revenues	\$359,723	\$436,689	\$6,034,155
Source Revenue	\$322,071	\$436,689	\$6,034,155
General Fund Contribution	\$37,652		
Total Expenditures	\$471,828	\$450,941	\$6,200,754
NET INCREASE/DECREASE	(\$112,105)	(\$14,252)	(\$166,599)
Beginning Fund Balance	\$164,642	\$18,046	\$1,030,209
Ending Fund Balance	\$52,537	\$3,794	\$863,610

The business department is predicting a slight deficit on the following Funds: 11, 12, 13; and that is mostly due to salary and benefit increases.

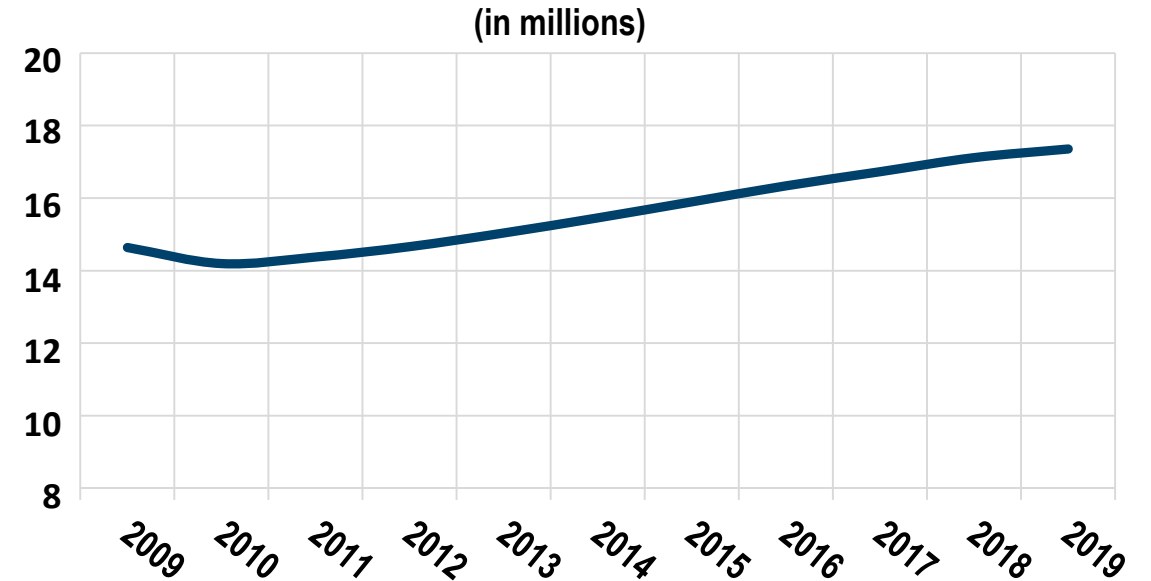
Due to limited funding on Fund 11, there is a constant General Fund contribution to keep the program active

The business department is projecting increase revenues on Fund 13 – Cafeteria for FY 2019-20

2019-20 Projected Budget	<i>Adult Ed (11)</i>	<i>Child Dev (12)</i>	<i>Cafeteria (13)</i>
Total Revenues	\$426,947	\$436,789	\$6,034,155
Source Revenue	\$322,071	\$436,789	\$6,034,155
General Fund Contribution	\$104,876		
Total Expenditures	\$426,947	\$436,789	\$5,888,324
NET INCREASE/DECREASE	\$0	\$0	\$145,831
Beginning Fund Balance	\$52,537	\$3,794	\$863,610
Ending Fund Balance	\$52,537	\$3,794	\$1,009,441

Economic Outlook – School Services of California

- Governor Newsom's May Revision forecasts continued but slowing growth for California's economy
- California's economy ranks 5th in the world
- California's unemployment rate remains low at 4.3%
- Nonfarm jobs have increased over 2.7 million since 2009
- Because of California's unique position as a global economic competitor, we are much more susceptible to changes



California School Funding – School Services of California

A study released in February 2018 by Rutgers University and the Education Law Center, *Is School Funding Fair? A National Report Card*, ranked California low on several measures of school funding fairness based on 2015 data from the U.S. Census...

- Funding per pupil: Ranked 32nd
- California provided about 66% of the 10th ranked state (Delaware)
- California's per capita personal income (\$44,173) is above the national average, but it provides only \$34 for each \$1,000 of personal income to support schools
- By contrast, New York had a comparable per capita personal income (\$46,445), but provided \$55 for each \$1,000 of personal income
- New Mexico, with considerably lower per capita personal income (\$36,814) nevertheless provided \$48 for each \$1,000 of personal income

Final Thoughts on 2019-20 and Beyond

The fact is that known cost increases far exceed the new revenues, and with the ongoing challenges that the district faces it is imperative that we are fiscally responsible. Even though we are not in declining enrollment, we are deficit spending and there are programs like special education that continue to encroach the general fund. This, combined, with the pension plan challenges in which employer contribution rates increase every year, and the cost of health and welfare benefits, and the private loans payments each and every year for the next decade or so, and the minimum wage laws that we need to adhere to and comply with; we have to look for saving opportunities to make ends meet.

As stated before, this new budget plan and multi-year projections does not include any new salary increases. Any new settlements without a saving cost plan, or a budget stabilization plan, will further reduce the amount of time we have before we run out of cash.

