



Evergreen School District

From strong roots grow bright futures

DATE: June 9, 2016

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Nelly Yang- Chief Business Officer *nyang*

SUBJECT: Approval of the 2016-17 Budget

Enclosure No. 14
Agenda Item 10.3
Date 6-9-16

The 2016-17 Budget is being presented with the Governor's May Revision proposal for the 2016-17 State Budget for California schools.

Major assumptions included in the Budget are as follows:

Revenue Assumptions

- The Local Control Funding Formula is based on the Fiscal Crisis & Management Assistance Team (FCMAT) LCFF calculator and with Department of Finance projected funding GAP:
 - 2016-17 at 54.84%
 - 2017-18 at 73.96%
 - 2018-19 at 41.22%
- LCFF per ADA for Evergreen School District:
 - 2016-17 at \$7,971
 - 2017-18 at \$8,257
 - 2018-19 at \$8,399
 - Estimated target for LCFF per ADA in 2020-21 at \$8,789.92
- One-time mandated cost revenue \$237 per ADA ((\$2.83 million) in 2016-17 only
- Federal, State and Local estimated carryovers not included in future years

Expenditure Assumptions

- Reduction of Students:
 - 2016-17 reduce 428 students; reduce 34 teachers
 - 2017-18 reduce 386 students; reduce 15 teachers
 - 2018-19 reduce 353 students; reduce 14 teachers
- 0.97 million for step and column salary increase for all groups
- Saving \$191,748 from 5 teacher retirements in 2016-17; 5 teacher retirements annually in future years
- Salary level status quo (subject to negotiations)
- Health benefits at 5% increase annually in future years
- 2016-17 & 2017-18 required contribution for Maintenance program remains at 2014-15 level, 2018-19 required contribution at 2.4% of general fund expenses
- Add 3.4375 FTE instructional assistants for TK & K programs
- Add 3 classified position at Title I schools

- 3.6% increase for tech and site allocations
- \$5 per student additional funding to teacher's budget
- STRS rate increase in future years, 10.73% in 2015-16
 - 2016-17 at 12.58%; increase \$1,590,806 from 2015-16
 - 2017-18 at 14.43%; increase \$1,557,500 from 2016-17
 - 2018-19 at 16.28%; increase \$1,566,493 from 2017-18
- PERS rate increase in future years, 11.847% in 2015-16
 - 2016-17 at 13.89%; increase \$198,718 from 2015-16
 - 2017-18 at 15.50%; increase \$178,270 from 2016-17
 - 2018-19 at 17.10%; increase \$175,846 from 2017-18
- Proportionality requirement met, spend supplemental grant for student in need.
 - 2016-17 \$7,465,075
 - 2017-18 \$7,488,011
 - 2018-19 \$7,427,714

The 2015-16 beginning balance had an available unrestricted reserve of \$10.36 million. Based on the current projections, due to one-time mandated cost revenue, the reserve will increase by \$7.87 million in 2015-16. Despite LCFF revenue increases, the district will still be deficit spending. The District will use \$3.79 million in 2017-18; \$7.69 million in 2018-19. The District will not be able to meet the minimum reserve requirement of 3% in 2018-19.

The possible funds to meet the budget requirement in 2018-19

- GASB 45 fund \$1.7 million
- Committed fund balance of \$3 million

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 2016-17 Budget.