



Evergreen School District

From strong roots grow bright futures

DATE: June 8, 2017

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Nelly Yang- Chief Business Officer

SUBJECT: Approval of the 2017-18 Budget

The 2017-18 Budget is being presented with the Governor's May revision proposal for the 2017-18 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:
 - 2017-18 at 43.97%
 - 2018-19 at 71.53%
 - 2019-20 at 73.51%
- LCFF per ADA for Evergreen School District:
 - 2017-18 at \$8,160
 - 2018-19 at \$8,428
 - 2019-20 at \$8,654
- One-time mandated cost revenue not included
- Federal, State, and Local estimated carryovers not included

Expenditure Assumptions

- Enrollment projection based on 2017 demographer's report
 - 2017-18 reduce 427 students; reduce 12 teachers
 - 2018-19 reduce 439 students; reduce 14 teachers
 - 2019-20 reduce 430 students; reduce 14 teachers
- 0.86 million for step and column salary increase for all groups
- SERP saving \$332,898
- Salary level status quo (subject to negotiations)
- Health benefits at 3.6% increase in 2017-18 and 5% annually in future years
- 2017-18 required contribution for Maintenance program remains at 2014-15 level, 2018-19 & 2019-20 required contribution at 2.4% of general fund expenses
- Add 7.1875 FTE instructional assistants for full day TK & K programs
- STRS rate increase
 - 2017-18 at 14.43%; increase \$1,614,288 from 2016-17
 - 2018-19 at 16.28%; increase \$1,599,601 from 2017-18

- 2019-20 at 18.13%; increase \$1,575,428 from 2018-19
- PERS rate increase
 - 2017-18 at 15.531%; increase \$177,221 from 2016-17
 - 2018-19 at 18.10%; increase \$277,103 from 2017-18
 - 2019-20 at 20.80%; increase \$285,842 from 2018-19
- Proportionality requirement met, spend supplemental grant for student in needs
 - 2017-18 required \$7,656,770; budgeted \$8,065,421
 - 2018-19 required \$7,158,208; budgeted \$8,215,837
 - 2019-20 required \$6,860,784; budgeted \$8,369,186

The 2016-17 beginning balance had an available unrestricted reserve of \$14.4 million. In 2016-17 due to one-time mandated cost revenue, the estimate ending available reserve will be \$17.3 million. Despite LCFF per ADA revenue increases, the district will still be deficit spending. The District will use \$4.7 million in 2017-18; \$7.1million in 2018-19 and remanding balance in 2019-20. The District will not be able to meet the minimum reserve requirement of 3% in 2019-20. We will need to address projected \$8.7 million funding shortage at a timely manner.

The Fiscal Stabilization Options is attached for your review.

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 2017-18 Budget.

Fiscal Stabilization Options As of June 2017

Savings Needed by 2019-2020

(8,708,550)

		Section A		Section B			
Options:		FTE	2017-18	2018-19	2019-20	TOTAL	
Increase Revenues							
1	Parcel tax renew (Partial Revenue to Offset General Operation)				1,400,000	1,400,000	
2	Increase Facility Usage Revenue - Online Application			100,000	100,000	200,000	
3	2017-18 one time contingency revenue @\$170 per ADA Governor's May Proposal			1,946,670		1,946,670	
4	Development of Martin property				100,000	100,000	
5	Pre-school Programs					0	
6	Release Committed One Time Fund			3,000,000		3,000,000	
7	Release GASB 45 Available Fund			1,700,000		1,700,000	
8	Release Workers' Compensation Self-Insure Fund			600,000		600,000	
Reduce Expenditures							
1	Prop 39 Energy Projects for Energy Saving			50,000	50,000	100,000	
2	Solar installation to Save Electric Expenses				100,000	100,000	
3	* Prep Teachers	6.6		660,805	669,067	1,329,872	
4	Special Education Students From COE to Local SELPA			100,000	100,000	200,000	
5	Consolidate Two Schools			800,000	800,000	1,600,000	
6	Site Allocation - General Purpose 20%			200,665	200,665	401,330	
7	Site Supplemental Technology Allocation			256,501	256,501	513,002	
8	Supplemental Funded Coach positions	9		901,098	912,364	1,813,462	
9	Supplemental Funded Middle School Counselors	3		328,341	332,877	661,218	
10	Supplemental Funded Release Day			73,635	73,635	147,270	
11	Supplemental Funded Social Worker	1		143,416	145,404	288,820	
	Supplemental Funded Instructional Assistant/ELD	15.6		922,495	933,450	1,855,945	
12	Professional Development Expenditures			80,000	80,000	160,000	
13	School Enrichment Activities Team (SEAT) Allocation			126,456	126,456	252,912	
14	Middle School Extra Curricular Activities One time Allocation			68,247	68,247	136,494	
15	* TK- 3 Class Size From 24 to 27	19		1,902,314	1,926,098	3,828,412	
16	* Health Care Plan Savings			1,094,544	1,149,271	2,243,815	
Total Possible Resources			0	15,055,187	9,524,036	24,579,223	

2019-20 No Parcel Tax Revenue; Reduce Programs	10.7
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* Items Subject to Negotiation
Teacher Salary BA+30 Step 5 was used for the calculation