

REVISED
5/21/13

Draft Budget for 2013-14

GLENDALE UNIFIED SCHOOL DISTRICT
Board of Education Meeting – May 21, 2013
Discussion Report No. 3

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Themes For The May Revision

- ▶ Economic growth, though the pace is slow, and the passage of Proposition 30 provide the state with more revenue in 2012-13
 - ▶ But the Governor projects slower growth for 2013-14
- ▶ The level of Proposition 98 is increased by the higher revenues
 - ▶ Much of the increase is used to quicken the pace of deferral buy backs and to fund a one-time augmentation for Common Core State Standards (CCSS)
 - ▶ Funding in 2013-14 for individual districts is increased only minimally over the Governor's January proposal
- ▶ The Local Control Funding Formula (LCFF) remains the centerpiece of the Governor's State Budget proposal
 - ▶ The theory and motivations are unquestionably good
 - ▶ But many mechanical and policy issues remain unresolved
- ▶ There is plenty of work left to be done by the Legislature

2013-14 Budget Before May Revise

Budget Items Unknown

- **2012-13 Year-End Balance?**
- **2013-14 Workers' Comp. Rate?**
- **May Revise?**
- **Final State Budget 2013-14?**
 - **LCFF or Revenue Limit???**

Multi-Year Budget Assumptions

State Revenue

■ **GUSD Budget Assumptions**

- Revenue Limit Funding

■ **Potential Change - May Revise**

- Local Control Funding Formula
- Common Core Implementation
 - One –Time 2012-13 augmentation of \$170 per ADA

Multi-Year Budget Assumptions

Revenue Limit	2012-13	2013-14	2014-15	2015-16
■ Deficit Factor	22.272%	22.272%	22.272%	22.272%
■ Net COLA Increase	1.08%	1.65% 1.565%	2.20%	2.40%
■ Revenue Limit Per ADA	\$5,223	\$5,310 \$5,306	\$5,427 \$5,423	\$5,558 \$5,554
■ Average Daily Attendance (ADA)	25,371	25,169 25,246	24,994 25,109	24,890 24,995
	↓	↓	↓	↓
■ Revenue Increase	\$1.4 M	\$2.2 M \$2.1 M	\$2.9 M \$2.9 M	\$3.2 M \$3.3 M

Multi-Year Projection-Unrestricted General Fund

Budget Revision - 2012-13

Multi Year Adjustments 2013-14 → 2015-16

		Fund Balance Impact	
		One Time	Ongoing
	Major Adjustments		
2012-13	2012-13 Health & Welfare Inflation Adjustment		\$ 1,000,000
	Retiree Benefits Rate 2.37% to 1.877% (12-13) & 2.454% (13-14)	\$ 582,140	(105,000)
	Interest Income Adjustment		(206,000)
	Salary & Statutory Benefits Adjustment		1,510,000
	Special Education Contribution		(1,588,889)
	TK-3 CSR Revenue	260,000	(393,000)
	Utilities Savings	375,000	733,750
	Unrestricted Textbook Augmentation	(250,000)	
	Release \$448,007 Educational Services Assignment to Unassigned	448,007	
	Release \$426,312 of the \$632,860 ERRP Assignment to Unassigned	426,312	
2013-14	Adjust Projected 2013-14 Revenue Limit ADA By +77 ADA	408,870	
	Release the remaining \$206,548 of ERRP Assignment to Unassigned	206,548	
	Sequestration 5.9% Of Federal Title II, Special Education IDEA	(350,494)	

Multi-Year Projection (Cont.)

Budget Revision - 2012-13

Multi Year Adjustments 2013-14 → 2015-16

Major Adjustments - Continued		Fund Balance Impact	
		One Time	Ongoing
2013-14	2013-14 Health & Welfare Premium Adjustment		\$ 956,000
	New PARS Cost (Retiree Payment)		(716,466)
	Add Technology Leaders (Teacher Extra Duty Pay)		(100,000)
	Add Professional Development		(200,000)
	Add Unrestricted Teacher Specialists (6 FTE)		(620,000)
	Add PE Teachers & Aids (1.75 FTE)		(127,000)
	SUI – 13-14 Rate From 1.1% to 0.05% (cost savings netting w/RL loss)		(212,000)
	Elementary School Reduction of 1 FTE Assistant Principal		120,000
	Elementary School Reduction of (25 FTE)		2,440,000
	Secondary School Additional Cut of 1 FTE Per 1000 Students (13 FTE)		1,300,000
	Duplicating Center Savings (1 FTE)		79,000
	Routine Restricted Maintenance Savings(1 Admin,1 Clerical+1 Downgrade)		200,555
	Secondary School Reduction of 1 Clerk Per Site (8 FTE)		377,229
	Other Clerical Reductions (3 FTE)		146,304
	Net Adjustment To 2013-14 Revenue Limit COLA from 1.65% to 1.565%		(100,984)
2014-15	Adjust Projected 2014-15 Revenue Limit ADA By +115 ADA	\$	624,220
2015-16	Adjust Projected 2015-16 Revenue Limit ADA By +105 ADA		583,590

Multi-Year Projection (Cont.)

Major Assumptions

- LCFF **Not** Implemented
- Furlough Days Maintained \$3 Million
- Transfer & Utilization of \$24.7 Million in One Time Funds.



Structural Deficit \$17 Million

Multi-Year Projection Unrestricted General Fund

(In Millions)

	2012-13 Projected Actuals	2013-14 Projected Budget	2014-15 Projected Budget	2015-16 Projected Budget
Revenues				
Revenue Limit	\$ 128.8	\$ 130.2	\$ 132.4	\$ 135.1
Federal	0.2	0.2	0.2	0.2
State	21.3	20.4	20.4	20.4
Local	5.4	5.2	5.2	5.2
Total Revenues	\$ 155.6	\$ 155.9	\$ 158.1	\$ 160.7
Expenditures				
Certificated Salaries	\$ 80.4	\$ 77.1	\$ 80.0	\$ 80.6
Classified Salaries	17.4	16.5	16.2	16.6
Employee Benefits	36.2	37.0	39.0	40.2
Books & Supplies	4.7	1.8	1.8	1.8
Services/Capital Outlay/Support	9.8	9.0	9.3	9.5
Total Expenditures	\$ 148.4	\$ 141.4	\$ 146.4	\$ 148.7
Other Financing Sources/Uses	(23.4)	(26.3)	(6.3)	(28.6)
Net Increase/(Decrease) in Fund Balance	\$ (16.2)	\$ (11.8)	\$ 5.4	\$ (16.7)
Beginning Balance	\$ 48.8	\$ 32.6	\$ 20.8	\$ 26.2
Ending Balance	\$ 32.6	\$ 20.8	\$ 26.2	\$ 9.6
Undesignated Amount Over 3%	\$ 23.4	\$ 12.2	\$ 17.5	\$ 0.86

<u>Projected Other Financing Sources/Uses</u>	In Millions			
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Redevelopment Agency Transfer Out to Fund 40.1	(1.0)	(1.0)	(1.0)	(1.0)
Solvency Transfers In	2.8	2.5	22.2	0
Continuation Education Programs Contribution	(0.7)	(0.7)	(0.7)	(0.7)
Restricted Maintenance Contribution	(4.5)	(5.5)	(5.5)	(5.5)
Special Education Program Contribution	(16.6)	(18.1)	(17.9)	(18.0)
Special Education Transportation Contribution	(2.5)	(2.5)	(2.5)	(2.5)
Title II Federal CSR Contribution (sequestration)	0	(0.09)	0	0
Home-To-School Transportation Contribution	(0.8)	(0.8)	(0.8)	(0.8)
<u>EEELP Special Education Inclusion Fees Contribution</u>	<u>(0.08)</u>	<u>(0.08)</u>	<u>(0.08)</u>	<u>(0.08)</u>
Total	(23.4)	(26.3)	(6.3)	(28.6)

What Was Our Structural Deficit ?

	2013-14	2014-15	2015-16
Second Interim	\$21.12	\$22.06	\$21.36

Actions Taken

Positive

- Reduced Staff through Early Retirement Program(PARS)
 - Resulted in Increased Class Size + Consolidated Positions
- Reduced Health Insurance Costs
- Electric Savings - Solar Impact
- ADA Projection Improved

Negative

- Some Staffing Shifted to Unrestricted from Categorical Programs

What is Our Current Structural Deficit?

	2013-14 Projected Budget	2014-15 Projected Budget	2015-16 Projected Budget
Deficit Spending – 2013-14 Draft Budget	(11.78)	5.46	(16.55)
Adjust For Short Term Strategies/Impacts			
Sequestration	0.35		
Furlough Days			
CSEA - 4 days in 2014-15		(0.49)	
GTA - 5 days in 2013-14	(2.29)		
GSMA - 5 days in 2013-14	(0.31)		
Solvency Transfers	(2.50)	(22.20)	
ERRP Allocation	(0.21)		
Structural Deficit	(\$16.74)	(\$17.23)	(\$16.55)

Ongoing Reductions or Increased Revenue are Still Needed

Education Protection Account (EPA)

Agenda Item # 10

Education Protection Account (EPA)

Agenda # 10

- Established as a result of Proposition 30 to account for temporary increases to personal income tax (7 years) and sales tax (4 years).
- State aid is reduced by one dollar for each dollar received from the EPA.



EPA Funds Do Not Provide an Increase in Funding.

MAY REVISE UPDATE

MAY 20, 2013

May Revise

Local Control Funding Formula (LCFF)

- Replace Revenue Limits and Categorical Funding (except: Special Education, Transportation, TIIG)
- Phase in over 7 years (fully implement by 2020-21)
- Accountability Requirements

May Revise

Local Control Funding Formula (LCFF) – Cont.

- **Base Grant** – varies by grade level
K-3...4-6...7-8...9-12

Governor's Goal - 2021				
Factors	K-3	4-6	7-8	9-12
Grade Span Base Grant per ADA (Includes 1.565% COLA)	\$6,441	\$6,538	\$6,732	\$7,800
CSR, CTE amounts	\$723	–	–	\$218

- K-3 Class Size at 24 to 1 or Local Negotiated Agreement in 2020-21

May Revise

Local Control Funding Formula (LCFF) – Cont.

- Per Student **Supplemental Grant** – 35%

Eligible Students: English Learners, Free and Reduced-Price Meals Program, Foster Care
(53% - 56%)

- Per Student **Concentration Grant** -35%

Eligible Students exceed 50% of Total Enrollment
(fund those exceeding 50% level; 3% - 6%)

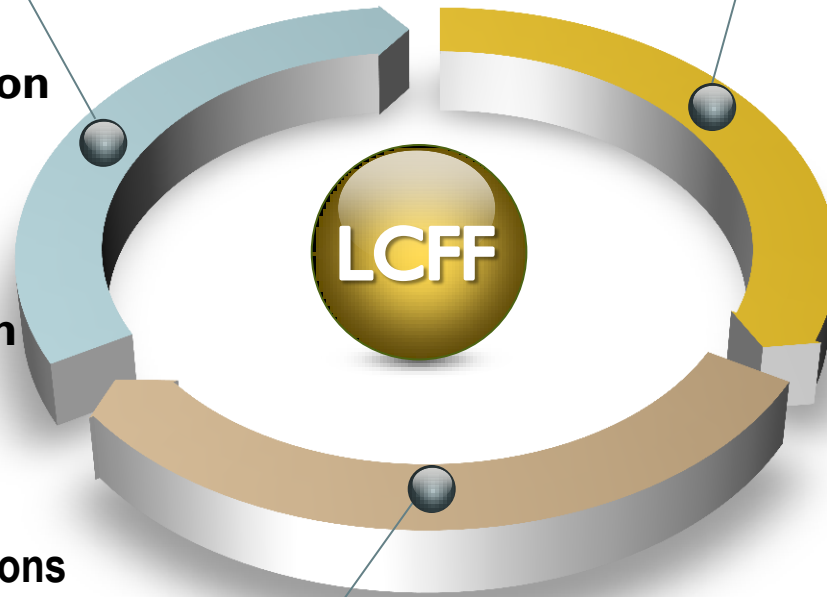
The LCFF Accountability System

Local Control and Accountability Plan (LCAP)

- Local goals focused on improved student outcomes
- Goals aligned with annual spending plan

State Requirements

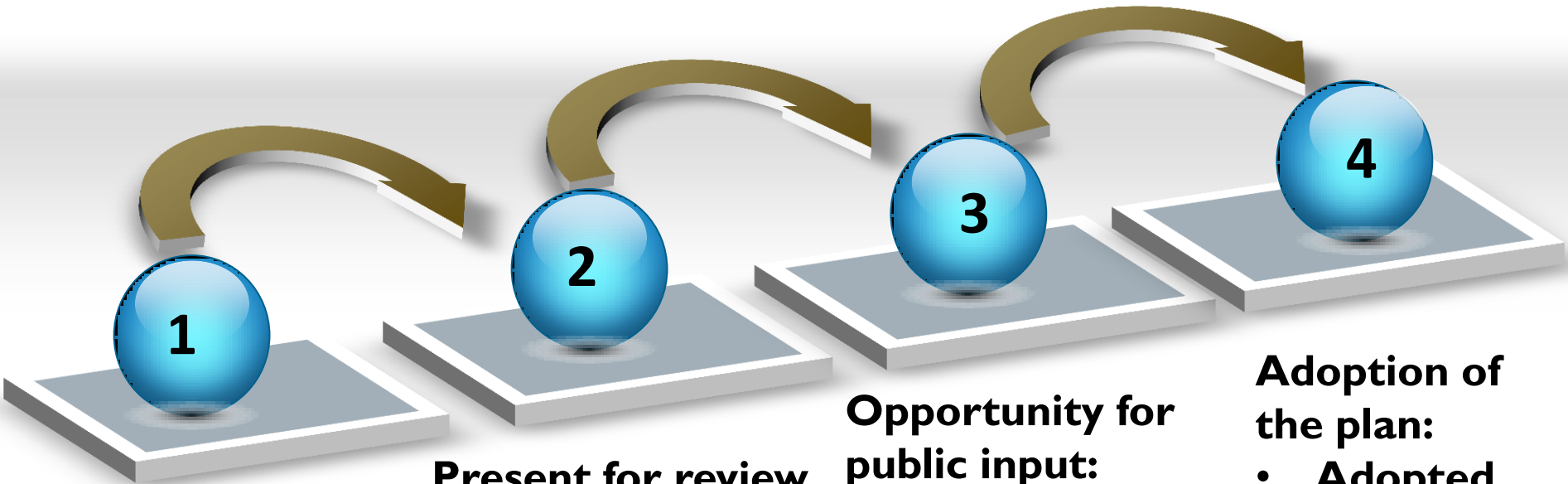
- Performance expectations
- Expenditure requirements
- Proportionality rule
- Annual audit



County and State Superintendent Oversight

- Technical assistance
- Approval and disapproval of local plans
- Review data on eligible student counts
- Stay and rescind actions of a local governing board

Adopting And Updating The LCAP



Consultation with:

- **District Assistance and Intervention Team**
- **Teachers**
- **Principals**
- **School personnel**
- **Pupils**

Present for review and comment to:

- **Parent advisory committee**
- **English learner parent advisory committee**

Opportunity for public input:

- **Notice of the opportunity to submit written comment**
- **Public hearing**

Adoption of the plan:

- **Adopted concurrent with the LEA's budget**
- **Submitted to COE for approval**

Next Steps

State Funding, Rules, and Process Needs to be Finalized

■ LCFF Simulator

- 2011-12 ADA vs. 2012-13 ADA (lowered by 125 ADA)
- Simulator mixes 2011-12 and 2012-13 funding???
- Unduplicated Free and Reduced and English Learner – data point unclear
 - Currently 58% vs. 53%-56% (prior)
- Proposed K-3 CSR penalties and rules are not finalized

■ Common Core Proposal Needs to be Defined

■ Legislature has yet to approve the Proposed Budget

Yes, We are Getting More Money - How Much???

Board Next Steps

- **Evaluate Funding Increase**
- **Implementation of Strategic Plan and Common Core**
 - **Competing Priorities**
 - **Structural Deficit**
 - **Restoration and/or Expansion of Programs**
 - **Rescind Furlough Days**
 - **Employee Compensation**