

2015-16 ADOPTED BUDGET

**Glendale Unified School District
Board Of Education Meeting – June 16, 2015
Information Report No. 4**

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Budget Report No. 7

January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding Percentage	32.19%	53.08%
Proposition 98 Minimum Funding Guarantee 2014-15 2015-16	\$63.2 billion \$65.7 billion	\$66.3 billion \$68.4 billion
2015-16 COLA	1.58%	1.02%
One-time Discretionary Funds for 2015-16	\$1.1 billion \$180 per ADA	\$3.5 billion \$601 per ADA

2015-16 Local Control Funding Formula

- **The January Budget proposed \$4 billion for continued implementation of the LCFF**
- **The May Revision provides another \$2.1 billion, for a total of \$6.1 billion**
- **New funding is estimated to close the gap between 2014-15 funding levels and LCFF full implementation targets by 53.08% in 2015-16**
 - The May Revision slightly revises the current-year gap closure estimate, up from 29.15% to 29.97% for 2014-15

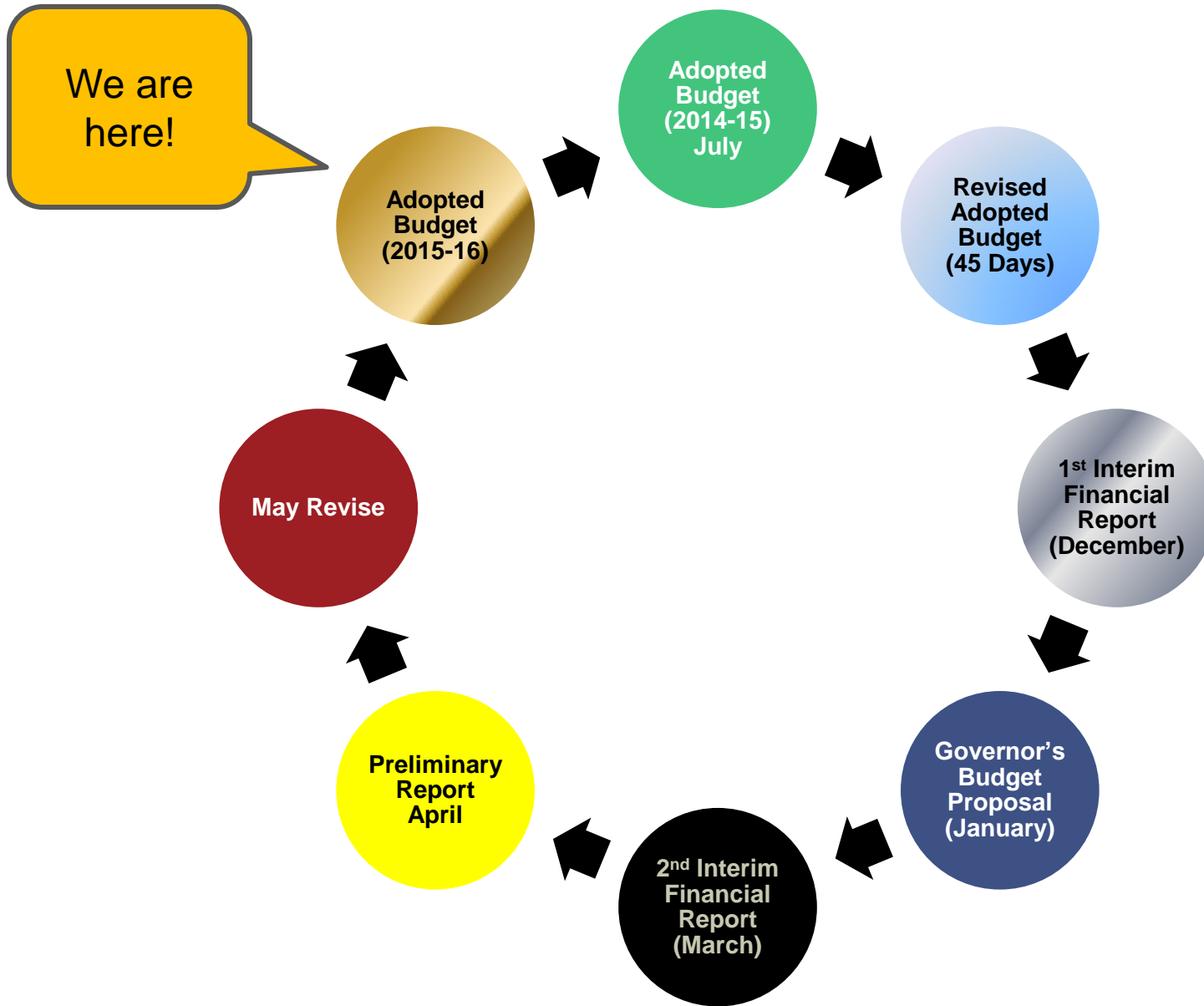
Proposition 30 Taxes Will Expire

- **In November 2012, with the passage of Proposition 30, the Governor persuaded state voters to increase taxes on a temporary basis to mitigate cuts to education and local police**
- **These taxes will generate more than \$8 billion annually at their peak; however, they begin to expire in 2016**
 - The 0.25% sales tax increase expires in 2016 (i.e., the 2016-17 fiscal year)
 - The high-bracket personal income tax increase expires in 2018 (i.e., the 2018-19 fiscal year)
- **The Governor has repeatedly stated that he considers Proposition 30 a temporary tax and has given no signals that he would support efforts to raise other taxes**

Implications for Education Funding

- **The Administration's economic forecast assumes "steady growth over the next four years" with no recession**
 - However, the May Revision warns that the current economic expansion has already exceeded the average postwar expansion by over a year
 - The Governor stated that "a recession is coming, we just don't know when"
- **LCFF funding will slow significantly as Proposition 30 revenues fade, but this slowing was not included in the State Budget**
- **If a recession occurs during the same period that Proposition 30 taxes expire, state revenues could drop below prior-year levels, and cuts to education could be on the table again**

Annual Budget Cycle



Glendale Unified School District

2015-16 Primary Budget Components

- The net impact of COLA, gap funding and ADA changes, results in projected net revenue increases of \$22.9 million in 2015-16 and \$7.6 million in 2016-17
- The CalSTRS employer rate is:
 - 2014-15 - 8.88%
 - 2015-16 - 10.73%
 - 2016-17 - 12.58%
 - 2017-18 - 14.43%
- The District's net increase of LCFF from 2014-15 to 2015-16 is \$910 per Average Daily Attendance (ADA)
- One Time Mandated Cost is projected at \$601 per ADA
- 2015-16 Health and Welfare increase of 9.9% costs \$2,065,443 (Unrestricted General Fund and Special Education)

Glendale Unified School District

2015-16 Primary Budget Components – Cont.

- The District's estimated unduplicated pupil percentage is 55.96%
- Lottery revenue is estimated to be \$128 per ADA for unrestricted purposes and \$34 for restricted purposes
- One-time solvency transfers of \$5.0 million through 2016-17
- Release of \$22.9 million of entire GAP funding for 2015-16 and most of GAP 2016-17 and 2017-18 for CalSTRS and CalPERS costs

2014-15 Projected Year-End Balance

2014-15 Unrestricted General Fund Balance

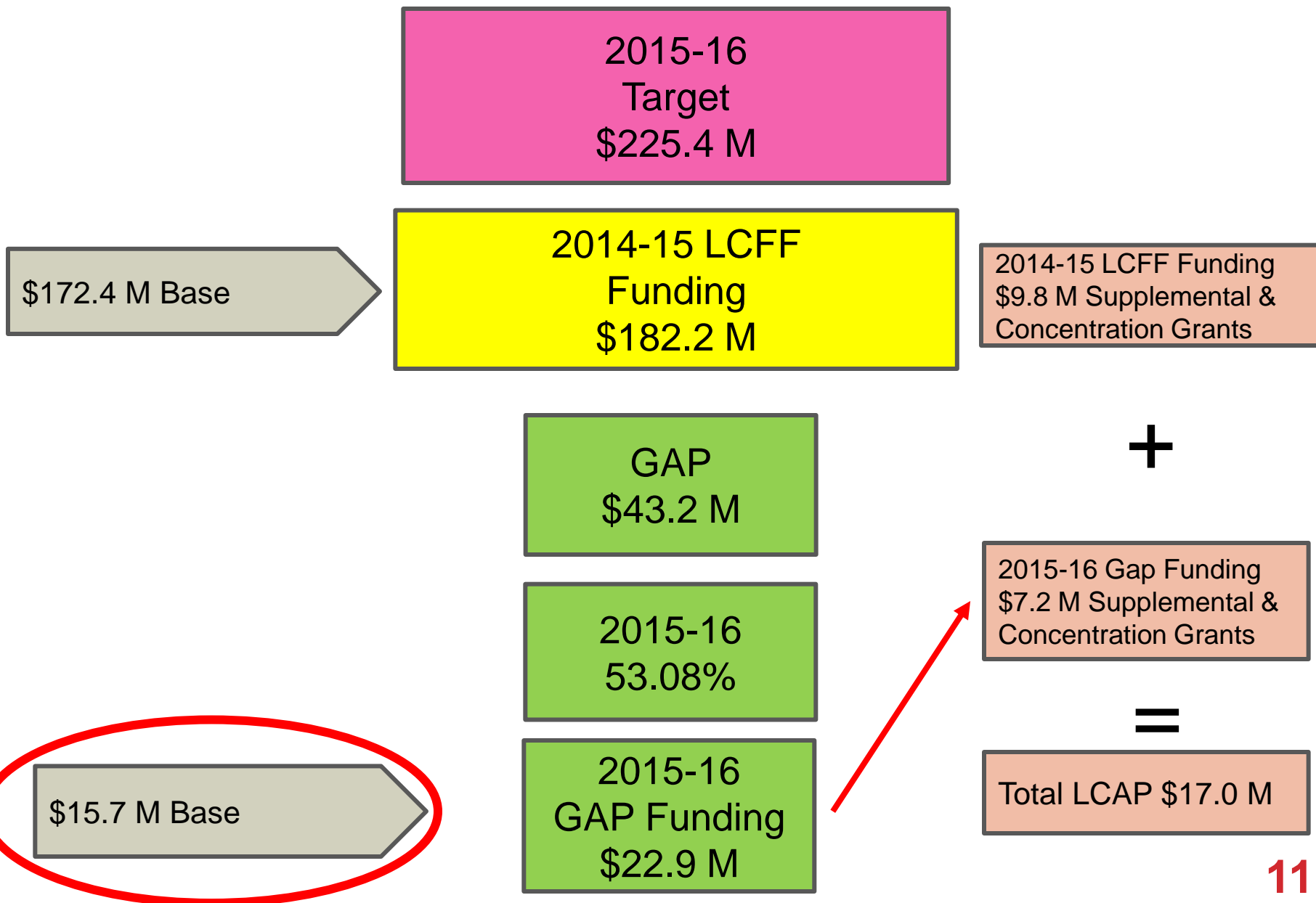
Unrestricted General Fund

Total Unrestricted General Fund Balance	\$	23,916,448
Designated for Economic Uncertainty		7,476,545
Revolving Cash & Warehouse		161,332
MAA, ROP, Miscellaneous		2,647,959
School Site & Program Carry Overs		?
Unassigned Reserve	\$	13,630,612

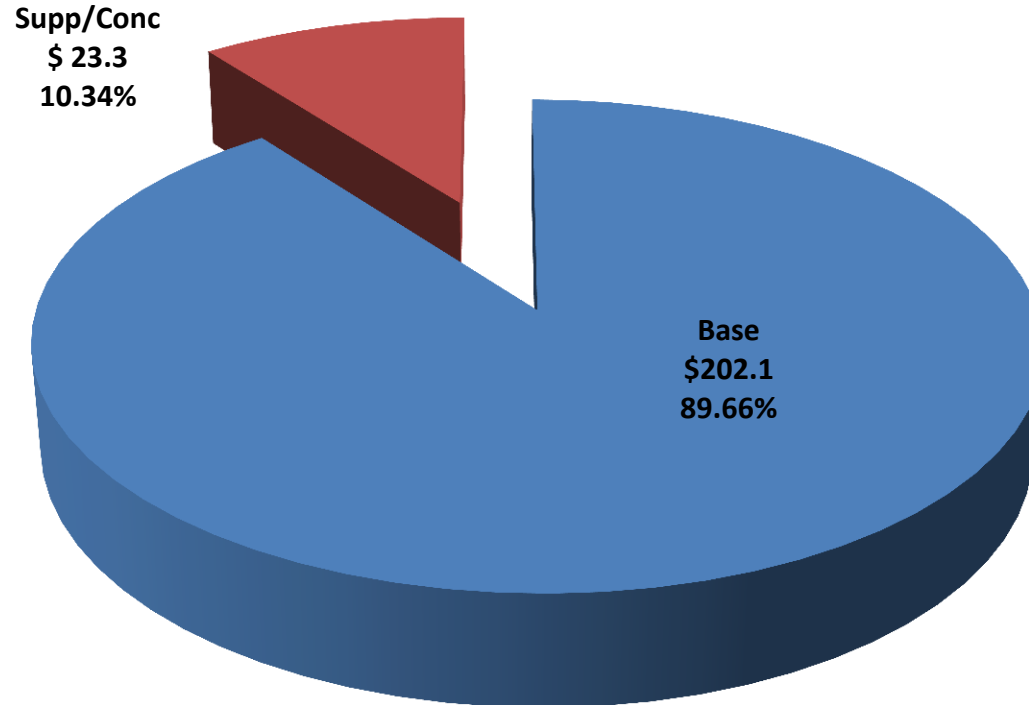
What Does the LCFF Mean for Glendale Unified School District

Glendale Unified School District – 2015-16		
2015-16 LCFF Per ADA Funding	Projected 2015-16 ADA	Projected 2015-16 LCFF Total Revenue
\$8,136.39	25,207.65	\$205,099,271

Gap Funding and Proportionality Calculation

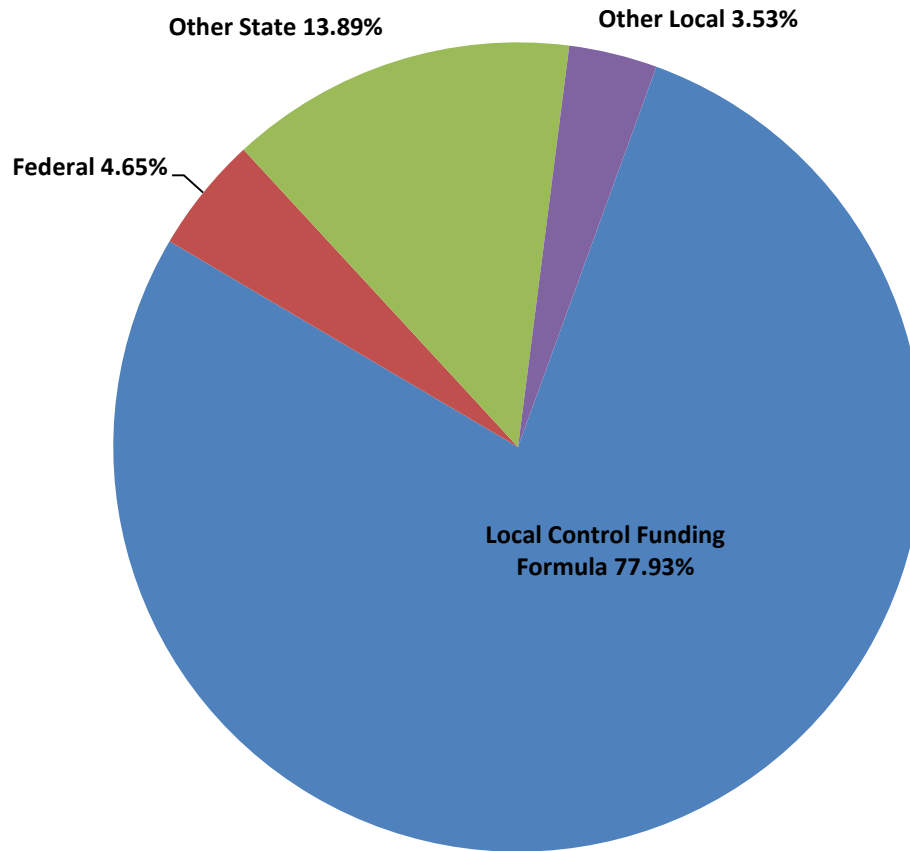


Proportionality at Target (In Millions) 2020-21



The Minimum Proportionality Percentage (MPP) is a calculation -Increase or improve for targeted students

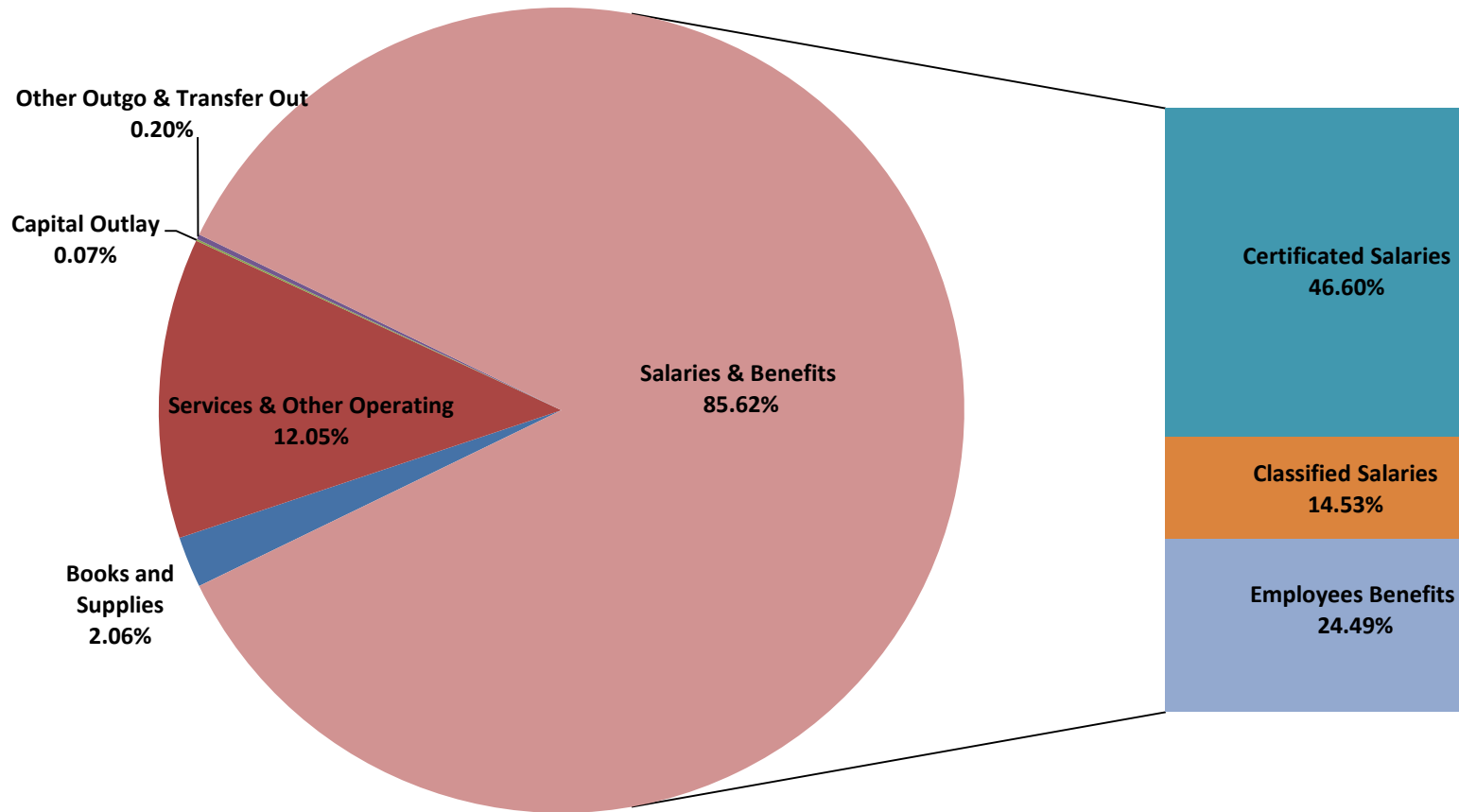
2015-16 Adopted Budget TOTAL REVENUE – GENERAL FUND



Total Revenues = \$263,171,499

2015-16 Adopted Budget

TOTAL EXPENDITURES – GENERAL FUND



Total Expenditures = \$243,525,363

Glendale Unified School District

Multi-year Budget Assumptions Components

- The District's multi-year projected enrollment decline, mainly at the secondary level is:
 - 2015 -16 – 194 students
 - 2016 -17 – 84 students
- The District's projected net increase of LCFF from 2015-16 to 2016-17 is \$353 per ADA, and from 2016-17 to 2017-18 is \$0 per ADA.
- The Unrestricted General Fund Health and Welfare increase of 9.9% costs \$2,065,443 per year.
- The unduplicated pupil count is 55.96% for 2015-16, and 55.99% for 2016-17 and 2017-18.

Glendale Unified School District

Multi-year Budget Assumptions Components – Cont.

- COLA is estimated at:
 - 2014-15 – 0.85%
 - 2015-16 – 1.02%
 - 2016-17 – 1.60%

- The workers compensation rate is budgeted at 3.338% for 2015-16, 2016-17, and 2017-18

- The multi-year plan reflects furlough days removed from 2016-17, reduced by 1 day and assigned to 2017-18 per negotiated agreements with both associations in August 2013

Multi-Year Budget Projection

	2015-16	2016-17	2017-18
Total Unrestricted * General Fund Balance	\$43,817,608	\$49,438,464	\$49,807,900
Revolving Cash & Warehouse	\$169,928	\$169,928	\$169,928
Designated for Economic Uncertainty	\$7,336,211	\$7,526,126	\$7,642,042
MAA, ROP, Miscellaneous	\$2,365,771	\$2,092,179	\$2,735,179
Reserve LCFF Net Income Growth	-	\$1,913,256	\$1,305,569
Unassigned ** Ending Balance	\$33,945,698	\$37,736,975	\$37,955,182

*The Total Unrestricted General Fund Balance includes the One-Time Mandated Cost Revenue of \$15.1 million

**Bargaining Impact unknown

Glendale Unified School District

All Funds Revenue

Funds	2014-15 Estimated Actuals	2015-16 Adopted Budget	Variance
Restricted and Unrestricted General Fund - 01.0	240,335,331.00	263,171,499.00	22,836,168.00
Special Education Pass-Through Fund - 10.0	5,310,882.00	5,310,882.00	0.00
Child Development Fund - 12.0	3,869,957.00	3,923,528.00	53,571.00
Nutrition Services Fund - 13.0	8,675,749.00	8,706,100.00	30,351.00
Deferred Maintenance Fund - 14.0	35,265.00	35,300.00	35.00
Measure S Building Fund - 21.1	493,839.00	494,000.00	161.00
Clean Renewable Energy Bond Fund - 21.2	0.00	0.00	0.00
Developer Fee Fund - 25.0 *	3,587,586.00	1,035,000.00	(2,552,586.00)
Capital Projects Funds - County Schools Facilities Fund - 35.0 **	22,757,198.00	31,000.00	(22,726,198.00)
Capital Projects Fund - 40.1	939,250.00	101,400.00	(837,850.00)
Capital Projects Nutrition Services Fund - 40.2	8,409.00	8,400.00	(9.00)
Bond Interest and Redemption Fund (County Administered) - 51.0	15,998,762.00	15,998,762.00	0.00
Debt Service Fund - 56.0	107,050.00	100,000.00	(7,050.00)
Health and Welfare Fund - 67.0	3,507,070.00	3,524,700.00	17,630.00
Workers Compensation Fund - 67.1	4,984,968.00	5,221,692.00	236,724.00
Early Retirement Benefits Fund - 67.2	140,391.00	2,535,316.00	2,394,925.00
Mc Lennan and Other Scholarships Trust Fund - 73.0	2,378.00	2,300.00	(78.00)
Totals	310,754,085.00	310,199,879.00	(554,206.00)

Notes:

* \$3.6M is the actual income received in 2014-15 which was a good year in comparison with the prior years.

** \$22.8M is primarily the ORG funds received in 2014-15 for Balboa, R.D. White, and Verdugo Woodlands elementary schools.

Glendale Unified School District

Multi-year Projection Considerations/Risks

- Once the maintenance factor is paid off, education will receive 40% vs. 90% of new state revenue.
- The reserve cap, if implemented for three consecutive years, requires districts to spend down needed fund balance.
- A likely future recession
- Proposition 30 temporary taxes will expire in the next few years
- CalSTRS and CalPERS contributions will be increasing
- While enrollment is increasing in elementary, it is still declining in secondary for the next couple of years.

Glendale Unified School District

Multi-year Projection Considerations/Risks – Cont.

- Without a negotiated agreement regarding class size, the District's potential loss for 2014-15 TK-3 Class Size Reduction (CSR) is \$2.3 million funding and an ongoing loss of \$1.5 million to increase staffing to preserve future year CSR funds.
- Pending salary increase negotiations.
- LCFF revenue was held flat in 2017-18 as a conservative approach should State revenues not grow as projected by the Governor.
- Recognition of future year GAP funding is a risk. If the GAP is not funded in future years, the adjustment will resemble deficits of the past.

Increased Funding in Future Years

Impact on Unrestricted General Fund Ending Balance/Structural Deficit

	In Millions			
	2014-15	2015-16	2016-17	2017-18
Adjusted Ending Balance Projected	\$ 23.9	\$ 43.8	\$ 49.4	\$ 49.8
	↓	↓	↓	↓
Adjusted Balance in Excess of Assigned 3% Reserve	\$ 13.6	\$ 33.9	\$ 37.7	\$ 38.0
Structural Deficit Estimated Actuals	\$ (5.77)	\$ 2.41	\$ (7.65)*	\$ (14.36)*

* Does not include future salary increases
2016-17 and 2017-18 does not include new LCFF revenue

Thank You

Questions?