



GUSD Budget and Solvency Plan Update

**Glendale Unified School District
Board of Education Meeting – May 23, 2017
Information Report No. 3**

Stephen Dickinson, Chief Business & Financial Officer

Themes for the 2017 May Revision

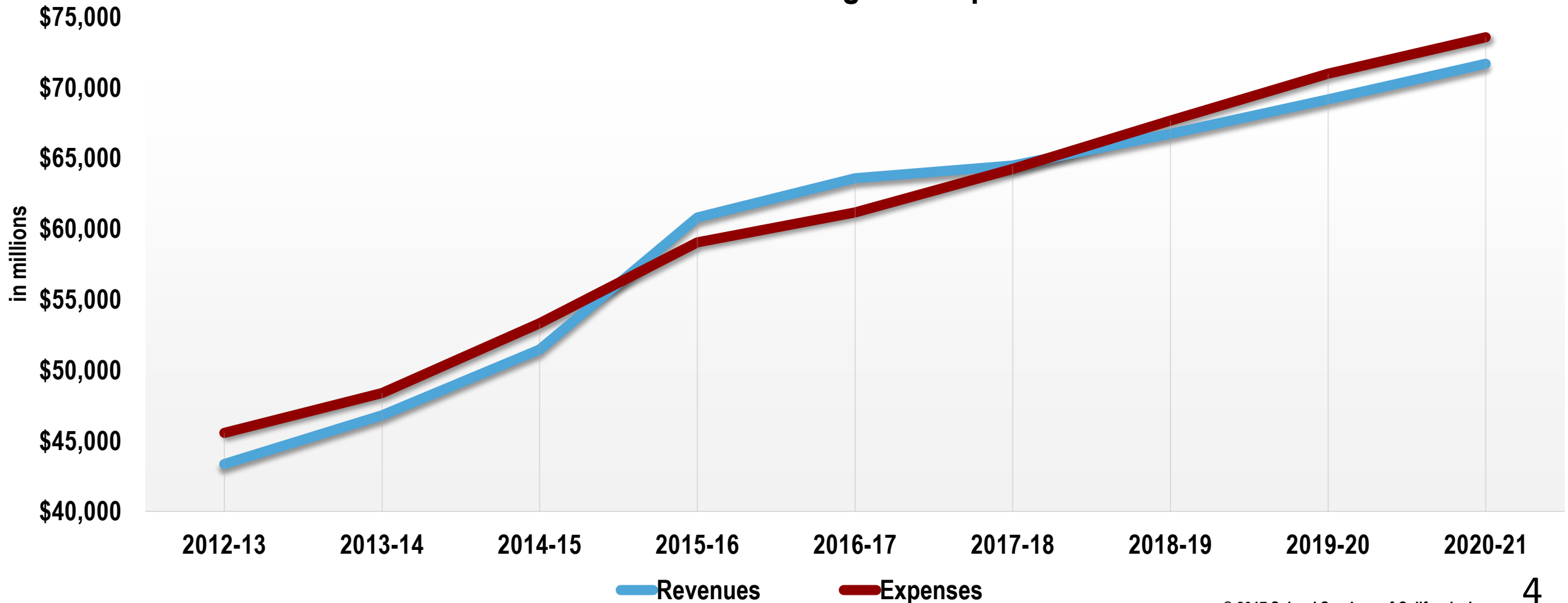
- **The May Revision is Governor Jerry Brown's last statutorily required revision to his 2017-18 proposed Budget, prior to adoption of local educational agency (LEA) budgets and the enactment of the State Budget in June**
- **The Administration has this opportunity to modify its revenue and other forecasts based upon the updated economic news and state tax collections**
- **This year, the Governor lowered revenue expectations for 2016-17**
- **But for 2017-18 the Governor raised his revenue forecast**
- **Meanwhile, expenditures continue to rise, causing a huge squeeze for LEAs**
 - **In response, we are seeing many LEAs deficit spending and making expenditure reductions, including layoffs**
 - **We are also seeing, for the first time, LEAs reducing programs funded by targeted dollars**

Preparing for the Slowdown

- **The Governor is preparing for slower economic growth by:**
 - **Building a substantial reserve**
 - **Avoiding new ongoing commitments**
 - **Paying down debt**
 - **Downsizing some governmental operations**
 - **Seeking new revenue sources**
- **All of these strategies are conceptually also possible for educational agencies**
- **We would suggest control of expenditures to include:**
 - **Accurate position control and staffing formulas**
 - **Avoidance of excessive settlements at the bargaining table**
 - **Commitments to maintain existing programs before adding new ones**
 - **Use of capital expenditures to make facilities more efficient and reduce operating costs**
- **In the end, a good reserve is what allows chief business officials (CBOs) to sleep well**

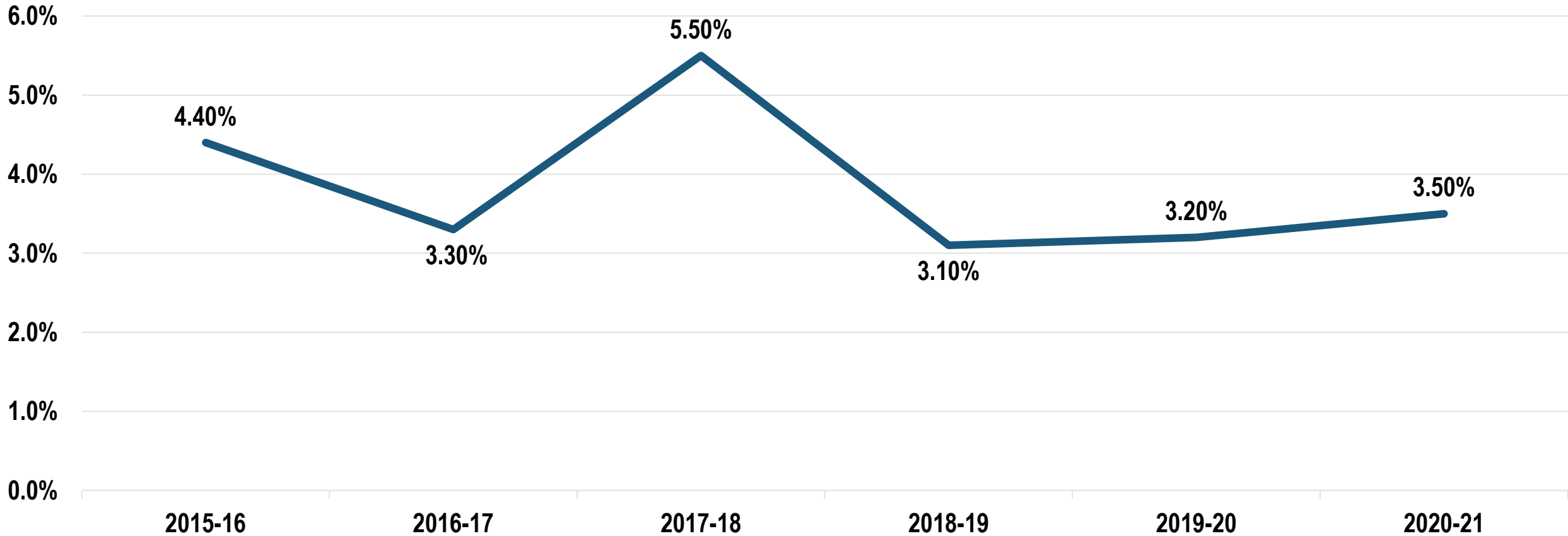
School Agency State Revenues vs. Expenditure Trends

Historic School Funding and Expenditures



Big Three Taxes – Percent Change

Personal Income, Sales, and Corporation Tax Revenue
(Percent Change)

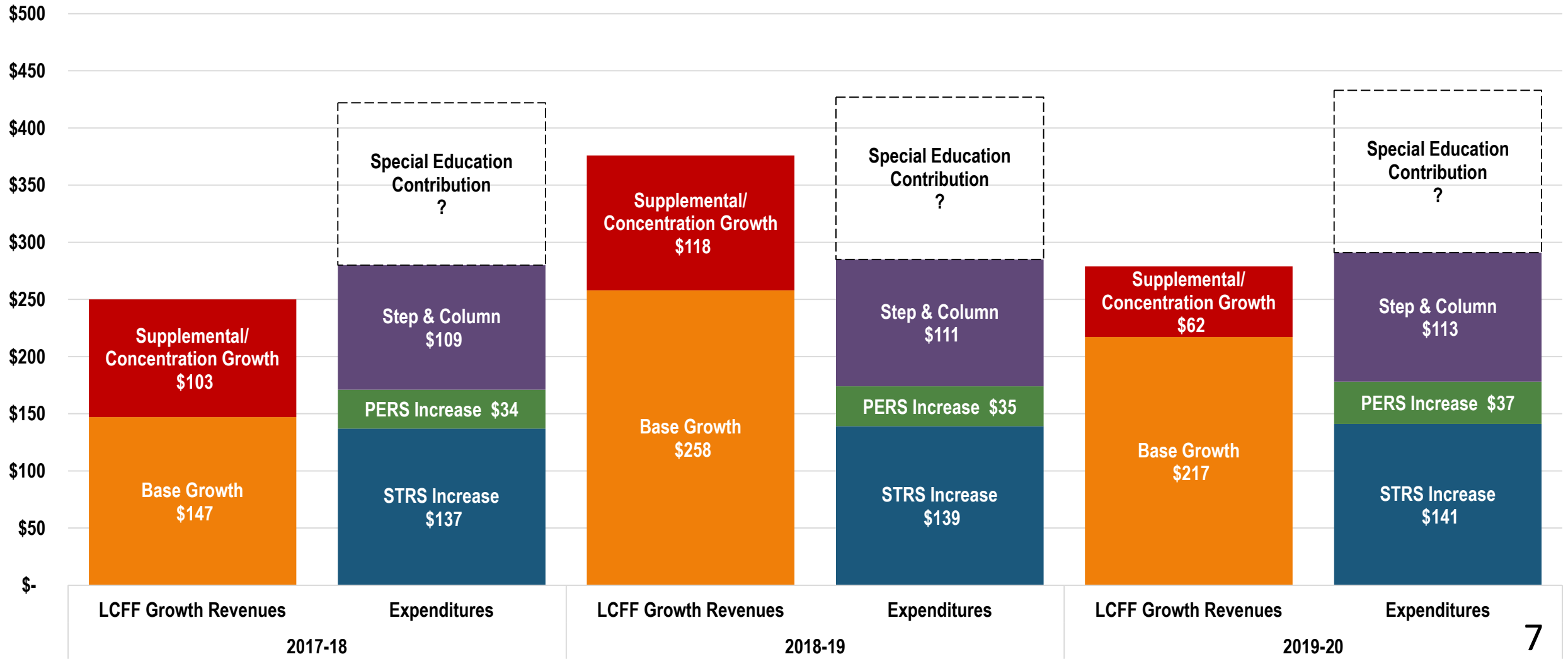


January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding	23.67% or \$744 million	43.97% or \$1.4 billion
Proposition 98 Minimum Funding Guarantee		
2015-16	\$68.7 billion	\$69.1 billion
2016-17	\$71.4 billion	\$71.4 billion
2017-18	\$73.5 billion	\$74.6 billion
2017-18 COLA	1.48%	1.56%
One-Time Discretionary Funds for 2017-18	\$287 million \$48 per ADA	\$1.01 billion* \$170 per ADA

*Not received until May 2019

Per-ADA Revenues vs. Expenses



LCFF at Full Implementation – What’s Ahead

- At full LCFF implementation, what can LEAs expect?
 - Base grant funding will be equalized across all LEAs
 - Supplemental and concentration grant funding will be determined by the LEA’s UPP
 - Annual growth in LCFF funding will be determined by (1) the change in LEA ADA, and (2) the statutory COLA
 - In other words, minimal increases of 2% to 3% annually
- Proposition 98 funding in excess of LCFF requirements for growth and COLA?
 - Available for new or expanded categorical programs
 - Discretionary incentives to LCFF



Success at the Bargaining Table

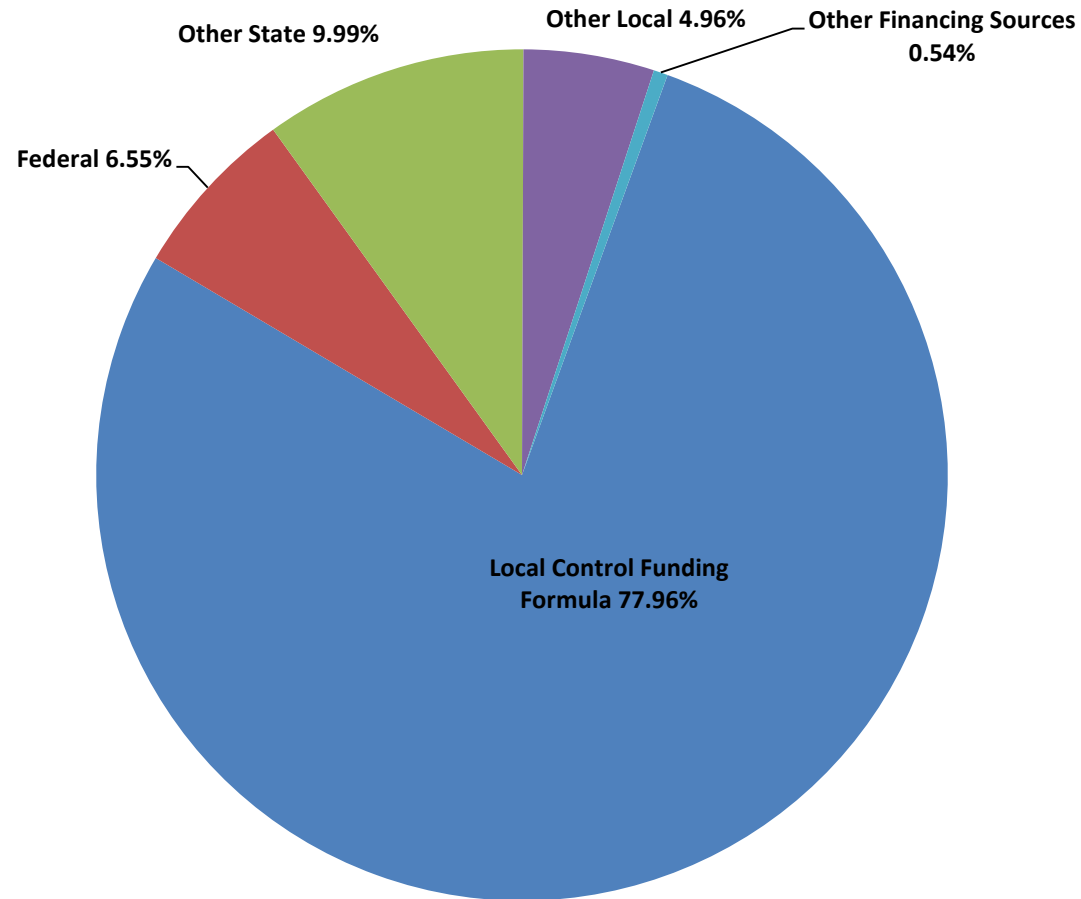
- **Over the past year, we have had more impasse proceedings and factfindings than at any time in the history of the state**
- **The Governor has broadly declared that 2016-17 is likely to be the last “good year” for now**
 - **This increases bargaining unit pressure to get increases now before the money dries up**
 - **But it also increases pressure for CBOs to lock up the vault**
- **Even before the Governor lowered projected out-year revenues in January, many LEAs were projecting deficits at First Interim**
 - **At Second Interim, deficits increased because of the lower revenue projections**
 - **The LAO forecast for out-year revenues was higher than the Governor projected, which increased expectations**
 - **LEAs were using the lower revenue numbers while bargaining units hoped for the higher ones**
 - **As a result, conflict at the table has been rampant**
- **In the end, the Governor’s forecast has been borne out by actual tax collections**

Closing the Books

- **Compliance requirements are abundant as we prepare to close the books**
 - **Form CEA**
 - **Form SEMA/SEMB (Special Education Maintenance of Effort and Subsequent Year Tracking)**
 - **CalSTRS On-Behalf**
- **LEAs should carefully consider how unspent funds are recorded in the ending fund balance, especially those related to supplemental and concentration grants**
- **Governmental Accounting Standards Board (GASB) Pronouncement Number 68 is in full effect, but GASB 75 is on its heels**

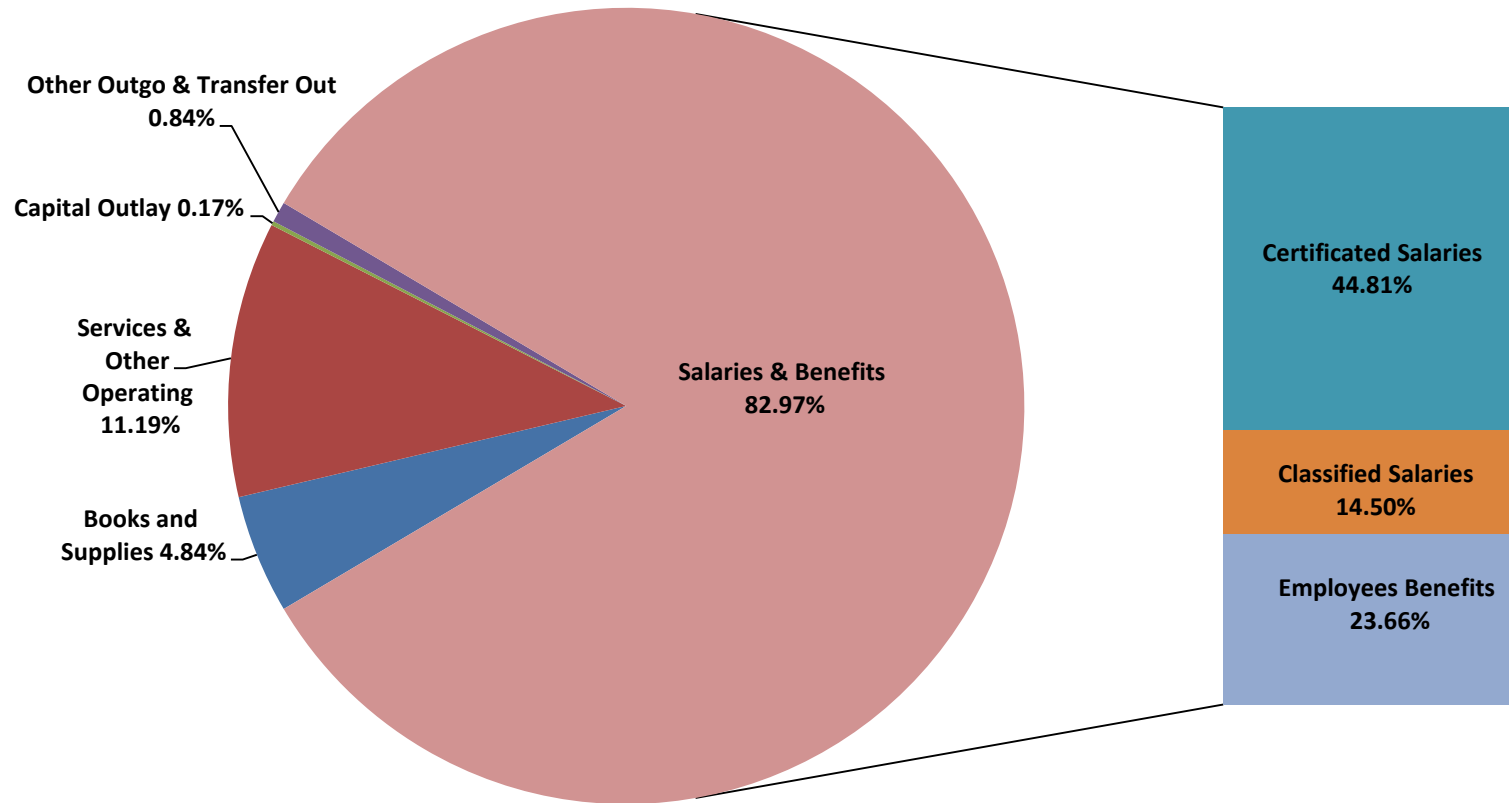
2016-17 Second Interim Report

TOTAL REVENUE – GENERAL FUND



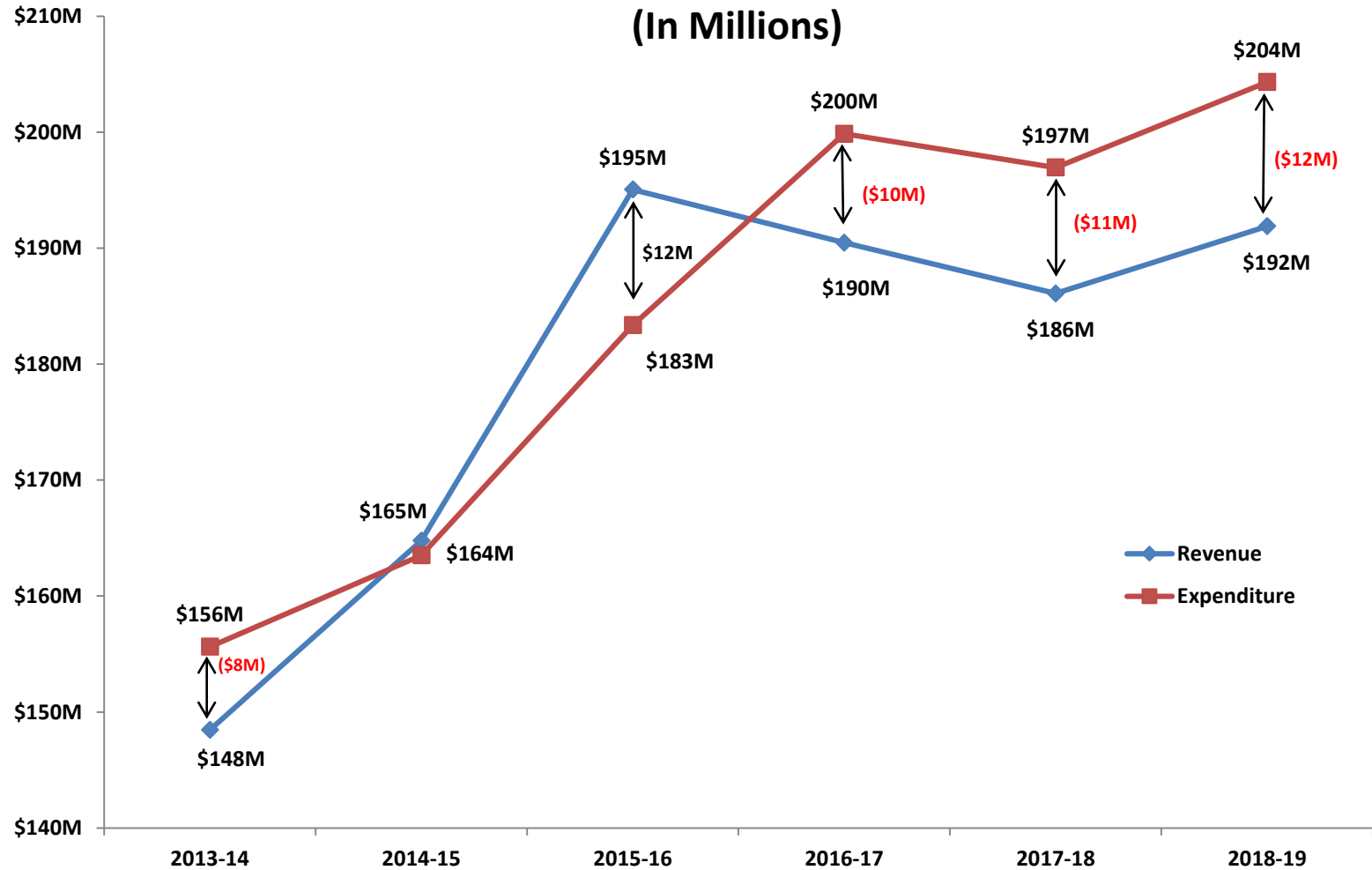
Total Revenues = \$274,788,463

2016-17 Second Interim TOTAL EXPENDITURES – GENERAL FUND



Total Expenditures = \$ 284,947,238

Glendale Unified School District Comparison of Revenue & Expenditures Unrestricted General Fund Second Interim 2017 (In Millions)



Possible Budget Reductions 2017-18

Revenue

Proposed Action	Target Rev. Incr.	Estimated Actual Rev. Incr.
Independent Study for all students out for 5 days or more	\$10,000	\$10,000
Increase ADA to 96.7%	\$1,000,000	\$1,423,563
Raise fees for facility usage by community groups	\$15,000	\$15,000
Increase E-waste rebates by including community E-waste	\$5,000	\$5,000
May Revise Improvement	0	\$2,000,000
Commodity recycling-Cardboard	\$5,000	\$5,000
Increase enrollment	\$900,000	\$838,418
Subtotals	\$1,935,000	\$4,296,981

Revised 5/22/2017

Possible Budget Reductions 2017-18

Expenditures – Salaries and Benefits

Proposed Action	Target Savings	Estimated Actual Savings
Salaries & Benefits		
Reduce overtime for classified management position	\$15,000	\$15,000
Review classified staffing level	\$1,200,000	\$200,000
Identify areas for Special Education reductions	\$500,000	\$120,000
Reduce sub days for Professional Development	\$100,000	\$100,000
Professional Development (Secondary Ed. Serv.) - 5 Teacher Specialist/Learning Leaders/6th period Savings (most savings already in the Multi-Year-Plan)	0	\$100,000
Teachers/Attrition/Reallocation/etc.. (retirement savings already included in budget)		0
Elementary PE Program - Certificated and Classified reduction (maybe)	0	0
FLAG in 17-18 reduction (maybe)	0	\$175,000
Various Principal Additional Assignment Savings	0	\$15,500
H&W rates lower than budgeted (reflects unrestricted general fund only)	0	\$1,595,502
Subtotals	\$1,815,000	\$2,321,002

Revised 5/22/2017

Possible Budget Reductions 2017-18

Expenditures – Supplies

Proposed Action	Target Savings	Estimated Actual Savings
Supplies		
Increase communication with parents by means other than paper	\$10,000	\$10,000
Reduction of costs for Meal/snacks at meetings	\$20,000	\$20,000
Cost of copies	\$50,000	\$50,000
Accelerated Reader Subscription	0	\$64,213
District office supplies	\$70,000	\$70,000
Subtotals	\$150,000	\$214,213

Possible Budget Reductions 2017-18

Expenditures – Services

Proposed Action	Target Savings	Estimated Actual Savings
Services		
Review use of retired certificated staff	\$25,000	\$25,000
Review use of outside services	\$25,000	\$25,000
Approve conferences based on purpose and alignment to LCAP	\$50,000	\$50,000
Examine cost of 3rd party contracts	\$250,000	\$250,000
Reduce cost of Transportation (SPED and Clark)	\$500,000	\$200,000
Close Elementary and Middle school total for one week in the summer	\$44,431	\$44,431
Have summer school at less sites	\$130,000	\$130,000
Subtotals	\$1,024,431	\$724,431



Next Steps

Questions/Comments?