



PERRIS UNION
HIGH SCHOOL DISTRICT

2016-17 District Budget

June 2016



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PERRIS UNION
HIGH SCHOOL DISTRICT

State Budget





Proposition 98 Still Governs the Level of Funding

- Proposition 98 is rising, but at a much lower rate
 - The boost from the maintenance factor is nearly gone
- Past years have started with low revenue forecasts that got better
 - This year the Governor's January forecast is higher than the May Revision revenues
- However, both one-time and ongoing revenues to education grow slightly above the January forecast for 2016-17
- The May Revision acknowledges a mixed bag for the prior, current, and Budget year Proposition 98 funding, a combined total increase of \$626 million
 - An increase of \$463 million in 2014-15 to \$67.2 billion under Test 1
 - A decrease of \$125 million in 2015-16 to \$69.1 billion under Test 2
 - An increase of \$288 million in 2016-17 to \$71.9 billion under Test 3



January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding	49.08% or \$2.8 billion	54.84% or \$2.9 billion
Proposition 98 Minimum Funding Guarantee		
2014-15	\$66.7 billion	\$67.2 billion
2015-16	\$69.2 billion	\$69.1 billion
2016-17	\$71.6 billion	\$71.9 billion
2016-17 COLA	0.47%	0.00%
One-Time Discretionary Funds for 2016-17	\$1.2 billion \$214 per average daily attendance (ADA)	\$1.4 billion \$237 per ADA



Preparing for the Slowdown

- The May Revision projects that the Local Control Funding Formula (LCFF) will be 95.7% implemented in 2016-17
 - At full implementation the supercharged increases are over, all local educational agencies (LEAs) just get a cost-of-living adjustment (COLA)
- The Department of Finance (DOF) projections assume:
 - Proposition 30 is allowed to expire
 - Very low COLAs for the next few years
 - Much lower growth in Proposition 98
- Now is the time to start preparing for slower growth



Proposition 98 Funding Will Slow

- Compared to the 2011-12 Proposition 98 guarantee, funding in 2016-17 will have increased \$24.6 billion to \$71.9 billion under the May Revision
- These gains are largely attributed to the repayment of the Proposition 98 Maintenance Factor, an amount equivalent to the loss of funds imposed on K-14 education during the recession
- A restoration, not a repayment
- According to the May Revision, \$908 million in Maintenance Factor payments will remain at the end of 2016-17
 - \$155 million outstanding with another \$746 million newly created
- Conclusion: Proposition 98 funding will slow considerably once the Maintenance Factor has been fully paid
 - Growth will likely be in the range of 2% to 4% annually

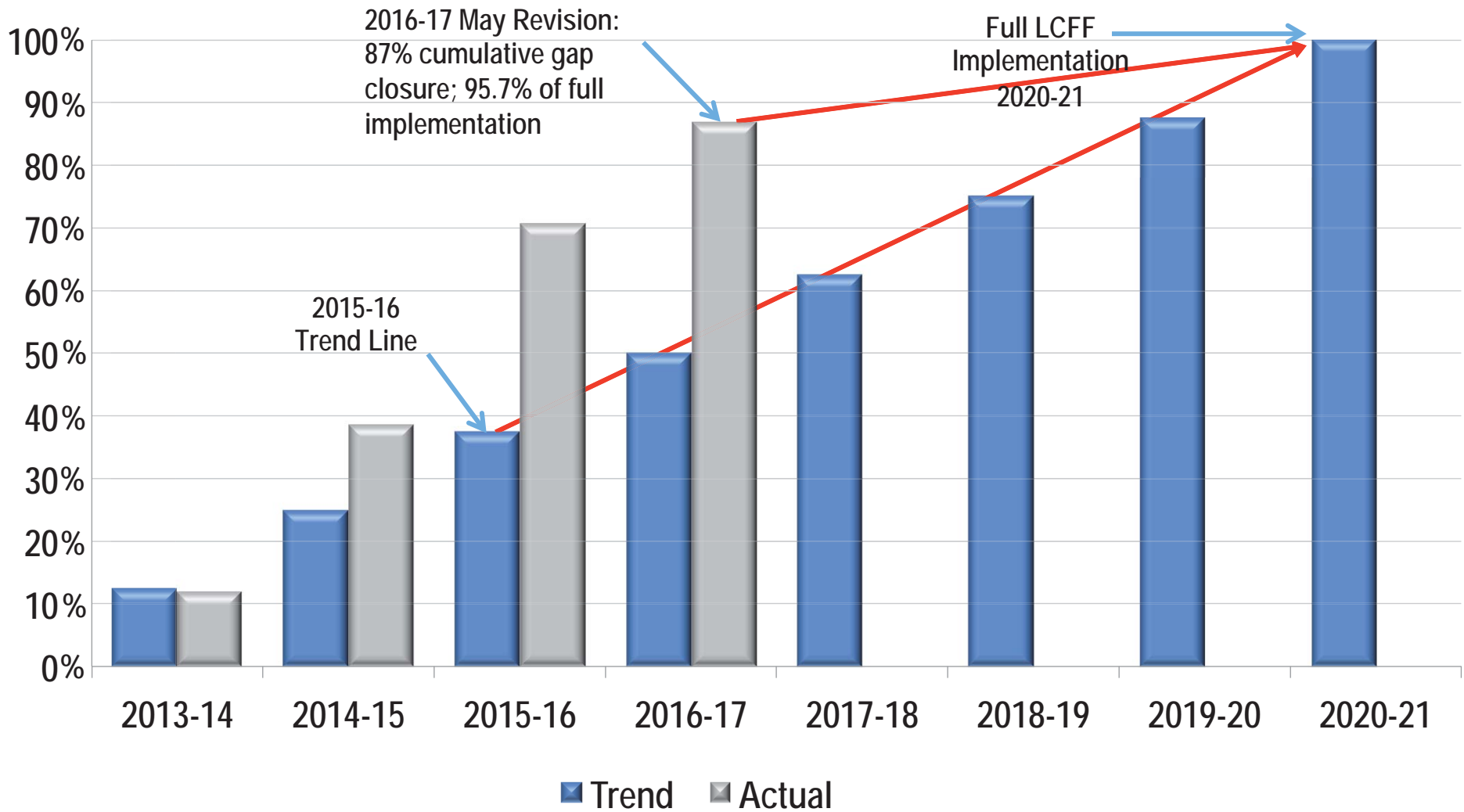


2016-17 Local Control Funding Formula

- May Revision proposes nearly \$2.9 billion for continued implementation of the LCFF, \$154 million above the January level
- New funding is estimated to close the gap between 2015-16 funding levels and LCFF full implementation targets by 54.84%
 - 87% of the gap closed in the first four years
 - Reaching to 95.7% of the targeted funding levels in 2016-17
- No COLA on the LCFF base grant targets
- 2016-17 LCFF growth provides an average increase in per-pupil funding of 5.94%, or \$520 per ADA
 - Individual results will vary widely



Progress Toward LCFF Implementation





One-Time Discretionary Funds

- The May Revision includes \$1.4 billion in discretionary one-time Proposition 98 funding equal to about \$237 per ADA
- These discretionary funds are intended to pay prior-year mandate claims are scored by the state as payments for the oldest mandates
- The Governor suggests the one-time funds may be used to support improvements in:
 - Content standards implementation
 - Professional development
 - Induction programs
 - Deferred maintenance
 - Instructional materials and technology



Special Education

- The May Revision contains no state special education funding increases
 - The COLA is reduced from 0.47% in January to 0% in May
 - There is a small \$41.3 million federal individuals with Disabilities Education ACT (IDEA) increase, of which \$5 million is one-time funding
 - A minor federal special education preschool allocation is provided
- The federal funding contribution to pay for the federal special education mandate continues to be at a dismal 10% of the total special education cost, the state funds approximately 30%, while the LEA Local General Fund contribution funds nearly 60%



Funding CalPERS and CalSTRS

- The employer contribution costs for both California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) are significantly increasing over the next several years
 - The CalPERS employer contribution rate increase is higher than expected – increasing from 11.847% to 13.888% (instead of 13.05%)
 - CalSTRS employer rates are increasing to 12.58% in 2016-17, up from 10.73% in 2015-16
- No specific funds are provided for this cost increase



Cap on District Reserves

- The cap on district reserves is triggered if four conditions are met:
 1. Proposition 98 funding based on Test 1
 2. Full funding for enrollment growth and COLA
 3. Capital gains exceeds 8% of General Fund revenues
 4. Full repayment of Proposition 98 Maintenance Factor as it existed in June 2014
- The January Governor's Budget showed that three of the four factors will have been met by 2016-17, leaving only Test 1 not satisfied (1.)
- However, the May revision now indicated the Maintenance Factor (4.) will not be fully repaid as forecasted in January
- Therefore, only two of the four criteria triggering the cap will be met in 2016-17



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District Budget





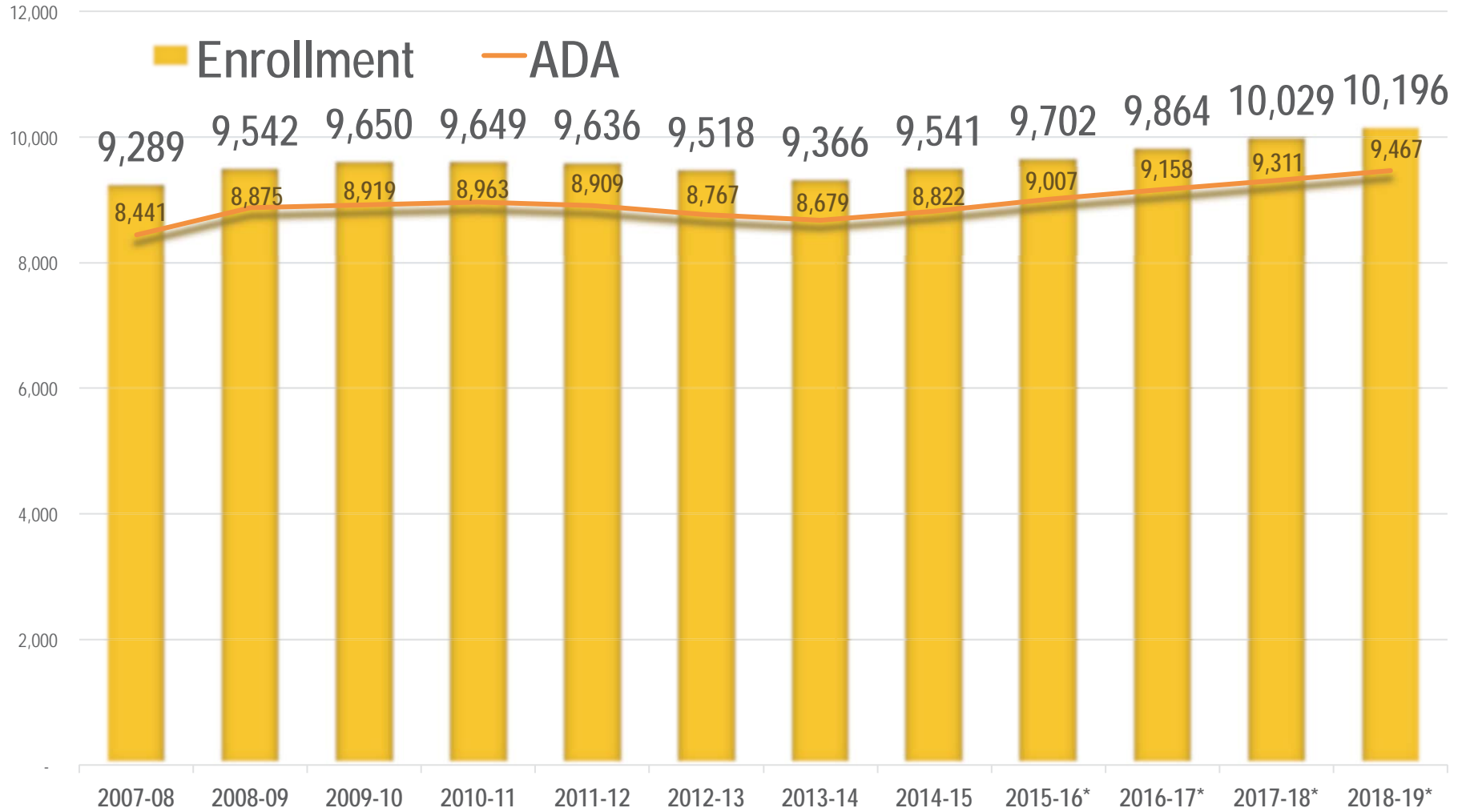
Budget and Multi Year Assumptions

	2015-16	2016-17	2017-18	2018-19
Enrollment	9,702	9,864	10,029	10,196
ADA	9,007	9,158	9,311	9,467
COLA	1.02%	0.00%	1.11%	2.42%
CalSTRS Rate	10.73%	12.58%	14.43%	16.28%
CalPERS Rate	11.847%	13.888%	15.50%	17.10%
LCFF GAP Funding	52.20%	54.48%	46.63%	37.74%

Note: Enrollment and ADA does not include Non-Public Schools nor County Office of Education Programs



Enrollment History and Projections



Note: Enrollment and ADA does not include Non-Public Schools nor County Office of Education Programs

*Projected Enrollment and ADA



CalSTRS and CalPERS Rate Increase Impact

	CalSTRS		CalPERS	
	Rate	Additional Budget Impact	Rate	Additional Budget Impact
2013-14	8.25%		11.442%	
2014-15	8.88%	\$246,357	11.771%	\$48,073
2015-16	10.73%	\$838,172	11.847%	\$12,186
2016-17	12.58%	\$854,606	13.888%	\$347,367
2017-18	14.43%	\$866,423	15.50%	\$276,667
2018-19	16.28%	\$873,856	17.10%	\$276,904
5-Year Total	Δ= 8.03%	\$3,679,414	Δ= 5.658%	\$961,197



What Does the LCFF Mean for PUHSD?

Perris Union High School District – 2016-17			
	2016-17 LCFF Per ADA Funding Target	Projected 2016-17 ADA*	Projected 2016-17 LCFF Revenue
Grade 7-8	\$ 9,189	1,125	\$10,337,625
Grade 9-12	\$ 10,924	8,033	\$87,752,492
Total Target Revenue			\$98,090,117
Actual LCFF Revenue			\$95,354,026
Discretionary Funds – ONE TIME			Total
\$237 (one-time) X 2015-16 P2 ADA =			\$2,147,639

*ADA does not include Non-Public Schools nor County Office of Education Programs



LCFF Increase To Funding Summary

	2015-16	2016-17	2017-18	2018-19
Increase To The Base Grant	\$6,475,108	\$3,873,723	\$2,757,576	\$2,757,824
Increase To Supplemental Money	\$3,928,984	\$2,183,583	\$1,083,194	\$662,404
Increase To Concentration Money	\$2,497,235	\$1,387,871	\$688,470	\$421,019
Increase To Grade Span (CTE) Money	\$150,082	\$89,786	\$63,916	\$63,922
One-Time	\$4,697,980	\$2,147,639	\$0	\$0
Total New Money	\$17,749,389	\$9,682,602	\$4,593,156	\$3,905,169



2016-17 Statutory Budget Increases

Statutory/Negotiated Increase for PSEA	Amount
PSEA Step Increases	\$590,091
Health & Welfare Increase	\$161,857
CalSTRS Increase	\$735,235
Statutory/Negotiated Increase for CSEA	
CSEA Step Increases	\$122,333
Health & Welfare Increase	\$28,347
CalPERS Increase	\$278,059
Statutory/Negotiated Increase for Confidential/Management	
Step Increases	\$98,310
Health & Welfare Increase	\$18,903
CalPERS/CalSTRS Increase	\$188,679
Total	\$2,221,814



Other 2016-17 Budgeting Considerations

Remaining Increase to the Base Grant Funding	Amount
2016-17 Increase to the Base Grant	\$3,873,723
Less 22.5% of Base Grant (Non-Staffing Priorities)	\$873,098
Less the Increase to Staffing Due to Increased Enrollment	\$629,857
Less District Wide Statutory Increases	\$2,221,814
Remaining Increase	\$148,954



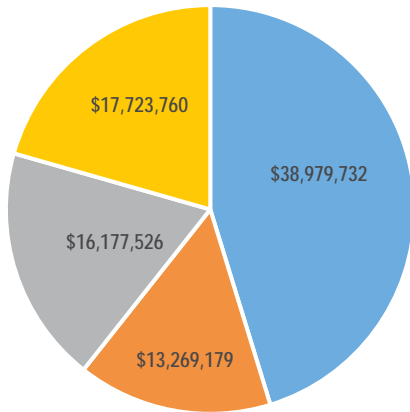
Unrestricted General Fund Summary

	2015-16 Estimated Actuals	2016-17 Proposed Budget	2017-18 Proposed Budget	2018-19 Proposed Budget
Beginning Balance	5,816,843	6,556,521	7,548,794	10,627,305
LCFF Revenue	87,819,063	95,354,026	99,947,182	103,852,351
Other Revenue	8,968,989	5,300,440	3,152,801	3,152,801
Contributions	<u>-11,416,188</u>	<u>-13,511,997</u>	<u>-13,809,866</u>	<u>-14,167,261</u>
Total Revenues	85,389,864	87,511,997	89,290,117	92,837,891
Expenditures	84,650,186	86,150,197	86,211,606	88,646,596
Net Increases/(Decrease) to Ending Balance	739,678	992,272	3,078,511	4,191,295
Total Ending Balance	6,556,522	7,548,794	10,627,305	14,818,600
Supp, Conc, CTE & One-Time Set Asides	2,109,813	2,527,452	4,299,116	5,382,539
3% Reserve for Economic Uncertainties	3,271,054	3,365,243	3,338,832	3,412,028
Other Reserves	1,175,655	1,656,099	2,989,357	6,024,033

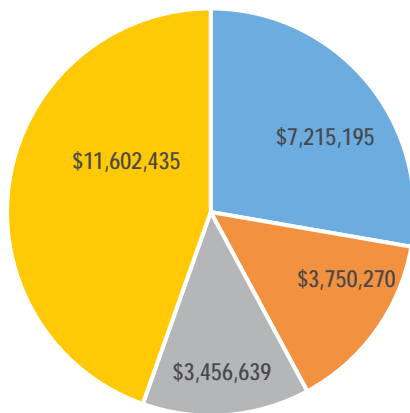


2016-17 Budgeted Expenditures

Unrestricted Expenditures



Restricted Expenditures



- Certificated Salaries
- Classified Salaries
- Employee Benefits
- Other Expenditures

	Unrestricted	Restricted	Combined
Certificated Salaries 1000-1999	\$38,979,732	\$7,215,195	\$46,194,927
Classified Salaries 2000-2999	\$13,269,179	\$3,750,270	\$17,019,449
Employee Benefits 3000-3999	\$16,177,526	\$3,456,639	\$19,634,165
Books and Supplies 4000-4999	\$6,859,709	\$2,216,571	\$9,076,280
Services, Other Operating Expenses 5000-5999	\$11,760,501	\$4,189,896	\$15,950,397
Capital Outlay 6000-6599	\$1,290,350	\$2,993,733	\$4,284,083
Other Outgo 7100-7299 & 7400-7499	\$62,247	\$577,500	\$639,747
Direct Support/Indirect Costs 7300-7399	-\$2,346,334	\$1,624,735	-\$721,599
Other Financing Uses 7600-7699	\$97,287	\$0	\$97,287
Total	\$86,150,197	\$26,024,539	\$112,174,736



Summary of Other District Funds

Fund	2016-17 Estimated Beginning Fund Balance	Total Revenues/ Contributions/ Other Sources	Total Expenditures/ Transfers Out	2016-17 Ending Fund Balance
Unrestricted General Fund	\$6,556,520	\$87,045,183	\$86,052,910	\$7,548,793
Restricted General Fund	\$4,086,031	\$24,741,045	\$26,024,539	\$2,802,537
Charter School Fund	\$2,652,089	\$10,667,845	\$11,342,939	\$1,976,995
Adult Education Fund	\$0	\$310,052	\$310,052	\$0
Cafeteria Fund	\$2,078,283	\$4,676,500	\$5,233,128	\$1,521,655
Building Fund	\$33,717,792	\$55,000	\$20,754,962	\$13,017,830
Capital Facilities Fund	\$7,163,240	\$1,962,611	\$1,144,186	\$7,981,665
County School Facilities Fund	\$9,855,451	\$28,505	\$0	\$9,883,956
Debt Service Fund	\$1,331	\$612,462	\$613,794	\$0



District Budget – Next Steps

- The Board will open a public hearing to receive input on the District's budget
- A final budget will be presented to the Board for approval on June 15, 2016
- The District's Adopted Budget, along with the District's Local Control Accountability Plan (LCAP), will be reviewed by the Riverside County Office of Education (RCOE)
- After the California State Budget is adopted, the District's budget will be revised and presented to the Board for approval, if necessary