

2013-2014 ADOPTED BUDGET

June 19, 2013



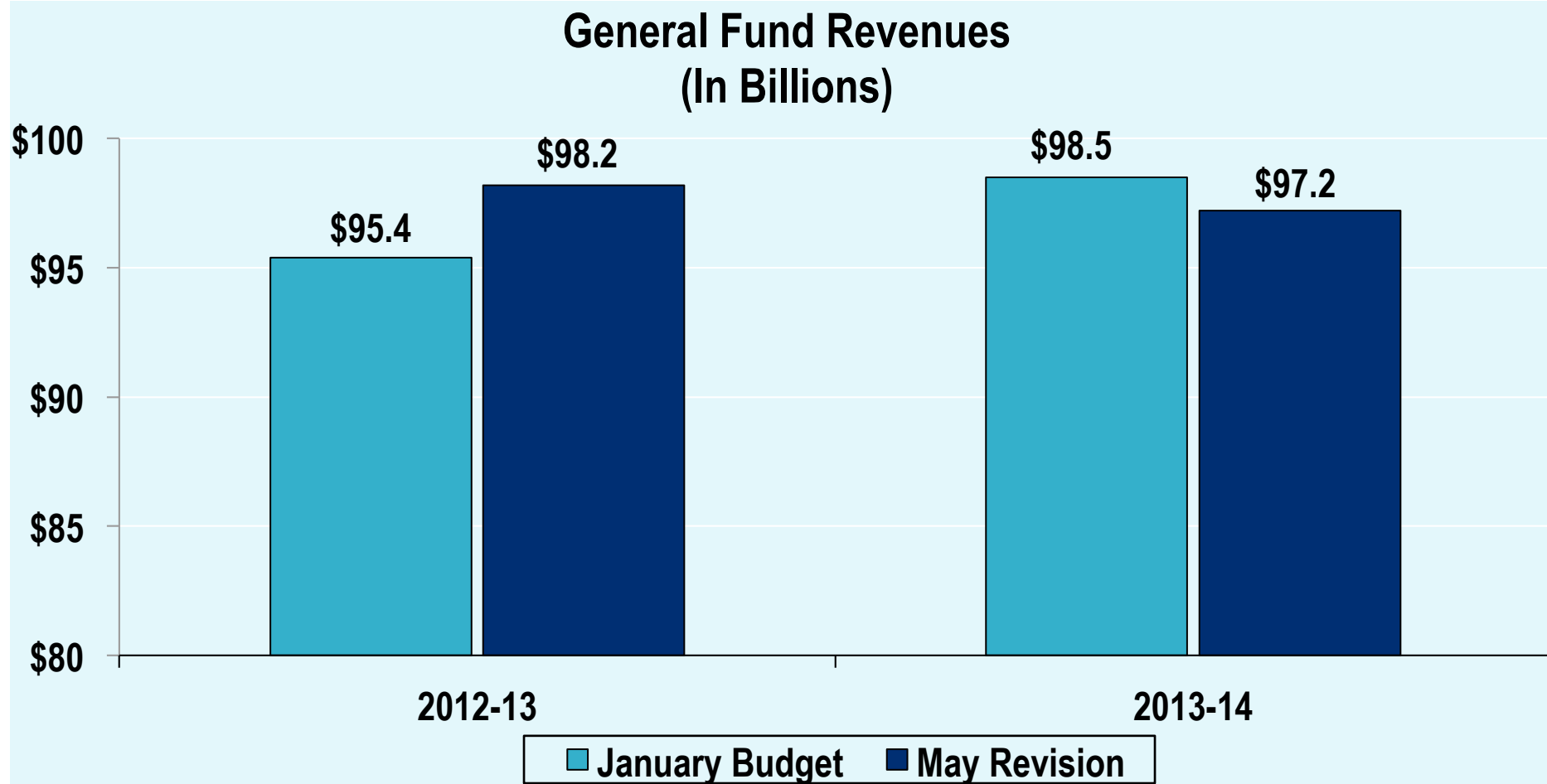
ROAD TO BUDGET ADOPTION

- Governor's January budget proposal
- Governor's May revision
- PUHSD's Budget
 - Built upon the May revision
 - This does not include any Local Control Funding Formula (LCFF) revenue or other revenues in the budget just passed by the State Legislature
 - Once signed by the Governor and more details known, a revised budget will be presented to the Board

CALIFORNIA STATE BUDGET

- State economy improving slowly
 - Unemployment down to 9.8% from a high of 12.4%
 - Expected to fall to 8.4% in 2014 (UCLA)
- 2012-13 State revenue at May revision
 - Increased to \$98.2 billion from \$95.4 billion
 - Potentially one-time money from accelerated tax payments
- 2013-14 State revenue at May revision
 - Decrease from \$98.5 billion to \$97.2 billion
 - This is still a \$1.8 billion increase over 2012-13 revenues at January budget
- May revenues \$800 million over May revise estimates

GENERAL FUND REVENUES IN 2013-14

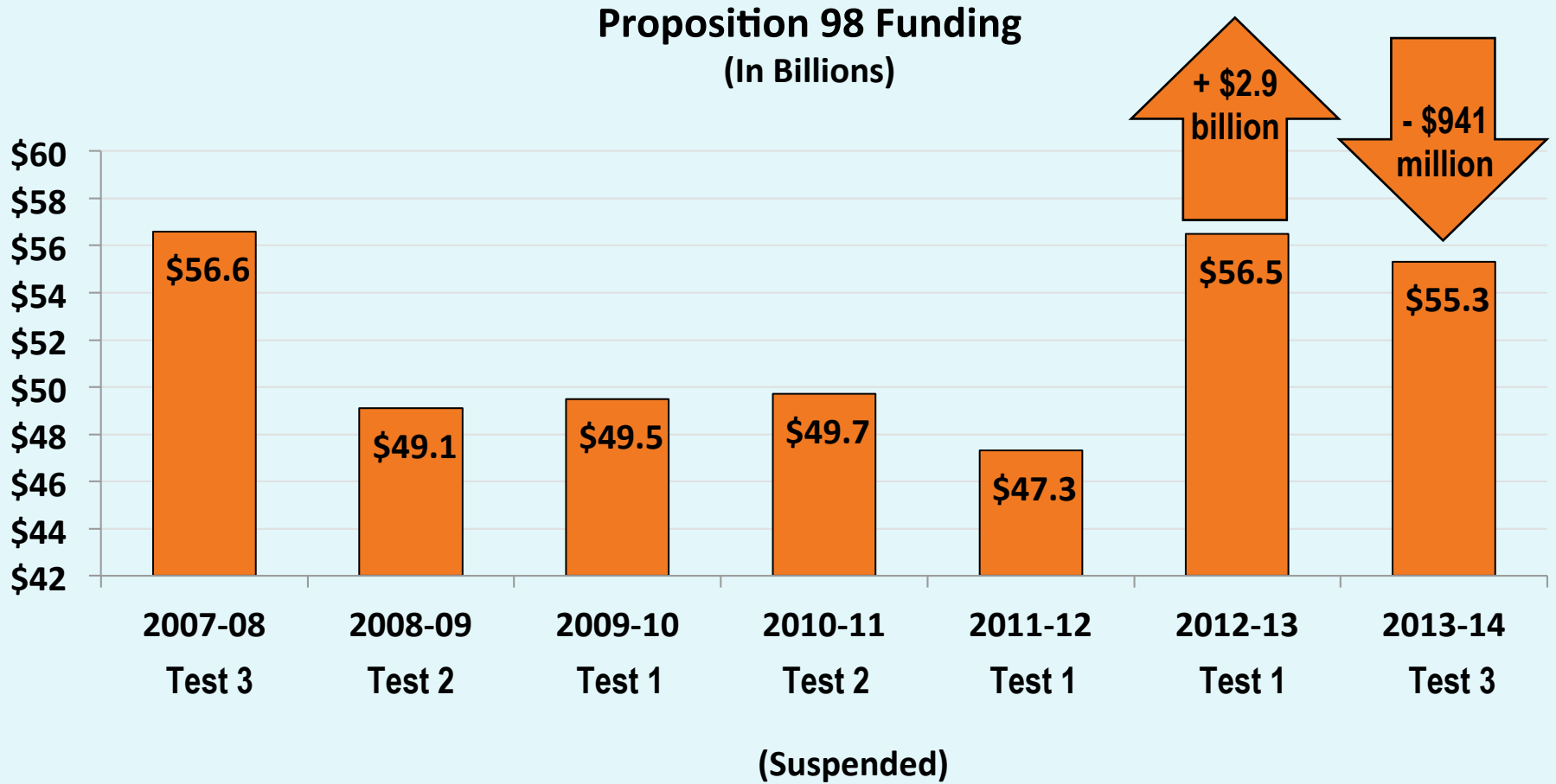


Source: Governor's Budget May Revision 2013-14, page 10

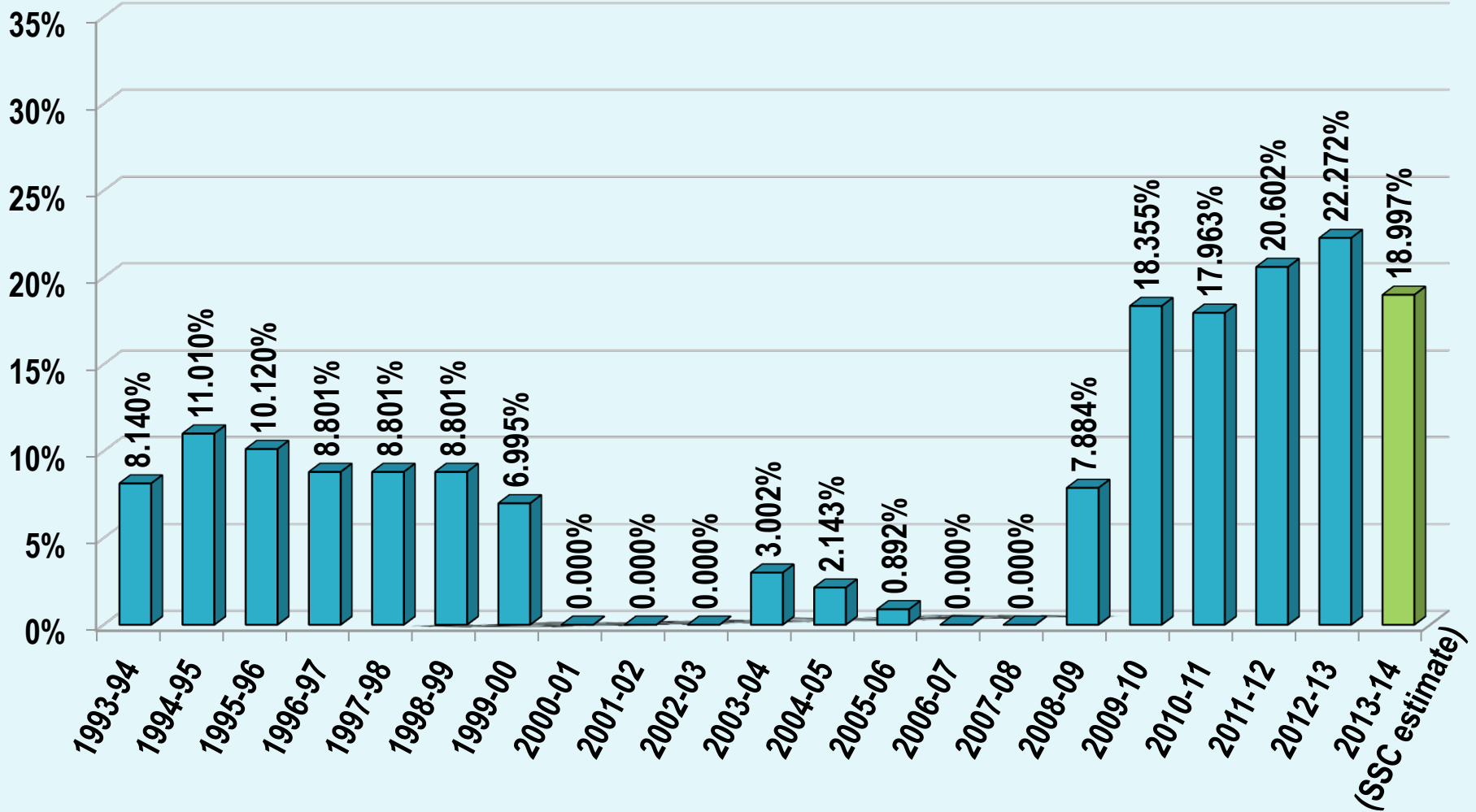
PROPOSITION 98 MINIMUM FUNDING GUARANTEE

- Compared with the January Budget:
 - The 2012-13 Proposition 98 minimum guarantee increases by \$2.9 billion, to a total of \$56.5 billion – a 5.4% increase since January and a 19.5% change from 2011-12
 - For 2013-14, Proposition 98 declines by \$941 million, to \$55.3 billion
- What changed?
 - \$4.5 billion in revenues, unanticipated for the current year, boost 2012-13
 - Pessimistic economic outlook depresses revenue forecast for the remainder of this year and into 2014, causing Proposition 98 to drop in the budget year

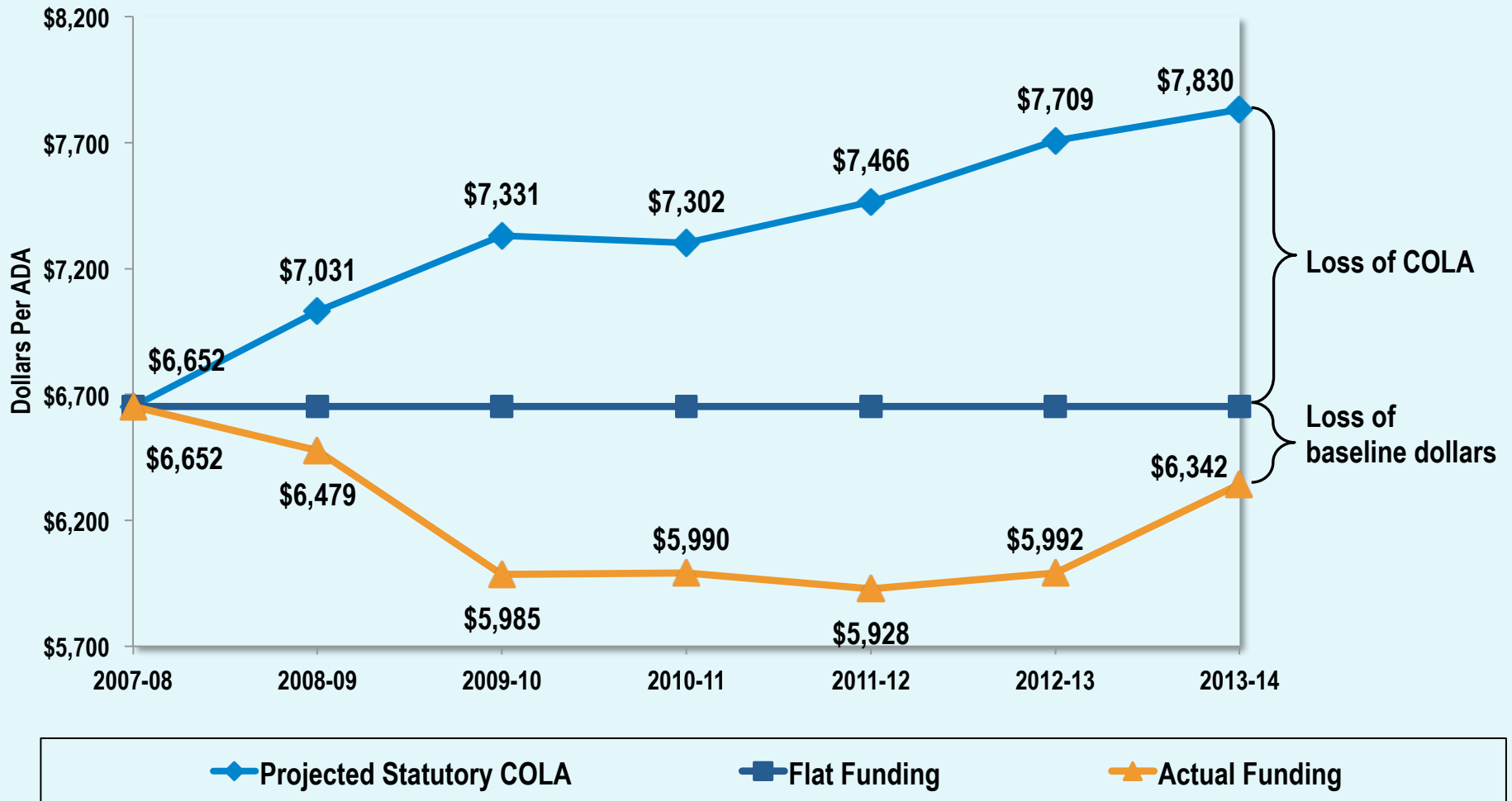
K-14 PROPOSITION 98 MINIMUM FUNDING GUARANTEE



REVENUE LIMIT DEFICIT FACTORS



FUNDING PER ADA – ACTUAL VS. STATUTORY LEVEL



STATE AID DEFERRALS

(in billions of \$)	2011-12	2012-13	2013-14
Cross-year deferral amounts	9.4	7.4	4.9

- Deferrals
 - Potential one-time funds reduced deferrals by \$2 billion
 - Greatly eases cash pressures
- Responsible approach using potentially one-time money for one-time expenditures

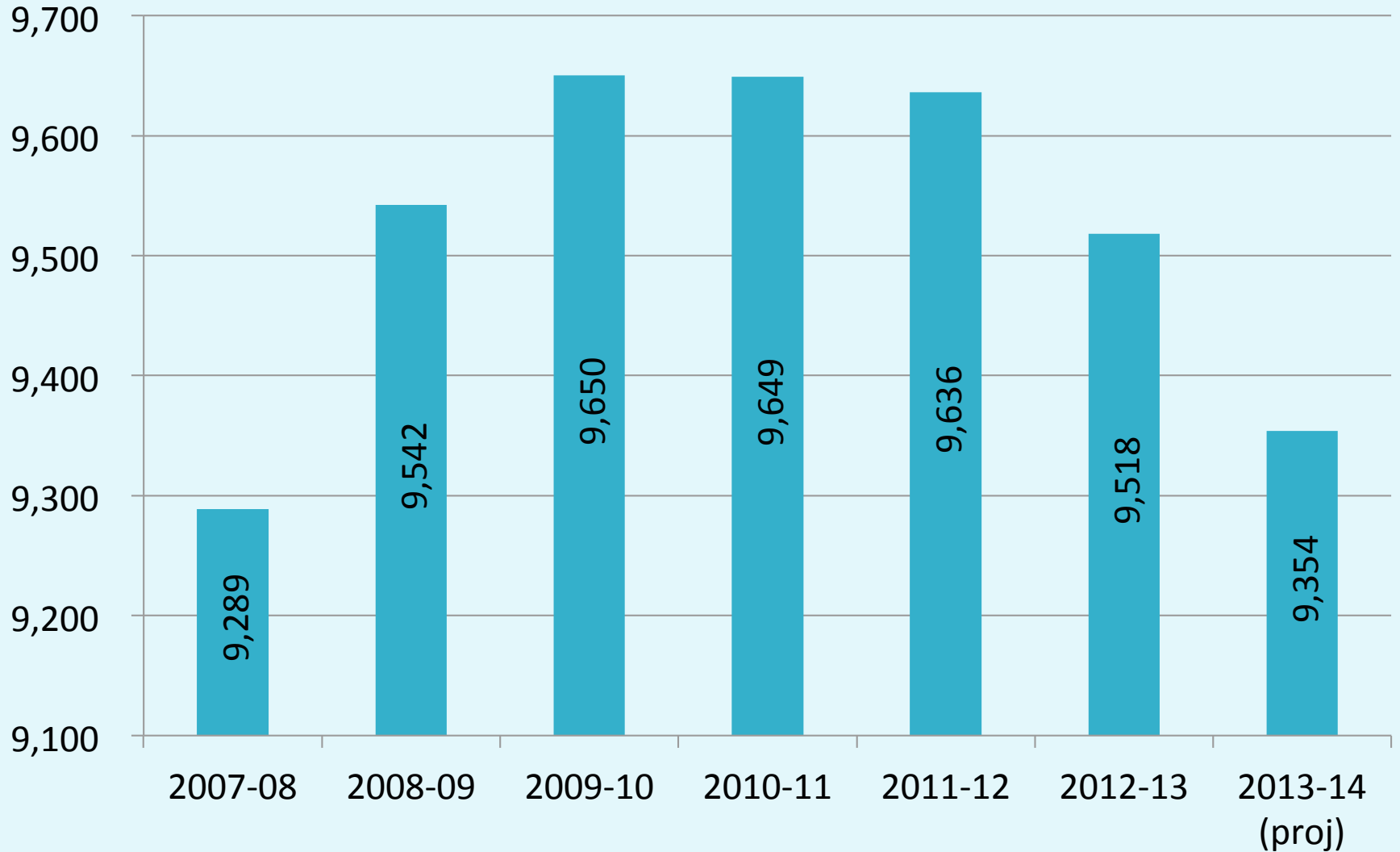
DISTRICT BUDGET

- LCFF and Revenue Limit
 - This year provided a challenge in budgeting
 - Budgets created in May prior to LCFF decision
- School Services of California's advice
 - Calculate both and choose the lesser
 - For Perris Union, Revenue Limit provides less State revenue
- Revenue Limit used to calculate budget and used in multi-year projections
 - This produces a conservative or "worst case" budget

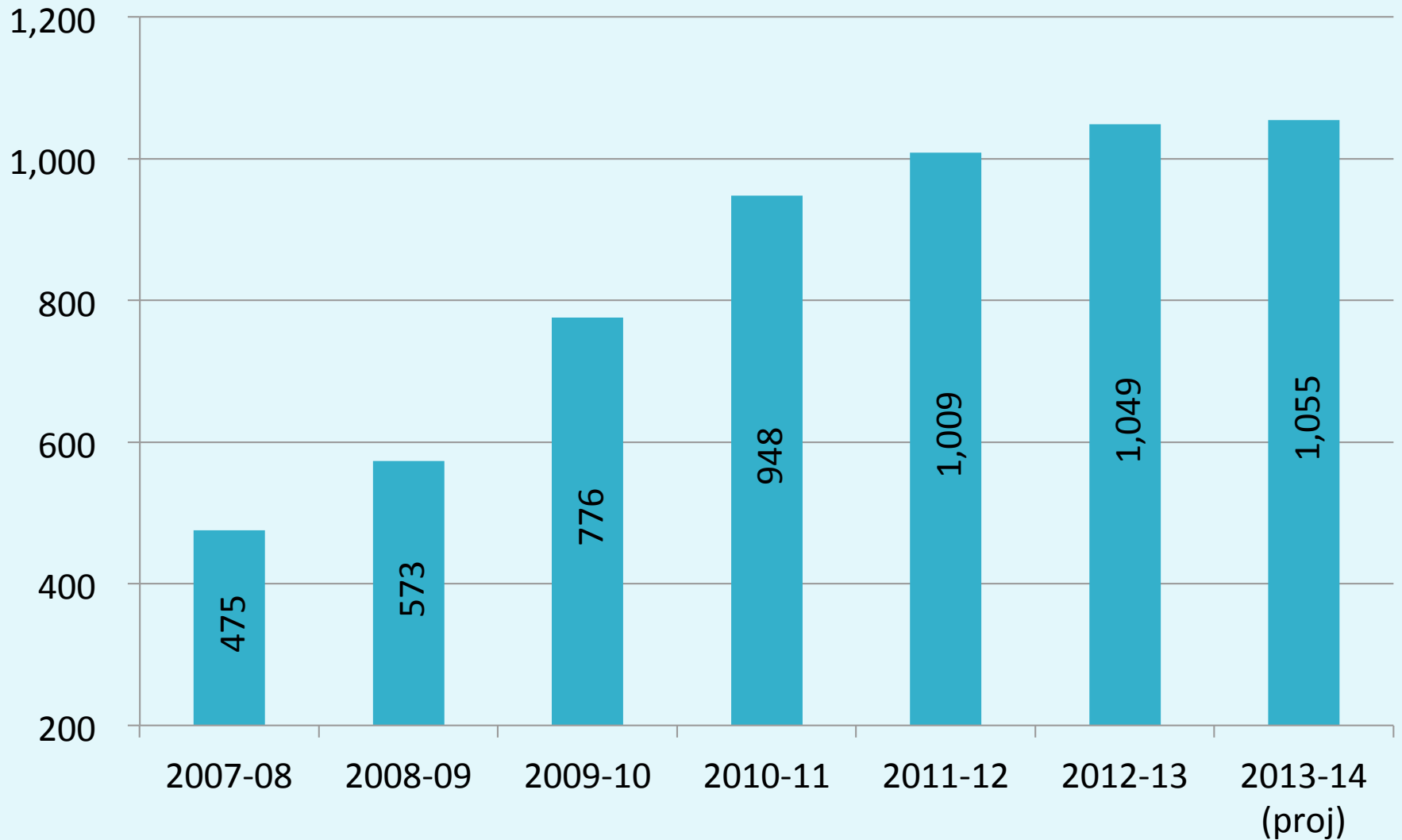
BUDGET ASSUMPTIONS (RL MODEL)

		2013-2014	2014-2015	2015-2016
COLA		1.565%	1.80%	2.20%
Deficit		18.997%	18.997%	18.997%
Enrollment		9,354	9,354	9,354
Funded ADA*		8,930.92	8,800.07	8,800.07
Automatic Step Increases	Certificated	\$528,252	\$406,125	\$411,851
	Classified	\$58,842	\$114,122	\$115,263
Health & Welfare Increases		\$607,579	\$600,000	\$650,000
Furlough days restored				
Current (2012-13) staffing patterns remain in place				
* Includes prior year ADA guarantee in 2013-14 and County ADA				

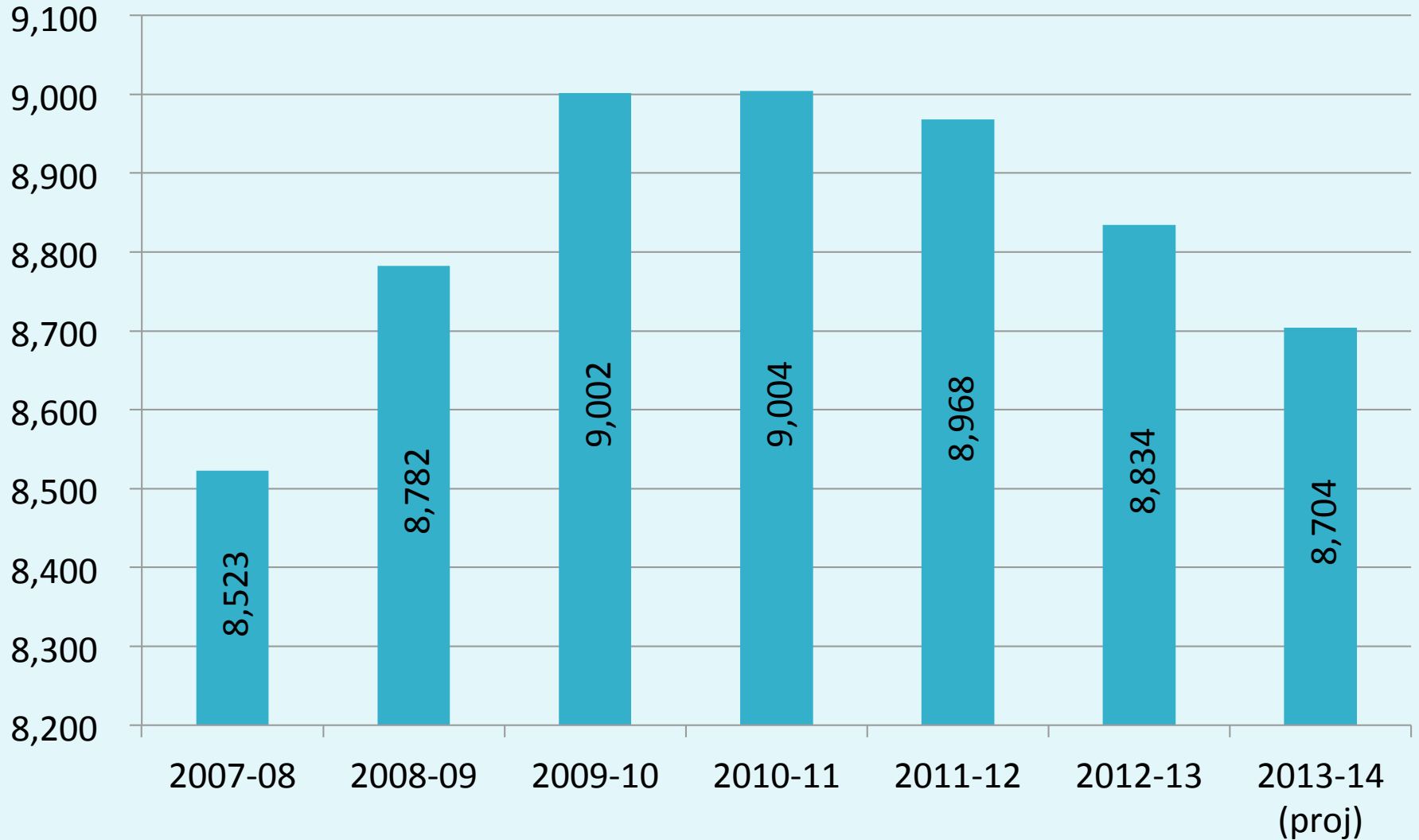
DISTRICT ENROLLMENT



CHARTER ENROLLMENT



DISTRICT ADA



2013-14 BUDGET UNRESTRICTED GENERAL FUND

	2012-13 Estimated Actuals	2013-14 Adopted Budget	2013-14 Projected Budget	2014-15 Projected Budget
Beginning Fund Balance	\$6,686,367	\$6,489,069	\$4,921,113	\$2,449,150
Net Revenue	53,858,919	55,417,573	55,411,561	56,491,199
Net Expenditures	54,056,217	56,985,529	57,883,524	59,186,401
Net Increase/ (Decrease) to Ending Balance (deficit spending amount)	(197,298)	(1,567,956)	(2,471,963)	(2,695,202)
Ending Fund Balance	\$6,489,069	\$4,921,113	\$2,449,150	(\$246,052)
3% Minimum Required Reserve (plus revolving and other assignments)	2,356,302	2,386,513	2,420,447	2,466,619
Excess/ (Shortfall) of 3% Reserve (Required Expenditure Reductions)	\$4,132,767	\$2,534,600	\$28,703	(\$2,712,671)

BUDGET SUMMARY — ALL FUNDS

Fund	Fund Name	Estimated Beginning Balance	Projected Revenue and Transfers	2013-14 Total Available Dollars
01	Combined General Fund	\$7,276,194	\$77,008,158	\$84,284,352
09	Charter Schools Special Revenue Fund	\$1,633,941	\$6,809,088	\$8,443,029
11	Adult Education Fund	\$0	\$32,573	\$32,573
13	Cafeteria Special Revenue Fund	\$1,745,580	\$3,991,279	\$5,736,859
21	Building Fund	\$0	\$34,000,000	\$34,000,000
25	Capital Facilities Fund	\$1,399,260	\$1,060,000	\$2,459,260
35	County School Facilities Fund	\$3,841,325	\$6,005	\$3,847,330
51	Bond Interest and Redemption Fund	\$4,245,314	\$0	\$4,245,314
56	Debt Service Fund	\$3,245	\$613,449	\$616,694

COMMON CORE IMPLEMENTATION FUNDS

- Common Core implementation
 - One-time funds used to fund Common Core implementation (\$1.25 billion)
 - This is a one-time expense in 2013-14 and 2014-15
- Amounts for this funding will be included in the budget revision that will be presented to the Board

LOCAL CONTROL FUNDING FORMULA

- Local Control Funding Formula (LCFF)—AB 97
 - Provides three grants across all school districts
 - Base Grant — Grade spans receive different funding levels
 - K-3 — \$6,845
 - 4-6 — \$6,947
 - 7-8 — \$7,154
 - 9-12 — \$8,289
 - Supplemental Grant
 - Provides an additional 20% amount over the base grant for:
 - English Learners
 - Foster children
 - Free and Reduced Price Meal participants
 - Concentration Grant
 - Provides 50% over the base grant
 - For Supplemental Grant percentages over 55%

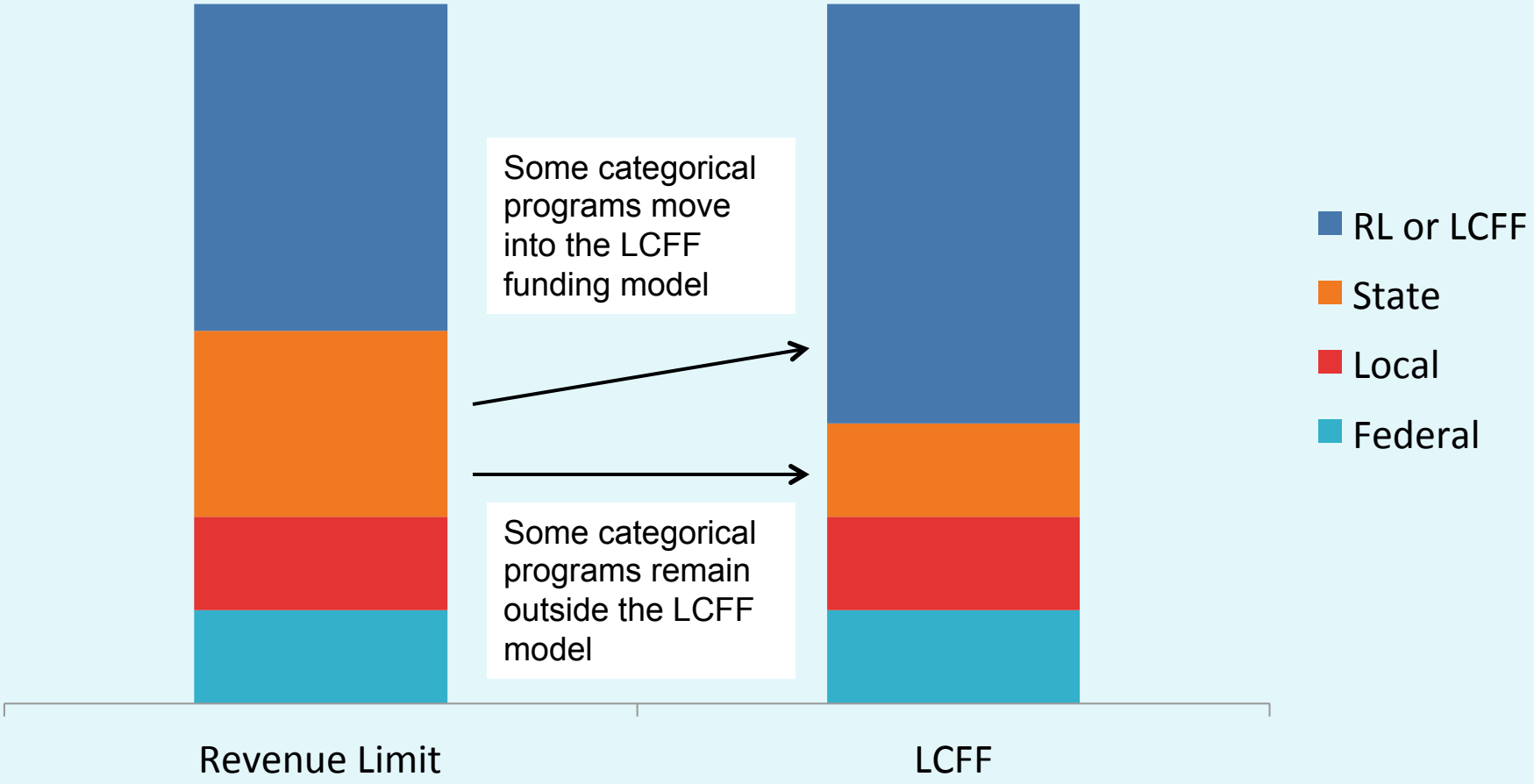
LOCAL CONTROL FUNDING FORMULA

- Local Control Accountability Plan (LCAP)
 - Three year board-approved plan
 - Annuals goals for students and subgroups targeted by LCFF funding
 - Multiple measures used to determine success
 - Oversight at county and state level
- Phased in over eight years
 - Full funding level in 2020-21
- Pending Governor's signature
 - More details will emerge as the new program and its effects are analyzed

LCFF – WHAT IT DOES

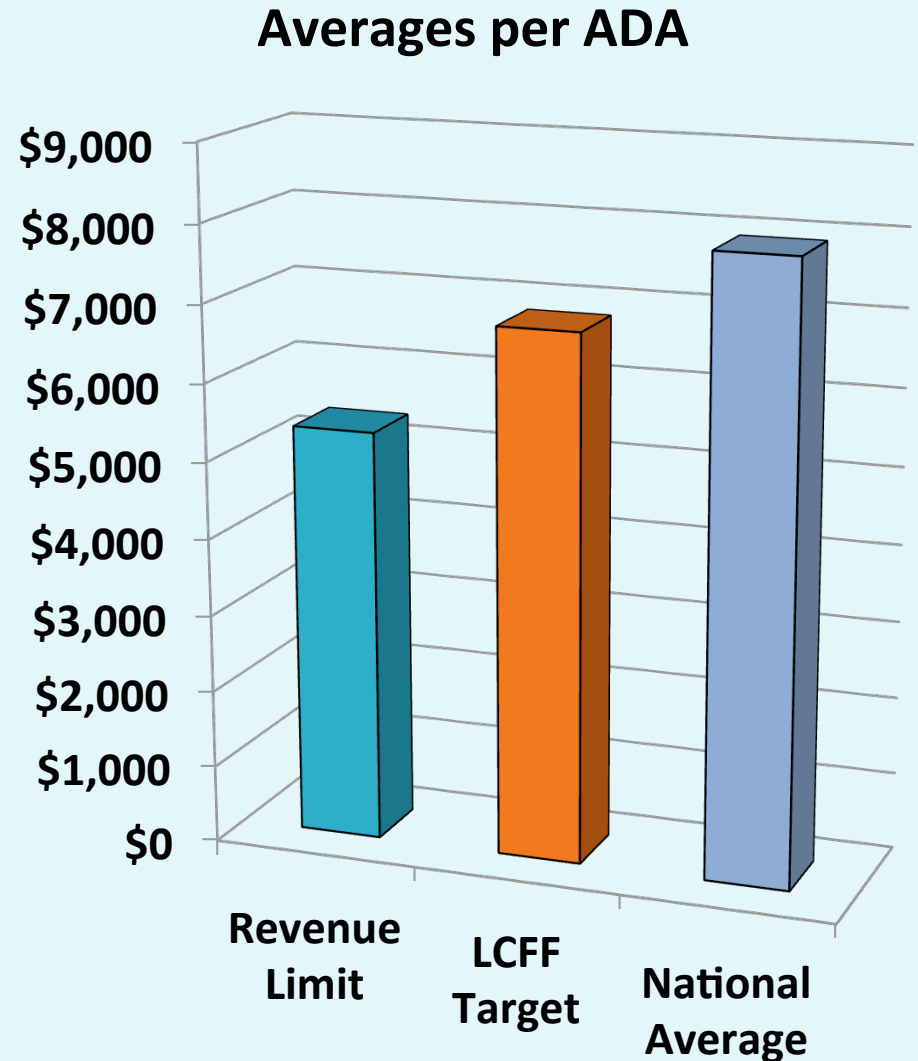
- Base funding for core services will decrease because current categorical programs that support specific needs for **all** students – i.e., instructional materials, deferred maintenance, professional development, school safety, and violence prevention – disappear under the formula
- Of the \$3.9 billion in categorical funding that will be absorbed by the LCFF, \$2 billion, or roughly half, supports general purpose categorical programs – about \$325 per ADA
- School districts must absorb the cost of these services within the revenue limit equivalent dollars provided by the LCFF – the base grant

LCFF FUNDING SHIFT



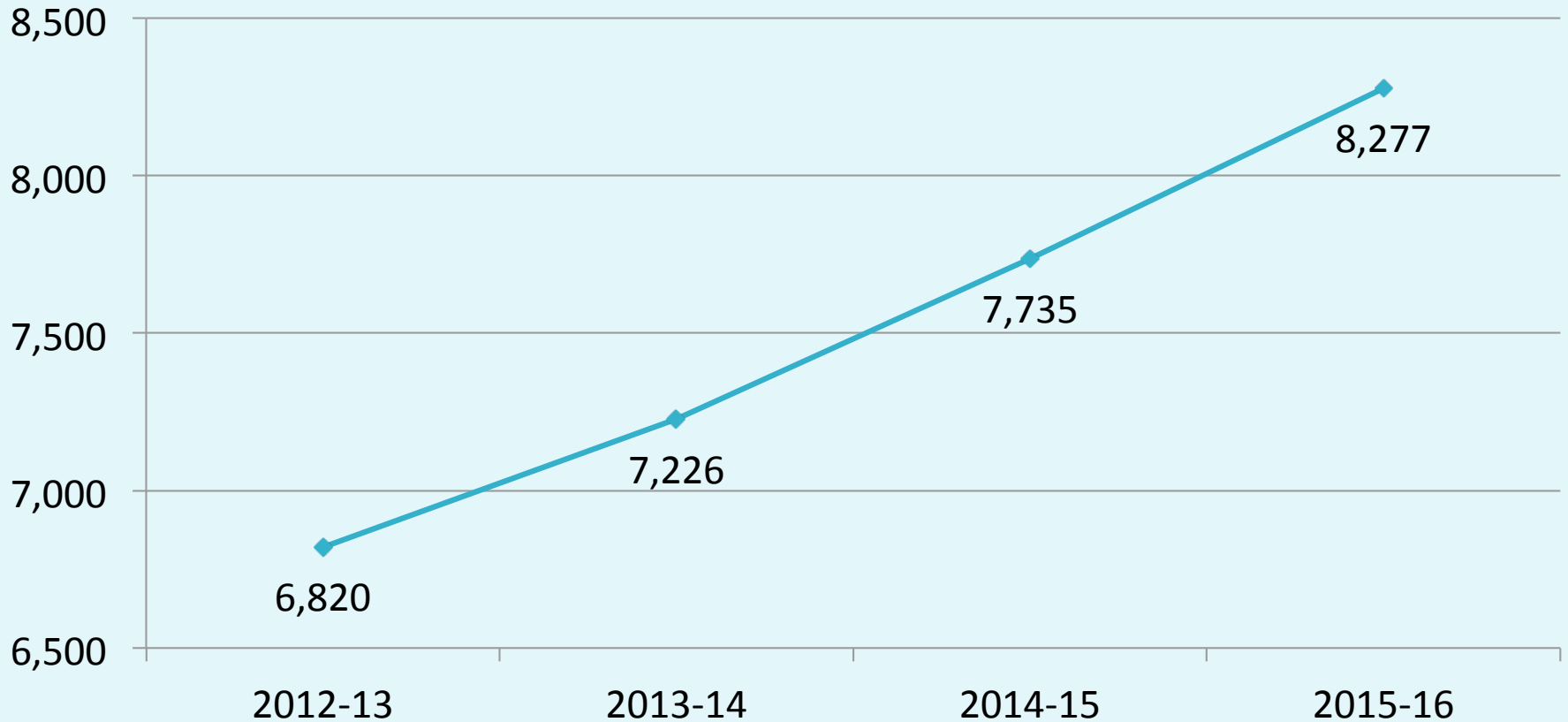
REVENUE LIMITS AND LCFF BASE GRANTS

- The LCFF target is \$1,100 lower than the level necessary to bring California school funding to the average amount per student provided by other states



LCFF PER ADA PROJECTION

PUHSD Multiyear



*Preliminary LCFF per ADA revenue projection simulation per SSC

NEXT STEPS

- 2013-14 District Adopted Budget
- 2013-14 State Budget approved by Legislature
 - Waiting Governor Brown's Signature
- Budget will be revised within 45 days to reflect the State Budget Act
 - This will include the additional LCFF and Common Core Implementation funding