



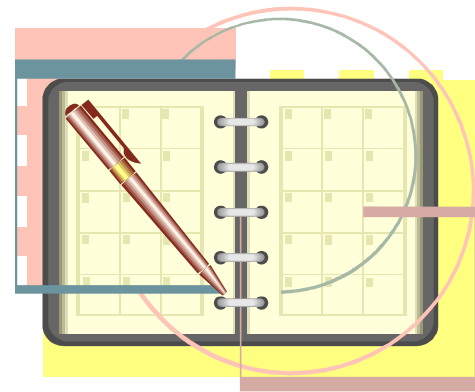
Budget Update April 15, 2015

Ryland | SCHOOL BUSINESS
CONSULTING

- ▶ San Bruno Park School District

Agenda

- ▶ Key Assumptions
- ▶ Budget Changes Since Second Interim
- ▶ Changes to MYP
- ▶ Remaining Cuts Needed
- ▶ Prior List of Ideas
- ▶ Action on Final \$400,000



Basic Aid

vs

LCFF

- ▶ District is entitled to a calculated Entitlement
- ▶ Comprised of property taxes and State Aid
 - ▶ If Property taxes fill the bucket, and overflow, the district keeps the overflow \$\$ and doesn't need State Aid



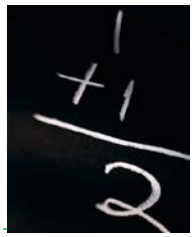
- ▶ District is entitled to a calculated Entitlement
- ▶ Comprised of property taxes and State Aid
- ▶ When property taxes don't fill the bucket, the State makes up the shortfall with State Aid



Will We Still Be Basic Aid?

- ▶ In 2013-14, property taxes were greater than the calculated LCFF entitlement, so property taxes overflowed the bucket and the district was better off than with LCFF funding
- ▶ In 2014-15, the increases in LCFF funding was **expected** to exceed the increases in property taxes
 - ▶ But between property tax increases , ADA decreases and favorable “gap funding” percents, the District will be funded by property taxes for one more year (barely!)
 - ✓ This helps with cash flow and with maintaining the required fund balance for the current year, but has no impact on deficit spending in future years or on the amount of cuts required.
- ✓ **The assumption for 2015-16 and 2016-17 is that the District will be funded based on LCFF**
- ▶ The District will get whichever funding mechanism provides more dollars; there is no ‘penalty’ for not being basic aid

Key 2014-15 Budget Changes



- ▶ Since Second Interim, as of January 31, the following changes have been made to the current budget:
 - ▶ Redevelopment (RDA) property taxes increased, increasing our unrestricted funding
 - ▶ The portion of RDA dollars restricted to facilities use have been moved from the general fund to the Deferred Maintenance fund
 - ▶ Salary budgets have continually been scrutinized and additional budget amounts removed
 - ▶ The Supplemental unrestricted budget was reduced to account for supplemental services being provided by restricted Belle Aire health clinic dollars
 - ▶ Transportation budget increased based on estimated usage

Changes Since First Interim

		2014-15
Excess of Expenditures over Revenues at Second Interim		(\$1,985,258)
Revenue Changes		
Increased RDA Residual Distribution property taxes	\$267,855	
Transfer of Facilities RDA monies to Deferred Maintenance	(\$197,410)	
Contribution to Restricted increased to cover special ed spending over budget, net of current year savings	(\$22,194)	
	Total Revenue Changes	\$48,251
Expenditure Changes		
Reduce substitute budget	(\$39,200)	
Classified Changes, reduce CBO salary budget to estimated actual	(\$107,370)	
Changes to Employee Benefits for above	(\$46,429)	
Decrease books, supplies, materials, computer leases moved to CCSS	\$14,637	
Capture Health Clinic Services as Supplemental	(\$276,474)	
Increase Transportation	\$79,000	
	Total Expenditure Changes	(\$375,836)
Revised Excess of Expenditures over Revenues Third Interim		(\$1,561,171)



Multi-Year Assumptions



- ▶ LCFF – used DOF/FCMAT gap funding projections rather than SSC
 - ▶ DoF has less conservative assumptions (should offset with higher reserves)
- ▶ Flat ADA and enrollment assumed
- ▶ Step and Column included
 - ▶ at 3% certificated and 1.5% classified
- ▶ Increased STRS costs by 1.6% each year, and PERS costs by 0.83% & 2.4% of salaries
- ▶ 3% contribution to Routine Maintenance required again starting 2015-16 as flexibility ends
- ▶ Reduced teachers to reflect board's direction to staff all classes at 31:1
- ▶ Reflected all of board's reductions per February Budget Action Plan

MYP Assumptions

- ▶ Transfer of restricted RDA revenue to Deferred Maintenance Fund
- ▶ One-time costs and revenues removed from projected years
- ▶ No one-time Mandated Cost dollars
 - ▶ Mandated Block Grant funds still included
- ▶ Continued Transfer In from Fund 20 reserve to cover annual OPEB costs
- ▶ Added money for consumables and textbooks paid by categorical dollars in current year
- ▶ Note:
 - ▶ PGE Solar Rebates will expire in 2017-18
 - ▶ Proposition 30 taxes are set to expire:
 - ▶ Sales tax of .25% increase expires in 2016 (2016-17 fiscal year)
 - ▶ Personal income tax increase in 2018 (2018-19 fiscal year)

District Budget Action Plan

- ▶ The Board already adopted \$1.9M in budget adjustments
 - ▶ Some amounts are still tentative; they will need to be verified by staff and SMCOE as the 15-16 budget is developed

Budget Action Plan 2015-16						
		2015-16	Cuts as Reflected in MYP			
	Notes	(estimated savings)	Salaries & Benefits	Prof Services	Revenue	Total Proj Savings
Special Ed Program	A,C	\$700,000	291,050	362,500	-	653,550
Special Ed Transportation	B	\$100,000	-	250,000	-	250,000
Staff Class sizes 31:1 grades 4-8	C	\$300,000	282,000	-	-	282,000
Staff Class sizes 31:1 grades k-3	C	\$300,000	516,000	-	(342,234)	173,766
Eliminate BTSA	D	\$72,000	72,000	-	-	72,000
Reduce non-represented workyear by 3 days	E	\$24,000	24,000	-	-	24,000
Add Crestmoor lease revenue (adj in 2014-15)	F	\$460,000	-	-	460,000	460,000
Reduce one counselor-	C	\$0	-	-	-	-
Reduce district receptionist one month-	G	\$0	-	-	-	-
Reduce 0.75 maintenance worker-	G	\$0	-	-	-	-
		\$1,956,000				1,915,316

MYP Without Additional Cuts Beyond Budget Plan

	Third Interim 2014-15			Notes	Projected 2015-16			Notes	Projected 2016-17		
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
Revenue											
General Purpose Sources	18,047,354	1,214,300	19,261,654	1	18,610,354	1,214,300	19,824,654	1	19,470,354	1,214,300	20,684,654
Federal Revenue	0	1,254,067	1,254,067		0	1,254,067	1,254,067		0	1,254,067	1,254,067
State Revenue	590,290	333,445	923,735	2	418,690	333,445	752,135		418,690	333,445	752,135
Local Revenue	1,599,235	328,674	1,927,909		1,637,535	328,674	1,966,209		1,637,535	328,674	1,966,209
Total Revenue	20,236,879	3,130,486	23,367,365		20,666,579	3,130,486	23,797,065		21,526,579	3,130,486	24,657,065
	0										
Expenditures											
Certificated Salaries	8,599,191	1,456,680	10,055,871	3,4	8,069,191	1,277,380	9,346,571	3,4	8,311,191	1,349,380	9,660,571
Classified Salaries	2,007,795	983,970	2,991,765	4	2,125,495	952,220	3,077,715	4	2,157,495	952,220	3,109,715
Benefits	3,264,930	714,526	3,979,456	5	3,443,930	714,526	4,158,456	5	3,761,930	714,526	4,476,456
Books and Supplies	379,954	572,839	952,793	6	718,954	572,839	1,291,793		718,954	572,839	1,291,793
Other Services & Oper. Expenses	2,047,948	2,972,928	5,020,876	9	2,047,948	1,958,489	4,006,437	9	2,047,948	1,807,091	3,855,039
Capital Outlay	0	18,000	18,000		0	18,000	18,000		0	18,000	18,000
Other Outgo 7xxx	381,543	2,471,243	2,852,786		381,543	2,471,243	2,852,786		381,543	2,471,243	2,852,786
Transfer of Indirect 73xx	(295,807)	228,725	(67,082)		(295,807)	228,725	(67,082)		(295,807)	228,725	(67,082)
Unidentified Budget Reductions Needed ⁸				8				8	0		
Total Expenditures	16,385,554	9,418,911	25,804,465		16,491,254	8,193,422	24,684,676		17,083,254	8,114,024	25,197,278
Deficit/Surplus	3,851,325	(6,288,425)	(2,437,100)		4,175,325	(5,062,936)	(887,611)		4,443,325	(4,983,538)	(540,213)
Transfers In	363,002	0	363,002	7	363,002	0	363,002	7	363,002	0	363,002
Transfers in (out)	(197,410)	0	(197,410)	12	(197,410)	0	(197,410)		(197,410)	0	(197,410)
Contributions to Restricted	(5,578,088)	5,578,088	0	10	(4,911,538)	4,911,538	0	10	(4,983,538)	4,983,538	0
Net increase (decrease) in Fund Balance	(1,561,171)	(710,337)	(2,271,508)		(570,621)	(161,398)	(722,019)		(374,621)	0	(374,621)
Beginning Balance	2,433,134	861,735	3,294,869		871,963	151,398	1,023,361		301,342	0	301,342
Total Ending Balance	871,963	151,398	1,023,361		301,342	0	301,342		(73,279)	0	(73,279)
Fund Balance Percent			3.9%				1.2%				-0.3%
Reserve for Economic Uncertainty (3%)	774,134		774,134		740,540		740,540		755,918		755,918
Restricted Fund Balance		151,398	151,398			0	0			0	0
Unappropriated Ending Balance	97,829		97,829	11	(439,198)		(439,198)	11	(829,197)		(829,197)

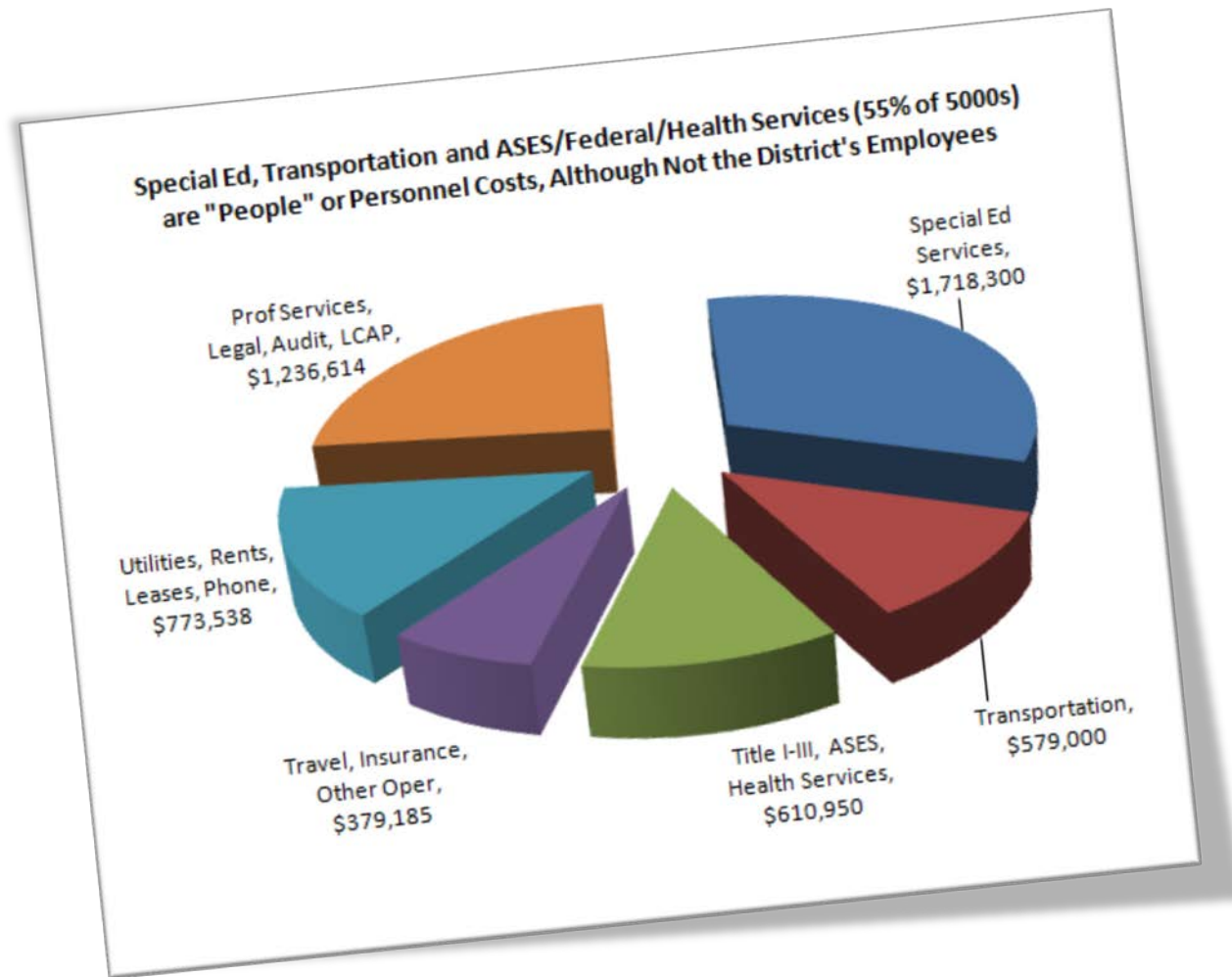
MYP at Second Interim

Note Additional Cuts Required to Get to 3%

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State Revenue	590,290	333,445	923,735	2	418,690	333,445	752,135		418,690	333,445	752,135
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Capital Outlay	0	18,000	18,000		0	18,000	18,000		0	18,000	18,000
Other Outgo 7xxx	381,543	2,471,243	2,852,786		381,543	2,471,243	2,852,786		381,543	2,471,243	2,852,786
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Deficit/Surplus	3,851,325	(6,288,425)	(2,437,100)		4,575,325	(5,062,936)	(487,611)		4,843,325	(4,983,538)	(140,213)
Transfers In	363,002	0	363,002	7	363,002	0	363,002	7	363,002	0	363,002
Transfers in (out)	(197,410)	0	(197,410)	12	(197,410)	0	(197,410)		(197,410)	0	(197,410)
Contributions to Restricted	(5,578,088)	5,578,088	0	10	(4,911,538)	4,911,538	0	10	(4,983,538)	4,983,538	0
Net increase (decrease) in Fund Balance	(1,561,171)	(710,337)	(2,271,508)		(170,621)	(151,398)	(322,019)		25,379	0	25,379
Beginning Balance	2,433,134	861,735	3,294,869		871,963	151,398	1,023,361		701,342	0	701,342
Total Ending Balance	871,963	151,398	1,023,361		701,342	0	701,342		726,721	0	726,721
Fund Balance Percent			3.9%				2.8%				2.9%
Reserve for Economic Uncertainty (3%)	774,134		774,134		740,540		740,540		755,918		755,918
Restricted Fund Balance		151,398	151,398			0	0		0	0	0
Unappropriated Ending Balance	97,829		97,829	11	(39,198)		(39,198)	11	(29,197)		(29,197)

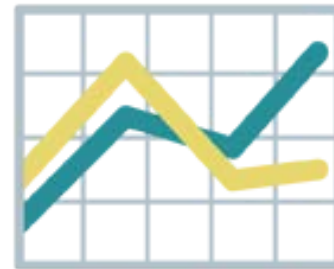
Professional Services Breakdown

- ▶ Unencumbered, potential savings could be up to \$200,000



Tonight

- ▶ Must meet the San Mateo COE deadline for delivering an approvable budget
- ▶ \$400,000 additional on-going budget reductions identified **tonight** will give the district a positive fund balance heading to a 3% reserve by 2017-18
 - ▶ This will avoid a declaration by the SMCOE of a Lack of Going Concern



Prior List of Reductions to Revisit

- ▶ Reductions already made removed from list; negotiable items in italics

Idea	Savings Estimate ¹		Fiscal Year of Impact ²	Negotiable?
	One-Time	On-Going		
<i>Provide retirement incentive</i>	TBD	TBD	BY	Y
<i>Suspend step/column movement teachers</i>	\$139,000		BY	Y
<i>Suspend step/column movement classified, at 1.5%</i>	\$57,150		BY	Y
<i>Eliminate prep period grades 6-8</i>		\$525,000	BY	Y
Share principals at elementary schools (Reduce 3.0 FTE)		\$379,000	BY	N
close school(s), average school (see separate analysis)		\$330,000	2016-17	N
<i>lower salaries all employees</i>		\$150,000 per 1%	BY	Y
<i>Eliminate prep grades 4-5 (Rhythm and Moves)</i>		\$109,300	BY	Y
Close libraries (2.58 FTE media clerks; teachers to cover own library use)		\$101,600	BY	N
Reduce districtwide maintenance/grounds staff by 0.75 FTE (of 5.75 FTE districtwide)		\$52,500	CY	N
<i>Reduce teacher work year</i>		\$50,000 per day	BY	Y
<i>Eliminate additional 0.25 FTE Clerical Assistants</i>		\$49,800	CY	Y
<i>Discontinue compensation for advanced degrees (longevity only)</i>		\$33,300	BY	Y
<i>Reduce work year for classified</i>		\$14,600 per day	BY	Y
<i>Eliminate add'l aide time for 32nd student; stipend only (\$15,000-(36*100))</i>		\$11,400 each	BY	Y
Reduce district Receptionist to 11 months		\$3,000	CY	N
Maximize collection of Use of Facilities Fees per Civic Center Act (2013-14 \$7,000)		unknown	CY	N
<i>restructure salary schedule to reduce step movement</i>		TBD	BY	Y
<i>Various contract provisions re subs, placement, prep time, stipends</i>		TBD	BY	Y
¹ Amounts based on 2014-15 budget				
² BY = Budget Year; CY = Current Year				
Note - many of these items are either negotiable or the impact of making the cut is negotiable.				

Next Steps



- ▶ While the district self-certified “Qualified” as of Second Interim, unless an additional \$400,000 of expenditure reductions or sources of revenue are identified by June Budget adoption, the COE will have to disapprove the annual budget and may find a Lack of Going Concern
- ▶ May Revise of the Governor’s budget proposal will update COLAs, gap funding, program changes and provide further direction
- ▶ “Third” Interim update to Board on budget in May
- ▶ LCAP and Budget adoption in June

Questions

