

# San Bernardino City Unified School District

## Budget Assumptions

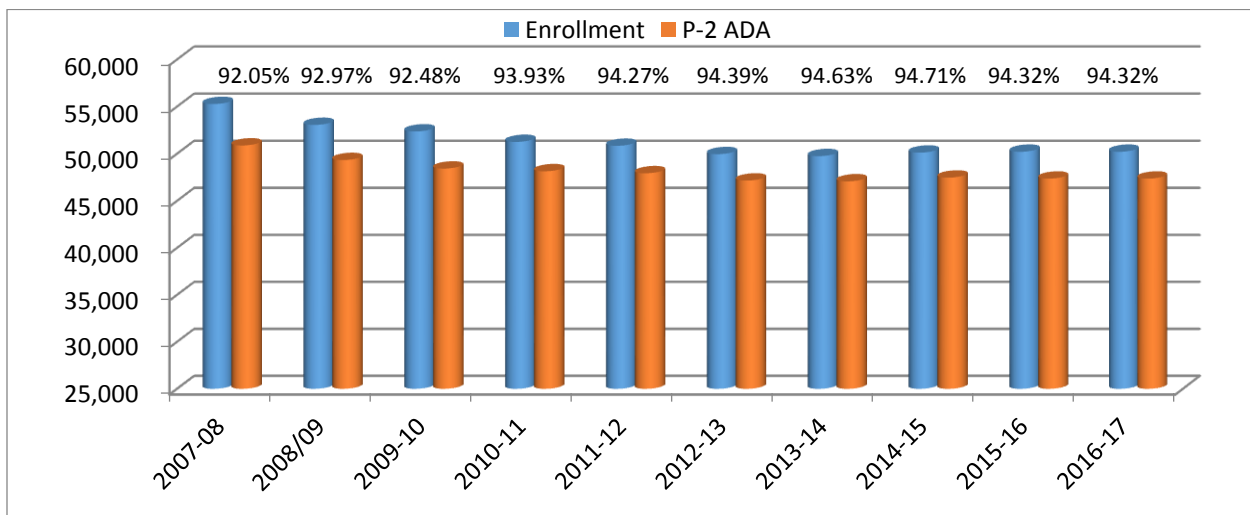
### Fiscal Year 2016-17, 2017-18 and 2018-19

This budget for San Bernardino City Unified School District and the multiyear assumptions below have been prepared including the most recent projections by the Department of Finance for growth in LCFF funding in Fiscal Year 2016-17 and 2017-18. Fiscal Year 2018-19 has been projected with no increase in LCFF Funding as State Revenues are not certain. All adjustments to align with the 2016-17 State Budget once signed and adopted, will be presented to the Board of Education within 45 days as required under current law.

The District has authorized 13 Charter Schools in 2016-17. The projected 2016-17 enrollment for the 13 Charters is 3,436 with projected ADA of 3,220 resulting in an average ADA to enrollment ratio for District Charters of 93.7%. The total LCFF funding attributable to these Charters is estimated at \$28.8 million.

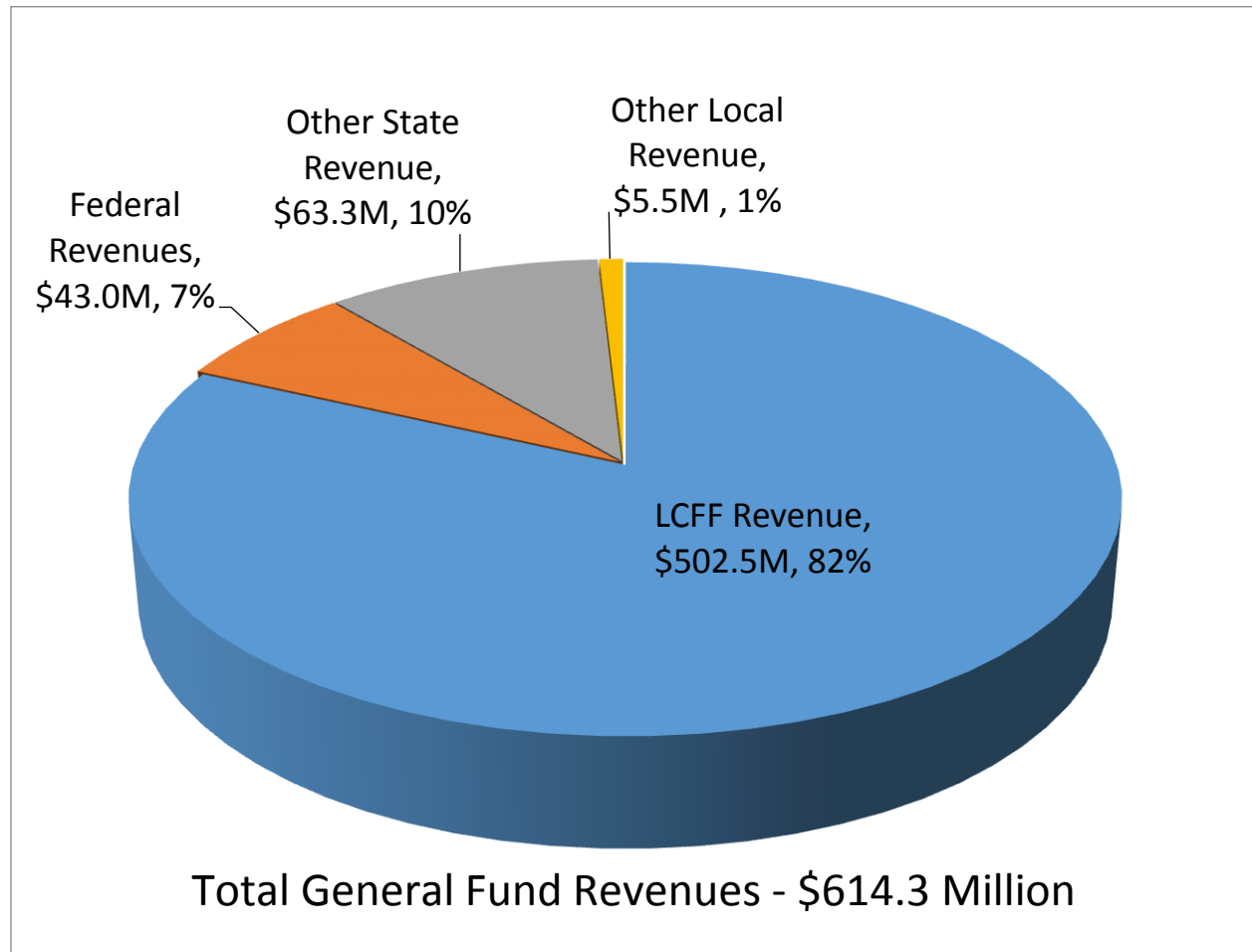
The District had experienced declining enrollment for a number of years. Enrollment decline began to level off in 2013-14 with a slight increase in 2014-15 and a projected slight decrease in 2015-16. No increases have been projected for Fiscal Year 2016-17 or subsequent years as continued growth is uncertain. A waiver has been filed to recoup the ADA lost as a result of the December 2015 terrorist attack. The outcome of the waiver is still pending with the California Department of Education.

### ADA to Enrollment Trending



## Revenues

### Total General Fund Revenues



### LCFF Funding

The growth factors and COLA applied to calculation of the Local Control Funding Formula target funding are as follows:

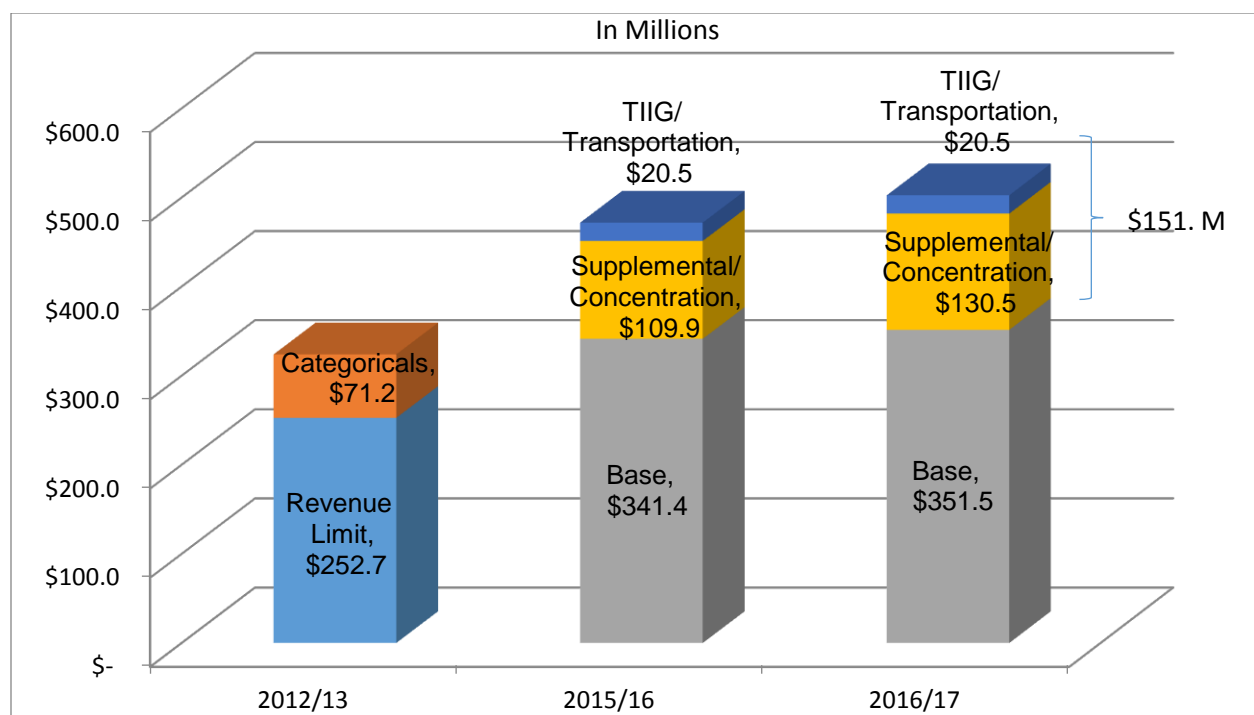
Fiscal Year	2016-17	2017-18	2018-19
COLA	0.00%	1.11%	2.42%
Gap Funding %	54.84%	73.96%	0.00%
Gap Funding Amount	\$31.7	\$23.1	\$ -0-
Unduplicated Pupil Count	90.89%	90.89%	90.89%

- ✓ Local Control Funding Formula (LCFF) revenue is projected by including current ADA projections for 2016-17. The District has experienced a leveling of ADA in 2014-15 and 2015-16 and has projected flat ADA and enrollment for Fiscal Year 2016-17 and beyond. The ADA projections for subsequent years have included no further increases in ADA as continued growth is uncertain.

2016-17 LCFF Funding	
a. LCFF Target Funding in 2020-21	\$528,640,778
b. 2015-16 Floor Funding	\$470,832,106
c. LCFF Gap (a-b)	\$ 57,808,672
d. Gap Funding @ 54.84%	\$ 31,702,276
e. 2016-17 LCFF (b+d)	\$502,534,382
f. Base funding	\$351,515,326
g. Supplemental & Concentration (incl. TIIG)	\$151,019,056

#### LCFF Base and Supplemental Funding

Under the LCFF, the District must ensure that supplemental and concentration funds are used to increase or improve services to students that are eligible for free and reduced meals, English Learner and Foster Youth. The chart below illustrates the 2016-17 base funding applicable to all students and the additional supplemental and concentration funding for low socioeconomic, English Learner and Foster Youth that are represented at an unduplicated count of 90.89% of the District student population.



- ✓ The Supplemental/Concentration funding is recalculated once actual expenditures are known for 2015-16. The 2016-17 funding is based upon budgeted expenditures.
- ✓ Reductions to LCFF for Redevelopment Agency (RDA) funds are included at \$636,664 for the Budget and subsequent fiscal years. By law, these dollars can be used for land acquisition, facility reconstruction, remodeling, deferred maintenance and routine maintenance.
- ✓ One Time Discretionary Funding of \$11.2 million has been included in 2016-17 and excluded from subsequent year's revenue.
- ✓ Special Education revenue (Federal and State) will be adjusted for changes in COLA and Special Education ADA.
- ✓ State Categorical programs were projected at the 2015-16 level with a 0.00% COLA for Fiscal Year 2016-17, a 1.11% COLA for Fiscal Year 2017-18 and a 2.42% COLA for Fiscal Year 2018-19. Federal programs were projected to stay at current funding levels and no COLA was applied to this revenue.

	2016-17	2017-18	2018-19
Federal Categoricals	\$42,978,223	\$42,553,905	\$42,553,905
State Categoricals	\$63,251,374	\$51,999,534	\$51,999,534

- ✓ Under LCFF funding the District receives a funding adjustment to implement class size reduction for TK-3 to 24:1. The funding is phased in proportion to the LCFF gap funding percentage. Full funding is projected to be reached in Fiscal Year 2020-21.
- ✓ Unrestricted Lottery Revenue of \$6,862,899 is budgeted at \$140/ADA and Restricted Lottery of \$2,009,849 is budgeted at \$41/ADA in each of the three years.

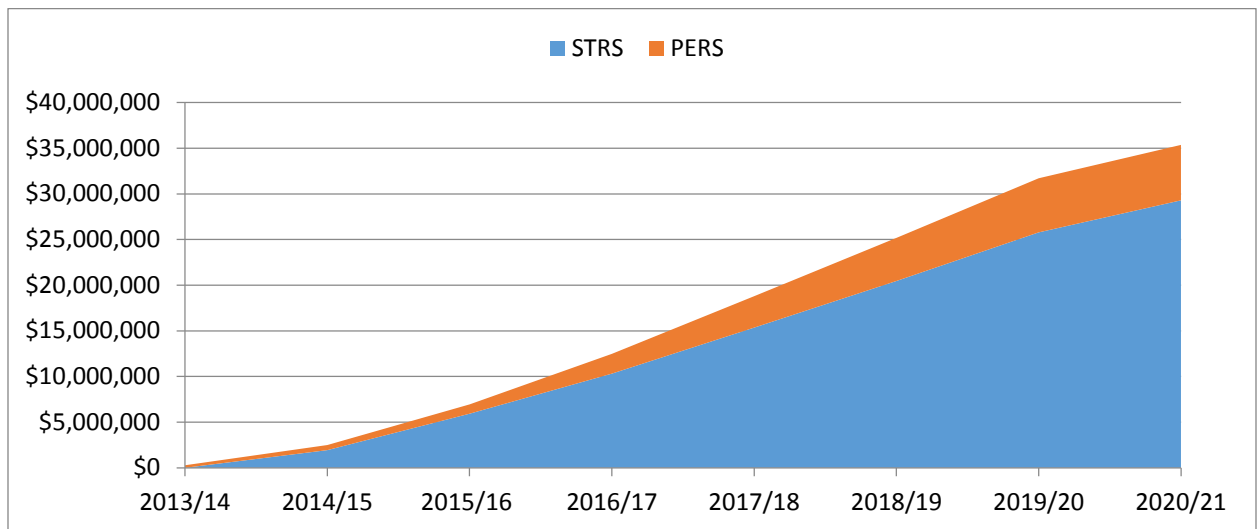
## Expenditures

1. Step and column increases for eligible staff are included in the current and subsequent fiscal years. These costs are projected at 1.5% for Certificated and 0.8% for Classified qualifying positions
2. Statutory Employee Benefits have been adjusted for changes in salaries for all bargaining units and salary schedules

3. Under the LCFF, Districts are required to make progress each year in reducing class size to 24:1 when full funding is reached. The reduction must come in proportion to the growth in the Local Control Funding Formula each year. Class sizes have been decreased to an average of 25:1 in Fiscal Year 2016-17 and are estimated to reach an average of 24:1 in Fiscal Year 2018-19 with full implementation required by 2020-21. The estimated Grade Span Adjustment funding for Fiscal Year 2016-17 is \$13,827,989 with full funding of \$14,710,627 projected in Fiscal Year 2020-21.
  
4. State Teachers Retirement System and Public Employee Retirement Systems are both projecting significant increases to employer contribution rates in the current and subsequent fiscal years.

	2016-17	2017-18	2018-19
STRS Employer Rate	12.58%	14.43%	16.28%
Cost of Increase	\$4.39 million	\$5.04 million	\$5.11 million
PERS Employer Rate	13.89%	15.50%	17.1%
Cost of Increase	\$1.1 million	\$1.3 million	\$1.3 million

SBCUSD Projected Increase in STRS and PERS Costs



5. Health and Welfare Medical costs increased by 5% in Fiscal Year 2016-17. These costs are projected to increase again by 9% in each of the subsequent years as follows:

Fiscal Year 2017-18           \$ 5,456,458  
 Fiscal Year 2018-19           \$ 5,763,350

This includes the estimated administration costs for the Affordable Care Act (ACA) which is estimated to be 2.4% annually. For Fiscal Year 2016-17 this cost is estimated to be \$1.7 million annually.

6. Estimated costs of \$0.5 million to offer benefits to non-permanent employees under the Affordable Care Act (ACA) are included in Fiscal Year 2016-17 and beyond. This is to ensure compliance with the ACA requirement to offer minimum coverage.
7. Other Post-Employment Benefits (OPEB) included at a rate of 1.044% have been applied to gross salary and an additional rate of 1.207% applied to fund post-retirement benefits in the amount of \$ 8,036,899.
8. Supplemental Employment Retirement Plan (SERP) costs included as follows:

Fiscal Year	Cost
2016-17	\$3,012,235
2017-18	-0-
2018-19	-0-

After the 2016-17 payment, all SERP obligations will be satisfied.

9. The Local Control Accountability Plan and the costs related to the plan have been included in the Fiscal Year 2016-17 budget and subsequent years.
10. Utility costs are projected to include energy savings for Fiscal Year 2016-17 and subsequent years and include increases for additional facilities.
11. The Deferred Maintenance program has been folded into the Local Control Funding Formula. The Deferred Maintenance match is no longer required under the Local Control Funding Formula. The District continues to allocate funding of \$2.0 million for this purpose which was the level of funding previously provided by the state.
12. Routine Repair and Maintenance is required at the lesser of 2014-15 funding level or 3% of total General Fund expenditures. It is funded at \$17.3 million for 2016-17.
13. Textbooks and instructional support materials have been included at \$10.5 million as part of the Local Control Accountability Plan.

### **General Fund Contributions to Special Programs:**

Program	2015-16	2016-17	2017-18
Special Education	\$36,233,157	\$36,476,824	\$36,476,824
Routine Repair and Maintenance	\$17,300,000	\$17,300,000	\$17,300,000
Contribution to Support First 5 Child Care	\$ 892,000	\$ 892,000	\$ 892,000
Child Development Fund – Fund 12	\$ 1,408,171	\$ 1,408,171	\$ 1,408,171
Total	\$55,833,328	\$56,076,995	\$56,076,995

## Unrestricted General Fund Balance

General Fund	2015-16 Estimated	2016-17 Projected	2017-18 Projected	2018-19 Projected
Unrestricted General Fund Balance	\$ 45,391,412	\$ 31,373,383	\$ 28,898,541	\$ 13,804,091
Reserves for Stores/Revolving Cash	\$ 710,000	\$ 710,000	\$ 710,000	\$ 710,000
Assigned	\$ 10,040,790	\$ 17,963,383	\$ 3,800,000	\$ 0
Reserve for Economic Uncertainties – 2%	\$ 12,089,000	\$ 12,700,000	\$ 12,700,000	\$ 13,000,000
Unassigned/Undesignated	\$ 22,476,622	\$ 0	\$ 11,688,541	\$ 94,091

**2016-17 Ending balances are assigned as follows:**

Estimated Competitive Comparable Compensation	\$ 685,023
Estimated Carryover of Career Pathway Allocations	\$ 5,450,767
Projected Site LCAP Carryover 15% maximum	\$ 2,163,000
Additional Reserves for Targeted Student Achievement (TSSP)	\$ 7,600,000
Set aside for future PERS/STRS increases	<u>\$ 2,064,593</u>
Total Assigned Ending Balances	<u>\$17,963,383</u>