

2016-17 ADOPTED BUDGET

**Glendale Unified School District
Board Of Education Meeting – June 21, 2016
Action Report No. 3**

**Robert McEntire, Chief Business & Financial Officer
Karineh Savarani, Director, Financial Services**

Budget Report No. 7

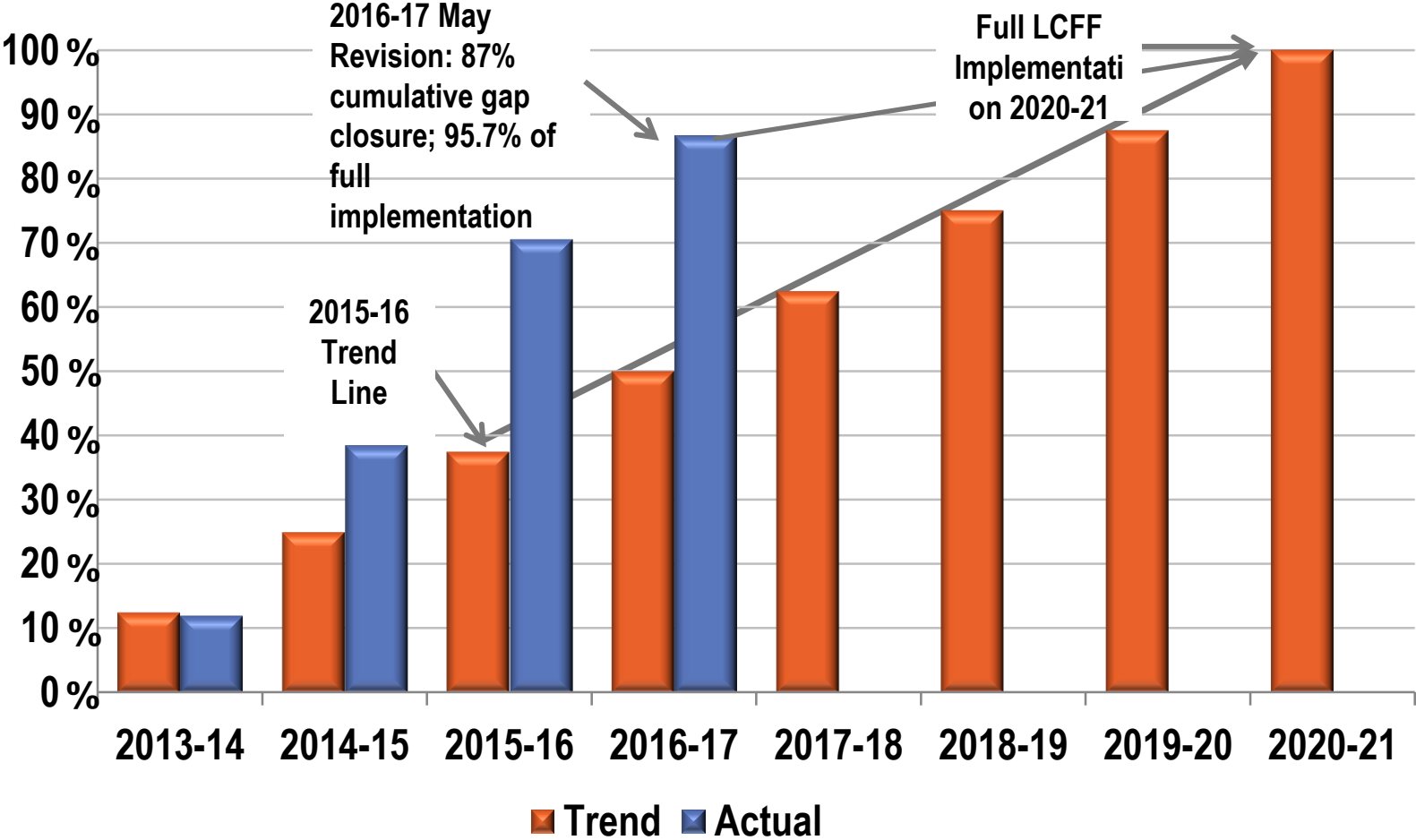
January Budget vs. May Revision

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 ADA	\$1.4 billion \$237 per ADA

Preparing for the Slowdown

- **The Local Control Funding Formula (LCFF) will be at 95.7% implementation in 2016-17.**
 - **At full implementation the supercharged increases are over, all local educational agencies (LEAs) only 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**

Progress Toward LCFF Implementation



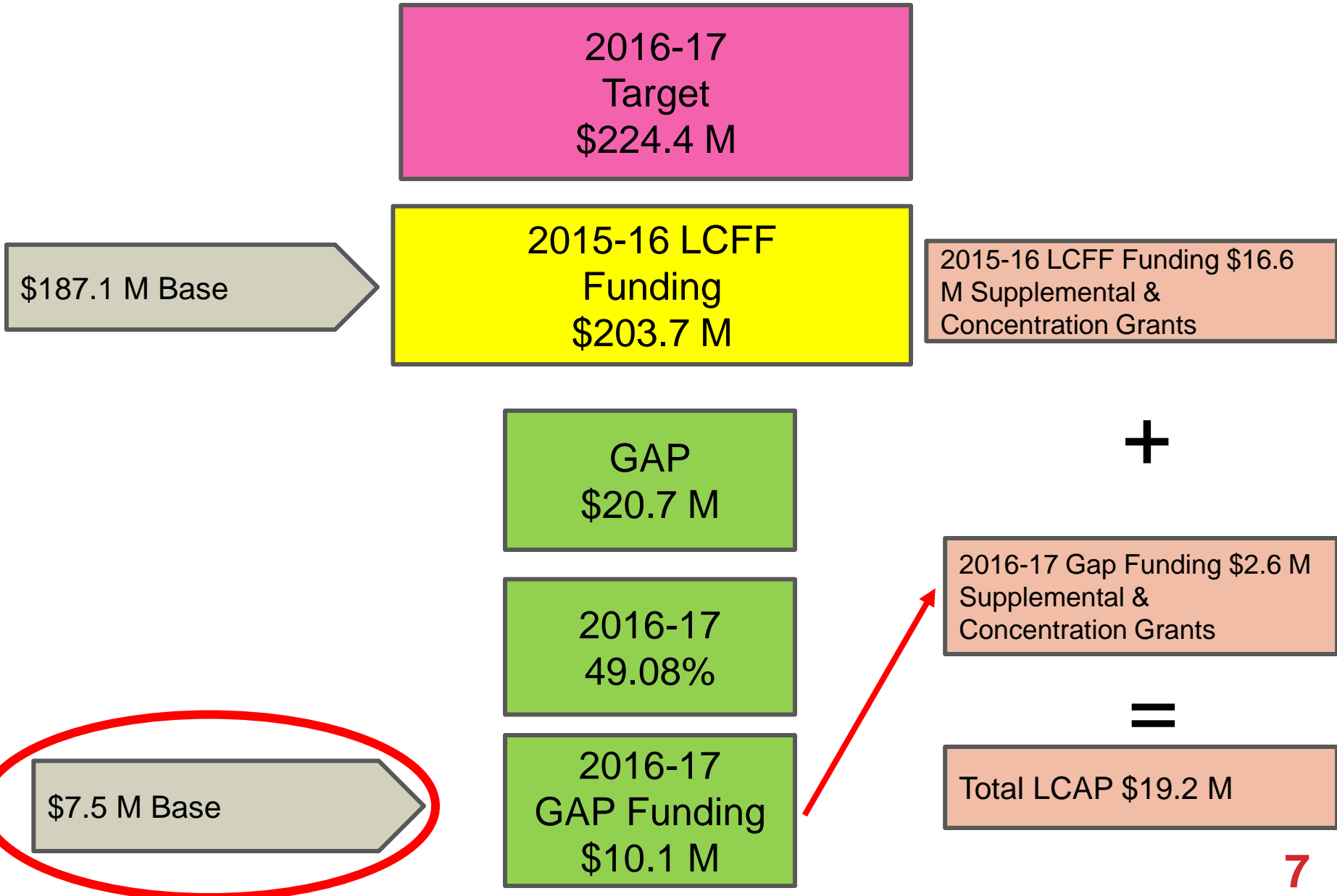
Proposition 30 Taxes Will Expire

- **The 0.25% sales tax increase expires in 2016 (i.e., the 2016-17 fiscal year)**
- **The high-bracket personal income tax increase expires in 2018 (i.e., the 2018-19 fiscal year)**
- **Extension of Proposition 30 will NOT increase revenues for Education**

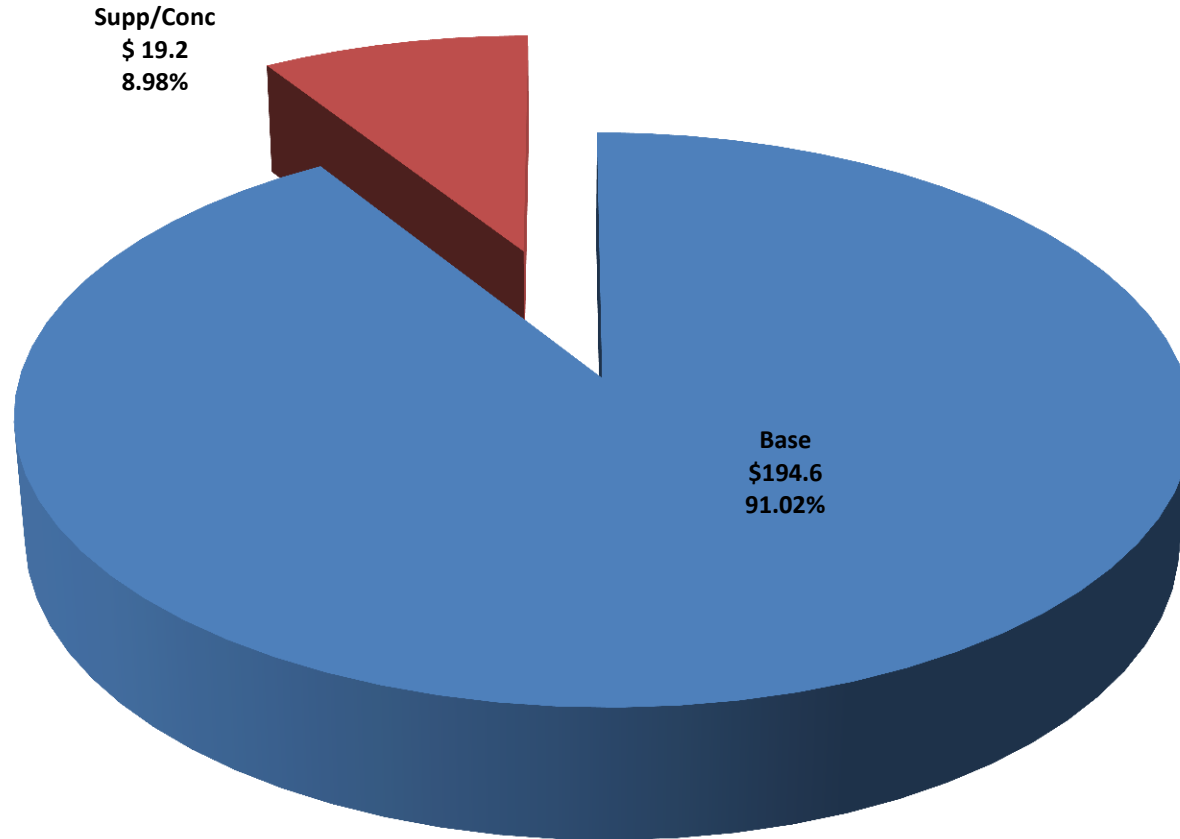
What Does the LCFF Mean for Glendale Unified School District

Glendale Unified School District – 2016-17		
2016-17 LCFF Per ADA Funding	Projected 2016-17 ADA	Projected 2016-17 LCFF Total Revenue
\$8,136.39	25,168.80	\$213,828,409

Gap Funding and Proportionality Calculation



Proportionality and Base Funds (In Millions) 2016-17



The Minimum Proportionality Percentage (MPP) is a calculation -Increase or improve for targeted students

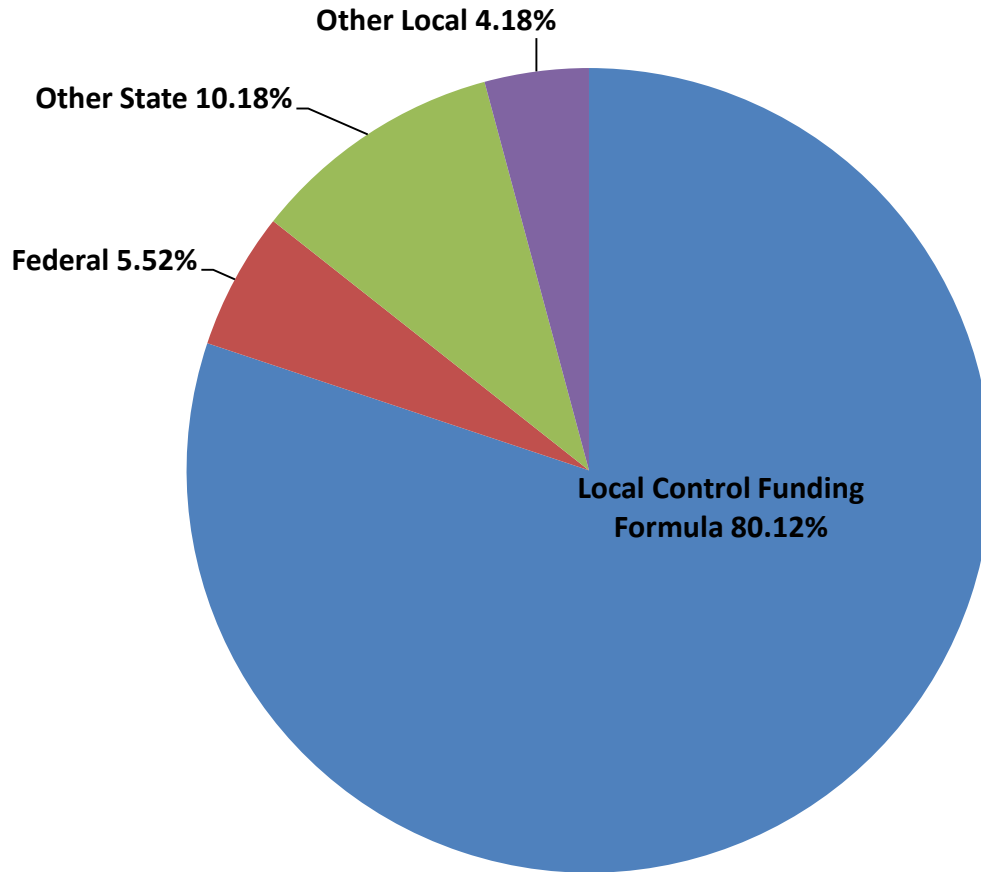
2015-16 Projected Year-End Balance

2015-16 Unrestricted General Fund Balance

Unrestricted General Fund

Total Unrestricted General Fund Balance	\$	33,182,609
Designated for Economic Uncertainty		8,288,430
Revolving Cash & Warehouse		140,806
MAA/Planned Operational Draw-Down		3,527,904
Prepaid Expenditures		1,324,233
Unassigned Reserve	\$	19,901,236

2016-17 Adopted Budget TOTAL REVENUE – GENERAL FUND

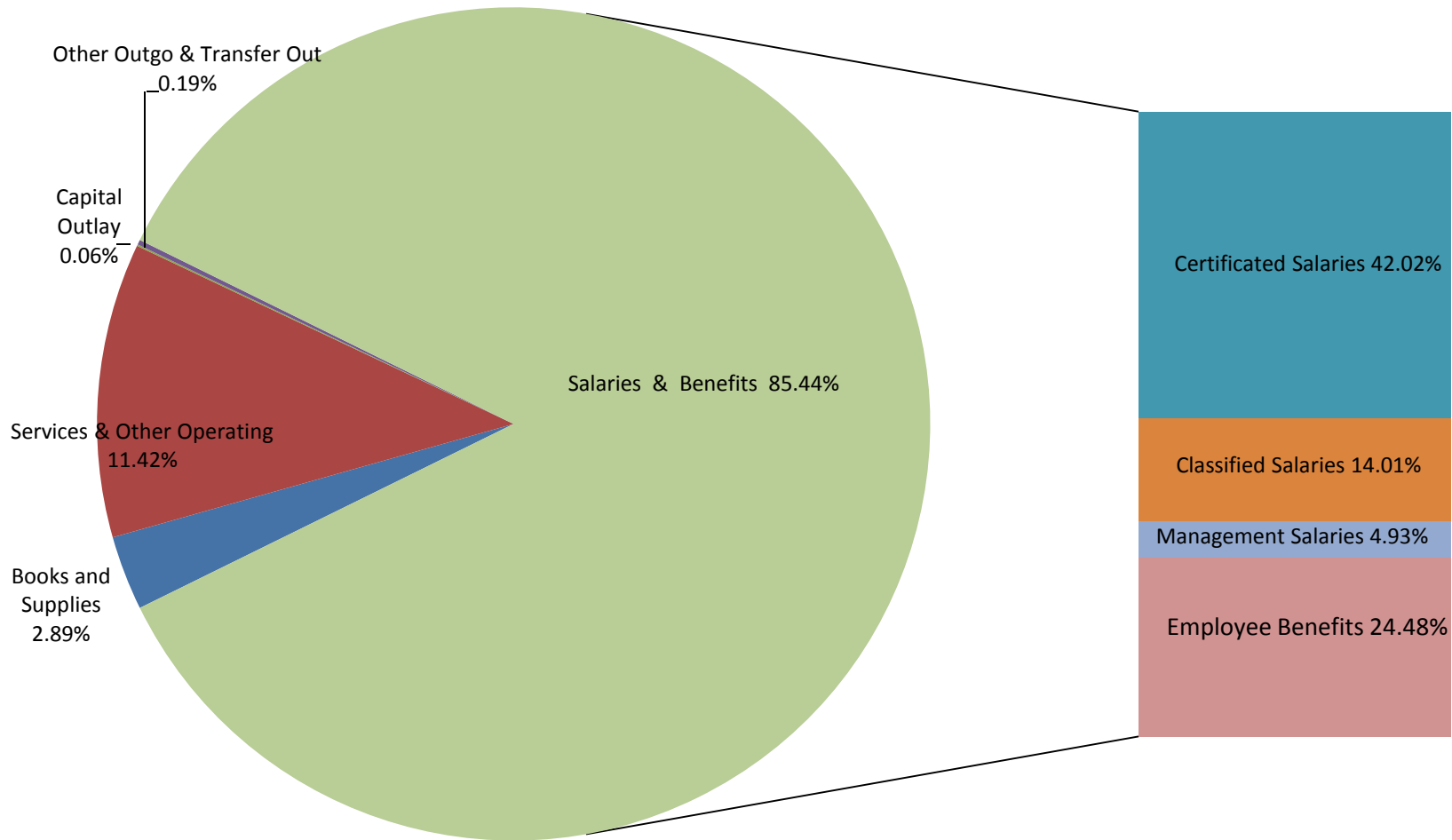


Total Revenues = \$266,888,140

NO Change from Proposed Budget

2016-17 Adopted Budget

TOTAL EXPENDITURES – GENERAL FUND



Total Expenditures = \$273,623,554

NO Change from Proposed Budget

89.24% Unrestricted
Salaries & Benefits

Multi-Year Budget Assumptions

■ GUSD Budget Assumptions (Gov. Jan. Budget Proposal)

	2015-16	2016-17	2017-18	2018-19	
Total Projected LCFF Revenue Increase (Incremental)	\$21.7 M	\$9.9 M	\$5.7 M	\$1.0 M	
Breakdown					Target
Supplemental/ Concentration* (Cumulative)	\$16.6 M	\$19.2 M	\$20.6 M	\$20.7 M	\$22.7 M

■ 2016-17 Statutory Benefits

- **STRS – 12.58%**
- **Workers' Compensation – 2.743%**
- **PERS – 13.888%**

■ Health & Welfare Districtwide Increase Estimates

- **2016-17 – \$1,870,785**
- **2017-18 – \$2,430,000**
- **2018-19 – \$2,430,000**

*Unduplicated Count Approximately 54.45%

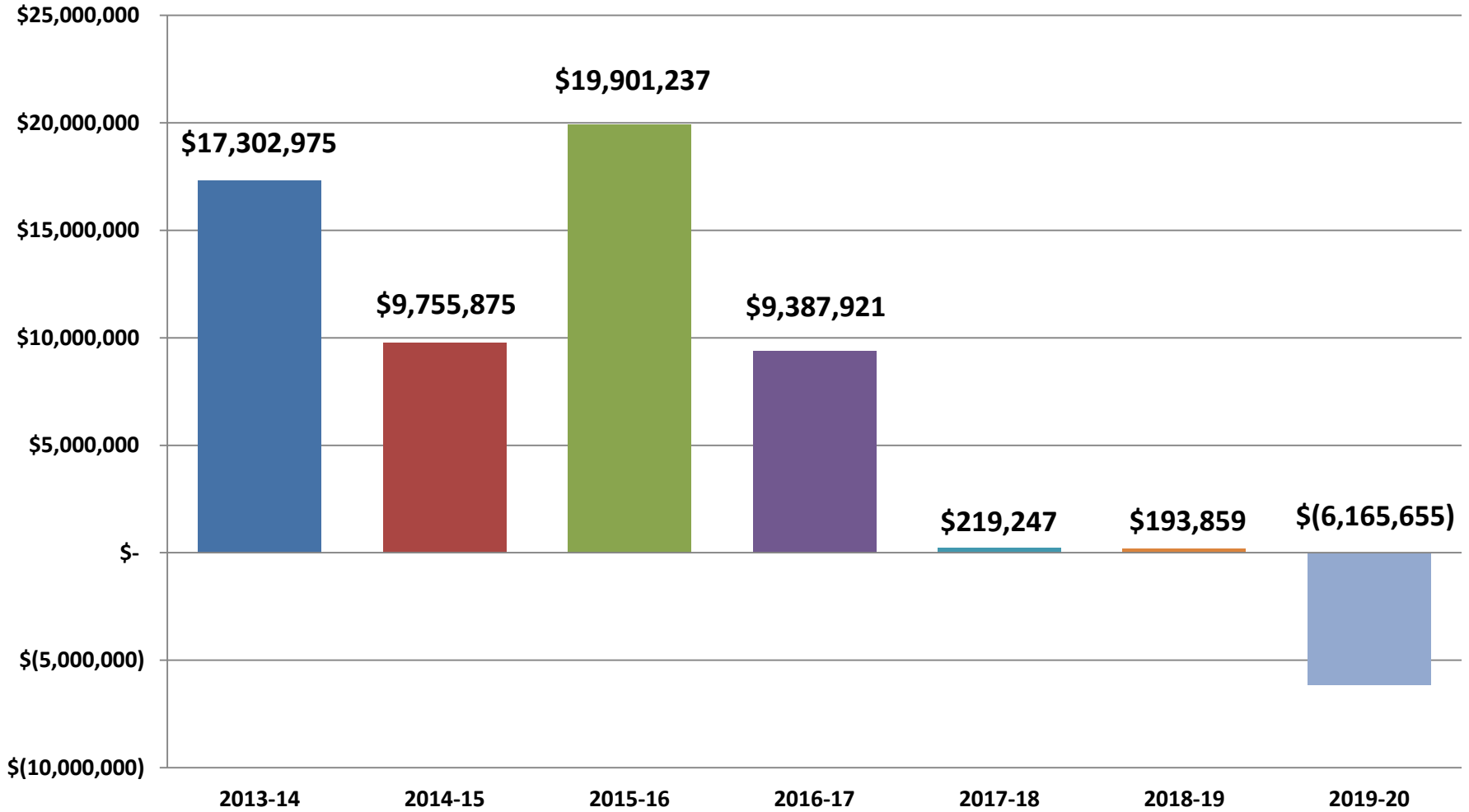
NO Change from Proposed Budget

Multi-Year Budget Projection

	2016-17	2017-18	2018-19	2019-20
Total Unrestricted General Fund Balance	\$26,054,774	\$21,923,859	\$12,715,227	\$4,780,524
Revolving Cash, Warehouse & Prepaid Expenditures	\$1,029,461	\$593,884	\$140,806	\$140,806
Designated for Economic Uncertainty	\$8,264,920	\$8,140,600	\$8,323,039	\$8,519,751
MAA, Regular Carry-Over, Miscellaneous	\$2,285,622	\$2,285,622	\$2,285,622	\$2,285,622
Reserve LCFF Net Income Growth less STRS/PERS Increases and Solvency	\$5,086,850	\$10,684,506	\$1,771,901	\$0
Unassigned Ending Balance	\$9,387,921	\$219,247	\$193,859	\$(6,165,655)

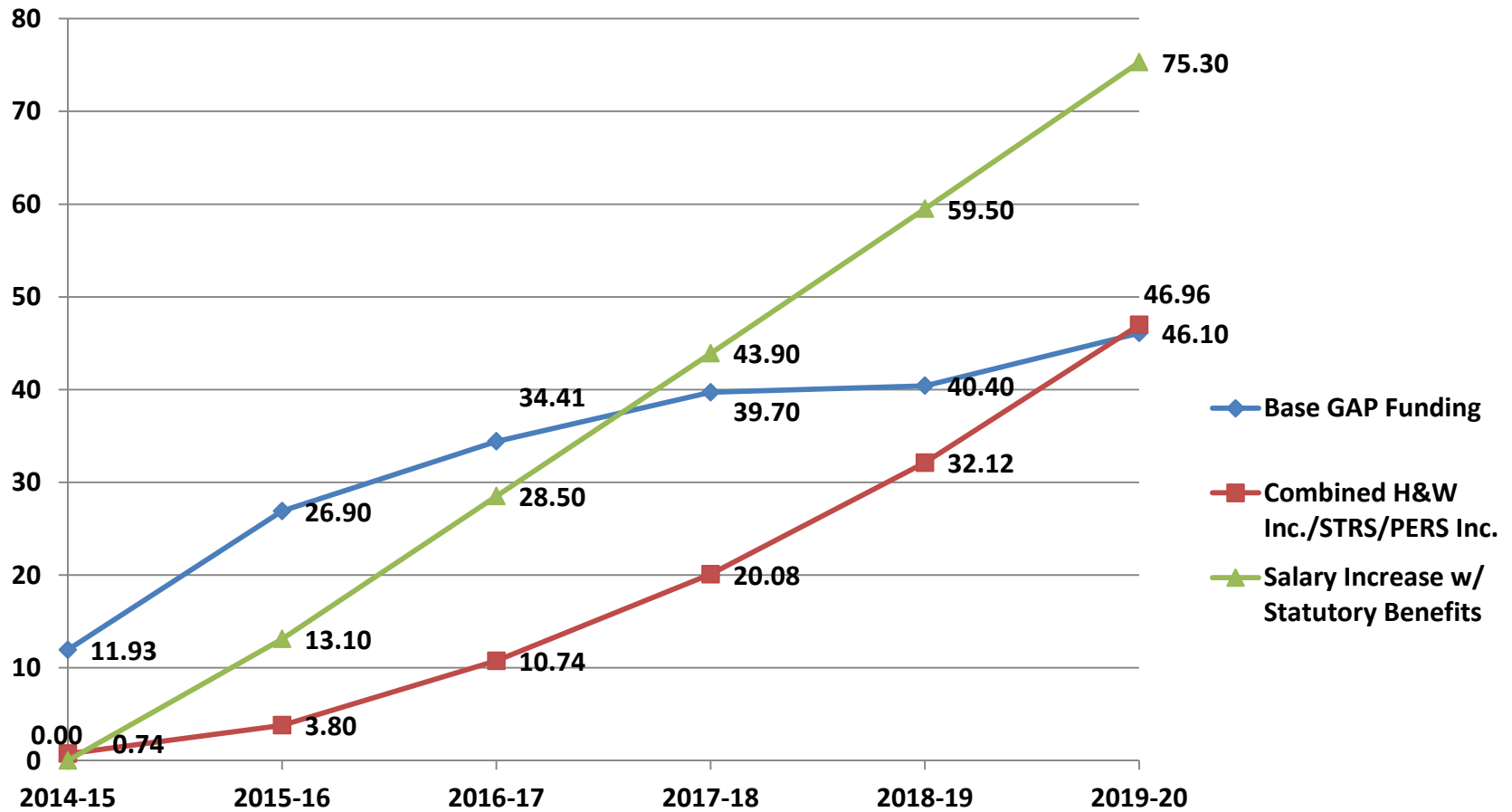
NO Change from Proposed Budget

2016-17 Adopted Budget Unrestricted General Fund Change in Unassigned Balance

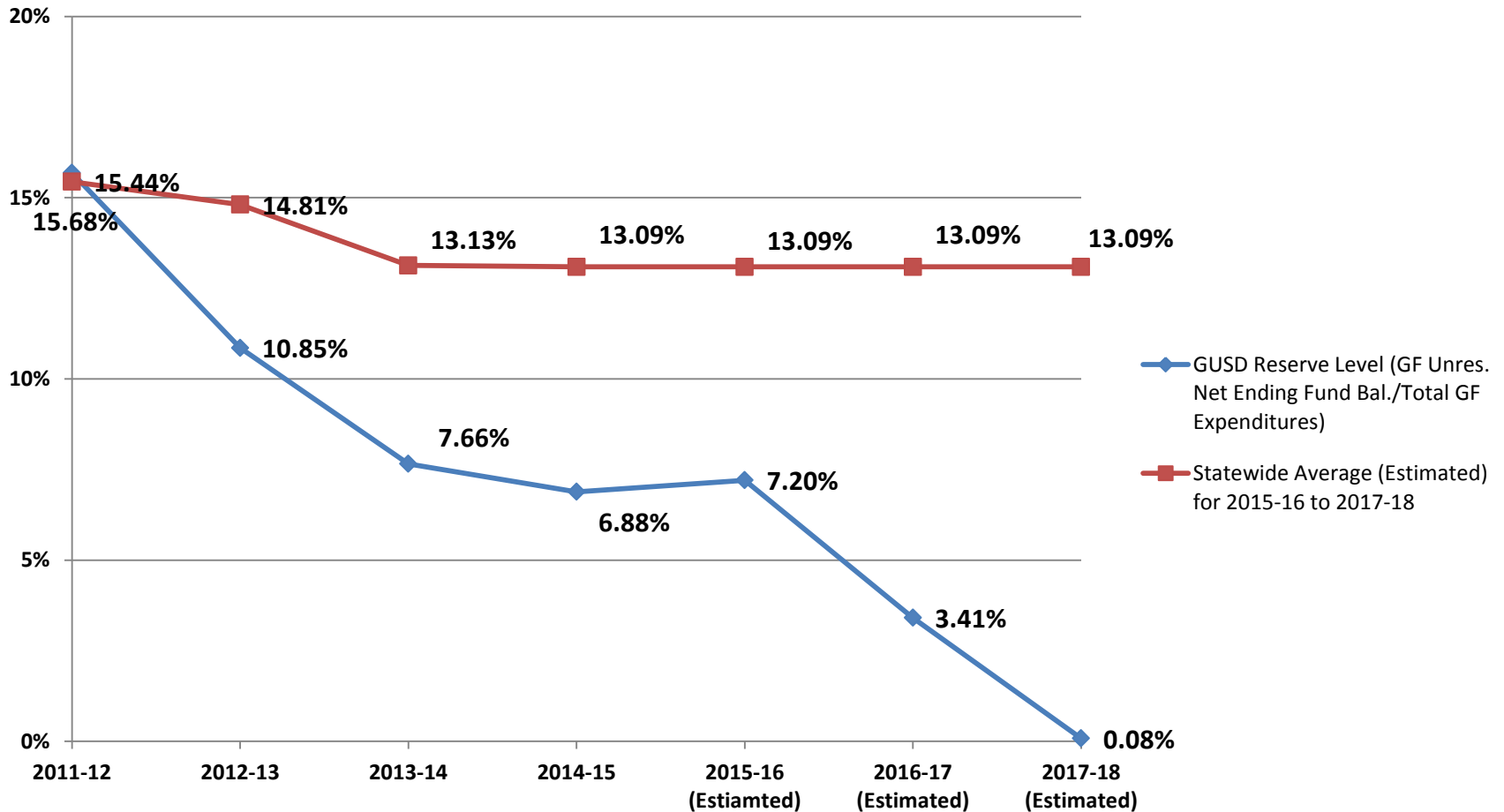


As of 5/13/16

BASE GAP FUNDING vs. HEALTH/WELFARE & STRS/PERS AND SALARY INCREASES (Cumulative-In Million Dollars)



Comparison of GUSD Reserve Level To The Statewide Average 2011-12 to 2017-18



Note: GUSD Reserve Level Includes 14-15 Assigned Sal. Inc.

As of 5/13/16

Increased Funding in Future Years

Impact on Unrestricted General Fund Ending Balance/Structural Deficit

	In Millions			
	2015-16	2016-17	2017-18	2018-19
Adjusted Ending Balance Projected	\$ 33.2	\$ 26.1	\$ 21.9	\$ 12.7
	↓	↓	↓	↓
Adjusted Balance in Excess of Assigned 3% Reserve	\$ 19.9	\$ 9.4	\$.22	\$.19
Structural Deficit Estimated Actuals	\$ (17.24)	\$ (19.28)	\$ (23.01)	\$ (19.18)
GAP Funding Utilized		\$ 4.79	\$ 14.79	\$ 40.26

GUSD Budget Challenge

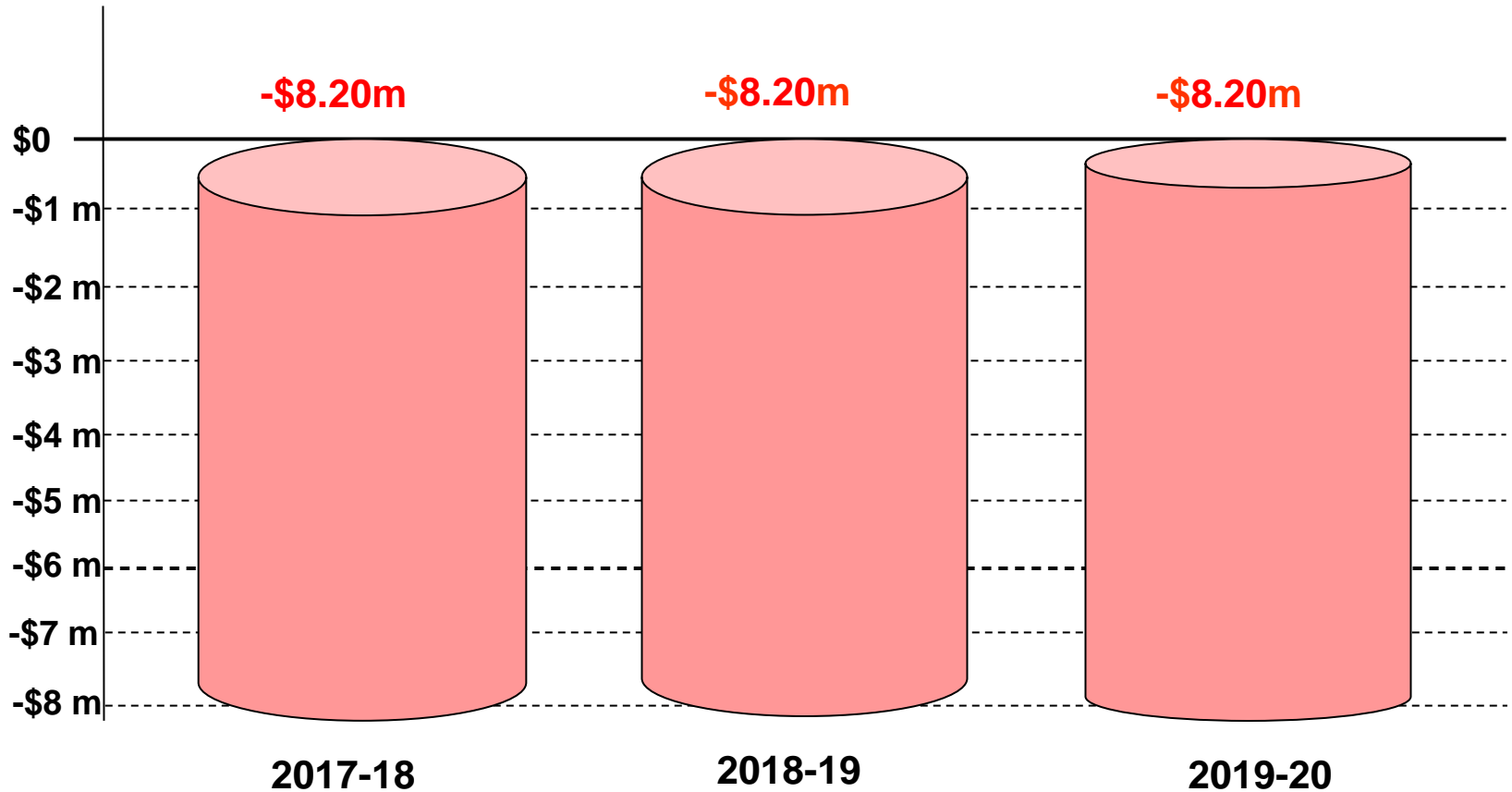
- **Significant Expenditure Reduction of at least \$16.4 million in the next two years to be able to stay solvent**
- **Growing Structural Deficit**
- **\$23 Million Deficit in 2017-18 even with \$8.2 million reduction**

What will GUSD do?

- **Take the measures necessary to maintain fiscal solvency**
- **Begin strategic planning for the next two years**

At least, need \$16.4 million in the next two years to maintain solvency.

GUSD Budget Shortfall



Current Reductions/Cost Savings Being Considered

- **Health & Welfare Savings**
- **Charge Routine Restricted Maintenance (RRM) Indirect Cost**
- **Move Summer Custodial to RRM**
- **Sweep Site Fund Balances (Carryover)**

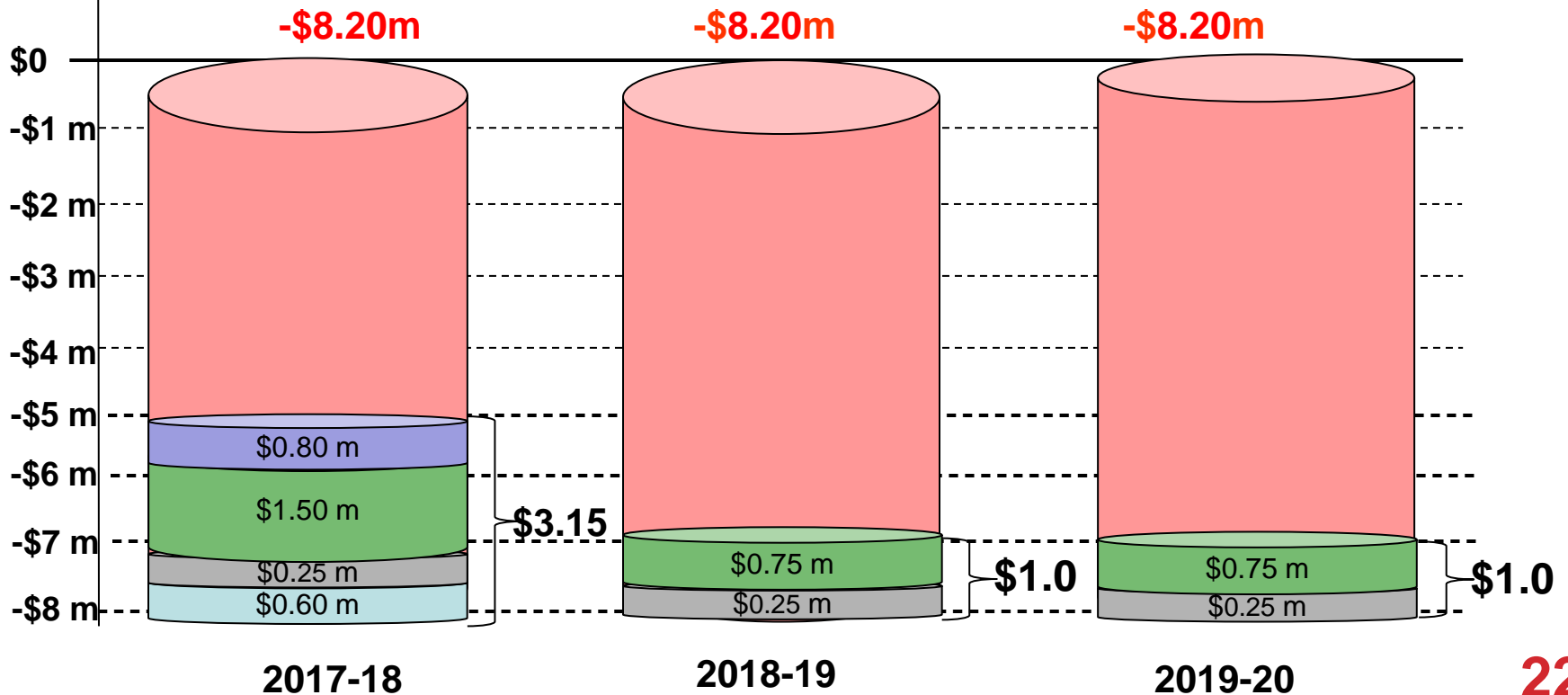
How can GUSD fill the Budget Gap?

Health & Welfare Savings

Indirect Cost RRM

Summer Custodial RRM

Sweep Site Fund Balances (Carryover)



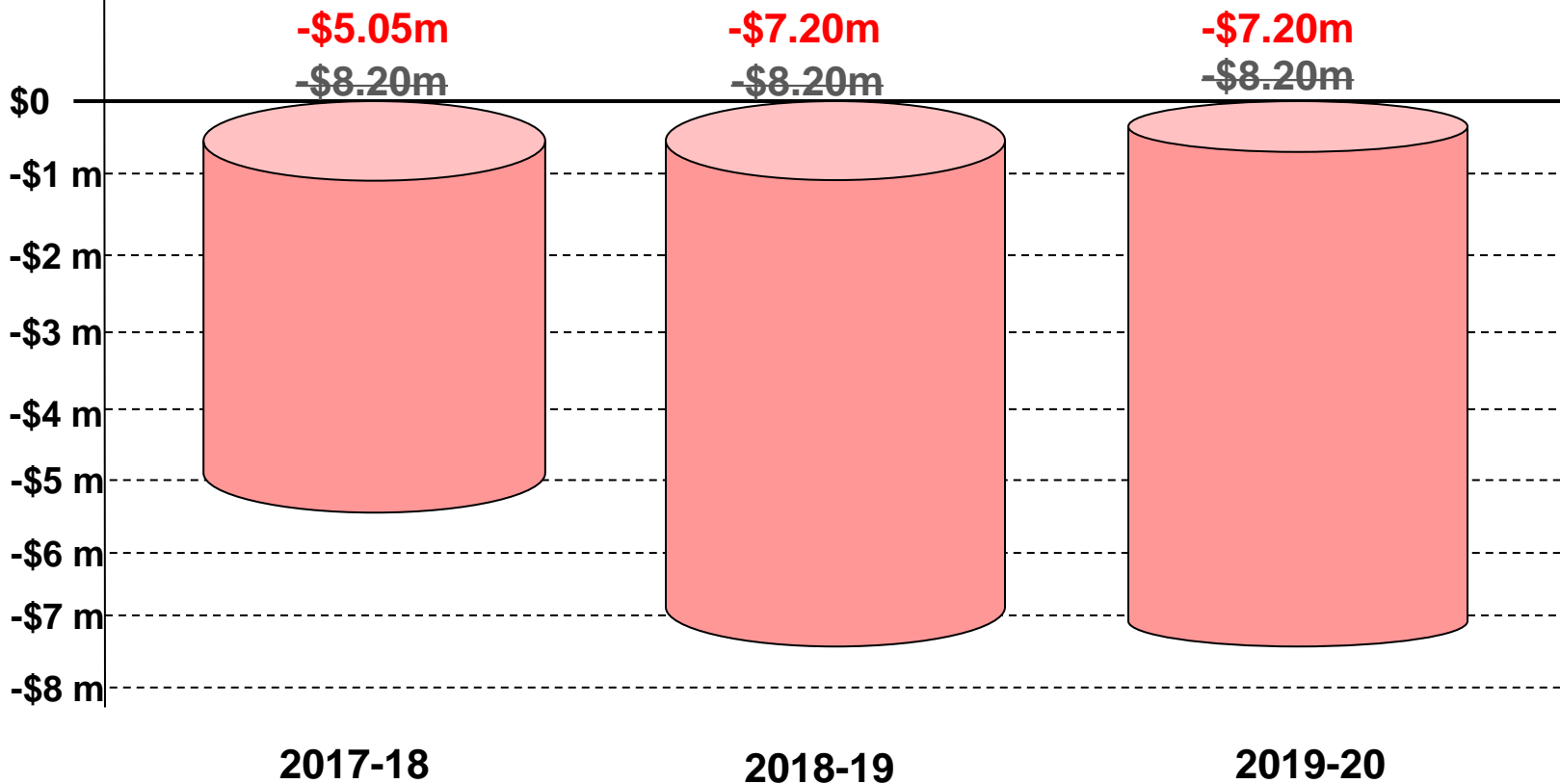
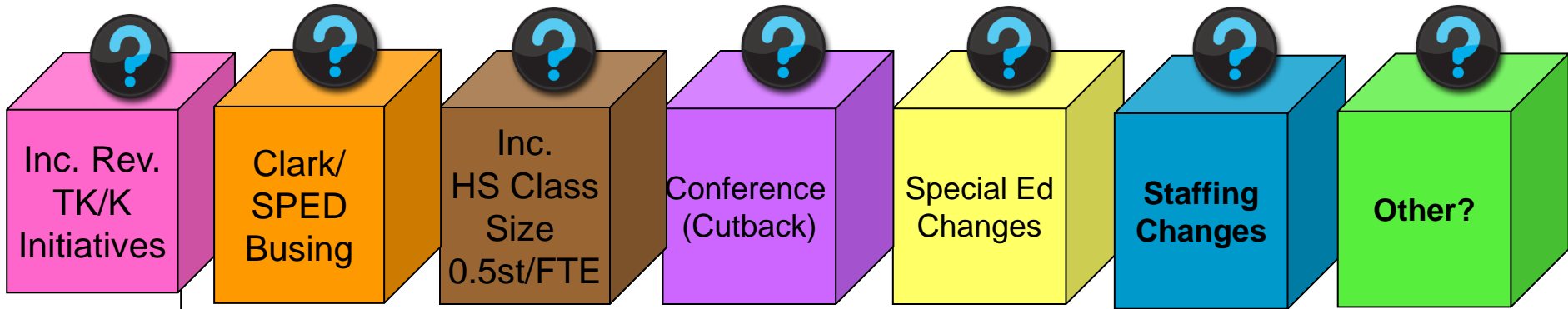
Future Reductions/Cost Savings Being Considered

- Increased Revenue TK/K/2ndary Initiatives
- Clark/SPED Busing
- Conferences (cutback)
- Special Education Changes
- Staffing Changes
- Other

Must be Negotiated with Bargaining Groups

- Increase HS Class Size 0.5st/FTE

How can GUSD fill the Budget Gap?



Remember!

Now is the time to take action



Thank You

Questions?