



Pacifica School District

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Preparing Students for an Evolving World

www.pacificasd.org

MEMORANDUM

Administrative Services

Meeting of

06/01/16

TO: Wendy S. Tukloff, Ed.D., Superintendent
For Board of Trustees

FROM: Josephine Peterson, Chief Business Official

SUBJECT: **Public Hearing 2016-2017 Budget**

Background

The budget assumptions leading up to the 2016-2017 budget were reviewed with the Board at the May 25th Work Study Session. Per State law, the budget has been available to the public for review beginning May 27, 2016. Official notices as to the availability of the budget for public review have been posted in the Pacifica Tribune.

This is a preliminary budget that may be subject to revision as new information becomes available. For example, general fund revenue and expenditures for 2016-2017 is based upon the Governor's May Revise report which can be changed by the State Legislature. According to State Education Code, if significant changes occur in the final State budget adopted by the Legislature and signed by the Governor, a new district budget will be presented to the Board within forty-five (45) days. Otherwise, the next time the budget will be presented to the Board will be at the first interim (December 2016).

A detailed analysis of the 2016-2017 Budget is posted on the District web site from the May 25, 2016 Budget Study Session. Listed below is a brief summary of the major assumptions in the 2016-2017 Budget:

Revenues

- State LCFF (Local Control Funding Formula) based on May Revision
 - 54.84% GAP funding = increase of \$1.0M in revenue from 2015-16
 - ADA = 3066
 - Proportionality = 4.6% to be spent on supplemental programs
- Mandate Reimbursement = \$812K
 - On-going block grant \$86K
 - One-time reimbursement (old claims) \$726K
- Parcel Tax Revenue = \$1.3 million
- Lottery funding = \$140 per student ADA = \$427K
- Prop 39 Energy Efficiency Funding = \$100K

Expenditures

- Step & Column increase = \$175K (partially offset by retirements)
- Employee Compensation = 2.5% Salary Increase 7/1/16 = \$500K
- Health Benefit Cost increase = 5% offset by estimated savings from benefit restructure
- Fund minimum proportionality = \$1M
- Retirement contribution increases (employer share)
 - Increase STRS = 1.9% (\$190K)
 - Increase PERS = 2.033% (\$68K)

Cash Flow

A two year cash flow analysis is attached. The State is now paying 100% of the LCFF funds in the current year so it is no longer necessary to borrow funds between fiscal years. However, the District now receives 49% of the LCFF dollars in the form of property taxes which creates cash flow shortages between the months of Sept – Dec and March – May. Maintaining higher reserves would alleviate some of the cash flow shortages.

Multi Year

The current projections for State COLA for 2017-2018 (1.11%) and 2018-2019 (2.42%) will not cover the increases in expenditures for step & column, STRS and PERS contributions and normal increases in operations. The District reserves together with one time funds from the State will be used to fund ongoing expenditure increases for these years if the state funding does not improve.

Next steps

The State Budget will be adopted by the end of June. The District will begin revising the budget this summer to reflect the actual state budget, final district salary and health benefit costs. The First Interim Report will be presented in November with more accurate information.