



Budget Update

Governing Board Meeting

October 7, 2015

LUSD BUDGET, LCFF, TEACHER NEGOTIATIONS

Local Control Funding Formula

Grade Level	Base + 2013-14 COLA (1.565%)	Base Grade Span Adjustments	2013-14 Supplemental Grant	Concentration Grant
Grades K-3	\$6,952	\$723 (10.4%) CSR	\$383	\$0
Grades 4-6	\$7,056		\$352	\$0
Grades 7-8	\$7,266		\$363	\$0
Grades 9-12	\$8,419	\$219 (2.6%) CTE	\$431	\$0

*Supplemental and Concentration Grant funds go to Low Income, English Learners, and Foster Youth.

The 2014-15 Budget review process is yet to be complete at the state level.

LCFF Targeting Funding Population

School District	Low Income (Free & Reduced Lunch)	English Language Learner	Foster Youth	Free/Reduced-Price Meals/English Learner/Foster Youth Unduplicated Count
Stockton USD	82%	28%	0.6%	90%
Tracy USD	45%	25%	0.44%	56%
Lammersville USD	14%	11%	0%	25%

Source- <http://www.ed-data.org/district/San-Joaquin/Lammersville-Joint-Unified> (2014-15)

San Joaquin County LCFF Funding Distribution

District	LCFF Revenue Per ADA	Difference from Lammersville per ADA
Stockton USD	\$10,167.18	\$3,116.53
Lodi USD	\$8,754.89	\$1,704.24
Linden USD	\$8,667.74	\$1,617.09
Tracy Joint USD	\$8,221.03	\$1,170.38
Manteca USD	\$8,139.75	\$1,089.10
Escalon USD	\$8,108.61	\$1,057.96
Ripon USD	\$8,073.24	\$1,022.59
Lincoln USD	\$7,785.62	\$734.97
Jefferson ESD	\$7,534.32	\$483.67
Lammersville Joint USD	\$7,050.65	\$ -

Source : 2013-14 State-Certified Reports J-90, CBEDS, SACS

San Joaquin County LCFF Funding Distribution Target

LCFF FUNDING - 2013-14 FUNDING				14/15 Est. ADA=3374
RANK	District	2020/21 TARGET	Difference from Lammersville	Revenue Difference
1	Stockton USD	10,713	2,937	\$ 9,909,438
2	Lodi USD	9,638	1,862	\$ 6,282,388
3	Manteca USD	9,381	1,605	\$ 5,415,270
4	Lincoln USD	9,187	1,411	\$ 4,760,714
5	Linden USD	9,110	1,334	\$ 4,500,916
6	Escalon USD	8,876	1,100	\$ 3,711,400
7	Tracy Joint USD	8,839	1,063	\$ 3,586,562
8	Ripon USD	8,433	657	\$ 2,216,718
9	Jefferson ESD	7,980	204	\$ 688,296
10	Lammersville Joint USD	7,776	-	\$ -

Source : 2013-14 State-Certified Reports J-90, CBEDS, SACS

Multi-Year Projection (MYP) Responsibilities

- Positive: A positive certification is assigned when the district will meet its financial obligations for the current and two subsequent fiscal years.
- Qualified: A qualified certification is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years.
- Negative: A negative certification is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.
- Impact According to Education Code §42127:
 - County Superintendent informs district School Board in writing of a Disapproved District Budget
 - Purchase orders cancelled, prohibit the issuance of nonsalary warrants, and otherwise stop or rescind any action inconsistent with the budget adopted
 - Monitor and review the operation of the school District

Results

We have to address the same Common Core Era State mandates with significantly less funding as our counterparts in San Joaquin County:

- Per Student
- Per Classroom
- Per School

LCFF & MYP

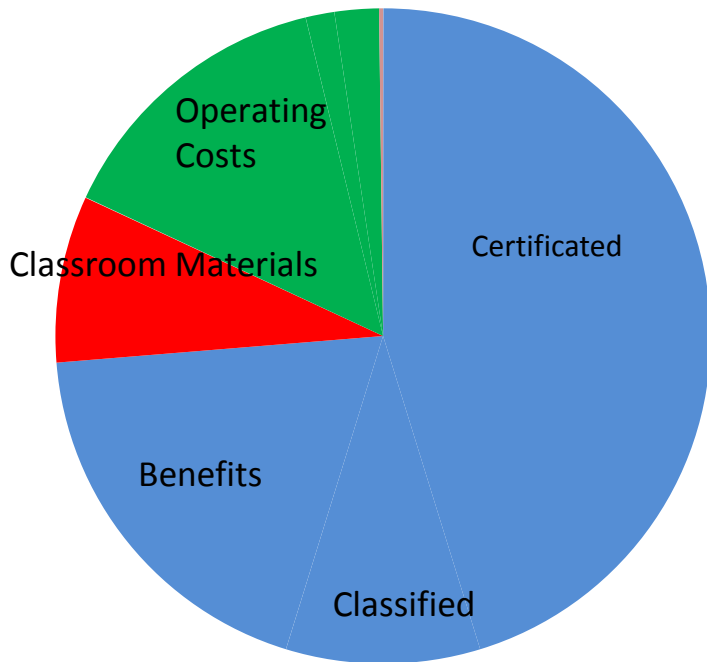
Challenges Facing LUSD

Constant State of Change

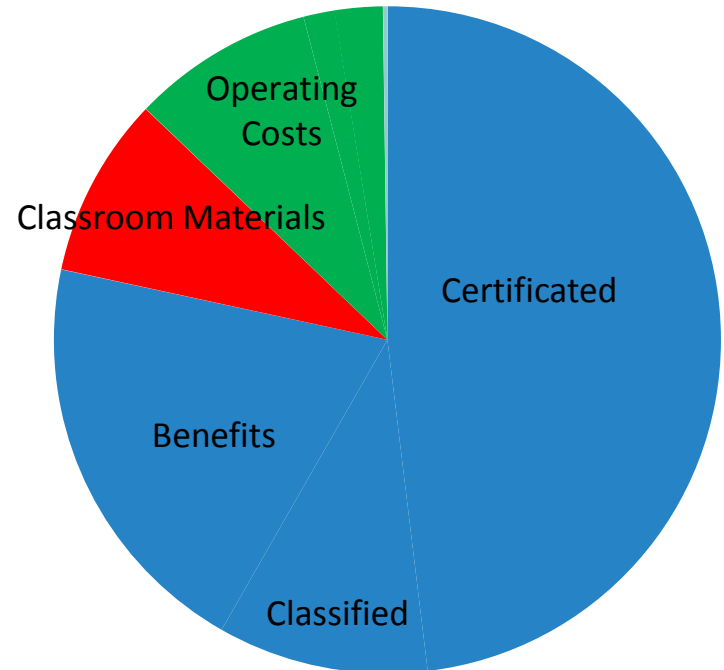
- Student Population Growth
- Operational Costs of New Schools every 3 to 4 years
- State Instructional Materials Funds folded into LCFF
- Developing a Complete High School Program
- CCSS & Professional Development
- Evolution to 21st Century Classrooms
- Program Needs of Students
- Desires of Community
- Technology & Technology Infrastructure
- Long Term Impact of Great Recession on Education
- Unfunded Mandates from State
- Special Education Contribution

Distribution of LCFF in LUSD

LCFF When Opening A School



LCFF District in a Typical Year



LUSD Rapid Growth

2012-13: 4 K-8 Schools, 91 teachers, 2428 students

2013-14: 4 K-8 Schools, 109 teachers, 2736 students

2014-15: MHHS opens 9-10, 5 K-8 Schools (Altamont opens) 168 teachers, 3568 students

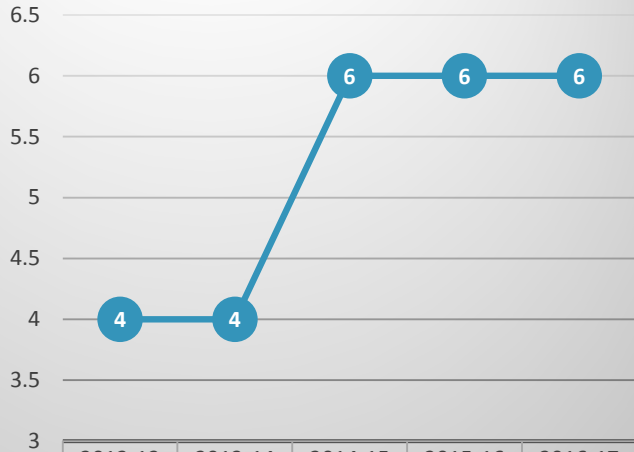
2015-16: MHHS 9-12 (small senior class), 5 K-8 Schools, 185 teachers, 4059 students

Projected 2016-17: MHHS 9-12 (1,100 students), 5 K-8 Schools, 200 teachers, 4,500 students districtwide, monitoring Hansen Village

2017-18: MHHS, 5 K-8 Schools, Build Hansen?

LUSD Rapid Growth Schools

Schools

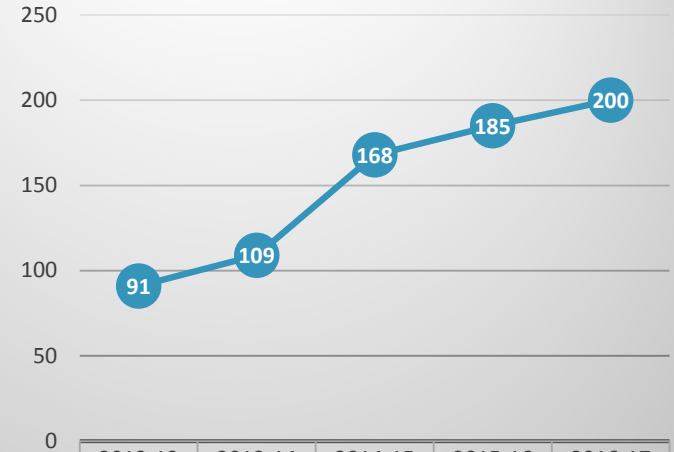


— LUSD Rapid Growth Schools

	2012-13	2013-14	2014-15	2015-16	2016-17
LUSD Rapid Growth Schools	4	4	6	6	6

LUSD Rapid Growth Teachers

Teachers

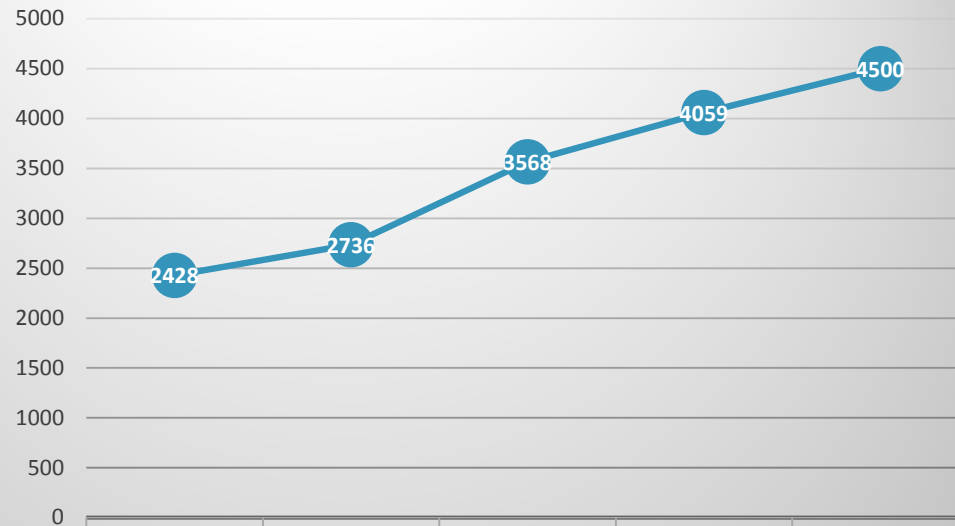


— LUSD Rapid Growth Teachers

	2012-13	2013-14	2014-15	2015-16	2016-17
LUSD Rapid Growth Teachers	91	109	168	185	200

LUSD Rapid Growth Students

Student Enrollment



— LUSD Rapid Growth Students

	2012-13	2013-14	2014-15	2015-16	2016-17
LUSD Rapid Growth Students	2428	2736	3568	4059	4500

Upcoming Financial Liabilities

Pending State Funding Changes

- State Teachers Retirement System (STRS) Contribution
- Prop 30 Expiration

STRS Contribution Impact on LCFF

STRS Pension Liability is \$73.7 Billion

	2013/14	2014/15	2015/16*	2016/17*	2017/18*	2018/19	2019/20	2020/21
	8.25	8.88	10.73	12.58	14.43	16.28	18.13	19.98
Increase over Prior Yr		0.63	1.85	1.85	1.85	1.85	1.85	1.85
Increase over 8.25%		0.63	2.48	4.33	6.18	8.03	9.88	11.73
Cost above 8.25%		\$90,248	\$384,067	\$ 693,172	\$ 1,012,086	\$1,345,303	\$1,693,313	\$2,056,619

** By 2020, STRS Contribution District rate is forecasted to be est. 20%

Prop 30 Expiration Impact

- 2012 Temporary Tax Increase 2012 - 2018
 - Quarter cent sales tax 2013 – 2016
 - Tax on Wealthy (\$250K) 2012 - 2018
- Impact on District without Extension

	2016-17	2017-18	2018-19	2019-20
Sales Tax Expiration	(92,914)	(189,544)	(193,335)	(197,201)
Income Tax Expiration	-	-	(414,289)	(845,149)
Total Revenue Impact	(92,914)	(189,544)	(607,624)	(1,042,351)

Important 2016 State Ballot Initiative with Financial Impact on LUSD

Prop 30 Extension- CTA

- Sales Tax Expires December 31, 2016
- Tax on Wealthy (\$500K per couple) until 2032
- Not Qualified for Ballot Yet, 535K signatures
- Constitutional Amendment

Impact \$6.7 Billion Annually to State General Fund

Benefit to Schools \$3-\$3.5 Billion Annually

If Prop 30 is not extended, the State must pay from its general fund to make up the difference. Potential outcomes of fund distribution could be the same, less, or no funds to our district.

Important 2016 State Ballot Initiatives with Financial Impact on LUSD

November 2016 Ballot

State Construction Bond-CSBA/CASH

- \$9 Billion to fund school construction
- We use State Construction Bond money along with Mello-Roos taxes to build our K-8 Schools
- No State Construction Bond money exists to assist in funding building Hansen Elementary
- LCFF Funds pay for operational and program development in new schools

Hansen Elementary School



LCFF Funds Pay For Programs Identified in the LCAP

- Instructional Materials and Curriculum
- English Learners/SPED/After School Programs
- Technology Sustainability Plan
 - 1:1 Grades 7-12
 - 1:2 Grades 4-6
 - 1:3 Grade 1-3
 - Technology Based Instructional Programs
LCAP Goal 1:1 District Wide 2018
- Class Size Reduction (CSR)
- Project Lead the Way Electives & HS Career Pathways
- Extracurricular- Academic
- Sports
- Music
- Routine Maintenance 3%
- Staff Professional Development

Future Needs and Programs

- Phase III of Mountain House High School
 - No LCFF funds build buildings, but instead pay for the programs that occur within them
 - Theatre
 - Library/Media Center
 - Vocational Education Building
 - Aquatic Center

- Career Technical Education (CTE)

- Alternative Education Program

Long Term Impact

- LCFF funds has LUSD at the lowest level of funding in San Joaquin County
- Our Master Planned Community is building out and we must be prepared to build new schools and programs
- Our student population growth is rapid and growth requires programs that prepare students to be competitive in a global information based society
- Our district, schools, staff, and teachers are working very hard trying to provide more with less funding than our counterparts in San Joaquin County
- The result is an inevitable conversation and comparisons to other school districts and the funding they receive, in particular Tracy Unified

LCFF Funds Pay for Staff Salaries and Benefits

➤ LTA Negotiations Update

- September 23 Teachers Association Declared Impasse
- District Contacted by Public Employee Relations Board (PERB)
- Mediation Schedule to be established

Negotiation Update

- LTA Requesting 1 Yr Deal 2015-16
 - 9% on Salary Schedule
 - \$1000 applied to benefits cap ongoing
 - District Cannot Meet MYP Requirements

- Board Directed District Offer 2 Yr Deal- 7.5%
 - Yr 1 2015-16: 3.5% ongoing
 - 3.0% on salary schedule
 - .5% (approximately \$600) to benefits cap ongoing
 - Yr 2 2016-17: 4.0% ongoing on salary schedule
 - District Can Meet MYP Requirements

Tracy USD and Lammersville USD LCFF Side by Side Comparison

LUSD will never be able to keep up with the rate TUSD can fund programs and people – But we can try.

	Unaudited Actuals	Unaudited Actuals	Est. Actuals MYP		
	2013/14	2014/15	2015/16	2016/17	2017/18
LUSD P2 ADA	2,620.36	3,374.01	3,747.84	4,122.69	4,195.68
LCFF Revenues - Unrestricted Only	\$15,838,517	\$23,821,910	\$28,177,053	\$32,114,694	\$33,754,264
Est. per ADA	\$6,044.41	\$7,060.42	\$7,518.21	\$7,789.74	\$8,045.00
TUSD P2 ADA	15,373.16	15,019.36	14,886.79	14,754.85	14,677.61
LCFF Revenues - Unrestricted Only	\$103,621,528	\$111,862,373	\$121,553,370	\$125,647,899	\$127,438,111
Est. per ADA	\$6,740.42	\$7,447.88	\$8,165.18	\$8,515.70	\$8,682.48
TUSD receives additional LCFF	696.01	387.46	646.97	725.96	637.48
* Average Per Class of 25	17,400.32	9,686.59	16,174.30	18,148.97	15,936.99
LUSD ADA * LCFF difference	(1,823,804.5)	(1,307,306.72)	(2,424,747.81)	(2,992,903.62)	(2,674,659.62)

Benefits Comparison

- TUSD Teacher Benefits
 - \$8482 Benefit Cap
- LTA Unit Members Benefits \$2510 higher
 - \$10,992 Benefit Cap
- With LUSD offer - \$10,992 becomes \$11,592
 - Difference = \$3110 per LTA Unit Member
 - $\$3110 \times 185 \text{ LTA Unit Members} = \$575,350$
 - \$575,350 if applied to salary schedule is equivalent to 4.77%

Comparison to Tracy Unified Agreement

- LUSD agreed to LTA Unit Members pay increase in 2014-15 on LTA request to “balance” salary schedule with TUSD
 - The LCFF impact for all LTA Unit Members salary schedule was 2.59%
 - LTA Unit Members fell multiple salary increase ranges from 0%-12%
 - Added an additional professional development – LCFF impact was .54%
- TUSD agreed to 2 Yr Deal- 7.5%
 - Year 1 (2014-15): 0%
 - Year 2 (2015-16): 7.5%
 - No increase to teacher benefit cap
 - TUSD went through Impasse, Mediation, Fact Finding to reach this deal

MYP Responsibilities forces LUSD to “Thread the Needle”

- Meet needs of a constantly changing community
- During greatest era of educational institutional change
- While building the highest quality 21st Century Education system possible and taking care of our employees needs professionally and personally
- With less money than our counterparts in the county