

Jefferson Union High School District

2019-2020 PROPOSED BUDGET

EXECUTIVE SUMMARY



May Revision Overview

The May Revision builds off Governor Gavin Newsom’s “California for All” vision and confirms that the State General Fund revenue assumptions have not changed substantially since the release of the Governor’s January budget.

With strong April tax revenues, the governor was able to retain most of the budget proposals put forward in January and was able to commit some additional funds to programs that he has designated as a priority, such as early childhood education. As in years past, the governor’s revised Budget proposal emphasizes the need for fiscal prudence and leads by example by making contributions to the State’s Rainy Day Fund and by increasing investments toward the State’s pension obligations. Lastly, there is a continued commitment to the Local Control Funding Formula (LCFF) with the inclusion of the statutory cost-of-living adjustment (COLA) of 3.26%.

Other Considerations

LCFF Funding – Beginning in 2019-20, LCFF growth estimates are limited to discretionary COLA adjustments, which are projected to be 3.26% in 19-20, 3.00% in 20-21, and 2.80% in 21-22. For JUHSD, the property tax increases should outpace these LCFF increases and keep the district in Basic Aid/Community Funded status.

Mandated Block Grant – Allocations for current year mandated reimbursements are projected to increase from \$59.83 to \$61.94 per student for 19-20 and then receive modest increases over the coming years. This is intended to cover current year mandates, not repay for past unfunded mandates.

One-Time Discretionary Funds – In 18-19 the State Budget provided a total of 1.09 billion in one-time discretionary funding (\$184 per ADA) for LEAs. These funds counted toward repayment of outstanding unfunded mandates. While there is still outstanding mandate debt owed to LEAs, there are no new One-Time funds allocated in 19-20.

STRS/PERS Employer Contributions – With the contribution in the proposed State Budget, the increases to STRS have been reduced, which helps to make the revenue increase for 19-20 go further, however, in the future years, increases to PERS and STRS may not be fully covered by increases in revenue. The rates are scheduled to increase as follows:

	2018-19	2019-20	2020-21	2021-22
STRS	16.28%	16.70%	18.10%	17.80%
PERS	18.062%	20.733%	23.60%	24.90%

ASSUMPTIONS FOR THE 19-20 PROPOSED BUDGET AND MULTI YEAR PROJECTION

Basic Assumptions

Based on the School Services of California Dartboard and San Mateo County Assessor's Office information:

Revenue Assumptions	19-20	20-21	21-22
ADA	4106.1	4087.1	4068.1
Property Tax Increase	6.0%	4.0%	4.0%
LCFF Supplemental	\$3,108,988	\$3,045,059	\$3,114,163
Min. Proportionality	7.88%	7.52%	7.52%
One Time Funds	\$0/ADA	\$0/ADA	\$0/ADA

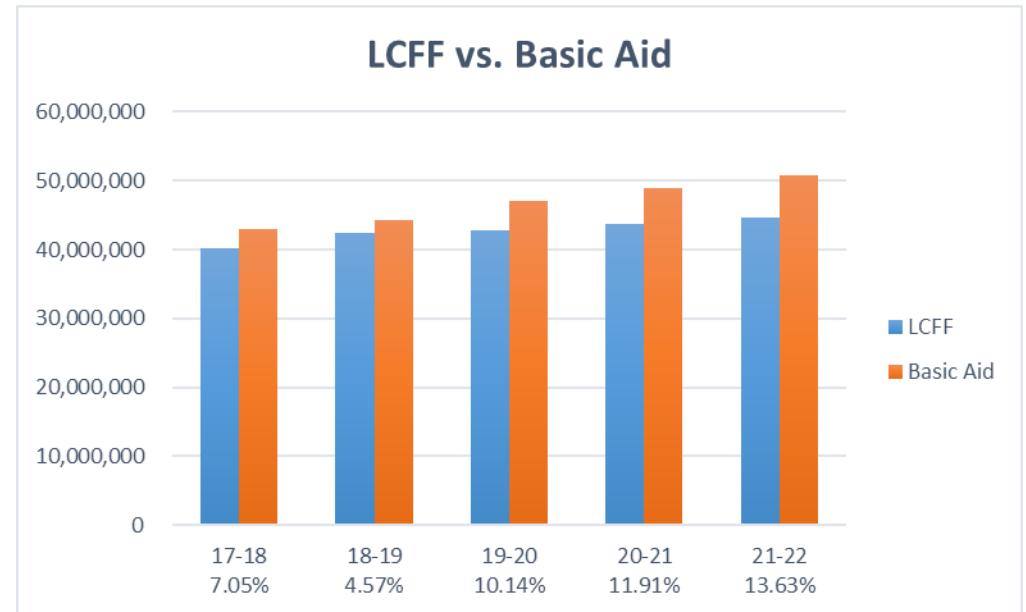
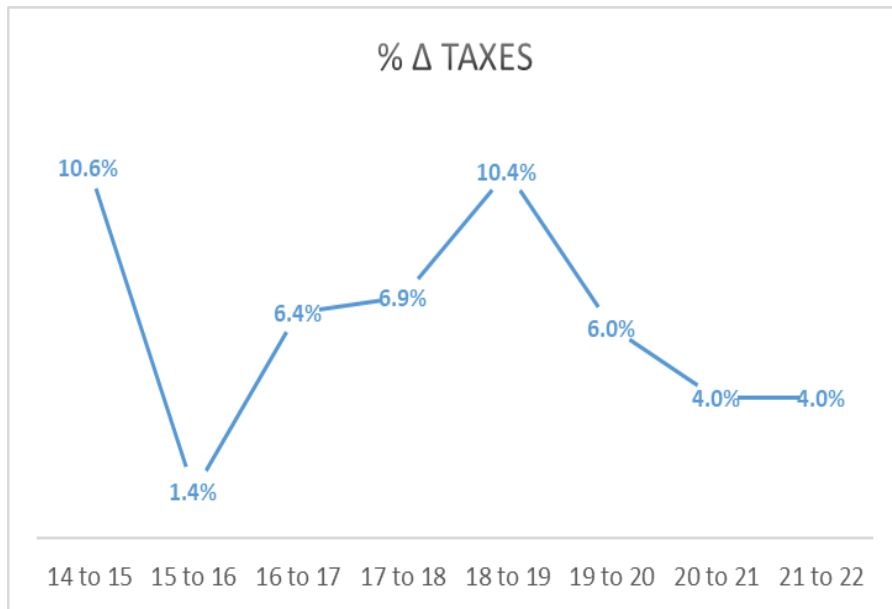
Basic Aid vs. Revenue Limit Status

Basic Aid districts receive more property taxes than is required to reach the LCFF Target. Revenue Limit districts require State Aid to reach their target. It was uncertain as to which category JUHSD would fall into for the 18-19 school year.



As shown below, JUHSD remained Basic Aid by about \$1.2M. This means that JUHSD will not receive Supplemental tax income for 2019-2020. Supplemental taxes are property taxes charged to new property owners at the time of a change in ownership. It is only paid to districts who held Revenue Limit status in the previous fiscal year. Since JUHSD remained a Basic Aid district in 18-19, there is no Supplemental tax projected for 19-20. In the subsequent years, the gap between being State LCFF Funded (Revenue Limit) and Community Funded (Basic Aid) grows.

Fiscal Year	Property Taxes	In Lieu to Charter School	Min State Aid	Supplemental Tax	Total for determining status	LCFF Entitlement	Tax Excess/Deficiency	Status	% difference between LCFF & Taxes
2014	32,065,373	(725,460)	1,682,204	70,476	33,092,593	31,704,195	1,388,398	Basic Aid	
2015	35,457,222	(1,465,242)	2,970,866	0	36,962,846	34,959,406	2,003,440	Basic Aid	
2016	35,937,031	(1,570,339)	2,752,472	0	37,119,164	39,083,462	(1,964,298)	Revenue Limit	
2017	38,254,375	(2,134,750)	2,752,472	1,380,026	40,252,123	40,472,906	(220,783)	Revenue Limit	
2018	40,884,909	(3,676,908)	2,752,472	2,143,768	42,104,241	40,093,830	2,010,411	Basic Aid	7.05%
2019	45,153,732	(4,300,176)	2,752,472	0	43,606,028	42,355,164	1,250,864	Basic Aid	4.57%
Projections									
2020	47,862,956	(4,401,139)	2,752,472	0	46,214,289	42,706,594	3,507,695	Basic Aid	10.14%
2021	49,777,474	(4,477,566)	2,752,472	0	48,052,380	43,670,548	4,381,832	Basic Aid	11.91%
2022	51,768,573	(4,568,400)	2,752,472	0	49,952,645	44,680,371	5,272,274	Basic Aid	13.63%



The San Mateo County Office of Education and the County Assessor's Office were consulted in determining fiscally responsible projections for future tax income.

Tax projections will be closely monitored by district staff and reported to the Board during each budget reporting period.

Multi Year Projections

An important part of the Budget adoption process is the subsequent two-year projection of the general fund. Included in this two-year projection are expected revenues and expenditures and yearly ending balances.

The multiyear projection assumes the following:

- Tax income increases of 6% in 19-20 and 4% in each of the subsequent two years
- Increases to standard employee compensation costs (salary increases from step and column, retirement increases – STRS/PERS)
- The one-time CTE and grant funds that have been carried over will be expended to maintain programs
- Completion of repayment of the Certificate of Participation (COP) for the relocation of the Daly City Youth Health Clinic during FY 20
- No additional allocations of one-time funds in 19-20 or in the next two years
- 5% salary increase in 19-20, plus an increase per contract to health benefit contributions
- The Proposed Budget assumes no increases in salary or benefits for 20-21 or 21-22, pending negotiations. Any settlement would require adjustments.

General Fund Summary	2019-2020	2020-2021	2021-2022
Beginning Fund Balance	5,969,487	5,057,181	5,713,733
REVENUES	65,277,075	67,269,847	69,518,900
EXPENDITURES	66,189,381	66,613,295	67,286,743
EXCESS (DEFICIENCY) OF REVENUE	-912,306	656,552	2,232,157
Ending Fund Balance	5,057,181	5,713,733	7,945,890
Revolving Cash	4,000	4,000	4,000
Allocated/Restricted Funds	1,617,624	1,417,622	1,417,623
Reserve for EU	1,982,681	1,998,399	2,018,602
Unallocated Funds	1,452,876	2,293,712	4,505,665
Special Reserve Fund 17	792,727	797,727	802,727
Total Reserves all Funds	4,228,284	5,089,838	7,326,994
Reserve Percentage	6.39%	7.64%	10.89%

Ending Fund Balance

The General Fund Unrestricted ending fund balance in the Proposed Budget is comprised of the following:

1. \$4,000 – Revolving Cash
2. \$1,982,681 – 3.0% reserve for economic uncertainty
3. \$400,000 – Allocated to set aside toward textbook adoptions
4. \$1,452,874 – 2.2% Unallocated Amount

The District maintains an additional 1.2% of reserves in Fund 17 – Special Reserve Fund.

Other Funds

All other funds (i.e. adult ed, child nutrition, etc.) have positive ending fund balances. There is a projected transfer from General Fund to Child Nutrition totaling \$100K in 2019-2020, with no contribution projected for 2020-2021 or 2021-2022.

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 and final district salary and health benefit costs. The First Interim Report will be presented in November with more accurate information.