

FY 2016-17
General Fund Budget/Program Assumptions

REVENUE

Included in 2016-17

- One time funding – May Revise of \$1.4B little changed from January proposal – adds about \$725,000 in one-time funding. This compares to \$3.5 B in 2015-16 and about \$1.234 million in SCSD one-time funding.
- LCFF – May Revise increases ongoing funding \$2.9B, increasing gap closure from January proposal of 49.08% to 54.84% adding about \$875,000 in ongoing funding in 2016-17.
- May Revision projects that LCFF will be 95.7% implemented in 2016-17.
- DOF gap closure for 2017-18 is 73.96% and 41.22 % for 2018-19.

EXPENDITURES

Ongoing starting in 2016-17

- STRS employer rate contributions will be 12.58%, 14.42%, and 16.28% over the next three years. This is an increase of about \$500,000 from 2nd Interim and District contribution will be about \$2.165 million in 2016-17, \$2.586 million in 2017-18, and \$2.964 million in 2018-19.
- PERS employer rate contribution will be 13.88%, 15.50%, and 17.10% over the next 3 years. PERS contribution increased in May Revision going from 11.85% to 13.88% or \$166,000 more. District contribution to PERS will be about \$712,000 in 2016-17, \$830,000 in 2017-18 and \$929,000 in 2018-19.
- PERS and STRS employer contribution increases adversely impact the operating budget \$1.0 million by 2018-19.
- Electives
 - Middle School Master Schedules that include Math Pathways, World Languages and Other Electives will add 1.8 Certificated FTE – about \$135,000.
- Increase of \$70,000 for Liability and Property insurance due to insurers price adjustments from large liability verdicts in California and property insurance rise from new CMS facility. Completion of Arroyo and TL/CLC campus rebuild will cause further increases.

These actions in large part lead to a decrease in the Fund Balance (deficit) of \$223,612 million for 2016-17, deficit of \$1.43 million for 2017-18 and deficit of \$1.76 million for 2018-19. Reserve levels would be 12.68%, 8.93% and 4.04%, respectively.

Items to Consider at 1st Interim

- In order to address \$1.43 million Fund Balance deficit in 2017-18 we'll need to arrive at some combination of revenue increase and expense reductions.
- Enrollment – are projections too conservative? Should we open more “out-of-district” seats?
- Should certain programs be viewed as one-time events for 2016-17 and not included in out years?
- Are certain programs deemed “non essential” to District mission and Strategic Plan?
- Any synergistic opportunities to reduce expenses for CMS/Arroyo?
- Should we implement hiring freeze?
- SCTA and CSEA contracts expire June 30, 2018. Step and Column increase is included in 2018-19 budget but no salary increases. Each 1% salary increase adds about \$200,000 in ongoing costs.