Agenda

1. 2015-16 LCFF
2. 2015-16 Budgets, by Department
3. 2015-16 Compensation, by Unit
4. Review of Current Budget
5. Current Influences on Budget
6. District Reserve Policy
7. LCAP Goal Review – Dr. Martinez
Local Control Funding Formula
2015-16

All districts funded at same rate based on student attendance

Additional funding for high needs students outlined in LCAP

$211,979,790
$53,777,516

Base Grant
Supp/Con
2015-16 LCFF Funding, By LCAP Goal

<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provide innovative learning environments for implementation of CCSS and Special Programs.</td>
<td>$12,183,336</td>
</tr>
<tr>
<td>2</td>
<td>Maintain 100% compliance per Williams Case for appropriately assigned and fully credentialed teachers, sufficient access to standards-aligned instructional materials, and facilities.</td>
<td>$67,500</td>
</tr>
<tr>
<td>3</td>
<td>To promote a unifying vision that motivates, inspires and empowers stakeholders to provide optimal student educational opportunities and outcomes as identified in Montebello Unified School District's Comprehensive Learning Framework (CLF).</td>
<td>$875,000</td>
</tr>
<tr>
<td>4</td>
<td>Students, with a focus on English Learners and Foster Youth, will demonstrate proficiency at developmentally appropriate levels in ELA and Math.</td>
<td>$9,425,765</td>
</tr>
<tr>
<td>5</td>
<td>Close the achievement gap for English Learners with a focus on at-risk Long Term English Learners (LTELs), and Newcomers.</td>
<td>$11,827,500</td>
</tr>
<tr>
<td>6</td>
<td>Technology for Teaching and Learning. Students and staff will have access to and skill in the application of a wide range of technologies in order to leverage and deepen learning.</td>
<td>$10,973,015</td>
</tr>
<tr>
<td>7</td>
<td>Provide an engaging learning environment that supports nutritional, reproductive, mental (social/emotional/personal), and physical health facilities</td>
<td>$2,885,000</td>
</tr>
<tr>
<td>8</td>
<td>District and all school sites will increase efforts at communicating with families, creating welcoming environments and engaging parents and students in the educational process.</td>
<td>$5,540,400</td>
</tr>
</tbody>
</table>
2015-16 Total Compensation
LCAP Salaries

THERE IS A DIFFERENCE BETWEEN...

LCAP Salaries
Total = $54 million

- Salary 56% $30 million
- Non-Salary 44% $24 million

A goal outlining the expense must be contained in our LCAP.

All Unrestricted Salaries
Total = $198 million

- Unrestricted General Fund 85%
- LCAP Salaries 15%
- $30 million
- $168 million

56%
2015-16 Budgets, By Department

2015-16 Adult Ed Unrestricted Budget
- Certificated Salaries: 43%
- Classified Salaries: 19%
- Employee Benefits: 23%
- Books and Supplies: 2%
- Services & Other Operating Expenditures: 8%
- Other Outgo: 6%

Total Budget: $14,966,757

2015-16 Special Education Budget
- Certificated Salaries: 38%
- Classified Salaries: 15%
- Employee Benefits: 23%
- Books and Supplies: 0.4%
- Services and Other Operating Expenditures: 22%
- Other Outgo: 2%

Total Budget: $47,392,282
2015-16 Budgets, By Department

2015-16 Transportation Budget

- Classified Salaries: $4,263,478
- Employee Benefits: $2,119,360
- Books and Supplies: $673,712
- Services and Other Operating Expenditures: $90,000
- Capital Outlay: (5,216,339)

Total Budget: $1,930,211

2015-16 Routine Restricted Maintenance

- Classified Salaries: 47%
- Employee Benefits: 22%
- Books and Supplies: 10%
- Services & Other Operating Expenditures: 12%
- Capital Outlay: 9%

Total Budget: $9,456,712
### 2015-16 Maintenance Budget

- **Classified Salaries**: $150,000 (52%)
- **Employee Benefits**: $(7,272) (20%)
- **Books and Supplies**: $168,500 (15%)
- **Services and Other Operating Expenditures**: $221,044 (-1%)
- **Capital Outlay**: $577,636 (14%)

**Total Budget**: $1,109,908

### 2015-16 Operations Budget

- **Classified Salaries**: $5,028,910 (41%)
- **Employee Benefits**: $6,585,822 (22%)
- **Books and Supplies**: $709,912 (4%)
- **Services and Other Operating Expenditures**: $3,528,743 (32%)
- **Capital Outlay**: $(40,000) (0.3%)

**Total Budget**: $15,883,387
2015-16 Total Compensation, By Unit

CSEA: 22%
AMSA: 12%
MTA: 65%

$186 million
### Total Revenue

<table>
<thead>
<tr>
<th>Name</th>
<th>Object Code</th>
<th>Revised Budget Base Year 2016-16</th>
<th>Year 1 2016-17</th>
<th>Year 2 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCPP/State Aid</td>
<td>8010 - 8090</td>
<td>$220,757,506</td>
<td>$229,127,443</td>
<td>$227,792,333</td>
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<tr>
<td>Federal Revenues</td>
<td>8100 - 8299</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other State Revenues</td>
<td>8300 - 8599</td>
<td>$15,640,068</td>
<td>$4,645,151</td>
<td>$6,785,355</td>
</tr>
<tr>
<td>Other Local Revenues</td>
<td>8600 - 8799</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Total Revenue:** $240,407,522

### Total Expense

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Total Expense</td>
<td>$274,906,604</td>
</tr>
<tr>
<td>Administrative Expenditures</td>
<td>$781,556,042</td>
</tr>
<tr>
<td>Total Endowment Expenditures</td>
<td>$1,056,168</td>
</tr>
</tbody>
</table>

- **Total Expense:** $274,906,604
- **Administrative Expenditures:** $781,556,042
- **Total Endowment Expenditures:** $1,056,168

### Difference (Deficit spending?)

**Difference:** $23,519,089

### Ending Fund Balance

- **Beginning Fund Balance:** $11,320,709
- **Adjusted Beginning Fund Balance:** $11,320,709
- **Ending Fund Balance:** $16,923,384

### Components of Ending Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Fund Balance, Nonspendable</td>
<td></td>
</tr>
<tr>
<td>Nonspendable Encumbering Cash</td>
<td></td>
</tr>
<tr>
<td>Nonspendable Stores</td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td></td>
</tr>
<tr>
<td>Other Assignments</td>
<td></td>
</tr>
<tr>
<td>Reserve for Economic Uncertainties (LEU)</td>
<td>$9,828,123</td>
</tr>
<tr>
<td>Undesignated/Unappropriated</td>
<td></td>
</tr>
</tbody>
</table>

**Ending Fund Balance:** $16,923,384

- **Fund Balance, Nonspendable:** $16,923,384
- **Nonspendable Encumbering Cash:** $23,000
- **Nonspendable Stores:** $400,000
- **Committed:** $2,000,000
- **Other Assignments:** $2,000,000
- **Reserve for Economic Uncertainties (LEU):** $9,828,123

**Undesignated/Unappropriated:** $4,401,910

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**Note:** The revised budget does not include the costs incurred from the recent asbestos removal project.
Identifying Current Influences to the Budget

Each piece of the puzzle has a significant impact on MUSD’s budget.
Unprecedented and rising STRS contributions will have a significant impact on future years.
### Impact of Rising PERS Costs

<table>
<thead>
<tr>
<th></th>
<th>PERS Employer Contribution Cumulative Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$509,356</td>
</tr>
<tr>
<td>2015-16</td>
<td>$1,476,247</td>
</tr>
<tr>
<td>2016-17</td>
<td>$2,267,490</td>
</tr>
<tr>
<td>2017-18</td>
<td>$4,448,737</td>
</tr>
<tr>
<td>2018-19</td>
<td>$5,540,277</td>
</tr>
<tr>
<td>2019-20</td>
<td>$6,722,425</td>
</tr>
<tr>
<td>2020-21</td>
<td>$7,206,340</td>
</tr>
</tbody>
</table>

Just as STRS, PERS will also have a substantial impact on future years.
### Health Benefit Cap Increases

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>8.88%</td>
</tr>
<tr>
<td>2015-16</td>
<td>10.73%</td>
</tr>
<tr>
<td>2016-17</td>
<td>12.58%</td>
</tr>
<tr>
<td>2017-18</td>
<td>14.43%</td>
</tr>
<tr>
<td>2018-19</td>
<td>16.28%</td>
</tr>
<tr>
<td>2019-20</td>
<td>18.13%</td>
</tr>
<tr>
<td>2020-21</td>
<td>19.10%</td>
</tr>
</tbody>
</table>

In 2013-14, the district agreed to contract language that automatically increases the health benefit cap commensurate with the LCFF funding percentage increase in any given year.

In 2015-16, the health benefit cap was increased by 12.7% and cost the district an additional $4.5 million dollars.
Since 2010-11, the district has continued to spend down its ending fund balance.

- 2010-11: $44 million
- 2011-12: $40 million
- 2012-13: $28 million
- 2013-14: $13 million
- 2014-15: $11 million

Reserve Levels at minimum 3%
The term encroachment is used to describe any program that is not self-sufficient, meaning that the revenues aren’t enough to cover the costs necessitated by the program.

Excess costs are paid out of the general fund.

In 2015-16, encroaching programs are budgeted at $51 million.
Funding the LCFF Gap

There is no statutory calculation for how much the state will contribute – and no obligation to fund any certain amount.

Even if you believe that funding will come in as outlined in Governor Brown’s eight year plan, it is important to note that gap percentages are decreasing considerably as districts come closer to reaching their target funding.
### Montebello Unified School District

**Average Daily Attendance (P-2 ADA)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16 (Budget Year)</th>
<th>2016-17 (Year I)</th>
<th>2017-18 (Year II)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30,939</td>
<td>30,373</td>
<td>29,850</td>
<td>29,093</td>
<td>28,494</td>
<td>27,563</td>
<td>26,740</td>
<td>26,377</td>
<td>25,901</td>
</tr>
</tbody>
</table>

**Decline from Prior Year**

- 2010-11: -566
- 2011-12: -523
- 2012-13: -757
- 2013-14: -599
- 2014-15: -931
- 2015-16 (Budget Year): -823
- 2016-17 (Year I): -363
- 2017-18 (Year II): -476

**In 2015-16**

$9,566 lost per student
Increasing the Reserve Policy

Develop a plan to bring the level of the LCFF reserve to at least one year’s projected revenue growth in the multiyear projection.

Establish a separate LCFF reserve.

Observe the current State Board of Education required reserve level for the traditional economic uncertainties (3% for MUSD).

The purpose of this reserve is to provide a “softer landing” when the next downturn occurs, as it surely will.

A detailed memorandum outlining the points and authorities of a reserve policy has been provided to the Superintendent’s office.
Questions, Discussion, Feedback

Q & A TIME
Local Control Accountability Plan

LCFF State Priorities and Related Data Elements

<table>
<thead>
<tr>
<th>Pupil Achievement</th>
<th>School Climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance on statewide standardized tests.</td>
<td>Pupil suspension rates.</td>
</tr>
<tr>
<td>Score on Academic Performance Index.</td>
<td>Pupil expulsion rates.</td>
</tr>
<tr>
<td>Share of pupils that meet the requirements for entrance to the University of California or the California State University or complete career technical education sequences or programs.</td>
<td>Other local measures.</td>
</tr>
<tr>
<td>Share of English learners that become English proficient.</td>
<td>Parental Involvement</td>
</tr>
<tr>
<td>English learner reclassification rate.</td>
<td>Efforts to seek parent input.</td>
</tr>
<tr>
<td>Share of pupils that pass Advanced Placement exams with a 3 or higher.</td>
<td>Promotion of parental participation.</td>
</tr>
<tr>
<td>Share of pupils determined prepared for college by the Early Assessment Program.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pupil Engagement</th>
<th>Basic Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>School attendance rates.</td>
<td>Rate of teachers appropriately assigned and fully credentialed.</td>
</tr>
<tr>
<td>Chronic absenteeism rates.</td>
<td>Pupil access to standards-aligned instructional materials.</td>
</tr>
<tr>
<td>Middle school dropout rates.</td>
<td>Facilities maintained in good repair.</td>
</tr>
<tr>
<td>High school dropout rates.</td>
<td></td>
</tr>
<tr>
<td>High school graduation rates.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Pupil Outcomes</th>
<th>Implementation of State Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other indicators of pupil performance in required areas of study.</td>
<td>Implementation of State Board of Education-adopted academic content and performance standards for all pupils, including English learners.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupils access and enrollment in all required areas of study.</td>
</tr>
</tbody>
</table>
LCFF
Goal #1

- Books and Supplies: $6,162,454 (51%)
- Services and Other Operating Expenditures: $766,272 (6%)
- Capital Outlay: $500,000 (4%)
- Certificated Personnel Salaries: $3,735,323 (31%)
- Classified Personnel Salaries: $164,640 (1%)
- Employee Benefits: $854,647 (7%)
- Operating Expenditures: $766,272 (6%)
- Capital Outlay: $500,000 (4%)
- Certificated Personnel Salaries: $3,735,323 (31%)
- Classified Personnel Salaries: $164,640 (1%)
- Employee Benefits: $854,647 (7%)

Total Operating Expenditures: $12,308,573

Total Capital Outlay: $500,000

Total Expenditures: $12,808,573
LCFF
Goal #2

Certificated Personnel Salaries
$50,000
74%

Employee Benefits
$7,500
11%

Books and Supplies
$10,000
15%
LCFF
Goal #3

Certificated Personnel Salaries
$600,000
68%

Employee Benefits
$60,000
7%

Books and Supplies
$40,000
5%

Services and Other Operating Expenditures
$175,000
20%
LCFF
Goal #4

Certificated Personnel Salaries $7,027,086
75%

Employee Benefits $1,267,209
13%

Books and Supplies $550,000
6%

Services and Other Operating Expenditures $581,470
6%
LCFF
Goal #5

- Certificated Personnel Salaries: $6,525,000 (55%)
- Classified Personnel Salaries: $2,120,000 (18%)
- Employee Benefits: $1,862,500 (16%)
- Books and Supplies: $620,000 (5%)
- Services and Other Operating Expenditures: $700,000 (6%)
LCFF
Goal #6

- Certificated Personnel
  - Salaries $1,775,000 (16%)
- Classified Personnel
  - Salaries $1,475,000 (13%)
- Employee Benefits
  - $787,500 (7%)
- Books and Supplies
  - $6,435,515 (59%)
- Services and Other Operating Expenditures
  - $500,000 (5%)
LCFF
Goal #7

- Revenues $1,000,000 (35%)
- Classified Personnel Salaries $1,000,000 (35%)
- Books and Supplies $535,000 (18%)
- Employee Benefits $260,000 (9%)
- Certificated Personnel Salaries $50,000 (2%)
- Services and Other Operating Expenditures $40,000 (1%)

Revenues $1,000,000 (35%)
Classified Personnel Salaries $1,000,000 (35%)
Books and Supplies $535,000 (18%)
Employee Benefits $260,000 (9%)
Certificated Personnel Salaries $50,000 (2%)
Services and Other Operating Expenditures $40,000 (1%)
LCFF
Goal #8

Certificated Personnel Salaries $226,000
4%

Classified Personnel Salaries $44,000
1%

Employee Benefits $39,400
1%

Books and Supplies $206,000
4%

Services and Other Operating Expenditures $25,000
0%

Revenues $5,000,000
90%
LCFF
Summary of 8 Goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Certificated Personnel Salaries</th>
<th>Classified Personnel Salaries</th>
<th>Employee Benefits</th>
<th>Books and Supplies</th>
<th>Services and Other Operating Expenditures</th>
<th>Capital Outlay</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>$12,183,336</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 2</td>
<td>$67,500</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Goal 3</td>
<td>$875,000</td>
<td></td>
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<tr>
<td>Goal 4</td>
<td>$9,425,765</td>
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<tr>
<td>Goal 5</td>
<td>$11,827,500</td>
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<tr>
<td>Goal 6</td>
<td>$10,973,015</td>
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<tr>
<td>Goal 7</td>
<td>$2,885,000</td>
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<td>Goal 8</td>
<td>$5,540,400</td>
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</tbody>
</table>
Questions, Discussion, Feedback

Q & A TIME