



Union High School District

**BOARD OF TRUSTEES
BUDGET WORKSHOP**

Board of Trustees
Joyce Dalessandro
Beth Hergesheimer
Amy Herman
Maureen "Mo" Muir
John Salazar

Superintendent
Rick Schmitt

**THURSDAY, FEBRUARY 5, 2015
5:00 PM**

**DISTRICT OFFICE BOARD ROOM 101
710 ENCINITAS BLVD., ENCINITAS, CA 92024**

Welcome to the meeting of the San Dieguito Union High School District Board of Trustees.

PUBLIC COMMENTS

If you wish to speak regarding an item on the agenda, please complete a speaker slip located at the sign-in desk and present it to the Secretary to the Board prior to the start of the meeting. When the Board President invites you to the podium, please state your name, address, and organization before making your presentation.

In the interest of time and order, presentations from the public are limited to three (3) minutes per person, per topic. The total time for agenda items shall not exceed twenty (20) minutes. An individual speaker's allotted time may not be increased by a donation of time from others in attendance.

In accordance with the Brown Act, public comments are limited to item(s) on the agenda. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.

PUBLIC INSPECTION OF DOCUMENTS

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the Board Meeting will be available for review on the district website, www.sduhsd.net and/or at the district office. Please contact the [Office of the Superintendent](#) for more information.

CLOSED SESSION

The Board may meet in Closed Session to consider qualified matters of litigation, employee negotiations, student discipline, employee grievances, personnel qualifications, or real estate negotiations which are timely.

CELL PHONES / ELECTRONIC DEVICES

As a courtesy to all meeting attendees, please set cell phones and electronic devices to silent mode and engage in conversations outside the meeting room.

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
BOARD OF TRUSTEES
BUDGET WORKSHOP AGENDA**

**THURSDAY, FEBRUARY 5, 2015
5:00 PM**

**DISTRICT OFFICE BOARD ROOM 101
710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

The Governing Board of the San Dieguito Union High School District has scheduled a Board Budget Workshop for Thursday, February 5, 2015, at the above location, in the Board Room.

1. CALL TO ORDER **5:00 PM**

INFORMATION ITEMS **(ITEMS 2-4)**

2. BUDGET PLANNING UPDATE

3. PUBLIC COMMENTS

In accordance to the Brown Act, public comments are limited to item(s) listed on the agenda. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda. (*See Board Agenda Cover Sheet*)

4. ADJOURNMENT

San Dieguito Union High School District

INFORMATION REGARDING BOARD AGENDA ITEM

TO: BOARD OF TRUSTEES

DATE OF REPORT: January 30, 2015

BOARD MEETING DATE: February 5, 2015

PREPARED BY: Eric R. Dill
Associate Superintendent, Business

SUBMITTED BY: Rick Schmitt
Superintendent

SUBJECT: Board Workshop / BUDGET PLANNING
UPDATE

EXECUTIVE SUMMARY

Presentation of the attached supplement will be made at the February 5, 2015 Board Meeting.

RECOMMENDATION:

This item is being submitted for review only at the Board Workshop.

2015-16 BUDGET PLANNING WORKSHOP

AGENDA

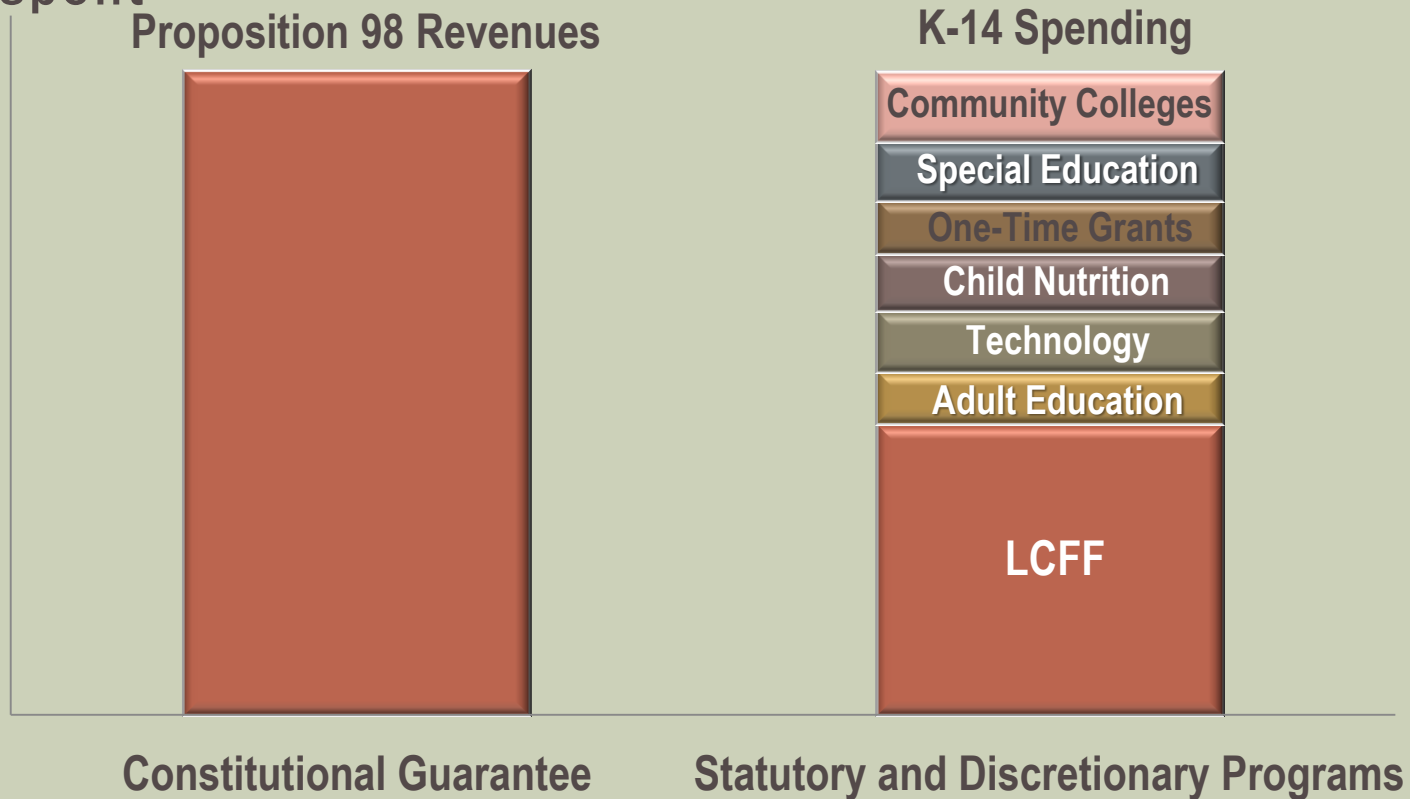
- 2015-16 Governor's Budget Proposal
- Prop 98 Revenues & Spending
- Local Control Funding Formula – Increases & LCFF vs. Basic Aid
- First Interim Multi-Year Projection
- Governor's Proposals
 - ROP/CTE
 - Adult Education
 - Discretionary Fund
- Ongoing Expenditures
- Local Control Accountability Plan
- CalSTRS Rate Increases
- Special Education
- Staffing Assumption in MYP
- Ending Balance
- SDUHSD Ending Balance History
- Considerations for 2015-16
- Next Steps

2015-16 GOVERNOR'S BUDGET PROPOSAL

- **Strong budget for K-12 education**
 - \$7.8 billion in increased Prop 98 funding
 - Deferrals eliminated
 - \$4 billion increase to LCFF funding
 - \$3 billion in new one-time funds
- **Significant program proposals**
 - \$250 million in Career Technical Education
 - \$500 million in Adult Education
 - \$1.1 billion in Mandated Costs / Common Core

PROPOSITION 98 REVENUES AND SPENDING

- Proposition 98 sets the minimum funding level for K-14 education, but the Governor and Legislature decide how funds are spent



LCFF INCREASES

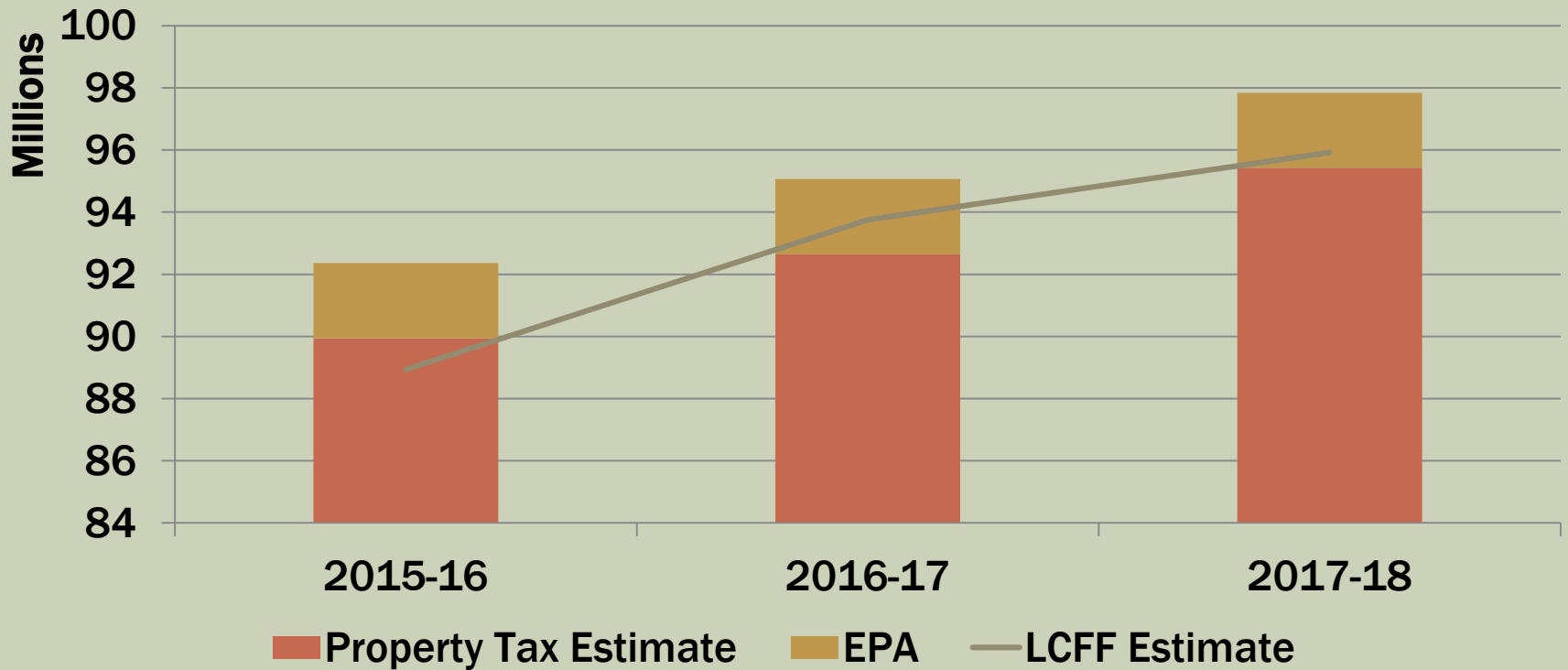
- Average district will see increases of \$663 per student, BUT:
 - **NO DISTRICT IS AVERAGE!**
- Increases to per-student funding under LCFF depend on each individual district's demographics and gap between actual and target funding
- Districts with biggest gains will be those serving a high percentage of disadvantaged students or historically low revenue limit districts

LCFF VS BASIC AID

- Increased LCFF funding raises the possibility of flipping between LCFF and Basic Aid
- Basic Aid or LCFF status in future years depends on:
 - Increases in property tax revenue
 - Enrollment and demographics changes
 - The state's willingness and ability to implement LCFF
- Current multi-year projection uses a cautious projection of property tax revenue
 - Assumptions for 2015-16 will be developed through the Spring based on projections from the Assessor's Office
- LCFF and Basic Aid projections will be recalculated when LCFF software is updated with Governor's proposals

LCFF vs BASIC AID

First Interim Assumptions Projected Basic Aid Status for 2015-16, but Possible Transition to LCFF In Future Years



FIRST INTERIM MULTI-YEAR PROJECTION

- Includes major assumptions on revenue and expenditures
- Will be updated to reflect new LCFF and property tax assumptions

Multi-Year Projection 14/15 First Interim				
	2014-15	2015-16	2016-17	2017-18
Revenue	107,132,447	109,257,238	111,495,318	113,648,438
Expense	111,360,736	110,411,224	113,242,467	114,232,615
Surplus (Deficit)	(4,228,289)	(1,153,986)	(1,747,149)	(584,177)
Unrest. Ending Balance	15,375,500	14,221,257	12,473,555	11,888,683
GF Reserve	13.81%	12.88%	11.01%	10.41%
Unrestricted Reserve Surplus(Shortfall) of 3%	12,034,678	10,908,920	9,076,281	8,461,705
Special Reserve	2,453,145	2,477,676	2,502,453	2,527,478
Combined Reserve	17,828,645	16,698,933	14,976,008	14,416,161
Combined Reserve	16.01%	15.12%	13.22%	12.62%

GOVERNOR'S ROP/CTE PROPOSAL

- \$250 million in one-time Proposition 98 funding in each of the next three years to support a transitional CTE Incentive Grant Program.
- Schools receiving funding from this new transitional program will be required to provide a dollar-for-dollar match
- Priority for these state funds will be given to local educational agencies applying in partnership with other local educational agencies to offer regional programs
- No trailer bill details available yet on proposed framework

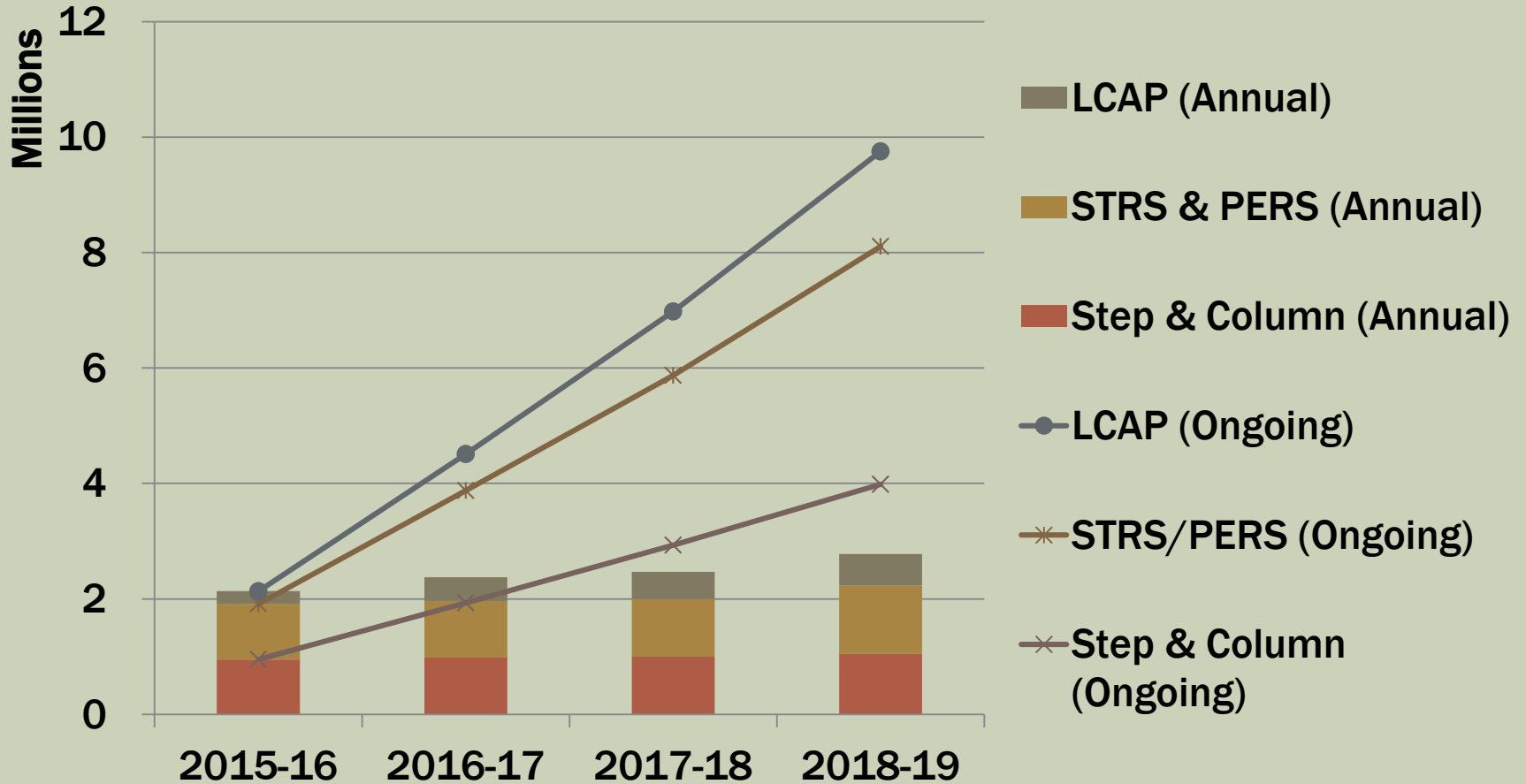
GOVERNOR'S ADULT EDUCATION PROPOSAL

- **\$500 million Adult Ed Block Grant**
- **Continues transition of Adult Ed to consortia of K-12 districts and community colleges**
- **2015-16 funding provided directly to the K-12 school districts in the same amount as their MOE**

GOVERNOR'S DISCRETIONARY FUND PROPOSAL

- The Governor's State Budget proposal provides \$1.1 billion in discretionary, one-time Proposition 98 funds
- The discretionary funds proposed in 2015-16 to pay prior-year mandate claims are scored as payments for the oldest mandates
 - The allocation amounts to about \$180 per ADA for districts
- The Governor suggests the one-time funds may be used
 - To further investments in the implementation of Common Core State Standards (CCSS)
 - To support the implementation of newly adopted English language development and California's Next Generation Science standards, and
 - To support expenditures that occur due to the evolving accountability structure of the LCFF

ONGOING EXPENDITURES ADD UP



LOCAL CONTROL ACCOUNTABILITY PLAN

- District is entering second year of LCAP preparation and evaluation
- While not receiving any LCFF Supplemental Grant funds, the District must still prepare and LCAP and provide services for targeted students
- District is required to increase funding toward the LCAP at the same rate as if it was receiving LCFF funding
- Annual increase estimated at \$220K for 2015-16

CaISTRS RATE INCREASES

- Employer rates are increasing to 10.73% in 2015-16, up from 8.88% in 2014-15
- No specific funds are provided for this cost increase
- Estimated increase of \$800K based on 2014-15 salaries

Year	Employer	Pre-PEPRA*	Post-PEPRA*
		Employees	Employees
2014-15	8.88%	8.15%	8.15%
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

*Public Employees' Pension Reform Act

SPECIAL EDUCATION

- The Governor's proposed 2015-16 State Budget for special education provides estimated COLA of \$8.33 per ADA
- North Coastal Consortium for Special Education (NCCSE) program increases are reducing the District's entitlement to Special Education funding
- District continues to explore options to lower special education costs while still offering outstanding programs

SPECIAL EDUCATION

- District recently completed a special education review by the Financial Crisis Management Assistance
 - Staffing ratios, class and caseload sizing for teachers and specialists
 - Use of non-public agencies and schools versus district programs
 - Due process and mediation legal & settlement costs
 - Instructional assistant staffing
 - Transition of students from elementary districts
 - Reducing special education program deficit while remaining in compliance with appropriate laws
- Awaiting final report and recommendations

STAFFING ASSUMPTIONS IN MYP

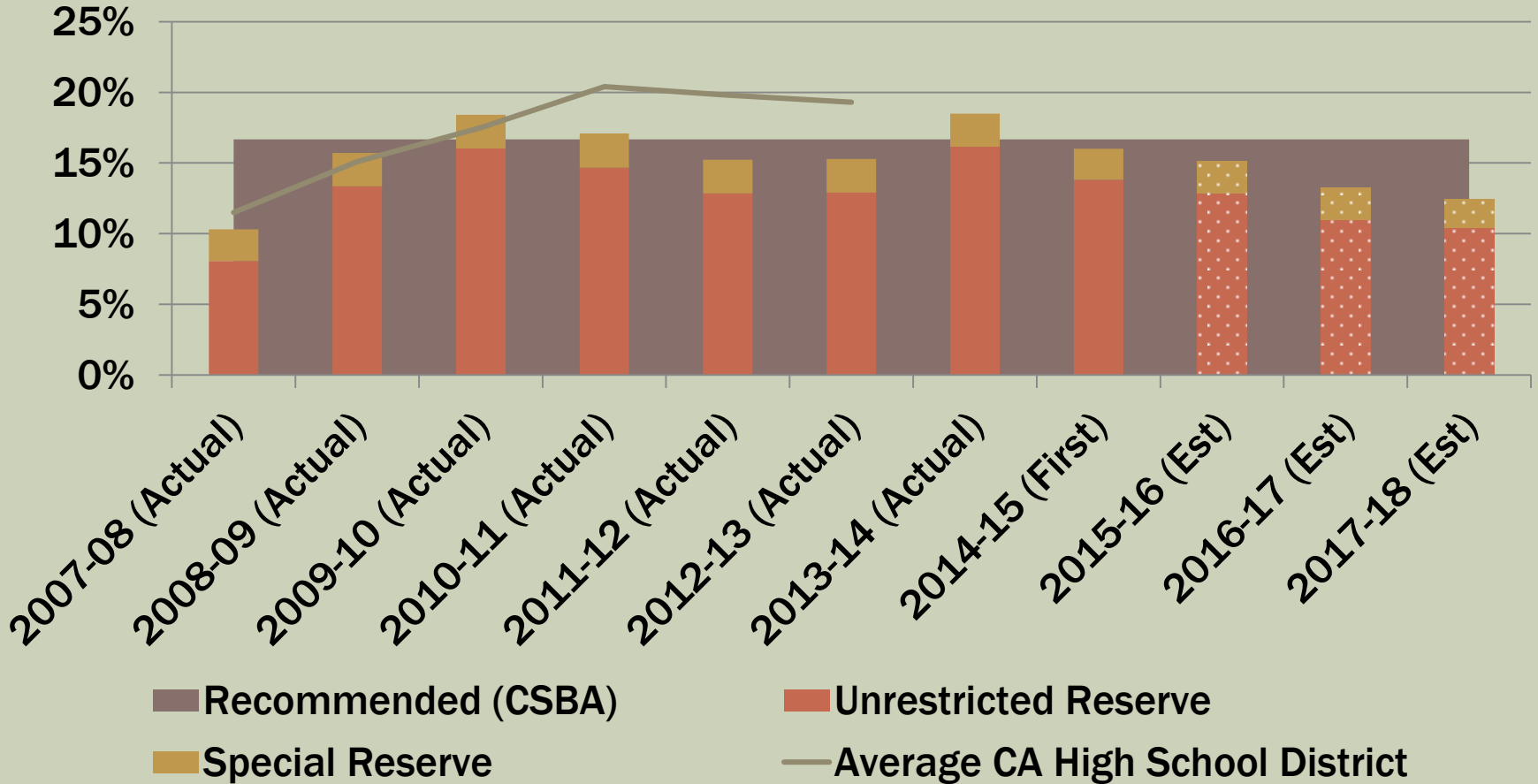
- Pacific Trails MS
 - Certificated staffing for school of 200-250 students will be drawn from schools declining in enrollment
 - Increases in support staff (media technician, custodians, food service, clerical, etc)
- Normal annual increases in step & column movement
- Benefits increases

ENDING BALANCE

■ Reserve Cap

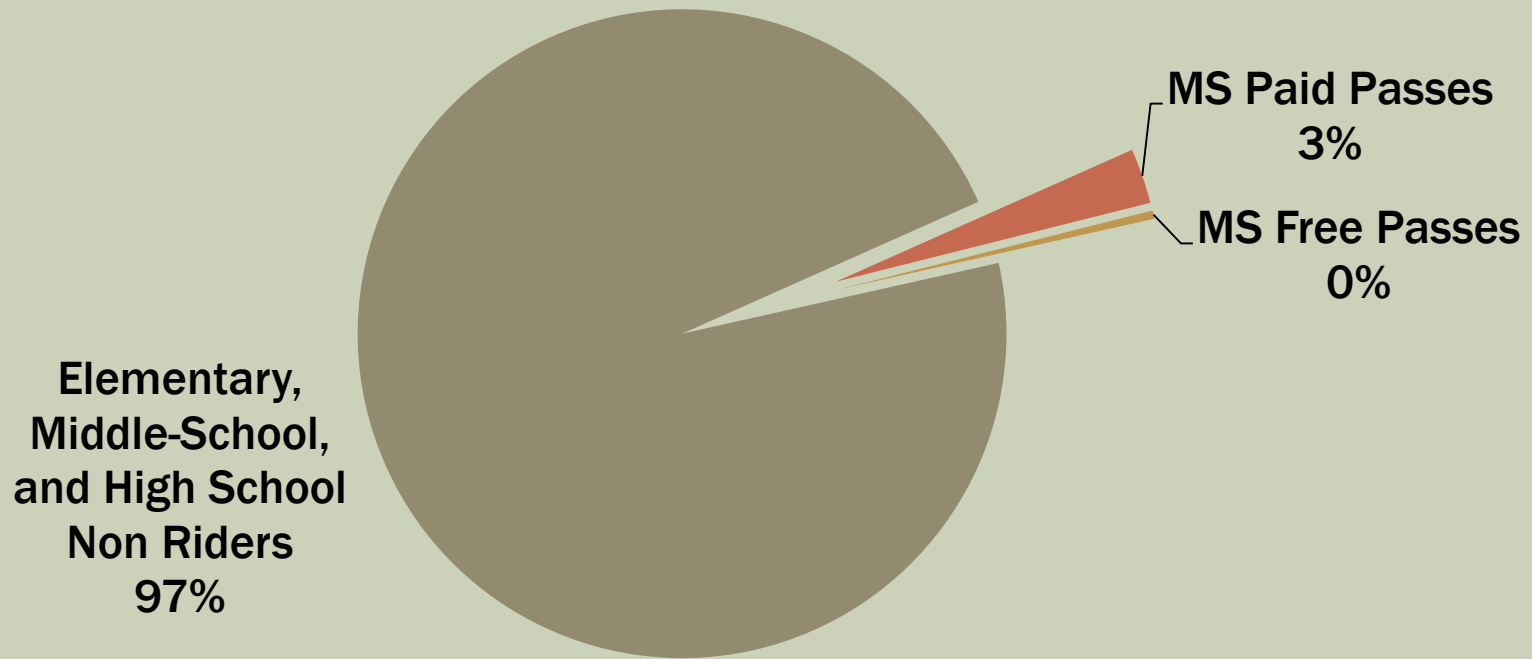
- School Services of California suggests conditions triggering the Reserve Cap required by SB 858 could occur as early as next year
- Legislative Analyst Office report recommends the Legislature repeal the Reserve Cap due to the following concerns:
 - **Difficulty maintaining programs in tight fiscal times.** The reserve caps would allow most districts to maintain only a few weeks of payroll in reserve.
 - **Difficulty addressing unexpected costs.** Emergency facility repairs and other unexpected costs would place districts with low reserves in a precarious position.
 - **Greater fiscal distress.** Historically, districts with reserves below the caps have been about twice as likely to be flagged for fiscal intervention as their peers with higher reserves.
 - **Higher borrowing costs.** Districts with lower reserves could have their credit ratings reduced, increasing the cost of borrowing money.

SDUHSD ENDING BALANCE HISTORY



CONSIDERATIONS FOR 2015-16

2014-15 Home-to-School Ridership
97% of K-12 in SDUHSD boundaries students
do not rely on a bus to get to school



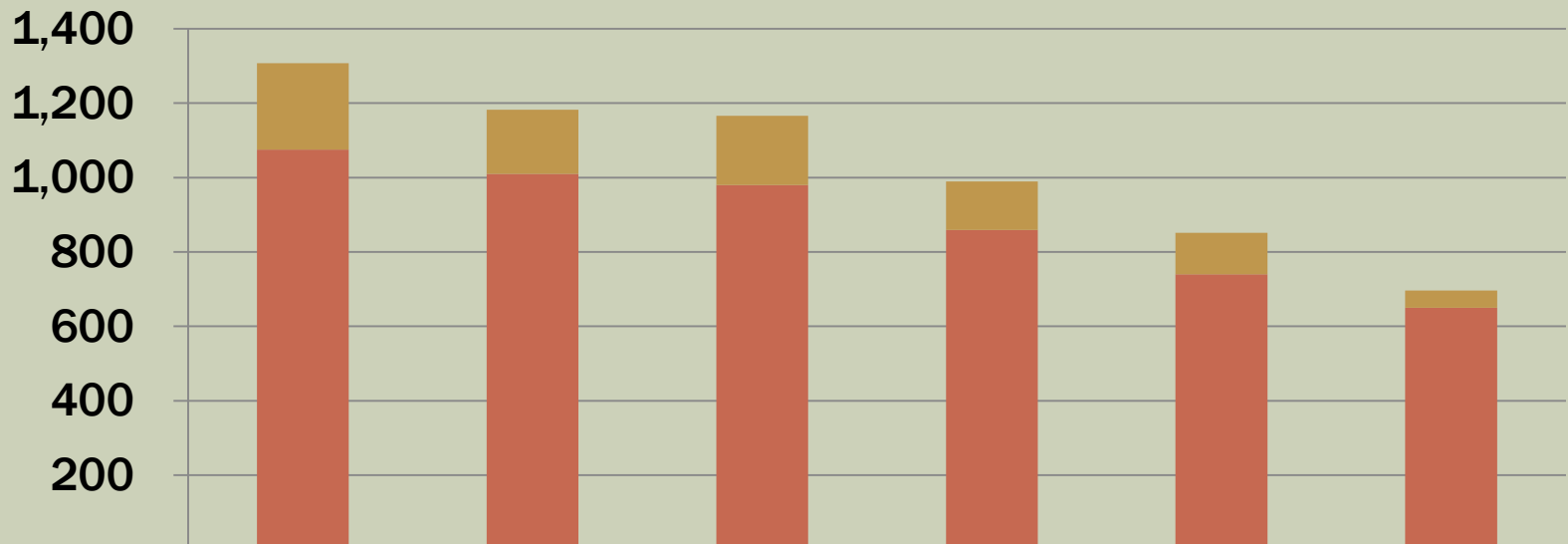
CONSIDERATIONS FOR 2015-16

- **Home-to-School Transportation ridership is declining**
 - Flexible scheduling options expanding
 - Open enrollment / intra-district transfers
 - Pacific Trails MS will further decrease ridership
 - Shorter travel distances for student living in PTMS boundary
 - No incentive needed to encourage CVMS to EWMS intra-district transfers

School	2014-15	2015-16	Variance
CV	300	247	(53)
EW	224	187	(37)
DNO	67	67	0
OC	195	195	0
PT	0	0	0
Total	786	696	(90)

CONSIDERATIONS FOR 2015-16

Home-to-School Ridership is Declining



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Free Passes	232	172	186	130	111	46
Paid Passes	1,075	1,010	980	859	740	650
Total Riders	1,307	1,182	1,166	989	851	696

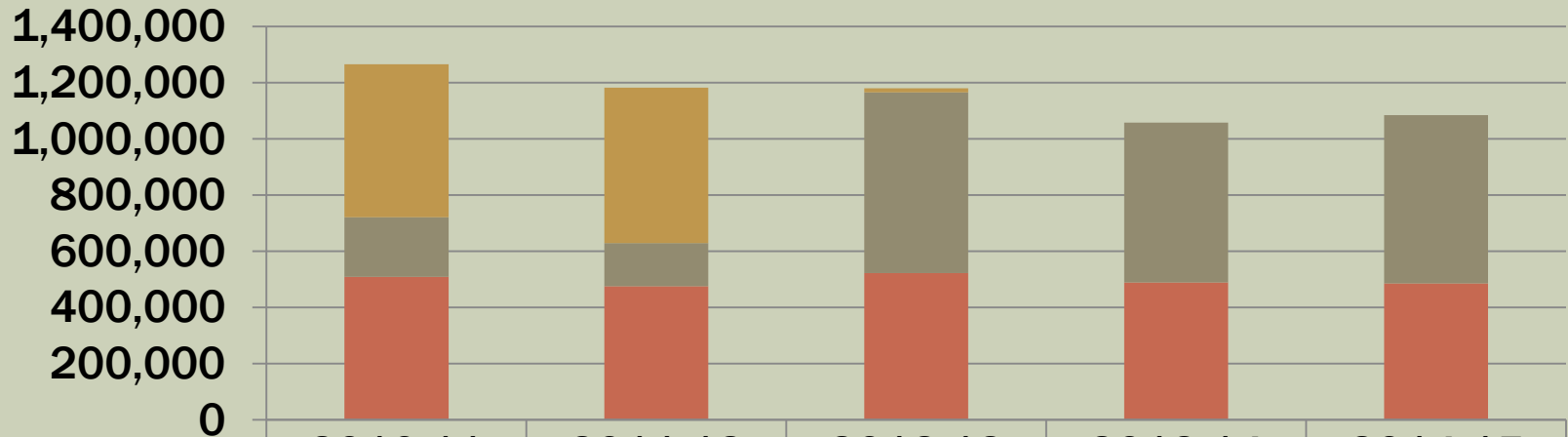
CONSIDERATIONS FOR 2015-16

2014-15 Ridership

School	Paid Passes	Free Passes	Total Passes
CV	290	10	300
DNO	41	26	67
EW	216	8	224
OC	186	9	195
MS Sub-Total	733	53	786
LCC	5	21	26
SS	-	11	11
TP	2	26	28
SDHSA	-	-	-
CCA	-	-	-
MS Sub-Total	7	58	65
Total Riders	740	111	851

CONSIDERATIONS FOR 2015-16

Recession-Era “Fair Share” Cut to State Transportation Funding Resulted in Higher District Contribution for HTS



	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Budget
State Revenue	543,760	553,172	14,109	0	0
General Fund	212,940	153,528	643,958	568,678	599,654
Bus Passes	508,210	475,393	521,917	488,654	485,000

CONSIDERATIONS FOR 2015-16

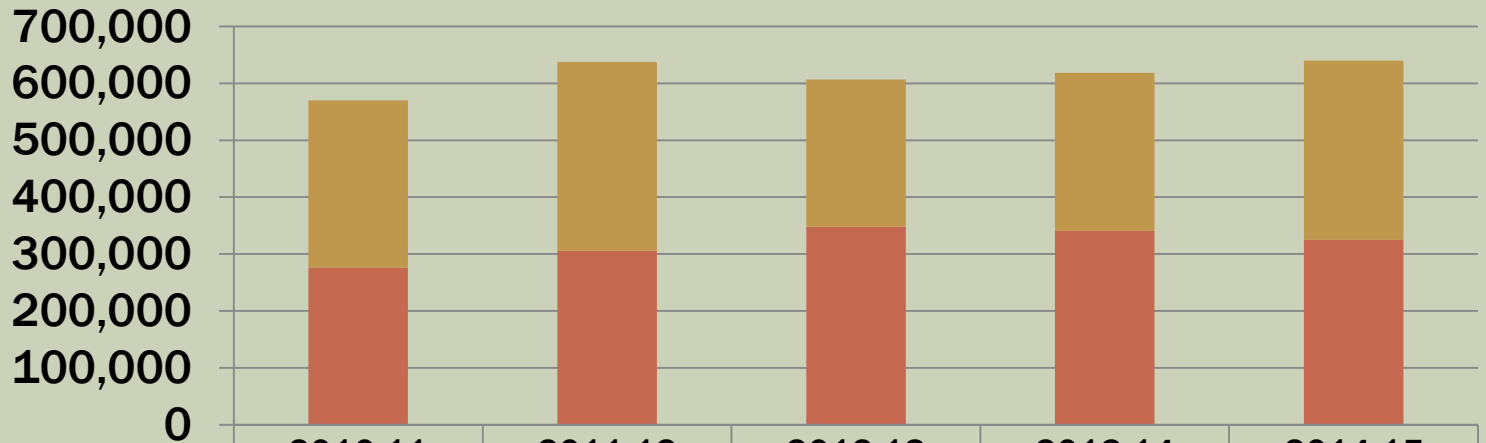
- **Bus fleet is aging**
 - 22 large buses
 - Model years 1997 - 2003
 - Average mileage 142,141
 - Replacement cost \$180,000 each
- **Updating Home-to-School fleet will cost the General Fund \$3 million over the next 5 years**

CONSIDERATIONS FOR 2015-16

- **Athletic Transportation also supported by the General Fund**
 - Over 1,700 athletic field trips per year
 - 4,000 student athletes
 - Foundation support covers roughly half the cost
 - About half of athletic field trips are chartered at a higher cost when District buses or drivers are unavailable

CONSIDERATIONS FOR 2015-16

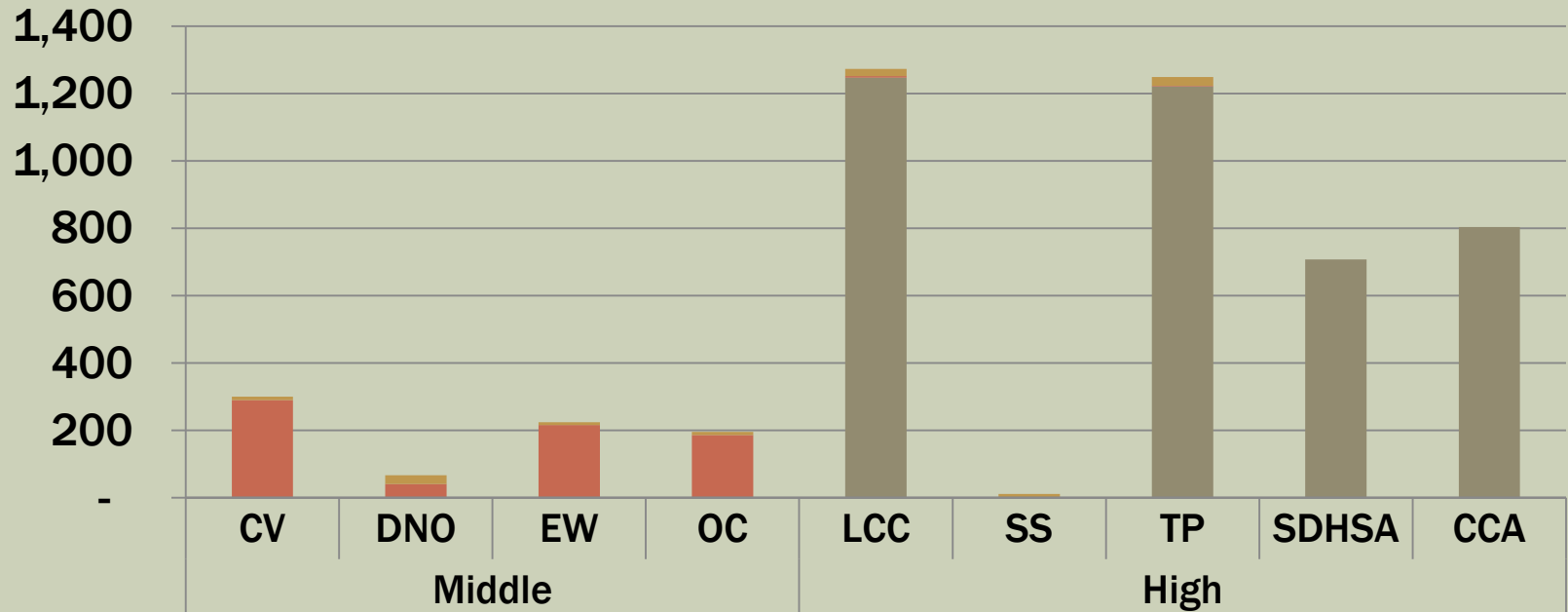
Athletic Transportation Donations Have Increased, but the Service is Still Heavily Supported by the General Fund



	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Bud
■ District General Fund	294,119	331,465	258,576	278,008	315,000
■ Foundation Support	275,885	305,855	347,850	340,350	325,000
Athletic Field Trip Budget	570,004	637,320	606,426	618,358	640,000

CONSIDERATIONS FOR 2015-16

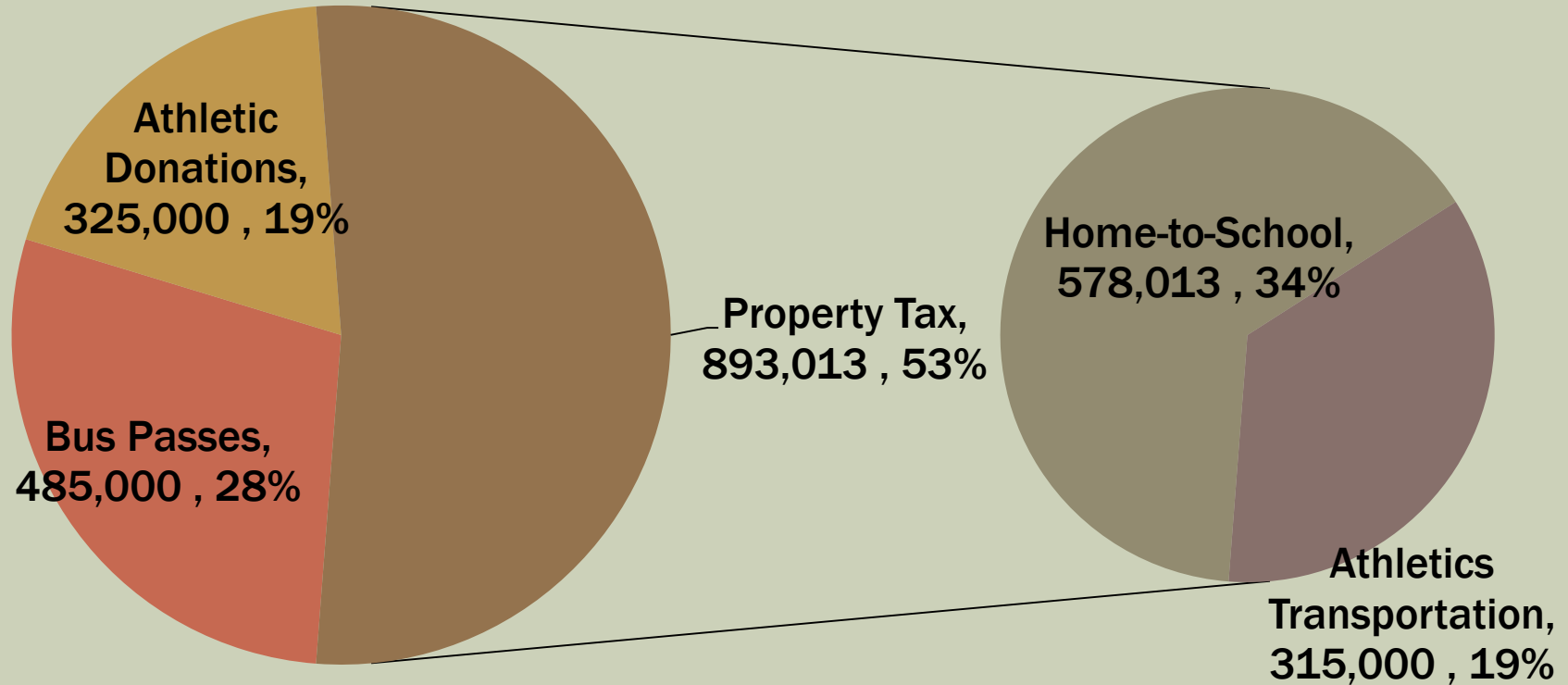
Total Riders 2014-15



	CV	DNO	EW	OC	LCC	SS	TP	SDHSA	CCA
Free Passes	10	26	8	9	21	11	26	-	-
Paid Passes	290	41	216	186	5	-	2	-	-
Athletes	-	-	-	-	1,247	-	1,221	707	804

CONSIDERATIONS FOR 2015-16

2014-15 Home-to-School & Athletic Transportation Revenue



CONSIDERATIONS FOR 2015-16

- **Home-to-School Transportation**
 - Reduce HTS encroachment by eliminating middle school transportation and high school shuttles
 - Redeploy HTS fleet and drivers to support athletic field trips to reduce costs
 - Fewer private charters
 - Reduced overtime costs for our drivers
 - Reduced wear on fleet extends life of buses
 - No change to Special Ed Transportation

CONSIDERATIONS FOR 2015-16

Districts Without MS/HS Transportation

Carlsbad
Escondido Union
Escondido High
Lakeside
Lemon Grove
Oceanside
San Marcos
San Pasqual
Santee
Vallecitos
Vista

Feeder Districts Without MS/HS Transportation

Cardiff
Del Mar
Encinitas
Rancho Santa Fe (K-8)
Solana Beach

NEXT STEPS

Property Tax / Assessed Value Meeting (Feb 13)



LCFF Calculation Update (February)



Site & Department Budget Development / Staffing Plans (March - May)



Monitor Trailer Bill Language (Spring)



Governor's May Revision (May 10th)



Proposed Budget Workshop & (June 4th)



Budget Adoption (June 18th)