



**BOARD OF TRUSTEES  
BUDGET WORKSHOP**

**Board of Trustees**  
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**Superintendent**  
Eric R. Dill

**Union High School District**

**THURSDAY, FEBRUARY 8, 2018  
4:30 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 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 published agenda. Unless an item is listed as an action item, 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](http://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.

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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 8, 2018  
4:30 PM**

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

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The Governing Board of the San Dieguito Union High School District has scheduled a Budget Workshop for Thursday, February 8, 2018, at the above location, in the Board Room.

1. CALL TO ORDER ..... **4:30 PM**
  
2. PUBLIC COMMENTS  
In accordance to the Brown Act, public comments are limited to item(s) listed on the agenda. Unless an item is listed as an action item, 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*)

**INFORMATION ITEMS**

3. BUDGET PLANNING UPDATE
  
4. ADJOURNMENT

# San Dieguito Union High School District

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF TRUSTEES

**DATE OF REPORT:** January 31, 2018

**BOARD MEETING DATE:** February 8, 2018

**PREPARED BY:** Tina Douglas  
Associate Superintendent, Business

**SUBMITTED BY:** Eric R. Dill, Superintendent

**SUBJECT:** BOARD WORKSHOP / BUDGET PLANNING  
UPDATE

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### EXECUTIVE SUMMARY

Presentation of the attached supplement will be made at the February 8, 2018 Board Workshop.

### RECOMMENDATION:

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

ITEM 3

# 2018-19 BUDGET PLANNING WORKSHOP

February 8,  
2018

# AGENDA

- 2018-19 Governor's Budget Proposal
- Prop 98 Revenues & Spending
- Local Control Funding Formula (LCFF)
  - LCFF vs Basic Aid
- First Interim Multi-Year Projection
- Governor's Proposals
  - ROP/CTE
  - Discretionary Fund
- Ongoing Expenditures
- Local Control Accountability Plan (LCAP)
  - California Dashboard
- CalSTRS/CalPERS Rate Increases
- Special Education
- Staffing Assumption in Multi-Year Projection (MYP)
- Ending Balance
- SDUHSD Ending Balance History
- Considerations for 2018-19
- Next Steps

# PROPOSITION 98 AND THE MAJOR K-12 PROPOSALS ITEM 3

**\$2.9 billion**



Fully fund LCFF

**\$1.8 billion**



One-time discretionary funding

**\$212 million**



Strong Workforce Program to establish a K-12 specific component

**\$100 million**



Teacher Workforce to increase and retain special education teachers

# PROPOSITION 98 AND THE MAJOR K-12 PROPOSALS <sup>ITEM 3</sup>

\$59.2 million

• County offices of education (COEs) to facilitate the improvement of school districts identified as being in need of differentiated assistance

\$10 million

• Special Education Local Plan Areas (SELPA) to work with COEs to provide LEAs with technical assistance to improve student outcomes as part of the statewide system of support

\$6.5 million

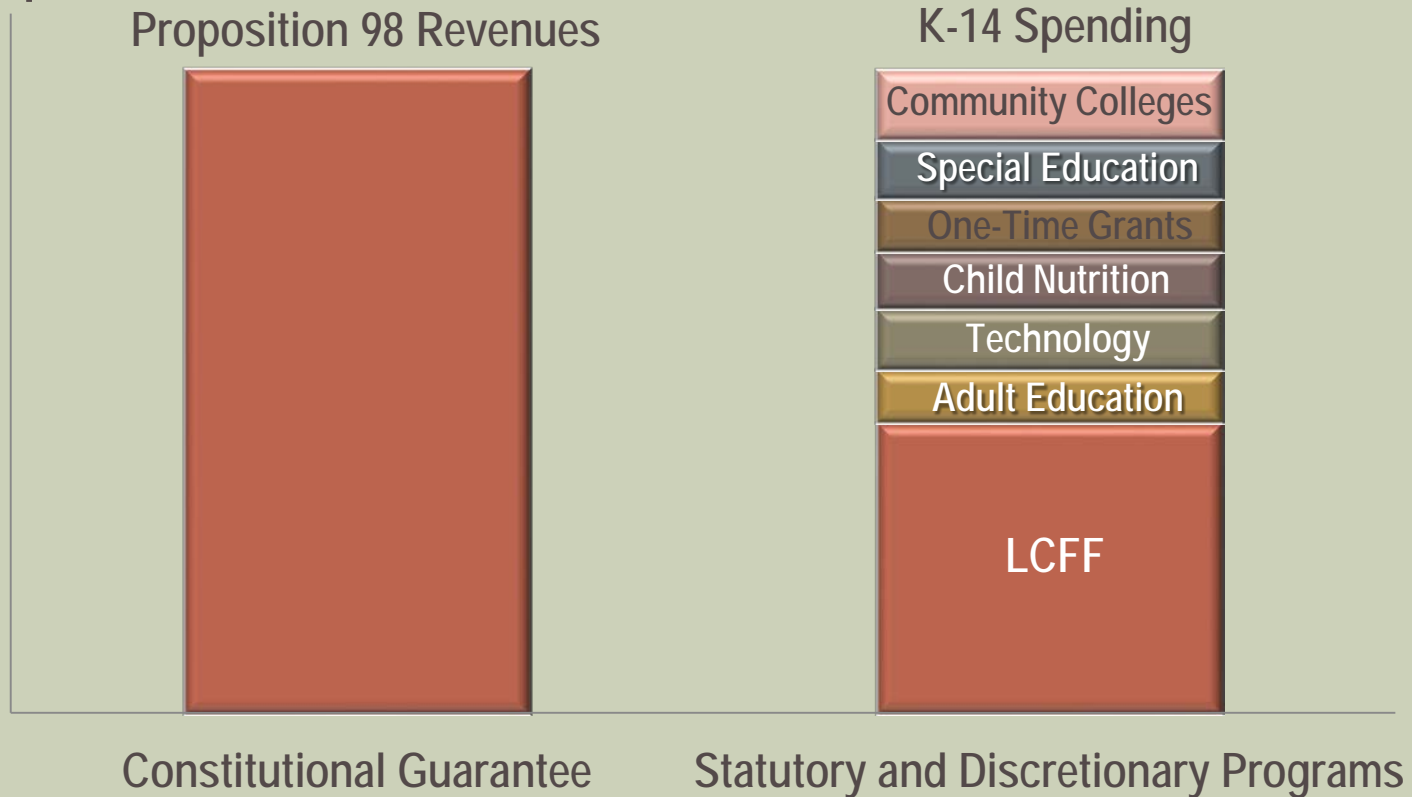
• California Collaborative for Educational Excellence

\$6.2 million

• COEs for cost-of-living adjustment (COLA) and ADA changes

# 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





# LOCAL CONTROL FUNDING FORMULA (LCFF)

ITEM 3

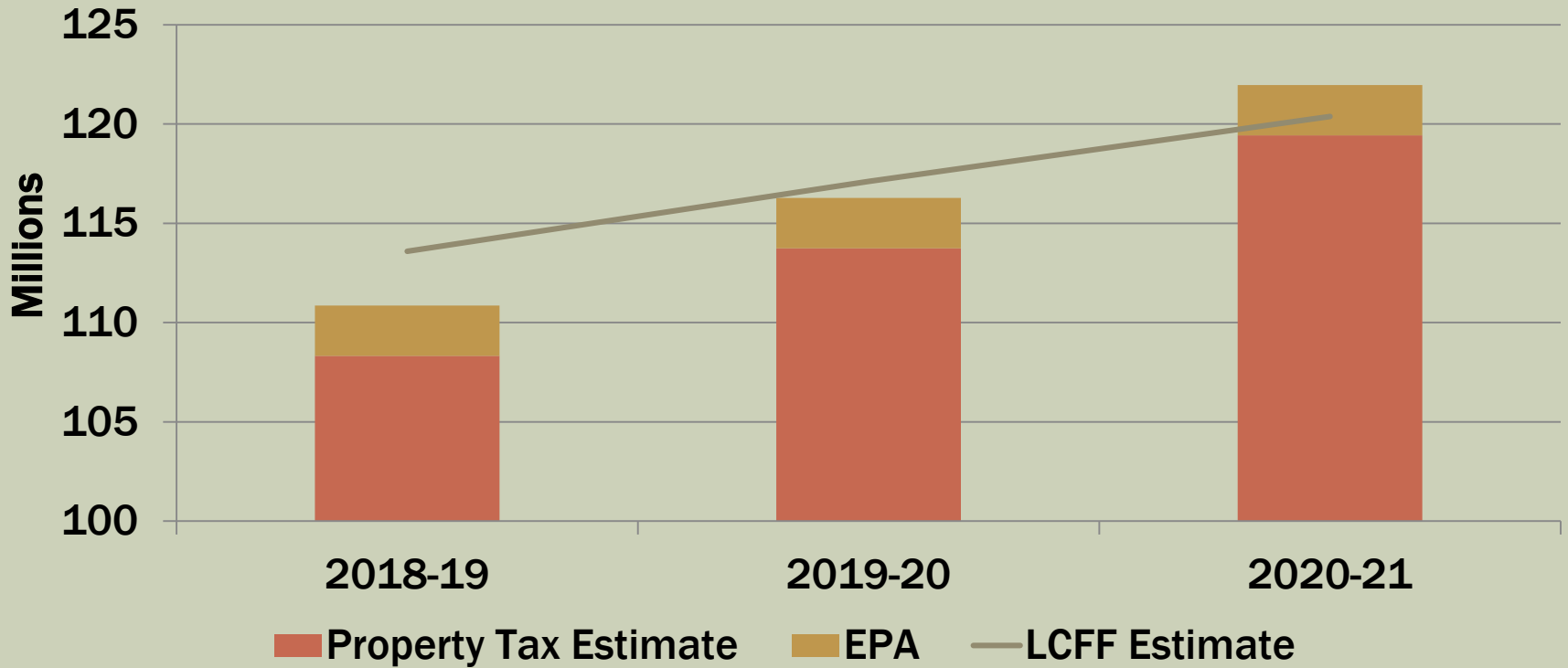
- Fully funded – two years early
- Future increases to LCFF will be limited to cost of living adjustments (COLA) only
- Does not provide any additional revenue over the previous multiyear projection, merely provides the same funding sooner

# 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
- Current multi-year projection uses a cautious projection of property tax revenue
  - Assumptions for 2018-19 will be developed through the Spring based on projections from the Assessor's Office
- The District continues to monitor LCFF and Basic Aid status

# LCFF vs BASIC AID

## First Interim Assumptions Projected LCFF for 2018-19, but Possible Transition to Basic Aid In Future Years



# FIRST INTERIM MULTI-YEAR PROJECTION

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

Multi-Year Projection 1/31/2018				
	2017-18	2018-19	2019-20	2020-21
Revenue	134,051,316	134,789,905	137,905,381	143,523,300
Expense	143,342,574	140,572,984	142,285,458	142,995,863
Surplus (Deficit)	(9,291,258)	(5,783,079)	(4,380,077)	527,437
Unrest. Ending Balance	13,515,318	7,732,239	3,352,162	3,879,599
GF Reserve	9.43%	5.50%	2.36%	2.71%
Unrestricted Reserve Surplus(Shortfall) of 3%	9,215,041	3,515,049	(916,401)	(410,277)
Special Reserve	2,520,050	2,545,251	2,570,703	2,596,410
Combined Reserve	16,035,368	10,277,489	5,922,865	6,476,009
Combined Reserve	11.19%	7.31%	4.16%	4.53%

# GOVERNOR'S ROP/CTE PROPOSAL

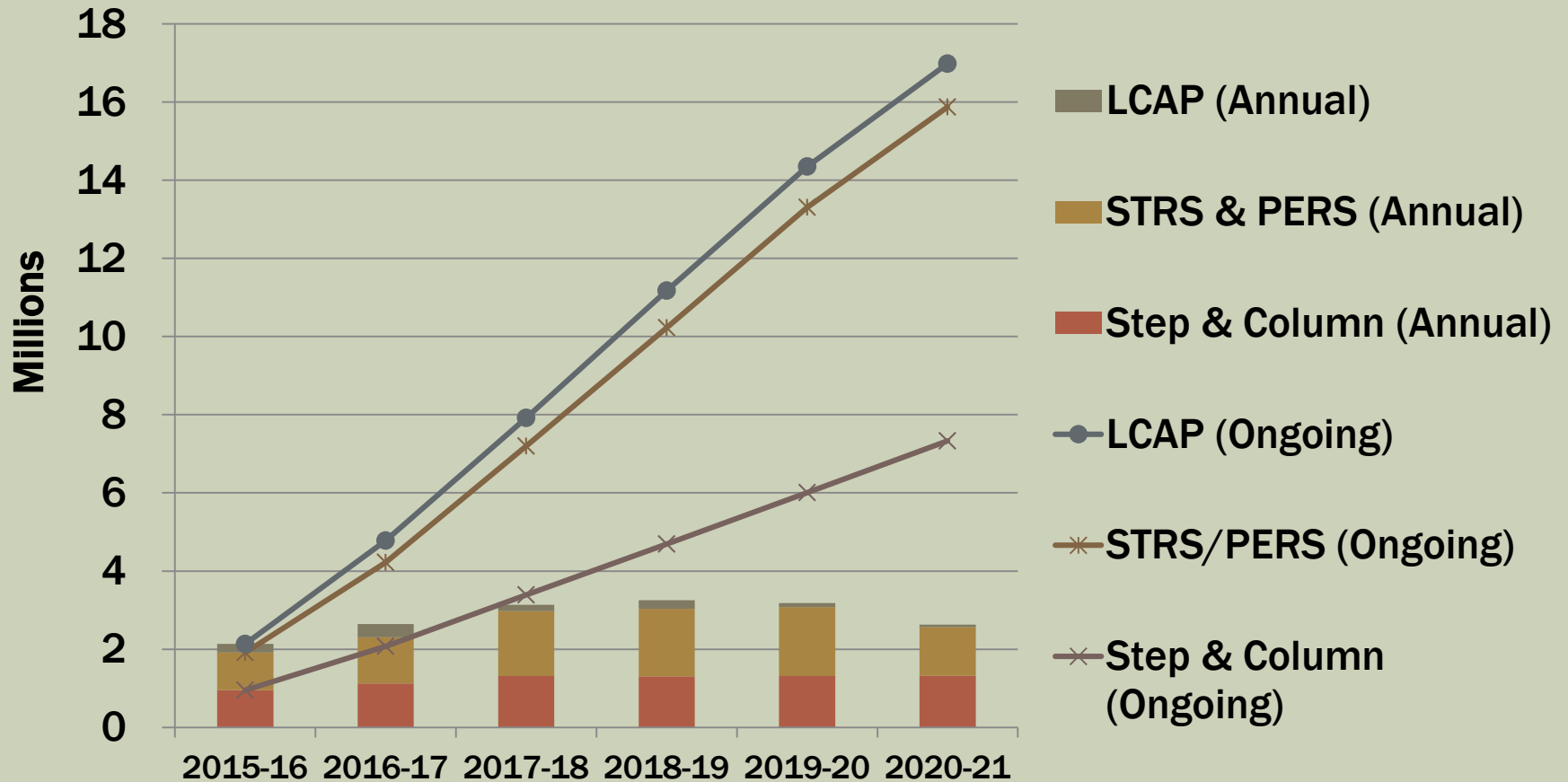
- \$200 million in on-going Proposition 98 funding
- In collaboration with community colleges to establish a K-12 component of the Strong Workforce Program aligned with industry skills
- No trailer bill details available yet on proposed framework

# GOVERNOR'S DISCRETIONARY FUND PROPOSAL

ITEM 3

- The Governor's State Budget proposal provides \$1.8 billion in discretionary, one-time Proposition 98 funds
- The discretionary funds proposed are scored as payments for the oldest mandates
  - The allocation amounts to about \$295 per ADA for districts
- The Governor suggests the one-time funds may be used
  - To support deferred maintenance,
  - To provide professional development,
  - To support technology infrastructure, and
  - To develop open education resources.

# ONGOING EXPENDITURES ADD UP



# LCAP - STUDENT ACHIEVEMENT IS PARAMOUNT

- After more than five years of the LCFF/LCAP model, it is time to see if the achievement gap is being closed
  - Are there clear signs that the needle is moving in a positive direction?
  - Five years isn't long enough to fully evaluate a system this large and complex, but there is enough performance data to review
  - The focus is now shifting to accountability
    - California School Dashboard
    - "Technical assistance"
- Bottom line – the true test of the LCFF/LCAP model is found in the performance of students, and it is now time to begin the analysis and reporting of overall results



# CALIFORNIA DASHBOARD

This report shows the performance levels for all students and for each student group on the state indicators. Select any of the underlined indicators for more detailed information.

State Indicators	All Students	English Learners	Foster Youth	Homeless	Socioeconomically Disadvantaged	Students with Disabilities	African American	American Indian
<a href="#">Chronic Absenteeism</a>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<a href="#">Suspension Rate (K-12)</a>			*	*				
<a href="#">English Learner Progress (1-12)</a>		N/A	N/A	N/A	N/A	N/A	N/A	N/A
<a href="#">Graduation Rate (9-12)</a>			*	*			*	*
<a href="#">English Language Arts (3-8)</a>			*	*			*	*
<a href="#">Mathematics (3-8)</a>			*	*			*	*

### Performance Levels:

Red (Lowest Performance)
 Orange
 Yellow
 Green
 Blue (Highest Performance)

An asterisk (\*) shows that the student group has fewer than 11 students and is not reported for privacy reasons. The performance level (color) is not included when there are fewer than 30 students in any year used to calculate status and change. An N/A means that data is not currently available.

# CaISTRS RATE INCREASES

- Employer rates are increasing to 16.28% in 2018-19, up from 14.43% in 2017-18
  - No specific funds are provided for this cost increase
- Estimated increase of \$1.3M based on 2017-18 salaries

Year	Employer	Pre-PEPRA*	Post-PEPRA*
		Employees	Employees
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

# CaIPERS RATE INCREASES

- The employer contribution to CalPERS is proposed to increase to 17.7% in 2018-19, up from 15.531% in 2017-18
- Estimated increase of \$500K based on 2017-18 salaries
- Estimates of the resulting future contribution rate increases for school employers, which reflect the reduction in the investment return rate, are as follows:

<b>Actual</b>	<b>Projected</b>				
<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>15.531%</b>	<b>17.7%</b>	<b>20.0%</b>	<b>22.7%</b>	<b>23.7%</b>	<b>24.3%</b>

# SPECIAL EDUCATION

- The Governor's proposed 2018-19 State Budget for special education provides estimated COLA of \$13.58 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

# STAFFING ASSUMPTIONS IN MYP

- Normal annual increases in step & column movement
- Benefits increases

# THE PROPOSITION 98 RESERVE

- Contributions to the Proposition 98 reserve occur only if four conditions are met

**The Prop 98 maintenance factor is fully repaid**

**Met: The maintenance factor has been fully repaid**

**Prop 98 is funded based on Test 1**

**Not met: Funding based on Test 3 in 2018-19**

**Prop 98 is sufficient for enrollment growth and statutory COLA**

**Met: ADA decline of 0.29% & statutory COLA of 2.51% fully funded**

**Deposit is made into the Prop 98 reserve when capital gains exceed 8% of GF revenues**

**Met: Capital gains revenues account for 9.8% of tax revenues in 2018-19**

- If these conditions are met, a hard cap on district reserves is imposed in the following year

# AMENDMENTS TO DISTRICT RESERVE CAP

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## Proposition 2

## SB 751

- **Senate Bill (SB) 751 (Chapter 674/2017) was signed into law by Governor Brown in October 2017 which made changes to Proposition 2**
- **According to the Governor’s Budget, the district reserve cap will not be triggered in 2018-19**

**Imposed in any fiscal year immediately after a fiscal year in which a transfer is made into the Public School System Stabilization Account (PSSSA)**

**Imposed in a fiscal year immediately after a fiscal year in which funds in the PSSSA equal or exceed 3% of the Proposition 98 funding for school districts for that fiscal year**

**Requires the State Superintendent of Public Instruction to notify districts and COEs when these conditions are met and when they are no longer met**

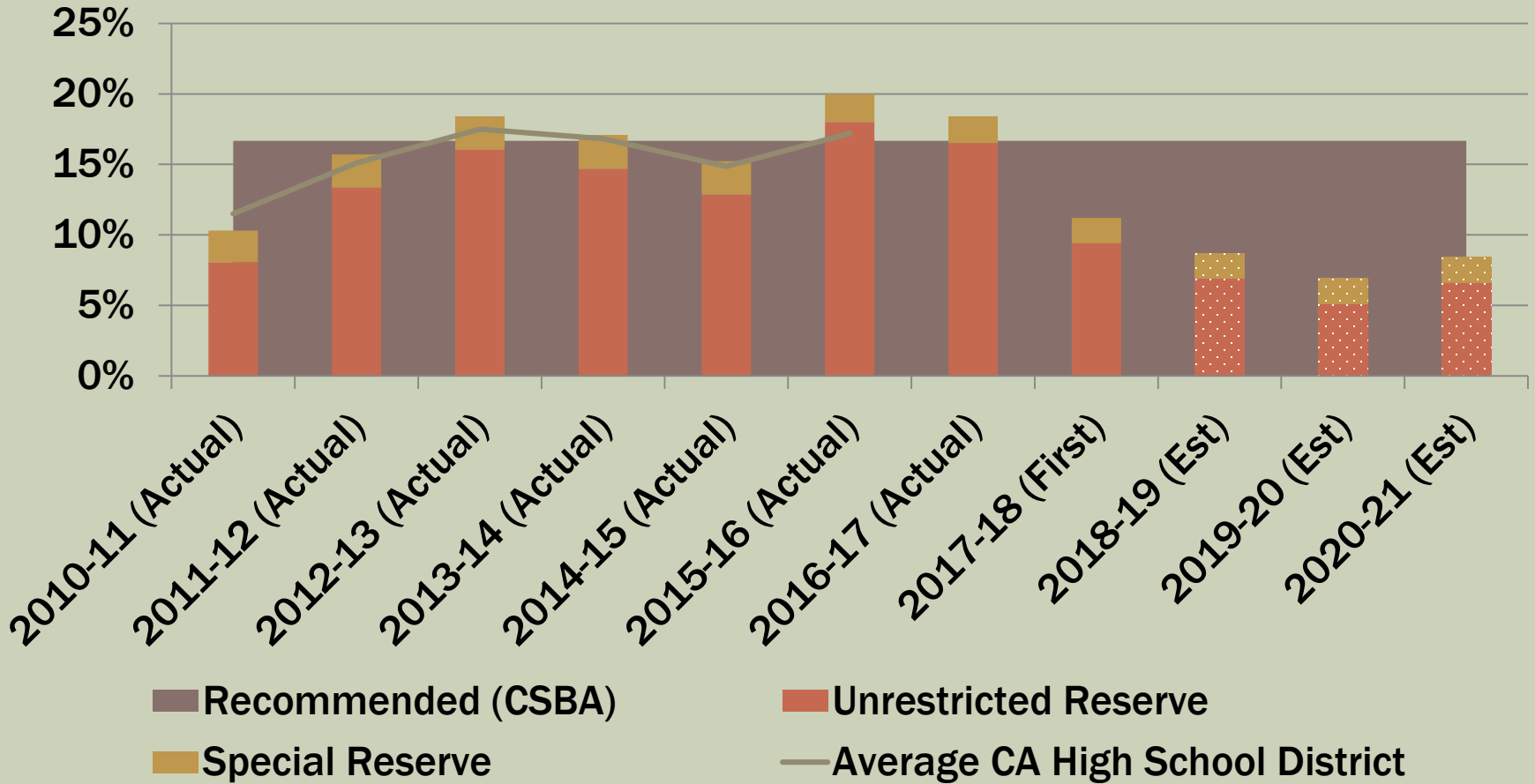
**Applies to a combined assigned and unassigned ending fund balance based on the size of the district**

**Applies to a combined assigned or unassigned ending balance, in the General Fund (01) and the Special Reserve Fund for Other Than Capital Outlay (17), of 10% of those funds for all districts**

**Exempts basic aid districts and districts with fewer than 2,501 ADA**

**Technical amendment needed so that the application of the 10% cap is implemented as intended**

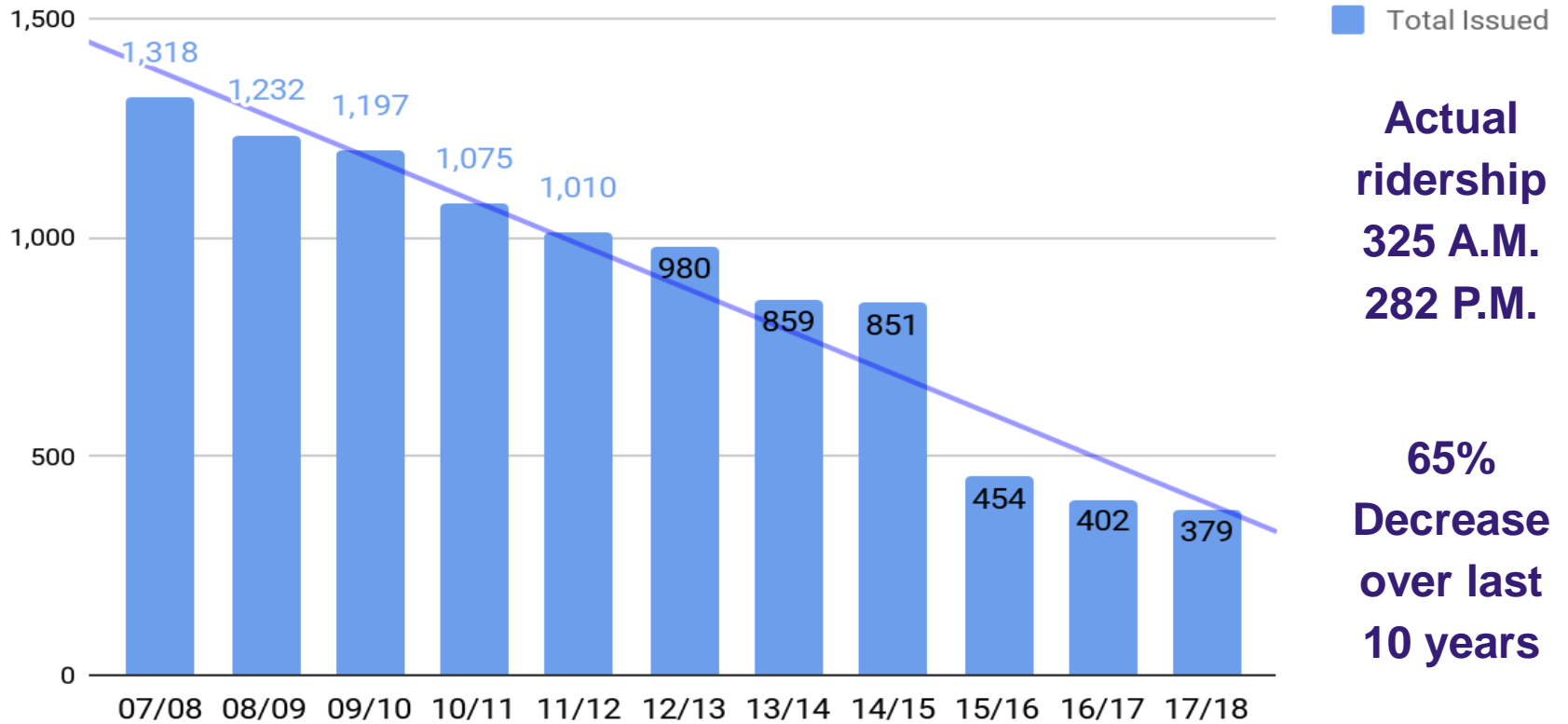
# SDUHSD ENDING BALANCE HISTORY





# BUS PASSES ISSUED

## Bus Passes Issued



# CURRENT MIDDLE SCHOOL ROUTES (10.5)

- **2 Oak Crest**
  - 1 morning route at 4% capacity / afternoon route at 36%
  - 1 morning route at 10% capacity / afternoon route at 70%
- **4 Carmel Valley**
  - 2 morning routes at 100% capacity / afternoon routes at 74% and 60%
  - 1 morning route at 90% capacity / afternoon route at 64%
  - 1 morning route at 68% capacity / afternoon route 22%
- **2.5 Earl Warren**
  - 1 morning route at 10% capacity / afternoon route at 70%
  - 1 morning route at 20% capacity / afternoon route at 42%
  - 1 afternoon route at 24% capacity
- **2 Diegueno**
  - 1 morning route at 100% capacity / afternoon route at 40%
  - 1 morning route at 32% capacity / afternoon route at 24%

# CURRENT HIGH SCHOOL ROUTES (2)

ITEM 3

- **Torrey Pines**
  - 1 morning route at 48% capacity / afternoon route at 28%
  
- **Sunset**
  - 1 morning route at 60% capacity / afternoon route at 26%

# CONSIDERATIONS FOR 2018-19

## Aging Bus Fleet

### 50 total buses in fleet

- Average age = 15.5 years
- Average mileage = 203,713 (increase of over 61,000 over two years)
- Significant vehicle down time due to major mechanical repairs and required body/paint restoration
- Replacement parts become difficult to locate after 10 years
  - Manufacturer requirement for this time period only

# CONSIDERATIONS FOR 2018-19

- **Athletic Transportation also supported by the General Fund**
  - Over 1,500 athletic field trips per year
  - Over 4,000 student athletes
  - About half of athletic field trips are chartered at a higher cost when District buses or drivers are unavailable

# CONSIDERATIONS FOR 2018-19

## 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**

# CONSIDERATIONS FOR 2018-19

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

# NEXT STEPS

LCFF Calculation Update (February)



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



Monitor Trailer Bill Language (Spring)



Governor's May Revision (May 10<sup>th</sup>)



Proposed Budget Review (June 7<sup>th</sup>)



Proposed Budget Adoption (June 21<sup>st</sup>)