



Understanding Our District Budget



Pacifica School District
February 12, 2020
Board Presentation



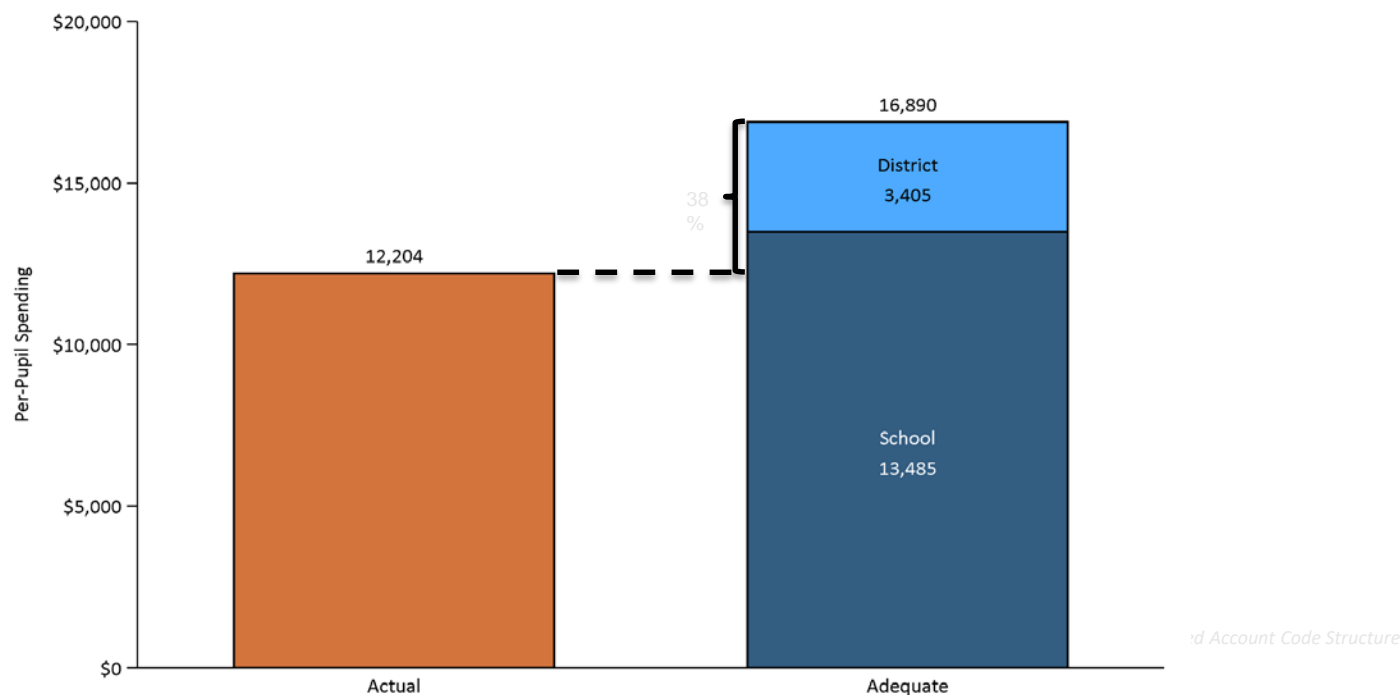
Objectives

- Introduction to District Finances
- Increase community awareness and understanding of how California public school funding works
- Increase staff and community understanding so that we can maximize resources

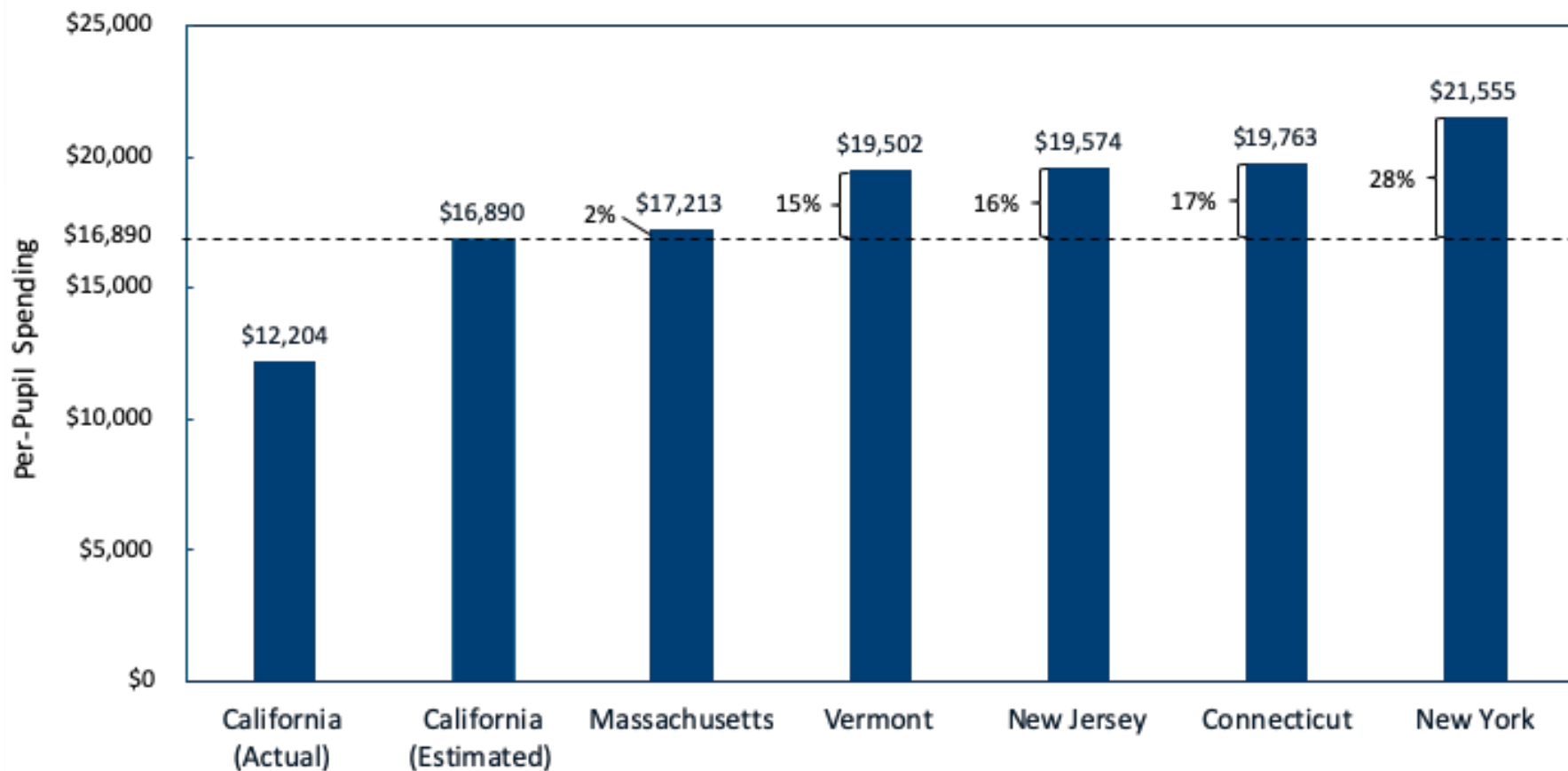
General Fund



Differences in Actual Spending and Adequate Cost Per-Pupil



Actual Spending and Estimated Adequate Cost Per Pupil in California Compared to Actual Spending Per Pupil in Other States (2016-17)



Sources: AIR calculations from PJP resource specifications and California Department of Education (CDE) Student & School <https://www.cde.ca.gov/ds/sd/sd/>.

Revenues-

Local Control Funding Formula (LCFF)

- The LCFF is a calculation that determines the base per student state funding that a district will receive. Supplemental funding allocations are added for English learners, students in poverty and foster youth
- The amount calculated is compared to the total property tax dollars received. If taxes are lower, the state provides additional funds up to the allocation
- If property taxes exceed the LCFF calculation, then the district retains its local property taxes and does not receive additional funds from the state. Such districts are classified as “community funded” or “basic aid”

Differences Between Community Funded and State Funded (LCFF) Districts

- State Funded (LCFF)
based on Average
Daily Attendance
(ADA)

ADA drives funding received

Property tax changes increase
or decrease state aid, not
total revenues

ADA increases result in
increased total revenues

For total revenues, ADA
matters, property tax doesn't

- Community Funded –
Property Taxes

Changes in assessed property values
drives funding

Changes in property taxes increase
or decrease revenues

ADA increases do not result in
revenue increases, and therefore
reduce per-pupil revenues

For total revenues, property taxes
matter, ADA doesn't

2020–21 **Proposed*** LCFF Funding

Grade Span	2020–21 Adjusted Grants Per ADA	20% Supplemental Grant— Total UPP	50% Concentration Grant—UPP Above 55%
K–3	\$8,697	\$1,739	\$4,349
4–6	\$7,997	\$1,599	\$3,999
7–8	\$8,234	\$1,647	\$4,117
9–12	\$9,791	\$1,958	\$4,896

Supplemental and concentration grants are calculated based on the percentage of an LEA's enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

Pacifica receives Supplemental Grant Funding not Concentration Grant Funding

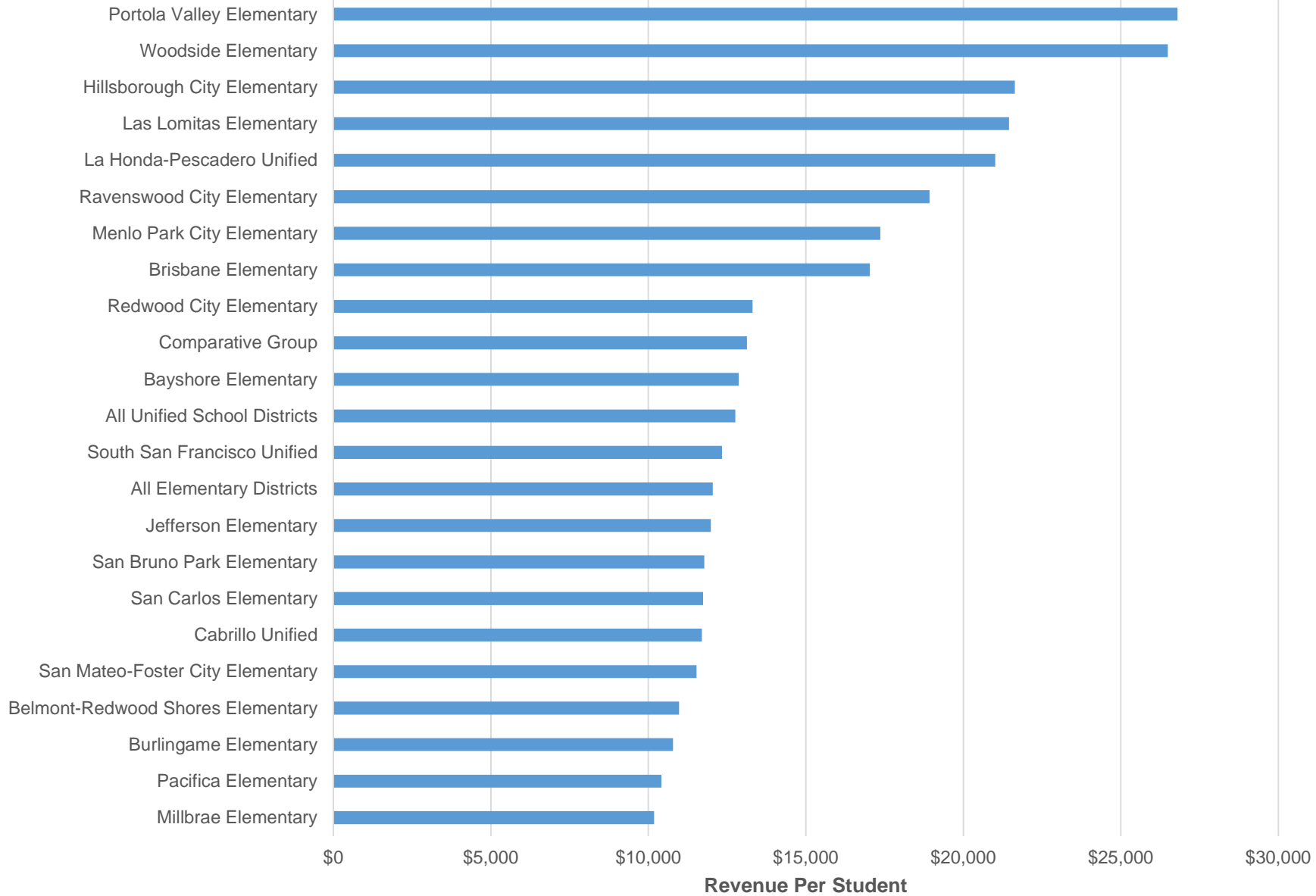
Revenues- 2 Challenges

- We are a low revenue district surrounded by high revenue districts.
- The Cost of Living (COLA) increase of 2.29% does not meet increasing expenses.

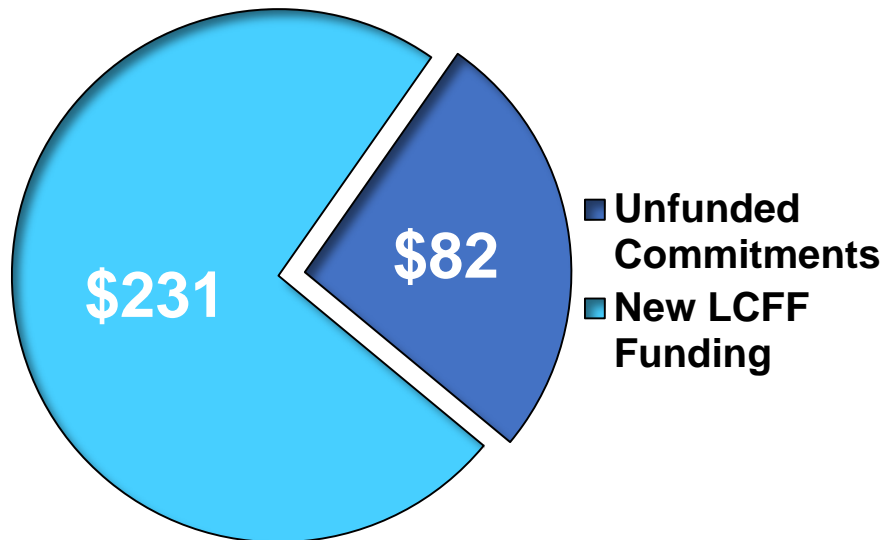


17-18 Revenue/Student

School District



2020–21 Funding Commitments



	Rate	Per ADA
COLA Only	2.29%	\$231
Total Commitments		-\$313
Remaining New Funds		-\$82

- New revenues only cover three-quarters of the costs committed to servicing the salary schedule
 - Commitments do not include any increases to health and welfare benefit costs, retiree benefits or increases related to special education.

General Fund



CalSTRS and CalPERS Rate History

■ STRS Rates

Year	Employer Rate
2014-15	8.88%
2015-16	10.73%
2016-17	12.58%
2017-18	14.43%
2018-19	16.28%
2019-20	17.10%
2020-21	18.40%
2021-22	18.10%
2022-23	18.10%

■ PERS Rates

Year	Employer Rate
2014-15	11.77%
2015-16	11.85%
2016-17	13.89%
2017-18	15.53%
2018-19	18.06%
2019-20	19.71%
2020-21	22.80%
2021-22	24.90%
2022-23	25.90%



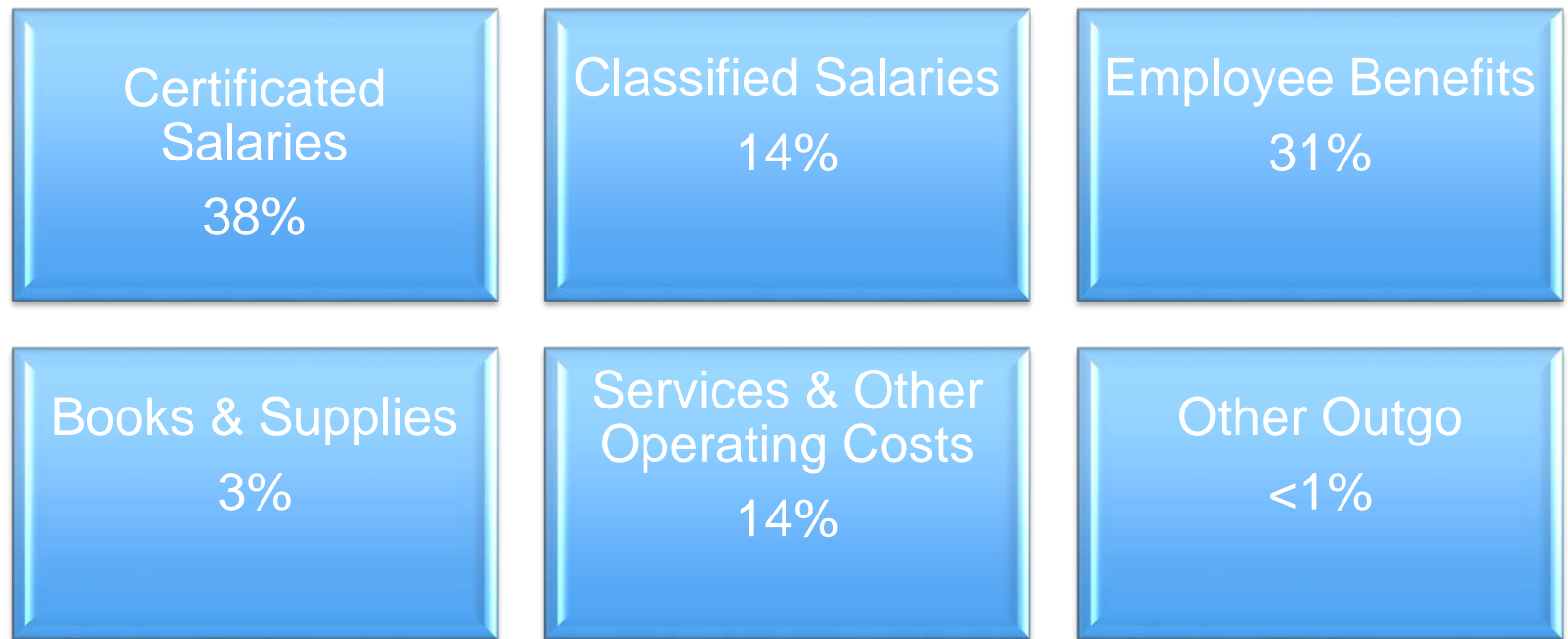
Expenditure Challenges

“The Silent Recession”

- CalSTRS employer contribution = 17.10%
- CalPERS employer contribution = 19.71%
- Employee Health Benefit costs
- Rapidly Escalating Special Education Costs
- Bay Area Bonus
 - The cost of doing business and living in the Bay Area is very expensive.

Kelsey Krausen, and Jason Willis,
Silent Recession: Why California School Districts are Underwater Despite Increases in Funding

General Fund Expenditures



83 percent of expenditures are salary & benefits

What's Not in the Budget?



General Fund



Statewide Average Reserve Levels (2017-2018)

2017-2018 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances as a Percentage of Total General Fund Expenditures		Change from Prior Year
Unified School Districts	16.98%	-0.27%
Elementary School Districts	20.20%	-0.88%
High School Districts	15.63%	-1.01%

- Recommended Reserve Levels are 17% (two months of payroll)
- For PSD 2 months of payroll = \$5M, current PSD Reserve = 4.7%

County Oversight

- Review Interim Report
- Status of Budget Reductions
- Certification status

General Fund



PSD Budget Concerns

- Employee compensation is not competitive with surrounding districts
- Reserve levels at the minimum levels
- Special Education costs outpacing new revenue
- STRS and PERS employer pension costs continue to increase
- Economic indicators point to a slowing economy

Discussion/Questions