

Unraveling the District Budget

Twin Rivers Unified School District
Presented to the Board of Trustees
January 14, 2020

Presented By:

Kate Ingersoll
Executive Director
Fiscal Services

Gina Carreón
Associate Superintendent
Human Resources



Twin Rivers Unified School District: *Inspiring each student to extraordinary achievement every day!*



Topics for the Workshop

- 🔍 **The Governor's 2020-21 Budget Proposal**
- 🔍 **Affects to Twin Rivers Unified School District**
 - Revenue
 - Expenditures
- 🔍 **2020-21 Structural Deficit**
- 🔍 **Budget Reductions 2018-19 and 2019-20**
- 🔍 **Cost of 1% Salary Increase**
- 🔍 **Salary increases – Last Seven Years**
- 🔍 **2020-21 Budget Development – Next Steps**
- 🔍 **2020-21 Structural Deficit – Requested Information**
- 🔍 **2020-21 Structural Deficit – Discuss Options**
- 🔍 **March 11, 2020 Board Meeting – Next Steps**



The Governor's 2020-21 Budget Proposal

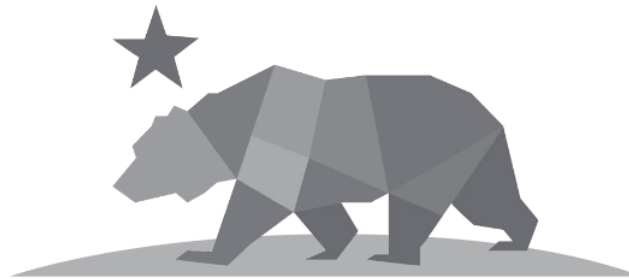
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2020-21 Governor's Budget Proposal

GOVERNOR'S BUDGET SUMMARY 2020-21



Gavin Newsom, Governor
State of California

To the California Legislature
Regular Session 2019-20

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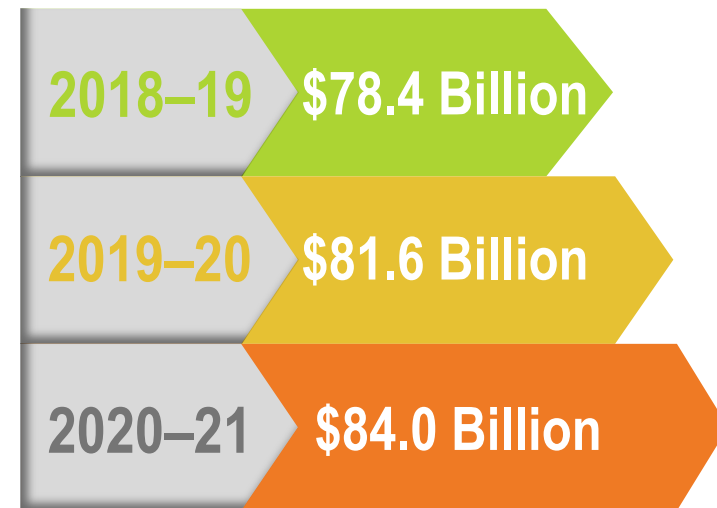
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Proposition 98—Past, Current, and Future

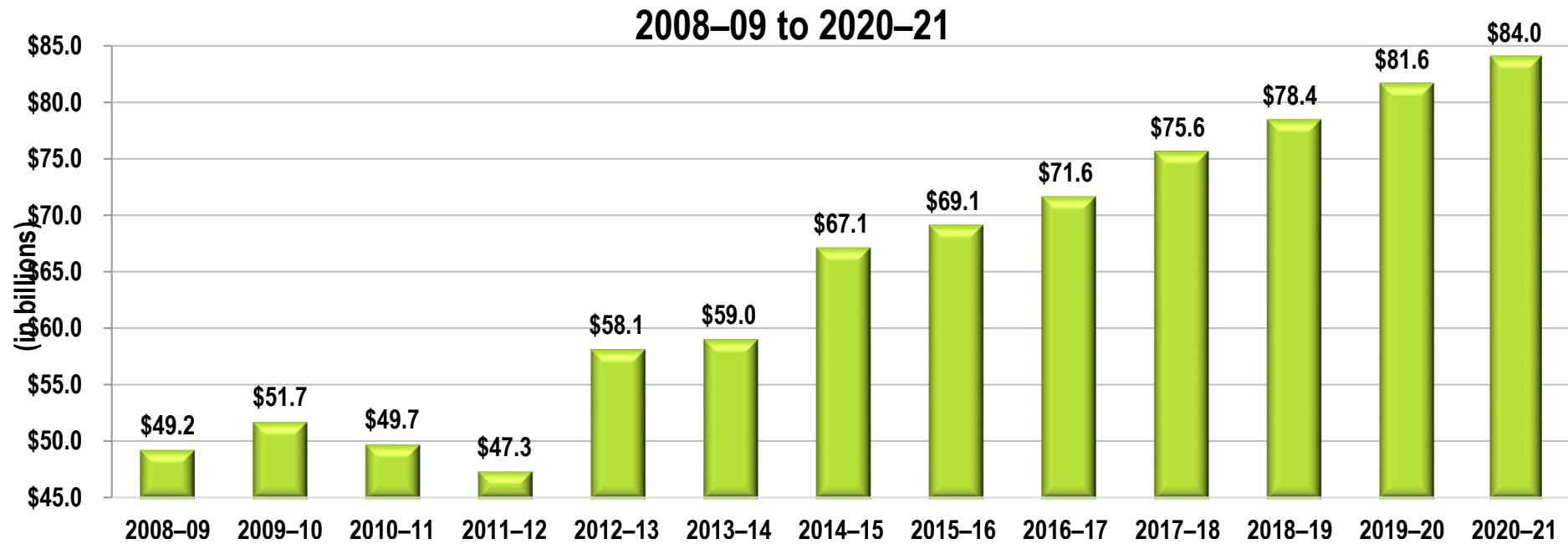
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- ▶ The 2020–21 minimum guarantee is projected to be \$84 billion
 - ▣ A \$2.4 billion (2.9%) increase from last year’s revised State Budget
- ▶ The minimum guarantee increased from the 2019 Budget Act for both 2018–19 and 2019–20
 - ▣ Due largely to an increase in property taxes in 2018–19 and increased General Fund revenues in both 2018–19 and 2019–20
 - ▣ Resulting in a total of \$3 billion in additional funding



Proposition 98 Funding Over Time

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Source: 2020–21 Governor's Budget, page 68

2020–21 Local Control Funding Formula

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- ▶ The State Budget proposes \$1.2 billion towards the Local Control Funding Formula (LCFF) to fund the **2.29%** statutory cost-of-living adjustment (COLA)
 - ▣ Which brings LCFF funding to \$64.2 billion (up from \$63 billion in 2019–20)
 - ▣ **This is lower than the 3% COLA projected at adoption of the 2019-20 State Budget, but higher than the Legislative Analyst's Office estimate of 1.79%**
- ▶ 2020–21 LCFF growth provides an average increase in per-pupil funding of an estimated \$231 per average daily attendance (ADA), or **2.14%** (individual results will vary)
 - ▣ **The lower 2.14% increase** takes into consideration that no COLA is provided for Targeted Instructional Improvement Grant, Transportation, or Economic Recovery Target funds

Multiyear Projections

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Change From 2019–20 Enacted State Budget to 2020–21 Governor’s Proposed State Budget				
Assumption	2020–21	2021–22	2022–23	Applied to
COLA %	-0.71%	-0.09%	-0.34%	<ul style="list-style-type: none">• LCFF• Special education and other categorical programs• Mandate Block Grant (MBG)

► Small percentage changes applied to a big number can be significant

Special Education—Funding Based on Preschoolers with Disabilities

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- ▶ Like the 2019–20 State Budget, Governor Gavin Newsom proposes to provide funding to school districts based on the three-, four-, and five-year-old preschoolers with disabilities that they serve
 - ▣ The 2020–21 allocation of \$250 million would be one time
 - Based on the latest data, we would estimate the per-pupil rate at \$4,570
- ▶ Unlike the 2019-20 State Budget, the Administration specifies that districts will be required to allocate these funds to increased or improved services
 - ▣ In the current year, while the dollars were apportioned based on pupil count, they were not required to be used for any specific purpose

Governor's Proposed Investments

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- ▶ \$ 1.2 billion LCFF COLA
- ▶ \$900 million Educator Recruitment and Retention
- ▶ \$250 million Preschool Students with Disabilities (Continuation from 19-20)
- ▶ \$300 million Community School Grant
- ▶ \$300 million Opportunity Grants
- ▶ \$15 million Computer Science Teaching Authorizations
- ▶ \$75 million Inclusive Early Education Expansion Program
- ▶ \$60 million School Nutrition
- ▶ \$10 million Training for School Food Service Workers


Categorical Programs are BACK!

What's Not in the Budget?

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**Increased
LCFF Targets**



**Payments to
Reduce
CalSTRS and
CalPERS Costs**



**One-Time
Discretionary
Grants**

IMPACT TO TWIN RIVERS UNIFIED SCHOOL DISTRICT

Twin Rivers Unified School District: *Inspiring each student to extraordinary achievement every day!*

Slide 11



2020-21 Local Control Funding Formula (LCFF) Effects - 2.29% COLA and Student Decline

 **LCFF revenue increase \$2.2 million**

- **2.29% increase = \$6.4 million**
- **Student decline = (\$4.2 million)**



LCFF Revenue 2020-21 Change from Prior Year

(January
Governor's
Proposal)

 LCFF revenue increase \$2.2 million

- Base revenue increase \$1.8 million
- Supplemental/Concentration revenue increase \$400,000

Note: 2020-21 LCFF revenue includes **2.29% increase**, decrease in “funded” ADA of 365 and TRUSD unduplicated pupil percentage of 87.19%.



Increased Cost Step/Column

Increase in salaries	2020-21 Step/Column	2020-21 Unrestricted	2020-21 less subs & stipends	2020-21 Net Unrestricted Salary	Increase x Salary
Certificated	1.40%	\$113,288,187	\$6,175,577	\$107,112,610	\$1,499,576
Classified	2.20%	\$37,569,997	\$1,297,984	\$36,272,013	\$797,984
Statutory Benefits (no health)					\$256,153
Total		\$150,858,184			\$2,553,713

Rounded Total - \$2,500,000



Increased Cost Contribution to Restricted

🔍 Routine Restricted Maintenance Account and Special Education (restricted programs) require an additional contribution from unrestricted for step/column increases; \$438 thousand for 2020-21.

🔍 Total Step/Column **\$2.9 million**



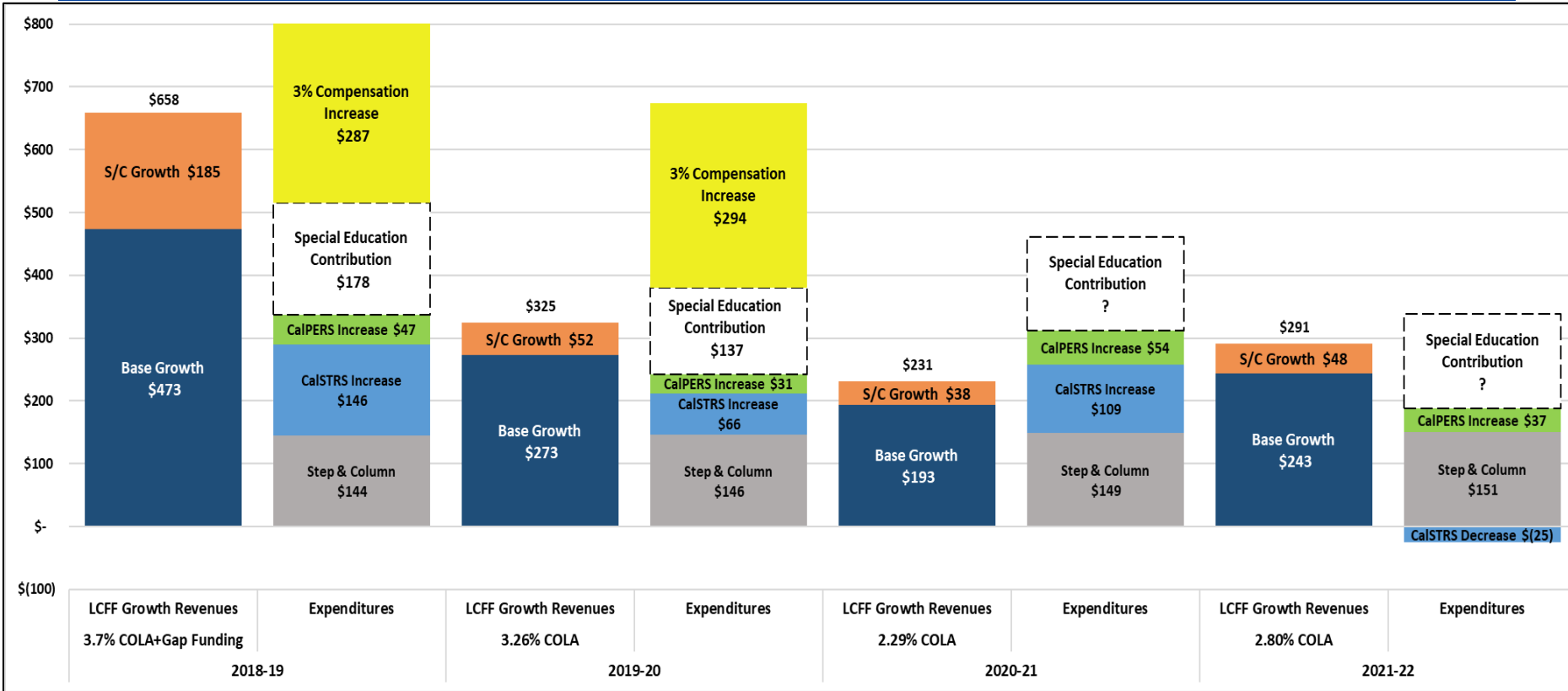
Increased Cost STRS & PERS

Increase in STRS/PERS	2019-20 Rate	2020-21 Rate	Change	2020-21 Unrestricted Salary	Increase x Salary
STRS	17.10%	18.40%	1.30%	\$113,288,187	\$1,472,746
PERS	19.72%	22.59%	2.87%	\$37,569,997	\$1,078,259
Total				\$150,858,184	\$2,551,004

Rounded Total - \$2,500,000



LCFF Per ADA



Cost Reductions due to Declining Enrollment - Fewer Teachers

ADA decline	268	
Assume ADA 95% = Students	281	ADA/.95
Assume average class size is 28 (K-12)	10 FTE	281/28
2020-21 Assumption	4 FTE	(Plus Three for Regency Park 8 th Grade)
Average savings	\$110,000	
Teacher salary/benefit savings	\$440,000	

 **Only - 4 fewer teachers salary and benefits at \$110,000 = \$440,000**



2020-21 Structural Deficit – 2019-20 First Interim

\$0.8 million	New Base Revenue
- \$2.9 million	One-time Revenue
- \$2.9 million	Step/Column
- \$2.5 million	STRS & PERS
+ \$0.4 million	Fewer Teachers (Declining Enrollment)
+ \$0.4 million	PY Surplus
(\$6.7 million) Structural Deficit	



2020-21 Structural Deficit – with Governor’s January Proposal

\$0.8 million	New Base Revenue
+ \$1.0 million	Additional New Base Revenue
- \$2.9 million	One-time Revenue
- \$2.9 million	Step/Column
- \$2.5 million	STRS & PERS
+ \$0.4 million	Fewer Teachers (Declining Enrollment)
<u>+ \$0.4 million</u>	<u>PY Surplus</u>
(\$5.7 million)	Structural Deficit



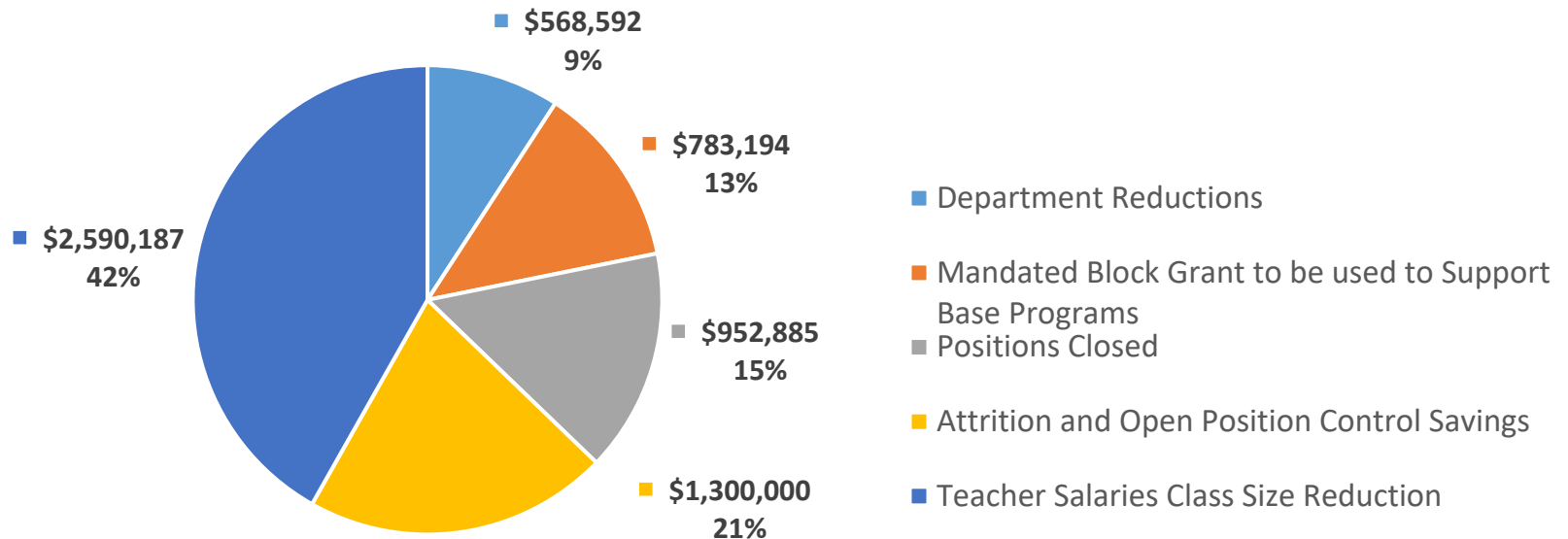
2020-21 Structural Deficit – with Governor's January Proposal

\$ 5.7 Million Structural Deficit for 2020-21



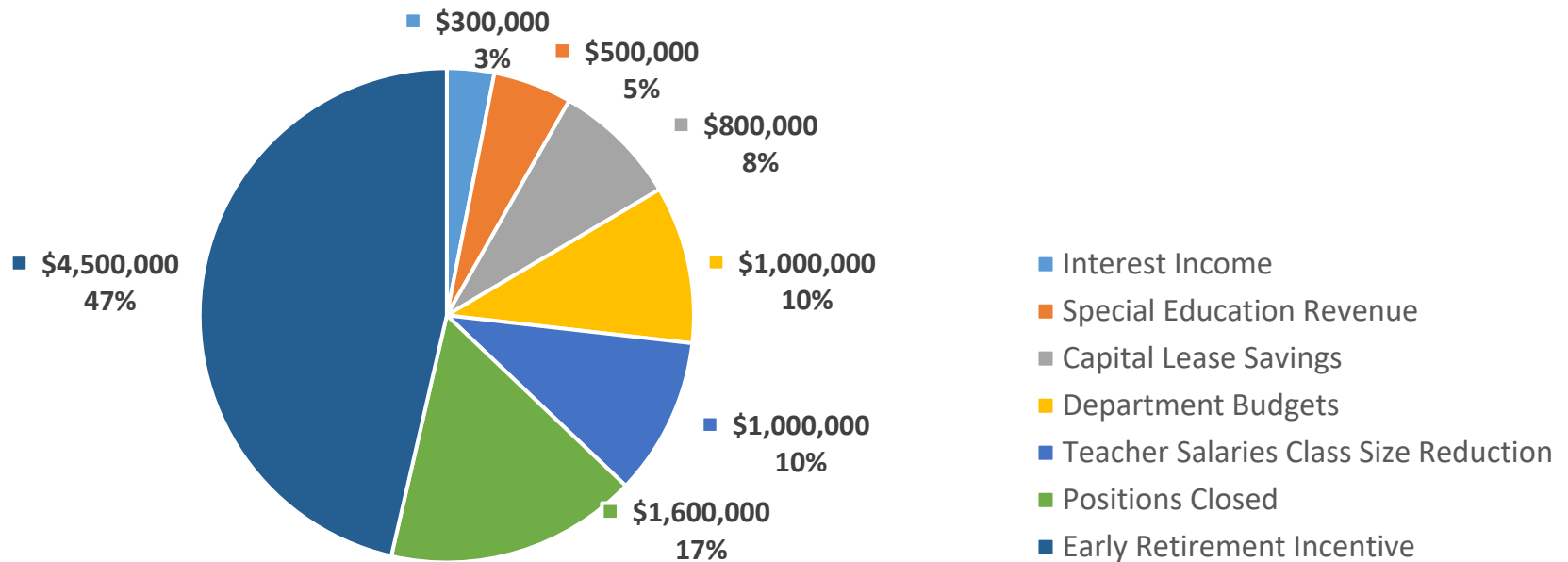
Budget Reductions of Twin Rivers Unified School District

2018-2019 Budget Reductions - \$7.2 million



Budget Reductions of Twin Rivers Unified School District

2019-2020 Budget Reductions - \$9.7 million



Most of the TRUSD Budget pays for our Staff

77%



Salaries and Benefits

13%



Services and Operations

10%



Books, Supplies, Capital Outlay and Other Expenses

TRUSD already made \$16.9 million in budget reductions in past two years

TRUSD still needs to cut ~~\$3.8M~~ more

\$5.7 Million



Cost of 1% Salary Increase

TWIN RIVERS UNIFIED SCHOOL DISTRICT
COST OF 1%
General Fund
2019/20

Statutory Benefits	TRUE 20.290%	CSEA 30.100%	TRSPA 32.764%	Certificated Management 20.290%	Classified Management & Confidential 30.100%	TOTAL
Total Salaries (w/o stat. ben.)	<u>\$115,045,716</u>	<u>\$36,907,822</u>	<u>\$1,467,289</u>	<u>\$15,061,840</u>	<u>\$5,717,713</u>	<u>\$174,200,380</u>
TOTAL FTE	1,410.730	918.950	22.000	116.750	53.000	2,521.430
Average Salary (Base) (statutory benefits not incl.)	\$81,550	\$40,163	\$66,695	\$129,009	\$107,881	\$69,088
TOTAL 1%						
SALARIES ONLY	\$1,150,457	\$369,078	\$14,673	\$150,618	\$57,177	\$1,742,004
SALARIES PLUS STAT BENEFITS	\$1,383,885	\$480,171	\$19,480	\$181,179	\$74,388	\$2,139,103

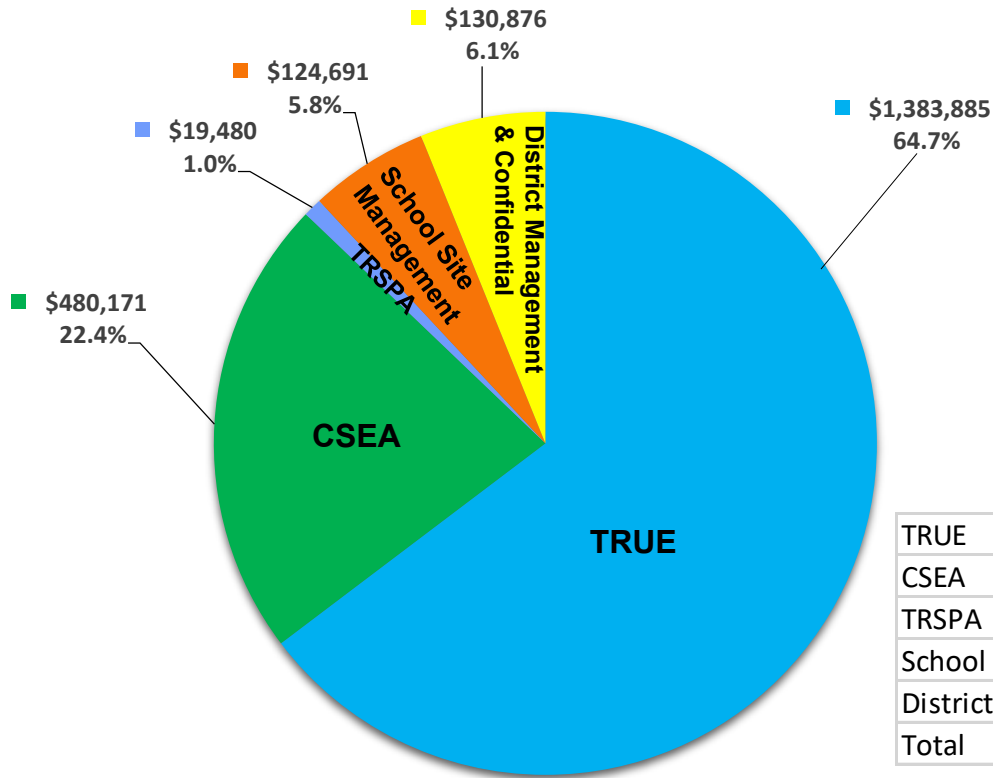
Rounded Total \$2,150,000

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Cost of 1% Salary Increase



TRUE	\$	1,383,885
CSEA	\$	480,171
TRSPA	\$	19,480
School Site Management	\$	124,691
District Management & Confidential	\$	130,876
Total	\$	2,139,103



Cost of Employee Salary Increases

Cost of 1% Salary Increase

Group	Cost	
TRUE	\$1,383,885	Impact on \$5.7 Million Structural Deficit for 2020-21
CSEA	\$480,171	
TRSPA	\$19,480	
Management & Confidential	\$255,567	
TOTAL Rounded	\$2,150,000	Deficit Increases to \$7.9 Million



Salary Increases over the Years

Employee Compensation 2013 - 2020

TYPE	TRUE	CSEA	TRSPA	CONFIDENTIAL	MANAGEMENT
On-Salary	14%	14%	15.3%	14%	14%
Off-Salary	8% 2.5% Column F/ Step 15	10%	5%	7.5%	7.5%
TOTAL Compensation	22%	24%	20.3%	21.5%	21.5%



Other District Salary Increases

Information compiled by Sacramento County Office of Education

DISTRICT	2015/16	2016/17	2017/18	2018/19	2019/20
ARCOHE	7%	3%	No changes to salary schedule	4%	2% settled through 20/21
CENTER	4%	1% + 1% off salary schedule	3.62%	No increase; settled through 6/30/19	Not settled.
ELVERTA	3.5% settled through 17/18			4%; settled through 6/30/21	2%
GALT ELEM	4% for 50% of year; add'l 1% off salary schedule	1%; settled through 17/18	1% Retro to 2/1/18	Step 27 added; longevity; H/W increased to \$635	1% One-Time Off Salary
NATOMAS	*	2%	2.5%	3%	2%, 2% 20/21 and additional 1% effective 1/1/21. Settled through 6/30/21.
ROBLA	3% + .5% off salary schedule	3%	1.56% OFF	2.5%	1% One-Time Off Salary
TWIN RIVERS	2% + 1% off salary schedule- Prof Development	2% + 1% OFF	2% + 1% off salary schedule + 1% Prof Development + 1 less work day	2% plus 1% One-Time Off Salary	2% plus 1% increase in Employer Pd H/W

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Other District Salary Increases

Information compiled by Sacramento County Office of Education

RIVER DELTA	3.5% + 3.5% off salary schedule	3.25%	3% retro to 7/1/17; \$144 added to monthly benefit cap retro to 1/31/18	Not settled	3.2% retroactive to 7/1/18. .51% One-Time Off Salary.
GALT HIGH	3.5%	3%	1.5% + 2% off salary schedule	3%	Not settled.
ELK GROVE	3.5%	2%	1.75% retro to 7/1/17	Cont.lang. based on the amount of any ongoing new LCFF funding.	Not settled.
FOLSOM	4.5%	2%	1%	.50% settled through 6/30/20	.50%
SACTO CITY	2.5% 7/1/15-12/31/15 2.5% 1/1/16-6/30/16	2.5%	2.5%	2.5% for all; 3.5% to adjust salary schedule	Not settled.
SAN JUAN	3.25%	2% + 1% off salary schedule	2%	1.6% effective 11/1/18; 2% OFF Settled through 19/20	Settled through 19/20.

Updated 12/03/19



11 Comparable Districts - TRUSD Teacher Core Salary Ranking

Schedule Placement

Rank

Salary

** includes Masters*

BA-30; Step 1

Rank 3

BA-45; Step 5

Rank 3

BA- 60; Step 10

Rank 3

BA-75; Step 15

Rank 1

Schedule Maximum

Rank 2

**Average
Rank 3**

\$52,187

\$58,466

\$75,811

\$94,259*

\$103,734*



Next Steps in 2020-21 Budget Development

- 🔍 **Finish staffing meetings with the sites and departments**
- 🔍 **Incorporate Governor's January Budget Proposal**
- 🔍 **Obtain sites' and departments' detailed budgets**
- 🔍 **Incorporation of the LCAP**
- 🔍 **Define 2020-21 Budget Reductions**
- 🔍 **Update with Governor's May Budget Proposal/Revision**



2020-21 Structural Deficit – Requested Information

 Items previously requested by the Board of Trustees and provided:

January 15, 2019:

- Declining enrollment details
- Class size and cost
- Revenue sources

April 2, 2019:

- Detail of budget reductions
- Expenditure and Budget Comparison
 - Textbooks
 - Food
 - Travel/Conference
 - Contracts and Other Services
 - Dues and Memberships



2020-21 Structural Deficit – Requested Information

 Items previously requested by the Board of Trustees and provided:

August 7, 2019:

- Detail of budget reductions
- Average class sizes
- Detail of enrollment
- Position FTE by Site/Department
- Detail of school site budgets
- Detail of department budgets
- Expenditure and Budget Comparison
 - Textbooks
 - Food
 - Travel/Conference
 - Contracts and Other Services
 - Dues and Memberships
- School closure savings
- Detailed enrollment update 10-8-19



Revenue Sources

2019-20 First Interim

LCFF Base	LCFF S/C	Federal	State	Local & Other
<ul style="list-style-type: none"> Salaries Statutory taxes Health benefits Retiree health benefits Department budgets School budgets Instructional Materials Utilities Property and Liability Insurance PARS Early Retirement Payment Routine Restricted Maintenance Special Education 	<ul style="list-style-type: none"> Supplemental/Concentration LCAP actions and services Visual and Performing Arts Activities Directors Secondary School Redesign Additional Counselors Additional Vice Principals Student Engagement PBIS Facilities/Custodians Class Size Reduction Yard and Duty Career and Technical Education English Learner Program And more 	<ul style="list-style-type: none"> Title I, Part A, Basic Special Education Title II, Education Quality Title III English Learner Program Career and Technical Education Other Federal Programs 	<ul style="list-style-type: none"> Special Education CalSTRS Mandated Cost After School Education and Safety Lottery Career and Technical Education Other State Programs 	<ul style="list-style-type: none"> Transfers In (Indirect from other funds) One-time Insurance Reimbursement Interest Other Local Revenue
\$214 million	\$67.5 million	\$35 million	\$47 million	\$4.1 million

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We have More Grade Configurations than Other Districts

Number of Different Types of Schools

- Twin Rivers: 15
- Sac City: 11
- San Juan: 10
- Elk Grove: 7
- Folsom Cordova: 7
- Natomas: 7

Type	# of Schools
K	1
K-2	1
K-4	2
K-5	1
K-6	18
K-8	7
3-6	1
5-8	2
6-8	1
7-8	7
7-9	1
7-12	2
9-12	6
10-12	1
12	1

It costs much more to support so many different grade configurations

It also reduces resources for all of our schools and programs



Closing Schools is Projected to Save TRUSD \$3,000,000 Annually

- Combine Pacific, Vista Nueva, and Nova
\$250,000
- Combine Noralto K-2 with Harmon Johnson
\$500,000
- Close Babcock Elementary
\$500,000
- Close Fairbanks Elementary
\$500,000
- Close Hillsdale Elementary
\$500,000
- Close Sierra View Elementary
\$500,000
- Close MLK Jr. Technology Academy (First Year)
\$250,000

A 2001 Pew analysis of six major districts nationwide found that the average annual savings in the years immediately following closure were under \$1 million per building. Twin Rivers estimates \$500,000 per school.



2020-21 Structural Deficit – What else equates to \$3 million?

What else equates to \$3 million?

- 34 (2.7%) out 1,266 teachers x \$89,000 salaries/benefits = \$3 million
- 60 (6.6%) out of 919 Classified FTE x \$50,000 salaries/benefits = \$3 million
- All Police Services salaries/benefits (100%) = \$2.2 million
- 21 (25%) out of 84 School Site Management x \$146,000 salaries/benefits = \$3 million
- 23 (27%) out of 86 District Management & Confidential x \$134,000 salaries/benefits = \$3 million



2020-21 Structural Deficit – Discuss Options

- 🔍 **Board Members & Superintendent talk in small groups about options**
- 🔍 **Superintendent's Staff will chart the small group discussions**
- 🔍 **Superintendent's Staff will report out to entire Board of Trustees' small group discussion**
- 🔍 **Board of Trustees will discuss options for consideration for Superintendent to bring to March 11, 2020 for Resolution 756 Budget Reductions**



Next Steps

March 11, 2020 – Board of Trustees' Meeting

- 🔍 **2nd Interim Report**
- 🔍 **Resolution 756 – 2020-21 Budget Reduction list for SCOE**
- 🔍 **School Closure Agenda Item**
- 🔍 **Possible Reduction in Force**

