



Budget 101 – Your map to School Budgeting

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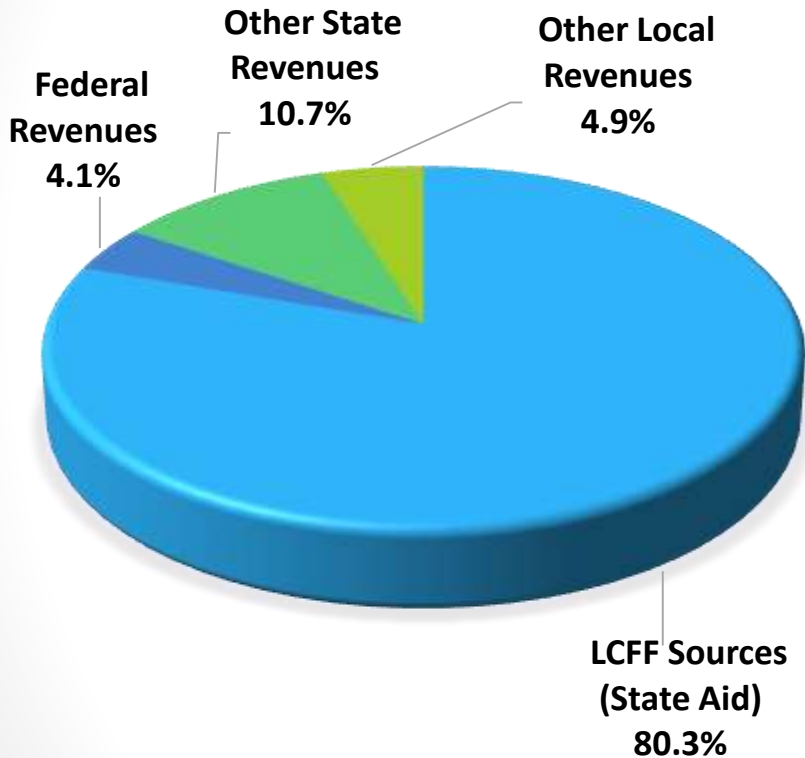
Palisades Charter High School

January 29, 2018



A CALIFORNIA DISTINGUISHED SCHOOL

Revenue – Where the Money Comes From



LCFF Sources (State Aid)	\$26,838,872
Federal Revenues	\$ 1,364,704
Other State Revenues	\$ 3,574,327
Other Local Revenues	\$1,634,593
Total Revenues	\$ 33,412,496



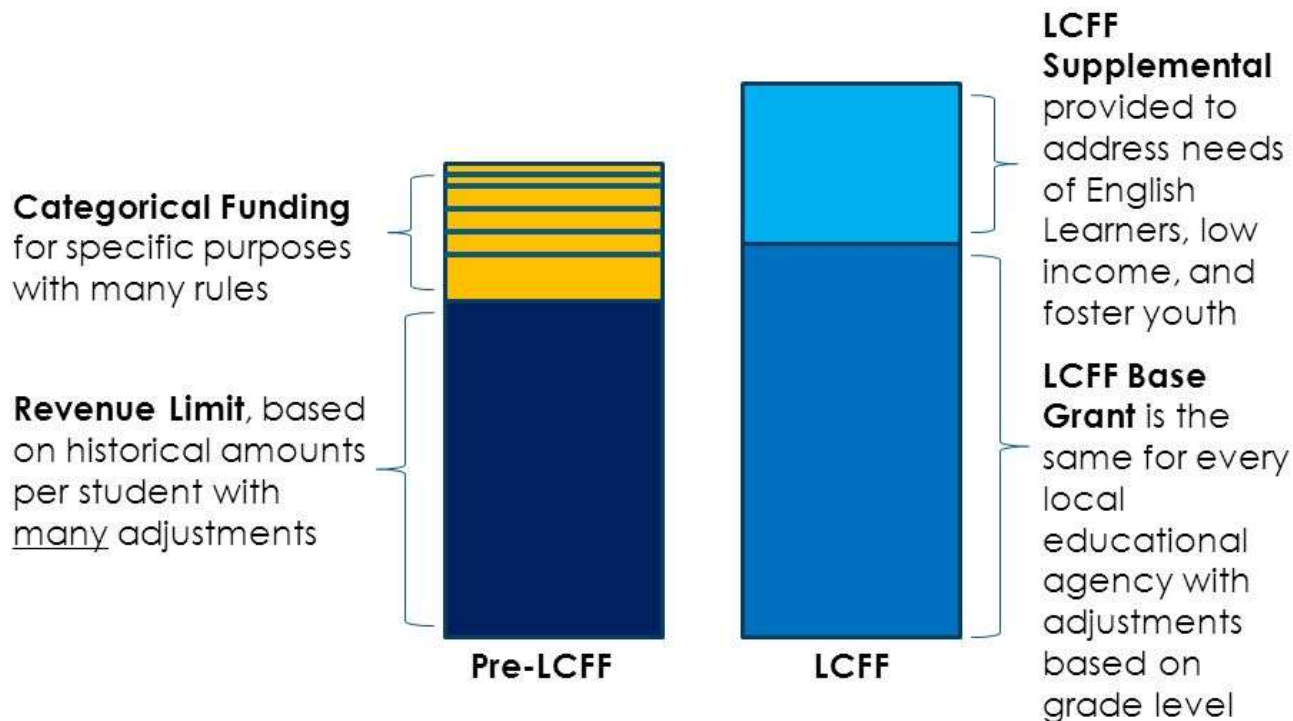
LCFF – What is it?

- Local Control Funding Formula
- Replaces prior revenue limit/categorical model
- Through LCFF, state sets priorities for the students, but allows the districts/schools to decide how the priorities are implemented
- Gets rid of “one size fits all” approach, offers more flexibility
- Adds supplemental grants to address low-income students, English Learners, Foster youth
- Requires districts/schools to adopt an LCAP (Local Control Accountability Plan) that show how funds will be spent to meet the priorities set by the state for students



LCFF – What is It?

Changes Made by LCFF



LCFF – What's it made of?

LCFF is made up of the following components

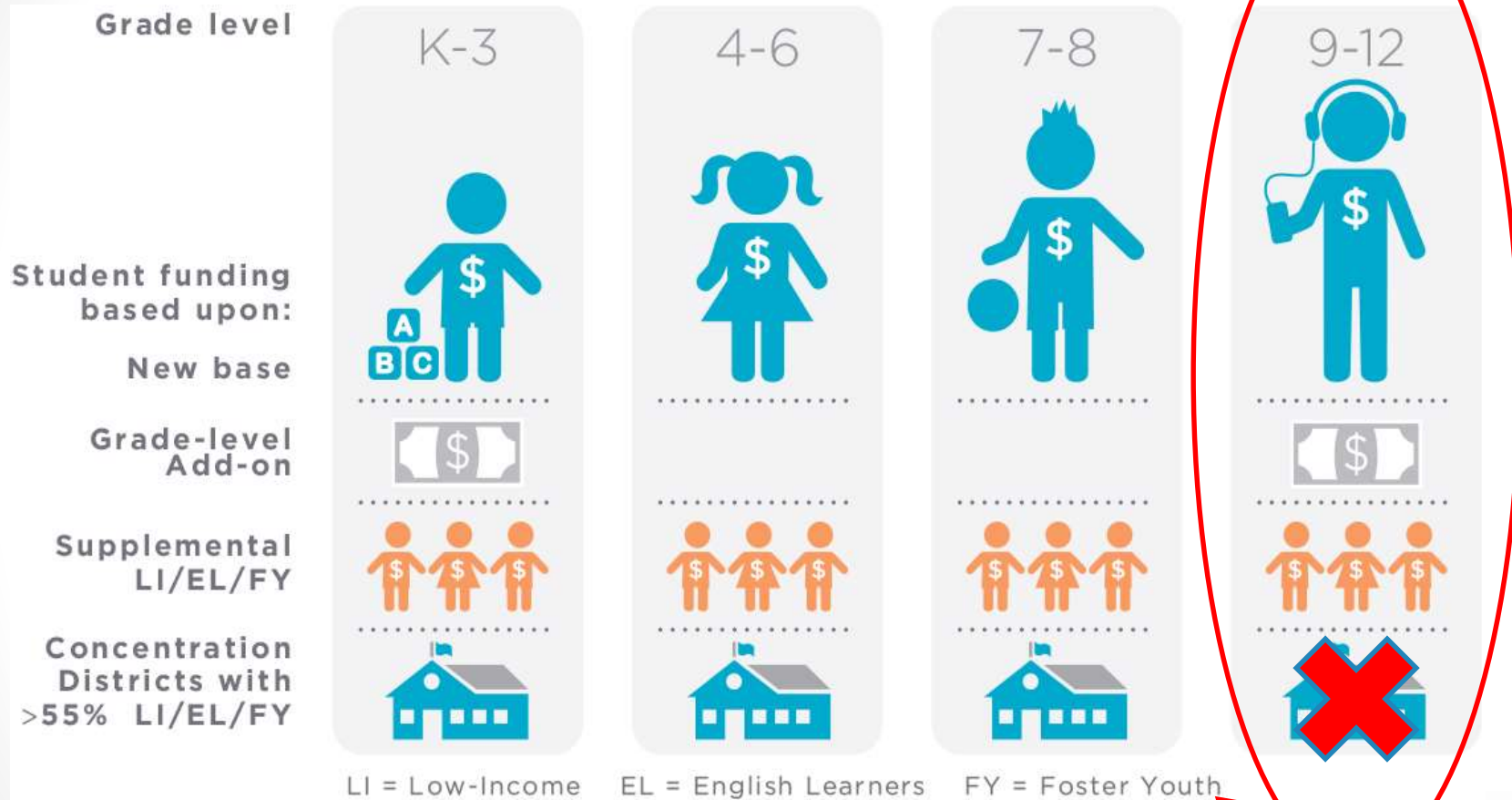
- Base Grant (based on our ADA count)
- Grade-Level add on grant
- Supplemental grant (based on % of EL, foster youth, low-income students)
- Concentration Grant (PCHS not eligible, < 55% free/reduced)

PCHS receives LCFF revenue in the form of:

- State aid (base grant)
- Property tax
- Education Protection Act (Prop 30)



LCFF – What's it made of?



LI = Low-Income EL = English Learners FY = Foster Youth

Pali's LCFF Composition



Federal Revenue



- In addition to LCFF revenue, Palisades Charter High School also receives money from the federal government that are targeted towards specific program
- Programs include the following:
 - Title I (for EL/Low-Income Students)
 - Title II (Professional development for teachers)
 - Perkins (Career/technical education funds)
 - IDEA (special education)
 - School Lunch Program (Cafeteria/food services)



Targeted State Revenue



- PCHS also receives money from the state government to implement specific programs.
- Programs include the following:
 - AB602 (Special Ed)
 - Educator Effectiveness (sunsets 18/19 FY)
 - CTEIG (Career/technical education funds) – future funding uncertain
 - School Lunch Program (Cafeteria/food services)
 - Prop 39 - Energy Efficiency (sunsets 18/19 FY)
 - College Readiness block grant (sunsets 18/19 FY)
 - Lottery funding



Donations/Development/Local Revenue

- In order for PCHS to offer a world-class education & experience to its students, PCHS must look to money sources outside of state and federal revenue as a supplement
- These local revenue sources include the following:
 - PCHS fund
 - Booster Club
 - Fundraising Donations
 - Facility rentals (via Pool/Permit)



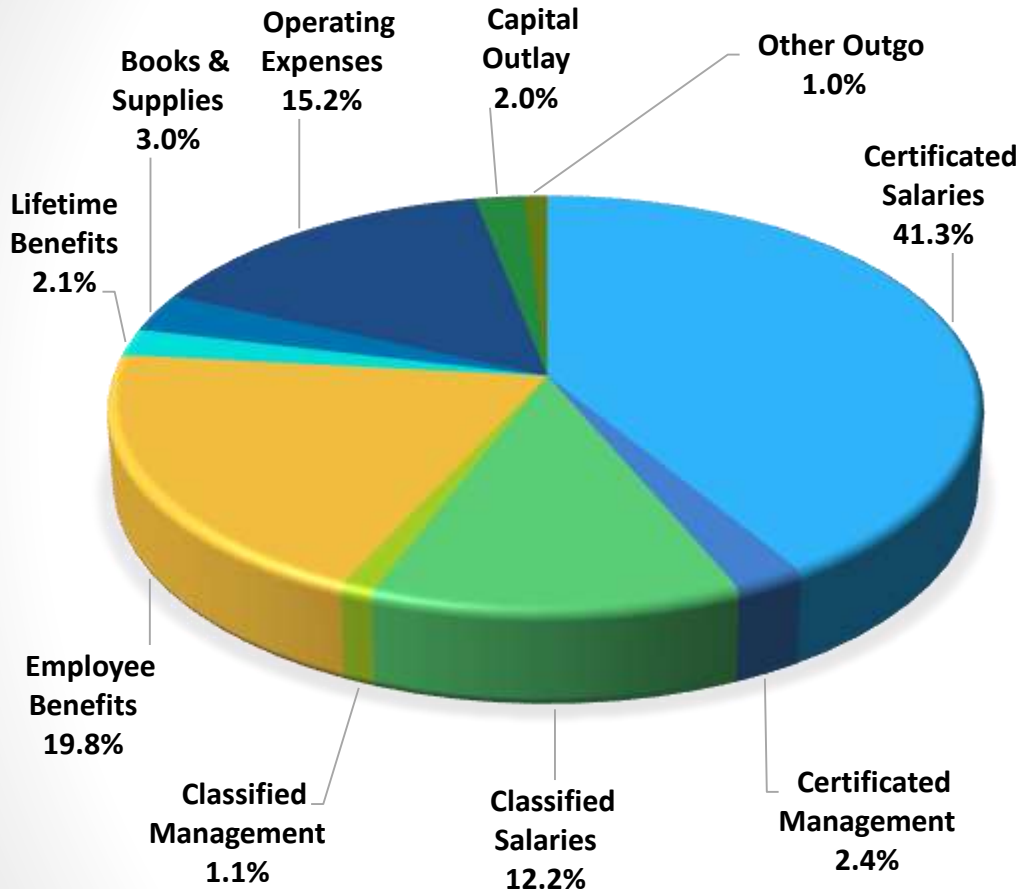
Unrestricted vs. Restricted

- Revenue at PCHS is categorized into the following groups
 - Unrestricted: no strings attached
 - Restricted: specifically targeted to a program
- Examples of Unrestricted revenue:
 - LCFF revenue
- Examples of Restricted revenue:
 - Federal Revenue
 - Other State Revenue
 - Donations towards specific programs



A CALIFORNIA DISTINGUISHED SCHOOL

Expenses – How Money is Spent



Certificated Salaries	\$13,721,085
Certificated Management	\$785,000
Classified Salaries	\$4,053,413
Classified Management	\$369,631
Employee Benefits	\$6,572,431
Lifetime Benefits	\$691,000
Books & Supplies	\$1,002,859
Operating Expenses	\$5,060,803
Capital Outlay	\$675,000
Other Outgo	\$330,258
Total Expenditures	\$33,261,480

PCHS Total Salary/Benefits (including lifetime benefits – pre OPEB requirement) = 79%

Demographics/Programs Offered

Enrollment:

- 3,010 Students (62 @Pali Academy, 57 @ Virtual)
- 2,916 Average Daily Attendance
- 34% Unduplicated (Free/Reduced & EL Students)
- Over 110 ZIP Codes are represented



Supplemental Programs Offered:

- CTE Pathway (Career/Technical Education)
- STEAM (Science, Technology, Engineering, Arts, and Math)
- VAPA (Visual & Performing Arts)
- College Center
- Career Center
- BSU/Fuerza Unida
- Academic Decathlon
- MESA



Categorical Programs & Encroachments

- Categorical programs are programs targeted towards a specific cause/group and are funded by federal and state funds
- Examples of these programs are:
 - Special Education
 - School Nutrition
 - Title 1
 - CTE
- Some programs such as School Nutrition and Special Ed have mandates that require us to offer the program regardless of what the federal/state funds pay us
 - This is called an **encroachment**: where unrestricted money is used to cover the mandates in a state program because the state/federal government does not provide the full cost of running the specific program.



Capital & Technology Improvements

Capital

- Track & Field
- LED Lighting
- Classroom Furniture
- Hydration Stations
- Restroom renovations
- Gym Improvements
- VAPA Workstation

Technology

- Chromebooks
- Security Cameras
- Staff Workstations
- A/V System (Mercer)
- STEAM Labs
- Projectors
- Network Upgrades



Budget Development Process



- Each year, PCHS goes through its budgeting process (see budget calendar attached)
- All stakeholders (students, teachers, parents) at PCHS are involved in the decision-making process
- Each department/program chair receives a budget workbook where they detail the needs of running their dept/program
- As required by the state, PCHS is required to develop an LCAP to show how we are meeting the state's goals and spending our money (see attachment called LCAP)
- The state also requires PCHS to provide services to certain groups of students on campus (i.e. Special Ed)
- The budget development process allows PCHS to decide what to fundraise for
- Budget vetted & accumulated by budget finance committee for recommendation to the board
- Board of trustees after approving LCAP plan, approves annual budget at a separate meeting



Budget Assumptions

- Total 2017-2018 Projected Enrollment: 3,020
- 2017-18 ADA Level: 2,910
- LCFF funding per ADA: \$9,220
- Unduplicated Count of Free/Reduced/EL: 34%
- Total received per unduplicated (supplemental grant) : \$1,844 (20% of per ADA funding)



Budget Planning Dartboard



UPDATED BUDGET ASSUMPTION GUIDELINES (AS OF JANUARY 2018) PROJECTIONS FOR FISCAL YEARS 2019-20 THROUGH 2021-22

The guidelines below are provided to assist you with projections for fiscal years 2018-19, 2019-20, 2021-22 and 2021-22.

LCFF REVENUE	2018-19	2019-20	2020-21	2021-22
Statutory COLA / Net Funded COLA	2.51%	2.41%	2.80%	3.17%
Gap Funding	100.00%	100.00%	100.00%	100.00%
SPECIAL EDUCATION AND CATEGORICAL PROGRAMS	2018-19	2019-20	2020-21	2021-22
COLA for Special Ed and Other Categorical Programs Outside of LCFF (on state and local share only)	2.51%	2.41%	2.80%	3.17%
LOTTERY REVENUE	2018-19	2019-20	2020-21	2021-22
Unrestricted	\$146.00/ADA	\$146.00/ADA	\$146.00/ADA	\$146.00/ADA
Restricted for Instructional Materials	<u>48.00/ADA</u>	<u>48.00/ADA</u>	<u>48.00/ADA</u>	<u>48.00/ADA</u>
Total Lottery Revenue	\$194.00/ADA	\$194.00/ADA	\$194.00/ADA	\$194.00/ADA
OTHER FACTORS	2018-19	2019-20	2020-21	2021-22
CalSTRS Employer Rates	16.28%	18.13%	19.10%	18.10%
CalPERS Employer Rates	17.70%	20.00%	22.70%	23.70%
Interest Rate for 10-year Treasuries	2.90%	3.05%	3.20%	3.10%
California Consumer Price Index (CPI)	3.22%	3.04%	2.94%	2.99%
Other Expenses (4000s – 6000s)	2018-19+CPI	2019-20+CPI	2019-20+CPI	2021-22+CPI

**As provided by LACOE & CA Department of Finance
for budget planning.**

Attachment No. 1 to:
Informational Bulletin No. 4743



Looking Ahead – Budget Uncertainties

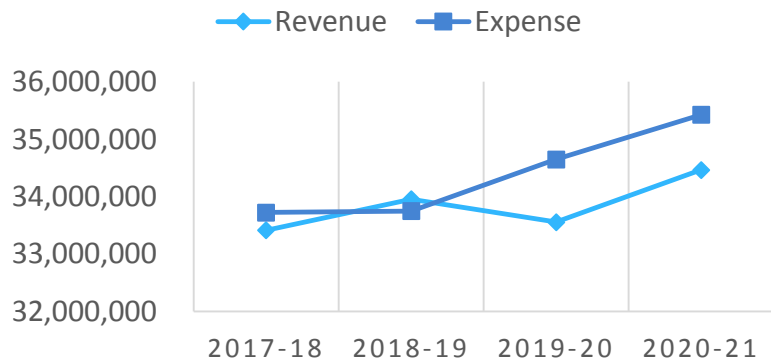
- Multi-Year Projection Model
- STRS/PERS Increases
- Employee Health Benefits Premiums
- Home to School transportation
- Lifetime Health Benefits
- Building Reserves



Multi-Year Projection

	2017-18	2018-19	2019-20	2020-21
Revenues	\$33,412,496	\$33,954,205	\$33,555,455	\$34,464,290
Expenditures	\$33,722,480	\$33,748,585	\$34,646,002	\$35,423,250
Cash Balance	(\$309,985)	\$205,620	(\$1,090,547)	(\$958,960)
Depreciation	\$675,000	\$574,000	\$550,000	\$500,000
Fund Balance (Financial Reporting Basis)	\$151,015	(\$368,380)	(\$1,640,547)	(\$1,458,960)
OPEB Requirement (Lifetime Health Benefits)	\$749,445	\$749,445	\$749,445	\$749,445
Fund Balance w/OPEB Reporting	(\$598,430)	(\$1,117,825)	(\$2,389,992)	(\$2,208,405)

REVENUE VS. EXPENSE

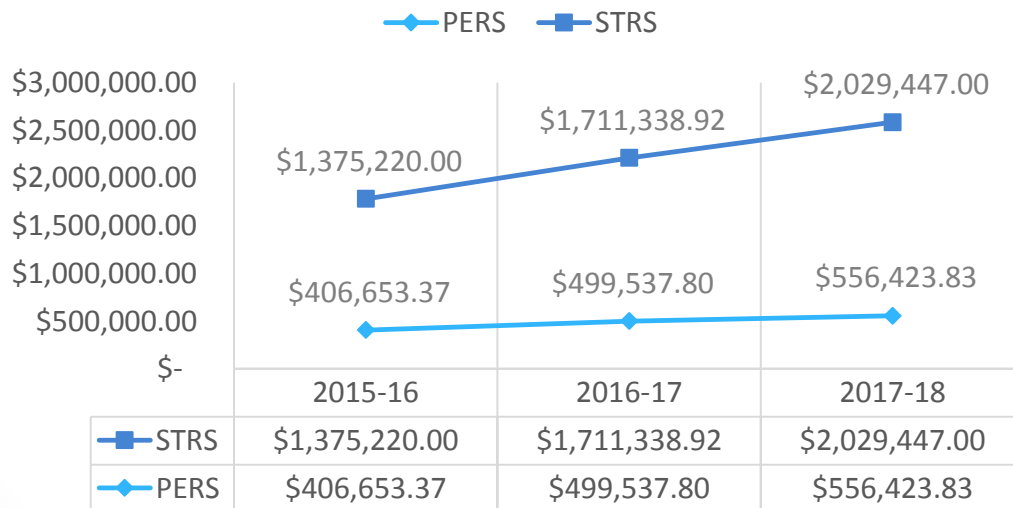


PERS/STRS rate increases

PERS & STRS rate increases as mandated by the State of CA:

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
PERS	13.88%	15.53%	17.70%	20.00%	22.70%	23.70%
STRS	12.58%	14.43%	16.28%	18.13%	19.10%	18.10%

PCHS PERS/STRS EXPENSE

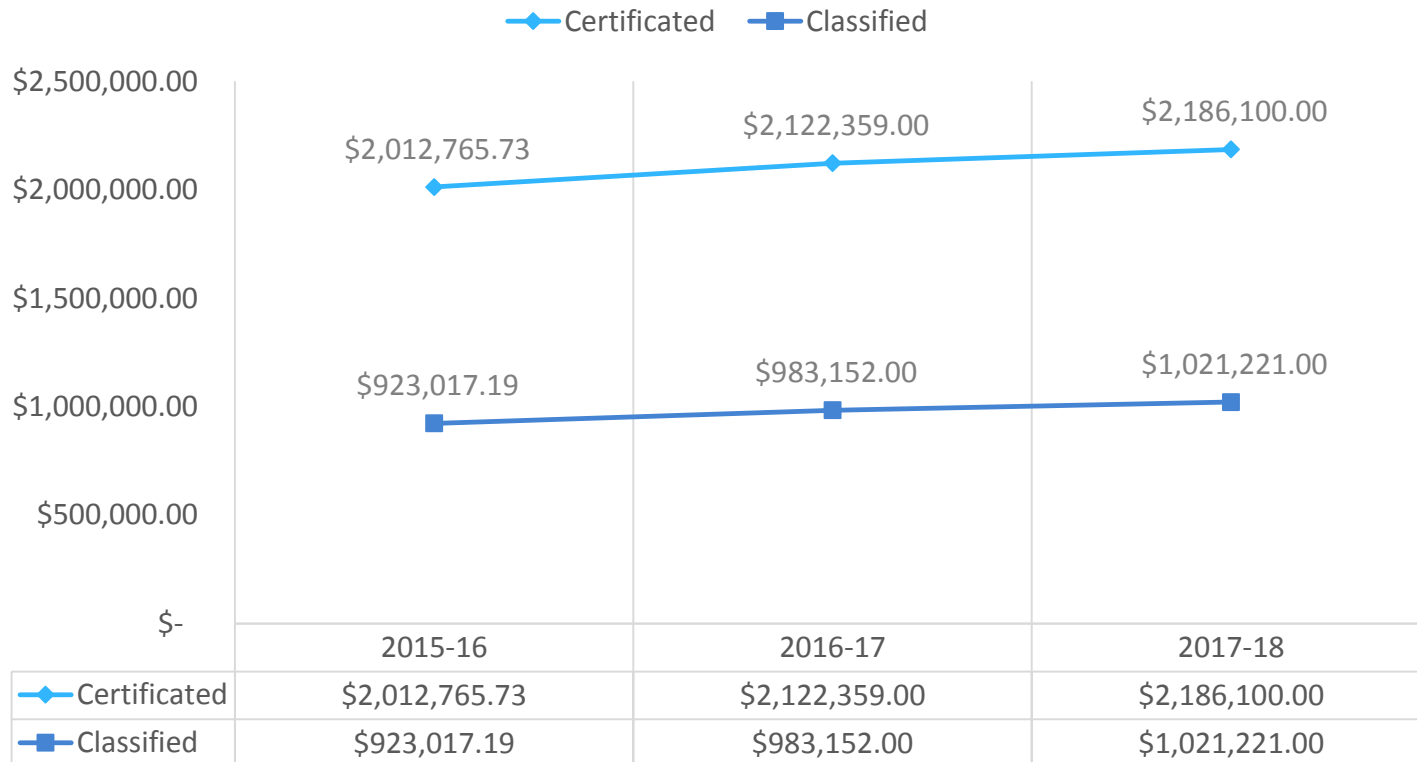


■ STRS	\$1,375,220.00	\$1,711,338.92	\$2,029,447.00
◆ PERS	\$406,653.37	\$499,537.80	\$556,423.83



Employee Health Benefits

PCHS EMPLOYEE HEALTH BENEFITS



****Future rates for health benefits uncertain, PCHS assumes a 4.5% annual rate increase for budget planning purposes**



Transportation



Transportation Type	2017-2018 Budgeted Amount	2016-2017 Actual Amount	Difference
Home to School	\$566,600	\$376,700	\$189,900
Special Ed	\$200,000	\$134,500	\$65,500
Athletics/Field Trips	\$101,697	\$88,500	\$13,197
Late Buses	\$58,275	\$40,000	\$18,275
Total Budget	\$926,572	\$639,700	\$286,872

Highlights:

- PCHS switched from Tumbleweed to Durham in the 17/18 school year
- Price per student increased from \$140 to \$185/student
- Increase in bus riders on a full scholarship (from 129 to 206 students)
- For more detail on transportation, see attachment labeled “Transportation Costs”

Lifetime Benefits & Building a Reserve



- As calculated by our actuaries at Nyhart Epler, PCHS has a yearly OPEB (Other Post-Retirement Benefits) of \$1,440,445/year.
- This is the cost PCHS has to pay each year in order to sustain the lifetime health benefits program
- PCHS also has to build a reserve for any economic uncertainty
- There are currently 2 reserve requirements out there
 - Reserve for economic uncertainty: 3% of our general fund expenses (17/18 amount = \$990,994)
 - Fund balance reserve policy of at least 17% of expenditures: (17/18 amount = \$5,615,352)
- 3% reserve would = 2 weeks of expense while 17% is about 2 months of expenses

Getting Involved

- Attend LTSP Meetings (Long Term Strategic Planning) at each 4th Wednesday of the month
- Become a part of the Budget/Finance Committee
- Use your voice!



Questions?