



2016-2017

Livermore Valley Joint Unified School District

2016-2017

Rancho Las Positas Principal: Mr. Steve Martin

Emma C. Smith Principal: Ms. Tammy Rankin

Sunset Principal: Ms. Terri Quesinberry

Vineyard Principal: Mr. Alex Eckert

K-8 Schools:

Joe Michell Principal: Dr. Laura Lembo

Junction Avenue Principal: Ms. Dayna Taylor

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EXECUTIVE SUMMARY

The Governor's May Budget Revision notes that economic slowdown is on the horizon. Personal income tax and sales tax revenues account for 90% of the State's General Fund<[9

FINANCIAL OVERVIEW

GENERAL FUND EXPENDITURES

Our General Fund spending plan is based on carrying the current programs forward. We project enrollment to be 12,537

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In 2016-2017 we anticipate spending a total of \$124,398,387 or the equivalent of \$9,927 per student. Approximately 86% of our budget pays employee salaries and benefits. The greatest proportion goes to pay certificated teacher salaries. The average teacher costs the District \$5,610 in salary and \$24,208 in statutory and medical benefits. Our General Fund spending plan for 2016-2017 is shown in the following table.

General Fund	2016-17 Expenditures		\$ per Student (12,537 students)	% of Total
Certificated Non-Management Salaries	\$	53,421,891	\$ 4,262	43%
Classified Non-Management Salaries	\$	17,654,254	\$ 1,409	14%
Supervisors and Administrators Salaries	\$	7,713,042	\$ 616	6%
Employee Health & Welfare Benefits	\$	28,793,294	\$ 2,297	23%
Books & Supplies	\$	2,989,499	\$ 239	2%
Utilities, Repairs, Other Services	\$	12,840,626	\$ 1,025	10%
Capital Outlay, Other Outgo	\$	985,781	\$ 79	1%
	\$	124,398,387	\$ 9,927	100%

The Local Control and Accountability Plan (LCAP) is an important component of the Local Control Funding Formula (LCFF) which began in 2013-14. The LCAP utilizes a standardized template to describe how our District will address State and local priorities for all students and for specific student groups defined in Education Code. The LCAP includes goals and associated measures to monitor progress as well as action steps and associated budget amounts for actions. Everything that is budgeted in the LCAP is in the District's budget but not everything in the District's budget is listed in the LCAP. The LCAP was developed with input from community and stakeholder groups including parents, teachers, support staff, administrators and bargaining unit groups as a plan for meeting State and local priorities.

GENERAL FUND

CHALLENGES AND OPPORTUNITIES

A new challenge for upcoming years is the exponential increase in employer contributions to the California State Teachers' Retirement System (CalSTRS) and California Public Employee Retirement System (CalPERS). The CalSTRS employer contribution rate will increase by 1.85% this year. The CalSTRS employee rate will also once again increase 1.95%, reducing our certificated employees' net pay. The CalPERS employer contribution rate will increase by 2.04%, which is higher than was previously projected. Overall, the additional expense for the District is over \$10 million in 2016/17 and will continue to compound year over year as rates continue to rise.

Maintaining a positive cash flow has been a challenge in the past few years as the State continued to defer the District's apportionment payments. Fortunately, deferrals have now been paid off and we are back on a normal payment schedule. This does not impact our budget, but it does have a positive impact on our cash flow and lessens borrowing needs.

District enrollment has remained stable over the past few years and we are forecasting enrollment to be maintained at the current level, mirroring the trend throughout the State. According to the California Department of Finance, the number of children in public schools is projected to grow only 2% in the decade from 2010 to 2020, contrasting with the 1990s when the number of school children grew more than 20%.

The Governor's May Budget Revision notes that economic slowdown is on the horizon. Personal income tax and sales tax revenues account for 90% of the State's General Fund, and there has been little growth in either. In addition, Proposition 30 temporary tax revenues will begin to expire at the end of 2016, which will have a significant effect on the State budget. Table 1 shows the projected increases in District

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funding seen year over year since the introduction of the LCFF are dwindling as the State approaches full implementation of the LCFF target. There will be no Cost of Living Adjustment (COLA) in 2016-17, a result of the continuing weakness in foreign economic growth, the strong dollar, and continued declines in oil and related commodity prices. The zero COLA means no increase in District programs which are funded outside of the LCFF: Special Education, Child Nutrition, and American Indian Education. Special Education is already an underfunded program, which is an added budget challenge.

In 2015-16, the District entered into an agreement to sell the Summit property and obtained authorization from the State Allocation Board to transfer \$3,000,000 of the sale proceeds to the General Fund to help with the expense of textbook adoption. Another \$2,000,000 was placed in the Deferred Maintenance Fund. The balance will be placed in the Building Fund for projects that are Board priorities.

On June 7, 2016 the voters of Livermore resoundingly passed Measure J, authorizing the sale of \$245,000,000 in bonds to finance school facilities projects. The lack of State school bond funds and the aging District infrastructure made this a must-situation and the voters saw the need and responded. These funds will position the District to be eligible for any future State matching construction funds if/as available. The District will not receive all the funds at once, rather the bonds will be sold in series as needed. The first series of bonds are expected to be sold by late summer or early fall 2016 and construction will take place over the next six to eight years. A priority list and phasing schedule is being created and work will begin throughout the District during the 2016-17 school year.

Livermore

- x The **Capital Facilities Fund** (Fund 25) is used to accumulate moneys received from developer fees as a condition of approving a development.
- x The **County School Facilities Fund** (Fund 35) is used to receive apportionments from the State Allocation Board for new school facility construction or modernization projects.
- x The **Bond Interest and Redemption Fund** (Fund 51) is used for the repayment of general obligations bonds issued for the District.
- x The **Self Insurance Fund** (Fund 67) is used for the self insurance activities of the District, including payment of claims, cost of property liability insurance and student insurance costs.
- x The **Foundation Trust Fund** (Fund 73) is used to account for scholarships.

KEY VARIABLES AND DETERMINANTS

We will discuss in detail the key variables and determinants underlying our General Fund budget projections.

Local control funding formula

The Local Control Funding Formula (LCFF) is the Governor's means of overhauling the prior inequitable school finance system. The LCFF replaced the Revenue Limit and most categorical program funding. It uses base grants per pupil, with supplemental funding provided to students who are English learners, foster youth, or eligible for the Free and Reduced-Cost Meals (FRPM) Program. The base grant is further adjusted by grade level to provide for smaller class sizes in the early elementary years and for career technical education in high school. The new formula is being phased in over several years and is expected to be fully implemented by 2020.

The LCFF, when fully implemented will significantly increase funding for all students.

Livermore

Livermore

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Measure G took effect on July 1, 2015 with slightly adjusted objectives as approved by voters. It helps the District fund advanced courses in science, technology, engineering and math (STEM); attract and retain highly qualified teachers and elementary school science and technology specialists; keep our schools safe and well-maintained; and provide for up-to-date instructional materials and comprehensive curricular programs.

There were 29,631 taxable parcels in the District, and 1, spea2(ax)-14(aTw 0.4 016d [(t)-6(ax)-14(w(

Livermore Valley Charter School's (LVCS) science specialist; \$86,250 to keep classroom technology and instructional materials up to date at both Charter Schools; \$102,535 for technology infrastructure maintenance and improvements at both Charter Schools; and \$69,850 towards teacher credentialing Master's degree tuition assistance and professional development.

LIVERMORE VALLEY EDUCATION FOUNDATION (lvef)

Our community provides support for enrichment programs through a local foundation. The Livermore Valley Education Foundation (LVEF) was established in 1991 during a severe budget crisis in California. Concerned members of the community organized to form a supportive foundation with the intent to ease the impact of cuts made by the District to athletic programs in the high schools and music programs at all levels.

The LVEF is a nonprofit tax-exempt 501(c)(3) organization independent of the school district. It is run by a local, all-volunteer board of directors dedicated to addressing contemporary funding challenges in Livermore public education. The LVEF Board is comprised of experienced educators and administrators, a former School Board trustee, parent group members, business leaders, and compassionate community volunteers who all care deeply about finding solutions to the challenges facing our school district.

CLASS SIZE REDUCTION

In 1996-97 the State began offering incentive funding to districts to reduce class sizes in grades 1, 2 and 3. In 1997-98 the State expanded this program to include kindergarten and increased the incentive amount. We have participated in this program in all four grades in every school in the District. State funding typically has covered 80% of the cost of the additional teachers needed as a result of lower class sizes. Total State funding for this program reached \$3.4 million in 2009. Funding has now been rolled into the LCFF base.

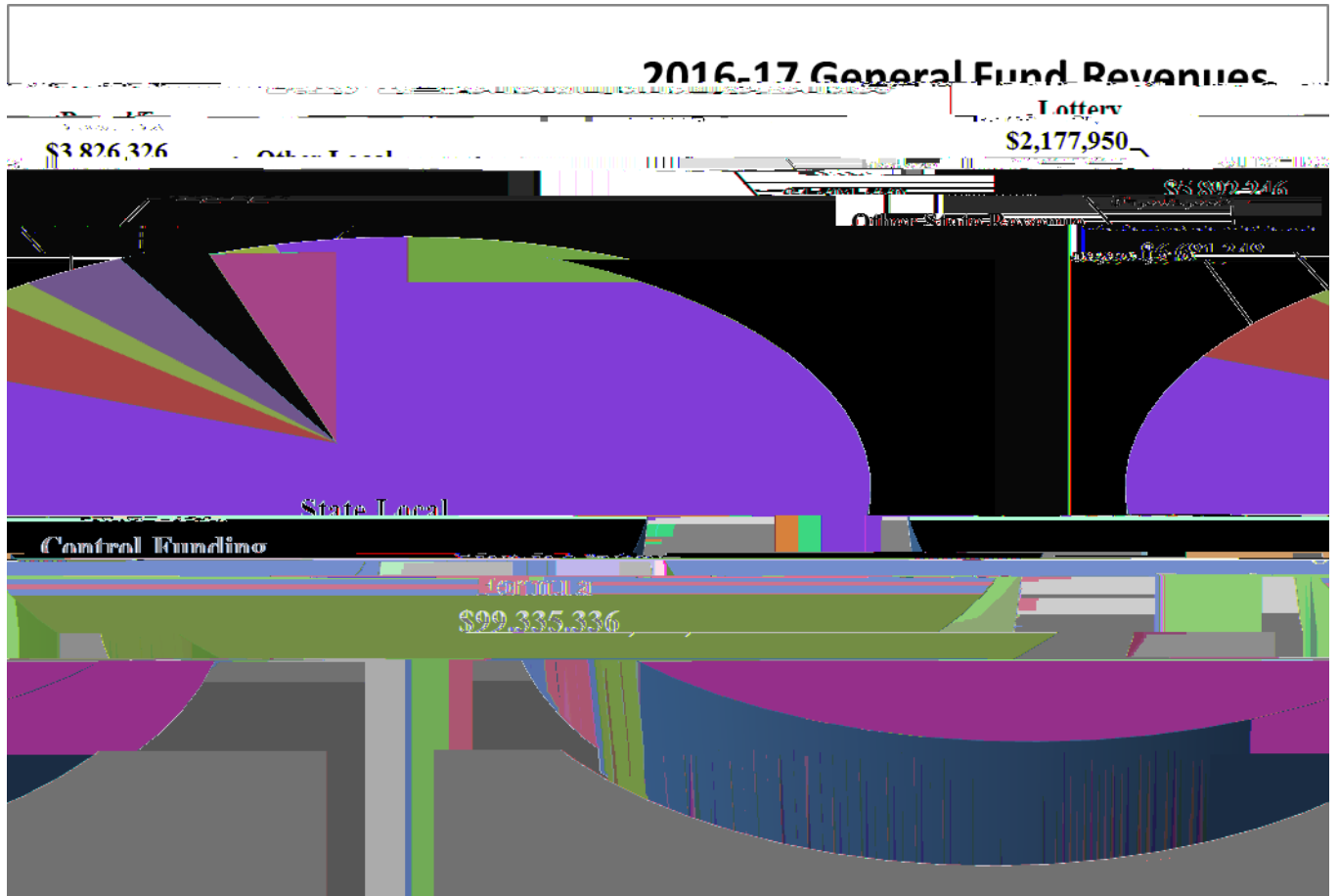
LOTTERY

In November 1984 voters approved the California State Lottery. Proceeds from lottery ticket sales augment school districts' budgets. For each dollar of lottery revenue, public schools receive thirty-four cents. Lottery funds are distributed throughout the State on a per-pupil basis. Actual apportionments of lottery funds typically occur from four to six months after ticket sales, due to the complexities of accounting and distribution of prize winnings. Lottery funding for 2016-2017 is budgeted at \$1.6 million for unrestricted revenue. An additional \$4,000 is expected but this amount is restricted in purpose. Legislation passed in 2000 states that any lottery funds collected in excess of the amount collected in 1997 must be used to purchase instructional materials.

CLASSROOM TEACHERS

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EXPENDITURES

- x Base staffing levels for certificated and classified positions are maintained at the same level as in 2015/16.



x The expense of step, column, and longevity increases and the related statutory benefits for

GLOSSARY

ADA

Average daily attendance. One ADA = 180 days of attendance for one student. Each day that a student is present earns the District approximately \$47 in state revenue. Any absence, even an excused absence, reduces the District's revenue by the same amount per student.

APPORTIONMENT

The Principal Apportionment is a series of apportionment calculations that adjust the flow of state funds throughout the fiscal year as information becomes known.

- x The Advance Principal Apportionment, certified by July 2016, is based primarily on prior fiscal year funding and establishes each Local Education Agency's (LEA) monthly State aid payment amount for July through January.
- x The First Principal Apportionment (P), certified by February 2016, is based on the first period data that LEAs report to the California Department of Education (CDE) in November through January and establishes each LEA's monthly S

COMMON CORE STATE STANDARDS

The current subject matter standards in English language arts and mathematics adopted by California in 2010.

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