Evergreen
School District

2019-2020
Budget Presentation

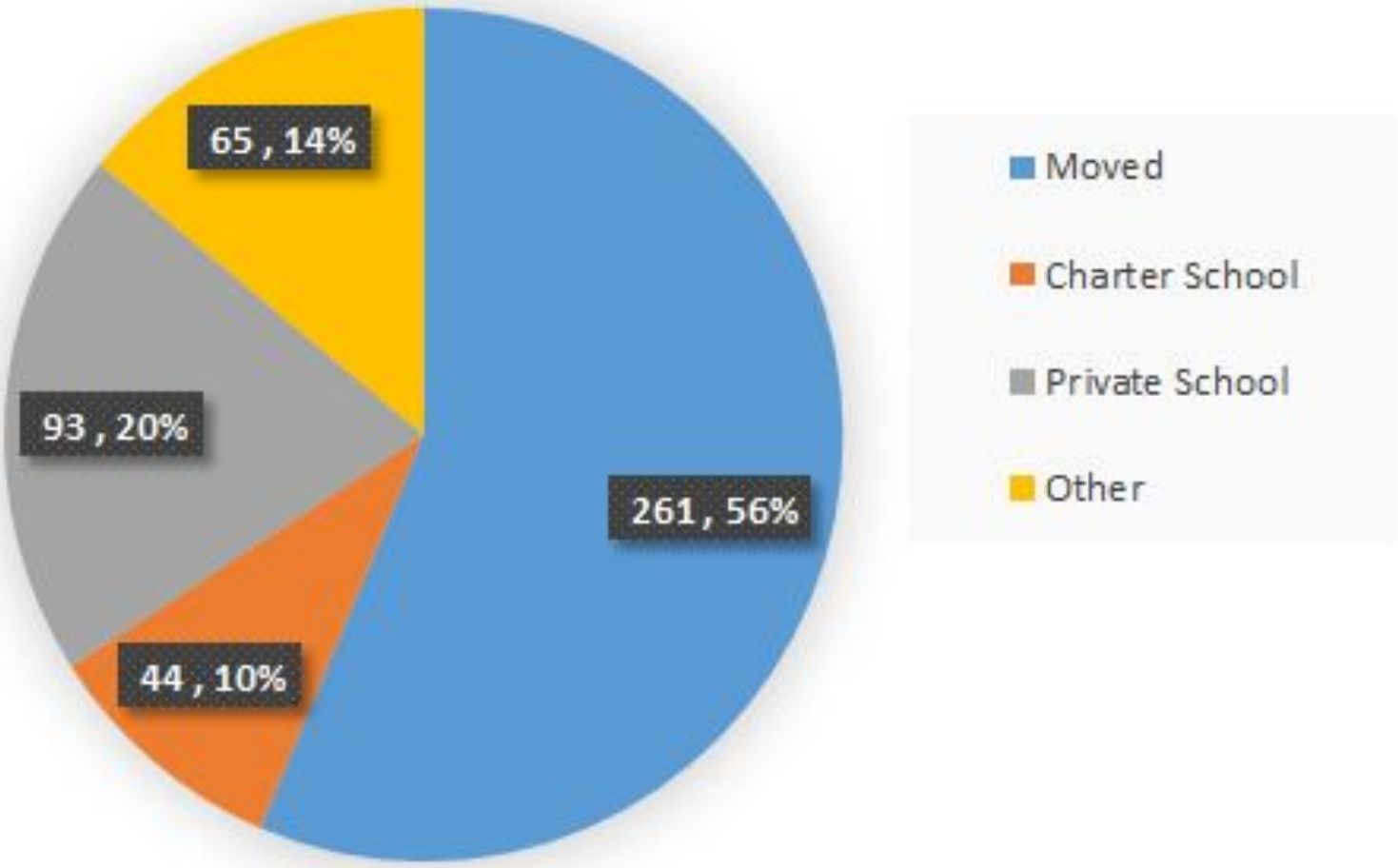
December 18, 2019
School Consolidation Committee

408-270-6800 3188 Quimby Road, San Jose, CA 95148 www.eesd.org

Evergreen School District Budget History

- After several years of growth in the area, Evergreen reached an enrollment peak of approximately 13,400 students in 2005-06
- Since 2005-06, the district has continued to decline in enrollment, losing 2,600 students between 2005-06 and 2018-19
- The district declined an additional 335 students in 2019-20 and is projected to lose another 1,300 students in the next 5 years
- Currently, the district receives an average of $9,300 per student in unrestricted state funding

Exit Reasons 2018-19 to 2019-20



Evergreen School District Budget History

- Currently, the district receives an average of $9,300 per student in unrestricted state funding
- $9,300 x 13,400 = $124,620,000
- $9,300 x 10,400 = $ 96,720,000
- Loss of revenue in 2019-20 = $27,900,000

Evergreen School District Budget History

- After several years of declining enrollment and spending district fund balance reserves to minimize reductions, the board approved a $16 million, multi-year, Fiscal Stabilization Plan in October 2017 in order to keep district reserves at the state required minimum
- Continued declining enrollment results in loss of funding each year in excess of any expense savings

October 2017

Board Reduction Final Choice

No new programs, no school consolidation, reduced one-time money release

Needed Reductions: $6,319,528

		Options:	FTE	2017-18	2018-19	2019-20	TOTAL
		Increase Revenues					
2		Increase Facility Usage Revenue - Online Application		100,000	133,500	168,000	**401,500**
4		Release Committed One Time Fund			2,800,990		**2,800,990**
5		Release GASB 45 Available Fund			1,730,000		**1,730,000**
6		Release Workers' Compensation Self-Insurance Fund			700,000		**700,000**
		Reduce Expenditures					
1		Prop 39 Energy Projects for Energy Saving (9870)			50,000	50,000	**100,000**
2		Solar installation to Save Electric Expenses (9870)				100,000	**100,000**
10		Supplemental Funded Cabinet Management (1591)	1			195,908	**195,908**
12		Professional Development Expenditures (9428)			50,756	51,798	**102,554**
15		LCFF Induction (Formerly BTSA) (1638)			65,353	66,333	**131,686**
16		IMC (9455)	0.5		26,000	26,000	**52,000**
19		Board Cell Phone Stipend			2,445	2,445	**4,890**
						Reductions Realized:	6,319,528

Supplemental Reductions:	195,908
Ongoing Reduction Total:	660,484

Fiscal Stabilization Options As of February

	Options:					
	Increased Revenues	**FTE**	**2018-19**	**2019-20**	**2020-21**	**TOTAL**
1	Release remaining Committed Fund		199,010			**199,010**
	Total Increased Revenue		299,010	500,000	500,000	**$199,010**

	Reduced Expenditures (Supplemental)	**FTE**	**2018-19**	**2019-20**	**2020-21**	**TOTAL**
1	Supplemental Schools (1590)			20,271	450,092	**470,363**
2	Supplemental Funded Coach positions (1591)	3.5	357,000	361,463	365,981	**1,084,444**
3	Supplemental Funded Instructional Assistant/ELD (1591)	6	354,234	372,964	377,626	**1,104,824**
4	Site Supplemental Technology Allocation (1592)		258,114	258,114	258,114	**774,342**
5	20% Reduction Supplemental District (1593)		203,972	203,972	203,972	**611,916**
6	20% Reduction Family Engagement (1595)		15,175	15,175	15,175	**45,525**
7	25% Reduction Supplemental Staff Development (1596)		107,815	107,815	107,815	**323,445**
8	Supplemental Funded Release Day (1597)		92,858	94,358	95,144	**282,360**
	Total Reductions		**1,389,168**	**1,434,132**	**1,873,919**	**$4,697,219**

	Reduced Expenditures (General Unrestricted)	**FTE**	**2018-19**	**2019-20**	**2020-21**	**TOTAL**
1	School Enrichment Activities Team (SEAT) Allocation (1170)		117,882	117,882	117,882	**353,646**
2	Site Allocation - General Purpose 20% (1170/9485)		198,862	198,862	198,862	**596,586**
3	Middle School Extracurricular Activities One time Allocation (1250)		68,247	68,247	68,247	**204,741**
4	Cell Phone Stipend Reduction (Management/CSEA/ETA) (9483))		10,520	10,520	10,520	**31,560**
5	CASBO Organizational Subscription Fee (9815)		3,000	3,000	3,000	**9,000**
6	Middle School AP (9483)	0.5	74,991	76,122	76,715	**227,828**
7	Coordinator Special Ed (No MTSS or PBIS)(5050)	1	192,459	195,199	196,636	**584,294**
8	Mechanic (Vacant Position) (9770)	1	102,919	104,566	106,395	**313,880**
9	Instruction Clerical	0.5	25,000	25,000	25,000	**75,000**
10	Custodial (9855)	2	124,026	126,644	129,552	**380,222**
11	HR/Superintendent Office Saving (9813)		95,008	95,008	95,008	**285,024**
12	Assessment Specialist (9840)	1	61,038	61,038	61,038	**183,114**
13	Social Worker (9630)		82,825	84,760	85,269	**252,854**
14	Close Two School Sites, OR Implement Plan for Joint Use of Facilities to Generate Annual Revenue	8.75 or 0		800,000	800,000	**1,600,000**
	Total Reductions		**1,156,777**	**1,966,848**	**1,974,124**	**$5,097,749**

Reductions Total Without Negotiated Items **$9,993,978**

2019-20 Budget

On September 6, 2019, the County Superintendent notified Evergreen Elementary School District (EESD) that our adopted budget was **conditionally approved** and the county requires EESD to submit, **by October 8, 2019**, a revised Adopted Budget and Multi-Year Projection to reflect the following:

- Any increases or decreases to fund balance as a result of the 2018-19 end of year closing.
- A board-approved fiscal stabilization plan that provides for a reserve for economic uncertainties that exceeds the 3% minimum requirement in all three fiscal years of the multi-year projection.

Financial Reporting Requirements

Budget Adoption:

- Education Code 42127 - County Superintendent of Schools is charged with approving, conditionally approving, or disapproving the adopted budget for each school district.

Interim Financial Reports:

- Education Code 42131 - the governing board of each school district shall certify whether the school district is able to meet its financial obligations
  - **Positive Certification** - WILL MEET the financial obligations for the current and two subsequent fiscal years
  - **Qualified Certification** - MAY NOT MEET the financial obligations for the current and two subsequent fiscal years
  - **Negative Certification** - WILL BE UNABLE TO MEET the financial obligations for the current or subsequent fiscal year

Unapproved Budget - Consequences

Education Code 42127.6 - **the County Superintendent may choose to…**

- Assign a fiscal expert to advise the district on its financial problems, paid by COE.
- Hire staff to provide assistance and expertise to the district. The district shall pay 75% and the COE shall pay 25% of the costs.
- Assign the Fiscal Crisis and Management Assistance Team (FCMAT) to review teacher hiring practices, retention, and assignments.
- Assist in developing, in consultation with the governing board, a financial plan that will enable the district to meet its future obligations.
- Develop and impose, in consultation with the State Superintendent, a budget revision that will enable the district to meet its financial obligations.

EESD 2019-20 Adopted Budget

- On September 24, 2019, the Board of Trustees reviewed options for a Fiscal Stabilization Plan that would ensure the District reserves met the state required minimum of 3% in the current and two subsequent years.

- On October 10, 2019,the board approved a Fiscal Stabilization Plan that was approved by the Santa Clara County Office of Education

Revenue Enhancements

- 2018-19 Unrestricted Ending Balance Savings
  - $2.95M higher beginning balance for 2019-20
- Saturday School Attendance Recovery Program
  - $60K in 2020-21
  - $175K in 2021-22
- Increase Use of Facilities Fees to reflect increased costs
  - $120K per year
- Development of Martin property - estimate based on current market lease rates
  - $200K in 2020-21
  - $400K in 2021-22

Expenditure Reductions

- Supplemental Funding Savings - lower expenses to funding levels in future years
  - $261K in 2020-21
  - $308K in 2021-22
- Contribution to Nutrition Services Fund - 2018-19 ended with a surplus resulting in a reduced estimated contribution
  - $250K in 2019-20
  - $175K in 2020-21
  - $175K in 2021-22
- Reduce expenses for licenses and other contracted services
  - $175K in 2020-21
  - $175K in 2021-22

Expenditure Reductions - con’t.

- Reduce currently unfilled Management position
  - $150K per year
- Maximize Restricted Funding sources with allowable salaries
  - $215K per year
    - Evaluate Routine Restricted Maintenance for all allowable salaries
    - Maximize Mental Health Funding with all allowable salaries
- Reduce unrestricted department budgets to actual spending levels
  - $252K per year

Expenditure Reductions - con't.

- Savings of additional 2 FTE due to declining enrollment (total of 7 FTE per year)
  - $250K additional savings per year
- Reduce 3 FTE management positions (to be determined)
  - $525K in 2020-21
  - $525K in 2021-22
- 2 Furlough Days all units
  - $719K in 2021-22 if other revenue enhancements or expenditure savings are not achieved

Expenditure Reductions - con’t.

- School Consolidation of 3 schools, 2 in 2020-21, 1 additional in 2021-22 to create efficiencies and reduce expenses
  - $800K in 2020-21
  - $1.2M in 2021-22
    - Potential of additional revenue generated by other fee-based services or leasing of properties

Elementary School Data

- Average operating cost of a school
  - $4,425,000
  - $4,425,000 divided by $9,300 = 476 students

- Savings generated from school consolidation:

Average Cost for Elementary School Non-Teaching Staff

Position	FTE	Average Costs
Principal	1	172,503
Secretary	1	80,137
Office Assistant	0.375	15,545
Health Assistant	0.375	15,545
Library Assistant	0.4125	16,967
Custodian	1.75	124,075
Total FTE	**4.9125**	**424,772**

Fiscal Stabilization Plan approved October 2019

Fiscal Stabilization Options with 2 schools in year 2, 1 school in year 3

Savings Needed for 3% in 2021-2022 **(12,000,000)**

		Options:	2019-20	2020-21	2021-22	TOTAL
		Increase Revenues				
1		Development of Martin property - conservative estimate based on going rate of property value		200,000	400,000	**600,000**
2		Saturday School Attendance Recovery Revenue		60,000	175,000	**235,000**
3		Increase Use of Facilities Revenue	120,000	120,000	120,000	**360,000**
4		Additional Savings in MYP since Budget Adoption (STRS/PERS, etc.)		200,000	200,000	**400,000**
5		18/19 Unrestricted Ending Balance Savings	2,950,167			**2,950,167**
		Reduce Expenditures				
6		Savings in Supplemental funding		260,668	308,497	**569,165**
7		Contribution to Nutrition - Surplus in 18/19 will reduce 19/20 contribution	250,000	175,000	175,000	**600,000**
8		Reduce Licenses		175,000	175,000	**350,000**
9		Communications Position Savings	150,000	150,000	150,000	**450,000**
10		Maximize Restricted Funding with salaries	215,000	215,000	215,000	**645,000**
11		Management Positions (TBD) Reductions 3.0 FTE		525,000	525,000	**1,050,000**
12		Unrestricted GF Department Allocation - 20%	252,185	252,185	252,185	**756,555**
13		Additional FTE and retirement Savings due to declining enrollment (total of 7)		249,796	254,588	**504,384**
14		2 Furlough Days - Management, Supervisory, Confidential			80,000	**80,000**
15	*	2 Furlough Days - Certificated			575,000	**575,000**
16	*	2 Furlough Days - Classified			65,000	**65,000**
17		School Consolidation (2 schools in 20-21, 1 in 21-22)		800,000	1,200,000	**2,000,000**
		Total Possible Resources	**3,937,352**	**3,382,649**	**4,870,270**	**12,190,271**

* Items Subject to Negotiation

2019-20 First Interim Budget

General Fund Revenue & Expenditures - 2019-2020 First Interim Budget

	2019-20 Adopted Budget			2019-2020 First Interim		
	UNRESTRICTED	RESTRICTED	TOTAL	UNRESTRICTED	RESTRICTED	TOTAL
PROJECTED INCOME						
LCFF / Property Tax	95,357,234	0	95,357,234	95,378,454	0	95,378,454
Federal Income	0	4,269,518	4,269,518	0	4,269,518	4,269,518
Other State Income	1,943,157	6,689,961	8,633,118	1,957,294	6,689,961	8,647,255
Local Income	4,162,181	1,622,925	5,785,106	4,282,181	2,107,394	6,389,575
Transfers	0	0	0	0	0	0
Contributions	(16,888,175)	16,888,175	0	(16,888,175)	16,888,175	0
TOTAL PROJECTED INCOME	**84,574,397**	**29,470,579**	**114,044,976**	**84,729,754**	**29,955,048**	**114,684,802**
PROJECTED EXPENDITURES						
Certificated Salaries	49,015,675	6,538,887	55,554,562	48,867,397	6,703,343	55,570,740
Classified Salaries	8,668,509	2,886,473	11,554,982	8,506,441	2,926,473	11,432,914
Benefits	25,027,506	9,829,424	34,856,930	24,947,663	9,908,374	34,856,037
Books & Supplies	1,949,306	2,762,466	4,711,772	1,729,306	3,393,686	5,122,992
Services & Operating Expenses	4,554,309	5,005,166	9,559,475	4,524,309	5,343,959	9,868,268
Capital Outlay	4,000	0	4,000	4,000	0	4,000
Other Outgo	976,731	2,448,163	3,424,894	726,731	2,448,163	3,174,894
Categorical	0	0	0	0	0	0
TOTAL PROJECTED EXPENDITURES	**90,196,036**	**29,470,579**	**119,666,615**	**89,305,847**	**30,723,998**	**120,029,845**
Estimated Unspent	**0**	**0**	**0**	**0**	**0**	**0**
Expenditures (over/under) Revenue	(5,621,639)	0	(5,621,639)	(4,576,093)	(768,950)	(5,345,043)

FUND BALANCE, RESERVES:						
Beginning Balance - July 1	24,943,365	1,787,730	26,731,095	27,893,532	3,617,093	31,510,625
Projected Ending Balance - June 30	19,321,726	1,787,730	21,109,456	23,317,439	2,848,143	26,165,582
COMPONENTS OF THE ENDING BALANCE:						
Nonspendable:						
Revolving Cash Fund	15,000		15,000	15,000		15,000
Stores Inventory	45,000		45,000	45,000		45,000
Prepaid Expenses	0		0	0		0
Restricted:						
Reserve for categorical programs		1,787,730	1,787,730		2,848,143	2,848,143
Assigned:						
Other Commitments	0		0	0		0
Unassigned:						
Other Assignments	0		0	0		0
Total Components	60,000	1,787,730	1,847,730	60,000	2,848,143	2,908,143
RESERVE FOR ECONOMIC UNCERTAINTIES	19,261,726	0	19,261,726	23,257,439	0	23,257,439
	16.10%	0.00%	16.10%	19.38%	0.00%	19.38%

2019-20 First Interim Multi-Year Projection with Fiscal Stabilization Plan

Multi-Year Projection	2018-19	2019-20	2020-21	2021-22
Revenue	125,722,798	114,684,802	113,507,921	113,348,234
Expense	120,635,276	120,029,845	122,303,224	125,870,520
Surplus (Deficit)	5,087,522	(5,345,043)	(8,795,303)	(12,522,286)
Reserve for Economic Uncertainties	27,578,904	23,257,439	15,763,479	4,616,828
GF Reserve	22.86%	19.38%	12.89%	3.67%
Unrestricted Reserve Surplus(Shortfall) of 3%	23,959,846	19,656,544	12,094,382	840,713