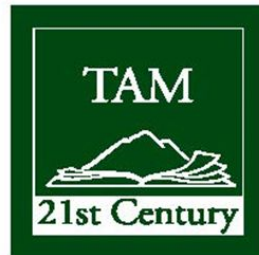

Tamalpais Union High School District

Budget Update

Fall 2018



Turn to a neighbor or elbow partner...

1. What are one or two facts you know about our District budget situation?
2. What are one or two questions or concerns you have about our budget situation?

* Write on paper OR use your smartphone and go to:

<https://goo.gl/forms/m9CgiRYv4zg0DQM72>

Take one minute to discuss the above...



Agenda

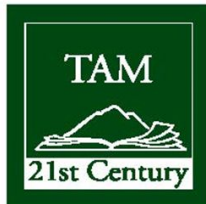
- TUHSD Budget Context & Data Sources
- Enrollment Growth & 'Basic Aid' status
- Revenues, Expenditures and Operating Deficits
- Reserves
- Cost Reductions & Supplemental Parcel Tax
- Process for Decision-making & Staff/Community Input
- Next Steps & Questions

We will pause periodically for clarifying questions...



Start with the End...

- In the last 10 years, TUHSD has added 1,227 students resulting in additional 70.5fte certificated staff
- Given TUHSD is 'basic aid', we do not get extra revenue for each student
- As a result, TUHSD is projecting operating deficits of
 - \$7.9M for 2018-19 (current year)
 - \$8.7M for 2019-20
 - \$9.7M for 2020-21
- The Reserve has and will decrease by these operating deficits
 - Reserve was \$24.8M in 2016-17 & is currently \$17.7M to begin this year
 - **Reserve projected to be depleted by 2020-21**
- Solution = Reduce costs + Increase revenue (parcel tax measure on November ballot)
 - \$8M = \$3M + \$5M if parcel tax passes
 - \$8M = \$8M + 0 if parcel tax fails
- Need staff and community input on how to reduce costs with and without Parcel Tax



TUHSD Budget Context & Data Sources

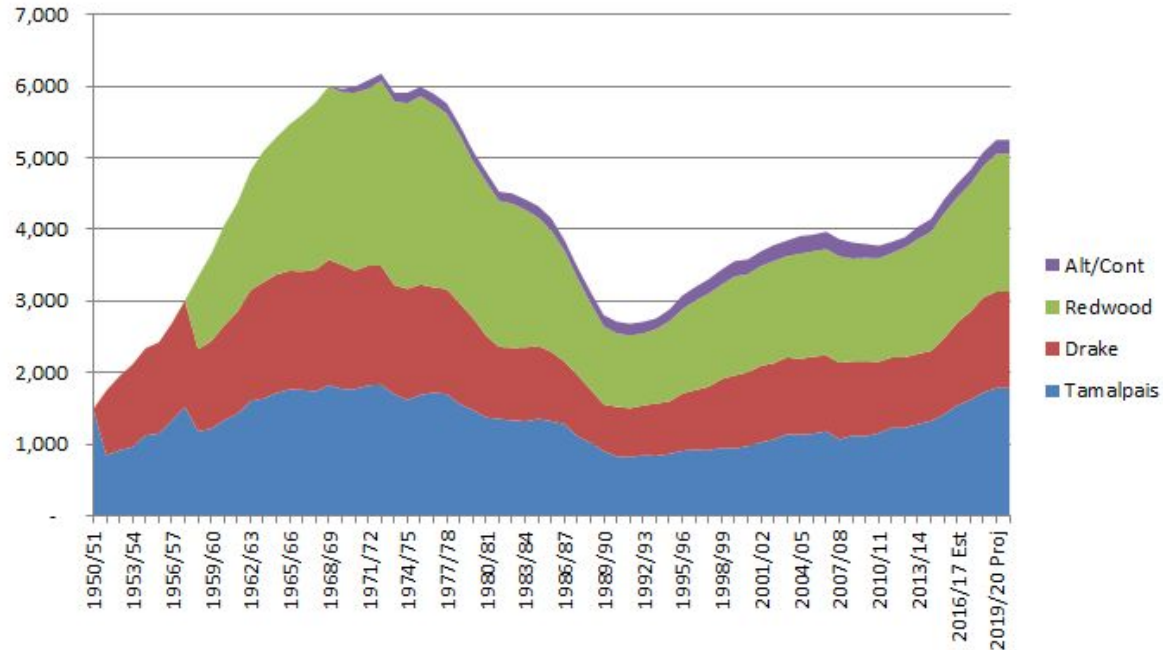
- Costs related to enrollment growth are outpacing our available annual revenue
- When we get more students we do not automatically get more money (basic aid status)
- There are cost drivers that are out of our control such as special education services, retirement costs, health benefits and other mandates

Data Sources:

- June 2018 TUHSD Adopted Budget for 2018-19
- Updated August 2018 Multi-Year Projection
- September 2018 Unaudited Actuals for 2017-18

Enrollment Growth

- Additional 1,227 students over 10 years
 - 3,823 students in 2008-09 to 5,050 students in 2018-19
- 32% increase over ten year time period



Basic Aid

vs.

State-Funded (LCFF)

- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes revenue and state aid
- If property taxes exceed the calculated revenue entitlement, then the district keeps the overflow revenue and receives only basic (minimal) state aid
- Does not receive significant additional revenue for each new student in enrollment growth

- Formerly referred to as 'Revenue Limit'
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes and state aid
- When property taxes do not meet the calculated revenue entitlement, then the State makes up the shortfall with additional funding up to the calculated revenue entitlement



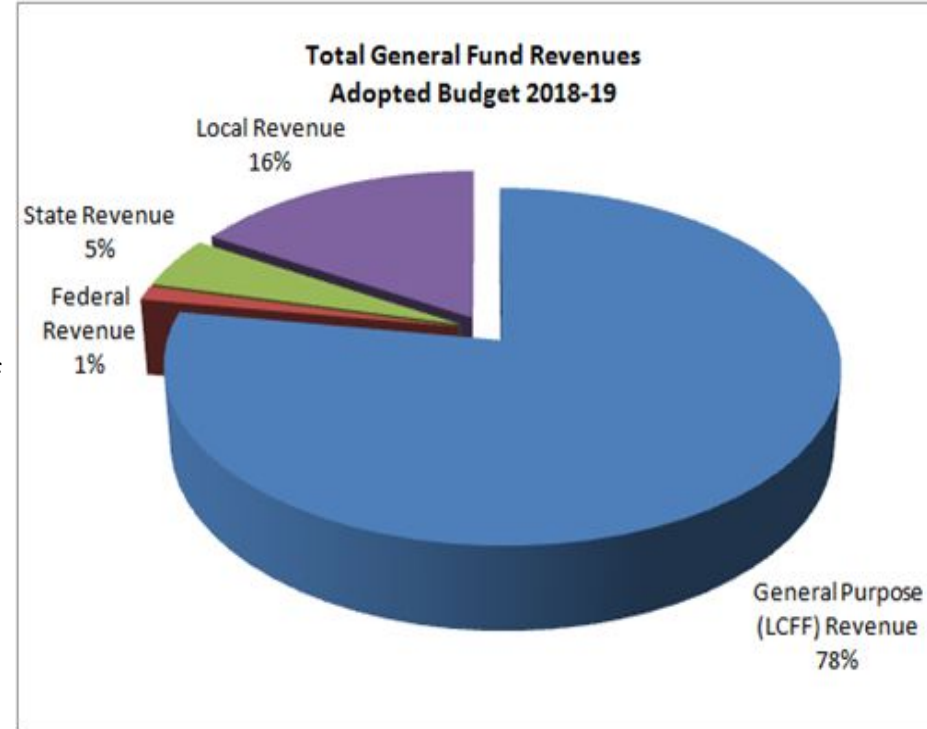
PAUSE: Any clarifying questions?



Revenues

\$82.7M in 2018-19 total revenues

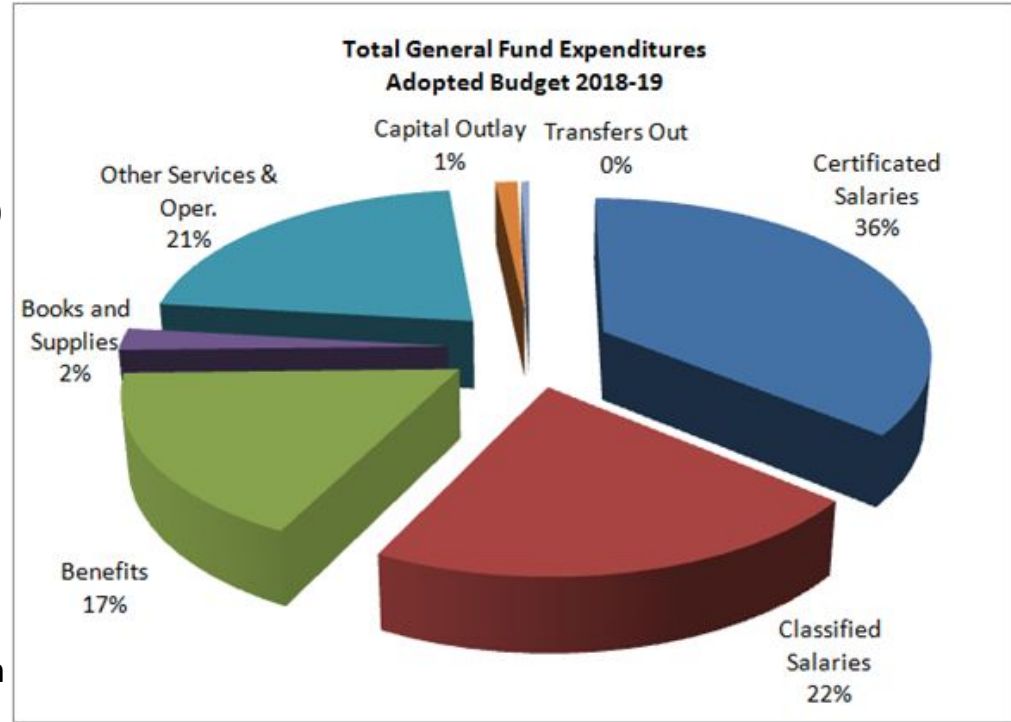
- \$62.2M in revenues from local property taxes
 - 5.2% increase from 2017-18
- \$10.3M in revenues from current parcel tax
 - Fixed 3% annual inflation escalator for duration of tax
 - \$293 per parcel in 2018-19
- \$7.7M in state and federal revenues
- \$2.5M in other local revenue (Foundations)



Expenditures

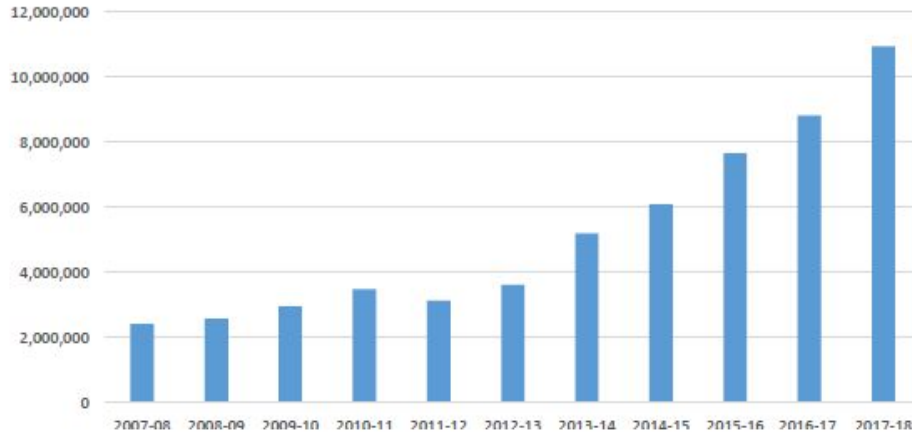
\$90.6M in 2018-19 total expenditures

- 75% of all district expenditures are personnel
- TUHSD has hired additional 70.5 certificated fte to due to enrollment growth from 243.1 fte in 2008-09
- Due to 2013 state pension reform, district & employee pension contributions have and are increasing significantly
 - Ongoing CalSTRS/CalPERS employer rate increases through 2023-24
 - Compared to 2013-14, increased rates cost district additional \$3.99M as of 2018-19
 - By 2022-23, budget will reflect \$2.7M more in annual district retirement contributions than 2018-19



Special Education Costs

Special Education Contribution from Unrestricted Has Increased from \$2.4M to \$10.9M in Ten Years, an Average Annual Rate of Increase of \$850,000 (12% Annual Average Increase)



Special Education costs are not solely under the control of the local school district

- TUHSD SpEd costs have increased from \$2.4M to \$10.9M in ten years
 - Avg. of 12% or \$850k increase annually
- In 2012, CA law changed requiring Districts to provide mental health services to special education students & shifted the full financial responsibility for Non-Public School (NPS) placement onto Districts
- 2016 TUHSD Special Education Audit
 - Recommendation to reduce NPS expenses
- 'Small School' CEC opened in August of 2017 with 12 students at Tamiscal
 - Saves \$560k annually
- Drake CEC anticipated to open in January

Structural Operating Deficits

- Operating deficit is when annual expenditures exceed revenues on an ongoing basis
- Projected operating deficits (not including any potential increase in parcel tax revenue nor any cost reductions)
 - 2018-19: \$7.9M (current year)
 - 2019-20: \$8.7M
 - 2020-21: \$9.7M

ANOTHER PAUSE: Any clarifying questions?



Reserves

- Used as a 'savings account' to offset ongoing operating deficits
- TUHSD built up a reserve in previous years in anticipation of current enrollment growth, which provides time to make decisions
- General Fund Reserve:
 - \$24.8M at beginning of 2016-17
 - Currently \$17.7M to begin 2018-19
 - Projected to decrease each year by operating deficit and be depleted in 2020-21

Cost Reductions - Spring 2018

TUHSD has already reduced costs

- \$1.8M in savings identified in Spring 2018 for 2018-19
 - Suspended Teacher Leader model
 - Reduced Instructional Coach staffing
 - Eliminated all but essential food, travel and conferences
 - Reduction in number of new teachers/counselors/Assistant Principals due to tighter staffing
- Original goal was identifying \$3M of cost savings

NOTE: These \$1.8M in cost reductions brought the 2018-19 deficit down to \$7.9M

Cost Reductions - Fall 2018 and beyond...

TUHSD is still reducing costs & engaged in identifying future cost savings

- Goal of identifying additional \$3M savings for 2018-19
 - Partial reduction in Tamiscal Principal and Senior Director of Curriculum & Instruction staffing (approximately \$150k)
 - Reduction in school site budget (25% equaling approximately \$300k) and district department budgets (10% - currently \$300k)
 - 2017-18 Unrestricted carryover balances from sites/departments returned to reserve (amount TBD)
 - Ongoing examination of potentials as opportunities arise for instance reviewing newly opened positions to determine the need to fill or not.

Cost Reductions - Fall 2018 and beyond... (cont'd)

- Goal of identifying additional \$3M savings for 2018-19
 - Cost savings of not currently replacing Assistant Superintendent of Educational Service (\$246k)
 - Cost savings (one-time) of no housing loan for Superintendent (\$500k)
- Additional Costs:
 - Additional cost of \$136k given increased SpEd transportation due to additional 17.5 IEP students needing transportation

TUHSD Budget Savings Tracking Tool - 2018-19

2018-19 Target Net Savings Total:	\$	3,000,000
Current Identified Savings to Date:	\$	887,000
Gap between Target & Current Savings:	\$	2,113,000

Date of Action:	Ongoing Implemented Actions:	Savings (Costs) Estimate:
August 2018	Reduction of Sr Director of C&I/Combined with Tamiscal Principal	\$ 150,000
August 2018	10% reduction in Department budgets	\$ 300,000
August 2018	25% reduction in Site budgets	\$ 300,000
September 2018	No current replacement Asst Supe of Ed Services	\$ 256,000
September 2018	Reduce work calendars for Directors of Nutrition (5 days) & Comm Ed (8 days)	\$ 17,000
September 2018	Additional Special Education transportation costs for 17.5 students	\$ (136,000)
	Total of Current Ongoing Savings to Date:	\$ 887,000

Date of Action:	One-time Implemented Actions:	Savings (Costs) Estimate:
Fall	Return of Superintendent's Housing Loan	\$ 500,000

Last Updated: 9-18-18

Supplemental Parcel Tax

TUHSD is pursuing additional revenue via proposed supplemental Parcel Tax in November election

- Supplemental parcel tax that would run concurrently with current parcel tax and both expire together in 2022
- Four year term
- Additional \$149 per parcel equates to roughly \$5.1M in additional revenue per year
- One-time additional revenue of \$2.9M in 2018-19 if parcel tax is successful (67% voter passage)
 - Note: This one-time revenue of \$2.9M will not be received by County until 2019-20 tax cycle

ANOTHER PAUSE: Any clarifying questions?



Process for Decision-Making & Staff/Community Input

Staff & Community input for Cost Reductions:

- LCAP & Fiscal Advisory committees composed of District & community stakeholders to advise Superintendent in her recommendations to the Board of Trustees
- 'Budget Update' presentations to learn and receive input:
 - Board of Trustees
 - Labor associations
 - TUHSD staff
 - Community members
 - Foundations/PTSAs/PTOs
 - Marin County Office of Education

Budget Calendar & Key Dates

September 2018	2017-18 Unaudited Actuals, Budget Presentations & Fiscal Advisory Group convenes
October 2018	Fiscal Advisory group prepares draft recommendations with and without new parcel tax
November 2018	Parcel Tax ballot election
December 2018	1st Interim Budget Report including parcel tax ballot results
January 2019	Governor's proposal for State budget
February 2019	Fiscal Advisory group finalizes recommendations to Superintendent
March 2019	2nd Interim Budget Report for 2018-19
April 2019	LCAP submitted to County Office for first review
May 2019	Board reviews preliminary 2019-20 Budget from Superintendent inclusive of Fiscal Advisory input
June 2019	Board adopts 2019-20 Budget & LCAP

[Link to 'Budget Reduction & Budget Development Calendar'](#)

Budget Update Calendar

August 7th - Management Team

August 27th - Fiscal Advisory & LCAP Committees

August 28th - TUHSD Board of Trustees & Redwood Foundation Board

August 30th - Redwood Staff Meeting (DO/Carlisle staff invited)

September 7th - Drake Staff Meeting

September 17th - San Andreas Staff Meeting

October 1st - Tam High Staff Meeting

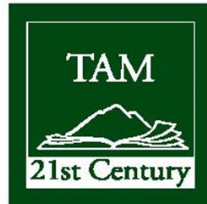
October 3rd - & Tamiscal Staff Meeting

TBD - Drake & Tam High Foundations

More to come...

Back to the End...

- In the last 10 years, TUHSD has added 1,227 students resulting in additional 70.5fte certificated staff
- Given TUHSD is 'basic aid', we do not get extra revenue for each student
- As a result, TUHSD is projecting operating deficits of
 - \$7.9M for 2018-19 (current year)
 - \$8.7M for 2019-20
 - \$9.7M for 2020-21
- The Reserve has and will decrease by these operating deficits
 - Reserve was \$24.8M in 2016-17 & is currently \$17.7M to begin this year
 - **Reserve projected to be depleted by 2020-21**
- Solution = Reduce costs + Increase revenue (parcel tax measure on November ballot)
 - \$8M = \$3M + \$5M if parcel tax passes
 - \$8M = \$8M + 0 if parcel tax fails
- Need staff and community input on how to reduce costs with and without Parcel Tax



Again, we need your input!

1. What are one or two facts you know about our District budget situation?
2. What are one or two questions or concerns you have about our budget situation?

* Write on provided forms OR use your smartphone and go to: <https://goo.gl/forms/m9CgiRYv4zg0DQM72>

I will email this out to all groups as well...

