Unraveling the District Budget

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

Presented By:
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Executive Director
Fiscal Services

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Associate Superintendent
Human Resources
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
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

2008–09 to 2020–21

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

Slide 5
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). This brings LCFF funding to $64.2 billion (up from $63 billion in 2019–20), which 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

### Change From 2019–20 Enacted State Budget to 2020–21 Governor’s Proposed State Budget

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2020–21</th>
<th>2021–22</th>
<th>2022–23</th>
<th>Applied to</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLA %</td>
<td>-0.71%</td>
<td>-0.09%</td>
<td>-0.34%</td>
<td>• LCFF&lt;br&gt;• Special education and other categorical programs&lt;br&gt;• Mandate Block Grant (MBG)</td>
</tr>
</tbody>
</table>

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

- $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?

- Increased LCFF Targets
- Payments to Reduce CalSTRS and CalPERS Costs
- One-Time Discretionary Grants
IMPACT TO TWIN RIVERS UNIFIED SCHOOL DISTRICT
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 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

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

**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

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

Rounded Total - $2,500,000
LCFF Per ADA

Twin Rivers Unified School District: Inspiring each student to extraordinary achievement every day!
### Cost Reductions due to Declining Enrollment - Fewer Teachers

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

🔍 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)
+ $0.4 million PY Surplus

($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

- Department Reductions: $568,592 (9%)
- Mandated Block Grant to be used to Support Base Programs: $783,194 (13%)
- Attrition and Open Position Control Savings: $952,885 (15%)
- Teacher Salaries Class Size Reduction: $1,300,000 (21%)

- $2,590,187 (42%)
Budget Reductions of Twin Rivers Unified School District

2019-2020 Budget Reductions - $9.7 million

- Interest Income: $4,500,000 (47%)
- Special Education Revenue: $1,000,000 (10%)
- Capital Lease Savings: $1,600,000 (17%)
- Department Budgets: $1,000,000 (10%)
- Teacher Salaries Class Size Reduction: $1,000,000 (10%)
- Positions Closed: $800,000 (8%)
- Early Retirement Incentive: $500,000 (5%)
- Other: $300,000 (3%)
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 $5.7 Million more
## Cost of 1% Salary Increase

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

<table>
<thead>
<tr>
<th>Statutory Benefits</th>
<th>TRUE 20.29%</th>
<th>CSEA 30.10%</th>
<th>TRSPA 32.76%</th>
<th>Certificated Management 20.29%</th>
<th>Classified Management &amp; Confidential 30.10%</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Salaries (w/o stat. ben.)</td>
<td>$116,045,716</td>
<td>$36,907,822</td>
<td>$1,467,289</td>
<td>$16,061,840</td>
<td>$5,717,713</td>
<td>$174,200,380</td>
</tr>
<tr>
<td>TOTAL FTE</td>
<td>1,410.730</td>
<td>918.950</td>
<td>22.000</td>
<td>116.750</td>
<td>53.000</td>
<td>2,521.430</td>
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<tr>
<td>Average Salary (Base) (statutory benefits not incl.)</td>
<td>$81,550</td>
<td>$40,163</td>
<td>$66,695</td>
<td>$129,009</td>
<td>$107,881</td>
<td>$69,088</td>
</tr>
<tr>
<td>TOTAL 1%</td>
<td>$1,150,457</td>
<td>$369,078</td>
<td>$14,673</td>
<td>$150,618</td>
<td>$57,177</td>
<td>$1,742,004</td>
</tr>
<tr>
<td>SALARIES ONLY</td>
<td>$1,383,885</td>
<td>$400,171</td>
<td>$19,480</td>
<td>$181,179</td>
<td>$74,388</td>
<td>$2,139,103</td>
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</tbody>
</table>

**Rounded Total $2,150,000**
Cost of 1% Salary Increase

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>TRUE</td>
<td>$1,383,885</td>
</tr>
<tr>
<td>CSEA</td>
<td>$480,171</td>
</tr>
<tr>
<td>TRSPA</td>
<td>$19,480</td>
</tr>
<tr>
<td>School Site Management</td>
<td>$124,691</td>
</tr>
<tr>
<td>District Management &amp; Confidential</td>
<td>$130,876</td>
</tr>
<tr>
<td>Total</td>
<td>$2,139,103</td>
</tr>
</tbody>
</table>

Twin Rivers Unified School District: Inspiring each student to extraordinary achievement every day!
# Cost of Employee Salary Increases

## Cost of 1% Salary Increase

<table>
<thead>
<tr>
<th>Group</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>TRUE</td>
<td>$1,383,885</td>
</tr>
<tr>
<td>CSEA</td>
<td>$480,171</td>
</tr>
<tr>
<td>TRSPA</td>
<td>$19,480</td>
</tr>
<tr>
<td>Management &amp; Confidential</td>
<td>$255,567</td>
</tr>
<tr>
<td><strong>TOTAL Rounded</strong></td>
<td><strong>$2,150,000</strong></td>
</tr>
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</table>

**Impact on $5.7 Million Structural Deficit for 2020-21**

**Deficit Increases to $7.9 Million**
## Salary Increases over the Years

### Employee Compensation 2013 - 2020

<table>
<thead>
<tr>
<th>TYPE</th>
<th>TRUE</th>
<th>CSEA</th>
<th>TRSPA</th>
<th>CONFIDENTIAL</th>
<th>MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Salary</td>
<td>14%</td>
<td>14%</td>
<td>15.3%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Off-Salary</td>
<td>8%</td>
<td>2.5%</td>
<td>5%</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Column F/Step 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL Compensation</td>
<td><strong>22%</strong></td>
<td><strong>24%</strong></td>
<td><strong>20.3%</strong></td>
<td><strong>21.5%</strong></td>
<td><strong>21.5%</strong></td>
</tr>
</tbody>
</table>
Other District Salary Increases

Information compiled by Sacramento County Office of Education

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ARCOHE</td>
<td>7%</td>
<td>3%</td>
<td>No changes to salary schedule</td>
<td>4%</td>
<td>2% settled through 20/21</td>
</tr>
<tr>
<td>CENTER</td>
<td>4%</td>
<td>1% + 1% off salary schedule</td>
<td>3.62%</td>
<td>No increase; settled through 6/30/19</td>
<td>Not settled.</td>
</tr>
<tr>
<td>ELVERTA</td>
<td>3.5% settled through 17/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GALT ELEM</td>
<td>4% for 50% of year; add’l 1% off salary schedule</td>
<td>1% settled through 17/18</td>
<td>1% Retro to 2/1/18</td>
<td>Step 27 added; longevity; H/W increased to $635</td>
<td>1% One-Time Off Salary</td>
</tr>
<tr>
<td>NATOMAS</td>
<td>*</td>
<td>2%</td>
<td>2.5%</td>
<td>3%</td>
<td>2%, 2% 20/21 and additional 1% effective 1/1/21. Settled through 6/30/21.</td>
</tr>
<tr>
<td>ROBLA</td>
<td>3% + .5% off salary schedule</td>
<td>3%</td>
<td>1.56% OFF</td>
<td>2.5%</td>
<td>1% One-Time Off Salary</td>
</tr>
<tr>
<td>TWIN RIVERS</td>
<td>2% + 1% off salary schedule- Prof Development</td>
<td>2% + 1% OFF</td>
<td>2% + 1% off salary schedule + 1% Prof Development + 1 less work day</td>
<td>2% plus 1% One-Time Off Salary</td>
<td>2% plus 1% increase in Employer Pd H/W</td>
</tr>
</tbody>
</table>
### Other District Salary Increases

Information compiled by Sacramento County Office of Education

<table>
<thead>
<tr>
<th>District</th>
<th>Initial Increase</th>
<th>Percentage Change</th>
<th>Additional Information</th>
<th>Final Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIVER DELTA</td>
<td>3.5% + 3.5%</td>
<td>3.25%</td>
<td>3% retro to 7/1/17; $144 added to monthly benefit cap retro to 1/31/18</td>
<td>Not settled</td>
</tr>
<tr>
<td>GALT HIGH</td>
<td>3.5%</td>
<td>3%</td>
<td>1.5% + 2% off salary schedule</td>
<td>3%</td>
</tr>
<tr>
<td>ELK GROVE</td>
<td>3.5%</td>
<td>2%</td>
<td>1.75% retro to 7/1/17</td>
<td>Cont. lang. based on the amount of any ongoing new LCFF funding.</td>
</tr>
<tr>
<td>FOLSOM</td>
<td>4.5%</td>
<td>2%</td>
<td>1%</td>
<td>.50% settled through 6/30/20</td>
</tr>
<tr>
<td>SACTO CITY</td>
<td>2.5% 7/1/15-12/31/15 2.5% 1/1/16-6/30/16</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5% for all; 3.5% to adjust salary schedule</td>
</tr>
<tr>
<td>SAN JUAN</td>
<td>3.25%</td>
<td>2% + 1% off salary schedule</td>
<td>2%</td>
<td>1.6% effective 11/1/18; 2% OFF</td>
</tr>
</tbody>
</table>

Updated 12/03/19
<table>
<thead>
<tr>
<th>Schedule Placement</th>
<th>Rank</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA-30; Step 1</td>
<td>Rank 3</td>
<td>$52,187</td>
</tr>
<tr>
<td>BA-45; Step 5</td>
<td>Rank 3</td>
<td>$58,466</td>
</tr>
<tr>
<td>BA-60; Step 10</td>
<td>Rank 3</td>
<td>$75,811</td>
</tr>
<tr>
<td>BA-75; Step 15</td>
<td>Rank 1</td>
<td>$94,259*</td>
</tr>
<tr>
<td>Schedule Maximum</td>
<td>Rank 2</td>
<td>$103,734*</td>
</tr>
</tbody>
</table>

* includes Masters
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
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

<table>
<thead>
<tr>
<th>LCFF Base</th>
<th>LCFF S/C</th>
<th>Federal</th>
<th>State</th>
<th>Local &amp; Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>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</td>
<td>Title I, Part A, Basic Education, Special Education, Title II, Education Quality, Title III English Learner Program, Career and Technical Education, Other Federal Programs</td>
<td>Special Education, CalSTRS, Mandated Cost, After School Education and Safety, Lottery, Career and Technical Education, Other State Programs</td>
<td>Transfers In (Indirect from other funds), One-time Insurance Reimbursement, Interest, Other Local Revenue</td>
</tr>
</tbody>
</table>

- **LCFF Base** $214 million
- **LCFF S/C** $67.5 million
- **Federal** $35 million
- **State** $47 million
- **Local & Other** $4.1 million

Twin Rivers Unified School District: Inspiring each student to extraordinary achievement every day!
We have **More Grade Configurations** than Other Districts

<table>
<thead>
<tr>
<th>Type</th>
<th># of Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>1</td>
</tr>
<tr>
<td>K-2</td>
<td>1</td>
</tr>
<tr>
<td>K-4</td>
<td>2</td>
</tr>
<tr>
<td>K-5</td>
<td>1</td>
</tr>
<tr>
<td>K-6</td>
<td>18</td>
</tr>
<tr>
<td>K-8</td>
<td>7</td>
</tr>
<tr>
<td>3-6</td>
<td>1</td>
</tr>
<tr>
<td>5-8</td>
<td>2</td>
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<tr>
<td>6-8</td>
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<tr>
<td>10-12</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>1</td>
</tr>
</tbody>
</table>

Number of Different Types of Schools
- Twin Rivers: 15
- Sac City: 11
- San Juan: 10
- Elk Grove: 7
- Folsom Cordova: 7
- Natomas: 7

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