

## Rescue Union School District

**AGENDA ITEM:** Board Study Session – Discussion on Enrollment, Attendance, Deficit Spending, and District Reserves

**BACKGROUND:**

RUSD has been in declining enrollment since 2010-11 and is down 139 students from last year and projecting a loss of another 140 students for 2018-19. This loss of enrollment and additional increasing expenditure factors including STRS/PERS contributions, will grow the ongoing projected unrestricted deficit from \$600k to \$1.1M in 18-19 and up to \$2.2M in 19-20.

**STATUS/DISCUSSION:**

The board has requested a discussion regarding enrollment trends and projections, the district's structural deficit, and board reserves. Staff will present information on these items and make recommendations where potential opportunities are found.

**FISCAL IMPACT:**

Structural deficit of \$600k growing to \$1.1M in 18-19 and \$2.2M in 19-20 will impact all functions of RUSD programs.

**BOARD GOAL(S):**

Board Focus Goal II – FISCAL ACCOUNTABILITY:

Keep the district fiscally solvent through prudent budget processes in order to meet the needs of our students.

**RECOMMENDATION:**

- Enrollment
  - Determine method to balance enrollment at Lake Forest and Pleasant Grove.
  - Determine ways to increase retention of district 5<sup>th</sup> graders.
- Attendance
  - Maximize attendance by creating school calendar that promotes attendance.
  - Look at other methods to increase attendance including make-up days, incentives, etc.
- Personnel
  - Prioritize the retention of existing staff.
- Deficit Spending
  - Prioritize large future expenses and board reserves.
  - Use budget opportunities to reduce deficit.



# RESCUE USD BOARD STUDY SESSION

January 9, 2018

# Study Session Items

- Enrollment History & Projections
- Areas to Maximize Attendance
- Budget Analysis
  - Personnel Cost
  - Structural Deficit
  - Ending Fund Balance Reserves and Priorities
- Recommendations



# Enrollment History and Projections



# Enrollment History & Projections

## Monthly Enrollment History

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	Change
2017-18	3,605	3,624	3,623	3,642	3,655						(139)
2016-17	3,723	3,709	3,723	3,731	3,734	3,774	3,792	3,792	3,786	3,794	54
2015-16	3,666	3,658	3,673	3,673	3,676	3,686	3,707	3,717	3,734	3,740	(35)
2014-15	3,690	3,697	3,699	3,702	3,712	3,735	3,753	3,771	3,772	3,775	(50)
2013-14	3,797	3,775	3,770	3,776	3,774	3,797	3,804	3,821	3,823	3,825	(104)
2012-13	3,889	3,902	3,895	3,900	3,893	3,885	3,912	3,919	3,920	3,929	(109)
2011-12	3,984	3,984	3,989	3,995	3,995	4,002	4,019	4,024	4,032	4,038	(57)
2010-11	4,124	4,088	4,070	4,071	4,074	4,083	4,092	4,099	4,097	4,095	(20)
2009-10	4,173	4,123	4,115	4,116	4,113	4,119	4,122	4,121	4,112	4,115	16
2008-09	4,176	4,105	4,104	4,106	4,115	4,110	4,095	4,091	4,097	4,099	14
2007-08	4,093	4,079	4,090	4,094	4,091	4,097	4,110	4,096	4,101	4,085	113
2006-07	3,916	3,905	3,918	3,927	3,934	3,933	3,952	3,967	3,964	3,972	187
2005-06	3,777	3,771	3,788	3,776	3,768	3,784	3,780	3,783	3,786	3,785	78
2004-05	3,670	3,658	3,653	3,661	3,661	3,698	3,703	3,712	3,717	3,707	

## CBEDs to Average Daily Attendance (ADA) History

	2004-05 ADA	2005-06 ADA	2006-07 ADA	2007-08 ADA	2008-09 ADA	2009-10 ADA	2010-11 ADA	2011-12 ADA
CBEDS	3,695	3,811	3,936	4,089	4,108	4,116	4,065	3,993
ADA	3,544	3,635	3,785	3,947	4,001	3,879	3,954	3,897
Ratio	95.91%	95.39%	96.16%	96.52%	97.40%	94.23%	97.26%	97.61%
	2012-13 ADA	2013-14 ADA	2014-15 ADA	2015-16 ADA	2016-17 ADA	2017-18 Est. ADA	2018-19 Est. ADA	2019-20 Est. ADA
CBEDS	3,899	3,773	3,700	3,672	3,720	3,629	3,512	3,496
ADA	3,782	3,678	3,600	3,566	3,615	3,530	3,407	3,391
Ratio	97.00%	97.48%	97.30%	97.10%	97.18%	97.27%	97.00%	97.00%

### Analysis

- District has been in decline since 2010-11 with a positive increase in 2016-17 only.
- District has larger grade levels at 5-8 (Avg. 440) vs. TK-4 (Avg. 378)
- District has seen growth from the start of year to end of year since 2011-12. (See Enrollment Change During the Year Table)

### Analysis

- District enrollment to attendance averages 97%. This is very good.
- Ratio is based upon CBEDs which is a single day in October, but ADA is based upon the yearly total. Years in which enrollment increases during the year will normally have a higher ratio.

# Areas of Enrollment Loss

## Kindergarten Enrollment vs. 8<sup>th</sup> Grade Exiting

	GREEN VALLEY	JACKSON	LAKE FOREST	LAKEVIEW	RESCUE	Total	Total 8th Graders Exiting PY	Net change
<b>2017/18</b>	84	89	65	92	99	429	486	(57)
<b>2016/17</b>	86	84	76	88	80	414	479	(65)
<b>2015/16</b>	76	65	74	79	84	378	478	(100)
<b>2014/15</b>	97	87	73	83	72	412	472	(60)
<b>2013/14</b>	80	80	63	105	81	409	487	(78)
	423	405	351	447	416	2,042	2,402	(360)
	<b>20.7%</b>	<b>19.8%</b>	<b>17.2%</b>	<b>21.9%</b>	<b>20.4%</b>	<b>100.0%</b>		

Note: Includes Transitional Kindergarten (TK) in totals

### Analysis

- Kindergarten enrollment has been relatively consistent.
- Lake Forest has averaged the lowest numbers for kindergarten, which has impacted their overall site numbers. This trend needs to be analyzed and adjustments need to be made.
- Enrollment of kindergarten has falling behind the outgoing 8<sup>th</sup> grade class, which has had the largest impact on declining enrollment for the district.

## 5<sup>th</sup> Graders Continuing onto RUSD Middle School

	2017-18	2016-17	2015-16	2014-15	2013-14	Average
<b>Green Valley</b>	91%	89%	89%	90%	85%	89%
<b>Jackson</b>	83%	82%	86%	81%	79%	82%
<b>Lake Forest</b>	88%	89%	91%	86%	91%	89%
<b>Lakeview</b>	83%	92%	93%	87%	86%	88%
<b>Rescue</b>	90%	86%	88%	85%	86%	87%
<b>District Average</b>						87%
<b># of 5th Gr. Leaving</b>	(55)	(46)	(47)	(63)	(69)	Total
<b>6th Gr. Trnf In</b>	38	36	46	29	35	
<b>Net Loss</b>	(17)	(10)	(1)	(34)	(34)	(96)

### Analysis

- District loses an average of 13% of RUSD 5<sup>th</sup> graders going into 6<sup>th</sup> grade. Determination of reasons for the loss and ways to decrease it should be discussed.
- Jackson loses 5% (four to five students) more per year than the district average.
- After new transfers of 6<sup>th</sup> graders, Pleasant Grove averages 98% of 5<sup>th</sup> grade population and Marina Village averages 94%.

# Enrollment History Summary

## Enrollment Change During the Year

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	Sum
2017-18	-	19	(1)	19	13						50
2016-17	-	(14)	14	8	3	40	18	-	(6)	8	71
2015-16	-	(8)	15	-	3	10	21	10	17	6	74
2014-15	-	7	2	3	10	23	18	18	1	3	85
2013-14	-	(22)	(5)	6	(2)	23	7	17	2	2	28
2012-13	-	13	(7)	5	(7)	(8)	27	7	1	9	40
2011-12	-	-	5	6	-	7	17	5	8	6	54
2010-11	-	(36)	(18)	1	3	9	9	7	(2)	(2)	(29)
2009-10	-	(50)	(8)	1	(3)	6	3	(1)	(9)	3	(58)
2008-09	-	(71)	(1)	2	9	(5)	(15)	(4)	6	2	(77)
2007-08	-	(14)	11	4	(3)	6	13	(14)	5	(16)	(8)
2006-07	-	(11)	13	9	7	(1)	19	15	(3)	8	56
2005-06	-	(6)	17	(12)	(8)	16	(4)	3	3	(1)	8
2004-05	-	(12)	(5)	8	-	37	5	9	5	(10)	37

### Analysis

- During the school year, the district traditionally gains students throughout all grade levels. This increase helps to offset the loss of students due to other factors discussed.
- Trends show that district gains the most students in January and February, and this is partially due to an additional TK class offered in January last year. A late start TK class will be offered this year as well.

## Total Enrollment Changes Since 2013-14

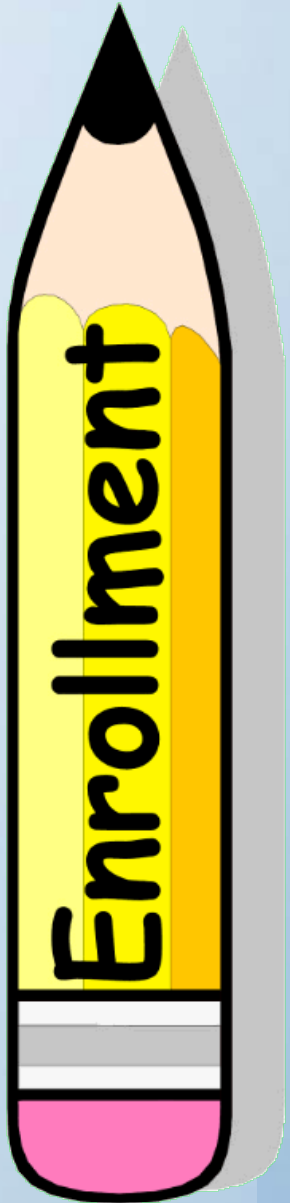
	Kindergarten /8th grade net change	5th grade to 6th grade net change	Net Change during School Year	
2017-18	(57)	(17)	50	(24)
2016-17	(65)	(10)	71	(4)
2015-16	(100)	(1)	74	(27)
2014-15	(60)	(34)	85	(9)
2013-14	(78)	(34)	28	(84)
<b>Total</b>	<b>(360)</b>	<b>(96)</b>	<b>308</b>	<b>(148)</b>

### Analysis

- The change in enrollment from August 2013 (3,655) to December 2017 (3,797) of 142 can be attributed to smaller kindergarten class and larger outgoing 8<sup>th</sup> grade classes with loss of students moving to the middle school. This decline was offset by new students enrolling during the school year.

# Current Enrollment by Site (as of 12/19/2017)

	GREEN VALLEY	JACKSON (SDC)	LAKE FOREST	LAKEVIEW	RESCUE	MARINA VILLAGE (Cool School)	PLEASANT GROVE (SDC)	NPS	Total
TK	21	21	15	18	20			0	95
KINDERGARTEN	63	68	50	74	79			0	334
FIRST	67	73	68	78	66			0	352
SECOND	62	65	57	84	73			1	342
THIRD	78	83	68	83	75			0	387
FOURTH	62	80	65	107	70			0	384
FIFTH	68	77	103	106	73			1	428
SIXTH						253	189	1	443
SEVENTH						243	161	1	405
EIGHTH						276	204	0	480
<b>TOTAL</b>	421	467	426	550	456	772	554	4	3650



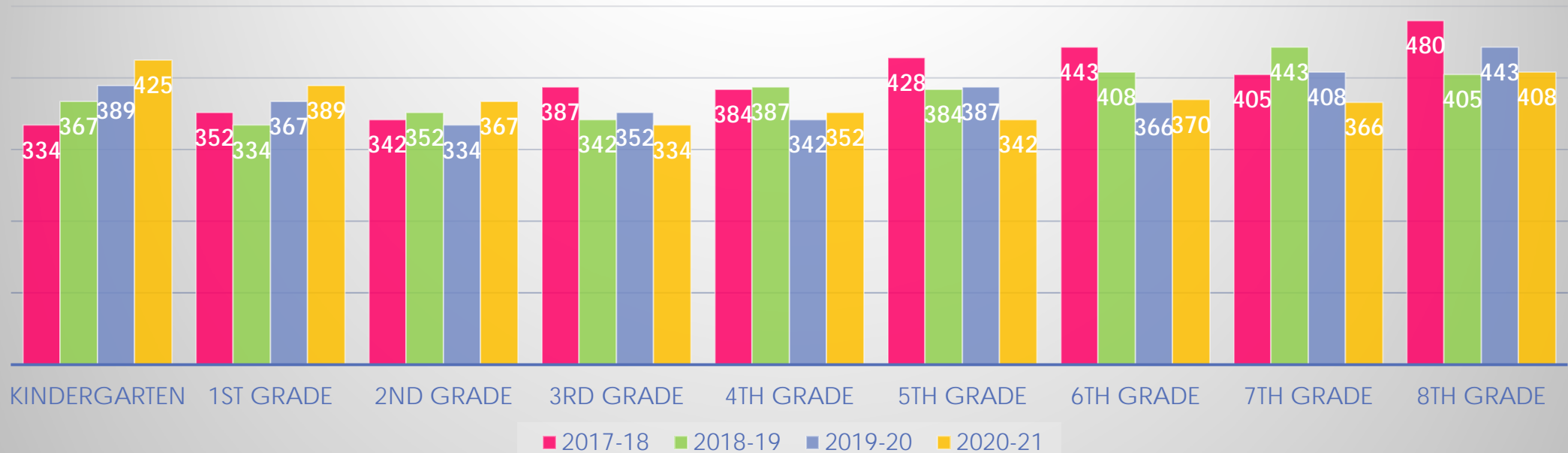
## Analysis

- Note the large 5<sup>th</sup> grade numbers at Lake Forest and Lakeview. Once this bubble moves through the district we will have no grade levels above 400 students.
- The 8<sup>th</sup> grade class is largest grade at 480 and is significantly larger than our kindergarten... Do you see the pattern?



# Enrollment Projection by Grade

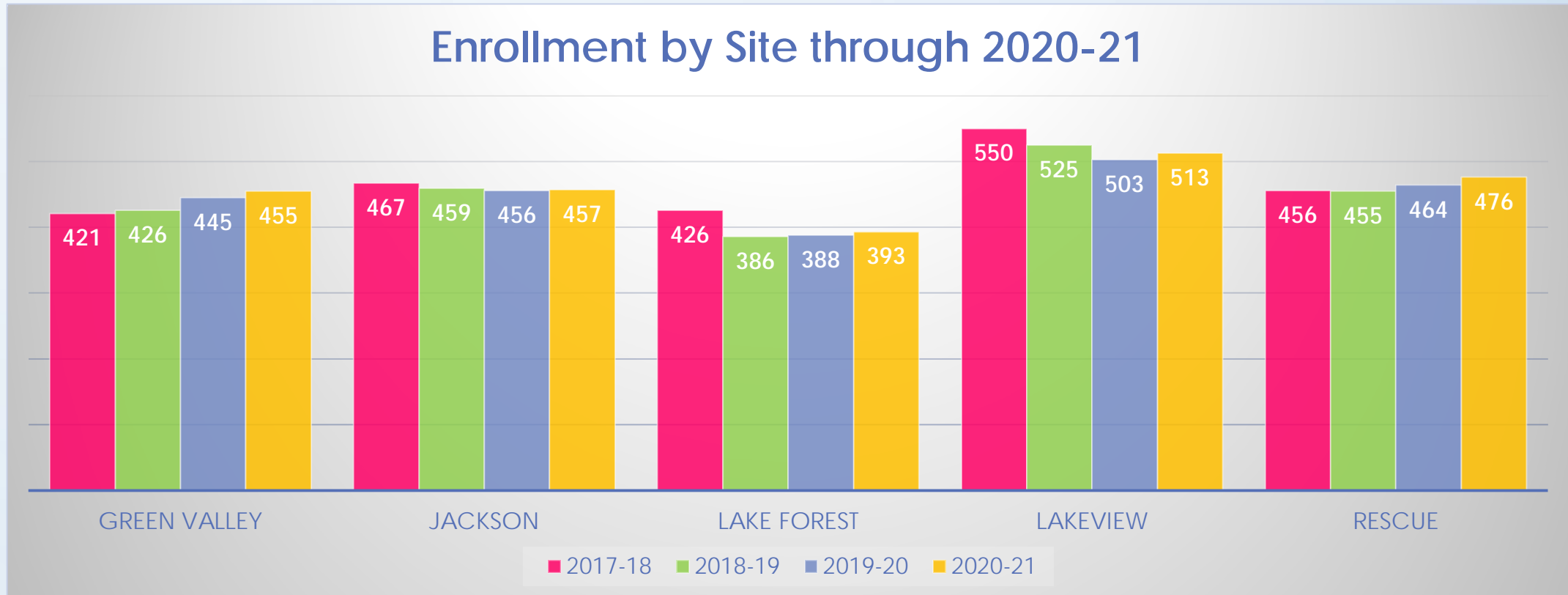
## Enrollment by Grade through 2020-21



### Analysis

- Projections have district increasing in kindergarten based upon 2015 demographic study (moderate projection).
- Kindergarten allocation by site is projected based upon five year historical average.
- Projection for 2020-21 kindergarten has over 400 students, which is the first grade level with over 400 since 2017-18 5<sup>th</sup> grade.

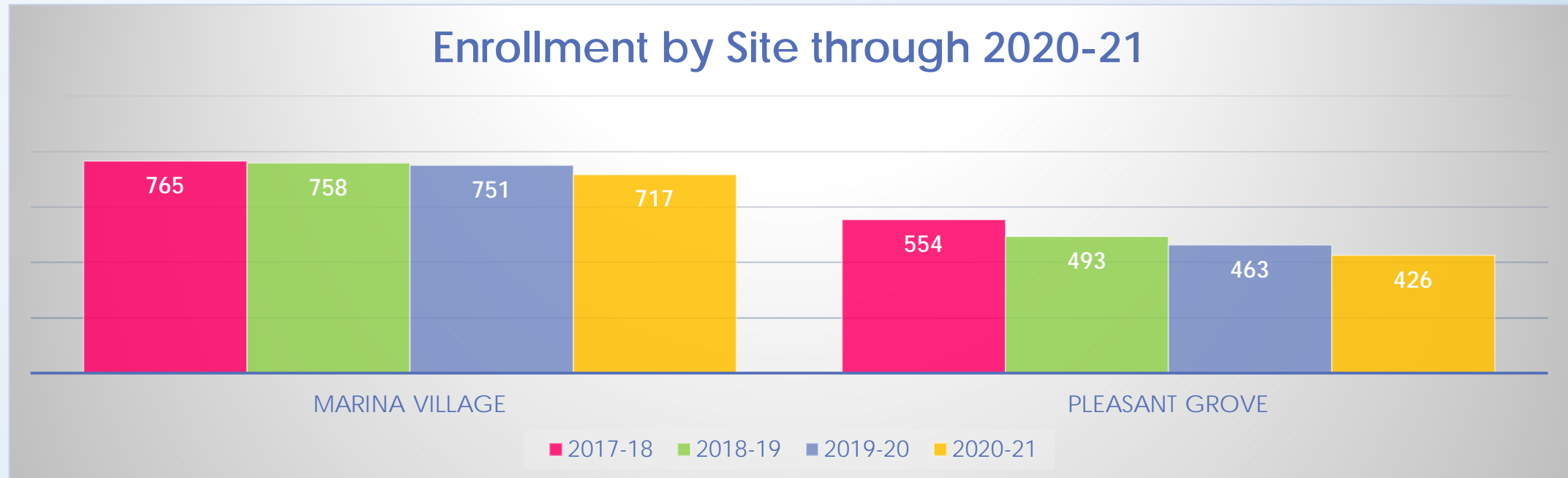
# Enrollment Projection by Site (Elementary)



## Analysis

- *Green Valley and Rescue project growth in future years based upon past kindergarten numbers and demographic study enrollment.*
- *Jackson is projected to have flat level enrollment.*
- *Lakeview and Lake Forest are projected to decline in 2018-19 due to larger 5<sup>th</sup> grade class and then will level off.*
- *Lake Forest will be approximately two classes smaller than the average site and 100 students less than Lakeview.*

# Enrollment Projection by Site (Middle School)



## Analysis

- 2020-21 shows Marina Village dropping by 30 students. This will be the year the 4<sup>th</sup> grade class advances to middle school.
- Pleasant Grove is projected to have enrollment that is 40% lower than Marina Village. This will have many impacts as student electives and other services will be diminished and not equal to the offerings at MV. This trend needs to be analyzed, and adjustments may need to be made.

# Noteworthy Enrollment Trends

- District is projecting a decrease of 140 students in 2018-19 and will see continued decline until 5<sup>th</sup>-8<sup>th</sup> grade “bubble” matriculates to high school.
- Lake Forest and Pleasant Grove are expected to have lower enrollment compared to other sites, and methods to balance student loads need to be discussed.
- Enrollment is lowest at beginning of school year, and district gains students over the course of year especially in January & February.

# Attendance Analysis



# Improving Attendance=Decreasing the Deficit

## Ways to Boost Attendance

District averages 97%, which is great, but there are ways to go even higher.

- *Independent study contracts*
- *Incentives for attendance*
- *Make-up days*
- *Create calendar that maximizes attendance and educational opportunities.*

## Cost of One ADA Day

<b>Funding</b>	<b>For 1 ADA</b>	<b>Per Day (141)</b>
<i>Lottery</i>	\$ 194	\$ 1.38
<i>Special Education</i>	\$ 370	\$ 2.63
<i>LCFF Funding</i>	\$ 7,793	\$ 55.27
<i>Mandated Block Grant</i>	\$ 30	\$ 0.22
		<b>\$ 59.50</b>

## Analysis

- Average Daily Attendance (ADA) is based upon attendance until the 8<sup>th</sup> four-week period known as P-2. For 2017-18 RUSD calendar has P-2 on March 23, which is 141 days.
- District receives \$59.50 for every day of attendance up to P-2. This does not include funding loss for other categorical programs or lost sales for café program.
- Identifying potential days when there is a high likelihood of absenteeism and excluding them from the school calendar benefits kids, parents, staff, and district.



# Improving Attendance=Decreasing the Deficit

## Enrollment to Attendance and Loss of Funding Due to Calendar Scheduling in December

Site	Dec 18			Dec 19			Combined Total	YTD Site Average	Diff	Estimated Funding Loss
	Enrolled	Attend	%	Enrolled	Attend	%				
Green Valley	423	398	94.09%	423	405	95.74%	94.92%	96.97%	-2.05%	\$ (1,042)
Jackson	467	438	93.79%	467	430	92.08%	92.93%	97.31%	-4.38%	\$ (2,453)
Lake Forest	427	395	92.51%	427	387	90.63%	91.57%	97.09%	-5.52%	\$ (2,829)
Lakeview	550	521	94.73%	550	508	92.36%	93.55%	97.56%	-4.01%	\$ (2,650)
Rescue	457	431	94.31%	457	426	93.22%	93.76%	96.80%	-3.04%	\$ (1,665)
Pleasant Grove	554	523	94.40%	554	486	87.73%	91.06%	97.25%	-6.19%	\$ (4,112)
Marina Village	772	708	91.71%	772	675	87.44%	89.57%	97.39%	-7.82%	\$ (7,242)
										\$ (21,992)

### Analysis

- RUSD school sites average between 96.80% to 97.56% attendance to enrollment for the year-to-date(YTD).
- However, during the two days (Dec 18-19) prior to winter break, attendance at sites averaged between 89.57% to 94.92%.
- This translates to a loss of \$22,000 in funding.

NOTE: Chart above shows enrollment and attendance with percentages at each RUSD school site for December 18 and 19, which were a Monday and Tuesday prior to winter break. These percentages were totaled and compared to each school site's average attendance to enrollment for the year. The difference was then converted to the amount of funding that was lost.

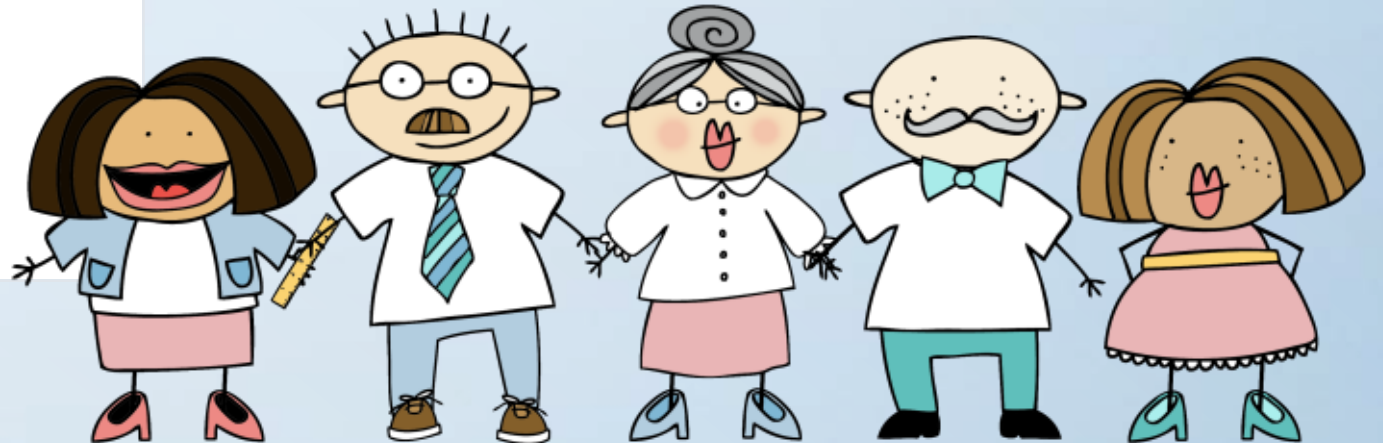
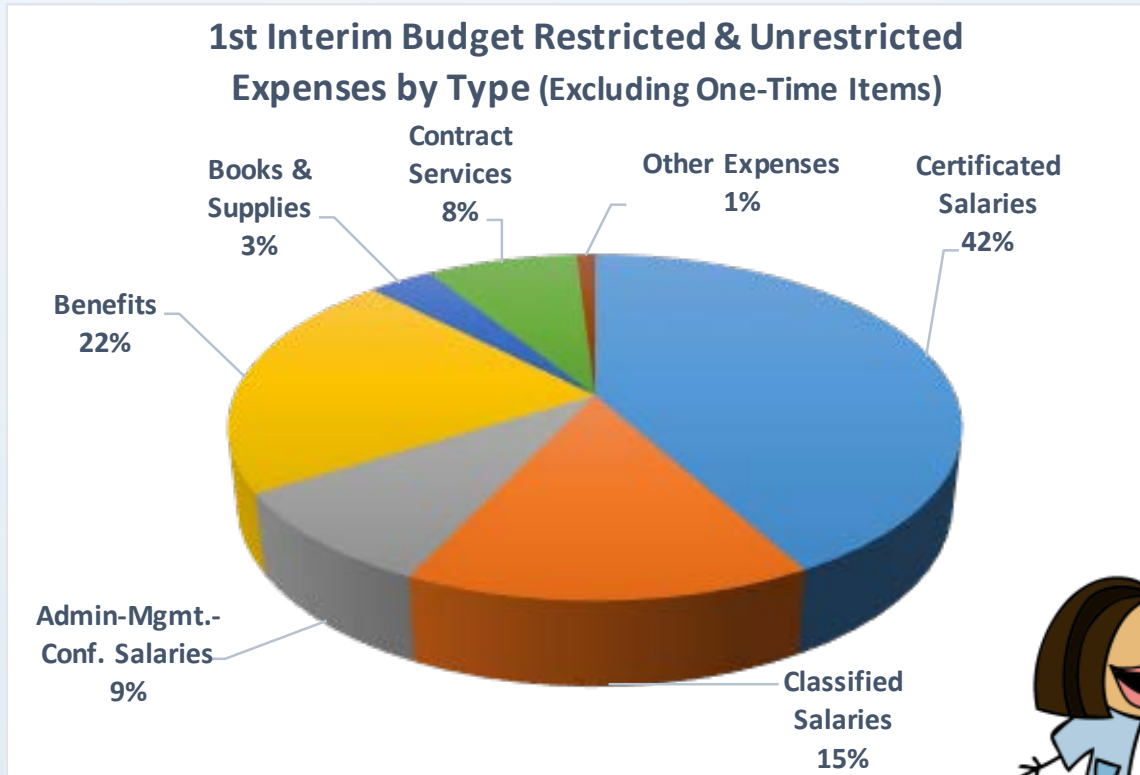
# Budget Analysis





# Personnel Costs

- Personnel costs are 87.7% of ongoing expenses
- Automatic salary and benefit adjustments to staffing equal a 3.26% increase in personnel costs in 2018-19
  - STRS/PERS rate changes equal a 1.41% increase in personnel costs.
  - Step & Column changes on salary schedule equal a 1.85% increase in personnel costs.



# Personnel Costs – 1% Increase

Cost of 1%	Salaries	Benefits	Total Cost	
<i>Certificated</i>	\$132,000	\$23,000	\$155,000	62.2%
<i>Classified</i>	\$53,000	\$10,000	\$63,000	25.3%
<i>Admin/Mgmt</i>	\$26,000	\$5,000	\$31,000	12.4%
			<b>\$249,000</b>	

## Items that are equal in cost to a 1% salary increase

- Average cost of new teacher is \$73,000, so 1% increase equals 3.4 new teachers.
- Cost of a class set (30) of Chromebooks is \$12,500, so 1% increase equals 20 classroom sets.
- 2016-17 daily cost of utilities districtwide was \$2,145, so 1% increase equals all utilities for 116 days.
- Average cost of a new principal is \$118,000, so a 1% increase equals 2.1 new principals
- Textbook adoptions average \$200 per student, so a 1% increase equals 41 class sets (30) for an eight-year adoption.
- Average cost of new a custodian is \$45,000, so a 1% increase equals 5.5 new custodians.

# Structural Deficit Overview

Unrestricted Balance Changes		2018-19	2019-20
<i>Ongoing (Deficit) Balance from Previous Year</i>		(\$608,497)	(\$1,095,522)
Additional LCFF Revenue (COLA & Gap Funding Increases)	\$942,447		\$695,890
Loss of Revenue for ADA Decrease	(\$608,097)		(\$908,803)
<b>Total Revenue Changes</b>		\$334,350	(\$212,913)
Salary Schedule Step & Column Increases (Includes contributions to restricted accounts for step/column)	(\$540,431)		(\$522,635)
Other Adjustments (Temp Positions/Staff Adj, Retiree Pmts etc.)	\$133,261		\$83,369
STRs & PERs Increased Rates	(\$414,205)		(\$428,546)
<b>Total Expense Changes</b>		(\$821,375)	(\$867,812)
<b>Updated On-Going Surplus (Deficit)</b>		(\$1,095,522)	(\$2,176,247)
<b>Beginning Fund Balance</b>		\$5,694,202	\$4,598,680
<b>Ending Fund Balance</b>		\$4,598,680	\$2,422,433

- Assumptions for staffing and revenues from multi-year projection.
  - Assumes six retirees with four not being replaced due to declining enrollment with all other staffing held constant.
  - Assumes no additional one-time funds from the state. However, it should be noted we received funds in 15/16, 16/17, and 17/18... but with a new governor and changing tax laws, who knows?

# Ending Fund Balance



- All reserves except economic uncertainty and compensated absences are future costs that district will need to pay in the next two years.
- Ending fund balance will not be sufficient to cover all items reserved starting in 2018-19.

<b>Distribution of Ending Fund Balance and Reserves</b>	
<b>1st Interim Budget 2017-18</b>	
Revolving Cash	\$ 5,500
Restricted Accounts	\$ -
Commitments	\$ -
Assigned	\$4,622,228
<i>Board Reserve - 7% Economic Uncertainty Reserve</i>	\$2,488,440
<i>Liability - Early Retirement Incentive (2019)</i>	\$ 78,870
<i>Liability - Compensated Absences</i>	\$ 39,695
<i>Lottery Carryover - Textbook Adoption (Social Studies 2018)</i>	\$ 463,647
<i>Board Reserve - Future Facility Needs and Modernization</i>	\$ 500,000
<i>Board Reserve - Marina Village Furniture &amp; Equipment</i>	\$ 250,000
<i>Board Reserve - Two Additional Electric Buses</i>	\$ 100,000
<i>Board Reserve - Textbook Adoption (Science 2019)</i>	\$ 701,576
<b>Reserve for Economic Uncertainty</b>	<b>\$ 1,066,474</b>
% of Expense	3.00%
Undesignated Fund Balance	-
<b>Total Distribution of Ending Fund Balance</b>	<b>\$5,694,202</b>

# Ending Fund Balance

“We can do anything, but not everything.” – David Millman

- These do not include any other one-time activities including technology reserves.
- Reserves will need to be prioritized as not all items will be attainable.
- The board economic uncertainty reserve was created for times like these.
  - If district uses the 7% board reserve and can decrease deficit by \$350k in each 18-19 and 19-20, all reserved expenses can be met and district will still have sufficient funds for 3% required economic reserve at end of 2019-20.
  - However, there will still be a structural deficit of \$1.8M with no reserves left in 20-21... There are no easy solutions.

	2018-19	2019-20
<b>Ending Fund Balance from MYP</b>	<b>\$4,598,680</b>	<b>\$2,422,433</b>
<i>Board Reserve - 7% Economic Uncertainty Reserve</i>	\$2,488,440	\$2,488,440
<i>Liability - Early Retirement Incentive (2019)</i>	\$78,870	\$78,870
<i>Liability - Compensated Absences</i>	\$39,695	\$39,695
<i>Lottery Carryover - Textbook Adoption (Social Studies 2018)</i>	\$463,647	\$463,647
<i>Board Reserve - Future Facility Needs and Modernization</i>	\$500,000	\$500,000
<i>Board Reserve - Marina Village Furniture &amp; Equipment</i>	\$250,000	\$250,000
<i>Board Reserve - Two Additional Electric Buses</i>	\$100,000	\$100,000
<i>Board Reserve - Textbook Adoption (Science 2019)</i>	\$701,576	\$701,576
<i>3% Required Reserve</i>	\$1,066,474	\$1,066,474
<b>Total Reserves</b>	<b>\$5,688,702</b>	<b>\$5,688,702</b>
<b>Ending Fund Balance Shortfall</b>	<b>(\$1,090,022)</b>	<b>(\$3,266,269)</b>

Big Finish...  
Ta-da!



# Some Recommendations/Actions

- Enrollment
  - Determine method to balance enrollment at Lake Forest and Pleasant Grove.
  - Determine ways to increase retention of district 5<sup>th</sup> graders.
- Attendance
  - Maximize attendance by creating school calendar that promotes attendance.
  - Look at other methods to increase attendance including make-up days, incentives, etc.
- Personnel
  - Prioritize the retention of existing staff by placing hiring freeze on all positions and require superintendent approval prior to replacing or hiring of any new staff (tighten the belt).
- Deficit Spending
  - Prioritize large future expenses and board reserves.
  - Use budget opportunities to reduce deficit to \$750k for 2018-19, and decrease expenses another \$350k in 19-20 to ensure sufficient reserves to meet future obligations for 18-19 and 19-20... This is just the start. Need to find another \$1.8M in savings or new revenues.



Questions??

**NOW YOU KNOW,  
AND KNOWING  
IS HALF THE  
BATTLE**

© 2009 Pearson Education, Inc.



# **Rescue Union ESD**

## **Board Policy**

### **Naming Of Facility**

BP 7310

#### **Facilities**

The Governing Board shall name schools or individual buildings in recognition of:

1. In honor of individuals who have made outstanding contributions to the county or community; or
2. In recognition of the geographic areas in which the school or building is located; or
3. By other criteria deemed consistent with the district's education program.

The Board encourages community participation in the process of selecting names. A citizen advisory committee shall be appointed to review name suggestions and submit recommendations for the Board's consideration.

(cf. 1220 - Citizen Advisory Committees)

The renaming of existing schools or major facilities shall occur only under extraordinary circumstances and after thorough study.

#### **Memorials**

Upon request, the Board shall consider naming buildings, parts of buildings or athletic fields in honor of the contributions of students, staff members and community members who have been deceased for at least one year.

#### **Appointments by the Superintendent**

The Superintendent shall maintain procedures for the creation of ad hoc committees representing school site community, district staff, parents, students and the public. The committee shall be responsible for receiving and screening name suggestions, and submitting recommendations to the Superintendent for the Board's consideration and adoption.

#### **Legal Reference:**

EDUCATION CODE

35160 Authority of governing boards

Policy RESCUE UNION SCHOOL DISTRICT

adopted: May 24, 2005 Rescue, California