



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	

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)

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 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. 8th Grade Exiting

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

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 8th grade class, which has had the largest impact on declining enrollment for the district.

5th Graders Continuing onto RUSD Middle School

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

Analysis

- District loses an average of 13% of RUSD 5th graders going into 6th 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 6th graders, Pleasant Grove averages 98% of 5th 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)
Total	(360)	(96)	308	(148)

Analysis

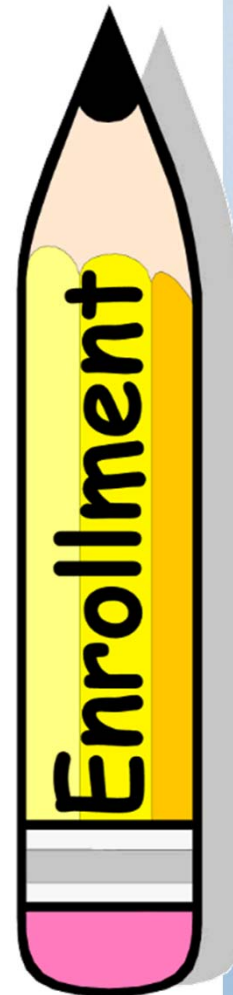
- The change in enrollment from August 2013 (3,655) to December 2017 (3,797) of 142 can be attributed to smaller kindergarten class and larger outgoing 8th grade classes with loss of students moving to the middle school. This decline was offset by new students enrolling during the school year.

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

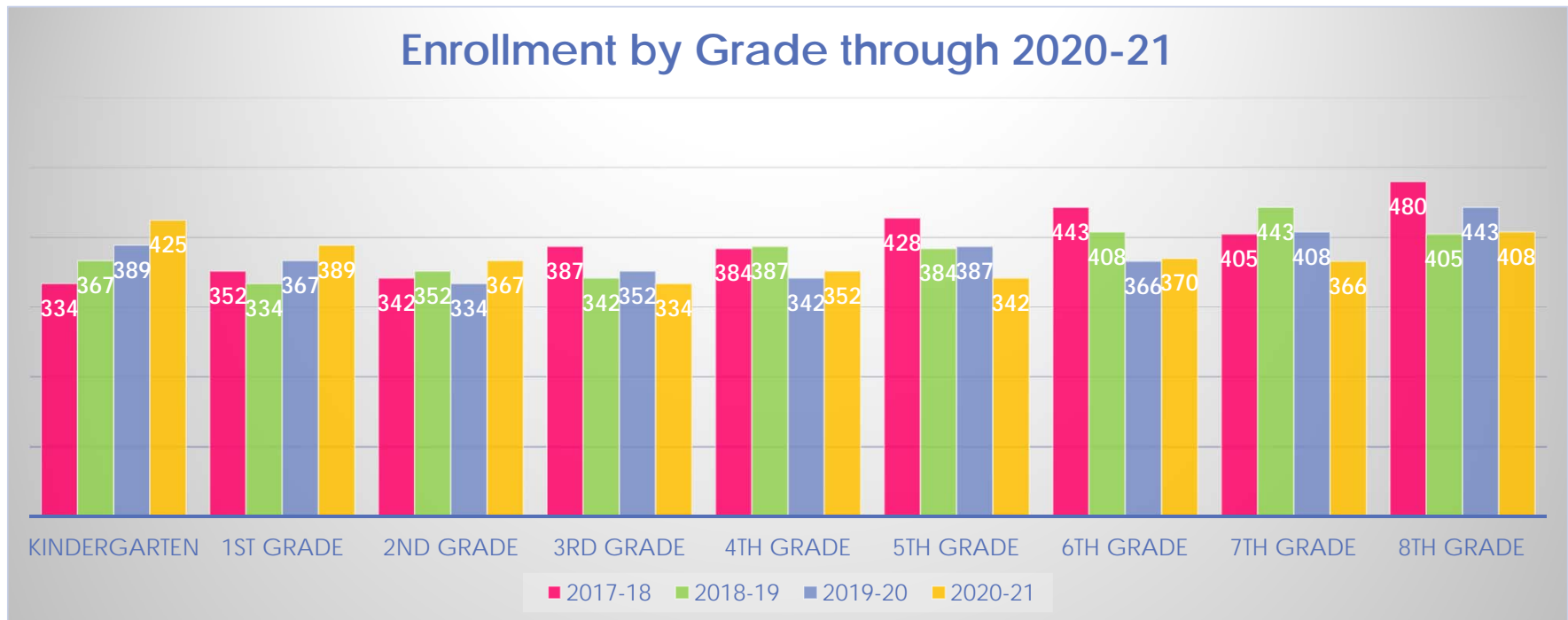
	GREEN VALLEY	JACKSON (SDC)	LAKE FOREST	LAKEVIEW	RESCUE	MARINA VILLAGE (Cool School)	PLEASANT GROVE (SDC)	NPS	Total
TK	21	21	15	18	20			0	95
KINDERGARTEN	63	68	50	74	79			0	334
FIRST	67	73	68	78	66			0	352
SECOND	62	65	57	84	73			1	342
THIRD	78	83	68	83	75			0	387
FOURTH	62	80	65	107	70			0	384
FIFTH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

Analysis

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



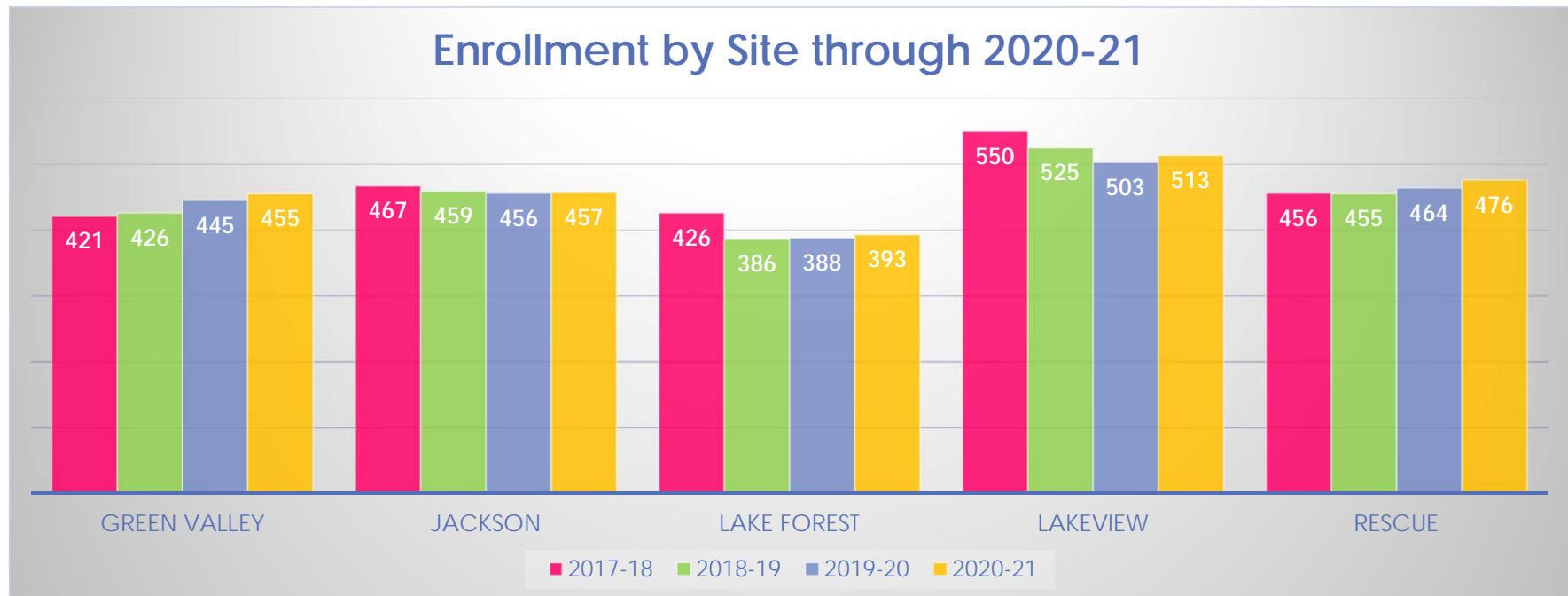
Enrollment Projection by Grade



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 5th grade.

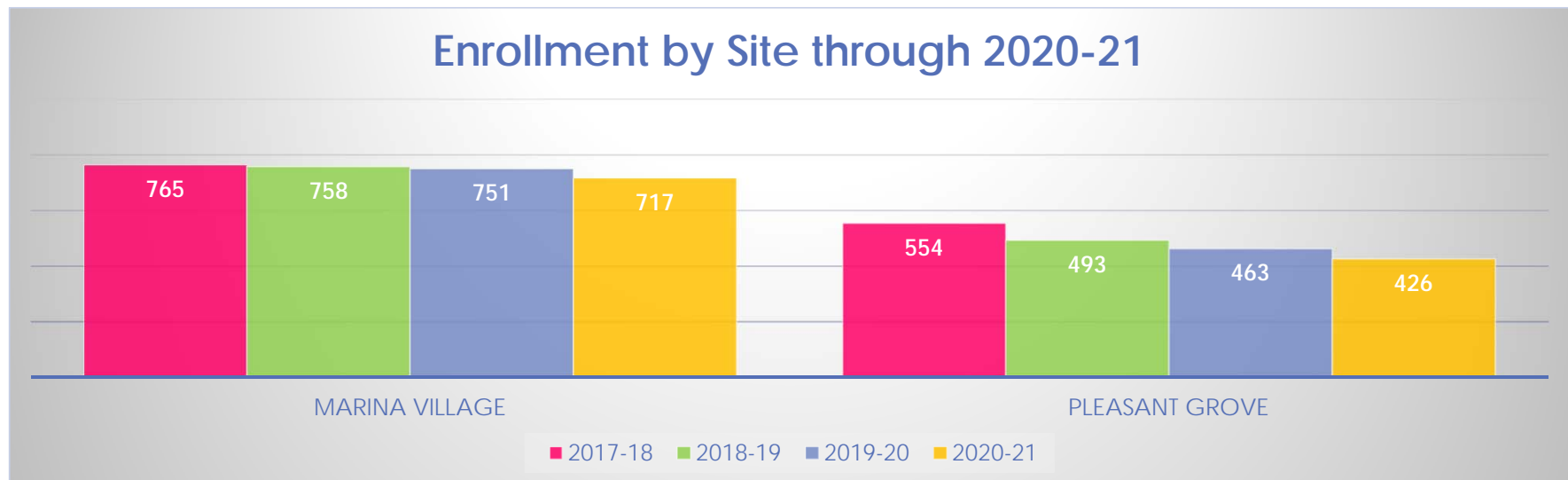
Enrollment Projection by Site (Elementary)



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 5th 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 4th 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 5th-8th 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

Funding	For 1 ADA	Per Day (141)
<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
		\$ 59.50

Analysis

- Average Daily Attendance (ADA) is based upon attendance until the 8th 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.

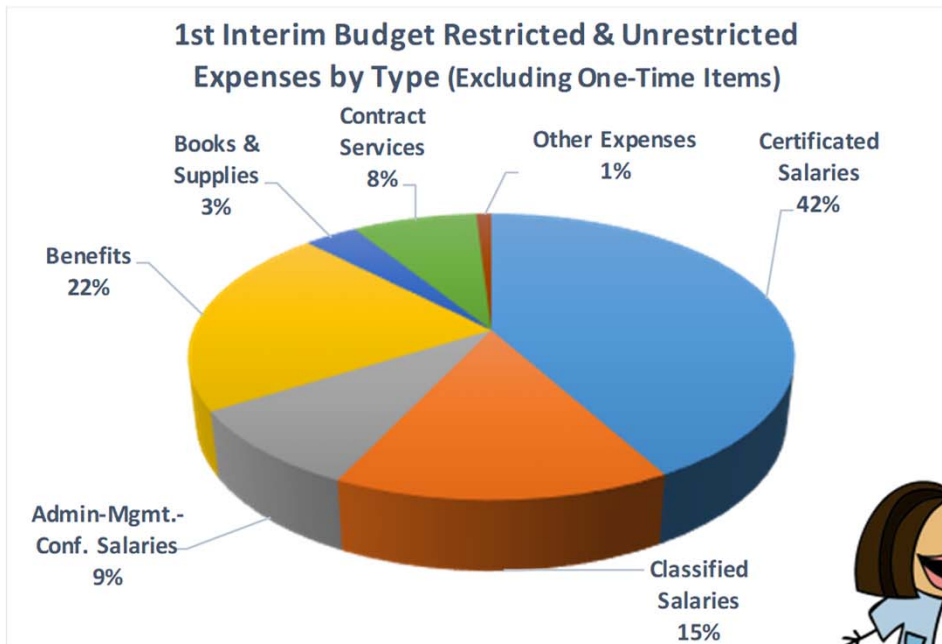
NOTE: Chart above shows enrollment and attendance with percentages at each RUSD school site for December 18 and 19, which were a Monday and Tuesday prior to winter break. These percentages were totaled and compared to each school site's average attendance to enrollment for the year. The difference was 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%
			\$249,000	

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	
Ongoing (Deficit) Balance from Previous Year		(\$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)	
Total Revenue Changes		\$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)	
Total Expense Changes		(\$821,375)		(\$867,812)
Updated On-Going Surplus (Deficit)		(\$1,095,522)		(\$2,176,247)
Beginning Fund Balance		\$5,694,202		\$4,598,680
Ending Fund Balance		\$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.

Distribution of Ending Fund Balance and Reserves	
1st Interim Budget 2017-18	
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 & Equipment</i>	\$ 250,000
<i>Board Reserve - Two Additional Electric Buses</i>	\$ 100,000
<i>Board Reserve - Textbook Adoption (Science 2019)</i>	\$ 701,576
Reserve for Economic Uncertainty	\$ 1,066,474
% of Expense	3.00%
Undesignated Fund Balance	-
Total Distribution of Ending Fund Balance	\$ 5,694,202

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
Ending Fund Balance from MYP	\$4,598,680	\$2,422,433
<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 & 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
Total Reserves	\$5,688,702	\$5,688,702
Ending Fund Balance Shortfall	(\$1,090,022)	(\$3,266,269)

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 5th 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**

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