



Livermore Valley Joint Unified School District Adopted Budget

2016-2017

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
2016-2017

Board of Trustees

Mr. Craig Bueno
President
Term expires 2018

Mr. Chris Wenzel
Member
Term expires 2016

Mr. Charles Rogge
Clerk of the Board
Term expires 2016

Ms. Anne White
Member
Term expires 2018

Ms. Kate Runyon
Member
Term expires 2018

District Administration

Dr. Kelly Bowers
Superintendent

Ms. Cindy Alba
Assistant Superintendent, Educational Services

Mr. Chris Van Schaack
Assistant Superintendent, Administrative Services

Ms. Susan Kinder
Chief Business Official

School Administration

Elementary Schools:

Altamont Creek Principal: Ms. Tara Aderman

Arroyo Seco Principal: Ms. Denise Nathanson

Leo Croce Principal: Ms. Kendra Helsley

Jackson Avenue Principal: Ms. Shari Johnston

Marylin Avenue Principal: Mr. Alberto Solorzano

Rancho Las Positas Principal: Mr. Steve Martin

Emma C. Smith Principal: Ms. Tammy Rankin

Sunset Principal: Ms. Terri Quesinberry

Vineyard Principal: Mr. Alex Eckert

K-8 Schools:

Joe Michell Principal: Dr. Laura Lembo

Junction Avenue Principal: Ms. Dayna Taylor

Middle Schools:

Christensen Principal: Ms. Pat Avilla

East Avenue Principal: Ms. Helen Gladden

Mendenhall Principal: Ms. Susan Sambuceti

High Schools:

Granada Principal: Mr. PJ Daley

Livermore Principal: Ms. Vicki Scudder

Alternative Schools:

Del Valle/Phoenix Principal: Mr. Darrel Avilla

Vineyard High Principal: Mr. Alex Eckert

Adult School:

Livermore Adult Principal: Mr. Alex Eckert

EXECUTIVE SUMMARY

The Governor's May Budget Revision notes that economic slowdown is on the horizon. Personal income tax and sales tax revenues account for 90% of the State's General Fund, and there has been little growth in either. In addition, Proposition 30 temporary tax revenues will begin to expire at the end of 2016, which will have a significant impact on the State budget. During the economic recovery, our Governor's fiscal prudence resulted in replacement of the Revenue Limit with the Local Control Funding Formula, paying down the debt owed to K-12 districts, and establishing a State Rainy Day Fund. The District was able to expand its programs and provide a measure of competitive compensation to its employees. The 2016-17 budget provides just enough new funding to maintain our current programs and cover our rising statutory expenses, and as we respect the Governor's caution we also celebrate the sale of surplus property and the successful passage of a General Obligation (GO) facilities bond.

In 2015-16 the District entered into an agreement to sell the surplus Sonoma property, which will result in an increase to the Deferred Maintenance Fund and the Building Fund and provide some support for new textbook adoptions. On June 7, 2016 the voters of Livermore resoundingly passed Measure J, authorizing the sale of \$245,000,000 in bonds to finance school facilities projects, including renovation of aging District facilities, improvement of safety and security systems, modernization of outdated classrooms and upgrades to technology. Passage of Measure J required an affirmative vote of at least 55%. In a much appreciated show of confidence in and support for the District, the citizens of Livermore approved the measure by 66.84%. The first series of bonds are expected to be sold by late summer or early fall 2016 and construction and modernization will take place over the next six to eight years.

We continue to maintain our current programs and make thoughtful yet conservative decisions concerning our ongoing expenditures so that when/if the economic slowdown begins we can meet our financial obligations and maintain our long-term fiscal health. All eyes will be on the November election to see if a measure to replace Proposition 30 arrives. The challenge facing the District through the next few years is to plan carefully and maintain sound operations in the face of the cyclical instability of California's economy.

FINANCIAL OVERVIEW

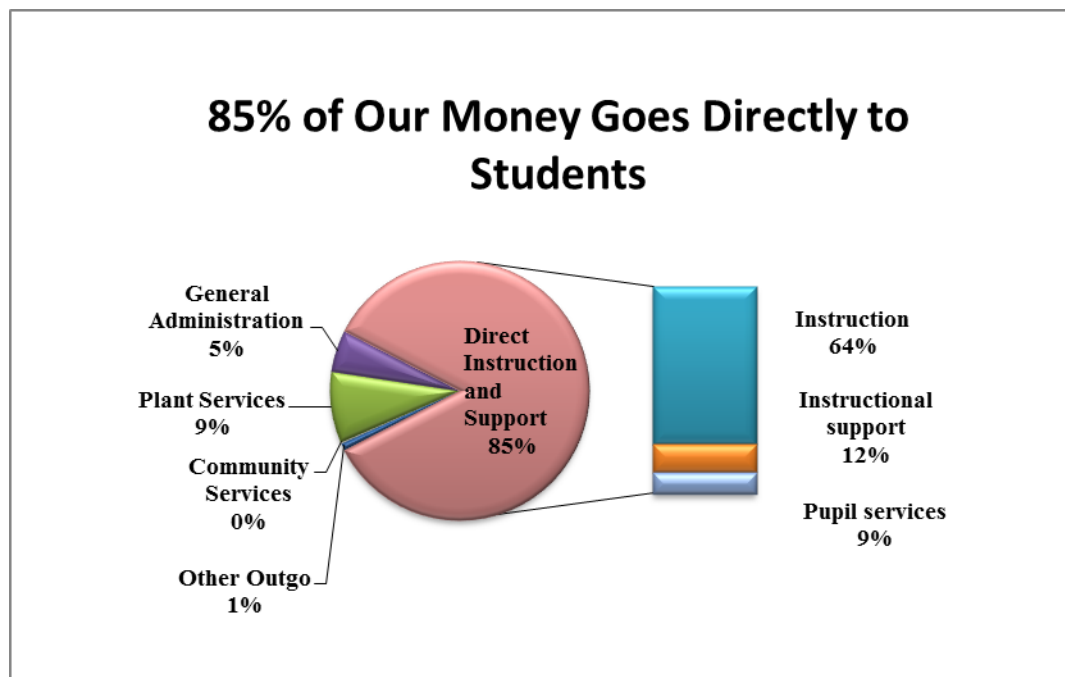
GENERAL FUND EXPENDITURES

Our General Fund spending plan is based on carrying the current programs forward. We project enrollment to be 12,537. This translates to a projected Average Daily Attendance (ADA) of 12,035, on which State revenue is based.

Spending in the General Fund is differentiated between unrestricted and restricted funds, depending on the source of funds. \$84,843,685, or 68% of our total spending, is identified as unrestricted. The balance, \$39,554,702, is being spent on programs with spending restrictions in place.

Our core curriculum is funded primarily by our unrestricted revenues. Many enrichment programs are funded by supplemental funding, which is also considered unrestricted, and are identified in our Local Control Accountability Plan. Increased counseling services, community outreach, and professional development are just a few items added this year. We also have restricted funds such as the Measure G parcel tax that will fund elementary technology specialists, science specialists, and math, science and engineering classes.

We are presenting a budget based on class sizes of 24.5:1 for grades K-3, 32:1 for 4-5, 30:1 for 6-8, and 31:1 for 9-12. We attempt to channel as much of our spending as possible into the classroom, for the immediate benefit of our students. Currently 85% of our spending directly benefits our students.



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In 2016-2017 we anticipate spending a total of \$124,398,387 or the equivalent of \$9,927 per student. Approximately 86% of our budget pays employee salaries and benefits. The greatest proportion goes to pay certificated teacher salaries. The average teacher costs the District \$99,818: \$75,610 in salary and \$24,208 in statutory and medical benefits. Our General Fund spending plan for 2016-2017 is shown in the following table.

General Fund	2016-17 Expenditures		\$ per Student (12,537 students)	% of Total
Certificated Non-Management Salaries	\$	53,421,891	\$ 4,262	43%
Classified Non-Management Salaries	\$	17,654,254	\$ 1,409	14%
Supervisors and Administrators Salaries	\$	7,713,042	\$ 616	6%
Employee Health & Welfare Benefits	\$	28,793,294	\$ 2,297	23%
Books & Supplies	\$	2,989,499	\$ 239	2%
Utilities, Repairs, Other Services	\$	12,840,626	\$ 1,025	10%
Capital Outlay, Other Outgo	\$	985,781	\$ 79	1%
	\$	124,398,387	\$ 9,927	100%

The Local Control and Accountability Plan (LCAP) is an important component of the Local Control Funding Formula (LCFF), which began in 2013-14. The LCAP utilizes a standardized template to describe how our District will address State and local priorities for all students and for specific student groups defined in Education Code. The LCAP includes goals and associated measures to monitor progress as well as action steps and associated budget amounts for those actions. Everything that is budgeted in the LCAP is in the District's budget but not everything in the District's budget is listed in the LCAP. The LCAP was developed with input from community and stakeholder groups including parents, teachers, support staff, administrators and bargaining unit groups and is a plan for meeting State and local priorities.

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GENERAL FUND REVENUES

General Fund	2016-17 Revenues		\$ per Student (12,537 students)	% of Total
State Local Control Funding Formula	\$	99,335,336	\$ 7,924	81%
Other State Revenue	\$	6,681,348	\$ 533	5%
Lottery	\$	2,177,950	\$ 174	2%
Federal	\$	4,501,559	\$ 360	4%
Parcel Tax	\$	3,826,326	\$ 306	3%
Other Local	\$	5,892,246	\$ 470	5%
	\$	122,414,765	\$ 9,767	100%

Our single largest source of funding is State revenue. In 2013-14, the State Budget incorporated the new Local Control Funding Formula (LCFF). The LCFF replaced the Revenue Limit and most State categorical programs. It uses base grants per pupil, with supplemental funding provided for students who are English Learners, foster youth, or eligible for the Free and Reduced Price Meals (FRPM) Program. The base grant will be further adjusted by grade level to provide for smaller class sizes in the early elementary years and for career-technical education in high school. The new formula will be phased in over several years and is expected to be fully implemented by 2020-21.

Last year, as part of the Governor's promise to pay down the "wall of debt," we received \$529 per ADA in one-time funds to repay the District for unfunded State mandated cost claims that have accumulated over the past decade. In 2016-17, it is anticipated that the District will receive an additional \$216 per ADA in one-time funds. This equates to approximately \$2.6 million in one-time dollars and is included in the adopted budget. Although much needed, this presents a challenge as one-time funds should only be used for one-time expenses and not for ongoing expenses, and most of our needs, including competitive compensation, are ongoing in nature.

The most important component in calculating revenue is Average Daily Attendance (ADA). ADA drives the revenue formulas. One ADA = 180 days of attendance for one student. Each day that a student is present earns the District approximately \$47 in State revenue. Any absence, even an excused absence, reduces the District's revenue by the same amount per student.

As for other revenues, we will receive approximately \$2.2 million from the California Lottery, 2% of our total funding, some of which is restricted. Federal funding accounts for approximately 4% of our total revenue. The Measure G parcel tax, considered local revenue, is projected to generate \$3.8 million, or 3% of our total revenue. The parcel tax will be shared with the two Livermore-based Charter Schools on a prorated basis determined by enrollment. Other local revenues include

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Livermore Valley Education Foundation (LVEF), local grants, rental income, PTA contributions and individual donations. The Livermore community is incredibly generous, both as individuals and groups, donating money directly to the District to support our programs. These donations are not projected into the budget but rather the budget is adjusted for the donations as they are received.

Livermore Valley Joint Unified School District 2016-2017

CHALLENGES AND OPPORTUNITIES

A new challenge for upcoming years is the exponential increase in employer contributions to the California State Teachers' Retirement System (CalSTRS) and California Public Employee Retirement System (CalPERS). The CalSTRS employer contribution rate will increase by 1.85% this year. The CalSTRS employee rate will also once again increase 1.05%, reducing our certificated employees' net pay. The CalPERS employer contribution rate will increase by 2.04%, which is higher than was previously projected. Overall, the additional expense for the District is over \$1.6 million in 2016/17 and will continue to compound year over year as rates continue to rise.

Fiscal Yr.	STRS Approved Employer Rate	Estimated Annual Additional Cost to District	PERS Approved Employer Rate	Estimated Annual Additional Cost to District	Total Additional Expense Year over Year	Approximate Total Cost for District	Percent Increase
15/16	10.73%		11.85%		\$ -	\$ 8,422,762	
16/17	12.58%	\$ 1,174,291	13.888%	\$ 425,729	\$ 1,600,020	\$ 10,022,782	19%
17/18	14.43%	\$ 1,208,129	15.5%*	\$ 354,345	\$ 1,562,474	\$ 11,585,256	16%
18/19	16.28%	\$ 1,242,718	17.1%*	\$ 362,000	\$ 1,604,719	\$ 13,189,975	14%
19/20	18.13%	\$ 1,278,073	18.6%*	\$ 352,092	\$ 1,630,165	\$ 14,820,140	12%
20/21	19.10%	\$ 768,156	19.8%*	\$ 300,724	\$ 1,068,879	\$ 15,889,019	7%

Based on current staffing and assuming 1.5% step and column annually.

*CalPERS proposed rates

Maintaining a positive cash flow has been a challenge in the past few years as the State continued to defer the District's apportionment payments. Fortunately, deferrals have now been paid off and we are back on a normal payment schedule. This does not impact our budget, but it does have a positive impact on our cash flow and lessens borrowing needs.

District enrollment has remained stable over the past few years, and we are forecasting enrollment to be maintained at the current level, mirroring the trend throughout the State. According to the California Department of Finance, the number of children in public schools is projected to grow only 2% in the decade from 2010 to 2020, contrasting with the 1990's when the number of school children grew more than 20%.

The Governor's May Budget Revision notes that economic slowdown is on the horizon. Personal income tax and sales tax revenues account for 90% of the State's General Fund, and there has been little growth in either. In addition, Proposition 30 temporary tax revenues will begin to expire at the end of 2016, which will have a significant effect on the State budget. The sizeable increases in District

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funding seen year over year since the introduction of the LCFF are dwindling as the State approaches full implementation of the LCFF target. There will be no Cost of Living Adjustment (COLA) in 2016-17, a result of the continuing weakness in foreign economic growth, the strong dollar, and continued declines in oil and related commodity prices. The zero COLA means no increase for District programs which are funded outside of the LCFF: Special Education, Child Nutrition, and American Indian Education. Special Education is already an underfunded program, which is an added budget challenge.

In 2015-16, the District entered into an agreement to sell the surplus Sonoma property and obtained authorization from the State Allocation Board to transfer \$3,000,000 of the sale proceeds to the General Fund to help with the expense of textbook adoption. Another \$2,000,000 will be placed in the Deferred Maintenance Fund. The balance will be placed in the Building Fund to pay for projects that are Board priorities.

On June 7, 2016 the voters of Livermore resoundingly passed Measure J, authorizing the sale of \$245,000,000 in bonds to finance school facilities projects. The lack of State school bond funds and the aging District infrastructure made this a must-win situation and the voters saw the need and responded. These funds will position the District to be eligible for any future State matching construction funds if/as available. The District will not receive all the funds at once; rather the bonds will be sold in series as needed. The first series of bonds are expected to be sold by late summer or early fall 2016 and construction will take place over the next six to eight years. A priority list and phasing schedule is being created and work will begin throughout the District during the 2016-17 school year.

GENERAL INFORMATION

DISTRICT DESCRIPTION

The Livermore Valley Joint Unified School District is a political subdivision of the State of California. The District was formed on July 1, 1966 and is comprised of an area of approximately 240 square miles located in Alameda and Contra Costa Counties. The District operates eight elementary, three middle, two K-8, two comprehensive high schools, and one alternative high school. The District also maintains an Adult Education program and an Independent Study School.

Governance. An elected Board of Trustees governs the school district. There are five members of the Board, four elected for a four-year term and one elected for a two-year term. The School Board normally meets twice monthly on the first and third Tuesdays. Kelly Bowers, Superintendent, heads District operations and serves as the Chief Executive Officer.

Demographics. The District serves approximately 12,550 students in its 17 TK-12 schools. District enrollment has remained stable over the past few years, and we are forecasting enrollment to be maintained at the current level. The racial/ethnic composition of our student body, as reported by the California Department of Education for 2015-16, is 49.4% Caucasian, 31.7% Hispanic, 9.2% Asian, 1.4% African American, 0.4% Pacific Islander, and 0.3% Native American. The remaining 7.6% represents students with multi-ethnic backgrounds and those who did not state their ethnicity.

Achievement. Our District's last reported Academic Performance Index (API), which reflects performance levels based on the results of statewide testing, was well above the State target. The statewide performance target for schools was an API of 800. With the implementation of the new California Standards, our students now engage in a new assessment system, the California Assessment of Student Performance and Progress (CAASPP). While the State is still in the process of defining the accountability system, our students continue to outperform students across the County and State in many areas, as well as exceed the County and State graduation rates. In the first year of implementation of the CAASPP, both comprehensive high schools earned the California Gold Ribbon Award, the highest distinction for schools in the State. In the second year of the CAASPP, five District schools earned the Gold Ribbon Award: Altamont Creek Elementary; Emma C. Smith Elementary; Joe Michell K-8; Marilyn Avenue Elementary; and Rancho Las Positas Elementary. In addition, Marilyn Avenue Elementary and Joe Michell K-8 also were named 2016 Exemplary Title I Academic Achieving Schools, the highest State award for Title I funded schools. Jackson Avenue Elementary achieved 2016 Honor Roll status from the Campaign for Business & Education Excellence (CBEE). The CBEE Honor Roll recognizes higher performing, higher poverty schools that are closing the achievement gap.

ACCOUNTING BY FUND

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. We have 13 funds, which are described below:

The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District's General Fund is used to account for its day-to-day operations. The salaries of our teachers, classroom aides, administrators, custodians, counselors, maintenance workers, clerical support staff, and all other certificated and classified staff are accounted for in the General Fund. Our textbooks, other books and supplies, utility costs, repair costs, consulting services, and equipment costs are also paid out of the General Fund.

The District's General Fund is divided into two sections: unrestricted funds and restricted funds. Restricted funds are monies received by the District that are categorical in nature, i.e., they can only be used for the purposes prescribed by the funding agency. The State and federal governments provide such funding for many special programs or projects. For example, Special Education funds are restricted. They can only be spent on students with identified special needs and in the manner outlined in State and federal law. Restricted funds are sometimes provided directly to the schools but in most cases are allocated and expended centrally by the District. How we spend this money is determined by the restrictions imposed by the funding agency.

In addition to the General Fund, the District has 12 special purpose funds:

- The **Adult Education Fund** (Fund 11) is used to provide for life-long public educational opportunities and support services to all adults.
- The **Child Development Fund** (Fund 12) is used to account separately for federal, State, and local revenues to operate child development programs.
- The **Cafeteria Fund** (Fund 13) is used for the operation and improvement of the school nutrition program.
- The **Deferred Maintenance Fund** (Fund 14) is used for the purpose of major repair or replacement of District property.
- The **Contingency Fund** (Fund 17) is used to provide for the accumulation of reserves for special purposes.
- The **Post Retirement Fund** (Fund 20) is used to account for amounts earmarked for future costs of other post-retirement employment benefits (OPEB).
- The **Building Fund** (Fund 21) is used for the purpose of acquiring or constructing major capital facilities.

- The **Capital Facilities Fund** (Fund 25) is used to accumulate moneys received from developer fees as a condition of approving a development.
- The **County School Facilities Fund** (Fund 35) is used to receive apportionments from the State Allocation Board for new school facility construction or modernization projects.
- The **Bond Interest and Redemption Fund** (Fund 51) is used for the repayment of general obligations bonds issued for the District.
- The **Self-Insurance Fund** (Fund 67) is used for the self-insurance activities of the District, including payment of claims, cost of property liability insurance and student insurance costs.
- The **Foundation Trust Fund** (Fund 73) is used to account for scholarships.

KEY VARIABLES AND DETERMINANTS

We will discuss in detail the key variables and determinants underlying our General Fund budget projections.

LOCAL CONTROL FUNDING FORMULA

The Local Control Funding Formula (LCFF) is the Governor’s means of overhauling the prior inequitable school finance system. The LCFF replaced the Revenue Limit and most categorical program funding. It uses base grants per pupil, with supplemental funding provided for students who are English Learners, foster youth, or eligible for the Free and Reduced-Price Meals (FRPM) Program. The base grant is further adjusted by grade level to provide for smaller class sizes in the early elementary years and for career-technical education in high school. The new formula is being phased in over several years and is expected to be fully implemented by 2020-21.

The LCFF, when fully implemented, will significantly increase the District’s funding per ADA. The District was classified as a “low wealth” district under the Revenue Limit, which meant that we received substantially less money than the statewide average Revenue Limit. In fact, in 2011-12 the District received \$281 less revenue per student than Tracy Joint Unified, \$469 less than Pleasanton Unified, and \$716 less than Dublin Unified. When the LCFF is fully implemented, District funding per student is projected to more closely match that of neighboring districts.

The chart below illustrates how the District’s 2020-21 target LCFF is calculated. The difference between the target and prior year LCFF is considered the funding gap. The goal of the State is to fully fund the gap. In 2015-16 it is estimated that the State will fund 54.84% of the gap.

LCFF Target Calculation		
Grades TK-3	(\$7,083 per ADA)	\$25,449,148
Grades 4-6	(\$7,189 per ADA)	\$19,500,594
Grades 7-8	(\$7,403 per ADA)	\$13,722,867
Grades 9-12	(\$8,578 per ADA)	<u>\$33,261,967</u>
Total Base		\$91,934,576
CSR & CTE and add ons		+\$4,731,651
Supplemental		<u>+\$5,532,126</u>
LCFF Target		\$102,198,353
Prior year LCFF adjusted for current year ADA		<u>-\$94,201,266</u>
Funding Gap		\$7,997,087

EDUCATION PROTECTION ACCOUNT

Proposition 30, *The Schools and Local Public Safety Protection Act of 2012*, approved by the voters on November 6, 2012, temporarily increased the State's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers. The revenue generated by the measure's temporary tax increases are deposited into a State account called the Education Protection Account (EPA). This funding is included in the total Local Control Funding Formula amount. These are not additional funds for school districts, but they did help the State avoid making \$6 billion in additional budget cuts to school districts. The taxes will begin to phase out in 2016-17 and will completely expire in 2018-19. Efforts are underway to place a measure on the November 2016 election ballot to extend or replace Proposition 30; however, success is not guaranteed. The State has added ongoing commitments since the passage of Proposition 30, and as the tax revenues expire the State will return to deficit spending, which means budget cuts that may impact funding for education.

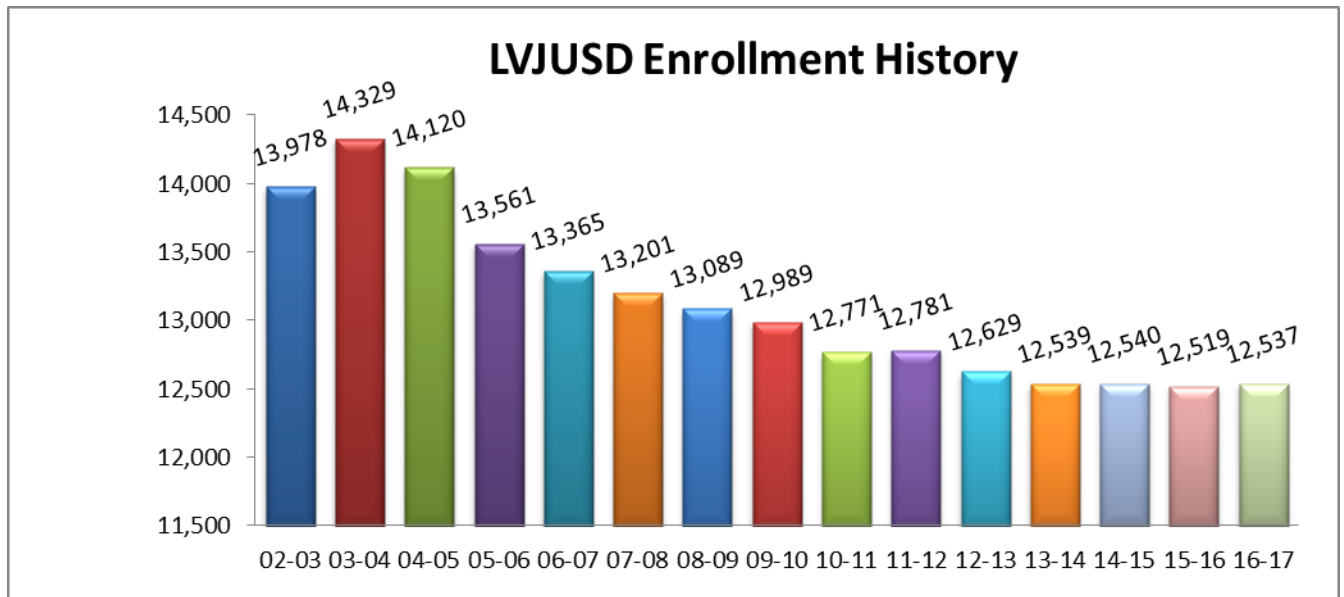
ENROLLMENT

Enrollment forecasts are essential to developing our budget because, although our income is based on our ADA and not the number of students enrolled, our staffing levels, supplies and equipment must be based on our enrollment. There are three assumptions underlying the forecasts: grade progressions, kindergarten forecasts, and interdistrict transfers.

District enrollment held steady in 2015-16, and we are projecting enrollment to be 12,537. This translates to a projected Average Daily Attendance (ADA) of 12,035, on which State revenue is based.

The District's enrollment history reflects that of the State, where the number of children in public schools is projected to increase only 2% between 2010 and 2020, in contrast to the 1990's where the number of school children grew by more than 20%.

Interdistrict Transfers: California law permits interdistrict transfers, assuming that both the sending district and the receiving district approve the transfer. As part of the law, the Allen Bill gives transfer priority rights to parents who work in the District but who live outside of it.



COMMUNITY SUPPORT

LOCAL BOND - MEASURE J

On June 7, 2016 the citizens of Livermore approved Measure J, authorizing the sale of \$245,000,000 in bonds to finance school facilities projects including renovation of aging District facilities, improvement of safety and security systems, modernization of outdated classrooms and upgrades to technology. The estimated tax rate that would be levied to fund the bonds is \$48 per \$100,000 of assessed valuation. Passage of Measure J required an affirmative vote of at least 55%. In a much appreciated show of confidence in and support for the District, the citizens of Livermore approved the measure by 66.84%, over 2/3 approval.

The District will not receive all the funds at once; rather the bonds will be sold in series as needed. The first series of bonds are expected to be sold by late summer or early fall 2016, and construction and modernization will take place over the next six to eight years.

PARCEL TAX – MEASURE G

In November 2004, the citizens of Livermore approved Measure D, a special 5-year parcel tax assessment of \$120 per parcel, for Livermore schools. In November 2008, the citizens of Livermore approved an extension to the Parcel Tax for 5 more years and included an increase of \$18, bringing the total tax to \$138 per parcel. Most recently, in June 2014, the citizens of Livermore approved Measure G, an additional 7-year extension to the Parcel Tax at the current rate of \$138 per parcel.

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Measure G took effect on July 1, 2015 with slightly adjusted objectives as approved by voters. It helps the District fund advanced courses in science, technology, engineering and math (STEM); attract and retain highly qualified teachers; fund elementary school science and technology specialists; keep our schools safe and well-maintained; and provide for up-to-date instructional materials and comprehensive curricular programs.

ELECTION DATE	PER PARCEL AMOUNT	TYPE OF ELECTION	VOTE REQUIRED	% OF YES VOTES	PASSED/FAILED
November 2004	\$120	New Tax	66.70%	71.6%	Passed
November 2008	\$138	Renewal	66.70%	76.5%	Passed
June 2014	\$138	Renewal	66.70%	72.4%	Passed

There were 29,631 taxable parcels in the District, and 1,904 were granted exemptions in 2015-16. These exemptions go to senior citizens who apply for them and to properties that are non-taxable, such as churches and public buildings. Based on \$138 per parcel, the remaining 27,727 parcels raised approximately \$3.8 million. This is 3% of our total revenue. In 2015-16 the Parcel Tax paid for 14.07 full time equivalent (FTE) elementary school science specialists; 4.0 FTE technology specialists for the elementary and K-8 schools; 5.0 FTE staff to enhance courses in the area of math, science and engineering at the middle schools; 6.33 FTE staff to enhance the various engineering units at the three high schools; \$237,546 towards technology; \$200,000 to augment maintenance efforts throughout the District; and provided \$169,142 towards math textbook adoption. The tax is a guaranteed funding source to help the District maintain important programs.

Each year, an independent Citizens' Parcel Tax Oversight Committee issues a report to the community. As an accountability measure included in the ballot language, this report assures our community that its parcel tax dollars were spent according to the ballot language approved. The reports can be found at www.livermoreschools.com/parceltax.

In March of 2014, the District and the two Livermore-based Charter Schools entered into an agreement to share parcel tax revenues based upon Charter enrollment. The District was not obligated to share the parcel tax revenues but made the offer so that all students within District boundaries who attend publicly funded schools will benefit. The Charter Schools must use the parcel tax revenues in compliance with the ballot language for Measure G, and provide documentation of expenditures of parcel tax revenues to the Citizens' Parcel Tax Oversight Committee. According to the documentation provided by Tri-Valley Learning Corporation (TVLC), in 2015-16 the parcel tax paid for 0.75 FTE of

Livermore Valley Charter School's (LVCS) science specialist; \$86,250 to keep classroom technology and instructional materials up to date at both Charter Schools; \$102,535 for technology infrastructure maintenance and improvements at both Charter Schools; and \$69,850 towards teacher credentialing, Master's degree tuition assistance and professional development.

LIVERMORE VALLEY EDUCATION FOUNDATION (LVEF)

Our community provides support for enrichment programs through a local foundation. The Livermore Valley Education Foundation (LVEF) was established in 1991 during a severe budget crisis in California. Concerned members of the community organized to form a supportive foundation with the intent to ease the impact of cuts made by the District to athletic programs in the high schools and music programs at all levels.

The LVEF is a non-profit tax-exempt 501(c)3 organization independent of the school district. It is run by a local, all-volunteer board of directors dedicated to addressing contemporary funding challenges in Livermore public education. The LVEF Board is comprised of experienced educators and administrators, a former School Board trustee, parent group members, business leaders, and compassionate community volunteers who all care deeply about finding solutions to the challenges facing our school district.

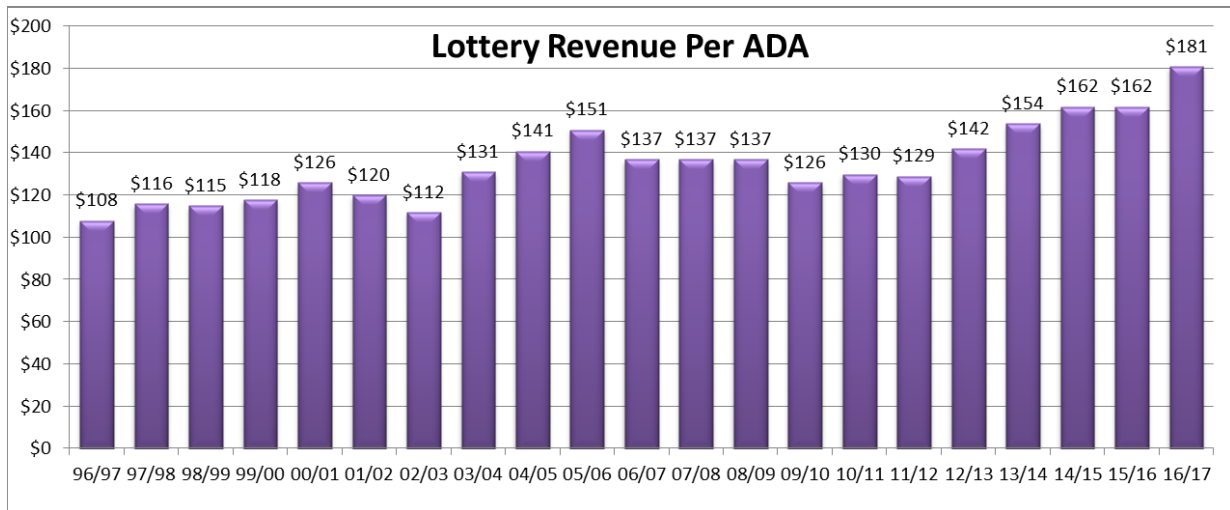
CLASS SIZE REDUCTION

In 1996-97 the State began offering incentive funding to districts to reduce class size in grades 1, 2 and 3. In 1997-98 the State expanded this program to include kindergarten and increased the per pupil incentive amount. We have participated in this program in all four grades in every school in the District. State funding typically has covered 80% of the cost of the additional teachers needed as a result of lower class sizes. Total State funding for this program reached \$3.4 million in 2009-10. Funding has now been rolled into the LCFE base.

LOTTERY

In November 1984, voters approved the California State Lottery. Proceeds from lottery ticket sales augment school districts' budgets. For each dollar of lottery revenue, public schools receive thirty-four cents. Lottery funds are distributed throughout the State on a per pupil basis. Actual apportionments of lottery funds typically occur from four to six months after ticket sales, due to the complexities of accounting and distribution of prize winnings. Lottery funding for 2016-17 is budgeted at \$1.68 million for unrestricted revenue. An additional \$493,000 is expected but this amount is restricted in purpose. Legislation passed in 2000, mandates that any lottery funds collected in excess of the amount collected in 1997-98 must be used to purchase instructional materials.

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CLASSROOM TEACHERS

We have an experienced and highly qualified corps of teachers. The average age of our teaching staff is 47 years; 37% of our teachers have a Master's Degree; and 84.5% of our teachers have taught for six or more years.

Certificated Positions

A total of 660 FTE teachers are budgeted for 2016-17. Classroom teachers represent 83% of the total cost for certificated employees. The ratios used for the 2016-17 school year can be found under Assumptions, Expenditures on page 22.

The average salary for classroom teachers in the District is \$75,610. The District pays statutory and medical benefits for teachers at an average of \$24,208 per teacher. The average cost of a teacher is \$99,818, the combined total of salary and benefits. Salary increases for longevity and professional growth are included in the budget.

SPECIAL EDUCATION

We are committed to educating students with special educational needs, as required by State and federal law. These students are served in a variety of ways—from limited pullout programs to separate special classrooms. Additionally, non-public agencies and non-public schools serve students who have unique educational needs. The placement and appropriate services provided these students are determined by the student's Individual Education Plan (IEP). We anticipate spending over \$26.5 million in 2016-17 to provide Special Education services, or 21.3% of our expenditures.

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Inadequacy of Funding. Typically State and federal funding is inadequate to fully cover the costs of Special Education. The difference between expenditures for Special Education and the revenues received is called encroachment, a budgetary term used to denote that the costs of the program encroach on general purpose revenues. The federal government provides funding only at a 17% level of what its laws mandate. The State of California also underfunds Special Education. For years, there has been a double-digit funding deficit from the State. Additionally, new State and federal laws have required districts to provide an increased level of Special Education services for students. This increased demand and mandate for service, coupled with State and federal under-funding, has placed additional underfunded financial obligations on school districts.

Funding Model. The current State funding model was enacted in 1998–99. Under this model, districts receive funds on a per pupil basis—using the total enrollment of the District. Funds flow from the State to our Special Education Local Plan Area (SELPA), a consortium of four districts in this area of our County, and from the SELPA to districts.

History of Encroachment. Encroachment refers to the situation where a district must contribute local funds to fill in the gap between the revenue received for Special Education and the actual expenditures for providing Special Education services. The accompanying table shows a recent history of Special Education revenues and expenditures for the District. The District’s contribution to Special Education programs in 2016-17 is projected to be \$17.9 million or 68% of the total funds needed to serve Special Education. The District contribution level appeared to increase significantly in 2013-14 with the implementation of LCFF. Prior to 2013-14, the portion of the Revenue Limit generated by Special Education ADA was transferred to Special Education, increasing the stated Special Education revenue. When the Revenue Limit was replaced by LCFF, the transfer was no longer required since all LCFF base funds are available to be used at the District’s discretion. This resulted in a reduction of the stated Special Education revenue which had to be balanced by an increase in the stated District contribution. The impact to the General Fund was the same.

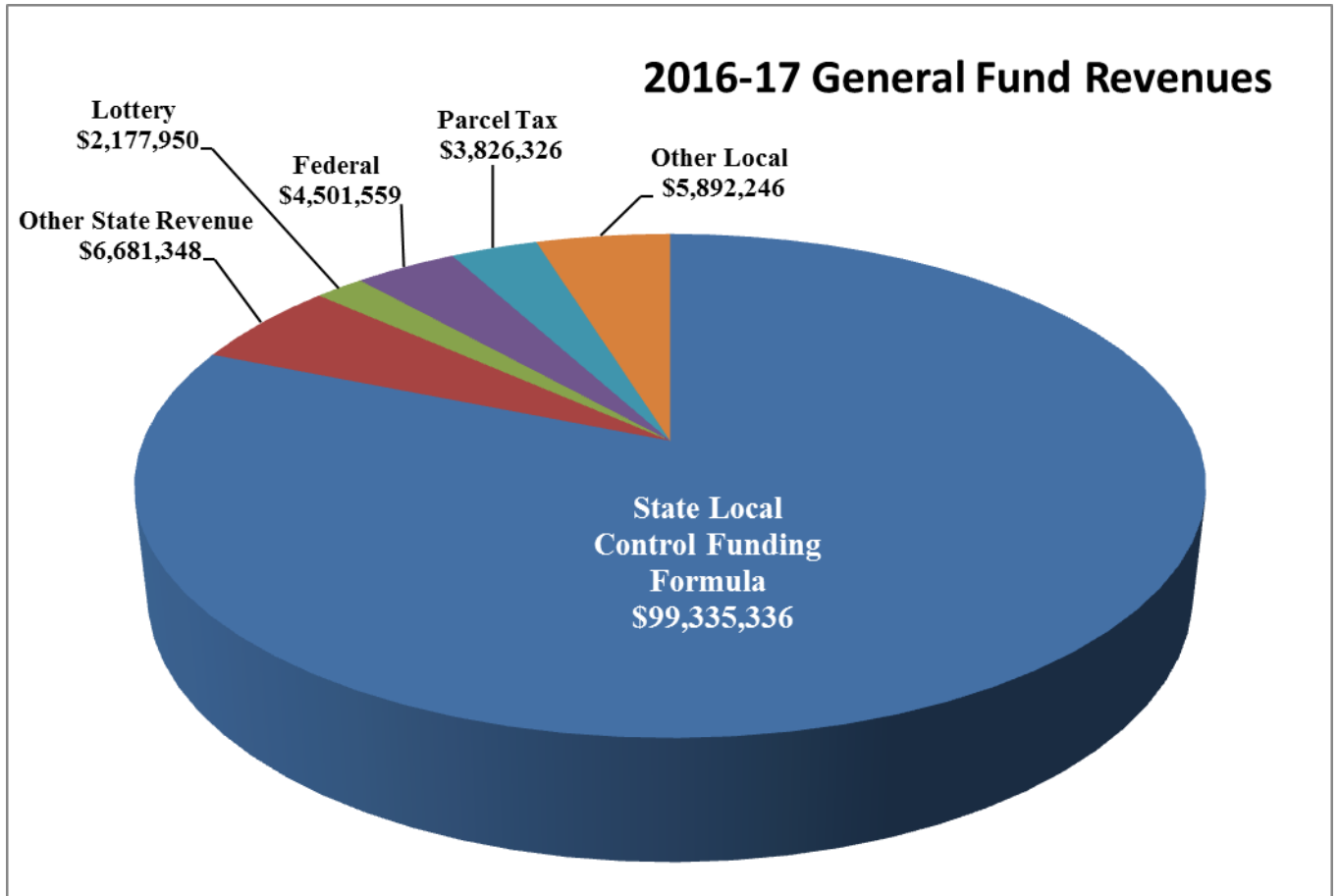
Special Education Revenue Sources							
	10/11 Actuals	11/12 Actuals	12/13 Actuals	13/14 Actuals	14/15 Budget	15/16 Budget	16/17 Budget
Revenue Limit Trf	2,669,972	2,921,210	2,777,455	First year of LCFF			
State Revenue	6,238,937	6,594,957	6,731,613	6,304,081	5,917,613	5,919,331	5,720,763
Federal Revenue	2,973,930	2,390,675	2,734,467	2,382,719	2,716,843	2,476,633	2,741,302
Local Revenue	457,374	521,200	164,629	105,959	134,439	140,541	140,541
Total Revenue	12,340,213	12,428,042	12,408,164	8,792,759	8,768,895	8,536,505	8,602,606
District Contribution	6,993,063	8,649,043	9,897,131	14,265,003	14,401,220	16,561,761	17,900,830
District Share of Rev	36%	41%	44%	62%	62%	66%	68%
Total Expenditures	19,333,275	21,077,085	22,305,295	23,057,762	23,170,115	25,098,266	26,503,436

Regardless of the change in how revenue is stated under LCFF, it remains true that Special Education expenses continue to increase, resulting in greater encroachment. We will continue to thoughtfully allocate our resources in order to provide the necessary services to our students cost-effectively. We will also continue our advocacy efforts at the State and federal level to uphold the Individuals with Disabilities Education Act (IDEA) promise to provide adequate funding for services and programs for students with special needs.

GENERAL FUND BUDGET ASSUMPTIONS

REVENUES

- We are using the Fiscal Crisis and Management Team (FCMAT) Local Control Funding Formula calculator. This includes a 0% Cost of Living Adjustment (COLA) and gap funding of 54.84%.
- Enrollment on day 14 is projected to be 12,537 students.
- Local Control Funding will be based on 12,035 Average Daily Attendance (ADA). This was our Period Two (P2) Average Daily Attendance (ADA) for 2015/16.
- The unduplicated count of Low-Socio Economic students, English Learners, and Foster Youth is estimated to continue to be 28.98% of enrollment for supplemental funding purposes.
- Special Education funding will receive a 0% COLA.
- Lottery income is estimated at \$181 per annual ADA: \$41 Restricted and \$140 Unrestricted.
- Federal Revenue is budgeted at the same rate as last year. Prior year carry over has been removed. As actual entitlements become known, the District's budgets will be adjusted.
- Income from local sources is budgeted at the same level as 2015/16, with the exception of leases as that amount fluctuates annually. Donation accounts will be booked on a cash basis.
- It is estimated that \$3,459,477 will be collected in Parcel Tax revenue from Measure G after a prorated portion is transferred to the Livermore-based Charter Schools.
- We are estimating \$216 per ADA or \$2.6 million in one-time State funding.



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EXPENDITURES

- Base staffing levels for certificated and classified positions are maintained at the same level as in 2015/16.

Certificated Positions						
POSITION	K-3	4-5	6-8	9-12	DEL VALLE/ PHOENIX	VINEYARD
Principal	1:School		1:School	1:School	1:School	.20: School
Vice Principal	N/A		1:School	3:School	1:School	N/A
Classroom Teachers	1:24.5 Stu.	1:32 Stu.	1:30 Stu. *extra sections	1:31 Stu. * extra sections	1:20 Stu. On 10 month average	N/A
Counselors	N/A	N/A	N/A	3:School	.25: School	N/A
Science Specialists*	2 sections per 1st-5th grade class per week		N/A	N/A	N/A	N/A

*Parcel Tax funding

K-8 schools			
POSITION	K-3	4-5	6-8
Principal	1:School		
Vice Principal	1:School		
Classroom Teachers	1:24.5 Stu.	1:32 Stu.	1:30 Stu. *extra sections
Counselors	N/A	N/A	N/A
Science Specialists*	2 sections per 1st-5th grade class per week		N/A

*Parcel Tax allocation

Livermore Valley Joint Unified School District 2016-2017

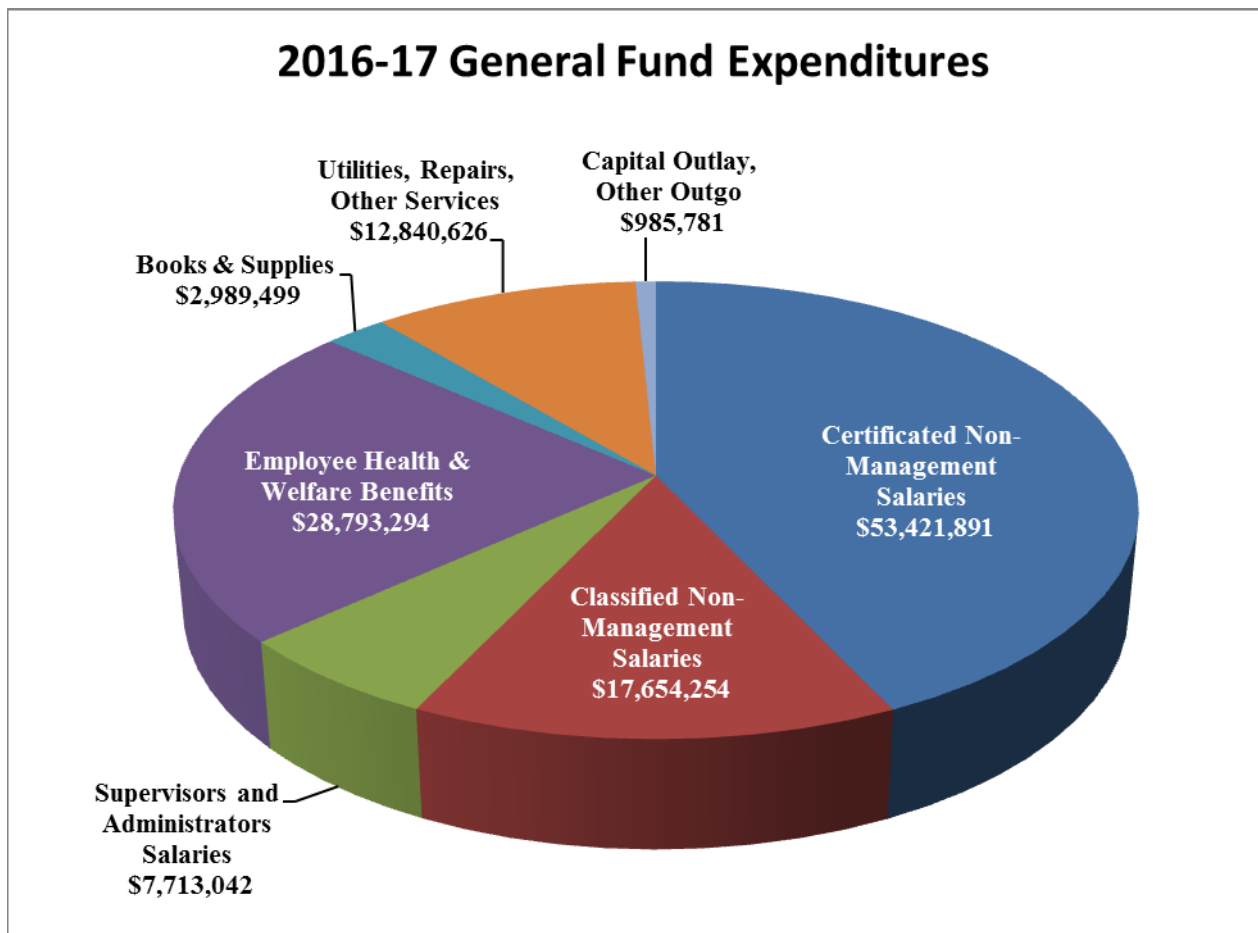
POSITION	K-5	6-8	K-8	9-12	DEL VALLE/ PHOENIX	VINEYARD
Executive Assistant to the Principal	1:Sch/11 Mo	1:Sch/11 Mo	1:Sch/11 Mo	1:Sch/12 Mo	1:Sch/11 Mo	N/A
School Secretary	N/A	2:Sch/11 Mo	If over 650 2:Sch/11 Mo	2:Sch/11 Mo 1:Sch/12 Mo	N/A	1:Sch/11 Mo
Bookkeeper	N/A	N/A	N/A	1:Sch/12 Mo	N/A	N/A
Child Welfare/ Attendance Aide	N/A	N/A	N/A	10 Hrs/day	4 Hrs/day	2 Hrs/week
Library Media Specialists	30 hrs/week	35 hrs/week	35 hrs/week	40 hrs/week	20 hrs/week	N/A
Office Assistant**	1:Sch/10 Mo	N/A	N/A	N/A	N/A	N/A
Clerk Typist**	N/A	N/A	1:Sch/10Mo	1:Sch/10 Mo	1:Sch/10 Mo	2 @ 12.5 hrs per week
Playground Supervisor	7hrs +1hr/133 Students	8hrs +1hr/133 Students	6hrs +1hr/133 Students	N/A	N/A	N/A
Campus Supervisor	N/A	N/A	N/A	8hr/day for each 350 Students	8hr/day for each 350 Students	N/A
Time-out Rm. Instr. Tech.	N/A	15 hrs/week	15 hrs/week	N/A	N/A	N/A
Head Custodian	1 Head Custodian I	1 Head Custodian II	1 Head Custodian II	1 Head Custodian III	N/A	N/A
Custodian II	N/A	N/A	N/A	1:School	N/A	.4:School
Custodian I*	1:School	2:School	If under 650 1:School If over 650 2:School	5:School	1:School	N/A
<p>*The hours of Custodial time are determined by using a staffing formula and considering the individual needs of each site as determined by the Maintenance Operations Department. **Additional hours determined by enrollment as listed below. Career Tech at GHS and LHS based on ROP and District funds for a total of 1.5 FTE</p>						

- The expense of step, column, and longevity increases and the related statutory benefits for employees are included in the budget.
- The employer contribution to the California State Teachers' Retirement System (CalSTRS) has increased from 10.73% to 12.58%. The employer contribution to the California Public Employees' Retirement System (CalPERS) has increased from 11.85% to 13.888%.
- All items in the Local Control Accountability Plan (LCAP) are included in the budget.
- Measure G will continue to help fund:
 - Advanced courses in science, technology, engineering, and math (STEM);
 - Attracting and retaining highly qualified teachers (lower class sizes);
 - Elementary school science and technology specialists;

Livermore Valley Joint Unified School District

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- Keeping our schools safe and well-maintained; and
- Up-to-date instructional materials and comprehensive curricular programs.
- Adult Education receives a block grant from the State and continues to participate in the Chabot-Las Positas/Mid-Alameda County Consortium for additional funding.
- A transfer to the Regional Occupation Program (ROP) is included in the budget based on the agreed upon Joint Powers Authority (JPA) agreement. Tri-Valley ROP was approved for the CTE grant which will have reduced the amount transferred by approximately \$800,000.



GLOSSARY

ADA

Average daily attendance. One ADA = 180 days of attendance for one student. Each day that a student is present earns the District approximately \$47 in state revenue. Any absence, even an excused absence, reduces the District's revenue by the same amount per student.

APPORTIONMENT

The Principal Apportionment is a series of apportionment calculations that adjust the flow of State funds throughout the fiscal year as information becomes known.

- The Advance Principal Apportionment, certified by July 20th, is based primarily on prior fiscal year funding and establishes each Local Education Agency's (LEA) monthly State aid payment amount for July through January.
- The First Principal Apportionment (P-1), certified by February 20th, is based on the first period data that LEAs report to California Department of Education (CDE) in November through January and establishes each LEA's monthly State aid payment for February through May.
- The Second Principal Apportionment (P-2), certified by June 25th, is based on the second period data that LEAs report to CDE in April and May and is the final State aid payment for the fiscal year ending in June.
- The Annual Apportionment, certified by February 20th in the following year, is based on annual data that LEAs report to CDE. After the Annual Apportionment certification, the Annual is recertified three times, known as Annual R1, R2, and R3, with LEAs reporting corrected data at specific times. Any data corrections are reflected with the subsequent years' certifications.

LEAs receive Principal Apportionment funds through a combination of local property taxes and State funds, with State funding composed of funds from the State School Fund and Proposition 30 Education Protection Account (EPA).

CERTIFICATED PERSONNEL

School employees who hold positions for which a credential is required by the State – teachers, counselors and most administrators.

CLASSIFIED PERSONNEL

School employees who hold positions that do not require a credential, such as aides, custodians, clerical support, or cafeteria workers.

COMMON CORE STATE STANDARDS

The current subject-matter standards in English language arts and mathematics adopted by California in 2010.

COST-OF LIVING ADJUSTMENT (COLA)

An increase in funding for government programs.

EDUCATION PROTECTION ACCOUNT

The Education Protection Account (EPA) provides local educational agencies (LEAs) with general purpose State aid funding pursuant to Proposition 30, the Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. The EPA funding is a component of an LEA's total Local Control Funding Formula amount.

ENCROACHMENT

The expenditure of the school district's general purpose funds in support of a categorical program, i.e. the categorical expense encroaches into the District's General Fund for support. Encroachment occurs in most districts that provide special education and transportation. Other encroachment is caused by deficit factors or decisions to allocate general purpose funds to special purpose programs.

FULL-TIME EQUIVALENT (FTE)

A count of full-time and part-time employees where part-time employees are reported as an appropriate fraction of a full-time position. The fraction is equal to the ratio of time expended in a part-time position to that of a full-time position.

INDIVIDUALIZED EDUCATION PROGRAM (IEP)

A written agreement between the school district and the parents of a disabled child specifying an educational program tailored to the needs of the child, and including specific special education and related services to be provided to the child.

LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP)

The LCAP is a requirement of the changes to State funding made by the Local Control Funding Formula (LCFF). The LCAP is LCFF's vehicle for transparency and engagement. It is the way that school districts are expected to share performance data, needs, actions and anticipated outcomes that guide the use of available LCFF funding.

LOCAL CONTROL FUNDING FORMULA (LCFF)

A funding formula that replaces revenue limits and most categorical programs with a base grant per pupil, and supplemental funding for students who are English Learners, eligible for the Free and

Reduced-Price Meals (FRPM) Program, or in foster care. The base grant is further adjusted by grade level to provide for smaller class sizes in the early elementary years and for career-technical education in high school. The new formula is being phased in over several years and is expected to be fully implemented by 2020-21.

PARCEL TAX

A special tax that is a flat amount per parcel and not based on the value of the property. Parcel taxes must be approved by a two-thirds vote of the electorate.

RESERVES

Funds set aside in a budget as a safety net; to provide for estimated future expenditures and obligations; or for designated purposes. The District is required to maintain a 3% reserve.

ACKNOWLEDGEMENTS

California Department of Education
www.cde.ca.gov

Citizens' Measure G Parcel Tax Oversight Committee
2015-16 Annual Report
www.livermoreschools.com/parceltax

Ed-Data Education Data Partnership
www.ed-data.k12.ca.us

EdSource
www.edsource.org

Livermore Valley Education Foundation
<http://livermorevalleyedfound.wordpress.com>

Nigro & Nigro
LVJUSD Audit Report 2015
www.livermoreschools.com/BusinessServices

Public Policy Institute of California
www.ppic.org

School Services of California
www.sscal.com

U.S. Department of Education
Office of Elementary and Secondary Education
www2.ed.gov/about/offices/list/oese/index.html