



Livermore Valley Joint Unified School District Adopted Budget

2018-2019

Presented with the Adopted Budget June 26, 2018

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
2018-2019

Board of Trustees

Mr. Craig Bueno
President
Term expires 2018

Mr. Chris Wenzel
Member
Term expires 2020

Mr. Charles Rogge
Clerk of the Board
Term expires 2020

Ms. Anne White
Member
Term expires 2018

Ms. Kate Runyon
Member
Term expires 2018

District Administration

Dr. Kelly Bowers
Superintendent

Mr. Mike Biondi
Assistant Superintendent, Educational Services

Mr. Chris Van Schaack
Deputy Superintendent

Ms. Susan Kinder
Assistant Superintendent, Business Services

School Administration

Elementary Schools:

Altamont Creek Principal: Ms. Tara Aderman

Arroyo Seco Principal: Ms. Gatee Esmat

Leo Croce Principal: Ms. Kendra Helsley

Jackson Avenue Principal: Ms. Shari Johnston

Lawrence Principal: Ms. Kristie Starkovich

Livermore Valley Joint Unified School District

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Marylin Avenue Principal: Ms. Denise Nathanson

Rancho Las Positas Principal: Mr. Steve Martin

Emma C. Smith Principal: TBD

Sunset Principal: Mr. Tom Jones

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. Mistee Guzman

Mendenhall Principal: Ms. Tammy Rankin

High Schools:

Granada Principal: Mr. PJ Daley

Livermore Principal: Ms. Vicki Scudder

Alternative Schools:

Del Valle/Phoenix Principal: Mr. Darrel Avilla

Vineyard Principal: Ms. Carla Estrada-Hidalgo

Adult School:

Livermore Adult Principal: Ms. Carla Estrada-Hidalgo

EXECUTIVE SUMMARY

In his final State Budget proposal of his four terms as Governor of California, Governor Jerry Brown paints a bright, but cautious, fiscal picture. To cap off his legacy, he proposed to fully implement the Local Control Funding Formula (LCFF) a full two years earlier than originally projected. The May Revision continues the themes from the January Budget proposal, including continued emphasis on the risks posed by the all but inevitable eventual recession.

At the time of this printing, the State budget has not been officially approved; however, the legislature has submitted Assembly Bill (AB) 840 to the Governor for approval. With this proposal, our District was able to expand its programs and provide a measure of competitive compensation to our employees. The 2018-19 budget provides enough new funding to add counselors at middle and high schools, add a Vice Principal at each comprehensive high school, and add additional support for intervention across our District. With one-time funds, our Board of Education was able to approve a 2% one-time competitive compensation adjustment.

In 2017-18 t District was able to increase competitive compensation by 3.0% to all employee groups, retroactive to July 1, 2017. The impact to the General Fund was approximately \$3 million, and the ongoing expense is included in the 2018-19 expenditure budget.

We continue to maintain our current programs and make thoughtful and strategic 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. The continuing challenge is to plan carefully and maintain sound operations in the face of the cyclical instability of California's economy as well as the increased cost of pensions being passed down to districts.

Locally, the voters of Livermore resoundingly passed Measure J on June 7, 2016, authorizing the sale of \$245 million 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 our District, the citizens of Livermore approved the measure by 66.84%. The first series of bonds were sold in September 2016, providing \$82 million to begin the eagerly awaited upgrades to the aging District infrastructure. The Measure J Bond Implementation Plan - Phase I Projects – will result in construction activities at several sites. Major projects included in Phase I are: District-wide data infrastructure upgrade, physical education and athletics complexes at both Livermore and Granada High Schools, East Avenue Middle School renovation, and a new multi-purpose room and classroom building at Joe Mitchell K-8 School.

FINANCIAL OVERVIEW

GENERAL FUND EXPENDITURES

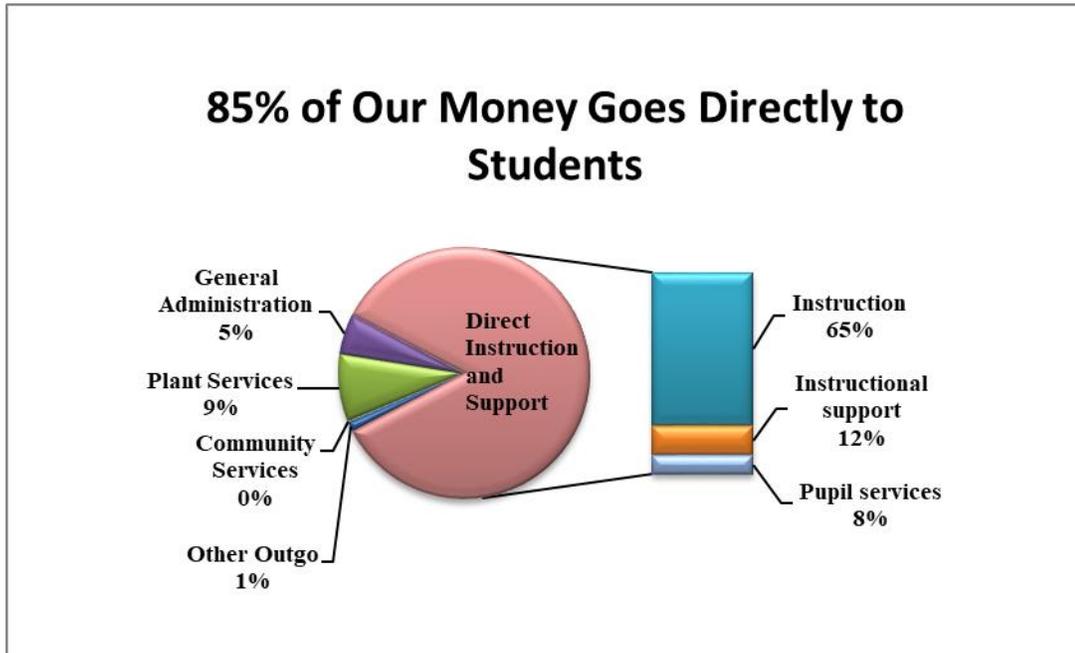
Our General Fund spending plan is based on continuing and enhancing the current programs and services. We project enrollment to be 13,800. This translates to a projected Average Daily Attendance (ADA) of 13,300, on which State revenue is based.

Spending in the General Fund is differentiated between unrestricted and restricted funds, depending on the source of funds. \$100,580,963, or 68% of our total spending, is identified as unrestricted. The balance, \$46,298,581, 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 (LCAP). This year in our LCAP, we increased the number of counselors at middle and high schools, added a Vice Principal at each comprehensive high school, and added additional support for intervention across our District. 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 average class sizes of 25:1 for grades K-3, 32:1 for 4-5, 30:1 for 6-8, and 31:1 for 9-12. We 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.

Livermore Valley Joint Unified School District 2018-2019



In 2018-19, we anticipate spending a total of \$146,879,544 or the equivalent of \$10,643 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 our District \$109,177: \$80,043 in salary and \$29,134 in statutory and medical benefits. Our General Fund spending plan for 2018-19 is shown in the following table.

General Fund	2018-19 Expenditures	\$ per Student (13,800 students)	% of Total
Certificated Non-Management Salaries	\$ 62,479,677	\$ 4,528	43%
Classified Non-Management Salaries	\$ 20,022,712	\$ 1,451	14%
Supervisors and Administrators Salaries	\$ 8,894,224	\$ 645	6%
Employee Health & Welfare Benefits	\$ 35,517,935	\$ 2,573	24%
Books & Supplies	\$ 5,012,241	\$ 363	3%
Utilities, Repairs, Other Services	\$ 13,128,387	\$ 951	9%
Capital Outlay, Other Outgo	\$ 1,824,368	\$ 132	1%
	\$ 146,879,544	\$ 10,643	100%

In 2017-18 our District was able to increase competitive compensation by 3.0% to all employee groups. The impact to the General Fund was approximately \$3.2 million, and the ongoing expense is included in the 2018-19 expenditure budget. For 2018-19, our Board approved a 2% one-time competitive compensation adjustment.

Livermore Valley Joint Unified School District

2018-2019

The 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 our District's budget, but not everything in our District's budget is listed in the LCAP. The LCAP was developed with input from community and stakeholder groups including parents, teachers, students, support staff, administrators and bargaining unit groups and is a plan for meeting State and local priorities.

Livermore Valley Joint Unified School District 2018-2019

GENERAL FUND REVENUES

General Fund	2018-19 Revenues		\$ per Student (13,800 students)	% of Total
State Local Control Funding Formula	\$	119,170,455	\$ 8,636	82%
Other State Revenue	\$	7,426,058	\$ 538	5%
Lottery	\$	2,729,777	\$ 198	2%
Federal	\$	4,683,819	\$ 339	3%
Parcel Tax	\$	3,953,424	\$ 286	3%
Other Local	\$	6,765,081	\$ 490	5%
Transfers In	\$	611,306	\$ 44	0%
	\$	145,339,920	\$ 10,531	100%

Our single largest source of funding is State revenue. In 2013-14, the State Budget incorporated the new 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 has been phased in over several years and was to be fully implemented by 2020-21. However, the Governor’s budget proposal for 2018-19 calls for full implementation in the 2018-19 fiscal year, a notable two years ahead of schedule. Our District’s LCFF revenue in 2018-19 is projected to be \$118,464,519.

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 our District approximately \$50 in State revenue. Any absence, even an excused absence, reduces our District’s revenue by the same amount per student.

As for other revenues, we will receive approximately \$2.7 million from the California Lottery, or 2% of our total funding, some of which is restricted. Federal funding accounts for approximately 3% of our total revenue. The Measure G parcel tax, considered local revenue, is projected to generate \$3.9 million, or 3% of our total revenue. Other local income includes local grants, facility rental income, PTA contributions and individual donations.

Our District enjoys the benefits of robust and dynamic partnerships with local community organizations including the two world renowned national laboratories, local arts programs, and the Livermore Valley Education Foundation (LVEF). Rotary clubs and many generous local businesses and service organizations also provide donations that expand learning opportunities for all. These donations are not projected into the budget but are entered as revenue when they are received.

Livermore Valley Joint Unified School District 2018-2019

An ongoing 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 and the CalPERS employer contribution rate will increase by 2.53%. Overall, the additional expense for our District is over \$1.9 million in 2018-19 and will continue to compound year over year as rates continue to rise. The additional expense represents resources that will not be available for competitive compensation increases or instructional programs.

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
18/19	16.28%	\$ 1,333,510	18.06%	\$ 584,383	\$ 1,917,893	\$ 14,345,600	15%
19/20	18.13%	\$ 1,371,447	20.80%	\$ 645,663	\$ 2,017,111	\$ 16,362,711	14%
20/21	19.10%	\$ 824,276	23.50%	\$ 655,885	\$ 1,480,161	\$ 17,842,872	9%
Based on current staffing and assuming 1.5% step and column annually.							

Over the years since the LCFF was introduced in 2013-14, our District has been able to expect an increase in funding annually. The Governor's May Budget Revision notes that economic slowdown is on the horizon. The sizeable increases in District funding seen year over year since the introduction of the LCFF are ending as the State fully implements the LCFF target in 2018-19. In future years, our District will need to get by on just the Cost of Living Adjustment, but this barely covers the cost of step and column and the increase in pension expenses mentioned above.

GENERAL INFORMATION

DISTRICT DESCRIPTION

The Livermore Valley Joint Unified School District is a political subdivision of the State of California. Our 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. Our award-winning District is the second largest employer in Livermore. Our District operates nine elementary, three middle, two K-8, two comprehensive high schools, and two alternative schools. Our District also maintains an Adult Education program.

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

Demographics. Our District serves approximately 13,800 students in our 18 TK-12 schools. The racial/ethnic composition of our student body is 48% White; 31% Hispanic; 8% Asian; and 1.5% African American; 26% Socioeconomically Disadvantaged; and 12.6% English learners. Across the city, these demographics vary from school site to school site.

Achievement. Our students' performance on the CAASPP improved from the previous year as well as the percentage of students meeting or exceeding standard in both English Language Arts and Math. We are pleased with our Graduation Rate Indicator that is currently at the highest State performance level, with a 96.6%, almost a 2% increase over the prior year. The graduation rate of our Students with Disabilities (SWD) increased from 76.6% to 82%; additionally, the graduation rate of our Socioeconomically Disadvantaged (SED) students increased from 89.2 % to 91.6%. Our English learner group has maintained a graduation rate in the second highest State performance level. We attribute the gains to several factors including the PSAT offered on campus for all sophomores and school counselors who have worked to identify, encourage and support under-represented students to enroll in college prep and college level high school courses. We are also pleased to note the increased percentage of students meeting or exceeding standard on our District Writing assessment, our high attendance rate and relatively low chronic absenteeism rate, and the increase in students achieving the State Seal of Biliteracy.

Accomplishments. The Livermore Valley Joint Unified School District continues to provide exemplary education to our growing population of 13,800 students, preparing them to contribute and thrive in our changing world.

Livermore Valley Joint Unified School District

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With the implementation of the California Standards, our students now engage in a new assessment system, the California Assessment of Student Performance and Progress (CAASPP).

In 2016-2017, results for the second year of the CAASPP, our district outperformed the County and State in both English Language Arts/Literacy and Mathematics in grades 3-8 and 11.

With the implementation of CAASPP, the State of California has developed the Gold Ribbon Award as a means of recognizing schools for outstanding educational programs. LVJUSD is proud to display Gold Ribbon Honors for both comprehensive high schools: Granada High and Livermore High. Five District elementary schools have earned the Gold Ribbon Award: Altamont Creek Elementary, Emma C. Smith Elementary, Joe Michell K-8, Marylin Avenue Elementary, and Rancho Las Positas Elementary. Two District middle schools, Christensen Middle and Mendenhall Middle, have also earned this highest educational honor. Our continuation high school, Del Valle, boasts its second Model Continuation High School State honor. Additionally, three of our schools, Joe Michell K-8, Mendenhall Middle, and Livermore High have been recognized by earning the Civic Learning Award. We are proud of our 21st century schools!

ACCOUNTING BY FUND

The accounts of our 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 our District. It is used to account for all financial resources except those required to be accounted for in another fund. Our 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, and clerical support 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.

Our District's General Fund is divided into two sections: unrestricted funds and restricted funds. Restricted funds are monies received by our 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 our schools but in most cases are allocated and expended centrally by our District. How we spend this money is determined by the restrictions imposed by the funding agency.

In addition to the General Fund, our District has six special revenue 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 Campus Catering 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).

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Our District has three capital projects funds:

- The **Building Fund** (Fund 21) is used for the purpose of acquiring or constructing major capital facilities. Measure J funds are deposited in this fund.
- 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.

Our District has one debt service fund:

- The **Bond Interest and Redemption Fund** (Fund 51) is used for the repayment of general obligations bonds issued for our District.

Our District has one proprietary fund:

- The **Self-Insurance Fund** (Fund 67) is used for the self-insurance activities of our District, including payment of claims, cost of property liability insurance and student insurance costs.

Our District has one fiduciary fund:

- 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 was expected to be fully implemented by 2020-21, but is expected to be ahead of schedule and fully implemented in the 2018-19 fiscal year upon approval of the Governor's budget.

The LCFF, at full implementation, will significantly increase our District's funding per ADA. Our 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 our District received \$281 less revenue per student than Tracy Joint Unified, \$469 less per student than Pleasanton Unified, and \$716 less per student than Dublin Unified. The Governor's budget proposal for 2018-19 calls for full implementation in the 2018-19 fiscal year, two years ahead of schedule, and District funding per student is projected to more closely match that of neighboring districts.

The chart on the next page illustrates how our District's 2018-19 LCFF is calculated. With full implementation expected in 2018-19, the State will fund 100% of the gap, so a target calculation is no longer necessary.

Local Control Funding Formula ~~Target~~ Calculation

LCFF Calculation	Based on projected ADA of 13,300	
Grades TK-3	(\$7,443 per ADA)	\$30,523,743
Grades 4-6	(\$7,555 per ADA)	\$21,592,190
Grades 7-8	(\$7,780 per ADA)	\$15,878,980
Grades 9-12	(\$9,015 per ADA)	<u>\$38,764,500</u>
Total Base		\$106,759,413
CSR & CTE and add ons		+\$4,180,374
Targeted Instruction and Transportation (no COLA)		+\$1,218,914
Supplemental*		<u>+\$6,305,818</u>
LCFF		\$118,464,519

***Supplemental funds** for English Language Learners, Low Socio-Economic, and Foster Youth to be added to our Local Control Accountability Plan (LCAP)

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 began to phase out in 2016-17 and will completely expire in 2018-19. Proposition 55, the ballot measure to continue the increased income taxes – not the increased sales taxes – contained in Proposition 30, was approved by voters in November 2016. Proposition 55 takes effect on January 1, 2019 and remains in effect through December 31, 2030. It continues the use of the EPA as the fund into which the increased revenues are deposited for the purpose of distributing to California school agencies.

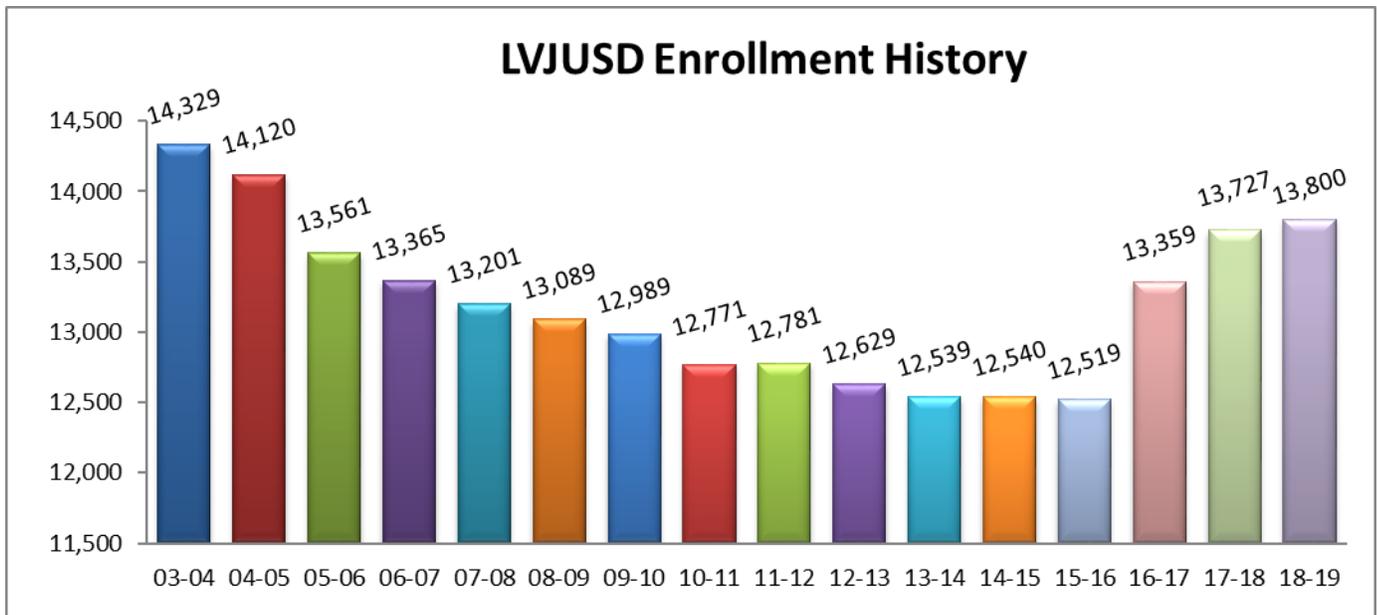
Livermore Valley Joint Unified School District 2018-2019

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.

After a period of stable enrollment from 2013-2015, District enrollment began to increase in 2016-17, and we are projecting enrollment to further increase in 2018-19 to 13,800. This translates to a projected Average Daily Attendance (ADA) of 13,300, on which State revenue is based. District enrollment increased sharply in 2016-17 due to a series of ongoing transfers from the former charter schools. This unexpected influx necessitated the opening of an additional satellite school midyear in November 2016. The school is located at the vacated school site on Portola Avenue and was recently renamed Lawrence Elementary.

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 our 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 million 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 our District, the citizens of Livermore approved the measure by 66.84%, over 2/3 approval.

The first series of bonds were sold September 28, 2016, providing \$82 million to begin the eagerly awaited upgrades to our aging District infrastructure. The Measure J Bond Implementation Plan - Phase I Projects – continue with construction activities at several sites. Major projects included in Phase I are: District-wide data infrastructure upgrade, physical education and athletics complexes at both Livermore and Granada High Schools, East Avenue Middle School renovation, and a new multipurpose room and classroom building at Joe Michell K-8 School, playground equipment replacement at elementary and K-8 schools, and our District-wide Video Projection and Voice Enhancement System Project. Early Bond projects that have already been completed include electronic marquees and hydration stations at most sites. You can learn more at the [Measure J page](#) on our District website, www.livermoreschools.com.

A requirement of the Bond measure is an oversight committee of citizens representing various segments of the community. The Measure J Citizens' Bond Oversight Committee (CBOC) was established by action of our Board of Education in October 2016. Community members who responded to the press release calling for applications were appointed by our Board. The Committee must have at least seven members, but community interest was high and the Committee boasts 11 members, who meet at regular intervals with our Assistant Superintendent of Business Services and our Bond Program Director. The CBOC meetings are open to the public and are conducted in accordance with the Brown Act. The CBOC's role is to inform the public and our Board regarding the expenditure of Measure J Bond proceeds. The CBOC provides oversight for ensuring that the Bond proceeds are expended properly, and reports annually to our Board and the public.

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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 five additional 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 seven-year extension to the Parcel Tax at the current rate of \$138 per parcel.

Measure G took effect on July 1, 2015 with slightly adjusted objectives as approved by voters. It helps our 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 are 30,514 taxable parcels in our District in 2018-19, and 1,903 of those have been granted exemptions. 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 28,611 taxable parcels will raise approximately \$3.9 million. This is 3% of our total revenue. In 2017-18 the Parcel Tax paid for 15.6 full time equivalent (FTE) elementary school science specialists; 4.0 FTE technology specialists for the elementary and K-8 schools; 3.75 FTE staff to enhance courses in the area of math, science and engineering at the middle schools; 6.25 FTE staff to enhance the various engineering units at the three high schools; \$261,842 towards technology; \$200,000 to augment maintenance efforts throughout our District; and provided \$170,149 towards instructional materials for science and technology at the middle and high schools. The tax is a guaranteed funding source to help our 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.

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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 our 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 operated 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.

Livermore Valley Joint Unified School District

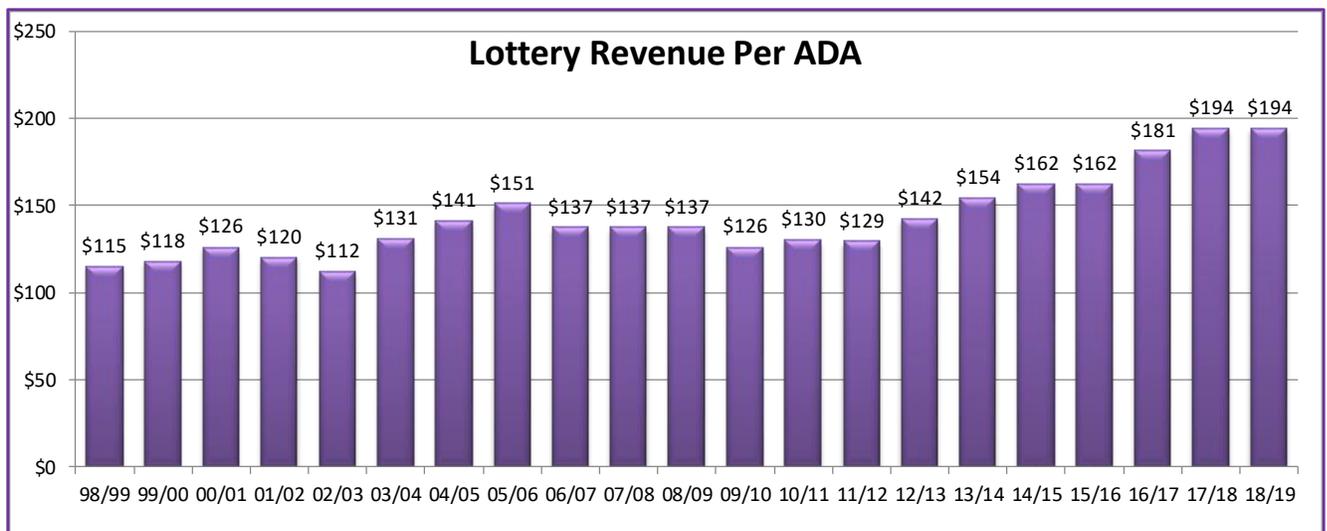
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CLASS SIZE REDUCTION

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 our 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 LCFF base.

LOTTERY

In November 1984, voters approved the California State Lottery. Proceeds from lottery ticket sales augment school districts' budgets. 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 2018-19 is budgeted at \$2.1 million for unrestricted revenue. An additional \$637,872 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.



CLASSROOM TEACHERS

We have an experienced and highly qualified corps of teachers. The average age of our teaching staff is 46.7 years; 35.2% of our teachers have a Master's Degree; and 74.7% of our teachers have taught for six or more years.

Certificated Positions

A total of 722 FTE teachers are budgeted for 2018-19. Classroom teachers represent 80.1% of the total cost for certificated employees.

The average salary for classroom teachers in our District is \$80,043. Our District pays statutory and medical benefits for teachers at an average of \$29,134 per teacher. The average cost of a teacher is \$109,177, 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 approximately 29.3 million in 2018-19 to provide Special Education services, or 19.9% of our expenditures.

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 our District. Funds flow from the State to our Special Education Local Plan Area (SELPA), a consortium of six local education agencies 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 our District. Our District's contribution to Special Education programs in 2018-19 is projected to be \$19.2 million or 66% of the total funds needed to serve Special

Livermore Valley Joint Unified School District 2018-2019

Education. Our 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 our 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							
	12/13 Actuals	13/14 Actuals	14/15 Actuals	15/16 Actuals	16/17 Actuals	17/18 Budget	18/19 Budget
Revenue Limit Trf	2,777,455	First year of LCFF					
State Revenue	6,731,613	6,304,081	5,917,613	5,767,652	6,220,763	6,220,763	7,170,022
Federal Revenue	2,734,467	2,382,719	2,650,774	2,784,012	2,744,147	2,756,603	2,863,069
Local Revenue	164,629	105,959	134,439	201,118	50,566	70,541	0
Total Revenue	12,408,164	8,792,759	8,702,826	8,752,782	9,015,476	9,047,907	10,033,091
District Contribution	9,897,131	14,265,003	14,467,288	16,074,408	17,562,050	17,897,374	19,249,706
District Share of Rev	44%	62%	62%	65%	66%	66%	66%
Total Expenditures	22,305,295	23,057,762	23,170,115	24,827,191	26,577,526	26,945,281	29,282,797

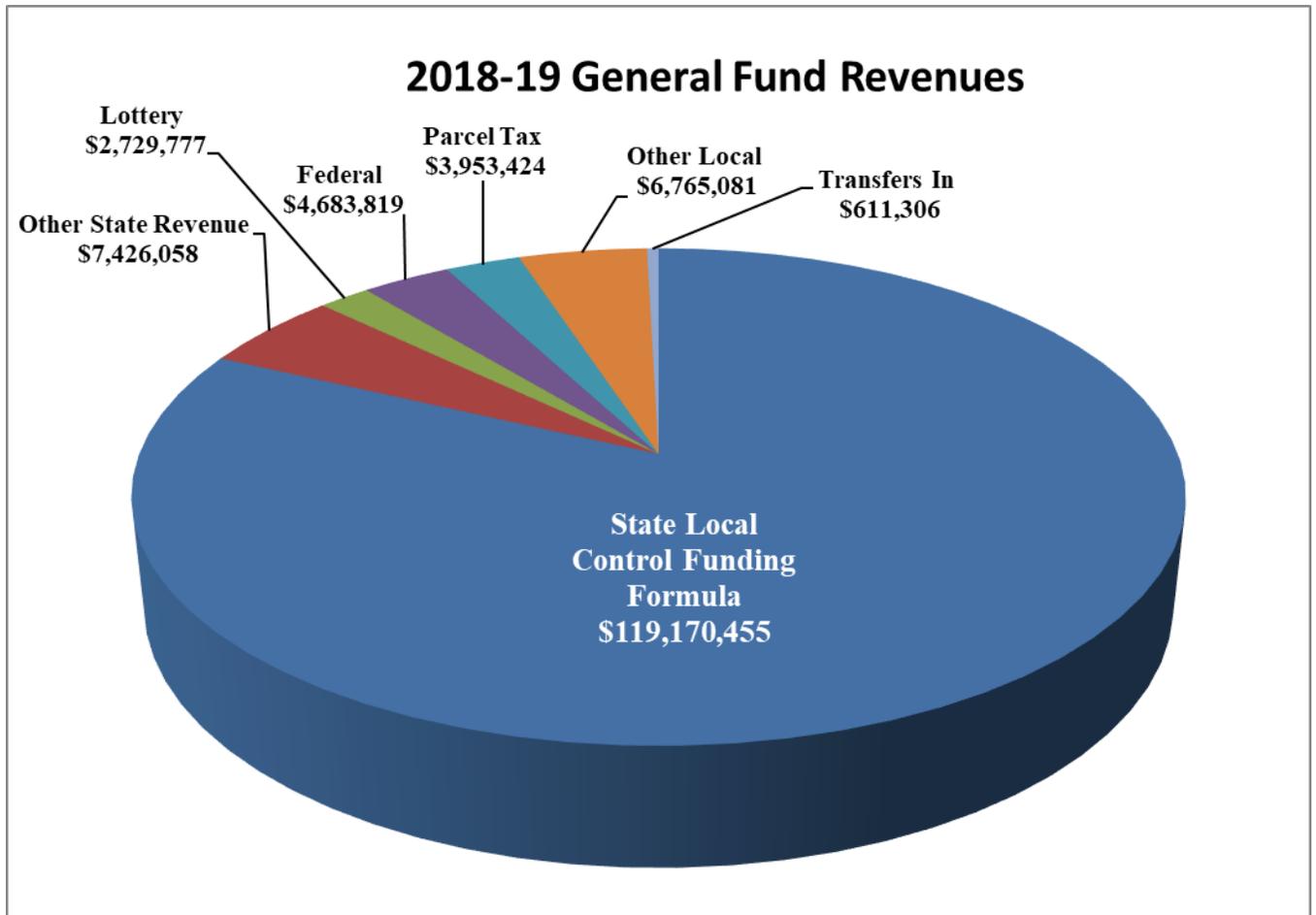
Regardless of the change in how revenue is stated under LCFF, it remains true that Special Education expenses continue to increase, resulting in an increasing amount of mandated services that are unfunded. We will continue to thoughtfully allocate our resources in order to provide the necessary services 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 3.48% Cost of Living Adjustment (COLA) and gap funding of 100.0%.
- Enrollment on day 14 is projected to be 13,800 students.
- Local Control Funding will be based on 13,300 Average Daily Attendance (ADA).
- Our unduplicated count of Low-Socio Economic students, English Language Learners, and Foster Youth is estimated to be 28.4% of enrollment for supplemental funding purposes.
- Special Education funding will receive a 2.71% COLA.
- Lottery income is estimated at \$194 per annual ADA: \$48 Restricted and \$146 Unrestricted.
- State and Federal grants have been budgeted at the same level as 2017-18 and prior year carry over has been removed. As actual entitlements become known, our District's budgets will be adjusted.
- Income from local sources is budgeted at the same level as 2017-18 and donation accounts will be booked on a cash basis.
- It is estimated that \$3,953,424 will be collected in Parcel Tax revenue from Measure G.
- The Career Technical Education (CTE) Incentive grant is estimated at \$468,000.
- We are allocating \$600,000 from the sale of property (Fund 21) to contribute to the new textbook adoption and instructional materials.
- We are including \$2.22 million in one-time State funding.

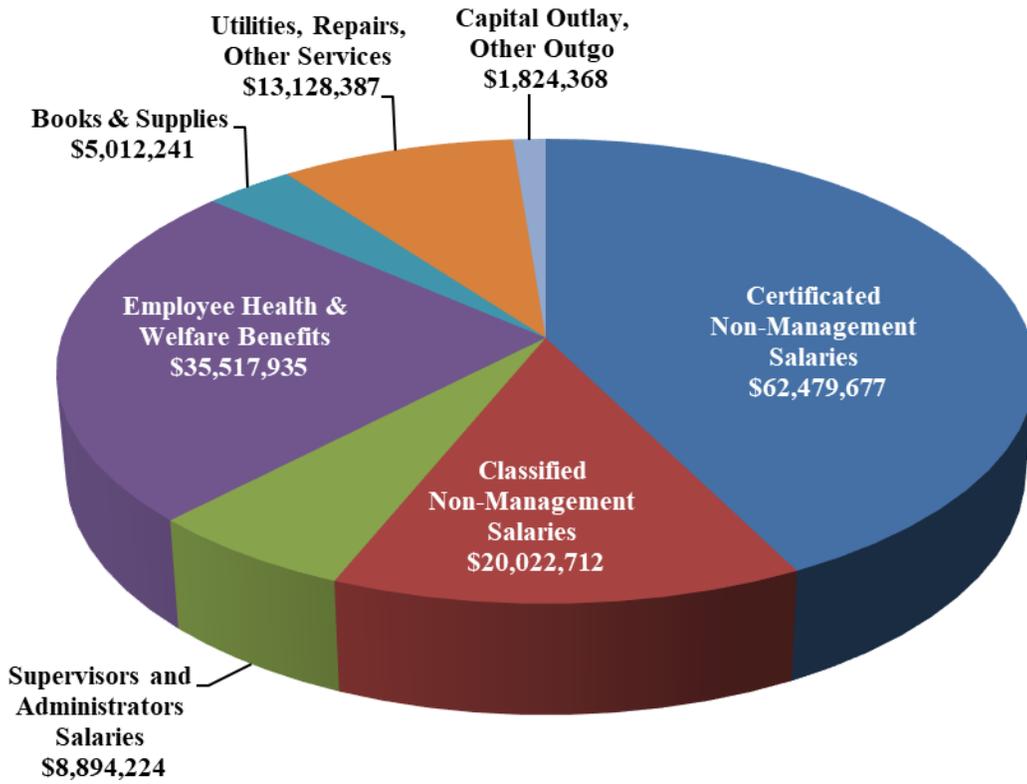
Livermore Valley Joint Unified School District 2018-2019



EXPENDITURES

- 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 14.43% to 16.28%. The employer contribution to the California Public Employees' Retirement System (CalPERS) has increased from 15.531% to 18.062%.
- All items in the Local Control Accountability Plan (LCAP) are included in the budget. A few of the items added this year are:
 - Counselors increased to one at each middle and four at each high school
 - Additional Vice Principal at each comprehensive high school
 - Two Elementary Mathematics Instructional Coaches
 - Multi-Tiered System of Supports (MTSS)
- Measure G will continue to help fund:
 - Advanced courses in science, technology, engineering, and math (STEM);
 - Programs in music, art, and foreign language;
 - Attracting and retaining highly qualified teachers;
 - Elementary school science and technology specialists;
 - 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 of \$1,313,104 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 is estimated to offset the amount transferred by approximately \$468,000.
- Projected utility savings from solar installations are included in the budget.
- \$2 million dollars have been set aside for this year's textbook adoption, \$600,000 is from the sale of property and \$1.4 million is from one-time State funding.

2018-19 General Fund Expenditures



GLOSSARY

ADA

Average daily attendance. One ADA = 180 days of attendance for one student. Each day that a student is present earns our District approximately \$50 in state revenue. Any absence, even an excused absence, reduces our 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 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.

CALIFORNIA 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 (EPA)

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 in November 2012 and will expire in December 2018. Proposition 55, the ballot measure to continue the increased income taxes – not the increased sales taxes – contained in Proposition 30, was approved by voters in November 2016. Proposition 55 takes effect on January 1, 2019 and remains in effect through December 31, 2030. It continues the use of the EPA as the fund into which the increased revenues are deposited for the purpose of distributing to California school agencies. The EPA funding is a component of an LEA's total Local Control Funding Formula amount.

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 student with special needs, 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 formula has been phased in over several years and is expected to be fully implemented by 2018-19.

LOCAL EDUCATIONAL AGENCY (LEA)

A commonly used synonym for a school district, an entity which operates local public primary and secondary schools in the United States.

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. Our District is required to maintain a 3% reserve.

ACKNOWLEDGEMENTS

California Department of Education

www.cde.ca.gov

Citizens' Measure G Parcel Tax Oversight Committee
2017-18 Annual Report

www.livermoreschools.com/parceltax

Fiscal Crisis and Management Assistance Team

www.fcmat.org

Livermore Valley Education Foundation

<https://livermorevalleyeducationfound.wordpress.com>

Measure J Citizens' Bond Oversight Committee

www.livermoreschools.com/measurej

Nigro & Nigro

LVJUSD Audit Report 2017

www.livermoreschools.com/BusinessServices

School Services of California

www.sscal.com