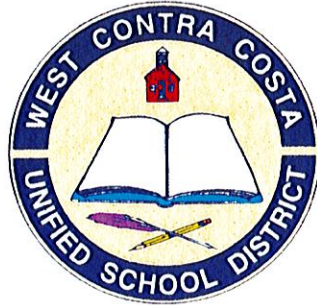


West Contra Costa Unified School District
March 29, 2016



2016-17
Second Interim Report

Guiding Budget Development

- Local Contracts with employee unions
 - United Teachers of Richmond
 - Local 1
 - School Supervisors Association (SSA)
 - West Contra Costa Administrators (WCCAA)
- Availability of Special Resources
 - Grants
 - Special Resources (such as Parcel Tax)

Budget Development Factors

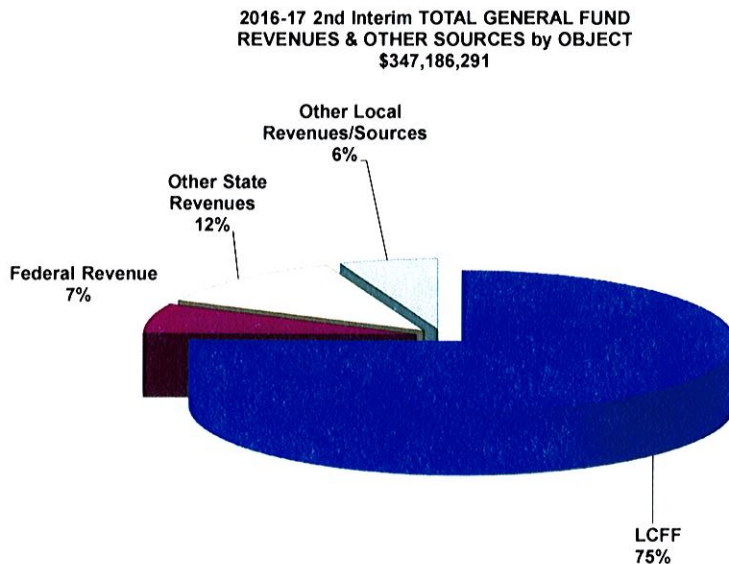
- Student Enrollment Generates...
 - Staffing Plans
 - Revenues
 - Per Pupil Allocations
- Subset of Student Enrollment
 - Unduplicated Student Count
 - Special Education Population

2016-17 2nd Interim

- Executive Summary
- State Forms
 - Includes all funds of the district
 - Documentation of revenue calculations
 - Criteria and Standards
- Multi-Year Projection

Revenues

- Local Control Funding Formula
 - Based upon average daily attendance (ADA) 27,340 x
 - Unduplicated Student Count – 74.4%
- Lottery \$144 per pupil
- Locally Restricted
 - Parcel Tax \$9.7 Million
 - MRAD \$5.5 Million



Local Control Funding Formula

- 2016-17 **target** vs Phase in entitlement calculation

Summary of Funding	2015-16	2016-17	2017-18
Target	272,400,957	273,989,654	276,182,010
Total Phase-In Entitlement	244,210,297	261,178,918	263,823,062
Base/TIIG/Transportation	201,544,579	211,834,139	213,568,546
Supplemental/Concentration	42,665,718	49,344,779	50,254,516
Total Funding	244,210,297	261,178,918	263,823,062
Estimated Percent toward Target	90%	95%	96%

This funding level assumes the State will fund the target "gap"

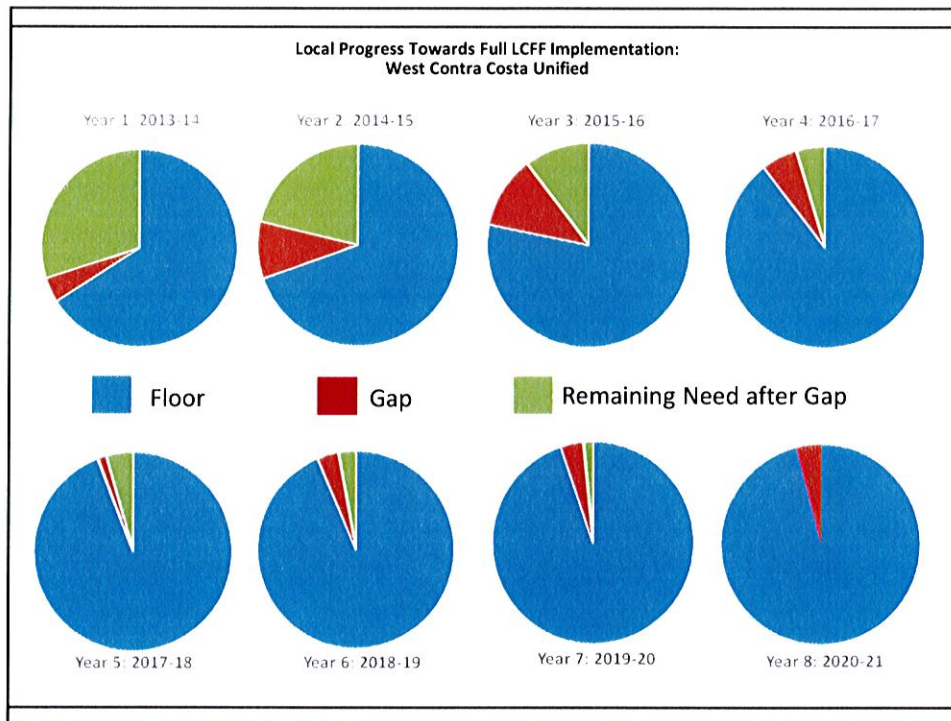
2015-16: 53.08%

2016-17: 49.08%

2017-18: 23.67%

How far away is our target?

- The LCFF has an 8 year implementation plan
- The 2016-17 Funding Target as of 2nd Interim is \$273.9 million
- The 2016-17 Estimated Funding \$261.1 million
– **The Funding "Gap" is \$15.8 million**
- Each year the LCFF base grants are adjusted, but not necessarily funded. That will be a decision of the State Legislature based upon funds available.
- LCFF is tied to the annual unduplicated pupil count, which will vary.



Multi Year Projection

- 2017-18 Assumptions
- Funded ADA: 27,198
- LCFF Gap Funding Rate: 23.67%
- District Unduplicated Count: 74.13%
- Estimated Supplies Increase: California CPI 2.72%
- Step and Column: 1.0%
- CalPERS Rate: 15.8%
- Cal STRS Rate: 14.43%
- Active Health Benefits: Mid-Year implement 80/20 split (Bay Area Kaiser) Capped subject to negotiation
- Retiree Health Benefits: 5%
- Reserve for economic uncertainty 6%

Multi Year Projection

- 2018-19 Assumptions
- Funded ADA: 27,013
- LCFF Gap Funding Rate: 53.85%
- District Unduplicated Count: 74.02%
- Estimated Supplies Increase: California CPI 2.92%
- Step and Column: 1.0%
- CalPERS Rate: 18.7%
- Cal STRS Rate: 16.28%
- Active Health Benefits: 0% - Capped subject to negotiation
- Retiree Health Benefits: 5%
- Reserve for economic uncertainty 6%

Multi Year Projection Unrestricted General Fund

Chart in Thousands			
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Revenues	274,452	270,877	279,034
Expenses	273,344	278,962	283,325
Excess/(Deficit) Spending	1,108	(8,085)	(4,291)
Beginning Fund Balance	49,307	50,415	42,329
Use/Increase to Fund Balance	1,108	(8,085)	(4,291)
Ending Fund Balance	50,415	42,329	38,038
Required Reserve	10,722	10,523	10,697
Assigned Reserve	3,052	2,268	2,442
Stores & Revolving Cash	300	300	300
Balance	35,161	29,238	24,599

Structural Deficit

- Defined as having ongoing programs and financial commitments for a given year that exceed that particular year's revenue
- Ending Fund Balance or Special Reserve Funds can be used to address the deficit



Structural Deficit



- The Board needs to be aware of the use of one-time funds and prepare plans for reducing commitments as one-time funds are depleted
- 2015-16 through 2016-17, the District shows revenue growth due to LCFF and one-time funding that will help close the deficit using the current assumptions

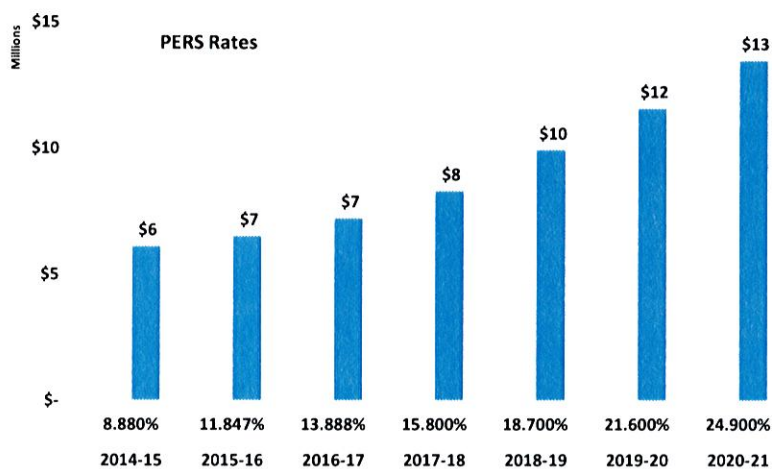
Structural Deficit



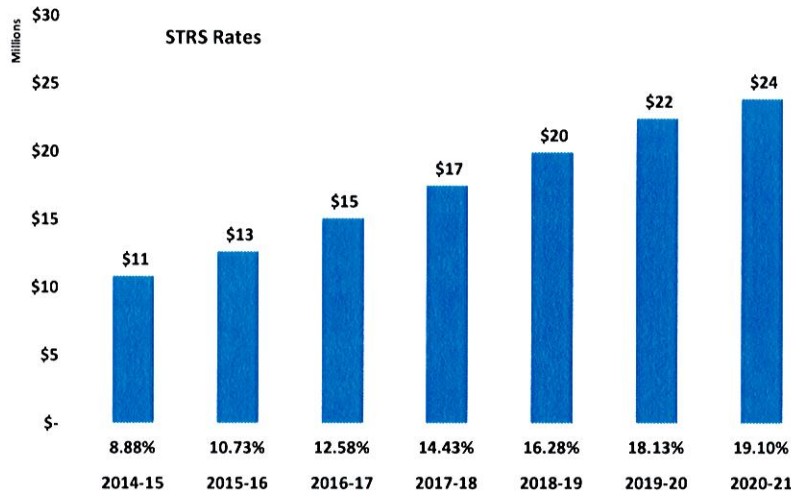
- The Board has been provided information to reduce the 2017-18 budget by \$x million – **that reduction is included in the 2017-18 and 2018-19 assumptions.**
- Why is there still a deficit ?
 - Enrollment decline projections
 - LCFF Base is not growing in pace with STRS & PERS increases

CalPERS Multi Year Rates

(estimated)



STRS Multi Year Rates



Five Year Outlook

Chart in Thousands	Five Year Outlook				
	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues	274,452	270,877	279,034	288,344	297,770
Expenses	273,344	278,962	283,325	290,474	297,431
Excess/(Deficit) Spending	1,108	-8,085	-4,291	-2,130	339
Beginning Fund Balance	49,307	50,415	42,330	38,039	35,909
Use/Increase to Fund Balance	1,108	-8,085	-4,291	-2,130	339
Ending Fund Balance	50,415	42,330	38,039	35,909	36,248
Required Reserve	10,722	10,523	10,697	11,125	11,347
Assigned Reserve	3,052	2,268	2,442	2,869	3,091
Stores & Revolving Cash	300	300	300	300	300
Balance	35,161	29,238	24,599	21,615	21,510

Multi-Year Planning

- Reducing budgets for longer term savings & elimination of deficit spending
 - Accomplished to date – included in current projections
 - Work in progress for additional reductions
- Phase Out Strategy – Fund Balance
 - Close Deficit
 - Streamline and Improve Programs
 - Make room in our budget for negotiations

Deficit Reduction Effort

2017-18 Projected Unrestricted Deficit as of First Interim Report:	\$ (5,007,681)
Revenue	
Reduction in LCFF Revenue - January Revise	\$ (6,497,872)
Increased Estimate to Other State Revenue	\$ 629,675
Expense	
Decreased Estimate Expenses	\$ 4,993,939
Vacancy Reduction/Attrition/Transfer of Positions to Grant Supported	
Increased Estimated Adjustments to Supplies, Services and Capital Outlay	
Indirect Cost Estimated Revision	
Increased Contributions to Restricted/Special Programs	\$ (2,203,207)
2017-18 Updated Projected Deficit as of Second Interim	\$ (8,085,146)

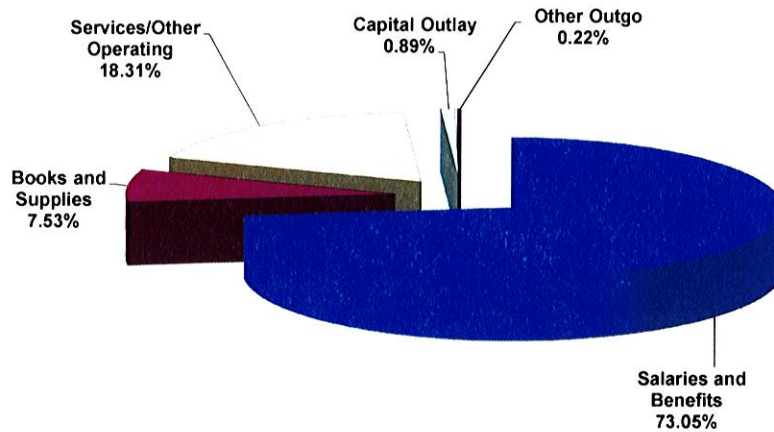
Future Funding Estimates

- There is a higher level of volatility and risk in this funding model as years progress
 - Student Demographic Changes
 - Legislative Support must continue over time
 - Economic Stability and Growth
- A decline in unduplicated count in a given year has greater impact as our funding model improves for example:
 - 6% decline = 17-18 \$3 million reduction in revenues

Budget Areas by Object

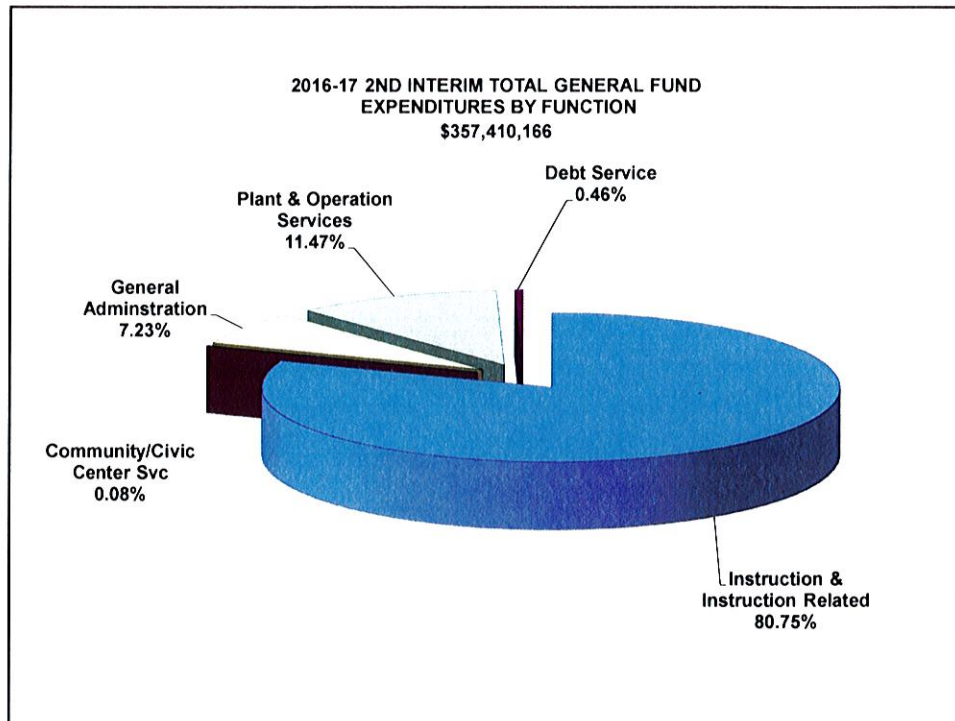
- Grouping Budget
 - Classifies expenses by type
 - Salaries
 - Benefits
 - Supplies
 - Contracted Services
 - Capital Outlay

2016-17 2nd INTERIM TOTAL GENERAL FUND
EXPENDITURES & OTHER USES by OBJECT
\$357,410,166



Budget by Function

- Grouping Budget Areas
 - Activity Based - Function
 - Instruction & Instruction Related
 - General
 - Plant Maintenance & Operations



Special Reserve Summary

	2016-17 Second Interim
Special Reserve Fund – 17	
Balance June 30, 2015	\$11,888,320
3% Reserve	\$9,613,320
Technology Replacement	\$2,275,000
Technology Replacement Transfer for Program Expense	0
Unassigned Special Reserve Fund Balance Projection June 2017	\$ 0

The 2016-17 budget includes 6% as a designated reserve using both general and special reserve funds.



Fund Review

- Review of Budget Fund Schedules
 - Schedule 2
 - Adult Ed, Child Development, Cafeteria, Deferred Maintenance, Special Reserve
 - Schedule 3
 - Building, Capital Facility, County School Facility, Special Reserve for Capital Outlay
 - All funds are estimated to have positive ending fund and cash balances for 16-17, moving into the 2017-18 budget year
 - Temporary borrowing may be necessary for the Cafeteria fund due to delays in reimbursements

General Fund Budget by District Goal Concept



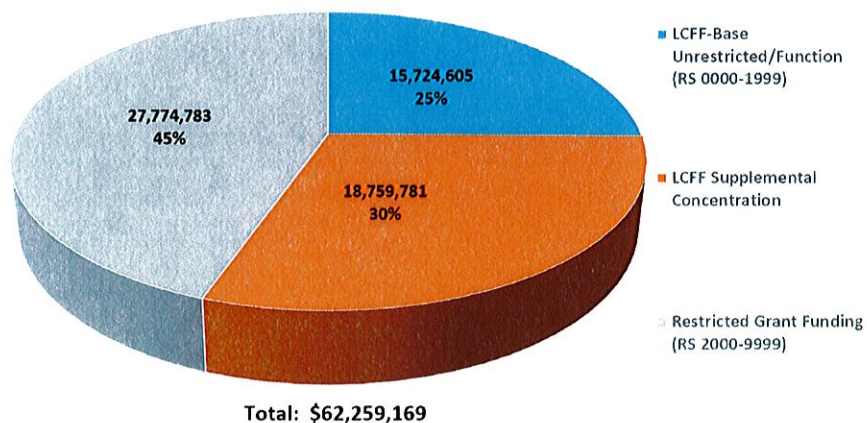
- All Unrestricted Expenditures by the State Account Code (SACS) definition of function has been reviewed and assigned to one of the District's five goals
- All Restricted Expenditures by the State, Federal or Local Account Code definition of resource has been reviewed and assigned to one of the District's five goals based upon the intent of the funding source

All Inclusive Budget

- The concept of providing the community with a budget overview that includes all general fund resources has been a board interest
- The concepts provided in the previous pie graphs has been developed into a District Citizen Transparency Tool, available on our website

Goal 1

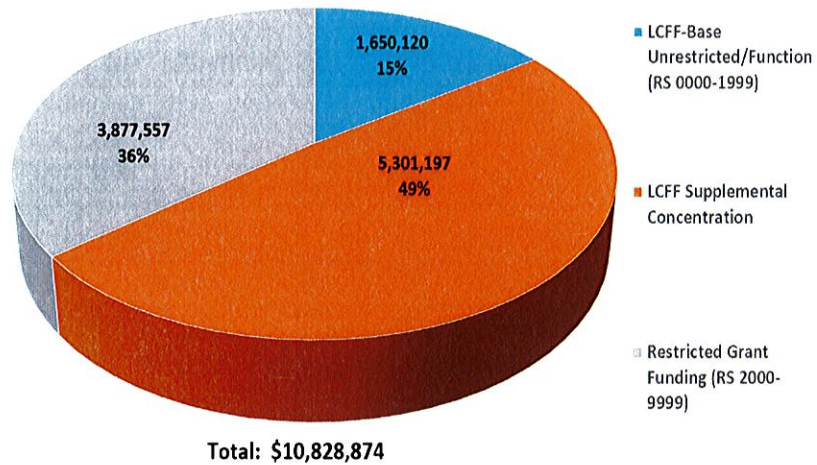
Improve student achievement for all students and accelerate student learning increases for ELL and low income students.



Second Interim

Goal 2

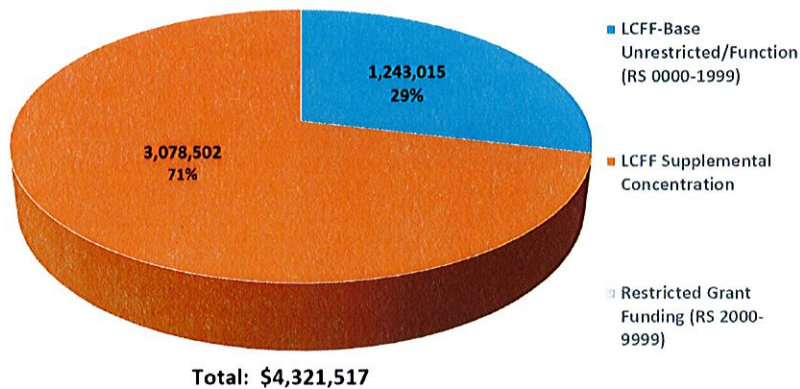
Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers.



Second Interim

Goal 3

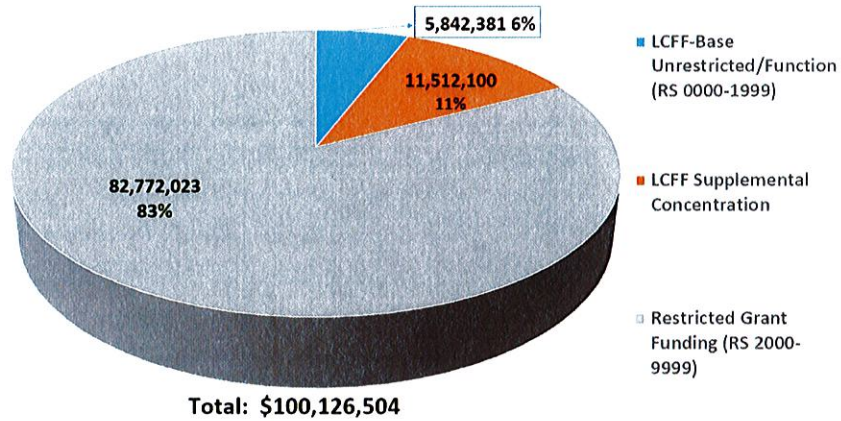
Increase parent and community engagement, involvement, and satisfaction.



Second Interim

Goal 4

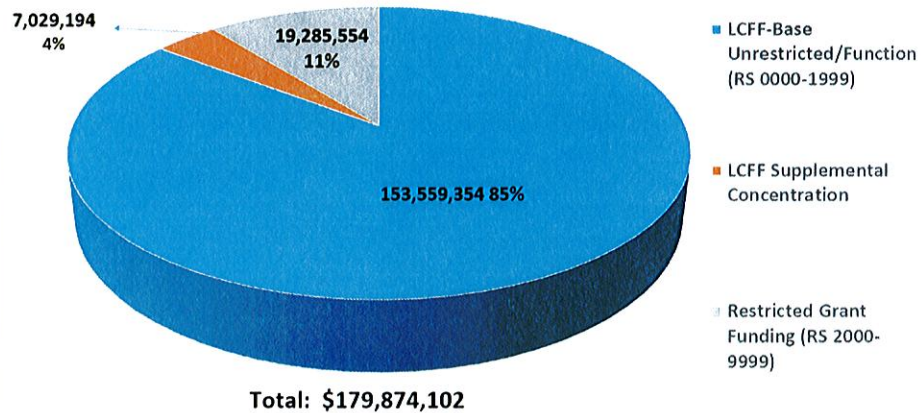
Improve student engagement and climate outcomes,
and allocate services to ELL and LI students.



Second Interim

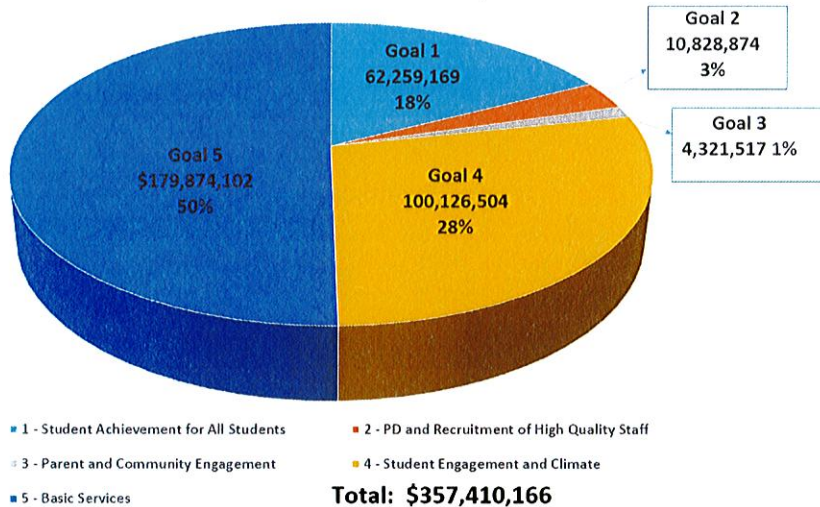
Goal 5

Provide basic services to all students, including
facilities, access to materials and technology.



Second Interim

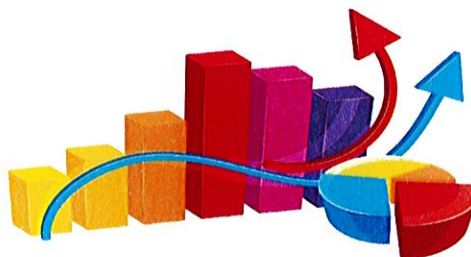
Total General Fund by Goal



Second Interim

Citizen Transparency Work in Progress

- This concept is a work in progress
- The general fund revenues and expenses are currently available on line
- Additional funds will be added next year



Next Steps

- June 15 – Public Hearing for 2017-18 Budget and LCAP
- June 29 – Adoption of 2017-18 Budget and LCAP

Citizen Transparency Tool available on the web

<http://www.wccusd.net/Page/8268>

Financial reports available on the web

<http://www.wccusd.net/Page/100>

