

West Contra Costa
Unified School District
April 10, 2013



Budget Update

Budget Topics

- Status of Local Control Funding Formula (LCFF)
- Preliminary Estimates if January Proposal moves forward
- Changes in Unrestricted General Fund under LCFF
- Preliminary Budget Assumptions work
- Proposition 39 – November 2012 – overview

Multi Year Projection Budget Second Interim Unrestricted General Fund

(In thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Revenues	\$169,288	\$172,794	\$169,155
Expenses	175,170	179,591	182,013
Deficit Spending	(\$5,882)	(\$6,797)	(\$12,858)
Special Reserve Transfer	2,879	3,782	6,841
Beginning Fund Balance	23,376	20,373	17,358
Use of Fund Balance	(3,003)	(3,015)	(6,017)
Ending Fund Balance	20,373	17,358	11,341
Required Reserve	8,594	8,251	8,302
Stores & Revolving Cash	300	300	300
Balance	\$11,479	\$8,807	\$2,739

Chart in Thousands

Local Control Funding Formula

- LCFF This is our new acronym!
- State Categorical Programs are rolled in
 - EIA
 - All Tier III Programs (including Adult Ed.)
 - Class Size Reduction
- Some are not
 - Special Education
 - After School Programs

LCFF

- What could it mean for our District?
- Previously restricted dollars become unrestricted – expenses follow unless the District cuts the program
- Roll out over 7 years
 - K-3 Class Size Reduction is reinstated at 24:1
 - required at the end of the 7 year roll out in order to continue to receive funding

LCFF

Governors Proposal Estimate

Local Control Funding Formula Estimates	2013-14
Revenues (Second Interim)	\$172,794
LCFF Shift from Restricted/Adult	\$7,902
LCFF Increase	\$8,356
Total Revenue Estimate	189,052
Expenses (Second Interim)	179,591
Estimates Added with LCFF Shift	
Adult Education	2,200
English Language Learner (EIA)	4,900
Partnership Academies	800
Total Expense Estimate	187,491
Increase to Fund Balance (no deficit)	\$1,561
No Special Reserve Transfer	
Beginning Fund Balance Estimate	\$20,373
Increase to Fund Balance	1,561
Ending Fund Balance	\$21,934
Required Reserve	8,371
Stores & Revolving Cash	300
Balance	\$13,263

Chart in Thousands

Political Climate

- Will regions of the State with Districts that will not see any increases during the roll out support this change?
- Will the State Legislature pass the bills necessary to fund the LCFF?
- Will Class Size Reduction in grades K-3 be a bargaining chip?
- Adult Education has been in question

Special Reserve Fund Balance

- Because of the cuts and reductions the District has made we have maintained solvency and been able to plan for the ongoing economic crisis during the Great Recession
- Board set aside \$13.5 million to help offset cuts and save jobs

Special Reserve Summary

Special Reserve Fund - 17	Adopted Budget & Multi Year Projection
Estimated Balance June 30, 2012	\$ 13,500,000
2012-13	\$ (2,800,000)
2012-13 Additional Transfer Due to "trigger"	
2013-14	\$ (3,800,000)
2014-15	\$ (6,800,000)
Special Reserve Fund Balance Projection June 2015:	\$ 100,000

If... LCFF becomes law the Special Reserve Fund remains whole and the use would be determined by future Board direction



What If?

- What if LCFF fails?
- District must build a contingency plan to close the budget deficit if no new funding is provided.

Federal Sequestration

- Categorical Funding
 - Title I and Title II Allocations
 - Special Education – general fund implications
- Free and Reduced Lunch
- Bond Subsidy
- Other non school local impact

Proposition 39

- November 2012 California voters passed Prop 39
 - Changes income tax for business
 - Anticipates increased revenue for the State
 - Creates Clean Energy Job Creation Fund
- Clean Energy Job Creation Fund
 - Funding projects that create jobs in California, improving energy efficiency and expanding clean energy projects in public schools

Proposition 39

- Three legislative proposals to disburse anticipated funds
 - AB39 – Assembly Member Nancy Skinner
 - SB39 – Senator Kevin DeLeon
 - Governors Proposal
- Also a proposal circulating from PG&E, and other utility providers within the State

Proposition 39

- Each of the proposals may provide options for the District

Proposal	Notes
AB 39/Skinner	District could pursue efficiency and energy generation projects
SB 39/DeLeon	District could pursue funding through modernization funding, as is currently done with projects.
Governor's Proposal	Per pupil model could generate an estimated \$2 m per year for five years
PG&E	States that money would be spent toward K-12 – unclear what that would mean for the District directly

Proposition 39

- The District has joined a coalition
- School Energy Coalition
 - Advocate on behalf of schools
 - Provide testimony regarding use of funds
 - Provides information on energy issues facing schools



Next Steps

- April 24th – Budget Update/Preliminary Budget Assumptions for the 2013-14 Budget
- May 20th “May Revise” Workshop
- June 12th – Preliminary Budget
- June 26th – Budget Adoption
- Financial Reports are on our website

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