West Contra Costa Unified School District

2016-17 Budget Executive Summary Board Meeting

June 15, 2016 Public Hearing

June 29, 2016 Adoption

State Budget - District Planning

The 2016-17 budget for the State is scheduled to be adopted by June 29, 2016. This budget marks the fourth year in the new Local Control Funding Formula (LCFF) model where Districts have had the opportunity to study and plan for the landmark change to school district funding within the State of California. The LCFF completely overhauled the system of funding and implemented a new accountability model for all school districts. The new accountability program is called the Local Control Accountability Program (LCAP).

The LCAP requires a greater outreach effort to school communities and their stakeholders in order to inform and solicit input. The desired result is greater accountability for school districts and better results for students. While these results are desired, the fact is that school districts in the state are still underfunded. When compared to other states California falls well below the national average. The LCFF has increased district funding to move California closer to the national average, and the state has provided one-time funding sources which has helped in recent years to close the gap. The problem is that one-time funding cannot support sustained programs and sustained results for students. This is also true of the temporary tax measures enacted to fund our schools. Furthermore, during the implementation of the LCFF the state has also passed on the retiree system cost increases, literally consuming the increased funds that schools have received. If California is truly committed to greater accountability and better results for students, then increased, sustained and long term funding is necessary.

The District must plan for the elimination of one-time funding and for the potential non-renewal of temporary taxes as well as for declining enrollment. The District must also plan for the increases to retiree benefit costs and other labor related items as we make the multi-year projection. It becomes clear when doing so that cuts will have to be made to balance the budget in future years unless a greater commitment to funding is made by the State.

Local Control Funding Formula (LCFF)

The Local Control Funding Formula (LCFF) collapsed the majority of State categorical programs and establishes a targeted base rate funding model with supplemental and concentration grant add-ons. The term targeted is used because the State does not expect to fully fund the LCFF until 2020-21. The targeted base includes funding amounts based upon grade span. In addition to the base funding school districts are eligible for supplemental funding for specific student groups. Supplemental funding is provided for districts based on the percentage of English Learners (EL), Foster Youth and Low Income (LI) categories as compared to total enrollment. Concentration funding is provided for the English Learners (EL), Foster Youth and Low Income (LI) students that exceed 55% or more of the student population. This grouping of students is known as the “unduplicated student count” because some students may qualify under multiple categories, but are counted only once for the purpose of the added funding.

Many of the programs collapsed and rolled in to the new LCFF funding model were unrestricted under the States Tier III program, during the Great Recession, and had been utilized as unrestricted revenue for general operations prior to the adoption of the LCFF. There are also programs rolled into the LCFF that had driven expenses, such as the Economic Impact Aid (EIA) program and the Student Transportation Program. Expenses for programs for which revenues were eliminated in the restructuring are now supported through LCFF funding.

The LCFF is now the way the entire unrestricted general fund receives its revenue. The factors that build the LCFF revenue are broken into these categories:

- Base Grant
- Grade Span Adjustments
    - K-3 Class Size Reduction
    - 9-12 Career Technical Education (CTE)
- Supplemental and Concentration

The Base Grant factors are provided by and differentiated by grade level. The add on of K-3 Class Size Reduction then ties directly to the K-3 grade levels, while the CTE ties to grades 9-12. While the factors provide the formula for district funding, there is no provision in the law requiring these funds to follow those factors for those specific programs. The Supplemental and Concentration grants are funded as a percentage add on to the Base Grant, using district demographics of the "unduplicated student count". Each year the state may apply a Cost of Living Adjustment (COLA) to the targeted base factors. The state is not providing COLA for 2016-17 according to the Governor's May Revision of the budget.

The LCFF requires a new type of planning process through the Local Control Accountability Plan (LCAP), which is a budget and accountability plan reporting model determined by the State Board of Education and fulfilled locally through the District Local Control Accountability Parent Committee (DLCAP) and the Board of Education. The LCAP is a separate document which describes how the District intends to meet annual goals for students and address State and Local priorities.

	2016-17 Projected Per Pupil Funding (95.35% of Target)				
Grade	Base	Grade Span Adj.	Supplemental	Concentration	Total
TK-3	$6,754	$703	$1,114	$ 733	$9,303
4-6	$6,855		$1,024	$674	$8,553
7-8	$7,059		$1,055	$694	$8,807
9-12	$8,179	$213	$1,253	$ 826	$10,470

General Fund Unrestricted

Local Control Funding Formula Revenue

The primary source of revenue for the District is LCFF. Each year the State supplies a formula for Districts to estimate funding. The formula starts by establishing a target rate of funding, then the Governor's budget provides for and subsequently the legislature adopts a funding gap percentage. This is the amount that districts will receive toward closing the gap toward the targeted amount for that particular year.

It is estimated that the District will receive a total of $256,761,237 in LCFF during the 2016-17 school year. The funding consists of Base in the amount of $211,042,834 and Supplemental and Concentration funding in the amount of $45,718,403.

The assumptions used for this projection include:

- Funded average daily attendance: 26,867
- District unduplicated student count 74.68%
- State Target Gap Closure 54.84%.

The State targeted revenue for the District is $269,272,852 so the District will receive approximately 95% of targeted funding.

Other State and Local Revenue

Other State Revenue includes State Lottery and Mandated Cost reimbursement. The estimated funding for Lottery is $181 per pupil. The District participates in the Mandated Block Grant program and the estimated revenue for 2016-17 is $978,000. In addition, $6.4 million has been projected for other "one time" Mandated Cost payments. This is a reduction of $8.2 million from the one-time funds the District received in 2015-16. The Governor's May revision indicates more funding will likely be included in the final budget for paying off Mandates, however there are varying proposals for the per pupil amount from the Governor, the Senate and Assembly. Local Revenue also consists of interest earnings and other miscellaneous revenues.

Education Protection Account

Proposition 30 contained language establishing an Education Protection Account (EPA). This funding model is designed to provide relief to the cash deferrals which had been occurring during previous budget cycles. No new money is provided to school districts under the EPA. The EPA deposits count against the district's regular LCFF/student attendance funding at an estimated $1,339 per pupil. The legislation requires that each district establish a special fund to account for these deposits and restricts the use of the funding to school service expenditures only, no administrator salaries and benefits may be charged to the fund. The EPA also requires that each district provide an accounting of these funds on their website and that it be reviewed at a regular board meeting. The District anticipates receiving $35.9 million earmarked for the EPA fund reporting. Staff has examined the rules provided by the California Department of Education. As a result, instructional expenses related to school site staff have been placed in the EPA fund for budget for 2016-17. The Board adopted the EPA funding resolution #77-1516 on May 11, 2016. (Appendix A)

Parcel Tax – Local Support for Students

The parcel tax program includes support for a wide variety of services to students of the District. The parcel tax funding, renewed in November of 2012, is accounted for in a locally restricted account and is subject to review by the newly formed Parcel Tax Committee. The parcel tax was passed with an overwhelming majority of 75%, illustrating the level of commitment for educational programs shared by this community. The parcel tax expires in 2018-19. The District expects to collect $9.7 million in 2016-17. The parcel tax is a fixed funding stream for a specific time period, it does not include any growth for increased expenses such as raises, benefit increases or new priorities. As such, budget line items must be adjusted to accommodate these items within the fixed income. The District has given raises during the 2015-16 and 2016-17 school year and the rates of retiree contributions have also gone up. The parcel tax is now shared with local charter schools who have students residing in the district. These are examples of factors that increase the cost of programs within the parcel tax for which adjustments must be made.

The Board of Education conducted a survey during the 2015-16 school year to determine if it will request a renewal to the parcel tax or an increase on the November 2016 ballot. A chart of budgeted expenses can be found in Appendix B.

Maintenance and Recreation Assessment District – MRAD

In 1994 an effort to raise and sustain funding for the school district the District formed a Maintenance and Recreation District. In 1996 the formation of MRAD was followed by an election to continue these levies. This allows the District to levy taxes to support the maintenance and operations of fields and outdoor areas for the purpose of public use. MRAD revenue is budgeted for 2016-17 in the amount of $5.6 million which pays for evening/after school custodial services, gardeners and outdoor capital projects.

Staffing Allocations

The District develops the majority of the budget each year based upon the staffing required at each school site. (Appendix C) Union contracts and Education Code establishes maximums for class size ratios. The Board may establish priorities that reduce class sizes from those maximums, such as the use of Parcel Tax funding to lower class sizes in grades K-3 and the effort to lower class sizes in K-3 using an accelerated timeline, as compared to the requirements of the LCFF or union contract. Additionally, School Site Councils act to allocate categorical funds available at schools. Classified staffing is allocated based upon the grade levels being served and in some cases by enrollment. There are also provisions in the classified union contract that provide for staffing of certain positions.

Another important component of the staffing allocation is the review of grant and special revenue proceeds. In many cases school sites and programs are not assured of funding in a subsequent year for certain grant sources. For those funding sources, the staffing budget has been removed and positions are eliminated unless a verifiable funding source is identified.

Per Pupil Allocations for Supplies

Each school site is provided a budget based upon its student enrollment for the purpose of consumable supplies. The chart below illustrates the per pupil amounts allocated to each school site:

Per Pupil Amount		
	Classroom Supplies	**Admin Supplies**
Elementary Schools	20.00	6.00
Middle Schools	22.00	6.00
High Schools	30.00	8.00
Alternative Ed	30.00	6.00

General Fund Restricted

The General Fund is the operating fund of the District; it is used to account for the day-to-day operations of the District. The fund is divided into two sections, unrestricted and restricted. Restricted funds are monies received by the District that are categorical in nature, i.e., they can only be used for the purposes allowed by the funding agency or for a designated purpose.

Restricted revenue funding is recognized in two different ways. For funding subject to deferred revenue, the revenue is only recognized once it is spent. This means that any funds received and not spent, with carryover provisions, are deferred into the next fiscal year. For funding subject to ending fund balance, the revenue is recognized in the year received and any funds remaining at the end of the year are recorded as a restricted ending fund balance.

Federal Title I funding was reduced this year by 8% resulting in lower budgets for school sites qualifying for funding. There was no change in Title II and III funding remaining the same as the prior year.

New funding letters are received continually throughout the year adjusting and awarding various grants. Budgets and positions are added and removed based upon the funding received in any given year. Appendix D contains a list of the adopted grant budget projections.

Multi Year Projection

The multi-year projection for the Districts adopted budget utilizes the County Office of Education recommended assumptions that were announced at the Governor's May Revise. These assumptions are published by the California Department of Finance, School Services of California and the Fiscal Crisis Management Team for the development of revenue projections. Expenditure projections include estimated step and column increases as well as staffing changes based upon enrollment or expiration of one-time funding. Supply and service expenditures utilize the California Consumer Price Index as an estimate for cost increases.

The following are the assumptions used for the development of the multi-year projections.

Funded ADA: 26,867
LCFF Gap Funding Rate: 54.84%
District Unduplicated Percentage: 74.68%
Step and Column: 1.0%
CalPERS Rate: 13.888%
Cal STRS Rate: 12.58%
Active Health Benefits: 0%
Retiree Health Benefits: 0%
Reserve for E-Rate Technology Grant $500,000
Reserve for economic uncertainty 6%

2017-18 Assumptions

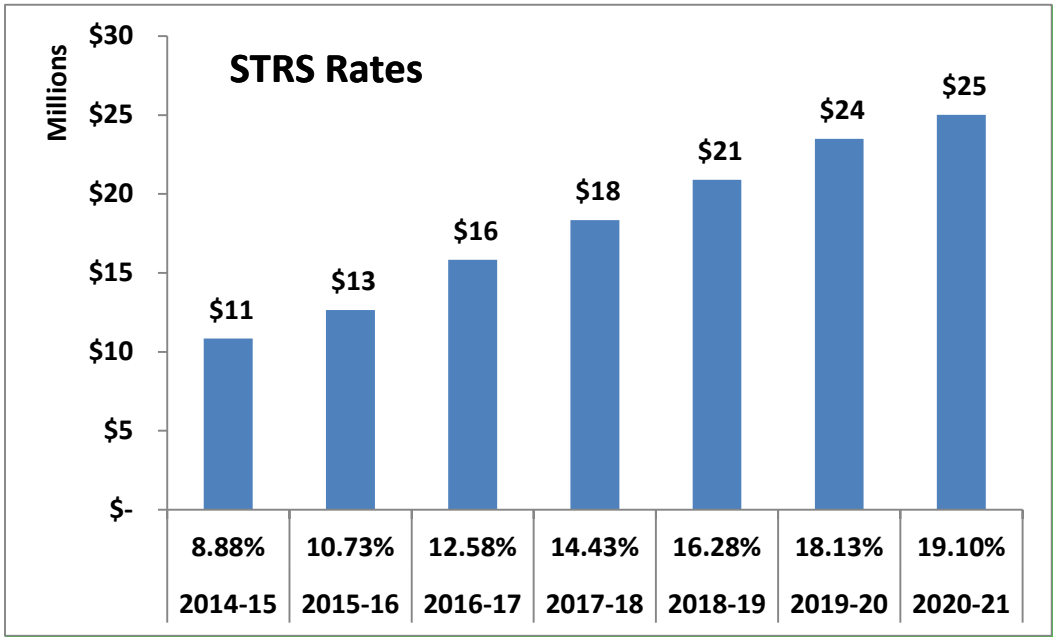
Funded ADA: 26,439
LCFF Gap Funding Rate: 73.96%
District Unduplicated Percentage: 74.58%
Estimated Supplies Increase: California CPI 2.26%
Step and Column: 1.0%
CalPERS Rate: 15.50%
Cal STRS Rate: 14.43%
Active Health Benefits: 0%
Retiree Health Benefits: 0%
Reserve for economic uncertainty 6%

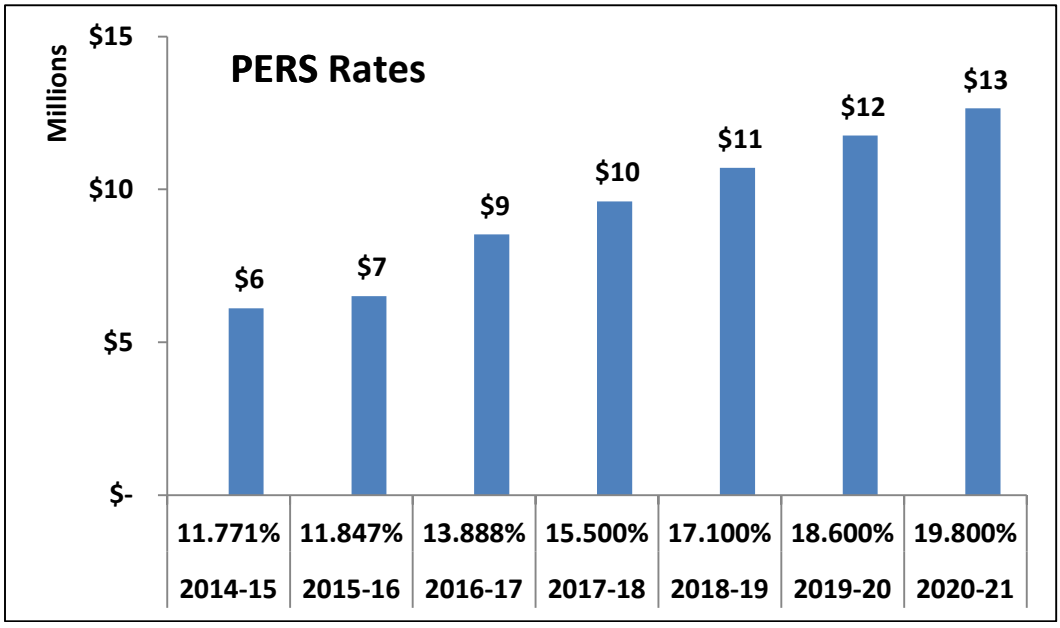
2018-19 Assumptions

Funded ADA: 25,859
LCFF Gap Funding Rate: 41.22%
District Unduplicated Percentage: 74.66%
Estimated Supplies Increase: California CPI 2.49%
Step and Column: 1.0%
CalPERS Rate: 17.10%
Cal STRS Rate: 16.28%
Active Health Benefits: 0%
Retiree Health Benefits: 0%
Reserve for economic uncertainty 6%

Retirement System Increases

There are two retirement systems that cover employees working in school districts. STRS is the State Teachers Retirement System and CalPERS is the California Public Employee Retirement System. STRS covers teachers and staff members who are credentialed. CalPERS covers classified employees such as clerical, maintenance and paraprofessionals. STRS has known for many years that it was operating with a large unfunded liability, however did not increase the rate. Beginning in the 2015-16 school year the legislature adopted a State budget which, over time, funds the outstanding State liabilities for STRS and CalPers. The budget enacted a series of high cost rate increases for School Districts and also increased the employee participation rates. The proposed rates for 2017-18 and 2018-19 are included in the multi-year projection. The following graph illustrates the 7-year expense trajectory for West Contra Costa's STRS and PERS contributions.





The combined cost related to the rate increase for 2016-17 is $5.2 million, for 2017-18 it is projected to be $3.6 million, 2018-19 $3.7 million with similar increase levels each year thereafter. These increases consume revenue growth year over year. For instance, in 2017-18 the District expects an increase in LCFF Base funding of $2.3 million, the retiree increase is $3.6 million **exceeding the District's Base growth by $1.3 million**.

Deficit Spending

During budget development it is important to plan toward eliminating deficit spending if deficits are anticipated in the coming years. Deficit spending can be tracked by monitoring the ending fund balance each year. Strictly speaking it is the comparison of current year revenues to current year expenses. It is reflected in the State reports and is described as the net decrease in fund balance.

During the 2009 and 2010 fiscal years the unrestricted ending fund balance declined and the trend is projected to continue starting 2016-17 through 2018-19. While this is not a desirable trend, the fund balance had been carefully monitored to make sure the appropriate funds are in place for the required 3% reserve. The following table illustrates the unrestricted ending fund balance for each year end closing plus the projections for fund balance which are included in the multi-year projection.

June 2011	**June 2012**	**June 2013**	**June 2014**	**June 2015**
$18,438,898	$23,376,077	$23,376,077	$21,992,229	$22,217,132
Net Increase (Decrease):	$4,937,179	$0	($1,383,848)	$224,903
Multi-Year Projection	**June 2016**	**June 2017**	**June 2018**	**June 2019**
			projected	projected
Fund Balance	$41,017,158	$38,877,407	$29,845,197	$12,323,980
Net Increase (Decrease):	$18,800,026	($2,139,751)	($9,032,210)	($17,521,217)

Staff recommends targeting an additional $1 million cut in ongoing expenses during the 2016-17 fiscal year and, at minimum, an additional $5 million in cuts for 2017-18. These recommendations may change based upon enrollment factors or state funding levels. The cuts would not completely eliminate deficit spending, but would allow for the 6% reserve the Board has targeted. If enrollment continues to decline, as projected, additional cuts will be required in 2018-19. It should be noted that at fiscal year-end 2018-19 all parcel tax expenses ($9.7 million) would also need to be eliminated unless funding is secured through a ballot measure before that time.

Special Reserve Fund

The Special Reserve fund has been used to house the reserves set aside by the Board for the "Mid-Year Triggers" threatened by the State during the recession. By the end of 2012 the Board had set aside $13.5 million in Special Reserve. During the 2012-13 school year the District transferred $1.8 million to support general fund expenditures. The Special Reserve Fund remains intact, based upon Board direction, with a $2.3 million set aside for the technology master plan. The Board has directed that a 6% reserve be maintained through a combination of funds in the Special Reserve fund and the General fund. The Special Reserve fund includes

Special Reserve Fund – 17	2016-17 Budget
Balance June 30, 2016	**$ 11,520,904**
3% Reserve	***$ (9,245,904)***
Reserved for Replacement of IT Equipment	***$*** **(2,275,000)**
Unassigned Special Reserve Fund Balance Projection June 2016	***$ -0-***

Class Size Reduction

Class size reduction has been a focus and priority for the District for many years. The parcel tax funded a large component of K-3 class size reduction efforts as state funding in prior years had fallen short. Program rules for K-3 Class Size Reduction are being implemented through LCFF and require that each district make progress toward the 24:1 class size average, in grades K-3 by school site. The State allows Districts to locally bargain exceptions to the State regulations in order to avoid the penalties contained in the LCFF legislation. The District and United Teachers of Richmond have made such an agreement. For this year the District/UTR agreement allows for K-3 average class sizes of 25.5:1. However, the Board has given direction to continue the effort to reach a 24:1 K-3 class size. The parcel tax funding continues to support this effort.

The following table illustrates the justification for a parcel tax allowance toward the K-3 Class Size Reduction program district wide. While the parcel tax contributes $766,000 toward the program, it does not make up the full difference in cost, it helps the general fund offset approximately half of the increased cost.

Elementary Staffing Ratios	Teacher Allocation
UTR Agreement Allowance Grades K-3 25.5:1 Grades 4-6 33:1	560
Goal for Staffing Grades K-3 24:1 Grades 4-6 33:1	547
Additional Teachers District Wide	13
Average Cost of Additional Teachers	$1.4 million

During the Board's budget adoption for 2013-14 there was direction to work on eliminating combination classes as a part of the K-3 program, this work continued through 2015-16 and resulted in even smaller class sizes in some schools, but will be modified 2016-17 in order to contain costs and allow the District to afford the raises given to teachers for 2016-17.

In addition to the K-3 Class Size Reduction program funded with base and parcel tax funding, the LCAP has a program that provides additional teachers to reduce class sizes for schools that offer the TBE program (bilingual education) as well as for secondary schools. Information on these programs is provided in the District's LCAP.

Transitional Kindergarten

The Transitional Kindergarten program will be offered at 18 schools within the District for 2016-17 and is provided through base funding.

Prop 39 Energy Grant

The California Clean Energy Jobs Act (Proposition 39) changed the corporate income tax code and allocates projected revenue to California's General Fund and the Clean Energy Job Creation Fund for five fiscal years, beginning with fiscal year 2013-14. The Proposition 39 Energy grant provides a per pupil allocation based upon average daily attendance. In addition, districts are eligible for funding based upon the free and reduced lunch counts to account for community need. School districts are required to submit plans in order to release funding for projects. Applications for the fund award require detailed information on projects and energy savings and are reviewed by the California Energy Commission before funding is allocated by the California Department of Education.

The allocated funding for West Contra Costa Unified for year 3 (2015-2016) is 1.1 million. The District recently submitted plans for two energy efficiency projects for year 3 at Kennedy High School and Verde Elementary for LED lighting retrofits.

School Resource Officers

The table below represents the contracts and costs associated with the school resource officer program. It should be noted that in all cases the police departments at each agency offer special programs to school sites as well as special services at school events such as athletics, dances and special assemblies as a part of their contracts.

City	Total # of Officers	Contract Amount	Coverage
Hercules	2	$360,000	Hercules Family Schools
San Pablo	1	$177,526	San Pablo Family Schools
El Cerrito	2	$346,840	El Cerrito Family Schools
Richmond	7	$1,398,048	Richmond, Kennedy and DeAnza Family Schools
Pinole	2	$320,000	Pinole Family
Kensington	1	$50,000	Kensington Community
Total	**15**	**$2,652,414**	

Other Post Retirement Benefit Liability (OPEB) or Retiree Lifetime Benefits

The Board has taken action, with the agreement of employee groups, to substantially reduce the District's long term liability for post-employment health care. In the actuarial study completed as of July 1, 2014 it was determined that the Governmental Accounting Standards Board or "GASB 45" liability was $352 million. The last actuarial study in 2012 reflected a liability of $369 million, so the District has seen an improvement in the overall liability position. Had the retiree benefit program not been amended the GASB 45 liability would have grown to $550 million. However, the consulting firm that completes the District studies has provided a new implicit study report that indicates the District liability will increase due to the implementation of an actuarial rule which takes into account implicit subsidy calculations. Based upon that study the liability of the District will increase for the year ending June 2017.

Changes made to retiree benefit plan structures have stabilized the program and protected the District from increases in costs for future retirees. It has not changed the fact that the District has a pay-as–you go program where costs must be budgeted and paid for those who retired prior to July of 2010 and for those who are in the new programs. The ten year annual average cost increase, which includes employees adding and dropping benefits as well as health care premium rate increases, is 7%. Over the past three years rates have increased, but costs have remained fairly stable, running between $18-19 million per year, due to the fluctuation in participants as well as their individual choices of program and Medicare eligibility. The Board has expressed interest in placing the retiree benefit fund into an irrevocable trust. Staff will be looking into options available and providing a report to the Board at the beginning of the 2016-17 fiscal year.

Health Care Reform

Federal Health Care Reform or the Affordable Care Act (ACA) provides certain benefit rights to employees. Beginning in January of 2015 the District complied with new regulations regarding the availability and affordability of health care programs for all employees. This provision includes variable employees, such as temporary and substitute, who work more than 30 hours per week. The Affordable Care Act requires employers to ascertain the eligibility of employees through a "measurement period" required by federal law. There are multiple measures depending upon hire dates and the stability of hours worked for employees. The District completed a study in 2014-15 and the Human Resources Department notified all employees who qualified to participate in benefits. The study of employee eligibility must be completed every year for all employees of the District. The District is not offering to pay benefit costs for qualified workers, however, if the employee is qualified and utilizes the subsidy program offered through the State's exchange there could be a cost to the District. Currently it is estimated that the cost could be as much as $300,000 per year. Once employees begin accessing the program a better estimate can be made. At this time, the Health Care Reform estimate is not included in the financial projection.

It should be noted that these benefits are for those employees who fall outside the parameter for eligibility of locally bargained contracts. The District pays approximately 80% of health care premiums for programs selected by those eligible employees, as well as 100% of the dental and vision plans offered through the District.

Long Term Debt

The District has made enormous progress toward eliminating the burden long term debt that originated in the 1990's. The Certificates of Participation (COPS) are the one outstanding debt from that period. The COP was refunded in 2005 and included a "make whole" provision which means that in order to pay the debt off early the District must pay interest guaranteed to investors when the debt was refunded.

Long Term Debt Table	Principal June 2016	16-17 Payment	Pay off year
COPS	$6,250,000	$923,731	2024
State Emergency Loan	-0-	-0-	2012 (was 2018) *
IBM	-0-	-0-	2012 (was 2015) **
Total	$6,250,000	$923,731	
* Paid off using site sale debt service fund deposits			
** Paid off using one-time fund balance in 2012			

Local Control Accountability Plan Activities

The District began to implement new programs and program augmentation utilizing the Local Control Funding Formula, including the Supplemental and Concentration Grant dollars during the 2014-15 school year. These efforts are described in the Local Control Accountability Plan and are subject to a public hearing and adoption by the Board. The Local Control Accountability Plan is funded in the unrestricted general fund budget and the plan components for 2016-17 are paid for through Supplemental and Concentration Grant dollars. This year, the District is aligning base funding and restricted grant funding to the five major goal areas in order to help the public understand how all of the funding sources fit together. It is important to understand that budget adjustments within the Supplemental/Concentration fund programs will be necessary throughout the school year as activities are more fully planned and staff is hired. There are also a number of variables that will change the funding calculation for the Supplemental/Concentration funding that are not known until the school year is underway. For instance, the overall enrollment for each grade span level, the number of students qualified through free and reduced lunch or English Language Learner status as well as factors generated through legislation such as the percentage of progress made toward funding at the State level (known as the gap percentage) are not finalized until after the adoption of the school district's budget.

The services and activities are aligned to the eight State priorities and organized by the District's five major goal areas. For a comprehensive review of the District's LCAP please access the District's webpage at http://www.wccusd.net/Page/4328.

Goal 1: Improve student achievement for all students and accelerate student learning increases for ELL and low income students.

Programs and services include: ELL assessment and reclassification support, psychological services, college and career readiness programs, library, science and arts materials, full day Kindergarten, the "Graduate" tutoring program, additional staffing at high need secondary schools, the FAB LAB/STEM program, out of school time instructional programs and whole school support for Stege Elementary, De Anza High School and Helms Middle School.

Goal 2: Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers and principals.

Programs and services include: Funding provided directly to schools for school site planning and decision making, paid professional development days for teachers and instructional team members as well as professional development support.

Goal 3: Increase parent and community engagement, involvement, and satisfaction.

Programs and services include: School Community Outreach Workers, parent participation, volunteer coordination and outreach.

Goal 4: Improve student engagement and climate outcomes, and allocate services to ELL and LI students.

Programs and services include: English Language Learner program, Full Service Community School program, technology coaches, special education support, restorative justice programs, student engagement, student safety, co-curricular and extra-curricular coordination and support – including direct funding to schools for site and student decision making, support for visual and performing arts.

Goal 5: Provide basic services to all students, including facilities, access to materials and technology.

Programs and services include: Increased service to schools for maintaining and collecting student information to support supplemental and concentration grant funding, adaptive curriculum, digital resources and technology teaching carts.

Support Systems and Operational Driven Costs

District plans to fund the support, operational and equipment replacement needs of the District's schools out of the general fund were placed on the "back burner" during tough economic times.

The State Flexibility legislation in place during the recession included a suspension of the textbook adoption cycle. That flexibility is set to expire and a new textbook adoption cycle will begin. This will require that a portion of LCFF funding be set aside to meet the adoption costs. The State no longer funds instructional materials separately; it is included in the LCFF funding. Staff will be working on a multi-year plan for adoptions that will estimate the funding amounts which will need to be built into the future budgets. The 2016-17 budget includes $4.6 million in both unrestricted and restricted budgets for the purpose of purchasing replacement and refreshment of approved textbooks and core materials.

The Federal Erate program is undergoing a major change. In the past, Erate had a large component which helped districts with operational costs. The Erate program is now shifting funding away from operations and more into infrastructure. The District has relied upon the funding for Erate to offset the cost of telecommunications including cell phones, voice over IP and web services. Based upon the reduction of funding for these services the District should consider reducing or revising the formerly funded operational services to reduce costs. Web services funding was eliminated in 2015-16, the other services mentioned will be phased out

gradually with a decrease of 20% per year until these services are no longer funded. The estimated impact for the 2016-17 has been included in the budget, the estimates for impact moving forward will need to be reviewed once the IT department re-benches and reduces services.

As the District opens and operates new campuses the Board should consider the level of staffing provided to keep these campuses in top operating condition. Past studies indicate the District is understaffed for the square footage we are operating in terms of the maintenance and custodial staff. As we add more sophisticated building components, such as technology infrastructure, climate control and security systems it is important to consider the number and types of staff provided to keep these investments in good working order for our students. It will also be important to commit resources toward the replacement of technology equipment that has been funded through the Bond Capital program. The Technology Subcommittee has studied this issue and reviewed the Technology Master Plan and recommends that the District set aside reserve funds for the replacement program. This budget includes a designated reserve of $2.2 million within the Special Reserve fund toward the program replacement that will be needed in three to five years.

Deferred Maintenance

The Deferred Maintenance program funding was incorporated into the State Tier III Flexibility program sweep during the past years. The program, as a separate funding model no longer exists under the LCFF. However, the obligation to keep schools in good repair is clearly stated as one of the eight state priorities. Capital projects related to bond eligible schools have been accomplished over the past few years through the bond construction program. However, it is incumbent upon the District to identify a funding source and plan for projects and long term maintenance in order to insure that district schools are kept in good repair. The estimated fund balance for of June 30, 2015 is $2 million. These dollars will provide funding for projects identified by the Operations Division. Beginning in 2015-16 the Deferred Maintenance Fund will no longer be an approved fund according to the State Accounting Manual. Therefore, a restricted budget for the purpose of tracking the Deferred Maintenance Program will be added to the general fund. Additionally, in 2015-16 the Tier III Flexibility provision which allowed reduced funding for the Routine Repair and Restricted Maintenance Program (RRRM) has expired. This requires an increased transfer to RRRM estimated to be $4.8 million. A portion of the increase will be utilized to fund the District's Deferred Maintenance Program.

Adult Education

The Adult Education program is now funded through a consortium grant. The grant includes seven program areas. The Adult Education program can expand upon the grant program through local initiatives and can charge fees for classes. While many districts eliminated this program during the economic downturn, the WCCUSD Board maintained the program, albeit with a lower funding level, with contributions from the general fund. The program is now expected to be self-sufficient, as it was in the pre-recession period.

Capital Facility Funds

Capital Facility Funds consist of the Building Fund (21), Capital Facilities Fund (25), County School Facilities Fund (35), and Special Reserve for Capital Outlay (40). The Building Fund is where the bond funds and projects are accounted for, the Capital Facilities Fund contains developer fees, the County School Facilities Fund consists of funding received through the

State School Building Program and the Special Reserve for Capital Outlay housed the former RDA funds. The budgets for these funds total $91 million with $88.4 million from the Bond Fund.

Other Funds

In addition to the General, Capital Outlay and Adult Funds the District operates six additional funds. These include the Child Development Fund (Pre-School), the Cafeteria Fund, Bond Interest and Redemption Fund (County level bond debt payments), Debt Service Fund (COP), Self-Insurance Fund (Property, Liability, Dental and Vision), and Retiree Benefit Fund. These funds all have positive fund balances for the 2016-17 budget.

Balances and Designations

A public hearing was held on February 10, 2016 the board adopted a resolution designating and committing fund balance components which are included in the budget adoption. (Appendix E). In particular, the district is reserving a total of 6% for economic uncertainty – 3% in the Unrestricted General Fund and 3% in the Special Reserve Fund, $2.25 million for technology replacement in the Special Reserve Fund and $500,000 in matching funds for E-rate projects in the General Fund. The Balance in Reserve Form, required by the County Office of Education, is also attached. (Appendix F)

Next Steps

The Local Control Funding Formula's Supplemental Concentration funding is growing much faster than Base funding. While Supplemental Concentration funding is technically unrestricted it is clear based upon lawsuits and challenges all over the state that District's will be facing scrutiny on how the funding is spent. The District's structural deficit must be addressed in the coming year and this is particularly challenging when growth is occurring in one sector of funding while cuts will be required in others. The Board must continue to be diligent in planning for the District as new funding models and State and Federal budgets are developed and communicated. Staff will be working on cost containment for the 2016-17 school year to accomplish additional savings to help close the deficit this year and in future years. The Board will be provided with the information regarding the newly adopted State Budget to revise the District's budget in 45 days. If a revised budget is necessary it will be presented at the July 20, 2016 Board Meeting.

BOARD OF EDUCATON
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Resolution 77-1516

EDUCATION PROTECTION ACCOUNT (EPA) AND SPENDING PLAN FOR THE 2015-16 and 2016-17 SCHOOL YEAR

WHEREAS, the voters approved Proposition 30 on November 6, 2012;

WHEREAS, Proposition 30 added Article XIII, Section 36 to the California Constitution effective November 7, 2012;

WHEREAS, the provisions of Article XIII, Section 36(e) create in the state General Fund an Education Protection Account to receive and disburse the revenues derived from the incremental increases in taxes imposed by Article XIII, Section 36(f);

WHEREAS, before June 30th of each year, the State's Director of Finance shall estimate the total amount of additional revenues, less refunds that will be derived from the incremental increases in tax rates made pursuant to Article XIII, Section 36(f) that will be available for transfer into the Education Protection Account during the next fiscal year;

WHEREAS, if the sum determined by the State Controller is positive, the State Controller shall transfer the amount calculated into the Education Protection Account within ten days preceding the end of the fiscal year;

WHEREAS, all monies in the Education Protection Account are hereby continuously appropriated for the support of school districts, county offices of education, charter schools and community college districts;

WHEREAS, monies deposited in the Education Protection Account shall not be used to pay any costs incurred by the Legislature, the Governor or any agency of state government;

WHEREAS, a community college district, county office of education, school district, or charter school shall have the sole authority to determine how the monies received from the Education Protection Account are spent in the school or schools within its jurisdiction;

WHEREAS, the governing board of the district shall make the spending determinations with respect to monies received from the Education Protection Account in open session of a public meeting of the governing board;

WHEREAS, the monies received from the Education Protection Account shall not be used for salaries or benefits for administrators or any other administrative cost;

WHEREAS, each community college district, county office of education, school district and charter school shall annually publish on its Internet website an accounting of how much money was received from the Education Protection Account and how that money was spent;

WHEREAS, the annual independent financial and compliance audit required of community college districts, county offices of education, school districts and charter schools shall ascertain and verify whether the funds provided from the Education Protection Account have been properly disbursed and expended as required by Article XIII, Section 36 of the California Constitution;

WHEREAS, expenses incurred by community college districts, county offices of education, school districts and charter schools to comply with the additional audit requirements of Article XIII, Section 36 may be paid with funding from the Education Protection Act and shall not be considered administrative costs for purposes of Article XIII, Section 36.

THEREFORE, BE IT RESOLVED that, monies received from the Education Protection Account shall be spent as required by Article XIII, Section 36 and the spending determinations on how the money will be spent, the West Contra Costa Unified School District adopts this Resolution approving the proposed uses of the funds, paying for instructional staff expenses.

PASSED AND ADOPTED this 11th Day of May 2016 by the following vote: AYES:

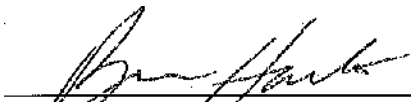
5

NOES: o

ABSENT: o

ABSTAIN: o

I hereby certify that the foregoing resolution was duly and regularly introduced, passed, and adopted by the Board of the West Contra Costa Unified School District of Contra Costa County, at the meeting of said board on May 11, 2016.



Dr. Bruce Harter

Secretary, Board of Education

APPENDIX B

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MEASURE "G" PARCEL TAX
SUMMARY OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30,2017

Description	Original Budget	Current Budget	Actual	Variance Original Budget	Variance Current Budget
Revenue					
Other local sources	9,732,165.00				
Total Revenue	9,732,165.00				
Expenditures					
Protecting core academics					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies	100,000.00				
Services and other operating expenditures					
Capital outlay					
Total	**100,000.00**				
Attracting and retaining qualified teachers					
Certificated salaries	2,525,006.00				
Classified salaries					
Employee benefits	1,033,534.00				
Books and supplies					
Services and other operating expenditures					
Capital outlay					
Total	**3,558,540.00**				
Preparing students for college and the workforce					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies					
Services and other operating expenditures					
Capital outlay					
Total	-				
Providing smaller class sizes for the youngest children					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies					
Services and other operating expenditures	766,239.00				
Capital outlay					
Total	**766,239.00**				
Providing classroom computers and technology					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies					
Services and other operating expenditures					
Capital outlay					
Total	-				
Improving safety on and around our campuses					
Certificated salaries					
Classified salaries	349,268.00				
Employee benefits	242,132.00				
Books and supplies					
Services and other operating expenditures	20,500.00				
Capital outlay					
Total	**611,900.00**				
Supporting after-school programs					
Certificated salaries	229,624.00				
Classified salaries	163,000.00				
Employee benefits	81,512.00				
Books and supplies					
Services and other operating expenditures	526,475.00				
Capital outlay					

Total	**1,000,611.00**

APPENDIX B

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MEASURE "G" PARCEL TAX
SUMMARY OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30,2017

Description	Original Budget	Current Budget	Actual	Variance Original Budget	Variance Current Budget
Supporting science laboratories, materials and activities					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies					
Services and other operating expenditures					
Capital outlay					
Total	-				
Supporting libraries					
Certificated salaries	960,880.00				
Classified salaries	1,000,600.00				
Employee benefits	1,072,550.00				
Books and supplies					
Services and other operating expenditures					
Capital outlay					
Total	**3,034,030.00**				
Payment to Charter Schools	660,845.00				
Total	**660,845.00**				
Grand totals all programs					
Certificated salaries	3,715,510.00				
Classified salaries	1,512,868.00				
Employee benefits	2,429,728.00				
Books and supplies	100,000.00				
Services and other operating expenditures	1,313,214.00				
Capital outlay	-				
Transfers to District or Charter	660,845.00				
Grand Total Expenditures	**9,732,165.00**				

West Contra Costa Unified School District
2016-17 Staffing Matrix

ELEMENTARY

1 Principal, 1 Secretary, Typist Clerk I if <80% unduplicated count = .6667; >80% = 1.0 (LCAP Funded)

Librarian: 1 day per week (positions are roving) Custodial: 1
Day Head Custodian, 1 Night Custodian Teachers: TK-3 = 24:1;
4-6 = 33:1

K-8

1 Principal, 1 Secretary or Office Manager
Mira Vista: 0.67 Clerk Typist I; Stewart: 1 Clerk Typist II

Librarian: 1 day per week (positions are roving) Custodial: 1
Day Head Custodian, 1 Night Custodian Teachers: K-3 = 24:1;
4-8 = 33:1

JUNIOR HIGH/MIDDLE

1 Principal, 1 Asst Principal, 1 Office Manager, 1 Attendance Clerk, 1 Typist Clerk II, 1 Librarian, 1 Info/Lit Asst
Counselors: 1:338
Campus Security: <900 = 1 Officer 1, 1 Officer II; >900 = 2 Officer 1, 1 Officer II
Custodial: 1 Custodial Supervisor, 2-4 Custodians
Teachers: 32:1

HIGH

1 Principal, 2 Asst Principals, 1 Ofc Mgr, 1 Attendance Clk, 1 Cashier, 1 Registrar, 1 Work Exp Clerk, 1 Librarian, 1 Info/Lit Asst
Clerk Typist II if <1000 = 1; >1000 = 2
Counselors: 1:800
College Counselors (LCAP Funded): 1 for each High School over 70% unduplicated count Campus
Security: <900 = 2 Officer 1, 1 Officer II; >900 = 3 Officer 1, 1 Officer II Custodial: 1 Custodial
Supervisor, 4-6 Custodians, 1 Building Maint
Teachers: 32:1

ALTERNATIVE EDUCATION

Greenwood Academy, Harbour Way, Vista = 1 Principal
Middle College = Coordinator
Greenwood Academy and Vista= 1 Office Manager

Clerk Typist II - Vista
Attendance Clerk - Greenwood Academy
Counselors: 2 Greenwood Academy; .4 Vista; .6 Middle College
College Counselors (LCAP Funded): 1
Campus Security: 2 CSO I and 1 CSO II Greenwood Academy, 0.53 Vista

Custodial: 1 Custodian and 1 Head Custodian Greenwood Academy, 1 Custodian Vista

Teachers: Greenwood = 15 ; Vista = 10.2; Middle College = 10, Harbour Way = 2.0

WEST CONTRA COSTA UNIFIED
2016-17 CATEGORICAL REVENUE SOURCES

Resource	Adopted Budget/Grant Description	Revenue - Adoption (award amount)	Carry Over (2015-16 C/O)	Ongoing Funding	Competitive/Periodic/Yr End
3010	Title I	6,200,000		- X	
3310	SpEd IDEA	5,534,817		X	
3311	SpEd IDEA Part B Private Schools	105,501		X	
3315	SpEd IDEA Pre-K	314,492		X	
3320	SpEd IDEA Pre-K	516,958		X	
3327	Mental Health Services	343,259		X	
3345	SpEd Pre-K Staff Develop	2,261		X	
3385	SpEd IDEA Early Intervention	83,664		X	
3395	SpEd Alternative Dispute res	21,097			
3412	Dept of Rehab-Transition	247,459		X	
3550	Carl Perkins-CTE	267,831		X	X
4035	Title II	1,529,174		X	X
4050	CaMSP	499,996			
4124	21st Century	365,798			X
4201	Title III Immingrant Ed Prog	83,651			X
4203	Title III EL	980,699		X	
5630	McKinney Vento-Homeless	124,595		X	X
5640	Medi-cal Billing	850,000			X
5840	CA Promise	112,681			X
TOTAL FEDERAL REVENUE:		**$ 18,183,933**	$ -		
6382	Career Pathways Trust	252,574			
6500	Special Education AB602	100,000			
9011	Project Read	89,550			**2018**
911X	Donations	40,000			
9135	School Based Medi-cal Clinic	562,000			
9190	Parcel Tax	9,732,165			**2018/19**
9200	MRAD	5,604,624			
9513	ROC/P - revenue plus contribution	313,833		- X	
9531	Chevron	1,225,000			**2017**
9582	CPT 1	152,590			
9590	West County Safe Trans MSR J	64,810			X
9595	Irene Scully Family Foundation	350,000			1X
9620	YMCA James Morehouse Project	98,579			X
9630	Math Professional Development	50,000			**2017**
9631	Skully Math Program	-			
9637	FAB Foundation	145,050			**2018**
9668	TUPE	10,000		X	
9930	TPP Program	30,000			
9933	High School Theater Rental	21,712			
TOTAL LOCAL REVENUE:		**$ 18,842,487**	$ -		
6010	Healthy Start-AFTER SCHOOL (ASES)	3,573,129			X
6230	California Clean Energy	1,000,000			
6300	Restricted Lottery	1,146,333		X	
6385	CA Partnership Academy	635,180			X
6387	CTE Incentive Grant	1,842,442			X
6500	Special Education AB602	17,836,224		X	
6512	SpEd Mental Health Services	1,581,180		X	
6515	SpEd Infant	17,692		X	
6520	Workability	258,622			X
7220	Partnership Academy	285,120			X
9133	Medi-cal Billing	47,925			
TOTAL STATE REVENUE:		**$ 28,223,847**	$ -		
	-x = Program funding reduction as compared to prior year				

BOARD OF EDUCATION
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 59-1516

A RESOLUTION OF INTENTION TO COMMIT D ISTRICT RESERVE
LEV ELS FOR FISCAL YEAR 2015-16 and 2016-17

February 10,2016

WlIEREAS, the West Contra Costa Unified School District's governing board 1s responsible for maintaining fiscal solvency of the school systems they govern; and

WHEREAS, California Education Code 42127 (a)(2)(B) requires a statement of the reasons that substantiates the need fo1 assigned and unassigned ending fund balance in excess of the minimum reserves standard for each fiscal year identified in the budget; and

WHEREAS, funds for crucial services for school operations, such as payroll and vendor payment, require successful ongoing cash-flow and fund balance management and disciplined planning, including the creation and maintenance of prudent financial reserves; and

WHEREAS, school district reserve levels, as well as their fund balances, are determined by the governing board to meet local priorities and allow the district to save for potential future expected and unexpected expenditures and for eventual economic downturns; and

WHEREAS, the statutory minimum for school district reserves for economic uncertainties for the West Contra Costa Unified School District is 3% and covers less than one month of an average payroll; and

WHEREAS, the volatility of factors, each driving components of the district revenue, including student enrollment, free and reduced lunch counts, English language learner status, identified foster youth students, grade level configuration, community support of parcel tax funding, legislative action and State tax collections mean that districts must provide for reserve in contingency for changes in one or all of these factors; and

WHEREAS, prudent budgeting in a funding system with significant external volatility raises expectations for school districts to establish and maintain reserves above the statutory minimum; and

WHEREAS, the governing board of the West Contra Costa Unified School District currently maintains a reserve of approximately 6% for purposes of guarding against volatility factors, providing a cash flow reserve during year end to avoid inter-fund borrowing; and

WHEREAS, the governing board of the West Contra Costa Unified School District plans to designate in the General Fund and/or Special Reserve fund balance, $500,000 for possible E-Rate grant match, $2.4 million for technology equipment replacement fund; and

WHEREAS, the governing board of the West Contra Costa Unified School District has open contract negotiations for subsequent years for all labor groups for which it will require funds for potential salary and benefit increases,

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the West Contra Costa Board of Education establishes this statement of estimated fund balance reserves, assignments and contingencies for the purposes aforementioned for the 2015-16 and 2016-17 fiscal years.

a. Stabilization Arrangements:

   i. 3% reserve in Special Reserve Fund in excess of the statutory reserve, for a total of 6% reserve

b. Commitments:

   i. Technology Replacement Fund $2.4 million Special Reserve Fund

   ii. Technology E-Rate Grant Match $500,000 -General Fund

ADOPTED, SIGNED AND APPROVED this 10th day of February, 2016, by the Board of Education of the West Contra Costa Unified School District of Contra Costa County, State of California, bythe following vote:

AYES: 5

NOES: O

ABSTAIN: o

ABSENT: o

By: _____
President, Board of Education

APPENDIX F

District: West Contra Costa Unified School District — **Adopted Budget**
CDS #: 07-61796 — **2016-17 Budget Attachment**

Balances in Excess of Minimum Reserve Requirements

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances			
Form	Fund	2016-17 Budget	**Reference** Resource 0000-1999, Objects 9780/9789/9790
01	General Fund/County School Service Fund	$38,877,406.00	Form 01
17	Special Reserve Fund for Other Than Capital Outlay Projects	$11,520,904.00	Form 17
	Total Assigned and Unassigned Ending Fund Balances	$50,398,310.00	
	District Standard Reserve Level	3%	Form 01CS Line 10B-4
	Less District Minimum Reserve for Economic Uncertainties	$10,029,715.00	Form 01CS Line 10B-7
	Remaining Balance to Substantiate Need	$40,368,595.00	

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties			
Form	**Fund**	**2016-17 Budget**	**Description of Need**
01	General Fund/County School Service Fund	$27,763,881.00	Unassigned
01	General Fund/County School Service Fund	$300,000.00	Stores and Prepaid Expenditures
01	General Fund/County School Service Fund	$783,811.00	Board Fund Balance Policy requiring available reserves of at least 6% of total general fund expenditures
17	Special Reserve Fund for Other Than Capital Outlay Projects	$9,245,903.00	Board Fund Balance Policy requiring available reserves of at least 6% of total general fund expenditures
17	Special Reserve Fund for Other Than Capital Outlay Projects	$2,275,000.00	IT Equipment Replacement
	Total of Substantiated Needs	$40,368,595.00	

Remaining Unsubstantiated Balance **$0.00** **Balance should be Zero**

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.