

West Contra Costa  
Unified School District  
June 10, 2015



2015-16  
Budget Public Hearing



# Guiding Budget Development

- Education Code and State Regulations
  - Education Codes 33000-64100
  - State Board Regulations Including the LCAP
- Board Priorities
  - 2015 Retreat Priorities
  - Five Major Goals
  - Local Control Accountability Plan
  - Study Sessions



# 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
  - Parcel Tax Funds \$9.8 million
  - Maintenance Recreation and Assessment District (MRAD) Funds \$5.5 million



# Budget Development Factors

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



# 2015-16 Budget

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

# Budget 2015-16

- Closing out 2014-15
- Ending Fund Balance Estimates
  - Unrestricted \$17.8 million
  - Restricted \$9.3 million

Fund balances are subject to change based upon the closing of the books

# Revenues

- Local Control Funding Formula
  - Based upon average daily attendance (ADA) 26,215
  - Unduplicated Student Count – 74.95%
- Lottery \$128 per pupil
- Locally Restricted
  - Parcel Tax \$9.8 Million
  - MRAD \$5.5 Million
- Federal Revenue decrease of 10%

# Expenditures 2015-16

- Staffing Matrix & Calculations
  - Appendix B of the Executive Summary
- Maintains....
  - All regular and special program funding levels plus...
- Local Control Accountability Plan Programs/Staffing and Services are included in the budget



# Local Control Funding Formula

- 2015-16 target vs Phase in entitlement calculation

Summary of Funding	2015-16	2016-17	2017-18
Target	\$ 267,777,752	\$ 263,664,033	\$ 263,014,249
Total Phase-In Entitlement	\$ 240,540,336	\$ 245,102,990	\$ 248,091,610
<b>Phase-In Entitlement</b>			
Base/TIIG/Transportation	\$ 204,203,270	\$ 207,561,147	\$ 210,145,756
Supplemental/Concentration	\$ 36,337,066	\$ 37,541,843	\$ 37,945,854
Total Funding	\$ 240,540,336	\$ 245,102,990	\$ 248,091,610
<b>Estimated Percent toward Target</b>	<b>90%</b>	<b>93%</b>	<b>94%</b>

This funding level assumes the State will fund the target “gap”  
2015-16 53.08% - 2016-17 37.4% - 2017-18 36.74%

# How far away is our target?

- The LCFF has an 8 year implementation plan
- The 2015-16 Funding Target as of Governor's May Revision is \$267 million
- The 2015-16 Estimated Funding \$240 million
  - **The Funding “Gap” is \$27 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 counts, which will vary.

# 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 6% decline in unduplicated count in a given year has greater impact as our funding model improves for example:
  - 15-16 \$1 million reduction in revenues

# Multi Year Projection

## 2016-17 Assumptions

Funded ADA: 25,888

LCFF Gap Funding Rate: 37.40%

District Unduplicated Count: 74.94%

Estimated Supplies Increase: California CPI 2.5%

Step and Column: 1.0%

CalPERS Rate: 13.05%

Cal STRS Rate: 12.58%

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

## 2017-18 Assumptions

Funded ADA: 25,200

LCFF Gap Funding Rate: 36.74%

District Unduplicated Count: 74.92%

Estimated Supplies Increase: California CPI 2.9%

Step and Column: 1.0%

CalPERS Rate: 16.60%

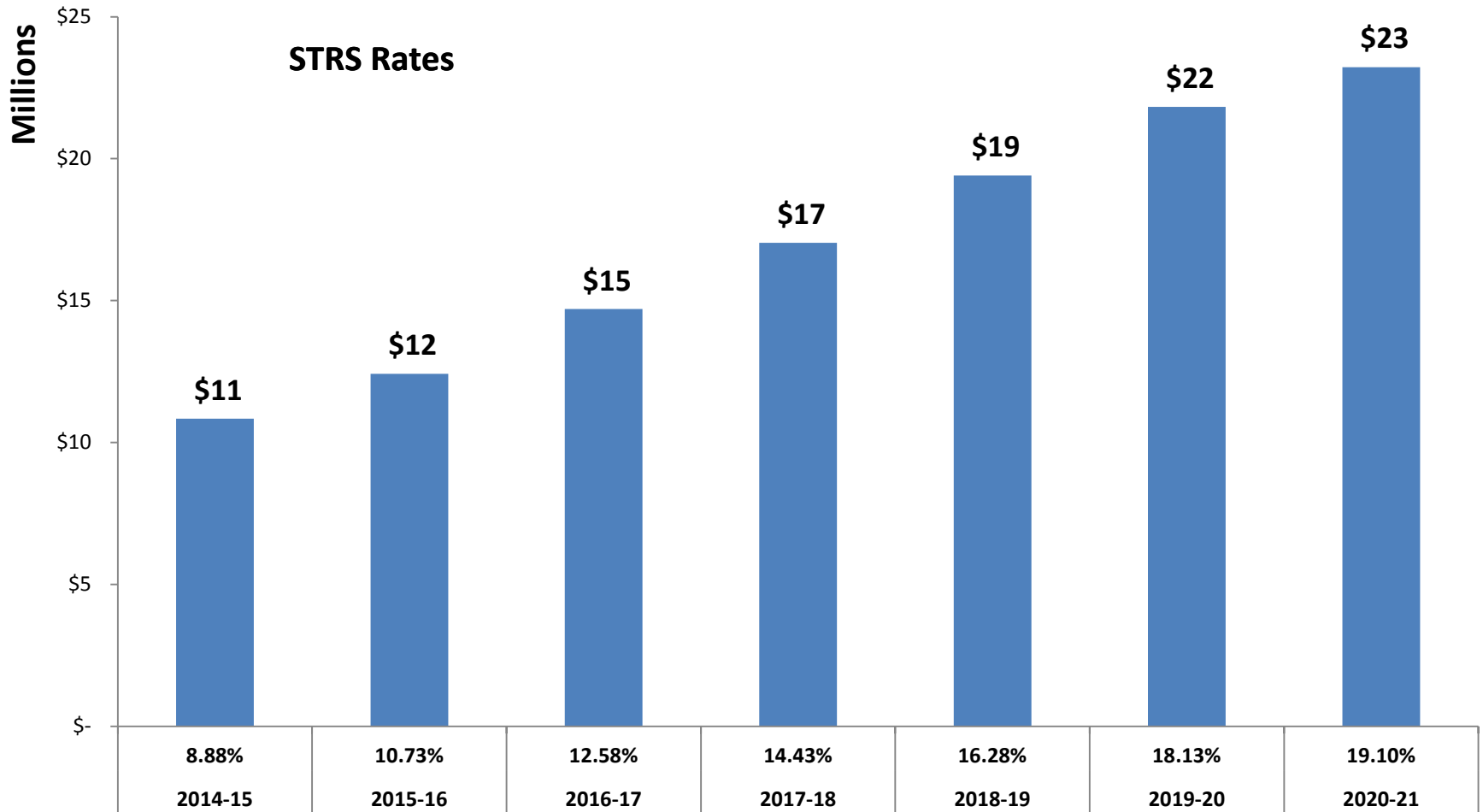
Cal STRS Rate: 14.43%

Active Health Benefits: 0% - Capped subject to negotiation

Retiree Health Benefits: 5%

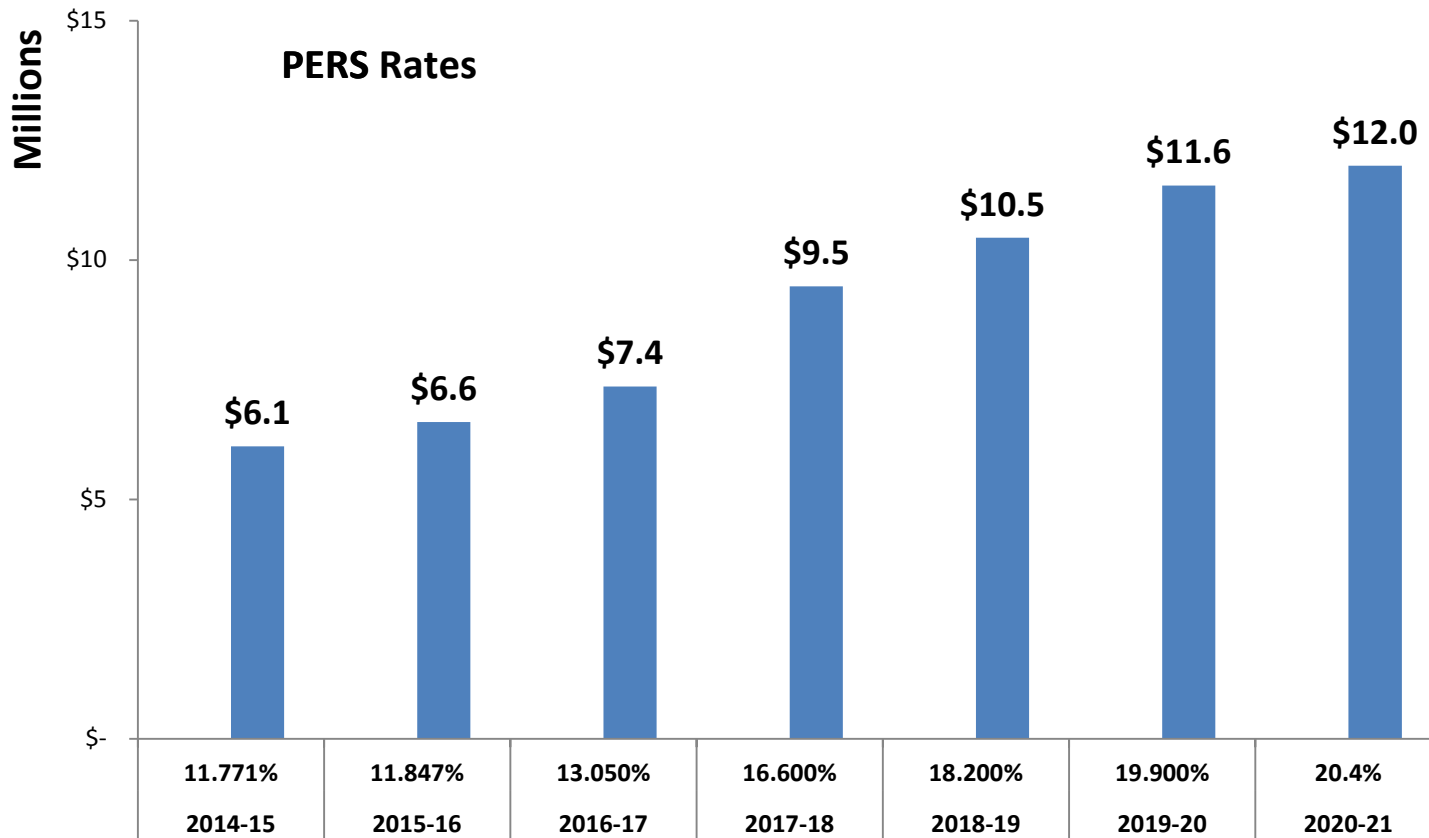
Reserve for economic uncertainty 6%

# STRS Multi Year Rates



# 2015-16 Budget

- CalPERS contribution rates for the retiree program also scheduled to increase



# Multi Year Projection

## Unrestricted General Fund

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
<b>Revenues</b>	\$248,946	\$251,766	\$254,882
<b>Expenses</b>	244,996	248,193	252,653
<b>Deficit Spending</b>	\$3,950	\$3,573	\$2,229
<b>Beginning Fund Balance</b>	17,785	21,735	25,308
<b>Use/Increase of Fund Balance</b>	3,950	3,573	2,229
<b>Ending Fund Balance</b>	21,735	25,308	27,537
<b>Required Reserve</b>	9,246	9,385	9,565
<b>Assigned Reserve</b>	2,000	2,000	0
<b>Stores &amp; Revolving Cash</b>	300	300	300
<b>Balance</b>	\$10,189	\$13,623	\$17,672

Chart in Thousands

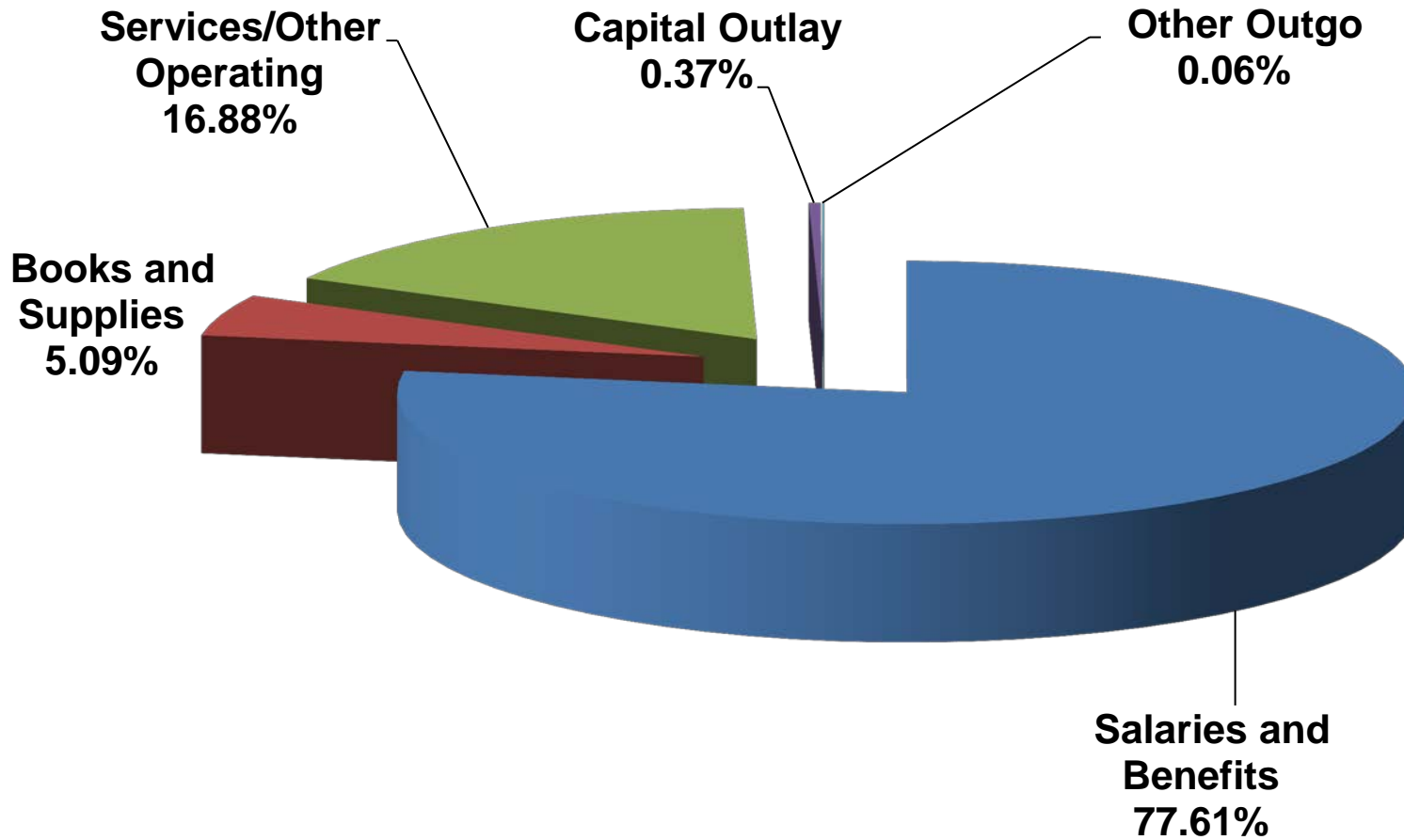




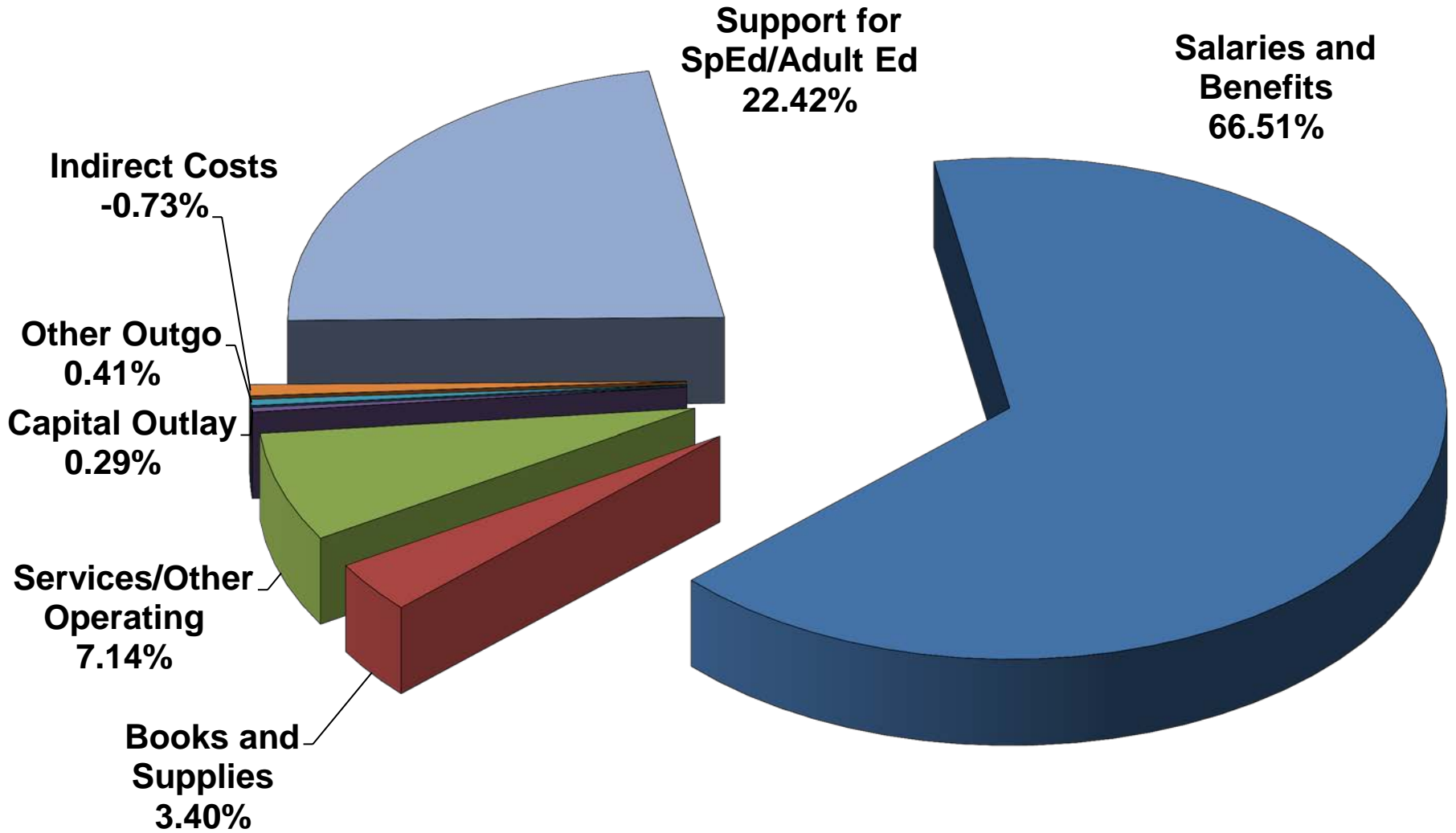
# Budget Areas by Object

- Grouping Budget
  - Classifies expenses by type
  - Salaries
  - Benefits
  - Supplies

**2015-16 TOTAL GENERAL FUND  
EXPENDITURES by OBJECT  
\$307,622,490**



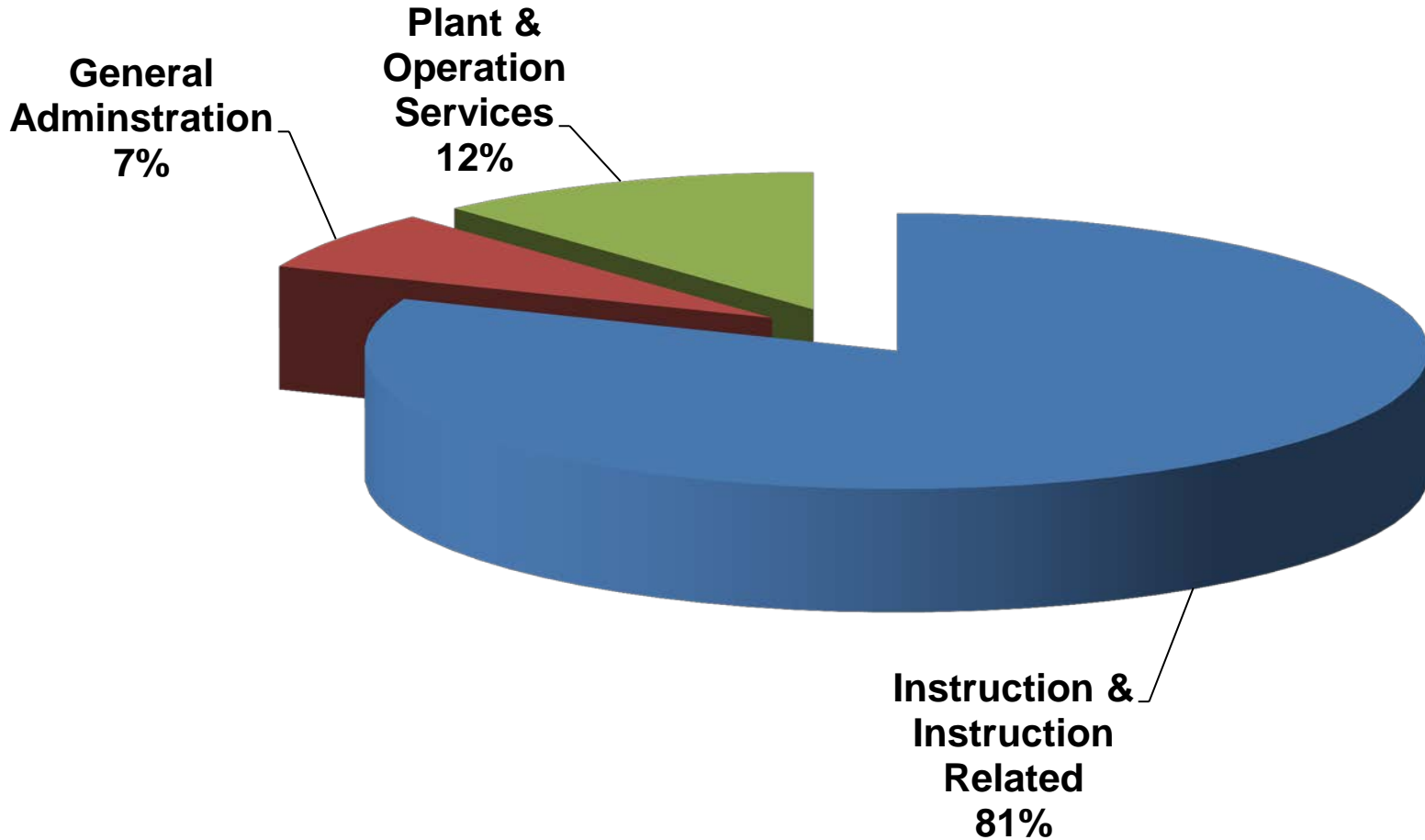
**2015-16 UNRESTRICTED GENERAL FUND  
EXPENDITURES & CONTRIBUTIONS by OBJECT  
\$244,995,929**



# Budget by Function

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

**2015-16 TOTAL GENERAL FUND  
EXPENDITURES BY FUNCTION  
\$307,622,490**

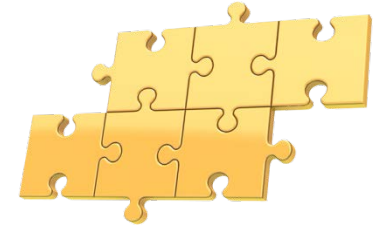


# Structural Deficit

- 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
- 2014-15 the District is projecting a structural deficit which will utilize \$4 million of fund balance
- 2015-16 The District will have revenue growth due to LCFF that will close the deficit using the current assumptions and expense levels
- 2016-17 and 2017-18 The District will have revenue growth due to LCFF that will close the deficit using the current assumptions and expense levels

# Special Reserve Summary

	Second Interim
<b>Special Reserve Fund – 17</b>	
<b>Balance June 30, 2015</b>	<b>\$11,705,168</b>
<b>3% Reserve</b>	<b>\$9,246,373</b>
<b>Technology Replacement</b>	<b>\$2,458,795</b>
<b>Unassigned Special Reserve Fund Balance Projection June 2016</b>	<b>\$ -0-</b>

The 2015-16 budget includes a committed designation for a 3% reserve fund.

The unrestricted general fund includes a 3% reserve for economic uncertainty the goal is to have 6% as a designated reserve using both funds. In addition, the Board is considering the commitment of Special Reserve funding for technology replacement.





# Local Control Accountability Plan

## LCAP

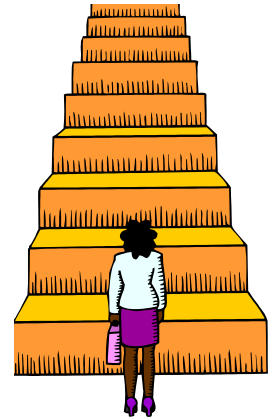
- Includes activities and initiatives that meet the eight State priorities
- Five District Goals
- A total estimate of \$32 million is identified within the budget as Supplemental and Concentration funding for program expenses and services with a fund balance commitment of \$ 4 million

# Fund Review

- Review of Budget Fund Schedules
  - Schedule 2
    - Adult Ed, Child Development, 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 14-15, moving in to the 2015-16 budget year

# Next Steps

- June 24 Adopt 2015-16 LCFF Budget and LCAP
- July 22 45 Day Budget Revision Report
- September 16 2014-15 Unaudited Actuals Report to the Board



Financial reports available on the web

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