

West Contra Costa Unified School District  
June 15, 2016



2016-17  
Budget Public Hearing

# Budget Development Factors

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

# 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)

# 2016-17 Adopted Budget

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

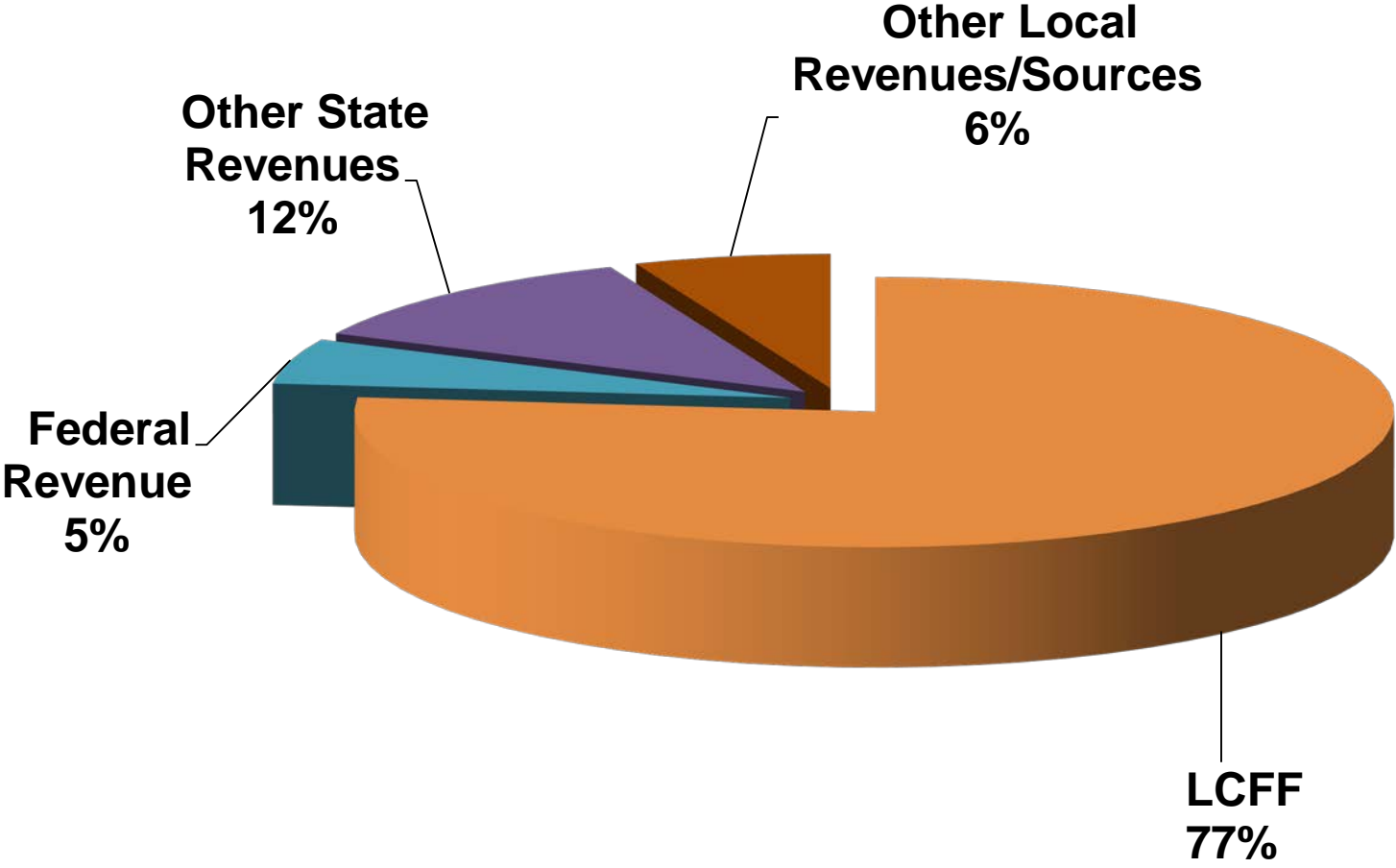
# 2016-17 Adopted Budget

- Closing Out 2015-16
- Ending Fund Balance
  - Unrestricted \$41 million
  - Restricted \$14.6 million
- Fund balances are subject to change based upon the closing of the books which will be final in September

# Revenues

- Local Control Funding Formula
  - Based upon average daily attendance (ADA) 26,867
  - Unduplicated Student Count – 74.68%
- Lottery \$181 per pupil
- Locally Restricted
  - Parcel Tax \$9.7 Million
  - MRAD \$5.5 Million
- Federal Revenue decrease of 8%

**2016-17 ADOPTED BUDGET TOTAL GENERAL FUND  
REVENUES & OTHER SOURCES by OBJECT  
\$334,751,306**



# Local Control Funding Formula

- Target vs Phase in entitlement calculation

| Summary of Funding              |  | 2016-17        | 2017-18        | 2018-19        |
|---------------------------------|--|----------------|----------------|----------------|
| Target                          |  | \$ 269,272,852 | \$ 267,575,435 | \$ 268,158,257 |
| Total Phase-In Entitlement      |  | \$ 256,761,237 | \$ 263,825,547 | \$ 262,619,561 |
|                                 |  |                |                |                |
| Base/TIIG/Transportation        |  | \$ 211,042,834 | \$ 213,403,074 | \$ 211,427,713 |
| Supplemental/Concentration      |  | \$ 45,718,403  | \$ 50,422,473  | \$ 51,191,848  |
| Total Funding                   |  | \$ 256,761,237 | \$ 263,825,547 | \$ 262,619,561 |
| Estimated Percent toward Target |  | 95%            | 99%            | 98%            |

This funding level assumes the State will fund the target “gap”

**2016-17: 54.84% - 2017-18: 73.96% - 2018-19: 41.22%**

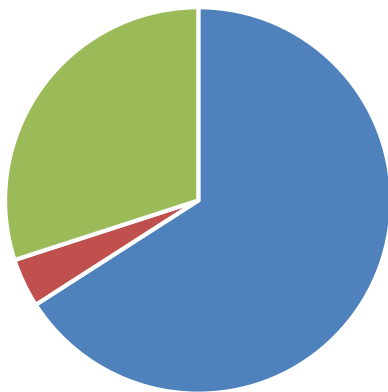


# How far away is our target?

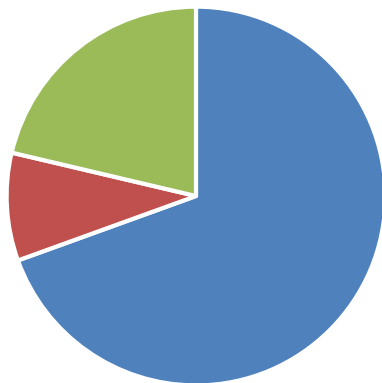
- The LCFF has an 8 year implementation plan
- The 2016-17 Funding Target as of Governor's May Revision is \$269.3 million
- The 2016-17 Estimated Funding \$256.8 million
  - **The Funding “Gap” is \$12.5 million**
- Each year the LCFF base grants are adjusted, but not necessarily funded. That will be a decision of the State Legislature based upon funds available.
- LCFF is tied to the annual unduplicated pupil count, which will vary

# Local Progress Towards Full LCFF Implementation: West Contra Costa Unified

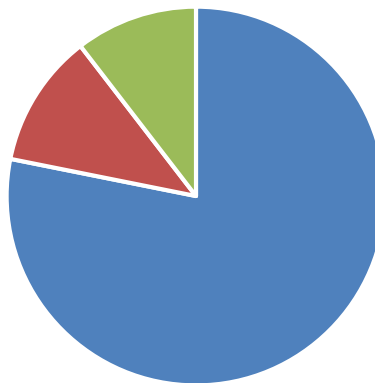
**Year 1: 2013-14**



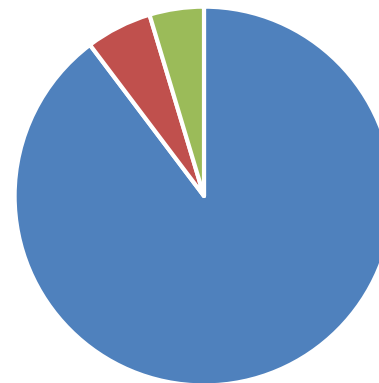
**Year 2: 2014-15**



**Year 3: 2015-16**



**Year 4: 2016-17**

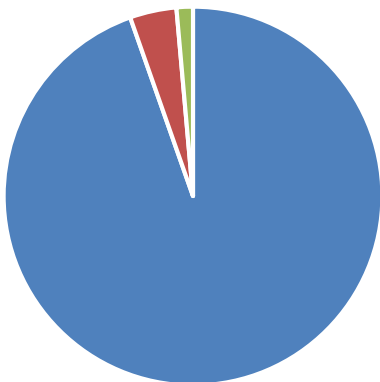


 Floor

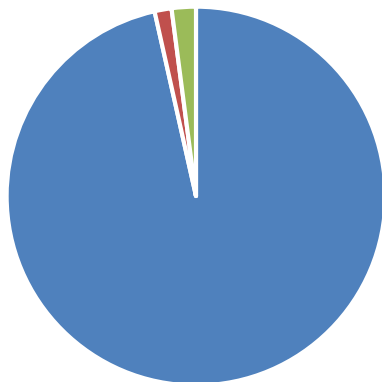
 Gap

 Remaining Need after Gap

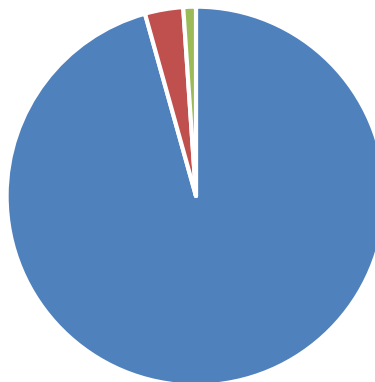
**Year 5: 2017-18**



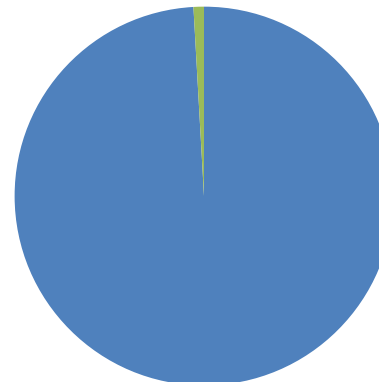
**Year 6: 2018-19**



**Year 7: 2019-20**



**Year 8: 2020-21**



# Multi Year Projection

- 2017-18 Assumptions
- Funded ADA: 26,439
- LCFF Gap Funding Rate: 73.96%
- District Unduplicated Count: 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% - Capped subject to negotiation
- Retiree Health Benefits: 0%
- Reserve for economic uncertainty 6%

# Multi Year Projection

- 2018-19 Assumptions
- Funded ADA: 25,859
- LCFF Gap Funding Rate: 41.22%
- District Unduplicated Count: 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% - Capped subject to negotiation
- Retiree Health Benefits: 0%
- Reserve for economic uncertainty 6%

# Multi Year Projection

## Unrestricted General Fund

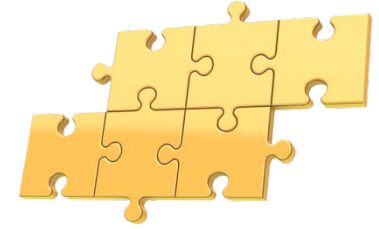
| Chart in Thousands                  |                |                |                |
|-------------------------------------|----------------|----------------|----------------|
|                                     | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> |
| <b>Revenues</b>                     | \$216,745      | \$217,244      | \$216,091      |
| <b>Expenses</b>                     | 218,885        | 226,276        | 233,612        |
| <b>Excess/(Deficit) Spending</b>    | (\$2,140)      | (\$9,032)      | (\$17,521)     |
|                                     |                |                |                |
| <b>Beginning Fund Balance</b>       | 41,017         | 38,877         | 29,845         |
| <b>Use/Increase to Fund Balance</b> | (2,140)        | (9,032)        | (17,521)       |
| <b>Ending Fund Balance</b>          | 38,877         | 29,845         | 12,324         |
|                                     |                |                |                |
| <b>Required Reserve</b>             | 10,813         | 11,343         | 11,876         |
| <b>Assigned Reserve</b>             | 500            | 0              | 0              |
| <b>Stores &amp; Revolving Cash</b>  | 300            | 300            | 300            |
| <b>Balance</b>                      | <b>27,264</b>  | <b>18,202</b>  | <b>\$148</b>   |
|                                     |                |                |                |

# 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
- 2016-17 the District is projecting a structural deficit which will utilize \$2.1 million of fund balance
- 2017-18 the District is projected to deficit spend by \$9 million
- 2018-19 the District is projected to deficit spend by \$17.5 million
- By cutting \$1 million in 2015-16 and \$5million in 2017-18 ongoing the District makes progress in reducing the deficit

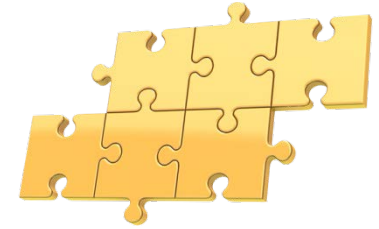
# Multi Year Projection

## Unrestricted General Fund with Cuts

| Chart in Thousands                  |                 |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | <u>2016-17</u>  | <u>2017-18</u>  | <u>2018-19</u>  |
| <b>Revenues</b>                     | \$216,745       | \$217,244       | \$216,091       |
| <b>Expenses</b>                     | 217,885         | 220,263         | 227,451         |
| <b>Excess/(Deficit) Spending</b>    | (\$1,140)       | (\$3,019)       | (\$11,360)      |
|                                     |                 |                 |                 |
| <b>Beginning Fund Balance</b>       | 41,017          | 39,877          | 36,858          |
| <b>Use/Increase to Fund Balance</b> | (1,140)         | (3,019)         | (11,360)        |
| <b>Ending Fund Balance</b>          | 39,877          | 36,858          | 25,498          |
|                                     |                 |                 |                 |
| <b>Required Reserve</b>             | 10,753          | 11,343          | 11,876          |
| <b>Assigned Reserve</b>             | 500             | 0               | 0               |
| <b>Stores &amp; Revolving Cash</b>  | 300             | 300             | 300             |
| <b>Balance</b>                      | <b>\$28,324</b> | <b>\$25,215</b> | <b>\$13,322</b> |
|                                     |                 |                 |                 |

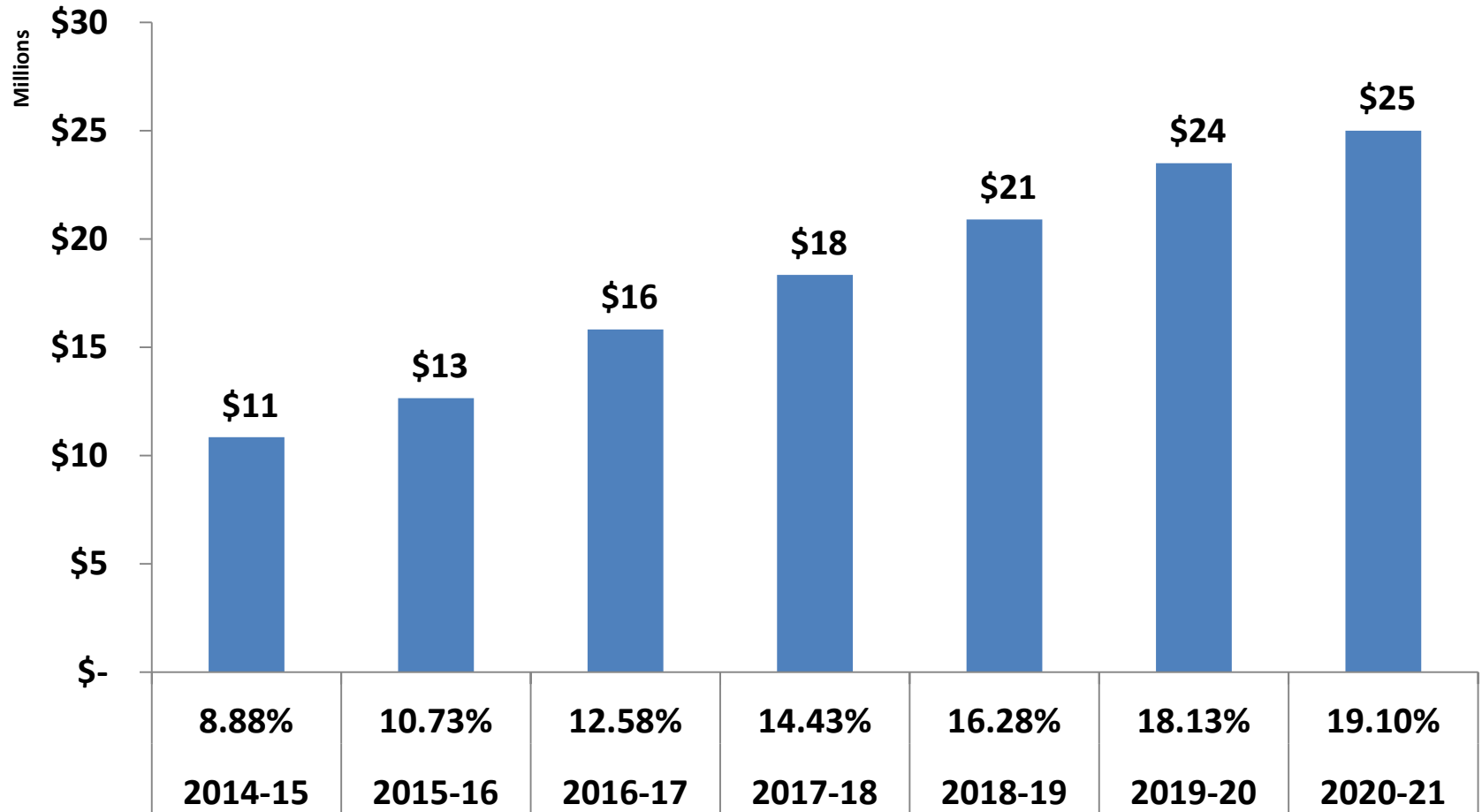


# Structural Deficit

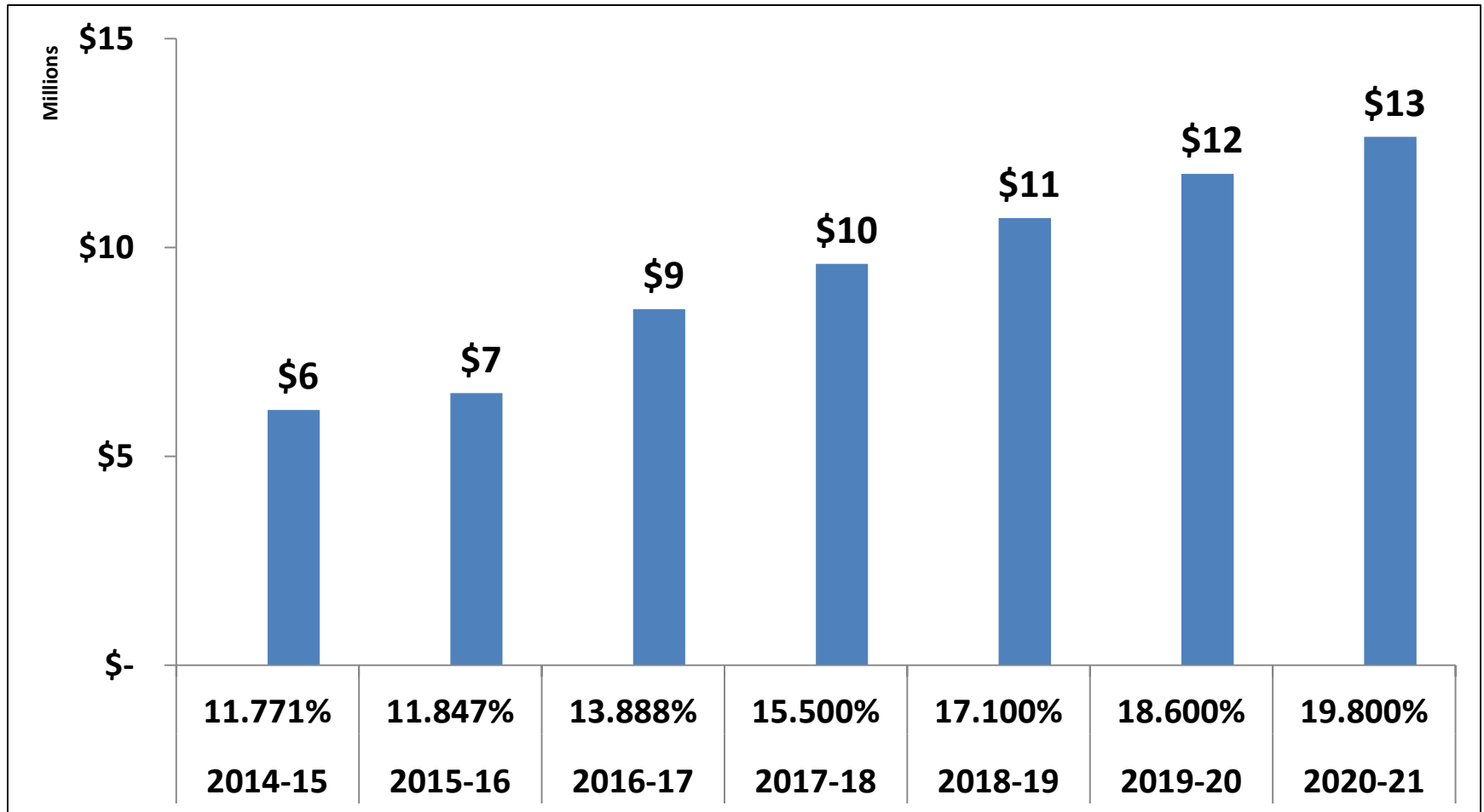


- The Board has provided direction and this budget reflects the reduction of \$7 million in 2016-17 – **that reduction is included in the 2017-18 and 2018-19 assumptions**
- Why is there still a deficit in 2017-18
  - Enrollment decline projections
  - LCFF Base is not growing in pace with STRS & PERS increases Base increases by \$2.3 million Retiree Benefits by \$3.6 million

# STRS Multi Year Rates



# PERS Multi Year Rates



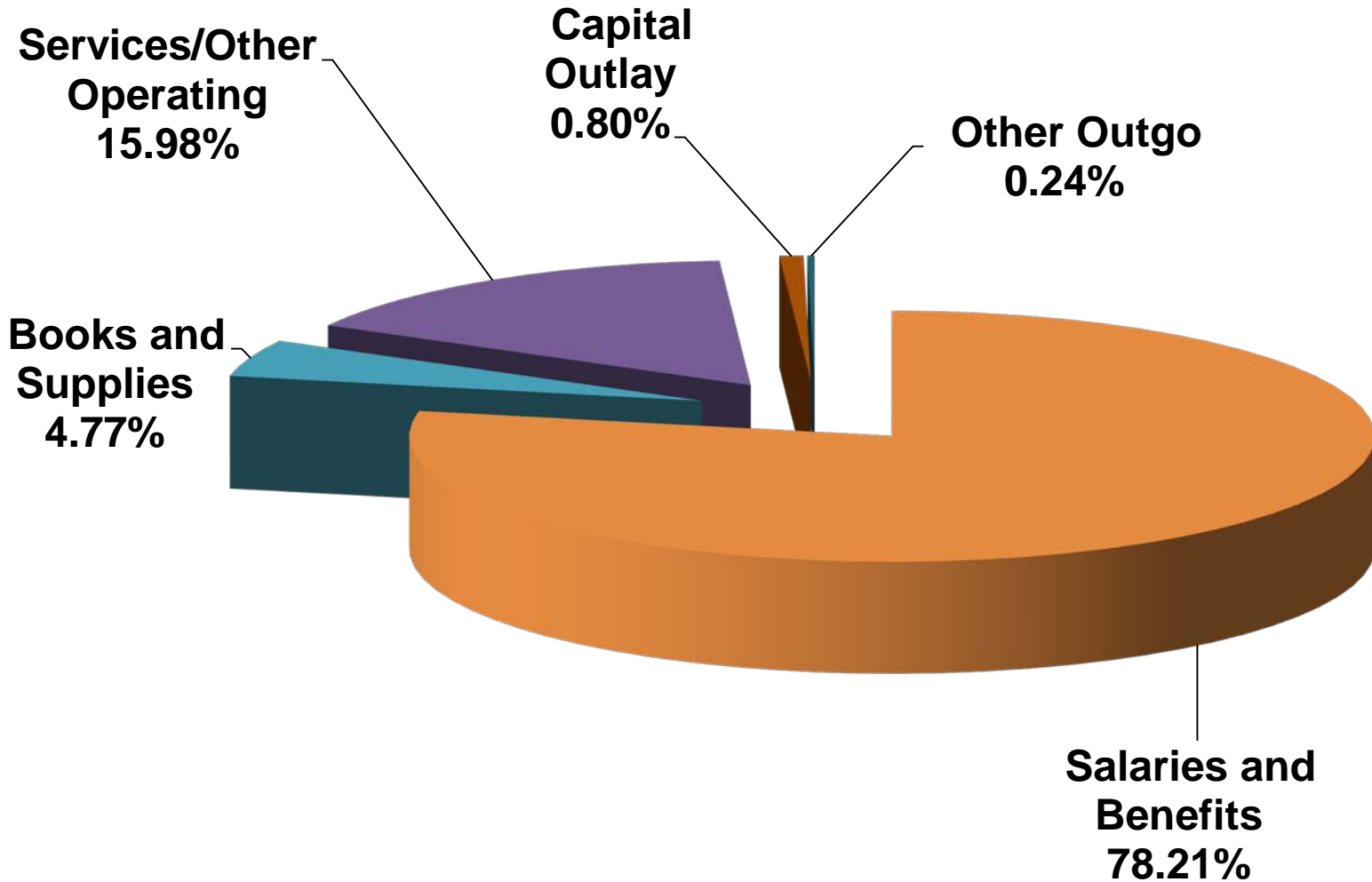
# Future Funding Estimates

- 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 = 15-16 \$1 million reduction in revenues

# Budget Areas by Object

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

**2016-17 ADOPTED BUDGET TOTAL GENERAL FUND  
EXPENDITURES & OTHER USES by OBJECT  
\$334,323,835**

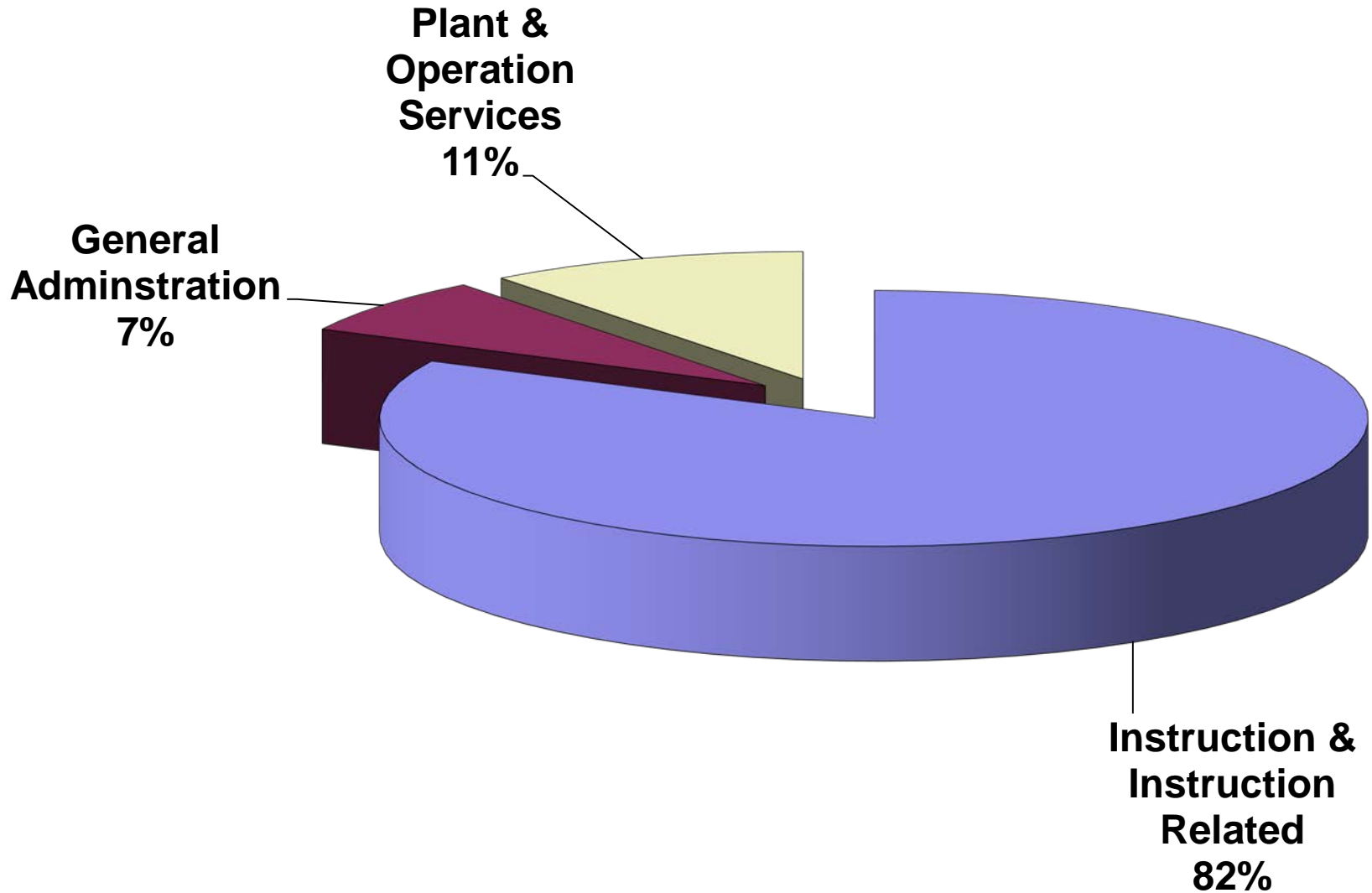


# Budget by Function

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

**2016-17 ADOPTED BUDGET TOTAL GENERAL FUND  
EXPENDITURES BY FUNCTION**

**\$334,323,835**





# Special Reserve Summary

|   | 2016-17<br>Adopted Budget |
|---|---------------------------|
| <b>Special Reserve Fund – 17</b>                                    |                           |
| <b>Balance June 30, 2016</b>  | <b>\$11,520,904</b>       |
| <b>3% Reserve</b>   | <b>\$9,245,904</b>        |
| <b>Technology Replacement</b>                                       | <b>\$2,275,000</b>        |
| <b>Unassigned Special Reserve Fund Balance Projection June 2017</b> | <b>\$ -0-</b>             |

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

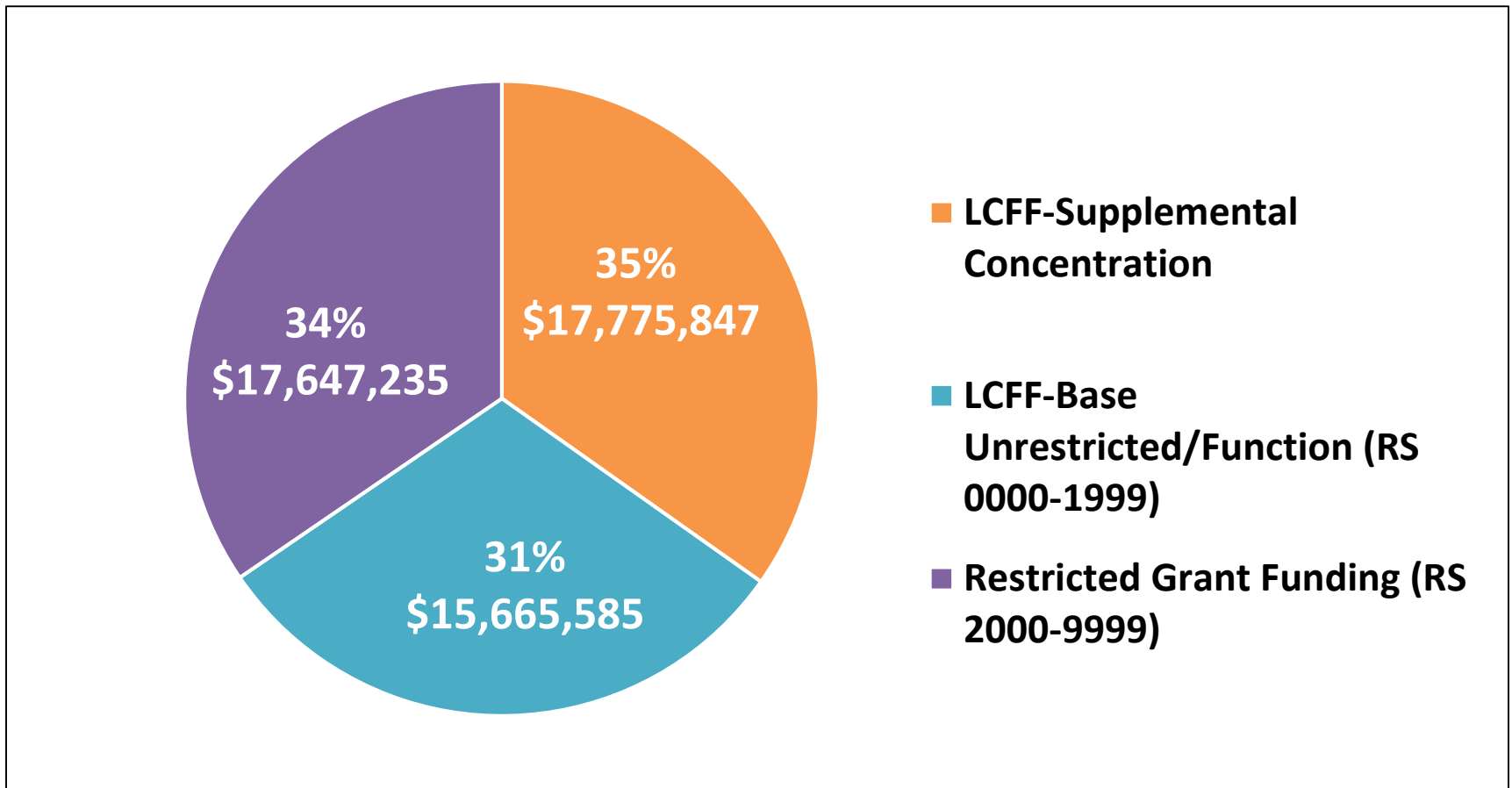
# General Fund Budget by District Goal Concept



- 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

# Goal 1

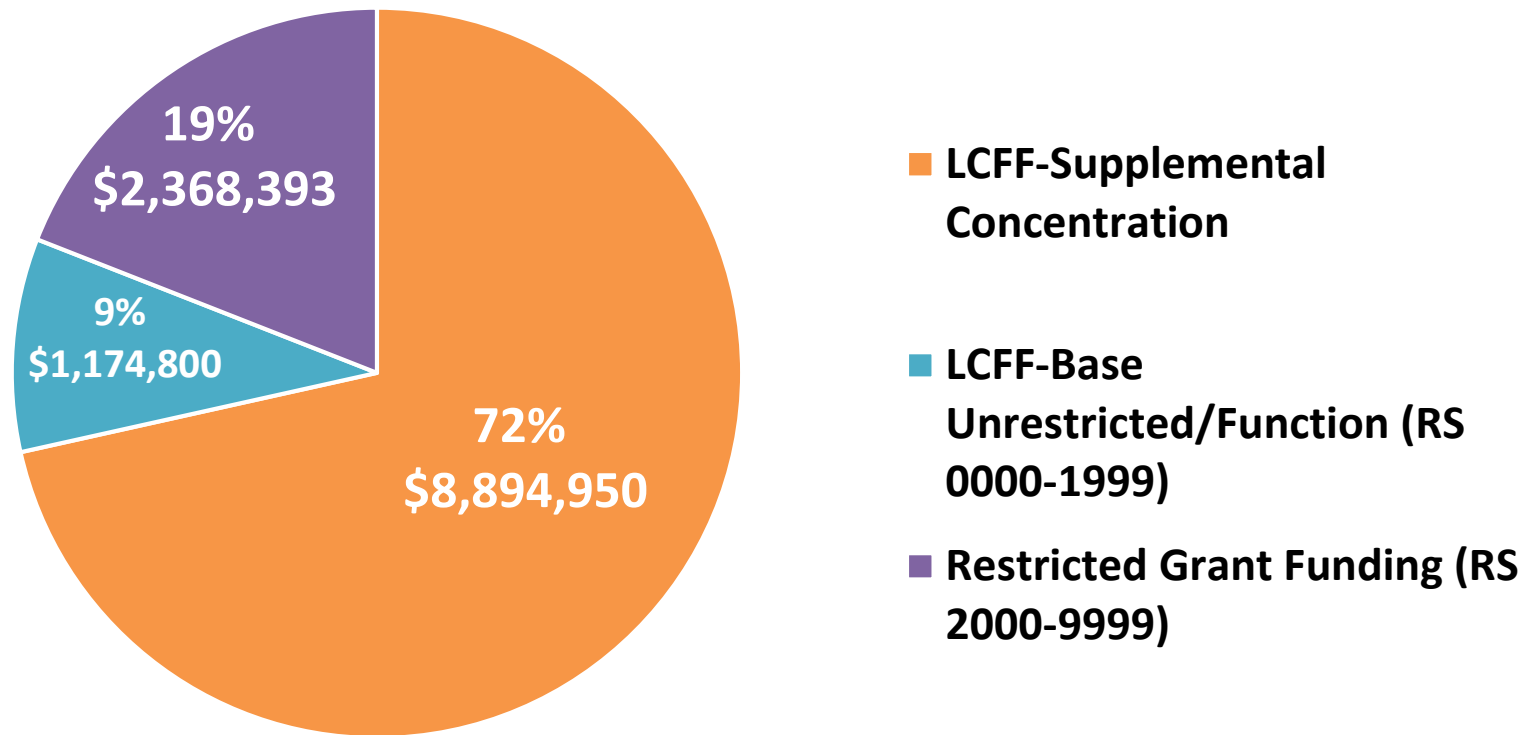
Improve student achievement for all students and accelerate student learning increases for ELL and low income students.



**Total: \$51,088,667**

# Goal 2

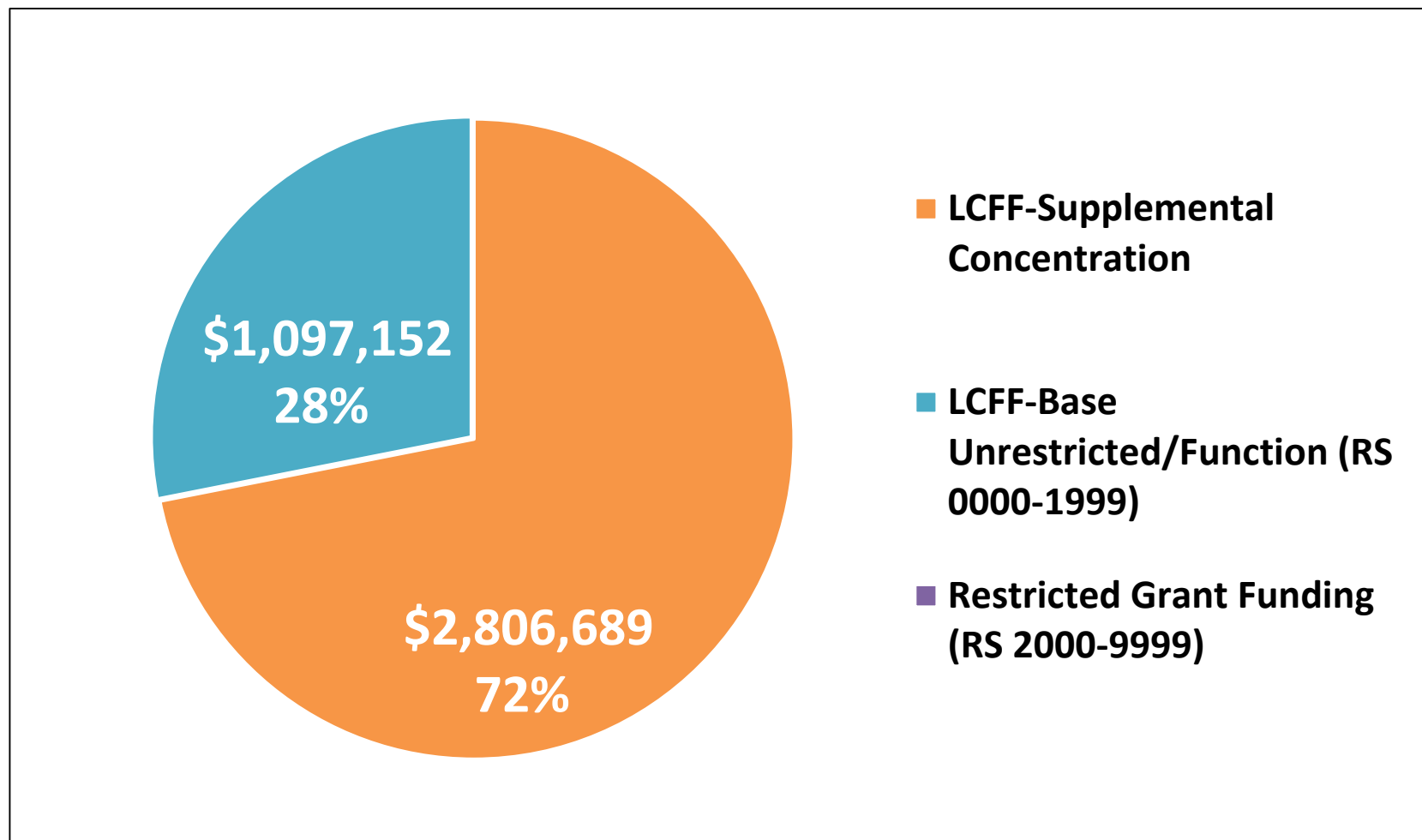
Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers



**Total: \$ 12,438,143**

# Goal 3

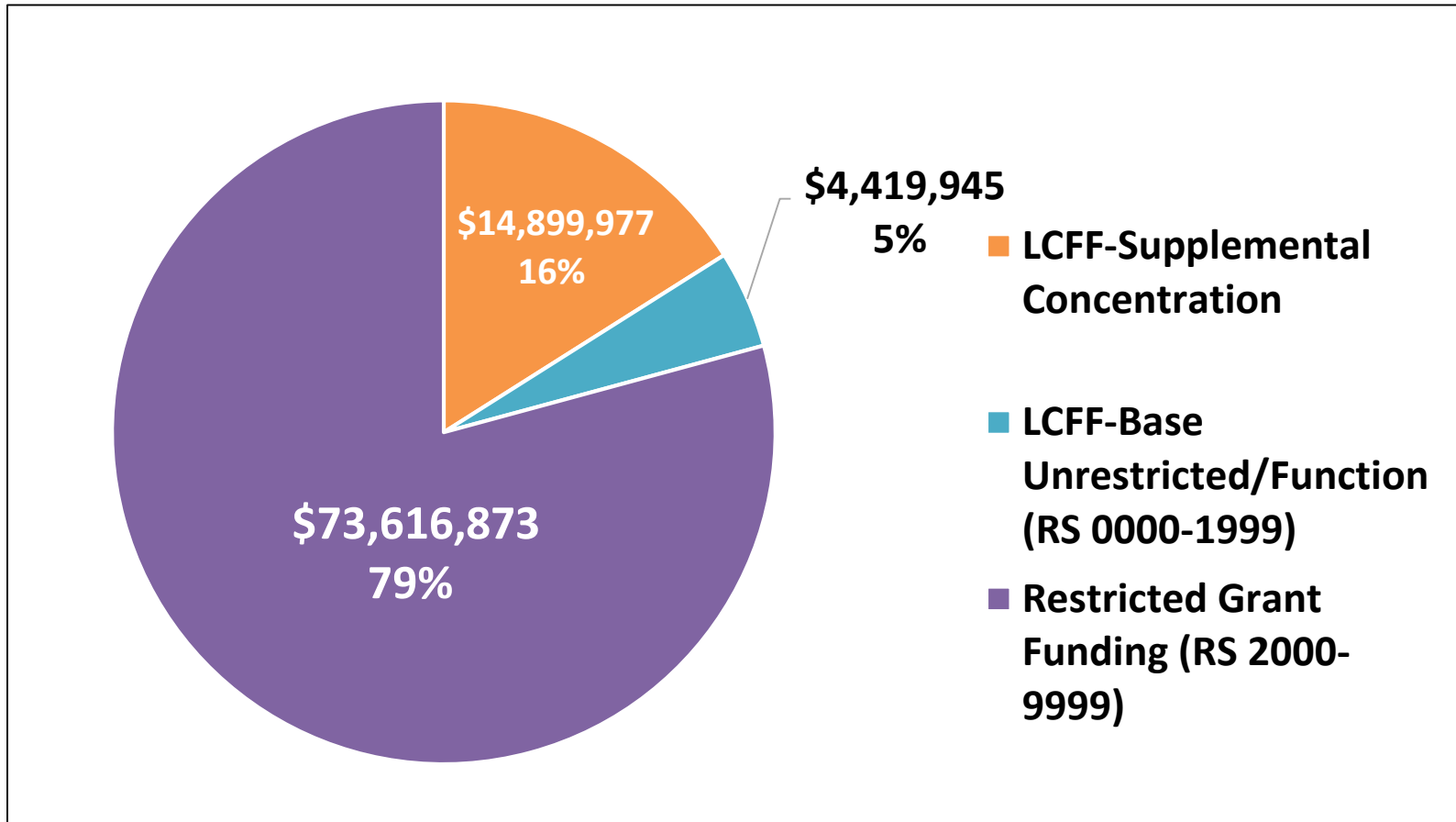
Increase parent and community engagement, involvement, and satisfaction.



**Total: \$3,903,841**

# Goal 4

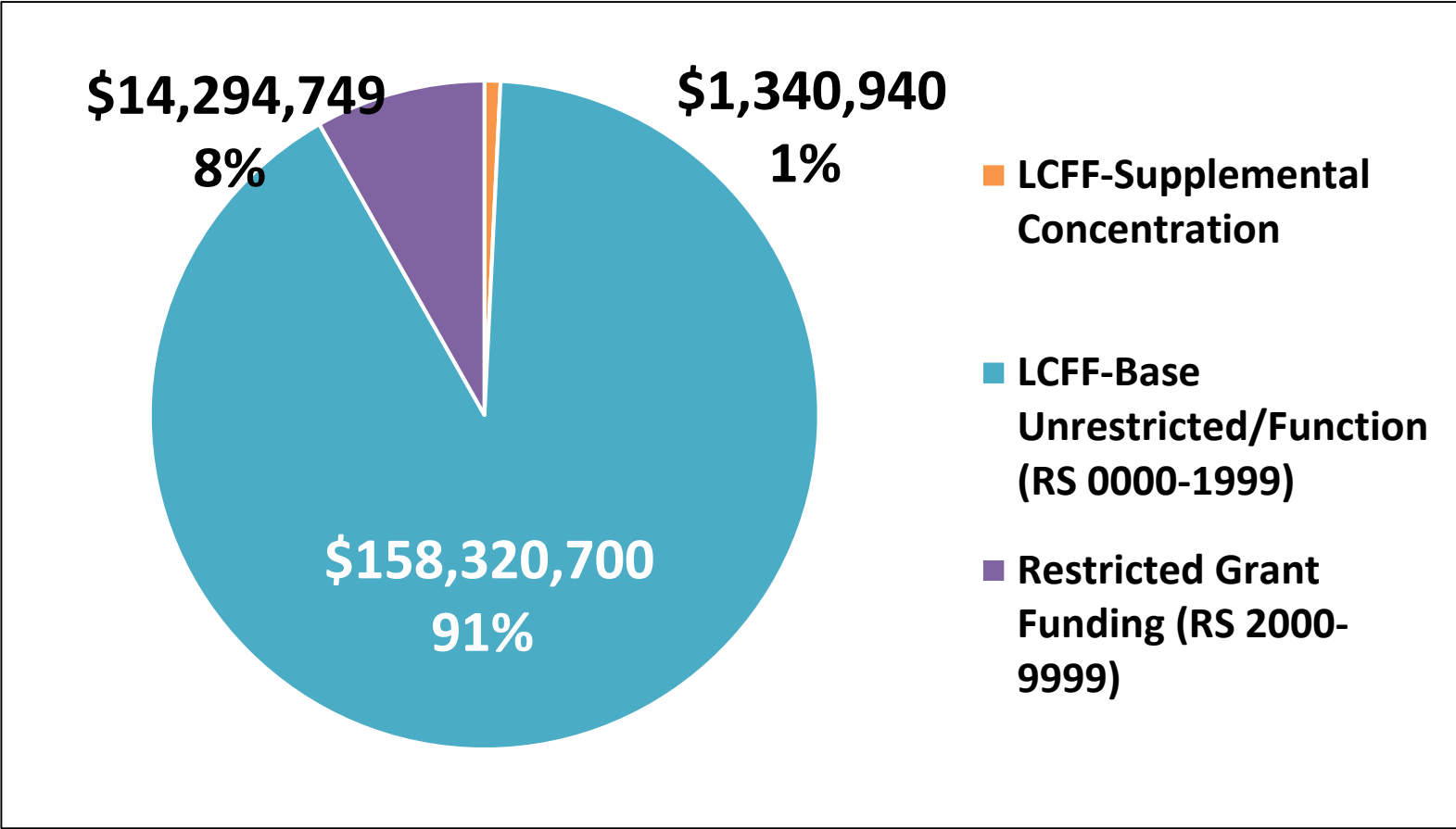
Improve student engagement and climate outcomes, and allocate services to ELL and LI students.



**Total: \$92,936,795**

# Goal 5

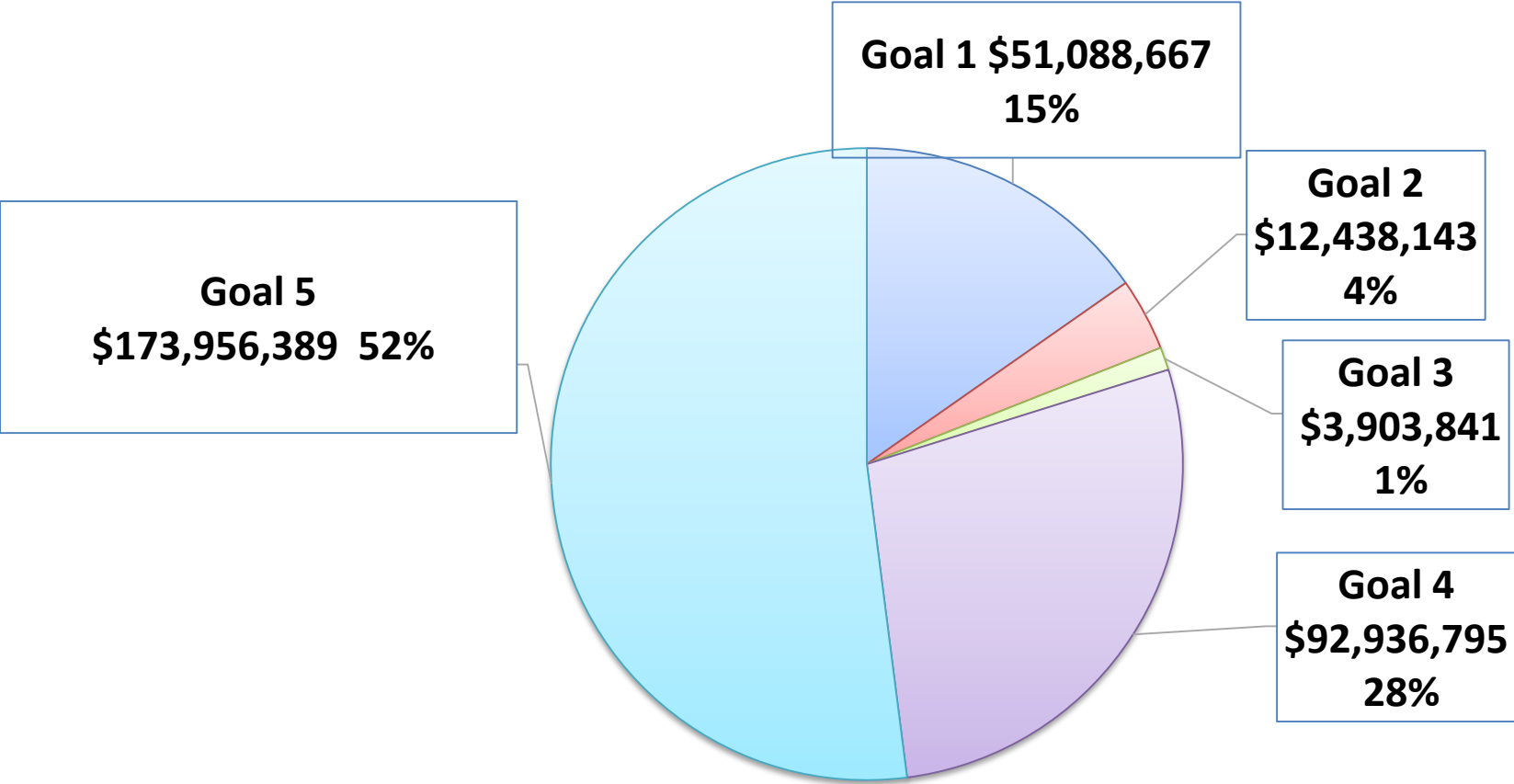
Provide services to all students, including teachers, facilities, access to materials and technology.



**Total: \$173,956,389**



# Total General Fund by Goal



- 1 - Student Achievement for All Students
- 2 - PD and Recruitment of High Quality Staff
- 3 - Parent and Community Engagement
- 4 - Student Engagement and Climate
- 5 - Basic Services

**Total: \$334,323,835**

# 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 LCAP now includes high level summary information which corresponds to the graphs as well as budget summary information in the appendices giving summary descriptions

# Work in Progress

- The transparency tool we want to use is a piece of software that will be available after a planned upgrade to Munis
- The target date for our transparency tool launch is October 2016



# Next Steps

- June 29 – Adoption of 2016-17 Budget
- August 10 – 45 Day Revision Report 2016-17 Budget
- September 2016– 2015-16 Unaudited Actuals
- December 2016 – 2016-17 First Interim Report
- January 2017 – 2015-16 Audit and Final Financial Statements

Financial reports available on the web

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

