

West Contra Costa
Unified School District
January 31, 2014



2013-14
Second Interim Financial Report

Second Interim 2013-14

- Period Ending January 31, 2014
- Updated Information for all funds
- Latest Information from the State
- Utilizing the expenditure budget assumptions published by School Services of California and the LCFF Calculator as recommended by the County Office of Education

Multi Year Projection Second Interim Report Unrestricted General Fund

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues	\$190,689	\$221,802	\$246,618
Expenses	197,836	225,327	232,346
Deficit Spending	(\$7,147)	(\$3,525)	\$14,272
Special Reserve Transfer	-	-	-
Beginning Fund Balance	23,376	16,229	12,704
Use of Fund Balance	(7,147)	(3,525)	14,272
Ending Fund Balance	16,229	12,704	26,975
Required Reserve	8,855	9,077	9,288
Stores & Revolving Cash	300	300	300
Balance	\$7,074	\$3,327	\$17,387

Chart in Thousands

Multi Year Projection

- 2013-14
 - Will meet 3% reserve
- 2014-15
 - Will meet 3% reserve
- 2015-16
 - Will meet 3% reserve

Multi-Year Projection

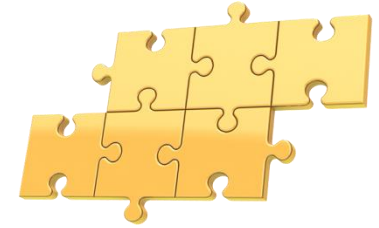
- Assumptions Used for Multi-Year Projections
- Maintains....
 - All regular and special program funding levels plus...
- Increases
 - Driven costs on formulary such as step and column and estimates for Consumer Price Index
 - Salary and benefits settlements that will be effective July 1,2014
 - Programs and Initiatives generated through the Strategic Plan and LCAP for 2014-15
 - 2015-16 does not have LCAP program estimates included

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
- 2013-14 the District has planned use of ending fund balance in the amount of \$7.1 million
- 2014-15 the District has planned use of ending fund balance or Special Reserve of \$3.5 million
- 2015-16 The District should have revenue growth due to LCFF that will close the deficit

Special Reserve Summary

	Second Interim
Special Reserve Fund – 17	
Balance June 30, 2013	\$ 11,669,725
2014-15 use of Special Reserve to Offset Deficit in General Fund	\$ (2,869,725)
<i>2013-14 Proposed 3% Reserve (for a total of 6%)</i>	\$ (8,800,000)
Unassigned Special Reserve Fund Balance Projection June 2015	\$ -0-

The Board expressed an interest in designating an increased reserve fund as a Board Policy. This is one way to accomplish the designation. In this example 3% would be housed in the general fund and an additional 3% in Special Reserve.



Local Control Funding Formula Before and After LCFF



Before LCFF

- Revenue Limits
- State Categorical Programs with Temporary Flex
- K-3 Class Size Reduction, limited funding with unlimited class sizes
- Accountability and Performance Process is Separate from Funding

After LCFF

- Funding differentiated by grade span
- Unduplicated pupil weights, supplemental and concentration
- K-3 Class Size Reduction, target 24:1 – 2014-15
- Local Control Accountability Plans required – 2014-15

LCFF

Base Grant Entitlement Calculation

- 2013-14 target entitlement calculation
 - Grade span per-pupil grants, based on 2013-14 statewide average initial target per ADA, are increased annually for a COLA (when COLA is funded)

Factors	K-3	4-6	7-8	9-12
Base Grant per ADA	\$6,845	\$6,947	\$7,154	\$8,289
COLA @ 1.565%	\$107	\$109	\$112	\$130
Base grants – 2013-14	\$6,952	\$7,056	\$7,266	\$8,419

LCFF – K-3 CSR and CTE Adjustments

- 2013-14 **target** entitlement calculation
 - K-3 CSR and 9-12 CTE adjustments are additions to the base grant
 - CTE is unrestricted; CSR requires progress toward maximum site average of 24 students enrolled in each class

Factors	K-3	4-6	7-8	9-12
Base grants – 2013-14	\$6,952	\$7,056	\$7,266	\$8,419
Adjustment percentage	10.4% CSR	-	-	2.6% CTE
Adjustment amount	\$723	-	-	\$219
Adjusted grant per ADA	\$7,675	\$7,056	\$7,266	\$8,638

LCFF – Supplemental and Concentration Grants Per ADA

- 2013-14 target entitlement calculation
 - Supplemental and concentration grant increases are calculated based on an unduplicated count of the total enrollment percentage of English learners, free and reduced-price meal program eligible students, and foster youth.
- 2013-14 Estimates are that 73% of West Contra Costa Enrolled Pupils will count toward the Supplemental and Concentration Grant categories.

Target Calculations: 2013-14

West Contra Costa Unified

Factors	K-3	4-6	7-8	9-12
Base Grant	\$6,952	\$7,056	\$7,266	\$8,419
Supplemental Grant (avg. based on 73%)	\$1,041	\$1,041	\$1,041	\$1,041
Concentration grant (avg. for eligible students exceeding 55% of enrollment)	\$482	\$482	\$482	\$482
Grade Span Adds	\$723			\$219
Targeted Goal	\$9,198	\$8,579	\$8,789	\$10,161

These concepts are developed using SSC constructs, but have not been validated by State rulemaking.

How far away is our target?

- The LCFF has an 8 year implementation plan
- The 2013-14 Funding Target as of Second Interim is \$272 million
- The 2013-14 Estimated Funding \$192 million
 - **The Funding “Gap” is \$80 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.
- The District’s average per pupil funding is \$6,870 which includes all weighted formulas and grade level add-ons.

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 3% decline in unduplicated count in a given year has greater impact as our funding model improves for example:
 - 14-15 \$2 million reduction in revenues
 - 15-16 \$3 million reduction in revenues

Supplemental/Concentration

- 2013-14 – First Year of LCFF
 - Base year to establish programs which the District already funds and operates that support English Language Learners/Low Socioeconomic and Foster Youth
 - Basis is the same as those programs meeting the eight State priorities and District Strategic Goals
 - 2013-14 Estimated Supplemental/Concentration Program Expenditures is \$12 million

Local Control Accountability Plan

LCAP

- 2014-15 will be the first year for the adopted plan
- Includes activities and initiatives that meet the eight State priorities
- District level Strategic Plan Goals
- A total estimate of \$22 million will be identified within the LCAP as Supplemental and Concentration funding program expenses, including the \$12 million ongoing from 13-14

2014-15 Planning

2014-15 Estimate Overview	
2014-15 Estimated Increase to LCFF	\$ 24,600,000
2013-14 Deficit - ongoing costs	\$ 7,200,000
Operational Driven Increases - step and column, raises etc.	\$ 7,700,000
Strategic Plan/LCAP Program - Base program increase, K-3 CSR, TK	\$ 3,200,000
Strategic Plan/LCAP Program - Supplemental/Concentration increase	\$ 10,000,000
Deficit	\$ (3,500,000)

Each year as the LCFF increases the District must direct a proportional share of expenses and effort toward the Supplemental/Concentration activities and initiatives identified in the LCAP.

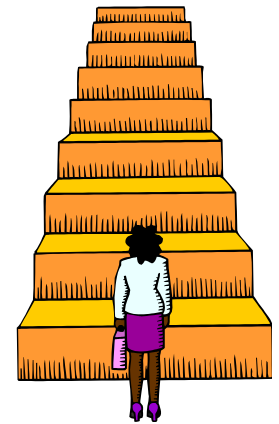
For 2014-15 the proportional increase is estimated to be \$10 million, bringing the total Supplemental/Concentration to \$22 million

Fund Review

- Review of Second Interim 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 13-14

Next Steps

- March WCCUSD LCAP Parent Committee Meeting
- March Second Interim Budget Report
- April WCCUSD LCAP Parent Committee Meeting
- May Governor's May Revised Budget
- May Public Hearing for LCAP
- June Adopt 2014-15 LCFF Budget and LCAP



Financial reports available on the web

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