




2019 – 2020 First Interim (Actuals as of Oct 31, 2019)

West Contra Costa Unified School District
December 11, 2019

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Associate Superintendent, Business Services

2019 – 2020 Budget Calendar

Budgeting for a school district is a continuous, year-round process. Projections continually change based on new and changing information. There are 5 formal reports presented to the Board:

- | | |
|----------------------------|---|
| ❖ June 30, 2019 | Adopted 2019 – 20 Budget |
| ❖ September 18, 2019 | Unaudited Actuals |
| ❖ December 11, 2019 | 1st Interim Budget <i>(Data as of October 31, 2019)</i> |
| ❖ March 11, 2020 | 2 nd Interim Budget <i>(Data as of January)</i> |
| ❖ May 20, 2020 | 3 rd Interim Budget <i>(Data as of April)</i> |
| ❖ June 10/24, 2020 | Adopted 2020 – 21 Budget |

Other than the presentation of the actual financial information (unaudited actuals) all other budget presentations are a combination of actuals and projections for the current and upcoming year

Certification Definition

- **Positive** = A school district that, based on current projections, **will** be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years
- **Qualified** = A school district that, based on current projections **may not** meet its financial obligations for the current fiscal year or subsequent two fiscal years
 - The Superintendent and Business Staff recommend that the Board approve the 2019 – 2020 First Interim Report with a **Qualified Certification** based upon the input of the Contra Costa County Office of Education and the Fiscal Crisis & Management Assistance Team (FCMAT).
- **Negative** = A school district that, based on current projections, **will be unable** to meet its financial obligations for the current fiscal year or for the subsequent two fiscal years

First Interim Budget (Why different from the Adopted Budget)

- The Adopted June budget did not include vacancies (reduction of expenditures in Object codes 1000 – 3999) because these positions were not included as part of the approved position control budget
- The Budget also included a journal entry reduction in the Materials and Supplies and Operations (Object codes 4000 – 5999) in anticipation of planned budget reductions
- All expenditures have been reconciled and inputted into the District Financial system (Munis) to accurately report anticipated expenditures at the First Interim
- The State SACs forms more closely reflect expenditures for the current year based on the completion of our reconciliation process.

First Interim Budget Assumptions (Major Expenditure Changes from Adopted budget)

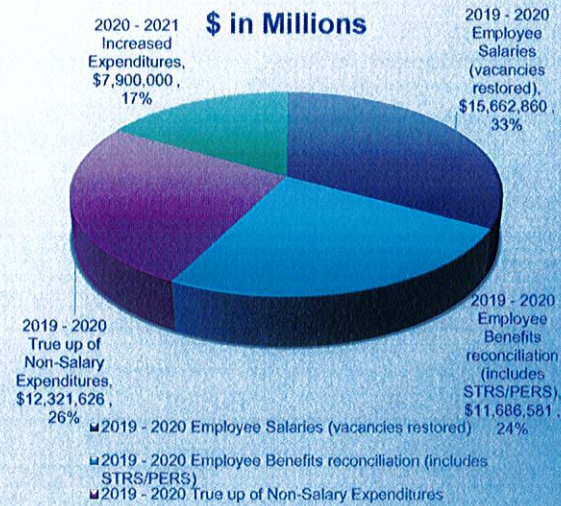
- Certificated Salaries – inclusion of vacancies increased by \$10,212,768
- Classified Salaries – inclusion of vacancies increased by \$5,450,092
- Employee Benefits – inclusion of vacancies and reconciliation increased by \$11,686,581
- Materials and Supplies – addition of previous year carryover into expenditures increased by \$4,422,561
- Operations – True up of expenditures to previous year actual increased by \$12,321,626
- All expenditures were projected and reconciled for the year based on actual expenditures through October 31, 2019

First Interim Budget Assumptions (Major Revenue Changes from Adopted budget)

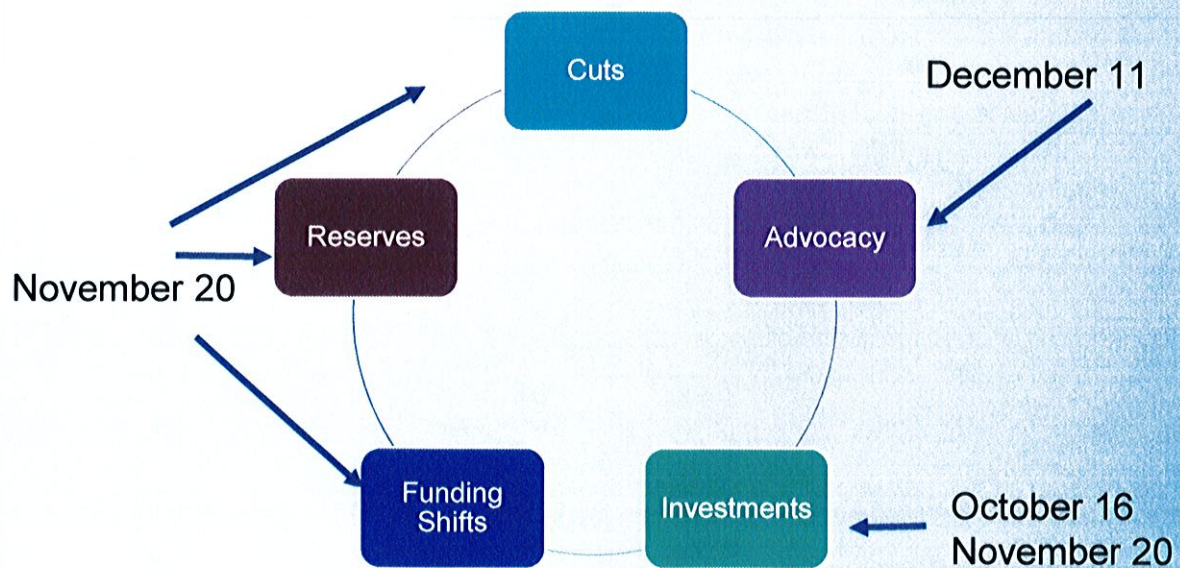
- Local Control Funding Formula Revenue True up – reduction of \$2,239,995 with a increase in Education Protection Account (EPA) funding of \$3,510,825
- Inclusion of previous year carryover - \$3,718,606
- Inclusion of One-Time Special Education Pre School Block Grant – \$4.5 million
 - These funds may be used one-time to offset expenditures for Special Education PreSchool. The result will allow these funds to be used one-time as part of the current year solutions for cash maintaining an equal amount within reserves for the second year
- Enrollment projections for the current year are flat from the previous year allowing for no major adjustments being required
- Future year revenue projections have not been adjusted at this time awaiting the Governor's January Proposal
 - There is, however, some concern that the Proposal will have a lower than anticipated COLA for the 2020 – 2021 school year

How Did We Identify Our Cut Targets?

- State Funding Less that cost of yearly increases \$16 million
- STRS and PERS contribution increase \$4 million (cumulative \$20 million to date)
- Year over year budget deficit spending in fund balance decrease \$10 million
- Declining enrollment and ADA decline \$2.5 million (cumulative over \$5 million in the last couple of years)
- Increases in employee compensation to remain competitive with neighboring districts \$9.7 million
- Other increased expenditures / factors \$10 million
- These numbers were offset by many of the mitigations efforts completed last year to reduce the cuts needed for this year



Budget Reductions – Multiple Approaches



Major Expenditure Assumptions – Out Years (As of 2019-2020 First Interim– Fund 01 ONLY)

	2018 -2019	2019-2020	2020-2021	2021-2022
LCFF Gap Rate Projection	100%	0%	0%	0%
Projected COLA (DOF)	3.70%	3.26%	3.00%	2.80%
Step & Column cost	\$1,364,047	\$1,507,905	\$1,505,625	\$1,582,953
STRS (increased rate)	\$921,867	\$952,963	\$1,565,134	(\$364,901)
PERS (increased rate)	\$327,558	\$384,525	\$1,075,500	\$696,573
Restricted Maintenance (3% contribution)	\$73,421	\$61,558	\$96,284	\$156,431
Reserve for Economic Uncertainties	\$9,968	\$143,635	\$339,539	\$124,446
Declining Enrollment (loss of revenue)	\$691,824	\$2,657,835	\$559,795	\$84,466
Special Education Contribution (SELPA)	\$2,665,897	\$2,745,873	\$2,814,519	\$2,884,882
Insurance / Workers Compensation	\$1,439,759	\$439,899	\$500,000	\$500,000
Salary Settlements	\$11,354,185	\$9,751,423	\$5,605,680	\$0
Statutory Benefits Cost Increases	\$273,115	\$358,527	\$399,465	\$413,806
Program Contributions (CPI estimate)	\$1,202,452	\$1,115,029	\$1,055,376	\$1,056,238
TOTAL New Expenditures	\$20,324,093	\$20,119,172	\$15,516,917	\$7,134,894

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First Interim Multiyear Projections - Combined

	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Revenue	\$366,105,319	\$369,718,175	\$377,677,516	\$387,561,351
Expenses	\$379,764,236	\$404,814,909	\$420,336,525	\$424,571,292
Difference	(\$13,658,917)	(\$35,096,734)	(\$42,659,009)	(\$37,009,941)
Beginning Balance (Unrestricted + Fund 17)	\$48,849,344	\$38,082,475	\$2,985,741	(\$39,673,268)
Ending Balance	\$38,082,475	\$2,985,741	(\$39,673,268)	(\$76,683,209)

Components of Ending Fund Balance




Reserve for Economic Uncertainties (within Fund 17)	\$11,392,927	\$12,610,096	\$12,737,139	\$12,662,756
Stores	\$264,189	\$230,000	\$230,000	\$230,000
Revolving Cash	\$70,000	\$70,000	\$70,000	\$70,000
Unallocated	\$3,710,443	\$	\$	\$
Fund 17 (balance)	\$22,644,916	\$	\$	\$

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Cut Target Remains the Same at First Interim

- . 2019 – 2020 \$39.9 million
- . 2020 – 2021 \$7.9 million
- . 2021 – 2022 \$0 million (at this time)

Budget Reductions Current Year 2019 - 2020

Action	Description	Amount	Cut Target Remaining
	Utilization of Fund 71	\$15.6	\$24.3
	Utilization of One-time PreSchool Block Grant	\$4.5	\$18.8
	Fund 17 and Reserves	\$18.8	\$---

Utilization of One-time solutions resolves the Current Year Budget Situation, which was known as options by the County at Budget Adoption.

The District would be projected to maintain an Ending Fund Balance of approximately \$14 million at the end of the school year which is just over the minimum required amount of 3%

Calendar of Budget Events

- Live Community Budget Event occurred December 9th – Presentation of Budget Story and Question and Answer Period along with release of priority survey and continued Community Engagement meetings
- First Interim Budget Report December 11th – First view of full budget reports with carryover included (No actions)
- Closed Session Discussion of Negotiations impact of Budget Reductions – December 11th
- Board Presentation December 11th–Advocacy discussion
- Board Presentation January 15th– Results of Survey on Priorities, First presentation of Non-Salary potential cuts and annual audit reports
- Board Presentation January 29th – Continue discussion of non salary reductions and Closed Session negotiations impacts

District's Goal is to continue to work collaboratively with our associations.



Reduction Target - Next Steps

**Days
Remaining to
Identify 2019–
20 Reductions**

195
(as of December 11, 2019)



Date	Event or Activity
December 11, 2019	First Interim and closed session discussion of management staffing
March 11, 2020	Second Interim and identification of second round of <u>one-time and ongoing reductions</u>
June 24, 2020	Adopted Budget and identification of final round of <u>one-time and ongoing reductions</u>

2019 - 20 Remaining Reduction Target = \$- million
2020 – 21 Budget Reduction Target = \$47.8 million
2021 – 22 Budget Reduction Target = \$0 million