



2018 – 2019
Unaudited Actuals &
2019 – 2020 Budget Status

West Contra Costa Unified School District
September 18, 2019

Tony Wold, Ed.D.,
Associate Superintendent, Business Services

Tonight's Presentation Agenda

"The Story" Part 1

- Budget Priorities
- State Funding For Education
- Historical Local Expenditures and Trend Data
- Budget Reduction Process – 5 Point Plan
- Unaudited Actuals
- Multi Year Projection
- Next Steps and Future Calendar

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 4, 2019 1st Interim Budget *(Data as of October)*
- ❖ March 11, 2020 2nd Interim Budget *(Data as of January)*
- ❖ 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

Moving Forward - Together

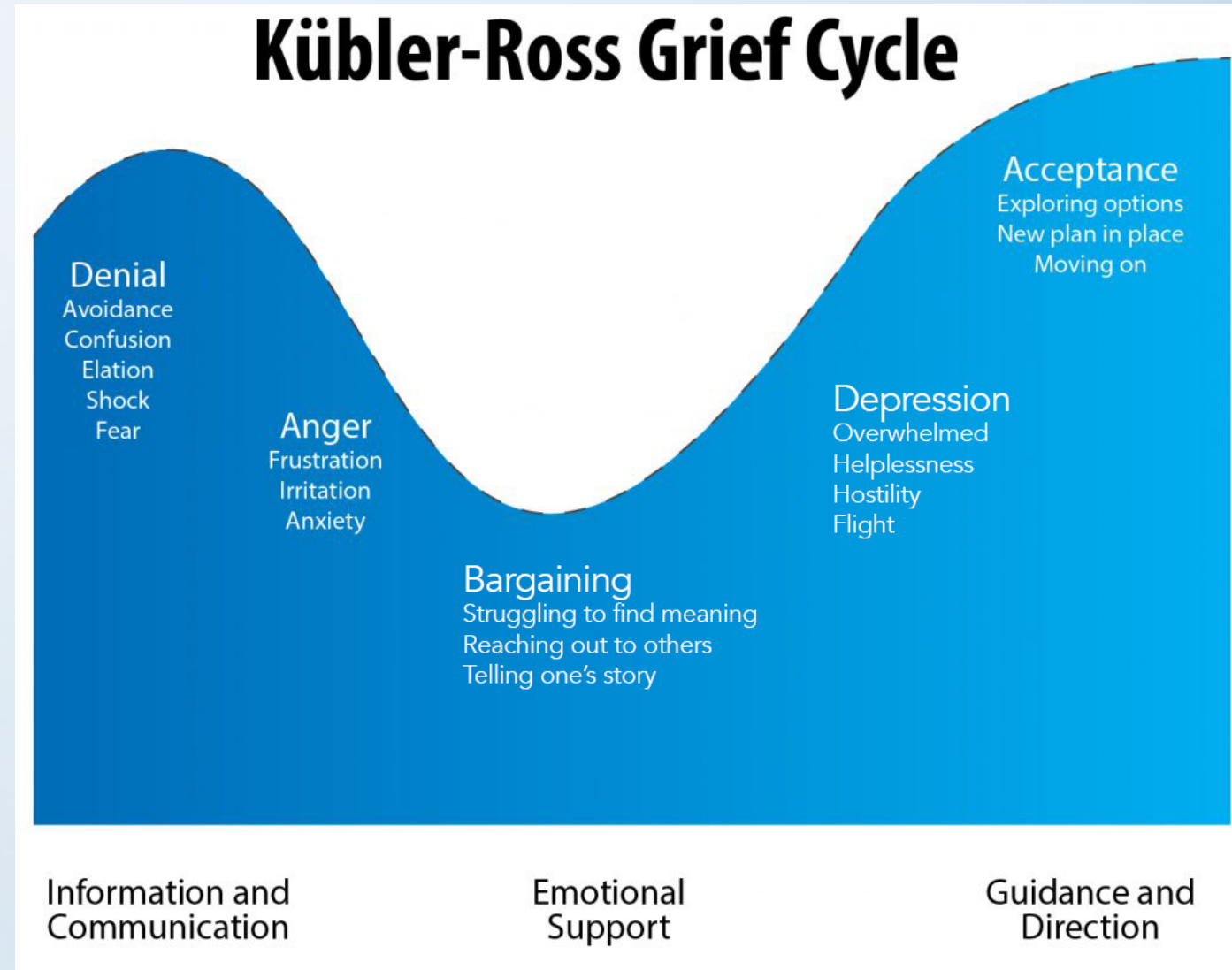
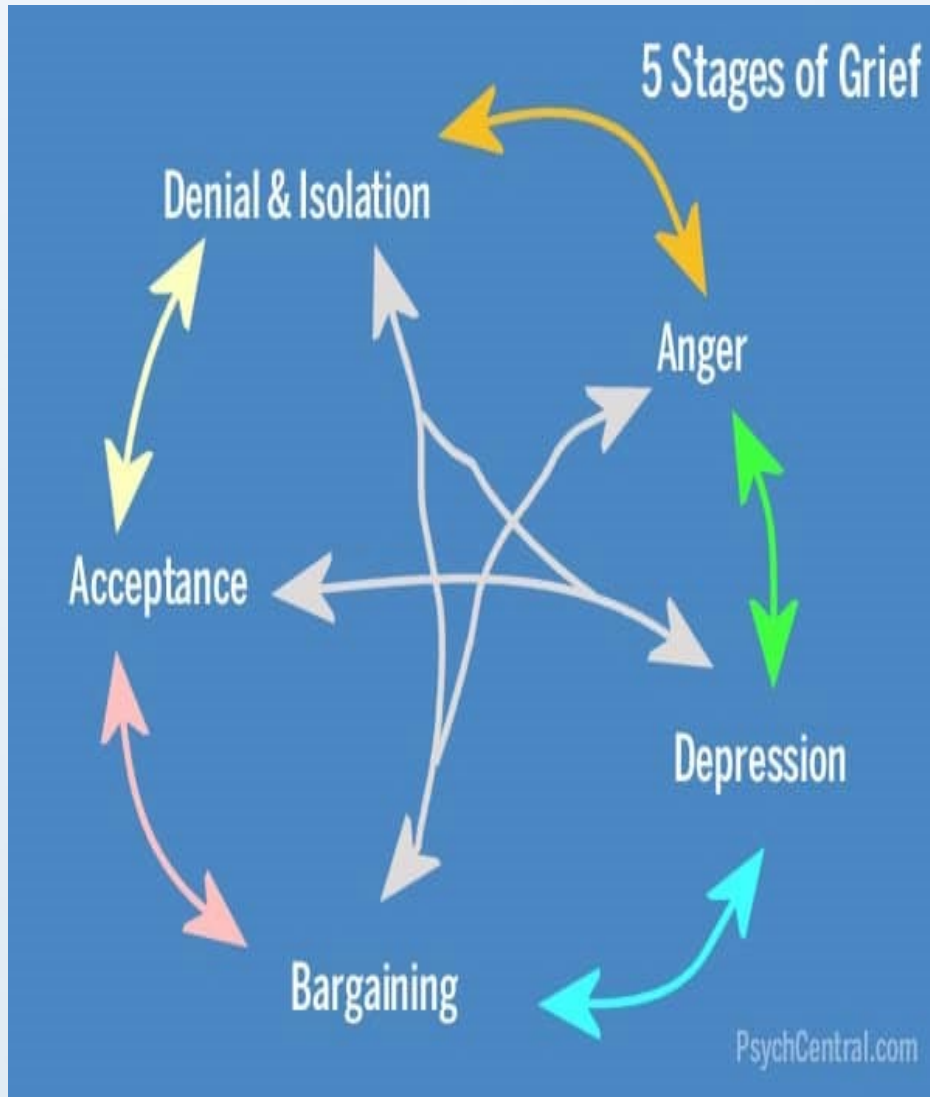
- Solving the Budget issue will require a full partnership of all stakeholders.
- We need to understand the current situation, provide data, and answer questions
- We need to look forward – together!



Priorities of the Board & District

- Roadmap 2.0
- English Language Arts program elementary schools
- Dual language immersion program
- Support for African American students
- Positive school climate
- Stege Elementary School
- *Make necessary reductions to maintain a positive certification for the 2019 – 20 and two subsequent years budgets*

Budget Reduction Emotional Cycle



First Interim Multiyear Projections - Combined

	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Revenue	\$366,105,319	\$361,018,357	\$365,990,946	\$375,578,583
Expenses	\$379,764,236	\$400,960,735	\$413,840,125	\$417,988,338
Difference	(\$13,658,917)	(\$39,942,378)	(\$47,849,179)	(\$42,409,755)
Beginning Balance (Unrestricted + Fund 17)	\$48,849,344	\$38,082,475	(\$1,859,903)	(\$49,709,082)
Ending Balance	\$38,082,475	(\$1,859,903)	(\$49,709,082)	(\$92,118,837)
Components of Ending Fund Balance				
Reserve for Economic Uncertainties (within Fund 17)	\$11,392,927	\$12,028,822	\$12,368,361	\$12,492,807
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	\$	\$	\$

Cut Target

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

How Did We get here?

- 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

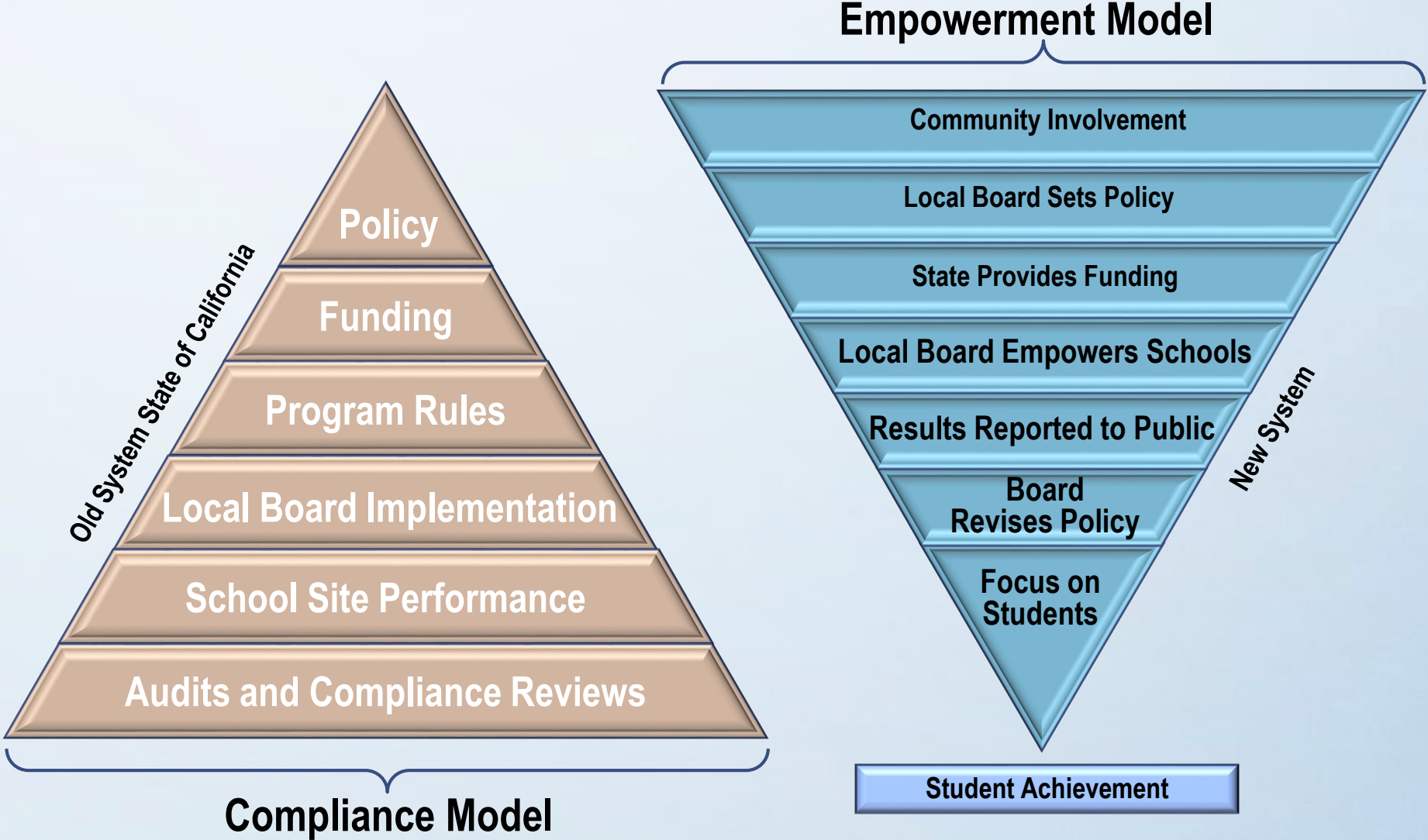
LCFF History

- Established in 2013-2014 with a stated goal of restoring 2007-2008 purchasing power + inflation
- Target was set and each year the “gap” between the target and available funding was apportioned by the State.
 - When the “gap” was over \$1,000 a 50% gap funding was significant dollars
 - Now fully funded, the only funding districts receive is the COLA adjustment, resulting much smaller new funding
- Public Employee Pension Reform Act (PEPRA) required higher contributions for STRS and PERS from School Districts, this came off the top of new \$ and was not added to the target effectively reducing the ability to return to 2007-2008 purchasing power

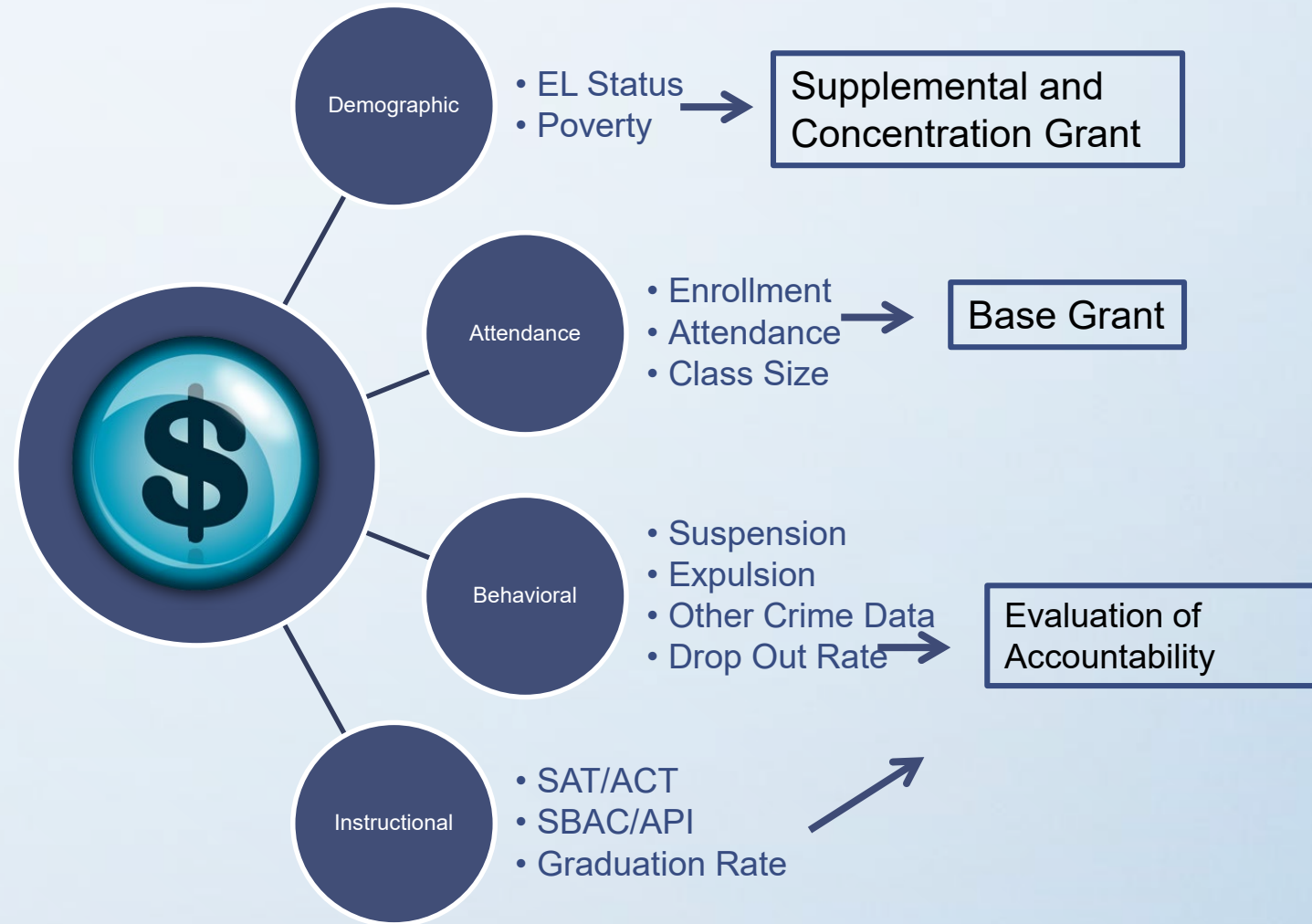
LCFF Budget Development System Shifts

- Equity in Funding
- Role of local Board
 - State system – in the middle
 - Compliance / Budget
- Role of County
 - AB 1200 – Financial
- Equity of **Outcomes**
- Role of local Board
 - **Local** system
 - Based on community / parental input
 - **Accountability** for learning results
 - Elimination of Achievement Gaps
- Role of County
 - AB 1200 -- Financial
 - **LCAP Oversight**

Complete Mind Shift of Governance and Planning

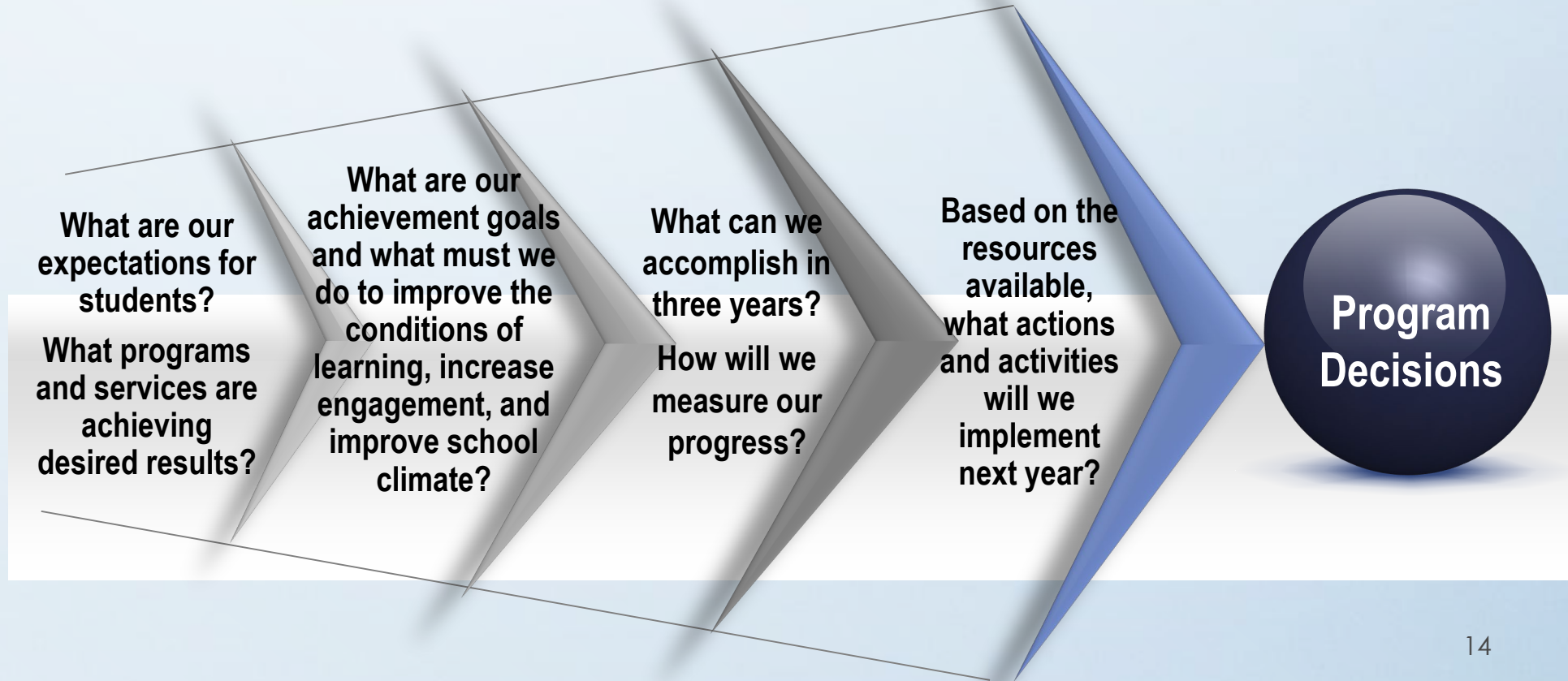


What Data Means To Us NOW



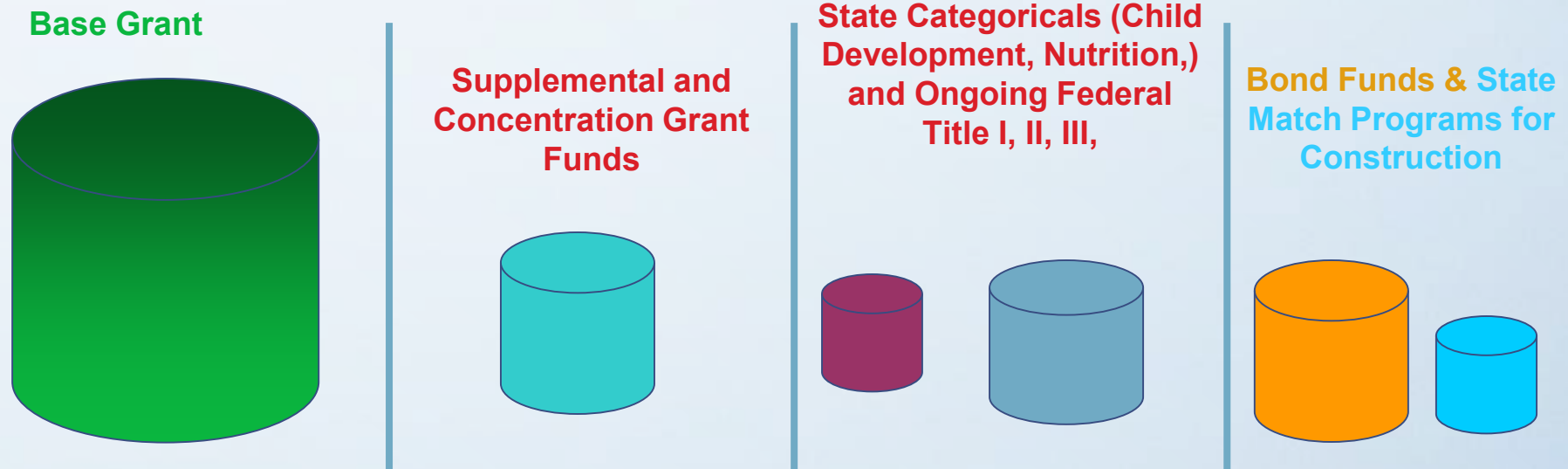
A New Way of Thinking

- The new system requires us to think first about outcomes
- No longer are you limited by what you can afford to do in a single year – start thinking about what you could accomplish in three years

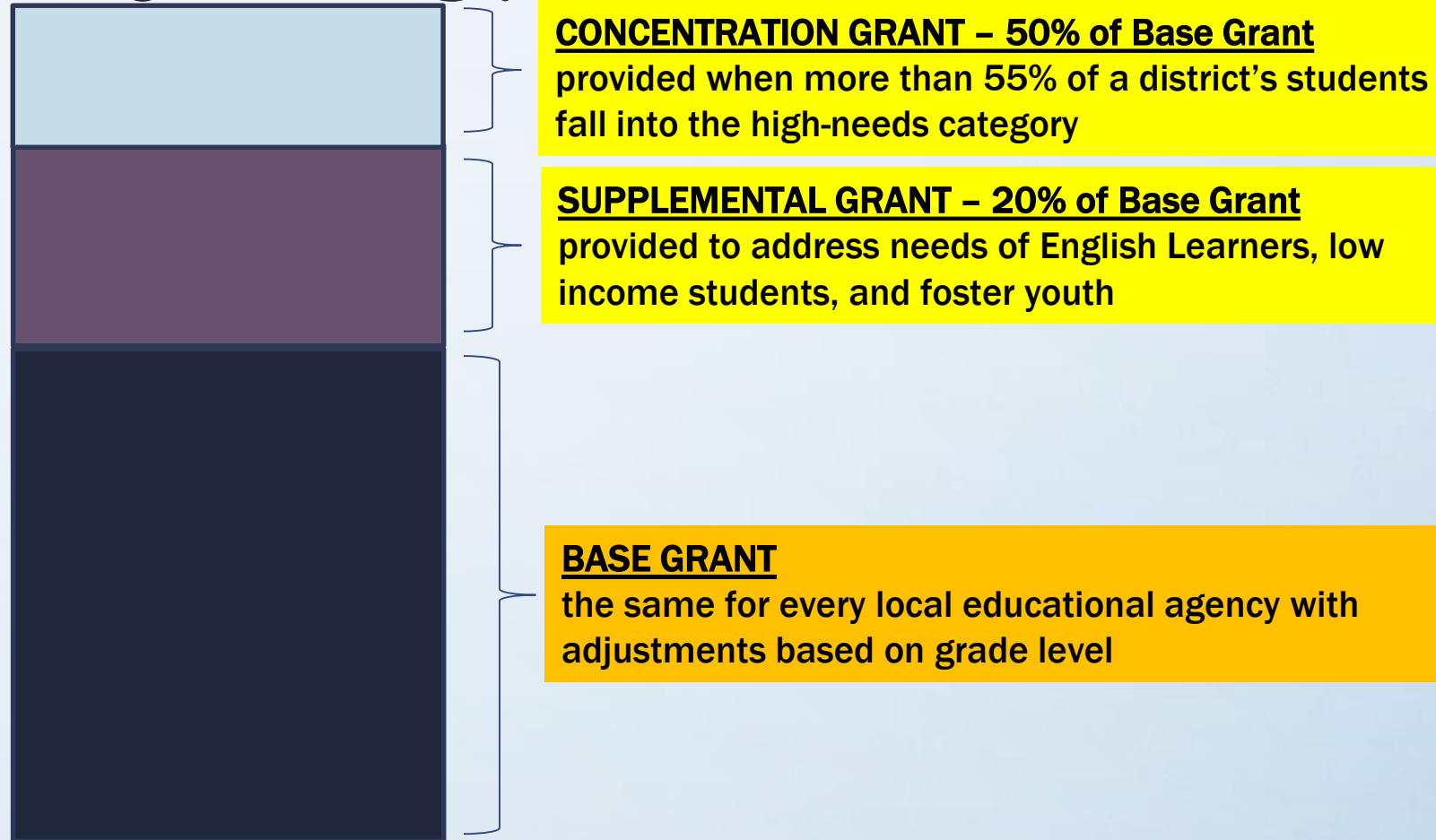


The Funding Model For School Districts

The District Receives Ongoing Revenue From Several Funding Sources



STATE FUNDING: LCFF REVIEW



CONCENTRATION GRANT – 50% of Base Grant
provided when more than 55% of a district's students fall into the high-needs category

SUPPLEMENTAL GRANT – 20% of Base Grant
provided to address needs of English Learners, low income students, and foster youth

BASE GRANT
the same for every local educational agency with adjustments based on grade level

2019-20 LCFF Funding Factors

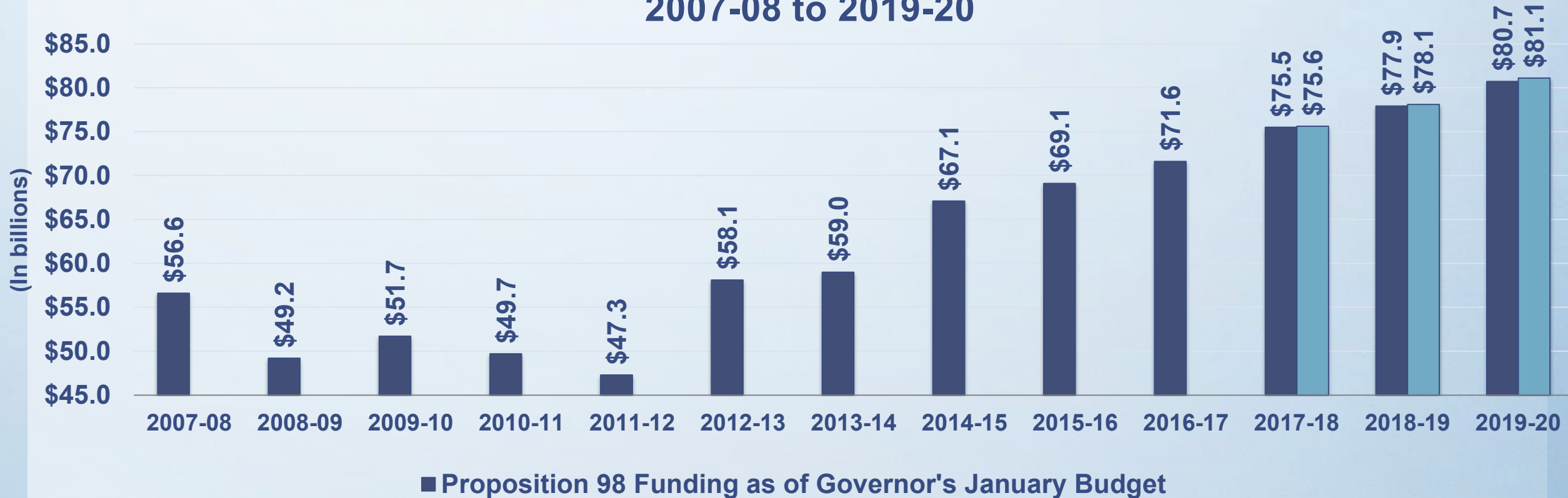
- Supplemental and concentration grants are calculated based on the percentage of an LEA's enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth – the unduplicated pupil percentage (UPP)

Grade Span	2019-20 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$8,503	\$1,701	\$4,252
4-6	\$7,818	\$1,564	\$3,909
7-8	\$8,050	\$1,610	\$4,025
9-12	\$9,572	\$1,914	\$4,786

Proposition 98 Funding

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Proposition 98 Funding 2007-08 to 2019-20



CalSTRS

Fiscal Year	Without Additional Payments	Budget Act
2018-19	16.28	16.28
2019-20	18.13	17.1 (-1.03)
2020-21	19.1	18.4 (-0.7)
2021-22	18.4*	18.1* (-0.3)
2022-23	18.4*	18.1* (-0.3)
2023-46	18.4*	18.1* (-0.3)

2015 – 2016 rate was 10.56%

CalPERS

Fiscal Year	Without Additional Payments	Budget Act
2018-19	18.062	18.062
2019-20	20.733	19.721 (-1.012)
2020-21	23.6*	22.7 (-0.9)
2021-22	24.9*	24.6 (-0.3)
2022-23	25.7*	25.4 (-0.3)
2023-24	26.4*	26.1 (-0.3)
2024-25	26.6*	26.3 (-0.3)
2025-26	26.5*	26.2 (-0.3)

2015 – 2016 rate was 11.847%

Impact of CalSTRS and CalPERS on WCCUSD

- Employer Rate Keeps increasing yearly
- Data is from ALL Funds, and not just Fund 01 and is therefore higher than reported in many summary reports from the Unadited Actuals and SACs budget reports

Year	STRS Rate	PERS Rate	CalSTRS \$ Increase	CalPERS \$ Increase	Total \$ Increase	Cumulative \$ Increase
2015-2016	10.73%	11.847%	\$1,980,210	\$357,467	\$2,337,677	
2016-2017	12.58%	13.888%	\$2,874,898	\$1,402,373	\$4,277,271	\$6,614,948
2017-2018	14.43%	15.531%	\$3,569,569	\$1,157,209	\$4,726,778	\$11,341,726
2018-2019	16.28%	18.062%	\$3,870,338	\$1,738,226	\$5,608,564	\$16,950,290
2019-2020	17.10%	19.721%	\$2,417,469	\$1,535,401	\$3,952,870	\$20,903,160
2020-2021	18.40%	22.700%*	\$2,592,201	\$1,981,003	\$4,573,204	\$25,476,364
2021-2022	18.10%	24.600%*	(\$542,287)	\$1,489,768	\$947,481	\$26,423,845

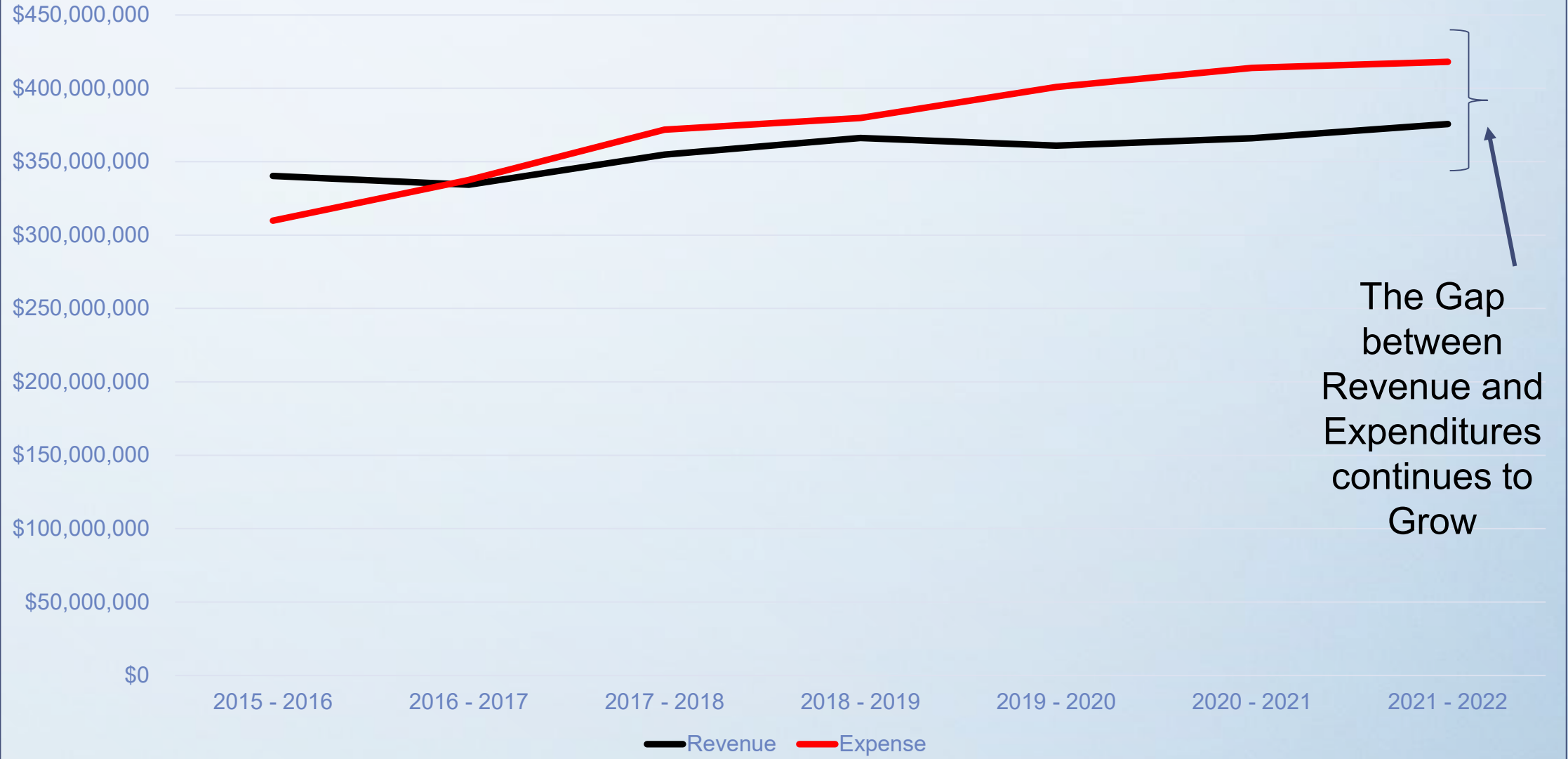
Revenue vs. STRS/PERS in WCCUSD

- Since 2015 – 2016 the total increase through 2021 for STRS and PERS in expenditures is estimated at over \$26 million
- During this same period, the total revenue increase from LCFF is just over \$35 million (from 15-16 to 21-22)
- Over 70% of all LCFF revenue (with the assumption that other operational funds cannot absorb the costs that then be made up through a contribution from Fund 01) has or will be absorbed to fund required STRS and PERS contributions without any benefit to our academic and operational programs

District Revenue and Expenditures

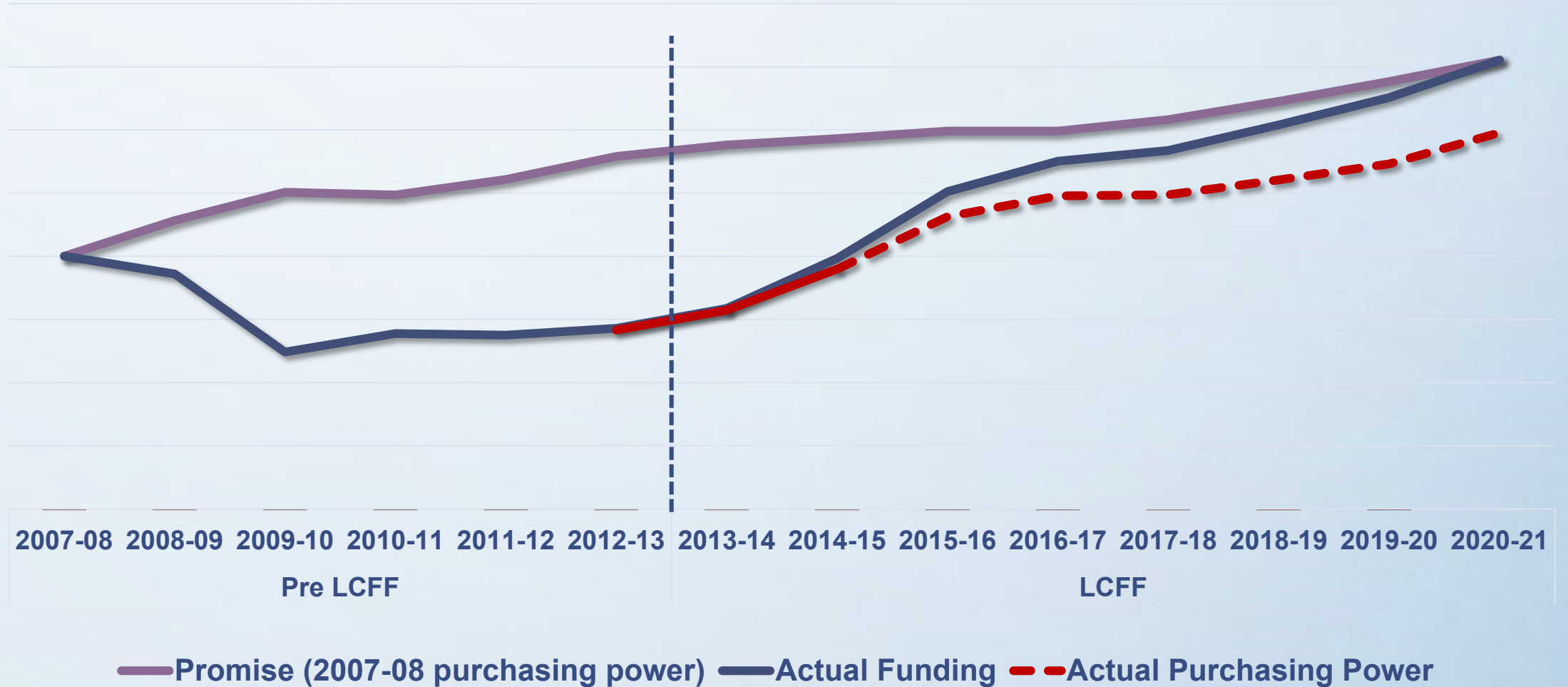
Year	Revenue	Expense
2015 – 2016	\$340,214,523.53	\$309,902,278.54
2016 – 2017	\$334,337,590.93	\$337,500,166.46
2017 – 2018	\$354,747,420.08	\$371,805,877.13
2018 – 2019	\$366,105,318.65	\$379,764,236.31
2019 – 2020 projected	\$361,018,357.00	\$400,960,735.00
2020 – 2021 projected	\$365,990,946.00	\$413,840,125.00
2021 – 2022 projected	\$375,578,583.00	\$417,988,338.00

Historical Revenue and Expense – Fund 01 Combined



Does the LCFF Restore Purchasing Power Lost?

Purchasing Power Under the LCFF



State of California Rainy Day Fund

- The May Revision includes an additional \$1.2 billion deposit into the Rainy Day Fund, bringing the reserve to \$16.5 billion in 2019-20
- The Rainy Day Fund is now expected to reach its constitutional cap of 10% of General Fund revenues in 2020-21, two years earlier than predicted in January
- By the end of 2022-23, the Rainy Day Fund balance is projected to be \$18.7 billion
- The revised Budget would also, for the first time, deposit \$389 million into the Public School System Stabilization Account



Statewide Average District Reserve Levels

2017-18 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change from Prior Year
Unified School Districts	16.98%	-0.27%
Elementary School Districts	20.20%	-0.88%
High School Districts	15.63%	-1.01%

The Government Finance Officers Association recommends a minimum of two months' expenditures in reserve – equates to a minimum of 17%

The level of reserves has an impact on the bond ratings of the school district.

Budget vs. enrollment / ADA

- The state continues to fund school districts based upon the greater of prior year or current ADA
 - Financial impact will be integrated into the 2020 - 2022 MYP based upon CBEDS and P2 apportionment
- The district mitigates both revenue and expenditures to reduce the impact of declining enrollment
 - Revenue will be adjusted based upon enrollment count and projected ADA rate
- Staffing is adjusted based upon enrollment and current contractual requirements
- District staff is investigating the enrollment trends and attendance rates
 - Interdistrict and Open Enrollment Transfers and “Destination Schools”
 - Charter School impact and Program Investments

Historical Attendance Rate

(Does not include Charter Schools)

Fiscal Year	CBEDS Enrollment	P2 ADA	% ADA to CBEDS enrollment	Change in ADA %	Enrollment Change
2010 – 11	29,078	27,664.85	95.14%		506
2011 – 12	28,858	27,597.70	95.63%	0.49%	(220)
2012 – 13	29,364	28,036.81	95.48%	(0.15%)	506
2013 – 14	29,486	28,147.48	95.46%	(0.02%)	122
2014 – 15	29,145	27,741.04	95.18%	(0.28%)	(341)
2015 – 16	28,639	27,169.65	94.87%	(0.31%)	(506)
2016 – 17	28,518	27,023.13	94.75%	(0.12%)	(121)
2017 – 18	28,457	26,808.35	94.21%	(0.54%)	(61)
2018 – 19	28,121	26,403.27	93.89%	(0.32%)	(336)
2019 – 20 Projected	28,121*				

Charter School Enrollment

Fiscal Year	MZ	LPS	RC P	WCC HS	MWA	RCA	BJE	Caliber	Summk2	ASP. CP	ASP. RTA	JHHS	SummitT	Invictus	Voices	Total / Year
2000 - 2001	25															25
2010 – 2011	150	402	219	129	400											1,300
2011 – 2012	156	447	291	131	496											1,521
2012 – 2013	148	473	323	0	583	90										1,617
2013 – 2014	155	475	418		556	186										1,790
2014 – 2015	154	480	444		760	215	158	294	125							2,630
2015 – 2016	135	511	444		759	231	405	608	224	232	251	125				3,925
2016 – 2017	99	548	436		781	248	465	755	321	348	286	202				4,489
2017 – 2018	121	577	503		795	218	417	793	486	520	342	257	237			5,266
2018 – 2019	119	597	542		940	269	421	802	533	541	345	320	352	78	133	5,992
2019 – 2020 Preliminary																6,993

For 2018 If all students enrolled in Charter schools remained in WCCUSD the total revenue would be as follows:

Base Revenue (assumes 94% ADA @ \$7,965 per ADA)	\$44,862,270
Supplemental and Concentration (assumes 74.09% Unduplicated count)	\$10,929,898

Historical Enrollment Change including Charter Schools

Fiscal Year	CBEDS Enrollment	Enrollment Change	Charter Enrollment	Charter Change	Net Change
2010 – 11	29,078	506	1,300	267	873
2011 – 12	28,858	(220)	1,521	221	1
2012 – 13	29,364	506	1,617	96	602
2013 – 14	29,486	122	1,790	173	295
2014 – 15	29,145	(341)	2,630	840	499
2015 – 16	28,639	(506)	3,925	1,295	789
2016 – 17	28,518	(121)	4,489	564	443
2017 – 18	28,457	(61)	5,266	777	716
2018 – 19	28,121	(336)	5,992	726	390
NET CHANGE		(957)		4,692	3,735

Special Education Services

- The total Spending for Special Education in 2018 – 2019 was over \$84 million
 - The severity of disabilities served continues to increase

Data presented is selected disabilities: Totals include all classified students

Year	Speech Only	Other Health Impaired	Specific Learning Disability	Autism	Total	Total Expenditures
2005 - 2006	1,759	62	2,091	157	4,757	
2016 – 2017	957	170	1,888	461	4,108	\$74,450,590
2017 - 2018	947	197	1,820	535	4,109	\$81,747,459
2018 - 2019	977	233	1,740	637	4,167	\$84,413,356

Risk Management

- The District spends \$7,344,43 for Worker's Compensation Premiums

- The District spends \$2,331,282 for Property and Liability Insurance

Year	Worker's Compensation Premium
2015 – 2016	\$4,600,440
2016 – 2017	\$5,683,661
2017 – 2018	\$6,090,680
2018 – 2019	\$7,288,619
2019 – 2020	\$7,344,431

Year	Property and Liability Premium
2015 – 2016	\$1,731,405
2016 – 2017	\$1,714,433
2017 – 2018	\$1,705,375
2018 – 2019	\$1,947,195
2019 – 2020	\$2,331,282

- The experience modification (Ex-Mod) factor determines the rates
- WCCUSD Ex-Mod is 146% for 2018 - 2019
- **San Ramon has an Ex-Mod of 84.1% and a total premium of \$3,910,650**

- The experience modification (Ex-Mod) factor determines the rates
- WCCUSD Ex-Mod is 158% for 2019 – 2020 for Liability and 92% for Property

Employee Compensation Information

Total Salaries These expenditures are from Unrestricted budget plus the special education budget. All other restricted funds are not included.

Unit	2015 - 2016	%	2016 - 2017	%	2017 - 2018	%	2018 - 2019	%	2019 - 2020	%
Teacher (UTR)	\$93,641,221	50.74%	\$103,733,269	48.50%	\$111,286,250	49.94%	\$120,269,563	51.90%	\$129,577,779	54.21%
Classified (Teamsters)	\$35,628,766	19.31%	\$39,637,952	18.53%	\$40,972,976	18.39%	\$42,504,292	18.34%	\$45,492,552	19.03%
Supervisors (SSA)	\$1,939,221	1.05%	\$1,077,135	0.50%	\$1,003,685	0.45%	\$1,155,249	0.50%	\$1,456,092	0.61%
Administration (WCCAA)	\$8,568,010	4.64%	\$9,146,229	4.28%	\$10,167,056	4.56%	\$11,053,929	4.77%	\$11,571,909	4.84%
Management	\$3,422,043	1.85%	\$4,695,003	2.20%	\$5,449,996	2.45%	\$4,610,701	1.99%	\$4,770,625	2.00%
Confidential	\$799,197	0.43%	\$936,476	0.44%	\$972,103	0.44%	\$400,019	0.17%	\$406,898	0.17%
Board Members	\$42,840	0.02%	\$46,840	0.02%	\$42,840	0.02%	\$42,936	0.02%	\$42,840	0.02%
Everything Else (non-salary 4000-6999)	\$40,495,247	21.94%	\$54,610,664	25.53%	\$52,949,261	23.76%	\$51,716,221	22.32%	\$45,721,593	19.13%
Total	\$184,536,545		\$213,883,568		\$222,844,167		\$231,752,910		\$239,040,288	

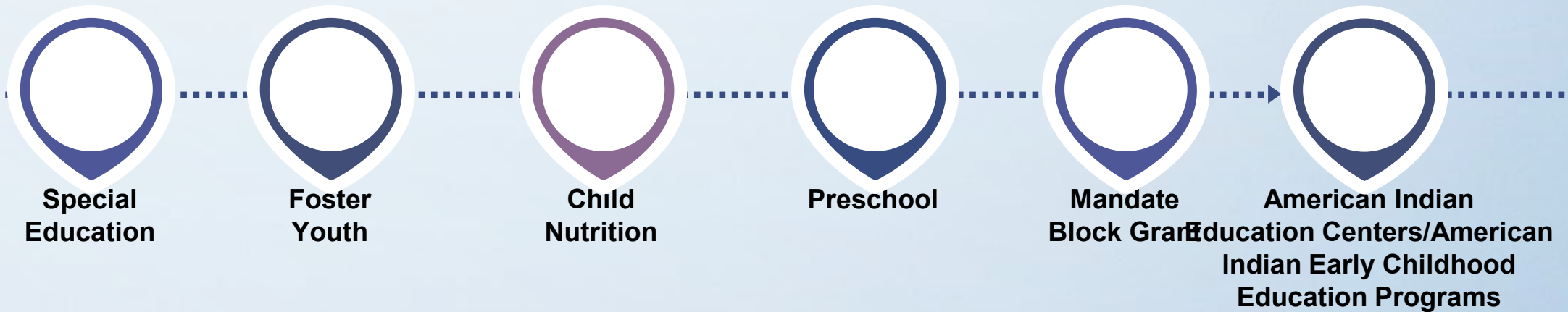
Major Expenditure Assumptions – Out Years

(As of 2018-2019 Unaudited Actuals – 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	\$1,567,280	\$1,582,953
STRS (increased rate)	\$921,867	\$953,242	\$1,565,581	(\$364,901)
PERS (increased rate)	\$327,558	\$384,525	\$1,081,339	\$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	\$20,119,415	\$15,584,858	\$7,134,894

Statutory COLA at 3.26%

- The adopted budget included a 3.26% statutory COLA (down from the 3.46% estimated COLA in January)
- Categorical programs outside of the LCFF will receive the statutory COLA
 - As costs continue to rise, these programs will see adjustments for COLA only (and ADA for Special Education)



Categorical Programs

Now that LCFF is fully funded Districts only Receive “COLA” from the State

(COLA for 2019-20 is 3.26%)

Certificated	
COLA Only	3.26%*
Step and Column	(1.00%)
Declining Enrollment	(0.30%)
CalSTRS	(0.82%)
Special Education	<u>(1.50%)</u>
	(3.62%)
Operations	?
LCAP Priorities	?

Classified	
COLA Only	3.26%*
Step and Column	(1.00%)
Declining Enrollment	(0.30%)
CalPERS	(1.659%)
Special Education	<u>(1.50%)</u>
	(4.459%)
Operations	?
LCAP Priorities	?

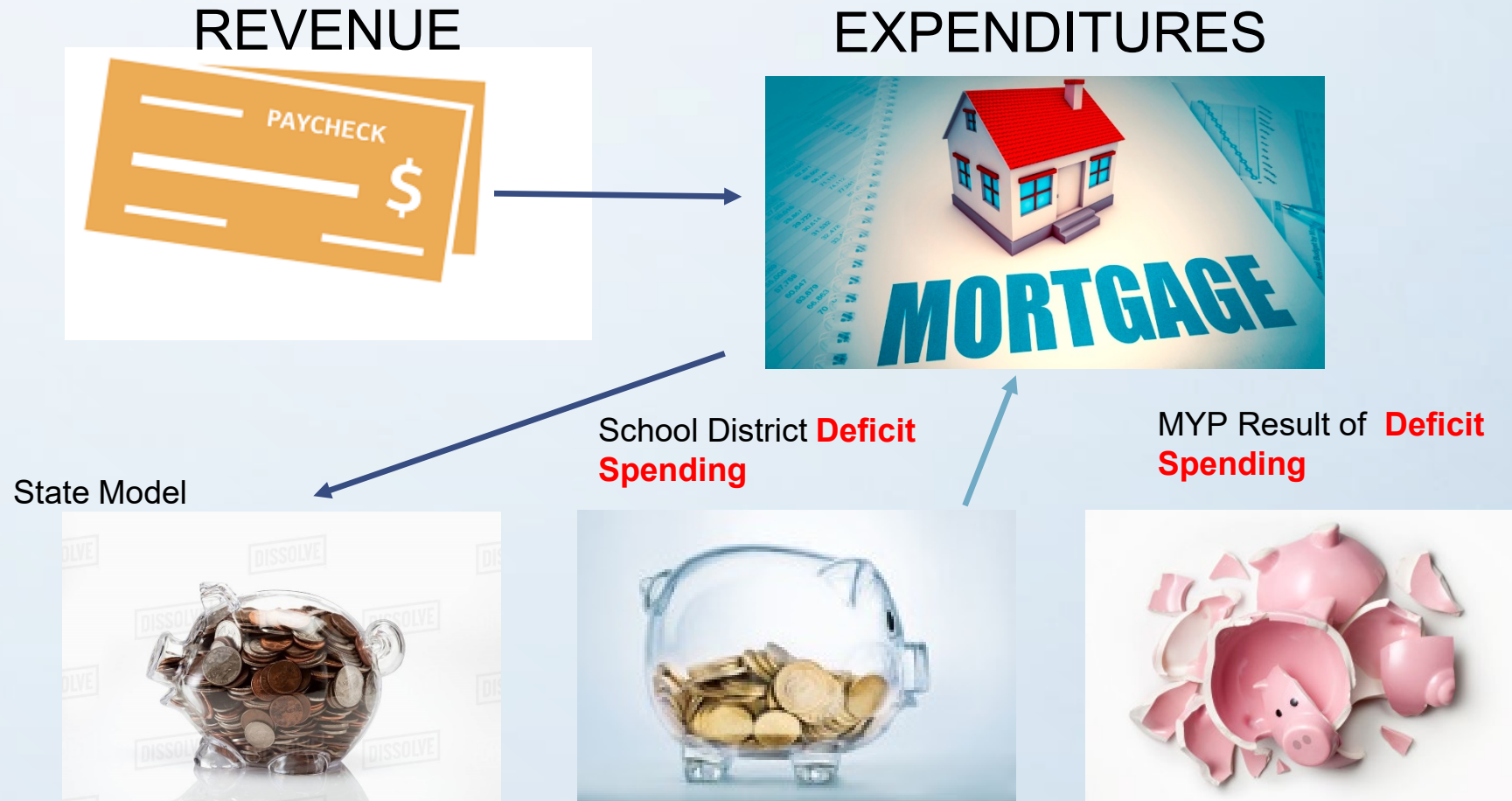
All % are estimates and for illustrative purposes only

Budget Building Blocks

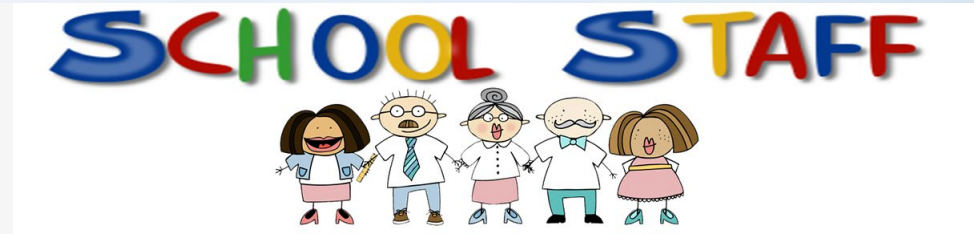
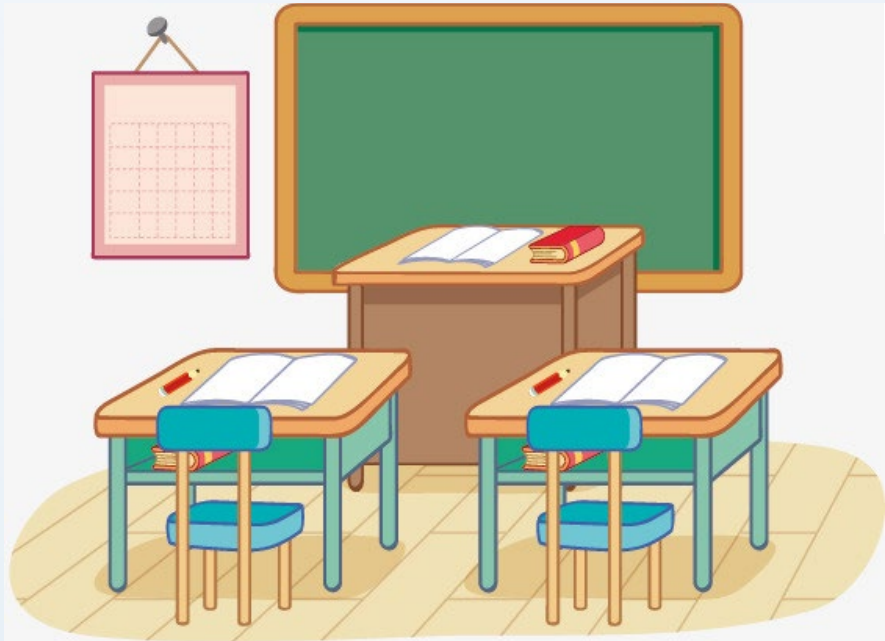


- The District must be able to demonstrate that it can meet it's financial obligations for the budget year + 2 out years under AB1200.
 - The District must also maintain adequate reserves
 - Recommended reserve levels are approximately 2 months of payroll, or 17%
- In a balanced budget:
 - Revenue – Expenditures = a positive number and reserves increase

Budget Basics – Spend within Means



What must the Base Budget Cover?



Teachers
Principal
Office Staff
Custodial Staff
Support Staff (Payroll, Human Resources,
Accounting)

Classroom Furniture and Technology*
Student Textbooks* and Technology*
Teacher Supplies and Technology*
General Upkeep of Facilities

Everything that represents the base is
necessary to support the classroom.

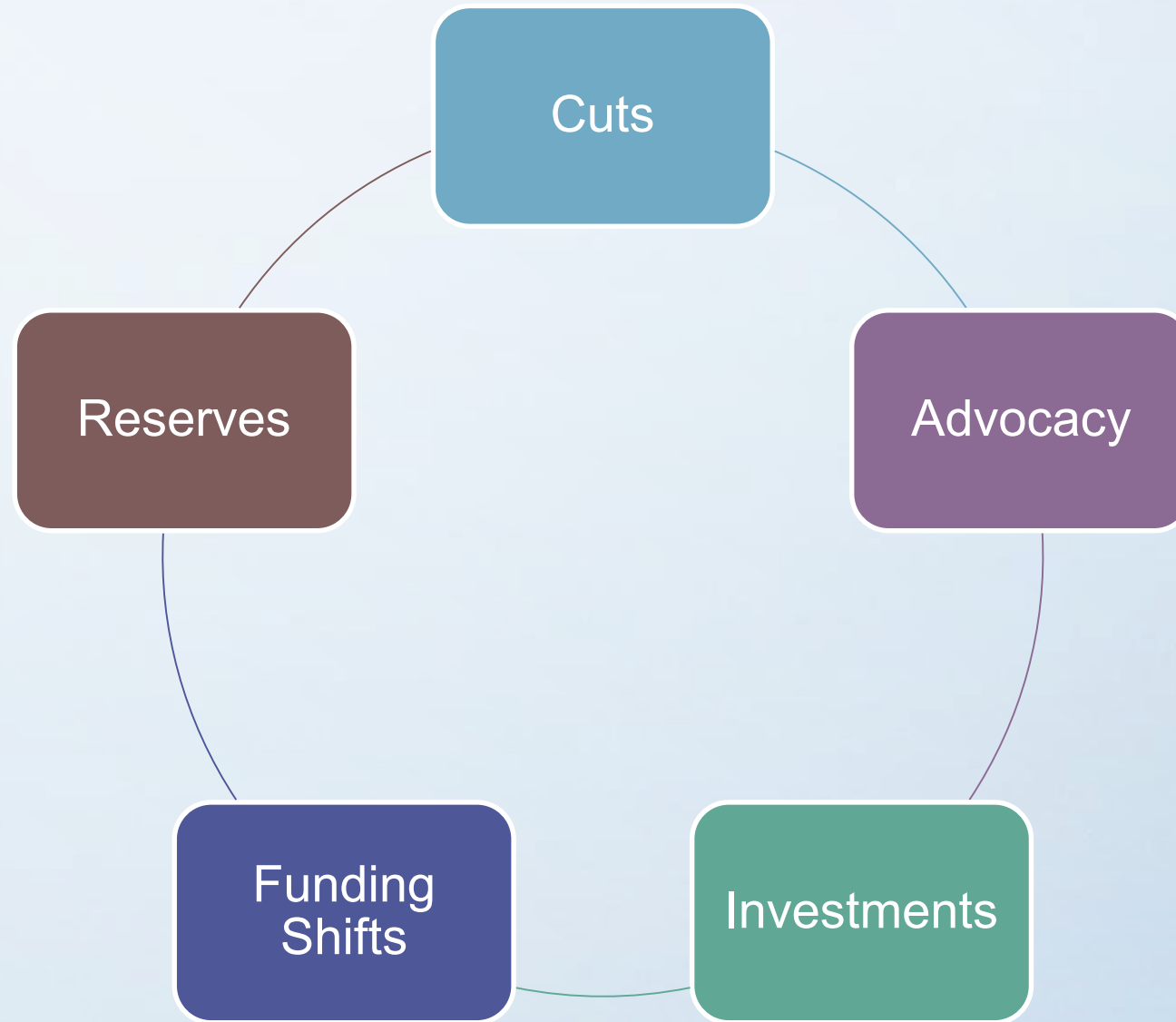
*currently funded with one-time block funds and do not have ongoing funding identified

Tenets of Effective Instructional Programs

The Top 4 Requirements for an Effective Instructional Program

- Highly Qualified Teacher
- Appropriate Student Placement
- Focused Supervision of Instruction
- Coordinated Collaboration and Staff Development

Budget Reductions – Multiple Approaches



Budget Reduction Options

Rock, Piggy, Scissors



Use **one-time** sources of funds and grants to address reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next...this option is running out



Utilize **one-time fund balances** to address required reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next



An ongoing reduction: elimination or reduction of program; negotiated reduction; or reduction in staffing resulting in reduced expenditures

Over % of the District budget is currently used to pay for staffing costs⁴²

Sisyphus Plan – “Rock”



- Utilize Grant Funds to cover current district activities
- Utilized with the hope that future revenue will fill the hole in the budget in the subsequent year

DISTRICT ACTION

- District pushes the magnitude of the issue forward to the next year
- Any time this option is used the District must make a real budget cut equal to the action the next year



Smash the Piggy



- Utilization of Reserves to push the problem from one year to the next
- Used with the hope that the State provides additional revenue in the subsequent year

DISTRICT ACTION

- Utilization of Fund 17 reserves
- Plan will need to be implemented to restore any reserves utilized in this manner

Scissors – Ongoing Budget Reductions



- Ongoing reductions in Expenditures in the current and subsequent budget years

DISTRICT ACTION

- District engages stakeholders for areas of focus
- Cabinet assesses options presented and brings these to the Board for consideration
- Process will occur ongoing from now through budget adoption

Investments



- Look at opportunities to increase district revenue
- Attendance accountability
- Risk Management focus
- Facility utilization and optimization
- Specialty programs to sustain enrollment
- Public/Private partnerships
- Facility Use Rental Fees

Advocacy



- Utilize our voice with Sacramento Decision Makers
- Create an advocacy plan of action
- Appropriately engage lobbyists that can support the district's message
- Collaborate with statewide organizations such as CSBA, CASBO, ACSA
- Partner with our associations (UTR, Teamsters, and SSA) in the message of adequate school funding

Is California School Funding Fair?

A study released in February 2018 by Rutgers University and the Education Law Center, *Is School Funding Fair? A National Report Card*, ranked California low on several measures of school funding fairness based on 2015 data from the U.S. Census

- California's fiscal effort to fund schools: Grade F
 - California's per capita personal income (\$44,173) is above the national average, but it provides only \$34 for each \$1,000 of personal income to support schools
 - By contrast, New York had a comparable per capita personal income (\$46,445), but provided \$55 for each \$1,000 of personal income, earning a grade A
 - New Mexico, with considerably lower per capita personal income (\$36,814) nevertheless provided \$48 for each \$1,000 of personal income, also earning a grade A



If California funded schools at the national average, a school of 500 students would have an additional \$980,500.

If the state funded schools at **just the national average**, that would increase funding by

\$1,961 per pupil



For a classroom of 25 students, that's an additional

\$49,025

for student support services

LCFF – 2019 Legislation

Assembly Bill (AB) 39 (Muratsuchi)

- Specifies new, higher aspirational LCFF base grant targets
- This bill was placed in the Senate Suspense file and can be reconsidered in January 2020

**Active /
Suspense**

AB 575 (Weber)

- Adjusts the definition of unduplicated pupils to include pupils who are included in the lowest performing student groups based on Smarter Balanced Assessment Consortium results

Stalled

AB 1015 (Gipson and Weber)

- Provides supplemental funding to LEAs who serve “reengaged opportunity youth”, defined as high school students formerly identified as a dropout or expelled

Stalled

AB 1225 (Carrillo)

- Adds homeless students to the categories of unduplicated pupils, and allows foster youth who are homeless to be counted twice under LCFF

Stalled

What are Unaudited Actuals?

- Year-End financial documents required by the State Superintendent of Public Instruction (SPI)
- **The only time during the year when an accurate picture of any District's finances can be seen**
- Shows the picture on one specific day -- June 30th
 - All revenues and expenses are accounted for
 - All other reports are combination of actual and projected finances

Closing the Books on 2018 - 2019

- The District budget and ending fund balances finished
- Categorical carryover funds were analyzed to ensure that these restricted funds were utilized for the intended purpose
- The District trend of spending more than budgeted continued with a deficit of over \$5.1 million dollars
- With all known expenses included in the next two years multi-year budget the District maintains a positive certification
 - State adopted COLA of 3.26% was built into the Multi-year projection
 - Enrollment monitoring continues to ensure that it does not impact the multiyear projection

Unaudited Actuals (Combined Fund 01) - Results

Year	Projected Expense (Estimated Actuals)	Actual Expense	Revenue
2014 – 2015	\$319,180,032.00	\$300,957,157.45	\$299,799,225.22
2015 – 2016	\$327,183,528.00	\$309,902,278.54	\$340,214,523.53
2016 – 2017	\$349,056,714.00	\$337,500,166.46	\$334,337,590.93
2017 – 2018	\$370,133,529.00	\$371,805,877.13	\$354,747,420.08
2018 - 2019	\$395,249,377.00	\$379,764,236.31	\$366,105,318.65

2018-2019 Unaudited Actuals as of June 30, 2019

Reflects both unrestricted (plus Fund 17) and restricted programs and is aligned to the projected budget at adoption in June.

Description	Amount
Beginning Fund Balance	\$68,192,723.75
Plus: Total Revenues for 2018-2019	\$366,105,318.65
Less: Total Expenses/Transfers for 2018-2019	<u>(\$379,764,236.31)</u>
Ending Fund balance for 2018-2019	\$53,892,038.61

Breakdown of Ending Fund Balance	Amount
Unrestricted + Fund 17	\$38,082,475.70
Restricted	<u>\$15,809,562.91</u>
Total	\$53,892,038.61

Components of Unrestricted and Fund 17 2018-2019 Ending Fund Balance

Assignment / Designation	Amount
Revolving cash	\$70,000.00
Stores (values of Warehouse stock)	\$264,189.53
Unassigned/Unappropriated	\$3,710,443.05
Fund 17	\$34,037,843.12
Total	\$38,082,475.70

Components of Restricted 2018-2019 Ending Fund Balance

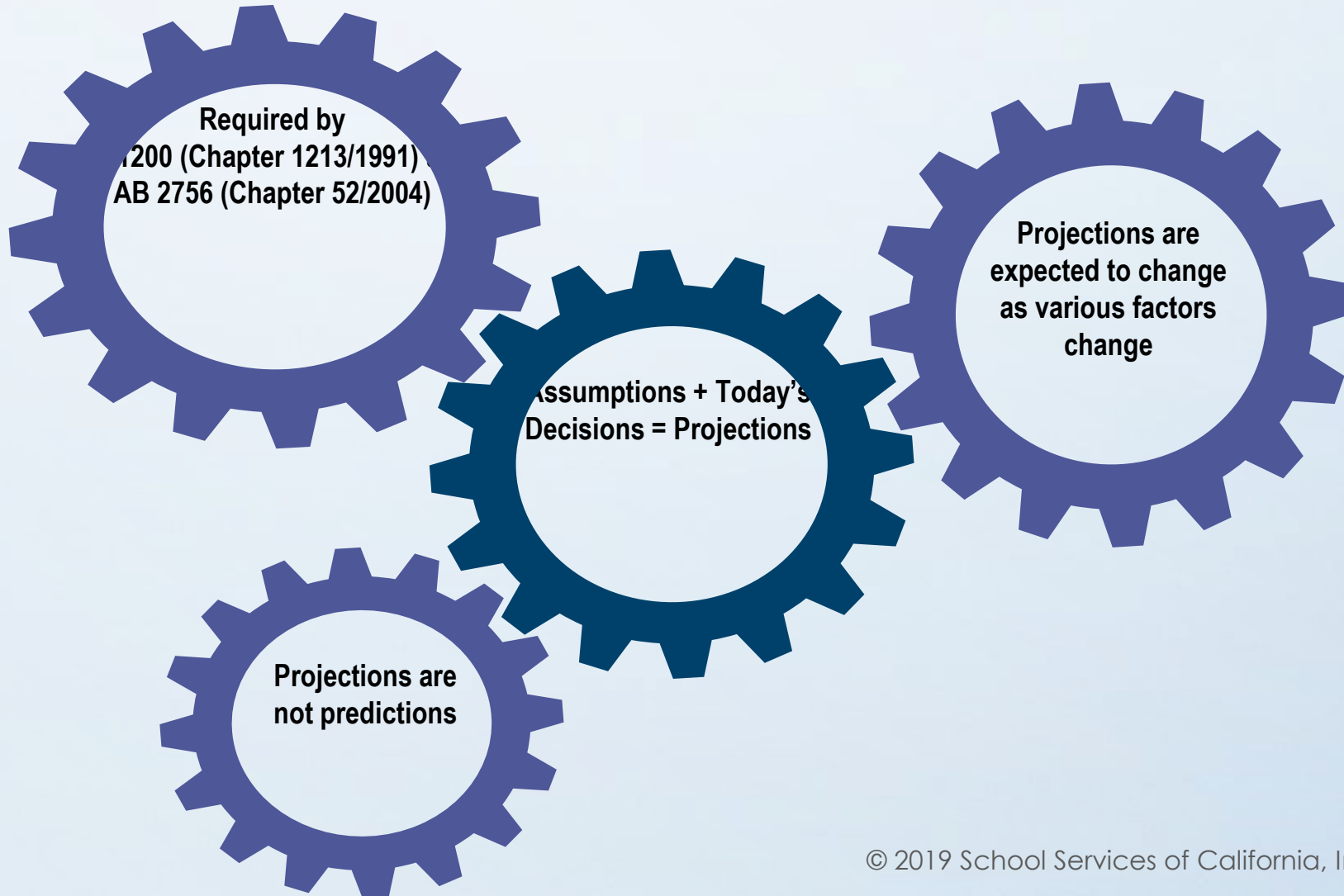
Assignment / Designation	Amount
Medi-Cal Billing Option	\$1,454,482.19
Lottery: Instructional Materials	\$3,696,065.62
California Clean Energy Jobs Act	\$958,778.80
Special Ed: Mental Health Services	\$2,225,000.00
Learning Communities for School Success Program	\$831,018.89
Classified School Employee Professional Development Block Grant	\$215,011.00
Low-Performing Students Block Grant	\$1,347,649.00
Ongoing & Major Maintenance Account (RMA)	\$360,851.31
Other Restricted Federal	\$20,949.69
Restricted Local Reserves	\$4,699,756.50
Total	\$15,809,563.00

Restricted funds are often one-time and **MUST** be used for specified purposes and cannot be used for salaries or ongoing operations!

Unrestricted Fund Balance Past 5 years (includes Fund 17)

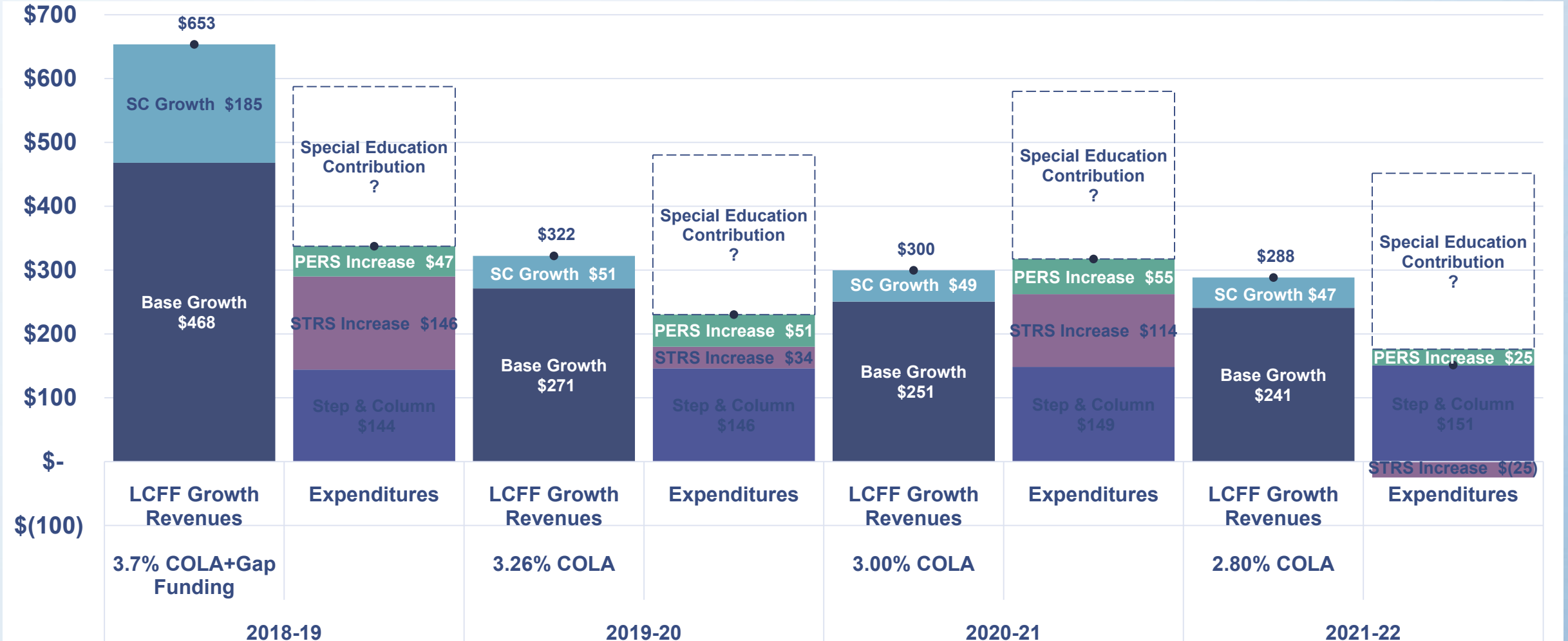
Year	Beginning Fund Balance	Ending Fund Balance	Change
2014 – 2015	\$33,697,397.30	\$34,549,022.28	\$851,624.98
2015 – 2016	\$33,963,035.64	\$61,125,190.75	\$27,162,155.11
2016 – 2017	\$61,125,190.75	\$63,134,077.09	\$2,008,886.34
2017 – 2018	\$63,134,077.09	\$48,849,344.06	(\$14,284,733.03)
2018 – 2019	\$48,849,344.06	\$38,082,475.70	(\$10,766,868.36)

Multiyear Projections



- A slowing economy and rising costs pose challenges in the multiyear projection

Multiyear Projections



*Supplemental Concentration (SC)

Budget Development: The New Normal in California

The Road Not Taken

Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth;

Then took the other, as just as fair,
And having perhaps the better claim
Because it was grassy and wanted
wear,
Though as for that the passing there
Had worn them really about the same,

And both that morning equally lay
In leaves no step had trodden black.
Oh, I marked the first for another day!
Yet knowing how way leads on to way
I doubted if I should ever come back.

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I,
I took the one less traveled by,
And that has made all the difference.

Robert Frost, 1920 Mountain Interval



Past Practice



Multi-year Budget Projection
2012-13 to 2016-17???



**The new budget realities will require new thinking
and new solutions to weather the upcoming storm**

Next Steps

- Business Services engages committees for input
- Some utilization of reserves may be necessary in the current year as recommendations are developed
- Cabinet develop first level recommendations
- Periodic Board presentations
 - Second meeting in October with an update of the feedback received and areas under investigation
 - The Board will commit to a timeline for completing reductions for the 2020-2021 school year at the First Interim in December 2019 and will finalize reductions as part of the adopted budget for 2020-2021 in June 2021

2019 – 2020 Budget Process

- Unaudited Actuals is our baseline report
- Engage with Stakeholders who will receive budget information and provide input and areas for Cabinet to investigate
 - Budget / Audit Committee
 - District Budget Engagement Committee (DBEC)
 - Solutions Team
 - District Local Control Accountability Plan (DLCAP)
 - Board Updates and presentations
- Identify timeline for presentations and updates to the Board

Budget Best Practices

- The Budget Priorities are determined by the Board of Education which was referenced in Board Resolution No. 21-1920
- Budget information is presented and shared with stakeholder groups who provide input on areas for Cabinet to investigate as referenced in Board Policy 3000 District Budget Engagement Committee
- Cabinet utilizes the input of stakeholder groups and the Board priorities to develop budget recommendations
- Budget presentations are made to the board with the synthesized recommendations for input and future direction

Calendar of Budget Events

- Board Presentation September 18th – Unaudited Actuals
- Community Input Meetings – Week of September 23rd
- Board Presentation October 16th – Surplus Facility Options
- Board Presentation October 23rd – Budget Follow up update
- Community Input Meetings – Week of October 28th
- Board Presentation November 6^h – Budget update / Advocacy
- Board Presentation December 4th – First Interim

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



Reduction Target - Next Steps

Days Remaining to Identify 2019–20 Reductions

273
(as of September 18, 2019)



Date	Event or Activity
December 4, 2019	First Interim and identification of first round of <u>one-time and ongoing reductions</u>
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 = \$39.9 million

2020 – 21 Budget Reduction Target = \$7.9 million

2021 – 22 Budget Reduction Target = \$0 million