



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 3.2

Meeting Date: June 28, 2016

Subject: Adopt Proposed Fiscal Year 2016-17 Budget for All Funds

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: __)
- Conference/Action
- Action
- Public Hearing

Division: Business Services

Recommendation: Adopt the proposed 2016-17 Budget for all funds presented as a Public Hearing Item at the June 16th, 2016 Board Meeting.

Background/Rationale: At the June 16, 2016 Board meeting, a public hearing was conducted on the proposed 2016-17 Budget for all funds. Administration is now requesting action to adopt the proposed Budget. As indicated at the prior Board meeting, by June 30th of each year, the school district must adopt a budget for all funds for the ensuing fiscal year. Prior to adoption of the budget, the Board must conduct a public hearing. This is in accordance with state prescribed procedures for single budget adoption, which require that the budget be adopted and submitted to the County Office of Education on state required forms by June 30th. The 2016-17 Budget establishes expenditure authority for the district to conduct business for the next fiscal year.

The proposed 2016-17 budget is based on the May Revise Budget that was presented by the Governor on May 13, 2016 and incorporates recommendations from the Sacramento County Office of Education. While the Governor's May Revise Budget is a very significant event in the process, the final impact to the district will not be known until the state budget is signed. School districts have 45 days after the final state budget is signed to amend and resubmit their budget.

The complete set of state required forms is quite voluminous and is available on the district's website as presented at the June 16, 2016 Board Meeting.

Financial Considerations: The proposed budget establishes expenditure authority for all funds.

LCAP Goal(s): College and Career Ready Students; Family and Community Engagement; Safe, Clean and Healthy Schools

Documents Attached:

1. All the documents presented on First Reading on June 16, 2016 Board Meeting, Agenda 9.3 applies, <http://www.scusd.edu/sites/main/files/file-attachments/9.3rev.pdf>
2. Adopted Budget Summary All Funds
3. Power Point Presentation

Estimated Time of Presentation: 15 minutes

Submitted by: Gerardo Castillo, CPA, Chief Business Officer

Michael Smith, Fiscal Director

Approved by: José L. Banda, Superintendent

Adopt Proposed 2016-17 Budget for All Funds

June 28, 2016
Agenda Item No. 3.2

Presented By
Gerardo Castillo, CPA, Chief Business Officer
Michael Smith, Director of Fiscal Services

OVERVIEW

- Additional General Fund Revenues and Expenses
- Summary of General Fund
- Multi Year Projections
- Local Control Funding Formula (LCFF)
- Summary of Other Funds
- Next Steps


General Fund New Revenue Summary

Estimated Revenues	Amount
New 2016-17 LCFF Revenue (Ongoing)	\$17,855,956.00
New 2016-17 Discretionary Revenue (One-Time)	\$9,106,725.00
Total Revenue Increases*	\$26,962,681.00

* Very low compared to previous years. 2015-16 revenue increased \$51.6 million (\$31.1 million ongoing/\$20.5 one time).


General Fund Additional Expenditures

Required/Statutory Cost Increases	Amount
Projected Increase in Step and Column - Certificated	\$2,050,879.00
Projected Increase in Step and Column - Classified	\$356,519.00
Projected Increase in Health Benefit costs - 6%	\$3,508,597.00
Increase in STRS Contribution	\$2,567,359.00
Increase in CalPERS Contribution	\$433,181.00
Additional Committed Investments	
K-3 CSR for all sites (24:1; 75 Teachers)	\$7,500,000.00
Covering Counselors with General Fund Unrestricted (12 FTE)	\$1,500,000.00
Reopening of Washington Elementary (Staffing Only)	\$1,346,953.00
Total Projected Ongoing Expenditure Increase	\$19,263,488.00


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General Fund One-time Expenditures 2016-17

Superintendent's recommendations	Detail Description	College and Career Ready
K-6 Classroom Libraries to Support Core Ready Instruction	Supplemental text and trade books to support ELA CCSS implementation in the absence of a K-6 textbook adoption	\$ 1,000,000
Technology Services - Computer Replacement Plan	Implement a sustainable, long-term plan to centrally provide and maintain functional, standardized computing equipment for all teachers and staff across the District, supporting equity and consistency in the availability and integration of instructional technology across schools.	\$ 400,000


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General Fund One-time Expenditures 2016-17

Superintendent's recommendations	Detail Description	College and Career Ready
City Year - \$500,000 (Youth Services can no longer fund)	Continuation of implementation of City Year's Whole School, Whole Child model focusing on outcomes in three key areas: attendance, behavior and course performance in English and Math. AmeriCorps members serve schools throughout the school day.	\$ 250,000
VAPA Music Instruments	Funding to support Arts initiatives/programs in the district and the functioning of the Music Library. NOTE the costs to sustain existing programs is \$165,000 and the additional funding is \$35,000	\$ 200,000


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General Fund One-time Expenditures 2016-17


Superintendent's recommendations	Detail Description	College and Career Ready
Visions 2000 Summer Program	To prevent summer learning lost in math and ELA.	\$ 230,000
Words Their Way (K-6)	Instructional materials to build foundational literacy skills as part of the ELA CCSS implementation	\$ 192,000



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General Fund One-time Expenditures 2016-17

Superintendent's recommendations	Detail Description	Family and Community Engagement
Technology Services - Kiosks	Deploy kiosk computers at school sites to provide access to District resources (e.g., Online Registration, Parent Portal, Workday, etc.) by parents and staff.	\$ 500,000
GALE Data Base (K-12)	Digital data base of supplemental texts for all content area teachers. This resource will support content area teachers to address the ELA CCSS Standards for literacy in science, social science, and career and technical subjects	\$ 50,000


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<h2 style="text-align: center;">General Fund One-time Expenditures 2016-17</h2>		
Superintendent's recommendations	Detail Description	Family and Community Engagement
Additional \$50,000 for FACE (i.e. snacks, childcare, material development)	<ul style="list-style-type: none"> • Translations as needed • Volunteer fingerprinting • Material development/copying/etc • Snacks for Parents and Children in daycare • Professional development opportunity for FACE staff • Support for all the area schools we serve in the FACE department in our one time workshops, SSC training, Community Meetings, etc(snacks, child sitters, translation, etc) 	\$ 50,000

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<h2 style="text-align: center;">General Fund One-time Expenditures 2016-17</h2>		
Superintendent's recommendations	Detail Description	Safe, Healthy and Clean Schools
Technology Services - Backup/redundant power	Deploy battery backup devices to network and telecommunications equipment ensuring continuity at school sites in the event of emergencies/power failures.	\$ 980,000
Desk/Chairs High Schools	Needed district wide	\$ 150,000


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General Fund One-time Expenditures 2016-17

Superintendent's recommendations	Detail Description	One-time 2016-17
Set aside OPEB	Goal is to have \$2 million set aside every year to partially fund OPEB	\$ 1,705,291
Increase our Fund Balance for Economic Uncertainty	Set aside for future costs	\$ 1,250,000


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General Fund Revenue Summary


• Beginning Fund Balance	\$ 59.087 M
• Revenues	\$ 491.032 M
• Transfers In	
Charter School Fees	<u>\$ 1.438 M</u>
Total Revenues	\$ 551.557 M

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General Fund Summary


• Total Revenues	\$ 551.557 M
• Less Expenditures*	<u>(\$ 494.946)M</u>
Ending Fund Balance	\$ 56.611 M

*Includes contributions of \$1.5 million to maintain Child Development programs and \$230,000 parent participation preschool

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General Fund Summary Cont'd

• Ending Fund Balance	
• Reserves:	
• Revolving Cash and Stores	\$.545 M
• Reserve for Economic Uncertainties	\$ 20.013 M
• Other Post Employment Benefits Liability	\$ 3.000 M
• Fleet Replacement	\$.250 M
• Future Costs/Prop 30 Expiration	\$ 10.576 M
• District wide Technology Upgrades	\$ 4.000 M
• Cover deficit spending in future years	\$ 16.644 M
• Medi-Cal Funds	\$.443 M
• Buy Down 3 days of Vacation Liability	<u>\$ 1.140 M</u>
• Total Reserves	\$ 56.611 M




Expenditures Included in 2016-17 Budget

•Certificated Salaries	\$186.397 M
•Classified Salaries	\$ 58.714 M
•Employee Benefits	<u>\$149.593 M</u>
 Sub-Total	 \$394.704 M
–80% of Total Expenditures	
•Unrestricted Funding – 89%	




Expenditures Included in 2016-17 Budget
Cont'd

–Salaries/Benefits	\$ 394.704 M
–Books and Supplies	\$ 20.169 M
–Services/Other Operating Exp.	\$ 62.883 M
–Capital Outlay	\$ 17.061 M
–Other Outgo	\$ 0.00 M
•Debt Service Payment	
–Indirect Costs	<u>(\$ 1.600) M</u>
Total Expenditures	\$493.217 M



CONTRIBUTIONS FROM GENERAL FUND

Transfer From Unrestricted to Restricted Accounts	
Special Education Programs \$	52,333,305
Ongoing Maintenance Transfer to Restricted \$	10,698,751
Energy Education Project \$	386,582
Subtotal from Unrestricted to Restricted \$	63,418,638
Special Education Transportation \$	6,699,154
Home to School Transportation \$	1,004,572
Subtotal to Transportation \$	7,703,726
Total Transfer From General Fund* \$	71,122,364

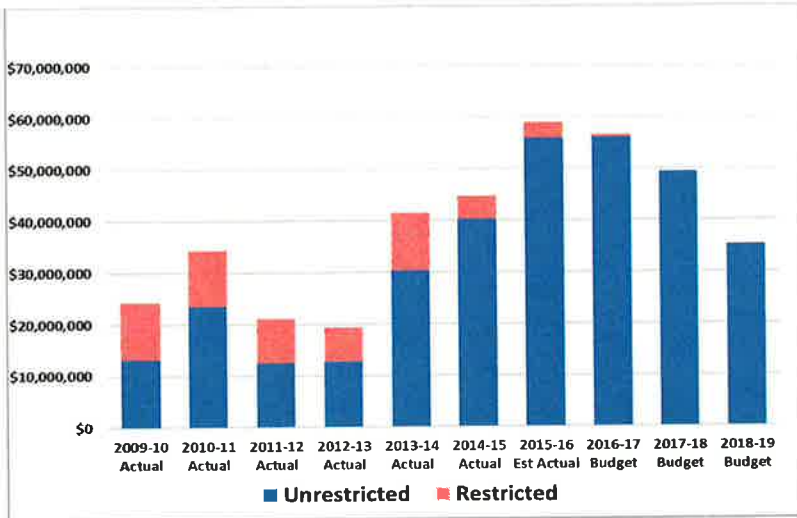
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- Multi-Year Forecast Assumptions**
- 1.5% Step and Column Salary increase
 - 6% Medical Benefit increase
 - STRS rates increase to 14.43% and 16.28% in 2017-18 and 2018-19 respectively
 - PERS rates increase to 15.50% and 17.1% in 2017-18 and 2018-19 respectively
 - Assumes no additional compensation increases for 2016-17 and beyond
 - Loss of \$3.8 Million for 2017-18 and \$3.9 Million for 2018-19 due to declining enrollment of 421 (400 ADA equivalent)

Unrestricted Multi-Year Forecast

Multi-Year Forecast Unrestricted			
Unrestricted Description	2016-17	2017-18	2018-19
Revenues and Other Sources	\$ 319,198,831	\$ 315,694,087	\$ 318,684,525
Expenditures and Transfers Out*	\$ 319,065,879	\$ 322,411,012	\$ 332,858,006
Surplus/(Deficit Spending) (a)	\$ 132,952	\$ (6,716,925)	\$ (14,173,481)
Beginning Fund Balance (b)	\$ 56,035,061	\$ 56,168,013	\$ 49,451,088
Ending Fund Balance (a+b)	\$ 56,168,013	\$ 49,451,088	\$ 35,277,607

*Includes contributions of \$1.5 million to maintain Child Development programs and \$230,000 parent participation preschool

Fund Balance



Local Control Funding Formula (LCFF)

- New funding is estimated to close the gap by **54.84%** in 2016-17 towards full implementation of LCFF
 - **Reaching to 95.7% of the targeted funding levels in 2016-17**
- Assumes unduplicated percentage for SCUSD of 71.35% (3 year average)
- Transportation and Targeted Instructional Improvement Grant (TIIG) are included as add-ons in the calculation

Local Control Funding Formula (LCFF)

Adjusted Base (GAP, Grade Span)	\$ 300,133,312
Supplemental and Concentration	\$ 58,655,074
Add-ons (TIIG, Transp.)	\$ <u>6,543,535</u>
Total Estimated 2016-17 LCFF	\$ 365,331,921

Local Control Funding Formula (LCFF)

SUMMARY SUPPLEMENTAL & CONCENTRATION GRANT & MPP			
	2015-16	2016-17	Increase
Estimated supplemental and concentration grant funding in the LCAP year	\$48,591,193	\$58,655,074	\$10,063,881
Minimum Proportionality Percentage (MPP)*	16.62%	19.54%	2.92%

*Percentage by which services for unduplicated students must be increased or improved over services provided for all students.

How is SCUSD Increasing Services for Targeted Students?

PROPOSED ADDITIONAL INVESTMENTS 2016-17		
ACTION OR SERVICE	GOAL	AMOUNT
Decrease class sizes in grades K-3 to 24:1	College and Career Ready Students	\$7,500,000
Expand Early Kinder / Transitional Kindergarten	College and Career Ready Students	\$234,600
Build school climate by introducing the tenets of restorative practices, SEL and PBIS. Provide training in new administrative regulations for discipline - mandating shift from punitive to restorative practices	Safe, Healthy and Clean Schools	\$500,000

How is SCUSD Increasing Services for Targeted Students?

PROPOSED ADDITIONAL INVESTMENTS 2016-17		
ACTION OR SERVICE	GOAL	AMOUNT
Academic supports and remediation for foster youth	College and Career Ready Students	\$350,800
Provide academic and career counseling to support unduplicated students	College and Career Ready Students	\$1,500,000
High Quality Professional Learning for Teachers (Added 1 hour per week for Collaborative Time)	College and Career Ready Students	\$4,913,025
TOTAL PROPOSED SPENDING		\$14,998,425

Summary Other Funds

FUND	BEGINNING BALANCE	REVENUE	TRANSFERS IN / (OUT)	EXPENSES	NET CHANGE IN FUND BALANCE	ENDING BALANCE
Charter School	\$1,124,076	\$18,094,462	(\$1,438,122)	\$16,025,695	\$630,645	\$1,754,721
Adult Education	\$0	\$6,414,137	\$230,000	\$6,644,137	\$0	\$0
Cafeteria	\$6,455,227	\$24,824,585		\$24,824,585	\$0	\$6,455,227
Child Development	\$7,307	\$20,869,458	\$1,500,000	\$20,869,458	\$1,500,000	\$1,507,307
Building	\$60,043,870	\$20,560		\$60,064,430	(\$60,043,870)	\$0
Capital Facilities	\$7,994,754	\$3,910,530		\$8,435,058	(\$4,524,528)	\$3,470,226
Dental & Vision	\$1,220,635	\$9,236,283		\$9,236,283	\$0	\$1,220,635
Retiree Benefit	\$28,477,534	\$20,265,000		\$20,265,000	\$0	\$28,477,534
Self Insurance	\$4,356,734	\$5,001,494		\$5,023,484	(\$21,990)	\$4,334,744
TOTALS:	\$109,680,137	\$108,636,509	\$291,878	\$171,388,130	(\$62,459,743)	\$47,220,394

Next Steps

- Complete and post budget document
- Continue to monitor State Budget
- Revise budget within 45 days of signed State Budget
- First Interim Financial Report as of
October 31, 2016
- Second Interim Financial Report as of
January 31, 2017

Thank You

Questions?