

2019 – 2020 Budget The Story and Next Steps

West Contra Costa Unified School District
December 9, 2019

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Superintendent

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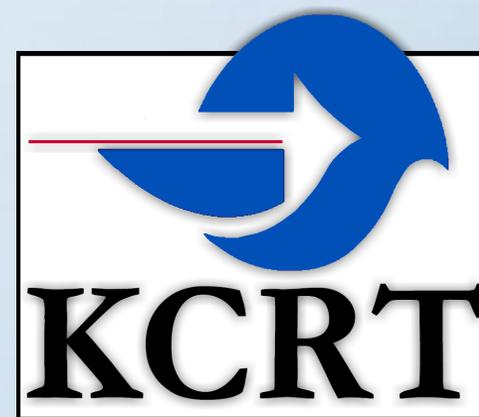
Tonight's Agenda

- Overview of WCCUSD
- What is the Current Budget Situation?
- What caused the current Budget Situation?
- What actions are the District taking to resolve the Budget?
- What is the timeline for budget solutions / recommendations?
- Questions and Answers



How to Participate

Cable Channels Pinole Cable Channel 26, Hercules Cable Channel 28, or KCRT in Richmond on Channel 28.





How to Participate

#WCCUSDBudget

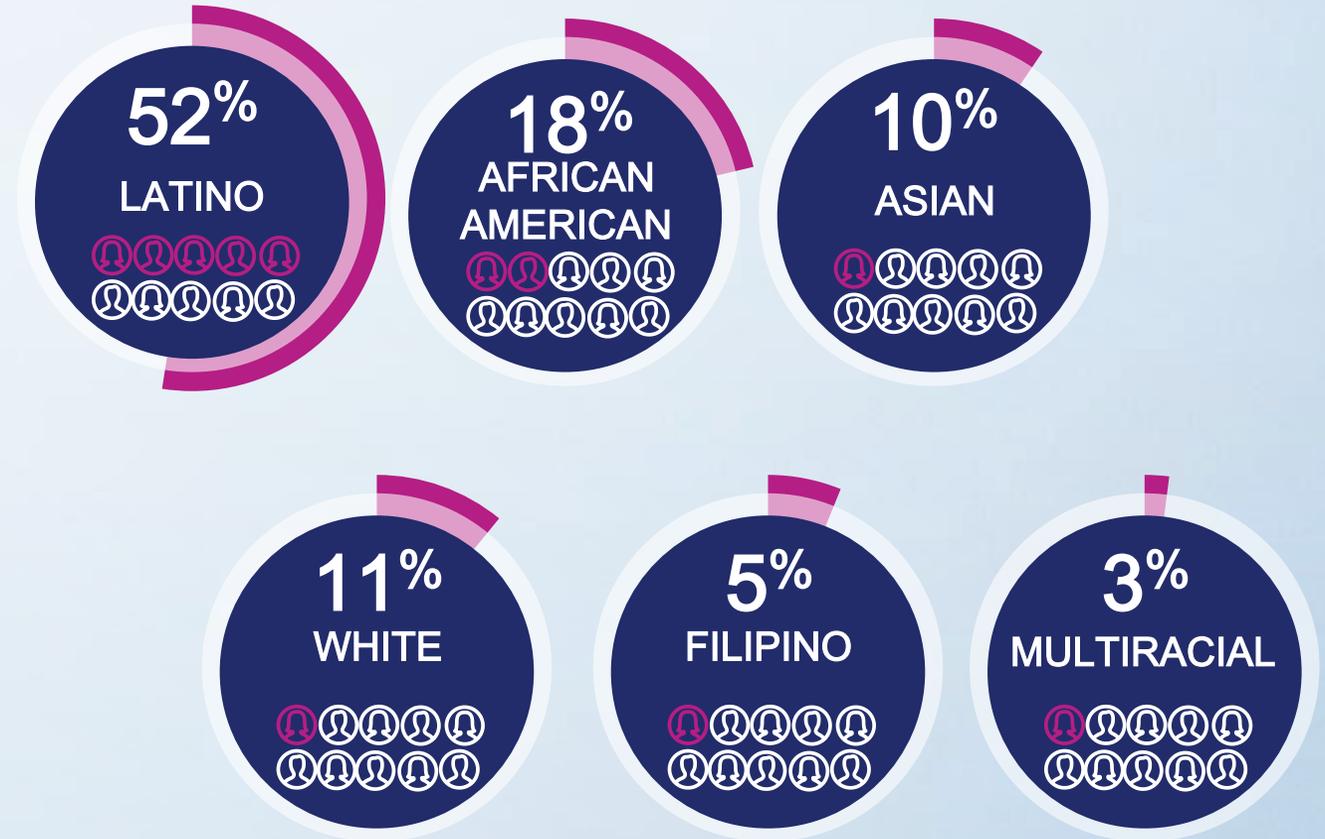
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budgetinput@wccusd.net

Introduction

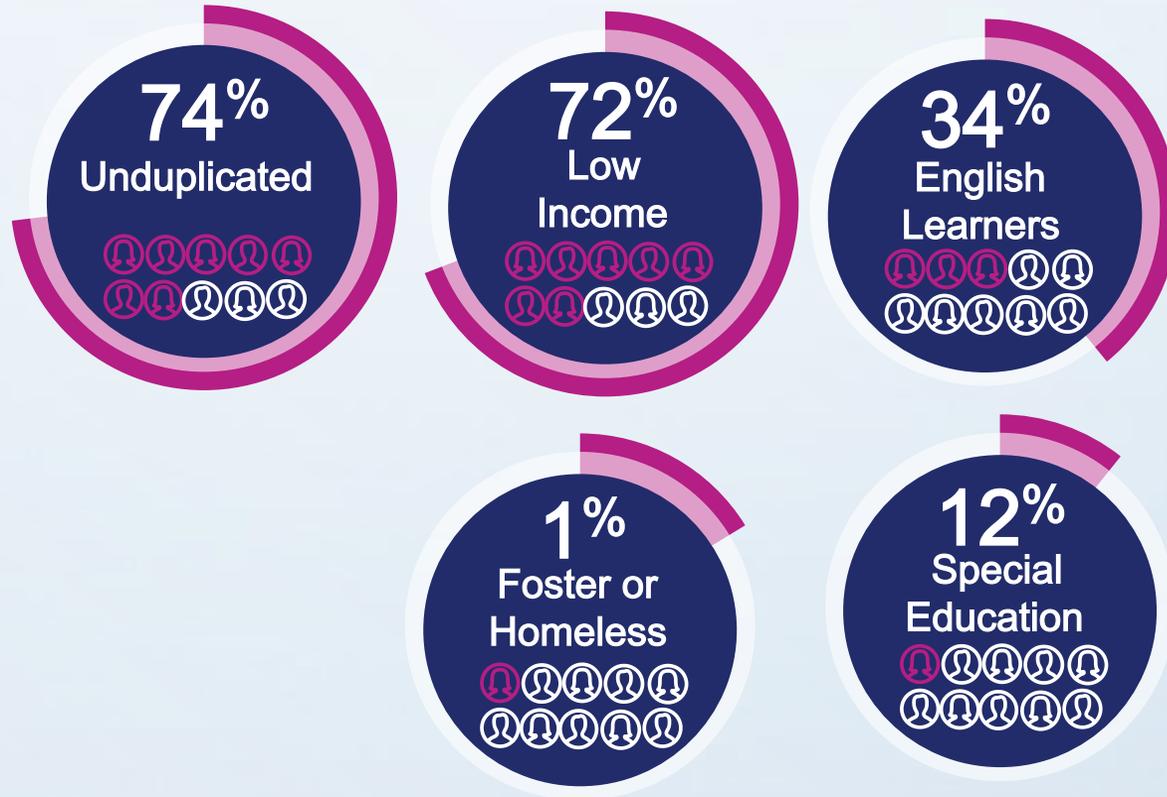
WCCUSD DEMOGRAPHICS

- 56 Schools
 - 33 elementary
 - 5 K-8
 - 6 middle
 - 7 high
 - 5 alternative
- 5 Cities
 - El Cerrito
 - Hercules
 - Pinole
 - Richmond
 - San Pablo



Introduction

WCCUSD DEMOGRAPHICS



- 29,000 students
 - o 9,967 English learners
 - o 20,310 low income
 - o 3,417 special education
 - 802 homeless
 - 115 foster youth
- 3,200 full - & part -time employees

Vision

To lead and thrive in the 21st Century, we need to equip WCCUSD students to be:

Content Master:

Consistently produces high-quality academic and professional products and performances that model reflection and revision, persistence and accountability.

Effective Collaborator:

Works in teams to share ideas and responsibilities, solve problems, and achieve shared goals.

Skilled Communicator:

Listens, comprehends, critiques, & communicates effectively by adapting to audience, task, purpose, & discipline. Refines & applies core content knowledge through speaking and writing.



WCCUSD Graduate

Self-Directed Learner:

Independently seeks and uses resources, including teachers, peers, print and digital references to engage in new learning toward academic, professional, and personal goals.

Responsible World Citizen:

Exercises the rights and obligations of citizenship, engages in the local and global community through application of content knowledge and cultural awareness. Seeks to understand other perspectives.

Innovative Thinker:

Thinks critically & creatively by making claims, assessing evidence & solutions & draws on multiple perspectives when approaching complex issues and adapting to challenges.

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*

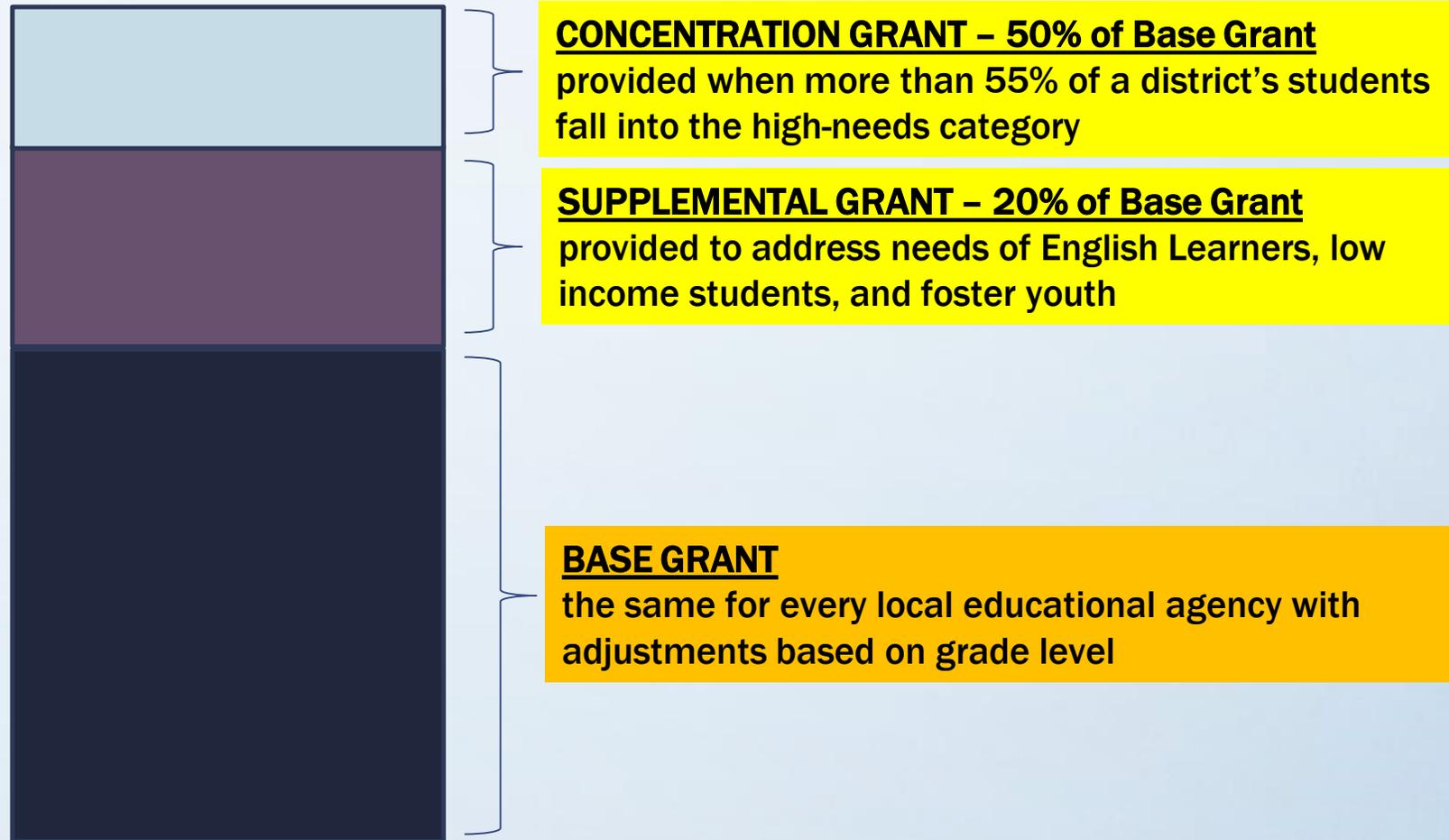
Budget Deficit

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

How Did We Get Here?

- State Funding for K-12 education has **slowed**
- **Expenses increased** at percentages higher than revenues received and anticipated
 - Special Education
 - Risk Management
 - Staffing
 - Goods and Services
 - Employee Compensation
- District contributions for retirement benefits (STRS and PERS) continue to increase with the District projected to pay **\$26 million more per year** than it was paying just a couple of years ago
- Declining enrollment and average daily attendance - **\$2.5 million** (cumulative over \$5 million in the last couple of years)

STATE FUNDING: LCFF REVIEW



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 Base Grant 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

District Revenue and Expenditures

(as reported and projected at unaudited actuals September 2019)

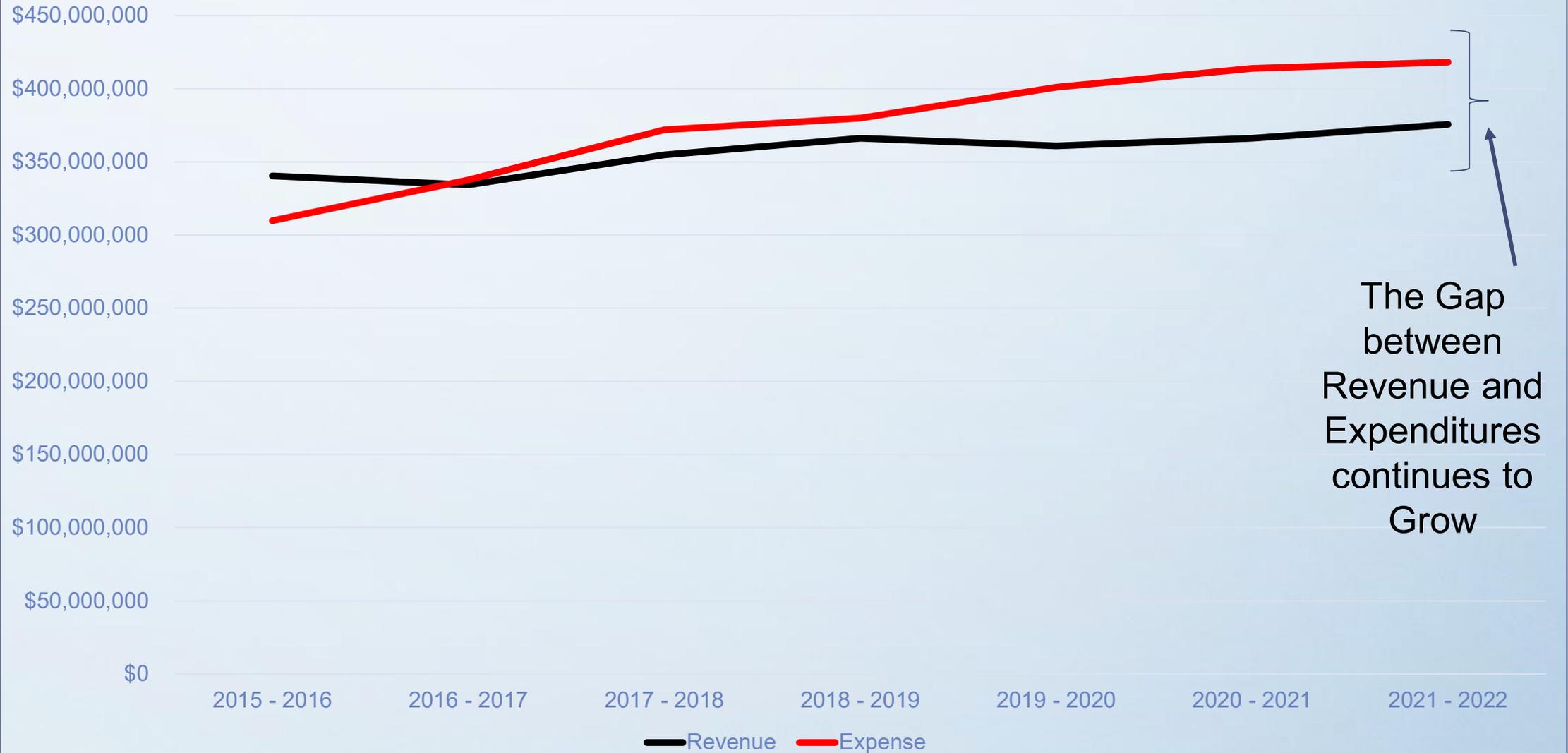
Year	Revenue	Expense
2015 – 2016	\$340,214,523.53	\$309,902,278.54
2016 – 2017	\$334,337,590.93	\$337,500,166.46
2017 – 2018	\$354,747,420.08	\$371,805,877.13
2018 – 2019	\$366,105,318.65	\$379,764,236.31
2019 – 2020 projected	\$361,018,357.00	\$400,960,735.00
2020 – 2021 projected	\$365,990,946.00	\$413,840,125.00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

District Expenses Trends

(as projected for revised budget November 2019)

EXPENDITURE DESCRIPTION	2019-20 REVISED BUDGET	2018-19 ACTUALS	2017-18 ACTUALS	2016-17 ACTUALS	2015-16 ACTUALS
CERTIFICATED SALARIES	157,482,941.00	148,595,689.94	139,567,743.06	127,237,407.58	118,825,866.12
CLASSIFIED SALARIES	62,687,755.00	58,965,239.87	57,074,996.44	55,673,972.46	50,025,274.95
EMPLOYEE BENEFITS	102,267,470.00	89,221,114.93	91,957,355.06	75,922,112.24	70,199,908.09
BOOKS AND SUPPLIES	13,731,163.00	16,569,370.29	13,875,175.67	11,276,142.18	11,417,008.52
SERVICES AND OTHER OPERATING EXPENDITURES	65,873,581.00	62,877,875.57	62,691,203.22	59,618,405.74	56,934,573.72
CAPITAL OUTLAY	2,566,089.00	2,211,639.52	6,049,318.22	6,966,957.12	2,127,884.59
OTHER OUTGO	2,403,736.00	1,323,306.19	590,085.46	805,169.14	371,762.55
	407,012,735.00	379,764,236.31	371,805,877.13	337,500,166.46	309,902,278.54

Historical Revenue and Expense – Fund 01 Combined



District Expenses Trends

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 is higher than reported in many summary 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

Historical Attendance Rate

(Does not include Charter Schools)

Fiscal Year	Enrollment	Aaverage Daily Attendance (ADA)	% ADA to 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*				

Historical Enrollment Change including Charter Schools

Fiscal Year	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

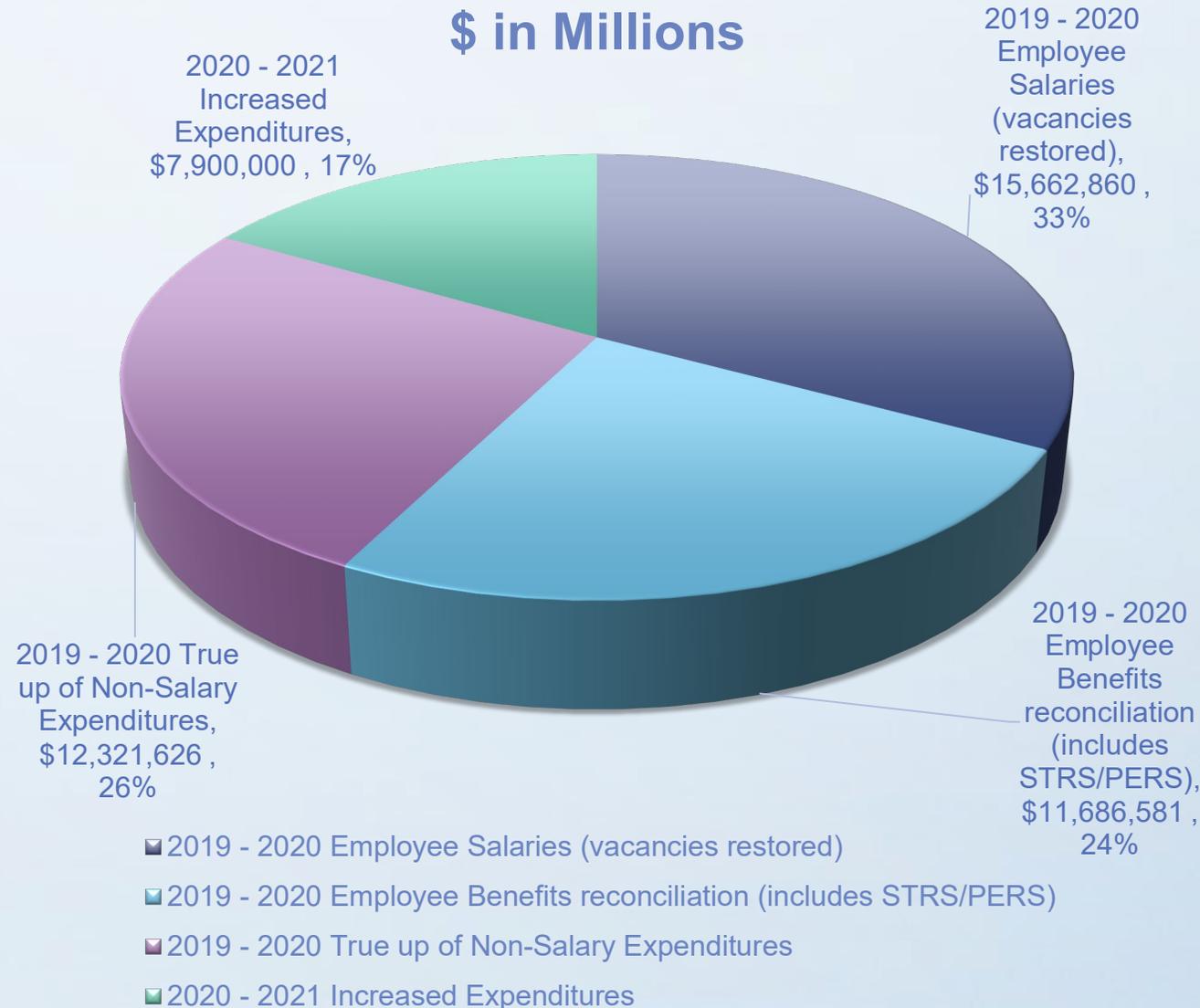
- The experience modification (Ex-Mod) factor determines the rates
- WCCUSD Ex-Mod is 146% for 2018 - 2019
- **San Ramon has an Ex-Mod of 84.1% and a total premium of \$3,910,650**

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

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

How Did We Identify Our Cut Targets?



How Did We Identify Our Cut Targets?

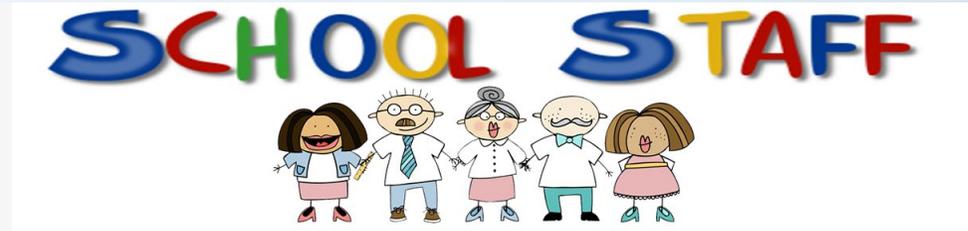
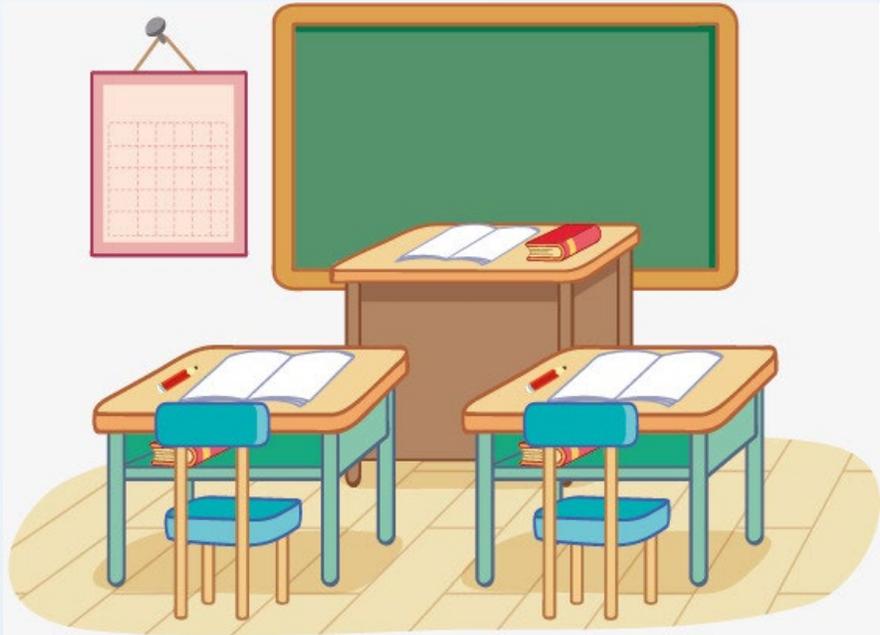
- State Funding Less than cost of yearly increases - \$16 million
- Retirement contribution increase - \$4 million
- Budget deficit spending, fund balance decrease - \$10 million
- Declining enrollment and attendance - \$2.5 million
- Increases in employee compensation - \$9.7 million
- Other increased 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

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!



What must the Base Budget Cover?



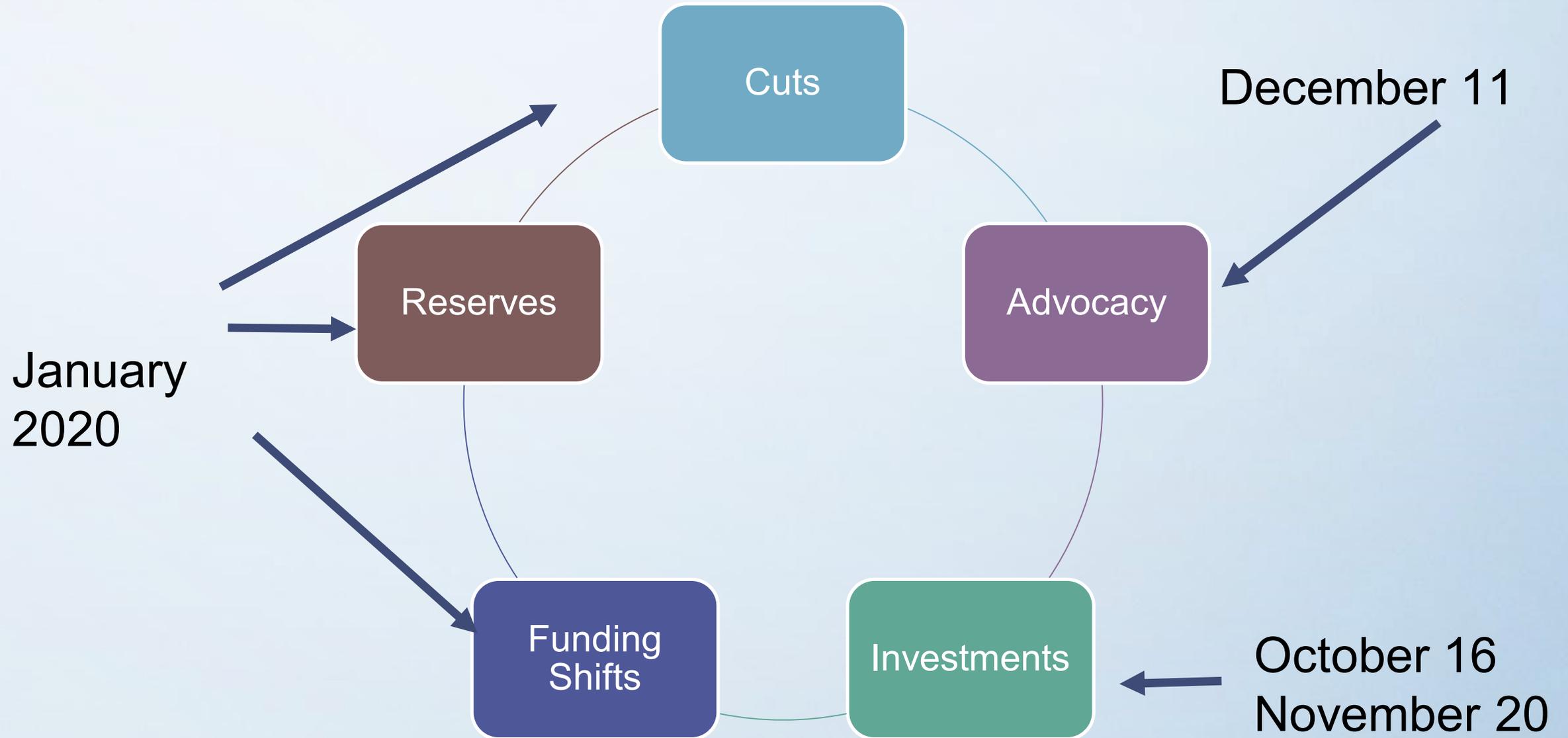
Teachers
Principal
Office Staff
Custodial Staff
Support Staff (Payroll, Human Resources,
Accounting)

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

Budget Reductions – Multiple Approaches



Non-Salary Evaluation Criteria

During Review of Non-Salary expenditures the following should be considered when identifying areas for possible reduction

- Is the Expenditure Required by law?
- Is this a District Obligation / Requirement?
- Does it align to District Priorities (Roadmap 2.0)?
- Is the Expenditure a Restricted Grant Obligation?
- Is the Expenditure a Long-term contractual obligation?
- Are there Measureable Outcomes identified?
- Is the Expenditure aligned to the District's Core Functions?

Non Salary Expenditures

- The District is projected to spend \$79,815,033 on non-salary operational expenses (includes carryover)
- These expenses are reported in the 4000 – 5999 Object Codes
 - 4000 Object Codes are Materials and Supplies
 - 5000 Object Codes are Operations and Services
- The Expenditures are divided into Unrestricted (General Fund) and Restricted Resources

Expenditure	Unrestricted	Restricted	Total
4000 – 5999 Object Code Non-salary	\$33,851,417	\$45,963,616	\$79,815,033

- Expenditures are then divided into “fixed” expenses and those that may be deemed “discretionary”

Number of Administrators by Year

	current	2018-2019	2017-2018	2016-2017	2015-2016
Superintendent	8	8	8	7	8
Educational Svcs.	39	39	40	34	31
Operations	43	42	51	50	43
Human Resources	11	11	11	11	10
Business Services	17	17	21	24	26
Special Education	5	5	5	5	5
Technology	4	4	4	4	4
Communications	3	3	3	3	3
Schools	154	153	143	130	124
TOTAL	284	282	286	268	254

Certificated Administrative to Teacher Ratio

- Education Code 41400-41407 Defines the required maximum ratios of administration to teachers and outlines how this must be reported in the annual audit under Education Code 41020

	Current	2018 – 2019	2017 - 2018	2016 - 2017	2016 - 2017
Administrative	133.70 FTE	134.50 FTE	106.40 FTE	107.40 FTE	108.00 FTE
Exempt Admin	8.70 FTE	9.45 FTE	7.76 FTE	7.56 FTE	7.90 FTE
Net Administrative	125.00 FTE	125.05 FTE	98.64 FTE	99.84 FTE	100.10 FTE
Teachers	1,582.01 FTE	1,582.52 FTE	1,469.13 FTE	1,457.03 FTE	1,490.33 FTE
Pupil Services	139.49 FTE	133.27 FTE	114.50 FTE	112.60 FTE	94.59 FTE
Allowed Ratio	0.08	0.08	0.08	0.08	0.08
Maximum Admin	126.56 FTE	126.60 FTE	117.53 FTE	116.56 FTE	119.23 FTE
Total / Excess	-1.56 FTE	-1.55 FTE	-18.89 FTE	-16.72 FTE	-19.13 FTE
PASS (Yes/No)	YES	YES	YES	YES	YES

Management Staffing Summary

- The District employees 284 administrators
- The total cost of Management and Confidential \$37,274,748 which is approximately 12.88% of the budget for Objects 1000 – 3999.
- The District has increased the number of management positions since 2015 – 2016 by 30 positions total

Other Revenue

- Parcel Tax - \$9.8 million
 - support libraries, athletics, counseling and augment class size reduction
- Maintenance and Recreation District Assessment - \$5.6 million
 - evening/after school custodial services, gardeners and outdoor capital projects

LCAP Expenditures

- Under the Local Control Funding Formula the District identifies the expenditures that support unduplicated count students through Supplemental and Concentration Funds. These funds are considered “Unrestricted” but are designed to support additional services for the students across the district that generated the funds.
- The DLCAP Committee works to define the priorities for Board approval that should be funded with the available resources
- The District receives \$54,777,568 in S&C funds outlined in the current LCAP
 - 48% (\$26,744,467) support Achieving Students
 - 30% (\$16,872,582) support Thriving Employees
 - 22% (\$12,290,217) support Caring Schools

Budget Reductions

Current Year 2019 - 2020

Action	Description	Amount	Cut Target Remaining
	Utilization of OPEB Trust Reserves	\$15.6	\$24.3
	Utilization of One-time PreSchool Block Grant	\$4.5	\$18.8
	Other 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%

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:

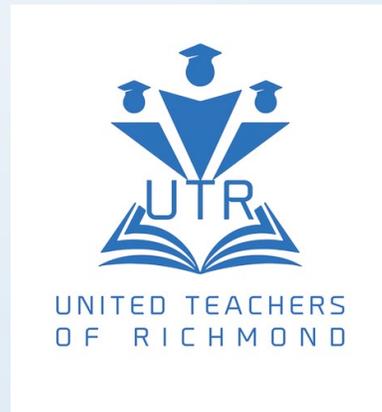
- ❖ June 30, 2019 Adopted 2019 – 20 Budget
- ❖ September 18, 2019 Unaudited Actuals
- ❖ **December 11, 2019** **1st Interim Budget** *(Data as of October 31, 2019)*
- ❖ March 11, 2020 2nd Interim Budget *(Data as of January)*
- ❖ May 20, 2020 3rd Interim Budget *(Data as of April)*
- ❖ June 10/24, 2020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

Calendar of Budget Events

- Live Community Budget Event 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 community and employee associations.





Take the Survey

www.wccusd.net/budget

Reduction Target - Next Steps

Days Remaining to Identify 2019–20 Reductions

197
(as of December 9, 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**