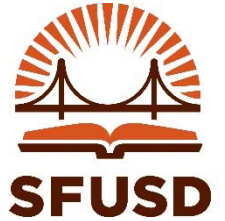


**2017-18 Recommended Budget
and
Local Control & Accountability Plan
*Second Reading***

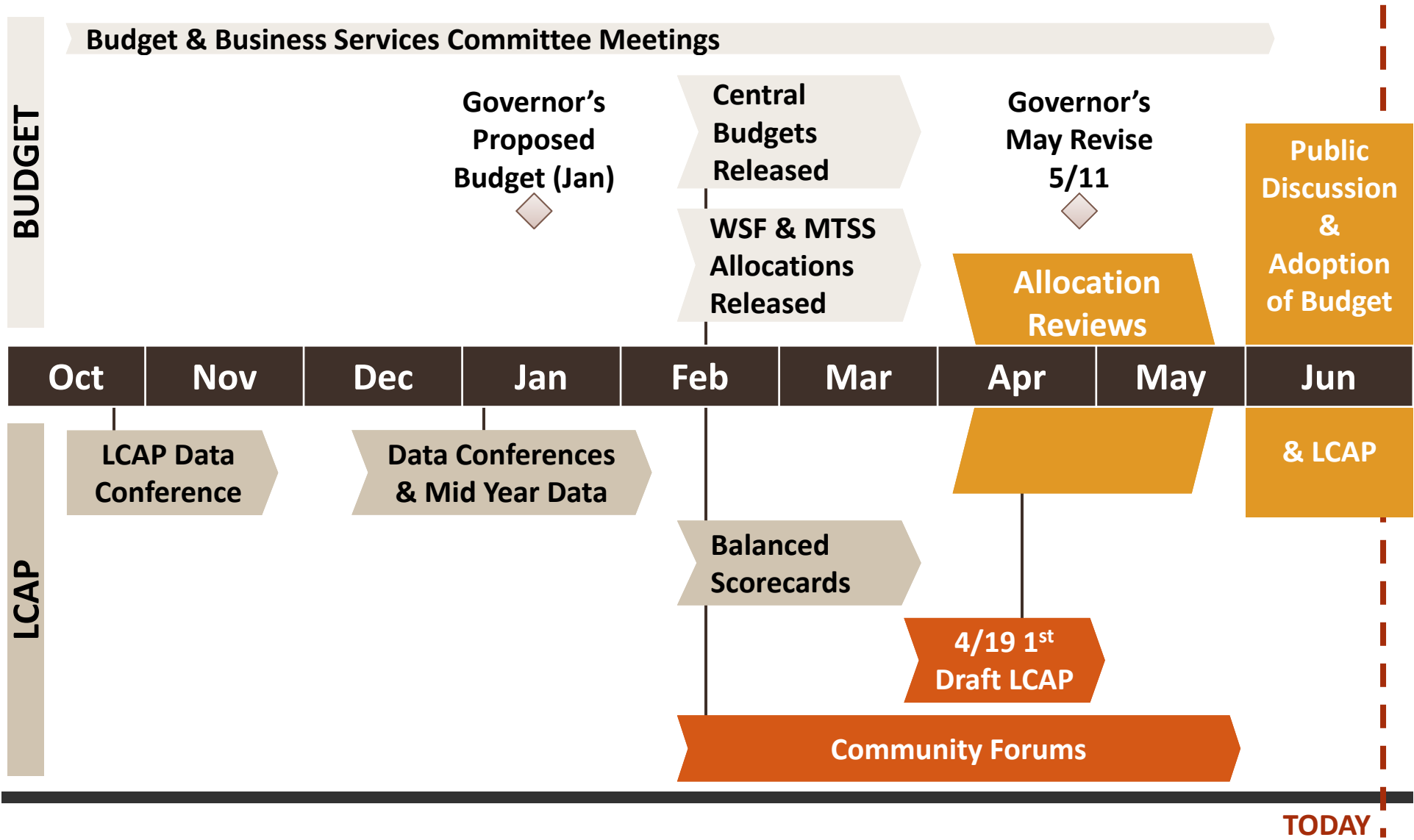
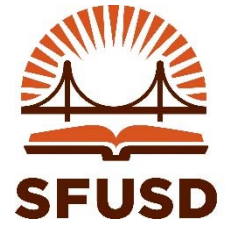
*BOARD OF EDUCATION – REGULAR MEETING
JUNE 27TH, 2017*

OBJECTIVES

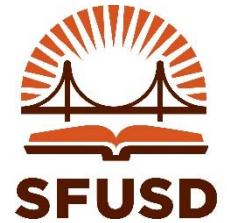


-
- Share highlights from 1st Reading and Committee of the Whole
 - Multi Year Projections (MYPs) for 2017-18 and beyond
 - Local Control & Accountability Plan (LCAP)
 - Share responses to questions gathered from June 20th
 - Discuss next steps

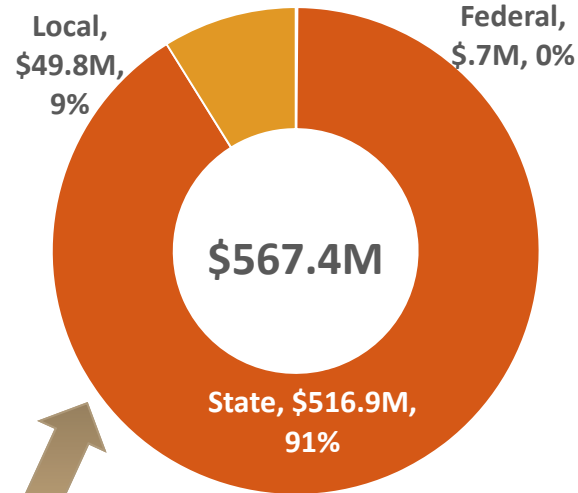
The recommended budget & LCAP is a culmination of planning efforts throughout this past year



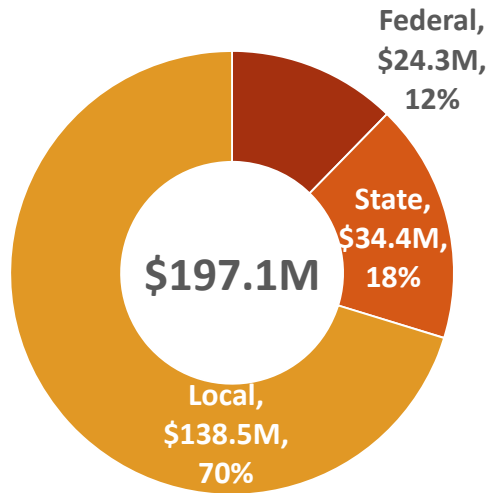
SFUSD 2017-18 revenues are projected at \$843 million, excluding capital projects



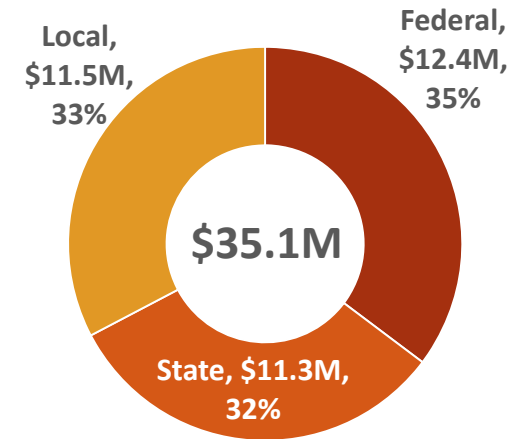
**UNRESTRICTED
GENERAL FUND (01)**



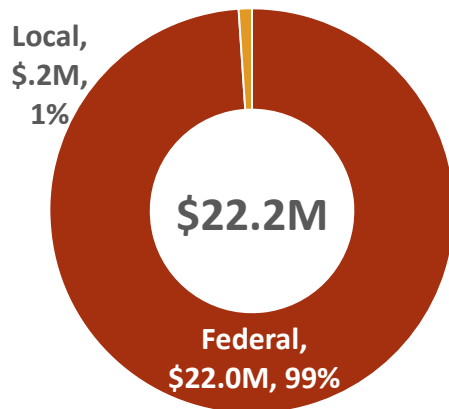
**RESTRICTED
GENERAL FUND (01)**



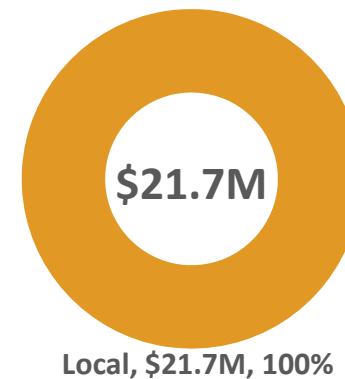
**EARLY EDUCATION
DEVELOPMENT FUND (12)**



CAFETERIA FUND (13)



SELF INSURANCE FUND (67)



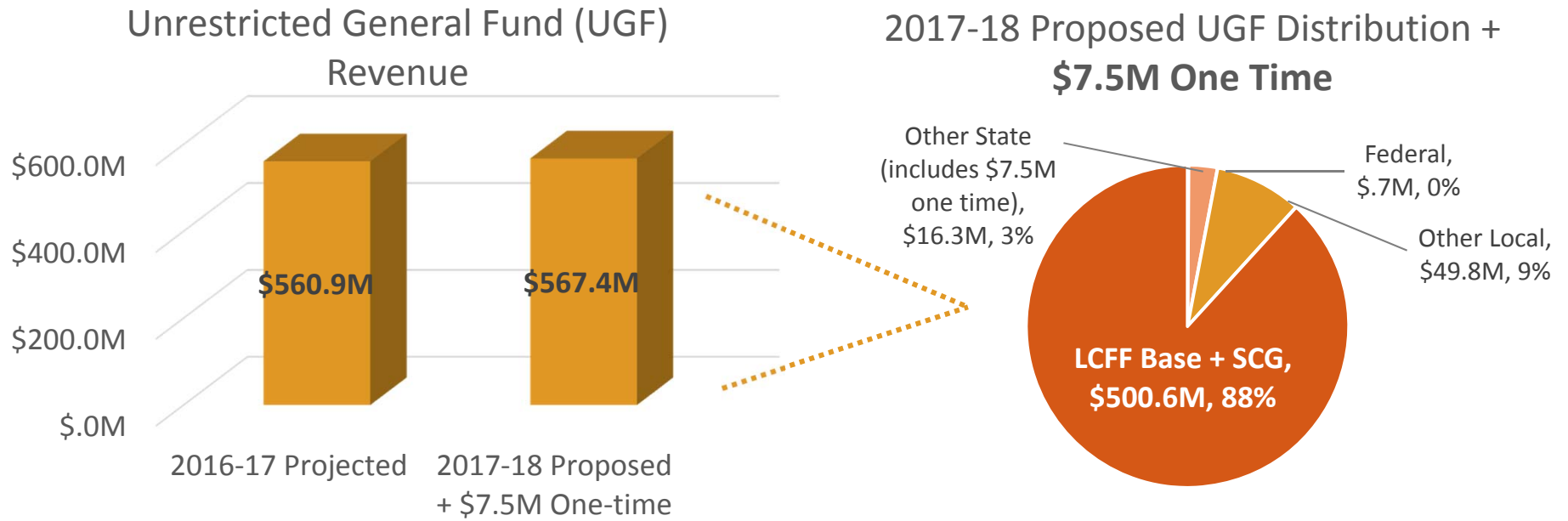
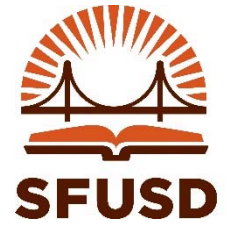
DEBT SERVICE FUND (40)



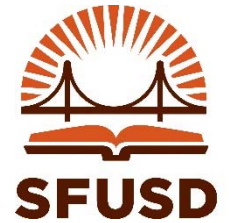
- Legend**
- Local
 - State
 - Federal

Source: 2nd Reading, Volume II, Exhibit 9, pg 87

Almost 90 percent of UGF revenues come from the State Local Control Funding Formula (LCFF)

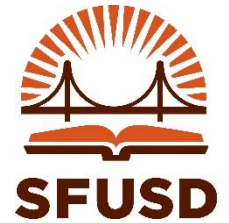


- *LCFF = Local Control Funding Formula*
- *SCG = Supplemental & Concentration Grants*
- *Other State = One-time, Lottery, Mandate Block Grant*
- *Other Local = Sales tax, Leases, Interest, Charter admin fees*



Uncertainties in revenues (federal and state) may result in further reductions in future years

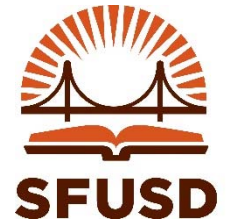
- Potential federal budget reductions may impact revenues in 2018-19, resulting in estimated cuts of up to +\$11M
- Potential federal Medi-caid reductions may impact State Medi-CAL, which could impact positions in Special Education and SFCSD
- Lower revenues from capital gains tax will reduce total state revenues which could potentially cause the state to suspend full funding of the Proposition 98 minimum guarantee to K-12 education, resulting in the creation of a maintenance factor and potentially lower revenues
- Any significant changes in the state and federal budget will be reflected in 1st Interim in December



The June Amendment for PEEF allows us to increase and restore supports

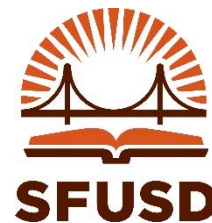
- The Public Education Enrichment Fund (PEEF) 2017-18 Expenditure Plan was approved April 1, 2017
- Since then, PEEF saw an increase in revenue of \$1.0M
 - \$505K (50 percent) is allocated to Sports, Libraries, Arts, Music (SLAM)
 - These allow programs to increase personnel and non personnel expenditures to support school sites
 - \$505K (50 percent) is allocated to Other General Uses (OGU)
 - This allows us to restore some of the centrally-funded allocations that sites receive via the Multi Tiered System of Supports (MTSS)

Current MYPs show an improvement compared to 1st Reading due to additional one-time funding



UPDATED (6/27/17)		Unrestricted General Fund (UGF) Multi Year Projections As of Gov's May Revise (June, 2017)			
Category (in Millions)	(A) FY 2016-17 Estimated Actuals	(B) FY 2017-18 Proposed Budget	(C) FY 2018-19 Projected Budget	(D) FY 2019-20 Projected Budget	
Total Revenues (mostly LCFF)	\$560.9	\$567.4	\$576.2	\$590.2	
Total Expenditures	\$562.6	\$578.2	\$588.0	\$599.1	
Net Fund Balance	(\$1.7)	(\$10.8)	(\$11.8)	(\$8.8)	
Beginning Fund Balance	\$67.9	\$66.2	\$55.4	\$43.6	
Ending Fund Balance	\$66.2	\$55.4	\$43.6	\$34.8	
Designated Fund Balance	\$23.4	\$23.7	\$23.9	\$24.2	
Undesignated Fund Balance	\$42.8	\$31.7	\$19.7	\$10.7	

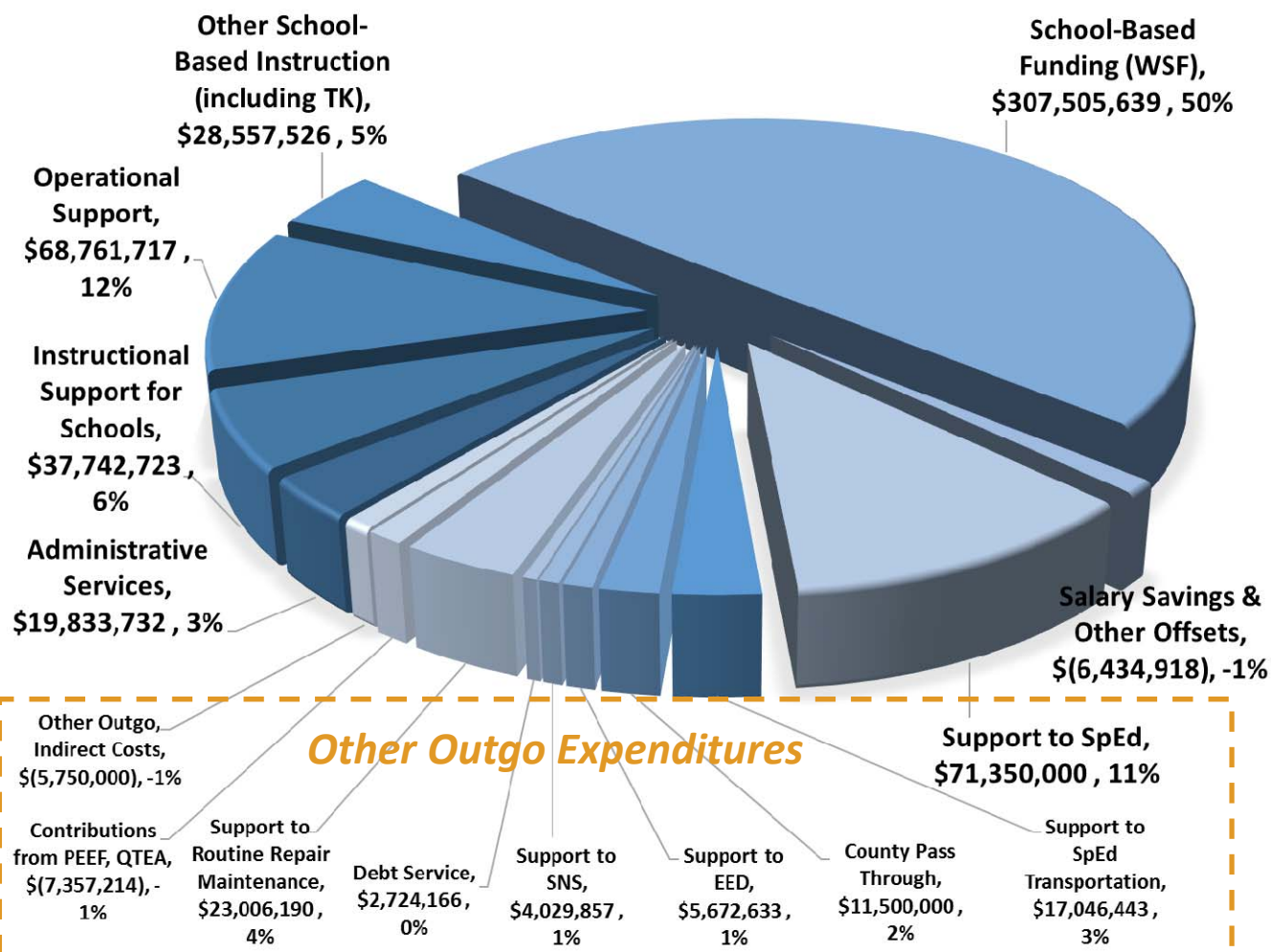
Note: Values may be impacted by rounding; MYPs updated per May Revise; additionally, these projections assume no salary increases and additional expenditure reductions would be needed to meet designated reserves.



The total aggregation of Unrestricted General Fund (UGF) expenditures amounts to \$578M

Total Unrestricted General Fund Expenditures: \$578,188,494

- Current proposed 17-18 UGF expenditures total \$578.2M
- Allocations to school sites (WSF) account for about 50% of UGF
- Central Administration accounts for about 3% of UGF



For 2017-18, site funding increased but central functions decreased expenditures

- Some School Health positions were bolstered by PEEF
- Reductions occurred across Subs & Leaves (3.0 FTE), School Health (8.9 FTE), Counseling (2.5 FTE), TK (1.0 FTE), Family Engagement (non personnel)

Other School-Based Instruction

16-17 Adopted: \$26.9M
 17-18 Base: \$30.7M
 17-18 Budget: \$28.5M
 Reduction of \$2.1M / -7%

- Utilities increased by \$400K due to rising costs
- Technology and Custodial were supported by QTEA and RRMaintenance
- Reductions occurred across Transportation (1.0 FTE), Technology (3.5 FTE), Custodial (8.1 FTE), T10s (1.0 FTE)

Operational Support

16-17 Adopted: \$70.1M
 17-18 Base: \$69.9M
 17-18 Budget: \$68.8M
 Reduction of \$1.2M / -2%

Instructional Support for Schools

16-17 Adopted: \$39.2M
 17-18 Base: \$40.7M
 17-18 Budget: \$37.7M
 Reduction of \$2.9M / -7%

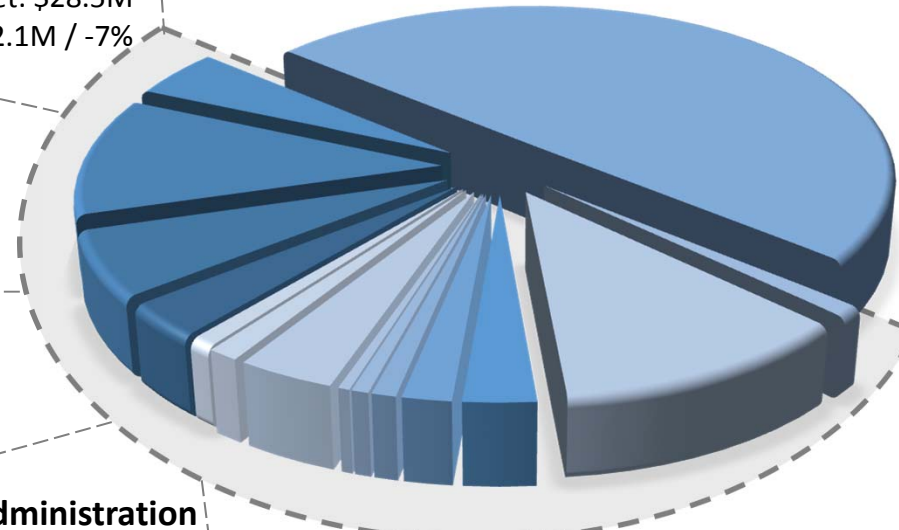
- AAALI sustained
- Reductions occurred across LEAD (12.4 FTE), IRF (1.0 FTE), MTSS (1.0 FTE), Pupil Services (1.4 FTE), EPC (1.0 FTE)

- HR increased to build capacity for certificated staffing support
- Reductions occurred across Office Superintendent, P&O, IISJ, Finance (2.25 FTE), Communications

Weighted Student Formula (WSF)

16-17 Adopted: \$293.1M // 17-18 Budget: \$307.5M

- WSF was not decreased
- WSF was **INCREASED** by +5%:
 - 3.7M for additional capacity
 - 10.7M to higher salary and benefits



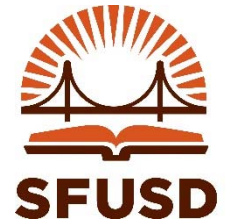
Other Outgo

- SpEd: Reduction of \$3.0M / -3%
- EED: Reduction of \$0.2M / -3%
- SNS: Increase of \$0.7M (to cover transition of temporary staff to permanent positions)

17-18 Base = Maintains the 16-17 Adopted Budget and grows salaries by step/column, agreed upon salary increases + benefits

Source: 2017-18 2nd Reading, Volume II, Exhibit 6, pg 69

SFUSD's current UESF proposal would result in a shortfall of approximately \$84M in 2019-20

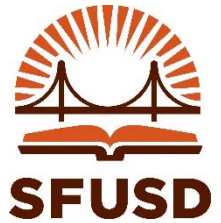


UPDATED (6/27/17)	Unrestricted General Fund (UGF) Multi Year Projections As of Gov's May Revise (June, 2017)			
	(A) FY 2016-17 Estimated Actuals	(B) FY 2017-18 Proposed Budget	(C) FY 2018-19 Projected Budget	(D) FY 2019-20 Projected Budget
Total Revenues (mostly LCFF)	\$560.9	\$567.4	\$576.2	\$590.2
Total Expenditures	\$562.6	\$578.2 + \$14.2 = \$592.4	\$588.0 + \$32.8 = \$620.8	\$599.1 + \$47.5 = \$646.4
Net Fund Balance	(\$1.7)	(\$25.0)	(\$44.6)	(\$56.2)
Beginning Fund Balance	\$67.9	\$66.2	\$41.2	(\$3.4)
Ending Fund Balance	\$66.2	\$41.2	(\$3.4)	(\$59.6)
Designated Fund Balance	\$23.4	\$23.7	\$23.9	\$24.2
Undesignated Fund Balance	\$42.8	\$17.5	(\$27.3)	(\$83.8)

TOTAL
\$94.5
Based on
a 3%, 4%,
3% District
offer

Note: Values may be impacted by rounding; MYPs updated per budget agreement June 2017; salary projections are not incorporated in the recommended budget at this time as bargaining and discussion of these items is still in progress

An estimated 7 percent reduction over the next two years is needed to afford current UESF proposal



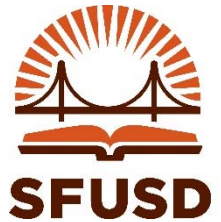
Unrestricted General Fund Multi Year Projections As of Gov's Budget Proposal (June, 2017)			
<i>%s are illustrative</i>	(C) FY 2017-18 Projected Budget	(D) FY 2018-19 Projected Budget	(E) FY 2019-20 Projected Budget
Category (in Millions)			
Offsets to fiscal impact* <i>(Retiree benefits offset, restricted program support)</i>	+\$6.5*	+\$6.5*	+\$6.5*
18-19: 4.0% reduction across UGF		+\$23.5	+\$23.5
19-20: 3.0% reduction across UGF			+\$17.9
Total 7.0% 2 YR Reductions:	\$6.5	\$30.0 (36.5)	\$47.9 (84.4)
Ending Fund Balance	\$47.7	\$33.1	\$24.9
Designated Fund Balance	\$23.7	\$23.9	\$24.2
Undesignated Fund Balance	\$24.0	\$9.2	\$0.6

**Offset figures are currently draft and need to be further refined; staff will continue to review and analyze assumptions*

Note: Values may be impacted by rounding; MYPs updated per budget agreement June 2017; projections and estimated reduction percentages may shift with any changes in revenue and expenditure assumptions, including changes to the proposed compensation package with bargaining units

Long-Term Planning and Context Beyond 2016-17

(June 28, 2016 Budget 2nd Reading)

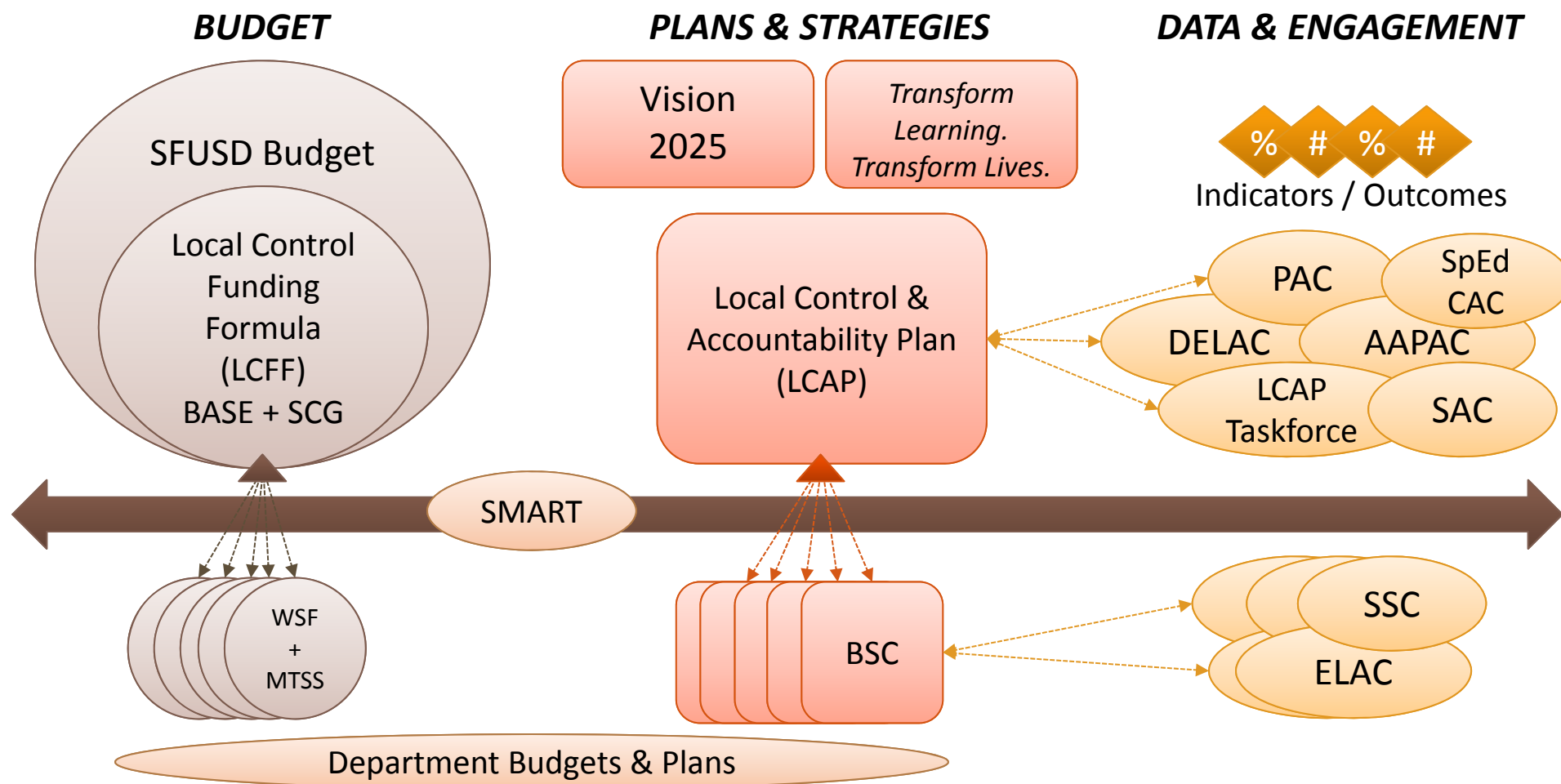


- Unless the fiscal forecast improves, we will return to structural deficits and budget shortfalls by FY 2018-19
 - Slow revenue growth is not expected to keep pace with projected expenditure increases
 - Investments in compensation for teachers and other employees and other strategic priorities are needed but will intensify our budget challenges
- We will have to take steps to balance budgets and/or repurpose our resources, such as:
 - *Scale back existing programs, especially those showing questionable impact*
 - *Hold off on implementing new programs*
 - *Reduce positions*
 - *Consolidate portfolio of schools*
 - *Seek additional voter-approved funding*
- In the meantime, the recommended budget includes modest investments in several strategic priorities
- In some cases, the Superintendent recommends taking measured steps to explore or implement a policy objective prior to full and immediate implementation. This reflects:
 - The need to balance limited resources across many competing priorities
 - A desire to learn and adapt along the way



A variety of processes informed the expenditure allocations, including the WSF, MTSS, BSCs and LCAP

SFUSD



WSF = Weighted Student Formula – see Exhibit 8, Volume II, pg 77

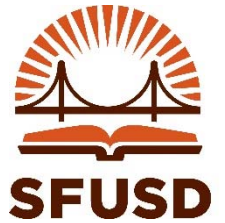
MTSS = Multi-Tiered System of Supports – see Exhibit 8A, Volume II, pg 81

BSC = Balanced Score Card
SSC = School Site Council

PAC = Parent Advisory Council
DELAC = District English Language Council

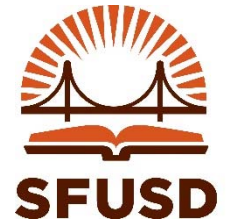
SAC = Student Advisory Council
ELAC = English Language Council (school)

LCAP feedback has been incorporated and we have responded to the Board's questions



- LCAP Stakeholder recommendations and questions were received on May 23rd
 - Staff responses were provided in 1st Reading
- SAC shared recommendations with staff prior to today
 - Staff responses are included (e.g., expansion of student voice, bilingual site staff, 7-period day, arts programming)
- Board shared questions at 1st Reading & Committee of the Whole
 - Staff responses were provided (e.g., clarification on reductions, planning for salary increases, contribution budgets, tips on Tableau, charters, federal budget impact)

Acknowledgements



LEADS

Budget Services

Thu Cung
Courtney Graham
Jennifer Schuster

Business Services

Reeta Madhavan

Department of Technology

Court Jackson
Shannon Lee
Eddie Ngo
Jason Wong

Office of Family Empowerment

Ruth Grabowski

Policy & Operations

Myong Leigh

Superintendent's Office

Jill Hoogendyk

Court Alternative Schools

Alysse Castro

Translation & Interpretation Unit

Lehmann Sio & Team

REVIEW TEAM

Budget Services

Joel Aguilar
Courtney Graham
Kelly Huang
Jackelyn Koo
Cora Marcelo
Jennifer Schuster
Jason Wong
Teresa Wong
Ann Yau

SMART

(Strategic Management & Allocation of Resources Team)
Elizabeth Blanco
Thu Cung
Don Daves-Rogeaux
Melissa Dodd
Guadalupe Guerrero
Jill Hoogendyk
Ritu Khanna
Myong Leigh
Reeta Madhavan
Daniel Menezes
Orla O'Keeffe
Carmelo Sgarlato
Brent Stephens
Kevin Truitt
Meenoo Yashar

ADVISORY COUNCILS

District English Learner Advisory Council (DELAC)

Danielle Uttley

LCAP Task Force

Parent Advisory Council (PAC)

Georgia Williams-Bratt

Student Advisory Council (SAC)

Salvador Lopez-Barreras
Cyrus Quan

Next Steps

- June 30th – State Budget Adopted
- October 15th – Unaudited Actuals Submitted
- December 15th – 1st Interim Submitted

2nd Reading materials are accessible on the public web site:

<http://www.sfusd.edu/en/about-sfusd/budget/overview.html>



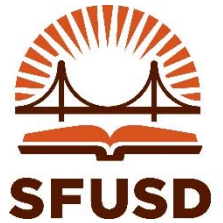
The screenshot shows a budget comparison table with columns for '2017-18 Adopted Budget & 2017-18 2nd Reading Budget Comparison'. The table lists various budget items and their corresponding amounts for different fiscal years.

Account Code	2017-18 Adopted Budget	2017-18 2nd Reading Budget
0000	1,000,000	1,000,000
0001	500,000	500,000
0002	500,000	500,000
0003	1,000,000	1,000,000
0004	500,000	500,000
0005	500,000	500,000
0006	1,000,000	1,000,000
0007	500,000	500,000
0008	500,000	500,000
0009	1,000,000	1,000,000
0010	500,000	500,000
0011	500,000	500,000
0012	1,000,000	1,000,000
0013	500,000	500,000
0014	500,000	500,000
0015	1,000,000	1,000,000
0016	500,000	500,000
0017	500,000	500,000
0018	1,000,000	1,000,000
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0024	1,000,000	1,000,000
0025	500,000	500,000
0026	500,000	500,000
0027	1,000,000	1,000,000
0028	500,000	500,000
0029	500,000	500,000
0030	1,000,000	1,000,000

Two-Year Department budgets are now interactive and also accessible via the link above

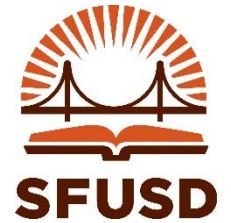
APPENDIX

The 2017-18 budget agreement proposes slightly lower gap funding, confirms one-time funding

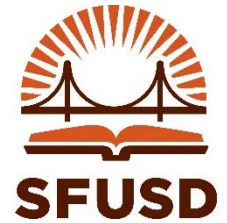


- State revenue forecast increased by \$1.1 billion compared to January proposal
 - COLA is up at 1.56% compared to the 1.48% in January; this positively impacts LCFF base and programs including Special Education, Child Nutrition, Foster Youth, American Indian Education
 - LCFF funding will reach 97% of target entitlement
 - **Budget agreement shows a slight reduction in Gap Funding (from 43.69% to 43%)**
- One-time discretionary revenue is increased from \$48 per ADA to \$147 per ADA
 - **Budget agreement confirms one-time discretionary funding for 2017-18**
- Both LCFF-funded ADA and the 2016-17 certified CALPADS submission indicate declines in attendance and the Unduplicated Pupil Percentage (UPP)
 - LCFF-funded ADA has declined by more than 400; CALPADS indicates a reduction of about 2.0% in the UPP, from 63.7% in 2015-16 to 61.6% in 2016-17 and is projected at 62.7% in 2017-18
 - **For ADA, we adopted online attendance taking in the past few years which may result in improved accuracy of data**
 - **For CALPADS, SNS will work closely with sites to capture meal applications; at the same time we are reviewing demographic data to see if changes reflect changing city demographics**

The majority of UGF expenditures are described across the three LCAP Goals



GOAL 1: ACHIEVEMENT



What did data tell us?

- Graduation rate
- English proficiency rate
- Baseline SBAC data showed gaps in achievement among focal students

What did stakeholder feedback tell us?

- Provide adequate curriculum and appropriate materials for teachers to support English Language Development for all English Learners
- Provide consistent training and coaching for site staff regarding differentiation of instruction

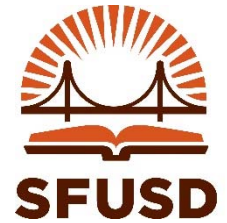
What was sustained and prioritized?

- Action 1.01: Early education curriculum
 - Early Education Division + Departments
- Action 1.02: Core curriculum
 - C&I Departments (055 Humanities, 190 STEM)
- Action 1.06: College & Career readiness
 - 151 College & Career Readiness
- Action 1.09, 1.11, 1.12: Academic supports for African American students, English Language Learners, Foster Youth
 - 023 AAALI, 054 Multilingual Pathways, 152 Foster Youth

What tradeoffs were made?

- EED reduced vacant coaching position
- C&I transferred TSA positions to new work
- SpEd reduced vacant positions (site + central)

GOAL 2: ACCESS & EQUITY



What did data tell us?

- Suspension rates remain low
- Expulsion rates remain low
- No longer Sig-Dispro for Emotional Dist.
- Chronic absenteeism is higher among focal students
- SEL measures show gaps among focal students

What did stakeholder feedback tell us?

- Provide consistent training and coaching for site staff regarding:
 - Inclusive practices
 - Cultural competence & implicit bias
 - Safe & Supportive Schools implementation

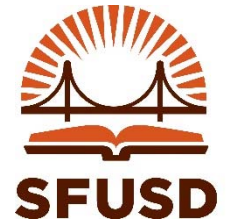
What was sustained and prioritized?

- Action 2.01: Attendance, suspension monitoring and interventions
 - SFCSD (150 Pupil Services)
- Action 2.02: Restorative Practices, PBIS, Safety Care
 - SFCSD (150 Pupil Services)
- Action 2.03: MTSS SEL Supports
 - SFCSD (152 School Health, 153 Family Empowerment, 154 Counseling & Post Secondary)
- Action 2.04, 2.06, 2.07: SEL supports for African American students, English Language Learners, Foster Youth
 - 023 AAALI, 054 Multilingual Pathways, 152 Foster Youth
- Action 2.08, 2.09, 2.10: Sustained resource management (facilities, transportation, SNS)

What tradeoffs were made?

- SFCSD/MTSS reduced counseling positions (Tier I and 2 middle schools only)
- Change in allocation formula for SpEd staff

GOAL 3: ACCOUNTABILITY



What did data tell us?

- Good repair maintained at 98.9%
- Retention at 89.1%
- Staff positive response rate 75%
- Family positive response rate 92.5%
- 70% survey completion rate (35.5% of sites)
Note: National average is lower than 35%

What did stakeholder feedback tell us?

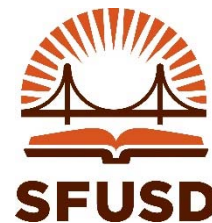
- Increase student access to devices and develop skills necessary to utilize devices
- Provide tools and build capacity to improve two-way communications with families
- (SAC) Expansion of student voice opportunities
- (SAC) Encouraged recruitment/retention of diverse staff; encouraged bilingual site staff

What was sustained and prioritized?

- Action 3.01, 3.08: Family communications + translation
 - SFUSD (153 Family Empowerment, 179 Translation, 035 SAC)
- Action 3.02: Build staff capacity for engagement
 - SFUSD (153 Family Empowerment, 035 SAC)
- Action 3.03, 3.04: Build structures, enrollment support, & systems
 - SFUSD (153 Family Empowerment), P&O (171 EPC, 220 Technology)
- Action 3.05, 3.06, 3.08: Supplemental & concentration grant supports
 - 153 Family Empowerment, 023 AAALI, 054 Multilingual Pathways, 152 Foster Youth
- Action 3.09, 3.10, 3.11: Incorporated HR, technology and core operations investments
 - Prioritized certificated staffing supports

What tradeoffs were made?

- HR, Technology, Business Services reduced positions
- Legal reduced contract budget
- Family Empowerment reduced contract costs



Current MYPs do not include additional salary increases that have not been agreed upon

- Salary projections include an average 1% step and column increase and known increases for CALSTRS (1.85% annually)
- Given that we are still negotiating, compensation packages have not been finalized and are therefore not included in the proposed budget and MYPs
- We are running projections regarding proposed compensation proposals
- The cost of one percent for bargaining units is as follows:
 - \$4.2M for UESF
 - \$1.7M for all other units

About 50% of the UGF funds the Weighted Student Formula (WSF)



- The WSF increased by \$3.7M, including increasing Supplemental & Concentration Grants
 - While other areas of the UGF incorporated a 3% reduction, this did not apply to WSF
- The \$3.7M also included additional funds that focused on maintaining level funding for Bayview and Tier III schools (“hold harmless”)
 - \$2.4M into WSF
 - \$0.7M into SCG Concentration
 - \$0.4M into SCG English Learners
 - \$0.2M into *Hold Harmless*
- These increases were made in light of central supports reducing – schools could decide what supplemental resources to invest in



About 20% of the UGF supports Special Education, Early Education and Nutrition



- These contributions did face a reduction; however each have addressed reductions accordingly



Special Education implemented a revised staffing allocation model

- Ratios are still within SpEd staffing requirements
- Where there were vacancies in the past, there will likely be fewer; no jobs were lost

- For Early Education, these reductions have resulted in the reduction of vacant coaching positions

- EED is maximizing restricted funding to sustain coaching supports that have been helpful in making gains in K-readiness



EED continues to shift and invest funding for African American PK and TK students

- For SNS, continued expansion of meal programs results in increased revenues

- SNS is also undergoing a shift in staffing – moving temporary employees to permanent



SNS is supporting higher return rates of meal applications to ensure we are capturing additional SCG to serve our most vulnerable students

About 10% of the UGF funds Instructional, Other School-Based & TK Supports



- These programs faced a reduction; each have made tradeoffs to sustain supports to focal students

Instructional Supports



Teaching & Learning:

- C&I (Multilingual Pathways, Professional Learning & Leadership, STEM, Humanities, Ethnic Studies)
- MTSS (Assistant Principals, Literacy Coaches, Instructional Reform Facilitators)
- LEAD + Chief of Schools
- African American Achievement & Leadership Initiative (AAALI)
- Access & Equity
- Data Support / Research, Planning & Assessments



Family Empowerment:

- Translation

Other School Based Supports (includes TK)

- Transitional Kindergarten



Teaching & Learning:

- Textbooks
- Athletics
- Summer School
- College & Career Readiness



Safe & Supportive Schools:

- MTSS (Nurses, Social Workers, Counselors)
- Section 504



Family Empowerment:

- MTSS (Family Liaisons)



Talent & Culture:

- Benefits, Subs, Leaves (including Sabbaticals)

More than 10% of the UGF provides Operational Support



- Security:



T10 allocations to Tier III sites remain largely unchanged

- Transportation:

- Bell schedules are being reviewed
- Special Education Transportation protocols are in place and actively monitored

- Facilities:

- Custodial supports are sustained
- Utilities are estimated to increase

- Technology:

- Efficiencies and savings achieved to fund critical programs

- Payroll, Purchasing, Contracts:

- Supports are sustained by reducing administration in other Business Services areas

- HR (Union Leaves + Talent Management)



Supports sustained by reducing administration and increasing current staff roles / responsibilities

About 3% of the UGF fund central administration



- These include the Offices of the Board of Education; Superintendent; Instruction, Innovation & Social Justice (IISJ); Policy & Operations (P&O)



Central Administration functions have made reductions while continuing to prioritize services to focal schools and students:

- Communications: Supports a marketing specialist for under-enrolled schools
- Business Services: Reduced staff; concentrating supports to Tier 3 schools



Human Resources: Maintaining talent acquisition staff

Legal & Labor Services: Reducing litigation budget

- Fund Development: Reducing contract budget

Beginning 2017-18, some level of tradeoffs are required to cover proposed expenditures

Reduce or re-assign central office staff to fill teacher positions in schools

- **Staff reductions** are proposed across central office – this will impact service delivery (Technology, Business Services, PD)

Scale back existing programs

- Changes to **contributions** to Special Education (71M), Transportation (17M), Early Education (5M), Student Nutrition* (4M)
 - Includes changes to the SpEd Staffing Allocation Model
 - Not mandated to designate 15% for 17-18
- Consider **expiring grants** – at this point we cannot backfill onto UGF:
 - CTE Incentive Grant expires in 18-19
 - Bechtel Grant (STEM) expires 18-19

Examine school portfolio

- *Consider consolidating our portfolio of schools**

Identify ways to use existing resources more efficiently

- **Changing PD delivery** – *more web-based*
- **Changing delivery of assessments**
- Reducing **consultant spend** (e.g., SpEd Non-Public Schools, Legal litigation)

Hold off on implementing new programs

- Limited implementation of mandated new curriculum (e.g., Science, Social Studies)
- Expansion of language pathways*

Seek additional voter-approved funding

- Annual PEEF Plan – *maximize fund balance*
- Expansion of QTEA – *maximize fund balance*

* Costs related to Board Policy