

SAN FRANCISCO  
UNIFIED SCHOOL  
DISTRICT  
FY 2014-15 BUDGET  
DEVELOPMENT

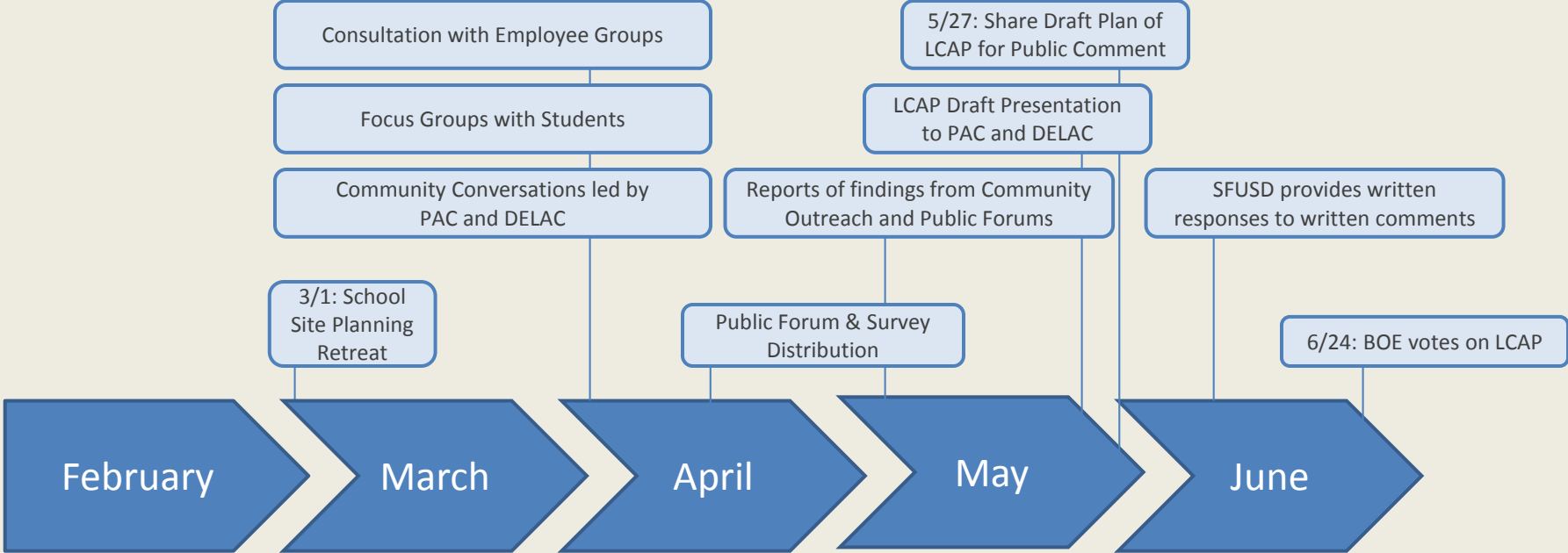
Committee of  
the Whole  
Meeting

June 3, 2014

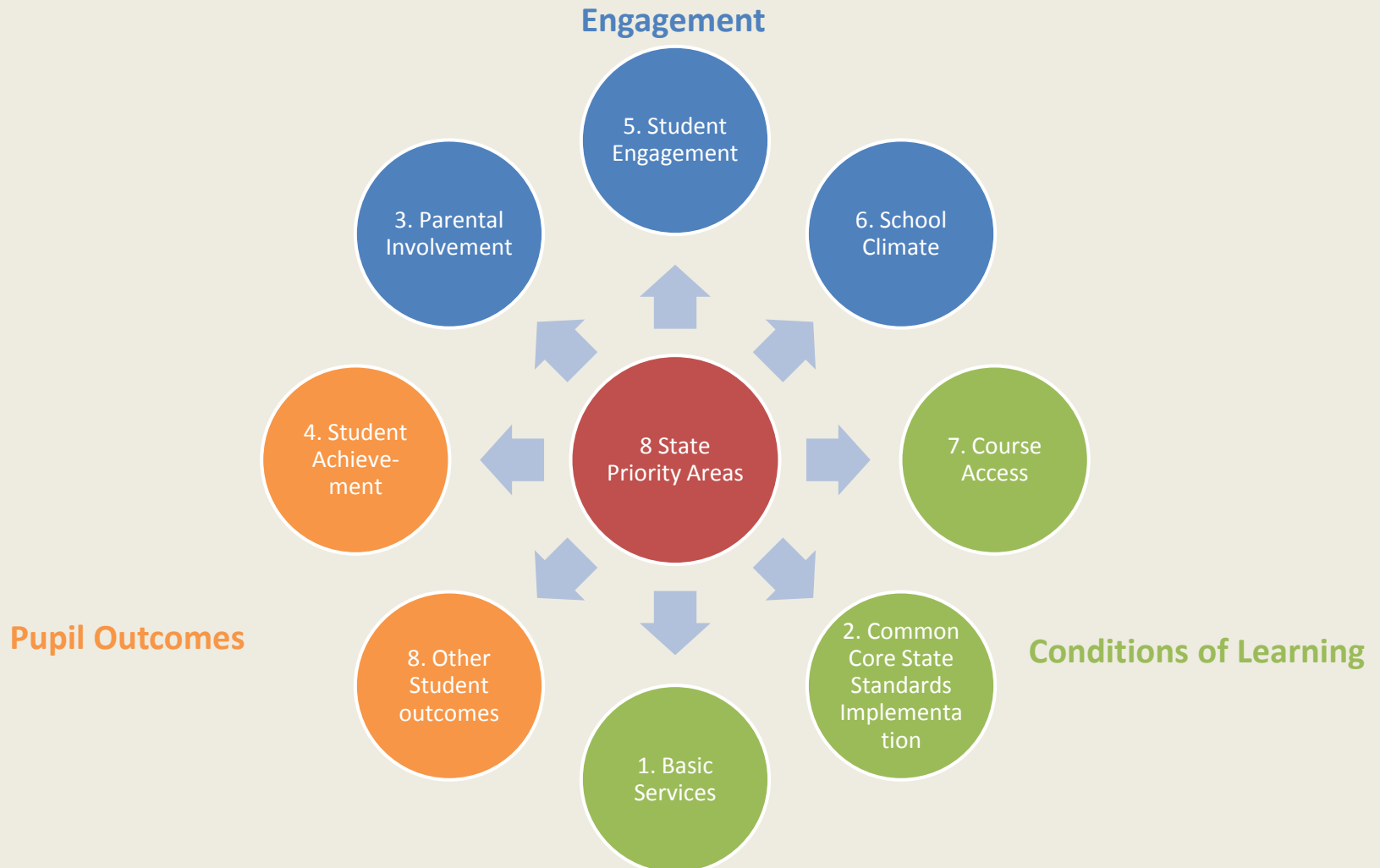
# OBJECTIVES

- Discuss LCAP
- Summarize Governor's May Revision
- Provide Update on FY 2014-15 Budget Development

# SFUSD LCAP DEVELOPMENT TIMELINE



# THE EIGHT STATE PRIORITY AREAS



# THE THREE LCAP ELEMENTS

## STAKEHOLDER ENGAGEMENT

(SECTION 1 OF LCAP TEMPLATE)

## GOALS AND PROGRESS INDICATORS

(SECTION 2 OF LCAP TEMPLATE)

## ACTIONS, SERVICES, AND EXPENDITURES

(SECTION 3 OF LCAP TEMPLATE)

# COMMUNITY ENGAGEMENT (SECTION 1)

- Community Engagement process has been robust, as described in Section 1 and in presentations and supporting documents shared by PAC and DELAC
- Much of the feedback provided to date has been incorporated into Section 3 of the LCAP and this will continue
- Staff will meet with parent/community organizations to address feedback and engage further, in addition to informing LCAP itself

# GOALS AND PROGRESS INDICATORS (SECTION 2)

- Staff intentionally drafted this section to align to Superintendent's evaluation
- Future changes made to Superintendent's evaluation will be reflected in annual updates to LCAP
  - For example, as new Smarter Balanced assessments are implemented, baseline data and targets will be incorporated

# ACTIONS, SERVICES AND EXPENDITURES (SECTION 3)

- This section is meant to summarize “groups of activities”
- Draft of this section is primarily based on the Six Strategies for Success outlined in Impact Learning. Impact Lives.
- The LCAP is not meant to be an implementation plan but rather a high level overview; it can also provide a point of entry into deeper exploration of detailed activities and work plans



# HIGHLIGHTS OF THE GOVERNOR'S MAY REVISION

- Establishment of a state Rainy Day Fund – contributions do not affect Proposition 98 funding
- No additional funding included to close the LCFF gap – funding remains at \$4.5 billion, projecting growth of 28% for closing the gap toward target entitlements – unchanged from the January proposal
- No additional funding for Common Core
- Requires districts to increase contribution to CALSTRS beginning in 2014-15 to address the \$74 billion projected shortfall
  - Employers' contribution rate will increase starting in 2014-15, moving from 8.25% to 9.5%, and annually thereafter to 19.1% over a 7-year phase-in period
  - Legislature's proposal includes a more graduated increase in the first three years, still reaching the 19.1% level in 7 years

# PROPOSED CALSTRS FINANCIAL IMPACT

Year	May Revision Proposal			Legislature's Proposal		
	Employer Contribution Rate	Increase Over Current Rate	Amount of Increase	Employer Contribution Rate	Increase Over Current Rate	Amount of Increase
FY 14-15	9.50%	1.25%	\$ 3,048,629	8.88%	0.63%	\$ 1,536,509
FY 15-16	11.10%	2.85%	\$ 7,020,383	9.81%	1.56%	\$ 3,842,736
FY 16-17	12.70%	4.45%	\$ 11,071,267	11.81%	3.56%	\$ 8,857,014
FY 17-18	14.30%	6.05%	\$ 15,202,467	14.25%	6.00%	\$ 15,076,826
FY 18-19	15.90%	7.65%	\$ 19,415,183	17.75%	9.50%	\$ 24,110,358
FY 19-20	17.50%	9.25%	\$ 23,710,634	18.75%	10.50%	\$ 26,914,774
FY 20-21	19.10%	10.85%	\$ 28,090,052	19.10%	10.85%	\$ 28,090,052

# FY 2014-15 PROPOSED BUDGET UNRESTRICTED GENERAL FUND SUMMARY

- The projected ending balance meets SFUSD's required 2% reserve for economic uncertainties plus other mandatory reserves
- SFUSD must maintain required reserves or face a variety of escalating consequences
- In order to receive a positive certification from the state, districts need to show they can meet all financial obligations for the budget year as well as the following two fiscal years (through FY 2016-17)
- The FY 2014-15 proposed budget and multi-year projections include an estimated amount anticipated for negotiated settlements for all bargaining units

# UNRESTRICTED GENERAL FUND BUDGET - FY 2013-14 ESTIMATED ACTUALS AND FY 2014-15 PROPOSED BUDGET (\$ MILLIONS)

	FY 13-14 Estimated Actuals	FY 14-15 Proposed Budget	Variance
Beginning Balance	\$36.073	\$24.635	(\$11.44)
Revenues	\$429.912	\$470.034	\$40.12
Expenditures	\$441.350	\$478.730	\$37.38
Revs. Less Expenses	(\$11.438)	(\$8.697)	\$2.74
Ending Balance	\$24.635	\$15.939	(\$8.70)
Designated Balance	\$15.973	\$15.898	\$0.075
Undesignated Balance	\$8.662	\$0.041	(\$8.62)

# FY 2014-15 PROPOSED BUDGET REVENUE HIGHLIGHTS

- LCFF revenue is based on the growth factors projected by the Department of Finance.
  - LCFF revenue is projected to increase by \$38.4 MM, representing a growth funding rate of 28.05% for closing the gap toward target funding
  - Multi-year projections are now based on DOF estimates
- Lease and rental income is projected to increase by \$1MM reflecting higher revenue from 1235 Mission Street
- Sales Tax is projected to increase by about \$1.5 million or 5% in keeping with the City's projections for sales tax revenue growth
- All Other Local Revenue is projected to increase by \$515K due to a one-time settlement payout from PARS
- Note: Rainy Day Reserve appears to be increasing, which will provide some security in the future, especially if DOF projections do not materialize

# FY 2014-15 PROPOSED BUDGET EXPENDITURE HIGHLIGHTS

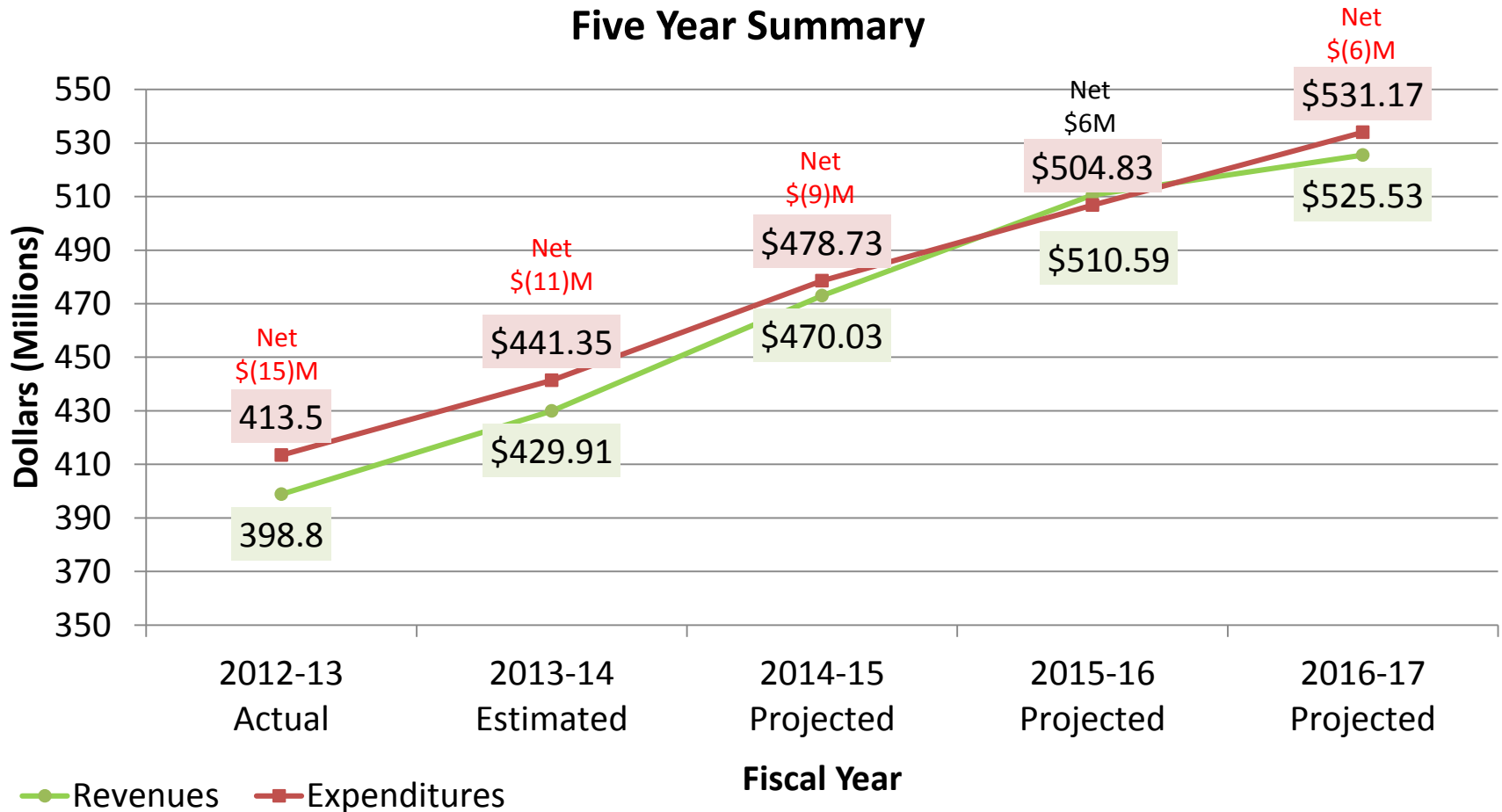
- Increases in FY 2014-15 expenditure budget include:
  - Increased allocations to school sites (\$4.6 MM)
  - Increase in the number of transitional kindergarten classrooms (\$1.6 MM)
  - Investments in centrally budgeted supports to sites (\$4.9 MM)
  - Increase in total projected payroll due to step and column increases, higher classified retirement benefits costs, and elimination of support from QTEA for professional development days (\$9.0 MM)
  - Increased employer contribution for STRS based on the Governor's proposal (\$3.0 MM)
  - Salary and related benefits increases for negotiated settlements (\$10.0 MM)
  - Support to Special Education (\$4.1 MM)

# MULTI YEAR PROJECTIONS – UNRESTRICTED GENERAL FUNDS

(\$MM)	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Beginning Balance	\$36.073	\$24.635	\$15.939	\$21.700
Revenues	\$429.912	\$470.034	\$510.589	\$525.530
Expenditures	\$441.350	\$478.730	\$504.828	\$531.175
Revs. Less Expenses	(\$11.438)	(\$8.697)	\$5.762	(\$5.645)
Ending Balance	\$24.635	\$15.939	\$21.700	\$16.056
Designated Balance	\$15.973	\$15.898	\$15.799	\$15.926
Undesignated Balance	\$8.662	\$0.041	\$5.901	\$0.130

**(Based on Governor's May Revise and Department of Finance Revenue Projections)**

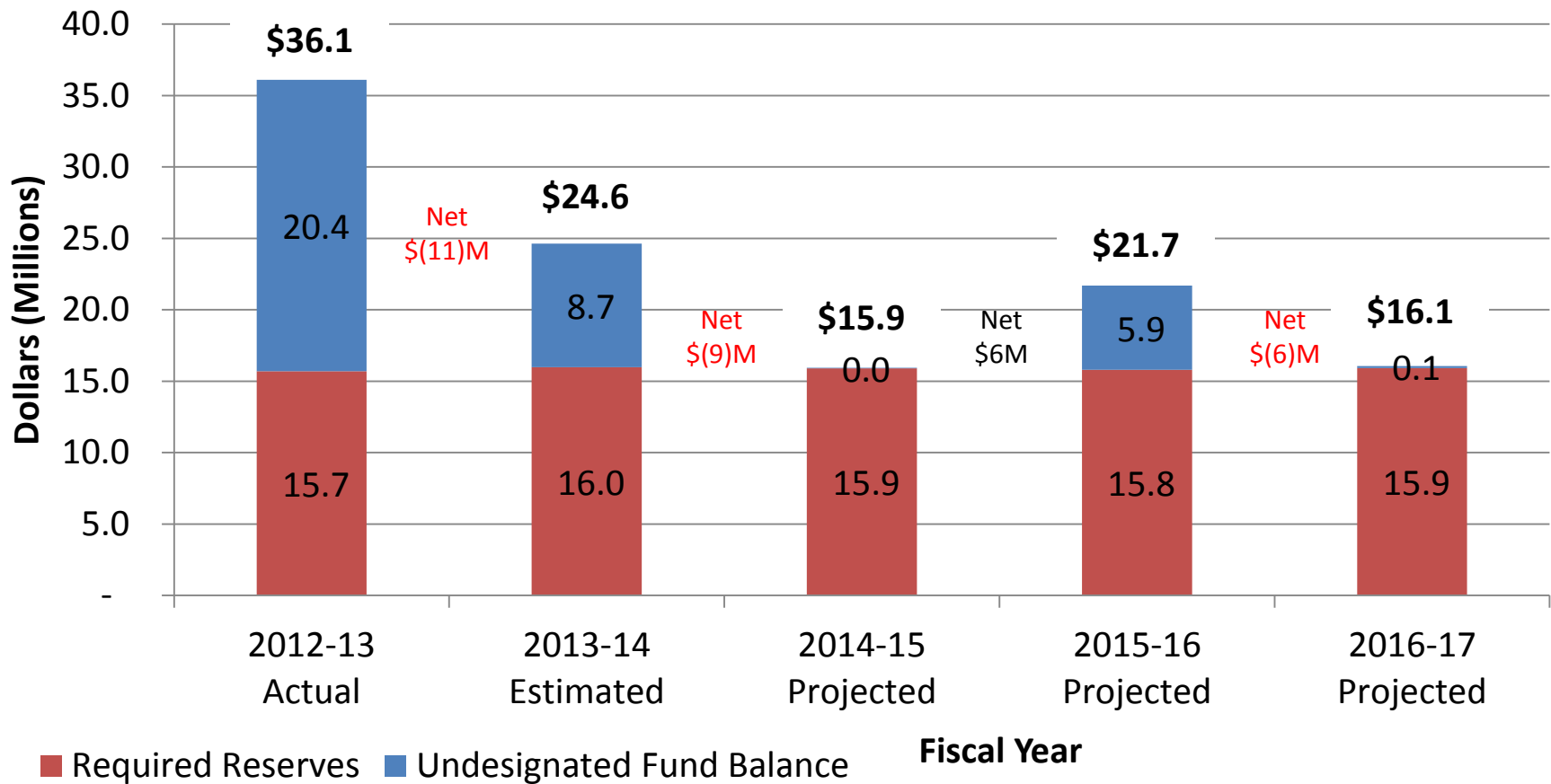
# UNRESTRICTED SFUSD REVENUE AND EXPENDITURE LEVELS





# UNRESTRICTED GENERAL FUND ENDING FUND BALANCE

## Five Year Summary



# SPECIAL EDUCATION

- The UGF contribution for Special Education and Special Education transportation is increasing
- Factors include
  - Revenues are increasing slightly due to COLA on state funding
  - Personnel costs continue to increase (step and column, benefits)
  - 15% of federal IDEA funds must be spent on Coordinated Early Intervention Services (CEIS) due to significant disproportionality
  - Expanded professional development (Inclusive Practices, Response to Intervention)
  - Additional staff investments focusing on data analysis, behavioral interventions
  - Increase in the number of buses to address the realignment of special education services around inclusion and LRE, and an increase in the number of student assignments to out-of-district NPSs.

# AREAS OF FOCUS IN LEGISLATURE

- The State Senate and Assembly have taken up education budget issues in their respective houses
- Discussion is now taking place in a Conference Committee, which will reconcile differences between the Assembly's spending plan and the Senate's and also work with the Administration
- The Legislature's constitutional deadline to pass a budget is June 15<sup>th</sup>
- Major topics include:
  - Revenue assumptions
  - LCFF funding
  - Common Core funding
  - Mandate reimbursement backlog
  - Cal-STRS
  - Child care and Pre-school funding
  - Regional Occupational Centers funding

# NEXT STEPS\*

- First reading of LCAP and Budget – June 10<sup>th</sup>
- Committee of the Whole – June 17<sup>th</sup>
- Second reading of LCAP and Budget – June 24<sup>th</sup>
- Governor signs / state adopts budget – Date TBD
- SFUSD staff analyzes final state budget – Summer
  - Determine variances from current assumptions
  - Analyze impact on school site budgets
  - Recommend appropriate adjustments to adopted budget
- School sites revise final budgets – Sept. / October
- Close books for FY 2013-14
  - Unaudited Actuals – October
  - Audited Financial Statements – December
- First Interim Report for FY 2014-15 – December

*\*Some dates are subject to change pending new information*