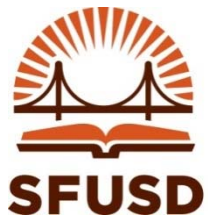


PREVIEW OF SUPERINTENDENT'S RECOMMENDED BUDGET AND LCAP FOR FY 2015-2016

Board of Education
Committee Of the Whole
June 2, 2015



San Francisco Public Schools

Presentation Overview

- Highlights of the Governor's May Revision
- Summary and preview of Superintendent's Recommended Budget for 2015-16
- LCAP progress report
- Next steps
- Questions and discussion

Governor's May Revision Budget

- May Revision to the January 2015-16 budget proposal released on May 14, 2015
- Significant increase of \$6.7 billion to state general fund revenues over January estimates
- K-14 schools will receive the lion's share of the new revenue – over \$6 billion in increased Proposition 98 funding
- Governor's budget estimates 2015-16 Proposition 98 spending to be at \$68.4 billion
- Prop 98 maintenance factor is reduced to \$772 million by the end of 2015-16
 - Once maintenance factor is paid, proportionate share of GF revenue growth for K-14 education expected to shrink to around 40% and non-Prop 98 side expected to grow

Governor's May Revision Budget (cont.)

- \$2.4 billion of the increase is additional ongoing funding
 - \$2.1 billion for increase to LCFF funding
 - LCFF funding significantly increased to \$6.1 billion
 - Gap closing factor grows from 32.2% to 53.1% for FY15-16
- LAO estimates higher general fund revenues
- One-time discretionary funds receive an additional \$2.4 billion for a total of \$3.5 billion
 - Unrestricted, with suggestion that funds be used for PD, new teacher induction, instructional materials and technology expansions
 - Funds will be offset against districts' mandate reimbursement claims

January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Closing Percentage	32.19%	53.08%
LCFF Funding	\$4.0 billion	\$6.1 billion
Proposition 98 Guarantee 2014-15	\$63.2 billion	\$66.3 billion
2015-16	\$65.7 billion	\$68.4 billion
2015-16 COLA	1.58%	1.02%
One-time Discretionary Funds for 2015-16	\$1.1 billion \$180 per ADA	\$3.5 billion \$601 per ADA

Note: CA Senate and Assembly have passed versions of the budget that differ from the Governor's May Revision proposal. Differences are being reconciled in a conference committee and then will be negotiated with the Governor.

Planning Factors for Budget and Multi-Year Projections (MYP's)

Planning Factor	Fiscal Year			
	2014-15	2015-16	2016-17	2017-18
COLA (DOF)	0.85%	1.02%	1.60%	2.48%
LCFF Gap Funding Percentage (DOF)	29.97%	53.08%	37.40%	36.74%
STRS Employer Rates	8.88%	10.73%	12.58%	14.43%
Lottery – unrestricted per ADA*	\$128	\$128	\$128	\$128
Lottery – Prop. 20 per ADA*	\$34	\$34	\$34	\$34
Mandated Cost per ADA / One Time Allocations (DOF)	\$67	\$601	\$0	\$0
Mandate Block Grant for Districts – K-8 per ADA	\$28	\$28	\$28	\$28
Mandate Block Grant for Districts – 9-12 per ADA	\$56	\$56	\$56	\$56
Mandate Block Grant for Charters – K-8 per ADA	\$14	\$14	\$14	\$14
Mandate Block Grant for Charters – 9-12 per ADA	\$42	\$42	\$42	\$42
State Preschool Daily Reimbursement Rate	\$22.28	\$22.73	\$22.73	\$22.73
General Child Care Daily Reimbursement Rate	\$36.10	\$36.47	\$36.47	\$36.47
Routine Restricted Maintenance Account **	1%	3%	3%	3%

*Lottery funding will no longer include the 2007-08 ROP and Adult Education ADA in 2015-16 and beyond.

** Contribution to the RRM Account reverts to 3% of total general fund expenditure plus financing sources, beginning in 2015-16

2015-16 LCFF Target Funding Factors

Full implementation of LCFF is still anticipated to be in 2020-21. The following amounts are used for target base grants and grade span adjustments, and include the estimated COLA from the Department of Finance

Grade Level	2015-16 Target Base Grant	2015-16 Target GSA	2016-17 Target Base Grant	2016-17 Target GSA	2017-18 Target Base Grant	2017-18 Target GSA
Grades TK-3	\$7,083	\$737	\$7,196	\$748	\$7,374	\$767
Grades 4-6	\$7,189		\$7,304		\$7,485	
Grades 7-8	\$7,403		\$7,521		\$7,708	
Grades 9-12	\$8,578	\$223	\$8,715	\$227	\$8,931	\$232

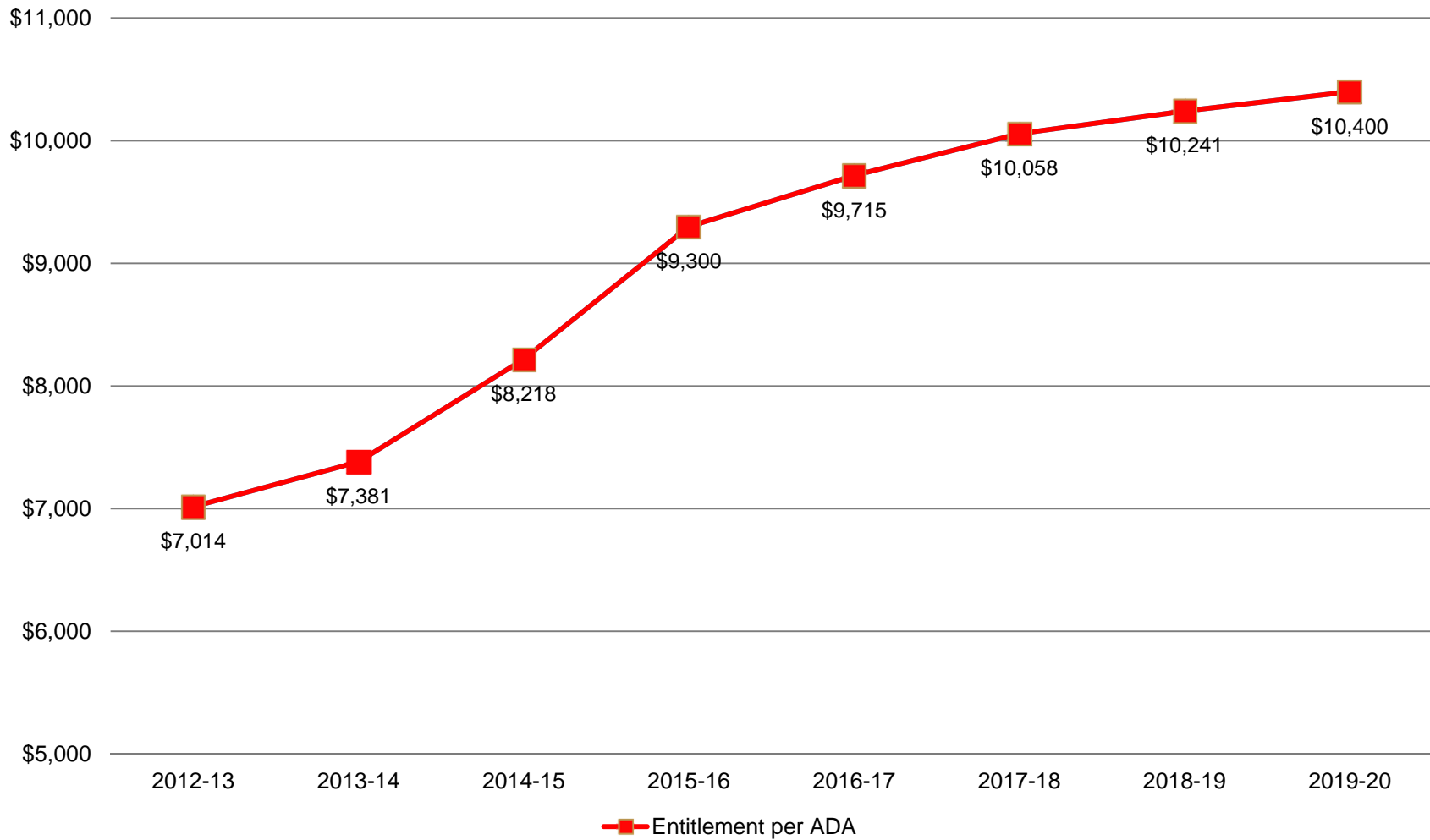
The Department of Finance released the following updates to the estimated gap factors and COLA percentages as of May, 2015

	Actual 2014-15	Projected 2015-16	Projected 2016-17	Projected 2017-18
LCFF Gap Funding Percentage	29.97%	53.08%	37.40%	36.74%
Annual COLA	0.85%	1.02%	1.60%	2.48%

CALSTRS Financial Impact

Fiscal Year	Employer Contribution Rate	Increase over Prior Year Rate	Incremental Impact of Increase (millions)	Cumulative Impact of Increase (millions)
2014-15	8.88%	0.63%	\$1.37	\$1.37
2015-16	10.73%	1.85%	\$4.1	\$5.47
2016-17	12.58%	1.85%	\$4.1	\$9.57
2017-18	14.43%	1.85%	\$4.1	\$13.67
2018-19	16.28%	1.85%	\$4.1	\$17.77
2019-20	18.13%	1.85%	\$4.1	\$21.87
2020-21	19.10%	0.97%	\$2.1	\$23.97

SFUSD-LCFF Entitlement per ADA (Based on DOF Gap Closing Factors)



SUMMARY AND PREVIEW OF SUPERINTENDENT'S RECOMMENDED BUDGET

2015-16 Recommended Budget Unrestricted General Fund

Category	2014-15 Estimated Actuals (\$ millions)	2015-16 Recommended Budget (\$ millions)	Variance
Revenues			
LCFF	\$418.4	\$475.6	\$57.2
Federal	\$0.56	\$0.4	\$(0.16)
State	\$18.5	\$44.8	\$26.3
Local	\$53.5	\$44.8	\$(8.7)
Total Revenues	\$491.0	\$565.6	\$74.6
Expenditures			
Salaries	\$254.4	\$276.9	\$22.5
Employee Benefits	\$98.5	\$108.4	\$9.9
Supplies & Services	\$31.0	\$36.6	\$5.6
Capital Outlay	\$0.22	\$0.03	\$(0.19)
Other Outgo, Inter-fund Transfers & Financing Sources/Uses	\$97.7	\$123.5	\$25.8
Total Expenditures	\$481.8	\$545.4	\$63.6
Net Increase (Decrease)	\$9.2	\$20.3	\$11.1

Multi-Year Projections - Unrestricted General Fund

Category (\$ millions)	FY 2014- 15	FY 2015- 16	FY 2016- 17	FY 2017- 18	Variance FY 14-15 & FY 15- 16	Variance FY 15-16 & FY 16- 17	Variance FY 16-17 & FY 17- 18
Total Revenues (mostly LCFF)	\$491.0	\$565.6	\$558.8	577.8	\$74.6	\$(6.8)	\$19.0
Total Expenditures	\$481.8	\$545.4	\$570.1	\$587.6	\$63.6	\$24.7	\$17.5
Net Increase/(Decrease) in Fund Balance	\$8.1	\$20.3	\$(11.3)	\$(9.8)	\$11.0	\$(31.6)	\$1.5
Beginning Fund Balance	\$24.4	\$33.5	\$53.8	\$42.5	\$9.1	\$20.3	\$(11.3)
Ending Fund Balance	\$33.5	\$53.8	\$42.5	\$32.7	\$20.3	\$(11.3)	\$(9.8)
Designated Fund Balance (Economic Uncertainties & Other Commitments)	\$20.5	\$14.0	\$14.2	\$14.6	\$(6.5)	\$0.2	\$0.4
Designated for New Commitments	n/a	\$5.9	\$7.9	\$17.1	\$5.9	\$2.0	\$9.2
Undesignated Fund Balance	\$13.0	\$33.9	\$20.4	\$1.0	\$20.9	\$(13.5)	\$(19.4)

Based on Governor's May Revise Proposal & Dept. of Finance Projections for COLA and Growth Factors

Unrestricted General Fund Expenditure Increases

Increased Expenditures For Commitments Made to Date and New Programs	Amount (\$ millions)
Salaries and Benefits (includes employee raises - all units, incl. increase in contributions to all funds)	22.4
Site-Based Allocations	4.0
Centrally Managed Support to School Sites (Multi-Tiered System of Supports)	1.0
Cal-STRS	5.5
Continuation of Common Core Implementation (previously funded by expiring state grant)	6.8
Contribution to Special Education	4.0
Contribution to Transportation	3.2
Contribution to Student Nutrition	0.4
Contribution to RRM Account (restoration to 3%)	6.7
Pass-Through to County Office	1.0
Shortfall in Title I	1.9
New Programs/Priorities (On-going & One-time)	6.7
Total	63.6

Budget Priorities and Highlights

- **Salary Increases for All Staff**

- Most employees are receiving 12% salary increases by January 1, 2017
- Most paraprofessionals are receiving 15% salary increases by January 1, 2017 (due to creation of additional step)

- **WSF / Site-Based Budgets**

- Preliminary spring budgets included \$4.0 million more than FY14-15
- Final fall budgets will increase by an additional \$2.5 million
- Will include start-up funding for launch of Willie Brown Middle School

Budget Priorities and Highlights (cont.)

- **Common Core** – support continued implementation after expiration of state grant and expand STEM support, especially for middle grades
- **Safe and Supportive Schools** – increase resources for Restorative Practices, Peer Resources, mentoring, health education, support for students with 504 plans
- **College and Career Readiness** – provide additional supports to off-track and underserved students, plus career technical education
- **Multi-Tiered System of Supports** – provide MTSS funding for Early Education sites
- **Highly Qualified Teachers/Staff** – stabilize and expand support for beginning teachers (BTSA), diversity recruitment, administrator recruitment, substitute system, and employee evaluation (feedback and support)
- **Family Engagement** – increase budget for translation and fund a new Family Academy

Budget Priorities and Highlights (cont.)

- **African American Achievement and Leadership** – fund initial investments including graduation/college counseling, family engagement, student engagement, extended learning, and staff development
- **Multilingual Pathways** – increase support for biliteracy pathways and new and existing additional world languages
- **Special Education** – increase support for SOAR programs (interdisciplinary teams + differentials for paraprofessionals, establish a new ARC site for transition students, make progress toward staffing guidelines for school psychologists)
- **Foster Youth Services** – stabilize and expand support for cross-functional case management (academic, behavioral, family engagement)
- **Ethnic Studies** – provide funding to expand access to all high schools
- **School Marketing** – fund a staff position focused on raising visibility and providing targeted outreach for specific schools

Budget Priorities and Highlights (cont.)

- **Student Nutrition Workers** – expanding fringe benefits as as-needed employees gain permanent civil service status
- **Wellness Policy** – provide initial funding to coordinate implementation of policy changes
- **One-time technology projects**
 - Devices for remaining educators
 - HR management information system
 - Asset management system
 - Budget management system
 - Intranet / employee portal

Public Education Enrichment Fund

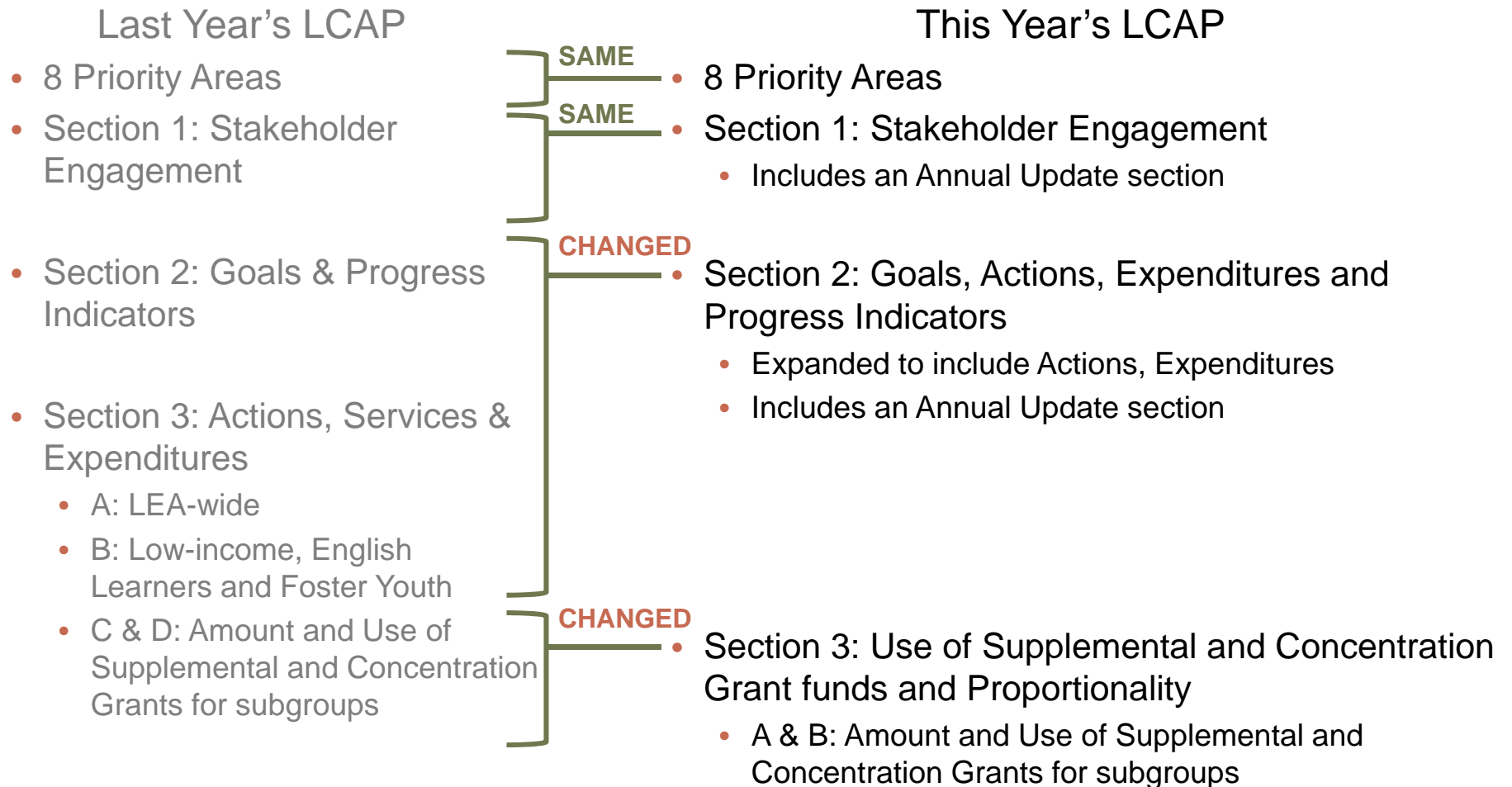
- The PEEF spending plan approved in April included nearly \$9 million of total additional investments vs. FY14-15, due to growth in City revenues and elimination of in-kind services
- Increases in state funding per the May Revision provide an opportunity to reduce the contribution from PEEF to the UGF (i.e., the “Reserve Fund” that was established several years ago to protect WSF allocations from cuts during tough budget years)
- The Superintendent’s budget will reflect significant progress in reducing the Reserve Fund, freeing up more than \$4 million of PEEF to directly fund targeted new and expanded investments
- The UGF will in turn absorb the effect of a smaller contribution from PEEF

LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP) PROGRESS REPORT

2015-16 Annual Update of LCAP

- LCAP template changed significantly from last year
- PAC / DELAC have coordinated feedback for LCAP from a diverse group stakeholders
- SFUSD is actively drafting materials to be in line with the new template and also incorporate feedback appropriately

Overview of Revised LCAP Template



Section 1: Stakeholder Engagement

- PAC provided report to Board of Education on May 26th
- PAC has engaged a broad and diverse range of stakeholders for feedback to the LCAP
- SFUSD will provide written response to feedback and updates to Board, PAC and DELAC as follows:
 - June 9th: Board Meeting / 1st Reading of LCAP
 - June 16th: Committee of the Whole / Revised Draft of LCAP (V1.5) and Written Response to Feedback
 - June 23rd: Board Meeting / 2nd Reading of LCAP (Final)

Section 2: Goals, Actions, Expenditures and Progress Indicators

- **Template Changes:**
 - This now includes actions and expenditures, in addition to goals and progress indicators
 - Annual Update section included to show progress from last year and explain changes made for LCAP moving forward
- **Progress To Date:**
 - SFUSD has provided a 1st Draft of the refreshed Goals section to PAC and DELAC
 - Staff are refining based on budget recommendations and decisions
 - Staff continue to refine based on PAC and DELAC feedback

Section 2: Goals, Actions, Expenditures and Progress Indicators (cont.)

- Feedback Being Considered:
 - Overarching
 - Strategies being implemented to increase kindergarten readiness for children in SFUSD Pre-K programs
 - Articulate how centrally-allocated resources are being increased to support teachers and students
 - African American and Latino Students and English Learners
 - Strengthen goals for further reducing suspensions of African American and Latino students
 - Incorporate actions, services and resource allocations to support African American students
 - Include goal for improving reclassification as “Fluent English Proficient” for English Learners, primarily Spanish speakers
 - Articulate how investments support improved services for English Learners
 - Special Education
 - Articulate allocation of supports to serve high-needs students
 - Family Engagement
 - Specific activities to engage and support families, including at least three family-centered workshops at sites each year
 - Include goals and measures for implementing the district’s Family Engagement Plan and Family Engagement standards
 - Foster Care
 - Include goals and measures for youth in foster care
 - Incorporate resources to support reduction of achievement gap for foster youth

Section 3: Use of Supplemental and Concentration Grant funds and Proportionality

- **Template Changes:**
 - This is now a separate section
 - The content requested remains largely the same to last year
- **Progress To Date:**
 - SFUSD will ensure calculation of proportionality is aligned to State's seven-step calculation
 - SFUSD will provide a summary of actions and expenditures for supplemental and concentration grants
- **Feedback Being Considered:**
 - Provide a brief rationale for funding allocations and details for programs, services and staff positions funded with supplemental and concentration grants listed in Appendix A intended to serve English Learners, low income students and youth in foster care

Next Steps

Date	Activity
June 9 th	1 st Reading of LCAP and Budget
June 16 th	Committee of the Whole Discussion of LCAP and Budget
June 23 rd	2 nd Reading of LCAP and Budget
Before July 1 st	Governor signs adopted state budget
Summer	SFUSD staff analyzes final state budget, determines variances from current assumptions, analyzes impact on school budgets and recommends appropriate adjustments to adopted budget
Sept./Oct/	School sites revise final budgets
October 15 th	Unaudited Actuals for 2014-15 due to the state
December	Staff works with auditors to complete annual audit
December 15 th	1 st Interim 2015-16 report due to the state