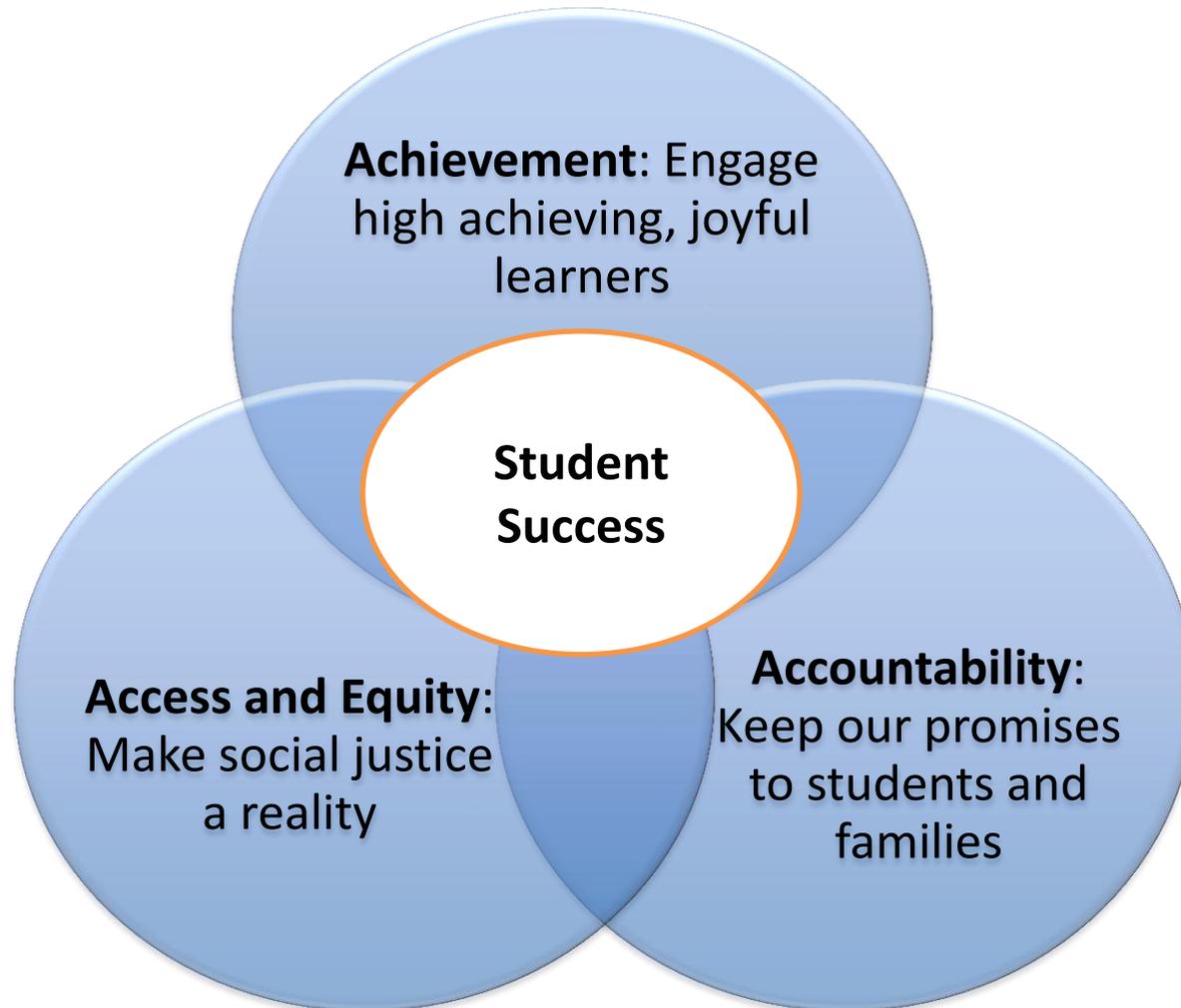




Summary of Proposed Budget for FY 2013-14

June 11, 2013

SFUSD's Overall Goals



District-Wide Strategies for Improvement



- Transition to the **Common Core State Standards** in ELA and Math for PreK-12
- Build a PreK-12 **Science, Technology, Engineering, and Mathematics** (STEM) Framework
- Transform our approach to **Early Literacy/PreK-3** in order to unite the preschools and elementary schools in providing a continuum of rigorous, high-quality curriculum and instruction
- Ensure all high school students have multiple opportunities to meet **A-G and other graduation requirements** that go into effect for the graduating class of 2014
- Ensure students with disabilities receive **specially designed instruction** in the least restrictive environments
- Address the root causes of the **significant disproportionate number of African American** students referred for SPED services (e.g. CEIS plan)
- Differentiate how central offices support schools through a **multi-tiered system of supports**
- Provide **tiered levels of support and intervention** to support all students
- Build integrated **professional learning systems** for all staff
- Implement a new **Student Information System, "Synergy"** in order to improve, simplify, and provide access to student data, scheduling, grade reporting, and classroom management tools

Guiding Principles for Budget Development

- **Fight for long-term solutions** - The SFUSD community can lead the call for systemic change to fund schools adequately
- **Consider students with the highest need** – Allocate resources and services to students based on their academic needs
- **Prioritize services directly impacting achievement** – Focus on strategic priorities
- **Be willing to change the status quo** – Reduce investments that haven't shown enough results and focus resources on research-based initiatives
- **Plan thoughtfully** – Consider short- and long-term impact of decisions and how multiple funding sources can support key investments
- **Keep SFUSD financially healthy** – maintain solvency, avoid state takeover and survive to see better times ahead
- **Engage the community** – Provide meaningful opportunities for stakeholders to inform budget decisions at schools and at the district level

Changes to the Budget Book

- In response to feedback, and to improve communication and increase transparency, the following changes have been made to the Budget Book
 - Volume I of the Budget Book provides an overview of the District and County budgets, as well as a section describing How to Navigate the Book
 - Volume I is organized by central office Divisions and Departments, and includes Division level budget summaries
 - Volume II is organized by grade level, including EED, Pre-K, TK, Elementary Schools, Middle Schools, High Schools, and County & Court Schools
 - Both central office and school site budgets show a 2-yr comparison in the proposed budget and FTE's

Changes to School Site Budgets

- Funding for Resource 65000 – Special Education has been removed from school site budgets and now exists in – SpEd: Central Allocation of Site Staffing (Org 058)
- 21st Century and ASES funding had not been confirmed when budgets were due, therefore it is not included in the school site budgets
 - The funding has since been confirmed and will be reflected in the schools budgets post adoption
- SIG funding ends on September 30, 2013, therefore school budgets with SIG resources will show a decrease
- STAR and DREAM resources that focused on instructional improvement are now allocated centrally from Org 193, likewise student support services now reside in SFCSD budgets and no longer appear in site-level budgets

Funding Priorities

- African American Achievement
- A-G Credit Recovery Plan (C&I, SFCSD, SPED, EED)
- CEIS Plan/ Significant Dispro. (SPED & SFCSD)
- Common Core – Curriculum & Assessment (C&I, RPA)
- Community Schools Framework and Parent Engagement (SFCSD)
- Increase School Site Allocations
- Lau Plan Focus Areas (C&I)
- MTSS: School Site Staffing Supports (IISJ, SFCSD, LEAD & Schools)
- MTSS: Targeted School Supports (IISJ, SFCSD, C&I)
- MTSS: School Support Teams (IISJ)
- Peer Resources
- Professional Learning & Leadership Development Plan (C&I)
- Restorative Practices
- Salary Scale Increases
- STEM Plan (C&I, MS & EED)
- Synergy Implementation Plan (IT w/ cross functional steering team)
- 7 Period Day*

*Funding not yet identified

Highlights of the Governor's 2013-14 Proposed Budget

The Governor's proposed budget includes

- \$2.1 billion to begin implementation of a new funding formula (LCFF) for school districts and charter schools
- \$413 million to support energy efficiency projects in schools from Proposition 39 revenues
- \$50 million increase for the K-12 Mandate Block Grant
- \$62.8 million to fund a 1.6% COLA for selected categorical programs (including Special Ed)

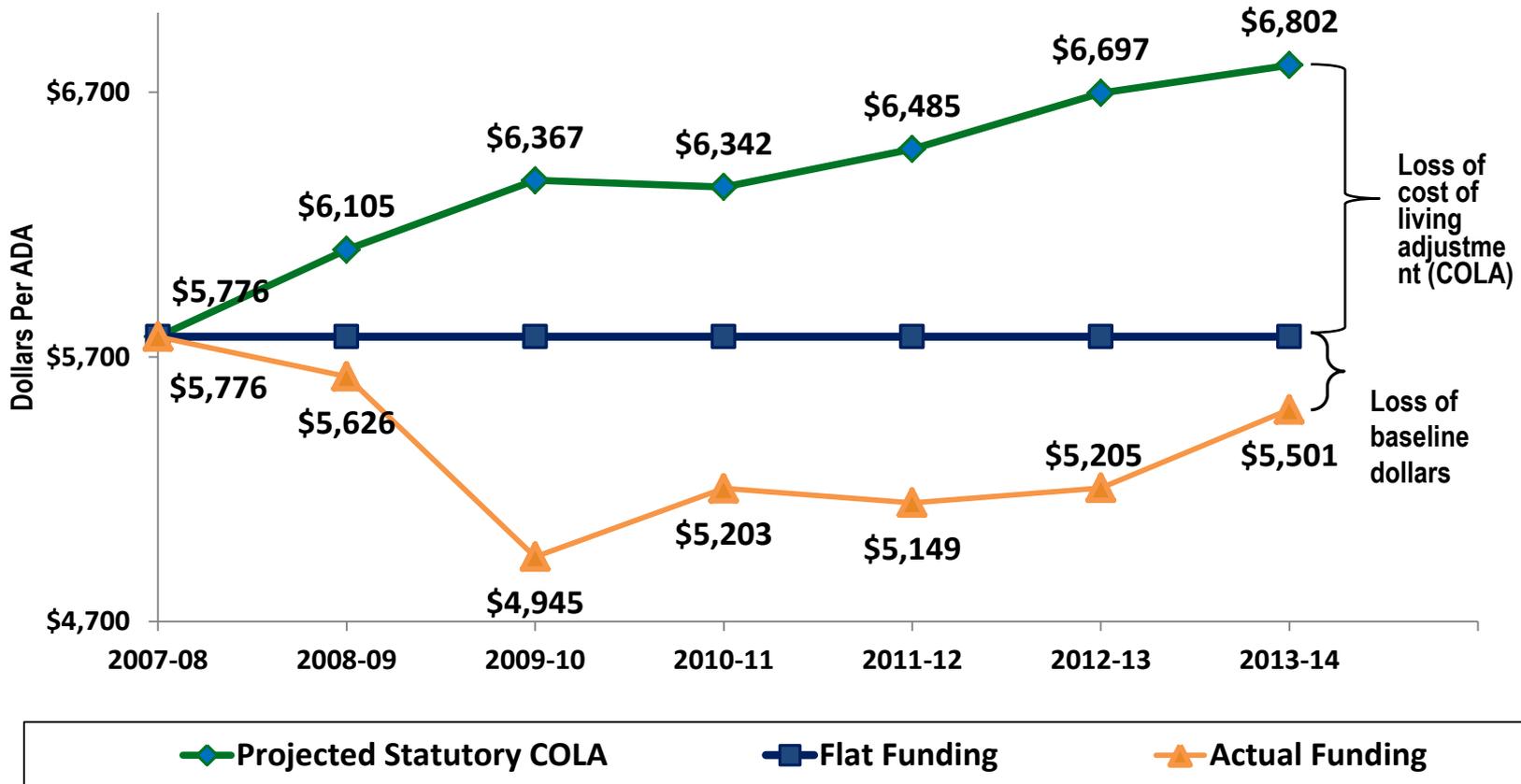
Highlights of the Governor's 2013-14 Proposed Budget

For the first time in several years, school districts across California will see a substantial increase in per-student funding,

BUT:

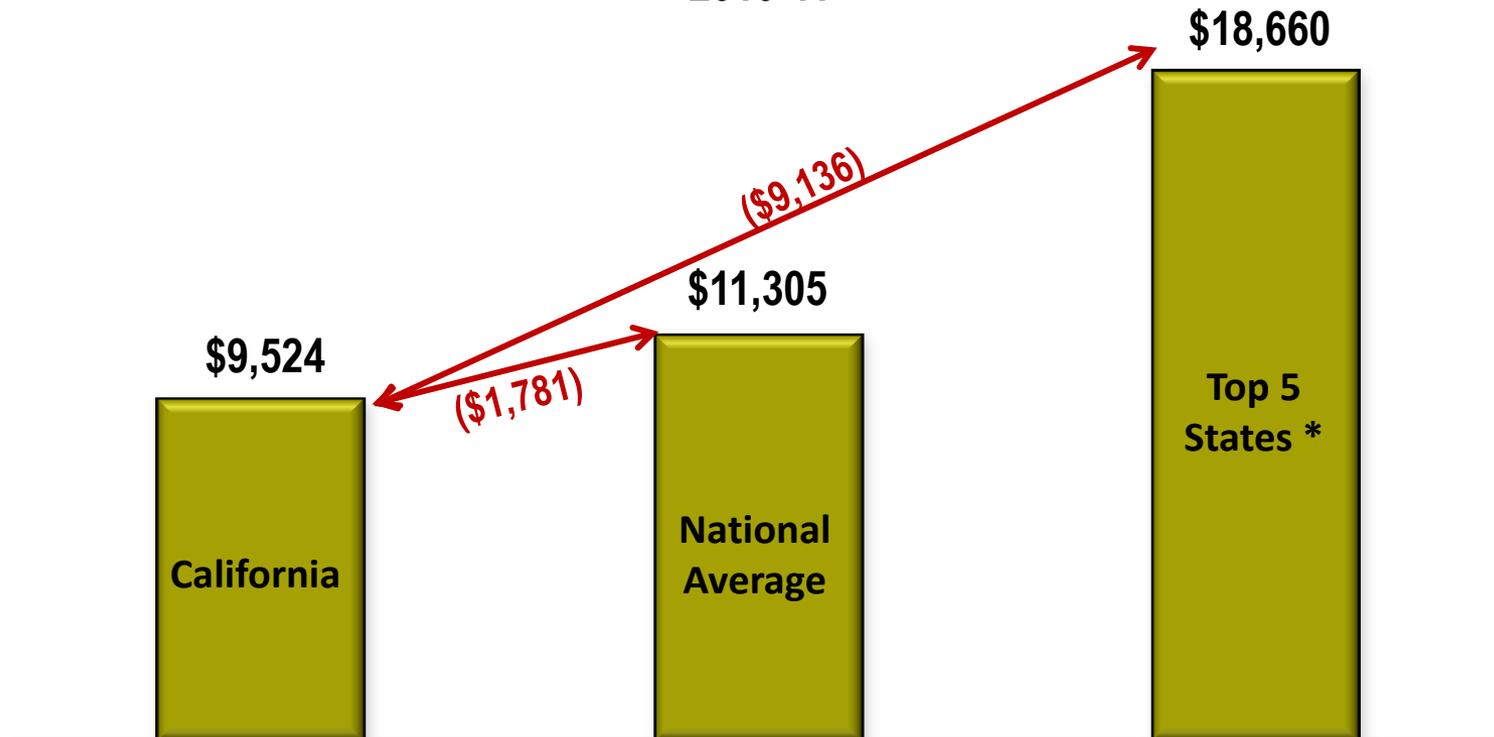
- California still ranks **near the bottom** of all states in education funding per-student

Recent History of Revenue Limit Funding for SFUSD



California's Education Spending

Total K-12 Education Expenditures per Average Daily Attendance (ADA)
2010-11



*Average of the five states with the highest expenditures per ADA
Source: National Education Association

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Impact of LCFF on SFUSD

- Total SFUSD funding from LCFF is estimated to increase from about \$7,100 per student currently to about \$11,100 in FY 2020-21 (including cost of living adjustments across these years).
- The Governor and Legislature have been debating various aspects of the K-12 budget and LCFF over the past several months.
- The Governor and Legislature have reached an agreement on the LCFF and the overall state budget, and the Legislature is expected to pass a final budget this week.

Unrestricted General Fund Summary

(\$ millions)

	FY 12-13	FY 13-14
Beginning Balance	\$50.768	\$34.102
Revenues	\$341.486	\$360.580
Expenditures	\$358.152	\$378.972
Revs. Less Expenses	(\$16.666)	(\$18.332)
Ending Balance	\$34.102	\$15.770
Designated Balance	\$15.451	\$15.566
Undesignated Balance	\$18.652	\$0.205

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 2015-16)
- Staff is finalizing multi-year projections and will summarize them on June 18th

Revenue Highlights

- Baseline funding is assumed to increase whether or not LCFF is implemented (i.e., with Revenue Limit or LCFF)
- City's Rainy Day Fund support is projected to decrease by \$1.9 million
- Acquisition of 1235 Mission Street will provide a new source of lease revenues
- Sales Tax is projected to increase by about \$1.1 million
- Mandate block grant is projected to increase by about \$800K
- The rental rates for Charter Schools have increased, which will bring in additional revenues

Expenditure Highlights

- The budget continues to reflect spending reductions implemented over the past several years, including:
 - Suspending sabbaticals
 - Summer school
 - Central services cuts
 - New teacher support
 - Professional development
 - General education transportation
- The budget also reflects some additional costs
 - Restoring furlough days
 - Increasing site budgets
 - Special education
 - Special ed. transportation
 - Investments in area teams
 - Health and pension benefits
 - Multi-tiered supports for sites

Special Education

- The UGF contribution for Special Education 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 to increase staff capacity (Inclusive Practices, Response to Intervention)
 - Additional staff investments focusing on data analysis, behavioral interventions
 - Increased transportation costs (will be explored by Transportation Working Group)
 - The State does not plan to backfill the federal sequestration cuts to special education

Tier III Resources

- Since FY 2009-10, the State has allowed school districts flexibility in spending Tier III programs
- The primary advantage of this flexibility (and what most districts have utilized) is the ability to offset reductions in UGF funding
- In the recommended budget, \$18.6 million is proposed to be flexed to the UGF and \$41.0 million is proposed to be spent on Tier III programs
- The Targeted Instruction Improvement Block Grant (originally called “Consent Decree” funding) represents the majority of total Tier III funds

Next Steps*

- Board members share budget questions with staff – June 14th
- Augmented Budget & Business Services Committee – June 18th
- Board of Education adopts budget – June 25th
- 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 2012-13
 - Unaudited Actuals – October
 - Audited Financial Statements – December
- First Interim Report for FY 2013-14 – December

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

Appendix: LCFF Information

According to Governor Brown

- California's current school finance system is "overly complex, administratively costly, and inequitably distributed"
 - Complexity – There are too many categorical programs with separate funding streams, allocation formulas, and spending restrictions
 - Administrative burden – These programs require staff in school districts to administer the programs and staff at the California Department of California to ensure compliance
 - Lack of equity – Many program allocations have been frozen at the 2008-09 funding level and do not reflect demographic changes
- The Governor's Budget calls for a major change: implementation of a new method for the distribution of funding, the Local Control Funding Formula (LCFF)

Appendix: LCFF Information

- The LCFF would replace revenue limits and most categorical program funding
 - Funding allocated through the new formula would generally be flexible and could be used for any educational purpose
 - Timeline: Phased in over eight years – completed in 2021-22
- Elements of the proposed formula
 - A base grant target equal to the undeficitated statewide average base revenue limit per ADA – \$7,353 (includes the 1.565% statutory COLA)
 - Differential adjustments for early primary, primary, middle, and high school grade spans; added funding for K-3 Class-Size Reduction (CSR) and 9-12 Career Technical Education (CTE)
 - Additional funding in the form of supplemental and concentration grants based on the demographics of the schools, including:
 - English Learner population
 - Pupils eligible for free and reduced-price meals
 - Foster youth

Appendix: LCFF Information

- Special Education, Child Nutrition, QEIA, After School Education and Safety (ASES), and other federally mandated programs are not included in the formula
- EIA is included
- Transportation and Targeted Instructional Improvement Grant (TIIG) funding will continue as add-ons to the formula for those school districts that currently receive funding through these programs
- And the funds can be used for any educational purpose
- The new formula will allocate funds to charter schools in the same way as for school districts
- However, concentration grants for charter schools will be limited to no more than the concentration grant increase provided to the school district where the charter school resides
- Increased accountability appears likely to ensure supplemental and concentration grant funding benefits students generating those additional funds