



2014-15
SAUSD BUDGET PRESENTATION
JUNE 10, 2014



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AGENDA

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- **LCAP Summary**
- **Governor's May Revision Highlights**
- **SAUSD Budget Development Assumptions**
- **Multi-Year Projections (MYP) and Ending Fund Balance**
- **Next Steps**

STATE FUNDING: LOCAL CONTROL FUNDING FORMULA

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- The implementation of the Local Control Funding Formula (LCFF) is over an 8-year timeframe
- The targets for the 2020-21 school year are recalculated each year based on the students that the district is serving
 - ▣ The difference between the prior year funding and the 2020-21 target is defined as the “gap”
 - ▣ A percentage of the “gap” is then funded through the State budget process
- **There is no guarantee that any, or all, of the gap will be funded each year creating potential budget volatility**

LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP) ALIGNMENT

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- The District budget is aligned to the proposed LCAP Plan that ultimately will be adopted by the Board on June 24, 2014
- The district LCAP addresses measurable student outcomes
- Multi-Year Projections are based upon the LCAP priorities
- The adopted 2014-15 Budget is recommended with a positive certification and will contain the statutory 2% reserve

GOVERNOR'S MAY REVISION

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- Maintained the projected Gap Funding of 28.05%
- Proposed additional solution toward paying down the STRS liability in the “Wall of Debt”
 - ▣ STRS employer rate increase by 1.25% this year. Increase by an additional 1.60% each year until STRS reaches 19.10% in 2020-21
 - ▣ PERS employer rate increase from 0.329% to 11.771% this year. Increase each year in increments up to 20.10% in 2020-21
- Not addressed was ongoing technology for SBAC, Common Core implementation, and reimbursement for past year mandates (“Wall of Debt”)
- **The Budget process has not concluded**

SAUSD BUDGET DEVELOPMENT ASSUMPTIONS

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- **2014-15 Gap Funding Revenue increased from 21% to 28.05% since 2nd Interim (\$14M)**
- **Increased costs for STRS/PERS, Health and Welfare, and the Affordable Care Act (\$5M)**
- **Increased Special Education costs (\$3M)**
- **Loss of ROP Funding 2015-16 (\$4M) and QEIA funding 2016-17 (\$5M)**
- **Completion of the Common Core Block Grant 2014-15 (\$4.5M)**

REVIEW OF JULY 1 BUDGET MYP UNRESTRICTED FUNDS

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MULTI-YEAR PROJECTIONS @ July 1 Budget	Base Year 2014-15	2015-16	2016-17
REVENUE	\$427,312,497	\$454,321,566	\$472,381,824
EXPENDITURES	\$364,194,482	\$376,209,606	\$390,279,586
OTHER FINANCING SOURCES/USES	(\$67,757,129)	(\$76,133,485)	(\$79,749,559)
NET INCREASE/DECREASE (DEFICIT SPENDING)	(\$4,639,115)	\$1,978,474	\$2,352,678
BEGINNING BALANCE	\$17,223,080	\$12,583,965	\$14,562,440
(DEFICIT SPENDING) / SURPLUS	(\$4,639,115)	\$1,978,474	\$2,352,678
ENDING BALANCE	\$12,583,965	\$14,562,440	\$16,915,119
COMPONENTS OF ENDING BALANCE:			
NON SPENDABLE	\$1,150,000	\$1,150,000	\$1,150,000
SITE DISCRETIONARY/LCAP IMPLEMENTATION	\$864,967	\$1,113,108	\$1,653,538
AFFORDABLE CARE ACT (ACA)	\$0	\$1,453,541	\$2,994,294
ECONOMIC UNCERTAINTIES	\$10,568,997	\$10,845,790	\$11,117,285

2014-15 DEFICIT SPENDING

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- **One-time 2014-15 contribution for employee H&W costs**
 - ▣ **Settlement with SAEA**
 - ▣ **Tentative Agreement with CSEA and Management/Confidential**
- **Additional unanticipated costs due to needs determined during IEP processes**
- **Anticipated to come out of the ending fund balance**

PROJECTED ENDING FUND BALANCES (ALL OTHER FUNDS)

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Fund (all \$s in 000's)	2013-14 Estimated Actuals	2014-15 July 1 Budget
Fund 11 - Adult Education	\$0	\$0
Fund 12 - Child Development	\$71	\$71
Fund 13 - Cafeteria	\$16,279	\$12,787
Fund 14 - Deferred Maintenance	\$126	\$126
Fund 17 - Special Reserve	\$0	\$0
Fund 21 - Building	\$13,727	\$5,384
Fund 25 - Capital Facilities	\$7,355	\$5,574
Fund 35 - School Facilities	\$30,187	\$4,870
Fund 40 - Special Reserve/Capital Outlay	\$14,242	\$766
Fund 49 - Capital Projects (COP)	\$951	\$1,092
Fund 51 - Bond Interest & Redemption	\$16,589	\$15,998
Fund 56 - Debt Service	\$8,830	\$9,503
Fund 67 - Self-Insurance	\$9,722	\$9,539

NEXT STEPS

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- **June 24, 2014 Board Meeting**
 - ▣ Adoption of LCAP
 - ▣ Adoption of 2014-15 Budget
- **August 26, 2014 Board Meeting**
 - ▣ 45-day revision (optional)
- **October 2014**
 - ▣ OCDE will approve the LCAP by the October 2014 statutory deadline