



2020 – 2021 Budget Update

West Contra Costa Unified School District
January 15, 2020

Tony Wold, Ed.D.,
Associate Superintendent, Business Services

2019 – 2020 Budget Calendar

Budgeting for a school district is a continuous, year-round process. Projections continually change based on new and changing information. There are 5 formal reports presented to the Board:

- | | |
|----------------------|---|
| ❖ June 30, 2019 | Adopted 2019 – 20 Budget |
| ❖ September 18, 2019 | Unaudited Actuals |
| ❖ December 11, 2019 | 1 st Interim Budget <i>(Data as of October 31, 2019)</i> |
| ❖ March 11, 2020 | 2 nd Interim Budget <i>(Data as of January)</i> |
| ❖ May 20, 2020 | 3 rd Interim Budget <i>(Data as of April)</i> |
| ❖ June 10/24, 2020 | Adopted 2020 – 21 Budget |



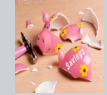
Other than the presentation of the actual financial information (unaudited actuals) all other budget presentations are a combination of actuals and projections for the current and upcoming year

Budget Reductions - Strategy

- Working collaboratively with the Contra Costa County Office of Education in coordination with the FCMAT (Fiscal Crisis Management Assistance Team) to ensure implementation of reductions
- Completed outreach with various stakeholder groups during the Fall
- Now meeting collaboratively with all associations to identify reductions that require negotiations

Budget Reductions

Current Year 2019 – 2020 – (\$39.9 million)

Action	Description	Amount	Cut Target Remaining
	Utilization of Fund 71 (OPEB)	\$15.6	\$24.3
	Utilization of One-time PreSchool Block Grant	\$4.5	\$19.8
	Fund 17 and Reserves	\$19.8	\$---

The current year budget deficit is resolved using one-time reserves and the Utilization of Fund 71

The District would be projected to maintain and Ending Fund Balance of approximately \$23 million at the end of the school year (which includes the audit adjustment) and is approximately \$9 million over the minimum required amount of 3%

Budget Reductions

Next Year Year 2020 – 2021

(\$47.8 million)

Action	Description	Amount	Cut Target Remaining
	Utilization of Fund 71 (OPEB)	\$15.8	\$32.0
	Identified Non-Salary Reductions	\$6.0	\$26.0
	Identified Management Reductions	\$4.0	\$22.0
	Site Budget Reductions	\$2.0	\$20.0
	Reductions impacting Bargaining units (UTR, Teamsters, SSA)	\$20.0	\$---

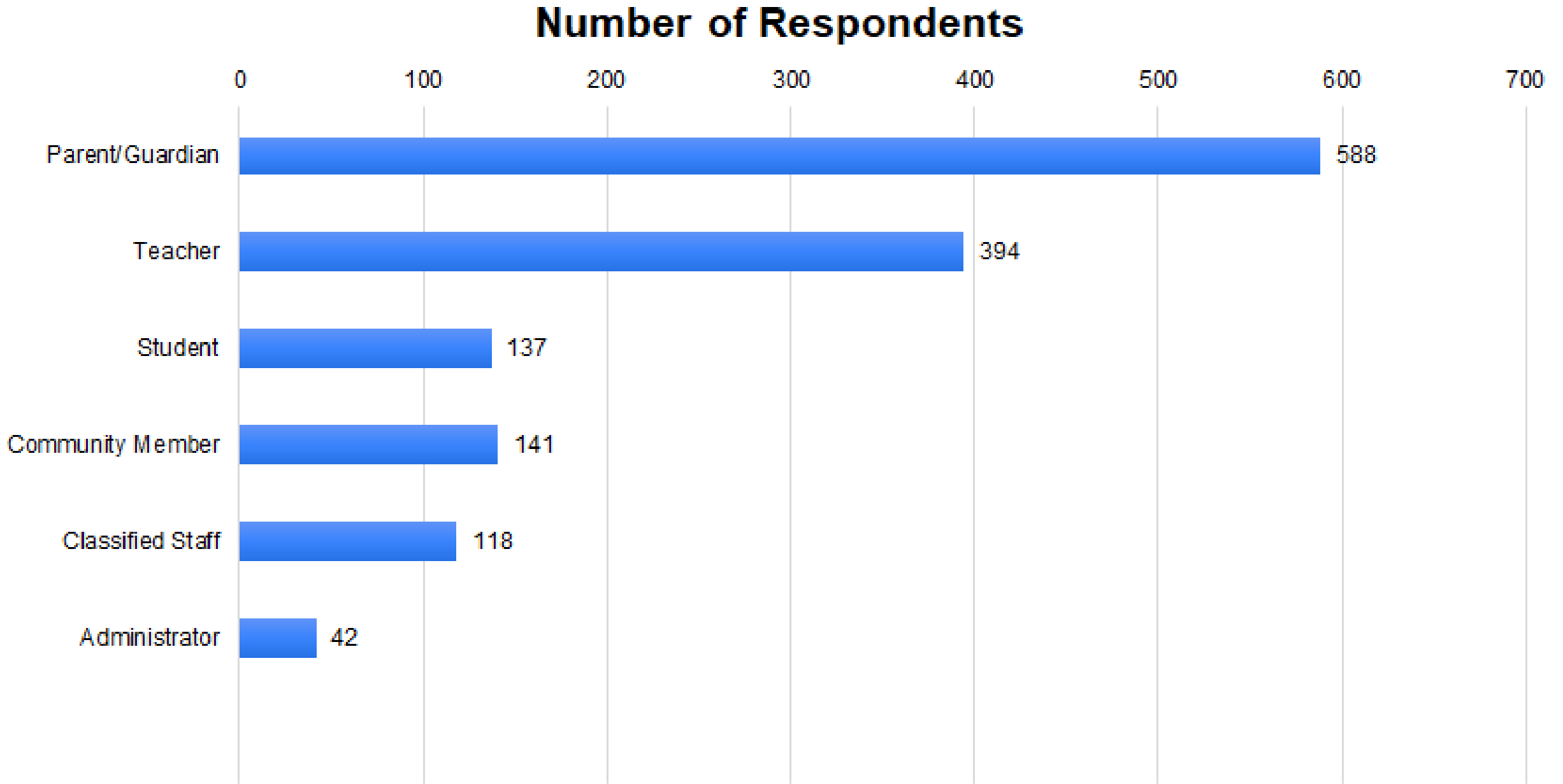
After utilizing Fund 71 for a second year, the District will identify \$32.0 million in ongoing cuts for the upcoming school year.

A total of \$15.8 million in additional cuts will need to be identified for 2021-22⁵

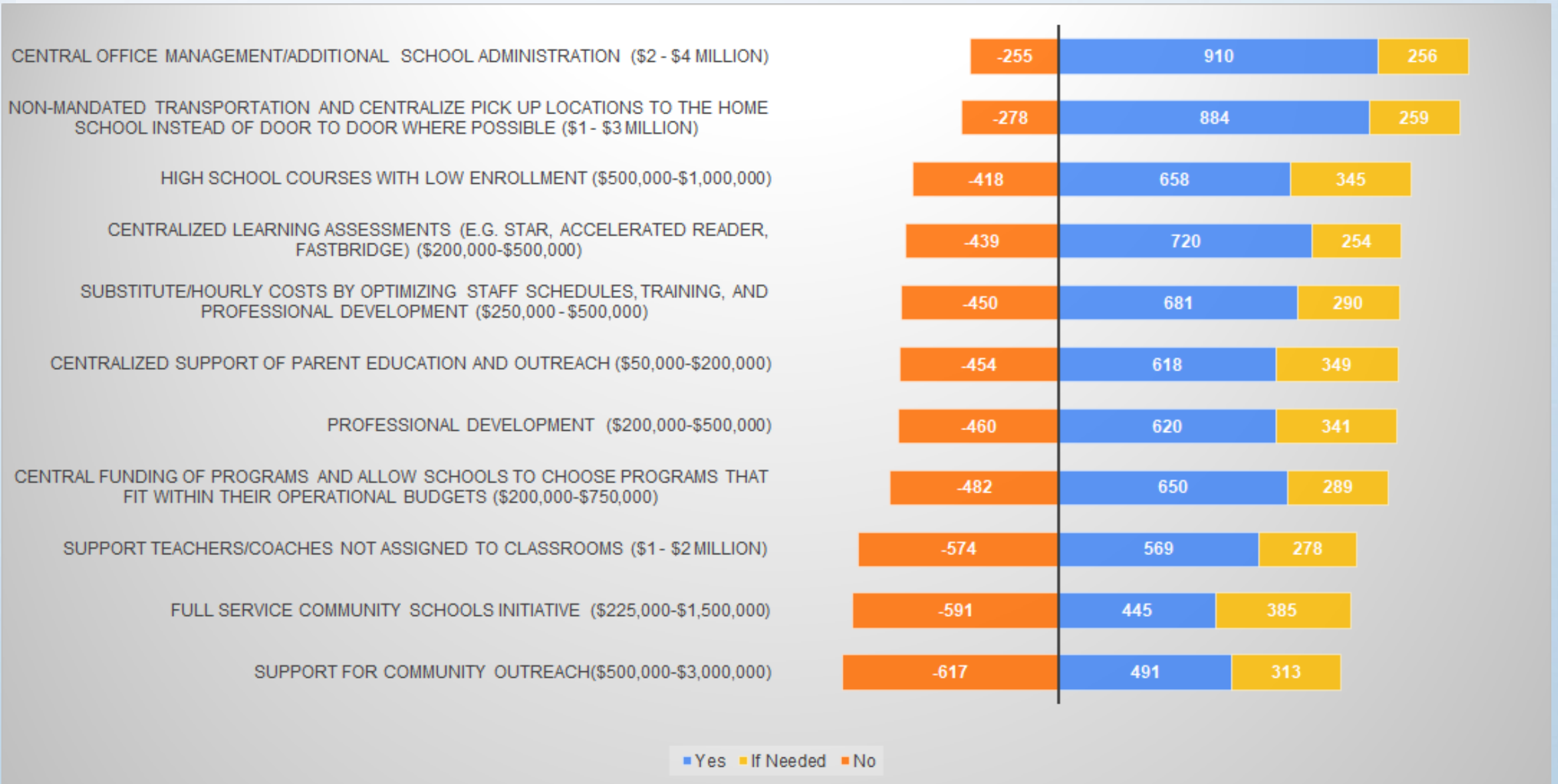
Community Input

- The District has engaged with multiple community input groups and will continue to obtain input on options for reductions
 - A survey was completed prior to Holiday Break to provide additional guidance for areas of possible focus – those results are included tonight
- \$20 million of the reductions impact bargaining units and require the District to negotiate the impact with the affected groups
 - Examples of negotiated items may include closing vacant positions, increasing class size, and other operational adjustments
- Over the next 3 Board meetings options to reduce the \$6 million in non-salary reductions will be presented to the Board
 - The Superintendent's Budget and Business Services Budgets are first

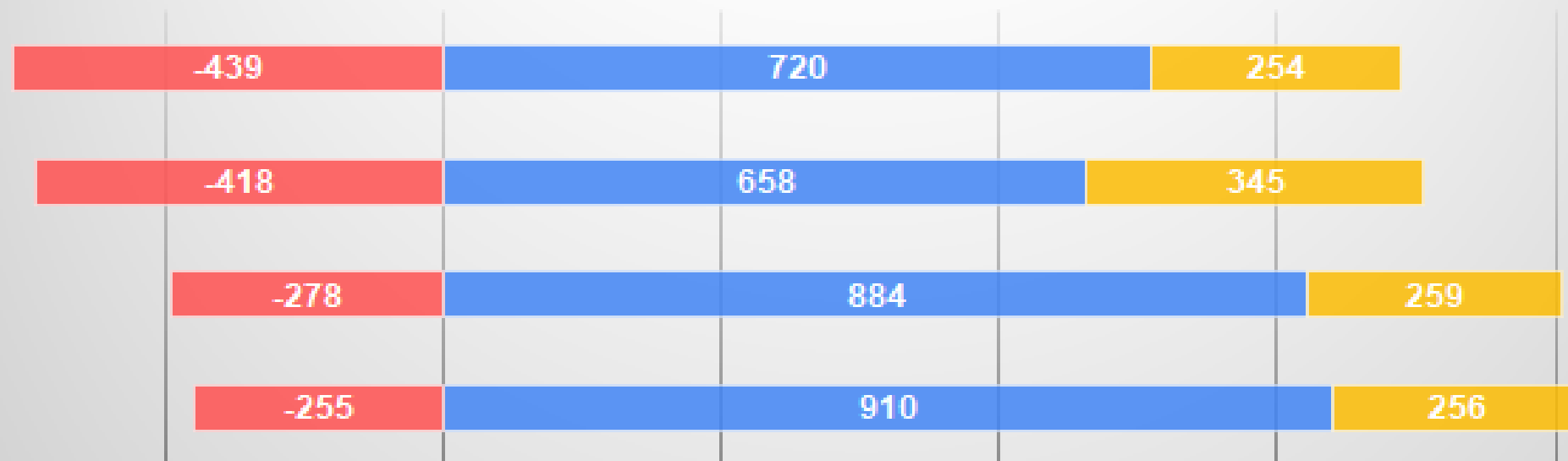
Over 1400 Individuals Provided Feedback on the Survey from December 9 – 17th



Reductions Most Supported by Survey Respondents



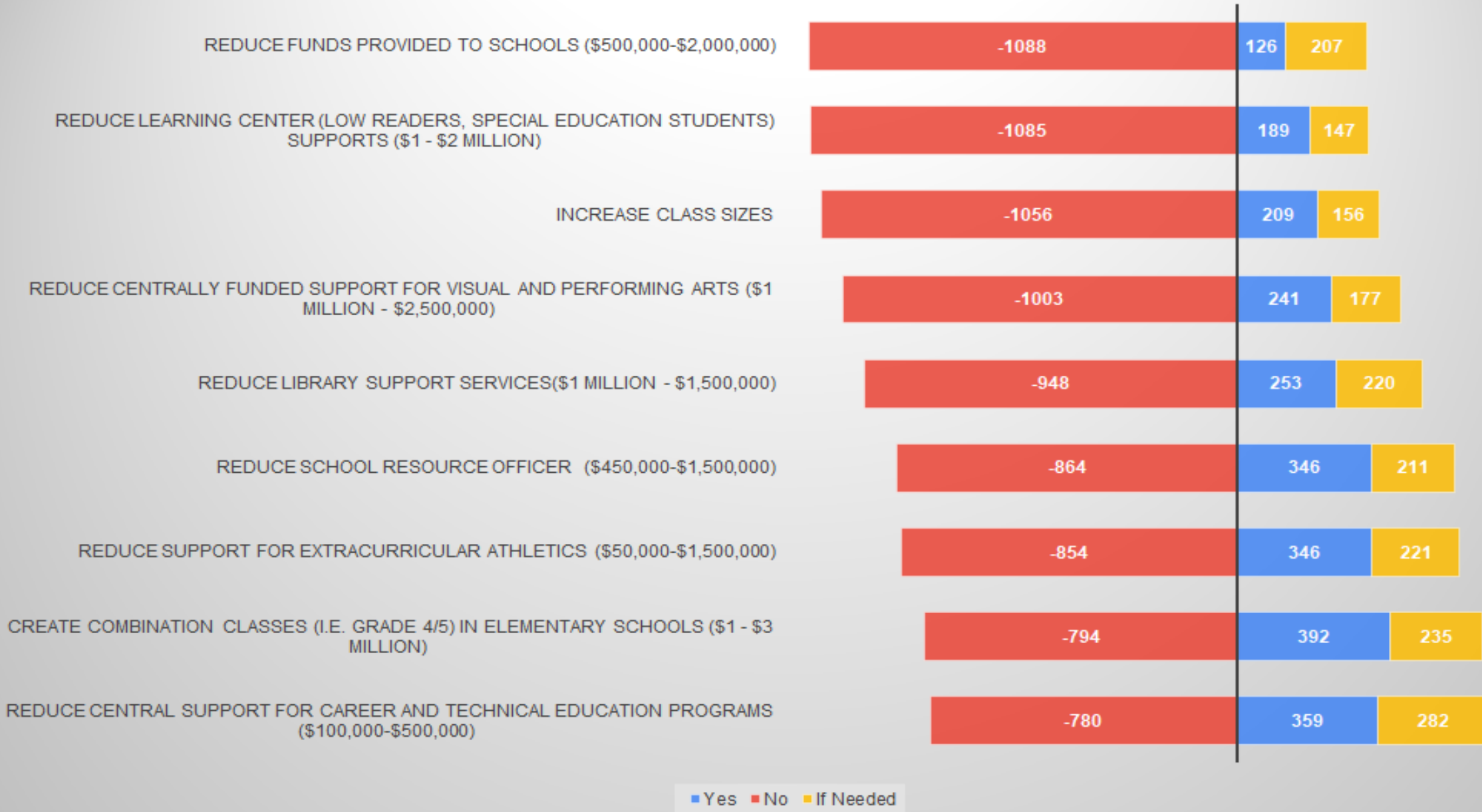
4 Most Supported Reductions From Survey Responses



	Central Office Management/additional school administration (\$2 - \$4 million)	Non-mandated transportation and centralize pick up locations to the home school instead of door to door where possible (\$1 - \$3 million)	High school courses with low enrollment (\$500,000-\$1,000,000)	Centralized learning assessments (e.g. STAR, Accelerated Reader, Fastbridge) (\$200,000-\$500,000)
■ Yes	910	884	658	720
■ If Needed	256	259	345	254
■ No	-255	-278	-418	-439

■ Yes ■ If Needed ■ No

Reductions Least Supported by Survey Respondents



4 Least Supported Reductions From Survey Responses



	Reduce centrally funded support for visual and performing arts (\$1 million - \$2,500,000)	Increase Class Sizes	Reduce Learning Center (low readers, Special Education students) supports (\$1 - \$2 million)	Reduce funds provided to schools (\$500,000-\$2,000,000)
■ Yes	241	209	189	126
■ No	-1003	-1056	-1085	-1088
■ If Needed	177	156	147	207

Non-Salary Reductions

- A total of \$6 million will be identified from Central Office Budgets based upon all input received from multiple stakeholder groups
 - This is a significant percentage of the unrestricted budget for this category and very much an ambitious and aggressive target
- Each group of reductions will be brought forward by a Cabinet Member
- Tonight we are presenting potential reductions for the budgets under the Superintendent and Business Services
 - The two budgets equal \$3,827,973 in Unrestricted funding with potential reductions of \$821,476 (21.4%)

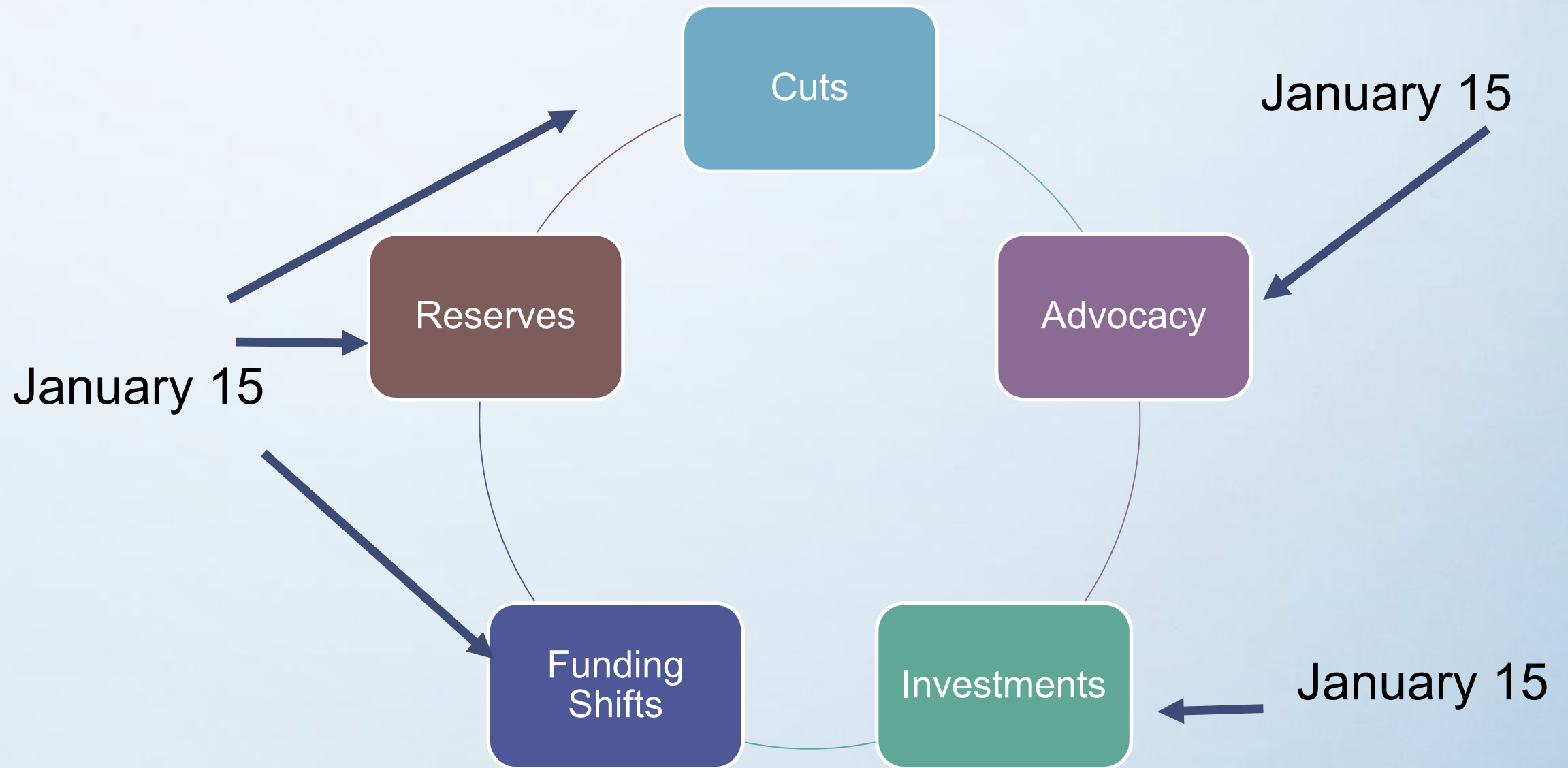
Superintendent's Budget

- Superintendent's Office Budget = \$1,691,433
 - Reductions \$561,734 (33.2%)
- Key contracts and reductions
 - Legal \$281,750
 - Educational Training and Research Associates \$28,476
 - GODBE Corporation \$40,850
 - School Innovations and Achievement (A2A) \$110,000
 - Consultant budget (5860 / 5890) \$51,249
- District will move forward with an RFP for legal and the recruitment of General Counsel

Business Services Budget

- Business Services Office Budget = \$2,136,540
 - Reductions \$257,472
 - Many of the contracts are for essential services such as the Management Information System, Printing Supplies, Audits, County Contracts, etc.
- Key contracts and reductions
 - Printshop Leases \$100,000
 - School Innovations and Achievement (Mandates) \$42,700
 - Procure America (Energy) \$7,000
 - Consultant budget (5860 / 5890) \$51,000
- The 2020-2021 Budget will consolidate all “fixed” contracts into the Business Services budget that more clearly track these expenses that cross multiple divisions

Budget Reductions – Multiple Approaches



Governor's January Budget Proposal

- The Budget does increase the Proposition 98 funding, but not at levels that were anticipated
- After adjustments to 2018-2019 and 2019-2020 funding the updated COLA decrease from 3.00% to 2.29%
 - This reduction could reduce anticipated revenue by \$2 million
- The one-time Pre-school Block grant would fund Special Education on a 3-year rolling average which may provide some increased revenue still to be calculated
 - The proposed block grant would require new and improved services
- Provides one-time funds to support the teacher shortage
- Provides one-time opportunity grants for specific at-risk schools
- Does not have additional funding to support STRS/PERS

Major Expenditure Assumptions – Out Years

(As of 2019-2020 First Interim– Fund 01 ONLY)

	2018 -2019	2019-2020	2020-2021	2021-2022
LCFF Gap Rate Projection	100%	0%	0%	0%
Projected COLA (DOF)	3.70%	3.26%	3.00%	2.80%
Step & Column cost	\$1,364,047	\$1,507,905	\$1,505,625	\$1,582,953
STRS (increased rate)	\$921,867	\$952,963	\$1,565,134	(\$364,901)
PERS (increased rate)	\$327,558	\$384,525	\$1,075,500	\$696,573
Restricted Maintenance (3% contribution)	\$73,421	\$61,558	\$96,284	\$156,431
Reserve for Economic Uncertainties	\$9,968	\$143,635	\$339,539	\$124,446
Declining Enrollment (loss of revenue)	\$691,824	\$2,657,835	\$559,795	\$84,466
Special Education Contribution (SELPA)	\$2,665,897	\$2,745,873	\$2,814,519	\$2,884,882
Insurance / Workers Compensation	\$1,439,759	\$439,899	\$500,000	\$500,000
Salary Settlements	\$11,354,185	\$9,751,423	\$5,605,680	\$0
Statutory Benefits Cost Increases	\$273,115	\$358,527	\$399,465	\$413,806
Program Contributions (CPI estimate)	\$1,202,452	\$1,115,029	\$1,055,376	\$1,056,238
TOTAL New Expenditures	\$20,324,093	\$20,119,172	\$15,516,917	\$7,134,894

Cut Targets

Adjusted after utilizing one-time solutions
based upon current plan

- . 2019 – 2020 \$-- million*
- . 2020 – 2021 \$32.0 million*
- . 2021 – 2022 \$15.8 million
- . 2022 – 2023 \$7.0 million**

*After utilizing one-time solutions of OPEB and Reserves to push the cut to the following year

**New cuts/shifts to be identified to implement full AASAT Resolution

Calendar of Budget Events

- Board Presentation January 15th– Results of Survey on Priorities, First presentation of Non-Salary potential cuts and annual audit reports
- Board Presentation January 29th – Continue discussion of non salary reductions and Closed Session negotiations impacts
- Ongoing consultation with community groups including DBEC, AASAT, DLCAP, MDAC, and community partners
- Ongoing budget discussions with associations to identify \$20 million in reductions for the 2020-2021 school year

District's Goal is to continue to work collaboratively with our associations.



Reduction Target - Next Steps

**Days
Remaining to
Identify 2020–
21 Reductions**

160
(as of January 15, 2020)



Date	Event or Activity
January 15 / 29, 2019	closed session discussion of management staffing and open session discussion of non-salary reductions
March 11, 2020	Second Interim and identification of second round of <u>one-time and ongoing reductions</u>
June 24, 2020	Adopted Budget and identification of final round of <u>one-time and ongoing reductions</u>

2019 - 20 Remaining Reduction Target = \$- million

2020 – 21 Budget Reduction Target = \$32.0 million

2021 – 22 Budget Reduction Target = \$15.8 million