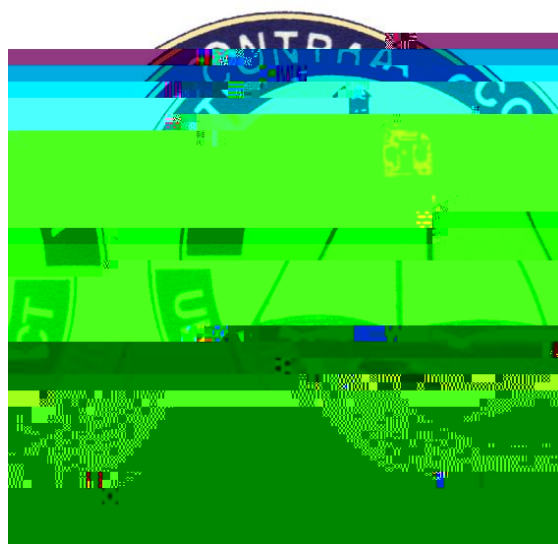


West Contra Costa Unified School District



2011-12 Budget Executive Summary Board Meeting June 28, 2011

West Contra Costa Unified School District

The State of California requires all school district budgets to adhere to a set of standards and criteria pursuant to Section 33127 of the Education Code. The County Office of Education is the agency which reviews school district budgets and may approve, conditionally approve or disapprove a school district budget based upon the review. This review includes the districts ability to satisfy its multi-year financial commitments. Each year the district provides budget and financial reports to satisfy these requirements.

Introduction

For the third consecutive year the District has struggled with a budget adopted by the State that does not realistically solve a major deficit. The most recent budget proposal, the May Revise, seeks to solve the deficit problem by extending temporary taxes. Unfortunately, the action needed by the legislature has not occurred and the taxes needed remain uncertain, and may remain uncertain well into the school year. So for the fourth year in a row we include this statement: "This year the District is facing enormous financial challenges brought on by both internal and external factors". Since the 2008-09 school year the state and national economies have driven funding downward causing an unprecedented loss in revenue to the levels that are now budgeted for all California Schools. In addition, the constant revision of revenue deferral schedules coupled with the uncertainty that the funds will actually be available this coming year has made budget planning efforts all the more difficult.

During the past few years, the State has exercised numerous "accounting" changes, including cash deferrals, booking funds back and forth between two fiscal years, categorical flexibility and more.

The Governor's May Revise Budget proposes solutions that require action by the State Legislature. Existing taxes are proposed to be extended and the Legislature can enact this with a 2/3 vote. Alternatively, the Legislature could vote by simple majority to place an extension of the taxes on the November ballot and could be extended by the people. This same plan was proposed in January for a vote in June and was unsuccessful.

Funding Flexibility The Tier III Shift

The 2009 Budget Act enacted a series of reductions to the revenues of school districts and also contained language permitting districts to seek relief from these cuts by repurposing funds from what has traditionally been restricted funding. The practical application of repurposing these funds requires that school districts either cut the programs and staffing associated with the State funds or find alternative funding sources to support the ongoing efforts of these programs.

The Board took action for both the 2009-10 and 2010-11 school years to identify the programs and estimated amounts available for the Tier III shift and used that funding to offset cuts from the State. The 2011-12 budget includes the continued use of Tier III funding in the estimated amount of \$13.5 million. Tier III flexibility has been extended to June of 2015.

Federal Stimulus Funding

The intent of the American Recovery and Reinvestment Act (ARRA) and subsequent Ed Jobs federal funding is provided to save jobs and stimulate the economy. The new Ed Jobs one time funding is more restricted than the previous ARRA funding provided by the federal government and can be spent through the 2011-12 school year. It is available for school site level jobs and related services. The District has received \$5.2 million in funding which is budgeted for 2011-12. This funding is paying for 65 jobs, it has helped offset the loss of the onetime ARRA funds and has been used toward the implementation K-3 Class Size Reduction, to pay for site safety positions and toward teacher salaries.

K-3 Class Size Reduction

The State budget includes the continued flexibility for the class size reduction program. The flexibility is designed to provide financial relief and flexibility to school districts during these difficult times. Class size flexibility legislation expires in June of 2014. In accordance with State funding flexibility, the Board has adopted a modified class size reduction program. Class size targets have been set at 24 for kindergarten, 20 for first and second grades and 28 for third grade. One time Ed Jobs Federal Funding, in the amount of \$2.5 million, and Title I carry over, in the amount of \$3.6 million, are being used to fund the program. These one-time funding sources totaling \$6.1 million expire at the end of the 2011-12 school year. Parcel tax funding is also provided in the amount of \$1.9 million toward this program, which would be roughly equivalent to the cost of 31 teachers. Therefore, class sizes in grades K-3 may have to be set in 2012-13 using only parcel tax funding to reduce class sizes. The multi-year projection does not include the staffing costs necessary to implement the K-3 Class Size Reduction Program in 2012-13 and beyond.

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Other Post Retirement Benefit Liability (OPEB) or Retiree Lifetime Benefits

The Board has taken action, with the cooperation of employee groups, to substantially reduce the District's long term liability for post-employment health care. In the actuarial study completed in 2008 it was determined that the

Grant Elementary	June 2010 (rescheduled June 2012)	Suspended due to City of Richmond funding commitment funding for two years 2010-11 & 2011-12
Kennedy High School	June 2010 (rescheduled June 2012)	Suspended due to City of Richmond funding commitment funding for two years 2010-11 & 2011-12
Shannon Elementary	June 2011 (rescheduled June 2012)	Suspended due to student housing plan costs. Board to consider student housing options in order to close in June of 2012

School closure and the sale of surplus property had been identified as a means to address the long term debt of the District when the Board adopted the 2008-09 budget. However, due to the decline in real estate value and the Board's desire to keep property for future use the surplus property has not been offered for sale. The Facilities Department has undertaken the task of exploring alternative use scenarios that may

following table illustrates the unrestricted ending fund balance for each year end closing.

June 2008

General Fund Budget Assumptions 2011-12

Beginning Fund Balance

The estimated unrestricted ending fund balance for 2010-11 is projected to be \$15.7 million, and this balance will be carried forward to the 2011-12 year.

The actual ending fund balance figure is likely to increase slightly when staff reports the Unaudited Actuals due to budget balances that may remain unspent. The restricted beginning fund balance is estimated to be \$16.6 million. This balance is also subject to change, based on the closing of the books, and any fund balance remaining is designated for restricted carry-over. The combined estimated beginning fund balance is \$32.3 million.

Revenue Limit

Revenue limit funding is based mainly upon student attendance. West Contra Costa Unified School District is currently considered a declining enrollment district. Therefore; the basis for Revenue Limit funding for 2011-12 is 2010-11 P-2 Average Daily Attendance (K-12 ADA) along with certain annual adjustments. A declining enrollment district is held harmless for one year to help minimize the impact of declining Revenue Limit funding. The D

Restricted Revenue

Revenues for the remaining categorical programs have been projected using prior year funding as a base. Budgeted revenue is projected for programs that have supporting documentation for current year funding and assurance of funding in the coming year. Programs for which documentation was not provided will be added to the budget as the funding letters become available. These additions will be brought to the Board as budget increases

Other Funds

Adult Education Fund Fund 11

West Contra Costa Adult Education provides educational service to community members of all ages. Programs include vocational education, high school diploma studies, English as a Second Language, basic education geared to promote adult literacy, parent education, adults with disabilities and senior citizen classes. The State of California has placed the state portion of Adult Education funding within the Tier III flexibility program. The Board has approved the Adult fund to retain \$2.2 Million in flexibility funding in order to operate the program. The proposed operating budget is \$2.0 million.

Child Development Fund Fund 12

The Child Development fund is also known as the Preschool fund. Grants are received from both state and federal sources to support early childhood development with the school district. The operating budget for preschools is \$2.5 million for 2011-12.

Cafeteria Fund Fund 13

The Food Services Department of West Contra Costa Unified School District serves over 1,100,000 breakfasts, 3,000,000 lunches and almost 640,000 after-school snacks to its students during the regular school year. The program is entirely self sufficient through state and federal grants, with modest fees in place for meals and snacks that are not reimbursable through grants.

The Food Services Department also plays a critical role in ensuring that many children get enough to eat during summer months and provided over 256,000 nutritious meals to children age 18 and below during last year's Summer Feeding program. As the national leader in program innovations to prevent child obesity, the Food Services Department of WCCUSD has become the first school district in the Bay Area to provide a complete resource kit to support healthy food fundraising events by PTA / Student groups. It also continuously provides technical support and education to school administrators, teachers, parents, and students about nutrition and wellness. The Cafeteria Fund has an operating budget of \$12 million for 2011-12.

Deferred Maintenance Fund Fund 14

Special Reserve Fund for Other Than Capital Outlay Projects Fund 17

This fund is used primarily to provide for the accumulation of general fund dollars for general operating purposes other than capital outlay. Amounts from this fund must first be transferred through board resolution to the General Fund, or other appropriate fund, before expenditures can be made. In addition, during the 2009-10 and 2010-11 school year the Board adopted a plan to place Tier III funding and general fund balance reserves in the Special Reserve Fund. This funding has accumulated to \$10 million and is reserved to offset potential cuts that may arise if the Governor

Special Reserve Fund for Capital Outlay Projects Fund 40

This fund exists to accumulate moneys to fund capital projects. The District deposits facilities-

West Contra Costa Unified School District
Budget Flexibility Transfer for Tier III Programs
June 28, 2011
Public Hearing
Appendix A

2011-12 Budget - Executive Summary

Appendix B

DISTRICT: WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT