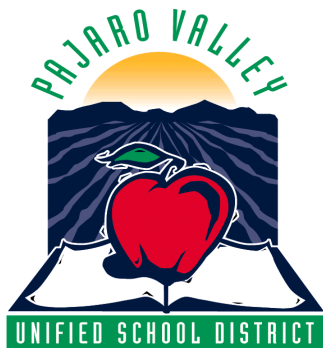


2014-15 First Interim Budget Report



PVUSD Board of Trustees
Brett W. McFadden, Chief Business Officer
Helen Bellonzi, Director of Finance
December 10, 2014



What we will cover tonight

- ❑ Background on the AB 1200/2756 budget review process
- ❑ Multi-year fiscal outlook for the district
- ❑ Fiscal challenges and action plan
- ❑ Next steps
- ❑ Questions and comments



School district budget process

Budget action:

Adopted budget

Unaudited actuals (fiscal activity through year end)

Annual independent audit of prior-year budget

1st Interim Report (activity through Oct 31)

2nd Interim Report (activity through January 31)

3rd Interim Report (activity through June 30)

Board adoption date:

No later than July 1

By September 15

Board review in Jan/Feb

By December 15

By March 15

If required by COE



Interim report certifications

- First, second, and third interim reports are reviewed by Santa Cruz County Office of Education and certified:
 - Positive – the district can meet its minimum obligations over the 3-year forecast
 - Qualified – the district may not be able to meet its obligations over the 3-year forecast
 - Negative – the district will not be able to meet its obligations over the 3-year forecast

Recap of fiscal situation

1. Aggressive strategy of restorations, salary increases, and LCAP initiatives in 2013-14 and 2014-15
2. District was under considerable pressure for restorations, salary increases, spending the ending balance
3. The structural deficit was not addressed
4. Significant increases to STRS and PERS contribution amounts
5. LCFF calculator changed unexpectedly - substantially reducing out-year revenue projections

Result:

District is projected to have a negative fund balance in 2015-16
Short and long term corrective actions will be required

2014-15 First interim MYP

	2014-15	2015-16	2016-17
Beginning Balance	38.58	21.34	10.50
Revenues	197.47	195.77	205.41
Expenditures	214.71	206.61	213.46
Increase/Decrease	(17.24)	(10.84)	(8.05)
Ending Balance	21.34	10.50	2.45
Revolving Cash/Rest.Bal	7.81	6.64	5.62
3% Reserve	6.38	6.16	6.36
Unapprop Reserve	7.15	(2.30)	(9.53)

Impact of STRS contribution increases

<u>Year</u>	<u>Rate increase</u>	<u>Amount for PVUSD GF</u>
2014-14	8.88%	\$637,373
2015-16	10.73%	\$1.5 million
2016-17	12.58%	\$1.62 million

- Rate will eventually go to over 19% by 2020-21

Impact to District General Fund:

Over 10% of the district's GF budget will eventually be dedicated to PERs and STRS contributions



Fiscal challenges facing the district

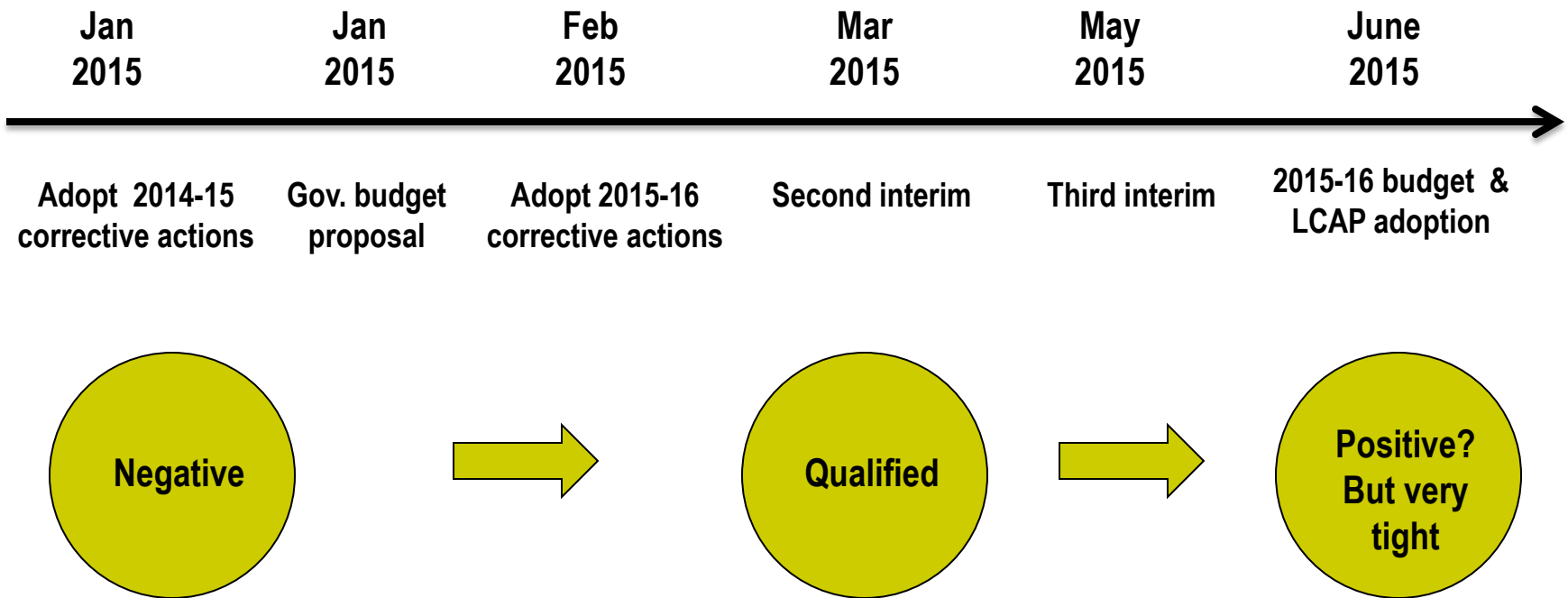
- ❑ Structural deficit must be addressed
- ❑ Program costs and encroachment
 - Special education
 - Transportation
 - Other programs
- ❑ No cap on employee health benefits
- ❑ Increasing STRS and PERS contribution costs
- ❑ Vacation accrual liability
- ❑ Unexpected changes to LCFF formula



Action steps

- District has initiated a comprehensive action plan to return the district to a positive fiscal certification
 - 1. Invited FCMAT team to conduct comprehensive fiscal analysis
 - 2. Working in cooperation with county office team
 - 3. Self-certified as negative at first interim
 - 4. FCMAT to conduct program analysis of special education and transportation
 - 5. Plan to reduce vacation accrual liability developed – launching in Jan
 - 6. Drafted short term action plan for 2014-15 – board action in January
 - 7. Propose long term plan for 2015-16 – board review and action in February

Timeline for action steps





Variance report

- Staff provides variance reports at all major “stops” in the annual budget process
- Not required by law, but district performs task for transparency and accountability purposes
 - Recommendation of the Fiscal and Facilities Advisory Committee
- Displays changes in revenues and expenditures during a period of time for items above \$25k in the General Fund
 - This report reflects activity from September Unaudited Actuals to First Interim (i.e. first quarter of the fiscal year)



LCAP addendums at first interim

Student Achievement

Goal	Actions and Services	Expenditures
1. Increase students scoring Proficient and above on the CCSS-SBAC English language arts and mathematics assessments	-Align curriculum, pacing and assessments to all new content standards	-Elementary Coordinators of Academics and Instruction \$652,472
2. Increase percent of students who demonstrate readiness for college or ready for college-conditional on EAP for English and mathematics	-Provide professional development and coaching to build teacher capacity to implement all new content standards	-Program Coordinators \$ 228,570 -Program Support \$ 360,795

Course Access/Parental Involvement

Goal	Actions and Services	Expenditures
3. Close subgroup gap, ensuring that all students have equitable access to A-G	-Provide student and parent education regarding A-G requirements, college financial aid opportunities, social/emotional/medical resources within the district and county.	-Program Support \$ 5,983 -Office Support \$ 46,696

Student Achievement ELLs

Goal	Actions and Services	Expenditures
<p>8. Increase percent of English learners who demonstrate at least one year of progress toward English fluency as measured by the state English language development test</p> <p>9. Decrease the number of Long Term English Learners (LTEL)</p>	<ul style="list-style-type: none"> - Provide professional development and coaching on new ELA/ELD Standards - Ensure access to EL instructional programs per EL Master Plan - Provide additional support to reduce teacher/student ratio in high school ELD 1 classes - Identify and provide intensive instructional supports via site-based interventions and Extended Learning for students not progressing through English proficiency levels 	<ul style="list-style-type: none"> -High School English Learner Specialists \$296,535 -Language Assessment Resource Center \$ 230,744 -Program Support \$ 341,495 -Office Support \$ 46,696



Conclusion

Questions and comments?