

**SIERRA SANDS UNIFIED SCHOOL DISTRICT**

**Board of Education  
Special Meeting**

**JUNE 24, 2015  
District Office  
113 W. Felspar Ave.  
*www.ssusdschools.org***

*We, the members of the Board of Education of the Sierra Sands Unified School District, are committed to providing the highest quality education in a safe environment to all K-12 students. We believe the school shares with the family, church, and community the responsibility for developing life-long learners who are responsible, productive citizens.*

**A G E N D A**

CALL TO ORDER AND PLEDGE TO THE FLAG

12:00 P.M.

Amy Castillo-Covert  
Bill Farris, President  
Tim Johnson  
Kurt Rockwell  
Michael Scott, Vice President/Clerk

Ernest M. Bell, Jr., Superintendent

MOMENT OF SILENCE

1. ADOPTION OF AGENDA

2. BUSINESS ADMINISTRATION

2.1 Adoption of the 2015-18 Local Control Accountability Plan (LCAP)

2.2 Adoption of the Sierra Sands Unified School District Proposed Budget for Fiscal Year 2015-16

3. ADJOURNMENT

## 2. BUSINESS ADMINISTRATION

### 2.1 Adoption of the 2015-18 Local Control Accountability Plan (LCAP)

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**BACKGROUND INFORMATION:** In 2013-14, the passage of the Local Control Funding Formula (LCFF), dramatically reformed California's educational funding system. The LCFF eliminates most categorical funding streams, replacing them with funds based on each LEA's student demographic profile. The LCFF institutes a change in LEA accountability in the form of a three-year Local Control Accountability Plan (LCAP), with annual updates, that focuses on services and outcomes for all students, with emphasis on English learners, low income, and foster youth students.

**CURRENT CONSIDERATIONS:** The district has put systems in place to ensure meaningful engagement and implementation of the Local Control Accountability Plan (LCAP). Procedures and documents have been created so that information is regularly shared with stakeholders. Committees, parent groups, and surveys are used to review district data and develop a prioritized needs assessment to provide a foundation for development of LCAP goals. As stakeholder input was gathered throughout the year, comments were considered and revisions to LCAP goals were made. As a result of this year's ongoing review and evaluation process, LCAP goals have been modified to more closely align to district goals, the LEAP, and Single Plans for Student Achievement and have been reduced from six to four goals.

The board held a public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the LCAP. The public hearings for both the LCAP and annual budget were held at the Sierra Sands regular board meeting on June 18, 2015. The board is required to hold a second public meeting, held after, but not on the same day as the public hearing, to adopt the LCAP. This meeting must be the same meeting as the adoption of the district budget. The district must file with the Kern County Office of Education the adopted LCAP and budget within five days after adoption, but no later than June 30, 2015. The Sierra Sands Unified School District LCAP is posted on the district website at [www.ssusdschools.org](http://www.ssusdschools.org).

**FINANCIAL IMPLICATIONS:** In order to meet the required minimum proportionality percentage in the LCAP, the district plans to use supplemental grant funds as outlined in sections 3 A and B of the LCAP.

**SUPERINTENDENT'S RECOMMENDATION:** The superintendent recommends that the LCAP be adopted as presented.

## 2. BUSINESS ADMINISTRATION

### 2.2 Adoption of the Sierra Sands Unified School District Proposed Budget for Fiscal Year 2015-16

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BACKGROUND INFORMATION: Education Code Section 42127 requires that on or before July 1 of each year, the governing board will adopt a budget and file that budget with the county superintendent of schools. In accordance with the district's practice, guidance from School Services of California, California Department of Education, the Kern County Office of Education, and the Fiscal Crisis and Management Assistance Team was used in formulating the proposed Sierra Sands Unified School District 2015-16 budget.

CURRENT CONSIDERATIONS: The Governor's May Revision significantly increases funding to education in 2015-16 and continues to demonstrate his commitment to funding the LCFF. The additional revenue and commitment toward LCFF gap funding is good news for school districts. However, the surge in funding also serves to highlight the volatility of state revenues. The governor has warned that despite stronger state revenue collections this year, the state budget remains precariously balanced and faces the prospect of deficits in future years. The need for reserves over the minimum reserve requirements continues. The experience of the most recent recession has clearly demonstrated these minimum levels are not sufficient to protect the district's educational programs from severe disruption in an economic downturn. Sierra Sands Unified School District's board has established a reserve policy calling for a 5% reserve rather than the 3% minimum recognizing the need to maintain fiscal solvency. The large projected increase in gap funding in 2015-16 may lead to smaller year over year increases in future years, just as the rising STRS and PERS contribution rates begin to ramp up. While there have continued to be signs of a slow but positive recovery at the state and national level, the fiscal environment remains challenging.

#### Points of Note:

- California's economy is slowly recovering, similar to the nation's.
- Growth of state general fund revenue increased significantly caused by income and capital gains taxes, due to continued record level returns on stocks and bonds.
- Increase in funding highlights volatility of state revenue.
- The state continues to experience significant drought which has the potential to impact future revenue.
- At the national level, the Budget Control Act is in effect until 2023, and its sequestration elements could still come into play in future years.

The main budget issues revolve around the following items:

- Funding for the LCFF was significantly increased by an additional \$2.1B to \$6.1B, increasing the gap funding from 32.1% proposed in January 2015 to 53.08% resulting in \$3.9M additional LCFF funding for the district.
- One time mandate reimbursements are an additional \$2.8M for the district. Although these funds are unrestricted, the governor ascertains these one-time funds can be used to invest in professional development, new teacher induction, instructional materials, and technology expansions.
- Under the LCFF the district does not receive significantly more funding compared to other districts in the state due to its lower percentage of focus subgroups. The district's current targeted student percentage continues to be below 55% at 54.37%.
- Districts face increasing pressure to improve outcomes for students, with the requirement to reallocate resources if existing programs are not producing the desired results to increase and improve services for targeted students.
- The district must continue to make adequate progress toward class size requirements for the LCFF K-3 Grade Span Adjustment or lose funding.
- After 8 years of declining enrollment the trend has flattened out but the district will continue to monitor.
- District responsibility for student mental health continues to increase, impacting fiscal and personnel resources.
- Special Education receives 1.02% COLA - additional requirements and needs continue to grow resulting in an ongoing encroachment to the general fund.
- ROP Maintenance of Effort ends June 30, 2015, resulting in a loss of approximately \$500K in ROP funding.
- Adult Education - several specific changes to program design and coordination are proposed. The emphasis is on increasing coordination in regional efforts, with funding allocations to districts to be at least equal to their distribution from the previous year.
- One time funding is proposed for CTE Incentive Grants in support of transitional programs for the next three years, with a move toward programs that can be sustained with ongoing local revenue, primarily 9-12 grade span adjustment funds.
- STRS unfunded liability is projected to result in cumulative increases in employer contributions – from 10.73% for 2015-16 to 19.1% over 7 years.
- PERS employer contribution rates are slated to increase from 11.847% for 2015-16 to as high as 20% by 2020.
- The district continued to borrow from Fund 17 this school year to satisfy its cash needs.
- Even though all cash deferrals are proposed to be eliminated, the district will continue to monitor its cash flow to ensure it can meet all its obligations.

- As of the 2015-16 school year, information in regard to the board's designation of reserves has been added to budget reporting requirements.

Assumptions for 2015-16

- California CPI 2.20%
- \$ per ADA \$8,165.00
- Student ADA 4,663
- COLA 1.02%
- Lottery \$128.00 per student
- Proposition 20 \$34.00 per student
- Mandated Cost Block Grant ~\$170,000
  - The district has chosen to receive a Block Grant for Mandated Costs instead of going through the Mandated Cost reimbursement process.
- Cost of Step & Column is estimated at ~1% for all associations.
- Cost of Health and Welfare package is calculated at a ~2.7% cost increase.
- Deferred maintenance contribution paid at 100%.
- District Reserve for Economic Uncertainty will be maintained at 5% (2.4M) in the general fund.
- Transportation will continue to be an add-on to the district's base grant. The MOE does not expire.

Outlook for the Outyears:

While the influx of additional LCFF funding and one-time money received in mandated cost reimbursement bodes well for the district in the 2015-16 school year, increasing demands on these funds necessitate caution in moving forward. Ongoing funding must be allocated to support continuing expenses in the area of technology for Chromebook replacement, facility maintenance needs, and utility cost increases, paired with the rising costs in STRS and PERS employer contributions. The expected \$2.8M in one-time funding has been tentatively designated for \$1.9M in textbook adoption, technology needs in the form of additional Chromebooks \$350K, vehicle replacement needs \$100K, \$372K towards payment of the CTE loan, and facility maintenance needs.

Even as the district maintains its positive certification due to this influx of ongoing and one-time money, additional funding is quickly offset by increasing and new expenses. Future budget considerations must include increased demands on resources to close the achievement gap for targeted students. As funding received will fall short in meeting competing demands for all expenditures, the district with guidance from the board, will remain vigilant in its stewardship of available funds.

It must be noted that the state budget has not yet been finalized at the time of preparation of this document. The legislative process will carry out before the state budget is adopted and will most likely include changes to the May Revision. The budget is posted on the district website at [www.ssusdschools.org](http://www.ssusdschools.org).

FINANCIAL IMPLICATIONS: The district continues to remain fiscally solvent in 2015-16 and the two out-years during this time of many changes.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board adopt the proposed budget for the 2015-16 school year as presented.