

LCAP AND BUDGET



2015-2016 FISCAL YEAR



SAN JOSÉ UNIFIED SCHOOL DISTRICT

TO OUR COMMUNITY

June 5, 2015

San José Unified is moving forward together. Students, teachers, staff, parents, and community partners are moving forward together to eliminate the opportunity gap and provide every student with the finest 21st century education.

Anchored by the board of education's policy on equity and driven by the district's strategic plan, San José Unified is committed to ensuring that all students are inspired and prepared to succeed in a global society.

The accompanying local control and accountability plan (LCAP) and budget reflect that commitment. More specifically, they reflect the district's continuous efforts to:

- provide a high-quality and comprehensive instructional program;
- ensure students, staff, parents, and community are both satisfied and engaged;
- demonstrate effective, efficient, and exemplary practices in all divisions, departments, and schools;
- attract, recruit, support, and retain a highly-effective and diverse workforce; and
- align resources to the strategic plan and equity policy and demonstrate cost-effective budget management.

Pursuant to California Education Code paragraph (1) of subdivision (b) of section 52062 and as required by paragraph (1) of subdivision (a) of section 42127, the San José Unified School District Board of Education shall hold a public hearing on Thursday, June 11, 2015 to solicit the recommendations and comments of members of the public on the accompanying local control and accountability plan and budget.

Further, and pursuant to California Education Code paragraph (2) of subdivision (b) of section 52062 and as required by paragraph (2) of subdivision (a) of section 42127, the San José Unified School District Board of Education shall adopt a local control and accountability plan and a budget on Thursday, June 25, 2015 and subsequently file that LCAP and budget with the county superintendent of schools.

On behalf of our colleagues throughout SJUSD, we are pleased to share the following information with you; we look forward to seeing you and hearing from you on June 11th and June 25th; and we thank you for your ongoing support as we continue to move forward together.



Jason Willis
Assistant Superintendent of
Community Engagement and Accountability



Stephen McMahon
Chief Business Officer

EXECUTIVE SUMMARY

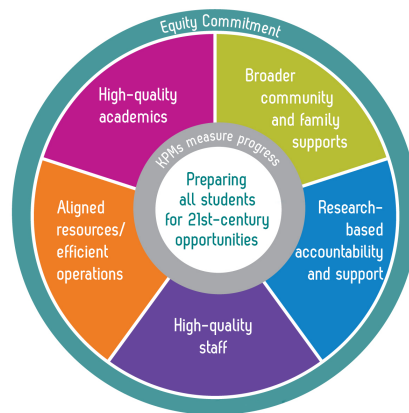
CONTEXT

The San José Unified School District's general fund had total revenues of \$311,375,422 in the 2006-2007 fiscal year. Then came the most drastic cuts to public education funding in California history. For the first time in eight years, the district is able to budget for total general fund revenues that exceed the \$311 million received in 2006-2007. With a projected \$324.7 million in total general fund revenues for the 2015-2016 fiscal year, San José Unified is embracing the opportunities that come with restored revenues.

The last few years, buoyed by the passage of California Proposition 30 in November 2012 and the recovering state economy, have led to sizeable increases in funding for K-12 education. While revenues have changed dramatically in a short period of time, California remains near the bottom of funding per pupil nationally. This reminds us that while the last few years have been good for the school district, ensuring we remain prudent steward's of the investments the community makes in our schools is paramount. Rather than simply restoring what was cut, strategic investments are being made in services to students and in the district's workforce to maximize the educational experiences for students, with each investment based on San Jose Unified's 2012-2017 strategic plan, OPPORTUNITY21.

OPPORTUNITY21

San Jose Unified's 2012-2017 Strategic Plan, OPPORTUNITY21, builds on the district's past progress while offering many dramatic changes that are driven by common sense, research on effective practices, and a relentless focus on fulfilling the district's mission and realizing its vision. Anchored by the district's equity commitment, focused on a 21st century educational experience, using key performance measures for accountability, and built to achieve five key objectives, the strategic plan is the district's guiding document. For the 2015-2016 fiscal year, the workforce will continue to be the priority strategy, with the focus on attracting, recruiting, supporting, and retaining, a highly effective and diverse workforce.



LOCAL CONTROL FUNDING FORMULA (LCFF) AND LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP)

The Local Control Funding Formula (LCFF) represents the biggest change to how California's public schools are funded in forty years. This law, now in its second year, creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including the revenue limit and most state categorical programs. The LCFF is scheduled to be fully implemented and funded in 2020-2021; however, with the continued, rapid

EXECUTIVE SUMMARY

recovery of the California economy and fiscal state; full Implementation may occur sooner. Currently, the LCFF includes the following components for school districts:

- Provides a base grant for each local educational agency (LEA) equivalent to \$7,643 per average daily attendance (ADA). \$6,845 for grades K–3; \$6,947 for grades 4–6; \$7,154 for grades 7–8; and \$8,289 for grades 9–12.
- Provides an adjustment of 10.4%, or \$685, on the base grant amount for grades K–3. SJUSD has a collectively bargained agreement for an annual average class enrollment to ensure receipt of these funds.
- Provides an adjustment of 2.6%, or \$216, on the base grant amount for grades 9–12.
- Provides a supplemental grant equal to 20% of the adjusted base grant for targeted disadvantaged students. Targeted students are those classified as English learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, or any combination of these factors. This combination of factors is referred to as the unduplicated count.
- Provides a concentration grant equal to 50 percent of the adjusted base grant for targeted students exceeding 55 percent of an LEA's enrollment. San José Unified, based on its district-wide enrollment of 48% targeted students, does not qualify for a concentration grant.

San José Unified works with the County Office of Education and School Services of California to develop multi-year LCFF revenue assumptions. The table below captures current projections.

LCFF	2014-2015	2015-2016	2016-2017	2017-2018
cost-of-living adjustment	0.85%	1.02%	1.6%	2.48%
funded average daily attendance (students)	30,789	30,467	30,184	29,930
percentage change in funded average daily attendance	–	(1.05%)	(0.93%)	(0.84%)
funding per average daily attendance	\$7,178	\$7,995	\$8,100	\$8,273
percentage change in funding per average daily attendance	–	11.38%	1.32%	2.13%

At the time of publication, the State of California has not adopted its 2015-2016 fiscal year budget. The preceding numbers will be revised if necessary based on the actual state budget. Complete information on San Jose Unified's budget can be found in that section of this document.

EXECUTIVE SUMMARY

The Local Control and Accountability Plan (LCAP) is the process and document by which we annually engage with stakeholders to incorporate feedback and refine our strategic plan to ensure dollars are allocated to fulfill the district's mission. OPPORTUNITY21, our district's strategic plan, is at the heart of our LCAP. It was developed over a full year and included input from over 3,500 stakeholders during a series of staff, parent, and community meetings at every school site.

As we embarked on developing the LCAP, we started with the five objectives of our strategic plan and used the LCAP engagement process to refine our work through community feedback. This year SJUSD hosted approximately 30 sessions to collect input from staff, parents, students, and community members. To enhance community engagement, we provided each participant a glossary to ensure they had a reference for unfamiliar terms they might see in the materials (e.g. classified staff, professional growth system). Staff also structured the sessions to include a paper survey and small group discussions to ensure SJUSD gathered detailed feedback from each participant. Lastly, SJUSD more explicitly targeted student input, engaging approximately 170 high school students on their experience with the implementation of the Common Core States Standards (CCSS). Complete information on San José Unified's LCAP can be found in that section of this document.

2015-2016 SJUSD BUDGET

In alignment with the strategic plan and as articulated in the LCAP, San Jose Unified continues to invest heavily in the two priority objectives identified by the community – high-quality staff and high-quality academics. Combined, these objectives command 87% of the school district's LCAP funding. In addition to continued investments to ensure quality implementation of the Common Core State Standards (CCSS) in Mathematics, English, Spanish Language Arts, and English Language Development, and to reinforce the use of the instructional framework the school district is also continuing to enhance supports for targeted student populations. Enhanced supports includes, for example, the creation of intervention specialist roles at the elementary level, personalized and adaptive learning software, and providing special professional development to teachers serving English-language learners and below grade-level students to help teachers better customize instruction.

RESERVES

Districts with more than 30,000 students are required to maintain a reserve for economic uncertainties equal to at least 2% of the general fund and 3% when enrollment is fewer than 30,000 students. Beginning with the 2014-2015 fiscal year, the district began projecting for a 3% reserve based on projected enrollment declines. With the state's economic crisis having passed, San José Unified had been spending reserves, with a \$14 million reduction in the special reserves, fund 171, from the 2012-2013 fiscal year to the projections for the current fiscal year. However, as shown in the table below, the reduction in reserves, despite strategic

EXECUTIVE SUMMARY

investments in several areas, has slowed as the state has accelerated its investment in California's public education system. As of the writing of this document, the Legislature continues to debate potential changes to the cap on school district reserves. The strong revenue growth in California does however make it more likely that, gone unchanged, the budget reserve cap will be triggered sooner than the seven-year time horizon stated when it was adopted.

FUND 171	2014-2015	2015-2016	2016-2017	2017-2018
Total General Fund Expenditures (GF)	\$326,265,660	\$336,393,484	\$341,005,786	\$345,441,469
Minimum Required Reserve as a % of GF	3%	3%	3%	3%
Minimum Required Reserve in Total Dollars	\$9,787,970	\$10,091,805	\$10,230,174	\$10,363,244
Total Projected Special Reserves	\$60,523,369	\$65,563,524	\$66,824,029	\$65,921,891
Projected Reserves as a % of General Fund	18.55%	19.49%	19.60%	19.08%
Reserves Above the Minimum Required	\$50,735,399	\$55,471,719	\$56,593,855	\$55,558,647

The district also maintains fund balances for specific purposes. Those balances and the need for them can be found in the table below. Additional information on the funds can be found on pages 14 through 20.

CATEGORY AND FUND	PROJECTED 2015-2016 FUND BALANCE	NEED
Unrestricted General Fund [03]	\$12,743,890	for the purchase of adopted textbooks
Local Grants [06]	\$15,448	local grant funds that are yet to be expended per the grant
Routine Repair and Maintenance [06]	\$7,854,989	for needed repairs and maintenance of district facilities
State Categorical [06]	\$328,587	state categorical funds that are yet to be expended per the categorical program
Vehicle Repair and Replacement [06]	\$547,767	for maintaining the district's fleet of vehicles
Special Education [06]	\$1,530,452	for mental health services

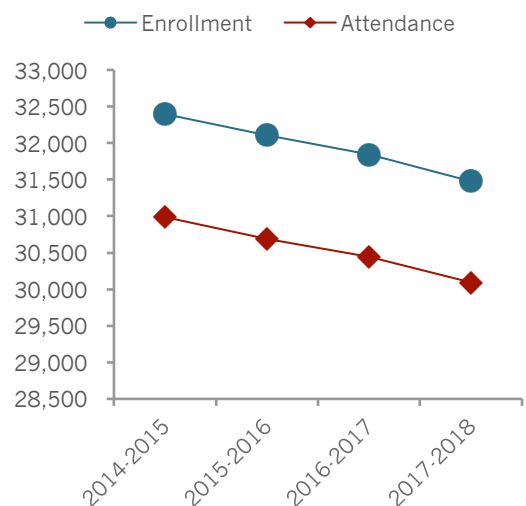
EXECUTIVE SUMMARY

CATEGORY AND FUND	PROJECTED 2015-2016 FUND BALANCE	NEED
Cafeteria [131]	\$3,089,359	equivalent to three months of operating expenses to ensure no meal service disruptions
Deferred Maintenance [141]	\$1,117,541	for needed maintenance of district facilities
Building Fund [211]	\$3,766,014	for necessary construction of district facilities
Certificates of Participation (COPS) [214]	\$6,144,401	for final payment on quality zone academy bond (QZAB) for facility improvement projects
Measure H [215]	\$2,780,079	for Measure H projects
Developer Fees [251]	\$11,755,635	for improvement and expansion of district facilities due to enrollment growth
Workers' Compensation [671]	\$1,384,210	for workers' compensation needs
Health and Welfare [672]	\$3,576,482	for the self insured health and welfare benefit programs

In total, the district's projected \$112,106,573 in reserves and fund balances leave San José Unified well positioned to continue making strategic investments while also maintaining fund balances for identified needs.

ENROLLMENT

Following several years of enrollment declines, San José Unified experienced a 2,000-student enrollment increase between the 2006-2007 and 2011-2012 school years. The district once again began experiencing enrollment declines beginning with the 2012-2013 school year and had been projecting enrollment declines of approximately 400 students annually. The actual decline has not been as steep as projected. The district is now projecting smaller declines, as shown to the right and below. For the 2015-2016 school year, the district is budgeting for a 48% unduplicated count of English language learners, low-income students, and foster youth per the LCFF.



EXECUTIVE SUMMARY

SJUSD STUDENTS	2014-2015	2015-2016	2016-2017	2017-2018
total enrollment and change from prior year	32,394 (171)	32,109 (285)	31,847 (262)	31,476 (371)
average daily attendance and change from prior year	30,990 (278)	30,690 (300)	30,443 (247)	30,091 (351)
average daily attendance as a percentage of enrollment	95.67%	95.58%	95.59%	95.6%

CHARTER SCHOOLS

The district is continually monitoring enrollment patterns at charter schools. Charter school enrollment directly impacts the overall student enrollment patterns for San José Unified and, therefore, the district's revenue and expenses. The number of SJUSD students enrolled at district-authorized charter schools, specifically Bachrodt Elementary School, Downtown College Prep High and Downtown College Prep Middle is approximately 900. This will increase in the next year with the opening of ACE Middle School in 2015-2016. Charter schools authorized by the Santa Clara County Office of Education and operating within San José Unified boundaries are projected to have steady enrollment, with no additional schools opening in 2015-2016.

STAFFING AND CLASS SIZE

Consistent with the Local Control Funding Formula (LCFF) and the district's strategic plan, total allocated staffing for the 2015-2016 fiscal year will increase over the prior fiscal year. The table below summarizes total full-time equivalent (FTE) positions:

FTE POSITIONS	2014-2015	2015-2016	2016-2017	2017-2018
certificated	1,913.82	1,882.75	1,875.15	1,864.15
classified	1,142.51	1,133.20	1,132.20	1,132.20
grand total	3,056.33	3,015.95	3,007.35	2,996.35

Teacher-to-student regular classroom ratios are set as follows for 2015-2016:

- Transitional Kindergarten through Third = 30 to 1
- Fourth Through Eighth = 31 to 1
- Ninth Through Twelfth = 33 to 1

Sites received staffing allocations for the 2015-2016 fiscal year driven by the LCFF and the district's strategic plan. Most notable are dedicated teaching and administrative positions based on a site's population of English learners, low-income students, and foster youth. Also of note is the continued and increased investment in the Teacher Quality Panel (TQP).

EXECUTIVE SUMMARY

EMPLOYEE BENEFITS

Each fulltime employee in 2015-2016 will be allocated \$14,391 for health and welfare benefits. This amount automatically adjusts to reflect increases or decreases in state funding. The Health and Welfare Benefits Board (HWBB), which is comprised of up to three representatives from the District and up to three representatives from each of the exclusive unions/associations, oversees these funds. The HWBB is charged with designing health and welfare benefit plans and setting employee contribution rates for all employees at a total cost that is within the annually allocated amount. For the 2015-2016 fiscal year, the HWBB will offer employees a choice of a HMO medical plan, Kaiser, or a PPO medical plan, Foundation. In addition, employees receive dental coverage and life insurance. The cost of health and welfare benefits to a full-time employee in 2015-2016 will be \$0 annually; the cost to a full-time employee with a dependent will be \$1,200 annually; and the cost to a full-time employee with family coverage will be \$2,400 annually.

COMMON CORE STATE STANDARDS (CCSS)

San José Unified has been working on its implementation of the Common Core State Standards (CCCS) for several years. Teachers throughout the district are implementing the standards and providing input on lessons and assessments developed by their peers. Teachers have also spent time collaborating with their grade-level or same-subject colleagues and are sharing best practices. This effort has been supported by the one-time CCSS implementation funds the district received. Per its spending plan for those funds, the district spent \$3,281,420 on instructional materials, \$1,721,780 on professional development, and \$1,530,000 on technology, specifically a districtwide upgrade of the current wireless network.

1% STATISTICS

The following table highlights a selection of measures that reflect the impact of a 1% change.

DESCRIPTION	2014-2015	2015-2016	2016-2017	2017-2018
revenue from a 1% cost-of-living adjustment (COLA)	\$2,224,489	\$2,453,610	\$2,465,986	\$2,489,516
1% increase in average daily attendance (ADA)	324 students	321 students	318 students	315 students
LCFF change for 1% increase in ADA	\$2,325,287	\$2,567,079	\$2,579,750	\$2,604,072
LCFF change per ADA from 1% COLA increase	\$72	\$80	\$81	\$83
1% general fund salary increase	\$2,030,710	\$2,091,261	\$2,151,501	\$2,220,856
1% of the general fund for special reserve	\$3,262,657	\$3,363,935	\$3,410,058	\$3,545,415