

SEQUOIA UNION HIGH SCHOOL DISTRICT  
BACKGROUND INFORMATION FOR  
AGENDA ITEMS FOR 3/18/15, BOARD MEETING

1. CALL TO ORDER

Anyone wishing to address the Board on closed session matters may do so at this time.

2. CLOSED SESSION

- a. CONSIDERATION OF STUDENT DISCIPLINES/EXPULSIONS
- b. CONFERENCE WITH LABOR NEGOTIATORS, Agency Designated Representative: James Lianides;  
Employee Organizations: Sequoia District Teachers Association (SDTA)
- c. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE, pursuant to  
Education Code sections 45195 and 54957

3. ROLL CALL

4. WELCOME AND EXPLANATION TO AUDIENCE

5. PLEDGE OF ALLEGIANCE

6. ADMINISTERING OATH OF OFFICE TO RECENTLY-APPOINTED INTERIM BOARD MEMBER

7. APPROVAL OF AGENDA

8. REPORT OUT ON CLOSED SESSION

9. APPROVAL OF CONSENT CALENDAR

Board action to approve the following items is taken simultaneously with one motion which is not debatable and requires an unanimous roll call vote for passage. The action indicated on each item is deemed to have been considered in full and action taken as worded therein. If a member of this Board, the Superintendent, or the Public so requests, any item shall be removed from this section and placed on the regular order of business.

*MOTION: waive reading of the Consent Calendar, accept the reports, adopt the resolutions, and approve other items.*

- a. APPROVAL OF MINUTES FOR FEBRUARY 25 AND MARCH 4, 2015, BOARD MEETINGS  
(consent)

SITUATION

Enclosed with the background materials are the minutes for the February 25 and March 4, 2015, Board meetings.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees approves the minutes for the February 25 and March 4, 2015, Board meetings.

- b. APPROVAL OF PERSONNEL RECOMMENDATIONS (consent)

SITUATION

Enclosed with the background materials are the Personnel Recommendations for certificated and classified employees.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees approves the Personnel Recommendations as indicated.

c. APPROVAL OF FIELD TRIPS (consent)

SITUATION

**East Palo Alto Academy (EPAA)**

30 students will travel to Humboldt State University on May 6-7, 2015, to participate in a college tour.

**Menlo-Atherton High School**

20 Robotics Club members will travel to the University of California (UC) Davis on March 18-21, 2015. This trip is presented for ratification.

31 students will travel to Colorado and Guatemala on June 7-23, 2015. Through the Global Leaders program, the students will participate in a two-day leadership retreat in Fort Collins. From there, they will travel to Antigua, Guatemala, to participate in Spanish language immersion, cultural exchange, and service-learning work.

**Redwood High School**

23 students will travel to Sims Metal Management and Marine Science Institute (MSI) on April 15, 2015, to tour the metal recycling center and connect with their studies of Tide Pool animals at MSI.

**Sequoia High School**

20 Ski and Snowboard Club members will travel to Squaw Valley Resort on March 28, 2015, for their annual ski trip to the Sierras.

45 Health Careers Academy students will travel to Los Angeles on May 14-16, 2015, to participate in Disneyland's Grad Night Celebration.

**Woodside High School**

12 Junior Varsity (JV) Softball Team members will travel to Watsonville High School on March 28, 2015, to participate in a tournament.

4 Black Student Union (BSU) club members will travel to Modesto on March 20-22, 2015, to participate in the 2015 United Black Student Unions of California (UBSUC) State Leadership Convention.

FISCAL IMPACT

No fiscal impact on General Fund. No student will be denied the opportunity to participate in these field trips due to finances.

RECOMMENDATION

That the Board of Trustees approves ratification of the field trip request for Menlo-Atherton High School's Robotics Club trip to UC Davis on March 18-21, 2015. That the Board of Trustees approves the field trip requests for EPAA students to Humboldt State University on May 6-7, 2015; Menlo-Atherton High School students to Colorado and Guatemala on June 7-23, 2015; Redwood High School students to Sims Metal Management & MSI on April 15, 2015; Sequoia High School students to Squaw Valley Resort on

March 28, 2015, Health Careers Academy to Los Angeles on May 14-16, 2015; and Woodside High School's JV Softball team to Watsonville on March 28, 2015, and BSU to Modesto on March 20-22, 2015.

- d. ADOPTION OF RESOLUTION NO. 1542, DESIGNATING DISTRICT REPRESENTATIVES FOR THE STATE ALLOCATION BOARD (by roll call vote)

SITUATION

In order to pursue state matching funds through the State Allocation Board, it is necessary to designate Superintendent James Lianides and Matthew Zito, Chief Facilities Officer, as district representatives to the State Allocation Board. They will authorize and approve all district applications for new building construction projects. Included with the background materials is a copy of Resolution No. 1542 as required by the State Allocation Board.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees adopts Resolution No. 1542, designating district representatives authorized to approve all state matching fund applications as required by the State Allocation Board.

- e. APPROVAL OF WARRANTS (consent)

SITUATION

The Warrants for February 2015 are enclosed with the background materials.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees approves the Warrants for February 2015, totaling \$4,255,595.43

- f. ACCEPTANCE OF MONTHLY FINANCIAL REPORTS (consent)

SITUATION

The Monthly Financial Reports for February 2015 are enclosed with the background materials.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees accepts the Monthly Financial Reports for February 2015.

- g. AUTHORIZATION TO DECLARE SURPLUS PROPERTY (consent)

SITUATION

Enclosed with the background materials is a list of district surplus equipment, which has been declared either obsolete or beyond repair. Staff recommends that the Board declares these items as surplus/obsolete property per Education Code Sections 17545 - 17555.

FISCAL IMPACT

No impact on the General Fund

RECOMMENDATION

That the Board of Trustees declares the listed items as surplus property, obsolete and unsuitable for use, and authorizes the Superintendent to dispose of these surplus items in accordance with Education Code provisions.

- h. APPROVAL OF CONTRACT FOR ELEVATOR MAINTENANCE AND REPAIR (consent)

SITUATION

KONE Elevators, Inc. will provide monthly maintenance services on all elevators district wide and quarterly maintenance visits on wheelchair lifts and stage lifts. KONE will also provide equipment repair services as needed and all mandatory elevator testing required by the state. Included with the background materials is the contract with KONE, Inc., not to exceed \$39,876.

FISCAL IMPACT

KONE will be paid by Maintenance Department funds.

RECOMMENDATION

That the Board of Trustees approves the contract with KONE, Inc. for elevator maintenance and repairs in an amount not to exceed \$39,876.

- i. APPROVAL OF CAHSEE WAIVERS (consent)

SITUATION

The State Board of Education adopted regulations that govern the administration of the California High School Exit Examination (CAHSEE) to provide a waiver procedure that would allow certain disabled students to utilize test modifications. Senate Bill 1476 moved the waiver process for the CAHSEE to the local level by giving local governing boards the authority to grant such waivers. This waiver is required for disabled students who took one or both portions of the CAHSEE with a modification and attained the equivalent of a passing score on the test(s). On March 2, 2005, the Board of Trustees approved CAHSEE Waiver Procedures, including required documentation, that are based upon state-developed eligibility criteria.

The Board is asked to review the waiver request of two Sequoia students who attained the equivalent of a passing score on the English Language Arts (ELA) test with the use of modifications and one Sequoia student who attained the equivalent of a passing score on the Math test. For purposes of confidentiality, the waiver applications are provided to the Board under separate cover. The Director of Special Education has reviewed the waiver requests and required documentation, and she has certified that the students have met all state and board requirements and are eligible for waivers of the requirements.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees approves the CAHSEE waivers requested.

- j. APPROVAL OF INSTRUCTIONAL CALENDAR FOR 2016-17 (consent)

SITUATION

The District and Sequoia District Teachers Association (SDTA) have reached a tentative agreement on the instructional calendar for the 2016-17 school year. The instructional calendar for the 2016-17 school year is included in the background materials.

FISCAL IMPACT

None

RECOMMENDATION

That the Board of Trustees approves the SUHSD instructional calendar for the 2016-17 school year.

- k. RECOMMENDATIONS OF APPROVAL/DENIAL OF SABBATICAL LEAVE REQUESTS FOR 2015-16 (consent)

SITUATION

The contract between the District and the Sequoia District Teachers' Association (SDTA) allows for teachers to take Sabbatical Leaves provided the teacher has worked seven years or more in the District with the latest evaluation being satisfactory. This year, the District received four applications for Sabbatical Leaves. The District Sabbatical Leave Committee, comprised of a certificated staff member of the SDTA bargaining unit from each school site as well as three district administrators, reviewed the four applications. Per the process delineated in Article VII, section 12.4.1 of the collective bargaining agreement with the SDTA, the committee "rank order[ed] applications" and forwarded these recommendations to the Superintendent.

The collective bargaining agreement states that the Superintendent will "make his/her own analysis of the quality of the applications." The following employees submitted sabbatical leave requests for all or for a portion of the 2015-16 school year: Elizabeth Snow (Menlo-Atherton, Digital Photography/ Journalism); Karol-Ann Coleman (Sequoia, Special Education); Maureen Reich-Svenson (Redwood, Social Studies); Stacy Wenzel (Sequoia, English and Reading).

The sabbatical applications are attached. Given the cost of sabbatical leaves, the Superintendent gave careful consideration to all four applications. The Superintendent is recommending that the Board approves the sabbatical request for Stacy Wenzel for the full 2015-16 school year and deny the requests for Elizabeth Snow, Karol-Ann Coleman, and Maureen Reich-Svenson.

Ms. Wenzel is to be commended for her thorough and detailed application. Her educational pursuits will have a direct relation to District intervention and English Language Development (ELD) classes, and she intends to share her learnings with site and district colleagues. Her insights could have great value to questions regarding how to best serve long-term English Learners. One of her guiding questions for study will be: What are the most effective assessment and instructional tools to use in reading and ELD classes for high school students reading at or below a fifth-grade reading level? She will explore the following areas: the most effective texts and course materials; instructional strategies; the role of phonics for long-term ELs; learnings from elementary school and community college; effective assessments; funding models related to class sizes and academic structures.

FISCAL IMPACT

Sabbaticals have a substantial cost to the District. If approved, the District must pay 60% of total compensation (salary and benefits) for full-year leaves and 80% of total compensation for semester leaves, and the District must hire temporary (Ed Code 44920) certificated employees, including salary and benefits. Given the structured deficit the district is currently carrying and the demands on next year's budget, the approval of additional sabbatical leaves would require budgeting trade-offs.

RECOMMENDATION

That the Board of Trustees approves the sabbatical request for Stacy Wenzel for the full 2015-16 school year and denies the sabbatical leave requests for Elizabeth Snow, Karol-Ann Coleman, and Maureen Reich-Svenson.

- I. APPROVAL TO PURCHASE MODULAR CLASSROOMS FOR INTERIM STUDENT HOUSING AT MENLO-ATHERTON (consent)

SITUATION

On October 8, 2014, the Board approved entering into an agreement with LPA, Inc., to design the new G-Wing project at Menlo-Atherton High School.

- Interim housing is required to replace the existing classrooms that are slated for demolition this summer until the new project is complete in late 2016.
- The interim housing project consists of 12 relocatable classrooms. Three of which will also be purchased for future planned growth, and nine will be leased until the new G-Wing is occupied.
- The attached proposal from Enviroplex, in the amount of \$211,889, is for the purchase and installation of three modular classrooms. These buildings will be installed on the basketball courts facing similar units installed last year at the same location.

Public Contract Code Section 20118 allows school districts the opportunity to utilize competitively bid contracts from other public agencies. Los Lomas Elementary School District's bid for modular building purchases was awarded to Enviroplex Inc., provides competitive pricing and has been made available for use to all public agencies and school districts. Staff has determined that it is in the best interest of the district to utilize the bid between Las Lomas Elementary District and Enviroplex Inc., for the acquisition of three modular classroom buildings.

FISCAL IMPACT

No impact to the General Fund; the costs will be paid by Measure A bond funds.

RECOMMENDATION

That the Board of Trustees approves the purchase of three modular classroom units at a cost of \$211,889, for the Menlo-Atherton High School G-Wing interim housing project.

- m. APPROVAL OF AGREEMENT OF LEASE WITH VERIZON TO UTILIZE LIGHT STANDARD AS A CELL TOWER AT MENLO-ATHERTON HIGH SCHOOL (consent)

District owns or controls that certain plot, parcel or tract of land, together with all rights and privileges arising in connection therewith, located at 555 Middlefield Road, Atherton, in the County of San Mateo, State of California. Verizon Wireless desires to use a portion of the property in connection with its federally licensed communications business.

This agreement will license Verizon Wireless to install antennas and related appurtenances "light pole space" space between the Land Space and Light Pole Space for installation, operation and maintenance of wires, cables, conduits and pipes running between and among the Land Space and Light Pole Space. It should be noted that the actual tower is district property and Verizon Wireless will only be licensed to operate their communication fixtures at the particular location. The agreement has been reviewed by legal counsel.

The initial license term shall be five years, commencing on the execution date of the agreement, Verizon Wireless shall pay to district as an additional fee a one-time payment of \$150,000, which shall be paid within 60 days after Verizon has obtained all necessary governmental approvals. Licensing payments are due for a total annual licensing fee of \$30,000 to be paid in equal monthly installments on the first day of the month.

FISCAL IMPACT

The District will receive an initial payment to the district of \$150,000 for the first five years of the agreement.

RECOMMENDATION

That the Board of Trustees approves the licensing agreement with Verizon Wireless to utilize a light standard as a cell tower at Menlo-Atherton High School.

- n. ADOPTION OF RESOLUTION NO. 1543, FOR COMMITTED FUND BALANCES FOR ADULT EDUCATION AND DEFERRED MAINTENANCE FUNDS (by roll call vote)

SITUATION

While the state categorical flexibility is no longer a factor, the General Accounting Standards Board (GASB) 54 requirements for special revenue funds, such as Adult Education and Deferred Maintenance, did not expire. The California Department of Education (CDE), provided guidance for GASB 54, stating that, "Since the programs associated with these funds may be reinstated at the end of the five-year period, the CDE has elected not to close these funds." Although the Deferred Maintenance program is repealed, the fund for this purpose remains in statute. The CDE left it open for local educational agencies (LEAs) that wish to continue using it. As a special revenue fund, the General Accepted Accounting Principles requires that the fund's inflows are restricted or committed revenue sources and must be recognized as revenue in the fund, not as an inter-fund transfer.

To have funds designated as committed the Board must take action. In doing so, however, the funds transferred for Deferred Maintenance will no longer count toward the Routine Restricted Maintenance Account requirement. Based upon the CDE's advice, it is recommended that the commitment of the funds be by board resolution to satisfy any future audit requirement.

For the Adult Education Fund, assuming the district wishes to continue to use it, the same operating advice applies.

FISCAL IMPACT

No impact to General Fund.

RECOMMENDATION

Staff recommends that the Board of Trustees adopts Resolution No. 1543, for Committed Fund Balances in Fund 11, the Adult Education Fund, and Fund 14, the Deferred Maintenance Fund.

10. SPECIAL RECOGNITIONS

- a. Superintendent's Commendations

11. PUBLIC COMMENT

- a. This period is for speakers whose items are not on the agenda. Speakers are customarily limited to two minutes. Speaker slips are available at the agenda table.
- b. Correspondence

12. INFORMATION ITEMS

- a. REPORT ON OPEN ENROLLMENT

### SITUATION

Open Enrollment for the 2015-16 school year opened on October 1, 2014, and closed on February 20, 2015. A random drawing was held on February 24, 2015, to assign priority numbers to the families based on the school they wished to attend. This report shows the distribution of the Open Enrollment requests for each site.

This year's Open Enrollment totals saw a decrease of 283 requests for transfer over last year. This is most likely due to the new enrollment boundaries that placed many students closer to schools that are within a greater proximity to their residence. The transfer approval request rate has also improved from 71.6 percent in 2014-15 to 83 percent in 2015-16.

If a higher than anticipated number of entering ninth graders at Menlo-Atherton choose private schools or charter schools, district staff will be able to draw down the 28 student wait list based upon boundary preferences adopted by the Board last year.

#### b. REPORT ON SUHSD DASHBOARD FOR 2014-15

### SITUATION

Attached are the latest exit and formative dashboard indicators with the district's most up-to-date information disaggregated by multiple subgroups. This year staff added a new formative indicator 10th graders average GPA and credits earned. This indicator measures the average GPA and the percentage of students that after two years in high school that are clearly on track toward graduation (i.e. have passed all classes in all four semesters). It serves as a clear midpoint indicator of student progress toward meeting the minimum graduation requirement of 220 credits for graduation.

### **Exit indicators**

The cohort graduation rate indicator identifies the percent of the original ninth grade class that graduated four years later from the district with a diploma. These percents are lower than what the state publishes due to a different methodology to calculate the data. For example, a student that enrolls in the district as a ninth grader and then moves to another district would not be counted as a graduate on the district dashboard, but would be counted in our totals in the state data if he/she eventually graduates from the new school. The state is able to track data from students that move due to the student carrying his/her CALPADS identification number to the next district. Conversely, this also holds true with the district's drop out data. If a student withdraws from the district and states that he/she is moving within California, they are not marked as a drop out in the district data. However, if the student never enrolls in the new district, he/she will be counted as a district drop out in the state data due to the tracking of the CALPADS identification number. Thus, the state data for the district's drop out rate tends to be slightly higher than the district's. In both the district and the state data the sum of graduates and drop outs does not come close to equaling 100%. This is because students that enroll in adult school, move out of state, or move out of the country are not included.

There are some interesting trends to note in the exit indicators. The district continues to make significant gains in A-G completion rates among graduating seniors. Overall, district students improved by 6% from last year, however the biggest gains were realized by our targeted students: students living in the 94303 and 94063 zip codes improved by over ten percentage points in one year. More modest gains were made with AP/IB course before graduating indicator, however, the latest data predates this year's placement of many more students into advanced classes that occurred as a result of the district's participation in the EOS grant.

### **Formative indicators**

Suspension and expulsion rates are continuing their downward trend. The data with expulsions is especially noteworthy as the number of expulsions exceeded 80 in 2011-12 and over 100 in previous years. In the last three years the number of expulsions has stabilized in the 30's and almost all of these are for mandatory causes.



Attendance rates correlate highly with academic progress. The most at risk populations (Redwood students and fifth year seniors) have not shown gains in attendance rates.

The new 10th grade academic progress indicator shows modest trend gains over the last three years for many subgroups. Hispanics, for example, have gained seven percentage points in the last three years. Districtwide the gain is 6.6 percentage points.

While the ninth grade first semester GPA / credits earned has not changed significantly over the last three years, a new subgroup, Aspirations Advocates, has been added. These students represent the 60 most at risk entering ninth graders at each of the schools. Due to the support system provided to these students, 71.5% of them passed all six of their first semester classes.

### **Summary**

Overall, the district has made progress in many of the indicators and the dashboard continues to serve as a means to identify those areas and subgroups in which the district needs to place additional focus in the coming year. The dashboard is a living document whose indicators can be modified or expanded to best meet district needs and be aligned with strategic planning and the budget development process.

#### **c. UPDATE ON PHASE ONE PROJECTS AND FACILITIES MASTER PLANNING**

##### **SITUATION**

On October 8, 2014, Quattrocchi Kwok Architects (QKA) provided an update of the Facilities Master Planning work completed to date and the proposed Phase One projects at each campus. Since that time the design teams and site committees have been working to complete Phase One projects at Carlmont, Menlo-Atherton, Sequoia and Woodside high schools. The Phase One projects at Menlo-Atherton and Sequoia high schools are nearing completion, and construction documents are scheduled for submittal to the State at the end of the month.

In addition, progress on all site master plans will be provided with a particular focus on Menlo-Atherton High School since that draft master plan is being developed in tandem with the M-A Environmental Impact Report and California Environmental Quality Act (CEQA) review.

(The Board will be provided with updates on the Carlmont and Woodside Phase One projects at the next meeting.)

#### **d. PRESENTATION OF SEQUOIA DISTRICT TEACHERS' ASSOCIATION'S INITIAL BARGAINING PROPOSAL TO THE DISTRICT FOR 2015-16**

##### **SITUATION**

Before the commencement of bargaining, each party is required to "sunshine" their contract proposal. In October 2014, the District and the Sequoia District Teachers' Association (SDTA) completed a total revision of their agreement, and a two-year agreement was signed with limited re-openers for 2015-16 to include salary and benefits as well as one article of each party's choosing. The SDTA has selected to re-open Article XII: Class Size. The SDTA's initial bargaining proposal also includes proposed changes to the Side Letter Agreement related to East Palo Alto Academy.

The SDTA's initial bargaining proposal for 2015-16 is attached.

The Sequoia Union High School District will sunshine its initial bargaining proposal for the 2015-16 school year at the next regularly scheduled meeting of the Trustees.

#### **13. DISCUSSION ITEMS**

##### **a. None**

14. PUBLIC HEARING

- a. None

15. ACTION ITEMS

- a. APPROVAL OF SECOND INTERIM FINANCIAL REPORT

SITUATION

Pursuant to the provisions of Assembly Bill 1366 (Hughes), Chapter 741, Statutes of 1985 (the *going concern* law), the State Controller and the State Department of Education published *Fiscal Management Advisory 86-02*, which contained the instructions for compliance in the preparation of budget reports. Assembly Bill 2861 (O'Connell), Chapter 1150, Statutes of 1986, made several procedural changes to the original *going concern* law and published *Fiscal Management Advisory 87-01*, which implements the changes. The Second Interim report presented to the Board for approval has been prepared in accordance to these State regulations.

The Second Interim Report provides an updated projection of revenues and expenditures based on actual figures through January 31, 2015. It also provides an updated multiyear projection based on the Governor's Budget Proposal for FY 2015-16 and it also includes the latest relevant available information on the State Budget.

In accordance with the law, the District's Second Interim Financial Report is for the period ending January 31, 2015. The recommendation to the Board is to certify as to the District's ability to meet its obligations for the remainder of the fiscal year. The Second Interim Financial Statement clearly indicates that the Board will be able to make a positive certification that the District will be able to meet its financial obligations for the remainder of the fiscal year with unrestricted reserves far in excess of minimal required amounts set by the State. These reserves will support the District to meet its financial obligations moving forward into two difficult budget years in which reserves are projected to decline significantly.

**Multi-year Projection Assumptions**

**Projected Revenue**

**Community Funded District (Basic Aid)**

The determination of a basic aid district such as Sequoia UHSD is made exclusive of funds received through the Education Protection Account and further excludes revenues received through the LCFF hold harmless calculation, including previously received categorical funds. A basic aid district is defined as a district that does not receive state aid to fund the floor entitlement for transition to the LCFF or any portion of the LCFF at full implementation. Basic aid districts will receive minimum state aid (MSA) funding of no less than the amount received in 2012-13. Basic aid districts are subject to the LCAP and the spending regulations under LCFF. The MSA amount is calculated net of the 8.92% fair share reduction.

**Local Property Tax**

The latest information available indicated that assessed valuations in the district are outpacing the county as a whole. Staff has accordingly updated the multi-year projection to reflect the projected increase of 6.2% for FY 14-15. The multi-year projection assumes a 6.5% increase of property tax revenue in FY 15-16 and a 5.0% in FY 16-17. These projections, however, do not include the anticipated settlement with Genentech, deductions for delinquencies, and it is subject to adjustments for all increases, decreases and refunds processed throughout the year.

Property tax from passthrough agreements with the former Redevelopment agencies and the residual property tax from their Successor Agencies are projected to generate \$3.4 million per year. Per statute the individual Successor Agencies are to be consolidated to one county-wide agency in 2016. It is anticipated

it would take at many years until the Successor Agencies pay out their long-term debt and are fully dissolved. It would be at least 20 years until Sequoia UHSD will receive its full share of property tax from the former RDAs.

### **Charter Schools**

LCFF for charters is largely identical to district funding, except in certain circumstances charter funding will be constrained by factors related to the district in which the charter is physically located.

The multi-year projection includes in FY 15-16 a \$0.8 million increase in the property tax in lieu transfer to the charter schools. This increase reflects changes in enrollment and the projected increase in funding under the LCFF. It is projected that the adjusted base grant for grades 9-12 would be \$8,849, including the adjustment for CTE. In addition to the adjusted base grant amount, and depending on the student population being served, charter schools would also receive supplemental and concentration grants.

It is anticipated that there will be a modest increase in charter school enrollment as the East Palo Alto Academy continues to grow to its capacity. The enrollment for Everest and Summit are somewhat flat.

The table below shows that the per-ADA LCFF funding comparison for the current and next fiscal year. It should be noted that in addition to the property tax in lieu transfer from the district charter schools, if applicable, receive supplemental grant funding. The East Palo Alto Academy is the only charter school currently receiving concentration grant funding.

<b>Fiscal Year</b>	<b>Base Grant</b>	<b>Grade Span Adjustment</b>	<b>Adjusted Base Grant</b>	<b>Supplemental Grant</b>	<b>Concentration Grant</b>
2014-2015	\$ 8,491	\$ 221	\$ 8,712	\$ 1,685	\$ 1,817
2015-2016*	\$ 8,625	\$ 224	\$ 8,849	\$ 1,711	\$ 1,844

*\*Projected*

### **State Fair Share Reduction and Categorical Programs**

Through the, minimum state aid language of the LCFF, each basic aid district will be guaranteed to receive state aid equal to its 2012-13 categorical funding, after fair share reductions calculated at 8.92%. For Sequoia Union High School District the permanent funding revenue loss of the fair share represents \$5.8 million and the “hold harmless” amount for categorical funding is \$3.2 million. The multi-year projection includes a \$1.0 million transfer to the Adult Education program.

### **Education Protection Act**

This founding source generates approximately \$1.6 million dollars at \$200 per ADA.

### **State Lottery**

Revenue from this source is projected to be flat for the duration of the multi-year projection at \$128 and \$34 per ADA of unrestricted and restricted revenue respectively.

### **Projected Expenditures**

#### **Employee Compensation**

The multi-year projection includes adjustments for step and column increases for certificated and classified staff. In addition, the projection includes a projected 5.0% increase in health and welfare cost.

Employer costs for retirement benefits for both the California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) are projected to nearly double over the next several years.

The 2015-16 State Budget Proposal does not address these cost increases for school districts. The multi-year projection includes the Sequoia UHSD contribution to the two retirement systems as follows:

Fiscal Year	CalSTRS	CalPERS
2014-15	8.88%	11.771%
2015-16	10.73%	12.6%
2016-17	12.58%	15.0%
2017-18	14.43%	16.6%
2018-19	16.28%	18.2%
2019-20	18.13%	19.9%
2021-21	19.10%	20.4%

#### **Post-employment Benefits**

The multi-year projection includes \$2.3 million for the “pay-as-you-go” contribution for the current cost of retiree benefits. It does not include a set aside for the unfunded portion of post-employment benefits. As of March 2, 2014, the actuarial evaluation of post-employment benefits shows an annual unfunded additional amount of \$2.5 million.

#### **Staffing**

The multi-year projection includes additional staffing to address the projected enrollment growth.

	FY 2015-16	FY 2016-17
Classroom Teachers	8.0 FTE	8.0 FTE
Counselor	1.0 FTE	1.0 FTE

#### **Negotiations**

The multi-year projection does not include any projected salary increases for the out years.

#### **Other Non-personnel Expenditures**

The multi-year projection contemplates increases in other areas of the budget:

- Ongoing projected increases in utility cost, \$250K starting in FY 14-15. It should be noted that most of the increase is attributable to rate increases for water consumption. As a result of the drought we are experiencing it is likely that we would see water rationing and additional rate increases. It would be challenging to control utility cost and maintain our grass fields in the future. Also not that the multi-year projection does not include the anticipated utility cost increase from the new classroom buildings coming online.
- Board election in FY 15-16

Staff is exploring options to address other areas of the budget such as funding for the athletic program, staffing for theatres, and maintenance and operations.

#### **State Rainy Day Fund and District Reserves**

The passage of Proposition 2, last fall set in motion several changes in school district budgeting. Last June, in an eleventh-hour maneuver on the State Budget, the Governor proposed and the Legislature adopted

Senate Bill (SB) 858 (Chapter 32/2014), which, among other things, imposed certain conditions and restrictions on school district reserves. These provisions were tied to the passage of Proposition 2, and, therefore, are now in effect.

SB 858 called for additional disclosure of reserves, essentially requiring identification of the amount of any assigned and unassigned ending fund balance above the minimum reserve for economic uncertainties recommended by the state, along with a statement of reasons for the reserve level.

A second provision requires districts to cut their reserves to no more than twice the minimum reserve in the year following a contribution to the Proposition 98 reserve. The Governor's Budget for 2015-16 does not foresee a contribution to the Proposition 98 reserve through 2018-19, which suggests that the hard cap on reserves is at least five years away, at the earliest. However, the conditions which must be met before the requirement to cut district reserves could be met much sooner than was originally forecasted. School Services of California contends that SB 858 will be trigger in 2015-16.

The county superintendent of schools may waive the reserve cap limit for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances substantiate the need for the additional reserve balances.

Higher levels of reserve protects the district against the volatility of local property tax revenue adjustments, it provides financial flexibility to absorb unanticipated expenditures without significant disruption to educational programs, it protects the district against exposure to significant one-time outlays, protects the district to cover increases in fixed an statutory costs, and planning for new one-time initiatives.

The following table shows the district's fund balance (general fund + special reserve fund) for the last four years and the multi-year projection:

District Reserve	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Projected	2015-16 Projected*	2016-17 Projected*
Fund 01 + Fund 17	18.3%	18.4%	18.5%	15.6%	12.7%	11.6%	10.5%

*\* It does not include the financial impact of employee cost of living adjustments.*

In the event that SB 858's reserve cap provisions come into effect. Sequoia UHSD's adopted or revised budget is prohibited from containing a combined assigned or unassigned ending fund balance in excess of either two times the minimum recommended reserve for economic uncertainties. The county superintendent of schools may waive the prohibition for up to two consecutive fiscal years within a three-year period, if the district provides documentation indicating that extraordinary fiscal circumstances substantiate the need for the additional reserve balances.

Sequoia UHSD should be prepared to take the following immediate actions:

1. The new requirement for additional disclosure of reserves will take effect for the 2015-16 budget. Sequoia UHSD should prepare to follow the procedures outlined in SB 858, essentially requiring identification of the amount of any assigned and unassigned ending fund balance that is above the minimum reserve for economic uncertainties recommended by the state, along with a statement of reasons for the reserve level.
2. Sequoia UHSD has the option of establishing an irrevocable trust fund for post-employment benefits for retirees.

**Summary of assumption for Second Interim Report and multi-year projection:**

<b>Budget Projections</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>REVENUES</b>			
Local property tax	+ 6.2%	+6.5%	+ 5.0%
Revenue from RDAs (*)			
<b>Ongoing</b>			
Passthrough payments	\$1.4 M	\$1.9 M	\$1.9 M
RPTTF - residual	\$1.9 M	\$1.5 M	\$1.5 M
Federal Categorical Program Funding	\$3.5 M	\$3.5 M	\$3.5 M
Charter school in lieu property tax	\$7.0 M	\$7.8 M	\$8.2 M
“Fair Share” State funding reduction	(\$5.8 M)	(\$5.8 M)	(\$5.8 M)
State Categorical Program Funding <i>Assumes that SUHSD will be held harmless, if LCFF is implemented (including adult education)</i>	\$ 3.2 M	\$3.2 M	\$3.2 M
AB 30 Revenue from state sales & income tax increase. <i>Estimated to be \$200 per ADA. Used to fund additional PI Sections</i>	\$1.6 M	\$1.6 M	\$1.6 M
<b>EXPENDITURES</b>			
Additional staffing for enrollment growth	\$0.8 M	\$0.9 M	\$0.8 M
Increase in health costs	\$0.9 M	\$0.9 M	\$0.9 M
Adult Education Program <i>The Governor’s budget requires that funding levels continues same as in 12-13. State committees are studying the relationship between high school districts and community colleges. The MYP assumes that the program will continue to be funded at the same level.</i>	\$1.0 M	\$1.0 M	\$1.0 M

#### **General Fund Multi-year Projection Summary**

Staff is projecting an operating deficit for the current fiscal year of \$2.9 million. As a result the projected ending fund balance is estimated to be \$11.3 million, approximately a 12.7% including the special reserve of \$4.6 million (Fund 17). For the two out years the operating deficit is projected at this time to be around \$1.0 million for both years. These projections are subject to change depending on the outcome to the legislative process and it will be updated when the Governor releases the May Revision of the State budget. At this time the multi-year projection does not include the projected unrestricted one-time funding in his January State Budget Proposal.

## SEQUOIA UNION HIGH SCHOOL DISTRICT 2014-2015 SECOND INTERIM REPORT

### Assumptions

<b>REVENUES</b>
+ Property tax revenue is projected to increase by 6.2% in FY 14-15, 6.5% for FY 15-16 and 5.0% for FY 16-17
+ Former RDA revenue is projected at \$3.4 million per year
+ The MYP includes AB30 funding of \$200 per ADA - \$1.6 million to fund the allocation of Program Improvement teacher positions
+ One-time State funding for the implementation of common core - \$9 million
- Assumes property tax in lieu for charter schools would increase incrementally until full implementation of the LCFF
<b>EXPENDITURES</b>
- Additional certificated staffing for projected enrollment growth
- Health insurance premiums are projected to increase by 5% - \$0.5 million per year
- Increase in projected utility expenses - \$0.25 million per year
- PROPOSED additional CalSTRS employer contribution:
- FY 14-15 from 8.25% to 8.88%
- FY 15-16 from 8.88% to 10.73%
- FY 16-17 from 10.73% to 12.58%
- PROPOSED additional CalPERS employer contribution:
- FY 14-15 from 11.442% to 11.771%
- FY 15-16 from 11.771% to 12.6%
- FY 16-17 from 12.6% to 15.0%

GENERAL FUND (Fund 01)		2014-15 2nd Interim Budget	2015-16 Budget (Projected)	2016-17 Budget (Projected)
(+)	REVENUES	122,619,825	127,848,579	132,872,854
(-)	EXPENDITURES	125,510,044	128,865,296	133,787,952
(=)	NET INCREASE (DECREASE) IN FUND BALANCE	(2,890,219)	(1,016,717)	(915,098)
(+)	BEGINNING FUND BALANCE - Jul. 1	14,232,099	11,341,880	10,325,163
(=)	ENDING FUND BALANCE - Jun. 30	11,341,880	10,325,163	9,410,064
(+)	SPECIAL RESERVE ENDING BALANCE (FUND 17) - Jun. 30	4,617,022	4,667,022	4,695,022
(=)	PROJECTED AVAILABLE ENDING BALANCE - Jun. 30	15,958,902	14,992,184	14,105,086
		12.7%	11.6%	10.5%
Excluding the unfunded obligation for Post Employment Benefits (March 1, 2014)		2,479,958	2,479,958	2,479,958

### The Governor's Budget Proposal for 2015-16

The Governor released his 2015-16 budget proposal on January 9, 2015. Under the Governor's proposal, K-14 education spending levels are increased by \$7.8 billion over three years: 2013-14, 2014-15 and 2015-16. Increases in 2013-14 (approximately \$400 million) and 2014-15 (\$2.3 billion) are used exclusively for one-time purposes.

The Governor continues his commitment to fiscal discipline and to the Local Control Funding Formula (LCFF). Approximately \$4 billion of his proposal is an ongoing commitment to provide LCFF gap funding. The additional aspects of his proposal are:

- Provides nearly \$900 million in one-time funding to eliminate all remaining outstanding cash deferral debt for K-12

- An increase of \$59.5 million to support charter school ADA growth
- Provides \$15.3 million to cover projected increases in Special Education ADA and growth
- Provides \$71.1 million for cost of living adjustment (1.58%) for 2015-16 to categorical programs that remain outside the LCFF
- \$273.4 million is proposed as one time funding for the emergency facility repair program which will retire the state's facilities funding obligation under the terms of the Williams lawsuit settlement
- An increase of \$197.6 million in 2014-15 for increases in ADA and a decrease of \$6.9 million in 2015-16 for a projected decline in ADA
- Provides an increase of \$14.8 million in Prop. 98 and \$18.8 million in nonProp. 98 to support 4,000 State Preschool slots with full-day wrap around care
- The Governor's Budget Proposal includes more than \$1.1 billion in prior-year mandated cost reimbursement funds as discretionary one-time Proposition 98 funding to further investments in the implementation of Common Core. Funds would be provided to school districts, charter schools, and COEs and could also help support implementation of newly adopted English language development standards and California's Next Generation Science standards, as well as support expenditures that occur due to the evolving accountability structure of the LCFF. It should be noted that as a community funded district, Sequoia UHSD would only benefit from, if approved, of this one-time funding, approximately \$180 per ADA or about \$1.6 million.

#### **RECOMMENDATION**

That the Board of Trustees approves the Second Interim Financial Report, the positive certification and supporting reports, and authorizes the Superintendent to file the positive certification with the County Superintendent of Schools.

#### 16. BOARD OF TRUSTEES'/SUPERINTENDENT'S COMMENTS AND COMMITTEE REPORTS

#### 17. ADJOURNMENT

#### POSSIBLE AGENDA ITEMS FOR THE APRIL 1, 2015, BOARD MEETING, AND CONSIDERATION OF ANY ITEM GOVERNING BOARD MEMBERS WISH TO PLACE ON THE NEXT AGENDA

- a. Report on Advanced Placements
- b. Update on Strategic Budgeting
- c. Discussion of Menlo Park Small School

#### POSSIBLE AGENDA ITEMS FOR THE APRIL 15, 2015, BOARD MEETING, AND CONSIDERATION OF ANY ITEM GOVERNING BOARD MEMBERS WISH TO PLACE ON THE NEXT AGENDA