



School
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2013 May Revision Workshop

Presented by

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Themes for the May Revision

1-2

- Economic growth, though the pace is slow, and the passage of Proposition 30 provide the state with more revenue in 2012-13
 - The Governor projects slower growth for 2013-14
- The level of Proposition 98 is increased by the higher revenues
 - Much of the increase is used to quicken the pace of deferral buy backs and to fund a one-time augmentation for Common Core State Standards (CCSS)
 - Funding in 2013-14 for individual districts is increased only minimally over the Governor's January proposal
- The Local Control Funding Formula (LCFF) remains the centerpiece of the Governor's State Budget proposal
 - The theory and motivations are unquestionably good
 - But many mechanical and policy issues remain unresolved
- There is plenty of work left to be done by the Legislature



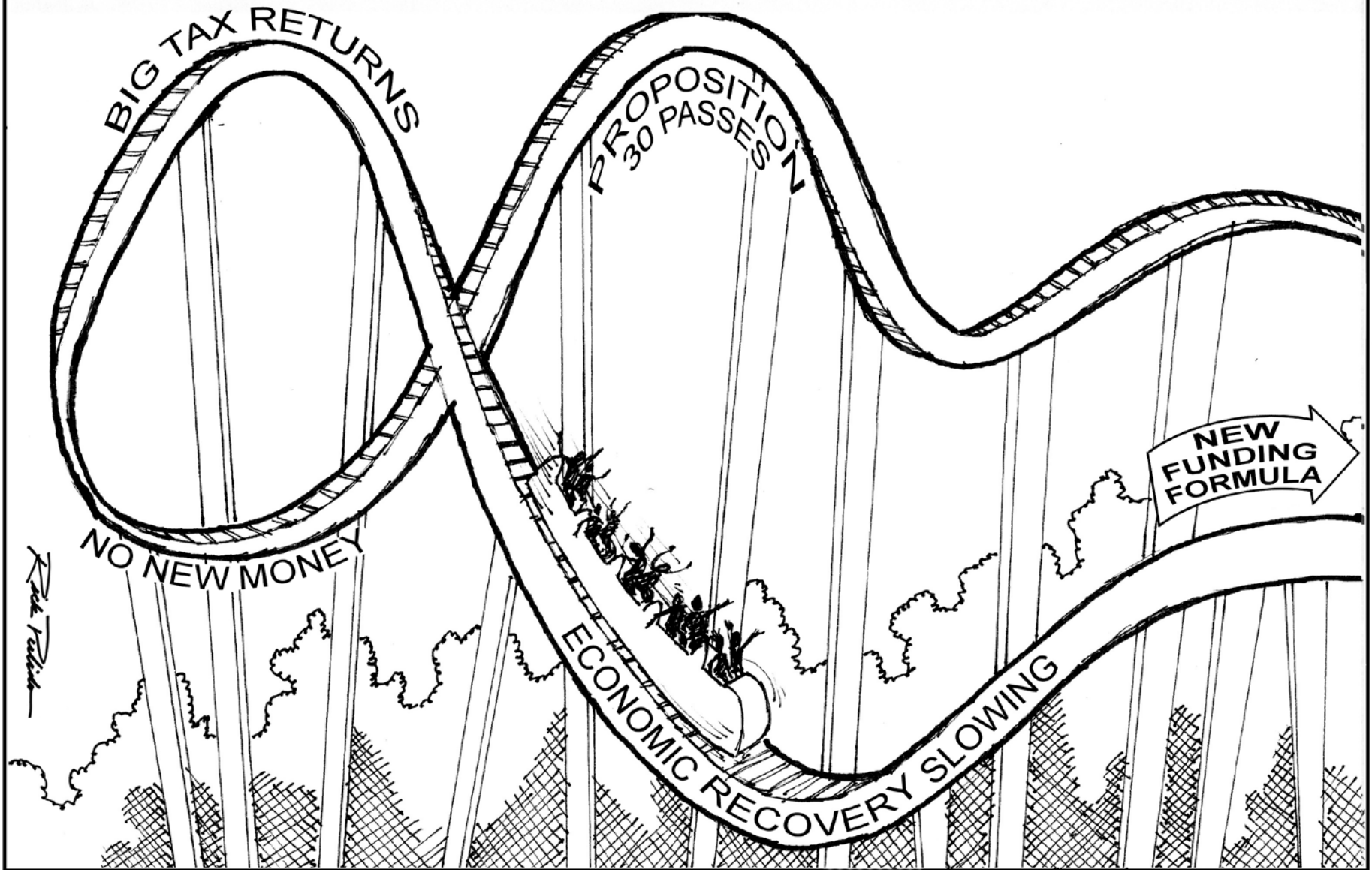
Major Proposals by the Governor

1-4

- Maintains the LCFF essentially as proposed in January
 - Provides some relief for Adult Education and Regional Occupational Centers and Programs (ROC/P)
 - Adds very restrictive accountability provisions
- Buys down deferrals faster than planned
- Funds the CCSS implementation on a one-time basis
- Backfills the loss of federal special education funding



STATE BUDGET EMOTIONAL ROLLERCOASTER



Major LCFF Elements

2-14

- The LCFF would replace revenue limits and most categorical programs
 - Funding allocated through the formula, however, would now be subject to additional accountability requirements
- Elements of the proposed formula
 - Base grant targets derived from the 2012-13 undeficitated statewide average BRL per ADA – \$6,816 (prior to the 1.565% statutory COLA)
 - Differential adjustments for early primary, primary, middle, and high school grade spans; added funding for K-3 Class-Size Reduction (CSR) and grades 9-12 Career-Technical Education (CTE)
 - Additional funding based on the demographics of the school district:
 - English learner population, pupils eligible for free and reduced-price meals, and foster youth



LCFF – An Example

2-19

■ Target entitlement calculation

● Total per ADA for hypothetical school district or charter school

Factors	K-3	4-6	7-8	9-12
Base grants – 2013-14 (with COLA)	\$6,441	\$6,538	\$6,732	\$7,800
CSR/CTE adjustment	\$723	–	–	\$218
35% Supplemental	\$1,398	\$1,419	\$1,461	\$1,693
35% Concentration (above 50% eligible)	\$271	\$275	\$283	\$328
Total LCFF per ADA	\$8,833	\$8,232	\$8,476	\$10,039

● Grade span amounts per ADA are multiplied by ADA and added together



LCFF and Categorical Programs

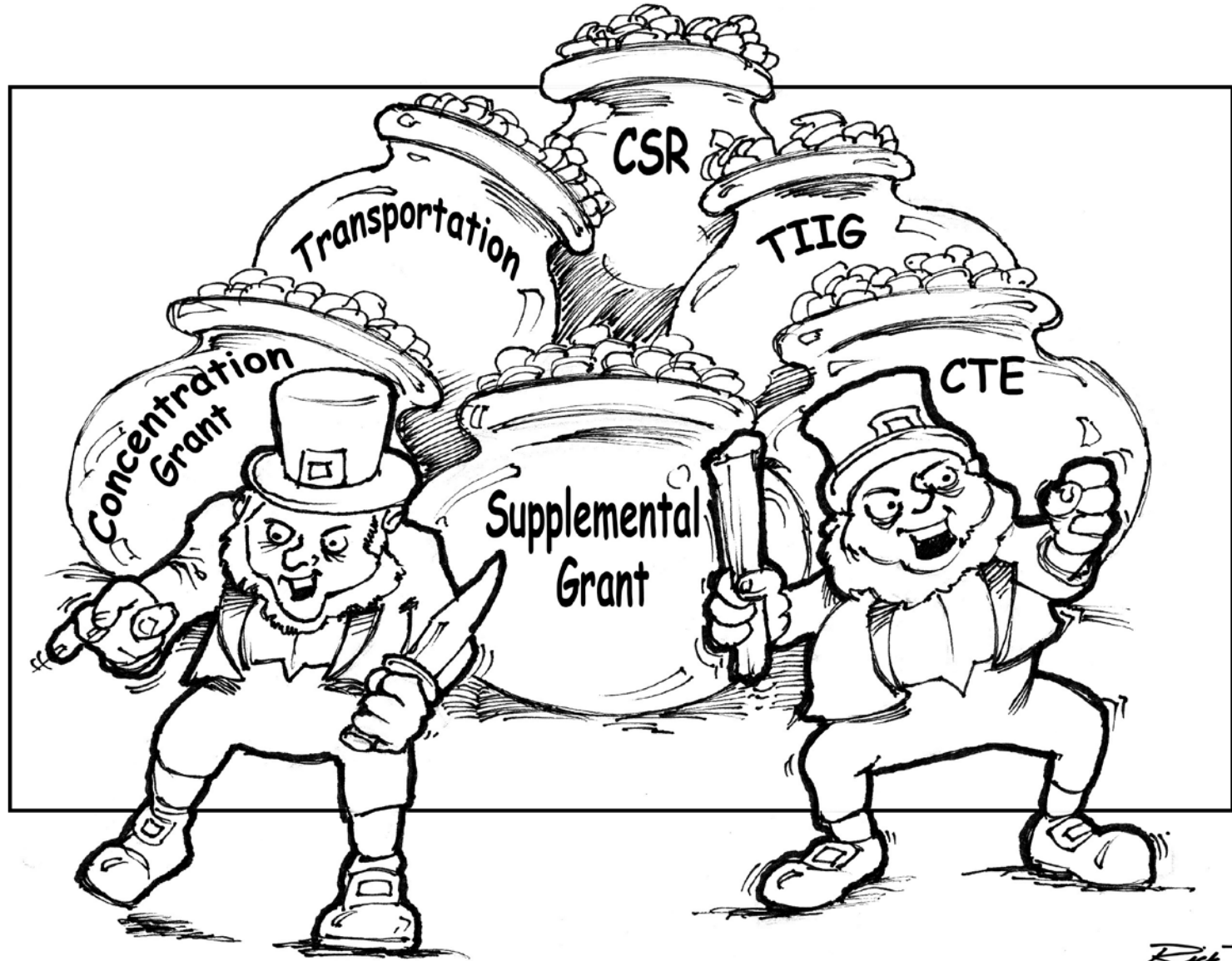
2-15

- Elements of the formula
 - Special Education, Child Nutrition, QEIA, After School Education and Safety (ASES), and other federally mandated programs are not included in the formula
- Transportation and Targeted Instructional Improvement Grant (TIIG) funding continue as add-ons to the formula for those school districts that currently receive funding through these programs – no COLA is applied
 - The funds can be used for any educational purpose
- The new formula will allocate funds to charter schools in the same way as school districts
 - However, concentration grants for charter schools will be limited to no more than the concentration grant increase provided to the school district where the charter school resides
- Timeline: Phased in over seven years – completed in 2019-20



- The Governor proposes that no district will receive less funding than it did during 2012-13
 - Community-funded districts, which otherwise could lose categorical funds that are rolled into the LCFF, would be “held harmless” under the Governor’s proposal
 - Home-to-school transportation and TIIG funding will be an “add on” to the LCFF and flexible
 - Funding from these programs can be used for any educational purpose
 - K-3 CSR is still phased in to 24:1, unless bargained otherwise
- The January proposal for technology-based instruction has been postponed until 2014-15





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Common Core State Standards Funding

3-5

- In the May Revision, Governor Brown proposes an increase of \$1 billion in one-time Proposition 98 General Fund dollars in 2012-13 to support LEAs' implementation of the CCSS
 - LEAs should receive the funding in 2013-14, distributed on a per-ADA basis
 - About \$170 per ADA
 - LEAs must develop a plan to spend the money over the next two years by June 30, 2015, and will be required to hold a public hearing on the plan



- Cuts to federal funding remain in flux for 2013-14
 - Estimated cuts range from 5% to 5½%
- Prior to the “deal” Congress made with the President on sequestration, cuts to federal education programs were estimated to be as high as 8.2%

*Governor's May Revision provides \$60.7 million in Proposition 98 funds in 2013-14 to backfill this cut



The LCFF Accountability System

5-1

Local Control and Accountability Plan (LCAP)

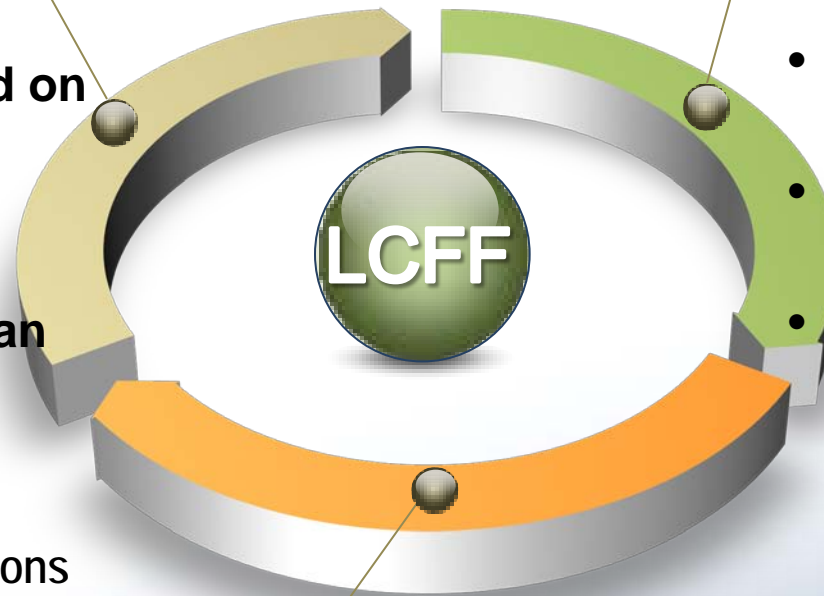
- Local goals focused on improved student outcomes
- Goals aligned with annual spending plan

State Requirements

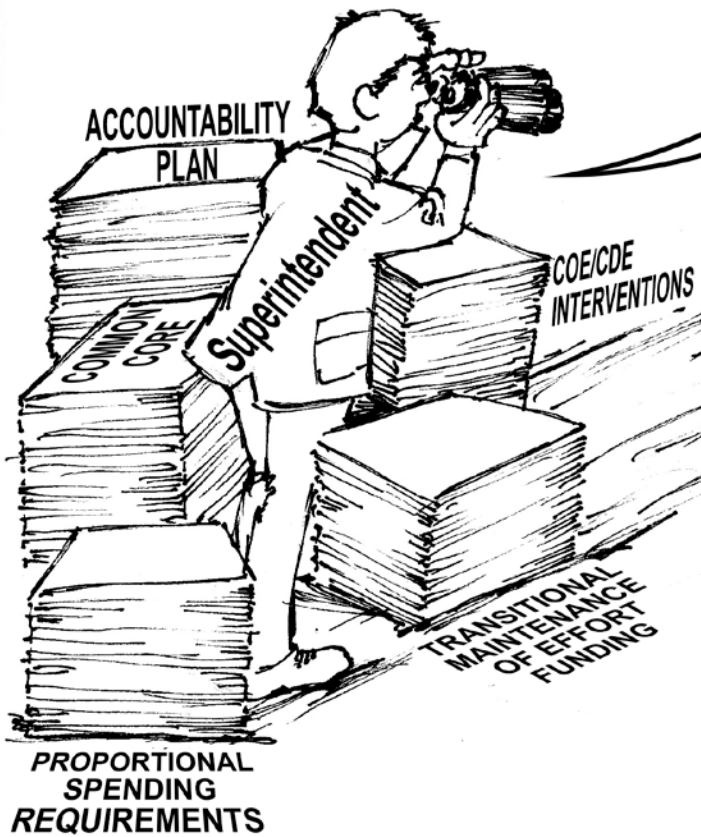
- Performance expectations
- Expenditure requirements
- Proportionality rule
- Annual audit

County and State Superintendent Oversight

- Technical assistance
- Approval and disapproval of local plans
- Review data on eligible student counts
- Stay and rescind actions of a local governing board



That 'Control'
just got a
lot less 'Local'!



CONTROL



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Multiyear Projections

5-8

- Multiyear projections are required by AB 1200 and AB 2756
- Multiyear projections are projections, not forecasts
 - Projections are the mathematical result of today's decisions based on a given set of assumptions
 - Forecasts, however, are predictions for the future – there is a higher implied reliability factor than for projections
 - Projections are expected to change as various factors change – they are not predictions

Projections will change any time the underlying factors change – plan accordingly, but do plan!!!



Multiyear Projections

5-12

■ SSC's recommendations:

- Compare the projections provided by current law and the LCFF
- Use the lower of the two in your multiyear projections
- These projections are only for adoption of the 2013-14 district budget
- A new SSC Financial Planning Dartboard will be provided to you upon enactment of the 2013-14 State Budget
- Remember not to double count K-3 CSR, EIA, etc., under the LCFF scenario



- If the Governor's funding formula is passed by the Legislature:
 - Charter schools will be funded through LCFF – same as traditional school agencies
 - Charters will navigate through the same challenges as LEAs, including:
 - Spending supplemental and concentration grants only on eligible students
 - Meeting MOE requirements until full implementation of the LCFF
 - Preparing an LCAP subject to authorizing agency and county superintendent review



- Charter schools will receive funding to implement CCSS, and charters will have to meet the following requirements:
 - Allocate the funding to professional development, instructional materials, and new technology
 - Hold a public hearing on the plan for CCSS
- Charters will need to work closely with the authorizing agencies to ensure the requirements are met for the LCFF and CCSS



An Overall Assessment of the May Revision

6-1

- We applaud the Governor for making public education the centerpiece of both his policy and fiscal initiatives
 - We understand and appreciate his motivations
- Points to consider from the perspective of the local school agency:
 - No more cuts, and the deficit factor would be slightly reduced
 - \$1 billion for CCSS paid on a per-ADA basis
 - New dollars for most districts but with extremely wide ranges
 - Only a portion of the current-year COLA is paid in the current year
 - Wide variation in the capacity of districts to maintain and enhance programs in the future





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Thanks you