



# Governor's Proposed 2014/15 State Budget

Presented to the Board of Trustees

February 3, 2014

School  
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of California  
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# Themes for the 2014/15 Budget

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- What a difference a year makes!
  - Only 14 months ago we were facing deep cuts if Proposition 30 didn't pass
- Governor Brown is proposing the greatest increase in per-student average funding since 2000/01
- He takes a wrecking ball to the "wall of debt" by buying down the remaining K-14 deferrals
- The Proposition 98 entitlement skyrockets even while the California economy as a whole only improves at a moderate rate
- The increase in Proposition 98 creates a window of opportunity unlike any we have had before
- To protect public education during the eventual downturns, the Governor proposes two rainy day funds: one for education and one for the rest of the State Budget
- The Governor is proposing a continuous appropriation for the Local Control Funding Formula (LCFF) (same as existed for Revenue Limit)

A yellow pencil is shown in the top left corner, pointing towards a maze. The maze is a complex, blue-toned grid of paths and dead ends, with a white line indicating the path the pencil is following.

# What's Not in the Budget?

- What the Budget does not address:
  - No proposal for a statewide school facilities bond
  - No new funding to address the unfunded liability in the California State Teachers' Retirement Systems fund
  - No new funding to address special education shortfalls
  - No new funding for early childhood education
  - No payments on the prior-years state mandate "credit card"



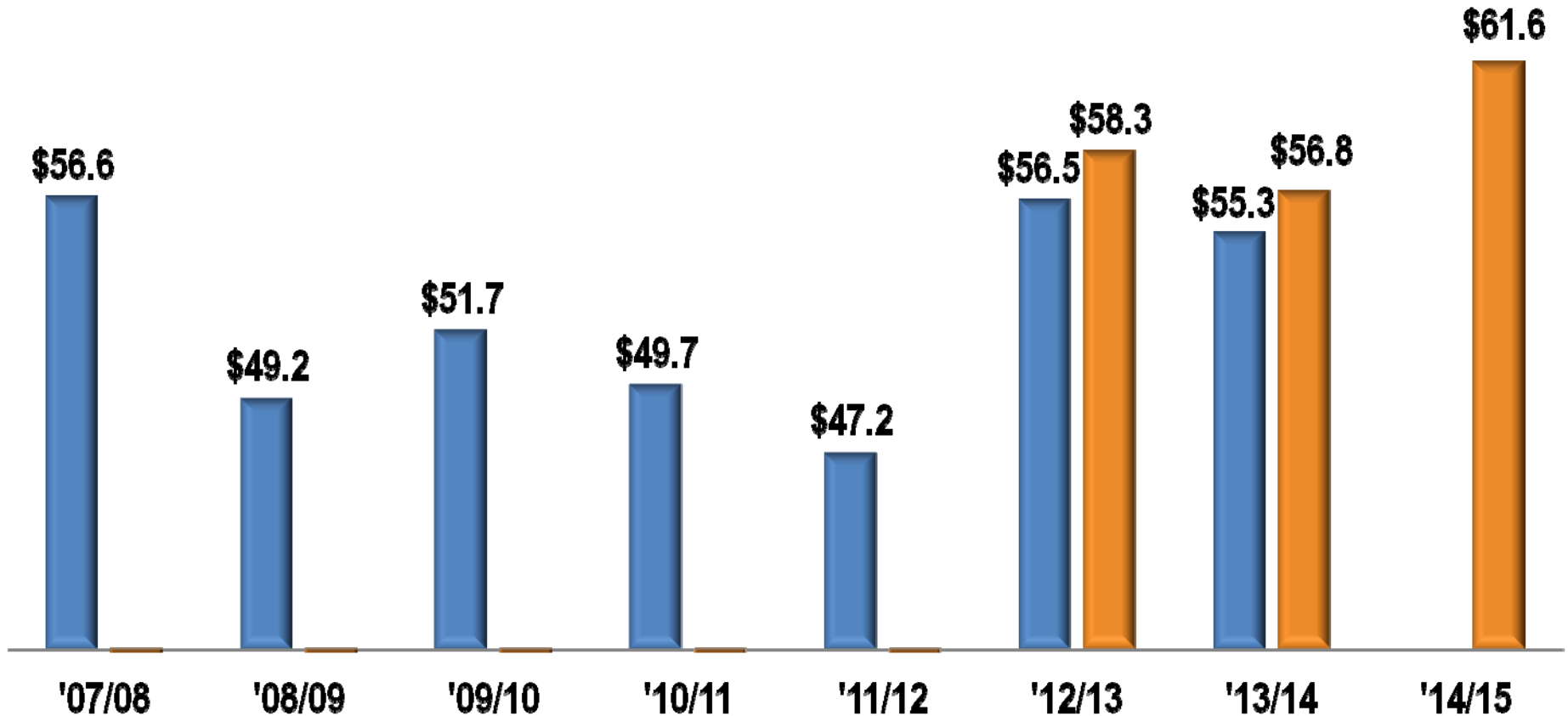
# Proposition 98: How Much in 2014/15?

- \$61.6 billion in K-14 Proposition 98 funds are available for 2014/15
- This is a \$6.3 billion increase – 11.4% over the 2013/14 budgeted level
  - On average, \$751 per average daily attendance (ADA) ongoing is K-12 education's share
- In addition, \$3.3 billion more is provided in one-time funding from prior years
  - \$1.8 billion from 2012/13
  - \$1.5 billion from 2013/14

# Proposition 98 Revenues

## Proposition 98 (In Billions)

■ Enacted Budget    ■ 2014/15 Governor's Budget





# K-12 Proposition 98 Proposals for 2014/15

- \$5.5 billion of one-time and ongoing Proposition 98 to fully eliminate inter-year K-12 apportionment deferrals in 2014-15
- \$4.472 billion in additional funding for school districts and charter schools to continue implementation of the LCFF
- \$316.5 million to support Proposition 39 energy efficiency projects
- \$33.3 million to fund a 0.86% statutory cost-of-living adjustment (COLA) for categorical programs that remain outside of the LCFF
- \$46.5 million for assessment costs associated with implementation of Common Core State Standards (state level use)
- \$188.1 million for the Emergency Repair Program from one-time Proposition 98 funds

# 2014/15 Local Control Funding Formula

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- Budget proposes \$4.5 billion for continued implementation of the LCFF
- New funding is estimated to close the gap between 2013/14 funding levels and LCFF full implementation targets by 28.05%
- Combined with elimination of 11.78% of the gap in 2013/14, the new formula would be over one-third of the way toward implementation in the first two years
- 2014/15 LCFF growth provides an average increase in per-pupil funding of 10.9%, or \$751 per ADA
  - Individual local educational agency experiences will vary





# LCFF – A Quick Review

- The LCFF makes fundamental changes to how state Proposition 98 revenues are allocated to schools
- At full implementation, the LCFF will fund every student at the same base rate
- The LCFF provides two weighting factors applied against the LCFF base grant
  - 20% on behalf of each eligible student (Free & Reduced, English Learner, Foster)
  - An additional 50% for the eligible students exceeding 55% of total enrollment
- Each school district receives at least as much state aid in future fiscal years as the district received in 2012/13 (which was lower than 2007/08 levels)
- The LCFF provides an Economic Recovery Target to assure district funding is restored to 2007/08 levels, adjusted for inflation



# LCFF – Base Grant Entitlement Calculation


- 2014/15 target entitlement calculation
  - Grade span per-pupil grants are increased annually for the COLA

Factors	K-3	4-6	7-8	9-12
2013/14 Base Grant per ADA	\$6,952	\$7,056	\$7,266	\$8,419
COLA @ 0.86%	\$60	\$61	\$62	\$72
Base grants – 2014/15	\$7,012	\$7,117	\$7,328	\$8,491

# LCFF – K-3 CSR and CTE Adjustments

- K-3 Class-Size Reduction (CSR) and 9-12 Career-Technical Education (CTE) Grade Span Adjustments are additions to the base grant
  - CTE is unrestricted; CSR requires progress toward maximum site average of 24 students enrolled in each class

Factors	K-3	4-6	7-8	9-12
Base grants – 2013/14	\$7,012	\$7,117	\$7,328	\$8,491
Adjustment percentage	10.4% CSR	-	-	2.6% CTE
Adjustment amount	\$729	-	-	\$221
Adjusted grant per ADA	\$7,741	\$7,117	\$7,328	\$8,712



# LCFF – Supplemental and Concentration Grants Per ADA

- Supplemental and concentration grant increases are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced-price meal program eligible students, and foster youth

Factors	K-3	4-6	7-8	9-12
Adjusted grant per ADA	\$7,741	\$7,117	\$7,328	\$8,712
20% supplemental grant	\$1,548	\$1,423	\$1,466	\$1,742
50% concentration grant (for eligible students exceeding 55% of enrollment)	\$3,871	\$3,559	\$3,664	\$4,356



# What Impact Does the Budget Proposal Have On Our District?

- Our District with 38.05% eligible students would calculate the following LCFF target grants for 2014/15

Factors	K-3	4-6	7-8	9-12
Adjusted grant per ADA	\$7,741	\$7,117	\$7,328	n/a
% Enrollment eligible	38.05%	38.05%	38.05%	n/a
Supplemental and Concentration Grants	\$589	\$542	\$558	n/a
Total 2014/15 LCFF target grant per ADA	\$8,330	\$7,659	\$7,886	n/a

# What Impact Does the Budget Proposal Have On Our District?

- Our target calculation for 2014/15 is as follows:

	TK-3	4-6	7-8	TK-8
Total 2014-15 LCFF target grant per ADA	\$ 8,330	\$ 7,659	\$ 7,886	
Total 2014-15 LCFF ADA	1,297	1,074	747	
Total 2014-15 LCFF by Grade Span	\$10,807,509	\$ 8,225,230	\$5,887,451	
Add Transportation and TIIG				\$ 296,685
Total LCFF Target (2020/21)				\$ 25,216,874
Total LCFF Target Per ADA (2020/21)				\$ 8,088



# What Impact Does the Budget Proposal Have On Our District?

- Per ADA funding under LCFF:


		Base Amount	Increase	Supp. Amount	Increase
2013/14	est.	\$ 5,928		\$ 71	
2014/15	est.	\$ 6,377	6.3%	\$ 208	3.5%
2015/16	est.	\$ 6,822	3.6%	\$ 333	5.1%



# What Impact Does the Budget Proposal Have On Our District?

- LCFF Per ADA Supplemental Grant funding: required to be “...used to increase or improve services for unduplicated pupils as compared to the services provided to all pupils in proportion to the increase in funds apportioned...” as documented in our annual Local Control Accountability Plan (LCAP).

		Amount	Proportionality Percentage
2013/14	est.	\$ 221,232	
2014/15	est.	\$ 648,078	3.3%
2015/16	est.	\$ 1,039,519	4.7%



# Things to Consider

- The Second Interim Report will be presented to the Board of Trustees on March 3, 2014
- Income “gains” will be incorporated with expenditure “gains” in the current year and future two years to project annual available reserves
- Los Angeles County Office of Education (LACOE) will issue their reporting requirements in early February
- Remember at First Interim LACOE required districts to restrict any new state income above “COLA equivalent” in future years as unavailable to spend due to lack of guarantee of these funds until a state budget is adopted each year
- Negotiations with bargaining units will include a review of expenditure demands in the current year and future years that obligate some available dollars (CSR requirements, step and column raises, health and welfare premium increases, technology support increases)



- Ongoing – developing the Local Control Accountability Plan (LCAP)
- The May Revision
- Adoption of the final LCFF spending requirements and LCAP template and requirements
- Certify Second Interim Budget
- Adopt 2014/15 Budget
- Adopt State Budget



Questions?

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