

Template for Board Presentation



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Themes for the 2014 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 Jerry 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)**



What's Not in the Budget?

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- **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-year state mandate credit card**



Proposition 98: How Much in 2014-15?

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- **\$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**

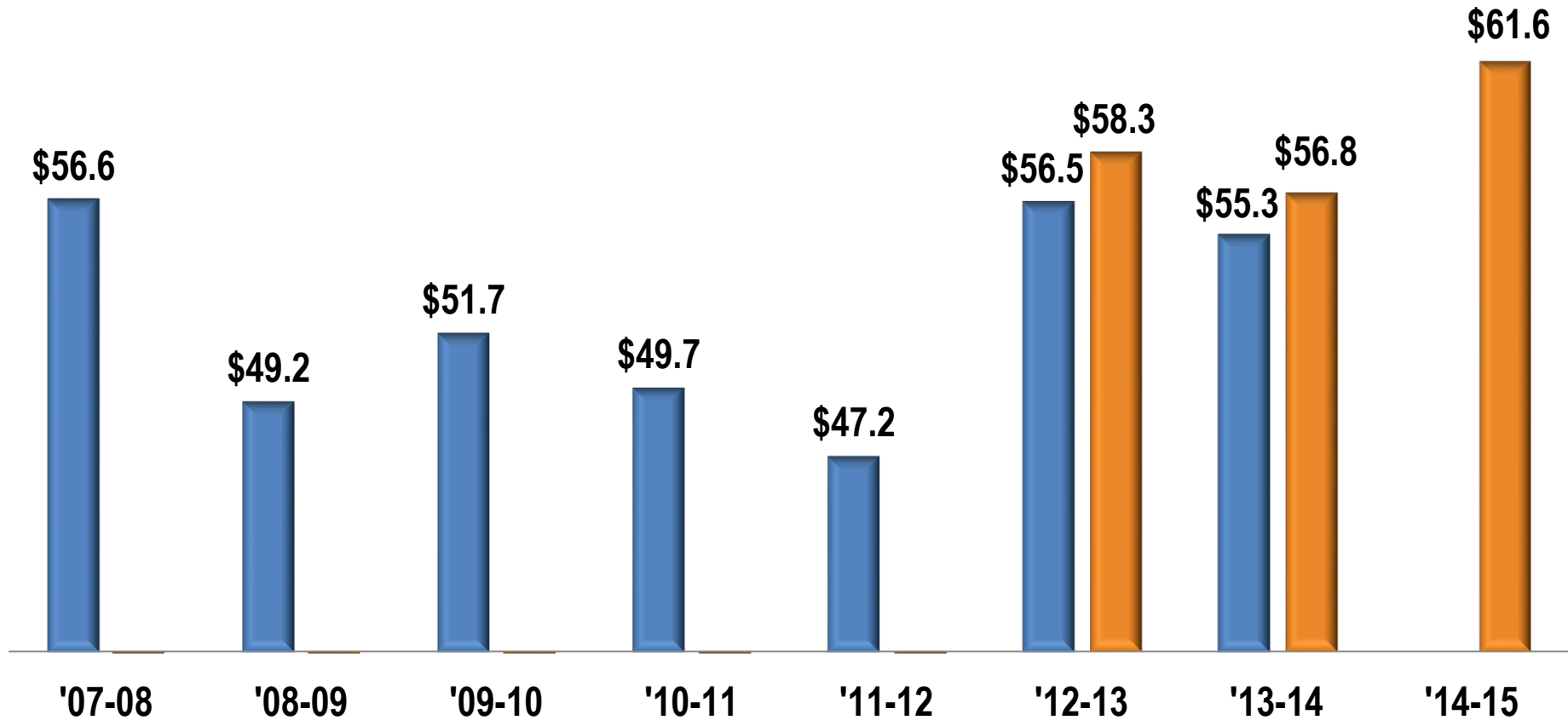
Proposition 98 Revenues

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Proposition 98 (In Billions)

■ Enacted Budget ■ 2014-15 Governor's Budget





K-12 Proposition 98 Proposals for 2014-15

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- **\$5.5 billion of one-time and ongoing Proposition 98 to fully eliminate interyear 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**
- **\$25.9 million to complete the implementation of the county office of education 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**
- **\$74.3 million to fund projected growth in charter school ADA**
- **\$46.5 million for assessment costs associated with implementation of Common Core State Standards**
- **\$188.1 million for the Emergency Repair Program from one-time Proposition 98 funds**



Amendments to the “Rainy Day Fund”

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- **The Governor is proposing a constitutional amendment to make major changes to the state’s “Rainy Day Fund,” which was established in 2004 through Proposition 58**
- **The amendments are intended to address revenue volatility stemming from the capital gains tax**
- **The specific provisions include:**
 - **Establishing a Proposition 98 reserve in addition to the existing Rainy Day Fund**
 - **Requiring contributions to these reserves when capital gains revenues exceed 6.5% of General Fund tax revenues**
 - **Establishing a maximum size for the Rainy Day Fund of 10% of revenues, as opposed to the 5% maximum of Proposition 58**
 - **Allowing supplemental payments to existing debt in lieu of a deposit to the Rainy Day Fund**
 - **Limiting withdrawals to 50% of the balance in the first year of a recession**



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

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- The LCFF makes fundamental changes to how we allocate state Proposition 98 revenues 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
 - 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
- The LCFF continues the necessary small school funding adjustment for eligible school districts
- 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

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- 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

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- **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

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- 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?

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- Our District with 73.63% 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	\$8,712
% Enrollment eligible	73.63%	73.63%	73.63%	73.63%
Supplemental and Concentration Grants	\$1,861	\$1,711	\$1,762	\$2,095
Total 2014-15 LCFF target grant per ADA	\$9,602	\$8,828	\$9,090	\$10,807

This represents an increase of \$24M for OUSD's total unrestricted target. Our current planning assumptions are based on an increase of \$20M instead, in case of adjustments in the May revision.



Next Steps

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- **Ongoing – developing the Local Control Accountability Plan (LCAP)**
- **The May Revision**
- **Adoption of the final LCFF spending requirements and LCAP template and requirements**
- **Adopt school district budget**
- **Adopt State Budget**



Questions?

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