Themes for the 2014 Budget

- What a difference a year makes!
  - Only 14 months ago we were facing deep cuts if Proposition 30 didn’t pass
- The Proposition 98 entitlement skyrockets even while the California economy as a whole only improves at a moderate rate
- Governor Jerry Brown is proposing the greatest increase in per-student average funding since 2000-01
- He eliminates the “wall of debt” by buying down the remaining K-14 deferrals
- 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?

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 (over $25 million is owed to Twin Rivers from State Mandate reimbursement claims)
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 to go towards the elimination of K-14 deferrals
  - $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

<table>
<thead>
<tr>
<th>Year</th>
<th>Enacted Budget</th>
<th>2014-15 Governor's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>'07-08</td>
<td>$56.6</td>
<td></td>
</tr>
<tr>
<td>'08-09</td>
<td>$49.2</td>
<td></td>
</tr>
<tr>
<td>'09-10</td>
<td>$51.7</td>
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<td>'10-11</td>
<td>$49.7</td>
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<td>$47.2</td>
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<tr>
<td>'12-13</td>
<td>$56.5</td>
<td>$58.3</td>
</tr>
<tr>
<td>'13-14</td>
<td>$56.8</td>
<td>$55.3</td>
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<tr>
<td>'14-15</td>
<td>$61.6</td>
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</table>
K-12 Proposition 98 Proposals for 2014-15

- $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
2014-15 Local Control Funding Formula

- 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 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.
2014-15 target entitlement calculation

Grade span per-pupil grants are increased annually for the COLA

<table>
<thead>
<tr>
<th>Factors</th>
<th>K-3</th>
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<th>7-8</th>
<th>9-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 Base Grant per ADA</td>
<td>$6,952</td>
<td>$7,056</td>
<td>$7,266</td>
<td>$8,419</td>
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<tr>
<td>COLA @ 0.86%</td>
<td>$60</td>
<td>$61</td>
<td>$62</td>
<td>$72</td>
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<tr>
<td>Base grants – 2014-15</td>
<td>$7,012</td>
<td>$7,117</td>
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**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.

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<tr>
<td>Adjustment percentage</td>
<td>10.4% CSR</td>
<td>-</td>
<td>-</td>
<td>2.6% CTE</td>
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<td>Adjustment amount</td>
<td>$729</td>
<td>-</td>
<td>-</td>
<td>$221</td>
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<tr>
<td>Adjusted grant per ADA</td>
<td>$7,741</td>
<td>$7,117</td>
<td>$7,328</td>
<td>$8,712</td>
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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.

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<tr>
<td>20% supplemental grant</td>
<td>$1,548</td>
<td>$1,423</td>
<td>$1,466</td>
<td>$1,742</td>
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<td>50% concentration grant (for eligible students exceeding 55% of enrollment)</td>
<td>$3,871</td>
<td>$3,559</td>
<td>$3,664</td>
<td>$4,356</td>
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Next Steps

- 2013/14 Second Interim Budget revision including Multi Year Projections
- Developing the 2014/15 Local Control Accountability Plan (LCAP)
  - The first stakeholder meeting will be in mid to late February
- The Governor’s May Revision for the 2014/15 State Budget
- State adoption of the final LCFF spending requirements and LCAP template and requirements
- Adopt school district 2014/15 LCAP
- Adopt school district budget
- 2014/15 State Budget adopted
- Revise school district budget based on final State Budget adoption
Questions?