

# Marysville Joint USD

## *LCFF and Governor's Budget Update*

January 28, 2014



# Governor's Budget



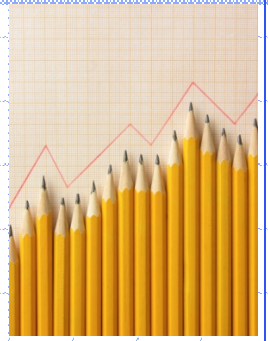
- ◆ What a difference a year makes – again!
  - Only 14 months ago, facing deep cuts if Prop 30 didn't pass
- ◆ Gov Brown is proposing the greatest increase in per-student average funding since 2000-01 = 11.4%
  - In the midst of only modest State economic growth
- ◆ He takes a wrecking ball to the 'wall of debt'
- ◆ Prop 98 entitlement skyrockets
- ◆ He proposes two rainy day funds for the eventual economic downturn
- ◆ He is proposing a continuous appropriation – a much needed safety net

# What's Not in the Budget?



- ◆ No proposal for a statewide school facilities bond
- ◆ No new funding to address unfunded STRS liability
- ◆ No new funding for special education
- ◆ No new funding for early childhood education
- ◆ No payments on the prior year state mandate IOUs
- ◆ No funding for a younger 4-year old K program

# Remaining Categorical Programs



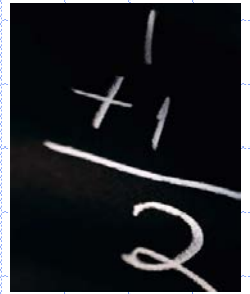
- ◆ LCFF includes funding from more than 40 former categorical programs, including Tier III and EIA
- ◆ Transportation is included in the formula, but is not adjusted for COLAs or workload changes
  - Maintenance of Effort requirement
- ◆ Categorical programs outside the LCFF will receive an estimated 0.86% COLA
  - Special Ed, Foster Youth, Child Nutrition
- ◆ Programs outside LCFF with No COLA - ASES, State Preschool, CA Partnership Academies, and Adults in Correctional Facilities

# LCFF Components



- ◆ Grade span base grants
- ◆ Add-ons for K-3 CSR and CTE, called Grade Span Adjustments (GSA)
  - Every site must average no more than 24:1 by target date, and make progress toward that goal every year
  - Will need new MOU with COE for ROP
- ◆ Supplemental grants
- ◆ Concentration grants
- ◆ Our targeted percent – 77% estimate

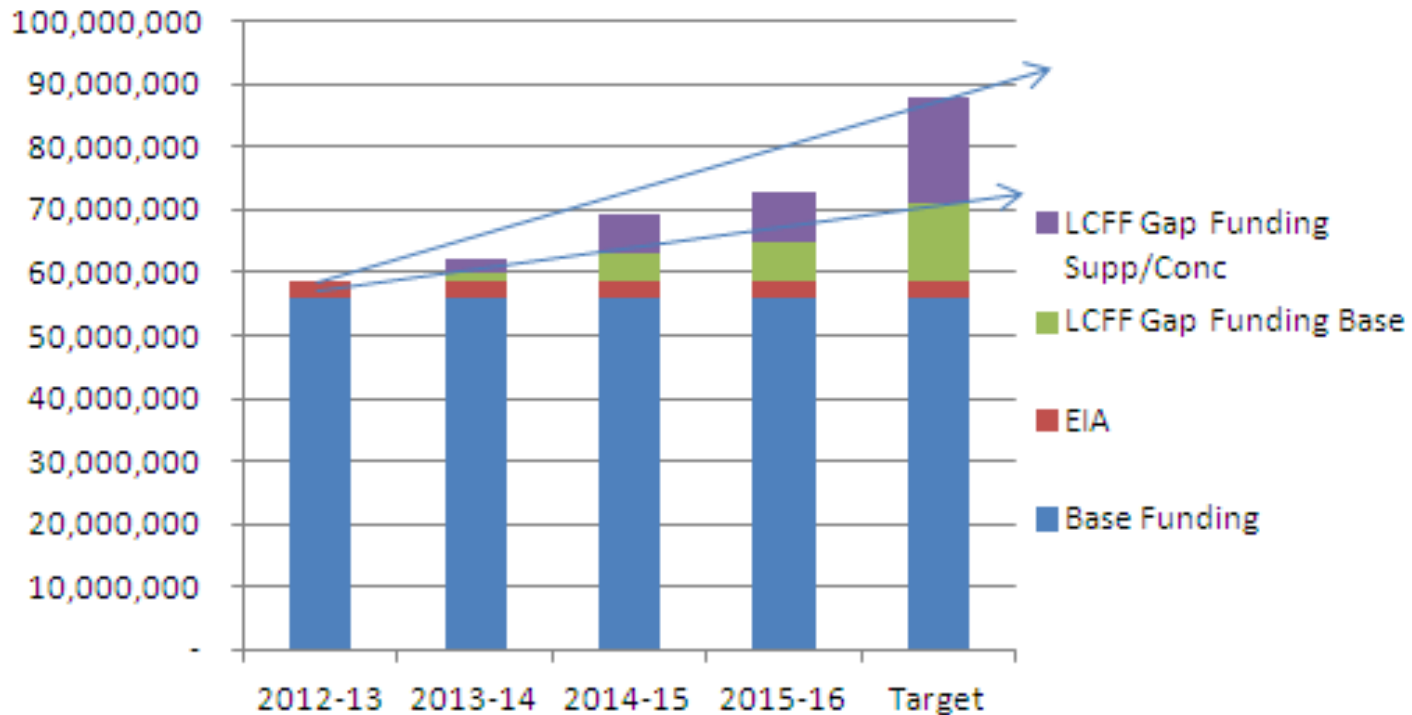
# Calculate the LCFF Entitlement



- ◆ (Base for each grade span + GSA) x ADA for grade span = Base funding
- ◆ Supplemental = 20% x base x % FR/EL/Foster
- ◆ Concentration = 50% x base x % FR/EL/F > 55%
- ◆ Add it all together and compare to prior year LCFF funding
- ◆ Apply State-determined Gap Funding percent to determine new monies to district
- What changed?
  - COLA decreased to 0.86% which lowers base
  - But, Gap funding percent increased to 28%
    - ◆ While this is a nice increase it is NOT a 28% increase in funding!

# Growth Toward Target Funding

Over the eight year implementation period, base funding increases 17% and Supplemental/Concentration funding grows over 700%



# Supplemental/Concentration

- ◆ Dollars targeted toward the students who generated the additional funding measured by:
  - Increased services
  - Increased funding
  - Improved achievement
- ◆ MJUSD may spend on a District-wide basis
  - Identify the districtwide services
  - Describe how these services meet the District's goals for the targeted students



# LCAP

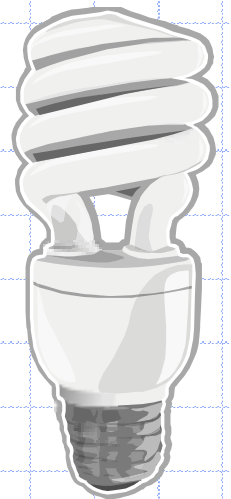
- ◆ LCAP is flexible, providing significant local control over services, activities, and plan elements
- ◆ Must show evidence of a needs assessment
- ◆ It's a three year plan
- ◆ Include a description of expenditures that serve pupils eligible to generate supplemental/ concentration grants
- ◆ Must track the “proportional” amount toward the supplemental/ concentration target

# Supplemental/Concentration Budgets

- ◆ Supplemental funding assumptions as of Governor's Budget 2014

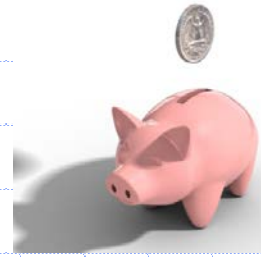
Supplemental/Concentration funding pot as of Second Interim 01/31/14	
2012-13 Base Categorical <sup>1</sup>	11,105,191
Target Supplemental/Concentration at Full Implementation	19,594,252
2013-14 budget equals 2012-13 EIA Expenditures <sup>2</sup>	2,438,918
Gap Funding Supp/Conc 2014-15	\$4,685,704
2014-15 Total Supplemental/Concentration budget <sup>3</sup>	7,124,622
Gap Funding Supp/Conc 2015-16	\$2,331,756
2015-16 Total Supplemental/Concentration budget	9,456,378
<sup>1</sup> 2012-13 Base Categorical Funding includes EIA, Transportation, K-3 CSR and all Tier III revenues. Many of these dollars were previously unrestricted.	
<sup>2</sup> For 2013-14, expenditures charged to this revenue source include prior EIA coded costs.	
<sup>3</sup> The budget for the 2014-15 Supplemental/Concentration proportional targeted dollars will be determined through the LCAP process.	

# Prop 39



- ◆ The California Clean Energy Jobs Act
- ◆ Proposal to allocate an additional \$363M in 14-15
- ◆ A Restricted program with specific compliance and reporting components
- ◆ Energy expenditure plans are now being accepted
- ◆ Award allocations will begin in February
- ◆ All funds must be encumbered by June 30, 2018 and projects completed by June 2020





# Uncertainties and Prudence

- ◆ Declining Enrollment and ADA
- ◆ Affordable Care Act (ACA)
- ◆ Deferred Maintenance
- ◆ Textbook adoptions with no “textbook” monies
- ◆ OPEB
- ◆ Eventual downturn in the economy (every 8-10 years whether we like it or not)
- ◆ “LCFF Reserve” for unpredictable annual gap funding
- ◆ Pressure from other State programs for a COLA and their piece of the pie
- ✓ **Deal with volatility through increased reserves and/or conservative revenue assumptions**



# Next Steps

- ◆ Second Interim will contain a revised MYP
- ◆ Budget development is underway
  - Hand in hand with the LCAP process
- ◆ May Revise
  - COLA,
  - gap funding,
  - additional programs?
- ◆ June 24, 2014
  - Budget Adoption
  - LCAP Adoption

# Questions?

