2013-14 Governor’s Proposed State Budget Workshop

Division of Business Advisory Services
Los Angeles County Office of Education

March 6, 2013
Reference Materials

- PowerPoint Presentation
- Dart Board
- Hold Harmless Categorical Funding Estimates
- Survey
Welcome
Overview
Planning Considerations/LCFF
**Break**
Lottery
Mandated Costs
Categorical Programs
Special Education
Facilities

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Overview

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Overview – State General Fund Budget

- Revenues to increase by $3.1B
- Spending to increase by $4.7B
- Creates a $1B Reserve by:
  - Suspending 4 new mandates ($104M)
  - Using 2012-13 Prop 98 over-appropriation to apply to 2013-14 ($172M)
  - Using Misc. State Highway Account revenue to pay for transportation bond debt service ($67M)
  - Extending the hospital quality assurance fee ($310M)
  - Extending the gross premiums tax on Medi-Cal managed care plans ($364M)
Overview – Prop 30 and 39 Revenues

- **Proposition 30** is estimated to increase Personal Income Tax revenues by $4.8B in 2012-13, and $4.9B in 2013-14. It is estimated to increase Sales and Use Tax revenues by $611M in 2012-13 and $1.3B in 2013-14.

- **Proposition 39** is estimated to increase Corporation Tax revenue by $440M in 2012-13 and $900M in 2013-14.
Overview – Proposition 98

- Increase to Prop 98 of $2.7B for 2013-14
- K-12 Adjustments:
  - $1.6B for new Local Control Funding Formula (LCFF) for school districts and charter schools
  - $28.2M for LCFF for county offices
  - $440.5M for Prop 39 per-ADA allocations
  - $48.5M for charter school growth
  - $3.6M for Special Education growth
  - $100M increase to the Mandate Block Grant
Overview – Proposition 98

- K-12 Adjustments (cont.):
  - $62.8M for the 1.65% COLA for categorical programs outside the LCFF
  - $9.7M for the Emergency Repair Fund
  - $526.6M in 2012-13 and $608.6M in 2013-14 to backfill reduced property taxes
  - $162.8 of over-appropriated Prop 98 in 2012-13 to apply to 2013-14
Planning Considerations

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Planning Considerations - Second Interim Report

- Base revenues on current revenue limit and categorical program funding structure
- 1.65% COLA for revenue limit
- Zero COLA for categorical programs
- 1.65% COLA for Special Education
- 5.9% reduction to Federal programs
Planning Considerations - Second Interim Report

- Plans to address budget deficits in 2012-13 and 2013-14 should be reasonable and implementable
  - Board Resolution committing to reduction no longer sufficient, a specific plan should be identified
  - Sufficiently detailed (not just a plug number)
  - If dependent upon negotiations, an alternate plan should be identified
Planning Considerations-
Second Interim Report

- Certifications
  - Not bad to be qualified
  - Sends public message to stakeholders
  - Demonstrates openness; district is working issues
  - Little impact on TRANS

- LACOE Staff available for Board Presentations
Planning Considerations – Prop 30 EPA

- The vehicle to collect and disburse revenues generated by temporary taxes from Prop 30
- State Aid is reduced for each dollar districts received from EPA
- Treat as a third revenue limit source:
  - Total Revenue Limit less Property Taxes and EPA equals State Aid
Planning Considerations – Prop 30 EPA

- For 2012-13, distributed by June 30, 2013
- State Aid payments already reduced by estimated EPA (about 21.2% of revenue limit)
- P-2 State Aid payment to be based on updated estimate to be released by DOF
- For 2013-14, distributed on quarterly basis
Planning Considerations – Prop 30 EPA

- Object Code 8012, Resource Code 1400
- Will not be included in SACS Software for Second Interim (May include in OC 8011) but will be in valid account code table sometime after April
- Carryover is allowed
- May be used for any purpose except administration (Functions 2100, 2200, 2700, and 7000-7999)
Board must discuss proposed uses in public hearing by June 30

District must annually publish on its Web site an accounting of how much money was received from the EPA and how that money was spent.
  - SACS Program by Resource Report would meet requirement
Planning Considerations – Cash Flow Projections

● For Second Interim, use 2012-13 Principal Apportionment Payment Schedule as basis for 2013-14

● EPA acts as a deferral in 2012-13 (paid in June 2013) but normalizes in 2013-14

● Restoration of furloughs and other salary reductions will increase cash outflow in last half of 2012-13
## Planning Considerations – Cash Flow Projections

### 2012-13 Deferrals
(Updated by CDE February 2013)

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Exemption Available?</th>
<th>Amount</th>
<th>Principal Apportionment Payment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2012 to Sept. 2012</td>
<td>Yes</td>
<td>$700 million</td>
<td>75%</td>
</tr>
<tr>
<td>Feb. 2013 to July 2013</td>
<td>No</td>
<td>$531.7 million</td>
<td>31%</td>
</tr>
<tr>
<td>March 2013 to April 2013</td>
<td>Yes</td>
<td>$900 million</td>
<td>27%</td>
</tr>
<tr>
<td>March 2013 to Aug. 2013</td>
<td>No</td>
<td>$1.3 billion</td>
<td>60%</td>
</tr>
<tr>
<td>April 2013 to July 2013</td>
<td>No</td>
<td>$594.7 million</td>
<td>35%</td>
</tr>
<tr>
<td>April 2013 to Aug. 2013</td>
<td>No</td>
<td>$763.8 million</td>
<td>45%</td>
</tr>
<tr>
<td>May 2013 to July 2013</td>
<td>No</td>
<td>$1.98 billion</td>
<td>100%</td>
</tr>
<tr>
<td>June 2013 to July 2013</td>
<td>Yes</td>
<td>$474 million</td>
<td>100%</td>
</tr>
<tr>
<td>Deferred across fiscal years</td>
<td></td>
<td>$5.64 billion</td>
<td></td>
</tr>
</tbody>
</table>
Planning Considerations – Cash Flow Projections

● June Deferral Exemptions
  – Available for amount needed up to 100%
  – Must demonstrate need for State Loan in absence of exemption
  – Must reflect mid-year TRANs
  – Informational Bulletin No. 3518
  – Due to BAS March 15, 2013
Planning Considerations – Cash Flow Projections

- Potential cash deficiencies need to be identified early in order to implement appropriate solutions
  - Reduction of expenditures (temporary and/or ongoing)
  - Interfund Borrowing
  - TRANs
    - mid-year TRANs amount limited to amount of deferrals
  - Treasurer Borrowing
    - Very limited – discuss with your BSC prior to planning
LACOE TRAN Recent Pooled Issuances

2004-05: $60.89 at 1.610%
2005-06: $23.99 at 2.600%
2006-07: $30.45 at 3.620%
2007-08: $24.27 at 1.650%
2008-09: $60.96 at 0.850%
2009-10: $185.50 at 3.620%
2010-11: $216.55 at 0.850%
2011-12: $541.47 at 0.450%
2012-13: $682.59 at 0.19%

2012-13 Total Par includes the par amount for the issuance that is scheduled to close on Feb 28, 2013

**The lowest interest rate obtained is the effective yield obtained by the highest rated Districts**

Source: RBC Capital Markets
Every district should have Board Resolutions for:
- Interfund borrowing
- Treasurer borrowing

Consider not only the month ending cash balance but possible deficiencies during the month prior to receipt of revenues, typically at month end.
For Second Interim, assume all continue through 2014-15
- Tier III Categorical Programs
- Routine Restricted Contribution decreased to 1%
- No Deferred Maintenance contribution
- School year reduced by 5 days to 175 days
- K-3 CSR flexibility expires 2013-14 but may assume continuation through 2014-15

Under LCFF, 175 day school year continues through 2014-15. All others moot.
Planning Considerations
RDA

- LEAs may now receive three types of RDA revenues from the County A-C:
  - Pass-throughs
  - Additional property taxes from Residual Distributions
  - Additional distributions of Other Revenues (e.g., former RDA’s asset liquidations)

- These amounts are deemed property tax revenues and offsets to districts’ State Aid
  - Facilities portion of Pass-throughs do not offset State Aid and must be used for facilities purposes

- Only two Object Codes – 8047 and 8625
Planning Considerations
Financing and Borrowing

- Capital Appreciation Bonds
  - State Treasurer Bill Lockyer asked that districts not issue CABs while a legislative solution is being developed.
  - AB 182/Buchanan would limit bonds to a term of 25 years with interest no greater than 8% per annum and bond must be callable after 10 years with add’l disclosure requirements.
    - Current limitation per Gov’t. Code is 40 years and 12%
Planning Considerations
Current Class Size Maximums

- Districts that exceed class size maximums lose funding equivalent to the revenue limit generated by each student over the maximum.

<table>
<thead>
<tr>
<th>Grade</th>
<th>District Average</th>
<th>Single Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>31</td>
<td>33</td>
</tr>
<tr>
<td>1-3</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>4-8</td>
<td>29.9 or District’s 1964 Average</td>
<td></td>
</tr>
</tbody>
</table>

- SBE has granted waivers up to 38.5:1 for a period of two years less one day; there is no guarantee that waivers will continue to be granted at that level.
Planning Considerations – Local Control Funding Formula
Planning Considerations – Local Control Funding Formula

- Would replace current revenue limit and most State categorical program funding structure effective 2013-14
- Applies to school districts and charter schools
- County offices have different LCFF formula
- Unrestricted revenues available for expenditure at agency’s discretion per a District Plan
- Current legislation language on DOF Website: http://www.dof.ca.gov/budgeting/trailer_bill_language/education/documents/
Planning Considerations – Local Control Funding Formula

- Full funding not immediately available
- Goal to reach full funding in 7 years
- Districts receive incremental increases based on statewide available funding
- Districts receive at minimum their Hold Harmless level
  - the same level of funding received in 2012-13 for the deficited revenue limit and affected categorical programs
Planning Considerations – LCFF Target

- Base Grant – Every district receives
- CSR/CTE Augmentation – Additional funding for grades 1-3 ADA and 9-12 ADA
- Supplemental and Concentration Grants – Additional funding for English learners, free and reduced price meal eligible students, and foster youth
- TIIG/Transportation – Preserves funding for TIIG and transportation at 2012-13 level
Planning Considerations – LCFF Base Grant

- Statewide rates per grade span ADA
- Equalizes funding
  - Benefits districts funded below statewide average
- Increased by COLA Annually beginning in 2013-14
- Ungraded ADA is distributed to grade spans proportionately
Planning Considerations – LCFF Base Grant

- Declining enrollment protections remain
  - Only for districts – not charter schools
  - Determined at total district ADA and applied proportionately to grade span ADA

<table>
<thead>
<tr>
<th>Prior year P-2 ADA</th>
<th>Current year P-2 ADA</th>
<th>Difference/Decline</th>
<th>Current Year Grade Span Proportion</th>
<th>Increase to Current Year ADA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,000</td>
<td>1,800</td>
<td>200</td>
<td>K-3</td>
<td>K-3 68</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4-6</td>
<td>4-6 48</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7-8</td>
<td>7-8 30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9-12</td>
<td>9-12 54</td>
</tr>
</tbody>
</table>
## Planning Considerations – LCFF Base Grant

### BASE GRANT:

<table>
<thead>
<tr>
<th>Grade Span</th>
<th>ADA</th>
<th>2012-13 Base Grant Rate</th>
<th>2013-14 COLA (1.65%)</th>
<th>2013-14 Base Grant Rate</th>
<th>2013-14 Total Base Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>680</td>
<td>$ 6,342</td>
<td>$ 104.64</td>
<td>$ 6,446.64</td>
<td>$ 4,383,717</td>
</tr>
<tr>
<td>4-6</td>
<td>480</td>
<td>$ 6,437</td>
<td>$ 106.21</td>
<td>$ 6,543.21</td>
<td>$ 3,140,741</td>
</tr>
<tr>
<td>7-8</td>
<td>300</td>
<td>$ 6,628</td>
<td>$ 109.36</td>
<td>$ 6,737.36</td>
<td>$ 2,021,209</td>
</tr>
<tr>
<td>9-12</td>
<td>540</td>
<td>$ 7,680</td>
<td>$ 126.72</td>
<td>$ 7,806.72</td>
<td>$ 4,215,629</td>
</tr>
<tr>
<td>Total Base Grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 13,761,296</td>
</tr>
</tbody>
</table>
CSR provides additional funding for grades K-3
  - 11.23% of grades K-3 Base Grant
  - At full implementation (full funding in 7 years), must not exceed class sizes of 24:1 or as negotiated
    - Not waivable
      - Must make proportional progress in intervening years

CTE provides additional funding for grades 9-12
  - 2.8% of grades 9-12 Base Grant
### AUGMENTATION GRANTS:

<table>
<thead>
<tr>
<th>Augmentation Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Augmentation K-3</td>
<td>(2013-14 Base Grant x 11.23%)</td>
<td>$492,291</td>
</tr>
<tr>
<td>CTE Augmentation 9-12</td>
<td>(2013-14 Base Grant x 2.8%)</td>
<td>$118,038</td>
</tr>
</tbody>
</table>
Planning Considerations – LCFF Supplemental/Concentration Grants

- Provides additional funding for students that are English learners, free and reduced price meal eligible, and foster youth.
  - English learners are eligible for only 5 years
- Use the unduplicated count (a student who qualifies for more than one category may only be counted once)
- As reported in CALPADS
  - Currently, only the reporting agency has access to the data
  - Changes need to be made to CALPADS for LCFF reporting
Planning Considerations – LCFF Supplemental/Concentration Grants

- Determine the percentage of the unduplicated count of the total district’s enrollment
- Supplemental Grant is 35% of the Base Grant multiplied by the percentage of the unduplicated count
- Concentration Grant provides additional funding for districts with more than 50% of its population as identified students
  - 35% of the Base Grant multiplied by the percentage greater than 50%
### Planning Considerations – LCFF Supplemental/Concentration Grants

#### SUPPLEMENTAL AND CONCENTRATION GRANTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Enrollment</td>
<td>1,880</td>
</tr>
<tr>
<td>Total Unduplicated Pupil Count (English Learners, Free or Reduced-Price Meal and Foster Youth)</td>
<td>970</td>
</tr>
<tr>
<td>% of Enrollment Eligible for Supplemental Add-on</td>
<td>51.60%</td>
</tr>
<tr>
<td>Supplemental Add-on (35% of Base Grant x % of Eligible Enrollment)</td>
<td>$2,485,085</td>
</tr>
<tr>
<td>% of Enrollment Eligible for Concentration Add-on</td>
<td>1.60%</td>
</tr>
<tr>
<td>Concentration Add-on (35% of Base Grant x % of Eligible Enrollment)</td>
<td>$76,858</td>
</tr>
</tbody>
</table>
Planning Considerations – LCFF TIIG/Transportation Add-on

- Preserves 2012-13 funding level for the Targeted Instructional Improvement Grant and Transportation
- Unrestricted funding
- Never changes – no COLA or growth
Planning Considerations – LCFF TIIG/Transportation Add-on

TRANSPORTATION AND TIIG GRANTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 Transportation Funding Add-on (no COLA)</td>
<td>$25,000</td>
</tr>
<tr>
<td>2012-13 TIIG Funding Add-on (no COLA)</td>
<td>$15,000</td>
</tr>
</tbody>
</table>
Planning Considerations – LCFF Total Funding

- 2013-14 Funding will be Hold Harmless increased by an estimated 10% of the Gap
- The Gap is: $LCFF \ Target \ less \ Hold \ Harmless$
- Future years’ Gap funding is dependent upon the additional funds available in those years
## Planning Considerations – LCFF Total Funding

<table>
<thead>
<tr>
<th>TOTAL FUNDING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total LCFF Entitlement</td>
<td>$ 6,973,568</td>
</tr>
<tr>
<td>2012-13 Hold Harmless Funding</td>
<td>$ 3,500,000</td>
</tr>
<tr>
<td>Difference between Total LCFF Entitlement and Hold Harmless Funding (GAP)</td>
<td>$ 3,473,568</td>
</tr>
<tr>
<td>GAP Funding (10% for 2013-14)</td>
<td>$ 347,357</td>
</tr>
<tr>
<td>2013-14 Funding (Hold Harmless plus Gap Funding)</td>
<td>$ 3,847,357</td>
</tr>
</tbody>
</table>
Planning Considerations – LCFF Total Funding

- Difference between a district’s funding under the revenue limit and categorical program model and the LCFF is due to several factors:
  - District’s unique revenue limit rate as it compares to the statewide average – above or below
  - District’s participation in categorical programs
  - District’s population – unduplicated count

- All programs lose their identify and cannot be isolated in the LCFF
Planning Considerations – LCFF Accountability

- Districts must adopt a Local Control and Accountability Plan
- The SBE would develop a template by 1/30/14
  - Must address items in new EC Section 52064 including how will use Supplemental and Concentration grants to improve instructional program for identified students
- May be for 1 to 5 years
  - Annual update on or before July 1
  - Consider API
Planning Considerations – LCFF Accountability

- Develop in consultation with stakeholders with at least one public hearing
- Submit to the COE with the annual Budget
- COE reviews and determines if plan:
  - Complies with SBE template
  - Is supported by sufficient expenditures in budget
BREAK
Lottery

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How many times have you heard that “I thought the lottery was the solution to solving the schools funding issues”
Lottery

- Lottery sales for **2012-13** are projected to reach $4.87 billion, providing education with an estimated $1.32 billion.
- Distributed quarterly on a per-ADA basis.
- A portion of lottery funds will remain restricted, even under the new LCFF proposal.
- Actually provides less than two percent of total K-14 funding (1.25% percent recent).
- Multi-State Powerball – April 8, 2013.
## Lottery

<table>
<thead>
<tr>
<th>Lottery Rates</th>
<th>Actual</th>
<th>Projected 2011-12</th>
<th>Projected 2012-13</th>
<th>Projected 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$125.4</td>
<td>$124.25</td>
<td>$124.00</td>
<td></td>
</tr>
<tr>
<td>Restricted Prop 20</td>
<td>30.34</td>
<td>30.00</td>
<td>30.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$155.76</td>
<td>$154.25</td>
<td>$154.00</td>
<td></td>
</tr>
</tbody>
</table>

- Historical 10 year average - 64% spent on salaries and benefits
Lottery – Historical Rates
Mandated Costs

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Mandated Costs

- **K-12 Mandated Program Block Grant - $266.6 million**
  - Increased $100 million for Graduation Requirements and Behavioral Intervention Plans

- **Unrestricted funding of $47 per ADA**

- **LEA’s have option to seek reimbursement via block grant or traditional claims filing**
  - Applications for participation are available in August and due to the CDE no later than September 30
  - Block grant participants will have compliance tested via annual audit
  - Claims participants are subject to SCO compliance testing as in prior years
Mandated Costs

- 2013-14 Proposed Budget includes:
  - 44 Education Mandates
  - 19 Suspended Mandates
    - LEA’s are not required to perform suspended mandate functions
    - LEA’s may continue suspended mandate activities at their own discretion without reimbursement
44 Education Mandates

- Absentee Ballots
- Academic Performance Index
- Agency Fee Arrangements
- AIDS Instruction and AIDS Prevention Instruction
- Behavioral Intervention Plans (BIP)
- California State Teachers Retirement System Service Credit
- Caregiver Affidavits
- Charter Schools I, II, and III
- Child Abuse and Neglect Reporting
- Collective Bargaining / Collective Bargaining Disclosure
- Comprehensive School Safety Plans I and II
- Consolidation of Annual Parent Notification / School Site Discipline Rules / Alternative Schools
- Consolidation of Law Enforcement Agency Notification and Missing Children Reports
- Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II and Pupil Discipline Records
- County Office of Education Fiscal Accountability Reporting
- Criminal Background Checks
44 Education Mandates (cont’d)

- Criminal Background Checks II
- Differential Pay and Re-employment
- Expulsion of Pupil: Transcript Cost for Appeals
- Financial and Compliance Audits
- Graduation Requirements
- Habitual Truants
- High School Exit Examination
- Immunization Records
- Immunization Records---Hepatitis B
- Inter-district Attendance Permits
- Intra-district Attendance
- Juvenile Court Notices II
- Notification of Truancy
- Physical Performance Tests
- Prevailing Wage Rate
- Pupil Expulsions
- Pupil Expulsion Appeals II, Pupil Suspensions II, Educational Service Plan
- Pupil Health Screenings
- Pupil Promotion and Retention
- Pupil Safety Notices
- Pupil Suspensions
- School Accountability Report Cards
- School District Fiscal Accountability Reporting
- School District Reorganization
- Student Records
- The Stull Act
- Threats Against Peace Officers
19 Suspended Mandates

- Brendon McGuire Act
- California Public Records Act
- County Treasury Withdrawals
- Grand Jury Proceedings
- Health Benefits for Survivors of Peace Officers and Firefighters
- Integrated Waste Management
- Law Enforcement Jurisdiction Agreements
- Law Enforcement Sexual Harassment Training
- Mandate Reimbursement Process I and II
- Open Meetings Act / Brown Act Reform
- Physical Education Reports
- Pupil Residency Verification and Appeals
- Removal of Chemicals
- School Bus Safety I and II
- Scoliosis Screening
- Sexual Assault Response Procedures
- Sexual Offenders: Disclosure by Law Enforcement Officers
- Student Records
Mandated Costs

- Three Mandate Programs Excluded from the MBG for 2012-13
  - Graduation Requirements
  - Developer Fees
  - Teacher Incentive Program

- Deferred and Unfunded Mandates
  - $3.81 billion in unpaid claims as of April 2012
  - LEA’s should continue to file reimbursement claims
  - Costs will be reimbursed when funds are appropriated and available, including interest
Mandated Costs

Final Thoughts…..

● Remember . . . agencies have legal requirement to perform all mandated services, whether they are reimbursed or not

● 100% of MBG revenue received in November 2012
  – Use same assumption for 2013-14 planning

● Not subject to offset in “fair-share” calculations

● Not subject to offset for past audit findings
Categorical Programs

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Categorical Programs

- In 2012-13, Categorical Funds - $11 Billion
- Current flexibility provisions scheduled to expire at the end of 2014-15
- Goal of the new LCFF is simplification and a more streamlined formula
  - Bulk of funds become unrestricted and discretionary
  - Eliminates current Revenue Limit Calculation
- Two permanent add-ons maintained in proposal
  - Targeted Instructional Improvement Grant (TIIG) - $855 million
  - Home-to-School Transportation (HTS) - $491 million
Categorical Programs – Other Major Programs Included in New LCFF

- **K-3 Class Size Reduction (K-3 CSR)**
  - K-3 CSR reduced penalty flexibility in effect through 2013-14
  - Benchmarked at 24:1 once LCFF fully implemented

- **Economic Aid Impact (EIA)**
  - Program for kindergarten through grade twelve to support:
    - Additional English language acquisition programs, support and services for Limited English Proficient students (LEP)
    - State Compensatory Education (SCE) services for Educationally Disadvantaged Youth (EDY) as determined by the local educational agency (LEA)
Categorical Programs – Proposed Exclusions from LCFF

- Excluded From the Newly Proposed LCFF:
  - Special Education - $3.74 billion
  - After School Education and Safety (ASES) - $547 million
  - State Pre-School - $481 million
  - Quality Education Investment Act (QEIA) - $313 million
  - Mandated Block Grant - $267 million
  - Assessments (Testing) - $75 million
  - American Indian Education Centers and Early Childhood Education Programs - $5 million

- Federally Funded Grants Unaffected by LCFF
Excluded Categorical Programs

- After School Education and Safety (ASES)
  - Automatically Funded Pursuant to Prop 49
  - $550 million maximum funding available each year
- Quality Education Investment Act (QEIA)
  - $218 million ($313 million Prior to Latest Trailer Bill Language)
  - Schools must Exceed API Targets Every Year
  - Scheduled to Sunset in 2014-15
  - Allocation Formula Same as 2012-13
    - $500 per pupil Grades K-3
    - $900 per pupil Grades 4-8
    - $1,000 per pupil Grades 9-12
Excluded Categorical Programs (cont’d)

- Assessments (Testing) - $75 million
  - Must be First Used to Offset any State-Mandated Reimbursable Costs
  - Includes STAR, CELDT and CAHSEE Testing

- Special Education (discussed in other section)

- Mandated Block Grant (discussed in another section)

- Not Included in Core K-12 Mission
  - State Pre-School
  - American Indian Education Centers and Early Childhood Education Programs
Categorical Programs
Federal Programs - Sequestration

- Current estimate is a 5.9 percent reduction in Federal funds for 2013-14
  - Estimated 8.2 percent Reduction Through 2019-20
- Potential impact to California - $262 million
  - Title 1 – Services for Low-Income students $91 million
  - Special Education - $72 million
  - Other potentially impacted programs Include:
    - Child Nutrition; Child Care & Development; Family Empowerment Centers; 21st Century Community Learning Centers
Districts must offer Transitional Kindergarten for all children eligible to attend per SB 1381
- Program participation is optional

3 Year phase in: A child is eligible for transitional kindergarten if they have their fifth birthday between:
- November 2 and December 2 for the 2012–13 school year.
- October 2 and December 2 for the 2013–14 school year.
- September 2 and December 2 for the 2014–15 school year and each school year thereafter.
Categorical Programs
Transitional Kindergarten (continued)

- Flexibility in implementation
  - Can implement all three months of phase-in at once
- Can combine traditional and TK students into one classroom
  - Students for each program (TK and Kindergarten) must have a different learning experience
- Only required in each district, not every campus
Special Education

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Special Education

- Projected 1.65% COLA
  - $7.68 per ADA
- Growth would be funded
  - $473.12 Growth rate
- Regionalized Services, Program Specialists, and Personnel Development would be rolled into AB 602 base
Special Education

- Federal Sequestration
  - Reduction of 5.9 percent to Federal special education programs
  - Must continue to meet maintenance of effort
  - Probable increase to encroachment
Special Education

- **Mental Health Services**
  - Remains responsibility of districts
  - For 2013-14, total of $426 million proposed from all sources
  - Continue to work with your SELPAs to identify students and costs

- **Special Disabilities Adjustments**
  - Eliminated effective 2011-12
Special Education

- **New NPS Placements with Extraordinary Costs**
- $3.0 million proposed for 2013-14
- Reimburses districts for new NPS placements (since 1997-98) for costs exceeding extraordinary cost threshold
  - $74,447
- Claims are filed using the CDE-issued Revenue Software but districts must also submit invoices to support claims
- Claims for 2012-13 must be filed by November 30, 2013. Late claims are not funded.
Facilities

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Governor’s Proposed Budget does not provide for a new state school facilities bond
  - Proposition 1D passed in November 2006
Remaining Bond Authority
  - $6.8 million for new construction
  - $45.2 million for modernization
AB 41 (Buchanan) – Placeholder for 2014 Bond
Approved applications will not be guaranteed funding
Facilities

- Priority Funding
  - Next available filing window for SFP funding begins May 8, 2013
  - Districts have 30 days to submit an application to OPSC
  - Regulations changing, districts on unfunded approval list are not participating in Priority Funding Process
Facilities

- Grant Adjustments
  - New construction and modernization grants increased by 3.13 percent
  - Based on the Marshall & Swift Eight California Cities index
Facilities

- Future Direction of the SFP
  - No one knows
  - Bond Authority virtually exhausted
  - Next realistic opportunity November 2014
  - Level 3 Developer Fees suspended
  - Governor’s Proposed Budget Statement

  “Central to this discussion must be a consideration of what role, if any, the state should play in the future of facilities funding.”
Facilities

- Deferred Maintenance Program
  - Eliminated under the LCFF
  - For Second Interim, project revenue
Facilities

- Developer Fees
  - Level 1 residential rate increase from $2.96 to $3.20 per square foot
  - Level 1 commercial/industrial rate increase from $0.47 to $0.51
  - Fees go in to effect 60 days after a Board adoption
  - A Fee Justification Study must substantiate an increased rate
  - Level 3 fees suspended
Facilities

- Emergency Repair Funding (ERP)
  - Williams Legislation Settlement provides $800 million
  - Governor’s Proposed Budget provides $9.7 for the ERP
  - The program is over subscribed by $225.9 million
  - Over 1,200 applications waiting for review and approval
Facilities

- Surplus Property Proceeds
  - Site sale
    - Flexibility becomes permanent
    - Proceeds may be used for a one-time general fund purchase
  - Lease
    - OPSC current position – leases one year or less may be used for general fund purposes
    - Excess of a year restricted to capital fund uses
Facilities

- Surplus Property – Charter Schools
  - SB 1016 gives charter schools first right to your surplus property
  - Only applicable to property identified as surplus after July 1, 2012
  - Selling price limited to the price district paid for the property, with some adjustment for improvements
  - Charter must use facility for direct instruction or instructional support
  - Governor’s Budget Proposal extends the ending date from June 30, 2013 to June 30, 2019
Facilities

- High Performance Incentive Grant Funding
  - As of January 2013, $41.7 million still available for high performance projects
  - Funding may be used for sustainable sites, energy, water and indoor environmental quality projects
  - SAB approved regulations allowing Energy Efficiency and Green components for the Modernization Program
  - April 2012 Career Technical Education projects also eligible
Facilities

- Proposition 39 – California Clean Energy Jobs Act
  - Provides approximately $1 billion in funding for efficiency and alternative energy projects
  - Governors Budget Proposal provides $450 million for K-12 and Community Colleges that would be distributed on a per-ADA basis
    - Carryover would be allowed
  - Many other proposals for program and distribution
Facilities

- Legislation for enactment of Proposition 39
  - AB 29 would make a portion of funds available to UC, CSU and CCD for energy retrofit projects
  - AB 39 would require the State to administer grants, no-interest loans to K-12 schools for energy projects
  - SB 39 would require OPSC to distribute grants on a competitive basis to school districts for energy efficiency upgrade projects
Facilities

- Storm Water – Industrial Permit
  - Only applicable to districts who maintain bus maintenance yards
  - Revised permit scheduled for adoption summer 2013
  - Potential cost from $5,000 - $10,000 for the first year
  - Group monitoring replaced with Compliance Groups
Facilities

- Storm Water – Small Municipal Separate Storm Sewer Systems (Small MS4) Permit
  - Adopted permit excludes automatic designation of K-12, community colleges and county offices of education
  - A regional board has the option of designating an individual school district
  - Revised Small MS4 effective 7/1/2013
Facilities

- Water Fees
  - Extended Board of Supervisors Protest Hearing continues on March 12
THANK YOU