2013-14 State Budget and First Interim Recommendations Workshop

Division of Business Advisory Services

November 1, 2013
Reference Materials

- PowerPoint Presentation
- Budget Book (electronic only)
- Afternoon PowerPoint Presentation
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<th>Presenter</th>
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<td>Marlene Dunn</td>
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LCFF Detailed Review Agenda - Afternoon

Overview
Revenue Projection System
LCFF Calculation
Overview

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Overview –
State General Fund Budget

- Balance from 2012-13 of $872M
  - First year to end with reserve since 2007-08
- Revenues to decrease by $198M
  - Includes EPA and Prop 49 increases
- Spending to increase by $616M
- Creates a $1.1B Reserve
Overview – State General Fund Priorities

- Reinvesting in Education
  - LCFF

- Expanding Healthcare
  - Driven by Federal Healthcare Reform
  - Expansion by 1 million newly eligible adults

- Paying Down “Wall of Debt”
  - Totaled $35B in 2011
  - Will be less than $27B by the end of 2013-14.
  - Will be less than $5B by 2016-17.
Overview – Proposition 98

- 2012-13 Prop 98 was increased by $2.9B used for one-time purposes:
  - $1.8B to reduce K-12 deferrals
  - $1B to fund Common Core Implementation
Overview – Proposition 98

2013-14 Prop 98 is decreased by $1.2B but with significant changes in allocation:

- LCFF Implementation
- MBG Augmentation
- Energy Projects
- Reduce Deferrals
- Common Core
Planning Considerations

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Planning Considerations
First Interim Report - LCFF

- Largest education finance reform in 40 years
- Replaces revenue limits and most State categorical programs
- Based on statewide per-ADA rates, historical funding, additional funding for special populations
- Largely unrestricted
  - Supplemental and Concentration Grants
  - MOEs
- 8 year transition to full funding
Planning Considerations
First Interim Report - LCFF

● Project LCFF revenues using DOF factors
● For 2014-15 and 2015-16, reserve (assign) any increase pending SBE regulations for expenditure of Supplemental and Concentration Grants (January 2014)
● Increase is district-specific – there is no universal % increase
Planning Considerations
First Interim Report – LCFF

● Each district’s increase dependent upon:
  – District’s LCFF Target
    ● Rates increased by COLA annually
    ● ADA
    ● Unduplicated Count %
  – District’s Hold Harmless
    ● Prior year’s funding adjusted by growth or decline
  – Gap Funding
    ● Funded Portion of Difference between the Target and Hold Harmless
COLA is now just one factor that feeds into district-specific increase in funding
- 2013-14 = 1.565%
- 2014-15 = est. 1.87%
- 2015-16 = est. 1.99%

Gap Funding just one more factor
- 2013-14 = 11.78%
- 2014-15 = est. 16.49%
- 2015-16 = est. 18.69%
Planning Considerations - First Interim Report - LCFF

- Estimated range of increase for Los Angeles County school districts from 2013-14 to 2014-15: 1.8% to 13.2%

- Critical to determine for your district:
  - Total % change
  - % change per ADA
  - BAS Revenue Projections help provide data
Planning Considerations
First Interim Report – LCFF MOEs

- Transportation
  - Must spend in 2013-14 and ALL future years what was spent in 2012-13
  - Limited to amount generated by transportation

- Adult Education and ROC/P
  - Must spend in 2013-14 and 2014-15 what was spent in 2012-13
  - May combine ROC/P district and COE expenditures

- Transportation and ROC/P JPAs
  - Districts must continue to forward funding to JPAs in 2013-14 and 2014-15 at same levels as in 2012-13
Planning Considerations - First Interim Report Cautions

- Any increase in funds generated by identified pupils (FRPM, EL, or foster youth) must be used to improve the educational program for those pupils (Supplemental and Concentration Grants).
- SBE to release regulatory guidance on the expenditure of these funds in January 2014
  - Draft available as Item #13 in SBE November 2013 Agenda at: http://www.cde.ca.gov/be/ag/ag/yr13/agenda201311.asp
Planning Considerations-
First Interim Report Cautions

- CDE won’t release final calculation of LCFF until June 2014
- Districts should exercise extreme caution in obligating any increase in funds from the LCFF.
Planning Considerations - First Interim Report

- More LCFF details to be presented later including:
  - K-3 CSR Requirements
  - LCAP
Planning Considerations-
First Interim Report

- Other State Categorical Programs
  - Most receive 1.565% COLA in 2013-14

- Federal Programs
  - Some sequestration relief for Special Education only and partially
Planning Considerations - First Interim Report

- Many districts still facing budget challenges
- Plans to address any projected budget deficits should be reasonable and implementable
  - Sufficiently detailed (not just a plug number)
  - If dependent upon negotiations, an alternate plan should be identified
Planning Considerations - First 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 – Cash Flow Projections

### 2013-14 Deferrals

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Exemption Available?</th>
<th>Amount</th>
<th>Principal Apportionment Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2014 to July 2014</td>
<td>No</td>
<td>$917.50 million</td>
<td>38%</td>
</tr>
<tr>
<td>May 2014 to July 2014</td>
<td>No</td>
<td>$2.352 billion</td>
<td>98%</td>
</tr>
<tr>
<td>June 2014 to July 2014</td>
<td>Yes</td>
<td>$2.301 billion</td>
<td>100%</td>
</tr>
<tr>
<td>Deferred across fiscal years</td>
<td></td>
<td>$5.57 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
  – Application will be available on CDE Web site at: http://www.cde.ca.gov/fg/fi/ir/
  – Due to BAS March 15, 2014
Planning Considerations – Cash Flow Projections

- State Aid payments based on Advance Apportionment through May 2014
  - Assumes Statewide increase of 4.6% from LCFF

- Actual district calculation won’t occur until P-2 in June 2014 – paid in July 2014

- Differences between 11 months of estimated payments and actual amount will be adjusted in P-2 apportionment payment
Planning Considerations – Cash Flow Projections

- **RDAs**
  - One-time revenues in 2012-13 spiked local revenue
  - Many districts will have negative adjustments to State Aid in February 2014
  - 2013-14 Advance adjusts for one-time RDA

- **Restoration of furloughs and other salary reductions will increase cash outflow**
Planning Considerations – Cash Flow Projections

- EPA now distributed quarterly
- Don’t forget:
  - EPA Plan prior to expenditures
  - Posting of EPA Actual Expenditures
  - Send information to SCO
- BAS State Aid Cashflow
  - Reflects BAS LCFF estimates
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
Planning Considerations – Cash Flow Projections

- 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
Planning Considerations
Flexibility Provisions

- Tier III Now Moot – No Longer Applicable
- RRMA still required
  - decreased to 1% through 2014-15
  - No Deferred Maintenance contribution required but still need to maintain schools
- School year reduced by 5 days to 175 days
  - Through 2014-15 or until LCFF fully implemented
Planning Considerations
Common Core

- $1.25 billion - $200/CBEDS Enrollment
  - Available in 2013-14 on a one-time basis for the implementation of Common Core State Standards (CCSS) over a two-year period
  - Received 50% in August and 50% expected soon
  - LEA’s may encumber funds apportioned pursuant to this section at any time during the 2013–14 or 2014–15 fiscal year
Planning Considerations
Common Core

- LEA’s shall expend funds allocated pursuant to this section for any of the following purposes:
  - Professional development
  - Instructional materials
  - Technology
    - Support the administration of computer-based assessments
    - Provide high-speed, high-bandwidth Internet connectivity for computer-based assessments
Planning Considerations
Common Core

- Must adopt a plan delineating how funds will be spent
  - First explained in a public board meeting
  - Then adopted by the board in a subsequent public meeting
- Must report detailed expenditures to the CDE on or before July 1, 2015
  - The CDE shall determine the format for this report
- Also must address Implementation of Common Core as one of the 8 areas of the LCAP
LACOE’s Curriculum and Instructional Services are available to assist districts with the implementation of the Common Core program.

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The SMAA program offers a way for LEAs to obtain federal reimbursement for the cost of certain administrative activities necessary for the proper and efficient administration of the Medi-Cal program.

The DHCS serves as the principal administrator over the SMAA program.

11 COEs serve as oversight agencies.
Planning Considerations

SMAA

- SMAA Program is in deferral for noncompliance with Federal regulations
- We have approval for interim claiming until a revised claiming plan and new time study methodology is approved.
- October 24 – Notice of Interim Claiming for FY 2013/14
Planning Considerations
SMAA

- Second Quarter Time Study will commence December 9, 2013
- October 25 – DHCS released a draft copy of a Revised Statewide Claiming Plan & New Time Study Methodology
- Random Moment Time Study (RMTS) is the preferred methodology and will be implemented beginning 2014/15.
SMAA Contact information

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(562) 922-6144
Planning Considerations

Bonds

- AB 182, effective January 1, 2014, limits Bond Issuances
  - Debt service ratio to principal can be no greater than 4:1
  - Limits term to 30 years for current interest bonds (40 years through 2019)
  - Limits term to 25 years and interest to 8% for CABs
  - CABs must be callable after 10 years
  - Increases public and Board disclosure
Planning Considerations - Other Issues

- Federal Healthcare
- Transitional Kindergarten
- Student Fees
- Mandate Block Grant
- Prop 39
Local Control Funding Formula
Local Control Funding Formula

“Of all forces acting on man, change is the most beneficial and the most cruel”

Author Unknown
Local Control Funding Formula

- The LCFF makes fundamental changes on how we allocate State revenues to schools and it creates many challenges.

- As with all major changes rules are hard to understand, incomplete and will require continued evolution.
LCFF Major Components

- **Hold Harmless**
  - Under the Hold Harmless provision, no district, charter school or county office will receive less total state revenue than it received in 2012-13

- **District Funding Targets**
  - The LCFF establishes a unique funding target for every district

- **Transitional/Gap Funding**
  - Additional funds provided to fund the Gap between a district’s Hold Harmless amount and their Target amount.
LCFF Major Components (cont.)

- Economic Recovery Target (ERT) Funding
  - The ERT is intended to ensure that most school districts receive, at minimum, annual increases sufficient to restore their funding to the total undeficited level of 2012-13 revenue limits and the undeficited level of 2012-13 categorical funding.
Elements of the LCFF

- **Base Grant by Grade Span**
  - All districts receive

- **CSR/9-12 Augmentation**
  - Additional funding for grades K-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
LCFF Base Grant

- Statewide rates per grade span ADA
- Equalizes funding
- Increased by COLA annually beginning in 2013-14
- Ungraded ADA is distributed to grade spans proportionately
LCFF Base Grant

- Declining enrollment protections remain
  - Only for districts – not charter schools
  - Districts in declining enrollment will be paid based on their prior year’s grade span distribution (recent change per SB 97)
### LCFF Base Grant

#### BASE GRANT:

<table>
<thead>
<tr>
<th>Grade Span</th>
<th>ADA</th>
<th>LCFF Base Grant Rate</th>
<th>2013-14 COLA (1.57%)</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>$6,845</td>
<td>$107</td>
<td>$6,952</td>
<td>$4,727,360</td>
</tr>
<tr>
<td>4-6</td>
<td>480</td>
<td>$6,947</td>
<td>$109</td>
<td>$7,056</td>
<td>$3,386,880</td>
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<tr>
<td>7-8</td>
<td>300</td>
<td>$7,154</td>
<td>$112</td>
<td>$7,266</td>
<td>$2,179,800</td>
</tr>
<tr>
<td>9-12</td>
<td>540</td>
<td>$8,289</td>
<td>$130</td>
<td>$8,419</td>
<td>$4,546,260</td>
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<tr>
<td>Total Base Grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$14,840,300</td>
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</tbody>
</table>
LCFF CSR/9-12 Augmentation

- CSR provides additional funding for grades K-3
  - 10.4% of grades K-3 Base Grant
  - At full implementation (full funding in 8 years), must not exceed class sizes of 24:1 or as negotiated
    - Not waivable
      - Must make proportional progress in intervening years

- Provides additional funding for grades 9-12
  - 2.6% of grades 9-12 Base Grant
### LCFF CSR/9-12 Augmentation

#### AUGMENTATION GRANTS:

<table>
<thead>
<tr>
<th>Augmentation Type</th>
<th>Grant Amount</th>
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<tbody>
<tr>
<td>CSR Augmentation K-3 (2013-14 Base Grant x 10.4%)</td>
<td>$491,645</td>
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<tr>
<td>9-12 Augmentation 9-12 (2013-14 Base Grant x 2.6%)</td>
<td>$118,203</td>
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</table>
LCFF Supplemental/Concentration Grants

- Provides additional funding for students that are EL, free and reduced price meal eligible, and foster youth.
  - English learners are eligible for only 7 years
- An unduplicated count (a student who qualifies for more than one category may only be counted once)
  - Expressed as a % of total enrollment
  - Use 3 year rolling average
- As reported in CalPADS
  - Changes need to be made to CALPADS for LCFF reporting
  - COE now has to review CalPADS data
LCFF
Supplemental/Concentration Grants

- Supplemental Grant provides additional 20% of the Base Grant multiplied by the percentage of the unduplicated count

- Concentration Grant provides additional funding for districts with more than 55% of its population as identified students
  - 50% of the Base Grant multiplied by the percentage greater than 55%
LCFF
Supplemental/Concentration Grants

- Any increase in funds generated by identified pupils (FRPM, EL, or foster youth) must be used to improve the educational program for those pupils (Supplemental and Concentration Grants).
- SBE to release regulatory guidance on the expenditure of these funds in January 2014
## LCFF Supplemental/Concentration Grants

<table>
<thead>
<tr>
<th>SupPLEMENTAL AND CONCENTRATION GRANTS:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Enrollment</td>
<td>1713</td>
</tr>
<tr>
<td>Total Unduplicated Pupil Count</td>
<td>970</td>
</tr>
<tr>
<td>Total Unduplicated Pupil Count</td>
<td>970</td>
</tr>
<tr>
<td>% of Enrollment Eligible for</td>
<td></td>
</tr>
<tr>
<td>Supplemental Add-on</td>
<td></td>
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<tr>
<td>Supplemental Add-on (20% of Base Grant</td>
<td>$1,679,922</td>
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<tr>
<td>x % of Eligible Enrollment)</td>
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<tr>
<td>% of Enrollment Eligible for</td>
<td></td>
</tr>
<tr>
<td>Concentration Add-on</td>
<td></td>
</tr>
<tr>
<td>Concentration Add-on (50% of Base</td>
<td></td>
</tr>
<tr>
<td>Grant x % of Eligible Enrollment)</td>
<td>$118,722</td>
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</tbody>
</table>

### Data:

- Total Enrollment: 1713
- Total Unduplicated Pupil Count: 970
- % of Enrollment Eligible for Supplemental Add-on: 56.60%
- Supplemental Add-on: $1,679,922
- % of Enrollment Eligible for Concentration Add-on: 1.60%
- Concentration Add-on: $118,722
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
- Transportation does have MOE requirement
  - Must spend in 2013-14 and future years at least what was spent in 2012-13, up to the amount provided
## LCFF
### TIIG/Transportation Add-on

<table>
<thead>
<tr>
<th>TRANSPORTATION AND TIIG GRANTS:</th>
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</thead>
<tbody>
<tr>
<td>2012-13 Transportation Funding Add-on (no COLA)</td>
<td>$25,000</td>
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<tr>
<td>2012-13 TIIG Funding Add-on (no COLA)</td>
<td>$15,000</td>
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</table>
LCFF
Total Funding

- 2013-14 Funding will be Hold Harmless increased by an 11.78% of the Gap
- The Gap is:
  \[ \text{LCFF Target less Hold Harmless} \]
- Future years’ Gap funding is dependent upon the additional funds available in those years
## LCFF Total Funding

<table>
<thead>
<tr>
<th>Total Funding Description</th>
<th>Amount</th>
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</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 (11.78% for 2013-14)</td>
<td>$409,186</td>
</tr>
<tr>
<td>2013-14 Funding (Hold Harmless plus Gap Funding)</td>
<td>$3,909,186</td>
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</table>
LCFF – Charter Schools

- Charter schools essentially mirror district LCFF calculation except:
  - Paid on current year ADA only – no declining enrollment protection
  - Unduplicated count capped at authorizing district’s unduplicated count %
    - Alternative calculation for charters in more than 1 district
  - Not subject to K-3 CSR requirements
LCFF - Summary

- The LCFF eliminates revenue limits and almost all categorical programs except those established by State initiatives, Federal statutes, court orders or settlements.

- Two phases of LCFF
  - Eight-year implementation phase
  - The fully funded phase

- Goal to reach full funding in 8 years (Target)
LCFF – Summary

- Afternoon session will provide additional and more in-depth discussion of LCFF.
- BAS revenue projections have been released that reflect the LCFF and DOF projections.
  - Feedback on BAS revenue projections is encouraged.

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Local Control Accountability Plan (LCAP)
Local Control Accountability Plan (LCAP)

- In conjunction with LCFF implementation, districts must adopt an LCAP
- Some details contained in Ed Code – districts can start developing now
- Must use template to be adopted by SBE by March 31, 2014
  - Proposed conceptual framework available as Item #13 in SBE November 2013 Agenda at:
    http://www.cde.ca.gov/be/ag/ag/yr13/agenda201311.asp
Local Control Accountability Plan

- LCAP development must be done in consultation with stakeholders, and hold at least two public hearings

- Stakeholders include:
  - School Employees
  - Parents (must establish a Parent Advisory Committee)
  - Bargaining Units
  - Possibly a EL Advisory group
Local Control Accountability Plan

- Plan must address eight State priorities:
  1. Student Achievement
  2. Student Engagement
  3. School Climate
  4. Other Student Outcomes
  5. Parent Involvement
  6. Basic Services
  7. Course Access
  8. Implementation of Common Core State Standards (CCSS)
Local Control Accountability Plan

- Must adopt LCAP by July 1, 2014, and every three years thereafter with annual updates
- The LCAP must be submitted to the COE with the annual Budget
  - The Budget must reflect the LCAP and contain expenditures necessary to implement the LCAP
Local Control Accountability Plan

- COE reviews LCAP to determine compliance with the SBE template and sufficiency

- If COE does not approve LCAP, intervention will be offered by any of the following:
  - Written guidance from the COE
  - Assignment of an academic expert/team
  - Assignment of the California Collaborative for Educational Excellence (CCEE)
Local Control Accountability Plan

- If over a 4-year period interventions are not successful, SPI may, with the approval of the SBE, do one or more of the following:
  - Make changes to an LCAP
  - Develop and impose a budget revision
  - Stay or rescind an action
  - Appoint an academic trustee
Local Control Funding Formula

- COE review of district budgets expanded to include determination if budget includes expenditures necessary to implement the LCAP

- COE can not approve a district budget until LCAP is approved
Categorical Programs

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Categorical Programs

- Categorical programs are programs for which State or Federal funds are granted to:
  - Qualifying school districts for children with special needs, such as the Educationally Handicapped (Special Education)
  - For special programs such as After School Education & Safety Programs (ASES)
  - For special purposes, such as State Pre School
Categorical Programs – Impact of the LCFF

For 2013-14 - Tier III categorical programs have been incorporated into the LCFF and no longer exist
- As a result - Tier III public hearings are no longer required
- Funds have been absorbed by the LCFF
- Categorical funds received in 2012-13 have been included in the LCFF hold harmless calculation of your base amount for 2013-14
Categorical Programs

The Budget Act specifically maintained funding and program requirements for the following:

- Adults in Correctional Facilities
- After School Education & Safety Programs (ASES)
- Agricultural Vocational Education
- American Indian Education Centers
- American Indian Early Childhood Education Program
- Foster Youth Services
Categorical Programs

The Budget Act specifically maintained funding and program requirements for the following (cont.):

- Partnership Academies
- Quality Education Investment Act (QEIA)
- Special Education
- Specialized Secondary Programs
- State Preschool
- Testing / Assessments
Categorical Programs – Partnership Academies

Funded at $21.4 million, the same amount provided in 2012-13

- The Partnership Academy Model is a three-year program, grades 10-12, structured as a school-within-a-school. It is a State/school/private sector partnership that provides:
  - Academic and occupational training to high school students who present a high risk of dropping out of school, and motivates those students to graduate
  - Districts are required to provide a dollar-for-dollar match for all State funds received from the Partnership Academies program. The maximum funding level per grant is $81,000
Each fiscal year, school districts that want to continue to receive funding for high schools with one or more Partnership Academies must submit a Letter of Intent indicating commitment to complying with the mandates of EC Sections 54690 through 54697.

- Annual reporting forms for the prior fiscal year are due in October each year.
Categorical Programs - Child Nutrition

Funded at $2.9 billion, increase of $450 million from 2012-13

- EC Section 49533 establishes the Child Nutrition Advisory Council (CNAC)
  - Members are appointed by the State Board of Education.
  - The mission of the CNAC is to provide proactive leadership for the enhancement of health and nutrition education for California’s youth. The CNAC is committed to:

- Ensuring that all youth in California have access to high-quality, nutritious, and appealing meals and that child nutrition programs promote students’ involvement
Categorical Programs – Child Nutrition (cont’d)

- Promoting a plentiful supply of healthful, high-quality food for California’s youth in its role as monitor of the distribution of donated food commodities
- Advocating the inclusion of nutrition as a strong component of a comprehensive integrated school health program
- Nominating its members for state and national advisory councils and maintaining communication with these bodies
- Maintaining a communication network among allied organizations
- Monitoring federal and state laws and regulations and advocating changes when appropriate
Mandated Costs

Haven't you heard, the state now mandates that students do thirty-five hours of useful volunteer work?
Mandated Costs

- K-12 Mandated Program Block Grant - $216.6 million
  - Increased $50 million for Graduation Requirements

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

<table>
<thead>
<tr>
<th>MGB Rates</th>
<th>K-8</th>
<th>9-12</th>
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</thead>
<tbody>
<tr>
<td>Districts</td>
<td>$28</td>
<td>$56</td>
</tr>
<tr>
<td>Charters</td>
<td>$14</td>
<td>$42</td>
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<tr>
<td>COE</td>
<td>$29</td>
<td>$57</td>
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</tbody>
</table>

- These are one-time monies and should be used for one-time expenditures
- Prior to 2012-13, charter schools were not eligible
  - New charters not eligible as funding is based on 2012-13 P-2 ADA
Mandated Costs

- 2013-14 Budget includes:
  - 42 Education Mandates
  - 12 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
Mandated Costs

- Mandate Programs Specifically Excluded from the MBG for 2013-14:
  - Behavioral Incentive Plans
  - California Public Records Act
  - Charter School IV
  - Developer Fees
  - Open Meetings Act/Brown Act Reform
  - Parental Involvement Programs
  - Public Contracts
  - Teacher Incentive Program
  - Uniform Complaint Procedures
  - Williams Case Implementation I, II, III
Mandated Costs

- Deferred and Unfunded Mandates
  - Only $1,000 was appropriated for each mandate, resulting in no funds being provided to Districts
  - $3.81 billion in unpaid claims as of April 2012
  - LEA’s should continue to file cost reimbursement claims
  - Cost reimbursement continue to be deferred until such time funds are appropriated and available
Mandated Costs

Final Thought…..

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

More detailed information available on the SCO’s Mandated Cost website at:

www.sco.ca.gov/ard_mancost.html
Lottery

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

- Lottery sales for **2013-14** are projected to reach $5.1 billion, providing education with an estimated $1.3 billion
- Distributed quarterly on a per-ADA basis
- A portion of lottery funds will remain restricted, even under LCFF
- Actually provides less than 2% of total K-14 funding (1.25% recent)
- Multi-State Powerball enacted April 8, 2013
### Lottery Rates

<table>
<thead>
<tr>
<th>Lottery Rates</th>
<th>Actual 2011-12</th>
<th>Actual 2012-13</th>
<th>Projected 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$125.40</td>
<td>$110.58</td>
<td>$126.00</td>
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<tr>
<td>Restricted Prop 20</td>
<td>30.34</td>
<td>34.92</td>
<td>31.00</td>
</tr>
<tr>
<td>Total</td>
<td>$155.76</td>
<td>$145.50</td>
<td>$157.00</td>
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</tbody>
</table>

- Historically, 10-year average - 64% spent on salaries and benefits
Special Education

- Federal Sequestration Impact
  - Estimated 5.1 percent reduction to Federal Funding for Special Education programs
  - Governor backfilled $4.5 million of the cuts with Prop 98 funds
  - LEAs were advised to develop contingency plans

- 1.565 percent COLA
- 0.203 percent Growth
Special Education

- Major Changes to AB 602 Calculation
  - Program Specialist/Regionalized Services are now rolled into the AB 602 base
  - Base now excludes Federal IDEA Part B funds

- CDE currently working on revised AB 602 forms
  - Expect to be released with 2013-14 P-1
Special Education

- Mental Health Services
  - Responsibility remains with the districts
  - For 2013-14, total of $423 million in funding
  - $3 million priority for NPS extraordinary costs
  - Districts should continue to work with your SELPAs to identify qualifying students and total costs
Special Education – NPS Extraordinary Costs

- $6.0 million for 2013-14
- Reimburses districts for new NPS placements (since 1997-98) for costs exceeding extraordinary cost
  - Includes out-of-home residential services
  - Threshold - $74,385 for 2013-14
- Claims filed using the CDE-issued Revenue Software
  - Districts must submit all invoices and back-up to support claims
  - Require certification by COE prior to submission
  - Claims for 2012-13 must be filed by November 30, 2013
    - Late claims will not funded
Facilities

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Facilities

- Proposition 39 – California Clean Energy Job Act
  - Created with passage of Proposition 39 in November 2012
  - Enabling legislation SB 73 approved by Governor June 27, 2013, appropriates revenue for 2013-14
Facilities

- Proposition 39 – Funding distribution
  - $381 million to LEAs including COEs and charter schools
  - $47 million to community college districts
  - $28 million to CEC for low interest loans and zero interest loans to provide technical assistance
  - $5 million to the California Conservation Corps to perform energy surveys
  - $3 million to the California Workforce Investment Board to develop competitive grant program
Facilities

- Proposition 39 – Draft Guidelines
  - Scheduled for adoption by the CEC on December 19, 2013
Facilities

- Proposition 39 – Award allocations based on prior year ADA
  - 100 or less: $15,000 + FRPM
  - 101 to 1,000: $50,000 + FRPM
  - 1,001 to 1,999: $100,000 + FRPM
  - 2,000 or more based on prior year ADA plus FRPM
- Award amounts available on CDE website: http://www.cde.ca.gov/fg/fo/r14/prop39cceja13rfa.asp
Facilities

- Proposition 39 – Energy Planning Reservation
  - Application available through CDE November 1, 2013
  - Tier 1-3 may request up to 100% of award for planning activities
  - Tier 4 up to 30% or up to $1,000,000 which ever is less
  - Planning dollars may be used for first year only
  - Subtracted from total allocation
  - Retroactive to July 1, 2013
Facilities

● Proposition 39 – Planning continued
   – Planning activities are:
     ● Screening and energy audits (85% of planning allocation)
     ● Prop 39 program assistance (15% of planning allocation)
Facilities

- Proposition 39 – Funding for training
  - LEAs may use 2% of award or $1,000, whichever is greater to train classified staff in energy efficiency
Facilities

- Proposition 39 – Funding Energy Managers
  - LEAs may use up 10% of their award or $100,000 to fund an energy manager (or company)
  - May pool resources with other LEAs
Facilities

- Proposition 39 – Energy Efficiency Projects (Examples)
  - Lighting
  - HVAC
  - Water-Efficiency
  - Alternative Energy
Facilities

● A look back
  – Proposition 1D passed in November 2006
● Remaining Bond Authority as of August 2013
  – $8.5 million for new construction
  – $42.8 million for modernization
● Approved applications will not be guaranteed funding
Facilities

- Priority Funding
  - Next available filing window for SFP funding begins November 13, 2013
  - Districts have 30 days to submit an application to OPSC
Facilities

- Future Direction of the SFP
  - The Governor’s administration looking to more local control and flexibility
  - Next opportunity for a statewide bond November 2014
  - SFP Program Review Subcommittee
    - What is a classroom?
    - Statewide inventory
Facilities

- Deferred Maintenance Program
  - Now included in LCFF with no restrictions
  - Schools must be kept in “good repair”

- Routine Restricted Maintenance
  - 1.0 percent contribution of general fund remains optional through 2014-15
  - Requirement of 3 percent contribution returns in 2015-16
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
  - Enacted budget $9.7 million for 2013-14
  - The program is over subscribed by $225.9 million
  - 641 applications waiting for approval
Facilities

- Surplus Property Proceeds
  - Site sale
    - Flexibility continues through January 1, 2016
    - 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
  - Effective through June 30, 2016
Facilities

- High Performance Incentive Grant Funding
  - As of August 2013, $38.4 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

- Storm Water – Industrial Permit
  - Only applicable to districts who maintain bus maintenance yards
  - July 2013 fourth draft released
  - Group monitoring replaced with Compliance Groups
  - Final adoption scheduled January 2014
  - All provisions effective January 1, 2015
Facilities

- **AB 1565 – Contractor Prequalification**
  - Applies to projects receiving state bond funds
  - Only for projects budgeted to exceed $1,000,000
  - Districts must develop standardized questionnaires
  - Applicable to general contractors and mechanical, electrical and plumbing sub contractors
Please join us this afternoon for an In-depth Review of the LCFF