Budget Update: Impact of the Governor’s Proposed Budget for 2014-15

January, 2014
Economic Outlook

- National
  - Economy continues to show positive growth
    - But most recent quarters are not only below recovery levels, they are also below normal growth rates
  - Growing more evenly than in the past
    - Stock market hitting new highs regularly, indicating optimism in investment community
    - Housing markets heating up in most areas of the country
    - Capital investment by business is up
    - Employment is improving
    - Consumer spending is up
Economic Outlook (cont.)

- California
  - Also improving, but unemployment still a problem
    - November 2013 - 8.5% vs. national average of 6.7%
    - California among five states with highest unemployment
  - Job growth lags the nation
  - Personal income is forecast to grow at an accelerated rate over the next few years, but actual performance has fallen short of past forecasts
  - Housing markets are heating up along coastal areas, but inland and central valley areas are moving more slowly
$6.3 billion increase over 2013-14 budgeted levels

- Increase of 11.4%
  - Average per ADA amount varies greatly by each individual district demographics
- $3.3 billion is one-time funding from prior years
- $5.5 billion to fully eliminate inter-year cash deferrals
  - Two years sooner than the plan proposed last year
- $4.5 billion to continue LCFF implementation
  - After 40 years of neglect, California is still nearly last in the nation in per-student funding
- $316.5 million to support energy efficiency projects consistent with Prop 39
- $33.3 million to fund 0.86% statutory COLA for categorical programs outside of LCFF
  - Special Education and Child Nutrition
What’s Not in the Proposed Budget

- No new funding to address special education shortfalls
- No new funding for early childhood education
- No payments on prior-year mandates
- No proposal for a statewide school facilities bond
- No new funding to address the unfunded liability in the CalSTRS fund
# LCFF Overview

<table>
<thead>
<tr>
<th></th>
<th>Target @ Full Funding</th>
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<tbody>
<tr>
<td><strong>2014-15</strong></td>
<td></td>
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<tr>
<td><strong>Base Grant per student</strong> (equalized state-wide)</td>
<td></td>
</tr>
<tr>
<td>K-3:</td>
<td>$7,012</td>
</tr>
<tr>
<td>4-6:</td>
<td>$7,117</td>
</tr>
<tr>
<td>7-8:</td>
<td>$7,328</td>
</tr>
<tr>
<td>9-12:</td>
<td>$8,491</td>
</tr>
<tr>
<td><strong>Supplemental Grant for low income or English learners</strong></td>
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<tr>
<td>20% of base grant</td>
<td>About $1,550 for each EL/LI student</td>
</tr>
<tr>
<td><strong>Concentration Grant</strong></td>
<td>For each EL/LI over 55% an additional 50% of base N/A FCUSD</td>
</tr>
<tr>
<td><strong>K-3 Class Size Reduction add-on per student</strong></td>
<td>$729</td>
</tr>
<tr>
<td><strong>9-12 Career Tech add-on per student</strong></td>
<td>$221</td>
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# LCFF 2014-15 Target

<table>
<thead>
<tr>
<th></th>
<th>13/14 Funding</th>
<th>LCFF 14/15 Target</th>
<th>Gap (Difference)</th>
<th>New Funding @ 28% of Gap</th>
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<tbody>
<tr>
<td><strong>Base Grant</strong></td>
<td>$110,652,960</td>
<td>$137,446,131</td>
<td>$26,793,171</td>
<td>$7,502,088</td>
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<tr>
<td><strong>EL/LI</strong></td>
<td>2,876,388</td>
<td>10,921,314</td>
<td>$8,044,926</td>
<td>2,252,579</td>
</tr>
<tr>
<td><strong>Targeted Instr Improvement Grant</strong></td>
<td>749,374</td>
<td>749,374</td>
<td>N/C</td>
<td>N/C</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>976,737</td>
<td>976,737</td>
<td>N/C</td>
<td>N/C</td>
</tr>
<tr>
<td><strong>K-3 CSR</strong></td>
<td>497,067</td>
<td>4,255,875</td>
<td>3,758,808</td>
<td>1,052,466</td>
</tr>
<tr>
<td><strong>9-12 Career Tech Education</strong></td>
<td>138,220</td>
<td>1,183,438</td>
<td>1,045,218</td>
<td>292,661</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$115,890,746</td>
<td>$155,532,869</td>
<td>$39,642,123</td>
<td>$11,099,794</td>
</tr>
</tbody>
</table>
Other Programs

- Independent Study
  - Will require courses to meet requirements equal to their classroom-based equivalent courses
    - Same rigor and educational quality
    - Maintenance of classroom-based pupil-to-teacher ratios unless an alternative ratio is collectively bargained
    - Equivalent instructional classroom minutes

- Adult Ed
  - No changes to the 2013-14 Budget agreement
    - Must maintain at least the same level of expenditures in both 2013-14 and 2014-15
    - Governor intends to work jointly with CDE and community colleges to complete consortia plans
Other Programs (cont.)

- Common Core
  - No additional funding beyond the one-time funding received in 2013-14

- Special Education
  - Provides $31.6 million for 0.86% COLA
    - Estimated $4.39 per ADA
Governor proposes to allocate an additional $363 million in 2014-15
  - $316 million to K-12

Restricted program that has specific compliance and reporting components

Energy expenditure plans are now being accepted
  - Projects must be completed by June 30, 2020
Local Control and Accountability Plan (LCAP)

- The LCFF is designed to close the achievement gap by providing additional funds to support improved student outcomes and accountability.

- The LCFF shifts from a system of rule compliance:
  - Previously measured by audits and enforced through penalties.

- Moves to a system of accountability based upon local needs:
  - Now measured by progress toward annual goals.
  - Clearly linked to the district’s budget.

- No longer implementing the state’s plan for eligible students – we must develop a plan locally that achieves improved results.

- This will require us to think and plan differently.
LCAP - A New Way of Thinking

- The new system requires us to think first about student outcomes.
- No longer are you limited by what you can afford to do in a single year – start thinking about what you could accomplish in three years.

| What are our expectations for students? |
| What programs and services are achieving desired results? |
| What are our achievement goals and what must we do to improve the conditions of learning, increase engagement, and improve school climate? |
| What can we accomplish in three years? How will we measure our progress? |
| Based on the resources available, what actions and activities will we implement next year? |
LCAP Requirements

- Districts must develop a three-year LCAP and annually update it

- The LCAP must
  - Identify goals based on state priorities for all students, “numerically significant subgroups”, students with disabilities, and eligible students
  - List annual actions that the LEA will implement in accomplishing the goal
  - Describe expenditures in support of the annual actions and where they can be found in the LEA’s budget

- The LCAP is intended to be a comprehensive plan
  - School site plans and the Single Plan for Student Achievement must align with the LCAP
  - The LCAP may reference and describe actions and expenditures of other plans
What’s Next?

- LCAP/Budget Workshop – February
- LCAP Plan/Public Hearings – February/March
- Budget Communication Committee – February
- LCAP Consultations – February/March
- CALPADS final revisions - March
- Second Interim – March 6
- P2 ADA – April 15
- Budget Communication Committee – April/May
- May Revise