

**"Empowering  
Students for  
Success"**



# Capistrano Unified School District

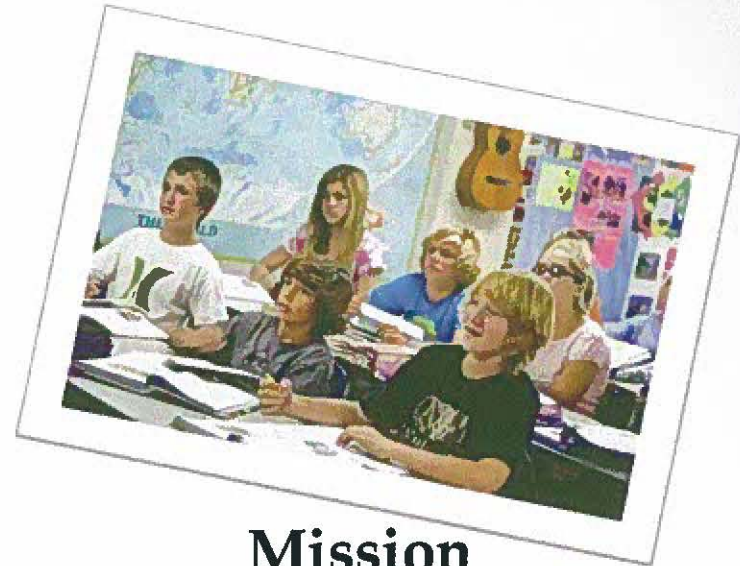
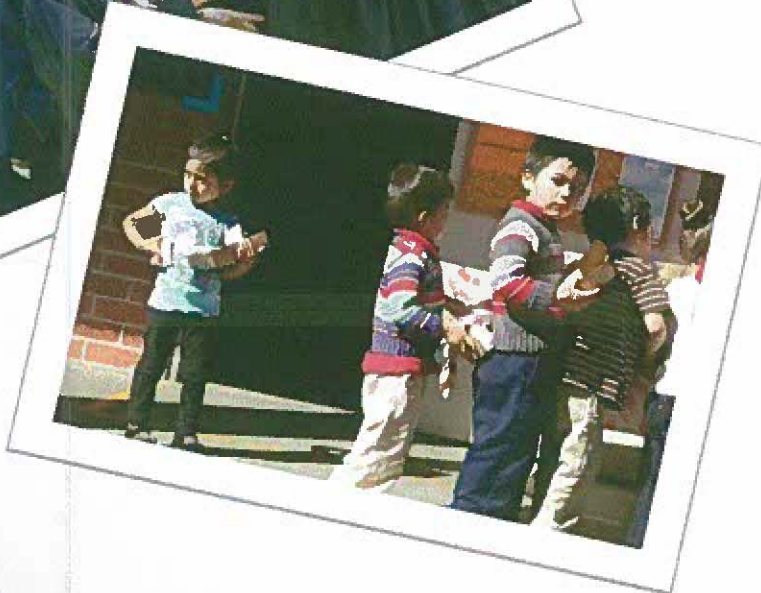
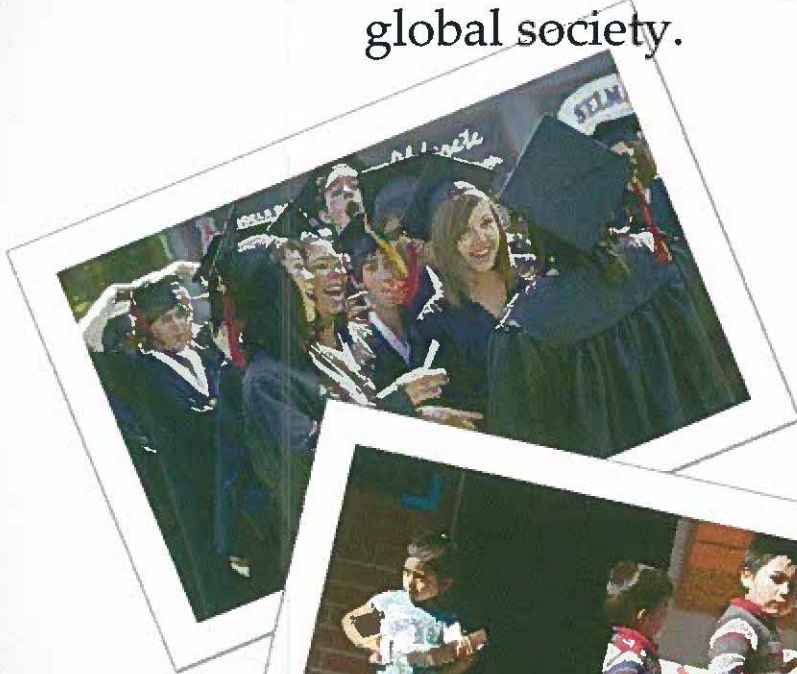
## Third Interim Report and Governor's 2013-2014 Budget May Revise Update

**May 22, 2013**

# Capistrano Unified School District

## Vision

Educated, responsible, and confident citizens succeeding in a global society.



## Mission

The Capistrano Unified School District, with support from our community, prepares students to achieve academic and personal success while becoming responsible citizens and lifelong learners.

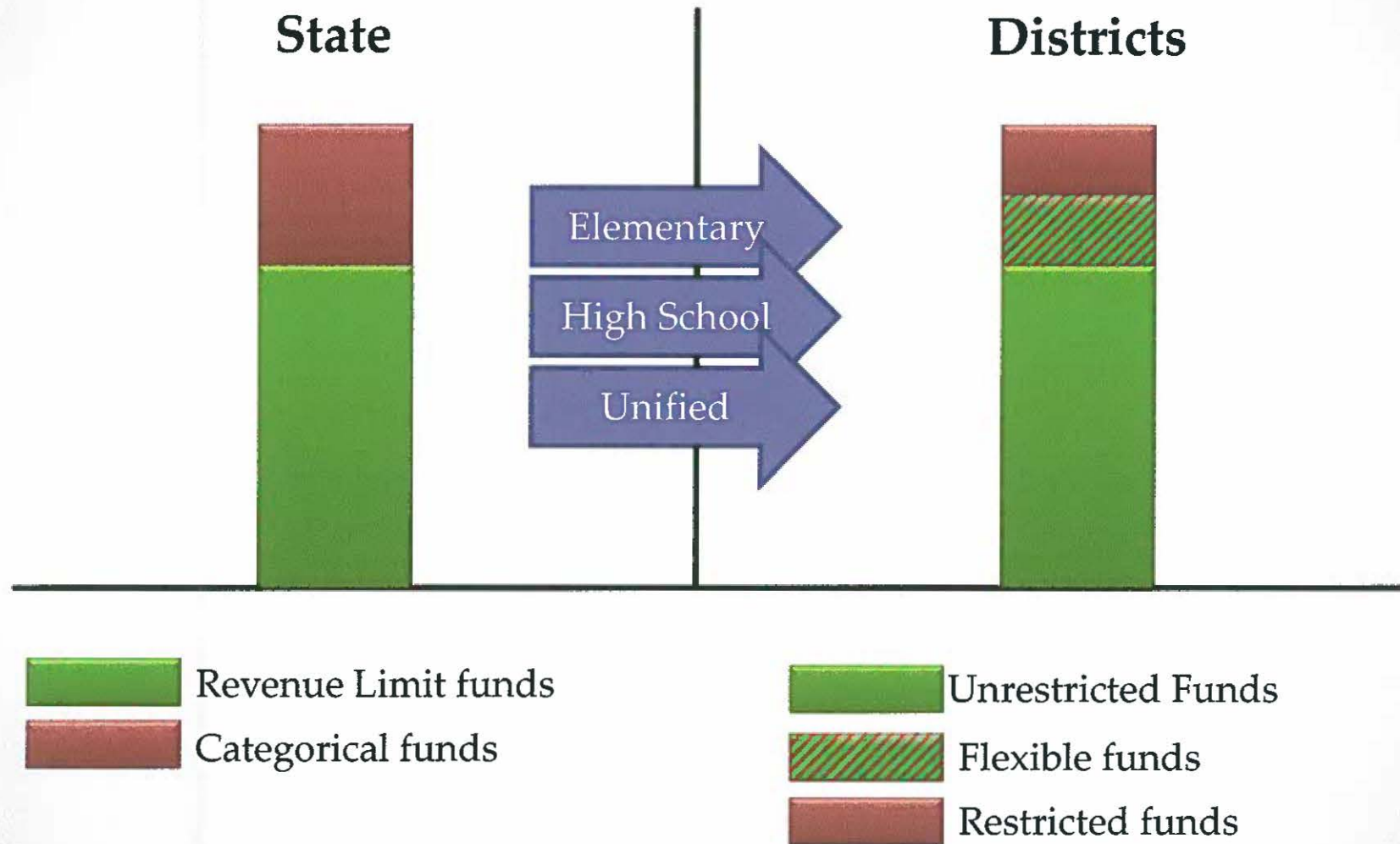


# Governor's May Revised 2013-2014 Budget ...

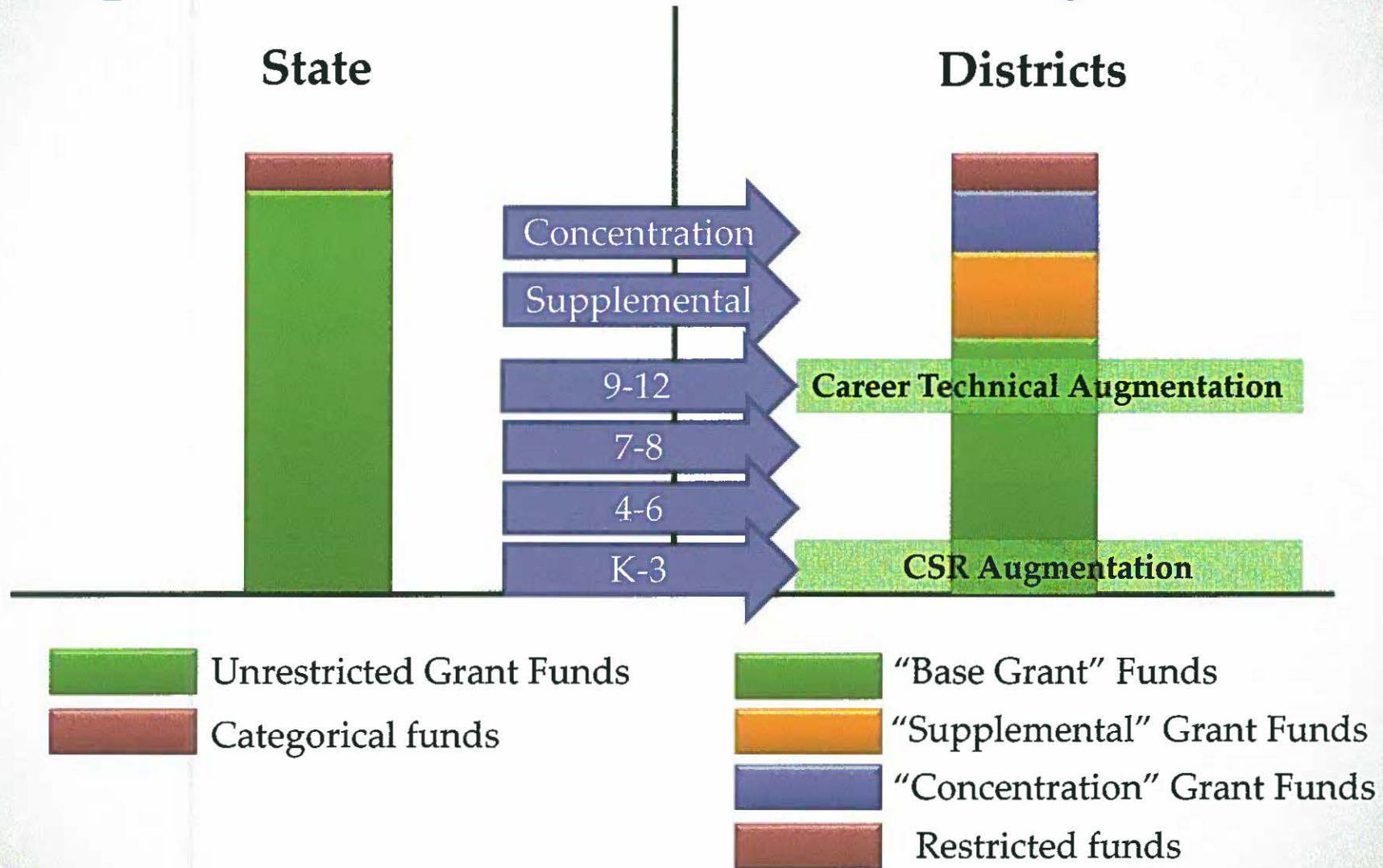




# Current "Revenue Limit" Funding Model



# Proposed “Local Control Funding Model”



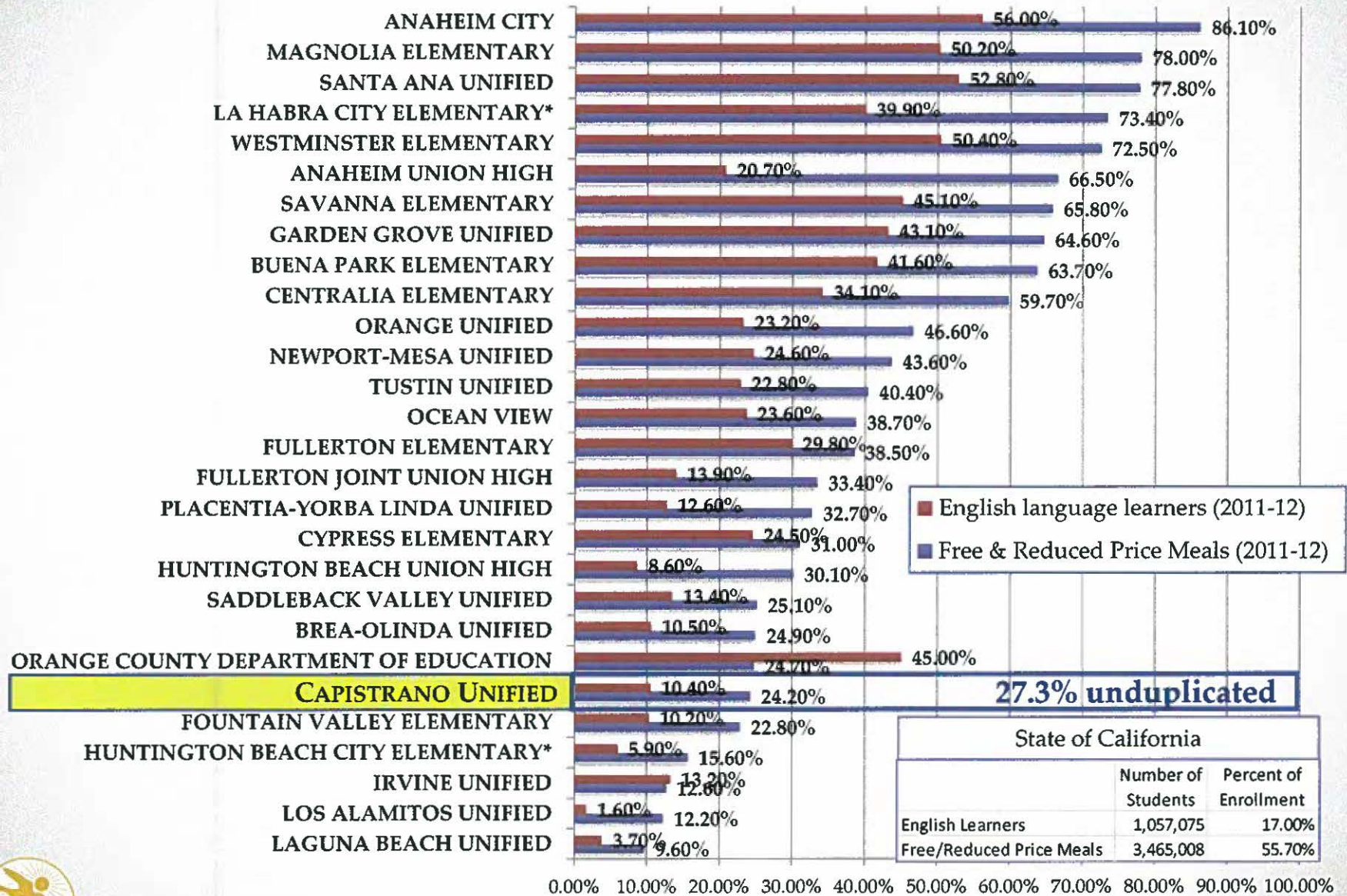
# Governor's Proposed Local Control Funding Formula (LCFF) Summary

- **Base Grant** allocated by grade level to all districts equally
  - Plus augmentation funds allocated to grades K-3 for class size reduction and grades 9-12 for career technical education
- **Supplemental Grant** = 35% of Base Grant for each student qualifying for funds
- **Concentration Grant** = 35% of Base Grant for each student qualifying for funds
- There are currently insufficient details to allow a school district to determine its funding under implementation for LCFF for 2013-2014 or beyond.





# Orange County Districts



Source: State Dept. of Education; Figures for La Habra and Huntington Beach elementary districts are from 2010-11; figures on the state site for 2011-12 were inaccurate.



# Governor's May Revise

- 2013-2014 funded COLA remains at 1.565%
- Proposes eliminating the 22.272% deficit factor by 2019-2020 for schools in aggregate although LCFF eliminates revenue limits and therefore the deficit factor
  - Some districts will exceed restoration and some will fall short
- LCFF Implementation funds increased from \$1.6 to \$1.9 billion
- Prop 98 funds from increased state revenue calculated by state as \$2.9 billion for the current year paid over two years
  - \$1 billion for one time Common Core Standards implementation (restricted one-time funds) to be spent over two years with a public hearing on spending plan
  - \$1.9 billion for reducing cash deferrals in 2012-2013 (no new money)
- Governor lowers revenue projections for 2013-2014
- Base/Supplemental/Concentration Grants stay the same





# Governor's May Revise

- Special Education Federal Sequestration Backfilled by State. Approximately \$700,000 for CUSD.
- English Learner (EL) and Free and Reduced-Price Meals (FRPM) Program student counts changed to three-year rolling average rather than single point in time.
- EL students receive supplemental / concentration grant funding for seven years rather than five
- Supplemental and concentration grants must go to schools proportionate to EL/FRPM population
- Adult Education and ROP will remain as is for two more years
- Prop 39 Energy Efficiency funded at \$50,000 or on a per ADA amount. Per ADA amount not detailed in the May Revise.



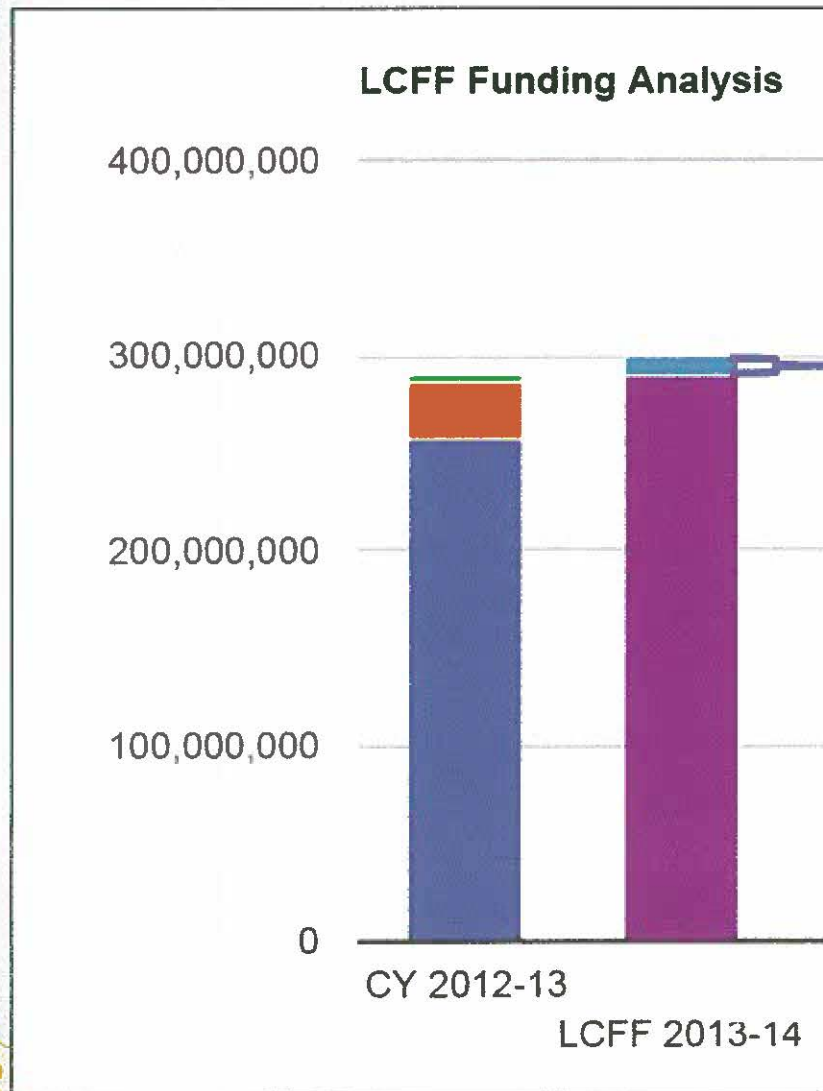
# Local Control

- County Offices of Education must approve district's "Local Control Accountability Plan"
- County Offices of Education must audit district's EL/FRPM counts
- LCFF fund allocations will require yearly compliance and financial audits
- County Offices of Education has stay/rescind authority over the accountability plan under circumstances where achievement goals are not being met and FCMAT has been asked to review district
- Districts must meet new maintenance of effort (MOE) goals each year
  - 2012-2013 would establish a District's "base year" for level of expenditures for EL/FRPM students and require annual independent audits to ensure compliance





# LCFF CUSD Estimates



**COLA** \$4.0 million  
**LCFF Growth** \$5-7 million\*

**\* Districts are advised to include COLA in 2013-2014 projections but wait on LCFF until more definitive information is available**



# Long Term Outlook

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Full Implementation of Local Control Funding Formula





# Local Control Funding Formula Phased In Over Seven Years

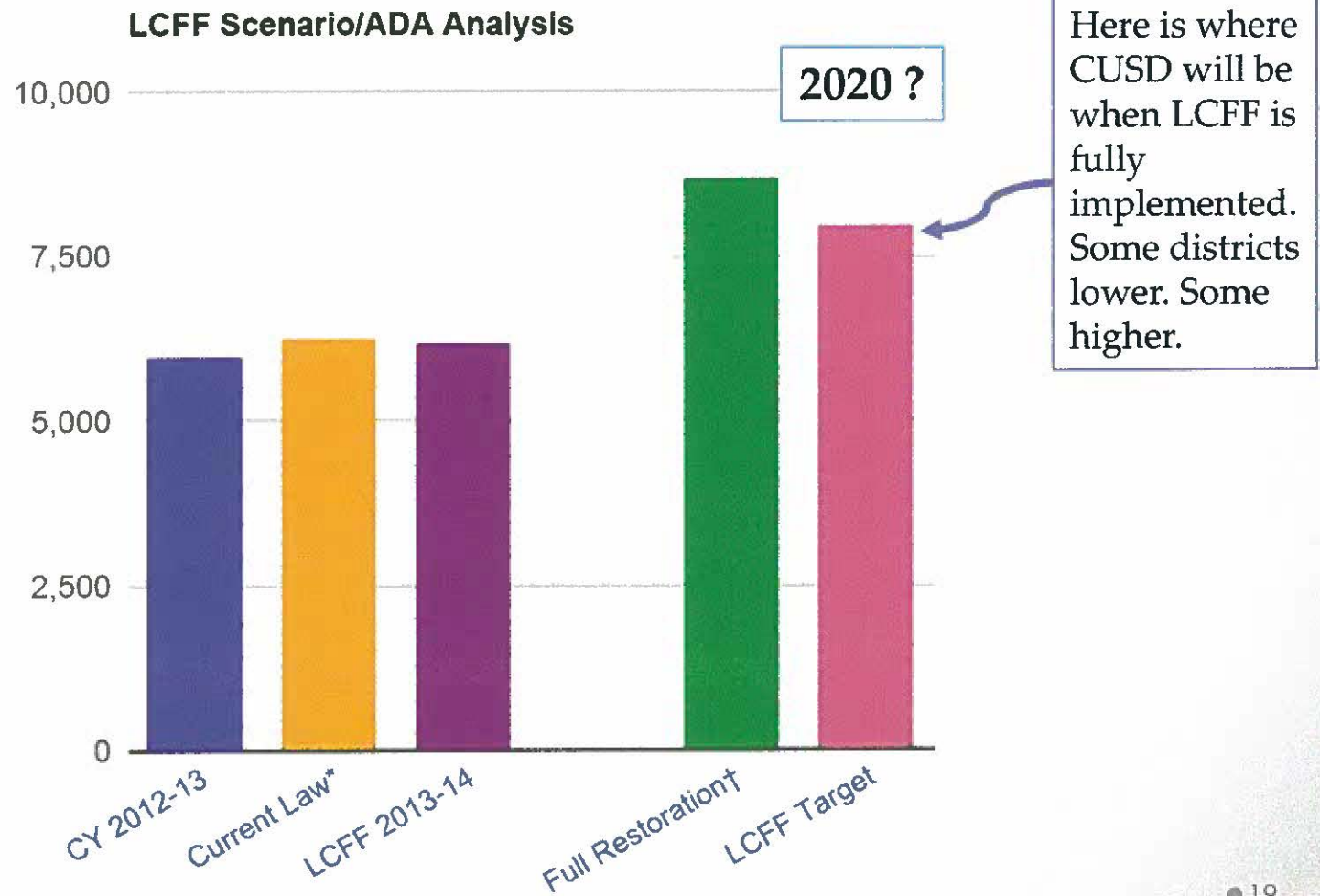
Includes state estimated COLAs

LCFF will phase in  
based on new  
dollars available to  
full implementation  
by 2020



\*- about \$2,700 more per student based on estimated state ADA of 6 million students ● 18

# Full Restoration in 2020 and “Hold Harmless”





# 2012-2013 3<sup>rd</sup> Interim Report ...



# Budget Calendar

**Budgeting for schools is a continuous, year-round process.**

- Adopted Budget June 30, 2012
- 1st Interim December 15, 2012 (reporting data as of October)
- 2<sup>nd</sup> Second Interim March 15, 2013 (reporting data as of January)
- **3<sup>rd</sup> Interim\* June 1, 2013** (reporting data as of April)

- Note: Pursuant to Education Code (EC) Section 42131(e), a Third Interim Report is required to be filed by June 1 if the Second Interim certification is not positive.





# Major Assumptions

- Current Year 2012-2013

- Average Daily Attendance (ADA) based on 2011-2012 P2 ADA.
- Cost-of-living adjustment (COLA) **+3.24 % (actual funded 0%)**
- Deficit factor increases to 22.272% which offsets COLA increase.
  - **note:** Passage of Prop 30 prevented deficit factor increase to 28.814%
- Continued Use of State flexibility
- Staffing according to formula. Adjusted based on actual enrollment.
- Implementation of collective bargaining agreements in place.



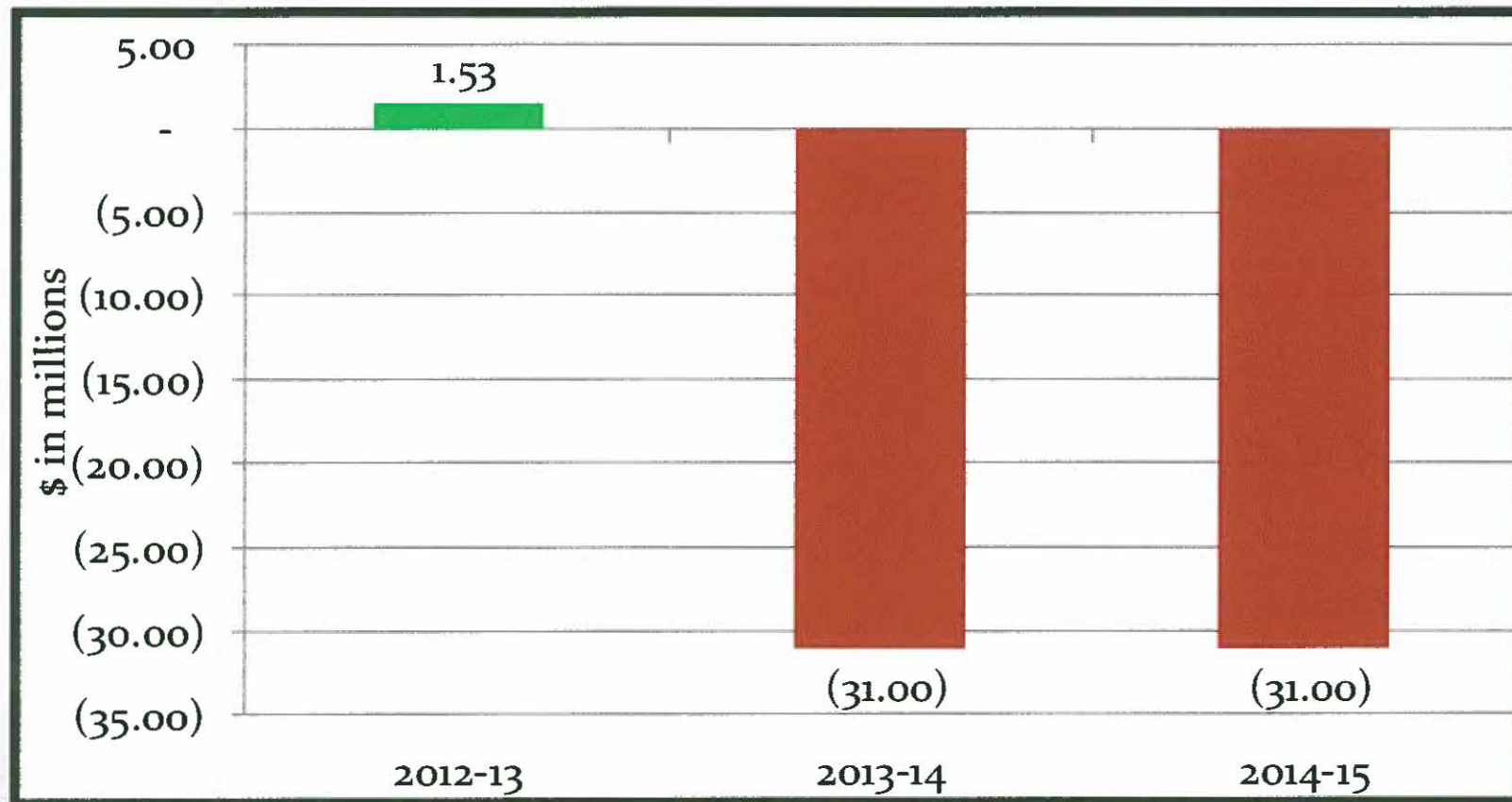
# Major Assumptions

- **Forecast Years 2013-2014 and 2014-2015**

- ADA based on prior years due to declining enrollment.
- Projected funded COLAs:
  - 2013-2014 **+1.565% (revised since 1<sup>st</sup> Interim)**
  - 2014-2015 **+2.20% (revised since 1<sup>st</sup> Interim)**
- LCFF Growth funding not included because not yet finalized
- Use of State flexibility continued
- One time Federal funds exhausted
- Salary reductions are negotiated on a year-by-year basis, therefore future years reflect:
  - Return to 180 day school year
  - Changes to compensation per negotiated agreements
  - Step and Column increases based on negotiated agreements
  - Class size decrease based on negotiated agreement
- No other increases in salaries or benefits



## 2012-2013 1<sup>st</sup> Interim Multi-Year Projection



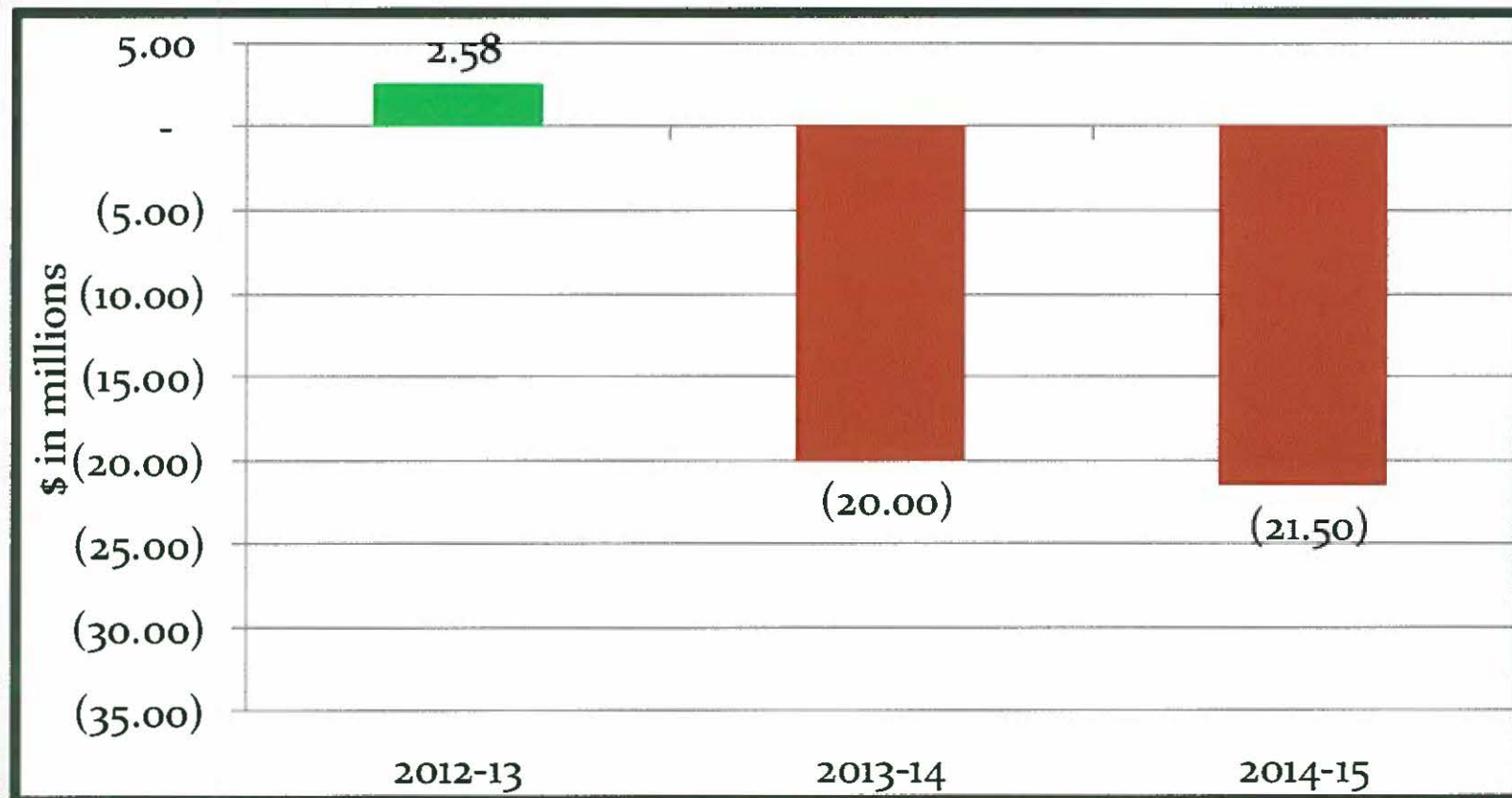
Note: 2014-2015 assumes cuts \$20 million reduction for 2013-2014.



Note: cumulative amounts.  
Only ongoing reductions carry forward into future years



## 2012-2013 2<sup>nd</sup> Interim Multi-Year Projection



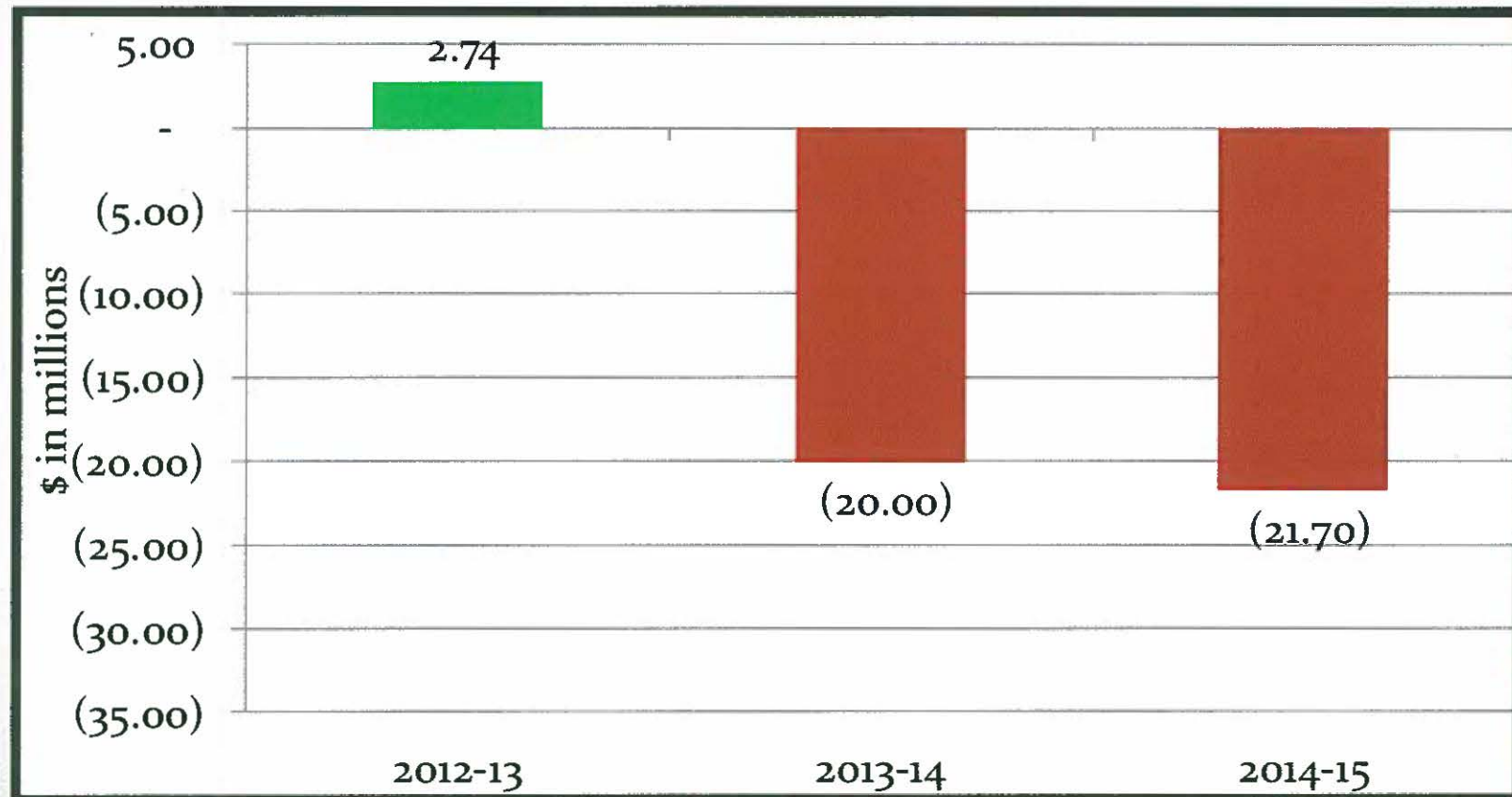
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Note: cumulative amounts.

Only ongoing reductions carry forward into future years



## 2012-2013 3<sup>rd</sup> Interim Multi-Year Projection



Note: 2014-2015 assumes cuts \$20 million reduction for 2013-2014



Note: cumulative amounts.

Only ongoing reductions carry forward into future years

# Third Interim Summary

## Unrestricted Fund

Funded COLA →                      0%                      1.565%                      2.20%

	2012-2013	2013-2014	2014-2015
<b>Projected Revenue</b>	\$295.32	\$298.54	\$304.50
<b>Beginning Balance</b>	16.64	10.54	7.55
<b>Total Available Sources</b>	311.96	309.08	312.06
<b>Projected Expenditures</b>	252.94	271.33	275.27
<b>Contribution to Restricted Fund*</b>	48.48	50.20	50.85
<b>Required Reserves</b>	7.80	7.55	7.64
<b>Available Balance</b>	\$2.74	(\$20.00)	(\$21.70)

Note: 2014-2015 assumes cuts \$20 million reduction for 2013-2014





# Closing the 2013-2014 Shortfall

- Continue with Multi-pronged approach
- May Revised budget impact
- Current 2013-2014 Reduction Target \$20 Million



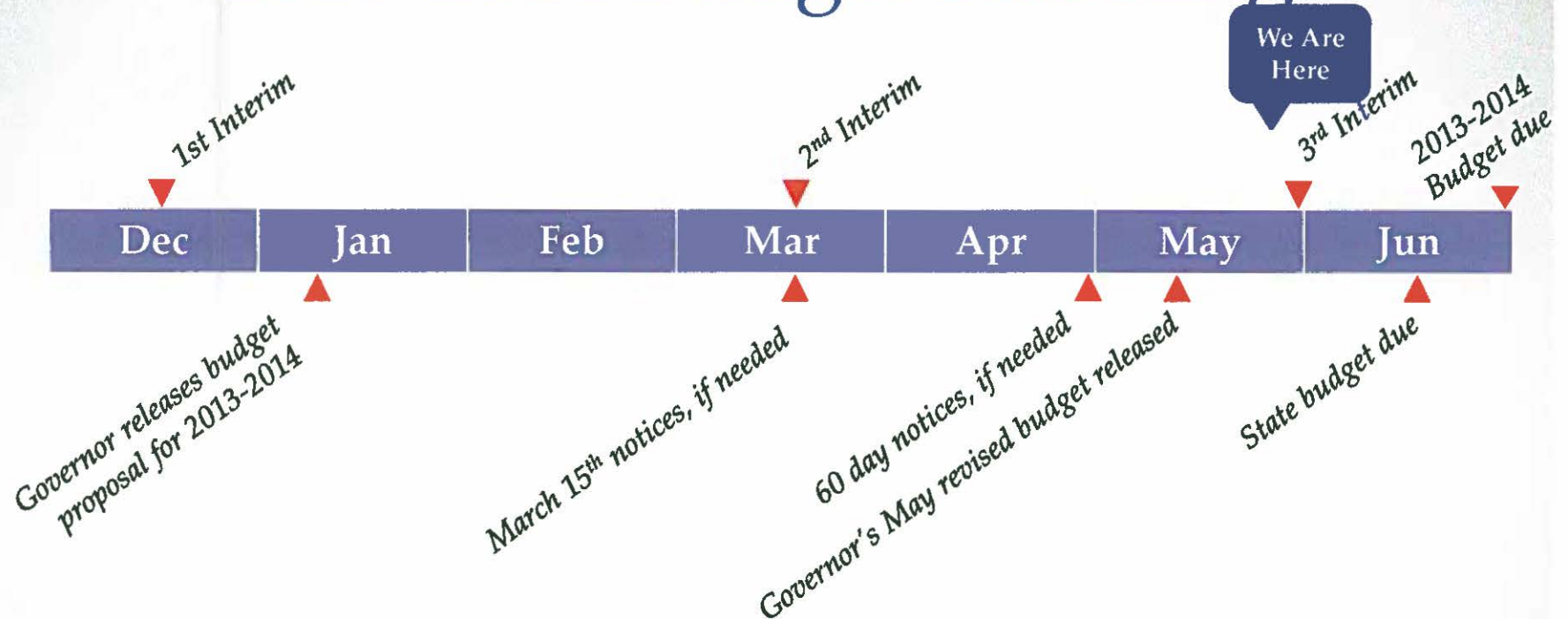
- FEMA reimbursement
- Amount above 2% in 2013-2014
- Reduce utility budget
- Reduce textbook budget
- Cut computer replacement and asset management budget
- Election costs savings
- Sequestration backfill

- Status quo negotiated reductions.



\$ in millions

# 2013-2014 Budget Planning



← *time to negotiate, evaluate, and plan* →

▲ = critical dates



# Next Steps

- Negotiations
  - On going through June
- May Revision Incorporated into 2013-2014 Budget
  - Assume funded COLA (1.565%)
  - Wait and see on LCFF funding
- Budget Adoption
  - Approved budget due to Orange County Department of Education by June 30, 2013

