

**"Empowering
Students for
Success"**



Capistrano Unified School District

**Governor's 2013-2014
Budget Proposal**

January 23, 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.

Presentation Topics

- California School Funding
- Governor's 2013-2014 Budget Proposal
- What to expect for the 2nd Interim report in March

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California School Funding

- For the first time in five years, funding is expected to increase
 - The deficit on the Prop 98 guarantee is still over 22% but for the first time since 2007-2008 the deficit does not increase.
- If not for the passage of Prop 30, districts would be experiencing large mid year cuts to budgets that would continue into the foreseeable future.
 - The economy is still in recovery mode and gains are expected to be steady but small
 - Prop 30 stopped the cuts and hopefully this is the beginning of increased funding levels for schools
 - Districts want to avoid unrealistic expectations that everything is okay now. Schools are at the bottom looking up.
- How any new funding is utilized by schools will be critical in this temporary period of added revenue from Prop 30



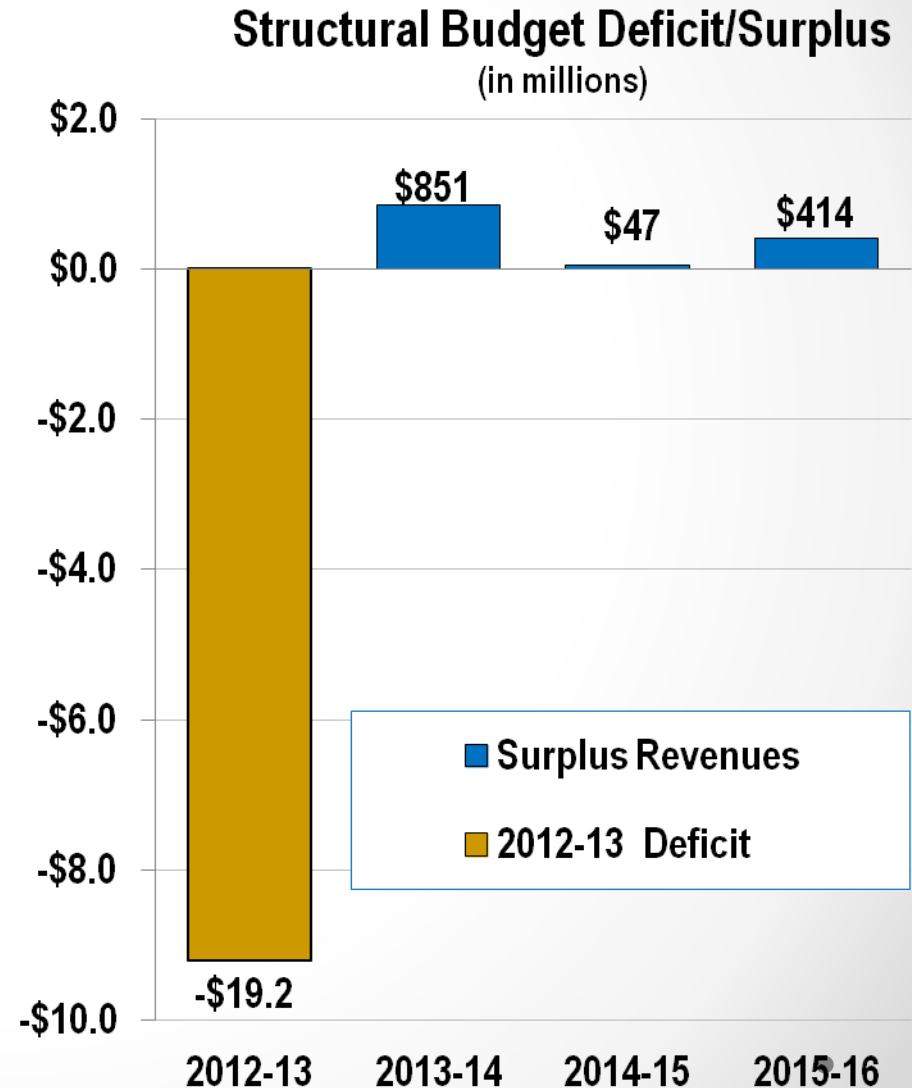
Governor's 2013-2014 Budget Proposal

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The Structural Budget Gap Eliminated in 2013-2014

- The 2012-2013 Budget had a \$19.2 billion deficit
- The proposed 2013-2014 Budget eliminates the deficit
 - Budget surplus is admittedly tenuous
 - Revenue is temporary, and economic growth is uncertain
 - Ongoing fiscal austerity is necessary



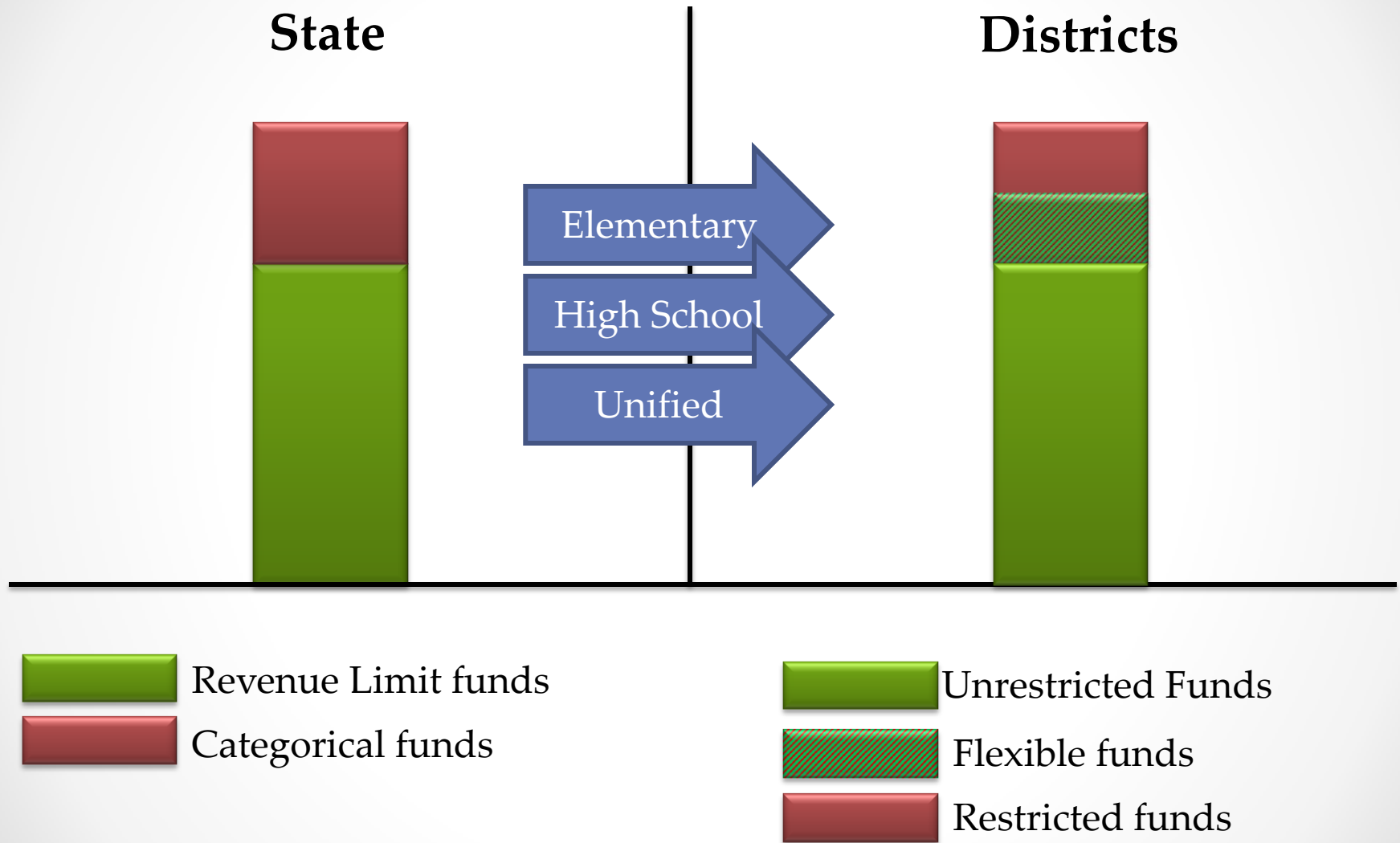
Source: 2013-2014 Governor's Budget, page 6,
compilation courtesy of School Services of California

New Funding Model

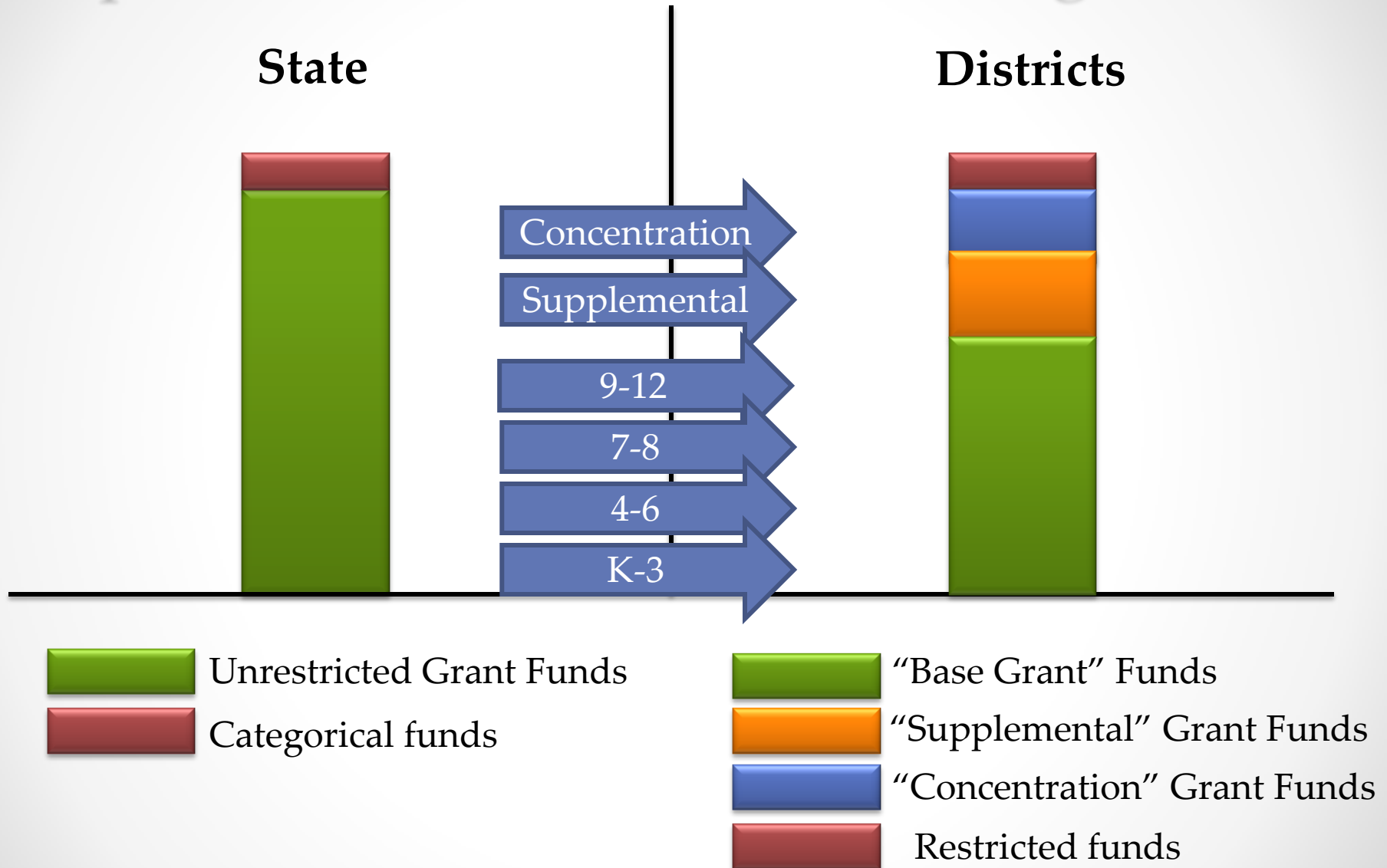
- Last year, Governor proposed the Weighted Student Funding Formula (WSFF)
 - The 2012-2013 budget was not adopted to include this new funding formula.
- This year, the Governor has resurrected his funding formula proposal and renamed it the **Local Control Funding Formula** (LCFF)



Current “Revenue Limit” Funding Model



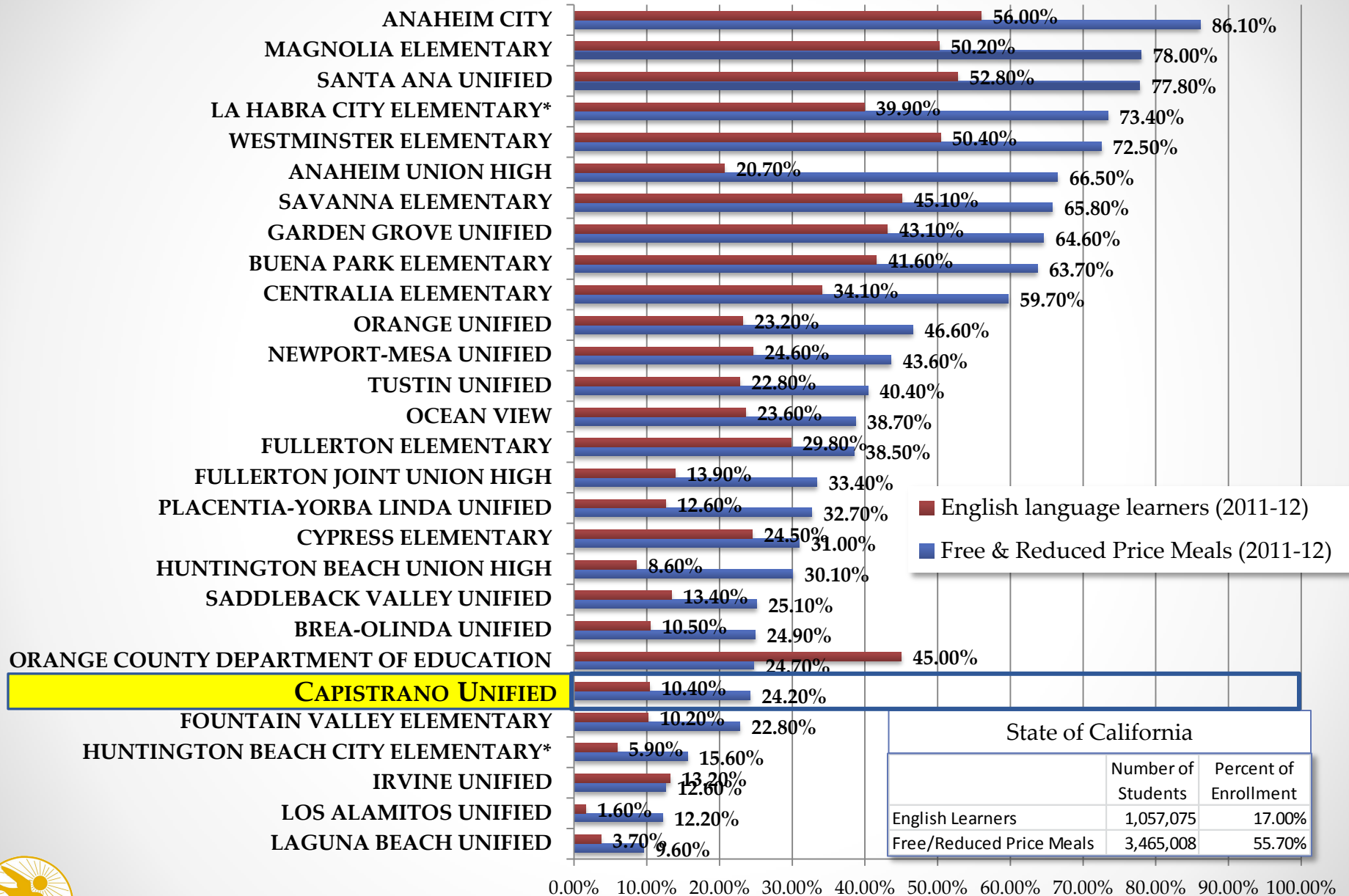
Proposed “Local Control Funding Model”



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

- **Base Grant** allocated by grade level to all districts equally
- **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 is 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.

Categorical Program Funds Included in the Local Control Funding Formula

Administrator Training Program	Civic Education
Adult Education	Community-Based English Tutoring
Adults in Correctional Facilities	Deferred Maintenance
Advanced Placement Grant Programs	District revenue limits
Agricultural Vocational Education	Economic Impact Aid
Alternative Credentialing	Educational Technology
Apprentice Programs	Gifted and Talented Education
Arts and Music Block Grant	Grade 7-12 Counseling
California High School Exit Exam	High School CSR
California School Age Families Education Program	Instructional Materials Block Grant
Certificated Staff Mentoring	K-3 CSR
Charter Schools Block Grant	National Board Certification



Note: Minor changes may be made as this is finalized

Categorical Program Funds Included in the Local Control Funding Formula

Oral Health Assessments	School Safety Block Grant
Partnership Academies	School Safety Competitive Grant
Physical Education Block Grant	Specialized Secondary Program Grants
Principal Training	Staff Development
Professional Development Block Grant	Student Leadership/California Association of Student Councils
Professional Development Institutes for Math and English	Summer school programs
Pupil Retention Block Grant	Teacher Credentialing Block Grant
Regional Occupational Centers and Programs	Teacher Dismissal Apportionments
Home-to-School Transportation*	TIIG*
School and Library Improvement Block Grant	



Note: Minor changes may be made as this is finalized

* Retained as add-ons to the formula

Local Control Funding Formula Exclusions

- The only major programs* excluded from the LCFF in addition to Transportation and TIIG are:

Program	Rationale
After-School Programs	Proposition 49 requires a ballot initiative approved by the voters to make any changes to after-school funding
American Indian Education	Federal accounting requirements
Necessary Small Schools	Funding needed to maintain schools in sparsely populated areas
Preschool Program	Program/funding is not a K-12 program
QEIA	Part of a legal settlement
Child Nutrition	Federal accounting and maintenance-of-effort requirements
Special Education	Federal program requirements and maintenance-of-effort issues

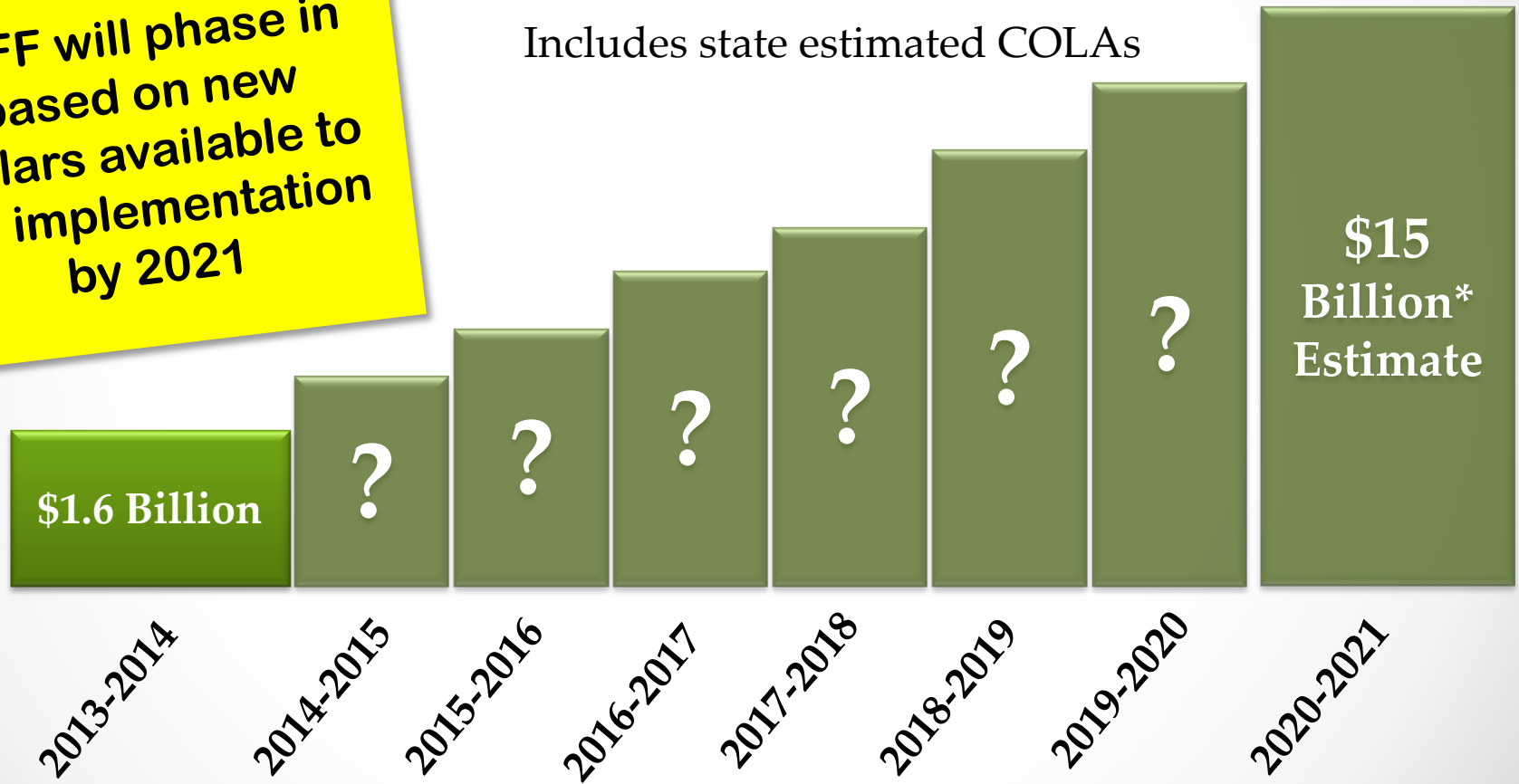


*All programs listed must be used for intended purpose – they are not flexible

Local Control Funding Formula Phased In Over Seven Years

LCFF will phase in
based on new
dollars available to
full implementation
by 2021

Includes state estimated COLAs

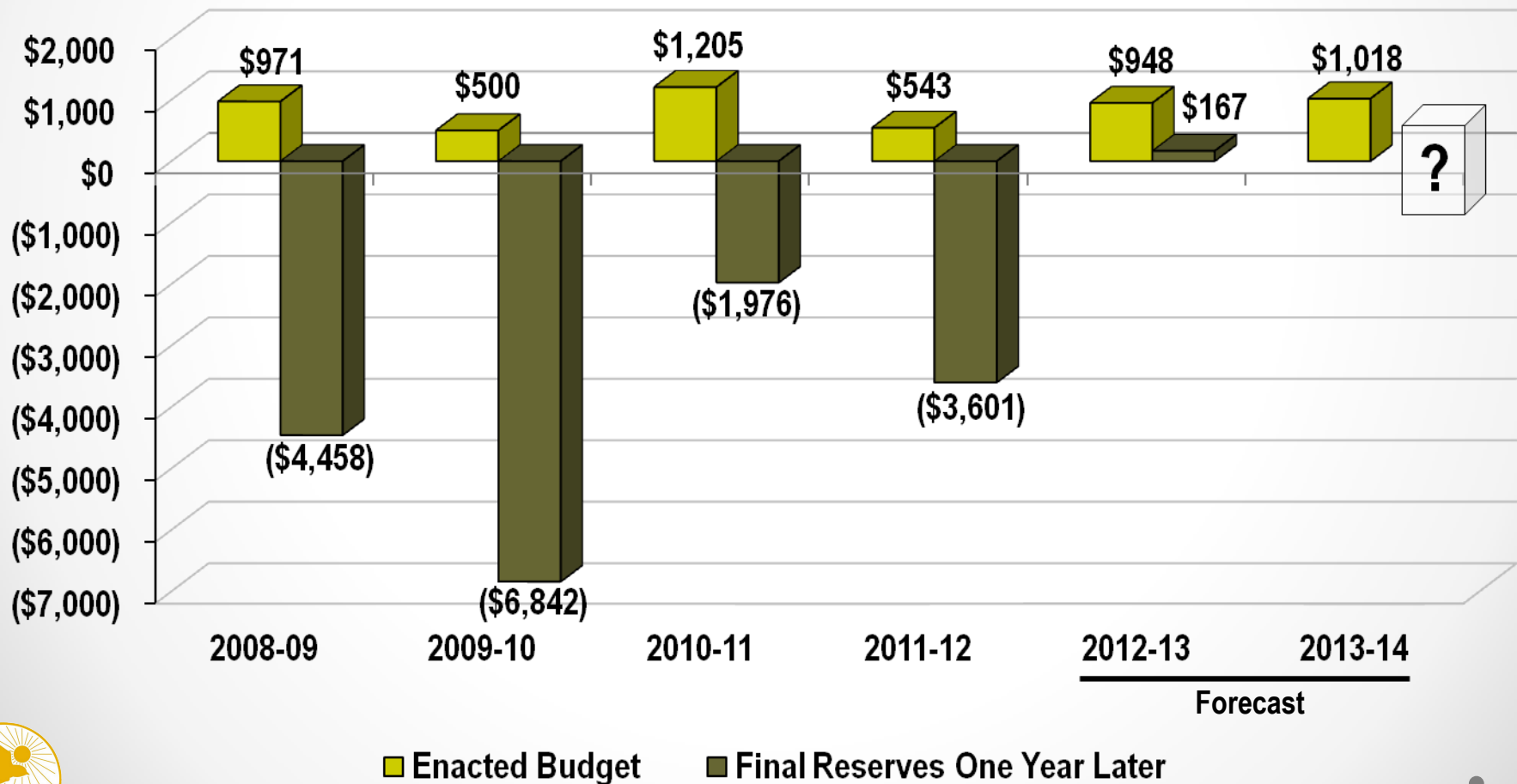


* - about \$2,500 more per student. ● 15



State Budget Reserve

General Fund Reserve
Enacted Budget vs. Final Reserve
(in millions)

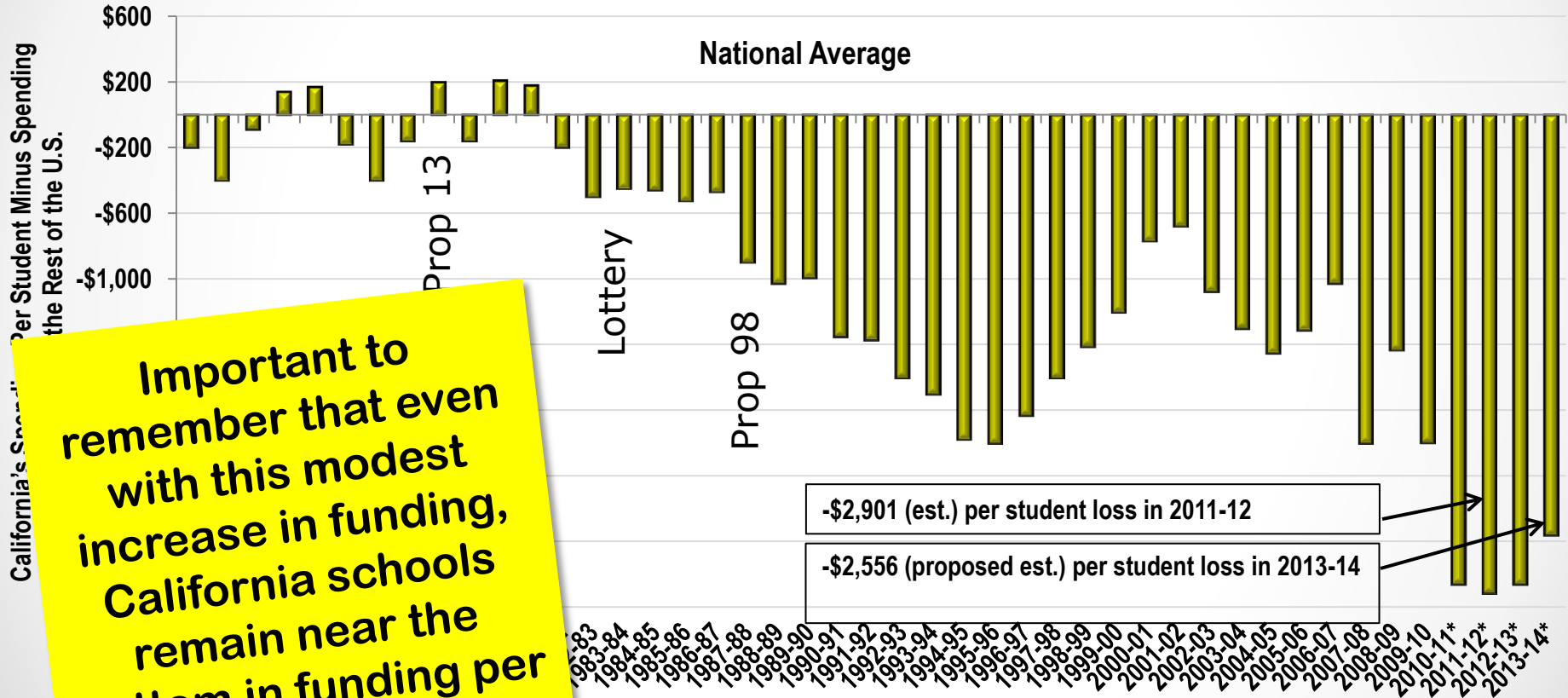


Cash Flow

- During the economic downturn, the state has dramatically increased funding deferrals from \$2 Billion in 2007-2008 to \$9.3 Billion in 2011-2012
- The deferral was reduced this year by \$2.2 Billion
- The Governor's proposal estimates \$5.6 Billion in deferrals will remain in 2013-2014
- As with the economy in general, the trend for funding deferrals is slowly improving
- The 2nd Interim report will include a revised cash flow estimate including any changes and recommendations from OCDE

California Per Student Expenditure Compared to National Average

California's K-12 Spending Per Student Lags Behind That of the Rest of the U.S. More Than at Any Time in 40 Year



Represents over \$124 million less for CUSD as compared to national average.

The Budget Process Begins

- As is true every year, the Governor's Budget Proposals marks the beginning – not the end – of the process
 - Both houses of the Legislature will consider the financial and policy implications of the Governor's plan
 - Over the next several months, we will hear reasons for both support and resistance to the Proposal on either a financial or policy basis



What to Expect for 2nd Interim Report

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Considering Uncertainty of Governor's Proposal

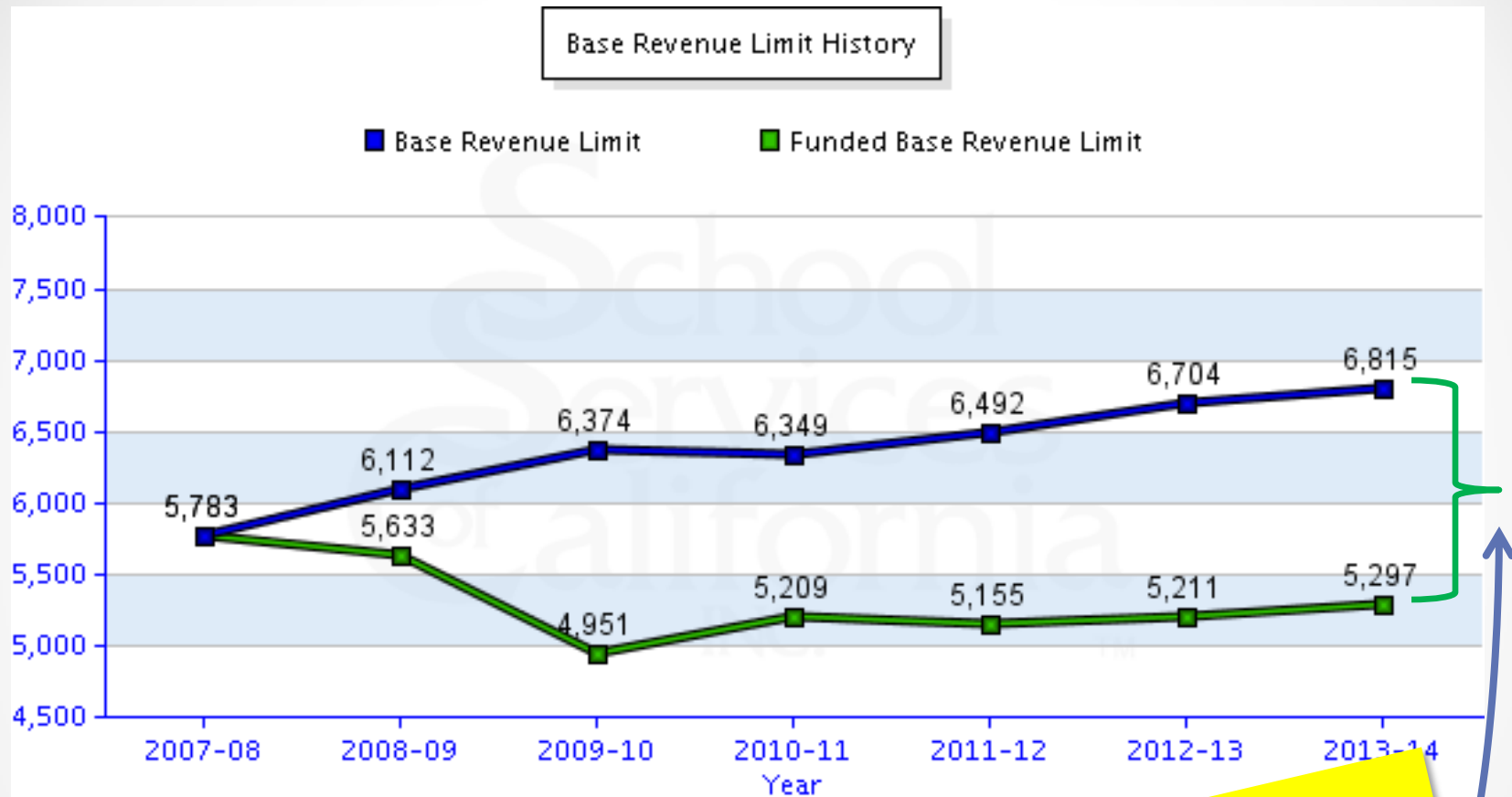
Multiyear Projections for 2013-2014 Budget

	Budget Year 2013-14	Budget Year +1 2014-15	Budget Year +2 2015-16
<u>For</u> <u>Now</u>	1.65% COLA on revenue limit and few categorical programs	2.20% COLA on revenue limit and few categorical programs	2.40% COLA on revenue limit and few categorical programs
	Not enough information on LCFF	Not enough information on LCFF	Not enough information on LCFF
	Back to full reserve requirement	Full reserve requirement	Full reserve requirement

School Services of California recommends districts budget for the estimated COLA (less deficit factor of 22.272%) for next year and following. OCDE will provide districts guidance as well. CUSD will use most conservative recommendations in our 2nd Interim multi-year projection.



Funded vs. Statutory Revenue Limit



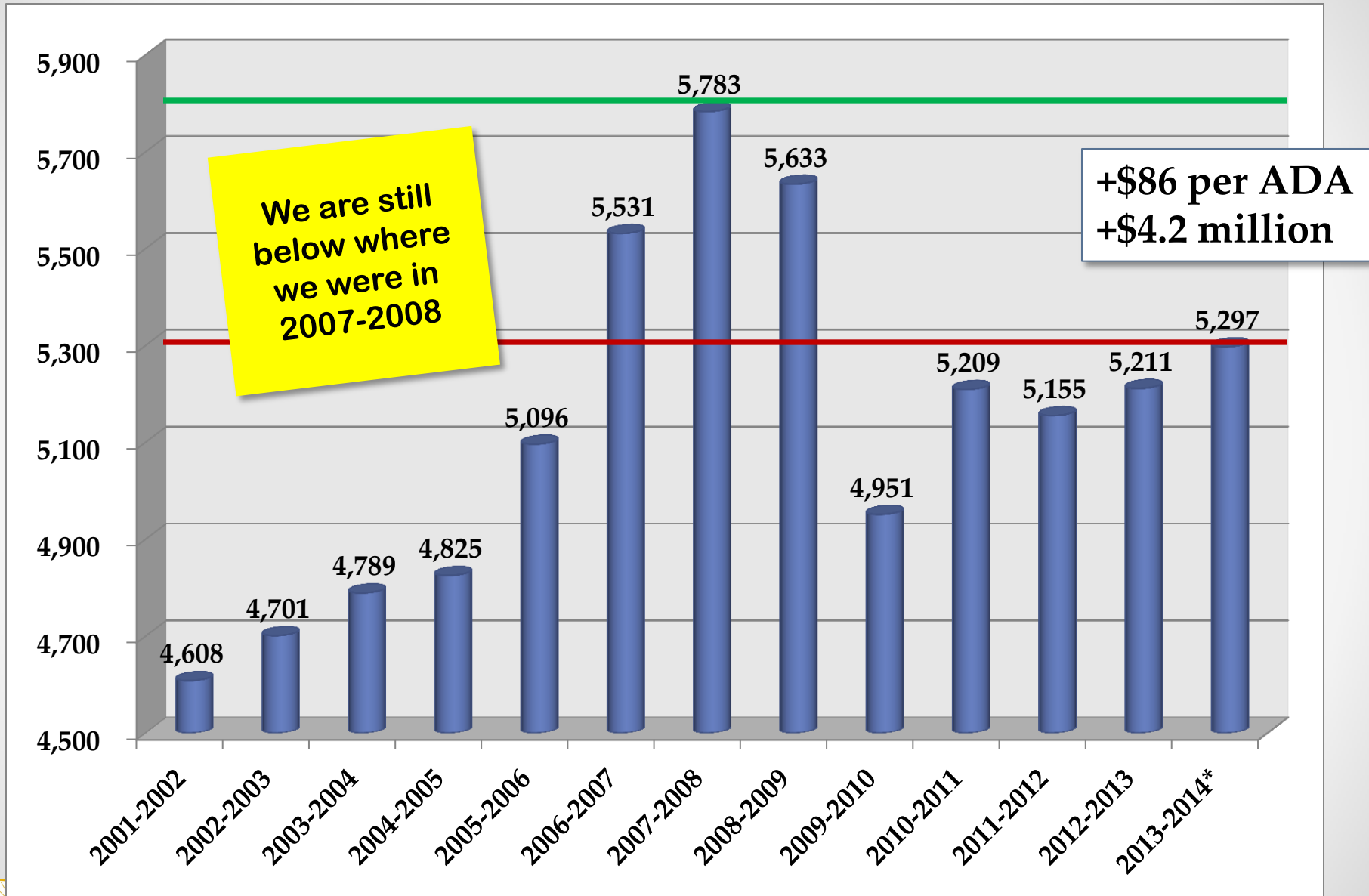
- Base Revenue per state calculations
- Base Revenue actually funded

**Difference
Represents
\$74,287,000 less for
CUSD**



graph source: School Services of California

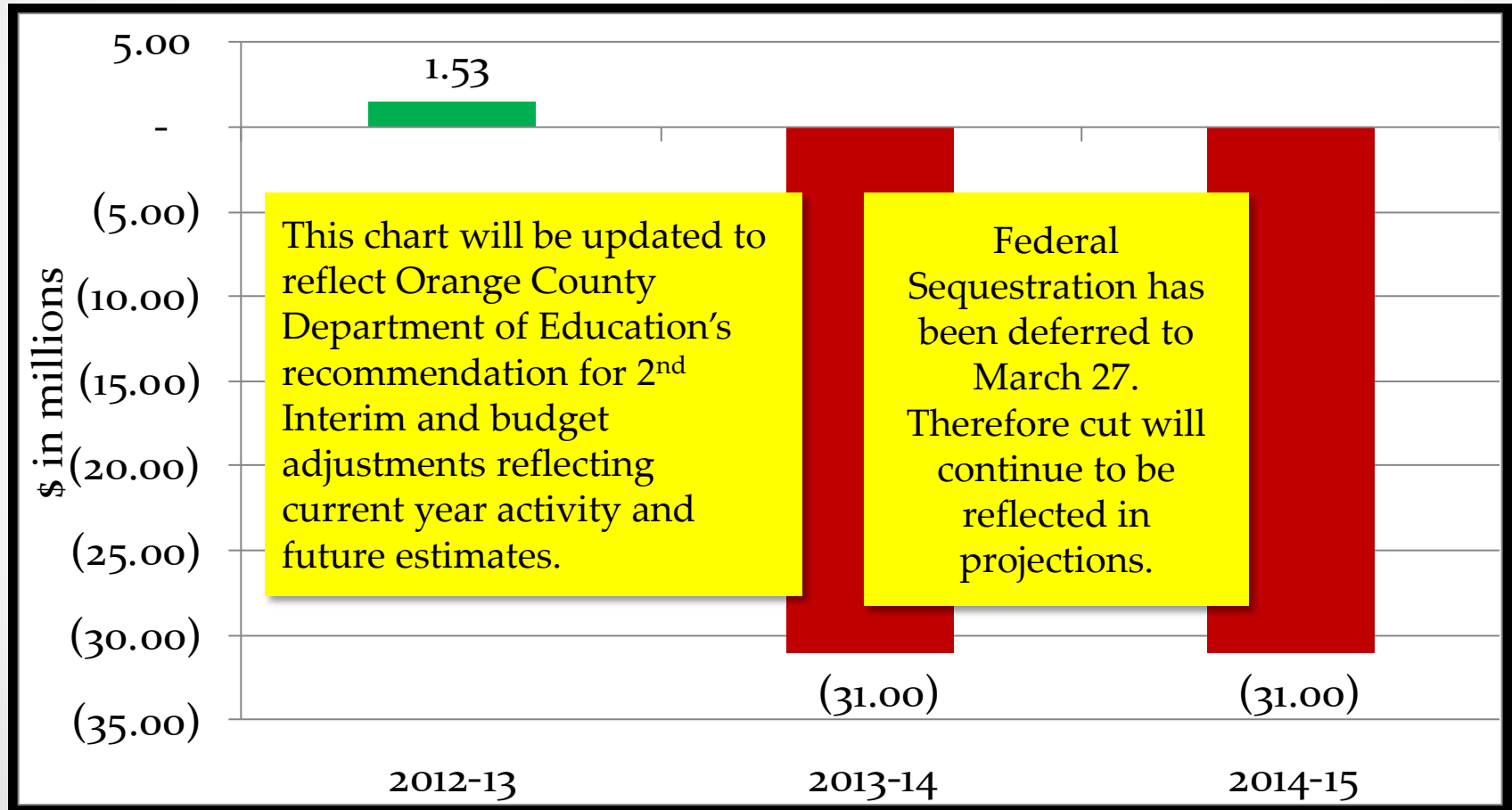
CUSD Historical Funded Revenue Limit



* 2013-2014 estimate using current funding model after deficit factor.

2012-2013 1st Interim Multi-Year Projection

(reflects passage of Prop 30)
As reported in December 2012



Note: future years assume previous year shortfall eliminated or previous surplus included.

Questions?

