

Evergreen School District

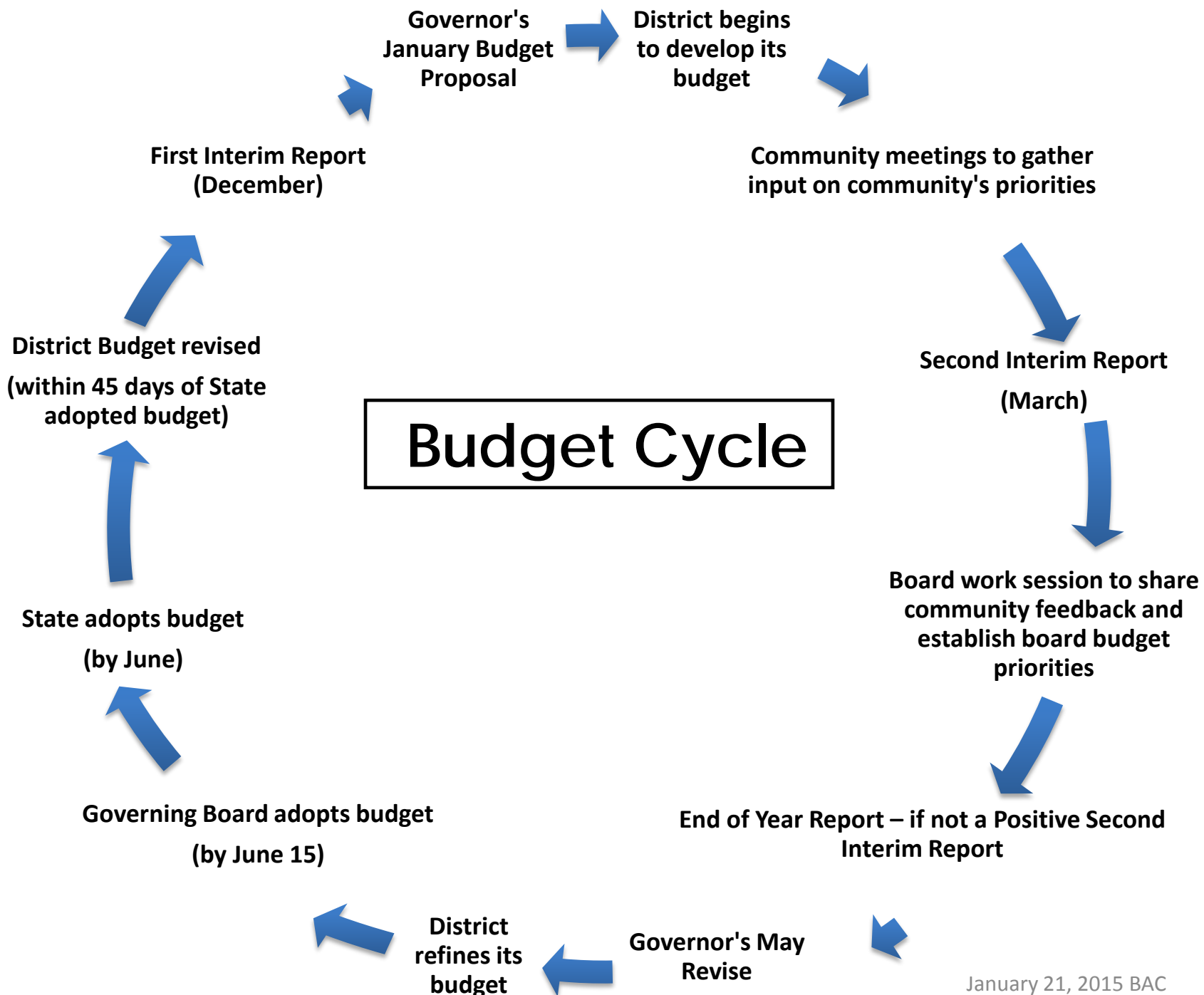
Budget Advisory Committee

January 21, 2015

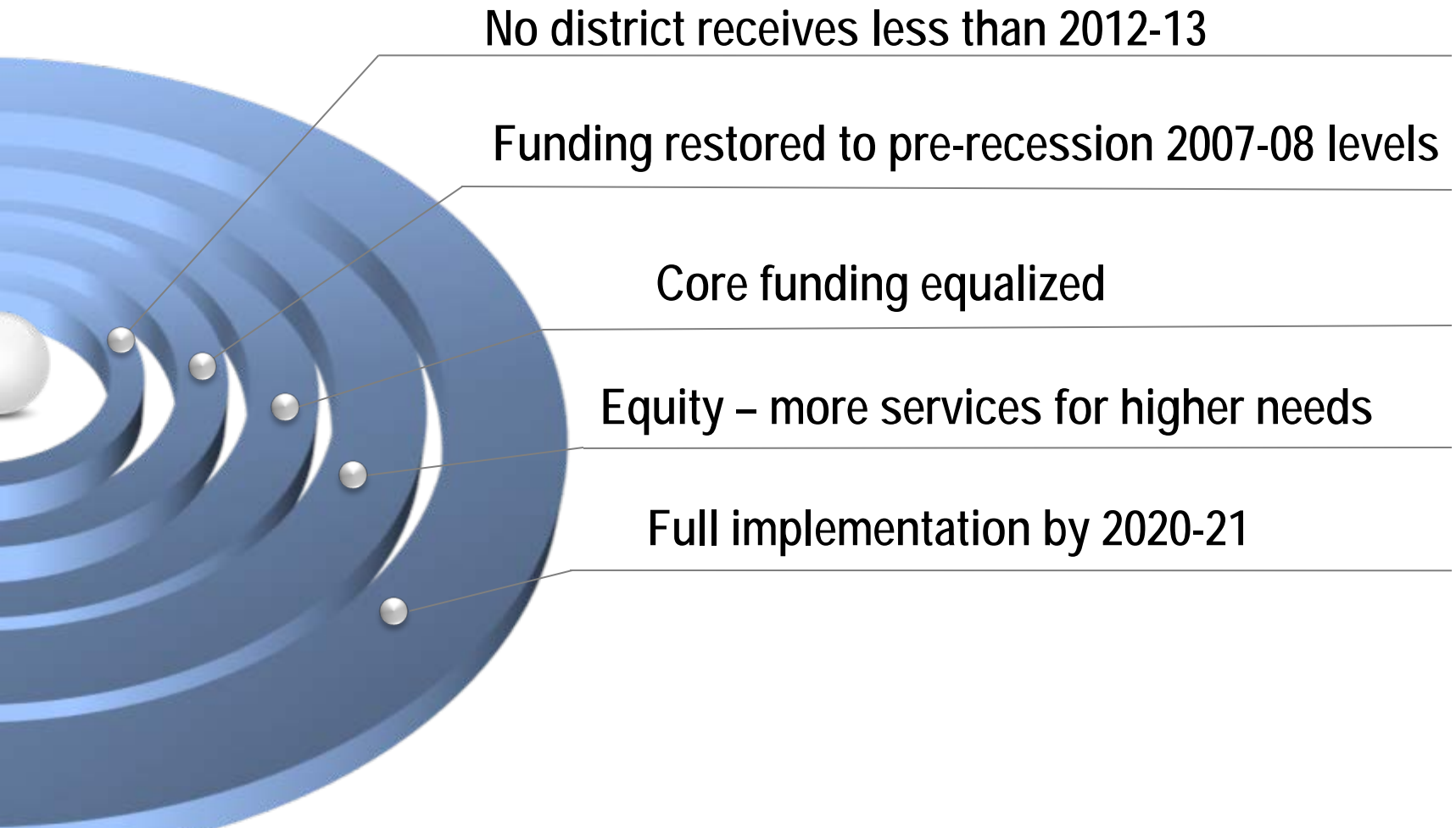
What We'll Cover

- Review of Budget Cycle
- Local Control Funding Formula (LCFF) Overview
- Demographer's Report - Enrollment
- Governor's January Budget Proposal
- Implications for Education and for Evergreen School District

Budget Cycle



Goals of the LCFF and Its Implementation



How does the LCFF compare to the old school funding system?

BEFORE LCFF	PER PUPIL FUNDING OLD SYSTEM	PER PUPIL FUNDING UNDER LCFF	AFTER LCFF
<p>Much of the money given to schools districts was restricted to particular programs, called categorical programs.</p> <p>Amount of money each district received per student was called "Revenue Limit" and was based on a complicated formula not on the needs of students.</p>	<p>Categorical Funding</p> <p>Revenue Limit Funding</p>	<p>Concentration Grant 50% of Base Grant</p> <p>Supplemental Grant 20% of Base Grant For each at-risk Student</p> <p><u>Base Grant</u> Grades K-3 Grades 4-6 Grades 7-8 Grades 9-12</p>	<p>Base Grant: Per student funding is now called the Base Grant with different amounts depending on grade level.</p> <p>Supplemental Grants go to help high needs students: English Language Learners, low-income students and foster children.</p> <p>Concentration Grants go to districts with more than 55% of their students identified as EL/LI/FY.</p>

Before: Rule Based – Now: Outcome Based

- Under the LCFF model
 - Accountability for the use of funds tied to eight areas of state priority
 - Accountability is linked to a locally developed plan, the Local Control Accountability Plan (LCAP), designed to achieve identified goals
 - Planning process is intended to be transparent and engage the school community
 - The district budget is explicitly linked to LCAP goals and activities
 - Annual review of progress and update of the LCAP is required
- Funds are not restricted in the categorical program sense, but
 - Funds generated by eligible students are intended to be used to improve and increase services for those students
 - Accountability for demonstrating how funds are used to support student needs is explicitly required as part of the LCAP

Enrollment and Average Daily Attendance

- Enrollment is the total number of students enrolled in the District
- Average Daily Attendance (ADA) is equal to the average number of pupils actually attending classes
- ADA drives a district's primary source of general purpose funding – its LCFF funding
- Attendance is counted every day of the school year
 - LCFF funding, however, is based on attendance through the P-2. P-2 is attendance through the last school month ending on or before April 15 of a school year.

ADA – Declining Enrollment

- A drop in ADA will result in a decrease of district LCFF funding, similar to funding under revenue limits
- However, the state provides limited protection from revenue losses related to declining enrollment – a district is funded on the greater of current-year or prior-year ADA
 - The protection provides a revenue floor in the current year for declining enrollment districts
 - For declining enrollment districts, the current-year ADA will determine next year's revenues

Themes for the 2015-16 Governor's Budget

- Positive economic growth continues and fuels public education spending
- Proposition 98 continues to receive most of the new money
- Governor stays the course on the Local Control Funding Formula (LCFF) and the Local Control and Accountability Plan (LCAP)
- The Wall of Debt continues to come down and is replaced with the Rainy Day Fund
- Overall, a very good State Budget for public education

Discretionary Funds

- The Governor's State Budget proposal provides more than \$1.1 billion in discretionary one-time Proposition 98 funds, including \$20 million for COEs
 - The allocation amounts to about \$180 per ADA for districts
- The Governor suggests the one-time funds may be used to further investments in the implementation of Common Core State Standards (CCSS)
- Other uses detailed in the proposal are:
 - To support the implementation of newly adopted English language development and California's Next Generation Science standards, and
 - To support expenditures that occur due to the evolving accountability structure of the LCFF

2015-16 Local Control Funding Formula

- Budget proposes \$4 billion for continued implementation of the LCFF
- New funding is estimated to close the gap between 2014-15 funding levels and LCFF full implementation targets by 32.19%
- When combined with 2013-14 and 2014-15 LCFF funding, implementation progress would cover almost 58% of the gap in just three years
- Individual district experiences will vary

2015-16 LCFF Funding Factors

- Cost-of-living adjustment (COLA): The K-12 COLA is 1.58% for 2015-16, and is applied to the LCFF base grants for each grade span

Grade Span	2014-15 Base Grant per ADA	1.58% COLA	2015-16 Base Grant per ADA
K-3	\$7,011	\$111	\$7,122
4-6	\$7,116	\$112	\$7,228
7-8	\$7,328	\$116	\$7,444

2015-16 LCFF Funding Factors

- Grade span adjustment is applied as percentage increases against the adjusted base grants, and also receives a 1.58% COLA in 2015-16
 - Grade K-3 – 10.4% increase for smaller average class enrollments

Grade Span	2015-16 Base Grant per ADA	Grade Span Adjustment	2015-16 Adjusted Grants
K-3 (10.4%)	\$7,122	\$741	\$7,863
4-6	\$7,228	--	\$7,228
7-8	\$7,444	--	\$7,444

Target

What Does the LCFF Mean for Evergreen School District ?

	1st Interim Projection	January 2015 Projection	Difference	1st Interim Projection	January 2015 Projection	Difference	1st Interim Projection	January 2015 Projection	Difference
	COLA			Funding GAP			District Enrollment		
2014-15	0.85%	0.85%	0.00%	29.56%	29.15%	-0.41%	12,873	12,850	(23)
2015-16	2.19%	1.58%	-0.61%	20.68%	32.19%	11.51%	12,624	12,536	(88)
2016-17	2.14%	2.10%	-0.04%	25.48%	11.00%	-14.48%	12,396	12,191	(205)
	District ADA			% of Attendance			Special ED Student at County ADA		
2014-15	12,564	12,514	(50)	97.60%	97.39%	-0.21%	108	108	0
2015-16	12,321	12,223	(98)	97.60%	97.50%	-0.10%	108	108	0
2016-17	12,099	11,886	(213)	97.60%	97.50%	-0.11%	108	108	0
	LCFF Supplemental Grant Funding			LCFF Entitlement PER ADA			Total LCFF Revenue		
2014-15	\$5,657,797	\$5,717,528	\$59,731	\$6,757	\$6,755	(\$2)	\$87,571,196	\$87,540,256	(\$30,940)
2015-16	\$6,174,015	\$6,550,264	\$376,249	\$7,093	\$7,259	\$166	\$89,884,405	\$91,628,368	\$1,743,963
2016-17	\$6,662,145	\$6,733,902	\$71,757	\$7,459	\$7,408	(\$51)	\$92,703,322	\$91,349,340	(\$1,353,982)
Discretionary Funds - One Time				\$180 (one-time) X 2014-15 P-2 ADA					\$2,252,520

CalSTRS Rate Increases

- Employer rates are increasing to 10.73% in 2015-16, up from 8.88% in 2014-15
 - No specific funds are provided for this cost increase
- Once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer and state contribution rates

Year	Employer	Pre-PEPRA*	Post-PEPRA*
2014-15	8.88%	8.15%	8.15%
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

CalPERS Rate Increases

- The employer contribution to CalPERS is projected to increase from 11.771% in 2014-15 to 12.6% in 2015-16 (final rate awaiting CalPERS Board approval)
 - “Classic” members continue to pay 7.00%
 - New members pay 6.00%, which may fluctuate from year to year based on the PEPPRA requirement to pay half the normal cost rate
- Estimates of the projected future contribution rate increases for school employers are as follows:

Actual	Projected					
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.771%	12.6%	15.0%	16.6%	18.2%	19.9%	20.4%

The “Promise” of a Return to 2007-08 Purchasing Power

- When promoting the LCFF, the Governor promised a return to 2007-08 purchasing power
- In most cases, the LCFF base grant will need to cover increased operating expenses, including the employer’s share of CalSTRS and CalPERS increases
- Increasing costs such as CalSTRS and CalPERS erode that promise and make it difficult for districts to achieve the goals of the LCFF

Next Steps

- State level
 - Budget committee hearings
 - Next update – May Revision
- Local level
 - Second Interim Report due by March 17, 2015 for school districts. Evergreen School District scheduled for Board approval on March 12, 2015.