

Governor Brown's Proposals for the 2013-14 State Budget and K-12 Education

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Proposition 98

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- Major Proposition 98 budget changes for K-12 education include:
 - \$1.8 billion to reduce interyear deferrals to \$5.6 billion
 - \$1.6 billion to begin implementation of a new school finance formula (LCFF) for school districts and charter schools
 - \$400.5 million to support energy efficiency projects in schools from Proposition 39 revenues
 - \$100 million increase for the K-12 Mandate Block Grant to fund the Science Graduation Requirement and Behavioral Intervention Plan mandates
 - \$62.8 million for a 1.65% COLA for selected categorical programs
 - \$48.5 million for charter school ADA growth
 - \$28.2 million to begin implementation of a new funding formula for county offices of education (COEs)

- The Governor proposes a sweeping reform of the state's school finance system with the LCFF
- The Governor's Budget makes no reference to current law and revenue limit funding
 - There is no direct reference to the statutory COLA
 - However, the Budget acknowledges providing a 1.65% COLA for selected categorical programs and sufficient funding to increase support for LEAs by 4.5% under the LCFF
 - There is no reference to the current 22.272% deficit factor
- Nevertheless, until state law is changed, revenue limits are the means by which state apportionment aid is distributed to LEAs statewide

2013-14 Revenue Limit Factors

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- For 2013-14, the estimated COLA is 1.65%

	Statutory COLA	
District Type	2012-13 3.24% (actual)	2013-14 1.65% (estimated)
Elementary	\$202	\$106
High School	\$243	\$128
Unified	\$212	\$111

- The 2013-14 Governor's Budget proposes to fund enrollment growth of 5,967 ADA
- In order to fund the COLA in 2013-14, the deficit factor would remain unchanged at 22.272%

2013-14 K-12 Revenue Limits – MDUSD

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	Mt. Diablo Unified School District for 2013-14	Base Revenue Limit per ADA (A)	Proration Factor (B)	Funded Base Revenue Limit (C) = (A) x (B)
1.	2012-13 Base Revenue Limit	\$6,701.02	0.77728*	\$5,208.57
2.	2013-14 COLA per ADA	\$111	–	–
3.	2013-14 Base Revenue Limit	\$6,812.02	0.77728*	\$5,294.85
4.	Dollar Change (Line 3, Column C, Minus Line 1, Column C)			\$86.28
5.	Percentage Change (Line 3, Column C, Divided by Line 1, Column C)			1.6565%

*0.77728 = 1 – 0.22272 (2012-13 and 2013-14 deficit factor)

- The LCFF would replace revenue limits and most categorical program funding
 - Funding allocated through the formula would generally be flexible and could be used for any educational purpose
- Elements of the proposed formula
 - A base grant target equal to the undeficitied statewide average base revenue limit per ADA – \$6,816 (includes the 1.65% statutory COLA)
 - Differential adjustments for early primary, primary, middle, and high school grade spans; added funding for K-3 Class-Size Reduction (CSR) and 9-12 Career Technical Education (CTE)
 - Additional funding based on the demographics of the schools, including:
 - English Learner population
 - Pupils eligible for free and reduced-price meals
 - Foster youth

● Entitlement Calculation:

- Grade span per pupil grants, based on 2012-13 statewide average undeficitated revenue limit (est. \$6,816 per ADA)

Factors	K-3	4-6	7-8	9-12
Grade Span Base Grant per ADA	\$6,342	\$6,437	\$6,628	\$7,680
Adjustment factors	11.2% CSR	--	--	2.8% CTE
CSR, CTE amounts	\$710	--	--	\$215
Add the following amounts to the base grant and adjustments above:				
<ul style="list-style-type: none"> • 35% of the grade span base grant multiplied by the districtwide % eligible students 				
<ul style="list-style-type: none"> • 35% of the grade span base grant multiplied by the districtwide % eligible students that exceed 50% of total enrollment 				

- Elements of the formula (continued):
 - Special Education, Child Nutrition, QEIA, After School Education and Safety, and other federally mandated programs are not included in the formula
- Transportation and Targeted Instructional Improvement Grant (TIIG) funding continue as add-ons to the formula for those school districts that currently receive funding through these programs
 - And the funds can be used for any educational purpose
- The new formula will allocate funds to charter schools in the same way as for school districts
 - However, concentration grants for charter schools will be limited to no more than the concentration grant increase provided to the school district where the charter school resides
- Timeline: Phased in over seven years – completed in 2020-21

Local Control Funding Formula Exclusions

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- 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
Lottery	Separate proposition outside of Prop. 98.

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

