



# 2013-14 Budget A Transitional Year

June 25, 2013

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- Highlights of May Revise
  - Education Components
  - Local Control Funding Formula
- Causes of Imbalance & Remedies
- Summary & Recommendation

# 2013-14: A Year of Opportunity

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- Prop 30 will raise about \$6B/yr.
  - Sales tax by ¼¢ for 4 years
  - PIT on “wealthy” for 7 years
- May Revision provides real opportunity to:
  - Receive increased apportionment to off-set rising and on-going expenses
  - Be less reliant on one-time solutions



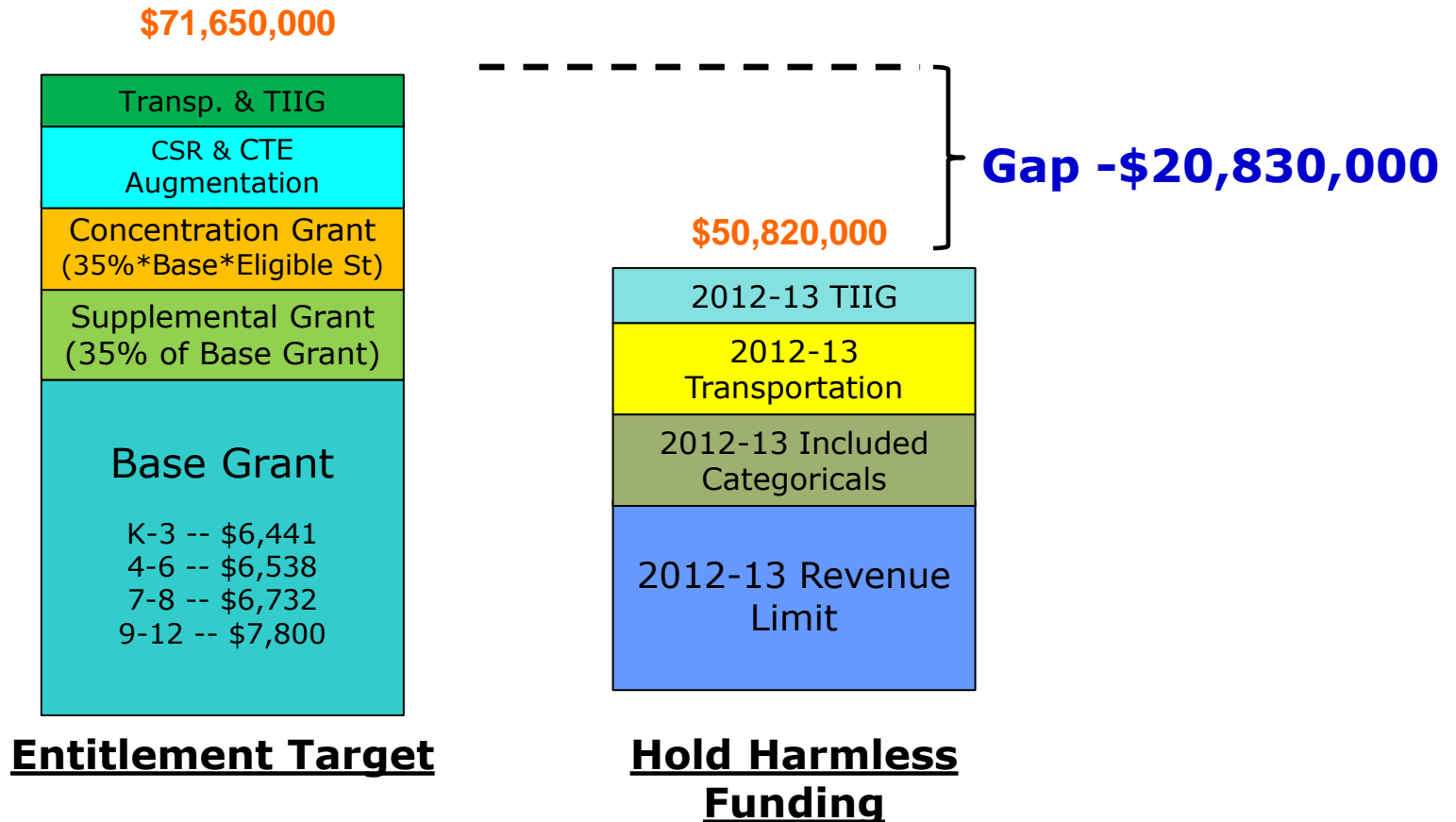
# Key Education Components

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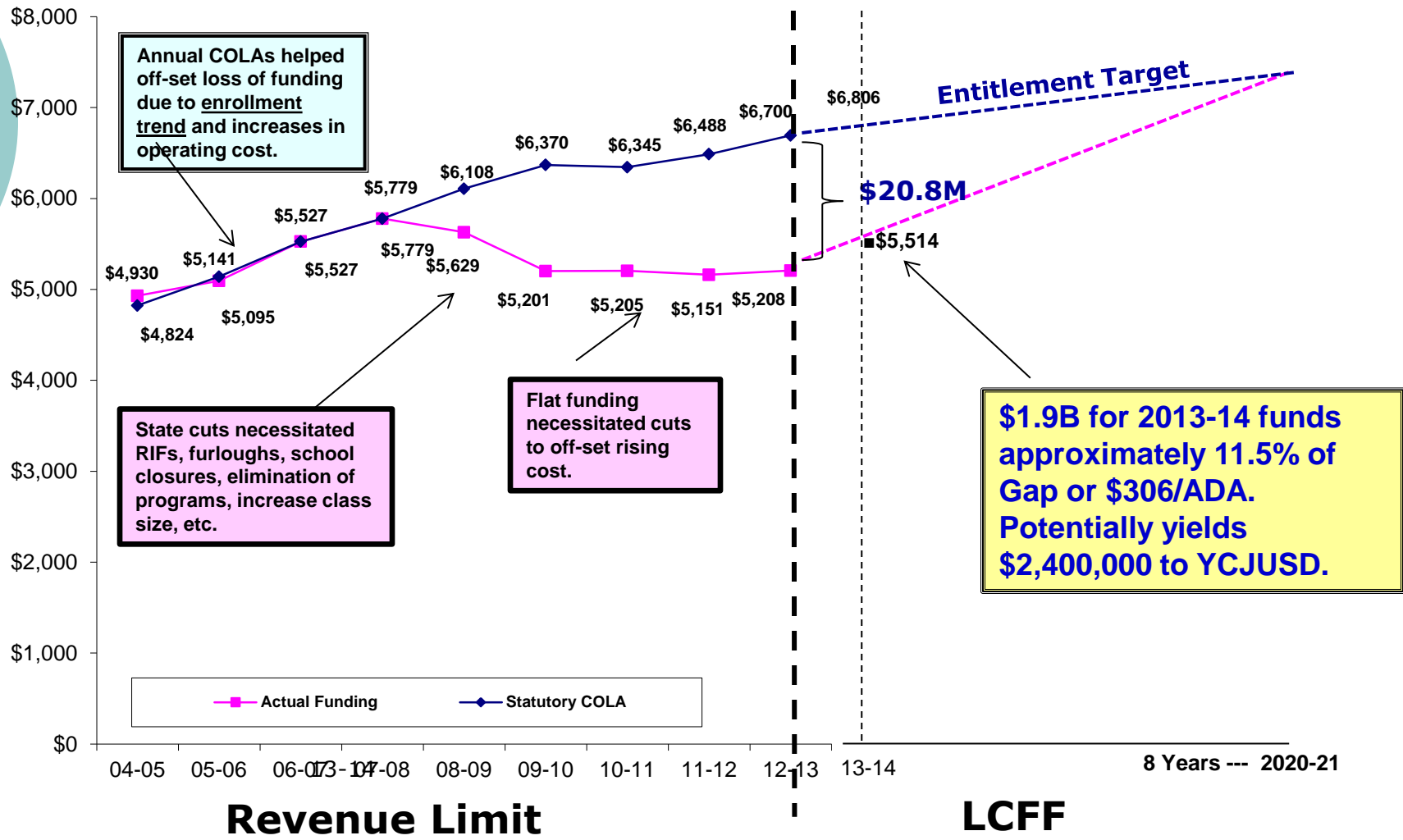
- **\$1.6B** to reduce inter-year deferral to \$5.6B
  - Originally \$9.4B
  - Reduced by \$2B in November
- **\$1.9B** of new authorization – Local Control Funding Formula (LCFF)
  - Eliminates Revenue Limit calculation
  - Collapses many State Categorical Programs
- **\$1B** for Common Core

# Local Control Funding Formula

*Simplifies distribution & provides more flexibility*



# LCFF Replaces Revenue Limit (per ADA)



# Revenue Limit vs. LCFF

## *Transition/Confusion*

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- LCFF
  - \$1.9B Statewide provides **\$306/ADA which yields \$2,400,000** to YCJUSD
- Revenue Limit
  - **\$306/ADA** equates to 1.565% COLA plus 3.275% deficit reduction
  - Or 5.85% increase
- County Guideline to Districts
  - Use Revenue Limit & statutory COLA of 1.565% which yields \$680,000 to YCJUSD
- Proposed (preliminary) budget
  - Uses Revenue Limit calculation (existing law)
  - 1.565% COLA plus 2.275% deficit reduction
  - **Yields \$1,869,000**

# Major Causes & Solutions

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<b>Causes of Imbalance</b>	
Reduction in Special Ed Funding	\$680,000
Loss of Jobs Bill	\$600,000
Eliminate 2 day Furlough (maintain 28:1 in K-3)	\$447,000
Salary Advancements	\$520,000
Decrease in Revenue Limit	\$800,000
<b>Total</b>	<b>\$3,047,000</b>

<b>Solutions</b>	
Increase to State Apportionment	<b>\$1,869,000</b>
2012-13 Ending Balance	\$1,221,000
<b>Total</b>	<b>\$3,090,000</b>



## Other Factors

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- Infrastructure repairs and necessary upgrades
  - Facility & Technology
- STRS/PERS increased contribution
- Federal Sequestration
- Medical Premium
  - 1/1/14 rates
  - Health Care Reform
- Enrollment Trend



# Summary & Concerns

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- Causes of imbalance will persist
  - On-going expense requires on-going augmentation
  - Other causes possible
- Passage of Prop 30 presents real opportunity to:
  - Off-set rising and on-going expense
  - Be less reliant on one-time solutions
  - Achieve a balanced budget
- LCFF
  - LCAP
  - Defines away Tier III categorical programs
    - No additional dollars
- Turbulent Economy



# Issues and Challenges

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- Improve Student Achievement
  - Offer Programs that Interest Students
- Stabilize Enrollment
- Fix & Maintain Aging Infrastructure
- Off-set Rising Cost

# Thoughts & Recommendation

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- Transition from \_\_\_\_\_ to \_\_\_\_\_.
  - Negative (un)COLA to Positive COLA
  - Pessimism **to** optimism
  - Being broke **to** having some money
  - Inadequate funding **to** adequate funding
  - Cutting mode **to** mode where we are adding
  - Qualified certification to positive certification
  - One set of restrictions **to** a different set of restrictions
  - Reliant on cuts and one time solutions **to** no cuts to balance budget
  - Providing basic services **to** providing more & relevant services to students
- Hopeful that improved funding is sustainable
- Cautious due to weak economy

## Approve Proposed Budget

Imbalance is remedied

Solution not reliant on cuts but relies on ending balance