



2014-15 LCFF & LCAP

February 25, 2014

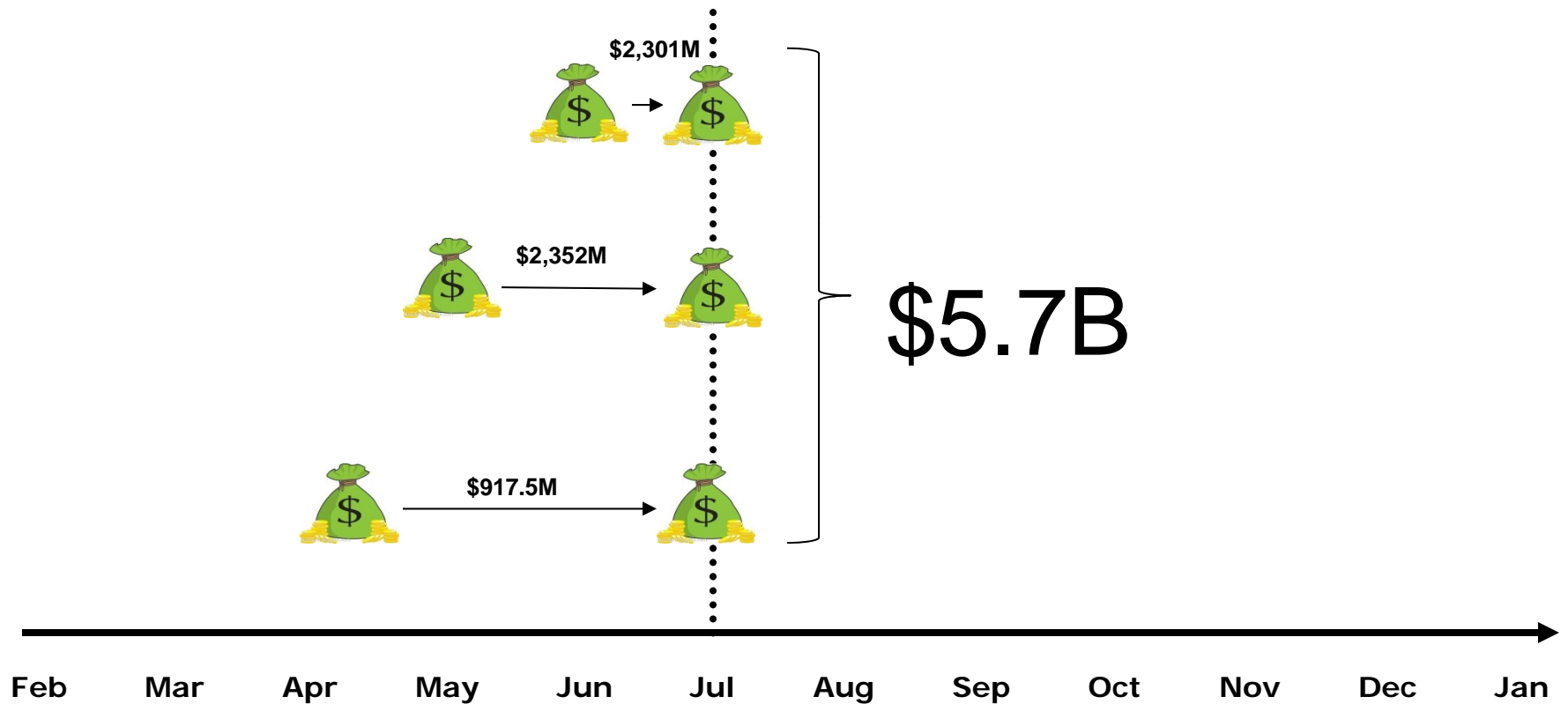
- LCFF – Local Control Funding Formula
 - Governor’s January Budget Proposal
 - LCFF & new money
 - Proportionality
- LCAP – Local Control Accountability Plan
 - Increase or improve services

Governor's 2014-15 Budget Proposal

- **\$5.7B** to eliminate remaining deferrals
 - Originally \$9.3B
 - Reduced by \$2B in November
 - Reduced by \$1.6B in 2013-14
- **\$4.5B** to close 28.05% of Gap – Local Control Funding Formula (LCFF)
 - \$2.1B or 12% of Gap in 2013-14

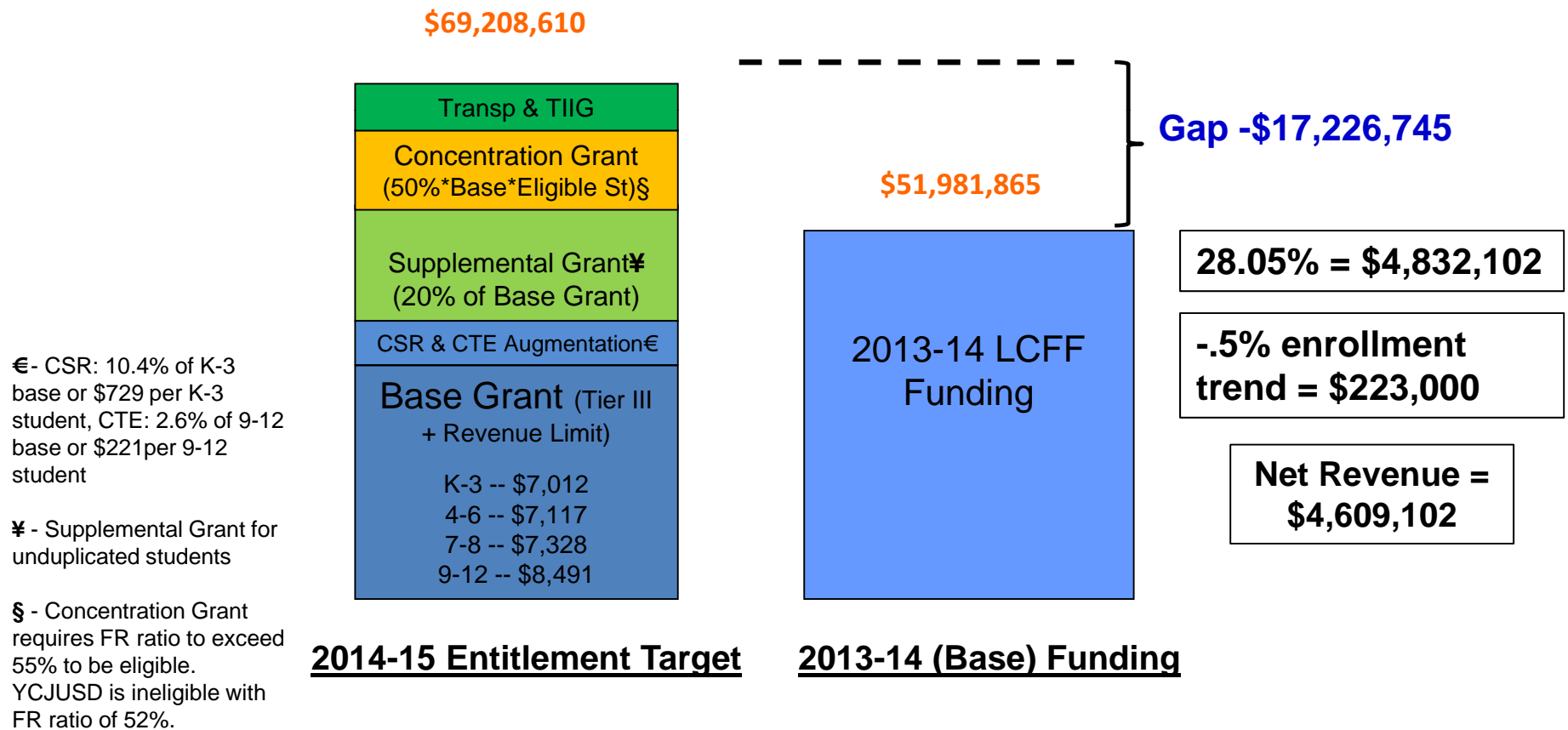
Remaining State Deferrals

“The end of the shell game”



2014-15 Local Control Funding Formula

- ✓ Assumes 28.05% Gap funding
- ✓ Assumes -.5% enrollment trend



Recap of First Interim Report

Fall 2013

- SBCSS disapproved budget
- Modified 2014-15 budget projections/estimates to achieve 3% minimum reserve
 - Flat enrollment trend
 - **Applied 10% (\$1,384,000) of Gap funding for 2014-15**
- SBCSS approved Qualified First Interim Financial Report

First Interim Report (November 19, 2013)			
	2013-14	2014-15	2015-16
Beginning Balance	\$8,336,826	\$4,026,192	\$2,728,773
Revenue	\$65,481,127	\$65,175,345	\$66,602,855
Expense	\$69,791,761	\$66,472,764	\$67,045,661
Revenue - Expense	-\$4,310,634	-\$1,297,419	-\$442,806
Ending Balance	\$4,026,192	\$2,728,773	\$2,285,967
Designations			
Warehouse Inventory	\$54,507	\$50,000	\$50,000
Revolving Checking Acct	\$50,000	\$50,000	\$50,000
Accrued Vacation	\$213,495	\$213,495	\$213,495
Restricted/Site Carryover	\$335,205	\$386,182	\$316,174
Sub-total	\$653,207	\$699,677	\$629,669
Available Reserve	\$3,372,985	\$2,029,096	\$1,656,298
3% of Operating Expense	\$2,093,753	\$1,994,183	\$2,011,370
Yes/No - Meet 3% minimum?	Yes	Yes	No
Amount Needed to Meet 3%	0	0	\$355,072

Use of LCFF

Title 5 – CCR Section 15496

- LEAs must “increase or improve services” for grant generating students in proportion to the increase in the funds apportioned to supplemental and concentration grants and to demonstrate proportionality in the LCAP
- Districts with less than 55% unduplicated counts, expenditure authorized provided the district:
 - Identifies the districtwide services
 - Describes how these services meet the district’s goals for the targeted students in the state priority areas
 - Describes how these services are the most effective use of the funds

Use of LCFF

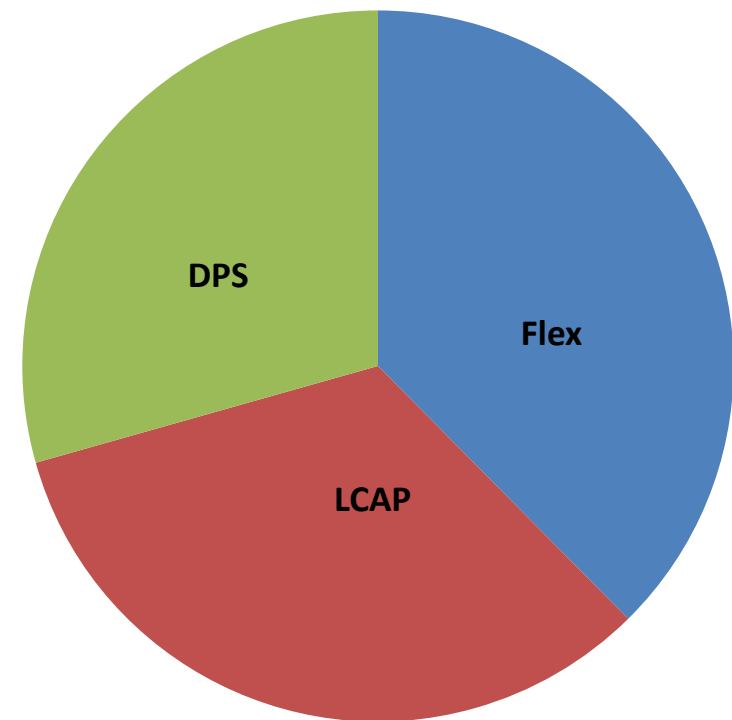
Additional Considerations

- Statute requires proportion of LCFF funds to implement LCAP
- While LCFF defined away Tier III categorical programs, requirements and services remain and will continue
- Volatility in economy & long-term sustainability
 - 2000-01 combined 10%+ of new money (eliminated 7% deficit and provided an additional 3.25% COLA)
 - Start of mid year cuts & deferrals
- Necessary to **Proportion** expenditure of new money

Proportion LCFF Revenue

Proportionality

- **Supplemental and Concentration (LCAP)** grants are dedicated to “increasing and improving services” [EC 42238.07]
- **Designated Programs & Services (DPS)** are dollars allocated for special services & programs [Summer School, Adult Ed, K-3 CSR, ROP, DM, PD, Transportation, Inst Mat'l, EIA, CDS, etc.]
- **Flex** is available for expenditure for any legal purpose



LCFF Revenue/Expenditure

	Total	Flex	LCAP	DPS
Net Revenue	\$4,609,102	\$1,739,082	\$1,519,547	\$1,350,473
<i>Less 10% of Gap already committed</i>	<i>(\$1,384,000)</i>	<i>(\$779,192)</i>		<i>(\$604,808)</i>
Available Amount	\$3,225,102	\$959,890	\$1,519,547	\$745,665
Expense				

Summary

Transitional Period

- LCFF
 - New money presents opportunity for revenue to catch up to expense
 - Regulations necessitate proportion of revenue and expense
 - Requirement to increase or improve services to students, consider proportioning LCFF revenue
- LCAP