

2013-14 BUDGET

GLENDALE UNIFIED SCHOOL DISTRICT

Board of Education Meeting – August 13, 2013

Discussion Report No. 3

Eva Rae Lueck, Chief Business & Financial Officer
Mike Lee, Controller

Budget Report No. 2



Elements of the LCFF Formula

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- Funding allocated through the LCFF is largely unrestricted, but will be subject to comprehensive accountability requirements
- Base grant targets increased:
 - May Revision: \$6,816 per ADA (the 2012-13 undeficitated statewide average base revenue limit [BRL] per ADA [prior to statutory COLA])
 - State Budget: \$7,357 per ADA – an increase of \$541
- Differential adjustments for K-3, 4-6, 7-8, and 9-12 grade spans
- Add-ons equal to 10.4% of base grant for K-3 CSR and 2.6% for grades 9-12 CTE
 - Add-on percentages are lower than the May Revision, but dollars stay the same when calculated on a higher base

WHAT DOES IT MEAN FOR GUSD?

GUSD 2013-14 Target Entitlement Calculation

Factors	k-3	4-6	7-8	9-12
Adjusted grant per ADA	\$7,675	\$7,056	\$7,266	\$8,638
% Enrollment Eligible	58%	58%	58%	58%
58% of Supplemental	\$890	\$818	\$843	\$1,002
3% of Concentration (percentage above %55)	\$115	\$106	\$109	\$130
Total 2013-14 LCFF Target Grant per ADA	\$8,680	\$7,980	\$8,218	\$9,770

If Fully Funded

WHAT DOES IT MEAN FOR GUSD?

2013-14 LCFF Projection

SSC vs LACOE

2013-14 Revenue Projection	SSC	LACOE
LCFF 2013-14 Projection	\$164.9M	\$165.7M
Less: 2012-13 Funding	157.7M	157.7M
2013-14 Revenue Increase	\$7.2M	\$8.0M

Not Finalized

GUSD Budget

2013-14 LCFF Budget History

Adopted Budget - Increased	\$7.8 M
July Update (before SSC workshop)	\$3.4 M
Total Budgeted Increase	\$11.2 M

Too high based on latest SSC & LACOE calculation

August - Need to Reverse	\$3.4 M
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WHAT DOES IT MEAN FOR GUSD?

Removal of \$3.4M Increase

LCFF Funding Includes Categorical Programs Except ROP (In Millions)

Major Changes	2013-14	2014-15	2015-16	2016-17
Adopted Budget 2013-14 Ending Balance	\$ 26.0	\$ 36.4	\$ 24.7	\$ 12.9
<u>Initial 2013-14 Budget Adjustments</u>				
2014-15 to 2016-17 Health & Welfare Inflation Adjustment	-	1.0	2.0	3.0
Technology Leaders/Learning Leaders Savings	0.3	0.3	0.3	0.3
LCFF Additional Funding	3.4	3.4	3.4	3.4
TK-3 Class Size Reduction (8 Additional FTE)	(0.7)	(0.7)	(0.7)	(0.7)
Grades TK-K @ 24.90				
Grades 1-3 @ 26.90				
Grades 4-6 @ 31.90				
Cumulative Impact to Ending Balance	\$ 3.1 (0.4)	\$ 7.1 0.2	\$ 12.1 1.8	\$ 18.0 4.4
Adjusted Ending Balance Projection	\$ 29.1 25.6	\$ 43.5 36.6	\$ 37.0 26.5	\$ 31.0 17.3
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 21.0 17.2	\$ 35.0 28.1	\$ 28.2 17.9	\$ 22.3 8.5
STRUCTURAL DEFICIT	\$ (8.82) (12.26)	\$ (8.28) (11.72)	\$ (6.72) (10.16)	\$ (5.88) (9.32)

*Negotiated Items – Does Not Include:

- Removal of Furlough Days – approx. \$3 million
- Any Potential Pay Increase – approx. 1% = \$1.5 million

Common Core State Standards Funding

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- The State Budget provides \$1.25 billion statewide in one-time funds from 2012-13 for the implementation of the CCSS
 - Funds will be allocated based upon prior-year enrollment to school districts, COEs, charter schools, and special state schools
 - Estimated to be about \$200 per student
 - Funds will be apportioned in **August** ~~July~~ 2013 (50%) and **October** ~~August~~ 2013 (50%)
 - LEAs can encumber funds any time during the 2013-14 and 2014-15 school years
 - Remember: this is one-time money – plan accordingly!!

CCSS Expenditure Rules

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- LEAs can spend the funds for the following allowed purposes:
 - Professional Development
 - For teachers, administrators, and paraprofessional educators or other classified employees involved in the direct instruction of pupils that is aligned to the CCSS academic content standards
 - Instructional materials and supplemental instructional materials aligned to the CCSS academic content standards
 - Technology
 - Funds can be used for the integration of the content standards through technology-based instruction for the purposes of improving the academic performance of pupils including, but not limited to:
 - The administration of computer-based assessments and providing adequate Internet connectivity to support the computer-based assessments

WHAT DOES IT MEAN FOR GUSD?

- **Approximately \$5 Million**
- **Need to Develop Spending/
Implementation Plan**

ROC/Ps

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- Like adult education, regional occupational centers/programs (ROC/Ps) felt the impacts of uncertainty throughout the budget development process
- The LCFF compromise maintains the status quo for ROC/Ps
 - Of funds received for that purpose, districts are required to expend the same level on ROC/Ps in 2013-14 and 2014-15 as in 2012-13
 - This requirement was added late in the budget process out of concern that continued flexibility would result in more funding being redirected from ROC/Ps to other purposes
 - Since 2007-08, ROC/Ps have been funded at local discretion because of Tier III flexibility
 - Member districts of ROC/Ps operating as a joint powers agency (JPA) must also maintain allocations to the JPA at 2012-13 levels

WHAT DOES IT MEAN FOR GUSD?

- **In 2015-16, the County No Longer Required to Fund Approx. \$1.8 Million**
- **Will the County Continue to Provide Funding in 2015-16? Probably Not...Need to Develop a Contingency Plan**

Deferred Maintenance and Routine Restricted Maintenance

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- The funding LEAs previously received for the Deferred Maintenance program is included in the LCFF base grant
 - LEAs may continue to use the Deferred Maintenance Fund for the purposes of major repair
- As part of the State Budget Act, the requirement for districts receiving state General Obligation bond funding for facilities to set aside 3% of General Fund expenditures in a Routine Restricted Maintenance Account (RRMA) has **not changed**
 - **E.C. 17070.766**
 - **Flexibility to set aside 1% of total General Fund expenditures continues through 2014-15**
- LEAs must continue to make budget planning decisions to include expenditures in the area of deferred maintenance and routine restricted maintenance
 - Williams requirements
 - Safe, clean, functional instructional environments for student success

WHAT DOES IT MEAN FOR GUSD?

In 2015-16, The District is Required to Fully Fund the 3%.



An Additional \$1.1 Million Reduced from General Fund.

OUTSTANDING ITEMS

- **Final State Approved LCFF Calculation??**
- **PERS Reduction??**
- **Restricted Maintenance 3% \approx \$1.1M??**
- **ROP Revenue in 2015-16 and Future Years??**
- **Common Core Spending Plan**
- **Local Control Accountability Plan??**
- **Furlough Days??**
- **Multi-Year LCFF Revenue Projection**

Board Next Steps

- **Evaluate Funding Increase**
- **Implementation of Strategic Plan and Common Core**
 - **Competing Priorities**
 - **Structural Deficit**
 - **Restoration and/or Expansion of Programs**
 - **Rescission of Furlough Days**
 - **Employee Compensation**