

Board Budget Report

January 17, 2013



Updates for 2012-13

- Enrollment Policy and Residency
- Impact of Prop 30 for Basic Aid Districts
 - Uncertainty of additional revenues for current year from State
- Basic Aid Fairshare

Proposed 2013-14 Governor's Budget

- Education funding goes up on a per-student basis (revenue limit) – eliminating Budget Gap
- The Governor's proposed Weighted Student Formula of 2012 is reprised as the Local Control Funding Formula (LCFF) and redistributes funding gains
- Passage of Proposition 30* provides opportunities and options



Proposed 2013-14 Distribution Local Control Funding Formula

- Along with slightly higher funding, the Governor proposes a different method of distribution – the LCFF
 - Revenue limits and categorical programs are replaced by base grants and supplemental grants over a phase-in period
 - The stated goal is to focus more resources on California's most needy students
 - English Learner population
 - Students eligible for free and reduced meals
 - Foster Youth

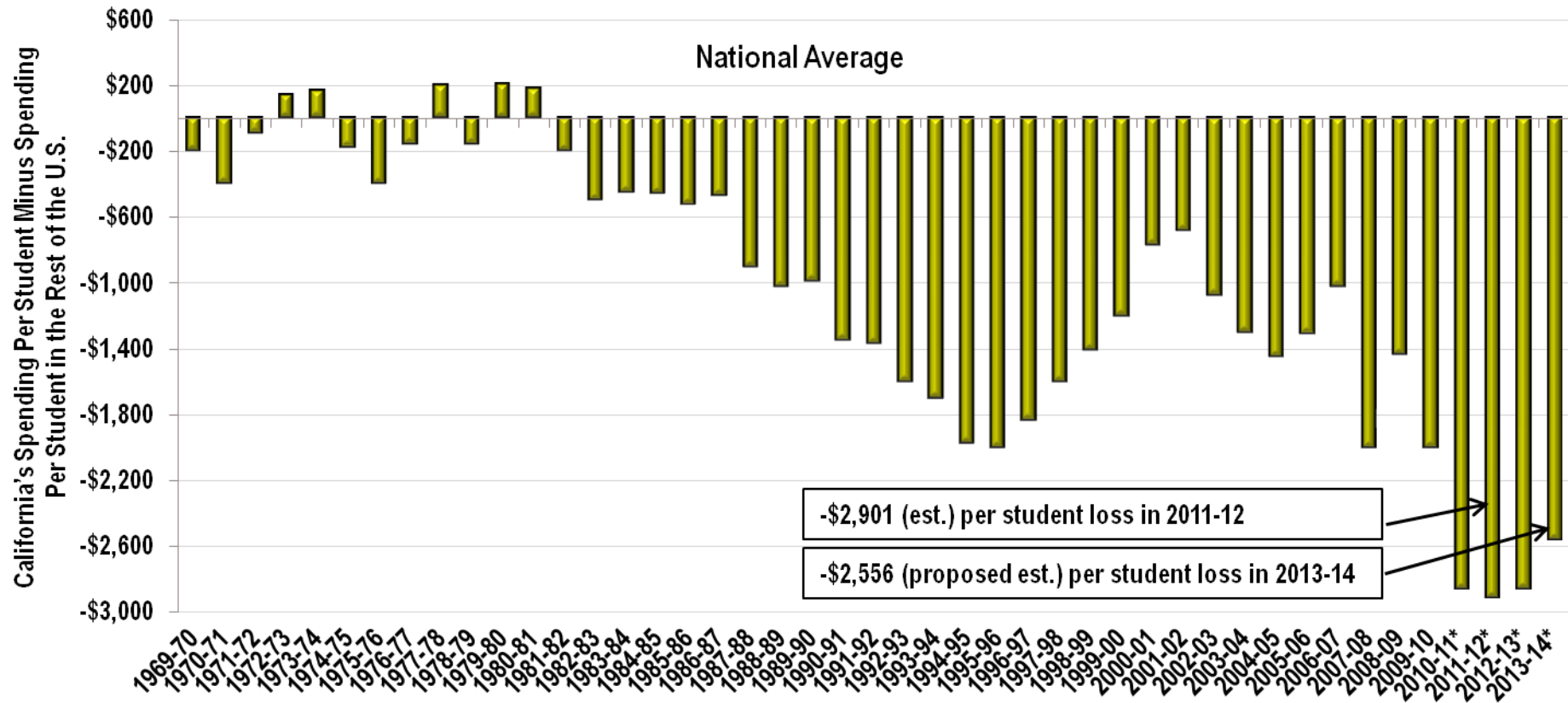
Economic Indicators

- State unemployment rate dropped to 9.8% in November 2012
- National 7.7%
- Long-term LCFF planning over the next 7 years



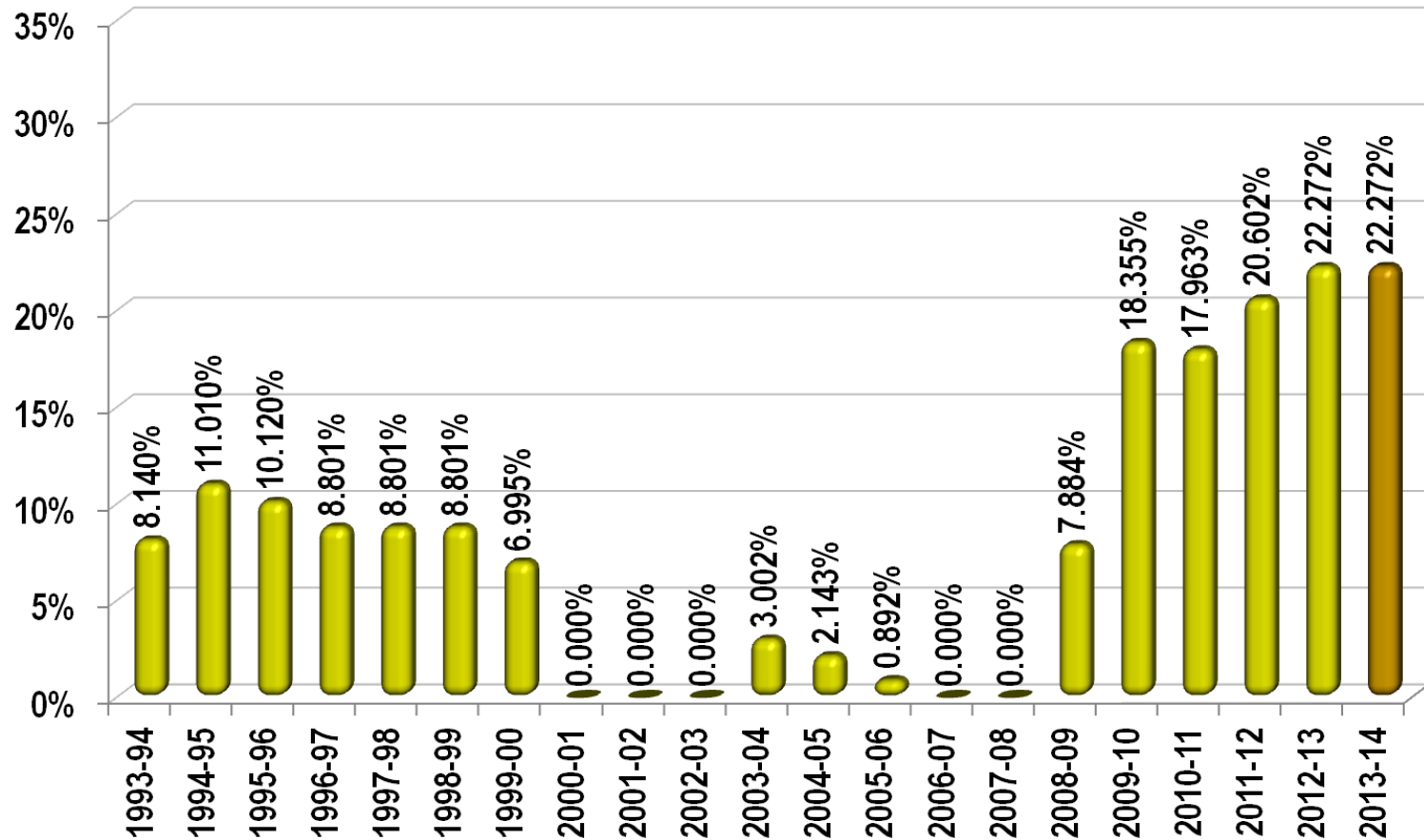
California's Education Spending Continues to Lag

California's K-12 Spending Per Student Lags Behind
That of the Rest of the U.S. More Than at Any Time in 40 Years



Revenue Limit Deficit Factors

C-6



Governor's 2013-14 Proposal

- LCFF (formerly Weighted Needs Factor)
- 1.65% COLA
- Deficit Factor remains at 22.272%
- K-3 CSR 1:24
- Mandated Cost Block Grant
- Transportation is an “add-on”



Locally Funded School Districts

- Locally funded – or “basic aid” – school districts, under current statutes, have seen reductions comparable to revenue limit districts:
 - The “fair share” cuts have been taken from basic aid school districts in the form of unrestricted (supplemental and Tier III) and restricted (state categorical) funds in each respective fiscal year, as per current law
 - The current statutory provisions indicate intent to restore funds to basic aid districts, captured under the “fair share,” when the deficit is refunded to revenue limit districts

Next Steps

- Kindergarten Enrollment
 - January – February
- Facility Needs
- Staffing Needs
 - March – April
- Governor's May Revise

