

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2013-14 Budget
Governor's May Revision
Board of Education Presentation
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Agenda Item D.03.

2013-14 May Revision Highlights

- Mixture of good news and bad news
- 2012-13 State revenue \$4.5 billion is above the level projected in January
- 2013-14 revenue forecast is lower than originally estimated
- Higher levels of accountability have been added
- All Prop 98 gains are being used to buy down prior year deferrals

Prop 98 Implications

- Prop 98 is a complex series of formulas that establish a minimum level of K-12 funding
- The 2012-13 guarantee has increased by \$2.9 billion
- However, the calculation for 2013-14 results in a lower guarantee number
- 2012-13 gains are being used to:
 - Make State obligations within the QEIA settlement – no SMMUSD impact
 - Buy down deferrals (impacts cash flow only)
 - Fund Common Core standards implementation

Revenue Limits

- Revenue Limits are the historical method used to fund K-12 education on a per student basis
- The Governor's proposal eliminates this model and replaces it with the Local Control Funding Formula (LCFF)
- 2012-13 Revenue Limit calculations will be used during the LCFF implementation period until 2019-20 when LCFF should be fully implemented
- It is not clear at this point how Cost of Living Adjustments will apply under the new calculation

Local Control Funding Formula

- The LCFF proposal remains unchanged from January
- Replaces Revenue Limits with base grants per pupil, plus supplemental and concentration funding provided by percentage “weights” for English learners, students from low-income families, or in foster care
- Expected to be fully funded by 2019-20
- Base grants would receive COLAs each year – 1.565% for 2013-14

Local Control Funding Formula LCFF - continued

- The portion of the State budget allocated to implement LCFF has been increased from \$1.6 billion to \$1.9 billion
- The fiscal impact of the increase is unknown at this time
- County Offices of Education play a larger role in the oversight of LCFF
- Transportation and now ROP funding will be outside of the formula

LCFF Accountability System

- In January, the proposal eliminated most programmatic and compliance requirements
- The May Revise reversed some of that direction with a shift towards more State control again
- Includes strict expenditure requirements
 - Supplemental and Concentration grants could only be spent on students generating those funds
- Districts would be required to develop a LCFF Accountability Plan that the County would approve

Common Core Standards

- The May Revise would provide an estimated \$170/ADA in one time funds to be used for the implementation of Common Core Standards
- Possible uses of the funds include:
 - Professional Development
 - Instructional Materials
 - New Technology
- SMMUSD could receive close to \$1.8 million

Other Areas to Watch

- Adult Education – shift to Community Colleges rescinded
- Mandates – Behavioral Intervention Plan program
- Prop 39 Facility funds for energy projects
- Transportation – unchanged from January
- Child Care and State Preschools
- Special Education – possible augmentation of funds to mitigate federal sequestration (TBD)

Summary and Questions

- According to School Services of California – “the May Revision is a work in progress”
- The Governor continues to be consistent with his intent to provide more money for the most needy students and more local control for school districts
- It is now in the hands of State legislators to pass and amend provision of the proposal so that it works for all California students