

Budget Study Session

*Budget Development
(2013/14, 2014/15, and 2015/16)*



CHINO VALLEY
UNIFIED SCHOOL DISTRICT

Student Achievement • Safe Schools • Positive School Climate
Humility • Civility • Service

June 20, 2013

Budget Study Session

- **Current Funding System**
- **Governor's May Revise & Beyond...**
- **How Will Education Be Funded?**
- **Multiyear Budget Projection**
- **Next Steps**



Concurrent Budget Cycles

FOR LAST YEAR Close and Audit

AUGUST AND NOVEMBER

Close, define actuals,
determine the ending balance

JULY – DECEMBER

Audit and review

DECEMBER

Receive audit, evaluate
Management letters

JANUARY – FEBRUARY

Follow-up on
Management letters

FOR THIS YEAR Monitor

JULY

Analyze adopted budget

JULY – SEPTEMBER

Amend and revise

DECEMBER – JANUARY

Amend, measure, and
report 1st Interim Financial

FEBRUARY – APRIL

Amend, measure, and report
2nd Interim Financial

MAY

Amend, measure, and report
3rd Interim Financial
(if needed)

FOR NEXT YEAR Developing the Budget

AUGUST – NOVEMBER

Identify goals for next year

DECEMBER – JANUARY

Project revenues and
expenses
(Governor's Proposal)

FEBRUARY – MARCH

Complete staffing level
studies and incorporate

APRIL – JUNE

Review, balance, conclude,
adopt.
(Governor's May Revision)

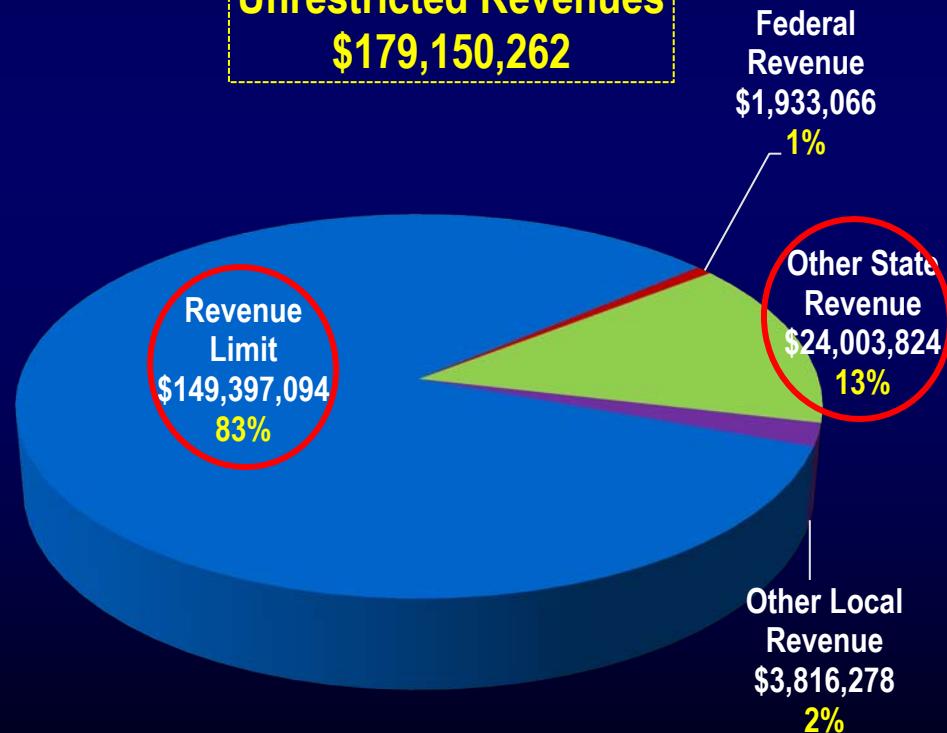
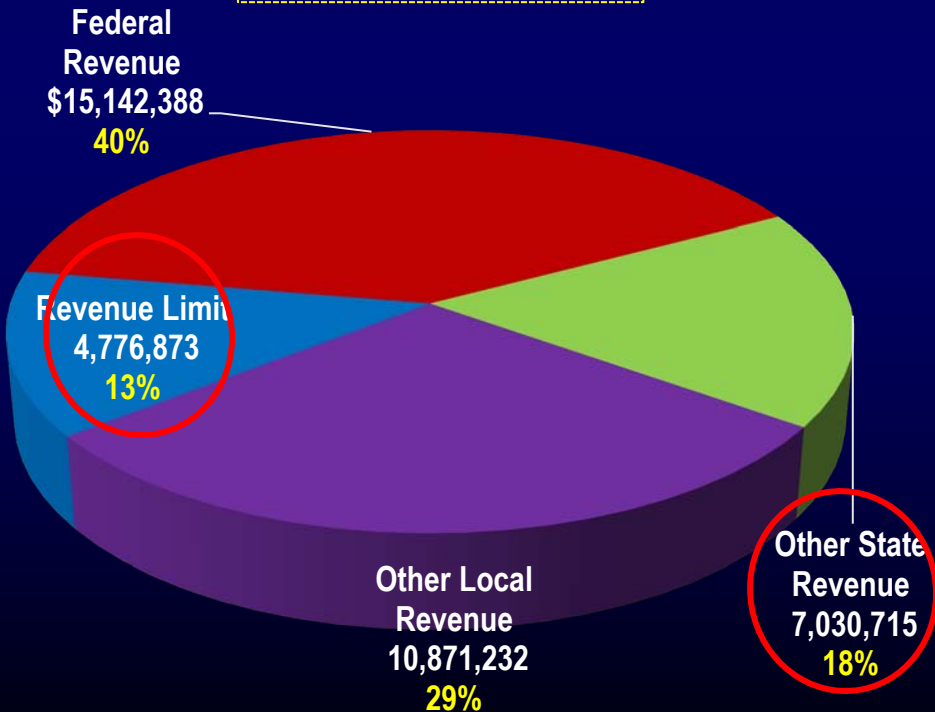
CVUSD General Fund Revenues

2012/13 Second Interim

Total
\$219,971,470

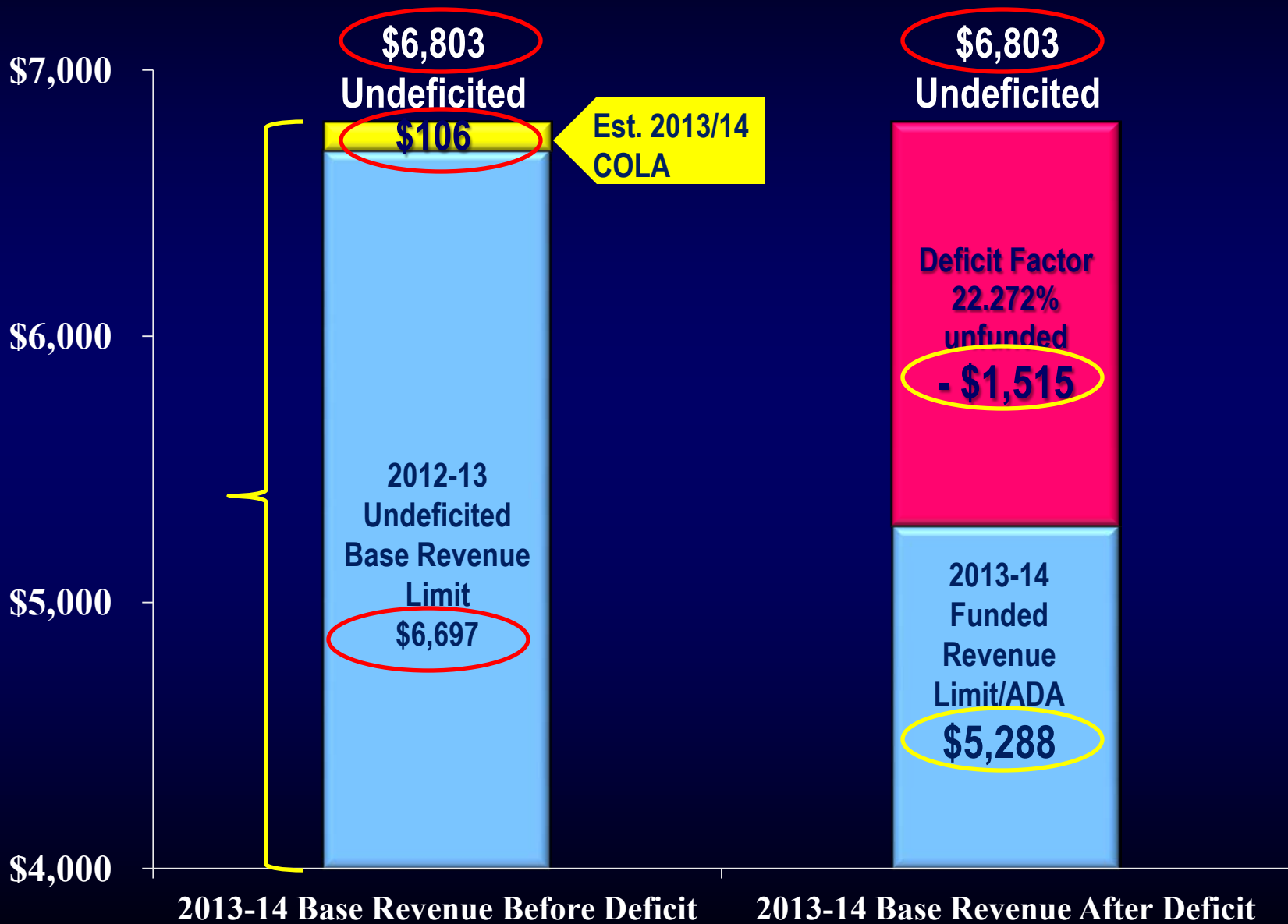
Restricted Revenues
\$37,821,208

Unrestricted Revenues
\$179,150,262



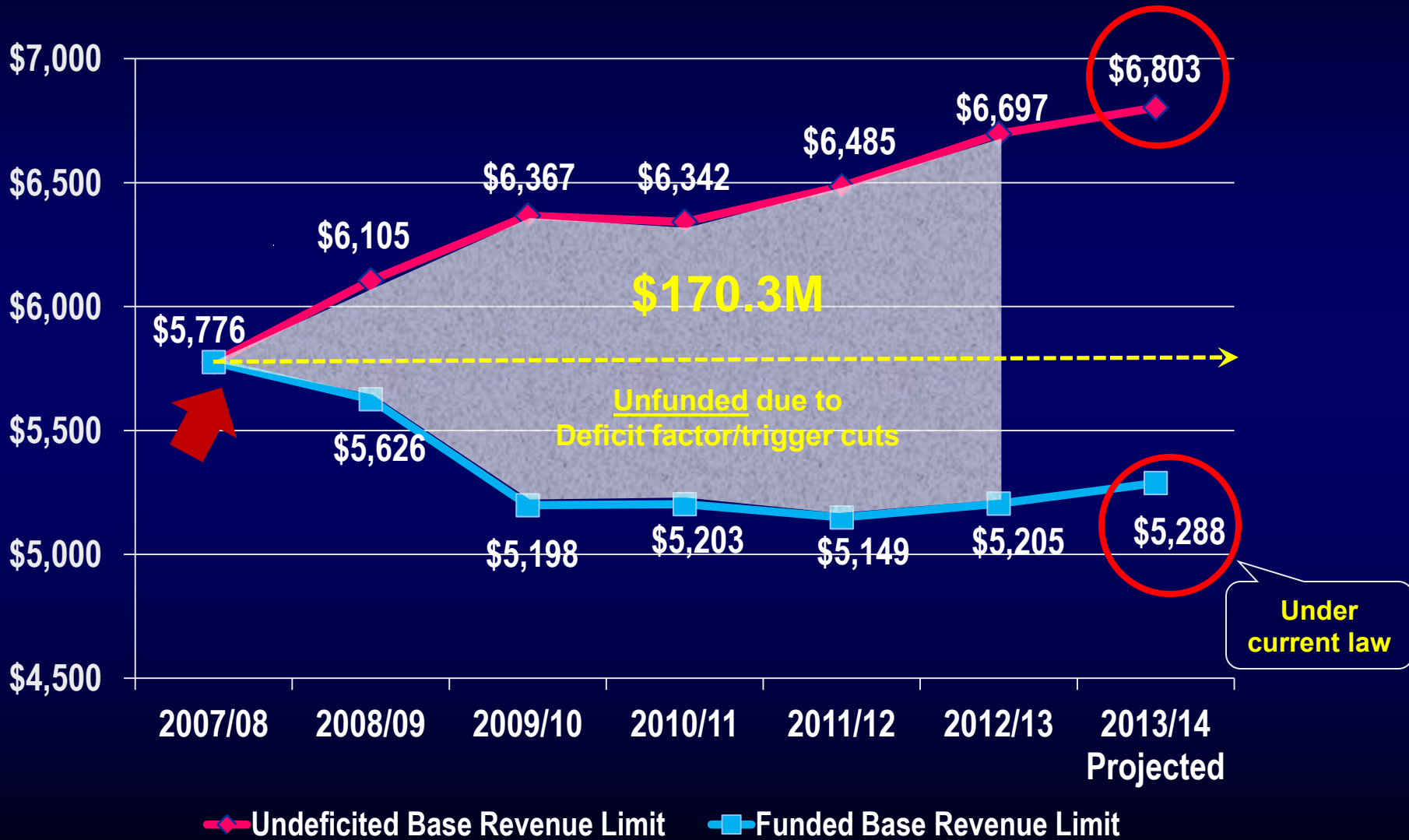
Note: Numbers may not add due to rounding

Current Revenue Limit Funding System



CVUSD Historical Funded Revenue Limit

Per Average Daily Attendance



Governor's May Revise

2013/14 Budget

Good News!

- Increased revenues to be rec'd by the State in 2012/13 of **\$4.5 billion** above projection in January; of which \$2.9B will go to Education
- Governor will allocate **\$1 billion** for implementation of (Technology, Professional Materials) districts for (limited to Personal Materials)
- Buys down additional **\$1 billion** faster than planned (more on original budget)
- Backfills the loss of federal special education funding by **\$61 million**
- Adds another **\$240 million** to accelerate LCFF implementation
- Major changes in **accountability** with strict **expenditure requirements.**

Legislature approved
a compromised
version of Budget on
June 14!

Legislature Approves Modified Budget

Budget Proposals Comparison
(in thousands)

	Governor	Senate	Assembly	Compromise
Total 2013-14 General Fund Revenues	\$97,200,000	\$100,400,000	\$100,400,000	\$97,200,000
Proposition 98 (State and local)	\$55,300,000	\$56,900,000	\$57,700,000	\$55,300,000
Common Core	\$1,000,000	\$1,000,000	\$1,500,000	\$1,250,000
LCFF	\$1,900,000	\$2,300,000	\$3,600,000	\$2,100,000
LCFF Implementation Year	2013-14	2014-15	No details in Assembly Blueprint	2013-14 (Target year 2020-21)
Base Grants	\$6,342 - \$7,680 per ADA	\$6,910 - \$8,368 per ADA	Equal to national average per-pupil spending	Higher amount per ADA per grade span
Base Grant Targets	2007-08 Undeficitated Base Revenue Limit	-	Greater of adjusted national average or Economic Recovery Target	Greater of 2007-08 revenue limit or Economic Recovery Target
Supplemental Grants	35%	40%	Assembly Blueprint specifies that additional funding weights would be based on "best available research"	20%
Concentration Grants	35%	N/A		50%
Concentration Grant Threshold	> 50% eligible	N/A		> 55% eligible
Special Education Sequestration Backfill	\$60,700	\$37,000	-	0
K-12 Mandate Block Grant	\$267,000	\$267,000	\$167,000	\$217,000
K-14 Interyear Deferral Buybacks 2012-13*	\$4,000,000	\$4,600,000	\$4,400,000	\$4,000,000
K-14 Interyear Deferral Buybacks 2013-14	\$920,000	\$1,900,000	\$500,000	\$270,000

Note: Chart info courtesy of School Services of California

Governor Brown's LCFF

May Revise

Local Control Funding Formula (LCFF)

- Consolidates Revenue Limit + more than 40 state categorical programs into **ONE REVENUE STREAM** on a permanent basis
- Implemented over 7 year period (by 2019/20) to reach target funding level
- Grade span per pupil base grants plus supplemental and concentration grants

Factors	K-3	4-6	7-8	9-12
1. Grade Span Base Grant per ADA	\$6,441	\$6,538	\$6,732	\$7,800
Adjustment factors	11.2% CSR	--	--	2.8% CTE
2. CSR, CTE amounts	\$723	--	--	\$218
Add the following amounts to the base grant and adjustments above:				
3.	<ul style="list-style-type: none"> 35% of the grade span base grant multiplied by the districtwide % eligible students (English Learner, eligible for free/reduced meals, foster youth) 			
4.	<ul style="list-style-type: none"> 35% of the grade span base grant multiplied by the districtwide % eligible students that exceed 50% of total enrollment 			

How LCFF Works

May Revise

The Formula

2013/14 Base Grant

(\$6,441 x K-3 ADA)

(\$6,538 x 4-6 ADA)

(\$6,732 x 7-8 ADA)

+ (\$7,800 x 9-12 ADA)

K-3 CSR Adjustment

+ (11.23% of \$6,441 x K-3 ADA)

CTE Adjustment

+ (2.8% of \$7,800 x 9-12 ADA)

Supplemental Grant (35%)

(35% x \$6,441 x 49% x K-3 ADA)

(35% x \$6,538 x 49% x 4-6 ADA)

(35% x \$6,732 x 49% x 7-8 ADA)

+ (35% x \$7,800 x 49% x 9-12 ADA)

Targeted Improvement Instruction Grant

+

Transportation Grant

=

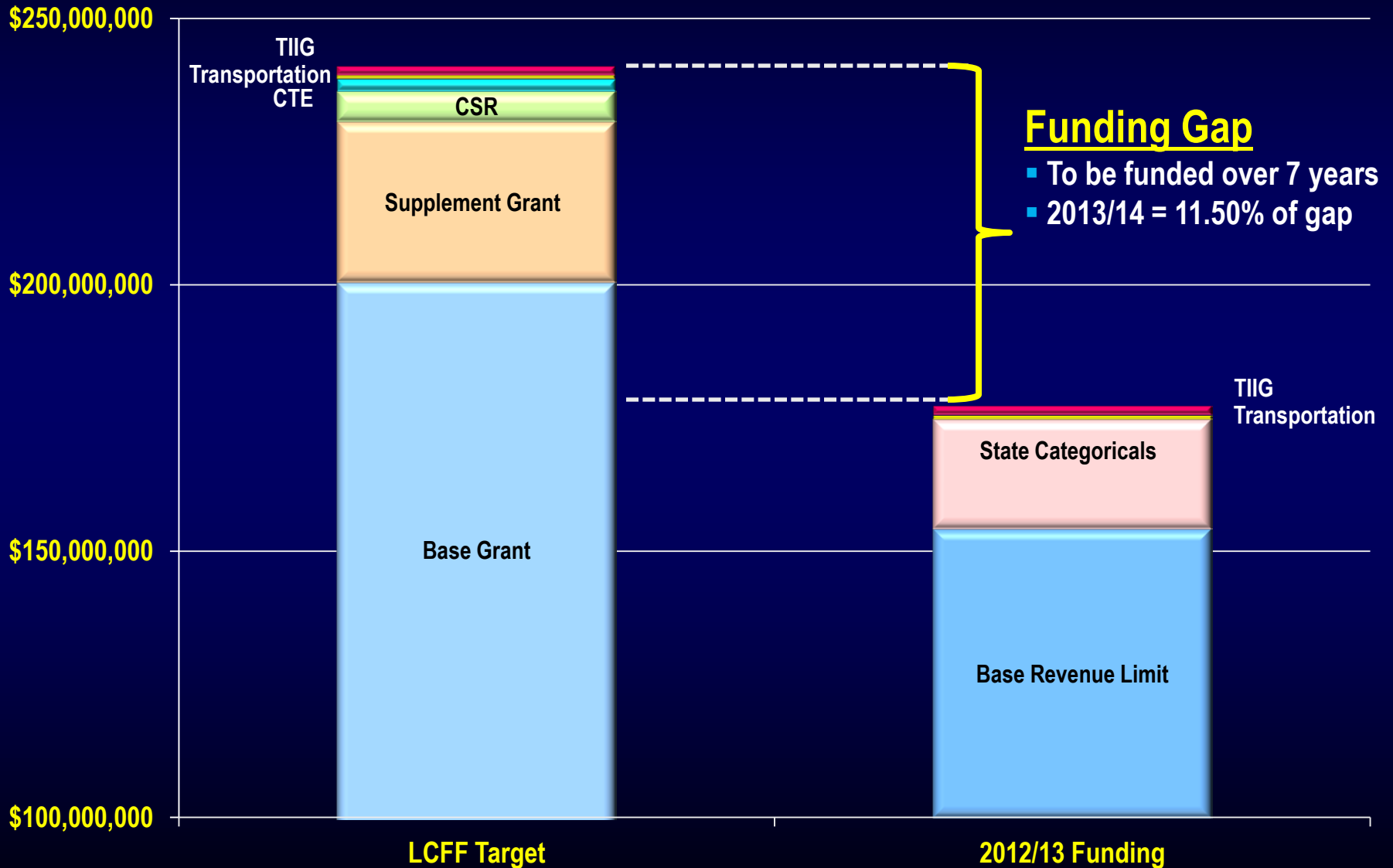
LCFF 7 Year Target

Compare to

Current Law Funding

How LCFF Works

May Revise



CVUSD Budget Major Assumptions

General Fund

REVENUE

2013/2014

- Estimated average daily attendance = **28,708**
- COLA: **1.565%**; Deficit Factor: **22.272%**
- 2012/13 Restricted carryover revenues

2014/2015

- Estimated loss of 500 ADA
- Estimated loss of add'l 810 enrollment due to charter school petition
- COLA: **1.80%**; Deficit Factor: **22.272%**
- Expiration of Class Size Reduction Flex

2015/2016

- Estimated loss of 500 ADA
- COLA: **2.2%**; Deficit Factor: **22.272%**

EXPENDITURE

2013/2014

- Step/Column increases for all groups
- 2012/13 Restricted carryover expenditures
- Utility cost adjust. to include rate increase
- Loss of FTE due to declining enrollment

2014/2015

- Step/Column increases for all groups
- Utility cost increase
- Reversal of Board approved restorations
- Loss of FTE due to declining enrollment and charter school petition

2015/2016

- Step/Column increases for all groups
- Utility cost increase
- Reversal of Board approved budget restorations
- Loss of FTE due to declining enrollment



Multiyear Projection – Current Law

General Fund

	2013/14 Estimated Budget	2014/15 Estimated Budget	2015/16 Estimated Budget
BEGINNING BALANCE	\$51,766,658	\$37,769,349	\$29,121,786
Revenue	\$210,204,336	\$199,929,700	\$200,373,267
Expenditure & Other Sources/Uses	\$224,201,645	\$208,577,263	\$209,434,035
Net Inc./ <i>(Dec.)</i> in Fund Balance	<i>(\$13,997,309)</i>	<i>(\$8,647,563)</i>	<i>(\$9,060,768)</i>
ENDING BALANCE	\$37,769,349	\$29,121,786	\$20,061,018
Components of Ending Balance:			
-Revolving Cash	\$100,000	\$100,000	\$100,000
-Reserve for Economic Uncertainty 3%	\$6,726,049	\$6,257,318	\$6,283,021
-Equity Distribution	\$49,889	\$49,889	\$49,889
-UNAPPROPRIATED ENDING BALANCE	\$30,893,411	\$22,714,579	13,628,108

Note: Numbers may not add up due to rounding

Multiyear Estimate – LCFF Model

May Revise

	2013/14	2014/15	2015/15
Estimated Increase in Revenues	\$5,418,635	\$5,418,635	\$5,418,635
Estimated Unapp. Ending Balance	\$36,312,046	\$33,551,849	\$29,884,013

- **Legislature approved budget details are not completely available yet for a firm projection;**
- **Once detailed funding formula is available, District will revise projection accordingly;**
- **County will advise on timeline to amend budget as necessary.**

All Funds

- Each fund is a separate checkbook with its own set of rules and restrictions.

FUND 01 1001

PAY TO THE ORDER OF **Restricted & Unrestricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

General Fund

FUND 14 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Deferred Maint. Fund

FUND 35 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

County School Fac Fund

FUND 11 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

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Adult Ed Fund

FUND 21 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

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Building Fund (Measure M)

FUND 51 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

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Debt Service Fund

FUND 12 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

#01001# *1111222333# 444555#

Child Dev Fund

FUND 25 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

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Capital Facilities Fund

FUND 93 1001

PAY TO THE ORDER OF **Restricted** \$ DOLLARS

MEMO _____ AUTHORIZED SIGNATURE(S) _____

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Cafeteria Fund

Budget Approval Process

- Budget due to County within 5 days of the District Board adopting budget or July 1, which ever comes first
- County to notify District by August 15 of approval status

- **Approved**
- **Conditionally Approved**
- **Disapproved**



- A budget with a **3rd year deficit** is required to have a **resolution** adopted by the Board identifying amount of necessary ongoing reductions and to implement **prior to First Interim Financial Report**

District Budget Calendar



July 1st	District's Adopted Budget due to the County
September 15th	Adoption of Unaudited Actuals
December 15th	First Interim Financial Report due to the County/State
January 5th	Governor's Proposed State Budget for 13/14
March 15th	Second Interim Financial Report due to the County/State
Mid-May	Governor's May Revise
June 27th	Adoption of District Budget (13/14, 14/15, 15/16)

Local Budget Concerns

- **Declining enrollment**
- **Budget Deficit trend**
- **Rising special education and transportation costs**
- **New charter(s)**



Superintendent's Recommendation

- 2013/14 Multiyear Budget Adoption – **June 27, 2013**
- State Budget Enactment – July 1, 2013 anticipated
- Amend budget as advised by County Schools – Possibly in August

- Continue to allocate available resources responsibly
- Review list of prior budget reductions at the ~~July 25, 2013~~ Board Study Session
August 8, 2013



Discussions & Questions



The Future

