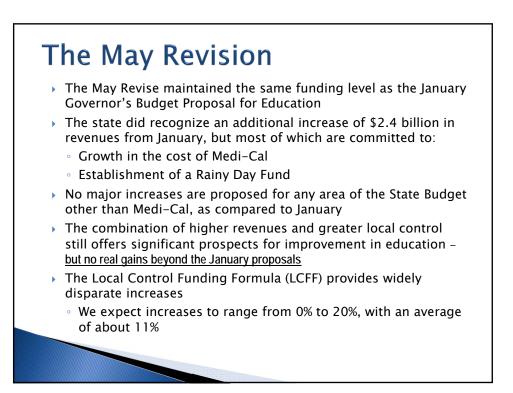
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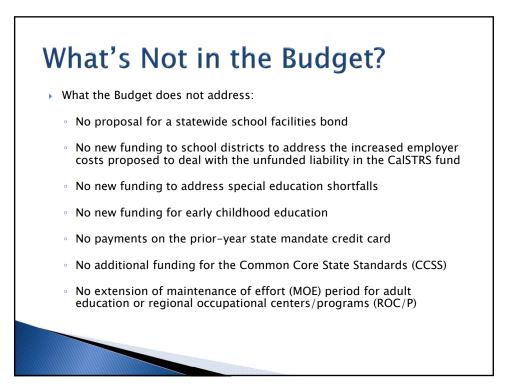
Stockton Unified School District 2014–15 Public Hearing Local Control Funding Formula and Local Accountability Plan

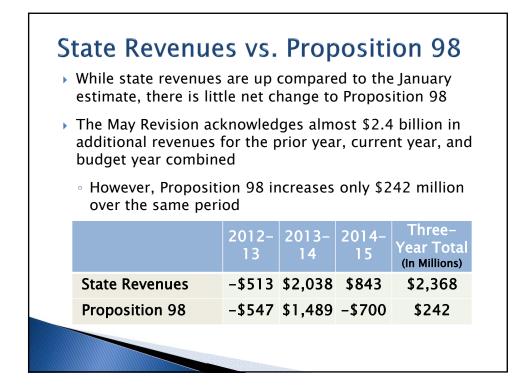
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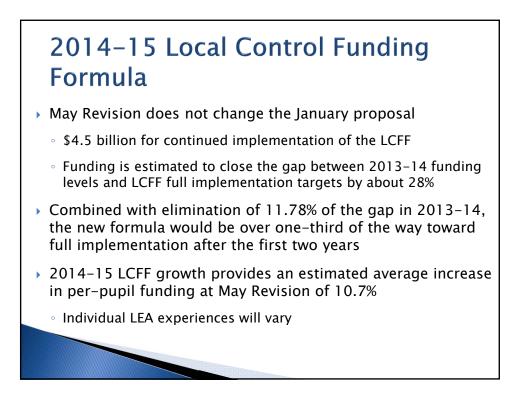






Why Doesn't Proposition 98 Increase?

- Proposition 98 funding is determined by formulas specified in the State Constitution
 - Test 1 Percentage of General Fund revenue
 - Test 2 State per capita personal income growth
 - Test 3 Per capita General Fund revenue growth
- In addition, there are other formulas that determine when Maintenance Factor payments are accrued and when they are made
- For 2014-15, the Proposition 98 guarantee drops \$700 million even though state revenues are up compared to the January Governor's Budget because
 - The year-over-year increase in state revenues is lower than the January estimate (4.7% now vs. 5.9% then)
 - This triggers a smaller Maintenance Factor payment to local educational agencies (LEAs)
 - \$2.6 billion at the May Revision vs. \$3.3 billion in January



LCFF - Base Grant Entitlement Calculation

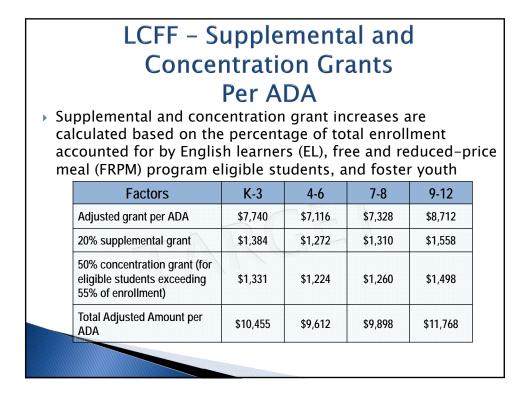
> 2014–15 target entitlement calculation

 Grade span per-pupil grants are increased for the 0.85% statutory

cost-of-living adjustment (COLA)

Factors	K-3	4-6	7-8	9-12
2013-14 Base Grant per ADA	\$6,952	\$7,056	\$7,266	\$8,419
COLA @ 0.85%	\$59	\$60	\$62	\$72
Base grants – 2014-15	\$7,011	\$7,116	\$7,328	\$8,491

S Reduction (CSF	R) and 9-12	2 Career-Te	echnical
e average of 24	4 students	enrolled in	
K-3	4-6	7-8	9-12
\$7,011	\$7,116	\$7,328	\$8,491
10.4% CSR	J-1-		2.6% CTE
\$729	-	-	\$221
\$7,740	\$7,116	\$7,328	\$8,712
	S Reduction (CSI Span Adjustme he former CSR e average of 24 a collectively I K-3 \$7,011 10.4% CSR \$729	S Reduction (CSR) and 9–12 Span Adjustments are add the former CSR program r e average of 24 students a collectively bargained a K-3 4-6 \$7,011 \$7,116 10.4% CSR - \$729 -	Reduction (CSR) and 9–12 Career-TeSpan Adjustments are additions to thehe former CSR program requires program requires program a collectively bargained agreementK-34-67.011\$7,116\$7,011\$7,116\$7,29-\$729-

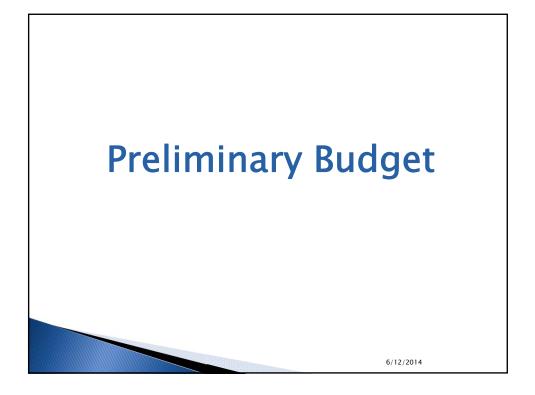




- In January, the Governor acknowledged the \$80.4 billion shortfall within CaISTRS, but did not provide a proposal to address the shortfall
 - CalSTRS is projected to run out of money in 2046
- Would cost more than \$4.5 billion per year to resolve right now
 - Bad news does not get better with age the shortfall grows by approximately \$22 million a day
- > Three ways to fix it
 - Reduce benefits difficult given legal protections for existing members
 - Already in place for new hires starting January 1, 2013
 - Increase earnings means taking more risk with investment portfolio
 - Increase contributions most likely solution

Governor's Proposal for Funding CalSTRS

- The Governor's May Revision proposes to fully fund CalSTRS by 2045-46
 - Plan kicks in immediately, beginning July 1, 2014
 - · Contribution rate increases proposed for all three parties:
 - State contribution rate to increase from the current rate of 3.041% to 6.3% over three years
 - In addition, the state will continue to pay 2.5% of payroll annually for a supplemental inflation protection program
 - Employer contribution rate to increase from 8.25% to 19.1% over seven years
 - Employee contribution rate to increase from 8% to 10.25% over three years



2013-14 Unrestricted Estimated Actuals -- What if No LCFF?

Description	Estimated Actuals <u>With LCFF</u>	Estimated Actuals <u>Without LCFF</u>
Revenues, including Estimated 13–14 LCFF	\$246,311,607	\$246,311,607
Less: 2013-14 LCFF	-0	-14, 450,879
Adjusted Revenue without LCFF	246,311,607	231,860,728
2013-14 Estimated Expenditures	246,638,733	246,638,733
Estimated Change in Ending Fund Balance	- 327,126	-14,778,005

2014–15 through 2016–17			
	2014-15	2015-16	2016-17
Cost of Living (COLA)	0.86%	2.20%	2.30%
Step & Column - Certificated	1.68%	1.68%	1.68%
California Public Employees Retirement System (CalPERS) Rate	11.7%	12.6%	15.0%
California State Teacher's Retirement System (CalSTRS) Rate	9.50%	11.10%	12.70%
California Consumer Price Index (CPI)	2.10%	2.30%	2.50%
Enrollment	34,331	34,331	34,331
ADA	32,464	32,462	32,458

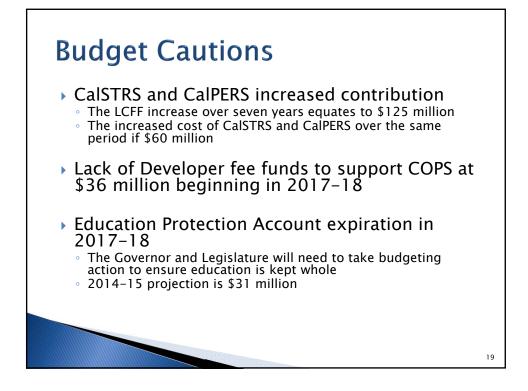
2014–15 Adopted Budget Revenue

Description	2014–15 Unrestricted	2014–15 Restricted	Total
LCFF Transition	\$269,232,220	\$0	\$269,232,220
Federal Revenue	70,176	40,196,755	40,266,931
State Revenue	5,179,722	35,839,454	41,019,176
Other Local Revenue	1,993,949	1,760,980	3,754,929
Total Revenues	\$276,476,067	\$77,797,189	\$354,273,256

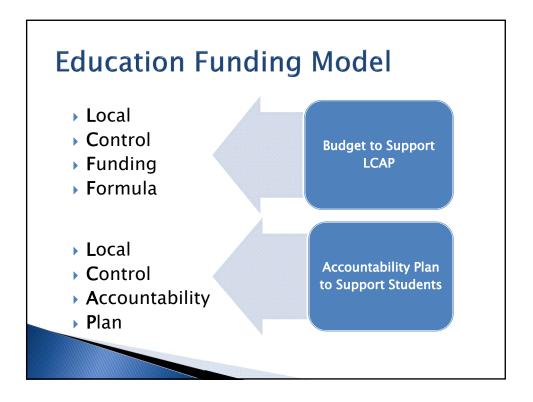
2014–15 Adopted Budget Expenditures			
Description	2014–15 Unrestricted	2014–15 Restricted	Total
Salaries and Benefits	\$196,025,795	\$78,707,434	\$274,733,229
Books and Supplies	6,879,378	12,936,954	19,816,332
Services, Other Operating Expenditures	20,571,579	17,547,112	38,118,691
Capital Outlay	0	2,000	2,000
Other Outgo	-2,730,020	2,791,417	61,397
Other Financing Sources	38,651,664	-34,187,728	4,463,936
Total Expenditures /Financing	\$259,398,396	\$77,797,189	\$337,195,585

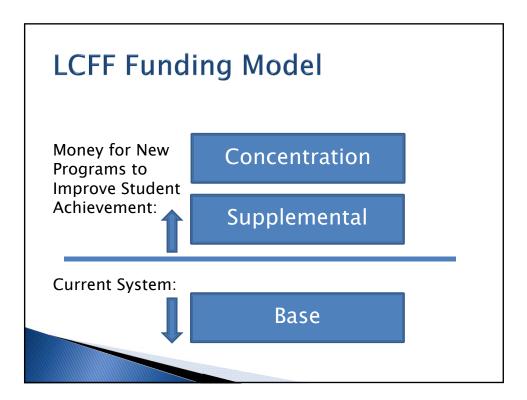
2014-15 Ending Fund Balance

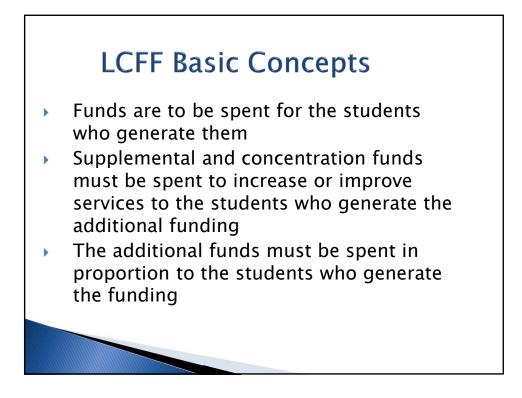
	Unrestricted	Restricted	Total
Beginning Fund Balance	\$43,398,927	\$0	\$43,398,927
Change in Funding Balance	<u>17,077,671</u>	<u>0</u>	<u>17,077,671</u>
Ending Fund Balance	\$ <u>60,476,598</u>	\$0	\$ <u>60,476,598</u>

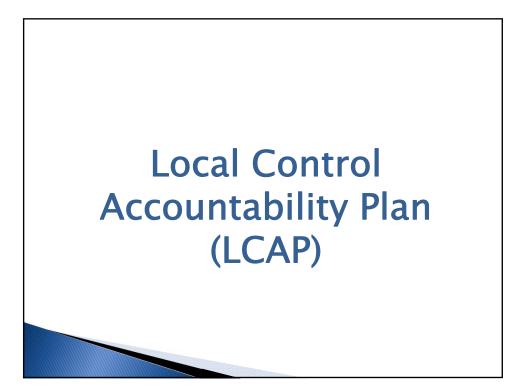










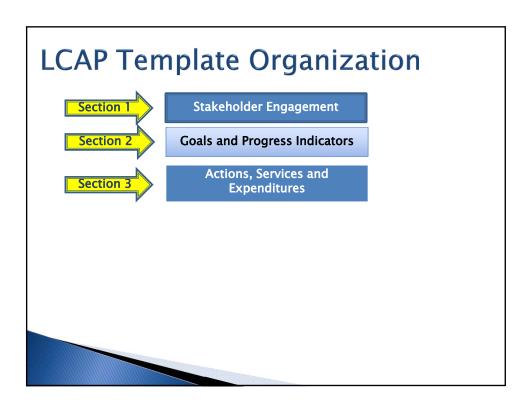




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- Adopted by State Board of Education as part of Emergency Regulations at January State Board of Education Meeting
- Emergency Regulations include:
 - Definitions
 - Proportionality Calculations
 - Criteria for District/Schoolwide or Charterwide use of funds



LCAP Requirements

- A three year plan
 - To be <u>updated annually</u>
 - Must include:
 - Annual goals, specific actions and services, expenditures
 - That address the eight state priority areas and any additional local priorities
 - For all pupils and each subgroup
 - A description of additional actions and services for "unduplicated pupils"
- Charter schools must address the priorities that apply for the grade levels served or the nature of the program
- The LCAP is required for both locally and direct-funded Charter schools.

