



2013-14

45 Day Budget Revision

Business Services
August 6, 2013

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This and other Financial & Budget documents of the Hemet Unified School District are posted on the web site:

<http://www.hemetusd.k12.ca.us/>

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2013-14 State Adopted Budget

STATE BUDGET SUMMARY

The 2013-14 State Budget Act (AB 110) and the Local Control Funding Formula trailer bill (AB 97) were both passed by the Legislature on June 14, 2013. The governor signed AB 110 on June 27th and AB 97 on July 1st. The Local Control Funding Formula (LCFF) will provide a new funding model for K-12 school districts. LCFF will fund schools with a base grant, a supplemental grant targeted toward students in economically disadvantaged, English learner, or foster child subgroups. Districts with a percentage of students in these groups higher than 55% will receive additional funding in the form of a concentration grant. Add-ons to the LCFF for K-3 class size reduction and high school level Career Technical Education (CTE) are also provided for. The new funding model will replace the former Revenue Limit formula funding and rolls in most state categorical programs including Economic Impact Aid and the majority of the Tier III grants.

The enacted budget also provides approximately \$200 per averaged daily attendance (ADA) to districts for Common Core implementation.

K-12 EDUCATION BUDGET REVISIONS

The 2013-14 state budget act added \$0.2 billion in total revenues provided to K-12 Education funding above what was included in the May Revise proposal. The enacted budget also contained some changes to the LCFF formula and Local Control Accountability Plan (LCAP) provisions from what was proposed in the May Revise. Those items are:

- An increase of more than \$500 per ADA to base grants
- Economic Recovery Target which will assure school districts with a low percentage of students in the targeted subgroups will receive annual increases to restore funding to undeficit 2012-13 levels of state aid and categorical funding at a minimum
- Supplemental grant decreased from 35% to 20% of base grant for unduplicated count of students in the three targeted subgroups
- Concentration grant changed from 35% of base grant for eligible students exceeding 50% of enrollment to 50% of base grant for eligible students above a 55% threshold
- Relaxed proportionality and removed maintenance of effort requirements, allowing districts to use concentration and supplemental grants for schoolwide and districtwide purposes
- LCAP goals changed to eight specific state priorities from local goals focused on student outcomes
- LCAP will require description of expenditures implementing specific actions
- Changed LCAP adoption cycle from every five years to every three years



District Budget

DISTRICT BUDGET REVISIONS SUMMARY

Hemet Unified 2013-14 adopted budget was based on the former revenue limit funding formula and assumed a 1.565% cost-of-living adjustment, as well as a 81.003% deficit factor. Converting from the revenue limit formula to the enacted budget's LCFF formula will result in a currently estimated increase of approximately \$3.7 million above adopted budget revenues. The district's adopted budget also did not account for the estimated \$200 per ADA for Common Core implementation. The district can expect approximately \$4.0 million in additional one-time revenue as a result of the CCSS funding. This revenue will be restricted and can be only used for technology, professional development and instructional materials related to Common Core State Standards (CCSS) implementation. The CCSS funds must be fully spent by June 30, 2015.

Combined General Fund

REVENUES

At the time of adoption of the 2013-14 budget in June 2014, Hemet Unified School District's Combined General Fund revenues, transfers in, and other sources were projected to be \$ 175.75 million. Based on initial calculations for LCFF and preliminary estimates for CCSS, the district can expect to increase 2013-14 revenues by \$7.7 million for a revised revenue budget total of \$183.45 million. The state has not yet released information on how districts are to transition former restricted revenues to the unrestricted general fund. In addition, we have not received account codes to use for the new funding. The district will postpone making any official changes to its 2013-14 budget until the state has provided that information.

EXPENDITURES

Revisions to expenditures related to the enacted budget and other factors will be addressed either when the state releases accounting information for the LCFF and CCSS funding or in the First Interim Report. An expenditure plan will need to be developed for the CCSS funding. The CCSS spending plan will need to be presented to the board for their approval at a public hearing.

OTHER SOURCES/USES/CONTRIBUTIONS

No changes are recommended for the Other Sources/Uses/Contributions categories at this time.

FUND BALANCE

No changes to the ending balance is projected at this time.

Restricted General Fund

No changes to the Unrestricted General Fund are proposed at this time.

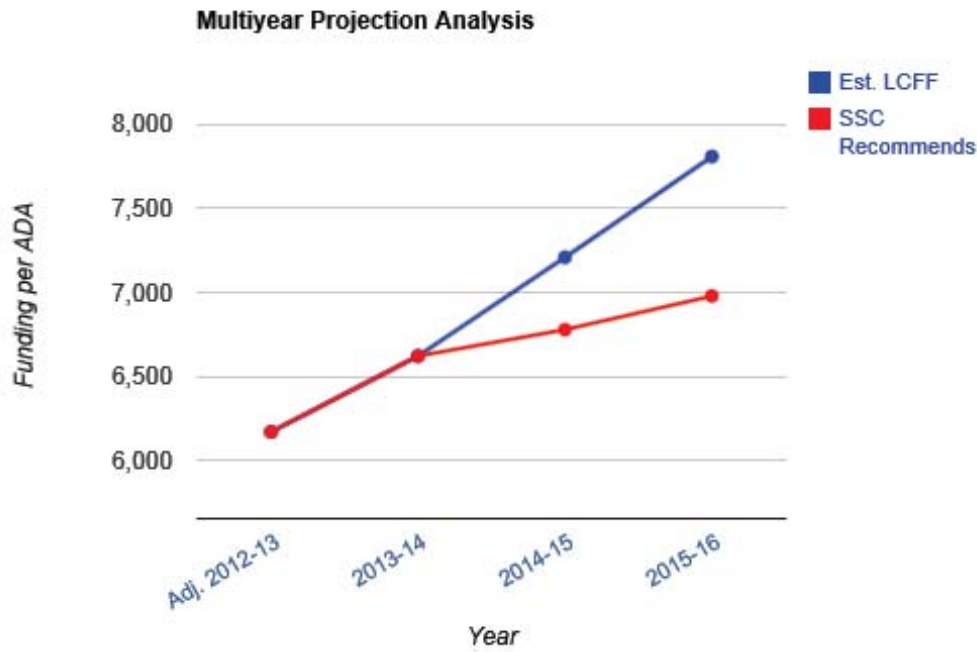
Other District Funds

No adjustments to other district funds are proposed at this time

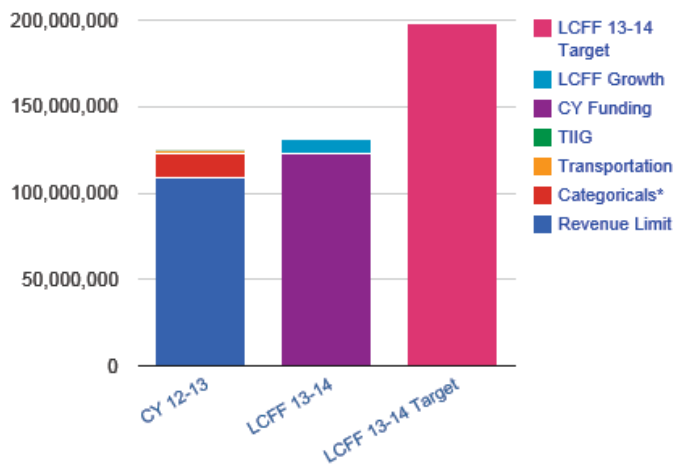


MULTIYEAR PROJECTION

	Adj. 2012-13	2013-14	2014-15	2015-16
Estimated LCFF Funding	6,173	6,624	7,210	7,809
SSC Recommends	6,173	6,624	6,780	6,980
Net Change per ADA		451	156	200
Net Percent Change		7.31%	2.36%	2.95%



LCFF Funding Analysis



LCFF Funding Analysis	
Revenue Limit	108,867,456
Categoricals*	13,877,687
Transportation	1,501,147
TIIG	375,152
CY 12-13	124,621,442
Adjusted 2012-13 Base†	122,500,128
LCFF 13-14 Target	198,475,532
LCFF Funding Gap	75,975,404
LCFF Growth	8,949,903
LCFF Growth Percent	7.31%
LCFF 13-14	131,450,031

* Categoricals include K-3 CSR, EIA and other categorical programs.

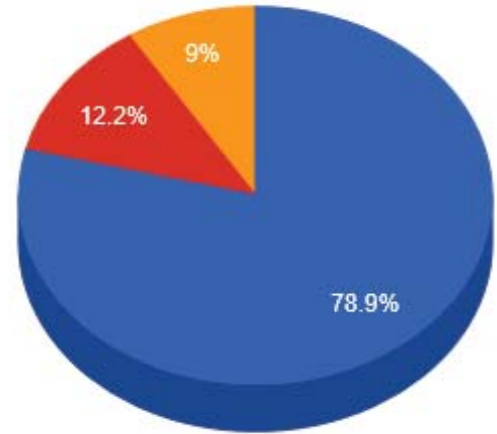
† Adjusted 2012-13 base includes prior year revenue limit adjusted for changes in enrollment and prior year categorical funds.

LCFF Entitlement Analysis

Component	Amount	Per ADA	Percentage
Base	156,557,049	\$7,889	78.88%
Supplemental	24,130,197	\$1,216	12.16%
Concentration	17,788,286	\$896	8.96%
Entitlement	198,475,532	\$10,001	100%

The Base amount includes the add-ons for TIIG and transportation.

LCFF Entitlement Components



■ Base ■ Supplemental ■ Concentration

LCFF Entitlement Details

Total ADA		Unduplicated SE: 78%				
Grade Span	ADA	Base	CSR	CTE	Supplemental	Concentration
K-3	6,112.00	42,491,383	4,419,104	-	7,318,036	5,394,706
4-6	4,353.00	30,713,552	-	-	4,791,314	3,532,058
7-8	2,890.00	20,998,625	-	-	3,275,785	2,414,842
9-12	6,490.00	54,637,511	-	1,420,575	8,745,062	6,446,680

The amounts above do not include the add-ons for transportation or TIIG.

The simulator does not account for property tax revenues, education protection account revenues or any other revenue offsets. The calculations are based on the LCFF calculations in Assembly Bill 97 (Chapter 47, Statutes of 2013) as approved by Governor Brown on July 1, 2013. The simulator does not calculate or account for a district's Economic Recovery Target, a scenario that only affects a few dozen school districts.

The Legislative Analyst's Office estimates that gap to full implementation of the LCFF is closed by roughly 12.00% in 2013-14. While the compromise proposal agreed to by the Legislature and Governor increases the cost of full implementation, it also increases 2013-14 Proposition 98 revenues allocated to the first year of implementation.