

First Rebenching Meeting

December 12, 2016

Agenda

- 1. Welcome Introduction** **Steve Olmos & Norma Del Rio**

- 2. Anticipated Changes Next Year:** **Mary-Anne Bosward**
 - a. 172 classes vs. 170 classes projected
 - b. Status of county-wide salary comparison
 - c. Summary of Major Changes attachment

- 3. How we ended FY 15-16** **Mary-Anne Bosward**

- 4. Part C to Part B Study Group** **Michelle Oliver**

- 5. Future Re-benching Meeting Dates:**
 - February 8, 2016 from 10 a.m. to 12 p.m. – Morgan Hill Room
 - March 6, 2017 from 1 p.m. to 3 p.m. – Morgan Hill Room


 Santa Clara County Office of Education

TEACHERS' SALARY COMPARISON - NOVEMBER, 2016

	SCHOOL DISTRICT	BA+30	SCHOOL DISTRICT	BA+45	SCHOOL DISTRICT	BA+60
1.	MV/LA HSD	\$74,858	MV/LA HSD	\$93,313	MV/LA HSD	\$119,118
2.	PAUSD	\$63,197	PAUSD	\$80,872	PAUSD	\$100,603
3.	LG/S HSD	\$62,976	LG/S HSD	\$79,520	LG/S HSD	\$99,750
4.	Saratoga *	\$61,755	Santa Clara Unif.	\$73,287	FUHSD	\$93,683
5.	Santa Clara Unif.	\$61,071	FUHSD	\$72,402	Santa Clara Unif.	\$92,322
6.	FUHSD	\$60,125	Saratoga *	\$72,271	ESUHSD	\$90,881
7.	Los Gatos USD	\$58,752	Metro-ED*	\$71,336	Saratoga *	\$89,687
8.	Sunnyvale *	\$58,714	ESUHSD	\$69,802	Evergreen SD	\$88,414
9.	Metro-ED*	\$58,632	Fr-McK SD	\$68,344	Milpitas USD*	\$87,693
10.	Cupertino *	\$58,388	Sunnyvale *	\$67,871	SCCOE	\$85,420
11.	Campbell ELEM	\$58,098	SCCOE	\$67,131	Orchard *	\$85,311
12.	Campbell UHSD	\$57,013	Los Gatos USD	\$66,230	Campbell ELEM	\$85,236
13.	SCCOE	\$56,673	Campbell UHSD	\$65,986	Sunnyvale *	\$85,060
14.	Mt.View-Whisman	\$56,384	San Jose USD	\$65,702	Campbell UHSD	\$85,047
15.	ESUHSD	\$56,136	Cupertino *	\$65,670	Cupertino *	\$84,611
16.	Evergreen SD	\$56,039	Mt.View-Whisman	\$65,518	Fr-McK SD	\$84,111
17.	Moreland SD	\$55,266	Campbell ELEM	\$65,267	Los Gatos USD	\$83,779
18.	Fr-McK SD	\$55,142	Luther Burbank SD	\$64,776	Mt.View-Whisman	\$83,192
19.	Berryessa USD*	\$55,029	Evergreen SD	\$64,432	Metro-ED*	\$82,629
20.	San Jose USD	\$54,958	Mt. Pleasant SD	\$64,291	Alum Rock SD	\$82,527
21.	Milpitas USD*	\$54,747	Alum Rock SD	\$64,204	Luther Burbank	\$81,327
22.	Mt. Pleasant SD	\$54,696	Oak Grove SD	\$64,021	Oak Grove SD	\$80,798
23.	Oak Grove SD	\$53,452	Orchard *	\$64,005	Los Altos SD*	\$78,456
24.	Alum Rock SD	\$53,010	Milpitas USD*	\$63,961	San Jose USD	\$79,132
25.	Luther Burbank SD	\$51,597	Berryessa USD*	\$63,418	Berryessa USD*	\$78,140
26.	Los Altos SD*	\$50,801	Moreland SD	\$62,552	Moreland SD	\$77,714
27.	Morgan Hill USD	\$50,365	Los Altos SD*	\$60,108	Mt. Pleasant SD	\$75,685
28.	Gilroy USD	\$49,748	Morgan Hill USD	\$58,920	Morgan Hill USD	\$74,554
29.	Orchard *	\$48,500	Gilroy USD	\$56,845	Gilroy USD	\$73,285
	Average (- \$100)	\$56,763	Average (- \$526)	\$67,657	Average (- \$379)	\$85,799
	Median (+ \$537)	\$56,136	Median (+ 1,461)	\$65,670	Median (+ \$809)	\$84,611

*Salary schedule is not comparable due to step limitations or unit requirements other than 30, 45 and/or 60.

Santa Clara County  Office of Education

SPECIAL EDUCATION
AGES 3-22 PROGRAM BUDGET SPENDING
FY 2015-16 Year End Analysis

Year End Fund Balance	\$	3,626,713	
Exclude:			
		(715,908)	Portion of SCCOE LCFF supplemental & concentration from SCCOE Alt Ed students
		(40)	Misc. adjustment to federal grant award
		(1,641,297)	Reserve to retain based on FY 15-16 2% of expenditures
Adjusted Year End Balance	\$	<u>1,269,468</u>	To be returned to districts in accordance with SELPA agreement

AGES 3-22 PROGRAM - SUMMARY OF YEAR END FUND BALANCE

FY 2011-12 through FY 2015-16

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Adjusted Year-End Fund Balance	\$ 611,043	\$ 1,875,775	\$ 6,234,305	\$ 2,129,399	\$ 2,910,765
2% Reserve Calculation (2% of Expenditures)	1,500,479	1,465,181	1,538,298	1,594,872	1,641,297
Amount in Excess (Deficit) of 2% Reserve	\$ -	\$ 410,594	\$ 4,696,007	\$ 534,527	\$ 1,269,468

Student Services Branch
Alternative Education Department

ATTENDANCE & ENROLLMENT FOR COMMUNITY SCHOOLS (District Subsidy)

Date: **Wednesday, January 04, 2017**

Districts	Slot	Edge (4)		Odyssey (2)		Snell (4)		Sunol (2)		Ind Study (1)		TOTAL	
		Att	Enr	Att	Enr	Att	Enr	Att	Enr	Att	Enr	Att	Enr
Alum Rock	6											0	0
Berryessa	4							2	2			2	2
Campbell Union	2							3	4			3	4
Campbell Union HS	15	3	5			5	7					8	12
East Side Union HS	50	4	10			13	18			1	2	18	30
Evergreen	2											0	0
Franklin-McKinley	1							0	1			0	1
Fremont Union HS	2	1	1									1	1
Gilroy Unified	12	0	1	3	4	1	1	1	2			5	8
Los Altos	1											0	0
Los Gatos-Saratoga	0											0	0
Milpitas Unified	5					1	2			1	1	2	3
Morgan Hill Unified	15			2	7	4	4	1	2	2	2	9	15
Mt. Pleasant	2											0	0
Mtn.View/Los Altos	2											0	0
Oak Grove	2							1	1			1	1
Orchard	1							1	1			1	1
Palo Alto	2											0	0
San Jose Unified	23	2	2			12	16	9	14	1	1	24	33
Santa Clara Unified	8	1	1			1	2					2	3
Sunnyvale	2											0	0
Union	1											0	0
TOTAL	158	11	20	5	11	37	50	18	27	5	6	76	114

Percentage of Attendance **55%** **45%** **74%** **67%** **83%** **67%**

() = Teachers



Memorandum of Understanding

Between

**School District
and the
Santa Clara County Office of Education**

For Provision of Community School Services

This Memorandum of Understanding (“Agreement” or “MOU”), is made and entered into this July 1, 2016 between **School District** (“School District”) and the Santa Clara County Office of Education (“SCCOE”), regarding SCCOE providing community school services to School District.

RECITALS

WHEREAS, the SCCOE operates community schools which provide services (“Community School Services”) for students of Santa Clara County; and

WHEREAS, the SCCOE is able to fund Community School Services on an ongoing basis only if enrollment is sufficient to generate state Average Daily Attendance (ADA) funding adequate for a significant portion of such ongoing operations; and

WHEREAS, the SCCOE is not funded by the State and/or Federal government sufficiently to provide Community School Services without a financial contribution from each community school student’s district of residence to cover the difference between projected revenues and actual expenses; and

WHEREAS, the School District desires to have access to the Community School Services for its resident students; and

WHEREAS, in order to properly budget for Community School Services, the SCCOE needs to know at least 60 days prior to the beginning of each school year how many of the School District's resident students will participate in the SCCOE's community schools.

NOW, THEREFORE, in consideration of the mutual agreements and promises set forth below, the SCCOE and the School District agree as follows:

1. Designation of Students. No later than April 15th of each year, School District shall notify the SCCOE in writing of the projected number of students School District intends to enroll with the SCCOE for SCCOE to provide education at the SCCOE community schools during the ensuing school year. This designation requirement shall not apply to special education students placed in a Community School Special Day Class, as the funding for these services is provided in each SELPA's Budget Allocation Plan, the Individuals with Disabilities Education Act and by implementing California statutes.

2. Provision of Services. Upon payment described below, the SCCOE shall provide Community School Services in the ensuing school year for the number of students designated by School District pursuant to Paragraph 1.

3. Payment for Services. Subject to Paragraph 4, for 2016-17 and effective July 1, 2016, the School District shall pay the SCCOE an initial per-allotment amount of Three Thousand Five Hundred and Seven Dollars (\$3,507.00) for the SCCOE's Community School Services. The per-allotment amount is based on 180 days of student attendance and effective July 1, 2016. For the ensuing school year (2016-17), the School District hereby designates ___ total students, resulting in a total payment of **\$.00** for attendance in the SCCOE community schools. Of this total, students are projected to attend community schools for 180 days. All payments shall be recorded by the SCCOE with a journal posting, by the SCCOE during the month of November of each school year in which the School District elects to designate students for attendance in the SCCOE community schools.

4. Upward Adjustment of Payment. The per-allotment payment described in Paragraph 3 represents only the projected difference between the actual cost to provide services to each student, less the per student Average Daily Attendance (ADA) funding received. Therefore,

the per-allotment payment described in Paragraph 3 is subject to upward adjustment by SCCOE should absences or lack of enrollment result in lower governmental funding, or if the projected difference is otherwise greater than anticipated. Should any upward adjustment be necessary, it shall be applied to the School District on a per-allotment basis. The School District shall only be responsible for its own portion of the shortfall as generated by its allotment commitment and actual usage in relation to the difference between the per student ADA funding and actual expenses to provide community school services. Payments for any required adjustment shall be processed when adjustment becomes necessary, but only after the School District has been notified in writing. The written notification shall be given no later than August 15th of each year.

5. Payments Non-Refundable. Once the School District has notified the SCCOE of the number of student slots secured for the SCCOE community schools and based on the associated budget, the School District payment made pursuant to Paragraph 3 of this MOU shall be non-refundable, regardless of the number of students in attendance. School District acknowledges that these provisions, prohibiting refunds is necessary since SCCOE will have incurred expenses in reliance on the slots requested by School District. Should the School District have excess slots, the SCCOE, in its sole discretion may make efforts to offer this excess capacity to other school districts who have entered into like MOUs with the SCCOE for provision of Community School Services (“Participating School Districts”), in order to lessen the payment obligation of the School District. School District acknowledges, that SCCOE has no affirmative duty to offer the excess capacity to other school districts, but may do so in its sole and exclusive discretion.

6. Additional Students. The SCCOE, at its sole and exclusive discretion, may offer Community School Services to more students from School District than were designated pursuant to Paragraph 1 (“Additional Student(s)”). For each Additional Student admitted by the SCCOE to the SCCOE program pursuant to this paragraph, the School District shall make payment in an amount to be determined solely by the SCCOE. SCCOE’s determination shall be based on the difference between the actual increased cost associated with the individual Additional Student, less any additional State and /or Federal funding received by the SCCOE associated with the Additional Student. The SCCOE shall notify the School District within thirty (30) days of the School District’s request for Community School Services for Additional Students as to whether such services will be made available, and as to the estimated cost per Additional Student. Upon the School District’s acceptance of the cost per allotment for the Additional Student(s) as

confirmed in writing by the School District, the SCCOE shall record a journal posting pursuant to Paragraph 3 of this Agreement within thirty (30) days of this written confirmation. This amount will then be adjusted either upward or downward once the appropriate charge per Additional Student, calculated pursuant to this paragraph, is determined by the SCCOE. Payment corresponding to this adjustment, if necessary, shall be made by August 15th of each school year.

7. Monthly Notice. The SCCOE shall notify the School District on a monthly basis of the number of students that the School District has in attendance at the SCCOE community school facilities and/or programs pursuant to this Agreement, the ADA it has generated, and how many designated spaces remain available for the School District for that school year. This notice shall be given by the SCCOE within twenty (20) days of the end of the previous school attendance month.

8. District Release. Only students released by their district of residence will be enrolled in community schools. A released student will be continuously enrolled for the entire school year, including July, 2017 unless the district withdraws the student or the student is terminated by community schools.

9. Notice to the Parties. Notices required under this MOU shall be sent to the parties by certified, registered, US mail or email, return receipt requested, postage prepaid, at the addresses set forth below, provided however, that the monthly notices may be provided via e-mail with the mutual agreement of the Parties:

Notice to the SCCOE:

SCCOE	
CONTACT PERSON	Erona Arroyo
STREET ADDRESS	1290 Ridder Park Dr.
CITY, STATE, ZIP	San Jose, CA 95131
TELEPHONE	408-453-6550 FAX 408-453-6548
EMAIL ADDRESS	Erona_Arroyo@sccoe.org

Notice to the School District:

SCHOOL DISTRICT	
CONTACT PERSON	
STREET ADDRESS	
CITY, STATE, ZIP	
TELEPHONE/ FAX	
EMAIL ADDRESS	

10. Amendment. The terms of this Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written agreement signed by the parties.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties, and supersedes any prior agreement or understanding. There are no understandings, agreements, representations or warranties, expressed or implied, not specified in this Agreement.

12. Construction of Agreement. The language of all parts of this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for or against either party.

13. Counterparts. This Agreement may be executed in counterparts such that the signatures may appear on separate signature pages. An original, with all signatures appended together shall be deemed a fully executed Agreement.

14. Successors. Should School District reorganize in accordance with state statutes, this Agreement shall be considered a liability of School District, not the SCCOE, and shall be carried by the successor school district or districts.

The parties represent that they are authorized to enter into this Agreement, and further that the individuals signing below are authorized to execute this Agreement on behalf of the respective parties.

Santa Clara County Office of Education

X _____ Date: __/__/____
District Authorized Signature

Print Name, Title

_____/_____
Phone / Fax

Email

X _____ Date: __/__/____
Steve Olmos, Ed.D.
Chief Schools Officer

**Santa Clara County Office of Education
CBO Meeting**
January 19, 2017



State Budget Proposal

Presented by:
Robert D. Miyashiro,
Vice President

**School
Services
of California
INC.**
An Employee-Owned Company



**Themes for the 2017-18
Governor's Budget**

- Economic conditions continue to define options for the state
- Proposition 98 still controls education funding
- We expect major political and legislative challenges, particularly at the federal level
- The Local Control and Accountability Plan continues to evolve
- Execution of the Budget will present operational issues in several areas
- The road behind us has been filled with highs and lows – the road ahead will be equally uncertain

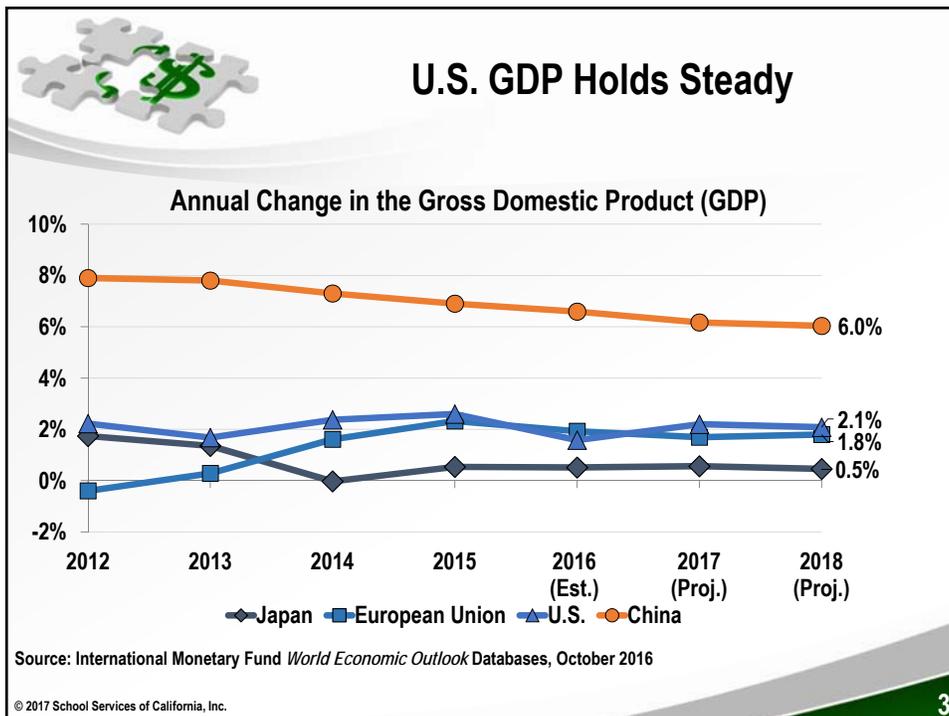
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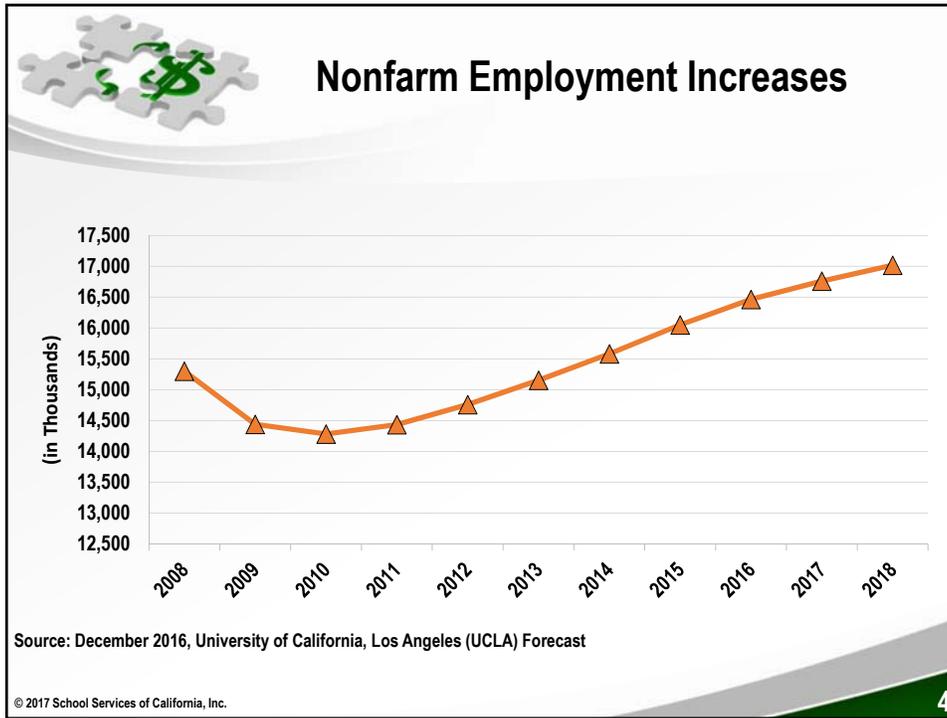


U.S. Economy Outlook

- ❁ **Big changes bring lots of questions for California**
 - The Federal Reserve raises the federal funds rate
 - Housing prices are continuing to rise
 - Though continued growth might be impacted by higher mortgage rates
 - The stock market continues to soar
 - More than 12 million jobs have been added since the end of the recession
 - Wages have started to pick up
 - And let's not forget Donald Trump!
- ❁ **Uncertainty is the word of the day . . .**

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CalPERS Reduces Assumed Rate of Return

- CalPERS reduced its investment return assumption by 0.5%, from 7.5% to 7.0%
 - CalPERS estimates that for every 0.25% reduction in its assumed rate of return on investments, a 1% increase in the school and community college employer contribution rate would be required to maintain the funded level
 - Impact to school employers will start in 2018

	7.5% Assumed Rate of Return	7.25% Assumed Rate of Return	7.0% Assumed Rate of Return
Funded Status of Schools Pool	77%	75%	73%
Employer Normal Cost (part of contribution rate calculation)	8.2%	9.2%	10.1%

- Bottom line – even with big increases in contributions the unfunded liability continues to grow

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2017-18 General Fund Budget Summary

	2016-17	2017-18
Prior-Year Balance	\$5,023	\$1,027
Revenues and Transfers	\$118,765	\$124,027
Total Resources Available	\$123,788	\$125,054
Non-Proposition 98 Expenditures	\$72,431	\$71,169
Proposition 98 Expenditures	\$50,330	\$51,351
Total Expenditures	\$122,761	\$122,520
Fund Balance	\$1,027	\$2,534
Reserve for Liquidation of Encumbrances	\$980	\$980
Special Fund for Economic Uncertainties	\$47	\$1,554
Budget Stabilization Account/Rainy Day Fund	\$6,713	\$7,869

- **General Fund expenditures actually *decline* slightly from 2016-17 levels**
- **State's reserves reach 63% of the constitutional target of 10% of tax revenues**

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Proposition 98

- ❁ **Proposition 98 was adopted by state voters in 1988 as a constitutional minimum guarantee in funding for K-12 education and community colleges**
 - Purchasing power would be maintained as funding must be adjusted for workload growth and inflation
- ❁ **Unfortunately the minimum guarantee has functioned as a maximum funding level, with the Legislature rarely having passed a Budget that appropriated more than the minimum level required by law**
- ❁ **Nevertheless, in recent years, K-14 education has seen unprecedented boosts in funding as the economy has strengthened and the amounts owed to schools have been repaid (i.e., the Maintenance Factor)**
- ❁ **This boom, however, may have come to an end in 2017-18**

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Proposition 98

- ❖ The Governor's Budget proposes a revised current-year Proposition 98 guarantee of \$71.4 billion
 - A decrease of \$506 million from the enacted Budget due to lower-than-expected General Fund tax revenues, which declined by \$5.8 billion over the three-year budget period
- ❖ The Budget proposes Proposition 98 funding of \$73.5 billion in 2017-18, down \$953 million from the forecast level accompanying the enacted Budget
 - Funding is based on Test 3 (per capita General Fund revenues, plus 0.5%)
 - The average daily attendance (ADA) is expected to drop slightly by 0.01%
- ❖ Maintenance Factor increases by \$264 million for a total of \$1.6 billion by the end of 2017-18
 - Due to the operation of Test 3

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Transition From Proposition 30 to Proposition 55

- ❖ Does Proposition 55 increase education funding?
 - Whether Proposition 98 will increase or how much your local educational agency (LEA) will receive is an unknown
 - What we do know is that any increase in funding to the state will positively impact school funding
 - An increase in state revenues will benefit Proposition 98 and elevate revenues for schools above where they would be without the tax extension
 - The actual amount of money received by LEAs will depend on:
 - Which Proposition 98 test is in effect
 - How much funding the Legislature appropriates for the Local Control Funding Formula (LCFF)
 - Your district's unduplicated pupil percentage (UPP)

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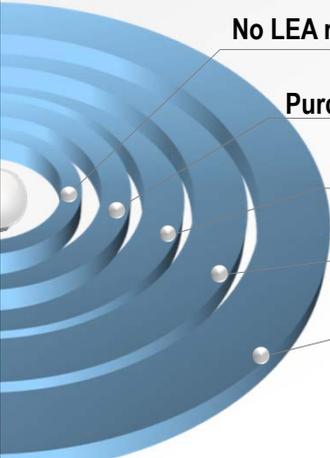
Cap on District Reserves

- ✿ The four conditions that could ultimately trigger the cap on district reserves are:
 - Fully pay outstanding Maintenance Factor of \$6.2 billion from 2014-15
 - Not met: \$543 million outstanding at the end of 2017-18
 - Proposition 98 funding based on Test 1
 - Not met: Funding based on Test 3 in 2017-18
 - Fully fund ADA growth/decline and statutory cost-of-living adjustment (COLA)
 - Met: ADA decline of 0.01% and statutory COLA of 1.48% fully funded
 - Capital gains tax revenues account for more than 8% of tax revenues
 - Met: Capital gains revenues account for 8.8% of tax revenues in 2017-18
- ✿ While the cap on district reserves will not be imposed in the near future, this remains a looming threat to district budgets and should be repealed or significantly amended

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Goals of the LCFF and Its Implementation



- No LEA receives less than 2012-13
- Purchasing power restored to pre-recession levels
- Equalization – Core funding same for all
- Equity – More services for higher needs
- Full implementation by 2020-21

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2017-18 Local Control Funding Formula

- The Budget proposes \$744 million for continued implementation of the LCFF
- New funding is estimated to close the gap between 2016-17 funding levels and LCFF full implementation targets by 23.67%
- 96% of the gap closed in the first five years, but . . .
 - No change from 2016-17
 - New LCFF allocation only sufficient to pay cost of the COLA increase to the grade span per-ADA rates
- The LCFF base grant targets are adjusted for an estimated 1.48% COLA in 2017-18
- 2017-18 LCFF growth provides an average increase in per-pupil funding of \$132 per ADA
 - Individual results will vary

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2017-18 LCFF Target Funding Factors

- The K-12 COLA is 1.48% for 2017-18, and is applied to the LCFF base grants for each grade span

Grade Span	2016-17 Base Grant per ADA	1.48% COLA	2017-18 Base Grant per ADA
K-3	\$7,083	\$105	\$7,188
4-6	\$7,189	\$106	\$7,295
7-8	\$7,403	\$110	\$7,513
9-12	\$8,578	\$127	\$8,705

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2017-18 LCFF Target Funding Factors

Two grade span adjustments (GSAs) are applied as percentage increases against the adjusted base grant, also receiving the benefit of a 1.48% COLA in 2016-17

- Grade K-3 – 10.4% increase for smaller average class enrollments
- Grades 9-12 – 2.6% increase in recognition of the costs of Career Technical Education CTE coursework

Grade Span	2017-18 Base Grant per ADA	GSA	2017-18 Adjusted Base Grant
K-3	\$7,188	\$748	\$7,936
4-6	\$7,295	-	\$7,295
7-8	\$7,513	-	\$7,513
9-12	\$8,705	\$226	\$8,931

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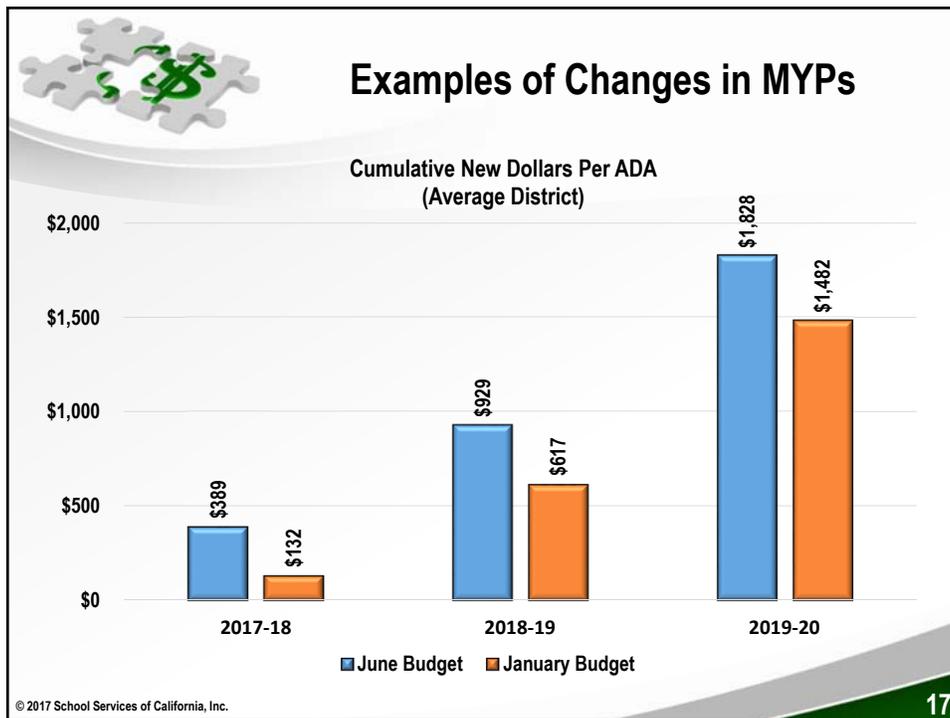
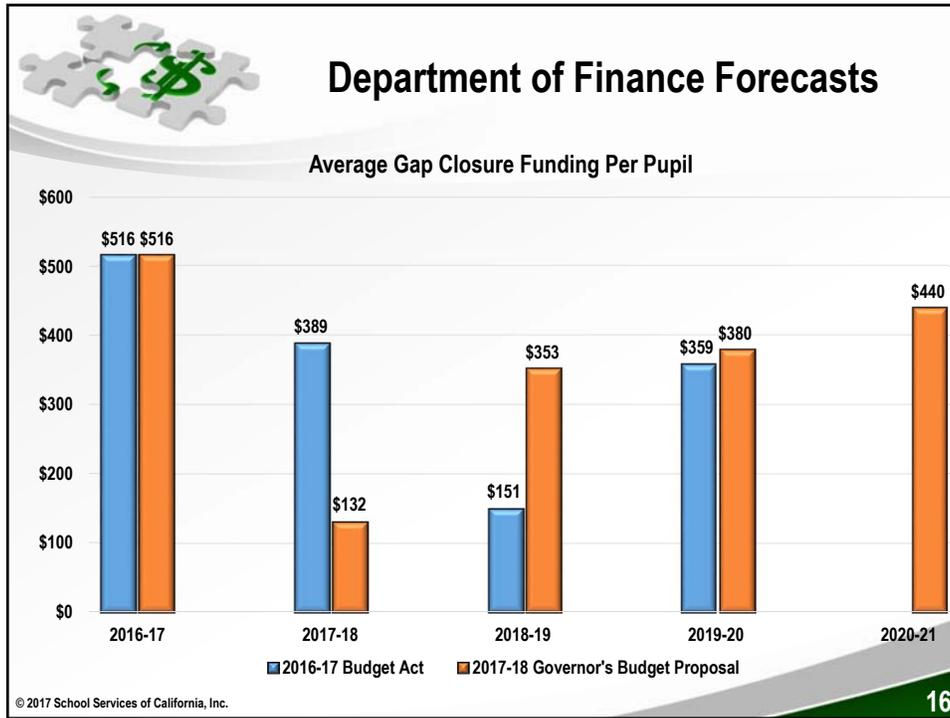


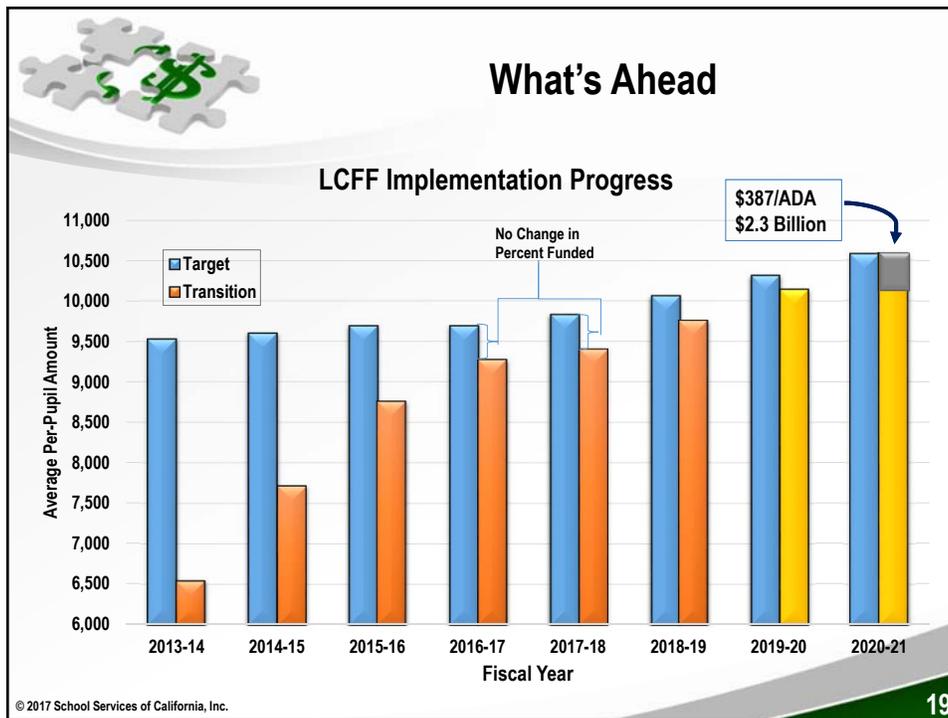
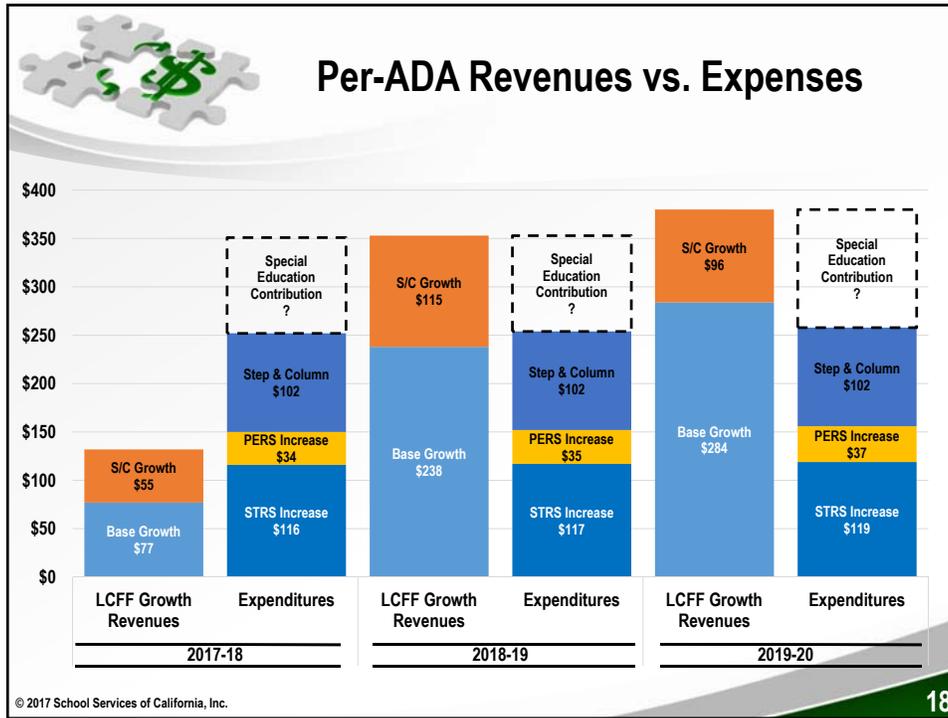
2017-18 LCFF Target Funding Factors

Supplemental and concentration (S/C) grants are calculated based on the percentage of an LEA's enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth – the UPP

Grade Span	2017-18 Adjusted Grants per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$7,936	\$1,587	\$3,968
4-6	\$7,295	\$1,459	\$3,648
7-8	\$7,513	\$1,503	\$3,757
9-12	\$8,931	\$1,786	\$4,466

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Apportionment Deferrals

- ❁ The Governor's State Budget proposes to re-establish apportionment deferrals, shifting \$859.1 million in LCFF costs from June 2017 to July 2017
 - Department of Finance (DOF) officials indicate that this deferral will be paid along with the July 2017 apportionment
 - Results from reductions to the Proposition 98 guarantee in 2015-16 and 2016-17
 - Rather than reduce each month's apportionment, the entire amount is taken in June
- ❁ Recall that, in 2015-16, the Governor eliminated the final piece of outstanding deferrals by shifting an \$897.2 million deferred payment from July 2016 back to June 2016 as part of his plan to pay down the wall of debt
- ❁ How bad did it get?
 - In 2011-12, inter-year deferrals reached a peak of \$9.5 billion, or about 20% of the annual payment to schools

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Apportionment Deferrals

- ❁ How can I calculate my cash deferral?
 - Based on the 2016-17 Advanced Apportionment, the state anticipates making state aid payments of \$33.9 billion to LEAs in 2016-17
 - 9% of payments are made in June which translates to \$3.05 billion
 - If the state plans to defer \$859.1 million, approximately 28% of the expected payment will be deferred to July 2017
- ❁ An original cash flow schedule can be found on the California Department of Education website at <http://www.cde.ca.gov/fg/aa/pa/papayschedule.asp>

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One-Time Discretionary Funds

- ✿ The Governor’s Budget proposes \$287 million in one-time funds for school districts, county offices of education (COEs), and charter schools in 2017-18
 - This equates to approximately \$48 per ADA
 - Expenditure of these funds is determined by the local governing board and can be used for any one-time purpose
- ✿ Like prior years, these funds will offset LEAs’ outstanding mandate reimbursement claims on a dollar-for-dollar basis
 - According to the Legislative Analyst’s Office, \$1.9 billion in claims will remain outstanding at the end of the current year
- ✿ Because all LEAs receive these one-time discretionary funds, regardless of their outstanding mandate claims, in our view these funds should not be counted as meeting this state constitutional obligation

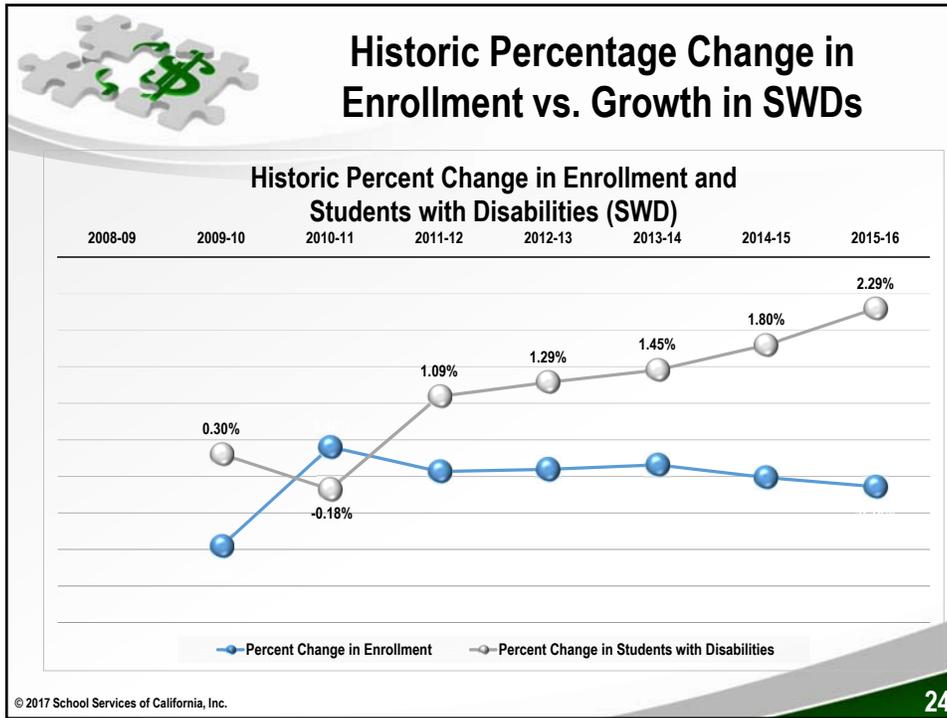
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Special Education

- ✿ The Governor’s Budget includes no new funding for special education programs beyond the 1.48% COLA
 - Estimated at \$7.88 per ADA
- ✿ Special education funding is reduced by \$4.9 million due to a projected decrease in statewide ADA in 2017-18
 - Though statewide ADA is projected to decrease, student enrollment in special education continues to grow
 - The latest data shows special education enrollment grew by 2.29% between 2014-15 and 2015-16 while enrollment statewide declined by 0.14% in the same period
- ✿ Assembly Bill (AB) 602 statewide target rate increases to \$540.56 per ADA

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Child Care

The 2017-18 Budget fulfills the 2016-17 budget obligations, including an adjustment to the Regional Market Rate (RMR) and a 5% increase to the Standard Reimbursement Rate (SRR)

Rates	2017-18
RMR*	Greater of: <ul style="list-style-type: none"> 75th percentile of 2014 RMR survey, or RMR ceiling survey as of December 31, 2016
SRR	\$40.20/student per day or \$10,050/student per year
License-exempt**	Not to exceed 70% of FCCH

*After June 30, 2018, RMR ceiling is established at 75th percentile of the 2014 RMR survey for that region
 **FCCH: Family child care home rate

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State Preschool

- ✿ The 2017-18 Budget includes the following provider rates for State Preschool

SRR	Daily per ADA	Annual per ADA
Part-Day Preschool	\$25.06	\$4,385.50
Full-Day Preschool	\$40.46	\$10,115
- ✿ The Budget does not provide additional funding for the planned increase of 2,959 in preschool slots in 2017-18, as the Administration proposes to “pause” the implementation of the 2016-17 three-year child care and early childhood education package

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Proposition 39 (2012)

- ✿ Proposition 39 – The California Clean Energy Jobs Act provides funding for K-12 and community colleges for energy efficiency projects
 - Governor Brown proposes allocating:

<u>K-12 (School Districts and Charter Schools)</u> • \$422.9 million	<u>Community Colleges</u> • \$52.3 million
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 - The last date to submit Energy Expenditure Plans is August 1, 2017
 - This is to ensure that all funds are encumbered by the statutory deadline of June 30, 2018
 - All projects must be completed by June 30, 2020

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2016 Elections – California Legislature

- ✿ If voting as a unified block, a supermajority allows the majority party, without votes from the minority party, to approve legislation requiring the higher vote threshold, such as:
 - Pass tax increases
 - Place constitutional amendments on the ballot
 - Approve urgency measures
- ✿ Despite solid Democratic control of both houses, different political and policy interests could make using the supermajority status difficult
 - However, it will make majority vote legislation, which is most legislation including the State Budget, relatively easy to pass while allowing some Democratic legislators to vote against the majority
- ✿ Another group to watch is the Latino Caucus, which includes numerous committee chairs and both houses' top Democrat

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Legislative Agenda for 2017

- ✿ Like the Early Education Block Grant or California State Teachers' Retirement System (CalSTRS) full funding, Governor Brown has kicked off a conversation around special education finance
 - Two recent studies with very different sets of recommendations were cited by the Governor to open this stakeholder conversation
 - Common recommendations between the two studies include the need to equalize special education funding around the state and provide funding for infants and preschoolers with disabilities
 - Both of these concepts have been proposed by the Legislature, but not approved by the Governor
 - Legislators and education stakeholders alike will weigh in over the next few months about the current state of special education funding, potentially both in the context of the State Budget and new legislation

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Special Education Reports

PPIC Report	Statewide Task Force
AB 602 funding is inequitable	AB 602 funding is inequitable
AB 602 is underfunded	AB 602 is underfunded
Better support of preschool and Infant students with disabilities is needed	Preschool funding has to be a priority
	Fix the inherent problems in the infant funding structure

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Legislative Agenda for 2017

- ✿ **Early Childhood Education**
 - The Assembly Budget Committee Chair Phil Ting set a State Budget priority of expanding access to early education and requiring full-day kindergarten throughout the entire state
 - Additionally, Speaker Anthony Rendon has called for a Blue Ribbon Commission on Early Care and Education to improve services for children birth to age 3 and to explore how the state can provide preschool for all 4-year-olds
- ✿ **College and career pathways**
 - Proposals to strengthen and expand the connection between K-12 and higher education is expected from the higher-education-focused Senate leader
- ✿ **Affordable housing**
 - Already several measures have been introduced to tackle affordable housing, including a proposal by Assembly Member Tony Thurmond to create affordable rental housing for educators

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Court Cases – Past, Present, and Future

Friedrichs v. California Teachers Association (2015)

- ✿ Expect state lawmakers to proactively address this issue before it can be decided by SCOTUS when a similar case comes before the court
- ✿ Assembly Member Jim Cooper (D-Elk Grove) has already introduced a “spot” bill to find a California legislative solution
- ✿ Prior concepts included mandated new employee orientations with the right of unions to meet with these employees
- ✿ Governor Brown will be critical to the final outcome



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CalPERS Rate Increases

- ✿ The employer contribution to California Public Employees’ Retirement System (CalPERS) is proposed to increase to 15.8% in 2017-18, up from 13.888% in 2016-17
- ✿ “Classic” members continue to pay 7.0%
 - New members pay 6.0%, which may fluctuate from year-to-year based on the Public Employees’ Pension Reform Act (PEPRA) requirement to pay half the normal cost rate
- ✿ Estimates of the resulting future contribution rate increases for school employers, which reflect the reduction in the investment return rate, are as follows:

Actual	Projected				
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
13.888%	15.8%	18.7%	21.6%	24.9%	26.4%

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CalSTRS Rate Increases

- ✿ Employer rates are increasing to 14.43% in 2017-18, up from 12.58% in 2016-17
 - No specific funds are provided for this cost increase
- ✿ Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

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Minimum Wage

- ✿ Senate Bill 3 (Chapter 4/2016) which was signed by the Governor in April 2016 gradually increases California's minimum wage and provides clarity on exempt employees

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees
\$10.50/hour	January 1, 2017	January 1, 2018
\$11.00/hour	January 1, 2018	January 1, 2019
\$12.00/hour	January 1, 2019	January 1, 2020
\$13.00/hour	January 1, 2020	January 1, 2021
\$14.00/hour	January 1, 2021	January 1, 2022
\$15.00/hour	January 1, 2022	January 1, 2023

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Mandate Block Grant

- ✿ The Budget for the Training for School Employee Mandated Reporters program increases the Mandate Block Grant (MBG) by \$8.5 million, for a total of \$226.5 million
 - This amounts to an additional \$1.40 per ADA (estimate)
 - Current rates are:

Grade Span	School Districts	Charter Schools	COEs
K-8	\$28	\$14	\$29
9-12	\$56	\$42	\$57

- ✿ We recommend LEAs weigh the benefits of receiving money now from the MBG versus an unfunded receivable with no time-certain reimbursement
- ✿ The DOF estimates the state will have an outstanding backlog of about \$1.6 billion for schools at the end of 2017-18

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Opportunities Provided by Proposition 51

- ✿ Proposition 51 affords all K-14 local agencies an opportunity to participate
- ✿ There is money for new construction, modernization, hardship, emergency and other programs specified in the current School Facility Program
- ✿ There have been concerns about how fast the dollars might be committed
 - It will take some time to increase staff and gear up to make apportionments
 - Most of the members of the State Allocations Board will be new and will take time to reassess priorities and policies
 - Bonds are not issued instantly; issuing the bonds takes time
 - This provides a window for applications
- ✿ Not all of the dollars are spoken for; get your applications in now!
- ✿ If you do not apply, the outcome will be predictably bad!

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SSC School District and Charter School Financial Projection Dashboard 2017-18 Governor's Proposed State Budget

This version of SSC's Financial Projection Dashboard is based on the 2017-18 Governor's Proposed State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF ENTITLEMENT FACTORS				
Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2016-17 Initial Grants	\$7,083	\$7,189	\$7,403	\$8,578
COLA at 1.48%	\$105	\$106	\$110	\$127
2017-18 Base Grants	\$7,188	\$7,295	\$7,513	\$8,705

Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2017-18 Base Grants	\$7,188	\$7,295	\$7,513	\$8,705
Adjustment Factors	10.4% CSR	-	-	2.6% CTE
CSR and CTE amounts	\$748	-	-	\$226
2017-18 Adjusted Base Grants	\$7,936	\$7,295	\$7,513	\$8,931

Supplemental Grants (% Adj. Base)	20%	20%	20%	20%
Concentration Grants	50%	50%	50%	50%
Concentration Grant Threshold	55%	55%	55%	55%

LCFF DASHBOARD FACTORS					
Factor	2016-17	2017-18	2018-19	2019-20	2020-21
LCFF Planning Factors	SSC Simulator	SSC Simulator	SSC Simulator ¹	SSC Simulator ¹	SSC Simulator ¹
SSC Gap Funding Percentage	55.28%	23.67%	34.42%	35.88%	37.32%
Department of Finance Gap Funding Percentage	55.28%	23.67%	53.85%	68.94%	100.00%
Gap Funding Percentage (May Revise)	49.08%	-	-	-	-

PLANNING FACTORS					
Factor	2016-17	2017-18	2018-19	2019-20	2020-21
Statutory COLA	0.00%	1.48%	2.40%	2.53%	2.66%
COLA on state and local share only of Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers/American Indian Early Childhood Education	0.00%	1.48%	2.40%	2.53%	2.66%
California CPI	2.37%	2.72%	2.92%	2.60%	2.73%
California Lottery	Base per ADA	\$144	\$144	\$144	\$144
	Proposition 20 per ADA	\$45	\$45	\$45	\$45
One-Time Discretionary Funds per ADA	\$214	\$48	-	-	-
Interest Rate for Ten-Year Treasuries	2.20%	2.50%	2.70%	2.90%	2.80%
CalPERS Employer Rate (projected)	13.888%	15.8%	18.7%	21.6%	24.9%
CalSTRS Employer Rate (statutory)	12.58%	14.43%	16.28%	18.13%	19.10%

RESERVES		
State Reserve Requirement	District ADA Range	Reserve Plan ¹
The greater of 5% or \$66,000	0 to 300	SSC recommends one year's increment of planned revenue growth
The greater of 4% or \$66,000	301 to 1,000	
3%	1,001 to 30,000	
2%	30,001 to 400,000	
1%	400,001 and higher	

¹ District reserve requirements as stated in the State Board of Education (SBE) adopted criteria and standards based solely on district size is not as relevant when financial volatility and exposure is disparate under the LCFF. We recommend that every district first observe the current SBE-required reserve for the traditional economic uncertainties. We also recommend the establishment of a separate reserve based on the annual LCFF revenue increase projected for the district in Year 2 and Year 3 of the multiyear projection. We recommend that the district develop a plan to, over time, set aside one year's growth in LCFF funding as a reserve due to the potential volatility inherent in state revenues. Within that set aside, we also recommend assigning the supplemental and concentration grant dollars.