

A green chalkboard with two pieces of pink chalk and some faint white chalk markings. The chalk is positioned in the lower-left quadrant of the board. The background is a soft, out-of-focus green.

K-12 Education Funding

Scotts Valley Unified
School District Budget



School District Budget: Primary Influences

- **State Budget**
 - Governor's Proposal
 - Legislative Review
 - Adoption
 - Clean up language
- **Ballot Initiatives**
 - Outside the legislative process
 - Voter approved
 - Subject to legal challenges



School District Budget: Proposition 98

- Defines *minimum* level of funding for:
 - K-14 education
 - State operated educationally related programs
 - Pre-school
 - Child care
 - Juvenile detention
 - Mental Hospitals
- State economy determines which funding formula is used
- Legislature can override funding formula
 - Suspension
 - Over appropriation



Proposition 98 Formulas

- Test One
 - A specified share of general fund spending (40%)
- Test Two
 - Prior year amount plus an inflation adjustment (COLA) based upon the change in per capita personal income
- Test Three (Safety Valve)
 - Prior year amount plus COLA based upon the percent change in General Fund tax revenues per capita



Proposition 98

- Requires that education receive the more generous of Tests 1 & 2
- If test 3 is used:
 - Creates a “Maintenance Factor”
 - Difference between entitlement under test 2 and actual funding received be restored in “better” year
 - Does not create a cumulative debt



School District Funds

- **Unrestricted**

- General

- **Restricted**

- Cafeteria
- Deferred Maintenance
- Building
- Capital Facilities
- Special Reserve for Capital Outlay

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General Fund

Operating Budget:
Revenues



General Fund: Revenue Categories

- **Unrestricted**

- Provides to all students
 - Basic Educational Program
 - Support Services
 - Pupil Services
 - Administration
 - Facilities

- **Restricted**

- Provides to identified students
 - Supplemental services
 - Prescribed by law
 - In addition to the Basic Educational Program
 - Additional instructional staff
 - Tutoring
 - Pupil services
 - Materials
 - Fully/Partially funded



General Fund: Revenue Sources

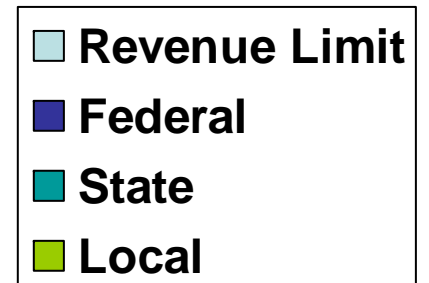
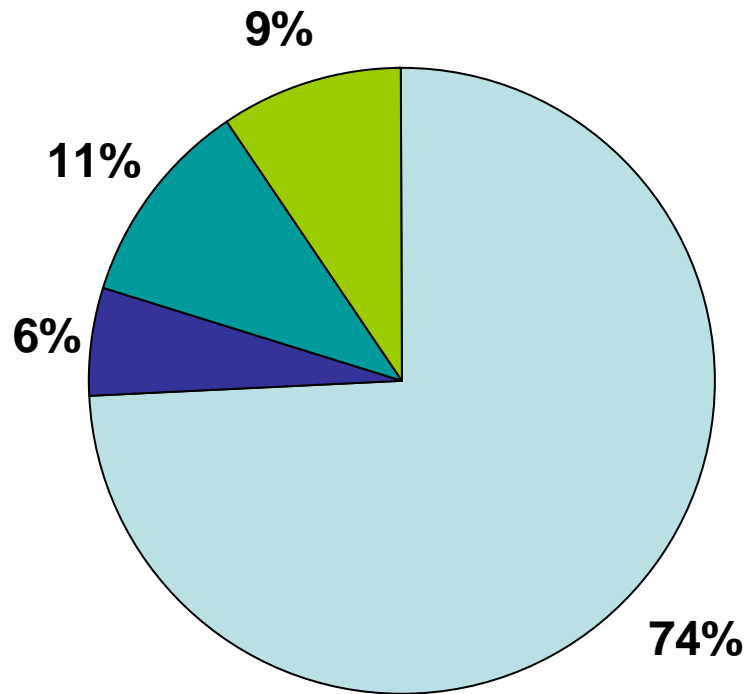
Unrestricted

- Revenue Limit
- Lottery*
- Interest
- Community Donations
- Facility use fees

Restricted

- Federal grants
- Lottery*
- State grants**
- Pass through (SELPA)

General Fund Sources of Revenue





Revenue Limit Funding Elements

- Average daily attendance (ADA)
- Unique district revenue limit
- Current year deficit factor(s)
- Adjustments




Average Daily Attendance (ADA)

- One unit of ADA =
 - One student
 - Enrolled and in attendance every day
 - From first day of school
 - Through last day of school month ending on or before April 15th (seven school months)
- Districts are allowed the greater of current or prior year ADA



Revenue Limit

- The maximum amount of money a district will receive for each unit of ADA
(average daily attendance)
- Unique for each district
 - Historical inequity when schools were funded exclusively through local property taxes
- Annual Cost of Living Adjustment (COLA)
- Funding sources:
 - Local property tax (outside proposition 98)
 - State aid (inside proposition 98)



SVUSD Revenue Limit History Cost of Living Adjustments (COLA)

Fiscal Year	Base RL
01-02	\$4,557.74
02-03	\$4,650.74
03-04	\$4,738.74
04-05	\$4,885.49
05-06	\$5,096.49
06-07	\$5,499.56
07-08	\$5,751.56
08-09	\$6,080.56
09-10	\$6,341.56
10-11	\$6,317.56

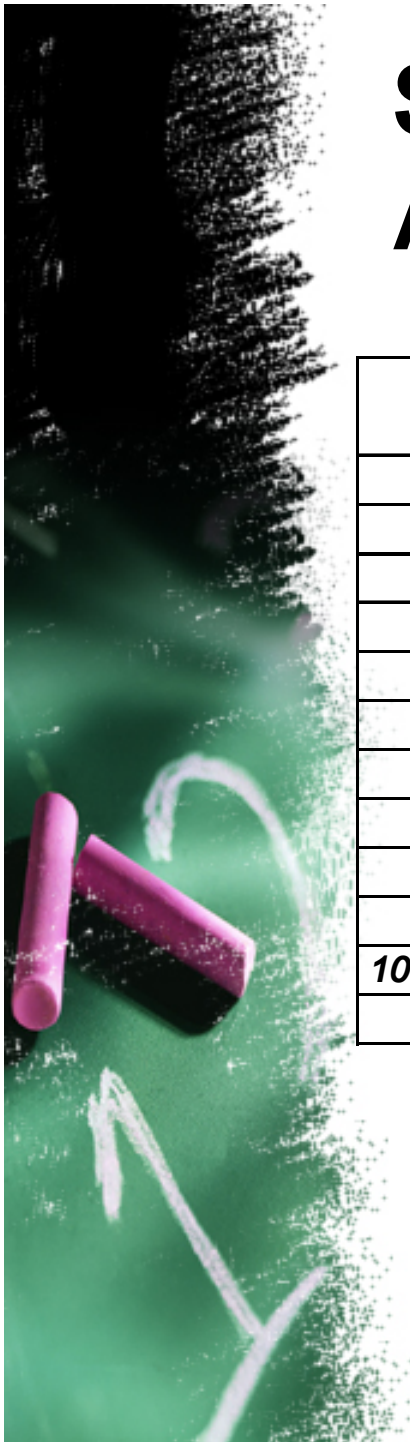
SVUSD Revenue Limit History

Deficit Factors

Fiscal Year	Base RL	Deficit Factor	Deficited RL
01-02	\$4,557.74	1	\$4,557.74
02-03	\$4,650.74	1	\$4,650.74
03-04	\$4,738.74	0.969978755	\$4,596.48
04-05	\$4,885.49	0.97856898	\$4,780.79
05-06	\$5,096.49	0.99108	\$5,051.03
06-07	\$5,499.56	1	\$5,499.56
07-08	\$5,751.56	1	\$5,751.56
08-09	\$6,080.56	0.92155782	\$5,603.59
09-10	\$6,341.56	0.816447662	\$5,177.55
10-11	\$6,317.56	0.816447662	\$5,157.96

SVUSD Revenue Limit History Adjustments

Fiscal Year	Base RL	Deficit Factor	Deficited RL	RL Adjustment	Funded RL
01-02	\$4,557.74	1	\$4,557.74		\$4,557.74
02-03	\$4,650.74	1	\$4,650.74		\$4,650.74
03-04	\$4,738.74	0.969978755	\$4,596.48		\$4,596.48
04-05	\$4,885.49	0.97856898	\$4,780.79		\$4,780.79
05-06	\$5,096.49	0.99108	\$5,051.03		\$5,051.03
06-07	\$5,499.56	1	\$5,499.56		\$5,499.56
07-08	\$5,751.56	1	\$5,751.56		\$5,751.56
08-09	\$6,080.56	0.92155782	\$5,603.59		\$5,603.59
09-10	\$6,341.56	0.816447662	\$5,177.55	\$ (252.83)	\$4,924.72
10-11	\$6,317.56	0.816447662	\$5,157.96		\$5,157.96
10-11 per gov budget	\$6,317.56	0.816447662	\$5,157.96	\$ (201.00)	\$4,956.96
11-12	\$6,116.56				



SVUSD Revenue Limit History

Fiscal Year	Base RL	Deficit Factor	Deficited RL	RL Adjustment	Funded RL	Change in RL	Total Deficit
01-02	\$4,557.74	1	\$4,557.74		\$4,557.74		0.000%
02-03	\$4,650.74	1	\$4,650.74		\$4,650.74	\$ 93.00	0.000%
03-04	\$4,738.74	0.969978755	\$4,596.48		\$4,596.48	\$ (54.26)	3.002%
04-05	\$4,885.49	0.97856898	\$4,780.79		\$4,780.79	\$ 184.31	2.143%
05-06	\$5,096.49	0.99108	\$5,051.03		\$5,051.03	\$ 270.24	0.892%
06-07	\$5,499.56	1	\$5,499.56		\$5,499.56	\$ 448.53	0.000%
07-08	\$5,751.56	1	\$5,751.56		\$5,751.56	\$ 252.00	0.000%
08-09	\$6,080.56	0.92155782	\$5,603.59		\$5,603.59	\$ (147.97)	7.844%
09-10	\$6,341.56	0.816447662	\$5,177.55	\$ (252.83)	\$4,924.72	\$ (678.87)	18.355%
10-11	\$6,317.56	0.816447662	\$5,157.96		\$5,157.96	\$ 233.24	18.355%
10-11 per gov budget	\$6,317.56	0.816447662	\$5,157.96	\$ (201.00)	\$4,956.96	\$ 32.24	18.355%

Revenue Limit Funding Formula

((Revenue Limit X Deficit) + Adjustment) X ADA

Fiscal Year	Base RL	Deficit	Other Adjustment	RL ADA	Revenue Limit \$	Change in RL \$
07-08	\$ 5,751.56	1	\$ -	2,600	\$ 14,954,056	
08-09	\$ 6,080.56	0.9215578	\$ -	2,527	\$ 14,160,266	\$ (793,790)
09-10	\$ 6,341.56	0.8164477	\$ (252.83)	2,493	\$ 12,277,332	\$ (1,882,934)
10-11	\$ 6,317.56	0.8164477	\$ (201.00)	2,465	\$ 12,218,899	\$ (58,432)
10-11	\$ 6,317.56	0.8164477	\$ -	2,465	\$ 12,714,364	\$ 437,033

Impact of Deficits and Adjustments

Fiscal Year	Base RL	ADA	RL Entitlement	RL Funded	Lost RL \$
07-08	\$ 5,751.56	2,600	\$ 14,954,056	\$ 14,954,056	\$ -
08-09	\$ 6,080.56	2,527	\$ 15,365,575	\$ 14,160,266	\$ (1,205,309)
09-10	\$ 6,341.56	2,493	\$ 15,809,509	\$ 12,277,332	\$ (3,532,177)
10-11	\$ 6,317.56	2,465	\$ 15,572,785	\$ 12,218,899	\$ (3,353,886)

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General Fund

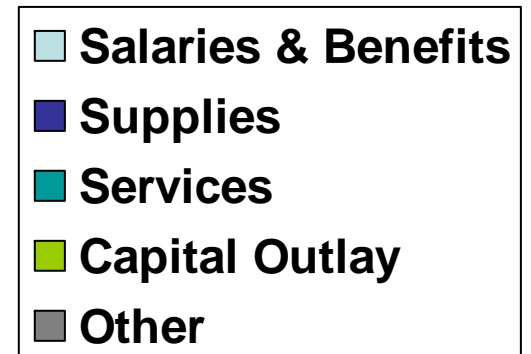
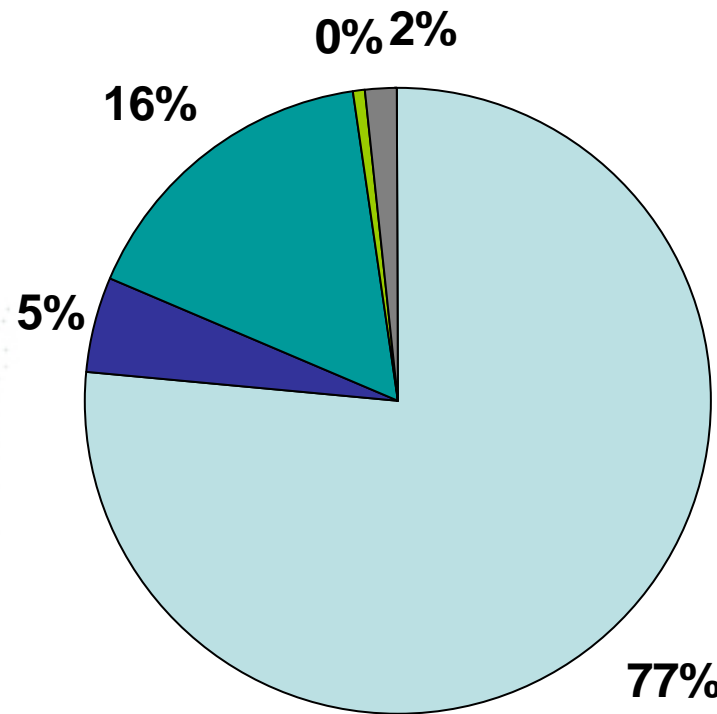
Operating Budget:
Expenditures



Key Budget Assumption:

- Enrollment
 - Expenditures
 - Staffing
 - » Ratio of teacher to students
 - Facilities
 - » Site capacity
 - » Equivalent enrollment at sites
 - » Construction/Modernization projects

General Fund: Sources of Expenditures





Expenditures

– School Site Costs

- Instruction
 - Teachers
 - Instructional Aides
 - Books & Supplies
- Administrative
 - Principal
 - Secretary
- Support Services
 - Library
 - Counseling
- Facility / Operational
 - Utilities
 - Custodial Staff

– Formula Driven Allocations



Expenditures

- District Level Services
 - Central Administration
 - Superintendent
 - Instructional Supervision
 - Human Resources
 - Business
 - Facilities Maintenance
 - External Services
 - Audit
 - Legal
 - Elections
 - Property & Liability Insurance
- Zero Based Budgeting



Personnel Costs

- Cost of living salary adjustment
- Step & column salary increases
- Statutory Benefit rate increases
 - State retirement
 - Workers Compensation
 - Unemployment
- Bargaining unit contract issues



Maintenance & Repairs

- **Routine Restricted Maintenance**

- Covers *minor* repair or replacement of existing school building components
- State provides no matching funds
- Requirements:
 - If district received state match for construction/modernization, contribution depends on the year of the state bond issuance
 - Originally no required spending level (0%)
 - 2% of General Operating budget for 20 years
 - 3% of General Operating budget for 20 years
- Eligible Costs
 - Maintenance staff
 - Equipment
 - Contracted repair services

AB 1200 Multi-Year Projections

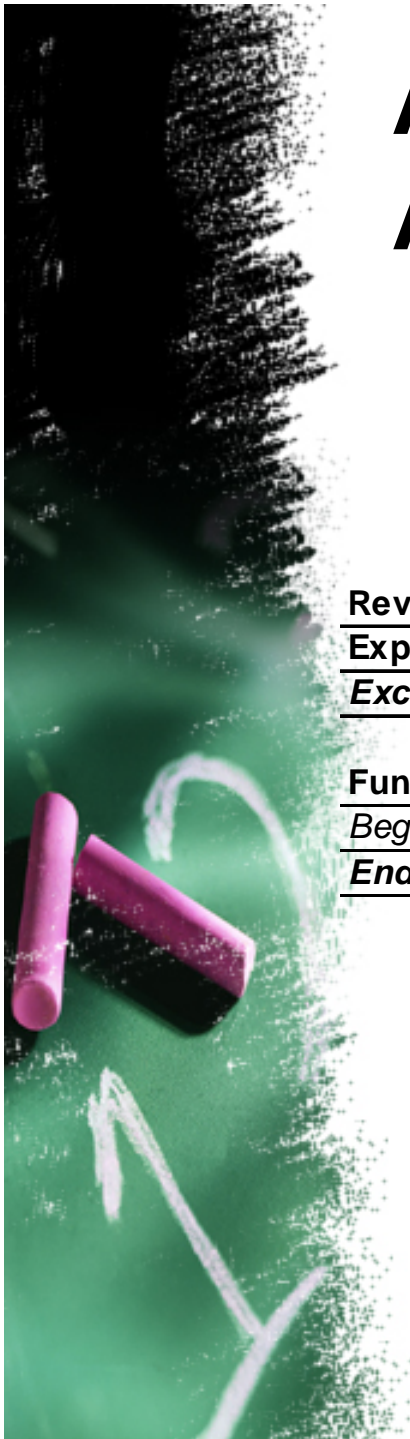
An example:

Scotts Valley Unified School District General Fund Multi-Year Projection

	2009-10 Projected Budget	2010-11 Projected Budget	2011-12 Projected Budget	2012-13 Projected Budget
Revenues	\$ 16,864,715	\$ 15,627,446	\$ 15,126,879	\$ 15,126,879
Expenditures	\$ 18,081,514	\$ 16,659,090	\$ 17,028,537	\$ 17,028,537
<i>Excess (Deficiency) of Revenues</i>	\$ (1,216,799)	\$ (1,031,644)	\$ (1,901,658)	\$ (1,901,658)

Fund Balance (Reserves)

<i>Beginning Balance</i>	\$ 4,775,751	\$ 3,558,952	\$ 2,527,308	\$ 625,651
<i>Ending Balance</i>	\$ 3,558,952	\$ 2,527,308	\$ 625,651	(1,276,007)



Facilities Funding





School Facilities Needs

- Maintenance and repairs
 - General Fund
 - Deferred Maintenance Fund
- Construction
 - Building Fund
 - Capital Facilities Fund
 - Special Reserve for Capital Outlay



Maintenance & Repairs

- **Deferred Maintenance Program**
 - Covers *major* repair or replacement of existing school building components
 - Roofing
 - Painting
 - HVAC
 - Floor systems
 - Plumbing
 - Electrical
 - Provides state matching funds on a dollar for dollar basis
 - Approximately one half of one percent of budget
 - Requires 5 year plan



Facilities - Construction

- New Construction
- Modernization
- School Facility-Joint Use Program
- Facility Hardship Grant
- Financial Hardship Grant



New Construction

- Eligibility for state funding is based on a district's need to house pupils
- Formula driven (flat amount per pupil)
- State provides funds on a 50/50 state and local sharing basis



Modernization

- For improvements to educationally enhance school facilities
- Formula driven (flat amount per pupil)
- State provides funds on a 60/40 state and local sharing basis



Local Funding Options-Bonds

- General Obligation Bond
 - Requires 66.66% approval
 - Projects must be specified in ballot
- Prop 39 General Obligation Bond
 - Requires 55% approval
 - Projects must be specified in ballot
 - Requires Bond Oversight Committee
 - Established maximum tax rate (by district type) per \$100/assessed valuation
 - Requires both fiscal and performance audits



Local Funding Options - Other

- **Developer Fees**
 - Fee assessed on new construction
 - Based upon square footage & type of construction (commercial/residential)
 - Based upon need & requires a study
 - Facilities master plan determine the projects
- **Redevelopment Agency**
 - County initiates
 - Funds passed through to schools
 - RDA plan determines the projects
- **Certificates of Participation (COPS)**
 - District loan secured by lease payments
 - Secured by General Fund

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Questions: