



Business and Development
Specialists for Charter Schools

Larchmont Schools

Finance Committee Meeting Update

May 28, 2013



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Governor's May Revise 13-14

- Revenues for 12-13 are higher than were projected in January, resulting in some one-time funding for 12-13, but revenues in 13-14 are projected to decrease from prior assumptions.
 - Of increased revenues 12-13:
 - \$1.6B to accelerate 2012-13 deferral relief (all deferred revenue repayments will be apportioned by July 31)
 - \$1.0B to (\$170 per ADA) to help schools transition to common core standards
 - Slight decrease in COLA for next year down to 1.565% from 1.65%
- Slightly more money allocated to LCFF, allowing greater portion of funds to be calculated this way in 13-14 and increase funding by about \$40 per ADA
- Prop 39 (Nov-2012, not the old facilities one) creates funding for schools to improve energy efficiency, with a minimum of \$15k

Overall, the outlook is positive for charter schools. Most of the details, especially around LCFF remain to be negotiated in the legislature.

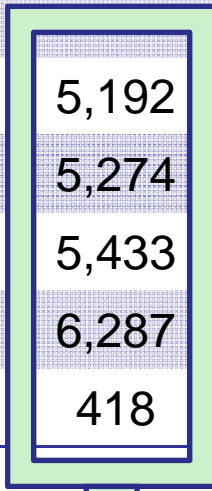
Governor's May Revise 13-14: LCFF

- One key issue that still must be reconciled is the overall level of General Fund dollars available. The Legislative Analyst's Office has higher revenue assumptions, and the Department of Finance has more conservative assumptions.
- The details of the LCFF are also being debated. Each house is considering its own version of the proposal that differs from the Governor's in some key ways. With three versions of the proposal on the table, the details will likely be one of the final items resolved in budget negotiations.
- Hold harmless: LEAs are to receive minimum state funding of no less than the total received in the 2012-13 fiscal year.

LCFF would increase funding at all grade levels.

Current Law Estimates

	12-13	13-14
General Purpose		
K-3	5,112	5,192
4-6	5,193	5,274
7-8	5,349	5,433
9-12	6,190	6,287
Categorical	412	418



Basis for 13-14 budget

LCFF Estimates

	12-13	13-14
General Purpose		Base
K-3	5,112	6,441
4-6	5,193	6,538
7-8	5,349	6,732
9-12	6,190	7,800
Categorical	412	
CSR (K-3)		723
CTE (9-12)		218
FRL, ELL, FY grants		35% base



Increases will not be included in LS planning budget until CA budget is passed into law. ⁴

Governor's May Revise 13-14: Charter Items

- Extend the current one-year requirement for school districts with surplus property to first offer to sell to charter schools five additional years.
- Shift the Charter School Facility Grant program and the Charter School Revolving Loan program from the CDE to the California School Finance Authority.
- SB 740 Facilities Grant
 - Include eligibility for non-classroom based charter schools
 - Allow SB 740 grant money to be used for debt service repayment (Field Act would apply to facilities purchased under this option)
 - Lower the Free/Reduced Lunch population threshold to 50%
- Mandated cost reimbursements included at \$24 per ADA

Governor's May Revise 13-14: Charter Items

- Sequestration: assume a 5.2% reduction in most federal programs for the 2013-14 school year budget and for subsequent fiscal years until Congress resolves sequestration issues.
- Special education funding is outside of LCFF, state proposes additional funding to backfill sequestration cuts.

Governor's May Revise 13-14: Cash Flow

- EPA will be apportioned quarterly (vs. 100% in June 2013) and will represent approx. 16.4% of general purpose (vs. 21% in 12-13). This calculation may be subject to change under LCFF.
- Intra-year apportionment deferrals do not exist for 2013-14; additional legislation is required to implement them. However, intra-year deferrals were implemented in 2011-12 and 2012-13 pursuant to Government Code Sections 16326(a)(1) and 16326(a)(2).

Governor's May Revise 13-14: Cash Flow

- Deferral schedule including intra-year deferrals:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	July	August
State Aid/ - Standard	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	100.00%		
Deferral	-5.00%	-2.99%	3.49%	-3.99%		8.49%				-2.30%	-9.00%	-9.00%		2.30%	
Deferral														9.00%	
Deferral														9.00%	
Deferral															
State Aid - Adjusted	0.00%	2.01%	12.49%	5.01%	9.00%	17.49%	9.00%	9.00%	9.00%	6.70%	0.00%	0.00%	79.70%	20.30%	0.00%
EPA	0%	0%	25%	0%	0%	25%	0%	0%	25%	0%	0%	25%	100.00%		
Property Tax	0.00%	6.00%	12.00%	8.00%	8.00%	8.00%	8.00%	8.00%	14.00%	7.00%	7.00%	7.00%	93.00%	7.00%	

- Deferral schedule with no intra-year deferrals:

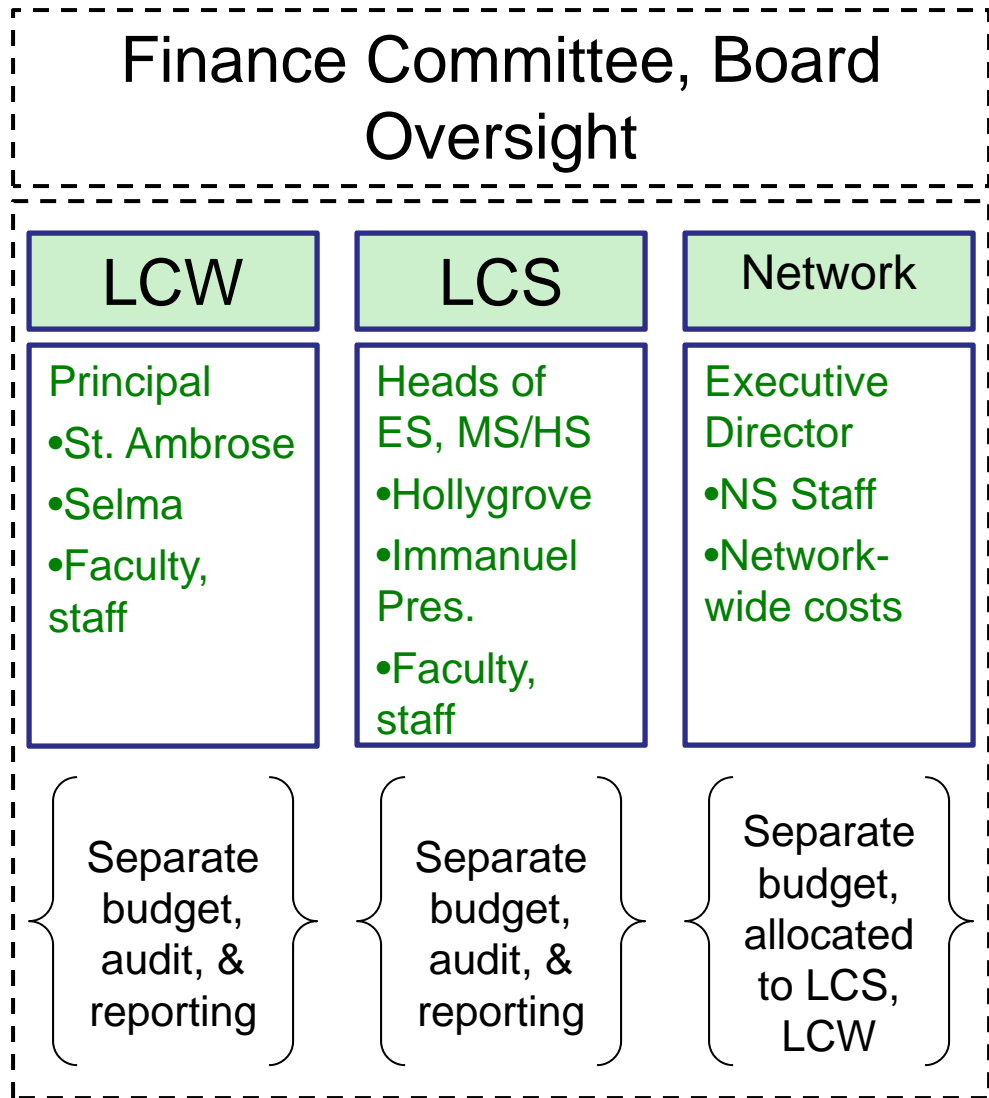
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	July	August
State Aid/ - Standard	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	100.00%		
Deferral										-2.30%	-9.00%	-9.00%		2.30%	
Deferral														9.00%	
Deferral														9.00%	
Deferral															
State Aid - Adjusted	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	6.70%	0.00%	0.00%	79.70%	20.30%	0.00%
EPA	0%	0%	25%	0%	0%	25%	0%	0%	25%	0%	0%	25%	100.00%		
Property Tax	0.00%	6.00%	12.00%	8.00%	8.00%	8.00%	8.00%	8.00%	14.00%	7.00%	7.00%	7.00%	93.00%	7.00%	

Cross-year deferrals are gradually decreasing:
 \$9.4 billion in 11-12, \$7.4 billion in 12-13, and \$4.939 billion in 13-14.

LS 13-14 BUDGET

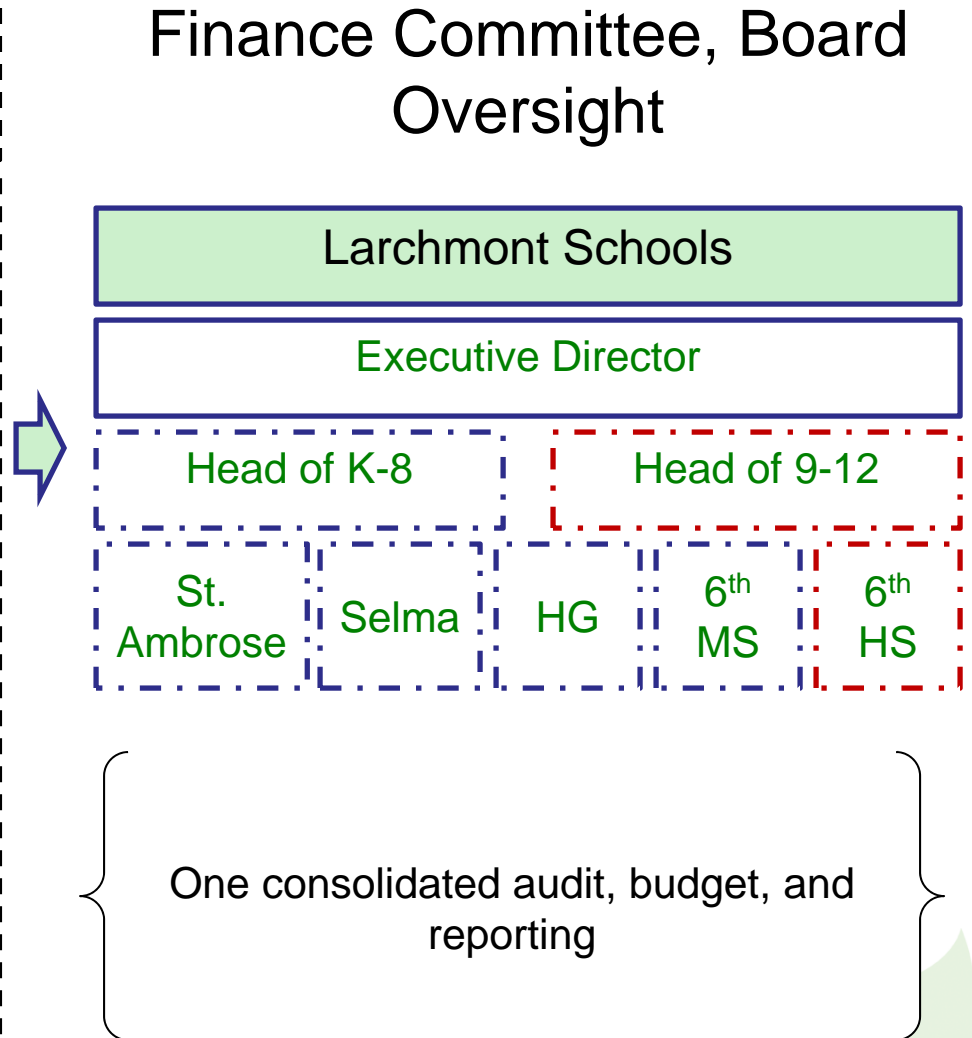
LS 13-14 Reorganization Drives Budget Development Process

Prior Years' Budget Structure



2 charters, 3 budgets

Proposed Budget Structure



1 charter, 1 budget

13-14 Proposed Budget Structure: Site Allocations

- With one charter, LS will establish site-level budgets by ADA. These budgets “roll-up” to K-8, 9-12 budgets, and to total LS budget.
- Examples:
 - All state revenues are earned based on the consolidated ADA total for the charter, but LS will allocate to individual sites based on ADA.
 - Dollars earned will follow students.
 - Site budget managers proportional allocation of resources.

	<u>St. Ambrose</u>	<u>Selma</u>	<u>Hollygrove</u>	<u>6th MS</u>	<u>6th HS</u>	<u>Total</u>
Projected ADA	183.36	191.00	381.05	286.50	134.66	1,176.56
State aid	946,138	1,976,248	1,008,003	1,530,865	840,517	6,301,770

- Network-wide expenses are also allocated by ADA and included in site-level budgets.
 - Shared costs are distributed proportionally; FC will continue to monitor overhead.
 - Site budget managers know which costs are fixed/controllable.

	<u>St. Ambrose</u>	<u>Selma</u>	<u>Hollygrove</u>	<u>6th MS</u>	<u>6th HS</u>	<u>Total</u>
Projected ADA	183.36	191.00	381.05	286.50	134.66	1,176.56
% of Total	16%	16%	32%	24%	11%	100%
Insurance Cost	17,143	17,857	35,625	26,786	12,589	110,000

LS 13-14 Budget: Next Steps

- Expenses – several items will be confirmed in the next few weeks:
 - Finalize staffing and benefits for all sites
 - Organize planned purchases (curricula, student materials) and finalize operational costs, e.g. vendor contracts for security, additional custodial services at 6th St., insurance
 - Refine program budgets: food services, fundraising, special education
- 12-13 deferred revenue TBD.
- Net income target is at least \$320k to provide for line of credit and term loan debt coverage.
- CA budget approval deadline is June 15.
 - LCFF status, deferrals, SB 740, etc. will be determined by that time.