

ORCUTT UNION SCHOOL DISTRICT
Special Meeting of the Board of Trustees
Friday, August 9, 2012
Public Session – 8:00 A.M.
Lake Marie Club House
Lake Maria Drive, Orcutt, CA

CALL TO ORDER 8:00 A.M.

A. Pledge of Allegiance

PUBLIC COMMENT ANNOUNCEMENT

The Board of Trustees welcomes comments about items appearing or not appearing on tonight's agenda. The audience members wishing to address the Board during the Public Comment segment of the agenda are reminded to fill out a Public Comment Form from the Superintendent's secretary and submit it prior to the time the presiding officer calls for Public Comment.

A maximum of thirty (30) minutes is set aside for Public Comment; speakers are allowed a maximum of three (3) minutes to address the board on any items within the Board's jurisdiction in accordance with the Brown Act. The Board will limit any response to public comments to brief statements, referral to staff, or referral to a future board meeting.

B. Public Comment

An opportunity for the public to provide input to the Board of Trustees. Those wishing to speak about a specific agenda item may do so during the Public Comment segment or when the item is being considered. Any request to speak must be submitted on a **Request for Public Comment Form** which can be obtained from the Superintendent's secretary and submitted prior to the presiding officer addressing the item. If you choose to speak when an item is before the Board, your name will be called prior to board consideration. An item not on the agenda must be addressed during the Public Comment segment of the agenda.

C. Written Communication

Documents addressed to or by board members as communications during a Board of Education meeting are defined as letters from parents or community members regarding issues within the jurisdiction of authority of the Board of Education; information or reports from professional organizations, i.e., CSBA, SBCSBA, etc.; letters or reports from other public agencies; letters or reports from legislators; or letters or reports from district schools or staff.

BOARD RETREAT

- Welcome - Bob
- Budget Presentation – Marysia

ITEMS SCHEDULED FOR ACTION

1. 2013-2014 Adopted Budget Revision

Staff recommends that the Board of Trustees approve the additional revenue and expenditures as presented.

Moved _____

Second _____

Vote _____

CLOSED SESSION PUBLIC COMMENTS

This section of the agenda is intended for members of the public to address the Board of Trustees on items that are being considered in Closed Session.

ADJOURN TO CLOSED SESSION

Adjourn to Closed Session for the purpose of discussing matters expressly authorized by Government Code Section 3549.1, 54956.95, 54957, and 54957.6.

1. Public Employment per Personnel Report.
2. Public Employee Employment/Discipline/Dismissal/Release.
3. Conference with labor negotiator Robert Bush, Superintendent and/or Don Nicholson.
 - a. OEA
 - b. CSEA
4. Conference with labor negotiators for unrepresented employees:
 - a. Certificated and Classified Management, and Confidential.
Agency representative – Superintendent.
 - b. Superintendent. Agency representative – Board of Trustees
5. Student disciplinary/expulsion matters.
6. Superintendent's Evaluation

RECONVENE TO PUBLIC SESSION

- D. Public Report on Action Taken in Closed Session

BOARD RETREAT (continued)

- Review of Mission Statement
- 2013-2014 Goals
- Other Items for Discussion

GENERAL ANNOUNCEMENTS

Unless otherwise noticed, the next regular board meeting is scheduled for Wednesday, August 14, beginning with Closed Session beginning at 6:45 p.m., Public Session at 7:15 p.m. in the District Office Board Room, 500 Dyer Street, Orcutt, CA

ADJOURN

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Superintendent's Office at (805) 938-8907. Notification 48 hours prior to the meeting will enable the district to make reasonable arrangements to ensure accessibility to this meeting.

All documents related to the open session agenda are available for review 72 hours prior to the meeting at the Orcutt Union School District Office, 500 Dyer Street, Orcutt, CA.



BUSINESS SERVICES MEMORANDUM

TO: Board of Trustees
Bob Bush, Superintendent

FROM: Marysia Ochej
Assistant Superintendent, Business Services

BOARD MEETING DATE: August 9, 2013

BOARD AGENDA ITEM: 2013-14 Adopted Budget Revision

BACKGROUND: **2013-2014 State Budget and LCFF**

Education Code 42127(i)(4) states that "Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding make available by that Budget Act."

The Governor signed the 2013-14 Budget (AB 110) on June 27, 2013, which means that the 45 days deadline falls on Sunday, August 11. On July 1 he signed education trailer bill AB 97 (and clean-up bill SB 91) which establishes the Local Control Funding Formula (LCFF). The state budget provides \$1.25 billion in one-time money for Common Core implementation and \$250 million in one time funds for Career Technical Education (CTE) grants.

Many of the details of the new accountability structure are yet to be determined. Key components, including regulations on the use of supplemental and concentration grants and the format for the Local Control Accountability Plans (LCAP) will be determined by the State Board of Education (SBE) which will take action on these items by the first quarter of 2014.

With the exception of EIA, we currently take advantage of categorical flexibility, primarily to backfill the many cuts enacted by the State in the past five years. This had been provided by the State to allow districts to cover normal operating expenditures in the general fund due to fiscal distress. Programs categorized as Tier III under SBX3 that have been flexed since 2008-09 are eliminated and combined into the base in calculating the LCFF. The budget while eliminating funding and program requirements redirects funds to the supplemental and concentration grant portions of the LCFF, so it is unclear at this time exactly how they will be treated. These categoricals, now folded into the new LCFF are as follows:

- Middle & High School Counseling
- GATE
- EIA
- Math & Reading Professional Development

- Math & Reading Professional Development –EL
- Instructional Materials Fund Realignment Program
- Peer Assistance and Review
- Community Based English Tutoring
- School Safety Block Grant
- Professional Development Block grant
- School & Library Improvement Block grant
- Arts & Music Block Grant
- Oral Health
- Class Size Reduction
- Deferred Maintenance

LCFF, in addition, has add-ons for the following programs:

- **Pupil Transportation-** is not flexible and the 2012-13 level of expenditure must be maintained in the 2013-14 and 2014-15 years.
- **Targeted Instructional Improvement Block Grant** – funding is flexible and may be used for “any educational purpose.”

Accountability Plans

A Local Control Accountability Plan (LCAP) must be adopted by June 30 prior to the fiscal year for which it is created, starting with 2014-15. Plans must be aligned and adopted with the district’s budget. There are extensive requirements and involves all stakeholders including, governing board, teachers, principals, administrators, other school personnel, parents, and pupils.

Class Size Reduction

In the absence of a locally bargained ratio, under the LCFF, progress must be made toward a school site average classroom student ratio of 24:1. Progress to the 24:1 target is measured on the relative increase of revenues toward the target of full funding of the LCFF. This is estimated to be approximately 12% for 2013-14, so that is the effort we would need to make in the 2013-14 school year absent other negotiated language.

Charter School

Charter School Funding under LCFF will be largely identical to district funding, except that in certain circumstances charter funding will be constrained by factors related to the district in which the charter is physically located.

Charter Schools will receive supplemental and concentration grants, but a charter school’s concentration grant percentage will be limited to the percentage associated with the school district where the charter school resides.

The Charter School will not participate in Class Size Reduction.

Period of Transition

Fiscal Year 2013-2014 will be a period of transition in understanding the new realities of public school finance in California. As in the past, projections the District uses are based on the School Services of California (SSC) dartboard and the LCFF Simulator provided by SSC.

District State Budget estimated increases for the District from the current adopted budget are as follows:

LCFF (previously Revenue Limit)	\$ 691,947
Unrestricted Lottery	8,817
<u>Mandate Block Grant</u>	<u>(80,185)</u>
Total New State Dollars	\$ 620,578

Charter School State Budget estimated increases from the current adopted budget are as follows:

LCFF (previously Charter School Block Grant)	\$ 130,419
Unrestricted Lottery	1,424
<u>Mandate Block Grant</u>	<u>(4,730)</u>
Total New State Dollars	\$ 127,114

District Additional Expenditures to be Budgeted

Student Counseling Services	\$ 200,000
Grounds Personnel	52,000
Total Additional Expenditures	\$ 252,000

Common Core Implementation Grant

Funding for Common Core is estimated to be approximately \$200 per ADA. This amounts to an estimated \$845,000 for our District and \$135,000 for the Charter School. Funds can be used for professional development, instructional materials, and investments in technology to support common core implementation.

Common Core implementation funding requires the adoption of a two year spending plan. "The plan shall be explained in a public meeting of the governing board, before its adoption in a subsequent public meeting." In addition, the District will be required to submit detailed expenditure reports on the use of the funds to CDE on or before July 1, 2015.

Proposition 39 Funding

The Enacted State Budget allocates money in prop 98 funds to support energy efficiency projects. Districts with more than 100 ADA but less than 1,000 such as the Charter School will receive the greater of the per ADA allocation or \$50,000. Districts with more than 2,000 ADA will receive a per ADA allocation. Funds must be encumbered by June 30, 2018 and funds utilized for expenditures that are not in accordance with the funding provisions must be paid back to the state. At this time there are many moving parts and not enough information to determine our allocation estimates for Proposition 39 funding and the competitive grants. More information will be provided as it becomes available.

Future Considerations

The LCFF Revenue model leads to an entirely new way of thinking about revenues, reserves, balances and planning for the future. Each District in the State will now have their own unique set of financial risk factors due to the variance each district has toward meeting their specific LCFF target. Some districts will receive little to no additional funding while other districts receive significantly more funding depending on their demographic profile.

Much of the “new money” will still be tied to expenditures for specific programs. SSC’s dashboard will be more subjective than in the past, but more relevant than ever for conservative and reasonable planning. High LCFF districts are particularly vulnerable. The fundamental principal for SSC’s model for projections provides a conservative, reasonable planning estimate.

Because of the district specific characteristics of the LCFF, the “old” one size fits all” model is a thing of the past.

- Each district has its own unique funding formula
 - Unduplicated counts of eligible students are different
 - The starting point for implementation of the model is different
 - The targeted value of supplemental and concentration grants is different

Tied to the fact that the state’s planned level of contribution to the LCFF is likely to change several times each year, the SSC Simulator keeps up with evolving funding levels. SSC’s goal is to provide solid rationale to get us through a period of substantial uncertainty.

Operational Considerations:

Due to the Districts use of Tier III flexibility to backfill general fund unrestricted expenditures, there is concern how these will translate into LCFF supplemental and concentration grants. The extent to which we will have flexibility is still uncertain. This could affect our ability to reduce deficit spending.

Given the level of stakeholder engagement required, District’s cannot postpone development of the LCAP until the SBE has adopted the spending regulations and plan templates.

While we have provided information regarding anticipated changes, the current financial system does not allow us to make immediate changes until revisions are made by the California Department of Education (CDE) in the Standardized Account Code Structure (SACS). As we receive further guidance we will communicate to staff and stakeholders. Most likely by first interim some of these issues will be resolved. We anticipate that this will be a year of immense challenges as we prepare to understand 40 years of change into a single year and the implications if the economy does not continue to improve as expected. While implementation of LCFF expands over eight year, it would be naïve to think that funding would be adequate in all those years to fulfill this funding model. This will only be successful if it is accompanied by a lot more money and sustained economic recovery. Redistribution of funding under the LCFF will leave many districts far below the funding levels they enjoyed in 2007-08 for a very long time.

RECOMMENDATION: Staff recommends the Board of trustees approve the additional revenue and expenditures as presented.

FUNDING: General Fund/Charter Fund