

The Marin Common Message

Adopted Budget / 45-Day Revision 2016

MARIN COUNTY OFFICE OF EDUCATION

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Introduction

This edition of the Common Message is intended to provide information and guidance to assist LEAs in developing their 2016-17, 45-day revision and their multiyear projections (MYPs). It contains information related to the final Adopted Budget for 2016-17 that was signed by Governor Brown on June 27. Districts should note this version of the Common Message primarily addresses changes from the Governor's May Revision as well as items considered important for districts to include in their budgets and MYPs. Information remaining unchanged from the May Revision proposal can be located in the May Revision Common Message.

Significant Changes since May Revision

The 2016-17 Adopted Budget contains minor changes from the budget proposed at May Revision. Those changes are highlighted as follows:

- LCFF funding was reduced from \$2.98 billion to \$2.942 billion.
- LCFF gap funding percentage was reduced from 54.84% to 54.18%.
- Early Education Block Grant proposal was not included in the 2016-17 budget agreement, but is expected to be revisited in future budgets.
- Emergency Repair Revolving Loan Program was eliminated.
- Mandate reimbursement allocates \$1.28 billion (\$214 per ADA) in unrestricted funds to offset the mandate backlog.
- Quality drinking water: Provides grants totaling \$9.5 million in one-time Prop. 98 funds to increase access to safe drinking water in schools.
- Breakfast Startup Grant: Allocates an additional \$2 million in one-time Prop. 98 funds to support additional needs in the Breakfast Startup Grant through 2018-19.
- College Readiness Block Grant: Allocates \$200 million in one-time Prop. 98 funds to support access and successful transition to higher education for high school students.
- Classified School Employees Credentialing Program: Allocates \$20 million in one-time Prop. 98 funds to recruit non-certificated school employees to become certificated classroom teachers.

- California Center on Teaching Careers: Allocates an additional \$2.5 million (\$5 million total) to establish the California Center on Teaching Careers to recruit individuals to become certificated classroom teachers.
- Child Care: Beginning January 2017, the standard reimbursement rate increases by 10% for direct-contracted providers. The regional market reimbursement rate ceiling for voucher-based child care providers will adjust to recent estimates and to increase license-exempt providers from 65% to 70% of the licensed family child care home rate.
- State Preschool: Increases access for an additional 2,959 children effective March 1, 2017.

Planning Factors for 2016-17 and MYPs

Key planning factors for LEAs to incorporate into the 2016-17 budget and multiyear projections are listed below and based on the latest information available.

Planning Factor	Fiscal Year		
	2016-17	2017-18	2018-19
COLA (Department of Finance - DOF)	0.00%	1.11%	2.42%
LCFF Gap Funding Percentage (DOF)	54.18%	72.99%	40.36%
STRS Employer Statutory Rates	12.58%	14.43%	16.28%
PERS Employer Projected Rates	13.888%	15.50%	17.10%
Lottery – unrestricted per ADA	\$144	\$144	\$144
Lottery – Prop. 20 per ADA	\$45	\$45	\$45
Mandated Cost per ADA or One-Time Allocations	\$214	\$0	\$0
Mandate Block Grant for Districts – K-8 per ADA	\$28.42	\$28.42	\$28.42
Mandate Block Grant for Districts – 9-12 per ADA	\$56	\$56	\$56
Mandate Block Grant for Charters – K-8 per ADA	\$14.21	\$14.21	\$14.21
Mandate Block Grant for Charters – 9-12 per ADA	\$42	\$42	\$42
State Preschool Part-Day Daily Reimbursement Rate	\$23.87 / 26.26*	\$26.26	\$26.26
State Preschool Full-Day Daily Reimbursement Rate	\$38.53 / 42.38*	\$42.38	\$42.38
General Child Care Daily Reimbursement Rate	\$38.29 / 42.12*	\$42.12	\$42.12
	*increase of 10% effective Jan 1, 2017		
Routine Restricted Maintenance Account <i>(Note: if the school facility bond proposition on the November 2016 ballot passes, the RRMA requirement will revert to 3% for all LEA's)</i>	Lesser of: 3% or 14/15 amount	Greater of: Lesser of 3% or 14/15 amount or 2%	At Least: 3%

Key Guidance

The economy has finished its seventh year of expansion, lasting two years longer than the average recovery. The Governor and the Department of Finance continue to urge the Legislature and local governments, including LEAs, to plan for the next recession. Accordingly, we continue to provide conservative budget guidance to school district leaders with emphasis on the following:

One-Time Money

Plan to expend one-time money on one-time expenditures that support the LEA's goals.

Reserves

Maintain adequate reserves over the minimum typical 3%-5% required by the state. The adequacy of a given reserve level should be determined using the unique and specific circumstances impacting each LEA. There are numerous reasonable models that districts can adopt to justify higher reserves.

LCFF

Annual gap-closure percentage estimates can be misleading as relatively small increases in overall gap funding produce larger percentage estimates on a declining gap. In other words, while the annual gap-closure percentage estimates appear large, the actual new dollars an LEA may receive can be a relatively small percentage. In addition, cost of living adjustment (COLA) is a component used to calculate LCFF target grants, and does not equate to the percentage of new money an LEA may receive. LEAs should focus not on projected COLA but on the amount of new dollars they are projected to receive; i.e., new LCFF base dollars, when discussing salary or benefit increases.

LEAs should be particularly cautious when considering the ramifications of using the 2018-19 COLA as a base percentage. Currently, without state policy changes, the cost of COLA in 2018-19 exceeds the amount of projected LCFF revenue by over \$500 million.

One-Time Funding

Mandate Reimbursement

Allocates \$1.28 billion to offset the outstanding mandate backlog, \$194.2 million of which satisfies the 2009-10 Prop. 98 minimum guarantee. The per-student allocation is now estimated at \$214 per ADA. While the intent is for these one-time funds to be used for professional development, induction for beginning teachers, and other support for the state content standard implementation, these funds are not restricted.

Water

Provides \$9.5 million in one-time Prop. 98 funding for the State Water Board to award grants to LEAs to improve access to quality drinking water in schools. Recommended

uses include water bottle filling stations and improved filtering and treatment for water fountains. Priority is given to schools in small disadvantaged communities and projects that are most effective in increasing access to safe drinking water in schools. Further details regarding these funds are forthcoming.

Breakfast Startup Grant

Provides \$2 million in one-time Prop. 98 funding to enhance the existing \$1 million School Breakfast Startup Grant program through 2018-19. Funds are to address additional need in the program and will be prioritized to school districts and county offices with over 60% unduplicated pupil count to start or expand breakfast served after the start of the school day.

College Readiness Block Grant

The final budget provides \$200 million in one-time Prop. 98 funds for grants to school districts, county offices and charter schools serving high school students to provide additional services that support access and successful transition to higher education. These funds can be spent over the next three years. Allocation of the funding will be based on the number of unduplicated students in grades 9 through 12 (English learners, low income, or foster youth). No school district, county office or charter school will receive less than \$75,000 if they serve at least one unduplicated student.

Funds are to support activities such as professional development, implementing partnerships with postsecondary institutions, and providing subsidies to cover AP exam fees and college prep coursework.

Grant recipients must develop a plan and discuss the plan at a public board meeting. The recipients must also report to the SPI by January 1, 2017 on how they will measure the impact of the funds received.

Teacher Workforce Development

Classified School Employees Credentialing Program

Allocates \$20 million in one-time Prop. 98 funds, available for five years, to establish the California Classified School Employees Credentialing Program. This program will provide grants to K-12 local educational agencies to support recruitment of noncertificated school employees to participate in a teacher preparation program and become certificated classroom teachers in California public schools.

Grants will be allocated at up to \$4,000 per participant per year, up to 1,000 participants per year.

Participating employees must have an associate's degree or higher or have completed two years of postsecondary education. They must commit to completing a bachelor's degree and teaching credential, and must complete one year of classroom instruction in the LEA providing the assistance.

California Center on Teaching Careers

Allocates \$5 million in one-time Prop. 98 funds (as compared to the \$2.5 million proposed at May Revision) to provide a multiyear award to establish a California Center on Teaching Careers to recruit qualified individuals into the teaching profession. Recruitment prioritization will be in the areas of math, science, and bilingual education, and for schools with low-income populations.

Summary

This edition of the Common Message serves to provide data and guidance to districts for the purpose of fiscal planning and to develop their 2016-17, 45-day revision to their budget and MYP. The information provided for fiscal year 2016-17 and beyond includes the latest known proposals and projections to assist with multiyear planning. As each district has unique funding and program attributes and needs, it remains essential that districts continuously assess their individual situations, work closely with the Marin County Office of Education, and plan accordingly to maintain fiscal solvency and educational program integrity.