



# SIERRA SANDS

## Unified School District

— Engaging All Learners —

# How School Districts are Funded

Prepared and Presented by:

Lori McGuire

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# Terminology and Abbreviations



- ADA – Average Daily Attendance
  - ADA is equal to the average number of days pupils actually attending classes who are enrolled for at least the minimum school day. Attendance is counted every day of the school year and report to the California Department of Education (CDE) three times per year.
- LCFF – Local Control Funding Formula
  - Represents the amount a district can collect annually from local property taxes and state aid.
- UPP – Unduplicated Pupil Percentage
  - The percentage of the student population that is Free/Reduced-Priced Meals(FRPM) eligible, English learners, foster youth unduplicated counts. UPP is calculated by dividing the number students that fall in to any of the previously mentioned categories by the total enrollment of the district.

# School Finance History



- Before the 1970's schools had local control over funding and how it was utilized
- During the 1970's several key events changed this to state control over funding and how it was utilized
  - Wealthy property districts outpaced low wealth property districts on a per average daily attendance (ADA), creating disparity in funding per pupil
  - Revenue limits were implemented to limit a district's general purpose revenues
  - Limits on property tax rates and special taxes now require a 2/3 approval rate of voters
  - By 1979 school districts revenue was now more state aid than local property taxes

# School Finance History continue



- During the 1980's Proposition 98 was passed and guaranteed a predictable funding source that would grow with the economy and ADA
- Lottery funds were guaranteed that 34% of lottery receipts would be distributed to public schools
- Between 2012 and 2013 two tax propositions were passed in response to K-12 funding uncertainty and possible mid year funding cuts to education
- Beginning in the 2013-14 fiscal year, then Governor, Jerry Brown introduced the Local Control Funding Formula (LCFF) to replace the Revenue Limit formula

# Local Control Funding Formula

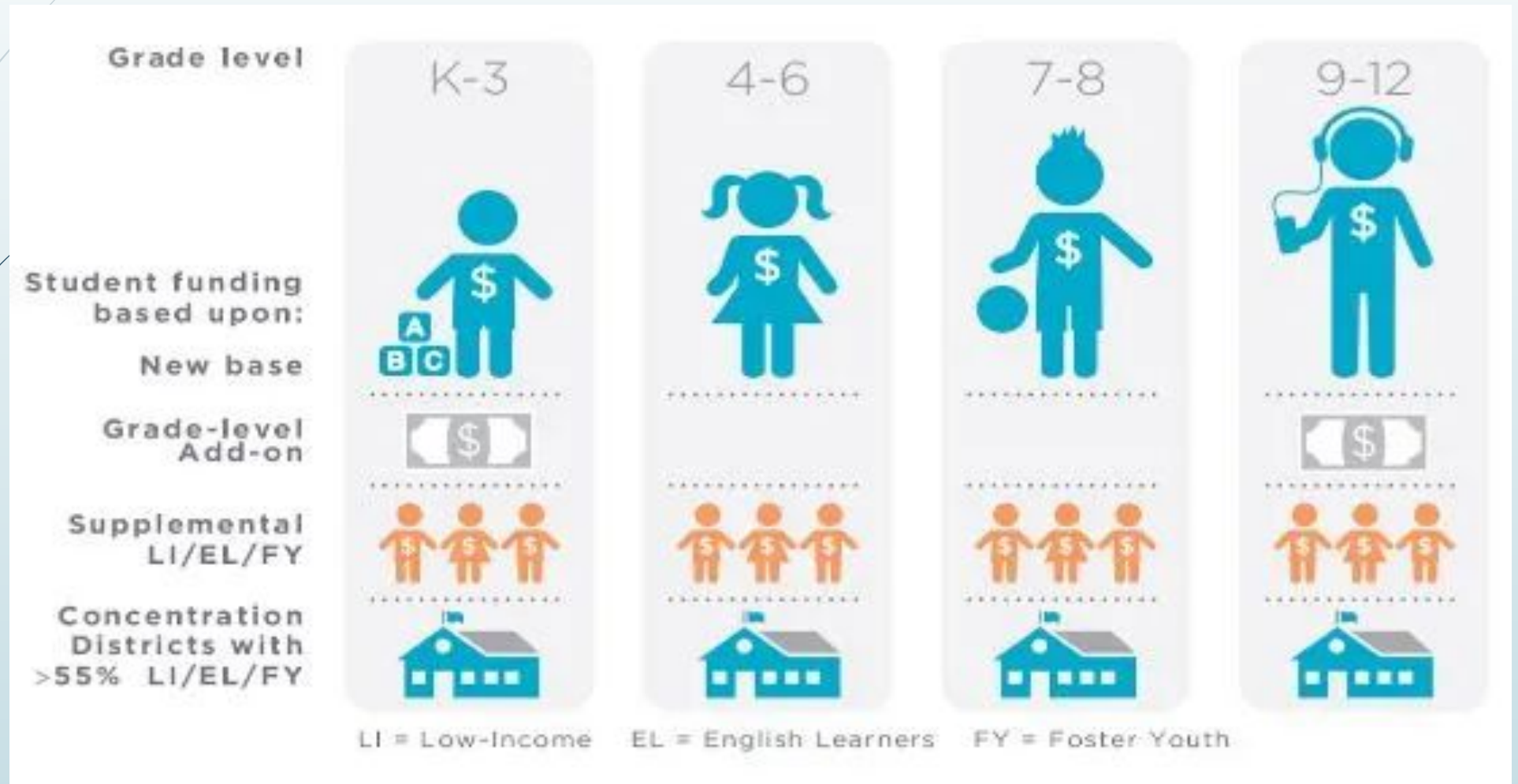


- The Local Control Funding Formula (LCFF) simplified the way K-12 local educational agencies (LEA) are funded
- Under the LCFF, revenue limits and most state categorical programs are eliminated
  - Under Revenue Limit Funding, each district was funded based on a unique revenue limit multiplied by its ADA. There were also over 50 categorical programs with unique and restrictive requirements based on demographics and needs of students in each district which were designed to provide targeted services to these identified students in each district.

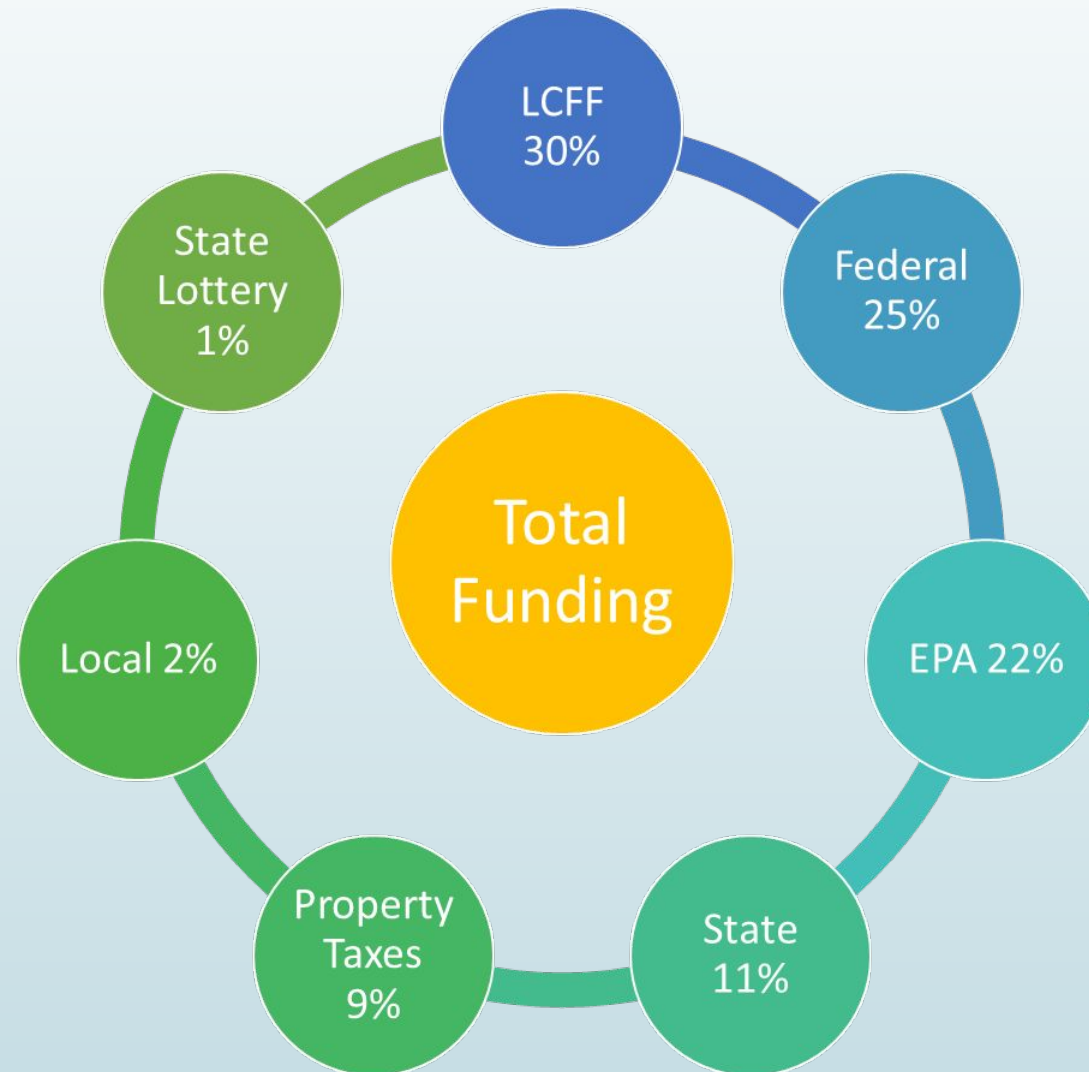
# LCFF Basis



- LCFF is funded by four building blocks

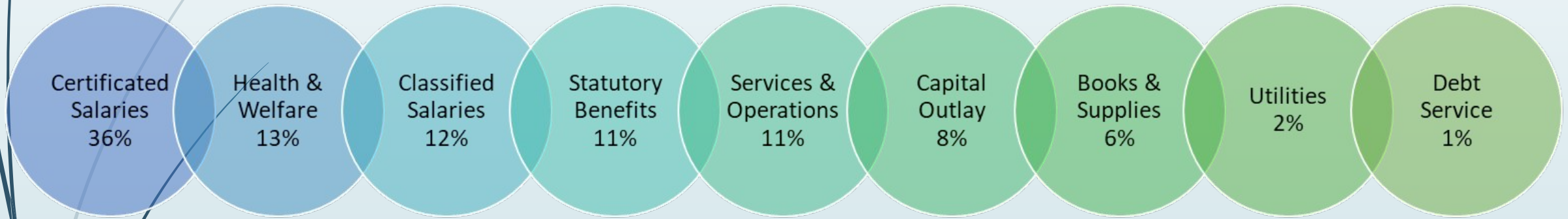


# Sierra Sands Revenues





# Sierra Sands Expenses







# How Facilities are Funded

Prepared and Presented by:

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# Facilities Funding

- Three Sources of Funding for New or Modernized Facilities
  - Federal\*
  - State
  - Local

\*Not all districts are eligible for Federal Funding for Facilities



# Facilities Funding - Federal

- Impact Aid
  - Compensates districts for loss of property tax revenue due to the presence of tax-exempt Federal property within the district
  - Requires an annual survey of federally-connected children
  - SSUSD receives approximately \$1.3M in Impact Aid
  
- Department of Defense (DoD) Grants
  - Office of Local Defense Community Cooperation (OLDCC) invests in communities where there is a significant DoD presence to ensure safe places for members and their families
  - Provides grant funding for school modernization and/or replacement
  - New Murray Middle School and Burroughs Modernization in 2017
  - New Richmond Elementary School 2022-2024



# Facilities Funding - State

- SFP – School Facility Program
  - Administered by Office of Public School Construction (OPSC)
  - Approved by State Allocation Board (SAB)
  - SAB Implementation Committee
  - Based upon “State Defined” need
  - Grant program
  - Funding at construction
  - Need to find funding to pay planning costs



# Facilities Funding - State

- SFP – School Facility Program
  - New Construction – “Growth”
    - Current capacity minus enrollment = eligibility
    - 50/50 match – of allowable costs, not need
    - New schools or additions, requires eligibility
  - Modernization
    - Funding levels for 25- and 50-year-old buildings
    - 60% state/40% district match
    - Grants – adjusted annually

# Facilities Funding – State



14

| State of California  |      |                  |                  |                     |                 |                              |                  |                   |                               |               |  |                  |
|--|------|------------------|------------------|---------------------|-----------------|------------------------------|------------------|-------------------|-------------------------------|---------------|--|------------------|
| A: State School Facilities Bonds Approved* and Other Funds [e.g., General Fund (GF)] |      |                  |                  |                     |                 |                              |                  |                   |                               |               |  |                  |
| Proposition / Source   | Year | New Construction | Modernization    | Overcrowded Schools | Charter Schools | Joint use / High Performance | Hardship / Other | Class-Size or CTE | Community Colleges / CSU / UC | General Fund  | Preschool, TK, & Full-Day Kindergarten | Total            |
| 1A   | 1998 | \$2,900,000,000  | \$2,100,000,000  |                     |                 |                              | \$1,000,000,000  | \$700,000,000     | \$2,500,000,000               |               |  | \$9,200,000,000  |
| 47   | 2002 | \$6,350,000,000  | \$3,300,000,000  | \$1,700,000,000     |                 | \$50,000,000                 |                  |                   | \$1,650,000,000               |               |  | \$13,050,000,000 |
| 55   | 2004 | \$4,960,000,000  | \$2,250,000,000  | \$2,440,000,000     | \$300,000,000   | \$50,000,000                 |                  |                   | \$2,300,000,000               |               |  | \$12,300,000,000 |
| 1D   | 2006 | \$1,900,000,000  | \$3,300,000,000  | \$1,000,000,000     | \$500,000,000   | \$129,000,000                |                  | \$500,000,000     | \$3,087,000,000               |               |  | \$10,416,000,000 |
| 51   | 2016 | \$3,000,000,000  | \$3,000,000,000  |                     | \$500,000,000   |                              |                  | \$500,000,000     | \$2,000,000,000               |               |  | \$9,000,000,000  |
| GF   | 2018 |                  |                  |                     |                 |                              |                  |                   |                               |               | \$100,000,000                          | \$100,000,000    |
| GF   | 2021 |                  |                  |                     |                 |                              |                  |                   |                               | \$250,000,000 | \$490,000,000                          | \$740,000,000    |
| Total  |      | \$19,110,000,000 | \$13,950,000,000 | \$5,140,000,000     | \$1,300,000,000 | \$229,000,000                | \$1,000,000,000  | \$1,700,000,000   | \$11,537,000,000              | \$250,000,000 | \$590,000,000                          | \$54,806,000,000 |

\* As delineated in the ballot text, but not reflecting monies moved subsequent to the ballot approval.

| B: Available Bond Authority & Other Monies Not Yet Reserved (as of January 26, 2022) |      |                  |                 |                     |                 |                              |                  |                   |                               |              |  |                 |
|--|------|------------------|-----------------|---------------------|-----------------|------------------------------|------------------|-------------------|-------------------------------|--------------|--|-----------------|
| Proposition / Source   | Year | New Construction | Modernization   | Overcrowded Schools | Charter Schools | Joint use / High Performance | Hardship / Other | Class-Size or CTE | Community Colleges / CSU / UC | General Fund | Preschool, TK, & Full-Day Kindergarten | Total           |
| 1A   | 1998 | \$0              | \$0             | \$0                 | \$0             | \$0                          | \$200,000        | \$0               | unknown                       | \$0          | \$0                                    | \$200,000       |
| 47   | 2002 | \$600,000        | \$0             | \$0                 | \$7,700,000     | \$0                          | \$0              | \$0               | unknown                       | \$0          | \$0                                    | \$8,300,000     |
| 55   | 2004 | \$7,200,000      | \$0             | \$3,800,000         | \$18,600,000    | \$0                          | \$0              | \$0               | unknown                       | \$0          | \$0                                    | \$29,600,000    |
| 1D   | 2006 | \$200,000        | \$1,300,000     | \$6,600,000         | \$23,600,000    | \$0                          | \$0              | \$700,000         | unknown                       | \$0          | \$0                                    | \$32,400,000    |
| 51   | 2016 | \$259,000,000    | \$1,036,300,000 | \$0                 | \$44,700,000    | \$0                          | \$0              | \$2,800,000       | unknown                       | \$0          | \$0                                    | \$1,342,800,000 |
| GF   | 2018 | \$0              | \$0             | \$0                 | \$0             | \$0                          | \$0              | \$0               | unknown                       | \$0          | \$400,000                              | \$400,000       |
| GF   | 2021 | \$0              | \$0             | \$0                 | \$0             | \$0                          | \$0              | \$0               | unknown                       | \$0          | \$477,700,000                          | \$477,700,000   |
| Total  |      | \$267,000,000    | \$1,037,600,000 | \$10,400,000        | \$94,600,000    | \$0                          | \$200,000        | \$3,500,000       | unknown                       | \$0          | \$478,100,000                          | \$1,891,400,000 |

| C: Applications Filed and In Line for Available Bond Authority & Other Monies (as of December 31, 2021) |  |                  |                  |      |      |      |      |      |         |      |      |                  |
|---|--|------------------|------------------|------|------|------|------|------|---------|------|------|------------------|
| Workload List   |  | \$ 271,351,231   | \$ 1,007,788,462 | \$ - | **   | \$ - | \$ - | \$ - | unknown | \$ - | ***  | \$ 1,279,139,693 |
| Beyond Bond Authority List (Acknowledged List)  |  | \$ 1,319,018,779 | \$ 1,801,140,175 | \$ - | **   | \$ - | \$ - | \$ - | unknown | \$ - | ***  | \$ 3,120,158,954 |
| Total   |  | \$ 1,590,370,010 | \$ 2,808,928,637 | \$ - | \$ - | \$ - | \$ - | \$ - | unknown | \$ - | \$ - | \$ 4,399,298,647 |

\*\* A new filing period for Charter School funding is expected to open on May 2, 2022 and end on June 3, 2022.

\*\*\* Two new filing periods for Preschool, TK, & K Funding are expected to open on April 1, 2022 and end on April 30, 2022 and April 1, 2023 to April 30, 2023.

| D: Unfunded Demand (B minus C above) |  |                   |                   |              |                  |     |           |             |         |     |                  |                   |
|--------------------------------------|--|-------------------|-------------------|--------------|------------------|-----|-----------|-------------|---------|-----|------------------|-------------------|
| Total                                |  | (\$1,323,370,010) | (\$1,771,328,637) | \$10,400,000 | unknown, pending | \$0 | \$200,000 | \$3,500,000 | unknown | \$0 | unknown, pending | (\$2,507,898,647) |



## Facilities Funding - State

- The California Clean Energy Jobs Act
  - Allocates revenue to local education agencies to support energy efficiency and alternative energy projects, along with related improvements and repairs that contribute to reduced operating costs and improved health and safety conditions in public schools.
  - SSUSD received \$1M in Prop 39 funding for HVAC and LED Lighting upgrades in 2018.





# Facilities Funding - Local

- Four funding mechanisms
  - General Fund Revenues
  - Developer Fees
  - Non-Voter Approved Debt
  - General Obligation Bonds

# General Funds

- The district has run a deficit for the last several years
  - The County required the district to provide a Fiscal Recovery Plan for the 2020-21 fiscal Year
  - Although this was mitigated by one-time funds, construction is so expensive that General Funds are not a viable option
  - The district is able to fund Deferred and Routine Maintenance from the General Fund



## Facilities Funding - Local

- Developer Fees – “School Facility Fees”
  - In 1986, AB 2926 allowed school districts to levy a ‘statutory fee’ per sq ft on new development to mitigate the impact to schools
  - Assessed on Residential and Commercial Construction
  - \$4.08/ \$0.66, per square foot updated in January 2020
    - This is SSUSD’s current rate, based on a Developer Fee Justification Study completed in April 2020 by Cooperative Strategies
    - Recalculated in even years by State Allocation Board