

Marin County School Board Trustee Candidate Workshop

School Finance,
Accountability, and
AB1200 Fiscal Oversight

MARIN COUNTY OFFICE OF EDUCATION



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What do Trustees Need to Know About School Finance?

School Boards are responsible for the fiscal health of and effectiveness of school districts.

Revenue Sources

- Local Sources
- State Sources
- Federal Sources

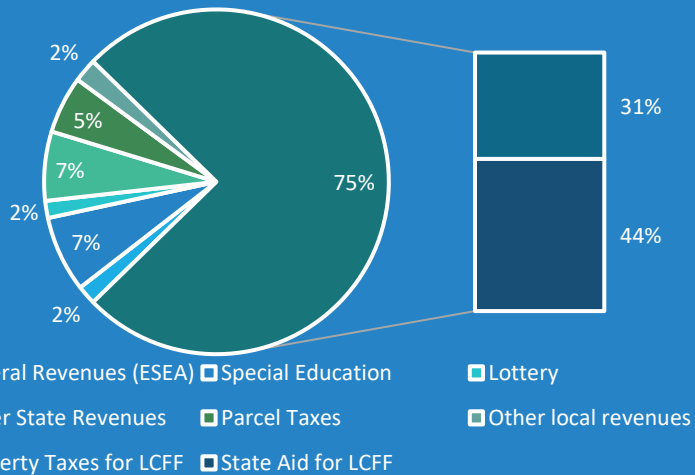
Expenditures

- Personnel
- Student Activities & Curriculum
- Special Education
- Operations & Facilities

Revenue Sources (Sample District)

As a percentage of all General Fund revenues

Revenue Sources K-12 School District



Local Control Funding Formula (LCFF) **75%**

- LCFF State Aid (44%)
- LCFF Property Taxes (31%)

Lottery **2%**

Special Education **7%**

Other State Funding **7%**

Parcel Taxes **5%**

Donations, Other Local Funding **2%**

Elementary & Secondary Education Act (ESEA) **2%**

Facility Bonds

- *Accounted for in a separate fund*

School Nutrition

- *Accounted for in a separate fund*

Expenditure Regulations

Expenditure Rules & Regulations

Personnel

- Collectively Bargained Agreements
 - Certificated
 - Classified
 - Non-Represented
- Negotiated Salary Settlements
- California Labor Laws

Student Activities & Curriculum

- Regulated by Funding Source
- As Determined by Local Plans (Local Control & Accountability Plan - LCAP)

Special Education

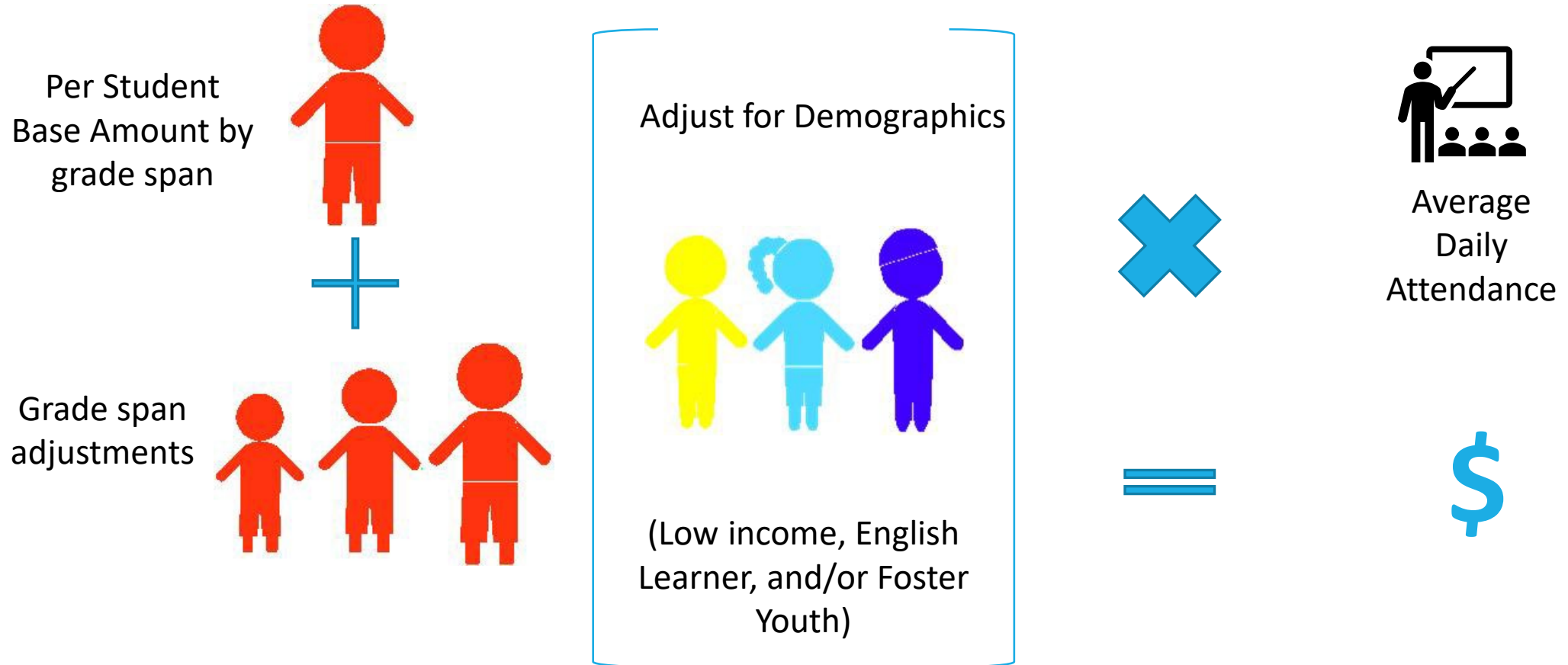
- Individuals with Disabilities Education Act (IDEA)

Operations & Facilities

- Numerous California laws
- Office of Public School Construction

Local Control Funding Formula (LCFF)

Greatly simplifies state funding for local educational agencies (LEAs)



Per Pupil Funding Sample Comparison

5% | 20% | 60% | 75%

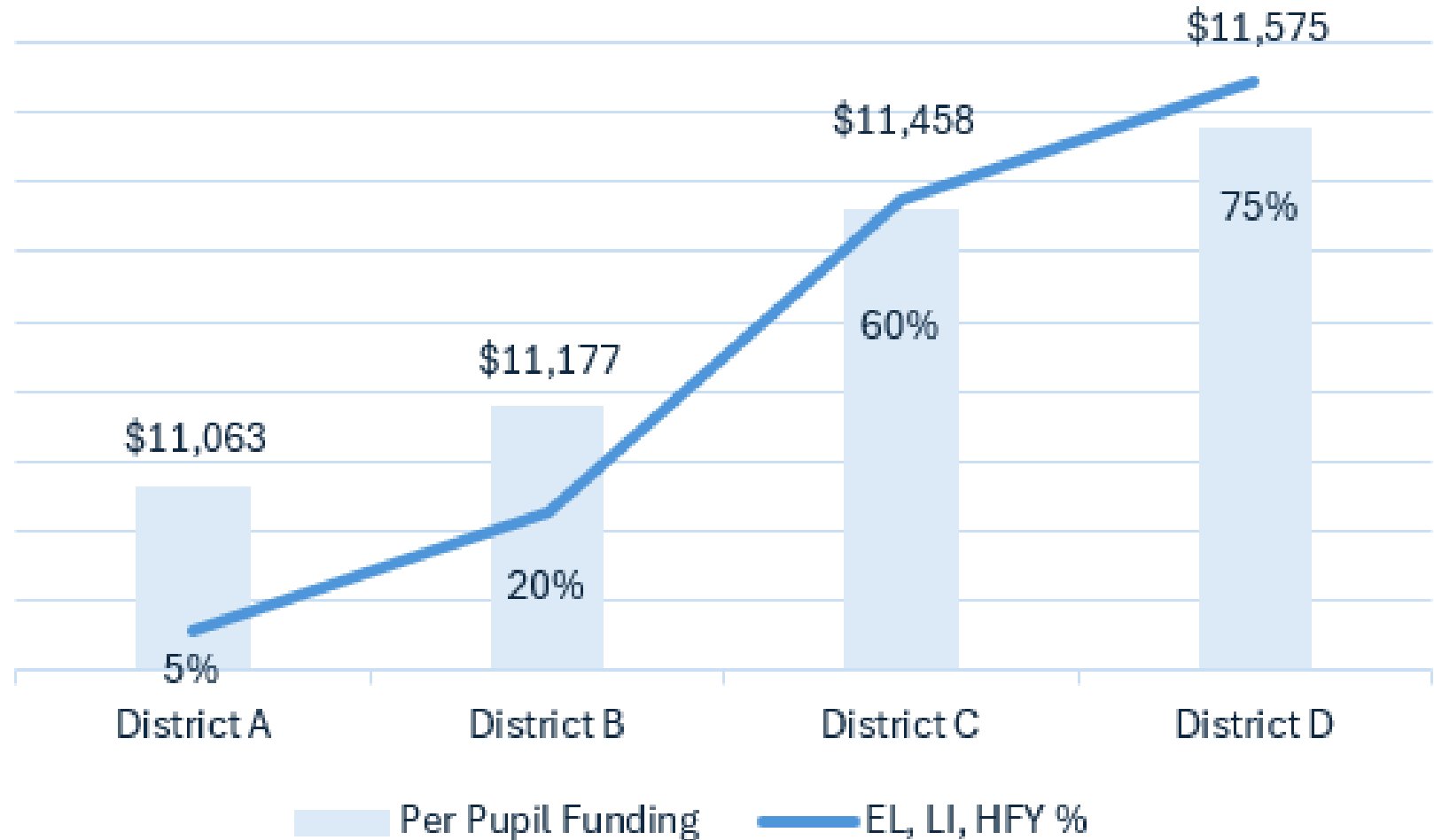
EL = English Learners

LI = Low Income

HFYS = Homeless and Foster Youth Students

Estimates on K-8 Elementary

Per Pupil Funding



Add-on Funding to the LCFF

TIIG

Transportation

Economic Recovery Target

Transitional Kindergarten

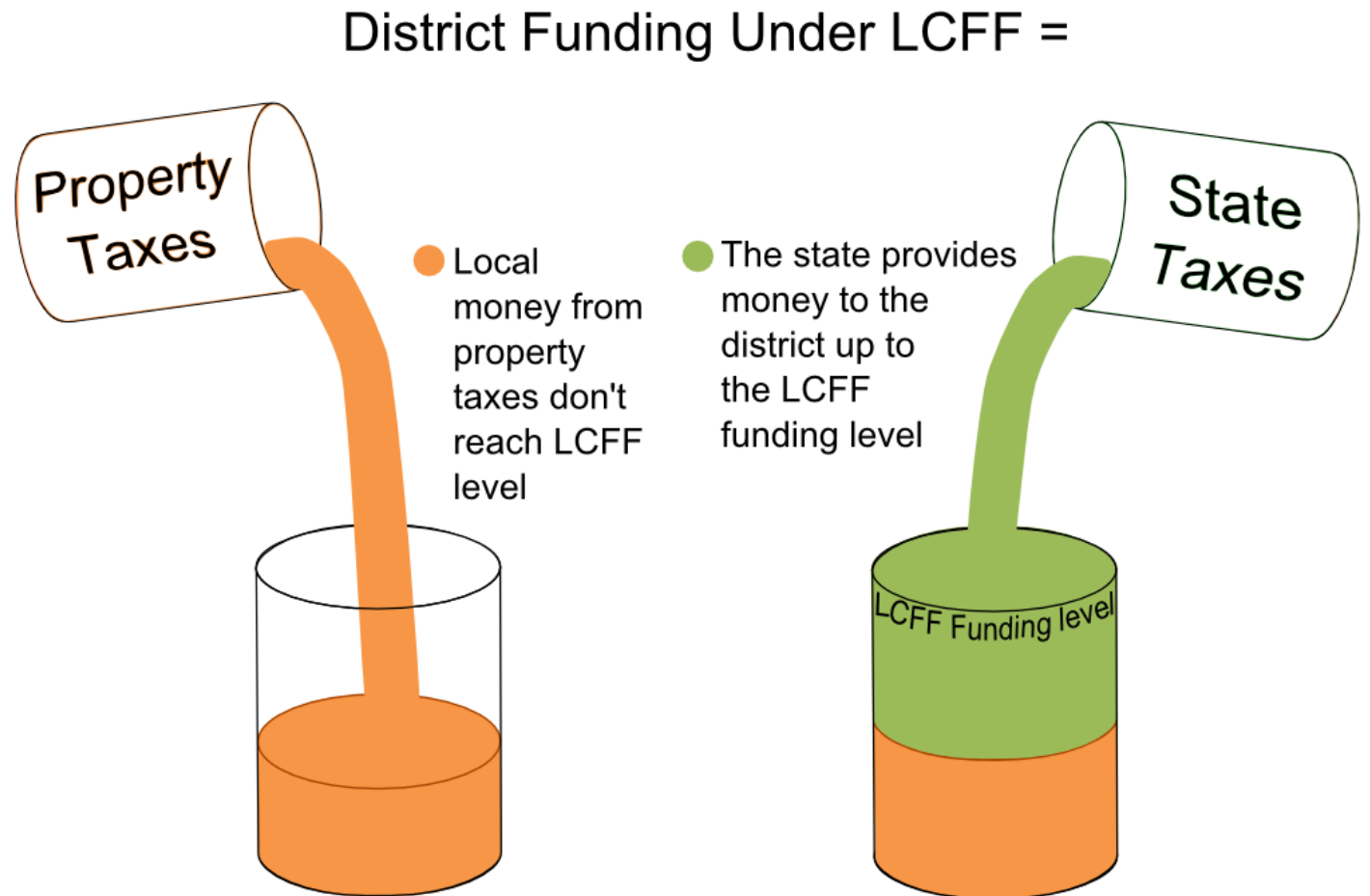
Add-on Funding to the LCFF

- Targeted Instructional Improvement Grant
 - Amount received in 2012-13
- Home to School Transportation
 - Amount received in 2012-13
 - Beginning 2023-24 increased by COLA
- Economic Recovery Target
 - Fixed amount applied to those district who were otherwise harmed by the transition to the LCFF in 2013-14
- Transitional Kindergarten
 - Commencing in 2022-23
 - Beginning 2023-24 increased by COLA
 - \$3,167 per current year T-K ADA

LCFF Funding Variables

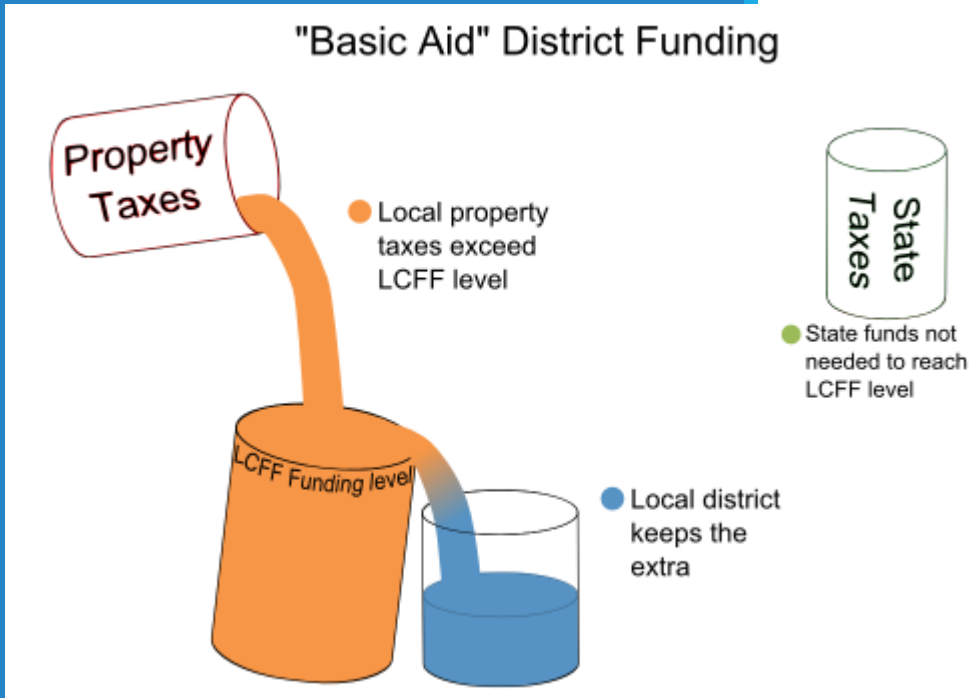
Sources of Entitlement

- Property Taxes
- State Aid



Basic Aid Districts

Keep excess taxes



State Aid

- Minimum state aid equal to Categorical funding from 2012-13 satisfies the constitutional 'basic aid' requirement of \$120 per ADA
- Plus Minimum \$200 per ADA from Education Protection Act

Basic aid districts keep all property taxes

- Property taxes in excess of the formula are kept by the district.
- Sometimes districts change status from basic aid to state funded and vice-versa.
- Result of changes in variables – student attendance, demographics, and tax receipts.

Basic Aid Example of Funding per Pupil

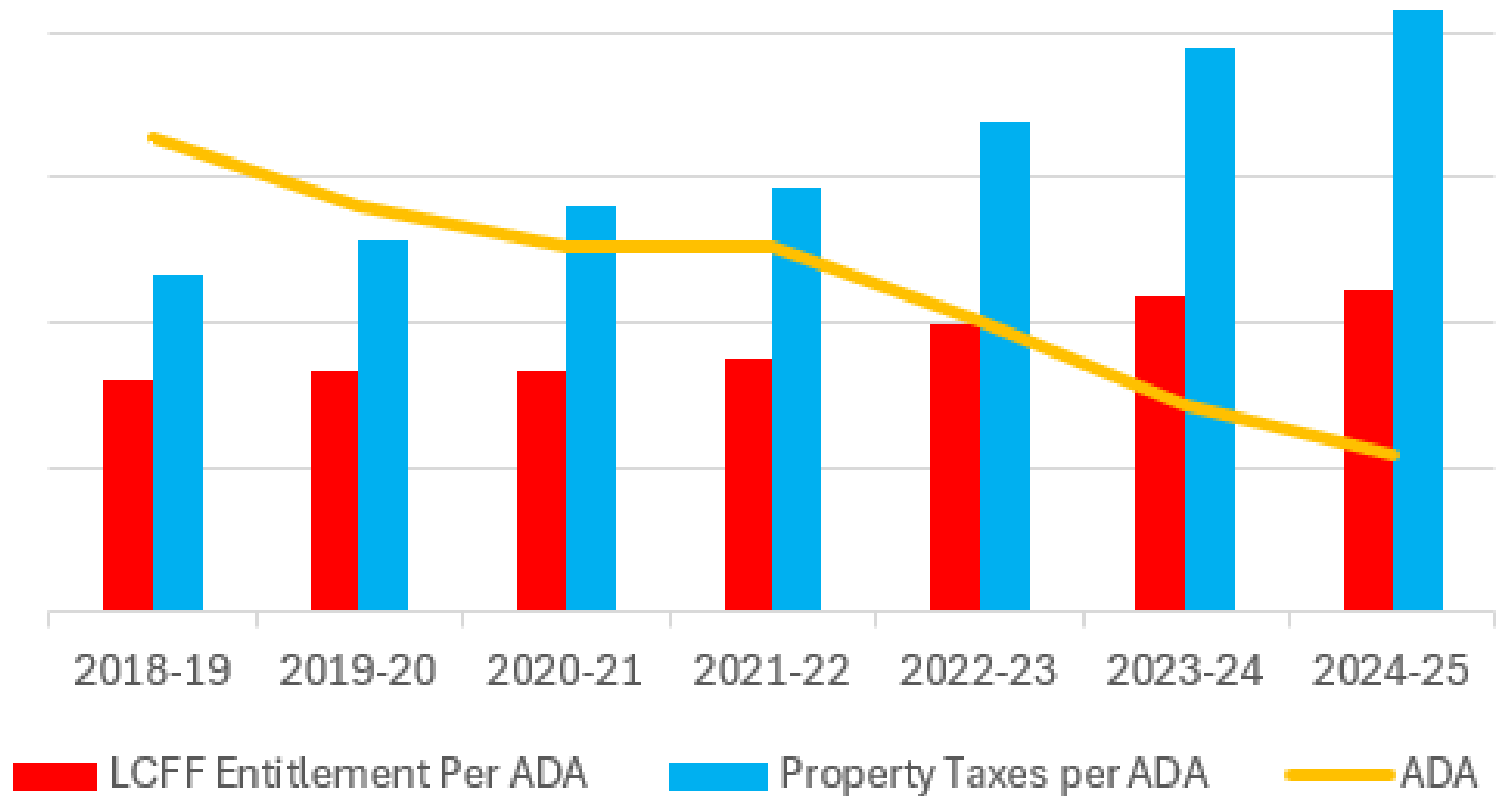
Red

LCFF Entitlement per Pupil

Blue

Higher Funding per Pupil
When Property Taxes Exceed
State Funding

Local Control Funding per Pupil (Declining ADA)



What does 'basic aid' really mean?

Three of the Four districts in Marin County with the lowest per pupil funding are 'basic aid'

LCFF funding including excess taxes per ADA
2023-24

District	Total LCFF Funding	
	Per ADA	Funding Type
Ross Valley	\$ 10,985	LCFF
Miller Creek	\$ 11,596	Basic Aid
Larkspur - Corte Madera	\$ 12,063	Basic Aid
Kentfield	\$ 12,067	Basic Aid
Novato Unified	\$ 12,310	LCFF
Mill Valley	\$ 12,902	Basic Aid
San Rafael Elementary	\$ 13,704	LCFF
San Rafael High	\$ 14,205	LCFF
Lagunitas	\$ 16,803	Basic Aid
Tamalpais	\$ 17,608	Basic Aid
Ross	\$ 18,516	Basic Aid
Reed Union	\$ 19,712	Basic Aid
Nicasio	\$ 24,654	Basic Aid
Laguna Joint	\$ 26,561	Flat Funded
Sausalito - Marin City	\$ 32,569	Basic Aid
Shoreline Unified	\$ 35,192	Basic Aid
Bolinas - Stinson	\$ 48,355	Basic Aid

Other Significant Revenue Sources

Marin County Schools are supported by their local communities

Parcel Taxes

- Most Districts in Marin County have a parcel tax.
- Parcel taxes comprise anywhere from 5% to 24% of a Districts' revenue sources in Marin County.
- More information can be found on [MCOE Website > District Parcel Taxes page](#).

Other Significant Revenue Sources

Marin County Schools are supported by their local communities

Foundations

- Most Districts in Marin County are supported by a locally organized Foundation.
- Foundation funds are often provided to support specific educational programs.
- All Districts in Marin County are supported by the collective efforts of the foundations in Marin through [Schools Rule Marin](#).

Other Significant Revenue Sources

Marin County Schools are supported by their local communities

General Obligation Bonds

- Most Districts in Marin County have been authorized by their voters to issue general obligation bonds.
- Bond proceeds are used for major construction projects and are deposited to and accounted for in a special fund outside of the general fund.
- Bonds are repaid with the collection of ad valorem property taxes.
- You can check your property tax bill online to see what districts bonds form the amount summarized on the tax bill.

Other Significant Revenue Sources

Marin County Schools also receive other State and Federal funds

Special Education Funding

- The primary source of other State and Federal funding for schools is to support Special Education services.
- Special Education revenues are disbursed to the local SELPA (Special Education Local Plan Area) and allocated to the Districts through agreed upon fiscal allocation plans.
- The state and federal funds received to support special education have not kept pace with the cost of providing services.
- On average, Districts in Marin provide 59% of the cost of special education with local revenue sources, up from 38% six (6) years ago.

Fund Balance

Ending Fund Balance

When revenues exceed expenditures in a given fiscal year the ending fund balance increases.

The fund balance is identified by component:

- Nonspendable
- Restricted for a specific purpose
- Committed to a board approved purpose
- Assigned for a broadly identified reason
- Unassigned:
 - Reserve for Economic Uncertainties
 - Unappropriated

Fund Balance & Reserves

Reserve for Economic Uncertainties

Reserve for Economic Uncertainties

The reserve for economic uncertainties (REU) is defined as a percentage of total general fund expenditures.

The State sets the minimum REU percentage: most school districts in Marin County are required to maintain at least 3%.

The Governmental Finance Officers Association (GFOA) recommends maintaining an REU equal to 16% of expenditures – or approximately two(2) months of payroll cost.

Best practice is to adopt a board policy relative to fund balance and reserves.

Human Resources

Districts have struggled to fill permanent positions and **have had an increased need for substitutes with a smaller pool of available staff. Many districts are therefore having to become more creative in recruitment efforts.**

Workforce housing development is now being considered by a number of districts in Marin County including the Marin County Office of Education as one way of being able to attract and retain staff.

Liability and Insurance

Marin County School Districts* are all members of the Marin Schools Insurance Authority (MSIA), a Joint Powers Authority (JPA) for Insurance purposes.

- The current insurance market for property and liability is very challenging due to the natural disasters we have experienced in recent years. Nonetheless MSIA continues to obtain favorable rates and maintains a healthy reserve.
- Cyberliability insurance has become more expensive and difficult to obtain as the industry is learning to price the rising cost of malicious cyber activity. The MSIA group have been working diligently to meet all industry best practices.
- MSIA has also been closely monitoring claims associated with the Child Sexual and Molestation Act. To date any associated claims have been covered by excess insurance held during the past periods in question.

*Shoreline Unified is a member of RESIG

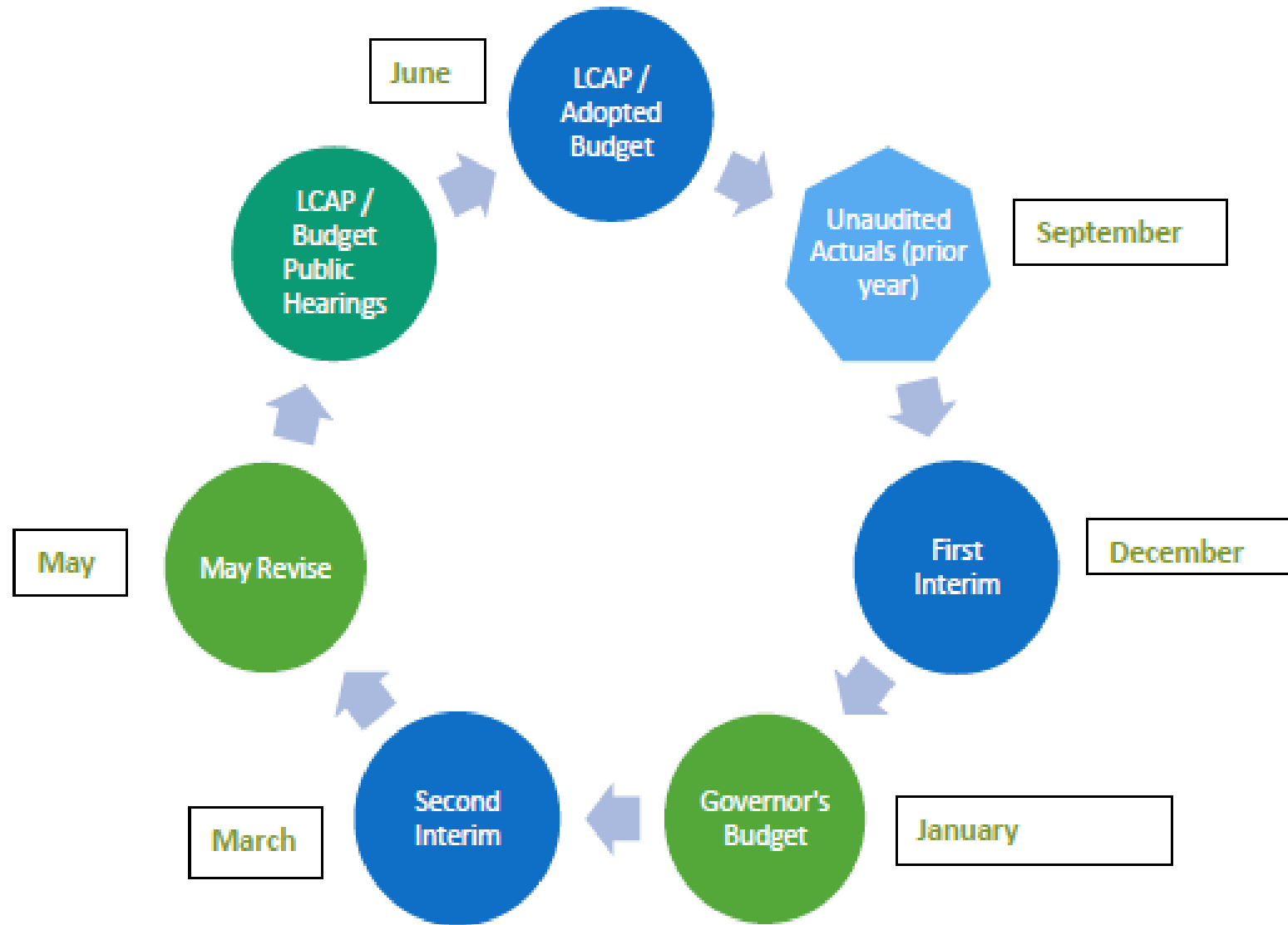
Fiscal Oversight Under AB 1200

The Budget Development Cycle (Sample)

Boards are responsible for approving and revising district budgets three (3) times per year.

Initial Annual Budget development begins early

While developing next year's budget, the current year budget is also revised



County Superintendent's Responsibilities

County Superintendent
Fiscal Oversight and Budget
Approval under AB 1200 &
AB 2756

The county superintendent is responsible for determining if a district can meet its financial obligations in the current and two subsequent fiscal years.

- Determine if district meets minimum reserves
- Assess projected revenues and expenditures
- Positive, Qualified or Negative Certification
 - **Positive** – Meets financial obligations in current + two (2) years
 - **Qualified** – May not meet financial obligations in current + two (2) years
 - **Negative** – Will not meet financial obligations in current + one (1) year

Review collective bargaining agreements, and non-voter approved debt.

AB1200 is a continuous standardized assessment process, performed year round.

Periodic Reviews

Fiscal Document	County Superintendent Responsibilities
Adopted Budget and LCAP	Approve Conditionally Approve Disapprove
Interim Budgets	Certify Positive or Certify Qualified or Certify Negative
Collective Bargaining Agreements	Review If Qualified or Negative, Provide Written Comment
Annual Financial Reports	Review
Independent Audits	Review
AB 139 (Fraud Misappropriation)	Review / Investigate

Review of Collective Bargaining Disclosures

- Before approving a collective bargaining agreement, the provisions of that agreement must be disclosed at a public meeting of the district governing board.
- District superintendent and CBO *“shall certify in writing that the costs incurred by the district under the agreement can be met by the district during the term of the agreement.”*
- A school district with a qualified or negative certification shall allow the county superintendent at least ten (10) days to review and comment on any proposed collective bargaining agreement before that agreement is approved by the district governing board.
- County Superintendent must notify the district superintendent, board, *“and each parent and teacher organization of the district if agreement would endanger the fiscal well being of the district.”*

Other County Superintendent Oversight Responsibilities

Review of Annual Financial Reports

The County Superintendent reviews and certifies the annual financial reports of the school districts in the county.

Review of Annual Audit Report

The County Superintendent is required to review the annual independent audit report and certify resolution status of district audit findings to State Controller's Office (SCO) and California Department of Education (CDE).

Certification of local data

The County Superintendent is responsible with the county auditor to submit certified property tax estimates to the state twice a year and actual property tax receipts annually

The County Superintendent is also charged with certifying student attendance data to the state three times a year

Relationships and Collaborative Assistance are Key

AB 1200 & AB 2756 fiscal oversight is most effective when there are strong working relationships, good communication and information exchange between districts and county offices of education.

District

- Knowledgeable staff
- Good financial practices
- Ongoing communication with COE throughout the year

County Office of Education (COE)

- Knowledgeable staff with an understanding of district operations
- Good systems of monitoring with proactive review
- Ongoing communication with district throughout the year

School Districts & County Offices

A partnership set in statute
to ensure the overall success
of school districts

School District Trustees Contribute to the Successful Governance of a School District by

- Understanding the governing board's role as the fiscal steward of the district
- Understanding revenue sources
- Understanding expenditures regulations
- Understanding the LCAP and its role in moving student achievement
- Understanding the role of the County Superintendent in ensuring districts can meet their financial obligations

Thank You

For Your Interest
In Serving!

Your support and
contributions matter.



MARIN COUNTY
OFFICE OF EDUCATION
Supporting Learning for ALL Students

