



Overview of WCA Memorandum of Understanding with SMCS



WCA Memorandum of Understanding with SMCSD

KEY CONCEPTS

- MOU Term: July 2014 - July 2019
- MOU Governs:
 - discretionary resource allocation from SMCSD to WCA
 - relationship regarding special education
 - many elements of facilities relationship



WCA Memorandum of Understanding with SMCS D

Agenda

1. Budget Context
2. Historical Context
3. Legal and Policy Context
5. Basic Funding Terms Of MOU
6. Comparison to Previous MOUs



Budget Context For 2014-2019 MOU

- SMCSD is a “Basic Aid” or “Community-Funded” District
- Retains Its Share of Local Property Taxes -- Not Based On Number of Students
- “Revenue Limit” or “State-Funded” Districts Receive Minimum Legal Funding Per Student
- What Does This Mean? Community-Funded Districts Get More



Budget Context for 2014-2019 MOU

- Only ~ 10% Of CA Districts Are Community-Funded (Basic Aid)
- SMCS D Per-Student Funding At The Top Of That Range
- Only District where Charter Serves A Majority of all High-Need Students?
- SMCS D Is A Budgetary Unicorn



Budget Context For 2014-2019 MOU

- 2016-17 SMCSD Public Revenue: ~ \$8 million
- \$8 million ÷ 560 Students = \$14,285 Per Student
- Compare Statewide Average: ~ \$9000 Per Student



Budget Context For 2014-2019 MOU

Recurrent Myths

- The MOU is suspect because it is a departure from the “norm.”
- The MOU is suspect because the SMCSD Board had a pro-WCA majority at the time it was adopted.
- The MOU is excessively generous to WCA at the expense of Bayside MLK



Budget Context For 2014-2019 MOU

Public Funding Per Student 2016-2017

- Willow Creek Academy: ~ \$8000 per student
- Bayside MLK: ~ \$13,700 per student

Proposed FCMAT/BAC Funding Per Student

- Willow Creek Academy: ~\$5400 per student
- Bayside MLK: ~ 21,000 per student



Budget Context For 2014-2019 MOU

Excess Property Tax Revenue for 2016-17:

Total SMCSD Property Tax Revenue: ~ \$7,000,000

Less: LCFF Minimum to Bayside MLK: \$1,900,000

Less: LCFF Minimum to Willow Creek: \$2,700,000

Property Tax Excess Revenue: \$2,400,000



Budget Context For 2014-2019 MOU

District's Calculation of Excess Allocation in 2016-17 Budget:

To District and Bayside MLK: \$2,320,465 (95%)

To Willow Creek Academy: \$110,930 (5%)



Historical Context for 2014-2019 MOU

- Prior MOU Silent On Allocation of Excess
- Resulted In Annual Budget Battles
- Allocation To WCA Was “Supplemental Grant”
- Varied From Zero To \$450,000



Historical Context for 2014-2019 MOU

Supplemental Grant History

2002	\$29,658	2010	\$338,383
2003	\$0	2011	\$271,531
2004	\$0	2012	\$328,876
2005	\$0	2013	\$328,876
2006	\$0	2014	\$450,000
2007	\$162,849	2015	\$298,294
2008	\$67,349	2016	\$65,440
2009	\$157,049	2017	\$0



Legal and Policy Context

Charter School Law:

(a) The Legislature finds and declares all of the following:

- (1) Charter schools are part of the Public School System, as defined in Article IX of the California Constitution.
- (2) Charter schools are under the jurisdiction of the Public School System and the exclusive control of the officers of the public schools, as provided in this part.
- (3) Charter schools shall be entitled to full and fair funding, as provided in this part.



Legal and Policy Context

California Supreme Court:

“Though independently operated, charter schools fiscally are part of the public school system; they are eligible equally with other public schools for a share of state and local education funding.”

Today's Fresh Start, Inc. v. Los Angeles County Office of Educ. (2013)
57 Cal. 4th 197, 207



Legal and Policy Context

California School Board Association:

School districts are charged with providing a high-quality educational program that challenges all students to succeed. Local school boards are elected to hold the system accountable. When students attend a public charter school that has a separate governance structure and is granted significant freedom from state laws, the school board maintains ultimate accountability if it approved the charter. Thus, the school board must exercise due diligence in fulfilling its responsibilities with regard to charter schools and must act in the best interests of students enrolled in the charter school.



Legal and Policy Context

Charter School Law:

Nothing in the law will “prevent a charter school from negotiating with a local educational agency **for a share of operational funding** [beyond the minimum] including . . .

. . . **property taxes received by a school district which exceed its revenue limit entitlement.**



MOU Statement of Policy on Funding Allocation:

“It is the policy of the District to allocate resources equitably and without regard to which public school (charter or traditional) students attend, or where students live within the District.”



Basic Funding Terms of MOU -- Services and Charges

- All Special Education and Facilities costs paid from excess property tax revenue
- WCA to provide its own custodial services; no custodial fee to, or services from, SMCS D
- Very little difference from prior MOU, mainly no “actual cost” charge to WCA for Special Education services
- Technology services reimbursement



Basic Terms of MOU -- Revenue

- Years 1 and 2:
 - WCA per-student revenue to stay flat, with floor of \$7100 per student.
 - Bayside/MLK received 100% of excess taxes up to 2% above prior year
 - Only If revenue growth exceeds 2%, amount over 2% allocated between schools by headcount
 - No other sharing of property tax excess



Basic MOU Terms -- Revenue

- Years 3-5:
 - “Basic Aid Excess” allocated based on need, using LCFF reference point
 - Basic Aid Excess = All Revenue less (1) legal minimums to each school; (2) Special Education spending; (3) Facilities spending; (4) District Overhead; and (5) Restricted Grants
 - Safeguard: If Basic Aid Excess Goes Negative, negotiate allocation of burden.



Comparison of Discretionary Resource Allocation

Net Benefit To WCA Above Legal Minimum

Prior MOU

- 2013-14 (old MOU): \$450,000 (Supplemental Grant) + \$70,000 ("Free" Special Education) + \$90,000 ("Free" Facilities) = **\$610,000**

Current MOU

- 2016-17: (current MOU): \$0 (Supplemental Grant) + \$240,000 ("Free" Special Education) + \$95,000 ("Free" Facilities) - \$118,000 (Basic Aid Negative) = **\$217,000**



Summary

- The MOU allocates revenue based on student need - not headcount - assuring Bayside/MLK receives higher revenue per student
- MOU seeks to ensure LCFF funding at both schools is spent in the classroom, not on overhead, facilities, etc.
- MOU puts more money in both schools' classrooms as the District reduces overhead costs.



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Questions