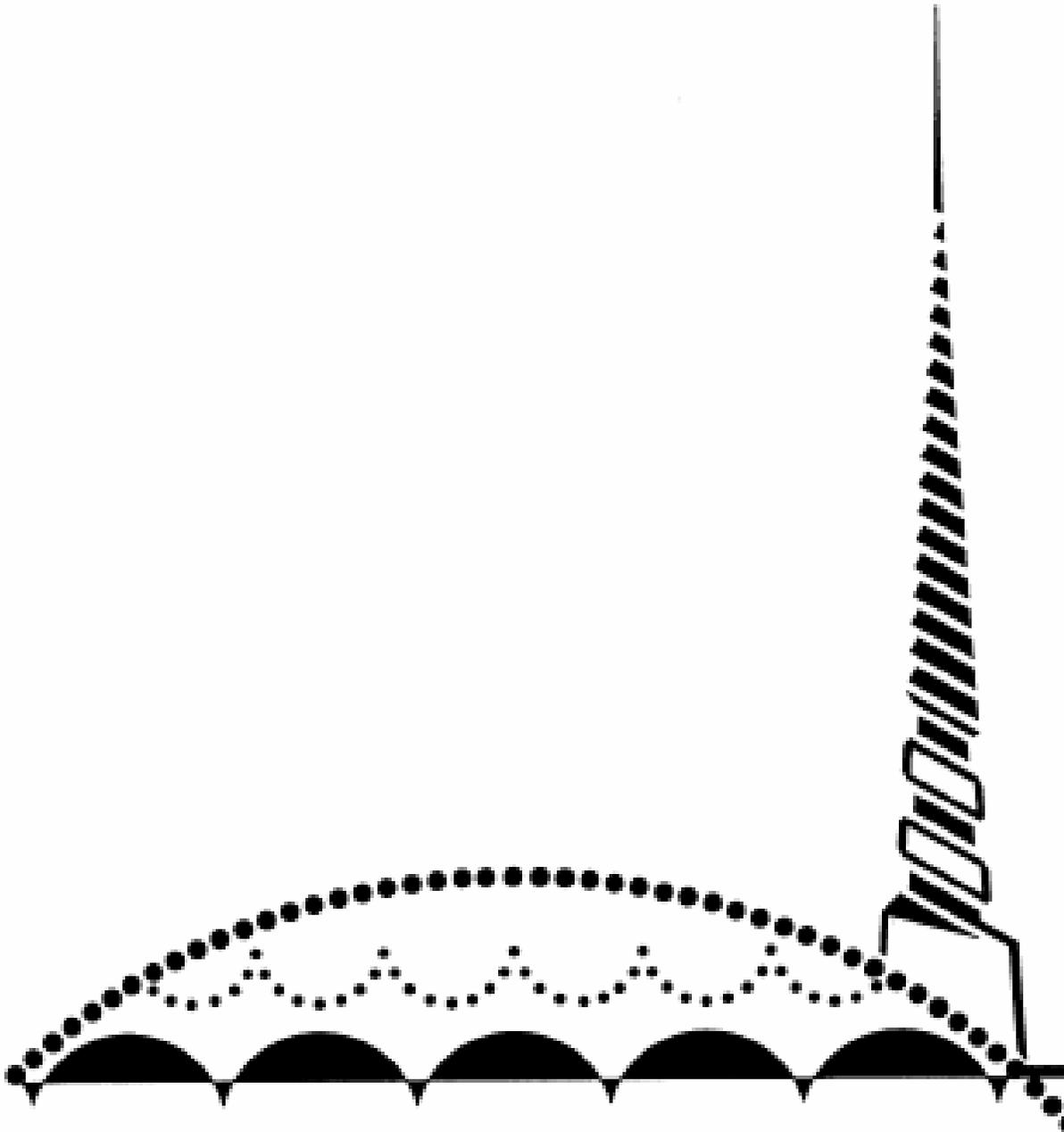
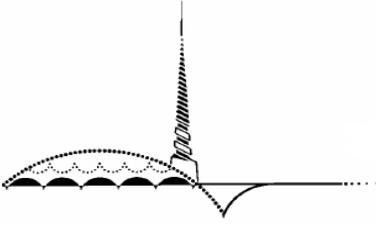


2005-2006 MARIN COUNTY CIVIL GRAND JURY

# Funding Public Schools – Categorically Speaking

March 10, 2006





# Marin County Civil Grand Jury

## FUNDING PUBLIC SCHOOLS – CATEGORICALLY SPEAKING

### SUMMARY

Funding for public education is comprised predominately of general purpose funding (“Revenue Limit Funding”) and special purpose funding (“Categorical Funding”). The level of Revenue Limit Funding is determined by the state government. This report focuses on Categorical Funding, most of which is allocated based on applications prepared by individual school districts.

Categorical Funding includes funds from the state and federal governments for specific programs geared for children with special needs, for certain programs such as Class Size Reduction, or for special purposes such as transportation. It also includes funds from local sources. Categorical Funding can represent a significant portion of a school district’s revenues. In Fiscal Year 2003-04, Categorical Funding represented 51% of one district’s total funding and between 30% and 47% in other Marin school districts.

There is a wide range of Categorical Funding on a per student basis among the Marin County school districts. For FY 2003-04, it ranged from \$1,648 to \$7,114.

Although many of the disparities among the districts can be explained by the differences in student populations and other demographic factors, some districts simply have been more successful than others in identifying potential sources of funding, generating application data, and preparing grant proposals.

The Grand Jury applauds the general climate of collegiality and cooperation it found among the Marin County public school officials. We believe this climate will provide a

**2005-06 Consolidated Application for Funding Categorical Aid Programs**  
(Part I)

California Department of Education		Consolidated Application
Purpose: To declare the agency's intent to apply for 2005-06 funding of Consolidated Categorical Aid Programs CDE Contact: Anne Daniels -- (916) 319-0295 -- ADaniels@cde.ca.gov		Agency: _____ CD code: _____
Legal status of agency: <input type="checkbox"/> School District <input type="checkbox"/> County Office of Education <input type="checkbox"/> Direct-Funded Charter		Dates of project duration: July 1, 2005 -- June 30, 2006
Date of approval by local governing board: ____/____/____		Do NOT return the paper copy of this form to the California Department of Education. The Commission must be submitted electronically using the C App Data System (CADS).
Date of LEA Plan approval by State Board of Education: ____/____/____		
The undersigned certify that they have read the legal assurances and have been given the opportunity to provide advice on the preparation of the application.		
Signature-District Advisory Committee (DAC) (Required for LEAs that are participating in a categorical program) _____ Date _____		<input type="checkbox"/> I/We both commit to the Commission to check the appropriate box to the right.
Signature-District English Learner Advisory Committee (DELAC) (Required for LEAs with 5 or more identified English learners) _____ Date _____		<input type="checkbox"/> Committee refused to sign. <input type="checkbox"/> Committee is N/A. <input type="checkbox"/> Committee refused to sign.
<b>Certification:</b> I hereby certify that all of the applicable state and federal rules and regulations will be observed by this applicant; that to the best of my knowledge the information contained in this application is correct and complete; and I agree to have the use of these funds reviewed and/or audited according to the standards and criteria set forth in the California Department of Education's Committed Compliance Review (CCR) Manual. Legal assurances for all programs are accepted as the basic legal condition for the operation of selected projects and programs and copies of assurances are retained on file. I certify that we accept all assurances except for those for which a waiver has been obtained or requested. A copy of all waivers or requests is on file. I certify that actual signatures for this page are on file.		
Signature of authorized representative _____		Printed name of authorized representative _____ Title _____ Date ____/____/____
<input type="checkbox"/> Electronic certification HAS been completed		<input type="checkbox"/> Electronic certification has NOT been completed

Part I, page 1 Date: 02/22/2005

sound basis for assisting less successful districts obtain more Categorical Funding. Accordingly, we recommend as follows:

- That the Marin County Office of Education (MCOE) annually prepare analyses of the Categorical Funding obtained by the districts
- That the appropriate school officials identify and discuss the variables that have generated successful results in funding
- That MCOE organize an annual symposium to discuss methods for maximizing application data, such as techniques for getting students to school on days enrollments are counted, boosting daily attendance, and encouraging more qualified families to sign up for free and reduced-price lunch programs
- That the district school officials consider the potential value of using professional grant writing services and, when appropriate, collaborate with MCOE and other districts to determine how those services should be obtained
- That MCOE serve as a resource to assist the districts in identifying and obtaining grant writing services

## BACKGROUND

California’s public schools are funded from federal, state and local sources. Much of the money is for general educational purposes, but a significant portion is designated for specific purposes. The box below provides a brief overview of California’s school finance system.

**The Basics of California’s School Finance System**  
(Source: EdSource Website – [www.edsource.org/pdf/QA\\_financefinal.pdf](http://www.edsource.org/pdf/QA_financefinal.pdf) – excerpts)

Every summer the California Legislature and governor decide how much money will go to kindergarten through 12th grade (K–12) public education and how it will be divided among school districts, county offices of education, and the California Department of Education. Although some changes occur each year, the system has looked about the same for more than 25 years.

EDSOURCE 8/03

The column on the left of the diagram shows the five sources of money for schools in California:

The column on the right shows how the different sources feed into school districts’ budgets. As of the early 2000s, almost two-thirds of the money was for general purposes, and almost 30% was earmarked for special purposes or categories of students.

Each district has its own particular combination of federal, state, and local sources. The amount depends on:

- the average number of students attending school over the school year (average daily attendance or ADA);
- the general purpose money the district receives for each student (its “revenue limit”), and
- the support for specific programs for which it qualifies (“categorical aid”).

The small miscellaneous band at the bottom—which is less than 10% of funding statewide—is important to school districts because, with some exceptions, no restrictions are placed on its use. In some districts, this income represents a significant source of discretionary funds.

This report focuses on Categorical Funding, which includes both “categorical aid” and “miscellaneous,” as described above.

Categorical Funding can represent a significant portion of a school district’s revenues. Based on figures from Ed-Data<sup>1</sup>, in Fiscal Year 2003-04, Categorical Funding

<sup>1</sup> Education Data Partnership, “Fiscal, Demographic and Performance Data on California’s K-12 Schools,” (<http://www.ed-data.k12.ca.us/>)

represented as much as 51% of one district's total funding and between 30% and 47% in other Marin school districts. On a statewide basis the average was 33%.

Using available figures from Ed-Data, a review of Fiscal Year 2003-04 school district funding on a per student basis indicated wide disparities in the amounts of Categorical Funding obtained, both in individual categories and in the aggregate. For FY 2003-04, total Categorical Funding ranged from \$1,648 to \$7,114 per student among the 19 Marin County public school districts.

Based on this information, the 2005-2006 Grand Jury decided to conduct an investigation to determine how the less successful Marin County School Districts could improve their success at obtaining Categorical Funding.

## APPROACH

We reviewed the financial statements of Marin County school districts that are published by the California Department of Education on the Ed-Data website to better understand the issues. We also collected and reviewed the applications for Categorical Funds from three sample districts for 2004-05. To obtain a comprehensive and detailed picture of the disparities in Categorical Funding among Marin's school districts, we compared the amounts of Categorical Funding among all the Marin school districts.

We also interviewed officials at MCOE and selected school district officials in order to better understand the Categorical Fund application processes, the assistance they received, any problems they encountered, and suggestions they had for improving their success or the success of other districts.

## DISCUSSION

The Grand Jury was generally impressed with the knowledge of the officials we interviewed both at MCOE and at the districts. They have a broad background of experience, having worked in a variety of positions and school districts.

We were further impressed by the level of collegiality and cooperativeness among Marin school officials described to us. We learned that:

- MCOE has a consultant in Categorical Funding who attends an annual School Services of California Workshop in Sacramento and provides a written report for the districts on Categorical Funding available for the forthcoming academic year.
- The Marin school superintendents and boards work together. The superintendents get together monthly with the Marin County Superintendent of Schools and also meet on their own in retreats.
- The Marin school district curriculum officials meet regularly to discuss academic programs. While their focus is on the delivery of academic programs, they occasionally address Categorical Funding.
- The Marin school district business/financial officials meet monthly to discuss areas of common interest.

There are various criteria for awarding Categorical Funds:

- Many federal and state programs are entitlement programs, based on average daily attendance, enrollment and demographic data.
- Other federal, state, and local programs are funded through grants, based on proposals.

During our interviews, we learned that many of the disparities in funding levels among the various school districts were the result of:

- Differences in student demographics (e.g., elementary vs. high school populations, percentage of low-income students, percentage of special education students)
- Differences in school curricula (e.g., vocational programs)
- Differences in other school circumstances (e.g., average daily attendance, requirements to provide transportation services, requirements to maintain owned federal lands)

We identified two potential opportunities to improve the application process for Categorical Funding in Marin County:

- Refine the methods to maximize enrollment, average daily attendance, and demographic data. These are key factors in attracting funds in many categories. Some districts utilize techniques that would be beneficial to others. These might include techniques for getting students to school on days enrollments are counted, boosting daily attendance, and encouraging more qualified families to sign up for free and reduced-price lunch programs.
- Make greater use of grant writers who have proved effective in obtaining categorical funding. One district official told us of having paid only \$75,000 to a grant writer who secured \$1,000,000 in grants.
  - Some grant writers also help find sources of grants and help develop collaborative efforts with other organizations which are considered advantageous by some funding sources.
  - Some of the districts use grant writers; others feel they cannot afford them. Various ways were suggested for making grant writers more affordable, such as sharing the cost of full-time grant writers among school districts, using contract grant writers, and/or including some or all of the fees for contract grant writers in the grant.

## FINDINGS

- F1. There is a wide range of Categorical Funding on a per student basis among the Marin County school districts.
- F2. Some districts are more successful than others in obtaining Categorical Funding due to better methods for maximizing application data.
- F3. The public school officials interviewed in this investigation described a general climate of collegiality and cooperation that could provide a basis for sharing the best techniques for obtaining Categorical Funding and otherwise assisting less successful districts in improving their Categorical Funding.
- F4. Professional grant writers can be highly effective in helping school districts get Categorical Funding.

## RECOMMENDATIONS

The Grand Jury applauds the general climate of collegiality and cooperation it found among the Marin County public school officials. We believe this climate will serve as a sound basis for assisting less successful districts in improving their success at obtaining Categorical Funding. Accordingly, we recommend as follows:

- R1. That the Marin County Office of Education annually prepare analyses of the Categorical Funding obtained by the districts. These analyses might include comparisons among the districts of:
  - Revenues per average daily attendance for individual categories
  - Student demographic data as a percent of enrollment and/or average daily attendance
  - Enrollment vs. average daily attendance
  - Other data that may indicate where districts might improve their Categorical Funding
- R2. That the appropriate school officials identify and discuss the variables that have generated successful results in funding
- R3. That MCOE organize an annual symposium to discuss methods for maximizing application data, such as techniques for getting students to school on days enrollments are counted, boosting daily attendance, and encouraging more qualified families to sign up for free and reduced-price lunch programs
- R4. That the district school officials consider the potential value of using professional grant writing services and, when appropriate, collaborate with MCOE and other districts to determine how those services should be obtained
- R5. That MCOE serve as a resource to assist the districts in identifying and obtaining grant writing services

## REQUEST FOR RESPONSES

Pursuant to California Penal Code section 933.05, the Grand Jury requests responses as follows:

From the following individual:

- The Marin County Superintendent of Schools: R1, R3, R4, R5

From the following governing bodies:

- The boards of each of the Marin County school districts: R2, R4

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933(c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

The California Penal Code section 933(c) states that "...the governing body of the public agency shall comment to the presiding judge on the findings and recommendations pertaining to matters under the control of the governing body." Further, the Ralph M. Brown Act requires that any action of a public entity governing board occur only at a noticed and agendized public meeting.

The Grand Jury invites the following individuals to respond:

- The superintendents of each of the Marin County school districts: R2, R4

## BIBLIOGRAPHY

- **EdSource Online**, "an independent, nonpartisan, not-for-profit organization whose mission is to clarify complex education issues and to promote thoughtful policy decisions about public school improvement," (<http://www.edsource.org/index.cfm>)
- **Ed-Data, Education Data Partnership**, "Fiscal, Demographic and Performance Data on California's K-12 Schools," (<http://www.ed-data.k12.ca.us/>)

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person, who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.