REVISED 5/20/2019

GUSD Plan to Maintain District Solvency and Financial Responsibility

May 21, 2019

Information Report No. 6

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Preview of 2019-20 Governor's May Revision

➤ Proposition 98 Minimum Guarantee

- 2018-19 – up by $278.8 million from the Governor's Budget for an estimated $78.1 billion – The impact of this <u>increase</u> is approximately $43 per ADA – More details after the May Revision

- 2019-20 – up by $389.3 million from the Governor's Budget for a proposed guarantee of $81.1 billion and $3 billion year over year – The impact of this <u>increase</u> is approximately $60 per ADA – More details after the May Revision

➤ Cost-of-Living Adjustment

- 2019-20 COLA – Decreased from 3.46% to 3.26% - The impact of this is a <u>decrease</u> of approximately $250,000 in LCFF Base – More details after the May Revision

Preview of 2019-20 Governor's May Revision – Cont.

➢ Special Education

- Slight increase to the January proposal to support school readiness of districts with high percentages of student with disabilities and unduplicated students

➢ CalSTRS Relief

- Slight increase for one-time funding to reduce employer contribution rate. Added $150 million for a total of $3.15 billion – STRS rate will increase from 16.28% (2018-19) to 16.7% (2019-20) – The impact of this is a savings of approximately $490,000 compared to January Proposal – More details after the May Revision

Cautions and Challenges

➢ Future Funding - Unstable COLA%, Unduplicated Pupil Percentage, and Enrollment

➢ Special Education - Program Needs Increasing

➢ Projected Negative Unrestricted General Fund Adjusted Balances in future if budget reductions are not made

➢ Additional Funding to Cover CalPERS and CalSTRS Increases is proposed only.

➢ Financial Stability Plan for 2019-20 of $5.0 m, and for 2020-21 will likely be at least $5.0 m

➢ Impact of 2018-19 Negotiations – Already committed the 2018-19 LCFF increase to the previous wage increase – Can't spend the same increase twice

➢ Sagebrush Transfer