

# Governor's 2019-20 January Budget Proposal and Update on the "Plan to Address Board Priority #4"

February 5, 2019

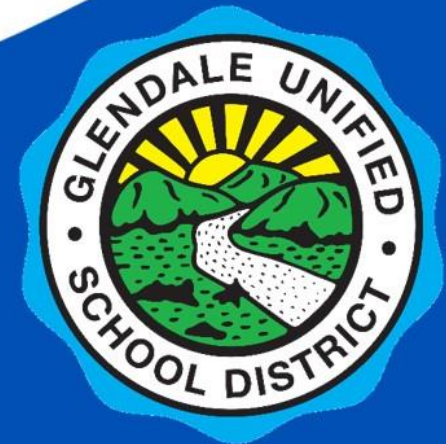
Information Report No. 4

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Chief Business and Financial Officer

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Budget Report No. 4





# Governor's 2019-20 January Budget Proposal

- COLA of 3.46% (increase from previous estimate of 2.57%)
- State payment of \$3 billion directly to STRS to lower the rates
  - 2019-20 – From 18.13% to 17.1% - Savings = \$1.28 million
  - 2020-21 – From 19.1% to 18.1% - Savings = \$1.25 million
  - 2021-22 – From 18.6% to 18.1% - Savings = \$1.26 million
  - 2022-23 – From 18.1% to 17.6% - Savings = ???



## Governor's 2019-20 January Budget Proposal (Cont.)

- No one-time discretionary funds
- One-time funds for full-day Kindergarten facility retrofit costs
- Prop 51 bonds – sale of \$1.5 billion for match programs



# What Does the LCFF Mean for Glendale Unified School District

<b>GUSD – 2019-20</b>		
<b>2019-20 LCFF Per ADA Funding</b>	<b>Projected 2019-20 ADA</b>	<b>Projected 2019-20 LCFF Total Revenue</b>
<b>\$9,759</b>	<b>24,922</b>	<b>\$243,213,798</b>



# Summary of Educational Funding

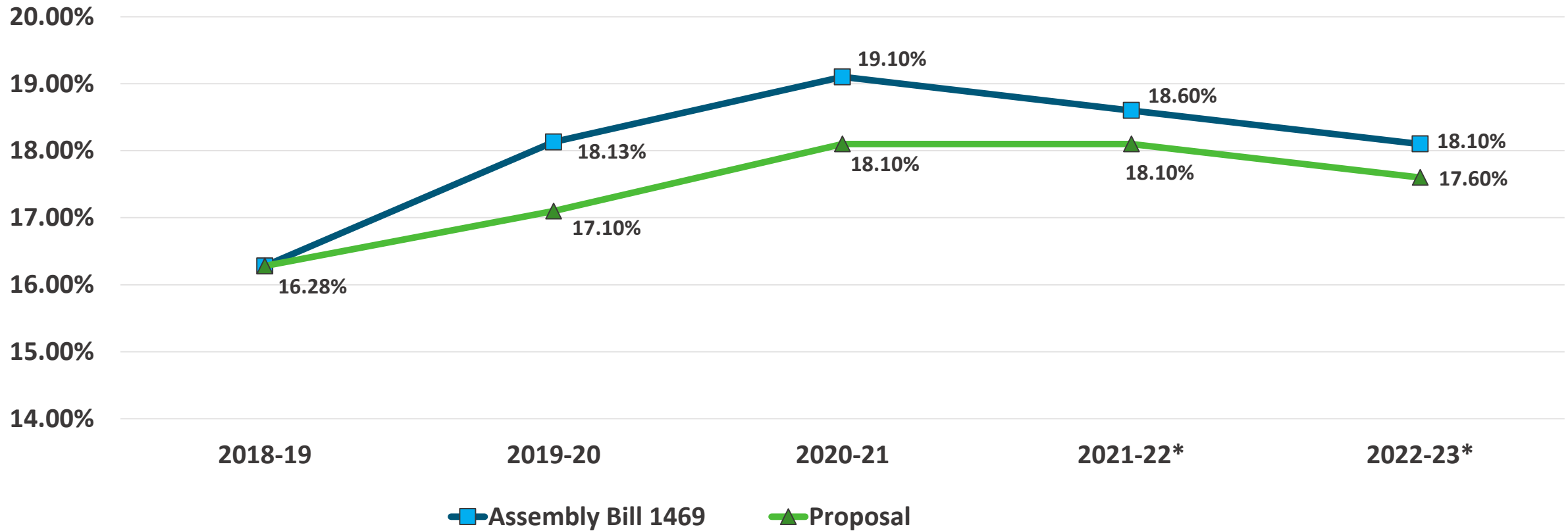
## 2019-20 LCFF Target Funding Factors

- The K-12 COLA is 3.46% for 2019-20, and is applied to the LCFF base grants for each grade span

<b>Grade Span</b>	<b>2018-19 Base Grant per ADA</b>	<b>3.46% COLA</b>	<b>GSA</b>	<b>2019-20 Adjusted Base Grant</b>
<b>K-3</b>	<b>\$7,459</b>	<b>\$258</b>	<b>\$803</b>	<b>\$8,520</b>
<b>4-6</b>	<b>\$7,571</b>	<b>\$262</b>	<b>-</b>	<b>\$7,833</b>
<b>7-8</b>	<b>\$7,796</b>	<b>\$270</b>	<b>-</b>	<b>\$8,066</b>
<b>9-12</b>	<b>\$9,034</b>	<b>\$313</b>	<b>\$243</b>	<b>\$9,590</b>



# CalSTRS Employer Contribution Rates – Current Law Versus Governor’s Proposal



\*Beginning in 2021-22, the CalSTRS Board has authority to increase/decrease the employer contribution rate (with some restrictions) to fully fund the unfunded liability by 2046

# 2019-20 Budget Overview

## What's Not in the Budget?

- Not surprisingly when a new Administration takes office, there is little time to flush out the details of all the proposals contained in the Governor's Budget
- Over the course of the legislative hearings, additional specificity is expected for:
  - The \$576 million funding various Special Education proposals
  - The Early Childhood Education proposals
- While new funding is provided for Special Education, funding for equalization of rates is not included in the Budget
- The LCFF targets have been achieved, but this is a modest goal; higher LCFF aspirational targets are not included in the Budget
- The Budget does not provide any funds for one-time discretionary grants





# Budget Concerns

- No one-time discretionary funding
- No funding to increase the LCFF base grant target to reach the top ten states' funding
- No new funding to increase and equalize base funding rates for Special Education
- Health and welfare contributions are increasing
- Contributions to restricted programs continue to increase
- Declining enrollment will continue to make it difficult to balance the budget – **See separate attachment included in Information Report No. 4**
- Cut in the Federal funds given the new direction of the new president
- Utilizing future year revenues
- Structural Deficit – Projected negative adjusted Unrestricted General Fund balance for the fiscal year 2021-22 is \$6 million
- Property Transfer could result in loss of \$2.7 million annually
- Governor's most aggressive budget investments are made in the early care and education sectors

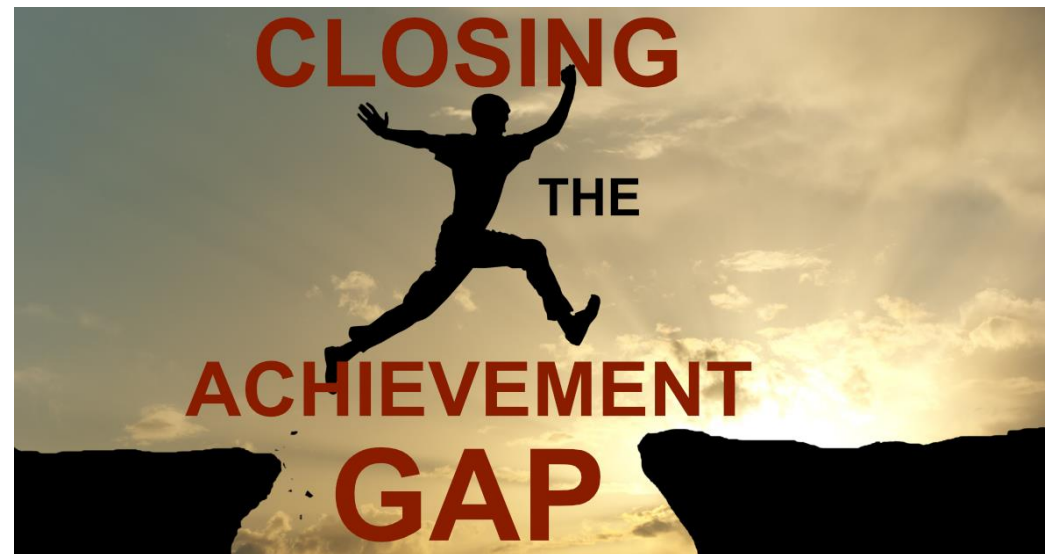


# Local Control Accountability Plan

## Accountability in 2019

- As our accountability and continuous improvement system matures, there will be increased emphasis on outputs
- Inputs still matter – but what is the return on our investments?

**Investments = Results**





## Next Steps

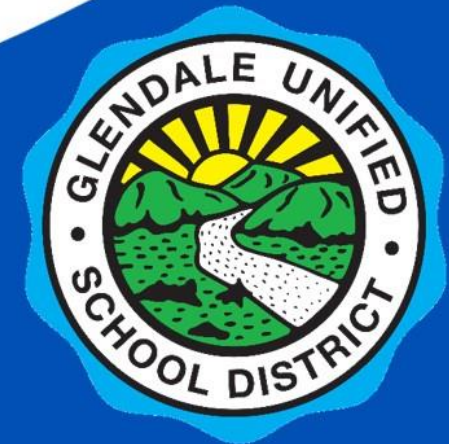
- Budget Information Report – February 19, 2019
- Budget Study Session – February 26, 2019 (tentative date)
- Second Interim Budget Report – March 12, 2019
- Evaluate State May Revise Budget Impacts
- Board Adoption of 2019-20 District Budget on June 18, 2019

# DRAFT GUSD “Plan to Address Board Priority #4” for 2019-20

(Dated: 1/30/19)

Working document toward the final “Plan to Address Board Priority #4” for the 2019-20 Budget Adoption

Presented by: Stephen Dickinson, CBO  
GUSD Senior Cabinet





# Revenue Topics for 2019-20 Budget Assumptions

Proposed Action	Target Rev. Incr/Decr	Estimated Actual Rev. Incr/Decr
Maintain ADA percent at 96.9% – budget assumption/consensus	\$0	\$0
LCFF improvement over 1 <sup>st</sup> Interim – Jan. and May 2019 Gov. Budget proposals	\$0	\$2,000,000
	\$0	\$0
	\$0	\$0
<b>Subtotals</b>	<b>\$0</b>	<b>\$2,000,000</b>



# Possible Budget Reductions 2019-20

## Expenditures – Services, Supplies and Non-Personnel

<b>Proposed Action</b>	<b>Target Savings</b>	<b>Estimated Actual Savings</b>
Copier/printer equip and service (phase-in over 2-3 years)	\$150,000	\$150,000
MS Summer School – Info Report on Feb. 19, 2019	\$317,867	\$317,867
Sub costs – mitigated for next two years by the “Low-Performing Students Block Grant”	\$500,000	\$500,000
Department budget reductions	\$1,132,133	\$1,132,133
<b>Subtotals</b>	<b>\$2,100,000</b>	<b>\$2,100,000</b>

Plus 2018-19 department budget savings/sweep – 1x only estimated savings = \$250,000



# Possible Budget Reductions 2019-20

## Expenditures – Salaries and Benefits

Proposed Action	Target Savings	Estimated Actual Savings
Admin/mgmt staffing level – Info Report on Feb. 19, 2019	\$600,000	\$600,000
Classified staffing level – Info Report on Feb. 19, 2019	\$800,000	\$800,000
Certificated staffing level for declining enrollment – Info Report on Feb. 19, 2019	\$1,500,000	\$1,500,000
H&W rates higher/lower than budgeted – information in May 2019	\$0	\$0
STRS rate increase lower than projected ( <i>Gov's January Budget Proposal</i> )	\$0	\$1,300,000
Annual budget increase for H&W decrease from +9% to +8%	\$0	\$300,000
<b>Subtotals</b>	<b>\$2,900,000</b>	<b>\$4,500,000</b>
<b>Target Total</b>	<b>\$5,000,000</b>	<b>\$8,600,000</b>



# Possible Budget Reductions 2019-20

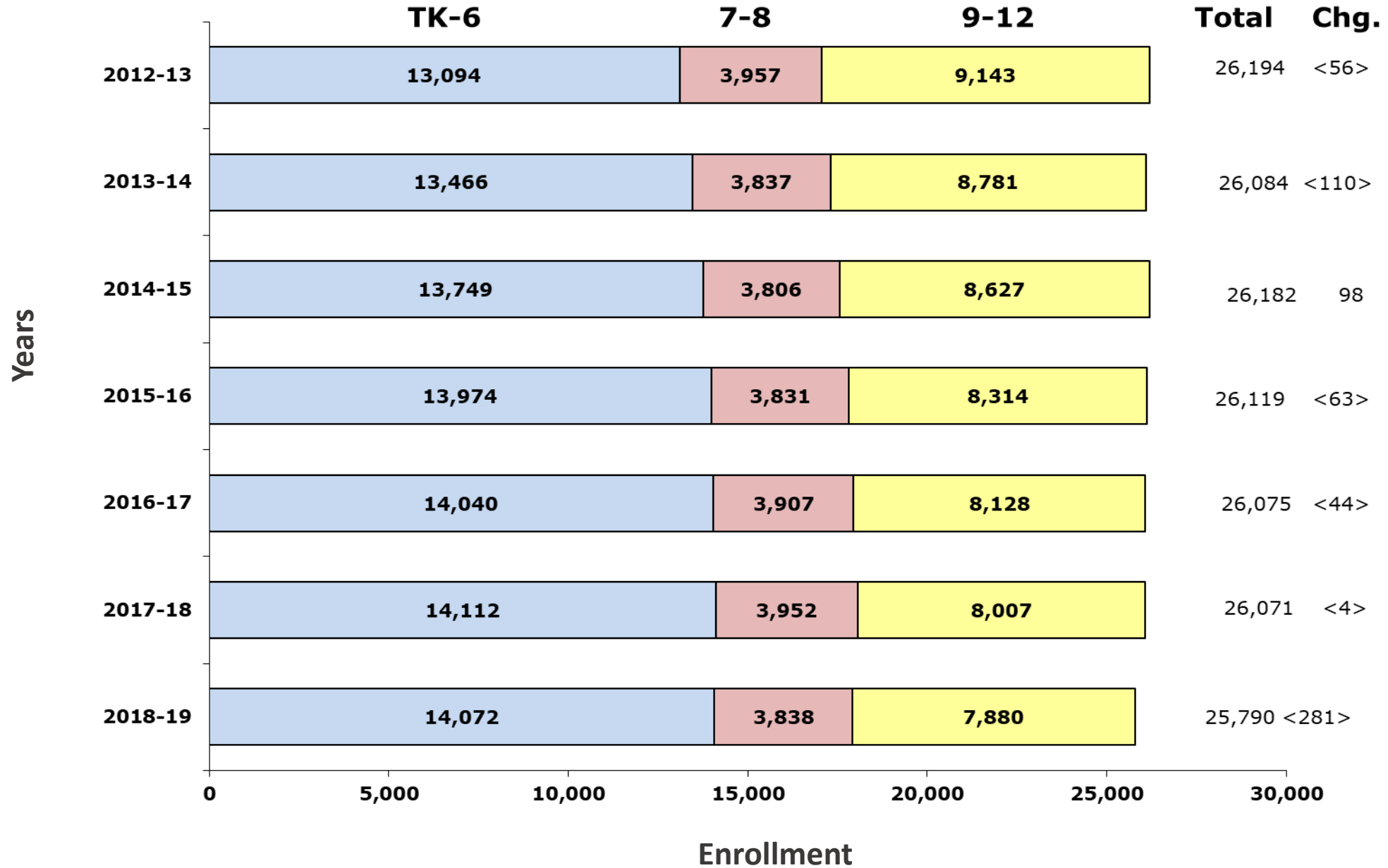
## Options to Close the 2-Yr Deficit Spending Target of \$10m

*\*Holding everything else constant, the range of options to address “BP #4” for 2019-20 and 2020-21 are:*

- 1) 2019-20 = \$8.6m / 2020-21 = \$1.4m – this is the most conservative option
- 2) 2019-20 = \$3.3m / 2020-21 = \$6.7m – this is the least conservative option
- 3) 2019-20 = \$5m / 2020-21 = \$5m – this is a middle option
- 4) Or any variation between that totals \$10m

*\*Holding everything else constant – this analysis does not include the future impacts of negotiated compensation increases, additional LCFF improvements, one-time funds, increase/decrease in enrollment, and other budget variables*

# Historical Enrollment (CALPADS Data)







# Enrollment

## 10-year summary of detailed information – from 2008-09 to 2018-19:

- K-6 enrollment grew from 12,298 to 13,816
- 7-8 enrollment declined from 4,273 to 3,748
- 9-12 enrollment declined from 9,078 to 7,331
- Total enrollment declined from 26,744 to 25,788

## Compared to 5-year trend – from 2013-14 to 2018-19:

- K-6 enrollment grew from 13,158 to 13,816
- 7-8 enrollment grew from 3,727 to 3,748
- 9-12 enrollment declined from 8,208 to 7,331
- Total enrollment declined from 26,084 to 25,788



# Enrollment

Also consider information from the CA Dept of Finance/Demographic Research Unit:

- Population grew from 191,719 (2010) to 205,536 (2018)
- Housing units grew from 76,269 (2010) to 80,176 (2018)
- Vacancy rate remained stable from 5.2% (2010) to 5.1% (2018)
- But most recent discussions about rent control have had an impact

Options for 2019-20 Enrollment Projection:

- Low estimate – project decline of 2% or about -550
- Middle estimate – project decline of 1% or about -275
- High estimate – flat enrollment
- Note: LCFF revenue provides a one-year lag for declining enrollment

# QUESTIONS?

