

2018/19 Governor's Proposed Budget & SUSD Impact



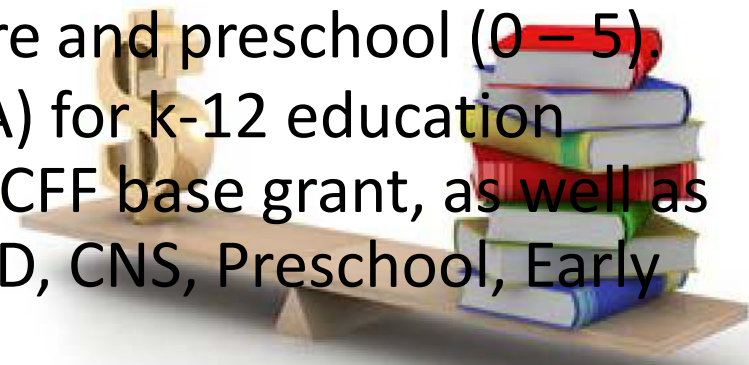
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The Budget Proposal

On Wednesday, January 10, 2018, Governor Jerry Brown unveiled his final proposed State Budget for the upcoming 2018-19:

- \$78.3 billion for k-12 education (an increase of \$3.1 billion over current year)
- \$100 million in one-time funding for programs to increase and retain special education teachers.
- \$1.8 billion in one-time funds for districts to be used at the discretion of the Board.
- \$167 million in funding for childcare and preschool (0 – 5).
- Cost of Leaving Adjustments (COLA) for k-12 education programs is 2.51% applied to the LCFF base grant, as well as other education programs like SPED, CNS, Preschool, Early Childhood Education.



What is Not in The Educational Budget

➤ The 2018-19 Budget proposal provides no funding for the following critical items:

- Increasing the LCFF base grant target to reach the funding level of the top ten states
- The growing local obligations for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) unfunded liability
- Home-to-School Transportation programs
- Increasing and equalizing Assembly Bill (AB) 602 base funding rates for special education



List of Assumptions Used at 1st Interim
(Red Numbers = New Assumptions)

Description	Year 1 2017 - 18	Year 2 2018 - 19	Year 3 2019 - 20
LCFF - Statutory COLA	1.56%	2.51%	2.41%
Special Education COLA	1.56%	2.51%	2.41%
LCFF - GAP	43.97%	100.00%	100.00%
Funded ADA	4,674	4,687	4,697
Enrollment - District and COE	4,892	4,904	4,916
Property Taxes	7,781,525	7,781,525	7,781,525
Contributions to Restricted Programs	8,226,144	8,290,666	8,456,480
Certificated Staff Step and Column Increase %	2.00%	2.00%	2.00%
Classified Staff Step Increase %	2.00%	2.00%	2.00%
California CPI	3.18%	3.22%	3.04%
California Lottery Restricted	\$48.00	\$48.00	\$48.00
California Lottery Unrestricted	\$146.00	\$146.00	\$146.00
Mandate Block Grant Grades K-8 per ADA	\$30.34	\$31.10	\$31.10
Mandate Block Grant Grades 9-8 Per ADA	\$58.25	\$59.71	\$59.71
One-Time Discretionary Funds per ADA	\$147.00	\$295.00	
Interest Rate Trend for 10 Year Treasuries	2.52%	2.90%	3.05%
Statutory COLA	1.56%	2.51%	2.41%
CalPERS Employer Rate	15.53%	17.70%	20.00%
CalSTRS Employer Rate	14.43%	16.28%	18.13%
Employee Benefits Health and Welfare Benefits	1.56%	2.51%	2.41%
Increase to Post-Employment Benefits	1.56%	2.51%	2.41%
One-Time Bonus of the Salary Schedule for CSEA Bargaining Unit	1.00%	0.00%	0.00%
On Going Salary Increase for CSEA Bargaining Unit for 2016-17	2.50%	0.00%	0.00%
On Going Salary Increase for all Bargaining Unit	2.00%	2.00%	0%

Fiscal Impact

- On-Going: \$1,460,828 more than projected at 1st Interim for 2018-19.
- One-time mandate funding of \$295 per student = \$1,382,665 for SUSD.
- \$741,616 million - estimated funding for childcare and preschool (0 – 5) (Projected).



Multi-Year Projections

(Based on First Interim Data Used)

	Budget 2017-18	Projected 2018-19	Projected 2019-20
Projected Beginning Balance	11,447,822	9,735,268	8,368,410
Revenues	59,817,986	63,242,655	63,291,618
Expenditures	(61,530,540)	(61,766,020)	(63,399,227)
Net Change	(1,712,554)	1,476,635	(107,609)
Projected Ending Balance	9,735,268	11,211,903	11,104,294
Components of Ending Balance			-
Required Reserve (REU) 10%	6,136,488	6,238,102	6,376,822
Revolving Cash	7,500	7,500	7,500
Assigned for District Wide Facilities Renovations	1,474,633	791,847	704,077
Restricted	2,116,647	1,330,960	73,042
Unassigned	0	2,843,494	3,942,853
Total	9,735,268	11,211,903	11,104,294

Numbers subject to change by 2nd Interim Report Due 3/15/18

Budget Challenges

- California's Volatile Tax Structure
- Increased Operating Costs:
 - ✓ PERS & STRS Contributions
 - ✓ Special Education
 - ✓ Health and Welfare Benefits
 - ✓ Step and Column
 - ✓ Utility Costs
- Enrollment Uncertainty
- Continuation of Improved/Increased Services
- California remains in the bottom 10% pupil spending
- Other/Unknown



QUESTIONS?

