



# **Governor's Proposal for the 2018-19 State Budget and K-12 Education**

**January 24, 2018**



# Agenda

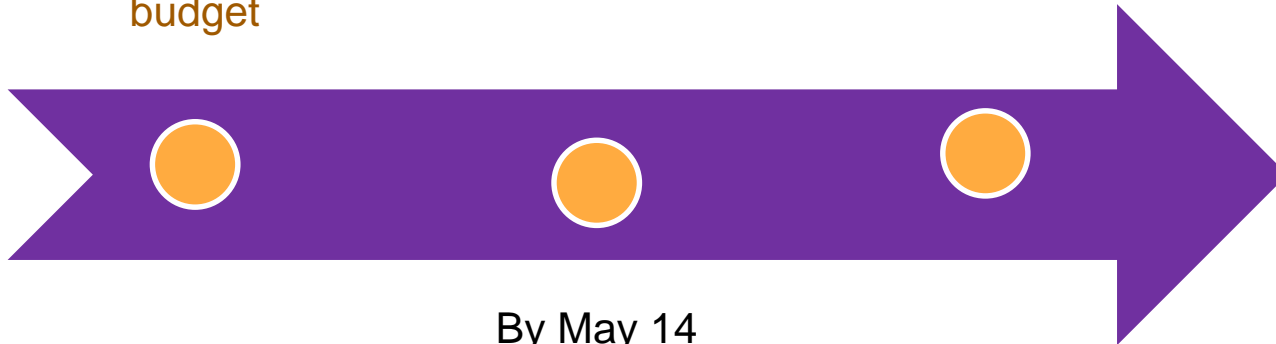
- State Budget Process
- Proposal for the 2018-19 State Education Budget
- How the Proposed State Budget is projected to affect Santa Rosa City Schools
- Updated Multiyear Projection with this 2018-19 State Budget Proposal and new assumptions for attendance based on this 2017-18 P1 attendance report



# State Budget Process

By January 10  
Governor issues  
the proposal for  
the coming fiscal  
year state  
budget

By June 30 the  
Governor signs  
the budget bill  
making it into  
law



By May 14  
Governor issues  
the “May Revision”  
which accounts for  
changes in  
revenues since  
January



# Proposal for the 2018-19 Education Budget



## 1. LCFF GAP Funding

|  | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|--|----------------|----------------|----------------|
| <b>New</b> Gap Funding Proposed Percentage   | 44.97%         | 100%           | 100%           |
| <b>Prior</b> Gap Funding Proposed Percentage | 44.97%         | 66.12%         | 64.92%         |



# Proposal for the 2018-19 Education Budget



## 2. Cost of Living Adjustment (COLA)

The Governor proposes a modest funding for **special education** through increasing the COLA.

|   | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|---|----------------|----------------|----------------|
| <b>New COLA Funding Proposed Percentage</b>   | 1.56%          | 2.51%          | 2.41%          |
| <b>Prior COLA Funding Proposed Percentage</b> | 1.56%          | 2.15%          | 2.35%          |



## 3. One-Time Discretionary Funds

The Governor proposes these funds at  
\$295/ADA in 2018-19

These are one-time funds and should not be used  
for ongoing expenses



# Proposal for the 2018-19 Education Budget



## 4. What's **not** in the education budget:

- Increasing the LCFF base grant target to reach the funding level of the top ten states
- The growing local obligation for the CalSTRS and CalPERS unfunded liability
- Increasing and equalizing AB602 base funding rates for special education



# How the Proposed State Budget is projected to affect Santa Rosa City Schools



## Updated Assumptions based on current year 2017-18 P1 attendance report:

|                         | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|-------------------------|----------------|----------------|----------------|----------------|
| Enrollment              | 15,295         | 15,137         | 15,017         | 14,807         |
| ADA                     | 14,374.56      | 14,097.88      | 13,931.06      | 13,764.24      |
| Ratio ADA to Enrollment | 93.98%         | 93.14%         | 92.77%         | 92.96%         |

- Funded on P2 attendance report
- Demographic study data will guide future enrollment & ADA projections



# How the Proposed State Budget is projected to affect Santa Rosa City Schools



| LCFF GAP & COLA updates:              |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|
|                                       | <u>2017-18</u>   | <u>2018-19</u>   | <u>2019-20</u>   |
| Prior 1st Interim State Revenues      | \$133,726,685.13 | \$137,060,431.30 | \$140,333,335.51 |
| Jan Governors 2018/19 Budget Proposal | \$133,626,890.91 | \$138,546,329.00 | \$140,550,876.00 |
| Change in Revenues                    | (\$99,794.22)    | \$1,485,897.70   | \$217,540.49     |

| One-time discretionary funds:          |                |                |
|--|----------------|----------------|
|  | <u>2018-19</u> | <u>2019-20</u> |
| Prior 1st Interim State Revenues       | \$0.00         | \$0.00         |
| Jan. Governors 2018/19 Budget Proposal | \$4,158,875.00 | \$0.00         |
| Change in Revenues                     | \$4,158,875.00 | \$0.00         |



**2017/18 Multi Year Projection (MYP) 1st Interim with SRTA & Unrepresented Collective Bargaining Agreements, Jan. 2018-19 Governors Budget Proposal and updated 2017-18 ADA based on P1**



| REVENUES   | 2017-2018                      | 2018-2019          | 2019-20            |
|--|--------------------------------|--------------------|--------------------|
| Revenue Limit Sources  | 137,545,547                    | 142,464,985        | 144,469,531        |
| Remaining Revenues   | 34,384,579                     | 32,071,613         | 27,912,738         |
| <b>Total Revenues</b>  | <b>171,930,126</b>             | <b>174,536,597</b> | <b>172,382,269</b> |
| <b>EXPENDITURES</b>  | <b>(w/ \$4.56M reductions)</b> |                    |                    |
| Salaries & Benefits  | 130,727,811                    | 135,754,591        | 139,364,677        |
| Books/Supplies & Outlay  | 10,760,624                     | 7,123,524          | 7,123,524          |
| Services & Operating Expenses  | 44,528,860                     | 38,574,000         | 38,574,000         |
| Other Outgo & Indirect Costs   | -553,365                       | -553,365           | -553,365           |
| <b>Future Spending Reductions - Pre SRTA Collective Bargaining</b>   |                                | <b>-5,000,000</b>  | <b>-7,000,000</b>  |
| <b>Future Spending Reductions - Post SRTA Collective Bargaining</b>  |                                | <b>-2,169,010</b>  | <b>-4,358,611</b>  |
| <b>Future Spending Reductions - Post Unrepresented Collective Bargaining</b>   |                                | <b>-415,279</b>    | <b>-443,067</b>    |
| <b>Future Spending Reduction Offsets - Post Governors Jan. 2018-19 Budget Proposal and Updated 2017-18 ADA based on P1</b> |                                | <b>1,346,411</b>   | <b>250,421</b>     |
| <b>Total Expenditures</b>  | <b>185,463,930</b>             | <b>174,660,872</b> | <b>172,957,579</b> |
| <b>Operating Net Increase/Decrease</b>   | <b>-13,533,804</b>             | <b>-124,274</b>    | <b>-575,309</b>    |
| Transfers In and Other Sources   | 733,000                        | 733,000            | 733,000            |
| Transfers Out and Other Uses   | 208,790                        | 208,790            | 208,790            |
| Current Year Increase/Decrease In Fund Balance   | -13,009,594                    | 399,936            | -51,099            |
| <b>Beginning Balance</b>   | <b>22,863,333</b>              | <b>9,853,738</b>   | <b>10,253,674</b>  |
| <b>Ending Balance</b>  | <b>9,853,738</b>               | <b>10,253,674</b>  | <b>10,202,575</b>  |
| <b>Components of Ending Balance</b>  | <b>2017-2018</b>               | <b>2018-2019</b>   | <b>2019-20</b>     |
| Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)                      | 854,973                        | 854,973            | 854,973            |
| Reserve for Economic Uncertainty   | 5,226,389                      | 5,239,826          | 5,188,727          |
| <b>2018-19 one-time discretionary funds</b>  | <b>0</b>                       | <b>4,158,875</b>   | <b>4,158,875</b>   |
| <b>Unassigned/Unappropriated Ending Balance</b>  | <b>3,772,377</b>               | <b>0</b>           | <b>0</b>           |

**Updated budget solutions for 2018/19: (\$6,237,878)**

**Updated budget solutions for 2019/20: (\$6,551,257)**

**Updated budget solutions for current Combined MYP: (\$12,789,135)**

Projected spending reductions in 2019-20 is \$2M, this number includes the \$5M reductions in 2018-19 carried into 2019-20.



# QUESTIONS?