

Governor's Proposed 2019-2020 Budget Highlights

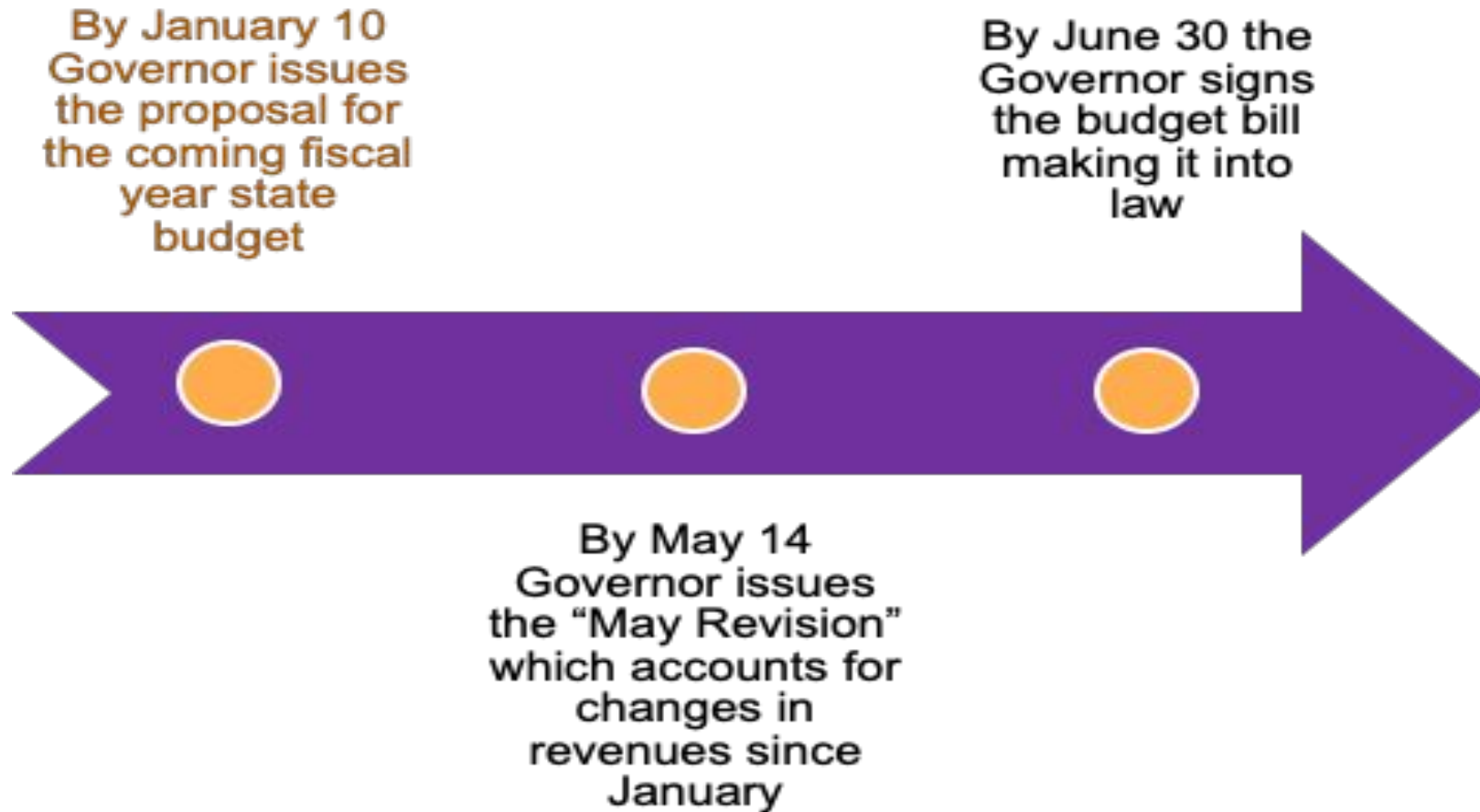
Discussion

- State Budget Process
- Education Highlights for 19-20
- How Does the Proposed Budget Affect SRCS
- SRCS Budget Development Cycle
- UPDATED Multi-Year Projection (DRAFT) with New Assumptions for Attendance
- Next Steps / Questions

State Budget Process



CA State Budget Process



Governor's Budget

■ LCFF Fully Funded - COLA Funding Only Moving Forward

During implementation, funding increases were a result of the combination of COLA and the gap closure percentage – which was the primary driver

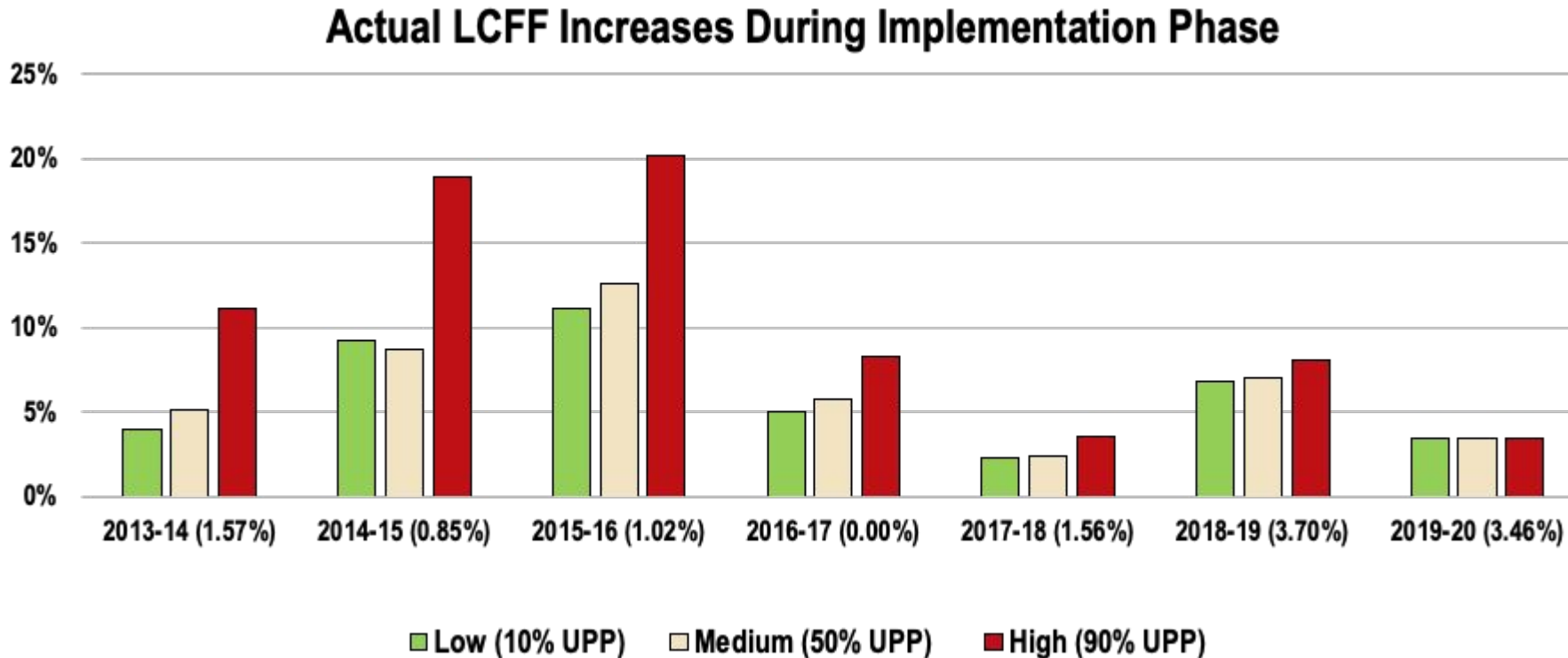
As districts worked to reach their targets, the UPP of a district played a significant role in the amount of funding received

At full implementation, the gap closure funding is not provided

In a COLA-only environment, all districts receive the same percentage increase

Governor's Budget

LCFF Fully Funded - COLA Funding Only Moving Forward



Governor's Budget

 LCFF Fully Funded - COLA Funding Only Moving Forward

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
New Proposed COLA Funding Percentage	3.70%	3.46%	2.86%*	2.92%*
Prior COLA Funding Proposed Percentage	3.70%	2.57%*	2.67%*	3.42%*

**Recommended COLA assumptions from School Services of California*

Governor's Budget

No Discretionary Grant Funding

- **During the last four years of the economic recovery, school districts have experienced major upward revisions of the current-year Proposition 98 guarantee, providing huge one-time discretionary grants in the following year**
 - **2018-19: \$1.1 billion or \$184 per ADA**
 - **2017-18: \$877 million or \$147 per ADA**
 - **2016-17: \$1.3 billion or \$214 per ADA**
 - **2015-16: \$3.2 billion or \$530 per ADA**
- **In contrast, the Governor's Budget indicates that Proposition 98 has been revised downward in the current year and therefore no discretionary grant funding is proposed for 2019-20**
 - **Nor does Governor Newsom use other one-time funds for discretionary grant funding**

CalSTRS Relief

- ❑ Under current law, once the statutory rates are achieved, CalSTRS will have authority to marginally increase or decrease the employer contribution rate
- ❑ Governor's 19-20 Budget Proposal
 - ❑ 19-20 Reduce to 17.1%
 - ❑ 20-21 Reduce to 18.1%
 - ❑ 21-22 Stay at 18.1%
- ❑ Approximate total savings of \$1,550,000 to SRCS over next 2 years

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

SRCS Budget



The Annual Budget Cycle

At each period, we:

- Update Budget
- Certify District's Financial Condition
- Present Summary to Board of Education
- Submit Copies to Sonoma County Office of Education



SRCS Budget

Education Code Section 42130: Requires that school districts certify to the State the fiscal stability of the District. Districts must demonstrate they can meet their fiscal obligations for the current year and two years out. The reports must be presented to and approved by the District's Governing Board no later than 45 days after the close of the report period.

- ❑ 1st Interim, covers actual expenditures and actual revenues from July 1 through October 31, and updates projections for the balance of the year
- ❑ 2nd Interim, covers actual expenditures and actual revenues from July 1 through January 31, and updates projections for the balance of the year

Updated Assumption - P1 Attendance

	1st Interim	P1	Delta
Elementary			
Grades TK-3	2,018.88	1,964.89	
Grades 4-6	1,467.84	1,481.79	
Total	3,486.72	3,446.68	(40.04)
Secondary			
Grades 7-8	2,965.70	2,989.92	
Grades 9-12	7,361.14	7,386.26	
Total	10,326.84	10,376.18	49.34
Combined Total	13,813.56	13,822.86	9.30

General Fund Multi-Year Projection

2018/19 1st Interim Multi Year Projection (MYP)			
REVENUES	2018-2019	2019-20	2020-21
LCFF Sources	144,920,326	146,977,552	146,187,601
Remaining Revenues	33,269,823	30,088,819	30,088,819
Total Revenues	178,190,149	177,066,371	176,276,420
EXPENDITURES			
Salaries & Benefits	132,699,460	133,979,320	136,509,631
Books/Supplies & Outlay	8,605,994	6,987,126	6,987,126
Services & Operating Expenses	42,357,422	42,250,191	41,917,191
Other Outgo & Indirect Costs	-553,264	-553,263	-553,263
Total Expenditures	183,109,612	182,663,374	184,860,685
Operating Net Increase/Decrease	-4,919,463	-5,597,003	-8,584,265
Transfers In and Other Sources	733,000	733,000	733,000
Transfers Out and Other Uses	208,790	138,790	138,790
Current Year Increase/Decrease In Fund Balance	-4,395,253	-5,002,793	-7,990,055
Beginning Balance	24,901,117	20,505,864	15,503,071
Ending Balance	20,505,864	15,503,071	7,513,016

Components of Ending Fund Balance

Components of Ending Balance	2018-2019	2019-20	2020-21
Ending Balance	20,505,864	15,503,071	7,513,016
Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)	1,845,452	1,845,452	1,845,452
Reserve for Economic Uncertainty	5,499,552	5,484,065	5,549,984
Unassigned/Unappropriated Ending Balance	13,160,860	8,173,554	117,580

Updated MYP with Governor's Proposal

2018/19 1st Interim Multi Year Projection (MYP) updated with Governor's 19/20 State Budget Proposal and 2018/19 P1 ADA

REVENUES	2018-2019	2019-20	2020-21	2021-22
LCFF Sources	145,365,611	148,510,216	147,680,912	147,378,189
Remaining Revenues	33,269,823	30,088,819	30,088,819	30,088,819
Total Revenues	178,635,434	178,599,035	177,769,731	177,467,008
EXPENDITURES				
Salaries & Benefits	132,699,460	133,222,633	135,763,964	138,323,317
Books/Supplies & Outlay	8,605,994	6,987,126	6,987,126	6,987,126
Services & Operating Expenses	42,357,422	42,250,191	41,917,191	41,917,192
Other Outgo & Indirect Costs	-553,264	-553,263	-553,263	-553,263
Total Expenditures	183,109,612	181,906,687	184,115,018	186,674,372
Operating Net Increase/Decrease	-4,474,178	-3,307,652	-6,345,287	-9,207,364
Transfers In and Other Sources	733,000	733,000	733,000	733,000
Transfers Out and Other Uses	-208,790	-138,790	-138,790	-138,790
Current Year Increase/Decrease In Fund Balance	-3,949,968	-2,713,442	-5,751,077	-8,613,154
Beginning Balance	24,901,117	20,951,149	18,237,707	12,486,630
Ending Balance	20,951,149	18,237,707	12,486,630	3,873,477

Updated MYP with Governor's Proposal

Updated Ending Balance with Governor's Proposed Budget

Components of Ending Balance	2018-2019	2019-20	2020-21	2021-22
Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)	1,845,452	1,845,452	1,845,452	1,845,452
Reserve for Economic Uncertainty	5,499,552	5,457,201	5,523,451	5,600,231
Unassigned/Unappropriated Ending Balance	13,606,145	10,935,054	5,117,728	-3,572,207

2018-19 First Interim Ending Balance

Components of Ending Balance	2018-2019	2019-20	2020-21
Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)	1,845,452	1,845,452	1,845,452
Reserve for Economic Uncertainty	5,499,552	5,484,065	5,549,984
Unassigned/Unappropriated Ending Balance	13,160,860	8,173,554	117,580

Next Steps

- ☐ March 2019 - Second Interim Report
- ☐ April 2019 - P2 Attendance Report
- ☐ May 2019 - Governor's May Budget Revision
- ☐ June 2019 - Public Hearing for SRCS' 2019-20 Budget
- ☐ June 2019 - Adoption of SRCS' 2019-20 Budget