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# 2019-2020 Proposed Budget



**June 6, 2019**

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# Business Services



## Important Forms & Links

- Budget-At-A-Glance >
- Budget Study Committee >
- District Budget Information >
- Payroll & Salary Schedules >
- Purchasing - Vendor Registration >
- Enrollment Reports >
- Purchasing - Bid List >
- Quick Start Guide 
- Facilities, Operations & Maintenance >
- RFPs >

**For more information, please visit:**

**<http://bit.ly/CUSDbusiness>**

# Overview

- ❑ **May Revise - Overview**
- ❑ **2019-20 Proposed Budget**
- ❑ **Budget Outlook and Themes**
- ❑ **Next Steps**

# Budget Cycle

## State

## District

Budget Adoption  
(June/July)



1<sup>st</sup> Interim Budget  
(December)

Governor's Budget  
Proposal (January)



2<sup>nd</sup> Interim (March)

May Revision (May)



Budget Adoption  
(June)

# May Revise - Overview

- **Governor Newsom's Parents Agenda:** Affordability across an array of services including, Paid Leave, ***Childcare, Preschool*** & Sales tax exemptions' for diapers and feminine hygiene products.
- **Teacher Workforce Investments:** The Commission on Teacher Credentialing reports a troubling increase in the hiring of teachers on waivers or permits, signaling a growing number of teachers who may not be fully prepared to enter the classroom. The majority of waivers and permits were issued for SpEd, STEM and Bilingual Education. Proposals include funding for training and professional development.
- **Classified School Employee Summer Assistance Program:** One-time, 1:1 salary match to assist with summer pay - additional year of funding for 2020-2021.
- **Computer Science Education Programs:** Educational programs, and infrastructure investments.
- **Facilities Funding for Full Day Kinder Expansion**

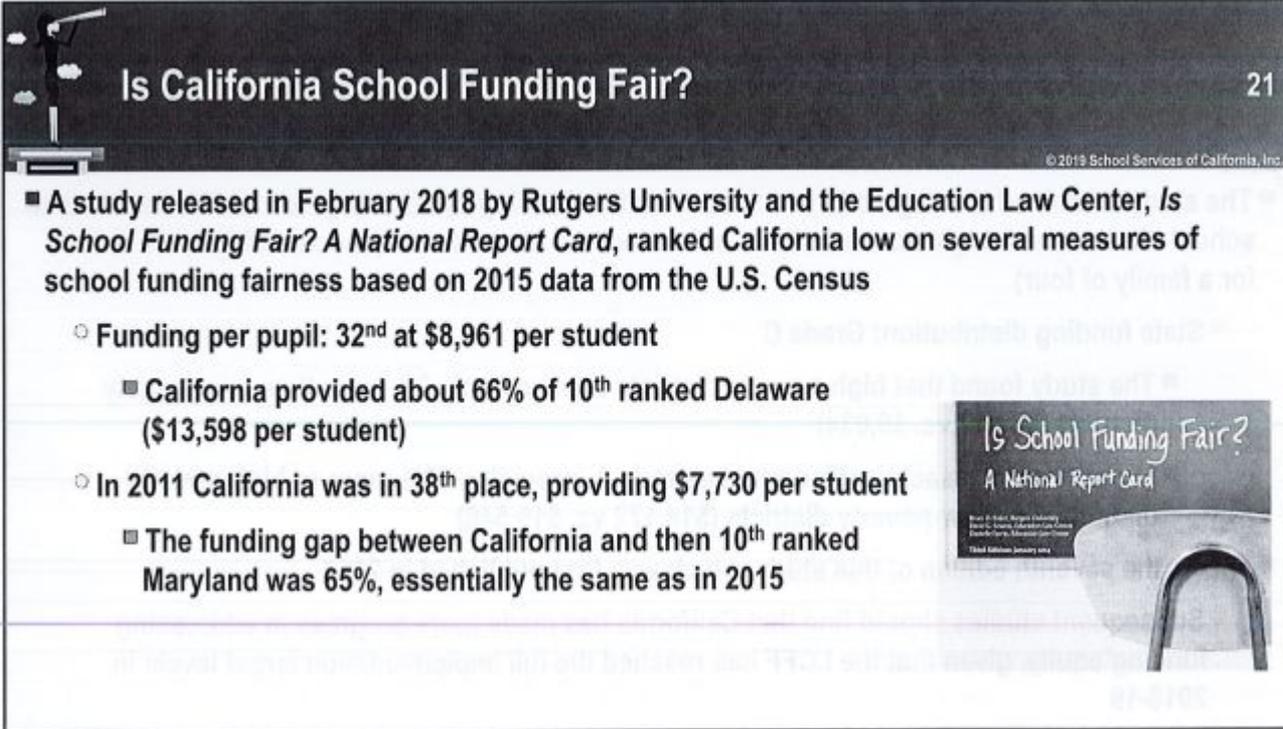
# Legislative Updates

For the first time in many years, the May revise leaves *many questions unanswered.*

	<u>Governor</u>	<u>Senate</u>	<u>Assembly</u>
<u>CalSTRS Proposal</u>	\$3.15 Billion, One-Time non-Proposition 98 to reduce liabilities for employers STRS ONLY	Additional \$1 Billion for STRS & \$500 Million for PERS	Additional \$1.5 Billion for PERS
<u>Special Education School Readiness Grant</u>	Ongoing funding limited to eligible districts: *55% Unduplicated <i>and</i> *SpEd. enrollment >10.93%	<u>SB 217 (Portantino &amp; Roth):</u> Establishes Funding Target to 90th Percentile <i>and</i> additional \$4K for 3 & 4-year-olds with special needs in district preschool inclusion programs	Similar to Senate Proposal <u>AB428 (Medina)</u>
<u>Career Technical Education</u>	No changes since January proposal (\$150 Million for CTE & \$150 Million for Strong Workforce Program (SWP))		<u>AB1303 (O'Donnell)</u> Eliminate SWP in 2020 and continue with CTE ONLY at \$450 Million

# May Revise - Overview

- ❖ California continues to lag behind per-pupil funding in the nation.
- ❖ Despite increases in funding, **California has not closed a gap in funding.**
- ❖ 'Fully Funding' the LCFF simply restores buying power to pre-recession levels in 2007.



**Is California School Funding Fair?** 21

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- A study released in February 2018 by Rutgers University and the Education Law Center, *Is School Funding Fair? A National Report Card*, ranked California low on several measures of school funding fairness based on 2015 data from the U.S. Census
  - Funding per pupil: 32<sup>nd</sup> at \$8,961 per student
    - California provided about 66% of 10<sup>th</sup> ranked Delaware (\$13,598 per student)
  - In 2011 California was in 38<sup>th</sup> place, providing \$7,730 per student
    - The funding gap between California and then 10<sup>th</sup> ranked Maryland was 65%, essentially the same as in 2015

*Is School Funding Fair? A National Report Card*

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# May Revise - Overview

California's fiscal effort to fund schools: **Grade: F**

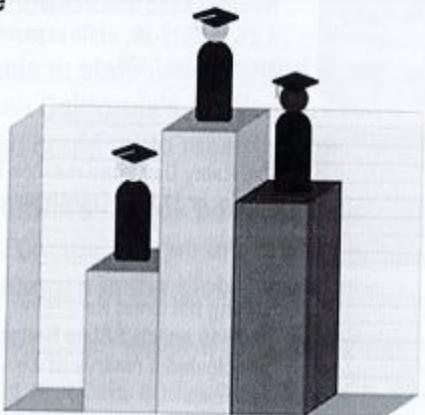
**Despite California's ability to fund schools at higher levels, it provides considerably less than other States across the nation.**

	Per Capita Personal Income	Funding per \$1K of Personal Income to Support Schools
New York	\$ 46,445	\$ 55
California	\$ 44,173	\$ 34
New Mexico	\$ 36,814	\$ 48

**Ability to Fund Schools** 22

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- California's fiscal effort to fund schools: Grade F
  - California's per capita personal income (\$44,173) is above the national average, but it provides only \$34 for each \$1,000 of personal income to support schools
  - By contrast, New York had a comparable per capita personal income (\$46,445), but provided \$55 for each \$1,000 of personal income, earning a grade A
  - New Mexico, with considerably lower per capita personal income (\$36,814) nevertheless provided \$48 for each \$1,000 of personal income, also earning a grade A



# Legislative Updates - LCFF 2.0?

- With the LCFF 'fully-funded,' districts can expect marginal increases in funding through Cost-of-Living Adjustments (CoLA).
- Should AB39 pass, it would set **new base funding targets**.
- Actual funding would depend on available revenues & no recession.

## ASSEMBLY THIRD READING

AB 39 (Muratsuchi, et al)

As Amended May 8, 2019

Majority vote

### SUMMARY:

This bill states the Legislature's intent to increase the school district and charter school Local Control Funding Formula (LCFF) base grant funding targets.

### Major Provisions

- 1) Expresses the intent of the Legislature that, as of the 2020–21 fiscal year, the new, aspirational LCFF grade span adjusted base grants would be equal to specified amounts to meet the national average per-pupil funding level. Specifically, for kindergarten and grades one to three, \$12,188; for grades four to six, \$12,377; for grades seven to eight, \$12,194; and for grades nine to 12, \$14,768.
- 2) Expresses the intent of the Legislature to provide a cost-of-living adjustment (COLA) above the statutory COLA, known as a "super" COLA, to school district and charter school LCFF per-student base grants and also to county office of education LCFF per-student base grants.

Take-Away: We have a reason to be **optimistic**, but we must be **realistic** as well.

# 2019-2020 Proposed Budget

## June 6, 2019

- Allow time for review and input on the Local Control Accountability Plan (LCAP) and Annual Budget
- Ensure alignment of revenue/expenditures with LCAP goals/strategies
- Emphasis on General and related Funds (01, 17 & 40)

## June 20, 2019

- Incorporate any changes since June 6 meeting (Board/Public/State)
- Emphasis on enterprise and other remaining Funds (11, 12, 13, 19, 63)
- Final Board Action

# 2019-2020 Proposed Budget

- **State Budget Forms- Standardized Account Code Structure (SACS)**
  - **Fund Documents**
  - **Multi-year Projections (through 2022)**
  - **Criteria and Standards**
- **Budgets and Multi-year Projections are built based on the best available information we have at the time.**
- **The State has yet to adopt its budget.**

# LCAP Expenditures

~**12%** of CUSD's student population (unduplicated) has been identified as English Learners, Low-income, or Foster Youth

- In **2018/19** CUSD received/expended ~ **\$528K** in supplemental dollars to support increased/improved services for these students, as detailed in the LCAP
- In **2019/20** CUSD projects to receive/expend ~ **\$642K** in supplemental dollars to support increased/improved services for these students, as detailed in the LCAP

# Revenue Growth

With the LCFF 'fully-funded,' districts can expect *marginal increases in funding* through Cost-of-Living Adjustments (CoLA).

Fiscal Year	Enrollment	LCFF Funding	Funding Change
2013-14	3,101	\$19,057,355	
2014-15	3,120	\$20,585,580	\$ 1,528,225
2015-16	3,150	\$22,918,531	\$ 2,332,951
2016-17	3,064	\$24,098,987	\$ 1,180,456
2017-18	2,946	\$24,017,991	\$ (80,996)
2018-19	3,056	\$25,578,820	\$ 1,560,829
2019-20	3,056	\$26,435,450	\$ 856,630
2020-21	3,056	\$27,222,157	\$ 786,707
2021-22	3,056	\$27,975,599	\$ 753,442

LCFF Implementation



LCFF

'Fully' Implemented

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CoLA Only



# Salaries & Benefits

Salaries & Benefits account for **~83%** of CUSD's total budget

2018/19 Review: **~\$1.65 million**

- 5% salary increase to ACT, in addition to step/column
- 2.5% salary increase to Mgmt./unrepresented units, in addition to step/column
- 1% salary increase to CSEA, in addition to step/column
- ~5% (mid-year) increase in health and welfare premium costs districtwide
- Increases to STRS/PERS

2019/20 Projections: **~\$0.78 million**

- 1% salary increase to ACT, in addition to step/column
- CSEA - step/column only (still negotiating)
- ~7% (mid-year) increase in health & welfare premium costs districtwide
- Increases to STRS/PERS

# Long-term Debt, Capital Outlay & Other Projects

## Ongoing:

- Up to **\$550K** in debt payments previously paid from other sources will now be paid from the General Fund (Certificates of Participation, COP)
  - **\$90K** in 2018/19
  - **\$400** in 2019/20

## One-Time:

- **\$1.155 million** for remaining Turf & Roofing Project
- **\$0.7 million** for Student Technology Replacement
  - **1,900** student devices become obsolete in June 2020

# Theme: CUSD has a Structural Deficit

Deficit spending is projected in the current and two subsequent fiscal years.

~\$1.1 million structural deficit in 2018/19

~\$1.7 million structural deficit in 2019/20

## ➤ Increase Revenues

- LCFF - Student Attendance
- Stabilize enrollment through inter-district transfers
- Rentals and Leases

## ➤ Decrease Expenditures

- One School, One Campus (Savings not realized until 2020-21)
- Special Education Transportation

# Long Range Planning: Budget

Present the Governing Board with a structurally-balanced budget that includes a planned spend-down of reserve funds and minimizes impacts to programs while maximizing student achievement and learning.

- Create a budget plan which demonstrates a reserve spend-down ensuring student access to programs, resources, and curricula aligned with CUSD Mission Statement.
- Create a user-friendly budget document which promotes transparency and accessibility to those within our shared community.

**To view CUSD's Planned Spend Down, visit: <http://bit.ly/CUSDbudget>**

- Produce a budget plan which deliberately prioritizes student achievement, the ability to recruit and retain highly qualified staff, and enrichment / intervention programs aligned with CUSD Mission Statement.
- Strengthen systems and processes to ensure the strategic recruitment and placement of interdistrict transfer students in order to stabilize enrollment and sustain programs offered across CUSD.
  - See **Long Range Plan** updates

# Looking forward...

- **A recession of moderate intensity is anticipated in the near term.<sup>1</sup>**
- **Volatility in State revenues is directly tied to capital gains.**
- **There are several proposals on the table to address funding shortfalls in unfunded/underfunded mandates (Special Education, Employee Retirement Systems - STRS/PERS) - we'll have to 'wait and see' which, if any, are enacted.**
- **Fiscal conservatism and prudent budgeting/spending is encouraged.**

<sup>1</sup>School Services of California

# Next Steps

- **Incorporate revisions from Public Hearing & Board/Staff review.**
- **Incorporate changes from the State's enacted budget ~June 15, 2019.**
- **Board Adoption - June 20, 2019.**
- **Submit for review to SDCOE by July 1, 2019.**

**Questions or Comments?**

**Thank you for your time!**