# SAN LEANDRO UNIFIED SCHOOL DISTRICT

## 2019-20 ORIGINAL BUDGET

## Budget Hearing and State Budget Update

Kevin Collins, Ed.D.

*Assistant Superintendent*

June 5, 2019

# 2019-20 Original Budget

Timeline:

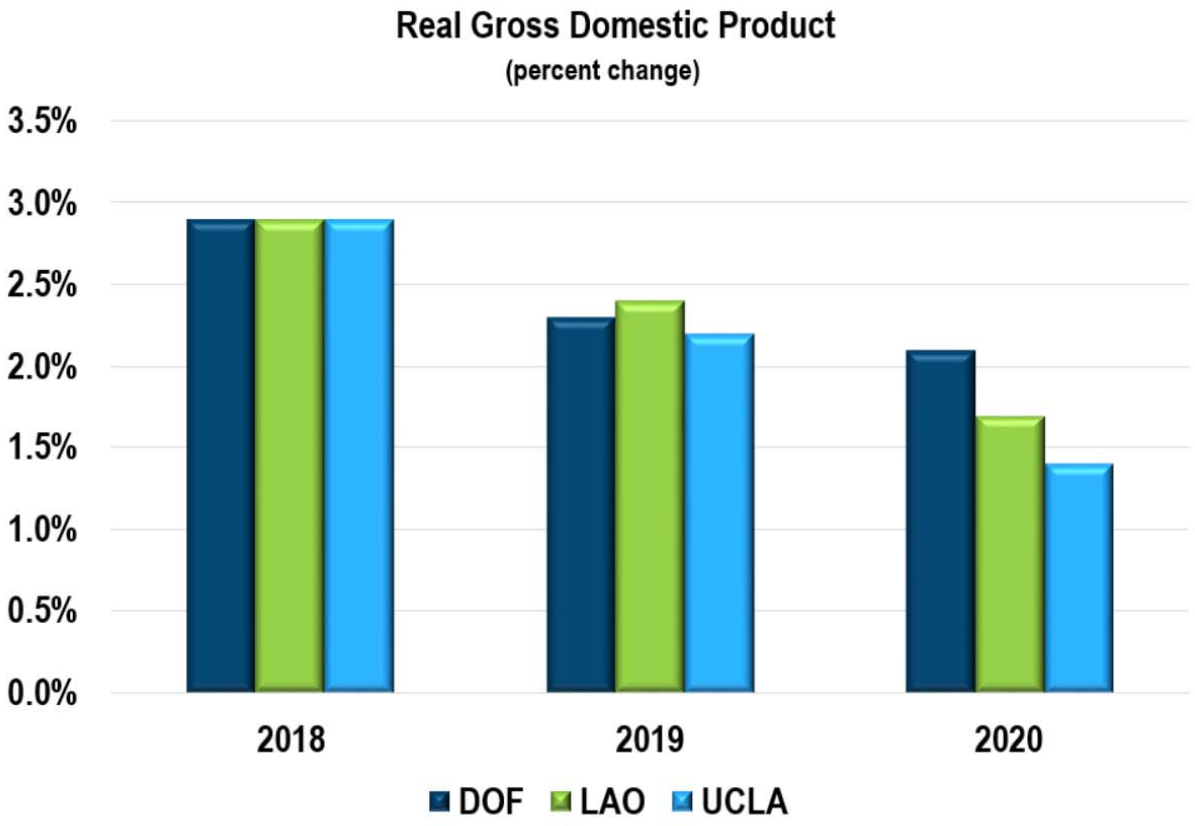
- January 2019 – Governor's January Budget Proposal
- May 2019 – Governor's May Revise
- June 5 – Finance Committee Meeting
- *June 11 – Budget & LCAP Hearing*
- June 18 – Budget & LCAP Adoption
- June 30 – State Adopts Budget
- August – 45 Day Budget Revision (if needed)

# 2019-20 May Revise Themes

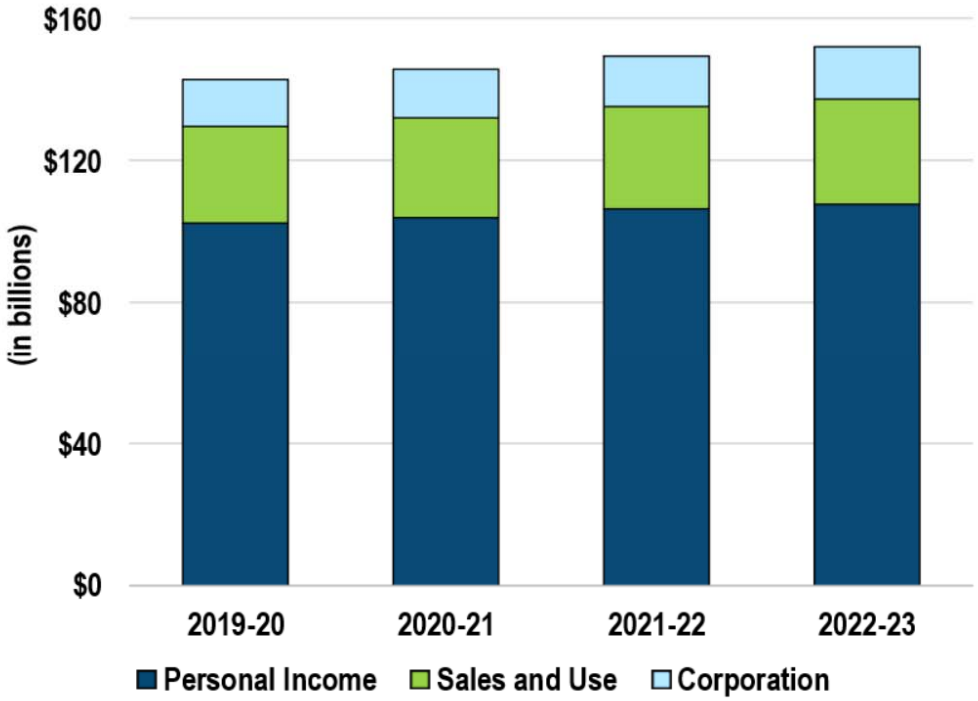
- COLA set at 3.26% - decrease of 0.2% from January budget proposal
- Governor Gavin Newsom's May Revision builds off his "*California for All*" vision from January
- With strong April tax revenues, Governor Newsom was able to retain most of his proposals from January and was even able to invest additional funds into programs that he has designated as a priority

# National Economic Outlook

- U.S. gross domestic product (GDP) is the conventional measure of the nation's economic health
  - The Department of Finance (DOF) forecasts stronger growth in 2020 than the Legislative Analyst's Office (LAO) and UCLA
  - California is a global economic competitor; when the nation gets a cold, California can get the flu

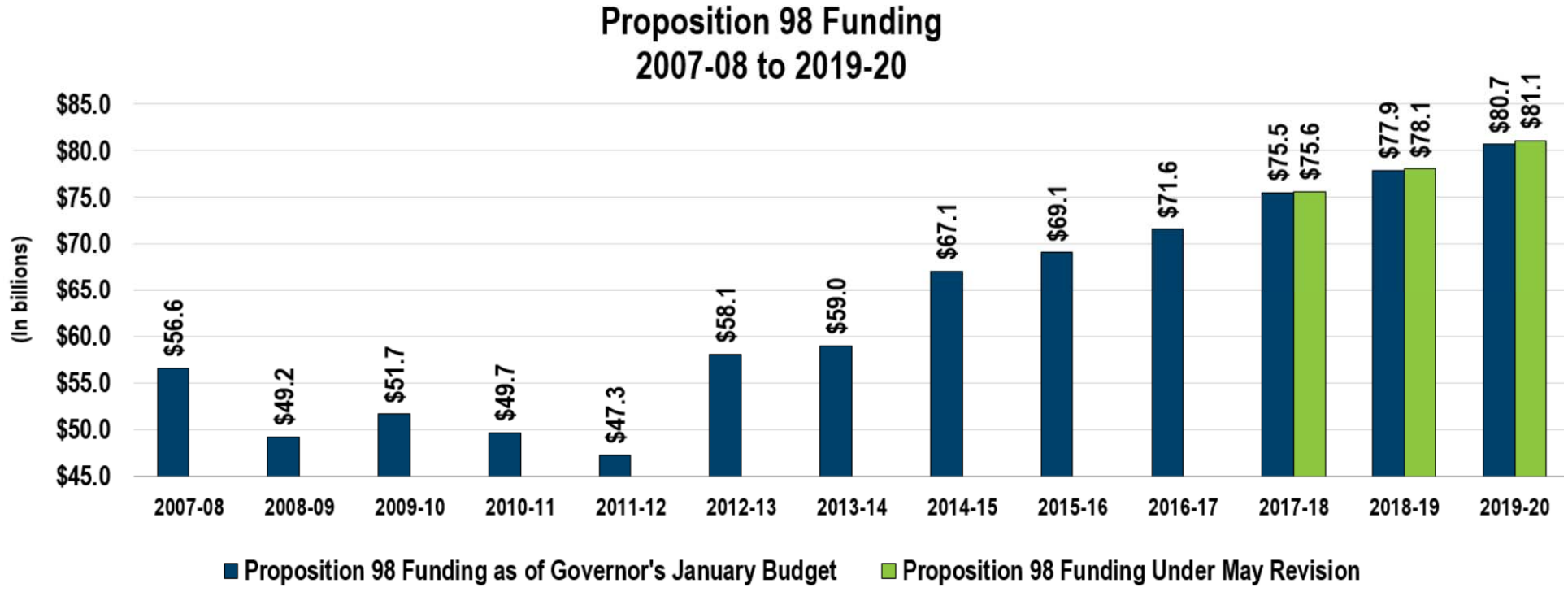


# California's Big Three Taxes




| | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---|---|---|---|
| | (In Billions) | | | |
| Personal Income | $102.3 | $103.8 | $106.3 | $107.6 |
| Sales and Use | $27.2 | $28.1 | $28.8 | $29.6 |
| Corporation | $13.2 | $13.7 | $14.2 | $14.7 |

# Proposition 98 Funding



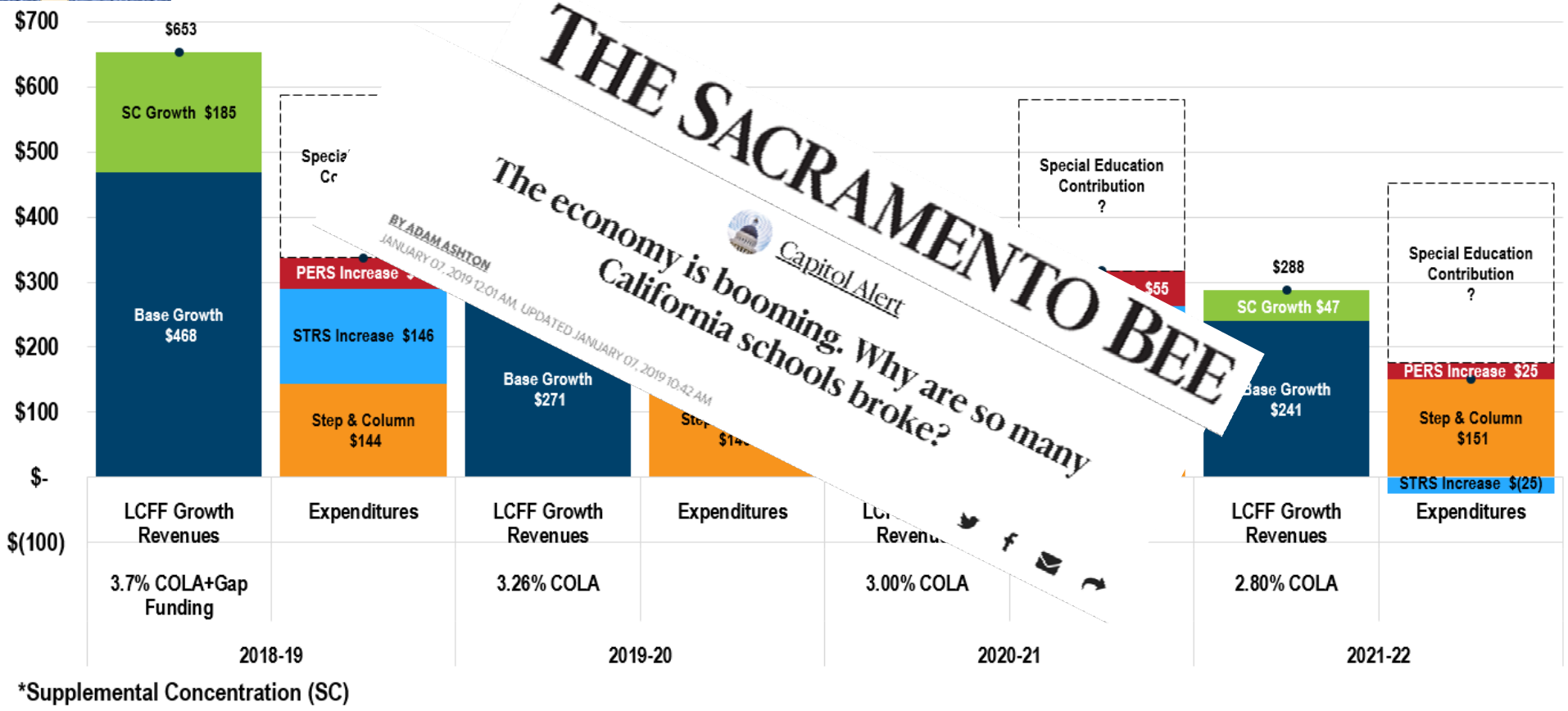
# January Budget vs May Revision

| Item | January Budget | May Revision |
|---|---|---|
| LCFF Funding | $2.023 billion | $1.959 billion |
| Proposition 98 Minimum Guarantee<br>2017-18<br>2018-19<br>2019-20 | <br>$75.5 billion<br>$77.9 billion<br>$80.7 billion | <br>$75.6 billion<br>$78.1 billion<br>$81.1 billion |
| 2019-20 COLA | 3.46% | 3.26% |
| One-Time Discretionary Funds for 2019-20 | $0 | $0 |
| "Special Education" Proposal | $390 million ongoing<br>$186 million one-time | $696.2 million ongoing |
| CalSTRS* Proposal | $3 billion one-time (non-Proposition 98) | $3.15 billion one-time (non-Proposition 98) |

# The Next Era in School Funding

- The last six years, California districts have received:
  - COLA
  - LCFF Gap Funding
  - One-Time Funding
- Going forward, districts only expect to receive:
  - COLA

# Multiyear Projections

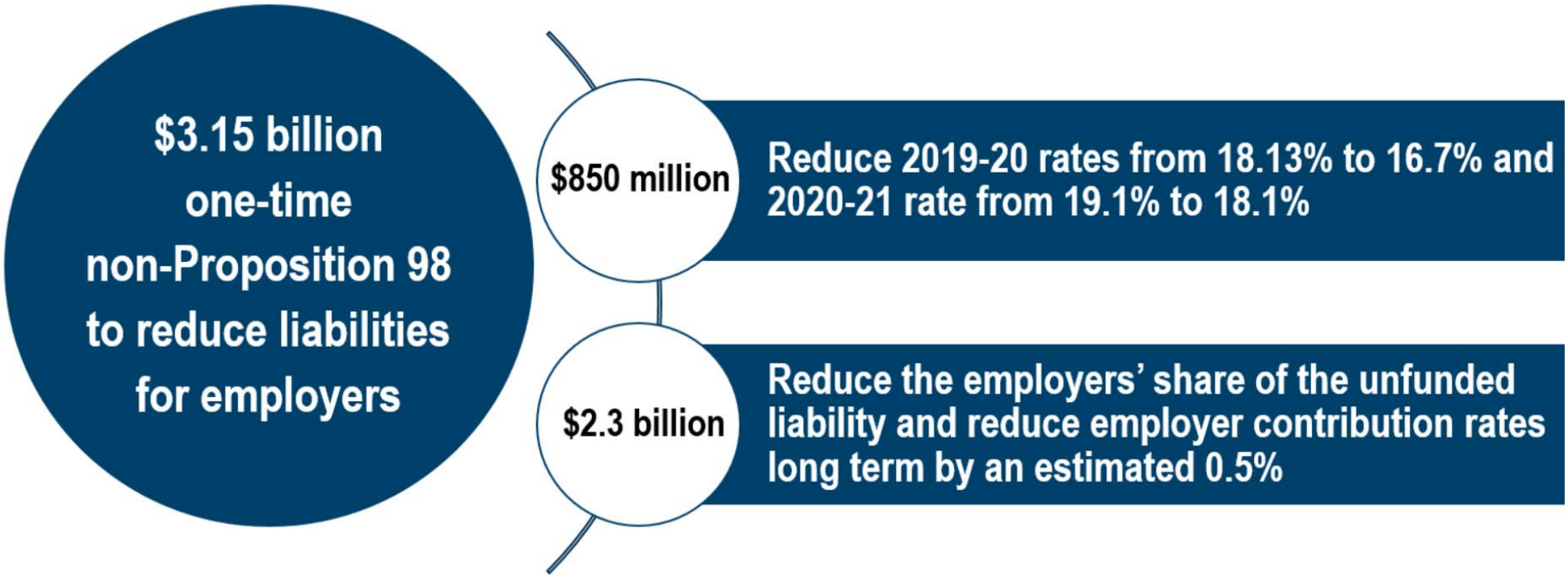



THE SACRAMENTO BEE
Capitol Alert
The economy is booming. Why are so many California schools broke?
BY ADAM ASHTON
JANUARY 07, 2019 12:01 AM, UPDATED JANUARY 07, 2019 10:42 AM

*Supplemental Concentration (SC)

School Services of California presented illustration MYP based on average California district. Amounts are $ per ADA.

# CalSTRS Proposal




CalSTRS "REDUCTION" results in increased district contribution to CalPERS and CalSTRS of approximately $900,000 next year.

This "reduction" is a <u>smaller increase</u> – not an actual reduction in costs

District General Fund pension costs increases:

$4.5 million in 2013-14

$11.7 million in 2019-20 (estimated)

# Special Education Proposal

- **The May Revision continues to propose a new categorical program, although under a new name, which would provide flexible funding based on Special Education pupil counts for concentration grant districts**
  - **The only significant change from the Governor's January Budget is in the amount of funding – increasing from $576 million (of which $186 million is one time) to $696.2 million all ongoing funding**
  - **But the distribution method remains the same from January and excludes about three quarters of LEAs from eligibility**
    - **Districts that do receive funds, estimated at $14,549 per eligible pupil, can use them for any purpose**
    - **The trailer bill language is permissive and does not restrict the use of funds to students with disabilities (SWDs)**

The California Senate and Assembly have both rejected Governor's allocation proposal – do not believe SPED funding should be tied to LCFF.

We will likely see some new Special Education funding – not clear how it will be allocated.

# 2018-19 SLUSD Budget

- 2019-20 district budget is balanced and maintains 3% required reserve
- Minimum reserves maintained over 3 year period in multi-year projection (MYP)

# Revenues – Combined General Fund 2018-19 vs 2019-20

| Revenue Source | 2018-19 | 2019-20 | Change |
|---|---|---|---|
| LCFF | $86,046,451 | $89,043,613 | 3.5% |
| Federal | 4,636,332 | 4,621,507 | -0.3% |
| State | 10,652,357 | 8,244,272 | -22.6% |
| Local | 6,498,025 | 6,689,890 | 3.0% |
| Total | **$107,833,165** | **$108,599,282** | **0.7%** |

# Expenditures – Combined General Fund 2018-19 vs 2019-20

| Expense | 2018-19 | 2019-20 | Change |
|---|---|---|---|
| Certificated Salaries | $52,959,180 | $53,524,544 | 1.1% |
| Classified Salaries | 13,337,661 | 13,800,710 | 3.5% |
| Employee Benefits | 20,588,964 | 21,378,744 | 3.8% |
| Books and Supplies | 3,095,202 | 2,799,606 | -9.6% |
| Services | 14,506,162 | 15,111,588 | 4.2% |
| Capital Outlay | 1,632,146 | 110,000 | -93.3% |
| Other Outgo | 1,204,913 | 1,252,649 | 4.0% |
| Transfer of Indirect Costs | -307,575 | -289,585 | -5.8% |
| Total Expenditures | **$107,016,654** | **$107,688,256** | **0.6%** |

# Next Steps

- District staff will make additional changes to budget based on Trustee input, as well as legislative and personnel changes
- Final Budget will return on June 18 along with LCAP for adoption

# Questions or Comments?