



Governor's Proposed 2018-19 Budget

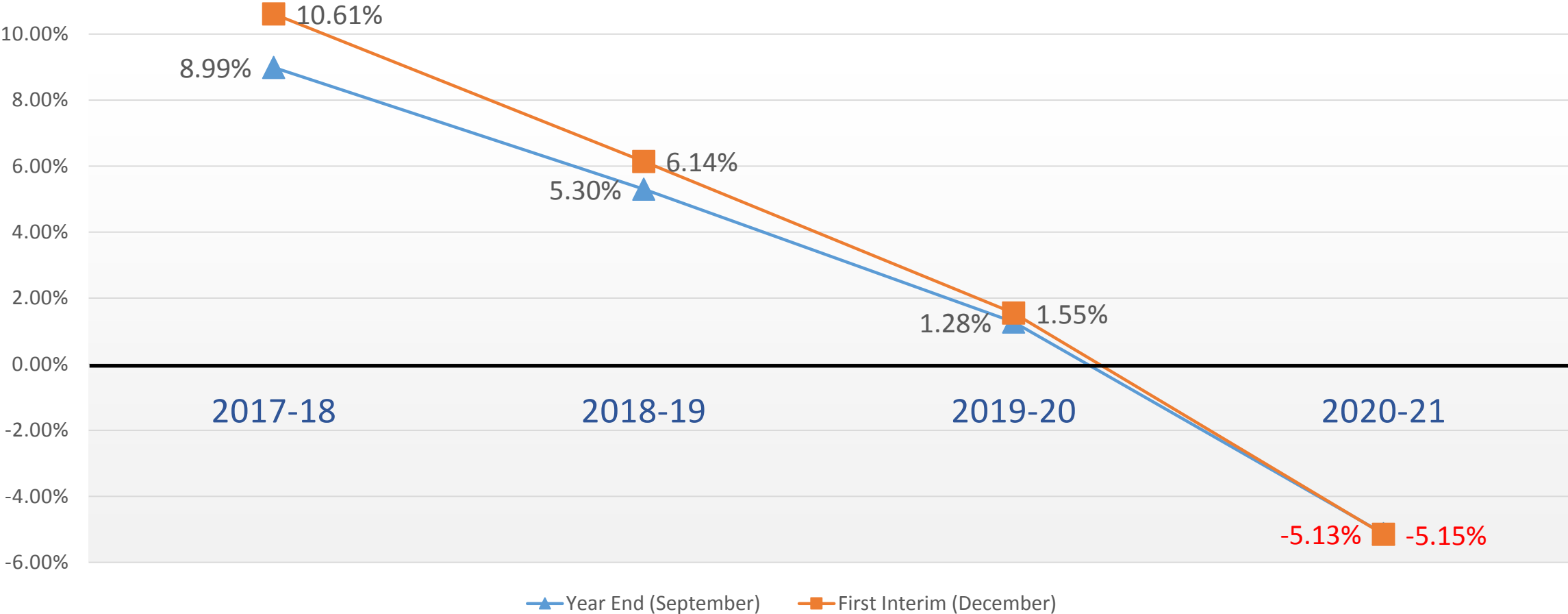
January 16, 2018

Process from Governor's 2018-19 Budget Proposal to Final State Budget

- In January, Governor proposes 2018-19 Budget based on receipts and priorities
- State legislators evaluate Proposed Budget
- State revenues monitored January through April
- Governor presents his May Revision
- State legislators evaluate May Revision and emphasize their priorities
- School districts utilize May Revision projections to create 2018-19 Budget
- State passes 2018-19 Budget in June
- School districts revise budget if necessary in August or the First Interim Report

First Interim Ending Balance Reserve Percentage

Ending Balance Reserve Percentages



Fiscal Stabilization Plan

	Final Budget			First Interim	
	Adopted 2017-18	Adopted 2018-19	Adopted 2019-20	Reversed	Revised 2019-20
Central Office Reduction and Efficiencies	\$ 79.9	\$ 79.9	\$ 79.9	-	\$ 79.9
Central Office Clerical Reduction allocated to school sites	(4.1)	(4.1)	4.1)	-	(4.1)
Resolution of Disproportionality Issue	20.0	20.0	20.0	-	20.0
Shifting of Telecom Maintenance Funding	4.4	4.7	5.0	-	5.0
Change in RRGGM Funding	5.0	5.0	5.0	-	\$5.0
Elimination of scheduled Other Post Employment Benefits (OPEB)	-	150.0	200.0	-	200.0
Redirection of School Site Carryover*	-	-	246.0	\$146.0	100.0
Equivalent to Class Size Increase by 4 (approximately 1,000 FTE)	-	-	76.0	76.0	-
Total Fiscal Stabilization Plan	\$105.2	\$255.5	\$627.8	\$222.0	\$405.8

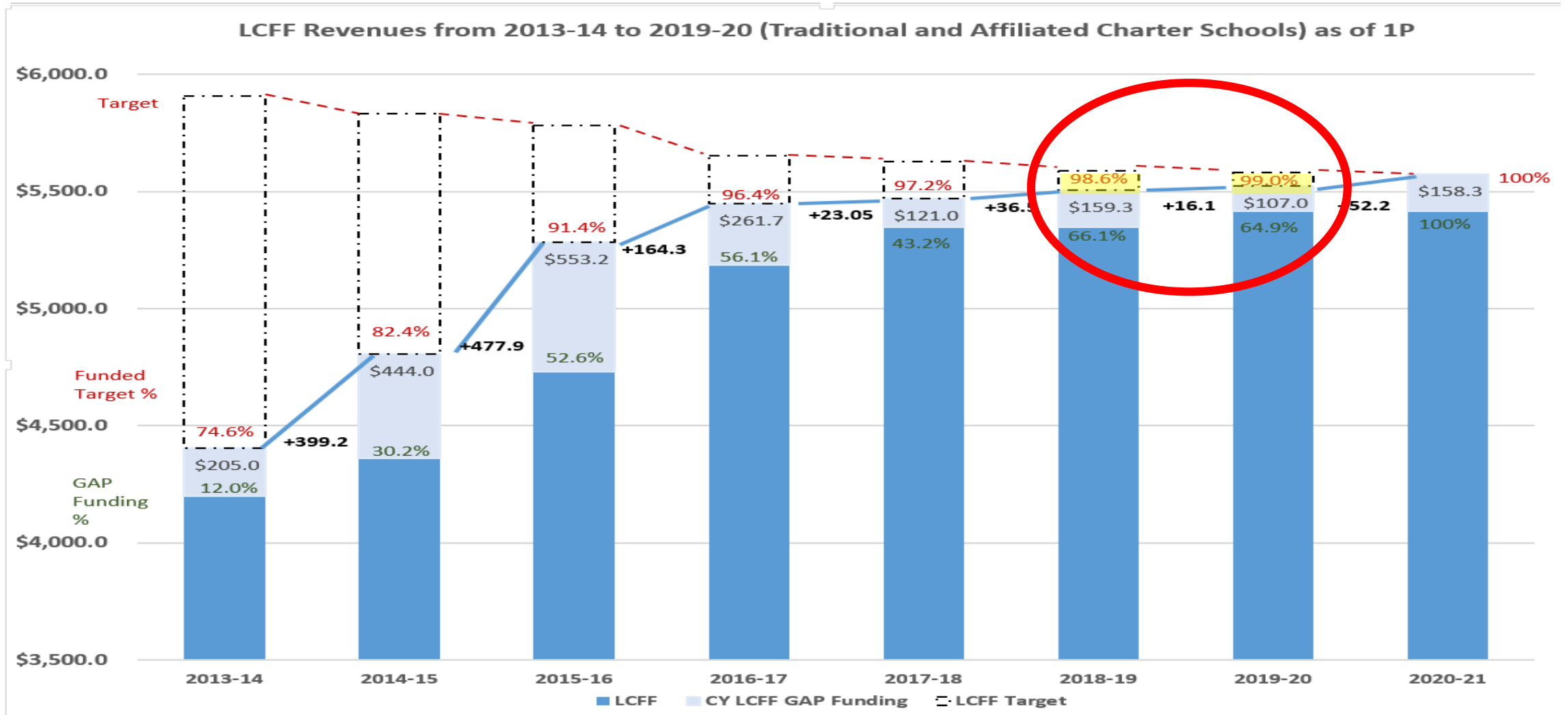
Elements of the Governor's Budget Proposal

- Fully Fund the Local Control Funding Formula in 2018-19
- Raise the “cost-of-living adjustment” (COLA) from 2.15% to 2.51%
- Provide one-time per-pupil discretionary dollar to districts in 2018-19
- Require additional reporting for “targeted student” revenues from the Local Control Funding Formula (LCFF)
- Provision county offices of education with additional funds to provide special education assistance
- Fill State rainy day fund
- Additional funds for Career Technical Education (CTE)
- Funds for special education teacher credentialing

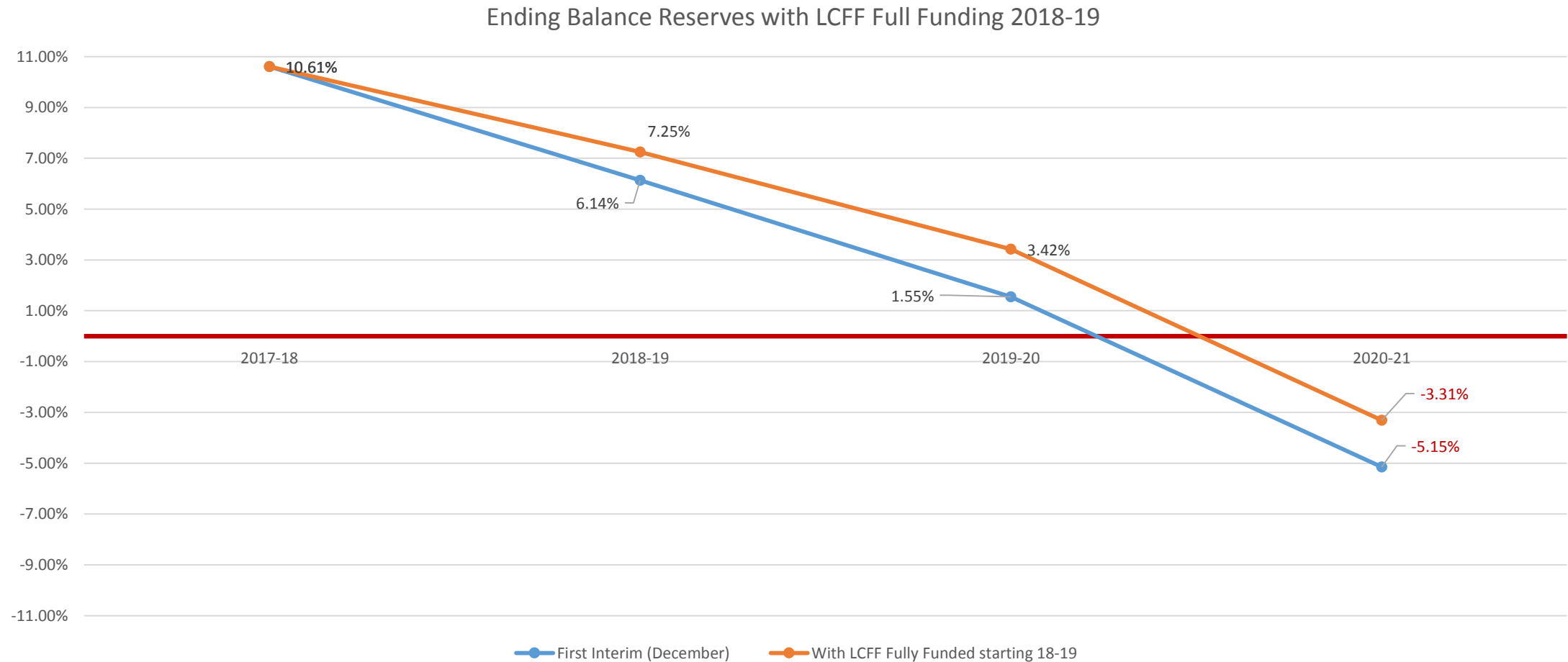
Fully Funding the Local Control Funding Formula

- Governor fully funds the LCFF in 2018-19 instead of 2020-21
- Governor completes signature education initiative
- LCFF reached 97% funding in the current 2017-18 fiscal year
- Full funding provides districts one-time increases in 2018-19 and in 2019-20 compared to earlier projections
- Total revenue increases calculate to a sum of \$137 million over the two years of 2018-19 and 2019-20
- Does not provide any increases over the 2020-21 projections which already anticipated full funding

Slower Growth in LCFF Revenues



Ending Balance Change from First Interim Report When Including a 2018-19 Fully-Funded LCFF



Other Elements of Governor's Plan

- One-Time Discretionary Funding -- \$295 per student [\$140 million]
- Change in COLA Percentage 2.15% to 2.51% [\$18 million]
- Special Education Dollars for County Office – no fiscal impact
- Filling the Rainy Day Fund – no immediate fiscal impact
- Career Technical Education (CTE) -- direct impact still unknown
- Special Education Teaching Credentials – direct impact still unknown

Governor's Budget and Second Interim Budget Report (March 2018)

- Wait for Los Angeles County Office of Education (LACOE) guidance on inclusion of proposed funds in the budget
- Review options for proposed funds use within the District
 - Structural deficit reduction in the out years
 - Mitigation of Fiscal Stabilization Plan elements
 - New or modified instructional programs
 - Employee total compensation
 - Offset a portion of the long-term OPEB (Other Post Employment Benefits) liability
 - Increase attendance and enrollment incentives

Questions?