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
<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>First Interim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Office Reduction and Efficiencies</td>
<td>$ 79.9</td>
<td>$ 79.9</td>
</tr>
<tr>
<td>Central Office Clerical Reduction allocated to school sites</td>
<td>(4.1)</td>
<td>(4.1)</td>
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<tr>
<td>Resolution of Disproportionality Issue</td>
<td>20.0</td>
<td>20.0</td>
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<tr>
<td>Shifting of Telecom Maintenance Funding</td>
<td>4.4</td>
<td>4.7</td>
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<tr>
<td>Change in RRGM Funding</td>
<td>5.0</td>
<td>5.0</td>
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<tr>
<td>Elimination of scheduled Other Post Employment Benefits (OPEB)</td>
<td>-</td>
<td>150.0</td>
</tr>
<tr>
<td>Redirection of School Site Carryover*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equivalent to Class Size Increase by 4 (approximately 1,000 FTE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Fiscal Stabilization Plan</td>
<td>$105.2</td>
<td>$255.5</td>
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</tbody>
</table>
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

Ending Balance Reserves with LCFF Full Funding 2018-19

- 10.61% 2017-18
- 7.25% 2018-19
- 6.14% 2019-20
- 3.42% 2020-21

-11.00% -9.00% -7.00% -5.00% -3.00% -1.00% 1.00% 3.00% 5.00% 7.00% 9.00% 11.00%

First Interim (December)  With LCFF Fully Funded starting 18-19
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?