



Budget Update

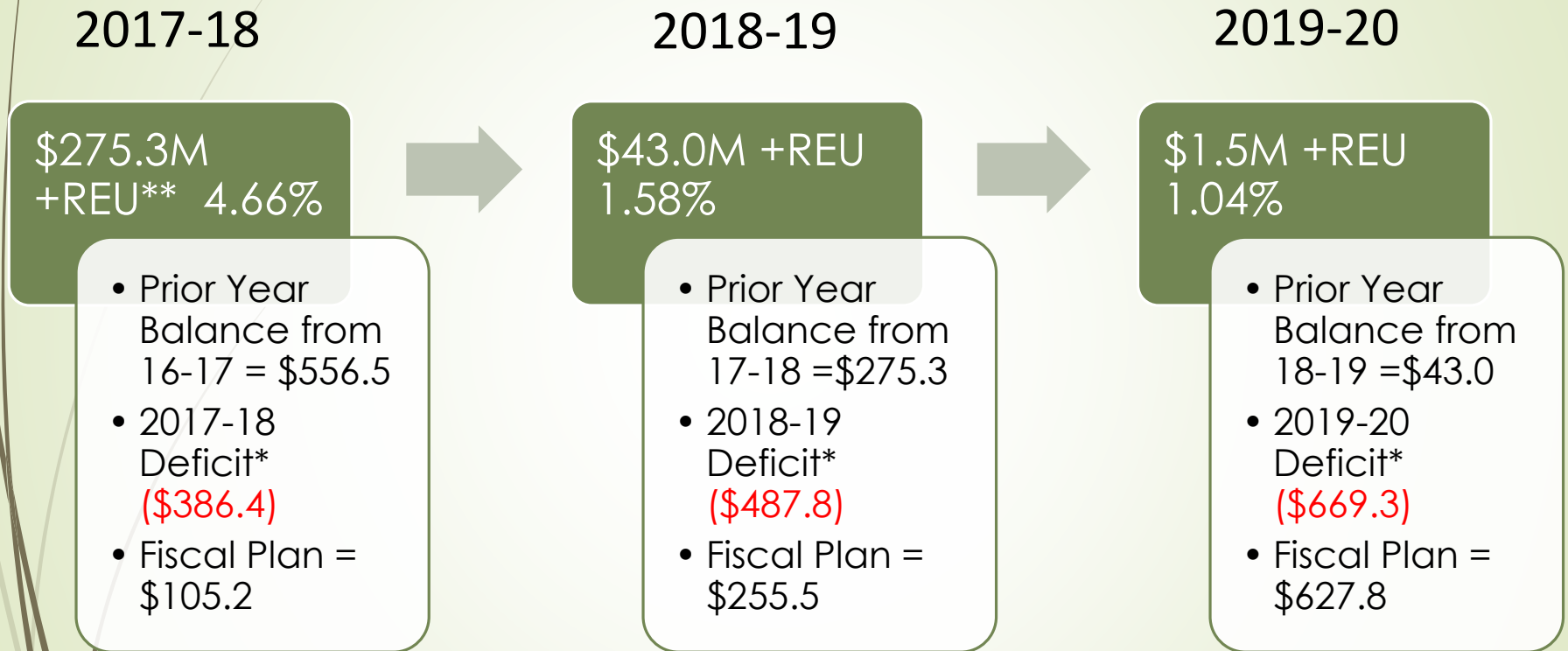
August 22, 2017

Budget Fundamentals

- 1% Reserve is approximately \$75 million
- LAUSD is the only district that has a 1% reserve requirement
- A 1% increase in CalPERS and CalSTRS costs \$45 million
- Annual CalPERS and CalSTRS increase is ~2%
- At budget approval, the District projected a 1.04% budget reserve in 2019-20

2017-18 Final Budget with Fiscal Stabilization

Unassigned Ending Fund Balance and Reserve



*Deficit (in red) Before Fiscal Stabilization Plan is Reflected

**Statutory 1% Reserve for Economic Uncertainty (REU)

Fiscal Stabilization Plan (June 2017)

Major Elements

- Central Office Reduction & Efficiencies
 - 30% Central Office Budget Reduction (22%)
- Resolution of Disproportionality Potential Liability
- Shift of Telecom Maintenance Costs
- Change in Regular Routine General Maintenance (RRGM) Funding
- Elimination of Other Post Employee Benefits (OPEB) Trust Contribution Starting 2018-19
- Redirection of School Site Carryover by 2019-20
- Class Size Increase of 4 by 2019-20

Changes After Budget Adoption

➤ Results of Final State Budget Adoption

- LCFF gap funding percentage lowered (2017-18, 2018-19, 2019-20)
- One-time revenue recognized for 2017-18 (previously deferred)
- Lottery increased by \$5 per Average Daily Attendance (ADA).

➤ Potential Legal Liabilities/Settlements

- Equivalent to ~2% of reserve over three (3) years

➤ Cafeteria Audit Liability

- Discussions continued with California Department of Education

➤ Administrator-to-Teacher Ratio (R2) Penalty

- Waiver received for Fiscal Year 2016-17 and 2017-18

Timelines

- September – Unaudited Actuals -- Year End Closing (2016-17)
- December - First Interim
- January - Governor's Budget
- March
 - Second Interim Projections
 - School Budget Development
- April - School Budget Development
- May
 - Governor's May Revision
- June
 - Local Control Accountability Plan (LCAP) and Final Budget Hearing
 - LCAP and Final Budget Adoption