

Unraveling the District Budget

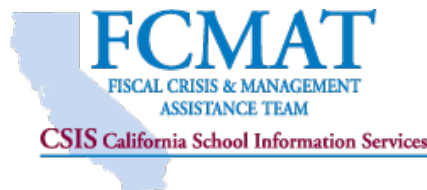
Twin Rivers Unified School District
Presented to the Board of Trustees
January 10, 2017

Presented By:

Bill McGuire Deputy
Superintendent
Administrative Services

&

Kate Ingersoll
Executive Director
Fiscal Services



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WE'RE OVERDUE
FOR A CRASH,
YOU KNOW...

CA
ECONOMY

WHO INVITED
THE GOVERNOR?

meua

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Headline News

- 🔍 San Diego Unified eyes \$117 million in cuts, possible layoffs!
- 🔍 Bailed-out Oakland schools are back in financial trouble, spending exceeding its revenue by \$30 million next year.
- 🔍 Curtis Creek School considers fiscal recovery plan



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Topics for the Workshop

- 🔍 Planning, Goal Setting, and Financial Policies
- 🔍 Understanding California School Budgeting
- 🔍 Developing the Budget
- 🔍 Multiyear Projections (MYPs)
- 🔍 Monitoring the District's Budget
- 🔍 The Governor's 2017-18 Budget Proposal – January 10, 2017

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PLANNING, GOAL SETTING, AND FINANCIAL POLICIES

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Overview – Planning, Goal Setting, and Financial Policies

Planning and Goal Setting

Financial Policies

Local Reserve Policy

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Planning and Goal Setting

- 🔍 Starts with the district's vision
 - *An unwavering focus on powerful and engaging learning experiences that prepare students for college, career and life successes*
- 🔍 Long-term priorities based on vision
 - TRUSD Core Beliefs
- 🔍 Strategic goals developed from priorities
 - TRUSD Focus Areas ➡ 40/40/40
 - There is enough money to do anything you need to do
 - But not everything you want to do
 - Wants and needs must be prioritized

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Planning and Goal Setting

- 🔍 Short-term (one year) operational goals to implement strategic goals for next year
 - Each management team member has an annual goal for each of the three Focus Areas
- 🔍 Instructional priorities and goals embodied in the annual Local Control and Accountability Plan (LCAP)
 - Needs assessment based upon data
 - Input from stakeholders
 - Actions and services year by year for three years
- 🔍 Ensure actions, services, and goals for the year are included in the budget

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Financial Policies

- 🔍 Adopt sound financial policies
 - Balancing the operating budget (BP 3100 & 3460)
 - Issuing and managing debt (AR 3460 coming soon)
 - Using one-time revenues for one-time purposes (BP 3100)
 - General Fund reserves (BP 3100)
 - Prudent level
 - Contingency Planning (BP 3460)
 - Maintenance and replacement of capital assets (BP 3517 & 7214)
- 🔍 Budget review and approval should be through the lens of these policies

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Local Reserves Policy

- 🔍 Understanding the definition of reserves: key to budget credibility
 - Assigned/unassigned General Fund (01) and Special Reserve for Other Than Capital Outlay Fund (17)
- 🔍 The Reserve for Economic Uncertainties is the minimum established by the State Board of Education (SBE)
 - Set aside from unassigned reserves
 - Based upon district size (enrollment) – TRUSD is 3% of expenditures
 - Remember this is a minimum
 - All districts need to have higher reserves than this SBE minimum

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Local Reserves Policy

- 🔍 Reserves higher than the SBE minimum are needed to protect against:
- Economic downturns and state-level budget cuts
 - Volatility in the Local Control Funding Formula (LCFF) gap closure funding
 - Declining enrollment and loss of funding
 - Unplanned expenses (the “broken boiler” scenario)
 - Carryover balances for schools and departments
 - Cash shortages
 - Layoffs and program reductions by providing lead time to make budget adjustments

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Local Reserves Policy

🔍 TRUSD 2016-17 First Interim General Fund reserves:

Ending Balance, June 30	\$11,103,548
Nonspendable: Revolving Cash and Stores	\$255,000
Restricted	\$42,204
Committed	\$0
Assigned	\$0
Unassigned: Reserve for Economic Uncertainties	\$10,798,009
Unassigned: Reserve above SBE 3%	\$8,335
Unassigned	\$0

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Local Reserves Policy

- 🔍 It's a delicate balance:
- Spend today's dollars on today's children
 - But not at the expense of tomorrow's children



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UNDERSTANDING CALIFORNIA SCHOOL FINANCE

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Overview – Understanding California School Finance

State Standardized
Account Code Structure
(SACS) reports

Revenues

Expenditures

Other Funds

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2016 – 2017 ADOPTED BUDGET

(STATE SACS FORMS)
ADOPTED JUNE 2016



TO INSPIRE EACH
STUDENT TO

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State Standardized Account Code Structure (SACS) reports

- Financial reports in the SACS format must be adopted and submitted to the COE at least four times per year:

Report	Period Covered	Due Date
Adopted Budget	New fiscal year	July 1*
First Interim	July 1 – October 31	December 15
Second Interim	July 1 – January 31	March 15
Estimated Actuals	July 1 – June 30	July 1*
Unaudited Actuals	July 1 – June 30	September 15

*Adopted budget for the next year includes Estimated Actuals for the current year



Revenues

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LCFF Entitlement

- 🔍 The LCFF was designed to close the achievement gap
- 🔍 LCFF components
 - Base grants per pupil by four grade spans – the per pupil amount is the same for all school districts and charter schools
 - Supplemental and concentration grants based on the Unduplicated Pupil Percentage (UPP)
 - UPP is based on three pupil characteristics (English Language (EL), low income and/or foster youth)
- 🔍 All funds received through the LCFF are unrestricted

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LCFF Entitlement

- 🔍 This is the fourth year of implementation
 - In an estimated eight-year plan to get all districts and charter schools to their individual target level of funding
- 🔍 Each year the adopted State Budget is to provide an amount for increasing the funding through the LCFF
 - The funding target is calculated for the year for each district and charter school
 - The difference between the target funding level and the current funding level for all local agencies is referred to as the “gap”
 - Then the amount provided in the State Budget is applied to the gap
 - And the gap funding – or gap closure – is calculated for that year

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LCFF Entitlement

- 🔍 The gap funding provided each year to move all local agencies toward their targets has been:

2013-14	2014-15	2015-16	2016-17
12.0017%	30.16%	52.56%	54.18%*

*Can still be adjusted

- 🔍 LCFF is now almost 96% fully funded
 - As always, keep in mind that the annual LCFF increases of individual districts can vary significantly

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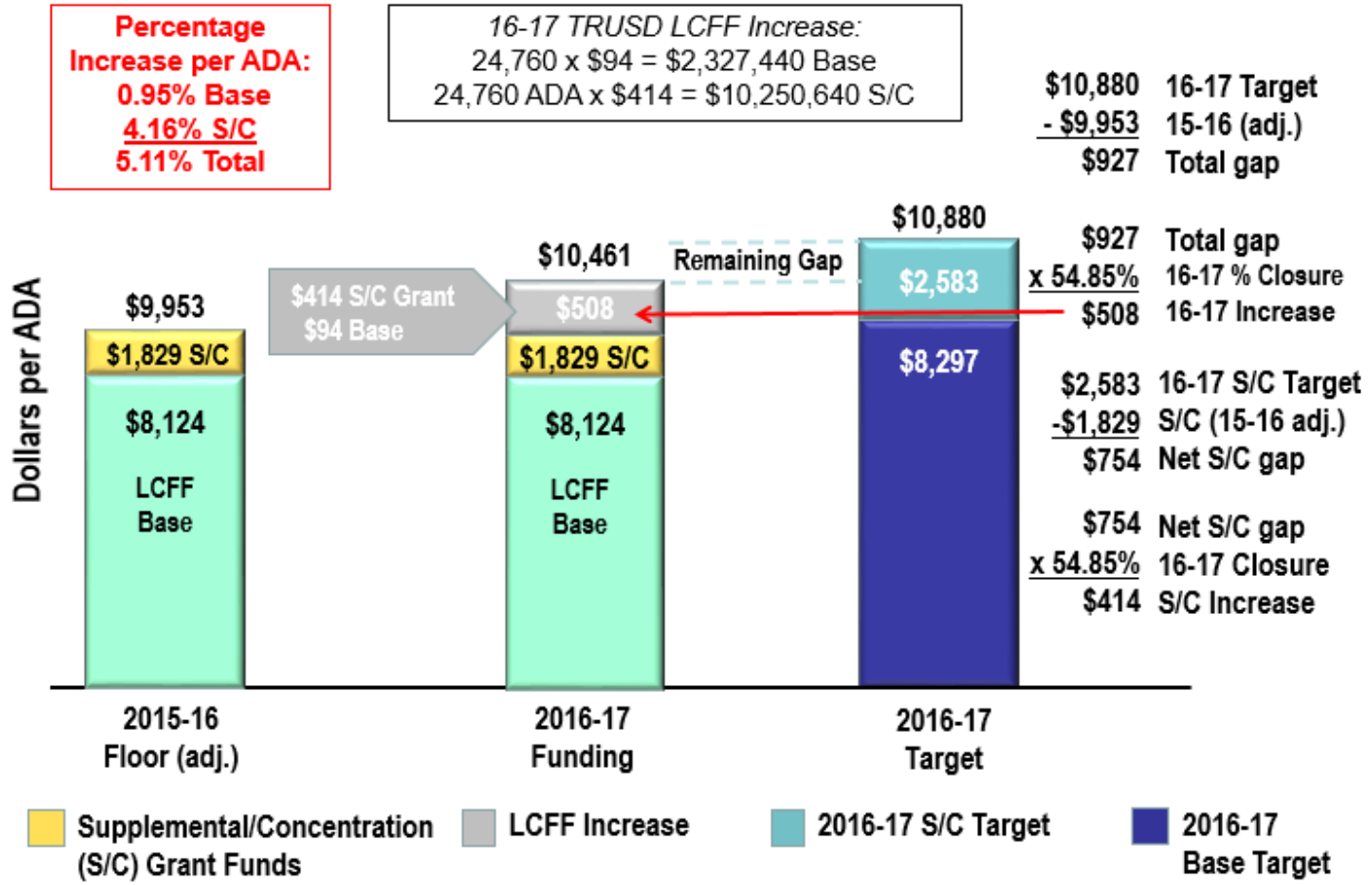


TRUSD Gap Funding Per ADA (July 2016)

86.22% Unduplicated Students

Percentage Increase per ADA:
0.95% Base
4.16% S/C
5.11% Total

16-17 TRUSD LCFF Increase:
 24,760 x \$94 = \$2,327,440 Base
 24,760 ADA x \$414 = \$10,250,640 S/C



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2016-17 First Interim LCFF Revenue

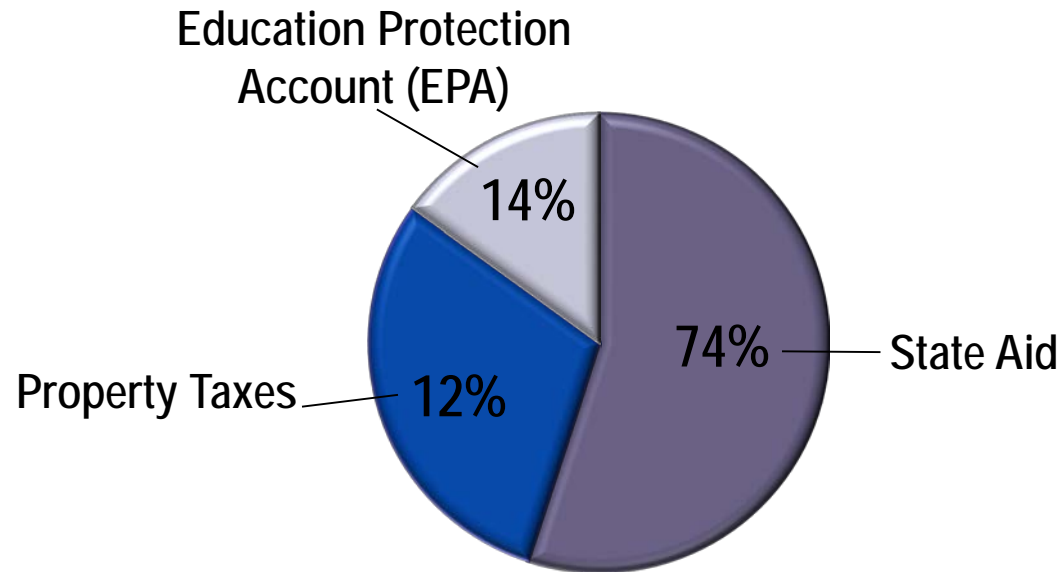
	Twin Rivers Estimated 2016-17	Creative Connections Estimated 2016-17	Smythe Academy Estimated 2016-17	Westside Prep Charter Estimated 2016-17	Total 2016-17
LCFF Target	\$248,628,934	\$5,820,311	\$10,663,133	\$3,134,210	\$268,246,588
Floor	227,734,738	5,195,691	9,509,753	2,812,323	\$245,252,505
Funding Gap	\$20,894,196	\$624,620	\$1,153,380	\$321,887	\$22,994,083
CY Gap Funding (54.18%)	\$11,320,475	\$338,419	\$624,901	\$174,398	\$12,458,193
16/17 Estimated LCFF Entitlement	\$239,055,213	\$5,534,110	\$10,134,654	\$2,986,721	\$257,710,698
Base Funding	\$192,249,651	\$4,831,744	\$8,041,969	\$2,480,892	\$207,604,256
Supplemental/Concentration	\$46,805,562	\$702,366	\$2,092,685	\$505,829	\$50,106,442
Estimated Unduplicated pupil % (EL, low income and/or foster youth)	86.37%	65.87%	90.98%	74.84%	

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LCFF Entitlement

- LCFF entitlement is made up of three components:

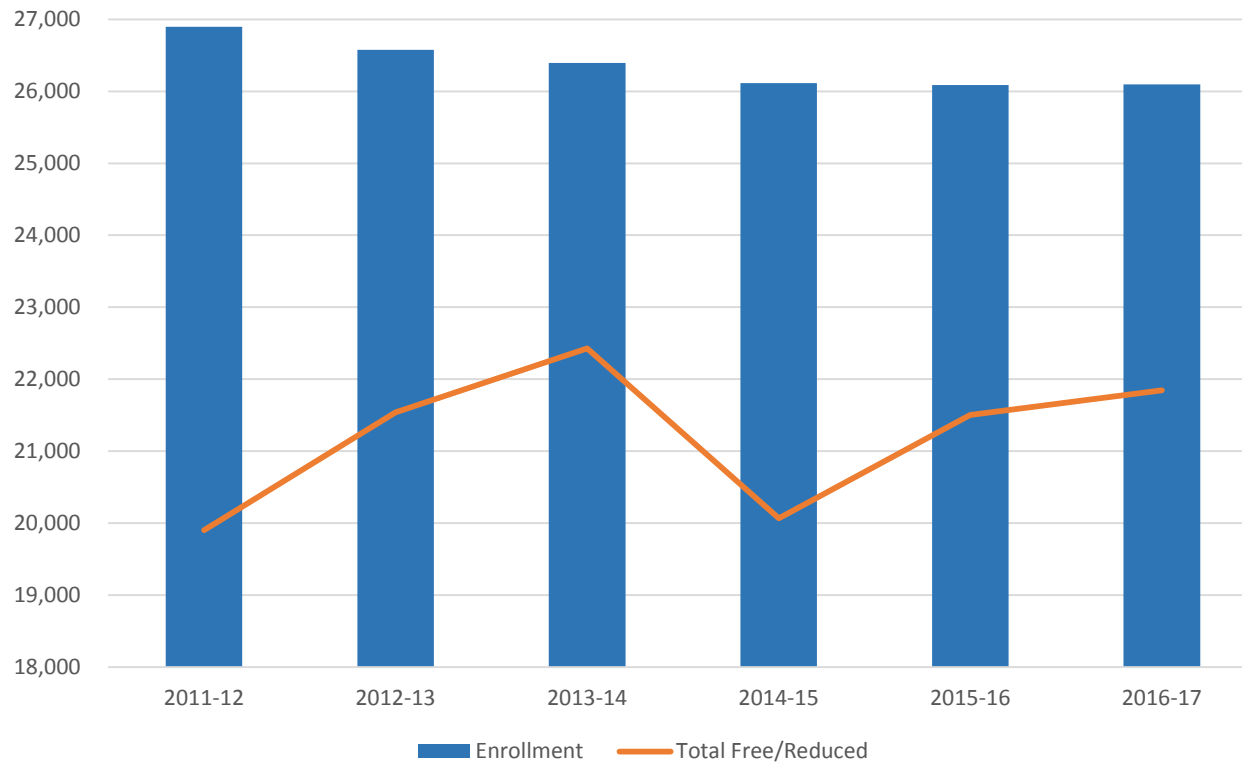


- Exact proportions are unique to each LEA; above is TRUSD 2016-17 First Interim

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Enrollment History



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Know Your Revenue Sources

- 🔍 Is the source one time or ongoing?
- 🔍 Restricted or unrestricted?

	One Time	Ongoing
Restricted	Use <u>first</u>	Use next
Unrestricted	Use if restricted funds are not applicable	Use <u>last</u>

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Know Your Revenue Sources

Just Remember Two Major Principles:

1

- Don't use one-time funds to pay for "things that eat"
 - Fund balance dollars are one time

2

- Budget restricted dollars first, if they apply

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One-time Funds from State

TRUSD 2016-17	
Discretionary Funds (Mandated Cost)	\$5,319,826
College Readiness	Twin Rivers \$756,155
	CCAA \$75,000
Classified Teacher Program	TBD – Consortium with SCOE
TRUSD 2015-16	
Discretionary Funds (Mandated Cost)	\$13,112,966
Educator Effectiveness	\$2,261,389
TRUSD 2014-15	
Discretionary Funds (Mandated Cost)	\$1,675,800



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Revenue History



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Expenditures

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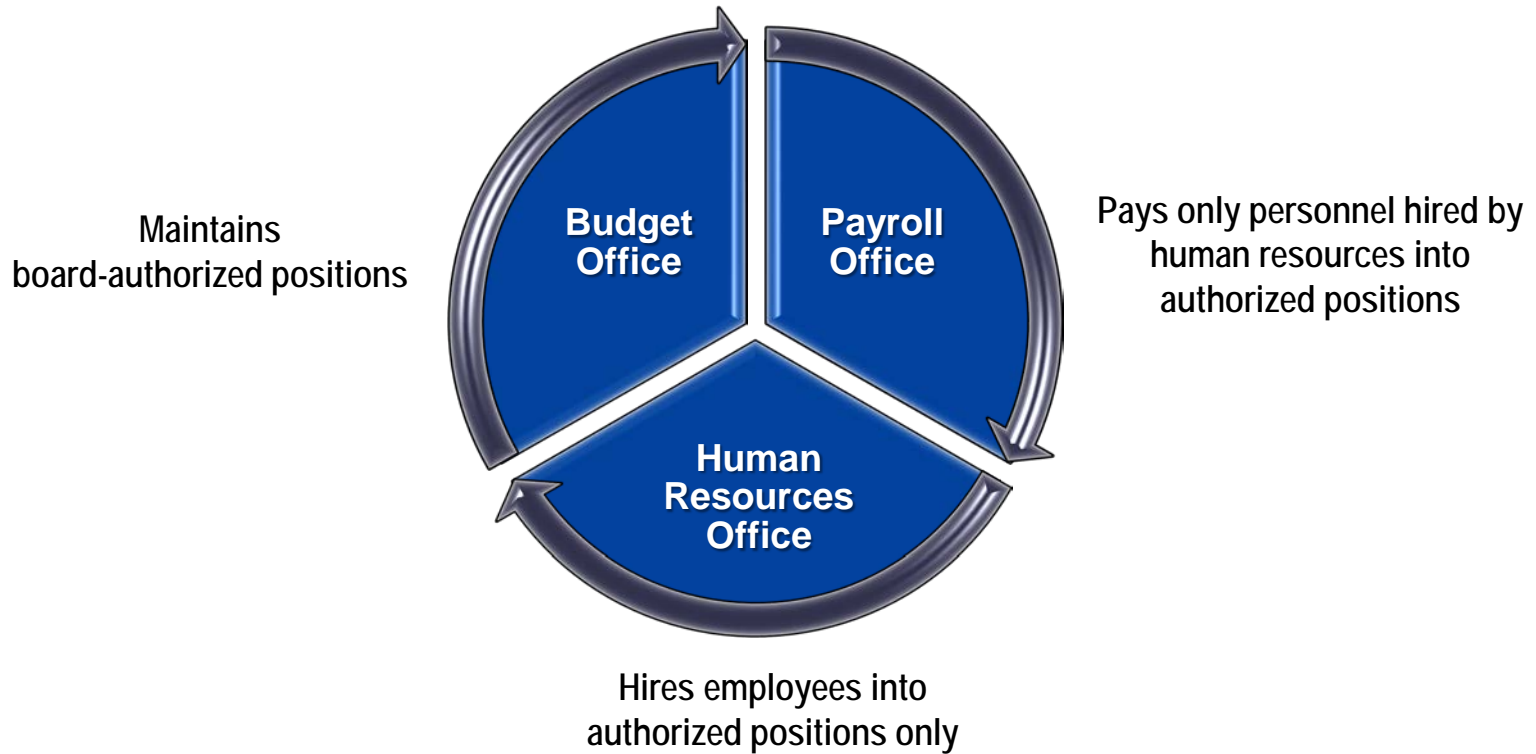
Budget Control

- 🔍 Revenues are largely controlled by the state and federal governments, and as such most of a local agency's budget control is on the expenditure side.
 - The board decides how to spend the funds it receives
 - Organizational structure, employee compensation, instructional programs, support services, facilities, etc.
- 🔍 Over 75% of TRUSD's budget is spent on people
 - Salaries, health benefits, statutory fringe benefits, retiree benefits
 - Mistakes in the staffing budget can cause a fiscal crisis
 - The best way to prevent mishaps is through a fully functioning position control system

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Position Control



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Staffing Formulas

Why have staffing formulas?

- Staffing formulas help to document “core” so that supplemental/concentration and categorical funds can be used to supplement, not supplant
- Staffing formulas form the standard building blocks for site and department budgets
- Staffing formulas provide equitable staffing standards across the district
 - And can be used to equitably ratchet back staffing in a fiscal crisis
- They also play an integral role in controlling personnel costs

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Expenditure History



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Other Funds

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Manage a Total Budget, Not Just a General Fund

Funds Other Than the General Fund

- The General Fund is the primary operating fund of a district, but is not the only fund
- Effective management requires an analysis of all funds, all revenues, and all expenses

TRUSD Other District Funds

- Special Revenue Funds
 - Adult Education
 - Cafeteria
 - Child Development
 - Deferred Maintenance
 - Special Reserve (for post employment benefits)
- Capital Projects Funds
 - Building
 - Capital Facilities
 - County School Facility
 - Special Reserve (for capital outlay projects)
- Trust and Agency Funds
 - Student Body

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DEVELOPING THE BUDGET

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What Is a Budget?

 In optimum form:

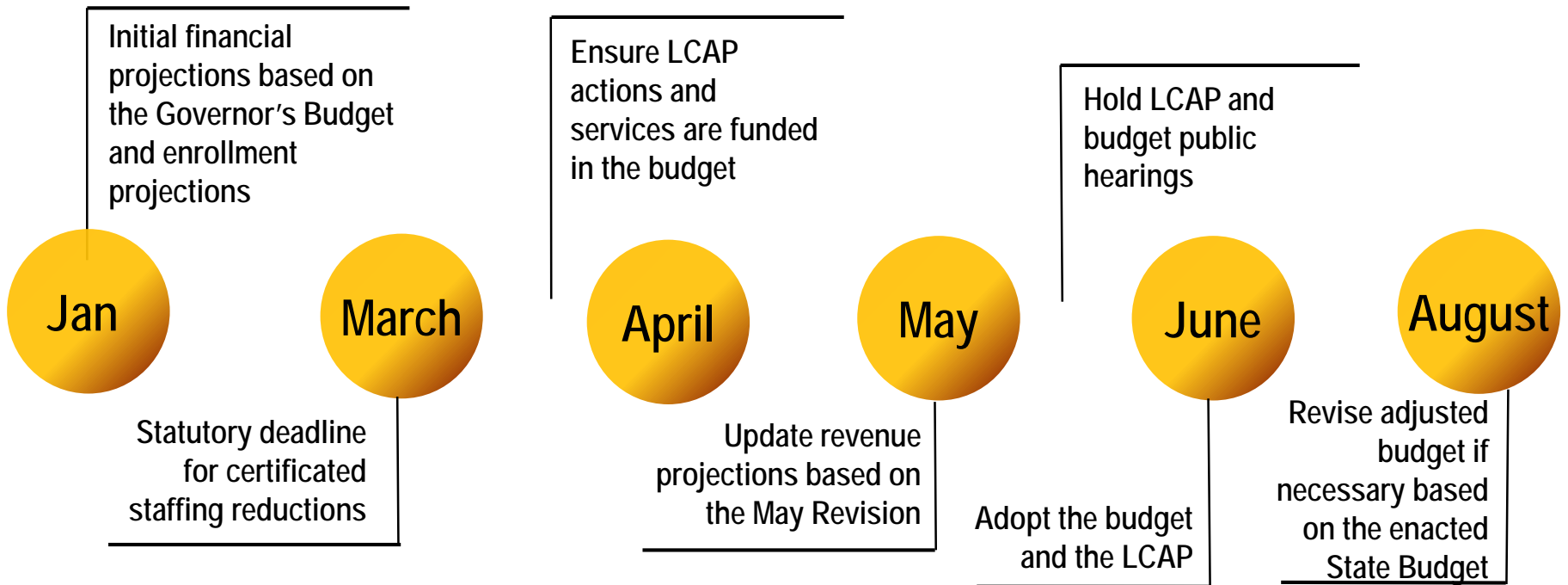
- A policy document – to reflect the philosophy of the board, the administration, the education community
- A financial plan – to show where you've been and where you're going
- An operations guide – to guide administrative decisions and actions throughout the year
- A communications device – to share with the community the strengths and challenges of the instructional program through integration with the LCAP

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Budget Development

- 🔍 Budget development can vary significantly from district to district, but would include critical milestones such as:



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Budget Development

TRUSD's Budget Development Calendar

Refer to handout in

Appendix

A



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Budget Development

- 🔍 For each budget development and revision
 - Revenue assumptions
 - Initially based on the Governor's Budget
 - Then updated with each revision of the State Budget
 - Expenditure assumptions
 - Staffing levels reviewed and updated for current conditions
 - Inflationary increases for supplies and services
 - Additional actions and services from LCAP
 - Scheduled capital outlay or debt service obligations
 - The condition indicated will set the tone for future financial decisions

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MULTIYEAR PROJECTIONS

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Multiyear Projections

- 🔍 Since 1992, when Assembly Bill (AB) 1200 was enacted, MYPs have been required by law
 - To be approved, a district budget must demonstrate that it can meet its financial obligations both in the current fiscal year and the subsequent two years
 - Interim reports must meet the same multiyear standards
- 🔍 Decisions made today affect today and tomorrow
 - So MYPs show the impact of today's decisions on the finances of future years
 - **School Services of California and Fiscal Crisis Management Team Strongly recommends taking the MYP seriously given changes in State Funding**

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Multiyear Projections

-  The cause of most school district insolvencies can be traced to a bad financial decision made during prosperous times that came back to bite the district during lean financial times, so caution is key
- One-time funds are just that – one time
 - A future recession is predicted – the timing is unknown
 - Low COLA environment on programs that require contributions
 - Increasing retirement obligations



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Multiyear Projections

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Beginning Balance	0	1	2	3	1	-1
Revenues	+10	+10	+10	+10	+10	+10
Expenditures	-9	-9	-9	-12	-12	-12
Ending Balance	1	2	3	1	-1	-3

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Multiyear Projections

LCFF DARTBOARD FACTORS					
Factor	2015-16	2016-17	2017-18	2018-19	2019-20
LCFF Planning Factors	SSC Simulator ¹	SSC Simulator ¹	SSC Simulator ²	SSC Simulator ²	SSC Simulator ²
SSC Gap Funding Percentage	52.56%	54.18%	19.30%	34.25%	36.74%
Department of Finance Gap Funding Percentage	52.56%	54.18%	72.99%	40.36%	73.98%
Gap Funding Percentage ³ (May Revise)	53.08%	54.84%	-	-	-
PLANNING FACTORS					
Factor	2015-16	2016-17	2017-18	2018-19	2019-20
Statutory COLA	1.02%	0.00%	1.11%	2.42%	2.67%
COLA on state and local share only of Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers/American Indian Early Childhood Education	1.02%	0.00%	1.11%	2.42%	2.67%
California CPI	2.07%	2.26%	2.39%	2.46%	2.63%
California Lottery	Base	\$140	\$140	\$140	\$140
	Proposition 20	\$41	\$41	\$41	\$41
Interest Rate for Ten-Year Treasuries	1.95%	1.76%	2.22%	2.37%	2.50%
CalPERS Employer Rate (projected)	11.847%	13.888%	15.50%	17.10%	18.60%
CalSTRS Employer Rate (statutory)	10.73%	12.58%	14.43%	16.28%	18.13%
CalSTRS On-Behalf Rate	7.125890%	8.578248% ⁴	8.578248% ⁴	8.578248% ⁴	8.578248% ⁴

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Multiyear Projections

- 🔍 The most important variable is an accurate estimate of enrollment as it drives:
 - Expenditures
 - Indirectly, because it limits funds available for expenditures
 - Directly, as teacher staffing is adjusted to serve enrollment
 - Revenues
 - Directly, due to ADA and unduplicated counts
- 🔍 TRUSD uses a 3 year cohort progression method
 - Includes analyzing the reasons for variances

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Multiyear Projections

-  Develop expenditure projections to include:
- Serving changes in pupil enrollment and ADA
 - Changes in the LCAP for program service levels or delivery methods that would affect staffing or purchases
 - Major purchases or projects that would affect capital outlay expenditures
 - Consumer Price Index (CPI) increases on particular expenditure categories
 - Staffing costs: across-the-board pay increases, step and column movement, natural attrition, health benefit cost increases, pension contribution increases

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Multiyear Projections

- 🔍 Determining the components of the ending balance in each year is an important part of the projection process
 - Remember to set aside amounts for:
 - Stores, Revolving Cash, and Prepaid Expense
 - Restricted program ending balances
 - The unrestricted reserve balance at this point is important for solvency purposes
 - Set aside a Reserve for Economic Uncertainties
 - Set aside a reserve for revenue volatility
 - Set aside other board-assigned reserves or commitments
 - The balance left is the true “bottom line” for each year in the projection model

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Multiyear Projections

- 🔍 When the projection has been completed and refined, the district will have:
 - A comprehensive picture of its likely financial future
 - The ability to explore alternate scenarios by assigning alternate values to key variables
- 🔍 Financial projections can provide a basis for:
 - Measuring the financial impact of major decisions made throughout the year
 - Analyzing the future-year impact of current-year decisions
 - Educating the community and district employees on critical issues
 - The district's long-range financial plan

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Multiyear Projections

How to read Multiyear Projections

Refer to handout in

Appendix

B



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MONITORING THE DISTRICT'S BUDGET

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Budget Monitoring

For Last Year: Close and Audit

AUGUST AND NOVEMBER

Close, define actuals,
determine the ending balance

JULY – DECEMBER

Audit and review

DECEMBER

Receive audit, evaluate
management letters

JANUARY – FEBRUARY

Follow-up on
management letters

Budget Calendar

For This Year: Monitor

JULY

Adopt and analyze

AUGUST – SEPTEMBER

Amend and revise

DECEMBER – JANUARY

Amend, measure, and report
1st Interim Report

FEBRUARY – APRIL

Amend, measure, and report
2nd Interim Report

JULY – SEPTEMBER

Amend, measure, and analyze

For Next Year: Developing the Budget

OCTOBER

Project enrollment, ADA, and revenues

NOVEMBER– DECEMBER

Identify goals for next year
and staffing projections

DECEMBER - JANUARY

Staffing meetings and LCAP Review

FEBRUARY – MARCH

Conclude staffing levels, incorporate
LCAP initiatives, program, department,
and school site budgets

APRIL – JUNE

Study, update, balance,
conclude, and adopt

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Budget Monitoring

- 🔍 The budget has been developed and adopted by the board
 - This is just the beginning – work on the budget is year-round
- 🔍 The budget is a fluid document
 - It can and should be revised on a regular basis
 - Conditions are constantly changing
 - Which can change facts and assumptions used for the budget and MYPs
- 🔍 Budget revisions are technically accomplished in fiscal services
 - But managing the budget is a districtwide responsibility involving, in one way or another, all staff

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The Governor's 2017-18 Budget Proposal – January 10, 2017

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Governor's Budget Proposal



2017-18 GOVERNOR'S BUDGET SUMMARY

Edmund G. Brown Jr. Governor
State of California

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Highlights State Budget

- 🔍 Revenues forecasted to be down \$5.8 billion 2015-16 through 2017-18
- 🔍 \$1.6 billion deficit projected without corrective action
- 🔍 Corrective Actions
 - Adjust Proposition 98 - \$1.7 billion
 - Recapture 2016 Allocation - \$0.9 billion
 - Constrain Spending Growth - \$0.6 billion

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Highlights Education Statewide

- 🔍 Proposition 98 Increases from \$71.4 billion to \$73.5 billion
- 🔍 LCFF Increase – \$744 million
- 🔍 Funding Gap – continued at 96%
- 🔍 Categorical Program Increase – \$58.1 million
- 🔍 One-Time Funding – \$287 million
- 🔍 New Program Enhancements - \$0
- 🔍 Funding shift from 2015-16 & 2016-17 to 2017-18 - \$1.1 billion
- 🔍 Facilities Funding (Proposition 51) – Big Problem!

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Highlights Twin Rivers

- 🔍 LCFF COLA Percentage – 1.48%
 - Equates to 23.67% Gap Funding Percentage
- 🔍 LCFF Gap Closure Percentage – 0.0%
 - Remains at 96%
- 🔍 Categorical COLA Percentage – 1.48%
- 🔍 One-Time Funding – \$47.83 per ADA - \$1,245,000
- 🔍 New Program Enhancements - \$0

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Next Steps in Budget Development

- 🔍 Finish staffing meetings with the sites and departments
- 🔍 Incorporate Governor's January Budget Proposal
- 🔍 Obtain sites' and departments' detailed budgets
- 🔍 Incorporation of the LCAP
- 🔍 Effects of 2016/17 negotiations, once finalized
- 🔍 Planning for difficult times ahead

Impressions from the Governor's
2017-18 State Budget Proposal

Refer to handout in
**Appendix
C**

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Board of Trustees

Questions?

Suggestions?

Concerns?

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Appendix A

Twin Rivers USD

9-27-16 Board meeting

2017-18 Budget Development Calendar

	2017-18 Comprehensive Plan Development	Due Date	Responsible
October	▶ Aeries report on CBEDS data (by school, by grade) to Budget on	5-Oct	Terrie
	▶ Chris provide CBEDS demographics to Budget by	12-Oct	Chris
	▶ 2017-18 enrollment projections (by school, by grade) by	17-Oct	Kate
	▶ Review with Cabinet budget items that need their direction to move forward (i.e., school site, department, staffing and LCAP budgets)	12-Oct	Kate/Barbara/Cabinet
	▶ Budget to start on estimated budgets	24-Oct	Budget
	▶ Changes to Staffing Handbook for 2017-18 from Cabinet by	26-Oct	Cabinet
	▶ Changes to school site, department and program budgets from Cabinet by	26-Oct	Cabinet
November	▶ Budget provide summary teacher staffing projections to HR by	2-Nov	Kate/Budget
	▶ Budget calculate LCFF along with Suppl/Cont grants by	2-Nov	Kate
	▶ School site budget (est.) allocations to Principals (along with current position control with step/column increase & 2% cushion and the costs of annual routine exps. (i.e., copiers))	20-Nov	Budget
	▶ Unrestricted staffing projections to Principals from HR (teacher staffing spreadsheet and classified allocation changes)	18-Nov	HR
December	▶ Budget Advisory Committee (17-18 MYP; with 16-17 First Interim)	8-Dec	Kate
	▶ DELAC review projected Title III allocations	8-Dec	Jacqui/Barbara
	▶ HR/Instructional Services/Budget/Site/Dept. Staffing Meetings (every day for 2 weeks) Elementary & Various Departments	5-16 Dec	HR/IS/Budget/ Principals
January	▶ Parent Leadership Academy - LCAP Annual Review	10-Jan	Cyndi
	▶ HR/Instructional Services/Budget/Site/Dept. Staffing Meetings (every day for 2 weeks) Secondary & Various Departments	17-26 Jan	HR/IS/Budget/ Principals
	▶ Budget Advisory Committee (Governor's 17-18 proposal)	26-Jan	Kate
February	▶ Budget populate (est.) allocations into the school sites 17/18 SPSA	February	Budget
	▶ Layoff Analysis complete	9-Feb	HR
March	▶ Budget Analysts receive 2017-18 PCRf's from the December HR/Budget/Site staffing meetings	4-Mar	HR
	▶ March 15 th Notices	28-Feb or 7-Mar	HR
	▶ HR provide to Budget list of positions and PC#'s that will end due to layoffs/lack of funds presented at March Board meeting	10-Mar	HR
	▶ Budget Advisory Committee (16-17 MYP; with 15-16 Second Interim)	16-Mar	Kate
	▶ Budget roll position control into 2017-18	17-Mar	Bonnie/Jennifer
	▶ Instructional Services program budget meetings with Barbara	21-30 Mar	Instructional Services/Barbara
	▶ HR review report from Budget of positions that did NOT load into 2017-18 and communicate issues to Budget by	22-Mar	HR
	▶ HR to provide Budget the 2017/18 teacher staffing spreadsheet for each school site	24-Mar	HR
	▶ Parent Leadership Academy - review LCAP input from all stakeholder sources	30-31 Mar	Cyndi

April	▶ Budget send out 2017-18 Site, Dept. and Program budget spreadsheets: - has no position control - school sites - has position control	1-Apr 3-Apr 14-Apr	Budget Budget Budget
	▶ Budget reconcile school site teacher staffing spreadsheets to summary teacher staffing projections by	7-Apr	Jennifer/Kate/ Barbara/HR
	▶ 2017-18 Site, Department and Program budgets returned to Budget by - has no position control - school sites - has position control	7-Apr 18-Apr 21-Apr	Departments Principals Departments
	▶ Budget roll 2017-18 position control into Adopted Budget	13-Apr	Bonnie/Jennifer
	▶ LCAP done (incorporate into 17-18 Budget)	14-Apr	Instructional Services/Budget
	▶ SPSA Approved by SSC and ELAC by (will not be a part of the Adopted Budget; would need by Feb 28)	28-Apr	Principals
	▶ Lay-off Hearings	April	HR
	May	▶ Principal submit SPSA and site budget to Exec. Directors Elem and Secondary for review (will not be a part of the Adopted Budget; would need by March 1st)	1-May
▶ Facilities Funds due to Budget by		5-May	Victoria
▶ AE, Child Dev. & Café Funds due to Budget by		12-May	Vasseliki & Mike
▶ Final Layoff Notices		2-May	HR
▶ Exec. Directors Elem and Secondary Approve SPSA site budgets and then give to Budget by (will not be a part of the Adopted Budget; would need by March 16th)		18-May	Anne & Lori
▶ All budgets entered and balanced by		19-May	Budget
▶ 16/17 Estimated Actuals and SACS TRCs cleared by	30-May	Barbara	
June	▶ SACS 2017-18 Budget and Exec Summary complete for Board agenda	12-Jun	Kate
	▶ 2016-17 Budget available for public viewing	14-Jun	Kate
	▶ LCAP and Budget public hearing at Board meeting	20-Jun	Instructional Services/Budget
	▶ LCAP and Budget Adoption by the Board	27-Jun	Instructional Services/Budget
July/Aug	▶ 45 day 2017-18 Budget revision; if applicable	July/Aug	Budget
Dec.	▶ First Interim Budget Revision to the Board on	mid Dec.	Budget
March	▶ Second Interim Budget Revision to the Board on	mid/late March	Budget
June	▶ Third Interim Budget Revision to the Board on; if applicable	mid June	Budget
August	▶ 2017-18 Final Budget Revision to the Board	Aug./Sept.	Budget

Appendix B

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	255,814,321.00	1.01%	258,401,344.00	2.28%	264,302,479.00
2. Federal Revenues	8100-8299	29,545,362.00	-28.77%	21,044,627.00	0.00%	21,044,627.00
3. Other State Revenues	8300-8599	28,701,981.00	-25.08%	21,503,863.00	0.00%	21,503,863.00
4. Other Local Revenues	8600-8799	13,693,677.00	-1.10%	13,542,677.00	-1.11%	13,391,677.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%	0.00	0.00%	0.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	0.00	0.00%	0.00	0.00%	0.00
6. Total (Sum lines A1 thru A5c)		327,755,341.00	-4.05%	314,492,511.00	1.83%	320,242,646.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				136,593,273.00		137,932,464.00
b. Step & Column Adjustment				1,339,191.00		1,352,717.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	136,593,273.00	0.98%	137,932,464.00	0.98%	139,285,181.00
2. Classified Salaries						
a. Base Salaries				47,027,169.00		47,957,713.00
b. Step & Column Adjustment				930,544.00		949,155.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	47,027,169.00	1.98%	47,957,713.00	1.98%	48,906,868.00
3. Employee Benefits	3000-3999	63,914,771.00	5.23%	67,260,117.00	4.98%	70,611,950.00
4. Books and Supplies	4000-4999	36,765,751.00	-52.09%	17,614,751.00	-2.60%	17,157,516.00
5. Services and Other Operating Expenditures	5000-5999	55,162,281.00	-45.91%	29,834,711.39	1.62%	30,316,712.00
6. Capital Outlay	6000-6999	3,094,513.00	0.00%	3,094,513.00	0.00%	3,094,513.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	3,486,254.00	0.00%	3,486,254.00	-22.35%	2,707,021.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(1,430,188.00)	0.00%	(1,430,188.00)	0.00%	(1,430,188.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	15,319,826.00	-34.73%	10,000,000.00	0.00%	10,000,000.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments				0.00		0.00
11. Total (Sum lines B1 thru B10)		359,933,650.00	-12.28%	315,750,335.39	1.55%	320,649,573.00
C. NET INCREASE (DECREASE) IN FUND BALANCE (Line A6 minus line B11)						
		(32,178,309.00)		(1,257,824.39)		(406,927.00)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		43,281,856.65		11,103,547.65		9,845,723.26
2. Ending Fund Balance (Sum lines C and D1)		11,103,547.65		9,845,723.26		9,438,796.26
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	255,000.00		255,000.00		255,000.00
b. Restricted	9740	42,203.42		0.00		0.00
c. Committed						
1. Stabilization Arrangements	9750	0.00		0.00		0.00
2. Other Commitments	9760	0.00		0.00		0.00
d. Assigned	9780	0.00		0.00		0.00
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	10,806,344.26		9,590,723.26		9,183,796.26
2. Unassigned/Unappropriated	9790	(0.03)		0.00		0.00
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		11,103,547.65		9,845,723.26		9,438,796.26

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
E. AVAILABLE RESERVES (Unrestricted except as noted)						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	10,806,344.26		9,590,723.26		9,183,796.26
c. Unassigned/Unappropriated	9790	2.00		0.00		0.00
d. Negative Restricted Ending Balances (Negative resources 2000-9999)	979Z	(2.03)		0.00		0.00
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	0.00		0.00		0.00
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
3. Total Available Reserves - by Amount (Sum lines E1 thru E2c)		10,806,344.23		9,590,723.26		9,183,796.26
4. Total Available Reserves - by Percent (Line E3 divided by Line F3c)		3.00%		3.04%		2.86%
F. RECOMMENDED RESERVES						
1. Special Education Pass-through Exclusions						
For districts that serve as the administrative unit (AU) of a special education local plan area (SELPA):						
a. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?	Yes					
b. If you are the SELPA AU and are excluding special education pass-through funds:						
1. Enter the name(s) of the SELPA(s):						
2. Special education pass-through funds (Column A: Fund 10, resources 3300-3499 and 6500-6540, objects 7211-7213 and 7221-7223; enter projections for subsequent years 1 and 2 in Columns C and E)						
		0.00				
2. District ADA						
Used to determine the reserve standard percentage level on line F3d (Col. A: Form AI, Estimated P-2 ADA column, Line A4; enter projections)						
		22,766.00		22,766.00		22,766.00
3. Calculating the Reserves						
a. Expenditures and Other Financing Uses (Line B11)		359,933,650.00		315,750,335.39		320,649,573.00
b. Plus: Special Education Pass-through Funds (Line F1b2, if Line F1a is No)		0.00		0.00		0.00
c. Total Expenditures and Other Financing Uses (Line F3a plus line F3b)		359,933,650.00		315,750,335.39		320,649,573.00
d. Reserve Standard Percentage Level (Refer to Form 01CSI, Criterion 10 for calculation details)		3%		3%		3%
e. Reserve Standard - By Percent (Line F3c times F3d)		10,798,009.50		9,472,510.06		9,619,487.19
f. Reserve Standard - By Amount (Refer to Form 01CSI, Criterion 10 for calculation details)		0.00		0.00		0.00
g. Reserve Standard (Greater of Line F3e or F3f)		10,798,009.50		9,472,510.06		9,619,487.19
h. Available Reserves (Line E3) Meet Reserve Standard (Line F3g)		YES		YES		NO

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	255,814,321.00	1.01%	258,401,344.00	2.28%	264,302,479.00
2. Federal Revenues	8100-8299	46,772.00	0.00%	46,772.00	0.00%	46,772.00
3. Other State Revenues	8300-8599	9,818,861.00	-54.18%	4,499,035.00	0.00%	4,499,035.00
4. Other Local Revenues	8600-8799	3,336,811.00	-4.53%	3,185,811.00	-4.74%	3,034,811.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%	0.00	0.00%	0.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	(32,203,745.00)	0.00%	(32,203,745.00)	0.00%	(32,203,745.00)
6. Total (Sum lines A1 thru A5c)		236,813,020.00	-1.22%	233,929,217.00	2.46%	239,679,352.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				108,383,689.00		109,437,964.00
b. Step & Column Adjustment				1,054,275.00		1,064,923.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	108,383,689.00	0.97%	109,437,964.00	0.97%	110,502,887.00
2. Classified Salaries						
a. Base Salaries				35,316,991.00		36,013,331.00
b. Step & Column Adjustment				696,340.00		710,267.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	35,316,991.00	1.97%	36,013,331.00	1.97%	36,723,598.00
3. Employee Benefits	3000-3999	42,302,559.00	6.17%	44,912,102.00	5.82%	47,526,584.00
4. Books and Supplies	4000-4999	22,579,358.00	-44.96%	12,428,358.00	-1.21%	12,277,358.00
5. Services and Other Operating Expenditures	5000-5999	36,487,814.00	-39.67%	22,013,590.00	6.73%	23,495,590.00
6. Capital Outlay	6000-6999	2,397,594.00	0.00%	2,397,594.00	0.00%	2,397,594.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	2,319,116.00	0.00%	2,319,116.00	-33.60%	1,539,883.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(4,377,215.00)	0.00%	(4,377,215.00)	0.00%	(4,377,215.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	15,319,826.00	-34.73%	10,000,000.00	0.00%	10,000,000.00
b. Other Uses	7630-7699	0.00	0.00%		0.00%	
10. Other Adjustments (Explain in Section F below)						
11. Total (Sum lines B1 thru B10)		260,729,732.00	-9.81%	235,144,840.00	2.10%	240,086,279.00
C. NET INCREASE (DECREASE) IN FUND BALANCE (Line A6 minus line B11)						
		(23,916,712.00)		(1,215,623.00)		(406,927.00)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		34,978,058.26		11,061,346.26		9,845,723.26
2. Ending Fund Balance (Sum lines C and D1)		11,061,346.26		9,845,723.26		9,438,796.26
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	255,000.00		255,000.00		255,000.00
b. Restricted	9740					
c. Committed						
1. Stabilization Arrangements	9750	0.00				
2. Other Commitments	9760	0.00				
d. Assigned	9780	0.00				
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	10,806,344.26		9,590,723.26		9,183,796.26
2. Unassigned/Unappropriated	9790	2.00		0.00		0.00
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		11,061,346.26		9,845,723.26		9,438,796.26

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
E. AVAILABLE RESERVES						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	10,806,344.26		9,590,723.26		9,183,796.26
c. Unassigned/Unappropriated	9790	2.00		0.00		0.00
(Enter other reserve projections in Columns C and E for subsequent years 1 and 2; current year - Column A - is extracted)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750	0.00				
b. Reserve for Economic Uncertainties	9789	0.00				
c. Unassigned/Unappropriated	9790	0.00				
3. Total Available Reserves (Sum lines E1a thru E2c)						
		10,806,346.26		9,590,723.26		9,183,796.26
F. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide						
See assumptions attached.						

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	0.00	0.00%	0.00	0.00%	0.00
2. Federal Revenues	8100-8299	29,498,590.00	-28.82%	20,997,855.00	0.00%	20,997,855.00
3. Other State Revenues	8300-8599	18,883,120.00	-9.95%	17,004,828.00	0.00%	17,004,828.00
4. Other Local Revenues	8600-8799	10,356,866.00	0.00%	10,356,866.00	0.00%	10,356,866.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%	0.00	0.00%	0.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	32,203,745.00	0.00%	32,203,745.00	0.00%	32,203,745.00
6. Total (Sum lines A1 thru A5c)		90,942,321.00	-11.41%	80,563,294.00	0.00%	80,563,294.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				28,209,584.00		28,494,500.00
b. Step & Column Adjustment				284,916.00		287,794.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	28,209,584.00	1.01%	28,494,500.00	1.01%	28,782,294.00
2. Classified Salaries						
a. Base Salaries				11,710,178.00		11,944,382.00
b. Step & Column Adjustment				234,204.00		238,888.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	11,710,178.00	2.00%	11,944,382.00	2.00%	12,183,270.00
3. Employee Benefits	3000-3999	21,612,212.00	3.40%	22,348,015.00	3.30%	23,085,366.00
4. Books and Supplies	4000-4999	14,186,393.00	-63.44%	5,186,393.00	-5.90%	4,880,158.00
5. Services and Other Operating Expenditures	5000-5999	18,674,467.00	-58.12%	7,821,121.39	-12.79%	6,821,122.00
6. Capital Outlay	6000-6999	696,919.00	0.00%	696,919.00	0.00%	696,919.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	1,167,138.00	0.00%	1,167,138.00	0.00%	1,167,138.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	2,947,027.00	0.00%	2,947,027.00	0.00%	2,947,027.00
9. Other Financing Uses						
a. Transfers Out	7600-7629	0.00	0.00%	0.00	0.00%	0.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments (Explain in Section F below)						
11. Total (Sum lines B1 thru B10)		99,203,918.00	-18.75%	80,605,495.39	-0.05%	80,563,294.00
C. NET INCREASE (DECREASE) IN FUND BALANCE (Line A6 minus line B11)						
		(8,261,597.00)		(42,201.39)		0.00
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		8,303,798.39		42,201.39		0.00
2. Ending Fund Balance (Sum lines C and D1)		42,201.39		0.00		0.00
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	0.00				
b. Restricted	9740	42,203.42		0.00		
c. Committed						
1. Stabilization Arrangements	9750					
2. Other Commitments	9760					
d. Assigned	9780					
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789					
2. Unassigned/Unappropriated	9790	(2.03)		0.00		0.00
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		42,201.39		0.00		0.00

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2017-18 Projection (C)	% Change (Cols. E-C/C) (D)	2018-19 Projection (E)
E. AVAILABLE RESERVES						
1. General Fund						
a. Stabilization Arrangements	9750					
b. Reserve for Economic Uncertainties	9789					
c. Unassigned/Unappropriated Amount	9790					
(Enter current year reserve projections in Column A, and other reserve projections in Columns C and E for subsequent years 1 and 2)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750					
b. Reserve for Economic Uncertainties	9789					
c. Unassigned/Unappropriated	9790					
3. Total Available Reserves (Sum lines E1a thru E2c)						
F. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide.						
See assumptions attached.						

Appendix C

The FISCAL REPORT *an informational update*

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Volume 37

For Publication Date: January 13, 2017

No. 1

Initial Impressions From the Governor's 2017-18 State Budget Proposal

Today, January 10, 2017, Governor Jerry Brown released his proposal for the 2017-18 State Budget. The purpose of this article is to provide a quick overview of Governor Jerry Brown's assertions regarding the 2017-18 State Budget. We address the education topics highlighted by Governor Brown this morning in his press conference and press release, but reserve our commentary and in-depth details for inclusion in our Special *Fiscal Report*, to be released later today.

Overall Economic Outlook

As the Department of Finance has been signaling in recent monthly *Finance Bulletins*, the 2017-18 State Budget proposal reflects a revised revenue forecast that is \$5.8 billion lower for 2015-16 through 2017-18 compared to the 2016-17 State Budget Act. This translates to reductions to the Proposition 98 minimum guarantee for prior years.

Overall Level of Proposition 98 Funding

The proposed 2017-18 State Budget includes Proposition 98 funding of \$73.5 billion for 2017-18, compared to \$71.4 billion provided for in the 2016-17 State Budget. However, Governor Brown proposes reductions of \$506 million to the 2016-17 guarantee and \$953 million to the 2017-18 guarantee, relative to 2016 Budget Act levels. The Governor manages these reductions by deferring \$859.1 million in Local Control Funding Formula (LCFF) expenditures from June 2017 to July 2017 and \$310 million of one-time discretionary funding expenditures attributable to the 2015-16 fiscal year to 2016-17. (We will provide greater detail and analysis on these ups and downs in our Special *Fiscal Report* article later today.)

While there are many representations of the actual per-student funding provided, the Governor's Budget asserts that total per-pupil expenditures from all sources are projected to be \$14,822 in 2016-17 and \$15,216 in 2017-18. From Proposition 98 alone, those figures are \$10,579 and \$10,910, respectively.

Special Education

Coming on the heels of the report by the Public Policy Institute of California, the Administration will "engage stakeholders throughout the spring budget process for feedback on the current special education finance system and the recommendations included in these recent evaluations," also citing the California Statewide Special Education Task Force report. Special education will be reduced by \$4.9 million to reflect a projected decrease in special education average daily attendance. No other changes are proposed at this time.

Local Control Funding Formula

Governor Brown proposes an additional \$744 million to continue the implementation of the LCFF. This amount funds an estimated 1.48% cost-of-living adjustment, and maintains the LCFF implementation level at 96% as in the current year.

Discretionary Funds

As we have seen in the past several State Budget proposals, though at a significantly lower level of funding reflecting the economic slowdown, Governor Brown proposes \$287 million in one-time Proposition 98 General Fund money for school districts, charter schools, and county offices of education to use at local discretion, which would be counted by the state as offsetting mandate reimbursement claims for these entities.

K-12 School Facilities

Governor Brown acknowledged the \$7 billion approved by voters in 2016 with the overwhelming passage of Proposition 51. However, the Governor believes there are “shortcomings” with the existing program and pledges to work with the State Allocation Board and the Office of Public School Construction to revise policies and regulations before any Proposition 51 funding is released. The Administration will also introduce legislation requiring facility bond expenditures to be included in the annual K-12 Audit Guide.

Summary

This very broad extract of the Governor’s Budget proposals is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for local educational agencies (LEAs).

Stay tuned for our Special *Fiscal Report* and for our [Governor’s Budget Workshop](#). Those forums provide us with an opportunity to add the details and clarifications that allow you to assess the impact of the Governor’s Budget proposal on your LEA.

—SSC Staff

posted 01/10/2017