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Governor's Proposals for the 2018-19 State Budget and K-12 Education

January 23, 2018



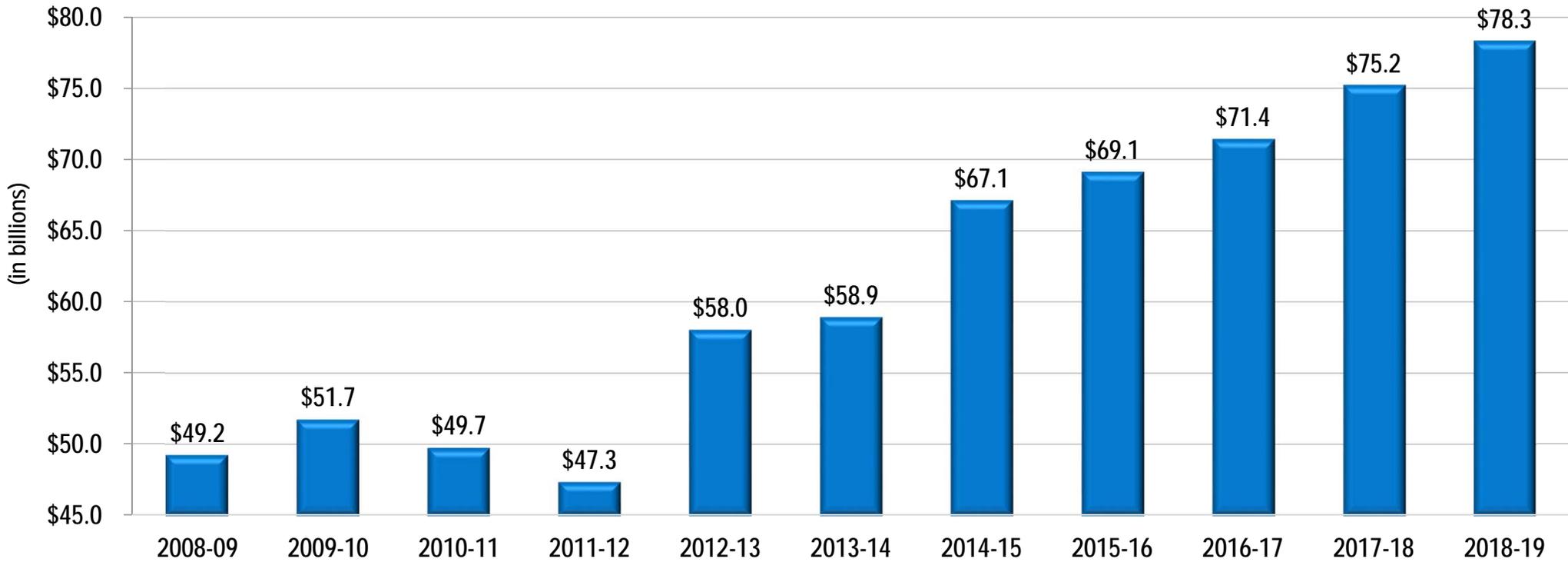
Themes for the 2018-19 Governor's Budget

- Student achievement rises to the highest priority and tests the Local Control Funding Formula (LCFF)/Local Control and Accountability Plan (LCAP) model
 - Are there clear signs that the needle is moving in a positive direction?
 - Five years isn't long enough to fully evaluate a system this large and complex, but there is enough performance data to allow both supporters and critics to voice opinions
 - The focus is now shifting to accountability
 - California School Dashboard
 - "Technical assistance"
- Federal policy and slow growth put pressure on programs for California
 - Federal policy toward California is a train wreck
- Local agencies feel the pressure of local control and stagnant resource projections
- The legacy of Governor Jerry Brown – the long and winding road



Proposition 98

Proposition 98 Funding Over Time 2008-09 to 2018-19





Proposition 98 and the Major K-12 Proposals

The Governor's Budget proposal includes:

- \$2.9 billion Fully fund LCFF
- \$1.8 billion One-time discretionary funding
- \$212 million Strong Workforce Program to establish a K-12 specific component
- \$167.2 million Child Care and State Preschool to expand inclusive care and education settings for children up to 5 years old
- \$100 million Teacher Workforce to increase and retain special education teachers



Proposition 98 and the Major K-12 Proposals

- \$59.2 million

• County offices of education (COEs) to facilitate the improvement of school districts identified as being in need of differentiated assistance
- \$10 million

• Special Education Local Plan Areas to work with COEs to provide LEAs with technical assistance to improve student outcomes as part of the statewide system of support
- \$6.5 million

• California Collaborative for Educational Excellence
- \$6.2 million

• COEs for cost-of-living adjustment (COLA) and ADA changes



One-Time vs. Ongoing Revenues

- Because actual revenue collections have outperformed this Administration's conservative revenue projections, the state has experienced significant one-time revenues since 2014-15
 - These one-time allocations total \$5.7 billion for K-12 education through the current year
 - The Governor's Budget proposes an additional \$1.8 billion in one-time funds for 2018-19
 - These funds offset LEAs' outstanding mandate claims
- Under Proposition 98, the new ongoing component of funding is \$3.1 billion in 2018-19
 - These new funds, coupled with the release of almost \$900 million in 2017-18 one-time funds results in about \$4 billion in ongoing revenue in the budget year
- Thus, the Governor's practice of conservative budgeting has resulted in substantial gains in one-time funding followed by a boost in ongoing revenues in the following year
 - And if Proposition 98 revenue growth flattens, the release of one-time funds from the prior year will automatically cushion the effect of the revenue contraction



What's Not in the Education Budget?

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- Compared to past proposed Budgets, the Administration was more proactive this year in proposing new investments that were typically agreed to after negotiations with the Legislature
 - That said, the 2018-19 Budget proposal provides no funding for the following critical items:
 - Increasing the LCFF base grant target to reach the funding level of the top ten states
 - The growing local obligations for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) unfunded liability
 - Home-to-School Transportation programs
 - Increasing and equalizing Assembly Bill 602 base funding rates for special education



2018-19 LCFF Target Funding Factors

- Supplemental and concentration (S/C) grants are calculated based on the percentage of an LEA's enrolled students who are English learners (EL), free and reduced-price meal program eligible, or foster youth – the unduplicated pupil percentage (UPP)

Grade Span	2018-19 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$8,141	\$1,628	\$4,071
4-6	\$7,484	\$1,497	\$3,742
7-8	\$7,707	\$1,541	\$3,854
9-12	\$9,163	\$1,833	\$4,582



What Does the LCFF Mean for Central Unified?

Central Unified – 2018-19		
2018-19 LCFF Per ADA Funding	Projected 2018-19 ADA	Projected 2018-19 LCFF Total Revenue
\$10,044	15,499.19	\$155,672,086

Discretionary Funds – ONE TIME	Total
\$295 (one-time) X 2017-18 P2 ADA =	\$4,454,293

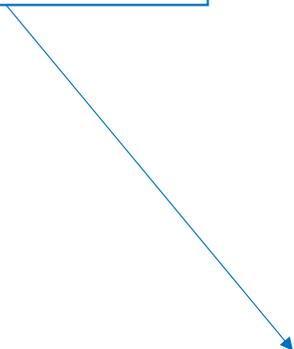


New High School - Increment 1

Project: B102

	Estimated Budget	Revised Budget
Site Development :	1,22.18	
Surveying Costs	\$ 285,714.29	\$ -
Site Subtotal	\$ 285,714.29	\$ -
Planning:		
Architect/Engineering Fees	\$ 6,000,000.00	\$ -
Consultant	\$ 571,428.57	\$ -
DSA Plan Check Fees	\$ 457,142.86	\$ -
CDE Plan Check Fees	\$ 5,000.00	\$ -
Preliminary Tests (Soil, Foundation)	\$ 285,714.29	\$ -
Other Costs (Advertising, Printing)	\$ 7,000.00	\$ -
Planning Subtotal	\$ 7,326,285.72	\$ -
Construction:		
Main Building Contractor	\$ 77,417,917.00	\$ -
OPSC	\$ 5,000.00	\$ -
Construction Subtotal	\$ 77,422,917.00	\$ -
Construction Soft Cost:		
Inspections	\$ 600,000.00	\$ -
Construction Tests	\$ 285,714.29	\$ -
Furniture & Equipment	\$ 2,885,714.29	\$ -
Contingencies 5%	\$ 3,870,895.85	\$ -
Construction Soft Cost Subtotal	\$ 7,642,324.43	\$ -
Total	\$ 92,677,241.44	\$ -
OPSC/Local Match Funding:	\$ 89,349,364.00	\$ -
Savings/(Deficit)	\$ (3,327,877.44)	\$ -
Potential OPSC/Local Match Funding:		
Measure B	\$ 4,771,428.00	\$ -
Measure C	\$ 35,175,000.00	\$ -
Developer Fees	\$ 5,200,000.00	\$ -
Fund 40 New Construction 2017-18	\$ 2,200,000.00	
Fund 40 New Construction 2018-19 (Proposed)	\$ 4,454,293.00	
State Match (Need to Confirm)	\$ 37,548,643.00	\$ -
Subtotal	\$ 89,349,364.00	\$ -
Total Project Costs:	\$ 92,677,241.44	\$ -
Difference:	\$ (3,327,877.44)	\$ -

New High School
Estimated Budget With
2018-19 One-Time Funds
Applied





The Good News and Challenges

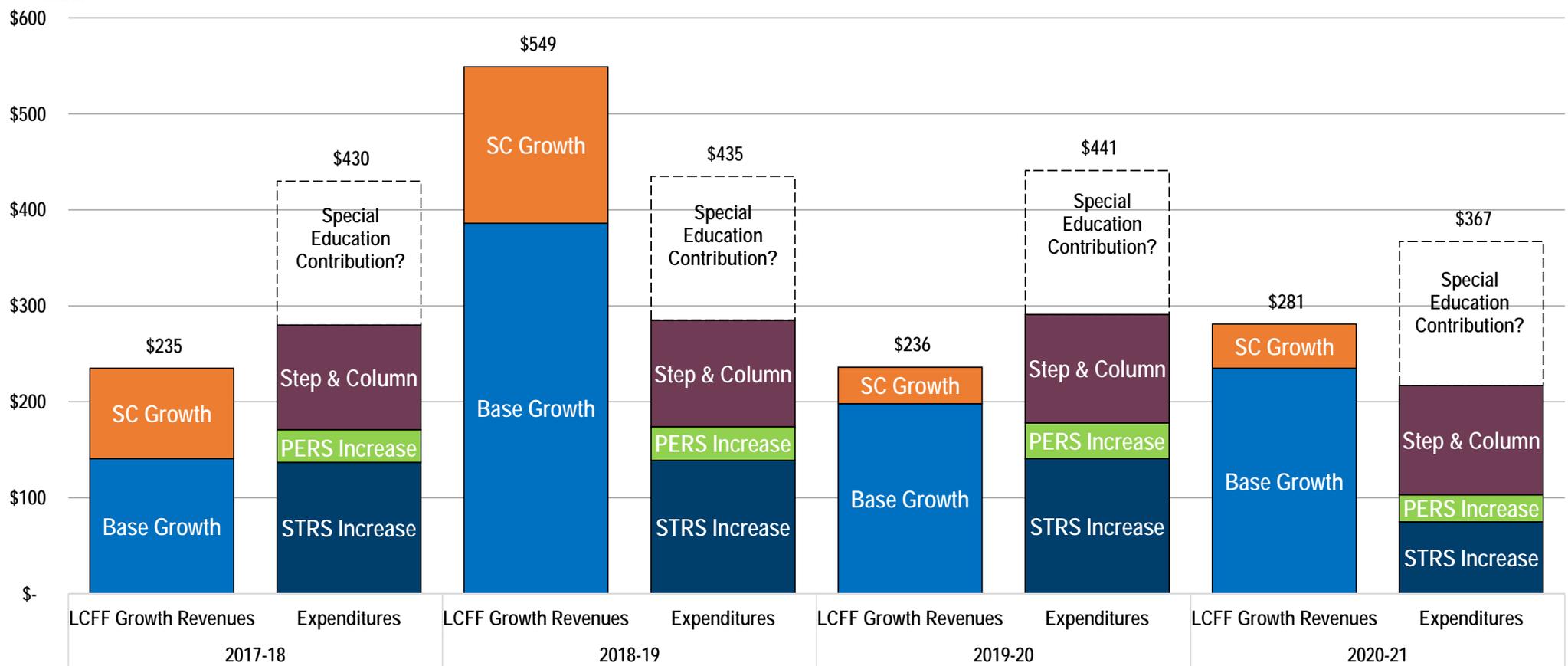
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- A continuation of the state's conservative budgeting produces
 - Higher than anticipated funding in 2018-19
 - Catch up increases for Proposition 98 for prior years
 - Significant one-time unrestricted dollars for all districts
- However, future increases flatten out and are well below projected cost increases
 - In a 2% to 3% COLA environment, CalSTRS/CalPERS, step and column, and health and welfare increases are more than the new revenues
 - Districts, particularly those with high unduplicated counts, will miss the additional revenue boosts as the state now reaches its LCFF targets
 - The MYPs are likely to show continued deficits in the third year for most districts, particularly those with declining enrollment
- As usual in our volatile state, caution is the order of the day



Per-ADA Revenues Growth in Revenues and Expenditures





Next Steps

- State level

- Budget committee hearings
- Next update – May Revision

- Local level

- Second Interim Report due by March 19 for school districts, March 15 for charter schools



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Q&A