

SAN DIEGO UNIFIED SCHOOL DISTRICT

Update on Governor's 2018-19 Budget Proposal
Board of Education
January 23, 2018





Agenda

- Governor's 2018-19 Budget Proposal Summary
- Potential Impact to the 2018-19 District Budget



GOVERNOR'S 2018-19 BUDGET PROPOSAL SUMMARY



State Budget Timeline and Process

- January - Governor's Budget Proposal
- February to early May
 - Budget subcommittee hearings to review Governor's proposed budget
- By Mid-May
 - Governor releases revised budget proposal ("May Revision")
- Mid-May to early June
 - State Assembly and Senate review the May Revision, legislative committee meets to resolve differences
- By June 15, Legislature must pass a balanced budget
- By June 30, Governor signs budget package and may issue vetoes



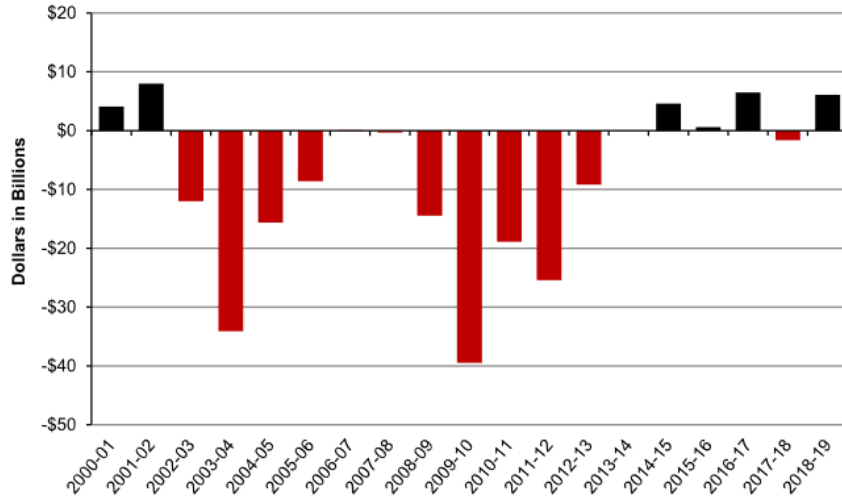
Themes for the 2018-19 Governor's Budget

- Governor's 16th and final budget is consistently conservative
- 2018-19 State Budget is projected to be healthy
- Governor continues to build the State's Rainy Day Fund in preparation for expected economic downturn
- Full implementation of LCFF, while education funding adequacy concerns continue
- Federal Political Landscape



Maintaining Fiscal Balance is an Ongoing Challenge

Figure INT-01
**Balanced Budgets Have Been Quickly
Followed by Huge Deficits^{1/}**



^{1/} Budget shortfalls or surplus, measured by the annual Governor's Budget.



Federal Political Landscape

- Federal Tax Changes
 - January budget assumes no changes
 - Clearer picture of impacts in May





The Governor's 2018-19 Budget Proposal

- Major Ongoing Allocations
 - Local Control Funding Formula - Full implementation
 - COLA for remaining categorical programs - 2.51%

- One-Time Allocations
 - Prop. 98 Discretionary Grants/Mandates - \$1.8 billion
 - \$78.3 billion for Prop. 98 (\$69 billion for K-12, not including K-14 education or K-12 Strong Workforce)
 - \$133.5 million to provide 2.51% COLA to some categorical programs outside of the LCFF
 - \$125 million (Prop. 98) and \$42.2 Temporary Assistance for Needy Families (TANF) for Inclusive Early Education Expansion Program
 - Additional allocations for County Offices of Education and Technical Support Agencies



POTENTIAL IMPACT TO THE 2018-19 DISTRICT BUDGET



Impact to the District Budget (18-19)

- Governor's Budget Proposal results in net financial increase:

Ongoing:

- \$12M (18-19 Projected) + \$13M (Full Implementation)
= \$25M (Estimated)

One-Time:

- \$295 per ADA (Current Estimate \$29M)
- Additional One-Time (COLA, etc. Roughly \$220K)



Impact to the District Budget

- Did not reach the \$59M needed for Status Quo (thermometer *Appendix A)
- As reported in December, we expect no direct cuts at school sites
 - We are identifying central office efficiencies/eliminations and are continuing to gather feedback on community values and priorities
- Continue the use of one-time funds for one-time expenses



Next Steps

- Staff will continue to analyze impacts
- Advocacy through our Government Relations Department and partners
- Continued input gathering from our community regarding priorities





Budget Planning Timelines

Step	Task	Date
1	District Board Meetings	February 13 and 27, 2018
2	Board Approval of Second Interim Report with Budget Solutions	March 13, 2018
3	Preliminary DELAC and DAC Review of 2018-19 LCAP	Late May 2018
4	Governor's May Revise of the State Budget to Board	May 29, 2018
5	Public Hearing on Adoption of 2018-19 Budget and LCAP-(First Reading)	June 19, 2018
6	Adoption of 2018-19 Budget and LCAP-(Second Reading)	June 26, 2018



Questions?

