



Mountain View
Whisman
School District

Governor's Proposed State Budget 2020- 2021

6 February 2020





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Strategic Plan 2021

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Goal 5: Resource Stewardship

Desired Outcome: The District will maintain a balanced general fund.

Board Resolution 1664.1/18 (January 4, 2018)

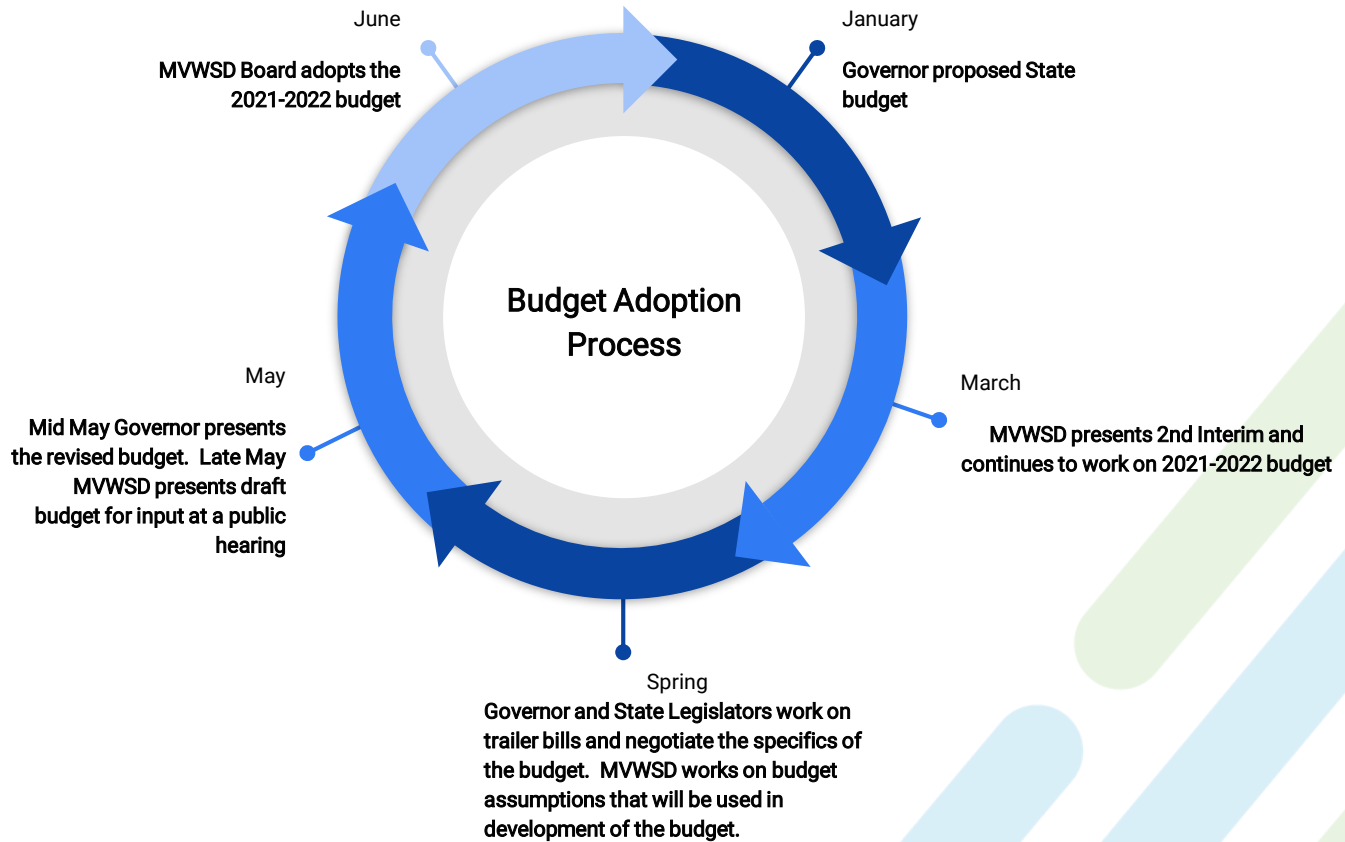
A balanced general fund shall be defined as the unrestricted general reserve level in the third year of any Board-enacted budget adoption or interim budget report falls within the range of 17%-20%, and may include deficit spending in any or all of the three years included in the multi-year projection.



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Adoption Process Steps

Budget Adoption Process





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Themes and Highlights of Governor's Budget

General Themes

- Last year, Governor Gavin Newsom created excitement with the proposal to help reduce employer pension liability while school agencies faced mounting cost pressures in the new cost-of-living adjustment (COLA)-only environment.
- This year, Governor Newsom is being prudent in case of an economic downturn and is not proposing to reduce employer pension liability.
- The 2020–21 State Budget will create challenges as we face increased demands on our resources with few new flexible resources to do so.

UCLA Economic Outlook

- Revised growth projections
- Was 3-2-1 Economy
- Now 3-2-2 Economy
 - 3% GDP* growth in 2019
 - 2% GDP growth in 2020
 - 2% GDP growth in 2021

The California Economy

- Cargo traffic slowing as a result of trade war
- Risk of increased unemployment
- State tax revenues that fund education are the most volatile in history



- Economy continues to grow
- Housing sales volume remains strong
- Full employment

Developer Fees and Secured Property Tax MVWSD

Developer Fees Collection

(Data from QCC Budget report / F250-OB8681)

Revenue Rec'd	16-17	17-18	18-19	19-20
JULY	-	11,725	11,628	12,516
AUGUST	189,019	512,247	17,126	3,552
SEPTEMBER	421,129	108,868	5,063	14,982
OCTOBER	20,200	56,821	90,506	63,956
NOVEMBER	36,684	52,108	53,378	587
DECEMBER	54	225,267	12,476	12,035
JANUARY	110,753	468,519	55,020	
FEBRUARY	106,378	9,565	53,276	
MARCH	279,992	94,289	7,415	
APRIL	83,505	2,317	278,779	
MAY	277,609	63,890	53,133	
JUNE	968,843	85,836	51,825	
YTD Total	2,494,165	1,691,454	689,622	107,628

Assessment Roll %tage Growth Comparison

(Data from Santa Clara County Assessor's Office)

Projected for	15-16	16-17	17-18	18-19	19-20	20-21
JULY		2.00%	1.95%	2.09%	2.00%	
AUGUST		3.12%	2.00%	0.49%	3.36%	1.64%
SEPTEMBER		3.39%	2.48%	0.84%	3.78%	1.71%
OCTOBER	4.38%	3.65%	3.14%	1.15%	4.31%	2.00%
NOVEMBER	4.61%	3.76%	3.30%	1.33%	4.75%	2.01%
DECEMBER	5.08%	4.07%	3.66%	1.40%	4.95%	2.08%
JANUARY	6.24%	5.09%	3.73%	2.33%	4.92%	3.12%
FEBRUARY	6.64%	4.87%	3.84%	2.26%	5.29%	
MARCH	6.70%	5.22%	3.39%	2.36%	6.10%	
APRIL	6.97%	7.10%	4.50%	3.75%	6.27%	
MAY	7.86%	9.79%	5.51%	4.30%	6.87%	
JUNE	8.77%	11.39%	9.44%	5.66%	8.31%	

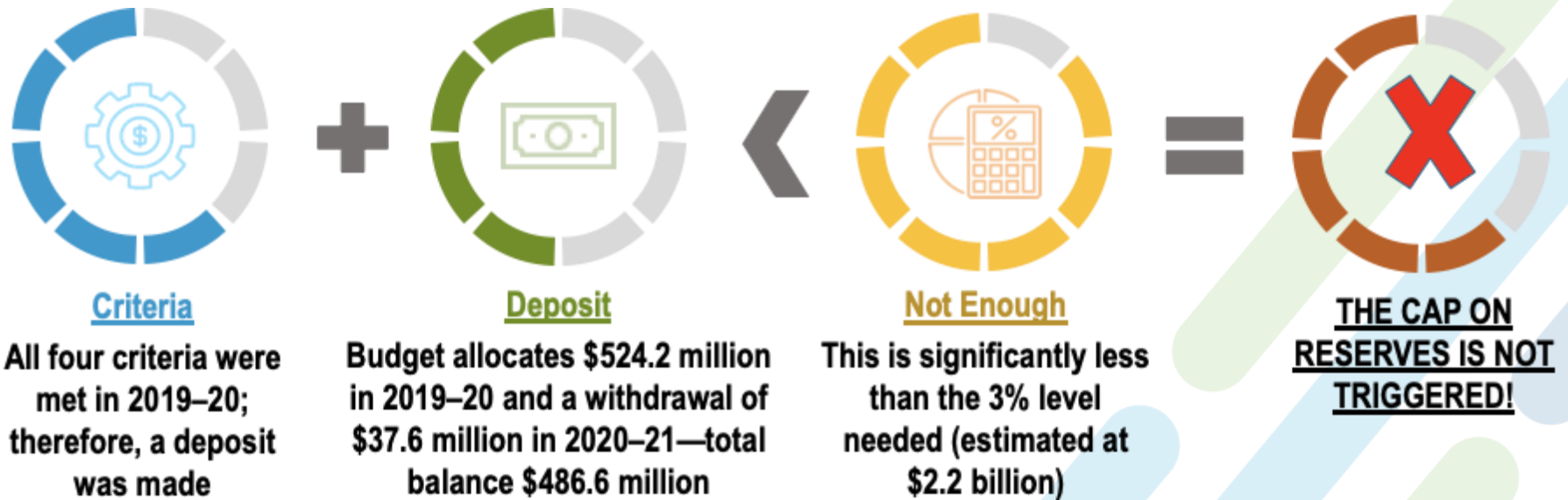
(Above percent change reflecting gross land and structural values only)

MYP : 6% 3.5%

Cap on District Reserves

Does not apply to MVWSD - Basic Aid

The enactment of SB 751 (Chapter 674/2017) amended the triggering threshold to require the deposit into the Proposition 98 reserve to reach 3% of the Proposition 98 funding level rather than a deposit, regardless of size, into the reserve



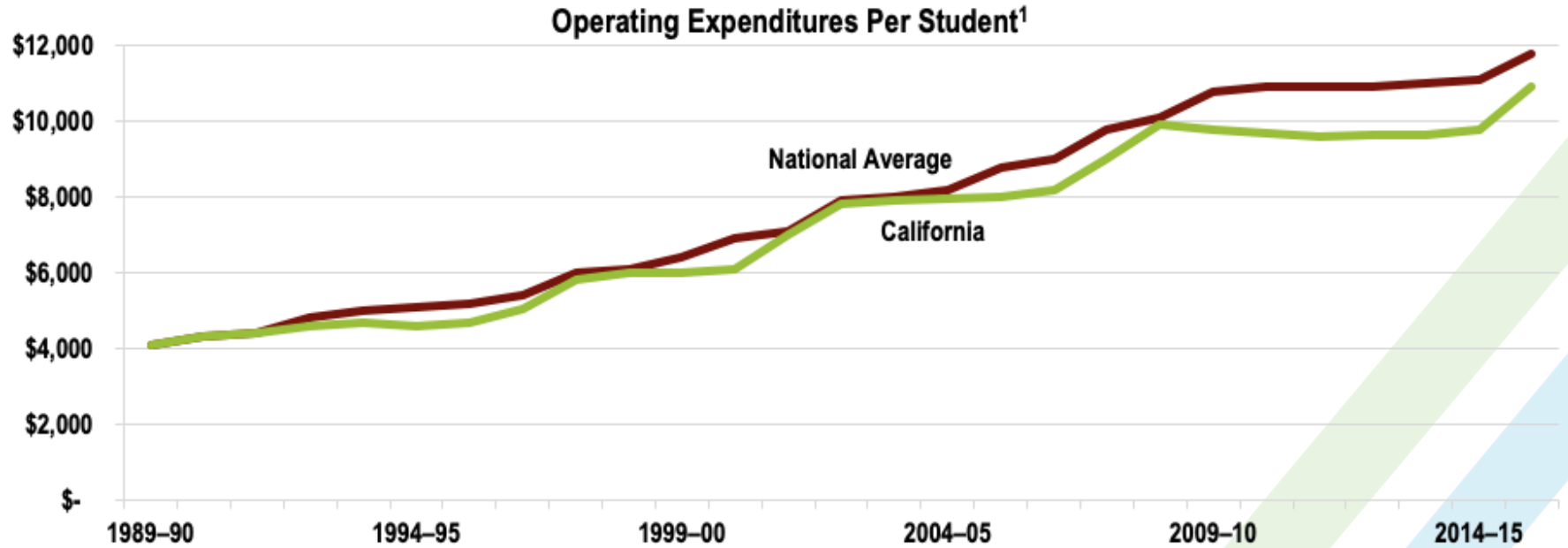
Statewide Average Reserves

- 2017–18 statewide average reserve levels are slightly down from the prior year
- Close to the 17%, or two months of expenditures, as recommended by the Governmental Finance Officers

2017–18 Average Unrestricted Net Ending Fund Balance		Change From Prior Year
Unified School Districts	16.98%	-0.27%
Elementary School Districts	20.20%	-0.88%
High School Districts	15.63%	-1.01%

- Average unrestricted net ending balance is based on ending fund balance for the General Fund, plus the ending balance for Fund 17 (Special Reserve Fund for Other Than Capital Outlay) as a percentage of total General Fund (including restricted programs) expenditures, transfers, and other uses

California's Prop 98 vs. the Nation



¹Reflects spending data reported by the U.S. Census Bureau. Amounts for 1988-89 to 1990-91 have been adjusted for comparability with subsequent years. Amounts shown for 2014-15 reflect an Legislative Analyst's Office (LAO) estimate.
Source: LAO, *A Historical Review of Proposition 98*, page 27, January 2017

MVWSD is a basic aid district but we do utilize the LCFF when reporting on our LCAP.

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LCFF Funding Factors State COLA (IDEA??)

- State COLA is 2.29% for 2020-21 and is applied to the LCFF base grants. This is lower than the 3% COLA projected at adoption of the 2019-2020 State budget.
 - TK-3 Grades: \$7,878 as opposed to \$7,933
 - 4- 6 Grades: \$7,997 as opposed to \$8,053
 - 7- 8 Grades: \$8,234 as opposed to \$8,292
- Financial impact in 20-21 projected LCFF revenue is \$274,233
- State budget does not impact us as much as a slowing real estate market.

Special Education Base Rates

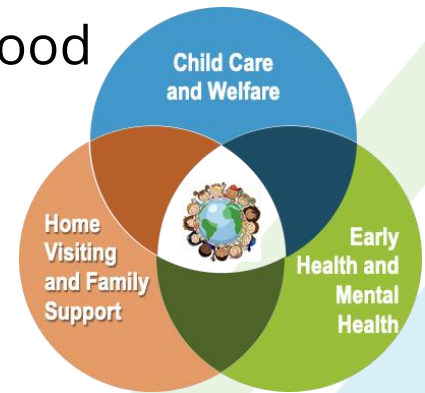
- For the 2020–21 fiscal year, the Budget proposes to use the \$645 million from the 2019–20 State Budget to add to the existing Assembly Bill (AB) 602 base funding for a new special education base formula that uses a three-year rolling average of LEA ADA (but still allocated to SELPAs)
- While future formula discussions may include other factors, this formula is strictly based on a statewide per-ADA amount
- With the information currently available, School Services estimate this would equal between \$640 and \$680 per ADA
- Most LEAs will see an increase in base funding

Special Education Preschool

- Like the 2019–20 State Budget, Governor Newsom proposes to provide funding to school districts based on the three-, four-, and five-year-old preschoolers with disabilities that they serve
 - The 2020–21 allocation of \$250 million would be one time
 - Based on the latest data, School Services estimates the per-pupil rate at \$4,570
- Unlike the 2019-20 State Budget, the Administration specifies that districts will be required to allocate these funds to increased or improved services
- In the current year, while the dollars were apportioned based on pupil count, they were not required to be used for any specific purpose

Early Care and Education

- The Governor's Budget proposes a major shift in the governance of child care and preschool programs with the establishment of the Department of Early Childhood Development
 - **Whole Child, Whole Family**
- Within the California Health & Human Services Agency, effective July 1, 2021
- To improve program integration and coordination to promote high-quality, affordable care
- To consolidate child care funding streams and programs
- Partnerships with Department of Education, which will retain administration of State Preschool



Early Care and Education Facilities

- Last year, the Budget appropriated \$263 million in one-time funds for grants to non-LEAs to build new or renovate existing child care and preschool facilities
- This year, the Governor proposes investment in preschool facilities for LEAs



What's Not in the Budget



**Increased
LCFF Targets**



**Payments to
Reduce
CalSTRS and
CalPERS Costs**



**One-Time
Discretionary
Grants**



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Next Steps

Next Steps

- On March 5 we will present the 2019-20 Second Interim Budget, which will include the Governor's Budget proposed assumptions for 2020-21 and 2021-22.
- Staff will continue to monitor the State Budget and steps taken toward implementation for next year.