



from Business Services

Overview of Governor's Proposed Budget February 3, 2020

On January 10th, Governor Newsom released his proposed State Budget for the 2020–21 fiscal year stating that “Building a strong fiscal foundation now is the best way the state can prepare for the future and continue to build a ‘California for All’.”

Local Control Funding Formula (LCFF)

Revenue: The Governor’s 2020–21 State Budget proposal includes an increase of \$1.2 billion in Proposition 98 (funding for schools) for the LCFF providing for a 2.29% COLA to districts. This is a decrease from the 3.0% COLA that was previously anticipated. COLAs for 2021-22 and 2022-23 were also reduced from previous projections.

The LCFF funding is the main source of revenue for AUHSD. What do these changes mean for AUHSD?

The following table explains the changes in the funding due to the reduction in the Cost of Living Adjustment (COLA) from the 2019-20 First Interim Report to the 2019-20 Second Interim Report.

Currently, it estimated that AUHSD will receive the following LCFF money over the next three years:

<u>2020-2021</u>	<u>Estimated Revenue</u>	<u>COLA</u>
Second Interim	\$333,034,094	2.29%
First Interim	<u>\$334,643,754</u>	<u>3.00%</u>
Difference	\$ -1,609,660	-0.71%

<u>2021-2022</u>	<u>Estimated Revenue</u>	<u>COLA</u>
Second Interim	\$337,381,848	2.71%
First Interim	<u>\$338,944,393</u>	<u>2.80%</u>
Difference	\$ -1,562,545	-0.09%

<u>2022-2023</u>	<u>Estimated Revenue</u>	<u>COLA</u>
Second Interim	\$339,994,489	2.82%
First Interim	<u>\$342,719,985</u>	<u>3.16%</u>
Difference	\$ -2,725,496	-0.34%

From 2020-2023, it is estimated that AUHSD will lose \$5.9 million in funding due to the Governor’s Proposal. The LCFF revenue will be recalculated when the State’s Adopted Budget (July 1) approved.

Challenges of a 2.29% COLA for School Districts

The cost of typical increases for employees will exceed the new dollars that are available.

- New dollars from COLA = **\$231** per ADA
- Dollars needed to cover typical step and column, health and welfare increases, and increased pension costs = **\$313** per ADA
- Therefore in 2020-21 school districts will have a shortfall of **\$82** per ADA for typical increases or **\$2.36 million** for AUHSD

What does this mean to school districts throughout the state – the additional State provided COLA funding is not expected to cover the typical increases in salary/benefits for employees.