



## Governor's Proposals for the 2020–21 State Budget and K–12 Education

**Budget Outlook:  
Amador County Public Schools**

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### Themes for the 2020–21 Governor's Budget

- Last year, Governor Gavin Newsom **stirred excitement** in the education community 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 of the Local Control Funding Formula (LCFF)
- This year, we embrace Governor Newsom's commitment to **prudence in budgeting** in case of an economic downturn
  - However, we must acknowledge that his 2020–21 State Budget (Budget) is bound to create **challenges as we face increased demands on our resources with few new flexible resources** to do so
- As we prepare to confront tomorrow's challenges it is more important than ever to ensure that local educational leaders are equipped with the resources and tools they need to maintain the commitments they made to their students, their families, and their communities

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## Governor Newsom's **Proposed** Budget

### Advantages

- Conservative budgeting approach
- Potential Increase to Special Education Funding
- Optimistic economic outlook
- Emphasis on Early Childhood Education

### Disadvantages

- No real ongoing funds to support raises
- One-time categorical funds that are highly specific and restricted
- COLA volatility
- No increases to LCFF Targets outside of the COLA
- Continued increases to CalSTRS and CalPERS without any more state relief



## Statewide Average Reserves

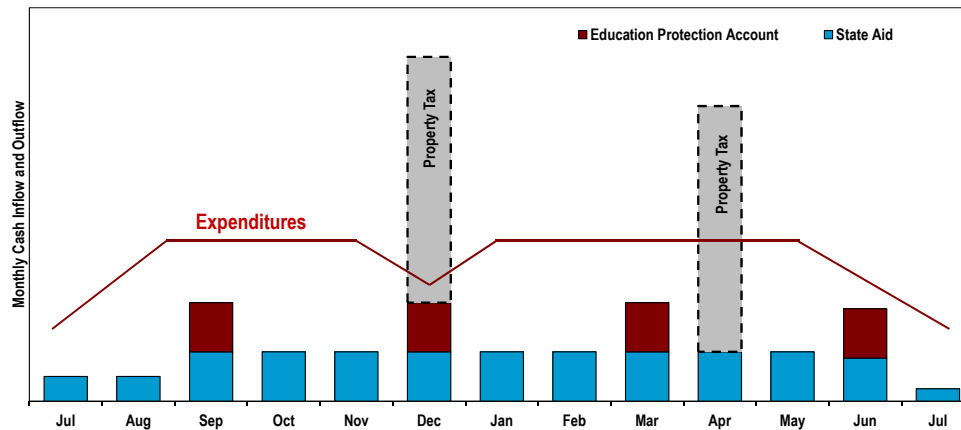
- 2017–18 statewide average reserve levels are slightly down from the prior year
  - Close to the 17%, or two months of expenditures, as recommended by the Governmental Finance Officers Association

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%
ACUSD Projected Reserves (1 <sup>st</sup> Interim 2019-20)	3.87%	1.19%

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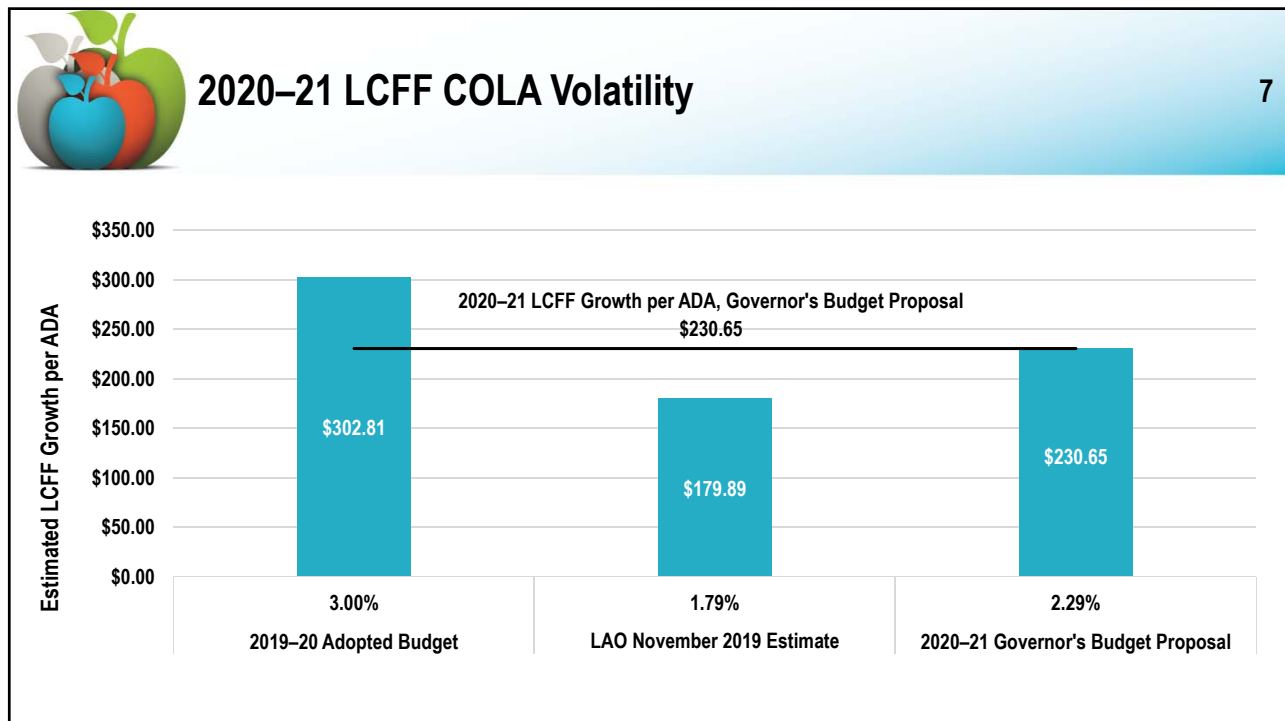


## Maintain Reserves for Cash Flow

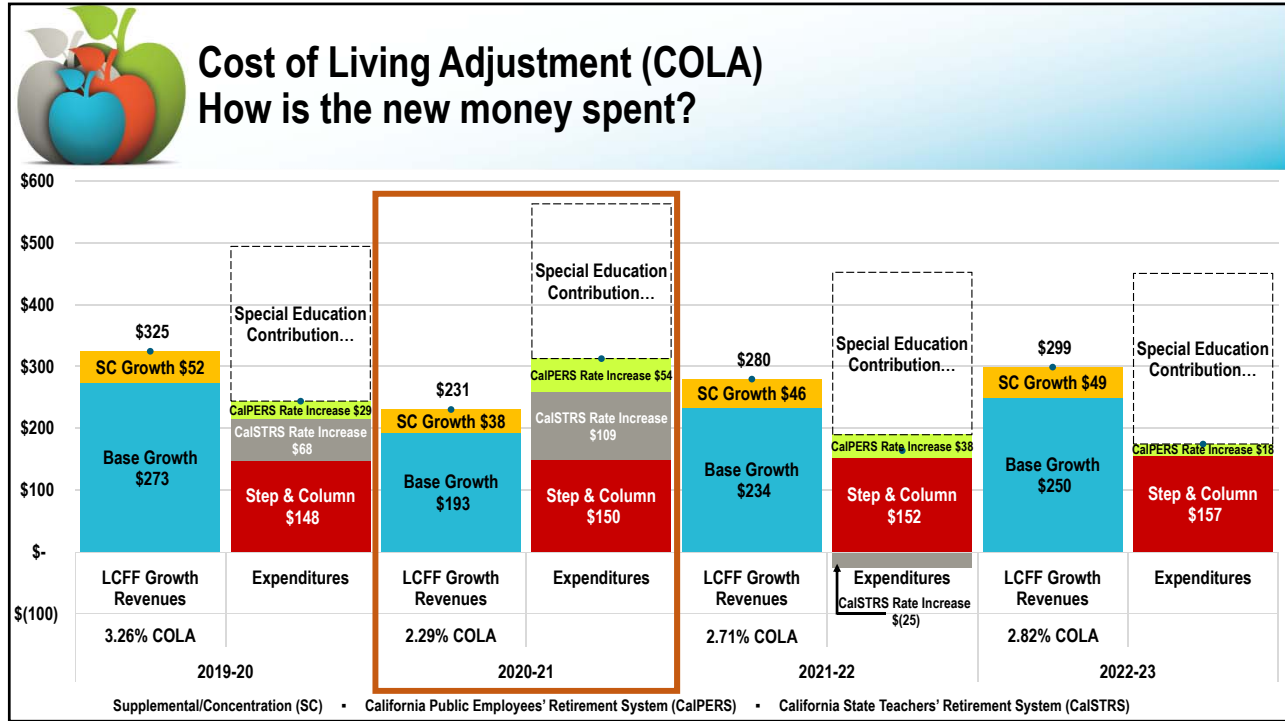


## 2020–21 Local Control Funding Formula

- The State Budget proposes \$1.2 billion towards the LCFF to fund the 2.29% statutory COLA
  - Which brings LCFF funding to \$64.2 billion (up from \$63 billion in 2019–20)
  - This is **lower than the 3% COLA projected at adoption** of the 2019-20 State Budget, but higher than the LAO's estimate of 1.79%
- 2020–21 LCFF growth provides an average increase in per-pupil funding of an estimated \$231 per ADA, or 2.14% (individual results will vary)
  - The lower 2.14% increase takes into consideration that **no COLA** is provided for Targeted Instructional Improvement Grant, Transportation, or Economic Recovery Target funds



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## Silent Recession: Fiscal Pressures

- AGING SCHOOL FACILITIES
- SPECIAL EDUCATION PROGRAM COSTS
- EMPLOYEE HEALTH CARE COSTS
- COMPETITIVE WAGES
- EMPLOYEE PENSIONS

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## Step and Column Increases (i.e., Raises for Employees)

- **177** teachers who worked for the district in 2018-19 remained with the district in 2019-20.
- At the end of 2018-19, 3 district teachers retired while 14 others left the district through resignation or non-reelection.
- In 2019-20, the majority of our teachers received pay increases through step and/or column increases.
- It is anticipated that a similar pattern will continue for fiscal year 2020-21.
- And yes, we want to strengthen all salaries.

AMADOR CO. UNIFIED SCHOOL DISTRICT  
2017/2018 Certificated and Vocational (CTE/ROP) Salary Schedule  
3% Salary Increase effective January 1, 2018  
\$500 Insurance Cap Increase to \$10,050 effective July 1, 2017  
Board Approved: December 13, 2017

Step	Column					
	DS I	II AB+0** or DS II***	III	IV	V	VI
	DS/CTE Preliminary	DS/CTE Clear	AB+30*	AB+45 MA	AB+60 MA+15	AB+75 MA+30
1	42,230	44,290	46,671	49,098	51,554	54,132
2	43,708	45,840	48,070	50,570	53,097	55,753
3	45,238	47,445	49,607	52,086	54,688	57,426
4	46,821	49,105	51,092	53,647	56,333	59,147
5	48,460	50,824	52,628	55,257	58,023	60,919
6	50,156	52,603	54,202	56,916	59,761	62,748
7		54,444	55,832	58,619	61,552	64,631
8		56,349	57,505	60,381	63,397	66,571
9		58,321	59,232	62,189	65,300	68,567
10		60,363	61,007	64,054	67,262	70,625
11		62,475		65,975	69,278	72,742
12		64,662		67,956	71,357	74,924
13		66,925				77,172
16						78,719
19						80,293
22						81,900
25						88,601



## CalSTRS and CalPERS Employer Contribution Rates

### CalSTRS

Fiscal Year	Employer Rate Before Budget Act	Employer Rate After Budget Act
2019-20	18.13	17.1 (1.03)
2020-21	19.1	18.4 (0.7)
2021-22	18.4	18.1 (0.3)
2022-23	18.4	18.1 (0.3)
2023-24	18.4	18.1 (0.3)

### CalPERS

Fiscal Year	Employer Rate Before Budget Act	Employer Rate After Budget Act
2019-20	20.733	19.721 (1.012)
2020-21	23.7	22.8 (0.9)
2021-22	25.2	24.9 (0.3)
2022-23	26.2	25.9 (0.3)
2023-24	26.9	26.6 (0.3)

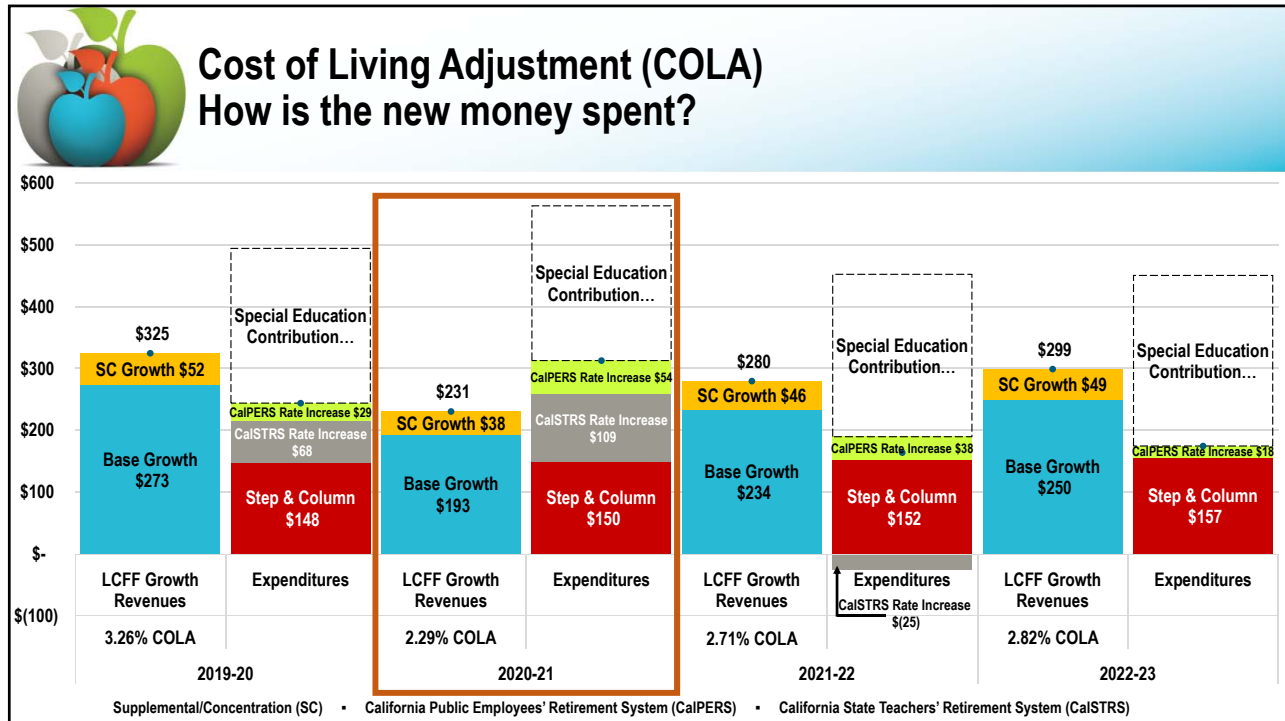
Starting in 2021–22, the funding plan provides the CalSTRS Board limited authority to adjust the employer contribution rate to fully fund the remaining unfunded liability through 2045

Any adjustments are limited to 1% annually

CalPERS employer contribution rate has the potential to continue to increase for the foreseeable future



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**What's Not in the Budget?**

- ~~Increased LCFF Targets~~
- ~~Payments to Reduce CalSTRS and CalPERS Costs~~
- ~~One-Time Discretionary Grants~~



## Collective Bargaining Continues to be Challenging

### Major Factors Contributing to Challenges at the Bargaining Table



The cost of servicing the salary schedule of employees will exceed the new dollars that are available

- New dollars = \$924,000
- Dollars needed to cover step and column increases and increased pension costs = \$1,252,000



- The percentage of mediations that resulted in factfinding requests increased in 2018-19 according to the 2018–19 Public Employment Relations Board annual report
- The current reality has rippling effects which intensify bargaining and labor relations



## Thank you!

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