

NEW HAVEN UNIFIED SCHOOL DISTRICT 45-DAY BUDGET UPDATE

BACKGROUND INFORMATION

The Governor signed the 2018-19 State Budget Act on June 27, 2018, which included significant changes to the State’s education budget. The impact of these changes to New Haven is substantive, and the District has revised its adopted budget. Pursuant to Education Code Section 42127(i)(4), the revisions must be available for public review within 45 days of enactment of the State budget.

Assuming no changes to all other data points and no additional expenditures or commitments from the time of adoption of the 2018/19 District budget, the tables below illustrate the changes to the General Fund revenues, ending balances, and multiyear projections based on the enacted State budget.

GENERAL FUND REVENUES FOR 2018/19

	May Revise	Enacted Budget	Variance
Proposition 98	\$78.4 billion	\$78.4 billion	None
Augmented Cost of Living Adjustment (COLA)	3.00%	3.70%	0.70%
LCFF Gap Factor	100%	100%	None
One-Time Funds	\$344 per ADA	\$184 per ADA	(\$160 per ADA)

	May Revise	Enacted Budget	Variance
LCFF	\$103,397,049	\$104,103,460	\$706,411
One-Time Funds	\$3,721,392	\$1,990,512	(\$1,730,880)
Net Increase/(Decrease)			(\$1,024,469)

GENERAL FUND MULTI-YEAR BUDGET PROJECTIONS

2018/19 we will dip into our ending balance by an additional \$1.024 million (worsened)
 2019/20 the budgeted shortfall was \$4.351 million, that number is now \$6.167 million (worsened)
 2020/21 the budgeted shortfall was \$4,409 million, that number is now \$3.670 million (improved)

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The following table illustrates the updated 3-year unrestricted General Fund budget:

	Adopted Budget Summary UNRESTRICTED General Fund			Revised Budget Summary UNRESTRICTED General Fund		
	2018-19 Adopted Budget	2019-20 Adopted Budget Projection	2020-21 Adopted Budget Projection	2018-19 Revised Adopted Budget	2019-20 Revised Projection	2020-21 Revised Projection
Revenues	\$110,602,652	\$107,225,957	\$107,669,445	\$109,578,183	\$106,198,938	\$106,634,627
Less: Expenditures	(\$93,852,826)	(\$93,924,162)	(\$94,142,349)	(\$93,852,826)	(\$93,924,162)	(\$94,142,349)
Add: Transfers In	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Less: Transfers Out	(\$665,000)	(\$465,000)	(\$465,000)	(\$665,000)	(\$465,000)	(\$465,000)
<i>2019/20 Ongoing Expenditure Reductions</i>		<i>\$4,351,392</i>	<i>\$4,351,392</i>		<i>\$6,166,868</i>	<i>\$6,166,868</i>
<i>2020/21 Ongoing Expenditure Reductions</i>			<i>\$4,409,906</i>			<i>\$3,670,860</i>
Less: Contributions/Sources/Uses	(\$22,454,124)	(\$22,365,920)	(\$22,258,030)	(\$22,454,124)	(\$22,311,456)	(\$22,225,737)
Net Increase/(Decrease)	(\$6,289,298)	(\$5,097,733)	(\$354,636)	(\$7,313,767)	(\$4,254,812)	(\$280,731)
Beginning Fund Balance	\$24,928,079	\$18,638,781	\$13,541,048	\$24,928,079	\$17,614,312	\$13,359,500
Ending Fund Balance	\$18,638,781	\$13,541,048	\$13,186,412	\$17,614,312	\$13,359,500	\$13,078,769
Non-Spendable Reserves	(\$48,000)	(\$48,000)	(\$48,000)	(\$48,000)	(\$48,000)	(\$48,000)
Committed	(\$9,385,643)	(\$9,165,834)	(\$8,914,088)	(\$9,385,643)	(\$9,038,750)	(\$8,838,738)
Assigned	(\$110,000)	(\$399,000)	(\$404,000)	(\$110,000)	(\$399,000)	(\$404,000)
Reserve for Economic Uncertainties (REU)	(\$4,022,418)	(\$3,928,214)	(\$3,820,324)	(\$4,022,418)	(\$3,873,750)	(\$3,788,031)
Reserve %	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Unassigned/Undesignated	\$5,072,720	\$0	\$0	\$4,048,251	\$0	\$0

The District has very little control over the revenue it receives. What the District has control over are its expenditures. Any and all expenditure-curtailing the District does now and throughout 2018/19 will reduce the budget shortfall for 2019/20.

NEXT STEPS

These budget adjustments are fully based on the approved State Budget. It is important to keep in mind that these numbers are fluid and there are factors that could change. While none of which seems promising at this point, the fiscal outlook for 2018/19 and 2019/20 could improve with any of the following factors:

1. Higher than projected enrollment and/or attendance.
2. Higher than projected 17/18 year-end savings.
3. Additional money from the State.

Staff will monitor the numbers and incorporate all necessary adjustments to the District's 2018/19 financials to be presented at First Interim.

[August 10, 2018]