How Do We Compare in Terms of Percentage of Disabilities by Type?

2017-18 Kern High School District Percentage of Disabilities, by Type

- Specific Learning Disabilities: 49%
- Emotional Disturbance: 7%
- Intellectual Disability: 13%
- Autism: 12%
- Other Health Impairment: 11%
- Other*: 7%
- Other**: 5%

2017-18 Statewide Average Percentage of Disabilities, by Type

- Specific Learning Disabilities: 49%
- Speech and Language Impairment: 2%
- Autism: 12%
- Other Health Impairment: 11%
- Intellectual Disability: 13%
- Other*: 7%
- Emotional Disturbance: 3%
- Other**: 5%

*Other: Hard of hearing, deaf, deaf-blindness, multiple disability, traumatic brain injury, orthopedic impairment, visual impairment

© 2019 School Services of California, Inc.
KERN HIGH SCHOOL DISTRICT
SPECIAL EDUCATION DEPARTMENT
EXPENDITURES BY ACCOUNT FY19

- Certificated Salaries 33.9%
- Classified Salaries 22.4%
- Employee Benefits 24.5%
- Books and Supplies 0.8%
- Operating 6.5%
- Capital Outlay 1.0%
- Services / Other 0.8%
- Direct Support / Indirects 5.9%
- Other Outgo 5.1%
- Other Outgo 5.1%
KERN HIGH SCHOOL DISTRICT SPECIAL EDUCATION FUNDING

State Funding %  
Federal Funding %  
Local Funding %


State Funding %
Federal Funding %
Local Funding %
Kern High School District
Special Education Department
Spending FY15 to FY19

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted Expenses</th>
<th>Actuals Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 - 2015</td>
<td>63,036,821</td>
<td>61,236,418</td>
</tr>
<tr>
<td>2015 - 2016</td>
<td>63,882,693</td>
<td>63,258,848</td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>66,056,205</td>
<td>69,634,054</td>
</tr>
<tr>
<td>2017 - 2018</td>
<td>73,443,582</td>
<td>79,578,388</td>
</tr>
<tr>
<td>2018 - 2019</td>
<td>82,211,558</td>
<td>87,072,124</td>
</tr>
</tbody>
</table>

Students Served:
- 2014 - 2015: 3,332
- 2015 - 2016: 3,524
- 2016 - 2017: 3,813
- 2017 - 2018: 4,119
- 2018 - 2019: 4,399
KERN HIGH SCHOOL DISTRICT
SPECIAL EDUCATION BUDGET PROJECTION
2019-2020

- **REVENUES**
  - FEDERAL: $7,446,000
  - STATE: $27,763,000
  - TOTAL REVENUES: $35,209,000

- **GENERAL FUND CONTRIBUTION**: $57,947,241

- **TOTAL EXPENDITURES**: $93,156,241

- **TOTAL STUDENTS EXPECTED TO BE SERVED**: 4,685
Overview of the May Revise and Impact on the KHSD 2019-2020 Budget

Sources: School Services of California, Inc., KCSOS, Dave Walrath, and Michael Hulsizer
Themes for the May Revision

- The Economy
- Governor’s Proposal for Education Funding
- Potential Impact on KHSD Budget
- Timeline
- Questions
The Economy
U.S. gross domestic product (GDP) is the conventional measure of the nation’s economic health.

We are in the throes of the longest economic expansion in history; it won’t last forever.

UCLA has adjusted their 3-2-1 projected upwards slightly.

Real Gross Domestic Product (percent change)
National Economic Outlook: Unemployment

U.S. Unemployment Rate
(percent change)

2018 2019 2020

3.9% 3.7% 3.9%
3.6% 3.7% 3.6%
3.8% 4.0% 3.6%

Department of Finance  LAO  UCLA
The May Revision forecasts continued but slowing growth for California’s economy.

**Personal Income**
- Forecast to grow at an average rate of 4.15%

**Unemployment**
- Remains low at 4.3% through 2022-23

**Jobs**
- Steady employment with a modest decline in the government sector
The May Revision includes an additional $1.2 billion deposit into the Rainy Day Fund, bringing the reserve to $16.5 billion in 2019-20.

The Rainy Day Fund is now expected to reach its constitutional cap of 10% of General Fund revenues in 2020-21, two years earlier than predicted in January.

By the end of 2022-23, the Rainy Day Fund balance is projected to be $18.7 billion.
California’s fiscal effort to fund schools: Grade F

- California’s per capita personal income ($44,173) is above the national average, but it provides only $34 for each $1,000 of personal income to support schools.

- By contrast, New York had a comparable per capita personal income ($46,445), but provided $55 for each $1,000 of personal income, earning a grade A.

- New Mexico, with considerably lower per capita personal income ($36,814) nevertheless provided $48 for each $1,000 of personal income, also earning a grade A.

Source: February 2018, Rutgers University: Is School Funding Fair? A National Report Card
The Governor’s Proposal and the Education Budget
## January Budget vs. May Revision

<table>
<thead>
<tr>
<th>Item</th>
<th>January Budget</th>
<th>May Revision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LCFF Funding</strong></td>
<td>$2.023 billion</td>
<td>$1.959 billion</td>
</tr>
<tr>
<td><strong>Proposition 98 Minimum Guarantee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017-18</td>
<td>$75.5 billion</td>
<td>$75.6 billion</td>
</tr>
<tr>
<td>2018-19</td>
<td>$77.9 billion</td>
<td>$78.1 billion</td>
</tr>
<tr>
<td>2019-20</td>
<td>$80.7 billion</td>
<td>$81.1 billion</td>
</tr>
<tr>
<td><strong>2019-20 COLA</strong></td>
<td>3.46%</td>
<td>3.26%</td>
</tr>
<tr>
<td><strong>One-Time Discretionary Funds for 2019-20</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>“Special Education” Proposal</strong></td>
<td>$390 million ongoing</td>
<td>$696.2 million ongoing</td>
</tr>
<tr>
<td></td>
<td>$186 million one-time</td>
<td></td>
</tr>
<tr>
<td><em><em>CalSTRS</em> Proposal</em>*</td>
<td>$3 billion one-time</td>
<td>$3.15 billion one-time (non-Proposition 98)</td>
</tr>
<tr>
<td></td>
<td>(non-Proposition 98)</td>
<td></td>
</tr>
</tbody>
</table>

*California State Teachers' Retirement System*
The Governor’s May Revision provides an additional $150 million to his January proposal that would further reduce the employer share of the CalSTRS unfunded liability.

- $3.15 billion one-time non-Proposition 98 to reduce liabilities for employers
- $850 million to reduce 2019-20 rates from 18.13% to 16.7% and 2020-21 rate from 19.1% to 18.1%
- $2.3 billion to reduce the employers’ share of the unfunded liability and reduce employer contribution rates long term by an estimated 0.5%
Increasing from $576 million (of which $186 million is one time) to $696.2 million all ongoing funding

Eligibility would be restricted to LEAs that have a three-year average of both:
- A UPP of 55% or higher, and
- Special Education enrollment as a percentage of total district enrollment above 10.93%, which is currently the statewide average

Current three-year average SWD is 10.93%
Estimates are based on enrollment and SWD data for 2015-16, 2016-17, and 2017-18

Generate grant of $14,549 (estimated) per pupil
No new funding for CTE in the January Budget proposal or in the May Revision

The 2018 Budget Act included $300 million in ongoing funding for CTE in two programs

$150 million
K-12 Strong Workforce Program (SWP)

$150 million
CTE Incentive Grant (CTEIG)
Consolidate funding for K-12 CTE programs by eliminating the K-12 SWP and shifting the ongoing funding to CTEIG.

Further augment funding for CTEIG to reach $450 million ongoing.

Change the local match requirement for CTEIG to 1:1.

Provide funding for regional CTE coordinators for technical assistance and support.
Statewide School Facilities Bond – AB 48 (O’Donnell)

- Lead in water mitigation, joint use, small district assistance, and disaster assistance
- Push to include preschool facilities
- New Construction, charter schools modernization, and CTE
- 2020* and 2022 K-14 statewide school bond

*March 2020 ballot
Potential Impact on KHSD Budget
Multiyear Projections

**Base Growth $468**

- SC Growth $185
- PERS Increase $47
- STRS Increase $146
- Step & Column $144

**Special Education Contribution ?**

- LCFF Growth Revenues $653
- Expenditures $322
- Special Education Contribution ?
- Expenditures $300
- Special Education Contribution ?
- Expenditures $288

- 3.7% COLA+Gap Funding
- 3.26% COLA
- 3.00% COLA
- 2.80% COLA

*Supplemental Concentration (SC)*
The Government Finance Officers Association recommends a minimum of two months’ expenditures in reserve – equates to a minimum of 17%
General Fund Expenditures

2007-08 Actuals
- Employee Benefits: $66 M (20%)
- Salaries: $209 M (64%)
- Supplies & Services: $50 M (16%)

2019-20 Budget
- Employee Benefits: $101 M (25%)
- Salaries: $242 M (61%)
- Supplies & Services: $57 M (14%)

Legend:
- Green: Salaries
- Blue: Employee Benefits
- Yellow: Supplies & Services
Timeline
The Road Ahead: From May Revision to Budget Enactment

- **May Revision**
- **By June 15**
  - Budget Subcommittee Hearings and Recommendations
  - Big Three Negotiations
- **By June 30**
  - Budget Conference Committee Hearings
  - Legislature Passes Budget
  - Governor Acts on Budget
- **Governor Releases Revised Budget**

YOU ARE HERE
Questions?