



## **CVUSD Board of Education to vote June 29 on 2017/2018 budget**

Chino Valley Unified School District's combined budget for the 2017-2018 school year is expected to be \$277.7 million. The combined budget reflects both restricted and unrestricted funding.

The Board is expected to approve the document at its next regularly scheduled meeting, 7:00 p.m. Thursday, June 29, at the District Office, 5130 Riverside Drive, Chino. The meeting is open to the public.

A copy of the budget is available for review in the District Office lobby.

A public hearing on the budget was held at the June 15 Board of Education meeting, but there were no speakers.

The 2017/2018 combined budget includes a beginning balance of approximately \$77.4 million; \$266.2 in revenues from state, federal and local resources; and \$277.7 million in expenditures.

Among the expenditures is \$222.6 million for employee salaries and benefits; \$19.8 million for books and supplies; and \$26 million for services and other operating expenses.

The District expects to have a \$65.9 million ending balance. Of that, \$25.3 million (9.1% of the total budget) is reserved for economic uncertainties, \$100,000 for revolving cash, and \$374,557 as the District's distribution to a joint powers authority that provides benefits to school employees.

The budget also includes a breakdown for the 2017/2018 school year that shows unrestricted funding, which is funding that is not limited to a specific use. The 2017/2018 unrestricted budget includes a \$68 million beginning balance; \$240.3 million in revenues from state, federal and local resources; and \$242.5 million in expenditures.

Of the unrestricted budget, \$181.4 million is set aside for employee salaries and benefits, \$8.7 million for books and supplies; and \$14.6 million for services and other operating expenses.

In July 2013, Governor Jerry Brown enacted a State budget that included a new education funding system, known as the Local Control Funding Formula (LCFF). It distributes combined resources to school districts through a base grant per unit of average daily attendance, with supplemental funding allocated to districts based on their proportion of English learners, foster youth, and students who are eligible for free and reduced-price school meals. The estimated timeframe to fully transition to the new funding formula is 2020/2021 fiscal year.

The Governor's May revision of the 2017-2018 State budget continues to implement the LCFF with an infusion of \$1.4 billion. New funding is estimated to close the gap between 2016-17 funding levels and LCFF full implementation targets by 43.97%. When combined with the previous years of LCFF funding, districts are expected to reach 97% of the target funding levels in 2017-2018.

Among the revenue assumptions for planning the 2017/2018 District budget are an estimated average daily attendance of 27,244 students (the same as the 2016/2017 school year), a 1.56% cost of living adjustment from the state on the Local Control Funding Formula (LCFF) base grant targets, and restricted carryover revenue from the previous school year. Also, the state is expected to fund Chino Valley Unified 43.97% to close the gap remaining to full implementation of the Local Control Funding Formula.

Among the expenditure assumptions for the District's 2017/2018 budget are regular step and column salary increases for employees, increases to the District's contributions to employee pension programs, costs to implement goals in the Local Control Accountability Plan (LCAP) that details how the LCFF funding is used, and estimated utility rate increases.

In the following four school years, the District projects it will have budget deficits ranging from \$14.5 million in the 2018/2019 school year to as high as \$29.5 million in the 2020/2021 school year because of spending trends and lower revenues due to declining enrollment.

Although state revenues over the past year appeared to be lagging, a stock market surge since January resulted in higher revenues of \$2.5 billion in Governor Jerry Brown's May revision of the state budget. But, the Governor is advising caution to agencies that receive state funding, including school districts.

In the May revision, he said the revenue projections, while better than forecast in January remain \$3.3 billion below the budget forecast from a year ago.

"Consequently, the budget – which remained precariously balanced even in the strongest revenue years – is considerably more constrained than in any year since 2012," Governor Brown said.

The state must continue to plan for and save for "tougher budget times ahead," that could include the state stepping in to fund programs eliminated at the Federal level, the Governor said. In his May revision, Governor Brown also said that after eight years of expansion, "a recession at some point is inevitable."

School districts have been advised to stabilize expenditures, maintain adequate reserves, and plan to sustain current programs in preparation for a possible slowing of the economy.