

GRANADA HILLS CHARTER

TO: Governing Board
DATE: December 9, 2019
FROM: Lisa Nilles, Chief Financial Officer
SUBJECT: APPROVAL – 2019-20 First Interim Report and Multi-Year Financial Projections

Attached please find the Granada Hills Charter (GHC) 2019-20 First Interim Financial Report. California Education Code Section 47604.33 requires charter schools to file interim financial reports twice a year. The first report covers the financial and budgetary status for the period ending October 31st. The second report covers the period ending January 31st. The GHC First Interim Financial Report reflects all changes since the Adopted Budget approved by the Governing Board in June 2019. Also attached is the First Interim Financial Report – Form 62I, which was prepared using the California Department of Education’s Standardized Account Code Structure (SACS) Financial Reporting Software as requested by the chartering authority, Los Angeles Unified School District (LAUSD).

Staff recommends the Governing Board approve the 2019-20 First Interim Financial Report, as presented.

Summary of Financial Changes by Fund: The information below reflects changes from the Adopted Budget by Fund.

Charter School Fund (62)

Fund 62 is the school’s primary operating fund. As a result of the changes noted below, the projected ending fund balance as of June 30, 2020, has increased \$1,377,865 from \$17,822,668 to \$19,200,533.

Beginning Balance: The 2019-20 beginning balance reflects an increase of \$791,747 from \$16,962,664 as projected at Adopted to \$17,754,411 as of July 1, Audited.

Revenues: Total revenue projections have increased \$1,169,018 as noted below:

- Local Control Funding Formula (LCFF) – Increased by \$460,825 to account for higher than projected enrollment in grades 9-12 from 4700 to 4738. Enrollment in the TK-8 program remains as projected at 384, however the trend is showing a higher than projected Average Daily Attendance (ADA) in those grades from 95% to 97%.

- Federal Revenue – Increased by \$57,571 to reflect adjustments in Title I (\$18,814), Title II (\$13,462), Title IV-Part A (\$11,369), Title IV- High School ASSETs (-\$185,762), Perkins Grant (\$9,761), We Can Work Grant (\$70,614), Federal IDEA (\$24,290) and Federal Child Nutrition (\$95,023). The significant adjustment in Title IV – High School ASSETs program is due to the reversal of a receivable set up to collect prior year funds owed to GHC. At this time, the school is unable to collect the prior year funds due to the closure of Youth Policy Institute (YPI).
- Other State Revenue – Increased by \$111,427 to reflect the following adjustments: Mandated Cost Reimbursements (-\$2,199), Unrestricted Lottery (\$8,609), Child Nutrition (\$13,249), Restricted Lottery (\$3,866), CTEIG (\$87,902).
- Other Local Revenue – Increased by \$539,196. The most significant adjustment would be the recognition of the Walton Family Grant (\$325,000) and the LADWP Grant (\$50,000), both of which have been confirmed subsequent to the adoption of the 2019-20 budget. The remaining adjustment (\$139,196) is reflective of increases to other miscellaneous revenues. Historically, other local revenue is budgeted conservatively at budget adoption and adjusted throughout the fiscal year as revenues are recognized.

Expenditures: Overall, total projected expenditures have increased by \$584,017, as follows:

- Salaries & Benefits – Based on current encumbrances and actuals to date, both certificated and classified salary projections have been reduced by \$150,858 and \$64,328 respectively. Benefits, however, reflect an increase of \$133,259. This is primarily due to the true up of health and welfare projections. In addition, a compromise reached in Sacramento between the Administration and the Legislature regarding the School Employers Pension Relief differed from what was proposed at the Governor’s Budget - May Revision and the corresponding changes to the 2019-20 PERS and STRS employer contribution rates, resulted in a net cost increase (\$26,762) to GHC.
- Books and Supplies – Increased \$434,358 based on current encumbrances and actuals to date. The most significant increases are reflective of the following: \$101,700 for the purchase of 21 promethean panels to replace old projectors in the classrooms, as well as an additional \$200,000 budgeted for new and replacement classroom furniture.
- Other Operating – Increased by \$243,960 based on current encumbrances and actuals to date, primarily due to increased insurance and outside provider contract costs.
- Debt Services and Other Outgo – No significant changes to report.

Facility Rental Fund (63)

Fund 63 accounts for the revenues and expenses relating to GHC facilities rentals. No changes to report.

Devonshire LLC (64)

Fund 64 is used to account for the Devonshire property purchase and all financial activities of school's related party, 17081 Devonshire LLC. No changes to report.

Associated Student Body – ASB (65)

Fund 65, formerly reported as Fund 95, is used to account for the financial activity of the school's ASB. No significant changes to report.

State Fiscal Considerations: Provided for your information are two recent Fiscal Report articles from School Services of California. The first, *Legislative Analyst Issues Positive But Cautious Outlook*, summarizes the Legislative Analyst's Office (LAO) report on the condition of the California economy and upcoming budget year, 2020-21 and beyond. The second, *Ask SSC... What's up with the Down COLA?*, responds to a question regarding the LAO's estimated cost-of-living adjustment (COLA) and the surprising decrease. As we approach the State's Budget Proposal in January for the fiscal year, 2020-21, staff will be paying very close attention to the estimated COLA in the current year and following years, as this could have a significant impact on the multi-year projections going forward.

cc: Brian Bauer, Executive Director

2019-20 FIRST INTERIM BUDGET		FUND 62 - UNRESTRICTED PROGRAMS										FUND 62 - RESTRICTED PROGRAMS							
		2019-20																	
		Unrestricted	Lottery	EPA	Title I	SPED	DOR	Perkins	Title II	AHA	Title IV	Cafeteria	Snacks	Medi-cal	Facilities	Prop39	Lottery	CTEIG	
Account Codes		0000	1100	1400	3010	3310	3410	3550	4035	4124	4127	5310	5320	5640	5810	6230	6300	6387	
A. REVENUES																			
1) LCFF Sources	8010 - 8099	42,567,529	-	9,374,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2) Federal Revenues	8100 - 8299	-	-	-	828,814	1,000,896	70,614	78,261	143,462	26,738	61,369	1,364,760	60,000	-	375,000	-	-	-	
3) Other State Revenues	8300 - 8599	220,514	712,873	-	-	-	-	-	-	-	-	178,867	-	-	-	-	251,058	868,731	
4) Other Local Revenues	8600 - 8799	1,261,224	-	-	-	-	-	-	-	-	-	710,000	-	-	-	-	-	-	
5) TOTAL REVENUES		44,049,267	712,873	9,374,770	828,814	1,000,896	70,614	78,261	143,462	26,738	61,369	2,253,627	60,000	-	375,000	-	251,058	868,731	
B. EXPENDITURES																			
1) Certificated Salaries	1000 - 1999	22,244,043	-	-	69,870	-	-	2,000	-	3,000	-	-	-	-	-	-	-	-	
2) Classified Salaries	2000 - 2999	6,435,974	-	-	30,000	-	26,315	-	-	105,578	-	842,516	-	-	-	-	-	-	
3) Employee Benefits	3000 - 3999	10,801,848	-	-	24,762	-	-	392	-	28,821	-	515,544	-	-	-	-	-	-	
4) Books & Supplies	4000 - 4999	1,649,278	687,423	-	500	-	-	30,766	-	17,538	-	1,101,500	-	-	-	-	251,058	-	
5) Services, Other Expenses	5000 - 5999	7,769,037	25,450	-	-	-	-	41,376	-	15,000	-	105,500	60,000	-	-	-	-	-	
Direct Cost Transfers	5710	(10,766,511)	-	9,374,770	663,314	1,000,896	44,299	-	194,854	26,000	-	(1,000)	-	-	-	-	-	-	
6) Capital Outlay	6000 - 6999	349,806	-	-	-	-	-	-	-	-	-	27,809	-	-	4,214	-	-	1,550	
7) Other Outgo	7100 - 7299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8) Indirect Cost Transfers	7400 - 7499	736,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9) Indirect Cost Transfers	7300 - 7399	(54,072)	-	-	40,368	-	-	3,727	9,977	-	-	-	-	-	-	-	-	-	
9) TOTAL EXPENDITURES		39,165,518	712,873	9,374,770	828,814	1,000,896	70,614	78,261	204,831	195,937	-	2,591,869	60,000	-	4,214	-	251,058	1,550	
C. EXCESS (DEFICIENCY) OF REV/EXP		4,883,749	-	-	-	-	-	-	(61,369)	(169,199)	61,369	(338,242)	-	-	370,786	-	-	867,181	
D. OTHER FINANCING SOURCES/USES																			
1) Interfund Transfers																			
a) Transfers In	8910 - 8929	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b) Transfers Out	7610 - 7629	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2) Other Sources/Uses																			
a) Sources	8930 - 8979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b) Uses	7630 - 7699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3) Contributions	8980 - 8999	(4,511,180)	-	-	-	-	-	-	61,369	169,199	(61,369)	310,433	-	-	-	-	-	-	
4) TOTAL OTHER FINANCING SOURCES/USES		(4,511,180)	-	-	-	-	-	-	61,369	169,199	(61,369)	310,433	-	-	-	-	-	-	
E. CHANGE IN NET POSITION		372,569	-	-	-	-	-	-	-	-	-	(27,809)	-	-	370,786	-	-	867,181	
F. NET POSITION																			
1) Beginning Balance																			
a) As of July 1, Unaudited	9791	16,661,808	-	-	-	-	-	-	-	-	-	201,782	-	-	122,228	546,771	-	13,995	
b) Audit Adj/Restatement	9793/9795	67,639	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c) As of July 1, Audited		16,729,447	-	-	-	-	-	-	-	-	-	201,782	-	-	122,228	546,771	-	13,995	
2) Ending Balance, June 30		17,102,016	-	-	-	-	-	-	-	-	-	173,973	-	-	493,014	546,771	-	881,176	

2019-20 FIRST INTERIM BUDGET

2019-20

		FUND 62 - RESTRICTED PROGRAMS											FUND 62	FUND 63	FUND 64	FUND 65
		TK-8											CHARTER	FACILITIES	DEVONSHIRE	ASB
		SPED	SPED	PD	LPBG	STRS	QATAR	KOREAN	Donation	Walton	LADWP	IB Misc	TOTAL	TOTAL	TOTAL	TOTAL
Account Codes		6500	6501	7311	7510	7690	9004	9012	9020	9100	9119	9120	TOTAL	TOTAL	TOTAL	TOTAL
A. REVENUES																
1) LCFF Sources	8010 - 8099	-	-	-	-	-	-	-	-	-	-	-	51,942,299	-	-	-
2) Federal Revenues	8100 - 8299	-	-	-	-	-	-	-	-	-	-	-	4,009,914	-	-	-
3) Other State Revenues	8300 - 8599	-	-	-	-	1,643,210	-	-	-	-	-	-	3,875,253	-	-	-
4) Other Local Revenues	8600 - 8799	2,911,561	200,000	-	-	-	34,046	3,000	500	325,000	50,000	-	5,495,331	130,000	397,275	1,000,000
5) TOTAL REVENUES		2,911,561	200,000	-	-	1,643,210	34,046	3,000	500	325,000	50,000	-	65,322,797	130,000	397,275	1,000,000
B. EXPENDITURES																
1) Certificated Salaries	1000 - 1999	2,949,593	-	-	-	-	-	-	-	-	-	-	25,268,506	-	-	-
2) Classified Salaries	2000 - 2999	1,090,733	-	-	-	-	-	-	-	-	-	-	8,531,116	50,000	-	-
3) Employee Benefits	3000 - 3999	1,773,335	-	-	-	1,643,210	-	-	-	-	-	-	14,787,912	6,237	-	-
4) Books & Supplies	4000 - 4999	55,952	-	-	1,000	-	6,000	1,581	500	-	-	2,792	3,805,888	-	-	1,010,000
5) Services, Other Expenses	5000 - 5999	1,536,600	-	-	27,705	-	1,000	-	-	-	-	-	9,581,668	20	-	-
Direct Cost Transfers	5710	(1,245,195)	200,000	28,527	78,000	-	27,046	-	-	325,000	50,000	-	-	-	-	-
6) Capital Outlay	6000 - 6999	-	-	-	-	-	-	-	-	-	-	-	383,379	133,640	70,669	-
7) Other Outgo	7100 - 7299															
8) Indirect Cost Transfers	7400 - 7499	782,091	-	-	-	-	-	-	-	-	-	-	1,518,206	-	284,613	-
9) TOTAL EXPENDITURES	7300 - 7399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		6,943,109	200,000	28,527	106,705	1,643,210	34,046	1,581	500	325,000	50,000	2,792	63,876,675	189,897	355,282	1,010,000
C. EXCESS (DEFICIENCY) OF REV/EXP		(4,031,548)	-	(28,527)	(106,705)	-	-	1,419	-	-	-	(2,792)	1,446,122	(59,897)	41,994	(10,000)
D. OTHER FINANCING SOURCES/USES																
1) Interfund Transfers																
a) Transfers In	8910 - 8929	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Transfers Out	7610 - 7629	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Other Sources/Uses																
a) Sources	8930 - 8979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Uses	7630 - 7699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Contributions	8980 - 8999	4,031,548	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4) TOTAL OTHER FINANCING SOURCES/USES		4,031,548	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E. CHANGE IN NET POSITION		-	-	(28,527)	(106,705)	-	-	1,419	-	-	-	(2,792)	1,446,122	(59,897)	41,994	(10,000)
F. NET POSITION																
1) Beginning Balance																
a) As of July 1, Unaudited	9791	-	-	28,527	106,705	-	-	2,164	-	-	-	2,792	17,686,772	1,602,983	2,607,154	415,726
b) Audit Adj/Restatement	9793/9795	-	-	-	-	-	-	-	-	-	-	-	67,639	-	-	-
c) As of July 1, Audited		-	-	28,527	106,705	-	-	2,164	-	-	-	2,792	17,754,411	1,602,983	2,607,154	415,726
2) Ending Balance, June 30		-	-	-	-	-	-	3,583	-	-	-	-	19,200,533	1,543,086	2,649,148	405,726

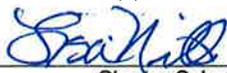
**2019-20 FIRST INTERIM BUDGET
MULTI-YEAR FINANCIAL PROJECTIONS
ALL FUNDS COMBINED**

		2018-19	2019-20	2020-21	2021-22	2018-19	2019-20	2020-21	2021-22	2018-19	2019-20	2020-21	2021-22
A. REVENUES	Account Codes		UNRESTRICTED FUNDS				RESTRICTED FUNDS				COMBINED FUNDS		
1) LCFF Sources	8010 - 8099	46,211,894	51,942,299	55,381,775	61,699,823	-	-	-	-	46,211,894	51,942,299	55,381,775	61,699,823
2) Federal Revenues	8100 - 8299	103,602	-	-	-	3,800,833	4,009,914	4,238,529	4,075,802	3,904,435	4,009,914	4,238,529	4,075,802
3) Other State Revenues	8300 - 8599	1,873,633	933,387	1,146,297	1,204,036	2,333,963	2,941,866	2,141,131	2,177,815	4,207,596	3,875,253	3,287,428	3,381,851
4) Other Local Revenues	8600 - 8799	1,201,480	1,261,224	448,240	475,740	4,983,597	5,761,382	5,629,415	6,026,712	6,185,077	7,022,606	6,077,655	6,502,452
5) TOTAL REVENUES		49,390,609	54,136,910	56,976,312	63,379,599	11,118,393	12,713,162	12,009,075	12,280,329	60,509,002	66,850,072	68,985,387	75,659,928
B. EXPENDITURES													
1) Certificated Salaries	1000 - 1999	19,825,648	22,244,043	23,391,547	25,228,569	2,603,917	3,024,463	3,069,255	3,153,167	22,429,565	25,268,506	26,460,802	28,381,737
2) Classified Salaries	2000 - 2999	5,766,468	6,435,974	6,951,356	7,372,452	1,887,858	2,145,142	2,146,025	2,178,510	7,654,326	8,581,116	9,097,381	9,550,962
3) Employee Benefits	3000 - 3999	9,120,433	10,801,848	12,163,225	13,049,448	3,700,482	3,992,301	4,168,361	4,257,024	12,820,915	14,794,149	16,331,585	17,306,472
4) Books & Supplies	4000 - 4999	1,477,165	2,336,701	2,288,488	2,686,840	2,057,661	2,479,187	2,676,102	2,815,001	3,534,826	4,815,888	4,964,590	5,501,841
5) Services, Other Expenses	5000 - 5999	6,294,996	7,794,487	8,038,435	8,355,427	1,780,380	1,787,201	1,792,417	1,843,565	8,075,376	9,581,688	9,830,852	10,198,992
Direct Cost Transfers	5710	(924,474)	(1,391,741)	(906,747)	(792,347)	924,474	1,391,741	906,747	792,347	-	-	-	-
6) Capital Outlay	6000 - 6999	51,716	349,806	281,709	281,702	536,866	237,882	235,747	176,909	588,582	587,688	517,456	458,611
7) Other Outgo	7100 - 7299												
8) Direct/Indirect Costs	7400 - 7499	683,820	736,115	553,818	616,998	1,033,606	1,066,704	1,117,324	1,211,237	1,717,426	1,802,819	1,671,142	1,828,235
9) TOTAL EXPENDITURES	7300 - 7399	(63,952)	(54,072)	(55,085)	(57,375)	63,952	54,072	55,085	57,375	-	-	-	-
		42,231,820	49,253,161	52,706,746	56,741,714	14,589,196	16,178,693	16,167,063	16,485,135	56,821,016	65,431,854	68,873,808	73,226,849
C. EXCESS (DEFICIENCY) OF REV/EXP		7,158,789	4,883,749	4,269,566	6,637,885	(3,470,803)	(3,465,531)	(4,157,988)	(4,204,806)	3,687,986	1,418,219	111,579	2,433,079
D. OTHER FINANCING SOURCES/USES													
1) Interfund Transfers													
a) Transfers In	8910 - 8929	-	-	-	-	-	-	-	-	-	-	-	-
b) Transfers Out	7610 - 7629	-	-	-	-	-	-	-	-	-	-	-	-
2) Other Sources/Uses													
a) Sources	8930 - 8979	-	-	-	-	-	-	-	-	-	-	-	-
b) Uses	7630 - 7699	-	-	-	-	-	-	-	-	-	-	-	-
3) Contributions	8980 - 8999	(3,599,955)	(4,511,180)	(4,104,160)	(4,220,908)	3,599,955	4,511,180	4,104,160	4,220,908	-	-	-	-
4) TOTAL OTHER FINANCING SOURCES/USES		(3,599,955)	(4,511,180)	(4,104,160)	(4,220,908)	3,599,955	4,511,180	4,104,160	4,220,908	-	-	-	-
E. CHANGE IN NET POSITION		3,558,834	372,569	165,407	2,416,976	129,152	1,045,650	(53,828)	16,103	3,687,986	1,418,219	111,579	2,433,079
F. NET POSITION													
1) Beginning Balance													
a) As of July 1, Unaudited	9791	13,107,070	16,661,808	17,102,016	17,267,423	5,494,068	5,650,827	6,696,477	6,642,649	18,601,138	22,312,635	23,798,493	23,910,071
b) Audit Adj/Restatement	9793/9795	(4,096)	67,639	-	-	27,607	-	-	-	23,511	67,639	-	-
c) As of July 1, Audited		13,102,974	16,729,447	17,102,016	17,267,423	5,521,675	5,650,827	6,696,477	6,642,649	18,624,649	22,380,274	23,798,493	23,910,071
2) Ending Balance, June 30		16,661,808	17,102,016	17,267,423	19,684,399	5,650,827	6,696,477	6,642,649	6,658,751	22,312,635	23,798,493	23,910,071	26,343,150

Charter Number: 0572

To the chartering authority and the county superintendent of schools (or only to the county superintendent of schools if the county board of education is the chartering authority):

2019-20 CHARTER SCHOOL INTERIM REPORT: This report is hereby filed by the charter school pursuant to Education Code Section 47604.33(a).

Signed: 
Charter School Official
(Original signature required)

Date: 11.22.2019

Printed
Name: Lisa Nilles

Title: Chief Financial Officer

For additional information on the interim report, please contact:

Charter School Contact:

Lisa Nilles

Name

Chief Financial Officer

Title

818-360-2361 x457

Telephone

lisanilles@ghctk12.com

E-mail Address

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
A. REVENUES								
1) LCFF Sources		8010-8099	51,481,475.00	51,481,475.00	15,004,198.00	51,942,299.00	460,824.00	0.9%
2) Federal Revenue		8100-8299	3,952,343.00	3,952,343.00	892,203.17	4,009,914.00	57,571.00	1.5%
3) Other State Revenue		8300-8599	3,763,826.00	3,763,826.00	925,394.76	3,875,253.00	111,427.00	3.0%
4) Other Local Revenue		8600-8799	6,483,410.00	6,483,410.00	2,941,228.63	7,022,606.00	539,196.00	8.3%
5) TOTAL, REVENUES			65,681,054.00	65,681,054.00	19,763,024.56	66,850,072.00		
B. EXPENSES								
1) Certificated Salaries		1000-1999	25,419,364.00	25,419,364.00	7,314,592.74	25,268,506.00	150,858.00	0.6%
2) Classified Salaries		2000-2999	8,645,444.00	8,645,444.00	2,421,813.60	8,581,116.00	64,328.00	0.7%
3) Employee Benefits		3000-3999	14,660,890.00	14,660,890.00	3,700,705.64	14,794,149.00	(133,259.00)	-0.9%
4) Books and Supplies		4000-4999	4,381,530.00	4,381,530.00	1,918,007.33	4,815,888.00	(434,358.00)	-9.9%
5) Services and Other Operating Expenses		5000-5999	9,337,728.00	9,337,728.00	2,937,461.09	9,581,688.00	(243,960.00)	-2.6%
6) Depreciation		6000-6999	588,562.00	588,562.00	4,900.00	587,688.00	874.00	0.1%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299, 7400-7499	1,814,319.00	1,814,319.00	688,135.08	1,802,819.00	11,500.00	0.6%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	0.00	0.00	0.00	0.00	0.00	0.0%
9) TOTAL, EXPENSES			64,847,837.00	64,847,837.00	18,985,615.48	65,431,854.00		
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			833,217.00	833,217.00	777,409.08	1,418,218.00		
D. OTHER FINANCING SOURCES/USES								
1) Interfund Transfers								
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	0.00	0.00	0.00	0.00	0.00	0.0%
2) Other Sources/Uses								
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	0.00	0.00	0.00	0.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			0.00	0.00	0.00	0.00		

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
E. NET INCREASE (DECREASE) IN NET POSITION (C + D4)			833,217.00	833,217.00	777,409.08	1,418,218.00		
F. NET POSITION								
1) Beginning Net Position								
a) As of July 1 - Unaudited		9791	20,121,315.41	20,121,315.41		22,312,635.22	2,191,319.81	10.9%
b) Audit Adjustments		9793	0.00	0.00		67,639.00	67,639.00	New
c) As of July 1 - Audited (F1a + F1b)			20,121,315.41	20,121,315.41		22,380,274.22		
d) Other Restatements		9795	0.00	0.00		0.00	0.00	0.0%
e) Adjusted Beginning Net Position (F1c + F1d)			20,121,315.41	20,121,315.41		22,380,274.22		
2) Ending Net Position, June 30 (E + F1e)			20,954,532.41	20,954,532.41		23,798,492.22		
Components of Ending Net Position								
a) Net Investment in Capital Assets		9796	11,944,446.80	11,944,446.80		7,325,151.81		
b) Restricted Net Position		9797	0.00	0.00		529,061.10		
c) Unrestricted Net Position		9790	9,010,085.61	9,010,085.61		15,944,279.31		

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
LCFF SOURCES								
Principal Apportionment								
State Aid - Current Year		8011	32,197,275.00	32,197,275.00	8,566,429.00	31,033,207.00	(1,164,068.00)	-3.6%
Education Protection Account State Aid - Current Year		8012	8,697,650.00	8,697,650.00	2,200,574.00	9,374,770.00	677,120.00	7.8%
State Aid - Prior Years		8019	0.00	0.00	0.00	0.00	0.00	0.0%
LCFF Transfers								
Unrestricted LCFF Transfers - Current Year	0000	8091	0.00	0.00	0.00	0.00	0.00	0.0%
All Other LCFF Transfers - Current Year	All Other	8091	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers to Charter Schools in Lieu of Property Taxes		8096	10,586,550.00	10,586,550.00	4,237,195.00	11,534,322.00	947,772.00	9.0%
Property Taxes Transfers		8097	0.00	0.00	0.00	0.00	0.00	0.0%
LCFF/Revenue Limit Transfers - Prior Years		8099	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, LCFF SOURCES			51,481,475.00	51,481,475.00	15,004,198.00	51,942,299.00	460,824.00	0.9%
FEDERAL REVENUE								
Maintenance and Operations		8110	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education Entitlement		8181	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education Discretionary Grants		8182	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8220	1,329,737.00	1,329,737.00	291,502.73	1,424,760.00	95,023.00	7.1%
Donated Food Commodities		8221	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Contracts Between LEAs		8285	976,606.00	976,606.00	340,304.73	1,000,896.00	24,290.00	2.5%
Title I, Part A, Basic	3010	8290	810,000.00	810,000.00	200,244.00	828,814.00	18,814.00	2.3%
Title I, Part D, Local Delinquent Programs	3025	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Title II, Part A, Supporting Effective Instruction	4035	8290	130,000.00	130,000.00	35,866.00	143,462.00	13,462.00	10.4%
Title III, Part A, Immigrant Student Program	4201	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Title III, Part A, English Learner Program	4203	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Public Charter Schools Grant Program (PCSGP)	4610	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Other NCLB / Every Student Succeeds Act	3020, 3040, 3041, 3045, 3060, 3061, 3150, 3155, 3180, 3181, 3182, 3185, 4124, 4126, 4127, 4128, 5510, 5630	8290	262,500.00	262,500.00	15,342.00	88,107.00	(174,393.00)	-66.4%
Career and Technical Education	3500-3599	8290	68,500.00	68,500.00	0.00	78,261.00	9,761.00	14.2%
All Other Federal Revenue	All Other	8290	375,000.00	375,000.00	8,943.71	445,614.00	70,614.00	18.8%
TOTAL, FEDERAL REVENUE			3,952,343.00	3,952,343.00	892,203.17	4,009,914.00	57,571.00	1.5%
OTHER STATE REVENUE								
Other State Apportionments								
Special Education Master Plan Current Year	6500	8311	0.00	0.00	0.00	0.00	0.00	0.0%
Prior Years	6500	8319	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Current Year	All Other	8311	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Prior Years	All Other	8319	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8520	165,618.00	165,618.00	22,987.16	178,867.00	13,249.00	8.0%
Mandated Costs Reimbursements		8550	214,713.00	214,713.00	0.00	212,514.00	(2,199.00)	-1.0%
Lottery - Unrestricted and Instructional Materials		8560	951,456.00	951,456.00	30,665.03	963,931.00	12,475.00	1.3%
After School Education and Safety (ASES)	6010	8590	0.00	0.00	0.00	0.00	0.00	0.0%

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
Charter School Facility Grant	6030	8590	0.00	0.00	0.00	0.00	0.00	0.0%
Drug/Alcohol/Tobacco Funds	6690, 6695	8590	0.00	0.00	0.00	0.00	0.00	0.0%
California Clean Energy Jobs Act	6230	8590	0.00	0.00	0.00	0.00	0.00	0.0%
Career Technical Education Incentive Grant Program	6387	8590	780,829.00	780,829.00	868,730.87	868,731.00	87,902.00	11.3%
Specialized Secondary	7370	8590	0.00	0.00	0.00	0.00	0.00	0.0%
Quality Education Investment Act	7400	8590	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Revenue	All Other	8590	1,651,210.00	1,651,210.00	3,011.70	1,651,210.00	0.00	0.0%
TOTAL, OTHER STATE REVENUE			3,763,826.00	3,763,826.00	925,394.76	3,875,253.00	111,427.00	3.0%
OTHER LOCAL REVENUE								
Sales								
Sale of Equipment/Supplies		8631	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Publications		8632	0.00	0.00	0.00	0.00	0.00	0.0%
Food Service Sales		8634	650,000.00	650,000.00	140,928.15	650,000.00	0.00	0.0%
All Other Sales		8639	0.00	0.00	0.00	0.00	0.00	0.0%
Leases and Rentals		8650	903,015.00	903,015.00	285,216.68	923,015.00	20,000.00	2.2%
Interest		8660	455,000.00	455,000.00	219,663.82	455,000.00	0.00	0.0%
Net Increase (Decrease) in the Fair Value of Investments		8662	0.00	0.00	11.05	11.00	11.00	New
Fees and Contracts								
Child Development Parent Fees		8673	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Fees From Individuals		8675	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Services		8677	3,191,349.00	3,191,349.00	1,123,677.51	3,109,561.00	(81,788.00)	-2.6%
All Other Fees and Contracts		8689	0.00	0.00	0.00	0.00	0.00	0.0%
Other Local Revenue								
All Other Local Revenue		8699	1,284,046.00	1,284,046.00	1,171,731.42	1,885,019.00	600,973.00	46.8%
Tuition		8710	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In		8781-8783	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Apportionments								
Special Education SELPA Transfers From Districts or Charter Schools	6500	8791	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6500	8792	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6500	8793	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers of Apportionments From Districts or Charter Schools	All Other	8791	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	All Other	8792	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	All Other	8793	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In from All Others		8799	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER LOCAL REVENUE			6,483,410.00	6,483,410.00	2,941,228.63	7,022,606.00	539,196.00	8.3%
TOTAL, REVENUES			65,681,054.00	65,681,054.00	19,763,024.56	66,850,072.00		

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
CERTIFICATED SALARIES								
Certificated Teachers' Salaries		1100	18,153,792.00	18,153,792.00	5,620,725.71	19,618,034.00	(1,464,242.00)	-8.1%
Certificated Pupil Support Salaries		1200	3,243,700.00	3,243,700.00	1,054,163.71	3,505,107.00	(261,407.00)	-8.1%
Certificated Supervisors' and Administrators' Salaries		1300	1,905,474.00	1,905,474.00	624,919.72	1,924,637.00	(19,163.00)	-1.0%
Other Certificated Salaries		1900	2,116,398.00	2,116,398.00	14,783.60	220,728.00	1,895,670.00	89.6%
TOTAL, CERTIFICATED SALARIES			25,419,364.00	25,419,364.00	7,314,592.74	25,268,506.00	150,858.00	0.6%
CLASSIFIED SALARIES								
Classified Instructional Salaries		2100	2,242,472.00	2,242,472.00	567,761.62	2,394,396.00	(151,924.00)	-6.8%
Classified Support Salaries		2200	2,244,657.00	2,244,657.00	732,055.37	2,345,012.00	(100,355.00)	-4.5%
Classified Supervisors' and Administrators' Salaries		2300	1,148,852.00	1,148,852.00	366,743.30	1,145,597.00	3,255.00	0.3%
Clerical, Technical and Office Salaries		2400	1,998,421.00	1,998,421.00	668,906.90	2,252,379.00	(253,958.00)	-12.7%
Other Classified Salaries		2900	1,011,042.00	1,011,042.00	86,346.41	443,732.00	567,310.00	56.1%
TOTAL, CLASSIFIED SALARIES			8,645,444.00	8,645,444.00	2,421,813.60	8,581,116.00	64,328.00	0.7%
EMPLOYEE BENEFITS								
STRS		3101-3102	5,740,931.00	5,740,931.00	1,207,994.09	5,807,687.00	(66,756.00)	-1.2%
PERS		3201-3202	1,648,232.00	1,648,232.00	430,811.42	1,608,238.00	39,994.00	2.4%
OASDI/Medicare/Alternative		3301-3302	1,054,764.00	1,054,764.00	293,671.61	1,065,536.00	(10,772.00)	-1.0%
Health and Welfare Benefits		3401-3402	5,854,970.00	5,854,970.00	1,662,187.01	5,952,888.00	(97,918.00)	-1.7%
Unemployment Insurance		3501-3502	17,035.00	17,035.00	4,867.45	16,927.00	108.00	0.6%
Workers' Compensation		3601-3602	344,958.00	344,958.00	101,174.06	342,873.00	2,085.00	0.6%
OPEB, Allocated		3701-3702	0.00	0.00	0.00	0.00	0.00	0.0%
OPEB, Active Employees		3751-3752	0.00	0.00	0.00	0.00	0.00	0.0%
Other Employee Benefits		3901-3902	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, EMPLOYEE BENEFITS			14,660,890.00	14,660,890.00	3,700,705.64	14,794,149.00	(133,259.00)	-0.9%
BOOKS AND SUPPLIES								
Approved Textbooks and Core Curricula Materials		4100	556,956.00	556,956.00	938,155.53	590,926.00	(33,970.00)	-6.1%
Books and Other Reference Materials		4200	14,500.00	14,500.00	753.48	13,839.00	661.00	4.6%
Materials and Supplies		4300	2,697,574.00	2,697,574.00	687,619.55	2,935,772.00	(238,198.00)	-8.8%
Noncapitalized Equipment		4400	112,500.00	112,500.00	93,914.96	275,351.00	(162,851.00)	-144.8%
Food		4700	1,000,000.00	1,000,000.00	197,563.81	1,000,000.00	0.00	0.0%
TOTAL, BOOKS AND SUPPLIES			4,381,530.00	4,381,530.00	1,918,007.33	4,815,888.00	(434,358.00)	-9.9%
SERVICES AND OTHER OPERATING EXPENSES								
Subagreements for Services		5100	2,025,000.00	2,025,000.00	258,946.80	1,907,168.00	117,832.00	5.8%
Travel and Conferences		5200	332,376.00	332,376.00	71,797.00	344,124.00	(11,748.00)	-3.5%
Dues and Memberships		5300	92,550.00	92,550.00	41,420.00	99,825.00	(7,275.00)	-7.9%
Insurance		5400-5450	333,209.00	333,209.00	178,957.00	386,615.00	(53,406.00)	-16.0%
Operations and Housekeeping Services		5500	1,083,000.00	1,083,000.00	286,289.67	1,090,458.00	(7,458.00)	-0.7%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	2,412,988.00	2,412,988.00	503,967.55	2,054,156.00	358,832.00	14.9%
Transfers of Direct Costs		5710	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	0.00	0.00	0.00	0.00	0.00	0.0%
Professional/Consulting Services and Operating Expenditures		5800	2,899,830.00	2,899,830.00	1,550,017.82	3,540,637.00	(640,807.00)	-22.1%
Communications		5900	158,775.00	158,775.00	46,065.25	158,705.00	70.00	0.0%
TOTAL, SERVICES AND OTHER OPERATING EXPENSES			9,337,728.00	9,337,728.00	2,937,461.09	9,581,688.00	(243,960.00)	-2.6%

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
DEPRECIATION								
Depreciation Expense		6900	588,562.00	588,562.00	4,900.00	587,688.00	874.00	0.1%
TOTAL, DEPRECIATION			588,562.00	588,562.00	4,900.00	587,688.00	874.00	0.1%
OTHER OUTGO (excluding Transfers of Indirect Costs)								
Tuition								
Tuition for Instruction Under Interdistrict Attendance Agreements		7110	0.00	0.00	0.00	0.00	0.00	0.0%
Tuition, Excess Costs, and/or Deficit Payments Payments to Districts or Charter Schools		7141	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to County Offices		7142	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to JPAs		7143	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers Out								
All Other Transfers		7281-7283	1,308,406.00	1,308,406.00	433,710.08	1,296,906.00	11,500.00	0.9%
All Other Transfers Out to All Others		7299	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service								
Debt Service - Interest		7438	505,913.00	505,913.00	254,425.00	505,913.00	0.00	0.0%
TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)			1,814,319.00	1,814,319.00	688,135.08	1,802,819.00	11,500.00	0.6%
OTHER OUTGO - TRANSFERS OF INDIRECT COSTS								
Transfers of Indirect Costs		7310	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Indirect Costs - Interfund		7350	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER OUTGO - TRANSFERS OF INDIRECT COSTS			0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, EXPENSES			64,847,837.00	64,847,837.00	18,985,615.48	65,431,854.00		

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
INTERFUND TRANSFERS								
INTERFUND TRANSFERS IN								
Other Authorized Interfund Transfers In		8919	0.00	0.00	0.00	0.00	0.00	0.0%
(a) TOTAL, INTERFUND TRANSFERS IN			0.00	0.00	0.00	0.00	0.00	0.0%
INTERFUND TRANSFERS OUT								
Other Authorized Interfund Transfers Out		7619	0.00	0.00	0.00	0.00	0.00	0.0%
(b) TOTAL, INTERFUND TRANSFERS OUT			0.00	0.00	0.00	0.00	0.00	0.0%
OTHER SOURCES/USES								
SOURCES								
Other Sources								
Transfers from Funds of Lapsed/Reorganized LEAs		8965	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Sources		8979	0.00	0.00	0.00	0.00	0.00	0.0%
(c) TOTAL, SOURCES			0.00	0.00	0.00	0.00	0.00	0.0%
USES								
Transfers of Funds from Lapsed/Reorganized LEAs		7651	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Uses		7699	0.00	0.00	0.00	0.00	0.00	0.0%
(d) TOTAL, USES			0.00	0.00	0.00	0.00	0.00	0.0%
CONTRIBUTIONS								
Contributions from Unrestricted Revenues		8980	0.00	0.00	0.00	0.00	0.00	0.0%
Contributions from Restricted Revenues		8990	0.00	0.00	0.00	0.00	0.00	0.0%
(e) TOTAL, CONTRIBUTIONS			0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER FINANCING SOURCES/USES (a - b + c - d + e)			0.00	0.00	0.00	0.00		

[**Click Here for Fire and Emergency Related Resources**](#)

VOLUME 39

NO. 24

FISCAL REPORT

PUBLICATION DATE: DECEMBER 6, 2019

Legislative Analyst Issues Positive But Cautious Outlook **BY PATTI HERRERA** . Copyright 2019 School Services of California, Inc. . posted November 21, 2019

In its annual [Fiscal Outlook](#) released on November 20, 2019, the Legislative Analyst's Office (LAO) reports that the condition of the California economy and budget are stable, but cautions that the state may face headwinds in the near future.

Consistent with its recent approaches to forecasting California's economy, the LAO looks at the state's outlook through two lenses—a growth lens and a recession lens. Under an economic growth scenario, the LAO estimates state revenues to grow from \$146 billion in 2019–20 to \$167 billion in 2023–24. Conversely, in a recession scenario, the LAO predicts that the state could lose roughly \$50 billion in revenue over the forecast period; due largely to declines in revenue generated by the personal income tax, which yields the lion's share of revenue from the state's "Big Three" taxes. Even in the face of significant revenue losses, the LAO estimates that reduced spending obligations in education and debt payments could save the state roughly \$27 billion. The state could manage the remaining budget deficit and weather a recession by tapping into what is expected to be a \$23 billion state reserve.

Noting that much of the risks to the state economy and budget are outside the control of state lawmakers, the LAO urges the Legislature to make judicious spending choices in the coming year. Though Analyst Gabriel Petek (Analyst) predicts that the state will enjoy a \$7 billion surplus going into fiscal year 2020–21, he cautions lawmakers against committing more than \$1 billion of the surplus to expanding programs or services and instead using it for one-time purposes.

Proposition 98: The Education Outlook

The LAO projects that the Proposition 98 minimum guarantee for 2020–21 will grow by \$3.4 billion (nearly \$2 billion from the General Fund and \$1.4 billion from local property taxes) for a total of \$84.3 billion. The Analyst also predicts that an additional \$206 million will be available due to the expiration of one-time funded activities. Moreover, the LAO's revised estimates for fiscal year 2018–19 and the current year show that the state's obligated spending levels are \$511 million below the minimum guarantee, requiring a Proposition 98 settle-up payment that can be used for one-time spending purposes. After accounting for ongoing obligations between the K–12 and community college systems, like the cost-of-living adjustment (COLA) discussed later and a \$350 million required deposit into the Proposition 98 rainy day fund, there will be approximately \$2.1 billion for lawmakers to spend.

Budget Year 2020–21

While this may seem plentiful, the LAO notes that its revised estimate for the statutory COLA of 1.79% for 2020–21 is relatively low compared to the growing cost pressures districts face. Just over five months ago, the statutory COLA for 2020–21 was predicted to be 3.00%. A 1.79% COLA would yield \$123 less on a per average daily attendance basis under the Local Control Funding Formula (LCFF) than a 3% COLA would have. This significant change in a key component of multi-year budgeting can have magnitudinous local impacts. Consequently, the LAO suggests that the Legislature may want to consider funding a higher COLA than is statutorily required, stating that a 0.5% increase to the COLA will cost the state \$300 million for the LCFF and \$38 million for community college apportionments. Other, more targeted investments that help districts defray costs to their general funds is another way to help districts manage their growing cost pressures such as paying down pension obligations that yield long-term returns or increasing special education funding for historically low-funded regions. Finally, the LAO advises the Legislature that investing in one-time activities provides latitude and helps to avoid future spending cuts in the event of an economic down turn.

Beyond the Budget Year

Like its broader report, the LAO forecasts Proposition 98 under a growth and recession scenario. As was alluded to previously, if the state were to fall into a recession, its education spending obligations would diminish significantly under Proposition 98. The LAO predicts that the minimum guarantee could fall by as much as \$20 billion over the forecast period. Chillingly, the LAO warns that "the state not only would be unable to provide the COLA in 2021–22 and 2022–23, it would need to reduce spending, assuming it

funds at the lower minimum guarantee.” Furthermore, the Analyst further suggests that the state could open its old recession toolbox and that the “Legislature could [reduce spending] by making reductions to ongoing programs, deferring school and college payments, or exploring possible fund swaps.”

For those of us who lived in the trenches of the Great Recession, terms like “deferrals” and program “reductions” are enough to have us running for the hills. Thus, we would hope that lawmakers would consider using other tools to mitigate the impacts of an economic downturn on our students, including using a portion of the state’s reserve to avoid such draconian reductions to education spending.

Governor Gavin Newsom will issue his 2020–21 proposed State Budget on or by January 10, 2020. We look forward to seeing all of you at our [Governor’s Budget Workshops!](#)

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VOLUME 39

NO. 24

FISCAL REPORT

PUBLICATION DATE: DECEMBER 6, 2019

Ask SSC . . . What's up with the Down COLA?

BY [MICHELLE MCKAY UNDERWOOD](#)

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posted November 26, 2019

Q. I noticed that the estimated cost-of-living adjustment (COLA) changed significantly in the Legislative Analyst's Office's (LAO's) Fiscal Outlook—from a healthy 3% to a mere 1.79%. What happened, and will low COLAs be with us for a while?

A. You are correct—while the cost of maintaining local school operations, on average, is more often close to 4% or more, the newly estimated COLA by the LAO is unfortunately below that threshold and just over half of what was expected as of the 2019–20 State Budget adoption.

The statutory COLA is based on a national price index that is intended to reflect the cost of goods and services purchased by state and local governments across the country. While not explained in the report, LAO analysts point to relatively low wage growth as a potential depressor of the COLA. As of the LAO's Fiscal Outlook (see "[Legislative Analyst Issues Positive But Cautious Look](#)" in the December 6, 2019, *Fiscal Report*), six of the eight data points needed to calculate the COLA are already available, meaning the COLA will likely not improve significantly between now and the final statutory COLA calculation in late April, just in time for the May Revision.

To add to the unfortunate news, the Newsom Administration's May projections had the statutory COLA around 3% annually for the next few years; however, the consensus forecast prepared by Moody's Analytics for the LAO has the COLA rate hovering around 1.2% after 2020–21.

On the upside, after providing this meager COLA, the LAO estimates that more than \$2 billion in new Proposition 98 spending will be available for 2020–21 and suggests that the Legislature consider using some of those resources to give local school agencies a larger COLA than statutorily required. This, of course, is up to State Budget negotiations, so our advice is to consider what your local budget and multiyear projections would look like if the 1.79% COLA is all that is received through the Local Control Funding Formula in 2020–21.

Once Governor Gavin Newsom releases his State Budget Proposal on January 10, 2020, we will be revising our SSC Financial Projection Dartboard for the estimated COLA in the current year and following years, as well as the many other factors that will change by that time. Stay tuned . . .