



CSMC

**Oakland School for the Arts
2019-20 Budget**



May 2019

State Budget Process Overview

Three step process

- Governor releases his initial state budget proposal in January
- Governor releases a revised proposal in May
 - Traditionally only makes minor changes to account for updated state revenue projections
- But the only step that actually matters is the state budget adoption by the legislature and governor, hopefully by June 15th

May Revise Overview



- State economy at historically good level
 - State unemployment at 4.3%, close to lowest on record
 - Economic expansion longest on record
- For the first time in over 10 years, K-12 funding is not a focus of the Governor's proposal. Governor is spending the 'extra' money from the economy on housing and health priorities.

May Revise Overview (2)



- General revenue COLA of 3.26%
- The same 3.26% COLA is applied to all major funding programs: Special Education, Child Nutrition, and Mandate Block Grant
- For the first time in many years, no proposed One-Time grant

STRS and PERS Proposal



- Both STRS and PERS have only about 66% of needed funds for current pension obligations
- \$3B STRS contribution would decrease next two years' rate by 1%, .5% after

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer Contribution Rate	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	16.7%	18.1%
Employee Contribution Rate (old members)*	8.00%	8.15%	9.2%	10.25%	10.25%	10.25%	10.25%	10.25%

Special Education



- Feds have goal to fund 40%, actually fund 10%
- Newsom proposes an increase of 21% to state special education funding for LEAs with both high special ed and unduplicated counts
 - Intended for both IEP and non-IEP expenses
 - Legislature is resisting

Rainy Day Funds



Two Rainy Day funds: one for the state overall, one for K-14 in particular

- State Rainy Day fund:
 - Governor proposes contributing an extra \$1.2B to it, bringing the fund to \$16.5B by the end of 2019-20 (close to the fund target of 10% of state general fund revenues)
- K-14 one is proposed to get its first contribution of \$389M

2019-20 Projections



- ❑ Overall Lower Revenues
- ❑ Overall Increased Expenses
- ❑ Essentially breakeven operations (less Fox rent) for 2019-20.

Revenues - Decreases



- ❑ No new one-time grants (state funding).
- ❑ Fundraised dollar projections are set at \$1,035,000 (\$150,000 less than current year projections).
- ❑ Show revenue projections of \$100,000, lower than last year.
- ❑ Decreased Local revenues of ~\$500k.
- ❑ Total revenues for 2019-20 are projected to be ~ \$200k lower than in the current year.

Teacher Salary Increase



- ❑ The proposed draft budget includes a proposed 4% raise and 2% step increase for teacher salaries. OSA would like to raise its salaries in order to help its staff afford the rising cost of living.
- ❑ This unfortunately puts a strain on the budget position for 2019-20 and beyond.
- ❑ However, it is a priority for this administration and board to raise teacher salaries.

Small Surplus



- ❑ OSA's annual operating expenses are beginning to rise above its annual revenues.
- ❑ However, as it stands now, the 2019-20 year draft budget has a small surplus of \$32k.
- ❑ Any operational surpluses are absorbed by the addition of/increases to Fox rent.

Additional Reductions



- ❑ In order to raise salaries without (much or any) deficit spending, OSA administration was forced to cut in Equipment & Technology costs.

2019-20 Budget Summary



SAC	Code Description	2019-20	2020-21	2021-22
Revenue				
	State	7,800,475	8,139,410	8,323,402
	Federal	128,791	134,541	136,416
	Local	2,247,790	2,254,832	2,254,757
	Total Revenue	\$ 10,177,056	\$ 10,528,783	\$ 10,714,575
Expenses				
1000	Certificated Salaries	3,656,307	3,729,433	3,804,021
2000	Classified Salaries	1,867,956	1,905,315	1,943,422
3000	Benefits	1,898,397	2,018,085	2,085,842
4000	Books and Supplies	260,264	264,946	265,596
5000	Services and Other Operating Expenses	2,202,844	2,354,727	2,695,318
6000	Capital Outlay	259,287	237,377	135,935
7000	Other Outgoing			
	Total Expenses	\$ 10,145,054	\$ 10,509,883	\$ 10,930,135
	Surplus / (Deficit)	\$ 32,002	\$ 18,900	\$ (215,560)