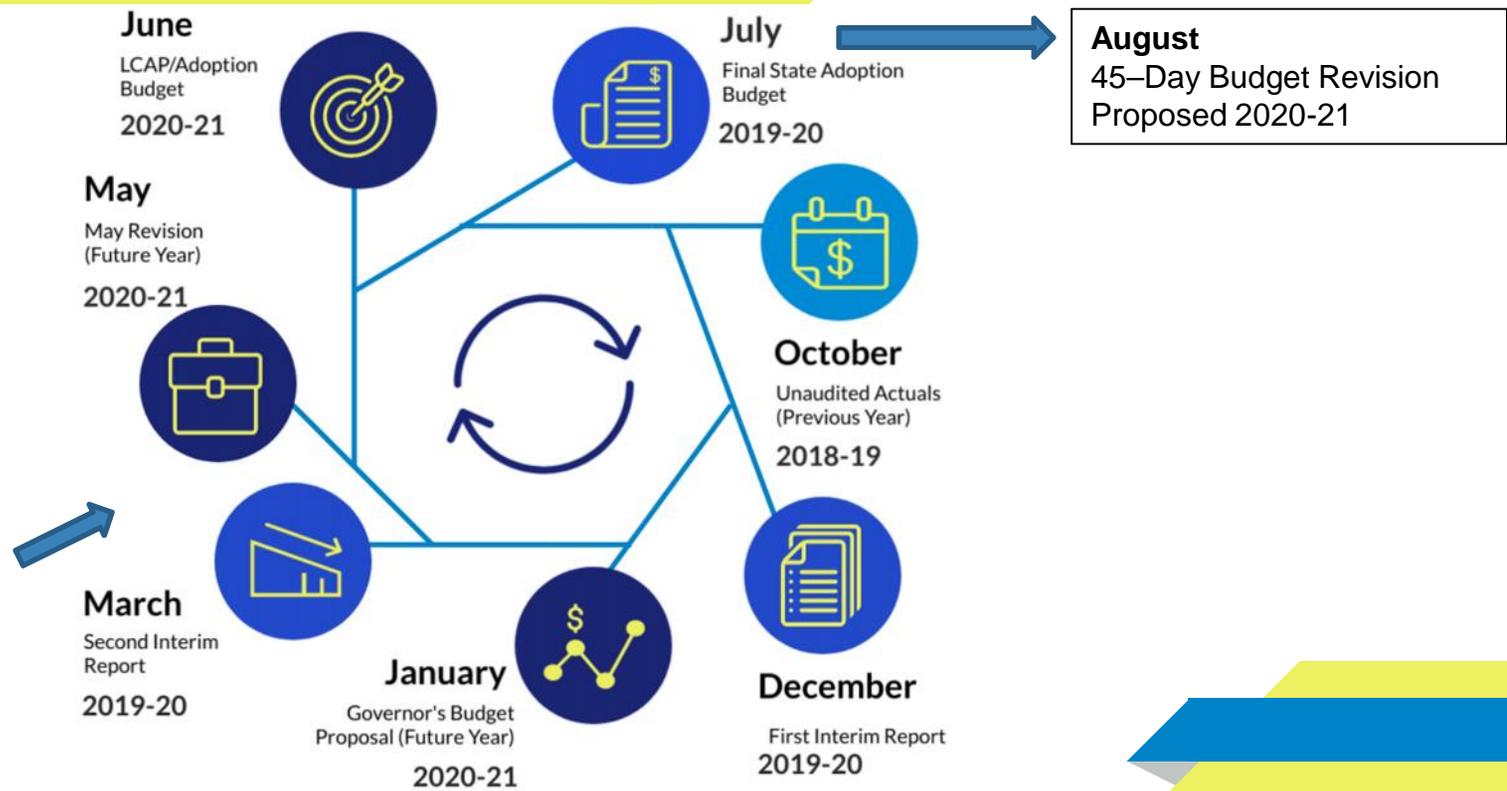


Budget Update

May 7, 2020



Budget Reporting Cycle



Budget Update – COVID-19 Impacts

Increased Costs (State and Local level)

Some one-time cost relief (State and Federal Funds)

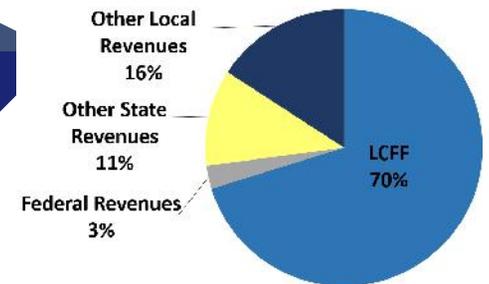
State tax revenue sources projected to be much lower in current and future years

The January budget proposed by the Governor is no longer operable due to the changes since January

Current school funding model under Proposition-98 is directly linked to increases or decreases in State revenues sources

School districts need to plan for zero funded COLA's

Projected LCFF Revenue Assumptions



Scenario Planning

LCFF Factors - COLA (Inflation)	2020-21	2021-22	2022-23
January Budget	2.29%	2.71%	2.82%
Worse Case - Zero Funded COLA's	0.00%	0.00%	1.00%
Best Case - Lower Funded COLA's	2.00%	2.00%	2.00%

Multi-Year Scenario – Worse Case

Ongoing budget reductions of \$5.6 million over the next three years to maintain fiscal solvency

ZERO FUNDED COLA	2019-20	2020-21	2021-22	2022-23
LCFF COLA	3.26%	0.00%	0.00%	1.00%
LCFF Revenue Growth	\$1,700,000	(\$700,000)	(\$800,000)	(\$200,000)
Budget Reductions to Maintain 3% Reserve		(\$2,040,000)	(\$2,570,000)	(\$980,000)
Operating Deficit/Surplus	(\$1,600,000)	(\$1,100,000)	\$0	\$0
Reserve %	4.1%	3.1%	3.1%	3.1%
Available Reserve Dollar Value above 3%	\$1,000,000	\$0	\$0	\$0

Multi-Year Scenario – Best Case

Ongoing budget reductions of \$2.2 million over the next three years to maintain fiscal solvency

2% FUNDED COLA	2019-20	2020-21	2021-22	2022-23
LCFF COLA	3.26%	2.00%	2.00%	2.00%
LCFF Revenue Growth	\$1,700,000	\$700,000	\$500,000	\$500,000
Budget Reductions to Maintain 3% Reserve		(\$680,000)	(\$1,270,000)	(\$260,000)
Operating Deficit/Surplus	(\$1,600,000)	(\$1,100,000)	\$0	\$0
Reserve %	4.1%	3.1%	3.1%	3.1%
Available Reserve Dollar Value above 3%	\$1,000,000	\$0	\$0	\$0

Budget Update Summary

The State economy will decline and tax receipts are going to be much lower, causing a budget shortfall
School districts need to plan for lower funding than previously projected in January by the Governor
DJUSD will need to reduce the ongoing budget \$2 million to \$6 million over the next three years with reductions in State funding.

Questions and Board Discussion