2017-18 GOVERNOR’S BUDGET PROPOSAL
FEBRUARY 15, 2017

Tina Douglas
Assistant Superintendent, Business Services
AGENDA

- Governor’s 2017-18 January Budget Proposal
  - LCFF Funding
  - Other Programs
- Ongoing Expenditure Pressures
- Budget Development and Next Steps
“This year’s budget will be the most difficult that we have faced since 2012. The surging tide of revenues that we enjoyed the past few years appears to have turned.”

- Governor Edmund G. Brown, Jr., January 10, 2017
GOVERNOR’S JANUARY BUDGET PROPOSAL

- LCFF Funding
  - COLA 1.48%
  - GAP Funding equates to a decrease of $8M
- Apportionment Deferrals
- One-Time Discretionary Funds $48/ADA
- Major Unknowns for Federal Programs
WHAT’S NOT IN THE BUDGET

- No new funding to address increased costs for PERS/STRS
- No funding to close the LCFF gap
- No new funding for transportation
- No cost-of-living adjustment (COLA) for Child Care or State Preschool Programs
LCFF Implementation Progress

Average Per-Pupil Amount

Fiscal Year

Target
Transition
No Change in Percent Funded

$387/ADA
$2.3 Billion

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Proposition 55

- Passage of Proposition 55 maintains, but does not increase, education funding above the Proposition 30 level
- Proposition 55 is a replacement for Proposition 30, not an addition to it
ENROLLMENT DECLINES

SAUSD Historical & Projected Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>54,637</td>
</tr>
<tr>
<td>2009-10</td>
<td>54,014</td>
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<tr>
<td>2010-11</td>
<td>53,975</td>
</tr>
<tr>
<td>2011-12</td>
<td>53,499</td>
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<tr>
<td>2012-13</td>
<td>53,493</td>
</tr>
<tr>
<td>2013-14</td>
<td>53,410</td>
</tr>
<tr>
<td>2014-15</td>
<td>52,638</td>
</tr>
<tr>
<td>2015-16</td>
<td>51,526</td>
</tr>
<tr>
<td>2016-17</td>
<td>49,946</td>
</tr>
<tr>
<td>Proj, 2017-18</td>
<td>48,952</td>
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</tbody>
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CalSTRS and CalPERS Contribution Rates

CalSTRS (Current Assumptions)
CalSTRS (Expected Assumptions)
CalPERS (Prior Assumptions)
CalPERS (New Assumptions)

Scores:
- CalSTRS: 8.25% to 19.10%
- CalPERS: 11.44% to 28.20%

Years:
- 2013-14 to 2023-24

Legend:
- Blue line: CalSTRS (Current Assumptions)
- Green line: CalSTRS (Expected Assumptions)
- Yellow line: CalPERS (Prior Assumptions)
- Red line: CalPERS (New Assumptions)
Costs continue to rise
Declining enrollment also results in revenue losses
Ongoing costs for most districts are likely to exceed 4%
New revenues will not cover new costs
And it gets worse in the out years
There is no new “targeted money” for gap closure in 2017-18
Bottom line, most districts will have difficulty sustaining commitments made in prior years in the face of lower state revenue projections
CalSTRS and CalPERS employer contributions are still increasing

Health and welfare contributions are increasing

Contributions to restricted programs continue to increase

Declining enrollment will continue to make it difficult to balance the budget without cuts

Expectations are for COLA-only years after the LCFF target is reached
## NEXT STEPS – LCAP AND BUDGET

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>February 15, 2017 (Tonight)</td>
<td>• Governor’s January Budget Proposal</td>
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<tr>
<td>March 2017</td>
<td>• LCAP Update to the Board and Second Interim Report</td>
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<tr>
<td>April 2017</td>
<td>• Board Budget Study Session</td>
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<tr>
<td>May 2017</td>
<td>• LCAP Update to the Board</td>
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<td>June 2017</td>
<td>• LCAP and Budget Adoption</td>
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QUESTIONS?