



# **2017-18 GOVERNOR'S BUDGET PROPOSAL**

## **FEBRUARY 15, 2017**

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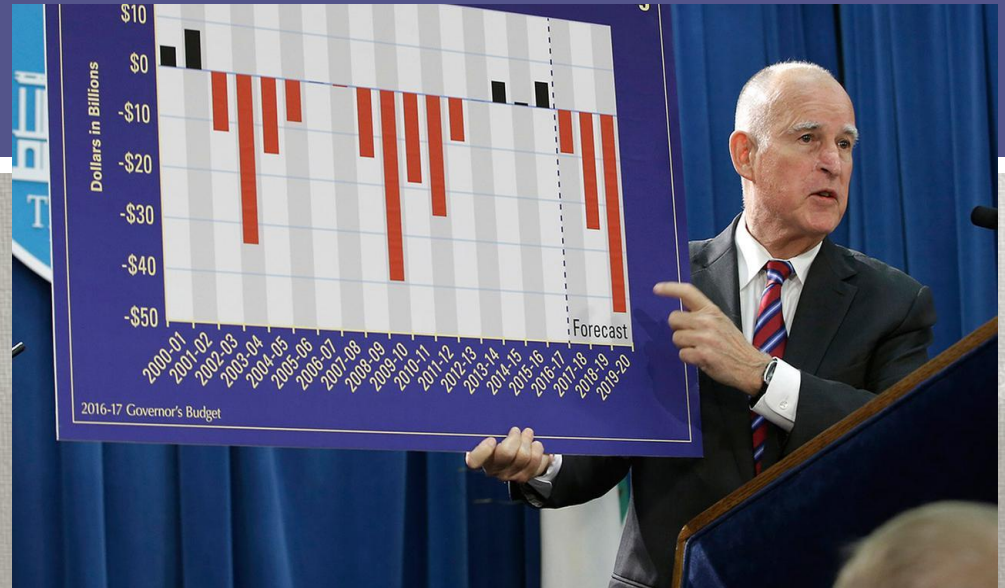
# AGENDA

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- **Governor's 2017-18 January Budget Proposal**
  - **LCFF Funding**
  - **Other Programs**
- **Ongoing Expenditure Pressures**
- **Budget Development and Next Steps**



For Sutter Brown  
*"Save some biscuits for a rainy day."*



"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

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- **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**

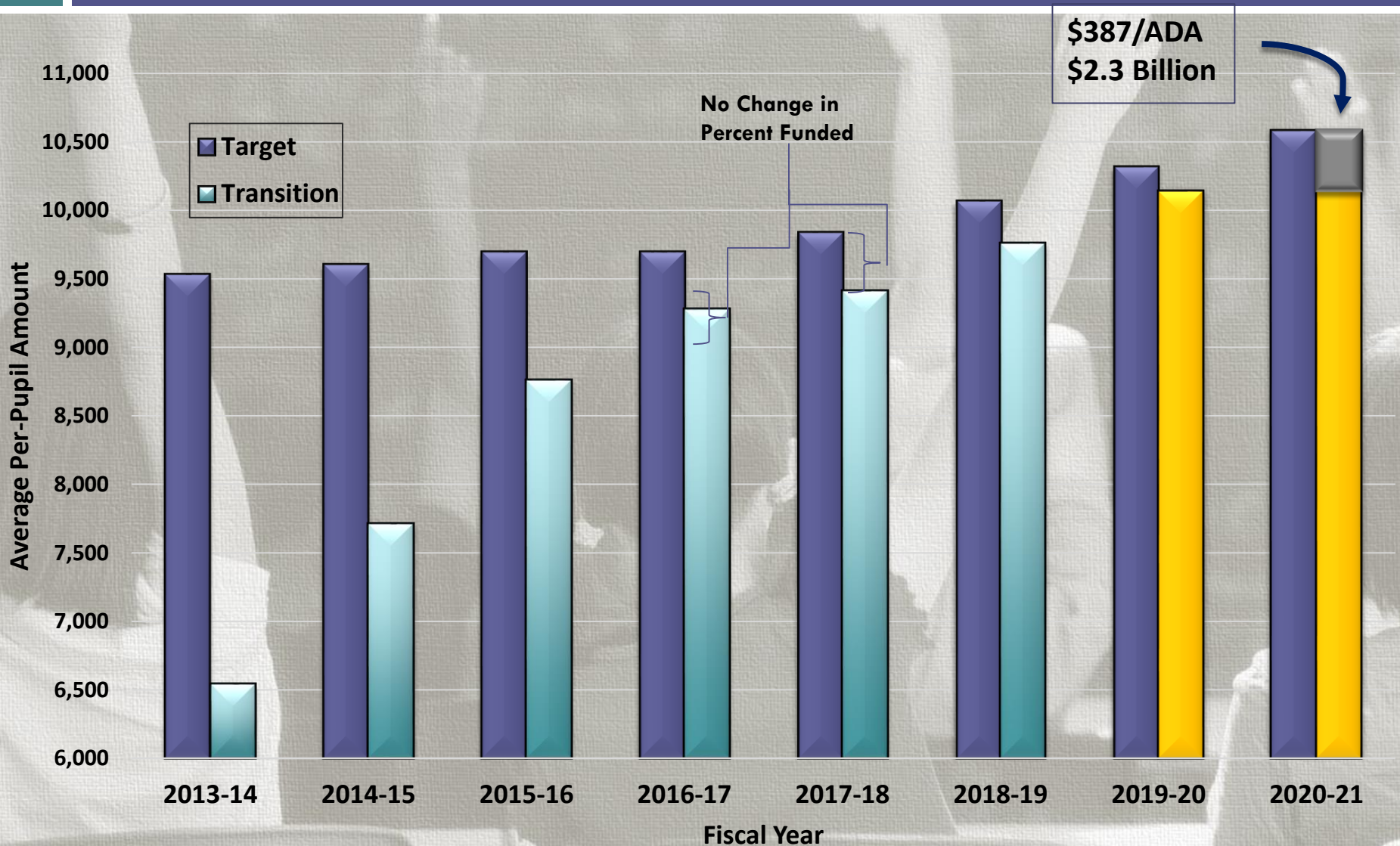


# WHAT'S NOT IN THE BUDGET

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- **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





# Proposition 55

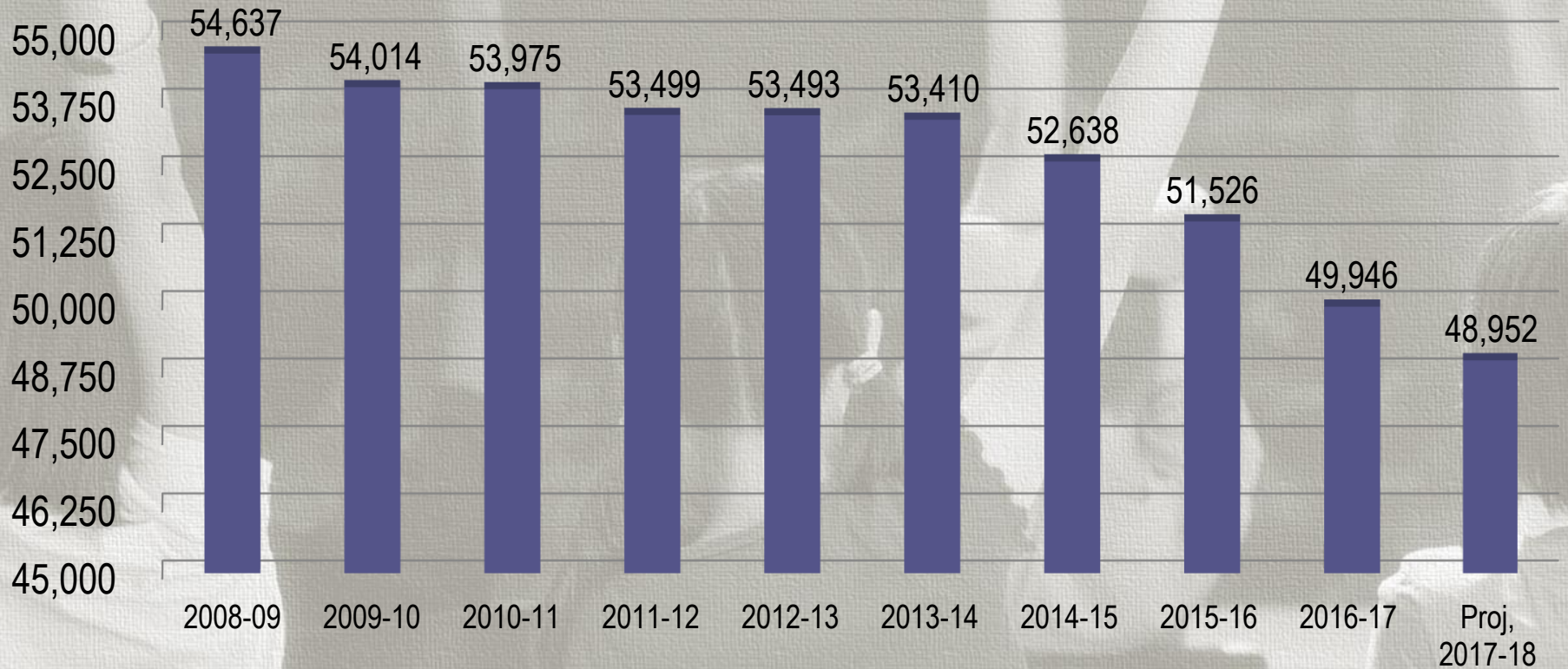
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- Passage of Proposition 55 maintains, but does not increase, education funding above the Proposition 30 level
- Proposition 55 is a replacement for Proposition 30, not an addition to it



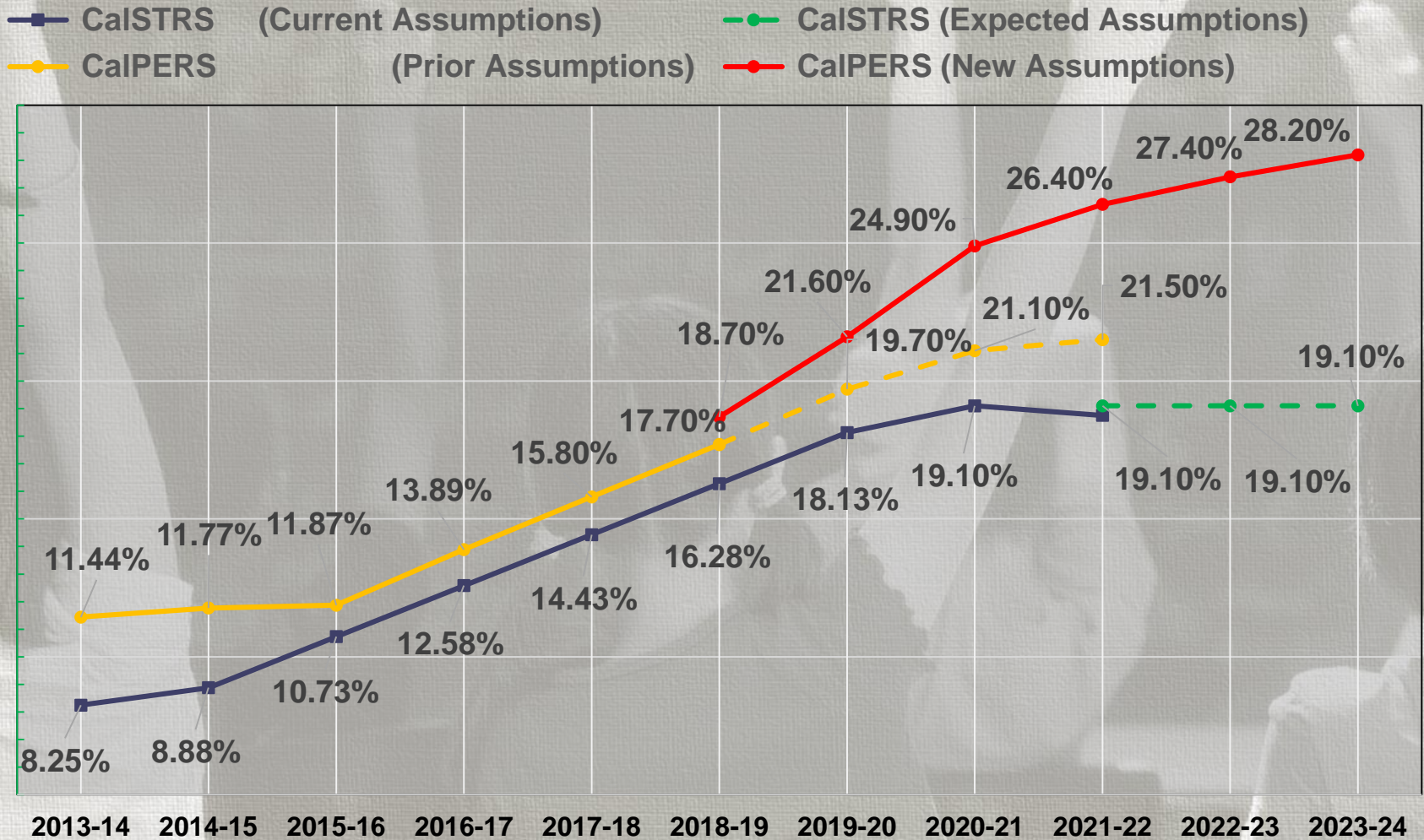
# ENROLLMENT DECLINES

## SAUSD Historical & Projected Student Enrollment





# CalSTRS and CalPERS Contribution Rates





# Revenue vs. Cost

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- 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



# Multiyear Projections

## Final Considerations

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- 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

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## February 15, 2017 (Tonight)

- Governor's January Budget Proposal

## March 2017

- LCAP Update to the Board and Second Interim Report

## April 2017

- Board Budget Study Session

## May 2017

- LCAP Update to the Board

## June 2017

- LCAP and Budget Adoption





**QUESTIONS?**