

MAY REVISE & BUDGET DEVELOPMENT UPDATE

May 24, 2016

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State Budget Forecast

- **LCFF Funding**
 - COLA 0% - Down from 0.47%
 - Increased from 51.97% to 54.84%
- **One-Time Discretionary Funding**
 - Possibility of \$1.4B to the State Budget (not budgeted)

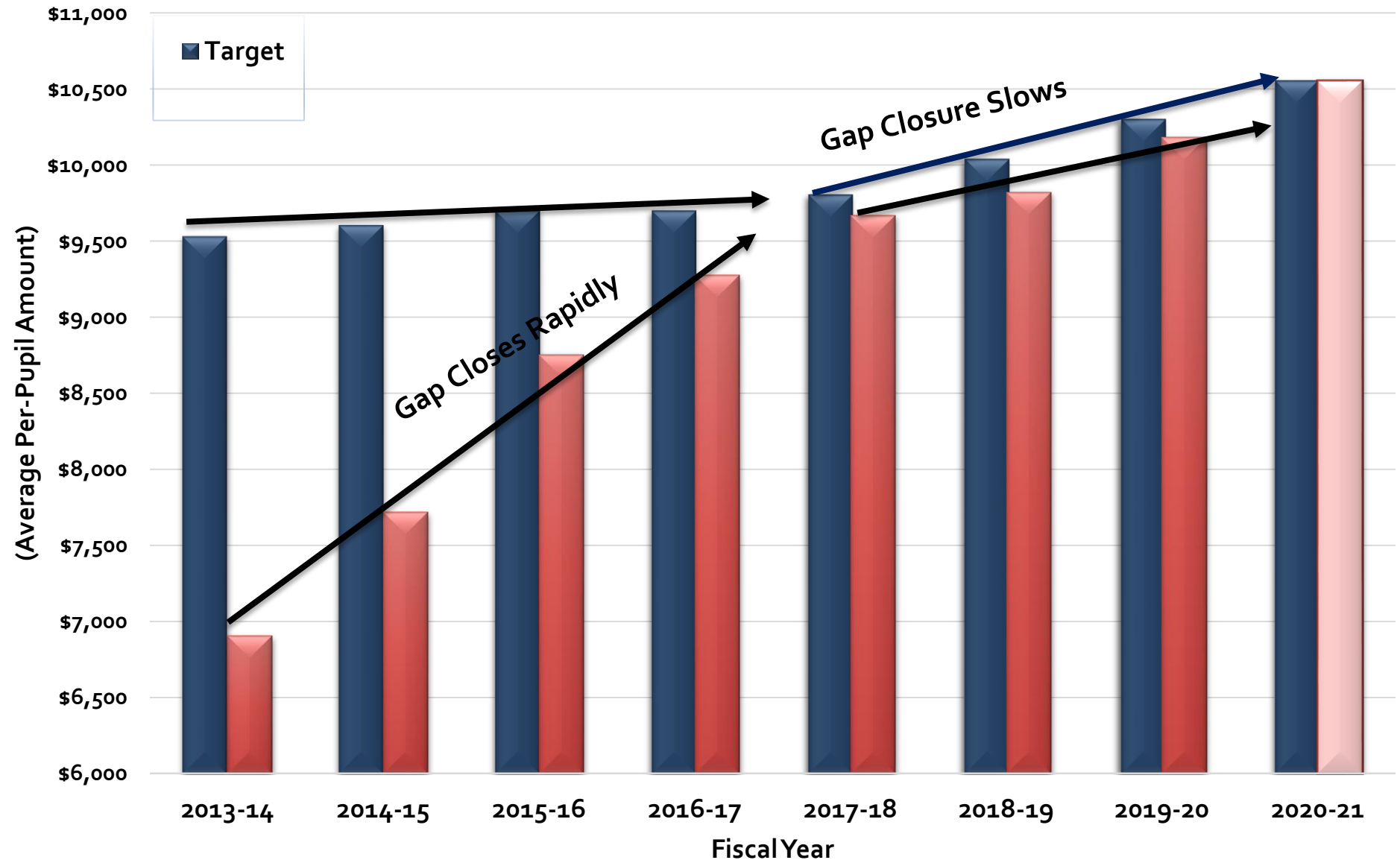
RECESSION LOOMING

- The May Revision projects that the LCFF will be 95.7% implemented in 2016-17
 - At full implementation the supercharged increases are over, all local educational agencies (LEAs) just get a cost-of-living adjustment (COLA)
- Prop 30 revenues will expire
 - \$0.25 sales tax at end of 2016
 - Personal income tax expires end of 2018

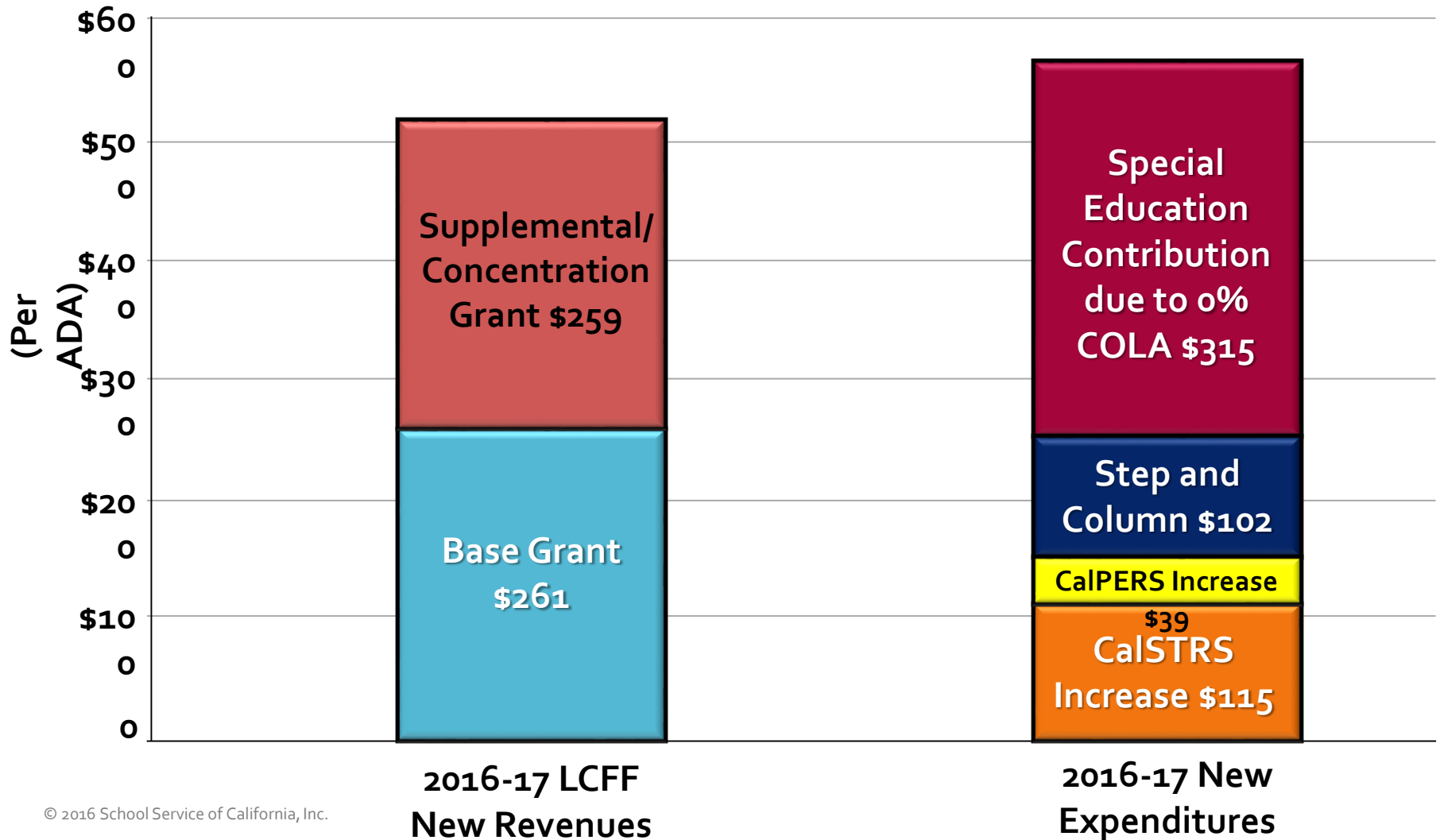
3 Year Outlook

- The Department of Finance (DOF) projections assume:
 - Proposition 30 is allowed to expire
 - Very low COLAs for the next few years (in the range of 1% to 3%)
- Now is the time to start preparing for the slower growth.
- If a recession occurs and Proposition 30 is not extended, state revenues could drop below prior-year levels, and cuts to education could be on the table again.

LCFF Implementation Progress



Increased Revenues /Increased Expenses (Average LEA)



What's New

- LIFI Expansion
- Elementary Music
- K-8 Counseling
- Mental Health Services
- STRS/PERS
- SAEA Tentative Agreement
- NAC
- Technology Coaches
- Restorative Justice Expansion

May

2016

Tonight

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
22	23	24	25	26	27	28
29	30	31	1	2	3	4
5	6	7		9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Public Hearing



Final Approval

June

2016

THANK YOU

