

# Governor's Proposals for the 2018-19 State Budget and K-12 Education

Western Placer Unified School District  
Board of Trustees - February 6, 2018

# Initial Thoughts

- Despite revenue volatility and fiscal concerns in 2017-18, economic forecast for continued strong revenue growth in 2018-19 and out-years
- Solid Proposition 98 growth allows full implementation of LCFF, but concerns remain regarding sufficiency of school funding
- Jerry Brown's historic tenure as Governor, 16<sup>th</sup> and final budget
  - Remarkably conservative fiscal achievements despite Democrat control
  - LCFF school funding reform
  - Key infrastructure initiatives – if ever completed
- Governor exits with surplus and healthy reserves

# General Fund Spending and Reserves

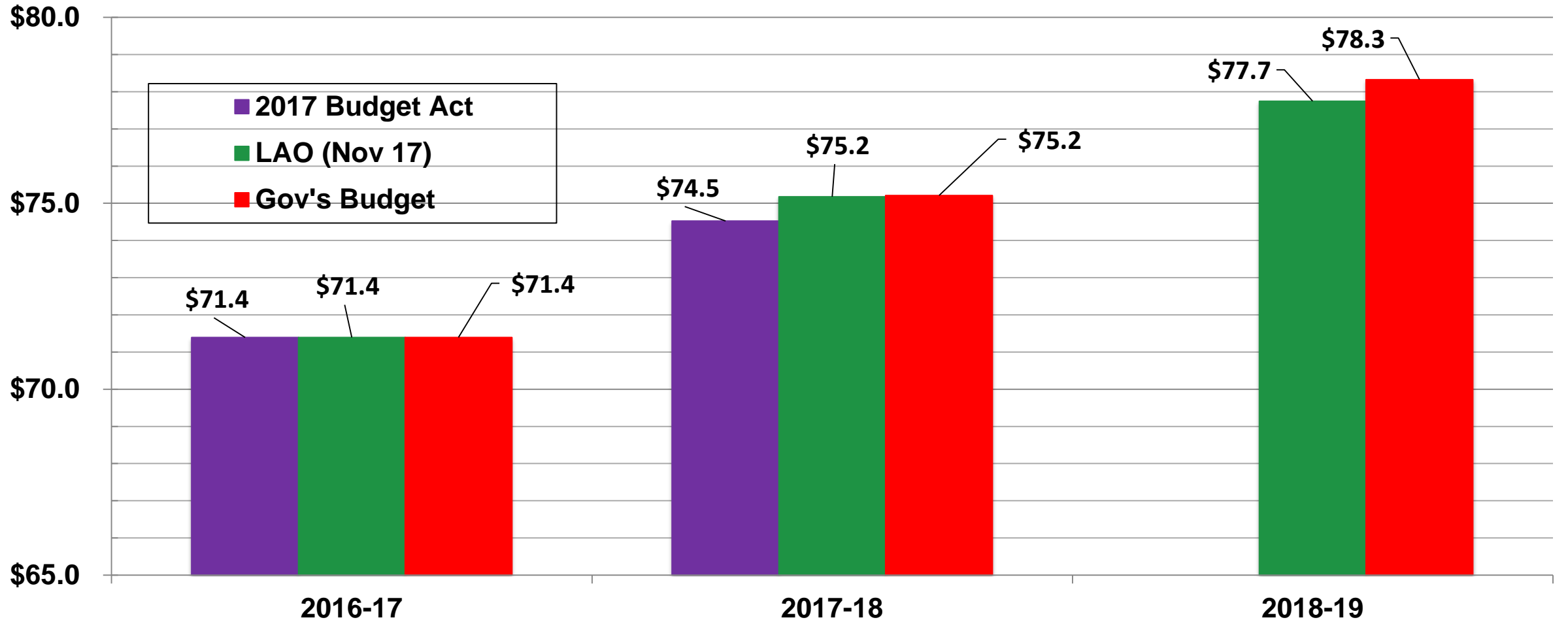
- \$131.7 billion GF expenditures (including transfers)
- \$3.1 billion Prop 2 “Rainy Day” mandatory transfer, half to Budget Stabilization Account (BSA) and half to pay down state debts and liabilities
- \$3.5 billion “supplemental deposit” to fully fund BSA at total of \$13.5 billion (10% of GF revenue)
- \$2.3 billion added to discretionary GF reserve, bringing total GF reserve to nearly \$16 billion

# K-12 Proposal – Overview

- **\$78.3 billion for Prop 98 (\$69 billion for K-12, not including K-14 adult education or K-12 Strong Workforce)**
- **\$3 billion for LCFF (funding 100% of remaining implementation gap)**
- **\$1.8 billion one-time discretionary funding, approx. \$295 per ADA (mandate claims offset)**
- \$526 million for K-14 Adult Education
- \$212 million to expand the Strong Workforce Program (administered through CCC) for K-12
- **\$133.5 million to provide 2.51% COLA to some categorical programs outside of the LCFF**
- \$125 million (Prop 98) and \$42.2 TANF (all one-time) for Inclusive Early Education Expansion Program
- \$55.2 million for county offices to assist with LCFF/LCAP system
- \$4 million for eight county offices to serve as resource and training centers for other counties
- \$50 million (one-time) for Teacher Residency Grant Program for Special Education teachers
- \$50 million (one-time) for Local Solutions Grant Program for Special Education teachers
- \$10 million for SELPAs to work with COEs to provide technical assistance to LEAs
- \$6.5 million funding for CCEE to provide technical assistance to districts

# Proposition 98 Guarantee

(billions of dollars)



# 2018-19 Local Control Funding Formula

- The Budget proposes nearly \$3 billion for full implementation of the LCFF
  - Two years ahead of the intended 2020-2021 implementation date
  - New funding is estimated to completely close the gap between 2017-18 funding levels and LCFF full implementation
- The LCFF base grant targets are adjusted for an estimated 2.51% COLA in 2018-19
- 2018-19 LCFF growth provides an average increase in per-pupil funding of an estimated \$550 per ADA, or 5.8%
  - **WPUSD - Approximately \$1M in Additional LCFF Base Funding**

# LCFF Entitlement Target

- Entitlement Target = Base Grant + GSAs + Supplemental Grant + Concentration Grant + Add-ons
- Base Grant per ADA (with 2.51% COLA)
  - K-3 = \$7,368 (**up \$180**)    7-8 = \$7,702 (**up \$189**)
  - 4-6 = \$7,478 (**up \$183**)    9-12 = \$8,924 (**up \$219**)
- Grade Span Adjustment (GSA) – 10.4% (\$766; **up \$18**) per K-3 ADA; 2.6% (\$232; **up \$6**) per 9-12 ADA
- TIIG and Home-to-School Transportation Add-ons remain constant

# What's Next for LCFF?

- Total funding in LCFF at the end of 2018-19: \$60.3 billion
- LCFF full implementation means we end the transitional funding system that bridged Revenue Limits and LCFF
  - Base Grants get COLA; Supplemental/Concentration Grants and GSAs change accordingly
  - No more “Gap” funding – generally funded at Target
  - Potential for deficitting (new gap) in a downturn
- 24-1 class size in K-3 enforced, unless exempted
- COLAs projected from 2.41% to 3.17% through 2022-23



# Stand-Alone Categorical Programs

Proposed for On-going Funding 2.51% COLA

- Child Nutrition
- Special Education

# One-Time Discretionary Funding

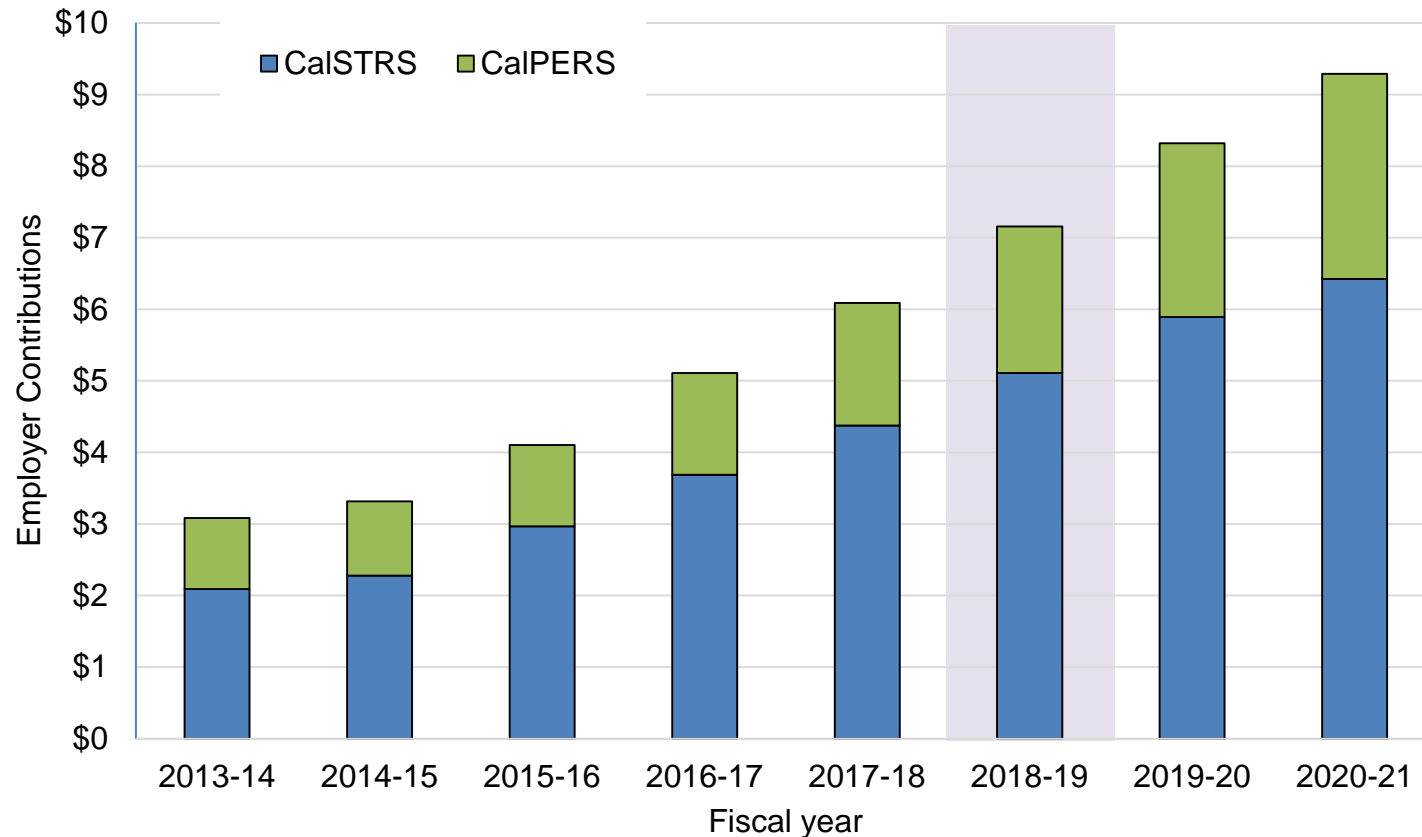
- \$1.76 billion fully discretionary one-time funding to school districts, county offices, and charter schools
- Roughly \$295 per ADA
  - **WPUSD - Approximately \$1.9M One-Time Funds**
- Could change by final budget act based on negotiations and revised revenue estimates
- Funds received will directly offset any unreimbursed state mandate claims

Governor's Budget 2018-19

# **OTHER KEY BUDGET ISSUES AND PROGRAMS**

# CalSTRS & CalPERS: Employer Contribution Rates

Projected Annual K-12 Employer Contributions  
in billions



Projected K-12 Employer Contributions  
as a percentage of payroll

Fiscal Year	CalSTRS	CalPERS
Current Year	14.43	15.531
2018-19	16.28	17.7*
2019-20	18.13	20.0*
2020-21	19.10	22.7*
2021-22	18.10*	23.7*
2022-23	18.10*	24.3*
2023-24	18.10*	24.8*
2024-25	18.10*	25.1*

\* Projected

# Special Education

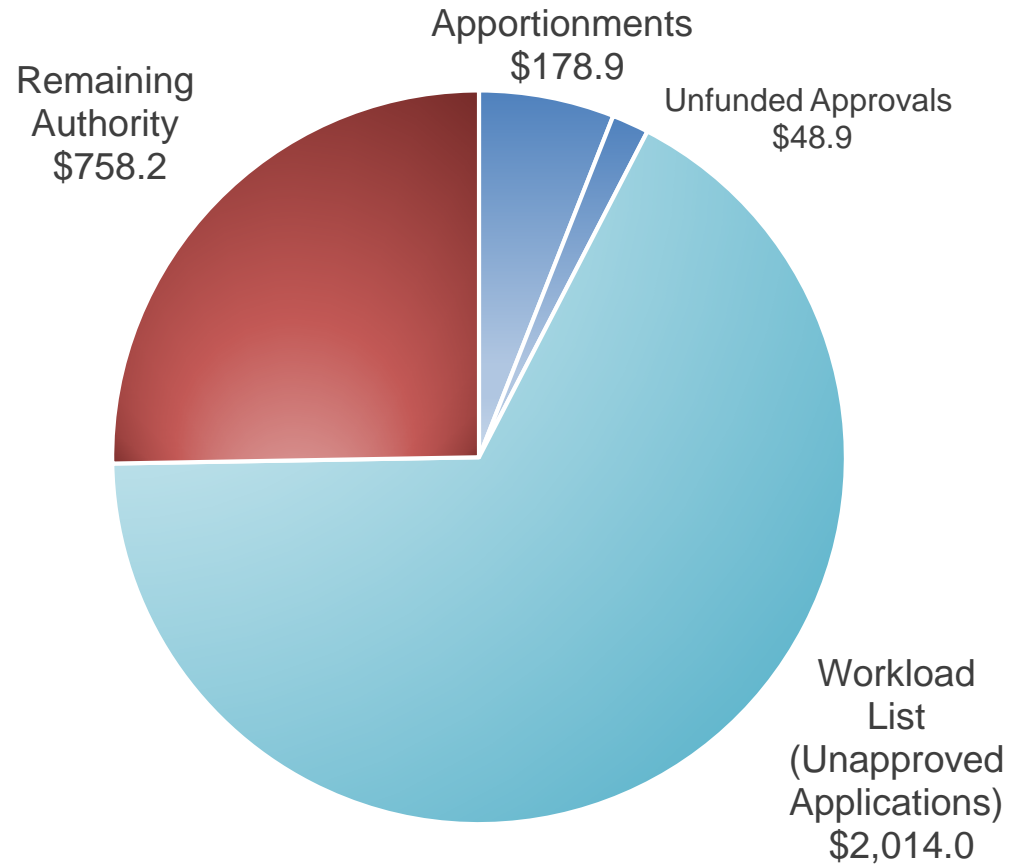
- \$100 million one-time Prop 98 GF to increase and retain special ed teachers
- **\$95 million for 2.51% COLA**
- Decrease of \$10.2 million for ADA adjustment
- \$10 million on-going for SELPAs to work with COEs to provide technical assistance to LEAs to improve student outcomes
- **New requirements on SELPAs to strengthen relationship between special education and general education**
  - Require **SELPAs** complete local plan template aligning services and resources with goals in member districts' LCAPs
  - Require **SELPAs** to summarize how planned expenditures and services align with improved student outcome strategies

# Remaining Proposition 51 Bond Authority

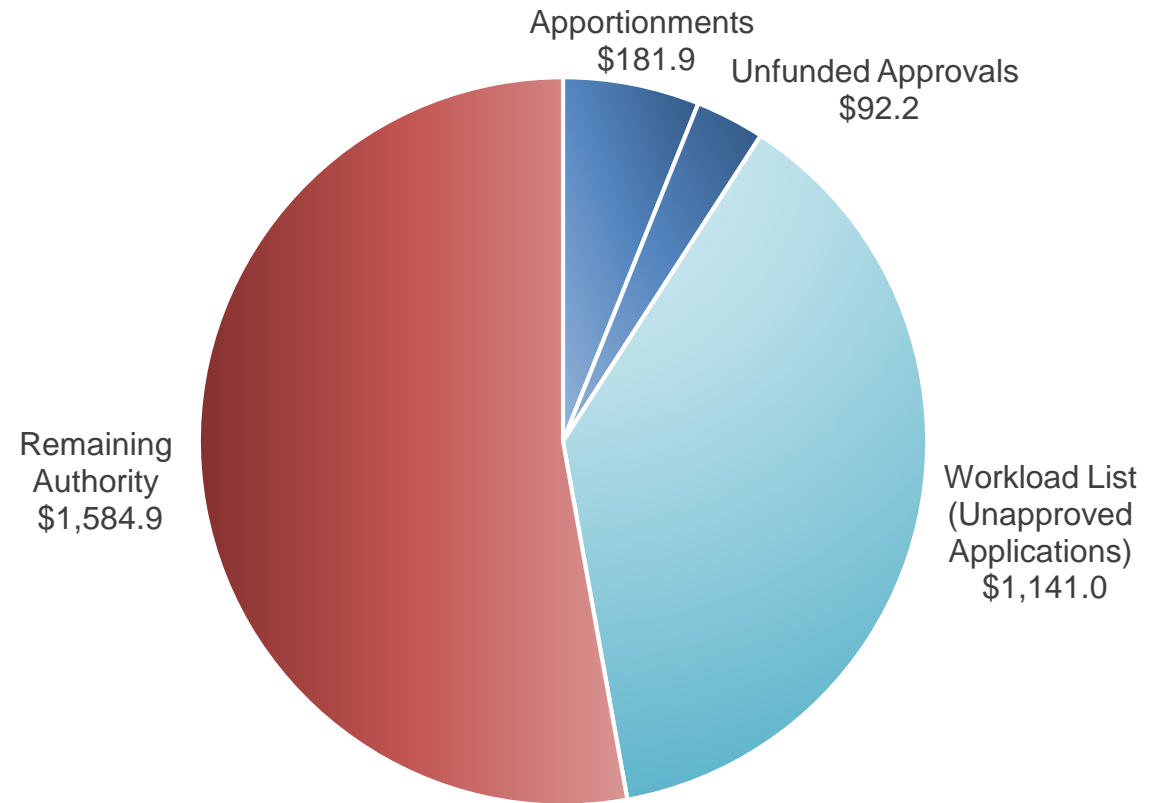
As of December 6, 2017 (in millions)

Governor proposes to sell less than 10% of Prop 51 funds in 2018-19 (\$640 M)

## New Construction



## Modernization



# What's Next

- State Level
  - January through May:
    - Budget subcommittees review
    - LAO issues detailed review of Governor's plan – expect support for spending restraint and slightly higher revenue forecast
  - May Revision
  - On-time budget by June 15th
- District level
  - Second Interim Report – March 15<sup>th</sup>
  - District Attendance Reporting (P-2) – April 2018
  - 2017-18 Actual P-2 ADA may drive change in 2018-19 Projected ADA
  - 2018-19 Budget Adoption – June 15<sup>th</sup>