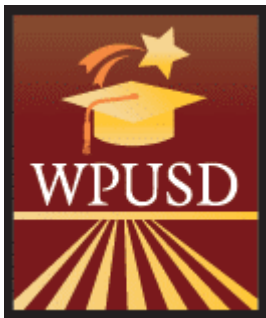




# GOVERNOR'S PROPOSALS FOR THE 2017-18 STATE BUDGET AND K-12 EDUCATION



Western Placer Unified School District  
Board of Trustees - January 17, 2017



# Proposition 98 and the Major K-12 Proposals

- The Governor's Budget proposal includes:
  - \$744 million for LCFF gap closure
  - \$422.9 million for the K-12 portion of Proposition 39 (2012) – Clean Energy Jobs Act
  - \$287 million for discretionary one-time uses
  - \$200 million for the Career Technical Education Incentive Grant (CTEIG) Program
  - \$93 million to support projected charter school ADA growth
  - \$58.1 million for categorical programs' cost-of-living adjustment ([COLA] – 1.48%)
  - \$8.5 million for the Mandate Block Grant (MBG) to reflect the addition of the Training for School Employee Mandated Reporters program
  - \$2.4 million for county offices of education (COEs) to support COLA and ADA changes



## Transition from Proposition 30 to Proposition 55

- Proposition 55 extends the temporary personal income tax increase first enacted by Proposition 30
- While the higher tax rates for high-income earners will be extended for an additional 12 years (through 2030), the sales tax increase expired at the end of 2016
  - However, the Department of Finance (DOF) forecast of General Fund revenues for the 2016-17 Budget Act assumed expiration of both taxes
  - The passage of Proposition 55, therefore, has resulted in higher projected state revenues commencing in 2018-19
    - Any revenue boost will be realized in the second half of the year, with the full effects experienced in 2019-20



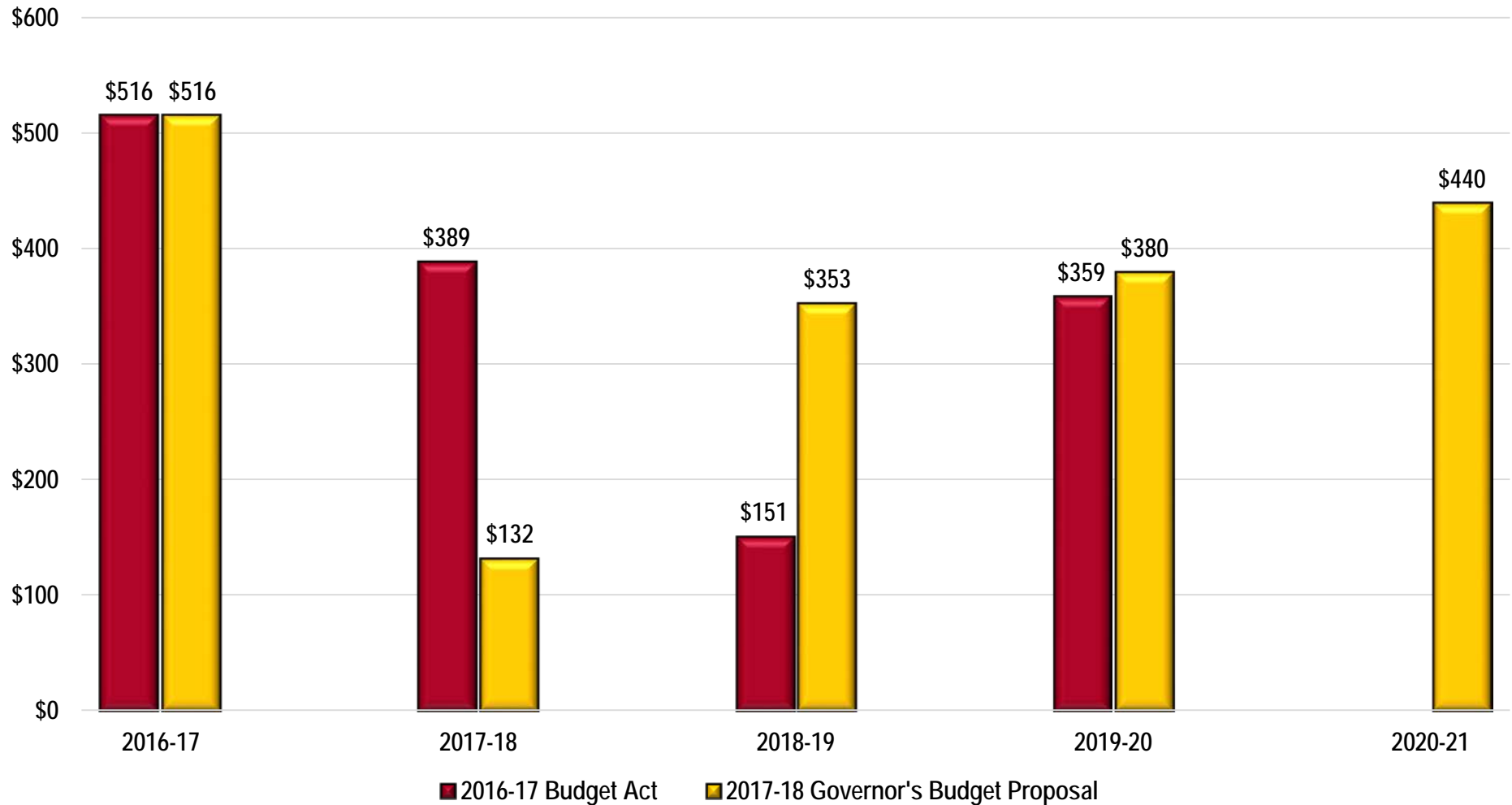
## 2017-18 Local Control Funding Formula

- The Budget proposes \$744 million for continued implementation of the LCFF
- New funding is estimated to close the gap between 2016-17 funding levels and LCFF full implementation targets by 23.67%
- 96% of the gap closed in the first five years, but...
  - No change from 2016-17
  - New LCFF allocation only sufficient to pay cost of the COLA increase to the grade span per-ADA rates
- The LCFF base grant targets are adjusted for an estimated 1.48% COLA in 2017-18
- 2017-18 LCFF growth provides an average increase in per-pupil funding of \$132 per ADA
  - Individual results will vary



# Department of Finance Forecasts

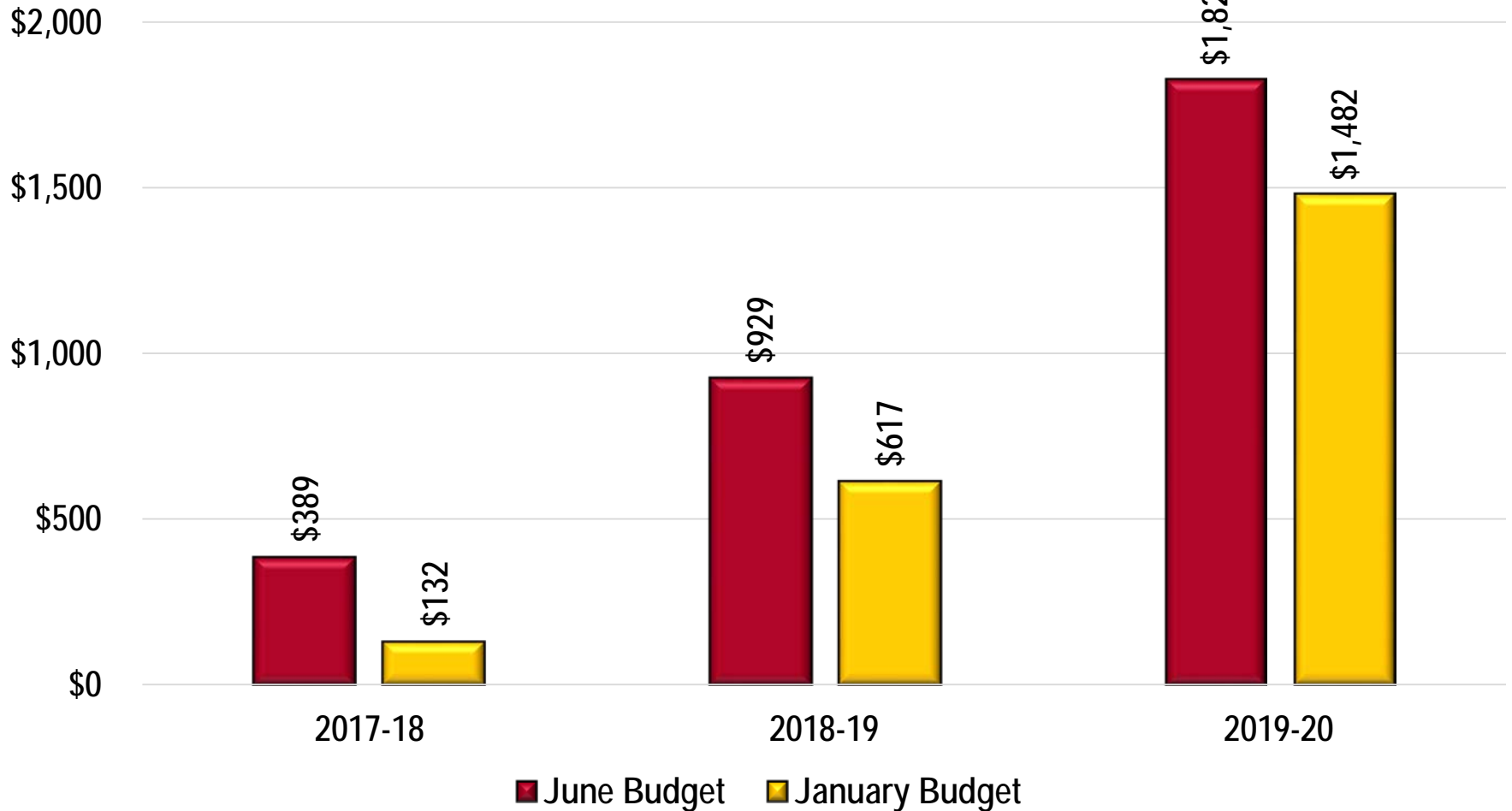
## Average Gap Closure Funding Per Pupil





# Examples of Changes in MYPs

Cumulative New Dollars Per ADA  
(Average District)





## Multiyear Projections – Final Considerations

- 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
- Education will be receiving 40% vs. 90% of new state revenue once the Maintenance Factor is paid off
- Expectations are for COLA-only years after the LCFF target is reached
- The reserve cap, if implemented, demands a balanced budget



## Revenues Now Flatten Out

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- State revenues, and Proposition 98 revenues, are now forecast to flatten out
  - Districts that budgeted for the DOF estimated increases forecast earlier may now come up way short
  - Even with the addition of the Proposition 55 taxes in the out years, education funding is now projected to be below earlier forecasts
  - Erosion in the state's revenue forecasts consume all of the gains from Proposition 55
- Collective bargaining settlements that left the district with a "positive" certification at First Interim may come up short at the Second Interim





## Next Steps

- State level
  - Budget committee hearings
  - Next update – May Revision
- District level
  - Second Interim Report - March 2017
  - District Attendance Reporting (P-2) – April 2017
    - 2016-17 Actual P-2 ADA may drive change in 2017-18 Projected Funded ADA
  - Governor’s May Revision – May 2017