

# **Governor's Budget**

## **2014-2015**

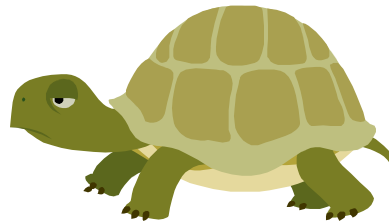
**28 January 2014**

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**Business Services**

# US and California Economy

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- US economy continues “to show positive growth...but below normal growth rates.”
- Unemployment declining (8.7% in California)
- Personal income is forecast to grow
- Housing markets are heating up along the coastal areas, with inland/central valley areas growing more slowly
- The State budget surplus is because of past budget reductions, economic growth and the temporary taxes



## Proposition 98 Funding and Prop 30 (EPA)

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- K-14: \$61.6b, up from \$55.3 2013-2014 budget
- Additional one-time adjustments
  - 2012-2013 - \$1.8b
  - 2013-2014 - \$1.3b
- Department of Finance (DOF) projects revenues of \$7b in Prop 30 temporary taxes



## The Highlights...

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- 2014-2015: **AVERAGE** 10.9% increase; approx. \$751 per ADA (**individual LEA's will vary**)
- \$4.5b to fund LCFF, with est. GAP funding at 28%
- COLA – 0.86% towards programs outside of LCFF funding (\$33.3m)
- Projected growth in charter school ADA - \$74.3m
- Deferrals payment (\$5.5b)

# Outside Drivers with Potential Impact on the Final Budget

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- Reserve levels
- Outside demand on surplus
  - Other groups/programs with requests to fund programs reduced during recession
- STRS/PERS
- Prop 98 Maintenance Factor
- Rainy Day Fund
- Affordable Care Act (ACA)



# Multi-Year Projection (MYP)

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- Conservative revenue estimates
- Higher reserves
  - 2011-2012 State Average for Unified: 15.44%
- From School Services of California
  - Net Percent Change in State Funding –
    - 2013-2014: 4.93%
    - 2014-2015: 10.9%
    - 2015-2016: 2.14%
    - 2016-2017: 2.27%



## Multi-Year Projection (MYP) (continued)

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- Prop 30 (EPA) Funding 2015-2016 last full year
- Measure A Parcel Tax final year is 2017-2018
- First step of a marathon....initial proposal looks favorable to education, but very early in the process



## Next Steps

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- LCFF Calculator update and impact on AUSD
- 2<sup>nd</sup> Interim Report – March 11
- LCAP progress and impact on budgetary needs to address “targeted community”
- Governor’s May Revised Budget released mid May
- Final 2014-2015 AUSD Budget adoption June 10





# Questions/Comments/Queries

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