



# **Governor's May Revised Proposed Budget 2014-2015 and Impact**

## **Board Meeting**

Dr. Robert Clark  
Chief Business Officer

27 May 2014

# Themes for May Revision

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- Funded LCFF program - \$4.5b
- Rainy Day fund - \$1.6b
- CalSTRS and CalPERS liability payments
- Prop 30 Funds
- Be conservative!



## **Local Control Funding Formula**

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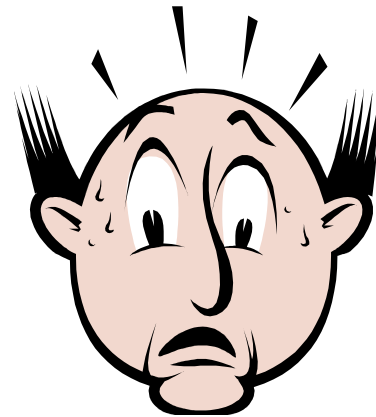
- 2014-2015 estimated average of 10.7%, or \$737 per ADA with individual LEA's varying
  - AUSD approximately 8%, or \$541 per ADA increase
- COLA – 0.85% on base grants and categoricals outside of LCFF
- Deferrals paid off - \$5.5b

# CalSTRS and CalPERS Additional Expenses

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CalPERS was expected and planned, but CalSTRS implementation effective July 1, 2014 was not.

Combined, the two additional expenses are dramatic and will only continue to escalate.



# CalSTRS

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- CalSTRS liability –\$70-\$80billion
- Governor’s May Revise includes payments shared by State, Employees and Employers
- Impact on AUSD



# CalSTRS (continued)

			Pre- PEPRA	Post- PEPRA	
	<u>Year</u>	<u>State</u>	<u>Employee</u>		<u>Employer</u>
Current	2013-2014	3.041%	8.0%	8.0%	8.25%
Proposed	2014-2015	3.45%	8.15%	8.08%	9.5%
	2015-2016	4.89%	9.2%	8.56%	11.1%
	2016-2017	6.33%	10.25%	9.21%	12.7%
	2017-2018	6.33%	10.25%	9.21%	14.3%
	2018-2019	6.33%	10.25%	9.21%	15.9%
	2019-2020	6.33%	10.25%	9.21%	17.5%
	2020-2021	6.33%	10.25%	9.21%	19.1%

# CalSTRS – Impact on AUSD

	Estimated Certificated Salaries	Estimated cost at current rates	Estimated cost at proposed increased rates	Increase in cost to AUSD
2014-2015	47,129,193	3,888,158	4,477,273	589,115
2015-2016	47,652,327	3,931,317	5,289,408	1,358,091
2016-2017	48,181,268	3,974,955	6,119,021	2,144,066
2017-2018	48,716,080	4,019,077	6,966,399	2,947,323
2018-2019	49,256,828	4,063,688	7,831,836	3,768,147
2019-2020	49,803,579	4,108,795	8,715,626	4,606,831
2020-2021	50,356,399	4,154,403	9,618,072	5,463,669

# CalPERS Increase in Rates

		Classic	New	
	<u>Year</u>	<u>Employee</u>		<u>Employer</u>
Current	2013-2014	7.00%	6.0%*	11.442%
Proposed	2014-2015	7.0%	6.0%*	11.771%
	2015-2016	7.0%	6.0%*	12.6%
	2016-2017	7.0%	6.0%*	15.0%
	2017-2018	7.0%	6.0%*	16.6%
	2018-2019	7.0%	6.0%*	18.2%
	2019-2020	7.0%	6.0%*	19.9%
	2020-2021	7.0%	6.0%*	20.4%
*rate may fluctuate each year				



# CalPERS – Impact on AUSD

	Estimated Classified Salaries	Estimated cost at current rates	Estimated cost at proposed increased rates	Increase in cost to AUSD
2014-2015	15,046,693	1,721,643	1,771,146	49,504
2015-2016	15,227,253	1,742,302	1,918,634	176,332
2016-2017	15,409,980	1,763,210	2,311,497	548,287
2017-2018	15,594,900	1,784,368	2,588,753	804,385
2018-2019	15,782,039	1,805,781	2,872,331	1,066,550
2019-2020	15,971,423	1,827,131	3,178,313	1,351,182
2020-2021	16,163,080	1,849,056	3,297,268	1,448,212

# CalSTRS and CalPERS Impact Combined

	CalSTRS		CalPERS		Total Added Expense
2014-2015	589,115	+	49,504	=	638,619
2015-2016	1,358,091	+	176,332	=	1,534,423
2016-2017	2,144,066	+	548,287	=	2,692,353
2017-2018	2,947,323	+	804,385	=	3,751,708
2018-2019	3,768,147	+	1,066,550	=	4,834,697
2019-2020	4,606,831	+	1,351,182	=	5,958,013
2020-2021	5,463,669	+	1,448,212	=	6,911,881

Total Cumulative Impact Without Rate Increase	\$40,633,885
<b>Total Cumulative Impact Over 3 years (MYP)</b>	<b>\$4,865,395</b>
<b>Total Cumulative Impact Over 7 years</b>	<b>\$26,321,694</b>

# 2014-2015 Budget Proposal...Assumptions

Categories	Source	2014-2015	2015-2016	2016-2017
District Enrollment	Projection	9,484	9,484	9484
District Funded ADA-Actual/Projected	Projection	9,093	9,093	9093
ADA as a Percentage of Total Enrollment	Projection	95.88%	95.88%	95.88%
Unduplicated EL/FRM Count	CALPADS	3,794	3,794	3,794
Unduplicated Pupil Percentage	Projection	40.00%	40.00%	40.00%
COLA	SSC	0.86%	2.12%	2.30%
LCFF GAP Funding Percentage	SSC	28.05%	7.80%	8.40%
State Teacher's Retirement System	Governor's Proposal	9.50%	11.10%	12.70%
Public Employee Retirement System	Governor's Proposal	11.77%	12.60%	15.00%
Salary Increases (On going)	Board Approved	1.75%		
CSEA 27 Job Study Adjustment	Projection	\$ 593,750		
Additional Teacher FTE Contingency	Projection	5	5	5
I-20 Foreign Students	Projection	20	20	20

## Next Steps

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- Tonight: “By Site, By Program” presentation
- June 10 - 2014-2015 budget presentation and public hearing
- June 15 – State to adopt budget
- June 24 – 2014-2015 Budget adoption

