

# **Governor's 2015-2016 Budget Proposal**

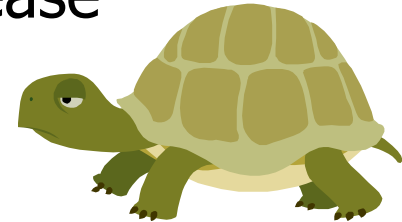
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Business Services**

# US and California Economy

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- US economic activity continues to improve
  - Stock market new highs
  - Real estate price gains
  - Low energy prices
- California with resurgent economic trends
  - Unemployment drops to 7.1%
  - Personal Income forecasted to increase
  - Inflation is forecasted to be flat
  - Exports are up



## The Highlights...

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- 2015-2016: **AVERAGE** 8.7% increase per ADA, but each school district will vary
- Gap amount at 32.19%; 58% of the full LCFF funding gap closed
- COLA at 1.58%
- Deferrals eliminated
- \$1.1B one-time money
- Adult Education and Career Technical Education positive



# Outside Drivers with Potential Impact on Final Budget

- Other programs request for State funding (in recession, education took the largest reductions)
- STRS/PERS continued increases
- Prop 30 Taxes (\$7.9B) expiration – temporary means temporary
- Prop 2 - Rainy Day Fund
- Affordable Care Act (ACA)
- Negotiations
- Deferred Maintenance



# Multi-Year Projection (MYP)

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- “cautiously positive” and “be conservative”
- Facilities needs, deferred maintenance, routine maintenance, and State bond
- STRS/PERS continued increases to 2020-2021
- Budget volatility- “Volatility is the enemy of stability.”
  - The LCFF Gap rate
    - May 2014: 30.39%
    - July 2014: 20.68%
    - Jan 2015: 32.19%



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

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- Prop 30 (EPA) Funding 2015-2016 last full year
- Measure A Parcel Tax sunsets, with final year of funding 2017-2018
- Forecasted economic downturn as decade closes
- Prop 2 and SB 858 impact of 6% reserve cap



## Next Steps

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- LCFF Calculator update and impact on AUSD
- 2<sup>nd</sup> Interim Report – March 10, with MYP
- LCAP progress and impact on budgetary needs to address “targeted community”
- Governor’s May Revised Budget released mid May
- Final 2015-2016 AUSD Budget adoption June 23



# Questions/Comments/Queries

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