

Governor's Budget Proposal for 2016-2017

January 26, 2016

2016-2017 Governor's Budget Proposal

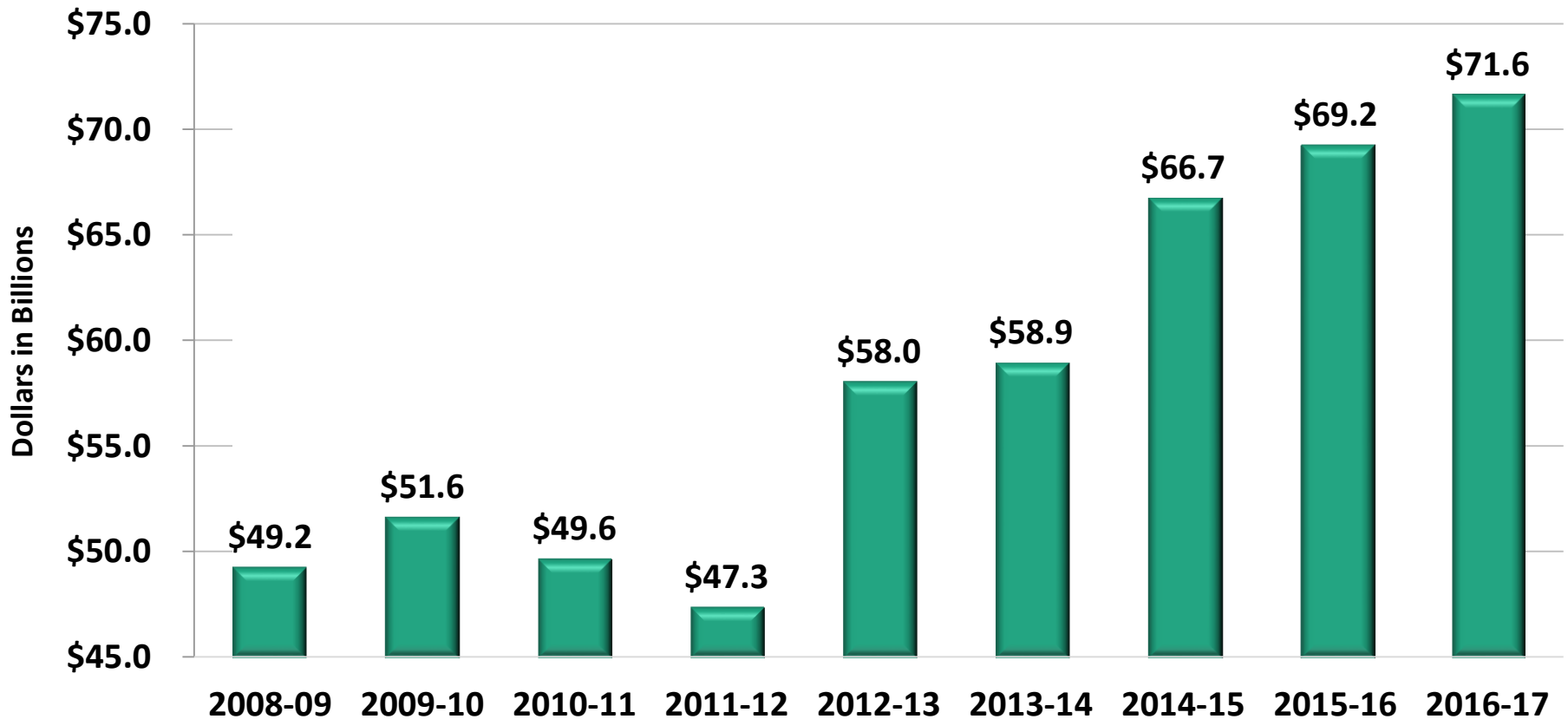
Themes for the 2016-2017 Governor's Budget

- The Governor continues to stabilize funding and programs in all areas of the State Budget.
- Economic growth is much stronger than in past years, but Governor Jerry Brown highlights the risk of recession.
- The Local Control and Accountability Plan (LCAP) remains a dominant governance document.
- Yet in what is shaping up to be a very good year, it is time to think about the potential for a slowdown.
- Governor's January budget proposal is the starting point for the legislative process for developing the State's budget.

2016-2017 Governor's Budget Proposal

Proposition 98 Funding Over Time

Proposition 98 Funding 2008-09 to 2016-17



2016-2017 Governor's Budget Proposal Proposition 98 and the Major K-12 Proposals

- \$2.8 billion for Local Control Funding Formula (LCFF) gap closure.
 - Approx. \$500K which AUSD would have received in 2017-18 is now proposed for 2016-17
- \$1.6 billion for an Early Education Block Grant (not new funding).
- \$1.2 billion for discretionary one-time uses.
 - \$214/ADA, Approximately \$2M for AUSD
- One-time funding is recommended for the following uses:
 - Content standards implementation, technology, professional development, induction programs for beginning teachers, and deferred maintenance.
- \$365.4 million for the K-12 portion of Proposition 39 (2012) – Clean Energy Jobs Act.
- \$30 million in one-time funds to provide academic and behavioral supports.

2016-2017 Governor's Budget Proposal LCFF Target Funding Factors & COLA

- The K-12 COLA is 0.47% for 2016-17, and this is applied to the LCFF base grants for each grade span.

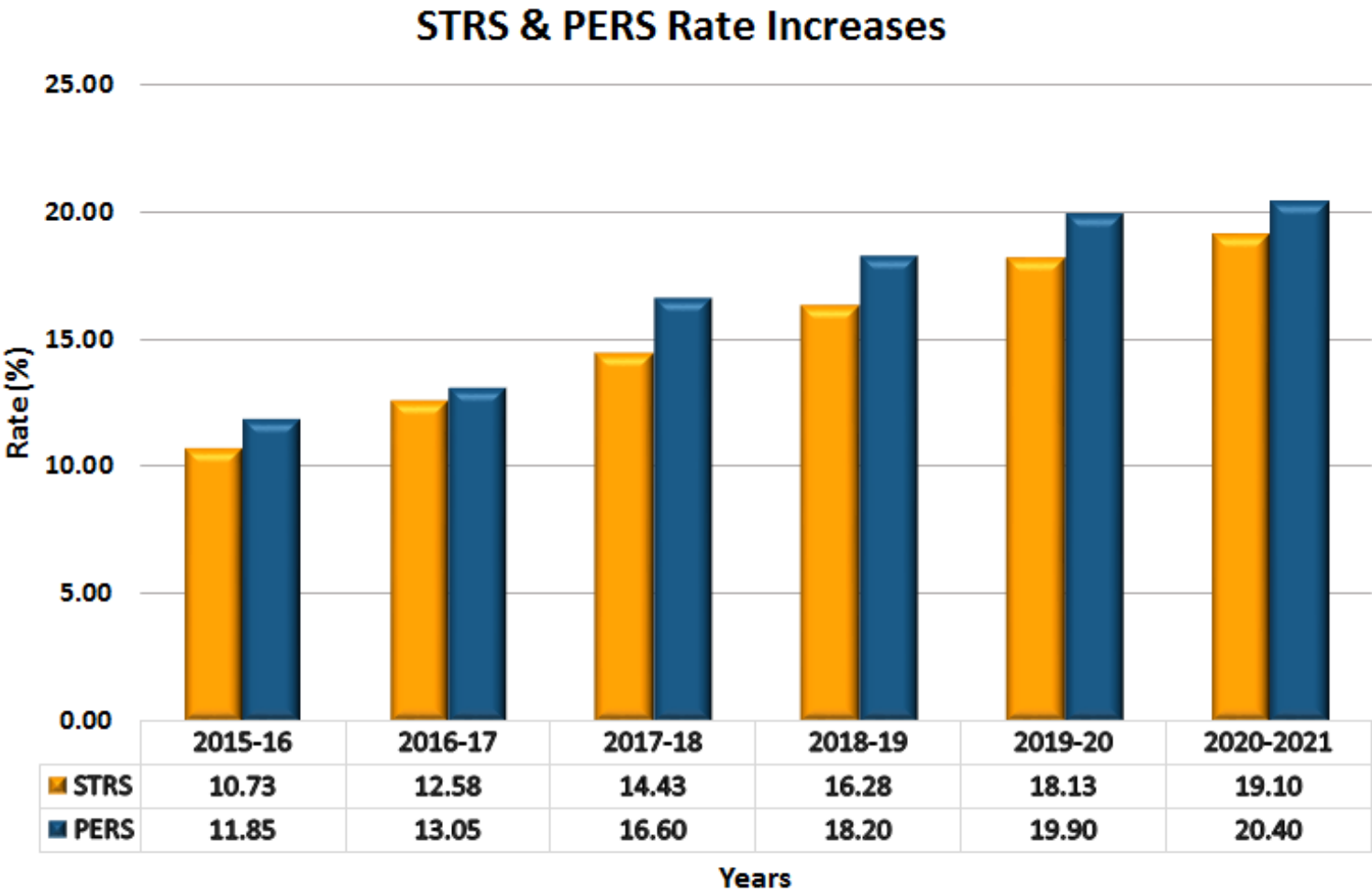
Grade Span	2015-16 Base Grant per ADA	0.47 % COLA	2016-17 Base Grant per ADA
K-3	\$7,083	\$33	\$7,116
4-6	\$7,189	\$34	\$7,223
7-8	\$7,403	\$35	\$7,438
9-12	\$8,578	\$40	\$8,618

2016-2017 Governor's Budget Proposal Potential for Slowdown in Funding

- The growth in education funding has been fueled by three major factors, all of which could change during 2016-17:
 - The Proposition 30 temporary taxes
 - Growth in the economy
 - Repayment of the Maintenance Factor
- At full implementation, each district will receive only cost-of-living adjustment (COLA) increases to its LCFF funding each year.
 - COLAs over the next few years are estimated to be in the 2% to 3% range.
 - If those COLA projections come to pass, most districts would again be making significant budget reductions.
- We need to prepare for a slowdown while at the same time advocate for higher funding to continue to move toward at least the national average.

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Pension Rate Increases



2016-2017 Governor's Budget Proposal Pension Rate Increases

- This investment is intense and prolonged, making it difficult for the District to say we really have new money to spend.
- No specific funds are provided for this cost increase.
- Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate.
- CalPERS may increase or decrease without legislature's involvement.

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Next Steps

- State level
 - Budget committee hearings.
 - Next update – May Revision.
- Local level
 - Second Interim Report due by March 16 for school districts, March 15 for charter schools.
 - Budget Adoption Calendar and Budget Presentations.