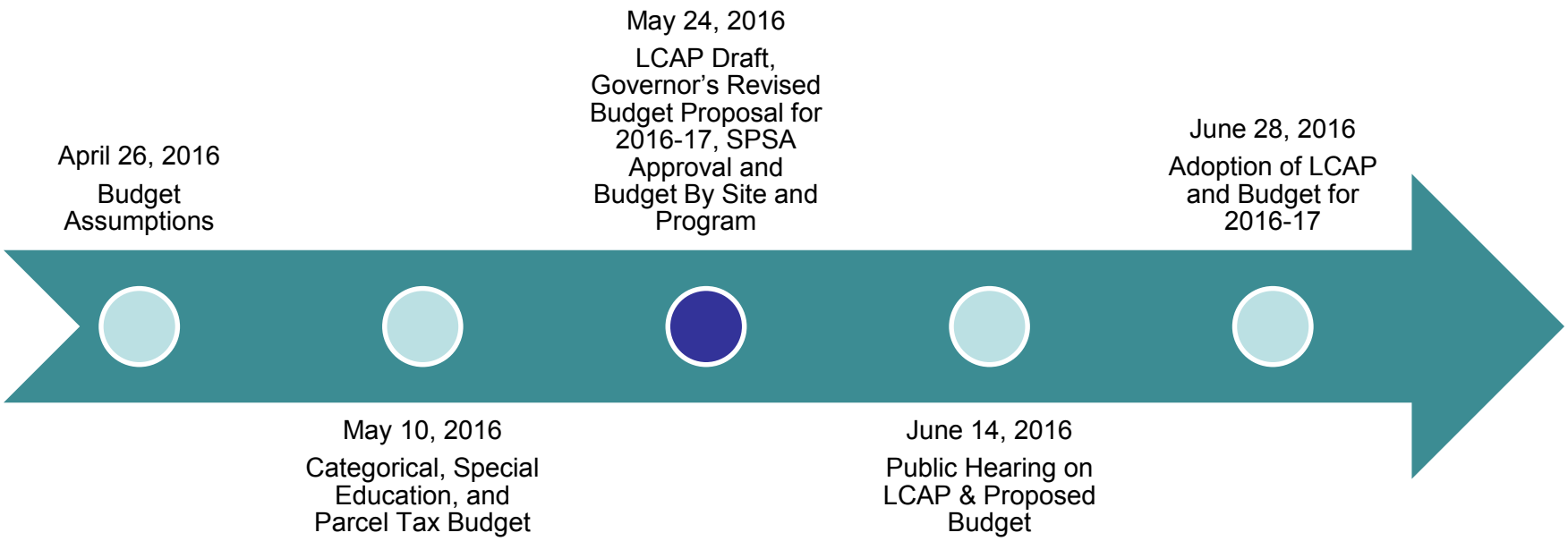
2016-2017
Budget & LCAP Adoption Process

Governor's Revised Budget Proposal & Budget, By Site - By Program

May 24, 2016

2016-2017 Budget & LCAP Adoption Process Timeline



2016-2017 Budget & LCAP Adoption Process
Governor's Revised Budget Proposal

January	• Initial proposal by the Governor
January - May	• Negotiations between Legislators and Administration
May	• Governor's Revised Budget Proposal
May - June	• Each house adopts a budget bill • Conference committee to reconcile
By June 15	• Compromise budget bills approved by the legislature and sent to the Governor

2016-2017 Budget & LCAP Adoption Process
Governor's Revised Budget Proposal

- Revenue forecast in January's proposal was higher than the May revision
- However, both one-time and ongoing revenues to education grew slightly above the January forecast
- Local Control Funding Formula (LCFF) will be 95% implemented in 2016-17
- At full implementation, school districts will only receive cost-of-living adjustment (COLA)
- The Department of Finance (DOF) projections assume:
  - No replacement of Proposition 30
  - Very low COLAs for the next few years
  - Much lower growth in Proposition 98
- Now is the time to start preparing for slower growth
- Elimination of Transitional Kindergarten (TK) after 2016-17

2016-2017 Budget & LCAP Adoption Process
Governor's Revised Budget Proposal

- The Administration is signaling that it believes economic slowdown is just around the corner
  - The May Revision warns that the current economic expansion has already exceeded the average postwar expansion by over a year
- Slow to no growth in income tax and the sales tax revenue, which together account for 90% of General Fund revenue, this will slow LCFF funding significantly as Proposition 30 revenues fade
  - The May Revision is built on the assumption that no new revenues are on the horizon, and the extension of Proposition 30 would simply allow the state to eliminate deficit spending, but it will not provide new monies for new programs
- If a recession occurs and Proposition 30 is not extended, state revenues could drop below prior-year levels, and cuts to education could be on the table again

2016-2017 Budget & LCAP Adoption Process
Governor's Revised Budget Proposal

January Proposal vs. May Revision					
		2015-16	**2016-17**	**2017-18**	**2018-19**
LCFF GAP Funding Rate	January Proposal	51.97%	49.08%	27.56%	32.25%
Department of Finance	May Revision	52.20%	54.84%	73.96%	41.22%
School Services of CA		52.20%	54.84%	19.30%	34.25%
COLA	January Proposal	1.02%	0.47%	2.13%	2.65%
	May Revision	1.02%	0.00%	1.11%	2.42%
New Ongoing Revenue		$ 29,289	$ 170,222	$ 515,460	