

## **Agenda Item B-16**



# **Governor's 2018/19 Proposed State Budget**

Board of Education  
January 24, 2018



# Outline

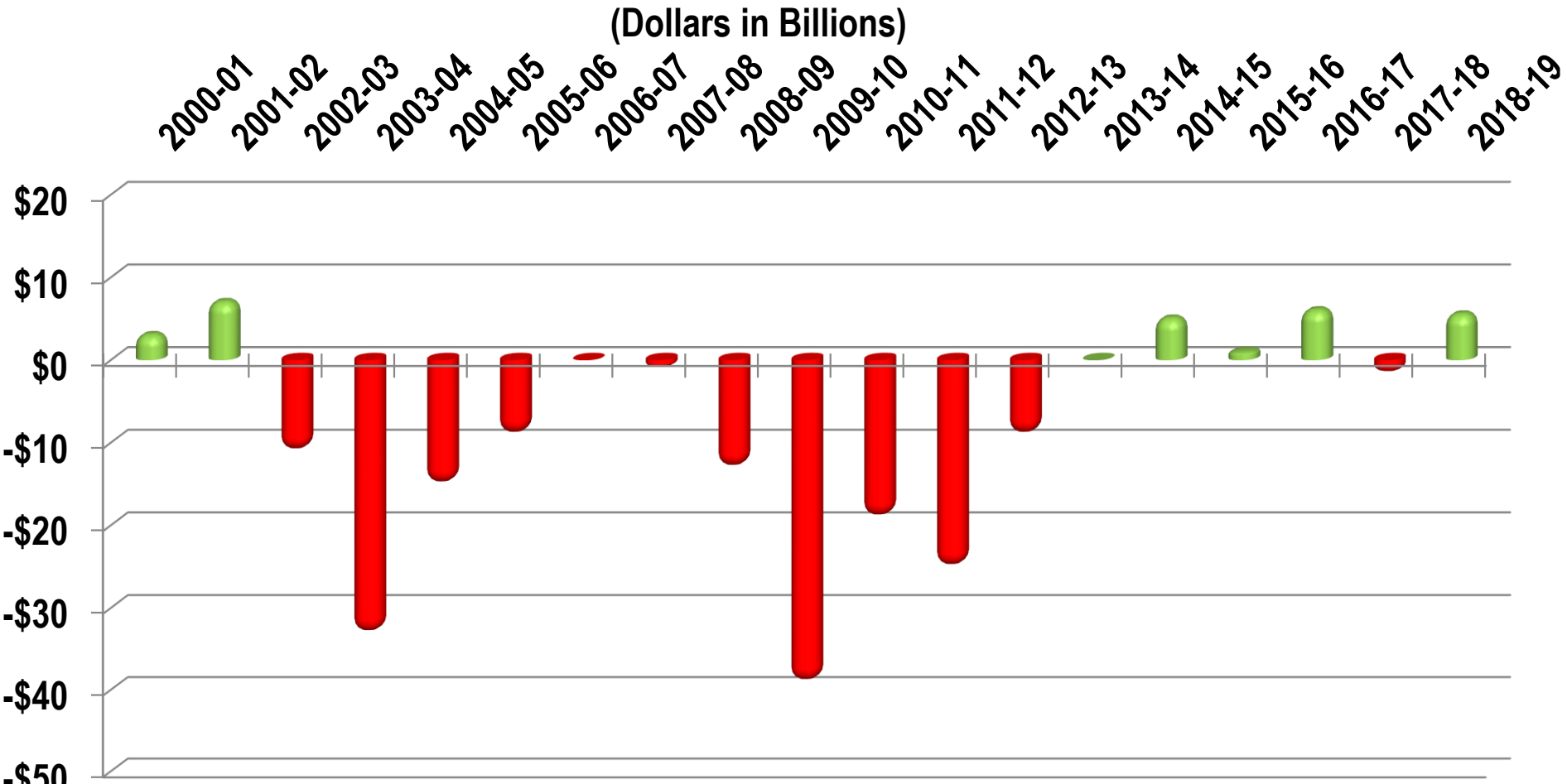
- Review State Budget
- Governor's Proposed Budget for 2018/19
- District's Strategic Budget Development for 2018/19
- Local Control and Accountability Plan (LCAP) Status Update



# State Economic Overview

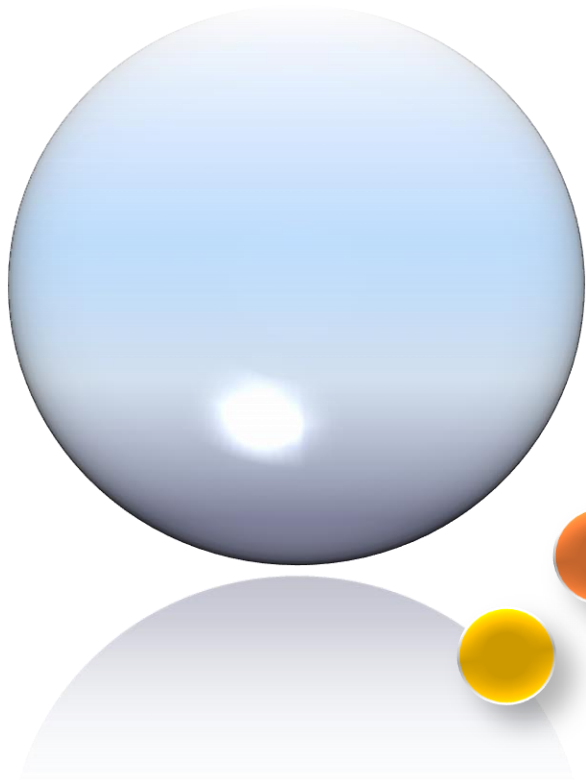
- California's economy – fiscal recovery
- Unemployment Rates as of November 2017
  - National - 4.1%
  - State - 4.6%
  - Fresno County - 7.8%
- State budget prioritizes \$5 billion to fully fund the Rainy Day Fund to total of \$13.5 billion
- Legislative Analyst Office (LAO) acknowledges “the Governor’s continued focus on building more reserves is prudent in light of economic and federal budget uncertainty”

# Historically Balanced Budgets Quickly Followed by Huge Deficits



Source: Governor's Budget Summary, page 2

# Governor's Proposed 2018/19 State Budget



Provides \$3 billion to fully fund the Local Control Funding Formula



COLA of 2.51% for Special Education



Provides \$1.8 billion one-time funds for prior year mandates



Provides \$100 million one-time grants to support Teacher Workforce Development



The ~~Provides~~ \$100 million one-time funds **above are** for SELPA's to increase and retain special education teachers



Increase of \$212 million ongoing for CTE programs



# Projected Employer Pension Increases

- ❑ No relief in Proposed Budget for Pension Increases
- ❑ Additional cost to Fresno Unified increases:
  - ❑ 2018/19 – \$8.6 million
  - ❑ 2019/20 – plus an additional \$8.7 million
  - ❑ 2020/21 – plus an additional \$6.0 million

## CalSTRS Employer Rates

- ❑ 2013/14 – 8.25%
- ❑ 2014/15 – 8.88%
- ❑ 2015/16 – 10.73%
- ❑ 2016/17 – 12.58%
- ❑ 2017/18 – 14.43%
- ❑ 2018/19 – 16.28%
- ❑ 2019/20 – 18.13%
- ❑ **2020/21 – 19.10%**
- ❑ **2021/22 – 20.25%**

## CalPERS Employer Rates

- ❑ 2013/14 – 11.442%
- ❑ 2014/15 – 11.771%
- ❑ 2015/16 – 11.847%
- ❑ 2016/17 – 13.888%
- ❑ 2017/18 – 15.531%
- ❑ **2018/19 – 18.1%\***
- ❑ **2019/20 – 20.8%\***
- ❑ **2020/21 – 23.8%\***
- ❑ **2021/22 – 25.2%\***
- ❑ **2022/23 – 26.1%\***
- ❑ **2023/24 – 28.2%\***

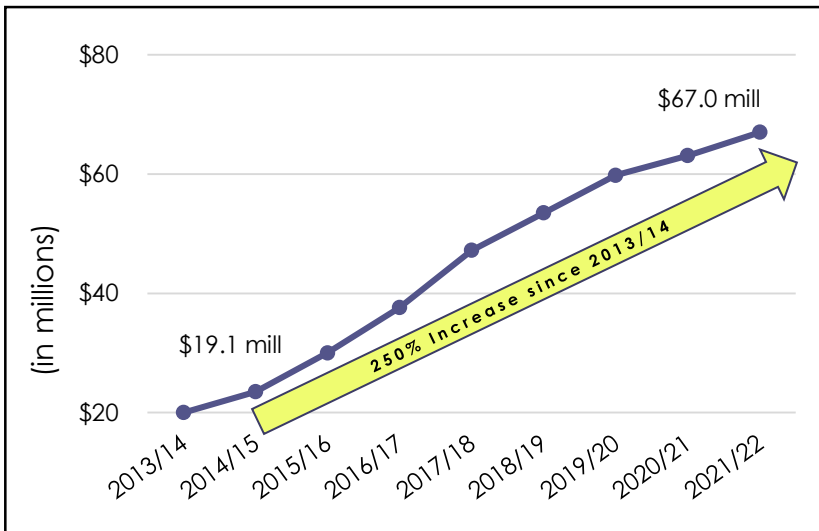
*\*Estimated rates provided by CalPERS*

Source: Assembly Bill 1469 (enrolled 6/15/2014)

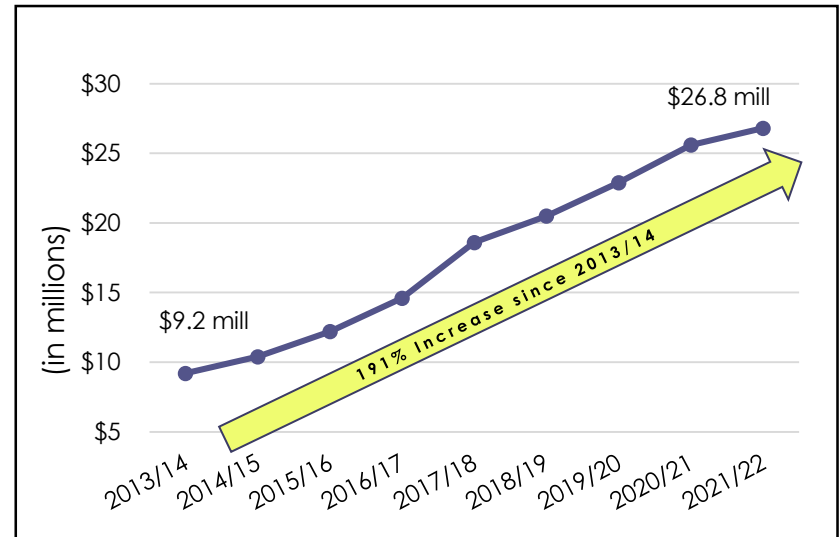


# Projected Employer Pension Increases

### STRS Pension Costs



### PERS Pension Costs





# Facilities

- Restricted Routine Maintenance Contribution
  - Restored requirement to fund at 3% of the General Fund from 2017/18 - additional \$3.4 million
- Facilities Funding
  - Proposition 51 - \$640 million in bond authority
    - Facility project expenditure audits to be included as part of the 2018/19 annual audit





# Strategic 2018/19 Budget Development

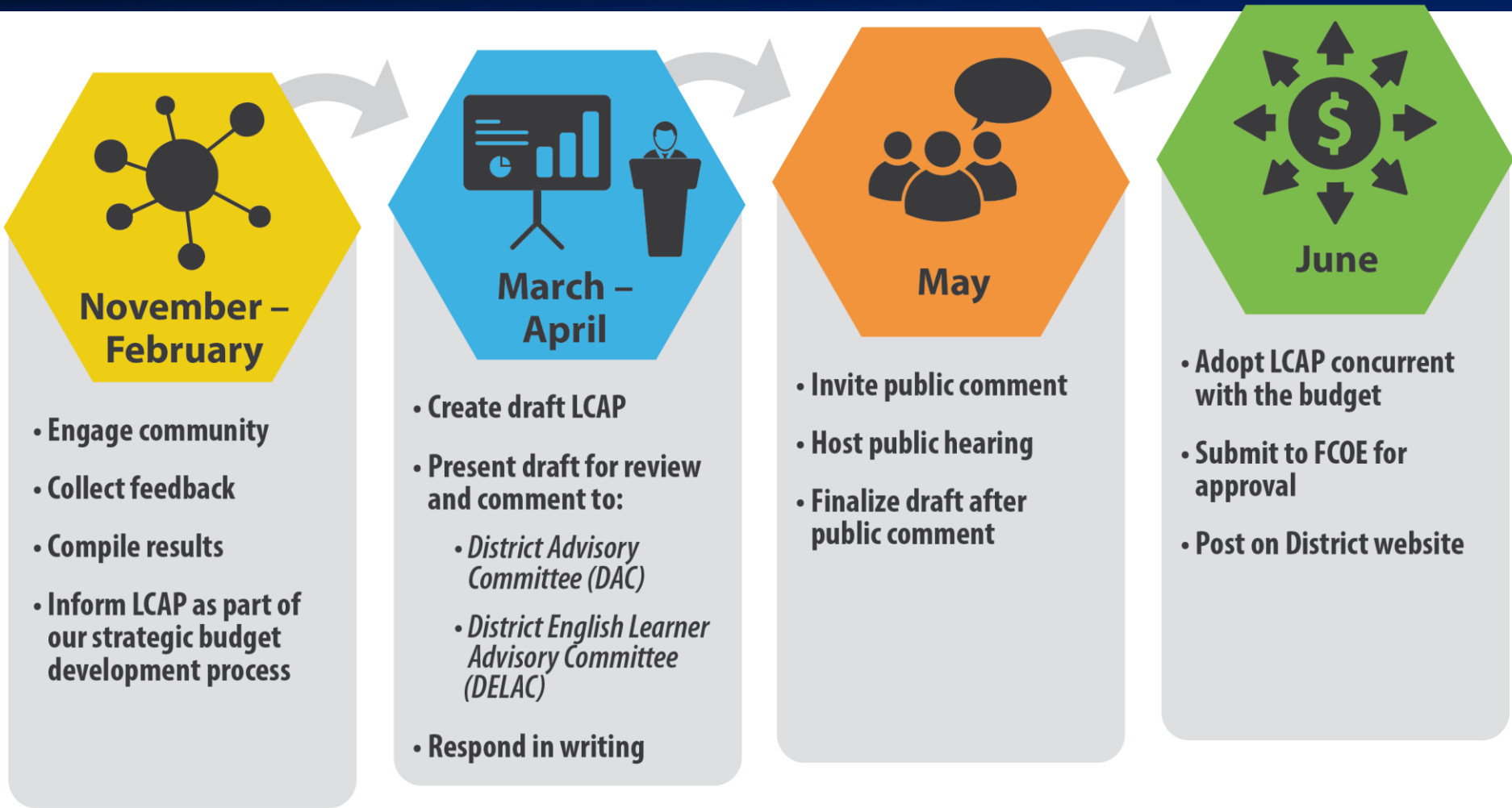
Continuing our balanced,  
phased-in approach

- 3 Legs of the Stool
- Continue to analyze/evaluate options that support the District's ability to achieve its goals
- Refine Local Control and Accountability Plan

# Local Control and Accountability Plan (LCAP) Basics

- A written plan outlining how we will use Local Control Funding Formula funds
- Covers three years, including a requirement to provide an update on prior year goals, actions and expenditures
- Funding is based on a per student formula for all students with additional funding grants for:
  - ▣ English learners
  - ▣ Students living in poverty
  - ▣ Foster youth
- Addresses eight State priority areas

# LCAP Development Timeline



## November – February

- Engage community
- Collect feedback
- Compile results
- Inform LCAP as part of our strategic budget development process

## March – April

- Create draft LCAP
- Present draft for review and comment to:
  - *District Advisory Committee (DAC)*
  - *District English Learner Advisory Committee (DELAC)*
- Respond in writing

## May

- Invite public comment
- Host public hearing
- Finalize draft after public comment

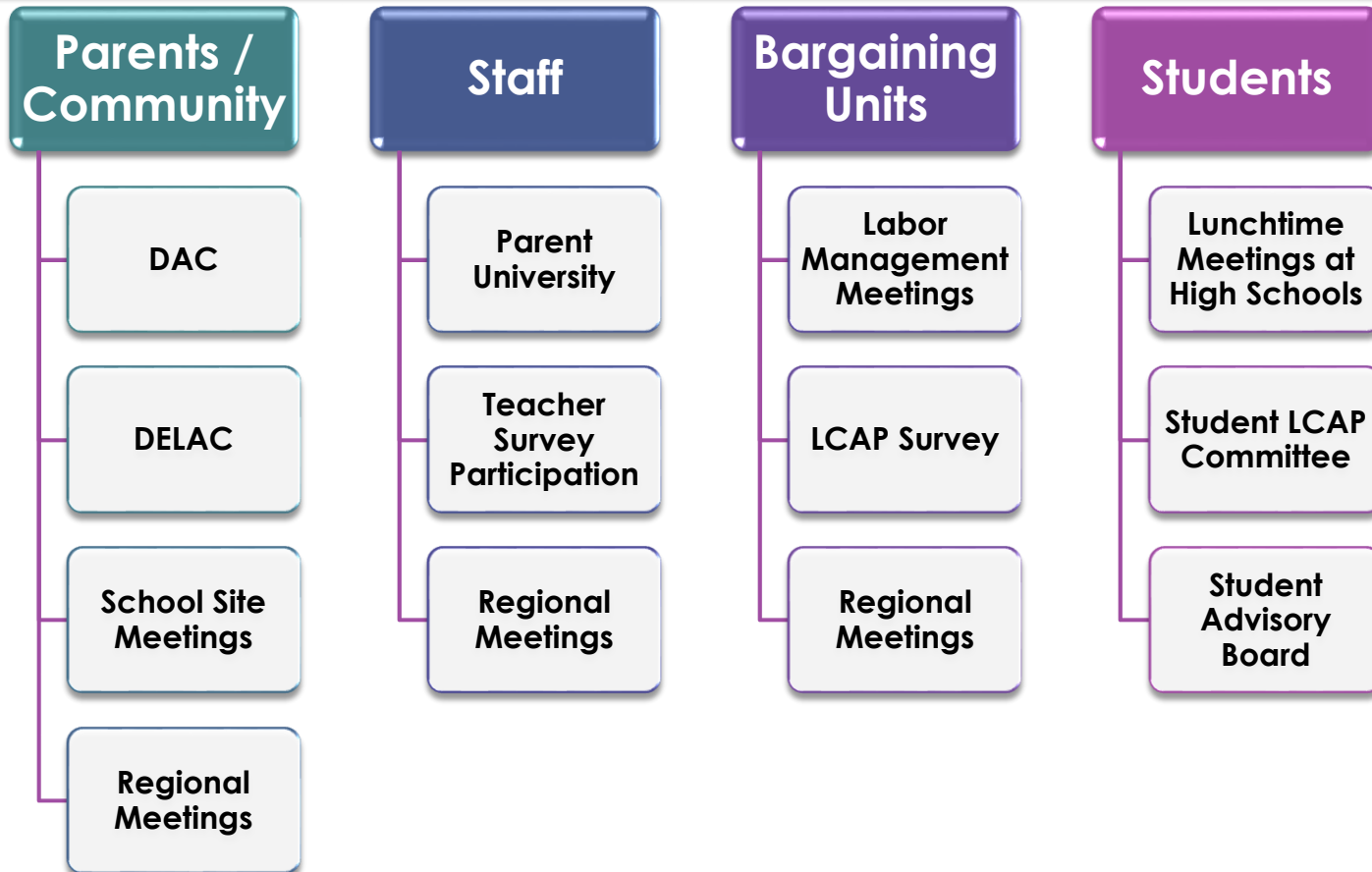
## June

- Adopt LCAP concurrent with the budget
- Submit to FCOE for approval
- Post on District website

# Ongoing Engagement...

**194**  
Meetings to  
Date with  
Over 1,200  
Participants

## Online Survey and Informational Website



# Upcoming Budget Discussions

- Board Presentations – Budget and LCAP
  - February through May
- Governor’s May Revise, Public Hearings – Budget and LCAP
  - May 2018
- Adoption of LCAP and Budget
  - June 2018