



Agenda Item B-31

2021/22 Governor's May Revise

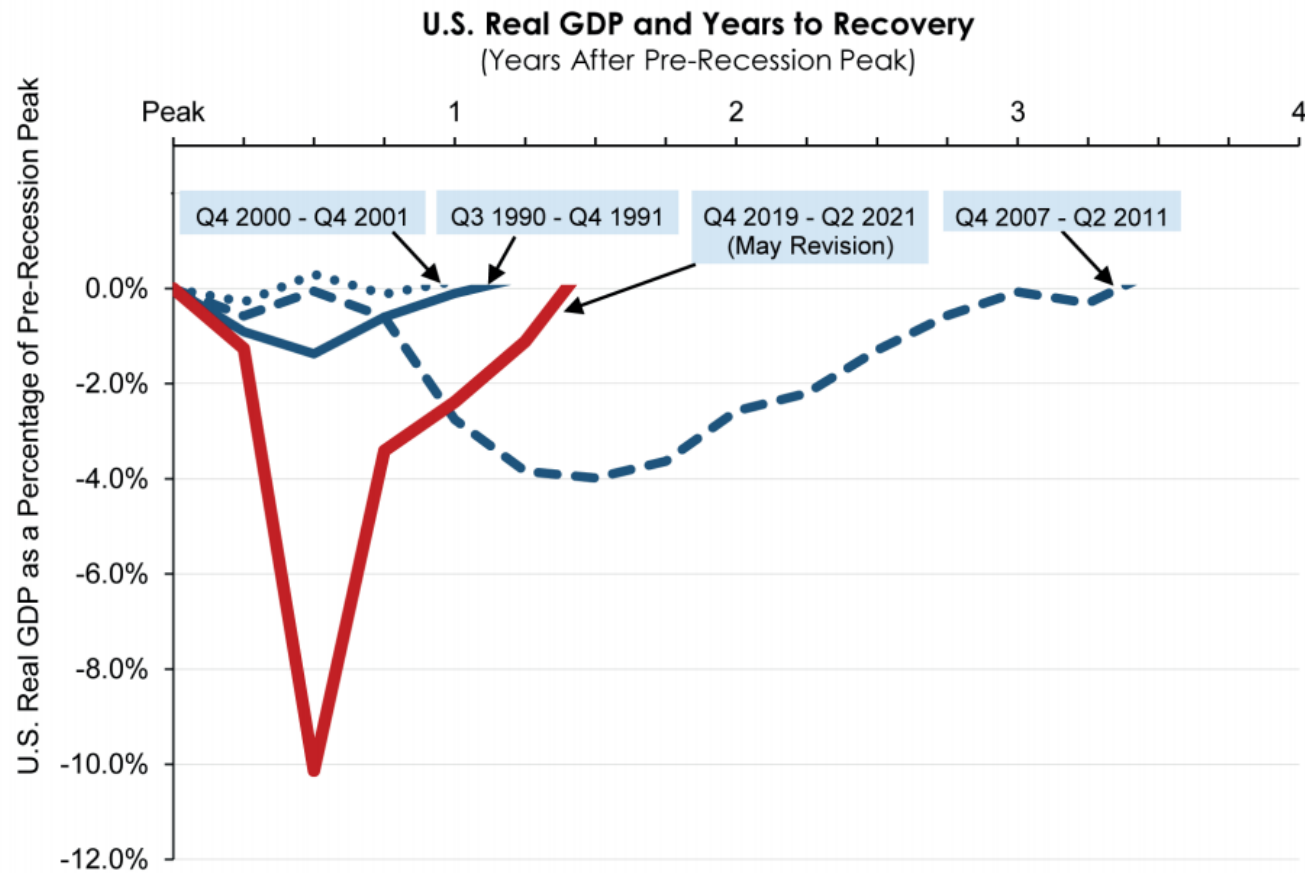
Board of Education
May 19, 2021



Outline

- National Economic Overview
- State Economic Overview
- State Revenue Forecast
- May Revise Updates
- Strategic Budget Development
- Upcoming Budget Discussions

National Economic Overview – Gross Domestic Product Growth



Lines start from the quarter of each pre-recession peak.

Source: U.S. Bureau of Economic Analysis; CA Department of Finance, May Revision Forecast.



State Economic Overview

- California's economy – “California is turning the corner on its most challenging year in recent history”
- Unemployment Rates as of March 2021
 - ▣ National – 6.0%
 - ▣ State – 8.3%
 - ▣ Fresno County – 8.7%



State Revenue Forecast

Long-term

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Average Year-Over-Year Growth
Personal Income Tax	\$99.6	\$124.2	\$123.3	\$128.5	\$131.2	\$133.6	6.4%
Sales and Use Tax	\$25.5	\$27.9	\$29.0	\$29.1	\$29.8	\$30.5	3.7%
Corporation Tax	\$14.0	\$20.1	\$18.1	\$17.4	\$16.8	\$17.2	5.9%
Total	\$139.1	\$172.2	\$170.4	\$175.0	\$177.8	\$181.3	5.8%
Growth	-0.3%	23.8%	-1.1%	2.7%	1.6%	2.0%	

Note: Numbers may not add due to rounding.

Source: California Department of Finance, May Revision Forecast

6 Updating State Budget Impacts – January Proposal to May Revise

Governor's January Proposed Budget

LCFF COLA 3.84% – \$25.6 million

SPED COLA 1.5% – \$0.6 million

STRS Rate 15.92% – (\$0.9) million

Health/Welfare – \$4.3 million
(\$669 increase per active)

Unemployment Rate 0.05% –
no change

Cash Deferrals – \$3.7 billion

Governor's May Revise

LCFF COLA 5.07% – \$35.0 million

SPED COLA 4.05% – \$1.8 million

STRS Rate 16.92% – \$3.0 million

Health/Welfare – \$5.9 million
(\$906 increase per active)

Unemployment Rate 1.23% –
\$6.2 million

Cash Deferrals – \$2.6 billion

Net Change

\$9.4 million

\$1.2 million

Total Revenue Changes \$10.6 million

\$3.9 million

\$1.6 million

\$6.2 million

Total Expense Changes \$11.7 million



Updating State Budget Impacts – January Proposal to May Revise

Workforce Preparation, Retention & Training Resources

Governor's January Proposed Budget

Teacher Residency – \$100 million

Golden State Teacher Grants – \$100 million

Classified Credentialing Program – \$25 million

Educator Effectiveness – \$250 million

**All amounts included on this
slide are one-time resources**

Governor's May Revise

\$550 million over *five years*

\$500 million over *five years*

\$125 million over *five years*

\$1.5 billion over *three years*

Workforce Prep - \$101 million up to
three years

National Board-Certified Incentives -
\$250 million over *five years*

Classified Employee Summer Assistance -
\$60 million



May Revise Updates

- Re-opening Schools Support – \$2 billion *one-time*
- Intervention & Tutoring Support – \$2.6 billion *one-time*
- Community Schools – \$3 billion over several years, up from \$265 million
- Nutrition Services
 - \$150 million to encourage federal meal participation
 - \$130 million *one-time* for infrastructure upgrades, staff training and farm-to-school
- LCFF Concentration Increase – \$1.1 billion (*funding at 65% of base rate instead of current 50%*)
- Expanded Learning Time – \$1.0 billion, growing to \$5.0 billion by 2025/26
- Universal Transitional Kindergarten by 2024/25
 - \$250 million one-time in 2021/22 for planning and implementation grants
 - \$900 million in 2022/23 growing to \$2.7 billion in 2024/25 for expansion
 - \$380 million in 2022/23 growing to \$740 million in 2024/25 to reduce adult to student ratios at this grade level
- Public School Stabilization Account fully funded with proposed deposit of \$4.6 billion
 - School District Reserve Cap triggers in 2022/23 of 10%



Projected Employer Pension Increases

CALSTRS

- 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 – 17.10%
- 2020/21 – 16.15%
- **2021/22 – 16.92%**
- **2022/23 – 18.00%**
- **2023/24 – 18.00%**



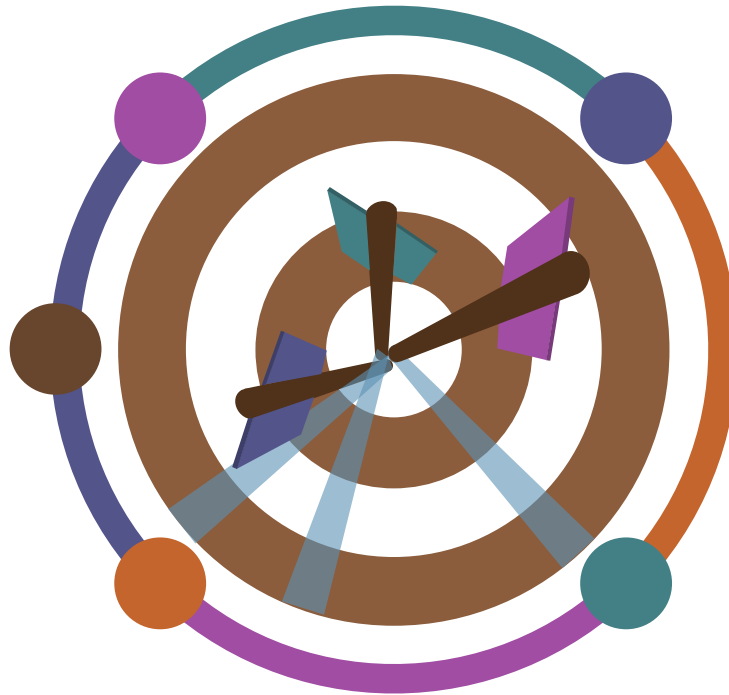
CalPERS

- 2013/14 – 11.442%
- 2014/15 – 11.771%
- 2015/16 – 11.847%
- 2016/17 – 13.888%
- 2017/18 – 15.531%
- 2018/19 – 18.062%
- 2019/20 – 19.721%
- 2020/21 – 20.700%
- **2021/22 – 23.00%***
- **2022/23 – 26.300%***
- **2023/24 – 27.300%***

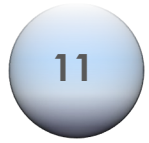
**Estimated rates provided by CalPERS*

Guiding Strategic Budget Development Principles

- Extensive Student Programs
- Competitive Employee Compensation
- Prudent Fiscal Responsibility



- Addressing Unfinished Learning
- Response to impacts of pandemic



Upcoming Budget Discussions

- Public Hearing – LCAP and Budget
 - ▣ June 02, 2021
- Adoption – LCAP and Budget
 - ▣ June 16, 2021