



Fresno Unified
School District

Agenda Item B-23



2022/23
Governor's May Revise

Board of Education

May 18, 2022

Outline

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

State Revenue Forecast – Long-term

Long-Term Revenue Forecast Three Largest Sources (General Fund Revenue - Dollars in Billions)

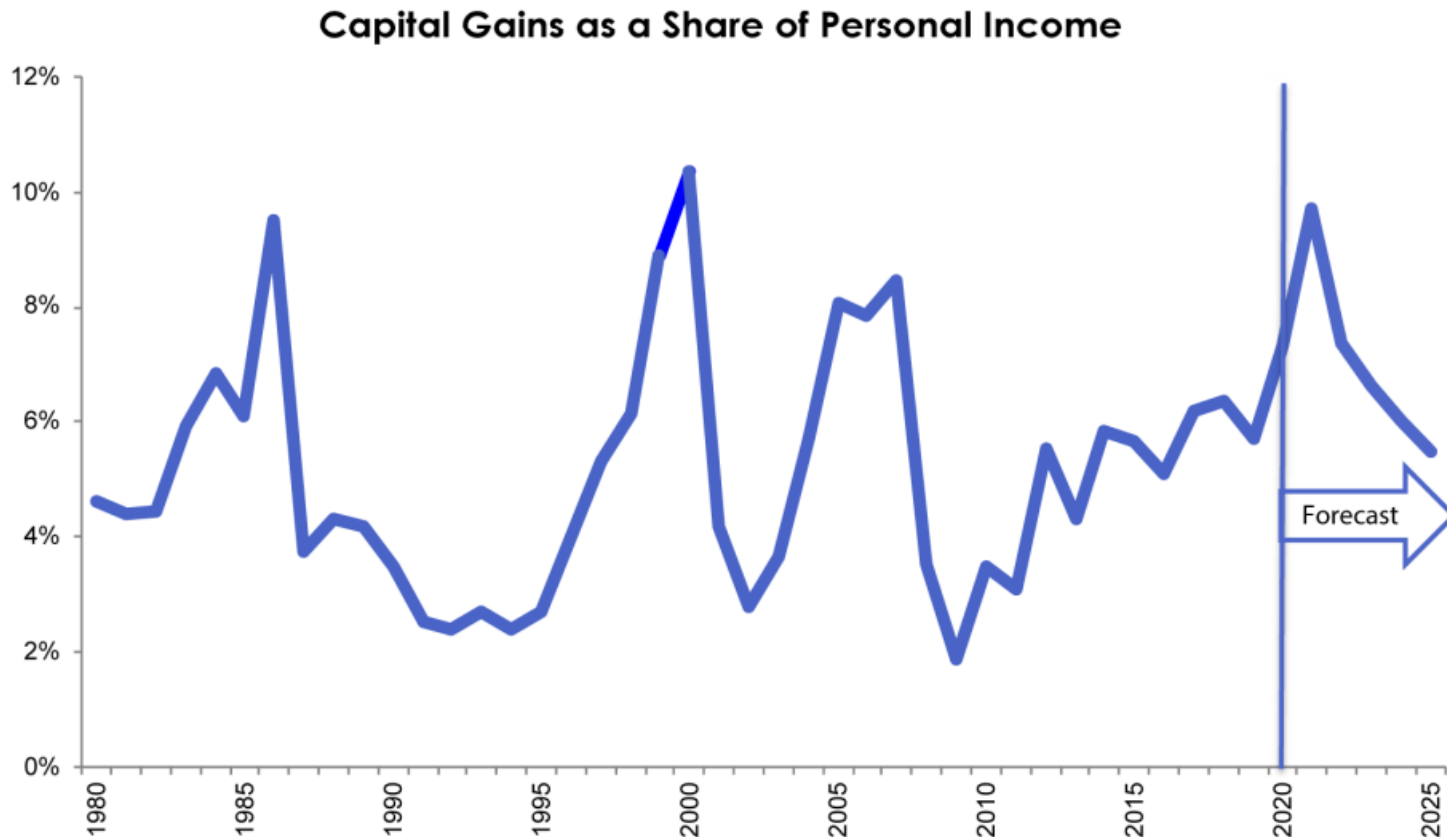
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Average Year-Over-Year Growth
Personal Income Tax	\$128.9	\$136.4	\$137.5	\$143.8	\$148.9	\$156.2	3.9%
Sales and Use Tax	\$29.1	\$32.7	\$34.0	\$35.1	\$36.2	\$37.3	5.2%
Corporation Tax	\$22.6	\$46.4	\$38.5	\$42.0	\$45.4	\$38.6	18.1%
Total	\$180.5	\$215.5	\$209.9	\$220.9	\$230.6	\$232.2	5.4%
Growth	29.5%	19.4%	-2.6%	5.3%	4.4%	0.7%	

Note: Numbers may not add due to rounding. The PTE elective tax is artificially deflating personal income tax revenues from 2021-22 through 2025-26 and artificially inflating corporation tax revenues for the same years.

Source: Governor's May Revise



State Revenue Forecast – Long-term

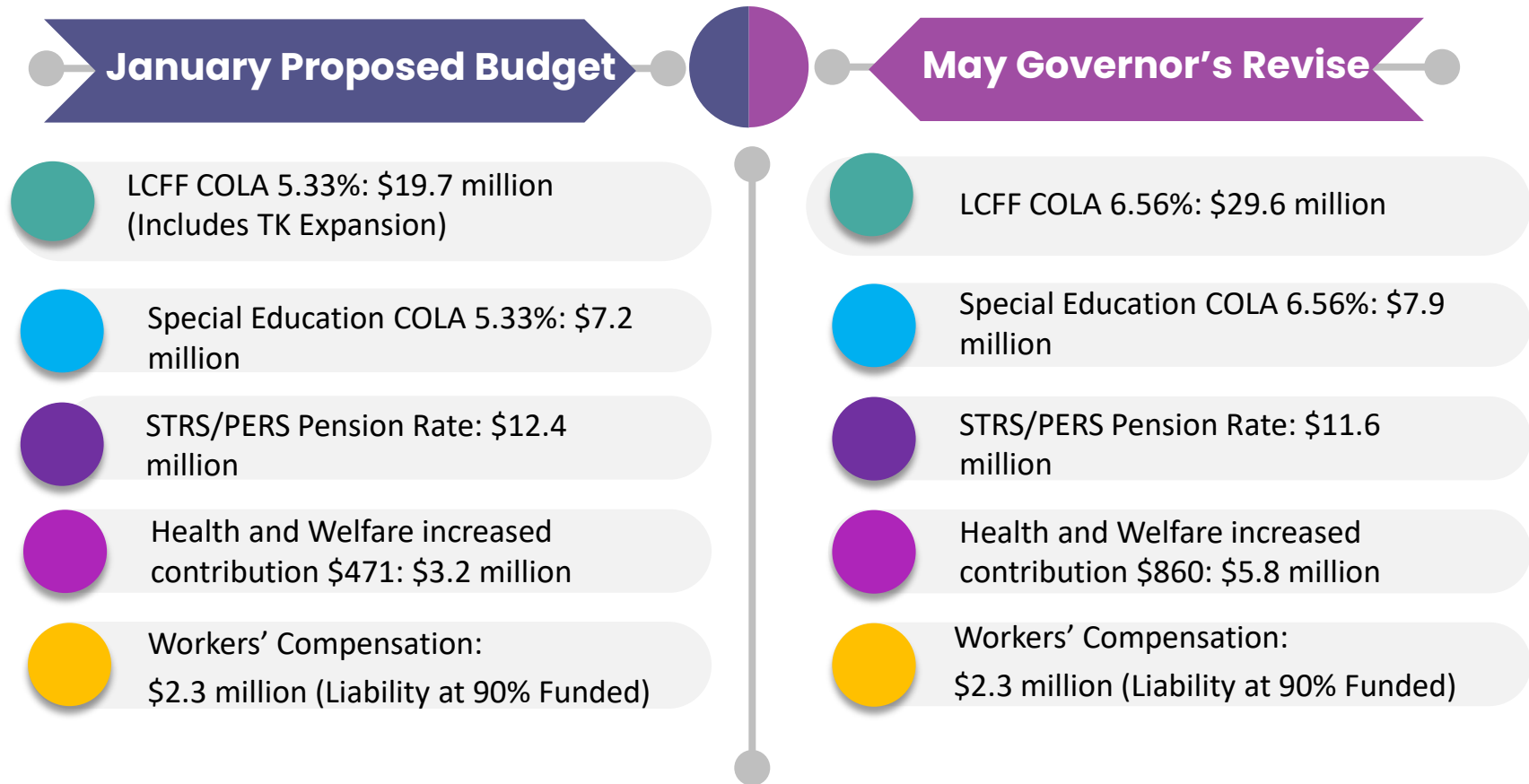


Source: Governor's May Revise

State Economic Overview

- California's economy – “The Budget must continue to be prudent and the state must be prepared for an uncertain future”
- Unemployment Rates as of March 2022
 - National – 3.6%
 - State – 4.9%
 - Fresno County – 6.9%
- Risks and Uncertainties
 - Disruptive surge in COVID-19 cases
 - Inflationary pressures and subsequent tightening monetary policy
 - Geo-political pressures (Ukraine-Russia War)
 - Extended global supply chain disruptions

Updating State Budget Impacts – January Proposal to May Revise



May Revise Updates

- Local Control Funding Formula Proposals
 - LCFF Base Funding Increase – \$2.1 billion
 - Enhanced Declining Enrollment/Attendance Relief – \$3.3 billion
- Discretionary Block Grant (one-time) – \$8.0 billion
- Community School Initiative (one-time) – \$1.5 billion
- Educator Workforce (one-time) – \$615 million
- Nutrition State Meal Reimbursement Rate – \$612 million
- Expanded Learning Opportunities Program – \$403 million
- Educator Effectiveness Block Grant – \$300 million
- Preschool Adjustment Factors for Students with Disabilities and Dual Language Learners – \$34 million
- School Facility Program – \$1.8 billion

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 – 19.10%**
- 2023/24 – 19.10%
- 2024/25 – 19.10%



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 – 22.910%
- **2022/23 – 25.370%**
- 2023/24 – 25.200%*
- 2024/25 – 24.600%*
- 2025/26 – 23.700%*
- 2026/27 – 22.600%*

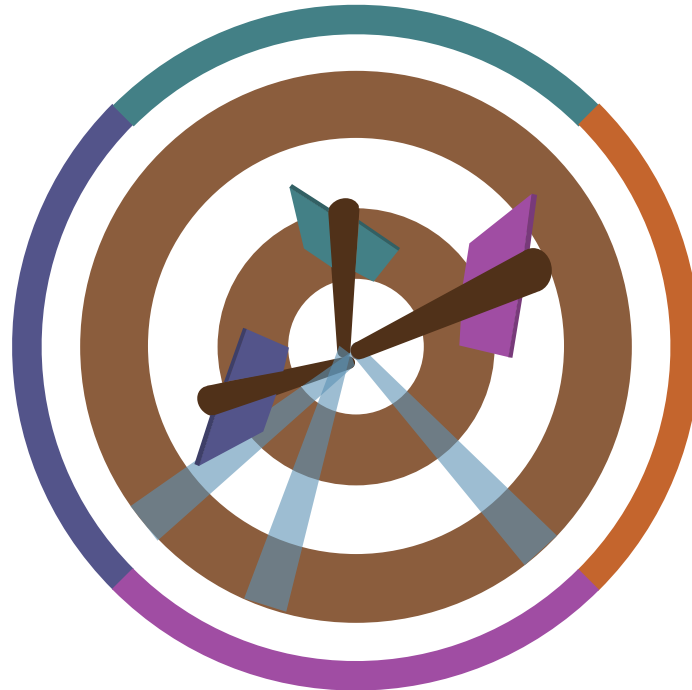
**Estimated rates provided by CalPERS*



Strategic 2022/23 Budget Development

Guiding Strategic Budget Development Principles

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



Board/Community Focus Areas & Strategic Planning

- Early Learning Expansion
- Special Education Inclusion
- Leadership Development
- A-ROI

Upcoming Budget Discussions

- Public Hearing – LCAP and Budget
 - June 01, 2022
- Adoption – LCAP and Budget
 - June 15, 2022