

Agenda Item B-31



2023/24 Governor's May Revise

Board of Education

Outline

- State Revenue Forecast
- State Economic Overview
- May Revise Updates
- 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 ^{e/}	2022-23 ^{e/}	2023-24 ^{e/}	2024-25 ^{e/}	2025-26 ^{e/}	2026-27 ^{e/}
Personal Income Tax	\$128.9	\$137.1	\$122.8	\$118.2	\$118.9	\$127.5	\$141.8
(Year-over-Year Change)	29.4%	6.4%	-10.5%	-3.7%	0.6%	7.2%	11.2%
Corporation Tax	\$22.6	\$45.1	\$42.1	\$42.1	\$43.4	\$36.4	\$26.6
(Year-over-Year Change)	61.9%	99.8%	-6.7%	0.0%	3.1%	-16.1%	-26.8%
Sales and Use Tax	\$29.1	\$33.0	\$33.1	\$33.4	\$34.4	\$35.5	\$36.3
(Year-over-Year Change)	14.0%	13.6%	0.1%	0.9%	3.0%	3.3%	2.2%
Total	\$180.5	\$215.3	\$197.9	\$193.6	\$196.7	\$199.4	\$204.8
(Year-over-Year Change)	29.8%	19.3%	-8.1%	-2.2%	1.6%	1.4%	2.7%

e/Estimated

Source: California Department of Finance, 2023-24 May Revision Forecast.

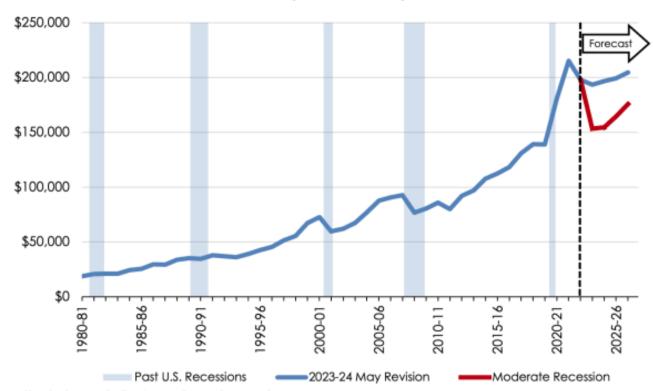
Source: Governor's May Revise



State Revenue Forecast – Long-term

Big Three Revenues in a Moderate Recession

(Dollars in Millions)



Shaded areas indicate previous U.S. recessions.

Source: California Department of Finance, 2023-24 May Revision Forecast.

Source: Governor's May Revise



State Economic Overview

- California's economy "Holds the line without making significant reductions over the Governor's Budget. However, should broader economic risks materialize, deeper reductions will be necessary."
- Unemployment Rates as of March 2023
 - National 3.5%
 - State 4.8%
 - Fresno County 8.6%
- Risks and Uncertainties
 - Economic fallout from a debt limit impasse
 - Higher interest rates
 - Uncertainty in financial institutions
 - Delayed tax receipts



Updating State Budget Impacts for Fresno Unified—January Proposal to May Revise

January Proposed Budget

- LCFF COLA 8.13%: \$63.2 million
- Special Education and Preschool COLA 8.13%: \$6.7 million
- PERS Pension Rate: \$2.3 million

 No change to STRS rate
- Health and Welfare increased contribution \$1,567: \$10.6 million
- Workers' Compensation: \$1.6 million reduced cost (Liability at 90% Funded)
- Unemployment Rate: \$1.7 million reduced rate from .05% to .02%
- Proposition 28 Arts and Music \$12.0

January Proposed: \$72.3 million

May Governor's Revise

- LCFF COLA 8.22%: \$55.5 million
 Funded on 3-yr prior ADA average
- Special Education COLA 8.22%: \$1.9 million Funded on prior year ADA
- STRS/PERS Pension Rate: \$1.7 million

 No change to STRS rate
- Health and Welfare increased contribution \$1,355: \$9.6 million
- Workers' Compensation: \$1.6 million reduced cost (Liability at 90% Funded)
- Unemployment Rate: \$2.6 million reduced rate from .05% to .005%
- Proposition 28 Arts and Music no change

May Revise: \$62.3 million Reduction of \$10.0 million



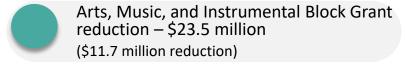
May 24, 2023

Updating State Budget Impacts for Fresno Unified

January Proposal to May Revise – 2022/23 Fiscal Year Changes



January Proposed Budget



- Learning Recovery Block Grant \$128.6 million
- Transitional Kindergarten \$5.3 million
- Expanded Learning Opportunities total allocation \$77.0 million

May Governor's Revise

- Arts, Music, and Instrumental Block Grant reduction \$17.6 million
- Learning Recovery Block Grant reduction \$87.5 million
- Transitional Kindergarten no change
- Expanded Learning Opportunities no change

January Proposed: \$234.4 million

May Revise: \$187.4 million Reduction of \$47.0 million



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%
- 2025/26 19.10%
- 2026/27 19.10%
- 2027/28 19.10%



- 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 26.680%*
- 2024/25 27.700%*
- 2025/26 28.300%*
- 2026/27 28.700%*
- 2027/28 30.000%*

^{*}Estimated rates provided by CalPERS



Upcoming Budget Discussions

- Public Hearings of LCAP and Budget
 - o June 14, 2023
- Public Adoption of LCAP and Budget
 - o June 21, 2023

