



Fresno Unified
School District

Agenda Item B-34



2024/25
Governor's May Revise

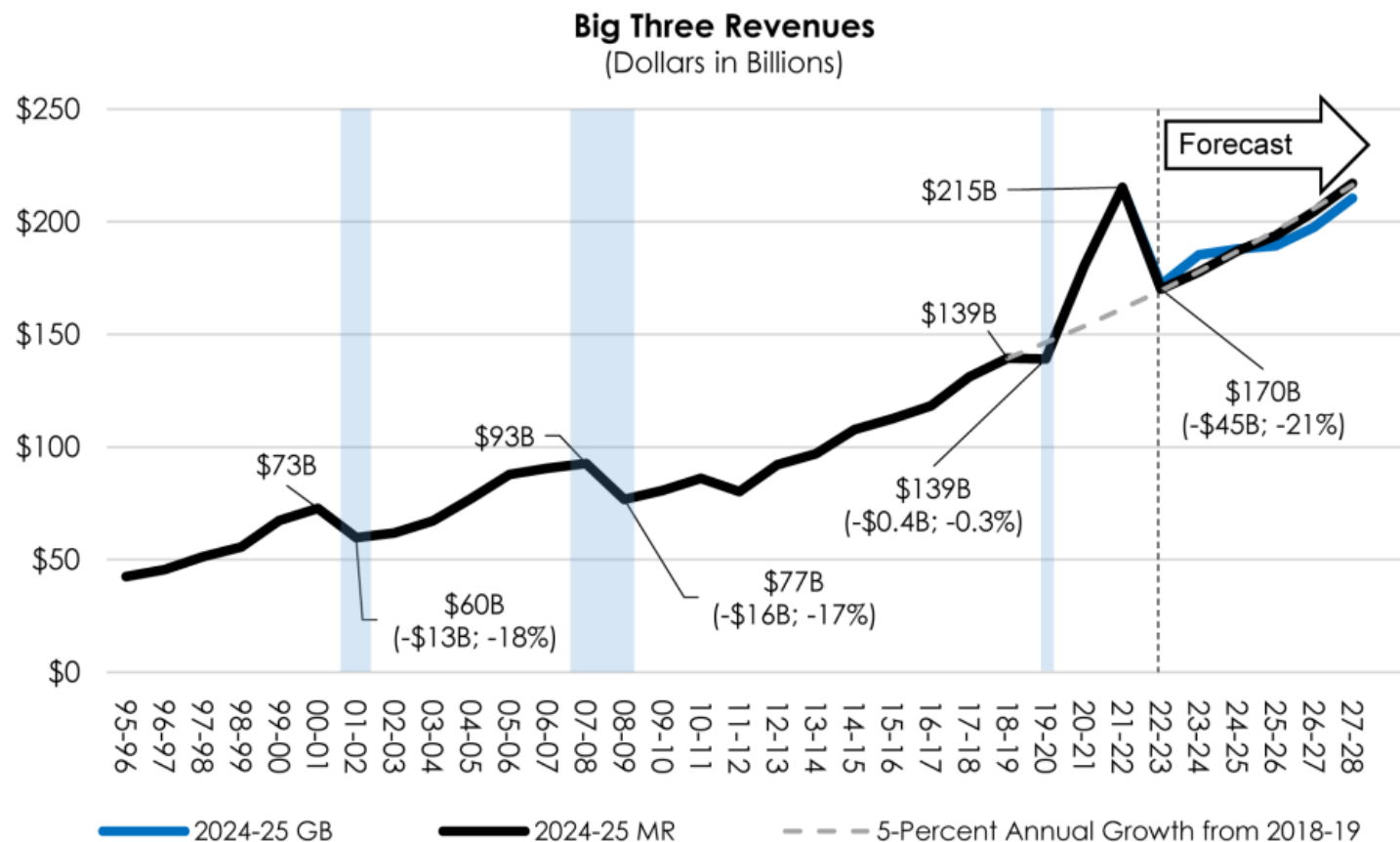
Board of Education

May 22, 2024

Outline

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

State Revenue Forecast – Long-term



Projected revenue figures exclude the impact of tax policy proposals and solutions.

Shaded bars indicate previous U.S. recessions.

Source: California Department of Finance, 2024-25 May Revision Forecast.

State Revenue Forecast – Big Three Revenue

“Big Three” Revenue Sources (In Millions)						
	2022-23		2023-24		2024-25	
	Governor's Budget	May Revision	Governor's Budget	May Revision	Governor's Budget	May Revision
Personal Income Tax	\$101,749	\$100,451	\$113,768	\$111,203	\$114,730	\$116,176
Corporation Tax	\$37,140	\$36,337	\$36,913	\$33,182	\$38,055	\$36,778
Sales Tax	\$33,186	\$33,324	\$34,643	\$33,320	\$35,123	\$34,043
Total	\$172,075	\$170,112	\$185,324	\$177,705	\$187,908	\$186,997

Source: Governor's May Revise Presentation

State Revenue Forecast – Reserve

Proposition 98 Reserve Withdrawals (In millions)				
	K-12		Community Colleges	
	Governor's Budget	May Revision	Governor's Budget	May Revision
2023-24	\$2,803	\$5,290	\$236	\$532
2024-25	\$2,144	\$2,208	\$486	\$382
Total	\$4,947	\$7,498	\$722	\$914

Source: Governor's May Revise Presentation

State Economic Overview

- California's economy
 - "The May Revision includes significant spending cuts to government operations, reductions to programs and pauses of new investments."
 - "Emerging from the pandemic, the state's economy has been resilient but has behaved in ways that have defied traditional forecasts and historical precedent."
 - "Immediate risks to the forecast remain driven by persistent inflation and elevated interest rates"
 - "if inflation takes longer to cool and interest rates remain high for longer than projected...could deepen the expected economic slowdown and push the economy into a mild recession"
- Unemployment Rates as of March 2024
 - National – 3.8%
 - State – 5.3%
 - Fresno County – 6.5%

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

January Proposed Budget

LCFF COLA 0.76% - (\$11.5 million)

- Decrease mainly due to ADA loss (3-year prior average)
- Proposal for instructional continuity to allow districts to provide attendance recovery opportunities

Special Education and Preschool
COLA 0.76%: \$400,000

PERS Pension Rate: \$1.4 million
No change to STRS rate

Health and Welfare maintained
contribution \$22,000 per active
employee

Workers' Compensation: (\$2.7 million)
reduced cost (Liability at 90% Funded)

May Governor's Revise

LCFF COLA 1.07% - (\$12.5 million)

- Decrease mainly due to Actual P-2 ADA loss (3-year prior average) – (\$4.1 million)
- Increase for COLA - \$3.1 million
- Proposal for instructional continuity – no change

Special Education COLA 1.07%:
\$500,000 Funded on prior year ADA

PERS Pension Rate: \$1.4 million
No change to STRS rate

Health and Welfare maintained
contribution \$22,000 per active
employee

Workers' Compensation: (\$2.7 million)
reduced cost (Liability at 90% Funded)

Governor's 2024/25 Proposed State Budget

Career Technical Education

- Executive Order to develop and submit proposed Master Plan by October 1, 2024

Learning Recovery Block Grant

- No reductions proposed, however, change use of these funds to focus remaining funds on students most impacted by learning loss
- The Local Control and Accountability Plan (LCAP) will guide the process

Educator Pipeline

- California Commission on Teaching Credentialing is to create a new Elementary Arts and Music Education authorization as an additional Career and Technical Education credential

Early Childhood Education

- Maintain reimbursement rates of \$53.7 million
- Delay \$10 million from the Preschool Inclusion Grant Program until 2026/27
- Reduce allocation of facility bonds from \$875 million to \$375 million

Facilities

- Delay Transitional Kindergarten and Full-Day Kindergarten Facilities of \$550 million to 2025/26
- State-wide election bond initiative to be placed on November 2024 ballot

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%



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 – 26.680%
- **2024/25 – 27.050%**
- 2025/26 – 27.600%*
- 2026/27 – 28.000%*
- 2027/28 – 29.200%*

**Estimated rates provided by CalPERS*



Upcoming Budget Discussions

- Public Hearings of LCAP and Budget
 - June 12, 2024
- Public Adoption of LCAP and Budget
 - June 20, 2024