

Agenda Item B-15



Governor's 2017/18 Proposed State Budget

Board of Education
January 25, 2017



Outline

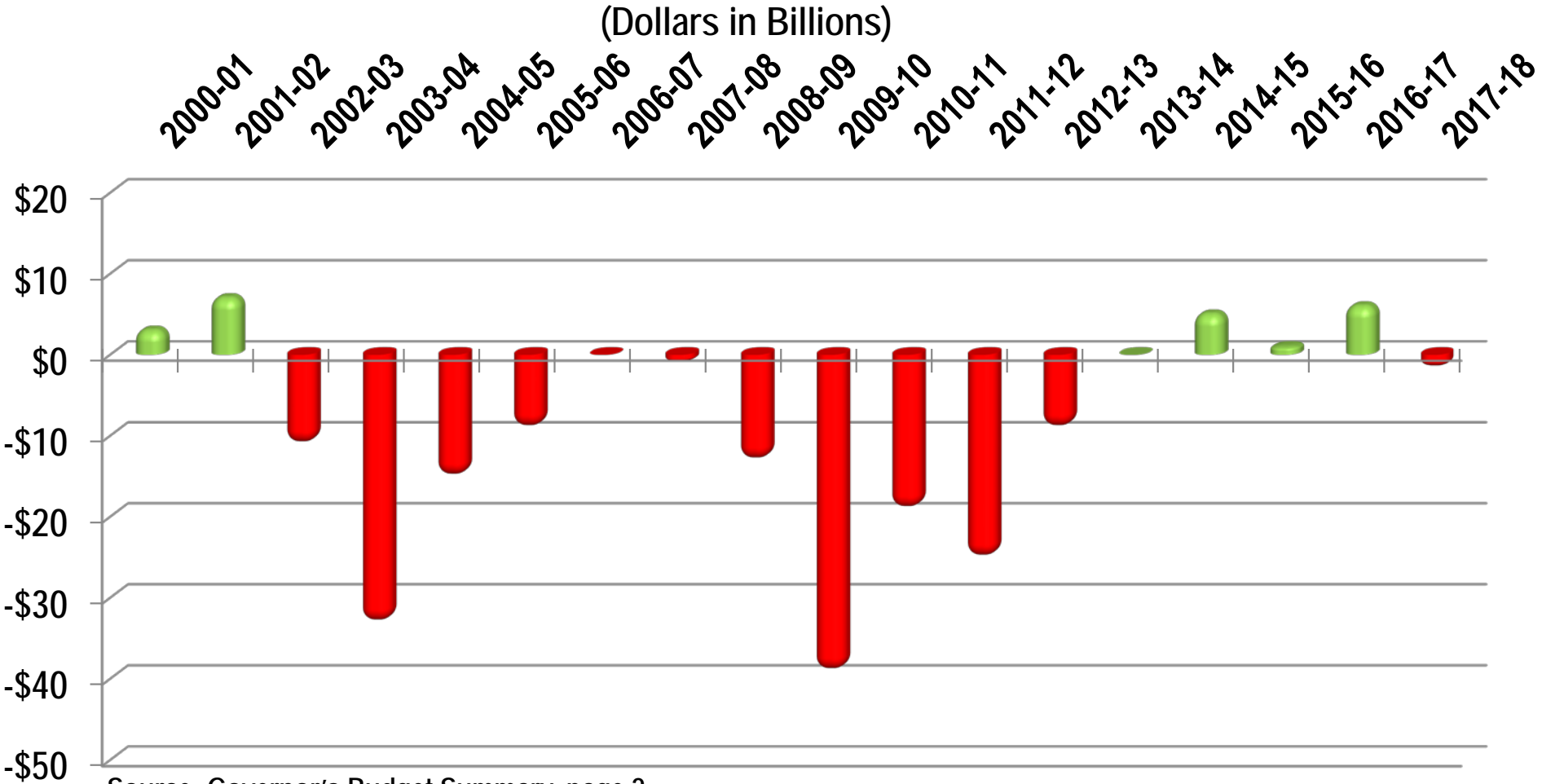
- Review State Budget
- Governor's Proposed Budget for 2017/18
- District's Strategic Budget Development for 2017/18
- Local Control and Accountability Plan (LCAP) Status Update



State Economic Overview

- California's economy – slowdown of fiscal recovery
- Unemployment Rates as of November 2016
 - National - 4.6%
 - State - 5.3%
 - Fresno County - 9.3%
- State budget prioritizes \$1.2 billion toward Rainy Day Fund
 - \$7.9 billion – 63% of constitutional target
- Legislative Analyst Office (LAO) acknowledges need to “plan for a high level of uncertainty” on both economic and political fronts

Balanced Budgets Have Been Quickly Followed by Huge Deficits



Source: Governor's Budget Summary, page 2

Governor's Proposed 2017/18 State Budget



Provides \$744 million towards Local Control Funding Formula (96% funded)



COLA of 1.48% for Special Education



Provides \$287 million one-time funds for prior year mandates



One-time deferral to fund education at minimum guarantee



Continues one-time funds for CTE Incentive Grants as outlined in 2015/16



Projected Employer Pension Increases

- ❑ No relief in Proposed Budget for Pension Increases
- ❑ Cal-PERS approved higher employer rates in December
- ❑ Additional cost to Fresno Unified increased from \$39 to \$49 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 – 20.10%**
- ❑ **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 – 15.8%***
- ❑ **2018/19 – 18.7%***
- ❑ **2019/20 – 21.6%***
- ❑ **2020/21 – 24.9%***
- ❑ **2021/22 – 26.4%***
- ❑ **2022/23 – 27.4%***
- ❑ **2023/24 – 28.2%***

**Estimated rates provided by CalPERS*

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



Facilities

- Restricted Routine Maintenance
 - Continued requirement to fund the lesser of 2014/15 level or 3% of General Fund
- Energy Efficiency Project
 - Provides \$422.9 million (Prop 39)
- Facilities Funding
 - Passage of Proposition 51 - \$9 billion in bond authority
 - State proposes new regulations and policies on bond expenditures for additional accountability



Strategic 2017/18 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 with an additional requirement to provide an update on prior year goals, actions and expenditures
- Funding is based on a per student formula for all students
 - 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



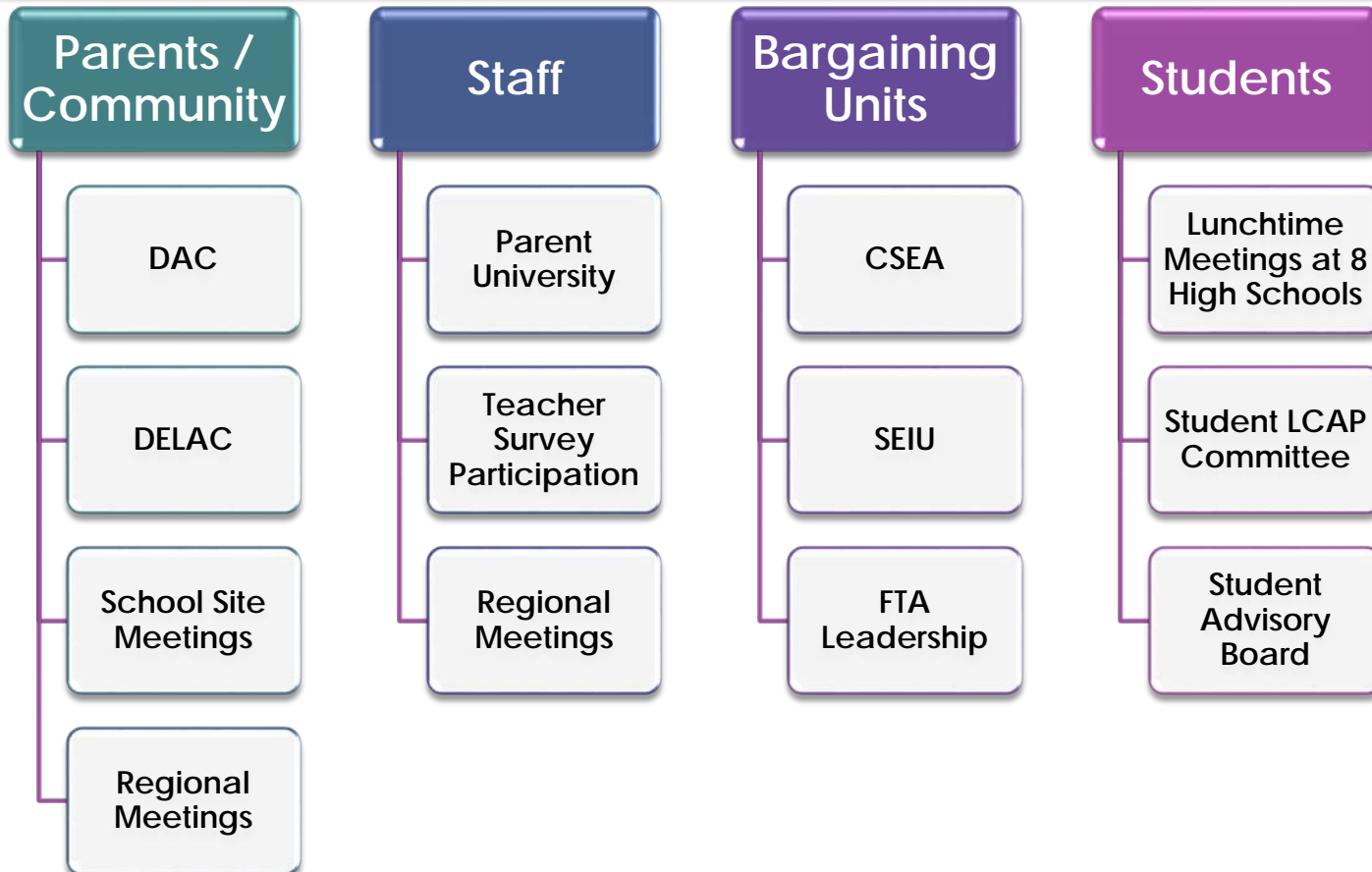
June

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

Ongoing Engagement...

85 Meetings
to Date with
Over 1300
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 2017
- Adoption of LCAP and Budget
 - June 2017