

Agenda Item B-18



Governor's 2019/20 Proposed State Budget

Board of Education
January 16, 2019



Outline

- Review State Budget
- Governor's Proposed Budget for 2019/20
- District's Strategic Budget Development for 2019/20
- Local Control and Accountability Plan (LCAP) Status Update

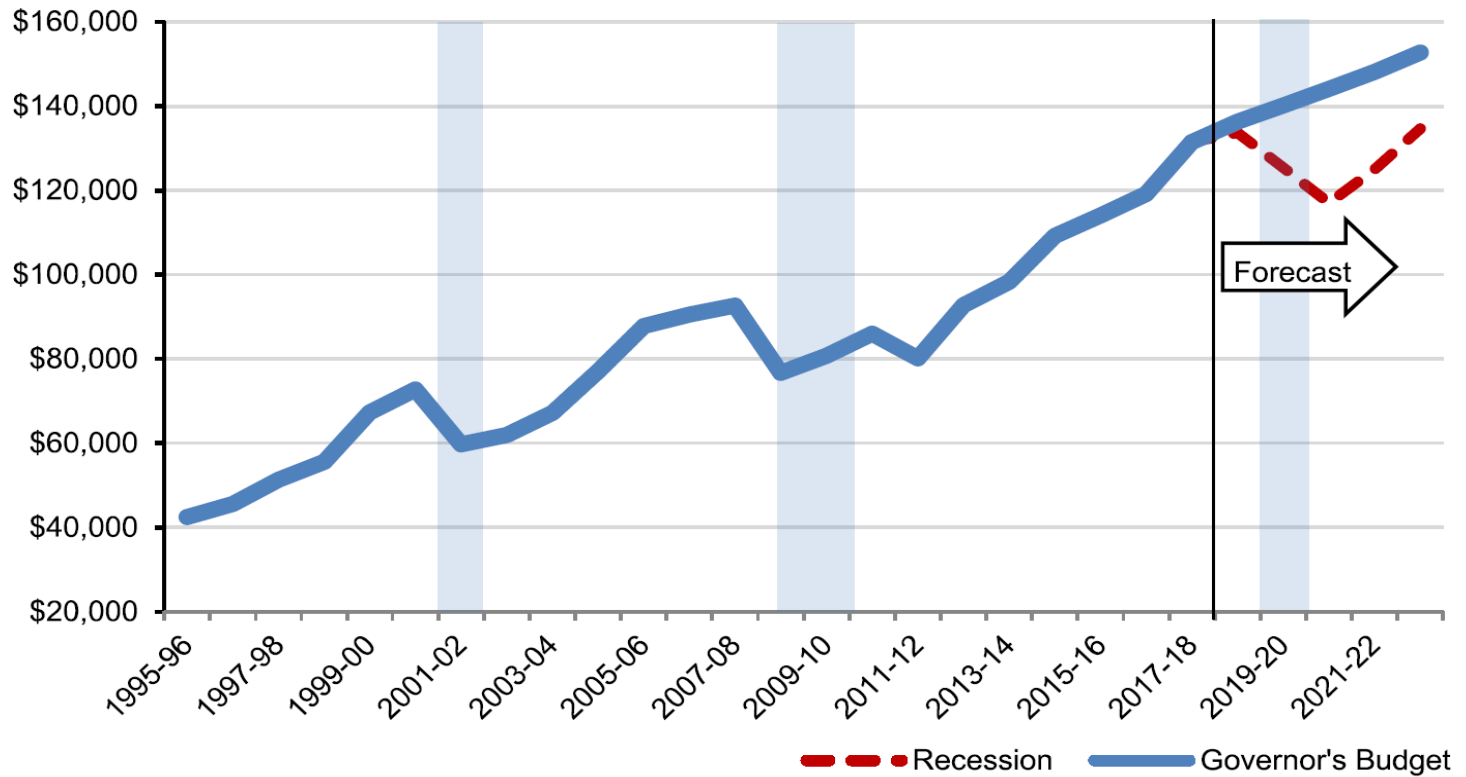


State Economic Overview

- California's economy – strong foundation, growing risks
- State budget prioritizes \$5.9 billion towards the Rainy Day Fund to total \$19.4 billion
 - \$1.8 billion in 2019/20
 - \$4.1 billion by 2022/23
- Unemployment Rates as of November 2018
 - National – 3.7%
 - State – 4.1%
 - Fresno County – 6.9%
- Expanded economy – longest recovery on record
- Proposition 98 funding Governor's Budget Proposal is identical to LAO forecast

State Revenue Growth

Annual Revenue Could Drop by over \$25 Billion in a Recession
(Dollars in Millions)

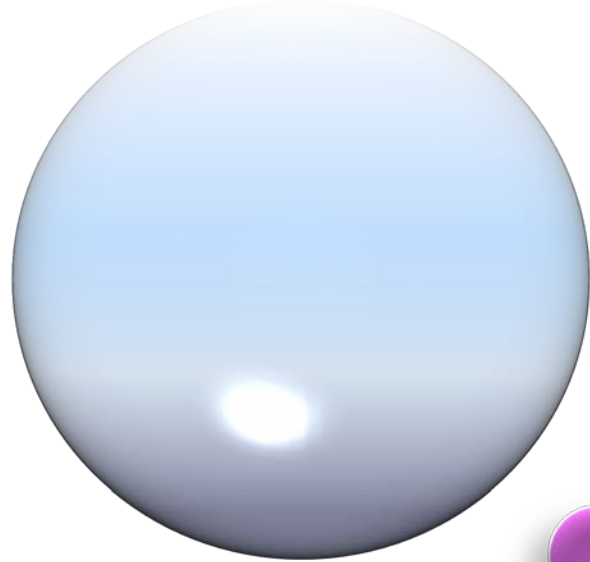


Source: Governor's Budget Summary, page 4

Governor's Proposed 2019/20 Budget

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5 Governor's Proposed 2019/20 State Budget



Provides 3.46% COLA, previously 2.57%



Provides \$576 million in Special Education with \$186 million as one-time to support high percentages of students with disabilities and unduplicated students



Provides \$700 million in one-time funds to reduce the CalSTRS rates in 2019/20 and 2020/21 plus \$2.3 billion in “out-years”



Early Learning – \$750 million in one-time funds to build or retro-fit full day kindergarten facilities. \$125 million to increase preschool access by 2021/22 – *Community-Based programs only*

6 Projected Employer Pension Increases

- ❑ STRS Pension Relief of \$2.9 million in 2019/20

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 – 17.10%**
- ❑ **2020/21 – 18.10%**
- ❑ **2021/22 – 18.10%**

CalPERS Employer Rates

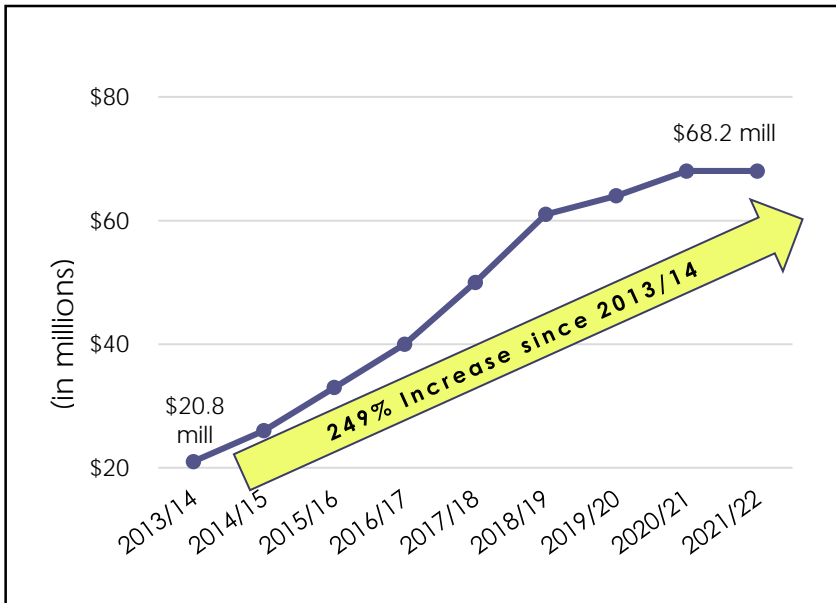
- ❑ 2013/14 – 11.442%
- ❑ 2014/15 – 11.771%
- ❑ 2015/16 – 11.847%
- ❑ 2016/17 – 13.888%
- ❑ 2017/18 – 15.531%
- ❑ 2018/19 – 18.062%
- ❑ **2019/20 – 20.7%***
- ❑ **2020/21 – 23.4%***
- ❑ **2021/22 – 24.5%***
- ❑ **2022/23 – 25.0%***
- ❑ **2023/24 – 25.5%***
- ❑ **2024/25 – 25.7%***

Source: Governor's Proposed January Budget

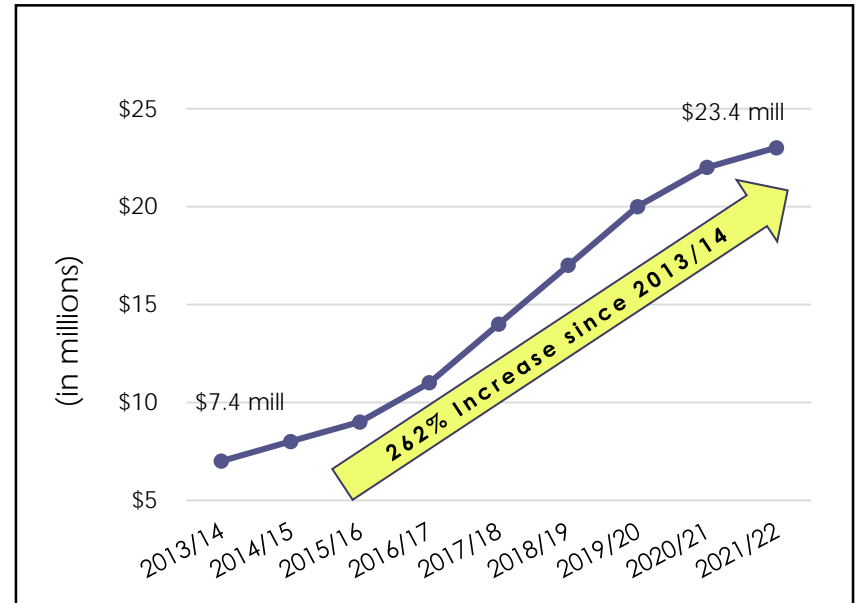
**Estimated rates provided by CalPERS*

Projected Employer Pension Increases

STRS Pension Costs



PERS Pension Costs



8 Strategic 2019/20 Budget Development

Continue to Analyze and Evaluate Options for the Board Of Education's Consideration

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



Local Control and Accountability Plan (LCAP) Basics

- A written plan outlining how Local Control Funding Formula funds will be used to improve student outcomes
- Covers three years, including a requirement to provide an update on prior year goals, actions and expenditures
- Funding is based on a per student formula for all students with additional funding for:
 - 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



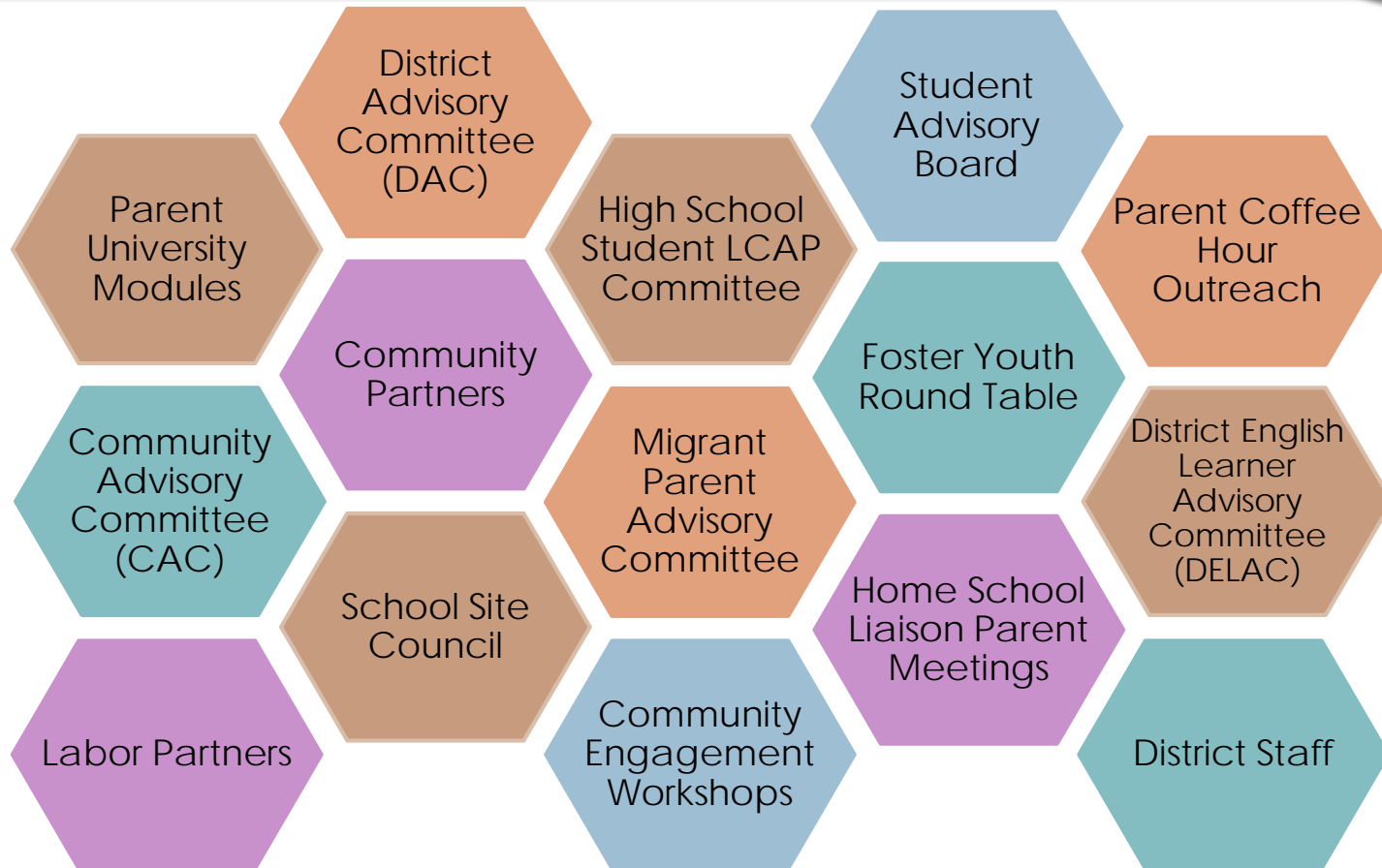
June

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

Ongoing Engagement...

132
Meetings
to-date with
over 1,200
participants

Online Survey and Informational Website



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Upcoming Budget Discussions

- Board Presentations – LCAP and Budget
 - February through May
- Governor’s May Revise, Public Hearings – LCAP and Budget
 - May 2019
- Adoption of LCAP and Budget
 - June 2019