



Fresno Unified  
School District

## Agenda Item B-15a

# 2019/20 Governor's May Revise

Board of Education  
May 15, 2019

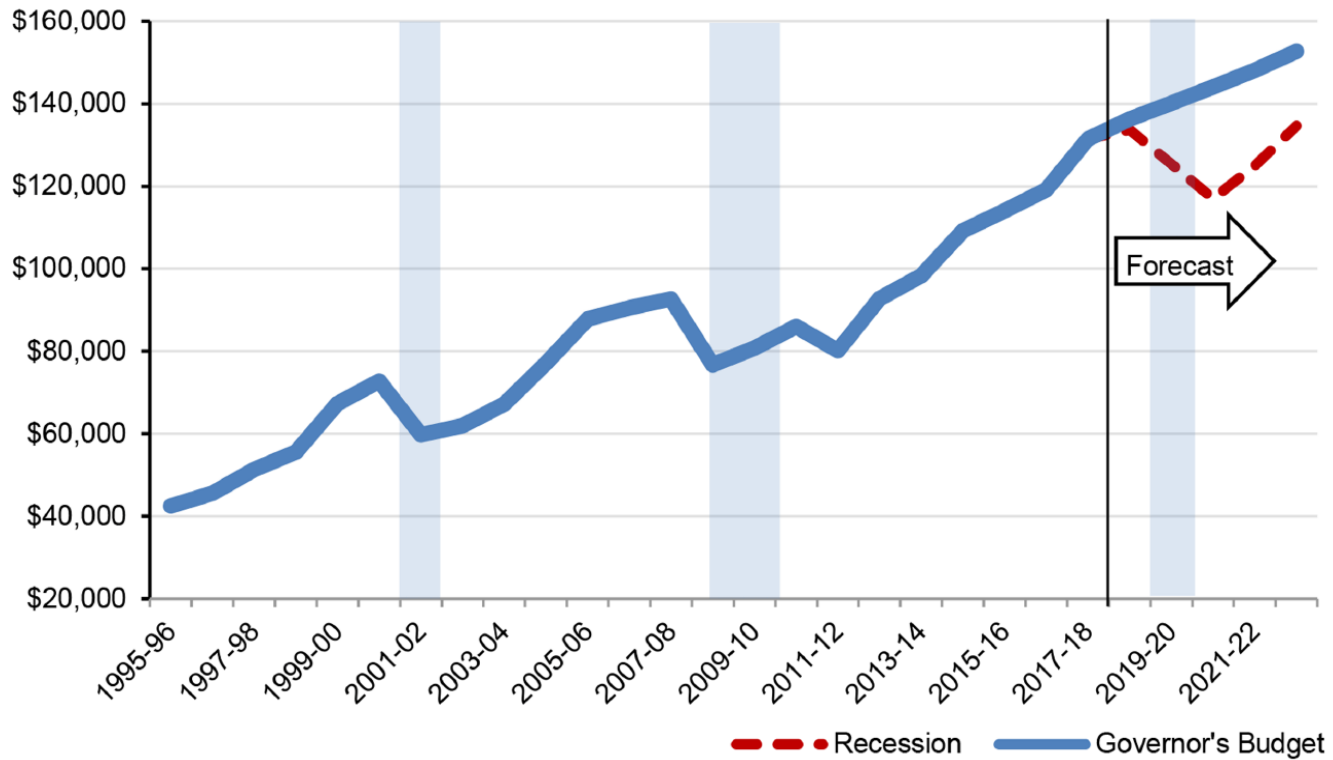


# Outline

- State Revenues – History and Forecast
- State Budget Shortfalls or Surplus
- State Economic Overview
- May Revise Updates
- Upcoming Budget Discussions

# State Revenues – History and Forecast

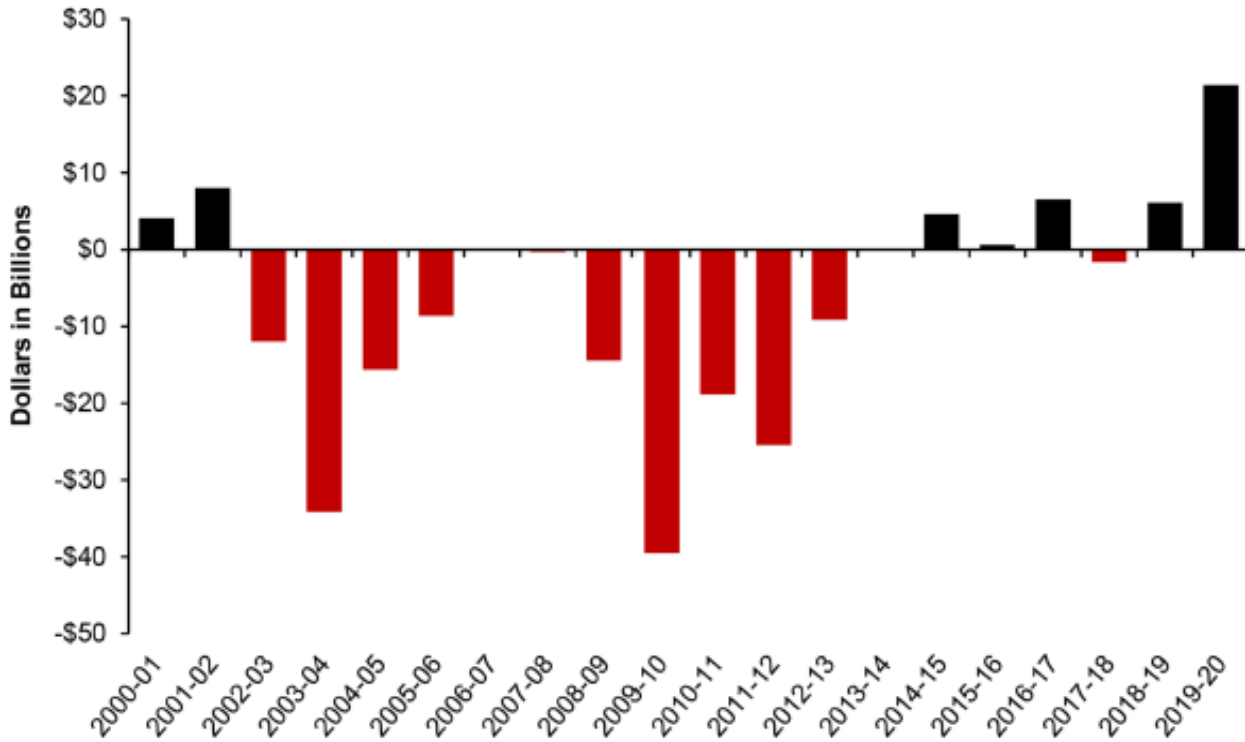
**Revenue Could Drop by Nearly \$70 Billion in a Recession**  
(Dollars in Millions)



Source: Governor's May Budget Summary, page 2

# State Budget Shortfalls or Surplus

Balanced Budgets Have Been Quickly Followed by Huge Deficits <sup>1/</sup>



<sup>1/</sup>Budget shortfalls or surplus, measured by the annual Governor's Budget.

Source: Governor's May Budget Summary, page 6



# State Economic Overview

- California's economy – strong foundation, growing risks
- State budget prioritizes \$5.7 billion towards the Rainy Day Fund – \$16.5 billion
- Unemployment Rates as of November 2018
  - National – 3.6%
  - State – 4.3%
  - Fresno County – 9.4%
- Economic recovery – approaching tenth year – longest on record



# May Revise Updates

- Cost-of-Living-Adjustment
  - 2019/20 – From 3.46% to 3.26% - Net change (\$1.3 million)
    - Base Revenue Grant decrease – (\$1.3 million)
    - Supplemental/Concentration Grant decrease – (\$200,000)
    - Contribution to Health Fund decrease – \$200,000
- CalSTRS Proposed Rate Adjustment
  - 2019/20 – From 17.10% to 16.70%
  - Additional one time savings – \$1.2 million



# 7 May Revise Updates

- Special Education – Increase of \$119 million statewide
  - May Revise – \$696.2 million ongoing
  - January Proposal – \$576 million: \$390 million ongoing, \$186 million one-time
  - Distribution methodology unchanged – Fresno Unified slightly below eligibility for 2019/20
- School District Reserve Cap
  - Public School System Stabilization Account – Potential deposit
  - May trigger a cap on school district reserves if certain criteria are met
    - Proposed deposit \$389 million – far below the \$2.1 billion required to trigger cap on district reserves
- Educator Workforce
  - May Revise – \$89.8 million one-time – provide loans for newly credentialed teachers
    - Up to \$20,000 each
    - Hard to fill subject areas
- School Facilities – Increase of \$150 million statewide
  - May Revise – \$600 million one-time – full-day kindergarten classroom construction/retrofit
  - January Proposal – \$750 million one-time
    - Matching requirement more favorable for districts:
      - Existing state/district – 50%/50%
      - Proposed state/district – 25%/75%



# Upcoming Budget Discussions

- Public Hearing – LCAP and Budget
  - May 29, 2019
- Adoption – LCAP and Budget
  - June 12, 2019