

# January State Budget Update



**Davis Joint Unified  
School District  
January 21, 2016**

**School  
Services  
of  
California  
INC.**

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# Themes for the 2016-17 Governor's Budget

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- **The Governor continues to stabilize funding and programs in all areas of the State Budget**
- **Completing repayment of the education Maintenance Factor in 2015-16, as School Services of California, Inc., (SSC) projected, increases funding for the non-Proposition 98 side of the State Budget**
- **The state increased its revenue estimates, but continues to underestimate Proposition 98 revenues for 2015-16 and 2016-17**
- **Economic growth is much stronger than in past years, but Governor Jerry Brown highlights the risk of recession**
- **Serious legislative and advocacy issues abound and draw attention and energy**
- **The Local Control and Accountability Plan (LCAP) remains a dominant governance document**
- **Yet, in what is shaping up to be a very good year, it is time to think about the potential for a slowdown**



# Preparing for the Slowdown

- The growth in education funding has been fueled by three major factors, all of which could change during 2016-17:
  - The Proposition 30 temporary taxes
  - Growth in the economy
  - Repayment of the Maintenance Factor
- At full implementation, each district will receive only cost-of-living adjustment (COLA) increases to its LCFF funding each year
  - COLAs over the next few years are estimated to be in the 2% to 3% range
  - If those COLA projections come to pass, most districts could again be making significant budget reductions
- We need to prepare for a slowdown while at the same time advocate for higher funding to continue to move toward at least the national average



# Proposition 98 Funding

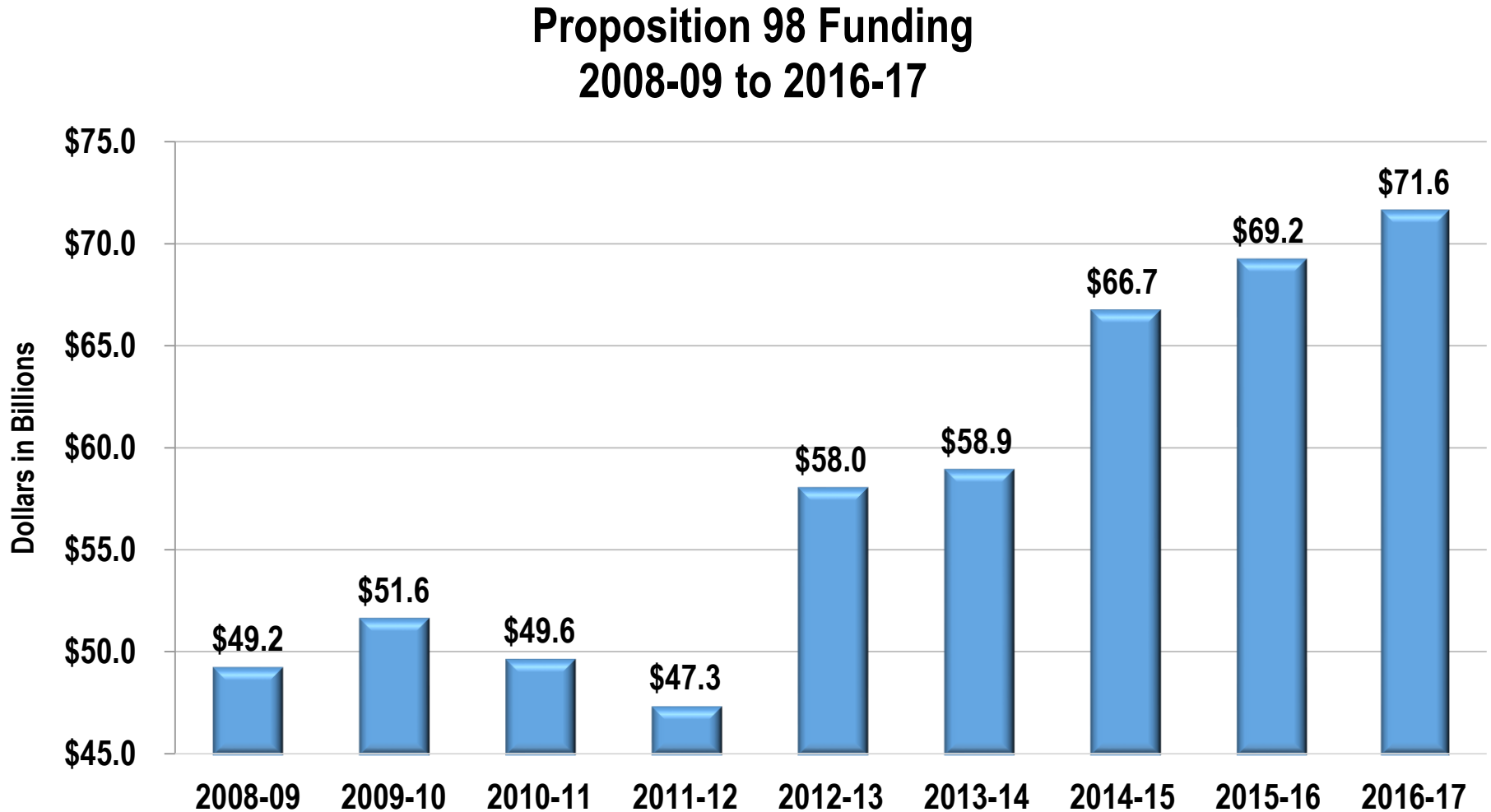
- **The Governor's Budget proposes a revised current year Proposition 98 guarantee of \$69.2 billion**
  - **An increase of \$766 million from the enacted Budget**
- **The Budget proposes Proposition 98 funding of \$71.6 billion in 2016-17, up \$2.4 billion (3.5%) from the revised 2015-16 level**
- **Maintenance Factor is fully repaid in 2015-16 with a payment of \$810 million**
  - **However, a new Maintenance Factor obligation of \$548 million is created in 2016-17**
- **General Fund support for schools slows compared to non-Proposition 98 programs: 2% increase versus 8.4% for all other programs in 2016-17**



# Proposition 98 Funding Over Time

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# Proposition 98 and the Major K-12 Proposals

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## ■ The Governor's Budget proposal includes:



- \$2.8 billion for Local Control Funding Formula (LCFF) gap closure
- \$1.6 billion for an Early Education Block Grant (not new funding)
- \$1.2 billion for discretionary one-time uses
- \$365.4 million for the K-12 portion of Proposition 39 (2012) – Clean Energy Jobs Act
- \$61 million to support projected charter school average daily attendance (ADA) growth
- \$30 million in one-time funds to provide academic and behavioral supports
- \$22.9 million for categorical programs' COLA (0.47%)
- \$20 million for charter school startup grants
- \$1.7 million for county offices of education (COE) to support COLA and ADA changes



# 2016-17 Local Control Funding Formula

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- Budget proposes \$2.8 billion for continued implementation of the LCFF
- New funding is estimated to close the gap between 2015-16 funding levels and LCFF full implementation targets by 49% 
- 85% of the gap closed in the first four years
  - Reaching to 95% of the targeted funding levels
- The LCFF base grant targets are adjusted for an estimated 0.47% COLA in 2016-17 
- 2016-17 LCFF growth provides an average increase in per-pupil funding of 5.6%, or \$489 per ADA
  - DJUSD increase 4.52%, or \$348 per ADA
  - Prior projection of 3.72%, or \$286 per ADA





# One-Time Funds

- The Governor's Budget includes \$1.2 billion in discretionary one-time Proposition 98 funding
  - Equal to about \$214 per ADA
  - DJUSD projection of \$1.6 million
- The Governor suggests the one-time funds may be used to support investments in:
  - Content standards implementation, technology, professional development, induction programs for beginning teachers, and deferred maintenance
  - DJUSD projected use for standards implementation and technology as presented at First Interim Budget
  - This is not a mandate and the funds can be used for any one-time purpose
  - However, any funds received will offset state obligations for any local educational agency (LEA) with outstanding mandate reimbursements, consistent with the approach used in the 2014 and 2015 Budget Acts





# What Does the Jan Revise Mean for DJUSD

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DJUSD – 2016-17		
2016-17 LCFF Per ADA Funding	Projected 2016-17 ADA	Projected 2016-17 LCFF Total Revenue *
\$8,048	7,706	\$62,018,318

*\* LCFF Funding Increase of \$3 million*

Discretionary Funds – ONE TIME	Total
\$214 (one-time) X 2015-16 P2 ADA =	\$1,640,000



# 2016-17 DJUSD Budget Considerations LCFF

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<b>Projected Net Revenue Change</b>	<b>\$3,060,000</b>	<b>5.19%</b>
<b>Required (State/Local) Expenditures:</b>		
Restricted maintenance contribution (State required)	\$100,000	0.2%
Increased pension costs (State required)	\$930,000	1.7%
Net step and column (Local required)	\$450,000	0.8%
LCAP Supplemental Services (State required)	\$180,000	0.3%
Teacher staffing including Class Size (State/Local required)	\$130,000	0.2%
Other Cost Increases	\$400,000	0.7%
<b>Other Goals, Programs and Services:</b>		
Deficit spending reduction (fiscal responsibility)	\$0	0.0%
Collective Bargaining	\$1,190,000	2.2%
All other services/goals	\$0	0.0%
<b>Total Projected Expenditure Changes</b>	<b>\$3,380,000</b>	<b>6.3%</b>
<b>Revenue less expenditures</b>	<b>(\$320,000)</b>	<b>-0.6%</b>



# DJUSD Budget Considerations One-Time Sources 10

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Discretionary Funds – ONE TIME	Total
2015-16 One-Time Payments Balance	\$1,500,000
2016-17 One-Time Payments	\$1,640,000

***DJUSD projected use for standards implementation and technology as presented at First Interim Budget***



# DJUSD Budget Considerations One-Time Sources 11

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Curriculum Standards	2016-17	2017-18	2018-19
English Language Arts	\$200,000	\$950,000	
Math	\$125,000	\$125,000	\$150,000
Science (NGSS)			\$650,000
Foreign Language		\$75,000	\$75,000
Immersion		\$250,000	
Health	\$75,000		
Annual Totals	\$400,000	\$1,400,000	\$875,000
GRAND TOTAL			\$2,675,000



# DJUSD Budget Considerations One-Time Sources 12

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<b>Instructional Technology</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Wireless Implementation</b>	<b>\$350,000</b>	<b>\$150,000</b>	
<b>Classroom Projection</b>	<b>\$400,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>Chromebooks &amp; Labs</b>	<b>\$100,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>Total</b>	<b>\$850,000</b>	<b>\$700,000</b>	<b>\$550,000</b>



# Next Steps

## ■ State level

- Budget committee hearings
- Next update – May Revision

## ■ Local level

- Budget and LCAP Planning
- Demographic Report
- Second Interim Report March 17th
- Adoption Budget June



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## Questions