SAN LEANDRO UNIFIED SCHOOL DISTRICT

2018-19 GOVERNOR'S JANUARY BUDGET PROPOSAL

Kevin Collins, Ed.D.
Assistant Superintendent

February 6, 2018

1

2018-19 Budget Proposal Overview

- Items to cover:
  - Governor's Budget Proposal
  - SLUSD Budget Impact
  - Multi-Year Projection
  - Federal Issues
  - Next Steps

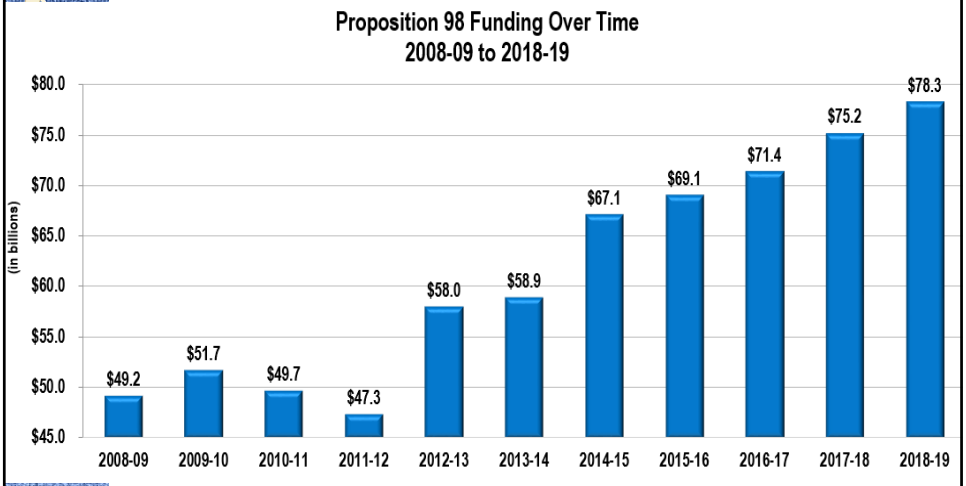
2

2018-19 Governor's Budget Proposal

- State General Fund expenditures of $131.7 billion
  - Fully funded Rainy Day Fund of 10% of GF
- $78.3 billion in Prop 98 (state and local property taxes)
  - $3 billion increase for LCFF – 100% gap closure
  - $1.8 billion in one-time discretionary
- Budget proposal includes COLA of 2.51%

3

Prop 98 Funding



4

State Education Funding

- Despite major increases in Prop 98 spending since 2011-12, California ranks:
  - 41st in per-pupil spending
  - 45th in pupil-teacher ratios
  - 48th in pupil-staff ratios

5

2018-19 SLUSD Budget

- If enacted as-is, the Governor's 2018-19 proposal would mean approximately:
  - $5.3 million in ongoing LCFF funding
  - $2.6 million in one-time funding
  - 2.51% COLA for state special education funding, Mandate Block Grant, and limited number of other categorical programs

6

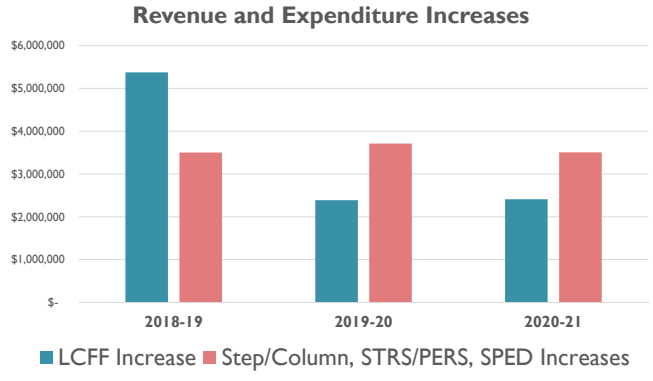
Impact on Multi-Year Projection

- Prior to new budget proposal:
  - LCFF funding increases scheduled through 2020-21
  - Major STRS and PERS cost increases also projected through 2020-21
- With new proposal, LCFF will be fully funded in next year
  - Future increases would be according to Cost of Living Adjustment (COLA) – averaging 2-3% annually

7

Impact on Multi-Year Projection

- Increases from Step and Column (1.5%), Special Education (8%), and STRS and PERS will be greater than COLA in 2019-20 and 2020-21.



8

LAO Analysis and Economic Forecast

- In previous years, Governor's revenue estimates have been significantly lower than Legislative Analyst's Office
  - This year, LAO and Governor are very close
- Proposal does not include up to $4 billion in unanticipated personal income tax revenue as a result of taxpayers choosing to pre-pay their 2018 taxes to maximize federal deductions
- UCLA Economic Forecast – "Sunny 2018, Cloudy 2019"
  - LAO presented model without recession, and another model with moderate recession in 2019-20

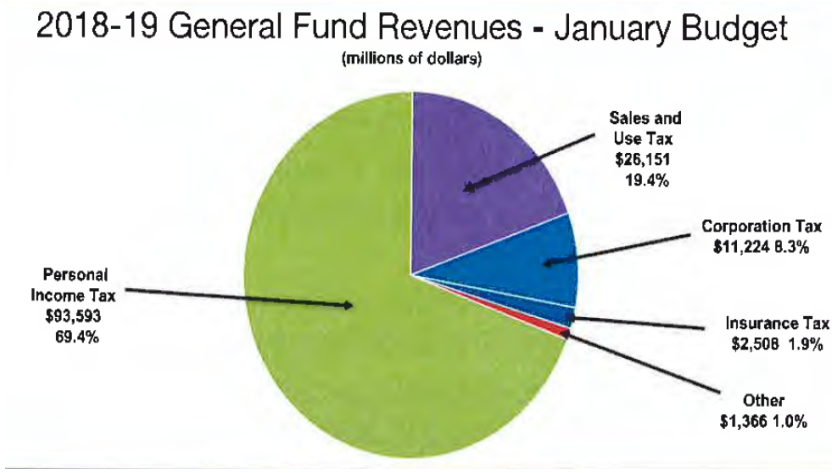
9

Federal Issues

- Federal revenue constitutes about 4% of SLUSD General Fund.
  - Federal funding has unexpectedly increased this year
- Changes to federal tax code may have potential impacts on California budget and economy
  - State and Local Tax (SALT) deduction limit of $10,000 may limit future growth of Assessed Valuation and may cause high earners to move to states without a state income tax and could make passing bond or parcel tax more difficult
- Withdrawal from the North American Free Trade Agreement (NAFTA) would have oversized impact on California economy

10

Sources of State GF Revenue

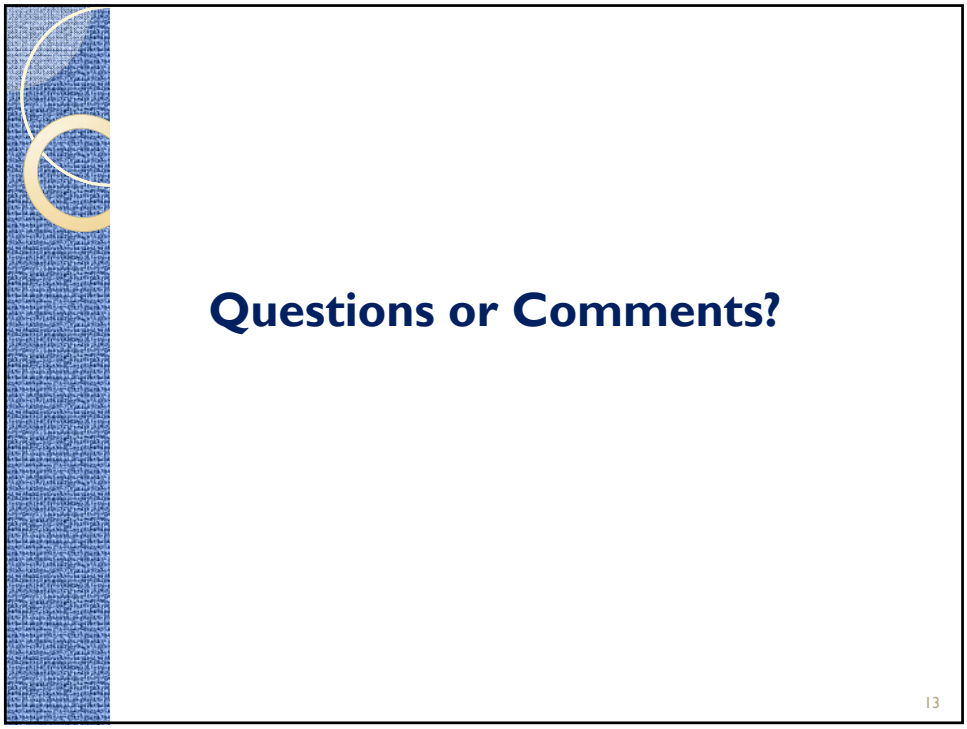


11

Next Steps

- District is beginning to develop 2018-19 budget based on Governor's estimates
- Governor will release May Revise that will reflect several additional months of tax revenue
- Ultimately, Governor and Legislature will negotiate final amounts to be included in budget to be adopted in June

12


Questions or Comments?
13