

Governor's May Revise 2015-16 Budget



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Presented to:

Oakland USD
Board of Education

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The Big News – 2015-16 Provides the Highest Increase in Education Funding Ever!

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- **The May Revision provides an additional \$3.1 billion for education funding in 2014-15**
 - **This funding is for 2014-15, but treated as one-time dollars**
- **The combination of a rapidly recovering California economy and Proposition 30 temporary taxes drive the increased state revenues and growth in Proposition 98 for 2014-15**
- **The Governor proposes adding \$2.1 billion to the \$4 billion proposed in January for 2015-16 LCFF growth, for a total of \$6.1 billion**
 - **Gap closure rate goes from 32.19% to 53.08%**
 - **Average increase is 14.13%, or \$1,088 per average daily attendance (ADA)**
- **The state is making rapid progress toward full implementation of the LCFF**

January Budget vs. May Revision

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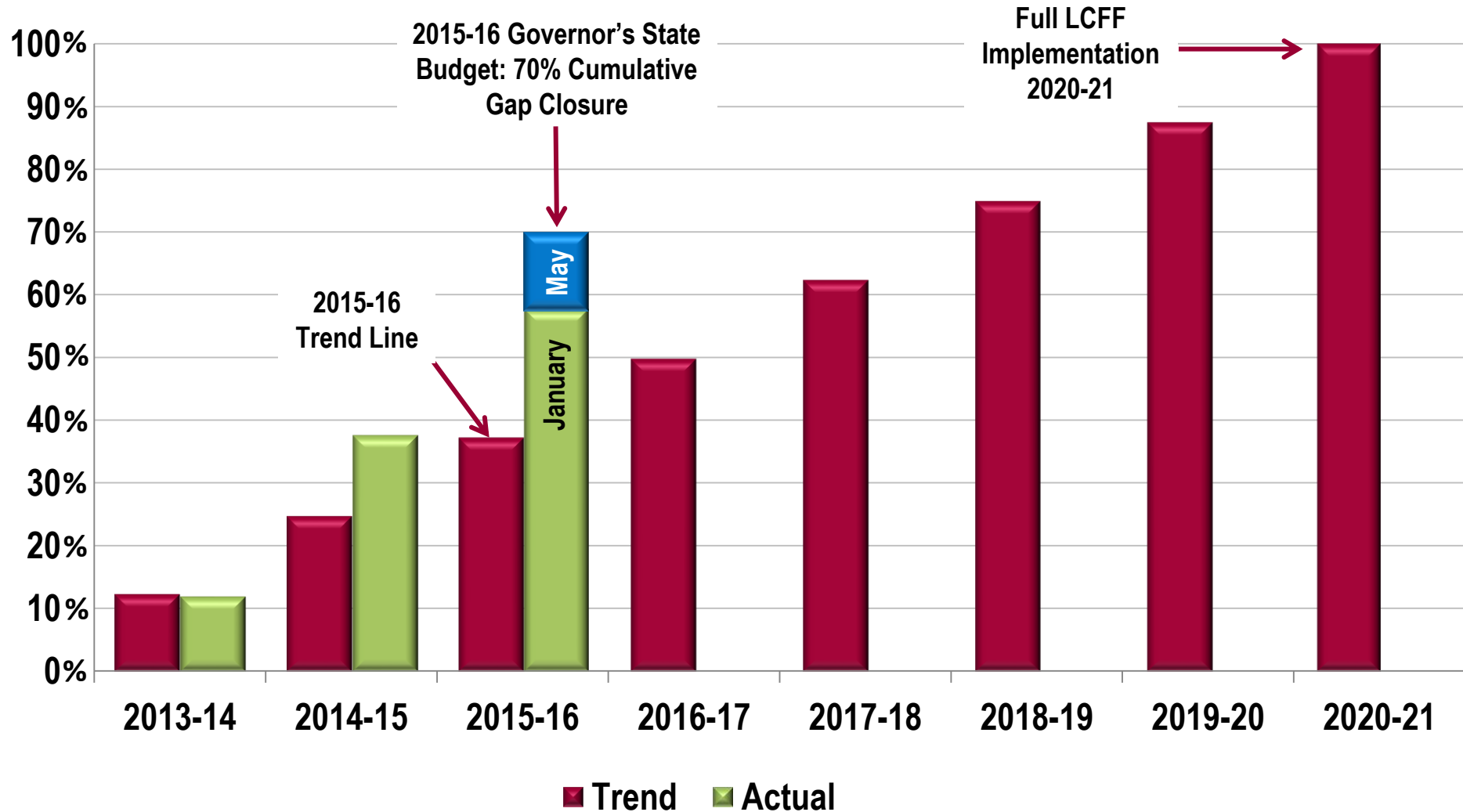
Item	January Budget	May Revision
LCFF Gap Funding Percentage	32.19%	53.08%
Proposition 98 Minimum Funding Guarantee		
2014-15	\$63.2 billion	\$66.3 billion
2015-16	\$65.7 billion	\$68.4 billion
2015-16 COLA	1.58%	1.02%
One-time Discretionary Funds for 2015-16	\$1.1 billion \$180 per ADA	\$3.5 billion \$601 per ADA



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Progress Toward LCFF Implementation

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- **The January Budget proposed \$4 billion for continued implementation of the LCFF**
- **The May Revision provides another \$2.1 billion, for a total of \$6.1 billion of additional Proposition 98 revenues flowing to schools**
- **New funding is estimated to close the gap between 2014-15 funding levels and LCFF full implementation targets by 53.08% in 2015-16**
 - **The May Revision slightly revises the current-year gap closure estimate, up from 29.15% to 29.97% for 2014-15**
- **When combined with 2013-14 and 2014-15 LCFF funding, implementation progress would close almost 70% of the gap in just 3 years**

What Does the LCFF Mean for OUSD?

OUSD – 2015-16

2015-16 LCFF Prior Estimate	2015-16 LCFF per May Revise	Difference (Potential Additional Resources)
\$320.4 Million	\$335.3 million	\$14.9 million

OUSD – 2014-15

2014-15 LCFF Prior Estimate	2014-15 LCFF per May Revise	Difference (Potential Additional Resources)
\$296.0 Million	\$297.1 million	\$1.1 million

- **The May Revision provides an increase of \$2.4 billion in discretionary one-time Proposition 98 funding**
 - **From \$1.1 billion to \$3.5 billion, equal to about \$601 per ADA**
 - **OUSD would get approximately \$20 million (current estimate is \$6.4 million)**
- **The May Revision suggests that local educational agencies (LEAs) prioritize these funds for professional development, teacher induction, and instructional materials and technology**
 - **This is not a mandate and the funds can be used for “any one-time purpose, as determined by the governing board”**
 - **However, any funds received will offset state obligations for any LEA with outstanding mandate reimbursements, consistent with the approach used in the 2014 Budget Act**



Other Programs

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- **The May Revision provides an increase in funding for other programs:**
 - **Special Education - for Early Intervention, Preschool, and Alternative Dispute Resolution programs**
 - **\$50.1 million in ongoing funding**
 - **\$10 million for one-time funding**
 - **Transitional Career Technical Education (CTE) Incentive Grant Program**
 - **Additional funding and increasing match requirements.**
 - **Adds to the existing list of funding priorities and disallows Career Pathways Trust funds from counting toward the match**
 - **Additional resources for Child Care and Preschool programs**
 - **Adult Ed - \$500 million (as proposed in January)**
 - **Internet Connectivity – \$100 million (as proposed in January)**

- **The employer contribution costs for both CalPERS and CalSTRS are significantly increasing over the next several years**
 - **The 2015-16 CalPERS employer contribution rate increase is less than expected – increasing to 11.847% instead of 12.6%**
 - **The 2015-16 CalSTRS employer contribution rate statutorily increases to 10.73%**
 - **The increase in 2014-15 was made purposefully small – an 8% increase in the employer cost**
 - **The increase in 2015-16 is more significant – a 30% increase above the 2013-14 employer contribution rate**
- **The 2015-16 State Budget proposal does not address these cost increases for LEAs**



Next Steps

■ State level

- Budget committee hearings
- Vote on Budget by Legislature
 - To continue to receive their pay, members of the Legislature must approve the State Budget by June 15, which they have done the past three years!
- Governor signs Budget

■ Local level

- Adopt the LCAP and budget
 - June 10 - First reading of OUSD Budget & LCAP
 - June 24 – Adoption of 2015-16 Budget
- 45-day budget revision if material changes from adopted budget

Questions?

