



MEMORANDUM

DATE: January 25, 2017

TO: Board of Trustees

FROM: Antwan Wilson, Superintendent
Vernon Hal, Senior Business Officer
Gloria Gamblin, Interim Chief Financial Officer

RE: 2017-18 Governor's Proposal – Executive Summary for Board

The purpose of this memo is to provide the background and summary of the Governor's 2017-2018 State Budget Proposals for K-12 Education. This is for information only. No action is required.

Background – This is the first stage of developing the State's budget for 2017-18 and will continue to the May Revise. The legislature is expected to hold hearings and take a final vote by June 15, with the Governor's signature and a final budget by June 30.

The January Budget Proposals incorporate changes in economic conditions, anticipated State revenues and begin the input process of legislative hearings and discussions with stakeholders. We will provide a similar summary presentation of the May Revise to the Board on May 24, 2017.

Highlights - Governor's January Proposals are:

- The Jan Proposals convey the State's Economic Conditions in education funding for 2017-2018
 - Expect major political and legislative challenges, particularly at the federal level
 - The State's Budget will present operational issues in several areas
 - State Revenue projections are lower than expected
 - New LCFF allocation only sufficient to pay cost of the 1.48% COLA - grade span per ADA
- The November 2016 Election has some "Highs and Lows"
 - Passage of Proposition 55 does not generate new revenue but maintains revenue at Proposition 30 Level
 - State and Local school facility bonds were approved
 - Revenue projections dictate the rate at which the State moves toward the LCFF full implementation
- Other Programs that are proposed for additional funding. These are not as significant, but are an indication of support for these programs (we don't have OUSD estimates yet):
 - \$744 million for LCFF gap closure
 - \$423 million for K-12 Propositions 39 Clean Energy Jobs Act
 - \$287 million for discretionary one-time uses
 - \$200 million for Career Technical Education Incentive Grant Program
 - \$58 million for categorical programs' cost-of-living adjustment 1.48% COLA
 - \$8.5 million for the Mandated Block Grant - Training for School Employee Mandated Reporting