

SAN MATEO UNION HIGH SCHOOL DISTRICT



**State Budget
January 28, 2016**

Governor's Budget Proposal

- Economic Outlook
 - Proposal assumes continued positive economic growth in 2016-17
 - Focused in five areas
 - Fiscal prudence
 - Education
 - Infrastructure
 - Climate change initiative
 - Poverty

State Budget Proposal

- State revenues are anticipated to be \$121 billion, an increase of \$3 billion. The main components of the revenues are:
 - Personal income tax \$83.8 billion (69.5%)
 - Sales and use tax \$25.9 billion (21.5%)
 - Corporation tax \$11.0 billion (9.1%)

Proposition 98

- Minimum Proposition 98 Guarantee increases notable
- Revised estimates 2014-15 \$387M
- Revised estimates 2015-16 \$766M
- Proposed 2016-17 \$2,410 B

	2014-15				2015-16		
	6/15	1/16			6/15	1/16	
K-14	Projection	Projection	Diff		Projection	Projection	Diff
General Fund	\$ 49,608	\$ 49,554	\$ (54)		\$ 49,416	\$ 49,992	\$ 576
<u>Property Taxes</u>	<u>\$ 16,695</u>	<u>\$ 17,136</u>	<u>\$ 441</u>		<u>\$ 18,993</u>	<u>\$ 19,183</u>	<u>\$ 190</u>
Total	\$ 66,303	\$ 66,690	\$ 387		\$ 68,409	\$ 69,175	\$ 766

Proposition 98

Combined increases in the minimum guarantee for a three year period is \$4.3 billion.

- \$2.8 billion for Local Control Funding Formula, representing a 6% increase. New funding model remains a priority, providing local control and accountability and providing additional funding for disadvantaged students.
 - 2014-15 \$9,920 per ADA
 - 2015-16 \$10,223 per ADA
 - 2016-17 \$10,591 per ADA

Proposition 98

- .47% COLA special education
- \$30 million in one time funding to expand last year's \$10 million Systems of Learning and Behavioral Supports initiatives
- \$1.7 billion to restructure Preschool Programs to benefit low income and at risk preschoolers

Proposition 98

- \$1.4 billion of one time funding to pay down education mandated cost backlog. These funds can be used for any purpose. Funding is estimated at \$214 per ADA or about half of the allocation of one time monies SMUHSD received this year.
- \$200 million in new ongoing funding for Strong Workforce Program initiatives including CTE pathways
- \$47.8 million (\$30.9M from Proposition 98 and \$16.9 million from non-Proposition 98 sources) to transition all subsidized child care to a voucher system
- \$61 million to support project charter school ADA growth and start up grants

State Budget Provides Modest Safety Net Against Downturn

- Economic growth anticipated to increase in short term, the minimum guarantee could decrease in 2017-18 or future years
- California has benefited by remarkable economic growth. State may be reaching the peak of a long economic expansion.
- Average economic growth period is five years
- California is currently at six and a half years

District Challenges

- Proposition 30 taxes are temporary
 - .25% sales tax increases expire in 2016
 - The personal income tax increases expire in 2018
 - A downturn in the economy and the expiration of Prop 30 taxes could magnify the impact to schools
- Risk of future recession and the direct impact on assessed real property valuation growth
- Projected increase in student enrollment
- Fully funded retirement system within thirty years results in increased rates. The rates increase for both STRS and PERS with the timeline for the implementation of the LCFF

Retirement Programs	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
CalPers Employer Rate	11.77%	12.60%	15.00%	16.60%	18.20%	19.90%	20.40%
CalSTRS Employer Rate	0.888%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%