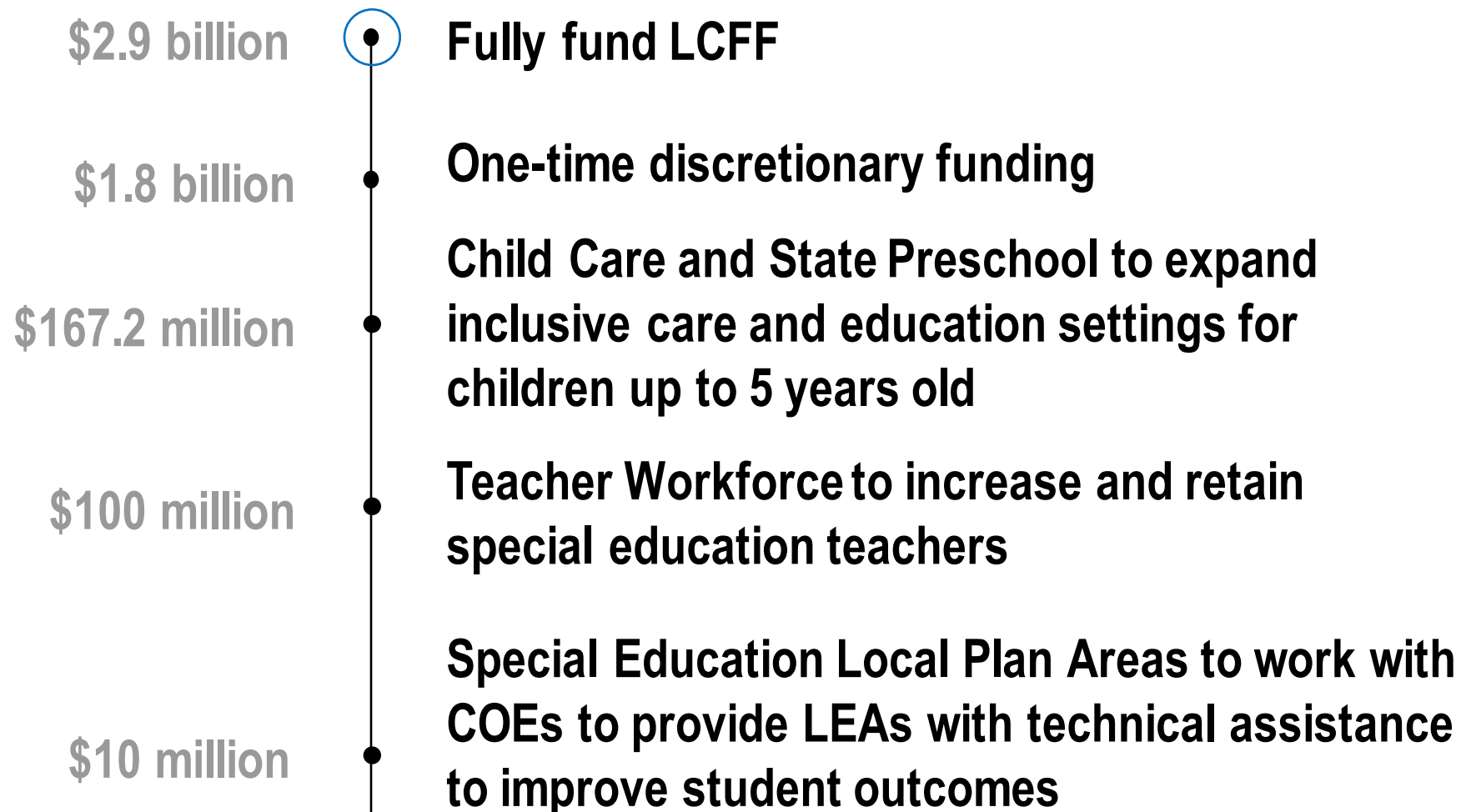




Proposition 98 and the Major K-12 Proposals

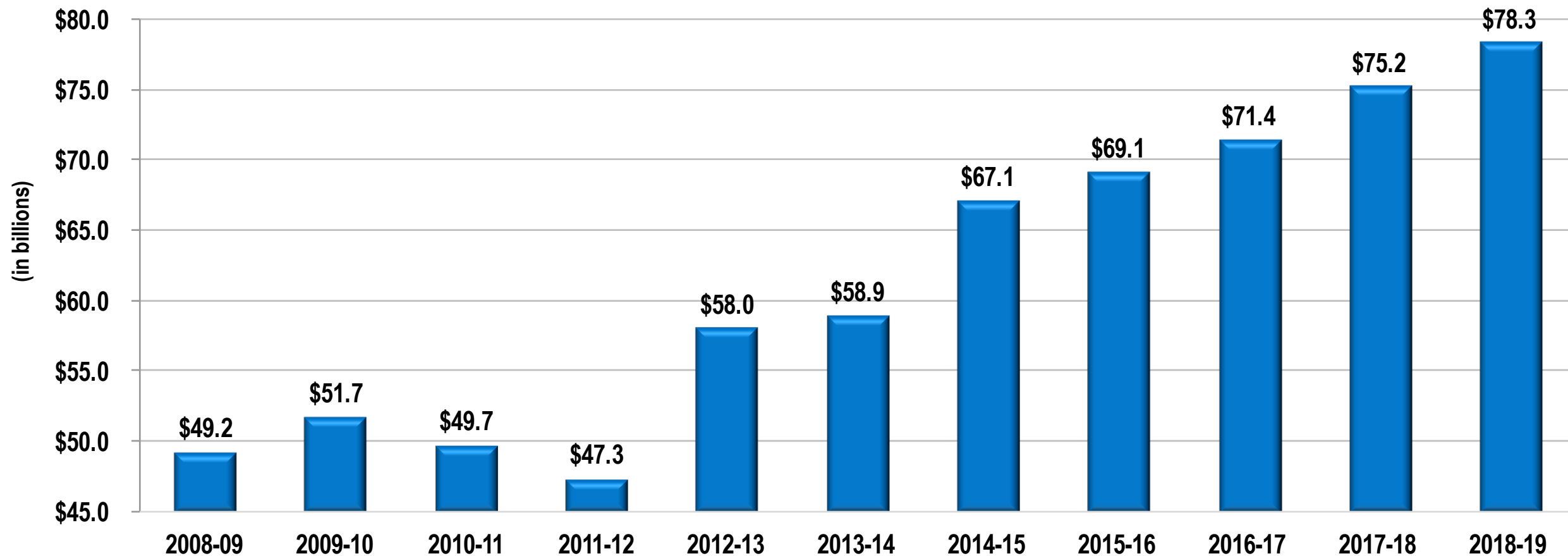
The Governor's Budget proposal includes:





Proposition 98

**Proposition 98 Funding Over Time
2008-09 to 2018-19**





2018-19 Local Control Funding Formula

3

© 2018 School Services of California, Inc.

- The Budget proposes nearly \$3 billion for full implementation of the LCFF
 - Two years ahead of the intended 2020-2021 implementation date
- New funding is estimated to completely close the gap between 2017-18 funding levels and LCFF full implementation
- The LCFF base grant targets are adjusted for an estimated 2.51% COLA in 2018-19
- 2018-19 LCFF growth provides an average increase in per-pupil funding of an estimated \$550 per ADA, or 5.8%
 - For Berkeley USD it provides an increase of \$392 per ADA or 4.3%



What Does the LCFF Mean for Berkeley USD?

	Berkeley USD 3 Year LCFF Projection		
Fiscal Year	*LCFF Projected Total Revenue	2017-18 First Interim Projection	Difference
2018-19	\$88,271,427	\$86,874,715	\$1,396,712
2019-20	\$90,339,158	\$88,947,235	\$1,391,923
2020-21	\$92,827,840	\$92,280,333	\$547,507

**Please note projected LCFF revenue is based on First Interim enrollment projections, the projections will be adjusted for the Second Interim report.*

2018-19 Discretionary Funds – ONE TIME	Total
\$295 (one-time) X 2017-18 P2 ADA (9,292) =	\$2,741,000

2018-19 Proposed Total Revenue Increase = \$4.1 Million



What Does the LCFF Mean for Berkeley USD in 2018-19?

5

© 2018 School Services of California, Inc.

LCFF Funding Comparison First Interim versus Governor's Proposed 2018/19 Budget

	2018/19		
	First Interim 2017/18	Proposed Budget	Difference
COLA %	2.15%	2.51%	
Gap Funding %	66.12%	100.00%	
Base Grant	\$81,478,563	\$82,778,504	\$1,299,941
Supplemental Grant	\$5,396,152	\$5,492,923	\$96,771
Total	\$86,874,715	\$88,271,427	\$1,396,712



What Does the LCFF Mean for Berkeley USD in 2019-20?

6

© 2018 School Services of California, Inc.

LCFF Funding Comparison First Interim versus Governor's Proposed 2018/19 Budget

	2019/20		
	First Interim 2017/18	Proposed Budget	Difference
COLA %	2.35%	2.41%	
Gap Funding %	64.92%	100.00%	
Base Grant	\$83,448,836	\$84,762,573	\$1,313,737
Supplemental Grant	\$5,498,399	\$5,576,585	\$78,186
Total	\$88,947,235	\$90,339,158	\$1,391,923



What Does the LCFF Mean for Berkeley USD in 2020-21?

7

© 2018 School Services of California, Inc.

LCFF Funding Comparison First Interim versus Governor's Proposed 2018/19 Budget

	2020/21		
	First Interim 2017/18	Proposed Budget	Difference
COLA %	2.57%	2.80%	
Gap Funding %	100.00%	100.00%	
Base Grant	\$86,584,093	\$87,095,295	\$511,202
Supplemental Grant	\$5,696,240	\$5,732,545	\$36,305
Total	\$92,280,333	\$92,827,840	\$547,507



CalPERS Rate Increases

- On December 19, 2017, the CalPERS Board approved a 0.25% reduction in its investment return assumption, from 7.25% to 7.00% for the June 30, 2018, valuations
- The employer contribution to CalPERS is proposed to increase to 18.1% in 2018-19, up from 15.531% in 2017-18
- Estimates of the resulting future contribution rate increases for school employers, which reflect the reduction in the investment return rate, are as follows:

Actual	Projected				
2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
15.531%	18.1%	20.8%	23.8%	25.2%	26.1%



CalSTRS Rate Increases

- **Employer rates are increasing to 16.28% in 2018-19, up from 14.43% in 2017-18**
 - **No specific funds are provided for this cost increase**
- **Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate**

CalSTRS Rates

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%



What's Not in the Education Budget?

10

© 2018 School Services of California, Inc.

- **The 2018-19 Budget proposal provides no funding for the following critical items:**
 - **Increasing the LCFF base grant target to reach the funding level of the top ten states**
 - **The growing local obligations for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) unfunded liability**
 - **Home-to-School Transportation programs**
 - **Increasing and equalizing Special Education base funding rates**



Next Steps

● State level

- Budget committee hearings on Governor's 2018-19 budget proposal
- Next update – May Revision

● Local level

- Budget Development
 - Assumptions to the board for discussion of priorities
 - LCAP goals & action plans must tie to the Adopted Budget
- Public hearings on LCAP and Proposed Budget
- LCAP and Budget Adopted in June 2018



Questions?