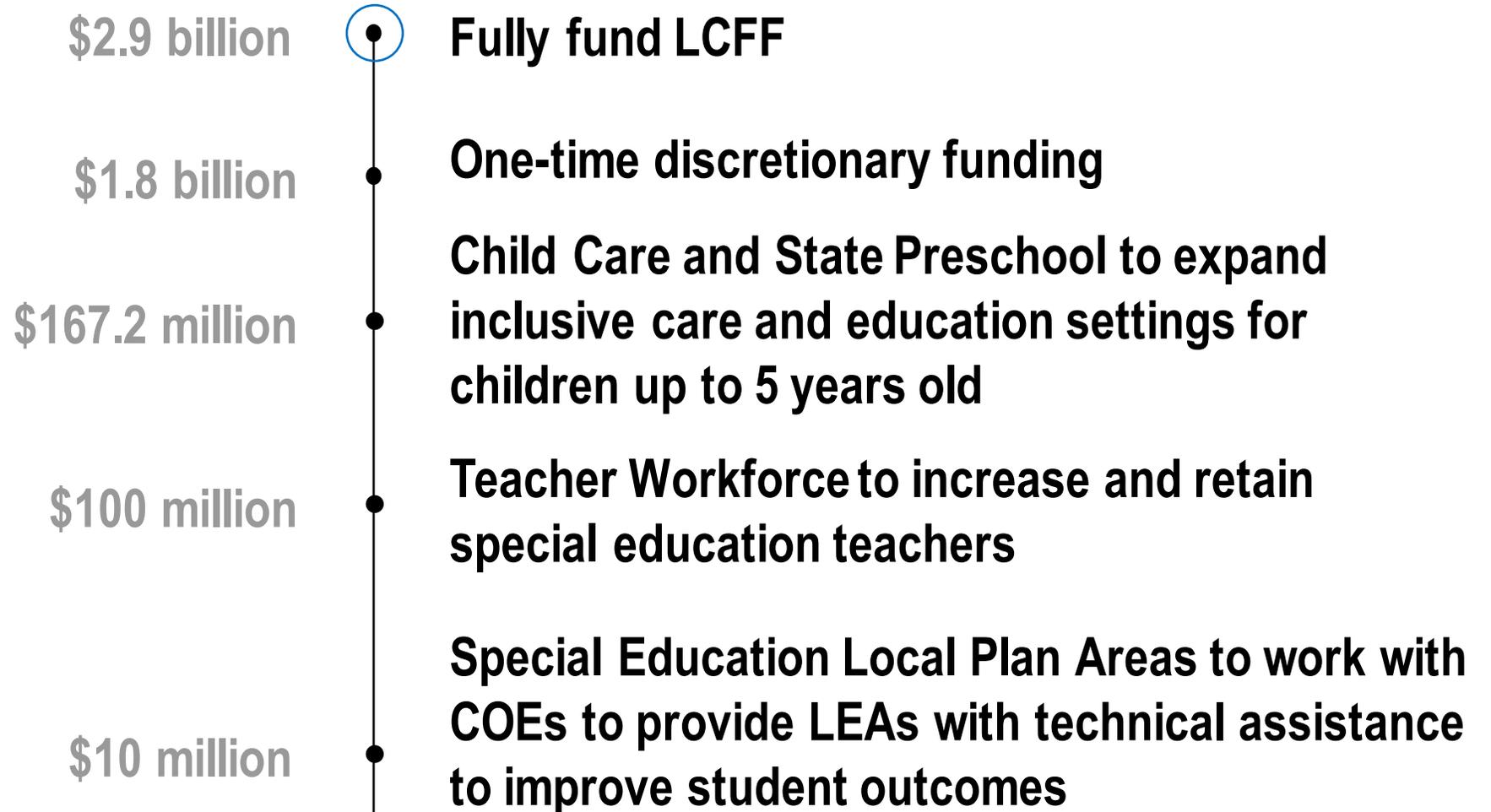




# Proposition 98 and the Major K-12 Proposals

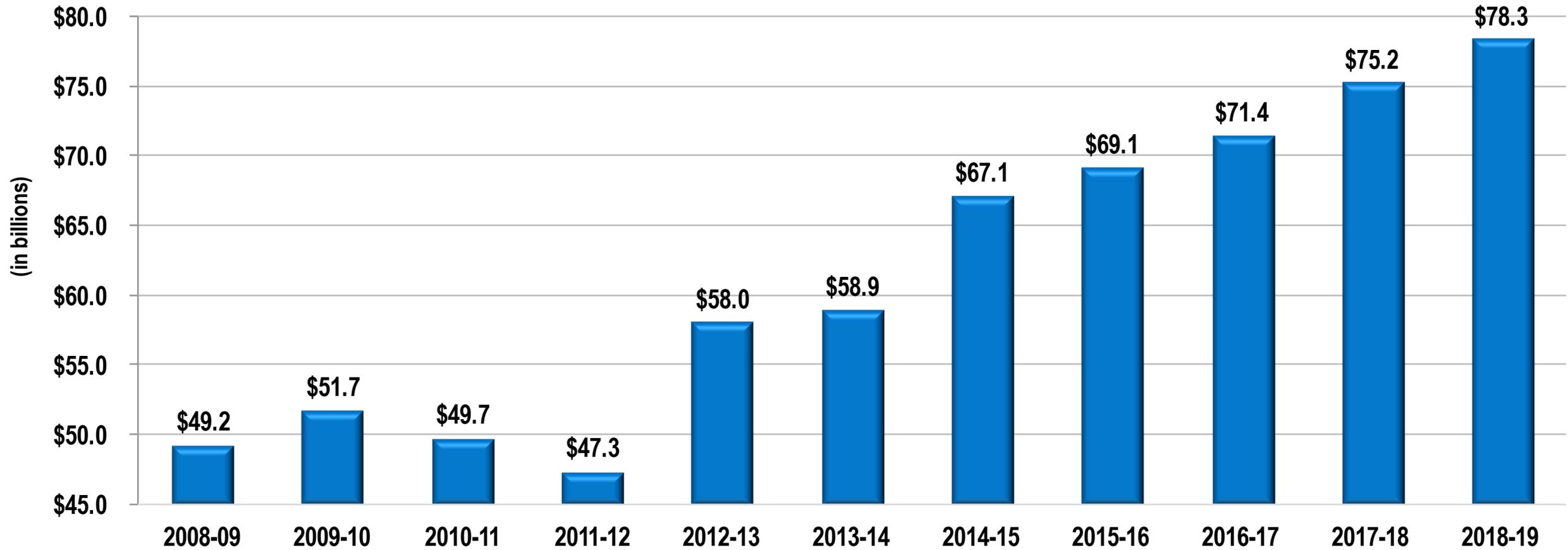
**The Governor's Budget proposal includes:**





# Proposition 98

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





# 2018-19 Local Control Funding Formula

- **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?

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

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



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

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

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



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

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

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



# 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**

<b>Year</b>	<b>Employer</b>	<b>Pre-PEPRA Employees</b>	<b>Post-PEPRA Employees</b>
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?

- **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?**