



Scotts Valley Unified School District Governor's Proposal for 2017-18 State Education Budget

Governor's Proposed 2017-18 Education Budget

Major Budget Changes/Projections for 2017-18:

- Only COLA for Local Control Funding Formula
- Decrease in One Time Funds
- Rising pension costs play a significant role in current and future years.
- Special Education Cost Impacts

Governor's Proposed 2017-18 Education Budget

- Lower than expected state revenues
- Continued forecasts for low growth in Proposition 98
- Governor over-contributed to the state's Rainy Day Fund

“This year's budget will be the most difficult that we have faced since 2012. The surging tide of revenues that we enjoyed the past few years appears to have turned.”

Governor Brown, January 10, 2017

Governor's Proposed 2017-18 Education Budget

Reasons for Stagnant Budget

Governor Brown used the lowest revenue estimate for Fiscal Year 2017-18 and a conservative spending plan with no new programs. Governor's lower estimate for 2017-18 and prior-year adjustments lead to virtually 'flat' statewide funding.

The Governor managed the proposed budget as if we are going into a recession, since this recovery has lasted 7 ½ years.

The projected revenue COLA is effectively negated by the increases in PERS and STRS.

Uncertainty in the State government about what will happen at the Federal Level.

Governor's Proposed 2017-18 Education Budget

Impact for Scotts Valley USD:

- LCFF COLA Revenue increase (1.48%) \$274, 496
- One Time Funds (\$48 per ADA) \$116,400
(15-16 was \$529 per pupil & 16-17 was \$214 per pupil)
- Increased STRS and PERS costs to Scotts Valley USD
- Special Education Program receives COLA of 1.48%

Governor's Proposed 2017-18 Education Budget

- STRS and PERS increases
 - Based on current year salaries without step and column movement, the increase for STRS and PERS will cost the district:

	16-17	17-18	18-19
STRS	12.58%	14.43%	16.28%
Cost	\$ 1,225,414	\$ 1,405,622	\$ 1,585,830
Increase		\$ 180,208	\$ 180,208
	16-17	17-18	18-19
PERS	13.88%	15.80%	17.70%
Cost	\$ 340,718	\$ 387,849	\$ 434,489
Increase		\$ 47,131	\$ 46,640
Total Increase in retirement costs		\$ 227,339	\$ 226,848
LCFF 1.48% COLA revenue increase		\$ 274,496	
Net LCFF 1.48 COLA Revenue Increase		<u>\$ 47,157</u>	

Governor's Proposed 2017-18 Education Budget

Special Education:

- The Special Education Program receives the 1.48% COLA
- State is reducing Special Education Funding by \$4.9 million because of the decrease in Statewide ADA, even though Special Education enrollment is increasing.
- Reform of the Special Education funding model has been studied, but the funding model was not changed or included in the LCAP (Local Control Accountability Plan).
- The Governor favors eliminating SELPA's (Special Education Local Plan Area) and funding Special Education through the LCFF model.

Governor's Proposed 2017-18 Education Budget

- School Services of California recommends
 - This is not the year to implement new programs
 - Build reserves
 - Be prepared for the next economic downturn
- Revised budget projections will be presented at 2nd Interim in March