



Governor's May Revised Proposed Budget 2014-2015 and Impact

Board Meeting

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Chief Business Officer

27 May 2014

Themes for May Revision

- Funded LCFF program - \$4.5b
- Rainy Day fund - \$1.6b
- CalSTRS and CalPERS liability payments
- Prop 30 Funds
- Be conservative!



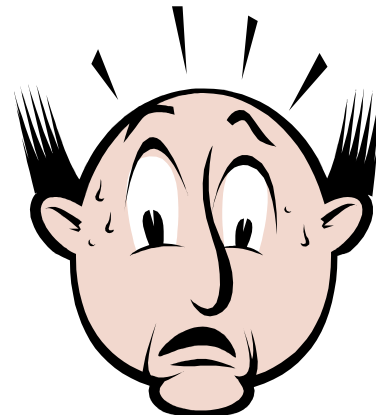
Local Control Funding Formula

- 2014-2015 estimated average of 10.7%, or \$737 per ADA with individual LEA's varying
 - AUSD approximately 8%, or \$541 per ADA increase
- COLA – 0.85% on base grants and categoricals outside of LCFF
- Deferrals paid off - \$5.5b

CalSTRS and CalPERS Additional Expenses

CalPERS was expected and planned, but CalSTRS implementation effective July 1, 2014 was not.

Combined, the two additional expenses are dramatic and will only continue to escalate.



CalSTRS

- CalSTRS liability –\$70-\$80billion
- Governor’s May Revise includes payments shared by State, Employees and Employers
- Impact on AUSD



CalSTRS (continued)

			Pre-PEPRA	Post-PEPRA	
	<u>Year</u>	<u>State</u>	<u>Employee</u>		<u>Employer</u>
Current	2013-2014	3.041%	8.0%	8.0%	8.25%
Proposed	2014-2015	3.45%	8.15%	8.08%	9.5%
	2015-2016	4.89%	9.2%	8.56%	11.1%
	2016-2017	6.33%	10.25%	9.21%	12.7%
	2017-2018	6.33%	10.25%	9.21%	14.3%
	2018-2019	6.33%	10.25%	9.21%	15.9%
	2019-2020	6.33%	10.25%	9.21%	17.5%
	2020-2021	6.33%	10.25%	9.21%	19.1%

CalSTRS – Impact on AUSD

	Estimated Certificated Salaries	Estimated cost at current rates	Estimated cost at proposed increased rates	Increase in cost to AUSD
2014-2015	47,129,193	3,888,158	4,477,273	589,115
2015-2016	47,652,327	3,931,317	5,289,408	1,358,091
2016-2017	48,181,268	3,974,955	6,119,021	2,144,066
2017-2018	48,716,080	4,019,077	6,966,399	2,947,323
2018-2019	49,256,828	4,063,688	7,831,836	3,768,147
2019-2020	49,803,579	4,108,795	8,715,626	4,606,831
2020-2021	50,356,399	4,154,403	9,618,072	5,463,669

CalPERS Increase in Rates

		Classic	New	
	<u>Year</u>	<u>Employee</u>		<u>Employer</u>
Current	2013-2014	7.00%	6.0%*	11.442%
Proposed	2014-2015	7.0%	6.0%*	11.771%
	2015-2016	7.0%	6.0%*	12.6%
	2016-2017	7.0%	6.0%*	15.0%
	2017-2018	7.0%	6.0%*	16.6%
	2018-2019	7.0%	6.0%*	18.2%
	2019-2020	7.0%	6.0%*	19.9%
	2020-2021	7.0%	6.0%*	20.4%
*rate may fluctuate each year				

CalPERS – Impact on AUSD

	Estimated Classified Salaries	Estimated cost at current rates	Estimated cost at proposed increased rates	Increase in cost to AUSD
2014-2015	15,046,693	1,721,643	1,771,146	49,504
2015-2016	15,227,253	1,742,302	1,918,634	176,332
2016-2017	15,409,980	1,763,210	2,311,497	548,287
2017-2018	15,594,900	1,784,368	2,588,753	804,385
2018-2019	15,782,039	1,805,781	2,872,331	1,066,550
2019-2020	15,971,423	1,827,131	3,178,313	1,351,182
2020-2021	16,163,080	1,849,056	3,297,268	1,448,212

CalSTRS and CalPERS Impact Combined

	CalSTRS		CalPERS		Total Added Expense
2014-2015	589,115	+	49,504	=	638,619
2015-2016	1,358,091	+	176,332	=	1,534,423
2016-2017	2,144,066	+	548,287	=	2,692,353
2017-2018	2,947,323	+	804,385	=	3,751,708
2018-2019	3,768,147	+	1,066,550	=	4,834,697
2019-2020	4,606,831	+	1,351,182	=	5,958,013
2020-2021	5,463,669	+	1,448,212	=	6,911,881

Total Cumulative Impact Without Rate Increase	\$40,633,885
Total Cumulative Impact Over 3 years (MYP)	\$4,865,395
Total Cumulative Impact Over 7 years	\$26,321,694

2014-2015 Budget Proposal...Assumptions

Categories	Source	2014-2015	2015-2016	2016-2017
District Enrollment	Projection	9,484	9,484	9484
District Funded ADA-Actual/Projected	Projection	9,093	9,093	9093
ADA as a Percentage of Total Enrollment	Projection	95.88%	95.88%	95.88%
Unduplicated EL/FRM Count	CALPADS	3,794	3,794	3,794
Unduplicated Pupil Percentage	Projection	40.00%	40.00%	40.00%
COLA	SSC	0.86%	2.12%	2.30%
LCFF GAP Funding Percentage	SSC	28.05%	7.80%	8.40%
State Teacher's Retirement System	Governor's Proposal	9.50%	11.10%	12.70%
Public Employee Retirement System	Governor's Proposal	11.77%	12.60%	15.00%
Salary Increases (On going)	Board Approved	1.75%		
CSEA 27 Job Study Adjustment	Projection	\$ 593,750		
Additional Teacher FTE Contingency	Projection	5	5	5
I-20 Foreign Students	Projection	20	20	20

Next Steps

- Tonight: “By Site, By Program” presentation
- June 10 - 2014-2015 budget presentation and public hearing
- June 15 – State to adopt budget
- June 24 – 2014-2015 Budget adoption

