

**2017-18 Statutory COLA Estimated to Be 1.56%**

With the release of the latest economic data from the United States Department of Commerce (USDOC), it is estimated that the statutory cost-of-living adjustment (COLA) for 2017-18 will be 1.56%. The January Governor's Budget estimate of the statutory COLA for 2017-18 was a modest 1.48%.

Today, April 28, 2017, the USDOC released the quarterly value of the Implicit Price Deflator for State and Local Governments for the first quarter of the 2017 calendar year, which provides the last piece needed to calculate the 2017-18 statutory COLA for K-14 education.

During implementation of the Local Control Funding Formula (LCFF), the COLA is less significant of a factor for most K-12 local educational agencies in estimating revenue changes for the upcoming year than it was under revenue limits, or than it will be once the LCFF is fully implemented. Although the COLA will affect the topline numbers used to calculate the LCFF target (see the table below), it does not directly impact the level of the appropriation for LCFF gap closure-\$744 million in the January Budget proposal. Rather than the COLA, it is that appropriation, and its corresponding gap closure percentage, which determines revenue growth for most schools.

For community colleges, the COLA is still provided on the base apportionment and most categorical programs.

