



Hacienda La Puente Unified School District

Governor's Proposed 2017-18 Budget

Board Meeting
January 12, 2017

GYM

Introduction

Governor Brown released his 2017-18 Proposed Budget at a January 10, 2017 press conference held at 11 a.m.

There was somewhat of a somber tone because: After three years of recovery, revenues are projected to grow less than expected.

Summary

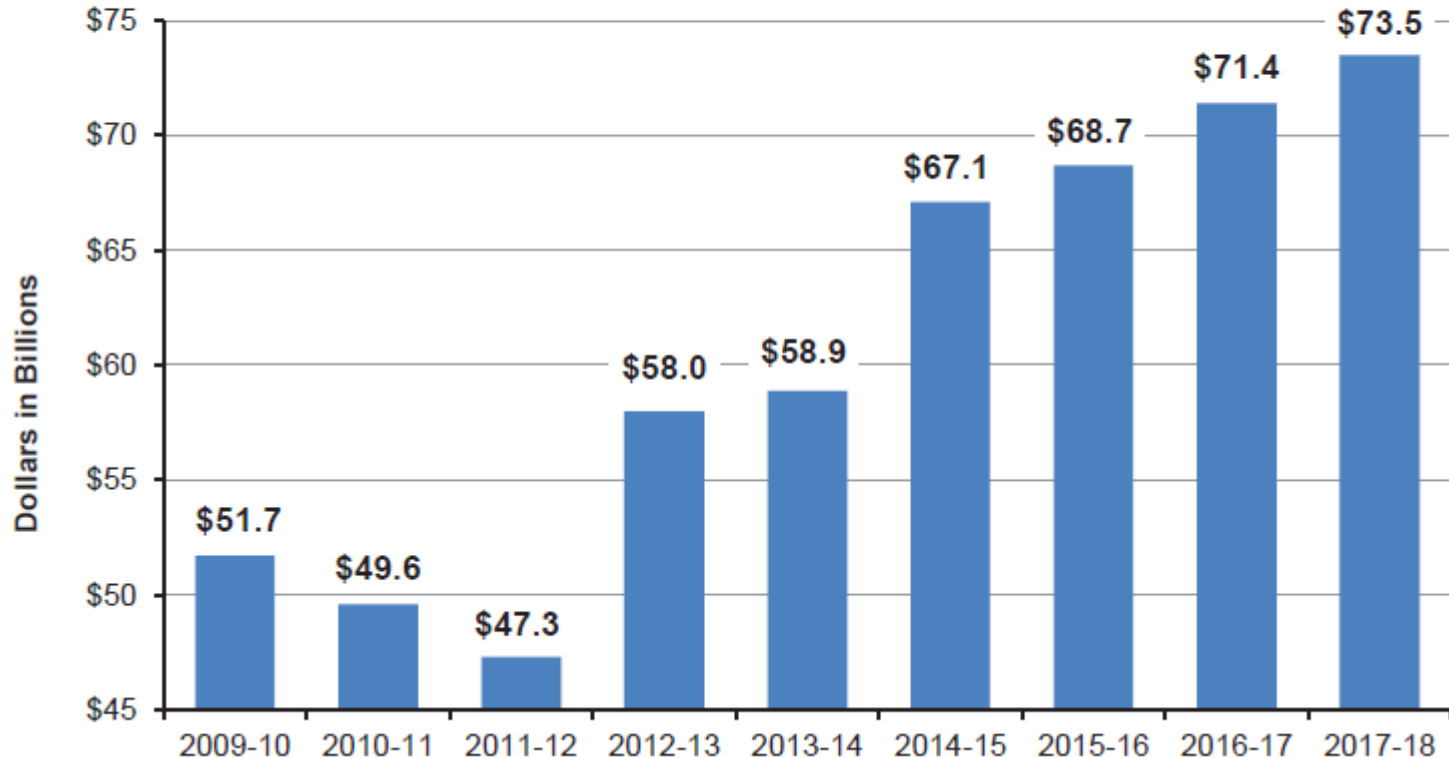
The Governor's 2017-18 Proposed Budget stated that:

- ❖ State revenue estimates are not holding up.
- ❖ The Department of Finance has been signaling recently that the revised revenue forecast is \$5.8 billion lower for 2015-16 through 2017-18 compared to the 2016-17 State approved budget.
- ❖ The Governor is proposing \$3.2 billion in “solutions” to ensure that there is a balanced budget (if no action is taken there will be a \$2 billion deficit).
- ❖ The “solutions” include:
 - Adjusting Prop 98 Spending
 - Recapturing unspent allocations from 2016
 - Constraining some projected spending growth
- ❖ The Governor is bolstering the State's Rainy Day Fund.

K-12 Education Funding

Prop 98 funding is expected to grow to \$73.5 billion in 2017-18, an increase of \$26.2 billion in five years (55 percent). Chart below from Governor's Proposal.

Figure K12-02
Proposition 98 Funding
2009-10 to 2017-18



LCFF

- ❖ The Governor proposes an additional \$744 million to continue the implementation of the Local Control Funding Formula (LCFF).
- ❖ This additional funding represents an estimated 1.48% cost-of-living adjustment and maintains the LCFF implementation level at 96%.
- ❖ The Governor proposes to shift \$859.1 million in LCFF expenditures from June 2017 to July 2017. This will result in a decrease to June 2017 cash balances for school districts. This apportionment deferral will be made up in July 2017.

LCFF – cont.

- ❑ The Department of Finance (DOF) released the latest out-year gap funding percentages for the Local Control Funding Formula (LCFF).
- ❑ The amount that the Administration projects to fund towards implementing the LCFF along with the corresponding gap closure rates, as well as the cost-of-living-adjustments (COLA), are reflected in the table below.

District and Charter School LCFF Funding and Gap Closure Estimates (Dollars in Millions)						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
LCFF Funding	\$4,722	\$5,994	\$2,942	\$744	\$1,904	\$2,022
Gap Closure %	30.16%	52.56%	55.28%	23.67%	53.85%	68.94%
COLA	0.85%	1.02%	0.00%	1.48%	2.40%	2.53%

Chart & Information courtesy of School Services of California, Inc.

Discretionary Funds

- ❖ As in the past several years, the Governor is again proposing one-time Proposition 98 General Fund dollars for school districts.
- ❖ For 2017-18, the Governor proposes \$287 million in one-time discretionary funds.
- ❖ The \$287 million dollars works out to be about \$48 per ADA.

Prop 2—Rainy Day Fund

Proposition 2—The Rainy Day Fund

- ❖ \$1.15 billion is to be deposited into the state’s “Rainy Day Fund”.
- ❖ By the end of the year, the “Rainy Day Fund” is anticipated to have a balance of \$7.9 billion.
- ❖ This is 63% of the constitutional target.

Next Steps

What are the next steps for staff?

- ❖ School Services of California's workshop on the Governor's 2017-18 Proposed Budget is on January 18th and staff will be attending.
- ❖ We hope to get more detailed information and will provide the Board with an update.

Thank you!