



Hacienda La Puente Unified School District

The Governor's May Revise Budget – Follow-up

Board Meeting
June 1, 2017

GYM

Introduction

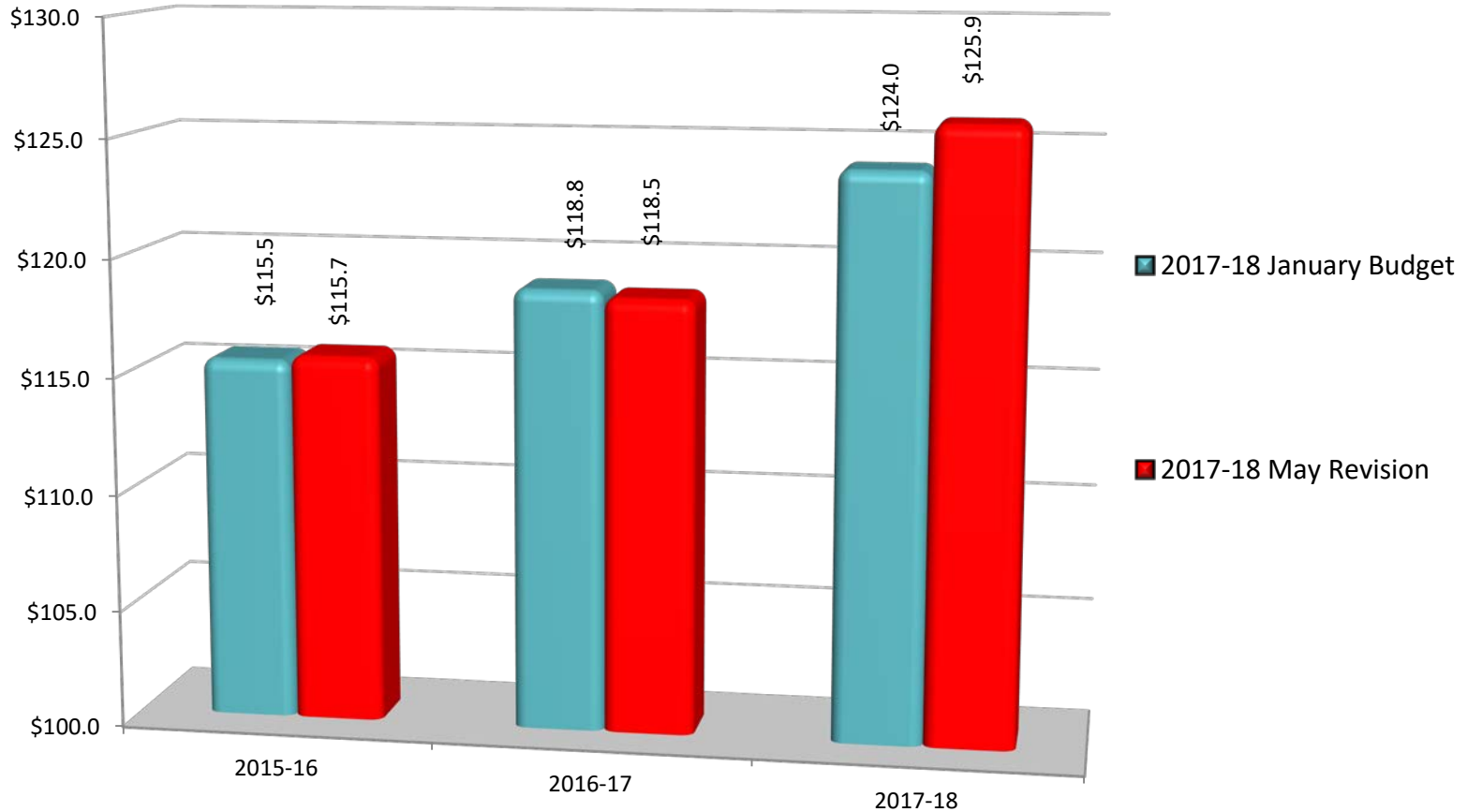
- ***This is a follow-up to the 2017-18 May Revision Presentation given at the May 11, 2017 Board Meeting.***

State Revenues

- ❖ For 2016-17, the Governor lowered revenue expectations.
- ❖ However, the Governor raised his revenue expectations for 2017-18.
- ❖ The following table shows a comparison of January Budget revenue forecasts to the May Revision.

Comparing the Revenue Forecasts

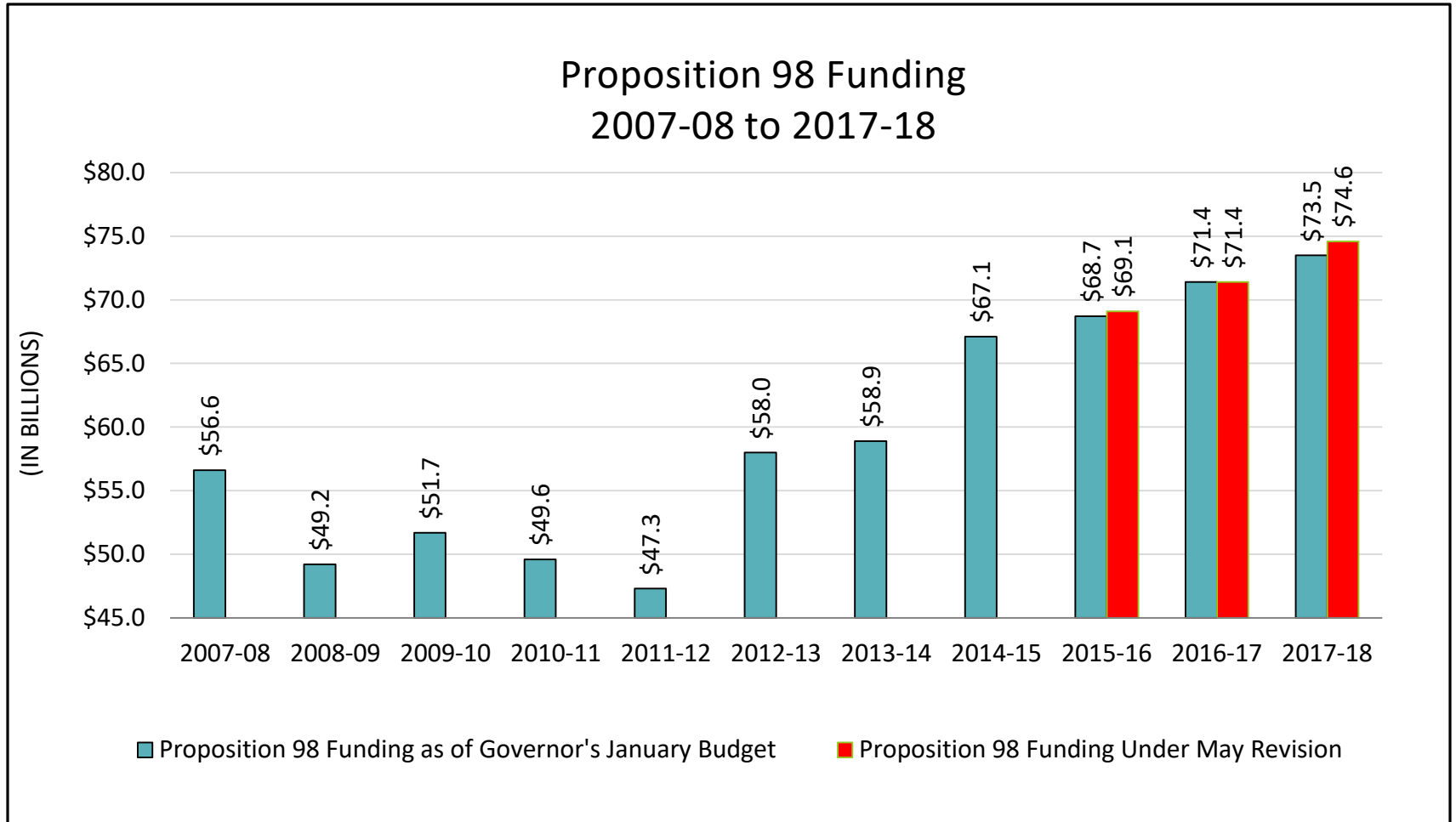
(in billions)



Proposition 98 Funding

- ❖ Proposition 98 increases but much less than previous years.
- ❖ In previous years, the revenue forecasts started low and got better.
- ❖ For 2017-18, the January revenue forecasts were lower than what was stated in 2016-17 Adopted Budget.
- ❖ However, the May Revision reflects higher revenues than the January Budget.
- ❖ The following table shows the revenue comparison.

Proposition 98 Funding – cont.



Source: 2017-18 Governor's Budget Summary, pg. 18 and 2017-18 May Revision, pg. 4

New Proposition 98 Topics . . .

More Proposition 98

2017-18 funding up \$1.1 billion from January proposal

LCFF* Increases

May Revision ups the LCFF funding increase to \$1.4 billion

Deferral Is Gone

2016-17 proposed deferral replaced by settle-up payment

One-Time Funding Up

May Revision adds almost \$750 million to January's one-time funds, but with a twist

*Local Control Funding Formula (LCFF)

New Proposition 98 Topics – cont.

New Prop 98 Topics	January Budget	May Revise	Increase <Decrease>
2017-18 Prop 98 Funding	\$73.5 billion	\$74.6 billion	\$1.1 billion
Local Control Funding Formula (LCFF) gap closure	\$.7 billion	\$1.4 billion	\$.7 billion
Deferral in LCFF apportionment from payment from June 2017 to July 2017 is eliminated.	<\$.86 billion>	\$0	\$.86 billion
Discretionary one-time funds	\$.287 billion	\$1.01 billion	\$.723 billion

LCFF

- ❖ \$ 1.4 billion is proposed to continue the implementation of the Local Control Funding Formula (LCFF).
- ❖ The additional \$.7 billion pays for increasing the cost-of-living adjustment from 1.48% to 1.56%.
- ❖ This also increases the LCFF implementation level from 96% to 97%.
- ❖ In the January Budget, the Governor proposed to shift \$859.1 million in LCFF expenditures from June 2017 to July 2017.
- ❖ However, in the May Revision, the Governor proposes to fully eliminate the current-year, one-time deferral.

2017-18 LCFF Target Funding Factors

- The K-12 COLA is 1.56% for 2017-18 and is applied to the LCFF base grants for each grade span

Grade Span	2016-17 Base Grant Per ADA	1.56% COLA	2017-18 Base Grant Per ADA
K-3	\$7,083	\$110	\$7,193
4-6	\$7,189	\$112	\$7,301
7-8	\$7,403	\$115	\$7,518
9-12	\$8,578	\$134	\$8,712

2017-18 LCFF Target Funding Factors – cont.

- Two grade span adjustments (GSAs) are applied as percentage increases against the adjusted base grant, also receiving the benefit of a 1.56% COLA in 2017-18
 - Grade K-3 – 10.4% increase for smaller average class enrollments
 - Grades 9-12 – 2.6% increase in recognition of the costs of CTE coursework

Grade Span	2017-18 Base Grant Per ADA	GSA	2017-18 Adjusted Grant
K-3 (10.4%)	\$7,193	\$748	\$7,941
4-6	\$7,301	-	\$7,301
7-8	\$7,518	-	\$7,518
9-12 (2.6%)	\$8,712	\$227	\$8,939

2017-18 LCFF Target Funding Factors – cont.

- Supplemental and concentration (S/C) grants, based on the UPP, are also increased from 2016-17 because a 1.56% COLA is applied to the LCFF base grants

Grade Span	2017-18 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$7,941	\$1,588	\$3,971
4-6	\$7,301	\$1,460	\$3,651
7-8	\$7,518	\$1,504	\$3,759
9-12	\$8,939	\$1,788	\$4,470

2017-18 LCFF Target Funding Factors – cont.

- Comparison of the 2017-18 LCFF Base Grants of the May Revision versus the District’s Proposed Budget.
- The difference is due to the increase the May Revision’s cost-of-living adjustment from 1.48% to 1.56%.

Grade Span	May Revision 2017-18 Base Grant Per ADA	District’s Proposed Budget 2017-18 Base Grant Per ADA	Difference Per ADA
K-3	\$7,193	\$7,188	\$5
4-6	\$7,301	\$7,295	\$6
7-8	\$7,518	\$7,513	\$5
9-12	\$8,712	\$8,705	\$7

Discretionary Funds

- ❖ The Governor's May Revision proposes increasing the one-time discretionary funds from \$287 million to \$1.01 billion.
- ❖ This is approximately \$170 per ADA (a large increase from the \$48 per ADA in the January Budget).
- ❖ As in prior years, these funds will offset school districts' outstanding mandated cost reimbursement claims on a dollar-for-dollar basis.
- ❖ However, there is a catch to the \$1.01 billion one-time discretionary fund: ***The Governor proposes to hold all of these funds until May 2019!***
- ❖ So, we will not receive these funds until the end of the following year!

Legislative Actions

(Since the May Revision was released)

May Revision v. Legislative Action

	May Revision	Senate Budget and Fiscal Review Committee	Assembly Budget Subcommittee #2 on Education Finance	Comment
Proposition 98 Minimum Guarantee	\$74.6 billion	\$74.6 billion	\$74.6 billion	
K-12 Education Package				
Local Control Funding Formula Gap Funding	\$1.4 billion	\$1.2 billion	\$1.4 billion	
One-Time Discretionary Funding*	\$1.01 billion	\$770 million	\$855.5 million	Senate and Assembly propose to allocate funds in fiscal year 2017-18

***The Governor proposes to delay allocation of one-time discretionary funding to May, 2019.**

May Revision v. Legislative Action – cont.

K-12 Education Package – cont.

K-12 Education	May Revision	Senate Budget and Fiscal Review Committee	Assembly Budget Subcommittee #2 on Education Finance	Comment
Career Technical Education (CTE) Incentive Grant Program	\$200 million	\$200 million	\$200 million	No Change
CTE Pathways Program	-	\$15.4 million	\$15 million	May Revision subsumes these funds into the CCCCO Strong Workforce Program
Proposition 39 (2012) EEP	\$376.2 million	\$376.2 million	\$376.2 million	Senate extends encumbrance deadline to March 31, 2019 Assembly extends encumbrance deadline to June 30, 2019

May Revision v. Legislative Action – cont.

K-12 Education Package – cont.				
K-12 Education	May Revision	Senate Budget and Fiscal Review Committee	Assembly Budget Subcommittee #2 on Education Finance	Comment
After School Program	-	\$33.5 million	\$70 million	Senate proposes an additional \$25 million in ongoing funding, plus \$8.6 million for cost-of-living adjustment (COLA) Assembly proposes \$70 million in one-time funding
Teacher Residency Program	-	-	\$25 million	One-time
Classified Employee Credential Program	-	-	\$25 million	One-time

May Revision v. Legislative Action – cont.

K-12 Education Package – cont.				
K-12 Education	May Revision	Senate Budget and Fiscal Review Committee	Assembly Budget Subcommittee #2 on Education Finance	Comment
Golden State Teacher Grant Program	-	-	\$25 million	One-time
Bilingual Teacher Professional Development	-	-	\$10 million	One-time
COE Local Control and Accountability Plan Support	-	-	\$20 million	One-time
Refugee Student Support	-	-	\$10 million	One-time

Current Legislative Action

2017-18 State Budget Conference Committee

- ❖ The Senate and Assembly have finalized their versions of the budget in their subcommittee hearings.
- ❖ The Legislature has also completed the next step, which is selecting members for the 2017-18 State Budget Conference Committee. (The members of the 2017-18 State Budget Conference Committee are shown on the next slide.)
- ❖ The 2017-18 State Budget Conference Committee will meet to resolve differences between the Senate and Assembly budget versions.

Current Legislative Action – cont.

2017-18 State Budget Conference Committee Members:

- Chair: Senator Holly Mitchell (D-Los Angeles)
- Co-Chair: Assembly Member Philip Ting (D-San Francisco)
- Senator Ricardo Lara (D-Bell Gardens)
- Senator Richard Roth (D-Riverside)
- Senator Jim Nielsen (R-Gerber)
- Senator John Moorlach (R-Costa Mesa)
- Assembly Member Phillip Chen (D-Diamond Bar)
- Assembly Member Kevin McCarty (D-Sacramento)
- Assembly Member Jay Obernolte (R-Hesperia)
- Assembly Member Shirley Weber (D-San Diego)
- Alternate: Assembly Member Joaquin Arambula (D-Fresno)

Next Steps

What are the next steps?

- ❖ Once the 2017-18 State Budget Conference Committee finishes its work, the Legislative Leaders will meet with the Governor to address outstanding issues.
- ❖ By June 15th, the Legislature must pass a balanced budget.
- ❖ Between June 15th and July 1st, the Governor signs the budget package (and may issue vetoes).
- ❖ Once the 2017-18 State Budget is adopted, the District will revise its budget accordingly, as required by law.

Thank you!