



Hacienda La Puente Unified School District

Governor's May Revise

*"What Changed From The
Governor's Proposed Budget?"*

Board Meeting
May 22, 2014

Governor's May Revise

Summary of Major Education Proposals

May Revise – Overview

- ❑ On May 13, 2014, the Governor announced his May Revise Budget.
- ❑ Two major items the Governor has on the May Revise are:
 - **Medi-Cal Increase** – \$2.4 billion expansion in Medi-Cal, resulting in coverage of about 30% of the state's population.
 - **Rainy Day Fund** – Strengthening the Rainy Day Fund and setting aside nearly \$1.9 billion in the General Fund in 2015-16. Thereafter, \$2 billion each year will be set aside and split between debt repayment and building a Rainy Day reserve.

May Revise – K-12 Education

□ K-12 Education proposals:

- **Proposition 98** – Proposition 98 in the May Revise is mostly consistent with what the Governor proposed in his January Budget
- **Prop 98 Funding Increase** – General Fund revenue changes from 2012-13 to 2014-15 increased the Proposition 98 obligation by \$242 million over the January Budget. The \$242 million will be used to cover ADA increases in 2013-14 & 2014-15.
- **K-12 Cash Deferral** – \$742.2 million to retire the K-12 “wall of debt” (deferrals)

May Revise – K-12 Education – cont.

- **K-12 High Speed Internet Access** – \$26.7 million in one-time funds for K-12 High Speed Internet Network to provide technical assistance and grants to address technology requirements for the implementation of the Common Core.
- **Proposition 39** – Decreases by \$9 million the amount of energy efficiency funds available for K-12 schools to reflect reduced revenues (bringing the funding total to \$307 million).
- **Local Property Tax Adjustments** – An increase of \$83.9 million in 2014-15 as a result of lower offsetting property tax revenues to school districts.

May Revise – K-14 Education – cont.

- **Average Daily Attendance (ADA)** – An increase of \$103.1 million in 2013-14 and \$121.1 million in 2014-15 as a result of an increase in state-wide ADA.
- **LCFF (Provision 2 & 3 Schools)** – Changes to address administrative challenges that school districts with Provision 2 & 3 schools encountered in collecting income eligibility forms to determine if a student qualified for a free or reduced-meal
- **K-12 Mandates Block Grant** – An increase of \$1.6 million to align mandate block funding with revised ADA estimates.

May Revise – K-14 Education – cont.

- **Independent Study** – Streamline and expand the instructional opportunities available through independent study.
- **Adult Education** – No changes to Adult Education.
- **Transitional Kindergarten (TK)** – No mention of expanding TK.
- **Prop 98 Rainy Day Fund** – Creating a Proposition 98 reserve. When spikes in funding occur, they would be saved for future years.

May Revise – K-14 Education – cont.

- **STRS Shortfall** – Retire the unfunded liability in the Defined Benefit plan of the State Teachers Retirement System by 2045-46. The plan includes higher contribution rates (see table below).

STRS Contribution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	8.25%	9.5%	11.1%	12.7%	14.3%	15.9%	17.5%	19.1%
Employee (pre-PEPRA*)	8.00%	8.15%	9.2%	10.25%	10.25%	10.25%	10.25%	10.25%
Employee (after PEPRA*)	8.00%	8.15%	9.2%	9.21%	9.21%	9.21%	9.21%	9.21%

*PEPRA – Public Employees' Pension Reform Act

May Revise – Impact to HLPUSD

Governor's 2014-15 Proposals	May Revise Statewide	May Revise Per ADA	HLPUSD Impact – 2014-15 Estimates
Cash Deferral Buy Down	\$742.2 Million	\$124 per ADA	\$2.3 million
Prop 39 – Energy Efficiency Projects	\$307 Million	\$51 per ADA	\$1 million
STRS – Contribution Rate Increase			<\$1 million>

Final Note

- Now that the May Revise has been released, the Legislature will start to seriously deliberate on the 2014-15 Budget.
- We will keep the Board updated.

Thank You!