May Revision Highlights*

***Please note that details are revealed slowly. The figures referenced below are may be rounded, and policy initiative details require an examination of related trailer bill language, which has not been released to us at this time.**

Policy Proposals –

1) 90-unit cap proposal withdrawn
2) Census proposal withdrawn
3) Online proposal doesn't change
4) FAFSA: require BOG to develop process for determining student independence (e.g., prior year tax return). Allow 1 term grace period for completion of FAFSA.

Adult Ed –

- Initial proposal withdrawn
- $30M, to be spent over 2 years, is proposed for planning of regional adult ed programs (consortium that could include CCDs, K12, CBOs, jails, etc.)
- Plan is for $500M to be appropriated in 2015-16
- Entities participating in consortia must maintain 12-13 effort to be eligible for any new funds
- All programs funded at CDCP rate
- Instructor qualifications subject to consortium plans

Budget Year –

- About $227M in programmatic funds ($30M more than was proposed in January)
- The Governor would allocate the funds as follows:
  1. $87.5M for COLA (1.57%),
  2. $89.4M to restore access (1.63%)
  3. $50M for the Student Success and Support Program (the old Matriculation program) with an allowance that up to $7M could be shifted from that amount to develop e-transcript and e-planning tools.

Proposition 39 –

- The CCC figure grows from $49.5M to $51M. Governor maintains a per-FTES allocation methodology.

Deferral Buy Down –

- The Governor proposes to use the current year increase in Proposition 98 obligations to pay down an additional $179.9M in deferrals. This would reduce the total system-wide deferral to $621.2M.
- The Governor would further pay down an additional $64.5M in deferrals in the budget year, reducing the system-wide deferral to $557.5M.

RDAs –

Statute passed concurrent with the 2012-13 budget requires the state to backfill any shortage in property taxes related to the dissolution of RDAs that were assumed as part of the CCC budget. This truing up process is required to be done on or before June 30.

Currently, the Department of Finance's estimate of this shortfall differs greatly form the reports of actual disbursements our office has received from the counties. While exact estimates from Finance are not yet available as of this writing, they believe we will receive approximately $150M more by June than what has been reported to us so far this year. **Ensuring that the full current year backfill is provided by June 30 is our most important priority, and Department of Finance continues to assure us that it will be provided, whatever the final figures are.** We will work with staff to communicate the importance of truing up our budget. Certainly, ensuring the current year apportionment is not deficited should take precedence over any other proposals.

I will communicate more details as they become available. The next step includes review by legislative committees, which should begin next week.

Regards,

Dan Troy

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