1. **Governor’s May Revise**

   - **Key Elements:**
     - Our economic recovery period is approaching the longest economic recovery in modern history.
     - Revenues are estimated to be $4 billion higher than the January Budget Proposal. The additional revenue would total $8 billion.
     - Even though the revenues are up substantially, California will be moving from Proposition 13, Test 3 to Test 2 because of the change in per capita income. Test 3B has been suspended through 2020-2021. Therefore, school funding will be lower than under Test 3B.
     - LCFF to be fully funded with the increase of $3.2 billion. This will take place two years earlier than expected.
     - COLA will be 2.71%, up from 2.51% in the January Budget.
     - There are one-time Discretionary Funds of $2.04 billion (about $344 per ADA). These funds also count toward any mandate claims owed by the State.
     - Despite additional funding, District/COE buying power is down, as STRS/PERS is taking 14% ($2.8 billion) from the $20 billion in new funding that has come from LCFF.
     - The Rainy Day Fund will be increased to $13.8 billion, the maximum allowed in the State Constitution.
     - Continued funding for Career Technical Education through the Community Colleges as proposed in the January Budget.
     - $55.2 million for COEs to provide Differentiated Assistance to LEAs identified through the Dashboard results.

   - **The May Revise contains mostly the same special education items that were included in the January Proposal.**
     - $100 million one-time dollars ($50 million and $50 million) for programs to increase and retain Special Education teachers.
     - $10 million in ongoing funding for SELPAs to work with COEs to provide technical assistance to LEAs aimed at improving academic outcomes of SWDs.
     - $167 million to establish an “Inclusive Education Expansion Program” for children 0 to 5, to improve school readiness and long term academic outcomes for low income children and children with special needs.

   - **Proposed Trailer Bill Language** (pages 36-49)
Improving Transparency

* Standard Local Plan format – CDE shall develop templates by July 1, 2019. SELPAs shall review their plan every three years and update as needed. Shall include all items listed in Education Code #56205.

* Annual Assurances Support Plan – CDE shall develop a template by March 31, 2019. This plan will be adopted at a public hearing and shall be posted at each school in the SELPA at least 15 days before the hearing. Shall meet the requirements of Education Code 56122(c).

* County offices review the plan. Education Code #56140

* Annual Budget Plan adopted at a public hearing and shall be posted at each school in the SELPA at least 15 days before the hearing. The requirements are in line with the new template we are developing.

* LEAs/COEs shall post the Local Plan, Annual Assurances Support Plan and Annual Budget Plans on their website. Counties with multiple SELPAs shall post all plans from each SELPA.

* Amendments to Ed Code 56836.11 to separate out the Regionalized Services/Program Specialist (RS/PS) funds that were rolled into AB 602 when LCFF was enacted. The rate proposed is $14.865. Note these are not additional funds but will come from AB 602 funds and may affect amounts going to districts. Allocation plans may need revisions.

* Supplemental Funding for Necessary Small SELPAs. These funds shall be allocated through 2017-2018. For 2018-2019 and subsequent years an updated calculation.

* Out of Home language appears unchanged.

2. State News

- In March Personal Income Tax revenues and corporation tax were above projections by $31 million and $534 million respectfully. Sales and Use tax were below projections by a small amount.

3. Federal News

- In March 2018 the President signed the 2018 Federal spending bill that increased ESSA (Title I) and Special Education by $300 million nationally. California usually receives about 10% of the national amount.

- Positive signs nationally include: the economy continuing to expand, inflation rising and unemployment at a new low rate.

- National concerns include: the effects of the tax cuts and the trouble in the Middle East.
4. **AB 3136 – O'Donnell – Special Education Funding**

- Yay – Passed out of Assembly Appropriations with no amendments.
  
  * Thanks so much to all who have worked so hard thus far on this bill. Special thanks to Nancy, Maureen, Vicki, Anjanette, Heather and the San Diego SELPAs.

5. **Reminders for Upcoming Fiscal Reporting**

- Be sure to send in all Grant Expenditure Reports (Resource Codes #3310, #3315, #3320, #3327 and ADR). All of these Grants are paid on a reimbursement basis. No funds will be received without an expenditure report submitted. *Check to make sure the funds are actually received in your SELPA.

- Special Education Fiscal Reporting – It is time for another check-in with your LEAs regarding Special Education Fiscal Reports. When they close their books for 2017-2018 they will need to complete:
  - SEMA Maintenance of Effort
  - SEMB Maintenance of Effort
  - Subsequent Year Tracking Sheet
  - Excess Cost Calculation Worksheet

  (Final SYT and Excess Cost Calculation Worksheet will be distributed by late June.)

  Have LEAs run their numbers before closing their books to prevent “surprises.” Also, whenever possible all of the reports should be completed at the same time to avoid different amounts being used on the reports.

6. **Changes for 2018-2019**

- Resource Code #3320 to be combined in Resource Code #3310. Although Resource Code #3310 and Resource Code #3320 will be combined in the 2018-2019 year, SELPAs must determine how to adjust for the change. If they have high school districts or LEA Charters that do not serve Preschools, they may need to look at their allocation methodology.
  
  - Possible Allocation Strategies
  - Same way that Resource Code #3310 has already been distributed.
  - Prior Resource Code #3320 amounts plus percentage of total increase.
  - Additional Strategies – Next month