

The 2016-17 State Budget

On June 27th, Governor Brown signed the 2016-17 State Budget. Overall, the Education Budget will continue to see increased revenue in 2016-17, although not as much of an increase as in recent budget years. Proposition 98 funding is \$71.9 billion in 2016-17, a \$2.8 billion increase from the revised 2015-16 level of \$69.1 billion.

The budget includes some key progressive victories including a repeal of the Maximum Family Grant Rule and a \$100 million investment in Early Childhood Programs. In addition, the budget includes key items from the CFT Legislative agenda this year including \$20 million to fund AB 2122, The Classified School Employee Credentialing Program; an increase of \$3.6 million for Community College Part-Time Faculty Office Hours; \$27.4 million for grants to implement Community Schools, Restorative Justice, and Truancy and Dropout Prevention Programs; and \$41.5 million in restoration funding for City College of San Francisco.

See below for highlights from the Education Budget. Most importantly, look for updates and ways to get involved in the fight to renew Proposition 30 this fall. Now called Proposition 55, this ballot initiative will be critical to maintaining the advances in education funding we have made in recent years. Stay tuned for more information about Proposition 55 this fall.

Child Care and Development

2016-17 State Budget	
COLA	Statutory COLA is 0.00%.
State Preschool	Increase of \$7.8 million Proposition 98 funding for an additional 2,959 slots beginning March 2017.
Provider Rates	10% increase to the reimbursement rate for State Preschool and other direct-contracted child care and development providers. Effective January 2017. Increase to the maximum reimbursement ceiling for voucher-based child care provider and increase to the rate for license-exempt providers, both beginning January 2017.

K-12 Education

2016-17 State Budget	
COLA	Statutory COLA is 0.00%
Local Control Funding Formula (LCFF)	\$2.94 billion increase for LCFF.
Class Size Reduction (CSR)	Under LCFF, districts that are moving toward or already meeting a ratio of 1:24 in K-3 will receive an adjustment to their LCFF base grant of up to 10.4%.

K-12 College Readiness Block Grant	\$200 million in one-time Proposition 98 funding for a K-12 College Readiness Block Grant.
Categorical Funding	Remaining categorical programs under LCFF will receive no COLA this year (COLA is 0.00%).
Discretionary Funding	\$1.28 billion in discretionary one-time funding. This will be divided by ADA among school districts (including basic aid), charter schools, and county offices of education. Approximately \$214 per ADA.
K-12 Mandate Block Grant (MBG)	\$218.8 million for the K-12 Mandate Block Grant.
Proposition 39 (Energy Efficiency)	\$399 million for energy efficiency projects in school districts and charter schools.
Career Technical Education (CTE)	\$300 million for CTE Incentive Grant Program (per the 2015-16 Budget Act).
County Offices of Education (COEs)	0.00% COLA for County Offices of Education.
Basic Aid Districts	<p>Basic Aid Districts that continue to have higher local property tax revenue than their LCFF allocation will remain basic aid.</p> <p>Basic Aid districts are required to increase and improve services for unduplicated pupils as if they were receiving supplemental and concentration grants.</p> <p>Basic Aid districts also must lower class sizes as if they were receiving K-3 grade span adjustment funds.</p>
Charter Schools	\$20 million in one-time Proposition 98 funds to support operational start-up costs for new charter schools in 2016 and 2017.
Special Education	0.00% COLA.
Community Schools and Restorative Justice Grants	\$18 million in one-time Proposition 98 funding to provide grants for dropout and truancy prevention programs.
Safe Drinking Water Grants	\$9.5 million one-time Proposition 98 funding to create a grant program to improve access to safe drinking water for schools in isolated and economically disadvantaged areas.
Multi-Tiered Systems of Support (MTSS)	\$20 million in one-time Proposition 98 funding to provide services that assist MTSS.
California Collaborative for Educational Excellence (CCEE)	\$24 million in one-time Proposition 98 funding to CCEE, a new state entity charged with LCFF/LCAP compliance and related professional development training for local educational agencies.
Teacher Workforce Package	<p>\$10 million in one-time General Fund dollars for the Integrated Teacher Preparation Grant Program to provide grants to California postsecondary institutions to develop four-year integrated teacher credentialing programs.</p> <p>\$20 million in one-time Proposition 98 funding for The Classified School Employee Credentialing Program.</p> <p>\$5 million in one-time Proposition 98 funding to reestablish the California Center on Teaching Careers to strengthen recruitment of teachers.</p>

Adult Education

2016-17 State Budget	
Adult Education Block Grant	No changes to the Adult Education Block Grant of \$500 million.
Technical Assistance Funding	\$5 million in one-time Proposition 98 dollars to provide consortia with technical assistance through the 2018-19 fiscal year.

Community College

2016-17 State Budget	
COLA	Statutory COLA of 0.00%.
Base Funding	\$75 million in Proposition 98 dollars for base funding/general operating expenses.
Growth	\$114.3 million for increased access (growth funding of 2%).
Discretionary Funding	\$105.5 million in one-time discretionary funds.
Property Tax Shortfall	\$31.7 million, provided on a contingency basis, for anticipated shortfall in 2015-16 property taxes for community college apportionments.
Part-Time Faculty Office Hours	Increase of \$3.6 million for Part-Time Faculty Office Hours.
Proposition 39 (Energy Efficiency)	\$49.2 million for energy efficiency projects in Community College Districts.
Deferred Maintenance and Instructional Equipment	\$184.6 million for deferred maintenance, instructional equipment, and drought response programs.
Strong Workforce Program	\$200 million to expand access to career technical education courses and programs.
Career Technical Education Pathways Program	\$48 million to support the Career Technical Education Pathways Program. These are resources for the development, enhancement, and expansion of CTE programs.
Basic Skills Program	Increase of \$30 million to implement practices that help students move into college-level courses.
Online Education Initiative	\$20 million increase in one-time funds for the Online Education Initiative to support the development of online courses.
Innovation Awards	\$25 million for grants related to innovative practices in community colleges.
Statewide Performance Strategies/Institutional Effectiveness	Increase of \$10 million to implement strategies to improve college performance in student success and outcomes.
Telecommunications and Technology Infrastructure	\$5 million ongoing and \$7 million one-time added to the Telecommunications and Technology Infrastructure Program.
Zero-Textbook Cost Program	\$5 million one-time for the Zero-Textbook Cost Program to incentivize programs that have no costs to students for the use of textbooks.

Employment Opportunity Fund	Increase of \$2 million one-time funds for the Employment Opportunity Fund to promote equal employment opportunities at community colleges.
Academic Senate	\$300,000 increase for the Academic Senate to include support for implementing the Workforce Taskforce recommendations.
Apprenticeship Program	\$1.8 million for the apprenticeship program.
Categorical Programs	0.00% COLA for categorical programs.

University of California

2016-17 State Budget

General Fund Increase	Increase of \$143.9 million ongoing General Fund dollars. \$18.5 million of the increase to be released in May 2017 if UC enrolls 2,500 more residents by 2017-18 compared to 2016-17 and the UC Board of Regents adopts a cap on nonresident enrollment.
UC Retirement Plan	\$171 million in one-time Proposition 2 funds to help pay down the unfunded liability of the UC Retirement Plan.
Student Outreach and Support Services	\$20 million in one-time General Fund dollars for student outreach and support services for low-income and underrepresented students.
UC Innovation and Entrepreneurship Program	\$22 million one-time General Fund for UC Innovation and Entrepreneurship program.

CalPERS and CalSTRS

2016-17 State Budget

CalPERS	For 2016-17 the employer contribution rate is projected to go up to 13.05% from 11.847% in 2015-16.
CalSTRS	For 2016-17 the employer contribution rates will go up to 12.58% from 10.73% in 2015-16.

Prepared by:

Emily Gordon, CFT Research Director
egordon@cft.org
(510) 332-6156

July, 2016