



Legislative Update

January 11, 2019

Highlights from the Governor's 2019-20 January Budget Proposal

Governor Newsom released his first budget proposal yesterday which he is calling "California for All." The governor's education budget proposal includes investments in early childhood education, increased funding for K-12, community college and higher education and significant allocations to educator retirement systems.

The total budget is \$209 billion of which \$144 billion is General Fund (GF). Proposition 98 is funded at \$80.7 billion which is \$2.8 billion over 2018-19. The Department of Finance is projecting a \$21.4 billion surplus which is \$6 billion more than the Legislative Analyst's Office projected in November 2018.

Below is a summary of several of the governor's major budget proposals.

Early Childhood

- \$125 million non-Proposition 98 General Fund to increase access to subsidized full-day, full-year State Preschool for four year-old children for a total of approximately 180,000 slots.
- \$750 million one-time non-Proposition 98 funding to construct new or retrofit existing facilities for full-day kindergarten programs.
- \$500 million one-time General Fund to build child care infrastructure, including investing in child care workforce.

K-12

- Cost of Living Adjustment (COLA): 3.46%
- Per-pupil spending from all sources is projected to be up to \$17,160 for 2019-20. Ongoing K-12 per pupil expenditures of Proposition 98 funds are \$12,003 in 2019-20.
- \$576 million additional dollars to support expanded special education services sent directly to Local Educational Agencies (LEAs) based on the percentage of special education students. \$186 million of the \$576 million will be one-time funds.

- \$2 billion augmentation to the Local Control Funding Formula (covers the 3.46% COLA).
- \$350,000 to merge the dashboard, the LCAP electronic template and other school site and school district reporting tools to provide a single platform.

Community College

- \$402 million ongoing Proposition 98 General Fund to cover a 3.46% COLA, enrollment growth, legal services for undocumented students and families and providing a second year of free community college tuition (\$40 million is allocated to fund the free second year of community college).
- \$5 million one-time General Fund for the Chancellor's Office to expand outreach on the California Promise.
- Increase from \$1,648 to \$6,000 Cal Grant B new or renewal awards to help 29,000 students in higher education that are parents.
- Student Success Allocation portion of the Student-Centered Funding Formula is capped at 10%. The initial Student Success Allocation element was to cap out at 20% in 2020-2021.
- \$10 million to provide legal services to undocumented and immigrant students, faculty and staff on campus.

University of California

- \$240 million ongoing General Fund for operational costs; student success, student hunger and housing initiatives; ongoing support for graduate medical education; and mental health resources.
- \$138 million for deferred maintenance.
- \$15 million one-time General Fund to support expanded degree completion and certification programs at UC extension centers.
- \$49.9 million ongoing General Fund to support UC's proposed effort to improve student success and timely completion of a degree and close the degree attainment gap between students from disadvantaged backgrounds and other students.

- \$15 million in one-time funds for student hunger and housing initiatives.
- \$10 million for student enrollment growth.

CalSTRS:

- \$3 billion one-time non-Proposition 98 to local educational agencies and community college districts to address CalSTRS long-term liability for employers.
- \$700 million in the first two years will lower employer contributions from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.1% in 2020-21.
- The remaining \$2.3 million will lower the rates by ½ of 1% in the out-years.

The CFT legislative and research departments will continue our research and advocacy on the budget and provide additional details as they become available.

This report was developed by the CFT Legislative and Research Departments. Please contact Ron Rapp, CFT Legislative Director at rrapp@cft.org or Joanna Valentine, CFT Research Director at jvalentine@cft.org with any questions.