



# 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](mailto:rrapp@cft.org) or Joanna Valentine, CFT Research Director at [jvalentine@cft.org](mailto:jvalentine@cft.org) with any questions.*