



January 10, 2018

Education Highlights from the Governor's 2018-19 January Budget Proposal

Today, Governor Brown released his final proposed state budget. The budget proposes to fully-fund the Local Control Funding Formula (LCFF) in 2018-19 – two years ahead of schedule. Although the budget is projected to have a healthy surplus due to unexpected strong tax revenues, Brown remained true to form in continuing his prudent fiscal approach by allocating surplus dollars into the state's rainy day fund. His budget proposal would fully-fund the rainy day reserve fund in 2018-19.

More information regarding the details of the governor's budget proposal will be available as trailer bill language is introduced. The effects of the federal tax bill were not factored into the January state proposed budget, but adjustments will be made in the May revision as the impact is recognized.

EC TK-12 Proposals

- LCFF will be fully-funded two years ahead of the target date of 2020-21.
- Total Proposition 98 funding is up \$3.1 billion from the 2017-18 level for a total of \$78.3 billion.
- 2.51% Cost of Living Adjustment (COLA). This is applied to the Local Control Funding Formula (LCFF) base grant target rates and remaining categorical programs.
- 2.8% increase in reimbursement rates for those Early Childhood providers contracting with the Department of Education (DOE).
- \$5.2 million non-Prop 98 increase to reflect the number of new CalWORKs child care cases Stages 2 and 3.
- On-going K-12 Prop 98 per-pupil expenditures increased \$465 per-pupil over 2017-18 for a level of \$11,614.
- County Offices of Education (COEs) that are at their LCFF target will also receive the 2.51% COLA. If they are more than 2.51% above their target, they will not receive an increase.
- \$1.8 million in one-time discretionary funds for districts, charter schools and COEs to use at local discretion. These funds are also used to offset prior year mandates.
- \$212 million ongoing for Career Technical Education (CTE) programs administered through the Community College Strong Workforce Program.
- \$640 million in bond authority from Prop 51 to fund new construction, modernization, CTE and charter school facility projects.
- \$55.2 million ongoing Prop 98 funds to help county offices of education facilitate the improvement of school districts in need of differentiated assistance.
- An increase of \$6.5 million for the California Collaborative for Educational Excellence (CCEE), bringing the total allocation to \$11.3 million.
- A decrease of \$183.1 million in 2017-18 and \$135.5 million in 2018-2019 for school districts as a result of decreases in Average Daily Attendance (ADA).

Special Education Proposals

- \$100 million to increase and retain special education teachers.
- \$10 million ongoing for Special Education Local Plan Areas (SELPAs) to work with COEs to provide technical assistance to Local Educational Agencies (LEAs) to improve student outcomes.
- \$167 million to increase the availability of inclusive early education and care for children aged 0 to 5 years old.

Adult Education Proposals

- \$20.5 million for a COLA to the Adult Education Block Grant program.

Community College Proposals

- The budget proposes a new funding formula for general apportionments to encourage access for underrepresented students and to reward colleges' progress on improving student success.
 - No district would receive less funding than is currently allocated.
 - Districts would have a Base Grant based on Full Time Equivalents (FTEs).
 - Supplemental Grant based on the number of low-income students that the district enrolls (College Promise Grant and Pell Grants).
 - Student Success Incentive Grant based on the number of students who receive degrees and certificates with additional funds for those who receive them in three years or less.
 - Hold Harmless Provision – there will be an ongoing provision to ensure that districts continue to be held harmless based on their 2017-18 FTES and FTES growth.
- Increase of \$322.5 million in Prop 98 funding.
- \$175 million to support Community College District's (CCD's) transition to a student-focused formula.
- \$60 million available for enrollment growth.
- 2.51% COLA to apportionments.
- \$264.3 million one-time Prop 98 General Fund and \$10.9 million settle-up for deferred maintenance, instructional equipment and water conservation projects.
- \$120 million (\$20 million ongoing) to establish the California Online College, a fully-online community college.
- \$46 million on-going to support the implementation of the California College Promise (AB 19) to provide fee waivers for first-time students.
- \$32.9 million increase for the Student Success Completion Grant.
- \$20 million one-time to provide grants to support innovation in higher education.
- \$5.4 million Prop 98 increase to offset decreased student enrollment fee revenues.
- \$230.2 million Prop 98 General Fund as a result of increased local property tax revenues.

University of California Proposals

- 3% increase in base funds, consistent with the current agreement between UC and the governor (additional \$92.1 million).

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 Department, at jvalentine@cft.org with any questions.