Research Brief

California Federation of Teachers
AFT, AFL-CIO
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The 2013-14 Education Budget

California's budget picture changed dramatically with the passage of Proposition 30; we now have a balanced budget absent the assumptions, smoke and mirrors of previous budgets. With rising revenue projections, Governor Brown resisted pressure to increase state spending and stayed true to his priority of increasing K-12 education spending via his Local Control Funding Formula. He agreed to increase community college funding by slowing down the rate of debt repayment which will allow for some restoration of program.

Proposition 39 brings new income to the state; the governor adds the funds to Proposition 98 and uses the new funding to support energy efficient projects in California schools and community colleges.

Child Care and Development

	2013-14 Budget
COLA	Statutory COLA is 1.57%, but is not funded
CalWORKs	Shifts $40 million from Stage 2 to Stage 3 based on projected caseload. Allows for mid-year adjustments of CalWORKs Stage 2 and Stage 3 child care programs by the Department of Finance; intent is to fully fund Stage 2 and 3.
State Preschool	Funding increased by $25 million, but family fees will still be assessed. Funding is one-time, but will restore some lost slots.
Reform	CDE directed to convene stakeholders to develop a preschool plan and report back to Legislature. No additional resources provided for reform.
Sequestration	$15.9 million provided to partially backfill cuts due to federal sequestration

K–12 Education

	2013-14 Budget
COLA and Deficit	Statutory COLA is 1.57% but, under new funding proposal, is directly applied to only a few categorical programs. Current deficit factor remains at 22.272%. New funding plan incorporates COLA but does not guarantee that each district receives that increase—see LCFF below.
Common Core State Standards (CCSS)	$1.25 billion in one-time funding is included to implement CCSS. Formerly estimated at $170/ADA, funding is now $200/ADA. Money must be used for professional development (including paraprofessionals involved in direct instruction), instructional materials aligned to CCSS and/or technology based instruction or computer based assessments and internet connectivity.
Local Control Funding Formula (LCFF) $2.1 billion increase	Creates a new, uniform per student base amount that varies only by grade level. Additional funding (20% supplemental grant) is added for students who are English learners, eligible for free, reduced price lunches, and/or foster children (unduplicated), as well as a concentration grant (50%) for the number of target students above a 55% threshold. LCFF includes differentiated funding for grade levels, incorporating CSR funding into the K-3 span and career technical funding into the 9-12 span. With LCFF, some current terms will become obsolete—revenue limit, deficit factor; even COLAs are no longer statutory. All are incorporated into the new

	formula, but will no longer exist as individual factors. The final budget includes a new Economic Recovery Target (ERT) which will benefit districts with an undeficited 2012-13 base revenue limit, general purpose and categorical funding per ADA that is no more than $14,500 and exceeds their computed LCFF entitlement at full implementation. Like the LCFF target calculation, the ERT calculation includes a COLA of 1.94% for each year between 2014-15 and 2020-21. ERT target districts will receive 12.5% of the difference toward their ERT each year until the both LCFF and ERT are fully funded.
Class Size Reduction (CSR)	In order to qualify for the K-3 enhancement by 2020-21, average class sizes cannot exceed 24:1. Averages are calculated for each site across K-3 grade levels. Districts must make progress toward the 24:1 ratio in accordance with their increased funding levels. When fully implemented, CSR funding will be 10.4% or $723/ADA. Districts with a negotiated agreement calling for a different staffing will not be subject to the state requirement. Local CBAs take precedence.
Categorical Funding	LCFF collapses almost all state categorical funding into the base grant and does away with reporting requirements. Exempts some categorical programs because of funding source—Special Education, State Preschool, QEIA, State Testing, American Indian programs, ASES, and Child Nutrition. Two other programs—Targeted Instruction Improvement Grant (TIIG) and Home to School Transportation—are funded at current levels as an add-on to the districts currently receiving these funds without future growth or COLAs. Transportation funding is critically important to some districts, especially large, rural districts. There is a Maintenance of Effort (MOE) requirement that a district continue to spend at least as much as in 2012-13 on transportation. Unlike the MOE for Adult Education and ROC/Ps, the transportation MOE does not expire in two years. Williams requirements for safe schools still apply.
Facilities	No bond authority remains at the state level to fund new construction and modernization programs and no new state bond has been proposed. The governor suggests that “future K-12 facilities funding needs must be considered in the context of other competing education and non-education priorities and needs”. Currently state funds have been available outside of operational funding; this mirrors a change in UC funding this year and portends cost shifting to districts from the state.
Accountability Local Control Accountability Plan (LCAP)	The budget delegates definition of the specific accountability requirements to the State Board of Education, but outlines that a required Local Control Accountability Plan (LCAP) be adopted that pairs budget priorities with the district plan to improve student achievement. LCAP plans must delineate how local districts will implement state priorities using a to-be-developed SBE template. Federal accountability requirements remain in place as well as academic performance requirements.
Career Technical Education Pathways Grant Program (CTE)	An increase of $250 million for one-time competitive capacity-building grants for K-12 school districts and community colleges to support programs focused on work-based learning.
Mandates	Increases the current $28/ADA block grant by $50 million bringing the 9-12 rate to $58/ADA. Districts can still choose to file specific claims but there is no additional funding proposed in the budget so filed claims will wait for payment.
Basic Aid Districts	Basic Aid districts are treated in the same way as revenue limit districts under the LCFF, comparing their current level of funding with their target level. Basic Aid districts will still be defined as districts whose local property taxes equal or exceed their district’s formula allocation. These districts will continue to retain local property taxes in excess of their new formula allocation. Basic Aid districts are protected by a ‘hold-harmless’ provision as well as the ERT. The ‘fair-share’ reduction of Basic Aid district categorical programs continues. Proposition 30 guaranteed a minimum of an additional $200/ADA in new funding for all districts.
Charter Schools	Charter schools are included in the LCFF and have a target level of funding that

	grows more or less quickly depending on how far they are from their target funding level. They will also need to have an LCAP plan in place by July 2014.
Special Education	Several special education programs are consolidated in order to provide SELPAs with flexibility and to simplify funding requirements. Federal cuts are partially backfilled. The budget continues the funding for Mental Health services. Special Education is one of the few programs with a COLA of 1.57% as well as enrollment growth funding; increase generates about $7.86 per ADA.
Energy Efficiency (Proposition 39)	K-12 local education agencies receive $381 million to support energy efficiency projects. Funding will be distributed on a per-ADA basis, but small districts (less than 100 ADA) are guaranteed at least $15,000. Per ADA amount is still to be determined, but is likely to be around $60 per ADA. The resulting savings in utility costs will "assist schools and community colleges in recovering from budgetary reductions implemented over the past five years." Funding represents an opportunity to train classified workers to provide new services in energy efficient ways. Funds must be encumbered by June 2018; funds not spent in alignment with requirements must be returned to the state.
County Offices of Education	County Offices are subject to a new funding formula similar to the LCFF for districts supported by an increase of $28.2 million. The two-part formula includes per-ADA funding to support students in community schools and juvenile court schools as well as unrestricted funding to cover operations, based on the number of districts served and the total ADA in the county. County office base grants will be increased by the number of students from low income families, English learners and foster students similar to what districts receive under the LCFF in supplementary and concentration grant funding.
ROC/Ps	LCFF compromise language maintains status quo for ROC/Ps for two years Maintenance of Effort requirement is in place for two years, both for districts and for districts who participate in a JPA offering ROC/P programs.

Adult Education

	2013-14 Budget
Two-year transition period $25 million planning grants	Consortiums composed of at least one K-12 district and one community college district will be eligible for planning grants to determine how best to meet the needs of adult learners in their communities. The Budget Act requires that K-12 districts maintain the same level of spending on Adult Education programs in 2013-14 as they did in 2012-13. Community college Chancellor's Office is in charge of distributing grant dollars along with CDE.
Apprenticeship	Apprenticeship programs and funding are transferred to community colleges Oversight will be provided by the Chancellor's Office, but programs may still be operated with their existing provider.

Community College

	2013-14 Budget
COLA	Statutory COLA of 1.57% is funded (for the first time since 2007-08)
Access	The budget provides $89.4 million to increase access to course offerings. Funding Increase for access can refer to either restoration or growth. Districts must increase FTES in order to realize increased funding.
Deferrals	Deferrals are reduced from a high of $961 million to $592.5 million.
Categorical Programs	Increased funding for the following programs: $50 million for Student Success and Support (formerly Matriculation) $15 million for Extended Opportunities Program and Services $15 million for Disabled Students Program and Services

	$7.9 million for the community colleges' CalWORKs program to assist parents l living in poverty to reach their education goals $30 million for deferred maintenance projects $150,000 for Academic Senate participation in state-level activities
Clean Energy Projects	Funding from Proposition 39 will support $48 million of new clean energy projects that will reduce current utility requirements and expand the use of renewable energy sources. Colleges may use the funds to expand career technical education training and on-the-job work experience training in partnership with the California Conservation Corps and participating community conservation corps programs.
Technology and online courses	$16.9 million to increase the number of courses is available to matriculated undergraduates. The focus is to be on courses that have the highest demand, fill quickly and are prerequisites for many different degrees.

University of California

	2013-14 Budget
General Fund Increase	An ongoing increase of $125.1 million for core instructional costs, including $10 million to increase the number of courses available to matriculated undergraduates through the use of technology. This funding is in addition to the $125 million received in 2012-13 and "should obviate the need for UC to increase student tuition and fees."
Debt Service Costs	The budget shifts debt service costs incurred as a result of general obligation bonds to the UC's budget. UC will have to factor these costs into their overall fiscal plan. New capital expenditures will have to be approved; any savings from debt restructuring will be allocated toward paying down the unfunded liability of the University's retirement plan.

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