

The 2018-19 State Budget: Governor’s January Proposal

Governor Brown released his final proposed state budget on January 10th for the fiscal year 2018-19. The overall budget outlook continues to be positive, reflecting growth in the state economy and billions of dollars in new revenue. Education continues to be one of the major beneficiaries of this increased revenue and Proposition 98 funding is up to \$78.3 billion in 2018-19, an increase of \$3.1 billion over 2017-18’s total of \$75.2 billion.

Despite the overall growth in revenue and increased dollars for education, California still ranks low in the nation in terms of per-pupil spending and there are several critical areas of the budget that have not yet been restored from recession-era cuts. The Legislative Analyst’s Office believes that the state’s revenues will be higher than the Governor is projecting, and the budget does not account for the impact to California from the recently passed federal tax legislation.

See below for education budget highlights, and stay tuned for more information as the 2018-19 budget cycle continues.

Child Care and Development

	2018-19 Proposed State Budget	Notes
COLA	Statutory COLA is 2.51%.	
State Preschool	Maintains three-year agreement to increase funding for reimbursement rates and state preschool slots. Addition of 2,959 slots.	
Provider Rates	Increase by 2.8%.	
CalWORKS	Makes a modest adjustment to CaWORKS to Stage 2 and Stage 3 to reflect caseload and estimated costs of care.	
Inclusive Education Expansion Program	\$167 million (\$125 million is ongoing) to establish an “Inclusive Education Expansion Program” for low-income and exceptional needs children ages 0 to 5.	

K–12 Education

	2018-19 Proposed State Budget	Notes
COLA	Statutory COLA is 2.51%.	
Local Control Funding Formula (LCFF)	An additional \$2.9 billion for LCFF. This will fully-fund LCFF and close the “gap” two years earlier than originally projected.	Future funding once the gap is closed will become COLA only if no new statutes are written to increase the base or add new categorical funding.

Class Size Reduction (CSR)	10.4% increase for small K – 3 class size for a new total of \$767 per ADA.	Districts must meet the 1:24 ratio at every school site or they will risk loss of funding.
Grade Span Adjustment (GSA)	Grades 9 - 12 GSA per ADA is increased to \$232, a 2.6% increase.	
Categorical Funding	Remaining categorical programs under LCFF are subject to the COLA of 2.51%.	Categorical programs remaining under LCFF include Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program.
Discretionary Funding	\$1.8 billion in discretionary one-time funding. This will be divided among school districts (including basic aid), charter schools, and county offices of education – estimated to be \$295 per ADA.	This is partially for the repayment of unfunded mandates but is entirely discretionary.
Career Technical Education (CTE)	\$212 million for CTE Incentive Grant Program specific to the community college administered Strong Workforce Program.	
County Offices of Education (COEs)	\$6.2 million to fund 2.51% COLA on LCFF entitlements and changes in ADA; COEs that are at more than 2.5% above their target will receive no additional funding this year.	
Basic Aid Districts	Basic Aid Districts that continue to have higher local property tax revenue than their LCFF allocation will remain basic aid.	
Special Education	2.51% COLA \$100 million in one-time funding for programs to recruit and retain special education teachers. \$10 million in ongoing funding for Special Education Local Plan Areas (SELPAs) to work with COEs to improve student outcomes. Child Care and Development - Inclusive Education Expansion Program	
School Facilities	\$640 million in Prop 51 bond authority. Includes an ongoing appropriation of \$28.3 million to the Charter School Facility Grant Program.	

Adult Education

	2018-19 Proposed State Budget	Notes
Adult Education Block Grant	\$20.5 million in COLA plus \$5 million for investments in data collection.	This is the first COLA increase to the \$500,000,000 for Adult Ed consortiums.

Community College

	2018-19 Proposed State Budget	Notes
COLA	Statutory COLA of 2.51% is funded.	
Growth	\$60 million for growth (1%).	
New Funding Formula	\$175 million to establish a new funding formula for community college districts.	While the plan contains a hold-harmless element, in addition to funding based on Full-Time Equivalent Students (FTES), supplements to the funding formula will now be dependent upon the number of low income students served, the number of degrees and certificates granted, and the number of students who complete these degrees within 3 years or less.
Online College	\$129 million (\$20 million ongoing) to create a fully-online community college.	
California College Promise	\$46 million on-going to support the implementation of AB19 to provide fee waivers for first-time students.	
Career Technical Education (CTE)	\$212 million for K-12 local educational agencies to improve and expand their education programs aligned with the Strong Workforce Program.	See K-12 CTE
Part-Time Faculty: Office Hours, Faculty Health Insurance & Compensation	No change at \$12 million (Office Hours); \$490,000 (Health Insurance) or \$24.9 million (Compensation).	
Deferred Maintenance & Instructional Equipment	\$275 million	
Full-Time Student Success Grants & Completion Incentive Grants	\$32.9 million	This consolidates two categorical programs. Grants are based on units taken by qualifying student.

University of California

	2018-19 Proposed State Budget	Notes
General Fund Increase	3% increase in base funds.	

CalPERS and CalSTRS

	2018-19 Proposed State Budget	Notes
CalPERS	For 2018-19 the employer contribution rate is projected to go up to 17.7% from 15.3% in 2017-18.	There is no money specifically set aside in the Governor's proposal to cover the increase in PERS contributions.
CalSTRS	For 2018-19 the employer contribution rates will go up to 16.28% from 14.43% in 2017-18.	There is no money specifically set aside in the Governor's proposal to cover the increase in STRS contributions.

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