

The 2015-16 State Budget: Governor’s May Revise

Governor Brown’s May Revise reflects growing revenues and significantly increased funding for K-14 education. Proposition 98 is receiving the majority of the increased revenue and as of the May Revise is projected at \$68.4 billion for 2015-16 (up from \$65.7 in the January Proposal).

While the May Revise is a reflection of our improving economy, there are still significant needs both in education and in the many other areas of the budget. The expiration of Prop 30 also signals the need to strengthen our focus on new revenue initiatives so that all of our state’s critical programs and priorities can be fully funded.

Child Care and Development

2015-16 May Revise	
COLA	1.02% COLA for capped child care programs.
State Preschool	Increase of \$13.5 million for State Preschool. \$12.1 million to fund 2,500 part-day preschool slots.
Provider Rates	Proposed reimbursement rate increase of 1% for all part-day providers.
CalWORKS	Adjustments to Stage 2 and 3 funding based on workload.

K–12 Education

2015-16 May Revise	
COLA	Statutory COLA is 1.02%
Local Control Funding Formula (LCFF)	Total of \$53.1 billion for LCFF. Increase of \$2.1 billion from January Proposal. This will close the LCFF “gap” by 53.08%.
Class Size Reduction (CSR)	No change in May Revise. Under LCFF, districts that are moving toward or already meeting a ratio of 1:24 in K-3 will receive an adjustment to their LCFF base grant of up to 10.4%.
Career Technical Education (CTE)	Under LCFF districts that have certain CTE classes in 9-12 will receive an adjustment to their LCFF base grant of 2.6%. This is not changed in the May Revise. In addition to the LCFF CTE adjustment the May Revise adds additional one-time funds for a CTE Incentive Grant Program and increases match requirements from the January proposal. The total amount for CTE incentive grants is now \$400 million for 2015-16, \$300 million for 2016-17, and \$200 million for 2017-18.

Categorical Funding	Remaining categorical programs under LCFF are subject to the 1.02% COLA.
Discretionary Funding	\$3.5 billion in discretionary one-time funds. This is an increase of \$2.4 billion from the January Proposal and is equal to about \$601 per ADA.
Technology Infrastructure	\$100 million in one-time funding for technology infrastructure. This did not change from the January Proposal.
Proposition 39 (Energy Efficiency)	\$313.4 million for energy efficiency projects at K-12 schools. This is a reduction of \$6.7 million from the January Proposal.
Facilities	\$273.4 million in one-time dollars to the Emergency Repair Program. No change from the January Proposal.
Deferrals	\$897 million in deferral repayments. This will eliminate all remaining deferrals. No change from the January Proposal.
County Offices of Education (COEs)	COLA is 1.02%. COLA only applies to COEs who are at their LCFF target. If they are more than 1.02% above their target they will not receive additional funding under LCFF this year. \$40 million of the \$3.5 billion in discretionary funding will go to COEs. This is an increase of \$20 million from the January Proposal. Funds will be distributed based on county-wide ADA and the number of school districts in the county. These funds are intended to assist COE's with LCAP responsibilities.
Basic Aid Districts	Basic Aid Districts that continue to have higher local property tax revenue than their LCFF allocation will remain basic aid. Basic Aid Districts will receive the \$601 per ADA in one-time funds as part of the \$3.5 billion in discretionary K-12 funding proposed in the May Revise.
Charter Schools	Charter Schools are also funded under LCFF and the new LCFF formula. \$59.5 million to support projected charter school ADA growth. No change from January Proposal. \$601 per ADA to Charter Schools from the \$3.5 billion in discretionary funds. This is an increase from \$183 in the January Proposal.
Special Education	1.02% COLA. Estimated COLA is \$5.38 per ADA. New in the May Revise is \$60.1 million proposed for Early Intervention, Preschool, and Alternative Dispute Resolution programs. \$50.1 million in ongoing funding and \$10 million in one-time funding.
Teacher Preparation and Assessment	\$10 million in one-time funds over a two year period to address teacher preparation and assessment issues. No change from January Proposal.
District Reserves	Beginning in 2015-16 there will be an enhanced transparency process for districts that propose a reserve higher than the minimum requirement. A cap on reserves will be triggered upon several conditions related to Proposition 98 and the transfer of funds into the Public School Stabilization Fund. If the cap is triggered districts would be prohibited from having reserves in excess of two to three times the minimum requirement.

Adult Education

2015-16 May Revise	
Adult Education Block Grant	\$500 million for an Adult Education Block Grant. No change in the dollar amount in the May Revise. There are several changes to the program reflected in the May Revise including the elimination of local allocation boards and lessening the frequency of plan development to once every three years with annual updates.

Community College

2015-16 May Revise	
COLA	Statutory COLA of 1.02% is funded.
Growth	Enrollment growth funded at 3% (\$156.5 million). This is an increase from the 2% growth funding proposed in the January Proposal.
Base Funding	\$266.7 million in base allocation increases. This is an increase from the \$125 million proposed in January.
Deferrals	\$94.5 million to fully pay down all remaining deferrals. No change from the January Proposal.
Mandates	\$627.8 million in one-time funds to be allocated on a FTES basis to pay down outstanding mandate claims. This is an increase from the \$353.3 million proposed in January.
Proposition 39 (Energy Efficiency)	\$38.7 million for energy efficiency projects in Community College Districts. This is a decrease from the \$39.6 proposed in January.
Student Success and Support Program (SSSP) and Equity	\$299.1 million for Student Success and Support Program (SSSP). \$185 million for SSSP Equity. This is an increase of \$15 million from the January Proposal.
Full-time Faculty	\$75 million to support an increase in full-time faculty hiring. This is new in the May Revise.
Basic Skills Pilot Partnership Program	\$2 million. This is new in the May Revise.
Institutional Effectiveness Partnership Initiative	\$15 million. This is new in the May Revise.
Deferred Maintenance and Instructional Equipment	\$148 million in one-time funds. This is new in the May Revise.
Basic Skills and Student Outcomes Transformation Program	\$60 million in one-time funds. This is new in the May Revise.
Categorical Programs	\$2.5 million to fund the 1.02% COLA for the EOPS, DSPS, CalWORKs, and the Childcare Tax Bailout programs. This is new in the May Revise.
Innovation Awards	\$25 million increase in the May Revise for a total of \$50 million.
Rate Equalization	\$49 million to fund non-credit (or CDCP) rate equalization. No change from January Proposal.
Career Technical Education (CTE)	\$48 million in one-time funds for Career Technical Education (CTE). No change from January Proposal.
Apprenticeship Programs	\$29.1 million for expansion of Apprenticeship Programs. No change from January Proposal.

University of California

2015-16 May Revise	
General Fund Increase	\$120 million increase in 2015-15 (no change from January Proposal). Tuition to remain flat in exchange for assistance with unfunded pension liability.

CalPERS and CalSTRS

2015-16 May Revise	
CalPERS	For 2015-16 the employer contribution rate will go up to 11.847% from 11.771% in 2014-15.
CalSTRS	For 2015-16 the employer contribution rates will go up to 10.73% from 8.88% in 2014-15.
