

Education Budget: May Revision 2012-13

Buffeted by falling revenue projections and stymied by court and federal blocks to cuts proposed earlier, Brown recommends additional cuts to state employees, health and human services, child care and Cal Grants in his revised budget proposal. Education funding remains at about the same level as he proposed in January, despite the ballooning of the deficit from \$9.2 billion to the now estimated \$15.7 billion.

Governor Brown’s initial proposed budget was released in January along with his first tax initiative proposal. In April, he withdrew his initiative in favor of the Schools and Local Public Safety Protection initiative, following talks with CFT and other supporters of the Millionaires Tax. Passage of the compromise initiative is a critical component of the governor’s May Revision, with even more devastating trigger cuts proposed in the event that the initiative does not pass. Proposition 98 cuts would grow to \$5.5 billion; UC and CSU would see cuts of \$250 million each.

The budget now moves to the legislature where conference committees will consider the governor’s recommendations and decide which ones to include in the budget document they submit for Brown’s line-item vetoes and signature. The legislative deadline is June 15, but this will be a difficult budget to work through because of the severity of the proposed cuts and the need for a two-thirds vote to increase revenues.

Child Care and Development

2012-13 May Revision	
COLA	Zero funded COLA
State Preschool	Uses ‘savings’ from the elimination of Transitional Kindergarten funding to restore the proposed 10% reduction only for part-day preschool and to add 15,500 slots for children from low-income families
CalWORKs	Continues the \$452.5 million reduction in non-Prop 98 funding to child care and development programs, but allows families who are engaged in education or training to receive child care services for two years. Reduces the reimbursement rate for licensed voucher-based providers
Realignment	Continues to propose realignment of administration of child care services from the Department of Education to the Department of Social Services with some modifications that recognize Title 5 centers

K–12 Education

2012-13 May Revision	
COLA	No funded COLA for 2012-13, but promises to fund COLA with increased revenue from the initiative in 2013-14
Revenue Limit Deficit	The deficit factor will be increased to reflect the lack of COLA and other cuts. Half of increased Proposition 98 funding in 2013-14 will be used to restore funding cuts, deficits and COLAs if initiative passes
Categorical Programs	No additional cuts; May Revision continues budget proposal to combine most categorical funding with revenue limit dollars in order to create a new funding mechanism for K-12 schools. See Weighted Student Formula
Weighted Student Formula (WSF)	Modifies the proposal to dramatically change funding structure. Would extend phase-in from five years to seven years, contingent upon passage of initiative. Requires that deficit factor is restored before full implementation. Base grant amount increases from \$4,920 to \$5,421 (current average unified revenue limit is \$5,203). Adds grade span differentials for K-3, 4-6, 7-8 and 9-12, respectively distributed as \$5,466, \$4,934, \$5,081 and \$5,887. Current funding for K-3 class size reduction is folded into K-3 amount. Supplemental funding for low-income and English learners is reduced from proposed 37% to 20% of base grant; concentration grants are also modified. Districts are required to spend supplemental funding for the benefit of the low-income and English learner students who generated the funding. Home to School transportation and Targeted Instructional Improvement Grant funding is removed from the formula and continues as separate, but flexible funding
Accountability	Continuation of the WSF phase-in in 2013-14 is also dependent upon enactment of legislation to include additional accountability measures that would be linked to incentive funding
Transitional Kindergarten (TK)	Continues elimination of all funding for transitional kindergarten programs. Districts may provide programs, but will not receive funding; proposed budget would not remove kindergarten age changes. Governor suggests using an existing waiver process that allows parents to request admittance to traditional kindergarten programs even though the child has not reached age five. Savings are used for state preschool programs
Home-to-School Transportation	Restores \$496 million in funding—outside the Weighted Student Formula
Special Education	Small increases are included to cover ADA growth in special education
SB 3632—Mental Health Services	Last year's one-time funding to cover cost of shifting services from counties to school districts is continued with on-going support
Mandates	May Revision continues a \$200 million block grant proposal for K-12 and community college mandates after eliminating nearly half of them. Eliminates the claiming process and provides \$28/ADA to districts, charters and COEs for remaining services
Reserve Levels	Continues district flexibility provision that required reserve level is only one-third of statutory requirement but does not extend it
Charter Schools	\$50 million to cover increased costs for charter school block grants and categorical block grants because of charter school growth. Modifies surplus property conveyance to give districts an incentive to sell property to charter schools if that property was purchased with state funds

Deferrals	Modifies earlier proposal to use new funding to buy down deferrals by using half to provide COLAs and deficit relief. Uses \$2.5 billion to buy down deferrals if initiative passes
<i>If November tax initiative does not pass...</i>	
Deferrals continue	Deferral continues, saving the state \$2.5 billion—districts face on-going cash problems
Additional cut	Proposition 98 (K-14) cut by additional \$2.7 billion if initiative fails. Districts would be authorized to reduce the school year by a total of 15 days in 2012-13 and 2013-14 in addition to current flexibility to reduce 5 days

Adult Education

2012-13 May Revision	
Flexibility	Adult Education funding is still included in the “weighted student formula” providing no relief from earlier flexibility and no requirement to provide services for adults

Community College

2012-13 May Revision	
COLA	No funded COLA
Growth	No funding for growth
Deferrals	Inter-year deferrals reduced by \$313.1 million—this isn’t new funding, but will relieve district borrowing costs and reduces the state’s “wall of debt”
Flexibility/Categorical Programs	No additional cuts to categorical programs, but continues budget proposal to do away with most categorical programs and make funding available for “any educational purpose”. Federally required programs would not be impacted
Property Tax Adjustment Redevelopment Funds	The May Revision proposes an increase of \$30.8 million in 2011-12 to offset a decrease in estimated local property taxes. In 2012-13, the proposal uses redevelopment agency cash to relieve the general fund obligation of \$191.2 million
Student Aid	Reflects a recent policy change by the Board of Governors to increase the need threshold for Part C fee waiver eligibility from \$1 to \$1,104; college funding would come from student fees instead of the state (\$15 million)
Mandates	Proposed budget creates a \$200 million block grant program for K-12 and community college mandates after eliminating nearly half of them. Funding would be distributed on a per student basis of \$28/FTES. Districts would have to perform the remaining mandate services but would not have to go through the current claiming process
Increased Funding tied to “achieving Administration’s priorities”	If tax initiatives pass , budget promises additional funding of at least 4% per year as long as “improvements in specific accountability metrics, such as graduation rates, time to completion, transfer students enrolled, faculty teaching workload and successful credit and basic skills course completion” are met
<i>If Governor’s tax initiative does not pass...</i>	

Deferral continues	Deferral continues saving the state \$218.3 million—actual cut is reinstatement of any district costs for borrowing
Triggered Cut	If the tax initiative fails, community colleges would be cut \$300 million mid-year, representing a workload reduction of 61,700 FTES

University of California

2012-13 May Revision

Eliminate Set-Asides	Proposed budget would remove set-asides for specific programs and purposes such as Drew Medical Program, AIDS research, Summer School for Mathematics and Science, etc. in order to provide UC with greater flexibility
New Funding	\$90 million for basic operating costs which can be used to address costs related to retirement program contributions is reduced to \$52 million in 2012-13. The remaining \$38 million is delayed until 2013-14
Increased Funding tied to “achieving Administration’s priorities”	If tax initiatives pass , budget promises additional funding of at least 4% per year as long as “improvements in specific accountability metrics, such as graduation rates, time to completion, transfer students enrolled and faculty teaching workload are met
	<i>If Governor’s Tax Initiative does not pass...</i>
Unallocated Reduction	The triggered reduction grows to \$250 million midyear (from January’s \$200 million) if the initiative fails to pass

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