

June 28, 2019

California state budget adopted for 2019-20

Gov. Newsom and the state Legislature came to an agreement on a \$215 billion budget that maintains many of the governor’s priorities from January and May. Spending for education is at an all-time high, but the state still lags behind the rest of the nation in K-12 per-pupil spending (39th out of 50 states according to *Education Week* on June 5, 2019). With a \$21 billion reserve projected, the state will make its first deposit into the “Proposition 98 Rainy Day Fund,” officially known as the Public School System Stabilization Account. In addition, this budget introduces a “cradle-to-career” data system that will track students from preschool to college and into the workforce.

PROPOSITION 98

	2019-20 BUDGET	NOTES
Change from previous years	Proposition 98 increased for all three years of the budget – previous year, current year and budget year. The increase is due to a combination of additional revenues in the General Fund and a slower than expected decline of average daily attendance (ADA). For 2019-20, this is an increase of \$2.7 billion over the 2017-18 budget act.	2017-18 – \$75.6 billion 2018-19 – \$78.1 billion 2019-20 – \$81.1 billion
Deposit into the Public School System Stabilization Account (PSSSA)	\$389 million will be deposited into the PSSSA - also known as the “Proposition 98 Rainy-Day Fund” established with the passage of Proposition 2. In order to be implemented, a specific set of conditions must exist, and this is the first time all of the criteria have been met to require the deposit. Funds are only to be spent in fiscal years in which the minimum Proposition 98 funding level is not sufficient to cover prior year funding adjusted for growth and inflation.	Proposition 2 also stated that if money was deposited into the PSSSA, a cap on district reserves could be triggered depending on a specific set of conditions. One of those conditions was that the amount deposited was equal to 3% of the Proposition 98 funding level. The amount deposited was well below the 3% so no cap is in force.
Certification process	Approves the governor’s proposal to make changes to the Proposition 98 certification process – which includes prohibiting the state from making downward adjustments to the funding level once a fiscal year is over.	

EARLY CHILDHOOD

	2019-20 BUDGET	NOTES
Full-day kindergarten	Provides \$300 million in one-time General Fund dollars for the Full-Day Kindergarten Facilities Grant program. (This amount is down from both the January proposal and the May revision.) Priority will be given to schools converting part-day to full-day kindergarten programs and allows the remaining funding to be used for other onetime costs to implement the full-day program	

State preschool	Provides an additional 10,000 full-day State Preschool slots for non-LEAs beginning April 1, 2020 and allocates \$31 million in ongoing non-Proposition 98 General Fund dollars in 2019-20 and approximately \$125 million in 2020-21 to annualize these additional slots.
General child care	\$80.5 million from the Cannabis Fund for 8,162 alternative payment child care vouchers and \$50 million in one-time General Fund for 3,086 General Fund Child Care slots.
Quality Counts California	\$195 million in one-time non-Proposition 98 General Fund for the Early Learning and Care Workforce Development Grants Program. Adopts trailer bill language to expand trainings and support aligned with the Quality Counts California professional development system.
Paid family leave (PFL)	Expands PFL from 6 weeks to 8 weeks beginning July 1, 2020 and notes legislative intent to move toward the goal of providing a 90% wage replacement rate for low-wage workers using these benefits.

K-12 EDUCATION

	2019-20 BUDGET	NOTES
Statutory COLA	Statutory COLA is at 3.26% and has been re-projected for the coming years. (See table at the end of this document for out-year COLA estimates.)	
Local Control Funding Formula (LCFF)	An addition of \$1.9 billion brings LCFF funding close to \$63 billion.	There is no adjustment to the LCFF base, but legislation is moving through the legislature to address this crucial issue. (AB39)
Categorical funding	The remaining categorical programs that are outside of the LCFF also receives a COLA of 3.26%.	Targeted Instructional Improvement Grant (TIIG), Transportation, and Economic Recovery Targets did not receive a COLA.
CalSTRS	\$2.25 billion one-time non-Proposition 98 money will be sent to CalSTRS on behalf of local education agencies and community colleges to buy down the employers' contribution rates. \$356 million in 2019-20, \$250 million in 2020-21 and \$1.64 billion for ongoing. This is a change from the May revision proposed amount of \$3.1 billion as \$904 million was redirected to reduce CalPERS rates for schools. (See <i>Classified</i> .)	This frees up the percentage of the certificated salary expenditures that the district would have spent on the STRS employer contribution: 1.03% for 2019-20, 0.7% for 2020-21 and 0.3% ongoing. Revised employer contribution rates are shown at the end of this document.
Teacher and Paraprofessional Development Grants	\$38.1 million in one-time non-Proposition 98 funding for the Educator Workforce Investment Grant to provide competitive grants for professional learning opportunities for teachers and paraprofessionals.	
Golden State Teacher Grant Program	Creates Golden State Teacher Grant program of \$89.8 million one-time non-Prop 98 funding. It will award one-time grant funds of up to \$20,000 to students in educator preparation programs with their commitment to teach in a subject area impacted by the teacher shortage. The student must commit to teach for four years in the high-need subject area after the student receives their teaching credential. The areas are: Bilingual Education, Special Education, Science, Technology, Engineering and Math (STEM).	

Wildfire-related property tax backfill	\$2.027 million for property tax losses in 2018-19 and 2019-20 due to wildfires, including special education property taxes and basic aid district property taxes. Holds harmless the ADA used in calculating LCFF for 3 years.	
Broadband infrastructure	\$7.5 million in one-time non-Proposition 98 funding for broadband infrastructure.	
Mental Health Services Oversight and Accountability Commission	Approves \$50 million (\$40 million one-time, \$10 million ongoing) for school-mental health partnerships. Also approves \$15 million one-time dollars to establish local centers to provide integrated youth mental health.	All dollars are from Proposition 63 – the Mental Health Services Act which created the Mental Health Services Fund.
After School and Safety Program (ASES)	Provides \$50 million in ongoing Proposition 98 funding to increase rates for After School Education and Safety program.	

COUNTY OFFICES OF EDUCATION

	2019-20 BUDGET	NOTES
COLA	County Offices of Education also receive the statutory COLA of 3.26%.	

SPECIAL EDUCATION

	2019-20 BUDGET	NOTES
COLA	Special education funding receives the statutory COLA of 3.26%.	
Special education funding	\$152.6 million in ongoing Proposition 98 funds to bring all SELPAs to a statewide base rate (current estimate is \$557.27 per ADA) and \$493.2 million to provide grants to LEAs serving three- and four-year-old children with Individualized Education Plans. Also adopts trailer bill to require ongoing funding to be contingent upon the passage of legislation in the 2020-21 budget to reform the special education system to improve outcomes for students.	

CHARTER SCHOOLS

	2019-20 BUDGET	NOTES
Enrollment	Prohibits charter schools from discouraging students from enrolling on the basis of academic performance or student characteristic such as special education status.	
Academic records	Prohibits charter schools from requesting a pupil's academic records or requiring that a pupil's record be submitted to the charter school prior to enrollment.	
Reporting process	Creates a process for families to report concerns to the relevant authorizer.	
Longitudinal Pupil Assessment Data	Requires the DOE to examine the feasibility of using data from the California Longitudinal Pupil Assessment Data System to identify charter school enrollment disparities that may warrant inquiry and intervention by corresponding authorizers.	

ADULT EDUCATION

	2019-20 BUDGET	NOTES
COLA	Adult education receives 3.26% COLA bringing the total funding to \$539 million, an increase of \$17 million over 2018-19.	

CLASSIFIED EMPLOYEES

	2019-20 BUDGET	NOTES
Classified School Employees Summer Assistance Program (CSESAP)	\$36 million, one-time Proposition 98 funds to extend the CSESAP for one year. This program began in the 2018-19 budget.	The program allows eligible classified employees from participating LEAs to elect to have money withheld from their monthly paychecks to be paid out during the summer. The state will provide a match of up to \$1 for every \$1 that the employee elects to withhold.
CalPERS	\$904 million non-Proposition 98 funding to be paid toward the employer contribution obligation for CalPERS. This money was redirected from the \$3.1 billion that was proposed for CalSTRS in the May revised budget. Allocation will be \$144 million to reduce rates in 2019-20, \$100 million in 2020-21 and \$660 million going forward.	This frees up the percentage of classified salary expenditures that the district would have spent on PERS contributions. 1.012% for 2019-2020, 0.9% for 2020-21, and 0.3% ongoing. Revised employer contribution rates are shown at the end of this document.

COMMUNITY COLLEGE

	2019-20 BUDGET	NOTES
COLA	Community colleges receive 3.26%	
Share of Proposition 98	2017-18 – 10.99% 2018-19 – 10.97% 2019-20 – 10.93%	
College Promise Program	Allocates \$42.6 million ongoing Proposition 98 General Fund to provide a second year of tuition waivers for first-time, full-time students.	
Student Centered Funding Formula (SCFF)	The budget made the following changes to SCFF: <ul style="list-style-type: none"> • Caps the growth in performance funding for a college at 10% • Modifies the definition of a transfer student • Extends the hold harmless period one year through 2021-22 	Revenues are insufficient to cover funding the total computational rate (TCR) of the 2018-19 SCFF so there is a formula to determine how much each district will receive.
Community College Teacher Credentialing Program	Provides \$1.5 million one-time Proposition 98 General Fund dollars to support the Community College Teacher Credentialing Pilot Program.	
Online college – Calbright College	\$20 million allocated for to cover annual operating expenses for Calbright College, the online college.	
Part-time faculty office hours	\$12.7 million allocated for part-time faculty office hours.	No increase from previous year.

Part-time faculty compensation	\$25 million allocated for part-time faculty compensation.	No increase from previous year.
Full-time faculty hiring	\$50 million allocated for full-time faculty hiring.	No increase from previous year.
Career Technical Education (CTE)	Retains both the Career Technical Education Incentive Grant and the K-12 Strong Workforce Development programs with \$150 million allocated to each.	
CalSTRS	\$2.25 billion one-time non-Proposition 98 money will be sent to CalSTRS on behalf of local education agencies and community colleges to buy down the employers' contribution rates. \$356 million in 2019-20 and \$250 million in 2020-21 and \$1.64 billion ongoing. This is a change from both the January proposal and the May revision proposed amount of \$3.1 billion as \$904 million was redirected to reduce CalPERS rates for schools. (See Classified.)	This frees up the percentage of the certificated salary expenditures that the district would have spent on the STRS employer contribution: 1.03% for 2019-20, 0.7% for 2020-21 and 0.3% ongoing. Revised employer contribution rates are shown at the end of this document.

UNIVERSITY OF CALIFORNIA

	2019-20 BUDGET	NOTES
Operational costs	\$119.8 million ongoing General Fund dollars for operating costs.	
Enrollment	\$10 million ongoing General Fund dollars to support 2018-19 enrollment growth beyond the enrollment target.	
Expanded degree completion	\$15 million in one-time funding to support expanded degree completion and certification programs at extension centers.	

Additional information

The following tables contain information about projected employer pension contribution rates and COLA rates.

PENSION CONTRIBUTIONS: REVISED RATES BY PERCENTAGE

	2018-19	2019-20	2020-21	2021-22
CalSTRS rate	16.28	18.13	19.10	18.40
CalSTRS revised rate	Not applicable	17.10	18.40	18.10
Difference		1.03	0.7	0.3
CalPERS rate*	18.062	20.733	23.60	24.9
CalPERS revised rate	Not applicable	19.721	22.70	24.6
Difference		1.012	0.9	0.3

*While CalSTRS rates are statutory, the CalPERS Board has the authority to set the employer contribution rate each year so the CalPERS estimates are subject to change.

COLA: PROJECTED RATE REVISIONS BY PERCENTAGE

	2018-19	2019-20	2020-21	2021-22	2022-23
COLA	2.71*	3.26	3.00	2.80	3.16

*In 2018-19, the statutory COLA was 2.71 percent, but due to an infusion of an additional \$650 million to close the LCFF gap, the effective COLA for K-12 LCFF was 3.70 percent.

FOR ADDITIONAL INFORMATION, CONTACT:

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