



Important Budget Information

State Budget Update

May 11, 2017: Increases for Schools in 2017-18 Budget Revision

On May 11, 2016, Governor Jerry Brown released the May Revision to his budget proposal for the 2017-18 fiscal year. The May Revision is the final update to economic assumptions and revenue estimates before the 2017-18 budget is approved in June.

State Fiscal Outlook

Overall, the May Revision includes \$124 billion in General Fund spending for 2017-18, about \$1.7 billion more than the 2016-17 budget, and an improvement over the January projections.

Key Elements for Education

The May Revision contains a Proposition 98 school funding guarantee of \$74.6 billion for the 2017-18 fiscal year. This is an increase of \$1.1 billion from the January budget projection. Education funding from all sources is estimated to be \$92.3 billion in 2017-18.

Key education proposals include:

- Local Control Funding Formula (LCFF): Because of the increased Proposition 98 minimum guarantee, the May Revision increases funding for the Local Control Funding Formula for K-12 education, providing a total increase of \$1.4 billion in 2017-18. This increases **the formula's implementation to 97 percent complete. The January Budget proposal provided funding for 96 percent of full implementation.**
- Proposed Deferral Eliminated: The increased funding is sufficient to eliminate the \$859 million expenditure deferral from 2016-17 to 2017-18 that was proposed in the Governor's Budget.
- **One- Time Grants Increased:** The Governor's Budget proposed almost \$290 million in discretionary one-time block grants **(about \$50 per pupil)**. The May Revision proposes almost \$750 million in additional funds, providing more than \$1 billion **(about \$170 per pupil)**, to be allocated based on prior year average daily attendance counts.
- Charter School Facilities: The May Revision proposes changes to the Charter School Facility Grant Program (SB 740) to increase rates to the lower of \$1,236 per pupil, or 75 percent of actual facility costs for eligible schools.
- Cost-of-Living Adjustments (COLA): The statutory COLA factor increases from 1.48 percent at the Governor's Budget to 1.56 percent at the May Revision. This adjustment results in a small increase to the LCFF target rates and to some categorical programs.
- Childcare Restored: The 2016 Budget Act increased provider reimbursement rates and added an additional 2,959 full-day State Preschool slots. However, the Governor's Budget proposed pausing these additional augmentations until 2018-19, due to lower-than-expected projected funds at that time. The May Revision proposes \$500 million to fully restore this funding.
- Special Education: In January, the Governor's Budget raised concerns about special education funding, and held several public hearings to receive public input. The May Revision does not offer any specific proposals for changes to special education funding, but notes that the administration will continue to explore this issue.

Next Steps

The May Revision is the final update to economic assumptions and revenue estimates before the 2017-18 budget is approved. In the coming days, CCSA will follow up with a full Budget Brief. The California State Legislature will discuss budget priorities over the next few weeks before a final plan is adopted by June 15, and signed by the Governor before the start of the new fiscal year on July 1. CCSA will continue to work on your behalf to ensure positive budget outcomes for charter schools. Please check our web page periodically for the 2017-18 May Revision Budget Brief.

