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Capitol Update

Governor Newsom's 2019-20 Budget Reflects Commitment to Cradle to Career Support for California's Children

In one of his first official actions as the new Governor of California, Governor Gavin Newsom introduced his first Governor's Budget on January 10, 2019. The Governor's Budget is the "kick-off" to the 2019-20 Budget cycle which will result in the state budget that will take effect on July 1, 2019.

Details of the budget proposal are still emerging, and we will provide a more detailed summary and analysis of the budget proposal in the coming days. But here are some initial highlights of the Governor's plan for education funding in 2019-20 fiscal year. See CCSA's statement on the Governor's Budget [here](#).

Overall Budget:

The Budget assumes moderate economic growth but cautions that even a moderate recession could result in significant revenue declines. For 2019-20, General Fund revenues are expected to increase from \$136.9 billion to \$142.6 billion (about 4.1 percent over the 2018-19 budget). The Governor proposes to transfer an additional \$1.8 billion to the Budget Stabilization Account (commonly called the Rainy-Day Fund) beyond the \$13.5 billion currently set aside. The Budget makes an unprecedented \$3 billion supplemental contribution to pay down the state's share of unfunded liabilities within state pension systems.

For K-12 Education:

The Budget proposes an historic level of funding for K-12 schools. Per-pupil funding has grown nearly \$5,000 more than 2011-12 levels from \$7,008 to \$12,003. The Proposition 98 funding for K-12 schools and community colleges for 2019-20 is \$80.7 billion, a new all-time high. When combined with more than \$686 million in settle-up payments for prior fiscal years, the Budget proposes an increased investment of \$2.9 billion in schools and community colleges.

The Budget proposes a \$2 billion augmentation to the Local Control Funding Formula (LCFF), and more than \$576 million for special education. Additionally, the Budget proposes using \$3 billion one-time non-Proposition 98 General Fund to reduce pension costs for K-12 schools and community colleges, and \$125 million non-Proposition 98 General Fund to expand State Preschool, with a plan to serve all low-income four-year-olds by 2021-22. The Budget also proposes funding to develop a comprehensive longitudinal, cradle to career data system.

Education Funding Highlights include:

- **Local Control Funding Formula (LCFF):** \$2 billion Proposition 98 General Fund increase for the LCFF, which reflects a 3.46-percent cost-of-living adjustment (COLA) and brings total LCFF funding to \$63 billion.

- **Other COLAs:** \$187 million Proposition 98 General Fund to support a 3.46 percent cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- **Charter School SB 740 Facility Grant Program:** Funding is maintained at the 2018-19 level of \$136.8 million. This retains the ongoing funding increase provided in 2018-19, but does not include COLA or growth for 2019-20. We will evaluate program need at the May Revision when more accurate program data is available.
- **Special Education:** \$576 million Proposition 98 General Fund (\$390m ongoing and \$186m one-time funding) to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students (low-income, youth in foster care, and English language learners). Eligible local educational agencies may use these grants to fund special education and school readiness services not currently included in an individualized education program. This proposal aligns with and complements CCSA's goal to improve access to more inclusive settings, particularly for students in smaller LEAs with high percentages of students with disabilities.
- **STRS Relief:** The budget proposes a \$3 billion one-time non-Proposition 98 General Fund payment to CalSTRS to reduce long-term liabilities for employers. Based on current assumptions, employer contributions would decrease from 18.13 percent to 17.1 percent in 2019-20. The remaining \$2.3 billion would be paid toward the employers' long-term unfunded liability. This investment will free up local dollars for investment in education, or to match the state's commitment to pay down pension liabilities.
- **Data Systems:** \$10 million one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system to connect student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
- **Early Education:** The governor proposes a comprehensive package of supports for children and families, including, within education:
 - \$750 million one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities for full-day kindergarten programs.
 - \$125 million non-Proposition 98 General Fund to increase access to subsidized full-day, full-year State Preschool for four-year-old children in 2019-20 (for a total of approximately 180,000 State Preschool slots).
 - A net increase of \$119.4 million non-Proposition 98 General Fund to reflect increases in the number of CalWORKs child care cases.
 - An increase of \$26.8 million Proposition 98 General Fund to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through the 2018-19 fiscal year.

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