



Plugged-in information for California's charter movement

May Revise Budget Proposal Includes Modest Funding Increases Despite Surging State Revenues

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Governor Brown's May Revision to his 2018-19 state budget proposal includes a few welcome changes, but no major funding increases for K-12 schools. It proposes an additional increase in the Charter School Facilities Grant Program, increased funding for a slightly higher cost-of-living adjustment, and other minor funding increases for K-12 schools. These modest increases stand apart from legislative proposals to substantially increase LCFF funding. Quoting Isaac Newton who said, "What goes up, must come down," Brown noted his ongoing concern that despite the state's economic recovery—the second largest in California history—the state

cannot afford to expand ongoing funding commitments and must continue to boost the state's budget reserves.

California's Economy and Budget Picture

Flanked by charts and graphs showing California's economic volatility over the past two decades, Governor Jerry Brown rhetorically asked reporters at today's press conference, "How do you ride the tiger?" Brown went on to explain that while capital gains are projected to be at an all-time high, and state unemployment is at an all-time low, he believes that a number of factors—including historical trends, stock market volatility, and other factors such as the unknown impact of federal tax reforms—require a pragmatic approach to budgeting in California. Despite becoming the fifth largest economy in the world, California's economic growth will mostly benefit high-income individuals and the possibility of a US recession remains.

Specifically, Brown noted that by the end of 2018-19, the US will have matched the longest economic recovery in modern history, yet still the nation faces a host of global risks and the uncertainty surrounding the growing federal tax package.

The May Revision anticipates revenues at \$8 billion above Governor Brown's January estimates, including \$137 billion in the General Fund (GF) and \$199.3 for all funds. Focusing on economic stability, the Governor and his Department of Finance (DOF) maintain the January budget proposal to provide a supplemental deposit to fully fund the Rainy Day Fund this year in accordance with the wishes of the voters when they passed Proposition 2 in 2014. Then, using an abundance of caution, the May Revision proposes nearly \$4 billion in one-time GF spending focused on infrastructure, homelessness and mental health. The May Revision also contains some additional funding for wildfire response and recovery, corrections, and higher education, among other departments and agencies.

K-12 Funding Proposals

Key K-12 education points in the preliminary May Revision documents issued by the Governor's staff this morning include the following:

- **Providing an additional \$260 million to fully fund the cost-of-living adjustment (COLA)** for the Local Control Funding Formula (LCFF) plus additional amounts for various state categorical programs. The COLA has increased from the 2.51 percent estimated in January to 2.71 percent.

- **Funding a miniscule \$166-million boost to the LCFF base**, which would provide a tiny (less than \$3/ADA) boost to average LCFF funding.
- **Increasing funding for per-ADA “one-time” grants** by \$286 million, from the \$1.8 billion proposed in January to over \$2 billion. CSDC preliminarily estimates that this would increase per-ADA funding from the \$295/ADA estimated in January to \$343/ADA if this proposal were implemented. CSDC notes that Senate Democrats have instead proposed that much of this funding be directed into an ongoing boost to the LCFF.
- **Increasing funding for the Charter School Facilities Grant Program** by \$21.1 million for the current, 2017-18 fiscal year, and slightly decreasing funding by \$3.4 million for the 2018-19 fiscal year “to align available funding with estimated program participation.” The Governor’s January budget proposal, in contrast, proposed no increase for the current year and a \$28.3 million increase for 2018-19. If implemented, the Governor’s proposal would backfill much of the anticipated shortfall in funding for this program. CSDC notes that legislative budget subcommittees have taken no action on this item to-date.
- **Appropriating \$13.3 million of one-time funding for a “Community Engagement Initiative”** to build school districts’ capacity to engage the public in the development of Local Control Accountability Plans along with expanding the Governor’s January proposal calling for increased documentation of the linkage between school districts’ budgeted expenditures and services to “unduplicated” (high need) students. The Governor also proposes to make the California School Dashboard more user-friendly.
- **Funding a one-time, \$15-million expansion of the state’s Multi-Tiered Systems of Support** to disseminate best practices on bullying prevention, restorative justice, positive behavioral interventions, social and emotional learning, trauma-informed practice, and cultural competency.
- Revising the methodology used by state budget bureaucrats to finalize computations of the state’s complex Proposition 98 constitutional education funding formulas to speed the current process that takes several years.

At the time this summary was drafted, few of the detailed budget proposals were available. CSDC plans to review the details as they become available during the next few days and post our usual, more detailed update on the May Revise and related topics soon.

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