



Plugged-in information for California's charter movement

Governor Newsom Calls for Modest Funding, Increased Charter School Transparency in 2019-20

January 11, 2019

Eric Premack
Executive Director & Founder
Charter Schools Development Center

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Governor Gavin Newsom's proposed 2019-20 state budget provides a cost-of-living adjustment, a few modest increases, and little else for K-12 schools. Newsom held forth for nearly two hours in a press conference Thursday morning, outlining his expansive dreams and relatively modest proposed funding increases, reflecting the difficulty of funding dreams in an era of modest economic growth.

Though only partial details of the proposed budget were available, CSDC's preliminary review indicates that Newsom's proposed budget includes the following major features of interest to California's charter schools.

Proposition 98 Constitutional Funding Guarantee—The budget proposes supporting the Proposition 98 funding guarantee at \$80.7 billion, a \$2.8 billion increase over current-year levels. Though prior-year funding guarantees have declined relative to prior estimates, the Governor says he would not attempt to recapture these “over-appropriated” funds.

Local Control Funding Formula—The Newsom budget adds an estimated 3.46 percent statutory COLA and no other augmentations to the state's primary school funding formula.

Local Control Accountability and Charter Transparency—Governor Newsom indicates continued support for Governor Brown's emphasis on “local control,” stating: “it is a priority of the [Newsom] Administration to adopt statewide policies and support local efforts to improve the quality of public education in the state.” Toward this end, Newsom proposes:

- Continuing funding (\$20.8 million) for county offices of education to provide assistance to low-performing school districts,
- Funding a \$10 million study to create a massive statewide longitudinal data system that would link pre-K, K-12, higher education, health/welfare, and employment databases, with the apparent intent of tracking students from preschool through work.
- Merging the California School Dashboard, the LCAP e-Template, and school accountability report cards in a single data platform

The Governor also stated his intent to develop supplementary K-12 accountability measures, including “metrics for conditions of learning,” and expanding the current college and career readiness indicator.

Newsom also doubled down on his prior calls for enacting laws to enhance charter transparency, presumably referring to the state's open meetings, public records, and conflicts-of-interest laws. Newsom was careful to note “I'm not bashing charters here, but I made a commitment and I'm following

through,” and spoke in favor of continuing to work on legislation heard in the prior legislative session, where charter advocates and opponents were close to a compromise.

Partial Backfill of Pension Shortfalls—Newsom proposes spending \$4 billion to partially offset ballooning employer costs for the troubled CalPERS and CalSTRS pension systems. The budget includes \$700 million to slightly reduce school employers’ pension contribution increases in both 2019-20 and 2020-21, shaving employer rates by one percentage point relative to prior estimates. The budget also proposes an additional \$3 billion to reduce longer-term CalSTRS liabilities.

Preschool Expansion—After much hype indicating Newsom would propose a major expansion in pre-K funding, the proposed budget includes rather modest increases. The budget includes an additional \$125 million to expand the State Preschool Program, shifting funds to accommodate more “full-day” programs, emphasizing private rather than school district providers, and establishing a multi-year goal of ensuring that “every low-income four-year-old has access to high-quality preschool” in the near future. The budget includes \$10 million to study ways to fund a larger expansion, which could cost billions of dollars annually.

The budget also would provide \$750 million in one-time funding to school districts to retrofit and expand facilities to facilitate full-day kindergarten, a major expansion of the \$100 million of one-time funding in the current-year budget for such facilities.

Un-COLA for Charter Facility Grant Program—The Governor proposes short-sheeting the Charter Facility Grant Program with no cost-of-living adjustment (COLA). Recent amendments call for increasing the per-student funding rates for this program, allowing the maximum per-student grant to increase 3.46 percent to \$1,187/ADA. While the budget would allow the maximum grant rate to increase, Newsom proposes zero additional funds to cover the related costs. Since this program is already running a major deficit,

the increase in the maximum grant, combined with zero additional funding, is likely to increase the shortfall.

Special Education—The Governor proposes increasing special education funding by \$567 million (of which \$187 million is one-time) to expand funding for LEAs with high percentages of students with special needs and high numbers of low-income and English learners. The summary documents released today offered no specific details on how the increased funds would be allocated. The LEAs could spend the money on preventive services not currently included in students’ individualized education plans. The budget would also provide a 3.46 percent COLA per statute and expresses intent to improve coordination between LEAs and state health agencies to improve Medi-Cal billing to leverage more federal funds.

Accelerate State Facility Bond Allocations—The budget calls for speeding-up release of funding for Proposition 51, the 2016 ballot measure authorizing \$7 billion in state school facilities bonds, presumably including speeding-up funding for the charter school share of these bonds. Newsom calls for allocating \$1.5 billion in 2019-20. The Brown Administration had “slow walked” Proposition 51 allocations at just \$600 million/year, reflecting Governor Brown’s more conservative fiscal tastes and his disdain for the Byzantine and expensive state School Facilities Program.

No “One-Time,” Per-ADA Funding—For the first time in several years, the budget includes no proposed “one-time” per-ADA funding allocations, a disappointment to schools, which have grown accustomed to a little “spare change” in their apportionments.

Channeling Brown?

Though he appeared eager to distinguish himself from Governor Brown, Newsom’s budget and press conference reflect a continued emphasis on local control over schools, fiscal prudence, albeit wrapped in bigger long-term plans. Like Brown, Newsom emphasized the precarious nature of state revenues and how a moderate recession could slash state revenues by \$40

billion or more. Reflecting this concern, much of the proposed increase in education spending is “one-time” in nature and/or reflects down payments on plans for later expansions.

CSDC staff will meet with the Governor’s staff today to receive additional details and we plan to issue a more detailed overview of the Governor’s budget proposals next week.

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