

Special Education

Despite the Assembly's approval to increase ongoing funding for Special Education equalization, the final Budget agreement provides only modest funding for Special Education programs. In addition to providing a 2.71% COLA, the Budget includes \$100 million in one-time funding to increase and retain Special Education teachers through the creation of two new programs—the Teacher Residency Grant program and the Local Solutions Grant program.

The enacted Budget includes \$10 million in ongoing funding for ten Special Education Local Plan Areas to be selected by the California Collaborative for Educational Excellence and California Department of Education (CDE) to provide technical assistance to LEAs focused on improving the academic outcomes of students with disabilities.

The final Budget includes \$167 million to establish an "Inclusive Early Education Expansion Program" for children ages 0 to 5, to improve school readiness and long-term academic outcomes for low-income children and children with exceptional needs.

The Budget includes several new provisions that address Special Education budget transparency and accountability.

Career Technical Education

The 2018-19 enacted State Budget includes \$300 million in ongoing funding, with half of the funding supporting the existing Career Technical Education Incentive Grant (CTEIG) program and the other half funding the Governor's proposal to create a K-12 component of the Strong Workforce Program, which is administered by the California Community Colleges Chancellor's Office.

CTEIG grantees will now be required to meet minimum eligibility standards as a condition of funding.

The K-12-specific component of the Strong Workforce Program would establish a K-12 Selection Committee responsible for K-12 grant decisions.

An additional \$14 million in ongoing funding is provided to support the Workforce Pathway Coordinators, K-14 Technical Assistance Providers, and the consortia administrative costs.

Child Care and State Preschool

The 2018-19 State Budget increases child care provider rates by a 2.71% COLA and makes the Regional Market Rate hold harmless permanent.

The enacted Budget provides 2,959 full-day state preschool slots and increases part-day and full-day rates.

Beginning July 1, 2019, LEAs may use Division of the State Architect (DSA)-approved Kindergarten facilities to house State Preschool Programs in lieu of licensing under the Department of Social Services.

School Facilities

The enacted Budget includes \$100 million in one-time non-Proposition 98 funding to build or renovate classrooms to support full-day Kindergarten.

Classified School Employee Professional Development Block Grant

The enacted State Budget provides \$50 million in one-time funding for professional development of classified employees, with first priority of the funds to be used for professional development for the implementation of school safety plans.

Additionally, \$50 million was approved to establish a one-time classified school employee Summer Assistance Program to provide participating classified employees up to \$1 for each \$1 that an eligible employee has elected to have withheld from his or her monthly paycheck for reimbursement during the summer recess when school is not in session.

Federal Programs

In March 2018, President Donald Trump signed the fiscal year 2018 spending bill. The measure increased funding for the Every Student Succeeds Act (Title I) and Special Education by nearly \$300 million nationally for each program. The outlook for funding increases for the fiscal year 2019 federal budget appears bleak, as the federal government faces a mounting budget deficit, and overall cuts are already being discussed by Congress.

Dartboard Factors

The School Services of California, Inc., (SSC) Financial Projection Dartboard factors presented below are developed by SSC with input from independent state agencies and private economic consulting firms based on the latest information available. These factors are provided to assist school agencies in preparing their budgets and multiyear projections.

Factor	2018-19	2019-20	2020-21	2021-22
LCFF Planning Factors	100%	—	—	—
Statutory COLA	3.70% ¹	2.57%	2.67%	3.42%
Ten-Year Treasuries	3.17%	3.38%	3.50%	3.40%
California Consumer Price Index	3.66%	3.50%	3.23%	2.94%
Lottery				
Base	\$151	\$151	\$151	\$151
Prop. 20	\$53	\$53	\$53	\$53
¹ Includes statutory COLA of 2.71%, plus an augmentation of 0.99% represented by an additional \$570 million				

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POCKET BUDGET 2018-19

A Summary Analysis of the 2018-19 Enacted State Budget for California's Schools

Prepared by

**School
Services
of California**
INC.
An Employee-Owned Company

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*Public Education's Point of Reference
for Making Educated Decisions*

The 2018-19 State Budget

On June 27, 2018, after a collective four terms in office, Governor Edmund G. "Jerry" Brown, Jr., signed his final State Budget Act. Once again, growth in state revenues results in increased funding for Proposition 98, which reflects positively on California public education. And, while the 2018-19 State Budget maintains most of the Governor's May Revision proposals, it also contains an even higher-than-expected level of ongoing state funding for local education agencies (LEAs), while maintaining a healthy state Budget reserve for future economic downturns.

The enacted 2018-19 State Budget includes funding to fully implement the Governor's signature public education program—the Local Control Funding Formula (LCFF), and provides an additional \$404 million in ongoing funding intended to address some of the significant cost pressures facing LEAs. However, the longer-term economic forecast is not as rosy, so LEAs will need to continue to maintain a suitable level of local reserves, exercise caution at the bargaining table, and prepare budgets and projections on a reasonably conservative basis.

Proposition 98

The enacted 2018-19 State Budget increases the minimum guarantee to a total of \$71.6 billion for 2016-17; \$75.6 billion for 2017-18; and \$78.4 billion for 2018-19.

The State Budget included the May Revision action to change the operative test for 2018-19 from Test 3—funding based on per capita General Fund revenue growth, plus 0.5%—to Test 2—funding based on changes in per capita personal income, which precludes the creation of a maintenance factor.

The enacted Budget includes a new Proposition 98 minimum guarantee certification process that requires the Department of Finance (DOF) to recalculate the minimum guarantee at the May Revision. The new process provides for public

comment and legislative review with a requirement for final certification, including supporting data and calculations by January 10 each year for the second previous fiscal year.

Cost-of-Living Adjustment

The statutory cost-of-living adjustment (COLA) is revised upward from 2.51% in January to 2.71% in the enacted State Budget for most remaining categorical programs, but the COLA for the LCFF increases to 3.7% due to the approval to provide additional funding beyond full implementation.

Local Control Funding Formula

The enacted State Budget fully implements the LCFF in 2018-19, with an increase of approximately \$3.7 billion, up approximately \$500 million from the May Revision and provides \$570 million above full implementation or an estimated \$654 per average daily attendance (ADA).

Grade Span	2017-18 Target Base Grant Per ADA	3.7% Increase*	2018-19 Target Base Grant Per ADA
TK-3	\$7,193	\$266	\$7,459
4-6	\$7,301	\$270	\$7,571
7-8	\$7,518	\$278	\$7,796
9-12	\$8,712	\$322	\$9,034
*Includes statutory COLA of 2.71%, plus an augmentation of 0.99% represented by an additional \$570 million			

LCFF TARGET ENTITLEMENTS FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS

The target base grants by grade span for 2018-19 increase by the combined statutory COLA of 3.7%.

The 2018-19 Transitional Kindergarten (TK)-3 grade span adjustment (GSA) for class-size reduction (CSR) is also 3.7% higher from 2017-18 at \$776 per ADA, as well as the grade 9-12 GSA at \$235 per ADA, in recognition of the need for Career Technical Education (CTE) courses provided to students in the secondary grades.

In addition to the base grants, school districts and charter schools are entitled to supplemental increases equal to 20% of the adjusted base grant (which includes CSR and CTE funding) for the percentage of enrolled students who are English learners, eligible for the free and reduced-price meals program, or in foster care (the unduplicated pupil percentage). An additional 50% per-pupil increase is provided as a concentration grant for the percentage of eligible students enrolled beyond 55% of total enrollment.

LCFF TRANSITION ENTITLEMENTS AND GAP FUNDING

For 2018-19, the enacted State Budget fully implements the LCFF to close the LCFF funding gap—two years ahead of the intended 2020-21 implementation date.

The following table shows the DOF's LCFF gap closure percentages through 2018-19:

District and Charter School LCFF Funding and Gap Closure (Dollars in Millions)					
	2014-15	2015-16	2016-17	2017-18	2018-19
LCFF Funding	\$4,722	\$5,994	\$2,942	\$1,362	\$3,670
Gap Closure %	30.16%	52.56%	56.08%	42.97%	100.00%
COLA	0.85%	1.02%	0.00%	1.56%	3.70%*
*Includes statutory COLA of 2.71%, plus an augmentation of 0.99% represented by an additional \$570 million					

Pupil transportation and Targeted Instructional Improvement Grants continue as separate add-ons to the LCFF allocations and do not receive a COLA.

The enacted State Budget includes a provision to continuously appropriate funding for the LCFF and annual COLA.

Fiscal Transparency

The 2018-19 State Budget includes new fiscal transparency provisions requiring LEAs to show

how supplemental grants increase and improve services for high-need students, including parent-friendly, graphical representations of information, when possible.

Discretionary Funds

The enacted State Budget includes fewer one-time discretionary funds for LEAs than proposed at the May Revision due to the increase in ongoing funds approved in the final Budget. Over \$1 billion dollars is appropriated, equal to an estimated \$184 per ADA. As in prior years, these funds will offset outstanding local mandate claims owed to LEAs.

In 2018-19, these one-time funds will also be reduced for LEAs that are required to repay claims disallowed under the School-Based Medi-Cal Administrative Activities or LEA Medi-Cal Billing programs.

County Offices of Education

County offices of education (COEs) receive a 2.71% COLA—not the 3.7% augmented COLA in 2018-19. Additionally, \$15 million in one-time funds are provided to expand the states Multi-Tiered Systems of Support framework.

Charter Schools

In addition to the receiving 3.7% LCFF COLA and one-time discretionary funding, charter schools will receive \$24.8 million ongoing funding in the Charter School Facility Grant Program and \$21.1 million in one-time funds for that purpose.

Low-Performing Students Block Grant

The final 2018-19 State Budget agreement resulted in an additional \$300 million in one-time funding to establish a Low-Performing Students Block Grant to be allocated as an equal amount per pupil during the 2018-19 fiscal year to school districts, COEs, and charter schools that meet specified academic achievement standards and comply with various planning and reporting requirements.