

The 2019-20 State Budget

On June 27, 2019, Governor Gavin Newsom signed the \$214.8 billion 2019-20 State Budget Bill (Assembly Bill [AB] 74) that the Legislature passed and sent to him on June 13.

The enacted State Budget includes a total investment in Proposition 98 of \$81.1 billion, an increase of approximately \$3 billion over last year's State Budget. Some of the most significant features of the education budget include: an increase of nearly \$2 billion in ongoing Proposition 98 funding for the Local Control Funding Formula (LCFF) reflecting a 3.26% cost-of-living adjustment (COLA); an increase of nearly \$646 million in ongoing Proposition 98 dollars for students with disabilities; and a one-time \$3.15 billion non-Proposition 98 appropriation to provide pension relief for school employers.

The Budget also includes, for the first time, a deposit into the Public School System Stabilization Account. While the \$389 million deposit is well short of the required level to trigger the cap on district reserves, it is something to keep a close eye on in future budgets.

Cost-of-Living Adjustments

The statutory COLA for K-12 education is calculated to be 3.26% for the 2019-20 fiscal year, a slight decrease from the 3.46% estimated in January.

The 3.26% statutory COLA will also be applied to programs outside of the LCFF. These include Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and American Indian Early Childhood Education.

Discretionary Funds

The Budget does not include any one-time Proposition 98 discretionary funding for school districts, charter schools, or county offices of education.

Local Control Funding Formula

The enacted State Budget includes an additional \$2 billion for LCFF compared to the 2018-19 LCFF funding level. This reflects a new COLA-only future for LCFF.

Grade Span	2018-19 Target Base Grant per ADA	3.26% COLA	2019-20 Target Base Grant per ADA
TK-3	\$7,459	\$243	\$7,702
4-6	\$7,571	\$247	\$7,818
7-8	\$7,796	\$254	\$8,050
9-12	\$9,034	\$295	\$9,329

	2018-19	2019-20	2020-21	2021-22
Statutory COLA	2.71%	3.26%	3.00%	2.80%

Special Education

The Budget includes a nearly \$646 million increase for students with disabilities—\$152.6 million to level up the lowest-funded Special Education Local Plan Areas to the AB 602 statewide target, which is estimated to be \$557.27 per average daily attendance (ADA) in 2019-20, and \$493.2 million for Special Education Early Intervention Preschool Grants.

This new grant program is intended to provide funding to school districts for early intervention services and supports for preschoolers with disabilities. The California Department of

Education (CDE) will determine the number of three-, four-, and five-year-olds in preschool (not transitional kindergarten or kindergarten) with Individualized Education Programs for each school district. Based on the total number of eligible preschoolers statewide, the amount of funding is divided into a per-pupil amount.

School Services of California, Inc., estimates that it will be approximately \$8,975 per pupil, allocated to the school district of residence. Legislative intent language (which does not have the force of law) states the funding should supplement existing Special Education resources.

This is a brand new funding stream for pre-schoolers with disabilities and will significantly relieve the amount of funding that districts are already spending from their unrestricted General Fund to pay for these required—and beneficial—services.

Pension Relief

The Budget includes pension relief for public education employers, with \$3.15 billion of non-Proposition 98 funds are invested on behalf of employers to the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) Schools Pool.

Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. With these payments, the CalSTRS employer contribution rate will decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.4% in 2020-21. The payments will decrease the CalPERS Schools Pool employer contribution rate from 20.7% to 19.7% in 2019-20 and from 23.6% to 22.7% in

2020-21. The remaining \$2.3 billion will be paid toward the employers' long-term unfunded liability for both systems. Overall, this payment is expected to save employers \$6.1 billion over the next three decades, with an estimated reduction in the out-year contribution rate to CalSTRS of 0.3 percentage points, and to the CalPERS Schools Pool of 0.1 to 0.3 percentage points.

Employer Rate	2018-19	2019-20	2020-21	2021-22
CalPERS ¹	18.062%	19.721%	22.70%	24.60%
CalSTRS ²	16.28%	17.10%	18.40%	18.10%

¹ CalPERS rate is final for 2018-19 and 2019-20 fiscal years.
² CalSTRS rates for 2019-20 and beyond are subsidized based on the adopted State Budget.

Early Childhood

The Budget includes significant investments in child care and preschool, but for non-local educational agency providers. However, the Budget expands eligibility for the California State Preschool Program. Beginning January 1, 2020, preschool providers can enroll any four-year-old living in the school attendance boundary of any public school in which at least 80% of its enrolled students are eligible for free and reduced-price meals, with certain conditions.

Career Technical Education

Despite Assembly efforts to consolidate K-12 funding for Career Technical Education (CTE) programs into the CTE Incentive Grant program (CTEIG), the enacted Budget maintains the status quo established in the 2018 State Budget. As such, the K-12 Strong Workforce Program administered by the California Community College Chancellor's Office

maintains its ongoing funding of \$150 million, and the CTEIG administered by the CDE retains its ongoing funding of \$150 million.

Other Significant Investments

Additional significant education appropriations in the 2019-20 State Budget include:

- \$300 million in one-time non-Proposition 98 funds for the Full-Day Kindergarten Facilities Grant program
- \$50 million in ongoing Proposition 98 funds for the After School Education and Safety program
- \$38.1 million in one-time non-Proposition 98 funds for the Educator Workforce Investment Grant to provide competitive grants for professional learning opportunities for teachers and paraprofessionals
- \$13.8 million in ongoing federal funds to establish the 21st Century School Leadership Academy for professional learning opportunities for school administrators
- \$10 million in one-time non-Proposition 98 funds for the development of the California Cradle to Career Data System
- \$36 million in one-time Proposition 98 funds for the Classified School Employees Summer Assistance Program
- \$7.5 million in one-time non-Proposition 98 funding for the Broadband Infrastructure Grant Program to improve broadband infrastructure in schools

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POCKET BUDGET 2019-20

A Summary Analysis of the 2019-20 Enacted State Budget for California's Schools

Prepared by:



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