
The FISCAL REPORT an informational update

Copyright © 2018 School Services of California, Inc.

Volume 38

For Publication Date: June 15, 2018

No. 12

Conference Committee Releases Framework for 2018-19 State Budget Compromise

On June 8, 2018, Governor Jerry Brown and the Democratic legislative leadership announced that they had reached a deal for the 2018-19 State Budget. A few hours later the legislative Budget Conference Committee (Conference Committee) released its close out agenda, which provides the framework of the compromise reached between the Governor and the Democratic leaders. Although the Budget package will not be official until the Conference Committee votes on it later this evening, we summarize many of the available details of the compromise below.

The Budget package commits \$3.67 billion (\$407 million above the Governor's May Revision proposal) in ongoing funds to implement the Local Control Funding Formula (LCFF). The compromise also includes \$300 million in one-time funding for low-performing students as well as \$200,000 in one-time funds for redesigning the Local Control and Accountability Plan template and another \$200,000 in one-time funds to develop the Budget Summary for Parents to improve LCFF transparency. However, the compromise does not include legislative intent language to increase the LCFF target base rates, which was language included in the Assembly version of the Budget.

The Budget package will include \$1 billion in one-time discretionary funding for school districts, charter schools, and county offices of education (COEs), which is considerably less than the amounts included in the May Revision and in the Governor's January proposal.

Although the Assembly approved \$200 million in ongoing funding to equalize Special Education funding rates in their version of the Budget, the compromise does not include any funding for Special Education rate equalization. The package retains the Governor's proposal for \$50 million in one-time funds for the Local Solutions Grant Program to support local efforts to address local needs for Special Education teachers and also includes the Governor's proposal for \$50 million in one-time funds for the Teacher Residency Grant Program aimed at prospective Special Education teachers. The Teacher Residency Grant Program also includes an additional \$25 million for prospective Science, Technology, Engineering, and Math and bilingual education teachers.

In terms of Career Technical Education (CTE), the Budget package provides \$150 million in ongoing funding for the CTE Incentive Grant Program, which was set to expire on July 1, 2018. The compromise includes \$150 million in ongoing funding to implement the Governor's proposed K-12 CTE program within the California Community Colleges Strong Workforce Program. The deal also includes \$14 million in ongoing funding to support the Workforce Pathway Coordinators, K-14 Technical Assistance Providers, and the consortia administrative costs under the K-12 portion of the Strong Workforce Program.

The compromise Budget package provides \$100 million in one-time non-Proposition 98 funds for facility grants for full-day Kindergarten programs, but does not provide any funding for the following: an increased rate for full-day Kindergarten, funding for facility grants for school-based State Preschool programs, new slots for State Preschool, funding for COEs to assist school districts in expanding pre-Kindergarten programs, or increases for the After School Education and Safety Program.

The Budget package approves the Governor's proposed Proposition 98 certification process with some slight modifications. The Department of Finance will publish a final calculation of the prior-year minimum guarantee (inclusive of its calculation factors) with the May Revision, triggering a public comment period. As part of the compromise, there will also be a legislative review period prior to the final Proposition 98 certification, and if there are no challenges, the certification becomes final. Any funding provided above the minimum guarantee may be used as credit toward future minimum guarantee obligations, and any amount owed would be paid over a specified period. However, the Legislature retains its ability to adopt an alternative plan for allocating any settle-up funds owed to schools.

The Budget bill, Senate Bill 840, must be passed by the Legislature by midnight Friday, June 15. Due to the passage of Proposition 54 (2016), any legislation (including the Budget bill that is expected to be passed by the Conference Committee later tonight) must be in print in its final form for at least 72 hours before the Legislature can take action on it. Budget trailer bills, legislation necessary for enacting provisions of the State Budget, also are expected to be in print and voted on by the Legislature next week.

Click [here](#) to find the Conference Committee close out agenda, which details all of the issues the Conference Committee will consider as part of adopting the State Budget. We will keep you posted and let you know when the Conference Committee officially takes action.

We will discuss many of these issues further at our [School Finance and Management Conference](#) next month and offer our advice on how best to proceed.

—*SSC Governmental Relations Team*

posted 06/08/2018