
BUDGET CONFERENCE COMMITTEE TAKES ACTION

By Martha Alvarez, Legislative Advocate, ACSA Governmental Relations

After a four-hour hearing on Thursday evening, the Legislative Budget Conference Committee completed its work to reconcile the differences between the houses on the 2016-17 State Budget. The Governor succeeded in holding the line with his more conservative revenue assumptions and contributing an additional \$2 billion into the Rainy Day Fund. The Conference Committee compromise reflects the Legislature's top priorities, including reducing poverty, restoring funding for schools and early childhood education, making college more accessible and affordable for California students and increasing availability of affordable housing. As for the overall education package, both houses agreed to continue funding child care programs outside of Proposition 98, a big win for the education management community that lobbied for this action.

It should be noted that the majority of budget Trailer Bill Language (TBL) is still unavailable and nothing is final until signed by the governor. ACSA believes that the main budget will be passed on June 15th and many of the corresponding budget trailer bills will be passed later in the week.

The K-12 education plan approved by the committee includes the following changes to Gov. Brown's May Revision proposal:

Revenues and Overall Proposition 98 Spending

The Governor's May Revision General Fund (GF) and local property tax revenue estimates were used. Overall revenues will be \$1.938 billion lower over the three-year forecast period (2014-15, 2015-16 and 2016-17) than what was projected in January 2016. The Governor's May Revision revised local property tax estimates upward by a combined \$408 million from January.

The Conference Committee approved the Governor's proposed Proposition 98 (K-14) funding levels:

- \$67.2 billion for 2014-15
- \$69.1 billion for 2015-16
- \$71.9 billion for 2016-17

Local Control Funding Formula

The Governor's May Revision increased LCFF funding by \$154 million from January to \$2.979 billion for school districts and charters. The **final agreement will be \$2.942 billion** to close approximately 54 percent of the remaining funding gap, bringing total LCFF funding to \$55.8 billion in 2016-17.

State Mandate Reimbursement Payments

The Governor's May Revision had increased one-time discretionary funding for school districts, charter schools, and county offices of education to \$1.416 billion (\$237 per ADA), which also pays down the K-12 education mandates backlog. The **final agreement provides \$1.28 billion** (estimated \$214 per ADA), as has been the case the past two years, which includes intent language for these funds to be used for professional development, beginning teacher induction, instructional materials, technology infrastructure and implementation of Common Core State Standards.

Early Education Block Grant

In January, the governor proposed to consolidate state-subsidized early education programs (Transitional Kindergarten and the State Preschool Program) into a \$1.6 billion Early Education Block Grant for local educational agencies (LEAs) that builds upon the same ideas as the LCFF. While the May Revision proposed a more detailed implementation plan on program structure, funding appropriations, and with a commencement date of 2017-18, the Assembly and Senate Education Budget Subcommittees have both rejected the proposal. As a result, the **final agreement will not include the Governor's Early Education Block Grant reform proposal**. This means that Transitional Kindergarten and preschool programs will remain intact and status quo will prevail.

Early Childhood Development and Child Care

In a major departure from the Governor's proposed block grant, the budget deal approved, among other things, a significant increase in child care reimbursement rates and nearly 9,000 new State Preschool slots to be phased-in over four years. While this proposal does not accomplish the Legislative Women's Caucus goal of making an \$800 million investment in child care programs this year, it is a significant increase for the system. The early education and child care package:

- 1) Increases Regional Market Rates (RMR) to the 75th percentile of the 2014 survey as of January 1, 2017 with a two year hold-harmless.
- 2) Increases Licensed Exempt Rates from 65 percent to 70% of the Family Child Care Home Rate as of January 1, 2017.
- 3) Increases Standard Reimbursement Rates by 10% across-the-board effective January 1, 2017.
- 4) Adopts placeholder TBL to implement the above provisions and express legislative intent on setting the 85th percentile of the RMR as the long term goal for reimbursement rate.
- 5) Adopts May Revision language regarding the priority for federal quality funding.
- 6) Provides no funding for the CDE to develop statewide plan for providing one year of pre-kindergarten for all four-year-olds.
- 7) Provides \$248,000 General Fund for existing positions within CDE to support workload associated with increased preschool slots provided in the 2015-16 budget.
- 8) \$100 million in Proposition 98 funding for 8,877 additional full-day State Preschool Slots to be phased in over four years as follows:

| Full Day State Preschool Slots | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
|--------------------------------|---------------|---------------|---------------|---------------|--------------------|
| COLA (Rate Adjustment) | 0.00% | 1.11% | 2.42% | 2.67% | |
| Full-Year Slot Cost | \$10,595 | \$10,713 | \$10,972 | \$11,265 | |
| Start Date | March 1, 2017 | March 1, 2018 | March 1, 2019 | — | Total Slots |
| New Full-Year Slots | 2,959 | 2,959 | 2,959 | — | 8,877 |
| Costs Over 2016-17 | \$7,837,838 | \$39,624,192 | \$73,049,576 | \$100,000,000 | |

Teacher Workforce Package

The Legislature has introduced more than 18 bills aimed at addressing the teacher shortage challenges school districts are facing statewide. Most of the proposals come with a price tag and have been set aside pending budget negotiations with the governor – but the sheer number of bills suggests legislative

leaders are serious about improving employment conditions. ACSA has been supportive of the measures listed below and is pleased to see that the budget deal expands upon Gov. Brown's May Revision proposals to address the state's growing teacher shortage.

- 1) \$5 million in one-time Proposition 98 funding to create the **California Center on Teaching Careers**, to strengthen statewide recruitment of individuals into the teaching profession – see [SB 915 \(Liu\)](#).
- 2) \$10 million in one-time General Fund to provide grants to postsecondary institutions to develop **four-year integrated teacher credential programs** – for program details, see [AB 1756 \(Bonilla\)](#).
- 3) \$20 million in one-time Proposition 98 funding to re-establish the **Classified School Employee Teacher Credentialing Program** to provide grants for classified employees to get their teaching credential – for program details, see [AB 2122 \(McCarty\)](#).

K-12 College Readiness Block Grant

The budget compromise provides \$200 million in one-time Proposition 98 funding for K-12 College Readiness Block Grant for LEAs to better prepare low income, English learners and foster students (unduplicated pupils) for admission into a postsecondary institution, and with the intent to increase the four-year college going rates of these students. It is unclear whether this one-time funding will only be made available to districts with 9-12 grade students, or whether other grades will be eligible for the grants. This is funding to implement Senator Pro Tem Kevin de Leon's [SB 1050](#) and would be available for school districts or charter schools to expend the funds for a variety of purposes as outlined on the bill. Permissible activities include:

- 1) Providing teachers, administrators, and counselors with professional development opportunities to improve pupil A–G completion rates, pupil college-going rates, and college readiness of pupils, including providing for the development of honors and Advanced Placement courses.
- 2) Providing counseling services to pupils and their families regarding college admission requirements and financial aid programs.
- 3) Developing or purchasing materials that support college readiness.
- 4) Developing comprehensive advising plans to support pupil completion of A–G requirements.
- 5) Implementing collaborative partnerships between high schools and postsecondary institutions that support pupil transition to postsecondary education, including strengthening existing partnerships with the UC and CSU to establish early academic outreach programs.
- 6) Providing subsidies to unduplicated pupils to pay fees for taking advanced placement exams.
- 7) Expanding access to coursework or other opportunities to satisfy A–G requirements to all pupils, including, but not limited to, pupils enrolled in high schools with 75 percent or greater enrollment of unduplicated pupils.

Career Technical Education

The 2015-16 Budget Act established the Career Technical Education Incentive Grant by providing \$900 million over a three-year period with \$400 million committed in 2015-16 (1:1 local match), **\$300 million in 2016-17 (1.5:1 local match)** and \$200 million in 2017-18 (2:1 local match). The administration proposes trailer bill language to allow the State Superintendent of Public Instruction to annually review the CTE program expenditures of grant recipients, for purposes of verifying that the dollar-for-dollar match requirement of the CTE Incentive Grant Program was met. If the match requirement was not met, the language directs the State Superintendent to reduce the following year's grant allocation in the amount equal to the unmet portion of the match requirement.

Proposition 47 Dropout and Truancy Prevention Grants

Proposition 47, approved by California voters in 2014, intends to reduce the daily inmate population in California and prevent new admissions to the prison system, while saving money to be invested in K-12 truancy and drop-out prevention, victim services and mental health and drug treatment. The budget agreement includes **\$18 million in one-time Proposition 98 funding** for the California Department of Education (CDE) to provide grants dedicated to reduce truancy and support pupils at risk of dropping out of school. The budget does not include details about the new grant program, but the Brown administration is working with the Legislature and stakeholders on language authorizing the grant program pursuant to legislation adopted this session – see [SB 527 \(Liu\)](#).

Multi-Tiered Systems of Support (MTSS)

The budget compromise provides **\$20 million in one-time Proposition 98** funding to provide LEAs with grants to implement academic and behavioral supports in a coordinated and systematic way. Trailer bill language will be included to specify that the funding dedicated for MTSS shall be allocated to LEAs to implement MTSS related programs. There was **no one-time Proposition 63** administration funding to create a pilot program for schools to integrate mental health, special education, and school climate interventions following the MTSS framework.

California Collaborative for Educational Excellence (CCEE)

A legislative priority of the Senate, the budget compromise **provides \$24 million in one-time Proposition 98** funds for the CCEE to conduct statewide training for school administrators and other stakeholders on the LCFF evaluation rubrics and to conduct a pilot program for supporting LEAs (\$20 million for training and \$4 million for the pilot program). For additional details, see the implementing legislation [SB 871 \(Liu\)](#).

Charter School Start-up Grants

While both the Assembly and Senate Education Budget Subcommittees had initially rejected the governor's proposal, the final budget compromise provides \$20 million in one-time Proposition 98 funding for the Charter School Startup Grants program and requires the CDE to spend down available federal carry-over first.

Other Investments in K-12 Education

- \$500 million in Proposition 98 funding on an ongoing bases for the **Adult Education Block Grant**.
- \$398.8 million for one-time K-12 **Proposition 39 Energy Efficiency Grants**.
- \$6.4 million in one-time federal Title II carry-over funds for a **Math Readiness Challenge Program** intended to be distributed to five regional partnerships via a competitive grant to prepare 12th grade students for placement into college-level courses in math. TBL will specify that the grant shall be administered by CDE and shall prioritize LEAs with high proportions of needy students and high rates of math remediation.
- \$2 million in one-time Proposition 98 funding to expand the existing **School Breakfast Startup Grant** program in order to increase participation in the School Breakfast program and incentivize school districts to provide breakfast after the bell.
- \$2 million in ongoing Proposition 98 funding to support the **Student Friendly Services** college planning website.
- \$1.2 million in one-time federal Title III state level carryover for CDE to develop a best practices video series to provide guidance to LEAs on effective **English Language**

Development instruction for English learners and to revise CDE's guidance document on instruction for English learners.

- \$1 million in one-time Proposition 98 funding for the Los Angeles County Office of Education to contract with the **Special Olympics Northern and Southern California** to expand Special Olympics in schools.
- \$150,000 in one-time General Fund and TBL requiring the State Superintendent to estimate the average costs associated with **full-day and part-day kindergarten programs** and recommended options for incentivizing full-day kindergarten, including providing differentiated funding rates for full-day and part-day kindergarten.

What's Not Included in the Final Budget

There are several prominent proposals that were not incorporated into the final budget agreement, including the following:

- Governor's May Revision \$100 million one-time Proposition 98 funding proposal for an **Emergency Facility Repair Loan Program**.
- Governor's Early Education Block Grant.
- Assembly's \$73 million ongoing Proposition 98 funding and no statutory COLA for the After School Education and Safety (ASES) program, as proposed by [AB 2663 \(Cooper\)](#).
- Senate's \$60 million one-time Proposition 98 funding to establish a **pilot teacher residency program**, as proposed by [SB 933 \(Allen\)](#).
- Senate's intent to re-establish the **Assumption Program of Loans for Education** (APLE) loan forgiveness program, as proposed by [SB 62 \(Pavley\)](#).
- No funding for the CDE to develop statewide plan for providing one year of pre-kindergarten for all four-year olds.
- No ongoing or one-time funding for the California Association of Student Councils.

Next Steps

The Legislature has until June 15 to vote on a budget and it is expected to pass with majority votes before the deadline. The budget will then go to Gov. Brown, who is expected to sign before June 30, but may exercise his line-item veto authority on funding not considered part of the final budget deal. We expect many of the budget bills to be in print on Monday. The new fiscal year begins July 1.

[Click Here](#) for a side-by-side comparison. We will provide further updates as warranted.