California provides instruction and support services to roughly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, more than 1,000 local school districts, and more than 1,000 charter schools provide students with instruction in English, mathematics, history, science, and other core competencies to provide them with the skills they will need upon graduation for either entry into the workforce or higher education.

The Budget includes total funding of $83.2 billion ($49.7 billion General Fund and $33.5 billion other funds) for all K-12 education programs.

**Proposition 98**

A voter-approved constitutional amendment, Proposition 98, guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The recently adopted Local Control Funding Formula is the primary mechanism for distributing funding to support all students attending K-12 public schools in California.

The Budget includes Proposition 98 funding of $68.4 billion for 2015-16, an increase of $7.6 billion over the 2014-15 Budget Act level. When combined with increases of
$6.1 billion in 2013-14 and 2014-15 as well as other one-time savings and adjustments in those years, the Budget provides a $14.4 billion increased investment in K-14 education. Since 2011-12, Proposition 98 funding for K-12 education has grown by more than $18.6 billion, representing an increase of more than $3,000 per student.

The Proposition 98 maintenance factor—an indicator of the past reductions made to schools and community colleges—totaled nearly $11 billion as recently as 2011-12. The Budget reduces this obligation to $772 million.

**K-12 Budget Adjustments**

Significant Adjustments:

- **Local Control Funding Formula**—An increase of $6 billion Proposition 98 General Fund to continue the State’s landmark transition to the Local Control Funding Formula. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will close the remaining funding implementation gap by more than 51 percent.

- **Career Technical Education**—The Budget establishes the Career Technical Education (CTE) Incentive Grant Program and provides $400 million, $300 million, and $200 million Proposition 98 General Fund in 2015-16, 2016-17, and 2017-18, respectively, for local education agencies to establish new or expand high-quality CTE programs. Of the funding provided for this competitive grant program, 4 percent ($16 million in 2015-16) is available for applicants serving no more than 140 students, 8 percent ($32 million in 2015-16) is available for those serving between 140 and 550 students, and 88 percent ($352 million in 2015-16) is available for those serving more than 550 students. School districts, county offices of education, and charter schools receiving funding from the program will be required to provide local-to-state matching funds of 1:1 in 2015-16, 1.5:1 in 2016-17, and 2:1 in 2017-18. When determining grant recipients, the Department of Education and the State Board of Education will give priority to grant recipients that: (1) are establishing new programs; (2) serve a large number of English-learner, low-income, or foster youth students; (3) serve pupil groups with higher-than-average dropout rates; or (4) are located in areas of high unemployment.

- **Educator Support**—An increase of $500 million one-time Proposition 98 General Fund for educator support. Of this amount, $490 million is for activities
that promote educator quality and effectiveness, including beginning teacher and administrator support and mentoring, support for teachers who have been identified as needing improvement, and professional development that is aligned to the state academic content standards. These funds will be allocated to school districts, county offices of education, charter schools, and the state special schools in an equal amount per certificated staff and are available for expenditure over the next three years. Additionally, $10 million is provided for the K-12 High Speed Network to provide professional development and technical assistance to local educational agencies related to network management.

- Special Education—The California Statewide Special Education Task Force was formed in 2013 to examine the state of special education in California, analyze and consider best practices within the state and nation, and ultimately propose recommendations for improving the system. The Budget includes $60.1 million Proposition 98 General Fund ($50.1 million ongoing and $10 million one-time) to implement selected program changes recommended by the task force, making targeted investments that improve service delivery and outcomes for all disabled students, with a particular emphasis on early education.

- K-12 High Speed Internet Access—An increase of $50 million in one-time Proposition 98 funding to support additional investments in internet connectivity and infrastructure. This builds on $26.7 million in one-time Proposition 98 funding that was provided in the 2014 Budget Act to assist local educational agencies with securing required internet connectivity and infrastructure to implement the new computer-adaptive tests administered under Common Core. This second installment of funding will further upgrade internet infrastructure to reflect the increasing role that technology plays in classroom operations to support teaching and learning.

- K-12 Mandates—An increase of $3.2 billion in one-time Proposition 98 General Fund to reimburse K-12 local educational agencies for the costs of state-mandated programs. These funds will make a significant down payment on outstanding mandate debt, while providing school districts, county offices of education, and charter schools with discretionary resources to support critical investments such as Common Core implementation.

- K-12 Deferrals—The Budget provides $897 million Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014 Budget. Inter-year K-12 deferrals had reached a high of $9.5 billion in the 2011-12 fiscal year.
**Adult Education**

The Budget includes $500 million Proposition 98 General Fund for the Adult Education Block Grant program to provide funds for adult education administered by school districts, county offices of education, and community college districts.

This program will coordinate efforts of various entities—such as schools, community colleges, universities, local workforce investment boards, libraries, social services agencies, public safety agencies, and employers—to provide education and training more effectively.

School districts, county offices of education, and community college districts that receive other state and federal funds for adult education are expected to be members of an adult education consortium. The Chancellor of the Community Colleges and the Superintendent of Public Instruction also will submit a plan to distribute federal Workforce Innovation and Opportunity Act Title II and Perkins funds to the consortia in future years.

The Chancellor and the Superintendent will jointly approve apportionment of these funds. For 2015-16, the Chancellor and the Superintendent will apportion funds first to school districts and county offices of education to match the amounts they have been required to spend on adult education in each of the last two years. Beginning in 2016-17, all funds will be appropriated directly to consortia, with considerations for current allocations, need in the region, and effectiveness of providers.

Each consortium will develop a comprehensive plan for adult education in its region at least once every three years, with annual updates. Each consortium will be required to create rules and procedures regarding how it will make decisions, consider feedback on proposed decisions from interested stakeholders, and make decisions publicly.

The consortia will decide how to distribute these funds to school districts, county offices of education, and community college districts in their regions. The Budget provides stability to these schools and colleges, requiring that existing funding be maintained unless a consortium finds that a school or college cannot provide services that address the needs of the region or has been consistently ineffective in doing so.

The Chancellor and the Superintendent will report annually on the use of these funds and the effectiveness of adult education programs in each consortium. The Budget also includes $25 million one-time Proposition 98 General Fund to help consortia establish the systems necessary to evaluate the effectiveness of their programs.
**Child Care and State Preschool**

Subsidized Child Care includes a variety of programs designed to support low-income families so they may remain gainfully employed. These programs are primarily administered by the Department of Education. Additionally, the State Preschool program is designed as an educational program to help children develop the skills needed for success in school. The Department of Education and the Department of Social Services jointly administer the three-stage CalWORKs child care system to meet the child care needs of recipients of aid while they participate in work activities and as they transition from cash aid. Families can access services through centers that contract directly with the Department of Education, or by receiving vouchers from county welfare departments or alternative payment program providers.

**Significant Adjustments:**

- **Full-Day State Preschool** — An increase of $34.3 million ($30.9 million Proposition 98, $3.5 million General Fund) to provide access to full-day State Preschool for an additional 7,030 children from low-income working families. In addition, $145 million will shift from General Child Care to State Preschool to allow full-day State Preschool providers that are local educational agencies to access a single funding stream (Proposition 98) in their full-day State Preschool contracts. Under the existing program, local educational agencies receive funding for full-day State Preschool from a combination of Proposition 98, General Fund, and the federal Child Care and Development Fund.

- **Alternative Payment Program Vouchers** — An increase of $52.6 million General Fund to provide child care vouchers for an additional 6,800 children from low-income working families.

- **Standard Reimbursement Rate** — An increase of $61 million ($38.3 million Proposition 98, $22.7 million General Fund) to provide a 5-percent increase to the reimbursement rate for State Preschool and other direct-contracted child care and development providers.

- **Regional Market Reimbursement Rate** — An increase of $62.1 million General Fund to increase the maximum reimbursement ceiling for voucher-based child care providers by 4.5 percent and increase the rate for license-exempt providers from 60 to 65 percent of the licensed family child care home rate.
• Infant/Toddler Child Care Quality—A one-time grant of $24.2 million General Fund to Quality Rating and Improvement System consortia to provide training, technical assistance, and resources to help infant and toddler child care providers meet a higher level of quality.