

K THRU 12 EDUCATION

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 \$92.5 billion (\$54.1 billion General Fund and \$38.4 billion other funds) for all K-12 education programs.

PROPOSITION 98

Proposition 98 is a voter-approved constitutional amendment that 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 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 \$74.5 billion for 2017-18, an increase of \$2.6 billion over the 2016 Budget Act level. When combined with revenue changes

attributable to the 2015-16 and 2016-17 fiscal years, as well as other one-time savings and adjustments in those years, the Budget provides a \$3.3 billion increased investment in K-14 education over the three-year period. Since 2011-12, Proposition 98 funding for K-12 education has grown by more than \$24.1 billion, representing an increase of more than \$4,043 per student.

The Proposition 98 maintenance factor—an indicator of past reductions made to schools and community colleges—totaled nearly \$11 billion as recently as 2011-12. The Budget reduces this obligation to \$900 million.

K-12 BUDGET ADJUSTMENTS

Significant Adjustments:

- **Local Control Funding Formula**—An increase of almost \$1.4 billion Proposition 98 General Fund to continue the State’s transition to the Local Control Funding Formula (LCFF). 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 bring the formula to 97 percent of full implementation.
- **One-Time Discretionary Grants**—An increase of \$877 million Proposition 98 General Fund to provide school districts, county offices of education, and charter schools with discretionary resources to support critical investments at the local level. These funds can be used for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards. Funds received by K-12 local educational agencies will offset applicable mandates debt owed to those entities.
- **After School and Education Safety (ASES) Program**—An increase of \$50 million Proposition 98 General Fund to increase provider reimbursement rates for the ASES program, bringing the total spending to \$600 million Proposition 98.
- **Teacher Workforce**—A combined increase of \$41.3 million one-time (\$30 million one-time Proposition 98 General Fund and \$11.3 million one-time federal Title II funds) to fund several programs aimed at recruiting and developing additional teachers and school leaders, with particular emphasis on key shortage areas such as special education, math, science, and bilingual education. Specific investments include:

- California Educator Development Program—An increase of \$11.3 million one-time federal Title II funds for a one-time competitive grant program that assists local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high-need subjects and schools.
- Classified School Employees Credentialing Program—An increase of \$25 million one-time Proposition 98 General Fund, available for five years, to support a second cohort of the California Classified School Employees Credentialing Program established in the 2016 Budget Act. The program will provide grants to K-12 local educational agencies to support recruitment of non-certificated school employees to participate in a teacher preparation program and become certificated classroom teachers in California public schools.
- Bilingual Professional Development Program—An increase of \$5 million one-time Proposition 98 General Fund for one-time competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.
- Charter School Facility Grant Program—The budget has been adjusted to increase the per student funding rate to \$1,117 for the 2017-18 fiscal year and provides an ongoing cost-of-living adjustment for the program moving forward.
- County Office of Education Accountability Assistance—An increase of \$7 million Proposition 98 General Fund on an ongoing basis to support county office Local Control and Accountability Plan review and technical assistance workload. Specifically, this funding will be distributed proportionally to 24 county offices currently funded at their LCFF target level on a per district basis with no county receiving less than \$80,000. This funding will be adjusted annually for cost-of-living. The Budget also requires county superintendents of schools to prepare a summary of how the county office of education will support school districts and schools within the county, and work with the California Collaborative for Education Excellence, the state Department of Education and other county offices of education.
- K-12 Mandate Block Grant—An increase of \$3.5 million Proposition 98 General Fund to reflect the addition of a cost-of-living adjustment for this program. The Budget also adds two additional mandated programs to the block grant for 2017-18, the California Assessment of Student Performance and Progress program and the Training for School Employee Mandated Reporters program.

- California Equity Performance and Improvement Program—An increase of \$2.5 million one-time Proposition 98 General Fund to support and build capacity within local educational agencies and the State Department of Education to promote equity in California public schools.
- Refugee Student Support—An increase of \$10 million one-time Proposition 98 General Fund to provide additional services for refugee students transitioning to a new learning environment.
- California-Grown Fresh School Meals Grants—An increase of \$1.5 million one-time Proposition 98 General Fund to incentivize the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.
- K-12 School Facilities Program Accountability—The Budget requires that projects funded under the School Facilities Program be subject to expenditure audits in the annual K-12 Audit Guide utilizing the structure of the Education Audit Appeals Panel process. To help facilitate compliance with this requirement, the Budget authorizes participating local educational agencies to repay any audit findings with local funds.
- District of Choice Program Extension—The Budget extends the District of Choice program, due to sunset in 2018, by six years and adds various oversight and accountability requirements for participating districts.

CHILD CARE AND STATE PRESCHOOL

The state funds nine child care and early education programs and dozens of other programs that support services including quality of care, family resource and referral agencies, and local child care planning councils. These programs are administered by the Department of Education and the Department of Social Services. Families can access child care and early education subsidies through centers that contract directly with the Department of Education, local educational agencies, or through vouchers from county welfare departments or alternative payment program providers.

Significant Adjustments:

- Provider Reimbursement Rates—An increase to child care provider reimbursement rate ceilings to reflect a corresponding cost increase for providers given increases in the state minimum wage. The 2017 Budget Act includes the following

amounts, which are expected to grow due to the multi-year augmentation in the 2016 Budget Act:

- Standard Reimbursement Rate—An increase of \$92.7 million General Fund (\$60.7 million Proposition 98, \$32 million non-Proposition 98) to increase the reimbursement rate for State Preschool and other direct-contracted child care and development providers, beginning July 1, 2017.
- Regional Market Reimbursement Rate—An increase of \$40.6 million non-Proposition 98 General Fund to (1) increase the maximum reimbursement ceiling for voucher-based child care providers to the 75th Percentile of the 2016 Survey beginning January 1, 2018 and (2) provide a one-year hold harmless provision.
- Increased Child Care Eligibility—An increase of \$25 million non-Proposition 98 General Fund to update the income eligibility requirements for state-subsidized child care and development programs and establish that a family determined to be eligible for a subsidy remains eligible for 12 months, regardless of change in need or income, unless income exceeds 85 percent of the current state median income.
- Full-Day State Preschool—An increase of \$7.9 million Proposition 98 General Fund to provide access to full-day State Preschool for an additional 2,959 children from low-income working families, starting March 1, 2018.