

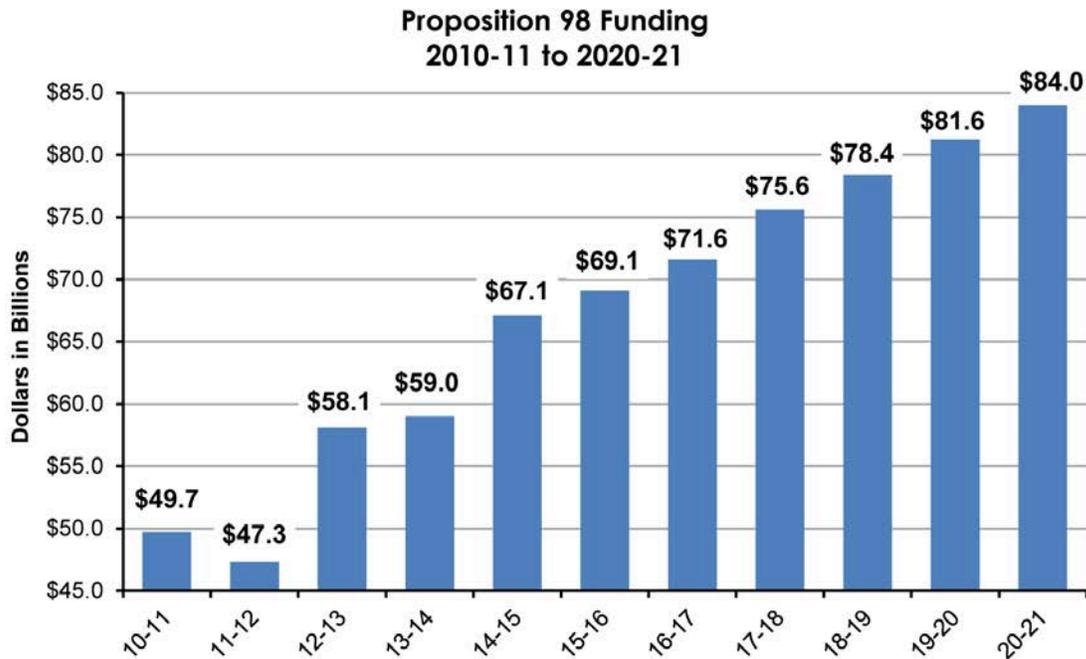
K-12 EDUCATION

California provides academic instruction and support services to nearly 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, approximately 1,000 local school districts, and more than 1,200 charter schools provides instruction in English, mathematics, history, science, and other core competencies to provide students with the skills they will need upon graduation to either enter the workforce or pursue higher education.

INVESTING IN EDUCATION

The Proposition 98 funding for K-12 schools and community colleges for 2020-21 is \$84 billion—an all-time high. When combined with more than \$819 million in settle-up payments for prior fiscal years, the Budget proposes an increased investment of \$3.8 billion in schools and community colleges.

The Budget proposes significant targeted investments that reflect the Administration's commitment to improving opportunities and outcomes for every child in public K-12 schools, while maximizing flexible funding in recognition of the fiscal challenges faced by many local educational agencies. Specifically, the Budget proposes a \$1.2 billion augmentation to the Local Control Funding Formula (LCFF), approximately \$900 million for educator recruitment and training, an increase of nearly \$900 million for special education, \$300 million for expanded supports and services for the state's neediest schools, \$300 million for the development of innovative community school models that



support student mental health, and \$70 million to improve and strengthen school meal programs. The Budget also proposes changes to improve fiscal accountability regarding the use of LCFF funds.

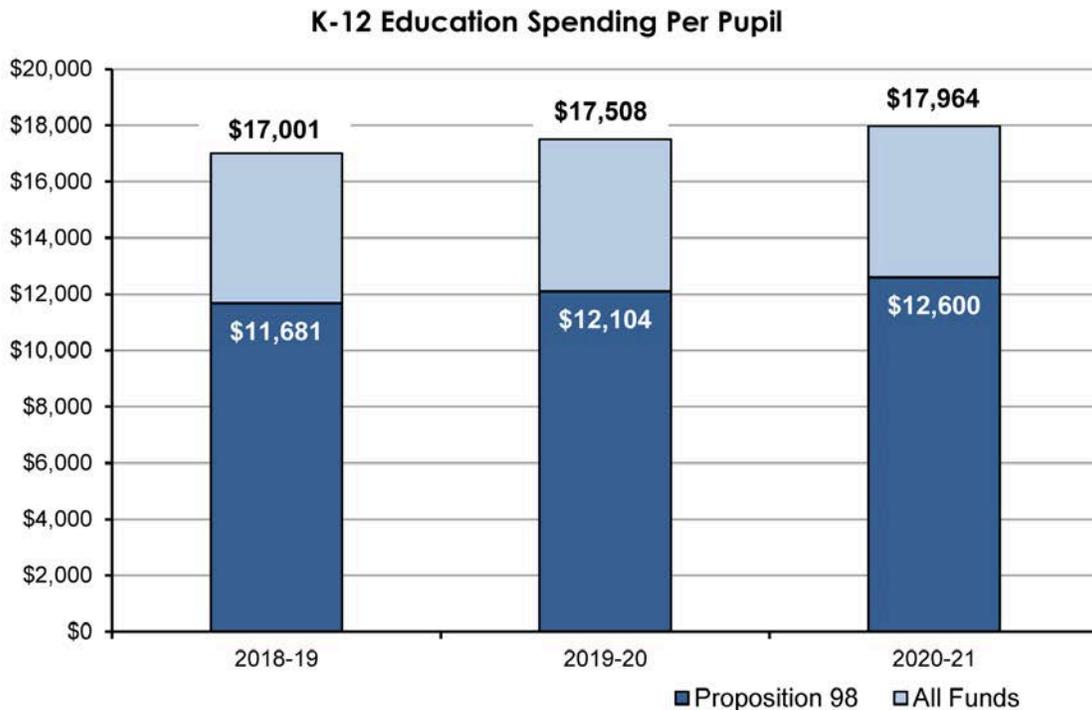
PROPOSITION 98

The annual funding level for K-12 schools and community colleges is determined by the Proposition 98 formula, a constitutional initiative approved by California voters in 1988 that guarantees K-12 schools and community colleges a minimum level of funding from state and local property taxes. Proposition 98 is designed to increase education funding each year by either: (1) funding K-14 education at its 1986-87 proportion of General Fund (known as Test 1), (2) applying growth in average daily attendance (ADA) and growth in per capita personal income to the prior year Proposition 98 funding level (known as Test 2), or (3) applying growth in ADA and growth in per capita General Fund to the prior year Proposition 98 funding level (known as Test 3). Due largely to projected increases in revenues and year-over-year declines in ADA, Test 1 is projected to be operative for fiscal years 2018-19 through 2020-21.

The Proposition 98 funding level for 2020-21 represents an increase of \$3 billion over the 2019-20 level funded in the 2019 Budget Act. The Proposition 98 funding levels for the 2018-19 and 2019-20 fiscal years increased from 2019 Budget Act levels by \$301.5 million

and \$517 million, respectively, due largely to an increase in property tax revenue in 2018-19 and increased General Fund revenues in both 2018-19 and 2019-20.

Reflecting the changes to Proposition 98 funding levels noted above, total K-12 per-pupil expenditures from all sources are projected to be \$17,508 in 2019-20 and \$17,964 in 2020-21—the highest level ever. Ongoing K-12 per-pupil expenditures of Proposition 98 funds are \$12,600 in 2020-21, an increase of \$496 per pupil over the level provided in 2019-20—and \$5,600 higher than its low point in 2011-12.



PUBLIC SCHOOL SYSTEM STABILIZATION ACCOUNT

Proposition 2, approved by the voters in 2014, established the Public School System Stabilization Account, also referred to as the Proposition 98 Rainy Day Fund, within the Proposition 98 Guarantee as a mechanism to lessen the impact of volatile state revenues on K-14 schools. In a fiscal year when all of the following conditions are met, a deposit is made into the Account:

- State General Fund revenues from capital gains exceed 8 percent of total revenues;
- Proposition 98 Test 1 is operative;

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- Proposition 98 maintenance factor obligations created prior to 2014-15 have been paid;
- The Proposition 98 required minimum funding level is not suspended; and
- The Proposition 98 funding level is greater than the prior year's funding level less any deposits into the Account, adjusted for attendance growth and inflation.

The Budget projects that a deposit into the Account is required in 2019-20. Pursuant to Proposition 2, the amount deposited into the Account is the difference between the Test 1 funding level and the higher of Test 2 or the prior year funding level adjusted for growth and inflation, but not more than the impact that capital gains revenues in excess of 8 percent of total revenues has on the minimum funding level. In 2019-20, this results in a required deposit of \$524.2 million, which represents an increase of \$147.7 million over the deposit projected at the 2019 Budget Act.

Deposits made into the Account must be spent in fiscal years in which the minimum Proposition 98 funding level is not sufficient to fund the prior year funded level adjusted for any deposits or withdrawals from the Account and adjusted for growth and inflation. Pursuant to Proposition 2, a withdrawal of \$37.6 million is projected to be made from the Account in 2020-21.

Under current law, there is a cap on school district reserves in fiscal years immediately succeeding those in which the balance in the Account is equal to or greater than 3 percent of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.2 billion). Because the balance in 2020-21 is \$486.6 million, school district reserve caps are not required in 2021-22.

SUPPLEMENTAL PENSION PAYMENTS

Local educational agencies will also continue to benefit from the massive \$3.15 billion non-Proposition 98 General Fund payment made on their behalf to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) Schools Pool. An estimated \$850 million is buying down the employer contribution rates in 2019-20 and 2020-21 and the remaining \$2.3 billion is being paid toward long-term unfunded liabilities. Overall, these payments are expected to save schools \$6.9 billion over the next three decades.

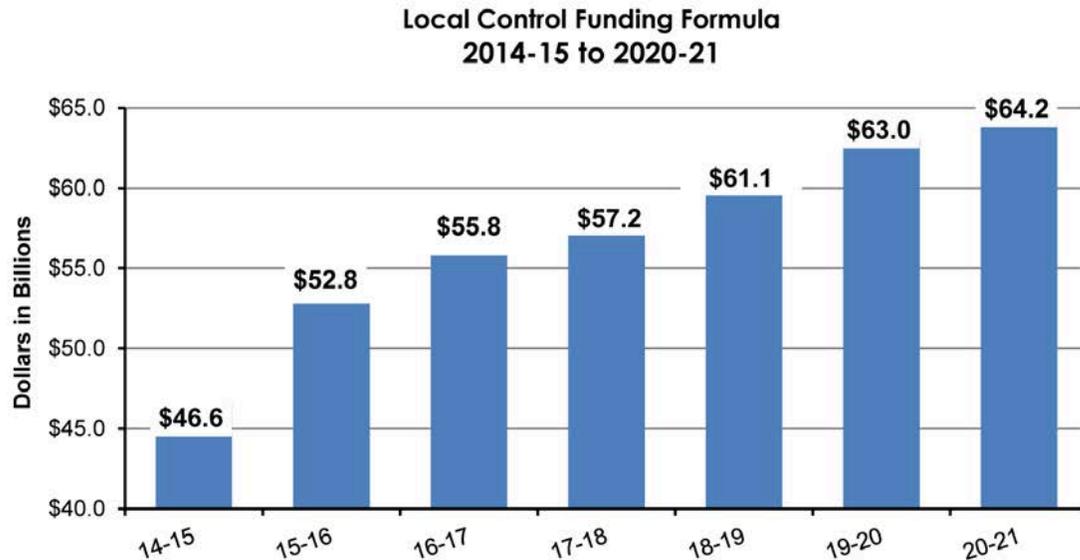
LOCAL CONTROL FUNDING FORMULA (LCFF)

The Administration is committed to funding public schools through the LCFF to support all students, with greater support for students from low-income families, English language learners, and youth in foster care. The formula was designed to account for research and practical experience that indicates that low-income students, English language learners, and youth in foster care often require supplemental services and supports to be successful in school. The formula includes the following major components:

- A base grant for each local educational agency per unit of average daily attendance, including an adjustment of 10.4 percent to the base grant to support lowering class sizes in grades K-3, and an adjustment of 2.6 percent to reflect the cost of operating career technical education programs in high schools.
- A 20-percent supplemental grant for English learners, students from low-income families, and youth in foster care to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5 percent of a local educational agency's base grant, based on the number of English learners, students from low-income families, and youth in foster care served by the local educational agency that comprise more than 55 percent of enrollment.

The county office of education formula includes: (1) a base grant for each county office of education per unit of average daily attendance to support instruction of students who attend community schools and juvenile court schools, and (2) unrestricted funding, inclusive of the resources necessary for administrative and technical support of local educational agencies in developing and approving local accountability plans based on the average daily attendance of all students in the county.

The Budget proposes a \$1.2 billion Proposition 98 General Fund increase for the LCFF, which reflects a 2.29 percent cost-of-living adjustment (COLA), and brings total LCFF funding to \$64.2 billion. Since the enactment of LCFF in 2013, the state has allocated over \$24.6 billion in additional ongoing resources to school districts and charter schools through the formula.



FISCAL ACCOUNTABILITY

As discussed in the prior section, a critical component of the LCFF is the additional funding provided to local educational agencies through supplemental and concentration grants. State law requires that local educational agencies increase or improve services provided to students who generate the grant funds (students from low-income families, English language learners, and youth in foster care) in proportion to the additional funding received, and document these increased or improved services in their Local Control and Accountability Plans (LCAPs), which include local educational agencies' three-year strategic spending plans to improve opportunities and outcomes for students. County superintendents of schools are required to review and approve school district LCAPs, which are developed with input from the local community and displayed on local educational agency websites.

Since the 2013 enactment of the state's educational accountability system, the Legislature and the State Board of Education have taken several actions to improve the LCAP. These include:

- Adoption of an LCAP template to provide consistency and clarity in local budgeting and strategic planning across the state.
- Improvements in the transparency and comparability of the local indicators for school site-level data.

- Development of the electronic template for the LCFF Budget Summary for Parents, which breaks down LCAP budgeting information to help stakeholders better understand local funding decisions.
- Various changes to streamline the LCAP and highlight its most important information, to improve families' ability to use it as a tool and engage in local decision-making.

Despite these reforms, concerns remain regarding the local budgeting of supplemental and concentration grant funds, and whether these funds are benefiting the students that generate them.

To further improve and strengthen LCFF fiscal accountability the Budget proposes \$600,000 one-time Proposition 98 General Fund to:

- Make statewide LCAP information easily accessible to the public through the development of an online LCAP portal. This portal will collect information from local educational agencies across the state using the revised LCAP template adopted by the State Board of Education. The new template includes an expenditure table that shows total LCFF funds expended on actions that increase or improve services for high-need student groups, and requires local educational agencies to identify actions from prior LCAPs that were not implemented as planned, including differences between planned and actual expenditures.
- Co-locate the School Accountability Report Card (SARC) and the LCAP online to make it easier for the public to access and compare both accountability tools.

Once completed, these new systems will provide easier access to statewide data on actions and expenditures included within LCAPs and how investments being made through LCFF are improving opportunities and outcomes for high-need students. Additionally, over the coming months, the Administration will engage in a process to identify potential avenues for strengthening accountability around the requirement for local educational agencies to provide increased or improved services for high-need students, particularly when actions described in an LCAP are not implemented as planned.

IMPROVING STUDENT OUTCOMES

California's education accountability system is built upon state, regional, and local partnerships and driven by a comprehensive set of student performance measures. The foundation for the system is the LCAP, which is created by local educational agencies in collaboration with their communities to support improved student outcomes.

Currently, student achievement across the state is measured using: (1) state test scores in English language arts and math, (2) English language acquisition for students with a home language other than English, (3) chronic absenteeism, (4) graduation rates, (5) suspension rates, and (6) a college/career readiness indicator. The online California School Dashboard displays statewide measures for all public schools, school districts, and county offices of education and breaks out data for more than a dozen student groups, including youth in foster care, homeless youth, students with disabilities, socioeconomically disadvantaged students, and English language learners, as well as by student race/ethnicity.

Data from the 2019 Dashboard highlights that while achievement gaps are narrowing for some student groups, persistent gaps remain. The Dashboard showed the achievement gap closing in various metrics for Latinx students, students with disabilities, low income students, and African American students. For example, African American students showed the largest graduation rate gain among student groups, students with disabilities made the greatest gains in math and English language arts, and gaps narrowed for Latinx students in college/career readiness, English language arts, and high school graduation.

However, students with disabilities, youth in foster care, homeless youth, and African American students are still more likely than their peers to score below the state standard on state English language arts and math tests. Youth in foster care are much more likely than their peers to be suspended from school and much less likely to graduate from high school. Students with disabilities, youth in foster care, and English language learners are less likely than their peers to finish high school ready for college or career.

Building upon the significant investments made in the 2019 Budget Act for special education, educator recruitment and training, early education, and longitudinal data collection, the Budget proposes augmentations to the following areas to target resources and support to programs aimed at closing the academic achievement gap and ensuring that teachers and school leaders have the tools necessary to improve outcomes for all students.

EDUCATOR RECRUITMENT AND PROFESSIONAL DEVELOPMENT

The state has a well documented, long-term, statewide teacher shortage in the areas of special education, science, and math. Certain regions of the state, including rural and high cost of living areas, have been more heavily impacted than others and report difficult hiring fully credentialed teachers regardless of subject matter area. A well-prepared teacher workforce is a significant factor in predicting high student achievement and in closing the achievement gap. Recent studies link poor student outcomes directly with a resulting high proportion of un-credentialed and under-prepared teachers especially in high poverty schools. Most African American students are concentrated in 23 districts that are in the highest poverty schools where there are fewer experienced teachers.

Schools are also finding it difficult to access and retain, at a reasonable cost, the services of educational specialists such as speech pathologists, psychologists, behaviorists, and occupational and physical therapists, whose services are crucial for students with exceptional needs. Additionally, educators and administrators have expressed that they are often unprepared or underprepared to meet the complex social-emotional needs of their students while delivering instruction in the increasingly rigorous curriculum required for students to be successful in the 21st century.

To expand and increase the preparedness of the state's public K-12 teacher and administrator workforce, especially in the state's low-income schools, the Budget allocates approximately \$900 million. This builds on \$147.4 million allocated for grants for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school; training and resources for classroom educators; and professional learning opportunities for public K-12 administrators and school leaders included in the 2019 Budget Act. The Budget proposes the following teacher training initiatives:

PROFESSIONAL DEVELOPMENT AND SUPPORT

- \$350 million one-time Proposition 98 General Fund to augment the funding provided in the 2019 Budget Act for the Educator Workforce Investment Grants, which support competitive grants for professional learning opportunities for teachers and paraprofessionals across the state. This new round of funding will be provided through a competitive process to local educational agencies to conduct training in the following high-need areas:

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- special education, including inclusive practices, universal design for learning, and dyslexia identification;
 - multi-tiered systems of support and mental health interventions;
 - supporting English language learners;
 - social-emotional learning and restorative practices;
 - non-discrimination, anti-bullying, and affirmative supports for LGBTQ and other marginalized students; and
 - computer science and science, technology, engineering, and math (STEM).
- \$18 million one-time Proposition 98 General Fund for the California Collaborative for Educational Excellence to bolster awareness of available services and supports for all local educational agencies in the topics listed above, to strengthen the capacity of local educational agencies to improve student outcomes in state priority areas.

EDUCATOR RECRUITMENT AND PREPARATION

- \$193 million one-time Proposition 98 General Fund for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas.
- \$175 million one-time Proposition 98 General Fund to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities.
- \$100 million one-time Proposition 98 General Fund for the California Teacher Credential Award Program for \$20,000 stipends for fully credentialed teachers who complete four years of teaching service in a high-need subject at a high-need school.
- \$64.1 million one-time Proposition 98 General Fund to expand the California Classified School Employees Credentialing Program, which provides grants to K-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.

Additionally, the Budget proposes to suspend accreditation fees for institutions of higher education and local educational agencies that administer a teacher preparation program or induction program. The Commission on Teacher Credentialing collects approximately \$800,000 in these fees each year.

SPECIAL EDUCATION

Nationwide, local educational agencies are required by federal law to provide appropriate and comprehensive educational programs for students with disabilities, from ages 3 through 22. However, federal funding for support services for these students does not reflect the rising cost of special education services. Congress has set a goal of 40 percent for the federal share of costs of special education services, but averages only about 10 percent of costs in California. Additionally, the federal government provides the state with only a fraction of the funding necessary to support mandated services for preschool-age children with disabilities.

Recognizing these federal funding deficiencies, the state has significantly augmented funding to local educational agencies for special education services, providing approximately \$4 billion in 2019-20, compared to the federal allocation of \$1.3 billion. While the existing state special education funding formula is an improvement over previous models, the methodology remains complex and administratively costly, with base funding rates varying for Special Education Local Plan Areas (SELPA) across the state and a supplemental patchwork of add-ons with differing allocation formulas and spending restrictions.

As discussed in the previous section, the student academic achievement gap is most pronounced for children with disabilities. Of the student groups with data on the California School Dashboard, students with disabilities have the lowest statewide scores for mathematics, English language arts, and college/career readiness. However, from the 2017-18 school year to the 2018-19 school year, these students increased their scores on average in all of these areas (although the achievement gap for students with disabilities grew during this time as their peers' scores increased more quickly). This indicates a momentum that the state can build upon with targeted investments and policy improvements to support educators in maintaining this progress.

To improve local educational agencies' ability to effectively support students with disabilities, the 2019 Budget Act included a historic increase of \$645 million Proposition 98 General Fund for special education, providing all SELPA with at least the statewide target rate for base special education funding, and increasing school districts' special education funding based on the number of children ages 3 to 5 years with exceptional needs being served. The continued allocation of these funds was contingent upon the adoption by the Legislature and Administration of reforms to the special education funding formula and special education accountability system as part of the 2020 Budget Act.

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To this end, in summer and fall 2019, the Administration and the Legislature engaged with researchers and collaborated with stakeholders, including staff from many local educational agencies and SELPAs, to determine best practices and opportunities to improve the state's system of special education. Feedback and findings varied, but there was general agreement that:

- Skillful teaching in inclusive classrooms improves outcomes for all students, not just students with disabilities;
- Needs associated with student mental health and social-emotional issues are becoming more prevalent;
- Many teachers are not fully prepared to adapt curriculum to meet the changing needs of students, especially students with disabilities in a general education classroom;
- Shortages in special education teachers and specialists make providing services more costly, less effective, and difficult to schedule; and
- A clear and consistent message from the state is needed to allow teachers, parents, administrators, and school boards to fully embrace a move towards more inclusive classrooms and eliminate education siloes.

In response to these findings, the Budget proposes a three-phase, multi-year process to improve special education finance, services, and student outcomes.

INITIAL PHASE: INCREASED FUNDING, A NEW FUNDING FORMULA, AND EXPANDED STATEWIDE SUPPORTS

For the 2020-21 fiscal year, the Budget proposes a new special education base formula that uses a three-year rolling average of local educational agency ADA (but still allocated to SELPAs) and includes a 15 percent increase in the Proposition 98 General Fund contribution to the base formula funding over the amount provided in the 2019 Budget Act. Most local educational agencies will see an increase in base funding; however, the approximately 100 local educational agencies with base rates higher than the proposed base rate will be held harmless. The ongoing increase in the base rate is funded with the \$645 million provided in the 2019 Budget Act for base rate increases and funding for preschool-age children with disabilities.

In addition to the new base rate funding formula, the Budget proposes an additional \$250 million ongoing Proposition 98 General Fund based on the number of children ages 3 to 5 years with exceptional needs served. Funding will be allocated on a

one-time basis to school districts based on the number of preschool-age children with disabilities that the district serves. School districts will be required to allocate these funds to increased or improved services.

For the 2020-21 fiscal year, the Budget proposes that all other existing AB 602 special education categorical funding sources remain as in current law until a finalized formula is adopted in future phases.

As discussed in the Educator Recruitment and Professional Development section, the Budget also proposes significant investments in special education professional development and workforce recruitment, including funding for the statewide system of support to provide assistance with special education programs to local educational agencies. Further, the Budget proposes \$500,000 one-time Proposition 98 General Fund for a study of the current SELPA governance and accountability structure, and \$600,000 one-time Proposition 98 General Fund for two workgroups to study improved accountability for special education service delivery and student outcomes.

Finally, the Budget proposes \$4 million one-time Proposition 98 General Fund for dyslexia research, training, and a statewide conference. Nearly 800,000 California students are diagnosed with a learning disability that qualifies them for special education services, with the majority of these students diagnosed with either speech and language delays or specific learning disabilities, including dyslexia. Effective interventions for these students include providing early access to skilled educators that are trained in evidence-based instructional strategies and multi-tiered systems of support.

FUTURE PHASES: FINALIZING THE FUNDING FORMULA, IMPLEMENTING REFORMS, AND IMPROVING SPECIALIZED SERVICES

In future phases, the Administration anticipates (1) finalizing the new special education funding formula to support equity, and more inclusive practices and early intervention services; (2) incorporating changes in statute based on recommendations from the governance and accountability workgroups established in the Budget; (3) pursuing reforms related to family and student engagement, including whole-child and family wrap-around services, and refining funding, accountability, and service delivery for specialized services such as out-of-home placements, non-public school placements, and the State Special Schools; and (4) incorporating recommendations from the Master Plan for Early Learning and Care into the K-12 infrastructure of early intervention services for young children with exceptional needs.

ADDRESSING THE ACHIEVEMENT GAP

To accelerate progress on eliminating the student achievement gap, the state will support school districts in developing innovative initiatives that improve student outcomes. The Budget proposes to build upon the state's existing investments in the statewide system of support that provides assistance to local educational agencies to address systemic issues that lead to poor outcomes for specific student groups.

COMMUNITY SCHOOLS

Conditions associated with poverty, including food insecurity, housing and employment instability, and inadequate health care, create substantial and compounding barriers to learning. Schools alone cannot alleviate all of the negative effects of poverty. However, a research-based strategy with strong evidence of success is the creation of “community schools”, which can mitigate the educational disadvantages associated with poverty and improve students’ attendance, behavior, and achievement by making schools a hub of community resources.

Community schools offer unique models to more efficiently and effectively provide integrated educational, health, and mental health services to students with a wide range of needs. Currently, some county offices of education and school districts support community school initiatives that offer coordinated access to a range of community services, on- or off-campus, including before and after school care.

The Budget proposes \$300 million one-time Proposition 98 General Fund to establish Community School grants for local educational agencies supporting innovative community school models. Specifically, the grants will provide resources to local educational agencies to implement programs aligned with the community school model, including:

- Integrated and coordinated student wrap-around services, including intensive health, mental health, and social services, as well as early screening and intervention for learning and other needs.
- Collaborative leadership and support for educators, including professional development in student mental and behavioral health, trauma-informed care, social-emotional learning, restorative justice, and other key areas.
- Increased family and community engagement, through activities including home visits and school climate surveys.
- Extended learning time and expanded learning opportunities.

OPPORTUNITY GRANTS

In 2019, based on student outcomes from the California School Dashboard, 333 school districts qualified for differentiated assistance from their county office of education. This means that at least one student group in each of these districts failed to make progress on two or more state priority areas. The California Collaborative for Educational Excellence (CCEE), along with specified lead county offices of education, guides the statewide system of support, which is the infrastructure in place in California to assist local educational agencies with finding the root causes of persistent low performance and creating and executing improvement plans to address those causes. Additionally, the CCEE is currently evaluating four school districts with multiple years of no or negative progress with multiple student groups for more comprehensive support and intervention.

The Budget proposes \$300 million one-time Proposition 98 General Fund to: (1) establish Opportunity Grants for the state’s lowest-performing schools and school districts, and (2) expand the capacity of the CCEE in its role within the statewide system of support. The grants will pair resources and assistance that grantees receive through the statewide system of support and federal Title I to provide integrated and intensive interventions to close achievement gaps. Funds for the CCEE will be used to: (1) improve the school and school district review process, (2) expand educational leadership training, (3) provide expert assistance to support local improvement plan implementation, and (4) evaluate state and local continuous improvement efforts.

COMPUTER SCIENCE

It is a priority of the Administration that all students in the K-12 public school system are able to access computer science education to provide them with the skills they need to succeed. In an important step toward this goal, the State Board of Education adopted an implementation plan for California’s first set of Computer Science Content Standards for K-12 schools in May 2019.

To support the implementation of the new standards, the 2019 Budget Act included investments in STEM and computer science training for teachers, broadband infrastructure, and a new California Computer Science Coordinator. To build upon the momentum created by these investments, the Budget proposes:

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- \$15 million one-time Proposition 98 General Fund for grants to local educational agencies to support the preparation of approximately 10,000 K-12 teachers to earn a supplementary authorization on their credential to teach computer science.
- \$2.5 million one-time Proposition 98 General Fund for a county office of education within the Statewide System of Support to identify, compile, and share computer science resources for professional development, curriculum, and best practices.
- \$1.3 million one-time non-Proposition 98 General Fund to develop a new UC Subject Matter Project in computer science and \$340,000 non-Proposition 98 General Fund for one cohort of approximately 1,200 educators to participate in the new project.

SCHOOL NUTRITION

State law requires California K-12 public schools to offer at least one nutritionally adequate meal to all income-eligible students each school day. School meals are a primary nutrition safety net for needy students, and research has shown that well-nourished youth are more likely to show up for class, stay in school, and succeed academically.

The federal government provides about \$2.6 billion to California for a variety of school nutrition programs, including the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program, the Summer Food Service Program, and the California Fresh Fruit and Vegetable Program. The state augments the federal funding provided for school nutrition programs by approximately \$173 million Proposition 98 General Fund. These funds are disbursed to participating schools in the form of reimbursement for meals served to students whose families are at or below 185 percent of the federal poverty level.

The enactment of the LCFF in 2013 created a new funding incentive for local educational agencies to identify students eligible for free and reduced-price meals, as supplemental and concentration grant funding is allocated to local educational agencies in part based on the number of students eligible for the federal and state nutrition programs. However, there are some local educational agencies that choose not to participate in the federal and state nutrition programs. Anecdotal evidence suggests that their reasons for non-participation include the lack of flexibility in the programs' requirements, and the relatively low rate of reimbursement available.

To improve the quality of subsidized school meals and encourage participation in the state and federal school nutrition programs, the Budget proposes \$60 million Proposition

98 General Fund to increase funding for school nutrition. Additionally, the Budget proposes \$10 million Proposition 98 General Fund to provide training for school food service workers to promote healthier and more nutritious meals. Further, as discussed in the Statewide Issues and Various Departments chapter, the Budget proposes \$10 million non-Proposition 98 General Fund in 2020-21 and \$1.5 million annually thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program to support California farmers and expand healthy food access by providing grants to schools.

SCHOOL FACILITIES

PUBLIC PRESCHOOL, K-12, AND COLLEGE HEALTH AND SAFETY BOND ACT OF 2020

Recognizing that the number of applications received by the State Allocation Board exceeded available voter-approved new construction and modernization bond funding, Chapter 530, Statutes of 2019 (AB 48) placed a \$15 billion general obligation bond—the Public Preschool, K-12, and College Health and Safety Bond Act (Act) of 2020—on the March 3, 2020 ballot for consideration by the voters. If approved, the Act would provide \$9 billion to support K-12 facilities construction, of which:

- \$5.2 billion would support modernization projects, including \$150 million to support lead in drinking water testing and remediation;
- \$2.8 billion would support new construction projects;
- \$500 million would support charter school construction projects; and
- \$500 million would support career technical education projects.

If the Act is approved by voters, AB 48 reforms the School Facilities Program to more equitably address the changing needs of K-12 school districts and charter schools, better promote energy efficiency, and to address lead in drinking water. The Act also contains provisions to assist school districts affected by natural disasters, and lowers fees to support construction of needed multifamily housing units. Core programmatic revisions include:

- Implementing an equitable formula to compute a school district’s state and local share of the costs for a new construction or modernization project;

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- Processing new construction and modernization applications on a quarterly basis based upon a specified priority processing order;
- Authorizing school districts to use new construction and modernization funding to provide access to broadband Internet, address seismic deficiencies, construct school kitchens, and construct or modernize transitional kindergarten classrooms, public preschool facilities, and facilities supporting school nurses and counselors;
- Setting aside up to 10 percent of the new construction and modernization funding to specifically support small school district facilities projects and enabling small school districts to reserve bond authority and be eligible for grants to procure technical assistance from specified public agencies; and
- Adjusting and expanding the eligibility provisions for school districts requesting financial hardship assistance.

If voters approve the Public Preschool, K-12, and College Health and Safety Bond Act of 2020 in March of this year, the Administration will revise its proposed K-12 bond investments to address school district lead in drinking water testing and remediation, districts recovering from a natural disaster, and other priority areas not reflected in prior bond acts. The Infrastructure chapter includes additional details regarding the Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

2016 BOND ACT INVESTMENTS

Proposition 51, approved by voters in November 2016, authorized a total of \$7 billion in state general obligation bonds for K-12 schools to be allocated through the School Facilities Program in place as of January 1, 2015. Approximately \$600 million in Proposition 51 bond funds were expended in each of the fiscal years 2017-18 and 2018-19. As in 2019-20, the Budget allocates \$1.5 billion Proposition 51 bond funds to support school construction projects, which is more than double the amount allocated in 2018-19.

KINDERGARTEN AND PRESCHOOL FACILITIES

The state has made significant investments in the improvement and expansion of kindergarten facilities, with the goal of moving more programs from part-day to full-day to improve educational outcomes for children and better accommodate working parents. The 2018 and 2019 Budget Acts included a total of \$400 million one-time non-Proposition 98 General Fund for eligible school districts to construct new, or retrofit

existing, facilities for full-day kindergarten programs. Of this amount, roughly \$300 million remains available to support the goal of converting existing part-day kindergarten programs to full-day programs. Funds in this program are prioritized for school districts with high rates of students receiving free and reduced price meals and enable eligible school districts to qualify for financial hardship funding similar to the traditional K-12 facilities program. The Budget proposes dedicating a portion of these funds to support the construction of preschool facilities on school campuses.

Additionally, as discussed in the Early Childhood chapter, the Budget proposes \$75 million Proposition 98 General Fund to expand the Inclusive Early Education Expansion Program. This program was created as part of the 2018 Budget Act and provides funding to local educational agencies to construct or modify preschool facilities to serve students with exceptional needs or severe disabilities. The program received a total of \$177 million in the 2018 and 2019 Budget Acts.

Further, as referenced in the Early Childhood chapter, if the Public Preschool, K-12, and College Health and Safety Bond Act of 2020 is approved by voters in March, the Administration will propose statute authorizing the State Allocation Board to provide a new construction or modernization per-pupil grant enhancement to local educational agencies proposing to construct or modernize facilities to expand preschool programs on school campuses. Participants would be required to use the applicable facility to expand the number of preschool students served by the local educational agency consistent with current preschool staffing standards.

OTHER K-12 BUDGET ADJUSTMENTS

Significant Adjustments:

Local Property Tax Adjustments—An increase of \$7.3 million Proposition 98 General Fund for school districts and county offices of education in 2019-20 as a result of decreased offsetting property tax revenues, and a decrease of \$1.1 billion Proposition 98 General Fund for school districts and county offices of education in 2020-21 as a result of increased offsetting property taxes.

School District Average Daily Attendance—A decrease of \$268.5 million Proposition 98 General Fund in 2019-20 for school districts resulting from a decrease in projected average daily attendance from the 2019 Budget Act, and a decrease of \$175.1 million Proposition 98 General Fund in 2020-21 for school districts resulting from a further projected decline in average daily attendance for 2020-21.

K-12 EDUCATION

Cost-of-Living Adjustments—An increase of \$122.4 million Proposition 98 General Fund to reflect a 2.29 percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

County Offices of Education—An increase of \$5.7 million Proposition 98 General Fund to reflect a 2.29-percent cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

Fiscal Crisis Management and Assistance Team—An increase of \$695,000 Proposition 98 General Fund for: (1) increased workload related to school districts in fiscal distress and expanded training, and (2) improving staff recruitment.

Instructional Quality Commission—An increase of \$483,000 non-Proposition 98 General Fund on a one-time basis for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.