



Working together to support and improve California's public schools

2017-18 May Revision Proposal

Proposition 98 Issues

The Education Coalition supports maintaining the integrity of Proposition 98, and opposes any encroachment into the Proposition 98 side of the budget. In addition, the Coalition opposes any action which would reduce the minimum guarantee below its authorized constitutional and statutory funding level.

Reject 2016-17 Waiver of Statute

In January, the Governor's Budget indicated that the administration had retroactively recalculated the Proposition 98 guarantee in 2015-16, which reduced the proposed guarantee in 2017-18 and forward. The Governor also proposed \$859.1 million in a deferral from June 2017 to July 2017. The Education Coalition strongly objected to the retroactive recalculation of the 2015-16 guarantee and the permanent reduction going forward and objected to the use of the deferral.

The May Revision restructured the January proposal by leaving the Proposition 98 guarantee fully funded in the 2015-16 fiscal year. In doing this, it recognized the increased base funding level in 2017-18 and eliminated the deferral.

The May Revision projects that in 2016-17, Proposition 98 funding will be lower as General Fund revenue is projected to grow more slowly than the economy (i.e. Test 3 of Proposition 98 is in effect). The May Revision also projects that a statutory requirement that K-14 education does not suffer cuts deeper than other portions of the state budget will also be in effect in 2016-17 (Test 3B).

While the May Revision proposal is an improvement compared to the January budget, the Education Coalition is concerned that the May Revision proposal to waive Test 3B will mean a loss of \$347 million to schools and community colleges in the 2016-17 year.

Despite the recent passage of Proposition 55, California remains 46th in the nation in per pupil funding and funding remains critical to our schools. If additional ongoing revenues are identified in the Conference Committee deliberations and through further negotiations with the Administration, we urge applying a portion of these revenues to properly fund the Proposition 98 guarantee. This would eliminate the need for a statutory 2016-17 waiver of the spending statute.

Reject a Multi-Year Waiver of Statute

In addition to the waiver for 2016-17, the May Revision also proposes to waive the Test 3B statute for funding Proposition 98 and provide less than required under law for three consecutive budget years from 2018-19 through 2020-21. The action requires the adoption of trailer bill language which reduces the Proposition 98 guarantee by over \$1 billion by the 2020-21 fiscal year. We oppose the multi-year waiver for the following reasons:

Association of California School Administrators (ACSA)

representing more than 16,000 school administrators

California Association Of School Business Officials (CASBO)

representing more than 4,000 school business officials

California County Superintendents Educational Services Association (CCSESA)

representing all 58 county superintendents throughout California

California Federation of Teachers (CFT-AFL-CIO)

representing nearly 90,000 education employees

California School Boards Association (CSBA)

representing nearly 1,000 K-12 school districts and county offices of education throughout California

California School Employees Association (CSEA)

representing more than 230,000 classified school employees

California State PTA

representing more than one million parents, teachers, and students in California

California Teachers Association (CTA)

representing over 325,000 educators

Service Employees International Union (SEIU)

representing more than 50,000 school employees in California

Legislative Consultant:

Dale Shimasaki

916.441.3909

This action arbitrarily pre-approves cuts to the K-12 education budget without justification that the cuts are needed in future years.

Cutting K-12 education, beyond the 2017-18 fiscal budget, is inappropriate when there is no certainty that there will be a budget deficit or that revenues will be insufficient to fund the Proposition 98 guarantee.

This proposal ties the legislature's hands in the future. They inherit a cut that may not be necessary. If the waiver is required in the future, they can do that in the year they are negotiating the budget.

Pre-approving cuts to Proposition 98 in future years, when other parts of the budget are protected from cuts is inequitable. There is no basis for cutting only education in future years. This would be both premature and unnecessary.

Furthermore, cutting K-12 education funding in the future runs counter to the goals of Proposition 98, which is to guarantee a minimum level of funding to schools. The initiative was designed to raise California to the average of the top ten states in per pupil funding, and California is currently ranked 46th nationally in adjusted per pupil expenditures.

Reject Contingency Funding Proposal for One-Time Discretionary Funds

The May Revision proposes almost \$750 million in additional funds for discretionary one-time funding for a total of \$1.037 billion for the 2017-18 budget. These funds would continue to be used for any one-time purpose at the discretion of K-12 school districts, county offices of education, or charter schools.

However, the May Revision proposes to delay the release of the \$1.037 billion in one-time discretionary funds until May 2019; almost two years after the legislature adopts the 2017-18 State Budget. The Administration indicates that the delay is necessary to offset revenue shortfalls if revenues are lower than originally estimated. This creates a public expectation that funds are available. However, withholding these funds will create uncertainty at two levels for school districts:

- 1) LEAs are not guaranteed to receive the full amount of \$1.037 billion and
- 2) Should LEAs receive the funds, they will not know what level of funding will be released until May 2019, making it difficult to plan accordingly.

As a result, releasing funds this late in the process will create unnecessary delays in district planning and district decision making.

Further, this proposal, as crafted, would mean the minimum guarantee of Proposition 98 is not fully funded next year. While we understand the Administration's goal, pre-emptively underfunding the Proposition 98 guarantee in the budget year based on the possibility that revenue may be lower is not acceptable to the Education Coalition.

We urge the Legislature to reject this proposal and instead adopt a solution which reduces uncertainty for both local districts and the state. We look forward to work with the legislature on developing such a solution

Other Issues

Support Increased LCFF Funding

The May Revision adds \$642 million to the Local Control Funding Formula [LCFF]. This will provide a total of \$1.4 billion over the current 2016-17 year, bringing the formula to 97 percent of implementation.

Lack of Funding to Support School Accountability Remains a Concern

The May Revision does not include funding for county offices of education [COEs] to fulfill their role in supporting districts with the development of the Local Control and Accountability Plans (LCAP) and reviewing the final locally-adopted LCAPs. Prior budgets included \$20 million in one-time funding in both the 2015-16 and 2016-17 fiscal years for this purpose. We recommend that this one-time funding be converted into ongoing funding in 2017-18.

Facilities

The Education Coalition continues to have concerns regarding the budget proposals related to school facilities:

- **Grant agreement.** We request that the grant agreement not impose retroactive actions that will halt or hinder school districts that have already submitted completed applications or are on the approved list from drawing down state funds. We would also recommend that new provisions be prospective for the agreement and audit requirements.
- **Repayment criteria.** We continue to have concerns that the audit guide would use apportionment payment funding to repay ineligible expenses. We recommend that the legislature provide LEAs the flexibility to determine to use capital or operational dollars to repay any ineligible expenditures.
- **Proposition 51 bond sale schedule.** We request that a bond sale schedule be developed on the distribution of school facilities funds so that districts can better plan.
- **No new requirements.** There should be no new requirements placed on Proposition 51 bond funds beyond the rules in place as of January 1, 2015, per language in the initiative.

Curriculum

The May Revision does not restore funds for state curriculum efforts and we urge the legislature to eliminate these delays and include funding for these activities. Delaying curriculum initiatives will deprive our students of the high-quality standards and curriculum that they deserve and that have been identified as high priorities by the legislature, such as:

- Content standards for visual and performing arts
- Content standards for world languages
- Content standards for computer science
- Model curriculum in Ethnic Studies
- State Superintendent's convening of a computer science strategic implementation plan.

Early Childhood/Preschool Funding

The Education Coalition supports the May Revision proposal to restore the funding for child care and preschool funding that was not included [i.e. paused] in the January budget proposal.



May 19, 2017

Honorable Holly Mitchell
Chair, Senate Budget Committee
State Capitol, Room 5080
Sacramento, CA 95814

Honorable Anthony Portantino
Chair, Senate Budget Subcommittee #1
State Capitol, Room 5019
Sacramento, CA 95814

2017-18 GOVERNOR’S BUDGET: EARLY CHILDHOOD EDUCATION FLEXIBILITIES -- SUPPORT

Dear Senators Mitchell and Portantino:

The above organizations write to express our continued support for the Governor’s Budget proposal on early childhood education (ECE). This proposal would streamline pre-k educational programs and eliminate barriers that prevent vulnerable families from accessing pre-k educational programs.

We greatly appreciate the effort that both Houses have made over the last several months in support of childcare and early education and are pleased to see the restoration of rates and slots in the May Revision. We believe that these investments, coupled with the additional six percent increase to rates in response to cost pressures created by the rising state minimum wage, will go a long way toward increasing access to quality early education opportunities. However, unless the Governor’s proposed policy flexibilities are also adopted, administrative and regulatory obstacles will continue to exclude many children and families from preschool programs.

Now that the state has reaffirmed its fiscal commitment to early education, we urge the Legislature to address the cost-neutral barriers to access by supporting the Governor’s ECE proposal in the May Revision.

- I. **A One Year Delay in Implementation of Alternative Health and Safety Standards Will Ensure that Protections Remain Robust.**

Health and safety standards for programs operated at local education agencies (LEAs) currently exceed the standards for programs operated at non-LEA facilities. Furthermore, nearly all of the health and safety standards in Title 22 regulations are also addressed in Title 5 regulations. However, Title 22 regulations create a number of obstacles that make it very difficult for LEAs to adopt inclusionary policies and increase access to early education programs. We strongly support the Governor's proposal to establish alternative health and safety standards for LEAs within Title 5. To the extent that discrepancies exist between Title 5 and Title 22, we believe that the one year implementation delay proposed in the May Revision will allow the California Department of Education (CDE) time to adopt any regulatory changes to Title 5 that are needed to ensure that health and safety standards for LEAs remain robust.

In response to specific concerns that have been raised about the alternative standards, we offer some clarity regarding Title 5 and other mandated health and safety standards applicable to LEAs:

- LEAs must go through a rigorous licensing process to demonstrate structural safety standards are met.

The Title 5/Title 22 crosswalk developed by CDE, the Department of Finance (DOF), and the Department of Social Services (DSS) demonstrates that Title 5 safety standards are often more rigorous and broader in scope than those in Title 22. LEAs are also required to comply with Title 24 regulations and the Field Act. These regulations establish facilities standards for all public school facilities and require the Office of Public School Construction to adopt structural safety standards, review and approve plans, and oversee the construction process for all public school buildings. These standards far exceed those of the Uniform Building Code which governs non-public buildings.

- Parents and guardians have access to multiple complaint processes that trigger mandatory investigations.

LEA school sites are subject to both the Uniform Complaint Procedures (UCP) and the Williams Complaint Procedures which establish processes by which parents, teachers, and other stakeholders may submit complaints concerning child care and development programs and the condition of facilities and materials. LEAs are required to conduct a complete investigation of a UCP or Williams complaint, respond to the complainant, and render a decision regarding the complaint within 30 to 60 days. Complainants are protected from retaliation, may file anonymously, and may appeal the complaint decision directly to the CDE. To ensure stakeholders can access these complaint processes, LEAs are required to post a notice in each classroom notifying the public of their rights under UCP and Williams and informing stakeholders how to file a complaint. In addition, all UCP and Williams complaints and written responses are available as public records.

- LEAs are subject to regular inspections by multiple entities outside of Title 22.

LEA programs and facilities are inspected on a regular basis by many different state and local oversight agencies. For instance, Title 5 requires CDE to inspect LEA programs every three years. Under Williams, county offices of education inspect low-performing LEAs on an annual basis and inspect all LEAs every three years. LEAs must complete annual fire inspections. LEAs who participate in Quality Rating Improvement System (QRIS) are subject to program quality inspections by the QRIS regional lead every three years.

- LEAs are required to meet similar standards regarding sanitary and accessible toilet facilities.

The California Plumbing Code establishes strict standards regarding toilets and drinking fountains in public buildings. In addition, Title 5 Section 14030 requires that toilets for kindergarten students be provided in the kindergarten classroom or in the kindergarten complex and that toilets be mounted at a height appropriate for student use. The Governor's proposal specifies that LEAs operating preschool programs would be required to continue to meet these high accessibility standards.

II. The Governor's Proposal Allows LEAs to Align Programs While Increasing Teacher Quality and Decreasing Ratios.

The Governor's proposal would allow LEAs to increase the quality of the lead teacher (by requiring a teaching credential) in their preschool programs and decrease the teacher-to-child ratios (from 1:24 to 1:12) in their Transitional Kindergarten (TK) programs, thus aligning California's two largest educational programs for 3 and 4 year olds. The proposal would also make it possible for LEAs to braid preschool and TK funding to create full-day high quality early education programs for low-income families. We appreciate the additional options that this proposal would create for LEAs and families and ask that, as the Legislature considers the amendments in the May Revision, they ensure that this alignment continue to be an accessible option for small districts and county offices of education that face challenges in addressing the teacher shortage.

While we understand the concerns that have been raised regarding ratios, we are confident that allowing LEAs the flexibility to adopt 1:12 ratios will not diminish health and safety standards. Two other state childcare programs, the Alternative Payment (AP) program and CalWorks programs, currently maintain 1:12 ratios for programs serving 3 and 4 year olds and there is no evidence that these programs experience greater health and safety violations than programs maintaining a 1:8 ratio. Furthermore, 1:8 will remain the status quo unless an LEA can demonstrate it is able to meet the additional rigorous quality standards that are required for ratio flexibility.

III. Children with Exceptional Needs Should Be Eligible for Unused Preschool Slots.

Research consistently demonstrates that when children with exceptional needs receive early intervention services, their future academic achievement increases and their need for ongoing special education services decreases. We also recognize that early education can significantly close the achievement gap for low-income and at-risk children. For this reason, we appreciate the additional language in the May Revision clarifying that first priority for preschool slots shall continue to be at-risk and low-income children; however, if there are unused slots after all other eligible children are served, children with exceptional needs may be enrolled.

We also thank you for adopting other important proposals that will better streamline early childhood education programs relating to:

- The use of electronic applications and signatures for families to access childcare/preschool;
- Update the Homeless Youth Definition to Align with Federal Provisions; and,
- Transitional Kindergarten Instructional Minutes.

We believe that the Governor's proposal is a positive and significant step towards expanding access to quality early education programs and creating a more coherent ECE system in California. We look forward to working with the Legislature and the Administration to create solutions that will help us to better serve more of California's children.

Sincerely,

ECE Flexibilities Supporters (*logos listed above*)

cc: Members, Senate Budget and Fiscal Review Subcommittee #1
Members, Assembly Budget Subcommittee #2
Honorable Edmund G. Brown, Jr.
Karen Stapf Walters, Executive Director, State Board of Education
Jennifer Johnson, Deputy Legislative Secretary, Office of Governor Brown
Jeff Bell, Program Budget Manager, Department of Finance
Katie Hardeman, Consultant, Assembly Budget Committee
Misty Feusahrens, Office of Assembly Speaker Anthony Rendon
Robert Becker, Consultant, Assembly Republican Caucus
Elisa Wynne, Consultant, Senate Budget and Fiscal Review Committee
Kimberly Rodriguez, Education Adviser, Office of Senate Pro Tem Kevin de Leon
Cheryl Black, Consultant, Senate Republican Caucus