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## 2017-18 BUDGET CONFERENCE COMMITTEE TAKES ACTION

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*By Martha Alvarez, Legislative Advocate, ACSA Governmental Relations*  
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The Legislative Budget Conference Committee has completed its work to reconcile the differences between the houses on the 2017-18 State Budget. The governor succeeded in holding the line with his more conservative revenue assumptions and contributing additional funding into the state's Rainy Day Fund for a total balance of \$8.5 billion. By the end of 2017-18, this amount will constitute 66 percent of the constitutional goal of having 10 percent of tax revenues in the state's reserves.

The Conference Committee compromise reflects the Legislature's top priorities, including restoring funding for schools and early childhood education, making college more accessible and affordable for California students, and improving the state's transportation infrastructure through recently enacted gas tax increases. As for the overall education package, both houses agreed to distribute \$876 million in one-time discretionary funding on a per Average Daily Attendance basis in 2017-18 instead of delaying the disbursement to May 2019, a big win for the education management community that lobbied against this action.

It should be noted that the majority of budget Trailer Bill Language is still unavailable and nothing is final until signed by the governor. ACSA believes that the main budget and corresponding budget trailer bills will be passed on June 15<sup>th</sup> to meet the Legislature's constitutional deadline.

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

### **Revenues and overall Proposition 98 spending**

The Conference Committee adopted the governor's May Revision General Fund (GF) revenue estimates, but also adopted the Legislative Analyst's Office (LAO) slightly higher local property tax estimates with the intent of generating approximately \$150 million in additional non-Proposition 98 revenue for other non-education priorities in 2017-18.

Despite the persistent advocacy of ACSA and the Education Coalition, the Conference Committee approved Governor Brown's proposal to waive the Proposition 98 3B Supplemental Payment from 2016-17 through 2020-21, thus reducing the funding for Proposition 98 in the out-years by close to an estimated \$1.2 billion. The Brown administration has indicated this amount would be repaid to schools through future maintenance factor payments, and this action appealed to the Legislature as a way of having greater flexibility to deal with the uncertainty of revenue forecasts.

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

- \$69.1 billion for 2015-16
- \$71.4 billion for 2016-17
- \$74.5 billion for 2017-18

## Local Control Funding Formula

The governor's May Revision increased LCFF funding by \$636 million from January to \$1.387 billion for school districts and charters. While the **final agreement was slightly lowered by \$25 million for a total of \$1.362 billion in 2017-18**, the Legislature and governor continued to prioritize ongoing Proposition 98 funding to bring school districts and charter schools close to 97 percent of the implementation target levels. The Department of Finance estimates the state is \$2.5 billion away from reaching the targets.

## One-time discretionary funds/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 \$1.012 billion (\$170 per ADA), which also pays down the K-12 education mandates backlog. However, this higher amount came with a controversial proposal to disburse this funding in May 2019, contingent upon the Proposition 98 minimum guarantee level in 2017-18 remaining at the level adopted in the 2017-18 Budget Act.

As a result of effective advocacy by ACSA and other members of the Education Coalition to reject the contingency language, the **final agreement includes a necessary trade-off providing a reduced amount of \$876.6 million (estimated \$146 per ADA) that will be apportioned to Local Education Agencies (LEAs) in the 2017-18 fiscal year**. As has been the case the past four years, the budget includes legislative intent language that these funds are to be used for investing in the implementation of state-adopted academic content standards, upgrading technology infrastructure, providing professional development, supporting beginning teacher induction, and addressing deferred maintenance projects.

## Teacher Workforce Package

In the May Revision, the administration proposed using \$11.3 million in federal Title II funds for a one-year competitive grant program to assist LEAs with attracting and supporting the preparation and continued learning of teachers, principals and other school leaders. The Conference Committee approved the use of these funds for the Commission on Teacher Credentialing, in conjunction with the California Center on Teaching Careers, to establish the California Educator Development (CaED) Program to assist a minimum of 30 grant recipients statewide in amounts between \$100,000 and \$1.25 million each. The majority of the funds will be allocated to grant recipients for activities that support principals and other school leaders. The remaining amount will be used to support grant recipients for activities that result in new credentials authorizing teachers to provide instruction in special education, mathematics, science and bilingual education. As a condition of receiving a grant, grant recipients will be expected to provide an equal match of resources for any funding received from this program to supplement the grant award. Additional information on the Request for Proposals will likely be available in the coming weeks and months. For preliminary details, see [Senate Bill 83, Section 73](#).

In addition to approving this proposal, the Legislature introduced earlier this year more than a dozen bills aimed at addressing the teacher shortage challenges school districts are facing statewide. Most of the proposals came with a price tag and were set aside pending budget negotiations with the governor – but the sheer number of bills suggests legislative leaders are serious about improving teacher recruitment efforts and employment conditions. The budget deal expands upon Gov. Brown's May Revision proposal to address the state's growing teacher shortage and the need for additional professional development in particular subject areas.

- 1) \$25 million in one-time Proposition 98 funding to expand the **Classified School Employee Teacher Credentialing Program** to provide up to five-year grants to an additional 1,000

classified school employees to pursue their teaching credential – for program details, see previous California Commission on Teaching Credentialing [Request for Proposal](#).

- 2) \$10 million in one-time Proposition 98 funding to support the **History/Social Science and Health Curriculum Frameworks**. Activities may include regional trainings and professional development available for teachers, administrators and paraprofessionals and the development of an online repository of resources available to support instruction.
- 3) \$5 million in one-time Proposition 98 funding to establish a **Bilingual Teacher Professional Development Program** for teachers seeking to provide instruction in bilingual and multilingual settings. The program will be administered by the California Department of Education in consultation with CTC, with a goal of awarding a minimum of five grants through a competitive process. For preliminary details, see [Senate Bill 83, Section 54](#).

### Early Childhood Education flexibilities

Since January, ACSA has been actively supporting the governor’s early childhood education proposals to provide administrative efficiencies for early education providers and to give LEAs the option to blend State Preschool and Transitional Kindergarten programs. Under earlier budget actions, both houses **approved policies** to allow for providers to use electronic applications for families applying for subsidized child care; align the state’s definition of homelessness with the federal McKinney-Vento Act for purposes of child care eligibility; allow children with exceptional needs whose families exceed income eligibility requirements to access part-day State Preschool, if all other eligible children have been served; and allow for LEAs to align program minutes for State Preschool and Transitional Kindergarten at the same or different school sites.

Despite opposition from private early childhood education providers and advocacy organizations, one of the most favorable budget TBL proposals was also **adopted** in the final budget to exempt State Preschool Programs operated in a Field-Act approved facility from Title 22 requirements so long health and safety requirements are met. By October 1, 2017, the Legislative Analyst Office will be required to convene a stakeholder group to evaluate existing Title 22 requirements and come back with recommendations to the Department of Finance and Department of Education by March 15, 2018.

Both houses also took action to provide \$25 million in General Fund revenues to **update the state’s outdated income eligibility requirements** for subsidized childcare and preschool to 70 percent of the most recent State Median Income (SMI). The compromise also includes policy changes that provide that a family, upon establishing initial eligibility or ongoing eligibility for services, shall be considered to meet all eligibility and need requirements for those services for not less than 12 months before having their eligibility or need recertified. The change to provide continuous 12 month eligibility and the updated income eligibility thresholds to recognize the increased minimum wage that is preventing families from accessing childcare and preschool services are welcomed modifications to the program that is responsive to school administrators’ and parents’ desire to resolve these issues.

### Career Technical Education (CTE)

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). While the Assembly suggested \$300 million in ongoing Proposition 98 funding to establish the Career Technical Education Grant Program, as proposed by [AB 445 \(Cunningham\)](#), the final budget does not extend CTE funding beyond the 2017-18 fiscal year appropriation for existing grant recipients. Instead, Assemblymember Kevin McCarty, Chair of the Assembly Budget Subcommittee on School Finance, indicated during budget deliberations that the budget committees will be holding informational hearings this summer and fall to

explore how school districts have been spending their LCFF funds to support CTE programs. To the extent these CTE programs are not being funded at the local level, Chairman McCarty stated that the legislature would seek to remedy the issue in future budget negotiations.

### 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 and mental health and drug treatment. The budget agreement includes a second-year appropriation of \$10.7 million in one-time Proposition 98 funding for the California Department of Education (CDE) to provide grants through the Learning Communities for School Success Program – for additional details on funding opportunities, see [CDE's website](#).

### K-12 Mandate Block Grant

ACSA is pleased to see the final budget includes a Cost-Of-Living-Adjustment (COLA) of approximately \$3.5 million for the K-12 Mandate Block Grant in 2017-18, as this is an issue for which we have been advocating for since earlier this year. While the state has increased the total block grant funding when new mandates were added on a case-by-case basis, the state has not provided a COLA to allow LEAs to maintain their purchasing power. The final budget also includes an additional \$8.5 million for including training of school employee mandated reporters in the K-12 Mandates Block Grant, as well as the inclusion of the CAASPP new computer-based statewide assessments mandate.

### Charter School Facilities Incentive Grant

The Conference Committee approved the governor's proposed Trailer Bill Language to increase eligible grant awards for charter schools participating in the Charter School Facilities Incentive Grant Program. The current program allows charter schools to receive a maximum of \$750 per unit of Average Daily Attendance, or up to 75 percent of the annual facilities rent and lease costs for the charter school. These changes will increase the eligible amount to \$1,117 per unit of ADA in 2017-18 (adjusted by COLA annually thereafter) or 75 percent of the annual facilities rent and lease costs for the charter school, whichever is less.

### Other Investments in K-12 Education

- \$500 million in Proposition 98 funding on an ongoing bases for the **Adult Education Block Grant**.
- \$376.2 million for the last apportionment of the five-year one-time K-12 **Proposition 39 Energy Efficiency Grants**, with a one year extension of the encumbrance date for the funds received for these purposes by June 30, 2019. .
- \$50 million to augment the **After School Education and Safety Program**.
- \$10 million in one-time Proposition 98 funding for the Department of Social Services to provide funding to school districts with **high refugee populations**, consistent with the allocation methodology used for the federal Refugee School Impact grant program.
- \$7 million ongoing Proposition 98 funding for County Offices of Education (COEs) to support workload related to the review and approval of LCAPs submitted by districts within the county.
- \$5 million in one-time Proposition 98 funding for the California Historical Society to engage in a **History Social Science Pilot** to collect archival resources to offer teachers and students a collection of primary and secondary resources, lesson plans, and related instructional materials.
- \$4 million in one-time Proposition 98 funding for the existing **California Regional Environmental Education Community Network** to provide technical assistance and

disseminate information to LEAs on how to integrate high-quality environmental literacy in curriculum – for preliminary details, see [SB 424 \(Allen\)](#).

- \$2.5 million in one-time Proposition 98 funding for **Title XI training** and guidance to help LEAs comply with state and federal law provisions to prevent and address sexual harassment and violence.
- \$1.5 million for the establishment of the **California-Grown Fresh School Meals Grant Program** to expand the number of freshly prepared school meals, as proposed by [SB 782 \(Skinner\)](#).
- \$502,000 in one-time Proposition 98 funds to support professional development for instructional leaders on the California Next Generation Science Standards through the **CAASPP Science Academy**.
- \$350,000 in one-time Proposition 98 funds for the development of an **electronic LCAP template**.
- \$50,000 in one-time Proposition 98 funds for the CDE to contract with the San Joaquin COE to develop a mobile application for the new **California School Dashboard** to provide accessible information to the public.

### Proposed Budget Trailer Bill Language

While the final budget Trailer Bill Language (TBL) will not be made available until next week, there are several highlights worth mentioning.

As expected, the Brown administration unveiled proposed TBL to require public employers to provide exclusive representatives of public employees access to its **new employee orientation** during whatever process a public employer uses to advise new hires of their employment status, rights, benefits, etc., but avoids prescriptive language related to the details of this access. Instead, the parties must reach mutual agreement regarding the structure, time and manner of union access to new employee orientations. The TBL specifies an arbitration process for disputes between the public employer and the exclusive representative, among other provisions. For additional details, see [Senate Bill 104, Section 2, Chapter 11.5](#).

Earlier in the spring, the Department of Finance proposed TBL that requires **K-12 School Facility Program bond expenditures** to be included in the annual K-12 Audit Guide. To the extent ineligible expenses were identified, the language specified that funds could be withheld from the LEA's principal apportionment of Proposition 98 funding from the state. As a result of advocacy from the Coalition for Adequate School Housing, ACSA and other entities, the Conference Committee approved the Assembly's modified language to allow ineligible expenditures to be repaid using any local funding source, an action consistent with current law and Proposition 51 passed by the voters in 2016.

The Conference Committee also approved TBL that would extend the sunset date of the **District of Choice Program** by five years until July 1, 2023. A school district of choice will be required to register as a school district of choice with both the State Superintendent of Public Instruction and the county board of education where the school district of choice is located. The TBL makes several changes to the program and expands reporting requirements. For additional details, see [Senate Bill 83, Sections 32 through 44](#).

### 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:

- Assembly’s \$25 million one-time Proposition 98 funding to establish a **pilot teacher residency program**, as proposed by [AB 1217 \(Bocanegra\)](#).
- Assembly’s \$25 million one-time Proposition 98 funding to establish the **Golden State Teacher Grant Program** to provide up to \$20,000 in grants in high-need fields for four years after a student receives a preliminary teaching credential, as proposed by [AB 169 \(O'Donnell\)](#).
- Assembly’s \$20 million one-time Proposition 98 funding to provide grants to cover start-up costs through a Magnet Schools Grant Program, as proposed by [AB 716 \(O'Donnell\)](#).

## Next Steps

The Legislature has until June 15 to vote on a budget and it is expected to pass with majority votes by 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.

We will provide further updates as warranted. Please do not hesitate to contact Martha Alvarez, ACSA Legislative Advocate, at [malvarez@acsa.org](mailto:malvarez@acsa.org) if you have any questions or comments.