

Zaragoza-Diaz & Associates

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MEMORANDUM

Date: June 20, 2013

To: CABE Board Members

Subject: Highlights of 2013-14 State Budget, K-12 Public Education Component Passed by the Legislature

Cc:

The California Legislature approved the proposed 2013-14 State Budget that begins July 1, 2013 and a series of trailer budget series last week Friday (June 14, 2013) and Saturday (June 15, 2014). The Legislature accomplished these actions well before the constitutional deadline (June 15) to pass a statutory budget.

The proposed budget and trailers bills (AB 110: 2013-14 State Budget, AB 86: Education Budget Trailer Bill, AB 97: Local Control Funding Formula Trailer Bill) are now on the Governor's desk for action. Governor Brown has 12 days to act after receiving the bills. It will be interesting to see what he "blue pencils" (eliminates from the budget).

Expect to see other budget trailer bills introduced for "clean-up" purposes due to the fact that the language for many of these bills were written behind "closed doors" with very little opportunity for review and input by the public and by legislators.

I. 2013-14 State Budget - General Comments

- ❖ Is based upon the governor's more conservative estimate of revenues.
- ❖ Includes an extra \$15 billion in revenue through June 2020 due to voter approval of Proposition 30, which increased income taxes on high earners and raised sales taxes.
- ❖ Provides a \$96.3 billion spending plan with a \$1.1 billion reserve.
- ❖ Pays down \$4.2 billion in budget debt, including over \$2.1 billion in deferrals to schools.
- ❖ Assumes size of state workforce will remain flat, but includes money for previously approved salary increases.
- ❖ No new salary increases or furlough days are anticipated during the fiscal year, but Governor Brown and the largest state employee union (SEIU Local 1000) have tentatively agreed to a 4.5% raise that would be implemented on July 1, 2014 and July 1, 2015.

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II. K-12 Public Education

- ❖ Proposition 98 Funding at \$56.5 billion for 2012-13 and \$55.3 billion in 2013-14.
- ❖ \$1.25 billion for implementation of common core standards. One time Prop.98 funds provided on a per ADA basis to be spent over a two-year period that can be used for instructional materials, professional development, technology costs associated with implementation of the common core standards instruction and assessments.
- ❖ \$4.3 billion to buy down deferrals over 2 years; \$4.1 billion in 2012-13 and \$266 million in 2013-14. This is \$667 million less than the Governor proposed in May leaving an outstanding K-14 deferral of approximately \$6.2 billion.
- ❖ \$250 million for Career & Technical Education Pathway Grants. The funds are one-time funds for competitive grants to school districts, county superintendents of schools, charter schools and community college districts for expenditure in the 2013-14 to 2015-16 fiscal years. These Grants would be available for K-14 career pathway programs that meet a number of specified requirements, including leveraging existing programs such as ROCPs and CPAs, as well a private, public and philanthropic funding.
- ❖ \$381 million in Prop 39 funding for K-12 schools and \$47 million for community colleges for implementation of Prop 39 Energy Efficiency.
- ❖ **Adult Education:**
 - Requires county offices of education and school districts that spent funds on Adult Education in 2012-13 to spend the same level of funding on those programs in 2013-14 and 2014-15.
 - The Chancellor of the California Community College and the California Dept of Education to jointly provide 2-year planning and implementation grants to regional consortia of community college districts and school districts for the purpose of developing regional plans for adult education.
- ❖ **Local Control Funding Formula**
 - \$2.1 billion for implementation of the Local Control Funding Formula
 - Calls for an 8 year implementation, ending in 2020-21 (instead of 7 years as was originally proposed).
 - Provides additional funding to nearly all districts for which fully implemented LCFF targets would be below 2007-08 state funding levels. 2007-08 was the pre-recession highest funding level for
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schools. Does not provide this additional funding for a small number of districts with exceptionally high rates.

- Provides for a “hold harmless” provision in which no district would receive less money in the budget year than they do currently.
 - **Base Grant:** Provides for a statewide average base grant of \$7,640 (including average grade level add-ons for class size reduction & CTE); an average of \$537 more per student. The specific amounts will vary, depending on the grade of the student, with high school students receiving the most (approximately \$8,410). Base grant is to cover most of the categorical programs that districts had in 2007-08, such as teacher training, instructional materials, and building maintenance. This is an increase over May Revise proposal of \$6,816 per pupil.
 - **Supplement Grant:** To accommodate the bigger base grant, the supplemental grant was reduced from 35% to 20% of the base grant; \$1,470 for English Learner and low-income students.
 - **Concentration Grant:** Increases grant from 35% of base funding to 50% in which 55% percent of students are English Learners or low-income students; \$3,676 per student. This funding is on top of the supplemental grant funding.
 - **SBE Regulations:** Requires the State Board of Education to adopt regulations that govern the expenditure of the supplemental and concentration grant funding. These regulations are to include, but not be limited to: 1) require school districts, COEs and charter schools to “increase or improve services” for unduplicated pupils in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated pupils (ELs and low income students) and 2) authorize a school district, COE or charter school to use funds apportioned on the basis of the number of unduplicated pupils for school wide purposes or for school districts, district wide purposes or for charter schools, charter wide purposes.
 - **Programs Excluded from LCFF:** Maintains several programs separate from the LCFF including Foster Youth Services, Adults in Correctional facilities, Apprenticeship Programs, Specialized Secondary Programs, Agricultural Vocations Education and Partnership Academies.
- ❖ **Local Control Accountability Plan**
- General accountability provisions regarding the use of Supplemental and concentration grants
 - Adoption of a district budget aligned with the district’s Local Control Accountability Plan (LCAP).
 - Specified duties required of the State Superintendent of Public instruction and the county offices of education in their new roles of reviewing and approving district budgets and the LCAPs.
 - State Board of Education given the responsibility to develop

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standards and template for the LCAP.

❖ Child Care

- Provides \$71 million above the governor's plan, including \$30 Million for 8,100 part-day subsidized slots for children of pre-school age.
- \$25.6 million for 3,300 full-day slots
- \$15.8 million to make up for federal child care cuts due to federal sequestration.

❖ Higher Education

- Provides an average 5 percent general fund increase to California State University, the University of California and community colleges.
- No fee increases are envisioned through 2016-17.
- Authorizes scholarships, beginning in the 2014-15 academic year, for UC & CSU students whose families earn as much as \$150,000 annually.
- Rejects governor's January proposal to cap the number of credits students can take at the resident tuition rate.

III. General Comments

Please note, these are highlights of some of the components of the 2013-14 State Budget now on the Governor's desk. Please stay tuned for more details on the K-12 public education component.

We were successful in:

- Eliminating the 7 year supplemental and concentration funding cap placed on English Learners
- Funding and 0.5 position for CDE to begin collecting data on Long Term English Learners
- Funding to CDE for the translation of parent notification and templates.
- Requiring the establishment of and funding of District English Learners advisory Committees but not school site English Learner Advisory Committees.

We continued to put pressure on the Administration to include language specifically stating that the supplemental funds were to be spent only on the students generating that money. While that language is not in the budget or in any of the trailer bills, "compromise" language was developed stating programs and services were to "increase or improve services" in proportion to the increase in funds received on the basis of the unduplicated count of ELs and low income students. Additionally, English Learners will only be counted once

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(unduplicated count) when calculating the supplemental and concentration grants.

The State Board of Education has a very important role in the implementation of the LCFF. It has been given the responsibility to develop the template of the Local Control Accountability Plan as well as criteria. It also has been given the responsibility for the development of regulations regarding the expenditure of the supplemental and concentration grant funding.

As you know the implications of this new school finance system on students who are English Learners is enormous. We will need to continue to work with the State Board of Education and participating/monitoring their activities in this area. Additionally we need to develop a campaign around how to engage parents of English Learners at the local level regarding the development and implementation of the Local Control and Accountability Plan.

Stay tuned for future updates.