



Governor’s Proposals for the 2018-2019 State Budget and K-12 Education

Business Services

INSIDE THIS ISSUE:

2018-2019 State Budget	1
Economic Outlook	1
Rainy Day Fund	1
Local Control Funding Formula (LCFF)	1
One Time Funds	1
Career Technical Education	2
What’s Not In This Budget	2
The Road to Enacting the State Budget	2

2018-2019 State Budget Proposals

Jerry Brown provided the proposed 2018-2019 State budget on Wednesday, January 10, 2018. Review these proposed changes and learn how they may affect the North Monterey County Unified School District next year. Together, staff, union leaders, and board members attended a workshop presented by School Services of California in Sacramento on January 16, 2018 to learn about the upcoming changes. What follows is a brief summary of the information provided.

Economic Outlook

The talk of the town is around the Federal Tax plan; its true effects on the economy are still largely unknown. How the new plan will affect California is still up in the air, but critics of the plan argue that it will hit some California taxpayers particularly hard by limiting the deduction of state and local taxes. On the California economic front, Governor Brown stressed that the current recovery period California is experiencing is the second longest period of recovery since WWII, and if it continues through next year it will end up being the longest period of economic expansion.

Rainy Day Fund

The 2018-2019 plan reflects a healthy one time surplus, thereby adding \$5.05 billion to the State’s Rainy Day Fund. By the end of Fiscal Year 2017-2018, the Rainy Day Fund will be at 65% of the target. By adding payments in Fiscal Year 2018-2019, the balance is projected to be at \$13.5 billion.

Local Control Funding Formula (LCFF)

By adding to the current formula, the Governor proposes to fully fund the LCFF and bring to full implementation the formula two years ahead of schedule. This round of funding is estimated to completely close the gap by bringing schools to the 2017-2018 funding levels by fully funding to the LCFF target. The 2018-2019 base grants are adjusted for COLA by an estimated 2.51%, and combined with growth will provide an average increase in per pupil spending of \$550 per ADA.

One Time Funds

Another round of one-time discretionary funding is currently planned for K-12 education; early estimates have this projected at \$295 per pupil. But as we have seen in the past, you can expect that this estimate will change by the time the May revise rolls around.

Career Technical Education

While the proposal does not include continued funding for the CTEIG program, the legislature is interested in finding an ongoing state funding source. AB 1743 would reauthorize the CTEIG program for three additional years, if successful. The District would be required to apply for competitive funding.

What's Not In This Budget

No additional funding is proposed for the following critical items:

1. Increasing the Statewide Base Grants in order to reach the funding level of the top ten states.
 2. No relief for the growing employer contribution increases to the California Teacher's Retirement System (CalSTRS) and the California Public Employee's Retirement System (CalPERS).
 3. No increase for Home to School Transportation; not even modest COLA increases!
-



The Road to Enacting the State Budget

The State Budget process is complicated and covers a six month period, and the Governor's proposal marks the beginning of the process, not the end. Here is a snapshot of the process between the Governor's Proposal and the May Revision:

1. January 10 Governor introduces State Budget proposal, budget bill introduced in both houses shortly thereafter.
 2. February budget trailer bills are released providing critical details to the January proposal.
 3. Early Spring budget subcommittees examine Governor's and legislative proposals; some policy decisions are made, but most funding decisions are delayed until the May Revision.
 4. May Revision budget proposal by Governor is presented with any modifications.
 5. Legislative review and compromises are discussed and hopefully a budget deal is reached and approved at both the house and senate, then sent to the Governor to sign in June.
 6. Details of the approved, signed budget are forthcoming over a few months (usually July, August, September).
-

For detailed information, review the following documents:

- [Governor's Proposal for the 2018-19 State Budget and K-12 Education](#)
- [The Fiscal Report – Themes for the 2018 Governor's Budget](#)