

June 11, 2013



## **Budget Update: Conference Committee Acts**

Prepared by Andrea Ball, Legislative Advocate

The Budget Conference Committee completed its work on Monday evening, June 10. The Legislature intends to meet the June 15 constitutional deadline to pass a budget, and floor votes are expected Friday or Saturday.

As has been noted in media reports, the budget represents compromise. Throughout Monday's three-hour hearing of the Conference Committee, there was only a handful of items on which there was clearly no compromise between the Legislature and the Brown administration. Of course, the governor has the last hand—with the blue pencil.

### **State revenues**

The package will use the governor's May Revision revenue projections, which are more conservative than those of the Legislative Analyst's Office. However, Conference Committee chair Sen. Mark Leno, D-San Francisco, noted that the Legislature and governor could revisit revenues in January with the governor's next budget. At a Tuesday afternoon press conference with the governor, Senate President pro Tem Darrell Steinberg, D-Sacramento, and Speaker John Perez, D-Los Angeles, a reporter asked the governor if there was a commitment to do so. The governor said they would take it one step at a time.

### **Proposition 98 spending**

The Proposition 98 spending levels are very close to the governor's May Revision proposals. Current-year spending comes to \$56.5 billion (\$15 million less than the May Revision to \$55.3 billion (\$22 million higher than the May Revision).

### **Deferral pay-downs**

The two-year total in buy-down of deferrals is \$4.3 billion, very close to the total originally proposed by the governor. However, in the 2013-14 budget year the buy-down is \$654 million less than the May Revision.

### **Local Control Funding Formula**

Thanks to strong advocacy by CSBA members and others in the education community, the Legislature and governor developed a compromise for the Local Control Funding Formula (LCFF) that commits to restore districts to their 2007-08 funding level. The Base Grant has been raised \$537 for all districts and an Economic Recovery Payment will be provided to virtually all those districts that would not get to their 2007-08 levels under the LCFF formula.

#### *Implementation*

LCFF will begin in the 2013-14 budget year and it is estimated to take eight years for full implementation.

### *Changes to Supplemental and Concentration Grants*

- Supplemental Grants are now 20 percent of the (higher) Base Grant and they are still based on unduplicated counts of English learners, students from low-income families, and foster youth.
- Concentration Grants are now 50 percent of the (higher) Base Grant and the threshold has been increased: Districts will receive Concentration Grants for unduplicated counts of disadvantaged students over 55 percent of the district enrollment.

### *Grade-span supplements*

It appears that other grade-span augmentations remain as proposed in the May Revision:

- K-3 class-size reduction supplement with requirement to work to a 24:1 ratio unless a different ratio is part of a local bargaining agreement.
- 9-12 grade span for career technical education and college readiness.

### *Other program add-ons*

- Adult education: Districts must spend as much on adult education in 2013-14 and 2014-15 as they did in 2012-13. The Conference Committee agreement remains silent on 2015-16 and, in a separate allocation, provides \$25 million for planning grants to community colleges and K-12 to increase collaboration. The grants will go out pursuant to trailer bill language.
- ROPs: Districts will be required to spend as much on ROPs in 2013-14 and 2014-15 as they did in 2012-13. The agreement is silent on 2015-16, and we expect legislative and administration activity on this issue in the future.
- Home to School Transportation grant and Targeted Instructional Improvement Grant: remain as proposed in the May Revision, add-ons to district LCFF grants.

### *One program pulled out of LCFF*

The Foster Youth Services Program was pulled out of the LCFF. This program will remain a separate categorical and is funded at \$15.1 million.

### *Accountability*

The administration and Legislature agreed to refer much of the detail of accountability to the state superintendent of public instruction and the State Board of Education. Even after release of the May Revision, the administration noted that accountability was still a work in progress. The Department of Finance provided a broad outline at Monday's Conference Committee hearing: Accountability will begin with a local district plan. Districts are expected to improve student achievement and close achievement gaps. Technical assistance and help will be provided to districts that do not make progress. Upon continued lack of progress the state superintendent and State Board of Education may intervene. The roles of the county offices of education and of a FCMAT-like entity were not discussed during the hearing.

### **Common Core**

The conference compromise includes \$1 billion of current-year one-time funds to go out pursuant to the budget trailer bill and \$250 million in the 2013-14 budget year. As all districts are faced with increasing demands for professional development, instructional materials and education technology, we believe this is a wise investment.

### **Proposition 39 energy projects**

A compromise proposal was approved that includes elements of the governor's proposal as well as elements championed by Assembly Member Nancy Skinner, D-Berkeley, and Senator Kevin de Leon, D-Los Angeles. In brief, \$405 million is allocated to K-12 schools for energy efficiency projects. Of this amount, \$380 million is to be allocated on a per-student basis with weighting for low-income students and small-school minimum guarantees; \$25 million is to be used for a State Energy Conservation Assistance Account (ECAA) for low-interest and no-interest revolving loans and technical assistance. Schools will be provided guidance from the California Energy Commission and will be subject to front-end verification and back-end public tracking and reporting.

### **Career Technical Education Grants**

The Conference Committee approved a budget-year allocation of \$250 million for career technical education grants that are to go out in 2013-14 pursuant to trailer bill language.

### **Preschool and child care**

- The Conference Committee provided a \$30 million augmentation for preschool to increase slots.
- The Assembly's proposals to shift child care programs into Proposition 98 and to provide a \$100 million increase to child care funding were not approved.

### **Special education**

- One disappointment is the limited amount of backfill for the federal sequestration: \$2.6 million to backfill preschool and infant programs. The governor had proposed a little over \$60 million and the Senate had approved \$37 million.
- The Conference Committee provides \$30 million to begin special education equalization.

### **Mandate Block Grant and modification of BIP mandate language**

- The Conference Committee provides an augmentation of \$50 million for the high school science graduation requirement mandate. The governor had proposed to augment by \$100 million and to add the Behavioral Intervention Plan mandate, as well as high school graduation.
- The trailer bill will include language that is intended to reflect federal law. Of concern to CSBA is language that attempts to erase the mandate by offsetting program requirements with federal aid.

### **Charter school proposals**

- Extension of the requirement that school districts provide charter schools first call on purchase or lease of surplus property: The Conference Committee compromise provides an extension of this through June 30, 2016 (the governor had proposed extension through 2018). The Conference Committee also approved trailer bill language to require the charter schools to have 80 or more students enrolled to utilize this provision.
- Allow a countywide benefit charter petition to establish multiple schools within a single petition: This proposal was rejected.

**Next steps**

- The budget bill number is AB 110. It is not yet in print.
- Floor votes expected Friday or Saturday.
- Trailer bill language to implement various budget elements may be voted on the following week.

Background material on the state budget is posted on [CSBA's Legislative News page](#).

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