

Governor's Budget for 2018-19 January 10, 2018

Total Budget

- The 2018-19 General Fund budget is projected to be \$131.7 billion.
- Total state expenditures are projected to be \$190.3 billion. (includes Prop. 98 and special funds).

Proposition 98:

- Proposes K–14 Proposition 98 funding of \$78.3 billion in 2018–19, an increased investment of \$4.6 billion compared to 2017-18.
- Proposes almost \$1.8 billion in discretionary one-time Proposition 98 funding for school districts, charter schools, and county offices of education, along with more than \$70 million in ongoing Proposition 98 funding to expand the state system of technical support for local educational agencies.

Cost-of-Living Adjustment (COLA):

- Funds COLA at 2.51 percent for specified categorical programs funded outside of LCFF, including:
 - \$133.5 million for Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program.

Teacher Workforce:

- The budget proposes \$100 million investment to increase and retain special education teachers:
 - Teacher Residency Grant Program - \$50 million one-time Proposition 98 to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers.
 - Local Solutions Grant Program - \$50 million one-time Proposition 98 to provide one-time competitive grants to LEAs to develop and implement new or expand existing, locally identified solutions that address a local need for special education teachers.

Early Education and Child Care:

In the area of Child Care and Preschool, the Governor offers a proposal to *increase Child Care and Preschool Programs by \$399 Million*, bringing the State's total contribution to Early Childhood Education to nearly \$4.4 billion for child care and preschool programs, including Transitional Kindergarten. This is an increase of 9 percent from 2017-18. Of these funds, \$2.168 Billion is focused on preschool programs and TK.

The proposed budget also:

- ***Increases the Standard Reimbursement Rate by approximately 2.8 percent.*** The Budget includes \$31.6 million Proposition 98 General Fund and \$16.1 million non-Proposition 98 General Fund to fund this increase.
- ***Annualizes Funding for Regional Market Rate (RMR) Increases***, which were implemented January 1, 2018 at a cost of \$21 million. This benches provider rates at the 75th percentile of the 2016 survey.

- **Permanently Extends Hold Harmless for RMR.** The budget includes \$17 million to permanently extend the RMR hold harmless provision so that no provider receives less than it did in 2015-16. Under current law, this provision was set to expire in December 31, 2018.
- **Provides One-time Funding for Early Education Expansion Grant.** The budget includes \$167 million in one-time funding (\$125 million Proposition 98 General Fund and \$42 million TANF) for a competitive grant to increase the availability of inclusive early education care to children ages 0 to 5. The grant will be open to both LEA and non-LEA providers, and can be used for a variety of activities, including facility renovations, training and equipment.
- **Annualizes Funding and Adds New Slots for Full-Day State Preschool** administered by LEAs. The budget includes \$19 million to annualize the 2,959 full-day State Preschool slots for local educational agencies set to be initiated April 1, 2018 and an additional \$8 million to add an additional 2,959 full-day State Preschool slots at local education agencies starting April 1, 2019.
- **Annualizes Funding for Emergency Child Care Bridge Program.** The budget includes an additional \$20 million to annualize the emergency child care bridge program initiated January 1, 2018, for total program funding of \$40 million statewide.
- **Includes a One-time Increase for Quality Services.** The budget includes \$9 million in one-time federal carryover funds for quality improvement activities.
- **Applies COLA and Statutory Growth Adjustment for Non-CalWORKs Child Care Programs.** The budget includes a 2.51 percent COLA for non-CalWORKs child care and State Preschool programs. Unfortunately, there is also a decrease proposed in non-CalWORKs child care and preschool slots to reflect a 0.48 percent negative growth factor based on decreased child population.
- **A Decrease of Federal Child Care and Development and TANF Funds**—A decrease from \$120.1 million in 2017-18 to \$70.6 million in 2018-19. Total TANF and federal Child Care and Development Fund is \$707 million.
- **Creation of a Fully Online Community College that Offers, among other subjects, Child Development Credentialing**--An increase of \$120 million to establish a fully online community college that provides scheduling flexibility and more accessible learning options for the child development workforce.

Home Visiting:

- Home Visiting Initiative—The Budget includes \$26.7 million for a voluntary Home Visiting pilot program, which will continue through 2021 for young, first-time parents in the CalWORKs program.
 - The pilot will leverage existing, evidence-based program models currently being implemented across the state.
 - The Department will work with counties to establish the outcome measures of the pilot so the initiative can be evaluated for effectiveness.
 - A total of \$158.5 million in one-time TANF funds is being reserved for the pilot's total costs through calendar year 2021.