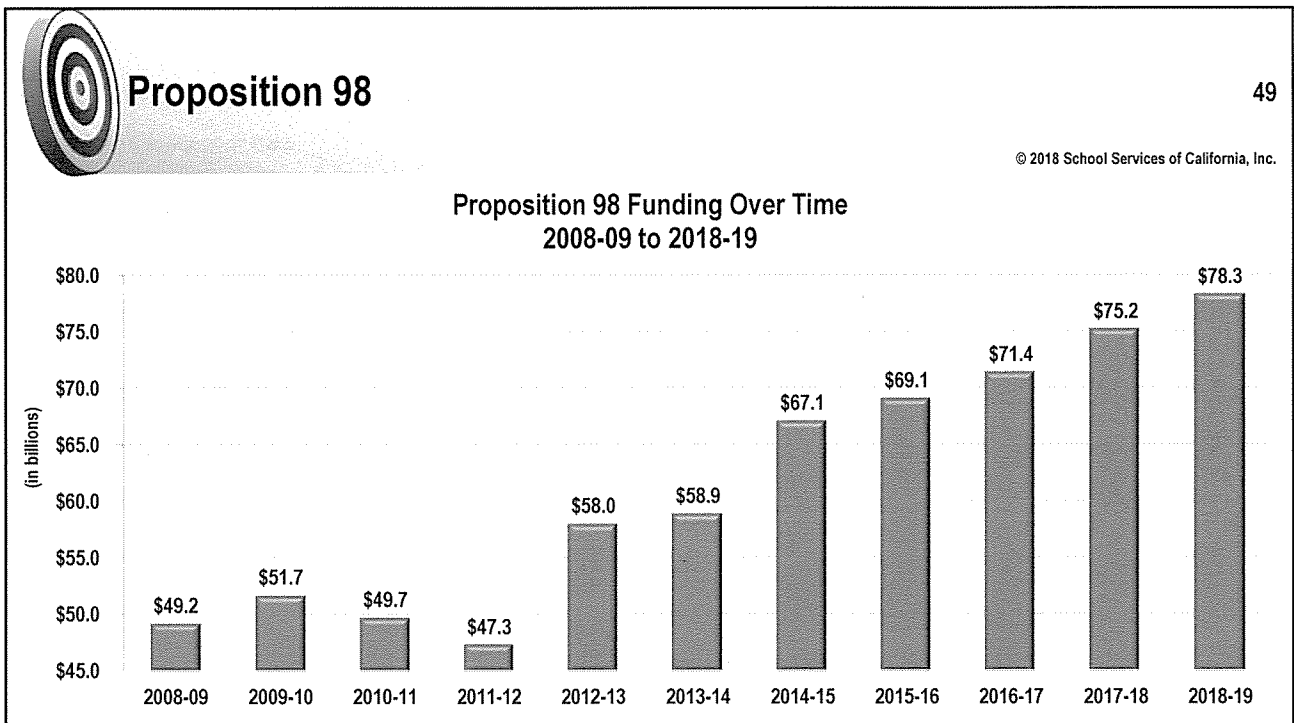
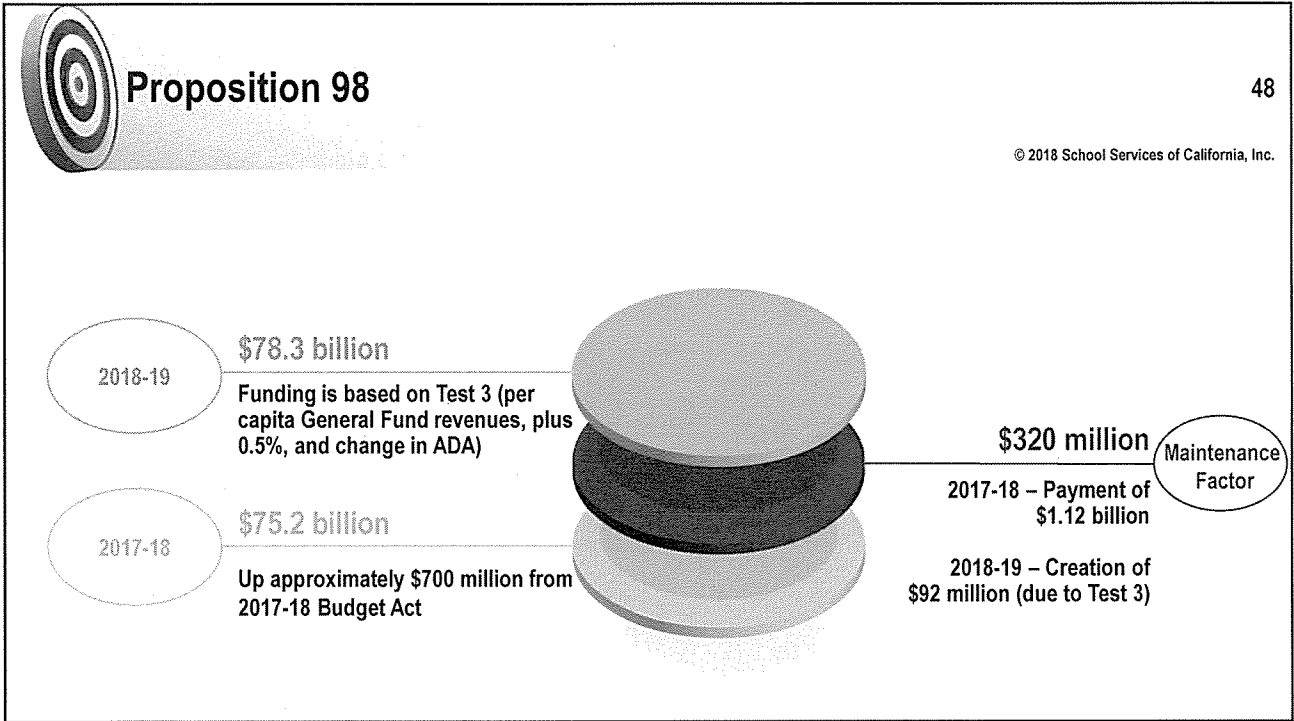
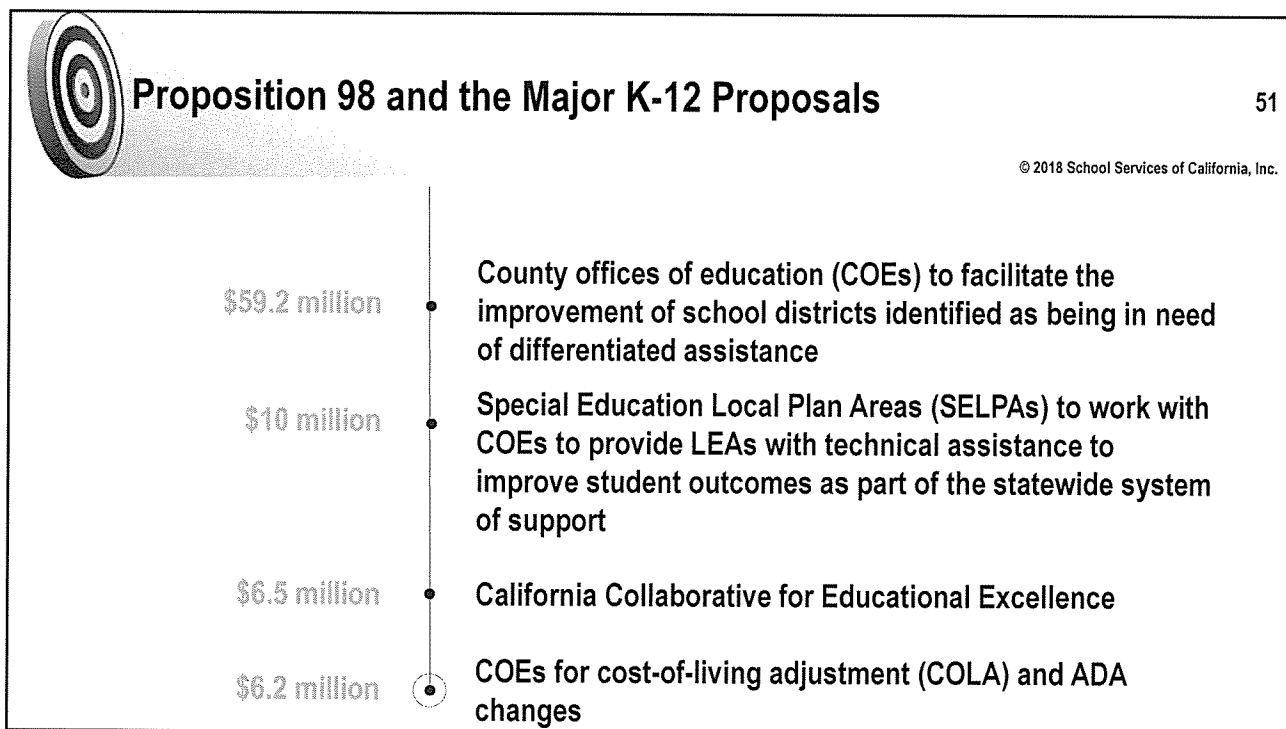
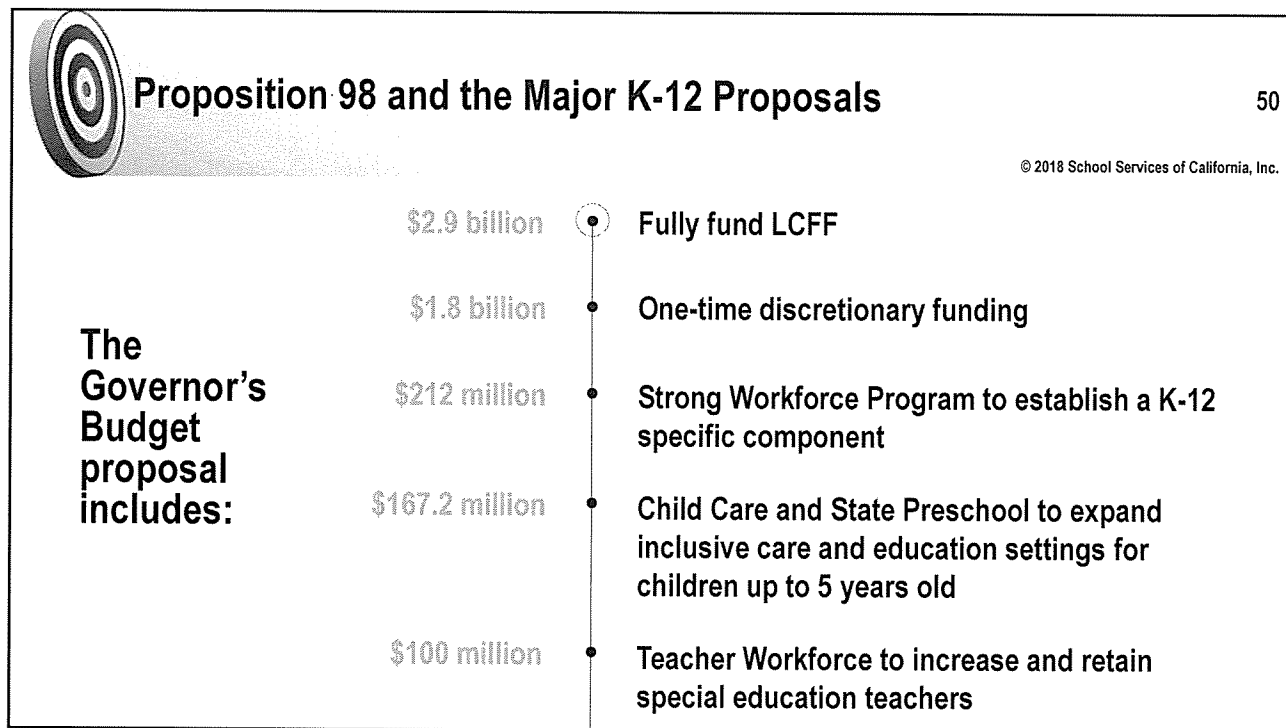


# Governor's Proposals for the 2018-19 State Budget and K-12 Education



# Governor's Proposals for the 2018-19 State Budget and K-12 Education





## What's Not in the Education Budget?

54

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- Compared to past proposed Budgets, the Administration was more proactive this year in proposing new investments that were typically agreed to after negotiations with the Legislature
  - That said, the 2018-19 Budget proposal provides no funding for the following critical items:
    - Increasing the LCFF base grant target to reach the funding level of the top ten states
    - The growing local obligations for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) unfunded liability
    - Home-to-School Transportation programs
    - Increasing and equalizing Assembly Bill (AB) 602 base funding rates for special education



## The Proposition 98 Reserve

55

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- Proposition 2 established a state reserve specifically to protect against cuts to Proposition 98
  - Contributions to the Proposition 98 reserve occur only if four conditions are met

The Proposition 98 maintenance factor is fully repaid

Proposition 98 is funded based on Test 1

Proposition 98 is sufficient for enrollment growth and statutory COLA

Deposit is made into the Proposition 98 reserve when capital gains exceed 8% of General Fund revenues

Met: The maintenance factor has been fully repaid

Not met: Funding based on Test 3 in 2018-19

Met: ADA decline of 0.29% and statutory COLA of 2.51% fully funded

Met: Capital gains revenues account for 9.8% of tax revenues in 2018-19

- If these conditions are met, a hard cap on district reserves is imposed in the following year