

# Building Blocks of K-12 Education Budget



Legislative Analyst's Office

# Sources of Revenues for K-12

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**Total revenue assumed in 2002-03 budget as enacted is \$55.4 billion**

**Proposition 98—\$41.6 billion (75 percent)**

- **General Fund—\$28.7 billion**
- **Local property taxes—\$13 billion**

**Total other funds—\$12.9 billion  
(25 percent)**

# Breakdown of Other K-12 Revenue Sources

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**Federal funds—\$6.4 billion (12 percent)**

**Other local funds—\$4.5 billion (8 percent)**

**Other General Fund—\$2 billion (4 percent)**

**State lottery—\$813 million (1 percent)**

# K-12 Proposition 98 Programs

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***2002-03 Budget Act* included \$41.6 billion in Proposition 98 funding for K-12 education**

**Two key types of programs funded:**

- Revenue limits
- Categorical programs

# Top Five K-12 Proposition 98 2002-03 Expenditures

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- Revenue limits—\$28.6 billion (69 percent)
- Special education—\$2.7 billion (7 percent)
- Class Size Reduction—\$1.7 billion (4 percent)
- Child care—\$1.4 billion (3 percent)
- Targeted Instructional Grant—\$738 million  
(2 percent)
- Cumulative total of top five—\$35.1 billion  
(84 percent)

# Next Five Programs

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**Adult education—\$582 million (1 percent)**

**Home-to-School Transportation—  
\$521 million (1 percent)**

**Economic Impact Aid—\$499 million (1 percent)**

**School improvement—\$429 million (1 percent)**

**Summer school—\$425 million  
(1 percent)**

# Summary of Top 10 Programs

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**Top 10 programs represent \$37.6 billion—90 percent of K-12 Proposition 98 budget. The 60 to 70 other K-12 programs account for only about \$4 billion.**

# Uses of Non-Proposition 98 General Fund

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**Teacher retirement—\$901 million**

**Bond payments—\$804 million**

**State Department of Education—\$162 million**

**California State Library—\$72 million**

**Commission on Teacher Credentialing—  
\$54 million**

**Scholarshare Investment Board—\$29 million**

**Secretary of Education—\$10 million**

# Scope of Problem

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**The proposed budget reduces K-12 Proposition 98 funding by \$1.6 billion compared to the *2002-03 Budget Act*.**

**Most cuts made in SB 18x (Chesbro) were one-time.**

**So Legislature will need to make large reductions in 2003-04.**

# Things to Keep in Mind

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**Special education funding cannot be cut.**

**Keeping child care in Proposition 98 will cost \$286 million more in 2003-04.**

**Holding top 10 programs harmless means cutting remaining programs by 40 percent.**

**About 50 percent of any General Fund revenue increases go to Proposition 98.**

# Options for Reducing Expenditures

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**Reduce revenue limit funding.**

**Make targeted cuts in categorical programs.**

**Make across-the-board cuts in categorical programs.**

# ATTACHMENT 1

<b>Proposition 98 K-12 Budget</b>					
<i>2002-03 and 2003-04</i>					
<b>K-12 Programs</b>	<b>Revised 2002-03</b>	<b>2003-04 Proposed</b>	<b>Percent Change</b>	<b>In Governor's Block Grant?</b>	<b>LAO Block Grant</b>
District apportionments—General Fund portion <sup>a</sup>	\$15,530,643	\$15,081,806	-2.9%	—	—
Special education <sup>a</sup>	2,711,073	2,658,977	-1.9	—	—
Class Size Reduction (CSR)	1,659,336	1,479,650	-10.8	—	Academic
Child development <sup>c</sup>	1,381,056	421,472	-69.5	—	—
Targeted Improvement Grant (TIG) <sup>a</sup>	737,597	662,352	-10.2	Yes	Compensatory
Repayment of 2001-02 TIG deferral	713,360	—	-100.0	—	—
Adult education <sup>a,b</sup>	582,038	500,448	-14.0	Yes	—
Home-to-School Transportation <sup>a</sup>	520,999	471,327	-9.5	Yes	Core
Economic Impact Aid	498,682	438,989	-12.0	Yes	Compensatory
School improvement <sup>a</sup>	429,191	385,972	-10.1	Yes	Academic
Summer school programs <sup>a</sup>	424,726	436,826	2.8	—	Academic and Compensatory
Public School Accountability Act	408,555	288,271	-29.4	—	—
Regional Occupational Centers/Programs <sup>b</sup>	373,181	342,307	-8.3	Yes	Vocational
Instructional Materials Block Grant	292,775	204,492	-30.2	Yes	Core
Supplemental grants <sup>a</sup>	241,739	229,906	-4.9	Yes	All block grants
Staff development days	229,667	202,175	-12.0	Yes	Academic
Deferred maintenance	205,689	181,040	-12.0	Yes	Core
County offices of education apportionments <sup>a</sup>	203,000	207,450	2.2	—	—
High school CSR	110,185	96,995	-12.0	Yes	Academic
Assessments	102,096	101,793	-0.3	—	—
Teacher Recruitment Block Grant	88,650	78,038	-12.0	Yes	Academic
Beginning Teacher Support and Assessment (BTSA)	88,139	75,403	-14.4	Yes	Academic
Year round schools	84,147	56,276	-33.1	—	Core
School safety	82,087	72,261	-12.0	Yes	Core
Staff development	80,939	86,034	6.3	Yes	Academic
Repayment of 2001-02 staff development deferral	76,000	—	-100.0	—	—
Child nutrition	71,632	71,632	—	—	Core
Repayment of 2001-02 performance awards deferral	67,300	—	-100.0	—	—
Repayment of 2001-02 Standardized Testing and Reporting deferral	60,643	—	-100.0	—	—
Gifted and Talented Education <sup>a</sup>	56,536	49,769	-12.0	Yes	Academic
English language learner implementation	53,200	46,832	-12.0	Yes	Compensatory
Proposition 227	50,000	50,000	—	—	—
California School Age Families Education Program	48,846	42,998	-12.0	Yes	Compensatory
Alternative credentialing	37,030	39,814	7.5	—	—
Charter schools <sup>a</sup>	35,650	31,383	-12.0	Yes	All block grants

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# ATTACHMENT 1

K-12 Programs	Revised 2002-03	2003-04 Proposed	Percent Change	In Governor's Block Grant?	LAO Block Grant
California Youth Authority	\$35,536	\$37,358	5.1%	—	—
State special schools	34,292	38,083	11.1	—	—
Community Day School <sup>a</sup>	32,205	28,350	-12.0	Yes	Compensatory
Professional Development Institutes for Math and English	31,728	27,930	-12.0	—	Academic
K-4 Intensive Reading Program <sup>a</sup>	30,549	26,892	-12.0	Yes	Compensatory
Miller-Unruh Reading Program	28,929	25,465	-12.0	Yes	Compensatory
Other adjustments not needing Legislative action	24,166	—	-100.0	—	—
Dropout prevention	21,886	19,266	-12.0	Yes	Compensatory
Partnership Academies	21,671	20,270	-6.5	Yes	Vocational
Adults in correctional facilities	16,067	13,946	-13.2	Yes	—
Apprentice program <sup>a</sup>	15,852	13,955	-12.0	Yes	Vocational
Educational technology	14,510	13,918	-4.1	Yes	County
Department of Mental Health (DMH)	14,451	—	-100.0	—	—
Repayment of 2001-02 BTSa deferral	14,000	—	-100.0	—	—
Deferred maintenance	12,946	11,706	-9.6	—	—
Grade 7-8 Math Academics <sup>a</sup>	12,760	11,232	-12.0	Yes	Compensatory
School library and instructional materials	11,629	20,448	75.8	Yes	Core
Department of Developmental Services	11,448	11,498	0.4	—	—
Tenth grade counseling	11,443	10,073	-12.0	Yes	Academic
School law enforcement partnership	11,328	13,092	15.6	Yes	Core
County office oversight	10,723	8,393	-21.7	—	—
Charter school facility grants	10,000	2,254	-77.5	Yes	All block grants
National board certification	10,000	10,284	2.8	Yes	Academic
California School Information Services local implementation/oversight	9,714	3,726	-61.6	—	—
Teacher recruitment centers	9,400	8,275	-12.0	Yes	County
Foster youth programs	8,752	7,705	-12.0	Yes	—
High-risk youth	8,000	9,683	21.0	Yes	—
Specialized secondary program grants	5,136	4,521	-12.0	Yes	Vocational
Volunteer mentor	5,082	5,017	-1.3	—	—
Agricultural vocational education	4,329	3,811	-12.0	Yes	Vocational
American Indian education centers	3,778	3,452	-8.6	Yes	Compensatory
Mandates	3,436	110,441	3114.2	—	Core
State hospitals (DMH)	3,400	3,400	—	—	—
Opportunity programs	2,611	2,298	-12.0	Yes	Compensatory
Early Intervention for School Success	2,169	1,910	-11.9	Yes	County
Healthy Start	2,000	—	-100.0	Yes	Compensatory
School-to-Career	1,784	—	-100.0	—	—
Advanced Placement grant programs	1,071	7,125	565.3	Yes	Academic
Child nutrition	1,000	880	-12.0	Yes	—
West Contra Costa Fiscal Crisis and Management Assistance Team	800	800	—	—	—
Continuation cost-of-living adjustments	679	—	-100.0	—	—

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# ATTACHMENT 1

K-12 Programs	Revised 2002-03	2003-04 Proposed	Percent Change	In Governor's Block Grant?	LAO Block Grant
Angel Gate Academy (at-risk youth program)	\$600	\$578	-3.7%	—	—
Institute for Computer Technology	574	505	-12.0	Yes	Academic
Indian education	551	486	-11.8	Yes	Compensatory
Reader services for the blind	500	298	-40.4	Yes	—
Civic education	250	220	-12.0	Yes	County
Border residency verification	162	142	-12.3	Yes	Core
Intersegmental programs	74	1,924	2500.0	Yes	Academic
Teacher dismissal apportionments	40	36	-10.0	Yes	Core
Student leadership/California Association of Student Councils	33	30	-9.1	Yes	—
Academic Improvement and Achievement Act	—	4,755	NA	Yes	Academic
Gang risk intervention	—	2,853	NA	Yes	Core
Local arts education partnership grant program	—	5,706	NA	Yes	Academic
Principal training	—	26,154	NA	—	Academic
Military average daily attendance loan repayment	-1,676	-1,676	NA	—	—
Federal fund swap for child care	-78,269	—	NA	—	—
Reversion Account swaps	-491,926	—	NA	—	—
Adjustments for categorical deferrals	-681,000	647,666	NA	—	—
2002-03 deferral of principal apportionment	-1,087,000	—	NA	—	—
<b>Total K-12</b>	<b>\$26,510,560</b>	<b>\$26,319,822</b>	<b>-0.7%</b>		
<p><sup>a</sup> 2002-03 amount includes funds deferred from 2002-03 to 2003-04.</p> <p><sup>b</sup> 2002-03 amount includes funds swapped from the Reversion Account.</p> <p><sup>c</sup> 2002-03 amount includes federal funds swapped for Stage 3 child care.</p>					