



June 2016

Overview of Proposition 98 Conference Issues

All Plans Have Significant Proposition 98 Spending



Governor's Overall Plan

- Governor's plan provides total Proposition 98 funding of \$67.2 billion for 2014-15, \$69.1 billion for 2015-16, and \$71.9 billion for 2016-17.
- Funding in 2016-17 is \$3.5 billion (5.1 percent) higher than the *2015-16 Budget Act* level.



Houses' Overall Plans

- Both houses' plans provide \$7 million less in Proposition 98 funding as the Governor in 2014-15, the same level as the Governor in 2015-16, and \$64 million more than the Governor in 2016-17.
- Both houses' plans are based on LAO local property tax estimates. Across 2014-15, 2015-16, and 2016-17 combined, LAO estimates are \$432 million above the administration. Using LAO estimates decreases the 2014-15 guarantee by \$7 million, has no effect on the 2015-16 guarantee, and increases the 2016-17 guarantee by \$54 million.
- Both houses' plans assume the 2016-17 guarantee is higher by an additional \$10 million due to spending on Proposition 47 dropout and truancy prevention programs.



Overview of Proposition 98 Conference Issues

All Plans Have Significant Proposition 98 Spending

(Continued)

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Proposition 98 Spending by Fund Source			
<i>(In Millions)</i>			
	Governor	Assembly	Senate
2014-15			
General Fund	\$50,029	\$50,029	\$50,029
Local property tax	17,124	17,117	17,117
Minimum Guarantee	\$67,153	\$67,146	\$67,146
2015-16			
General Fund	\$49,773	\$49,612	\$49,612
Local property tax	19,276	19,438	19,438
Minimum Guarantee	\$69,050	\$69,050	\$69,050
2016-17			
General Fund	\$51,105	\$50,891	\$50,891
Local property tax	20,769	21,046	21,046
Minimum Guarantee	\$71,874	\$71,937	\$71,937
Settle-Up Payment	\$218	\$218	\$218



Overview of Proposition 98 Conference Issues Differences in Spending by Segment Relatively Small

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Proposition 98 Spending by Segment				
<i>(In Millions)</i>				
	Governor	Assembly	Senate	Difference (Assembly-Senate)
2015-16				
K-12 education	\$60,182	\$59,968	\$60,182	-\$213
Community colleges	7,983	7,983	7,983	—
Preschool	885	1,098	885	213
Totals	\$69,050	\$69,050	\$69,050	—
2016-17				
K-12 education	\$62,656	\$62,722	\$62,687	\$35
Community colleges	8,295	8,302	8,302	—
Preschool	923	913	948	-35
Totals	\$71,874	\$71,937	\$71,937	—



Overview of Proposition 98 Conference Issues Largest Ongoing Component of All Plans Is LCFF Funding

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Governor's LCFF Funding

- Governor's plan includes \$3 billion in new funding for the Local Control Funding Formula (LCFF) for school districts, bringing total LCFF funding in 2016-17 to \$55.8 billion.
- Funds would close 55 percent of the remaining gap to the LCFF target funding level, with the target level 96 percent funded.



Houses' LCFF Funding

- Assembly provides \$5 million less than the Governor.
- Senate provides \$31 million more than the Governor.



Overview of Proposition 98 Conference Issues

Largest One-Time Component of All Plans Is Education Mandates Backlog Funding

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Proposed One-Time Funding for Education Mandates Backlog^a				
<i>(In Millions)</i>				
	Governor	Assembly	Senate	Difference (Assembly-Senate)
K-12 Education				
2014-15 funds	\$635	\$658	\$673	-\$16
2015-16 funds	586	328	270	58
Settle-up funds	194	194	194	—
Other funds ^b	—	100	100	—
Subtotals	(\$1,416)	(\$1,280)	(\$1,238)	(\$42)
California Community Colleges				
2014-15 funds	\$29	\$29	\$29	—
2015-16 funds	76	76	76	—
Subtotals	(\$106)	(\$106)	(\$106)	(—)
Totals	\$1,521	\$1,385	\$1,343	\$42

^a All plans allow this funding to be used for any locally determined one-time purpose, including maintenance and professional development.
^b Reflects reverted and reappropriated funds.



Overview of Proposition 98 Conference Issues Largest One-Time Component of All Plans Is Education Mandates Backlog Funding

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Remaining Mandates Backlog				
<i>(In Millions)</i>				
	Governor	Assembly	Senate	Difference (Assembly-Senate)
K-12 Education				
Total proposed backlog funding	\$1,416	\$1,280	\$1,238	\$42
Estimated reduction in backlog ^a	664	617	601	15
Remaining backlog	940	988	1,003	-16
California Community Colleges				
Total proposed backlog funding	\$106	\$106	\$106	—
Estimated reduction in backlog ^a	14	14	14	—
Remaining backlog	272	272	272	—
Totals				
Total proposed backlog funding	\$1,521	\$1,385	\$1,343	\$42
Estimated reduction in backlog ^a	678	631	616	15
Remaining backlog	1,213	1,260	1,275	-16

^a Under all plans, proposed backlog funding would be distributed to all local education agencies (LEAs) on a per-student basis. As many LEAs have no remaining mandate claims, the backlog is reduced by less than the funding provided.



Overview of Proposition 98 Conference Issues

Some Differences in Spending for K-12 Education

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K-12 Education Conference Issues^a

(In Millions)

	Governor	Assembly	Senate	Difference (Assembly-Senate)
Increase LCFF funding for schools (ongoing)	\$2,979	\$2,974	\$3,010	-\$37
Pay down K-12 mandate backlog	1,416	1,280	1,238	42
Augment funding for after school programs (ongoing) ^b	—	73	—	73
Augment funding for Multi-Tiered Systems of Support	30	30	10	20
Assist classified employees to earn teaching credentials	—	20	—	20
Augment funding for dropout/truancy prevention grants	—	20	—	20
Increase participation in school breakfast program	—	4	—	4
Fund California Center on Teaching Careers	3	3	7	-5
Provide funding for Student Friendly Services (ongoing)	2	1	2	-1
Provide funding for Student Friendly Services	—	1	—	1
Fund student councils (ongoing) ^c	—	—	—	—
Establish College Readiness Block Grant	—	—	200	-200
Fund teacher residency grants	—	—	60	-60
Fund training on evaluation rubrics through the CCEE	—	—	45	-45
Expand integrated teacher preparation programs ^d	—	—	10	-10
Support school activities conducted by the Special Olympics	—	—	1	—
Fund student councils ^c	—	—	—	—

^a Reflects one-time Proposition 98 spending, unless otherwise specified.

^b Senate applies statutory cost-of-living adjustment to the program starting in 2017-18.

^c Assembly provides \$150,000 ongoing. Senate provides \$150,000 one time.

^d Governor and Assembly provide \$10 million in one-time non-Proposition 98 General Fund for this program.

CCEE = California Collaborative for Educational Excellence and LCFF = Local Control Funding Formula.