June 15, 2016

MEMORANDUM

TO: Scott Day, Associate Executive Director
    Lori Easterling, Manager, Legislative Relations

FROM: Estelle Lemicux, Legislative Advocate

RE: 2016-17 Budget

The following is a summary of the 2016-17 Budget as agreed on and voted on by the Legislature. *Please note, these are only highlights and further details will be forthcoming.* As always, please keep in mind, the Governor has veto power to blue line items.

**Proposition 98 Guarantee**

The Proposition 98 numbers include increased prior year revenues. The increase is a total of $626 million over the three-year period of 2014-15, through 2016-17. Specifically, $463 million in 2014-15, decreases by $125 million in 2015-16 and increases by $288 million in 2016-17. As a result of these increases, the Proposition 98 2016-17 revised total is now at $71.9 billion.

**K-12 Budget**

- ✓ $2.94 billion funding for 2016-17. This brings the formula to a 95.7 percent of full implementation.
- ✓ $1.28 billion in one-time Proposition 98 for discretionary funding. One-time discretionary funding can be spent for numerous programs such as the state-adopted academic standards.
- ✓ No COLA for selected categorical programs.
- ✓ $200 million in one-time Proposition 98 funding for K-12 College Readiness Block Grant for LEA’s to better prepare high school students for admission to college.
- ✓ $20 million in one-time Proposition 98 funding for the Charter School Start Up Grant Program.
- ✓ $20 million in one-time Proposition 98 funding to provide local educational agencies with grants to implement Multi-Tiered Systems of Support (MTSS).
- ✓ $18 million in one-time Proposition 98 funding for the Department of Education to provide grants for dropout and truancy prevention programs through the Proposition 47 grant process.
Proposition 39

$33.3 million increase of energy efficiency funds available to K-12 schools. This will increase the total 2016-17 amount to $398.8 million. The proposal supports school districts and charter school energy efficiency projects for 2016-17.

Early Education and Child Care

✓ The Governor’s Early Education proposal did not make it in this year’s 2016-17 Budget.

✓ Increases Regional Market Rates to the 75 percentile of the 2014 survey as of January 1, 2017—with a two year hold-harmless.

✓ Increase Licensed Exempt Rates from 65 percent to 70 percent of the Family Child Care Home Rate as of January 1, 2017.

✓ Increase Standard Reimbursement Rates by 10 percent across-the-board, effective January 1, 2017.

✓ Trailer bill to implement the above provisions and express legislative intent on setting the 85th percentile of the Regional Market Rate as the long term goal for reimbursement rate.

✓ $100 million in Proposition 98 funding for 8,877 additional full-day State Preschool slots to be phased in over 4 years. $7.8 million in 2016-17; $39.6 million in 2017-18; $73.0 million in 2018-19; and $100 million in 2019-20.

Full Day State Preschool Slots

<table>
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<tr>
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<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
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<tbody>
<tr>
<td>COLA (Rate Adjustment)</td>
<td>0.00%</td>
<td>1.11%</td>
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<td>Full-Year Slot Cost</td>
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<td>$10,713</td>
<td>$10,972</td>
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<td>Start Date</td>
<td>March 1, 2017</td>
<td>March 1, 2018</td>
<td>March 1, 2019</td>
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<td>New Full-Year Slots</td>
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<tr>
<td>Costs Over 2016-17</td>
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<td>$39,624,192</td>
<td>$73,049,576</td>
<td>$100,000,000</td>
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</tbody>
</table>

Teacher Workforce

✓ $10 million General Fund one-time investment for grants to California Higher Education instructors to improve upon or develop four-year integrated teacher credential programs. Grants of up to $250,000 would provide the higher education institutions funding to create or improve blended programs. Preference will be given to proposals that include partnerships with community colleges and K-12 local educational agencies.
✓ $5 million Proposition 98 one-time funding for the California Center on Teaching Careers. Funds would be used for a competitive multi-year grant to be administered by the Commission on Teacher Credentialing and awarded to a local educational agency to administer the center.

✓ $20 million in one-time Proposition 98 funding to reestablish the Classified Employee Teacher Credentialing Program to provide grants for classified employees to get their teaching credential.

**SB 828/AB 1600 are this year’s education trailer bills.**

**Community Colleges**

✓ No COLA.

✓ $114.7 million for 2 percent growth.

✓ $75 million increase in Proposition 98 General Funds to support increased community college operating expenses.

✓ $30 million to fund additional Basic Skills and Outcomes Transformation grants.

✓ $15 million for California College Promise Programs.

✓ $10 million to increase funding for Institutional Effectiveness Initiative.

✓ $8.7 million for Student Services for CalWORKs recipients.

✓ $5 million to augment technology infrastructure funding.

✓ $3.66 million for Part-Time Faculty office hours.

✓ $3 million to purchase instructional materials for incarcerated adults.

✓ $3 million to improve system wide data security.

✓ $2.5 million for Student Outreach and Marketing (BA degree, EL households, declining enrollment districts).

✓ $2.36 million to restore funding for Fund for Student Success.

✓ $2.17 million to extend Full-Time Student Success Grant to Cal Grant C recipients.

✓ $2 million for EEO activities.

✓ $1.7 million to increase apprenticeship reimbursement rate.

✓ $0.3 million to augment funding for system wide Academic Senate.
✓ $184.5 million to fund deferred maintenance and instructional equipment.
✓ $105.5 million to pay down additional CCC mandate backlog.
✓ $38.6 million to backfill CCC property tax shortfall.
✓ $25 million to fund Innovation Awards at community colleges.
✓ $20 million for Online Education.
✓ $7 million for Technology Infrastructure funding.
✓ $5 million to augment technical assistance for adult education consortia.
✓ $5 million to fund development of “zero-textbook-cost” degree programs.
✓ $500 million for Adult Education Block Grant (Prop. 98).
✓ $49.3 million for Proposition 39 Energy Efficiency.

**California State University**

✓ $160.8 million ongoing General Fund above 2015-16.

✓ $50 million one-time General Fund. Of this amount, $35 million will be released after CSU adopts a plan to improve graduation rate targets system-wide and by campus, and sets specific improvement targets for underrepresented students and first-general college students. The $35 million shall be used for activities related to the CSU Graduation Initiative and overall policies to increase two-year and four-year graduation rates.

✓ $2 million in one-time General Fund to support equal employment opportunity activities plus reporting language regarding faculty diversity and how funding was spent.

*Sb 830/Ab 1602 are the higher education trailer bills.*

**Cc:**  
Joe Núñez  
Becky Zoglman  
Gerry Fong  
Jonathan Goldman  
Claudia Briggs  
Sandra Lowe

EL/hs  
GR/T:Estelle/Budget Documents/2016-2017/Budget 2016-17 Highlights Memo 06.15.16.docx