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Dollars, Democracy, and Education: The State Budget Process and K-12 School Funding

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A PRESENTATION TO: CALIFORNIA ASSOCIATION
FOR BILINGUAL EDUCATION, 2019 CONFERENCE
LONG BEACH, MARCH 22, 2019

Goals of the Presentation

- Explain why the **state budget** matters for schools
- Increase understanding of the **state budget process**
- Review the **key players** in the budget process, along with the **timeline**
- Provide information to improve **engagement** in the state budget process



**What comes to mind
when you think of the
state budget?**











**Budgets are statements of
our values and priorities.**



What kind of California do we want to live in?



Why Does the State Budget Matter for Schools?



Quiz Question #1

- How much would you say you know about the state budget?
 - A lot
 - Some
 - Very littleor
 - Nothing

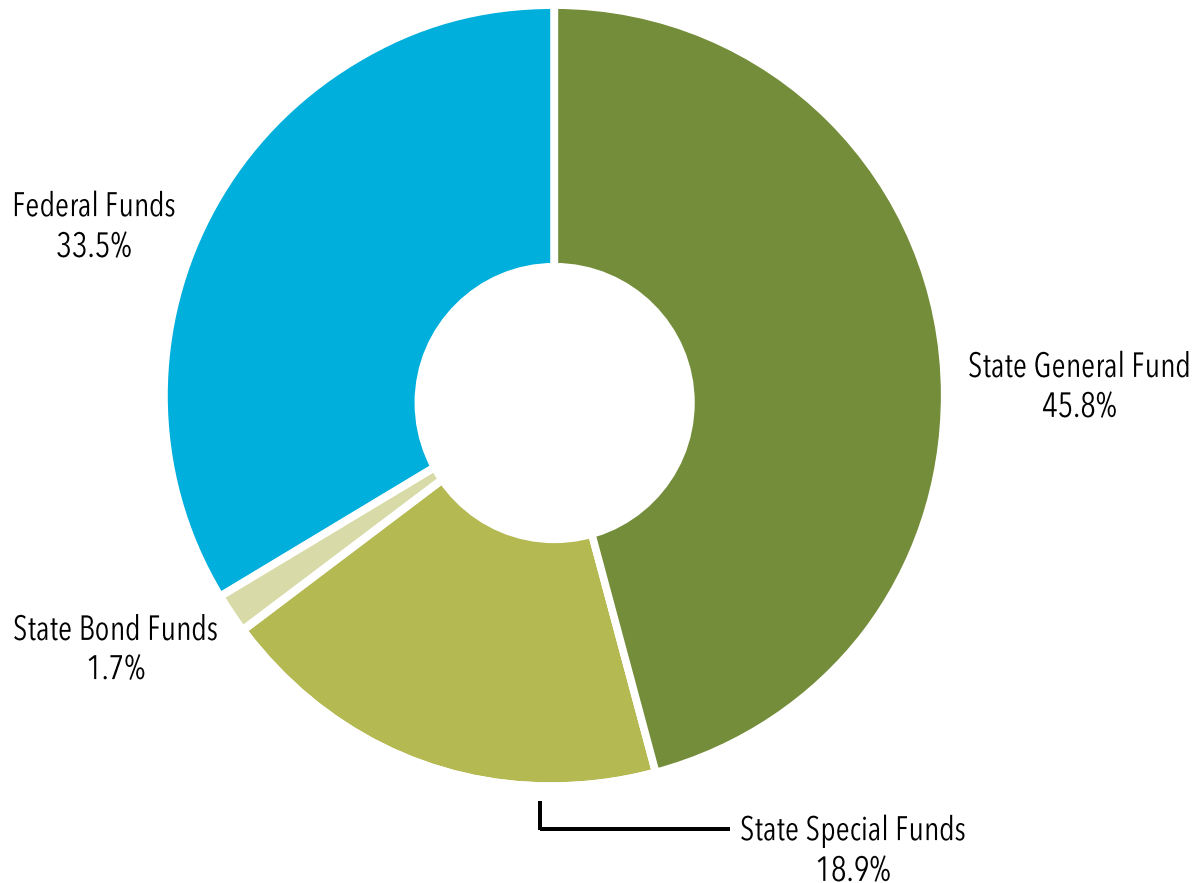


**The state budget =
state funds + federal funds.**



State Funds Account for Nearly Two-Thirds of California's State Budget

Total Proposed 2019-20 Expenditures = \$314.5 Billion



Note: Figures do not sum to 100 due to rounding.
Source: Department of Finance



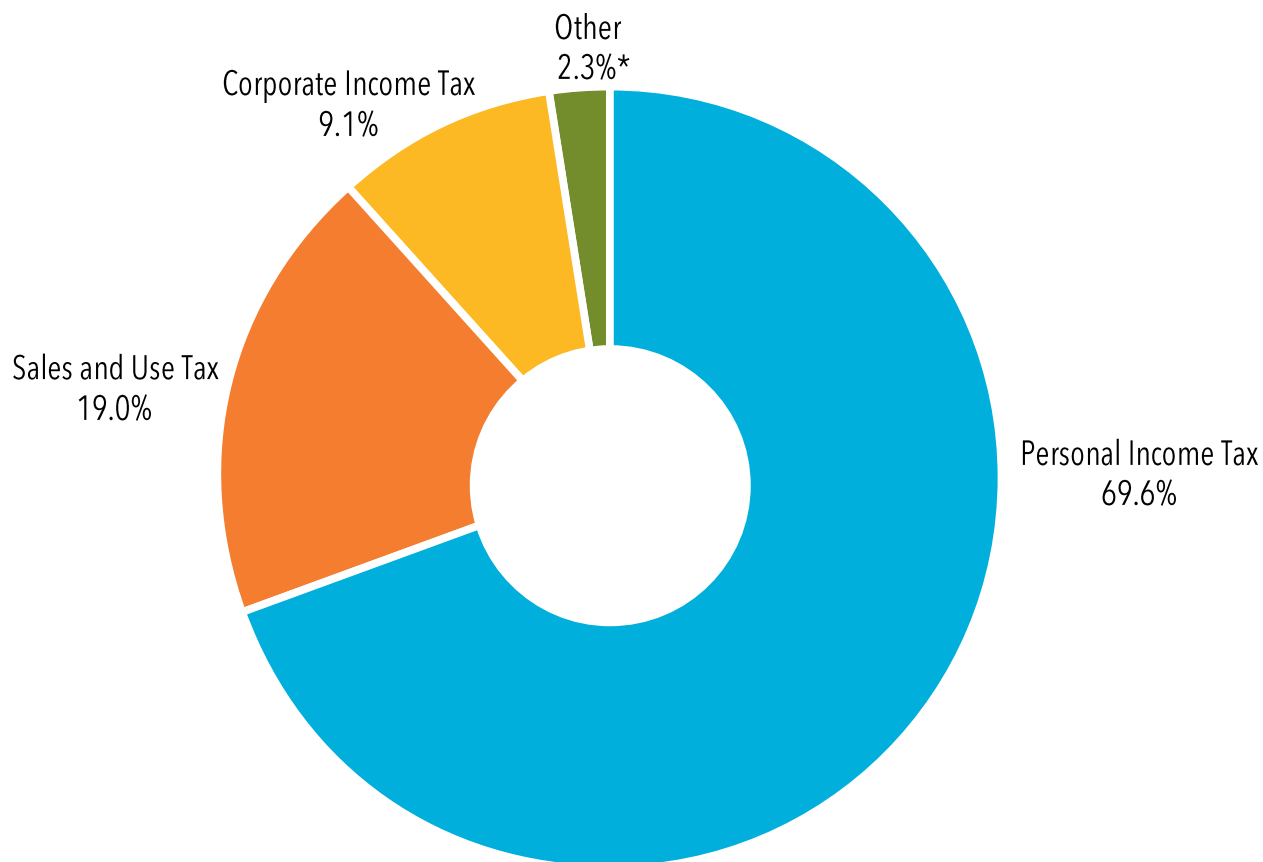
Quiz Questions #2 and #3

- What are the top three sources of revenue for the state General Fund?
- Which of the following represents the largest share of state General Fund spending?
 - Health and human services
 - State corrections (prisons)
 - K-12 public education
 - Higher education



The Personal Income Tax Is Projected to Account for Over Two-Thirds of California's General Fund Revenues

Projected 2019-20 General Fund Revenues = \$144.4 Billion



* Includes Highway Users Taxes, Insurance Tax, Alcoholic Beverage Taxes and Fees, Cigarette Tax, Motor Vehicle Fees, and other sources of revenue.

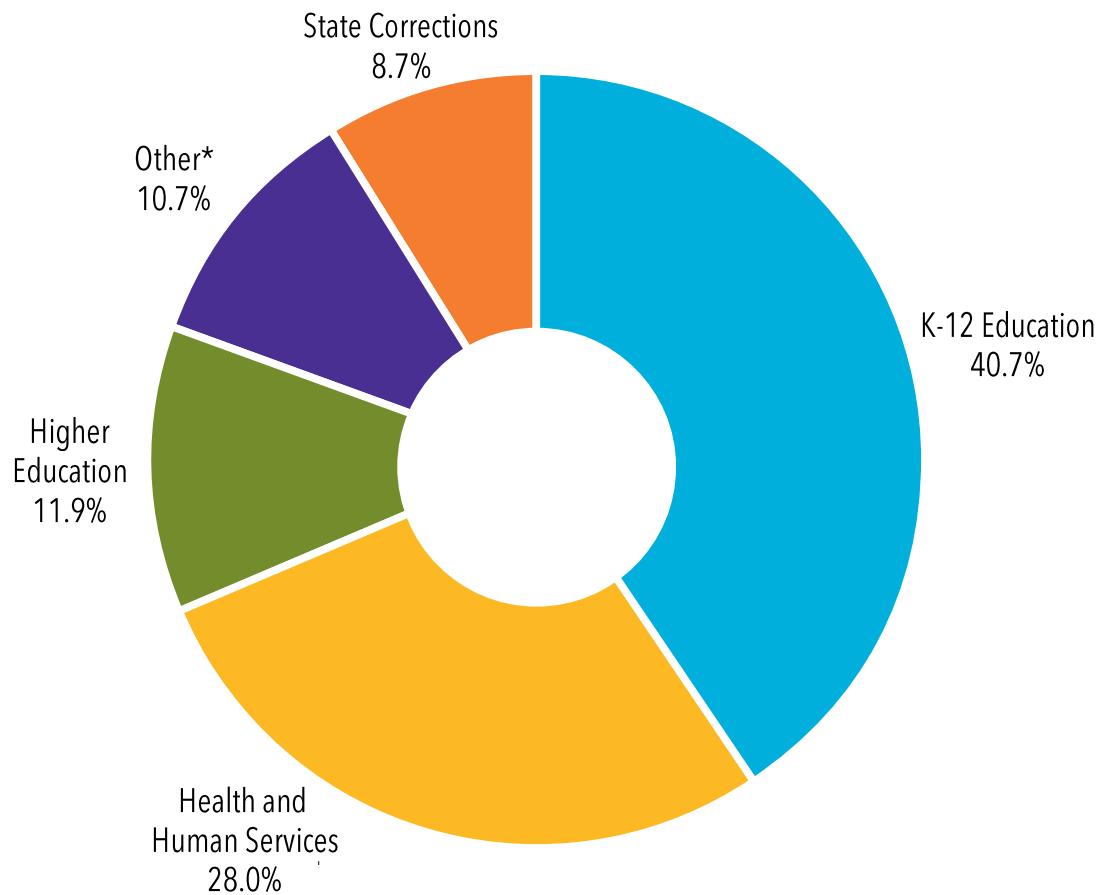
Note: Reflects total projected General Fund revenues before a \$1.8 billion transfer to the state's rainy day fund as required by Proposition 2 (2014).

Source: Department of Finance



K-12 Education Accounts for the Largest Share of California's General Fund Expenditures

Proposed 2019-20 General Fund Expenditures = \$144.2 Billion



* Includes General Government; Legislative, Judicial, and Executive; Natural Resources; and other state budget categories that account for relatively small shares of General Fund expenditures.
Source: Department of Finance



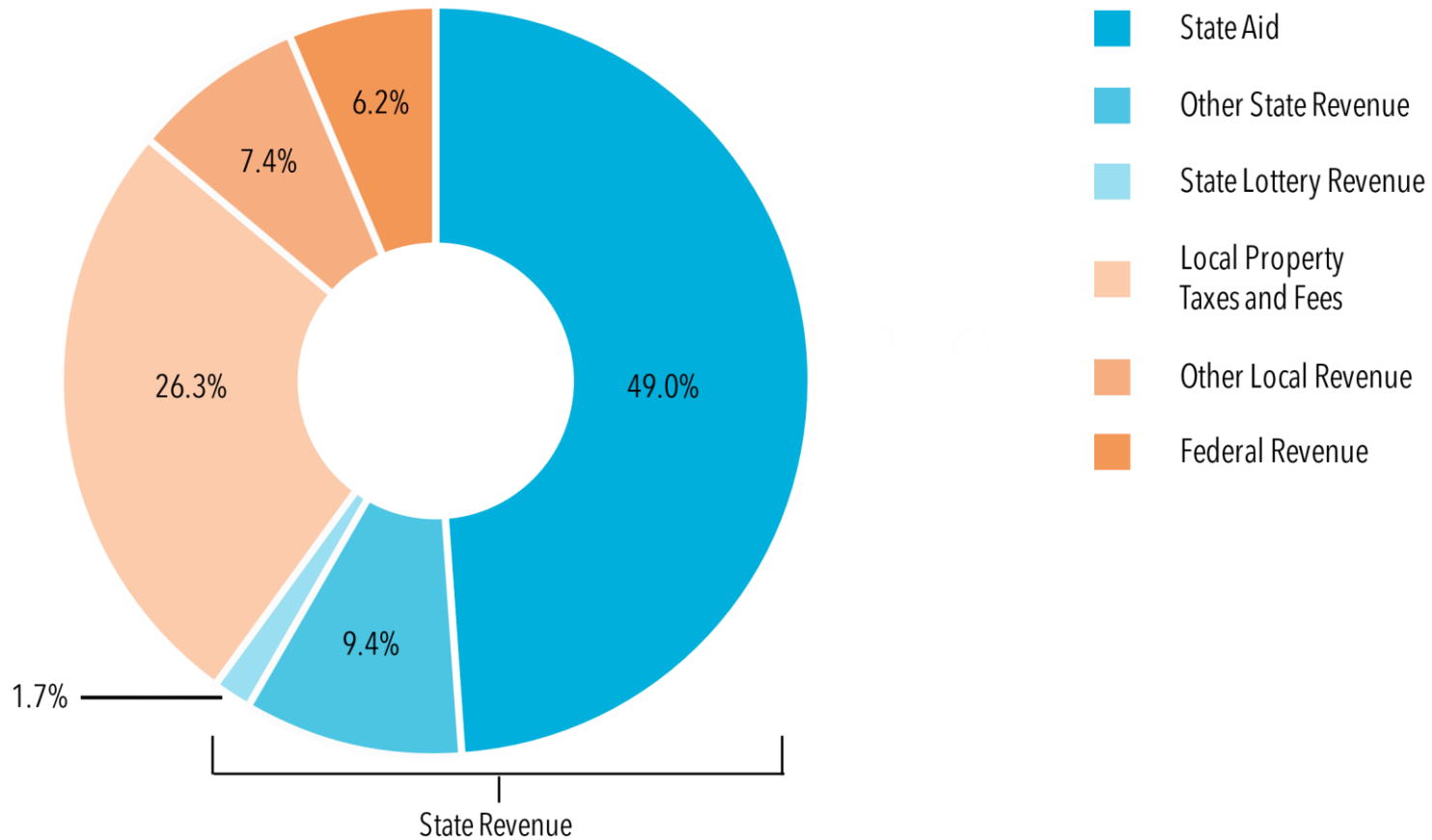
Quiz Questions #4 and #5

- Where does the majority of K-12 education funding come from?
- Where do Local Control Funding Formula (LCFF) dollars come from?



The Majority of K-12 Education Funding Comes From the State

Revenues for K-12 School Districts and County Offices of Education, 2017-18

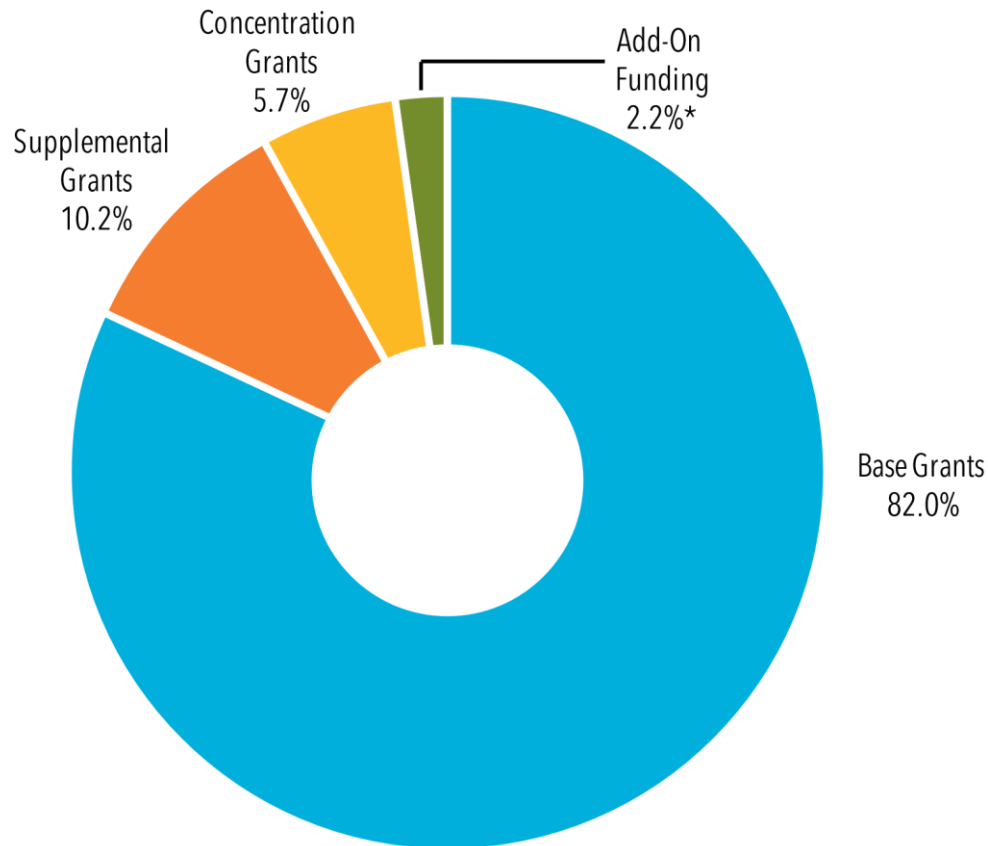


Note: Excludes capital project funds, debt service funds, and other financing sources not accounted for in school districts' and county offices of education's general funds.

Source: EdData



Base Grants Are the Largest Share of the Local Control Funding Formula (LCFF)



* Dollars provided to K-12 districts each year since 2012-13. Most of these funds are associated with programs such as home-to-school transportation that districts no longer need to operate. Note: Base Grants include funding for Necessary Small Schools Allowances. Figures do not sum to 100 due to rounding.

Source: California Department of Education



Understanding the State Budget Process: A Key Pathway to Shaping State Education Policies



**The budget process is
different from the policy bill
process.**

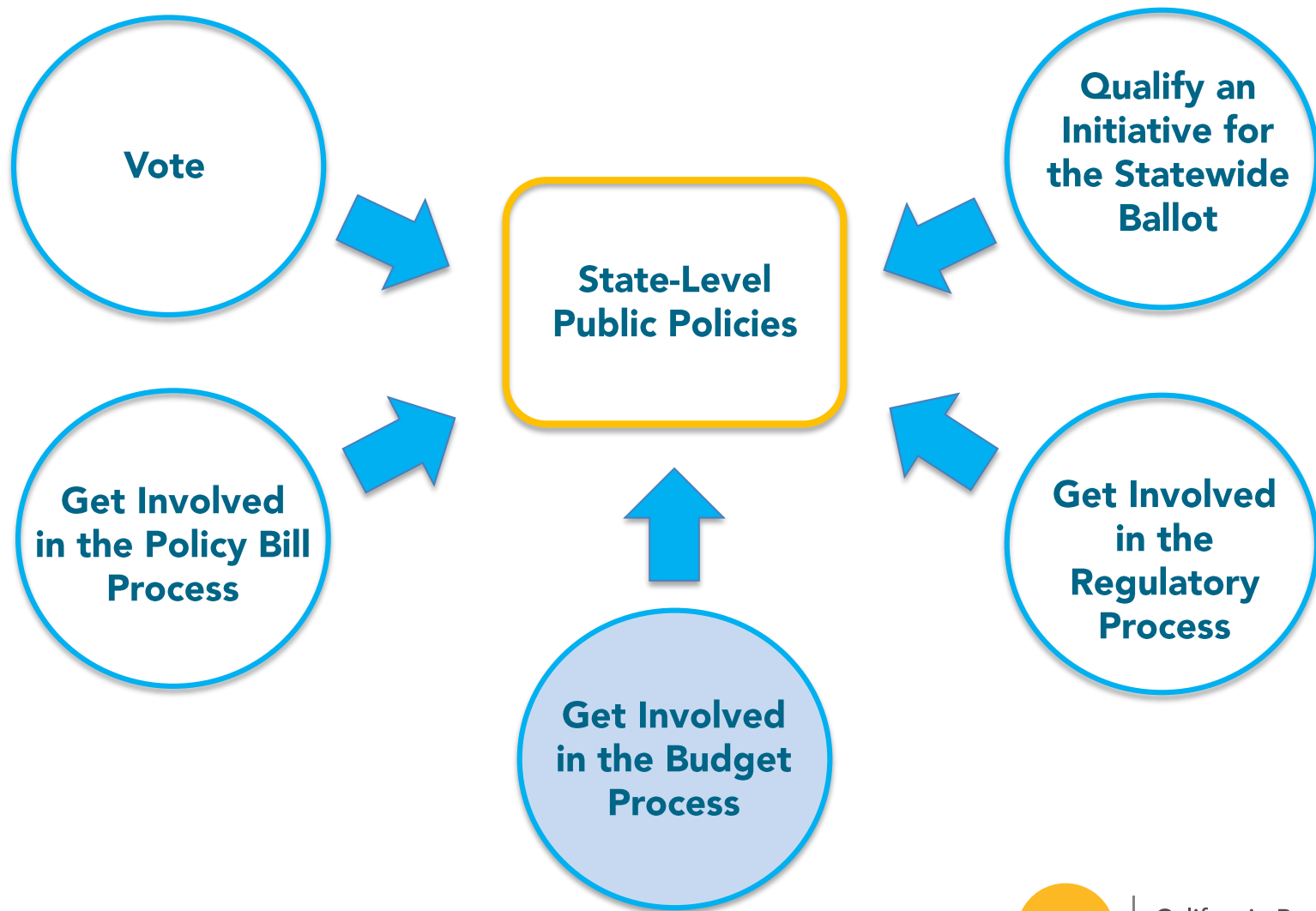


Key Pathways for Shaping Public Policies at the State Level

- The most common way for Californians to shape state policies is to **move a proposal through the Legislature** and win the governor's support. A proposal can move through the Legislature by means of:
 - the **policy bill** process;
 - the **budget process**; or
 - these two processes combined.
- Other pathways for shaping public policies include **voting**; lobbying the **regulatory (rule-making) process** that occurs within the executive branch; and **qualifying a statewide ballot initiative** to amend state law or the state Constitution.



Key Ways to Shape Public Policies at the State Level in California



**California's state budget is
actually a budget "package."**



The budget package consists of one or more **budget bills** plus budget-related **trailer bills**.



There is no limit on the number of trailer bills that may be included.

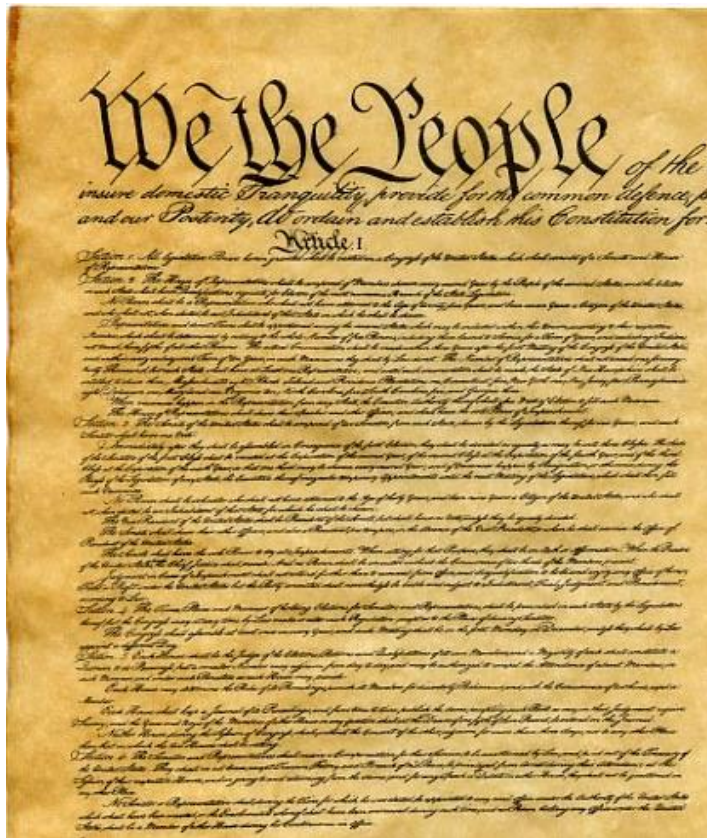


**California's Constitution
establishes the basic rules
of the state budget process.**



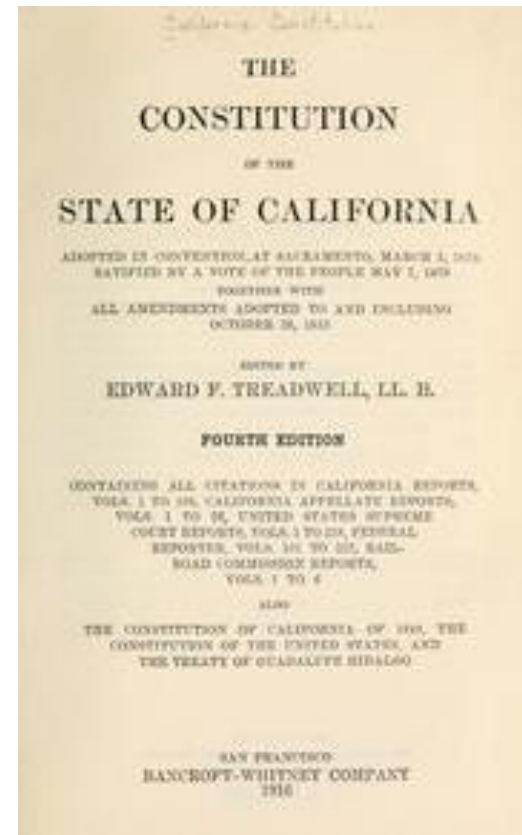
US Constitution

- Roughly 7,800 words
- Amended 27 times



California Constitution

- Roughly 75,000 words
- Amended 500+ times



**Proposition 13 (1978)
required a two-thirds vote for
the Legislature to change state
taxes “for the purpose of
increasing revenues.”**



Prop. 26 (2010) changed the rules so that now a two-thirds vote is needed to approve any tax increase.



**The state Constitution
contains complex formulas
that establish state budget
priorities.**



Two Key Budget Formulas in the State Constitution

- **Prop. 98 (1988):**
 - Guarantees a minimum level of funding for K-12 schools and community colleges.
- **Prop. 2 (2014):**
 - Requires some state revenues to be set aside to pay down debts and save for a rainy day.



The State Budget Process: Key Players



The Governor



The Legislature



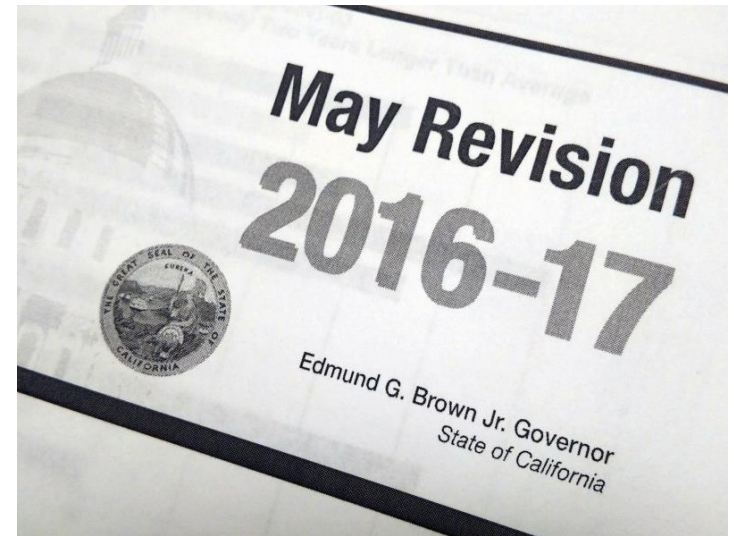
The Public



**The Governor has the lead
role in crafting the budget.**



State of California
DEPARTMENT OF FINANCE



The Legislature reviews and revises the Governor's proposals, with help from the Legislative Analyst's Office (LAO).



Holly Mitchell,
Chair, Senate
Budget and
Fiscal Review
Committee



Gabriel
Petek,
Legislative
Analyst



Phil Ting,
Chair,
Assembly
Budget
Committee



Members of the public have various opportunities to make their voices heard during the budget process.





**Relationships matter:
developing connections with
key members and staff of the
Legislature's budget
subcommittees and the
Department of Finance.**



Numbers matter: working with allies and in coalitions can increase influence in the budget process.



**Education advocates have
many potential allies.**



Examples of Coalitions

- **The Education Coalition**

- Members include: the Association of California School Administrators (ACSA), California Teachers Association (CTA), California Federation of Teachers (CFT), and the California School Employees Association (CSEA).

- **Californians Together**

- Members include: California Association for Bilingual Education, Early Edge California, Families in Schools, and Unidos US.



The State Budget Process: Timeline



**The state Constitution
sets two budget-related
deadlines:
January 10 and June 15.**



The budget process is cyclical.

**Decisions are made throughout the year, both
in public settings and behind the scenes.**



The state budget process can be divided into three distinct periods.

July to December

January to Mid-May

Mid-May to June



July to December



Governor's Administration

- **Department of Finance (DOF) leads development of Governor's proposed budget.**
 - Look for opportunities to engage with Administration officials.

Legislature

- **Leaders develop their budget priorities.**
 - Seek to have your priorities considered.
- **Budget committee staff look ahead to upcoming budget deliberations.**
 - Build relationships and suggest ideas for hearings.



January to Mid-May



Governor's Administration

- **Proposed budget released by January 10.**
 - Weigh in on the Governor's proposals.
- **DOF makes budget adjustments and prepares May Revision.**
 - Engage with budget officials, offering candid feedback on Governor's initial proposals.

Legislature

- **Budget subcommittees hold hearings to review proposed budget.**
 - Testify at hearings and meet with key legislators and staff.



Mid-May to June



Governor's Administration

- **May Revision released by May 14.**
 - Look for opportunities to engage with Administration officials.

Legislature

- **Budget subcommittees convene hearings on May Revision proposals.**
 - Testify at hearings and meet with key legislators and staff.
- **Budget conference committee meets to iron out differences.**

The "Big 3" negotiate the final outlines of budget package.



State Budget Resources

- **California Budget & Policy Center:** Analyses and commentary, presentations and events, and technical assistance (calbudgetcenter.org).
- **Department of Finance:** The Governor's budget proposals and related documents (www.dof.ca.gov).
- **Legislative Analyst's Office:** Budget and policy analyses, budget recommendations, and historical budget data (www.lao.ca.gov).



State Budget Resources (cont.)

- **Legislative Counsel:** Bills and bill analyses, a free bill-tracking service, the state codes, and the state Constitution (leginfo.legislature.ca.gov).
- **State Assembly and Senate:** Committee agendas and other publications, floor session and committee schedules, the annual legislative calendar, and live audio streaming of legislative proceedings (assembly.ca.gov and senate.ca.gov).
- **The California Channel:** Live and archived webcasts of legislative hearings and floor sessions (www.calchannel.com).





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