We are grateful to work with the Sobrato Family Foundation and the Stuart Foundation to lift up important issues for our K-12 students.
• Webinar will be recorded and posted to the Budget Center website – www.calbudgetcenter.org

• Q&A via chat box – type in your questions and we will get to as many as possible at end of the presentation

• Range of resources available on our website, plus follow us on Twitter @CalBudgetCenter
Today’s Speakers

Jonathan Kaplan
Senior Policy Analyst
California Budget & Policy Center

Martha Zaragoza Diaz
Lobbyist
Zaragoza Diaz & Associates

Lizzette Barrios-Gracian
Teacher
Anaheim High School
Dollars, Democracy, and Education: 
The State Budget Process and K-12 School Funding

@jkapbudget
@CalBudgetCenter

A WEBINAR PRESENTATION BY
JONATHAN KAPLAN, SENIOR POLICY ANALYST
CALIFORNIA BUDGET & POLICY CENTER
NOVEMBER 20, 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
Why Does the State Budget Matter for Schools?
Where does K-12 school funding come from?
The Majority of K-12 Education Funding Comes From the State


Note: Includes school districts’ and county offices of education’s child development and general funds.
Source: California Department of Education
Local Control Funding Formula (LCFF) Dollars Come From the State and Local Property Taxes


Note: Includes school districts’ and county offices of education’s child development and general funds.
Source: California Department of Education

- State Aid: 47.8%
- Other State Revenue: 10.3%
- State Lottery Revenue: 6.8%
- Local Property Taxes and Miscellaneous Funds: 25.6%
- Other Local Revenue: 7.9%
- Federal Revenue: 1.6%
Where does state funding for K-12 schools come from?
K-12 Education Accounts for the Largest Share of California’s General Fund Expenditures
Enacted 2019-20 General Fund Expenditures = $147.8 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
Annual state revenues matter for education funding in California.
The Personal Income Tax Is Projected to Account for Over Two-Thirds of California’s General Fund Revenues
Enacted 2019-20 General Fund Revenues = $146.0 Billion

* Includes 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 $2.2 billion transfer to the state’s rainy day fund as required by Proposition 2 (2014). Figures do not sum to 100 due to rounding.

Source: Department of Finance
Understanding the State Budget Process: A Key Pathway to Shaping State Education Policies
Key Ways to Shape Public Policies at the State Level in California

- Vote
- Get Involved in the Policy Bill Process
- Get Involved in the Budget Process
- Qualify an Initiative for the Statewide Ballot
- Get Involved in the Regulatory Process
The budget process is different from the policy bill process.
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
The state Constitution sets two budget-related deadlines: January 10 and June 15.
The budget bill and most budget-related bills can be passed by a simple majority vote. 
(Prop. 25 of 2010)
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 has the lead role in crafting the budget.
The Legislature reviews and revises the Governor’s proposals, with help from the Legislative Analyst’s Office (LAO).
Members of the public have various opportunities to make their voices heard during the budget process.
Relationships matter: developing connections with key members of the Legislature’s budget subcommittees and staff of the Department of Finance.
Legislature: Members of Education Budget Subcommittees

- **Assembly Budget Subcommittee #2:**
  - Assemblymembers: Kevin McCarty (Chair), William Brough, James Gallagher, Monique Limón, Jose Medina, Al Muratsuchi, and Patrick O’Donnell

- **Senate Budget and Fiscal Review Subcommittee #1:**
  - Senators: Richard Roth (Chair), Brian Dahle, and Connie Leyva
Department of Finance: Education Systems Staff

- **Jeff Bell, Program Budget Manager**

- **Assistant Program Budget Managers:**
  - Chris Ferguson (higher education)
  - Jessica Holmes (early childhood education and K-12 education)
Numbers matter: working with allies and in coalitions can increase influence in the budget process.
Education advocates have many potential allies.
The State Budget Process: Timeline
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
<table>
<thead>
<tr>
<th>Governor’s Administration</th>
<th>Legislature</th>
</tr>
</thead>
</table>
| • 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. | • Budget subcommittees hold hearings to review proposed budget.  
  ➢ Testify at hearings and meet with key legislators and staff. |
Mid-May to June
<table>
<thead>
<tr>
<th>Governor’s Administration</th>
<th>Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>May Revision released by May 14.</strong></td>
<td></td>
</tr>
<tr>
<td>- Look for opportunities to engage with Administration officials.</td>
<td></td>
</tr>
<tr>
<td>• <strong>Budget subcommittees convene hearings on May Revision proposals.</strong></td>
<td></td>
</tr>
<tr>
<td>- Testify at hearings and meet with key legislators and staff.</td>
<td></td>
</tr>
<tr>
<td>• <strong>Budget conference committee meets to iron out differences.</strong></td>
<td></td>
</tr>
</tbody>
</table>

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).
California Budget & Policy Center
Independent Analysis. Shared Prosperity.

1107 9th Street, Suite 310
Sacramento, California 95814
916.444.0500
jkaplan@calbudgetcenter.org
@jkapbudget

calbudgetcenter.org