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The  
**SOBRATO**  
Family Foundation

STUART FOUNDATION  
IMPROVING LIFE OUTCOMES FOR YOUNG PEOPLE THROUGH EDUCATION



- Webinar will be recorded and posted to the Budget Center website – [www.calbudgetcenter.org](http://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



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# 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



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# 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

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- 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?

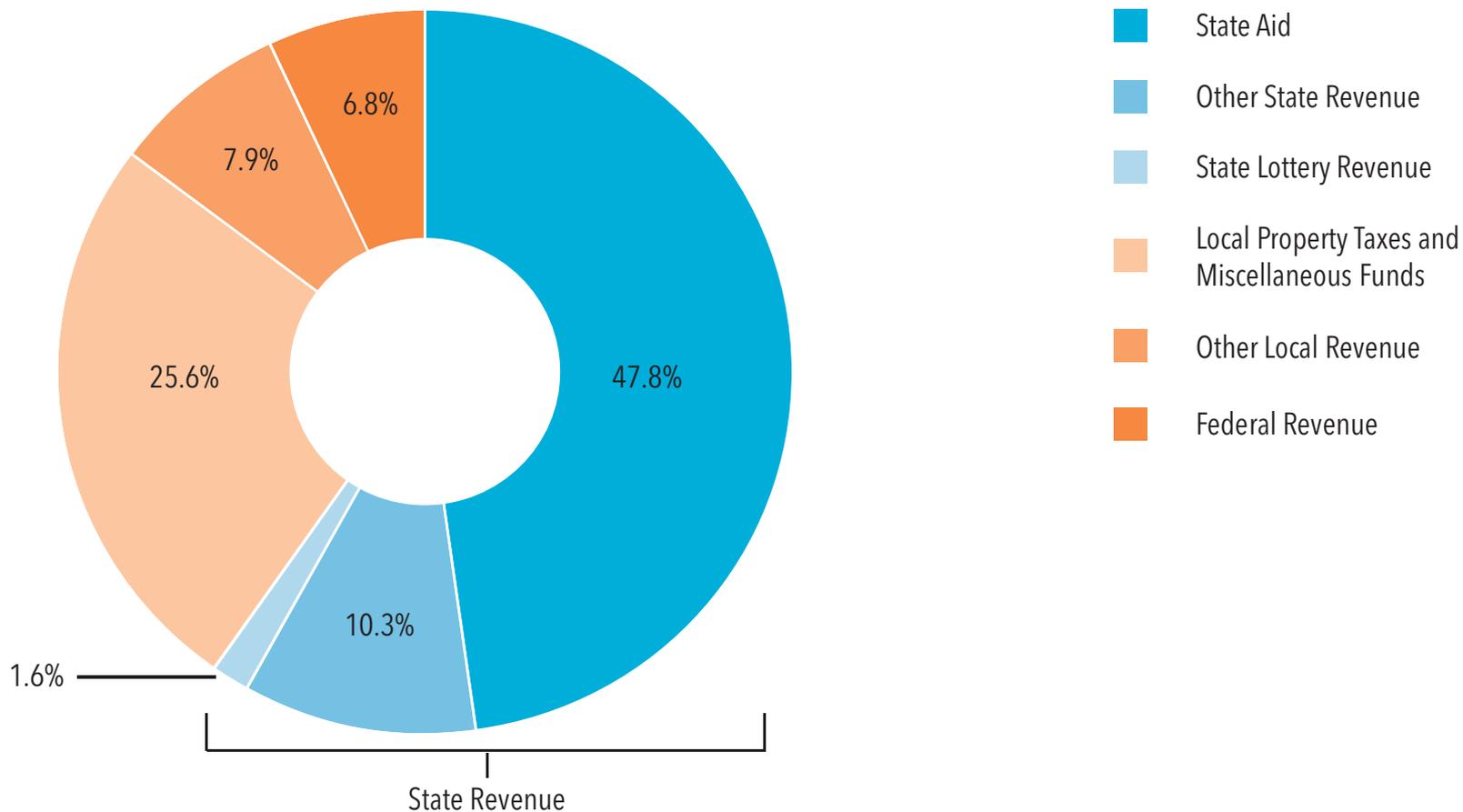


# Where does K-12 school funding come from?



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

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



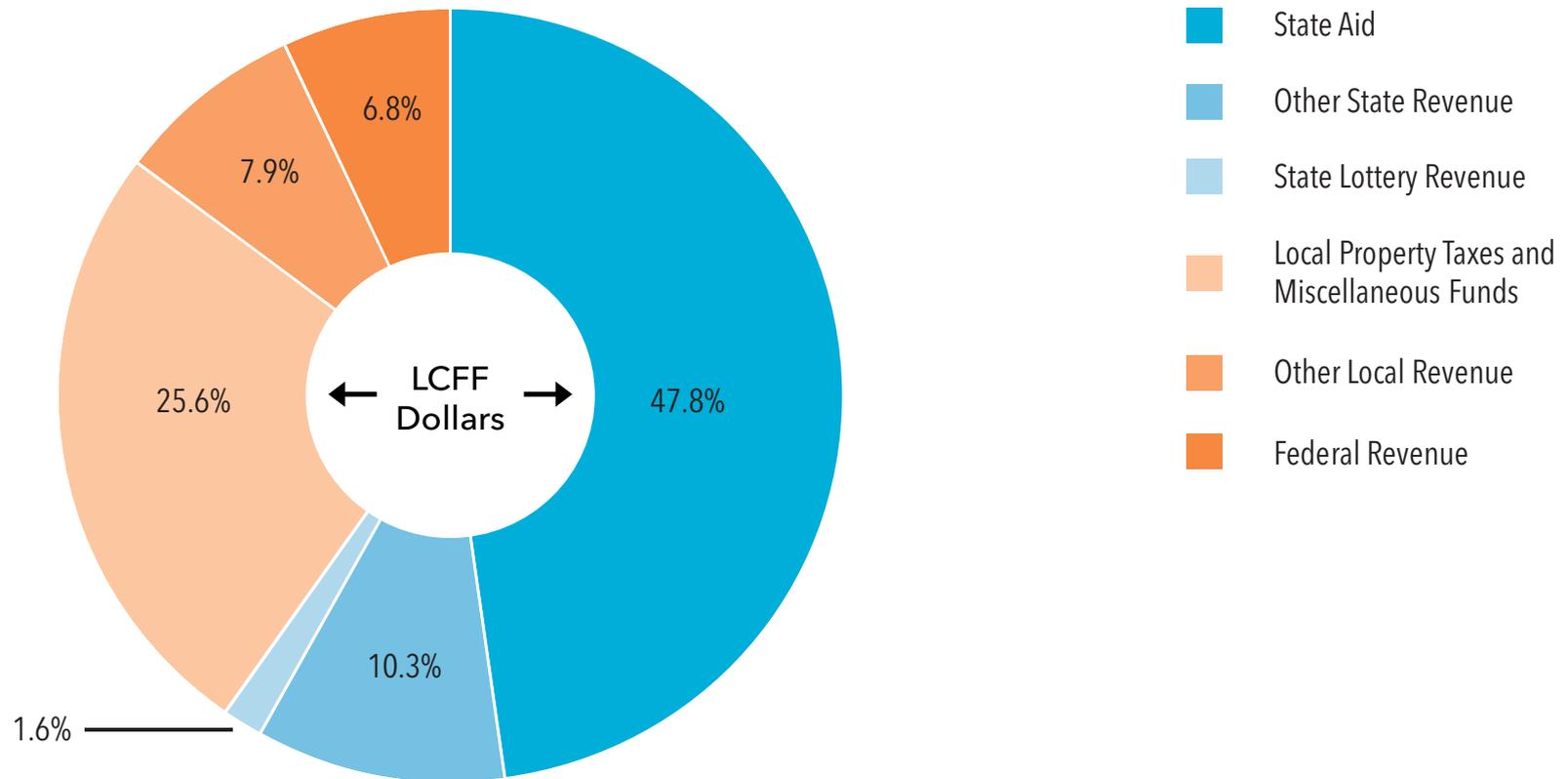
Note: Includes school districts' and county offices of education's child development and general funds.

Source: California Department of Education



# Local Control Funding Formula (LCFF) Dollars Come From the State and Local Property Taxes

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



Note: Includes school districts' and county offices of education's child development and general funds.

Source: California Department of Education

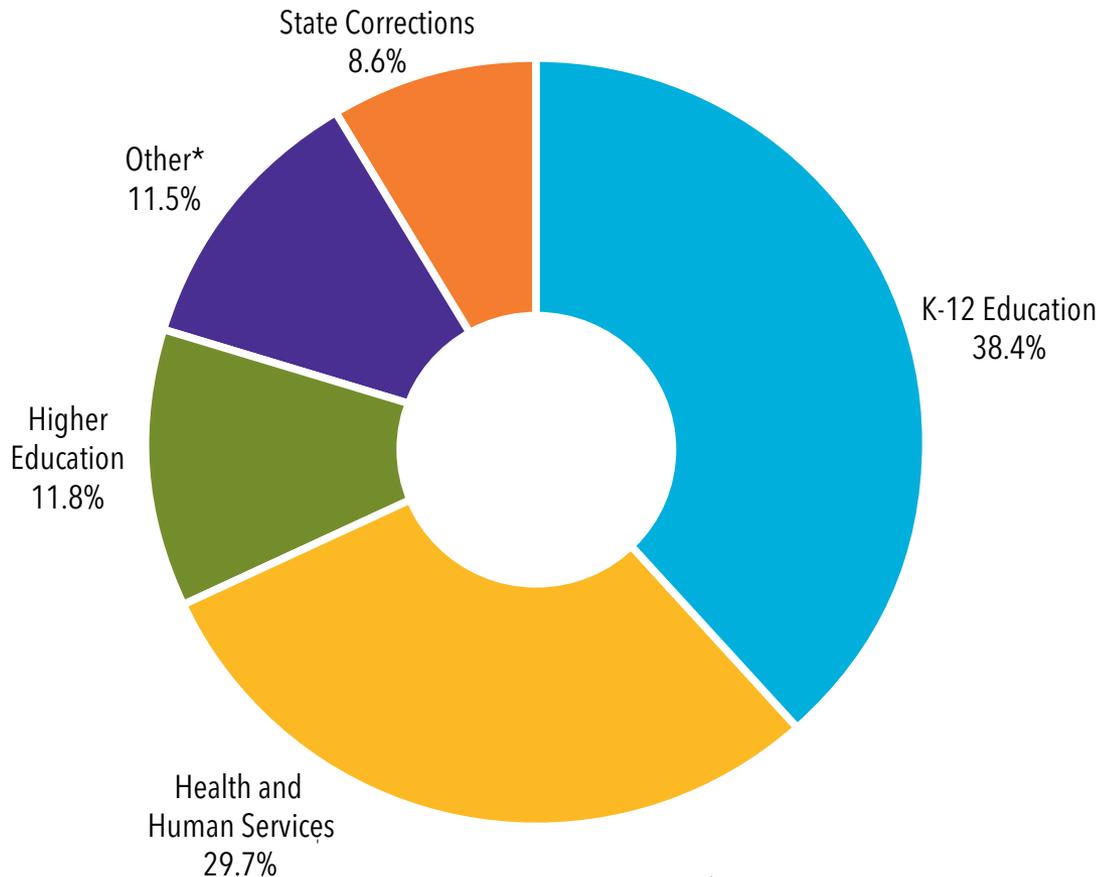


# Where does state funding for K-12 schools come from?



# 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



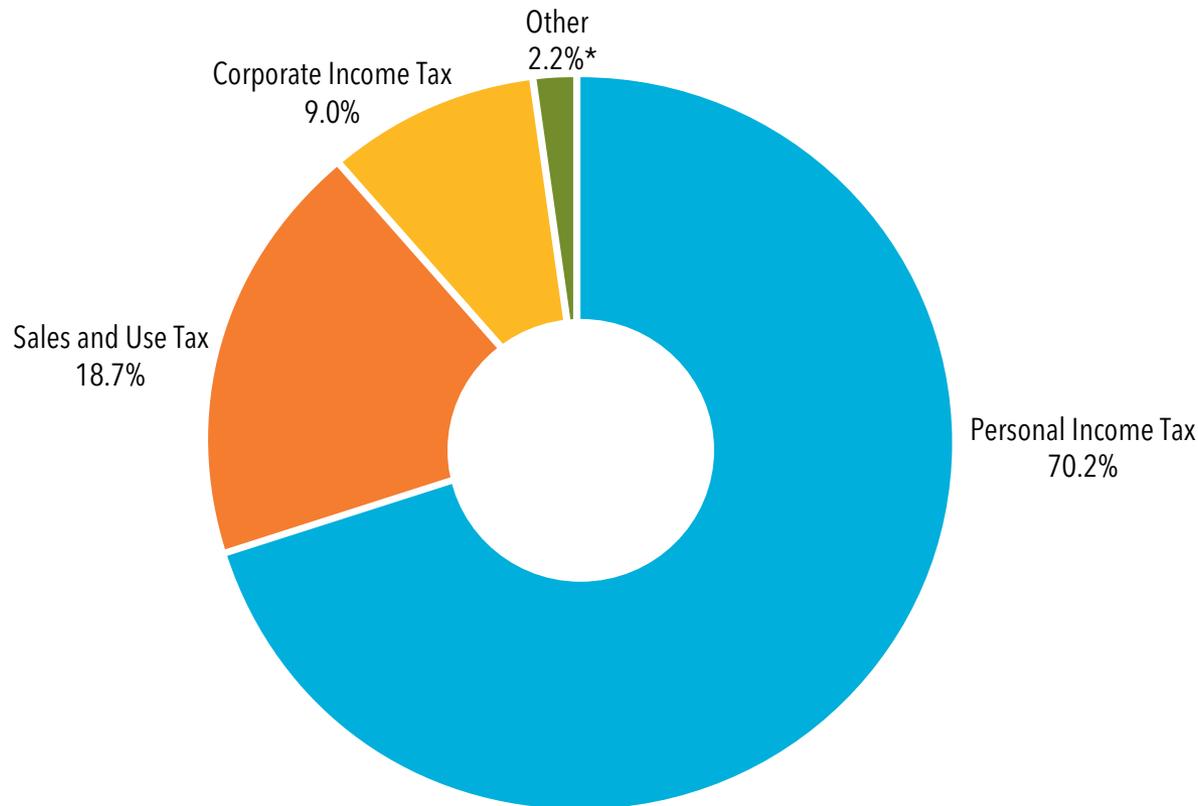
# **Annual state revenues matter for education funding in California.**



# 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

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\* 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.

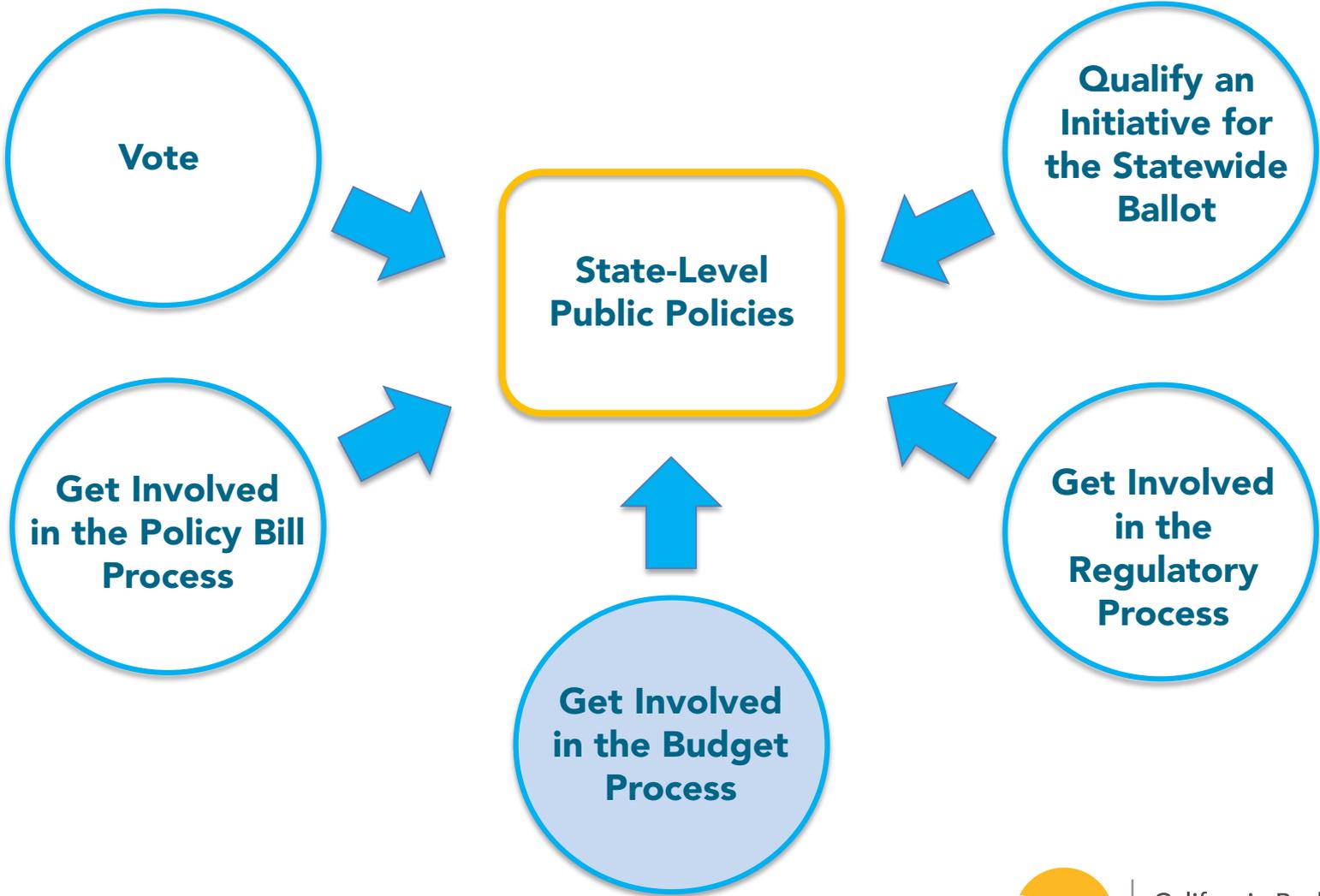
Source: Department of Finance



# 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



**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.**

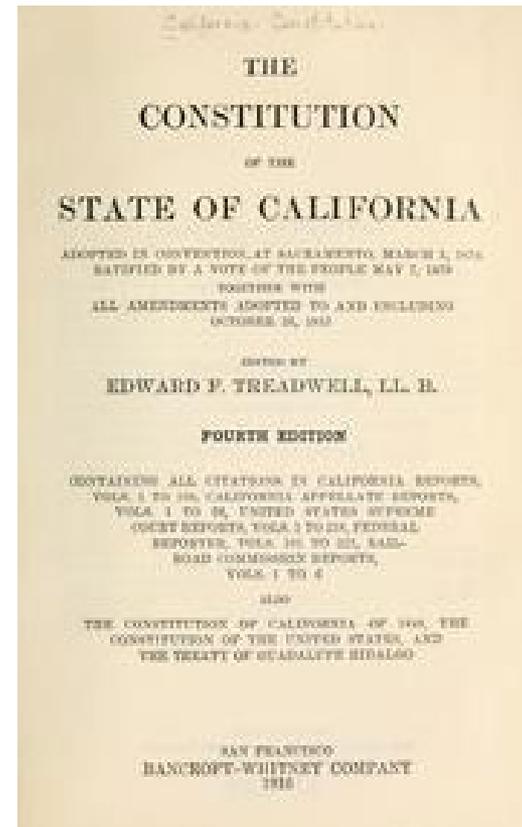
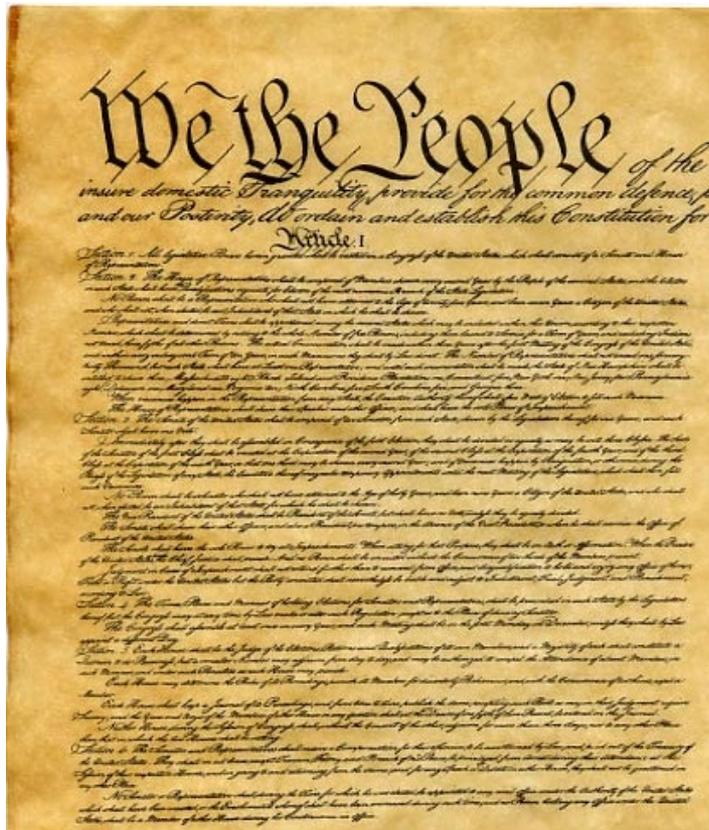


# US Constitution

- 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

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- **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



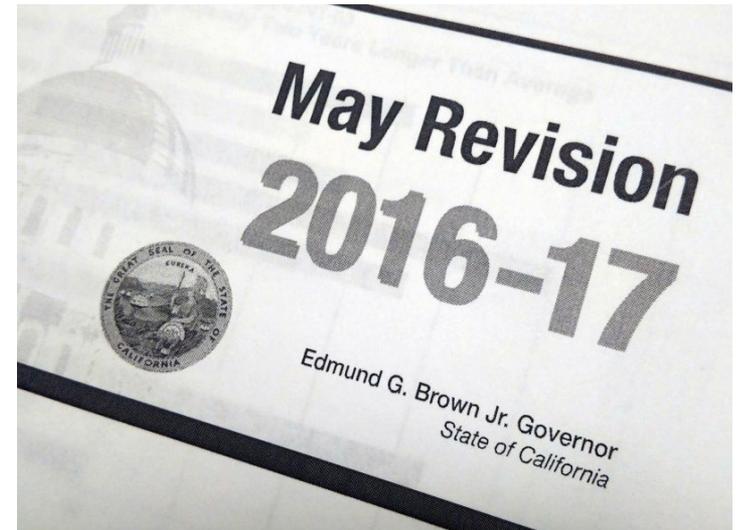
# The Public



**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 of the  
Legislature's budget  
subcommittees and staff of the  
Department of Finance.**



# Legislature: Members of Education Budget Subcommittees

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- **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

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- **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



## 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

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



# State Budget Resources (cont.)

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- **Legislative Counsel:** Bills and bill analyses, a free bill-tracking service, the state codes, and the state Constitution ([leginfo.legislature.ca.gov](http://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](http://assembly.ca.gov) and [senate.ca.gov](http://senate.ca.gov)).





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