Overview of K-12 and Early Education May Revision Proposals

Presented to:
Senate Budget and Fiscal Review Subcommittee No. 1 on Education

May 25, 2020
Legislative Analyst’s Office
# Changes in Proposition 98 Guarantee Since January

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governor’s Budget</strong></td>
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<tr>
<td>General Fund</td>
<td>$54,505</td>
<td>$56,405</td>
<td>$57,573</td>
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<tr>
<td>Local property tax</td>
<td>23,942</td>
<td>25,168</td>
<td>26,475</td>
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<td><strong>Totals</strong></td>
<td>$78,448</td>
<td>$81,573</td>
<td>$84,048</td>
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<td><strong>May Revision</strong></td>
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<tr>
<td>General Fund</td>
<td>$54,746</td>
<td>$52,352</td>
<td>$44,872</td>
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<td>Local property tax</td>
<td>23,994</td>
<td>25,022</td>
<td>25,618</td>
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<td><strong>Totals</strong></td>
<td>$78,740</td>
<td>$77,374</td>
<td>$70,490</td>
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<td><strong>Change</strong></td>
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<tr>
<td>General Fund</td>
<td>$240</td>
<td>-$4,053</td>
<td>-$12,702</td>
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<tr>
<td>Local property tax</td>
<td>52</td>
<td>-146</td>
<td>-857</td>
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<tr>
<td><strong>Totals</strong></td>
<td>$292</td>
<td>-$4,199</td>
<td>-$13,559</td>
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</table>
Overall K-12 Funding Roughly Flat

![Bar chart showing funding for K-12 schools (in billions)]

- **2019-20 Enacted**
- **2019-20 May Revision**
- **2020-21 May Revision**

- Other Funds
- Deferred Payments
- Federal Relief Funds
- Proposition 98 Funds

*a Consists of settle-up payments and one-time fund swaps.*
K-12 Reductions Subject to Trigger

- Local Control Funding Formula ($6.4 Billion)
- Career Technical Education Programs ($100 Million)
- After School Education and Safety Program ($100 Million)
LAO Comments

- No Current Plan to Address Delays in Reopening Schools or Mid-Year Closures
- Consider Placing Greater Requirements for Planning
- Consider Other Targeted Reductions
Major Early Education Proposals

- Reimbursement Rate Decreases (-$463 Million)
- State Preschool Slots Reductions (-$289 Million)
- Rescinding of Previous Initiatives (-$263 Million)
- Modified Reorganization Proposal ($2 Million)
Early Education Federal Funding Increases

➢ Ongoing
  • Alternative Payment vouchers ($53 million).

➢ One Time
  • Current-year COVID-19 costs ($152 million).
  • Stipends for subsidized providers ($125 million).
  • Temporary vouchers ($73 million).
Plan Does Not Assume Emergency Orders Continue

Consider Options to Minimize or Mitigate Effects of Rate Reductions

Continue to Have Concerns With Reorganization Proposal
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