

EDBUDGET TABLES (MAY 2016)

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Tracking Changes in Estimates of Proposition 98 Minimum Guarantee^a

(In Millions)

	June 2015	January 2016	May 2016	Change From January 2016	Change From June 2015
2014-15	\$66,303	\$66,690	\$67,153	\$463	\$850
2015-16	68,409	69,175	69,050	-125	641
2016-17	—	71,585	71,874	288	3,465 ^b

^a Reflects budget act estimates for June 2015 and administration's estimates for January 2016 and May 2016.

^b Reflects change from June 2015 estimate of 2015-16 minimum guarantee. Increase is 5.1 percent.

Changes in General Fund Tax Revenue and Proposition 98 General Fund^a

(In Millions)

	Governor's Budget	May Revision	Change
2014-15			
General Fund tax revenue	\$111,975	\$112,448	\$474
Proposition 98 General Fund	49,554	50,029	475
2015-16			
General Fund tax revenue	\$120,205	\$118,516	-\$1,688
Proposition 98 General Fund	49,992	49,773	-218
2016-17			
General Fund tax revenue	\$124,154	\$123,222	-\$933
Proposition 98 General Fund	50,972	51,105	133

^a The Proposition 98 minimum guarantee is met using state General Fund and local property tax revenue. "Proposition 98 General Fund" refers to the amount of the guarantee covered by state General Fund.

Changes in Proposition 98 Funding By Segment and Source

(In Millions)

	Governor's Budget	May Revision	Change
2014-15 Minimum Guarantee	\$66,690	\$67,153	\$463
By Segment:			
Schools	\$59,330	\$59,742	\$412
Community colleges	7,281	7,331	51
Other ^a	80	80	—
By Fund Source:			
General Fund	\$49,554	\$50,029	\$475
Local property tax	17,136	17,124	-12
2015-16 Minimum Guarantee	\$69,175	\$69,050	-\$125
By Segment:			
Schools	\$61,096	\$60,984	-\$112
Community colleges	7,997	7,983	-14
Other ^a	82	82	—
By Fund Source:			
General Fund	\$49,992	\$49,773	-\$218
Local property tax	19,183	19,276	93
2016-17 Minimum Guarantee	\$71,585	\$71,874	\$288
By Segment:			
Schools	\$63,244	\$63,496	\$252
Community colleges	8,259	8,295	36
Other ^a	83	83	—
By Fund Source:			
General Fund	\$50,972	\$51,105	\$133
Local property tax	20,613	20,769	156

^a Includes funding for instructional services provided by the State Special Schools, California Department of Corrections and Rehabilitation, and Department of Developmental Services.

2015-16 Proposition 98 Spending Changes

(In Millions)

	Governor's Budget	May Revision	Change
2015-16 Budget Act Spending	\$68,409	\$68,409	—
Technical Adjustments			
Make LCFF adjustments	-\$91	-\$35	\$56
Other	43	-61	-104
Subtotals	<u>(\$48)</u>	<u>(\$96)</u>	<u>(\$48)</u>
Policy Changes			
Pay down K-12 mandate backlog	\$681	\$586	-\$95
Pay down CCC mandate backlog	73	76	3
Fund CTE Incentive Grant program	60	—	-60
Backfill CCC for lower than projected property tax revenue ^a	—	39	39
Backfill special education for lower than projected property tax revenue ^a	—	29	29
Provide CCC with technology infrastructure funding (one time)	—	7	7
Subtotals	<u>(\$814)</u>	<u>(\$737)</u>	<u>(\$78)</u>
Total Changes	\$766	\$641	-\$125
2015-16 Revised Spending	\$69,175	\$69,050	-\$125

^a If backfill amounts exceed actual property tax shortfalls, CCC Chancellor's Office directed to use excess funds for CCC mandate backlog. Excess funds for special education would revert.

LCFF = Local Control Funding Formula and CTE = career technical education.

2016-17 Proposition 98 Spending Changes

(In Millions)

	Governor's Budget	May Revision	Change
2015-16 Revised Proposition 98 Spending	\$69,175	\$69,050	-\$125
Technical Adjustments			
Remove prior-year one-time payments	-\$1,446	-\$1,301	\$145
Make other adjustments	-115	-152	-36
Adjust categorical programs for changes in attendance	-16	-21	-6
Make LCFF adjustments	101	175	74
Annualize funding for previously approved preschool slot increases	31	31	—
Subtotals	(\$1,445)	(\$1,268)	(\$177)
K-12 Education			
Increase LCFF funding	\$2,825	\$2,979	\$154
Fund CTE Incentive Grant for Secondary Schools (year two of three) ^a	240	300	60
Provide COLA for select categorical programs ^b	23	—	-23
Fund truancy and dropout prevention program	7	10	3
Fund High Speed Network ^c	5	5	—
Revise estimate of energy-efficiency funds	52	85	33
Support Exploratorium	4	4	—
Fund improvement of web-based tools for state accountability system	1	1	—
Remove augmentation for infants and toddlers with disabilities	-30	-30	—
Fund COEs for implementation of new Early Education Block Grant	—	10	10
Support Student Friendly Services	—	2	2
Subtotals	(\$3,125)	(\$3,365)	(\$239)
California Community Colleges			
Implement workforce recommendations of BOG task force	\$200	\$200	—
Fund deferred maintenance and instructional equipment (one time)	255	189	-\$66
Fund 2 percent enrollment growth	115	115	—
Provide apportionment increase (above growth and COLA)	—	75	75
Make CTE Pathways Initiative ongoing	48	48	—
Augment Basic Skills Initiative	30	30	—
Fund Innovation Awards at community colleges (one time)	25	25	—
Revise estimate of energy-efficiency funds	6	11	4
Increase funding for Institutional Effectiveness Initiative	10	10	—
Augment technology infrastructure funding	—	5	5
Fund technical assistance to adult education consortia (one time)	—	5	5
Fund development of "zero-textbook-cost" degree programs (one time)	5	5	—
Provide instructional materials for incarcerated adults	—	3	3
Improve systemwide data security	3	3	—
Extend Full-Time Student Success Grant to Cal Grant C recipients	—	2	2
Increase apprenticeship reimbursement rate	2	2	—
Provide COLA ^b	31	—	-31
Subtotals	(\$730)	(\$728)	(\$2)
Total Changes	\$2,410	\$2,824	\$414
2016-17 Proposed Spending	\$71,585	\$71,874	\$288

^a Governor's budget includes \$60 million in 2015-16 funding for this purpose.

^b COLA rate was estimated at 0.47 percent in January and finalized at zero in May.

^c Budget also includes \$3.5 million in one-time funding for this purpose.

LCFF = Local Control Funding Formula; CTE = career technical education; COLA = cost-of-living adjustment; COE = county office of education; and BOG = Board of Governors.

Proposed Funding for Education Mandates Backlog

(In Millions)

	Governor's Budget	May Revision	Change
K-12 Education			
Pay down scored to:			
2014-15	\$339	\$635	\$296
2015-16	681	586	-95
Settle up	229	194	-35
Other ^a	32	—	-32
Subtotals	(\$1,281)	(\$1,416)	(\$135)
California Community Colleges			
Pay down scored to:			
2014-15	\$3	\$29	\$26
2015-16	73	76	3
Subtotals	(\$76)	(\$106)	(\$29)
Totals	\$1,357	\$1,521	\$164

^a Prior-year unspent funds.

Key Proposition 98 Information Underlying May Revision

(Dollars in Millions)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Minimum Guarantee						
General Fund	\$50,029	\$49,773	\$51,105	\$52,416	\$52,034	\$53,301
Local property tax	17,124	19,276	20,769	22,050	23,322	24,639
Total Guarantees	\$67,153	\$69,050	\$71,874	\$74,466	\$75,356	\$77,939
Inputs						
General Fund taxes ^a	\$112,448	\$118,516	\$123,222	\$127,585	\$128,677	\$133,178
K-12 average daily attendance	5,981,713	5,977,223	5,966,068	5,961,800	5,945,458	5,941,669
State civilian population	38,750,025	39,098,266	39,444,353	39,789,683	40,132,904	40,475,897
Growth Factors						
Per capita personal income	-0.2%	3.8%	5.4%	4.9%	3.9%	3.5%
Per capita General Fund ^b	10.4	5.0	3.6	3.1	0.5	3.1
K-12 average daily attendance	-0.2	-0.1	-0.2	-0.1	-0.3	-0.1
State civilian population	0.9	0.9	0.9	0.9	0.9	0.9
Assessed property values	6.1	5.9	6.2	5.8	5.7	5.4
K-14 cost-of-living adjustment	0.9	1.0	—	1.1	2.4	2.7
Outcomes						
Proposition 98 operative "test"	1	2	3	3	3	3
Spike protection effect ^c	-\$1,009	—	—	—	—	—
Test 3 supplemental payment	—	—	\$502	\$387	\$728	\$279
Maintenance factor:						
Amount created/paid (+/-)	-5,679	-\$379	746	884	1,797	—
Amount outstanding	514	155	908	1,837	3,700	3,827
PSSSA Deposit?	—	No	No	No	No	No

^a Reflects General Fund revenue that affects the calculation of the minimum guarantee.

^b Reflects per capita General Fund plus 0.5 percent (one of the Test 3 factors).

^c Due to a revenue spike in 2014-15, a portion of the increase in the 2014-15 minimum guarantee is backed out from the calculation of the minimum guarantee moving forward.
PSSSA = Public School System Stabilization Account.

Key Proposition 98 Information Underlying LAO Forecast

(Dollars in Millions)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Minimum Guarantee						
General Fund	\$50,235	\$49,659	\$50,973	\$52,553	\$52,835	\$53,389
Local property tax	17,117	19,392	21,007	22,390	23,642	24,778
Total Guarantees	\$67,352	\$69,051	\$71,979	\$74,943	\$76,477	\$78,167
Inputs						
General Fund taxes ^a	\$112,658	\$118,485	\$123,393	\$129,701	\$132,327	\$135,325
K-12 average daily attendance	5,981,713	5,972,805	5,956,678	5,939,701	5,913,566	5,894,938
State civilian population	38,750,025	39,098,266	39,440,742	39,758,017	40,063,426	40,364,205
Growth Factors						
Per capita personal income	-0.2%	3.8%	5.4%	4.4%	6.2%	5.4%
Per capita General Fund ^b	10.6	4.7	3.7	4.8	1.8	2.0
K-12 average daily attendance	-0.2	-0.2	-0.3	-0.3	-0.4	-0.3
State civilian population	0.9	0.9	0.9	0.8	0.8	0.8
Assessed property values	6.1	5.9	6.6	5.9	5.7	5.3
K-14 cost-of-living adjustment	0.9	1.0	—	1.8	2.4	2.3
Outcomes						
Proposition 98 operative "test"	1	2	3	2	3	3
Spike protection effect ^c	-\$1,078	—	—	—	—	—
Test 3 supplemental payment	—	—	\$540	—	\$558	\$410
Maintenance factor:						
Amount created/paid (+/-)	-5,802	-\$249	583	—	2,770	2,159
Amount outstanding	391	157	748	\$779	3,593	5,933
PSSSA Deposit?	—	No	No	No	No	No

^a Reflects General Fund revenue that affects the calculation of the minimum guarantee.

^b Reflects per capita General Fund plus 0.5 percent (one of the Test 3 factors).

^c Due to a revenue spike in 2014-15, a portion of the increase in the 2014-15 minimum guarantee is backed out from the calculation of the minimum guarantee moving forward.
PSSSA = Public School System Stabilization Account.

Comparing Administration's and LAO's Estimates of the Minimum Guarantee

(In Millions)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
May Revision						
General Fund	\$50,029	\$49,773	\$51,105	\$52,416	\$52,034	\$53,301
Local property tax	17,124	19,276	20,769	22,050	23,322	24,639
Total Guarantees	\$67,153	\$69,050	\$71,874	\$74,466	\$75,356	\$77,939
LAO Forecast						
General Fund	\$50,235	\$49,659	\$50,973	\$52,553	\$52,835	\$53,389
Local property tax	17,117	19,392	21,007	22,390	23,642	24,778
Total Guarantees	\$67,352	\$69,051	\$71,979	\$74,943	\$76,477	\$78,167
Difference						
General Fund	\$206	-\$115	-\$132	\$137	\$800	\$88
Local property tax revenue	-7	115	237	340	320	139
Total Differences	\$199	\$1	\$106	\$477	\$1,121	\$227

Comparing Proposition 98 Property Tax Revenue Estimates

(In Millions)

Governor's Budget to May Revision

	2015-16			2016-17		
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change
Total local property tax revenue	\$19,183	\$19,276	\$93	\$20,613	\$20,769	\$156
Base property tax revenue	18,306	18,221	-85	19,391	19,385	-5
Ongoing RDA revenue shift	1,008	1,167	159	1,045	1,240	196
ERAF	448	503	55	859	862	3
Sales of RDA assets	116	126	10	10	11	1
Excess tax revenue	-695	-740	-45	-690	-729	-39

May Revision to LAO May Outlook

	2015-16			2016-17		
	May Revision	May LAO	Change	May Revision	May LAO	Change
Total local property tax revenue	\$19,276	\$19,392	\$115	\$20,769	\$21,007	\$237
Base property tax revenue	18,221	18,201	-19	19,385	19,426	41
Ongoing RDA revenue shift	1,167	1,212	45	1,240	1,297	57
ERAF	503	616	113	862	1,106	245
Sales of RDA assets	126	158	33	11	52	40
Excess tax revenue	-740	-795	-56	-729	-874	-145

RDA = redevelopment agency and ERAF = Educational Revenue Augmentation Fund.

Year-Over-Year Growth in Proposition 98 Property Tax Revenue

(Dollars in Millions)

	2015-16	2016-17	Change	Percent
May Revision				
Total local property tax revenue	\$19,276	\$20,769	\$1,493	8%
Base property tax revenue	18,221	19,385	1,164	6
Ongoing RDA revenue shift	1,167	1,240	73	6
ERAF	503	862	359	71
Sales of RDA assets	126	11	-114	-91
Excess tax revenue	-740	-729	10	-1
LAO May Outlook				
Total local property tax revenue	\$19,392	\$21,007	\$1,615	8%
Base property tax revenue	18,201	19,426	1,224	7
Ongoing RDA revenue shift	1,212	1,297	86	7
ERAF	616	1,106	490	80
Sales of RDA assets	158	52	-107	-67
Excess tax revenue	-795	-874	-79	10
RDA = redevelopment agency and ERAF = Educational Revenue Augmentation Fund.				

2016-17 K-12 Proposition 98 Spending Changes

(In Millions)

	Governor's Budget	May Revision	Change
2015-16 Revised Spending	\$61,178	\$61,066	-\$112
Technical Adjustments	-\$977	-\$852	\$125
Policy Proposals			
Increase LCFF funding	\$2,825	\$2,979	\$154
Fund CTE Incentive Grant for Secondary Schools	240 ^a	300	60
Revise estimate of energy-efficiency funds	52	85	33
Fund truancy and dropout prevention program	7	10	3
Fund COEs for implementation of new Early Education Block Grant	—	10	10
Fund High Speed Network	5 ^b	5 ^b	—
Support Exploratorium	4	4	—
Fund improvement of web-based tools for state accountability system	1	1	—
Support Student Friendly Services	— ^d	2	2
Provide COLA for select categorical programs ^c	23	—	-23
Remove augmentation for infants and toddlers with disabilities	-30	-30	—
Subtotals	(\$3,125)	(\$3,365)	(\$239)
Total Changes	\$2,148	\$2,513	\$364
2016-17 Proposed Spending	\$63,326	\$63,579	\$253

^a Also included \$60 million in 2015-16 funding for this purpose.

^b Also includes \$3.5 million in one-time funding for this purpose.

^c COLA rate was estimated at 0.47 percent in January, finalized at zero in May.

^d Governor's budget proposed \$1 million in prior-year funds.

LCFF = Local Control Funding Formula; CTE = Career Technical Education; COE = county office of education and COLA = cost-of-living adjustment.

K-12 Proposition 98 Funding Per Pupil

	Governor's Budget	May Revision	Change
2014-15	\$9,933	\$10,001	\$68
2015-16	10,237	10,217	-20
2016-17	10,605	10,657	52
Year-to-Year Change ^a			
Amount	\$369	\$440	\$72
Percent	3.6%	4.3%	0.7%

^a Reflects change from 2015-16 to 2016-17.

Changes in LCFF Funding

(Dollars in Millions)

	2015-16 Revised	2016-17		Change	Year-to-Year Change ^a
		Governor's Budget	May Revision		
Base funding ^b	\$46,433	\$52,585	\$52,580	-\$5	\$6,147
Gap funding	6,171	2,889	3,053	163	-3,118
Total Funding	\$52,604	\$55,475	\$55,633	\$158	\$3,029
Target	\$58,266	\$58,473	\$58,158	-\$315	-\$108
Gap closure	52.1%	49.1%	54.7%	5.6%	3%
Percent of target level funded	90.3%	94.9%	95.7%	0.8%	5%

^a Reflects change from the 2015-16 revised level to the 2016-17 May Revision level.

^b Base funding reflects total prior-year funding adjusted for changes in student attendance.
LCFF = Local Control Funding Formula.

Summary of K-12 Education Recommendations

Program	May Revision Proposal	LAO Recommendation
LCFF funding for school districts	Increase by \$154 million.	Adopt. Accelerates LCFF implementation.
K-12 mandates backlog	Increase by \$135 million.	Modify. Adopt funding level but combine with strategic plan to pay off remainder of backlog.
School Facility Emergency Repair Revolving Loan	Provide \$100 million (one time) for new program.	Reject. New program redundant with state's existing Facility Hardship Grant Program.
LCFF funding for COEs	Increase by \$16.5 million (\$5.5 million each 2014-15, 2015-16, and 2016-17).	Modify. Change one of the COE LCFF formulas to ensure funding remains connected with the cost of expected COE services.
SACS replacement project	Provide \$3 million. (Replaces \$7.2 million in combined non-Proposition 98 and federal funds.)	Reject. Direct CDE to work with CDT to progress through initial stages of state review process. Ask agencies to report progress in summer. Signal intent to fund next year once planning phases of project complete.
Dropout and truancy prevention grants (Proposition 47)	Increase by \$2.6 million.	Modify. Estimate of available Proposition 47 funds still too low. Allocate funds to schools with the highest concentration of at-risk youth. Provide programmatic flexibility.
California Center on Teaching Careers	Provide \$2.5 million (one time) for teacher recruitment.	Modify. Adopt funding level. Require efforts be focused on longstanding teacher shortage areas. Strengthen reporting requirements.
College planning website	Increase by \$1 million (for a total of \$2 million). Make all \$2 million ongoing.	Modify. Approve \$750,000 for public side of site. Reject \$1.25 million for fee-for-service side of site.
School energy-efficiency projects (Proposition 39)	Increase by \$33 million.	Adopt. Increase for projects consistent with revised Proposition 39 revenue estimate.
Integrated Teacher Preparation Programs	Provide \$10 million non-Proposition 98 General Fund for one-time incentive grants.	Reject. Barriers to integrated programs unlikely to be overcome by one-time grants.

LCFF = Local Control Funding Formula; COE = county office of education; SACS = Standardized Account Code Structure; CDE = California Department of Education; and CDT = California Department of Technology.

Child Care and Preschool Budget

(In Millions)

	2014-15 Actual	2015-16 Budget Act ^a	2016-17			Year-Over-Year Change at May Revision
			Governor's Budget	May Revision	Change	
Expenditures						
CalWORKs Child Care						
Stage 1	\$311	\$410	\$394	\$394	— ^b	-\$16
Stage 2 ^c	364	414	422	421	-\$1	7
Stage 3	223	278	316	274	-42	-5
Subtotals	(\$899)	(\$1,103)	(\$1,132)	(\$1,089)	(\$-43)	(\$-14)
Non-CalWORKs Child Care						
General Child Care ^d	\$531	\$450	\$450	\$448	-\$2	-\$2
Alternative Payment	182	251	255	254	-1	3
Migrant	28	29	29	29	— ^b	— ^b
Care for Children With Severe Disabilities	2	2	2	2	— ^b	— ^b
Infant and Toddler QRIS Grant (one-time)	—	24	—	—	—	-24
Subtotals	(\$742)	(\$756)	(\$736)	(\$733)	(\$-3)	(\$-23)
Preschool Programs^e						
State Preschool	\$604	\$835	—	\$873	\$873	\$39
Transitional Kindergarten	604 ^f	686 ^f	—	726	726	40
Preschool QRIS Grant	50	50	—	50	50	—
Early Education Block Grant	—	—	\$1,654 ^g	—	-1,654	—
Early Education Block Grant Implementation for COEs	—	—	—	10 ^h	10	10
Subtotals	(\$1,258)	(\$1,571)	(\$1,654)	(\$1,659)	(\$6)	(\$88)
Support Programs	\$73	\$76	\$79	\$88	\$9	\$12
Totals	\$2,972	\$3,506	\$3,600	\$3,569	-\$31	\$63
Funding						
Non-Proposition 98 General Fund	\$790	\$977	\$998	\$905	-\$93	-\$72
Proposition 98 General Fund	1,258	1,571	1,654	1,659	6	88
Federal CCDF	570	573	583	639	56	66
Federal TANF	\$353	385	365	365	— ^b	-20

^a Reflects Department of Social Services' revised Stage 1 estimates for cost of care and caseload. Reflects budget act appropriation for all other programs.

^b Less than \$500,000.

^c Does not include \$9.2 million provided to community colleges for certain child care services.

^d In 2014-15, includes funding for all State Preschool wrap slots. Beginning in 2015-16, includes funding for State Preschool wrap slots provided only by non-LEAs.

^e Some CalWORKs and non-CalWORKs child care providers use their funding to offer preschool.

^f LAO estimate based on average daily attendance in Transitional Kindergarten, as reported by CDE.

^g Consists of \$878 million shifted from State Preschool, \$726 million shifted from Transitional Kindergarten, and \$50 million shifted from the Preschool QRIS Grant.

^h May Revision also provides COEs \$10 million in one-time Proposition 98 funds scored to 2014-15 for Early Education Block Grant implementation activities.

QRIS = Quality Rating and Improvement System; CCDF = Child Care and Development Fund; TANF = Temporary Assistance for Needy Families; COEs = County Offices of Education; CDE = California Department of Education; and LEA = local education agency.

2016-17 Child Care and Preschool Funding Changes

(In Millions)

Change	Governor's Budget	May Revision	Change
Preschool Programs			
Shifts funds to/from new Early Education Block Grant (EEBG) ^a	\$1,654	-\$1,654	-\$3,307
Shifts funds from/to State Preschool, Transitional Kindergarten, and Preschool Quality Rating and Improvement System (QRIS) ^a	-1,654	1,654	3,307
Provides ongoing funds to county offices of education to implement EEBG	—	10	10
Adjusts Transitional Kindergarten for increases in Local Control Funding Formula	40	40	—
Makes various adjustments to State Preschool ^b	40	36	-4
Subtotals	(\$80)	(\$85)	(\$6)
Child Care Programs			
Makes CalWORKs caseload and average cost of care adjustments	\$18	-\$25	-\$43
Annualizes funding for Regional Market Rate ceiling increase initiated in 2015-16	9	9	—
Increases funding for quality activities with additional federal funds	3	12	9
Annualizes funding for 5 percent license-exempt rate increase initiated in 2015-16	5	5	—
Adjusts non-CalWORKs child care programs for statutory growth and COLA	4	1	-4
Removes one-time Infant and Toddler QRIS grant funds	-24	-24	—
Subtotals	(\$15)	(\$23)	(\$38)
Totals^c	\$95	\$63	-\$31

^a The May Revision postpones shifting State Preschool and Transitional Kindergarten funds into the Early Education Block Grant until 2017-18.

^b Annualizes slots initiated in 2015-16 and funds statutory growth and cost-of-living adjustment (COLA).

^c Governor's budget and May Revision each include technical adjustments of less than \$500,000.

Child Care and Preschool Subsidized Slots

Average Monthly Full-Day Slots, Except for Part Day State Preschool

	2014-15 Revised ^a	2015-16 Budget Act ^b	2016-17			Year-Over-Year Change at May Revision
			Governor's Budget	May Revision	Change	
CalWORKs Child Care						
Stage 1	37,442	44,154	42,995	42,995	—	-1,159
Stage 2 ^c	51,098	50,971	49,777	51,083	1,306	112
Stage 3	33,427	35,845	36,335	34,770	-1,565	-1,075
Subtotals	(121,967)	(130,970)	(129,107)	(128,848)	(-259)	(-2,122)
Non-CalWORKs Programs						
General Child Care ^d	27,359	28,738	42,134	29,063	-13,071	325
Alternative Payment	25,079	32,852	29,344	32,267	2,923	-585
Migrant	3,049	3,060	3,064	3,064	—	4
Care for Children with Severe Disabilities	169	105	98	104	6	-1
Subtotals	(55,656)	(64,755)	(74,640)	(64,498)	(-10,142)	(-257)
Preschool Programs						
State Preschool—part day	96,087	98,956	—	108,203	108,203	9,247
State Preschool—full day	50,989	58,504	—	57,644	57,644	-860
Transitional Kindergarten	83,321	83,321 ^e	—	85,500	85,500	2,179
Early Education Block Grant	—	—	251,409 ^f	—	-251,409	—
Subtotals	(230,397)	(240,781)	(251,409)	(251,347)	(-62)	(10,566)
Totals	408,020	436,506	455,156	444,693	-10,463	8,187

^a Reflects actuals for all stages of CalWORKs, DOF estimates for Migrant child care and Care for Children with Severe Disabilities, CDE estimates for Transitional Kindergarten, and LAO estimates for all other programs.

^b Reflects DSS estimates for CalWORKs Stage 1; DOF estimates for CalWORKs Stage 2 and 3, Migrant child care, and Care for Children With Severe Disabilities; CDE estimates for Transitional Kindergarten; and LAO estimates for all other programs.

^c Does not include certain community college child care slots (1,300 to 1,800 slots annually).

^d State Preschool wrap slots for non-LEAs (funded by General Child Care) are included in State Preschool—full day line in all cases except 2016-17 Governor's Budget.

^e Assumes that participation in Transitional Kindergarten remains flat in 2015-16.

^f Reflects DOF estimate of number of slots that otherwise would have been funded in State Preschool (165,909) and Transitional Kindergarten (85,500).

Summary of Early Education Block Grant Recommendations

Program Component	May Revision Proposal	LAO Recommendation
Funding for providers during initial years of implementation	<p>Provide funding to school districts based on 2016-17 State Preschool and Transitional Kindergarten funding.</p> <p>Provide funding to COEs based on 2016-17 State Preschool funding.</p> <p>Include three-year hold harmless for school districts and COEs.</p> <p>Redirect funding from non-LEA providers to school districts in the area.</p>	<p>Modify. Include one-year hold harmless provision for districts, then gradually align funding based on the number of low-income and at-risk children in each district.</p> <p>Decrease non-LEA and COE funding over five years and reallocate funding to districts within each county based on unmet need.</p>
Future funding allocations	Specify future funding would be allocated based on prior-year funding levels and determination of unmet need.	Adopt.
Prioritization of children	Require districts to prioritize funding for low-income and at-risk youth.	Adopt.
Definition of low income	Children who qualify for free or reduced-price meals or state-subsidized child care.	Modify. Define children as low income only if they qualify for free or reduced-price meals.
Definition of at risk	Children who are homeless, at risk of abuse or neglect, foster youth, children with disabilities that affect their learning, and English learners.	Adopt.
Attendance expectations	Require districts to serve at least as many children as they served in 2016-17, adjusted for changes in K-3 attendance.	Modify. Over the long run, adjust attendance expectations to serve as many priority children as possible given available funding.
Program duration	Require programs to operate for a minimum of three hours per day and 180 days per year.	Adopt.
Program standards	Require programs to meet QRIS Tier 4 standards.	Modify. Phase in QRIS standards and rating process over several years. Require independent party evaluate COE-operated programs.
New COE responsibilities	Require COEs to coordinate regional planning, help school districts implement new programs, and provide ongoing technical assistance and professional development opportunities to school districts.	Modify. Require COEs (and CDE) to provide technical assistance under specified conditions.
New COE funding	Provide \$20 million (\$10 million one time, \$10 million ongoing) for additional responsibilities.	Modify. Provide \$10 million one-time funding. Make decision on ongoing funding amount in 2017-18 budget.
QRIS funding	Give COEs first priority for \$50 million in preschool QRIS block grant funds.	Adopt.

COE = county office of education; LEA = local educational agency; QRIS = Quality Rating and Improvement System; and CDE = California Department of Education.

Higher Education General Fund Support^a

(Dollars in Millions)

	2015-16			2016-17			Year-to-Year Change at May Revision	
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	Amount	Percent
CCC	\$5,813	\$5,860	\$47	\$5,946	\$6,034	\$88	\$174	3%
CSU	3,297	3,297	—	3,484	3,510	26	213	6
UC	3,257	3,259	2	3,467	3,471	4	212	6
CSAC ^b	2,085	1,998	-86	2,254	2,152	-102	153	8
CIRM	369	369	—	274	274	—	-95	-26
Hastings	12	12	—	15	15	—	3	27
Awards for Innovation	—	—	—	25	25	—	25	N/A
Totals	\$14,833	\$14,796	-\$38	\$15,465	\$15,481	\$16	\$686	5%

^a Includes General Fund support for retirement, debt service, and deferred maintenance paid from outside higher education agencies' budgets. Excludes state cost changes in 2016-17 for agencies participating in the California Public Employees' Retirement System, as these costs have not yet been distributed across agencies' budgets. For Hastings and CIRM, figures do not reflect May adjustments to general obligation bond debt service.

^b Includes Temporary Assistance for Needy Families support that directly offsets General Fund costs.
CSAC = California Student Aid Commission and CIRM = California Institute for Regenerative Medicine.

CCC Spending by Source

(In Millions)

	Governor's Budget	May Revision	Change
2014-15 Minimum Guarantee			
General Fund	\$4,979	\$5,025	\$46
Local property tax	2,302	2,306	5
Totals	\$7,281	\$7,331	\$51
2015-16 Minimum Guarantee			
General Fund	\$5,373	\$5,422	\$48
Local property tax	2,624	2,562	-62
Totals	\$7,997	\$7,983	-\$14
2016-17 Minimum Guarantee			
General Fund	\$5,447	\$5,535	\$88
Local property tax	2,812	2,760	-52
Totals	\$8,259	\$8,295	\$36

2016-17 CCC Proposition 98 Changes

(In Millions)

	Governor's Budget	May Revision	Change
2015-16 Revised Spending	\$7,997	\$7,983	-\$14
Technical Adjustments	-\$468	-\$416	\$52
Policy Proposals			
Implement workforce recommendations of BOG task force	\$200	\$200	—
Fund deferred maintenance and instructional equipment (one time) ^a	255	189	-\$66
Fund 2 percent enrollment growth	115	115	—
Provide apportionment increase (above growth and COLA)	—	75	75
Make CTE Pathways Initiative ongoing	48	48	—
Augment Basic Skills Initiative	30	30	—
Fund Innovation Awards at community colleges (one time)	25	25	—
Revise estimate of energy-efficiency funds	6	11	4
Increase funding for Institutional Effectiveness Initiative	10	10	—
Augment technology infrastructure funding	—	5	5
Fund technical assistance to adult education consortia (one-time)	—	5	5
Fund development of “zero-textbook-cost” degree programs (one time)	5	5	—
Provide instructional materials for incarcerated adults	—	3	3
Improve systemwide data security	3	3	—
Extend Full-Time Student Success Grant to Cal Grant C recipients	—	2	2
Increase apprenticeship reimbursement rate	2	2	—
Augment funding for systemwide Academic Senate ^b	—	—	—
Provide COLA ^c	31	—	-31
Subtotals	(\$730)	(\$728)	(\$2)
Total Changes	\$262	\$311	\$50
2016-17 Proposed Spending	\$8,259	\$8,295	\$36

^a Governor's budget provided an additional \$28 million in Proposition 98 settle up and \$6.4 million in unspent Proposition 98 prior-year funds for this purpose. The May Revision provides \$24 million in settle up and \$6.4 million in unspent prior-year funds.

^b Provides \$300,000.

^c COLA rate was estimated at 0.47 percent in January, finalized at zero in May.

BOG = Board of Governors; COLA = cost-of-living adjustment; and CTE = Career Technical Education.

Community College Programs Funded by Proposition 98

(In Millions)

	2015-16			2016-17		
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change
Apportionments						
General Fund	\$3,417	\$3,455	\$38	\$3,209	\$3,346	\$137
Local property tax	2,624	2,562	-62	2,812	2,760	-52
Subtotals	(\$6,041)	(\$6,017)	(-\$24)	(\$6,020)	(\$6,106)	(\$86)
Categorical Programs and Other Appropriations						
Adult Education Block Grant	\$500	\$500	—	\$500	\$505	\$5
Student Success and Support Program	299	299	—	299	299	—
Physical plant and instructional support (one time)	100	100	—	255	189	-66 ^a
Economic and Workforce Development	23	23	—	223	223	—
Student equity plan implementation	155	155	—	155	155	—
Extended Opportunity Programs and Services	123	123	—	124	123	-1
Disabled Students Program	115	115	—	116	115	-1
Financial aid administration	74	74	—	68	71	2
Student Success for Basic Skills Students	20	20	—	50	50	—
CTE Pathways Initiative	—	— ^b	—	48	48	—
Lease revenue bond payments	56	56	—	47	47	—
Proposition 39 energy-efficiency projects	39	39	—	45	45	—
Cal Grant B and C supplemental grants	39	39	—	39	41	2
CalWORKs student services	35	35	—	35	35	— ^c
Mandates block grant ^d	32	32	—	33	32	— ^c
Apprenticeship (community colleges)	31	31	—	32	32	— ^c
Institutional effectiveness initiative	18	18	—	28	28	—
Innovation awards (one time)	—	—	—	25	25	—
Part-time faculty compensation	25	25	—	25	25	—
Telecommunications and technology services	20	27	\$7	23	28	5
Apprenticeship (school districts)	20	20	—	22	21	— ^c
Online course initiative	10	10	—	15	18	3
Nursing grants	13	13	—	13	13	—
Foster Parent Education Program	5	5	—	5	5	—
Fund for Student Success	4	4	—	4	4	—
Part-time faculty office hours	4	4	—	4	4	—
Campus child care support	3	3	—	3	3	— ^c
Other ^e	3	3	—	3	3	— ^c
Mandate backlog payment (one time)	190	193	3	—	—	—
Subtotals	(\$1,956)	(\$1,966)	(\$10)	(\$2,238)	(\$2,189)	(-\$49)
Totals	\$7,997	\$7,983	-\$14	\$8,259	\$8,295	\$36

^a Budget provides an additional \$24 million in Proposition 98 settle-up and \$6 million in unspent Proposition 98 prior-year funds for this purpose.

^b State provided \$96 million in 2014-15, including \$48 million for 2015-16 costs.

^c Less than \$500,000.

^d Includes \$17,000 in 2015-16 and \$13,000 in 2016-17 for mandate reimbursements.

^e Includes Equal Employment Opportunity, transfer education and articulation, district financial crisis oversight, part-time faculty health insurance, and Academic Senate.

CTE = career technical education.

Summary of California Community Colleges Recommendations

Program	May Revision Proposal	LAO Recommendation
General purpose apportionment funding	Increase by \$75 million.	Adopt. Colleges can use flexible funds to meet highest priorities.
Online Education Initiative	Provide \$20 million one time.	Adopt. Accelerates implementation of online courses.
Technical assistance for Adult Education Consortia	Increase by \$5 million one time (over three years).	Adopt. Maintains service level to consortia during transition process.
Telecommunications and Technology Infrastructure	Increase by \$7 million one time and \$5 million ongoing.	Adopt. Expands Internet capacity for statewide technology projects.
Full-Time Student Success Grant	Increase by \$2 million.	Adopt. Reduces financial aid disparity between career technical education students and other students.
CCC Academic Senate	Increase by \$300,000.	Adopt. Addresses increased workload for statewide initiatives.
Energy-efficiency projects (Proposition 39)	Increase by \$4 million.	Adopt. Increase for projects consistent with revised Proposition 39 revenue estimate.
Equal Employment Opportunity Strong Workforce Program	Increase by \$2 million. Make policy changes.	Adopt. Uses special fund balance for authorized purposes. Modify. Remove requirement that LAO approve funding allocations.
Zero-Textbook-Cost Degree Program	Make policy changes.	Modify. Add requirement for CCC to coordinate with related state initiatives. Consider adding component for instructional materials for incarcerated adults.
Instructional materials for incarcerated adults	Provide \$3 million.	Reject. Proposal lacks adequate information and raises several concerns. Consider link to zero-textbook-cost proposal.
Basic Skills Initiative	Make policy changes.	Modify. Adopt change in share for statewide professional development (from 2.4 percent to 5 percent of total program funding). Designate first-year funding for grants. Remove requirement that LAO concur on funding factors.
Enrollment growth	Make no changes to January proposal.	Modify. Reduce 2015-16 enrollment base to reflect updated data and carry adjustment forward into 2016-17. Still assume 2 percent growth year over year. Use freed-up funds for other high priorities.
CCC mandates backlog	Provide \$29 million.	Reject. Per-student approach to reducing CCC mandates backlog no longer makes sense.
Deferred Maintenance and Instructional Equipment	Increase by \$189 million.	Modify. To extent Legislature frees up funding by rejecting or modifying other CCC proposals, redirect funds for one-time purposes such as maintenance backlog.

California Student Aid Commission Budget

(Dollars in Millions)

	2015-16			2016-17			Year-to-Year Change at May Revision	
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	Amount	Percent
Expenditures								
Local Assistance								
Cal Grants	\$1,966	\$1,915	-\$51	\$2,103	\$2,005	-\$98	\$90	5%
Middle Class Scholarships	82	48	-34	116	116	—	68	139
APLE	17	14	-2	14	12	-2	-3	-18
Chafee Foster Youth	12	12	—	12	12	—	—	—
Cal-SOAP	8	8	—	8	8	—	—	—
National Guard Awards	2	2	—	2	2	—	—	—
Other Programs ^a	1	1	— ^b	1	1	— ^b	— ^b	-22
Subtotals	(\$2,088)	(\$2,001)	(-\$86)	(\$2,256)	(\$2,155)	(-\$101)	(\$154)	(8%)
State Operations	\$14	\$14	—	\$14	\$17	\$2	\$2	17%
Totals	\$2,102	\$2,015	-\$86	\$2,271	\$2,172	-\$99	\$157	8%
Funding								
General Fund	\$1,564	\$1,477	-\$86	\$1,428	\$1,043	-\$385	-\$434	-29%
Federal TANF	521	521	—	826	1,109	283	588	113
Other ^c	17	17	—	17	20	3	3	20
^a Includes Cash for College, Child Development Teacher/Supervisor Grants, Graduate Assumption Program of Loans for Education, John R. Justice Program, Law Enforcement Personnel Dependents Scholarships, and State Nursing Assumption Program of Loans for Education for Nursing Faculty. ^b Less than \$500,000 or 0.5 percent. ^c Includes College Access Tax Credit Fund, Student Loan Authority Fund, and other federal funds. APLE = Assumption Program of Loans for Education; Cal-SOAP = California Student Opportunity and Access Program; and TANF = Temporary Assistance for Needy Families.								

Cal Grant Spending

(Dollars in Millions)

	2015-16			2016-17			Year-to-Year Change at May Revision	
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	Amount	Percent
Total Spending	\$1,966	\$1,915	-\$51	\$2,103	\$2,005	-\$98	\$90	5%
By Segment:								
UC	\$887	\$865	-\$22	\$943	\$890	-\$53	\$25	3%
CSU	669	650	-19	734	698	-36	48	7
Private nonprofit institutions	253	247	-6	261	253	-9	6	2
CCC	137	132	-4	146	145	-1	12	9
Private for-profit institutions	21	21	-1	19	18	-1	-2	-11
By Program:								
High School Entitlement	\$1,595	\$1,547	-\$48	\$1,711	\$1,637	-\$74	\$90	6%
CCC Transfer Entitlement	209	217	9	204	190	-15	-28	-13
Competitive	157	145	-12	184	172	-12	27	19
Cal Grant C	5	5	— ^a	4	5	1	— ^a	— ^a
By Award Type:								
Cal Grant A	\$1,115	\$1,084	-\$31	\$1,178	\$1,122	-\$57	\$38	3%
Cal Grant B	846	826	-20	921	878	-43	52	6
Cal Grant C	5	5	— ^a	4	5	1	— ^a	— ^a
By Renewal or New:								
Renewal	\$1,365	\$1,352	-\$13	\$1,480	\$1,419	-\$60	\$67	5%
New	601	563	-39	624	585	-39	22	4
By Funding Source:								
General Fund	\$1,443	\$1,392	-\$51	\$1,276	\$890	-\$385	-\$502	-36%
Federal TANF	521	521	—	826	1,109	283	588	113
College Access Tax Credit Fund	2	2	—	2	5	3	3	166

^a Less than \$500,000 or 0.5 percent.

TANF = Temporary Assistance for Needy Families.

Cal Grant Recipients

	2015-16			2016-17			Year-to-Year Change at May Revision	
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	Amount	Percent
Total Recipients	340,539	330,650	-9,889	361,608	347,936	-13,672	17,286	5%
By Segment:								
CSU	125,595	121,514	-4,081	136,110	128,956	-7,154	7,442	6%
CCC	108,074	105,107	-2,967	114,011	112,725	-1,286	7,618	7
UC	73,398	71,638	-1,760	77,639	73,384	-4,255	1,746	2
Private nonprofit institutions	29,057	28,386	-671	30,093	29,107	-986	721	3
Private for-profit institutions	4,415	4,005	-410	3,755	3,764	9	-241	-6
By Program:								
High School Entitlement	255,904	247,595	-8,309	273,062	262,770	-10,292	15,175	6%
Competitive	50,627	48,507	-2,120	56,170	54,215	-1,955	5,708	12
CCC Transfer Entitlement	26,562	27,632	1,070	25,712	23,951	-1,761	-3,681	-13
Cal Grant C	7,446	6,916	-530	6,664	7,000	336	84	1
By Award Type:								
Cal Grant B	216,439	209,835	-6,604	232,184	223,585	-8,599	13,750	7%
Cal Grant A	116,654	113,899	-2,755	122,760	117,351	-5,409	3,452	3
Cal Grant C	7,446	6,916	-530	6,664	7,000	336	84	1
By Renewal or New:								
Renewal	205,959	201,986	-3,973	222,500	214,991	-7,509	13,005	6%
New	134,583	128,668	-5,915	139,109	132,944	-6,165	4,276	3
Totals do not match across all categories due to modeling issues.								