California provides instruction and support services to roughly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, more than 1,000 local school districts, and more than 1,000 charter schools provide students with instruction in English, mathematics, history, science, and other core competencies to provide them with the skills they will need upon graduation for either entry into the workforce or higher education.

The Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs.

Proposition 98

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in 1988-89, determines education funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, local property tax revenues, per capita personal income, civilian population, and school attendance growth or decline.

In 2011-12, at the depth of the state budget crisis, the minimum guarantee dropped from the previous high of $56.6 billion in 2007-08 to $47.3 billion. Over the past seven years, primarily driven by significant increases in state General Fund revenues and the passage of Propositions 30 and 55, the minimum guarantee has increased by $31 billion to $78.4 billion. With these significant increases in the minimum guarantee, the Administration and the Legislature have
paid down debt owed to schools, fully implemented the Local Control Funding Formula (LCFF), and provided schools with large grants of flexible, discretionary funding to invest in local priorities. For K-12 schools, this increase results in Proposition 98 per pupil spending of $11,640, a $4,633 increase over the 2011-12 per pupil spending levels. Additionally, over this period of time, per pupil spending from all state, federal, and local sources increased by approximately $5,700 per pupil to $16,352.

The state also postponed $19 billion in payments to K-14 schools during the recession, in the form of inter-year budgetary apportionment deferrals ($10.6 billion), settle-up payments owed for past Proposition 98 fiscal years ($4.3 billion), outstanding mandate claims ($4.2 billion), and the balance owed in the Williams settlement ($800 million). By appropriating large increases in Proposition 98 funds to pay down these outstanding obligations, the state eliminated inter-year budgetary deferrals and the Williams settlement balance in 2014-15, and reduced the outstanding mandate claim balances and settle-up debt in 2018-19 to approximately $1.1 billion and $340 million, respectively.

**PROPOSITION 30**

In November 2012, voters passed Proposition 30, the Governor’s tax initiative, which temporarily raised the state sales and personal income tax and provided significant additional funding for K-14 schools. Without the passage of Proposition 30, the state anticipated $5.4 billion in additional cuts to K-14 schools in 2012-13. Instead, from 2012-13 through 2018-19, Proposition 30 (as extended by Proposition 55 beginning January 2019) accounts for $50 billion in state revenue, which has allowed the state to shift from making substantial reductions to making substantial investments in education. Proposition 55 extends the personal income tax rates through 2030.

**LOCAL CONTROL FUNDING FORMULA**

In 2013, the Administration and Legislature created the LCFF to replace the prior revenue limit school finance system, which was inequitable, overly complex, and administratively costly. The transition to LCFF represented a fundamental shift from state control of educational programs and fiscal priorities to a more locally determined model that allows communities the flexibility to serve their unique student populations. Specifically, the state eliminated 43 categorical programs and revamped state allocation formulas, targeting flexible funding to school districts more equitably with a focus on reducing the academic achievement gap. The formula responds to research and practical experience that indicates students from low-income families, English language learners, and youth in foster care often require supplemental services and support to be successful in school.
The school district and charter school LCFF formula includes the following major components:

- A grade-span base grant for each local educational agency per unit of average daily attendance, including a base grant rate adjustment of 10.4 percent to support lower class sizes in grades K-3, and an adjustment of 2.6 percent to reflect the cost of operating career technical education programs in high schools.

- A supplemental grant of 20 percent of the adjusted base rate for English learners, students from low-income families, and youth in foster care to support increased services to students with higher needs.

- An additional concentration grant of 50 percent of the adjusted base rate for each English learner, student from low-income families, and youth in foster care above 55 percent of the enrollment served by the local educational agency.

The enacted county office of education formula includes: (1) a base grant for each county office of education per unit of average daily attendance to support instruction of students who attend community schools and juvenile court schools, and (2) unrestricted funding, inclusive of the resources necessary for administrative and technical support of local educational agencies in developing and approving local accountability plans, based on the average daily attendance of all students in the county.

The Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71 percent COLA and an additional $570 million above the COLA as an ongoing increase to the formula. Since the enactment of LCFF, the state has allocated over $21 billion in additional ongoing resources to school districts and charter schools through the formula. The county office of education formula was fully implemented in 2014-15.

The Budget also provides $300 million one-time Proposition 98 General Fund for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who: (1) perform at the lowest levels on the state’s academic assessments, and (2) do not generate supplemental LCFF funds or state or federal special education resources.

K-12 Accountability

The student academic achievement gap is the most persistent and difficult challenge facing California’s public school system. For decades, data shows an inequity in academic outcomes between the state’s student subgroup—especially for students with disabilities, foster and
homeless youth, English language learners, and students of color. Prior to the implementation of the LCFF, the state predetermined program funding allocations for local educational agencies that did not address changing student needs and measured student achievement based solely on test scores and graduation rates. The adoption of the LCFF marked a redirection of resources aimed at closing the achievement gap, allowing local educational agencies greater authority to target spending to local needs. This shift required the state to redesign its K-12 accountability system to ensure that local educational agencies adopted spending plans that reflected their students’ needs based on a complete evaluation of their own local education system.

Parallel to the transition to a new education finance and accountability system, in 2010, the State Board of Education also adopted new, more rigorous state standards for English language arts and mathematics. In addition to defining curriculum content for grades K-12, these standards focused on developing the critical thinking and analytical skills students need to be ready for college-level courses and the workforce. To measure student proficiency in these new standards, in 2015 the state implemented new computer-based, adaptive assessments for the first time, reducing the number of assessments that students are required to take while increasing the precision of those assessments to identify content areas where students either excel or need additional support.

The Local Control and Accountability Plan (LCAP) is the foundation of the state’s new accountability system, and is developed by local educational agencies in collaboration with school and community stakeholders to improve student outcomes. First required of local educational agencies for the 2014-15 school year, the purpose of the LCAP process is to develop local multi-year strategies and funding plans to continuously improve student achievement, based on multiple measures of student success. These measures—which include student test scores, suspension rates, English learner progress, and several other indicators—are aggregated for public review on the California School Dashboard, which became available for the first time in fall 2017. The state uses the Dashboard to identify school districts with consistently low-performing student subgroups to connect them with a network of resources available through the new statewide system of support. Within the system of support, school districts, county offices of education, the California Collaborative for Educational Excellence, and the Department of Education work collaboratively to identify barriers to student achievement and share expertise to address those barriers. The LCAP, the Dashboard, and the statewide system of support replace the state’s previous high stakes testing-driven accountability system to give a more comprehensive view of student achievement and more opportunities for school communities to make meaningful changes to improve student outcomes.
The Budget makes $82.8 million in investments for the state’s new accountability system and capacity-building within the statewide system of support, including:

- **Statewide System of Support**—$57.8 million Proposition 98 General Fund for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- **Multi-Tiered Systems of Support (MTSS)**—$15 million one-time Proposition 98 General Fund to expand the state’s MTSS framework to foster positive school climate in both academic and behavioral areas.

- **Community Engagement Initiative**—$13.3 million one-time Proposition 98 General Fund for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the LCAP process.

- **California Collaborative for Educational Excellence**—$11.5 million Proposition 98 General Fund to support the Collaborative in its role within the statewide system of support.

- **Special Education Local Plan Area (SELPA) Technical Assistance**—$10 million Proposition 98 General Fund for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- **Dashboard Improvement**—$300,000 one-time Proposition 98 General Fund to improve the user interface of the California School Dashboard.

- **LCFF Budget Summary for Parents**—$200,000 one-time Proposition 98 General Fund to develop the electronic template for the LCFF Budget Summary for Parents, which will help stakeholders better understand funding decisions made within the LCAP.

- **LCAP Redesign**—$200,000 one-time Proposition 98 General Fund to support intended future legislation to streamline the LCAP.

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**Proposition 98 Certification**

In 1989, shortly after Proposition 98 was passed by voters, the state enacted a certification process intended to finalize the calculations of the minimum school funding formula in each fiscal year. Under this process, the Department of Finance, the Superintendent of Public Instruction, and the Chancellor of the Community Colleges were to jointly certify the calculation of the minimum guarantee within nine months after the close of each fiscal year. Given the
compressed timeframe, differing interpretations of the law, and other issues, certification of the minimum guarantee has been delayed for many years. The last time the state certified the minimum guarantee was in 2008-09.

Consistent with the focus of the Administration and the Legislature on retiring debt and liabilities, the Budget enacts a new Proposition 98 certification process designed to: (1) provide a new mechanism to ensure annual certifications, (2) increase certainty around the payment of future certification settlements, (3) provide the state with additional budgeting flexibility, and (4) certify the guarantee for the prior years of 2009-10 through 2016-17.

Under the new certification process, Finance will publish a tentative calculation of the prior year’s Proposition 98 minimum guarantee in the May Revision. This estimate will include all of the relevant factors used in the calculation of the guarantee, reflecting Finance’s, the Superintendent’s, and the Chancellor’s final estimates for the year. Following the publication, a public review and comment period will allow interested parties and stakeholders to ask questions and submit comments regarding the certification to Finance. Finance will be required to respond to and publish all relevant comments prior to posting the final calculation of the guarantee. If no legal challenge to the calculation is made by October 1, the guarantee will be deemed certified. Any funding in excess of the required minimum level may be determined through the certification process and may be applied to meet guarantee obligations in future fiscal years. Any additional amount owed will be paid over a specified period of time.

As part of the certification included in the Budget, the Proposition 98 minimum guarantee was rebenched in 2015-16 to reflect the inclusion of additional child care wraparound services that were funded within the guarantee beginning in 2015-16. To further the certainty that the new certification process will provide, the Budget also continuously appropriates funding for the LCFF, including the annual cost-of-living adjustment. Doing so provides the same level of certainty for budget planning that local educational agencies enjoyed under the previous revenue limit system.

**Career Technical Education**

Career technical education funding in California has undergone a significant transformation in recent years. Prior to the adoption of the LCFF, the state provided more than $500 million annually to support a collection of targeted career technical education categorical programs, most notably the Regional Occupational Centers and Programs (ROCPs). The 2013 Budget collapsed almost all of this previous categorical funding into the LCFF in the form of a 9-12 grade span adjustment and required local educational agencies to describe how they intend to meet the career technical education needs of their students consistent with state-adopted
standards in their LCAPs. This approach changed both state and local conversations around career technical education, as funding for these programs was now tied directly to decisions made at the local level around how best to use resources to improve student outcomes.

Acknowledging that a shift to local decision-making could be difficult, the 2013 Budget included a two-year maintenance-of-effort requirement for local educational agencies to maintain their 2012-13 levels of spending on ROCPs, providing them with additional time to structure more long-term service delivery arrangements. Further, both the 2013 and 2014 Budgets provided $250 million in one-time Proposition 98 General Fund to support the Career Pathways Trust Program, which provided one-time competitive grants to create innovative programs and partnerships linking rigorous academic standards to career pathways in high-need and high-growth sectors of the economy. This program was followed by the Career Technical Education Incentive Grant Program, which provided $900 million over a three-year period to encourage the creation and expansion of high-quality career technical education programs during local educational agencies’ implementation of the LCFF. These investments supplemented the ongoing funding that was rolled into the LCFF in recognition of the higher cost of offering career technical education programs at the high school level.

Funding allocated through the LCFF should pay for a full range of educational costs, including career technical education. However, in recognition that high-quality career technical education programs play a valuable role in preparing students to meet the state’s labor market demands, the Budget includes $164 million ongoing Proposition 98 funding to establish a K-12 specific component within the Strong Workforce Program. This workforce development proposal is designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program, which is funded at $248 million annually. The state's investment in career technical education is further complemented by the inclusion of $150 million ongoing Proposition 98 General Fund to make permanent the Career Technical Education Incentive Grant Program, mentioned above.

Together, these programs, along with the funding provided through the LCFF, will enhance students’ opportunities to participate in effective, high-quality career technical education programs that are aligned not only with college and career-readiness standards, but also with the needs of employers, industry, and labor.
Mandates

Under the traditional state mandate reimbursement claims process, local educational agencies were reimbursed for the costs incurred to perform specified mandated activities. Local educational agencies were required to follow specific claiming instructions and maintain documentation supporting the amounts claimed. The entire process was labor intensive and burdensome. Moreover, the traditional reimbursement process did not create an incentive for local educational agencies to perform mandated activities in a cost-effective or efficient manner given that any administrative compliance costs incurred were reimbursed. Further, local educational agencies determined the cost of performing specified mandated activities, resulting in significant variance in claimed costs among local educational agencies.

To address these issues, the K-12 Mandate Block Grant Program was created as part of the 2012 Budget. In lieu of filing reimbursement claims for specific state-mandated programs, local educational agencies can participate in the block grant and receive funding for mandated programs based on specified funding rates per unit of average daily attendance. The block grant significantly simplifies the mandate reimbursement process by eliminating the need to submit reimbursement claims for individual mandated programs and maintaining applicable supporting documentation for many years. Moreover, the block grant allows local educational agencies to plan on a dedicated funding source to support mandated programs, while also allowing the state to more effectively plan and budget for mandated costs. As of 2017-18, nearly 98 percent of local educational agencies have elected to participate in the block grant.

While the K-12 Mandate Block Grant Program addressed the prospective funding of these requirements on schools, unpaid local educational agency reimbursement claims prior to 2012-13 totaled in the billions of dollars. As part of the Administration’s emphasis on paying down debt, more than $5.7 billion in one-time funding has been provided to school districts, charter schools and county offices of education since 2014-15 to use at local discretion, while offsetting outstanding reimbursements claims for these entities. These funds have provided substantial resources to support critical investments in content standards implementation, technology, professional development, induction programs for beginning teachers, deferred maintenance, and employee benefits. The Budget builds on the commitment to retire debt by providing an additional $1.1 billion for school districts, charter schools and county offices of education to further support local priorities. These funds, coupled with previous discretionary funding, allows the state to retire approximately $4.5 billion in outstanding K-12 mandate debt and reduce the amount owed to local educational agencies from a recent high of approximately $5.5 billion (both from debt incurred prior to the creation of the block grant and from claims submitted since then) to nearly $1 billion.
Similar to K-12 local educational agencies, community college districts received discretionary funding of $787 million since 2014-15. Districts can use the funding for local needs and priorities such as deferred maintenance, technology infrastructure, professional development, and developing open education resources and zero-textbook-cost degrees. In addition to providing districts with a discretionary resource to address critical local needs, the funding also offsets any applicable outstanding mandate reimbursement claims for these entities. As a result, outstanding community college mandate debt has been reduced from approximately $565 million to $110 million.

**Teacher Workforce**

In recognition of the need to recruit and retain qualified individuals into the teaching profession, the Administration and the Legislature have targeted teacher workforce investments. Over the last few years, these targeted investments have included the following:

- **Educator Effectiveness Block Grant**—$490 million one-time Proposition 98 General Fund in 2015-16 to support educator professional development.

- **Classified School Employee Credentialing Grant Program**—$45 million total one-time Proposition 98 General Fund in 2016-17 and 2017-18 to support at least 2,250 classified employees electing to participate in a teacher preparation program and become certificated classroom teachers in California public schools.

- **Integrated Teacher Preparation Program**—$10 million one-time non-Proposition 98 General Fund in 2016-17 to create pathways that allow university students to graduate with a bachelor’s degree and a preliminary teaching credential within four years.

- **California Educator Development Grant Program**—$9 million one-time federal Title II funds in 2017-18 for competitive grants that assist local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high-need subjects and schools.

- **California Center on Teaching Careers**—$5 million one-time Proposition 98 General Fund in 2016-17 to support statewide teacher recruitment and retention efforts.

- **Bilingual Educator Professional Development Grant Program**—$5 million one-time Proposition 98 General Fund in 2017-18 for competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.
Additionally, the California Commission on Teacher Credentialing, as the state’s licensing board for public school teachers, has implemented a variety of initiatives to align educator preparation with new K-12 academic content standards and improve the availability of statewide teacher workforce data. Specific activities include:

- Consolidating the number of Special Education Credentials from seven to five by embedding the existing Physical and Health Impairments and Language and Academic Development authorizations into both the Mild/Moderate and Moderate/Severe credentials.
- Extending the validity period for teacher licensing exams.
- Updating teacher and administrator standards to reflect adoption of the California State Standards and California’s Next Generation Science Standards.
- Creating an online dashboard on teacher supply and demand and educator preparation.
- Establishing the Teaching Permit for Statutory Leave to authorize long-term substitutes for teachers on extended leave.
- Revising the accreditation system for teacher preparation programs to focus on program outcomes such as program completion factors, teacher placements, and employer satisfaction.

Although many of the recent investments in the teacher workforce have been targeted at science, technology, engineering and mathematics (STEM), bilingual, and special education fields, for decades there has been a particularly acute shortage in the number of fully credentialed special education teachers. Most concerning, the number of special education teachers providing instruction with a substandard credential continues to rise. In response to this shortage, and because two-thirds of school districts have been identified as having poor special education performance, the Budget provides an additional $100 million investment to increase and retain special education teachers, as well as an additional $25 million investment for bilingual and STEM education fields:

- Teacher Residency Grant Program—$75 million one-time Proposition 98 General Fund to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs with $50 million aimed at preparing and retaining special education teachers and $25 million aimed at bilingual and STEM teachers.
• Local Solutions Grant Program—$50 million one-time Proposition 98 General Fund to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers.

**Other K-12 Budget Adjustments**

In addition to the augmentations described above, the Budget also provides:

• Classified School Employee Summer Assistance Program—$50 million one-time Proposition 98 General Fund to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the school year and then paid during the summer recess period.

• Classified School Employee Professional Development Block Grant Program—$50 million one-time Proposition 98 General Fund for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

• English Language Proficiency Assessment for California (ELPAC)—$27.1 million one-time Proposition 98 General Fund to convert the paper-based ELPAC to a computer-based assessment and to develop an ELPAC assessment specific to students with exceptional needs.

• Charter School Facility Grant Program—$21.1 million one-time and $24.8 million ongoing Proposition 98 General Fund to reflect increases in programmatic costs.

• Kids Code After School Program—$15 million one-time Proposition 98 General Fund to increase opportunities for students in after-school programs to access computer coding education.

• Fire-Related Support—$4.4 million Proposition 98 General Fund over two years in property tax relief to schools impacted by the fires in Northern and Southern California in 2017, and an additional $25 million Proposition 98 General Fund relief through the LCFF. The Budget also holds harmless the average daily attendance used in calculating the LCFF for these counties for three years.

• California-Grown Fresh School Meals Grants—$1 million one-time Proposition 98 General Fund to encourage the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.
Fiscal Crisis and Management Assistance Team (FCMAT)—$972,000 Proposition 98 General Fund to allow FCMAT to coordinate with county offices of education to offer more proactive and preventive services to fiscally distressed school districts, specifically those with a qualified interim budget status (school districts that may not meet their financial obligations in the current year or subsequent two years).

CHILD CARE AND STATE PRESCHOOL

The state funds nine child care and early education programs as well as dozens of other programs that support child care quality and access, including family resource and referral agencies and local child care planning councils. These programs are administered by the Department of Education and the Department of Social Services. Families can access child care and early education subsidies through providers that contract directly with the Department of Education, local educational agencies, or through vouchers from county welfare departments or alternative payment program agencies.

During the economic downturn, state child care and early education programs experienced significant cuts, with reductions of almost $1 billion in funding. However, since 2013, the state has increased funding by $700 million non-Proposition 98 General Fund and $600 million Proposition 98 General Fund. These investments have improved services by:

- Increasing Provider Reimbursement Rates—The state updated child care provider reimbursement rates to pay child care providers that accept vouchers rates that reflect the current cost of care. Prior to these rate increases (which began in 2014), providers received reimbursement rates that were based on the cost of care in 2005. The state also increased the rates of providers that contract directly with the Department of Education by more than 26 percent.

- Expanding Access for Families—From 2013 to 2018, the state added more than 58,000 subsidized child care and early education slots. The state also increased income eligibility ceilings for families receiving child care subsidies, both for initial and continuing eligibility determinations. For families with inconsistent incomes or work schedules, the state reduced the frequency of eligibility redeterminations from several times a year to annually. Finally, the state increased State Preschool income eligibility ceilings for children with disabilities to improve inclusivity in that program.
• Reducing Costs for Families—In 2014, the state eliminated fees for families participating in part-day State Preschool. In addition, by increasing income eligibility ceilings for families (described above), the state also increased the number of families exempt from paying fees in all state child care programs.

• Improving the Quality of Care—To increase the quality of subsidized child care, in 2014-15 and 2015-16 the state provided: (1) $50 million ongoing Proposition 98 General Fund for local block grants for State Preschool quality improvement; (2) $24.2 million one-time non-Proposition 98 General Fund for local block grants for quality improvement in infant and toddler care; (3) $10 million one-time Proposition 98 General Fund to provide loans for State Preschool facility expansion; and (4) $25 million one-time Proposition 98 General Fund for State Preschool and transitional kindergarten teacher training. From 2011-12 to 2015-16, the state also invested $75 million one-time federal Race to the Top–Early Learning Challenge funds into the creation of a state/local quality rating and improvement system for child care providers. Further, to verify that transitional kindergarten teachers are appropriately trained to provide instruction for four-year-olds, in 2014-15 the state increased the educational requirements for transitional kindergarten teachers to include 24 units of early childhood education. Finally, in 2018-19 the state increased the frequency of inspections for licensed child care providers from once every three years to annual.

• Streamlining Program Requirements—To improve the experience of participating providers and families, the state: (1) authorized the use of electronic applications for child care subsidies, making it less burdensome for eligible families to access care and more efficient for providers to process applications; (2) eliminated duplicative licensing requirements for State Preschool providers utilizing facilities that meet transitional kindergarten facility standards; and (3) simplified eligibility determinations for providers accepting both state and federal subsidies and serving homeless children by aligning the eligibility requirements for these subsidies.

Included in these investments are augmentations in the Budget that increase provider reimbursement rates and expand access for families. Specifically, the Budget makes the final augmentations associated with the multi-year funding agreement adopted as part of the 2016 Budget by increasing the reimbursement rate for providers that contract directly with the Department of Education by approximately 2.8 percent, and making permanent a temporary hold harmless provision to the 2016 Regional Market Reimbursement Rate Survey for providers accepting vouchers. Additionally, the Budget increases the reimbursement rate adjustment factors for child care providers serving infants, toddlers, children with exceptional needs, and severely disabled children. The Budget also provides the final of three scheduled 2,959 full-day slot increases to the State Preschool program, totaling 8,877 slots over three years, and
increases the number of available child care vouchers by 13,407. Overall, the Budget includes approximately $1 billion in new child care investments for 2018-19 and 2019-20.

Finally, the Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 General Fund through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care. Grant recipients will commit that all children benefiting from grant funds, especially those with disabilities, have access to appropriate settings that support their educational and developmental growth.

Significant Adjustments:

- **Alternative Payment Program Expansion**—Increases of $15.8 million non-Proposition 98 General Fund and $204.6 million federal Child Care and Development Fund for a total of 13,407 new voucher slots, of which 11,307 are available until June 30, 2020.

- **Provider Reimbursement Rate Increases**—Increases of $31.6 million Proposition 98 General Fund and $16.1 million non-Proposition 98 General Fund to increase the Standard Reimbursement Rate by approximately 2.8 percent, in addition to cost-of-living adjustments. The Budget also provides $34.2 million non-Proposition 98 General Fund beginning in 2019-20 to make permanent the existing limited-term Regional Market Reimbursement Rate hold harmless provision. Finally, the Budget includes $39.7 million non-Proposition 98 General Fund to increase the reimbursement rate adjustment factors for child care providers serving infants, toddlers, and children with exceptional needs, beginning January 1, 2019.

- **Child Care Quality Investments**—An increase of $26.4 million federal Child Care and Development Fund in both 2018-19 and 2019-20 to increase inspections of licensed child care providers from once every three years to annual. Additionally, $20 million in available one-time federal Child Care and Development Fund carryover is allocated to the County Pilot for Inclusive Early Care, the Child Care Initiative Project, and licensed child care teacher professional development.

- **Full-Year Implementation of 2017 Budget Investments**—Increases of $32.3 million non-Proposition 98 General Fund and $28.4 million Proposition 98 General Fund to reflect full-year costs of new policies implemented part-way through the 2017-18 fiscal year. These costs are associated with an update of the Regional Market Reimbursement Rate to the 75th percentile of the 2016 regional market rate survey (beginning January 1, 2018), and an increase of 2,959 slots for full-day State Preschool (beginning April 1, 2018).
• CalWORKs Stage 2 and Stage 3 Child Care—A net increase of $109.2 million non-Proposition 98 General Fund in 2018-19 to reflect increases in the number of CalWORKs child care cases. Total costs for Stages 2 and 3 are $559.9 million and $398.6 million, respectively.

• Federal Child Care and Development and TANF Funds—A decrease of federal TANF from $120.1 million in 2017-18 to $70.6 million in 2018-19. Total TANF and federal Child Care and Development Fund is $938 million.
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