

California's State Budget: The Enacted 2018–19 Budget

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➤ **The spending plan reflects significant economic growth.**

On June 27, 2018, Governor Brown signed the 2018–19 Budget Act, which includes \$201.4 billion in spending. General Fund appropriations total \$138.7 billion, an \$11.6 billion (or 9.2%) increase over the revised 2017–18 budget expenditures. General Fund revenues are estimated at \$137.7 billion for 2018–19, which is \$5.2 billion (3.9%) more than the revised 2017–18 revenues.

➤ **K–12 schools and higher education see continued funding increases.**

The budget allocates an additional \$3.7 billion to fully fund the Local Control Funding Formula (LCFF), which supplies base grants to K–12 schools and extra funding for targeted student groups. K–12 schools will also receive \$1.1 billion in discretionary funds, \$300 million to help low-performing students, and support for career technical education: \$150 million to continue a grant program and \$164 million through the Strong Workforce Program. The budget includes \$523 million to implement a new funding formula for community colleges, based on overall enrollment, enrollment of low-income students, and performance outcomes. The spending plan also provides \$100 million in one-time funds (\$20 million ongoing) to create a new online community college focused on credentialing and certificate programs. Base funding for California State University increases by \$92 million, with an additional \$105 million ongoing to support operational costs and the Graduation Initiative, and \$120 million over four years for enrollment growth. The University of California's base funding increases by \$92 million, with an additional \$5 million ongoing for enrollment growth and \$105 million in one-time funding for general university needs.

➤ **Support for working Californians and homelessness has been expanded.**

Eligibility for the state Earned Income Tax Credit was expanded to include working individuals between the ages of 18 and 24 and those over 65, and the income range now takes into account the rising state minimum wage; these changes will benefit an additional 700,000 households. One-time funding of \$500 million will go to help local governments address the homelessness crisis, with the state asking voters to approve \$2 billion in additional funding for affordable housing (the No Place Like Home program) on the November ballot. The state will also spend \$90 million in 2018–19 (\$360 million ongoing) to increase CalWORKs grants, which assist children and families living in deep poverty (with cash incomes below 50% of the federal poverty level, about \$12,500 for a family of four).

➤ **The budget includes spending on infrastructure, climate change, and one-time needs.**

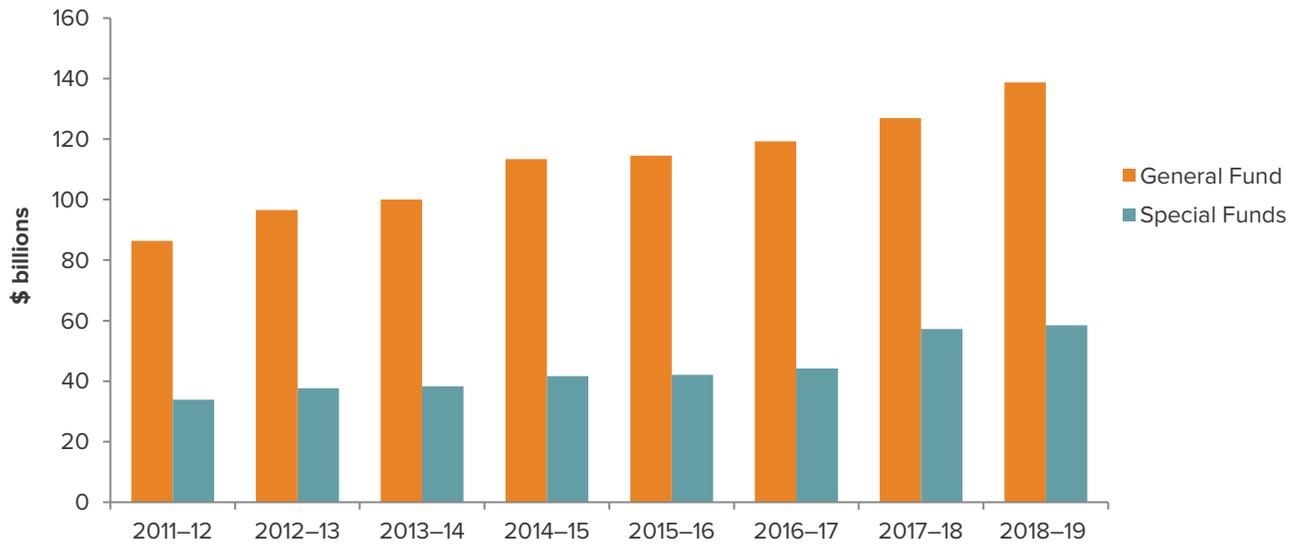
New funding for transportation infrastructure (SB 1) will provide \$4.6 billion in the first full year, split evenly between state and local priorities. The budget also allocates \$334 million to various state departments for deferred maintenance and \$630 million to build a replacement for the State Capitol Annex. Funding for cap-and-trade programs to reduce greenhouse gas emissions total \$1.4 billion in 2018–19. The spending plan also includes \$1.3 billion in lease revenue bonds to construct 10 new court facilities, \$134 million to help counties replace their voting systems, and \$90 million for outreach related to the upcoming 2020 Census.

➤ **California continues to build budget reserves for future economic downturns.**

The state made a constitutionally mandated payment of \$1.7 billion to the Rainy Day Fund. If combined with an optional payment of \$2.6 billion—which will be held in the new Budget Deficit Savings Account until May 2019—the Rainy Day Fund would reach \$13.8 billion by July 2019. In addition, the new Safety Net Reserve Fund will have \$200 million to help pay for future health and welfare programs during the next recession. Both new reserve accounts have fewer restrictions than the Rainy Day Fund, giving the state more spending flexibility.



Budget expenditures have grown significantly during Governor Brown's tenure



Sources: Chart B: Historical Data Budget Expenditures, Updated January 2018, California Department of Finance, January 2018; Schedule 9: Comparative Statement of Expenditures, 2018 Budget Act, California Department of Finance, June 2018.

Note: Fiscal Year 2011-12 through 2015-16 numbers come from Chart B. Fiscal Year 2016-17 through 2018-19 numbers come from Schedule 9.

Major General Fund measures in the 2018-19 budget plan

	\$ millions
K-12 Local Control Funding Formula	3,700
Supplemental payment to Rainy Day Fund	2,600
K-12 discretionary funding grants	1,100
New State Capitol Annex	630
New ongoing community college funding	523
One-time Homeless Emergency Aid for local governments	500
One-time funding for flood control	295

Source: California State Budget 2018-19, California Department of Finance, June 2018.

Note: Amounts shown above may be rounded to match amounts displayed in the bullets.

Sources: California State Budget 2018-19, California Department of Finance, June 2018; Floor Report: 2018-19 Budget, Updated June 12, 2018, Assembly Budget Committee.

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