Governor’s Budget

CSBA Webinar

January 11, 2023
Housekeeping

• At the end of the presentation, we will have a Question-and-Answer segment where we will try our best to answer your questions

• Please, use the Q & A feature of Zoom to type your questions. This is located on ribbon below the speaker.

• Your questions will be answered either in the Q & A panel or live by our presenters

• All attendees will receive a link to the video of this webinar as well as the slide deck
Today’s Presenters

Welcome and Overview

▸ Vernon Billy, CEO and Executive Director

Budget Presentation

▸ Dennis Meyers, Assistant Executive Director, Governmental Relations
▸ Chris Reefe, Legislative Director
▸ Cheryl Ide, Legislative Advocate

Moderator:

▸ Troy Flint, Chief Information Officer, California School Boards Association
Welcome and overview

Vernon Billy
CEO and Executive Director
California School Boards Association
Proposition 98 in 2023-24 decreased from $110.4 billion from the Budget Act of 2022 to $108.8 billion in Governor’s Budget.

K-12 share of Prop 98 decreased from $98.3 billion from the Budget Act to $96.8 billion in the Governor’s Budget.

Difference in the Prop 98 guarantee since July, 2022: -$1.6 billion
Difference in K-12 share of guarantee since July, 2022: -$1.5 billion

Total available cash available over three-year budget period: $5.9 billion, one-time and ongoing.

3-Year total decrease in Prop 98 of $4.7 billion.

Prop 98 remains in Test 1 in all 3 years through 2023-24.

<table>
<thead>
<tr>
<th>Proposition 98</th>
<th>Budget Act of 2022-23</th>
<th>Governor’s Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-14</td>
<td>$110.4</td>
<td>$108.8*</td>
<td>-1.6</td>
</tr>
<tr>
<td>K-12</td>
<td>$98.3</td>
<td>$96.8</td>
<td>-1.5</td>
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(Dollars in Billions)

* indicates the number is likely rounded upward
The Governor’s Budget provides 8.13% COLA for all programs:

- $4.2 billion for LCFF.
- $51.7 million for County Offices of Education.
- $669 million for all other categorical programs that receive COLA.
Public School System Stabilization Account
Prop 98 Reserve

- Decreases in overall Prop 98 over the multi-year period results in reduced deposits to the Prop 98 Reserve:

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Act of 2022</th>
<th>Governor’s Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-21</td>
<td>$3.3 billion</td>
<td>$3.7</td>
<td>+$0.4 billion</td>
</tr>
<tr>
<td>2021-22</td>
<td>$4 billion</td>
<td>$1.0</td>
<td>-$3.0 billion</td>
</tr>
<tr>
<td>2022-23</td>
<td>$2.2 billion</td>
<td>$.365</td>
<td>-$1.8 billion</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$9.5 billion</td>
<td>$8.1 billion</td>
<td>-$1.4 billion</td>
</tr>
</tbody>
</table>

School district reserve caps STILL triggered in 2023-24.
- Local reserve cap triggered when PSSSA balance is at least 3% of the K-12 share of Prop 98.
- Medium and large districts will generally need to limit their reserves to no more than 10% of annual expenditures – applies only to assigned and unassigned funds.
- Small and basic aid districts are exempt.
Governor’s Budget Proposals
LCFF Equity Multiplier

- $300 million ongoing Prop 98 to establish an Equity Multiplier as an LCFF Add-On.

- Intended to accelerate learning gains and close opportunity gaps.

- Allocated based on school-site FRPM eligibility to support the highest need students. (Elementary: 90%, High School 85%)

- Includes LCAP amendments to ensure significant student groups are identified and addressed effectively.

- Follow up to the agreement with the Legislature regarding AB 2774 (Weber) from the 2021-22 Legislative Session.
Transitional Kindergarten


- Proposition 98 guarantee will be re-benched from 38.3 to 38.6 percent of the state’s General Fund, equal to $690 million, to fund the expanded eligibility for TK for children who turn 5 between Sept. 2 and April 2.

- TK eligibility expanded by two birth months from February 2nd to April 2nd.

- $165 million in Proposition 98 General Fund to add an additional teacher or paraprofessional to a TK class to maintain the student-to-adult ratio 12:1.

- Does not provide detail or additional resources for facilities or transportation.
Programmatic Changes

- COLA: 8.13%, $454 million.

- Limits the amount of additional funding that SELPAs are allowed to retain for non-direct student services before allocating to LEAs.

- Extends the moratorium on new single-district SELPAs by two years from June 30, 2024 to June 30, 2026.

- Requires the California Department of Education to post on its website each SELPA’s annual local plan, including their governance, budget and service plans to increase fiscal transparency.
School Facilities

• Reduces the planned support for the School Facilities Program by $100 million General Fund, from $2.1 billion to $2.0 billion.

• Delays $550 million for the Transitional Kindergarten, Preschool, and Full-Day Kindergarten Facility Grant Program to 2024-25.
The Budget Act included $3.5 billion for all LEAs distributed based on 2021-22 P2 ADA, available for encumbrance through 2025-26.

Available for any “operational costs” including but not limited to retirement and health care cost increases.

The Governor’s Budget reduces the block grant by $1.2 billion to partially fund the LCFF AND...

Reallocates $100 million (approx. $200/student) to provide 12th grade students access to cultural enrichment, such as museums, theatres and other activities.
Cybersecurity

• $28.7 million is proposed to enhance the capacity of the California Cybersecurity Integration Center (Cal-CSIC).

• Cal-CSIC serves as the state’s hub for cybersecurity preparedness and response activities and coordinates cyber intelligence and information sharing with local, state and federal agencies.

• However, this funding is not specific to schools.

• Cybersecurity funding and supports is a CSBA priority to help school districts prepare and harden their cybersecurity infrastructure.
Other K-12 Funding Proposals

- **Arts & Music in Schools (Prop. 28):** $941 million re-benched into Prop 98.

- **Literacy:** $250 million one-time for the existing literacy coaches and reading specialists grant program.

- **Opioid Overdoses:** $3.5 million in ongoing Proposition 98 funds to provide all middle and high schools with at least two doses of naloxone to be used to reverse opioid overdoses.
Home-to-School Transportation Funding

- Funding retained in the budget.
- Major win for CSBA Advocacy.
- Included in the proposal is the $637 million commitment to fund 60 percent of approved costs for the home-to-school transportation program, including a COLA for the transportation add-on to LCFF.
No changes to major programs established or expanded in recent years

Educational workforce development
• $5 billion was provided over a period of five years beginning with the 2021 budget for a variety of teacher and staff recruitment and retention programs.
• The Governor’s January budget proposes no changes in the funding for these programs.

Expanded Learning Opportunities Program
• The Governor’s budget maintains the $4 billion in on-going Proposition 98 funding for the Expanded Learning Opportunities Program.
• Program is to address lost learning opportunities due to the pandemic through the provision of enhanced after-school and summer programs.

Universal meals
• The Governor’s budget maintains the state’s commitment to fund the expansion of the universal meals program with $1.4 billion ongoing in annual funding.
• It does not include increased funding to meet growing food costs due to the adoption of Senate Bill 490 (Caballero) Chapter 602, Statutes of 2022.
Remaining Unresolved Issues

- Pensions
- Staffing Shortages
- Cyber Security
- TK Facilities
Thank you & Questions
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CSBA 2023
Legislative Action Week

Join us for a 3-day virtual event
March 14–16, 2023

Registration opens November 30
www.csba.org/legislativeactionday
2023 Coast2Coast
Washington, D.C. Federal Advocacy Trip
APRIL 24 – 26, 2023

Register now—csba.org/coast2coast