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
Budget Presentation

- **Dennis Meyers**, Assistant Executive Director, Governmental Relations
- **Chris Reefe**, Legislative Director

Moderator:

- **Troy Flint**, Chief Information Officer, California School Boards Association
May Revision Overview
Overall Budget

• Projected budget deficit in the January Budget was estimated to be $22.5 billion.

• May Revision projects a growth in the deficit by $9.5 billion, increasing to an overall deficit of $31.5 billion.

• Factors of concern impacting the state budget:
  ➢ Federal Debt Ceiling Impasse – Federal Government estimated to hit the debt ceiling June 1st
  ➢ Delayed Tax Filing Deadline of October 15th
  ➢ Interest rate increases and their impact on the financial sector
  ➢ Possible recession incoming
Proposition 98 Overview

- Prop 98 remains in Test 1 and the May Revision updates the percentage of General Fund Revenue from the January Budget’s proposed increase from 38.3 percent to 38.5 percent.

- Due to the decrease in overall General Fund revenues, the Prop 98 guarantee decreased from $108.8 billion in the Governor’s January Budget to $106.8 billion in the May revision, a decrease of $2 billion.

- The three-year estimate for Prop 98 is:
  - $110.6 billion in 2021-22
  - $106.8 billion in 2022-23
  - $106.8 billion in 2023-24
  - 3-year total decrease in Prop 98 of $3.8 billion
Cost of Living Adjustment (COLA)

The May revision increases the proposed COLA from 8.13% to 8.22% for all programs:

- $3.4 billion for LCFF.
- 8.22% COLA applies to County Offices of Education and all categorical programs that receive statutory COLA, including Special Education.
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.

• Share of General Fund revenues due to capital gains have increased, thus increasing deposits into the reserve to an estimated total of $10.7 billion, this is an increase of $2.2 billion over January Budget.

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
Increased Funding for Juvenile Court and County Community Schools and Differentiated Assistance

- A **big win** for CSBA advocacy alongside our co-sponsors, the California County Superintendents and the Los Angeles County Office of Education.
- CSBA co-sponsored AB 906 (Gipson) and an associated budget request to provided needed funding support for juvenile court schools and county community schools.
- The May Revision proposes an additional $80 million in ongoing Proposition 98 funding to support these county office of education-operated schools.
- Also proposes to increase the COE base grant by 50 percent to further support the differentiated assistance they provide to member school districts in their counties.
Substantial Cuts to Arts, Music and Instructional Materials Discretionary & Learning Recovery Emergency Block Grants

- Reduces one-time Proposition 98 General Fund provided for the Arts, Music & Instructional Materials Block Grant (AMIM Grant) by an additional $607 million.
  - The January Budget reduced the funding for the AMIM by $1.2 billion to $2.3 billion; this additional reduction will bring the total cut to $1.8 billion – a 50% reduction.
- Proposes a $2.5 billion decrease in one-time Proposition 98 General Fund for the Learning Recovery Emergency Block Grant, taking support for the Block Grant from $7.9 billion in January to $5.4 billion in the May Revision – a 30% reduction.
- These reductions are being used to fund LCFF COLA and increased deposits into the rainy-day fund.
• $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 free meal (reduced price not included) 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.
Universal Transitional Kindergarten

- Continues the state’s commitment to fully implement universal transitional kindergarten (UTK), including re-benching Proposition 98 to reflect enrollment growth, but with reductions based upon revised enrollment estimates:
  - Reduces the first-year costs for the initial expansion of TK eligibility from December 2nd to February 2nd from $604 million to $357 million. This includes an associated reduction in Proposition 98 General Funding for schools to add one additional certificated or classified staff person to each TK class from $337 million to $283 million.
  - Reduces the second-year costs for TK eligibility from February 2nd to April 2nd, the for the coming 2023-23 school year from $690 million to $597 million.
  - Does not trigger the statutory language requiring the lowering of the TK teacher to student ratio from 1:12 to 1:10. The 1:12 ratio is proposed to remain for the 2023-24 school year.
Special Education

No major changes to the Governor’s January Budget

- COLA is now 8.22%.

- January Budget included:
  - 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.
New Investments in Literacy & Dyslexia Screening

• Continues prioritization of identification and intervention to improve literacy rates for students, including those with dyslexia.

• The May Revision proposes to require LEAs to begin screening pupils in K-2 for risk of reading difficulties, including dyslexia, by the 2025-26 school year.

• $1 million one-time Proposition 98 General Fund to support the convening of an independent panel of experts to approve a list of screening instruments for these assessments.

• For students identified as at risk of reading difficulties, including dyslexia, LEAs would be required to provide supports and services.

• Greater detail will be provided in trailer bill language, but this proposal is built upon language contained in Senate Bill 691 (Portantino, D-Burbank).
The Governor’s January Budget included approximately $1.5 billion in ongoing Proposition 98 General Fund to support the Universal School Meals program which provides public K-12 students with access to two free meals per school day.

Due to greater demand for meals, the May Revision includes an additional $110 million in one-time Proposition 98 General Fund and approximately $191 million ongoing Proposition 98 General Fund to fully fund the program in the 2022-23 and 2023-24 fiscal years.
Modest Adjustments to Investments in Teacher Recruitment and Retention Programs

- Increases the Teacher and School Counselor Residency Program grants and allows candidates to complete their service requirements in eight years instead of five years.
- Permits teachers who were unable to meet their Teaching Performance Assessments through a Commission on Teacher Credentialing (CTC) approved induction program or through two years of satisfactory teacher evaluations.
- Permits the CTC to issue a credential to any US military servicemember or their spouse who has a valid credential from another state who is relocated to California on military orders.
- Requires the CTC to review how transcript reviews can be used in lieu of requiring teaching candidates to take state-mandated exams to demonstrate competence.
Thank you & Questions
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Budget Perspectives Workshop
May Revision
2023-24

In collaboration with:

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