

# May Budget Revision

*Implications for Schools*

*May 12, 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

Budget Presentation

- ▶ **Dennis Meyers**, Assistant Executive Director, Governmental Relations
- ▶ **Chris Reeve**, 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 1<sup>st</sup>
  - Delayed Tax Filing Deadline of October 15<sup>th</sup>
  - 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.



# LCFF Equity Multiplier Remains

- \$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).



# Added Funding for Universal School Meals

- 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**



# CSBA Advocacy Team

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