



November 18, 2024

Governor Gavin Newsom  
Governor's Office  
State Capitol, First Floor  
Sacramento, CA 95814

Assemblymember Robert Rivas  
Speaker of the Assembly  
California State Assembly  
Sacramento, CA 95814

Senator Mike McGuire  
President Pro Tempore  
California State Senate  
Sacramento, CA 95814

**RE: CSBA 2025-26 Budget Priorities**

Dear Governor Newsom, Pro Tem McGuire, and Speaker Rivas:

On behalf of the California School Boards Association, representing nearly 1,000 school districts and county boards of education statewide, thank you for your continued efforts to fully fund public education. As you prepare to address the coming 2025-26 budget year, we wish to share what we see as critical and pressing issues that should be considered in the state budget.

We recognize the challenges the prior and current year budgets presented and appreciate the continued prioritization of public education funding, given the unprecedented winter storms of 2023 and the challenges presented by the state's budget deficit. We recognize this presented the difficult and unattractive requirement to suspend Proposition 98 in the current year; however, this was the constitutionally prudent and responsible route to take.

As we look towards the Governor's 2025-26 January Budget, current revenues appear to be far exceeding budget estimates. If these revenues continue to hold and the state sees a greater than expected increase in general fund revenues, including one-time moneys, CSBA urges you to maintain and enhance investments in the foundational elements of public education funding – investing in the Local Control Funding Formula (LCFF), averting scheduled deferrals and adhering to Proposition 98 Maintenance Factor payment requirements.

With the expiration of federal pandemic stimulus funds and the increasing negative impact of declining enrollment, ensuring that public education funding remains stable and predictable will help local educational agencies (LEAs) budget and provide for the needs of their students. Investing in, and providing for, reliable funding helps LEAs and their school boards make decisions reflective of state and local priorities. This local decision making is fundamental to the spirit and purpose of the LCFF. Providing for and empowering the critical role school district and county boards of education play is essential to serving California's students and the foundational role public education plays in maintaining a small 'd' democracy. Therefore, we request the following:

**Invest in the LCFF base grant to help all LEAs.** As we reflect on the past ten years of the LCFF, now is the time to ensure that adherence to the formula is upheld. A weighted student funding formula based in equity, the LCFF enables LEAs to make locally-driven decisions to improve the academic outcomes for all students. Consistent and ongoing financial investment is critical to ensuring that the spirit and goals of the LCFF are realized.

**Request:** Sustained fidelity to the goals and purpose of the LCFF through ongoing prioritization of funding, including fully funding the LCFF COLA over the creation of new programs and investing additional dollars into the LCFF base.

**Keep to the Proposition 98 maintenance factor repayment requirements.** We appreciate the state taking immediate action to reduce the maintenance factor in the budget, however there is approximately \$4.6 billion remaining. As General Fund revenue grows rapidly relative to per capita personal income, the constitution requires maintenance factor be paid.

**Request:** Adhere to the constitutionally mandated formula to pay maintenance factor to uphold the Proposition 98 guarantee.

**Eliminate the scheduled deferrals.** Budget deferrals are a fiscal tool the state should use only when there are limited fiscal alternatives available. If state revenues continue to improve and, as predicted, surpass budget estimates, then the state should strongly consider eliminating the scheduled 2025-26 deferral.

**Request:** Eliminate the scheduled 2025-26 deferral if Prop 98 revenues are sufficient to cover it.

**Universal Transitional Kindergarten (UTK) implementation.** The state is entering the fifth and final year of UTK implementation. At minimum, the state must rebench

Proposition 98 to reflect the growth in enrollment so that LEAs can continue to receive funding to meet the needs of our youngest students.

It cannot go without saying that significant challenges stand in the way of its full and successful implementation. This includes a lack of qualified staff, lack of adequate facilities and increased pressures from lowering the adult-to-student ratio from 1:12 to 1:10. This is especially challenging for our small and rural school districts.

**Request:** Rebench Proposition 98 for the final year of UTK expansion and provide greater support and allowances for LEAs to meet UTK programmatic requirements, especially the lower adult-to-student ratio.

**AB 218 (Chapter 861, Statutes of 2019).** AB 218 not only temporarily revived the statute of limitations for childhood sexual assault and molestation (CSAM), it also made permanent policy changes that continue to present potentially existential threats to the financial solvency of LEAs and their ability to meet and provide for the needs of students. To date, we are observing unprecedented financial settlements that threaten the short-and long-term financial solvency of LEAs.

**Request:** We continue to appeal to the state for involvement in this issue. LEAs cannot continue to shoulder the financial settlements alone and will require state action. Possible actions could include a cap on possible settlements and the establishment of a victim's compensation fund.

**Employer pension contributions.** CalPERS and CalSTRS local employer pension costs continue to significantly impact LEA budgets. Over the past ten years CalSTRS local pension costs have more than doubled from 8.88 percent to 19.1 percent. CalPERS local pension costs have grown even more substantially from 11.77 percent in 2014-15 to 27.05 percent and is expected to continue to rise in the coming years. As these rates increase, they eat into the LCFF apportionments LEAs receive to serve their students and to provide compensation for their workforce.

**Request:** If revenues exceed expectations and one-time or ongoing non-Proposition 98 General Fund dollars are available, we respectfully request that funding be provided to lower current and future rates. This would help LEAs meet the growing needs of their students and staff.

**Small school districts.** Small school districts, defined as LEAs that serve less than 2,500 students, make up nearly 60 percent of LEAs in California. With less staff, they face the same requirements as those of their medium and larger counterparts. However, they face far different and greater challenges, which include greater geographical

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territorial areas, disparate and spread out student populations, and economies of scale that make it more difficult to apply and qualify for state and federal educational support programs and funding.

**Request:** Revisions to small school district base funding amounts and greater statutory flexibility to expand and increase services to students is greatly needed, especially in the state's very small school districts (250 ADA or less).

CSBA remains committed to working with you and is dedicated to moving in the direction of full and fair funding for our public schools. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Patrick O'Donnell  
Chief, Governmental Relations

cc: Sen. Scott Weiner, Chair, Senate Budget Committee  
Sen. Roger Niello, Vice Chair, Senate Budget Committee  
Sen. Josh Newman, Chair, Senate Education Committee  
Sen. Rosilicie Ochoa Bogh, Vice Chair, Senate Education Committee  
Sen. John Laird, Chair, Senate Budget Subcommittee #1, Education  
Members, Senate Budget Subcommittee #1, Education  
Asm. Jesse Gabriel, Chair, Assembly Budget Committee  
Asm. Al Muratsuchi, Chair, Assembly Education Committee  
Asm. Heath Flora, Vice Chair, Assembly Budget Committee  
Asm. David Alvarez, Chair, Assembly Budget Subcommittee #3, Education  
Members, Assembly Budget Subcommittee #3, Education  
Yong Salas, Consultant, Senate Budget Subcommittee #1, Education  
Erin Gabel, Consultant, Assembly Budget Subcommittee #3, Education  
Nichole Muñoz-Murillo, Deputy Legislative Secretary, Office of the Governor  
Brooks Allen, Executive Director, State Board of Education  
Jessica Holmes, Program Budget Manager, Education Systems, Dept of Finance  
Sarah Haynes, Assembly Republican Caucus  
Megan DeSousa, Senate Republican Caucus