

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 Reeve**, 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 Overview

- Prop 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.

| Proposition 98 | Budget Act of 2022-23 | Governor's Budget | Difference |
|----------------|-----------------------|-------------------|------------|
| K-14 | \$110.4 | \$108.8* | -1.6 |
| K-12 | \$98.3 | \$96.8 | -1.5 |

(Dollars in Billions)

* indicates the number is likely rounded upward



Cost of Living Adjustment (COLA)

- 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:

| | Budget Act of 2022 | Governor's Budget | Difference |
|---------|--------------------|-------------------|----------------|
| 2020-21 | \$3.3 billion | \$3.7 | +\$0.4 billion |
| 2021-22 | \$4 billion | \$1.0 | -\$3.0 billion |
| 2022-23 | \$2.2 billion | \$.365 | -\$1.8 billion |
| TOTAL | \$9.5 billion | \$8.1 billion | -\$1.4 billion |

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

- Budget Act of 2022 expanded TK to ALL 4-year-olds by 2025-26.
- 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.



Special Education

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.



Arts, Music, and Instructional Materials Discretionary Block Grant

- 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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WebEx Presentation Budget Perspectives Workshop Governor's Budget 2023

In collaboration with:



Learn more:

<https://budgetperspectivesworksho.regfox.com/governors-budget-2023-24>





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Join us for a 3-day **virtual event**
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 **Registration opens November 30**
www.csba.org/legislativeactionday



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