K-12 Education

California provides academic instruction and support services to nearly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, approximately 1,000 local school districts, and more than 1,200 charter schools provide instruction in English, mathematics, history, science, and other core competencies to provide students with the skills they will need upon graduation to either enter the workforce or pursue higher education.

Maintaining Strong Support for Schools

The fiscally prudent approaches of the past two K-12 education budgets, combined with a modest adjustment in the funding for the Arts, Music, and Instructional Materials Block Grant, will enable the state to support and maintain critical education investments without requiring a discretionary withdrawal from the Public School System Stabilization Account (PSSSA). This stability is critical to the ongoing implementation of the California for All Kids plan—a whole child framework to close opportunity gaps by accelerating learning and investing in the educator workforce while providing universal access to early learning, before and after school care, and comprehensive nutrition services. The plan also provides for high-poverty communities having access to community schools that enable family and community engagement in the provision of a wide range of academic, health, and social services that support students’ learning.
Recent comprehensive student data from the 2022 California School Dashboard underscores the importance of this commitment to equitable opportunities. English language arts and math achievement data from the Dashboard, as well as non-academic factors such as chronic absenteeism rates, reflect the COVID-19 Pandemic’s significant impacts on students, while also providing early indicators of where California’s early and intensive efforts to address student needs are starting to make an impact. The Budget reflects the Administration’s continued focus on providing equitable pre-K-12 educational opportunities by including ongoing support for a Local Control Funding Formula Equity Multiplier and further investment to support literacy coaches in high-need elementary schools.

**PROPOSITION 98**

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges (collectively referred to as K-14 schools). The Guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The LCFF is the primary mechanism for distributing these funds to support all students attending K-12 public schools in California.

The revised estimates of General Fund revenues modestly reduce the Proposition 98 Guarantee. Proposition 98 funding for K-12 schools and community colleges for 2023-24 is $108.8 billion. This represents a decrease of approximately $1.5 billion relative to the 2022 Budget Act.

The Guarantee continues to be in a Test 1 for all years 2021-22 through 2023-24. This means that the funding level of the Guarantee is equal to roughly 38 percent of General Fund revenues, plus local property tax revenues. Pursuant to the Proposition 98 formula, this percentage of General Fund revenues is not reduced to reflect declining enrollment, which further increases per pupil funding. The Proposition 98 minimum Guarantee is “rebenched” to reflect the continued implementation of Universal Transitional Kindergarten. To accommodate enrollment increases related to the continued expansion of transitional kindergarten, the Test 1 percentage is “rebenched” to increase the percentage of General Fund revenues due to the Guarantee, from 38.3 percent to 38.6 percent. Additionally, commencing in 2024-25, the Proposition 98 Guarantee will be “rebenched” pursuant to the requirements of the Arts and Music in Schools—Funding Guarantee and Accountability Act.
The decrease in the Proposition 98 Guarantee, when combined with other base adjustments, formula-driven reductions in deposits to the Proposition 98 Rainy Day Fund, inclusion of funds available for reappropriation or from the reversion account, one-time solutions, and availability of other one-time funds, results in available Proposition 98 resources of approximately $5.9 billion. Proposition 98 is estimated to be $110.4 billion in 2021-22, $106.9 billion in 2022-23, and $108.8 billion in 2023-24, representing a three-year decrease in the minimum Guarantee of $4.7 billion over the level funded in the 2022 Budget Act.

The Budget includes total funding of $128.5 billion ($78.7 billion General Fund and $49.8 billion other funds) for all K-12 education programs. K-12 per-pupil funding totals $17,519 Proposition 98 General Fund—its highest level ever—and $23,723 per pupil when accounting for all funding sources.

**Proposition 98 Rainy Day Fund**

The 2022 Budget Act projected a total balance of $9.5 billion in the Public School System Stabilization Account (PSSSA). The Budget reflects revised 2021-22 and 2022-23 payments, and a 2023-24 payment of $3.7 billion, $1.1 billion, and $365 million, respectively, into the PSSSA, for a total revised account balance of more than $8.5 billion at the end of 2022-23. Under current law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the PSSSA is equal to or greater than 3 percent of the total K-12 share of the

**LOCAL CONTROL FUNDING FORMULA (LCFF)**

The Budget includes a LCFF cost-of-living adjustment of 8.13 percent, the highest cost-of-living adjustment in recent memory. When combined with growth adjustments, this increase will result in $4.2 billion in additional discretionary funds for local educational agencies. To fully fund this increase and to maintain the level of current year LCFF apportionments, the Budget provides approximately $613 million in one-time resources to support the ongoing cost of LCFF in 2022-23 and approximately $1.4 billion in one-time resources to support the ongoing cost of LCFF in 2023-24.

**LOCAL CONTROL FUNDING FORMULA EQUITY MULTIPLIER AND ACCOUNTABILITY IMPROVEMENTS**

While California has made significant investments in equitable funding models over the past decade, student outcome data underscore why it is imperative to take further steps to address the needs of all students, and in particular, the demonstrated needs of youth in foster care, homeless students, low-income students, English language learners, students with disabilities, students of color, and student groups with persistent disparities in educational outcomes. For example, while in 2021-22, 47 percent of all students met or exceeded standards in English language arts (ELA) and 33.4 percent met or exceeded standards in mathematics, for African American students only 30.3 percent met or exceeded standards in ELA and 15.9 percent met or exceeded standards in mathematics; and for youth in foster care, only 20.6 percent met or exceeded standards in ELA and 10.3 percent met or exceeded standards in mathematics.

To accelerate learning gains and close opportunity gaps, the Budget includes $300 million ongoing Proposition 98 General Fund to establish an equity multiplier as an add-on to the LCFF. These funds will be allocated to local educational agencies based on school-site eligibility, using a more targeted methodology than the existing supplemental grant eligibility. The funds are intended to augment resources to support the highest-needs schools in the state, and highlight the importance of equitable allocation of resources by local educational agencies.

In conjunction with the proposed equity multiplier, the Budget proposes a comprehensive package of amendments to the K-12 accountability and continuous
improvement system intended to ensure significant student group or school-level equity gaps within a local educational agency are identified and addressed effectively through the Local Control and Accountability Plan and Differentiated Assistance processes. The proposed amendments draw from formal evaluations, research studies and experience during the first ten years of implementation of these LCFF-based systems, seeking to build on its successful foundation.

**EARLY EDUCATION**

**TRANSITIONAL KINDERGARTEN (TK)**

Access to high-quality, evidence-based early education can support and accelerate the learning of young children and provide pre-elementary students with the skills and tools needed to succeed in school. To this end, the 2022 Budget Act provided $614 million to support the first year of expanded eligibility for transitional kindergarten, which covers the shift from all children turning five-years-old between September 2 and December 2 to all children turning five-years-old between September 2 and February 2. Additionally, the 2022 Budget provided $383 million to add one additional certificated or classified staff person to every transitional kindergarten class, reducing student-to-adult ratios to more closely align with the California State Preschool Program.

The Budget revises estimates for the first-year investment from $614 million to approximately $604 million to expand access to all children turning five-years-old between September 2 and February 2 and revises the first-year investment to add one additional certificated or classified staff person to every transitional kindergarten class from $383 million to approximately $337 million. These revisions reflect updated enrollment and attendance data. Building upon these first-year investments, the Budget includes $690 million to implement the second year of transitional kindergarten expansion, which will increase access to the program to all children turning five-years-old between September 2 and April 2 (approximately 46,000 children) and $165 million to support the addition of one additional certificated or classified staff person in transitional kindergarten classrooms serving these students. Full implementation of universal transitional kindergarten is expected in 2025-26.
**CALIFORNIA STATE PRESCHOOL PROGRAM**

The California State Preschool Program provides access to subsidized preschool for the state’s income-eligible three- and four-year-olds. As part of the state’s Universal Pre-Kindergarten initiative, families of four-year-old children may choose to access one year of high-quality, subsidized preschool through either the State Preschool Program, Head Start, or another state- or federally-subsidized program (if they are income-eligible), or through transitional kindergarten.

The 2022 Budget Act included $312.7 million Proposition 98 General Fund and $172.3 million General Fund to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health and added an adjustment factor for three-year-olds. These increases were coupled with requirements for State Preschool providers to: (1) incrementally ramp up to serving at least 10 percent students with disabilities by July 1, 2024, and (2) provide additional supportive services for dual language learners.

Consistent with the 2022 Budget Act, the Budget includes $64.5 million Proposition 98 General Fund and $51.8 million General Fund to continue a multi-year plan to ramp up the inclusivity adjustments for the State Preschool Program. The 2023-24 year will be the second year of the three-year ramp up process, and students with disabilities will be required to make up at least 7.5 percent of State Preschool Program providers’ enrollment.

To support reimbursement rate increases previously supported by available one-time federal stimulus funding, the Budget includes $152.7 million General Fund. These resources are in addition to approximately $63.3 million General Fund and $112 million Proposition 98 General Fund to support an 8.13 percent statutory cost-of-living adjustment. The Budget also includes an increase of $763,000 Proposition 98 General Fund to support the preschool Classroom Assessment Scoring System.

**CALIFORNIA PRESCHOOL, TRANSITIONAL KINDERGARTEN AND FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM (FDK PROGRAM)**

The 2022 Budget Act included $100 million one-time General Fund and reflected an additional $550 million in 2023-24 to support the FDK Program. The FDK program supports the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool.
classrooms. The Budget delays the 2023-24 planned $550 million FDK Program investment to 2024-25.

**LITERACY**

To improve achievement in literacy, California has built a cohesive structure of support for educators and students that reflects a focus on equity, inclusion, and high-quality professional learning in support of evidence-based instruction. Since 2019, this has included significant resources and targeted policy changes to improve student literacy outcomes. Recent investments to improve literacy achievement include:

- **$7.9 billion** one-time for the Learning Recovery Emergency Block Grant, which supports, among other things, closing learning gaps through the implementation, expansion, or enhancement of learning supports, such as expanded instructional time, tutoring or other one-on-one or small group learning supports, and learning recovery programs.
- **$1.5 billion** one-time for the Educator Effectiveness Block Grant to train classified, certificated, and administrative school staff in high-need topics, including literacy.
- **$250 million** one-time for literacy coaches and reading specialists.
- **$50 million** one-time for professional development for educators on learning acceleration in mathematics, literacy and language development.
- **$15.2 million** General Fund for dyslexia research and screening tool pilot projects through the University of California.
- **$15 million** one-time to support 6,000 teachers to receive their supplementary state certification in reading and literacy.
- **$10 million** one-time to train educators in evidence-based literacy instruction, literacy interventions, and executive functioning skills.
- **$10 million** one-time General Fund to support the University of California (UC) San Francisco Dyslexia Center.
- **$4 million** to fund the California Dyslexia Initiative to support the piloting of the UC San Francisco dyslexia screener and provide professional learning for educators to support the instructional needs of students with specific learning disabilities, including dyslexia.
• $3.5 million for a dyslexia early intervention pilot program operated by UC San Francisco.

Skillful use of proven instructional strategies is the key factor in student academic success. To further strengthen educator practice in core subjects in the highest-need schools (where student needs are acute and teachers are often new to the profession and/or underprepared), the Budget includes an additional $250 million one-time Proposition 98 General Fund to build upon the existing Literacy Coaches and Reading Specialists Grant Program. This program funds high-poverty schools to train, using evidence-based practices, and hire literacy coaches and reading specialists for one-on-one and small group intervention for struggling readers. This allocation will allow several hundred more schools in high-poverty areas to hire these coaches and specialists and improve the quality of reading instruction for thousands of additional students.

Using the array of available resources, guidance, and supports, school leaders should be able to select and implement effective models of practice that reflect the needs of the school community. Accordingly, the Budget includes $1 million one-time General Fund to create a Literacy Roadmap to help educators navigate these resources and effectively and efficiently use them in their classrooms.

**SPECIAL EDUCATION**

It is an Administration priority to address the significant achievement gap for children with disabilities—about one in eight students, with a range of mild to severe disabilities. Children receiving special education services are disproportionately English learners, come from low-income families, and/or are served by the foster care system, compounding equity challenges that have been exacerbated by the COVID-19 Pandemic. Over the last four years, the Administration has worked with the Legislature to augment special education funding by more than $3.6 billion, including nearly $2 billion in ongoing Proposition 98 General Fund. Beyond additional budgetary investments, the Administration has supported special education programmatic improvements that: (1) better enable schools to grow their educator workforce, (2) increase budgetary transparency, (3) improve services provided to students and parents, and (4) support inclusive local planning and cohesion between special education and general education. Nevertheless, the state’s special education system remains administratively complex and would benefit from continued programmatic reforms.
To further recent reform efforts, the Budget reflects the following programmatic changes:

- Limiting the amount of additional funding that Special Education Local Plan Areas (SELPAs) are allowed to retain for non-direct student services before allocating special education base funding to their member local educational agencies.

- Stabilizing current SELPA membership by extending the moratorium on the creation of new single-district SELPAs by two years from June 30, 2024, to June 30, 2026.

- Increasing fiscal transparency by requiring the California Department of Education to post each SELPA’s annual local plan, including their governance, budget and services plans, on its website.

**Educator Workforce**

Educator shortages across the state undermine efforts to accelerate learning. It is critical that the state maintain and continue to implement recent investments in increasing the number of well-prepared teachers, administrators, and classified staff. To this end, the 2021 and 2022 Budget Acts included several multi-year investments to better prepare, train, recruit, and retain a diverse, expert workforce of administrative, credentialed, and classified staff in California’s K-12 schools. These investments have begun to increase the number of fully prepared teachers graduating from California teacher education programs and entering the state educator workforce, and to reduce the number of teachers who are hired on substandard credentials. Specifically, the key multi-year investments reflected in the 2021 and 2022 Budget Acts included:

- $1.5 billion one-time Proposition 98 General Fund over five years to provide local educational agencies with training resources for classified, certificated, paraprofessional, and administrative school staff in specified high-need topics, including accelerated learning, re-engaging students, restorative practices, and implicit bias training through the Educator Effectiveness Block Grant. Funds were fully apportioned in the 2021-22 school year and are available for expenditure until June 30, 2026.

- $500 million one-time General Fund over five years for the Golden State Teacher Grant Program to support teacher credential candidates who commit to teach at a priority school, in a high-need subject matter area, for four years. Funds are available for expenditure until the 2025-26 fiscal year.
• $125 million one-time Proposition 98 General Fund over five years for the Classified School Employee Teacher Credential Program to expand the capacity of the existing program, which funds efforts to recruit and support current classified staff who already hold an associate or higher degree to complete a bachelor’s degree and earn a teaching credential. Funds are available for expenditure until the 2025-26 fiscal year.

• A total of $600 million one-time Proposition 98 General Fund over five years to establish new school counselor residency programs or add them to existing teacher residency programs to support the preparation of teachers and school counselors. Funds are available for expenditure until the 2025-26 fiscal year.

• $250 million one-time General Fund over five years for the National Board Certification Incentive Program to provide grants to school districts for the purpose of providing incentives to teachers who have attained certification from the National Board for Professional Teaching Standards and agree to teach at a high-priority school for at least five years.

• $24 million one-time General Fund to waive certain teacher examination fees in the 2023-24 fiscal year.

The Administration remains committed to the thoughtful implementation and administration of these programs in the coming year.

ARTS AND CULTURAL ENRICHMENT

Beginning in 2023-24, the Arts and Music in Schools—Funding Guarantee and Accountability Act (approved by voters in November 2022 as Proposition 28), requires an amount equal to one percent of the Proposition 98 Guarantee to be allocated to schools to increase arts instruction and/or arts programs in public education. As a result, the Budget includes approximately $941 million to fund Proposition 28. Given this investment and the need for one-time funds to cover the costs of the LCFF in 2022-23 and 2023-24, the Budget reflects a reduction of approximately $1.2 billion Proposition 98 General Fund from the Arts, Music, and Instructional Materials Discretionary Block Grant included in the 2022 Budget Act, taking this one-time allocation from approximately $3.5 billion Proposition 98 General Fund to approximately $2.3 billion Proposition 98 General Fund.

To further increase students’ engagement with cultural arts and museums in a way that directly benefits students, cultural arts institutions and museums, the Budget includes
$100 million one-time Proposition 98 General Fund—or roughly $200 per 12th grade student enrolled in California public schools—to enable local educational agencies to provide high school seniors with access to cultural enrichment experiences across the state by facilitating museum visits, access to theatrical performances, or other participation in extracurricular art enrichment activities.

## OTHER K-12 BUDGET ADJUSTMENTS

Other significant adjustments include:

- **Local Property Tax Adjustments**—A decrease of $153 million Proposition 98 General Fund for school districts and county offices of education in 2022-23, and a decrease of $1.3 billion ongoing Proposition 98 General Fund for school districts and county offices of education in 2023-24, as a result of increased offsetting property taxes.

- **Cost-of-Living Adjustments**—An increase of $669 million ongoing Proposition 98 General Fund to reflect an 8.13 percent cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- **School Facility Program**—A decrease of $100 million General Fund in planned support for the School Facility Program, taking the planned allocation in 2023-24 from approximately $2.1 billion to approximately $2.0 billion.

- **County Offices of Education**—An increase of $51.7 million ongoing Proposition 98 General Fund to reflect an 8.13 percent cost-of-living adjustment and ADA changes applicable to the LCFF.

- **Charter School Facility Grant Program**—Consistent with the 2022 Budget Act agreement, a one-time investment of $30 million Proposition 98 General Fund.

- **Commercial Dishwasher Grants**—The Budget proposes to set-aside $15 million of the $600 million one-time Proposition 98 General Fund appropriated in the 2022 Budget Act to support school kitchen infrastructure related investments to specifically support a local educational agency’s acquisition and installation of a commercial dishwasher.
- **Student Friendly Services**—An increase of $3.9 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.

- **K-12 High Speed Network**—An increase of $3.8 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

- **Reversing Opioid Overdoses**—An increase of $3.5 million ongoing Proposition 98 General Fund for all middle and high school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.

- **Data Support**—An increase of $2.5 million non-Proposition 98 General Fund and 15 positions for the California Department of Education to meet state and federal data and accountability reporting requirements, support data exchanges with other agencies, and to quickly respond to emergent needs for data both internally and externally.

- **Fiscal Crisis and Management Assistance Team**—An increase of $750,000 ongoing Proposition 98 General Fund to support the professional development of local educational agencies’ Chief Budget Officers through mentorship programming by the Fiscal Crisis and Management Assistance Team.