

K-12 EDUCATION

California provides instruction and support services to roughly 5.9 million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, more than 1,000 local school districts, and more than 1,200 charter schools provides 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.

The Budget includes total funding of \$129.2 billion (\$79.5 billion General Fund and \$49.7 billion other funds) for all K-12 education programs. The Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the Local Control Funding Formula (LCFF), special education, transitional kindergarten, nutrition, and preschool.

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 Local Control Funding Formula is the primary mechanism for distributing these funds to support students attending K-12 public schools in California.

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The Budget projects the Guarantee to be in Test 1 for 2021-22, 2022-23, and 2023-24. This means that the funding level of the Guarantee is equal to approximately 38.5 percent of General Fund revenues, plus local property tax revenues. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Budget rebenchmarks the Test 1 percentage, from approximately 38.2 percent to approximately 38.5 percent, to increase the percentage of General Fund revenues due to the Guarantee.

The Budget reflects Proposition 98 funding levels of \$110.6 billion in 2021-22, \$107.4 billion in 2022-23, and \$108.3 billion in 2023-24.

PROPOSITION 98 RAINY DAY FUND

The Budget includes 2021-22, 2022-23, and 2023-24 payments of approximately \$4.8 billion, \$1.8 billion, and \$902 million (respectively) into the Public School System Stabilization Account, for a balance of more than \$10.8 billion at the end of 2023-24. 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 Account is equal to or greater than 3 percent of the total K-12 share of the Guarantee. The balance of \$9.9 billion in 2022-23 triggers school district reserve caps beginning in 2023-24.

LOCAL CONTROL FUNDING FORMULA

The Budget provides an LCFF cost-of-living adjustment of 8.22 percent—the largest cost-of-living adjustment in the history of LCFF. This adjustment, when combined with declining enrollment adjustments, increases year-over-year discretionary funds available to local educational agencies (LEAs) by approximately \$3.4 billion. The Budget also reflects the utilization of approximately \$1.6 billion one-time Proposition 98 General Fund to support the overall costs of the LCFF in 2023-24, and provides an increase of \$80 million ongoing Proposition 98 General Fund to support county offices of education serving students in juvenile court and other alternative school settings.

ACCOUNTABILITY IMPROVEMENTS AND EQUITY MULTIPLIER

The Budget reflects a comprehensive package of amendments to the K-12 accountability and continuous improvement system to ensure student group and school site equity gaps within an LEA are identified and addressed through the Local Control and Accountability Plan and differentiated assistance processes. To

complement these efforts, the Budget provides \$300 million ongoing Proposition 98 General Fund to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and \$2 million ongoing Proposition 98 General Fund to support the critical work of the new Equity Leads within the statewide system of support.

LITERACY

The Budget provides \$250 million one-time Proposition 98 General Fund to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which 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.

The Budget also requires LEAs to begin screening students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year. To support this effort, the Budget provides \$1 million one-time Proposition 98 General Fund to convene an independent panel of experts to create a list of approved screening instruments for LEAs to use.

Finally, the Budget provides \$1 million one-time General Fund to create a Literacy Roadmap to help educators navigate literacy resources provided by the state and effectively and efficiently use them in their classrooms.

EDUCATOR WORKFORCE

To further reduce barriers for those interested in entering the teaching profession, including spouses of military personnel, the Budget reflects statutory changes to:

- Increase the Teacher and School Counselor Residency Grant Program per-candidate allocation to grantee local educational agencies from twenty-five thousand dollars to forty thousand dollars to better support the successful implementation of this program and require a minimum stipend or salary of twenty thousand dollars be provided to residents to better enable them to afford to pursue this exemplary pathway.
- Allow residency candidates to complete their service requirements in eight years instead of five years, and provide flexibility for candidates to fulfill their service requirement by allowing them to teach in schools outside of their sponsoring district.

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- Allow teachers who were unable to finish their credential because they could not take the Teaching Performance Assessment during the COVID-19 Pandemic to meet this requirement through completion of a Commission-approved induction program, or through two years of satisfactory teacher evaluations.
- Authorize the Commission on Teacher Credentialing to issue a comparable California credential to any U.S. military servicemember or their spouse who possesses a valid out-of-state teaching or services credential to provide instruction or services in California public schools when the candidate is relocated to California on military orders.
- Require the Commission to evaluate how transcript reviews can be conducted to assess basic skills and subject matter competence for teaching candidates to complete their credentialing requirements without the need to take state-mandated exams to prove competence.
- Establish the Diverse Educators Pipeline Initiative and provide \$10 million one-time Proposition 98 General Fund for grants to LEAs to provide culturally relevant support and mentorship for educators to become school administrators.

EARLY EDUCATION

STATE PRESCHOOL

To fund any adjustments related to reimbursement for preschool providers, subject to a ratified agreement, the Budget sets aside the following amounts: (1) \$343.1 million Proposition 98 General Fund and \$20,000 non-Proposition 98 General Fund from the 2022-23 fiscal year, (2) \$369.3 million Proposition 98 General Fund and \$126.1 million General Fund from the 2023-24 fiscal year, and (3) \$445.7 million Proposition 98 General Fund and \$186.5 million General Fund from the 2024-25 fiscal year. Consistent with this approach, the Budget suspends the annual cost-of-living adjustment applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25.

SIGNIFICANT ADJUSTMENTS

- **2023-24 State Preschool Family Fee Reform**—The Budget revises the family fee schedule for the State Preschool Program beginning October 1, 2023, to: (1) limit family fees to one percent of a family’s monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75 percent

of the state median income. Additionally, the Budget authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven.

- **State Preschool Program Inclusivity Adjustments**—The 2022 Budget Act reflected a multiyear approach to incrementally require State Preschool Program providers to serve at least 10 percent students with disabilities over the 2022-23, 2023-24, and 2024-25 fiscal years. The Budget delays the planned ramp up for the 2023-24 and 2024-25 fiscal years to the 2025-26 and 2026-27 fiscal years.
- **State Preschool Family Fee Waivers and 2022-23 Stipends**—The Budget reallocates \$4.4 million non-Proposition 98 General Fund and \$5.3 million Proposition 98 General Fund from the 2022 Budget Act to continue to waive family fees from July 1, 2023 through September 30, 2023, and provides roughly \$112 million in available federal funds to provide temporary stipends for State Preschool Program employees.
- **State Preschool Funding Hold Harmless: Reimbursement for Authorized Hours of Care**—The Budget authorizes State Preschool Program providers to be reimbursed for each child's maximum authorized care, instead of their utilized care, from July 1, 2023 to September 30, 2023.

TRANSITIONAL KINDERGARTEN

The Budget reflects approximately \$357 million ongoing Proposition 98 General Fund to support the first year (the 2022-23 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility 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 (roughly 29,000 children). Additionally, the Budget reflects \$283 million Proposition 98 General Fund to support the first year of adding one additional certificated or classified staff person to every transitional kindergarten class.

The Budget also provides approximately \$597 million ongoing Proposition 98 General Fund to support the second year (the 2023-24 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five-years-old between September 2 and February 2 to all children turning five-years-old between September 2 and April 2 (roughly 42,000 additional children). Additionally, the Budget provides \$165 million Proposition 98 General Fund to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

SIGNIFICANT ADJUSTMENTS

- **Adult-to-Student Ratio**—Commencing with the 2025-26 fiscal year, the Budget requires transitional kindergarten classrooms to maintain a 1:10 adult-to student ratio.
- **Summer Transitional Kindergarten Enrollment**—For the 2023-24 and 2024-25 fiscal years, the Budget enables LEAs to enroll children whose fourth birthday falls between June 2 and September 1, referred to as early enrollment children, in transitional kindergarten if classrooms including early enrollment children meet a 1:10 adult-to-student ratio and maintain a class size that is at, or below, 20 students. Additionally, to the extent possible, LEAs are expected to prioritize assigning teachers that have specified early education college credits or experience to classrooms including early enrollment children.
- **Transitional Kindergarten Educator Requirements**—The Budget also extends the deadline for credentialed teachers to have earned 24 units, or its equivalent, or a child development teacher permit or an early childhood education specialist credential, from August 1, 2023 to August 1, 2025.

SPECIAL EDUCATION

The Budget reflects the state's ongoing commitment to invest in and improve instruction and services for students with disabilities. Specifically, the Budget reflects the following statutory changes:

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

ADJUSTING ONE-TIME RESOURCES

The Budget reduces or delays support for the following one-time investments:

- **Arts, Music, and Instructional Materials Discretionary Block Grant**—The Budget decreases one-time Proposition 98 General Fund support for the Arts, Music, and Instructional Materials Block Grant by \$200 million, taking total one-time program support from approximately \$3.5 billion to approximately \$3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately \$938 million ongoing Proposition 98 General Fund beginning in 2023-24.
- **Learning Recovery Emergency Block Grant**—The Budget delays approximately \$1.1 billion one-time Proposition 98 General Fund for the Learning Recovery Emergency Block Grant to the 2025-26, 2026-27, and 2027-28 fiscal years.
- **Zero-Emission School Buses**—The Budget delays \$1 billion one-time Proposition 98 General Fund to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to the 2024-25 and 2025-26 fiscal years.
- **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 Budget delays the 2023-24 planned \$550 million investment for this program to 2024-25.
- **School Facility Program**—The Budget provides approximately \$2 billion one-time General Fund, which is \$100 million less than previously planned, to support the School Facility Program in 2023-24.

OTHER K-12 BUDGET ADJUSTMENTS

SIGNIFICANT ADJUSTMENTS

- **The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)**—As noted above, the Budget provides approximately \$938 million to support the implementation of Proposition 28, which 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.

- **Categorical Program Cost-of-Living Adjustments**—The Budget provides approximately \$556.3 million ongoing Proposition 98 General Fund to reflect an 8.22-percent cost-of living adjustment for specified categorical programs.
- **Nutrition**—The Budget provides an additional \$154 million ongoing Proposition 98 General Fund and an additional \$110 million one-time Proposition 98 General Fund to fully fund the universal school meals program in the 2022-23 and 2023-24 fiscal years. Roughly 800 million meals are projected to be served through this program in 2023-24.
- **Bipartisan Safer Communities Act, Stronger Connections Program**—The Budget provides \$119.6 million one-time federal funds to support LEA activities related to improving school climate and safety through the Stronger Connections Program.
- **Charter School Facility Grant Program**—Consistent with the 2022 Budget Act agreement, the Budget provides a one-time investment of \$30 million Proposition 98 General Fund to support eligible facilities costs.
- **Bilingual Teacher Professional Development Program**—The Budget provides \$20 million one-time Proposition 98 General Fund, to be available through the 2028-29 fiscal year, to support the Bilingual Teacher Professional Development Program.
- **Commercial Dishwasher Grants**—The Budget provides \$15 million one-time Proposition 98 General Fund to support grants to LEAs to acquire and install commercial dishwashers.
- **Restorative Justice Practices**—The Budget provides \$7 million one-time Proposition 98 General Fund to provide support for local educational agencies opting to implement the restorative justice best practices that will be developed and posted on the Department of Education's website by June 1, 2024, pursuant to Chapter 914, Statutes of 2022 (AB 2598).
- **Golden State Teacher Grant Program**—As referenced in the Higher Education Chapter, the Budget provides \$6 million one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.
- **K-12 High Speed Network**—The Budget provides \$3.8 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

- **Reversing Opioid Overdoses**—The Budget provides \$3.5 million ongoing Proposition 98 General Fund for all middle schools, high schools, and adult school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.
- **After School Education and Safety Programs**—The Budget provides \$3 million one-time federal funds for Save the Children, which supports after school programs in rural districts.
- **Student Friendly Services**—The Budget provides \$2 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.
- **California School for the Deaf in Fremont**—The Budget provides \$2 million one-time Proposition 98 General Fund to support the California School for the Deaf in Fremont.
- **Professional Development and Leadership Training**—The Budget provides \$1 million ongoing Proposition 98 General Fund for the Los Angeles County Office of Education to support professional development and leadership training for education professionals related to antibias education and the creation of inclusive and equitable schools, pursuant to Chapter 13, Statutes of 2015 (AB 104).
- **Social Emotional Learning Resources**—The Budget provides \$1 million one-time General Fund for the community-based organization Beyond Differences to support local educational agencies in implementing social-emotional learning practices.
- **Basic Aid Wildfire Property Tax Backfill**—The Budget provides \$632,000 one-time Proposition 98 General Fund to backfill reduced property tax revenues for certain school districts that were impacted by the Kincade Fire.
- **Local Control and Accountability Plan Query Tool and eTemplate**—The Budget provides \$148,000 ongoing Proposition 98 General Fund to maintain the Local Control and Accountability Plan Query Tool and eTemplate.
- **Abuse of Discretion Clarification**—Consistent with State Board of Education implementation of current law, the Budget includes statute clarifying and confirming that the State Board of Education may reverse the decisions of a school district governing board and county board of education to deny a charter petition only upon a determination that there was an abuse of discretion by each of the school district governing board and the county board of education.