

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 provide instruction in English, mathematics, history, science, and other core competencies.

The May Revision includes total funding of \$127.2 billion (\$79.1 billion General Fund and \$48.1 billion other funds) for all K-12 education programs.

MAINTAINING STRONG SUPPORT FOR SCHOOLS

Because available Proposition 98 resources have declined between the Governor's Budget and the May Revision, the May Revision adjusts and repurposes prior one-time allocations to continue supporting and maintaining critical ongoing education investments. The May Revision repurposes modest portions of the funding previously provided to support the Arts, Music, and Instructional Materials Block Grant and the Learning Recovery Emergency Block Grant to support the Local Control Funding Formula. With these changes, the state is reasonably positioned to sustain the continued multi-year 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, comprehensive nutrition services, and increasing the number of

community schools in high-needs communities. Further, the May Revision does not reflect a discretionary withdrawal from the Public School System Stabilization Account.

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 all students attending K-12 public schools in California.

The Guarantee continues to be in Test 1 for 2021-22, 2022-23, and 2023-24. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed rebenching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.3 percent to approximately 38.6 percent. The May Revision updates the increased Test 1 percentage from approximately 38.6 percent to approximately 38.5 percent to reflect revised estimates of enrollment increases related to the expansion of transitional kindergarten.

The decrease in revenues projected for fiscal years 2021-22, 2022-23, and 2023-24 results in a corresponding decrease in resources for K-14 schools. Proposition 98 is estimated to be \$110.6 billion in 2021-22, \$106.8 billion in 2022-23, and \$106.8 billion in 2023-24, representing a three-year decrease in the minimum Guarantee of \$2 billion below the level estimated in the Governor's Budget. These funding levels include property tax increases of \$15 million in 2021-22, \$767 million in 2022-23, and \$201 million in 2023-24.

PROPOSITION 98 RAINY DAY FUND

The Governor's Budget projected a total of \$8.5 billion in total payments to the Public School System Stabilization Account (PSSSA) between 2021-22, 2022-23, and 2023-24. At the May Revision, the share of General Fund revenues attributable to capital gains have increased, causing required PSSSA deposits (and the PSSSA balance) to increase from \$8.5 billion to a total of roughly \$10.7 billion. This balance reflects the PSSSA reaching its constitutional cap in the 2023-24 fiscal year.

Under current law, there is also 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 three percent of the total K-12 share of the Proposition 98 Guarantee. The balance of \$9.9 billion in 2022-23 continues to trigger school district reserve caps in 2023-24.

LOCAL CONTROL FUNDING FORMULA (LCFF)

The 2023-24 cost-of-living adjustment is updated from 8.13 percent at the Governor's Budget to 8.22 percent at the May Revision. This adjustment, when combined with further declining enrollment at the May Revision, would increase year-over-year discretionary funds available to local educational agencies (LEAs) by approximately \$3.4 billion. The May Revision also reflects the utilization of approximately \$2.7 billion one-time Proposition 98 General Fund to support the overall costs of the LCFF in 2023-24.

COUNTY OFFICES OF EDUCATION LCFF FUNDING

The May Revision includes 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. This investment will provide county offices of education with additional resources to support the unique staffing and programming needs required to serve this vulnerable population of students, address the volatility of existing resources for juvenile court and other alternative school programs, and address the need for teachers, mental health professionals and other support staff to serve these students.

Additionally, the May Revision includes a 50-percent increase to the base grant allocation that county offices of education receive to support their differentiated assistance work, in recognition of the lengthened timeline for differentiated assistance—from one to two years of eligibility—proposed at the Governor's Budget.

ACCOUNTABILITY IMPROVEMENTS AND EQUITY MULTIPLIER

To accelerate learning gains and close opportunity gaps of historically underserved pupils, the Governor's Budget included a comprehensive package of amendments to the K-12 accountability and continuous improvement system intended to allow significant student group or school-level equity gaps within an LEA to be identified and addressed effectively through the Local Control and Accountability Plan and Differentiated Assistance processes. Seeking to build on its successful foundation, the

proposed amendments draw from formal evaluations, research studies and experience during the first ten years of implementation of these LCFF-based systems. Underscoring the need for these improvements: 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; only 30.3 percent of African American students met or exceeded standards in ELA and only 15.9 percent met or exceeded standards in mathematics; 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.

As a direct complement to this proposal, the Governor's Budget proposed \$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 LEAs based on school-site eligibility, using a more targeted methodology than the existing supplemental and concentration grants' eligibility.

The May Revision reflects several clarifying statutory changes to those transmitted with the Governor's Budget to strengthen the package of statutory accountability changes, including additional assurances that all LEAs with low student performance address disparities in the preparation of their educators. The Budget also provides \$2 million ongoing Proposition 98 General Fund to support the critical work of the newly proposed Equity Leads within the Statewide System of Support.

LITERACY

Early identification and intervention with evidence-based early literacy instructional strategies and materials improves literacy outcomes for pupils who have or are at risk of having reading difficulties, including dyslexia. To target appropriate progress monitoring, interventions and support for students at risk of reading difficulties, the May Revision requires LEAs to begin screening pupils in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year. The May Revision provides \$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 and the Administration intends to fund professional development for this purpose in future budgets. LEAs would be further required to provide supports and services to students identified as at risk of reading difficulties, including dyslexia.

EARLY EDUCATION

TRANSITIONAL KINDERGARTEN

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 Governor's Budget included \$604 million Proposition 98 General Fund to support the first year of expanded eligibility for transitional kindergarten (TK), 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 Governor's Budget included \$337 million Proposition 98 General Fund to add one additional certificated or classified staff person to every TK class, reducing student-to-adult ratios to more closely align with the California State Preschool Program.

Due to reduced TK enrollment projections at May Revision, the first-year costs to expand access to all children (roughly 29,000 total children), turning five years old between September 2 and February 2, are revised from \$604 million Proposition 98 General Fund to approximately \$357 million Proposition 98 General Fund at the May Revision. The first-year costs to add one additional certificated or classified staff person to every TK class is revised from \$337 million Proposition 98 General Fund to approximately \$283 million Proposition 98 General Fund. The second-year costs to expand access to all children (roughly 42,000 additional children) turning five-years-old between September 2 and April 2 are revised from approximately \$690 million to approximately \$597 million. The second-year costs to support the addition of one additional certificated or classified staff person in TK classrooms serving these students remains unchanged from the Governor's Budget.

CALIFORNIA STATE PRESCHOOL PROGRAM

Providing every child with access to pre-kindergarten education before they begin school is a key component of improving equity in public education. Parental choice in the type of preschool education their child receives is equally important, and the state has made significant recent investments in both transitional kindergarten and State Preschool. Building upon prior preschool investments, and to support the continuing implementation of expanded transitional kindergarten while maintaining access to State Preschool and providing parents with choice, the May Revision reflects the following adjustments and programmatic changes:

- **State Preschool Family Fee Waivers and 2022-23 Stipends**—The May Revision reflects recent legislation that allows the Department of Education to use \$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, to extend relief to families who would otherwise have to start paying family fees in July. Additionally, the May Revision reflects the recent legislation that authorizes the California Department of Education to use roughly \$112 million in available federal funds to provide temporary employee stipends to the California State Preschool Program.
- **State Preschool Technical Adjustments**—The May Revision includes a decrease of \$54.3 million General Fund to reflect revised estimates of the General Fund resources needed to support recent reimbursement rate increases that are currently supported by limited-term federal funds. Additionally, the May Revision reflects an increase in reimbursement rates due to the increased COLA of 8.22-percent; however, the cost of providing this COLA has decreased by \$52 million Proposition 98 General Fund and \$28 million General Fund due to revised estimates of the number of contractors that opt into the Standard Reimbursement Rate. This decrease in funding is due to the number of contractors being reimbursed at the Standard Reimbursement Rate being lower than expected at the Governor's Budget.

EXPANDED LEARNING OPPORTUNITIES PROGRAM

The 2022 Budget Act allocated \$4 billion ongoing Proposition 98 General Fund to support the Expanded Learning Opportunities Program (ELOP). Consistent with statute, starting in 2023-24, LEAs will be required to offer expanded learning opportunities to all low-income students, English learners, and youth in foster care in elementary grades. LEAs with the highest concentrations of these students will be required to offer expanded learning opportunities to all elementary students.

The Governor's Budget proposed statutory changes so that LEAs do not incur fiscal penalties that were greater than their ELOP entitlement and clarified that LEAs can offer 30 non-school days during the summer if they choose, without being penalized.

The May Revision proposes further statutory changes to provide LEAs with additional time to expend the ELOP funding allocations by extending the expenditure deadline for ELOP funds received in 2021-22 and 2022-23 from June 30, 2023, to June 30, 2024. This extension will allow LEAs to have more time for planning and implementation.

NUTRITION

The Governor's Budget included a total of approximately \$1.5 billion ongoing Proposition 98 General Fund to support the Universal School Meals program. The Universal School Meals program provides public K-12 students access to two free meals per school day. In addition to the ongoing Proposition 98 General Fund, local educational agencies are projected to receive approximately \$2.6 billion in federal meal reimbursements for schools participating in the National School Lunch and School Breakfast programs.

Due to greater demand for meals reimbursed in the paid category than was projected for the 2022-23 and 2023-24 fiscal years at the Governor's Budget, the May Revision includes an additional \$110 million 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.

EDUCATOR WORKFORCE

The 2021 and 2022 Budget Acts included several multi-year investments to better prepare, train, recruit, and retain a diverse, expert workforce in California's K-12 schools. The Administration remains committed to the successful implementation of these investments in the coming year to increase the number of fully prepared teachers graduating from California teacher education programs and entering the state educator workforce. To further reduce barriers for those interested in entering the teaching profession, including spouses of military personnel, the May Revision includes statutory changes to implement the following program improvements:

- Increasing the Teacher and School Counselor Residency Grant Program per-candidate allocation to grantee local educational agencies. These statutory changes also require a minimum stipend or salary be provided to residents to better enable candidates to afford to pursue this exemplary pathway and districts and preparation programs to better support their successful implementation.
- Allowing residency candidates to complete their service requirements in eight years instead of five years, and providing flexibility for candidates to fulfill their service requirement by teaching in schools outside of the sponsoring district.
- Allowing 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.

- Authorizing 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 the public schools of the state of issuance when the candidate is relocated to California on military orders.
- Requiring 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.

ADJUSTING ONE-TIME RESOURCES

Since available Proposition 98 resources have declined by approximately \$2 billion below the Governor's Budget estimate, and because Public School System Stabilization Account deposits are projected to increase by roughly \$2.2 billion over the Governor's Budget estimate, the May Revision proposes reducing support for the following one-time programs to better enable the state to support and maintain critical ongoing education investments:

- **Arts, Music, and Instructional Materials Discretionary Block Grant**—A decrease of approximately \$607 million one-time Proposition 98 General Fund for the Arts, Music, and Instructional Materials Block Grant, taking proposed support for the Block Grant from \$2.3 billion Proposition 98 General Fund at the Governor's Budget to approximately \$1.8 billion Proposition 98 General Fund at the May Revision. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) is expected to provide approximately \$933 million ongoing Proposition 98 General Fund beginning in 2023-24.
- **Learning Recovery Emergency Block Grant**—A decrease of approximately \$2.5 billion one-time Proposition 98 General Fund for the Learning Recovery Emergency Block Grant, taking support for the Block Grant from approximately \$7.9 billion at the Governor's Budget to approximately \$5.4 billion at the May Revision.

SIGNIFICANT ADJUSTMENTS

- **Bipartisan Safer Communities Act, Stronger Connections Program**—An increase of \$119.6 million one-time federal funds to support state-level activities related to school climate and safety through the Stronger Connections Program.
- **Categorical Program Cost-of-Living Adjustments**—A decrease of approximately \$1.7 million ongoing Proposition 98 General Fund for selected categorical programs for 2023-24 to reflect a change in the cost-of-living factor from 8.13 percent at the Governor's Budget to 8.22 percent at the May Revision. This decrease also reflects changes in enrollment projections from Governor's Budget.
- **The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)**—A decrease of approximately \$8 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. With this adjustment, support for the program would be approximately \$933 million in 2023-24.
- **Bilingual Teacher Professional Development Program**—An increase of \$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.
- **Restorative Justice Practices**—An increase of \$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, an increase of \$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. Additionally, the May Revision alters proposed statutory changes transmitted with the Governor's Budget to maintain the requirement that awardees serve in high-need schools.
- **After School Education and Safety Programs**—An increase of \$3 million ongoing Proposition 98 General Fund to the Los Angeles County Office of Education to contract with Save the Children to support after school programs in rural districts.

- **California School Information Services**—An increase of approximately \$2.1 million ongoing Proposition 98 General Fund to support the California School Information Services division of the Fiscal Crisis and Management Assistance Team.
- **Professional Development and Leadership Training**—An increase of \$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.
- **Local Control and Accountability Plan Query Tool and eTemplate**—An increase of \$148,000 ongoing Proposition 98 General Fund to support refinements to the Local Control and Accountability Plan Query Tool and eTemplate.
- **Basic Aid Wildfire Property Tax Backfill**—An increase of \$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.