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 nearly 1,300 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 PREDICTABLE SUPPORT FOR SCHOOLS

Despite a challenging fiscal environment this year, the Governor’s Budget maintains investments that are critical to improving instruction and support for students, including funding for community schools, universal school meals, expanded learning opportunities, education workforce, and continued implementation of universal transitional kindergarten. Over the past five years, the Governor and the Legislature have worked together to augment special education funding by more than $3.5 billion. The Governor protects those historic increases in the Budget to sustain recent gains for students with disabilities. The Budget uses resources from the Public School System Stabilization Account (PSSSA) to provide fiscal stability, by supporting baseline fiscal adjustments to maintain a level of predictability for students, families, and local educational agencies (LEAs). This approach is critical to the continued implementation of the California for All Kids plan—a whole child framework designed to close opportunity gaps by accelerating learning and holistically supporting student needs.
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 (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 result in notable adjustments to the Proposition 98 Guarantee. Proposition 98 funding for K-12 schools and community colleges is estimated to be $98.3 billion in 2022-23, $105.6 billion in 2023-24, and $109.1 billion in 2024-25. These revised Proposition 98 levels represent a decrease of approximately $11.3 billion over the three-year period relative to the 2023 Budget Act. Recognizing that the delay in the tax filing deadline to November 16 impacted state revenue projections for 2022-23 available at the time the 2023 Budget Act was enacted, the Budget proposes statutory changes to address roughly $8 billion of this decrease to avoid impacting existing LEA and community college district budgets.

The Guarantee continues to be in a Test 1 for all years 2022-23 through 2024-25. This means that the funding level of the Guarantee is equal to roughly 39 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 enrollment adjustments, which further increases per pupil funding. The Proposition 98 minimum Guarantee is “rebenched” to reflect the continued implementation of Universal Transitional Kindergarten and the implementation of the Arts and Music in Schools—Funding Guarantee and Accountability Act. The resulting Test 1 percentage is then “rebenched” to increase the percentage of General Fund revenues due to the Guarantee, from 38.6 percent to 39.5 percent.

The Budget includes total funding of $126.8 billion ($76.4 billion General Fund and $50.4 billion other funds) for all K-12 education programs. K-12 per-pupil funding totals $17,653 Proposition 98 General Fund and $23,519 per pupil when accounting for all funding sources.
PROPOSITION 98 RAINY DAY FUND

The 2023 Budget Act projected a total balance of $10.8 billion in the PSSSA. The Budget reflects revised 2022-23 and 2023-24 payments, and a 2024-25 payment, of roughly $339 million, $288 million, and $752 million, respectively, into the PSSSA, and withdrawals of roughly $3 billion in 2023-24 and $2.7 billion in 2024-25, for a total revised account balance of more than $3.8 billion at the end of 2024-25. 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 Proposition 98 Guarantee. The balance of $5.7 billion in 2023-24 continues to trigger school district reserve cap in 2024-25.

EDUCATIONAL REVENUE AUGMENTATION FUND

Beginning in 1992, the Educational Revenue Augmentation Fund (ERAF) shifted property tax revenues from cities, counties, and special districts to K-14 schools. This provides dollar-for-dollar General Fund savings equal to the amount shifted when Test 1 of Proposition 98 is not operative.
ERAF collected within each county is distributed on a per-average daily attendance (ADA) basis to all non-basic aid school districts, with the intent of directing proportionally more ERAF towards districts that have less property tax revenues on a per-ADA basis. Community Colleges and Special Education Local Plan Areas also receive an allocation. Any ERAF that cannot be absorbed by basic aid schools—which are statutorily ineligible to receive ERAF—is termed “Excess ERAF.” This Excess ERAF is returned to the local agencies from which it was generated.

Charter schools were established in the state in 1992, almost concurrently with the ERAF statutes. However, charter schools are not explicitly addressed within existing ERAF distribution statutes. To explicitly address charter schools and their interaction with existing ERAF distribution statutes, the Budget proposes statutory changes to clarify that charter schools are eligible to receive ERAF.

**LOCAL CONTROL FUNDING FORMULA**

The Budget includes an LCFF cost-of-living adjustment of 0.76 percent. When combined with population growth adjustments, this will result in a decrease of roughly $1.4 billion in discretionary funds for LEAs. However, to fully fund the LCFF and to maintain the level of current year principal apportionments, the Budget proposes withdrawing approximately $2.8 billion from the PSSSA to support ongoing LCFF costs in 2023-24, withdrawing approximately $2.2 billion from the PSSSA to support ongoing LCFF costs in 2024-25, and using available reappropriation and reversion funding totaling $38.6 million to support ongoing LCFF costs in 2024-25.

**CAREER EDUCATION**

The Administration intends to continue its cross-agency collaboration and explore teacher apprenticeship programs with partners and the Legislature. Additionally, the Budget directs the Commission on Teacher Credentialing to create a new Elementary Arts and Music Education authorization for career technical education (CTE) teachers, for additional pathways for experienced artists to provide arts instruction in elementary school classrooms, in addition to providing CTE instruction in grades 7 through 12. More information regarding career education can be found in the Higher Education Chapter.
INSTRUCTIONAL CONTINUITY

To provide students with needed instructional continuity including when facing challenges such as severe climate events, illness, or other barriers that impact attendance, the Budget proposes statutory changes to allow LEAs to provide attendance recovery opportunities to students to make up lost instructional time, thereby offsetting student absences, and mitigating learning loss and chronic absenteeism, as well as related fiscal impacts. Specifically, the proposed statutory changes would:

• Allow LEAs to add attendance recovery time to the attendance data submitted to the Department of Education, both for funding purposes (ADA reporting) and chronic absenteeism (individual student attendance reporting). Attendance recovery programs can take the form of Saturday school, intersessional school, or before/after school, and would be exempt from minimum day requirements.

• Require LEAs to provide students with access to remote instruction or support to enroll at a neighboring LEA for emergencies lasting 5 or more days.

• Encourage LEAs to provide hybrid or remote learning opportunities to students who are unable to attend school.

Additionally, the Budget includes $6 million one-time Proposition 98 General Fund to do the following:

(1) Research existing, and develop new, models of hybrid and remote learning to support students’ attendance, including developing and disseminating guidance and resources for LEAs to develop their own hybrid and remote learning programs to enable instructional continuity; and

(2) Investigate local student information systems to identify opportunities and make recommendations to allow LEAs to report individual student absence data to the state in a manner that allows for, at a minimum, local and statewide disaggregation of absences related to emergency events that prevent students from attending school.
CALIFORNIA STATE PRESCHOOL PROGRAM

The California State Preschool Program (CSPP) 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.

To support reimbursement rate increases previously supported by available one-time federal stimulus funding, the Budget includes $53.7 million General Fund. These resources are in addition to approximately $140.6 million General Fund and $206.3 million Proposition 98 General Fund identified in the 2023 Budget Act to support the recently ratified collective bargaining agreement with childcare providers. These amounts reflect an identified one-time savings of $172.1 million General Fund and $446 million Proposition 98 General Fund, while maintaining the level of support necessary for the Department of Education to meet the collective bargaining agreement requirements and administer the CSPP.

TEACHER PREPARATION AND PROFESSIONAL DEVELOPMENT

Preparing, training, and recruiting a diverse, expert workforce of administrative, credentialed, and classified staff to work in public K-12 schools continues to be critical to the success of the entire system. But staffing shortages persist and make it imperative that barriers to teaching are removed for qualified teacher candidates, and that existing teachers are provided with the training they need to be successful. To this end, the Budget includes several proposals intended to support teachers and improve access to the educator pipeline. This includes recognizing completion of a bachelor’s degree as satisfying the basic skills requirement for a credential and improving transcript review to certify subject matter competency. Both proposals will streamline the process and reduce the cost for well-qualified teacher candidates to earn a credential.

The 2023 Budget required 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 training for educators to administer literacy screenings, the Budget proposes $25 million ongoing Proposition 98 General Fund through the K-12 Mandate Block Grant.
The State Board of Education adopted a new Mathematics Framework in 2023, which is designed to help educators align classroom teaching with California’s rigorous mathematics learning standards. Instructional materials aligned to the new mathematics framework are expected to be adopted in 2025. To further assist educators in teaching mathematics aligned to this new framework, the Budget proposes $20 million one-time Proposition 98 General Fund for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit providers, to develop and provide training for mathematics coaches and leaders who can in turn provide training and support to math teachers to deliver high-quality instruction. The Budget also proposes to make statutory changes to focus use of unexpended allocated Learning Recovery Emergency Block Grant funds on actions to address the needs of students most impacted by learning loss, based on an assessment of needs and incorporated into the existing Local Control and Accountability Plan development process, and to clarify that the allowable uses of the Learning Recovery Emergency Block Grant include professional development aligned to the new mathematics framework.

Additionally, the Budget proposes language to better enable school staff to be equipped with the tools needed to recognize and offer appropriate mental health supports to students in a way that is aligned with other state investments in this area, including professional development opportunities.

**School Facility Program**

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51), approved by voters in November 2016, authorized $9 billion in state General Obligation bonds to support K-12 and community college school facilities construction. These funds support new construction, modernization, retrofitting, CTE, and charter school facility projects.

With Proposition 51 bond authority funds nearly exhausted, the 2022 and 2023 Budget Acts provided roughly $1.3 billion one-time General Fund and $2 billion one-time General Fund, respectively, for the School Facility Program (SFP), for K-12 school facilities construction. To address the projected budget shortfall, the Budget adjusts a planned 2024-25 investment for the SFP from $875 million to $375 million one-time General Fund.

This spring, the Administration expects to enter into negotiations with the Legislature on their education facilities bond proposals to reach agreement on a bond proposal to be considered in the November 2024 election.
CALIFORNIA PRESCHOOL, TRANSITIONAL KINDERGARTEN AND FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM

The California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (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 2022 Budget Act included $100 million one-time General Fund for the FDK Program, and the 2023 Budget Act reflected an additional $550 million in 2024-25 to support the FDK Program. To address the projected budget shortfall, the Budget delays the 2024-25 planned $550 million FDK Program investment to 2025-26.

OTHER K-12 RELATED ISSUES

SIGNIFICANT BUDGET ADJUSTMENTS

• Local Property Tax Adjustments—A decrease of $113 million Proposition 98 General Fund for school districts and county offices of education in 2023-24, and a decrease of $996 million 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 $65 million ongoing Proposition 98 General Fund to reflect a 0.76-percent cost-of-living adjustment for specified categorical programs and the LCFF Equity Multiplier. The specified categorical programs include 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.

• County Offices of Education—A decrease of $5 million ongoing Proposition 98 General Fund to reflect ADA changes applicable to the county office of education LCFF, and a 0.76-percent cost-of-living adjustment.

• Zero-Emission School Buses—The Budget maintains $500 million 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 in 2024-25.

• Curriculum-Embedded Performance Tasks for Science—An increase of $7 million one-time Proposition 98 General Fund to support inquiry-based science instruction
and assessment through the development of a bank of curriculum-embedded performance tasks. Once developed, these performance tasks will be used to develop and measure a student’s science subject matter knowledge and critical thinking skills through real world investigations and simulations.

- **Cradle-to-Career Data System**—An increase of $5 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.

- **Nutrition**—An increase of $122.2 million ongoing Proposition 98 General Fund to fully fund the universal school meals program in 2024-25. Over 845 million meals are projected to be served through this program in 2024-25.

- **Broadband Infrastructure Grant**—An increase of $5 million one-time non-Proposition 98 General Fund to extend the program through 2029. The initial funding for this program was one-time through June 30, 2024. In addition to providing fiber broadband connectivity to the most poorly connected school sites, this funding would also be available for joint projects connecting schools, local libraries and telehealth providers to high-speed fiber broadband.

- **K-12 High Speed Network**—An increase of $3.2 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

- **Parks Access**—An increase of $2.1 million ongoing Proposition 98 General Fund for a county office of education to enable fourth graders attending public schools to access California state parks.

- **Inclusive College Technical Assistance Center**—An increase of $2 million ongoing Proposition 98 General Fund to establish a Technical Assistance Center to:
  - Assist LEAs with the development and submittal of federal comprehensive transition and postsecondary program applications, so that students can apply for the Free Application for Federal Student Aid.
  - Facilitate collaboration between LEAs and institutions of Higher Education to support students, including those with intellectual disabilities, and their parents to plan for postsecondary transition.
  - Assist LEAs with the identification of potential funding sources and student financial assistance opportunities.

- **Homeless Education Technical Assistance Centers**—An increase of $1.5 million ongoing Proposition 98 General Fund to maintain support for Homeless Education Technical Assistance Centers that were first established through the American Rescue Plan Act’s, Homeless Children and Youth Program. This funding would
continue the momentum in increasing homeless youth identification, which is essential to providing the necessary support to improve outcomes.

- **State Special Schools Infrastructure Support**—An increase of $3.4 million General Fund, of which $380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tablets, and workstations for students and staff at the State Special Schools and Diagnostic Centers.