

# K-12 EDUCATION

California provides instruction and support services to roughly 5.8 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 \$133.8 billion (\$81.5 billion General Fund and \$52.3 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.

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## 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 Proposition 98 Minimum Guarantee (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 students attending K-12 public schools in California.

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Under certain circumstances, the Constitution allows the Legislature to suspend the Guarantee and create a maintenance factor to be paid in future fiscal years when conditions require it. The Budget suspends the Guarantee in 2023-24 and projects the Guarantee to be in Test 1 in 2024-25. In Test 1 years, the Guarantee is equal to the percentage of General Fund appropriated for K-14 schools in the 1986-87 fiscal year. Suspending the Guarantee is projected to create a maintenance factor obligation of approximately \$8.3 billion in 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in 2024-25, which will be paid in addition to the Guarantee level in 2024-25.

To accommodate enrollment increases related to the expansion of transitional kindergarten, and the implementation of Proposition 28, the Budget rebenchs the Test 1 percentage, from approximately 38.6 percent to approximately 39.2 percent, to increase the percentage of General Fund revenues obligated to the Guarantee. As 2024-25 is a Test 1 year, the value of the Guarantee is the sum of 39.2 percent of General Fund revenues, 2024-25 local property tax revenues, and the \$4.1 billion maintenance factor payment.

The Budget reflects Proposition 98 funding levels of \$103.7 billion in 2022-23, \$98.5 billion in 2023-24, and \$115.3 billion in 2023-24. Of the \$103.7 billion in 2022-23, the Budget accrues approximately \$6.2 billion of the state's General Fund costs to the 2026-27 through 2035-36 fiscal years for budgetary and financial reporting purposes.

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### **PROPOSITION 98 RAINY DAY FUND**

The Budget reflects a total balance of \$8.4 billion in the Public School System Stabilization Account (Proposition 98 Rainy Day Fund) at the end of 2022-23 and reflects the withdrawal of this balance in 2023-24. The Budget also reflects a roughly \$1.1 billion discretionary payment into the Proposition 98 Rainy Day Fund in 2024-25, leaving a balance in the account of \$1.1 billion in Proposition 98 Rainy Day Fund.

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. Because there is no ending balance in the account in 2023-24 and a balance of \$1.1 billion in 2024-25, school district reserve caps would not be triggered in 2024-25 and are not projected to be triggered in 2025-26.

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## LOCAL CONTROL FUNDING FORMULA

The 2024-25 Budget includes a Local Control Funding Formula (LCFF) cost-of-living adjustment of 1.07 percent. When combined with population growth adjustments, this will result in an increase of approximately \$983 million, as compared to the 2023 Budget Act, in discretionary funds for local educational agencies (LEAs). To fully fund the LCFF, the Budget withdraws approximately \$5.3 billion from the Proposition 98 Rainy Day Fund to support LCFF costs in 2023-24, and uses available reappropriation and reversion funding of \$253.9 million to support ongoing LCFF costs in 2024-25.

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## DEFERRALS

The Budget reflects LCFF apportionment deferrals from 2023-24 to 2024-25 of approximately \$3.6 billion and from 2024-25 to 2025-26 of approximately \$246 million. Additionally, the Budget reflects approximately \$2.3 billion in categorical program deferrals from 2022-23 to 2023-24, with the deferred categorical amount being repaid using Proposition 98 Rainy Day Fund resources.

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## LEARNING RECOVERY EMERGENCY BLOCK GRANT

The Budget focuses the use of allocated but unexpended 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 incorporates the use of these funds into the existing Local Control and Accountability Plan development process. The Budget also clarifies that the allowable uses of the Learning Recovery Emergency Block Grant include professional development aligned to the new Mathematics Framework and the English Language Arts/English Language Development Framework.

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## EMPLOYEE PROTECTIONS

To ensure stable employment for school staff, the Budget includes a suspension of the August 15, 2024, layoff window for certificated and classified staff.

## INSTRUCTIONAL CONTINUITY AND ATTENDANCE RECOVERY

The Budget includes 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, as well as related fiscal impacts to LEAs. For example, the Budget beginning in 2025-26, allows LEAs to add up to 10 days of attendance recovery time per pupil to the attendance data submitted to the California Department of Education (CDE) for funding purposes (Average Daily Attendance reporting). Attendance recovery programs that are offered during summer school, intersessional school, on weekends, or before/after school, must be taught by certificated teachers, be exempt from minimum day requirements, and be non-compulsory.

The Budget also allows Expanded Learning Opportunities Program funds be utilized for attendance recovery programs when an LEA operates the program in conjunction with, and on the same school site as, its expanded learning opportunities program.

There is also the requirement that CDE to report an alternative chronic absenteeism rate calculation, in addition to the existing chronic absenteeism rate, that includes pupil attendance accrued through attendance recovery programs.

Beginning July 1, 2025, the Budget requires LEAs to include an instructional continuity plan in their School Safety Plan as a component of their emergency funding application (J-13A waiver). The plan must include procedures for student engagement within 5 days of an emergency and a plan to provide hybrid or remote learning opportunities to students within 10 instructional days. The plan can include supporting students and their families with temporary reassignment to another school.

When students must be absent for any reason, the Budget encourages LEAs to provide remote instruction to mitigate learning loss by streamlining independent study. Specifically, the language allows LEAs to earn funding for independent study programs regardless of duration, reduces the burden on teachers to account for remote/hybrid learning, and provides flexibility on when signed written agreements for short-term independent study must be collected.

Additionally, the Budget directs the department to explore 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. The Budget also includes \$4 million one-time

Proposition 98 General Fund to 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.

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## TEACHER PROFESSIONAL DEVELOPMENT AND PREPARATION

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 education system. To further expand the state's educator training infrastructure, the Budget:

- Provides \$25 million one-time Proposition 98 General Fund to support necessary costs, including training for educators to administer literacy screenings to meet the requirement to screen students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year.
- Provides \$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 aligned with the new California Mathematics Framework for mathematics coaches and leaders who in turn can provide training and support to mathematics teachers to deliver high-quality instruction.

Additionally, to encourage more well-prepared individuals to enter the field of teaching, the Budget includes statutory changes to recognize the completion of a bachelor's degree as satisfying the basic skills requirement for a credential and to improve transcript review to certify subject matter competency.

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## EARLY EDUCATION

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### STATE PRESCHOOL

#### SIGNIFICANT BUDGET ADJUSTMENTS

- The Budget includes \$53.7 million General Fund to support reimbursement rate increases previously supported by available one-time federal stimulus funding.

- The Budget reflects one-time savings of \$190.7 million General Fund and \$522.3 million Proposition 98 General Fund. These adjustments align with the level of support necessary for CDE to meet preschool collective bargaining agreement requirements.
- The Budget authorizes California State Preschool Program providers to serve two-year-old children, in addition to three and four-year old children, until June 30, 2027.
- The Budget maintains that the California State Preschool Program continue to require providers to reserve 5 percent of funded enrollment for children with disabilities. However, the Budget suspends provisions to increase this requirement to 7.5 percent in 2025-26 and 10 percent in 2026-27.
- The Budget provides authority for CDE to develop and implement a streamlined request for application process to award new State Preschool slots to existing providers.

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### **TRANSITIONAL KINDERGARTEN**

The Budget provides \$988.7 million 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 36,000 additional children). Additionally, the Budget provides \$390.2 million Proposition 98 General Fund to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

Further, the Budget provides \$1.5 billion ongoing Proposition 98 General Fund to support the third year (the 2024-25 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five between September 2 and April 2 to all children turning five-years-old between September 2 and June 2 (roughly 38,000 additional children). The Budget also provides \$515.5 million ongoing Proposition 98 General Fund to support the third year of adding one additional certificated or classified staff person to every transitional kindergarten class.

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### **ADDRESSING THE BUDGET PROBLEM**

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **School Facility Program**—Forgoes a planned investment of \$875 million to support the School Facility Program.
- **California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program**—Forgoes a planned investment of \$550 million to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program.
- **Zero-Emission School Buses**—Forgoes a planned \$500 million one-time Proposition 98 General Fund investment in 2024-25 to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission.

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## OTHER K-12 BUDGET ADJUSTMENTS

### SIGNIFICANT BUDGET ADJUSTMENTS

- **The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)**—\$907.1 million to support the Arts and Music in Schools: Funding Guarantee and Accountability Act in 2024-25.
- **Categorical Program Cost-of-Living Adjustments**—\$89.2 million ongoing Proposition 98 General Fund to reflect a 1.07-percent cost-of living adjustment for specified categorical programs.
- **Nutrition**—An additional \$179.4 million ongoing Proposition 98 General Fund and an additional \$120.8 million one-time Proposition 98 General Fund to fully fund the universal school meals program in the 2023-24 and 2024-25 fiscal years. This is on top of \$1.6 billion in base funding for the program.
- **Classified School Employee Summer Assistance Program**—\$9 million one-time Proposition 98 General Fund for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during intersessional months when they are not employed.
- **Curriculum-Embedded Performance Tasks for Science**—\$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.

- **California Teachers Collaborative for Holocaust and Genocide Education**—\$5 million one-time Proposition 98 General Fund to support the California Teachers Collaborative for Holocaust and Genocide Education.
- **After School Education and Safety Programs**—\$5 million one-time General Fund for Save the Children, which supports after school programs in rural districts.
- **State Special Schools Infrastructure Support**—\$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.
- **K-12 High Speed Network**—\$3.2 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.
- **Student Friendly Services**—\$2.1 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.
- **Parks Access**—\$2.1 million ongoing Proposition 98 General Fund for the Sacramento County Office of Education to enable fourth graders attending public schools to access California state parks.
- **Inclusive College Technical Assistance Center**—\$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.
- The Budget includes statute to better equip school staff 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.