

# GOVERNOR NEWSOM'S 2023-24 REVISED BUDGET

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Revenues have continued to decline since the release of the governor's January budget proposal, increasing the state budget deficit to \$31.5 billion compared to the previously anticipated \$22.5 billion. The governor noted further economic uncertainty impacting the state budget planning process, including the federal debt ceiling debate, a likely out-year recession and the delayed tax collection from 55 counties due to natural disasters.

The governor prioritizes maintaining commitments to public education, including proposing to fully fund the statutory cost-of-living adjustment (COLA) for the Local Control Funding Formula. Outside of K-12 education, the governor prioritizes housing and homelessness investments; health care affordability and mental health; climate and disaster resilience; and public safety.

## EDUCATION FUNDING OVERVIEW

### PROPOSITION 98

Revenues have continued to decline since January, and the May Revision reflects an additional \$2 billion decrease in the minimum guarantee for a total funding level of \$106.8 billion in 2023-24. Proposition 98 per-pupil spending would reach \$17,444.

### RAINY DAY FUND

Increased deposits into the Proposition 98 Rainy Day Fund bring the reserve account total to \$10.7 billion. The administration does not propose to use reserve funds in the budget.

### LOCAL CONTROL FUNDING FORMULA

The governor proposes fully funding the statutory COLA, which increased to 8.22 percent. This is achieved, in part, by tapping into one-time funds.

### COLA FOR PROGRAMS OUTSIDE OF LCFF

The May Revision proposes an 8.22 percent COLA for programs outside of the LCFF, including county offices of education, special education, state preschool, adult education and the mandates block grant.

### LCFF EQUITY MULTIPLIER

The governor maintains his equity multiplier proposal, which would direct \$300 million to high poverty school sites. Specifically, these funds would be allocated to LEAs with elementary schools with 90 percent or more free meal eligibility and middle schools with 85 percent or more eligibility. Funds would have to be spent at the school sites that generate the funding on services directly related to improving student outcomes.

### ACCOUNTABILITY

The governor makes minor modifications to his January proposal which would make a number of comprehensive changes to the state's accountability system to address the student achievement gap, including focused goals for the lowest-performing student groups and an expanded two-year differentiated assistance cycle.

### COUNTY OFFICES OF EDUCATION

The May Revision includes several increases to county offices of education, including:

- \$80 million to support county offices of education serving students in juvenile county and alternative school settings;

- 50 percent increase to county office of education base grant allocations to support differentiated assistance (DA), reflecting the increased workload in the governor's proposal to lengthen DA from one to two years;
- \$2 million to support the newly proposed equity leads in the State System of Support.

## **ARTS, MUSIC AND INSTRUCTIONAL MATERIALS DISCRETIONARY BLOCK GRANT CUT**

The governor proposes to further cut the Block Grant, reducing funding from the \$3.5 billion that was provided in the 2022 budget to \$1.8 billion.

## **LEARNING RECOVERY EMERGENCY BLOCK GRANT CUT**

The governor proposes a second retroactive budget cut. The May Revision proposes to cut \$2.5 billion of the \$7.9 billion Learning Recovery Block Grant that was adopted in the 2022 budget.

## **PROPOSITION 28 (ARTS AND MUSIC IN SCHOOLS)**

The May Revision estimates Proposition 28 funding will total \$933 million in 2023-24.

## **TRANSITIONAL KINDERGARTEN (TK)**

The governor continues to implement TK on schedule and provides additional funding for a second staff person in the classroom. The May Revision reduces total TK funding based on significantly lower enrollment in the current school year than expected, bringing funding to \$357 million. The administration also reduces cost estimates for 2023-24's cohort of newly TK eligible children to \$597 million.

## **PRESCHOOL**

The May Revision reflects recent legislative actions to support preschool, providing \$4.4 million General Fund and \$5.3 million of Proposition 98 funding to allow the Department of Education to waive family fees through September 2023.

## **EXPANDED LEARNING OPPORTUNITY PROGRAM (ELOP)**

The May Revision maintains the \$4 billion investment in the ELOP and provides LEAs with an additional year to expend their funds, extending the deadline to June 30, 2024.

## **LITERACY**

The governor proposes to require LEAs to screen students in kindergarten through second grade for reading difficulties, including dyslexia by the 2025-2026 school year. An independent panel of experts will approve screening instruments. The governor has stated his intent to fund professional development for this purpose in the future.

## **NUTRITION**

Due to higher demand for meals than anticipated, the governor provides an additional \$292 million to fund the Universal School Meals Program in the current year and for the 2023-2024 school year.

## **SCHOOL FACILITIES PROGRAM**

The governor maintains his January proposal, which would reduce the General Fund allocation to the schools facilities program by \$100 million; delay the \$550 TK and full-day kindergarten facilities allocation until the 2024-25 school year; and delay the preschool inclusion facilities grants until 2024-25.

## **EDUCATOR WORKFORCE**

The governor aims to reduce barriers for aspiring teachers by proposing statutory changes. The changes would improve out-of-state reciprocity for teaching credentials for military spouses — allowing induction and satisfactory teacher evaluations to be used in lieu of the Teaching Performance Assessment in some instances — and expanding the time residency candidates have to complete their service requirements.

## **ACSA PERSPECTIVE AND WHAT'S NEXT**

ACSA will work over the next several weeks with the administration and Legislature to ensure public education is protected and student success and well-being are prioritized. The Legislature will weigh in on the governor's May Revision over the next few weeks and negotiate a final budget agreement by June 15.

The full May Revision Summary is available at: <https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>