

**CHIEF FISCAL OFFICERS MEETING
AGENDA**

**Tuesday, January 23, 2024
12:15 p.m. – 1:30 p.m.**

12:15 p.m. – 1:30 p.m. CFO Meeting

- 1) Introductions and What's New**
 - a) Additions to the agenda**
 - b) District Sharing**

- 2) Reminders**
 - a) Interest due quarterly on federal funds if over \$500. See CDE website for list of Federal Resources that may be EXCLUDED from the calculation.
<https://www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp>**
 - b) AB1200 Public Disclosure-include copy of Tentative Agreement (TA) and Multi-Year Projection (MYP) when submitting**
 - Form should be signed by BOTH Superintendent and CBO before submitting**
 - Disclosure of a settlement is required even if no salary/benefit change**
 - c) AB2197 disclosure required for non-voter approved debt**
 - d) Document wages charged to federal/state programs (CSAM Procedure 905: Personnel Activity Reports (PARs)) [Including COVID 19 Programs]**
 - Please follow your policy.**
 - e) Complete Admin to Teacher ratio form. (Retain for your audit records)**
 - f) Reconcile payroll liability accounts**
 - g) Abatements: Please notify your Business Advisor if you are abating revenues or expenditures. This will ensure that budgets and Cash Flow projections are accurate.**
 - Reach out to your advisor if you are thinking about abating any revenue.**

- 3) Date Reminders**
 - a) January 31st – Second Interim Cutoff**
 - b) January 31st – 2022-23 Audits Public Meeting Review Deadline**
- 4) February 17th – 2022-23 Audit Certifications Due to SCSOS**
- 5) February 28th – LCAP Mid-Year Update must be presented to LEA Governing Board**
- 6) March 1st – Every Student Succeeds Act (ESSA) Per-Pupil Expenditure Reporting due to CDE**
- 7) March 15th – 2022-23 Audit Corrective Action Forms Due to SCSOS**
- 8) March 15th – Charter Second Interims Due**
 - Charter Second Interim due to chartering authority and County Superintendent of Schools (EC § 47604.33[a][4])**
- 9) March 17th – District Second Interims Due**
 - District Second Interim due to COE (also to SSPI and State Controller's Office [SCO] if qualified or negative) (EC § 42131[a][1],[2], and [3])**
- 10) April 1st – FY 2023-24 Auditor service contracts due to SCSOS (EC § 41020[b][3])**
- 11) April 1st – Home-to-School Transportation Plan must be approved by LEA Board**

- 12) Payroll**
 - a) Year-End Notifications**
 - b) Workers' Compensation**

- 5) **Audit Deadlines**
 - a) **December 15th: EC 41020(h) – audit report filing deadline with County Supt. of Schools, CDE, and SCO**
 - b) **January 31st: EC 41020.3 – LEA governing board must review, at a public meeting, LEA annual audit, any audit exceptions, recommendations or findings issued by the auditor, and any corrective actions or plans to correct any audit exceptions**
 - c) **March 15th: EC 41020(j)(2)(A) – LEAs deadline to provide corrective action(s) to County Supt. of Schools for their audit findings**
 - d) **May 15th: EC 41020(i) & (k)(1) – County Supt. of Schools deadline to submit Certification of Corrective Action Resolution of Audit Findings for all LEAs to SCO and CDE**

- 6) **Frontline ERP (formerly Escape)**
 - a) **User Group Conference – March 12th – 13th in Santa Clara, CA (pgs. 3-4)**

- 7) **ESSCO**
 - a) **Transitional Kindergarten Audit Penalties (pgs. 5-6)**

- 8) **Roundtable Discussion**
 - a) **ESSA PPE Reporting Student Enrollment Discrepancy (pgs. 7-9)**
 - b) **SACS Web System 2023-24 Second Interim & Year End Projection Reporting (pgs. 11-13)**

- 9) **2024-25 Governor’s Proposed Budget**
 - a) **School Services of CA (SSC) 2024-25 Governor’s Budget Proposal Presentation (pgs. 15-67)**
 - b) **2024-25 Governor’s Budget Proposal Summary Sheet (pg. 69)**
 - c) **SSC 2024-25 Governor’s Proposed Budget Dartboard (pg. 71)**

- 10) **Articles (pgs. 73-91)**
 - a) ***SSC Fiscal Report: Overview of the Governor’s Proposals for the 2024-25 State Budget and K-12 Education***
 - b) ***SSC Fiscal Report: Federal Grant to Support Small School District Facilities***
 - c) ***SSC Fiscal Report: Collective Bargaining in 2023-24: A User’s Guide***
 - d) ***SSC Fiscal Report: New Laws for 2024***
 - e) ***SSC Fiscal Report: December Headline Inflation Slightly Up***
 - f) ***SSC Fiscal Report: Critical Deadlines and Funding Opportunities***

- 11) **Workshops/Webinars (pgs. 93-96)**
 - a) **SSC Webinars & Workshops**
 - b) **CASBO Webinars & Workshops**

- 12) **Next Meeting**
 - a) **February 21st – Board Room/Zoom**

Subject: Save your seat for Frontline Gather 2024

CAUTION: This email originated from outside SCSOS. Do NOT click links or open attachments unless you recognize the sender and know the content is safe.



March 12-13, 2024

Santa Clara, CA



Frontline Gather

A California User Conference

Don't miss your chance to have **special early bird pricing** and save up to 15% off admission.

EARLY BIRD through 1/12/24

\$599 for 1 Day | \$849 for 2 Days

REGULAR ADMISSION after 1/12/24

\$799 for 1 Day | \$999 for 2 Days

Frontline Gather will include multiple attendance options and a rich selection of informative sessions. This event is designed to reignite the collaboration between HR/Payroll and Finance functions, empowering your district to realize its vision of delivering exceptional education.

To make this event even better, we have considered the session and event feedback we received from attendees at Frontline Gather 2023. We are committed to improving the content related to *Frontline ERP for California*. We will ensure there are clear Advanced and Beginner Tracks for HR, Payroll, and Finance. Furthermore, we plan to offer a diverse range of session formats, including Thought Leadership, Round Table Discussions, Direct Instruction, and Hands-On Workshops.

Registration for Frontline Gather is officially open! You are receiving early access to register and special access to early bird pricing. You can register [here](#).

We hope to see you there,

Frontline Education

[Register Now →](#)

Transitional Kindergarten Audit Penalties

Background

Education Code (EC) Sections 48000 and 48000.1, amended by Senate Bill (SB) 114 (Chapter 48, Statutes of 2023), define the requirements and penalties for classrooms with transitional kindergarten (TK) children. Additionally, *EC* Section 48000.15, added by SB 114 and amended by SB 141 (Chapter 194, Statutes of 2023), defines the requirements and penalties for classrooms with early enrollment children, “a child whose fourth birthday will be between the third of June and first of September, inclusive, preceding the school year during which they are enrolled in a transitional kindergarten classroom.” [EC Section 48000.15 (b)(4)]

Requirements and Audit Penalties

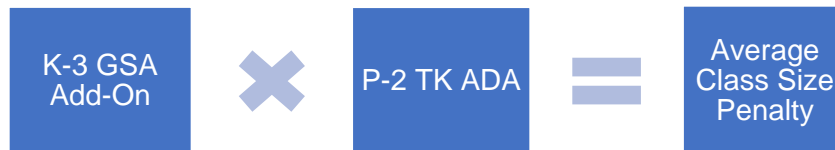
TK classrooms that have early enrollment children are subject to different requirements and audit penalties. Teacher certification requirements and penalties for TK classrooms are not effective until August 1, 2025.

The below audit penalties are based on proposed audit procedures that are still waiting final adoption by the Education Audit Appeals Panel (EAAP).

Transitional Kindergarten without Early Enrollment Children (EEC)

LEAs with TK classrooms should maintain the following:

- An average TK class enrollment at the schoolsite of no more than twenty-four pupils
[EC Section 48000(g)(1)]
 - LEAs that do not maintain this class size will receive the following penalty, pursuant to *EC* 48000.1(b)(1)(C):



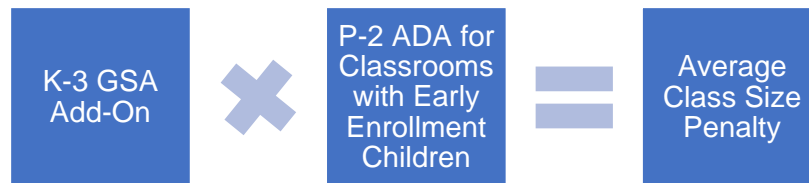
- An average adult-to-pupil ratio of at least 1:12 at each schoolsite
[EC Section 48000(g)(2)]
 - LEAs that do not maintain this ratio will receive the following penalty, pursuant to *EC* 48000.1(b)(1)(A):



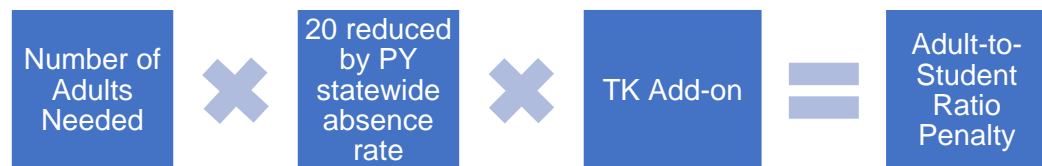
Transitional Kindergarten with EEC

In addition to being included as part of a schoolsite's average class enrollment and adult-to-pupil ratio, any classroom at any schoolsite within the LEA with EEC will be reviewed for maintaining the following:

- A schoolyear classroom enrollment of not more than twenty pupils
[EC Section 48000.15(d)(3)]
 - LEAs that do not maintain this class size for each TK classroom with EEC will receive the following penalty, pursuant to EC Section 48000.15(e)(1)(B):



- A schoolyear adult-to-pupil ratio of at least 1:10
[EC Section 48000.15(d)(1)]
 - LEAs that do not maintain this ratio for each TK classroom with EEC will receive the following penalty, pursuant to EC Section 48000.15(e)(1)(A):



Questions

For questions related to the TK audit penalties, please contact the CDE at PASE@cde.ca.gov.

Every Student Succeeds Act (ESSA) Reporting System

(51713816053250)

Franklin
Elementary

School-level Expenditures Per Pupil

Please enter whole dollar values in the form of a non-negative integer:

Federal (School-level)

\$835

State & Local (School-level)

\$11,266

Total (School-level)

\$12,101

School Share of Central Expenditures Per Pupil

Please enter whole dollar values in the form of a non-negative integer:

Federal (Share of Central)

\$0

State & Local (Share of Central)

\$0

Total (Share of Central)
\$0

School Totals

Total Expenditures Per Pupil
\$12,101

Student Enrollment

476

Questions: School Fiscal Services Division | essappe@cde.ca.gov | 916-322-1770

From: ESSAPPE <ESSAPPE@cde.ca.gov>
Sent: Thursday, January 18, 2024 1:22 PM
To: Stephanie Sanchez <ssanchez@sutter.k12.ca.us>; ESSAPPE <ESSAPPE@cde.ca.gov>
Subject: RE: [EXTERNAL] Student Enrollment Discrepancy

Good afternoon,

Thank you for reaching out. We are aware of the enrollment data in the ESSA PPE application is not updated and you cannot update the data in the application. Please use the cumulative enrollment data posted in the Cumulative Enrollment data page: <https://www.cde.ca.gov/ds/ad/filesenrcum.asp> to do your calculations.

Please let us know if you have any questions.

Thank you,
-Hilary

Hilary Thomson for ESSAPPE

California Department of Education
School Fiscal Services Division
Fiscal Oversight and Support Office
ESSAPPE@cde.ca.gov

From: Stephanie Sanchez <ssanchez@sutter.k12.ca.us>
Sent: Thursday, January 18, 2024 11:26 AM
To: ESSAPPE <ESSAPPE@cde.ca.gov>
Subject: [EXTERNAL] Student Enrollment Discrepancy

Hello,

I am working on my ESSA PPE reporting for Franklin Elementary School (51713816053250) and I noticed that the student enrollment that pre populates in the reporting system is incorrect. Our CBEDS number for 2022/23 is 490 and the system has our enrollment at 476 (which is our CBEDS number for 2021/22).

Could someone please help me with this?

Thank you,

Stephanie Kuykendall-Sanchez
Fiscal Services Manager
Franklin Elementary School
332 N Township Rd
Yuba City, CA 95993
530-822-5151

From: donotreply@sacs-cde.org <donotreply@sacs-cde.org>

Sent: Friday, January 12, 2024 1:16 PM

To: Nicolaas Hooegeveen <NicolaasH@sutter.k12.ca.us>

Subject: SACS Web System 2023–24 Second Interim & End of Year Projection Reporting Functionality Available

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You are receiving this email because you are a SACS Web System user.

SACS WEB SYSTEM 2023–24 SECOND INTERIM & END OF YEAR PROJECTION REPORTING

The 2023–24 Second Interim & End of Year Projection financial reporting functionality is now available in the California Department of Education (CDE) Standardized Account Code Structure (SACS) Web-based Financial Reporting System (SACS Web System) at <https://sacs-cde.org/security/login>.

KNOWN ISSUES AND WORKAROUNDS

There is a known issue with the data extraction for 2023–24 Interim period forms. The 2023–24 Interim period forms do not extract data from 2022–23 Unaudited Actual submissions.

2022–23 Unaudited Actual amounts will need to be manually entered into the following 2023–24 Interim period forms:

- Criteria and Standards (Form 01CSI)
- Every Student Succeeds Act Maintenance of Effort (Form ESMOE)
- Indirect Cost Rate Worksheet (Form ICR)
- Special Education Maintenance of Effort (Report SEMAI)

This and other SACS Web System known issues and available workarounds will be posted in the Problems and Fixes section of News and Announcements, available on the user’s dashboard upon logging into the system. This section will be updated as additional issues arise.

Users should refer to this information prior to seeking assistance with SACS Web System issues.

RELEASE UPDATES

The following is a list of issues that were addressed since the last SACS Web System release update. NOTE: These fixes were resolved effective the 2023-24 Second Interim reporting period and were not applied for the 2023-24 First Interim reporting period:

1. Form CASH: Amounts for new capital outlay objects are erroneously not extracted in the BUDGET column for Section C, DISBURSEMENTS, Capital Outlay row.
2. IFC MYPI004J, JPA: Failing this fatal IFC erroneously triggers the warning CHK-UNBALANCED-A instead of the fatal CHK-UNBALANCED-B TRC.

3. Technical Review Check (TRC) ADA-PROVIDE, District, Interims: For school districts in the Interim periods, the TRC ADA-PROVIDE erroneously passes when some required fields are not completed.
4. Form 01CSI, JPA, Interims: Supplemental Information Section S7A, Line 2e, Budget Adoption column for the First Interim (First Interim column for Second Interim), is erroneously not allowing users to enter/save a date.
5. Fund 95I: The Student Body Fund title is erroneously displaying incorrect title name when form is printed to PDF for all LEAs for all Interim periods.

These release updates will also be available on the CDE Financial Reporting web page at <https://www.cde.ca.gov/fg/sf/fr/> in the near future.

SYSTEM VERSION UPDATE

The SACS Web System was updated to version 8 for the 2023–24 Second Interim & End of Year Projection reporting periods. Users who re-run the technical review checks (TRC) on existing datasets will receive a VERSION-CHECK TRC exception due to this system version update. In order to clear this TRC exception, users must provide an explanation or open and save all listed forms identified by this TRC, then re-run all the TRCs for all data types.

SECOND INTERIM & END OF YEAR PROJECTION REPORTING RESOURCES

Online help: The online version of the *SACS Web System User Guide* is available throughout the SACS Web System reporting screens by clicking on the help icon (question mark) located next to a screen heading.

User guide: The Word version of the *SACS Web System User Guide* is available on the CDE Financial Reporting web page at <https://www.cde.ca.gov/fg/sf/fr/> under “Web Application Resources.”

What’s new: Changes to forms and other processes for the 2023–24 Interim reporting periods are listed in the “What’s New: 2023-24 Interim Reporting” document that is available on the CDE Financial Reporting web page at <https://www.cde.ca.gov/fg/sf/fr/> under “Web Application Resources.”

Financial reporting calendars: The Financial Reporting and Fiscal Oversight Calendars are available on the CDE Financial Reporting web page at <https://www.cde.ca.gov/fg/sf/fr/> under “Financial Reporting Resources.”

SACS validation tables: The 2023–24 SACS Web System Second Interim & End of Year Projection release contains the most current validation tables, dated September 29, 2023, which are the same as those posted to the CDE SACS Valid Codes and Combinations web page at <https://www.cde.ca.gov/fg/ac/ac/validcodes.asp>.

To receive an email notification each time the validation tables are updated, please send a blank email message to join-sacs-update@mlist.cde.ca.gov.

CHARTER SCHOOL INTERIM PERIOD REPORTING

Only charter schools that use SACS will be able to utilize the SACS Web System Second Interim & End of Year Projection financial reporting functionality. There is no charter school alternative form available in the SACS Web System for the 2023–24 Interim reporting periods. Charter schools should discuss with their authorizing agency the format to be used to submit Interim financial reports.

TIPS FOR GETTING AN OFFICIAL STATUS DATASET

As you complete your 2023–24 Second Interim & End of Year Projection reports, please follow these troubleshooting steps to get an official status dataset:

- Follow the interim data processing sequence to ensure forms are opened and saved in the correct order. The data processing sequence is available in the online SACS User Guide here: <https://docs.sacs-cde.org/2023-24/News/Procedures/dataInterim/>.
- Run the technical review checks (TRCs) for **all the data types**. For 2023–24 Second Interim & End of Year Projection, this includes original budget, board approved operating budget, actuals to date, and projected totals data types.
- Ensure all required explanations are entered for Warning TRC exceptions **for all applicable data types. You must enter a text explanation. Do not enter a blank space.**

If you have questions regarding the SACS Web System, please contact the CDE by email at sacsweb@cde.ca.gov.

Sincerely,

California Department of Education

School Fiscal Services Division

Office of Financial Accountability and Information Services

sacsweb@cde.ca.gov



Governor's Proposals for the 2024-25 State Budget and K-12 Education

Presented By:

School Services of California Inc.

To download a copy of today's presentation book and other workshop resources, please visit

<http://www.sscal.com/my-ssc>

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Downloadable Resources
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Under "My Workshops," click on "View Workshop Resources" underneath the workshop title

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To access the workshop resources, you'll need to be logged in with the email address that was used to register for the workshop

MY WORKSHOPS

- Governor's Budget Workshop 01/17/24
[VIEW WORKSHOP RESOURCES](#)
- Effective Supervision and Evaluation (2023) 11/14/23
[VIEW WORKSHOP RESOURCES](#)
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- Position Control—The Fundamentals 11/07/23
[VIEW WORKSHOP RESOURCES](#)
[VIEW ONLINE WORKSHOP](#)
- Advanced Collective Bargaining (2023) 09/12/23
[VIEW WORKSHOP RESOURCES](#)
[VIEW ONLINE WORKSHOP](#)
- Charter Schools (2023) 03/07/23
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Questions

- During the presentation, and after, submit your questions via email to Ask@sscal.com
- Additionally, you can send an Ask SSC question from our homepage at www.sscal.com
- Questions will be answered in *Fiscal Report* articles or direct outreach



Workshop Resources

School Services of California
An Employee-Owned Company

POCKET BUDGET
A Summary of the 2024-25 Governor's State Budget Proposal for California's Schools

PROPOSITION 98
Proposition 98 Minimum Guarantee (In billions)

	2023-24 Enacted Budget	Governor's Budget Adjustments	2024-25 Budget Proposal
2022-23	\$107.4	-\$9.1	\$98.3
2023-24	\$108.3	-\$2.7	\$105.6
2024-25	\$111.6	-\$2.5	\$109.1

COST-OF-LIVING ADJUSTMENT (COLA)

	2024-25	2025-26	2026-27	2027-28	2028-29
	0.76%	2.73%	3.11%	3.17%	3.24%

LOCAL CONTROL FUNDING FORMULA (LCFF)
LCFF Entitlements for School Districts and Charters

Grade Span	2023-24 Base Grant per ADA*	0.76% COLA	2024-25 Base Grant per ADA
TK-3	\$9,919	\$75	\$9,994
4-6	\$10,069	\$77	\$10,146
7-8	\$10,367	\$79	\$10,446
9-12	\$12,015	\$91	\$12,106

Note: Reliant on one-time funds to support ongoing LCFF costs
*Average daily attendance

BOARD READY PRESENTATION

Fully customizable to meet your needs locally and to assist you in communicating the impact of the Enacted Budget on your LEA

Additional Workshop Resources

- PDF and PowerPoint versions of today's presentation
- SSC Financial Projection Dashboard
- Proposed State Budget Summary 2024-25
- Budget Process Document

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Introduction

Governor's Budget Themes

- Governor Gavin Newsom measures a \$37.9 billion budget shortfall, due largely to 2022 tax collections well below the budget's assumptions
- The Governor's Budget proposal protects the education budget against the local impact of a nearly \$12 billion reduction in Proposition 98 resources that, if unmitigated, would undoubtedly harm our students and the cadre of professionals who dedicate their lives to teaching and supporting them
- Proposal attempts to ensure that the education profession remains an attractive career choice by removing obstacles to entry and enabling agencies to provide competitive wages
- Governor's focus is on students whose learning was and continues to be deeply impacted by the COVID-19 pandemic
- The Governor's Budget uses less pessimistic revenue assumptions than the Legislative Analyst's Office (LAO)



The State Budget and The Economy

- Headline inflation is down year over year and is expected to decline further through the budget year
- Leading economists anticipate a reduction to interest rates later in 2024
- The national and state economies are in a slow growth pattern
- The Governor projects a \$37.9 billion budget deficit for 2024-25
- Budget-balancing measures include drawing down \$13.1 billion in reserves and \$5.7 billion from the Public School System Stabilization Account (PSSSA), along with borrowing, funding reductions in non-Proposition 98 areas, funding delays, deferrals to payroll and University of California/California State University, and tax revenue proposals
- A recession is no longer forecasted in 2024 or 2025 by most economists, but there are notable risks to the State Budget

Proposition 98

- The Proposition 98 budget is a story of correction and normalization

Good News

- The historic increases in Proposition 98 from 2019-20 through 2021-22 resulted in significant financial investments to combat the impacts of the pandemic
- The state is better prepared to weather a financial downturn due to record levels of reserves

Bad News

- The \$26 billion shortfall of tax revenues for 2022-23 turned a normal year into one where it appears that the state provided money above the minimum guarantee
- The Governor's solution to mitigate this shortfall is unprecedented and not widely or clearly understood, which creates risk for local educational agencies (LEAs)

The Education Budget and Local Impact

- The Governor continues with the theme of “correction and normalization”

Good News

- Despite the significant underperformance of General Fund revenues in 2022-23, the Governor is not proposing any new cuts or deferrals to K-12 education core programs
- General Fund revenue spikes in 2021-22 were used for one-time purposes and that is now paying dividends

Bad News

- Education is facing a “COLA¹-only” year where the projected statutory COLA is significantly less than 2023-24 and anticipated for 2024-25 trending

¹Cost-of-living adjustment

Overview of the State Budget and the Economy

U.S. Economic Outlook and UCLA Anderson December Forecast

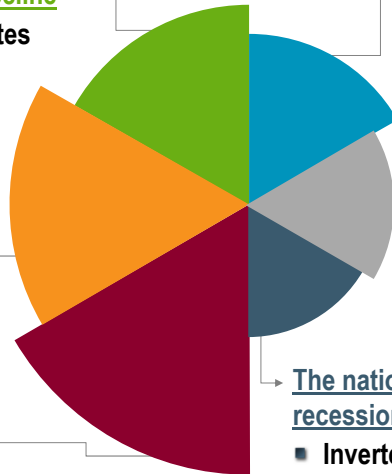
Inflation is predicted to continue its decline

- UCLA Anderson (Forecast) anticipates headline inflation to fall to 2.7%

Slow economic growth

- The Forecast projected three quarters of 1.0% growth in 2024, increasing to 2.5% by 2025
- A slow growth economy is especially vulnerable to risk

A recession is no longer forecasted for the near future



Interest rate cuts are projected as early as 2024

- The Forecast predicts the federal funds rate will be 4.8% by 2025

U.S. employment and income are predicted to remain strong

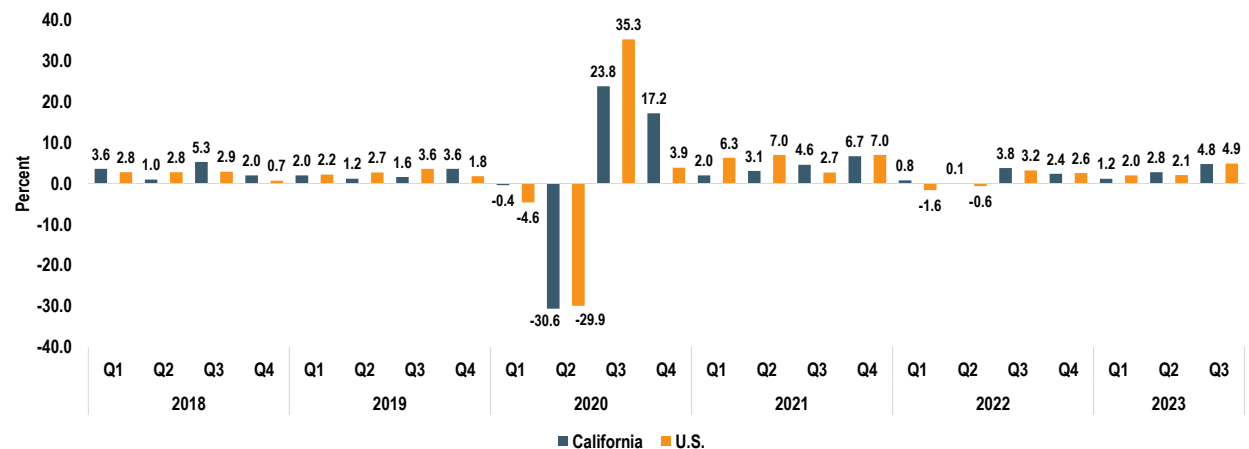
- The Forecast projects stable U.S. unemployment rates through 2025

The national economy is defying historical recession indicators

- Inverted yield curve
- Annual inflation falling from above 5.0% to below 3.0%

U.S. and California Gross Domestic Product

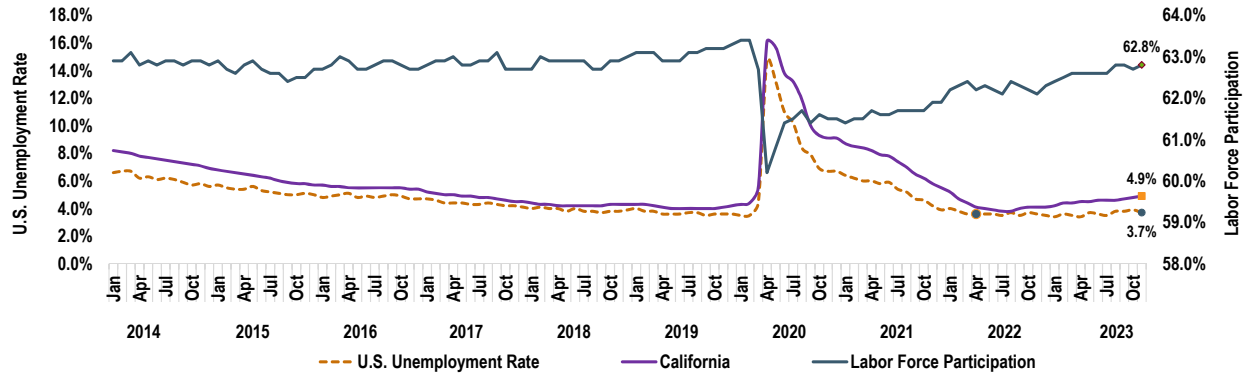
- In the third quarter of 2023, gross domestic product (GDP) growth exceeded expectations
- National fourth quarter 2023 GDP growth is estimated to be between 1.3% and 1.7%



Source: Bureau of Economic Analysis (BEA)

U.S. and California Unemployment and Labor Force Participation

- At 62.8%, the U.S. labor force participation (LFP) rate is strong, yet slightly below the pre-pandemic peak of 63.4%
 - The LFP rate for people ages 25-54 returned to its pre-pandemic level in April 2023
- The gap between U.S. and California unemployment has widened over the course of the year
 - The LAO noted that the state's unemployment rate triggered the "Sahm rule"—a recession predictor

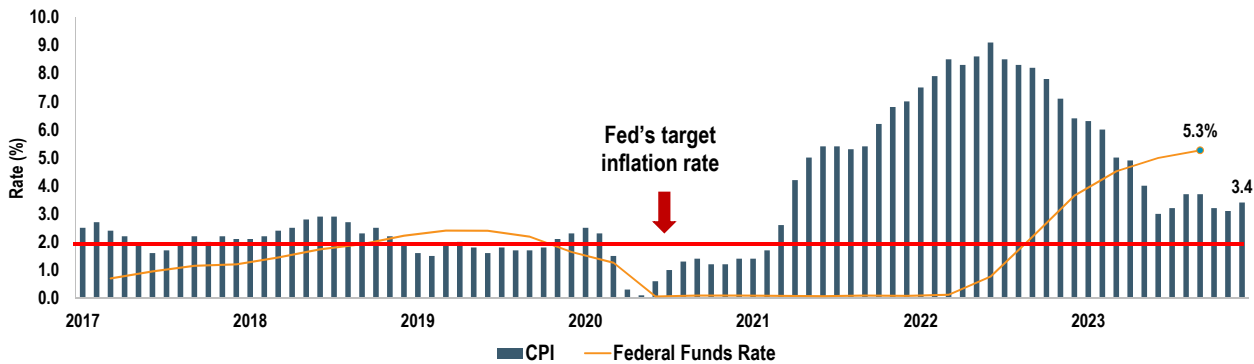


Source: California Employment Development Department and U.S. Bureau of Labor Statistics (BLS)

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Inflation and Federal Funds Rate

- U.S. headline inflation continues to ease, with December headline inflation at 3.4%
- After a series of 11 increases, the Federal Reserve (Fed) has not increased the federal funds rate since July 2023
- The Fed has consistently maintained its commitment to returning inflation to 2.0%
 - And noted the prospect of rate cuts as early as the end of 2024 if the economy performs as expected

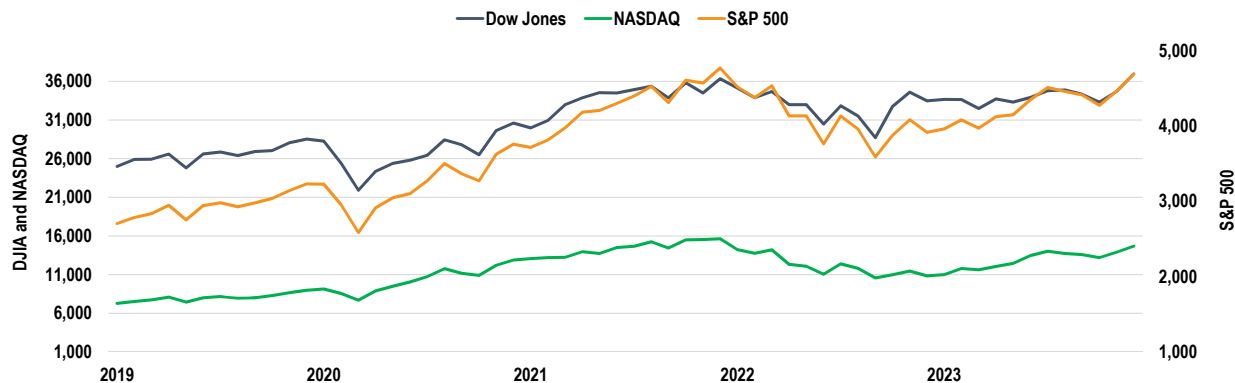


Source: BEA and BLS Note: CPI—Consumer Price Index

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The Stock Market

- Wall Street outperformed early expectations for 2023; all three major indexes showed double-digit gains for the year
- Interest rates remain elevated, yet the market responded to easing inflation and the possibility of 2024 rate cuts
- At closing on January 12, the Dow Jones was at 37,593, the NASDAQ was at 14,972, and the S&P 500 was at 4,783



Source: Federal Reserve Economic Data

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Median Home Prices

State (Highest)	Median Home Price	States With the Highest Immigration From California	Median Home Price
California	\$787,000	Texas	\$348,000
Hawaii	\$750,000	Arizona	\$435,000
District of Columbia	\$626,000	Florida	\$402,000
Colorado	\$612,000	Nevada	\$437,000
Washington	\$602,000	Washington	\$602,000
		North Dakota	\$289,000

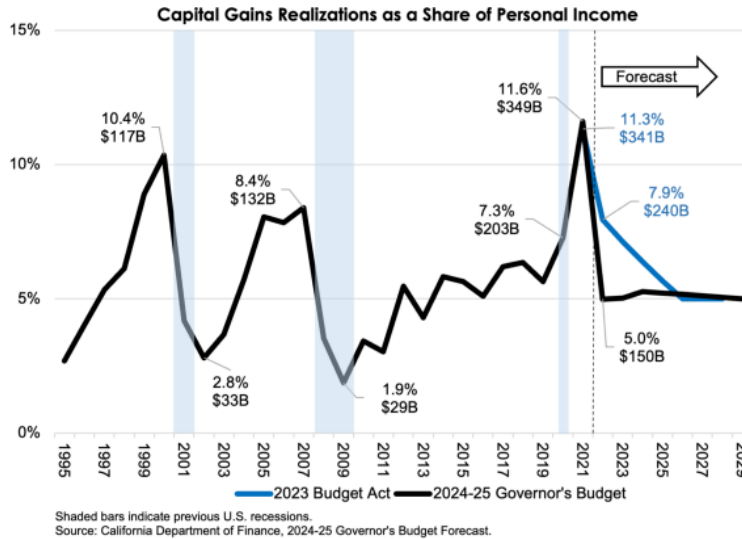
Source: Forbes Business Insider

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Governor's Proposals for the 2024-25 State Budget and K-12 Education

Capital Gains Realizations as a Share of Personal Income

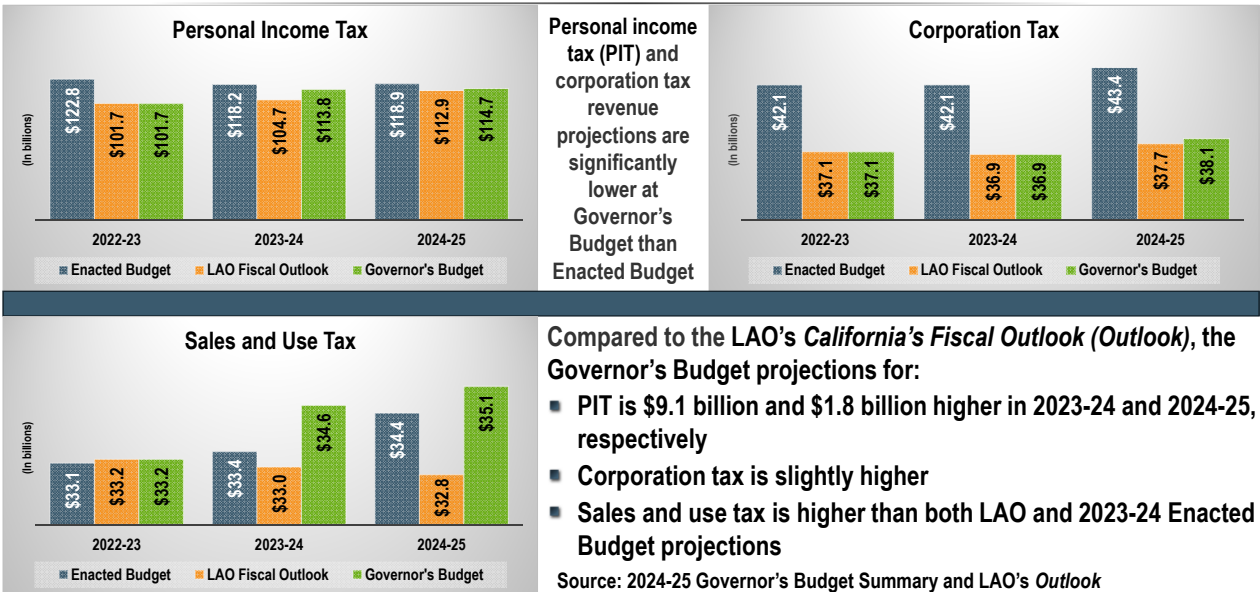


Source: 2024-25 Governor's Budget Summary

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Big Three Taxes—Governor's Budget vs. LAO's Outlook



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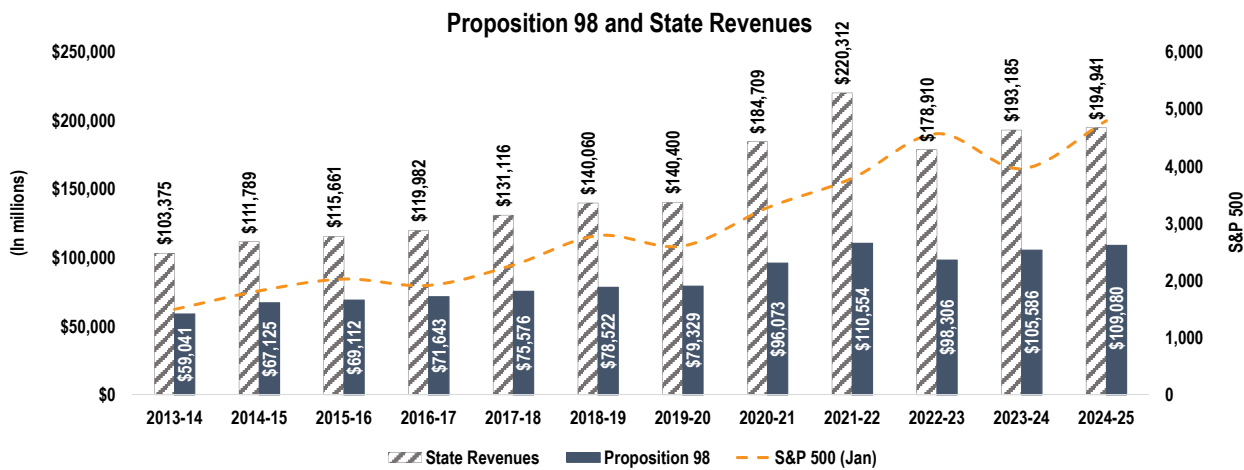


Chris Ferguson
Program Budget Manager
California Department of Finance

Proposition 98

Proposition 98 Over Time

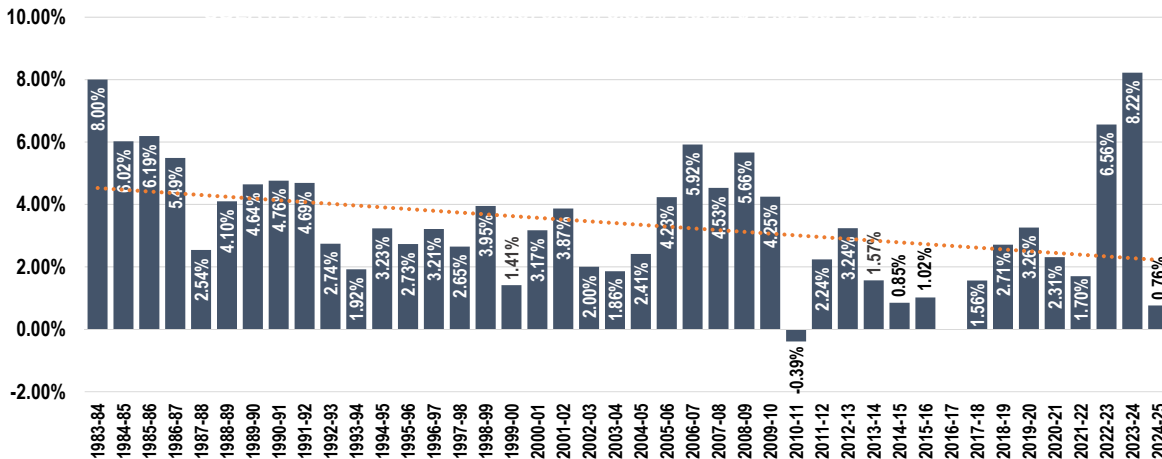
- As we have noted before, General Fund revenues rely heavily on California's top earners
- Even with the downward adjustments, Proposition 98 continues an upward overall trend



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Historical Statutory COLAs

- The statutory COLA for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies

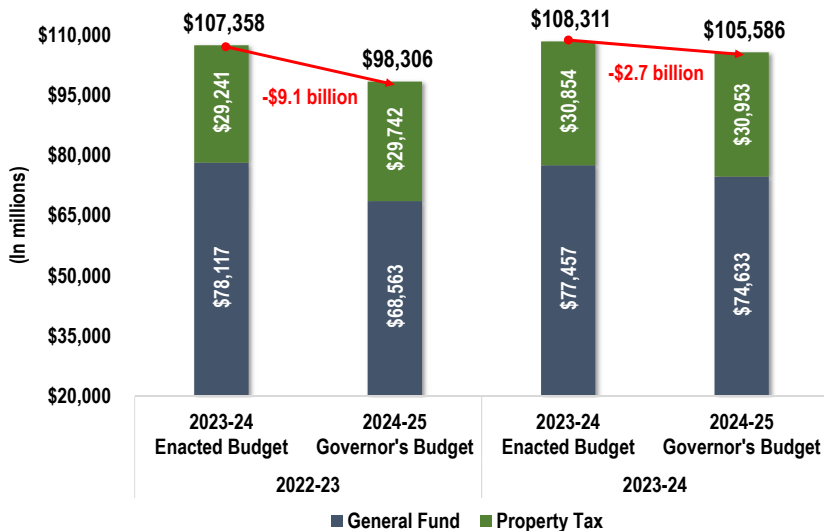


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Governor's Proposals for the 2024-25 State Budget and K-12 Education

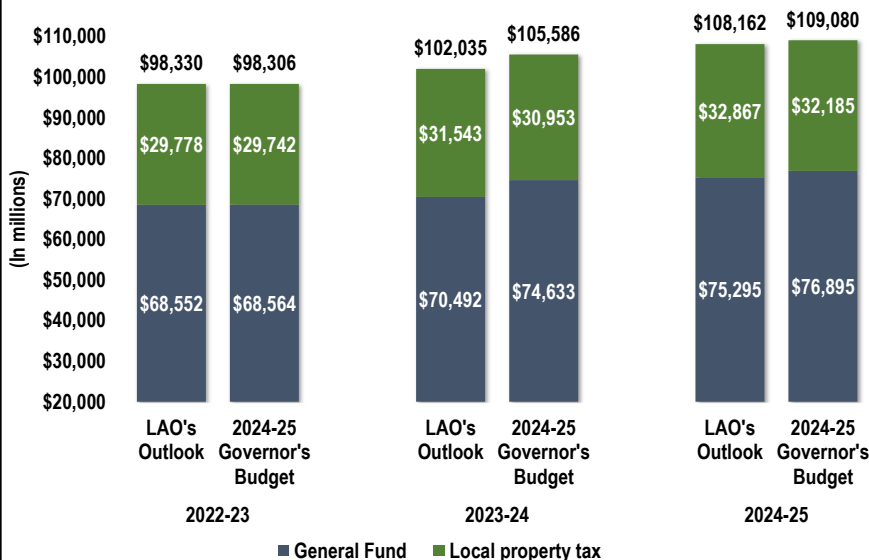
Proposition 98—2022-23 and 2023-24

- The Governor's Budget adjusts the prior- and current-year Proposition 98 levels from 2023-24 Enacted Budget levels
 - 2022-23: -8.4%
 - 2023-24: -2.5%
- The sole driver of the change is less-than-expected state General Fund revenues
 - Local property tax assumptions are relatively unchanged



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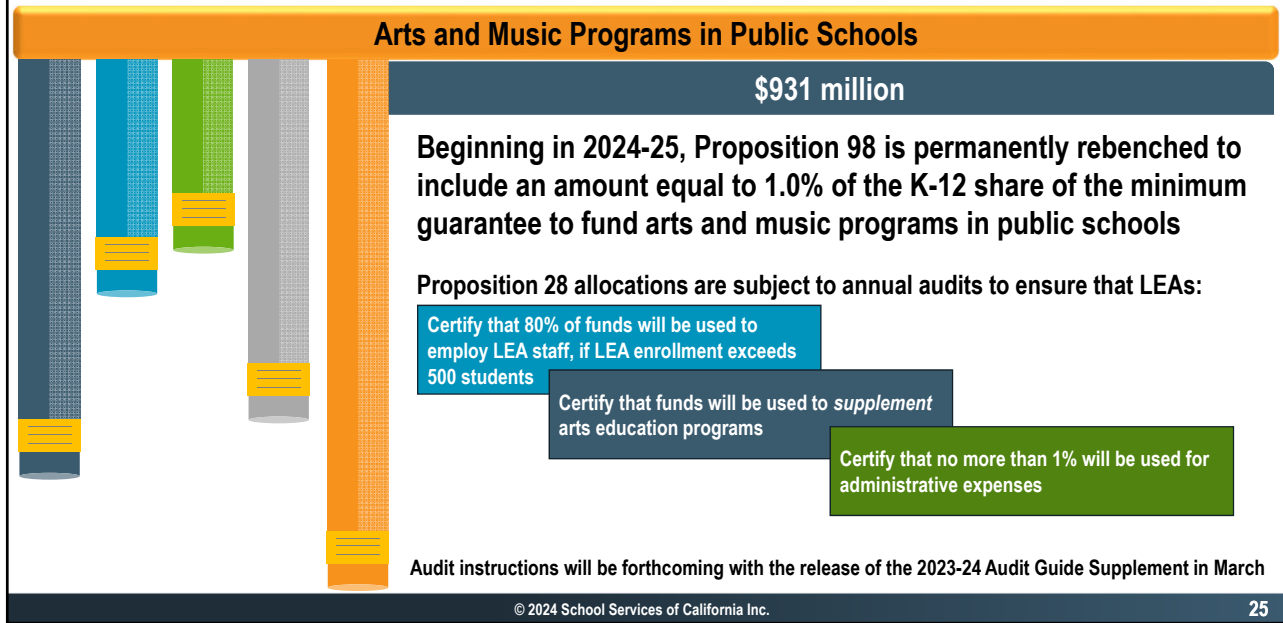
Proposition 98—Governor's Budget vs. LAO's Outlook



- There is a \$4.5 billion difference in the minimum guarantee between the LAO's Outlook and the Governor's Budget for the current and budget year
 - 2023-24: \$3.6 billion
 - 2024-25: \$0.9 billion
- Again, the driver is a \$15.3 billion difference in state General Fund revenue assumptions
 - The LAO assumes modestly higher local property taxes

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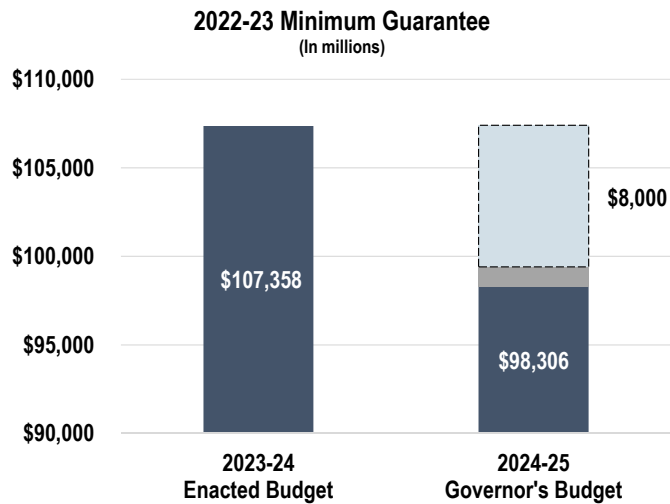
Proposition 98: Arts and Music Instruction (Proposition 28)



Proposition 98—Allocating Above the 2022-23 Minimum Guarantee

- The treatment of the significant drop in Proposition 98 in 2022-23 is critical
 - Left unaddressed, it can create an increased state obligation in the future
 - But an unmitigated cut in funding for a year that’s already over would be untenable (if not impossible) for LEAs

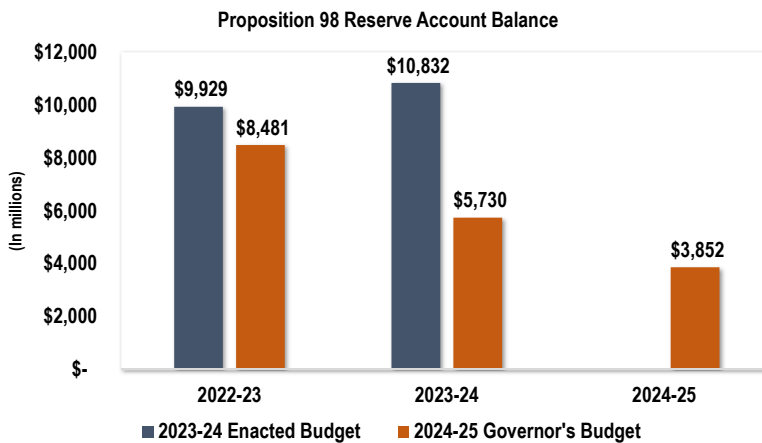
The Governor’s Budget proposal enables LEAs to retain the additional funding in 2022-23 with the intention of accounting for it in the future



Proposition 98 Reserve

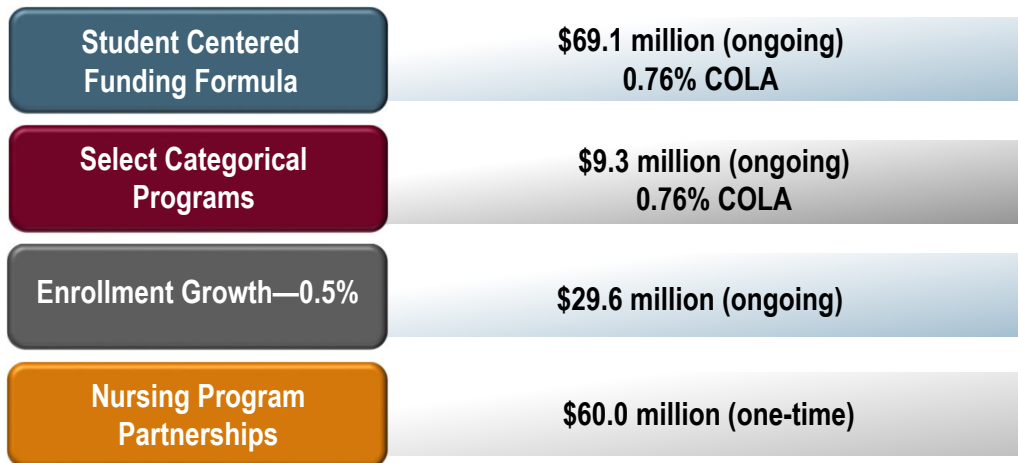
- California’s Constitution determines deposits into and withdrawals from the Proposition 98 reserve
- The proposed withdrawals are discretionary and require the declaration of a budget emergency

Deposits and Withdrawals (In millions)		
Fiscal Year	2023-24 Enacted Budget	2024-25 Governor’s Budget
Deposits		
2022-23	\$1,787	\$339
2023-24	\$903	\$288
2024-25	-	\$752
Withdrawals		
2022-23	-	-
2023-24	-	\$3,039
2024-25	-	\$2,630



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Rest of Proposition 98—California Community Colleges



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What's Not in the Education Budget?



Proposition 98 Cuts

Despite the significant drop in the minimum guarantee from 2021-22 to 2022-23, the Governor's Budget proposes no cuts in overall Proposition 98 funding

Deferrals

Due to the Governor's Budget revenue assumptions and the Administration's treatment of the Proposition 98 minimum guarantee, there is no need for the state to defer payments to LEAs

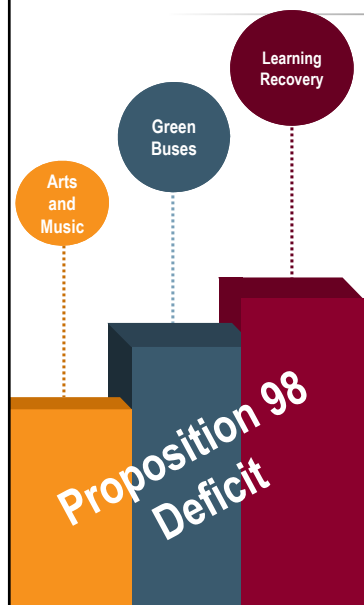
Sweeps

Unlike last year, the Governor's Budget does not include any proposals to sweep unallocated funds from programs, such as the Community Schools Partnership Program, so LEAs planning for those funds can breathe a sigh of relief . . . *for now*

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Proposition 98 Deficit



- While rising costs related to annual increases to local apportionments for K-14 agencies are abating in 2024-25, recall that the state began deficit spending in Proposition 98 in 2023-24
- The Governor's Budget continues the trend of deficit spending to:
 - Address an \$11.8 billion drop in Proposition 98 revenues in 2022-23 and 2023-24
 - Backfill for expired one-time funding used to pay for the 8.22% COLA in 2023-24
 - Pay for program cost increases from a 0.76% COLA in the budget year
 - Address an unexpected deficit in 2022-23 stemming from the costs associated with, in part, a 6.70% COLA augmentation

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The Risks to Proposition 98

General Fund Condition

The conditions that create volatility and vulnerabilities for state revenues pose risks for education funding

- Economic shocks
- Wall Street performance

COLA

2024-25 COLA of 0.76% assumes no increases in the costs of goods and services governments buy in the last quarter of 2023 and the first quarter of 2024 (not likely)

If COLA increases by May, it will exacerbate the Proposition 98 deficit



Proposition 98 Deficit

Spending beyond the means of Proposition 98 in the short-term creates risk for the out-years

The minimum guarantee may not be able to grow its way out of the deficit

Key Budget Assumptions

The assumptions that undergird the State Budget and Proposition 98 are critical for stable local planning

If revenues fall or costs rise, it will exacerbate the Proposition 98 problem

Local Impacts and Operational Considerations

LCFF Overview

- The Governor’s Budget once again relies on one-time funding to meet the ongoing obligation to the Local Control Funding Formula (LCFF)
 - Of the proposed \$5.7 billion PSSSA withdrawals across the current and budget year, \$5.0 billion is proposed to be allocated for the purposes of supporting the LCFF

2023-24 Enacted Budget

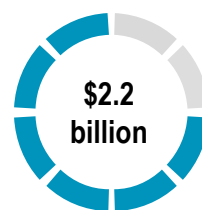


2023-24

2024-25 Governor's Budget



2023-24



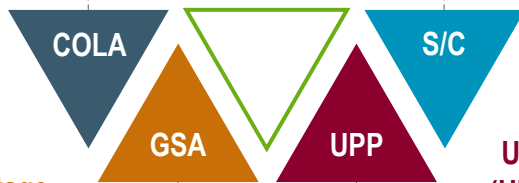
2024-25

2024-25 LCFF Funding Factors

0.76% estimated statutory COLA applied to the base grants and transitional kindergarten (TK) and home-to-school transportation add-ons

Grade span adjustments (GSAs) applied as percentage increases to the base grants

- Grades TK-3—10.4%
- Grades 9-12—2.6%



Supplemental and concentration (S/C) grants calculated based on the UPP

Unduplicated pupil percentage (UPP)—LEA’s enrolled students who are English learners, free or reduced-price meal program eligible, or foster youth

2024-25 LCFF Funding Factors

Grade Span	TK-3	4-6	7-8	9-12
2023-24 Base Grant per ADA ¹	\$9,919	\$10,069	\$10,367	\$12,015
0.76% COLA	\$75	\$77	\$79	\$91
2024-25 Base Grant per ADA	\$9,994	\$10,146	\$10,446	\$12,106
GSA	\$1,039	–	–	\$315
2024-25 Adjusted Base Grant per ADA	\$11,033	\$10,146	\$10,446	\$12,421
20% Supplemental Grant per ADA ²	\$2,207	\$2,029	\$2,089	\$2,484
65% Concentration Grant per ADA ³	\$4,965	\$4,566	\$4,701	\$5,589
TK Add-On (inclusive of COLA)	\$3,067	–	–	–

¹Average daily attendance

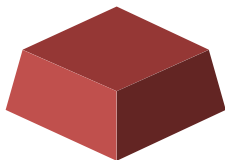
²Maximum amount per ADA—to arrive at LEA’s grant amount, multiply adjusted base grant per ADA by 20% and UPP

³Maximum amount per ADA—to arrive at LEA’s grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

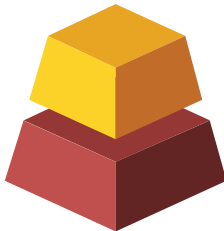
COE LCFF Funding Factors—Operations Grant

- All three components get the benefit of the 0.76% estimated statutory COLA¹

Per County
Base amount for each county office of education (COE)
\$878,779



Per School District
Uniform amount per district in the county
\$349,805

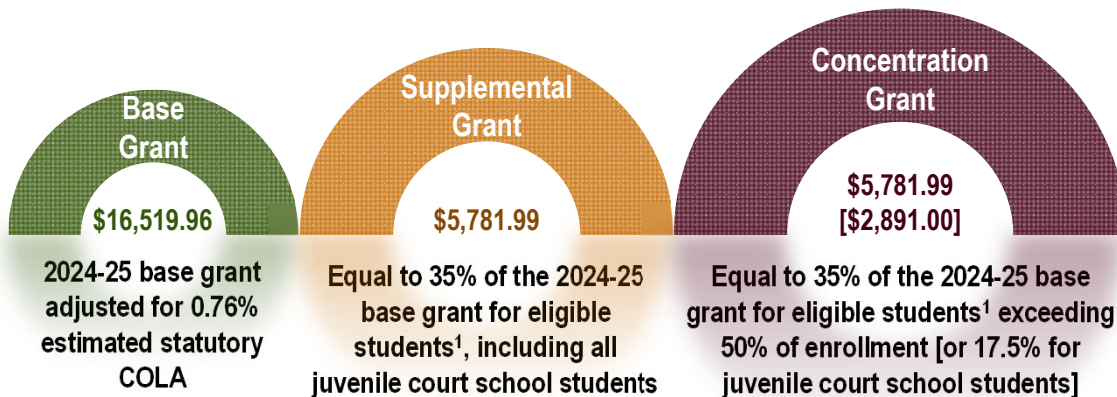


Per ADA	
Based on countywide ADA	
Countywide ADA	Amount per ADA
1-30,000	\$110.05
30,001-60,000	\$96.66
60,001-140,000	\$83.26
Greater than 140,000	\$69.86



¹Note that COEs with excess property tax revenue do not receive the benefit of COLA

COE LCFF Funding Factors—Alternative Education Grant



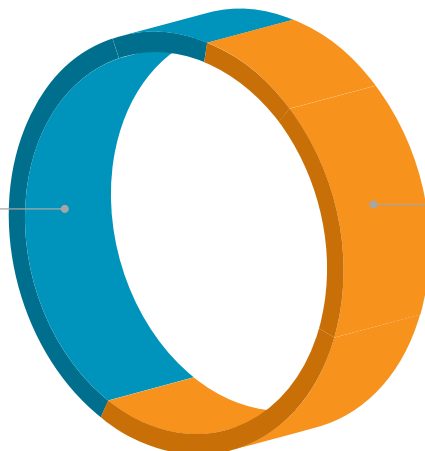
Effective 2023-24, COE ADA is based on the sum of:
 Greater of current, prior, or the average of the three most recent prior fiscal years +
 Current-year ADA for county charter schools established per Education Code Section (EC §) 47605.5

¹UPP is based on eligible students enrolled in COE programs meeting eligibility criteria for S/C grants

COE LCFF Funding Factors—Add-Ons

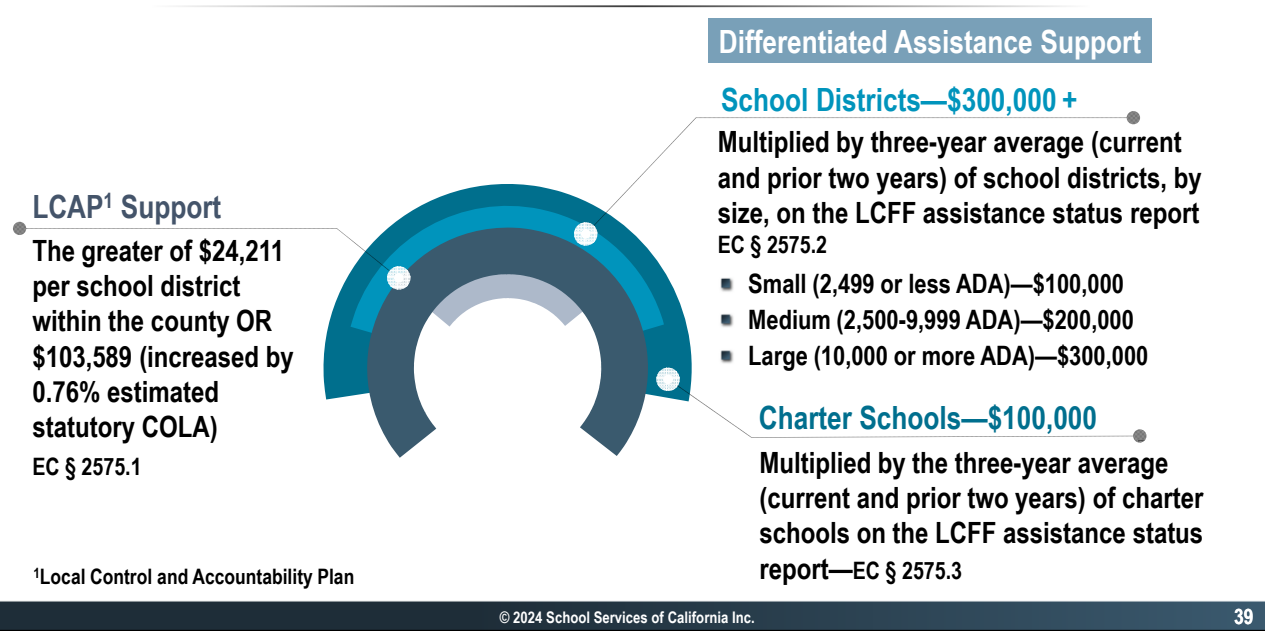
- Included as part of the alternative education grant calculation
 - Therefore, community funded and hold harmless COEs do not receive additional funding

Juvenile Court School
 Provides \$200,000 for each COE operating at least one juvenile court school
 EC § 2574(e)(3)



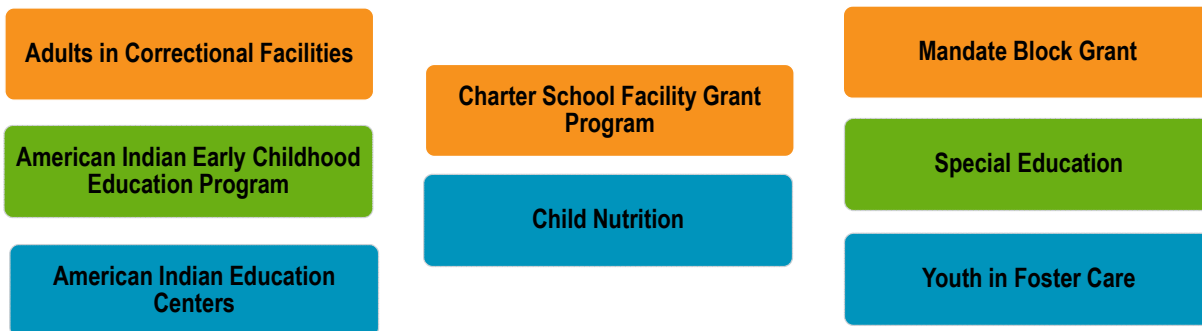
County Community School
 Provides \$200,000 for each COE operating at least one county community school
 EC § 2574(e)(4)

COE LCFF Funding Factors—LEA Support



State Categorical Programs Receiving COLA

- The Governor’s Budget includes \$65 million to fund the 0.76% COLA for the Equity Multiplier and the following programs:



Equity Multiplier—2024-25 Investment

- The Governor’s Budget maintains the investment introduced as part of the 2023-24 Enacted Budget

2024-25 investment, inclusive of 0.76% COLA: \$302.3 million

- All other eligibility and allocation provisions remain the same



Eligibility

LEAs, excluding nonclassroom-based charter schools, with schools with a prior-year nonstability rate >25% and a prior-year socioeconomically disadvantaged pupil rate >70%

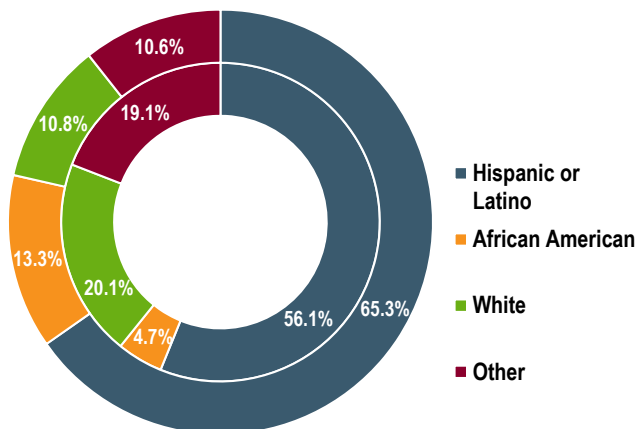
Allocation

Funding allocated per student, using school’s total prior-year adjusted cumulative enrollment

- Minimum of \$50,000 per eligible school

Equity Multiplier—2023-24 Allocation

Ethnic Breakdown of Students in Eligible Schools



Source: Inner ring—2022-23 California Longitudinal Pupil Achievement Data System (CALPADS) enrollment, statewide
Outer ring—2022-23 CALPADS enrollment, Equity Multiplier eligible schools

- Nearly 1,000 eligible schools across more than 400 COEs, school districts, and charter schools
 - Includes 89 schools in 59 school districts that do not receive LCFF concentration grant funds
- Total enrollment across qualifying schools, as of October 2022: approximately 190,000
- Total adjusted cumulative enrollment, 2022-23: almost 280,000
- 2023-24 per pupil estimate: \$1,052.48
 - Funding per pupil will differ in 2024-25 based on the number of eligible schools and students, as well as increased funding due to the 0.76% estimated statutory COLA

Mandate Block Grant

- The Governor proposes to apply the 0.76% statutory COLA to the Mandate Block Grant (MBG), which would increase the 2024-25 MBG rates as follows:

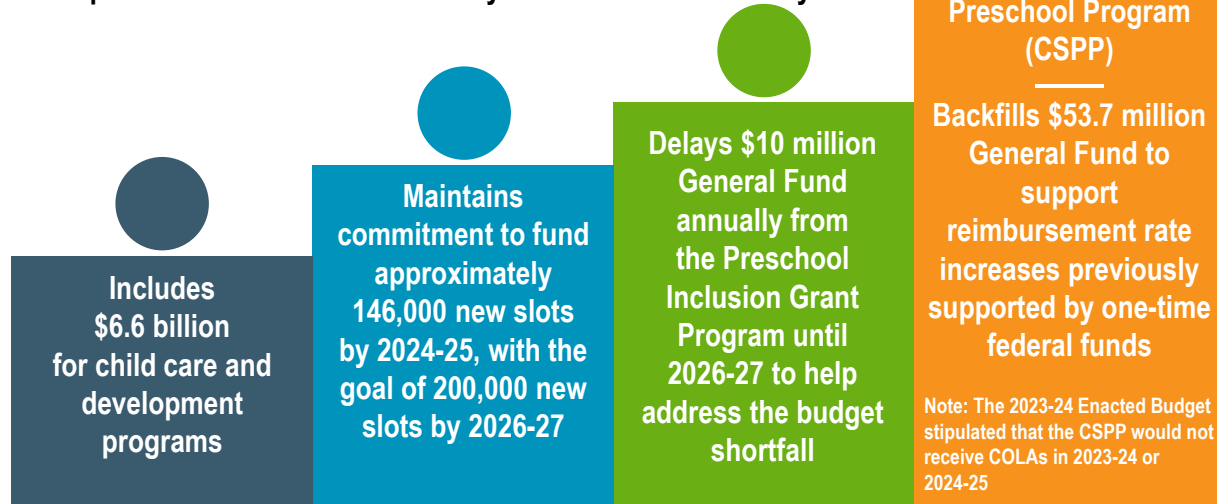
Grade Span	School Districts	Charter Schools	COEs	
K-8	\$38.10	\$20.00	\$38.10	\$1.28 ¹
9-12	\$73.39	\$55.59	\$73.39	

- Beginning with the 2025-26 school year, LEAs will be required to screen students in grades K-2 for risk of reading difficulties, including dyslexia
 - To support this mandate, the Governor proposes to add \$25 million ongoing to the MBG, which would increase the above rates in the final 2024-25 State Budget Act

¹Per unit of countywide ADA—aggregate ADA within the county attributable to all school districts for which the county superintendent has jurisdiction, charter schools within the county, and schools operated by the county superintendent of schools

State Preschool and Child Care

- The Governor’s Budget continues to implement prior commitments to expand access to California’s Early Childhood Education System



Fluctuating Statutory COLAs From the Department of Finance

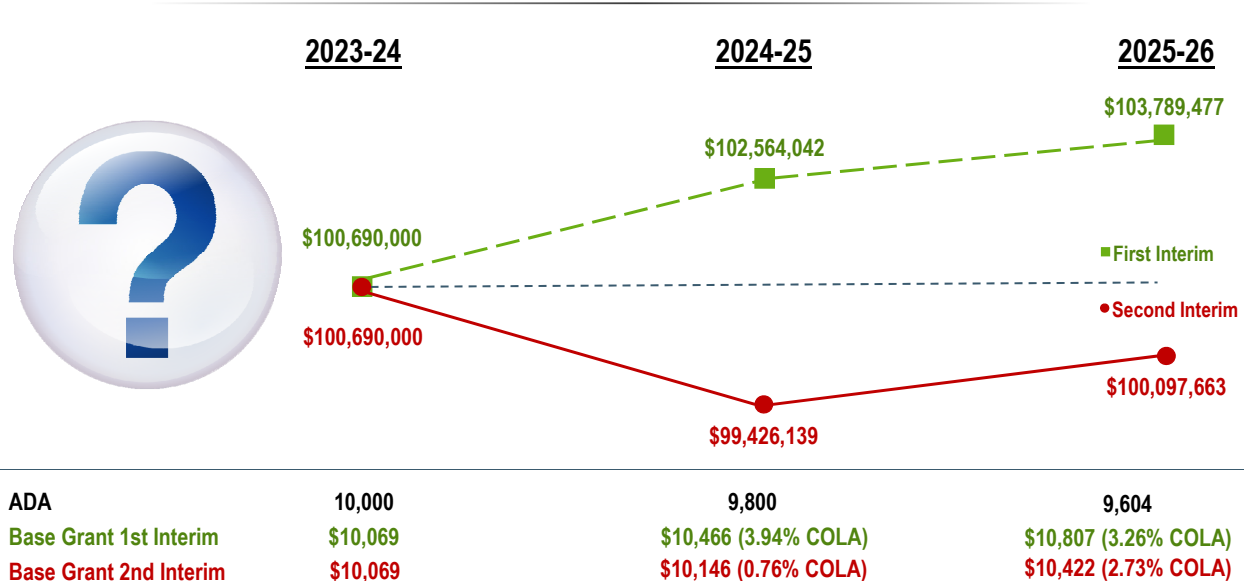
- The changing statutory COLA is NOT related to the state’s financial health
 - Rather, the statutory COLA is computed using federally aggregated metrics
- The statutory COLA is a calculated percentage, but the Governor and Legislature must still determine whether there is sufficient money to fund the statutory COLA
- The significant projected decline in 2024-25 is the result of two primary factors:
 - Reversal in price increases that occurred in 2022
 - Revisions to historical data points

	2024-25	2025-26	2026-27
January 2024	0.76%	2.73%	3.11%
June 2023	3.94%	3.29%	3.19%
<i>Percentage Point Decrease</i>	<i>-3.18</i>	<i>-0.56</i>	<i>-0.08</i>

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A Tale of Two Multiyear Projections— LCFF Revenues First Interim to Second Interim



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Governor’s Proposals for the 2024-25 State Budget and K-12 Education

SSC Financial Projection Dartboard

		Planning Factors				
		2023-24	2024-25	2025-26	2026-27	2027-28
DOF ¹ Planning COLA		8.22%	0.76%	2.73%	3.11%	3.17%
California CPI		3.36%	2.83%	2.70%	2.72%	2.72%
CalSTRS ² Employer Rate		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS ³ Employer Rate		26.68%	27.80%	28.50%	28.90%	30.30%
Unemployment Insurance		0.05%	0.05%	0.05%	0.05%	0.05%
California Lottery	Unrestricted per ADA	\$177.00	\$177.00	\$177.00	\$177.00	\$177.00
	Restricted per ADA	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.10	\$39.14	\$40.36	\$41.64
	Grades 9-12 per ADA	\$72.84	\$73.39	\$75.39	\$77.73	\$80.19
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$19.85	\$20.00	\$20.55	\$21.19	\$21.86
	Grades 9-12 per ADA	\$55.17	\$55.59	\$57.11	\$58.89	\$60.76

¹Department of Finance ²California State Teachers’ Retirement System, ³California Public Employees’ Retirement System,

⁴COE Mandate Block Grant: \$38.10 per ADA grades K-8; \$73.39 per ADA grades 9-12; \$1.28 per unit of countywide ADA

The School Services of California Inc. (SSC) Dartboard is available in the workshop resources and on SSC’s [website](#)

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CalSTRS Employer Contribution Rates

	Effective Date	CalSTRS Funding Plan Increases	
		Rate	Year-Over-Year change
<ul style="list-style-type: none"> Similar to CalPERS, the Governor does not include any new funding towards CalSTRS relief for LEAs SSC recommends that LEAs anticipate a CalSTRS employer contribution rate of 19.10% in 2024-25 based on the latest information available from CalSTRS 	July 1, 2013	8.25%	No increase since 1986
	July 1, 2014	8.88%	0.63%
	July 1, 2015	10.73%	1.85%
	July 1, 2016	12.58%	1.85%
	July 1, 2017	14.43%	1.85%
	July 1, 2018	16.28%	1.85%
	July 1, 2019	17.10%	0.82%
	July 1, 2020	16.15%	-0.95%
	July 1, 2021	16.92%	0.77%
	July 1, 2022	19.10%	2.18%
	July 1, 2023	19.10%	0.00%
	July 1, 2024	19.10%	0.00%
	July 1, 2025	19.10%	0.00%

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CalPERS Employer Contribution Rates

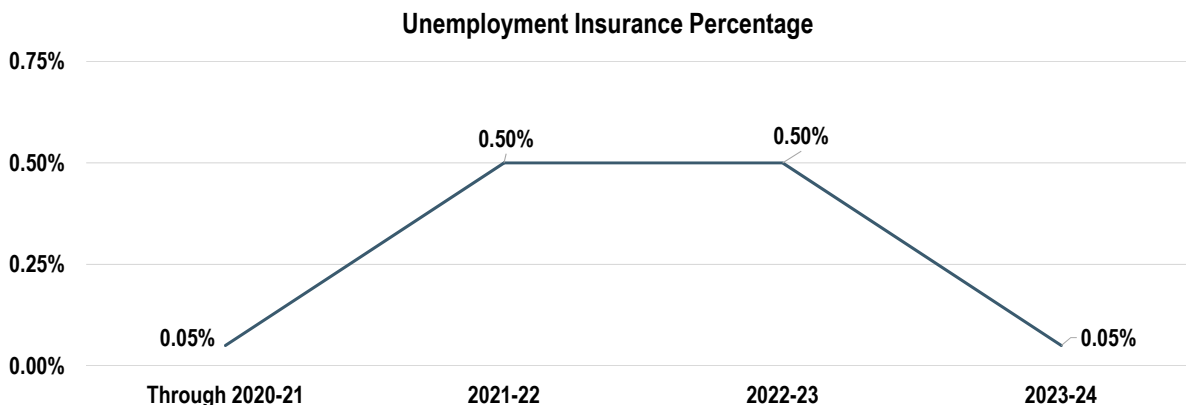
- The Governor did not propose providing CalPERS relief for LEAs
- Based on the latest information from CalPERS, the employer contribution rate for 2024-25 would increase from the current rate of 26.68% to 27.80%

	Actual	Projected				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Employer Contribution Rate	26.68%	27.80%	28.50%	28.90%	30.30%	30.10%

Source: CalPERS Schools Pool Actuarial Valuation as of June 30, 2022

Unemployment Insurance

- Unemployment insurance rates have returned to pre-pandemic levels
- Rates are established annually by April 1 for the subsequent fiscal year



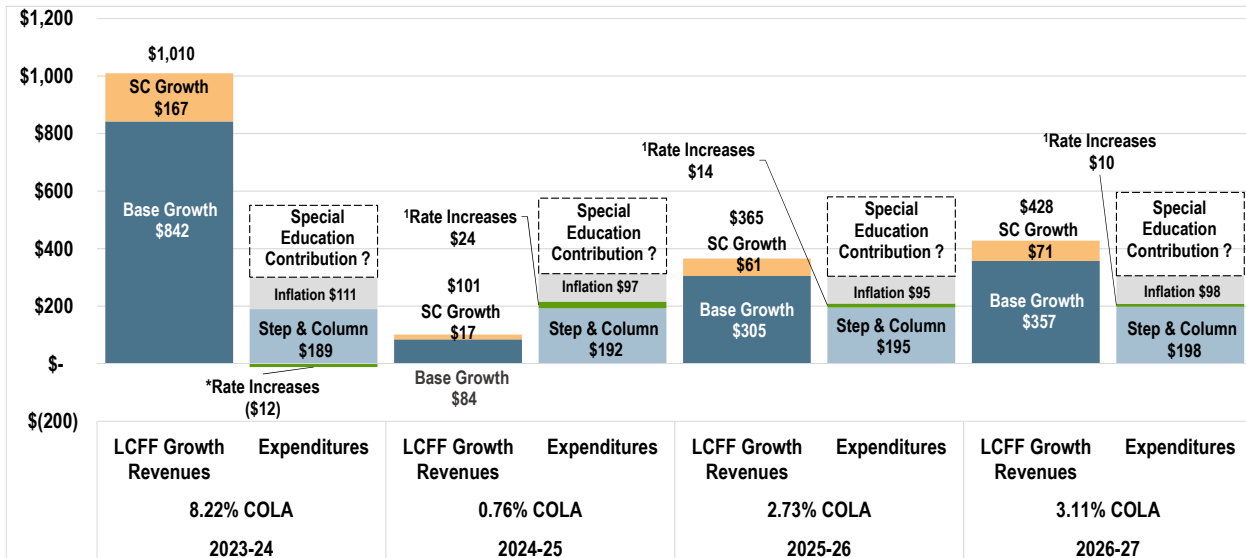
Minimum Wage—Future Forecast

- The minimum wage increased to \$16.00 on January 1, 2024, and SSC projects an increase of about 40¢-50¢ each January thereafter
- Employers should review city or county ordinances to determine if any local minimum wage standards apply

Minimum Wage ¹	Effective Date: >25 Employees	Effective Date: ≤25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$15.50/hour	January 1, 2023		\$1,240	\$5,373	\$64,480
\$16.00/hour	January 1, 2024		\$1,280	\$5,547	\$66,560
\$16.50/hour	January 1, 2025		\$1,320	\$5,720	\$68,640
\$16.90/hour	January 1, 2026		\$1,352	\$5,859	\$70,304
\$17.30/hour	January 1, 2027		\$1,384	\$5,997	\$71,968
\$17.70/hour	January 1, 2028		\$1,424	\$6,171	\$74,048
\$18.20/hour	January 1, 2029		\$1,464	\$6,344	\$76,128

¹Minimum wage is tied to the U.S. CPI for Urban Wage Earners and Clerical Workers, but is rounded and capped at 50¢ per year

Multiyear Cost Forecast



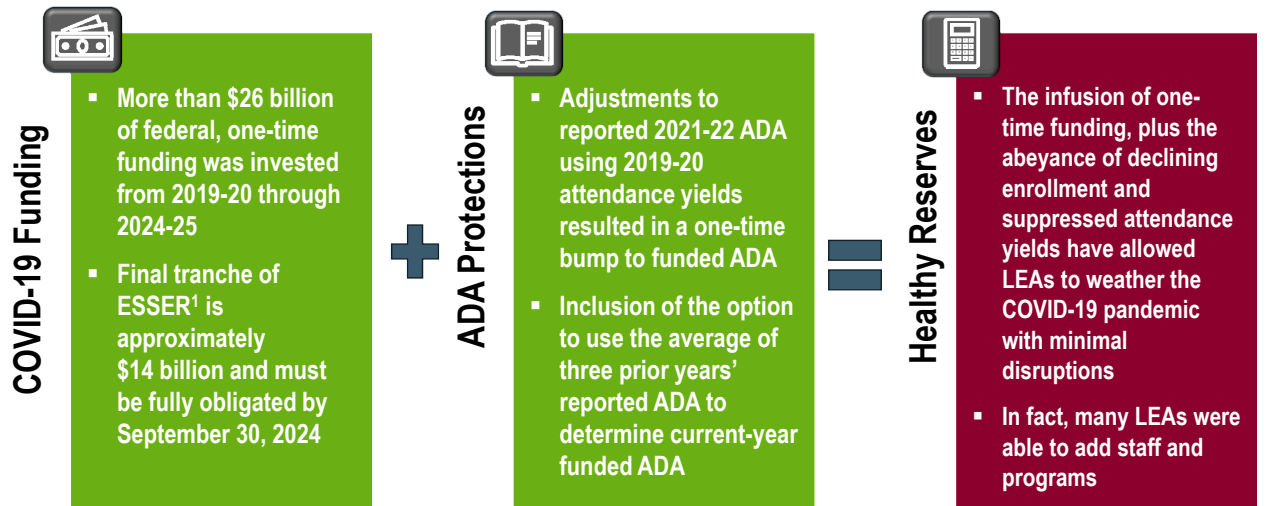
¹Includes increases to the CalSTRS and CalPERS employer contribution rates as well as any increases to Unemployment Insurance

Impact of COVID-19 Protections on MYPs

- LEAs have been benefiting from changes in law relative to funded ADA and have received billions of dollars in one-time pandemic relief, which LEAs have used for ongoing and one-time investments
- As the protections expire, the million-dollar question is—What is the exit strategy?
 - Stay on the 405, which is guaranteed to be a snarled mess or . . .



Impact of COVID-19 Protections on MYPs



¹Elementary and Secondary School Emergency Relief Fund

Impact of COVID-19 Protections on MYPs

- Questions that LEAs should be able to answer heading into 2024-25
 - The answers, or lack thereof, will have a significant impact on an LEA's finances

When do the ADA protections stop providing a financial benefit?

The benefits of the 2021-22 ADA protection will not extend past 2024-25, but the option of using the prior three years' average will continue to be a financial safeguard for some LEAs experiencing declining enrollment

Is the LEA on track to spend the remainder of the federal pandemic dollars?

While managing a shortfall in state revenues, no LEA should be in the position of returning one-time federal dollars

Are the current expenditures of federal pandemic dollars for one-time or ongoing costs?

Many LEAs added staff with the one-time pandemic funds, and now that the funding is expiring, prudent planning should determine the outcome of those services

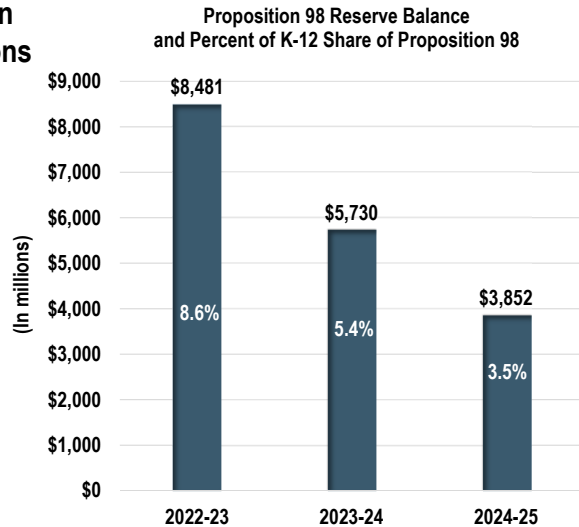
Local Reserve Cap Compliance

EC § 42127.01—In a fiscal year immediately after a fiscal year in which the amount in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts, a school district budget that is adopted or revised shall not contain a combined assigned or unassigned ending General Fund balance that is in excess of 10%

- Assigned and unassigned balances within the Special Fund for Other than Capital Outlay (Fund 17) must also be included within the 10% reserve cap
- The California Department of Education (CDE) should notify LEAs in March 2024 if the limit on school district reserves will be in effect for 2024-25
- The reserve cap requirement does not apply to small school districts (those with ADA fewer than 2,501 pupils) or basic aid school districts pursuant to EC § 42127.01(c)

Local Reserve Cap

- Law limits local school district reserves to 10% in the subsequent fiscal year when certain conditions are met
- The Governor’s Budget reflects:
 - Deposits of \$339 million in 2022-23, \$288 million in 2023-24, and \$752 million in 2024-25
 - Discretionary withdrawals of \$3.0 billion in 2023-24 and \$2.7 billion in 2024-25
 - An account balance of \$5.7 billion in 2023-24 makes the reserve cap operative for 2024-25



Why Do We Complete Form CEA?

The calculation of the Current Expense of Education Actuals (CEA) is a legal requirement (EC § 41372) and used to determine the percentage of expenditures for the direct classroom cost of teaching students

Included in the calculation are the salaries and benefits (within the General Fund) of teachers and paraprofessionals measured against the total General Fund expenditures of the district

Required Percentages:

- Elementary school districts—60%
- Unified school districts—55%
- High school districts—50%

Certain objects, goals, functions, and categorical resources are automatically excluded from the calculation:

- Goals: 7100-7199 (Non-Agency), 8100 (Community Services)
- Functions: 3700 (Food Services), 8500 (Facilities Acquisition & Construction), 3600 (Transportation), 1180 (Students in Nonpublic Schools)
- Objects: 3701-3702 (Fringe Benefits for Retired Persons)
- Resource 1100 (Lottery)

What Happens When You Fail the CEA?

File an exemption with your COE

Demonstrate serious financial hardship—are teacher salaries comparable to districts with comparable conditions?

- School districts are exempt from EC § 41372 if no individual class¹ exceeds the following limits:
 - Elementary school districts—28 pupils
 - High school districts—25 pupils
 - Unified school districts—28 pupils in K-8 and 25 pupils in 9-12

Funds withheld by your COE

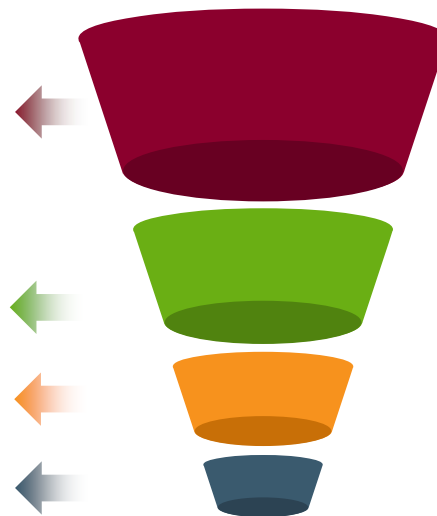
Until the determination of the application for exemption is made

Exemption approved by your COE

Funds are released

Exemption denied by your COE

Spend the amount of the withheld funds on teacher salaries in the following year



¹Individual class excludes courses in visual and performing arts, industrial arts, and physical education

School Facilities

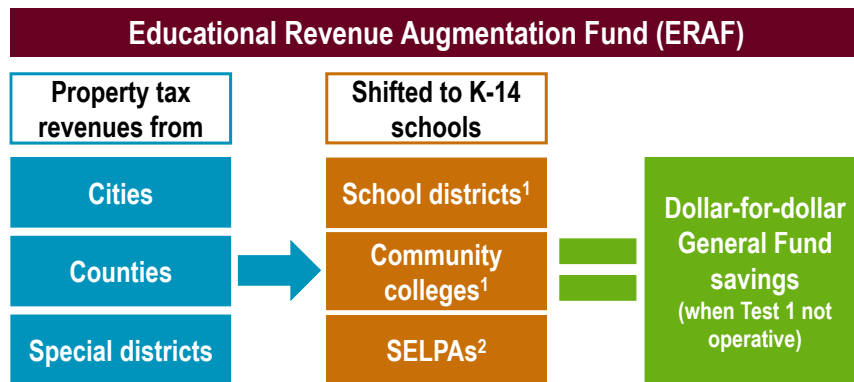
California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program

2022-23 Enacted Budget
<ul style="list-style-type: none"> ▪ Appropriated \$100 million for 2022-23 ▪ Legislature “intended” to appropriate \$550 million in 2023-24
2023-24 Enacted Budget
<ul style="list-style-type: none"> ▪ Delayed \$550 million appropriation by one year to 2024-25
2024-25 Governor’s Budget
<ul style="list-style-type: none"> ▪ Proposes delaying \$550 million appropriation by another year to 2025-26

School Facility Program

2022-23 Enacted Budget
<ul style="list-style-type: none"> ▪ Appropriated \$1.3 billion for 2022-23 ▪ Legislature “intended” to appropriate \$2.1 billion in 2023-24 and another \$875 million in 2024-25
2023-24 Enacted Budget
<ul style="list-style-type: none"> ▪ Reduced appropriation for 2023-24 to \$2.0 billion ▪ Retained Legislature’s “intent” to appropriate \$875 million in 2024-25
2024-25 Governor’s Budget
<ul style="list-style-type: none"> ▪ Proposes reducing appropriation for 2024-25 to \$375 million

ERAF and Charter Schools



- The Governor's Budget proposes statutory changes to clarify that charter schools are eligible to receive ERAF
 - Meant to explicitly address charter schools and their interaction with existing ERAF distribution statutes

¹Excludes basic aid districts

²Special Education Local Plan Areas

Instructional Continuity

The Governor's Budget proposes several instructional continuity measures

Attendance Recovery Time

Allow for Saturday school, intersessional school, and before/after school attendance

- Generates ADA-based funding
- Mitigates chronic absenteeism

Hybrid/Remote Instruction

Encourages LEAs to provide additional hybrid/remote instruction options for students unable to attend school in person

Instruction for Emergencies

For emergencies lasting longer than 5 days, LEAs would be required to offer

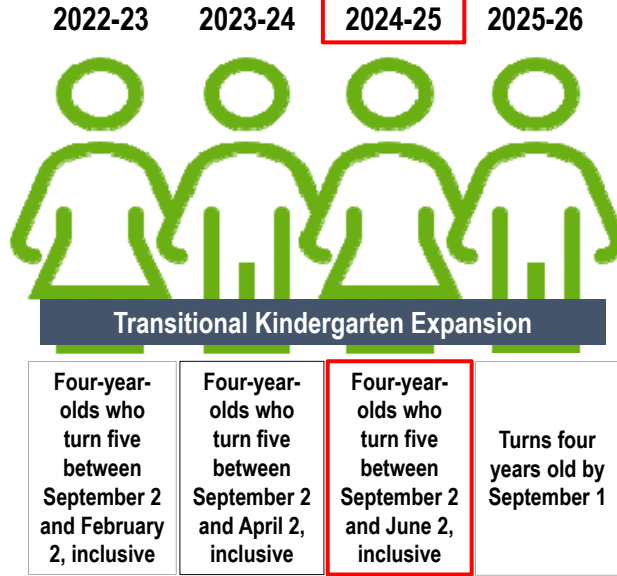
- Remote instruction, or
- Support to enroll in a neighboring LEA

The Governor's Budget proposes \$6 million one-time Proposition 98 funding to research and develop models of hybrid learning to support attendance and to develop a methodology for more detailed absence data reporting to the state

Note: Additional details regarding the impact to instructional time, attendance accounting, and compulsory education requirements is expected in trailer bill language

Universal Transitional Kindergarten Implementation

- The 2023-24 Enacted Budget maintained implementation of universal TK, with no adjustments to the expansion of funded four-year-old students



- Universal TK is part of the California for All Kids plan—a whole child framework to which the Governor remains committed, and which includes investments in community schools, universal meals, and expanded learning opportunities

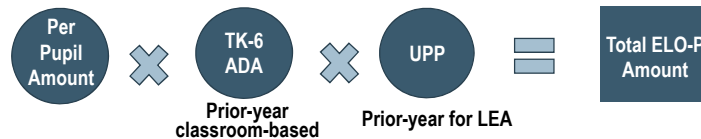
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Expanded Learning Opportunities Program

- There are no cuts, nor a COLA, proposed to the Expanded Learning Opportunities Program (ELO-P) for 2024-25
- And while the 2023-24 Enacted Budget did not include cuts, many LEAs may see a reduction in their total ELO-P amount this year

2022-23 State Investment in ELO-P Was \$4 billion	2023-24 State Investment in ELO-P Remained \$4 billion
<ul style="list-style-type: none"> • Rate 1 LEAs: \$2,750 per pupil for LEAs with UPP ≥75%, in accordance with statute • Rate 2 LEAs: \$2,054 per pupil for LEAs with UPP <75% • Rate 2 determined by first subtracting the total amount for all Rate 1 schools, with remaining amount distributed per the formula to Rate 2 schools 	<ul style="list-style-type: none"> • Rate 1 LEAs: \$2,750 per pupil for LEAs with UPP ≥75%, in accordance with statute • Rate 2 LEAs: \$1,803 per pupil for LEAs with UPP <75% • Rate 2 decreased by \$251.54 from 2022-23 because of a 3.27% statewide increase in classroom-based ADA in grades TK-6 used in the funding calculation, and no increase to the state budget allocation for the program



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Home-to-School Transportation Funding

- Home-to-school transportation entitlements are calculated as reimbursement for 60% of transportation costs, less the LCFF add-on, which receives the 0.76% COLA
 - If the LCFF add-on exceeds the reimbursement, LEAs will still receive the full LCFF add-on
 - Capital outlay and nonagency expenditures are excluded from reimbursement
- Funding is allocated to school districts and COEs—effective 2023-24, districts in which all schools have been converted to charter schools are not eligible for funding
- Requirements will be audited—an audit finding could result in a disallowance and funding owed to the state
 - Any disallowed funds would be recovered at the next available Principal Apportionment certification

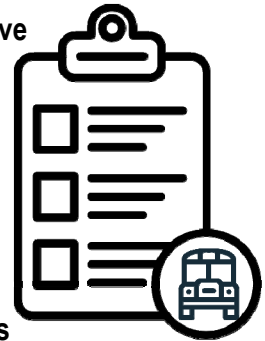


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Home-to-School Transportation Plan

- An annually adopted Transportation Service Plan is required in order to receive reimbursement
 - The plan was to be adopted by April 1, 2023, and each year updated by April 1, primarily about the following fiscal/school year
- Plan must:
 - Include priority for planned services for students in grades TK-6 and low-income students
 - Describe how transportation will be accessible to students with disabilities and homeless youth
 - Describe how unduplicated students may access free transportation
 - Be developed in consultation with staff, regional transit authorities, local air pollution control districts, air quality management districts, parents, and students and adopted in an open meeting with opportunity for in-person and remote public comment



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Universal School Meals Program

- In addition to applying the statutory COLA, the Governor proposes an increase of \$122.2 million ongoing to fully fund the universal school meals program in 2024-25
 - The state projects that over 845 million meals will be served in 2024-25
- **Reminder:** LEAs are required to provide breakfast and lunch to students that request a meal, free of charge
- In order to receive reimbursement under the program, your LEA must participate in both the National School Lunch Program and the School Breakfast Program



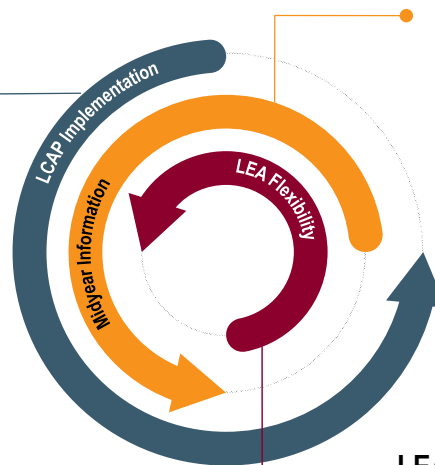
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Midyear Update to the 2023-24 LCAP

Starting in 2024, LEAs must present an update on implementation of the current-year LCAP to the local governing body

- By February 28 of each year
- At a regularly scheduled board meeting



The report must include:

- All available midyear outcome data related to metrics included in the current-year LCAP
- All available midyear expenditure and implementation data on all actions in the current-year LCAP

LEA determines how to present and report the required information to its local governing body

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LCAP Changes

The 2024-25 LCAP marks a new three-year LCAP cycle and requires a new template that includes the following changes:



Includes focused goals for each Equity Multiplier school that address:

- All student groups that have a red performance level on a state indicator
- Any underlying issues in the credentialing, subject matter preparation, and retention of the school’s educators, if applicable



Includes required actions to address all instances where any of the following have a red performance level on a state indicator:

- School
- Student group
- Student group within a school



Must include actions to implement work associated with differentiated assistance



LEA-wide actions and expenditures must include a metric to monitor the intended outcome



Long-term English learner students must be accounted for separately from English learner students

2023 Dashboard and Differentiated Assistance

- Return to full Dashboard for the first time since the pandemic
- All state indicators have a color, except for the College/Career Indicator, which is “Status” only
- “Change” returns, which allows LEAs to show how much they have changed relative to the 2021-22 school year



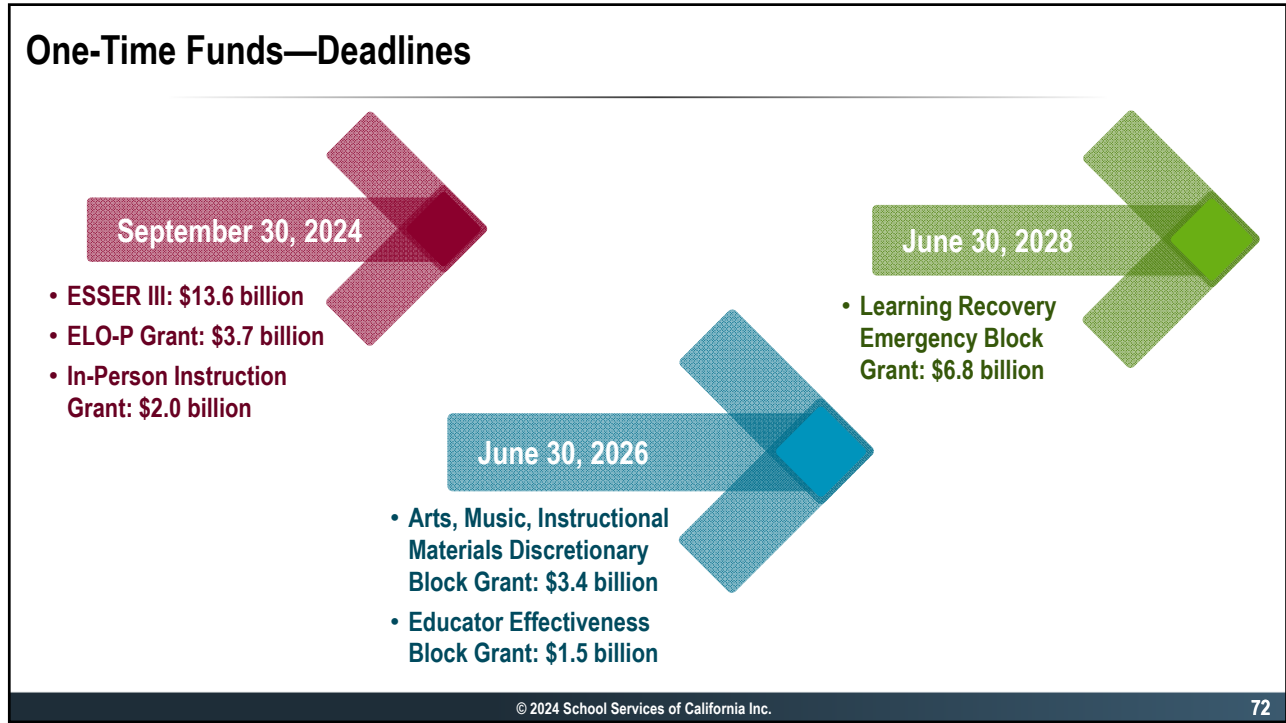
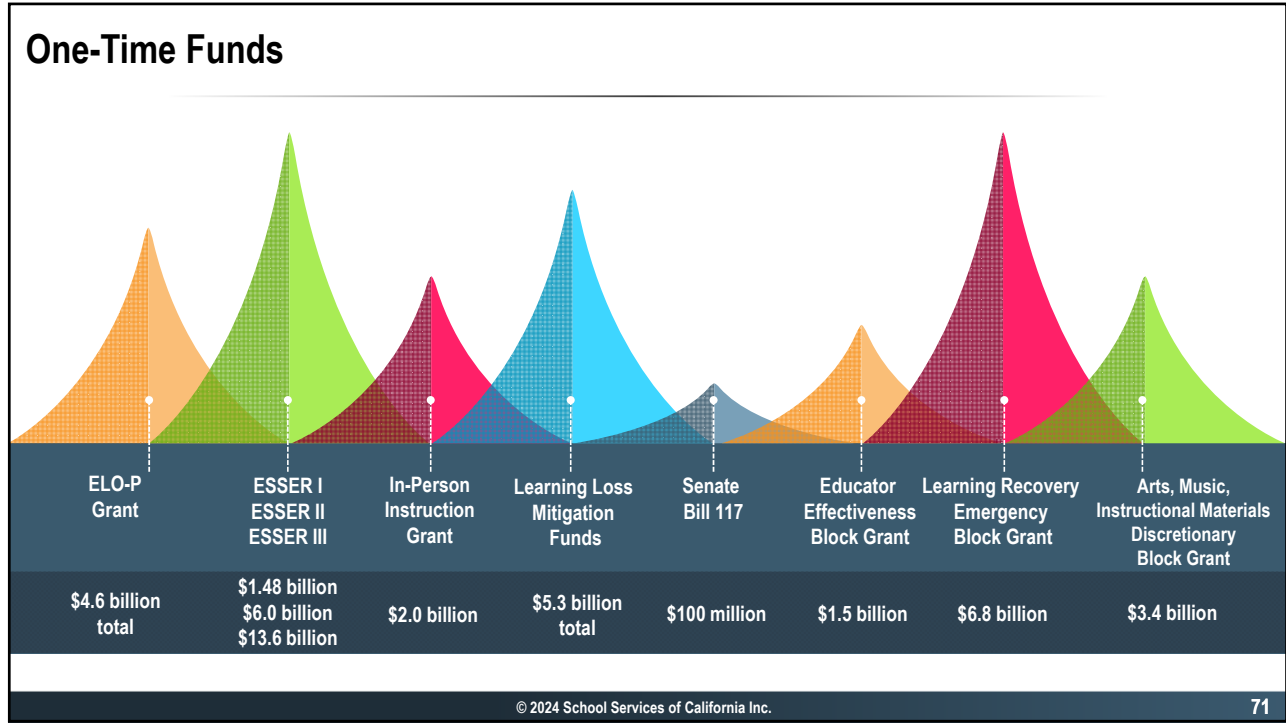
365 school districts, COEs, and charter schools identified for differentiated assistance



617 school districts and COEs identified for differentiated assistance (charter schools not eligible)



- 466 school districts and COEs identified for differentiated assistance
- 203 charter schools



Learning Recovery Emergency Block Grant

No cuts are proposed to the Learning Recovery Emergency Block Grant

Amendments

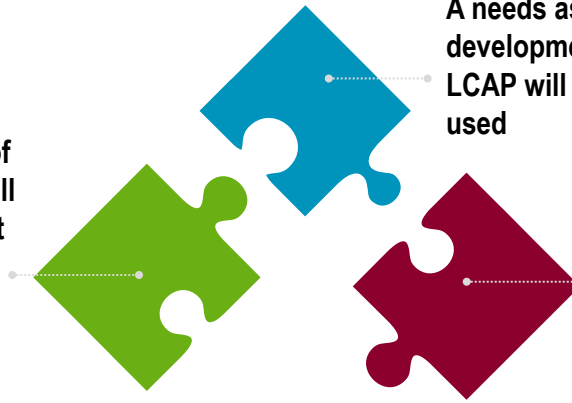
However, the Governor suggests that the use of any remaining funds will focus on students most impacted by learning loss

Educational Partner Feedback

A needs assessment and the development process used for the LCAP will guide how unspent funds are used

Clarity

Trailer bill language should have more detail



Master Plan for Career Education

On August 31, 2023, Governor Newsom signed Executive Order N-11-23, launching the development of a new Master Plan on Career Education (Master Plan)

- Phase 1: Convene interagency teams at the state and regional levels
- Phase 2: Engage in a 13-month planning process to investigate how existing policies, investments, and structures can be improved, culminating in the Governor's Master Plan scheduled for publication in the winter of 2024





The three goals of the Master Plan are to ensure that all Californians are:

- On-ramped into well-paying, purposeful careers
- Empowered to build real-life skills
- Able to access and afford a quality education throughout life



Educator Pipeline Access

- In continued recognition of the teacher shortage, the Governor's Budget includes credentialing flexibilities that improve access to the teacher pipeline
 - Addresses an additional pathway in Career and Technical Education
 - Makes recommendations to support teachers and improve access to the educator pipeline

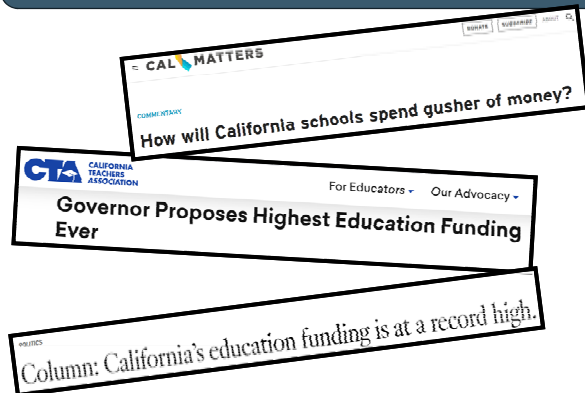
 Career and Technical Education	 Teacher Preparation
<ul style="list-style-type: none"> • Directs the California Commission on Teacher Credentialing to create a new Elementary Arts and Music Education authorization 	<ul style="list-style-type: none"> • Completion of a bachelor's degree would satisfy the basic skills requirement • Improve transcript review services to certify subject matter competency
<p>Increases access to the educator pathways for experienced artists to provide arts instruction in elementary school classrooms</p>	<p>Streamlines the credentialing application process and reduces testing costs for teacher candidates</p>

Collective Bargaining Trends—The Story Has Changed

Let's Look at the Headlines:

2022-23

- Historic compensation settlement agreements
- Costly language-related changes to contracts



2023-24

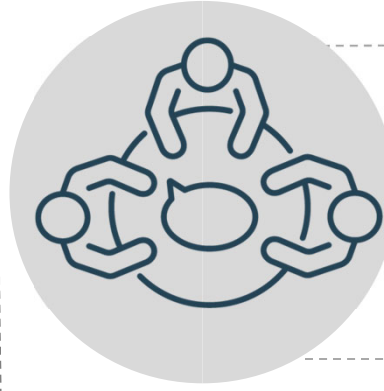
- Will receive less funding in 2024-25
- Evaluate the need for layoffs



Collective Bargaining Trends

During 2022-23, the Public Employment Relations Board (PERB) approved a total of 74 impasse requests, a slight decrease from the prior year—20% were approved for factfinding

The number of factfinding cases remains consistent, signaling productive collective bargaining outcomes, but the journey has not been easy, or simple!



Enrollment trends impact the bottom line—in the current year and the out-years

In 2024-25, communicating the LEA’s fiscal story will be essential to successful bargaining and the ability of the parties to achieve a settlement amicably

The proposed COLA for 2024-25 will not cover the statutory increases, which will pressurize the negotiating table

Source: PERB 2022-23 Annual Report

Collective Bargaining Trends—Classified

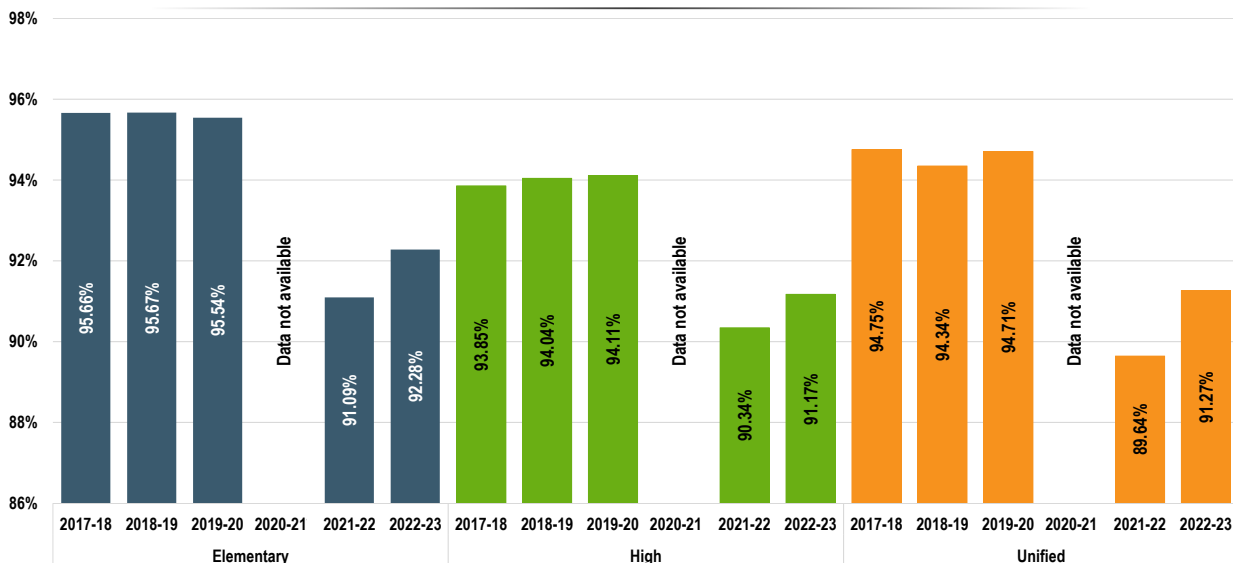
Trends at the Table	Operational Advice
Continued interest in compensation	<ul style="list-style-type: none"> Increased minimum wage statewide and for certain private sector groups may pressurize the salary schedule Have a plan to address compaction Advertise the whole package so potential employees see the benefit of working for an LEA
Increase in hours	<ul style="list-style-type: none"> Evaluate the LEA’s ability to combine positions and split fund them if necessary Avoid extending hours where coverage is not needed Get creative
Contracting agencies	<ul style="list-style-type: none"> Continue to build trust with labor partners Language that limits contracting out may prohibit an LEA from providing essential services
Making part-time employees benefit eligible	<ul style="list-style-type: none"> If the answer is no, cost out the various options for why providing benefits is not possible Providing full benefit coverage for part-time employees may increase the number of employees covered by up to 50% Communicate the cost and impact

Collective Bargaining Trends—Certificated

Trends at the Table	Operational Advice
Continued interest in compensation	<ul style="list-style-type: none"> Determine LEA’s scope of risk What can the LEA afford? Evaluate how the LEA compares to local districts that are competing for the same staff members Acknowledge sacrifices or changes that would have to be made to increase compensation
Areas of social justice outside the scope of bargaining	<ul style="list-style-type: none"> Understand that student and family needs play a vital role in student outcomes, but these do not belong inside a teacher’s contract If the work is important to both parties, consider a committee or task force Work with community partners
Extra support for special education	<ul style="list-style-type: none"> The special education shortage has created a critical need for LEAs Language supporting special education will have extra costs Prioritize based on impacts to student outcomes and sustainability
Smaller class sizes	<ul style="list-style-type: none"> Consider facility space as well as the ability to staff hard-to-fill positions Hard caps may limit an LEAs ability to lay off individuals to balance a budget

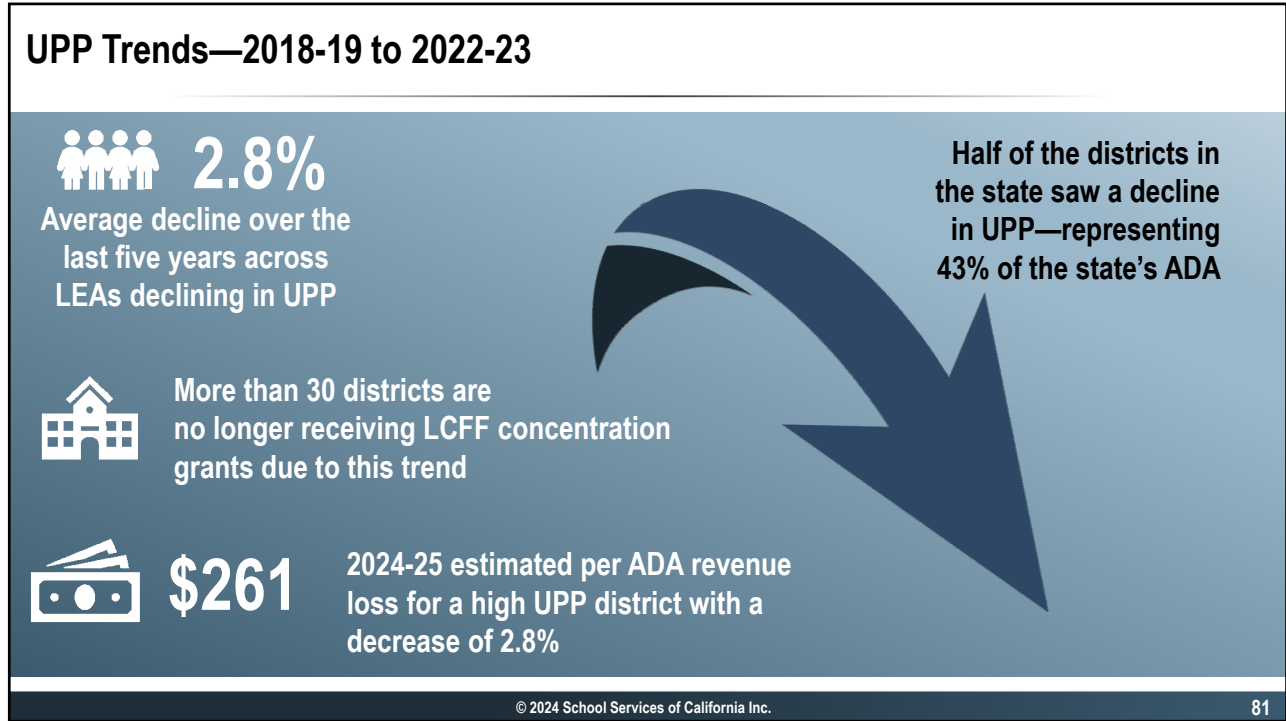
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P-2 ADA to Enrollment Trends—2017-18 to 2022-23



Source: Second Principal Apportionment (P-2) ADA and CALPADS

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Collective Bargaining Fiscal Consideration

Bargain Dollars, Not Percentages

Sample District				
(All 4th through 6th Graders—2% Declining Enrollment)				
Year	Funded ADA		Base Grant \$ Per ADA	Total Funds
2023-24	10,000	✘	\$10,069	\$100,069,000
2024-25	9,800	✘	\$10,069 + \$77 (0.76% COLA) = \$10,146	\$99,430,800
Dollar Decrease				-\$638,200
Percent Change Year over Year				-0.64%

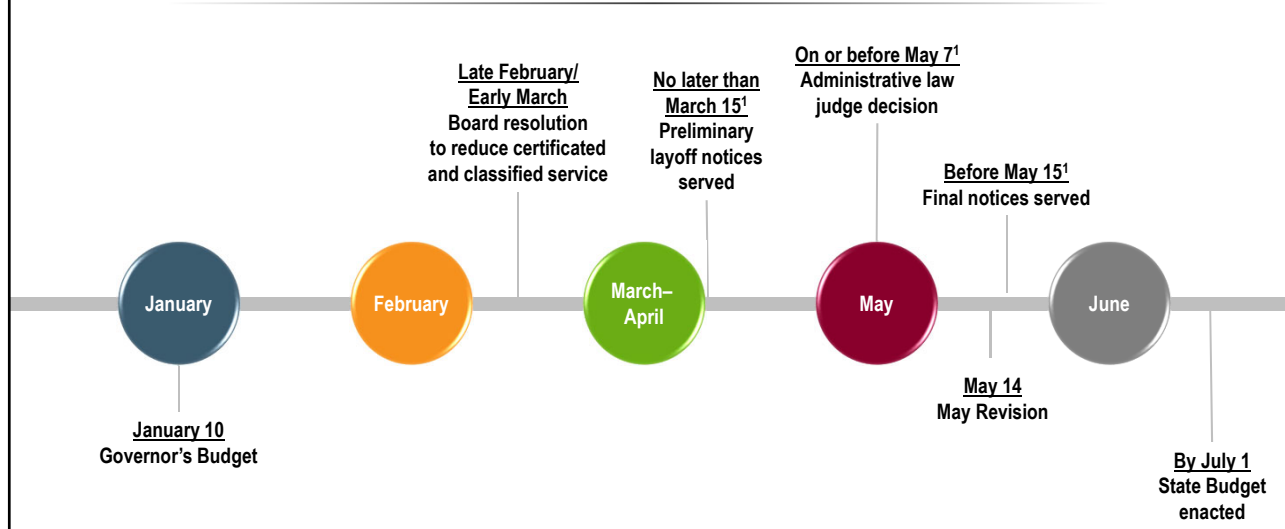
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Evaluating the Need for March 15 Notices

- LEAs that provided compensation increases and hired staff with temporary funding either need to identify ongoing funding and/or prepare for reductions effective in 2024-25
 - Especially in LEAs with declining enrollment
- Can current staff be reassigned to help alleviate the staffing shortage affecting the LEA?
- Identify attrition and retirement trends
 - “Intent to Return” forms and incentivizing early notices of retirement may decrease the number of March 15 notices to be distributed

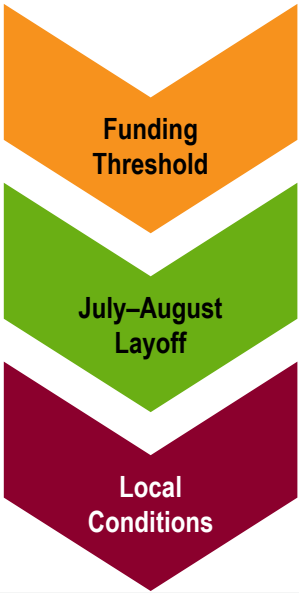
Increased student needs and operational demands drove staffing levels during the pandemic

Certificated and Classified Layoffs and State Budget Timelines



¹Statutory deadlines per EC § 44949, 44955, and 45117

Summer Layoff Window




- The statute requires the local governing board to determine both that the LEA’s total LCFF apportionment per ADA has not increased by at least 2% above the prior year and that there is a need to reduce certificated and classified service
- EC § 44955.5 and 45117 provide for an expedited layoff process for certificated and classified employees, respectively, during the time period of 5 days after the Enacted Budget and August 15 of the fiscal year
- Total local LCFF apportionment per ADA can be affected by attendance yield, a declining UPP, and declining enrollment

Historically, the summer layoff window has opened in five fiscal years, with the Legislature deeming it inoperable in three of those years

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Layoff Planning—Critical Collaboration

The business office determines the details regarding the savings objectives = how much and when



Educational services and cabinet determine instructional and operational service areas that can be adjusted, or eliminated = what

HR and business identify the average cost of classified, certificated, and management positions to assist with savings estimates = number of positions impacted

HR initiates layoff processes and determines positions impacted by the reductions = who

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Employment Trends—Staffing With Emergency Resources

Many LEAs hired staff with temporary funding to bolster their workforce and to serve critical program and instructional requirements



- It is expected that the workforce trends will experience a downshift due to the termination of emergency resources and less staffing opportunities
 - LEAs will face difficult decisions about maintaining levels of service while dealing with less resources
- Identify ongoing funding and/or prepare for reductions effective in 2024-25 or the out-years
- The funding source can be switched to ongoing funding and the positions can be retained—this will be difficult during economic uncertainties and lower COLAs

Employment Trends—Statewide Personnel Expenditures

- As we anticipate a change in statewide staffing levels due to the expiration of temporary funding resources—how will this impact the workforce?
- Should we expect an influx of “pink slips” in March 2024?

Emergency Funding: Total Salary and Benefits


Year	ESSER and Other Emergency Funding Salary and Benefits	Total Salary and Benefits	Share of Total Salary and Benefits
2019-20	\$188,455,140	\$63,957,705,647	0.29%
2020-21	\$2,755,097,950	\$64,475,933,448	4.27%
2021-22	\$4,967,663,622	\$70,594,730,393	7.04%

- \$70 billion was spent on personnel expenditures in 2021-22; \$5 billion was emergency funding
- This is 7% of the LEA workforce funded with emergency funding

Source: Standardized Account Code Structure (SACS) Unaudited Actuals

Employment Trends—Temporary Staffing Options

- Using one-time funding resources for emergency staffing needs is permitted, but the employee classification should reflect the temporary nature of the funding to avoid long-term impacts
 - A temporary categorical contract includes employment dates that align with availability of the funding source
 - Temporary staffing options do not require the layoff process to eliminate the position

Temporary Staffing Options	
<p>Certificated Employment</p> <p><u>EC § 44954</u> Temporary employees hired to replace permanent employees on leave or special assignment</p> <p> <u>EC § 44909</u> Certificated staff hired in position funded with finite or categorical funding sources Employment contract must be categorical temporary contract</p>	<p>Classified Employment</p> <p><u>EC § 45103</u> Employment of classified staff on a short-term basis must not extend beyond 75% of the school year (195 working days—including holidays, sick leave, and vacation, and irrespective of hours worked per day)</p>

Operational Advice—Managing Temporary Employment



Employment Status

- Avoid overuse of the certificated temporary contract during staffing uncertainties
- Audit certificated employment status and resolve classification issues
- Assess classified positions to ensure appropriate categorization of short-term and substitute employment

Evaluate Programs

- Identify temporary funding sources and align reduction timelines—there are no flexibilities in the statutory layoff timeline!

Recruitment Landscape—The Special Education Staffing Crisis

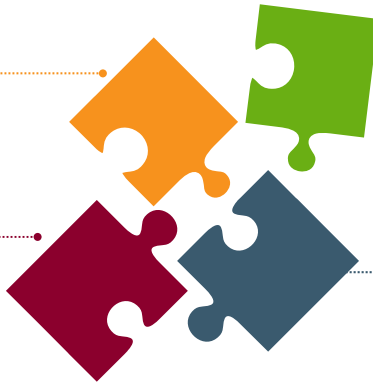
- The special education pipeline is severely depleted—forcing the use of contractors and vendors
 - Some LEAs have a special education workforce that is made up of more contractors than employees—has this become the impossible puzzle with no resolution?

Paraprofessional Classifications

- All special education positions are impacted, but the paraprofessional classification is in a state of crisis
- Will this classification cease to exist because LEAs cannot compete with vendors?

Compensation Concerns

- Classified salaries are an area of focus
- The cost of vendors are far higher than the cost of internal employees



Position Control

- It is difficult to ascertain personnel expenditures because LEAs may encumber the position twice
 - Position control
 - Vendor contracts

The HR and Special Education Intersect

- The special education program and HR have a complicated history:
 - HR struggles to meet needs
 - HR is not involved in staffing decisions

Operational Advice—Addressing the Staffing Crisis

- Workforce shortages require a strategic recruitment approach—focus on the factors within your control and remove internal practices which create barriers in your ability to hire

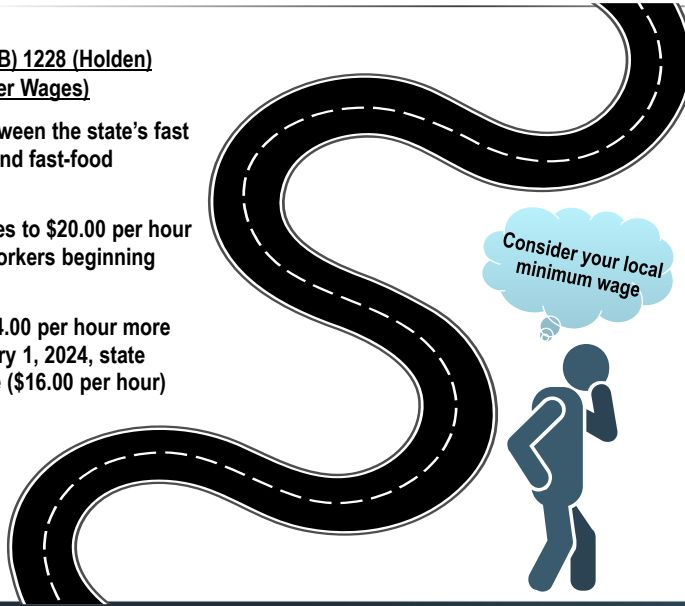
Employment Requirements	Recruitment Procedures	Job Descriptions and Organizational Structures
<ul style="list-style-type: none"> • Examine testing requirements to determine if the test aligns with the assigned work • Ensure application requirements reflect the job qualifications • Identify application requirements that are eliminating candidates from consideration and remove them 	<ul style="list-style-type: none"> • Evaluate recruitment cycles and minimize processing time for new hires by utilizing technology • Address contract language that is restrictive and limits internal transfers and reassignments • Set standards to prioritize recruitment within the HR department 	<ul style="list-style-type: none"> • Update job descriptions for legal compliance and to reflect the current work requirements of positions • Reorganize departments experiencing high turnover due to organizational challenges or staffing misalignments

National employment trends and other external factors will influence recruitment capabilities—reimagine the response to recruitment difficulties!

Will AB 1228 Impact LEA Classified Employees?

Assembly Bill (AB) 1228 (Holden) (Fast Food Worker Wages)

- Agreement between the state’s fast food workers and fast-food companies
- Increases wages to \$20.00 per hour for fast-food workers beginning April 1, 2024
- This wage is \$4.00 per hour more than the January 1, 2024, state minimum wage (\$16.00 per hour)



LEA Impacts

- AB 1228 may impact LEA classified job classifications, which compete with the fast food industry
 - All classified jobs do not compete with fast food jobs—this is a targeted concern
- LEAs should be aware of AB 1228 and examine salary schedules to determine the classifications that may be impacted
 - In 2022, the average fast food worker hourly wage was \$16.21 per hour and average weekly hours were 36 hours per week

Source: Fast Food Accountability and Standards Recovery Act Survey

Operational Advice—Classified Compensation

- Classified employment is complicated—statewide there are thousands of variations of job classifications that do similar work
 - There is no “one size fits all” solution, but this should not deter LEAs from seeking resolutions to address the recruitment and retention issues experienced within the classified ranks
 - Refrain from doing what has always been done and reimagine the solution

Target the problem areas in the salary schedule:

- Classifications hovering around the minimum wage
- Consider separating salary schedules to make sustainable improvements



Evaluate part-time employment practices:

- Part-time and entry-level positions turn over at a higher rate
- Create pathways to full-time employment—factor vendor and vacancy costs that don’t serve students

This issue cannot be resolved in isolation—labor partners must participate in the solution process

Newly Enacted Employment Legislation—School Employees

Certificated Employee Training	School Related Transportation	Occupational Safety
<p>AB 5 (Zbur, Statutes 2023) The Safe and Supportive Schools Act</p> <ul style="list-style-type: none"> Beginning with the 2025-26 school year, requires all certificated employees that serve students in grades 7-12 to receive at least one hour of training annually on LGBTQ+ cultural competency By July 1, 2025, the CDE must develop an online delivery platform and curriculum LEAs required to provide training during paid time and maintain records 	<p>SB¹ 88 (Skinner, Statutes 2023) Pupil Transportation: Driver Qualifications</p> <ul style="list-style-type: none"> Starting July 1, 2025, establishes new requirements for drivers who provide school-related transportation services for compensation Applies to all drivers who are compensated to drive students (LEA employees, contractors, or contracted by any entity with LEA funding) Does not apply to LEA employees when transportation is for school activity that doesn't exceed 40 hours per school year ¹Senate Bill 	<p>SB 553 (Cortese, Statutes 2023) Workplace Violence: Restraining Orders and Workplace Violence Prevention Plan</p> <ul style="list-style-type: none"> Starting July 1, 2024, requires employers to implement and maintain an effective workplace violence prevention plan (plan) that includes requirements to maintain incident logs and provide specified trainings Employers must provide initial training when the plan is first established and annually thereafter Beginning January 1, 2025, authorizes a union representative to seek a temporary restraining order on behalf of the employee(s)
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Newly Enacted Employment Legislation—School Employees

Classified Compulsory Leaves	School Nurse Hiring Options	School District Governing Boards
<p>AB 472 (Wicks, Statutes of 2023) Compulsory Leaves of Absence: Compensation</p> <ul style="list-style-type: none"> In a school or a community college district, if a classified employee returns to service after a period of involuntary leave of absence following a finding in favor of the employee, then the district must pay the employee their full compensation for the period of involuntary leave These provisions must not reduce any entitlement to paid leave 	<p>AB 1722 (Dahle, Statutes of 2023) Pupil Health: Credentialed School Nurses</p> <ul style="list-style-type: none"> Allows, until January 1, 2029, an LEA to hire a licensed vocational nurse who is supervised by a credentialed school nurse if a diligent search has been conducted for a suitable credentialed school nurse LEA must seek approval from governing board prior to hiring and must document that a diligent search for a credentialed nurse has been conducted 	<p>SB 494 (Newman, Statutes of 2023) School District Superintendents and Assistant Superintendents: Termination</p> <ul style="list-style-type: none"> Prohibits the governing board from taking action to terminate a superintendent or assistant superintendent without cause at a special or emergency meeting of the governing board This prohibition is also active within 30 days of a board first convening after an election in which at least one member has been elected or recalled
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Newly Enacted Employment Legislation—CalSTRS



SB 765 (Portantino, Statutes of 2023)

- Temporarily increases CalSTRS postretirement earnings compensation limit from the current 50% to a 70% threshold
- Maintains the 180-day break in service requirement with authorization to request an exemption
- Effective July 1, 2024, until July 1, 2026



- Clarifies certain provisions of AB 1667 (Cooper, Statutes of 2022) related to the recovery of pension overpayments from CalSTRS to retired teachers due to errors in reported compensation
 - Overpayments due to the error of an employer shall be employer’s responsibility



SB 432 (Cortese, Statutes of 2023)

Employment Legislation—New Employee Leave Laws

The new year brings two new employee leave laws, effective January 1, 2024

SB 616 (Gonzalez, Statutes of 2023)

- Increases the amount of minimum paid sick leave currently afforded to employees under existing law from three to five days
- **Significant revision:** employee is entitled to no less than 40 hours of accrued sick leave or paid time off by the 200th calendar day of employment or each calendar year, or in each 12-month period



SB 848 (Rubio, Statutes of 2023)

- Provides up to five days of reproductive loss leave for employees who experience a reproductive loss event
- Defines “reproductive loss event” as a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction
- Leave may be unpaid, but employee may use accrued leave
- Employees are eligible after 30 days of employment

See workshop resources for Fiscal Report articles “New Sick Leave Law” and “New Employee Leave Signed Into Law”

The Road Ahead

The Budget and Election Year Politics

- In addition to the presidential election, all 80 Assembly seats and half the 40 Senate seats are on the ballot
- Legislators will do their best to protect their voting constituencies against the effects of a negative budget

Due to term limits, experienced legislative budget negotiators Anthony Rendon and Toni Atkins (D-San Diego) are out—replaced by Speaker Robert Rivas (D-Salinas) and incoming Senate President pro Tempore Mike McGuire (D-Healdsburg)



CALIFORNIA STATE CAPITOL
SACRAMENTO

Assembly Budget Committee chairs are also new

- Assemblymember Jesse Gabriel (D-Encino) replaces Assemblymember Phil Ting (D-San Francisco) as chair of the Assembly Budget Committee
- Assemblymember David Alvarez (D-San Diego) has been tapped to replace Assemblymember Kevin McCarty (D-Sacramento) as the chair of the Assembly Budget Subcommittee No. 3 on Education Finance

The Budget and Election Year Politics

- Senator McGuire will succeed Senator Atkins as Senate President pro Tempore on February 5, 2024
- Atkins will leave the Legislature at the end of 2024 due to term limits and she did not want to remain the Senate leader during her final year
- McGuire, whose district sprawls from the Oregon border to the Golden Gate Bridge, will be the first Senate leader from Northern California in nearly a decade



We expect McGuire to make changes to committee chair assignments once he assumes the post; however, no changes have been announced

McGuire's term as the Senate leader will be short-lived as he will be termed out of office at the end of the 2026 legislative year

The Legislature's Budget Priorities and the Governor's Budget

- Unlike in years past, no legislative caucuses released proposed budget priorities ahead of the 2024-25 Governor's Budget
 - A recent practice has been for Assembly Democrats to release a "Budget Blueprint" and Senate Democrats have released their own priorities as well
- Statements from Democratic legislative leaders are generally supportive of the Governor's approach, such as:

I'm glad to see that the Governor's proposal shares the Senate's ongoing commitment to ensuring that Californians, particularly our children, students, seniors, and those who rely on the state's safety net, are prioritized, that school funding remains healthy, and that budget solutions are ones that uplift California's economy, as well as business and consumer confidence.

—Senate Budget Chair Nancy Skinner

The Legislature's Budget Priorities and the Governor's Budget

- On the other hand, Republican leaders expressed dismay at the size of the budget problem, for example:

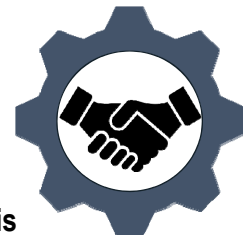
After years of ignoring Republican warnings about unsustainable spending, legislative Democrats and Gavin Newsom now have to deal with a massive deficit. It's time to bring California's budget under control, but not through accounting gimmicks or cuts to education. Our government needs to get back to basics and stop wasting tax dollars on an ineffective and unaccountable bureaucracy.

—Assembly Republican Leader James Gallagher

- The Legislature's priorities will come into greater focus as the budget process transitions from the executive to the legislative branch over the coming weeks

The Road Ahead

- Despite a multibillion-dollar budget deficit, the Governor is calling for limited early action on issue areas not affecting education
- The next steps in the process are controlled by the Legislature, which has the responsibility to vet the Governor's proposals during budget hearings over the next several weeks and months
 - This process coincides with the release of further details on the Governor's Budget proposals, included in trailer bill language, which is usually released at the beginning of February
 - The LAO and public also get to weigh in with their feedback and counterproposals
 - This process prepares legislators to respond quickly after the next official State Budget checkpoint—the May Revision
- You will see us next at the May Revision Workshop!





**Thank you for
attending!**

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STATE REVENUES

Governor Newsom identifies a budget shortfall of **\$37.9 Billion**



Big Three Tax Revenues (In millions)

	2022-23		2023-24		2024-25	
	2023-24 Enacted Budget	Governor's Budget	2023-24 Enacted Budget	Governor's Budget	2023-24 Enacted Budget	Governor's Budget
Personal Income Tax	\$122,769	\$101,749	\$118,161	\$113,768	\$118,903	\$114,730
Corporation Tax	\$42,091	\$37,140	\$42,081	\$36,913	\$43,369	\$38,055
Sales and Use Tax	\$33,072	\$33,186	\$33,366	\$34,643	\$34,383	\$35,123

The Governor's Budget makes significant reductions to the "Big Three" tax revenues relative to the 2023-24 Enacted Budget across the three-year budget window, for a total downward adjustment of \$42.9 billion

PROPOSITION 98

Proposition 98 Minimum Guarantee (In billions)



	2023-24 Enacted Budget	Governor's Budget Adjustments	2024-25 Budget Proposal
2022-23	\$107.4	-\$9.1	\$98.3
2023-24	\$108.3	-\$2.7	\$105.6
2024-25	\$111.6	-\$2.5	\$109.1



LOCAL CONTROL FUNDING FORMULA (LCFF)

LCFF Entitlements for School Districts and Charters

Grade Span	2023-24 Base Grant per ADA*	0.76% COLA	2024-25 Base Grant per ADA
TK-3	\$9,919	\$75	\$9,994
4-6	\$10,069	\$77	\$10,146
7-8	\$10,367	\$79	\$10,446
9-12	\$12,015	\$91	\$12,106

Note: Reliant on one-time funds to support ongoing LCFF costs
*Average daily attendance

COST-OF-LIVING ADJUSTMENT (COLA)



2024-25	2025-26	2026-27	2027-28	2028-29
0.76%	2.73%	3.11%	3.17%	3.24%

RAINY DAY FUND

One of the strategies to address the budget gap is to tap into the Proposition 98 Rainy Day Fund

2023-24

\$3.0 billion withdrawal

2024-25

\$2.7 billion withdrawal



The projected balance in 2023-24 triggers the local reserve cap requirement for non-basic aid districts with ADA greater than 2,500

PROGRAMS UNCHANGED BY THE GOVERNOR'S BUDGET

There are no midyear cuts, no deferrals, and no program rollbacks proposed. The Governor remains committed to maintaining the following programs:

- Expanded Learning Opportunities Program
- Universal Transitional Kindergarten
- Universal Meals
- California Community Schools Partnership Program
- Home-to-School Transportation
- Special Education funding
- Educator Workforce programs



INSTRUCTIONAL CONTINUITY

The Governor's Budget includes a series of proposals aimed at offsetting student absences and mitigating learning loss:



Expanding the allowable days and times of day used for the purpose of recovering attendance



Requiring local educational agencies to offer remote instruction during emergencies



Encouraging hybrid or remote learning for students who are unable to attend school

LEARNING RECOVERY EMERGENCY BLOCK GRANT

No proposed cut to the Learning Recovery Emergency Block Grant, but the Governor proposes narrowing the use of remaining funds to focus on students most impacted by learning loss



FACILITIES

- Proposes to reduce 2024-25 funding for the School Facility Program by \$500 million—from \$875 million to \$375 million
- Proposes to further delay the \$550 million planned investment in the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program by an additional year, to 2025-26

SSC School District and Charter School Financial Projection Dartboard 2024-25 Governor's Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2024-25 Governor's Budget proposal. SSC has updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. SSC has also updated the Local Control Funding Formula (LCFF) factors. SSC relies on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2023-24 ¹	2024-25	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	0.76%	2.73%	3.11%	3.17%

LCFF GRADE SPAN FACTORS FOR 2024-25				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 0.76%	\$75	\$77	\$79	\$91
2024-25 Base Grants	\$9,994	\$10,146	\$10,446	\$12,106
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,039	–	–	\$315
2024-25 Adjusted Base Grants ²	\$11,033	\$10,146	\$10,446	\$12,421
Transitional Kindergarten (TK) Add-On ³	\$3,067	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.36%	2.83%	2.70%	2.72%	2.72%
California Lottery	Unrestricted per ADA	\$177	\$177	\$177	\$177	\$177
	Restricted per ADA	\$72	\$72	\$72	\$72	\$72
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.10	\$39.14	\$40.36	\$41.64
	Grades 9-12 per ADA	\$72.84	\$73.39	\$75.39	\$77.73	\$80.19
Mandate Block Grant (Charter) ⁴	Grades K-8 per ADA	\$19.85	\$20.00	\$20.55	\$21.19	\$21.86
	Grades 9-12 per ADA	\$55.17	\$55.59	\$57.11	\$58.89	\$60.76
Interest Rate for Ten-Year Treasuries		4.16%	3.68%	3.50%	3.60%	3.60%
CalSTRS Employer Rate ⁵		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		26.68%	27.80%	28.50%	28.90%	30.30%
Unemployment Insurance Rate ⁶		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁷		\$16.00	\$16.50	\$16.90	\$17.30	\$17.70

STATE MINIMUM RESERVE REQUIREMENTS	
Reserve Requirement	District ADA Range
The greater of 5% or \$80,000	0 to 300
The greater of 4% or \$80,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

¹Also applies to Equity Multiplier, Special Education, Child Nutrition, Youth in Foster Care, Mandate Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers and the American Indian Early Childhood Education Program.

²Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

³Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

⁴The 2025-26 rate does not factor in the impact of \$25 million for the proposed training to support literacy screenings.

⁵California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.

⁶Unemployment rate in 2023-24 is final, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

⁷Minimum wage rates are effective January 1 of the respective year.

Overview of the Governor's Proposals for the 2024-25 State Budget and K-12 Education

By: SSC Team

January 10, 2024

Overview of the Governor's Budget Proposals

When you expect a budget gap of \$68 billion, a budget gap of \$37.9 billion feels like a good day. While there is no debating the magnitude of unrealized revenues from 2022, Governor Gavin Newsom today framed the current budget situation as the state returning to a more normal economic environment from recent years of explosive growth. This is a key difference from the expectations set last fall by the Legislative Analyst's Office (LAO) Fiscal Outlook and the tone set today by Governor Newsom.

The good news for education: no mid-year cuts, no deferrals, no program rollbacks. The bad news for education: a shrinking Local Control Funding Formula (LCFF) due to heavy declining enrollment and a meager cost-of-living adjustment (COLA).

California is better prepared to weather the proverbial storm due to the significant rainy day deposits made during the good years that allows the state to address this budget gap. In addition to reserve withdrawals (including the Proposition 98 Rainy Day Fund), the Governor proposes reductions, internal borrowing, funding delays, funding shifts, and non-Proposition 98 deferrals. It remains to be seen whether one-time funds successfully create a bridge to increased future revenues, or if they eventually run dry and are merely delaying cuts to align actual spending to revenues.

The Economy and Revenues

Governor Newsom assumes a continued slow-growth economy for 2024-25 and notes a possible resurgence of higher inflation and continued elevated interest rates as the biggest near-term threats to the economy. Additional risks include, but aren't limited to, geopolitical tensions, climate change impacts, and the high cost of living in California. Importantly, no recession is forecasted. The Governor's Budget assumes Gross Domestic Product growth to slow to 1.6% in 2024 and 1.2% in 2025, and California unemployment is projected to increase to 5.1% and 5.2% in 2024 and 2025, respectively. Headline inflation is projected to drop to 2.6% in 2024 and 2% in 2025.

As he did last year, the Governor began his press conference standing beside a chart showing fluctuations in capital gains revenues as a percentage of personal income, which he again likened to an electrocardiogram, or EKG. The Governor described the economic situation as a story of correction and normalization following a period of distortion, highlighting the unprecedented surpluses in revenue a couple of years ago followed by the deficits experienced in the current year and projected for the 2024-25 budget year.

The largest source of state General Fund revenues is derived from taxes on personal income, including capital gains, and relies heavily on high-income taxpayers. Personal income tax makes up 65% of pre-transfer General Fund revenue for 2022-23 and is projected to account for 74% of pre-transfer General Fund revenue in 2024-25. One percent of the state's highest income earners paid 50% of all personal income taxes in 2021, a slight increase from the prior year. According to the Governor's Budget summary, "[t]hese two related phenomena—significant reliance of the General Fund on capital gains and stock-based compensation, and on taxes paid by a small portion of the population—underscore the difficulty in forecasting personal income tax revenue" and, by extension, General Fund revenues.

Capital gains revenue as a percentage of annual General Fund revenues are projected to stabilize and make up 8.4%, 8.3%, and 8.7% of total annual General Fund revenues for 2022, 2023, and 2024, respectively. The Newsom Administration assumes a stock market that is largely consistent with Wall Street's mid-November 2023 levels.

The Governor's Budget recognizes a budget shortfall of \$44 billion over the three-year budget window (2022-23, 2023-24, and 2024-25). The Governor's Budget draws primarily on the following measures to balance against the shortfall:

- \$13.1 billion in draw down of reserves
- \$8.5 billion in funding reductions without cuts to Proposition 98 programs
- \$5.7 billion in borrowing
- \$5.1 billion in funding delays over three years
- \$3.4 billion in funding shifts from the General Fund to other funds
- \$2.1 billion in deferrals to payroll and University of California/California State University
- \$5.7 billion in withdrawals from the Public School System Stabilization Account (PSSSA)
- \$402 million in tax revenue proposals

The Governor's Budget makes significant reductions to the "Big Three" tax revenues relative to the 2023-24 Enacted Budget across the three-year budget window, for a total downward adjustment of \$42.9 billion.

Big Three Tax Revenues (in millions)						
	2022-23		2023-24		2024-25	
	2023-24 Enacted Budget	Governor's Budget	2023-24 Enacted Budget	Governor's Budget	2023-24 Enacted Budget	Governor's Budget
Personal Income Tax	\$122,769	\$101,749	\$118,161	\$113,768	\$118,903	\$114,730
Corporation Tax	\$42,091	\$37,140	\$42,081	\$36,913	\$43,369	\$38,055
Sales and Use Tax	\$33,072	\$33,186	\$33,366	\$34,643	\$34,383	\$35,123

Again, the Governor's Budget revenue estimates do not forecast a recession—even a mild one. Risks to the projected continuing slow-growth economy are noted and could lead to a recession in which case a mild recession could lead to General Fund revenue losses between \$20 billion to \$30 billion over the budget window.

Proposition 98 Minimum Guarantee, Rainy Day Fund, and Local Reserve Requirements

Proposition 98 Minimum Guarantee

Based on the Governor's revenue estimates, which account for lower-than-expected 2022 tax collections, the Proposition 98 minimum guarantee for 2022-23 and 2023-24 are reduced by \$9.1 billion and \$2.7 billion from the 2023-24 Enacted Budget levels, respectively. Further, the Governor expects state revenues to rebound from current levels, which will result in an increase in funding for K-12 and community college agencies in 2024-25, bringing the minimum guarantee to \$109.1 billion by the end of the budget window. Proposition 98 in 2024-25 includes additional funding to cover the increased LCFF costs resulting from Transitional Kindergarten (TK) expansion and the required set-aside to support arts and music programs in public schools. Under the Governor's estimates, Test 1 is operative across the budget window, which means that K-14 education receives nearly 40 cents of every state General Fund dollar.

Proposition 98 Minimum Guarantee, Prior and Current Year (In billions)

	2023-24 Enacted Budget	2024-25 Governor's Budget Adjustments	Minimum Guarantee
2022-23	\$107.4	-\$9.1	\$98.3
2023-24	\$108.3	-\$2.7	\$105.6

Proposition 98 Rainy Day Fund and Local Reserve Requirements

Changes in state General Fund revenues have similar impacts on the state’s requirement to make deposits into and withdrawals from the Proposition 98 Rainy Day Fund (or the PSSSA). The Governor’s Budget proposes the following activity in the reserve account.

Proposition 98 Rainy Day Fund (In billions)				
	2021-22	2022-23	2023-24	2024-25
Deposits		\$0.3	\$0.3	\$0.8
Withdrawals			-\$3.0	-\$2.7
Fund Balance	\$8.1	\$8.4	\$5.7	\$3.8

For 2024-25, the Proposition 98 Rainy Day Fund balance of \$5.7 billion in fiscal year 2023-24 requires non-basic aid districts with average daily attendance (ADA) greater than 2,500 to maintain a local reserve balance of 10%.

LCFF Entitlements for School Districts and Charter Schools

Recall that the 2023-24 Enacted Budget utilized \$1.6 billion in one-time Proposition 98 General Fund monies to fully fund the 8.22% COLA. Based on the Administration’s current projections, there is insufficient new revenue to fill the gap left by the use of those one-time funds in 2023-24 and ongoing obligations.

To address the shortfall, Governor Newsom’s State Budget once again utilizes one-time funds. Of the proposed \$5.7 billion PSSSA withdrawals across the current and budget year, the Administration is proposing to allocate \$5.0 billion for purposes of supporting the LCFF—approximately \$2.8 billion for 2023-24 and another \$2.2 billion for 2024-25. Further, the Governor’s Budget notes that an additional \$38.6 million in available reappropriation and reversion funding will also be utilized to support ongoing LCFF costs in 2024-25.

With this funding, the base grants by grade span for 2024-25 are increased over 2023-24 by the estimated statutory COLA of 0.76%.

Grade Span	2023-24 Base Grant Per ADA	0.76% COLA	2024-25 Base Grant Per ADA
TK-3	\$9,919	\$75	\$9,994
4-6	\$10,069	\$77	\$10,146
7-8	\$10,367	\$79	\$10,446
9-12	\$12,015	\$91	\$12,106

The TK-3 base grant increase for the class-size reduction (CSR) grade span adjustment is \$1,039 per ADA in 2024-25 and the grade 9-12 base grant per ADA is increased by \$315 in recognition of the need for Career Technical Education (CTE) courses provided to students in the secondary grades.

School districts and charter schools are entitled to supplemental grant increases equal to 20% of the adjusted base grant (including CSR and CTE funding) for the percentage of enrolled students who are English learners, eligible for the free or reduced-price meals program, or in foster care. An additional 65% per-pupil increase is provided as a concentration grant for each percentage of eligible students enrolled beyond 55% of total enrollment, with 15% of the concentration grant to be used to increase the number of adults providing direct services (nurses, teachers, counselors, paraprofessionals, and others) to students.

Cost-of-Living Adjustment

The Governor’s Budget estimates, and fully funds, a statutory COLA of 0.76% for the LCFF, which is lower than the LAO estimated in its November Fiscal Outlook report (1.26%). Both are significantly lower than the estimate of 3.94% from the 2023-24 Enacted Budget. While there are still two data points outstanding in order to calculate the final statutory COLA—one anticipated in a matter of weeks and the other at the end of April—time will tell whether the Administration or the LAO have a clearer crystal ball, it is very apparent that the statutory COLA will be closer to 1% than 4%.

The Governor’s estimated COLA would also be applied to other education programs funded outside of the LCFF, including the LCFF Equity Multiplier, Special Education, Child Nutrition, Sate Preschool, Foster Youth, Mandate Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program—as well as county offices of education and community colleges.

Instructional Continuity

In response to multiple years of academic interruption due to increased student absences, the Governor’s Budget includes a series of instructional continuity proposals aimed at offsetting student absences and mitigating learning loss. These proposals include:

- Expanding the allowable days and times of day used for the purpose of recovering attendance both for the purpose of apportionment and chronic absentee mitigation,
- Requiring local educational agencies (LEAs) to offer remote instruction during emergencies, including instruction through enrollment at a neighboring LEA, and
- Encouraging hybrid or remote learning opportunities for students who are unable to attend school

The Governor’s Budget also proposes an appropriation of \$6 million in one-time Proposition 98 funds for the purpose of researching and developing models of hybrid learning to enable instructional continuity and to identify opportunities for LEAs to report more detailed absence data when absences occur due to emergency events.

Master Plan on Career Education

On August 31, 2023, Governor Newsom signed [Executive Order N-11-23](#), launching the development of a new Master Plan on Career Education (Master Plan) that will look to adequately prepare students for the workforce of tomorrow. The Executive Order (EO) requires specified state agencies to develop and submit the proposed Master Plan to the Governor's Office by October 1, 2024.

The first phase in the development of the Master Plan is for the Governor's Office to convene interagency teams at both the state level (under the [Governor's Council for Career Education](#)) and at the regional level (as part of the [K-16 Regional Collaboratives](#)) that will drive results on the tens of billions in workforce investments made in the first four years of the Newsom Administration. The second phase is to engage in a 13-month planning process to investigate how existing policies, investments, and structures can be improved, culminating in the Governor's Master Plan scheduled for publication in the winter of 2024. The three goals of the plan are to ensure that all Californians are:

1. On-ramped into well-paying, purposeful careers.
2. Empowered to build real-life skills.
3. Able to access and afford a quality education throughout life.

While the Governor's Budget proposal does not offer any new information on the Master Plan, it does clarify that the Governor intends to pursue the timeline stipulated in the EO despite the state's challenging budget circumstances.

Learning Recovery Emergency Block Grant

The Governor's Budget does not include any cut to the Learning Recovery Emergency Block Grant. However, the Budget proposes to change the use of these funds to focus remaining dollars on students most impacted by learning loss. A needs assessment and the development process used for the Local Control and Accountability Plan will guide how unspent funds are used. The allowable uses for these funds will also be amended to include professional development for the recently adopted mathematics framework.

Educator Pipeline Access

The Governor's Budget includes modest solutions to the teacher shortage. The proposal directs the California Commission on Teaching Credentialing (CTC) to create a new Elementary Arts and Music Education authorization as an additional Career and Technical Education credential. This will allow for additional pathways for artists to provide instruction in schools. In addition, the proposal includes credentialing flexibilities to meet subject matter requirements by recognizing a bachelor's degree in a subject area to satisfy the basic skills requirement and direction to the CTC to improve the process to review transcripts to verify subject matter competency.

Early Childhood Education

The Governor’s Budget maintains prior commitments to expand access to California’s subsidized child care and preschool system by an additional 200,000 slots, but defers reaching this goal to 2026-27. The Governor’s Budget includes funding roughly 146,000 new slots, expected to be filled by 2024-25.

The 2023-24 Enacted Budget included a commitment for the state to move to a single rate system based on cost of care. The Governor’s Budget states that by July 2024 the state will submit a plan to the federal government for approval of the alternative cost of care methodology for rates.

In addition, to help address the budget shortfall, the Governor’s Budget proposes to delay \$10 million General Fund annually from the Preschool Inclusion Grant Program until 2026-27.

Finally, Governor Newsom proposes specific investments to support certain children served by the California State Preschool Program (CSPP). He proposes applying the 0.76% COLA, as well as backfill \$53.7 million General Fund to support reimbursement rate increases that were previously supported by available one-time federal stimulus funds.

Facilities

In an effort to address the projected budget shortfall, the Governor’s Budget proposes additional reductions and delays to funding previously intended for school facilities.

The 2022-23 Enacted Budget included \$1.3 billion in 2022-23 for the School Facility Program (SFP), with intent language for an additional \$2.1 billion appropriation in 2023-24 and \$875 million in 2024-25. The \$2.1 billion was reduced by \$100 million as part of the 2023-24 Enacted Budget, and now, the Governor’s Budget proposes to reduce 2024-25 funding by \$500 million—from \$875 million to \$375 million.

Further, the 2022-23 Enacted Budget appropriated \$100 million for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, with the intent to appropriate an additional \$550 million in 2023-24. The 2023-24 Enacted Budget delayed the \$550 million investment by one year—from 2023-24 to 2024-25. The Governor’s Budget further delays this investment to 2025-26.

Additionally, the Governor notes that negotiations on a statewide school bond initiative will begin in the spring with the intention of placing the measure before the voters at the November 2024 General Election.

Minimum Wage

Governor Newsom does not make any changes to the already enacted California state minimum wage of \$16.00 an hour or to Assembly Bill 1228 (Holden, Statutes of 2023) which raises the minimum wage for fast food workers to \$20.00 an hour, effective April 1, 2024. The proposed Governor’s Budget does include an annual budgetary “trigger” which could delay the effective

date of Senate Bill 525 (Durazo, Statutes of 2023) which was written to increase the minimum wage for health care workers to \$25.00 an hour effective June 1, 2024.

Retirement Systems

Governor Newsom does not propose additional funding for the California State Teachers' Retirement System (CalSTRS) or the California Public Employees' Retirement System (CalPERS) employer contribution rate relief for LEAs. Based on current assumptions, CalPERS employer contributions would increase from 26.68% to 27.80% in 2024-25, while CalSTRS employer contribution rates are expected to remain the same from the prior year at 19.10%.

Closing

The education world had been expecting the worst since the release of the LAO's economic forecast this past fall, leaving many to let out a sigh of relief at the Governor's Budget release—although a skeptical one. The Governor's Budget benefits from historic rainy day funds to address spending levels that ultimately did not align with the level of revenues generated in 2022-23. For education, these one-time dollars sustain programs that were created or grew significantly during exceptional economic times and lead the community to wonder how they will be sustained after 2024-25.

While not facing mid-year cuts, deferrals, or unfunded COLAs, with the combination of a COLA below 1% and significant declining enrollment, the sigh of relief may be short lived.

We look forward to diving deep into the Governor's education budget with all of you and helping our local educational leaders and partners operationalize all of what this means for public agencies, staff, students, and local communities at next week's [Governor Budget Workshop](#).

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Federal Grant to Support Small School District Facilities



BY BRIANNA GARCÍA

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posted January 16, 2024

The California Department of Education (CDE) announced the receipt of a \$4.99 million federal Supporting America's School Infrastructure (SASI) Grant to improve school facilities in small school districts. Over half the school districts in California have enrollment of fewer than 2,500 students and are therefore classified as small school districts. While the funding is not going directly to these school districts, it is intended to be invested in several programs that will aid the school districts in supporting their facilities needs. The funding will provide the CDE with the ability to develop:

1. A network of facility practitioners to support small and rural districts
2. Centralized online resources for school facilities staff to address maintenance assessment, state and national funding sources, and contract development and management, including standardized forms and tools and an on-demand library of resources, webinars, and short videos

The CDE also proposes the development of a direct technical assistance program, which would allow school facility professionals to visit districts and assess facility needs, estimate costs, identify funding options, and coordinate development of facility contracts with architects, Inspectors of Record, and contractors. The program could also train and support district custodial and maintenance staff, as well as site and district administration, on the cycle of facilities maintenance and capital outlay.

Finally, the SASI grant will allow the CDE to fund a statewide School Facilities Maintenance Specialist position that would serve as a liaison with county offices to advance the work of maintaining school facilities and support small school districts.



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Collective Bargaining in 2023-24: A User's Guide

 **BY KATHLEEN SPENCER**

 **BY MATT PHILLIPS, CPA**

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posted January 9, 2024

Collective bargaining in the state of California has been present for most, if not all, of the careers of the current workforce. Effective January 1, 1976, the Rodda Act resulted in the creation of the framework for collective bargaining, and codified [Government Code Sections 3540-3549](#). This provided the terminology and verbiage such as “employee organization,” “exclusive representative,” and “impasse” that are still used today. The Government Code also provided seven criteria that shall be considered if collective bargaining is unsuccessful, and the parties have to progress all the way to factfinding. Two of the seven, and arguably, the two most important criteria are related to the comparability of wages, working conditions, and other conditions of employment.

In a regular year, the comparison of wages would consider the settlement of other employees in public school employment in comparable communities, but 2023-24 is no regular year. In fact, 2023-24 represents the second year removed from the all-time high funding for public education in California that occurred in 2021-22. The impact of California’s spike in state revenues, and consequently, a spike in funding for schools resulted in significant one-time resources to offset learning loss, as well as significant ongoing resources to assist employers with the rising costs of educating students. The result is that ongoing salary settlements in 2022-23 varied wildly from low single digits to low double digits.

As local educational agencies (LEAs) turn the page and bargain for 2023-24 and 2024-25, it will be important to consider the settlements from 2022-23. It is very likely that LEAs that settled on the high end of the bell curve 2022-23 will settle on the lower end in 2023-24 and vice versa. Because of the wide range of settlements in 2022-23, it will be important to show the aggregate settlement over the two-year period of 2022-23 and 2023-24 rather than just settlements in 2023-24. Below is an example of how the story may unfold when looking at two years of ongoing salary settlements rather than just one year.

LEA	2022-23	2023-24	Total
District 1	8.50%	4.25%	12.75%
District 2	10.25%	2.00%	12.25%
District 3	6.56%	6.00%	12.56%
District 4	3.00%	10.00%	13.00%

In the four scenarios above, the aggregate two-year settlements are very comparable, and looking at only one year will likely not tell the whole story. It is also important for an LEA to show the total cost of settlements in each year, not just the cost attributable to wage increases.

For more information on the topic of preparing for collective bargaining, please join us for our upcoming [Dollars and Cents of Collective Bargaining](#) webinar.



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

New Laws for 2024



BY KYLE HYLAND

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posted January 3, 2024

Over the fall, School Services of California Inc. highlighted the most important bills signed by Governor Gavin Newsom in his fifth year in office that will affect education in 2024 and beyond.

As we enter into the new year, we wanted to give you a refresher of some of the more significant bills affecting local educational agencies (LEAs) that officially went into effect on January 1, 2024:

- Assembly Bill (AB) 248 (Mathis, Statutes of 2023) eliminates obsolete and offensive terminology for students with disabilities throughout the health and safety code and the welfare and institutions code.
- AB 446 (Quirk-Silva, Statutes of 2023) defines handwriting, in the adopted course of study for grades 1-6, to include cursive and joined italics.
- AB 452 (Addis, Statutes of 2023) eliminates the statute of limitations applicable to civil actions for damages as a result of childhood sexual assaults that occur on or after January 1, 2024.
- AB 472 (Wicks, Statutes of 2023) requires districts to pay a classified employee their full compensation upon returning to service for the district from a period of involuntary leave of absence following a finding in favor of the employee.
- AB 483 (Muratsuchi, Statutes of 2023) modifies and imposes new requirements related to timelines, reporting, technical assistance, stakeholder engagement, and guidance for the Local Education Agency Medi-Cal Billing Option Program.
- AB 557 (Hart, Statutes of 2023) eliminates the sunset date on provisions of law allowing local agencies to use teleconferencing without complying with specified Brown Act requirements during a proclaimed state of emergency.
- AB 873 (Berman, Statutes of 2023) requires the Instructional Quality Commission to consider incorporating the Model Library Standards and media literacy content into the English language

arts/English language development curriculum framework when it is next revised.

- AB 1503 (Lee, Statutes of 2023) extends the excused absence provision for a student to attend a religious retreat from four hours, or a half-day, to one full day.
- AB 1722 (Dahle, Statutes of 2023) allows, until January 1, 2029, an LEA to hire a licensed vocational nurse who is supervised by a credentialed school nurse if a diligent search has been conducted for a suitable credentialed school nurse.
- Senate Bill (SB) 10 (Cortese, Statutes of 2023) requires school safety plans serving students in grades 7-12 to include a protocol for responding to an opioid overdose.
- SB 274 (Skinner, Statutes of 2023) extends the prohibition against the suspension of pupils enrolled in grades 6-8 for willful defiance to July 1, 2029, and prohibits the suspension of pupils enrolled in grades 9-12 for willful defiance until July 1, 2029.
- SB 348 (Skinner, Statutes of 2023) requires schools to provide students with adequate time to eat following guidelines established by the California Department of Education (CDE).
- SB 494 (Newman, Statutes of 2023) prohibits the governing board of a school district from taking action to terminate a superintendent or assistant superintendent without cause at a special or emergency meeting of the governing board.
- SB 515 (Stern, Statutes of 2023) limits the cost of complying with the requirement to provide an accessible path of travel to a free-standing, open-sided shade structure project to 20% of the adjusted construction cost, as defined, of the shade structure project.
- SB 616 (Gonzalez, Statutes of 2023) amends the Healthy Workplaces, Healthy Families Act to guarantee five paid sick days per year for employees.
- SB 848 (Rubio, Statutes of 2023) requires employers to provide eligible employees with up to five days of reproductive loss leave following a reproductive loss event.

There are also a number of measures that Governor Newsom signed that became statute on January 1, 2024, but their provisions or requirements do not take effect until a later date. The significant bills that fit this mold include the following:

- AB 5 (Zbur, Statutes of 2023) requires LEAs to provide at least one hour of training annually to all certificated staff, beginning with the 2025-26 school year through the 2029-30 school year, on cultural competency in supporting LGBTQ+ students.

- AB 10 (Lowenthal, Statutes of 2023) requires the CDE, by June 30, 2025, to develop and post on its website a model policy and resources about body shaming that LEAs may use to educate staff and pupils about body shaming.
- AB 230 (Reyes, Statutes of 2023) expands the requirement that schools serving students in grades 6-12 stock specified restrooms with menstrual products to include schools serving students in grades 3-5 beginning with the 2024-25 school year.
- AB 579 (Ting, Statutes of 2023) requires, by January 1, 2035, 100% of all newly purchased or contracted school buses of an LEA to be zero-emission vehicles.
- AB 721 (Valencia, Statutes of 2023) repeals, on January 1, 2027, a district's requirement to publish in a newspaper information on how the public may inspect the district's budget and information regarding the public hearing of the budget adoption.
- AB 723 (Quirk-Silva, Statutes of 2023) requires, beginning with the 2024-25 school year, a nonpublic, nonsectarian school to provide assurances in its application for state certification that it agrees to serve as the school of origin of a foster youth and allow these students to continue their education in the school.
- AB 897 (McCarty, Statutes of 2023) requires, beginning July 1, 2024, adult education teachers to attain permanent employee status after completing a probationary period akin to general education teachers.
- AB 1228 (Holden, Statutes of 2023) implements a \$20.00 minimum wage for national fast-food chains in California beginning April 1, 2024.
- AB 1273 (Bonta, Statutes of 2023) requires the CDE to convene the Classified Employee Staffing Ratio Workgroup by December 31, 2024, and for the workgroup to recommend staffing ratios per identified grouping of classified assignments to the Legislature by December 31, 2025.
- SB 88 (Skinner, Statutes of 2023) establishes, beginning July 1, 2025, or upon the expiration of an LEA's transportation contract, whichever is later, new requirements for drivers who are compensated to provide school-related transportation services to students whether they are employed or contracted by an LEA.
- SB 291 (Newman, Statutes of 2023) requires, beginning with the 2024-25 school year, that recess offered by a public school be a minimum of 30 minutes on regular instructional days and a minimum of 15 minutes on early release days, offered through one or more periods.
- SB 760 (Newman, Statutes of 2023) requires LEAs to provide at least one all-gender restroom for pupil use at each of its school sites by July 1, 2026.

- SB 765 (Portantino, Statutes of 2023) temporarily, from July 1, 2024, through July 1, 2026, increases the CalSTRS postretirement compensation earning limit for retirees from the current 50% to 70% of the median final compensation of all members who retired from service during the fiscal year ending in the previous calendar year.
- SB 857 (Laird, Statutes of 2023) requires the State Superintendent of Public Instruction (SSPI), by July 1, 2024, to convene an advisory task force to identify the statewide needs of LGBTQ+ pupils and report its findings to the Legislature, SSPI, and Governor by January 1, 2026.

Some measures, such as urgency bills, took effect immediately upon Governor Newsom's signature. The following bills signed by the Governor last fall went into effect when they were signed:

- AB 1078 (Jackon, Statutes of 2023) makes various changes to the requirements on local school governing boards regarding the adoption of instructional materials for use in schools, including a provision that prohibits a governing board from disallowing the use of an existing textbook, other instructional material, or curriculum that contains inclusive and diverse perspectives.
- SB 432 (Cortese, Statutes of 2023) clarifies certain provisions of last year's AB 1667 (Cooper, Statutes of 2022) related to the recovery of pension overpayments from the California State Teachers' Retirement System (CalSTRS) to retired teachers due to errors in reported compensation.
- SB 531 (Ochoa Bogh, Statutes of 2023) exempts contracts for work-based learning from current requirements related to fingerprinting but preserves student safety by ensuring that at least one adult employee at the workplace that supervises the student is fingerprinted and that school staff visit the workplace at least once every three weeks.

Lawmakers return to Sacramento today, January 3, 2024, to begin their work on the final year of the 2023-24 Legislative Session. We will cover bills as they are introduced by the Legislature and make their way through the legislative process in our "Top Legislative Issues" series.



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December Headline Inflation Slightly Up



BY JOHN GRAY



BY WENDI MCCASKILL

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posted January 11, 2024

The U.S. Bureau of Labor Statistics reported today, January 11, 2024, that the Consumer Price Index (CPI)—the U.S. measure of inflation—increased to 3.4% in December. Although up slightly from November's 3.1% figure, headline inflation is still making progress towards a normal pace. The increase is attributable in large part to the continued rise in the shelter, energy, and food indexes.

December core inflation, which excludes the costs for food and energy came in at 3.9% year over year. This represents a slight decrease from the 4.0% core inflation reported for November. Over two thirds of the total year-over-year increase is due to shelter index increases. Next to shelter, motor vehicle insurance showed the largest increase year over year contributing to core inflation.

By end of day, Wall Street showed little reaction to the CPI news, with the Dow Jones Industrial Average, S&P 500, and Nasdaq composite all closing roughly flat.



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Critical Deadlines and Funding Opportunities—January 10, 2024

BY WENDI MCCASKILL

BY TEDDI WENTWORTH

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posted January 10, 2024

(New items, if any, are listed in bold so you can see at a glance what has been added.)

Critical Deadlines—Reporting or Action Dates	
Issue	Deadline
<ul style="list-style-type: none"> • First Interim Status Report <ul style="list-style-type: none"> ◦ County office of education (COE) must notify State Superintendent of Public Instruction (SSPI) and State Controller’s Office (SCO) on all district First Interim certifications (Education Code Section [EC §] 42131[c])¹ 	1/15/24
<ul style="list-style-type: none"> • Qualified and Negative First Interim Reports <ul style="list-style-type: none"> ◦ COE must report to SSPI and SCO on district qualified and negative First Interim certifications (EC § 42131[a][2])¹ 	1/15/24
<ul style="list-style-type: none"> • Fall 1 Amendment Window <ul style="list-style-type: none"> ◦ Any amendments to the records submitted as part of the Fall 1 reporting period in the California Longitudinal Pupil Achievement Data System must be complete 	1/26/24
<ul style="list-style-type: none"> • Second Interim (Actuals through January 31) <ul style="list-style-type: none"> ◦ Charter school Second Interim due to chartering authority and COE (EC § 47604.33[a][4]) 	3/15/24
<ul style="list-style-type: none"> • Second Interim (Actuals through January 31) <ul style="list-style-type: none"> ◦ District Second Interim due to COE (also to SSPI and SCO if qualified or negative) (EC § 42131[a][1] and [2]) ◦ COE Second Interim due to SSPI (EC § 1240[l][1][A] and [B]) 	3/18/24 ¹
<ul style="list-style-type: none"> • Second Interim Status Report <ul style="list-style-type: none"> ◦ COE must notify SSPI and SCO of district Second Interim certifications (EC § 42131[c]) 	4/16/24 ¹
<ul style="list-style-type: none"> • District Qualified/Negative Interims <ul style="list-style-type: none"> ◦ COE must report to SSPI and SCO on district qualified or negative Second Interim reports (EC § 42131[a][2]) 	4/16/24 ¹

¹Date calculated as prescribed in law

Plan Deadlines

Plan	Link to Plan Template/More Information	Deadline
Expanded Learning Opportunities Program Plan	https://www.cde.ca.gov/ls/ex/documents/elopprogplanguide.pdf	N/A per current law
ESSER ¹ I, II, and III Quarterly and Annual	https://www.cde.ca.gov/fg/cr/anreporthehelp.asp	Various— https://www.cde.ca.gov/fg/cr/reporting.asp
GEER ² I Annual	https://www.cde.ca.gov/fg/cr/anreporthehelp.asp	Various— https://www.cde.ca.gov/fg/cr/reporting.asp
Homeless Children and Youth II Fund	https://www.cde.ca.gov/fg/cr/reporting.asp	Various— https://www.cde.ca.gov/fg/cr/reporting.asp
Arts, Music, and Instructional Materials Discretionary Block Grant	<u>Assembly Bill 181</u> <u>Section 134</u>	Discuss and approve a plan for expenditure; no specified deadline
Home-to-School Transportation	<u>EC § 39800.1</u>	Develop and adopt a plan on or before April 1, 2023 and update annually thereafter
Literacy Coaches and Reading Specialist Grant	<u>Senate Bill 114</u> <u>Section 104</u>	On or before June 30, 2024— Report interim use of funds to the CDE ³ ; By June 30, 2027— Report final expenditures to the CDE
Learning Recovery Emergency Block Grant	<u>EC § 32526(d)(1)</u>	By December 15, 2024, and annually thereafter— Report interim expenditures to the CDE; No later than December 15, 2029— Report final expenditures to the CDE

¹Elementary and Secondary School Emergency Relief

²Governor's Emergency Education Relief

³California Department of Education

Funding Opportunities (For program website, click program name.)		
Description	Amount	Deadline
<u>California Career Technical Education Incentive Grant 2023-24</u>	Various	1/12/24
<u>Equity Lead</u>	Various	1/25/24
<u>2023-24 California Community Schools Partnership Program: Implementation Grant</u>	Various	2/9/24
<u>California Regional Environmental Education Community Grant</u>	Various	2/13/24

<u>California Community Schools Partnership Program: Formative Evaluations</u>	Various	2/22/24
<u>2024 School Breakfast Program (SBP) and Summer Meal Programs (SMP) Grants</u>	Various	3/1/24
<u>Education for Homeless Children and Youth (Local Education Agencies)</u>	Various	3/7/24
<u>Education for Homeless Children and Youth Program (County Offices of Education)</u>	Various	3/7/24
<u>2023-24 Classified School Employee Summer Assistance Program</u>	Various	4/1/24

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Workshop Spotlight - January 19, 2024

UPCOMING WORKSHOPS

Workshop	Date(s)	Locations
<u>Dollars and Cents of Collective Bargaining</u>	Jan. 30, 2024	Webinar
<u>Employee Leave Webinar Series</u>	Feb. 6, 2024	Webinar
<u>Federal Compliance—How to Stay Out of Trouble</u>	Feb. 13, 2024	Webinar
<u>Instructional Time and Attendance Planning</u>	Feb. 20, 2024	Webinar
<u>Charter Schools</u>	Mar. 5, 2024	Webinar
<u>The Audit Challenge—Updates and New Considerations</u>	Mar. 19, 2024	Webinar
<u>Recruitment Solutions Reimagined</u>	Mar. 26, 2024	Webinar
<u>Independent Study—Compliance and Best Practices</u>	Apr. 2, 2024	Webinar
<u>SACS 101—Budget Development</u>	Apr. 16, 2024	Webinar
<u>Maintenance of Effort Monitoring —Beyond the Basics</u>	Apr. 23, 2024	Webinar
<u>Employee Complaints and Investigations</u>	Apr. 30, 2024	Webinar
<u>Construction Basics and Accounting</u>	May 7, 2024	Webinar
<u>Special Education—Both Sides of the Equation</u>	Jun. 25, 2024	Webinar

If you are interested in a topic, but are unable to attend the live webinar, all of our webinars are recorded and available for on-demand viewing for 90 days. SSC can also bring the workshop to your district or county office of education. Go to the [Workshop](#) page on our website and "Request A Workshop."

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CASBO



Leaves of Absences
1/23/2024 - Virtual
23 January 2024



Purchasing 101 & 201
1/25/2024 - Virtual
25 January 2024



Southern Section 2024 Job-Alike
26 January 2024



Contracting with Confidence
1/30/2024 - Virtual
30 January 2024



San Diego/Imperial Section 2024 Annual Conference
1 February 2024



Northern Section 2024 Professional Development Institute
2 February 2024



Advanced Principles of School Law for the CBO
2/6/2024 - Virtual
6 February 2024



CalSTRS/CalPERS: Retirement Concepts
2/8/2024 - Virtual
8 February 2024



Central Section Legislative Meet and Greet
9 February 2024



Public Works Simplified
2/15/2024 - Virtual
15 February 2024



San Diego/Imperial Section - 2024 Imperial Road Show
22 February 2024



Understanding RFP & Bidding Processes
2/27/2024 - Virtual
27 February 2024



Payroll Concepts
2/29/2024 - Virtual
29 February 2024



Contracting with Confidence
3/7/2024 - Virtual
7 March 2024



Purchasing 101 & 201
3/14/2024 - Virtual
14 March 2024



Leaves of Absences
3/21/2024 - Virtual
21 March 2024



Public Works Simplified
3/26/2024 - Virtual
26 March 2024



Payroll Concepts
3/28/24-3/29/24 - Virtual
28 - 29 March 2024



Year-End Closing
- 4/16/2024 - Virtual
16 April 2024



Standardized Account Code Structure: Basic Concepts
- 4/17/2024 - Virtual
17 April 2024



Standardized Account Code Structure: Advanced Concepts
- 4/18/2024 - Virtual
18 April 2024



CalSTRS/CalPERS: Retirement Concepts
- 4/23/2024 - Virtual
23 April 2024



Understanding RFP & Bidding Processes
- 4/25/2024 - Virtual
25 April 2024



Payroll Concepts
- 4/30/2024 - Virtual
30 April 2024



Year-End Closing
- 5/2/2024 - Virtual
2 May 2024



Standardized Account Code Structure: Basic Concepts
- 5/15/2024 - Virtual
15 May 2024



Year-End Closing
- 5/23/2024 - Virtual
23 May 2024



Standardized Account Code Structure: Advanced Concepts
- 5/24/2024 - Virtual
24 May 2024



Payroll Concepts
- 5/30/24-5/31/24 - Virtual
30 - 31 May 2024



Year-End Closing
- 6/4/2024 - Virtual
4 June 2024



Purchasing 101 & 102
- 6/11/2024 - Virtual
11 June 2024



CalSTRS/CalPERS: Retirement Concepts
- 6/13/2024 - Virtual
13 June 2024