



2023-24 GOVERNOR'S EDUCATION BUDGET OVERVIEW



TONY THURMOND
State Superintendent
of Public Instruction

Overview of education-related funding included in the Governor's Budget for 2023-24

On January 10, 2023, Governor Gavin Newsom released his budget spending plan for 2023-24. The following provides information on the governor's proposals that affect preschool through grade twelve education.

Copies of this document, as well as other budget-related documents, are available on the California Department of Education (CDE) website at the CDE Education Budget web page (<https://www.cde.ca.gov/fg/fr/eb/index.asp>). Official state budget documents are available through the California Department of Finance (DOF) website (<https://dof.ca.gov/>).

OVERVIEW

The Governor's Budget forecasts General Fund revenues to be \$29.5 billion lower than at the 2022 Budget Act projections. With the lower projected revenues, California is estimating a budget gap of \$22.5 billion in the 2023-24 FY. The Governor's budget proposal maintains reserves of \$35.6 billion in 2023-24 and continues to improve investments in education for schools, students, and teachers.

PROPOSITION 98

- Provides \$108.8 billion Proposition (Prop) 98 funding for kindergarten through grade twelve (K-12) schools for 2023-24, a decrease of \$1.5 billion from the 2022-23 Budget Act funding level.
 - Increase in Prop 98 funding level in 2021-22 of \$200 million but a decrease in 2022-23 of \$3.5 billion.
- Provides \$23,723 in total K-12 per-pupil expenditures from all sources projected in 2023-24.
- Provides \$17,519 K-12 per-pupil expenditures from Prop 98 funds in 2023-24, an increase of \$526 per pupil over 2022-23 funding levels.
- Rebenchmarks Test 1 Prop 98 from 38.3 percent to 38.6 percent of the General Fund (GF) to account for enrollment increases related to the expansion of transitional kindergarten (TK).

PUBLIC SCHOOL SYSTEM STABILIZATION ACCOUNT (PSSSA)

- Projects a deposit into PSSSA will be required in 2021-22, in the amount of \$3.7 billion, \$1.1 billion in 2022-23, and \$365 million in 2023-24.
 - The deposit will result in a projected balance of \$8.5 billion, below the \$9.5 billion projected in the 2022-23 Budget Act.
 - This balance is greater than 3 percent of the total K-12 share of the Prop 98 amount, which continues the school district reserve caps of 10 percent that began in 2022-23.



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LOCAL CONTROL FUNDING FORMULA (LCFF)

- The Cost of Living Adjustment (COLA) is 8.13 percent, the highest in recent memory, which results in a \$4.2 billion Prop 98 GF increase for the LCFF.
- County Offices of Education (COE): increase of \$51.7 million Prop 98 GF to reflect an 8.13 percent COLA adjustment and average daily attendance (ADA) changes applicable to the LCFF.
- Includes \$300 million ongoing Prop 98 GF for an equity multiplier, an add-on to LCFF.
- Proposes amendments to the K-12 accountability and continuous improvement system to ensure equity gaps are identified and addressed through the Local Control and Accountability Plan and Differentiated Assistance process.

RESERVES

- Overall, the budget has \$35.6 billion set aside in reserves.
- The Rainy Day Fund balance is projected to be \$22.4 billion in 2023-24, the constitutional maximum mandatory deposit limit of 10 percent of the GF.
- Maintains \$900 million in the Safety Net Reserve.
- A total of \$8.5 billion in the Public School System Stabilization Account.
- Reserves of \$3.8 billion in the Special Fund for Economic Uncertainties to address emergencies and other unforeseen events.

PENSIONS

- Includes \$3.9 billion GF for statutorily required state contribution to CalSTRS.

EARLY EDUCATION

- Continues expanded eligibility for TK with \$690 million to implement the second year of TK expansion, expanding eligibility to children turning five years old between September 2 and April 2 (approximately 46,000 children). Full implementation of universal TK is expected in 2025-26.
- Provides \$165 million to support the addition of one certificated or classified staff person in TK classrooms.
- Builds on 2022-23 Budget Act with \$64.5 million Prop 98 GF and \$51.8 million non-98 GF to continue a multiyear plan to ramp up the inclusivity adjustments for the California State Preschool Program (CSPP), the second year of a three-year ramp up, with the final requirement that students with disabilities make up at least 7.5 percent of CSPP providers' enrollment.



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- Delays the 2023-24 planned \$550 million Full-Day Kindergarten Facilities Grant Program investment to 2024-25.

LITERACY

- Builds on the 2022-23 Budget Act by providing an additional \$250 million one-time Prop 98 GF for the existing Literacy Coaches and Reading Specialists Grant Program.
- Uses a \$1 million one-time GF to create a Literacy Roadmap to help educators navigate resources effectively and efficiently.

SPECIAL EDUCATION

- The budget proposes several programmatic changes:
 - Limiting the amount of funding that Special Education Local Plan Areas (SELPAs) are allowed to retain for nondirect student services before allocating special education base funding to their member local educational agencies.
 - Stabilizing current SELPA membership by extending the moratorium on creating new single-district SELPAs by two years, from June 30, 2024, to June 30, 2026.
 - Increasing fiscal transparency by requiring CDE to post each SELPA's annual local plan on its website, including its governance, budget, and services plans.

EDUCATOR WORKFORCE

- The Governor's Budget does not propose changes to existing programs or additional educator workforce investments but states that the Administration is committed to the thoughtful implementation of existing educator programs in the coming year.

ARTS AND CULTURAL ENRICHMENT

- Calculates the amount required to be allocated under the Arts and Music in Schools – Funding Guarantee and Accountability Act, as established by Prop 28 during the 2022 General Election, at \$941.
- Proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant, established in the 2022-23 Budget Act, by \$1.2 billion, from \$3.5 billion to \$2.3 billion.
- Proposes \$100 million one-time Prop 98 GF to provide high school seniors with access to cultural enrichment experiences.
 - This equates to about \$200 per twelfth-grade student.



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OTHER

- COLA: Increase of \$669 million Prop 98 GF to reflect an 8.13 percent COLA for categorical programs that remain outside of the LCFF (Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program).
- Facilities:
 - o Proposed decrease of \$100 million GF in planned support for the School Facility Program for 2023-24, from \$2.1 billion to \$2 billion.
 - o Proposes \$30 million Prop 98 GF to the Charter School Facility Grant Program.
 - o Proposed \$15 million set aside of the \$600 million appropriated in the 2022 Budget Act to support school kitchen commercial dishwashers.
- Student Health and Safety:
 - o Proposes \$3.5 million ongoing funds for all middle and high school sites to maintain at least two doses of fentanyl/opioid overdose medication.
 - o Proposes an additional \$10 million for opioid education, testing, recovery, and support (general—not specific to K-12 schools).

BUDGET BILLS

- Assembly Bill (AB) 221 Overview: <https://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/Highlights%20of%20Governors%20Proposed%202023-24%20Budget%20updated.pdf>
- Senate Bill (SB) 72 Overview: https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Summary_of_the_Governors_Proposed_2023_24_Budget.pdf