

Senate Budget and Fiscal Review—Scott D. Wiener, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Rosilicie Ochoa Bogh
Senator Sasha Renée Pérez



Thursday, April 3, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultant: Yong Salas

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Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

6100 DEPARTMENT OF EDUCATION**Issue 1: Literacy Proposals****Panel.**

- Hugo Solis Galeana, Department of Finance
- Nate Williams, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office
- Michael Alferes, Legislative Analyst's Office
- Cheryl Cotton, Department of Education
- Bonnie Garcia, Department of Education

Background.

Recent budgets have made several investments in literacy-specific initiatives, both one-time and ongoing. These include:

- **Screener for Reading Difficulties.** The 2023 Budget required all local educational agencies serving kindergarten through second grade to screen students for reading difficulties. A literacy screener expert panel was convened that selected multiple screeners for local educational agencies to adopt for implementation of the reading difficulties screener, which will begin in the 2025-26 school year.

The 2024 Budget appropriated \$25 million one-time Proposition 98 General Fund to prepare school staff for the adoption of a local reading difficulties screener.

- **Literacy and Reading Coaches.** The 2022 budget included \$250 million one-time Proposition 98 General Fund for the Literacy Coaches and Reading Specialists Grant Program, of which \$225 million is used for local educational agencies to develop school literacy programs, employ and train literacy coaches and reading and literacy specialists, and develop and implement interventions for pupils in need of targeted literacy support. This funding went to schoolsites that had an unduplicated pupil percentage of 97 percent or greater and served students in grades kindergarten through grade 3.

The remaining \$25 million was set aside to develop and provide training for educators to become literacy coaches and reading and literacy specialists. Sacramento County Office of Education was selected for this award, with Napa County Office of Education as its co-lead, as well as the following counties as regional hubs for this project: Butte, Glenn, Imperial, Kern, Kings, Los Angeles, Merced, Monterey, Riverside, and Santa Clara. Each county acts as a regional hub to support the Literacy Coaches and Reading Specialists program sites over the course of the grant.

The 2023 budget included another \$250 million one-time Proposition 98 General Fund for Literacy Coaches and Reading Specialists Grant Program, and this time schoolsites that

had an unduplicated pupil percentage of 95 percent or higher and did not receive funding from the first round were eligible. Of this amount, \$2 million was set aside for additional training as well as an independent evaluator.

Funds for the Literacy Coach and Reading Specialists Grant Program from the 2022 budget are available for encumbrance until June 30, 2027, and funds from the 2023 budget are available for encumbrance until June 30, 2028. The first comprehensive report for both investments are due to the Department of Finance, the State Board of Education and the Legislature by December 31, 2025.

- **Learning Acceleration Grants.** \$50 million one-time for evidence-based professional education to support learning acceleration, particularly in mathematics, literacy, and language development. Of this amount, \$14.5 million was granted to the San Diego County Office of Education from the California Collaborative of Educational Excellence to build capacity within districts across California to implement and support literacy development. (2021 Budget)
- **Early Literacy Support Block Grant.** \$50 million one-time for the Early Literacy Support Block Grant, which goes to the local educational agencies with the 75 schools that have the highest percentage of students in grade three scoring at the lowest achievement standard level on the English Language Arts assessment. (2020 Budget)
- **Reading and Literacy Supplementary Authorization Incentive Grant.** \$15 million one-time to support 6,000 teachers to receive their supplementary state certification in reading and literacy. (2022 Budget)
- **Reading and Instruction Intervention Grant.** \$10 million one-time for the Department of Education to generate and disseminate professional development opportunities for educators in evidence-based literacy instruction, literacy interventions, and executive functioning skills. (2021 Budget)
- **Expert Lead County Office of Education in Literacy.** \$3 million one-time for an Expert Lead in Literacy within the State System of Support. The Sacramento County Office of Education was selected as the Expert Lead. (2020 Budget)
- **Literacy Roadmap.** \$1 million one-time to establish the Literacy Roadmap to help educators apply the state’s curriculum framework to classroom instruction, navigate the resources and professional development opportunities available to implement effective literacy instruction, and improve literacy outcomes for all pupils with a focus on equity. (2023 Budget)
- **Statewide Literacy Plan.** In 2019, California was awarded \$37.5 million through the federal Comprehensive Literacy State Development Grant program, of which the State Literacy Plan was a component, and is intended to align and integrate state literacy initiatives, content standards, and state guidance documents to support educators.

Governor’s Budget. The Governor’s Budget proposes several literacy initiatives:

1. **Statewide Literacy Network.** The budget proposes one-time \$25 million Proposition 98 General Fund to the California Collaborative for Educational Excellence to convene, in consultation with the Department of Education, a Statewide Literacy Network. The Network will be tasked with: (1) convening literacy leads to support implementation of literacy related initiatives, (2) curate a clearinghouse for evidence-based literacy resources, and (3) study, highlight and disseminate information about high performing local educational agencies and best practices.
2. **Round 3 of Literacy Coaches, with Addition of Mathematics Coaches.** The budget proposes \$500 million, which will be broken down in the following way:
 - a. \$235 million is proposed for a third cycle of Literacy Coaches and Reading Specialists Grant Program for schools with 94 percent unduplicated pupils.
 - b. \$15 million for a county office of education, or a consortium of county offices, to provide professional development.
 - c. \$250 million is proposed for schools to employ and train mathematics coaches and specialists for schools with 90 percent or more of unduplicated pupils.
3. **Literacy Screener Professional Development.** The budget proposes one-time \$40 million Proposition 98 General Fund for the procurement of the screening instruments and for professional development for staff that will be administering the screeners.
4. **Reading and Literacy Supplementary Authorization Incentive Grant Program Participation Award Increase.** The budget proposes to increase the individual award to participating teachers from \$2,500 to \$6,000 per teacher, due to low uptake of the program. Of the original \$15 million appropriated for this purpose, only \$1.4 million has been encumbered after four rounds of applications.
5. **Transitional Kindergarten English Learner Assessment Tools and Implementation.** The budget proposes for the Superintendent of Public Instruction, with approval of the executive director of the State Board of Education, to select a screening instrument to identify multilingual transitional kindergarten students, with a requirement starting in 2027-28 for local educational agencies to administer these screeners to students whose primary language is other than English. The budget also proposes one-time \$10 million Proposition 98 General Fund for local educational agencies to procure the screening instruments and provide training for administration. AB 2268, which was signed by the Governor in 2024, exempted students in transitional kindergarten from being assessed with the statewide English Language Proficiency Assessment for California (ELPAC).

6. **English Language Arts/English Language Development Instructional Materials Supplemental Guidance.** The budget makes available approximately \$350,000 for a county office of education to partner with a research organization, institute of higher education, or other non-profit with expertise in evidence-based literacy instruction to develop guidance to support follow-up adoption and subsequent implementation of English Language Arts/English Language Development instructional materials.

Legislative Analyst's Office.

Regarding Literacy and Mathematics Coaches:

Adopt Math and Literacy Coach Proposals. We recommend the Legislature adopt funding for literacy and math coaches. In our view, enhanced efforts to address the state's poor math and reading outcomes are warranted. Furthermore, various studies suggest that math and literacy coaches can be an effective way to improve student test scores. By limiting eligibility to the highest-poverty schools, the proposal would target many of the schools that could most benefit from the funding.

Modify Math Coach Grant Structure. We recommend making several modifications to the math coach proposal that would help ensure the funds are being used in a way that is most effective. Specifically, we recommend the Legislature adopt the following changes to the proposal:

- Limit grant eligibility to elementary schools, which would align funding with the research on coaches suggesting that this is where the state is likely to see the greatest improvements.
- Set a minimum grant amount for schools. This would ensure the amount of funding provided through the grant will be sufficient to cover the costs of the required activities.
- Require LEAs spend funds only for benefit of eligible school sites. This would help ensure the funds are being used at schools that need the most support.
- Consider making LEAs automatically eligible for the grants, rather than requiring them to apply for funding. This would reduce administrative burden for LEAs.

Consider Mix of Math and Literacy Coach Funding. The Legislature could consider changing the proportion of new funding set aside for literacy or math coaches. The ultimate mix will depend on how the Legislature prioritizes support for these two different subject areas. Providing more funding for literacy coaches would help further advance an initiative the state has already funded. Providing more funding for math coaches would help the state begin to establish coaches in high-poverty schools and provide more individuals with access to training that will prepare them to become math coaches.

Regarding the Literacy Screener Training:

Reduce Literacy Screening Training Funding. We recommend reducing the proposed funding for literacy screening to \$15 million in 2025-26. When combined with the \$25 million provided in 2024-25, this would provide LEAs a total of \$40 million, which is the total estimated initial cost to begin implementing the new requirements.

Regarding the Transitional Kindergarten Multilingual Assessment Screener:

Adopt Proposal. We recommend the Legislature adopt the proposed \$10 million increase for a TK multilingual screener. The proposal would provide districts a developmentally appropriate tool to help identify TK students who would benefit from additional English development support. Better identifying these students could help districts target early intervention services to help them gain English proficiency more quickly and improve their academic outcomes. Additionally, giving districts 60 days to assess students, as opposed to 30 days, would allow TK students more time to adjust to the school setting prior to being screened.

Consider Trade-Offs of Setting Service Requirements for Multilingual Learners. As the Legislature considers actions it can take to better support multilingual learners in TK, it may want to weigh the trade-offs of having service requirements in law for students that have been identified as multilingual learners. Having service requirements would give the state greater assurance that districts will provide early language interventions that benefit students, but this could increase their associated costs. As the Legislature weighs whether to set additional requirements, it may also want to consider that districts are no longer receiving any state or federal funding specifically for multilingual learners in TK. If the Legislature wanted to provide funding to support multilingual learners, it could consider several options. For example, it could consider modifying LCFF to account for multilingual learners or provide funding through a separate targeted grant. Under either approach, the Legislature may want to ensure that the level of funding provided is aligned with any service requirements added in statute.

Suggested Questions.

- We do not know the outcomes or effectiveness of some of the previous investments, like the Literacy Coaches and Reading Specialists Grant Program, and in some programs, the interest has not manifested despite multiple application rounds, like the Reading and Literacy Supplemental Authorization Incentive Grant. What is the evidence that these programs be extended or expanded?
- There have been several initiatives that have provided opportunities for coordinated statewide professional development and coordination – what is the evidence that additional resources are necessary for a statewide literacy network and additional professional development around literacy support, and additional online hubs for resources when the Department of Education website includes literacy resources, when several statewide literacy coordination efforts have been funded in the past few years?

Staff Recommendation. Hold open.

Issue 2: Expanded Learning Opportunities Program**Panel.**

- George Harris, Department of Finance
- Michael Funk, Department of Education
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office

Background.

Expanded Learning Opportunities Program. The 2021 Budget established the Expanded Learning Opportunities Program to provide students access to after school and intersessional expanded learning opportunities for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for at least 30 non-school days. Classroom-based local educational agencies are allocated funds based on their prior year enrollment of unduplicated pupils (low-income, foster youth, and English learners) in grades TK through sixth grade.

Local educational agencies are allowed to incorporate all three after school programs and funding streams – After School Education and Safety (ASES), 21st Century Community Learning Centers, and the Expanded Learning Opportunities Program – into one comprehensive program for its communities. For example, unduplicated students who are counted towards ASES program funding are allowed to be counted towards the expanded learning program requirements, and funds provided through the expanded learning opportunities program are allowed to be used for the local match in ASES.

Funding for the Expanded Learning Opportunities Program is currently \$4 billion annually, with a guaranteed rate of \$2,750 per pupil multiplied by the unduplicated pupil percentage for local educational agencies with unduplicated pupil percentages of 75 percent and above (known as Rate 1). The remaining funds are divided by the local educational agencies with unduplicated pupil percentages below 75 percent (also known as Rate 2). In 2022-23, the Rate 2 rate per pupil was \$2,052, and in 2023-24, the Rate 2 rate per pupil dropped to \$1,803. Local educational agencies may charge a fee for after school programs to students that are not eligible for free or reduced priced meals or are homeless.

Beginning with the 2023-24 fiscal year, the Rate 1 local educational agencies must offer expanded learning opportunity program services to all of its students and provide access to services to any student in kindergarten through sixth grade whose parent or guardian requests it. The Rate 2 local educational agencies are required to offer it to all of its K-6 unduplicated students and provide program access to at least 50 percent of its unduplicated population. Funds provided to local educational agencies for the Expanded Learning Opportunities Program in the 2021-22 and 2022-23 fiscal year must be used to develop an expanded learning opportunity program or provide services in accordance with program requirements, and local educational agencies may use these funds until June 30, 2024.

The 2024-25 budget stipulated that any unencumbered funds from the 2021-22 or 2022-23 budget acts for expanded learning be returned to the state by September 30, 2024 to supplement the Rate 2 rates, up to \$2,000 per student. Additionally, the 2024-25 budget allowed local educational agencies to opt-out of providing expanded learning programs beginning in 2025-26, and in turn surrender associated funds, which can then be used to supplement Rate 2 rates.

In the 2024-25 school year, local educational agencies returned \$443.6 million from the 2021-22 and 2022-23 fiscal years, which increased the Rate 2 rate to the maximum \$2,000 per pupil. Without the supplemental funding that was recouped from 2021-22 and 2022-23, the Rate 2 rate would have \$1,579.91. 44 local educational agencies did not expend any funds received from the expanded learning program. Of these local educational agencies, a little more than half (24) received the minimum base grant of \$50,000.

Governor's Budget. The budget proposes an ongoing augmentation of \$435 million Proposition 98 General Fund to lower the unduplicated pupil percentage of Rate 1 schools from 75 percent to 55 percent, for a total appropriation of \$4.4 billion annually.

According to the Department of Finance, 475 local educational agencies will move to have Rate 1 rates, which represents an average daily attendance of 708,759. 862 local educational agencies will remain at Rate 2.

Legislative Analyst's Office

Estimated Cost of Proposal Is Reasonable, but Recommend Delaying Changes at Least One Year. The Governor's budget increases ELOP funding by \$435 million and makes all districts with EL/LI shares of 55 percent or more eligible for the higher Tier 1 funding rate. Districts that shift to the higher funding rate would be required to offer the program to all students, not only their EL/LI students. The amount of funding proposed is a reasonable estimate of the costs associated with the proposed change. If the Legislature adopts the Governor's proposal, we recommend delaying the requirements and associated funding for at least a year. Districts would have little time after the state budget is enacted in June to make the staffing and facilities changes necessary to meet the new requirements in 2025-26.

Recommend Revisiting Overall Structure. Given the Governor's proposed increase in funding for ELOP, we think this is a good opportunity for the Legislature to revisit the overall structure for expanded learning programs. We identify several key problems the Legislature might want to address before expanding the program. Specifically, we make the following recommendations:

- ***Align Funding for ELOP and the After School Education and Safety (ASES) Program.*** Currently, many of the students required to be served with ELOP already have access to expanded learning through ASES. As a result, districts effectively receive two different streams of funding to serve some of the same students. One way to address this issue would be to reduce ELOP funding by the amount of ASES funding districts receive. This would mean districts have less ELOP funding for programming beyond the

minimum requirements, but would free up several hundreds of millions of dollars that could be redirected to other education priorities.

- ***Over the Long Run, Fund ELOP Based on Actual Program Participation.*** Current ELOP funding is based on the amount of EL/LI elementary school students in a district rather than the amount participating in the program. This results in districts with high demand for the program receiving less funding per participating student than districts with lower demand. We recommend the state fund ELOP based on the number of students participating in ELOP programming as program participation data starts becoming available (beginning 2026-27).
- ***Consider Setting a Fixed Rate for Lower Funding Tier.*** The current funding rate for Tier 2 districts changes each year based on the amount of funding remaining after Tier 1 districts have been funded. This makes planning in these districts challenging. The state could set a fixed ELOP rate to reduce uncertainty in these districts, although this would shift some of the fiscal risks and uncertainties to the state.

Staff Recommendation. Hold open.

Issue 3: Special Education

Panel.

- Alaina Powell, Department of Finance
- Edgar Cabral, Legislative Analyst's Office
- Dr. Rachel Heenan, Department of Education

Background.

Children with challenges in development or physical impairments may need intervention or supports of some form and are eligible to receive supportive services through a variety of programs. Once a child enters the public school system, the school district of residence provides both education services and eligible special education supports and services for identified disabilities that would otherwise hinder a child from receiving a “free and appropriate public education.” For infants, toddlers, and preschool aged children (generally ages zero to five), families may need to navigate a variety of programs to meet the educational and developmental needs of their children. Once a child enters the public school system, the child is eligible to receive services through age 21.

“Special education” describes the specialized supports and services that schools provide for students with disabilities under the provisions of the federal Individuals with Disabilities Education Act (IDEA). Federal special education laws originally enacted in 1975 and reauthorized as IDEA in 2004, require states to provide early intervention services for infants and toddlers and schools to provide “specially designed instruction, and related services, at no cost to parents, to meet the unique needs of a child with a disability.” The law requires the provision of these special supports and services to students with exceptional needs from age 0 to age 22, or until they graduate from high school with a diploma.

Children with disabilities who are younger than age five and are not yet in school settings receive supports and services in different ways. For infants and toddlers (ages zero to three years old), an individualized family service plan is created and services are generally provided by regional centers. These centers are non-profit agencies overseen by the Department of Developmental Services. The state’s federal IDEA plan required hearing, visual, or orthopedic (HVO) impairment services to be provided by the schools if an HVO impairment is the child’s only disability. Once a child reaches age three, the responsibility for serving children with disabilities is transferred to the school district of residence and regional centers are required to work with school districts during this transition.¹ Through regional centers and school districts, the state also operates a child-find system to identify children for evaluation for early intervention and special education eligibility.

To determine a child’s eligibility for special education, schools must conduct a formal evaluation process within a prescribed timeline. If it is determined that a child is an eligible student with disabilities, a team including special education staff, school staff, parents, and other appropriate

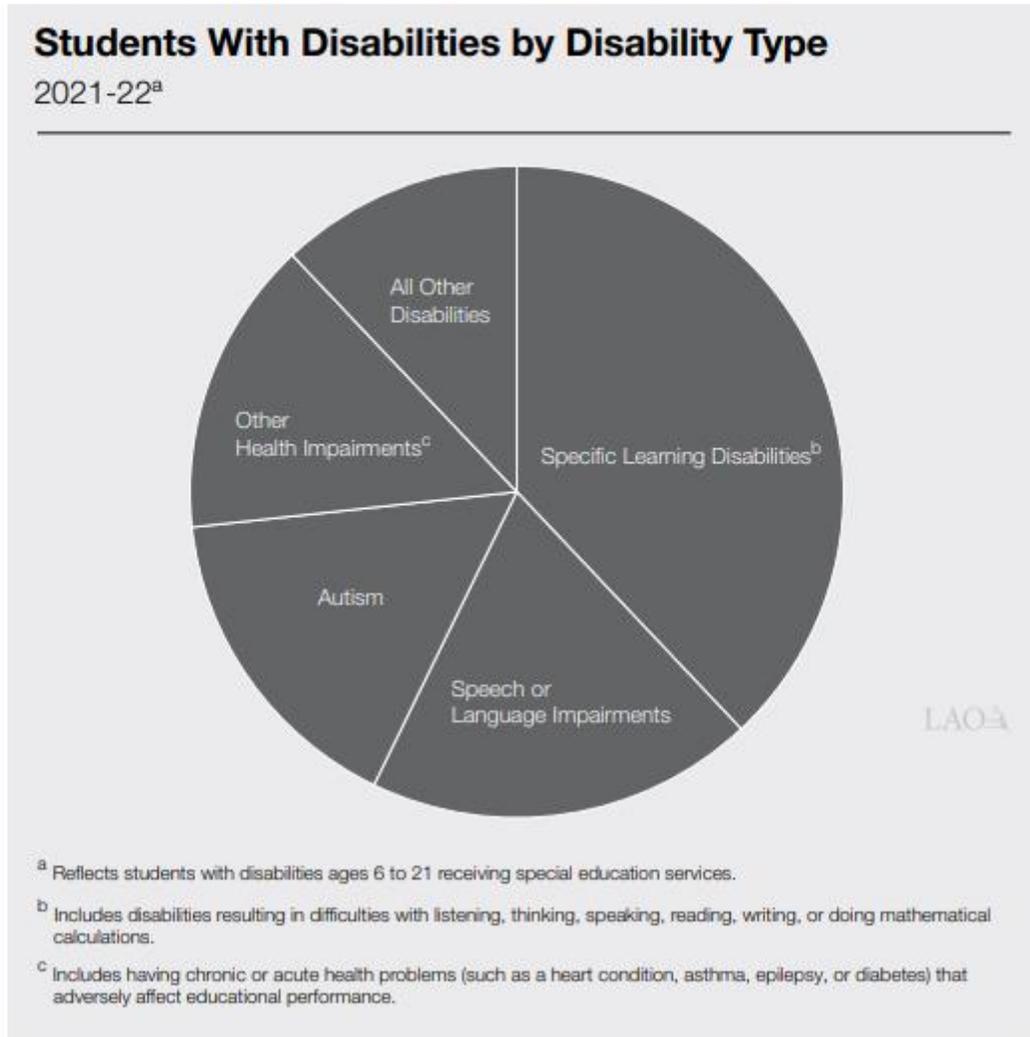
¹ Legislative Analyst’s Office, *Evaluating California’s System for Serving Infants and Toddlers with Special Needs*, January 4, 2018.

personnel meet to develop an individualized education program (IEP) to define the additional special education supports and services the school will provide. Each student's IEP differs based on his or her unique needs. Specialized academic instruction is the most common service that schools provide. This category includes any kind of specific practice that adapts the content, methodology, or delivery of instruction to help students with disabilities access the general curriculum. Other commonly provided services include speech and language, physical and occupational therapy, behavioral support, and psychological services. Educationally-Related Mental Health Services are specific mental health services provided to students who qualify for special education services, present with social-emotional needs that have not responded to lower levels of intervention, and impact their ability to learn or benefit from their special education program.

Federal law also dictates that students must receive a Free Appropriate Public Education in the Least Restrictive Environment. This means that to the greatest extent possible students with disabilities are to receive their education in the general education environment with peers without disabilities. According the Legislative Analyst's Office,² nearly 13 percent of California students have disabilities impacting their education. Most students who qualify for special education services have a specific learning disability, speech or language impairment, or autism, as shown in the chart below:

² Legislative Analyst's Office. *Overview of Special Education in California*. November 16, 2023.

Most California Students Who Qualify for Special Education Have a Specific Learning Disability, Speech or Language Impairment, or Autism



Source: Legislative Analyst's Office

English learners are overrepresented in special education. In 2023-24, while special education students comprise 14 percent of all students, English learners represent 22.4 percent of all special education students.

The 2022 Budget Act convened an Individualized Education Program (IEP) Expert Panel, facilitated by the California Collaborative for Educational Excellence, to refine the IEP template for usability, over a two-year work period. In June 2024, the Collaborative released its report with the final California IEP template. Senate Bill 455 (Portantino, 2024), was signed last year, and requires the Department of Education to translate the final draft of the state standardized IEP

template developed by the Collaborative into the top 10 most commonly spoken languages used across the state, and make those templates available on its website.

Governor's Budget.

Digitization and translation of the IEP template. The Governor's Budget proposes \$1 million for the California Collaborative of Educational Excellence to digitize the state standardized IEP template. Of this amount, \$250,000 would be available for the High-Quality Individualized Education Program Special Education Resource Lead to consult on the digitization of the template and the scope of the statewide professional development needed for statewide implementation. \$57,500 is also available for administrative costs for the Collaborative and its fiscal agent, Marin County Office of Education.

The Governor's Budget also proposes \$1 million for a county office of education to translate the digitized IEP template into the top 10 most commonly spoken languages in the state.

Inclusive College Technical Assistance Center clean up. The Governor's Budget proposes technical changes to the Inclusive College Technical Assistance Center program, clarifying that a county office of education or county offices of education could be selected as the California Center for Inclusive College, and changes to its advisory workgroup.

Community Treatment Facilities Clean-Up. The Governor's Budget proposes to include community treatment facilities to special education out-of-home-care funding formula, which is provided to Special Education Local Plan Areas for pupils residing in group homes or other types of facilities. Community treatment facilities received funding from the out-of-home care funding formula prior to the update of the formula beginning in 2021-22.

Special Education Growth and Cost-of-Living Adjustment. The Governor's Budget proposes a growth adjustment for special education funding of \$36.9 million Proposition 98 General Fund, and a cost-of-living adjustment of \$145.5 million Proposition 98 General Fund. These estimates will be updated at the May Revision.

Staff Recommendation. Hold open.

Issue 4: Nutrition**Panel.**

- Nate Williams, Department of Finance
- Edgar Cabral, Legislative Analyst’s Office
- Kim Frinzell, Department of Education

Background.**School Nutrition Programs (SNP)**

Since 2022-23, Local Educational Agencies, including charter schools, have been required to provide two school meals to students free of charge for grades Transitional Kindergarten to grades twelve during each school day, regardless of a student’s eligibility for federally funded free and reduced price meals as part of California’s Universal School Meals program. The budget provides for the state reimbursement of school meals up to the combined free breakfast and lunch reimbursement rate amounts not covered by the federal meal reimbursements for schools participating in the federally funded school meals program.

Education Code Section 49550(c) defines “school day” as any day that pupils in kindergarten or grades 1 to 12, inclusive, are attending school for purposes of classroom instruction, including, but not limited to, pupil attendance at minimum days, state-funded preschool, transitional kindergarten, summer school including incoming kindergarten pupils, extended school year days, and Saturday school sessions.

A nutritionally adequate meal (breakfast and lunch) must meet the federal meal pattern requirements and qualify for federal reimbursements.

The 2024 budget directed the Department of Education to develop a universal benefit form that would be able to collect information that determines eligibility for Local Control Funding Formula purposes and school meal eligibility purposes by November 1, 2025. The Department of Education announced the finalization of this form ahead of the statutory deadline in March 2025.

Types of Meal Programs

The California Department of Education (CDE) administers school meal programs overseen by the United States Department of Agriculture (USDA). The main programs are as follows:

National School Lunch Program (NSLP) – The National School Lunch Program is a federally funded program that assists schools and other agencies in providing nutritious lunches to children at reasonable prices. In addition to financial assistance, the program provides donated commodity foods to help reduce lunch program costs. The National School Lunch Program is operated on a reimbursement basis, with agencies paid on the number of meals served. Agencies that participate

in the program are reimbursed from two sources: the USDA and the State of California. State reimbursement is paid for all free and reduced price as well as paid meals. Federal reimbursement is paid for all free, reduced price, and paid meals. The National School Lunch Program (NSLP) also offers reimbursement to schools serving nutritious snacks to children participating in after-school care programs.

School Breakfast Program – Local Educational Agencies may also choose to participate in the School Breakfast Program. The School Breakfast Program is a federally funded USDA program which assists schools and other agencies in providing nutritious breakfasts to children at reasonable prices. Similar to the National School Lunch program, the School Breakfast Program must be open to all enrolled children. If a child already qualifies for free or reduced-price lunches, then the child would also qualify for free or reduced-price breakfasts. The School Breakfast Program is operated on a reimbursement basis, with agencies paid on the number of meals served multiplied by the appropriate reimbursement rate. State reimbursement is paid for all free and reduced price and paid meals. School sites may qualify for higher reimbursement rates if they are designated to be in severe need (if, two years prior, 40 percent or more of the lunches served at the site were free or reduced-price). Sites must annually re-establish their eligibility for the Severe Need Breakfast Reimbursement.

Summer Food Service Program - The Summer Food Service Program (SFSP) is a U.S. Department of Agriculture (USDA) federally funded program that reimburses sponsors for administrative and operational costs to provide meals for children 18 years of age and younger during periods when they are out of school for fifteen (15) or more consecutive school days. Sponsors may operate the SFSP at one or more sites, which are the actual locations where meals are served and children eat in a supervised setting. Eligible sites are those that serve children in low-income areas or those that serve specific groups of low-income children. Sponsors must provide documentation that proposed sites meet the income eligibility criteria required by law. There are three common types of sites: open sites, camps (residential and nonresidential), and closed enrolled sites.

Open sites are meal sites where meals are available to any child from the community. Open sites are located in needy areas where 50 percent or more of the children residing in the area are eligible for free or reduced-price (F/RP) school meals, enrollment in a program is not required. Meals are made available to all children in the area on a first-come, first-serve basis. Camp sites are those that offer regularly scheduled food service along with organized activities for enrolled residential or day campers. The camp receives reimbursement only for meals served to enrolled children who qualify for F/RP meals. Closed sites are open only to enrolled children or to an identified group of children, as opposed to the community at large. Closed enrolled sites must also establish their eligibility through the individual income eligibility of the children attending the site.

LEAs may also choose to operate a Seamless Summer Option through the National School Lunch (NSLP) or School Breakfast Programs (SBP). School Food Authorities (SFA) follow the same meal service rules and claiming procedures used during the regular school year. Meals served are reimbursed at the NSLP and/or SBP “free” rates.

Eligibility

Under federal USDA school meal programs, all school-aged children in income-eligible households are eligible for school meal benefits regardless of a child's immigration status. The family-size income levels are prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced price meals and free milk. The free guidelines are 130 percent of the Federal poverty guidelines. The reduced price guidelines are 185 percent of the Federal poverty guidelines.

LEAs may identify eligible children in a few different ways. They must notify all families of free and reduced price meals and provide applications for families to complete. In addition, LEAs may directly certify student eligibility by using information from other means-tested programs, including Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) or by determining that a child is eligible due to identification as homeless, runaway, migrant, or foster child, or enrollment in federal Head Start or comparable state program. LEAs must provide households with notification of direct certification or provide an application.

Alternative Ways to Claim Student Meals

Community Eligibility Provision (CEP) - The CEP was implemented by the federal Healthy, Hunger-Free Kids Act of 2010. The CEP allows high-poverty schools to eliminate the administrative burden of school meal applications and still serve breakfast and lunch at no charge to all students. In October 2023, the USDA expanded access to the Community Eligibility Provision by lowering the minimum identified student percentage participation threshold from 40 percent to 25 percent; however, the 2024 Budget enacted changes to state law to preserve the threshold to 40 percent. The identified student percentage is determined by how many students are eligible under direct certification. The deadline for local educational agencies to submit applications for participation to the California Department of Education is June 30 of every year. Reimbursement under CEP is determined by multiplying the identified student percentage by the multiplier, which is 1.6 (a number set by the U.S. Department of Agriculture). This is the percentage of meals that can be claimed at the free rate. The meals reimbursed at the free rate will be reimbursed with federal reimbursement, while additional state reimbursement will cover the cost of any meals claimed at the paid rate.

All schools eligible for the Community Eligibility Provision, the federal universal meals provision, are required to apply for the program, and local educational agencies may group schools and average their identified student percentage to meet the 40 percent threshold. The state will then cover any remaining unreimbursed costs up to the federal free per-meal rate.

“Provision 2.” Provision 2 requires that the school serve meals to participating children at no charge but reduces application burdens to once every four years. It also simplifies meal counting and claiming procedures by allowing a school to receive meal reimbursement based on claiming percentages. Additional four-year extensions of Provision 2 are possible when certain conditions are met.

Recent Budget Actions

Typically, an LEA must operate under specific rules related to the meal programs they are participating in to receive reimbursement. This means that during the school year, LEAs participating in school meals program provide meals at specified times, sites, and settings. During the summer, when school is out of session, LEAs may continue to participate in meal programs that allow for more flexibility in the methods of food distribution as described above.

2022-23 Budget Act. The 2022-23 Budget included \$596 million Proposition 98 General Fund to cover the costs of universal meal requirements that were enacted in the 2021-22 budget, to bring total funding to \$650 million.

Additionally, the budget included \$600 million in one-time Proposition 98 General Fund to upgrade school kitchen infrastructure and equipment, and \$100 million one-time Proposition 98 General Fund for School Food Best Practices Grant for local educational agencies. The School Food Best Practices Grant funding is intended to assist local educational agencies to purchase California-grown or produced, sustainably grown, whole or minimally processed foods, and plant-based or restricted diet meals.

The Budget also included a new provision that allows the Department of Finance to administratively augment funding for school meals if a shortfall for the current year is projected. In May 2023, the Department of Finance augmented approximately \$110 million Proposition 98 General Fund to ensure that school meal reimbursements were fully funded.

2023-24 Budget Act. The 2023-24 Budget included an augmentation of \$154.1 million for costs related to the universal meal requirements, in addition to a cost-of-living adjustment of \$75.8 million, for total Proposition 98 General Fund allocation of \$1.4 billion.

The 2023 Budget also included \$142.6 million in one-time federal funds for the purchase of domestic food products by school nutrition programs as part of the federal Supply Chain Assistance Program.

The budget includes \$15 million Proposition 98 General Fund for grants for dishwashers.

2024-25 Budget Act. The budget appropriates \$179.4 million ongoing Proposition 98 General Fund and an additional \$120.8 million one-time Proposition 98 General Fund to support universal school meals in 2023 and 2024. The budget includes a total of \$1.85 billion Proposition 98 General Fund to support universal school meals in 2024. The budget also supports the drawdown of federal funds to continue to implement the Universal Meals program by:

- Requiring monthly direct certification matching through CALPADS.
- Requiring the Department of Education to develop an electronic Student Benefit Form that can be used for both Local Control Funding Formula and federal meal eligibility purposes.

- Providing flexibility for local educational agencies to operate their meal programs under specified federal meal service provisions.

Recent Federal Actions. On March 7, 2025, the federal USDA notified the California Department of Education that they were rescinding a little more than \$70 million in federal funds from the recently announced Local Food for Schools and Child Care Cooperative Agreement. This funding allowed the CDE to provide eligible school food authorities with additional federal funding to purchase unprocessed or minimally processed local, regional, or California grown and produced food, with an emphasis on purchasing from historically underserved producers and processors. The Local Food for School funds could only be used for the purchase of foods.

On March 27, 2025, the Secretary for the USDA sent a letter to Governor Gavin Newsom stating that the USDA will undertake a review of its research and other education-related funding in California for compliance with federal law, in particular to the federal Family Educational Rights and Privacy Act (FERPA). The California Department of Education responded: “Assembly Bill (AB) 1955 prohibits local educational agencies from mandating that staff disclose students’ gender identity to parents without student consent, unless otherwise required by state or federal law. AB 1955 does not mandate nondisclosure. Based on the plain language of both laws, there is no conflict between AB 1955 and Family Education Rights and Privacy Act (FERPA), which permits a parent access to their student’s written records upon request.”

Governor’s Budget.

School Meal Reimbursement Adjustments. The Governor’s Budget includes an augmentation of \$84 million for costs related to the universal meals program growth, in addition to a cost-of-living adjustment of \$22.2 million, for total Proposition 98 General Fund allocation of nearly \$2 billion. The budget also proposes \$2.8 billion in federal reimbursements for school meals.

Kitchen Infrastructure and Training Grants. The budget proposes \$150 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.

Farm to School Grant Program. The budget also proposes \$24.9 million one-time General Fund for the Farm to School Grant Program, administered by the Department of Food and Agriculture. This issue will be considered in Senate Subcommittee #4.

Legislative Analyst’s Office.

Recommend Providing More School Nutrition Funding in the Budget Year. The administration proposes providing an additional \$84 million in 2025-26 aligned with its estimate of universal meals. We estimate the state will serve 967 million meals in 2025-26, or 46 million (5 percent) above the administration’s estimate. Based on our higher estimates, we recommend providing \$32 million more than the Governor proposes for school nutrition programs in

2025-26. This would reflect cost growth more consistent with recent trends in the number of school meals served.

Recommend Rejecting Third Round of KIT Funds. The Governor’s budget also proposes \$150 million one-time Proposition 98 funding for grants to increase capacity for offering freshly prepared meals on-site. We recommend the Legislature reject this proposed funding. The effect of previous KIT funding on the capacity of LEAs to serve more meals is still unclear. The state also has little information on the demand of LEAs to serve freshly prepared on-site meals. The Legislature could evaluate if additional funding is merited in 2026-27, when more information on the uses of the first and second round of KIT funds will be available.

Recommend Better Ongoing Data Collection Aligned With Statewide Nutrition Priorities. In addition to KIT funds, the state has funded many other nutrition initiatives over the past several years. These funds have typically lacked outcome expectations. If the Legislature continues to provide funds for specific nutrition initiatives, we recommend the state set goals associated with the funds and collect data statewide to assess progress towards meeting these goals. This additional data would help the Legislature determine whether to continue to dedicate resources to a specific priority, or if sufficient progress has been made such that the state could direct funding toward other priorities.

Staff Recommendation. Hold open.