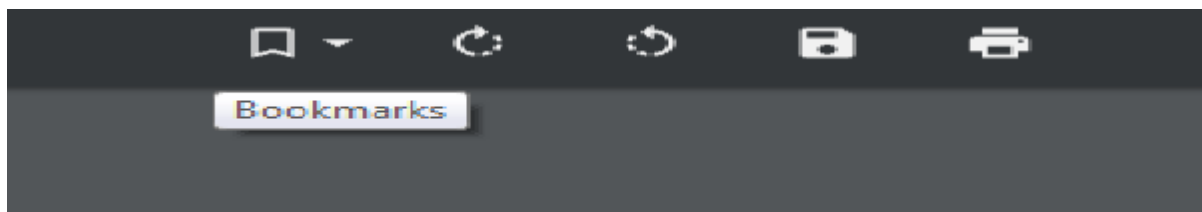


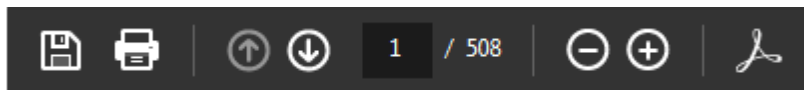
Senate Budget and Fiscal Review

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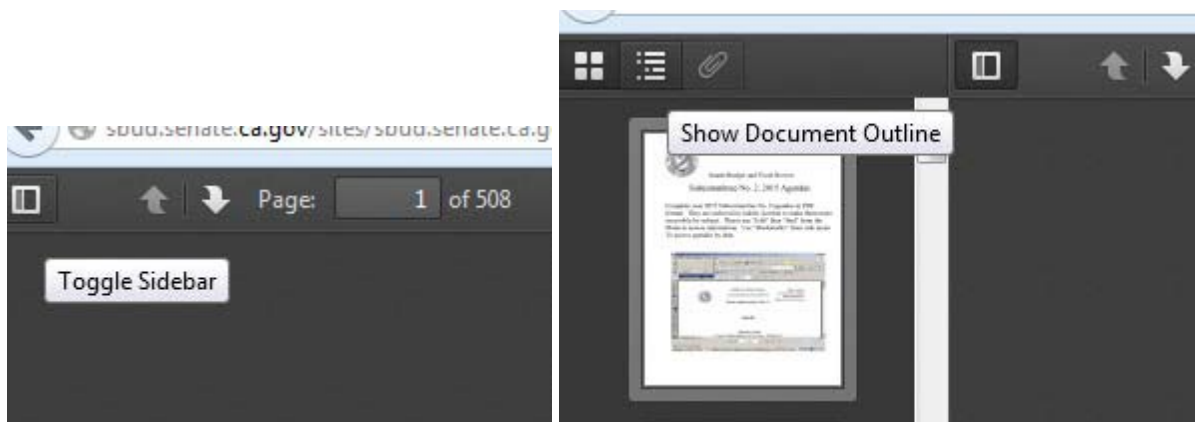
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Senate Budget and Fiscal Review—Scott D. Wiener, Chair

SUBCOMMITTEE NO. 1

Agenda

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



Thursday, February 27, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultant: Yong Salas

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Public Comment

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6100 DEPARTMENT OF EDUCATION

Issue 1: State of Education

Panel.

- Tony Thurmond, California State Superintendent of Public Instruction

Background.

The Superintendent of Public Instruction will provide an update on the state of K-12 education in California. This item is informational only.

Issue 2: Proposition 98 Overview and Structure

Panel.

- Alex Shoap, Department of Finance
- Ken Kapphahn, Legislative Analyst's Office

Proposition 98.

California provides academic instruction and support services to nearly six million public school students in kindergarten through twelfth grades (K-12) and 1.8 million students in community colleges. There are 58 county offices of education, approximately 1,000 local K-12 school districts, nearly 10,000 K-12 schools, and nearly 1,300 charter schools throughout the state. Of the K-12 students, approximately 3.8 million are low-income, English learners, or foster youth students or some combination of those categories. Approximately 1.12 million of the K-12 students served in public schools are English learners. There are also 73 community college districts, 116 community college campuses, and 72 educational centers. Proposition 98, which was passed by voters as an amendment to the state Constitution in 1988, and revised in 1990 by Proposition 111, was designed to guarantee a minimum level of funding for public schools and community colleges.

For 2025-26, the proposed budget includes \$118.9 billion in Proposition 98 funding. The Governor's budget also maintains the suspended level of Proposition 98 funding for 2023-24 of \$98.5 billion from the 2024-25 enacted budget. For 2024-25, while the Governor estimates an increase in the total Proposition 98 minimum guarantee of \$3.9 billion for a total of \$119.2 billion, the budget appropriates the 2024-25 guarantee at \$117.6 billion, a difference of approximately \$1.6 billion. These adjustments are primarily the result of higher than anticipated General Fund revenues than projected at the 2024 final budget act.

Proposition 98 Funding. State funding for K-14 education—primarily K-12 local educational agencies and community colleges—is governed largely by Proposition 98. The measure, as modified by Proposition 111, establishes minimum funding requirements (referred to as the “minimum guarantee”) for K-14 education. General Fund resources, consisting largely of personal income taxes, sales and use taxes, and corporation taxes, are combined with the schools' share of local property tax revenues to fund the Proposition 98 minimum guarantee. These funds typically represent about 80 percent of statewide funds that K-12 schools receive. Non-Proposition 98 education funds largely consist of revenues from local parcel taxes, other local taxes and fees, federal funds and proceeds from the state lottery. In past years, there have been two statewide initiatives that increased General Fund revenues and therefore, the Proposition 98 minimum guarantee. Proposition 30, passed by the voters in 2012, raised sales and income taxes, but was designed to phase out over seven years. Anticipating the expiration of the Proposition 30 taxes, Proposition 55 was passed by voters in 2016, extending the income tax portion of Proposition 30 for another 12 years.

The Great Recession that began in 2008 impacted both General Fund resources and property taxes. The amount of property taxes has also been impacted by a large policy change since then—the elimination of redevelopment agencies (RDAs) and the shift of property taxes formerly captured by the RDAs back to school districts. The guarantee was adjusted to account for these additional property taxes, so although Local Educational Agencies (LEAs) received significantly increased property taxes starting in 2012-13, they received a roughly corresponding reduction in General Fund.

The table below summarizes overall Proposition 98 funding for K-12 schools and community colleges in 2007-08, or just prior to the Great Recess, and 2018-19, prior to the COVID-19 pandemic.

The Governor’s 2025-26 proposed budget includes significant increases in comparison to the 2024 Budget Act, due to higher revenue estimates as well as a \$1.6 billion increase in the required maintenance factor payment in 2024-25 as result of suspending Proposition 98 in the 2023-24 fiscal year.

**Proposition 98 Funding
Sources and Distributions
(Dollars in Millions)**

	Pre- Recession 2007-08	Pre- Pandemic 2018-19	Revised 2023-24	Revised 2024-25	Proposed 2025-26
Sources					
General Fund	42,015	54,505	67,093	86,619	84,603
Property taxes	14,563	23,942	31,392	32,569	34,321
Total	56,577	78,448	98,484	119,188	118,923
Distribution					
K-12	50,344	69,253	94,630	103,114	104,968
CCC	6,112	9,195	12,267	13,352	13,579
PSSSA	N/A	N/A	-8,413	1,157	376

Source: Legislative Analyst’s Office

Calculating the Minimum Guarantee. The Proposition 98 minimum guarantee is determined by comparing the results of three “tests,” or formulas, which are based on specific economic and fiscal data. The factors considered in these tests include growth in personal income of state residents, growth in General Fund revenues, changes in student average daily attendance (ADA), and a calculated share of the General Fund. When Proposition 98 was first enacted by the voters in 1988, there were two “tests”, or formulas, to determine the required funding level. Test 1 calculates a percentage of General Fund revenues based on the pre-Proposition 98 level of General Fund that was provided to education, plus local property taxes. The Test 2 calculation is the prior year

funding level adjusted for growth in student ADA and per capita personal income. K-14 education was initially guaranteed funding at the higher of these two tests. In 1990, Proposition 111 added a third test, Test 3, which takes the prior year funding level and adjusts it for growth in student ADA and per capita General Fund revenues. The Proposition 98 formula was adjusted to compare Test 2 and Test 3, the lower of which is applicable. This applicable test is then compared to Test 1; and the higher of the tests determines the Proposition 98 minimum guarantee. Generally, Test 2 is operative during years when the General Fund is growing quickly and Test 3 is operative when General Fund revenues fall or grow slowly.

Proposition 98 Tests
Calculating the Level of Education Funding
(Including the 2025-26 Governor’s Budget Estimate)

Test	Calculated Level	Operative Year	Times Used
Test 1	Based on a calculated percent of General Fund revenues (currently around 38 percent).	If it would provide more funding than Test 2 or 3 (whichever is applicable).	11
Test 2	Based on prior year funding, adjusted for changes in per capita personal income and attendance.	If growth in personal income is \leq growth in General Fund revenues plus 0.5 percent.	16
Test 3	Based on prior year funding, adjusted for changes in General Fund revenues plus 0.5 percent and attendance.	If statewide personal income growth $>$ growth in General Fund revenues plus 0.5 percent.	8

Source: Legislative Analyst’s Office

The Governor’s proposal assumes that in 2024-25 and 2025-26 the Proposition 98 minimum guarantee is calculated under Test 1. Proposition 98 in 2023-24 remains suspended.

Generally, the Proposition 98 minimum guarantee calculation was designed in order to provide growth in education funding equivalent to growth in the overall economy, as reflected by changes in personal income (incorporated in Test 2). In a Test 3 year, the Proposition 98 minimum guarantee does not grow as fast as in a Test 2 year, recognizing the fact that the state’s General Fund is not reflecting the same strong growth as personal income and the state may not have the resources to fund at a Test 2 level; however, a maintenance factor is created, as discussed in more detail later.

The Test 1 percentage is historically-based, but is adjusted, or “rebenched,” to account for large policy changes that impact local property taxes for education or changes to the mix of programs funded within Proposition 98. In the past few years, rebenching was done to account for property tax changes, such as the dissolution of the redevelopment agencies (RDAs), and program changes, such as removing childcare from the Proposition 98 minimum guarantee and adding mental health services. For 2025-26, the Governor’s Budget adjusts the Test 1 percentage for the expansion of transitional kindergarten from 39.2 percent to 39.6 percent.

Suspension of Minimum Guarantee. Proposition 98 includes a provision that allows the Legislature and Governor to suspend the minimum funding requirements and instead provide an alternative level of funding. Such a suspension requires a two-thirds vote of the Legislature and the concurrence of the Governor. To date, the Legislature and Governor have suspended the Proposition 98 minimum guarantee three times; in 2004-05, 2010-11, and 2023-24. While the suspension of Proposition 98 can create General Fund savings during the year in which it is invoked, it also creates obligations in the out-years, as explained below.

Maintenance Factor. When the state suspends the Proposition 98 minimum guarantee or when Test 3 is operative (that is, when the Proposition 98 minimum guarantee grows more slowly due to declining or low General Fund growth), the state creates an out-year obligation referred to as the “maintenance factor.” When growth in per capita General Fund revenues is higher than growth in per capita personal income (as determined by a specific formula also set forth in the state Constitution), the state is required to make maintenance factor payments, which accelerate growth in K-14 funding, until the determined maintenance factor obligation is fully restored. Outstanding maintenance factor balances are adjusted each year by growth in student ADA and per capita personal income.

The maintenance factor payment is added on to the minimum guarantee calculation using either Test 1 or Test 2.

- In a Test 2 year, the rule of thumb is that roughly 55 percent of additional revenues would be devoted to Proposition 98 to pay off the maintenance factor.
- In a Test 1 year, the amount of additional revenues going to Proposition 98 could approach 100 percent or more. This can occur because the required payment would be a combination of the 55 percent (or more) of new revenues, plus the established percentage of the General Fund—roughly 38 percent—that is used to determine the minimum guarantee.

Prior to 2012-13, the payment of maintenance factor was made only on top of Test 2; however, in 2012-13, the Proposition 98 guarantee was in an unusual situation as the state recovered from the recession. It was a Test 1 year and per capita General Fund revenues were growing significantly faster than per capita personal income. Based on a strict reading of the Constitution, the payment of maintenance factor is not linked to a specific test, but instead is required whenever growth in per capita General Fund revenues is higher than growth in per capita personal income. As a result, the state funded a maintenance factor payment on top of Test 1 and this interpretation can result in the potential for up to 100 percent or more of new revenues going to Proposition 98 in a Test 1 year with high per capita General Fund growth. This was the case in 2014-15, when the maintenance factor payment was more than \$5.6 billion. However, since the last recession the state has significantly increased funding for K-14 education due in part to payments made towards reducing the maintenance factor balance. As a result, the maintenance factor obligation was paid off in 2017-18.

Due to the suspension of Proposition 98 in 2023-24, the General Fund revenue conditions has required a maintenance factor payment in 2024-25 is \$5.6 billion, with no payment estimated in 2025-26.

Average Daily Attendance. One of the factors used to calculate the Proposition 98 minimum guarantee level is growth in ADA. In a Test 2 or Test 3 year, the guarantee is adjusted for changes in ADA. However, there is a hold harmless provision for reductions in ADA. Under that provision, negative growth is only reflected if the preceding two years also show declines. Under current projections, which reflect birth rates and migration, K-12 ADA is expected to increase slightly in coming years and the hold harmless will not need to apply for the guarantee calculation.

Proposition 98 Certification. The 2018 budget package included a new process for certifying the Proposition 98 guarantee and the 2019 budget package made additional changes to this process. Under current statute, certification of the guarantee is a process by which the Department of Finance (DOF), in consultation with the Department of Education and the Chancellor's Office of the Community Colleges, verifies the factors for the calculation of the Proposition 98 guarantee and the appropriations and expenditures that count towards the guarantee level. Certifying the guarantee results in a finalized guarantee level for the year, as well as finalizing any settle-up owed as a result of changes in the guarantee level. Adjustments will be made to increase the guarantee after the fiscal year is over if the calculation results in an increase in a prior year, but makes no changes in the event of a decrease in a prior year. Prior to this new process, the guarantee was last certified for 2008-09. In August 2018, DOF released the proposed certification for the 2009-10 through 2016-17 fiscal years. The most recently certified year is 2022-23.

Public School System Stabilization Account (PSSSA). The state's Proposition 98 Rainy Day Fund was established with the passage of Proposition 2 in 2014. Proposition 2 also requires a deposit in a Proposition 98 Rainy Day Fund under certain circumstances. These required conditions are that maintenance factor accumulated prior to 2014-15 is paid off, Test 1 is in effect, the Proposition 98 guarantee is not suspended, and no maintenance factor is created. The 2025-26 proposed budget withdrew the entire balance of \$8.4 billion in 2023-24, and requires deposits for 2024-25 and 2025-26 with payments of \$1.2 billion and \$376 million, respectively, for a total balance of approximately \$1.5 billion at the end of 2025-26.

This level of PSSSA reserves does not trigger a statutory requirement that LEAs may not have local reserves in excess of 10 percent of their total annual expenditures, in the year after the state reserve balance is equal to or greater than 3 percent of the total TK-12 share of the annual Proposition 98 guarantee level.

Proposition 98 K-12 Proposals:

The proposed budget includes a Proposition 98 funding level of \$105 billion for TK-12 programs. This includes a year-to-year increase of \$1.9 billion in Proposition 98 funding for K-12 education, as compared to the revised Proposition 98 K-12 funding level for 2024-25. Under the Governor's proposal, ongoing K-12 Proposition 98 per pupil expenditures increase from \$18,731 provided in 2024-25 (revised) to \$18,935 in 2025-26, an increase of 1.1 percent.

Proposition 98 Funding Level. Due to higher than anticipated General Fund revenues, the calculated Proposition 98 minimum guarantee for 2024-25 is \$119.2 billion, which includes an increase in the anticipated required maintenance factor payment of \$1.6 billion. The Governor's Budget appropriates \$117.6 billion out of the revised minimum guarantee of \$119.2 billion in 2024-25, citing the volatility of the revenues, with the final appropriation of Proposition 98 expected to be addressed during the Proposition 98 certification process.

TK-12 Local Control Funding Formula. The bulk of funding for school districts and county offices of education for general operations is provided through the Local Control Funding Formula (LCFF) and is distributed based on the number of students served and certain student characteristics. The state fully funded the LCFF in 2018-19 and has annually adjusted the grant amounts by a cost-of-living adjustment (COLA). The budget proposes an LCFF COLA of 2.43 percent, and when combined with growth adjustments, results in \$2.5 billion in increased discretionary funds for local educational agencies. To fully fund LCFF and to maintain the level of past year principal apportionments, the budget proposes to use reappropriated and reverted funds totaling \$25.9 million to support ongoing LCFF in 2023-24 and deferring LCFF funds totaling \$35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25.

Student Support and Discretionary Block Grant. The budget proposes a one-time \$1.8 billion Proposition 98 General Fund block grant to address rising costs and fund statewide priorities including literacy, mathematics, teacher recruitment and retention strategies, and career pathways and dual enrollment expansion efforts.

Literacy and Mathematics Coaches. The budget proposes \$500 million one-time Proposition 98 General Fund to expand the existing Literacy Coaches and Reading Specialists Grant Program, and include mathematics coaches.

Expanded Learning Opportunities Program. The budget proposes \$435 million ongoing Proposition 98 General Fund, for total program funding of \$4.4 billion Proposition 98 General Fund.

Learning Recovery Emergency Block Grant. The budget proposes to augment the Learning Recovery Emergency Block Grant by a one-time \$378.6 million Proposition 98 General Fund.

Teacher Recruitment. The budget proposes \$150 million one-time Proposition 98 General Fund to provide financial assistance for teacher candidates through the proposed Teacher Recruitment Incentive Grant Program.

Golden State Teacher Grant Program. The budget proposes one-time \$50 million General Fund to support the Golden State Teacher Grant Program that would be available beginning in the 2025-26 fiscal year.

National Board Certification Incentive Program. The budget proposes \$100 million Proposition 98 General Fund to extend the timeline of the existing National Board Certification Incentive Program.

Child Nutrition. The budget continues to fund universal access to school meals with an increase of \$106.3 million ongoing Proposition 98 General Fund, for total Proposition 98 General Fund funding of approximately \$2 billion, to fully fund the universal school meals program in 2025-26 and for students who want a meal will have access to two free meals each day.

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

Arts and Music in Schools-Funding Guarantee and Accountability Act (Proposition 28). The budget includes \$1.04 billion to fund arts and music in schools pursuant to Proposition 28.

Literacy Screener Implementation. The budget proposes \$40 million one-time Proposition 98 General Fund in 2025-26 to support necessary costs to administer literacy screenings, including the procurement of screening materials and training for educators.

English Language Proficiency Screener for Transitional Kindergarten Students. The budget proposes one-time \$10 million Proposition 98 General Fund for the statewide use of English language proficiency screeners for transitional kindergarten students.

Literacy Network. The budget proposes \$5 million Proposition 98 General Fund annually through the 2029-30 fiscal year to launch a Literacy Network within the Statewide System of Support to serve as a clearinghouse for state-developed literacy resources, elevate high performing districts and best practices, and provide support to local educational agencies facing persistent challenges.

Cost-of-Living Adjustments. The proposed budget provides \$204 million ongoing Proposition 98 General Fund to support a 2.43 percent COLA for categorical programs that are not included in LCFF and the LCFF equity multiplier. These programs include special education and child nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

County Offices of Education. The proposed budget includes an increase of \$12.2 million ongoing Proposition 98 General Fund to reflect the average daily attendance (ADA) changes applicable to the county office of education LCFF and a 2.43 percent COLA.

Local Property Tax Adjustments. The proposed budget includes an increase of \$125 million in ongoing Proposition 98 General Fund in 2024-25, and a decrease of \$1.5 billion in Proposition 98 General Fund in 2025-26 for school districts and county offices of education, related to changes to the offsetting local property taxes.

California College Guidance Initiative. The budget proposes an increase of \$3 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative and the Cradle-to-Career Data System.

K-12 High Speed Network. The budget proposes an increase of \$3.5 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

Individualized Education Program (IEP) Template and Translation Digitization. The budget proposes one-time \$2 million Proposition 98 General Fund to support the digitization of the IEP template and translate the template into multiple languages.

Homeless Education Technical Assistance Centers. The budget proposes an increase of \$1.5 million ongoing Proposition 98 General Fund to maintain support for Homeless Education Technical Assistance Centers that were first established through federal funding. This funding would continue to support the identification of homeless youth.

Curriculum Framework, Standards, and Instructional Materials Process. The budget proposes one-time \$1 million Proposition 98 General Fund to evaluate the state’s process for developing and adopting standards, curriculum frameworks, and instructional materials and make recommendations to streamline and improve the process.

Early Education

Transitional Kindergarten. The budget proposes to provide a total of \$2.4 billion ongoing Proposition 98 General Fund to support the full implementation of universal transitional kindergarten. The budget also provides an additional \$1.5 billion ongoing Proposition 98 General Fund to support the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom. These funds will increase the Proposition 98 Guarantee through the process of rebenching.

Legislative Analyst’s Office.

The LAO’s recent publication, *The 2025-26 Budget: Proposition 98 Guarantee and K-12 Spending Plan*, included an analysis of the Governor’s Proposition 98 Proposals. Below are comments provided by the LAO.

LAO Assessment

Overarching Comments

Plan Contains a Reasonable Mix of One-Time and Ongoing Spending. Ongoing spending increases can help districts address longer-term challenges and state priorities, sustain new

programs, and cover their ongoing cost pressures. Conversely, one-time funds can help districts cover one-time expenses and pay for starting up programs. One-time spending also allows the state to avoid committing to ongoing increases it might be unable to sustain during tighter fiscal times. The Governor's plan addresses these trade-offs by proposing a balance of new ongoing and one-time spending. This approach seems like a reasonable starting point for building the budget.

Plan Builds a Budget Cushion That Would Help Protect Ongoing Programs. Of the one-time school spending, \$1.4 billion is attributable to 2025-26. Other one-time allocations attributable to 2025-26 include the \$376 million deposit into the Proposition 98 Reserve and \$331 million in one-time community college spending. Accounting for all these allocations, the budget has \$2.1 billion in ongoing Proposition 98 funds dedicated to one-time activities. This budgeting approach creates a cushion that helps protect ongoing programs. For example, if the guarantee were to drop by as much as \$2.1 billion in 2026-27, the state could accommodate the drop without reducing programs or deferring payments. The state most recently took a similar approach when it adopted the 2022-23 budget. When the guarantee declined the following year, the cushion helped the state avoid reductions to ongoing programs.

Plan Contains a Reasonable Mix of Flexible Funding and Targeted Proposals. Flexible funding allows districts to implement programs based on their unique circumstances and local priorities. It also helps districts cover their cost increases and create cohesive local programs. Conversely, targeted proposals help ensure districts use their funding for activities the Legislature considers its highest priorities. The Governor's plan has significant proposals in both categories but places more emphasis on flexible funding. This budgeting approach could allow districts to address their cost pressures and a few core state priorities without being overwhelmed by new requirements.

Most of the Targeted Proposals Expand Upon Existing Programs. In contrast to some previous budgets, the Governor does not propose any significant new programs. Instead, the targeted proposals generally expand existing programs or support one-time activities the state funded in previous years. This budgeting approach would encourage districts to prioritize activities that are already underway. For the upcoming hearings, the Legislature could focus its review of the proposed expansions on a few core issues: (1) whether the underlying problem remains unaddressed, (2) whether the existing program is meeting its objectives, and (3) whether additional funding would allow districts to address the problem more effectively.

Settle Up Proposal Addresses a Reasonable Concern About Volatility... The state generally makes settle-up payments as soon as it recognizes a higher estimate of the guarantee. Although the Governor's proposal to delay \$1.6 billion departs from this practice, it would mitigate some of the volatility in the 2024-25 guarantee. If the guarantee drops below current estimates, the state could reduce or eliminate this payment more easily than if it had already appropriated that amount to schools. This reduction would reduce the risk of the state committing to a spending level that would be unaffordable with lower revenues. This buffer seems especially important if the state intends to avoid downward adjustments to school appropriations after the year ends.

The Governor’s proposal also recognizes that the guarantee is unusually volatile in 2024-25 due to (1) the state’s reliance on unpredictable stock market growth for its higher revenue estimates and (2) the high sensitivity of the guarantee to changes in revenue estimates. This volatility means the guarantee could easily drop billions of dollars below current estimates.

...But a Compelling Alternative Is Available... The Legislature could consider several alternatives that would mitigate volatility in the guarantee without creating a settle-up obligation (Figure 7). One compelling alternative is to make a \$1.6 billion discretionary deposit into the Proposition 98 Reserve. This deposit would count toward the guarantee in 2024-25 and supplement the \$1.2 billion required deposit. The state could rescind the deposit if revenues fall short—lowering state costs without affecting previous school payments. (If revenues meet expectations, the deposit would remain to help protect school programs from future downturns.) This alternative would increase state costs by \$1.6 billion this year relative to the Governor’s budget. The higher cost would mean adopting a budget with lower general-purpose reserves or additional solutions like spending reductions. The main advantage is that the state would avoid the settle-up payment—making the budget easier to balance in 2026-27. As we explain in *The 2025-26 Budget: Overview of the Governor’s Budget*, the state has a roughly balanced budget this year but will likely face a significant deficit in 2026-27.

Figure 7

Comparing the Governor’s Settle-Up Proposal With Three Alternatives

Option	Helps Balance the Budget This Year?	Increases Future State Costs?	When Would State Decide How to Allocate the Funding? ^a
Governor’s settle-up proposal	Yes	Yes	June 2026 budget
Discretionary reserve deposit	No	No	Future year(s) whenever funds are withdrawn
Appropriation with delayed disbursement	No	No	June 2025 budget
Suspending the guarantee	Yes	Yes	Future year(s) based on maintenance factor formulas

^aAssuming revenue estimates for 2024-25 meet the projections in the Governor’s budget.

...As Well as Two Other Alternatives. A second alternative is to appropriate a \$1.6 billion payment this year but delay disbursing the funds to schools until June 2026. By then, the state will have its final revenue estimate for 2024-25. The state could release the payment if revenues meet projections or rescind the payment if revenues fall short. This alternative is conceptually similar to the discretionary reserve deposit because it increases state costs this year while lowering costs in the future. The main difference is that the state would commit to a specific use of the funding instead of saving it in reserve. A third alternative is to suspend the guarantee. Assuming the state sets funding at the level proposed by the Governor, it would create a \$1.6 billion maintenance factor obligation—adding to the existing obligation of \$2.7 billion—but eliminate the settle-up payment. The state would pay the maintenance factor in future years when revenue is growing relatively quickly. This alternative is conceptually similar to the Governor’s proposal because it would reduce state costs this year while increasing costs in the future.

Specific Proposals

COLA Rate Likely to Be Slightly Below the Budget Estimate. On January 30, the federal government released updated data for the price index that determines the COLA rate. With this release, seven of the eight quarters of data that affect calculation are now available. Based on this update and our projections for the final quarter, we estimate the final rate to be about 2.2 percent—slightly below the estimate in the Governor’s budget. This lower COLA rate would reduce the cost of the COLA for LCFF and categorical programs by about \$180 million compared with the estimate in the Governor’s budget. The state will be able to finalize the COLA rate after the federal government publishes the last quarter of data on April 30.

Proposed Funding Increase for TK Staffing Seems High. The Governor’s proposal to increase the TK add-on rate would provide more funding than necessary for districts to implement the additional staffing requirements in 2025-26. In our forthcoming brief *The 2025-26 Budget: Transitional Kindergarten*, we analyze the proposal and provide the Legislature with alternatives that are better aligned with staffing costs.

Districts Could Use Discretionary Grant to Support Local Programs and Address Certain Costs... During the pandemic, the federal government provided more than \$20 billion in flexible one-time grants for districts. Districts used these funds—which expired in September 2024—to hire staff, expand programs, cover one-time costs, and build reserves. The proposed discretionary grant could allow districts to sustain some of these local programs for another few years. For example, we spoke with several districts that indicated they would use the grants to continue the additional counseling and coaching they have provided since the pandemic. Other districts indicated they would fund programs focused on academic intervention and literacy for younger students. Districts also could use the grant to pay for certain costs. For example, several districts indicated they intend to replace or update the technology they purchased when the pandemic began. Some districts are planning facility updates, such as replacing ventilation systems and refurbishing classrooms for TK students. Many districts also could use funds to cover one-time and ongoing cost increases they have experienced for property and general liability insurance.

...But Language on the Allowable Uses Is Somewhat Unclear. The language regarding the allowable uses of the grant could be interpreted in multiple ways. Regarding the cost language, some districts might interpret it to mean the grant may cover any costs, whereas others might read it as limiting the grant to costs that grow over time. Regarding the state priority areas, the state historically has provided discretionary block grants with two components: (1) intent language encouraging districts to consider specific activities and (2) local control language allowing each district to make the final decision about its funding. The Governor’s proposal does not have the local control language, which could leave districts uncertain about spending on activities outside the state priorities.

Additional Funding for LREBG Is Reasonable... The original impetus for the program—helping students recover from learning loss—remains a significant issue. Test scores and other

measures of academic performance show that student achievement remains notably below pre-pandemic levels. Districts also report students coming to school with much higher levels of socio-emotional challenges than they experienced before the pandemic. Interim spending data suggest that districts have spent their LREBG funds on various initiatives that could address learning loss, including additional instructional time, additional staff, accelerated instruction (such as tutoring), and teacher training. Additional LREBG funding could help districts sustain the most promising activities for another few years. The proposal also is consistent with the intent to restore the grant to its original funding level.

...But Original Expenditure Deadline Now Seems Less Feasible. The state adopted the 2027-28 spending deadline for the LREBG as part of its original plan to fund the entire grant in 2022-23. Under the changes adopted in 2023-24, however, districts would not receive their final installment of funding until 2027-28. Moreover, districts must undertake a much longer planning and consultation process than the state required initially. If the deadline remains unchanged, districts would have three years to adopt plans and spend the LREBG funds they receive in 2025-26, two years for the funds they receive in 2026-27, and one year for the funds they receive in 2027-28. This deadline could be difficult to meet—especially over the final two years—and might encourage districts to spend their remaining funds quickly rather than purposefully.

Eliminating the Deferral Is Prudent. The Governor’s proposal to eliminate the deferral would make the budget more resilient by aligning the ongoing cost of school programs with the ongoing funding necessary to support those programs. It also would improve local cash flow and simplify state and school accounting.

Recommendations

Maintain One-Time Budget Cushion. A one-time cushion helps mitigate future drops in the Proposition 98 guarantee and protect ongoing programs. Regardless of the specific proposals the Legislature decides to fund, we recommend maintaining a cushion at least as large as the one proposed by the Governor (\$2.1 billion across all school and community college programs). This approach means the final budget would have a mix of one-time and ongoing spending, which the Legislature could use to address its short-term and long-term spending priorities.

Maintain Focus on Flexible Funding With Some Targeted Spending. The Governor’s plan to dedicate most new spending to flexible funding while reserving a smaller portion for targeted proposals is a reasonable way to build the budget. This approach would allow districts to address their local priorities while making progress on a few core state priorities. Whether the Legislature decides to fund proposals in the programmatic areas proposed by the Governor or in different areas, we recommend adopting a similar mix of flexible and targeted spending proposals.

Address Volatility in 2024-25 Guarantee Proactively. The Proposition 98 guarantee in 2024-25 is unusually volatile and uncertain. We recommend adopting a plan that addresses the downside risk proactively. Although the Governor’s settle-up proposal is a viable option, we think the most

compelling approach is to make a discretionary reserve deposit that could be rescinded if revenues fall short. This approach increases state costs this year but reduces costs in the future when the state is likely to face a large deficit. In selecting among the Governor’s proposal, the discretionary deposit, or the other alternatives, the Legislature will need to consider its plan for balancing the state budget now and in the future.

Adopt Discretionary Block Grant With Some Refinements. A discretionary block grant would help districts support local programs and address various costs. We recommend adopting a version of the Governor’s proposal with some refinements. Regarding the amount, the \$1.8 billion proposed by the Governor is reasonable, but the Legislature could consider higher or lower amounts to conform with its overall plan for school funding. For example, the Legislature could reduce the amount if the guarantee decreases by May or increase the amount if it rejects some of the Governor’s other proposals. Regardless of the final amount, we recommend modifying the accompanying language in three ways:

- ***Clarify Grant Is Discretionary.*** We recommend modifying the language to clarify that the funding is entirely discretionary. This modification would align the language with the intent of the proposal and allow districts to focus on the local programs and costs that represent their highest priorities.
- ***Refine Intent Language on Costs.*** Districts indicate that intent language sometimes influences how they use a grant, even if the funding is discretionary. We recommend modifying the language related to “rising costs” so that the grant explicitly references fiscal liabilities and temporary costs. Examples could include technology updates, facility improvements, and one-time insurance increases. This change would encourage districts to consider the costs that one-time funds are best suited to address.
- ***Adopt Standard Mandate Offset Language.*** A few districts have claims for unreimbursed state mandates, generally pre-dating the creation of the mandates block grant in 2012-13. The state routinely adopts language specifying that any one-time discretionary funds these districts receive count toward their outstanding claims. We recommend adding this language to help pay down the mandates backlog.

Adopt Funding for LREBG but Delay Expenditure Deadline. The additional funding for the LREBG could help districts mitigate learning loss. We recommend adopting the proposal but delaying the expenditure deadline for at least a year (through 2028-29). Delaying the deadline would allow districts to complete the detailed planning process and spend their funding more evenly over the next several years. Accounting for the additional LREBG funding and the discretionary block grant, all districts would receive an allotment of flexible funding for each student and targeted funding to support learning recovery based on their EL/LI students. This funding structure parallels the LCFF.

Adopt Proposal to Eliminate the Deferral. The Governor’s proposal to eliminate the deferral is prudent budgeting, and we recommend adopting it. Whereas the Governor proposes to eliminate the deferral beginning in 2025-26, the Legislature could consider early action to eliminate the deferral in 2024-25. This accelerated approach would eliminate the state and local workload associated with calculating each district’s share of the June 2025 deferral and processing requests

for exemptions. If the Legislature were interested in this approach, it would need to act by early April.

Suggested Questions.

- DOF: The Legislative Analyst's Office describes three alternatives to fully funding the calculated Proposition 98 Guarantee. Does the Administration have initial reactions to the three alternatives that they can share?
- DOF/LAO: Can you share what economic or fiscal indicators we are currently seeing that would cause a lower cost-of-living adjustment as the LAO predicts, or a lower Proposition 98 guarantee calculation at certification?

Staff Recommendation. Hold open.

Issue 3: Local Control Funding Formula (LCFF)

Panel.

- Katie Lagomarsino, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Aaron Heredia, Department of Education

Background.

K-12 School Finance Reform. Commencing in the 2013-14 fiscal year, the state significantly reformed the system for allocating funding to LEAs - school districts, charter schools, and county offices of education (COEs). The LCFF replaced the state's prior system of distributing funds to LEAs through revenue limit apportionments (based on per student average daily attendance) and approximately 50 state categorical education programs.

Under the previous system, revenue limits provided LEAs with discretionary (unrestricted) funding for general education purposes, and categorical program (restricted) funding was provided for specialized purposes, with each program having a unique allocation methodology, spending restrictions, and reporting requirements. Revenue limits made up about two-thirds of state funding for schools, while categorical program funding made up the remaining one-third portion. That system became increasingly cumbersome to LEAs as they tried to meet student needs through various fund sources that were layered with individual requirements.

Local Control Funding Formula. The LCFF combines the prior funding from revenue limits and more than 30 categorical programs that were eliminated, and uses new methods to allocate these resources, additional amounts of new Proposition 98 funding since 2013-14, and future allocations to LEAs. The LCFF allows LEAs much greater flexibility in how they spend the funds. There is a single funding formula for school districts and charter schools, and a separate funding formula for COEs that has some similarities to the district formula, but also some key differences.

School Districts and Charter Schools Formula. The LCFF is designed to provide districts and charter schools with the bulk of their resources in unrestricted funding to support the basic educational program for all students. It also includes additional funding based on the enrollment of low-income students, English learners, and foster youth for increasing or improving services to these high-needs students. Low-income students, English learners, and foster youth students are referred to as "unduplicated" students in reference to the LCFF because, for the purpose of providing supplemental and concentration grant funding, these students are counted once, regardless of if they fit into more than one of the three identified high-need categories. Major components of the formula are briefly described below.

- **Base Grants** are calculated on a per-student basis (measured by student ADA) according to grade span (K-3, 4-6, 7-8, and 9-12) with adjustments that increase the base rates for grades K3 (10.4 percent of base rate) and grades 9-12 (2.6 percent of base rate). The

adjustment for grades K-3 is associated with a requirement to reduce class sizes in those grades to no more than 24 students by 2020-21, unless other agreements are collectively bargained at the local level. The adjustment for grades 9-12 recognizes the additional cost of providing career technical education in high schools. For school districts, funded ADA is equal to the greater of current, prior, or the average of the three most recent prior years' ADA.

- **Supplemental Grants** provide an additional 20 percent in base grant funding for the percentage of enrollment that is made up of unduplicated students.
- **Concentration Grants** provide an additional 65 percent above base grant funding for the percentage of unduplicated students that exceed 55 percent of total enrollment.
- **Categorical Program** add-ons for Targeted Instructional Improvement Block Grant and Home-to-School Transportation provide districts the same amount of funding they received for these two programs in 2012-13. The transportation funds must be used for transportation purposes. Charter schools are not eligible for these add-ons.
- **LCFF Economic Recovery Target** add-on ensured that districts receive, by 2020-21, at least the amount of funding they would have received under the old finance system to restore funding to their 2007-08 level adjusted for inflation. Districts are not eligible for this add-on if their LCFF funding exceeds the 90th percentile of per-pupil funding rates estimated under the old system.
- **Hold Harmless Provision** ensures that no school district or charter school will receive less funding under the LCFF than its 2012-13 funding level under the old system.

Budget Appropriations. The LCFF established new “target” LCFF funding amounts for each LEA, and these amounts are adjusted annually for COLA and pupil counts. When the formula was initially introduced, funding all school districts and charter schools at their target levels was expected to take eight years and cost an additional \$18 billion, with completion by 2020-21. However, Proposition 98 growth exceeded expectations and LCFF was fully funded in the 2018-19 fiscal year for school districts and charter schools. COEs reached their target funding levels in 2014-15, which adjusts each year for COLAs and ADA growth. With full-funding of the formula, LEAs and stakeholders can see how much funding is received through base, supplemental, and concentration grants on the CDE website and reported through each LEA’s local control and accountability plan (LCAP). The 2022-23 budget included a 6.28 increase to the LCFF base grant, in addition to a 6.56 percent COLA, and smoothed out the year-to-year funded average daily attendance by allowing LEAs to be funded by either their current year, past year, or average of the three prior years’ average daily attendance. The 2022-23 budget also provided a “boost” for the funded 2021-22 average daily attendance for LEAs that provided independent study offerings to students. In the 2023-24 and 2024-25 budgets, the COLA was 8.22 percent and 1.07 percent, respectively.

Restrictions on Supplemental Funding. Statute requires LEAs to increase or improve services for unduplicated students in proportion to the supplemental funding LEAs receive for the enrollment of these students. The law also allows this funding to be used for school-wide and district-wide purposes. The State Board of Education (SBE) adopted regulations governing LEAs expenditures of this supplemental funding that require an LEA to increase or improve services for unduplicated students, compared to the services provided for all students, in proportion to the supplemental funding LEAs receive for the enrollment of these students. LEAs determine the proportion by which an LEA must increase or improve services by dividing the amount of the LCFF funding attributed to the supplemental and concentration grant by the remainder of the LEA's LCFF funding. Whereas, this percentage (known as the minimum proportionality percentage (MPP)), relied on an LEA's estimates during the transition period, under a fully funded system is based on the actual allocation to each LEA as determined by the CDE. The regulations allow an LEA to meet this requirement to increase or improve services in a qualitative or quantitative manner and detail these expenditures in their LCAP.

County Offices of Education Formula. The COE formula is very similar to the school district formula, in terms of providing base grants, plus supplemental and concentration grants for the students that COEs serve directly, typically in an alternative school setting. However, COEs also receive an operational grant that is calculated based on the number of districts within the COE and the number of students county-wide. This operational grant reflects the additional responsibilities COEs have for support and oversight of the districts and students in their county.

Similar to the LCFF formula for school districts and charter schools, COEs were also guaranteed that they would not get less funding than was received in 2012-13. In addition, COEs were held harmless for the amount of state aid (essentially the value of the categorical funding) received in 2012-13. Unlike school districts, for COEs this minimum state aid amount floats above their target, meaning that as local property tax revenue grows in a county over time and funds their LCFF allocation, the minimum state aid allotment for that COE becomes a new bonus in base funding on top of the their LCFF level.

Governor's Budget Proposal.

The proposed budget includes a COLA of 2.43 percent, and combined with growth adjustments, results in an increase of approximately \$2.5 billion Proposition 98 General Fund for discretionary purposes. To fully fund LCFF and to maintain the level of past year principal apportionments, the budget proposes to use reappropriated and reverted funds totaling \$25.9 million to support ongoing LCFF in 2023-24 and deferring LCFF funds totaling \$35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25.

Legislative Analyst's Office.

The LAO's comments on LCFF are included as part of its overall Proposition 98 comments, which is provided in Issue 2 of this agenda.

Suggested Questions.

- We are hearing, anecdotally, that families are fearful of sending their children to school in light of the deportation threats being made at the federal level, thus resulting in lower attendance at local educational agencies. How soon would we be able to confirm these anecdotes, and what could a proper response look like, both for the local educational agencies and for the families in the context of a TK-12 setting?

Staff Recommendation. Hold open.

Issue 4: Fiscal Health of School Districts

Description.

The Fiscal Crisis and Management Assistance Team (FCMAT) provides a statewide resource to help monitoring agencies in providing fiscal and management guidance and helps local education agencies (LEAs) - school districts, county offices of education (COEs), and charter schools, as well as community college districts - fulfill their financial and management responsibilities. Lead FCMAT staff will provide a general overview of the fiscal health of school districts.

Panel.

- Mike Fine, Chief Executive Officer, FCMAT

Background:

Assembly Bill 1200 (Eastin), Chapter 1213, Statutes of 1991, created an early warning system to help LEAs avoid fiscal crisis, such as bankruptcy or the need for an emergency loan from the state. The measure expanded the role of COEs in monitoring school districts and required that they intervene, under certain circumstances, to ensure districts can meet their financial obligations. The bill was largely in response to the bankruptcy of the Richmond School District, and the fiscal troubles of a few other districts that were seeking emergency loans from the state. The formal review and oversight process requires that the county superintendent approve the budget and monitor the financial status of each school district in its jurisdiction. COEs perform a similar function for charter schools, and the California Department of Education (CDE) oversees the finances of COEs. There are several defined "fiscal crises" that can prompt a COE to intervene in a district: a disapproved budget, a qualified or negative interim report, or recent actions by a district that could lead to not meeting its financial obligations.

Beginning in 2013-14, funding for COE fiscal oversight was consolidated into the Local Control Funding Formula (LCFF) for COEs. COEs are still required to review, examine, and audit district budgets, as well as annually notify districts of qualified or negative budget certifications, however, the state no longer provides a categorical funding source for this purpose.

AB 1200 also created FCMAT, recognizing the need for a statewide resource to help monitoring agencies in providing fiscal and management guidance. FCMAT also helps LEAs fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training, and other related services. FCMAT also includes the California School Information Services (CSIS). LEAs and community colleges can proactively ask for assistance from FCMAT, or the Superintendent of Public Instruction (SPI), the county superintendent of schools, the FCMAT Governing Board, the California Community Colleges Board of Governors or the state Legislature can assign FCMAT to intervene or provide assistance. Ninety percent of FCMAT's

work is a result of an LEA inviting FCMAT to perform proactive, preventive services, or professional development. Ten percent of FCMAT's work is a result of assignments by the state Legislature and oversight agencies to conduct fiscal crisis intervention. The office of the Kern County Superintendent of Schools was selected to administer FCMAT in June 1992.

Interim Financial Status Reports. Current law requires LEAs to file two interim reports annually on their financial status with the CDE. First interim reports are due to the state by December 15 of each fiscal year; second interim reports are due by March 17 each year. Additional time is needed by the CDE to certify these reports.

As a part of these reports, LEAs must certify whether they are able to meet their financial obligations. The certifications are classified as positive, qualified, or negative.

- A positive certification is assigned when an LEA will meet its financial obligations for the current and two subsequent fiscal years.
- A qualified certification is assigned when an LEA may not meet its financial obligations for the current and two subsequent fiscal years.
- A negative certification is assigned when an LEA will be unable to meet their financial obligations in the current year or in the subsequent fiscal year.

AB 1200 states the intent that the legislative budget subcommittees annually conduct a review of each qualifying school district (those that are rated as unlikely to meet their fiscal operations for the current and two subsequent years), as follows: "It is the intent of the Legislature that the legislative budget subcommittees annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the district, the impact of the recovery plans upon the district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the district."

First Interim Report. The first interim report has been published by CDE, and seven LEAs have negative certifications for the first interim report, as of February 19, 2025. For comparison, six LEAs were identified with negative certifications at this same time last year. These LEAs that have negative certifications will not be able to meet their financial obligations for 2024-25 or 2025-26, based on data generated by LEAs in Fall 2024, prior to release of the Governor's January 2025-26 budget. The first interim report also identified 32 LEAs with qualified interim report certifications. These LEAs with qualified certifications may not be able to meet their financial obligations for 2024-25, 2025-26, or 2026-27. For comparison, the first interim report in fiscal year 2023-24 identified 31 LEAs with qualified certifications, and in fiscal year 2022-23 nine LEAs were identified with qualified certifications.

Second Interim Report. The second interim report, which covers the period ending January 31, 2025, is due March 17th.

State Emergency Loans. A school district governing board may request an emergency apportionment loan from the state if the board has determined the district has insufficient funds to meet its current fiscal obligations. Existing law states the intent that emergency apportionment

loans be appropriated through legislation, not through the budget. The conditions for accepting loans are specified in statute, depending on the size of the loan. For loans that exceed 200 percent of the district's recommended reserve, the following conditions apply:

- The county superintendent shall assume all the legal rights, duties, and powers of the governing board of the district.
- The county superintendent, with concurrence from both the SPI and the president of the state board of their designee, shall appoint an administrator to act on behalf of the SPI.
- The school district governing board shall be advisory only and report to the state administrator.
- The authority of the county superintendent and state administrator shall continue until certain conditions are met. At that time, the county superintendent, with concurrence from both the SPI and the president of the state board of their designee, shall appoint a trustee to replace the administrator.

For loans equal to or less than 200 percent of the district's recommended reserve, the following conditions apply:

- The county superintendent, with concurrence from the SPI and the president of the state board or their designee, shall appoint a trustee to monitor and review the operation of the district.
- The school district governing board shall retain governing authority, but the trustee shall have the authority to stay and rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district.
- The authority of the county superintendent and the state-appointed trustee shall continue until the loan has been repaid, the district has adequate fiscal systems and controls in place,
- and the SPI has determined that the district's future compliance with the fiscal plan approved for the district is probable.

State Emergency Loan Recipients. Nine school districts have sought emergency loans from the state since 1991. The table below summarizes the amounts of these emergency loans, interest rates on loans, and the status of repayments. Five of these districts: Coachella Valley Unified, Compton Unified, Emery Unified, West Fresno Elementary, and Richmond/West Contra Costa Unified have paid off their loans. Four districts have continuing state emergency loans: Oakland Unified, South Monterey County Joint Union High (formerly King City Joint Union High), Vallejo City Unified, and Inglewood Unified School District. The most recently authorized loan was to Inglewood Unified School District in 2012 in the amount of \$55 million from the General Fund and the California Infrastructure and Economic Development Bank (I-Bank). Of the four districts with continuing emergency loans from the state, Inglewood Unified School District is the only district operating under an administrator and has a positive certification list at first interim in 2024-25. Oakland Unified School District is on the negative certification list and Vallejo City Unified School District continues to be on the qualified certification list in the first interim report in 2024-25.

Currently Outstanding Emergency Loans to School Districts

District	Tenure of Administrators and Trustees	Amount of State Loan	Interest Rate	Outstanding Balance of I-Bank and General Fund Loans	Amount Paid By District Including Principal & Interest	Pay Off Date
Inglewood Unified	Administrator 10/03/12– Present	\$7,000,000 \$12,000,000 \$10,000,000 = \$29,000,000 (\$55 million authorized)	2.307%	\$18,248,005 as of 07/01/24	\$16,487,856	11/01/34 GF
South Monterey County Joint Union High (formerly King City Joint Union High)	Administrator 07/23/09– 06/30/16 Trustee 07/01/16– Present	\$2,000,000 \$3,000,000 \$8,000,000 = \$13,000,000	2.307%	\$4,607,159 as of 07/01/24	\$14,610,534	October 2028 I-bank
Vallejo City Unified	Administrator 06/22/04– 03/31/13; Trustee 07/13/07– Present	\$50,000,000 \$10,000,000 = \$60,000,000	1.5%	\$670,790 as of 07/01/24	\$68,506,499	January 2024 I-bank 08/13/24 GF
Oakland Unified	Administrator 06/16/03– 06/28/09; Trustee 07/01/08– Present	\$65,000,000 \$35,000,000 = \$100,000,000	1.778%	\$4,080,652 as of 07/01/24	\$115,518,932	January 2023 I-bank 6/29/26 GF

Source: California Department of Education

Suggested Questions.

- After this current fiscal year, what will the fiscal health of the districts that were affected by the LA wildfires look like?
- Are we seeing yet the impacts of federal rhetoric and actions on schools in California?

Staff Recommendation. This item is informational.

Issue 5: Disaster Recovery for TK-12 Schools – Los Angeles Wildfires**Panel.**

- Brooks Allen, State Board of Education
- Jessica Holmes, Department of Finance
- Rebecca Kirk, Office of Public School Construction
- Aaron Heredia, Department of Education
- Juan Mireles, Department of Education

Background.

During much of January 2025, wildfires ravaged parts of Southern California in Los Angeles County and Ventura County, with extensive damage born from the Eaton Fire in Altadena and the Palisades Fire in the Pacific Palisades. The Los Angeles and Ventura Counties' wildfires collectively burned over 47,900 acres, and destroyed or damaged 16,250 structures.

As of February 21, 2025, eight public school sites with a total enrollment of nearly 5,200 students have been identified and assessed by the Division of the State Architect as being damaged or destroyed, including charter schools, as well as a vacant school site (the vacant school site is not included in the eight damaged or destroyed schools mentioned earlier). Additionally, 12 private schools, both parochial and non-parochial, with a total enrollment of nearly 2,300 students, were also damaged or destroyed in these wildfires.

In response, the Governor issued at least three executive orders following the wildfires that offered broad relief to local educational agencies impacted by the emergency, including: flexibility on instructional days, class sizes, residency requirements, and reporting deadlines. It also facilitated the use of temporary facilities, streamlines processes for enrolling displaced students, and provides guidance for charter school relocations. Additionally, the executive orders suspended certain regulations and penalties to help local educational agencies focus on immediate needs, and directs state agencies to assist with temporary student housing and rebuilding efforts.

During the 1st Extraordinary Special Session, the Legislature appropriated \$1 million one-time General Fund to the Department of General Services (\$250,000 for the Division of the State Architect and \$750,000 to the Office of Public School Construction). These funds are being used to provide assistance to the impacted school districts and charter schools located within those school districts to rebuild and recover school facilities damaged as a result of the wildfires. The Governor's Budget also proposes to appropriate \$1.5 billion in bond funding from the recently passed Proposition 2.

Existing law allows local educational agencies to use the Request for Allowance of Attendance Due to Emergency Conditions, Form J-13A in the event of emergency-related school closures or material decreases in attendance to obtain approval of attendance and instructional time credit without incurring a fiscal penalty to its Local Control Funding Formula allocation for the current year. Currently, local educational agencies must submit a certified plan for which independent study will be offered to students within ten days of the first day of a school closure or material decrease with all J-13A requests. Approval of a Form J-13A request is not conditioned upon the implementation of the independent study plan. The Governor, as part of his emergency relief, issued an executive order that removes the requirement for local educational agencies to submit an affidavit during this process. Local educational agencies including charter schools that experienced a material decrease in attendance due to the 2025 wildfires can use this process to protect their Local Control Funding Formula allocation in the 2024-25 fiscal year.

The 2024 budget replaced this process beginning in the 2025-26 fiscal year, and requires local educational agencies to include “instructional continuity” plans as part of their school safety plans. In order for its Form J13A to be approved, a local educational agency that had school closures or a material decrease in attendance will be required to provide an affidavit that certifies that: (1) it has a local governing board or body-adopted school safety plan that includes instructional continuity plans; (2) either it has provided pupil engagement and instruction as specified in its school safety plan, or it has not provided pupil engagement and instruction due to extenuating circumstances, and describes the support it provided either during or immediately after the closure or material decrease; and (3) if applicable, a copy of the state or local public health or public safety order that required the school closure.

Suggested Questions.

- In addition to the relief provided in this current year, what could the next steps of recovery from the LA wildfires look like in the outyears?

Staff Recommendation. This item is informational.

SUBCOMMITTEE NO. 1

Agenda

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



Thursday, March 6, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street- Room 2100

Consultant: Diego Emilio J. Lopez

Items for Discussion

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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.

DISCUSSION ITEMS

6440 UNIVERSITY OF CALIFORNIA (UC)
6610 CALIFORNIA STATE UNIVERSITY (CSU)

Issue 1: UC and CSU System Updates

Panel

- Michael V. Drake, President, University of California
- Mildred García, Chancellor, California State University
- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst’s Office

Available for additional questions or details:
 Seija Virtanen, University of California
 Ryan Storm, California State University

Background. The Governor’s proposed budget for 2025-26 includes a total of \$10 billion in ongoing General Fund support for the University of California (UC) and California State University (CSU) – approximately \$4.6 billion for the UC and \$5.4 billion for the CSU.

Figure 1:

Total General Fund Support for Higher Education Declines Somewhat in 2025-26
 Ongoing General Fund (Dollars in Millions)

	2023-24 Revised	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
CCC	\$7,955	\$9,689	\$9,722	\$33	0.3%
CSU	5,391	5,526	5,403	-122	-2.2
UC	4,717	4,858	4,587	-272	-5.6
CSAC	2,468	2,729	2,730	1	—
Totals	\$20,532	\$22,802	\$22,442	-\$360	-1.6%

Note: Amounts reflect Governor’s new proposals, as well as reductions applied pursuant to Control Section 4.05 and Control Section 4.12 of the 2024-25 Budget Act. The CCC amounts consist of Proposition 98 General Fund and non-Proposition 98 General Fund. In 2023-24, CCC received \$788 million in Proposition 98 Reserve funds on top of the amount shown. All other amounts are non-Proposition 98 General Fund.
 CSAC = California Student Aid Commission.

Source: Legislative Analyst’s Office (LAO)

As shown in Figure 1, the proposed General Fund investments for the UC and CSU are 5.6 percent and 2.2 percent, respectively, lower than the revised 2024-25 funding levels. These amounts reflect the Governor’s new proposals, as well as reductions applied pursuant to the 2024 Budget Act.

State Operations Reductions. The 2024 Budget Act assumed a reduction of state operations expenditures by the Department of Finance through two unallocated reductions across most state departments. These included:

- A reduction of \$1.5 billion (\$760 million General Fund) through the permanent and ongoing reduction of 10,000 vacant positions and associated funding.
- A reduction of \$2.2 billion in 2024-25 and \$2.8 billion in 2025-26 and ongoing of General Fund operating expenditures, representing a 7.95 percent state operations reduction broadly across state government.

In total, the 2024 Budget Act assumed that state operations costs would be reduced by \$3.7 billion (\$3 billion General Fund) through these unallocated reductions.

The Governor's budget assumes that the Administration achieves significantly lower General Fund savings. Specifically:

- A \$620 million (\$230 million General Fund) reduction through the permanent elimination of 6,500 vacant positions.
- A \$1.5 billion (\$820 million General Fund) in 2024-25 and \$2 billion (\$1.2 billion General Fund) in 2025-26 and ongoing reduction to state operations expenditures.

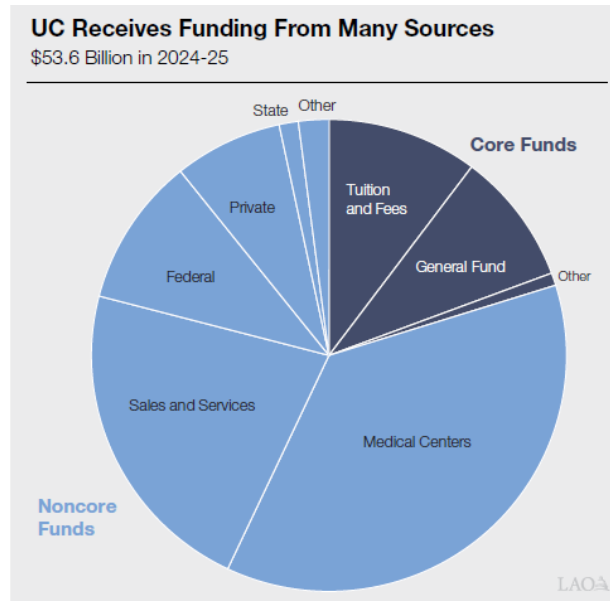
In total, the Governor's budget assumes that state operations costs are reduced by \$2.1 billion (\$1 billion General Fund) in 2024-25 and \$2.6 billion (\$1.4 billion General Fund) in 2025-26 and ongoing. The Governor's proposed budget assumes one half of the General Fund state operations savings assumed in the 2024 Budget Act.

The 2024 Budget Act included intent language to reduce funding to the UC and CSU in 2025-26. The Governor's budget maintains those base reductions to the CSU (\$375 million) and UC (\$397 million) in 2025-26 and ongoing. These reductions are pursuant to Control Section 4.05 of the *2024-25 Budget Act*. This budget control section, which applied broadly across state government, authorizes reductions of up to 7.95 percent in state operations.

Staff Comments. The Administration did not equally apply the 7.95 percent reductions to state operations across all state departments. For example, according to the Administration, the California Department of Corrections and Rehabilitation (CDCR), which oversees the state's correctional facilities and rehabilitation programs, is proposed to receive a 1.88 percent (\$253 million) reduction of its ongoing state operations expenditures in 2024-25 and a 1.29 percent (\$172 million) reduction in 2025-26. These reductions to CDCR should be taken in the context of the UC and CSU being proposed to receive the full 7.95 percent reduction to their state operations. Furthermore, the combined reductions to the CSU and UC, totaling \$772 million, account for 55 percent of the assumed \$1.4 billion in state operations General Fund reductions in 2025-26. The subcommittee may wish to ask the Administration why the state's Higher Education system is bearing the disproportional brunt of these reductions, while other departments, like the state's correctional system, are seeing lower budgetary impacts.

UC Core Funds. Of the three public higher education segments, UC has the largest budget, with total funding greater than the CSU and California Community Colleges (CCC) combined. As Figure 2 below shows, UC receives funding from many different sources. The state generally focuses its budget decision around UC’s “core funds” – the approximately 20 percents of UC’s budget that supports undergraduate and graduate education and certain state-supported research and outreach programs.

Figure 2:



Source: Legislative Analyst’s Office

Core funds at UC primarily consist of student tuition and fee revenues and state General Fund. A small portion comes from lottery funds, a share of patent royalty income, and overhead funds associated with federal and state research grants. In total, core funds at UC are about \$10.8 billion in 2025-26, with \$5.7 billion generated from revenue from tuition and fees and \$4.6 billion from state General Fund investments. As Figure 3 shows, if student tuition and fees revenue are taken into account, the UC is expected to see a \$30 million reduction in 2025-26, as compared to 2024-25.

Figure 3:

At UC, State Funding Reduction Is Mostly Offset by More Tuition Revenue
Ongoing Core Funding (Dollars in Millions)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change from 2024-25	
				Amount	Percent
Ongoing Core Funds					
Tuition and fees ^a	\$5,268	\$5,498	\$5,740	\$241	4.4%
General Fund ^b	4,717	4,858	4,587	-272	-5.6
Lottery	65	59	59	—	—
Other core funds ^c	409	401	401	—	—
Totals	\$10,459	\$10,817	\$10,787	-\$30	-0.3%
FTE students ^d	293,483	299,486	300,111	625	0.2%
Ongoing core funding per student	\$35,638	\$36,119	\$35,942	-\$177	-0.5%

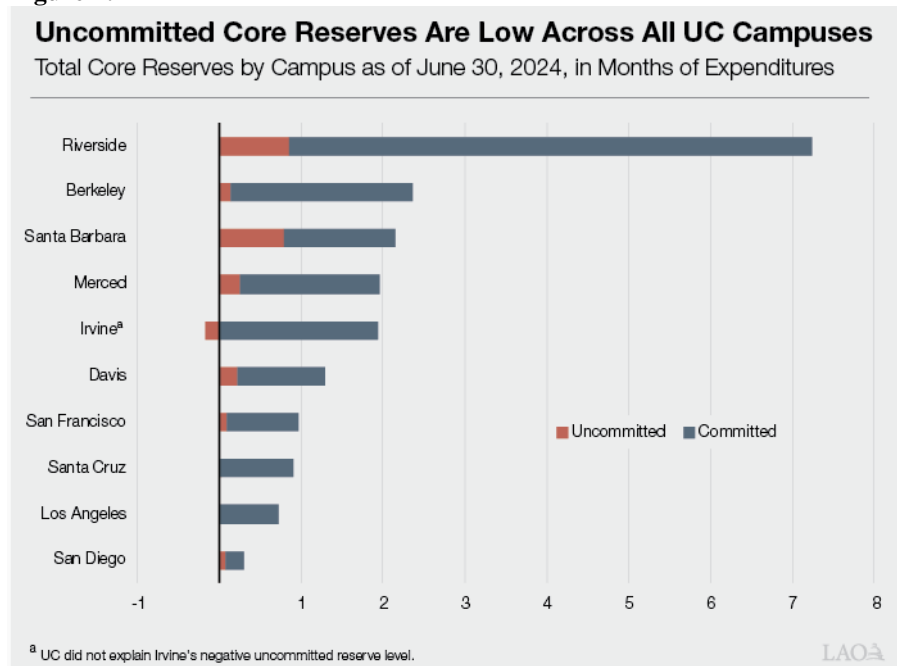
^a Includes funds that UC uses for tuition discounts and waivers.
^b Reflects reductions pursuant to Control Section 4.05 of the 2024-25 Budget Act. Specifically, the 2024-25 amounts reflects a \$125 million General Fund reduction, and the 2025-26 amount reflects a \$397 million General Fund reduction.
^c Includes a portion of overhead funding on federal and state grants and a portion of patent royalty income.
^d FTE is 30 credits for an undergraduate and 24 credits for a graduate student. Student counts include residents and nonresident students.
 FTE = full-time equivalent.

Source: Legislative Analyst’s Office

UC Tuition Stability Plan. In 2021, the Board of Regents approved a new tuition policy. Under this policy, tuition is raised annually for new undergraduates and all graduate students, while tuition remains flat for continuing undergraduates (for up to six academic years). Tuition increases generally are based on a three-year rolling average of the annual change in the California Consumer Price Index, with an annual cap of 5 percent (unless modified by the Board of Regents). As a result of the new tuition policy, tuition and fee revenue has been growing more quickly at UC over the past few years. The first year of tuition increases under this policy was 2022-23. In 2024-25, UC estimates it is generating \$191 million in additional net tuition revenue. Whereas previous tuition increases generally were precipitated by reductions in state General Fund support, UC’s new policy was largely driven by a desire to expand its overall budget capacity.

UC System Reserves. In the absence of a systemwide reserves policy, UC allows its ten campuses to determine their own reserve levels. Campus policies vary but typically aim for uncommitted core reserves worth one to three months of core expenditures. As the figure below shows, total core reserves ranged from less than one month of expenditures at the San Diego campus to over seven months of expenditures at the Riverside campus. Uncommitted reserves for economic uncertainties, however, equated to less than one month of expenditures at all campuses.

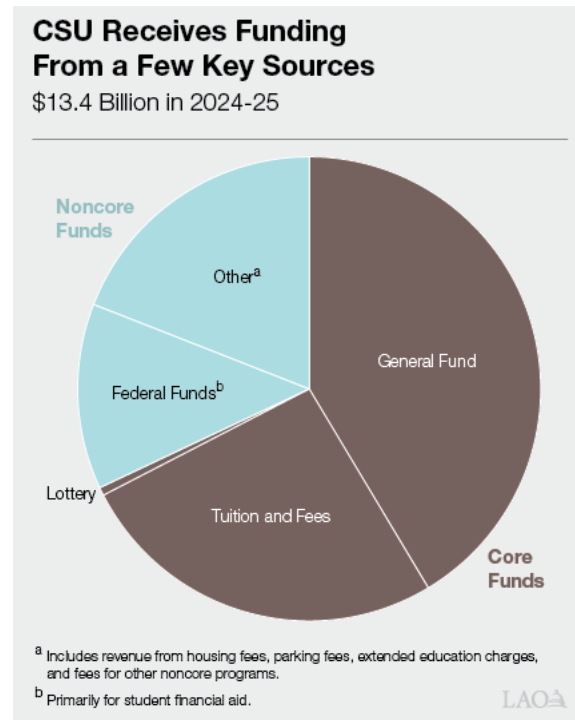
Figure 4:



Source: Legislative Analyst’s Office

CSU Core Funds. As Figure 5 below shows, CSU receives funding from various sources. The state generally focuses its budget decisions around CSU’s “core funds,” or the portion of its budget supporting its academic mission.

Figure 5:



Source: Legislative Analyst’s Office

Core funds at CSU primarily consist of state General Fund and student tuition revenue, with a very small share coming from state lottery revenue. In total, core funds at the CSU amount to \$9.1 billion in 2025-26, with \$3.7 billion generated from tuition and fees revenues and \$3.7 billion from state General Fund investments.

Figure 6:

CSU’s 2025-26 Core Funds Increase Comes From Tuition Revenue
(Dollars in Millions, Except Funding Per Student)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Ongoing Core Funds					
General Fund ^a	\$5,391	\$5,526	\$5,403	-\$122	-2.2%
Tuition and fees ^b	3,267	3,477	3,665	188	5.4
Lottery	83	76	76	— ^c	— ^c
Totals	\$8,741	\$9,078	\$9,144	\$66	0.7%
FTE students ^d	391,268	401,300	407,936	6,636	1.7%
Funding per student	\$22,339	\$22,622	\$22,416	-\$206	-0.9

^aIncludes funding for pensions and retiree health benefits.
^bIncludes funds used for student financial aid.
^cLess than \$500,000 or 0.5 percent.
^dReflects total combined resident and nonresident enrollment. The 2025-26 number incorporates CSU’s planned resident enrollment growth.
FTE = full-time equivalent.

Source: Legislative Analyst’s Office

As Figure 6 shows, if student tuition and fees revenue are taken into account, the CSU is expected to see a \$66 million reduction in 2025-26, as compared to 2024-25.

CSU Tuition Increases. CSU's tuition levels have long been lower than its peers nationally. In 2023-24, CSU's resident undergraduate tuition and fees were approximately \$2,171 (22 percent) lower than the national average of comparable public institutions. Until recently, CSU has not had a tuition policy guiding its annual tuition levels. A CSU work group focused on fiscal sustainability, however, recently identified a significant gap between the system's costs and its revenues. One of the work group's recommendations was that CSU adopt a tuition policy that provides for gradual and predictable increases. The CSU Board of Trustees adopted such a tuition plan in September 2023. Under the plan, tuition increases by 6 percent annually for all students, beginning in 2024-25 and extending through 2028-29.

CSU estimates it will collect an additional \$188 million in student tuition revenue in 2025-26. Most of this increase is due to the planned rise in CSU's tuition charges. Tuition charges are set at \$6,450 for resident undergraduate students in 2025-26, reflecting a \$366 increase from 2024-25. CSU estimates generating an additional associated \$164 million. CSU plans to use \$55 million (33 percent) of this additional revenue to provide larger tuition awards through its SUG program. (In addition, the California Student Aid Commission budget includes \$37 million ongoing General Fund to pay for higher associated Cal Grant costs for CSU students in 2025-26. Many CSU students with financial need receive full tuition coverage under the Cal Grant program.) CSU expects to generate \$24 million in new tuition revenue from planned enrollment growth in 2025-26.

Staff Comments. It is important to note that while tuition and fees revenues at both the UC and CSU represent a large portion of core funds, looking towards these revenues as offsets or solutions for state General Fund investments could affect the affordability of the state's public higher education system.

Governor’s Compact with CSU and UC. In May 2022, the Administration announced a compact with UC and CSU to provide 5 percent annual base General Fund increases from 2022-23 through 2026-27. The universities are expected to accommodate one percent annual resident undergraduate enrollment growth within their base increases over the remainder of the compact period (2023-24 through 2026-27), along with other compact expectations. The compact is not codified, and state budget plans have not strictly adhered to it.

Figure 7:

Deferral Plans Contain Steep General Fund Increases for CSU and UC in 2026-27
Reflects Multiyear Assumptions of Deferral Plans, General Fund (Dollars in Millions)

	2025-26 Year 4 ^a	2026-27 Year 5 ^a	2027-28
CSU			
Ongoing Changes			
Base reduction	-\$375	—	—
Two-year deferral of year 4 base increase ^b	—	—	\$252
Anticipated year 5 base increase	—	\$265	—
One-Time Back Payments			
Base costs	—	\$252	\$252
One-Time Adjustments^c	\$75	—	-\$252
Totals	\$5,403	\$5,921	\$6,173
Change from previous year	-2.2%	9.6%	4.3%
UC			
Ongoing Changes			
Base reduction	-\$397	—	—
Deferral of year 4 base increase ^b	—	—	\$241
Deferral of year 4 nonresident replacement funding ^b	—	—	31
Anticipated year 5 base increase	—	\$254	—
Anticipated year 5 nonresident replacement funding	—	30	—
One-Time Back Payments			
Base costs	—	\$241	\$241
Nonresident replacement costs	—	31	31
One-Time Adjustments^c	\$125	—	-\$272
Totals	\$4,587	\$5,142	\$5,413
Change from previous year	-5.6%	12.1%	5.3%

^aIn 2025-26, the Governor will be entering year 4 of his compact with the CSU Chancellor and UC President. The fifth and final year of this compact is 2026-27. A new governor will take office in 2027-28.

^bUnder the deferral plans, the year 4 base increases and UC nonresident replacement funding are deferred from 2025-26 to 2027-28. In 2026-27, one-time back payments are provided for 2025-26 costs. In 2027-28, one-time back payments are provided for 2026-27 costs, while at the same time the deferred base increase is funded.

^cIn 2025-26, reflects the restoration of one-time reductions applied in 2024-25. In 2027-28, reflects removal of prior-year, one-time back payments.

Source: Legislative Analyst’s Office

Compact Deferrals. Consistent with the 2024 Budget Act, ongoing General Fund augmentations of about 5 percent for CSU and UC are deferred from 2025-26 until 2027-28. Specifically, the plan defers augmentations of \$252 million for CSU and \$241 million for UC. (As part of the Governor’s five-year compacts, the Governor indicated intent to provide CSU and UC with 5 percent annual base increases from 2022-23 through 2026-27 as a way to offer them more predictable funding levels.) At UC, the budget also defers \$31 million in additional funding for the nonresident replacement plan. For the past three years, the state has been providing UC with funding to replace nonresident students at three high-demand campuses (Berkeley, Los Angeles, and San Diego) with resident undergraduate students. The fourth year of this funding, as with UC’s base increase, is deferred two years (from 2025-26 until 2027-28). Under the deferral arrangement, one-time back payments would be provided to CSU and UC in 2026-27 (for 2025-26 costs) and 2027-28 (for 2026-27 costs).

Governor's Compact Expectations. In exchange for receiving more predictable funding levels, the Governor wanted CSU and UC to meet certain expectations. The compacts, for example, include expectations that CSU and UC increase resident enrollment (including in high-demand areas), close equity gaps, and improve workforce preparation. Although the budget plan does not include a base General Fund increase for CSU and UC in 2025-26, the Administration continues to expect the segments to meet compact goals. (The compacts remain uncodified, and no statutory repercussions are set forth if the segments do not meet one or more compact goals.)

Staff Recommendation. Hold Open.

Issue 2: Higher Education Student Housing Grant Program

Panel

- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst’s Office
- Seija Virtanen, University of California
- Paul Gannoes, California State University

Background. The 2021, 2022 and 2023 Budget Acts created the Higher Education Student Housing Grant Program and authorized 35 projects: five UC projects, 11 CSU projects, 16 CCC projects, three joint UC/CCC projects, and one joint CSU/CCC project, totaling about \$2.2 billion in state funding. Projects were required to provide “affordable” beds for students, which was defined as rents not exceeding 30 percent of 50 percent of a campus’s area median income. (This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents.) While the program was originally conceived with one-time General Fund, the 2023 Budget Act shifted the program to bond financing.

The figure below provides a list of CSU projects funded by the Higher Education Student Housing Grant Program.

Figure 8:

Project Name	Project Cost		Funding by Source				Bed Count & Rent For Low-Income Students		Standard Bed Count & Associated Rent		Building Square Footage (GSF)		Construction Completion Date	
	Proposed	Updated	Proposed		Updated		Proposed	Updated	Proposed	Updated	Proposed	Updated	Proposed	Updated
			CSU	HESHGP	CSU	HESHGP								
CSU Dominguez Hills Student Housing, Phase 4	\$ 75,000,000	\$ 97,000,000	CSU: \$ 26,250,000 HESHGP: \$ 48,750,000	CSU: \$ 46,750,000 HESHGP: \$ 50,250,000	238 beds \$700.00	238 beds \$695.00	116 beds N/A	50 beds N/A	84,600	63,000	Apr-25	Apr-26		
Fresno State New Affordable Student Housing	\$ 47,768,000	\$ 58,750,000	CSU: \$ 16,718,000 HESHGP: \$ 31,050,000	CSU: \$ 25,000,000 HESHGP: \$ 33,750,000	225 beds \$700.00	225 beds \$733.00	N/A beds N/A	N/A beds N/A	88,750	82,838	Jun-25	Jul-26		
Cal State Fullerton Student Housing, Phase 5	\$ 136,897,000	\$ 157,948,000	CSU: \$ 47,997,000 HESHGP: \$ 88,900,000	CSU: \$ 69,048,000 HESHGP: \$ 88,900,000	390 beds \$933.00	390 beds \$1,128.00	202 beds N/A	120 beds \$1,988.00	200,000	154,710	Jul-24	Aug-26		
Cal Poly Humboldt 8th Street Arcata Student Housing	\$ 41,703,000	\$ 221,698,000	CSU: \$ 14,603,000 HESHGP: \$ 27,107,000	CSU: \$ 194,591,000 HESHGP: \$ 27,107,000	138 beds \$630.00	138 beds \$630.00	N/A beds N/A	796 beds \$780.00	70,256	303,000	Jun-24	Dec-25		
Cal State Long Beach Hillside North Student Housing	\$ 82,000,000	\$ 126,647,000	CSU: \$ 28,700,000 HESHGP: \$ 53,300,000	CSU: \$ 73,347,000 HESHGP: \$ 53,300,000	403 beds \$700.00	412 beds \$797.00	N/A beds N/A	N/A beds N/A	97,351	108,100	Dec-24	Jul-26		
CSU Northridge Student Housing Buildings #22 & #23	\$ 57,748,000	\$ 72,905,000	CSU: \$ 20,248,000 HESHGP: \$ 37,500,000	CSU: \$ 35,405,000 HESHGP: \$ 37,500,000	200 beds \$700.00	198 beds \$700.00	N/A beds N/A	N/A beds \$866.00	61,704	61,704	May-24	May-25		
Sacramento State Student Housing, Phase 3	\$ 67,055,000	\$ 69,970,000	CSU: \$ 25,715,000 HESHGP: \$ 41,340,000	CSU: \$ 28,630,000 HESHGP: \$ 41,340,000	285 beds \$894.00	285 beds \$987.11	N/A beds N/A	40 beds \$1,060.00	97,470	98,316	Apr-27	Jul-26		
San Diego State Calexico Off-Campus Center Housing	\$ 13,630,000	\$ 17,028,000	CSU: \$ 4,780,000 HESHGP: \$ 8,850,000	CSU: \$ 7,920,000 HESHGP: \$ 9,108,000	78 beds \$618.00	80 beds \$677.00	N/A beds N/A	N/A beds N/A	16,000	11,934	Mar-25	Jul-26		
San Francisco State West Campus Green Affordable Housing and Student Health Center	\$ 178,991,000	\$ 178,991,000	CSU: \$ 62,691,000 HESHGP: \$ 116,300,000	CSU: \$ 62,691,000 HESHGP: \$ 116,300,000	750 beds \$845.00	730 beds \$990.00	N/A beds N/A	N/A beds N/A	180,000	172,010	Jul-24	Jul-24		
San José State Spartan Village on the Paseo	\$ 333,816,000	\$ 166,065,000	CSU: \$ 244,716,000 HESHGP: \$ 89,100,000	CSU: \$ 76,965,000 HESHGP: \$ 89,100,000	517 beds \$970.00	517 beds \$1,045.00	490 beds N/A	140 beds \$1,098.00	452,360	232,431	Jun-27	Jun-25		
CSU San Marcos University Village Housing and Dining	\$ 140,023,000	\$ 126,300,000	CSU: \$ 49,023,000 HESHGP: \$ 91,000,000	CSU: \$ 34,000,000 HESHGP: \$ 92,300,000	390 beds \$832.00	390 beds \$1,022.00	210 beds N/A	150 beds \$1,105.00	224,681	139,612	Jun-24	Aug-26		
Stanislaus State Residence Life Village IV	\$ 29,005,000	\$ 31,005,000	CSU: \$ 10,155,000 HESHGP: \$ 18,850,000	CSU: \$ 10,155,000 HESHGP: \$ 20,850,000	75 beds \$703.00	78 beds \$776.00	45 beds 877	42 beds \$1,047.00	45,707	45,707	May-24	Jun-27		
Totals	\$ 1,203,636,000	\$ 1,324,307,000	Totals \$ 1,203,643,000	Totals \$ 1,324,307,000										

Source: CSU Higher Education Student Housing Grant Program Report – July 2024

Figure 9 below, provides a list of all current student housing projects at the UC. Of those projects, the following are funded through the Higher Education Student Housing Grant Program.

- UC Berkeley - People’s Park Student Housing (also known as Housing #2)
- UC Irvine - Mesa Court Housing Expansion
- UC Los Angeles - Gayley Towers Redevelopment
- UC San Diego - Pepper Canyon West
- UC Santa Cruz - Kresge College Non-Academic Phase 2 – State Subsidized Beds
- UC Merced/Merced Community College - Promise Housing
- UC Riverside/Riverside Community College - North District Phase 2

The Pepper Canyon West project at the UC San Diego campus went into operation as of Fall 2024.

Figure 9:

ACTIVE PROJECTS WITH REGENTS FULL APPROVAL OR/AND PRELIMINARY PLANS APPROVAL				
Campus	Project Name	Approx NEW Beds	Planned First Fall Operation	Project Anticipated Primarily for
Berkeley	People's Park	1113	Fall 2027	Undergrad
Berkeley	2200 Bancroft Housing / Housing Project #3	1500	Fall 2028	Undergrad
Davis	Aggie Square Phase ¹	103	Fall 2025	Undergrad & Graduate
Davis	Segundo Infill Student Housing	493	Fall 2027	Undergrad
Irvine	Mesa Court Residence Hall	400	Fall 2025	Undergrad
Irvine	East Campus Student Apartments Phase 5	600	Fall 2027	Undergrad
Los Angeles	Gayley Tower Redevelopment	445	Fall 2026	Undergrad
Merced	UC Merced/Merced College Promise Housing ²	292	Fall 2026	Undergrad
Riverside	North District Phase 2 ³	1242	Fall 2025	Undergrad
San Diego	Ridge Walk North Living Neighborhood ⁴	1966	Fall 2025	Undergrad
San Diego	Pepper Canyon East Phase 1	941	Fall 2029	Undergrad
Santa Barbara	San Benito Apartments	2225	Fall 2027	Undergrad
Santa Cruz	Kresge College Non Academic Phase 2	440	Fall 2025	Undergrad
Santa Cruz	Student Housing West-Hagar Phase 1 ⁴	120	Fall 2025	Family
Santa Cruz	Student Housing West-Heller Phase 2/3	2744	Fall 2028	Undergrad
Santa Cruz	Delaware Addition	400	Fall 2026	Undergrad
TOTAL		15,024		

Source: University of California

Staff Recommendation. Informational item.

Issue 3: Underground Scholars and Project Rebound Update**Panel**

- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst's Office
- Eric Heng, University of California
- Ray Murillo, California State University

Background.

Underground Scholars. The Underground Scholars Initiative was started in the Spring of 2013 by formerly incarcerated and system-impacted students at UC Berkeley as the Underground Scholars Initiative (USI), a student organization. In 2014, USI received funding from the University of California Berkeley through a fee referendum voted on by students. That funding made it possible for USI to rent office space and hire staff and five formerly incarcerated students to work for the initiative. In 2016, the state provided UC Berkeley with a one-time allocation of \$500,000 to establish the Underground Scholars program.

The 2022 Budget Act provided \$4 million ongoing to the UC to establish and sustain Underground Scholars programs as a centralized location on all undergraduate-serving campuses for incarcerated, formerly incarcerated and carceral system-impacted students.

Project Rebound. In 1952, John Irwin (1929-2010) robbed a gas station and served a five-year sentence for armed robbery in Soledad Prison. During his time in prison, he earned 24 college credits through a university extension program. After his release from prison, Irwin earned a B.A. from UCLA, a Ph.D. from UC Berkeley, and then served as a Professor of Sociology and Criminology at San Francisco State University for 27 years, during which he became known internationally as an expert on the U.S. prison system.

Project Rebound was created in 1967 by Irwin as a way to matriculate people into San Francisco State University directly from the criminal justice system. Supported for many years by San Francisco State University's Associated Students, Inc., the program supported hundreds of formerly incarcerated students obtain Bachelor's and Master's degrees. In 2019, following a three-year, philanthropically funded expansion effort (2016- 19), California made an ongoing investment of \$3.3 million ongoing General Fund in the CSU Project Rebound Consortium to grow and further expand the program across the state.

The 2022 Budget Act provided an increase of \$8.8 million and ongoing to expand the Project Rebound program, growing the state's ongoing investment to \$11.3 million annually. The CSU Project Rebound Consortium is now a state and grant-funded network of programs operating at fifteen CSU campuses in Bakersfield, East Bay, Fresno, Fullerton, Humboldt, Long Beach, Los Angeles, Northridge, Pomona, Sacramento, San Bernardino, San Diego, San Francisco, San Marcos, and Stanislaus.

Staff Recommendation. Informational Item.

6610 CALIFORNIA STATE UNIVERSITY (CSU)**Issue 4: CSU Enrollment****Panel**

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- April Grommo, California State University

Background.

Most CSU Students Are California Residents. Approximately 95 percent of students at CSU are California residents, with the remainder of students coming from other states or countries. The share of resident students has hovered at about 95 percent over the past ten years. Of resident students, approximately 90 percent are undergraduates and 10 percent are postbaccalaureate and graduate students. Though the share of resident students is high systemwide, some variation exists among campuses. In 2023-24, the CSU Stanislaus student body had the highest share of resident students (99 percent), whereas CSU San Luis Obispo had the lowest share (84 percent).

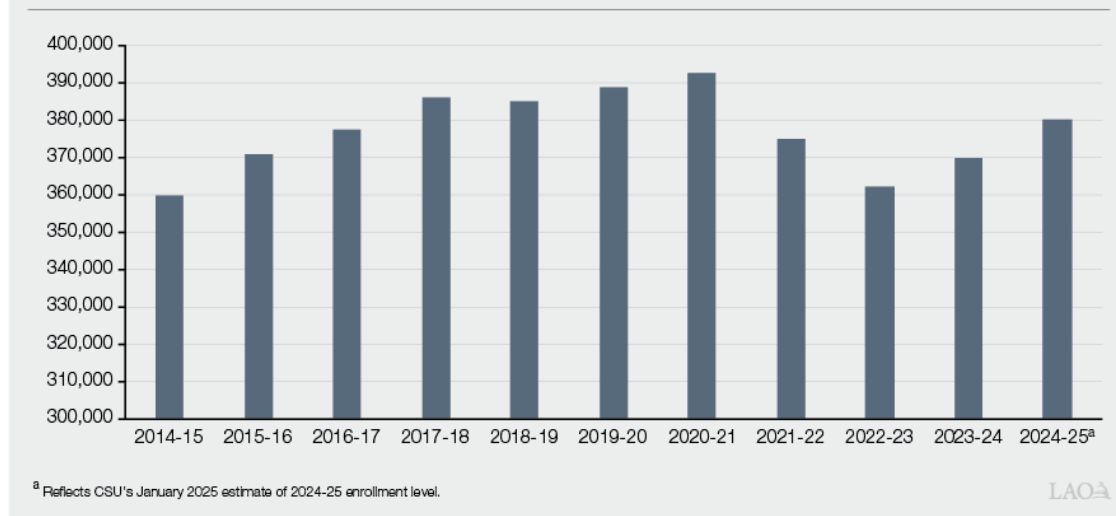
State Budget Typically Sets Enrollment Growth Expectations for CSU. In most years, the state sets enrollment growth expectations for CSU in the annual budget act. These growth expectations apply to resident students. In some years, the state sets expectations for total CSU resident enrollment. In other years, its sets expectations only for resident undergraduates, with no expectation for resident graduate students. CSU tracks a running total of these growth expectations, which it commonly refers to as its enrollment target. CSU's enrollment target in 2024-25 is 390,598 resident Full Time Equivalent (FTE) students. CSU does not track this target separately for undergraduates and graduate students.

Historically, the state set an enrollment expectation for CSU in the budget year (for example, setting a 2016-17 enrollment expectation in the 2016-17 Budget Act). More recently, the state has set enrollment expectations for CSU in the budget year and budget year plus one. This change has reflected an effort by the state to better align its enrollment expectations with CSU's admissions cycle. As CSU has already made many of its admission decisions for the coming academic year by the time the Legislature enacts the annual budget in June, setting budget-year expectations can be too late to have a notable impact on CSU behavior. In contrast, setting an expectation for budget year plus one allows the state to have more influence over CSU actions for the next academic year. Setting enrollment expectations for budget year plus one, in turn, gives CSU campuses more time to adjust their enrollment management practices to meet any new enrollment expectations set for them.

CSU's Enrollment Is Rebounding From Pandemic Declines. As Figure 10 shows, CSU's total resident enrollment was generally trending upward from 2014-15 through 2020-21. CSU then experienced notable declines in its resident enrollment in 2021-22 and 2022-23. In 2022-23, CSU enrolled approximately 30,000 fewer resident FTE students than a couple of years earlier. CSU resident enrollment has been rebounding these past two years, though estimated resident enrollment in 2024-25 remains nearly 13,000 FTE students below CSU's 2020-21 peak.

Figure 10:**Over Past Decade, CSU Enrollment Has Seen Ups and Downs**

Enrollment for Resident Full-Time Equivalent Students

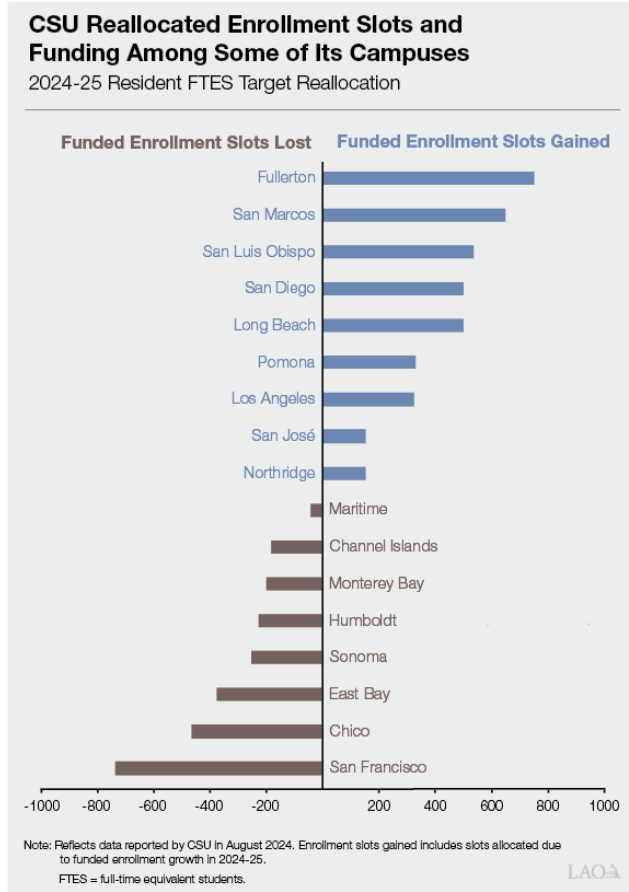


Source: Legislative Analyst's Office

CSU Reports Exceeding Its 2024-25 State Enrollment Expectation. Despite its enrollment being below its 2020-21 peak, CSU reports that it is exceeding the state enrollment expectation set for it in the 2024-25 Budget Act. The 2024-25 Budget Act directed CSU to increase resident undergraduate enrollment by 6,338 FTE students, bringing its resident undergraduate enrollment level to 339,946 FTE students. This growth expectation is relative to CSU's actual enrollment level in 2023-24. CSU reports that it exceeded the 2024-25 state budget expectation—growing by 9,326 FTE students, for total resident undergraduate FTE students of 342,935 resident undergraduate FTE students. When combined with postbaccalaureate and graduate enrollment, CSU estimates enrolling a total of 380,073 resident FTE students in 2024-25—an increase of 10,166 students (2.7 percent) from the previous year.

CSU Began Implementing an Enrollment Reallocation Plan in 2024-25. CSU allocates its systemwide enrollment target and associated funding among its campuses. For the past several years, certain CSU campuses have been enrolling fewer students than their enrollment targets while other campuses have been enrolling students in excess of their targets. In response, CSU recently developed an enrollment reallocation plan. The plan entails CSU gradually shifting slots and associated funding away from those campuses notably below their targets to those campuses notably above their targets. Specifically, beginning in 2024-25, CSU shifted a portion of funded slots away from eight campuses below their enrollment targets in 2023-24 to nine campuses above their enrollment targets. Figure 11 shows how many funded enrollment slots were moved away from those campuses. It also shows the nine campuses that gained funded slots under the plan. CSU intends to continue implementing this plan in 2025-26.

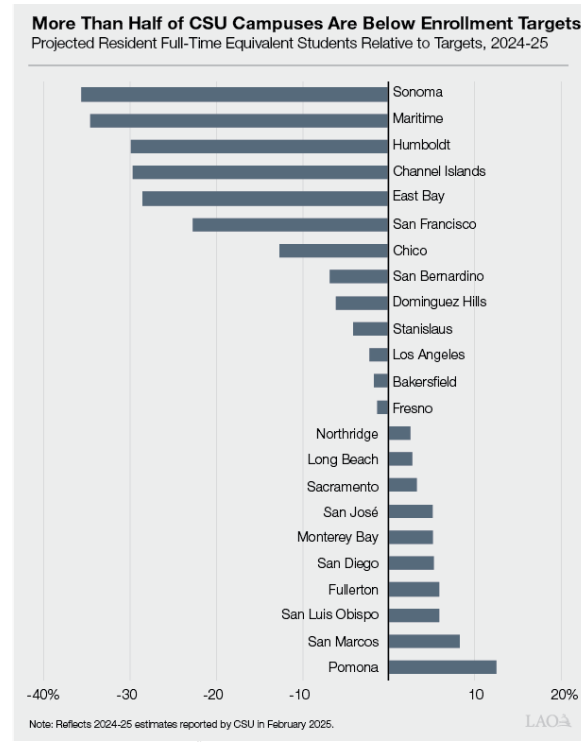
Figure 11:



Source: Legislative Analyst's Office

Despite Recent Enrollment Increases, Most Campuses Remain Below CSU’s Enrollment Targets. Whether a campus meets its enrollment target depends on several key factors, including the number of students who apply, admission rates, yield rates, retention rates, and other aspects of student and campus behavior. As Figure 12 shows, 13 campuses are projected to be below their enrollment targets set by CSU for 2024-25. Six of these campuses would need to increase enrollment by more than 20 percent to reach their 2024-25 targets.

Figure 12:



Source: Legislative Analyst’s Office

Number of “Impacted” Programs Is Decreasing. Historically, some CSU campuses and academic programs have been designated as impacted, meaning they have more student demand than enrollment slots. To manage student demand, impacted campuses and programs adopt stricter admissions criteria than the minimum systemwide eligibility requirements. Campuses may apply the stricter admissions criteria to applicants outside their local service area and/or applicants within specific high-demand programs. Currently, five CSU campuses (Fullerton, Long Beach, San Diego, San José, and San Luis Obispo) are impacted in all undergraduate programs. Other campuses tend to have at least a few programs impacted in 2024-25. For example, many campuses are impacted in their Biological Sciences, Engineering, and Nursing programs. Though some programs remain impacted, eight campuses saw a decrease in the number of impacted programs in 2024-25 compared to 2023-24.

2025-26 and 2026-27 Enrollment Expectations. The 2024-25 Budget Act set a resident undergraduate enrollment expectation for CSU in 2025-26 (following recent state practice of setting expectations for budget year plus one). The 2025-26 budget plan maintains that expectation and adds an expectation for 2026-27. Specifically, the budget plan sets forth that CSU is to grow its resident undergraduate enrollment by 10,161 FTE students, for a total associated level of 350,107 FTE students in 2025-26. It also sets forth that CSU is to grow by another 10,161 FTE students in 2026-27, for a total level of 360,268 FTE students. Though the budget plan does not contain any enrollment growth funding for CSU in 2025-26, it maintains provisional language permitting the Director of Finance to reduce CSU funding for each student below

the expected 2025-26 level. The provisional language indicates the reduction would be taken at the 2025-26 state marginal cost rate of \$10,983.

CSU’s Enrollment Reallocation Plan Is Realigning Funding with Actual Students Served. Though a majority of CSU campuses are currently below their enrollment targets, some campuses are exceeding their enrollment targets. In 2024-25, CSU began addressing this situation by reallocating existing enrollment slots from campuses under their 2023-24 targets to those exceeding their 2023-24 targets. Effectively, this reallocation moved funding internally within the CSU system to help support more enrollment growth at growing campuses. Specifically, CSU moved funds from eight campuses below target to nine campuses above target. Seven out of the eight campuses furthest from meeting enrollment demand are located in Northern California, whereas eight out of the nine campuses with unmet enrollment demand are located in Southern California. If these nine campuses continue to see enrollment demand in the next couple of years, but do not receive additional funding to support enrollment growth, they likely will have to turn away more students.

Under Budget Plan, No Funding Is Earmarked for Enrollment Growth. As discussed in the “Core Operations” section, the state budget plan reduces General Fund support for CSU by a net of \$122 million. No funding is provided to cover the marginal cost of new resident enrollment. CSU has expressed concern about continuing to increase its systemwide resident enrollment moving forward in the absence of additional state funding.

Staff Recommendation. Hold Open

Issue 5: Capitol Fellows Program**Panel**

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Leonor Ehling, Center for California Studies, Sacramento State

Proposal. The Governor's budget includes a \$1.3 million ongoing General Fund augmentation for the Capital Fellows program, bringing funding for the program up to \$5.2 million. The augmentation is to provide a 50 percent salary increase for Fellows, bringing their monthly salary to \$4,888 (\$58,656 annualized). The Center shared that this request originally was tied to a new federal requirement, which has since been vacated. (Specifically, a federal regulation would have increased the salary threshold to be classified as salaried employees. Had the salary for Fellows not risen to the minimum level for salaried employees, Fellows would have become eligible for overtime, which is not the intent of the program.) Despite that federal requirement being rescinded, the Center indicates a salary increase is still warranted to help Fellows afford rising living costs as well as keep the fellowship program competitive with comparable programs in the state and country.

Background. Apart from CSU's main state General Fund appropriation, the state separately funds CSU's Center for California Studies (the Center). The Center was founded in 1982. It is overseen by CSU Sacramento in concert with the CSU Chancellor's Office. In 2024-25, the Center received \$5.6 million ongoing General Fund support. The Center has 12 authorized positions.

The core objective of the Capital Fellows program is to train young professionals for a career in public service within state government. The program consists of four fellowship opportunities: Assembly, Senate, Executive, and Judicial. Fellowships are structured similarly regardless of the branch of government. Each fellowship provides both experiential learning opportunities as well as career development and mentorship. Fellows work 10 months in the judicial branch, 10.5 months in the executive branch, and 11 months in the Assembly and Senate.

To apply for the program, one must be at least 20 years old and have earned a bachelor's degree. In addition, applicants must have a college grade point average of 2.5 or higher, an interest in state government and public policy, and be authorized to work in the United States. The majority of Fellows are coming straight out of an undergraduate program, though some have at least a few years of prior work experience. (Among its 2024-25 cohort, the Center reports only 1.5 percent of Fellows held a master's degree.) In fall 2024, the Center received 1,061 applications from 590 unique applicants for the 2025-26 fellowship year. (Some candidates apply to more than one fellowship program.)

Housing Costs in Sacramento Are Rising. Apart from the Judicial Fellows, all other Fellows are required to relocate to Sacramento (unless already living in the area). The Center has expressed concern that the current salary for Fellows is insufficient to cover housing and other living costs in Sacramento. From 2019 through 2023, the median gross rent in Sacramento County increased at an average annual rate of 7.5 percent. In 2023, the median gross rent in Sacramento County was \$1,702. Though Fellows may be able to find less expensive rent and share housing, spending \$1,000 per month on rent and utilities would equate to 31 percent of their paycheck. A household commonly is considered cost-burdened if they spend more than 30 percent of their income on housing costs.

Salaries Are Not Adjusted for Inflation. Salaries for Fellows are not adjusted annually for increases in cost of living. Every time the Center wants to increase salaries, regardless of the amount, it must submit a new budget request to the state. The Center last raised salaries just a couple of years ago. In 2022-23, the Center raised Fellows salaries by 9.75 percent, up to the current level of \$3,253 per month. If adjusted annually based on the California Consumer Price Index (CA CPI), that monthly salary rate would be \$3,447 in 2024-25.

Candidates Have Expressed Concern Regarding Salary Amount. The Center shared with us that it does not have a problem with receiving applications, but it does face challenges in getting candidates to accept offers. The Center cites that one reason candidates decline offers is due to the salary amount. Some candidates have also expressed concern regarding the salary amount during the application process and have asked if there are other opportunities for employment during their time in the fellowship. However, the Center shared that it is difficult for fellows to work another job given the rigor and full-time work required by the program.

Staff Recommendation. Hold Open.

6440 UNIVERSITY OF CALIFORNIA (UC)**Issue 6: UC Enrollment****Panel**

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Seija Virtanen, University of California

Background.

UC Enrolls a Mix of California Resident and Nonresident Students. In 2023-24, of the nearly 293,500 FTE students UC enrolled, 82 percent were California residents and 18 percent were nonresidents. Compared to the two other segments, UC enrolls a notably larger share of nonresident students. (In 2023-24, nonresidents comprised 5.5 percent of CSU FTE students and an estimated 3 percent of CCC FTE students.) Within UC, nonresident students are more common in graduate programs. In 2023-24, one-third of UC graduate students are classified as nonresidents, compared to 15 percent of UC undergraduates.

UC Enrolls a Mix of Freshmen and Transfer Students. Besides aiming to enroll a mix of resident and nonresident students, UC tries to have each new incoming undergraduate class have a certain share of freshmen and transfer students. Specifically, UC aims to enroll one resident transfer student for every two resident freshmen. In fall 2024, UC estimates that it will nearly achieve this goal.

State Typically Sets Resident Enrollment Targets and Provides Associated Funding. Over the past two decades, the state's typical enrollment approach for UC has been to set systemwide resident enrollment targets. These targets typically have applied to total resident enrollment, giving UC flexibility to determine the mix of undergraduate and graduate students. If the total systemwide target has included growth (sometimes the state leaves the target flat), the state typically has provided associated General Fund augmentations. Augmentations have been calculated using an agreed-upon per-student funding rate derived from the "marginal cost" formula. This formula estimates the cost to enroll each additional student and shares the cost between the state General Fund and student tuition revenue. In 2024-25, the total marginal cost per student is \$21,455, with a state share of \$11,930.

Recently, State Has Made Two Modifications to Its Enrollment Growth Approach. One modification is that the state has been setting enrollment growth targets only for undergraduates. Another modification is that the state generally has been trying to better align its targets with UC's admissions cycle by setting enrollment targets for budget year plus one. UC completes its admissions cycle for the coming fall term before the state enacts the annual budget each June. Setting an enrollment growth target for budget year plus one allows the state to influence UC's planning for the next admissions cycle prior to UC making its admission decisions.

State Continues Nonresident Enrollment Reduction Plan. Another important change in recent years is that the state has acted to limit the number of nonresident undergraduates at UC, with the intent to make more slots available for resident undergraduates at high-demand campuses. Specifically, the state has directed UC to reduce nonresident undergraduate enrollment at the Berkeley, Los Angeles, and San Diego campuses by a total of 902 FTE students annually and increase resident undergraduate enrollment by the

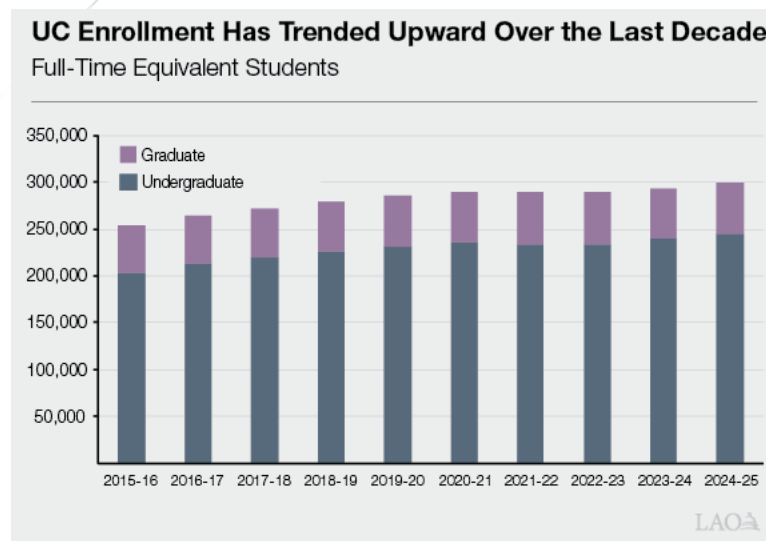
same amount. To help the campuses achieve this goal, the state has provided UC with ongoing General Fund support primarily to backfill the lost nonresident supplemental tuition revenue. The nonresident enrollment reduction plan began in 2022-23 and was intended to extend through 2026-27. By 2026-27, UC campuses are to have nonresident students comprise no more than 18 percent of their total undergraduate enrollment. (The 18 percent cap applies to all UC campuses, but only the Berkeley, Los Angeles, and San Diego campuses currently are above that cap.)

Last Year’s Budget Act Included Enrollment Growth Expectations for the Next Few Years. Specifically, the 2024-25 Budget Act set an expectation that UC grow by 2,927 resident undergraduate FTE students in 2024-25, another 2,947 FTE students in 2025-26, and another 2,968 FTE students in 2026-27. These amounts reflect annual growth of 1.4 percent. (These amounts include the additional 902 resident undergraduate FTE students resulting from the nonresident replacement plan.) The state’s intent was that UC would fund this new growth from base General Fund augmentations provided in each of those years. Under this growth plan, UC resident undergraduate enrollment would reach 212,503 in 2026-27.

UC Has Graduate Growth Plans. Unlike for UC undergraduates, the state has not been setting enrollment targets for UC graduate students. The Governor and UC, however, have compact goals relating to graduate enrollment. Specifically, UC set a plan to increase enrollment in its state-supported graduate programs by a total of 2,500 students (resident and nonresident students combined) over four years. UC originally intended to add this enrollment in even increments (625 FTE students per year) beginning in 2023-24 and extending through 2026-27. Though not earmarked in the state budget act, graduate enrollment growth is supported by state funding and tuition revenue, among other sources.

UC Enrollment Has Grown Over the Past Decade. As Figure 13 shows, UC enrollment has increased every year but one (2022-23) over the past decade. Total enrollment has grown by approximately 46,000 students (18 percent). As enrollment has increased, the share of undergraduates has grown slightly (from 80 percent to 82 percent of overall enrollment), as the share of graduate students has declined slightly (from 20 percent to 18 percent). Undergraduate enrollment growth has varied somewhat across UC campuses. Over the past decade, UC Santa Cruz has experienced the least amount of growth. UC San Diego has added the greatest number of undergraduates, and UC Merced has grown at the fastest rate.

Figure 13:



Source: Legislative Analyst’s Office

UC Expects to Exceed Its Resident Undergraduate Enrollment Target in 2024-25. Based on data from the summer and fall 2024 terms, UC estimates that its resident undergraduate enrollment is 3,270 FTE students above the 2024-25 Budget Act target. This growth is more than double the state’s enrollment expectation that year. Rather than reaching a resident undergraduate enrollment level of 206,588 FTE students, UC anticipates growing to 209,858 FTE students. This level of growth even exceeds the 2024-25 Budget Act enrollment target set for UC in 2025-26 (by a few hundred students). UC is planning to apply the excess growth in 2024-25 toward its 2025-26 enrollment target.

Growth in New Transfer Students More Than Offsets Decline in New Freshmen. Figure 14 shows UC’s cohort of new incoming students (headcount) grew slightly in fall 2024 over fall 2023. Reversing a three-year trend, new transfer enrollment increased for the first time since fall 2020. The number of new resident freshmen declined year over year, breaking a pattern of annual growth for this group that began in fall 2020.

Figure 14:

Growth of New Transfer Students More Than Offsets Decline in New Freshmen
New Undergraduate Headcount, Fall Term

	Fall 2023	Fall 2024	Change From Fall 2023	
			Amount	Percent
Freshmen				
Resident	42,108	41,950	-158	-0.4%
Nonresident domestic	4,616	4,262	-354	-7.7
Nonresident international	4,245	4,409	164	3.9
Subtotals	(50,969)	(50,621)	(-348)	(-0.7%)
Transfer/Other^a				
Resident	17,899	18,694	795	4.4%
Nonresident domestic	396	366	-30	-7.6
Nonresident international	1,489	1,621	132	8.9
Subtotals	(19,784)	(20,681)	(897)	(4.5%)
Totals	70,753	71,302	549	0.8%

^aIncludes CCC and other transfer students.

Source: Legislative Analyst’s Office

UC Expects to Meet Its Nonresident Enrollment Reduction Goals in 2024-25. Compared to 2023-24, nonresident undergraduate enrollment declined at the Berkeley campus by 782 FTE students and at the Los Angeles campus by 294 FTE students. Together, these two campuses exceeded the combined state reduction target of 902 FTE students. UC San Diego increased its nonresident undergraduate enrollment by 83 FTE students, but it grew its resident undergraduate enrollment at an even greater pace. All three campuses reduced nonresident undergraduate enrollment as a share of their total undergraduate enrollment. The Berkeley campus made the most progress (reducing its nonresident share by 2.2 percentage points), whereas the San Diego campus made the least progress (reducing its nonresident share by 0.4 percentage points). All three campuses have a nonresident share that is below 20 percent in 2024-25.

UC Does Not Plan to Meet Graduate Growth Target. Unlike for undergraduate enrollment, graduate enrollment growth targets were not included in the 2024-25 Budget Act. Nonetheless, UC has been tracking its graduate enrollment relative to its compact goals. UC does not expect to meet the overall 2,500 graduate enrollment growth target identified in the compact. UC notes that the baseline from which that target was set reflected an unusual high point in 2021-22. Though it did not realize at the time, UC has since learned that graduate enrollment in 2021-22 was particularly high given a relatively large number

of graduate students deferred enrollment in 2020-21 due to issues relating to the pandemic. While UC believes graduate enrollment will not grow by 2,500 graduate students by 2026-27, it indicated to us that campuses will continue to expand enrollment in graduate programs, with a particular emphasis on enrollment in programs that meet state workforce needs in the science, technology, engineering, mathematics and health sciences areas.

Enrollment Expectations for 2025-26 and 2026-27

Budget Plan Continues Resident Undergraduate Enrollment Expectations, but Does Not Provide Funding. The 2024-25 Budget Act set a resident undergraduate enrollment expectation for UC in 2025-26 and 2026-27. The 2025-26 budget plan maintains these expectations. Specifically, the budget plan sets forth that UC is to grow its resident undergraduate enrollment by 2,947 FTE students in 2025-26, and another 2,968 FTE students in 2026-27, for a total level of 212,503 FTE students that year. The budget plan does not contain any enrollment growth funding for UC in 2025-26. However, it maintains provisional language permitting the Director of the Department of Finance (DOF) to reduce UC funding for each student below the expected 2025-26 level. The provisional language indicates the reduction would be taken at the 2025-26 state marginal cost rate of \$11,640 per student.

Budget Plan Also Maintains Nonresident Enrollment Reduction Expectations, but Defers Funding. The budget plan also maintains the expectation that UC continue to reduce nonresident undergraduate enrollment by a total of 902 FTE students at the Berkeley, Los Angeles, and San Diego campuses in 2025-26, replacing those students with residents. (The additional resident students are included in the targets mentioned above.) As with the base funding deferral, the budget plan defers \$31 million ongoing General Fund that otherwise would have been provided in 2025-26 to continue implementing the nonresident enrollment reduction plan to 2027-28. The Governor proposes provisional budget language stipulating that if the actual reduction in nonresident undergraduate enrollment in 2025-26 is fewer than 902 FTE students, then the Director of DOF is not obligated to provide the deferred payment.

Staff Recommendation. Hold Open.

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, March 13, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultants: Yong Salas and Diego Emilio J. Lopez

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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: Childhood Sexual Assault Claims****Panel.**

- Mike Fine, Fiscal Crisis and Management Assistance Team
- Erin Lillibridge, Fiscal Crisis and Management Assistance Team

Background.

In 2019, the Governor signed Assembly Bill (AB) 218 (Gonzalez, 2019), which lengthened the limitations period for claims of childhood sexual assault from 26 years old to 40 years old. In addition, it extended the period tied to the discovery of the childhood sexual assault from within three years to within five years. Lastly, it provided a three-year window in which expired claims are revived, which expired on December 31, 2022.

Subsequently, the Governor signed AB 452 (Addis, 2023), which eliminated the statute of limitations for the recovery of damages for any instances of childhood sexual assault that occurred after January 1, 2024.

A Senate analysis¹ from 2019 on AB 218 explains the need for this policy and states, “As argued by the author, there has been a dramatic shift in cultural sensitivities around sexual abuse and a more accepting societal climate for victims. Rather than fearing stigma, victims of past abuse are more likely to be willing to come forward now with claims. There are complex psychological effects that result from being victimized in this way. In addition, the systematic incidence of childhood sexual assault in numerous institutions in this country and the cover-ups that accompanied them arguably make both a revival period and an extended statute of limitations warranted. This bill provides another chance for victims, who are currently barred from pursuing claims based solely on the passage of time, to seek justice.”

After the enactment of AB 218, victims who were sexually assaulted as children in prior decades came forward to seek justice for the crimes committed against them. These incidents occurred at various institutions indiscriminately, including churches, youth organizations, and local public entities, including local educational agencies and county-run programs. The total number of claimants who came forward and any ensuing fiscal impacts are unknown. The Los Angeles Times, in an article dated December 28, 2022 and titled *As deadline looms, California’s institutions face thousands of childhood sexual abuse claims*, stated that “thousands of lawsuits alleging abuse as far as the 1940s have been filed against dozens of organizations, including religious groups, private and public schools, sports groups and nonprofit organizations.”

¹ CA State Senate, Regular Session 2019-2020. Assemb. Bill 218, Third Reading, Senate Floor. As amended on 8/30/2019.

However, during the deliberations of AB 452 in the 2023-24 regular legislative session, a coalition representing impacted parties including insurance funds, education interests, school officials, and governmental representatives, wrote in opposition:

“...The current fiscal reality makes the timing of AB 452 challenging. Even with the clarification that the bill is intended to be applied prospectively, significant financial reserves funded with Prop 98 dollars will need to be collected and retained for the possibility of decades of liability exposure that may be realized in the future. Assessments to fund the associated risk addressed by AB 452 will be levied on today’s schools. These assessments will be happening concurrently with assessments on all schools to continue funding historic claims being brought forward under the current five-year psychiatric injury window that is available to all victims- regardless of age.”

At the February 29, 2024 hearing for the Senate Subcommittee #1 on Education, the Fiscal Crisis and Management Assistance Team (FCMAT) was invited to provide its annual update to the subcommittee on the fiscal health of school districts. The primary mission of FCMAT is to help California’s local TK-14 educational agencies identify, prevent and resolve financial, operational and data management challenges by providing management assistance and professional learning opportunities. At this subcommittee hearing, FCMAT provided near-term trends impacting solvency of local educational agencies, which included fiscal impacts on school districts from AB 218 claims.

Given FCMAT’s primary charge to assist school districts and its unique position as an independent and external state agency, the Legislature requested FCMAT provide recommendations for financing options by local public agencies. The 2024 budget required FCMAT, in consultation with appropriate subject matter experts, including, but not limited to, subject matter experts in risk management, public finance, labor, and bond financing, to provide recommendations on new, existing, or strengthened funding and financing mechanisms for local public agencies to finance judgments or settlements arising from claims of childhood sexual abuse. Specifically, the recommendations were directed to be solely focused on financing, securitization, or funding of claims, and should not impact current judgments or settlements from these claims, or unnecessarily delay the timeline in which plaintiffs receive funds from those judgments or settlements.

FCMAT released its report earlier this year, which found that “a comprehensive analysis of claims is not available, but what can be concluded is that the impact is significant.” The report also included 12 recommendations for improved tracking and financing of claims, and 10 recommendations to strengthen preventive measures for local agencies – in total, 22 recommendations. The recommendations to improve tracking and financing claims include:

1. Require the development and maintenance of a statewide data repository, including mandating cooperation and information sharing by public agencies.
2. Mandate a classification system to provide objective, actuarially based information on childhood sexual assault claims.

3. Amend Government Code 970.6 to provide for the determination of unreasonable hardship by the local governing body tied to established standards.
4. Amend Government Code 970.6 to provide a sliding scale of time for repayment based on the judgment amount, plus interest thereon.
5. Extend the payment due date to 150 days from when a judgment is entered by the court for judgments that are greater than 50% of the local agency's unrestricted reserves.
6. Clarify that a Code of Civil Procedure 860 validation proceeding may be brought by a public agency before tort action judgments are entered against the public agency.
7. Consider a limited exception to the prohibition on the use of lease financing proceeds for general operating purposes in EC 17456 for situations where an otherwise financially stable school district is faced with an extraordinary liability.
8. Extend state and local payment intercept mechanisms to public financings by local public agencies rather than limit the mechanism to the California School Finance Authority.
9. Expand or direct an appropriate role for the state's Infrastructure and Economic Development Bank in financing childhood sexual assault settlements and judgments.
10. Adopt an alternative receivership statute for school districts requesting emergency apportionments solely due to childhood sexual assault obligations.
11. Extend the maximum repayment term of 20 years for emergency apportionments when the loan amount is significantly higher than the school district's ability to pay and based on analysis performed and disclosed during the process leading to an emergency apportionment.
12. Commission a study that identifies the structure and attributes of a victims' compensation fund for childhood sexual assaults involving a public agency. The study should be presented to the Legislature no later than January 1, 2026, and the Legislature should consider establishing a victims' compensation fund by July 1, 2026.

Additionally, the remaining recommendations to strengthen prevention measures for local agencies are to:

13. Ensure that state policies set consistent standards to achieve zero tolerance for childhood sexual assault.
14. Require comprehensive school safety plans to include required policies and procedures designed to improve supervision and protection of children.

15. Amend paragraphs 1-5 and 9 of Penal Code 11165.7(a) to simply include all employees, volunteers and governing board members of a public or private school, including charter schools, as mandated reporters of child abuse and neglect.
16. Increase the quality and consistency of mandated training to prevent, build awareness of, and increase access to reporting options for, childhood sexual assault.
17. Mandate training of students to promote awareness and help provide 24-7 protection.
18. Establish a statute that promotes professional boundaries between adults and children and strengthens the safety of learning environments.
19. Expand the work history verification and inquiry mandate to include all public and private school employers and employees.
20. Provide for an electronic database of school employee work history in California's public and private schools.
21. Apply the definition of egregious misconduct to all public and private school employees, and ensure that instances of egregious misconduct are reported to an appropriate state agency and included in available work history data accessible to school employers.
22. Provide a clearer, improved definition of grooming that specifically addresses grooming in school, childcare, educational, recreational, and incarceration or probation settings.

Some of these recommendations would also help address future claims that were enabled under AB 452, which apply to incidents occurring after January 1, 2024. Since January 1, 2024, incidents of childhood sexual assault continue to occur. Several news outlets around the state have reported on multiple arrests of individuals suspected of childhood sexual assault, for example:

- On May 2, 2024, the Los Angeles Times reported the arrest of a pastor and foster parent for suspicion of child sexual assault of children in his care.²
- On August 22, 2024, a teaching assistant for the California School for the Deaf in Fremont, CA, which is a state special school under the Department of Education, was arrested for suspicion of sexual assault against at least three students.³

² Deng, J. (2024, May 2). Hesperia pastor is arrested, accused of sexually abusing foster children. *The Los Angeles Times*. <https://www.latimes.com/california/story/2024-05-02/a-hesperia-pastor-is-arrested-for-the-sexually-abusing-foster-children>

³ Baker, J. (2024, August 23). Fremont teaching assistant arrested for suspicion of child molestation. *KRON*. <https://www.kron4.com/news/bay-area/fremont-teaching-assistant-arrested-for-suspicion-of-child-molestation/>

- On February 26, 2025, an individual who worked as an elementary school counselor was arrested in Sacramento County on suspicions of child sexual assault against students at the elementary school where he worked.⁴

Lastly, as part of the enacting legislation that required this report (Section 104, Chapter 38, Statutes of 2024), subdivision (d) states that:

“This section does not, in any way, do any of the following:

- (1) Limit the rights of child sexual abuse survivors to file actions.
- (2) Limit applicable damages.
- (3) Grant immunity to local agencies.”

However, since the release of the report, at least two school districts and at least one county filed petitions for review in the California Supreme Court to challenge the constitutionality of AB 218, asserting that AB 218 is unconstitutional because it results in a gift of public funds. The petitions have included information from the FCMAT report to support the districts’ arguments.

Staff Comment. The subcommittee is thankful to FCMAT for providing recommendations that addressed the original scope of the enacting legislation – to assist local public agencies to fund or finance judgments and settlements from claims of childhood sexual assault. The report also provided thoughtful recommendations to address childhood sexual assault from a holistic perspective of prevention. The Legislature may wish to consider the policy recommendations around childhood sexual assault prevention as it considers recommendations to address the financing of judgments and settlements from childhood sexual assault claims.

As the Legislature evaluates the recommendations to assist local public agencies meet its financial obligations to victims, the subcommittee may wish to consider whether there are significant impacts or exposure to the State General Fund. The recommendation to establish a statewide victims’ compensation fund is one such recommendation that may have the potential to do so.

A case study of an existing statewide victim compensation fund is the California Victim Compensation Board (CalVCB), which serves as a payer of last resort for victims of crime to cover costs of crime-related expenses and remedy financial burdens for victims of crime. Staff also notes that the victim compensation program administered by CalVCB specifically cover expenses that are demonstrably related to the crimes committed against them, such as crime scene clean-ups, funeral and burial expenses, and mental health services. CalVCB originally funded these claims from the Restitution Fund, which collects penalty assessments and restitution diversion fees, federal funds, and other special funds. However, the 2020 budget eliminated criminal administrative fees and debt to relieve financial burdens on justice-involved individuals and families. This reduced the collection of assessments and fees in California, and as a result, Restitution Fund revenues declined and an annual General Fund backfill became necessary to fund these claims and keep it whole, with provisional budget authority to administratively augment funds if the backfill is insufficient. The 2020 budget first provided this backfill with \$23.5 million General Fund, and at its peak the General Fund provided \$39.5 million in the 2023-24 fiscal year.

⁴ Aystas, J. (2025, February 27). Sacramento County elementary school counselor accused of sexually assaulting students, officials say. *KCRA*. <https://www.kcra.com/article/sacramento-school-counselor-sexually-assault-students/63952996>

For the 2025-26 budget, the Governor proposes \$29.5 million General Fund to backfill the Restitution Fund.

The civil liabilities that local public agencies are at risk for as it relates to childhood sexual assaults are unknown; however, according to FCMAT,

“The best estimate of the dollar value of claims brought to date because of AB 218 is \$2-3 billion for local educational agencies. Other local public agencies’ costs will exceed that value by a multiplier, with one county government alone estimating their claim value at \$3 billion. The dollar estimate increases further for total childhood sexual assault claims when considering claims outside of the time frame covered by AB 218.”

If a statewide victim compensation fund were to be established and paid into by local agencies, staff raises concerns that a significant fiscal event where local agencies are unable to meet its payment obligations could create a cost pressure on the state to backfill the fund, which could potentially reach into the billions of dollars. The subcommittee may wish to take state General Fund exposure into consideration as it evaluates all the recommendations put forth by FCMAT.

Staff Recommendation. This item is informational.

6100 DEPARTMENT OF EDUCATION
6980 STUDENT AID COMMISSION**Issue 2: Teacher Recruitment and Retention: Golden State Teacher Grant, Loan Repayment for Teachers in Priority Schools, and the National Board Certification Incentive Grant****Panel.**

- Aman Singh, Department of Finance
- Jodi Lieberman, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst’s Office
- Edgar Cabral, Legislative Analyst’s Office
- Cheryl Cotton, Department of Education
- Jake Brymner, California Student Aid Commission

Background. State and federal teacher assistance, recruitment and retention programs, including the state’s Golden State Teacher Grant, the California Teacher Residency Grant Program, and the federal Teacher Education Assistance for College and Higher Education (TEACH) grants, are available to support prospective teacher candidates and/or teachers already in the classroom. The state programs are largely supported by one-time funds, some of which are coming close to expiration.

According to an April 2024 report from the Commission on Teacher Credentialing titled “Teacher Supply in California, 2022-23,” the 2022-23 fiscal year marked a decrease of the number of new credentials issued for the second year in a row following a steady increase in the prior seven years; and the number of newly issued credentials for all three types of teaching credentials (multiple subject, single subject, and education specialist credentials), also decreased.

The three grant proposals that will be discussed today reflect proposed state assistance at various stages of the teacher pipeline. The Golden State Teacher Grant Program assists students in professional preparation programs, the Loan Repayment for Teachers in Priority Schools assists current teachers who hold educational debt, and the National Board Certification Incentive Grant assists teachers who have at least three years of experience.

Golden State Teacher Grant Program Background. The 2019 Budget established the Golden State Teacher Grant Program, administered by the California Student Aid Commission (CSAC). It originally provided grants of up to \$20,000 to students in professional preparation programs approved by the Commission on Teacher Credentialing (CTC), with a commitment to work for four years at a priority school, as defined as a school with 55 percent unduplicated pupils, or preschool program, and in specific subject areas. If a recipient does not complete their credentialing or their service requirement, the grants would be returned to the state.

The 2021 Budget Act included \$500 million one-time General Fund to support the program. The \$500 million appropriation for Golden State Teacher Grants was to be spent across five years, ending June 30, 2026. The 2022 Budget Act also made several changes to the program. Most notably, whereas the program previously was open only to teacher candidates in certain high-

need subject areas, it is now open to teacher candidates in any subject area, as well as candidates for pupil personnel services credentials (which authorize individuals to work in school counseling, social work, psychology, and child welfare). The 2023 Budget Act further modified the program to allow participants to serve at preschools and expanded program eligibility to institutions that offers services online to students and offers a professional preparation program approved by the Commission on Teacher Credentialing as of January 1, 2023, among other requirements.

The 2024 Budget made programmatic changes to the Golden State Teacher Grant program, in order to address the oversubscription of the program with limited resources at the time. These changes include reducing the grant award from \$20,000 to \$10,000, and award prioritization for students based on income.

The table below provides information on awards provided from the GSTG program between the 2021-22 and 2023-2024 cycles. This data reflects the Commission's updates as of February 7, 2025.






	2021-22	2022-23	2023-24
UC	206	386	426
CSU	695	2,248	3,039
Private	1,276	4,255	5,896
LEA	537	809	819
WGU	0	0	35
Total	2,714	7,698	10,215

Source: California Student Aid Commission

CSAC collects funds from Golden State Teacher Grant recipients that withdraw from the program. As of February 2025, CSAC has heard from 45 students that intend to return their awarded funds either because they did not complete their credential program or did not intend to meet their service requirement. These students owe a total of \$639,781 and have already commenced their repayment. Thus far, CSAC has recouped \$290,483 in funds in this manner. However, due to the length of time that Golden State Teacher Grant recipients had to complete their service, CSAC does not yet have any data on how many funds will be collected due to failure to meet the service requirement of the program.

Background on Federal Loan Forgiveness Programs. The federal government also offers loan forgiveness programs for teachers, including the Public Service Loan Forgiveness Program, the Teacher Loan Forgiveness Program, and Perkins Loan Cancellation for Teachers. Differences in each of these programs may depend on years of service, where that service was earned, what subjects were taught, and how many payments were made. These programs typically will forgive

the balance of loans after the requirements are met, and in the meantime, potential applicants continue to make payments on their loans. Below is a graphic illustration from the Federal Student Aid office within the U.S. Department of Education that provides a comparison between the Teacher Loan Forgiveness Program and the Public Service Loan Forgiveness Program:

Two Student Loan Forgiveness Options for Teachers		Federal Student Aid	
	Teacher Loan Forgiveness (TLF)	vs	Public Service Loan Forgiveness (PSLF)
 Bottom Line	This program is best for qualifying teachers who don't have a large amount of debt, as TLF offers less forgiveness but offers it quicker.		This program is best for teachers who have a lot of debt, as PSLF offers more forgiveness but requires 120 qualifying payments.
 Who Qualifies?	Teachers who have taught full time for five consecutive years at a qualifying low-income elementary or secondary school qualify.		Anyone who works in qualifying public service for at least 10 years. Qualifying public service includes working for a government employer (public school); working for an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (nonprofit school); or serving as a full-time AmeriCorps or Peace Corps volunteer.
 How Much of My Loans Are Forgiven?	Secondary math, science, and special education teachers can get up to \$17,500 forgiven; elementary school teachers and secondary school teachers who teach other subjects can get up to \$5,000 forgiven.		The remaining balance on your Direct Loans is forgiven. There is no limit on the total amount that can be forgiven. Other types of federal student loans may become eligible if you consolidate them into a Direct Consolidation Loan.
 When Can I Receive Forgiveness?	You'll receive forgiveness once you've made your five complete and consecutive years of teaching.		You'll receive forgiveness once you have made 120 qualifying student loan payments while working full time for a qualifying employer (roughly ten years). Note: These 120 qualifying payments do <i>not</i> have to be consecutive.
 How Do I Apply?	Submit a completed TLF Application to your loan servicer.		Use the PSLF Help Tool to certify your employment annually or any time you switch employers. Once you've made 120 qualifying payments, use the PSLF Help Tool to fill out your PSLF form online.

According to an analysis of U.S. Education Department data conducted by the Georgetown University Center on Education and the Workforce, “at least 61 percent of graduates with master’s degrees in education have some student-loan debt. Among those with debt from both their master’s and undergraduate degrees, the median debt is \$72,000, half of which (\$36,000) is attributable to graduate loans.”⁵

National Board Certification Incentive Grant Program Background. The 2021 Budget included \$250 million in one-time Proposition 98 funds, available over five years, for the National Board for Professional Teaching Standards Certification Incentive Program. Of the total, \$225 million is available to award grants to school districts for the purpose of providing awards to teachers who are employed by school districts or charter schools, are assigned to teach in California public schools, and have attained or will attain certification from the National Board for Professional Teaching Standards. The remaining \$25 million was set aside to cover National Board for Professional Teaching Standards certification fees for first-time candidates.

The National Board for Professional Teaching Standards is a nonprofit, nonpartisan and nongovernmental agency based in Arlington, Virginia, and according to the Department of Education website, “National Board Certification is the most respected professional certification available in education and provides numerous benefits to teachers, students and schools.” To attain certification from the National Board for Professional Teaching Standards, candidates must typically possess a bachelor’s degree, valid teaching license or meet their state’s licensure requirements, have taught for at least three years. Candidates who meet eligibility must demonstrate skill, knowledge, and practice through three portfolio entries and one computer-based assessment.

Of the \$225 million available, the incentive program provides a \$25,000 incentive award for California National Board-Certified Teachers who teach in high-priority schools, and is paid in \$5,000 installments for five consecutive years. \$25 million is available for the subsidy program provides \$2,500 for each teacher pursuing National Board certification when teaching at a high priority school.

According to the Department of Education, a total of \$64 million has been awarded and committed for the incentive grant program, with \$32.3 million already being expended. The remaining \$31.7 million is scheduled to be expended through the end of the 2027-28 fiscal year. For the subsidy program, a total of \$12.5 million has been awarded and committed, with \$8.9 million already expended. After the 2023-24 cycle, there remains \$173.5 million from the original \$250 million appropriation available. The Department of Education states that the 2024-25 cycle yielded 498 new applications for the incentive program, and 890 new applications for the subsidy program. If all applications are approved, approximately \$158.8 million would remain unencumbered. The following chart provides the number of the teachers that participated and applied each year:

⁵ Strohl, J., Morris, C., & Gulish, A. (2024, Dec. 5). Student Loan Debt Is an Overlooked Crisis in Teacher Education. *EducationWeek*. <https://www.edweek.org/teaching-learning/opinion-student-loan-debt-is-an-overlooked-crisis-in-teacher-education/2024/12>

Fiscal year	National Board Incentive (<i>National Board Certified teachers to teach at high-priority schools</i>)	National Board Subsidy (<i>assists teachers pursuing National Board Certification</i>)
2021-22	1,960 teachers	1,712 teachers
2022-23	2,121 teachers	1,765 teachers
2023-24	2,379 teachers	2,254 teachers

Funds for this program is available for encumbrance through June 30, 2026.

Governor’s Budget. The Governor’s Budget includes a total of \$300 million (\$250 million Proposition 98 General Fund, \$50 million General Fund) for the Loan Repayment for Teachers in Priority Schools program, National Board Certification Incentive Grant program, and the Golden State Teachers Grant program. The funds are proposed in the following ways:

- **Loan Repayment for Teachers in Priority Schools.** \$150 million Proposition 98 General Fund to establish the “Loan Repayment for Teachers in Priority Schools Program,” which is intended to support the recruitment and retention of credentialed educators to serve in priority schools and California State Preschool Programs administered by a local educational agency, and provide loan payments for educators’ educational loans.

Under the program, a county office of education, selected by the Superintendent with the approval of the executive director of the State Board of Education, would directly pay the loan institution on behalf of the educator, of annual disbursements capped at \$5,000 a year, for a total cap of \$20,000. Eligibility for this program requires candidates to hold either teaching credentials or pupil personnel services credentials, serve in a California priority school, as defined as a school with 55 percent unduplicated pupils, or in a California State Preschool program administered by a local educational agency.

- **National Board Certification Incentive Grant Program.** The Governor’s Budget includes \$100 million Proposition 98 General Fund to augment the existing National Board Certification Incentive Grant Program, of which \$10 million would be set aside for the certification fee costs.
- **Golden State Teachers Grant Program.** The Governor’s Budget includes \$50 million General Fund to augment the existing Golden State Teachers Grant program, and maintain the \$10,000 award amount (\$5,000 for online institutions) for participants.

Legislative Analyst’s Office.

Recommend Rejecting Proposals. We recommend rejecting the Governor’s teacher recruitment and retention proposals. There is limited evidence that these programs would have a meaningful impact on teacher recruitment and retention. Furthermore, the Golden State Teacher Grant proposal would provide additional non-Proposition 98 General fund at a time when the state faces multiyear budget deficits and the Legislature is in the position of having to weigh the value

of new proposals against other priorities, such as spending to which it has already committed or somewhat larger General Fund reserves that would better prepare the state for difficult budget conditions in future years. The state also likely has sufficient funding remaining from prior National Board Program allocations to fund applicants in 2025-26 without the need for new funding. The state could revisit funding for all of these programs in future years when it receives updated information about program implementation. In the case of the Golden State Teacher Grant program, CSAC will submit its progress report at the end of 2025. In the case of the National Board Program, the state could consider additional funding as part of the 2027-28 budget, when the state has complete data for the first two cohorts.

If State Allocates Funding, Consider Using Proposition 98 General Fund and Modifying Programs to Target Funds More Effectively. If the Legislature is interested in funding one or more of the Governor’s proposals, given the state’s fiscal condition, we recommend any funding for teacher recruitment and retention programs be provided with Proposition 98 General Fund. The Proposition 98 portion of the budget has more capacity for new commitments than the rest of the budget. Additionally, if the Legislature provides funds to one or more of these programs, we recommend targeting these funds in ways that more closely align with where the state has the most significant teacher shortages. For example, the Legislature could modify the priority schools definition so that it reflects only the highest-poverty schools. The Legislature also could target funding to teachers with credentials in the longstanding shortage subject areas of special education, math, science, and bilingual education. (These options are not mutually exclusive, and the Legislature could target funding based on school and subject area.) Such targeting would reduce the number of teachers eligible to receive these benefits, but the funds would go to provide more support to teachers in schools and/or subject areas with the most significant challenges.

Suggested Questions.

- For the proposed National Board Certification Incentive Grant program investment, there remains a significant amount of unencumbered funds from the 2021 budget allocation. Uptake for the program is undersubscribed for the funds that were originally allocated. Why is an infusion of an additional \$100 million necessary at this time?
- If participation in the Golden State Teacher Grant program can serve as an indicator, can we assume that participation in the loan repayment program will primarily serve teachers who have outstanding loans from attending private universities? What can we do to encourage the UC and CSU systems to enroll more students in its teacher preparation programs?
- Why did the Administration choose loan repayment as a retention strategy for educators? Are there other strategies that could be considered?
- How would the program ensure that the teachers who are the furthest away from the county office of education can be served as equitably as the teachers who are nearby?

Staff Recommendation. Hold open.

6610 CALIFORNIA STATE UNIVERSITY
6640 UNIVERSITY OF CALIFORNIA
6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES
6980 STUDENT AID COMMISSION

Issue 3: Free Application for Federal Student Aid (FAFSA) & California Dream Act Application (CADAA) Update

Panel.

- Natalie Gonzalez, Legislative Analyst's Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Allison Beer, Dean of Educational Services and Support, California Community Colleges
- Dr. Daisy Gonzales, Executive Director, California Student Aid Commission
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. Federal financial aid provides significant funding for students. California college students receive more than \$12 billion annually in federal financial aid, with most of the funding targeting low- and middle-income students who qualify for programs based on family income and assets. Of that funding, about \$8 billion is in the form of student loans, while the Pell Grant provides about \$4 billion. Other programs, including work-study and Supplemental Education Opportunity Grants, provide about \$300 million, according to data compiled by the Legislative Analyst's Office (LAO). A maximum Pell Grant for an individual student is expected to be \$7,395 in 2025-26, and students can use the funding to help cover tuition or other college costs. About 900,000 students attending California schools received a Pell Grant in 2023-24, according to federal data. Federally-funded financial aid, administered by the U.S. Department of Education, is the largest source of aid to California students.

FAFSA. Students are required to annually submit a FAFSA to the U.S. Department of Education to determine eligibility for federal financial aid. In addition, the California Student Aid Commission (CSAC) and the higher education systems use data from the FAFSA to determine eligibility for state programs like the Cal Grant and Middle Class Scholarship, and institutional aid programs.

CADAA. California has long supported undocumented students by charging in-state tuition and providing state financial aid to eligible students. The CADAA was launched during the 2013-14 Cal Grant application period with the passage of the California Dream Act in 2011. CADAA

allows students who qualify under Education Code section 69508.5 to apply for various forms of state-funded financial aid, as well as institutional aid.

FAFSA Application Deadlines. Historically, the FAFSA application cycle has opened October 1 of each year, with a March 2 deadline, to receive aid for the following academic year. This cycle has been disrupted the past two years due to changes made to both the FAFSA form and how the federal government determines student need, which caused delays and technical difficulties. FAFSA did not open for students for the 2024-25 academic year until Dec. 31, 2023, and students experienced numerous challenges in filling out and submitting the form. For the current cycle, FAFSA did not open until Dec. 1, 2024.

FAFSA and CADAA Applications are Down. In addition to the delayed opening, the Trump Administration’s changes to federal immigration enforcement policies and practices may be driving a decline in the number of California students applying for financial aid through either the FAFSA or CADAA. Another issue possibly impacting financial aid applications are the January, Southern California fires.

The numbers below, provided by CSAC, indicate the number of California students who have submitted either a FAFSA or CADAA as of Feb. 3, 2025, as compared to the same point in the application cycle in the previous two years. (Because the opening date has been different in all three of these years, these numbers show applications by the same number of days remaining in the financial aid cycle.)

	2023-24	2024-25	2025-26	Difference, 24-25 to 25-26	% Difference, 24-25 to 25-26
FAFSA	953,554	1,042,129	786,861	-255,268	-24.5%
CADAA	13,025	17,504	7,860	-9,644	-55.1%

Source: California Student Aid Commission

Better FAFSA. To apply for many types of federal, state, and institutional financial aid, students fill out a federal application. Over the years, many concerns have been expressed about the length and complexity of the FAFSA. In response to these concerns, the U.S. Department of Education recently made significant changes to shorten and simplify the form. Specifically, the number of questions on the form were reduced and the transfer of certain data from tax filings was streamlined. The updated form is known as the Better FAFSA. The department released the new application form for the 2024-25 award year on December 30, 2023 (about three months later than usual). Given the delay, the state extended California’s student financial aid priority deadline for Cal Grants to May 2 and for Middle Class Scholarships (MCS) to July 2, 2024.

Agencies Are Still Determining Impacts of Initial Better FAFSA Implementation. In addition to the delayed launch, students and their families experienced various technical difficulties as they filled out the new form. The California Student Aid Commission (CSAC) notes these challenges may have impacted high school students applying for financial aid in 2024-25 given they were completing the form for the first time. The number of new high school entitlement awards did decrease by 7.4 percent (6,146 recipients) in 2024-25 compared to the prior year. This decrease might be partly attributable to the FAFSA delay and technical difficulties (and partly attributable to a decline in high school graduates). In addition to first-time filers, certain families, particularly those in which one or more parents do not have a social security number, experienced heightened issues completing the new form. CSAC and the higher education segments are still determining the extent to which aid offers and payments for these families were affected.

Under Better FAFSA, the U.S. Department of Education revised the process for determining a student's aid eligibility. The new formula, known as the Student Aid Index, changes how family assets, size, and number of children in college impacts a student's financial need. These changes were projected to increase the number of students eligible for Pell Grants. CSAC reports that the number of Cal Grant-eligible applicants who were also eligible for Pell Grants increased by 9.8 percent in 2024-25 compared to the prior year. CSAC also reports the average Pell Grant award received by University of California (UC) and California State University (CSU) students receiving an MCS award in 2023-24 compared to 2024-25 increased notably. Specifically, the average Pell Grant award increased \$860 (25 percent) for UC MCS recipients and \$764 (22 percent) for CSU MCS recipients. These increases likely are due mainly to the FAFSA changes.

Application Deadline Extended for 2025-26 Award Year. In January 2025, CSAC used its administrative authority to grant students attending schools within Los Angeles and Ventura Counties a one-month application extension (to April 2, 2025) due to the wildfires in those vicinities. In February 2025, CSAC extended the April 2 extension to all students in California. The deadline was extended to all students given the delays in the 2025-26 FAFSA rollout. The 2025-26 FAFSA became available on December 1, 2024 rather than its traditional date of October 1.

Staff Recommendation. Hold Open.

Issue 4: Cal Grant & Institutional Aid Update**Panel.**

- Natalie Gonzalez, Legislative Analyst's Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Allison Beer, Dean of Educational Services and Support, California Community Colleges
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. The Cal Grant program is intended to help students with financial need cover college costs. The program offers multiple types of Cal Grant awards. As the figure below shows, the amount of aid students receive depends on their award type and the segment of higher education they attend.

- Cal Grant A awards cover full systemwide tuition and fees at public universities and a fixed amount of tuition at private universities.
- Cal Grant B awards provide the same amount of tuition coverage as Cal Grant A awards in most cases, while also providing an “access award” for nontuition expenses such as food and housing.
- Cal Grant C awards, which are only available to students enrolled in career technical education (CTE) programs, provide lower amounts of tuition and nontuition coverage. Across all award types, larger amounts of nontuition coverage are available to students with dependent children as well as current and former foster youth.

Cal Grant Amounts Vary by Award Type, Sector, and Student Characteristics

Maximum Annual Award Amount, 2024-25

	Amount
Tuition Coverage	
Cal Grant A and B^a	
UC	\$14,436 ^b
Nonprofit institutions	9,358
WASC-accredited for-profit institutions	8,056
CSU	6,084
Other for-profit institutions	4,000
Cal Grant C	
Private institutions	\$2,462
Nontuition Coverage^c	
Cal Grant A	
Students with dependent children	\$6,000
Foster youth	6,000
Cal Grant B	
Students with dependent children	\$6,000
Foster youth	6,000
All other students	1,648
Cal Grant C	
Students with dependent children	\$4,000
Foster youth	4,000
Other CCC students	1,094
Other private-institution students	547
^a Cal Grant B recipients generally do not receive tuition coverage in their first year.	
^b Reflects award amount for new UC students. Award amounts for continuing students are based on the tuition levels set in the year the student first enrolled at UC.	
^c Students attending private for-profit institutions are ineligible for "students with dependent children" and "foster youth" awards.	
WASC = Western Association of Schools and Colleges.	

Source: Legislative Analyst's Office

Financial and Academic Eligibility Criteria. Students apply for Cal Grant awards by submitting a FAFSA or CADAA application. To qualify for an award, students must meet certain income and asset criteria. These criteria vary by family size and are adjusted annually for inflation.

For example, in the 2024-25 award year, a dependent student from a family of four must have an annual household income of no more than \$131,200 to qualify for a Cal Grant A or C and no more than \$69,000 to qualify for Cal Grant B. In most cases, students must also meet a grade point average (GPA) requirement. The specific GPA requirement varies by award type. Most award types require a minimum high school GPA of 2.0 or 3.0 or a minimum community college GPA of 2.0 or 2.4.

In 2021-22, the state also began providing Cal Grants as entitlements to community college students, regardless of their age and time out of high school. The state currently provides approximately 162,000 new entitlement awards annually. The state also provides a limited number of competitive awards (13,000 new awards annually) to students who do not qualify for an entitlement award – typically older students attending four-year universities.

Prior and Current Year Adjustments. From the 2024 Budget, the Governor’s budget revises prior-year Cal Grant spending downward by \$38 million. The Governor’s budget adjusts current-year Cal Grant spending upward by \$14 million. This increase brings estimated Cal Grant spending in 2024-25 to \$2.5 billion—\$158 million (6.9 percent) higher than the revised 2023-24 level.

Cal Grant Spending in Governor’s Budget. From the revised 2024-25 spending level, the Governor’s budget further increases Cal Grant spending by \$109 million in 2025-26. This is a lower growth rate compared to the increase of 6.9 percent from 2023-24 to 2024-25. We summarize the projected changes for 2025-26 by segment and award type in our Cal Grant Spending and Cal Grant Recipients tables. The higher spending reflects a 1.3 percent projected increase in recipients and a 3.2 percent projected increase in average Cal Grant award amounts, primarily due to UC’s and CSU’s planned tuition increases. (Under CSAC’s estimates, \$48 million of the Cal Grant spending increase in 2025-26 is attributable to covering higher tuition costs at the University of California and California State University.)

Cost Estimates Will Be Updated at May Revision. CSAC prepared the Cal Grant cost estimates underlying the Governor’s budget in October 2024. In the spring, CSAC plans to update its estimates based on more recent program data for 2024-25. The administration is expected to update its Cal Grant spending levels at the May Revision accordingly. Though the administration’s cost estimates for 2024-25 and 2025-26 seem reasonable at this time, CSAC is still studying how certain factors are affecting program costs. In particular, CSAC is still examining how the Better FAFSA has impacted the number of financial aid recipients and their financial aid packages.

Cal Grant Spending

(Dollars in Millions)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Total Spending	\$2,295	\$2,453	\$2,562	\$109	4.5%
By Segment:					
University of California	\$1,028	\$1,091	\$1,170	\$80	7.3%
California State University	747	817	841	24	2.9
California Community Colleges	265	274	277	3	1.3
Private nonprofit institutions	227	233	236	2	0.9
Private for-profit institutions	28	37	37	— ^a	0.8
Other public institutions	0.7	1	0.7	— ^a	-33.6
By Program:					
High School Entitlement	\$1,663	\$1,762	\$1,874	\$112	6.4%
CCC Expanded Entitlement	334	374	339	-35	-9.3
Competitive	164	159	161	2	1.0
Transfer Entitlement	130	139	166	27	19.5
Cal Grant C	4	19	22	3	16.5
By Award Type:					
Cal Grant B	\$1,057	\$1,116	\$1,112	-\$4	— ^a
Cal Grant A	1,233	1,318	1,428	110	8.3%
Cal Grant C	4	19	22	3	16.5
By Renewal or New:					
Renewal	\$1,534	\$1,692	\$1,759	\$67	4.0%
New	760	761	803	42	5.5

Data reflect California Student Aid Commission (CSAC) estimates.

^a Less than \$500,000 or 0.5 percent.

Source: Legislative Analyst's Office

Cal Grant Recipients

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Total Recipients	401,147	412,611	417,789	5,178	1.3%
By Segment:					
California Community Colleges	153,575	159,787	163,652	3,865	2.4%
California State University	136,253	136,575	136,561	-14	—
University of California	80,464	81,018	80,842	-176	-0.2
Private nonprofit institutions	25,257	25,751	26,323	572	2.2
Private for-profit institutions	5,440	9,155	10,140	984	10.8
Other public institutions	159	324	271	-53	-16.3
By Program:					
High School Entitlement	238,344	235,111	238,896	3,785	1.6%
CCC Expanded Entitlement	121,072	132,849	132,378	-471	-0.4
Competitive	24,011	20,182	18,949	-1,234	-6.1
Transfer Entitlement	15,829	16,184	17,050	866	5.4
Cal Grant C	1,890	8,284	10,516	2,232	26.9
By Award Type:					
Cal Grant B	274,826	277,681	278,007	326	0.1%
Cal Grant A	124,430	126,645	129,265	2,620	2.1
Cal Grant C	1,890	8,284	10,516	2,232	26.9
By Renewal or New:					
Renewal	223,268	234,400	234,295	-105	—%
New	177,879	178,211	183,494	5,283	3.0
Data reflect California Student Aid Commission (CSAC) estimates.					

Source: Legislative Analyst's Office

Staff Recommendation. Hold Open.

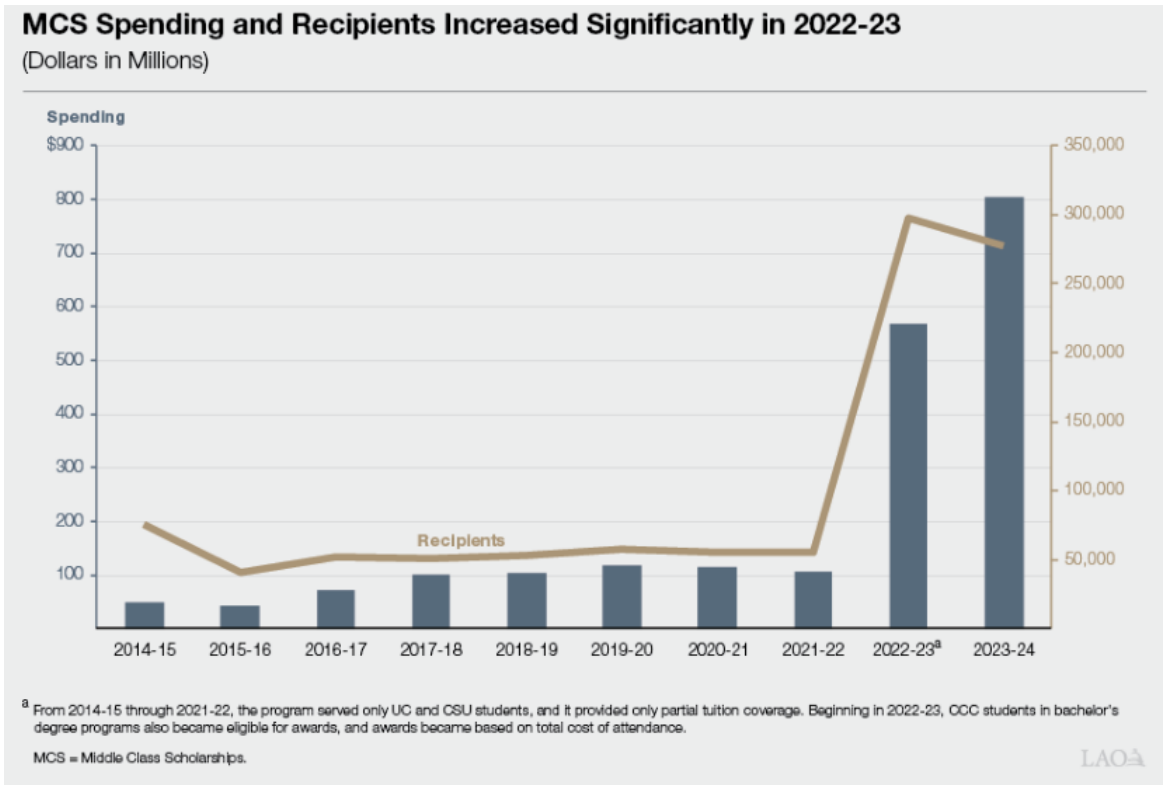
6610 CALIFORNIA STATE UNIVERSITY
6640 UNIVERSITY OF CALIFORNIA
6980 STUDENT AID COMMISSION

Issue 5: Middle Class Scholarship Update & Proposal

Panel.

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. The state created the original MCS program in the 2013 Budget package to provide partial tuition coverage to certain UC and CSU students. Originally, awards were for students who were not receiving tuition coverage through the Cal Grant program or other need-based financial aid programs. In 2022-23, the state implemented a new set of rules for the MCS program. The new program focuses on total cost of attendance (rather than only tuition). Under the new program, students may use their awards for nontuition expenses, such as housing and food. As the figure below shows, the spending for the program and number of recipients increased sharply in 2022-23 with the launch of the new MCS program.



Source: Legislative Analyst's Office

MCS Award Amounts Are Calculated Based on Total Cost of Attendance. As the figure below shows, calculating each student's award amount involves several steps. Starting with a student's total cost of attendance, CSAC deducts the student's available resources, consisting of other need-based gift aid; non-need-based gift aid; a student contribution from part-time work earnings; and, in some cases, a parent contribution. The parent contribution only applies to dependent students with a household income of more than \$100,000. Students who are from lower-income households have no required parent contribution and generally are eligible for more gift aid (including federal Pell Grants and Cal Grant B awards for nontuition coverage). This calculation determines the student's remaining costs. Next, CSAC determines what percentage of each student's remaining costs it can cover based on the annual state appropriation for the program. Awards cover the same percentage of remaining costs for each student, except foster youth receive awards that cover 100 percent of their remaining costs.

Middle Class Scholarships Are Calculated Using Multicomponent Formula

Illustrative CSU Dependent Student With \$110,000 Household Income Living Off-Campus, 2024-25

Award Calculation	
Cost of attendance	\$34,717
Federal, state, and institutional need-based gift aid ^a	-6,084
Student contribution from work earnings	-8,154
33 percent of parent contribution from federal SAI ^b	-4,807
Student's Remaining Costs	\$15,672
Percentage based on annual appropriation ^c	35%
Award Amount	\$5,485

^aThe amount also includes any private grants and scholarships, institutionally awarded merit-based aid, as well as institutionally awarded emergency housing and other basic needs emergency grants that are in excess of the sum of the student contribution and parent contribution.

^bOnly applies to dependent students with a household income of more than \$100,000.

^cState law requires CSAC to determine what percentage of each student's remaining costs to cover each year based on the annual appropriation for the program. The program is estimated to cover about 35 percent of each student's remaining costs in 2024-25.

SAI = Student Aid Index and CSAC = California Student Aid Commission.

Source: Legislative Analyst's Office

CSAC Reports an Unexpectedly Large Number of MCS Award Recipients for 2024-25. The 2024-25 Budget Act provided \$926 million (\$637 million ongoing, \$289 million one-time) for the MCS program. In October 2024, CSAC estimated that the appropriation amount was sufficient to cover 35 percent of students' remaining costs. As of February 2025, CSAC shared it is seeing an unexpectedly large increase in MCS recipients in 2024-25. Specifically, CSAC is anticipating 79,495 more recipients in 2024-25 (29 percent) compared to 2023-24. Originally, CSAC estimated a 12 percent increase. Although CSAC is continuing to examine why the number of MCS recipients increased so sharply in 2024-25, it believes it may be partly due to last year's application deadline extension (from its normal deadline of March 2 to July 2, 2024). Given the number of expected recipients has increased, CSAC anticipates needing an additional \$103 million to keep 2024-25 award coverage at 35 percent. CSAC, the administration, and the Legislature are currently working on solutions to address this shortfall.

Governor’s Budget. The Governor’s budget reduces MCS funding by \$110 million ongoing General Fund, bringing ongoing funding down from \$637 million to \$527 million. Additionally, the \$289 million in one-time funding provided in 2024-25 expires. Based on CSAC’s preliminary estimates, the 2025-26 funding level would be sufficient to cover 18 percent of each student’s remaining costs. This estimated award coverage, however, could change at the May Revision, as it was estimated before CSAC saw the larger-than-expected increase in 2024-25 recipients.

Staff Comments. Given that funding levels for MCS will be nearly half of the funding from 2024-25, students will see significantly less support in financial aid, with estimated awards levels dropping from 35% to 18%, which may drop even lower as these estimates do not take into account the unexpectedly larger number of MCS recipients in 2024-25. This reduction also comes as some students may go without federal financial aid in 2025-26 if they are concerned about sharing family information with the federal government.

Staff Recommendation. Hold Open.

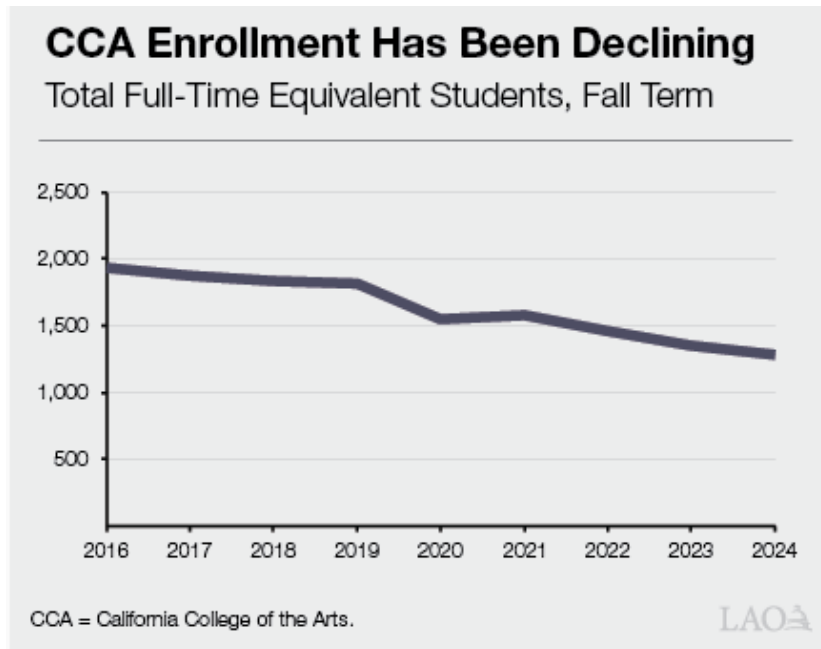
6980 STUDENT AID COMMISSION**Issue 6: Funding for California College of the Arts (CCA)****Panel.**

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst’s Office
- David Howse, President, California College of the Arts
- Remy Hathaway, Chief Financial Officer, California College of the Arts
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Governor’s Budget. The Governor’s budget includes \$20 million one-time General Fund to provide the California College of the Arts, a non-profit, private college, with a second year of General Fund support.

Background. CCA specializes in the study of art, architecture, design, and writing. It opened in Berkeley in 1907, relocated to Oakland in 1922, and opened a second campus site in San Francisco in 1996. Serving as a two-campus institution for more than two decades, CCA is currently transitioning down to a one-campus institution, retaining only its San Francisco site. After a notable capital campaign, CCA added a large new facility at the San Francisco site in 2024. CCA offers 22 undergraduate and 10 graduate programs. Though data on its graduates is limited, CCA shared that many of its graduates remain in California and work at organizations such as KQED Arts & Culture; SFMOMA; Pixar; and the Institute of Contemporary Art, San Diego.

Declining Enrollment. As the figure below shows, CCA enrollment has been declining since fall 2016. After many years of having its enrollment hover at approximately 1,800 students, CCA enrollment declined notably at the onset of the pandemic and has continued to decline. In fall 2024, CCA enrolled a total of 1,280 full-time equivalent (FTE) students—approximately 650 FTE students (34 percent) fewer than in fall 2016. Approximately half of CCA students are California residents, with the other half coming from other states and countries.



Source: Legislative Analyst's Office

Operating Deficit. CCA has been facing a continual budget deficit since 2021. The deficit has grown from \$4.9 million in 2021 to \$11.4 million in 2023, with a slight decrease to \$5.8 million in 2024. CCA is projecting a \$20 million deficit in 2025. This is the largest deficit the school has experienced over the past decade. One factor driving this deficit is the school's enrollment decline, which is resulting in a loss of associated tuition and fee revenue. CCA has also increased spending in areas such as institutional financial aid. As a result, operating expenditures are outpacing operating revenue, leading to sizable budget gaps in the past five years. In prior years, CCA has relied on philanthropic donations to help fill these gaps.

State Funding in 2024-25. The 2024 Budget included \$2.5 million one-time General Fund to support CCA in 2024-25. CCA shared that it is using this funding for scholarships. Current annual undergraduate tuition is \$59,376. The estimated total cost of attendance for students living off campus is \$93,624. About 78 percent of students receive some type of financial aid. (CCA's undergraduate tuition level is slightly higher than a few other private art schools in the state and notably higher than one.)

Arts Education Teaching Credentialing. According to the College, it is currently working to establish a pathway for artists and designers to enter the teaching profession through the state-approved credentialing process. Per CCA, the College is committed to following the formal approval process outlined by the Commission on Teacher Credentialing (CTC). While the College cannot yet offer credentialing programs, it is in the process of meeting the necessary accreditation requirements. The CCA began the accreditation process in December 2024 and, if approved by the CTC, expects to enroll its first credentialing students in summer or fall 2026.

Philanthropic Donations. On February 14, 2025, CCA announced it had raised nearly \$45 million in new philanthropic donations. The largest single component was a \$22.5 million donation from the Jen-Hsun and Lori Huang Foundation, with the remainder coming from current and former trustees; alumni; and members of San Francisco’s arts, culture, and technology communities. The school indicates that these funds “will bridge the college into the next fiscal year, address its current deficit, and position the college both to continue its strong fundraising work and pursue its path to long-term sustainability.”

Staff Recommendation. Hold Open.

Issue 7: Operations Proposals

Panel.

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. CSAC administers certain state financial aid programs and provides related technical assistance. The largest of these programs are the Cal Grant and MCS programs. CSAC also administers a few smaller financial aid programs, including the California Dream Act Service Incentive Grant and Cal-HBCU (Historically Black Colleges and Universities) Transfer Grant. Beyond these programs, the state approved one-time funding in 2021-22 for a five-year Golden State Teacher Grant initiative. In administering these programs, CSAC works with financial aid administrators at colleges and universities, counselors and other staff at local educational agencies, and students across California. In 2023-24, CSAC processed a total 2.2 million financial aid applications.

Governor's Budget.

Baseline Increase to Operating Expenses & Equipment (OE&E) Costs. The Governor's budget includes \$1.4 million one-time General Fund in 2025-26 and \$3 million ongoing beginning in 2026-27 for CSAC's state operations.

The administration indicates its intent to provide \$3 million ongoing General Fund in 2026-27 to further assist CSAC with its operating costs. CSAC indicates the \$1.4 million in one-time funding will be sufficient to cover costs in 2025-26, but the larger amount of ongoing funding is needed to cover expected cost increases the following year. The administration indicates CSAC has discretion in deciding how to use the proposed funds. If the state commits to providing the ongoing funding in 2026-27, CSAC indicates it would use the 2025-26 and 2026-27 funds to support existing authorized but unfilled positions, along with covering cost increases relating to consulting services, equipment, facilities, and other operating expenses.

Resources for Chief Information Security Officer. The Governor's budget includes \$230,000 ongoing General Fund to provide CSAC with a CISO position. The request for this position is part of CSAC's ongoing work to protect student data and address cybersecurity risks. The responsibilities of the CISO include addressing identified cybersecurity gaps and issues of concern, ensuring CSAC is compliant with certain cybersecurity expectations, developing CSAC's Information Security Office, and leading fraud detection and prevention programming.

CSAC houses a significant amount of personally identifiable and sensitive information. It is CSAC's responsibility to ensure this information is protected and address any threats that may compromise student data. In addition, CSAC has seen an increase in financial aid fraud attempts. Therefore, to protect students and families, as well as mitigate potential financial aid fraud, CSAC has invested in security software and consulting services, as well as instituted two full-time cybersecurity positions in 2023-24. CSAC's investment in cybersecurity is also part of its mission to position itself as compliant with Cal-Secure. Cal-Secure is a roadmap created by the administration in 2021 to enhance and improve the state's role in the cybersecurity space, including ensuring the state has effective cybersecurity defenses. While CSAC has a Chief Information Officer, it has never had a CISO to lead these efforts.

Staff Recommendation. Hold Open.

6600 COLLEGE OF THE LAW, SAN FRANCISCO**Issue 8: McAllister Tower Second Phase & Base Growth Funding Proposals**

Panel.

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst's Office
- David Faigman, Chancellor & Dean, College of the Law, San Francisco
- David Seward, Chief Financial Officer, College of the Law, San Francisco

Background. CLSF, formerly Hastings College of the Law, is affiliated with UC but has its own governing board, the Board of Directors. The Board of Directors oversees the school's finances and makes key decisions, such as setting employee compensation levels. The board also sets the school's tuition levels and enrollment targets. The school's main academic offering is a Juris Doctor (JD) program, the most common degree students pursue to enter the legal field. The school also offers three law-related master's programs. The school has five buildings—two are academic facilities; one is a mixed-use facility with classrooms, offices, and student housing; one is primarily a student housing facility that is currently under renovation; and one is a parking garage.

Tuition Increases at CLSF. In 2025-26, CLSF is scheduled to increase both its resident and nonresident tuition charges, representing the fourth consecutive year both of these charges would grow. Resident tuition is scheduled to increase by \$3,704 (7.5 percent), reaching \$53,087. Even after accounting for this proposed increase, the school's resident JD tuition level would be 13 percent below the average resident tuition level of UC's four JD programs. The school's nonresident supplemental tuition charge is scheduled to increase by \$1,198 (16 percent), reaching \$8,686. CLSF notes that the large increase in the nonresident supplemental tuition charge is to bring that rate more in-line with UC's four JD programs while also generating more revenue. CLSF also plans to maintain its policy of discounting tuition charges by a maximum of 30 percent in 2025-26.

Core Funding Per Student. Beyond the Governor's proposed net base increase of \$507,000 and proposed \$10.1 million ongoing General Fund debt service augmentation, the school expects to generate an additional \$4.3 million in tuition revenue as a result of its planned tuition increases. Altogether, the school expects its core funding to increase by \$14.6 million. As the figure below shows, on a per-student basis, the school's core funding, including the new ongoing debt service, increases by approximately \$12,900 (17 percent).

School's Core Funding Increases in 2025-26

(Dollars In Millions, Except Per-Student Amounts)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Ongoing Core Funds					
Student tuition and fees	\$54.0	\$55.2	\$59.4	\$4.3	7.8%
General Fund ^a	24.0	26.3	36.9	10.6	40.3
Other ^b	-2.0	5.2	4.9	-0.2	-4.7
Subtotals	(\$76.1)	(\$86.6)	(\$101.2)	(\$14.6)	(16.9%)
Full-Time Equivalent Students^c	1,167	1,128	1,129	1	0.1%
Core Funding Per Student	\$65,207	\$76,751	\$89,631	\$12,881	16.8%

^a Includes ongoing support provided for debt service on state lease revenue bonds. In 2025-26, the Governor's budget includes a \$10.1 million ongoing augmentation for university bond debt service for the McAllister Tower renovation project.

^b Includes State Lottery Fund, certain investment earnings, and income from scholarly publications.

^c Consists of students enrolled in the school's Juris Doctor and master's programs.

Source: Legislative Analyst's Office

Governor's Budget.

Base Growth Funding. The Governor's budget proposes a \$2.4 million ongoing unrestricted General Fund base augmentation to "support College of the Law costs." Whereas most state agencies are not receiving unrestricted General Fund augmentations under the Governor's budget, the administration indicates it took a different approach for CLSF because the school is small and currently has an operating deficit. While the Governor proposes an ongoing General Fund base augmentation, the school would also be subject to a \$1.8 million ongoing General Fund base reduction. This reduction is pursuant to Control Section 4.05 of the 2024-25 Budget Act, which applied up to a 7.95 percent ongoing reduction to the "state operations" component of most state agencies' budgets. CLSF is subject to this reduction in 2025-26. The net effect of the two actions in 2025-26 is an ongoing General Fund base increase of \$507,000 (2.2 percent).

McAllister Tower Project, Phase 2 Funding. . The Governor's budget provides the first year of General Fund support to cover the debt service associated with funding Phase 2 of the project, with an expectation that \$10.1 million will be provided to the school annually over the next 30 years for this purpose. The administration does not have this project going through the State Public Works Board review and oversight process, as it did for the school's last academic facility project.

Phase 2 of the project comprises the renovation of the interior of the facility. Additional building amenities would also be updated, including support and event spaces. The school now estimates that the project could deliver somewhat more beds than originally estimated (23 additional beds, or 280 total beds). CLSF indicates this level of funding would allow for rents across its housing portfolio to be reduced by 20 percent, a slightly greater discount than originally projected. The proposal is for the state to fund remaining project costs (\$151 million) in place of the school covering the costs, as originally planned.

McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects. As the figure below shows, the state recently provided UC with General Fund debt service support for five student housing projects. The state contributed just over one-third of the total project costs for these five UC projects combined. For the McAllister Tower project, the state would be responsible for 85 percent of the project costs. Additionally, the new student housing units generated by the UC facilities are required to meet the definition of “affordable” specified in Chapter 262 of 2021 (SB 169, Committee on Budget and Fiscal Review). The McAllister Tower proposal would allow the school to provide below-market rates, but those rates likely would not meet the statutory definition of affordable. Additionally, the UC projects are in various stages of construction, with the San Diego project already complete. The McAllister Tower project is behind the original construction schedule and will not be operational until fall 2027, at the earliest.

McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects
Recent Student Housing Projects

	Project Costs		Bed		Totals
	State	Nonstate	Affordable ^a	Standard	
CLSF, McAllister Tower	\$241	\$43		717 ^b	717
UC Projects^c					
San Diego	\$100	\$265	1,100	210	1,310
Berkeley	100	265	310	790	1,100
Santa Cruz	89	106	320	120	440
Irvine	65	16	300	—	300
Los Angeles	35	29	358	84	442

^a Affordable student housing for the UC projects is defined as 30 percent of 50 percent of the area median income for a single-room occupancy unit type.

^b CLSF indicates McAllister Tower would have 280 beds. An additional 437 beds already are available through the school's 198 McAllister facility. CLSF is not subject to the affordability requirement that applies to the UC student housing projects. CLSF indicates it plans to use the state support for the 100 McAllister Tower project such that it could charge rent for all 717 beds that is 20 percent below market rates. These rates would be higher than those for the UC student housing projects.

^c Includes UC projects approved in 2022-23 for the Student Housing Grant Program.

CLSF = College of the Law, San Francisco.

Source: Legislative Analyst's Office

Legislative Analyst's Office.

Reject General Fund Base Augmentation. Given the state's fiscal condition, we recommend the Legislature reject the Governor's proposed base General Fund augmentation. Under this approach, the school's ongoing core funding still would grow by \$2.2 million (3 percent) in 2025-26 due to the expected increase in tuition and fee revenue. This funding would help cover some of CLSF's spending priorities

Reject McAllister Tower, Phase 2 Funding. As noted in [The 2025-26 Budget: Higher Education Overview](#), given the state’s budget condition, we recommend that a strong case be made for any new higher education spending. Phase 2 of the McAllister Tower project does not meet that standard. There was no expectation from the state that CLSF would require additional state funds to complete the McAllister Tower project. Moreover, UC student housing projects received a smaller share of state support, yet have generally remained on track and are delivering the agreed-upon number of affordable-rent beds. Rejecting this proposal would provide budget relief to the state. The school could revisit its project design and financing options to ensure it could still deliver at least 257 beds at below-market rates. The school’s reserve currently is healthy, which could help as the school considers its financing options.

Staff Recommendation. Hold Open.

6120 CALIFORNIA STATE LIBRARY**Issue 9: Information Technology Enterprise Security****Panel.**

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, State Librarian, California State Library
- Rebecca Wendt, Deputy State Librarian, California State Library

Background. The State Library's main state-level functions are (1) serving as the central library for state government; (2) collecting, preserving, and publicizing state literature and historical items; and (3) providing specialized research services to state agencies. In addition to these state-level activities, the State Library passes through state and federal funds to local libraries for specific purposes. These local assistance programs fund literacy initiatives, internet services, and resource sharing, among other things. The State Library provides oversight and technical support for these local assistance programs.

The State Library's ongoing funding comes primarily from the state General Fund (67 percent) and federal funds (28 percent), with the remainder coming from special funds and reimbursements. For 2025-26, the Governor's budget includes \$37 million in ongoing state operations funding for the State Library and \$30 million in ongoing local assistance funding. The Governor's budget also includes \$78 million one-time General Fund, nearly all of which reflects carryover funds associated with one-time local assistance initiatives funded in recent years. The majority of this carryover funding already has been encumbered.

Governor's Budget. The Governor proposes providing \$332,000 General Fund in 2025-26 and \$282,000 ongoing General Fund thereafter, to replace outdated networking and security infrastructure. The funds would pay for updated hardware and a renewable cloud-based security subscription service. The State Library indicates that the primary rationale for the new hardware and software subscription service is to ensure that as its current system reaches its end of life, new defense tools are put into place to protect against cybersecurity threats.

Cyberattacks. Between January 2020 and February 2025, over 2,600 cyberattacks were reported that have targeted California businesses and government agencies. State law mandates that businesses or agencies notify residents if their unencrypted personally identifiable information (PII) is acquired, or suspected to be acquired, by unauthorized individuals. Examples of PII include names, addresses, phone numbers, e-mail addresses, health records, social security numbers, and driver's license information, among others. In the first two months of 2025 alone, 70 cyberattacks

have already been reported, averaging more than one attack per day, triggering notification requirements.

In recent years, state agencies that suffered a cybersecurity attack have subsequently requested General Fund support to upgrade their defense systems. For example, in December 2022, Department of Finance (DOF) suffered a cyberattack. This attack led to a \$2.1 million General Fund request in 2023-24 to improve DOF's cybersecurity defenses. The Legislature subsequently approved this funding request. More recently, in March 2024, the Department of Food and Agriculture (DFA) suffered a cyberattack. This attack led to a \$2.5 million General Fund proposal in the 2025-26 Governor's budget to improve DFA's cybersecurity defenses.

Staff Recommendation. Hold Open.

Issue 10: Extend Sunset of Law Library Special Account Trailer Bill

Panel.

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, State Librarian, California State Library
- Rebecca Wendt, Deputy State Librarian, California State Library

Background. The State Library operates the Witkin Law Library. The law library offers a range of resources, including primary and secondary materials on American law, federal and state appellate court decisions, session laws, codes and statutes, federal agency rulings, and attorney general opinions. The law library staff assist both state agencies and the public with research. Based on self-reported data from 2023-24, roughly half of the library's users were from state agencies while the other half of users were from the general public. The Department of Justice, among state agencies, made the most frequent use of the law library's resources. Besides managing research inquiries, staff are also tasked with curating law library collections and other duties.

Governor's Budget. The administration proposes trailer bill language that would reestablish the statutory requirement to allocate \$65 of designated civil appellate filing fees to the law library, while also reauthorizing the California State Law Library Special Account.

The proposed trailer bill language retroactively reestablishes the special fund as of January 1, 2025, so there would be no lapse in deposits. (The state has continued to collect civil appellate filing fees.) In a change from historic practice, the proposed trailer bill language has no sunset date for the \$65 fee and the special fund account.

Special Fund Revenue. While the fee revenue the law library has received has been roughly flat for many years, the law library's operating costs have increased. From 2017-18 through 2023-24, the law library's special fund revenue has averaged approximately \$305,000 annually. Over the same period, its operating costs have grown by 80 percent. The State Library redirects some of its unrestricted General Fund state operations monies to support the law library. In 2023-24, the State Library also requested, and the Legislature approved, a targeted ongoing General Fund augmentation of \$462,000 to cover the costs of two existing permanent positions that had been special fund-supported and two new permanent positions. As a result, a shrinking portion of special fund revenue has been covering law library's operating costs, while the General Fund portion has grown. In 2017-18, special fund revenue covered 43 percent of the Witkin Law Library's total expenditures, while General Fund support covered 57 percent. By 2023-24, special funds covered an estimated 13 percent of costs, while General Fund support covered 87 percent.

Legislative Analyst's Office.

Add a Sunset Date to Maintain Legislative Oversight. We recommend the Legislature modify the trailer bill language to include a sunset date. Since the establishment of the special fund, a sunset date has been included in all previous reauthorizations. Adding a sunset date would provide the Legislature the opportunity to reevaluate the fee structure and make modifications. Historically, the state has set a sunset date of January 1, five years after the account is reauthorized. The Legislature could consider a shorter, one-year sunset date if it wanted to direct the affected groups to reexamine the fee structure and report back, as discussed below.

Direct State Library to Identify Revenue Options. We recommend the Legislature direct the State Library to submit a report identifying potential revenue options by January 1, 2026. We recommend the report identify options that would generate sufficient revenue to cover the law library's total operating expenditures. We recommend requiring that an option be included that replaces all state General Fund, along with other options that provide varying levels of state support.

For each identified revenue option, we recommend the Legislature require key information, including an explanation of why the option was determined to be reasonable, its benefits, and its drawbacks, along with any other information essential for evaluating its relative merits. In identifying possible revenue options, the law library might want to examine the types of users making requests, the complexity of the requests it receives, and the frequency of requests from the same users. This information could help the law library and ensure any identified fee structures align fees with those who use and benefit from its services. We recommend the Legislature direct the State Library to develop its report in consultation with the judicial branch and other relevant stakeholders. The development and submission of this report would help the Legislature evaluate various options for increasing special fund revenues that could be used to support the Witkin Law Library's ongoing operating costs, which is consistent with how the library was originally supported. Such an approach could also free up General Fund for other state priorities.

Staff Recommendation. Hold Open.

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, March 20, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultants: Diego Emilio J. Lopez

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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.

6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES**Issue 1: Enrollment Update & Proposal****Panel.**

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Enrollment is a key factor in determining apportionment funding. Under the Student Centered Funding Formula (SCFF), the largest factor in determining a district's apportionment funding is its enrollment level. The SCFF enrollment calculation for regular credit courses is based on a three year average. Specifically, it uses the average of the full-time equivalent (FTE) student count in that given year and the two previous years. In 2024-25, the funded enrollment level based on the three year average is estimated at 1,064,141 FTE students systemwide. This is an estimated 4,432 FTE students (0.4 percent) higher than the reported enrollment level in 2024-25.

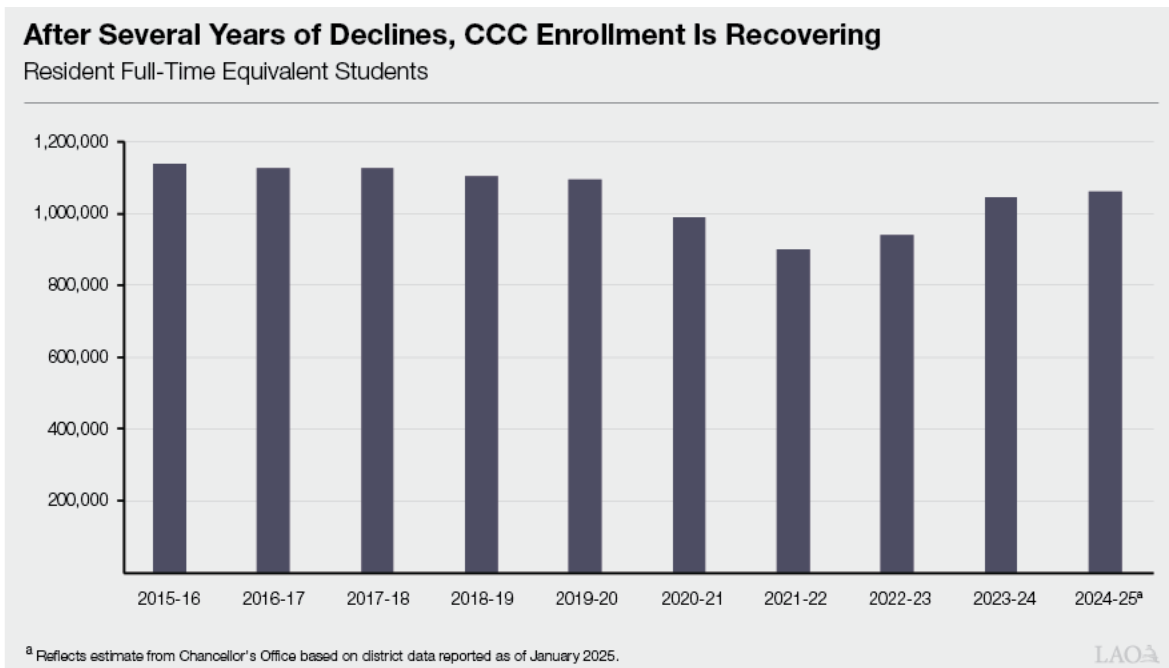
Enrollment growth is allocated by the state. Enrollment growth funding is provided on top of the funding generated from all other components of the apportionment formula. Growth funding supports enrollment increases at districts that have not seen recent declines in funded enrollment, as well as districts that already have used up their restoration authority. State law does not prescribe how to determine the amount of growth funding to provide California Community Colleges (CCC) in any given year. Historically, the state has considered several factors, including changes in the adult population, the unemployment rate, prior year enrollment trends, and the availability of Proposition 98 funding. From 2021-22 through 2024-25, the state provided funding for 0.5 percent systemwide growth annually.

Enrollment growth is funded at a per-student rate. The per-student rate varies by type of instruction. In 2024-25, the base rate for regular credit courses is \$5,294 per FTE student, with districts generating additional funding (on top of the base rate) for enrolling students who are low income or for attaining specified student outcomes. The base rate for dual enrollment students, incarcerated students, and most noncredit students is higher (\$7,425 per FTE student), as districts do not earn additional funding based on these students' income level or outcomes.

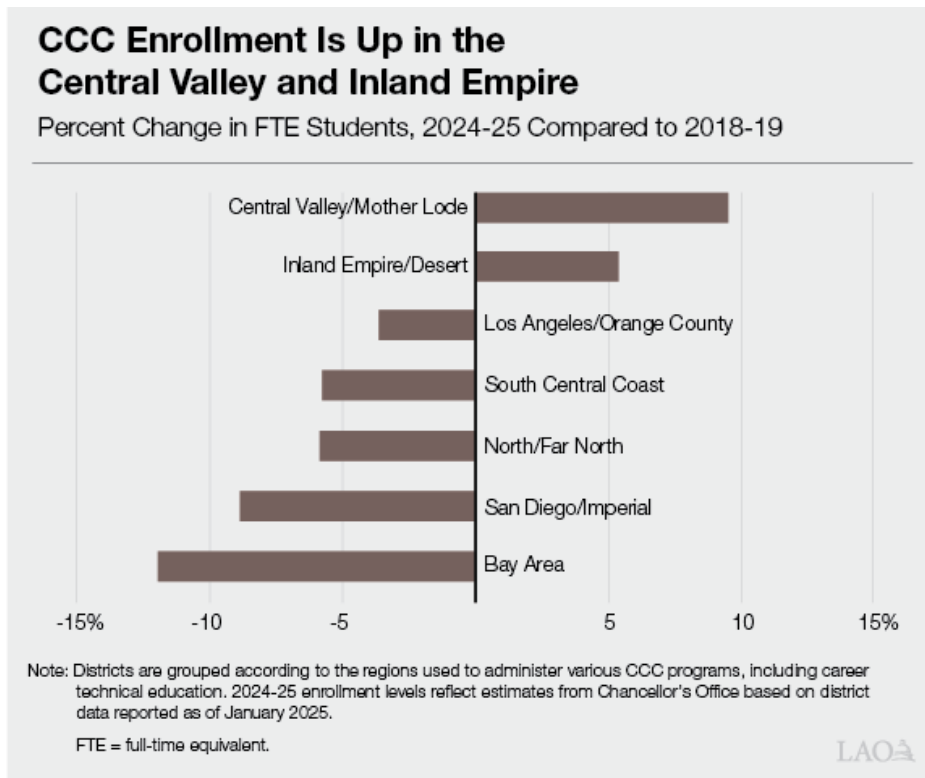
State law directs the Chancellor's Office to allocate enrollment growth funding across all districts using a formula that accounts for several local factors. These factors include the number of individuals within the district's service area who do not have a college degree, are unemployed, or are in poverty. If a district does not fully use its enrollment growth allocation, then the remaining funds are redistributed to other districts that are growing beyond their initial growth allocation.

State law caps the total amount of enrollment growth funded at any given district at 10 percent annually.

CCC enrollment declined prior to and especially during the pandemic. As the figure below shows, CCC enrollment declined for much of the past decade. From 2015-16 to 2019-20, the enrollment decline was gradual. This trend has commonly been attributed to a long economic expansion, reflected in a strong labor market and historically low unemployment during that period. Historically, increases in unemployment have been accompanied by increases in community college enrollment, as more individuals return to school for training. The pandemic, however, was an exception. Due to the public health emergency, community college enrollment dropped notably even as unemployment temporarily surged. Between 2019-20 and 2021-22, the number of FTE students at CCC declined by about 195,000 (18 percent). This decline was consistent with national community college enrollment trends over the period.



Enrollment trends have varied notably by region. As the figure below shows, estimated CCC enrollment in 2024-25 is up relative to pre pandemic levels in two regions: the Central Valley and the Inland Empire. This generally aligns with broader demographic trends, as these regions have experienced population growth since 2018-19. In all other regions, estimated CCC enrollment remains below pre pandemic levels. The enrollment decrease has been largest in the Bay Area, a region that has experienced above average population declines over this period. Within each region, enrollment trends vary among some districts. In every region experiencing declining enrollment, one or more community college districts are growing despite the regional trend.



Governor's Budget. The Governor's budget includes \$30 million ongoing Proposition 98 General Fund for 0.5 percent systemwide enrollment growth at CCC in 2025-26. This equates to an estimated 5,439 additional FTE students. The average base rate for each of these students is \$5,597. The proposed 0.5 percent growth rate is the same rate the state has adopted in each of the past four years.

Legislative Analyst's Office.

Statewide Demographic Trends Are Not Likely to Generate Enrollment Pressure in 2025-26. Under both our office's and the administration's projections, the total adult population (ages 18-59) in California is roughly flat in 2025-26, compared to the previous year. The number of high school graduates is projected to decline by 3 percent in 2024-25, which could lead to a smaller incoming class of traditional-age college students in 2025-26. This is particularly the case because college-going rates among recent high school graduates have been roughly flat over the past few years for which this data is available. Taken together, these statewide demographic factors likely are not generating notable pressure for CCC enrollment growth in 2025-26.

Regional Trends Could Create Some Enrollment Pressure. Though demographic pressures statewide are not likely to be significant in 2025-26, certain regions of the state still are expected to experience growth in their adult population. When we map the administration's county-level population projections to community college regions, we find the adult population (ages 18-59) in the Central Valley and Inland Empire regions are projected to continue growing at above-average rates through 2028-29. During the same period, the adult population is projected to decrease in the

Bay Area and Los Angeles/Orange County regions. Under current law, the Chancellor’s Office will take local demographic factors into account when allocating new enrollment growth funding.

Labor Market Trends Could Continue to Generate Enrollment Pressure. Some districts also could see upward enrollment pressures for other reasons, including labor market trends. After climbing gradually for the past two years, California’s unemployment rate has reached 5.5 percent as of December 2024. This is above the pre-pandemic unemployment rate (about 4 percent), though still below the historical average over the past 30 years (about 7 percent). Under our office’s projections, unemployment continues to increase in 2025-26 and the out-years. This trend could lead more individuals to enroll at the colleges.

Some Districts Likely Remain Above Their Enrollment Targets. Another upward enrollment pressure is related to the 25 districts that exceeded their enrollment growth targets in 2024-25. Without new enrollment funding, these districts could begin employing enrollment management strategies (such as adjusting their course offerings) to constrain their growth. Conversely, with additional funding, these districts might continue on their stronger growth trajectories.

University Budget Constraints Could Increase CCC Enrollment Demand. A fourth reason CCC might experience upward enrollment pressure is related to state budget constraints affecting CSU and UC in 2025-26. As we discuss in [The 2025-26 Budget: Higher Education Overview](#), the state might not have sufficient non-Proposition 98 General Fund to support enrollment growth at CSU and UC in 2025-26. If CSU and UC do not receive enrollment growth funding, more students might enroll at community colleges.

Recommendation

Prioritize Enrollment Growth Within Available Ongoing Funds. We recommend the Legislature fund at least the 0.5 percent enrollment growth proposed by the Governor. The Legislature could consider funding more enrollment growth—potentially up to the 1.5 percent requested by CCC—by redirecting funds from lower-priority ongoing proposals. (We would not recommend redirecting funds from one-time proposals toward enrollment growth, as this would reduce the one-time cushion within the CCC budget.) Community colleges could see upward enrollment pressures from several fronts. Regional demographic trends, rising unemployment rates, enrollment in excess of existing targets, and potential constraints on CSU and UC enrollment levels all could drive up CCC enrollment levels in 2025-26. Providing funding for additional growth could help districts maintain programmatic quality as they enroll more students. We estimate each additional 0.5 percent of enrollment growth would cost \$30 million ongoing.

Staff Recommendation. Hold Open.

Issue 2: Student Centered Funding Formula Update and Apportionment and Categorical Programs Cost of Living Adjustments (COLA)

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Student Centered Funding Formula. All community college districts (except the statewide online Calbright College) receive funding from apportionments. In 2023-24, community college districts collectively received \$9.6 billion in apportionment funding. Apportionments account for about 70 percent of total Proposition 98 CCC funding.

Historically, districts received apportionment funding based almost entirely on student enrollment. In 2018-19, the state adopted a new formula called the Student Centered Funding Formula (SCFF). This formula is intended to create stronger incentives for colleges to enroll lower-income students and improve student outcomes for them and overall. Under SCFF, districts receive apportionment funding for regular credit courses based on three components:

- 1) A base allocation linked to enrollment.
- 2) A supplemental allocation linked to low-income student counts.
- 3) A student success allocation linked to specified student outcomes.

These three components account for about 70 percent, 20 percent, and 10 percent of apportionment funding, respectively. Districts continue to receive apportionment funding for noncredit courses, as well as credit courses for dual enrollment students and incarcerated students, based entirely on enrollment.

Hold Harmless Provisions. When the state adopted SCFF, it created a temporary funding protection called "hold harmless" for those districts that would have received more funding under the previous apportionment formula. This provision was intended to provide time for those districts to ramp down their budgets to their new SCFF-calculated amounts or find ways to increase the amount they generate through SCFF (such as by enrolling more low-income students or improving student outcomes).

Under this provision, districts receive whatever they generated in 2017-18 under the old formula, adjusted for any subsequent COLAs provided by the state through 2024-25. Districts are funded according to this provision if their hold harmless amount exceeds both their SCFF-calculated amount and the stability amount discussed below. More than 25 districts were on hold harmless in each year from 2018-19 through 2021-22, before declining to only 12 districts in 2022-23. (The decline in 2022-23 was related to a \$600 million augmentation the state provided to increase SCFF base funding rates, thereby decreasing the number of districts whose hold harmless amount exceeded their SCFF-calculated amount.)

In 2023-24, the 11 districts remaining on hold harmless received \$90 million in apportionment funding above their SCFF-calculated amount. On average, these districts received more funding per student than other districts. The per-student apportionment funding level was \$9,574 across districts on hold harmless in 2023-24, compared to \$8,895 across districts that received their SCFF-calculated amount.

According to the Chancellor’s Office, 21 districts are estimated to be on the Hold Harmless funding provision in 2025-26. The chart below outlines their estimated SCFF calculated revenue, their Hold Harmless calculated revenue and the percent difference between the two.

District	25-26 SCFF Calculated Revenue	25-26 Hold Harmless/Funding Floor	% Change SCFF Calculated Revenue and Hold Harmless/Funding Floor
Chabot-Las Positas CCD	134,033,982	139,856,226	4.34%
Chaffey CCD	146,458,726	152,669,995	4.24%
Citrus CCD	88,260,645	92,894,198	5.25%
Contra Costa CCD	215,044,883	229,941,714	6.93%
Copper Mountain CCD	19,919,965	20,800,104	4.42%
Foothill-DeAnza CCD	190,081,454	192,112,459	1.07%
Imperial CCD*	57,086,280	70,795,091	24.01%
Napa Valley CCD	33,778,777	41,068,935	21.58%
North Orange County CCD	256,207,870	262,433,892	2.43%
Ohlone CCD	59,533,387	63,336,071	6.39%
Palo Verde CCD*	29,497,595	30,905,716	4.77%
Palomar CCD	123,834,348	140,984,442	13.85%
Peralta CCD	132,146,773	148,941,102	12.71%
San Francisco CCD	141,836,740	166,711,708	17.54%
San Jose-Evergreen CCD	87,082,995	97,063,490	11.46%
San Luis Obispo County CCD	72,759,149	74,230,814	2.02%
Santa Monica CCD	162,800,250	168,740,327	3.65%
Siskiyou Joint CCD	21,161,498	23,574,800	11.40%
Sonoma County CCD	126,030,013	138,789,322	10.12%
West Kern CCD	31,985,151	35,853,204	12.09%
Yuba CCD	74,061,963	77,015,374	3.99%

*Imperial CCD and Palo Verde CCD may have some CCFS-320 FTES errors at 24-25 P1.

Stability Provision. State law also creates a second funding protection called “stability.” This provision allows a district to receive its SCFF-calculated amount in the previous year adjusted for COLA. Districts are funded according to stability if the associated funding exceeds both their SCFF-calculated amount for that year and their hold harmless amount. The number of districts on stability has fluctuated over the past few years. In 2023-24, 26 districts were on stability, with these districts receiving \$70 million in apportionment funding above their SCFF-calculated amount. Like districts on hold harmless, districts on stability tended on average to receive more

funding per student than districts that received their SCFF-calculated amount. The per-student apportionment funding level was \$9,390 across districts on stability in 2023-24.

State Typically Provides a COLA for Apportionment Funding. Although the state is not statutorily required to provide a COLA for apportionments, it has a long-standing practice of doing so when Proposition 98 funds are available. (In contrast, the state is statutorily required to provide a COLA for the Local Control Funding Formula [LCFF], which applies to school districts.) The COLA rate is based on a price index published by the federal government that reflects changes in the cost of goods and services purchased by state and local governments across the country. Over the past 30 years, the average COLA rate has been just under 3 percent. In some recent years, however, the COLA rate has been historically high—5.07 percent in 2021-22, 6.56 percent in 2022-23, and 8.22 percent in 2023-24.

Governor’s Budget. The Governor’s budget includes \$230 million ongoing Proposition 98 General Fund to cover a 2.43 percent COLA for apportionments. This is the same COLA rate the Governor proposes for the K-12 LCFF.

Legislative Analyst’s Office.

Assessment

Districts Face Several Notable Cost Pressures in 2025-26. Although inflation has slowed notably since its peak in 2022, it remains above the historical average, likely translating to continued salary pressures in 2025-26. Districts are also facing increased pension costs. Based on current assumptions, districts’ California State Teachers’ Retirement System (CalSTRs) contribution rate is projected to remain at 19.1 percent in 2025-26, but the California Public Employees’ Retirement System (CalPERS) contribution rate is projected to increase to 27.4 percent (0.3 percentage points higher than in 2024-25). Across both retirement systems, districts’ pension contribution costs are expected to increase by a combined \$88 million in 2025-26. In addition, districts continue to report that health care premiums are growing quickly. Beyond these employee compensation costs, districts generally are expecting increases in other costs such as insurance, utilities, and equipment in 2025-26.

Additional COLA Data Is Forthcoming. In late January, the federal government released updated data on the price index that the state uses to calculate the COLA rate. Based on this data, we estimate the COLA rate for 2025-26 is 2.26 percent—slightly lower than estimated under the Governor’s budget. The COLA rate will be finalized in late April, when the federal government releases the last round of data used in the calculation.

Providing a COLA for Apportionments Helps Districts Pay Core Costs. The proposed COLA rate for apportionments would help districts address anticipated cost increases for their core operations. Doing so would help maintain the quality of CCC’s core instructional programs, while also providing flexibility for districts to address particularly pressing local spending priorities. Historically, the Legislature has made providing a COLA for apportionments its top CCC budget priority for these reasons.

Certain Districts Are Not Expected to Receive a COLA in 2025-26. Under state law, a new hold harmless policy is scheduled to take effect in 2025-26. Under the new policy, a district's hold harmless amount will be set at its apportionment level in 2024-25, without any subsequent COLA adjustments. The intent of this policy is to phase down the additional funding that districts on hold harmless are receiving and gradually transition these districts onto SCFF. As the state continues to provide COLAs for SCFF, these districts' SCFF-calculated amounts will rise, and, at some point, exceed their hold harmless amounts. The more quickly these districts grow their enrollment and improve their outcomes, the more quickly their funding will begin to grow again. Though these districts will not see a COLA in 2025-26, they will still benefit from receiving more per-student funding, on average, than other districts with SCFF-calculated funding levels.

Recommendation

Make COLA Decision Once Better Information Is Available This Spring. By the May Revision, the Legislature will have not only a finalized COLA rate calculation but also updated state revenue estimates. Those revenue estimates will, in turn, affect the amount available for ongoing Proposition 98 spending at CCC. If Proposition 98 resources in May remain sufficient to support the updated COLA, then we recommend the Legislature approve the proposal at that time. Providing a COLA for SCFF can help districts address their core operating cost increases, while helping to bring more districts that would otherwise be on hold harmless onto the formula.

Categorical Programs.

The state has more than 40 categorical programs. These programs provide community college districts with funding designated for specific purposes. The state is providing a total of \$3.8 billion ongoing across all CCC categorical programs in 2024-25. The five largest programs—the California Adult Education Program, the Student Equity and Achievement Program, Student Success Completion Grants, the Strong Workforce Program, and Extended Opportunity Programs and Services—account for more than half of that spending. The remaining programs serve a range of purposes, from financial aid administration and technology services to specific types of student and faculty support.

State Has Provided Increases for Select Categorical Programs. Historically, the Legislature's CCC COLA decisions have been driven by the availability of Proposition 98 funding and its relative budget priorities. In some years, the Legislature has provided a COLA for a subset of categorical programs. As the figure below shows, the state has consistently provided a COLA for seven specific categorical programs in almost every year since 2019-10. (In 2020-21, the state did not provide a COLA for any CCC programs because it anticipated a significant budget shortfall due to the pandemic.) The state has also provided a COLA for certain other categorical programs in one or two of these years. Separate from providing a COLA, the state sometimes provides other funding increases to expand categorical programs. For example, the state increased funding for the Student Equity and Achievement Program by \$24 million (5 percent) in 2021-22 and another \$25 million (5 percent) in 2022-23.

Certain Categorical Programs Have Received a COLA in Recent Years

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Academic Senate				✓		
Adult Education Program	✓		✓	✓	✓	✓
Apprenticeship programs	✓		✓	✓	✓	✓
CalWORKs student services	✓		✓	✓	✓	✓
Campus child care support	✓		✓	✓	✓	✓
Disabled Students Programs and Services	✓		✓	✓	✓	✓
Extended Opportunity Programs and Services	✓		✓	✓	✓	✓
Mandates Block Grant	✓		✓	✓	✓	✓
MESA program	✓				✓	
Middle College High School	✓					
NextUp foster youth program					✓	
Part-time faculty compensation				✓		
Part-time faculty office hours				✓		
Puente Project	✓				✓	
Rapid rehousing					✓	
Student basic needs centers					✓	
Student mental health services					✓	
Umoja program	✓				✓	
Veteran resource centers					✓	

COLA = cost-of-living adjustment and MESA = Mathematics, Engineering, Science Achievement.

Governor’s Budget. The Governor’s budget includes a total of \$30 million ongoing Proposition 98 General Fund to provide seven CCC categorical programs with a 2.43 percent COLA. These are the same seven programs that have received a COLA in almost every year since 2019-20. The figure below lists these programs and the cost of the associated COLA. More than half of the cost is for the California Adult Education Program, which supports precollegiate adult education at both community colleges and adult schools operated by school districts. (As we note in the “Apportionments” section, the data used to calculate the COLA will not be finalized until late April. The final rate could be slightly higher or lower than the Governor proposes, with corresponding changes in the associated cost.)

Governor’s Budget Includes Increases for Select Categorical Programs

Reflects Funding for 2.43 Percent COLA (In Millions)

Program	Cost
Adult Education Program	\$15.9
Extended Opportunity Programs and Services	5.3
Disabled Student Programs and Services	4.2
Apprenticeship programs	2.3
CalWORKs student services	1.4
Mandates Block Grant	1.0
Campus child care support	0.1
Total	\$30.2

COLA = cost-of-living adjustment.

Legislative Analyst's Office.

Proposal Is a Reasonable Starting Point, but Legislature Could Consider Other Options. Given that the Governor's proposal includes many of the categorical programs the Legislature has prioritized for a COLA in recent years, it is a reasonable starting point for 2025-26 budget deliberations. The Legislature could adopt the proposal, or it could choose to provide a COLA for a different set of categorical programs based on its priorities this year. Given the limited amount of ongoing CCC Proposition 98 spending under the Governor's budget, the Legislature will face a trade-off between providing more funding for categorical programs and reserving those funds for other ongoing budget priorities, such as enrollment growth.

Staff Recommendation. Hold Open.

Issue 3: Student Housing Grant Program

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office

Alexandra Wildman, Department of Finance

Alex Anaya Velazquez, Department of Finance

Lisa Qing, Legislative Analyst's Office

Background. The 2021, 2022 and 2023 Budget Acts created the Higher Education Student Housing Grant Program and authorized 35 projects: five UC projects, 11 CSU projects, 16 CCC projects, three joint UC/CCC projects, and one joint CSU/CCC project, totaling about \$2.2 billion in state funding. Projects were required to provide “affordable” beds for students, which was defined as rents not exceeding 30 percent of 50 percent of a campus’s area median income. (This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents.)

While the program was originally conceived with one-time General Fund, the 2023 Budget Act shifted the program to bond financing. Starting in the 2023 Budget Act, UC and CSU began receiving ongoing General Fund to cover debt service costs on bonds issued by each segment. UC and CSU are receiving about \$50 million annually to cover debt service for their projects, including the joint projects with community colleges.

The 2024 Budget Act included trailer bill language creating a new state lease revenue bond program to support 13 of 16 previously approved community college student housing projects for up to \$804.7 million. (The three other projects were supported with cash, totaling \$50.6 million one-time General Fund.) Under the new program, the Board of Governors and the 13 participating colleges will work with the State Public Works Board to finalize any remaining project plans and receive project financing. The chart on the next page indicates the community college projects that were approved, their proposed costs, proposed number of beds, and updated costs and number of beds.

Note: Dollars in Millions

College with Approved Student Housing Project	CA Budget Approval	Project Cost at Application	2025 Estimated Project Cost	Difference	Total Beds at Application	Low Income Beds at Application	2025 Total Number of Beds	2025 Low Income Beds
Bakersfield College	2022-23	\$63.40	\$63.40	\$ -	154	154	154	154
College of the Canyons	2022-23	\$61.90	\$61.90	\$ -	220	220	209	209
College of the Siskiyous	2022-23	\$32.60	\$34.00	\$1.40 (4.3%)	252	252	178	178
Compton College	2022-23	\$80.40	\$80.40	\$ -	250	250	250	250
Cosumnes River College	2022-23	\$44.10	\$44.10	\$ -	147	147	147	147
Fresno City College	2022-23	\$55.00	\$70.00	\$15.0 (27.2%)	350	350	350	350
Imperial Valley College/CSU San Diego	2022-23	\$17.00	\$17.00	\$ -	51	51	40	40
Lake Tahoe Community College	2022-23	\$42.50	\$42.50	\$ -	100	100	100	100
Sierra College	2022-23	\$98.20	\$107.40	\$9.2 (9.4%)	344	344	348	348
Ventura College	2022-23	\$65.90	\$65.90	\$ -	300	300	290	290
Cabrillo College/UC Santa Cruz	2023-24	\$181.80	\$181.80	\$ -	376	376	376	376
Cerritos College	2023-24	\$80.00	\$100.00	\$20.0 (25%)	396	396	402	396
College of San Mateo	2023-24	\$65.80	\$85.80	\$20.0 (30.4%)	312	310	316	316
College of the Redwoods	2023-24	\$53.30	\$82.50	\$29.2 (54.8%)	215	181	215	181
Merced College/ UC Merced	2023-24	\$100.00	\$108.60	\$8.6 (8.6%)	287	191	287	191
Riverside City College/UC Riverside	2023-24	\$312.00	\$312.00	\$ -	326	326	326	326
San Diego City College	2023-24	\$222.90	\$200.00	\$22.9.0 (10.3%)	808	788	808	795
Totals		\$1,576.80	\$1,657.30	\$80.50	5,768	4,930	5,736	4,852

Some colleges are reporting cost overruns. Some colleges have reported that rising construction costs are challenging the completion of projects. According to the Chancellor's Office, colleges are reporting a total of \$80.5 million in additional costs since applications were submitted, based on original total costs of \$1.6 billion. Colleges are using local resources to cover costs, although some may seek additional funding from the state. Some projects have slightly lowered the number of beds they will be providing: the number of beds for all projects is now estimated to be 5,736, compared to 5,768 at the time applications were submitted.

More than 30 other student housing projects are unfunded. The Chancellor's Office notes that it currently has 34 applications for student housing projects that have not been funded. The projects would require a total of \$2.4 billion, with \$2.1 billion requested from the state. The chart below indicates ten unfunded projects that were ranked highest by the Chancellor's Office based on the program goals and requirements.

Governor's Budget. The Governor's Budget provides \$1.3 million ongoing General Fund to support the state lease revenue bond. This amount will grow in future years as projects enter construction phases and more bonds are sold.

Staff Recommendation. Hold Open.

Issue 4: Prop 2 Facilities Projects/Capital Outlay

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Alexandra Wildman, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background. In November 2024, voters approved a new education facilities bond, Proposition 2, which provides \$1.5 billion for facilities at the CCC. The Governor's budget proposes to fund 29 new capital outlay projects in 2025-26, committing roughly half of Proposition 2 funding. The CCC Chancellor's Office selected these projects using a relatively new scoring system.

The CCC system includes 72 local community college districts that operate 115 college campuses, as well as a number of off-campus centers and district offices. Based on the system's most recent five-year capital outlay plan, these sites have a combined 87 million square feet of building space. This includes both academic space (such as classrooms, laboratories, libraries, and faculty offices) and nonacademic space (such as parking structures, bookstores, and cafeterias).

State Often Pays Portion of Academic Facility Project Costs. Academic facilities are eligible for state support. The state and districts often share the cost of academic capital outlay projects. Though the share of costs varies among projects, the state commonly covers about half of the cost, with the district covering the rest using local funds. In contrast, the state typically does not support nonacademic facilities, as these facilities generate their own revenue to cover their costs.

State Uses General Obligation Bonds to Finance Its Share of Costs. The state sells general obligation bonds to receive up-front funding for project costs. It then repays these bonds with interest over a period of time (typically about 35 years) using non-Proposition 98 General Fund. Under the State Constitution, voters must approve general obligation bonds. From 2002 through 2016, voters approved four state general obligation bonds for education facilities. The most recent of these bonds, Proposition 51, provided \$2 billion for community college facilities. The vast majority of Proposition 51 funding has already been committed to specific projects, with the Chancellor's Office estimating that approximately \$80 million remains available.

Voters Recently Passed a New State Education Facilities Bond. In the November 2024 election, voters approved a new education facilities bond, Proposition 2. This measure provides \$1.5 billion for community college facilities. (Proposition 2 also provides \$8.5 billion for K-12 school facilities.) These funds may be used for various purposes, including constructing new buildings, renovating existing buildings, acquiring land, and purchasing equipment. The measure does not specify how the funds are to be allocated among these specific purposes. In addition to this state general obligation bond, voters in the same election approved 14 local general obligation bonds totaling \$9.9 billion for community college facilities.

Chancellor's Office Is Using New Scoring System to Select Projects. To receive state bond funding, community college districts must submit project proposals to the Chancellor's Office. The Chancellor's Office selects among these project proposals using a scoring system adopted by

the CCC Board of Governors. The Board of Governors adopted a new scoring system in September 2020. Because the majority of Proposition 51 bond funding had already been committed by that time, relatively few projects under that earlier bond were selected under the new scoring system. The Chancellor's Office intends to use the new scoring system, however, to select projects under Proposition 2.

Under New Scoring System, Funding Is Allocated Among Three Categories of Projects. The old scoring system used six funding categories reflecting the purpose of the project (life safety, modernization, or growth) and the type of space (instructional, institutional support, or other).

In contrast, the new scoring system uses the three categories reflecting the purpose of the project but does not distinguish among different types of space. In allocating funding among the three categories, the Chancellor's Office first designates funding for life safety projects. These projects must be accompanied by a third-party study identifying imminent health or safety risks, seismic risks, or failing infrastructure. The district is generally required to cover at least 25 percent of the associated project costs. The Chancellor's Office may designate up to 50 percent of state funding each year for life safety projects, though the amount needed to fund all project proposals in this category is typically much lower. After addressing life safety projects under the new scoring system, the Chancellor's Office then allocates 65 percent of the remaining funding for modernization projects that renovate existing space and 35 percent for growth projects that add new space.

Chancellor's Office Then Ranks Projects Within Each Category. Districts typically submit more modernization and growth project proposals than available state bond funding can support. Each year, the Chancellor's Office uses certain scoring metrics to rank projects within these two categories. As the figure below shows, modernization projects receive points based on the age and condition of the facility. Meanwhile, growth projects receive points based on projected enrollment growth at the campus, as well as how its existing space capacity compares to its enrollment level. Projects in both categories also receive points based on the amount of the local contribution, with districts generally required to cover at least 25 percent of total project costs and receiving more points for covering a larger share. In addition, projects in both categories receive points for certain other metrics, including campus size and region.

CCC Uses Certain Scoring Metrics to Rank Project Proposals

Metric	Description	Points
Modernization Projects		
Facility age	Provides points based on the age of the facility, with older facilities receiving more points.	60
Local contribution	Provides points based on the share of project costs covered by local funds, with larger local contributions receiving more points.	50
Facility condition	Provides points based on facility condition, with facilities in worse conditions receiving more points.	40
CTE status	Provides points to projects that add space for CTE programs.	25
Campus size	Provides points based on campus size, with larger campuses receiving more points.	20
Region	Provides points to projects in the Central Valley, Sierras, Inland Empire, and Far North.	5
Total		200
Growth Projects		
Enrollment growth	Provides points based on projected enrollment growth over the next five years, with faster-growing campuses receiving more points.	50
Existing capacity	Provides points based on usage of existing space, with more highly used space (at or exceeding capacity) receiving more points.	50
Local contribution	Provides points based on the share of project costs covered by local funds, with larger local contributions receiving more points.	50
CTE status	Provides points to projects that add space for CTE programs.	25
Campus size	Provides points based on campus size, with larger campuses receiving more points.	20
Region	Provides points to projects in the Central Valley, Sierras, Inland Empire, and Far North.	5
Total		200

CTE = career technical education.

Governor’s Budget. The Governor’s budget proposes \$51 million in Proposition 2 Bond funds for the preliminary plans and working drawings phases of 29 projects. The total cost across all phases of these projects is \$1.6 billion, with the state covering \$729 million (46 percent) and districts covering \$842 million (54 percent). Of these projects, 17 are modernization projects, 8 are growth projects, and 4 are life safety projects. (The Chancellor’s Office indicates it has submitted one additional life safety project with an estimated total state cost of \$61 million to the administration for inclusion in the May Revision.)

Governor’s Budget Funds New and Continuing CCC Capital Outlay Projects

Bond Funds (In Thousands)

College	Project	Phase	2025-26	All Years	
			State Cost	State Cost	Total Cost ^a
Proposition 2 (2024)					
Los Angeles Trade-Tech	Advanced transportation and manufacturing building replacement	P, W	\$6,047	\$91,161	\$219,471
Mt. San Antonio	Library replacement	P, W	3,896	57,958	160,190
Citrus	Career technical education building replacement	P, W	3,226	47,520	116,852
Moreno Valley	New Library Learning Resource Center	P, W	2,997	44,420	106,322
Norco	Library Learning Resource Center and student services center replacement	P, W	2,512	34,340	82,749
Golden West	Physical education gym replacement	P, W	2,002	29,421	57,790
Fullerton	STEM vocational center replacement	P, W	1,922	27,496	56,417
Bakersfield	Center for Student Success replacement	P, W	1,934	28,786	56,256
Merritt	Gymnasium and locker room replacement	P, W	1,676	22,834	54,805
De Anza	Physical education complex renovation	P, W	3,386	41,090	54,422
Long Beach (Liberal Arts Campus)	Building B replacement	PC ^b	382	24,782	51,641
Riverside	Cosmetology building replacement	P, W	1,617	20,196	48,782
Clovis	New kinesiology and wellness center	P, W	1,682	24,374	48,607
Merced	Music Art Theater Complex renovation	P, W	1,469	24,379	48,009
Antelope Valley	Gymnasium replacement	P, W	1,622	24,601	46,711
Rio Hondo	Business and art building replacement	P, W	1,594	23,233	45,813
Los Angeles City	Kinesiology South building replacement	P, W	1,294	17,592	41,958
Ben Clark Training Center ^c	New Education Center Building 2, Phase 1	P, W	1,335	16,246	39,489
Hartnell	Gymnasium renovation	P, W	1,764	19,603	38,310
Reedley	Agriculture instruction complex renovation	P, W	1,295	16,806	32,405
Grossmont	Gymnasium replacement	P, W	1,175	15,006	29,604
Willits Center ^d	Willits Center expansion, Phase 2	P, W	1,343	14,609	28,647
Orange Coast	Skills lab replacement	P, W	1,110	13,418	26,435
Imperial Valley	Gymnasium renovation	P, W	1,039	12,798	25,677
Shasta	Life sciences building renovation	P, W	680	8,569	16,832
El Camino	Hydronic line replacement	P, W	813	9,155	12,206
Los Angeles Pierce	Sewer utility infrastructure replacement	P, W	692	7,385	9,847
Los Angeles Valley	Sewer utility infrastructure replacement	P, W	591	5,885	7,845
Skyline	Boiler plant replacement	P, W	393	5,132	6,843
Subtotals			(\$51,488)	(\$728,795)	(\$1,570,935)
Proposition 51 (2016)					
Alameda	Aviation complex replacement	C	\$13,836	\$14,889	\$52,178
Golden West	Fine Arts building renovation	C	14,740	16,132	31,609
Subtotals			(\$28,576)	(\$31,021)	(\$83,787)
Totals			\$80,064	\$759,816	\$1,654,722

^aCommunity college districts issue local general obligation bonds to pay for a share of project costs.
^bThe performance criteria phase is the initial phase of this design-build project.
^cCenter operated by Riverside Community College District.
^dCenter operated by Mendocino-Lake Community College District.
P = preliminary plans; W = working drawings; STEM = science, technology, engineering, and mathematics PC = performance criteria; and C = construction.

Governor Also Proposes Funding Two Continuing Capital Outlay Projects. As the figure above show, the Governor’s budget also includes \$29 million in 2025-26 for the construction phase of two projects initiated in previous years. These projects are funded under an earlier state general obligation bond, Proposition 51 (2016). The total cost across all phases of these projects is \$84 million, with the state covering \$31 million (37 percent) and districts covering \$53 million (63 percent). Both of these are modernization projects. We have no concerns with the proposed funding for these two projects.

Legislative Analyst's Office.**Assessment**

Key Factors to Consider in Deciding How Much Proposition 2 Funding to Commit Now. Under the Governor's budget, the state would commit roughly half of CCC Proposition 2 funding. (The Chancellor's Office intends to request about \$400 million in Proposition 2 funding for additional projects in 2026-27 and the remainder in 2027-28.) The Legislature could choose to allocate a different amount of Proposition 2 funding in 2025-26. One factor to consider in making this decision is cost escalation. Allocating a significant portion of the available bond funds in the first year allows districts to begin projects as soon as possible, avoiding cost escalation that typically occurs due to inflation over time. Beyond the projects included in the Governor's budget, the Chancellor's Office reports that districts submitted an additional 25 eligible project proposals for 2025-26, with total associated state costs of roughly \$650 million. The quality of projects, however, is another basic factor to consider. These additional 25 projects scored lower than the projects included in the Governor's budget. Moreover, districts submit a new round of project proposals each year, and some new projects submitted over the next year or two might have stronger justification (thereby scoring higher) than these additional projects for 2025-26. Furthermore, additional life safety projects could emerge over the next couple of years.

New Scoring System Has Several Positive Aspects. The Proposition 2 projects included in the Governor's budget were selected using the Chancellor's Office's new scoring system. We think parts of the new scoring system are reasonable. First, the scoring system reflects a consistent, transparent way of reviewing districts' project proposals. Second, the scoring system places the highest priority on life safety projects, with requirements in place to ensure that districts submit only immediate needs under this category. Third, the system uses several relevant scoring metrics to rank all other projects, namely facility age and condition for modernization projects and enrollment projections and existing capacity for growth projects. Finally, the scoring system requires districts to provide a local contribution for all categories of projects and creates incentives to provide more than the minimum local contribution for modernization and growth projects.

Share of Funding Allocated for Modernization Projects Could Be Too Low. At the time the new scoring system was adopted in September 2020, the allocation of funding between modernization projects (65 percent) and growth projects (35 percent) generally reflected the system's identified capital outlay needs. Over the past few years, however, those needs have shifted. In CCC's most recent five-year capital outlay plan, modernization projects account for about 80 percent of the capital outlay needs identified for 2025-26 through 2029-30, while growth projects account for only about 20 percent. The shift away from growth projects likely reflects in part the increase in online education, which reduces the need for colleges to add new space. The use of online and other distance education at CCC remains significantly above pre-pandemic levels, accounting for an estimated 42 percent of full-time equivalent (FTE) students in fall 2024, compared to 17 percent in fall 2019. The Chancellor's Office has not yet revisited the split of funding between modernization and growth projects to reflect this trend. Under the current split, modernization projects are somewhat more likely to go unfunded. Of the project proposals that districts submitted for 2025-26, 17 out of 36 eligible modernization projects (47 percent) were included in the Governor's budget, compared to 8 out of 14 eligible growth projects (57 percent). Whereas

modernization projects address deficiencies with existing space, growth projects add new space, thereby contributing to higher ongoing operational costs.

Nearly One-Third of Selected Projects Are Gymnasiums. Gymnasiums account for 9 of the 29 new projects included in the Governor’s budget—a much higher share of projects than in previous years. For comparison, only 8 out of more than 100 projects funded under the previous facilities bond, Proposition 51, were gymnasium projects. This shift is likely related to the new funding categories. Under the old scoring system, gymnasium projects (along with projects relating to child development facilities, performing arts facilities, and certain other noninstructional facilities) were in a separate category eligible for up to 15 percent of available funding. Under the new scoring system, gymnasiums compete with all other types of facilities within each category. That is, gymnasiums effectively are treated the same as other academic space. Given that Proposition 2 funding covers only a portion of CCC’s identified capital outlay needs, the state faces trade-offs between funding gymnasiums and funding other facilities that more directly support instruction. Although colleges use gymnasiums for courses in physical education and related disciplines, some of these courses are not core to CCC’s instructional mission. For example, these courses commonly include practice and conditioning time for intercollegiate athletics teams, as well as fitness courses.

Rationale for Certain Scoring Metrics Is Unclear. Although the new scoring system includes several relevant scoring metrics, it also includes a couple of metrics for which the rationale is less clear. First, projects receive more points if they are located on a campus with more FTE students. The Chancellor’s Office indicates this is because larger campuses require more space than smaller campuses. Other scoring metrics, however, already provide more points based on enrollment growth and having insufficient existing space. Second, projects receive more points if they are located in the Central Valley, Sierras, Inland Empire, and Far North regions. The Chancellor’s Office indicates this metric is intended to target funding toward regions that have historically had lower educational attainment rates. The state likely has more direct ways, however, to increase educational attainment in these regions, such as by continuing to provide districts with supplemental funding for enrolling and supporting low-income students under the Student Centered Funding Formula.

Recommendation

Direct Chancellor’s Office to Justify and Potentially Adjust Parts of New Scoring System. During spring hearings, we recommend the Legislature direct the Chancellor’s Office to further explain the rationale for the current split of funding between modernization and growth projects, the large number of gymnasium projects selected for funding, and the inclusion of campus size and region in its scoring metrics. If these or other issues raise notable concerns for the Legislature, it could direct the Chancellor’s Office to adjust its scoring system accordingly. For example, this might mean allocating a larger share of funding toward modernization projects or capping the amount of funding for gymnasium projects. The Chancellor’s Office could then use the adjusted scoring system to select a revised set of projects for 2025-26.

Staff Recommendation. Hold Open.

Issue 5: Rising Scholars

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background. The Rising Scholars Network was established by AB 417 (McCarty), Chapter 558, Statutes of 2021, to support services to incarcerated and formerly incarcerated students enrolled in community college courses. The 2021-22 budget package provided \$10 million ongoing for this categorical program. These funds are to support up to 65 colleges in providing various services, including academic advising, tutoring, financial aid application assistance, and assistance accessing other campus and community resources. State law authorizes the Chancellor's Office to designate up to 5 percent of program funding for program administration, development, and accountability. The Chancellor's Office is required to report on December 31, 2023 and every two years thereafter on colleges' efforts to serve currently and formerly incarcerated students.

In 2022, the Chancellor's Office awarded the Rising Scholars Network funds through a competitive process that accounted for a college's readiness based on its current programs and services for currently or formerly incarcerated students. Of the 68 applicants, 59 were selected for awards of between \$100,000 to \$190,000 annually through 2024-25. Two of the selected applicants were multi-college districts, bringing the total count of participating colleges potentially up to 62—just under the cap of 65. Based on information from the Chancellor's Office, participating colleges are spending the majority of their program funds on personnel, including staff to provide specialized support for currently and formerly incarcerated students and instructional designers to adapt courses to be delivered in correctional settings. Other program expenses include technology, classroom space, and professional development.

State Added Juvenile Justice Component to Program in 2022-23. The 2022-23 Budget Act provided \$15 million ongoing to add a new component to the Rising Scholars Network that focuses on youth impacted by the juvenile justice system. The majority of these funds are to support up to 45 colleges in providing instruction and support services (such as basic needs assistance and education planning) on campus and in local juvenile facilities. Of the total program funding, \$1.3 million is designated for technical assistance, including staff to oversee program implementation and provide training and support. In addition, \$750,000 was designated on a one-time basis in 2022-23 for a program evaluation that examines the first cohort of participating colleges over a period of at least five years. Since 2022-23, the state has retained the provisional budget language funding this program.

Some of Same Colleges Are Participating in Juvenile Justice Component. In 2023, the Chancellor's Office awarded the juvenile justice funds through a competitive process. Of the 47 colleges that applied, 44 colleges received awards of \$312,500 annually through 2026-27. (Each college's award amount was slightly lower in 2022-23 because of the one-time set-aside for a

program evaluation.) Two colleges that applied for the program did not receive awards, and one college declined an award. Most of the colleges participating in the juvenile justice component of the program are also participating in the original component focused on adult students. In total, 75 colleges are participating in one or both program components in 2024-25. As with the original component, colleges are spending the majority of program funds from the juvenile justice component on personnel costs.

Governor's Budget. The Governor's budget increases funding for the Rising Scholars Network by \$30 million ongoing Proposition 98 General Fund, bringing total program funding to \$55 million. The Governor proposes trailer bill language removing the cap on the number of colleges participating in the adult component of the program. (Budget bill language would continue to limit participation in the juvenile justice component to 45 colleges.) The administration proposes no changes to program requirements for either the adult or juvenile components.

Staff Recommendation. Hold Open.

Issue 6: Cloud Data Platform & Enterprise Resource Planning System

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Common Cloud Data Platform. Community colleges collect various types of student data, including data on enrollment, demographics, academic outcomes, and financial aid. Each district stores this student data in an IT system called an enterprise resource planning (ERP) system. (Districts also use their ERP systems for many other purposes, as we discuss in the next section of this brief.) The Chancellor's Office does not have direct access to this data. Instead, it requires districts to report certain data, including on enrollment and student outcomes, periodically during the course of the year. These district reports are in turn used for various systemwide purposes, including determining apportionment funding and complying with state reporting requirements.

Common Cloud Data Platform Demonstration Project. In October 2023, the Chancellor's Office launched a demonstration project called the "Common Cloud Data Platform." The goal of this project is to develop a platform through which the Chancellor's Office and participating districts could share student data on a "near real-time" basis. The platform would be compatible with districts' existing ERP systems. By making the sharing of student data easier, this project is intended to streamline certain systemwide reporting processes. It is also intended to enable the development of data analytics tools, such as timelier enrollment and student outcomes dashboards, which the Chancellor's Office indicates could improve decision-making and student support. The Chancellor's Office is supporting this demonstration project using \$10 million in one-time funds set aside from the Student Equity and Achievement Program. (Under state law, the Chancellor's Office may designate up to 5 percent of funding for that program for systemwide activities.) Currently, six districts—representing a range of sizes, locations, and ERP systems—are participating in the demonstration project. The Chancellor's Office is preparing to add a second cohort of about six more districts to the project over the next few months.

Governor's Budget. The Governor's budget provides \$163 million Proposition 98 General Fund (\$29 million ongoing and \$134 million one time) for the Common Cloud Data Platform. Based on the proposed trailer bill language, the funds would be used to develop and expand the platform to all districts, incorporate new analytics tools, and support related data quality assurance and governance processes. The Chancellor's Office would allocate these funds to a district or districts to administer these activities under its oversight. (The state commonly takes this approach with CCC systemwide initiatives to ensure that Proposition 98 General Fund is allocated to local educational agencies.) The language directs the Chancellor's Office to submit a report on the project's implementation status to the Legislature by January 31, 2028. The language does not specify how long the funds would be available for expenditure.

Legislative Analyst's Office.**Assessment**

Demonstration Project Is Still Underway. The Common Cloud Data Platform demonstration project provides an opportunity for the Chancellor's Office to develop and test the platform with a small group of districts, assess the outcomes, and apply the lessons learned toward future decisions about expanding the platform. The Chancellor's Office anticipates completing the demonstration project in June 2026. We do not see a clear rationale for funding the systemwide expansion of this platform before the demonstration is complete and the Legislature has information on its outcomes.

More Information Is Needed on Project's Benefits. While expanding the Common Cloud Data Platform systemwide could lead to more efficient reporting processes, these administrative efficiencies are unlikely to be enough on their own to justify a project of this size. To better understand the justification for systemwide expansion, the Legislature would likely want more information on the state benefits of having more timely student data, relative to the data currently available. For example, the Legislature may want specific examples of how near real-time data is needed for state decision-making. Real-time data likely is most useful at the local level, where it could help instructors and counselors better support specific students. It is unclear, however, whether this project would significantly improve the data that districts have on their own students, except to the extent those students are also enrolled at other participating institutions.

Proposed Funding Level Could Exceed Project Costs. The \$163 million included in the Governor's budget is based on CCC's 2025-26 systemwide budget request. In that request, however, this amount was intended to cover not only the expansion of the Common Cloud Data Platform but also the launch of the Common ERP project (which we discuss in the next section of this brief). We think that the full amount likely would not be needed for the Common Cloud Data Platform alone. A January 2025 Board of Governors meeting agenda cites a significantly lower cost (\$96 million one time to be spent across several years) for expanding the Common Cloud Data Platform systemwide. The Chancellor's Office indicates, however, that this cost estimate is not final.

Recommendation

Reject Funding at This Time and Require Reporting on Demonstration Project. Given the issues above, we think it would be premature to fund the systemwide expansion of the Common Cloud Data Platform. Instead, we recommend requiring the Chancellor's Office to report on the current demonstration project upon its completion. The report could cover the outcomes of the project for participating districts, any challenges encountered and lessons learned, the projected state and local benefits of expanding the platform systemwide, a refined cost estimate for that expansion, and an analysis of alternatives and their respective costs. This information would be similar to the information provided to the Legislature for other IT projects through the state's IT project approval process, as we discuss in the nearby box. The Legislature could require the Chancellor's Office to report on these items by October 30, 2026. This is a few months after the

completion of the demonstration project and a few months before the start of the state’s 2027-28 budget process. If the Legislature decided to expand the platform based on the demonstration project’s results, it could initiate state funding in 2027-28, funds permitting.

Common Enterprise Resource Planning System. Community colleges collect various types of student data, including data on enrollment, demographics, academic outcomes, and financial aid. Each district stores this student data in an IT system called an enterprise resource planning (ERP) system. (Districts also use their ERP systems for many other purposes, as we discuss in the next section of this brief.) The Chancellor’s Office does not have direct access to this data. Instead, it requires districts to report certain data, including on enrollment and student outcomes, periodically during the course of the year. These district reports are in turn used for various systemwide purposes, including determining apportionment funding and complying with state reporting requirements.

Chancellor’s Office Recently Launched Demonstration Project to Share Student Data More Easily. In October 2023, the Chancellor’s Office launched a demonstration project called the “Common Cloud Data Platform.” The goal of this project is to develop a platform through which the Chancellor’s Office and participating districts could share student data on a “near real-time” basis. The platform would be compatible with districts’ existing ERP systems. By making the sharing of student data easier, this project is intended to streamline certain systemwide reporting processes. It is also intended to enable the development of data analytics tools, such as timelier enrollment and student outcomes dashboards, which the Chancellor’s Office indicates could improve decision-making and student support. The Chancellor’s Office is supporting this demonstration project using \$10 million in one-time funds set aside from the Student Equity and Achievement Program. (Under state law, the Chancellor’s Office may designate up to 5 percent of funding for that program for systemwide activities.) Currently, six districts—representing a range of sizes, locations, and ERP systems—are participating in the demonstration project. The Chancellor’s Office is preparing to add a second cohort of about six more districts to the project over the next few months.

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the Legislature decided to expand the platform based on the demonstration project's results, it could initiate state funding in 2027-28, funds permitting.

Common Enterprise Resource Planning (ERP) System

Each District Has Its Own ERP System. Community college districts use their ERP systems to manage numerous functions relating to student information, finance, and human resources. Currently, each district contracts separately with a vendor for its ERP system, with nearly all districts using one of three main products. Each district also employs its own IT staff to administer and maintain its ERP system. The Chancellor's Office believes this approach has several drawbacks—including inconsistencies in the technology experience for students and employees across the system, information security vulnerabilities at districts with outdated ERP systems, and IT staffing challenges at smaller districts.

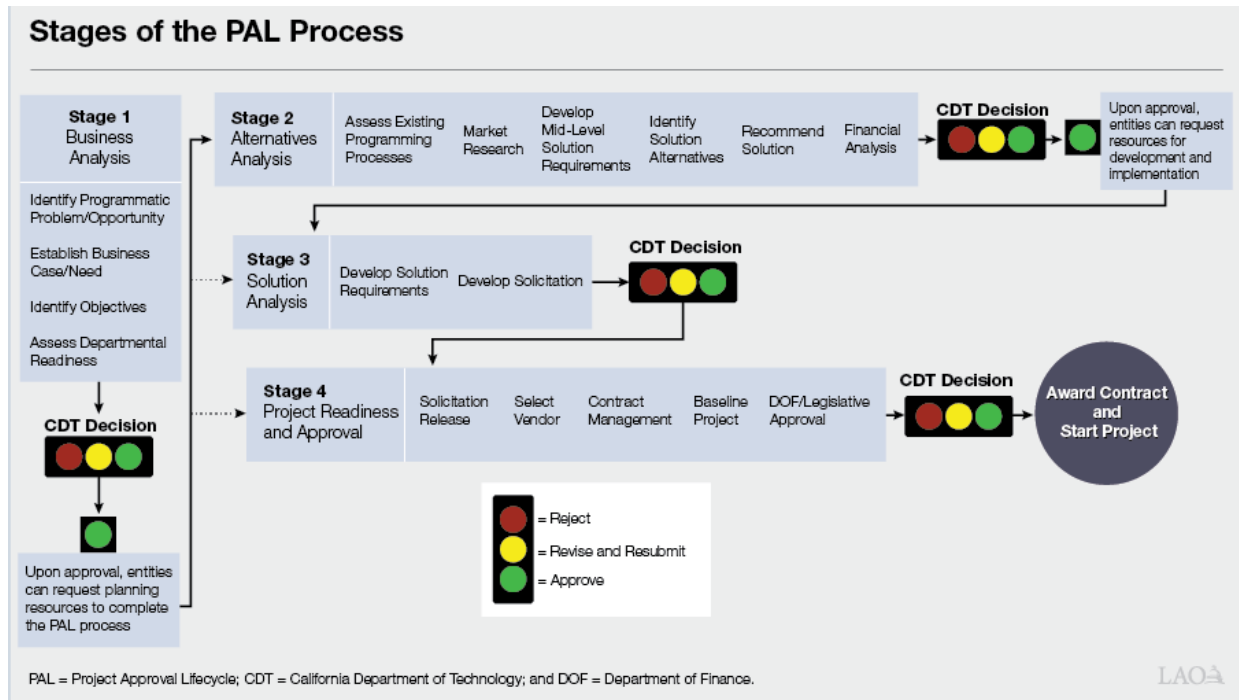
Chancellor's Office Recently Initiated a Common ERP Project. In February 2024, the Chancellor's Office convened a task force to provide input on systemwide technology issues. One issue the task force considered was the development of a common ERP—a centrally administered IT system that would replace existing, locally administered IT systems. At the conclusion of the task force, the Chancellor's Office decided to continue exploring the development of an opt-in common ERP system with interested districts. In November 2024, the Chancellor's Office began the planning process for this project with a group of about a dozen districts.

Governor's Budget. The Governor's budget provides \$168 million one-time Proposition 98 General Fund for this purpose. Under the proposed trailer bill language, the funds would be used to develop, implement, and expand the Common ERP project and support related data governance activities. The Chancellor's Office would allocate these funds to a district or districts to administer these activities under its oversight. The language directs the Chancellor's Office to submit a report to the Legislature containing a project time line, budget, and progress update by January 31, 2027. It also directs the Chancellor's Office to submit a second report to the Legislature on the project's implementation status by January 31, 2030. The language does not specify how long the funds would be available for expenditure.

Legislative Analyst's Office.

Assessment

Project Has Not Undergone Typical Planning Process. Most state IT projects undergo a planning process managed by the California Department of Technology (CDT), in consultation with the Department of Finance, called the Project Approval Lifecycle (PAL). The box below describes this process. Because the Chancellor's Office is considered an independent agency outside of CDT's authority, its projects are not required to go through the PAL process. The Common ERP project has not undergone a comparable planning process, and the documentation currently available on this project is not equivalent to what the Legislature typically receives for other state IT projects.



Alternatives to Achieving Project Objectives Have Not Been Thoroughly Studied. The first and second stages of the PAL process, respectively, require departments to identify project objectives and evaluate various alternatives for accomplishing those objectives. While the Chancellor’s Office has identified several potential objectives for a systemwide technology project, it has not thoroughly evaluated the alternatives for accomplishing those objectives. Some of these alternatives might be more cost-effective or lower risk than the proposed Common ERP project. For example, districts with outdated ERP systems could turn to the Foundation for California Community Colleges to negotiate better pricing through its shared procurement program. Alternatively, these districts could create a joint powers authority to pool their IT resources and expertise, leveraging their larger combined size to negotiate better prices. Without an analysis of these types of alternatives, the Legislature cannot determine whether the Common ERP project is the best way to address the identified objectives.

State Lacks Basic Information on Project Scope, Schedule, and Cost. The trailer bill language does not specify how many districts are to participate in the Common ERP project or whether the intent is to implement it systemwide. The Chancellor’s Office indicates, however, that its intent is to eventually implement the project at all districts over multiple waves. Implementing a project of this scope would require significant time and costs. Whereas the Legislature typically has information on a project’s schedule and cost prior to approving funding for development and implementation, it would not receive this information on the Common ERP project until well afterward. Under the proposed trailer bill language, the report due to the Legislature by January 31, 2027 would include a project time line and “the budget and expenditures of resources appropriated, and any identified one-time and future funding needs necessary for completing the work.”

Project Would Likely Require Large Future Augmentations. The Chancellor’s Office anticipates spending the \$168 million included in the Governor’s budget over the first two years of the Common ERP project. It estimates this would be enough to fund the project for the first wave of districts (likely about a dozen districts). Additional funding would be needed in the future to implement the project at more districts. In conversations with our office, the Chancellor’s Office indicated the amount of additional funding needed in future years could be roughly \$300 million, before accounting for cost escalation and certain local implementation issues described below. Given the magnitude of these future costs, we are particularly concerned that the Legislature is being asked to approve initial funding for this project before receiving a total project budget, as well as a complete project plan.

Project Involves Significant Changes in Local Processes. Given that districts rely on their ERP systems for numerous aspects of their operations, transitioning to a new system is likely to present significant challenges relating to change management. Over the years, each district has customized its existing ERP system to reflect its local processes. Transitioning to a common ERP system would require revisiting some of these processes. For example, the Chancellor’s Office indicates that implementing a common ERP would require greater standardization across districts in various areas, ranging from financial accounts to salary and benefits structures. In addition, districts would need to provide support to staff, faculty, and students in using the new system. The Chancellor’s Office indicates it would like to support districts with change management costs. These costs would largely be on top of the future project costs cited in the previous paragraph.

Moving to One Systemwide Vendor Can Raise Risks and Costs. While centralized procurement sometimes results in lower local costs, giving all systemwide business to a single ERP vendor has the risk of increasing overall costs. Currently, multiple ERP vendors are competing for contracts among districts, creating incentives for those vendors to keep their prices low and their product quality high. If CCC were to implement one common ERP systemwide, the selected vendor effectively would no longer face competition in the short term. The state has had such experiences with similar types of IT projects in the past. Another risk is that a vendor selected based on the needs of the first wave of districts might end up not being the best fit for districts in future waves. Some large districts with complex technology needs have indicated an initial lack of interest in joining the project. If a subset of districts opts out of the project, this would presumably dilute whatever systemwide benefits were envisioned.

Recommendation

Reject Proposal. Given the overall lack of planning, the large future costs, and the significant project risks, we recommend rejecting the Governor’s proposal to fund the Common ERP project. The Legislature could redirect the funds toward other one-time CCC activities or make a discretionary deposit into the Proposition 98 Reserve.

Staff Recommendation. Hold Open.

Senate Budget and Fiscal Review—Scott Wiener, Chair

JOINT HEARING

Agenda

Senate Budget Subcommittee No. 1 on Education and Senate Subcommittee No. 4 on State Administration and General Government

- Senator Christopher Cabaldon, Chair
- Senator John Laird, Chair
- Senator Rosilicie Ochoa Bogh
- Senator Roger W. Niello
- Senator Sasha Renée Pérez
- Senator Lola Smallwood-Cuevas



Thursday, March 27, 2025
9 a.m.
State Capitol - Room 113

Consultants: Diego Emilio J. Lopez and Jessica Uzarski

0511 Government Operations Agency 2
 Item 1: California Education Interagency Council and Associated Trailer Bill Language2

Public Comment

Please Note: Public comment will be taken following each Departments Issues, and again after all Issues have been heard.

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.

ITEM FOR DISCUSSION

0511 GOVERNMENT OPERATIONS AGENCY

Item 1: California Education Interagency Council and Associated Trailer Bill Language

Request. The Government Operations Agency (GovOps) requests \$5.0 million General Fund in 2025-26 and ongoing to establish the Office of the California Education Interagency Council to bring together TK- 12 education, higher education, and state economic and workforce development agencies to improve planning and coordination across state government.

Background. In August 2023, Governor Gavin Newsom launched the development of California’s Master Plan for Career Education with the stated objective of promoting equitable access to high-paying jobs by addressing structural barriers and strengthening education and training pathways. Input was provided in the form of written comments from the public, interviews with key stakeholders including members of the Legislature and legislative staff, and finally eight design sessions were held in various regions across the state. The Administration that’s that regional coordination was a consistent recommendation, and that this proposal is in response to such feedback.

The Administration intends that the Office of the California Education Interagency Council will; (i) work with interested stakeholders to develop a detailed strategic plan that will guide the work of the Council and the staff, (ii) develop engaging materials and reports, and (iii) analyze statewide and regional progress toward educational goals, identifying gaps in higher education admission, enrollment, success rates, and job placement across various demographic groups. The Administration intends for the Government Operations Agency, specifically, to serve as a neutral entity within California’s collaborative framework of labor and workforce development. The request states that California currently lacks a neutral space for major stakeholders to hold transparent discussions on benefits to students and employees. The council, therefore, is intended to fill that role and allow the entities named in the request (including the California Department of Education, the California Community Colleges, the California State University, the University of California, the Labor and Workforce Development Agency).

The Council will deliver annual findings to the Legislature and Governor, providing strategic recommendations on inter-segmental, cross-sector, and interagency initiatives to enhance student support, financial aid, transfer pathways, adult education, graduation rates, affordability, and workforce alignment.

The Administration also states that the request is justified by; (i) a need to proactively address changes to the economy and the workforce, (ii) align efforts across TK-12 education, higher education, employers, the statewide workforce system, and investment, (iii) ensure regional workforce needs are being met, (iv) provide a forum for discussion of graduation and admission requirements in education.

To achieve the objectives stated in the request, the Administration is requesting to establish 16 positions related to the council, including an Executive Director, an Assistant Executive Director, three Administrative Assistants, two Data Specialists, one Contract/Admin/Fiscal Support Specialist, one Attorney, six Professional Staff, and one Communications Specialist. The positions will be phased in through the 2025-26 fiscal year with the goal of being fully staffed by the end of the 2026 calendar year.

In addition to the staffing needs described above, portions of the requested funding will be used to acquire additional space, contract within the state for various professional services (including HR, budgeting, accounting, and IT support).

The Administration has provided the below table laying out the expected timeline of expenditures.

	2025-26	2026-27
Salaries and Wages	\$2,095,000	\$3,490,000
Contracted Fiscal/HR	\$200,000	\$200,000
Rent/Tenant Improvements	\$1,270,000	\$200,000
IT Support	\$250,000	\$200,000
Council Meeting Costs	\$50,000	\$50,000
Other Internal/External Contracts and Expenses	\$1,135,000	\$860,000
Totals:	\$5,000,000	\$5,000,000

The Legislative Analyst's Office (LAO), in their review of the proposal, has stated that outcomes from the proposed council are difficult to predict. In particular, it is unclear whether a lack of existing coordination is the result of the lack of a venue for such coordination or due to differences in goals between the various workforce and education agencies. Furthermore, there is no built in mechanism to judge the success of the proposed council beyond the delivery of statutorily-required reports. The LAO has suggested that, if the Legislature is inclined to approve this request, that funding be limited to a trial period of several years, as opposed to approving indefinite ongoing funding.

This request also includes Trailer Bill language related to implementation.

Staff Recommendation. Hold open.

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, March 27, 2025
Upon Call of the Chair
1021 O Street, Room 2100

Consultants: Yong Salas and Diego Emilio J. Lopez

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Public Comment

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6100 DEPARTMENT OF EDUCATION**Issue 1: Oversight: Golden State Pathways Program****Panel.**

- Liz Mai, Department of Finance
- Mary Nicely, Department of Education
- Blaine Torpey, Eden Area Regional Occupational Program

Background.

The 2022 Budget Act appropriated \$500 million Proposition 98 General Fund to establish the Golden State Pathways Program. These dollars were intended to support the planning and implementation of pathway programs focused on technology, health care, education, and climate-related fields. Local educational agencies that are eligible for funding includes school districts, charter schools, county offices of education, or regional occupational centers or programs; community colleges were also eligible to receive funding if they partnered with a local educational agency.

Ten percent of the funding (up to \$50 million) was intended for consortium development and planning grants. At least 85 percent of the funding (at least \$425 million) was intended for implementation grants, and five percent (up to \$25 million) was intended for up to ten local educational agencies to provide technical assistance to local educational agencies, applicants, and grant recipients, of which one would serve as a lead technical assistance center to work with the department and provide leadership and direction for the other technical assistance center grantees.

While funding became available with the enactment of the 2022 Budget, the request for application for the lead and regional technical assistance centers was released the following fiscal year on August 22, 2023, and the selected technical assistance centers were notified of their selection in October 2023. However, there were significant delays with the execution of the contracts with each technical assistance center. According to the Department of Education, the contract for the Lead Technical Assistance Center was executed in December 2024. As of February 21, 2025, six of the eight contracts were complete but not yet fully executed, with the remaining two contracts in review with other state departments, and also not fully executed. The timeline which work was expected to begin is January 2, 2024 and could extend up to June 30, 2029.

The request for applications for consortia grants, planning grants, and implementation grants was ultimately released on February 1, 2024. Grants were originally expected to be announced on April 9, 2024, with the grant period beginning on April 2, 2024 until June 30, 2028. However, due to the volume of applications, the Department of Education issued its first errata on April 23, 2024 to revise the grant announcement dates from April 9, 2024 to a range of April to May 2024. In a press release dated May 31, 2024, the Governor and State Superintendent announced the awarding of \$470 million to 302 local educational agencies.

However, the awards were rescinded and updated several times since the initial announcement, which resulted in uncertainty and delays for these programs. On July 16, 2024, the Department of Education issued its second errata to rescind the grants that were announced on May 31, 2024. Revised awards were posted on September 20, 2024, and were rescinded again on October 1, 2024. The Department of Education issued its third errata for the Golden State Pathways Grant Program and posted re-revised awards on October 11, 2024. The total final award amounts were \$425,136,070 for consortia, planning, and implementation grants, with up to \$25 million for the technical assistance centers - remaining funds are set aside for future implementation grants.

Grant award notification letters were delivered to 544 local educational agencies on December 19, 2024. According to the Department of Education, Golden State Pathways grantees received funds in January and February 2025, more than two and a half years after the funds were first appropriated. While some grantees began their work in the current school year (2024-25) before receiving the funds, the expectation was that grantees would begin their work when their funds were received, which for most fall in the later half of the school year.

Currently, planning grantees will have until June 30, 2026; implementation and consortia grantees will have until June 30, 2029, and the technical assistance center contracts will also have until June 30, 2029 to execute their grants. The funds are available for encumbrance until June 30, 2029.

Suggested Questions.

- What can Golden State Pathways planning grantees expect as it relates to potential implementation grants that the Department of Education will administer in the future?
- What types of internal controls has the Department of Education implemented since the Golden State Pathways Program rollout that would (1) ensure that the continued implementation and rollout of Golden State Pathways Program is without delay or confusion and (2) prevent future delays in calculating and allocating funds for other programs?
- From the local perspective, what would be helpful for effective implementation of future career education-related grants administration?

Staff Recommendation. This is an oversight item for discussion.

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**Issue 2: Regional Coordination for Career Education****Panel.**

- Abby Snay, Labor and Workforce Development Agency
- Grace Henry, Department of Finance
- Lisa Qing, Legislative Analyst's Office

Background. In August 2023, Governor Newsom signed Executive Order N-11-23 launching a new career education effort intended to prepare students and adults for the workforce of tomorrow. The Executive Order directs the state to align and integrate the implementation of programs to prepare students and workers for high-paying careers.

The Executive Order directed state leaders in education, workforce development, and economic development to work collaboratively with leaders of the state's public education systems and employers — along with legislative partners and stakeholders representing diverse students, parents, education professionals, labor, business, and community groups — to develop the Plan.

According to the Administration, the Master Plan for Career Education (Plan) will guide the state in its efforts to strengthen career pathways, prioritize hands-on learning and real-life skills, and advance universal access and affordability for all Californians through streamlined collaboration and partnership across government and the private sector.

The Plan calls for a coordinated, universal design approach with six primary areas of action that include: Create a State Planning and Coordinating Body; Strengthen Regional Coordination; Support Skills-Based Hiring Through a Career Passport; Develop Career Pathways for High School and College Students; Strengthen Workforce Training for Young People and Adults; and Increase Access to and Affordability of Education and Workforce Training.

Governor's Budget. The Governor's budget includes \$4 million General Fund in 2025-26 to evaluate, in collaboration with the Executive Director of the State Board of Education, how regional coordination models can be expanded to create sustainable forums where educators, workforce training providers and employers work together to align programs with employer needs.

According to the Administration, the second action area of the Plan is to strengthen regional coordination. The Plan calls for the evaluation of how successful regional coordination models can be expanded to create sustainable forums in which educators, workforce training providers, and employers work together to align programs with employer needs. The first step, according to the Administration, in determining how best to leverage existing regional structures for more comprehensive coordination is to assess each region's assets and challenges related to regional collaboration. By documenting processes for shared decision-making, this information would support action planning to strengthen collaborative processes and structures in partnership with regional interest holders.

The requested funding would authorize the Labor Agency to contract for the evaluation of successful regional coordination models. The contractor would assess current regional coordinating structures and their mandates, goals, target outcomes, planning processes, and funding structures to identify interventions that could streamline outcomes.

Legislative Analyst's Office.

Workforce and Career Education Efforts Encompass Many Education and Labor Services. The goal of workforce development is to connect individuals with jobs. As part of these efforts, the state funds schools and universities that facilitate skill development; provides grants, scholarships, or loan repayment to organizations and individuals; and conducts outreach and engagement efforts to both individuals and employers. These efforts serve a variety of populations and therefore the programs and services offered vary widely based on individuals' interests and goals.

Programs Are Administered by Education Systems and Many Agencies. The higher education system, K-12 schools, the Labor and Workforce Development Agency (LWDA), and the local workforce development boards as well as other agencies with overlapping, but often differing, priorities run workforce development programs. California's workforce efforts involve many agencies and programs in part because people in the various populations served tend to be looking for somewhat different outcomes.

Regional Coordination Has Potential... Given the breadth of programs and services provided by the state, there is significant overlap in efforts. Alignment between regional workforce development boards, community colleges, and workforce training programs has the potential to improve service delivery for individuals and to make existing programs more effective and efficient. For example, local workforce development boards can identify occupations with strong employment opportunities, identify or help develop education and training programs whose graduates can fill these jobs, and share resources across schools and training programs to offer programs more efficiently.

...But Previous State-Led Efforts Have Faced Resistance. While identifying and scaling effective regional coordination models could improve service delivery, evaluations of previous state initiatives report pushback from local workforce development boards. For example, the March 2022 evaluation of the California Workforce Development Board's "Regional Plan Implementation 3.0" documented that less than half of the local workforce regions "appeared to be willing to engage" on the board's requirement that regions identify ways to quantify the benefits of their regional work—a key component of the board's vision. The evaluation quotes the director of one local workforce board as saying, "The state sometimes seems to think it gets to decide what the goals are, and we just carry them out."

Recent Initiatives Have Required Collaboration. Despite this pushback, major workforce development programs funded in recent budgets require some regional coordination. For example, CA Jobs First (formerly the Community Economic Resilience Fund), which will provide grants for regional workforce partnerships, recently undertook broad planning efforts to identify high-need areas and populations as well as target sectors within their respective regions. The Strong Workforce Program and California Adult Education Program also require regional collaboration

between community colleges and employers. These efforts are ongoing but have demonstrated some degree of regional collaboration—e.g., between community colleges who have shared resources to create new programs.

Governor Proposes Study of Coordination Efforts. Under the Governor’s proposal, an external evaluator would study existing practices and provide recommendations for developing effective regional coordination models. The evaluator—who would receive \$4 million one-time General Fund—would be selected by LWDA and the State Board of Education through a competitive procurement process. The findings could inform LWDA and regional partners in future initiatives and may provide guidance to the legislature on how to prioritize future resources.

Recommend Focus on Achievable Goals. For the proposed evaluation to lead to improved programs and services, lessons must be adopted by stakeholders. If the legislature would like to prioritize studying regional coordination models, we recommend that the legislature ask the department to identify specific ways that state policy can incentivize or require specific regional collaboration models. Then, we recommend that the legislature include language that requires the proposed evaluation to focus on the effects of specific choices made by local stakeholders that the state can incentivize or require in future initiatives.

Staff Recommendation. Hold Open.

6100 DEPARTMENT OF EDUCATION
6350 SCHOOL FACILITIES AID PROGRAM
6870 COMMUNITY COLLEGES OF CALIFORNIA

Issue 3: Career Technical Education Overview and Streamlining Proposal

Panel.

- Alaina Powell, Department of Finance
- Michael Alferes, Legislative Analyst’s Office
- Mary Nicely, Department of Education
- Chris Ferguson, California Community Colleges Chancellor’s Office

Background.

“Career technical education,” “pathways,” “career education,” “workforce development” – these are among several terms, with nuances to each, that are used to describe programs that combine academic coursework with technical training to prepare students for the workforce. Differences between each term may infer varying lengths of the program, the degree of workforce preparedness that programs impart, or the administration of such a program. For example, a pathways program may include a local educational agency-run program that certifies individuals upon completion of the program; this may also be considered to be the career education umbrella. A workforce development program may include an apprenticeship program that is administered by a trades union and may also lead to certifications that allow the individual to work after completion of the program. Both of these examples may also be considered workforce development programs. Regardless of the terminology, the ultimate outcomes of these programs are that individuals can enter, or be better prepared to enter, the workforce with the necessary technical skills upon program completion.

Career Education Financing. Prior to the shift in education financing to the Local Control Funding Formula, regional occupational centers and programs were the state’s largest high school career technical education program.¹ According to the Legislative Analyst’s Office,² the local control funding formula included an adjustment for grades 9 through 12 that increases the base rate by 2.6 percent, with the intent to account for the additional cost of providing career technical education to high school students; however, this funding is provided for discretionary purposes and is not required to be exclusively used for career technical education.

College and Career Preparation Accountability. The California School Dashboard, a component of California’s school accountability system and an online tool that displays performance measures for local educational agencies across the state, includes a state-level college and career readiness indicator as part of the state priority area of student achievement. This state

¹ Legislative Analyst’s Office. 11 April 2019. *High School Career Technical Education*. Presented to the Senate Budget and Fiscal Review Committee, Subcommittee No. 1 on Education.

² Legislative Analyst’s Office. January 2023. *The Local Control Funding Formula for School Districts and Charter Schools*. <https://lao.ca.gov/reports/2023/4661/LCFF-010923.pdf>

indicator looks at how well local educational agencies prepare high school graduates for college and/or career using specified criteria, including the completion of career technical education courses. The state minimum high school graduation requirements include at least one course in visual or performing arts, world language, or career technical education. To satisfy A-G requirements for college admissions, career technical education courses are not explicitly required; however, career technical education courses may be completed to satisfy some of the coursework.

Current Funding. Ongoing funding for career technical education programs are currently provided in various streams, including: (1) Career Technical Education Incentive Program, (2) K12 Strong Workforce Program, (3) Career Technical Education Initiative, (4) California Partnership Academies, (5) Clean Technology Partnerships, (6) Agricultural Career Technical Education Incentive Grants, and (7) Specialized Secondary Programs.

Despite segregated funding streams, local educational agencies often braid these funds to support their career education programs. For some programs, the state administration of longstanding pots of funding conformed to the demands of the field. For example, while budget language directs the \$14.4 million under Career Technical Education Initiative program be allocated based on law authorizing the Career Technical Education Initiative program as it read on January 1, 2017, about half of the funds are allocated annually to California Partnership Academies, which have its own separate stream. The other half of funds originally reserved for the Career Technical Education Initiative program is allocated at the discretion of the California Department of Education, and historically has been used to provide additional support for California Partnership Academies or for other pathways, such as Arts, Media, and Entertainment Hip Hop Education Equity and Initiative, California Labor Federation Partnership Projects, and Middle School Foundation Academy Grants.

Program overviews of ongoing, categorical funding for career technical education/career education/pathways programs in California are below:

Program	Who is Eligible?	Purpose
Career Technical Education Incentive Program (CTEIG)	Awarded to school districts, county offices of education, charter schools, and regional occupational centers serving grades 7-12.	The California Career Technical Education Incentive Grant (CTEIG) is a state education, economic, and workforce development initiative with the goal of providing pupils in kindergarten through grades twelve, inclusive, with the knowledge and skills necessary to transition to employment and postsecondary education.
K12 Strong Workforce	Awarded to consortia comprised of school districts, county offices of education, charter schools, and/or regional occupational centers serving grades 7-12.	Supports K-12 local educational agencies in creating, improving, and expanding career technical education courses, course sequences, programs of study, and pathways for students transitioning from secondary education to postsecondary education to living-wage employment.
Career Technical Education Initiative	Statutorily, intended to be awarded to regional development centers and consortia, community colleges, middle schools, high schools, and regional occupational centers and programs.	Funding provided in the Budget Act is intended to be administered based on law as it read on January 1, 2017. More than half the funds are used to augment California Partnership Academies, and rest are split among various grant programs. More detail is in the table below.
California Partnership Academies	Awarded to school districts serving high schools (grades 9-12).	Provides funding for the implementation, maintenance, and operation of California Partnership Academies, which are small learning communities that integrate rigorous academics and career technical education within a career focus, require a committed team of teachers, and active business and post-secondary partnerships.
Clean Technology Partnerships	Awarded to partnership academies (school districts with high schools) that focus on green technology.	Clean Technology Academies are California Partnership Academies across the state that are focused on green technology and environmental sustainability.
Agricultural Career Technical Education Incentive Grant	Awarded to school districts that operate an agricultural career technical education program, with a partnership with Future Farmers of America.	Supports agricultural career technical education programs, and is used to upgrade agricultural equipment.
Specialized Secondary Programs	Awarded to local educational agencies serving grades 9-12, including public high schools, county offices of education, consortia of local educational agencies, and direct-funded charters.	The Specialized Secondary Programs (SSP) provides start-up funds for the establishment of a new specialized program or school, to provide advanced instruction and training in high technology fields and in the performing arts. Funding is available for planning and implementing new programs.

Source: Department of Education

Additionally, while local educational agencies braid funds that require multiple application processes to support programs, the timelines for applications and the timing of when local educational agencies receive the funding are not aligned. Details on funding and application and award announcements are in the below table; the deadlines for the 2024-25 applications for the various funding streams range from September to May, with award announcements also varying widely.

Program	Administering Agency	Funding	Timing of Funds (for 2024-25)
Career Technical Education Incentive Program (CTEIG)	Administered by California Department of Education (CDE).	\$300 million	Funding is allocated in two rounds; Round A applications are due September 20, 2024, and Round B applications are due January 27, 2025. Awards have to be approved by the State Board of Education; Round A awards were approved at its January 2025 meeting, and Round B awards were approved at its March 2025 meeting.
K12 Strong Workforce	Administered by California Community Colleges (CCC).	\$163.5 million, of which \$13.5 million is provided to support 8 K–14 Technical Assistance Providers and 72 Workforce Pathway Coordinators for both CTEIG and K–12 SWP initiatives.	Applications due October 11, 2024. Funding awards were announced January 29, 2025.
Career Technical Education Initiative	Statutorily required to be jointly administered by CDE and CCC, administered by CDE.	\$15.36 million, of which \$8.3 million is used to support California Partnership Academies. The remaining funds have been used for various career technical education programs, and are allocated at the discretion of the Superintendent of Public Instruction.	Letters of Intent for California Partnership Academies due to CDE by April 15, 2024.
California Partnership Academies	Administered by CDE.	\$18.8 million	Letters of Intent were due to CDE by April 19, 2024. Awards were announced in August 2024.
Clean Technology Partnerships	Administered on a non-competitive basis by CDE.	\$2.6 million	Letters of Intent were due to CDE by June 30, 2024, with budgets due September 30, 2024. Awards were announced in July 2024.
Agricultural Career Technical Education Incentive Grant	Administered by CDE.	\$6.1 million	Applications are due to CDE by July 15, 2024, and awards were announced on December 1, 2024.
Specialized Secondary Programs	Administered by CDE.	\$4.9 million, of which \$1.5 million is set-aside for specialized secondary programs established prior to the 1991-92 fiscal year that operate in conjunction with the California State University. The set-aside provides \$750,000 for two schools: Los Angeles County Office of Education High School for the Arts, and Long	Applications are due to CDE by May 29, 2024, and the apportionments for the \$1.5 million set-aside were issued in November 2024.

		Beach Unified School District’s California Academy of Mathematics and Sciences.	
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Depending on the fiscal year, the timing of the award announcements may also vary. For example, according to the Department of Education, the grant cycles of the Career Technical Education Incentive Grants have varied over the years, as seen below:

CTEIG Application Timeline			
FY	App Posted	Apps Due	SBE Approved
2018–19	December 2018	1/25/2019	March 2019
2019–20	September 2019	11/15/2019	January 2020
2020–21	August 2020	9/17/2020	November 2020
2021–22 (Round 7A)	April 2021	6/2/2021	September 2021
2021–22 (Round 7B)	January 2022	2/25/2022	May 2022
2022–23 (Round 8A)	August 2022	9/30/2022	January 2023
2022–23 (Round 8B)	December 2022	1/13/2023	March 2023
2023–24 (Round 9A)	August 2022	9/29/2023	January 2024
2023–24 (Round 9B)	November 2023	1/12/024	March 2025
2024–25 (Round 10A)	August 2024	9/20/2024	January 2025
2024–25 (Round 10B)	January 2025	1/24/2025	March 2025

Source: Department of Education

Lastly, the past few budgets have provided significant, one-time investments for career education:

One-Time Program	Authority	Description	Eligibility
Regional K-16 Collaborative	Budget Act of 2021 \$250 million Non-98 General Fund Administered by Office of Public School Construction	The new California Regional K-16 Education Collaboratives Grant Program aims to help California's economy recover from the COVID-19 pandemic while addressing long-standing social and economic inequities in higher education and workforce participation. The collaboratives include at least one K-12 district, one University of California campus, one California State University campus, and one California Community Colleges campus.	Funding was allocated to institutions of higher education and TK-12 local educational agencies.
Dual Enrollment	Budget Act of 2022 \$200 million Prop 98 General Fund Administered by California Department of Education	Strengthen and expand student access and participation in dual enrollment opportunities. Dual enrollment allows high school students to take classes that both count towards high school graduation and earning college credit, with some students able to graduate high school with an associate's degree.	Funding was split into two programs, Middle College and Early College Grants, and College and Career Access Program grants, and allocated to school districts, charter schools, county offices of education and regional occupational centers and programs.
Golden State Pathways Grant	Budget Act of 2022 \$500 million Prop 98 General Fund Administered by California Department of Education	Support the development of pathway programs focused on technology (including computer science, green technology, and engineering), health care, education (including early education), and climate-related fields.	See Issue 1 of this agenda.

Governor's Budget.

The Governor's Budget proposes trailer bill language that requires the Superintendent of Public Instruction to determine the feasibility of streamlining specified career technical education grant processes and awards into a single universal application. The language focuses on state-funded historical career technical education programs, and includes the Specialized Secondary Programs, the Career Technical Education Initiative, and the California Partnership Academies.

Suggested Questions.

- What kind of collaboration occurs between the California Community Colleges' chancellor's office and the Department of Education to align application deadlines and award announcements for the various career education grants?
- For the grants administered by the Department of Education, does the Department anticipate any challenges with aligning the various grants to be on a consolidated application?
- Will a consolidation of career education grant programs result in local educational agencies seeing a reduced grant amount?
- If consolidation of career education programs occurs, what could accountability for the funding look like?

Staff Recommendation. Hold open.

6350 SCHOOL FACILITIES AID PROGRAM**Issue 4: School Facility Program****Panel.**

- Alex Anaya Velazquez, Department of Finance
- Edgar Cabral, Legislative Analyst's Office
- Rebecca Kirk, Office of Public School Construction

Background.

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 was passed by voters in the November 2024 elections, and authorized a total of \$10 billion in state general obligation funds – of which \$8.5 billion would be for TK-12 schools. This funding is available for the following purposes:

- \$3 billion for new construction of school facilities of applicant school districts. Of the amount allocated, up to 10 percent is available to small school districts.
- \$4 billion for the modernization of school facilities. Of the amount allocated, up to 10 percent is available to small school districts and \$115 million for lead in water testing and remediation.
- \$600 million is available for school facilities to charter schools;
- \$600 million is available for facilities for career technical education programs; and

The proposition also requires school districts applying for either a new construction or modernization grant to have a five-year facilities master plan approved by the governing board of the school district and to update the plan as appropriate, and provide facility inventory information to the state. It increases state funding for certain districts on a sliding scale. Under the sliding scale system, lower wealth school districts will receive a higher state funding share for projects. The state grant amount for new construction would increase from 50 percent to 55 percent, and for modernization from 60 percent to 65 percent, based on the district's ability to generate local funds, the percentages of low-income, foster care, and English learner students, whether the district has fewer than 200 students, and whether the district's project has a project labor agreement.

The proposition also authorizes a grant for new construction or modernization to be used for the upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology, including schoolsite-based infrastructure necessary to provide access to broadband internet within the schoolsite. Authorizes a grant for new construction to be used for seismic mitigation purposes and for related design, study, and testing costs.

It additionally authorizes separate funding within the modernization program to be used to remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion (ppb), and the control, management, or abatement of lead.

A school district may apply for a supplemental modernization grant for a school kitchen, gymnasium, multipurpose room, or library, if either an existing facility is insufficient or the school does not have one of those facilities, or for transitional kindergarten facilities if either an existing facility is insufficient or the school does not have existing facilities.

The recently passed proposition notably allows the State Allocation Board to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency.

History of the School Facilities Program. The construction and rehabilitation of public K-12 facilities are funded by a combination of state and local general obligation (GO) bonds, developer's fees and local assessments such as Mello-Roos community facilities districts.

State bond funds are allocated pursuant to the School Facility Program and administered by the Office of Public School Construction (OPSC) under the direction of the State Allocation Board, a ten member body comprised of the Department of Finance, the Director of the Department of General Services (DGS), the Superintendent of Public Instruction (SPI), three Senators, three Assemblymembers, and a Governor's appointee. Under the School Facility Program, the New Construction program requires a 50 percent match from local educational agencies (LEAs), unless the LEA qualifies for financial hardship, which pays up to 100 percent of project costs. Modernization funds are awarded at 60 percent with a 40 percent match.

Governor's Budget.

The Governor's Budget authorizes up to \$1.5 billion from Proposition 2 bond funds for the 2025-26 fiscal year, and requests \$59.5 million bond funds over five years starting in 2025-26 for 16 permanent positions.

The budget also proposes trailer bill language that makes technical changes to correctly reference a local five-year facilities master plan and align it to programmatic changes made in Proposition 2.

Staff Recommendation. Hold open.

6870 CALIFORNIA COMMUNITY COLLEGES**Issue 5: Credit for Prior Learning & Career Passports****Panel.**

- Chris Ferguson, California Community Colleges
- Justin Hurst, Department of Finance
- Lisa Qing, Legislative Analyst's Office

Background.**Credit for Prior Learning.**

Credit for prior learning generally refers to the awarding of college credit for skills learned outside the classroom, such as through work experience or military service. Students may earn credit for these experiences in various ways, including by passing an exam, submitting a portfolio of their work for faculty review, or demonstrating they have earned an industry credential that faculty have deemed equivalent to certain courses. (Some definitions of credit for prior learning also include credit earned through standardized exams, such as Advanced Placement exams.) Nationally, one of the most well-established forms of credit for prior learning applies to active-duty military and veteran students. These students typically receive “joint services transcripts” from their branch of service documenting their military training and experiences. The American Council on Education, in turn, has developed recommendations for converting certain types of military training and experiences into certain types and amounts of college credit. Colleges may consider these recommendations when deciding how much credit to grant. For example, a college might decide to grant three introductory health sciences credits and two physical education credits for completing basic training.

In 2020, the CCC Chancellor's Office adopted regulations requiring all community college districts to have credit for prior learning policies. These locally developed policies are to include procedures for students to earn credit for prior learning through joint services transcripts, examinations, student-created portfolios, and industry-recognized credentials. The Chancellor's Office reports that all 115 credit-granting colleges in the system now offer some form of credit for prior learning, though the practice has not been implemented at scale at most colleges. Systemwide data on the current state of credit for prior learning is incomplete. Based on the best available data, the Chancellor's Office estimates that at least 4,100 veteran students earned a total of about 23,000 credits for prior learning in 2023-24. These students earned an average of about six credits each (the equivalent of two typical college courses). The Chancellor's Office further estimates that at least 36,000 other students earned credit for prior learning in 2023-24, though the number of credits earned by these other students is not well-documented. (This count may also include students earning credit through standardized exams, such as Advanced Placement exams.)

Credit for Prior Learning Initiative in the 2024 Budget Act. The 2024-25 Budget Act provided \$6 million one-time Proposition 98 General Fund for a credit for prior learning initiative at CCC. The Chancellor's Office indicates these funds are supporting the Mapping Articulated Pathways

(MAP) Initiative, which it administers jointly with the Riverside Community College District. (This initiative previously received \$2 million one-time Proposition 98 General Fund in 2021-22, as well as part of a \$2 million one-time Proposition 98 General Fund allocation for veterans' services in 2017-18.) The MAP Initiative provides technology, training, and support to colleges in implementing credit for prior learning. With the 2024-25 appropriation, the Chancellor's Office reports the MAP Initiative is now available to all colleges across the system. While the spending plan for the \$6 million is still being finalized, the Chancellor's Office currently anticipates spending \$1.7 million in 2024-25 and the remaining \$4.3 million in 2025-26. The Chancellor's Office indicates these funds will cover staffing costs, consulting services, and the development and maintenance of a systemwide technology platform to support credit for prior learning activities. The Chancellor's Office indicates that roughly \$1 million of these funds could go toward facilitating 40 faculty work groups. These work groups would have the goal of developing 1,000 systemwide credit recommendations mapping certain forms of prior learning (such as specific industry credentials) to equivalent college courses. Such recommendations could make it easier for colleges to implement credit for prior learning and yield greater consistency in its application across colleges.

Governor's Budget. The Governor's budget provides \$7 million ongoing Proposition 98 General Fund and \$43 million one-time Proposition 98 General Fund for the Chancellor's Office to establish a systemwide credit for prior learning initiative that builds upon prior initiatives, including the MAP Initiative.

The ongoing funds are for systemwide purposes, including coordination, technology infrastructure, and faculty work groups. The one-time funds are to support local implementation of credit for prior learning. The proposed trailer bill language directs the Chancellor's Office to allocate the one-time funds to colleges based on metrics related to their use of credit for prior learning to increase access, increase completion, and advance career attainment. The language specifies that colleges must demonstrate they are doing those things prior to receiving any funding. The Governor presents this proposal as part of a Master Plan for Career Education.

Legislative Analyst's Office.

Assessment

Credit for Prior Learning Could Have State Benefits. Based on the available research, credit for prior learning could lead to improved student outcomes, including higher completion rates. The potential to reduce time to degree is also noteworthy, as this could lead not only to savings for students but also greater efficiency for the state. If students are able to complete their degrees through fewer courses (while still demonstrating the same skills and competencies), this could free up capacity for colleges to serve additional students or, alternatively, reduce unneeded course sections.

Previous Funding for Related Activities Remains Available. Of the \$6 million provided for credit for prior learning in last year's budget, the Chancellor's Office indicates \$4.3 million would be available for MAP Initiative activities in 2025-26. The planned expenditures for these existing funds are similar to the proposed expenditures under the Governor's new initiative. For example,

both the existing and the new initiatives are intended to support development and management of a credit for prior learning technology platform. In addition, both initiatives are intended to support faculty work groups that would develop systemwide credit recommendations. Given that the previous appropriation remains available, additional funding for these systemwide activities might not be needed in 2025-26.

Colleges Have Existing Incentives and Funding to Implement Credit for Prior Learning. Under SCFF, colleges receive more funding for increasing enrollment and improving student outcomes. If credit for prior learning increases persistence and completion, colleges already have a financial incentive to grant it. While implementing credit for prior learning could involve some start-up costs, colleges have existing funding that could help with these costs. Most notably, the Strong Workforce Program provides funding to regional consortia and colleges to support career technical education. The statutory language for this program explicitly encourages colleges to use the funds to develop workforce training programs that grant credit for prior learning. The Governor’s budget includes \$290 million ongoing for this program, of which \$219 million is available for spending on regional and local priorities in 2025-26. (The remaining amount is designated for a nursing initiative, as well as systemwide activities.) In addition, the Student Equity and Achievement Program provides funding to districts for various student support services, which could include counseling on credit for prior learning. The Governor’s budget includes \$524 million ongoing for this program in 2025-26. Given these existing fund sources, combined with the fiscal incentives under SCFF, it is unclear whether (or how much) additional funding is needed to support local implementation of credit for prior learning.

Recommendation

Reject Funding at This Time and Require Reporting on Existing Initiative. Although we see potential state benefits in expanding credit for prior learning, we think it would be premature to provide additional funding for this purpose without better information about the outcomes of existing credit for prior learning efforts. We recommend requiring the Chancellor’s Office to report on how it used the \$6 million provided in the 2024-25 Budget Act for this purpose, the outcomes of those efforts, the remaining barriers to expanding credit for prior learning, and any associated costs that cannot be addressed using existing CCC funding streams. The Legislature could require the Chancellor’s Office to report on these items by October 30, 2026. If the report documents state benefits and identifies unaddressed costs, the Legislature could consider supporting those costs in a future budget.

Career Passports. The Governor’s budget includes \$50 million one-time Proposition 98 General Fund to CCC to develop this new tool. The proposed trailer bill language describes a career passport as “a secure digital tool that displays individuals’ preparation for employment, their academic records, and credit for prior learning, including but not limited to military service.” Under the proposed language, the funds could be used to support the infrastructure needed to develop career passports, data security measures, and other technology features. The funds could also be used to support outreach activities to promote the use of career passports. The language directs the Chancellor’s Office, in collaboration with the Office of Cradle-to-Career Data and the Labor and Workforce Development Agency, to develop a time line for key deliverables by March 1, 2026. The funds would be available for expenditure until June 30, 2030.

Legislative Analyst's Office.**Assessment**

Proposal Does Not Address a Clearly Defined Problem. Although career passports are intended to help job seekers communicate with prospective employers, the administration has not identified specific existing barriers to communication that career passports would address. Moreover, the administration has not explained how career passports would improve upon existing tools for this purpose, including resumes and professional networking platforms (such as LinkedIn). These existing tools provide job seekers various ways to convey their education, skills, industry credentials, work experiences, and other related experiences. Employers in both the public and private sectors are familiar with these tools. Beyond these tools, employers can develop their own ways to assess prospective job candidates, such as by creating specialized skills assessments tailored to the requirements of specific job positions or conducting interviews that provide candidates an opportunity to convey their full array of skills and experiences.

Proposed Approach Is Largely Unproven. Although the administration has pointed to some early pilot projects related to career passports, we are not aware of any projects resembling the Governor's proposal that have demonstrated outcomes, such as decreases in the length of a job search or improvements in the quality of a job match. This makes it difficult to assess the likelihood that career passports will have positive impacts for job seekers, employers, and the state. Moreover, given that the concept is new and unfamiliar, there is a risk that employers will not value the tool. Although the trailer bill language identifies the California Department of Human Resources as a potential early adopter, a tool developed for the state's unique hiring process might not be useful to a broader set of employers, including in the private sector.

Project Schedule and Total Costs Are Unknown. Whereas the state typically expects projects to have a clear scope, schedule, and cost before funds are appropriated, these details are still under development for career passports. Under the proposed trailer bill language, the Legislature would not receive a time line of key deliverables until March 1, 2026—eight months after the funds would have been appropriated. Moreover, it is difficult to assess whether the proposed funding level is reasonable for the proposal, as the administration has not explained how it arrived at the \$50 million cost estimate. The Chancellor's Office indicates the amount probably would be enough to develop the tool, yet it also suggests that ongoing funding may be needed to keep the tool available to users at no or low cost. This could lead to ongoing cost pressures within the Proposition 98 budget for CCC.

Recommendation

Reject Proposal. Given the concerns above, we recommend rejecting the proposed funding for career passports. The Legislature could redirect the funds toward other one-time CCC activities or make a discretionary deposit into the Proposition 98 Reserve.

Staff Recommendation. Hold Open.

6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY
6870 COMMUNITY COLLEGES OF CALIFORNIA

Issue 6: Title IX Updates

Panel.

- Isabel Alvarado, University of California
- Peter Lim, California State University
- David O'Brien, California Community Colleges

Background. In 1964, the United States passed the Civil Rights Act of 1964, which prohibited discrimination based on race, color, religion, sex in employment, public accommodations, and federally funded programs. Title VI of the Civil Rights Act prohibits discrimination based on color, race, or national origin in programs or activities that receive federal financial assistance, this would include most colleges and universities in the state of California. In 1972, an additional law was put forward to prevent sex discrimination on collegiate campuses throughout the United States, Title IX of the Education Amendments of 1972 (Title IX). Both Title VI and Title IX go beyond ensuring students have access to sports and academic majors; it requires all higher education institutions to provide educational programs free from all forms of discrimination.

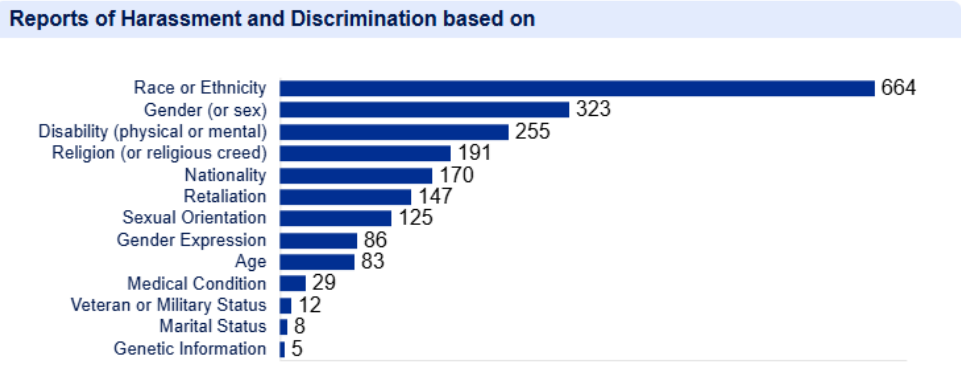
California Community Colleges. With 116 colleges and 73 districts, the decentralized community college system does not collect systemwide data on discriminatory activity nor prevention efforts on campus. However, each community college district is required to maintain a case management system for complaints of sexual harassment and are required to report specific data elements to the CCC Chancellor's Office each year. The system is not required to report the data elements to the Legislature until September 1, 2026. Therefore the only data available regarding incidents of discrimination on campus is what has been reported pursuant to the Jeanne Clery Act.

Since 1990, due to the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act or Clery Act, all colleges and universities who receive any federal funding must submit a report once a year disclosing information about certain crimes, including: the prevalence of stalking, intimidation, dating violence, domestic violence, sexual assault and hate crimes that occur on or around the campus. The data provided by these reports is available to the public disaggregated by campus on the U.S. Department of Education website under the Campus and Security database. The following were the total crimes reported by all 116 community colleges in 2022 (the latest available data from the U.S. Department of Education):

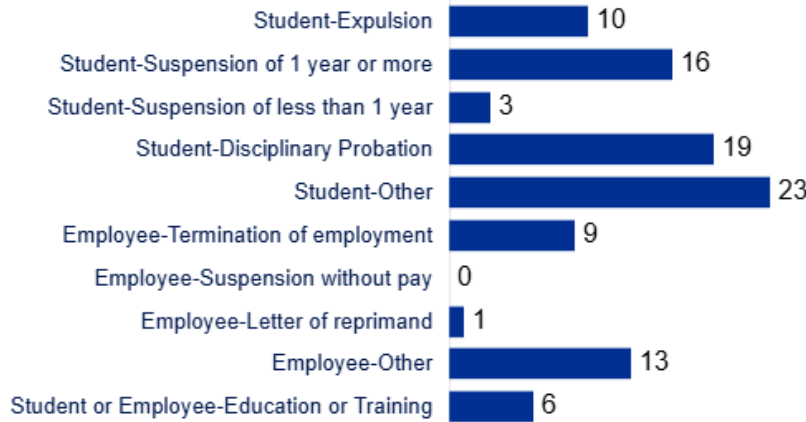
- 17 cases of rape;
- 35 cases of fondling;
- 38 cases of aggravated assault;

- 46 cases of hate crimes on campus;
- 140 cases of domestic violence, dating violence, or stalking incidents on or near the college campus.

California State University. SB 808 (Dodd), Chapter 417, Statutes of 2023 created a compliance requirement for the CSU to report each year to the Legislature on the outcomes of sexual harassment complaints that occur on campus. Since the enactment of SB 808, the CSU has published two reports and has annually presented the report to the Board of Trustees. In 2024, the CSU launched a database website which included all reports of discrimination that occur on college campus and the outcomes of the complaints. The below grants show the data points regarding complaints for the 2023-2024 academic year:



Resolved Complaints - Sanctions/Discipline



Source: California State University, 2023 - 2024 Annual Civil Rights Survey

University of California. The UC has a systemwide Office of Civil Rights which houses the Systemwide Title IX Office. In the last year due to a requirement in the annual budget act, the UCOP published an Equity in Higher Education Report.³ The report contained an array of policies for how the UC is addressing behavior which constitutes a hostile environment on campus, including discriminatory behaviors. The report did not contain data on how discriminatory complaints on campus are being handled. Technically, the UC is not requested to provide a report to the Legislature on the outcomes of campus-based sexual harassment complaints.

Each year the UC publishes the results of the University of California Undergraduate Experience Survey. The survey includes a section on campus climate for diversity and inclusiveness. Of the students surveyed in 2024:

³ https://www.ucop.edu/operating-budget/_files/legreports/2024-25/uc_equity_in_higher_ed_legrpt.pdf#Equity%20in%20Higher%20Education

<i>Please select your level of agreement with the following statements.</i>	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree	Total
Overall, I feel comfortable with the campus climate for diversity and inclusion in my major	1,312 3%	1,728 4%	3,863 9%	10,828 24%	18,946 42%	8,568 19%	45,245 100%
Overall, I feel comfortable with the climate for diversity and inclusion in my classes	1,151 2%	1,537 3%	3,650 7%	12,959 25%	23,026 45%	8,901 17%	51,224 100%
Overall, I feel comfortable with the climate for diversity and inclusiveness at this university	1,542 3%	1,939 4%	4,387 9%	12,954 25%	22,025 43%	8,462 16%	51,309 100%
UC [CAMPUS] is a welcoming campus	1,014 2%	1,494 3%	3,567 7%	14,458 28%	22,438 44%	8,357 16%	51,328 100%
Students of my gender are respected on this campus	576 1%	1,006 2%	2,879 6%	11,078 21%	25,207 49%	10,890 21%	51,636 100%
Students of my political beliefs are respected on this campus	1,771 4%	1,816 4%	2,969 7%	7,688 17%	19,969 44%	11,054 24%	45,267 100%
Students of my race/ethnicity are respected on this campus	1,199 2%	1,634 3%	3,669 7%	11,691 23%	23,009 45%	10,489 20%	51,691 100%
Students of my religious beliefs are respected on this campus	1,239 3%	1,288 3%	2,369 6%	7,299 19%	17,680 45%	9,087 23%	38,962 100%
Students of my sexual orientation are respected on this campus	466 1%	696 1%	2,012 4%	8,644 17%	26,157 51%	13,606 26%	51,581 100%
Students of my socio-economic status are respected on this campus	1,142 2%	1,639 3%	3,764 7%	10,975 21%	23,578 46%	10,467 20%	51,565 100%

The research organization: Survivors + Allies has conducted community-engaged, student-, and survivor-led research in the field of sex discrimination prevention. Survivors + Allies' research is housed within the UCLA Streisand Center. The Survivors + Allies 2021 Survey of the UC community yielded the following data points:

1. *Students lack an overall awareness of the resources available to them on campus, despite the in-depth educational program on UC campuses.*
 - a. 68% of surveyed students had heard of CARE;
 - b. 32% of students did not know international students were covered by Title IX;
 - c. 38% did not know undocumented students were covered by Title IX; and,
 - d. 36% of students thought reporting to the Title IX office was confidential, meaning that the coordinator was not required to act upon the information provided.
2. *Students are not comfortable reporting to the UC Police Department.*
 - a. 70% of students who self-identified as LGBTQ+ felt uncomfortable reporting an incident to the UC Police Department; and,
 - b. 52% of students who identify as heterosexual were uncomfortable reporting an incident to the UC Police Department.
3. *Survivors reported negative experiences with Title IX.*
 - a. Survivors reported they found the process lengthy, confusing, and inequitable; and,
 - b. Only 30% of students surveyed indicated they felt safe interacting with Title IX staff compared to 80% who felt safe interacting with CARE staff.

Staff Recommendation. Informational Item Only.

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

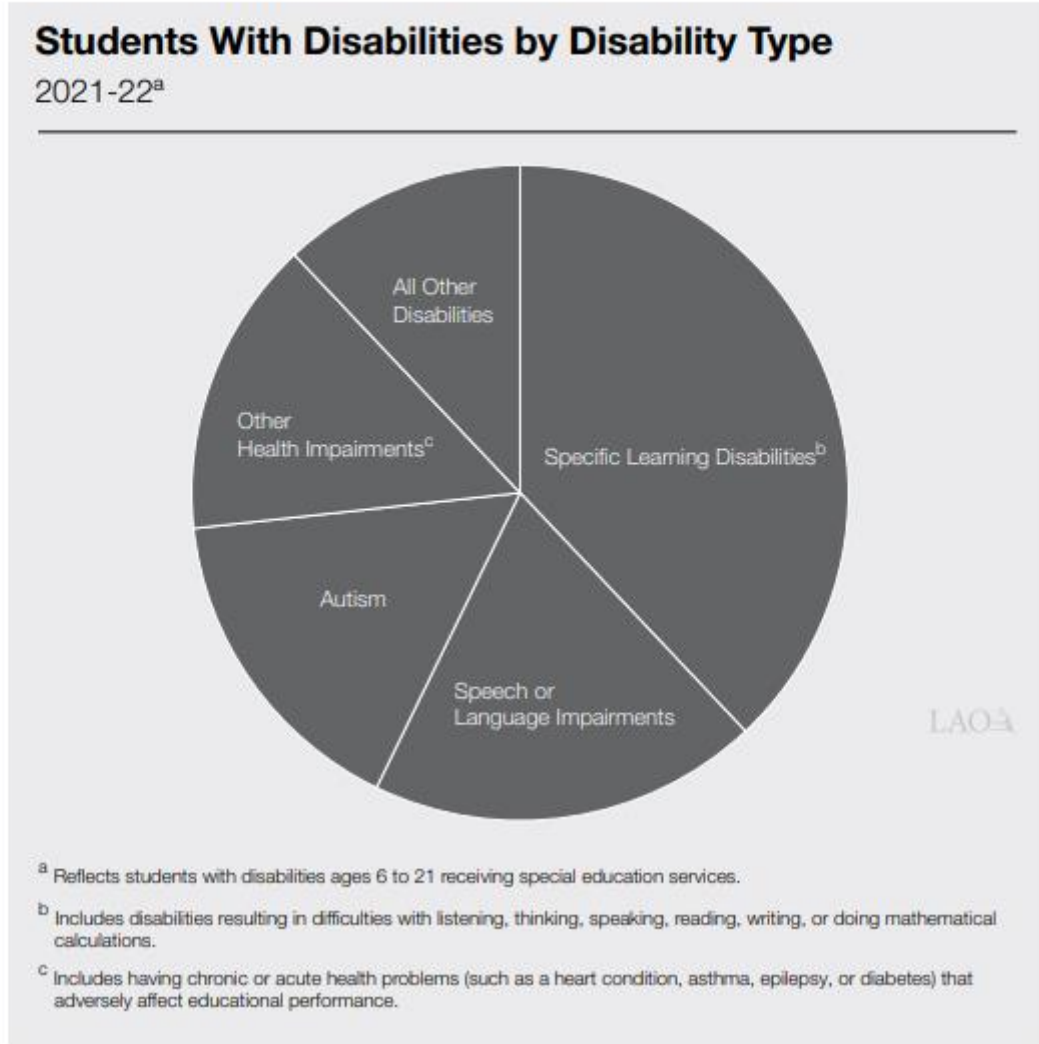
¹ Legislative Analyst’s Office, *Evaluating California’s System for Serving Infants and Toddlers with Special Needs*, January 4, 2018.

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.

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

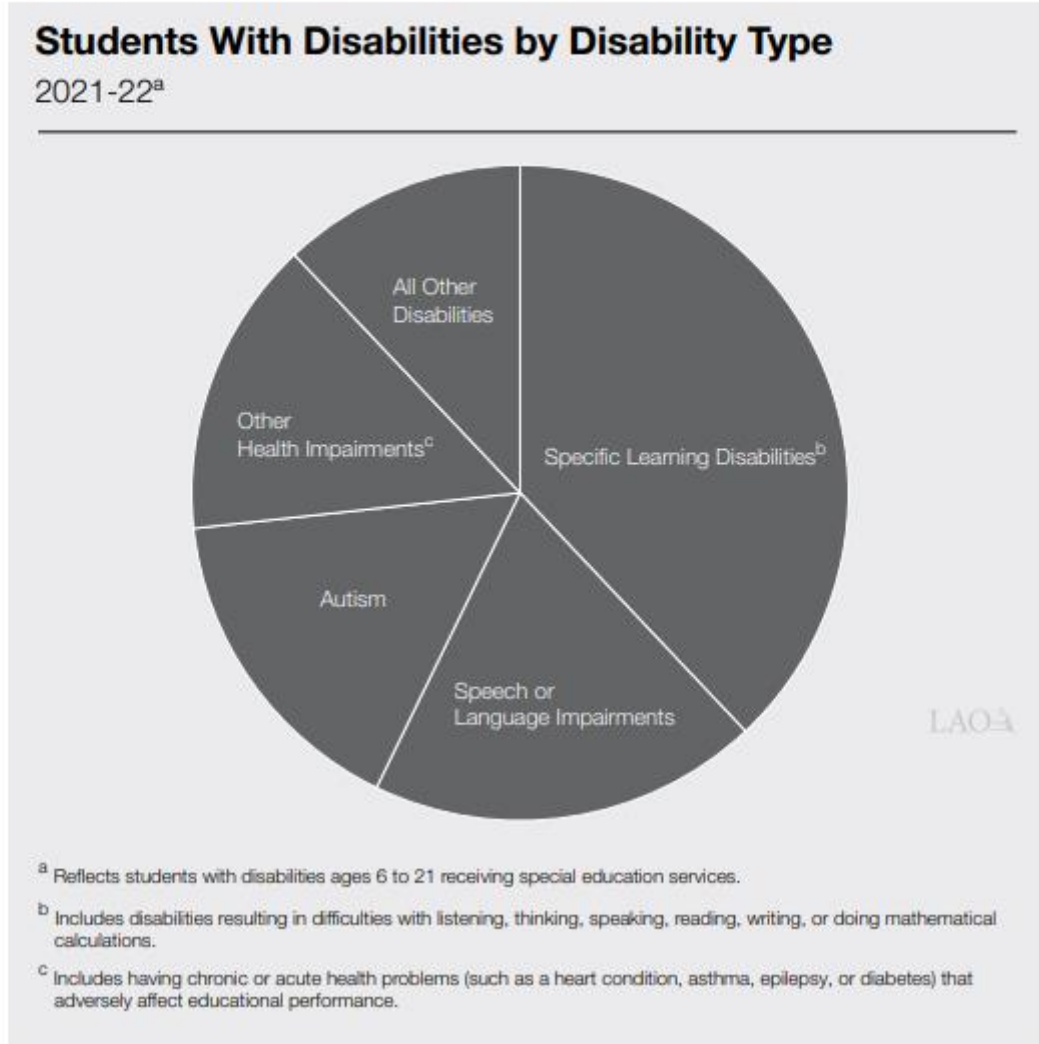
¹ Legislative Analyst’s Office, *Evaluating California’s System for Serving Infants and Toddlers with Special Needs*, January 4, 2018.

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.

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

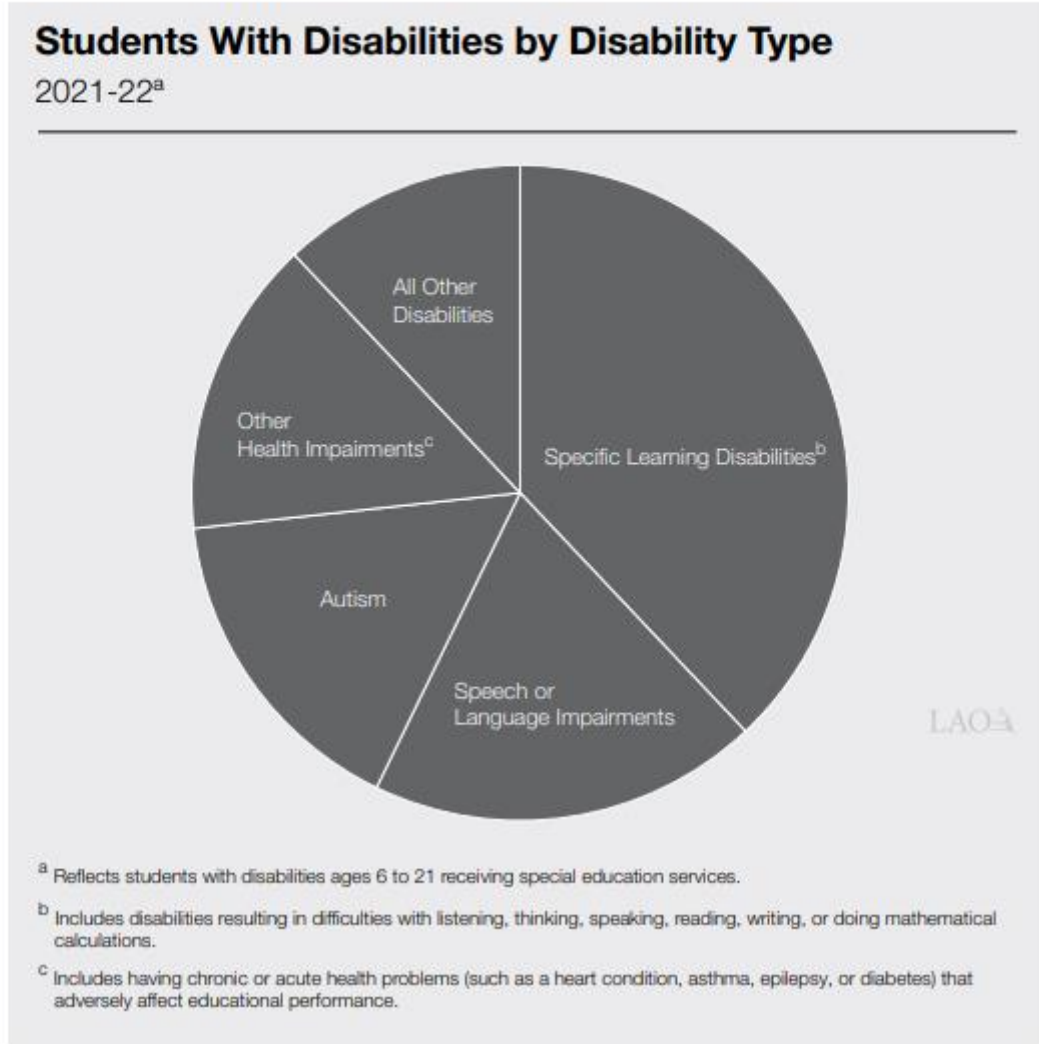
¹ Legislative Analyst’s Office, *Evaluating California’s System for Serving Infants and Toddlers with Special Needs*, January 4, 2018.

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.

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, February 27, 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: State of Education

Panel.

- Tony Thurmond, California State Superintendent of Public Instruction

Background.

The Superintendent of Public Instruction will provide an update on the state of K-12 education in California. This item is informational only.

Issue 2: Proposition 98 Overview and Structure

Panel.

- Alex Shoap, Department of Finance
- Ken Kapphahn, Legislative Analyst's Office

Proposition 98.

California provides academic instruction and support services to nearly six million public school students in kindergarten through twelfth grades (K-12) and 1.8 million students in community colleges. There are 58 county offices of education, approximately 1,000 local K-12 school districts, nearly 10,000 K-12 schools, and nearly 1,300 charter schools throughout the state. Of the K-12 students, approximately 3.8 million are low-income, English learners, or foster youth students or some combination of those categories. Approximately 1.12 million of the K-12 students served in public schools are English learners. There are also 73 community college districts, 116 community college campuses, and 72 educational centers. Proposition 98, which was passed by voters as an amendment to the state Constitution in 1988, and revised in 1990 by Proposition 111, was designed to guarantee a minimum level of funding for public schools and community colleges.

For 2025-26, the proposed budget includes \$118.9 billion in Proposition 98 funding. The Governor's budget also maintains the suspended level of Proposition 98 funding for 2023-24 of \$98.5 billion from the 2024-25 enacted budget. For 2024-25, while the Governor estimates an increase in the total Proposition 98 minimum guarantee of \$3.9 billion for a total of \$119.2 billion, the budget appropriates the 2024-25 guarantee at \$117.6 billion, a difference of approximately \$1.6 billion. These adjustments are primarily the result of higher than anticipated General Fund revenues than projected at the 2024 final budget act.

Proposition 98 Funding. State funding for K-14 education—primarily K-12 local educational agencies and community colleges—is governed largely by Proposition 98. The measure, as modified by Proposition 111, establishes minimum funding requirements (referred to as the “minimum guarantee”) for K-14 education. General Fund resources, consisting largely of personal income taxes, sales and use taxes, and corporation taxes, are combined with the schools' share of local property tax revenues to fund the Proposition 98 minimum guarantee. These funds typically represent about 80 percent of statewide funds that K-12 schools receive. Non-Proposition 98 education funds largely consist of revenues from local parcel taxes, other local taxes and fees, federal funds and proceeds from the state lottery. In past years, there have been two statewide initiatives that increased General Fund revenues and therefore, the Proposition 98 minimum guarantee. Proposition 30, passed by the voters in 2012, raised sales and income taxes, but was designed to phase out over seven years. Anticipating the expiration of the Proposition 30 taxes, Proposition 55 was passed by voters in 2016, extending the income tax portion of Proposition 30 for another 12 years.

The Great Recession that began in 2008 impacted both General Fund resources and property taxes. The amount of property taxes has also been impacted by a large policy change since then—the elimination of redevelopment agencies (RDAs) and the shift of property taxes formerly captured by the RDAs back to school districts. The guarantee was adjusted to account for these additional property taxes, so although Local Educational Agencies (LEAs) received significantly increased property taxes starting in 2012-13, they received a roughly corresponding reduction in General Fund.

The table below summarizes overall Proposition 98 funding for K-12 schools and community colleges in 2007-08, or just prior to the Great Recess, and 2018-19, prior to the COVID-19 pandemic.

The Governor’s 2025-26 proposed budget includes significant increases in comparison to the 2024 Budget Act, due to higher revenue estimates as well as a \$1.6 billion increase in the required maintenance factor payment in 2024-25 as result of suspending Proposition 98 in the 2023-24 fiscal year.

**Proposition 98 Funding
Sources and Distributions
(Dollars in Millions)**

	Pre- Recession 2007-08	Pre- Pandemic 2018-19	Revised 2023-24	Revised 2024-25	Proposed 2025-26
Sources					
General Fund	42,015	54,505	67,093	86,619	84,603
Property taxes	14,563	23,942	31,392	32,569	34,321
Total	56,577	78,448	98,484	119,188	118,923
Distribution					
K-12	50,344	69,253	94,630	103,114	104,968
CCC	6,112	9,195	12,267	13,352	13,579
PSSSA	N/A	N/A	-8,413	1,157	376

Source: Legislative Analyst’s Office

Calculating the Minimum Guarantee. The Proposition 98 minimum guarantee is determined by comparing the results of three “tests,” or formulas, which are based on specific economic and fiscal data. The factors considered in these tests include growth in personal income of state residents, growth in General Fund revenues, changes in student average daily attendance (ADA), and a calculated share of the General Fund. When Proposition 98 was first enacted by the voters in 1988, there were two “tests”, or formulas, to determine the required funding level. Test 1 calculates a percentage of General Fund revenues based on the pre-Proposition 98 level of General Fund that was provided to education, plus local property taxes. The Test 2 calculation is the prior year

funding level adjusted for growth in student ADA and per capita personal income. K-14 education was initially guaranteed funding at the higher of these two tests. In 1990, Proposition 111 added a third test, Test 3, which takes the prior year funding level and adjusts it for growth in student ADA and per capita General Fund revenues. The Proposition 98 formula was adjusted to compare Test 2 and Test 3, the lower of which is applicable. This applicable test is then compared to Test 1; and the higher of the tests determines the Proposition 98 minimum guarantee. Generally, Test 2 is operative during years when the General Fund is growing quickly and Test 3 is operative when General Fund revenues fall or grow slowly.

Proposition 98 Tests
Calculating the Level of Education Funding
(Including the 2025-26 Governor’s Budget Estimate)

Test	Calculated Level	Operative Year	Times Used
Test 1	Based on a calculated percent of General Fund revenues (currently around 38 percent).	If it would provide more funding than Test 2 or 3 (whichever is applicable).	11
Test 2	Based on prior year funding, adjusted for changes in per capita personal income and attendance.	If growth in personal income is \leq growth in General Fund revenues plus 0.5 percent.	16
Test 3	Based on prior year funding, adjusted for changes in General Fund revenues plus 0.5 percent and attendance.	If statewide personal income growth $>$ growth in General Fund revenues plus 0.5 percent.	8

Source: Legislative Analyst’s Office

The Governor’s proposal assumes that in 2024-25 and 2025-26 the Proposition 98 minimum guarantee is calculated under Test 1. Proposition 98 in 2023-24 remains suspended.

Generally, the Proposition 98 minimum guarantee calculation was designed in order to provide growth in education funding equivalent to growth in the overall economy, as reflected by changes in personal income (incorporated in Test 2). In a Test 3 year, the Proposition 98 minimum guarantee does not grow as fast as in a Test 2 year, recognizing the fact that the state’s General Fund is not reflecting the same strong growth as personal income and the state may not have the resources to fund at a Test 2 level; however, a maintenance factor is created, as discussed in more detail later.

The Test 1 percentage is historically-based, but is adjusted, or “rebenched,” to account for large policy changes that impact local property taxes for education or changes to the mix of programs funded within Proposition 98. In the past few years, rebenching was done to account for property tax changes, such as the dissolution of the redevelopment agencies (RDAs), and program changes, such as removing childcare from the Proposition 98 minimum guarantee and adding mental health services. For 2025-26, the Governor’s Budget adjusts the Test 1 percentage for the expansion of transitional kindergarten from 39.2 percent to 39.6 percent.

Suspension of Minimum Guarantee. Proposition 98 includes a provision that allows the Legislature and Governor to suspend the minimum funding requirements and instead provide an alternative level of funding. Such a suspension requires a two-thirds vote of the Legislature and the concurrence of the Governor. To date, the Legislature and Governor have suspended the Proposition 98 minimum guarantee three times; in 2004-05, 2010-11, and 2023-24. While the suspension of Proposition 98 can create General Fund savings during the year in which it is invoked, it also creates obligations in the out-years, as explained below.

Maintenance Factor. When the state suspends the Proposition 98 minimum guarantee or when Test 3 is operative (that is, when the Proposition 98 minimum guarantee grows more slowly due to declining or low General Fund growth), the state creates an out-year obligation referred to as the “maintenance factor.” When growth in per capita General Fund revenues is higher than growth in per capita personal income (as determined by a specific formula also set forth in the state Constitution), the state is required to make maintenance factor payments, which accelerate growth in K-14 funding, until the determined maintenance factor obligation is fully restored. Outstanding maintenance factor balances are adjusted each year by growth in student ADA and per capita personal income.

The maintenance factor payment is added on to the minimum guarantee calculation using either Test 1 or Test 2.

- In a Test 2 year, the rule of thumb is that roughly 55 percent of additional revenues would be devoted to Proposition 98 to pay off the maintenance factor.
- In a Test 1 year, the amount of additional revenues going to Proposition 98 could approach 100 percent or more. This can occur because the required payment would be a combination of the 55 percent (or more) of new revenues, plus the established percentage of the General Fund—roughly 38 percent—that is used to determine the minimum guarantee.

Prior to 2012-13, the payment of maintenance factor was made only on top of Test 2; however, in 2012-13, the Proposition 98 guarantee was in an unusual situation as the state recovered from the recession. It was a Test 1 year and per capita General Fund revenues were growing significantly faster than per capita personal income. Based on a strict reading of the Constitution, the payment of maintenance factor is not linked to a specific test, but instead is required whenever growth in per capita General Fund revenues is higher than growth in per capita personal income. As a result, the state funded a maintenance factor payment on top of Test 1 and this interpretation can result in the potential for up to 100 percent or more of new revenues going to Proposition 98 in a Test 1 year with high per capita General Fund growth. This was the case in 2014-15, when the maintenance factor payment was more than \$5.6 billion. However, since the last recession the state has significantly increased funding for K-14 education due in part to payments made towards reducing the maintenance factor balance. As a result, the maintenance factor obligation was paid off in 2017-18.

Due to the suspension of Proposition 98 in 2023-24, the General Fund revenue conditions has required a maintenance factor payment in 2024-25 is \$5.6 billion, with no payment estimated in 2025-26.

Average Daily Attendance. One of the factors used to calculate the Proposition 98 minimum guarantee level is growth in ADA. In a Test 2 or Test 3 year, the guarantee is adjusted for changes in ADA. However, there is a hold harmless provision for reductions in ADA. Under that provision, negative growth is only reflected if the preceding two years also show declines. Under current projections, which reflect birth rates and migration, K-12 ADA is expected to increase slightly in coming years and the hold harmless will not need to apply for the guarantee calculation.

Proposition 98 Certification. The 2018 budget package included a new process for certifying the Proposition 98 guarantee and the 2019 budget package made additional changes to this process. Under current statute, certification of the guarantee is a process by which the Department of Finance (DOF), in consultation with the Department of Education and the Chancellor's Office of the Community Colleges, verifies the factors for the calculation of the Proposition 98 guarantee and the appropriations and expenditures that count towards the guarantee level. Certifying the guarantee results in a finalized guarantee level for the year, as well as finalizing any settle-up owed as a result of changes in the guarantee level. Adjustments will be made to increase the guarantee after the fiscal year is over if the calculation results in an increase in a prior year, but makes no changes in the event of a decrease in a prior year. Prior to this new process, the guarantee was last certified for 2008-09. In August 2018, DOF released the proposed certification for the 2009-10 through 2016-17 fiscal years. The most recently certified year is 2022-23.

Public School System Stabilization Account (PSSSA). The state's Proposition 98 Rainy Day Fund was established with the passage of Proposition 2 in 2014. Proposition 2 also requires a deposit in a Proposition 98 Rainy Day Fund under certain circumstances. These required conditions are that maintenance factor accumulated prior to 2014-15 is paid off, Test 1 is in effect, the Proposition 98 guarantee is not suspended, and no maintenance factor is created. The 2025-26 proposed budget withdrew the entire balance of \$8.4 billion in 2023-24, and requires deposits for 2024-25 and 2025-26 with payments of \$1.2 billion and \$376 million, respectively, for a total balance of approximately \$1.5 billion at the end of 2025-26.

This level of PSSSA reserves does not trigger a statutory requirement that LEAs may not have local reserves in excess of 10 percent of their total annual expenditures, in the year after the state reserve balance is equal to or greater than 3 percent of the total TK-12 share of the annual Proposition 98 guarantee level.

Proposition 98 K-12 Proposals:

The proposed budget includes a Proposition 98 funding level of \$105 billion for TK-12 programs. This includes a year-to-year increase of \$1.9 billion in Proposition 98 funding for K-12 education, as compared to the revised Proposition 98 K-12 funding level for 2024-25. Under the Governor's proposal, ongoing K-12 Proposition 98 per pupil expenditures increase from \$18,731 provided in 2024-25 (revised) to \$18,935 in 2025-26, an increase of 1.1 percent.

Proposition 98 Funding Level. Due to higher than anticipated General Fund revenues, the calculated Proposition 98 minimum guarantee for 2024-25 is \$119.2 billion, which includes an increase in the anticipated required maintenance factor payment of \$1.6 billion. The Governor's Budget appropriates \$117.6 billion out of the revised minimum guarantee of \$119.2 billion in 2024-25, citing the volatility of the revenues, with the final appropriation of Proposition 98 expected to be addressed during the Proposition 98 certification process.

TK-12 Local Control Funding Formula. The bulk of funding for school districts and county offices of education for general operations is provided through the Local Control Funding Formula (LCFF) and is distributed based on the number of students served and certain student characteristics. The state fully funded the LCFF in 2018-19 and has annually adjusted the grant amounts by a cost-of-living adjustment (COLA). The budget proposes an LCFF COLA of 2.43 percent, and when combined with growth adjustments, results in \$2.5 billion in increased discretionary funds for local educational agencies. To fully fund LCFF and to maintain the level of past year principal apportionments, the budget proposes to use reappropriated and reverted funds totaling \$25.9 million to support ongoing LCFF in 2023-24 and deferring LCFF funds totaling \$35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25.

Student Support and Discretionary Block Grant. The budget proposes a one-time \$1.8 billion Proposition 98 General Fund block grant to address rising costs and fund statewide priorities including literacy, mathematics, teacher recruitment and retention strategies, and career pathways and dual enrollment expansion efforts.

Literacy and Mathematics Coaches. The budget proposes \$500 million one-time Proposition 98 General Fund to expand the existing Literacy Coaches and Reading Specialists Grant Program, and include mathematics coaches.

Expanded Learning Opportunities Program. The budget proposes \$435 million ongoing Proposition 98 General Fund, for total program funding of \$4.4 billion Proposition 98 General Fund.

Learning Recovery Emergency Block Grant. The budget proposes to augment the Learning Recovery Emergency Block Grant by a one-time \$378.6 million Proposition 98 General Fund.

Teacher Recruitment. The budget proposes \$150 million one-time Proposition 98 General Fund to provide financial assistance for teacher candidates through the proposed Teacher Recruitment Incentive Grant Program.

Golden State Teacher Grant Program. The budget proposes one-time \$50 million General Fund to support the Golden State Teacher Grant Program that would be available beginning in the 2025-26 fiscal year.

National Board Certification Incentive Program. The budget proposes \$100 million Proposition 98 General Fund to extend the timeline of the existing National Board Certification Incentive Program.

Child Nutrition. The budget continues to fund universal access to school meals with an increase of \$106.3 million ongoing Proposition 98 General Fund, for total Proposition 98 General Fund funding of approximately \$2 billion, to fully fund the universal school meals program in 2025-26 and for students who want a meal will have access to two free meals each day.

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

Arts and Music in Schools-Funding Guarantee and Accountability Act (Proposition 28). The budget includes \$1.04 billion to fund arts and music in schools pursuant to Proposition 28.

Literacy Screener Implementation. The budget proposes \$40 million one-time Proposition 98 General Fund in 2025-26 to support necessary costs to administer literacy screenings, including the procurement of screening materials and training for educators.

English Language Proficiency Screener for Transitional Kindergarten Students. The budget proposes one-time \$10 million Proposition 98 General Fund for the statewide use of English language proficiency screeners for transitional kindergarten students.

Literacy Network. The budget proposes \$5 million Proposition 98 General Fund annually through the 2029-30 fiscal year to launch a Literacy Network within the Statewide System of Support to serve as a clearinghouse for state-developed literacy resources, elevate high performing districts and best practices, and provide support to local educational agencies facing persistent challenges.

Cost-of-Living Adjustments. The proposed budget provides \$204 million ongoing Proposition 98 General Fund to support a 2.43 percent COLA for categorical programs that are not included in LCFF and the LCFF equity multiplier. These programs include special education and child nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

County Offices of Education. The proposed budget includes an increase of \$12.2 million ongoing Proposition 98 General Fund to reflect the average daily attendance (ADA) changes applicable to the county office of education LCFF and a 2.43 percent COLA.

Local Property Tax Adjustments. The proposed budget includes an increase of \$125 million in ongoing Proposition 98 General Fund in 2024-25, and a decrease of \$1.5 billion in Proposition 98 General Fund in 2025-26 for school districts and county offices of education, related to changes to the offsetting local property taxes.

California College Guidance Initiative. The budget proposes an increase of \$3 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative and the Cradle-to-Career Data System.

K-12 High Speed Network. The budget proposes an increase of \$3.5 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

Individualized Education Program (IEP) Template and Translation Digitization. The budget proposes one-time \$2 million Proposition 98 General Fund to support the digitization of the IEP template and translate the template into multiple languages.

Homeless Education Technical Assistance Centers. The budget proposes an increase of \$1.5 million ongoing Proposition 98 General Fund to maintain support for Homeless Education Technical Assistance Centers that were first established through federal funding. This funding would continue to support the identification of homeless youth.

Curriculum Framework, Standards, and Instructional Materials Process. The budget proposes one-time \$1 million Proposition 98 General Fund to evaluate the state's process for developing and adopting standards, curriculum frameworks, and instructional materials and make recommendations to streamline and improve the process.

Early Education

Transitional Kindergarten. The budget proposes to provide a total of \$2.4 billion ongoing Proposition 98 General Fund to support the full implementation of universal transitional kindergarten. The budget also provides an additional \$1.5 billion ongoing Proposition 98 General Fund to support the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom. These funds will increase the Proposition 98 Guarantee through the process of rebenching.

Legislative Analyst's Office.

The LAO's recent publication, *The 2025-26 Budget: Proposition 98 Guarantee and K-12 Spending Plan*, included an analysis of the Governor's Proposition 98 Proposals. Below are comments provided by the LAO.

LAO Assessment

Overarching Comments

Plan Contains a Reasonable Mix of One-Time and Ongoing Spending. Ongoing spending increases can help districts address longer-term challenges and state priorities, sustain new

programs, and cover their ongoing cost pressures. Conversely, one-time funds can help districts cover one-time expenses and pay for starting up programs. One-time spending also allows the state to avoid committing to ongoing increases it might be unable to sustain during tighter fiscal times. The Governor's plan addresses these trade-offs by proposing a balance of new ongoing and one-time spending. This approach seems like a reasonable starting point for building the budget.

Plan Builds a Budget Cushion That Would Help Protect Ongoing Programs. Of the one-time school spending, \$1.4 billion is attributable to 2025-26. Other one-time allocations attributable to 2025-26 include the \$376 million deposit into the Proposition 98 Reserve and \$331 million in one-time community college spending. Accounting for all these allocations, the budget has \$2.1 billion in ongoing Proposition 98 funds dedicated to one-time activities. This budgeting approach creates a cushion that helps protect ongoing programs. For example, if the guarantee were to drop by as much as \$2.1 billion in 2026-27, the state could accommodate the drop without reducing programs or deferring payments. The state most recently took a similar approach when it adopted the 2022-23 budget. When the guarantee declined the following year, the cushion helped the state avoid reductions to ongoing programs.

Plan Contains a Reasonable Mix of Flexible Funding and Targeted Proposals. Flexible funding allows districts to implement programs based on their unique circumstances and local priorities. It also helps districts cover their cost increases and create cohesive local programs. Conversely, targeted proposals help ensure districts use their funding for activities the Legislature considers its highest priorities. The Governor's plan has significant proposals in both categories but places more emphasis on flexible funding. This budgeting approach could allow districts to address their cost pressures and a few core state priorities without being overwhelmed by new requirements.

Most of the Targeted Proposals Expand Upon Existing Programs. In contrast to some previous budgets, the Governor does not propose any significant new programs. Instead, the targeted proposals generally expand existing programs or support one-time activities the state funded in previous years. This budgeting approach would encourage districts to prioritize activities that are already underway. For the upcoming hearings, the Legislature could focus its review of the proposed expansions on a few core issues: (1) whether the underlying problem remains unaddressed, (2) whether the existing program is meeting its objectives, and (3) whether additional funding would allow districts to address the problem more effectively.

Settle Up Proposal Addresses a Reasonable Concern About Volatility... The state generally makes settle-up payments as soon as it recognizes a higher estimate of the guarantee. Although the Governor's proposal to delay \$1.6 billion departs from this practice, it would mitigate some of the volatility in the 2024-25 guarantee. If the guarantee drops below current estimates, the state could reduce or eliminate this payment more easily than if it had already appropriated that amount to schools. This reduction would reduce the risk of the state committing to a spending level that would be unaffordable with lower revenues. This buffer seems especially important if the state intends to avoid downward adjustments to school appropriations after the year ends.

The Governor’s proposal also recognizes that the guarantee is unusually volatile in 2024-25 due to (1) the state’s reliance on unpredictable stock market growth for its higher revenue estimates and (2) the high sensitivity of the guarantee to changes in revenue estimates. This volatility means the guarantee could easily drop billions of dollars below current estimates.

...But a Compelling Alternative Is Available... The Legislature could consider several alternatives that would mitigate volatility in the guarantee without creating a settle-up obligation (Figure 7). One compelling alternative is to make a \$1.6 billion discretionary deposit into the Proposition 98 Reserve. This deposit would count toward the guarantee in 2024-25 and supplement the \$1.2 billion required deposit. The state could rescind the deposit if revenues fall short—lowering state costs without affecting previous school payments. (If revenues meet expectations, the deposit would remain to help protect school programs from future downturns.) This alternative would increase state costs by \$1.6 billion this year relative to the Governor’s budget. The higher cost would mean adopting a budget with lower general-purpose reserves or additional solutions like spending reductions. The main advantage is that the state would avoid the settle-up payment—making the budget easier to balance in 2026-27. As we explain in *The 2025-26 Budget: Overview of the Governor’s Budget*, the state has a roughly balanced budget this year but will likely face a significant deficit in 2026-27.

Figure 7

Comparing the Governor’s Settle-Up Proposal With Three Alternatives

Option	Helps Balance the Budget This Year?	Increases Future State Costs?	When Would State Decide How to Allocate the Funding? ^a
Governor’s settle-up proposal	Yes	Yes	June 2026 budget
Discretionary reserve deposit	No	No	Future year(s) whenever funds are withdrawn
Appropriation with delayed disbursement	No	No	June 2025 budget
Suspending the guarantee	Yes	Yes	Future year(s) based on maintenance factor formulas

^aAssuming revenue estimates for 2024-25 meet the projections in the Governor’s budget.

...As Well as Two Other Alternatives. A second alternative is to appropriate a \$1.6 billion payment this year but delay disbursing the funds to schools until June 2026. By then, the state will have its final revenue estimate for 2024-25. The state could release the payment if revenues meet projections or rescind the payment if revenues fall short. This alternative is conceptually similar to the discretionary reserve deposit because it increases state costs this year while lowering costs in the future. The main difference is that the state would commit to a specific use of the funding instead of saving it in reserve. A third alternative is to suspend the guarantee. Assuming the state sets funding at the level proposed by the Governor, it would create a \$1.6 billion maintenance factor obligation—adding to the existing obligation of \$2.7 billion—but eliminate the settle-up payment. The state would pay the maintenance factor in future years when revenue is growing relatively quickly. This alternative is conceptually similar to the Governor’s proposal because it would reduce state costs this year while increasing costs in the future.

Specific Proposals

COLA Rate Likely to Be Slightly Below the Budget Estimate. On January 30, the federal government released updated data for the price index that determines the COLA rate. With this release, seven of the eight quarters of data that affect calculation are now available. Based on this update and our projections for the final quarter, we estimate the final rate to be about 2.2 percent—slightly below the estimate in the Governor’s budget. This lower COLA rate would reduce the cost of the COLA for LCFF and categorical programs by about \$180 million compared with the estimate in the Governor’s budget. The state will be able to finalize the COLA rate after the federal government publishes the last quarter of data on April 30.

Proposed Funding Increase for TK Staffing Seems High. The Governor’s proposal to increase the TK add-on rate would provide more funding than necessary for districts to implement the additional staffing requirements in 2025-26. In our forthcoming brief *The 2025-26 Budget: Transitional Kindergarten*, we analyze the proposal and provide the Legislature with alternatives that are better aligned with staffing costs.

Districts Could Use Discretionary Grant to Support Local Programs and Address Certain Costs... During the pandemic, the federal government provided more than \$20 billion in flexible one-time grants for districts. Districts used these funds—which expired in September 2024—to hire staff, expand programs, cover one-time costs, and build reserves. The proposed discretionary grant could allow districts to sustain some of these local programs for another few years. For example, we spoke with several districts that indicated they would use the grants to continue the additional counseling and coaching they have provided since the pandemic. Other districts indicated they would fund programs focused on academic intervention and literacy for younger students. Districts also could use the grant to pay for certain costs. For example, several districts indicated they intend to replace or update the technology they purchased when the pandemic began. Some districts are planning facility updates, such as replacing ventilation systems and refurbishing classrooms for TK students. Many districts also could use funds to cover one-time and ongoing cost increases they have experienced for property and general liability insurance.

...But Language on the Allowable Uses Is Somewhat Unclear. The language regarding the allowable uses of the grant could be interpreted in multiple ways. Regarding the cost language, some districts might interpret it to mean the grant may cover any costs, whereas others might read it as limiting the grant to costs that grow over time. Regarding the state priority areas, the state historically has provided discretionary block grants with two components: (1) intent language encouraging districts to consider specific activities and (2) local control language allowing each district to make the final decision about its funding. The Governor’s proposal does not have the local control language, which could leave districts uncertain about spending on activities outside the state priorities.

Additional Funding for LREBG Is Reasonable... The original impetus for the program—helping students recover from learning loss—remains a significant issue. Test scores and other

measures of academic performance show that student achievement remains notably below pre-pandemic levels. Districts also report students coming to school with much higher levels of socio-emotional challenges than they experienced before the pandemic. Interim spending data suggest that districts have spent their LREBG funds on various initiatives that could address learning loss, including additional instructional time, additional staff, accelerated instruction (such as tutoring), and teacher training. Additional LREBG funding could help districts sustain the most promising activities for another few years. The proposal also is consistent with the intent to restore the grant to its original funding level.

...But Original Expenditure Deadline Now Seems Less Feasible. The state adopted the 2027-28 spending deadline for the LREBG as part of its original plan to fund the entire grant in 2022-23. Under the changes adopted in 2023-24, however, districts would not receive their final installment of funding until 2027-28. Moreover, districts must undertake a much longer planning and consultation process than the state required initially. If the deadline remains unchanged, districts would have three years to adopt plans and spend the LREBG funds they receive in 2025-26, two years for the funds they receive in 2026-27, and one year for the funds they receive in 2027-28. This deadline could be difficult to meet—especially over the final two years—and might encourage districts to spend their remaining funds quickly rather than purposefully.

Eliminating the Deferral Is Prudent. The Governor’s proposal to eliminate the deferral would make the budget more resilient by aligning the ongoing cost of school programs with the ongoing funding necessary to support those programs. It also would improve local cash flow and simplify state and school accounting.

Recommendations

Maintain One-Time Budget Cushion. A one-time cushion helps mitigate future drops in the Proposition 98 guarantee and protect ongoing programs. Regardless of the specific proposals the Legislature decides to fund, we recommend maintaining a cushion at least as large as the one proposed by the Governor (\$2.1 billion across all school and community college programs). This approach means the final budget would have a mix of one-time and ongoing spending, which the Legislature could use to address its short-term and long-term spending priorities.

Maintain Focus on Flexible Funding With Some Targeted Spending. The Governor’s plan to dedicate most new spending to flexible funding while reserving a smaller portion for targeted proposals is a reasonable way to build the budget. This approach would allow districts to address their local priorities while making progress on a few core state priorities. Whether the Legislature decides to fund proposals in the programmatic areas proposed by the Governor or in different areas, we recommend adopting a similar mix of flexible and targeted spending proposals.

Address Volatility in 2024-25 Guarantee Proactively. The Proposition 98 guarantee in 2024-25 is unusually volatile and uncertain. We recommend adopting a plan that addresses the downside risk proactively. Although the Governor’s settle-up proposal is a viable option, we think the most

compelling approach is to make a discretionary reserve deposit that could be rescinded if revenues fall short. This approach increases state costs this year but reduces costs in the future when the state is likely to face a large deficit. In selecting among the Governor’s proposal, the discretionary deposit, or the other alternatives, the Legislature will need to consider its plan for balancing the state budget now and in the future.

Adopt Discretionary Block Grant With Some Refinements. A discretionary block grant would help districts support local programs and address various costs. We recommend adopting a version of the Governor’s proposal with some refinements. Regarding the amount, the \$1.8 billion proposed by the Governor is reasonable, but the Legislature could consider higher or lower amounts to conform with its overall plan for school funding. For example, the Legislature could reduce the amount if the guarantee decreases by May or increase the amount if it rejects some of the Governor’s other proposals. Regardless of the final amount, we recommend modifying the accompanying language in three ways:

- ***Clarify Grant Is Discretionary.*** We recommend modifying the language to clarify that the funding is entirely discretionary. This modification would align the language with the intent of the proposal and allow districts to focus on the local programs and costs that represent their highest priorities.
- ***Refine Intent Language on Costs.*** Districts indicate that intent language sometimes influences how they use a grant, even if the funding is discretionary. We recommend modifying the language related to “rising costs” so that the grant explicitly references fiscal liabilities and temporary costs. Examples could include technology updates, facility improvements, and one-time insurance increases. This change would encourage districts to consider the costs that one-time funds are best suited to address.
- ***Adopt Standard Mandate Offset Language.*** A few districts have claims for unreimbursed state mandates, generally pre-dating the creation of the mandates block grant in 2012-13. The state routinely adopts language specifying that any one-time discretionary funds these districts receive count toward their outstanding claims. We recommend adding this language to help pay down the mandates backlog.

Adopt Funding for LREBG but Delay Expenditure Deadline. The additional funding for the LREBG could help districts mitigate learning loss. We recommend adopting the proposal but delaying the expenditure deadline for at least a year (through 2028-29). Delaying the deadline would allow districts to complete the detailed planning process and spend their funding more evenly over the next several years. Accounting for the additional LREBG funding and the discretionary block grant, all districts would receive an allotment of flexible funding for each student and targeted funding to support learning recovery based on their EL/LI students. This funding structure parallels the LCFF.

Adopt Proposal to Eliminate the Deferral. The Governor’s proposal to eliminate the deferral is prudent budgeting, and we recommend adopting it. Whereas the Governor proposes to eliminate the deferral beginning in 2025-26, the Legislature could consider early action to eliminate the deferral in 2024-25. This accelerated approach would eliminate the state and local workload associated with calculating each district’s share of the June 2025 deferral and processing requests

for exemptions. If the Legislature were interested in this approach, it would need to act by early April.

Suggested Questions.

- DOF: The Legislative Analyst's Office describes three alternatives to fully funding the calculated Proposition 98 Guarantee. Does the Administration have initial reactions to the three alternatives that they can share?
- DOF/LAO: Can you share what economic or fiscal indicators we are currently seeing that would cause a lower cost-of-living adjustment as the LAO predicts, or a lower Proposition 98 guarantee calculation at certification?

Staff Recommendation. Hold open.

Issue 3: Local Control Funding Formula (LCFF)

Panel.

- Katie Lagomarsino, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Aaron Heredia, Department of Education

Background.

K-12 School Finance Reform. Commencing in the 2013-14 fiscal year, the state significantly reformed the system for allocating funding to LEAs - school districts, charter schools, and county offices of education (COEs). The LCFF replaced the state's prior system of distributing funds to LEAs through revenue limit apportionments (based on per student average daily attendance) and approximately 50 state categorical education programs.

Under the previous system, revenue limits provided LEAs with discretionary (unrestricted) funding for general education purposes, and categorical program (restricted) funding was provided for specialized purposes, with each program having a unique allocation methodology, spending restrictions, and reporting requirements. Revenue limits made up about two-thirds of state funding for schools, while categorical program funding made up the remaining one-third portion. That system became increasingly cumbersome to LEAs as they tried to meet student needs through various fund sources that were layered with individual requirements.

Local Control Funding Formula. The LCFF combines the prior funding from revenue limits and more than 30 categorical programs that were eliminated, and uses new methods to allocate these resources, additional amounts of new Proposition 98 funding since 2013-14, and future allocations to LEAs. The LCFF allows LEAs much greater flexibility in how they spend the funds. There is a single funding formula for school districts and charter schools, and a separate funding formula for COEs that has some similarities to the district formula, but also some key differences.

School Districts and Charter Schools Formula. The LCFF is designed to provide districts and charter schools with the bulk of their resources in unrestricted funding to support the basic educational program for all students. It also includes additional funding based on the enrollment of low-income students, English learners, and foster youth for increasing or improving services to these high-needs students. Low-income students, English learners, and foster youth students are referred to as "unduplicated" students in reference to the LCFF because, for the purpose of providing supplemental and concentration grant funding, these students are counted once, regardless of if they fit into more than one of the three identified high-need categories. Major components of the formula are briefly described below.

- **Base Grants** are calculated on a per-student basis (measured by student ADA) according to grade span (K-3, 4-6, 7-8, and 9-12) with adjustments that increase the base rates for grades K3 (10.4 percent of base rate) and grades 9-12 (2.6 percent of base rate). The

adjustment for grades K-3 is associated with a requirement to reduce class sizes in those grades to no more than 24 students by 2020-21, unless other agreements are collectively bargained at the local level. The adjustment for grades 9-12 recognizes the additional cost of providing career technical education in high schools. For school districts, funded ADA is equal to the greater of current, prior, or the average of the three most recent prior years' ADA.

- **Supplemental Grants** provide an additional 20 percent in base grant funding for the percentage of enrollment that is made up of unduplicated students.
- **Concentration Grants** provide an additional 65 percent above base grant funding for the percentage of unduplicated students that exceed 55 percent of total enrollment.
- **Categorical Program** add-ons for Targeted Instructional Improvement Block Grant and Home-to-School Transportation provide districts the same amount of funding they received for these two programs in 2012-13. The transportation funds must be used for transportation purposes. Charter schools are not eligible for these add-ons.
- **LCFF Economic Recovery Target** add-on ensured that districts receive, by 2020-21, at least the amount of funding they would have received under the old finance system to restore funding to their 2007-08 level adjusted for inflation. Districts are not eligible for this add-on if their LCFF funding exceeds the 90th percentile of per-pupil funding rates estimated under the old system.
- **Hold Harmless Provision** ensures that no school district or charter school will receive less funding under the LCFF than its 2012-13 funding level under the old system.

Budget Appropriations. The LCFF established new “target” LCFF funding amounts for each LEA, and these amounts are adjusted annually for COLA and pupil counts. When the formula was initially introduced, funding all school districts and charter schools at their target levels was expected to take eight years and cost an additional \$18 billion, with completion by 2020-21. However, Proposition 98 growth exceeded expectations and LCFF was fully funded in the 2018-19 fiscal year for school districts and charter schools. COEs reached their target funding levels in 2014-15, which adjusts each year for COLAs and ADA growth. With full-funding of the formula, LEAs and stakeholders can see how much funding is received through base, supplemental, and concentration grants on the CDE website and reported through each LEA’s local control and accountability plan (LCAP). The 2022-23 budget included a 6.28 increase to the LCFF base grant, in addition to a 6.56 percent COLA, and smoothed out the year-to-year funded average daily attendance by allowing LEAs to be funded by either their current year, past year, or average of the three prior years’ average daily attendance. The 2022-23 budget also provided a “boost” for the funded 2021-22 average daily attendance for LEAs that provided independent study offerings to students. In the 2023-24 and 2024-25 budgets, the COLA was 8.22 percent and 1.07 percent, respectively.

Restrictions on Supplemental Funding. Statute requires LEAs to increase or improve services for unduplicated students in proportion to the supplemental funding LEAs receive for the enrollment of these students. The law also allows this funding to be used for school-wide and district-wide purposes. The State Board of Education (SBE) adopted regulations governing LEAs expenditures of this supplemental funding that require an LEA to increase or improve services for unduplicated students, compared to the services provided for all students, in proportion to the supplemental funding LEAs receive for the enrollment of these students. LEAs determine the proportion by which an LEA must increase or improve services by dividing the amount of the LCFF funding attributed to the supplemental and concentration grant by the remainder of the LEA's LCFF funding. Whereas, this percentage (known as the minimum proportionality percentage (MPP)), relied on an LEA's estimates during the transition period, under a fully funded system is based on the actual allocation to each LEA as determined by the CDE. The regulations allow an LEA to meet this requirement to increase or improve services in a qualitative or quantitative manner and detail these expenditures in their LCAP.

County Offices of Education Formula. The COE formula is very similar to the school district formula, in terms of providing base grants, plus supplemental and concentration grants for the students that COEs serve directly, typically in an alternative school setting. However, COEs also receive an operational grant that is calculated based on the number of districts within the COE and the number of students county-wide. This operational grant reflects the additional responsibilities COEs have for support and oversight of the districts and students in their county.

Similar to the LCFF formula for school districts and charter schools, COEs were also guaranteed that they would not get less funding than was received in 2012-13. In addition, COEs were held harmless for the amount of state aid (essentially the value of the categorical funding) received in 2012-13. Unlike school districts, for COEs this minimum state aid amount floats above their target, meaning that as local property tax revenue grows in a county over time and funds their LCFF allocation, the minimum state aid allotment for that COE becomes a new bonus in base funding on top of the their LCFF level.

Governor's Budget Proposal.

The proposed budget includes a COLA of 2.43 percent, and combined with growth adjustments, results in an increase of approximately \$2.5 billion Proposition 98 General Fund for discretionary purposes. To fully fund LCFF and to maintain the level of past year principal apportionments, the budget proposes to use reappropriated and reverted funds totaling \$25.9 million to support ongoing LCFF in 2023-24 and deferring LCFF funds totaling \$35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25.

Legislative Analyst's Office.

The LAO's comments on LCFF are included as part of its overall Proposition 98 comments, which is provided in Issue 2 of this agenda.

Suggested Questions.

- We are hearing, anecdotally, that families are fearful of sending their children to school in light of the deportation threats being made at the federal level, thus resulting in lower attendance at local educational agencies. How soon would we be able to confirm these anecdotes, and what could a proper response look like, both for the local educational agencies and for the families in the context of a TK-12 setting?

Staff Recommendation. Hold open.

Issue 4: Fiscal Health of School Districts

Description.

The Fiscal Crisis and Management Assistance Team (FCMAT) provides a statewide resource to help monitoring agencies in providing fiscal and management guidance and helps local education agencies (LEAs) - school districts, county offices of education (COEs), and charter schools, as well as community college districts - fulfill their financial and management responsibilities. Lead FCMAT staff will provide a general overview of the fiscal health of school districts.

Panel.

- Mike Fine, Chief Executive Officer, FCMAT

Background:

Assembly Bill 1200 (Eastin), Chapter 1213, Statutes of 1991, created an early warning system to help LEAs avoid fiscal crisis, such as bankruptcy or the need for an emergency loan from the state. The measure expanded the role of COEs in monitoring school districts and required that they intervene, under certain circumstances, to ensure districts can meet their financial obligations. The bill was largely in response to the bankruptcy of the Richmond School District, and the fiscal troubles of a few other districts that were seeking emergency loans from the state. The formal review and oversight process requires that the county superintendent approve the budget and monitor the financial status of each school district in its jurisdiction. COEs perform a similar function for charter schools, and the California Department of Education (CDE) oversees the finances of COEs. There are several defined "fiscal crises" that can prompt a COE to intervene in a district: a disapproved budget, a qualified or negative interim report, or recent actions by a district that could lead to not meeting its financial obligations.

Beginning in 2013-14, funding for COE fiscal oversight was consolidated into the Local Control Funding Formula (LCFF) for COEs. COEs are still required to review, examine, and audit district budgets, as well as annually notify districts of qualified or negative budget certifications, however, the state no longer provides a categorical funding source for this purpose.

AB 1200 also created FCMAT, recognizing the need for a statewide resource to help monitoring agencies in providing fiscal and management guidance. FCMAT also helps LEAs fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training, and other related services. FCMAT also includes the California School Information Services (CSIS). LEAs and community colleges can proactively ask for assistance from FCMAT, or the Superintendent of Public Instruction (SPI), the county superintendent of schools, the FCMAT Governing Board, the California Community Colleges Board of Governors or the state Legislature can assign FCMAT to intervene or provide assistance. Ninety percent of FCMAT's

work is a result of an LEA inviting FCMAT to perform proactive, preventive services, or professional development. Ten percent of FCMAT's work is a result of assignments by the state Legislature and oversight agencies to conduct fiscal crisis intervention. The office of the Kern County Superintendent of Schools was selected to administer FCMAT in June 1992.

Interim Financial Status Reports. Current law requires LEAs to file two interim reports annually on their financial status with the CDE. First interim reports are due to the state by December 15 of each fiscal year; second interim reports are due by March 17 each year. Additional time is needed by the CDE to certify these reports.

As a part of these reports, LEAs must certify whether they are able to meet their financial obligations. The certifications are classified as positive, qualified, or negative.

- A positive certification is assigned when an LEA will meet its financial obligations for the current and two subsequent fiscal years.
- A qualified certification is assigned when an LEA may not meet its financial obligations for the current and two subsequent fiscal years.
- A negative certification is assigned when an LEA will be unable to meet their financial obligations in the current year or in the subsequent fiscal year.

AB 1200 states the intent that the legislative budget subcommittees annually conduct a review of each qualifying school district (those that are rated as unlikely to meet their fiscal operations for the current and two subsequent years), as follows: "It is the intent of the Legislature that the legislative budget subcommittees annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the district, the impact of the recovery plans upon the district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the district."

First Interim Report. The first interim report has been published by CDE, and seven LEAs have negative certifications for the first interim report, as of February 19, 2025. For comparison, six LEAs were identified with negative certifications at this same time last year. These LEAs that have negative certifications will not be able to meet their financial obligations for 2024-25 or 2025-26, based on data generated by LEAs in Fall 2024, prior to release of the Governor's January 2025-26 budget. The first interim report also identified 32 LEAs with qualified interim report certifications. These LEAs with qualified certifications may not be able to meet their financial obligations for 2024-25, 2025-26, or 2026-27. For comparison, the first interim report in fiscal year 2023-24 identified 31 LEAs with qualified certifications, and in fiscal year 2022-23 nine LEAs were identified with qualified certifications.

Second Interim Report. The second interim report, which covers the period ending January 31, 2025, is due March 17th.

State Emergency Loans. A school district governing board may request an emergency apportionment loan from the state if the board has determined the district has insufficient funds to meet its current fiscal obligations. Existing law states the intent that emergency apportionment

loans be appropriated through legislation, not through the budget. The conditions for accepting loans are specified in statute, depending on the size of the loan. For loans that exceed 200 percent of the district's recommended reserve, the following conditions apply:

- The county superintendent shall assume all the legal rights, duties, and powers of the governing board of the district.
- The county superintendent, with concurrence from both the SPI and the president of the state board of their designee, shall appoint an administrator to act on behalf of the SPI.
- The school district governing board shall be advisory only and report to the state administrator.
- The authority of the county superintendent and state administrator shall continue until certain conditions are met. At that time, the county superintendent, with concurrence from both the SPI and the president of the state board of their designee, shall appoint a trustee to replace the administrator.

For loans equal to or less than 200 percent of the district's recommended reserve, the following conditions apply:

- The county superintendent, with concurrence from the SPI and the president of the state board or their designee, shall appoint a trustee to monitor and review the operation of the district.
- The school district governing board shall retain governing authority, but the trustee shall have the authority to stay and rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district.
- The authority of the county superintendent and the state-appointed trustee shall continue until the loan has been repaid, the district has adequate fiscal systems and controls in place,
- and the SPI has determined that the district's future compliance with the fiscal plan approved for the district is probable.

State Emergency Loan Recipients. Nine school districts have sought emergency loans from the state since 1991. The table below summarizes the amounts of these emergency loans, interest rates on loans, and the status of repayments. Five of these districts: Coachella Valley Unified, Compton Unified, Emery Unified, West Fresno Elementary, and Richmond/West Contra Costa Unified have paid off their loans. Four districts have continuing state emergency loans: Oakland Unified, South Monterey County Joint Union High (formerly King City Joint Union High), Vallejo City Unified, and Inglewood Unified School District. The most recently authorized loan was to Inglewood Unified School District in 2012 in the amount of \$55 million from the General Fund and the California Infrastructure and Economic Development Bank (I-Bank). Of the four districts with continuing emergency loans from the state, Inglewood Unified School District is the only district operating under an administrator and has a positive certification list at first interim in 2024-25. Oakland Unified School District is on the negative certification list and Vallejo City Unified School District continues to be on the qualified certification list in the first interim report in 2024-25.

Currently Outstanding Emergency Loans to School Districts

District	Tenure of Administrators and Trustees	Amount of State Loan	Interest Rate	Outstanding Balance of I-Bank and General Fund Loans	Amount Paid By District Including Principal & Interest	Pay Off Date
Inglewood Unified	Administrator 10/03/12– Present	\$7,000,000 \$12,000,000 \$10,000,000 = \$29,000,000 (\$55 million authorized)	2.307%	\$18,248,005 as of 07/01/24	\$16,487,856	11/01/34 GF
South Monterey County Joint Union High (formerly King City Joint Union High)	Administrator 07/23/09– 06/30/16 Trustee 07/01/16– Present	\$2,000,000 \$3,000,000 \$8,000,000 = \$13,000,000	2.307%	\$4,607,159 as of 07/01/24	\$14,610,534	October 2028 I-bank
Vallejo City Unified	Administrator 06/22/04– 03/31/13; Trustee 07/13/07– Present	\$50,000,000 \$10,000,000 = \$60,000,000	1.5%	\$670,790 as of 07/01/24	\$68,506,499	January 2024 I-bank 08/13/24 GF
Oakland Unified	Administrator 06/16/03– 06/28/09; Trustee 07/01/08– Present	\$65,000,000 \$35,000,000 = \$100,000,000	1.778%	\$4,080,652 as of 07/01/24	\$115,518,932	January 2023 I-bank 6/29/26 GF

Source: California Department of Education

Suggested Questions.

- After this current fiscal year, what will the fiscal health of the districts that were affected by the LA wildfires look like?
- Are we seeing yet the impacts of federal rhetoric and actions on schools in California?

Staff Recommendation. This item is informational.

Issue 5: Disaster Recovery for TK-12 Schools – Los Angeles Wildfires**Panel.**

- Brooks Allen, State Board of Education
- Jessica Holmes, Department of Finance
- Rebecca Kirk, Office of Public School Construction
- Aaron Heredia, Department of Education
- Juan Mireles, Department of Education

Background.

During much of January 2025, wildfires ravaged parts of Southern California in Los Angeles County and Ventura County, with extensive damage born from the Eaton Fire in Altadena and the Palisades Fire in the Pacific Palisades. The Los Angeles and Ventura Counties' wildfires collectively burned over 47,900 acres, and destroyed or damaged 16,250 structures.

As of February 21, 2025, eight public school sites with a total enrollment of nearly 5,200 students have been identified and assessed by the Division of the State Architect as being damaged or destroyed, including charter schools, as well as a vacant school site (the vacant school site is not included in the eight damaged or destroyed schools mentioned earlier). Additionally, 12 private schools, both parochial and non-parochial, with a total enrollment of nearly 2,300 students, were also damaged or destroyed in these wildfires.

In response, the Governor issued at least three executive orders following the wildfires that offered broad relief to local educational agencies impacted by the emergency, including: flexibility on instructional days, class sizes, residency requirements, and reporting deadlines. It also facilitated the use of temporary facilities, streamlines processes for enrolling displaced students, and provides guidance for charter school relocations. Additionally, the executive orders suspended certain regulations and penalties to help local educational agencies focus on immediate needs, and directs state agencies to assist with temporary student housing and rebuilding efforts.

During the 1st Extraordinary Special Session, the Legislature appropriated \$1 million one-time General Fund to the Department of General Services (\$250,000 for the Division of the State Architect and \$750,000 to the Office of Public School Construction). These funds are being used to provide assistance to the impacted school districts and charter schools located within those school districts to rebuild and recover school facilities damaged as a result of the wildfires. The Governor's Budget also proposes to appropriate \$1.5 billion in bond funding from the recently passed Proposition 2.

Existing law allows local educational agencies to use the Request for Allowance of Attendance Due to Emergency Conditions, Form J-13A in the event of emergency-related school closures or material decreases in attendance to obtain approval of attendance and instructional time credit without incurring a fiscal penalty to its Local Control Funding Formula allocation for the current year. Currently, local educational agencies must submit a certified plan for which independent study will be offered to students within ten days of the first day of a school closure or material decrease with all J-13A requests. Approval of a Form J-13A request is not conditioned upon the implementation of the independent study plan. The Governor, as part of his emergency relief, issued an executive order that removes the requirement for local educational agencies to submit an affidavit during this process. Local educational agencies including charter schools that experienced a material decrease in attendance due to the 2025 wildfires can use this process to protect their Local Control Funding Formula allocation in the 2024-25 fiscal year.

The 2024 budget replaced this process beginning in the 2025-26 fiscal year, and requires local educational agencies to include “instructional continuity” plans as part of their school safety plans. In order for its Form J13A to be approved, a local educational agency that had school closures or a material decrease in attendance will be required to provide an affidavit that certifies that: (1) it has a local governing board or body-adopted school safety plan that includes instructional continuity plans; (2) either it has provided pupil engagement and instruction as specified in its school safety plan, or it has not provided pupil engagement and instruction due to extenuating circumstances, and describes the support it provided either during or immediately after the closure or material decrease; and (3) if applicable, a copy of the state or local public health or public safety order that required the school closure.

Suggested Questions.

- In addition to the relief provided in this current year, what could the next steps of recovery from the LA wildfires look like in the outyears?

Staff Recommendation. This item is informational.

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100

Consultant: Yong Salas
PART A

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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.

Item	Subject	Description	Staff Recommendation	Language	Comments
6100 Department of Education, Pre-K-12 Local Assistance					
1	Proposition 98 Framework Education Code 41203.1 (Governor's Budget and May Revise)	The Administration proposes a total Proposition 98 funding level of \$114.6 billion (TK-14) for 2025-26, a calculated level of \$118.9 billion in 2024-25 with an appropriation level of \$117.6 billion, and the suspended level of \$98.5 billion in 2023-24. The Administration also proposes to fund TK enrollment from the Local Control Funding Formula outside of the Proposition 98 split between TK-12 Education and California Community Colleges in 2023-24, 2024-25 and 2025-26.	Approve the appropriation levels proposed by the Administration. Reject the change in the Proposition 98 split in 2023-24 and 2024-25, but approve the proposed change in the split beginning in 2025-2. Conform to legislative package, and adopt placeholder trailer bill language.	TBL	
2	TK-12 Deferrals 6100-485/488 and Education Code 14041.5, 14041.6, 14041.8, and Uncodified Section (May Revise)	The Administration proposes to fully repay the deferrals that were included in the 2024-25 Budget Act with a combination of re-appropriated, reverted, and one-time funds. The Administration also proposes a new \$1.8 billion deferral from June 2026 to July 2026 for TK-12 agencies, which is proposed to be repaid in 2026-27.	Adopt the repayment of the 2023-24 and 2024-25 deferrals, reduce the proposed deferrals from June to July 2026 and reduce the amount to \$846 million, and adopt placeholder trailer bill language conforming to the legislative package.	BBL/TBL	
3	Public School System Stabilization Account (Proposition 98 Rainy Day Fund) 6100-601-0001, 6100-601/698-3207 and Education Code 42252.1 (Governor's Budget and May Revise)	The Administration proposes to reduce the discretionary payment in 2024-25 of \$1.1 billion down to the mandatory payment level of \$540 million in 2024-25, with a mandatory withdrawal of \$540 million in 2025-26, exhausting the reserves. Under current law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the Account is equal to or greater than three percent of the total TK-12 share of the Guarantee.	Adopt the deposit into the Proposition 98 Reserves in 2024-25 and adopt placeholder trailer bill language to enact the the withdrawal in 2025-26, and adopt budget bill language that authorizes the Department of Finance to deposit up to \$650 million by May 14, 2026 into the Proposition 98 Reserves.	BBL/TBL	
4	Arts and Music in Schools Funding Guarantee and Accountability Act (Proposition 28) 6100-628-0001 (Governor's Budget and May Revision)	The budget includes \$1.05 billion General Fund for the purposes of Proposition 28 in 2025-26.	Conform to legislative package.		

Item	Subject	Description	Staff Recommendation	Language	Comments
5	Local Control Funding Formula 6100-601/608-0001/6100-485/6100-488 (Governor's Budget and May Revise)	The January budget and May Revision applies a cost-of-living-adjustment of 2.3 percent, and combined with population growth decreases, results in an increase of \$2.1 billion ongoing Proposition 98 funding, with offsets reflecting increased property tax and Education Protection Account revenues. The budget proposes to fund \$25.9 million in LCFF costs in 2023-24 from re-appropriated and reversion funds.	Approve the LCFF costs as proposed, modify changes to conform to the legislative package.	BBL	
6	Principal Apportionment Attendance Reporting Periods Education Code 41601 (Governor's Budget)	The budget proposes statutory changes that would exclude average daily attendance generated through the Attendance Recovery program on weekends and intersession from principal apportionment attendance reporting periods.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
7	Transitional Kindergarten Expansion and Ratio Reduction 6100-601-0001 and Education Code 42338.02 (Governor's Budget and May Revise)	The budget proposes funding for the full implementation of the transitional kindergarten (TK). These include \$2.1 billion ongoing Proposition 98 General Fund, and \$1.2 billion ongoing Proposition 98 General Fund to lower the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
8	Transitional Kindergarten Fiscal Penalties Education Code 48000.1 (May Revise)	It is requested that statutory changes be added, beginning in fiscal year 2025-26, to specify the penalty for exceeding the 1:10 adult-to-pupil ratio requirement, and that the average class enrollment penalty be limited to the average daily attendance that exceeds 24 pupils by schoolsite.	Approve and adopt placeholder trailer bill language.	TBL	
9	Transitional Kindergarten Multilingual Learner Assessments Education Code 48004 (Governor's Budget and May Revise)	The budget proposes trailer bill language for the selection of a single statewide multilingual learner assessment instrument for students in transitional kindergarten. The budget also proposes to require, starting in 2027-28, local educational agencies to screen TK students with the selected instrument. The budget appropriates \$10 million one-time Proposition 98 General Fund for the selection and acquisition of the statewide instrument, and any necessary training.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
10	Transitional Kindergarten Multilingual Learner LCFF Supplementary Funding Uncodified (May Revise)	It is requested that statutory changes be added to reflect a one-time appropriation of \$7.5 million Proposition 98 General Fund, available until June 30, 2027, to mitigate reductions in supplemental and concentration grant funding to local educational agencies as a result of Chapter 15, Statutes of 2024 (AB 2268), which exempted transitional kindergarteners from the English language proficiency assessment.	Modify the proposal to adopt the LAO recommendation to base the formula on the proportion of the local educational agency's English Learners.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
11	Student Support and Professional Development Discretionary Block Grant 6100-485 and Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1.7 billion Proposition 98 General Fund for a discretionary block grant, to be allocated based on enrollment.	Approve \$500 million Proposition 98 General Fund for a discretionary block grant and adopt placeholder trailer bill language.	BBL/TBL	
12	Learning Recovery Emergency Block Grant Education Code 32526 (Governor's Budget)	The Administration proposes to augment the Learning Recovery Emergency Block Grant by \$378.6 million one-time Proposition 98 General Fund. These funds would be subject to the provisions put in place by the 2024-25 Budget Act, pursuant to the Cayla J Settlement.	Approve as budgeted and adopt placeholder trailer bill language.	TBL	
13	Equity Multiplier 6100-645-0001 (Governor's Budget and May Revise)	The budget includes a 2.3 percent cost-of-living adjustment of \$7 million ongoing Proposition 98 General Fund.	Approve as budgeted.		
14	Home-to-School Transportation 6100-601/608-0001 (Governor's Budget and May Revise)	The budget proposes an increase of \$16.9 million in 2025-26 and an increase of \$2 million in 2024-25 to reflect costs of the Home-to-School Transportation program.	Approve as budgeted.		
15	Cost of Living Adjustments (COLA) 6100-119, 150, 151, 158, 161, 203, 296 - 0001 (Governor's Budget and May Revision)	The budget proposes a COLA increase of \$174 million for the Foster Youth, American Indian Early Education Childhood Education, American Indian Education Centers, Special Education, Child Nutrition, Adults in Correctional Facilities, and K-12 Mandate Block Grant programs. This adjustment reflects a 2.3 percent cost-of-living adjustment.	Approve as budgeted.	BBL	
16	Budget Approval Process Update Education Code 1622, 1623, 1630, 42127.1, and 42127.6 (Governor's Budget)	The proposed budget includes trailer bill language that: (1) updates the county office of education budget approval process to be aligned with the process for school district budget approval process; (2) updates the budget review committee membership reimbursement; (3) modifies the assessment for budget approval and remedial tools that oversight agencies can exercise over school districts and county offices of education.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
17	Differentiated Assistance Education Code 52064.5 (May Revise)	It is requested that statutory changes be added to direct the State Board of Education to, no later than July 15, 2026, update the state adopted performance criteria for local educational agency assistance and intervention.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
18	Regional English Learner Lead Agencies Education Code 52073.4 (May Revise)	It is requested that statutory changes be added to: (1) reflect an ongoing appropriation of \$2 million Proposition 98 General Fund to support Regional English Learner lead agencies; and (2) define the selection criteria and responsibilities of the Regional English Learner lead agencies.	Approve as budgeted and adopt placeholder trailer bill language.	TBL	
19	Failure to Adopt Local Control and Accountability Plans Education Code 1631, 42120, 42128, 42129, and 52065.1 (Governor's Budget and May Revise)	The proposed budget includes trailer bill that applies fiscal penalties to local educational agencies that fail to adopt a timely local control and accountability plan.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
20	Conditions for Audit Extensions Education Code 41020.2 (Governor's Budget)	The budget proposes trailer bill language that clarifies the conditions under which audit extensions are approved for local educational agencies.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
21	Expanded Learning Opportunity Program 6100-110-0001 and Education Code 46120 (Governor's Budget and May Revise)	The budget proposes an increase of \$515.5 million ongoing Proposition 98 General Fund for the Expanded Learning Opportunity Program, and trailer bill language that adjusts the eligibility of Rate 1 schools from 75 percent unduplicated pupils to 55 percent of unduplicated pupils. The budget also proposes an additional \$10 million to increase the minimum grant amount from \$50,000 to \$100,000 per local educational agency.	Adopt placeholder trailer bill language to begin the expansion of eligible Tier 1 schools to January 1, 2026, creating savings of approximately \$263 million; increase the minimum grant amount from \$50,000 to \$100,000; and stabilize the rate for Tier 2 schools.	BBL/TBL	
22	Relief for Local Educational Agencies Impacted by Los Angeles Wildfires Education Codes 41490, 46120, 46392, and Uncodified (Governor's Budget and May Revise)	The budget proposes trailer bill language that: -Protects funding based on attendance in the Expanded Learning and Opportunities Program. -Protects funding for charter schools impacted by the fires. -Uses savings from Multi-Tiered Systems of Support to support fire-impacted local educational agencies. -Holds enrollment harmless for purposes of calculating allocations in the Student Support and Professional Development Discretionary Block Grant. -Appropriates \$9.7 million to backfill property tax losses for basic aid districts impacted by the fires. -Rebenches the Proposition 98 Guarantee to accommodate a General Fund backfill for property tax losses.	Approve as proposed, appropriate an additional \$1.8 million Proposition 98 General Fund for wildfire assistance, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
23	<p>Special Education (Proposition 98 General Fund)</p> <p>6100-161-0001</p> <p>(Governor's Budget and May Revise)</p>	<p>It is requested that Schedule (1) of this item be decreased by \$81,728,000 ongoing Proposition 98 General Fund. This adjustment includes: (1) a decrease of \$67,895,000 to reflect decreased estimates of growth in average daily attendance; (2) a decrease of \$9,345,000 to reflect a decrease in the cost-of-living adjustment; and (3) a decrease of \$4,488,000 to reflect an increase of offsetting property tax revenues.</p> <p>It is also requested that Schedule (3) of this item be decreased by \$1,409,000 ongoing Proposition 98 General Fund. This adjustment includes (1) a decrease of \$1,241,000 to reflect decreased estimates of growth in average daily attendance, and (2) a decrease of \$168,000 to reflect a decrease in the cost-of-living adjustment.</p>	Approve as budgeted	BBL	
24	<p>Special Education (Federal Funds)</p> <p>6100-161-0890</p> <p>(May Revise)</p>	<p>It is requested that Schedule (1) of this item be increased by \$513,000 federal IDEA funds to reflect an ongoing decrease of \$7,737,000 to align with the federal grant award and an increase of \$8,250,000 one-time carryover funds.</p> <p>It is also requested that Schedule (2) of this item be increased by \$10,292,000 federal IDEA funds to reflect: (1) an increase of \$6 million one-time federal IDEA carryover funds for the State Performance Plan Technical Assistance Project to expand resources and provide direct technical assistance to local educational agencies; (2) an increase of \$3,750,000 one-time federal IDEA carryover funds to expand and increase the resources of the California Technical Assistance Network (CaTAN); (3) an increase of \$542,000 federal IDEA funds for fiscal years 2025-2026 and 2026-2027 for the expansion of the CaTAN servers and optimization of search capabilities.</p> <p>It is also requested that Schedule (4) of this item be increased by \$356,000 one-time federal IDEA funds to reflect the availability of carryover fund.</p>	Approve as budgeted	BBL	
25	<p>Special Education Redevelopment Agency Property Tax Backfill</p> <p>Uncodified Section</p> <p>(Governor's Budget)</p>	<p>The proposed budget includes trailer bill language that allows the Department of Finance to address any shortfall or excess of local redevelopment agency property taxes for special education programs with General Fund.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
26	Digitization and Translation of Individualized Education Plan (IEP) Template Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1 million Proposition 98 General Fund and trailer bill language for the California Collaborative for Educational Excellence to digitize the state standardized individualized education plan template developed by the IEP template workgroup. The budget also proposes one-time \$1 million Proposition 98 General Fund, only if federal Individuals with Disabilities Education Act funds are not available for this purpose, and trailer bill language to translate the digital standardized individualized education plan template.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
27	Add Community Treatment Facilities to Out of Home Care Funding Formula Education Code 56836.168 (Governor's Budget)	The budget proposes technical trailer bill language that includes community treatment facilities in the Out-of-Home-Care funding formula.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
28	Inclusive College for Students with Intellectual Disabilities - Clean Up Education Code 66032.2 (Governor's Budget and May Revise)	The budget proposes technical trailer bill language to clarify the eligibility for the Inclusive College for Students with Intellectual Disabilities program.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
29	UCSF Literacy Screener Appropriation Uncodified (May Revise)	It is requested that statutory changes be added to appropriate \$10 million one-time Proposition 98 General Fund to the county office of education selected to administer the California Dyslexia Initiative to partner with University of California, San Francisco Dyslexia Center to perform various activities to support screening for reading difficulties.	Reject this proposal.	TBL	
30	Special Olympics Uncodified (May Revise)	It is requested that statutory changes be added to appropriate \$30 million one-time General Fund to support the Special Olympics of Northern and Southern California for specified purposes.	Approve this proposal and appropriate \$30 million Proposition 98 General Fund for Special Olympics, in partnership with a County Office of Education.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
31	<p>Secondary School Redesign Pilot Program</p> <p>Uncodified</p> <p>(May Revise)</p>	<p>It is requested that statutory changes be added to appropriate \$15 million one-time Proposition 98 General fund to the Superintendent of Public Instruction for a county office of education to administer a pilot program with select school districts to redesign middle and high schools to better serve the needs of all students and increase student outcomes, including personalizing the learning environment, integrating experiential education and new uses of technology, and supporting deeper learning. Of the funding allocated for this purpose, it is requested that \$1 million be allocated for an evaluation of the pilot program and documentation of successful models.</p>	<p>Reject this proposal.</p>	<p>TBL</p>	
32	<p>Reading and Literacy Supplementary Authorization Incentive Grant Program Participation Award Increase</p> <p>Sec. 126, Ch. 52, Statutes of 2022</p> <p>(Governor's Budget)</p>	<p>The budget proposes to increase the award amount from the Reading and Literacy Supplementary Authorization Incentive Grant Program from \$2,500 to \$6,000, and adjust the grantee match requirement.</p>	<p>Adopt placeholder trailer bill language for the proposed changes related to the award increase and the grantee match requirement, and add mathematics supplementary authorization and National Board Certification for eligible purposes.</p>	<p>TBL</p>	
33	<p>Educator Training for Literacy Screener</p> <p>Uncodified</p> <p>(Governor's Budget and May Revise)</p>	<p>The budget proposes to include one-time \$40 million Proposition 98 General Fund for professional development and instrument acquisition for the implementation of universal literacy screenings in 2025-26, and statutory changes to allow school employees, rather than solely educators, administer the screenings.</p>	<p>Approve as budgeted and adopt placeholder trailer bill language.</p>	<p>TBL</p>	
34	<p>Student Teacher Stipend Program (Formerly Loan Repayment for Teachers in Priority Schools Program)</p> <p>Education Code 44400, 44400.01, 44400.02, and 44400.03 and Uncodified Section</p> <p>(Governor's Budget and May Revise)</p>	<p>It is requested that statutory changes transmitted with the Governor's Budget related to the Loan Repayment for Teachers in Priority Schools Program be amended to instead appropriate \$100 million one-time Proposition 98 General Fund to provide stipends for California-prepared preliminary credential candidates that are completing at least 500 hours of student teaching.</p>	<p>Approve an additional \$500 million Proposition 98 General Fund for this program, for a total program investment of \$600 million Proposition 98 General Fund, and adopt placeholder trailer bill language.</p>	<p>TBL</p>	

Item	Subject	Description	Staff Recommendation	Language	Comments
35	2021 National Board of Professional Teaching Standards Certification Incentive Program Liquidation Extension Sec. 137, Chapter 44, Statutes of 2021 (Governor's Budget)	The budget proposes to extend the liquidation period for the 2021 investment for the National Board of Professional Teaching Standards Certification Incentive Program from June 30, 2028 to June 30, 2031.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
36	National Board of Professional Teaching Standards Certification Incentive Program - Additional Investment for 2025-26 Uncodified (Governor's Budget)	The budget proposes an additional one-time \$100 million Proposition 98 General Fund for the National Board of Professional Teaching Standards Certification Incentive Program.	Reject this proposal.	TBL	
37	Learning Acceleration System Grant Extension Sec. 43, Ch. 252, Statutes of 2021 (Governor's Budget)	The budget proposes to extend the availability of funds and any interest earned on the funds from June 30, 2026 to January 1, 2028.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
38	Universal School Meals 6100-203-0001/6100-201-0890 (Governor's Budget and May Revise)	The proposed budget includes approximately \$2 billion Proposition 98 General Fund in 2025-26, an increase of \$69.2 million Proposition 98 General Fund due to program growth, and \$2.9 billion federal funds in 2025-26 to fund universal access to subsidized school meals.	Approve as budgeted.	BBL	
39	2025 Kitchen Infrastructure and Training Funds Uncodified (Governor's Budget)	The budget proposes \$150 million one-time Proposition 98 General Fund for the Kitchen Infrastructure and Training Funds for specialized kitchen equipment, infrastructure, and training to support the universal school meals program.	Appropriate an additional \$20 million Proposition 98 General Fund for a total program investment of \$170 million, and establish a Universal School Meals Implementation Block Grant, which will prioritize kitchen infrastructure, nutrition staff support and recruitment, local food procurement, and procurement of non-ultra processed foods.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
40	2022 Kitchen Infrastructure and Training Funds Extension Sec. 132, Ch. 52, Stats. 2022 (May Revise)	It is requested that statutory changes be added to: (1) extend the deadline for local education agencies to expend the Kitchen Infrastructure and Training funds allocated in the 2022 Budget Act from June 30, 2025 to June 30, 2026; and (2) extend the deadline for local educational agencies to report to the Department of Education on how funds were used to improve the quality of school meals or increase participation in subsidized school meal programs from June 30, 2025 to June 30, 2026, as a result of delays in completing infrastructure upgrades.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
41	SUN Bucks Program Eligibility and Verification Requirement Education Code 49506.1 and 6100-201-0890/0001 (May Revise)	The May Revision proposes \$21.9 million ongoing federal funds and \$21.9 million ongoing Proposition 98 General Fund to support the local administration of the SUN Bucks program. It is requested that statutory changes be added to: (1) require annual eligibility determination using a School Meals Application or the Universal Benefits Application, as specified, for the SUN Bucks Program; and (2) require schools that collect either application meet specified verification requirements.	Approve as budgeted and adopt placeholder trailer bill language.	BBL/TBL	
42	Universal Benefit Application Education Code 42238.01 (May Revise)	It is requested that statutory changes be added to include the SUN Bucks compliant Universal Benefits Application as an option to determine free or reduced-price meals eligibility for inclusion in the unduplicated pupil count.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
43	Historical Career Technical Education Programs Consolidated Application and Reporting Uncodified (Governor's Budget)	The budget proposes trailer bill language that would require the Department of Education to review and provide recommendations to consolidate the application for historical career technical education programs.	Adopt placeholder trailer bill language to consolidate the applications for all major career technical education programs through the Department of Education and the California Community Colleges.	TBL	This proposal will maintain individual programs and administration.
44	K-16 Education Collaborative Program - Update Interim Goals and Alignment Provisions 7760-101-0001, Ch. 33, Statutes of 2023 (Governor's Budget)	The budget proposes to extend the completion of programmatic goals for two years to June 30, 2028 and the encumbrance period to June 30, 2030, and also clarifies the requirement to create occupational pathways.	Reject this proposal.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
45	Curriculum Framework, Standards, and Instructional Materials Process Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1 million Proposition 98 General Fund and trailer bill language that would require a county office of education to contract with a research or non-profit organization to study and provide recommendations on the curriculum development and adoption.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
46	Instructional Materials Penalty Education Code 60151 (Governor's Budget)	The budget includes technical trailer bill language that clarifies the instructional materials penalty.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
47	Literacy and Math Coaches Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$500 million Proposition 98 General Fund for literacy coaches and math coaches, per the following: (1) \$235 million is proposed for a third cycle of Literacy Coaches and Reading Specialists Grant Program for schools with 93.5 percent unduplicated pupils, for school literacy programs, dual language immersion programs, and programs for multilingual learners; (2) \$15 million for a county office of education, or a consortium of county offices, to provide and coordinate professional development; (3) \$220 million is proposed for schools to employ and train mathematics coaches and specialists for local educational agencies that receive concentration grants in the Local Control Funding Formula, and (4) \$30 million for the Mathematics Professional Learning Partnership.	Approve \$100 million for Literacy Coaches and Reading Specialists Grant Program and for Mathematics Coaches and Specialists, and adopt conforming placeholder trailer bill language. Reject \$30 million for the Mathematics Professional Learning Partnership, and amend 2024 investment for the Mathematics Professional Learning Partnership to ensure that this investment can be used for statewide mathematics coordination. Reject \$15 million for the professional development and coordination.	TBL	
48	Statewide Literacy Network and Mathematics Network Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$25 million Proposition 98 General Fund for the California Collaborative for Educational Excellence to convene a Statewide Literacy Network (\$12.5 million) and a Statewide Mathematics Network (\$12.5 million) through the 2029-30 fiscal year.	Approve \$12.5 million for the Statewide Literacy Network, and adopt placeholder trailer bill language.	TBL	See amendments to the 2024 investment for the Mathematics Professional Learning Partnership, which ensures it can be used for statewide mathematics coordination.

Item	Subject	Description	Staff Recommendation	Language	Comments
49	Literacy Instruction Professional Development Education Code 33319.6 and Uncodified (May Revise)	It is requested that statutory changes be added to: (1) appropriate \$200 million one-time Proposition 98 to support evidenced-based professional learning for elementary school teachers aligned with the English Language Arts/English Language Development Framework; and (2) establish a process for approval of criteria and guidance for the selection or development of professional development programs for use statewide and a list of programs deemed to meet those criteria.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
50	Homeless Education Technical Assistance Centers 6100-136-0001 and Education Code 48857 (Governor's Budget)	The budget appropriates \$1.5 million ongoing Proposition 98 General Fund for ongoing support to the county offices of education that serve as homeless education technical assistance centers.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
51	Inclusive Early Education Expansion Program Education Code 8337 (Governor's Budget)	The budget proposes trailer bill language that codifies the state level activities set-aside from \$50 million Proposition 98 General Fund to \$10 million Proposition 98 General Fund, related to the shift in funding for the Inclusive Early Education Expansion Program in the 2024 Budget Act from \$250 million to \$100 million.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
52	Non-Local Educational Agency State Preschool Program 6100-194-0001 and Education Code 8242 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$10,172,000 ongoing non-Proposition 98 General Fund to reflect the 2025-26 suspension of the cost-of living-adjustment for the California State Preschool Program.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
53	Local Educational Agency State Preschool Program 6100-196-0001 and Education Code 8242 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$19,296,000 ongoing Proposition 98 General Fund to reflect the 2025-26 suspension of the cost-of living-adjustment for the California State Preschool Program.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
54	Zero-Emission School Buses 2025-26 Allocation 3900-601-0001/3360-603-0001 (Governor's Budget)	The budget proposes to reduce the one-time funding available for zero-emission school buses in 2025-26 by \$500 million.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
55	Proposition 39 Clean Energy Jobs Act Encumbrance Extension Uncodified (May Revise)	It is requested that statutory changes be added to extend the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
56	K-12 High Speed Network 6100-182-0001 (Governor's Budget)	The budget proposes an increase of \$3.5 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.	Approve as budgeted.	BBL	
57	California College Guidance Initiative 6100-172-0001 (Governor's Budget)	The budget proposes an increase of \$3 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.	Approve as budgeted.	BBL	
58	Community Schools Grants Redistribute Returned Funds Education Code 8902 (May Revise)	It is requested that statutory changes be added to allow any returned funds from implementation grant awards be reallocated by the Department to support extension grants.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
59	Comprehensive Literacy State Development Grant 6100-001-0890/6100-117-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$475,000 federal Comprehensive Literacy State Development Grant funds annually through 2028-29 for the Department to implement the federal Comprehensive Literacy State Development Grant.	Approve as budgeted.	BBL	
60	Federal Title I, Comprehensive Support and Improvement Funds 6100-001-0890/6100-134-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$465,000 ongoing federal Title I funds for the Department to reflect a shift of CSI funding from local assistance to support.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
61	California Association of Student Councils 6100-243-0001 (May Revise)	It is requested that Item 6100-243-0001 be added in the amount of \$500,000 one-time Proposition 98 General Fund for the California Association of Student Councils to support targeted outreach efforts to recruit participants in programs that reflect a broader geographic and socioeconomic representation of California's K-12 public school students.	Approve as budgeted, and adopt reporting requirements.	BBL	
62	Proposition 98 Reversion 6100-485 (Governor's Budget and May Revise)	The budget proposes to revert \$28.9 million for the Proposition 98 reversion account, and use these funds for Local Control Funding Formula allocations, payment of deferrals, and the Student Support Discretionary Block Grant.	Conform to legislative package.	BBL	
63	Proposition 98 Re-Appropriation 6100-488 (Governor's Budget and May Revise)	The budget proposes to re-appropriate \$151.7 million from prior investments to support Local Control Funding Formula allocations, payment of deferrals, and \$520,000 for settlement costs in Loffman, et al. v. California Department of Education.	Conform to legislative package.	BBL	
64	Funding for Instructional Quality Commission for English Language Arts/English Language Development 6100-004-0001 and Uncodified Section (Governor's Budget)	The budget proposes one-time \$250,000 Proposition 98 General Fund to develop supplemental guidance for English Language Arts and English Lanugage Development that complements the English Language Arts/English Language Development follow up adoption, with a corresponding decreased adjustment to 6100-004-0001.	Approve as budgeted and adopt placeholder trailer bill language.	BBL/TBL	
65	Project Advancing Wellness and Resilience in Education (AWARE) Grant and Project Students, Teachers, and Officers Preventing School Violence Grant (Cal-STOP) Program 6100-104-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$400,000 one-time federal Project AWARE funds to reflect the availability of carryover funds to support Project AWARE grants for local educational agencies. Project AWARE aims to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.	Approve as budgeted.	BBL	
66	Public Charter Schools Adjustment 6100-112-0890 (May Revise)	It is requested that Item 6100-112-0890 be added in the amount of \$25,421,000 Federal Trust Fund to reflect \$11,606,000 one-time federal Public Charter School carryover funds and an ongoing increase of \$13,815,000 to align to the federal grant award to continue supporting the Public Charter Schools program. It is also requested that provisional language be added.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
67	Program for Neglected and Delinquent Children 6100-119-0890 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$321,000 ongoing federal Title I, Part D funds to align to the federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.	Approve as budgeted.	BBL	
68	Migrant Education Program, Migrant Education Program State-Level Programs, and English Language Acquisition Program 6100-125-0890 (May Revise)	<p>It is requested that Schedule (1) of this item be decreased by \$1,541,000 federal Title I, Part C Migrant Education Program funds to reflect an increase of \$7,731,000 one-time carryover funds and an ongoing decrease of \$9,272,000 to align to the federal grant award. This program awards subgrants to local educational agencies to provide educational support services to meet the needs of highly mobile migrant students.</p> <p>It is requested that Schedule (2) of this item be increased by \$1,154,000 ongoing federal Title I, Part C Migrant Education Program State Level Activities funds to align to the federal grant award. The state-administered Migrant Education programs include the Binational Migrant Education Program, Mini-Corps Program, and the Migrant Student Information Network.</p> <p>It is requested that Schedule (3) of this item be increased by \$12,995,000 federal Title III, Part A English Language Acquisition funds to reflect an increase of \$6,998,000 one-time carryover funds, and an ongoing increase of \$5,997,000 to align to the federal grant award. This program provides services to help students attain English proficiency and meet grade level academic standards.</p>	Approve as budgeted.	BBL	
69	Elementary and Secondary Education Act Program, Title I State Grant and School Improvement Program Grant 6100-134-0890 (May Revise)	The Administration proposes a total of \$2.5 billion in federal fund authority for Title I and Title IV funds. Of this amount, \$70 million is in carryover Title 1 funds, and \$5 million in carryover Title IV funds.	Approve as budgeted.	BBL	
70	McKinney-Vento Homeless Children Education 6100-136-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$123,000 federal McKinney-Vento funds to reflect an increase of \$667,000 one-time carryover funds and an ongoing decrease of \$544,000 to align with the federal grant award. This program supports local educational agencies' efforts to identify homeless students and ensure equal access to public education.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
71	Rural and Low-Income Schools 6100-137-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$30,000 ongoing federal Rural and Low-Income Schools Grant funds to align with the federal grant award. This program provides rural school districts with financial assistance for initiatives aimed at improving student achievement.	Approve as budgeted.	BBL	
72	Adult Education Program 6100-156-0890 (May Revise)	It is requested that this item be increased by \$14 million one-time federal Workforce Innovation and Opportunity Act, Title II funds to reflect the availability of carryover funds. The federal Adult Education Program supports adult basic education, English as a second language, and adult secondary education programs.	Approve as budgeted.	BBL	
73	Part A of Title II Federal Grant 6100-195-0890 (May Revise)	It is requested that Schedule (3) of this item be decreased by \$1,032,000 ongoing federal Part A, Title II funds to align with the federal grant award.	Approve as budgeted.	BBL	
74	21st Century Community Learning Grant Federal Adjustment 6100-197-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$15,670,000 federal 21st Century Community Learning Centers Grant funds to reflect an increase of \$4.5 million one-time carryover funds and an ongoing increase of \$11,170,000 to align with the federal grant award.	Approve as budgeted.	BBL	
75	Early Head Start Federal Adjustment 6100-294-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$534,000 Federal Trust Fund to reflect an increase of \$650,000 one-time federal Early Head Start-Child Care Partnership carryover funds and an ongoing decrease of \$116,000 to align with the federal grant award. These funds are allocated to selected local Partnering Agencies to meet standards and grant requirements that aim to increase the quality of early childhood education programs.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
76	Tobacco-Use Prevention Education Program 6100-001-0231/6100-102-0231 (May Revise)	<p>It is requested that Schedule (1) of Item 6100-001-0231 be decreased by \$196,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund to reflect revised revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund. These funds support the state-level administration of health education efforts aimed at preventing and reducing tobacco use.</p> <p>It is also requested that Schedule (1) of Item 6100-101-0231 be decreased by \$490,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund and Schedule (1) of Item 6100-102-0231 be decreased by \$1,570,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund to reflect revised revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund.</p> <p>These funds are allocated to local educational agencies for health education efforts aimed at preventing and reducing tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.</p>	Approve as budgeted.	BBL	
77	California Universal Prekindergarten Planning and Implementation Grant Education Code 8320 (Legislative Proposal)	<p>This proposal would extend the encumbrance deadline for the Universal Prekindergarten Planning and Implementation Grant from June 2026 to June 2028, and appropriate an additional \$35 million Proposition 98 General Fund for this purpose.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
78	CalKIDS Changes Education Codes 52115.7 and 51284.5 (Governor's Budget and May Revise)	<p>The budget proposes to specify that information about the CalKIDS Program be provided by local educational agencies to pupils, or the parents and guardians of pupils, in a similar manner to information provided about the Free Application for Federal Student Aid (FAFSA). Additionally, the budget proposes to include CalKIDS as part of financial literacy component of the history-social science curriculum framework.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
79	Financial Reporting for Childhood Sexual Assault Transactions Uncodified (Legislative Proposal)	<p>This proposal adds additional accounting codes to the School Accounting Code system to capture transactions made by local educational agencies due to settlements, judgments, or special assessments from claims of childhood sexual assault filed against local educational agencies.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
80	Children and Youth Behavioral Health Initiative Bridge Funding Uncodified (Legislative Proposal)	This proposal appropriates \$20 million Proposition 98 General Fund to the Department of Health Care Services, that would allocate the funds to Sacramento County Office of Education, in partnership with Santa Clara County Office of Education, no later than September 2025. The funds would be administered through the capacity grant infrastructure, as established by the Children and Youth Behavioral Initiative, to local educational agencies to support, in the order of priority: (1) the continuation of services, including youth mental health staffing costs and contracted services; and (2) to provide technical assistance to local educational agencies for the continued implementation of the statewide fee schedule.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
81	Career Technical Education Uncodified (Legislative Proposal)	This proposal appropriates \$150 million for career technical education.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
6100 Department of Education, State Operations					
82	Sustaining Cybersecurity Investments and Enhancing Cybersecurity Resilience 6100-001-0001 (Governor's Budget)	The budget proposes \$1.7 million General Fund for 2025-26 and \$1.6 million for 2026-27 and ongoing. The funds will be used to sustain CDE's critical Information Technology (IT) security investments and continue CDE's phased implementation of cybersecurity policies and technical capabilities required by the California Department of Technology (CDT) as outlined in the Cal-Secure Information Security Roadmap.	Approve as budgeted.	BBL	
83	Pupil Health Extreme Weather Conditions Physical Activity (SB 1248) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$57,000 General Fund to support temporary workload associated with developing evidence-based best practices for extreme weather guidance and safety on school campuses.	Approve as budgeted.	BBL	
84	Prohibited Substances in Child Nutrition (AB 2316) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$77,000 General Fund to support temporary workload associated with updating guidelines, trainings and other resources for school food authorities as it relates to newly prohibited substances and food dye information.	Approve as budgeted.	BBL	
85	Statewide Implementation Plan for the English Learner Roadmap Policy (AB 2074) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$328,000 General Fund to support temporary workload with developing the statewide English Learner Roadmap policy, of which \$164,000 and one position is ongoing to support the statewide implementation of the English Learner Roadmap.	Approve as budgeted.	BBL	
86	Attorney Fees for Litigation 6100-001-0001 (Governor's Budget)	The budget proposes \$2 million one-time General Fund for attorney fees associated with the Cayla J. vs. California settlement.	Approve as budgeted.	BBL	
87	Resources to Support Form J-90 Data Collection (AB 938) 6100-001-0001 and Education Code 42238.016 (Governor's Budget)	The budget proposes 9 positions and \$1.4 million General Fund to support the development of an updated Form J-90 and associated data collection, and technical clean-up language to implement AB 938.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
88	Principal Apportionment Replacement Systems (PARS) Project IT Services Support 6100-001-0001 (Governor's Budget)	The budget proposes \$1.2 million General Fund and 3 positions to support the acquisition of a vendor contract to design and develop a replacement Principal Apportionment Application.	Approve as budgeted.	BBL	
89	School Districts of Choice (SB 897) 6100-001-0001 (Governor's Budget and May Revise)	The Governor's Budget proposed \$141,000 and one position to support ongoing workload associated with the District of Choice program, and the May Revision proposes to eliminate this position under the Vacant Position Savings pursuant to the 2024 Budget.	Approve as budgeted.	BBL	
90	Support for Priority School Districts (AB 247) 6100-001-6094 (Governor's Budget)	<p>The budget proposes \$493,000 in bond funding and 3 positions to support the expansion of the Federal Supporting America's School Infrastructure Grant Program for Priority School Districts, available until June 30, 2030.</p> <p>It is requested that Schedule (1) of this item be increased by \$361,000 2024 State School Facilities Fund in 2025-26 and \$565,000 in 2026-27 through fiscal year 2029-30, to support the expansion of the work being undertaken by the Supporting America's School Infrastructure Grant Program under the School Facility Program. This program provides services and assistance to priority school districts to address the needs for improving school facilities and environments through public school infrastructure improvements.</p>	Approve as budgeted.	BBL	
91	LGBTQ+ Online Trainings Implementation Encumbrance and Expenditure Deadlines 6100-001-0001 of 2021 Budget Act, as amended by Sec. 122, Ch. 240, Stats. 2024 (Governor's Budget)	The budget proposes to extend the encumbrance and expenditure deadline for the funds to support the LGBTQ+ Online Trainings implementation.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
92	Stronger Connections Technical Assistance Grant Program 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$570,000 federal funds in fiscal year 2025-26, \$676,000 in 2026-27, and \$260,000 in 2027-28 to support the administration of the Stronger Connections Technical Assistance Grant Program, which provides evidence-based technical assistance to high-need local educational agencies to address school violence issues and promote a positive school climate.	Approve as budgeted.	BBL	
93	Special Education (Federal Funds) 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$983,000 ongoing federal Individuals with Disabilities Education Act (IDEA) funds to reflect: (1) an ongoing increase of \$337,000 and 2 positions to address the federal monitoring requirements for local educational agencies with fewer than 100 students with disabilities; (2) an ongoing increase of \$146,000 and 1 position to address the federal monitoring requirements for individualized education program data; and (3) a onetime increase of \$500,000 to support the translation of the digitized statewide individualized education program template.	Approve as budgeted.	BBL	
94	Office of Administrative Hearings 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$6,212,000 one-time federal IDEA funds to support increased costs associated with special education dispute resolution services. The Department contracts with the Office of Administrative Hearings to provide special education services, which include hearings, mediations, and related due process activities required by both state and federal law. The number of claims filed and cost per case have increased over the past few years.	Approve as budgeted.	BBL	
95	Part A of Title II Supporting Effective Instruction Federal Grant (Language Only) 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be amended to include language to align provisional authority with the federal Title II, Part A grant award.	Approve as budgeted.	BBL	
96	LGBTQ+ Cultural Competency Platform Encumbrance Extension 6100-001-0001 from 2021 Budget Act (Governor's Budget)	The budget proposes to extend the encumbrance period for the funds to support the LGBTQ+ Cultural Competency Platform.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
97	Non-Public Agency Monitoring 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$500,000 to monitor non-public agencies.	Approve as budgeted.	BBL	
98	Instructional Materials Adoption 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$437,000 for Instructional Materials Adoptions.	Approve as budgeted.	BBL	
99	SUN Bucks Program Eligibility and Verification Requirement - State Operations 6100-001-0001/0890 (May Revise)	It is requested that Schedule (2) of Item 6100-001-0890 be increased by \$385,000 ongoing federal Summer Electronic Benefits Transfer Program funds to support the state-level administration of the Summer Electronic Benefits Transfer (SUN Bucks) Program. This is the federal portion provided for state-level administration. It is requested that Schedule (2) of Item 6100-001-0001 be increased by \$385,000 ongoing General Fund to support the state-level administration of the SUN Bucks Program, which provides nutrition funding to eligible students during the summer months. This is the state match of the state-level administration required for federal participation.	Approve as budgeted.	BBL	
100	Cybersecurity Assessment for the State Special Schools and Diagnostic Centers 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$150,000 to fund an independent cybersecurity assessment at the State Special Schools and Diagnostic Centers.	Approve as budgeted.	BBL	
101	Elementary and Secondary Education Act Program, Title I State Grant and School Improvement Program Grant 6100-134-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$465,000 ongoing federal Title I funds for the Department to reflect a shift of CSI funding from local assistance to support.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
102	School Facilities Administrative Funding 6100-001-0001/6100-001-6094 (May Revise)	It is requested that Schedules (1) and (5) of Item 6100-001-0001 be amended to decrease reimbursement authority by \$3,319,000 in 2025-26 through 2029-30 and that Schedule (2) of Item 6100-001-6094 be added in the amount of \$3,631,000 2024 State School Facilities Fund in 2025-26 through 2029-30 to reflect a shift in administrative funding to available bond funds.	Approve as budgeted.	BBL	
103	Personal Finance Graduation Requirement - State Operations Support and Clean-Up 6100-572-0001 and Uncodified Section and Education Code 51225.3 and 51284.5 (Governor's Budget)	The budget proposes technical trailer bill language for the personal finance graduation requirement, and clarifies the \$300,000 General Fund appropriation for state operations support at the Department of Education.	Approve as budgeted.	TBL	
104	California School for the Blind: Fremont Campus - Perimeter Security Fence 6100-301-0001 (May Revise)	It is requested that Item 6100-301-0001 be increased by \$830,000 one-time to provide supplemental funding for the working drawings phase of the Fremont Campus: Perimeter Security Fence project. This project includes the construction of an approximately 8,800 lineal foot security fence around the Fremont campus which currently lacks a secure perimeter. The campus serves the California School for the Deaf—Fremont, California School for the Blind, and Diagnostic Center—Northern California.	Approve as budgeted.	BBL	
105	California School for the Deaf-Riverside: Health Services Building 6100-301-0001 (Governor's Budget)	The California Department of Education – State Special Schools and Services Division (CDESSSD) requests \$1,455,000 General Fund for the performance criteria phase of the California School for the Deaf, Riverside (CSDR) – Health Services Building project. The project includes the demolition and replacement of the 71-year-old Infirmary building on the CSDR campus, with a new Health Services Building at the same location. The existing building is unsafe, unsanitary and unusable. The new Health Services Building shall implement DeafScape and DeafSpace design concepts.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
0985 California School Finance Authority					
106	Charter School Facility Grant Program - COLA Adjustment 0985-001-9734 and 0985-220-0001 (May Revise)	<p>It is requested that Item 0985-001-9734 be eliminated, and that Item 0985-001-9735 be increased by \$1,021,000 and 3 positions ongoing 2006 State School Facilities Fund to reflect \$611,000 in administrative funding and \$410,000 for contracted external services for the California School Finance Authority to fulfil its requirements for the Charter School Facilities Program under the School Facility Program.</p> <p>It is requested that Item 0985-220-0001 be decreased by \$1,714,000 ongoing Proposition 98 General Fund to reflect a decrease of \$133,000 ongoing Proposition 98 General Fund related to a 2.30 percent cost-of-living adjustment and a decrease of \$1,581,000 ongoing Proposition 98 General Fund to reflect updated projections for program participation. The Charter School Facility Grant Program provides funding to assist charter schools in paying for rent and lease expenditures that are either serving or located in attendance areas where a notable percentage of their students qualify for free or reduced-price meals.</p>	Approve as budgeted.	BBL	
6125 Education Audit Appeals Panel					
107	Education Audit Appeals Authority Increase Education Code 41344.1 (Governor's Budget and May Revise)	<p>The budget proposes trailer bill language that adjusts the authority of the Education Audit Appeals Panel to waive or reduce the reimbursement.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
6350 School Facility Aid Program					
108	School Facility Program 6350-601-6094 (Governor's Budget)	<p>The budget proposes \$1.5 billion in bond funding from Proposition 2 in 2025-26 for the School Facility Program.</p>	Approve as budgeted.		
109	Lease-Purchase Program Interest Retention Education Code 17037 (Governor's Budget)	<p>The budget proposes trailer bill language that allows any remaining funds and any interest earned on those funds in the county school lease-purchase fund for a school district to be used for school construction.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
110	Fix Outdated Reference for School District Collection of Developer Fees (SB 937) Government Code 66007 (Governor's Budget)	The budget proposes technical trailer bill language that corrects an outdated reference for school district collection of developer fees as it relates to the five-year school facilities master plan.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
111	Excessive Cost Hardships Grants Education Code 17075.11 (May Revise)	It is requested that statutory changes be added to provide the State Allocation Board with the authority to provide excessive cost hardship grants under the School Facility Program to school districts demonstrating unusual circumstances beyond their control.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
112	Reversion of 2023 Balances 6350-495 (May Revise)	It is requested that Item 6350-495 be added to revert the unexpended balance of up to \$177.5 million from a one-time statutory appropriation in the 2023 Budget Act for TK-12 school facilities construction to be allocated through the School Facility Program.	Approve as budgeted.	BBL	
6360 Commission on Teacher Credentialing					
113	Certification Workload Staffing 6360-001-0407 Provision 12 (Governor's Budget)	The budget proposes \$671,000 from the Teacher Credentials Fund and 5 positions to support workload related to increased teacher credential applications volume.	Approve as budgeted.	BBL	
114	May Lee State Office Complex - Rent Costs 6360-001-0407 Provision 10 (Governor's Budget)	The budget proposes one-time \$1.1 million from the Teacher Credentials Fund to support leasing costs at the May Lee State Office Complex.	Approve as budgeted.	BBL	
115	Teacher Performance Assessment Workgroup (SB 1263) 6360-001-0407 Provision 9 (Governor's Budget)	The budget proposes \$583,000 from Teacher Credentials Fund from to support Teacher Performance Assessment Workgroup activities.	Approve as budgeted.	BBL	
116	Administrative Support Staffing 6360-001-0407 Provision 11 (May Revise)	The budget proposes \$253,000 from the Teacher Credentials Fund and 2 positions to support administrative activities.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
117	Resources to Support Supplementary and Subject Matter Authorizations (AB 2473) 6360-001-0407 Provision 13 (Governor's Budget)	The budget proposes \$130,000 from the Teacher Credentials Fund and one position to support the workload related to adding supplementary and subject matter authorizations to a teaching credential.	Approve as budgeted.	BBL	
118	Teacher Vacancy Definition Education Code 44258.9 (Governor's Budget)	The budget proposes trailer bill language that updates the definition of "teacher vacancy" for monitoring authorized to the Department of Education and the Commission on Teacher Credentialing.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
119	Teacher Residency Grant Program Encumbrance Extension and Reimbursement Authority Uncodified (Governor's Budget)	The budget proposes to extend the encumbrance period for \$66 million appropriated in the 2022 Budget Act for the Teacher Residency Grant Program to June 30, 2027 and the liquidation period to June 30, 2032, and provides reimbursement authority to the Commission on Teacher Credentialing.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
120	Reading Instruction Competence Assessment Extension and Adoption Allowance Education Code 44283 (May Revise)	It is requested that statutory changes be added to: (1) allow credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025; and (2) allow the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment for certain uses instead of maintaining a commission-adopted assessment in addition to the new literacy performance if the adopted assessment meets the requirements outlined in statute.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
121	Reading Instruction Competence Assessment Passing Standard Education Code 44283.1 (May Revise)	It is requested that statutory changes be added to codify the standard error of measure for Reading Instruction Competence Assessment subtest scores adopted by the Commission on Teacher Credentialing in October 2024.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
122	COVID-19 Era Waiver Requirements Deadline Extension Sec. 108, Ch. 48, Stats. 2023 (May Revise)	It is requested that statutory changes be added for the waiver to also cover the Reading Instruction Competence Assessment and to extend the deadline to complete an induction program or 2 years of service by a year for credential candidates who received a waiver pursuant to Executive Order N-66-20, Section 67 of Chapter 110 of the Statutes of 2020, or Section 120 of Chapter 44 of the Statutes of 2021.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
123	State Operational Costs 6360-001-0407 (May Revise)	It is requested that Schedule (1) of Item 6360-001-0407 be increased by \$200,000 ongoing to align state operational costs with current staffing levels.	Approve as budgeted.	BBL	
124	Administrative Services Credentials Legislative Implementation 6360-001-0407 (May Revise)	It is requested that Schedule (1) of Item 6360-001-0407 be increased by \$455,000 in fiscal year 2025-26 of which, \$322,000 is ongoing, and 2 positions, to support the Professional Services Division with workload associated with updating and adding a non-teaching pathway to the Administrative Services Credential. Additionally, the Commission will conduct a temporary workgroup to inform this work.	Approve as budgeted.	BBL	
125	Office of Attorney General/ Office of Administrative Hearings Costs 6360-001-0407 (May Revise)	It is requested that Schedule (2) of Item 6360-001-0407 be increased by \$800,000 ongoing to reflect an increase in expenditure authority to support increased legal services costs, including court reporter fees.	Approve as budgeted.	BBL	
126	Information Technology Workload Staffing 6360-001-0407 (May Revise)	It is requested that Schedule (4) of Item 6360-001-0407 be increased by \$890,000 in 2025-26 of which, \$880,000 is ongoing, and 5 positions, to support the Information Technology (IT) Branch with addressing various IT workload issues.	Approve as budgeted.	BBL	
127	Public Awareness Campaign Reversion 6360-495 (May Revise)	It is requested that Item 6360-495 be added to revert funding in Item 6360-001-0001 in the 2024 Budget Act provided to support a public awareness campaign.	Approve as budgeted.	BBL	

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100
Consultant: Diego Emilio J. Lopez
PART B – Higher Education

6100 Department of Education
6120 California State Library
6440 University of California
6600 College of the Law, San Francisco
6610 California State University
6870 California Community Colleges
6980 California Student Aid Commission

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.

Item	Business Unit	Origin	Department	Description	Staff Recommendation
1	6100	May Revision	Department of Education	The May Revision proposes trailer bill language to clarify the standards for college-level coursework taken for credit at a California public college or university by students simultaneously enrolled in high school to ensure suitable electronic transmission of coursework to and between California's public education systems and CaliforniaColleges.edu.	Adopt placeholder trailer bill language.
2	6120	Governor's Budget/May Revision	California State Library	The Governor's January budget and May Revision proposes \$334,000 one-time General Fund and \$282,000 ongoing in 2026-27 for cybersecurity infrastructure.	Approves the Governor's Budget and May Revision proposals to provide \$334,000 General Fund in 2025-26 and \$282,000 ongoing General Fund in 2026-27 for cybersecurity infrastructure.
3	6120	May Revision	California State Library	The May Revision includes budget bill language allocating \$500,000 of State Library funding to support the Braille Institute.	Approve May Revision.
4	6120	May Revision	California State Library	The May Revision includes a proposal to shift \$4.3 million one-time General Fund from Digitization Strategy Initiative to support general operations.	Reject May Revision.
5	6120	May Revision	California State Library	The May Revision includes a proposal to reduce Item 6120-011-0890 by \$7 million and Item 6120-211-0890 by \$8.7 million to reflect potential decreased federal funding.	Reject May Revision.

6	6120	May Revision	California State Library	The Governor's January budget included trailer bill language to extend the use of a court fee to support the Witkin Law Library by three years.	Adopt placeholder trailer bill language.
7	6120	Legislature	California State Library	The Legislature's plan includes budget bill language to reappropriate \$9 million one-time General Fund from the Building Forward infrastructure grants program to support additional projects.	Approve this proposal.
8	6440	Governor's Budget/May Revision	University of California	The January Budget proposed to reduce the UC by 7.95% (\$396.6 million) ongoing as part of state efficiencies reductions. The May Revision adjusted the reduction down to 3% (\$129.7 million) ongoing.	Reject Governor's proposal to reduce the UC by 3% ongoing. Instead defers the 3% amount in 2025-26 for the UC to 2026-27 and the state will provide access to cash flow resources to mitigate the deferral impact. Additionally, splits the deferred 5% Compact base increase from 2025-26 to 2% (\$96.3 million) ongoing in 2026-27 and defers 3% (\$144.5 million) ongoing to 2028-29.
9	6440	May Revision	University of California	The May Revision includes adjustments to the UC Agriculture and Natural Resources Division.	Approve May Revision.
10	6440	Legislature	University of California	The Legislature's plan includes budget bill language to set an enrollment target of 1,510 Full-Time Equivalent students in 2025-26 at the UC.	Approve this proposal.

11	6440	Legislature	University of California	The Legislature's plan includes \$5 million one-time General Fund to support the CalBRIDGE program.	Approve this proposal.
12	6440	Legislature	University of California	The Legislature's plan includes \$15 million one-time General Fund to support the Local News Fellowship Program.	Approve this proposal.
13	6440	May Revision	University of California	The May Revision proposes a reduction of \$3.6 million ongoing to reflect revised debt service funding for approved University of California projects under the Higher Education Student Housing Grant Program.	Modifies the May Revision proposal to reduce debt service payments for student housing program by authorizing the Davis and Santa Barbara projects and \$5.2 million ongoing General Fund to support debt service costs. Returns \$1 million ongoing of bond cost savings to the General Fund.
14	6440	May Revision	University of California	The May Revision proposes \$1.8 million one-time General Fund to support First Star Academies at UC Campuses.	Reject May Revision.
15	6440	May Revision	University of California	The May Revision proposes to reappropriate funding from the 2021 and 2022 Budget Acts to continue supporting the California Climate Initiatives.	Approve May Revision.

16	6440	May Revision	University of California	The May Revision proposes authorizing \$5.8 million from bond fund interest to support the UC Los Angeles Powell Library Seismic Renovation Project.	Approve May Revision.
17	6440	May Revision	University of California	The May Revision includes adjustments to the California Breast Cancer Research Fund, the Electronic Cigarette Tax Fund, and the Medical Research Program Account Fund due to updated revenue projections.	Approve May Revision.
18	6440	May Revision	University of California	The May Revision includes proposed budget bill language to eliminate compact reporting, make a technical correction to the academic year in the UC financial aid provision, and other technical changes.	Approve May Revision.
19	6440	Legislature	University of California	The Legislature's plan includes \$430,000 ongoing General Fund to support the California Local Newspaper Project at UC Riverside.	Approve this proposal.
20	6600	Governor's Budget/May Revision	College of the Law, San Francisco	The Governor's January Budget included a 7.95% (\$1.8 million) ongoing base reduction related to state efficiencies. The May Revision adjusted the reduction to 3% (\$695,000) ongoing.	Approve May Revision.

21	6600	Governor's Budget	College of the Law, San Francisco	The Governor's January Budget included \$10.1 million ongoing General Fund to support debt service costs associated with the second phase of the McAllister Tower renovation.	Approve as budgeted.
22	6610	Governor's Budget/May Revision	California State University	The January Budget proposed to reduce the CSU by 7.95% (\$375.2 million) ongoing as part of state efficiencies reductions. The May Revision adjusted the reduction down to 3% (\$143.8 million) ongoing.	Rejects Governor's proposal to reduce the CSU by \$143.8 million ongoing, representing a 3% base reduction. Instead defers the 3% amount in 2025-26 for CSU to 2026-27 and the state will provide access to cash flow resources to mitigate the deferral impact. Additionally, splits the deferred 5% Compact base increase from 2025-26 to 2% (\$100.9 million) ongoing in 2026-27 and defers 3% (\$151.4 million) ongoing to 2028-29.
23	6610	Legislature	California State University	The Legislature's plan includes budget bill language to set an enrollment target of 7,152 Full-Time Equivalent students in 2025-26 at the CSU.	Approve this proposal.
24	6610	Governor's Budget	California State University	The Governor's January budget includes \$1.3 million ongoing General Fund to support the Capitol Fellows Program.	Approve as budgeted.
25	6610	Governor's Budget	California State University	The Governor's Budget includes \$345,000 ongoing General Fund to support implementation of AB 1524 (Lowenthal), Chapter 679, Statutes of 2024.	Approve as budgeted.

26	6610	May Revision	California State University	The May Revision proposes to revert the unencumbered balance of retiree health benefits from the 2022 Budget Act.	Approve May Revision.
27	6870	May Revision	California Community Colleges	The May Revision includes \$217.4 million ongoing Proposition 98 General Fund to support a 2.3% cost-of-living adjustment for Student Centered Funding Formula (SCFF) apportionments.	Approve May Revision.
28	6870	Legislature	California Community Colleges	The Legislature's plan includes \$100 million one-time Proposition 98 General Fund to support enrollment growth in 2024-25.	Approve this proposal.
29	6870	May Revision	California Community Colleges	The May Revision includes \$139.9 million ongoing Proposition 98 General Fund in 2025-26 to support enrollment growth.	Approve May Revision.
30	6870	Legislature	California Community Colleges	The Legislature's plan includes \$80 million one-time Proposition 98 General Fund to support a student support block grant.	Approve this proposal.

31	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January Budget included \$30 million ongoing Proposition 98 General Fund to support the expansion of the Rising Scholars Network as well as associated trailer bill language. The May Revision reduced this amount to \$10 million ongoing.	Approve May Revision and adopt placeholder trailer bill language. .
32	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January budget included \$168 million one-time Proposition 98 General Fund to support the Collaborative Enterprise Resource Planning project as well as associated trailer bill language. The May Revision withdraws this proposal and trailer bill language.	Approve May Revision.
33	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January budget included \$162.5 million Proposition 98 General Fund (\$29 million ongoing) to support the Common Cloud Data Platform. The May Revision reduced the amount to \$12 million one-time.	Modifies the May Revision proposal to maintain \$12 million one-time Proposition 98 General Fund to support the Common Cloud Data Platform project with the condition that the project go through the state Department of Technology, Project Approval Lifecycle process.
34	6870	Legislature	California Community Colleges	The May Revision included a proposal to shift \$492.4 million from the community colleges to support TK expansion over the three-year budget window.	Modifies the May Revision proposal to reject the shift in 2023-24 and 2024-25 to return \$260 million prior year and current year funding to the community colleges.
35	6870	Legislature	California Community Colleges	The Governor's January budget included \$50 million one-time and \$7 million ongoing Proposition 98 General Fund to support the Credit for Prior Learning Initiative as well as trailer bill language related to implementation. The May Revision reduced the amount to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund.	Modify the May Revision proposal to reject the \$15 million one-time and retain the \$5 million ongoing Proposition 98 General Fund to support the Credit for Prior Learning Initiative. Adopt placeholder trailer bill language.

36	6870	Legislature	California Community Colleges	The Legislature's plan includes \$44 million one-time Proposition 98 General Fund to support part-time faculty office hours.	Approve this proposal.
37	6870	Legislature	California Community Colleges	The Legislature's plan includes \$20 million one-time Proposition 98 General Fund for emergency financial aid.	Approve this proposal.
38	6870	Legislature	California Community Colleges	The Legislature's plan includes \$5.1 million one-time Proposition 98 General Fund to support financial aid support and outreach to community college students.	Approve this proposal.
39	6870	Legislature	California Community Colleges	The Legislature's plan includes \$10 million one-time Proposition 98 General Fund to support EMT/paramedic pre-apprenticeship academies.	Approve this proposal.
40	6870	Legislature	California Community Colleges	The Legislature's plan includes \$6.33 million one-time Proposition 98 General Fund to support reimbursements for firefighter apprenticeship training.	Approve this proposal.

41	6870	Legislature	California Community Colleges	The Legislature's plan includes \$15 million one-time Proposition 98 General Fund to support Dreamer Resource Liaisons.	Approve this proposal.
42	6870	May Revision	California Community Colleges	The May Revision includes a deferral of \$531.6 million one-time Proposition 98 General Fund to reflect a deferral of apportionments from 2025-26 to 2026-27 and associated trailer bill language for implementation.	Modifies the May Revision proposal to instead defer \$377.5 million Proposition 98 General Fund from 2025-26 to 2026-27. Adopts placeholder trailer bill language to reflect this adjusted deferral amount.
43	6870	Legislature	California Community Colleges	The Legislature's plan reappropriates \$135 million Proposition 98 General Fund from the 2024-25 funding for the Part-Time Faculty Health Insurance program to help reduce the 2025-26 deferral.	Approve this proposal.
44	6870	May Revision	California Community Colleges	The May Revision includes adjustments to 2023-24 and 2024-25 apportionments based on the Proposition 98 structure.	Approve May Revision.
45	6870	May Revision	California Community Colleges	The May Revision includes \$210.2 million one-time Proposition 98 General Fund to pay back the 2024-25 SCFF deferral.	Approve May Revision.

46	6870	May Revision	California Community Colleges	The May Revision includes \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26 and associated trailer bill language.	Approve May Revision and adopt placeholder trailer bill language.
47	6870	May Revision	California Community Colleges	The Governor's budget and May Revision included proposal to support Proposition 51 and Proposition 2 community college facilities projects.	Approve as budgeted and May Revision.
48	6870	May Revision	California Community Colleges	The May Revision proposes budget bill language to extend the liquidation period for the College of the Siskiyous Remodel Theater and McCloud Hall Project.	Approve May Revision.
49	6870	May Revision	California Community Colleges	The Governor's budget included \$50 million one-time to develop the Career Passport program. The May Revision reduced this proposal to \$25 million one-time.	Reject May Revision and Governor's January budget proposal.
50	6870	Governor's Budget/May Revision.	California Community Colleges	The May Revision includes adjustments to provide a 2.30% cost-of-living adjustment (COLA) to select categorical programs.	Approve May Revision.

51	6870	May Revision	California Community Colleges	The May Revision includes technical adjustments to create a local assistance item in the budget bill to support payments of lease-revenue bond debt service for college student housing programs.	Approve May Revision.
52	6870	May Revision	California Community Colleges	The May Revision includes \$8.1 million one-time Proposition 98 General Fund to backfill 2025-26 projected property tax revenue losses from wildfires and \$3.8 million one-time Proposition 98 General Fund to backfill for 2024-25 property tax revenue losses.	Approve May Revision.
53	6870	May Revision	California Community Colleges	The May Revision includes various technical and revenue changes to Item 6870-101-0001 in 2024-25 and 2025-26.	Approve May Revision.
54	6870	May Revision	California Community Colleges	The May Revision includes adjustments to reflect revised estimates for hold harmless and stability funding for districts under the Student Centered Funding Formula.	Approve May Revision.
55	6870	May Revision	California Community Colleges	The May Revision includes technical changes to clarify LGBTQ+ pilot program includes one-time funding.	Approve May Revision.

56	6870	May Revision	California Community Colleges	The May Revision includes trailer bill language to change reporting deadlines for the Native American Student Support and Succes Program and the Hire Up Program.	Adopt placeholder trailer bill language.
57	6870	May Revision	California Community Colleges	The May Revision includes a proposal to change reporting deadlines for the Institutional Effectiveness Program and Initiatives.	Approve May Revision.
58	6870	May Revision	California Community Colleges	The May Revision includes a proposal to provide one-time reimbursement authority for the Children and Youth Behavioral Health Initiative.	Approve May Revision.
59	6870	May Revision	California Community Colleges	The May Revision includes \$6.6 million one-time Proposition 98 General Fund to support e-Transcript California and cover a shortage of funds for the program.	Approve May Revision.
60	6870	May Revision	California Community Colleges	The May Revision includes adjustments to the Student Financial Aid Administration Program to reflect projected number of fees waived and the dollar amount of fees waived. It also includes technical adjustments to reflect net offsetting EPA revnue.	Approve May Revision.

61	6870	May Revision	California Community Colleges	The May Revision includes reappropriations from unused funding to support 2023-24 SCFF apportionments, 2024-25 SCFF apportionments and payment of the 2024-25 SCFF deferral.	Approve May Revision.
62	6980	May Revision	California Student Aid Commission	The May Revision includes adjustments to the Cal Grant program, providing \$2.3 billion General Fund in 2023-24, \$2.5 billion General Fund in 2024-25 and \$2.8 billion ongoing General Fund in 2025-26 to support caseload increases.	Approve May Revision.
63	6980	May Revision	California Student Aid Commission	The May Revision proposes to reduce funding for the Middle Class Scholarship program by \$6.3 million ongoing.	Reject the May Revision proposal to reduce funding for the Middle Class Scholarship program, and instead provides \$513 million ongoing General Fund and \$405 million one-time General Fund in 2025-26.
64	6980	May Revision	California Student Aid Commission	The May Revision proposes to provide \$77 million one-time General Fund to support Middle Class Scholarship caseload increases in 2024-25.	Approve May Revision.
65	6980	May Revision	California Student Aid Commission	The Governor's January budget includes \$50 million one-time General Fund to the Golden State Teacher Grant Program. The May Revision includes \$14.2 million in carry-over funds to support the Golden State Teacher Grant program.	Approves May Revision and adopts placeholder trailer bill language specifying that applicants between July 1, 2025 to June 30, 2026 shall receive grants of \$10,000.

66	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes \$20 million one-time General Fund to support college operations for the California College of the Arts.	Approve as budgeted.
67	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes a proposal to provide \$1.4 million one-time General Fund in 25-26 and \$3 million ongoing General Fund in 26-27 for equipment and other operating costs.	Approve as budgeted.
68	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes a proposal to provide one position and \$230,000 ongoing General Fund to support a Chief Information Security Officer position.	Approve as budgeted.
69	6980	Legislature	California Student Aid Commission	The Legislature's plan includes placeholder trailer bill language to require institutions participating in the Cal Grant program to provide the California Student Aid Commission with Cal Grant recipient data.	Adopt placeholder trailer bill language.
70	6980	May Revision	California Student Aid Commission	The May Revision adjusts funding for the Chafee Foster Youth Program, Law Enforcement Personnel Dependents Scholarship Awards, and Public Interest Attorney Loan Repayment Program to reflect caseload.	Approve May Revision.

71	6980	May Revision	California Student Aid Commission	The May Revision includes trailer bill language authorizing the Commission to use cohort default rates certified in 2020 to determine institutional eligibility through 2026-27.	Adopt placeholder trailer bill language.
72	6980	Legislature	California Student Aid Commission	The Legislature's plan includes \$10 million one-time General Fund to support the California Indian Nations College.	Approve this proposal.

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100
Consultant: Diego Emilio J. Lopez
PART B – Higher Education

6100 Department of Education
6120 California State Library
6440 University of California
6600 College of the Law, San Francisco
6610 California State University
6870 California Community Colleges
6980 California Student Aid Commission

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.

Approve Staff Recommendations:

3-0 Issues : 1-3, 5, 8, 10, 13-14, 16-18, 20, 22-29, 31-32, 34-36, 41, 43-53, 56 -64, 67-68, 70, 72

2-1 Issues: 6, 21, 33, 42, 66, 71

2-0 Issues: 4, 7, 9, 11-12, 15, 19, 30, 37-40, 54-55, 65, 69

SUBCOMMITTEE NO. 1

Agenda

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



Thursday, March 6, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street- Room 2100

Consultant: Diego Emilio J. Lopez

Items for Discussion

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Public Comment

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DISCUSSION ITEMS

6440 UNIVERSITY OF CALIFORNIA (UC)
6610 CALIFORNIA STATE UNIVERSITY (CSU)

Issue 1: UC and CSU System Updates

Panel

- Michael V. Drake, President, University of California
- Mildred García, Chancellor, California State University
- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst’s Office

Available for additional questions or details:
 Seija Virtanen, University of California
 Ryan Storm, California State University

Background. The Governor’s proposed budget for 2025-26 includes a total of \$10 billion in ongoing General Fund support for the University of California (UC) and California State University (CSU) – approximately \$4.6 billion for the UC and \$5.4 billion for the CSU.

Figure 1:

Total General Fund Support for Higher Education Declines Somewhat in 2025-26
 Ongoing General Fund (Dollars in Millions)

	2023-24 Revised	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
CCC	\$7,955	\$9,689	\$9,722	\$33	0.3%
CSU	5,391	5,526	5,403	-122	-2.2
UC	4,717	4,858	4,587	-272	-5.6
CSAC	2,468	2,729	2,730	1	—
Totals	\$20,532	\$22,802	\$22,442	-\$360	-1.6%

Note: Amounts reflect Governor’s new proposals, as well as reductions applied pursuant to Control Section 4.05 and Control Section 4.12 of the 2024-25 Budget Act. The CCC amounts consist of Proposition 98 General Fund and non-Proposition 98 General Fund. In 2023-24, CCC received \$788 million in Proposition 98 Reserve funds on top of the amount shown. All other amounts are non-Proposition 98 General Fund.
 CSAC = California Student Aid Commission.

Source: Legislative Analyst’s Office (LAO)

As shown in Figure 1, the proposed General Fund investments for the UC and CSU are 5.6 percent and 2.2 percent, respectively, lower than the revised 2024-25 funding levels. These amounts reflect the Governor’s new proposals, as well as reductions applied pursuant to the 2024 Budget Act.

State Operations Reductions. The 2024 Budget Act assumed a reduction of state operations expenditures by the Department of Finance through two unallocated reductions across most state departments. These included:

- A reduction of \$1.5 billion (\$760 million General Fund) through the permanent and ongoing reduction of 10,000 vacant positions and associated funding.
- A reduction of \$2.2 billion in 2024-25 and \$2.8 billion in 2025-26 and ongoing of General Fund operating expenditures, representing a 7.95 percent state operations reduction broadly across state government.

In total, the 2024 Budget Act assumed that state operations costs would be reduced by \$3.7 billion (\$3 billion General Fund) through these unallocated reductions.

The Governor's budget assumes that the Administration achieves significantly lower General Fund savings. Specifically:

- A \$620 million (\$230 million General Fund) reduction through the permanent elimination of 6,500 vacant positions.
- A \$1.5 billion (\$820 million General Fund) in 2024-25 and \$2 billion (\$1.2 billion General Fund) in 2025-26 and ongoing reduction to state operations expenditures.

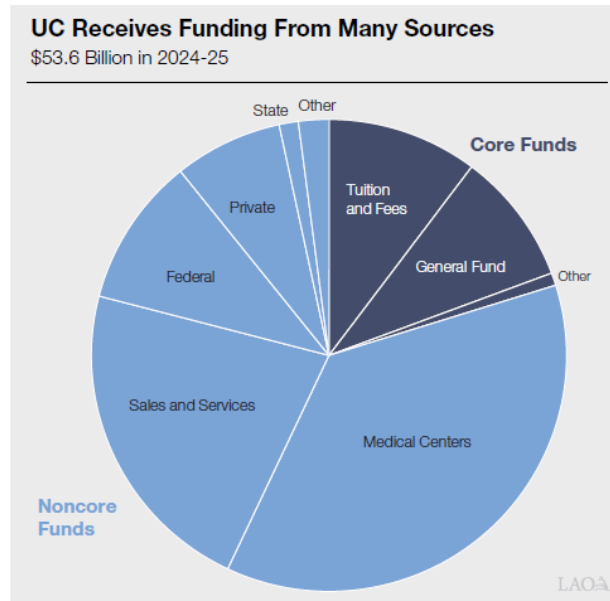
In total, the Governor's budget assumes that state operations costs are reduced by \$2.1 billion (\$1 billion General Fund) in 2024-25 and \$2.6 billion (\$1.4 billion General Fund) in 2025-26 and ongoing. The Governor's proposed budget assumes one half of the General Fund state operations savings assumed in the 2024 Budget Act.

The 2024 Budget Act included intent language to reduce funding to the UC and CSU in 2025-26. The Governor's budget maintains those base reductions to the CSU (\$375 million) and UC (\$397 million) in 2025-26 and ongoing. These reductions are pursuant to Control Section 4.05 of the *2024-25 Budget Act*. This budget control section, which applied broadly across state government, authorizes reductions of up to 7.95 percent in state operations.

Staff Comments. The Administration did not equally apply the 7.95 percent reductions to state operations across all state departments. For example, according to the Administration, the California Department of Corrections and Rehabilitation (CDCR), which oversees the state's correctional facilities and rehabilitation programs, is proposed to receive a 1.88 percent (\$253 million) reduction of its ongoing state operations expenditures in 2024-25 and a 1.29 percent (\$172 million) reduction in 2025-26. These reductions to CDCR should be taken in the context of the UC and CSU being proposed to receive the full 7.95 percent reduction to their state operations. Furthermore, the combined reductions to the CSU and UC, totaling \$772 million, account for 55 percent of the assumed \$1.4 billion in state operations General Fund reductions in 2025-26. The subcommittee may wish to ask the Administration why the state's Higher Education system is bearing the disproportional brunt of these reductions, while other departments, like the state's correctional system, are seeing lower budgetary impacts.

UC Core Funds. Of the three public higher education segments, UC has the largest budget, with total funding greater than the CSU and California Community Colleges (CCC) combined. As Figure 2 below shows, UC receives funding from many different sources. The state generally focuses its budget decision around UC’s “core funds” – the approximately 20 percents of UC’s budget that supports undergraduate and graduate education and certain state-supported research and outreach programs.

Figure 2:



Source: Legislative Analyst’s Office

Core funds at UC primarily consist of student tuition and fee revenues and state General Fund. A small portion comes from lottery funds, a share of patent royalty income, and overhead funds associated with federal and state research grants. In total, core funds at UC are about \$10.8 billion in 2025-26, with \$5.7 billion generated from revenue from tuition and fees and \$4.6 billion from state General Fund investments. As Figure 3 shows, if student tuition and fees revenue are taken into account, the UC is expected to see a \$30 million reduction in 2025-26, as compared to 2024-25.

Figure 3:

At UC, State Funding Reduction Is Mostly Offset by More Tuition Revenue
Ongoing Core Funding (Dollars in Millions)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change from 2024-25	
				Amount	Percent
Ongoing Core Funds					
Tuition and fees ^a	\$5,268	\$5,498	\$5,740	\$241	4.4%
General Fund ^b	4,717	4,858	4,587	-272	-5.6
Lottery	65	59	59	—	—
Other core funds ^c	409	401	401	—	—
Totals	\$10,459	\$10,817	\$10,787	-\$30	-0.3%
FTE students ^d	293,483	299,486	300,111	625	0.2%
Ongoing core funding per student	\$35,638	\$36,119	\$35,942	-\$177	-0.5%

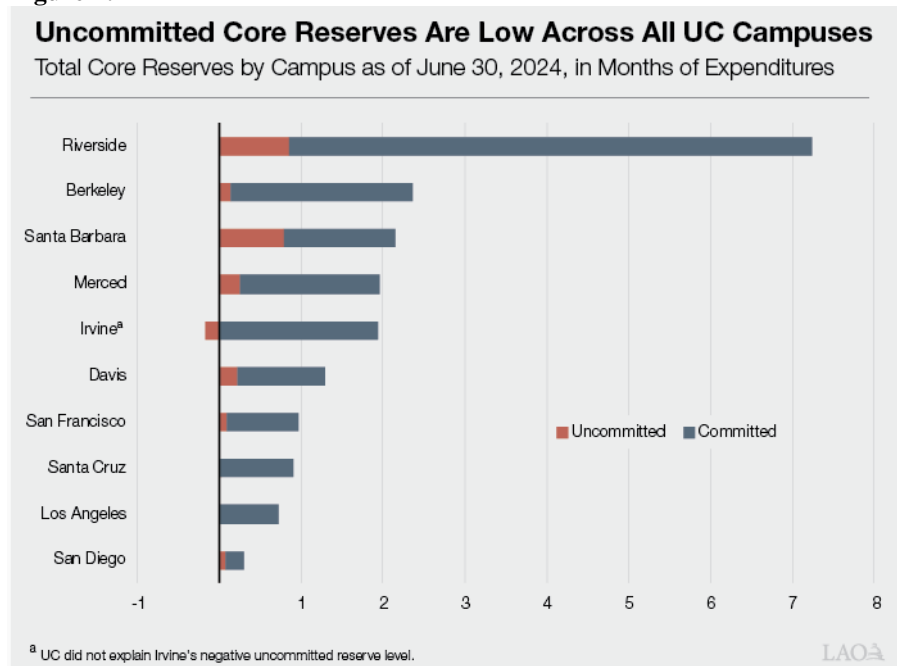
^a Includes funds that UC uses for tuition discounts and waivers.
^b Reflects reductions pursuant to Control Section 4.05 of the 2024-25 Budget Act. Specifically, the 2024-25 amounts reflects a \$125 million General Fund reduction, and the 2025-26 amount reflects a \$397 million General Fund reduction.
^c Includes a portion of overhead funding on federal and state grants and a portion of patent royalty income.
^d FTE is 30 credits for an undergraduate and 24 credits for a graduate student. Student counts include residents and nonresident students.
 FTE = full-time equivalent.

Source: Legislative Analyst’s Office

UC Tuition Stability Plan. In 2021, the Board of Regents approved a new tuition policy. Under this policy, tuition is raised annually for new undergraduates and all graduate students, while tuition remains flat for continuing undergraduates (for up to six academic years). Tuition increases generally are based on a three-year rolling average of the annual change in the California Consumer Price Index, with an annual cap of 5 percent (unless modified by the Board of Regents). As a result of the new tuition policy, tuition and fee revenue has been growing more quickly at UC over the past few years. The first year of tuition increases under this policy was 2022-23. In 2024-25, UC estimates it is generating \$191 million in additional net tuition revenue. Whereas previous tuition increases generally were precipitated by reductions in state General Fund support, UC’s new policy was largely driven by a desire to expand its overall budget capacity.

UC System Reserves. In the absence of a systemwide reserves policy, UC allows its ten campuses to determine their own reserve levels. Campus policies vary but typically aim for uncommitted core reserves worth one to three months of core expenditures. As the figure below shows, total core reserves ranged from less than one month of expenditures at the San Diego campus to over seven months of expenditures at the Riverside campus. Uncommitted reserves for economic uncertainties, however, equated to less than one month of expenditures at all campuses.

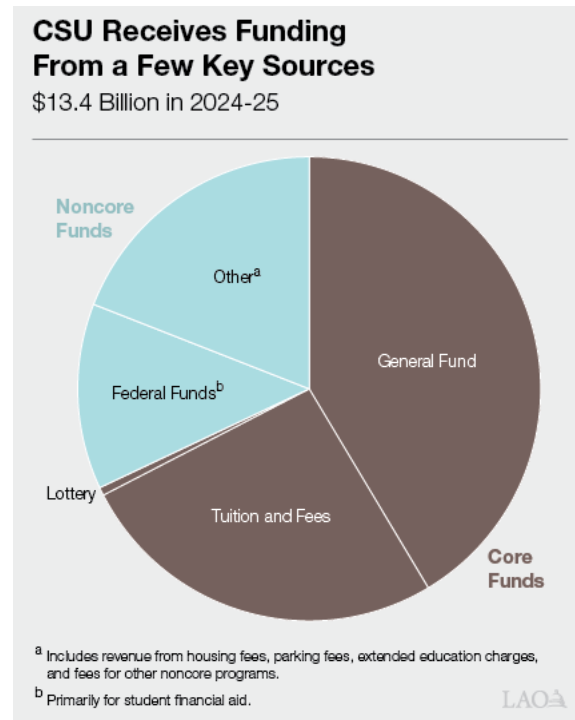
Figure 4:



Source: Legislative Analyst’s Office

CSU Core Funds. As Figure 5 below shows, CSU receives funding from various sources. The state generally focuses its budget decisions around CSU’s “core funds,” or the portion of its budget supporting its academic mission.

Figure 5:



Source: Legislative Analyst’s Office

Core funds at CSU primarily consist of state General Fund and student tuition revenue, with a very small share coming from state lottery revenue. In total, core funds at the CSU amount to \$9.1 billion in 2025-26, with \$3.7 billion generated from tuition and fees revenues and \$3.7 billion from state General Fund investments.

Figure 6:

CSU’s 2025-26 Core Funds Increase Comes From Tuition Revenue
(Dollars in Millions, Except Funding Per Student)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Ongoing Core Funds					
General Fund ^a	\$5,391	\$5,526	\$5,403	-\$122	-2.2%
Tuition and fees ^b	3,267	3,477	3,665	188	5.4
Lottery	83	76	76	— ^c	— ^c
Totals	\$8,741	\$9,078	\$9,144	\$66	0.7%
FTE students ^d	391,268	401,300	407,936	6,636	1.7%
Funding per student	\$22,339	\$22,622	\$22,416	-\$206	-0.9

^aIncludes funding for pensions and retiree health benefits.
^bIncludes funds used for student financial aid.
^cLess than \$500,000 or 0.5 percent.
^dReflects total combined resident and nonresident enrollment. The 2025-26 number incorporates CSU’s planned resident enrollment growth.
FTE = full-time equivalent.

Source: Legislative Analyst’s Office

As Figure 6 shows, if student tuition and fees revenue are taken into account, the CSU is expected to see a \$66 million reduction in 2025-26, as compared to 2024-25.

CSU Tuition Increases. CSU's tuition levels have long been lower than its peers nationally. In 2023-24, CSU's resident undergraduate tuition and fees were approximately \$2,171 (22 percent) lower than the national average of comparable public institutions. Until recently, CSU has not had a tuition policy guiding its annual tuition levels. A CSU work group focused on fiscal sustainability, however, recently identified a significant gap between the system's costs and its revenues. One of the work group's recommendations was that CSU adopt a tuition policy that provides for gradual and predictable increases. The CSU Board of Trustees adopted such a tuition plan in September 2023. Under the plan, tuition increases by 6 percent annually for all students, beginning in 2024-25 and extending through 2028-29.

CSU estimates it will collect an additional \$188 million in student tuition revenue in 2025-26. Most of this increase is due to the planned rise in CSU's tuition charges. Tuition charges are set at \$6,450 for resident undergraduate students in 2025-26, reflecting a \$366 increase from 2024-25. CSU estimates generating an additional associated \$164 million. CSU plans to use \$55 million (33 percent) of this additional revenue to provide larger tuition awards through its SUG program. (In addition, the California Student Aid Commission budget includes \$37 million ongoing General Fund to pay for higher associated Cal Grant costs for CSU students in 2025-26. Many CSU students with financial need receive full tuition coverage under the Cal Grant program.) CSU expects to generate \$24 million in new tuition revenue from planned enrollment growth in 2025-26.

Staff Comments. It is important to note that while tuition and fees revenues at both the UC and CSU represent a large portion of core funds, looking towards these revenues as offsets or solutions for state General Fund investments could affect the affordability of the state's public higher education system.

Governor’s Compact with CSU and UC. In May 2022, the Administration announced a compact with UC and CSU to provide 5 percent annual base General Fund increases from 2022-23 through 2026-27. The universities are expected to accommodate one percent annual resident undergraduate enrollment growth within their base increases over the remainder of the compact period (2023-24 through 2026-27), along with other compact expectations. The compact is not codified, and state budget plans have not strictly adhered to it.

Figure 7:

Deferral Plans Contain Steep General Fund Increases for CSU and UC in 2026-27
Reflects Multiyear Assumptions of Deferral Plans, General Fund (Dollars in Millions)

	2025-26 Year 4 ^a	2026-27 Year 5 ^a	2027-28
CSU			
Ongoing Changes			
Base reduction	-\$375	—	—
Two-year deferral of year 4 base increase ^b	—	—	\$252
Anticipated year 5 base increase	—	\$265	—
One-Time Back Payments			
Base costs	—	\$252	\$252
One-Time Adjustments^c	\$75	—	-\$252
Totals	\$5,403	\$5,921	\$6,173
Change from previous year	-2.2%	9.6%	4.3%
UC			
Ongoing Changes			
Base reduction	-\$397	—	—
Deferral of year 4 base increase ^b	—	—	\$241
Deferral of year 4 nonresident replacement funding ^b	—	—	31
Anticipated year 5 base increase	—	\$254	—
Anticipated year 5 nonresident replacement funding	—	30	—
One-Time Back Payments			
Base costs	—	\$241	\$241
Nonresident replacement costs	—	31	31
One-Time Adjustments^c	\$125	—	-\$272
Totals	\$4,587	\$5,142	\$5,413
Change from previous year	-5.6%	12.1%	5.3%

^aIn 2025-26, the Governor will be entering year 4 of his compact with the CSU Chancellor and UC President. The fifth and final year of this compact is 2026-27. A new governor will take office in 2027-28.

^bUnder the deferral plans, the year 4 base increases and UC nonresident replacement funding are deferred from 2025-26 to 2027-28. In 2026-27, one-time back payments are provided for 2025-26 costs. In 2027-28, one-time back payments are provided for 2026-27 costs, while at the same time the deferred base increase is funded.

^cIn 2025-26, reflects the restoration of one-time reductions applied in 2024-25. In 2027-28, reflects removal of prior-year, one-time back payments.

Source: Legislative Analyst’s Office

Compact Deferrals. Consistent with the 2024 Budget Act, ongoing General Fund augmentations of about 5 percent for CSU and UC are deferred from 2025-26 until 2027-28. Specifically, the plan defers augmentations of \$252 million for CSU and \$241 million for UC. (As part of the Governor’s five-year compacts, the Governor indicated intent to provide CSU and UC with 5 percent annual base increases from 2022-23 through 2026-27 as a way to offer them more predictable funding levels.) At UC, the budget also defers \$31 million in additional funding for the nonresident replacement plan. For the past three years, the state has been providing UC with funding to replace nonresident students at three high-demand campuses (Berkeley, Los Angeles, and San Diego) with resident undergraduate students. The fourth year of this funding, as with UC’s base increase, is deferred two years (from 2025-26 until 2027-28). Under the deferral arrangement, one-time back payments would be provided to CSU and UC in 2026-27 (for 2025-26 costs) and 2027-28 (for 2026-27 costs).

Governor's Compact Expectations. In exchange for receiving more predictable funding levels, the Governor wanted CSU and UC to meet certain expectations. The compacts, for example, include expectations that CSU and UC increase resident enrollment (including in high-demand areas), close equity gaps, and improve workforce preparation. Although the budget plan does not include a base General Fund increase for CSU and UC in 2025-26, the Administration continues to expect the segments to meet compact goals. (The compacts remain uncodified, and no statutory repercussions are set forth if the segments do not meet one or more compact goals.)

Staff Recommendation. Hold Open.

Issue 2: Higher Education Student Housing Grant Program

Panel

- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst’s Office
- Seija Virtanen, University of California
- Paul Gannoes, California State University

Background. The 2021, 2022 and 2023 Budget Acts created the Higher Education Student Housing Grant Program and authorized 35 projects: five UC projects, 11 CSU projects, 16 CCC projects, three joint UC/CCC projects, and one joint CSU/CCC project, totaling about \$2.2 billion in state funding. Projects were required to provide “affordable” beds for students, which was defined as rents not exceeding 30 percent of 50 percent of a campus’s area median income. (This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents.) While the program was originally conceived with one-time General Fund, the 2023 Budget Act shifted the program to bond financing.

The figure below provides a list of CSU projects funded by the Higher Education Student Housing Grant Program.

Figure 8:

Project Name	Project Cost		Funding by Source				Bed Count & Rent For Low-Income Students		Standard Bed Count & Associated Rent		Building Square Footage (GSF)		Construction Completion Date	
	Proposed	Updated	Proposed		Updated		Proposed	Updated	Proposed	Updated	Proposed	Updated	Proposed	Updated
			CSU	HESHGP	CSU	HESHGP								
CSU Dominguez Hills Student Housing, Phase 4	\$ 75,000,000	\$ 97,000,000	CSU: \$ 26,250,000 HESHGP: \$ 48,750,000	CSU: \$ 46,750,000 HESHGP: \$ 50,250,000	238 beds \$700.00	238 beds \$695.00	116 beds N/A	50 beds N/A	84,600	63,000	Apr-25	Apr-26		
Fresno State New Affordable Student Housing	\$ 47,768,000	\$ 58,750,000	CSU: \$ 16,718,000 HESHGP: \$ 31,050,000	CSU: \$ 25,000,000 HESHGP: \$ 33,750,000	225 beds \$700.00	225 beds \$733.00	N/A beds N/A	N/A beds N/A	88,750	82,838	Jun-25	Jul-26		
Cal State Fullerton Student Housing, Phase 5	\$ 136,897,000	\$ 157,948,000	CSU: \$ 47,997,000 HESHGP: \$ 88,900,000	CSU: \$ 69,048,000 HESHGP: \$ 88,900,000	390 beds \$933.00	390 beds \$1,128.00	202 beds N/A	120 beds \$1,988.00	200,000	154,710	Jul-24	Aug-26		
Cal Poly Humboldt 8th Street Arcata Student Housing	\$ 41,703,000	\$ 221,698,000	CSU: \$ 14,603,000 HESHGP: \$ 27,107,000	CSU: \$ 194,591,000 HESHGP: \$ 27,107,000	138 beds \$630.00	138 beds \$630.00	N/A beds N/A	796 beds \$780.00	70,256	303,000	Jun-24	Dec-25		
Cal State Long Beach Hillside North Student Housing	\$ 82,000,000	\$ 126,647,000	CSU: \$ 28,700,000 HESHGP: \$ 53,300,000	CSU: \$ 73,347,000 HESHGP: \$ 53,300,000	403 beds \$700.00	412 beds \$797.00	N/A beds N/A	N/A beds N/A	97,351	108,100	Dec-24	Jul-26		
CSU Northridge Student Housing Buildings #22 & #23	\$ 57,748,000	\$ 72,905,000	CSU: \$ 20,248,000 HESHGP: \$ 37,500,000	CSU: \$ 35,405,000 HESHGP: \$ 37,500,000	200 beds \$700.00	198 beds \$700.00	N/A beds N/A	N/A beds \$866.00	61,704	61,704	May-24	May-25		
Sacramento State Student Housing, Phase 3	\$ 67,055,000	\$ 69,970,000	CSU: \$ 25,715,000 HESHGP: \$ 41,340,000	CSU: \$ 28,630,000 HESHGP: \$ 41,340,000	285 beds \$894.00	285 beds \$987.11	N/A beds N/A	40 beds \$1,060.00	97,470	98,316	Apr-27	Jul-26		
San Diego State Calexico Off-Campus Center Housing	\$ 13,630,000	\$ 17,028,000	CSU: \$ 4,780,000 HESHGP: \$ 8,850,000	CSU: \$ 7,920,000 HESHGP: \$ 9,108,000	78 beds \$618.00	80 beds \$677.00	N/A beds N/A	N/A beds N/A	16,000	11,934	Mar-25	Jul-26		
San Francisco State West Campus Green Affordable Housing and Student Health Center	\$ 178,991,000	\$ 178,991,000	CSU: \$ 62,691,000 HESHGP: \$ 116,300,000	CSU: \$ 62,691,000 HESHGP: \$ 116,300,000	750 beds \$845.00	730 beds \$990.00	N/A beds N/A	N/A beds N/A	180,000	172,010	Jul-24	Jul-24		
San José State Spartan Village on the Paseo	\$ 333,816,000	\$ 166,065,000	CSU: \$ 244,716,000 HESHGP: \$ 89,100,000	CSU: \$ 76,965,000 HESHGP: \$ 89,100,000	517 beds \$970.00	517 beds \$1,045.00	490 beds N/A	140 beds \$1,098.00	452,360	232,431	Jun-27	Jun-25		
CSU San Marcos University Village Housing and Dining	\$ 140,023,000	\$ 126,300,000	CSU: \$ 49,023,000 HESHGP: \$ 91,000,000	CSU: \$ 34,000,000 HESHGP: \$ 92,300,000	390 beds \$832.00	390 beds \$1,022.00	210 beds N/A	150 beds \$1,105.00	224,681	139,612	Jun-24	Aug-26		
Stanislaus State Residence Life Village IV	\$ 29,005,000	\$ 31,005,000	CSU: \$ 10,155,000 HESHGP: \$ 18,850,000	CSU: \$ 10,155,000 HESHGP: \$ 20,850,000	75 beds \$703.00	78 beds \$776.00	45 beds 877	42 beds \$1,047.00	45,707	45,707	May-24	Jun-27		
Totals	\$ 1,203,636,000	\$ 1,324,307,000	Totals \$ 1,203,643,000	Totals \$ 1,324,307,000										

Source: CSU Higher Education Student Housing Grant Program Report – July 2024

Figure 9 below, provides a list of all current student housing projects at the UC. Of those projects, the following are funded through the Higher Education Student Housing Grant Program.

- UC Berkeley - People’s Park Student Housing (also known as Housing #2)
- UC Irvine - Mesa Court Housing Expansion
- UC Los Angeles - Gayley Towers Redevelopment
- UC San Diego - Pepper Canyon West
- UC Santa Cruz - Kresge College Non-Academic Phase 2 – State Subsidized Beds
- UC Merced/Merced Community College - Promise Housing
- UC Riverside/Riverside Community College - North District Phase 2

The Pepper Canyon West project at the UC San Diego campus went into operation as of Fall 2024.

Figure 9:

ACTIVE PROJECTS WITH REGENTS FULL APPROVAL OR/AND PRELIMINARY PLANS APPROVAL				
Campus	Project Name	Approx NEW Beds	Planned First Fall Operation	Project Anticipated Primarily for
Berkeley	People's Park	1113	Fall 2027	Undergrad
Berkeley	2200 Bancroft Housing / Housing Project #3	1500	Fall 2028	Undergrad
Davis	Aggie Square Phase ¹	103	Fall 2025	Undergrad & Graduate
Davis	Segundo Infill Student Housing	493	Fall 2027	Undergrad
Irvine	Mesa Court Residence Hall	400	Fall 2025	Undergrad
Irvine	East Campus Student Apartments Phase 5	600	Fall 2027	Undergrad
Los Angeles	Gayley Tower Redevelopment	445	Fall 2026	Undergrad
Merced	UC Merced/Merced College Promise Housing ²	292	Fall 2026	Undergrad
Riverside	North District Phase 2 ³	1242	Fall 2025	Undergrad
San Diego	Ridge Walk North Living Neighborhood ⁴	1966	Fall 2025	Undergrad
San Diego	Pepper Canyon East Phase 1	941	Fall 2029	Undergrad
Santa Barbara	San Benito Apartments	2225	Fall 2027	Undergrad
Santa Cruz	Kresge College Non Academic Phase 2	440	Fall 2025	Undergrad
Santa Cruz	Student Housing West-Hagar Phase 1 ⁴	120	Fall 2025	Family
Santa Cruz	Student Housing West-Heller Phase 2/3	2744	Fall 2028	Undergrad
Santa Cruz	Delaware Addition	400	Fall 2026	Undergrad
TOTAL		15,024		

Source: University of California

Staff Recommendation. Informational item.

Issue 3: Underground Scholars and Project Rebound Update**Panel**

- Gabriela Chavez, Department of Finance
- Devin Mitchel, Department of Finance
- Jennifer Pacella, Legislative Analyst's Office
- Eric Heng, University of California
- Ray Murillo, California State University

Background.

Underground Scholars. The Underground Scholars Initiative was started in the Spring of 2013 by formerly incarcerated and system-impacted students at UC Berkeley as the Underground Scholars Initiative (USI), a student organization. In 2014, USI received funding from the University of California Berkeley through a fee referendum voted on by students. That funding made it possible for USI to rent office space and hire staff and five formerly incarcerated students to work for the initiative. In 2016, the state provided UC Berkeley with a one-time allocation of \$500,000 to establish the Underground Scholars program.

The 2022 Budget Act provided \$4 million ongoing to the UC to establish and sustain Underground Scholars programs as a centralized location on all undergraduate-serving campuses for incarcerated, formerly incarcerated and carceral system-impacted students.

Project Rebound. In 1952, John Irwin (1929-2010) robbed a gas station and served a five-year sentence for armed robbery in Soledad Prison. During his time in prison, he earned 24 college credits through a university extension program. After his release from prison, Irwin earned a B.A. from UCLA, a Ph.D. from UC Berkeley, and then served as a Professor of Sociology and Criminology at San Francisco State University for 27 years, during which he became known internationally as an expert on the U.S. prison system.

Project Rebound was created in 1967 by Irwin as a way to matriculate people into San Francisco State University directly from the criminal justice system. Supported for many years by San Francisco State University's Associated Students, Inc., the program supported hundreds of formerly incarcerated students obtain Bachelor's and Master's degrees. In 2019, following a three-year, philanthropically funded expansion effort (2016- 19), California made an ongoing investment of \$3.3 million ongoing General Fund in the CSU Project Rebound Consortium to grow and further expand the program across the state.

The 2022 Budget Act provided an increase of \$8.8 million and ongoing to expand the Project Rebound program, growing the state's ongoing investment to \$11.3 million annually. The CSU Project Rebound Consortium is now a state and grant-funded network of programs operating at fifteen CSU campuses in Bakersfield, East Bay, Fresno, Fullerton, Humboldt, Long Beach, Los Angeles, Northridge, Pomona, Sacramento, San Bernardino, San Diego, San Francisco, San Marcos, and Stanislaus.

Staff Recommendation. Informational Item.

6610 CALIFORNIA STATE UNIVERSITY (CSU)**Issue 4: CSU Enrollment****Panel**

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- April Grommo, California State University

Background.

Most CSU Students Are California Residents. Approximately 95 percent of students at CSU are California residents, with the remainder of students coming from other states or countries. The share of resident students has hovered at about 95 percent over the past ten years. Of resident students, approximately 90 percent are undergraduates and 10 percent are postbaccalaureate and graduate students. Though the share of resident students is high systemwide, some variation exists among campuses. In 2023-24, the CSU Stanislaus student body had the highest share of resident students (99 percent), whereas CSU San Luis Obispo had the lowest share (84 percent).

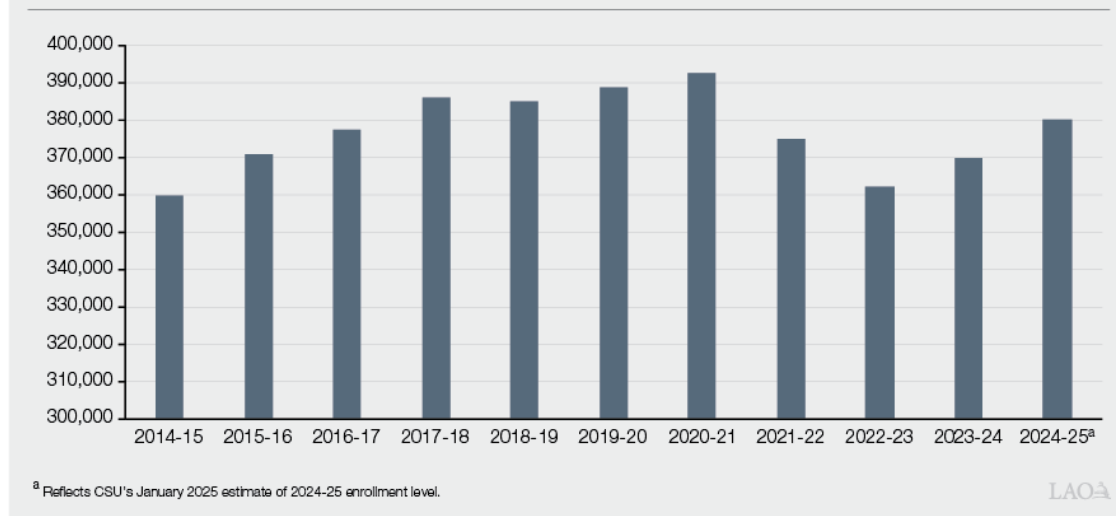
State Budget Typically Sets Enrollment Growth Expectations for CSU. In most years, the state sets enrollment growth expectations for CSU in the annual budget act. These growth expectations apply to resident students. In some years, the state sets expectations for total CSU resident enrollment. In other years, its sets expectations only for resident undergraduates, with no expectation for resident graduate students. CSU tracks a running total of these growth expectations, which it commonly refers to as its enrollment target. CSU's enrollment target in 2024-25 is 390,598 resident Full Time Equivalent (FTE) students. CSU does not track this target separately for undergraduates and graduate students.

Historically, the state set an enrollment expectation for CSU in the budget year (for example, setting a 2016-17 enrollment expectation in the 2016-17 Budget Act). More recently, the state has set enrollment expectations for CSU in the budget year and budget year plus one. This change has reflected an effort by the state to better align its enrollment expectations with CSU's admissions cycle. As CSU has already made many of its admission decisions for the coming academic year by the time the Legislature enacts the annual budget in June, setting budget-year expectations can be too late to have a notable impact on CSU behavior. In contrast, setting an expectation for budget year plus one allows the state to have more influence over CSU actions for the next academic year. Setting enrollment expectations for budget year plus one, in turn, gives CSU campuses more time to adjust their enrollment management practices to meet any new enrollment expectations set for them.

CSU's Enrollment Is Rebounding From Pandemic Declines. As Figure 10 shows, CSU's total resident enrollment was generally trending upward from 2014-15 through 2020-21. CSU then experienced notable declines in its resident enrollment in 2021-22 and 2022-23. In 2022-23, CSU enrolled approximately 30,000 fewer resident FTE students than a couple of years earlier. CSU resident enrollment has been rebounding these past two years, though estimated resident enrollment in 2024-25 remains nearly 13,000 FTE students below CSU's 2020-21 peak.

Figure 10:**Over Past Decade, CSU Enrollment Has Seen Ups and Downs**

Enrollment for Resident Full-Time Equivalent Students

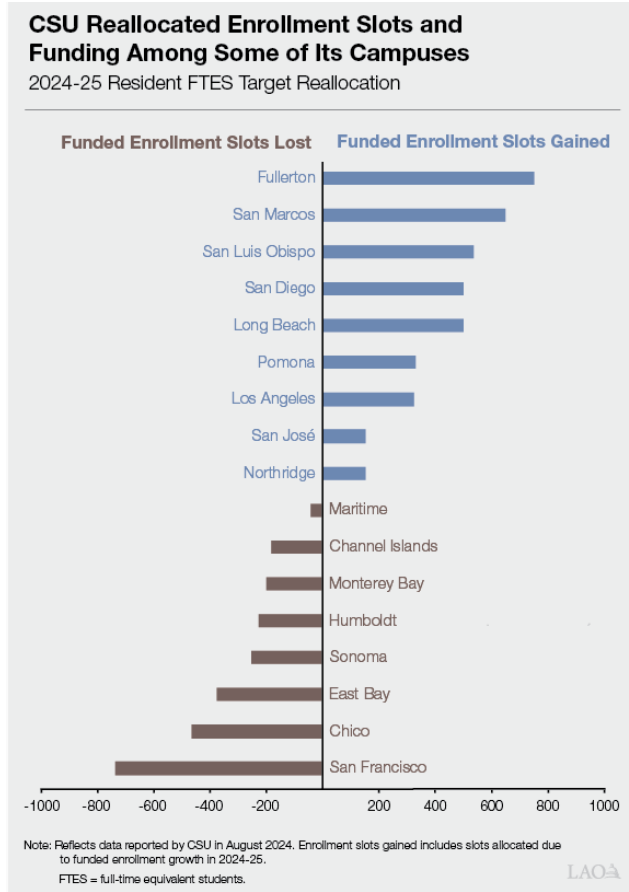


Source: Legislative Analyst's Office

CSU Reports Exceeding Its 2024-25 State Enrollment Expectation. Despite its enrollment being below its 2020-21 peak, CSU reports that it is exceeding the state enrollment expectation set for it in the 2024-25 Budget Act. The 2024-25 Budget Act directed CSU to increase resident undergraduate enrollment by 6,338 FTE students, bringing its resident undergraduate enrollment level to 339,946 FTE students. This growth expectation is relative to CSU's actual enrollment level in 2023-24. CSU reports that it exceeded the 2024-25 state budget expectation—growing by 9,326 FTE students, for total resident undergraduate FTE students of 342,935 resident undergraduate FTE students. When combined with postbaccalaureate and graduate enrollment, CSU estimates enrolling a total of 380,073 resident FTE students in 2024-25—an increase of 10,166 students (2.7 percent) from the previous year.

CSU Began Implementing an Enrollment Reallocation Plan in 2024-25. CSU allocates its systemwide enrollment target and associated funding among its campuses. For the past several years, certain CSU campuses have been enrolling fewer students than their enrollment targets while other campuses have been enrolling students in excess of their targets. In response, CSU recently developed an enrollment reallocation plan. The plan entails CSU gradually shifting slots and associated funding away from those campuses notably below their targets to those campuses notably above their targets. Specifically, beginning in 2024-25, CSU shifted a portion of funded slots away from eight campuses below their enrollment targets in 2023-24 to nine campuses above their enrollment targets. Figure 11 shows how many funded enrollment slots were moved away from those campuses. It also shows the nine campuses that gained funded slots under the plan. CSU intends to continue implementing this plan in 2025-26.

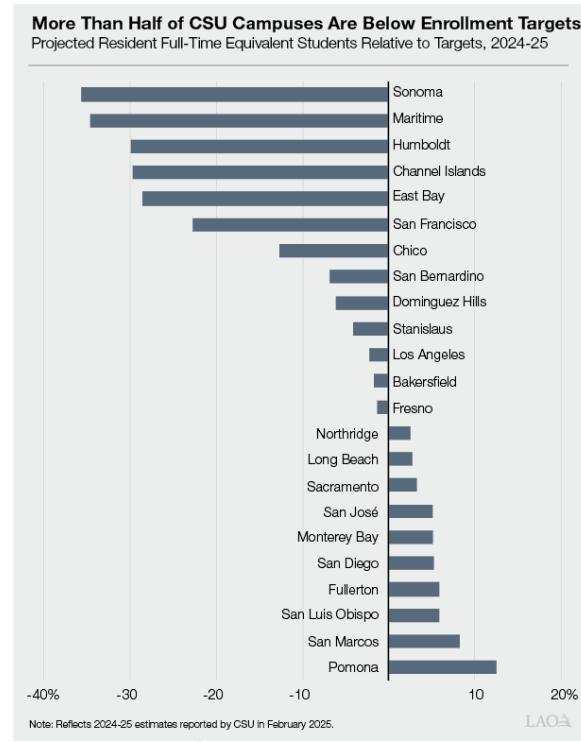
Figure 11:



Source: Legislative Analyst's Office

Despite Recent Enrollment Increases, Most Campuses Remain Below CSU’s Enrollment Targets. Whether a campus meets its enrollment target depends on several key factors, including the number of students who apply, admission rates, yield rates, retention rates, and other aspects of student and campus behavior. As Figure 12 shows, 13 campuses are projected to be below their enrollment targets set by CSU for 2024-25. Six of these campuses would need to increase enrollment by more than 20 percent to reach their 2024-25 targets.

Figure 12:



Source: Legislative Analyst’s Office

Number of “Impacted” Programs Is Decreasing. Historically, some CSU campuses and academic programs have been designated as impacted, meaning they have more student demand than enrollment slots. To manage student demand, impacted campuses and programs adopt stricter admissions criteria than the minimum systemwide eligibility requirements. Campuses may apply the stricter admissions criteria to applicants outside their local service area and/or applicants within specific high-demand programs. Currently, five CSU campuses (Fullerton, Long Beach, San Diego, San José, and San Luis Obispo) are impacted in all undergraduate programs. Other campuses tend to have at least a few programs impacted in 2024-25. For example, many campuses are impacted in their Biological Sciences, Engineering, and Nursing programs. Though some programs remain impacted, eight campuses saw a decrease in the number of impacted programs in 2024-25 compared to 2023-24.

2025-26 and 2026-27 Enrollment Expectations. The 2024-25 Budget Act set a resident undergraduate enrollment expectation for CSU in 2025-26 (following recent state practice of setting expectations for budget year plus one). The 2025-26 budget plan maintains that expectation and adds an expectation for 2026-27. Specifically, the budget plan sets forth that CSU is to grow its resident undergraduate enrollment by 10,161 FTE students, for a total associated level of 350,107 FTE students in 2025-26. It also sets forth that CSU is to grow by another 10,161 FTE students in 2026-27, for a total level of 360,268 FTE students. Though the budget plan does not contain any enrollment growth funding for CSU in 2025-26, it maintains provisional language permitting the Director of Finance to reduce CSU funding for each student below

the expected 2025-26 level. The provisional language indicates the reduction would be taken at the 2025-26 state marginal cost rate of \$10,983.

CSU’s Enrollment Reallocation Plan Is Realigning Funding with Actual Students Served. Though a majority of CSU campuses are currently below their enrollment targets, some campuses are exceeding their enrollment targets. In 2024-25, CSU began addressing this situation by reallocating existing enrollment slots from campuses under their 2023-24 targets to those exceeding their 2023-24 targets. Effectively, this reallocation moved funding internally within the CSU system to help support more enrollment growth at growing campuses. Specifically, CSU moved funds from eight campuses below target to nine campuses above target. Seven out of the eight campuses furthest from meeting enrollment demand are located in Northern California, whereas eight out of the nine campuses with unmet enrollment demand are located in Southern California. If these nine campuses continue to see enrollment demand in the next couple of years, but do not receive additional funding to support enrollment growth, they likely will have to turn away more students.

Under Budget Plan, No Funding Is Earmarked for Enrollment Growth. As discussed in the “Core Operations” section, the state budget plan reduces General Fund support for CSU by a net of \$122 million. No funding is provided to cover the marginal cost of new resident enrollment. CSU has expressed concern about continuing to increase its systemwide resident enrollment moving forward in the absence of additional state funding.

Staff Recommendation. Hold Open

Issue 5: Capitol Fellows Program**Panel**

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Leonor Ehling, Center for California Studies, Sacramento State

Proposal. The Governor's budget includes a \$1.3 million ongoing General Fund augmentation for the Capital Fellows program, bringing funding for the program up to \$5.2 million. The augmentation is to provide a 50 percent salary increase for Fellows, bringing their monthly salary to \$4,888 (\$58,656 annualized). The Center shared that this request originally was tied to a new federal requirement, which has since been vacated. (Specifically, a federal regulation would have increased the salary threshold to be classified as salaried employees. Had the salary for Fellows not risen to the minimum level for salaried employees, Fellows would have become eligible for overtime, which is not the intent of the program.) Despite that federal requirement being rescinded, the Center indicates a salary increase is still warranted to help Fellows afford rising living costs as well as keep the fellowship program competitive with comparable programs in the state and country.

Background. Apart from CSU's main state General Fund appropriation, the state separately funds CSU's Center for California Studies (the Center). The Center was founded in 1982. It is overseen by CSU Sacramento in concert with the CSU Chancellor's Office. In 2024-25, the Center received \$5.6 million ongoing General Fund support. The Center has 12 authorized positions.

The core objective of the Capital Fellows program is to train young professionals for a career in public service within state government. The program consists of four fellowship opportunities: Assembly, Senate, Executive, and Judicial. Fellowships are structured similarly regardless of the branch of government. Each fellowship provides both experiential learning opportunities as well as career development and mentorship. Fellows work 10 months in the judicial branch, 10.5 months in the executive branch, and 11 months in the Assembly and Senate.

To apply for the program, one must be at least 20 years old and have earned a bachelor's degree. In addition, applicants must have a college grade point average of 2.5 or higher, an interest in state government and public policy, and be authorized to work in the United States. The majority of Fellows are coming straight out of an undergraduate program, though some have at least a few years of prior work experience. (Among its 2024-25 cohort, the Center reports only 1.5 percent of Fellows held a master's degree.) In fall 2024, the Center received 1,061 applications from 590 unique applicants for the 2025-26 fellowship year. (Some candidates apply to more than one fellowship program.)

Housing Costs in Sacramento Are Rising. Apart from the Judicial Fellows, all other Fellows are required to relocate to Sacramento (unless already living in the area). The Center has expressed concern that the current salary for Fellows is insufficient to cover housing and other living costs in Sacramento. From 2019 through 2023, the median gross rent in Sacramento County increased at an average annual rate of 7.5 percent. In 2023, the median gross rent in Sacramento County was \$1,702. Though Fellows may be able to find less expensive rent and share housing, spending \$1,000 per month on rent and utilities would equate to 31 percent of their paycheck. A household commonly is considered cost-burdened if they spend more than 30 percent of their income on housing costs.

Salaries Are Not Adjusted for Inflation. Salaries for Fellows are not adjusted annually for increases in cost of living. Every time the Center wants to increase salaries, regardless of the amount, it must submit a new budget request to the state. The Center last raised salaries just a couple of years ago. In 2022-23, the Center raised Fellows salaries by 9.75 percent, up to the current level of \$3,253 per month. If adjusted annually based on the California Consumer Price Index (CA CPI), that monthly salary rate would be \$3,447 in 2024-25.

Candidates Have Expressed Concern Regarding Salary Amount. The Center shared with us that it does not have a problem with receiving applications, but it does face challenges in getting candidates to accept offers. The Center cites that one reason candidates decline offers is due to the salary amount. Some candidates have also expressed concern regarding the salary amount during the application process and have asked if there are other opportunities for employment during their time in the fellowship. However, the Center shared that it is difficult for fellows to work another job given the rigor and full-time work required by the program.

Staff Recommendation. Hold Open.

6440 UNIVERSITY OF CALIFORNIA (UC)**Issue 6: UC Enrollment****Panel**

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Seija Virtanen, University of California

Background.

UC Enrolls a Mix of California Resident and Nonresident Students. In 2023-24, of the nearly 293,500 FTE students UC enrolled, 82 percent were California residents and 18 percent were nonresidents. Compared to the two other segments, UC enrolls a notably larger share of nonresident students. (In 2023-24, nonresidents comprised 5.5 percent of CSU FTE students and an estimated 3 percent of CCC FTE students.) Within UC, nonresident students are more common in graduate programs. In 2023-24, one-third of UC graduate students are classified as nonresidents, compared to 15 percent of UC undergraduates.

UC Enrolls a Mix of Freshmen and Transfer Students. Besides aiming to enroll a mix of resident and nonresident students, UC tries to have each new incoming undergraduate class have a certain share of freshmen and transfer students. Specifically, UC aims to enroll one resident transfer student for every two resident freshmen. In fall 2024, UC estimates that it will nearly achieve this goal.

State Typically Sets Resident Enrollment Targets and Provides Associated Funding. Over the past two decades, the state's typical enrollment approach for UC has been to set systemwide resident enrollment targets. These targets typically have applied to total resident enrollment, giving UC flexibility to determine the mix of undergraduate and graduate students. If the total systemwide target has included growth (sometimes the state leaves the target flat), the state typically has provided associated General Fund augmentations. Augmentations have been calculated using an agreed-upon per-student funding rate derived from the "marginal cost" formula. This formula estimates the cost to enroll each additional student and shares the cost between the state General Fund and student tuition revenue. In 2024-25, the total marginal cost per student is \$21,455, with a state share of \$11,930.

Recently, State Has Made Two Modifications to Its Enrollment Growth Approach. One modification is that the state has been setting enrollment growth targets only for undergraduates. Another modification is that the state generally has been trying to better align its targets with UC's admissions cycle by setting enrollment targets for budget year plus one. UC completes its admissions cycle for the coming fall term before the state enacts the annual budget each June. Setting an enrollment growth target for budget year plus one allows the state to influence UC's planning for the next admissions cycle prior to UC making its admission decisions.

State Continues Nonresident Enrollment Reduction Plan. Another important change in recent years is that the state has acted to limit the number of nonresident undergraduates at UC, with the intent to make more slots available for resident undergraduates at high-demand campuses. Specifically, the state has directed UC to reduce nonresident undergraduate enrollment at the Berkeley, Los Angeles, and San Diego campuses by a total of 902 FTE students annually and increase resident undergraduate enrollment by the

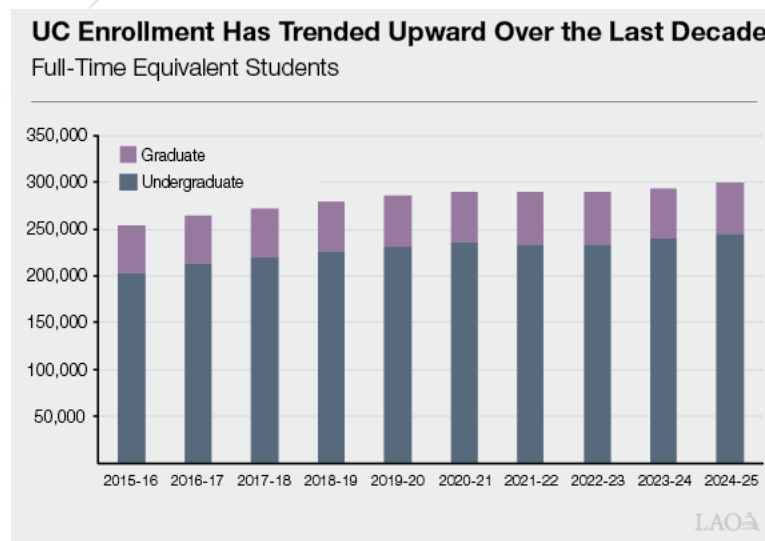
same amount. To help the campuses achieve this goal, the state has provided UC with ongoing General Fund support primarily to backfill the lost nonresident supplemental tuition revenue. The nonresident enrollment reduction plan began in 2022-23 and was intended to extend through 2026-27. By 2026-27, UC campuses are to have nonresident students comprise no more than 18 percent of their total undergraduate enrollment. (The 18 percent cap applies to all UC campuses, but only the Berkeley, Los Angeles, and San Diego campuses currently are above that cap.)

Last Year’s Budget Act Included Enrollment Growth Expectations for the Next Few Years. Specifically, the 2024-25 Budget Act set an expectation that UC grow by 2,927 resident undergraduate FTE students in 2024-25, another 2,947 FTE students in 2025-26, and another 2,968 FTE students in 2026-27. These amounts reflect annual growth of 1.4 percent. (These amounts include the additional 902 resident undergraduate FTE students resulting from the nonresident replacement plan.) The state’s intent was that UC would fund this new growth from base General Fund augmentations provided in each of those years. Under this growth plan, UC resident undergraduate enrollment would reach 212,503 in 2026-27.

UC Has Graduate Growth Plans. Unlike for UC undergraduates, the state has not been setting enrollment targets for UC graduate students. The Governor and UC, however, have compact goals relating to graduate enrollment. Specifically, UC set a plan to increase enrollment in its state-supported graduate programs by a total of 2,500 students (resident and nonresident students combined) over four years. UC originally intended to add this enrollment in even increments (625 FTE students per year) beginning in 2023-24 and extending through 2026-27. Though not earmarked in the state budget act, graduate enrollment growth is supported by state funding and tuition revenue, among other sources.

UC Enrollment Has Grown Over the Past Decade. As Figure 13 shows, UC enrollment has increased every year but one (2022-23) over the past decade. Total enrollment has grown by approximately 46,000 students (18 percent). As enrollment has increased, the share of undergraduates has grown slightly (from 80 percent to 82 percent of overall enrollment), as the share of graduate students has declined slightly (from 20 percent to 18 percent). Undergraduate enrollment growth has varied somewhat across UC campuses. Over the past decade, UC Santa Cruz has experienced the least amount of growth. UC San Diego has added the greatest number of undergraduates, and UC Merced has grown at the fastest rate.

Figure 13:



Source: Legislative Analyst’s Office

UC Expects to Exceed Its Resident Undergraduate Enrollment Target in 2024-25. Based on data from the summer and fall 2024 terms, UC estimates that its resident undergraduate enrollment is 3,270 FTE students above the 2024-25 Budget Act target. This growth is more than double the state’s enrollment expectation that year. Rather than reaching a resident undergraduate enrollment level of 206,588 FTE students, UC anticipates growing to 209,858 FTE students. This level of growth even exceeds the 2024-25 Budget Act enrollment target set for UC in 2025-26 (by a few hundred students). UC is planning to apply the excess growth in 2024-25 toward its 2025-26 enrollment target.

Growth in New Transfer Students More Than Offsets Decline in New Freshmen. Figure 14 shows UC’s cohort of new incoming students (headcount) grew slightly in fall 2024 over fall 2023. Reversing a three-year trend, new transfer enrollment increased for the first time since fall 2020. The number of new resident freshmen declined year over year, breaking a pattern of annual growth for this group that began in fall 2020.

Figure 14:

Growth of New Transfer Students More Than Offsets Decline in New Freshmen
New Undergraduate Headcount, Fall Term

	Fall 2023	Fall 2024	Change From Fall 2023	
			Amount	Percent
Freshmen				
Resident	42,108	41,950	-158	-0.4%
Nonresident domestic	4,616	4,262	-354	-7.7
Nonresident international	4,245	4,409	164	3.9
Subtotals	(50,969)	(50,621)	(-348)	(-0.7%)
Transfer/Other^a				
Resident	17,899	18,694	795	4.4%
Nonresident domestic	396	366	-30	-7.6
Nonresident international	1,489	1,621	132	8.9
Subtotals	(19,784)	(20,681)	(897)	(4.5%)
Totals	70,753	71,302	549	0.8%

^aIncludes CCC and other transfer students.

Source: Legislative Analyst’s Office

UC Expects to Meet Its Nonresident Enrollment Reduction Goals in 2024-25. Compared to 2023-24, nonresident undergraduate enrollment declined at the Berkeley campus by 782 FTE students and at the Los Angeles campus by 294 FTE students. Together, these two campuses exceeded the combined state reduction target of 902 FTE students. UC San Diego increased its nonresident undergraduate enrollment by 83 FTE students, but it grew its resident undergraduate enrollment at an even greater pace. All three campuses reduced nonresident undergraduate enrollment as a share of their total undergraduate enrollment. The Berkeley campus made the most progress (reducing its nonresident share by 2.2 percentage points), whereas the San Diego campus made the least progress (reducing its nonresident share by 0.4 percentage points). All three campuses have a nonresident share that is below 20 percent in 2024-25.

UC Does Not Plan to Meet Graduate Growth Target. Unlike for undergraduate enrollment, graduate enrollment growth targets were not included in the 2024-25 Budget Act. Nonetheless, UC has been tracking its graduate enrollment relative to its compact goals. UC does not expect to meet the overall 2,500 graduate enrollment growth target identified in the compact. UC notes that the baseline from which that target was set reflected an unusual high point in 2021-22. Though it did not realize at the time, UC has since learned that graduate enrollment in 2021-22 was particularly high given a relatively large number

of graduate students deferred enrollment in 2020-21 due to issues relating to the pandemic. While UC believes graduate enrollment will not grow by 2,500 graduate students by 2026-27, it indicated to us that campuses will continue to expand enrollment in graduate programs, with a particular emphasis on enrollment in programs that meet state workforce needs in the science, technology, engineering, mathematics and health sciences areas.

Enrollment Expectations for 2025-26 and 2026-27

Budget Plan Continues Resident Undergraduate Enrollment Expectations, but Does Not Provide Funding. The 2024-25 Budget Act set a resident undergraduate enrollment expectation for UC in 2025-26 and 2026-27. The 2025-26 budget plan maintains these expectations. Specifically, the budget plan sets forth that UC is to grow its resident undergraduate enrollment by 2,947 FTE students in 2025-26, and another 2,968 FTE students in 2026-27, for a total level of 212,503 FTE students that year. The budget plan does not contain any enrollment growth funding for UC in 2025-26. However, it maintains provisional language permitting the Director of the Department of Finance (DOF) to reduce UC funding for each student below the expected 2025-26 level. The provisional language indicates the reduction would be taken at the 2025-26 state marginal cost rate of \$11,640 per student.

Budget Plan Also Maintains Nonresident Enrollment Reduction Expectations, but Defers Funding. The budget plan also maintains the expectation that UC continue to reduce nonresident undergraduate enrollment by a total of 902 FTE students at the Berkeley, Los Angeles, and San Diego campuses in 2025-26, replacing those students with residents. (The additional resident students are included in the targets mentioned above.) As with the base funding deferral, the budget plan defers \$31 million ongoing General Fund that otherwise would have been provided in 2025-26 to continue implementing the nonresident enrollment reduction plan to 2027-28. The Governor proposes provisional budget language stipulating that if the actual reduction in nonresident undergraduate enrollment in 2025-26 is fewer than 902 FTE students, then the Director of DOF is not obligated to provide the deferred payment.

Staff Recommendation. Hold Open.

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, March 13, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultants: Yong Salas and Diego Emilio J. Lopez

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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: Childhood Sexual Assault Claims****Panel.**

- Mike Fine, Fiscal Crisis and Management Assistance Team
- Erin Lillibridge, Fiscal Crisis and Management Assistance Team

Background.

In 2019, the Governor signed Assembly Bill (AB) 218 (Gonzalez, 2019), which lengthened the limitations period for claims of childhood sexual assault from 26 years old to 40 years old. In addition, it extended the period tied to the discovery of the childhood sexual assault from within three years to within five years. Lastly, it provided a three-year window in which expired claims are revived, which expired on December 31, 2022.

Subsequently, the Governor signed AB 452 (Addis, 2023), which eliminated the statute of limitations for the recovery of damages for any instances of childhood sexual assault that occurred after January 1, 2024.

A Senate analysis¹ from 2019 on AB 218 explains the need for this policy and states, “As argued by the author, there has been a dramatic shift in cultural sensitivities around sexual abuse and a more accepting societal climate for victims. Rather than fearing stigma, victims of past abuse are more likely to be willing to come forward now with claims. There are complex psychological effects that result from being victimized in this way. In addition, the systematic incidence of childhood sexual assault in numerous institutions in this country and the cover-ups that accompanied them arguably make both a revival period and an extended statute of limitations warranted. This bill provides another chance for victims, who are currently barred from pursuing claims based solely on the passage of time, to seek justice.”

After the enactment of AB 218, victims who were sexually assaulted as children in prior decades came forward to seek justice for the crimes committed against them. These incidents occurred at various institutions indiscriminately, including churches, youth organizations, and local public entities, including local educational agencies and county-run programs. The total number of claimants who came forward and any ensuing fiscal impacts are unknown. The Los Angeles Times, in an article dated December 28, 2022 and titled *As deadline looms, California’s institutions face thousands of childhood sexual abuse claims*, stated that “thousands of lawsuits alleging abuse as far as the 1940s have been filed against dozens of organizations, including religious groups, private and public schools, sports groups and nonprofit organizations.”

¹ CA State Senate, Regular Session 2019-2020. Assemb. Bill 218, Third Reading, Senate Floor. As amended on 8/30/2019.

However, during the deliberations of AB 452 in the 2023-24 regular legislative session, a coalition representing impacted parties including insurance funds, education interests, school officials, and governmental representatives, wrote in opposition:

“...The current fiscal reality makes the timing of AB 452 challenging. Even with the clarification that the bill is intended to be applied prospectively, significant financial reserves funded with Prop 98 dollars will need to be collected and retained for the possibility of decades of liability exposure that may be realized in the future. Assessments to fund the associated risk addressed by AB 452 will be levied on today’s schools. These assessments will be happening concurrently with assessments on all schools to continue funding historic claims being brought forward under the current five-year psychiatric injury window that is available to all victims- regardless of age.”

At the February 29, 2024 hearing for the Senate Subcommittee #1 on Education, the Fiscal Crisis and Management Assistance Team (FCMAT) was invited to provide its annual update to the subcommittee on the fiscal health of school districts. The primary mission of FCMAT is to help California’s local TK-14 educational agencies identify, prevent and resolve financial, operational and data management challenges by providing management assistance and professional learning opportunities. At this subcommittee hearing, FCMAT provided near-term trends impacting solvency of local educational agencies, which included fiscal impacts on school districts from AB 218 claims.

Given FCMAT’s primary charge to assist school districts and its unique position as an independent and external state agency, the Legislature requested FCMAT provide recommendations for financing options by local public agencies. The 2024 budget required FCMAT, in consultation with appropriate subject matter experts, including, but not limited to, subject matter experts in risk management, public finance, labor, and bond financing, to provide recommendations on new, existing, or strengthened funding and financing mechanisms for local public agencies to finance judgments or settlements arising from claims of childhood sexual abuse. Specifically, the recommendations were directed to be solely focused on financing, securitization, or funding of claims, and should not impact current judgments or settlements from these claims, or unnecessarily delay the timeline in which plaintiffs receive funds from those judgments or settlements.

FCMAT released its report earlier this year, which found that “a comprehensive analysis of claims is not available, but what can be concluded is that the impact is significant.” The report also included 12 recommendations for improved tracking and financing of claims, and 10 recommendations to strengthen preventive measures for local agencies – in total, 22 recommendations. The recommendations to improve tracking and financing claims include:

1. Require the development and maintenance of a statewide data repository, including mandating cooperation and information sharing by public agencies.
2. Mandate a classification system to provide objective, actuarially based information on childhood sexual assault claims.

-
3. Amend Government Code 970.6 to provide for the determination of unreasonable hardship by the local governing body tied to established standards.
 4. Amend Government Code 970.6 to provide a sliding scale of time for repayment based on the judgment amount, plus interest thereon.
 5. Extend the payment due date to 150 days from when a judgment is entered by the court for judgments that are greater than 50% of the local agency's unrestricted reserves.
 6. Clarify that a Code of Civil Procedure 860 validation proceeding may be brought by a public agency before tort action judgments are entered against the public agency.
 7. Consider a limited exception to the prohibition on the use of lease financing proceeds for general operating purposes in EC 17456 for situations where an otherwise financially stable school district is faced with an extraordinary liability.
 8. Extend state and local payment intercept mechanisms to public financings by local public agencies rather than limit the mechanism to the California School Finance Authority.
 9. Expand or direct an appropriate role for the state's Infrastructure and Economic Development Bank in financing childhood sexual assault settlements and judgments.
 10. Adopt an alternative receivership statute for school districts requesting emergency apportionments solely due to childhood sexual assault obligations.
 11. Extend the maximum repayment term of 20 years for emergency apportionments when the loan amount is significantly higher than the school district's ability to pay and based on analysis performed and disclosed during the process leading to an emergency apportionment.
 12. Commission a study that identifies the structure and attributes of a victims' compensation fund for childhood sexual assaults involving a public agency. The study should be presented to the Legislature no later than January 1, 2026, and the Legislature should consider establishing a victims' compensation fund by July 1, 2026.

Additionally, the remaining recommendations to strengthen prevention measures for local agencies are to:

13. Ensure that state policies set consistent standards to achieve zero tolerance for childhood sexual assault.
14. Require comprehensive school safety plans to include required policies and procedures designed to improve supervision and protection of children.

15. Amend paragraphs 1-5 and 9 of Penal Code 11165.7(a) to simply include all employees, volunteers and governing board members of a public or private school, including charter schools, as mandated reporters of child abuse and neglect.
16. Increase the quality and consistency of mandated training to prevent, build awareness of, and increase access to reporting options for, childhood sexual assault.
17. Mandate training of students to promote awareness and help provide 24-7 protection.
18. Establish a statute that promotes professional boundaries between adults and children and strengthens the safety of learning environments.
19. Expand the work history verification and inquiry mandate to include all public and private school employers and employees.
20. Provide for an electronic database of school employee work history in California's public and private schools.
21. Apply the definition of egregious misconduct to all public and private school employees, and ensure that instances of egregious misconduct are reported to an appropriate state agency and included in available work history data accessible to school employers.
22. Provide a clearer, improved definition of grooming that specifically addresses grooming in school, childcare, educational, recreational, and incarceration or probation settings.

Some of these recommendations would also help address future claims that were enabled under AB 452, which apply to incidents occurring after January 1, 2024. Since January 1, 2024, incidents of childhood sexual assault continue to occur. Several news outlets around the state have reported on multiple arrests of individuals suspected of childhood sexual assault, for example:

- On May 2, 2024, the Los Angeles Times reported the arrest of a pastor and foster parent for suspicion of child sexual assault of children in his care.²
- On August 22, 2024, a teaching assistant for the California School for the Deaf in Fremont, CA, which is a state special school under the Department of Education, was arrested for suspicion of sexual assault against at least three students.³

² Deng, J. (2024, May 2). Hesperia pastor is arrested, accused of sexually abusing foster children. *The Los Angeles Times*. <https://www.latimes.com/california/story/2024-05-02/a-hesperia-pastor-is-arrested-for-the-sexually-abusing-foster-children>

³ Baker, J. (2024, August 23). Fremont teaching assistant arrested for suspicion of child molestation. *KRON*. <https://www.kron4.com/news/bay-area/fremont-teaching-assistant-arrested-for-suspicion-of-child-molestation/>

- On February 26, 2025, an individual who worked as an elementary school counselor was arrested in Sacramento County on suspicions of child sexual assault against students at the elementary school where he worked.⁴

Lastly, as part of the enacting legislation that required this report (Section 104, Chapter 38, Statutes of 2024), subdivision (d) states that:

“This section does not, in any way, do any of the following:

- (1) Limit the rights of child sexual abuse survivors to file actions.
- (2) Limit applicable damages.
- (3) Grant immunity to local agencies.”

However, since the release of the report, at least two school districts and at least one county filed petitions for review in the California Supreme Court to challenge the constitutionality of AB 218, asserting that AB 218 is unconstitutional because it results in a gift of public funds. The petitions have included information from the FCMAT report to support the districts’ arguments.

Staff Comment. The subcommittee is thankful to FCMAT for providing recommendations that addressed the original scope of the enacting legislation – to assist local public agencies to fund or finance judgments and settlements from claims of childhood sexual assault. The report also provided thoughtful recommendations to address childhood sexual assault from a holistic perspective of prevention. The Legislature may wish to consider the policy recommendations around childhood sexual assault prevention as it considers recommendations to address the financing of judgments and settlements from childhood sexual assault claims.

As the Legislature evaluates the recommendations to assist local public agencies meet its financial obligations to victims, the subcommittee may wish to consider whether there are significant impacts or exposure to the State General Fund. The recommendation to establish a statewide victims’ compensation fund is one such recommendation that may have the potential to do so.

A case study of an existing statewide victim compensation fund is the California Victim Compensation Board (CalVCB), which serves as a payer of last resort for victims of crime to cover costs of crime-related expenses and remedy financial burdens for victims of crime. Staff also notes that the victim compensation program administered by CalVCB specifically cover expenses that are demonstrably related to the crimes committed against them, such as crime scene clean-ups, funeral and burial expenses, and mental health services. CalVCB originally funded these claims from the Restitution Fund, which collects penalty assessments and restitution diversion fees, federal funds, and other special funds. However, the 2020 budget eliminated criminal administrative fees and debt to relieve financial burdens on justice-involved individuals and families. This reduced the collection of assessments and fees in California, and as a result, Restitution Fund revenues declined and an annual General Fund backfill became necessary to fund these claims and keep it whole, with provisional budget authority to administratively augment funds if the backfill is insufficient. The 2020 budget first provided this backfill with \$23.5 million General Fund, and at its peak the General Fund provided \$39.5 million in the 2023-24 fiscal year.

⁴ Aystas, J. (2025, February 27). Sacramento County elementary school counselor accused of sexually assaulting students, officials say. *KCRA*. <https://www.kcra.com/article/sacramento-school-counselor-sexually-assault-students/63952996>

For the 2025-26 budget, the Governor proposes \$29.5 million General Fund to backfill the Restitution Fund.

The civil liabilities that local public agencies are at risk for as it relates to childhood sexual assaults are unknown; however, according to FCMAT,

“The best estimate of the dollar value of claims brought to date because of AB 218 is \$2-3 billion for local educational agencies. Other local public agencies’ costs will exceed that value by a multiplier, with one county government alone estimating their claim value at \$3 billion. The dollar estimate increases further for total childhood sexual assault claims when considering claims outside of the time frame covered by AB 218.”

If a statewide victim compensation fund were to be established and paid into by local agencies, staff raises concerns that a significant fiscal event where local agencies are unable to meet its payment obligations could create a cost pressure on the state to backfill the fund, which could potentially reach into the billions of dollars. The subcommittee may wish to take state General Fund exposure into consideration as it evaluates all the recommendations put forth by FCMAT.

Staff Recommendation. This item is informational.

**6100 DEPARTMENT OF EDUCATION
6980 STUDENT AID COMMISSION****Issue 2: Teacher Recruitment and Retention: Golden State Teacher Grant, Loan Repayment for Teachers in Priority Schools, and the National Board Certification Incentive Grant****Panel.**

- Aman Singh, Department of Finance
- Jodi Lieberman, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst’s Office
- Edgar Cabral, Legislative Analyst’s Office
- Cheryl Cotton, Department of Education
- Jake Brymner, California Student Aid Commission

Background. State and federal teacher assistance, recruitment and retention programs, including the state’s Golden State Teacher Grant, the California Teacher Residency Grant Program, and the federal Teacher Education Assistance for College and Higher Education (TEACH) grants, are available to support prospective teacher candidates and/or teachers already in the classroom. The state programs are largely supported by one-time funds, some of which are coming close to expiration.

According to an April 2024 report from the Commission on Teacher Credentialing titled “Teacher Supply in California, 2022-23,” the 2022-23 fiscal year marked a decrease of the number of new credentials issued for the second year in a row following a steady increase in the prior seven years; and the number of newly issued credentials for all three types of teaching credentials (multiple subject, single subject, and education specialist credentials), also decreased.

The three grant proposals that will be discussed today reflect proposed state assistance at various stages of the teacher pipeline. The Golden State Teacher Grant Program assists students in professional preparation programs, the Loan Repayment for Teachers in Priority Schools assists current teachers who hold educational debt, and the National Board Certification Incentive Grant assists teachers who have at least three years of experience.

Golden State Teacher Grant Program Background. The 2019 Budget established the Golden State Teacher Grant Program, administered by the California Student Aid Commission (CSAC). It originally provided grants of up to \$20,000 to students in professional preparation programs approved by the Commission on Teacher Credentialing (CTC), with a commitment to work for four years at a priority school, as defined as a school with 55 percent unduplicated pupils, or preschool program, and in specific subject areas. If a recipient does not complete their credentialing or their service requirement, the grants would be returned to the state.

The 2021 Budget Act included \$500 million one-time General Fund to support the program. The \$500 million appropriation for Golden State Teacher Grants was to be spent across five years, ending June 30, 2026. The 2022 Budget Act also made several changes to the program. Most notably, whereas the program previously was open only to teacher candidates in certain high-

need subject areas, it is now open to teacher candidates in any subject area, as well as candidates for pupil personnel services credentials (which authorize individuals to work in school counseling, social work, psychology, and child welfare). The 2023 Budget Act further modified the program to allow participants to serve at preschools and expanded program eligibility to institutions that offers services online to students and offers a professional preparation program approved by the Commission on Teacher Credentialing as of January 1, 2023, among other requirements.

The 2024 Budget made programmatic changes to the Golden State Teacher Grant program, in order to address the oversubscription of the program with limited resources at the time. These changes include reducing the grant award from \$20,000 to \$10,000, and award prioritization for students based on income.

The table below provides information on awards provided from the GSTG program between the 2021-22 and 2023-2024 cycles. This data reflects the Commission's updates as of February 7, 2025.






	2021-22	2022-23	2023-24
UC	206	386	426
CSU	695	2,248	3,039
Private	1,276	4,255	5,896
LEA	537	809	819
WGU	0	0	35
Total	2,714	7,698	10,215

Source: California Student Aid Commission

CSAC collects funds from Golden State Teacher Grant recipients that withdraw from the program. As of February 2025, CSAC has heard from 45 students that intend to return their awarded funds either because they did not complete their credential program or did not intend to meet their service requirement. These students owe a total of \$639,781 and have already commenced their repayment. Thus far, CSAC has recouped \$290,483 in funds in this manner. However, due to the length of time that Golden State Teacher Grant recipients had to complete their service, CSAC does not yet have any data on how many funds will be collected due to failure to meet the service requirement of the program.

Background on Federal Loan Forgiveness Programs. The federal government also offers loan forgiveness programs for teachers, including the Public Service Loan Forgiveness Program, the Teacher Loan Forgiveness Program, and Perkins Loan Cancellation for Teachers. Differences in each of these programs may depend on years of service, where that service was earned, what subjects were taught, and how many payments were made. These programs typically will forgive

the balance of loans after the requirements are met, and in the meantime, potential applicants continue to make payments on their loans. Below is a graphic illustration from the Federal Student Aid office within the U.S. Department of Education that provides a comparison between the Teacher Loan Forgiveness Program and the Public Service Loan Forgiveness Program:

Two Student Loan Forgiveness Options for Teachers		Federal Student Aid	
	Teacher Loan Forgiveness (TLF)	vs	Public Service Loan Forgiveness (PSLF)
 <p>Bottom Line</p>	<p>This program is best for qualifying teachers who don't have a large amount of debt, as TLF offers less forgiveness but offers it quicker.</p>		<p>This program is best for teachers who have a lot of debt, as PSLF offers more forgiveness but requires 120 qualifying payments.</p>
 <p>Who Qualifies?</p>	<p>Teachers who have taught full time for five consecutive years at a qualifying low-income elementary or secondary school qualify.</p>		<p>Anyone who works in qualifying public service for at least 10 years. Qualifying public service includes working for a government employer (public school); working for an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (nonprofit school); or serving as a full-time AmeriCorps or Peace Corps volunteer.</p>
 <p>How Much of My Loans Are Forgiven?</p>	<p>Secondary math, science, and special education teachers can get up to \$17,500 forgiven; elementary school teachers and secondary school teachers who teach other subjects can get up to \$5,000 forgiven.</p>		<p>The remaining balance on your Direct Loans is forgiven. There is no limit on the total amount that can be forgiven. Other types of federal student loans may become eligible if you consolidate them into a Direct Consolidation Loan.</p>
 <p>When Can I Receive Forgiveness?</p>	<p>You'll receive forgiveness once you've made your five complete and consecutive years of teaching.</p>		<p>You'll receive forgiveness once you have made 120 qualifying student loan payments while working full time for a qualifying employer (roughly ten years).</p> <p>Note: These 120 qualifying payments do <i>not</i> have to be consecutive.</p>
 <p>How Do I Apply?</p>	<p>Submit a completed TLF Application to your loan servicer.</p>		<p>Use the PSLF Help Tool to certify your employment annually or any time you switch employers. Once you've made 120 qualifying payments, use the PSLF Help Tool to fill out your PSLF form online.</p>

According to an analysis of U.S. Education Department data conducted by the Georgetown University Center on Education and the Workforce, “at least 61 percent of graduates with master’s degrees in education have some student-loan debt. Among those with debt from both their master’s and undergraduate degrees, the median debt is \$72,000, half of which (\$36,000) is attributable to graduate loans.”⁵

National Board Certification Incentive Grant Program Background. The 2021 Budget included \$250 million in one-time Proposition 98 funds, available over five years, for the National Board for Professional Teaching Standards Certification Incentive Program. Of the total, \$225 million is available to award grants to school districts for the purpose of providing awards to teachers who are employed by school districts or charter schools, are assigned to teach in California public schools, and have attained or will attain certification from the National Board for Professional Teaching Standards. The remaining \$25 million was set aside to cover National Board for Professional Teaching Standards certification fees for first-time candidates.

The National Board for Professional Teaching Standards is a nonprofit, nonpartisan and nongovernmental agency based in Arlington, Virginia, and according to the Department of Education website, “National Board Certification is the most respected professional certification available in education and provides numerous benefits to teachers, students and schools.” To attain certification from the National Board for Professional Teaching Standards, candidates must typically possess a bachelor’s degree, valid teaching license or meet their state’s licensure requirements, have taught for at least three years. Candidates who meet eligibility must demonstrate skill, knowledge, and practice through three portfolio entries and one computer-based assessment.

Of the \$225 million available, the incentive program provides a \$25,000 incentive award for California National Board-Certified Teachers who teach in high-priority schools, and is paid in \$5,000 installments for five consecutive years. \$25 million is available for the subsidy program provides \$2,500 for each teacher pursuing National Board certification when teaching at a high priority school.

According to the Department of Education, a total of \$64 million has been awarded and committed for the incentive grant program, with \$32.3 million already being expended. The remaining \$31.7 million is scheduled to be expended through the end of the 2027-28 fiscal year. For the subsidy program, a total of \$12.5 million has been awarded and committed, with \$8.9 million already expended. After the 2023-24 cycle, there remains \$173.5 million from the original \$250 million appropriation available. The Department of Education states that the 2024-25 cycle yielded 498 new applications for the incentive program, and 890 new applications for the subsidy program. If all applications are approved, approximately \$158.8 million would remain unencumbered. The following chart provides the number of the teachers that participated and applied each year:

⁵ Strohl, J., Morris, C., & Gulish, A. (2024, Dec. 5). Student Loan Debt Is an Overlooked Crisis in Teacher Education. *EducationWeek*. <https://www.edweek.org/teaching-learning/opinion-student-loan-debt-is-an-overlooked-crisis-in-teacher-education/2024/12>

Fiscal year	National Board Incentive (<i>National Board Certified teachers to teach at high-priority schools</i>)	National Board Subsidy (<i>assists teachers pursuing National Board Certification</i>)
2021-22	1,960 teachers	1,712 teachers
2022-23	2,121 teachers	1,765 teachers
2023-24	2,379 teachers	2,254 teachers

Funds for this program is available for encumbrance through June 30, 2026.

Governor’s Budget. The Governor’s Budget includes a total of \$300 million (\$250 million Proposition 98 General Fund, \$50 million General Fund) for the Loan Repayment for Teachers in Priority Schools program, National Board Certification Incentive Grant program, and the Golden State Teachers Grant program. The funds are proposed in the following ways:

- **Loan Repayment for Teachers in Priority Schools.** \$150 million Proposition 98 General Fund to establish the “Loan Repayment for Teachers in Priority Schools Program,” which is intended to support the recruitment and retention of credentialed educators to serve in priority schools and California State Preschool Programs administered by a local educational agency, and provide loan payments for educators’ educational loans.

Under the program, a county office of education, selected by the Superintendent with the approval of the executive director of the State Board of Education, would directly pay the loan institution on behalf of the educator, of annual disbursements capped at \$5,000 a year, for a total cap of \$20,000. Eligibility for this program requires candidates to hold either teaching credentials or pupil personnel services credentials, serve in a California priority school, as defined as a school with 55 percent unduplicated pupils, or in a California State Preschool program administered by a local educational agency.

- **National Board Certification Incentive Grant Program.** The Governor’s Budget includes \$100 million Proposition 98 General Fund to augment the existing National Board Certification Incentive Grant Program, of which \$10 million would be set aside for the certification fee costs.
- **Golden State Teachers Grant Program.** The Governor’s Budget includes \$50 million General Fund to augment the existing Golden State Teachers Grant program, and maintain the \$10,000 award amount (\$5,000 for online institutions) for participants.

Legislative Analyst’s Office.

Recommend Rejecting Proposals. We recommend rejecting the Governor’s teacher recruitment and retention proposals. There is limited evidence that these programs would have a meaningful impact on teacher recruitment and retention. Furthermore, the Golden State Teacher Grant proposal would provide additional non-Proposition 98 General fund at a time when the state faces multiyear budget deficits and the Legislature is in the position of having to weigh the value

of new proposals against other priorities, such as spending to which it has already committed or somewhat larger General Fund reserves that would better prepare the state for difficult budget conditions in future years. The state also likely has sufficient funding remaining from prior National Board Program allocations to fund applicants in 2025-26 without the need for new funding. The state could revisit funding for all of these programs in future years when it receives updated information about program implementation. In the case of the Golden State Teacher Grant program, CSAC will submit its progress report at the end of 2025. In the case of the National Board Program, the state could consider additional funding as part of the 2027-28 budget, when the state has complete data for the first two cohorts.

If State Allocates Funding, Consider Using Proposition 98 General Fund and Modifying Programs to Target Funds More Effectively. If the Legislature is interested in funding one or more of the Governor’s proposals, given the state’s fiscal condition, we recommend any funding for teacher recruitment and retention programs be provided with Proposition 98 General Fund. The Proposition 98 portion of the budget has more capacity for new commitments than the rest of the budget. Additionally, if the Legislature provides funds to one or more of these programs, we recommend targeting these funds in ways that more closely align with where the state has the most significant teacher shortages. For example, the Legislature could modify the priority schools definition so that it reflects only the highest-poverty schools. The Legislature also could target funding to teachers with credentials in the longstanding shortage subject areas of special education, math, science, and bilingual education. (These options are not mutually exclusive, and the Legislature could target funding based on school and subject area.) Such targeting would reduce the number of teachers eligible to receive these benefits, but the funds would go to provide more support to teachers in schools and/or subject areas with the most significant challenges.

Suggested Questions.

- For the proposed National Board Certification Incentive Grant program investment, there remains a significant amount of unencumbered funds from the 2021 budget allocation. Uptake for the program is undersubscribed for the funds that were originally allocated. Why is an infusion of an additional \$100 million necessary at this time?
- If participation in the Golden State Teacher Grant program can serve as an indicator, can we assume that participation in the loan repayment program will primarily serve teachers who have outstanding loans from attending private universities? What can we do to encourage the UC and CSU systems to enroll more students in its teacher preparation programs?
- Why did the Administration choose loan repayment as a retention strategy for educators? Are there other strategies that could be considered?
- How would the program ensure that the teachers who are the furthest away from the county office of education can be served as equitably as the teachers who are nearby?

Staff Recommendation. Hold open.

6610 CALIFORNIA STATE UNIVERSITY
6640 UNIVERSITY OF CALIFORNIA
6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES
6980 STUDENT AID COMMISSION

Issue 3: Free Application for Federal Student Aid (FAFSA) & California Dream Act Application (CADAA) Update

Panel.

- Natalie Gonzalez, Legislative Analyst’s Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Allison Beer, Dean of Educational Services and Support, California Community Colleges
- Dr. Daisy Gonzales, Executive Director, California Student Aid Commission
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. Federal financial aid provides significant funding for students. California college students receive more than \$12 billion annually in federal financial aid, with most of the funding targeting low- and middle-income students who qualify for programs based on family income and assets. Of that funding, about \$8 billion is in the form of student loans, while the Pell Grant provides about \$4 billion. Other programs, including work-study and Supplemental Education Opportunity Grants, provide about \$300 million, according to data compiled by the Legislative Analyst’s Office (LAO). A maximum Pell Grant for an individual student is expected to be \$7,395 in 2025-26, and students can use the funding to help cover tuition or other college costs. About 900,000 students attending California schools received a Pell Grant in 2023-24, according to federal data. Federally-funded financial aid, administered by the U.S. Department of Education, is the largest source of aid to California students.

FAFSA. Students are required to annually submit a FAFSA to the U.S. Department of Education to determine eligibility for federal financial aid. In addition, the California Student Aid Commission (CSAC) and the higher education systems use data from the FAFSA to determine eligibility for state programs like the Cal Grant and Middle Class Scholarship, and institutional aid programs.

CADAA. California has long supported undocumented students by charging in-state tuition and providing state financial aid to eligible students. The CADAA was launched during the 2013-14 Cal Grant application period with the passage of the California Dream Act in 2011. CADAA

allows students who qualify under Education Code section 69508.5 to apply for various forms of state-funded financial aid, as well as institutional aid.

FAFSA Application Deadlines. Historically, the FAFSA application cycle has opened October 1 of each year, with a March 2 deadline, to receive aid for the following academic year. This cycle has been disrupted the past two years due to changes made to both the FAFSA form and how the federal government determines student need, which caused delays and technical difficulties. FAFSA did not open for students for the 2024-25 academic year until Dec. 31, 2023, and students experienced numerous challenges in filling out and submitting the form. For the current cycle, FAFSA did not open until Dec. 1, 2024.

FAFSA and CADAA Applications are Down. In addition to the delayed opening, the Trump Administration’s changes to federal immigration enforcement policies and practices may be driving a decline in the number of California students applying for financial aid through either the FAFSA or CADAA. Another issue possibly impacting financial aid applications are the January, Southern California fires.

The numbers below, provided by CSAC, indicate the number of California students who have submitted either a FAFSA or CADAA as of Feb. 3, 2025, as compared to the same point in the application cycle in the previous two years. (Because the opening date has been different in all three of these years, these numbers show applications by the same number of days remaining in the financial aid cycle.)

	2023-24	2024-25	2025-26	Difference, 24-25 to 25-26	% Difference, 24-25 to 25-26
FAFSA	953,554	1,042,129	786,861	-255,268	-24.5%
CADAA	13,025	17,504	7,860	-9,644	-55.1%

Source: California Student Aid Commission

Better FAFSA. To apply for many types of federal, state, and institutional financial aid, students fill out a federal application. Over the years, many concerns have been expressed about the length and complexity of the FAFSA. In response to these concerns, the U.S. Department of Education recently made significant changes to shorten and simplify the form. Specifically, the number of questions on the form were reduced and the transfer of certain data from tax filings was streamlined. The updated form is known as the Better FAFSA. The department released the new application form for the 2024-25 award year on December 30, 2023 (about three months later than usual). Given the delay, the state extended California’s student financial aid priority deadline for Cal Grants to May 2 and for Middle Class Scholarships (MCS) to July 2, 2024.

Agencies Are Still Determining Impacts of Initial Better FAFSA Implementation. In addition to the delayed launch, students and their families experienced various technical difficulties as they filled out the new form. The California Student Aid Commission (CSAC) notes these challenges may have impacted high school students applying for financial aid in 2024-25 given they were completing the form for the first time. The number of new high school entitlement awards did decrease by 7.4 percent (6,146 recipients) in 2024-25 compared to the prior year. This decrease might be partly attributable to the FAFSA delay and technical difficulties (and partly attributable to a decline in high school graduates). In addition to first-time filers, certain families, particularly those in which one or more parents do not have a social security number, experienced heightened issues completing the new form. CSAC and the higher education segments are still determining the extent to which aid offers and payments for these families were affected.

Under Better FAFSA, the U.S. Department of Education revised the process for determining a student's aid eligibility. The new formula, known as the Student Aid Index, changes how family assets, size, and number of children in college impacts a student's financial need. These changes were projected to increase the number of students eligible for Pell Grants. CSAC reports that the number of Cal Grant-eligible applicants who were also eligible for Pell Grants increased by 9.8 percent in 2024-25 compared to the prior year. CSAC also reports the average Pell Grant award received by University of California (UC) and California State University (CSU) students receiving an MCS award in 2023-24 compared to 2024-25 increased notably. Specifically, the average Pell Grant award increased \$860 (25 percent) for UC MCS recipients and \$764 (22 percent) for CSU MCS recipients. These increases likely are due mainly to the FAFSA changes.

Application Deadline Extended for 2025-26 Award Year. In January 2025, CSAC used its administrative authority to grant students attending schools within Los Angeles and Ventura Counties a one-month application extension (to April 2, 2025) due to the wildfires in those vicinities. In February 2025, CSAC extended the April 2 extension to all students in California. The deadline was extended to all students given the delays in the 2025-26 FAFSA rollout. The 2025-26 FAFSA became available on December 1, 2024 rather than its traditional date of October 1.

Staff Recommendation. Hold Open.

Issue 4: Cal Grant & Institutional Aid Update

Panel.

- Natalie Gonzalez, Legislative Analyst's Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Allison Beer, Dean of Educational Services and Support, California Community Colleges
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. The Cal Grant program is intended to help students with financial need cover college costs. The program offers multiple types of Cal Grant awards. As the figure below shows, the amount of aid students receive depends on their award type and the segment of higher education they attend.

- Cal Grant A awards cover full systemwide tuition and fees at public universities and a fixed amount of tuition at private universities.
- Cal Grant B awards provide the same amount of tuition coverage as Cal Grant A awards in most cases, while also providing an “access award” for nontuition expenses such as food and housing.
- Cal Grant C awards, which are only available to students enrolled in career technical education (CTE) programs, provide lower amounts of tuition and nontuition coverage. Across all award types, larger amounts of nontuition coverage are available to students with dependent children as well as current and former foster youth.

Cal Grant Amounts Vary by Award Type, Sector, and Student Characteristics

Maximum Annual Award Amount, 2024-25

	Amount
Tuition Coverage	
Cal Grant A and B^a	
UC	\$14,436 ^b
Nonprofit institutions	9,358
WASC-accredited for-profit institutions	8,056
CSU	6,084
Other for-profit institutions	4,000
Cal Grant C	
Private institutions	\$2,462
Nontuition Coverage^c	
Cal Grant A	
Students with dependent children	\$6,000
Foster youth	6,000
Cal Grant B	
Students with dependent children	\$6,000
Foster youth	6,000
All other students	1,648
Cal Grant C	
Students with dependent children	\$4,000
Foster youth	4,000
Other CCC students	1,094
Other private-institution students	547
^a Cal Grant B recipients generally do not receive tuition coverage in their first year.	
^b Reflects award amount for new UC students. Award amounts for continuing students are based on the tuition levels set in the year the student first enrolled at UC.	
^c Students attending private for-profit institutions are ineligible for "students with dependent children" and "foster youth" awards.	
WASC = Western Association of Schools and Colleges.	

Source: Legislative Analyst's Office

Financial and Academic Eligibility Criteria. Students apply for Cal Grant awards by submitting a FAFSA or CADAA application. To qualify for an award, students must meet certain income and asset criteria. These criteria vary by family size and are adjusted annually for inflation.

For example, in the 2024-25 award year, a dependent student from a family of four must have an annual household income of no more than \$131,200 to qualify for a Cal Grant A or C and no more than \$69,000 to qualify for Cal Grant B. In most cases, students must also meet a grade point average (GPA) requirement. The specific GPA requirement varies by award type. Most award types require a minimum high school GPA of 2.0 or 3.0 or a minimum community college GPA of 2.0 or 2.4.

In 2021-22, the state also began providing Cal Grants as entitlements to community college students, regardless of their age and time out of high school. The state currently provides approximately 162,000 new entitlement awards annually. The state also provides a limited number of competitive awards (13,000 new awards annually) to students who do not qualify for an entitlement award – typically older students attending four-year universities.

Prior and Current Year Adjustments. From the 2024 Budget, the Governor’s budget revises prior-year Cal Grant spending downward by \$38 million. The Governor’s budget adjusts current-year Cal Grant spending upward by \$14 million. This increase brings estimated Cal Grant spending in 2024-25 to \$2.5 billion—\$158 million (6.9 percent) higher than the revised 2023-24 level.

Cal Grant Spending in Governor’s Budget. From the revised 2024-25 spending level, the Governor’s budget further increases Cal Grant spending by \$109 million in 2025-26. This is a lower growth rate compared to the increase of 6.9 percent from 2023-24 to 2024-25. We summarize the projected changes for 2025-26 by segment and award type in our Cal Grant Spending and Cal Grant Recipients tables. The higher spending reflects a 1.3 percent projected increase in recipients and a 3.2 percent projected increase in average Cal Grant award amounts, primarily due to UC’s and CSU’s planned tuition increases. (Under CSAC’s estimates, \$48 million of the Cal Grant spending increase in 2025-26 is attributable to covering higher tuition costs at the University of California and California State University.)

Cost Estimates Will Be Updated at May Revision. CSAC prepared the Cal Grant cost estimates underlying the Governor’s budget in October 2024. In the spring, CSAC plans to update its estimates based on more recent program data for 2024-25. The administration is expected to update its Cal Grant spending levels at the May Revision accordingly. Though the administration’s cost estimates for 2024-25 and 2025-26 seem reasonable at this time, CSAC is still studying how certain factors are affecting program costs. In particular, CSAC is still examining how the Better FAFSA has impacted the number of financial aid recipients and their financial aid packages.

Cal Grant Spending

(Dollars in Millions)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Total Spending	\$2,295	\$2,453	\$2,562	\$109	4.5%
By Segment:					
University of California	\$1,028	\$1,091	\$1,170	\$80	7.3%
California State University	747	817	841	24	2.9
California Community Colleges	265	274	277	3	1.3
Private nonprofit institutions	227	233	236	2	0.9
Private for-profit institutions	28	37	37	— ^a	0.8
Other public institutions	0.7	1	0.7	— ^a	-33.6
By Program:					
High School Entitlement	\$1,663	\$1,762	\$1,874	\$112	6.4%
CCC Expanded Entitlement	334	374	339	-35	-9.3
Competitive	164	159	161	2	1.0
Transfer Entitlement	130	139	166	27	19.5
Cal Grant C	4	19	22	3	16.5
By Award Type:					
Cal Grant B	\$1,057	\$1,116	\$1,112	-\$4	— ^a
Cal Grant A	1,233	1,318	1,428	110	8.3%
Cal Grant C	4	19	22	3	16.5
By Renewal or New:					
Renewal	\$1,534	\$1,692	\$1,759	\$67	4.0%
New	760	761	803	42	5.5

Data reflect California Student Aid Commission (CSAC) estimates.

^a Less than \$500,000 or 0.5 percent.

Source: Legislative Analyst's Office

Cal Grant Recipients

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Total Recipients	401,147	412,611	417,789	5,178	1.3%
By Segment:					
California Community Colleges	153,575	159,787	163,652	3,865	2.4%
California State University	136,253	136,575	136,561	-14	—
University of California	80,464	81,018	80,842	-176	-0.2
Private nonprofit institutions	25,257	25,751	26,323	572	2.2
Private for-profit institutions	5,440	9,155	10,140	984	10.8
Other public institutions	159	324	271	-53	-16.3
By Program:					
High School Entitlement	238,344	235,111	238,896	3,785	1.6%
CCC Expanded Entitlement	121,072	132,849	132,378	-471	-0.4
Competitive	24,011	20,182	18,949	-1,234	-6.1
Transfer Entitlement	15,829	16,184	17,050	866	5.4
Cal Grant C	1,890	8,284	10,516	2,232	26.9
By Award Type:					
Cal Grant B	274,826	277,681	278,007	326	0.1%
Cal Grant A	124,430	126,645	129,265	2,620	2.1
Cal Grant C	1,890	8,284	10,516	2,232	26.9
By Renewal or New:					
Renewal	223,268	234,400	234,295	-105	—%
New	177,879	178,211	183,494	5,283	3.0
Data reflect California Student Aid Commission (CSAC) estimates.					

Source: Legislative Analyst's Office

Staff Recommendation. Hold Open.

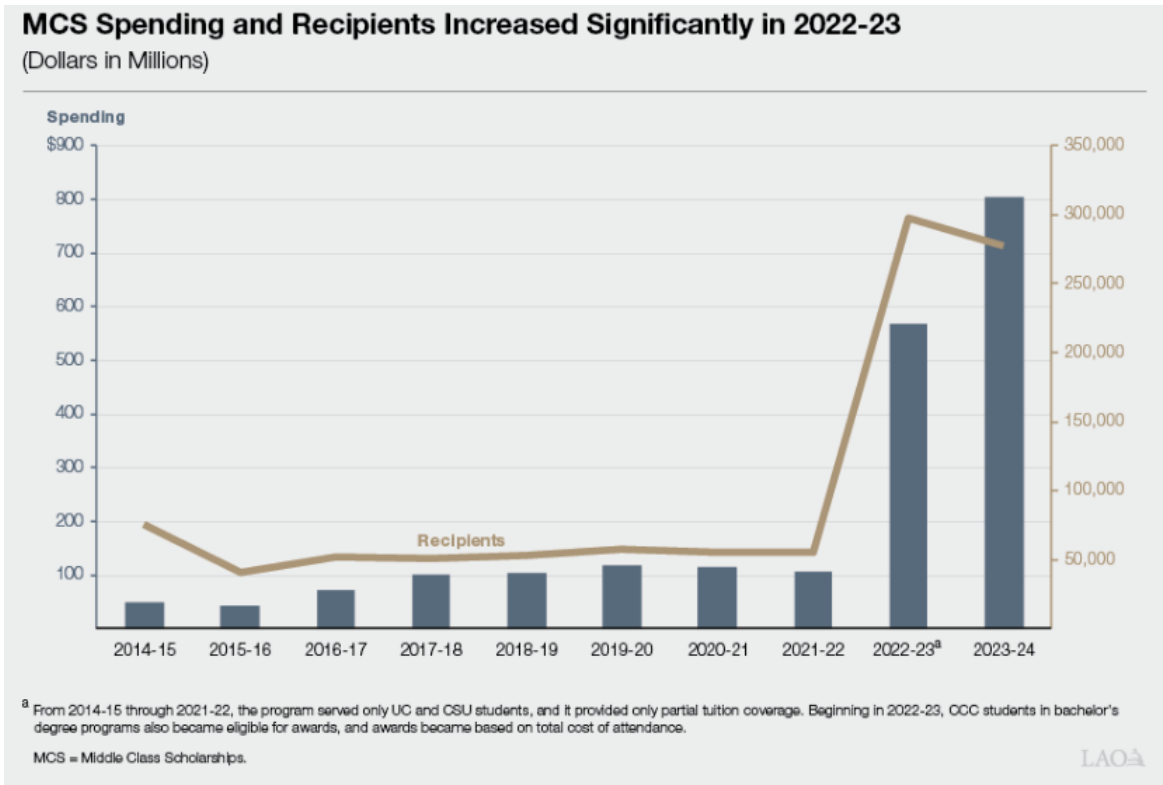
6610 CALIFORNIA STATE UNIVERSITY
6640 UNIVERSITY OF CALIFORNIA
6980 STUDENT AID COMMISSION

Issue 5: Middle Class Scholarship Update & Proposal

Panel.

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Shawn Brick, Associate Vice Provost for Student Financial Support, University of California
- Noelia Gonzalez, Systemwide Director, Financial Aid Programs, Strategic Enrollment Management, California State University
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. The state created the original MCS program in the 2013 Budget package to provide partial tuition coverage to certain UC and CSU students. Originally, awards were for students who were not receiving tuition coverage through the Cal Grant program or other need-based financial aid programs. In 2022-23, the state implemented a new set of rules for the MCS program. The new program focuses on total cost of attendance (rather than only tuition). Under the new program, students may use their awards for nontuition expenses, such as housing and food. As the figure below shows, the spending for the program and number of recipients increased sharply in 2022-23 with the launch of the new MCS program.



Source: Legislative Analyst's Office

MCS Award Amounts Are Calculated Based on Total Cost of Attendance. As the figure below shows, calculating each student's award amount involves several steps. Starting with a student's total cost of attendance, CSAC deducts the student's available resources, consisting of other need-based gift aid; non-need-based gift aid; a student contribution from part-time work earnings; and, in some cases, a parent contribution. The parent contribution only applies to dependent students with a household income of more than \$100,000. Students who are from lower-income households have no required parent contribution and generally are eligible for more gift aid (including federal Pell Grants and Cal Grant B awards for nontuition coverage). This calculation determines the student's remaining costs. Next, CSAC determines what percentage of each student's remaining costs it can cover based on the annual state appropriation for the program. Awards cover the same percentage of remaining costs for each student, except foster youth receive awards that cover 100 percent of their remaining costs.

Middle Class Scholarships Are Calculated Using Multicomponent Formula

Illustrative CSU Dependent Student With \$110,000 Household Income Living Off-Campus, 2024-25

Award Calculation	
Cost of attendance	\$34,717
Federal, state, and institutional need-based gift aid ^a	-6,084
Student contribution from work earnings	-8,154
33 percent of parent contribution from federal SAI ^b	-4,807
Student's Remaining Costs	\$15,672
Percentage based on annual appropriation ^c	35%
Award Amount	\$5,485

^aThe amount also includes any private grants and scholarships, institutionally awarded merit-based aid, as well as institutionally awarded emergency housing and other basic needs emergency grants that are in excess of the sum of the student contribution and parent contribution.

^bOnly applies to dependent students with a household income of more than \$100,000.

^cState law requires CSAC to determine what percentage of each student's remaining costs to cover each year based on the annual appropriation for the program. The program is estimated to cover about 35 percent of each student's remaining costs in 2024-25.

SAI = Student Aid Index and CSAC = California Student Aid Commission.

Source: Legislative Analyst's Office

CSAC Reports an Unexpectedly Large Number of MCS Award Recipients for 2024-25. The 2024-25 Budget Act provided \$926 million (\$637 million ongoing, \$289 million one-time) for the MCS program. In October 2024, CSAC estimated that the appropriation amount was sufficient to cover 35 percent of students' remaining costs. As of February 2025, CSAC shared it is seeing an unexpectedly large increase in MCS recipients in 2024-25. Specifically, CSAC is anticipating 79,495 more recipients in 2024-25 (29 percent) compared to 2023-24. Originally, CSAC estimated a 12 percent increase. Although CSAC is continuing to examine why the number of MCS recipients increased so sharply in 2024-25, it believes it may be partly due to last year's application deadline extension (from its normal deadline of March 2 to July 2, 2024). Given the number of expected recipients has increased, CSAC anticipates needing an additional \$103 million to keep 2024-25 award coverage at 35 percent. CSAC, the administration, and the Legislature are currently working on solutions to address this shortfall.

Governor’s Budget. The Governor’s budget reduces MCS funding by \$110 million ongoing General Fund, bringing ongoing funding down from \$637 million to \$527 million. Additionally, the \$289 million in one-time funding provided in 2024-25 expires. Based on CSAC’s preliminary estimates, the 2025-26 funding level would be sufficient to cover 18 percent of each student’s remaining costs. This estimated award coverage, however, could change at the May Revision, as it was estimated before CSAC saw the larger-than-expected increase in 2024-25 recipients.

Staff Comments. Given that funding levels for MCS will be nearly half of the funding from 2024-25, students will see significantly less support in financial aid, with estimated awards levels dropping from 35% to 18%, which may drop even lower as these estimates do not take into account the unexpectedly larger number of MCS recipients in 2024-25. This reduction also comes as some students may go without federal financial aid in 2025-26 if they are concerned about sharing family information with the federal government.

Staff Recommendation. Hold Open.

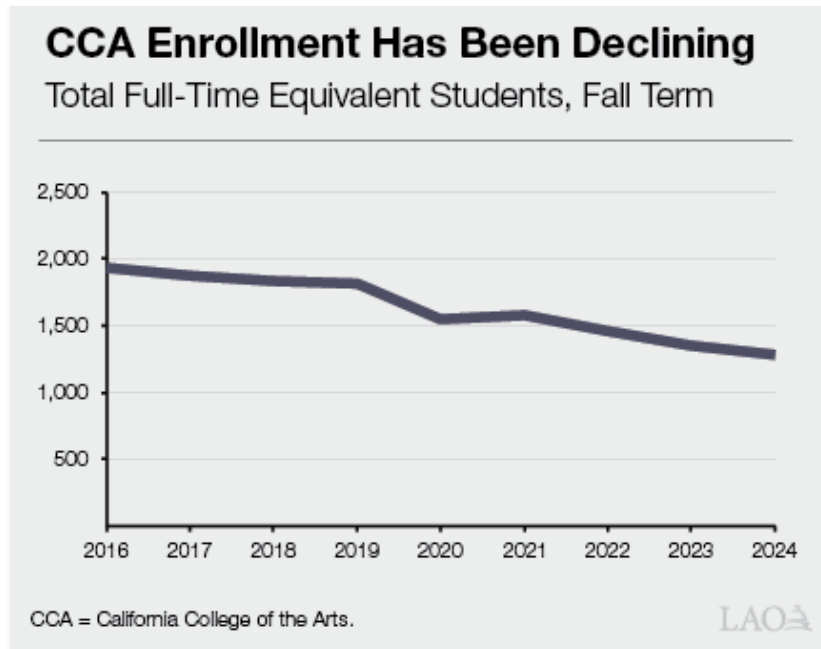
6980 STUDENT AID COMMISSION**Issue 6: Funding for California College of the Arts (CCA)****Panel.**

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst’s Office
- David Howse, President, California College of the Arts
- Remy Hathaway, Chief Financial Officer, California College of the Arts
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Governor’s Budget. The Governor’s budget includes \$20 million one-time General Fund to provide the California College of the Arts, a non-profit, private college, with a second year of General Fund support.

Background. CCA specializes in the study of art, architecture, design, and writing. It opened in Berkeley in 1907, relocated to Oakland in 1922, and opened a second campus site in San Francisco in 1996. Serving as a two-campus institution for more than two decades, CCA is currently transitioning down to a one-campus institution, retaining only its San Francisco site. After a notable capital campaign, CCA added a large new facility at the San Francisco site in 2024. CCA offers 22 undergraduate and 10 graduate programs. Though data on its graduates is limited, CCA shared that many of its graduates remain in California and work at organizations such as KQED Arts & Culture; SFMOMA; Pixar; and the Institute of Contemporary Art, San Diego.

Declining Enrollment. As the figure below shows, CCA enrollment has been declining since fall 2016. After many years of having its enrollment hover at approximately 1,800 students, CCA enrollment declined notably at the onset of the pandemic and has continued to decline. In fall 2024, CCA enrolled a total of 1,280 full-time equivalent (FTE) students—approximately 650 FTE students (34 percent) fewer than in fall 2016. Approximately half of CCA students are California residents, with the other half coming from other states and countries.



Source: Legislative Analyst's Office

Operating Deficit. CCA has been facing a continual budget deficit since 2021. The deficit has grown from \$4.9 million in 2021 to \$11.4 million in 2023, with a slight decrease to \$5.8 million in 2024. CCA is projecting a \$20 million deficit in 2025. This is the largest deficit the school has experienced over the past decade. One factor driving this deficit is the school's enrollment decline, which is resulting in a loss of associated tuition and fee revenue. CCA has also increased spending in areas such as institutional financial aid. As a result, operating expenditures are outpacing operating revenue, leading to sizable budget gaps in the past five years. In prior years, CCA has relied on philanthropic donations to help fill these gaps.

State Funding in 2024-25. The 2024 Budget included \$2.5 million one-time General Fund to support CCA in 2024-25. CCA shared that it is using this funding for scholarships. Current annual undergraduate tuition is \$59,376. The estimated total cost of attendance for students living off campus is \$93,624. About 78 percent of students receive some type of financial aid. (CCA's undergraduate tuition level is slightly higher than a few other private art schools in the state and notably higher than one.)

Arts Education Teaching Credentialing. According to the College, it is currently working to establish a pathway for artists and designers to enter the teaching profession through the state-approved credentialing process. Per CCA, the College is committed to following the formal approval process outlined by the Commission on Teacher Credentialing (CTC). While the College cannot yet offer credentialing programs, it is in the process of meeting the necessary accreditation requirements. The CCA began the accreditation process in December 2024 and, if approved by the CTC, expects to enroll its first credentialing students in summer or fall 2026.

Philanthropic Donations. On February 14, 2025, CCA announced it had raised nearly \$45 million in new philanthropic donations. The largest single component was a \$22.5 million donation from the Jen-Hsun and Lori Huang Foundation, with the remainder coming from current and former trustees; alumni; and members of San Francisco’s arts, culture, and technology communities. The school indicates that these funds “will bridge the college into the next fiscal year, address its current deficit, and position the college both to continue its strong fundraising work and pursue its path to long-term sustainability.”

Staff Recommendation. Hold Open.

Issue 7: Operations Proposals

Panel.

- Aman Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Jake Brymner, Deputy Director for Policy & Public Affairs, California Student Aid Commission

Background. CSAC administers certain state financial aid programs and provides related technical assistance. The largest of these programs are the Cal Grant and MCS programs. CSAC also administers a few smaller financial aid programs, including the California Dream Act Service Incentive Grant and Cal-HBCU (Historically Black Colleges and Universities) Transfer Grant. Beyond these programs, the state approved one-time funding in 2021-22 for a five-year Golden State Teacher Grant initiative. In administering these programs, CSAC works with financial aid administrators at colleges and universities, counselors and other staff at local educational agencies, and students across California. In 2023-24, CSAC processed a total 2.2 million financial aid applications.

Governor's Budget.

Baseline Increase to Operating Expenses & Equipment (OE&E) Costs. The Governor's budget includes \$1.4 million one-time General Fund in 2025-26 and \$3 million ongoing beginning in 2026-27 for CSAC's state operations.

The administration indicates its intent to provide \$3 million ongoing General Fund in 2026-27 to further assist CSAC with its operating costs. CSAC indicates the \$1.4 million in one-time funding will be sufficient to cover costs in 2025-26, but the larger amount of ongoing funding is needed to cover expected cost increases the following year. The administration indicates CSAC has discretion in deciding how to use the proposed funds. If the state commits to providing the ongoing funding in 2026-27, CSAC indicates it would use the 2025-26 and 2026-27 funds to support existing authorized but unfilled positions, along with covering cost increases relating to consulting services, equipment, facilities, and other operating expenses.

Resources for Chief Information Security Officer. The Governor's budget includes \$230,000 ongoing General Fund to provide CSAC with a CISO position. The request for this position is part of CSAC's ongoing work to protect student data and address cybersecurity risks. The responsibilities of the CISO include addressing identified cybersecurity gaps and issues of concern, ensuring CSAC is compliant with certain cybersecurity expectations, developing CSAC's Information Security Office, and leading fraud detection and prevention programming.

CSAC houses a significant amount of personally identifiable and sensitive information. It is CSAC's responsibility to ensure this information is protected and address any threats that may compromise student data. In addition, CSAC has seen an increase in financial aid fraud attempts. Therefore, to protect students and families, as well as mitigate potential financial aid fraud, CSAC has invested in security software and consulting services, as well as instituted two full-time cybersecurity positions in 2023-24. CSAC's investment in cybersecurity is also part of its mission to position itself as compliant with Cal-Secure. Cal-Secure is a roadmap created by the administration in 2021 to enhance and improve the state's role in the cybersecurity space, including ensuring the state has effective cybersecurity defenses. While CSAC has a Chief Information Officer, it has never had a CISO to lead these efforts.

Staff Recommendation. Hold Open.

6600 COLLEGE OF THE LAW, SAN FRANCISCO**Issue 8: McAllister Tower Second Phase & Base Growth Funding Proposals**

Panel.

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst's Office
- David Faigman, Chancellor & Dean, College of the Law, San Francisco
- David Seward, Chief Financial Officer, College of the Law, San Francisco

Background. CLSF, formerly Hastings College of the Law, is affiliated with UC but has its own governing board, the Board of Directors. The Board of Directors oversees the school's finances and makes key decisions, such as setting employee compensation levels. The board also sets the school's tuition levels and enrollment targets. The school's main academic offering is a Juris Doctor (JD) program, the most common degree students pursue to enter the legal field. The school also offers three law-related master's programs. The school has five buildings—two are academic facilities; one is a mixed-use facility with classrooms, offices, and student housing; one is primarily a student housing facility that is currently under renovation; and one is a parking garage.

Tuition Increases at CLSF. In 2025-26, CLSF is scheduled to increase both its resident and nonresident tuition charges, representing the fourth consecutive year both of these charges would grow. Resident tuition is scheduled to increase by \$3,704 (7.5 percent), reaching \$53,087. Even after accounting for this proposed increase, the school's resident JD tuition level would be 13 percent below the average resident tuition level of UC's four JD programs. The school's nonresident supplemental tuition charge is scheduled to increase by \$1,198 (16 percent), reaching \$8,686. CLSF notes that the large increase in the nonresident supplemental tuition charge is to bring that rate more in-line with UC's four JD programs while also generating more revenue. CLSF also plans to maintain its policy of discounting tuition charges by a maximum of 30 percent in 2025-26.

Core Funding Per Student. Beyond the Governor's proposed net base increase of \$507,000 and proposed \$10.1 million ongoing General Fund debt service augmentation, the school expects to generate an additional \$4.3 million in tuition revenue as a result of its planned tuition increases. Altogether, the school expects its core funding to increase by \$14.6 million. As the figure below shows, on a per-student basis, the school's core funding, including the new ongoing debt service, increases by approximately \$12,900 (17 percent).

School's Core Funding Increases in 2025-26

(Dollars In Millions, Except Per-Student Amounts)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
Ongoing Core Funds					
Student tuition and fees	\$54.0	\$55.2	\$59.4	\$4.3	7.8%
General Fund ^a	24.0	26.3	36.9	10.6	40.3
Other ^b	-2.0	5.2	4.9	-0.2	-4.7
Subtotals	(\$76.1)	(\$86.6)	(\$101.2)	(\$14.6)	(16.9%)
Full-Time Equivalent Students^c	1,167	1,128	1,129	1	0.1%
Core Funding Per Student	\$65,207	\$76,751	\$89,631	\$12,881	16.8%

^a Includes ongoing support provided for debt service on state lease revenue bonds. In 2025-26, the Governor's budget includes a \$10.1 million ongoing augmentation for university bond debt service for the McAllister Tower renovation project.

^b Includes State Lottery Fund, certain investment earnings, and income from scholarly publications.

^c Consists of students enrolled in the school's Juris Doctor and master's programs.

Source: Legislative Analyst's Office

Governor's Budget.

Base Growth Funding. The Governor's budget proposes a \$2.4 million ongoing unrestricted General Fund base augmentation to "support College of the Law costs." Whereas most state agencies are not receiving unrestricted General Fund augmentations under the Governor's budget, the administration indicates it took a different approach for CLSF because the school is small and currently has an operating deficit. While the Governor proposes an ongoing General Fund base augmentation, the school would also be subject to a \$1.8 million ongoing General Fund base reduction. This reduction is pursuant to Control Section 4.05 of the 2024-25 Budget Act, which applied up to a 7.95 percent ongoing reduction to the "state operations" component of most state agencies' budgets. CLSF is subject to this reduction in 2025-26. The net effect of the two actions in 2025-26 is an ongoing General Fund base increase of \$507,000 (2.2 percent).

McAllister Tower Project, Phase 2 Funding. . The Governor's budget provides the first year of General Fund support to cover the debt service associated with funding Phase 2 of the project, with an expectation that \$10.1 million will be provided to the school annually over the next 30 years for this purpose. The administration does not have this project going through the State Public Works Board review and oversight process, as it did for the school's last academic facility project.

Phase 2 of the project comprises the renovation of the interior of the facility. Additional building amenities would also be updated, including support and event spaces. The school now estimates that the project could deliver somewhat more beds than originally estimated (23 additional beds, or 280 total beds). CLSF indicates this level of funding would allow for rents across its housing portfolio to be reduced by 20 percent, a slightly greater discount than originally projected. The proposal is for the state to fund remaining project costs (\$151 million) in place of the school covering the costs, as originally planned.

McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects. As the figure below shows, the state recently provided UC with General Fund debt service support for five student housing projects. The state contributed just over one-third of the total project costs for these five UC projects combined. For the McAllister Tower project, the state would be responsible for 85 percent of the project costs. Additionally, the new student housing units generated by the UC facilities are required to meet the definition of “affordable” specified in Chapter 262 of 2021 (SB 169, Committee on Budget and Fiscal Review). The McAllister Tower proposal would allow the school to provide below-market rates, but those rates likely would not meet the statutory definition of affordable. Additionally, the UC projects are in various stages of construction, with the San Diego project already complete. The McAllister Tower project is behind the original construction schedule and will not be operational until fall 2027, at the earliest.

McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects
Recent Student Housing Projects

	Project Costs		Bed		Totals
	State	Nonstate	Affordable ^a	Standard	
CLSF, McAllister Tower	\$241	\$43		717 ^b	717
UC Projects^c					
San Diego	\$100	\$265	1,100	210	1,310
Berkeley	100	265	310	790	1,100
Santa Cruz	89	106	320	120	440
Irvine	65	16	300	—	300
Los Angeles	35	29	358	84	442

^a Affordable student housing for the UC projects is defined as 30 percent of 50 percent of the area median income for a single-room occupancy unit type.

^b CLSF indicates McAllister Tower would have 280 beds. An additional 437 beds already are available through the school's 198 McAllister facility. CLSF is not subject to the affordability requirement that applies to the UC student housing projects. CLSF indicates it plans to use the state support for the 100 McAllister Tower project such that it could charge rent for all 717 beds that is 20 percent below market rates. These rates would be higher than those for the UC student housing projects.

^c Includes UC projects approved in 2022-23 for the Student Housing Grant Program.

CLSF = College of the Law, San Francisco.

Source: Legislative Analyst's Office

Legislative Analyst's Office.

Reject General Fund Base Augmentation. Given the state's fiscal condition, we recommend the Legislature reject the Governor's proposed base General Fund augmentation. Under this approach, the school's ongoing core funding still would grow by \$2.2 million (3 percent) in 2025-26 due to the expected increase in tuition and fee revenue. This funding would help cover some of CLSF's spending priorities

Reject McAllister Tower, Phase 2 Funding. As noted in [The 2025-26 Budget: Higher Education Overview](#), given the state’s budget condition, we recommend that a strong case be made for any new higher education spending. Phase 2 of the McAllister Tower project does not meet that standard. There was no expectation from the state that CLSF would require additional state funds to complete the McAllister Tower project. Moreover, UC student housing projects received a smaller share of state support, yet have generally remained on track and are delivering the agreed-upon number of affordable-rent beds. Rejecting this proposal would provide budget relief to the state. The school could revisit its project design and financing options to ensure it could still deliver at least 257 beds at below-market rates. The school’s reserve currently is healthy, which could help as the school considers its financing options.

Staff Recommendation. Hold Open.

6120 CALIFORNIA STATE LIBRARY**Issue 9: Information Technology Enterprise Security****Panel.**

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, State Librarian, California State Library
- Rebecca Wendt, Deputy State Librarian, California State Library

Background. The State Library's main state-level functions are (1) serving as the central library for state government; (2) collecting, preserving, and publicizing state literature and historical items; and (3) providing specialized research services to state agencies. In addition to these state-level activities, the State Library passes through state and federal funds to local libraries for specific purposes. These local assistance programs fund literacy initiatives, internet services, and resource sharing, among other things. The State Library provides oversight and technical support for these local assistance programs.

The State Library's ongoing funding comes primarily from the state General Fund (67 percent) and federal funds (28 percent), with the remainder coming from special funds and reimbursements. For 2025-26, the Governor's budget includes \$37 million in ongoing state operations funding for the State Library and \$30 million in ongoing local assistance funding. The Governor's budget also includes \$78 million one-time General Fund, nearly all of which reflects carryover funds associated with one-time local assistance initiatives funded in recent years. The majority of this carryover funding already has been encumbered.

Governor's Budget. The Governor proposes providing \$332,000 General Fund in 2025-26 and \$282,000 ongoing General Fund thereafter, to replace outdated networking and security infrastructure. The funds would pay for updated hardware and a renewable cloud-based security subscription service. The State Library indicates that the primary rationale for the new hardware and software subscription service is to ensure that as its current system reaches its end of life, new defense tools are put into place to protect against cybersecurity threats.

Cyberattacks. Between January 2020 and February 2025, over 2,600 cyberattacks were reported that have targeted California businesses and government agencies. State law mandates that businesses or agencies notify residents if their unencrypted personally identifiable information (PII) is acquired, or suspected to be acquired, by unauthorized individuals. Examples of PII include names, addresses, phone numbers, e-mail addresses, health records, social security numbers, and driver's license information, among others. In the first two months of 2025 alone, 70 cyberattacks

have already been reported, averaging more than one attack per day, triggering notification requirements.

In recent years, state agencies that suffered a cybersecurity attack have subsequently requested General Fund support to upgrade their defense systems. For example, in December 2022, Department of Finance (DOF) suffered a cyberattack. This attack led to a \$2.1 million General Fund request in 2023-24 to improve DOF's cybersecurity defenses. The Legislature subsequently approved this funding request. More recently, in March 2024, the Department of Food and Agriculture (DFA) suffered a cyberattack. This attack led to a \$2.5 million General Fund proposal in the 2025-26 Governor's budget to improve DFA's cybersecurity defenses.

Staff Recommendation. Hold Open.

Issue 10: Extend Sunset of Law Library Special Account Trailer Bill

Panel.

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, State Librarian, California State Library
- Rebecca Wendt, Deputy State Librarian, California State Library

Background. The State Library operates the Witkin Law Library. The law library offers a range of resources, including primary and secondary materials on American law, federal and state appellate court decisions, session laws, codes and statutes, federal agency rulings, and attorney general opinions. The law library staff assist both state agencies and the public with research. Based on self-reported data from 2023-24, roughly half of the library's users were from state agencies while the other half of users were from the general public. The Department of Justice, among state agencies, made the most frequent use of the law library's resources. Besides managing research inquiries, staff are also tasked with curating law library collections and other duties.

Governor's Budget. The administration proposes trailer bill language that would reestablish the statutory requirement to allocate \$65 of designated civil appellate filing fees to the law library, while also reauthorizing the California State Law Library Special Account.

The proposed trailer bill language retroactively reestablishes the special fund as of January 1, 2025, so there would be no lapse in deposits. (The state has continued to collect civil appellate filing fees.) In a change from historic practice, the proposed trailer bill language has no sunset date for the \$65 fee and the special fund account.

Special Fund Revenue. While the fee revenue the law library has received has been roughly flat for many years, the law library's operating costs have increased. From 2017-18 through 2023-24, the law library's special fund revenue has averaged approximately \$305,000 annually. Over the same period, its operating costs have grown by 80 percent. The State Library redirects some of its unrestricted General Fund state operations monies to support the law library. In 2023-24, the State Library also requested, and the Legislature approved, a targeted ongoing General Fund augmentation of \$462,000 to cover the costs of two existing permanent positions that had been special fund-supported and two new permanent positions. As a result, a shrinking portion of special fund revenue has been covering law library's operating costs, while the General Fund portion has grown. In 2017-18, special fund revenue covered 43 percent of the Witkin Law Library's total expenditures, while General Fund support covered 57 percent. By 2023-24, special funds covered an estimated 13 percent of costs, while General Fund support covered 87 percent.

Legislative Analyst's Office.

Add a Sunset Date to Maintain Legislative Oversight. We recommend the Legislature modify the trailer bill language to include a sunset date. Since the establishment of the special fund, a sunset date has been included in all previous reauthorizations. Adding a sunset date would provide the Legislature the opportunity to reevaluate the fee structure and make modifications. Historically, the state has set a sunset date of January 1, five years after the account is reauthorized. The Legislature could consider a shorter, one-year sunset date if it wanted to direct the affected groups to reexamine the fee structure and report back, as discussed below.

Direct State Library to Identify Revenue Options. We recommend the Legislature direct the State Library to submit a report identifying potential revenue options by January 1, 2026. We recommend the report identify options that would generate sufficient revenue to cover the law library's total operating expenditures. We recommend requiring that an option be included that replaces all state General Fund, along with other options that provide varying levels of state support.

For each identified revenue option, we recommend the Legislature require key information, including an explanation of why the option was determined to be reasonable, its benefits, and its drawbacks, along with any other information essential for evaluating its relative merits. In identifying possible revenue options, the law library might want to examine the types of users making requests, the complexity of the requests it receives, and the frequency of requests from the same users. This information could help the law library and ensure any identified fee structures align fees with those who use and benefit from its services. We recommend the Legislature direct the State Library to develop its report in consultation with the judicial branch and other relevant stakeholders. The development and submission of this report would help the Legislature evaluate various options for increasing special fund revenues that could be used to support the Witkin Law Library's ongoing operating costs, which is consistent with how the library was originally supported. Such an approach could also free up General Fund for other state priorities.

Staff Recommendation. Hold Open.

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, March 20, 2025
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultants: Diego Emilio J. Lopez

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Public Comment

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6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES**Issue 1: Enrollment Update & Proposal****Panel.**

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Enrollment is a key factor in determining apportionment funding. Under the Student Centered Funding Formula (SCFF), the largest factor in determining a district's apportionment funding is its enrollment level. The SCFF enrollment calculation for regular credit courses is based on a three year average. Specifically, it uses the average of the full-time equivalent (FTE) student count in that given year and the two previous years. In 2024-25, the funded enrollment level based on the three year average is estimated at 1,064,141 FTE students systemwide. This is an estimated 4,432 FTE students (0.4 percent) higher than the reported enrollment level in 2024-25.

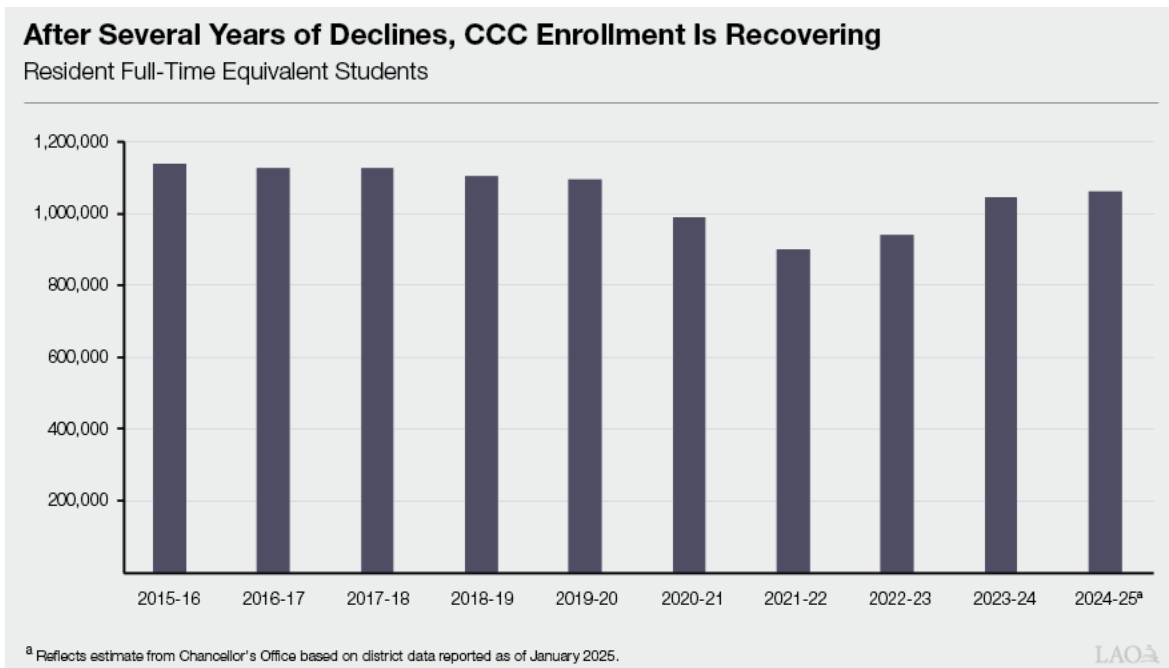
Enrollment growth is allocated by the state. Enrollment growth funding is provided on top of the funding generated from all other components of the apportionment formula. Growth funding supports enrollment increases at districts that have not seen recent declines in funded enrollment, as well as districts that already have used up their restoration authority. State law does not prescribe how to determine the amount of growth funding to provide California Community Colleges (CCC) in any given year. Historically, the state has considered several factors, including changes in the adult population, the unemployment rate, prior year enrollment trends, and the availability of Proposition 98 funding. From 2021-22 through 2024-25, the state provided funding for 0.5 percent systemwide growth annually.

Enrollment growth is funded at a per-student rate. The per-student rate varies by type of instruction. In 2024-25, the base rate for regular credit courses is \$5,294 per FTE student, with districts generating additional funding (on top of the base rate) for enrolling students who are low income or for attaining specified student outcomes. The base rate for dual enrollment students, incarcerated students, and most noncredit students is higher (\$7,425 per FTE student), as districts do not earn additional funding based on these students' income level or outcomes.

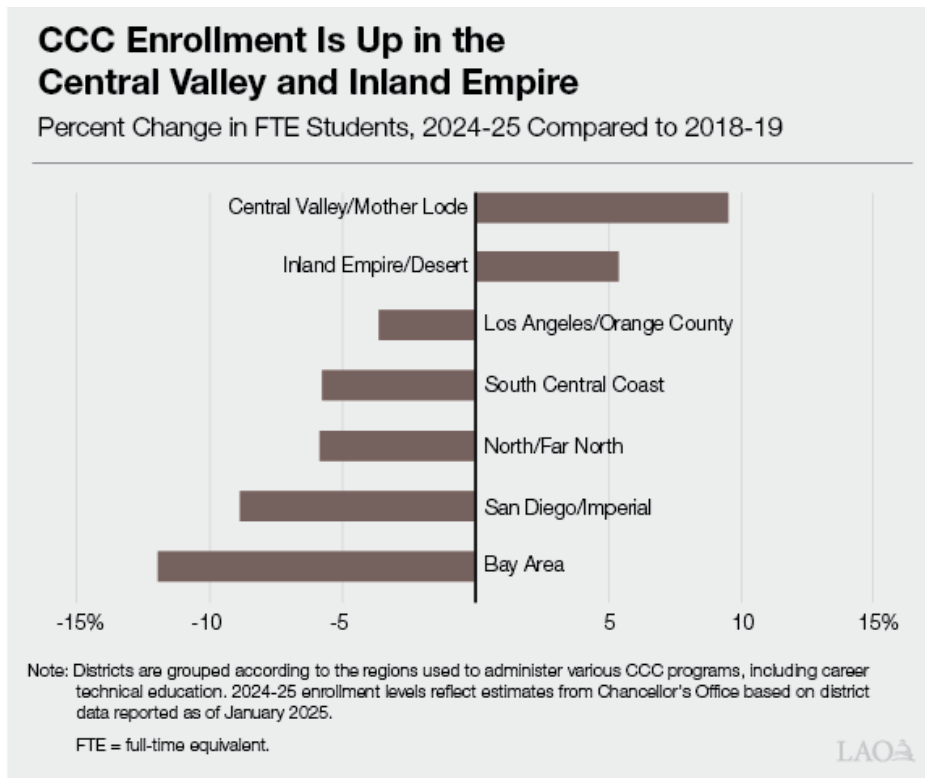
State law directs the Chancellor's Office to allocate enrollment growth funding across all districts using a formula that accounts for several local factors. These factors include the number of individuals within the district's service area who do not have a college degree, are unemployed, or are in poverty. If a district does not fully use its enrollment growth allocation, then the remaining funds are redistributed to other districts that are growing beyond their initial growth allocation.

State law caps the total amount of enrollment growth funded at any given district at 10 percent annually.

CCC enrollment declined prior to and especially during the pandemic. As the figure below shows, CCC enrollment declined for much of the past decade. From 2015-16 to 2019-20, the enrollment decline was gradual. This trend has commonly been attributed to a long economic expansion, reflected in a strong labor market and historically low unemployment during that period. Historically, increases in unemployment have been accompanied by increases in community college enrollment, as more individuals return to school for training. The pandemic, however, was an exception. Due to the public health emergency, community college enrollment dropped notably even as unemployment temporarily surged. Between 2019-20 and 2021-22, the number of FTE students at CCC declined by about 195,000 (18 percent). This decline was consistent with national community college enrollment trends over the period.



Enrollment trends have varied notably by region. As the figure below shows, estimated CCC enrollment in 2024-25 is up relative to pre pandemic levels in two regions: the Central Valley and the Inland Empire. This generally aligns with broader demographic trends, as these regions have experienced population growth since 2018-19. In all other regions, estimated CCC enrollment remains below pre pandemic levels. The enrollment decrease has been largest in the Bay Area, a region that has experienced above average population declines over this period. Within each region, enrollment trends vary among some districts. In every region experiencing declining enrollment, one or more community college districts are growing despite the regional trend.



Governor's Budget. The Governor's budget includes \$30 million ongoing Proposition 98 General Fund for 0.5 percent systemwide enrollment growth at CCC in 2025-26. This equates to an estimated 5,439 additional FTE students. The average base rate for each of these students is \$5,597. The proposed 0.5 percent growth rate is the same rate the state has adopted in each of the past four years.

Legislative Analyst's Office.

Statewide Demographic Trends Are Not Likely to Generate Enrollment Pressure in 2025-26. Under both our office's and the administration's projections, the total adult population (ages 18-59) in California is roughly flat in 2025-26, compared to the previous year. The number of high school graduates is projected to decline by 3 percent in 2024-25, which could lead to a smaller incoming class of traditional-age college students in 2025-26. This is particularly the case because college-going rates among recent high school graduates have been roughly flat over the past few years for which this data is available. Taken together, these statewide demographic factors likely are not generating notable pressure for CCC enrollment growth in 2025-26.

Regional Trends Could Create Some Enrollment Pressure. Though demographic pressures statewide are not likely to be significant in 2025-26, certain regions of the state still are expected to experience growth in their adult population. When we map the administration's county-level population projections to community college regions, we find the adult population (ages 18-59) in the Central Valley and Inland Empire regions are projected to continue growing at above-average rates through 2028-29. During the same period, the adult population is projected to decrease in the

Bay Area and Los Angeles/Orange County regions. Under current law, the Chancellor's Office will take local demographic factors into account when allocating new enrollment growth funding.

Labor Market Trends Could Continue to Generate Enrollment Pressure. Some districts also could see upward enrollment pressures for other reasons, including labor market trends. After climbing gradually for the past two years, California's unemployment rate has reached 5.5 percent as of December 2024. This is above the pre-pandemic unemployment rate (about 4 percent), though still below the historical average over the past 30 years (about 7 percent). Under our office's projections, unemployment continues to increase in 2025-26 and the out-years. This trend could lead more individuals to enroll at the colleges.

Some Districts Likely Remain Above Their Enrollment Targets. Another upward enrollment pressure is related to the 25 districts that exceeded their enrollment growth targets in 2024-25. Without new enrollment funding, these districts could begin employing enrollment management strategies (such as adjusting their course offerings) to constrain their growth. Conversely, with additional funding, these districts might continue on their stronger growth trajectories.

University Budget Constraints Could Increase CCC Enrollment Demand. A fourth reason CCC might experience upward enrollment pressure is related to state budget constraints affecting CSU and UC in 2025-26. As we discuss in [The 2025-26 Budget: Higher Education Overview](#), the state might not have sufficient non-Proposition 98 General Fund to support enrollment growth at CSU and UC in 2025-26. If CSU and UC do not receive enrollment growth funding, more students might enroll at community colleges.

Recommendation

Prioritize Enrollment Growth Within Available Ongoing Funds. We recommend the Legislature fund at least the 0.5 percent enrollment growth proposed by the Governor. The Legislature could consider funding more enrollment growth—potentially up to the 1.5 percent requested by CCC—by redirecting funds from lower-priority ongoing proposals. (We would not recommend redirecting funds from one-time proposals toward enrollment growth, as this would reduce the one-time cushion within the CCC budget.) Community colleges could see upward enrollment pressures from several fronts. Regional demographic trends, rising unemployment rates, enrollment in excess of existing targets, and potential constraints on CSU and UC enrollment levels all could drive up CCC enrollment levels in 2025-26. Providing funding for additional growth could help districts maintain programmatic quality as they enroll more students. We estimate each additional 0.5 percent of enrollment growth would cost \$30 million ongoing.

Staff Recommendation. Hold Open.

Issue 2: Student Centered Funding Formula Update and Apportionment and Categorical Programs Cost of Living Adjustments (COLA)

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Student Centered Funding Formula. All community college districts (except the statewide online Calbright College) receive funding from apportionments. In 2023-24, community college districts collectively received \$9.6 billion in apportionment funding. Apportionments account for about 70 percent of total Proposition 98 CCC funding.

Historically, districts received apportionment funding based almost entirely on student enrollment. In 2018-19, the state adopted a new formula called the Student Centered Funding Formula (SCFF). This formula is intended to create stronger incentives for colleges to enroll lower-income students and improve student outcomes for them and overall. Under SCFF, districts receive apportionment funding for regular credit courses based on three components:

- 1) A base allocation linked to enrollment.
- 2) A supplemental allocation linked to low-income student counts.
- 3) A student success allocation linked to specified student outcomes.

These three components account for about 70 percent, 20 percent, and 10 percent of apportionment funding, respectively. Districts continue to receive apportionment funding for noncredit courses, as well as credit courses for dual enrollment students and incarcerated students, based entirely on enrollment.

Hold Harmless Provisions. When the state adopted SCFF, it created a temporary funding protection called "hold harmless" for those districts that would have received more funding under the previous apportionment formula. This provision was intended to provide time for those districts to ramp down their budgets to their new SCFF-calculated amounts or find ways to increase the amount they generate through SCFF (such as by enrolling more low-income students or improving student outcomes).

Under this provision, districts receive whatever they generated in 2017-18 under the old formula, adjusted for any subsequent COLAs provided by the state through 2024-25. Districts are funded according to this provision if their hold harmless amount exceeds both their SCFF-calculated amount and the stability amount discussed below. More than 25 districts were on hold harmless in each year from 2018-19 through 2021-22, before declining to only 12 districts in 2022-23. (The decline in 2022-23 was related to a \$600 million augmentation the state provided to increase SCFF base funding rates, thereby decreasing the number of districts whose hold harmless amount exceeded their SCFF-calculated amount.)

In 2023-24, the 11 districts remaining on hold harmless received \$90 million in apportionment funding above their SCFF-calculated amount. On average, these districts received more funding per student than other districts. The per-student apportionment funding level was \$9,574 across districts on hold harmless in 2023-24, compared to \$8,895 across districts that received their SCFF-calculated amount.

According to the Chancellor’s Office, 21 districts are estimated to be on the Hold Harmless funding provision in 2025-26. The chart below outlines their estimated SCFF calculated revenue, their Hold Harmless calculated revenue and the percent difference between the two.

District	25-26 SCFF Calculated Revenue	25-26 Hold Harmless/Funding Floor	% Change SCFF Calculated Revenue and Hold Harmless/Funding Floor
Chabot-Las Positas CCD	134,033,982	139,856,226	4.34%
Chaffey CCD	146,458,726	152,669,995	4.24%
Citrus CCD	88,260,645	92,894,198	5.25%
Contra Costa CCD	215,044,883	229,941,714	6.93%
Copper Mountain CCD	19,919,965	20,800,104	4.42%
Foothill-DeAnza CCD	190,081,454	192,112,459	1.07%
Imperial CCD*	57,086,280	70,795,091	24.01%
Napa Valley CCD	33,778,777	41,068,935	21.58%
North Orange County CCD	256,207,870	262,433,892	2.43%
Ohlone CCD	59,533,387	63,336,071	6.39%
Palo Verde CCD*	29,497,595	30,905,716	4.77%
Palomar CCD	123,834,348	140,984,442	13.85%
Peralta CCD	132,146,773	148,941,102	12.71%
San Francisco CCD	141,836,740	166,711,708	17.54%
San Jose-Evergreen CCD	87,082,995	97,063,490	11.46%
San Luis Obispo County CCD	72,759,149	74,230,814	2.02%
Santa Monica CCD	162,800,250	168,740,327	3.65%
Siskiyou Joint CCD	21,161,498	23,574,800	11.40%
Sonoma County CCD	126,030,013	138,789,322	10.12%
West Kern CCD	31,985,151	35,853,204	12.09%
Yuba CCD	74,061,963	77,015,374	3.99%

*Imperial CCD and Palo Verde CCD may have some CCFS-320 FTES errors at 24-25 P1.

Stability Provision. State law also creates a second funding protection called “stability.” This provision allows a district to receive its SCFF-calculated amount in the previous year adjusted for COLA. Districts are funded according to stability if the associated funding exceeds both their SCFF-calculated amount for that year and their hold harmless amount. The number of districts on stability has fluctuated over the past few years. In 2023-24, 26 districts were on stability, with these districts receiving \$70 million in apportionment funding above their SCFF-calculated amount. Like districts on hold harmless, districts on stability tended on average to receive more

funding per student than districts that received their SCFF-calculated amount. The per-student apportionment funding level was \$9,390 across districts on stability in 2023-24.

State Typically Provides a COLA for Apportionment Funding. Although the state is not statutorily required to provide a COLA for apportionments, it has a long-standing practice of doing so when Proposition 98 funds are available. (In contrast, the state is statutorily required to provide a COLA for the Local Control Funding Formula [LCFF], which applies to school districts.) The COLA rate is based on a price index published by the federal government that reflects changes in the cost of goods and services purchased by state and local governments across the country. Over the past 30 years, the average COLA rate has been just under 3 percent. In some recent years, however, the COLA rate has been historically high—5.07 percent in 2021-22, 6.56 percent in 2022-23, and 8.22 percent in 2023-24.

Governor’s Budget. The Governor’s budget includes \$230 million ongoing Proposition 98 General Fund to cover a 2.43 percent COLA for apportionments. This is the same COLA rate the Governor proposes for the K-12 LCFF.

Legislative Analyst’s Office.

Assessment

Districts Face Several Notable Cost Pressures in 2025-26. Although inflation has slowed notably since its peak in 2022, it remains above the historical average, likely translating to continued salary pressures in 2025-26. Districts are also facing increased pension costs. Based on current assumptions, districts’ California State Teachers’ Retirement System (CalSTRs) contribution rate is projected to remain at 19.1 percent in 2025-26, but the California Public Employees’ Retirement System (CalPERS) contribution rate is projected to increase to 27.4 percent (0.3 percentage points higher than in 2024-25). Across both retirement systems, districts’ pension contribution costs are expected to increase by a combined \$88 million in 2025-26. In addition, districts continue to report that health care premiums are growing quickly. Beyond these employee compensation costs, districts generally are expecting increases in other costs such as insurance, utilities, and equipment in 2025-26.

Additional COLA Data Is Forthcoming. In late January, the federal government released updated data on the price index that the state uses to calculate the COLA rate. Based on this data, we estimate the COLA rate for 2025-26 is 2.26 percent—slightly lower than estimated under the Governor’s budget. The COLA rate will be finalized in late April, when the federal government releases the last round of data used in the calculation.

Providing a COLA for Apportionments Helps Districts Pay Core Costs. The proposed COLA rate for apportionments would help districts address anticipated cost increases for their core operations. Doing so would help maintain the quality of CCC’s core instructional programs, while also providing flexibility for districts to address particularly pressing local spending priorities. Historically, the Legislature has made providing a COLA for apportionments its top CCC budget priority for these reasons.

Certain Districts Are Not Expected to Receive a COLA in 2025-26. Under state law, a new hold harmless policy is scheduled to take effect in 2025-26. Under the new policy, a district's hold harmless amount will be set at its apportionment level in 2024-25, without any subsequent COLA adjustments. The intent of this policy is to phase down the additional funding that districts on hold harmless are receiving and gradually transition these districts onto SCFF. As the state continues to provide COLAs for SCFF, these districts' SCFF-calculated amounts will rise, and, at some point, exceed their hold harmless amounts. The more quickly these districts grow their enrollment and improve their outcomes, the more quickly their funding will begin to grow again. Though these districts will not see a COLA in 2025-26, they will still benefit from receiving more per-student funding, on average, than other districts with SCFF-calculated funding levels.

Recommendation

Make COLA Decision Once Better Information Is Available This Spring. By the May Revision, the Legislature will have not only a finalized COLA rate calculation but also updated state revenue estimates. Those revenue estimates will, in turn, affect the amount available for ongoing Proposition 98 spending at CCC. If Proposition 98 resources in May remain sufficient to support the updated COLA, then we recommend the Legislature approve the proposal at that time. Providing a COLA for SCFF can help districts address their core operating cost increases, while helping to bring more districts that would otherwise be on hold harmless onto the formula.

Categorical Programs.

The state has more than 40 categorical programs. These programs provide community college districts with funding designated for specific purposes. The state is providing a total of \$3.8 billion ongoing across all CCC categorical programs in 2024-25. The five largest programs—the California Adult Education Program, the Student Equity and Achievement Program, Student Success Completion Grants, the Strong Workforce Program, and Extended Opportunity Programs and Services—account for more than half of that spending. The remaining programs serve a range of purposes, from financial aid administration and technology services to specific types of student and faculty support.

State Has Provided Increases for Select Categorical Programs. Historically, the Legislature's CCC COLA decisions have been driven by the availability of Proposition 98 funding and its relative budget priorities. In some years, the Legislature has provided a COLA for a subset of categorical programs. As the figure below shows, the state has consistently provided a COLA for seven specific categorical programs in almost every year since 2019-10. (In 2020-21, the state did not provide a COLA for any CCC programs because it anticipated a significant budget shortfall due to the pandemic.) The state has also provided a COLA for certain other categorical programs in one or two of these years. Separate from providing a COLA, the state sometimes provides other funding increases to expand categorical programs. For example, the state increased funding for the Student Equity and Achievement Program by \$24 million (5 percent) in 2021-22 and another \$25 million (5 percent) in 2022-23.

Certain Categorical Programs Have Received a COLA in Recent Years

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Academic Senate				✓		
Adult Education Program	✓		✓	✓	✓	✓
Apprenticeship programs	✓		✓	✓	✓	✓
CalWORKs student services	✓		✓	✓	✓	✓
Campus child care support	✓		✓	✓	✓	✓
Disabled Students Programs and Services	✓		✓	✓	✓	✓
Extended Opportunity Programs and Services	✓		✓	✓	✓	✓
Mandates Block Grant	✓		✓	✓	✓	✓
MESA program	✓				✓	
Middle College High School	✓					
NextUp foster youth program					✓	
Part-time faculty compensation				✓		
Part-time faculty office hours				✓		
Puente Project	✓				✓	
Rapid rehousing					✓	
Student basic needs centers					✓	
Student mental health services					✓	
Umoja program	✓				✓	
Veteran resource centers					✓	

COLA = cost-of-living adjustment and MESA = Mathematics, Engineering, Science Achievement.

Governor’s Budget. The Governor’s budget includes a total of \$30 million ongoing Proposition 98 General Fund to provide seven CCC categorical programs with a 2.43 percent COLA. These are the same seven programs that have received a COLA in almost every year since 2019-20. The figure below lists these programs and the cost of the associated COLA. More than half of the cost is for the California Adult Education Program, which supports precollegiate adult education at both community colleges and adult schools operated by school districts. (As we note in the “Apportionments” section, the data used to calculate the COLA will not be finalized until late April. The final rate could be slightly higher or lower than the Governor proposes, with corresponding changes in the associated cost.)

Governor’s Budget Includes Increases for Select Categorical Programs

Reflects Funding for 2.43 Percent COLA (In Millions)

Program	Cost
Adult Education Program	\$15.9
Extended Opportunity Programs and Services	5.3
Disabled Student Programs and Services	4.2
Apprenticeship programs	2.3
CalWORKs student services	1.4
Mandates Block Grant	1.0
Campus child care support	0.1
Total	\$30.2

COLA = cost-of-living adjustment.

Legislative Analyst's Office.

Proposal Is a Reasonable Starting Point, but Legislature Could Consider Other Options. Given that the Governor's proposal includes many of the categorical programs the Legislature has prioritized for a COLA in recent years, it is a reasonable starting point for 2025-26 budget deliberations. The Legislature could adopt the proposal, or it could choose to provide a COLA for a different set of categorical programs based on its priorities this year. Given the limited amount of ongoing CCC Proposition 98 spending under the Governor's budget, the Legislature will face a trade-off between providing more funding for categorical programs and reserving those funds for other ongoing budget priorities, such as enrollment growth.

Staff Recommendation. Hold Open.

Issue 3: Student Housing Grant Program

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office

Alexandra Wildman, Department of Finance

Alex Anaya Velazquez, Department of Finance

Lisa Qing, Legislative Analyst's Office

Background. The 2021, 2022 and 2023 Budget Acts created the Higher Education Student Housing Grant Program and authorized 35 projects: five UC projects, 11 CSU projects, 16 CCC projects, three joint UC/CCC projects, and one joint CSU/CCC project, totaling about \$2.2 billion in state funding. Projects were required to provide “affordable” beds for students, which was defined as rents not exceeding 30 percent of 50 percent of a campus’s area median income. (This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents.)

While the program was originally conceived with one-time General Fund, the 2023 Budget Act shifted the program to bond financing. Starting in the 2023 Budget Act, UC and CSU began receiving ongoing General Fund to cover debt service costs on bonds issued by each segment. UC and CSU are receiving about \$50 million annually to cover debt service for their projects, including the joint projects with community colleges.

The 2024 Budget Act included trailer bill language creating a new state lease revenue bond program to support 13 of 16 previously approved community college student housing projects for up to \$804.7 million. (The three other projects were supported with cash, totaling \$50.6 million one-time General Fund.) Under the new program, the Board of Governors and the 13 participating colleges will work with the State Public Works Board to finalize any remaining project plans and receive project financing. The chart on the next page indicates the community college projects that were approved, their proposed costs, proposed number of beds, and updated costs and number of beds.

Note: Dollars in Millions

College with Approved Student Housing Project	CA Budget Approval	Project Cost at Application	2025 Estimated Project Cost	Difference	Total Beds at Application	Low Income Beds at Application	2025 Total Number of Beds	2025 Low Income Beds
Bakersfield College	2022-23	\$63.40	\$63.40	\$ -	154	154	154	154
College of the Canyons	2022-23	\$61.90	\$61.90	\$ -	220	220	209	209
College of the Siskiyous	2022-23	\$32.60	\$34.00	\$1.40 (4.3%)	252	252	178	178
Compton College	2022-23	\$80.40	\$80.40	\$ -	250	250	250	250
Cosumnes River College	2022-23	\$44.10	\$44.10	\$ -	147	147	147	147
Fresno City College	2022-23	\$55.00	\$70.00	\$15.0 (27.2%)	350	350	350	350
Imperial Valley College/CSU San Diego	2022-23	\$17.00	\$17.00	\$ -	51	51	40	40
Lake Tahoe Community College	2022-23	\$42.50	\$42.50	\$ -	100	100	100	100
Sierra College	2022-23	\$98.20	\$107.40	\$9.2 (9.4%)	344	344	348	348
Ventura College	2022-23	\$65.90	\$65.90	\$ -	300	300	290	290
Cabrillo College/UC Santa Cruz	2023-24	\$181.80	\$181.80	\$ -	376	376	376	376
Cerritos College	2023-24	\$80.00	\$100.00	\$20.0 (25%)	396	396	402	396
College of San Mateo	2023-24	\$65.80	\$85.80	\$20.0 (30.4%)	312	310	316	316
College of the Redwoods	2023-24	\$53.30	\$82.50	\$29.2 (54.8%)	215	181	215	181
Merced College/ UC Merced	2023-24	\$100.00	\$108.60	\$8.6 (8.6%)	287	191	287	191
Riverside City College/UC Riverside	2023-24	\$312.00	\$312.00	\$ -	326	326	326	326
San Diego City College	2023-24	\$222.90	\$200.00	\$22.9.0 (10.3%)	808	788	808	795
Totals		\$1,576.80	\$1,657.30	\$80.50	5,768	4,930	5,736	4,852

Some colleges are reporting cost overruns. Some colleges have reported that rising construction costs are challenging the completion of projects. According to the Chancellor's Office, colleges are reporting a total of \$80.5 million in additional costs since applications were submitted, based on original total costs of \$1.6 billion. Colleges are using local resources to cover costs, although some may seek additional funding from the state. Some projects have slightly lowered the number of beds they will be providing: the number of beds for all projects is now estimated to be 5,736, compared to 5,768 at the time applications were submitted.

More than 30 other student housing projects are unfunded. The Chancellor's Office notes that it currently has 34 applications for student housing projects that have not been funded. The projects would require a total of \$2.4 billion, with \$2.1 billion requested from the state. The chart below indicates ten unfunded projects that were ranked highest by the Chancellor's Office based on the program goals and requirements.

Governor's Budget. The Governor's Budget provides \$1.3 million ongoing General Fund to support the state lease revenue bond. This amount will grow in future years as projects enter construction phases and more bonds are sold.

Staff Recommendation. Hold Open.

Issue 4: Prop 2 Facilities Projects/Capital Outlay

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Alexandra Wildman, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background. In November 2024, voters approved a new education facilities bond, Proposition 2, which provides \$1.5 billion for facilities at the CCC. The Governor's budget proposes to fund 29 new capital outlay projects in 2025-26, committing roughly half of Proposition 2 funding. The CCC Chancellor's Office selected these projects using a relatively new scoring system.

The CCC system includes 72 local community college districts that operate 115 college campuses, as well as a number of off-campus centers and district offices. Based on the system's most recent five-year capital outlay plan, these sites have a combined 87 million square feet of building space. This includes both academic space (such as classrooms, laboratories, libraries, and faculty offices) and nonacademic space (such as parking structures, bookstores, and cafeterias).

State Often Pays Portion of Academic Facility Project Costs. Academic facilities are eligible for state support. The state and districts often share the cost of academic capital outlay projects. Though the share of costs varies among projects, the state commonly covers about half of the cost, with the district covering the rest using local funds. In contrast, the state typically does not support nonacademic facilities, as these facilities generate their own revenue to cover their costs.

State Uses General Obligation Bonds to Finance Its Share of Costs. The state sells general obligation bonds to receive up-front funding for project costs. It then repays these bonds with interest over a period of time (typically about 35 years) using non-Proposition 98 General Fund. Under the State Constitution, voters must approve general obligation bonds. From 2002 through 2016, voters approved four state general obligation bonds for education facilities. The most recent of these bonds, Proposition 51, provided \$2 billion for community college facilities. The vast majority of Proposition 51 funding has already been committed to specific projects, with the Chancellor's Office estimating that approximately \$80 million remains available.

Voters Recently Passed a New State Education Facilities Bond. In the November 2024 election, voters approved a new education facilities bond, Proposition 2. This measure provides \$1.5 billion for community college facilities. (Proposition 2 also provides \$8.5 billion for K-12 school facilities.) These funds may be used for various purposes, including constructing new buildings, renovating existing buildings, acquiring land, and purchasing equipment. The measure does not specify how the funds are to be allocated among these specific purposes. In addition to this state general obligation bond, voters in the same election approved 14 local general obligation bonds totaling \$9.9 billion for community college facilities.

Chancellor's Office Is Using New Scoring System to Select Projects. To receive state bond funding, community college districts must submit project proposals to the Chancellor's Office. The Chancellor's Office selects among these project proposals using a scoring system adopted by

the CCC Board of Governors. The Board of Governors adopted a new scoring system in September 2020. Because the majority of Proposition 51 bond funding had already been committed by that time, relatively few projects under that earlier bond were selected under the new scoring system. The Chancellor's Office intends to use the new scoring system, however, to select projects under Proposition 2.

Under New Scoring System, Funding Is Allocated Among Three Categories of Projects. The old scoring system used six funding categories reflecting the purpose of the project (life safety, modernization, or growth) and the type of space (instructional, institutional support, or other).

In contrast, the new scoring system uses the three categories reflecting the purpose of the project but does not distinguish among different types of space. In allocating funding among the three categories, the Chancellor's Office first designates funding for life safety projects. These projects must be accompanied by a third-party study identifying imminent health or safety risks, seismic risks, or failing infrastructure. The district is generally required to cover at least 25 percent of the associated project costs. The Chancellor's Office may designate up to 50 percent of state funding each year for life safety projects, though the amount needed to fund all project proposals in this category is typically much lower. After addressing life safety projects under the new scoring system, the Chancellor's Office then allocates 65 percent of the remaining funding for modernization projects that renovate existing space and 35 percent for growth projects that add new space.

Chancellor's Office Then Ranks Projects Within Each Category. Districts typically submit more modernization and growth project proposals than available state bond funding can support. Each year, the Chancellor's Office uses certain scoring metrics to rank projects within these two categories. As the figure below shows, modernization projects receive points based on the age and condition of the facility. Meanwhile, growth projects receive points based on projected enrollment growth at the campus, as well as how its existing space capacity compares to its enrollment level. Projects in both categories also receive points based on the amount of the local contribution, with districts generally required to cover at least 25 percent of total project costs and receiving more points for covering a larger share. In addition, projects in both categories receive points for certain other metrics, including campus size and region.

CCC Uses Certain Scoring Metrics to Rank Project Proposals

Metric	Description	Points
Modernization Projects		
Facility age	Provides points based on the age of the facility, with older facilities receiving more points.	60
Local contribution	Provides points based on the share of project costs covered by local funds, with larger local contributions receiving more points.	50
Facility condition	Provides points based on facility condition, with facilities in worse conditions receiving more points.	40
CTE status	Provides points to projects that add space for CTE programs.	25
Campus size	Provides points based on campus size, with larger campuses receiving more points.	20
Region	Provides points to projects in the Central Valley, Sierras, Inland Empire, and Far North.	5
Total		200
Growth Projects		
Enrollment growth	Provides points based on projected enrollment growth over the next five years, with faster-growing campuses receiving more points.	50
Existing capacity	Provides points based on usage of existing space, with more highly used space (at or exceeding capacity) receiving more points.	50
Local contribution	Provides points based on the share of project costs covered by local funds, with larger local contributions receiving more points.	50
CTE status	Provides points to projects that add space for CTE programs.	25
Campus size	Provides points based on campus size, with larger campuses receiving more points.	20
Region	Provides points to projects in the Central Valley, Sierras, Inland Empire, and Far North.	5
Total		200

CTE = career technical education.

Governor’s Budget. The Governor’s budget proposes \$51 million in Proposition 2 Bond funds for the preliminary plans and working drawings phases of 29 projects. The total cost across all phases of these projects is \$1.6 billion, with the state covering \$729 million (46 percent) and districts covering \$842 million (54 percent). Of these projects, 17 are modernization projects, 8 are growth projects, and 4 are life safety projects. (The Chancellor’s Office indicates it has submitted one additional life safety project with an estimated total state cost of \$61 million to the administration for inclusion in the May Revision.)

Governor’s Budget Funds New and Continuing CCC Capital Outlay Projects

Bond Funds (In Thousands)

College	Project	Phase	2025-26	All Years	
			State Cost	State Cost	Total Cost ^a
Proposition 2 (2024)					
Los Angeles Trade-Tech	Advanced transportation and manufacturing building replacement	P, W	\$6,047	\$91,161	\$219,471
Mt. San Antonio	Library replacement	P, W	3,896	57,958	160,190
Citrus	Career technical education building replacement	P, W	3,226	47,520	116,852
Moreno Valley	New Library Learning Resource Center	P, W	2,997	44,420	106,322
Norco	Library Learning Resource Center and student services center replacement	P, W	2,512	34,340	82,749
Golden West	Physical education gym replacement	P, W	2,002	29,421	57,790
Fullerton	STEM vocational center replacement	P, W	1,922	27,496	56,417
Bakersfield	Center for Student Success replacement	P, W	1,934	28,786	56,256
Merritt	Gymnasium and locker room replacement	P, W	1,676	22,834	54,805
De Anza	Physical education complex renovation	P, W	3,386	41,090	54,422
Long Beach (Liberal Arts Campus)	Building B replacement	PC ^b	382	24,782	51,641
Riverside	Cosmetology building replacement	P, W	1,617	20,196	48,782
Clovis	New kinesiology and wellness center	P, W	1,682	24,374	48,607
Merced	Music Art Theater Complex renovation	P, W	1,469	24,379	48,009
Antelope Valley	Gymnasium replacement	P, W	1,622	24,601	46,711
Rio Hondo	Business and art building replacement	P, W	1,594	23,233	45,813
Los Angeles City	Kinesiology South building replacement	P, W	1,294	17,592	41,958
Ben Clark Training Center ^c	New Education Center Building 2, Phase 1	P, W	1,335	16,246	39,489
Hartnell	Gymnasium renovation	P, W	1,764	19,603	38,310
Reedley	Agriculture instruction complex renovation	P, W	1,295	16,806	32,405
Grossmont	Gymnasium replacement	P, W	1,175	15,006	29,604
Willits Center ^d	Willits Center expansion, Phase 2	P, W	1,343	14,609	28,647
Orange Coast	Skills lab replacement	P, W	1,110	13,418	26,435
Imperial Valley	Gymnasium renovation	P, W	1,039	12,798	25,677
Shasta	Life sciences building renovation	P, W	680	8,569	16,832
El Camino	Hydronic line replacement	P, W	813	9,155	12,206
Los Angeles Pierce	Sewer utility infrastructure replacement	P, W	692	7,385	9,847
Los Angeles Valley	Sewer utility infrastructure replacement	P, W	591	5,885	7,845
Skyline	Boiler plant replacement	P, W	393	5,132	6,843
Subtotals			(\$51,488)	(\$728,795)	(\$1,570,935)
Proposition 51 (2016)					
Alameda	Aviation complex replacement	C	\$13,836	\$14,889	\$52,178
Golden West	Fine Arts building renovation	C	14,740	16,132	31,609
Subtotals			(\$28,576)	(\$31,021)	(\$83,787)
Totals			\$80,064	\$759,816	\$1,654,722

^aCommunity college districts issue local general obligation bonds to pay for a share of project costs.
^bThe performance criteria phase is the initial phase of this design-build project.
^cCenter operated by Riverside Community College District.
^dCenter operated by Mendocino-Lake Community College District.
P = preliminary plans; W = working drawings; STEM = science, technology, engineering, and mathematics PC = performance criteria; and C = construction.

Governor Also Proposes Funding Two Continuing Capital Outlay Projects. As the figure above show, the Governor’s budget also includes \$29 million in 2025-26 for the construction phase of two projects initiated in previous years. These projects are funded under an earlier state general obligation bond, Proposition 51 (2016). The total cost across all phases of these projects is \$84 million, with the state covering \$31 million (37 percent) and districts covering \$53 million (63 percent). Both of these are modernization projects. We have no concerns with the proposed funding for these two projects.

Legislative Analyst's Office.**Assessment**

Key Factors to Consider in Deciding How Much Proposition 2 Funding to Commit Now. Under the Governor's budget, the state would commit roughly half of CCC Proposition 2 funding. (The Chancellor's Office intends to request about \$400 million in Proposition 2 funding for additional projects in 2026-27 and the remainder in 2027-28.) The Legislature could choose to allocate a different amount of Proposition 2 funding in 2025-26. One factor to consider in making this decision is cost escalation. Allocating a significant portion of the available bond funds in the first year allows districts to begin projects as soon as possible, avoiding cost escalation that typically occurs due to inflation over time. Beyond the projects included in the Governor's budget, the Chancellor's Office reports that districts submitted an additional 25 eligible project proposals for 2025-26, with total associated state costs of roughly \$650 million. The quality of projects, however, is another basic factor to consider. These additional 25 projects scored lower than the projects included in the Governor's budget. Moreover, districts submit a new round of project proposals each year, and some new projects submitted over the next year or two might have stronger justification (thereby scoring higher) than these additional projects for 2025-26. Furthermore, additional life safety projects could emerge over the next couple of years.

New Scoring System Has Several Positive Aspects. The Proposition 2 projects included in the Governor's budget were selected using the Chancellor's Office's new scoring system. We think parts of the new scoring system are reasonable. First, the scoring system reflects a consistent, transparent way of reviewing districts' project proposals. Second, the scoring system places the highest priority on life safety projects, with requirements in place to ensure that districts submit only immediate needs under this category. Third, the system uses several relevant scoring metrics to rank all other projects, namely facility age and condition for modernization projects and enrollment projections and existing capacity for growth projects. Finally, the scoring system requires districts to provide a local contribution for all categories of projects and creates incentives to provide more than the minimum local contribution for modernization and growth projects.

Share of Funding Allocated for Modernization Projects Could Be Too Low. At the time the new scoring system was adopted in September 2020, the allocation of funding between modernization projects (65 percent) and growth projects (35 percent) generally reflected the system's identified capital outlay needs. Over the past few years, however, those needs have shifted. In CCC's most recent five-year capital outlay plan, modernization projects account for about 80 percent of the capital outlay needs identified for 2025-26 through 2029-30, while growth projects account for only about 20 percent. The shift away from growth projects likely reflects in part the increase in online education, which reduces the need for colleges to add new space. The use of online and other distance education at CCC remains significantly above pre-pandemic levels, accounting for an estimated 42 percent of full-time equivalent (FTE) students in fall 2024, compared to 17 percent in fall 2019. The Chancellor's Office has not yet revisited the split of funding between modernization and growth projects to reflect this trend. Under the current split, modernization projects are somewhat more likely to go unfunded. Of the project proposals that districts submitted for 2025-26, 17 out of 36 eligible modernization projects (47 percent) were included in the Governor's budget, compared to 8 out of 14 eligible growth projects (57 percent). Whereas

modernization projects address deficiencies with existing space, growth projects add new space, thereby contributing to higher ongoing operational costs.

Nearly One-Third of Selected Projects Are Gymnasiums. Gymnasiums account for 9 of the 29 new projects included in the Governor’s budget—a much higher share of projects than in previous years. For comparison, only 8 out of more than 100 projects funded under the previous facilities bond, Proposition 51, were gymnasium projects. This shift is likely related to the new funding categories. Under the old scoring system, gymnasium projects (along with projects relating to child development facilities, performing arts facilities, and certain other noninstructional facilities) were in a separate category eligible for up to 15 percent of available funding. Under the new scoring system, gymnasiums compete with all other types of facilities within each category. That is, gymnasiums effectively are treated the same as other academic space. Given that Proposition 2 funding covers only a portion of CCC’s identified capital outlay needs, the state faces trade-offs between funding gymnasiums and funding other facilities that more directly support instruction. Although colleges use gymnasiums for courses in physical education and related disciplines, some of these courses are not core to CCC’s instructional mission. For example, these courses commonly include practice and conditioning time for intercollegiate athletics teams, as well as fitness courses.

Rationale for Certain Scoring Metrics Is Unclear. Although the new scoring system includes several relevant scoring metrics, it also includes a couple of metrics for which the rationale is less clear. First, projects receive more points if they are located on a campus with more FTE students. The Chancellor’s Office indicates this is because larger campuses require more space than smaller campuses. Other scoring metrics, however, already provide more points based on enrollment growth and having insufficient existing space. Second, projects receive more points if they are located in the Central Valley, Sierras, Inland Empire, and Far North regions. The Chancellor’s Office indicates this metric is intended to target funding toward regions that have historically had lower educational attainment rates. The state likely has more direct ways, however, to increase educational attainment in these regions, such as by continuing to provide districts with supplemental funding for enrolling and supporting low-income students under the Student Centered Funding Formula.

Recommendation

Direct Chancellor’s Office to Justify and Potentially Adjust Parts of New Scoring System. During spring hearings, we recommend the Legislature direct the Chancellor’s Office to further explain the rationale for the current split of funding between modernization and growth projects, the large number of gymnasium projects selected for funding, and the inclusion of campus size and region in its scoring metrics. If these or other issues raise notable concerns for the Legislature, it could direct the Chancellor’s Office to adjust its scoring system accordingly. For example, this might mean allocating a larger share of funding toward modernization projects or capping the amount of funding for gymnasium projects. The Chancellor’s Office could then use the adjusted scoring system to select a revised set of projects for 2025-26.

Staff Recommendation. Hold Open.

Issue 5: Rising Scholars

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background. The Rising Scholars Network was established by AB 417 (McCarty), Chapter 558, Statutes of 2021, to support services to incarcerated and formerly incarcerated students enrolled in community college courses. The 2021-22 budget package provided \$10 million ongoing for this categorical program. These funds are to support up to 65 colleges in providing various services, including academic advising, tutoring, financial aid application assistance, and assistance accessing other campus and community resources. State law authorizes the Chancellor's Office to designate up to 5 percent of program funding for program administration, development, and accountability. The Chancellor's Office is required to report on December 31, 2023 and every two years thereafter on colleges' efforts to serve currently and formerly incarcerated students.

In 2022, the Chancellor's Office awarded the Rising Scholars Network funds through a competitive process that accounted for a college's readiness based on its current programs and services for currently or formerly incarcerated students. Of the 68 applicants, 59 were selected for awards of between \$100,000 to \$190,000 annually through 2024-25. Two of the selected applicants were multi-college districts, bringing the total count of participating colleges potentially up to 62—just under the cap of 65. Based on information from the Chancellor's Office, participating colleges are spending the majority of their program funds on personnel, including staff to provide specialized support for currently and formerly incarcerated students and instructional designers to adapt courses to be delivered in correctional settings. Other program expenses include technology, classroom space, and professional development.

State Added Juvenile Justice Component to Program in 2022-23. The 2022-23 Budget Act provided \$15 million ongoing to add a new component to the Rising Scholars Network that focuses on youth impacted by the juvenile justice system. The majority of these funds are to support up to 45 colleges in providing instruction and support services (such as basic needs assistance and education planning) on campus and in local juvenile facilities. Of the total program funding, \$1.3 million is designated for technical assistance, including staff to oversee program implementation and provide training and support. In addition, \$750,000 was designated on a one-time basis in 2022-23 for a program evaluation that examines the first cohort of participating colleges over a period of at least five years. Since 2022-23, the state has retained the provisional budget language funding this program.

Some of Same Colleges Are Participating in Juvenile Justice Component. In 2023, the Chancellor's Office awarded the juvenile justice funds through a competitive process. Of the 47 colleges that applied, 44 colleges received awards of \$312,500 annually through 2026-27. (Each college's award amount was slightly lower in 2022-23 because of the one-time set-aside for a

program evaluation.) Two colleges that applied for the program did not receive awards, and one college declined an award. Most of the colleges participating in the juvenile justice component of the program are also participating in the original component focused on adult students. In total, 75 colleges are participating in one or both program components in 2024-25. As with the original component, colleges are spending the majority of program funds from the juvenile justice component on personnel costs.

Governor's Budget. The Governor's budget increases funding for the Rising Scholars Network by \$30 million ongoing Proposition 98 General Fund, bringing total program funding to \$55 million. The Governor proposes trailer bill language removing the cap on the number of colleges participating in the adult component of the program. (Budget bill language would continue to limit participation in the juvenile justice component to 45 colleges.) The administration proposes no changes to program requirements for either the adult or juvenile components.

Staff Recommendation. Hold Open.

Issue 6: Cloud Data Platform & Enterprise Resource Planning System**Panel.**

Chris Ferguson, California Community Colleges Chancellor's Office
Justin Hurst, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Common Cloud Data Platform. Community colleges collect various types of student data, including data on enrollment, demographics, academic outcomes, and financial aid. Each district stores this student data in an IT system called an enterprise resource planning (ERP) system. (Districts also use their ERP systems for many other purposes, as we discuss in the next section of this brief.) The Chancellor's Office does not have direct access to this data. Instead, it requires districts to report certain data, including on enrollment and student outcomes, periodically during the course of the year. These district reports are in turn used for various systemwide purposes, including determining apportionment funding and complying with state reporting requirements.

Common Cloud Data Platform Demonstration Project. In October 2023, the Chancellor's Office launched a demonstration project called the "Common Cloud Data Platform." The goal of this project is to develop a platform through which the Chancellor's Office and participating districts could share student data on a "near real-time" basis. The platform would be compatible with districts' existing ERP systems. By making the sharing of student data easier, this project is intended to streamline certain systemwide reporting processes. It is also intended to enable the development of data analytics tools, such as timelier enrollment and student outcomes dashboards, which the Chancellor's Office indicates could improve decision-making and student support. The Chancellor's Office is supporting this demonstration project using \$10 million in one-time funds set aside from the Student Equity and Achievement Program. (Under state law, the Chancellor's Office may designate up to 5 percent of funding for that program for systemwide activities.) Currently, six districts—representing a range of sizes, locations, and ERP systems—are participating in the demonstration project. The Chancellor's Office is preparing to add a second cohort of about six more districts to the project over the next few months.

Governor's Budget. The Governor's budget provides \$163 million Proposition 98 General Fund (\$29 million ongoing and \$134 million one time) for the Common Cloud Data Platform. Based on the proposed trailer bill language, the funds would be used to develop and expand the platform to all districts, incorporate new analytics tools, and support related data quality assurance and governance processes. The Chancellor's Office would allocate these funds to a district or districts to administer these activities under its oversight. (The state commonly takes this approach with CCC systemwide initiatives to ensure that Proposition 98 General Fund is allocated to local educational agencies.) The language directs the Chancellor's Office to submit a report on the project's implementation status to the Legislature by January 31, 2028. The language does not specify how long the funds would be available for expenditure.

Legislative Analyst's Office.**Assessment**

Demonstration Project Is Still Underway. The Common Cloud Data Platform demonstration project provides an opportunity for the Chancellor's Office to develop and test the platform with a small group of districts, assess the outcomes, and apply the lessons learned toward future decisions about expanding the platform. The Chancellor's Office anticipates completing the demonstration project in June 2026. We do not see a clear rationale for funding the systemwide expansion of this platform before the demonstration is complete and the Legislature has information on its outcomes.

More Information Is Needed on Project's Benefits. While expanding the Common Cloud Data Platform systemwide could lead to more efficient reporting processes, these administrative efficiencies are unlikely to be enough on their own to justify a project of this size. To better understand the justification for systemwide expansion, the Legislature would likely want more information on the state benefits of having more timely student data, relative to the data currently available. For example, the Legislature may want specific examples of how near real-time data is needed for state decision-making. Real-time data likely is most useful at the local level, where it could help instructors and counselors better support specific students. It is unclear, however, whether this project would significantly improve the data that districts have on their own students, except to the extent those students are also enrolled at other participating institutions.

Proposed Funding Level Could Exceed Project Costs. The \$163 million included in the Governor's budget is based on CCC's 2025-26 systemwide budget request. In that request, however, this amount was intended to cover not only the expansion of the Common Cloud Data Platform but also the launch of the Common ERP project (which we discuss in the next section of this brief). We think that the full amount likely would not be needed for the Common Cloud Data Platform alone. A January 2025 Board of Governors meeting agenda cites a significantly lower cost (\$96 million one time to be spent across several years) for expanding the Common Cloud Data Platform systemwide. The Chancellor's Office indicates, however, that this cost estimate is not final.

Recommendation

Reject Funding at This Time and Require Reporting on Demonstration Project. Given the issues above, we think it would be premature to fund the systemwide expansion of the Common Cloud Data Platform. Instead, we recommend requiring the Chancellor's Office to report on the current demonstration project upon its completion. The report could cover the outcomes of the project for participating districts, any challenges encountered and lessons learned, the projected state and local benefits of expanding the platform systemwide, a refined cost estimate for that expansion, and an analysis of alternatives and their respective costs. This information would be similar to the information provided to the Legislature for other IT projects through the state's IT project approval process, as we discuss in the nearby box. The Legislature could require the Chancellor's Office to report on these items by October 30, 2026. This is a few months after the

completion of the demonstration project and a few months before the start of the state’s 2027-28 budget process. If the Legislature decided to expand the platform based on the demonstration project’s results, it could initiate state funding in 2027-28, funds permitting.

Common Enterprise Resource Planning System. Community colleges collect various types of student data, including data on enrollment, demographics, academic outcomes, and financial aid. Each district stores this student data in an IT system called an enterprise resource planning (ERP) system. (Districts also use their ERP systems for many other purposes, as we discuss in the next section of this brief.) The Chancellor’s Office does not have direct access to this data. Instead, it requires districts to report certain data, including on enrollment and student outcomes, periodically during the course of the year. These district reports are in turn used for various systemwide purposes, including determining apportionment funding and complying with state reporting requirements.

Chancellor’s Office Recently Launched Demonstration Project to Share Student Data More Easily. In October 2023, the Chancellor’s Office launched a demonstration project called the “Common Cloud Data Platform.” The goal of this project is to develop a platform through which the Chancellor’s Office and participating districts could share student data on a “near real-time” basis. The platform would be compatible with districts’ existing ERP systems. By making the sharing of student data easier, this project is intended to streamline certain systemwide reporting processes. It is also intended to enable the development of data analytics tools, such as timelier enrollment and student outcomes dashboards, which the Chancellor’s Office indicates could improve decision-making and student support. The Chancellor’s Office is supporting this demonstration project using \$10 million in one-time funds set aside from the Student Equity and Achievement Program. (Under state law, the Chancellor’s Office may designate up to 5 percent of funding for that program for systemwide activities.) Currently, six districts—representing a range of sizes, locations, and ERP systems—are participating in the demonstration project. The Chancellor’s Office is preparing to add a second cohort of about six more districts to the project over the next few months.

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the Legislature decided to expand the platform based on the demonstration project's results, it could initiate state funding in 2027-28, funds permitting.

Common Enterprise Resource Planning (ERP) System

Each District Has Its Own ERP System. Community college districts use their ERP systems to manage numerous functions relating to student information, finance, and human resources. Currently, each district contracts separately with a vendor for its ERP system, with nearly all districts using one of three main products. Each district also employs its own IT staff to administer and maintain its ERP system. The Chancellor's Office believes this approach has several drawbacks—including inconsistencies in the technology experience for students and employees across the system, information security vulnerabilities at districts with outdated ERP systems, and IT staffing challenges at smaller districts.

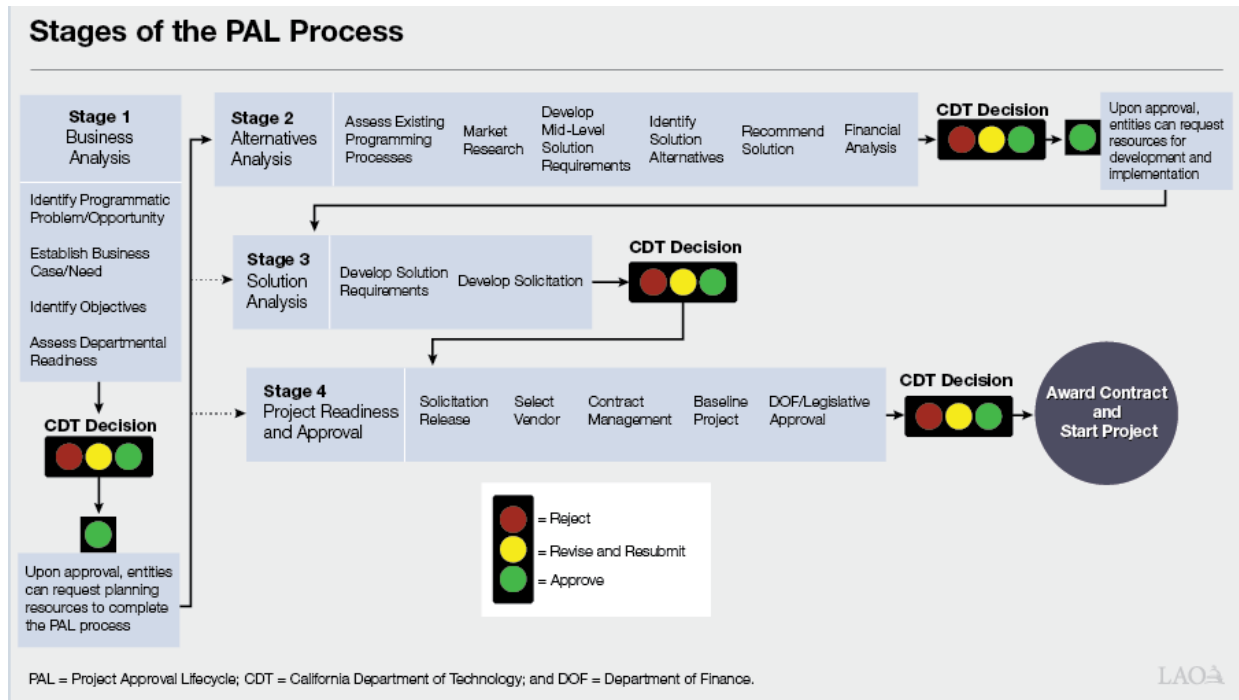
Chancellor's Office Recently Initiated a Common ERP Project. In February 2024, the Chancellor's Office convened a task force to provide input on systemwide technology issues. One issue the task force considered was the development of a common ERP—a centrally administered IT system that would replace existing, locally administered IT systems. At the conclusion of the task force, the Chancellor's Office decided to continue exploring the development of an opt-in common ERP system with interested districts. In November 2024, the Chancellor's Office began the planning process for this project with a group of about a dozen districts.

Governor's Budget. The Governor's budget provides \$168 million one-time Proposition 98 General Fund for this purpose. Under the proposed trailer bill language, the funds would be used to develop, implement, and expand the Common ERP project and support related data governance activities. The Chancellor's Office would allocate these funds to a district or districts to administer these activities under its oversight. The language directs the Chancellor's Office to submit a report to the Legislature containing a project time line, budget, and progress update by January 31, 2027. It also directs the Chancellor's Office to submit a second report to the Legislature on the project's implementation status by January 31, 2030. The language does not specify how long the funds would be available for expenditure.

Legislative Analyst's Office.

Assessment

Project Has Not Undergone Typical Planning Process. Most state IT projects undergo a planning process managed by the California Department of Technology (CDT), in consultation with the Department of Finance, called the Project Approval Lifecycle (PAL). The box below describes this process. Because the Chancellor's Office is considered an independent agency outside of CDT's authority, its projects are not required to go through the PAL process. The Common ERP project has not undergone a comparable planning process, and the documentation currently available on this project is not equivalent to what the Legislature typically receives for other state IT projects.



Alternatives to Achieving Project Objectives Have Not Been Thoroughly Studied. The first and second stages of the PAL process, respectively, require departments to identify project objectives and evaluate various alternatives for accomplishing those objectives. While the Chancellor’s Office has identified several potential objectives for a systemwide technology project, it has not thoroughly evaluated the alternatives for accomplishing those objectives. Some of these alternatives might be more cost-effective or lower risk than the proposed Common ERP project. For example, districts with outdated ERP systems could turn to the Foundation for California Community Colleges to negotiate better pricing through its shared procurement program. Alternatively, these districts could create a joint powers authority to pool their IT resources and expertise, leveraging their larger combined size to negotiate better prices. Without an analysis of these types of alternatives, the Legislature cannot determine whether the Common ERP project is the best way to address the identified objectives.

State Lacks Basic Information on Project Scope, Schedule, and Cost. The trailer bill language does not specify how many districts are to participate in the Common ERP project or whether the intent is to implement it systemwide. The Chancellor’s Office indicates, however, that its intent is to eventually implement the project at all districts over multiple waves. Implementing a project of this scope would require significant time and costs. Whereas the Legislature typically has information on a project’s schedule and cost prior to approving funding for development and implementation, it would not receive this information on the Common ERP project until well afterward. Under the proposed trailer bill language, the report due to the Legislature by January 31, 2027 would include a project time line and “the budget and expenditures of resources appropriated, and any identified one-time and future funding needs necessary for completing the work.”

Project Would Likely Require Large Future Augmentations. The Chancellor’s Office anticipates spending the \$168 million included in the Governor’s budget over the first two years of the Common ERP project. It estimates this would be enough to fund the project for the first wave of districts (likely about a dozen districts). Additional funding would be needed in the future to implement the project at more districts. In conversations with our office, the Chancellor’s Office indicated the amount of additional funding needed in future years could be roughly \$300 million, before accounting for cost escalation and certain local implementation issues described below. Given the magnitude of these future costs, we are particularly concerned that the Legislature is being asked to approve initial funding for this project before receiving a total project budget, as well as a complete project plan.

Project Involves Significant Changes in Local Processes. Given that districts rely on their ERP systems for numerous aspects of their operations, transitioning to a new system is likely to present significant challenges relating to change management. Over the years, each district has customized its existing ERP system to reflect its local processes. Transitioning to a common ERP system would require revisiting some of these processes. For example, the Chancellor’s Office indicates that implementing a common ERP would require greater standardization across districts in various areas, ranging from financial accounts to salary and benefits structures. In addition, districts would need to provide support to staff, faculty, and students in using the new system. The Chancellor’s Office indicates it would like to support districts with change management costs. These costs would largely be on top of the future project costs cited in the previous paragraph.

Moving to One Systemwide Vendor Can Raise Risks and Costs. While centralized procurement sometimes results in lower local costs, giving all systemwide business to a single ERP vendor has the risk of increasing overall costs. Currently, multiple ERP vendors are competing for contracts among districts, creating incentives for those vendors to keep their prices low and their product quality high. If CCC were to implement one common ERP systemwide, the selected vendor effectively would no longer face competition in the short term. The state has had such experiences with similar types of IT projects in the past. Another risk is that a vendor selected based on the needs of the first wave of districts might end up not being the best fit for districts in future waves. Some large districts with complex technology needs have indicated an initial lack of interest in joining the project. If a subset of districts opts out of the project, this would presumably dilute whatever systemwide benefits were envisioned.

Recommendation

Reject Proposal. Given the overall lack of planning, the large future costs, and the significant project risks, we recommend rejecting the Governor’s proposal to fund the Common ERP project. The Legislature could redirect the funds toward other one-time CCC activities or make a discretionary deposit into the Proposition 98 Reserve.

Staff Recommendation. Hold Open.

Senate Budget and Fiscal Review—Scott Wiener, Chair

JOINT HEARING

Agenda

Senate Budget Subcommittee No. 1 on Education and Senate Subcommittee No. 4 on State Administration and General Government

- Senator Christopher Cabaldon, Chair
- Senator John Laird, Chair
- Senator Rosilicie Ochoa Bogh
- Senator Roger W. Niello
- Senator Sasha Renée Pérez
- Senator Lola Smallwood-Cuevas



Thursday, March 27, 2025
9 a.m.
State Capitol - Room 113

Consultants: Diego Emilio J. Lopez and Jessica Uzarski

0511 Government Operations Agency 2
 Item 1: California Education Interagency Council and Associated Trailer Bill Language2

Public Comment

Please Note: Public comment will be taken following each Departments Issues, and again after all Issues have been heard.

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.

ITEM FOR DISCUSSION

0511 GOVERNMENT OPERATIONS AGENCY

Item 1: California Education Interagency Council and Associated Trailer Bill Language

Request. The Government Operations Agency (GovOps) requests \$5.0 million General Fund in 2025-26 and ongoing to establish the Office of the California Education Interagency Council to bring together TK- 12 education, higher education, and state economic and workforce development agencies to improve planning and coordination across state government.

Background. In August 2023, Governor Gavin Newsom launched the development of California’s Master Plan for Career Education with the stated objective of promoting equitable access to high-paying jobs by addressing structural barriers and strengthening education and training pathways. Input was provided in the form of written comments from the public, interviews with key stakeholders including members of the Legislature and legislative staff, and finally eight design sessions were held in various regions across the state. The Administration that’s that regional coordination was a consistent recommendation, and that this proposal is in response to such feedback.

The Administration intends that the Office of the California Education Interagency Council will; (i) work with interested stakeholders to develop a detailed strategic plan that will guide the work of the Council and the staff, (ii) develop engaging materials and reports, and (iii) analyze statewide and regional progress toward educational goals, identifying gaps in higher education admission, enrollment, success rates, and job placement across various demographic groups. The Administration intends for the Government Operations Agency, specifically, to serve as a neutral entity within California’s collaborative framework of labor and workforce development. The request states that California currently lacks a neutral space for major stakeholders to hold transparent discussions on benefits to students and employees. The council, therefore, is intended to fill that role and allow the entities named in the request (including the California Department of Education, the California Community Colleges, the California State University, the University of California, the Labor and Workforce Development Agency).

The Council will deliver annual findings to the Legislature and Governor, providing strategic recommendations on inter-segmental, cross-sector, and interagency initiatives to enhance student support, financial aid, transfer pathways, adult education, graduation rates, affordability, and workforce alignment.

The Administration also states that the request is justified by; (i) a need to proactively address changes to the economy and the workforce, (ii) align efforts across TK-12 education, higher education, employers, the statewide workforce system, and investment, (iii) ensure regional workforce needs are being met, (iv) provide a forum for discussion of graduation and admission requirements in education.

To achieve the objectives stated in the request, the Administration is requesting to establish 16 positions related to the council, including an Executive Director, an Assistant Executive Director, three Administrative Assistants, two Data Specialists, one Contract/Admin/Fiscal Support Specialist, one Attorney, six Professional Staff, and one Communications Specialist. The positions will be phased in through the 2025-26 fiscal year with the goal of being fully staffed by the end of the 2026 calendar year.

In addition to the staffing needs described above, portions of the requested funding will be used to acquire additional space, contract within the state for various professional services (including HR, budgeting, accounting, and IT support).

The Administration has provided the below table laying out the expected timeline of expenditures.

	2025-26	2026-27
Salaries and Wages	\$2,095,000	\$3,490,000
Contracted Fiscal/HR	\$200,000	\$200,000
Rent/Tenant Improvements	\$1,270,000	\$200,000
IT Support	\$250,000	\$200,000
Council Meeting Costs	\$50,000	\$50,000
Other Internal/External Contracts and Expenses	\$1,135,000	\$860,000
Totals:	\$5,000,000	\$5,000,000

The Legislative Analyst's Office (LAO), in their review of the proposal, has stated that outcomes from the proposed council are difficult to predict. In particular, it is unclear whether a lack of existing coordination is the result of the lack of a venue for such coordination or due to differences in goals between the various workforce and education agencies. Furthermore, there is no built in mechanism to judge the success of the proposed council beyond the delivery of statutorily-required reports. The LAO has suggested that, if the Legislature is inclined to approve this request, that funding be limited to a trial period of several years, as opposed to approving indefinite ongoing funding.

This request also includes Trailer Bill language related to implementation.

Staff Recommendation. Hold open.

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, March 27, 2025
Upon Call of the Chair
1021 O Street, Room 2100

Consultants: Yong Salas and Diego Emilio J. Lopez

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Public Comment

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6100 DEPARTMENT OF EDUCATION**Issue 1: Oversight: Golden State Pathways Program****Panel.**

- Liz Mai, Department of Finance
- Mary Nicely, Department of Education
- Blaine Torpey, Eden Area Regional Occupational Program

Background.

The 2022 Budget Act appropriated \$500 million Proposition 98 General Fund to establish the Golden State Pathways Program. These dollars were intended to support the planning and implementation of pathway programs focused on technology, health care, education, and climate-related fields. Local educational agencies that are eligible for funding includes school districts, charter schools, county offices of education, or regional occupational centers or programs; community colleges were also eligible to receive funding if they partnered with a local educational agency.

Ten percent of the funding (up to \$50 million) was intended for consortium development and planning grants. At least 85 percent of the funding (at least \$425 million) was intended for implementation grants, and five percent (up to \$25 million) was intended for up to ten local educational agencies to provide technical assistance to local educational agencies, applicants, and grant recipients, of which one would serve as a lead technical assistance center to work with the department and provide leadership and direction for the other technical assistance center grantees.

While funding became available with the enactment of the 2022 Budget, the request for application for the lead and regional technical assistance centers was released the following fiscal year on August 22, 2023, and the selected technical assistance centers were notified of their selection in October 2023. However, there were significant delays with the execution of the contracts with each technical assistance center. According to the Department of Education, the contract for the Lead Technical Assistance Center was executed in December 2024. As of February 21, 2025, six of the eight contracts were complete but not yet fully executed, with the remaining two contracts in review with other state departments, and also not fully executed. The timeline which work was expected to begin is January 2, 2024 and could extend up to June 30, 2029.

The request for applications for consortia grants, planning grants, and implementation grants was ultimately released on February 1, 2024. Grants were originally expected to be announced on April 9, 2024, with the grant period beginning on April 2, 2024 until June 30, 2028. However, due to the volume of applications, the Department of Education issued its first errata on April 23, 2024 to revise the grant announcement dates from April 9, 2024 to a range of April to May 2024. In a press release dated May 31, 2024, the Governor and State Superintendent announced the awarding of \$470 million to 302 local educational agencies.

However, the awards were rescinded and updated several times since the initial announcement, which resulted in uncertainty and delays for these programs. On July 16, 2024, the Department of Education issued its second errata to rescind the grants that were announced on May 31, 2024. Revised awards were posted on September 20, 2024, and were rescinded again on October 1, 2024. The Department of Education issued its third errata for the Golden State Pathways Grant Program and posted re-revised awards on October 11, 2024. The total final award amounts were \$425,136,070 for consortia, planning, and implementation grants, with up to \$25 million for the technical assistance centers - remaining funds are set aside for future implementation grants.

Grant award notification letters were delivered to 544 local educational agencies on December 19, 2024. According to the Department of Education, Golden State Pathways grantees received funds in January and February 2025, more than two and a half years after the funds were first appropriated. While some grantees began their work in the current school year (2024-25) before receiving the funds, the expectation was that grantees would begin their work when their funds were received, which for most fall in the later half of the school year.

Currently, planning grantees will have until June 30, 2026; implementation and consortia grantees will have until June 30, 2029, and the technical assistance center contracts will also have until June 30, 2029 to execute their grants. The funds are available for encumbrance until June 30, 2029.

Suggested Questions.

- What can Golden State Pathways planning grantees expect as it relates to potential implementation grants that the Department of Education will administer in the future?
- What types of internal controls has the Department of Education implemented since the Golden State Pathways Program rollout that would (1) ensure that the continued implementation and rollout of Golden State Pathways Program is without delay or confusion and (2) prevent future delays in calculating and allocating funds for other programs?
- From the local perspective, what would be helpful for effective implementation of future career education-related grants administration?

Staff Recommendation. This is an oversight item for discussion.

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**Issue 2: Regional Coordination for Career Education****Panel.**

- Abby Snay, Labor and Workforce Development Agency
- Grace Henry, Department of Finance
- Lisa Qing, Legislative Analyst's Office

Background. In August 2023, Governor Newsom signed Executive Order N-11-23 launching a new career education effort intended to prepare students and adults for the workforce of tomorrow. The Executive Order directs the state to align and integrate the implementation of programs to prepare students and workers for high-paying careers.

The Executive Order directed state leaders in education, workforce development, and economic development to work collaboratively with leaders of the state's public education systems and employers — along with legislative partners and stakeholders representing diverse students, parents, education professionals, labor, business, and community groups — to develop the Plan.

According to the Administration, the Master Plan for Career Education (Plan) will guide the state in its efforts to strengthen career pathways, prioritize hands-on learning and real-life skills, and advance universal access and affordability for all Californians through streamlined collaboration and partnership across government and the private sector.

The Plan calls for a coordinated, universal design approach with six primary areas of action that include: Create a State Planning and Coordinating Body; Strengthen Regional Coordination; Support Skills-Based Hiring Through a Career Passport; Develop Career Pathways for High School and College Students; Strengthen Workforce Training for Young People and Adults; and Increase Access to and Affordability of Education and Workforce Training.

Governor's Budget. The Governor's budget includes \$4 million General Fund in 2025-26 to evaluate, in collaboration with the Executive Director of the State Board of Education, how regional coordination models can be expanded to create sustainable forums where educators, workforce training providers and employers work together to align programs with employer needs.

According to the Administration, the second action area of the Plan is to strengthen regional coordination. The Plan calls for the evaluation of how successful regional coordination models can be expanded to create sustainable forums in which educators, workforce training providers, and employers work together to align programs with employer needs. The first step, according to the Administration, in determining how best to leverage existing regional structures for more comprehensive coordination is to assess each region's assets and challenges related to regional collaboration. By documenting processes for shared decision-making, this information would support action planning to strengthen collaborative processes and structures in partnership with regional interest holders.

The requested funding would authorize the Labor Agency to contract for the evaluation of successful regional coordination models. The contractor would assess current regional coordinating structures and their mandates, goals, target outcomes, planning processes, and funding structures to identify interventions that could streamline outcomes.

Legislative Analyst’s Office.

Workforce and Career Education Efforts Encompass Many Education and Labor Services. The goal of workforce development is to connect individuals with jobs. As part of these efforts, the state funds schools and universities that facilitate skill development; provides grants, scholarships, or loan repayment to organizations and individuals; and conducts outreach and engagement efforts to both individuals and employers. These efforts serve a variety of populations and therefore the programs and services offered vary widely based on individuals’ interests and goals.

Programs Are Administered by Education Systems and Many Agencies. The higher education system, K-12 schools, the Labor and Workforce Development Agency (LWDA), and the local workforce development boards as well as other agencies with overlapping, but often differing, priorities run workforce development programs. California’s workforce efforts involve many agencies and programs in part because people in the various populations served tend to be looking for somewhat different outcomes.

Regional Coordination Has Potential... Given the breadth of programs and services provided by the state, there is significant overlap in efforts. Alignment between regional workforce development boards, community colleges, and workforce training programs has the potential to improve service delivery for individuals and to make existing programs more effective and efficient. For example, local workforce development boards can identify occupations with strong employment opportunities, identify or help develop education and training programs whose graduates can fill these jobs, and share resources across schools and training programs to offer programs more efficiently.

...But Previous State-Led Efforts Have Faced Resistance. While identifying and scaling effective regional coordination models could improve service delivery, evaluations of previous state initiatives report pushback from local workforce development boards. For example, the March 2022 evaluation of the California Workforce Development Board’s “Regional Plan Implementation 3.0” documented that less than half of the local workforce regions “appeared to be willing to engage” on the board’s requirement that regions identify ways to quantify the benefits of their regional work—a key component of the board’s vision. The evaluation quotes the director of one local workforce board as saying, “The state sometimes seems to think it gets to decide what the goals are, and we just carry them out.”

Recent Initiatives Have Required Collaboration. Despite this pushback, major workforce development programs funded in recent budgets require some regional coordination. For example, CA Jobs First (formerly the Community Economic Resilience Fund), which will provide grants for regional workforce partnerships, recently undertook broad planning efforts to identify high-need areas and populations as well as target sectors within their respective regions. The Strong Workforce Program and California Adult Education Program also require regional collaboration

between community colleges and employers. These efforts are ongoing but have demonstrated some degree of regional collaboration—e.g., between community colleges who have shared resources to create new programs.

Governor Proposes Study of Coordination Efforts. Under the Governor’s proposal, an external evaluator would study existing practices and provide recommendations for developing effective regional coordination models. The evaluator—who would receive \$4 million one-time General Fund—would be selected by LWDA and the State Board of Education through a competitive procurement process. The findings could inform LWDA and regional partners in future initiatives and may provide guidance to the legislature on how to prioritize future resources.

Recommend Focus on Achievable Goals. For the proposed evaluation to lead to improved programs and services, lessons must be adopted by stakeholders. If the legislature would like to prioritize studying regional coordination models, we recommend that the legislature ask the department to identify specific ways that state policy can incentivize or require specific regional collaboration models. Then, we recommend that the legislature include language that requires the proposed evaluation to focus on the effects of specific choices made by local stakeholders that the state can incentivize or require in future initiatives.

Staff Recommendation. Hold Open.

6100 DEPARTMENT OF EDUCATION
6350 SCHOOL FACILITIES AID PROGRAM
6870 COMMUNITY COLLEGES OF CALIFORNIA

Issue 3: Career Technical Education Overview and Streamlining Proposal

Panel.

- Alaina Powell, Department of Finance
- Michael Alferes, Legislative Analyst’s Office
- Mary Nicely, Department of Education
- Chris Ferguson, California Community Colleges Chancellor’s Office

Background.

“Career technical education,” “pathways,” “career education,” “workforce development” – these are among several terms, with nuances to each, that are used to describe programs that combine academic coursework with technical training to prepare students for the workforce. Differences between each term may infer varying lengths of the program, the degree of workforce preparedness that programs impart, or the administration of such a program. For example, a pathways program may include a local educational agency-run program that certifies individuals upon completion of the program; this may also be considered to be the career education umbrella. A workforce development program may include an apprenticeship program that is administered by a trades union and may also lead to certifications that allow the individual to work after completion of the program. Both of these examples may also be considered workforce development programs. Regardless of the terminology, the ultimate outcomes of these programs are that individuals can enter, or be better prepared to enter, the workforce with the necessary technical skills upon program completion.

Career Education Financing. Prior to the shift in education financing to the Local Control Funding Formula, regional occupational centers and programs were the state’s largest high school career technical education program.¹ According to the Legislative Analyst’s Office,² the local control funding formula included an adjustment for grades 9 through 12 that increases the base rate by 2.6 percent, with the intent to account for the additional cost of providing career technical education to high school students; however, this funding is provided for discretionary purposes and is not required to be exclusively used for career technical education.

College and Career Preparation Accountability. The California School Dashboard, a component of California’s school accountability system and an online tool that displays performance measures for local educational agencies across the state, includes a state-level college and career readiness indicator as part of the state priority area of student achievement. This state

¹ Legislative Analyst’s Office. 11 April 2019. *High School Career Technical Education*. Presented to the Senate Budget and Fiscal Review Committee, Subcommittee No. 1 on Education.

² Legislative Analyst’s Office. January 2023. *The Local Control Funding Formula for School Districts and Charter Schools*. <https://lao.ca.gov/reports/2023/4661/LCFF-010923.pdf>

indicator looks at how well local educational agencies prepare high school graduates for college and/or career using specified criteria, including the completion of career technical education courses. The state minimum high school graduation requirements include at least one course in visual or performing arts, world language, or career technical education. To satisfy A-G requirements for college admissions, career technical education courses are not explicitly required; however, career technical education courses may be completed to satisfy some of the coursework.

Current Funding. Ongoing funding for career technical education programs are currently provided in various streams, including: (1) Career Technical Education Incentive Program, (2) K12 Strong Workforce Program, (3) Career Technical Education Initiative, (4) California Partnership Academies, (5) Clean Technology Partnerships, (6) Agricultural Career Technical Education Incentive Grants, and (7) Specialized Secondary Programs.

Despite segregated funding streams, local educational agencies often braid these funds to support their career education programs. For some programs, the state administration of longstanding pots of funding conformed to the demands of the field. For example, while budget language directs the \$14.4 million under Career Technical Education Initiative program be allocated based on law authorizing the Career Technical Education Initiative program as it read on January 1, 2017, about half of the funds are allocated annually to California Partnership Academies, which have its own separate stream. The other half of funds originally reserved for the Career Technical Education Initiative program is allocated at the discretion of the California Department of Education, and historically has been used to provide additional support for California Partnership Academies or for other pathways, such as Arts, Media, and Entertainment Hip Hop Education Equity and Initiative, California Labor Federation Partnership Projects, and Middle School Foundation Academy Grants.

Program overviews of ongoing, categorical funding for career technical education/career education/pathways programs in California are below:

Program	Who is Eligible?	Purpose
Career Technical Education Incentive Program (CTEIG)	Awarded to school districts, county offices of education, charter schools, and regional occupational centers serving grades 7-12.	The California Career Technical Education Incentive Grant (CTEIG) is a state education, economic, and workforce development initiative with the goal of providing pupils in kindergarten through grades twelve, inclusive, with the knowledge and skills necessary to transition to employment and postsecondary education.
K12 Strong Workforce	Awarded to consortia comprised of school districts, county offices of education, charter schools, and/or regional occupational centers serving grades 7-12.	Supports K-12 local educational agencies in creating, improving, and expanding career technical education courses, course sequences, programs of study, and pathways for students transitioning from secondary education to postsecondary education to living-wage employment.
Career Technical Education Initiative	Statutorily, intended to be awarded to regional development centers and consortia, community colleges, middle schools, high schools, and regional occupational centers and programs.	Funding provided in the Budget Act is intended to be administered based on law as it read on January 1, 2017. More than half the funds are used to augment California Partnership Academies, and rest are split among various grant programs. More detail is in the table below.
California Partnership Academies	Awarded to school districts serving high schools (grades 9-12).	Provides funding for the implementation, maintenance, and operation of California Partnership Academies, which are small learning communities that integrate rigorous academics and career technical education within a career focus, require a committed team of teachers, and active business and post-secondary partnerships.
Clean Technology Partnerships	Awarded to partnership academies (school districts with high schools) that focus on green technology.	Clean Technology Academies are California Partnership Academies across the state that are focused on green technology and environmental sustainability.
Agricultural Career Technical Education Incentive Grant	Awarded to school districts that operate an agricultural career technical education program, with a partnership with Future Farmers of America.	Supports agricultural career technical education programs, and is used to upgrade agricultural equipment.
Specialized Secondary Programs	Awarded to local educational agencies serving grades 9-12, including public high schools, county offices of education, consortia of local educational agencies, and direct-funded charters.	The Specialized Secondary Programs (SSP) provides start-up funds for the establishment of a new specialized program or school, to provide advanced instruction and training in high technology fields and in the performing arts. Funding is available for planning and implementing new programs.

Source: Department of Education

Additionally, while local educational agencies braid funds that require multiple application processes to support programs, the timelines for applications and the timing of when local educational agencies receive the funding are not aligned. Details on funding and application and award announcements are in the below table; the deadlines for the 2024-25 applications for the various funding streams range from September to May, with award announcements also varying widely.

Program	Administering Agency	Funding	Timing of Funds (for 2024-25)
Career Technical Education Incentive Program (CTEIG)	Administered by California Department of Education (CDE).	\$300 million	Funding is allocated in two rounds; Round A applications are due September 20, 2024, and Round B applications are due January 27, 2025. Awards have to be approved by the State Board of Education; Round A awards were approved at its January 2025 meeting, and Round B awards were approved at its March 2025 meeting.
K12 Strong Workforce	Administered by California Community Colleges (CCC).	\$163.5 million, of which \$13.5 million is provided to support 8 K–14 Technical Assistance Providers and 72 Workforce Pathway Coordinators for both CTEIG and K–12 SWP initiatives.	Applications due October 11, 2024. Funding awards were announced January 29, 2025.
Career Technical Education Initiative	Statutorily required to be jointly administered by CDE and CCC, administered by CDE.	\$15.36 million, of which \$8.3 million is used to support California Partnership Academies. The remaining funds have been used for various career technical education programs, and are allocated at the discretion of the Superintendent of Public Instruction.	Letters of Intent for California Partnership Academies due to CDE by April 15, 2024.
California Partnership Academies	Administered by CDE.	\$18.8 million	Letters of Intent were due to CDE by April 19, 2024. Awards were announced in August 2024.
Clean Technology Partnerships	Administered on a non-competitive basis by CDE.	\$2.6 million	Letters of Intent were due to CDE by June 30, 2024, with budgets due September 30, 2024. Awards were announced in July 2024.
Agricultural Career Technical Education Incentive Grant	Administered by CDE.	\$6.1 million	Applications are due to CDE by July 15, 2024, and awards were announced on December 1, 2024.
Specialized Secondary Programs	Administered by CDE.	\$4.9 million, of which \$1.5 million is set-aside for specialized secondary programs established prior to the 1991-92 fiscal year that operate in conjunction with the California State University. The set-aside provides \$750,000 for two schools: Los Angeles County Office of Education High School for the Arts, and Long	Applications are due to CDE by May 29, 2024, and the apportionments for the \$1.5 million set-aside were issued in November 2024.

		Beach Unified School District’s California Academy of Mathematics and Sciences.	
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Depending on the fiscal year, the timing of the award announcements may also vary. For example, according to the Department of Education, the grant cycles of the Career Technical Education Incentive Grants have varied over the years, as seen below:

CTEIG Application Timeline			
FY	App Posted	Apps Due	SBE Approved
2018–19	December 2018	1/25/2019	March 2019
2019–20	September 2019	11/15/2019	January 2020
2020–21	August 2020	9/17/2020	November 2020
2021–22 (Round 7A)	April 2021	6/2/2021	September 2021
2021–22 (Round 7B)	January 2022	2/25/2022	May 2022
2022–23 (Round 8A)	August 2022	9/30/2022	January 2023
2022–23 (Round 8B)	December 2022	1/13/2023	March 2023
2023–24 (Round 9A)	August 2022	9/29/2023	January 2024
2023–24 (Round 9B)	November 2023	1/12/024	March 2025
2024–25 (Round 10A)	August 2024	9/20/2024	January 2025
2024–25 (Round 10B)	January 2025	1/24/2025	March 2025

Source: Department of Education

Lastly, the past few budgets have provided significant, one-time investments for career education:

One-Time Program	Authority	Description	Eligibility
Regional K-16 Collaborative	Budget Act of 2021 \$250 million Non-98 General Fund Administered by Office of Public School Construction	The new California Regional K-16 Education Collaboratives Grant Program aims to help California's economy recover from the COVID-19 pandemic while addressing long-standing social and economic inequities in higher education and workforce participation. The collaboratives include at least one K-12 district, one University of California campus, one California State University campus, and one California Community Colleges campus.	Funding was allocated to institutions of higher education and TK-12 local educational agencies.
Dual Enrollment	Budget Act of 2022 \$200 million Prop 98 General Fund Administered by California Department of Education	Strengthen and expand student access and participation in dual enrollment opportunities. Dual enrollment allows high school students to take classes that both count towards high school graduation and earning college credit, with some students able to graduate high school with an associate's degree.	Funding was split into two programs, Middle College and Early College Grants, and College and Career Access Program grants, and allocated to school districts, charter schools, county offices of education and regional occupational centers and programs.
Golden State Pathways Grant	Budget Act of 2022 \$500 million Prop 98 General Fund Administered by California Department of Education	Support the development of pathway programs focused on technology (including computer science, green technology, and engineering), health care, education (including early education), and climate-related fields.	See Issue 1 of this agenda.

Governor's Budget.

The Governor's Budget proposes trailer bill language that requires the Superintendent of Public Instruction to determine the feasibility of streamlining specified career technical education grant processes and awards into a single universal application. The language focuses on state-funded historical career technical education programs, and includes the Specialized Secondary Programs, the Career Technical Education Initiative, and the California Partnership Academies.

Suggested Questions.

- What kind of collaboration occurs between the California Community Colleges' chancellor's office and the Department of Education to align application deadlines and award announcements for the various career education grants?
- For the grants administered by the Department of Education, does the Department anticipate any challenges with aligning the various grants to be on a consolidated application?
- Will a consolidation of career education grant programs result in local educational agencies seeing a reduced grant amount?
- If consolidation of career education programs occurs, what could accountability for the funding look like?

Staff Recommendation. Hold open.

6350 SCHOOL FACILITIES AID PROGRAM**Issue 4: School Facility Program****Panel.**

- Alex Anaya Velazquez, Department of Finance
- Edgar Cabral, Legislative Analyst's Office
- Rebecca Kirk, Office of Public School Construction

Background.

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 was passed by voters in the November 2024 elections, and authorized a total of \$10 billion in state general obligation funds – of which \$8.5 billion would be for TK-12 schools. This funding is available for the following purposes:

- \$3 billion for new construction of school facilities of applicant school districts. Of the amount allocated, up to 10 percent is available to small school districts.
- \$4 billion for the modernization of school facilities. Of the amount allocated, up to 10 percent is available to small school districts and \$115 million for lead in water testing and remediation.
- \$600 million is available for school facilities to charter schools;
- \$600 million is available for facilities for career technical education programs; and

The proposition also requires school districts applying for either a new construction or modernization grant to have a five-year facilities master plan approved by the governing board of the school district and to update the plan as appropriate, and provide facility inventory information to the state. It increases state funding for certain districts on a sliding scale. Under the sliding scale system, lower wealth school districts will receive a higher state funding share for projects. The state grant amount for new construction would increase from 50 percent to 55 percent, and for modernization from 60 percent to 65 percent, based on the district's ability to generate local funds, the percentages of low-income, foster care, and English learner students, whether the district has fewer than 200 students, and whether the district's project has a project labor agreement.

The proposition also authorizes a grant for new construction or modernization to be used for the upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology, including schoolsite-based infrastructure necessary to provide access to broadband internet within the schoolsite. Authorizes a grant for new construction to be used for seismic mitigation purposes and for related design, study, and testing costs.

It additionally authorizes separate funding within the modernization program to be used to remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion (ppb), and the control, management, or abatement of lead.

A school district may apply for a supplemental modernization grant for a school kitchen, gymnasium, multipurpose room, or library, if either an existing facility is insufficient or the school does not have one of those facilities, or for transitional kindergarten facilities if either an existing facility is insufficient or the school does not have existing facilities.

The recently passed proposition notably allows the State Allocation Board to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency.

History of the School Facilities Program. The construction and rehabilitation of public K-12 facilities are funded by a combination of state and local general obligation (GO) bonds, developer's fees and local assessments such as Mello-Roos community facilities districts.

State bond funds are allocated pursuant to the School Facility Program and administered by the Office of Public School Construction (OPSC) under the direction of the State Allocation Board, a ten member body comprised of the Department of Finance, the Director of the Department of General Services (DGS), the Superintendent of Public Instruction (SPI), three Senators, three Assemblymembers, and a Governor's appointee. Under the School Facility Program, the New Construction program requires a 50 percent match from local educational agencies (LEAs), unless the LEA qualifies for financial hardship, which pays up to 100 percent of project costs. Modernization funds are awarded at 60 percent with a 40 percent match.

Governor's Budget.

The Governor's Budget authorizes up to \$1.5 billion from Proposition 2 bond funds for the 2025-26 fiscal year, and requests \$59.5 million bond funds over five years starting in 2025-26 for 16 permanent positions.

The budget also proposes trailer bill language that makes technical changes to correctly reference a local five-year facilities master plan and align it to programmatic changes made in Proposition 2.

Staff Recommendation. Hold open.

6870 CALIFORNIA COMMUNITY COLLEGES**Issue 5: Credit for Prior Learning & Career Passports****Panel.**

- Chris Ferguson, California Community Colleges
- Justin Hurst, Department of Finance
- Lisa Qing, Legislative Analyst's Office

Background.**Credit for Prior Learning.**

Credit for prior learning generally refers to the awarding of college credit for skills learned outside the classroom, such as through work experience or military service. Students may earn credit for these experiences in various ways, including by passing an exam, submitting a portfolio of their work for faculty review, or demonstrating they have earned an industry credential that faculty have deemed equivalent to certain courses. (Some definitions of credit for prior learning also include credit earned through standardized exams, such as Advanced Placement exams.) Nationally, one of the most well-established forms of credit for prior learning applies to active-duty military and veteran students. These students typically receive “joint services transcripts” from their branch of service documenting their military training and experiences. The American Council on Education, in turn, has developed recommendations for converting certain types of military training and experiences into certain types and amounts of college credit. Colleges may consider these recommendations when deciding how much credit to grant. For example, a college might decide to grant three introductory health sciences credits and two physical education credits for completing basic training.

In 2020, the CCC Chancellor's Office adopted regulations requiring all community college districts to have credit for prior learning policies. These locally developed policies are to include procedures for students to earn credit for prior learning through joint services transcripts, examinations, student-created portfolios, and industry-recognized credentials. The Chancellor's Office reports that all 115 credit-granting colleges in the system now offer some form of credit for prior learning, though the practice has not been implemented at scale at most colleges. Systemwide data on the current state of credit for prior learning is incomplete. Based on the best available data, the Chancellor's Office estimates that at least 4,100 veteran students earned a total of about 23,000 credits for prior learning in 2023-24. These students earned an average of about six credits each (the equivalent of two typical college courses). The Chancellor's Office further estimates that at least 36,000 other students earned credit for prior learning in 2023-24, though the number of credits earned by these other students is not well-documented. (This count may also include students earning credit through standardized exams, such as Advanced Placement exams.)

Credit for Prior Learning Initiative in the 2024 Budget Act. The 2024-25 Budget Act provided \$6 million one-time Proposition 98 General Fund for a credit for prior learning initiative at CCC. The Chancellor's Office indicates these funds are supporting the Mapping Articulated Pathways

(MAP) Initiative, which it administers jointly with the Riverside Community College District. (This initiative previously received \$2 million one-time Proposition 98 General Fund in 2021-22, as well as part of a \$2 million one-time Proposition 98 General Fund allocation for veterans' services in 2017-18.) The MAP Initiative provides technology, training, and support to colleges in implementing credit for prior learning. With the 2024-25 appropriation, the Chancellor's Office reports the MAP Initiative is now available to all colleges across the system. While the spending plan for the \$6 million is still being finalized, the Chancellor's Office currently anticipates spending \$1.7 million in 2024-25 and the remaining \$4.3 million in 2025-26. The Chancellor's Office indicates these funds will cover staffing costs, consulting services, and the development and maintenance of a systemwide technology platform to support credit for prior learning activities. The Chancellor's Office indicates that roughly \$1 million of these funds could go toward facilitating 40 faculty work groups. These work groups would have the goal of developing 1,000 systemwide credit recommendations mapping certain forms of prior learning (such as specific industry credentials) to equivalent college courses. Such recommendations could make it easier for colleges to implement credit for prior learning and yield greater consistency in its application across colleges.

Governor's Budget. The Governor's budget provides \$7 million ongoing Proposition 98 General Fund and \$43 million one-time Proposition 98 General Fund for the Chancellor's Office to establish a systemwide credit for prior learning initiative that builds upon prior initiatives, including the MAP Initiative.

The ongoing funds are for systemwide purposes, including coordination, technology infrastructure, and faculty work groups. The one-time funds are to support local implementation of credit for prior learning. The proposed trailer bill language directs the Chancellor's Office to allocate the one-time funds to colleges based on metrics related to their use of credit for prior learning to increase access, increase completion, and advance career attainment. The language specifies that colleges must demonstrate they are doing those things prior to receiving any funding. The Governor presents this proposal as part of a Master Plan for Career Education.

Legislative Analyst's Office.

Assessment

Credit for Prior Learning Could Have State Benefits. Based on the available research, credit for prior learning could lead to improved student outcomes, including higher completion rates. The potential to reduce time to degree is also noteworthy, as this could lead not only to savings for students but also greater efficiency for the state. If students are able to complete their degrees through fewer courses (while still demonstrating the same skills and competencies), this could free up capacity for colleges to serve additional students or, alternatively, reduce unneeded course sections.

Previous Funding for Related Activities Remains Available. Of the \$6 million provided for credit for prior learning in last year's budget, the Chancellor's Office indicates \$4.3 million would be available for MAP Initiative activities in 2025-26. The planned expenditures for these existing funds are similar to the proposed expenditures under the Governor's new initiative. For example,

both the existing and the new initiatives are intended to support development and management of a credit for prior learning technology platform. In addition, both initiatives are intended to support faculty work groups that would develop systemwide credit recommendations. Given that the previous appropriation remains available, additional funding for these systemwide activities might not be needed in 2025-26.

Colleges Have Existing Incentives and Funding to Implement Credit for Prior Learning. Under SCFF, colleges receive more funding for increasing enrollment and improving student outcomes. If credit for prior learning increases persistence and completion, colleges already have a financial incentive to grant it. While implementing credit for prior learning could involve some start-up costs, colleges have existing funding that could help with these costs. Most notably, the Strong Workforce Program provides funding to regional consortia and colleges to support career technical education. The statutory language for this program explicitly encourages colleges to use the funds to develop workforce training programs that grant credit for prior learning. The Governor’s budget includes \$290 million ongoing for this program, of which \$219 million is available for spending on regional and local priorities in 2025-26. (The remaining amount is designated for a nursing initiative, as well as systemwide activities.) In addition, the Student Equity and Achievement Program provides funding to districts for various student support services, which could include counseling on credit for prior learning. The Governor’s budget includes \$524 million ongoing for this program in 2025-26. Given these existing fund sources, combined with the fiscal incentives under SCFF, it is unclear whether (or how much) additional funding is needed to support local implementation of credit for prior learning.

Recommendation

Reject Funding at This Time and Require Reporting on Existing Initiative. Although we see potential state benefits in expanding credit for prior learning, we think it would be premature to provide additional funding for this purpose without better information about the outcomes of existing credit for prior learning efforts. We recommend requiring the Chancellor’s Office to report on how it used the \$6 million provided in the 2024-25 Budget Act for this purpose, the outcomes of those efforts, the remaining barriers to expanding credit for prior learning, and any associated costs that cannot be addressed using existing CCC funding streams. The Legislature could require the Chancellor’s Office to report on these items by October 30, 2026. If the report documents state benefits and identifies unaddressed costs, the Legislature could consider supporting those costs in a future budget.

Career Passports. The Governor’s budget includes \$50 million one-time Proposition 98 General Fund to CCC to develop this new tool. The proposed trailer bill language describes a career passport as “a secure digital tool that displays individuals’ preparation for employment, their academic records, and credit for prior learning, including but not limited to military service.” Under the proposed language, the funds could be used to support the infrastructure needed to develop career passports, data security measures, and other technology features. The funds could also be used to support outreach activities to promote the use of career passports. The language directs the Chancellor’s Office, in collaboration with the Office of Cradle-to-Career Data and the Labor and Workforce Development Agency, to develop a time line for key deliverables by March 1, 2026. The funds would be available for expenditure until June 30, 2030.

Legislative Analyst's Office.**Assessment**

Proposal Does Not Address a Clearly Defined Problem. Although career passports are intended to help job seekers communicate with prospective employers, the administration has not identified specific existing barriers to communication that career passports would address. Moreover, the administration has not explained how career passports would improve upon existing tools for this purpose, including resumes and professional networking platforms (such as LinkedIn). These existing tools provide job seekers various ways to convey their education, skills, industry credentials, work experiences, and other related experiences. Employers in both the public and private sectors are familiar with these tools. Beyond these tools, employers can develop their own ways to assess prospective job candidates, such as by creating specialized skills assessments tailored to the requirements of specific job positions or conducting interviews that provide candidates an opportunity to convey their full array of skills and experiences.

Proposed Approach Is Largely Unproven. Although the administration has pointed to some early pilot projects related to career passports, we are not aware of any projects resembling the Governor's proposal that have demonstrated outcomes, such as decreases in the length of a job search or improvements in the quality of a job match. This makes it difficult to assess the likelihood that career passports will have positive impacts for job seekers, employers, and the state. Moreover, given that the concept is new and unfamiliar, there is a risk that employers will not value the tool. Although the trailer bill language identifies the California Department of Human Resources as a potential early adopter, a tool developed for the state's unique hiring process might not be useful to a broader set of employers, including in the private sector.

Project Schedule and Total Costs Are Unknown. Whereas the state typically expects projects to have a clear scope, schedule, and cost before funds are appropriated, these details are still under development for career passports. Under the proposed trailer bill language, the Legislature would not receive a time line of key deliverables until March 1, 2026—eight months after the funds would have been appropriated. Moreover, it is difficult to assess whether the proposed funding level is reasonable for the proposal, as the administration has not explained how it arrived at the \$50 million cost estimate. The Chancellor's Office indicates the amount probably would be enough to develop the tool, yet it also suggests that ongoing funding may be needed to keep the tool available to users at no or low cost. This could lead to ongoing cost pressures within the Proposition 98 budget for CCC.

Recommendation

Reject Proposal. Given the concerns above, we recommend rejecting the proposed funding for career passports. The Legislature could redirect the funds toward other one-time CCC activities or make a discretionary deposit into the Proposition 98 Reserve.

Staff Recommendation. Hold Open.

6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY
6870 COMMUNITY COLLEGES OF CALIFORNIA

Issue 6: Title IX Updates

Panel.

- Isabel Alvarado, University of California
- Peter Lim, California State University
- David O'Brien, California Community Colleges

Background. In 1964, the United States passed the Civil Rights Act of 1964, which prohibited discrimination based on race, color, religion, sex in employment, public accommodations, and federally funded programs. Title VI of the Civil Rights Act prohibits discrimination based on color, race, or national origin in programs or activities that receive federal financial assistance, this would include most colleges and universities in the state of California. In 1972, an additional law was put forward to prevent sex discrimination on collegiate campuses throughout the United States, Title IX of the Education Amendments of 1972 (Title IX). Both Title VI and Title IX go beyond ensuring students have access to sports and academic majors; it requires all higher education institutions to provide educational programs free from all forms of discrimination.

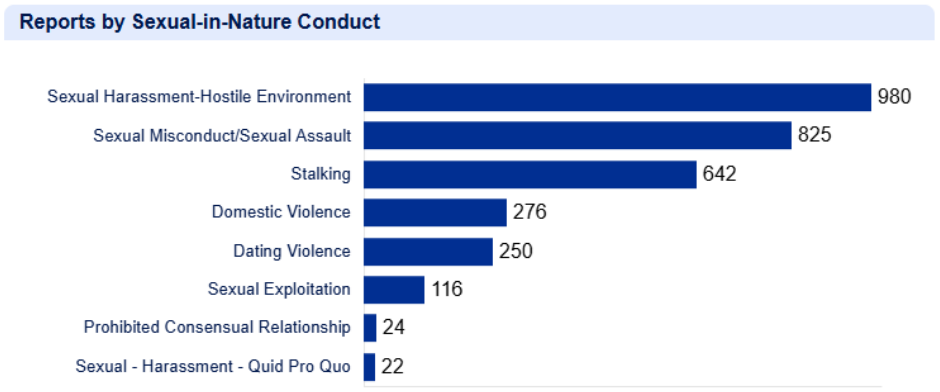
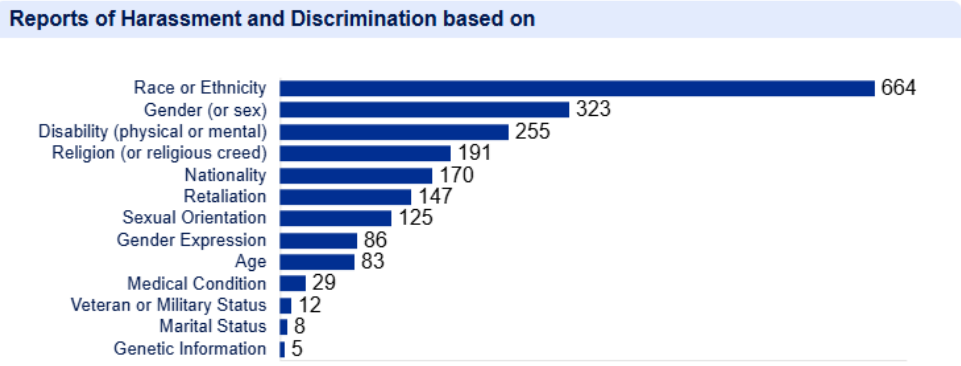
California Community Colleges. With 116 colleges and 73 districts, the decentralized community college system does not collect systemwide data on discriminatory activity nor prevention efforts on campus. However, each community college district is required to maintain a case management system for complaints of sexual harassment and are required to report specific data elements to the CCC Chancellor's Office each year. The system is not required to report the data elements to the Legislature until September 1, 2026. Therefore the only data available regarding incidents of discrimination on campus is what has been reported pursuant to the Jeanne Clery Act.

Since 1990, due to the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act or Clery Act, all colleges and universities who receive any federal funding must submit a report once a year disclosing information about certain crimes, including: the prevalence of stalking, intimidation, dating violence, domestic violence, sexual assault and hate crimes that occur on or around the campus. The data provided by these reports is available to the public disaggregated by campus on the U.S. Department of Education website under the Campus and Security database. The following were the total crimes reported by all 116 community colleges in 2022 (the latest available data from the U.S. Department of Education):

- 17 cases of rape;
- 35 cases of fondling;
- 38 cases of aggravated assault;

- 46 cases of hate crimes on campus;
- 140 cases of domestic violence, dating violence, or stalking incidents on or near the college campus.

California State University. SB 808 (Dodd), Chapter 417, Statutes of 2023 created a compliance requirement for the CSU to report each year to the Legislature on the outcomes of sexual harassment complaints that occur on campus. Since the enactment of SB 808, the CSU has published two reports and has annually presented the report to the Board of Trustees. In 2024, the CSU launched a database website which included all reports of discrimination that occur on college campus and the outcomes of the complaints. The below grants show the data points regarding complaints for the 2023-2024 academic year:



Resolved Complaints - Sanctions/Discipline



Source: California State University, 2023 - 2024 Annual Civil Rights Survey

University of California. The UC has a systemwide Office of Civil Rights which houses the Systemwide Title IX Office. In the last year due to a requirement in the annual budget act, the UCOP published an Equity in Higher Education Report.³ The report contained an array of policies for how the UC is addressing behavior which constitutes a hostile environment on campus, including discriminatory behaviors. The report did not contain data on how discriminatory complaints on campus are being handled. Technically, the UC is not requested to provide a report to the Legislature on the outcomes of campus-based sexual harassment complaints.

Each year the UC publishes the results of the University of California Undergraduate Experience Survey. The survey includes a section on campus climate for diversity and inclusiveness. Of the students surveyed in 2024:

³ https://www.ucop.edu/operating-budget/_files/legreports/2024-25/uc_equity_in_higher_ed_legrpt.pdf#Equity%20in%20Higher%20Education

<i>Please select your level of agreement with the following statements.</i>	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree	Total
Overall, I feel comfortable with the campus climate for diversity and inclusion in my major	1,312 3%	1,728 4%	3,863 9%	10,828 24%	18,946 42%	8,568 19%	45,245 100%
Overall, I feel comfortable with the climate for diversity and inclusion in my classes	1,151 2%	1,537 3%	3,650 7%	12,959 25%	23,026 45%	8,901 17%	51,224 100%
Overall, I feel comfortable with the climate for diversity and inclusiveness at this university	1,542 3%	1,939 4%	4,387 9%	12,954 25%	22,025 43%	8,462 16%	51,309 100%
UC [CAMPUS] is a welcoming campus	1,014 2%	1,494 3%	3,567 7%	14,458 28%	22,438 44%	8,357 16%	51,328 100%
Students of my gender are respected on this campus	576 1%	1,006 2%	2,879 6%	11,078 21%	25,207 49%	10,890 21%	51,636 100%
Students of my political beliefs are respected on this campus	1,771 4%	1,816 4%	2,969 7%	7,688 17%	19,969 44%	11,054 24%	45,267 100%
Students of my race/ethnicity are respected on this campus	1,199 2%	1,634 3%	3,669 7%	11,691 23%	23,009 45%	10,489 20%	51,691 100%
Students of my religious beliefs are respected on this campus	1,239 3%	1,288 3%	2,369 6%	7,299 19%	17,680 45%	9,087 23%	38,962 100%
Students of my sexual orientation are respected on this campus	466 1%	696 1%	2,012 4%	8,644 17%	26,157 51%	13,606 26%	51,581 100%
Students of my socio-economic status are respected on this campus	1,142 2%	1,639 3%	3,764 7%	10,975 21%	23,578 46%	10,467 20%	51,565 100%

The research organization: Survivors + Allies has conducted community-engaged, student-, and survivor-led research in the field of sex discrimination prevention. Survivors + Allies' research is housed within the UCLA Streisand Center. The Survivors + Allies 2021 Survey of the UC community yielded the following data points:

1. *Students lack an overall awareness of the resources available to them on campus, despite the in-depth educational program on UC campuses.*
 - a. 68% of surveyed students had heard of CARE;
 - b. 32% of students did not know international students were covered by Title IX;
 - c. 38% did not know undocumented students were covered by Title IX; and,
 - d. 36% of students thought reporting to the Title IX office was confidential, meaning that the coordinator was not required to act upon the information provided.
2. *Students are not comfortable reporting to the UC Police Department.*
 - a. 70% of students who self-identified as LGBTQ+ felt uncomfortable reporting an incident to the UC Police Department; and,
 - b. 52% of students who identify as heterosexual were uncomfortable reporting an incident to the UC Police Department.
3. *Survivors reported negative experiences with Title IX.*
 - a. Survivors reported they found the process lengthy, confusing, and inequitable; and,
 - b. Only 30% of students surveyed indicated they felt safe interacting with Title IX staff compared to 80% who felt safe interacting with CARE staff.

Staff Recommendation. Informational Item Only.

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



Wednesday, May 21, 2025
9 a.m.
1021 O Street, Room 2100

Consultant: Diego Emilio J. Lopez

Items for Discussion

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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.

1111 BUREAU FOR PRIVATE POST-SECONDARY EDUCATION**Issue 1: Bureau for Private Post-Secondary Education Fund Shift – May Revision****Panel.**

- John Parson, Department of Finance
- Charlene Manning, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Deborah Cochran, Bureau for Private Post-Secondary Education

Background. The Governor's May Revision includes trailer bill language that would authorize the bureau to use moneys in the Student Tuition Recovery Fund to cover the costs of Student Tuition Recovery Fund claim administration and positions of the Office of Student Assistance and Relief.

Staff Recommendation. Hold open.

6440 UNIVERSITY OF CALIFORNIA (UC)
6660 UNIVERSITY OF CALIFORNIA COLLEGE OF THE LAW, SAN FRANCISCO**Issue 2: May Revision Proposals – UC & UC College of the Law, San Francisco****Panel.**

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst’s Office
- Kathleen Fullerton, University of California
- Seija Virtanen, University of California
- David Seward, UC College of the Law, San Francisco

May Revision.

State Operations Reduction - UC. Reduces a base reduction proposed in January from \$396.6 million ongoing General Fund to \$129.7 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of UC’s ongoing state funding.

Higher Education Student Housing Grant Program. Reduces ongoing General Fund by \$3.6 million to reflect debt service savings from the Higher Education Student Housing Grant Program. This action leaves UC with \$2.6 million in debt service savings.

First Star Youth Cohort. Provides \$1.8 million one-time General Fund to support First Star Youth Cohorts at UC campuses.

UCLA Powell Library Seismic Renovation. Uses interest earnings from previous bond issuances to support \$5.8 million toward the seismic renovation of the Powell Library at UCLA.

State Operations Reduction – UC College of the Law, San Francisco. Reduces a proposed cut to the college from \$1.8 million ongoing General Fund to \$695,000 ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of the College’s ongoing state funding.

Staff Recommendation. Hold open.

Issue 3: Legislative Proposal – UC Berkeley Local News Fellowship Program

Panel.

- Ian Klein, Legislative Analyst’s Office
- Seija Virtanen, University of California

Legislative Proposal. There is a proposal within the Legislature to provide \$15 million one-time General Fund to the UC Berkeley Journalism Fellowship Program.

Background. The Budget Act of 2022 provided \$25 million one-time General Fund for the Local News Fellowship Program at UC Berkeley.

The California Local News Fellowship program is intended to support local journalism by placing early-career reporters and editors in newsrooms for two-year fellowships. Currently, there are 75 fellows working in more than 70 newsrooms across the state. The first cohort of 39 fellows launched in fall 2023. The second cohort of 37 fellows launched in fall 2024. The third and final cohort is underway with offers being made this May 2025 and expected to launch in fall 2025. The University is expecting to expend all current funds by December 31, 2027.

Each fellow is provided with funding for two years, consisting of about \$60-65,000 with full benefits, are classified as academic personnel and are represented by the UAW Local 5810.

Staff Recommendation. Informational Item Only.

6610 CALIFORNIA STATE UNIVERSITY

Issue 4: May Revision Proposal - California State University

Panel.

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Cheryl Ide, California State University Chancellor's Office

May Revision.

State Operations Reduction. Reduces a base reduction proposed in January from \$375.2 million ongoing General Fund to \$143.8 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of CSU's ongoing state funding.

Staff Recommendation. Hold open.

6870 CALIFORNIA COMMUNITY COLLEGES**Issue 5: May Revision Proposals – California Community Colleges****Panel.**

- Justin Hurst, Department of Finance
- Alex Shoap, Department of Finance
- Lisa Qing, Legislative Analyst’s Office
- Ken Kapphahn, Legislative Analyst’s Office
- Chris Ferguson, California Community Colleges Chancellor’s Office

May Revision

Proposition 98 Split. The May Revision proposes to shift costs related to transitional kindergarten outside of split of Proposition 98 funds that are distributed to the TK-12 system and the California Community Colleges, effectively shifting more funding to TK-12 schools and less to California Community Colleges within the Proposition 98 Guarantee. This change would be retroactive to 2023-24, and would shift approximately \$492 million over the three-year budget window (\$107 million in 2023-24, \$152 million in 2024-25 and \$233 million ongoing starting in 2025-26).

Student Centered Funding Formula (SCFF) Funding. Increases support for the Student Centered Funding Formula (SCFF) by \$210.2 million one-time Proposition 98 General Fund and \$104.7 million ongoing Proposition 98 General Fund to fully fund the formula in the 2024-25 and 2025-26 fiscal years.

Enrollment Growth Funding. Provides \$139.9 million ongoing Proposition 98 General Fund to support 2.35 percent enrollment growth.

Cost-of-Living Adjustment (COLA) Update. Decreases support for a Cost-of-Living Adjustment (COLA) to the SCFF and some categorical programs to reflect a revised COLA of 2.3 percent. Reductions include \$12.9 million ongoing Proposition 98 General Fund for SCFF and \$122,000 for categorical programs. The May Revision provides \$217.4 million ongoing Proposition 98 to support the SCFF COLA.

Fire-Related Property Tax Backfill. Provides \$3.8 million one-time Proposition 98 General Fund in 2024-25 and \$8.1 million one-time Proposition 98 General Fund in 2025-26 to support a fire-related property tax backfill.

Property Tax Backfill. Provides \$89.6 million ongoing Proposition 98 General Fund to backfill a decline in property tax revenue.

SCFF Deferral. Defers \$531.6 million in SCFF funding from 2025-26 to 2026-27.

Rainy Day Fund Utilization. Uses \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.

Collaborative Enterprise Resource Planning Project Withdrawal. Withdraws a Governor’s Budget proposal to provide \$168 million one-time Proposition 98 General Fund for the Collaborative ERP Project.

Common Cloud Data Platform Project. Reduces support for the Common Cloud Data Platform Project to \$12 million one-time Proposition 98 General Fund. The Governor’s Budget provided \$162.5 million Proposition 98 General Fund.

Career Passport. Reduces support for the Career Passport proposal to \$25 million one-time Proposition 98 General Fund. The Governor’s Budget provided \$50 million one-time Proposition 98 General Fund.

Credit for Prior Learning. Reduces support for the Credit for Prior Learning proposal to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund. The Governor’s Budget provided \$43 million one-time and \$7 million ongoing Proposition 98 General Fund.

Rising Scholars Program. Reduces support for the Rising Scholars proposal to \$10 million ongoing Proposition 98 General Fund. The Governor’s Budget provided \$30 million ongoing Proposition 98 General Fund.

Capital Outlay. Modifies the January capital outlay proposals by withdrawing support for the Golden West College Fine Arts Renovation project and the Grossmont College Gymnasium Replacement Project, adding support for the American River College Davies Hall Replacement project and making technical adjustments to two other projects.

e-Transcript California. Provides \$6.6 million one-time Proposition 98 General Fund to support e-Transcript California to replace funds that were anticipated but did not materialize.

Staff Recommendation. Hold open.

6980 CALIFORNIA STUDENT AID COMMISSION**Issue 6: May Revision Proposals – California Student Aid Commission****Panel.**

- Amanpreet Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Catalina Mistler, California Student Aid Commission

May Revision.

Cal Grant Adjustment. Increases support for the Cal Grant program by \$94.7 million one-time General Fund in 2024-25 and \$228.7 million ongoing General Fund in 2025-26 to reflect increased Cal Grant participation. Total Cal Grant expenditures as proposed would be \$2.5 billion in 2024-25 and \$2.8 billion in 2025-26.

Middle Class Scholarship Adjustment. Increases support for the Middle Class Scholarship program by \$77 million one-time General Fund in 2024-25 to support an unanticipated increase in participation. Total Middle Class Scholarship expenditures as proposed would be \$1 billion in 2024-25 and \$513 million in 2025-26.

Golden State Teacher Grant Program. Increases support for the Golden State Teacher Grant Program by \$14.2 million to reflect unused funds from 2024-25. Total support for the program as proposed in 2025-26 would be \$64.2 million.

Staff Recommendation. Hold open.

6440 CALIFORNIA STATE LIBRARY**Issue 7: May Revision Proposals – California State Library****Panel.**

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

May Revision.

Braille Institute. Includes budget bill language that \$500,000 ongoing General Fund in the State Library budget shall be provided to support the Braille Institute.

Federal Grant Termination. Makes changes to the State Library budget in anticipation of reduced federal funding. Decreases federal funding by a combined \$15.7 million to reflect the federal Institute of Museum and Library Services terminating a Library Services and Technology Grant and reappropriates \$4.3 million one-time General Fund from the Comprehensive Digitization Strategy Initiative to general library support to help offset the reduced federal funding.

Staff Recommendation. Hold Open.

Issue 8: State Operations Reductions

Panel.

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

Background. The 2024 Budget Act included two control sections—Control Section 4.05 and Control Section 4.12—that aimed to identify and implement efficiencies across nearly all state entities to produce ongoing budgetary savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance (DOF) to (1) identify efficiencies and (2) eliminate vacant positions and related funding.

On May 14, 2025, the Department of Finance provided updated figures for savings assumed pursuant to Control Sections 4.05 and 4.12 for fiscal years 2024-25 and 2025-26.

The proposed reductions for the California State Library are \$1.9 million in 2024-25 and ongoing and a reduction of authority for 10 positions. Impacts to programs at the State Library, include:

- California Newspaper Project – Reduction of \$430,000 ongoing.
- California Local Documents Digitization Project – Reduction of \$460,000 ongoing.
- Oral History Program – reduction of \$100,000 ongoing.

Staff Recommendation. Hold Open.

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, May 22, 2025
9:00 a.m.
1021 O Street, Room 2100

Consultant: Yong Salas

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Public Comment

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6100 DEPARTMENT OF EDUCATION**Issue 1: Proposition 98 Overview****Panel.**

- Alex Shoap, Department of Finance
- Ken Kapphahn, Legislative Analyst's Office

May Revision

Proposition 98 - Changes to the Minimum Guarantee. The May Revision reflects an overall decrease of approximately \$4.6 billion in Proposition 98 funding from the Governor's January Budget for the three-year period of 2023-24 to 2025-26. More specifically, the May Revision estimates the Proposition 98 guarantee for the 2023-24 through 2025-26 fiscal years at \$98.5 billion, \$118.9 billion, and \$114.6 billion, respectively. In the Governor's January Budget, the Proposition 98 guarantee for the 2023-24 to 2025-26 fiscal years were estimated to be \$98.5 billion, \$119.2 billion, and \$118.9 billion, respectively.

The May Revision continues to appropriate the 2024-25 Proposition 98 Guarantee at \$117.6 billion, instead of the currently calculated level of \$118.9 billion. However, the difference between the appropriated level and the calculated level is reduced from Governor's January Budget from \$1.6 billion to \$1.3 billion.

The revised levels reflect the estimated decrease in General Fund revenues over the three-year period in comparison with the Governor's January Budget proposal. The Proposition 98 Guarantee is in Test 2 in 2023-24 (suspended to \$98.5 billion), and 2024-25 and 2025-26 continues to be calculated under Test 1 (equal to approximately 39.6 percent of General Fund revenues, accommodating the rebench of the Proposition 98 Guarantee related to the expansion of transitional kindergarten and local property taxes).

Proposition 98 Split. The May Revision proposes to shift costs related to transitional kindergarten outside of split of Proposition 98 funds that are distributed to the TK-12 system and the California Community Colleges, effectively shifting more funds to TK-12 schools and less to California Community Colleges within the Guarantee. This change would be retroactive to 2023-24, and would shift approximately \$492 million over the three-year budget window (\$107 million in 2023-24, \$152 million in 2024-25, and \$233 million ongoing starting in 2025-26).

Public School System Stabilization Account. The May Revision maintains the withdrawal of \$8.4 billion in 2023-24. The 2024 Budget Act made a discretionary deposit of \$1.1 billion into the Public School System Stabilization Account. The Governor's January Budget estimated mandatory deposits of \$1.2 billion and \$376 million in 2024-25 and 2025-26, respectively. The May Revision estimates that the mandatory deposit in 2024-25 is reduced to \$540 million, with a mandatory withdrawal of \$540 million 2025-26, exhausting the remaining reserve balance.

Deferrals. Budgetary deferrals that were included in the 2024 Budget Act for 2023-24 and 2024-25 will be fully repaid. The May Revision, however, proposes to defer \$1.8 billion in Local Control Funding Formula funding from June 2026 to July 2026, shifting costs from the 2025-26 fiscal year to the 2026-27 fiscal year. The May Revision proposes to pay off the newly proposed deferrals in 2026-27.

Staff Recommendation. Hold open.

Issue 2: Federal Fund Update

Panel.

- Patrick Rochelle, Department of Finance
- Natasha Middleton, Department of Education
- Edgar Cabral, Legislative Analyst's Office

May Revision.

The May Revision proposes several updated adjustments to programs supported by federal funds, including: (1) special education, (2) public charter schools, (3) migrant education and English language acquisition programs, and others as specified. These adjustments largely reflect carryover funds identified since the Governor's January budget.

Staff Recommendation. Hold open.

6100 DEPARTMENT OF EDUCATION
6350 SCHOOL FACILITIES AID PROGRAM
6360 COMMISSION ON TEACHER CREDENTIALING

Issue 3: May Revision Proposals

Panel.

- Patrick Rochelle, Department of Finance
- Jodi Lieberman, Department of Finance,
- Edgar Cabral, Legislative Analyst's Office
- Kimberly Rosenberger, Department of Education

May Revision.

Local Control Funding Formula. The May Revision includes a Local Control Funding Formula cost-of-living adjustment of 2.3 percent, which is reduced from 2.43 in the Governor's January Budget.

Student Support and Professional Development Discretionary Block Grant. The May Revision reduces the one-time Proposition 98 General Fund available for this block grant from \$1.8 billion to \$1.7 billion.

Expanded Learning Opportunities Program. The May Revision maintains the full implementation of the Expanded Learning Opportunities Program, which increased the number of local educational agencies serving TK-6 grade by requiring those with an unduplicated pupil percentage of 55 percent (changed from 75 percent) to offer universal access to students. Adjusted average daily attendance estimates increased the estimated cost of this change from \$435 million to \$515.5 million. The May Revision also includes an additional \$10 million to increase the minimum grant amount from \$50,000 to \$100,000.

Literacy. The Governor's January Budget included \$545.3 million in literacy-related initiatives. The May Revision adds the additional investments:

- \$200 million one-time Proposition 98 General Fund to support professional learning for elementary school educators aligned with the English Language Arts/English Language Development Framework.
- \$30 million Proposition 98 General Fund, set aside from the \$500 million proposal to support literacy and math coaches from the Governor's January budget, for the Mathematics Professional Learning Network.

-
- \$10 million one-time Proposition 98 General Fund for a county office of education to partner with the University of California, San Francisco (UCSF) Dyslexia Center to support the Multitudes screener.
 - Authority for the Department of Education to draw down funding awarded through the federal Comprehensive Literacy State Development Grant.

Teacher Incentives and Support. The May Revision repurposes \$150 million one-time Proposition 98 General Fund for the Teacher Recruitment Incentive Grant Program, and instead provides \$100 million one-time Proposition 98 General Fund to fund stipends for student teachers.

Teacher Credentialing Proposals. The May Revision proposes to extend the deadlines by one year, for clear credential candidates who received a related waiver during the COVID-19 Pandemic to complete an induction program or two years of service, and for teacher candidates who received a related waiver during the COVID-19 Pandemic to pass the Reading Instruction Competence Assessment.

The May Revision also allows credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025, and allows the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment that meets the requirements outlined in statute for candidates who have yet to pass a reading assessment and cannot take the state's literacy performance assessment.

Pupil Nutrition and Food Assistance. The May Revision proposes the following adjustments for pupil nutrition and food assistance programs:

- \$90.7 million in additional ongoing Proposition 98 General Fund to fully fund the universal school meals program in 2025-26.
- \$21.9 million in additional Proposition 98 General Fund to support the SUN Bucks program to support the match required for federal funds to support the program.

Special Olympics. The May Revision proposes one-time \$30 million General Fund to support the Special Olympics of Northern and Southern California.

Secondary School Redesign Pilot Program. The May Revision proposes one-time \$15 million Proposition 98 General Fund for a county office of education to administer a pilot program to redesign middle and high schools to better serve the needs of students.

TK Multilingual Learner Supplemental Funding. The May Revision proposes \$7.5 million one-time Proposition 98 General Fund, available through the 2026-27 fiscal year, to mitigate reductions in supplemental and concentration grant funds to LEAs resulting from the recent exemption of TK students from the English Language proficiency assessment.

Regional English Learner Lead Agencies. The May Revision proposes \$2 million ongoing Proposition 98 General Fund to support Regional English Learner lead agencies that assist schools in providing focused support to English Learners.

Wildfire-Related Property Tax Backfill. The May Revision proposes a one-time fire-related property tax backfill of \$1.2 million in 2024-25 and \$8.5 million in 2025-26 for impacted basic aid school districts.

California Association of Student Councils. The May Revision proposes \$500,000 one-time Proposition 98 General Fund to support the California Association of Student Councils.

School Facilities Aid Program. The May Revision proposes to revert unallocated General Fund dollars of \$177.5 million that was appropriated from a \$2 billion one-time General Fund allocation to the School Facility Program. Proposition 2 facilities funds will be available for fire-impacted LEAs to access, as needed.

Preschool Cost-of-Living-Adjustment. The May Revision reduces funding for California State Preschool by \$19.3 million ongoing Proposition 98 General Fund and \$10.2 million ongoing General Fund to reflect the suspension of the statutory cost-of-living adjustment for the California State Preschool Program in 2025-26.

Staff Recommendation. Hold open.

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100

Consultant: Yong Salas
PART A

6100	Department of Education	1
0985	California School Finance Authority	23
6125	Education Audit Appeals Panel	23
6350	School Facility Aid Program	23
6360	Commission on Teacher Credentialing.....	24

Public Comment

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Issues 4-7, 9-20, 22-45, 47-51, 54-76, 78-79, 81-90, 92-95, 97-127
VOTE: 3-0, Approve Staff Recommendations

Issues 52-53
Vote: 2-1, Approve Staff Recommendations

Issue 1-3, 8, 21, 46, 77, 80, 91, 96
Vote: 2-0, Approve Staff Recommendations

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



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Item	Subject	Description	Staff Recommendation	Language	Comments
6100 Department of Education, Pre-K-12 Local Assistance					
1	Proposition 98 Framework Education Code 41203.1 (Governor's Budget and May Revise)	The Administration proposes a total Proposition 98 funding level of \$114.6 billion (TK-14) for 2025-26, a calculated level of \$118.9 billion in 2024-25 with an appropriation level of \$117.6 billion, and the suspended level of \$98.5 billion in 2023-24. The Administration also proposes to fund TK enrollment from the Local Control Funding Formula outside of the Proposition 98 split between TK-12 Education and California Community Colleges in 2023-24, 2024-25 and 2025-26.	Approve the appropriation levels proposed by the Administration. Reject the change in the Proposition 98 split in 2023-24 and 2024-25, but approve the proposed change in the split beginning in 2025-2. Conform to legislative package, and adopt placeholder trailer bill language.	TBL	
2	TK-12 Deferrals 6100-485/488 and Education Code 14041.5, 14041.6, 14041.8, and Uncodified Section (May Revise)	The Administration proposes to fully repay the deferrals that were included in the 2024-25 Budget Act with a combination of re-appropriated, reverted, and one-time funds. The Administration also proposes a new \$1.8 billion deferral from June 2026 to July 2026 for TK-12 agencies, which is proposed to be repaid in 2026-27.	Adopt the repayment of the 2023-24 and 2024-25 deferrals, reduce the proposed deferrals from June to July 2026 and reduce the amount to \$846 million, and adopt placeholder trailer bill language conforming to the legislative package.	BBL/TBL	
3	Public School System Stabilization Account (Proposition 98 Rainy Day Fund) 6100-601-0001, 6100-601/698-3207 and Education Code 42252.1 (Governor's Budget and May Revise)	The Administration proposes to reduce the discretionary payment in 2024-25 of \$1.1 billion down to the mandatory payment level of \$540 million in 2024-25, with a mandatory withdrawal of \$540 million in 2025-26, exhausting the reserves. Under current law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the Account is equal to or greater than three percent of the total TK-12 share of the Guarantee.	Adopt the deposit into the Proposition 98 Reserves in 2024-25 and adopt placeholder trailer bill language to enact the the withdrawal in 2025-26, and adopt budget bill language that authorizes the Department of Finance to deposit up to \$650 million by May 14, 2026 into the Proposition 98 Reserves.	BBL/TBL	
4	Arts and Music in Schools Funding Guarantee and Accountability Act (Proposition 28) 6100-628-0001 (Governor's Budget and May Revision)	The budget includes \$1.05 billion General Fund for the purposes of Proposition 28 in 2025-26.	Conform to legislative package.		

Item	Subject	Description	Staff Recommendation	Language	Comments
5	Local Control Funding Formula 6100-601/608-0001/6100-485/6100-488 (Governor's Budget and May Revise)	The January budget and May Revision applies a cost-of-living-adjustment of 2.3 percent, and combined with population growth decreases, results in an increase of \$2.1 billion ongoing Proposition 98 funding, with offsets reflecting increased property tax and Education Protection Account revenues. The budget proposes to fund \$25.9 million in LCFF costs in 2023-24 from re-appropriated and reversion funds.	Approve the LCFF costs as proposed, modify changes to conform to the legislative package.	BBL	
6	Principal Apportionment Attendance Reporting Periods Education Code 41601 (Governor's Budget)	The budget proposes statutory changes that would exclude average daily attendance generated through the Attendance Recovery program on weekends and intersession from principal apportionment attendance reporting periods.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
7	Transitional Kindergarten Expansion and Ratio Reduction 6100-601-0001 and Education Code 42338.02 (Governor's Budget and May Revise)	The budget proposes funding for the full implementation of the transitional kindergarten (TK). These include \$2.1 billion ongoing Proposition 98 General Fund, and \$1.2 billion ongoing Proposition 98 General Fund to lower the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
8	Transitional Kindergarten Fiscal Penalties Education Code 48000.1 (May Revise)	It is requested that statutory changes be added, beginning in fiscal year 2025-26, to specify the penalty for exceeding the 1:10 adult-to-pupil ratio requirement, and that the average class enrollment penalty be limited to the average daily attendance that exceeds 24 pupils by schoolsite.	Approve and adopt placeholder trailer bill language.	TBL	
9	Transitional Kindergarten Multilingual Learner Assessments Education Code 48004 (Governor's Budget and May Revise)	The budget proposes trailer bill language for the selection of a single statewide multilingual learner assessment instrument for students in transitional kindergarten. The budget also proposes to require, starting in 2027-28, local educational agencies to screen TK students with the selected instrument. The budget appropriates \$10 million one-time Proposition 98 General Fund for the selection and acquisition of the statewide instrument, and any necessary training.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
10	Transitional Kindergarten Multilingual Learner LCFF Supplementary Funding Uncodified (May Revise)	It is requested that statutory changes be added to reflect a one-time appropriation of \$7.5 million Proposition 98 General Fund, available until June 30, 2027, to mitigate reductions in supplemental and concentration grant funding to local educational agencies as a result of Chapter 15, Statutes of 2024 (AB 2268), which exempted transitional kindergarteners from the English language proficiency assessment.	Modify the proposal to adopt the LAO recommendation to base the formula on the proportion of the local educational agency's English Learners.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
11	Student Support and Professional Development Discretionary Block Grant 6100-485 and Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1.7 billion Proposition 98 General Fund for a discretionary block grant, to be allocated based on enrollment.	Approve \$500 million Proposition 98 General Fund for a discretionary block grant and adopt placeholder trailer bill language.	BBL/TBL	
12	Learning Recovery Emergency Block Grant Education Code 32526 (Governor's Budget)	The Administration proposes to augment the Learning Recovery Emergency Block Grant by \$378.6 million one-time Proposition 98 General Fund. These funds would be subject to the provisions put in place by the 2024-25 Budget Act, pursuant to the Cayla J Settlement.	Approve as budgeted and adopt placeholder trailer bill language.	TBL	
13	Equity Multiplier 6100-645-0001 (Governor's Budget and May Revise)	The budget includes a 2.3 percent cost-of-living adjustment of \$7 million ongoing Proposition 98 General Fund.	Approve as budgeted.		
14	Home-to-School Transportation 6100-601/608-0001 (Governor's Budget and May Revise)	The budget proposes an increase of \$16.9 million in 2025-26 and an increase of \$2 million in 2024-25 to reflect costs of the Home-to-School Transportation program.	Approve as budgeted.		
15	Cost of Living Adjustments (COLA) 6100-119, 150, 151, 158, 161, 203, 296 - 0001 (Governor's Budget and May Revision)	The budget proposes a COLA increase of \$174 million for the Foster Youth, American Indian Early Education Childhood Education, American Indian Education Centers, Special Education, Child Nutrition, Adults in Correctional Facilities, and K-12 Mandate Block Grant programs. This adjustment reflects a 2.3 percent cost-of-living adjustment.	Approve as budgeted.	BBL	
16	Budget Approval Process Update Education Code 1622, 1623, 1630, 42127.1, and 42127.6 (Governor's Budget)	The proposed budget includes trailer bill language that: (1) updates the county office of education budget approval process to be aligned with the process for school district budget approval process; (2) updates the budget review committee membership reimbursement; (3) modifies the assessment for budget approval and remedial tools that oversight agencies can exercise over school districts and county offices of education.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
17	Differentiated Assistance Education Code 52064.5 (May Revise)	It is requested that statutory changes be added to direct the State Board of Education to, no later than July 15, 2026, update the state adopted performance criteria for local educational agency assistance and intervention.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
18	Regional English Learner Lead Agencies Education Code 52073.4 (May Revise)	It is requested that statutory changes be added to: (1) reflect an ongoing appropriation of \$2 million Proposition 98 General Fund to support Regional English Learner lead agencies; and (2) define the selection criteria and responsibilities of the Regional English Learner lead agencies.	Approve as budgeted and adopt placeholder trailer bill language.	TBL	
19	Failure to Adopt Local Control and Accountability Plans Education Code 1631, 42120, 42128, 42129, and 52065.1 (Governor's Budget and May Revise)	The proposed budget includes trailer bill that applies fiscal penalties to local educational agencies that fail to adopt a timely local control and accountability plan.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
20	Conditions for Audit Extensions Education Code 41020.2 (Governor's Budget)	The budget proposes trailer bill language that clarifies the conditions under which audit extensions are approved for local educational agencies.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
21	Expanded Learning Opportunity Program 6100-110-0001 and Education Code 46120 (Governor's Budget and May Revise)	The budget proposes an increase of \$515.5 million ongoing Proposition 98 General Fund for the Expanded Learning Opportunity Program, and trailer bill language that adjusts the eligibility of Rate 1 schools from 75 percent unduplicated pupils to 55 percent of unduplicated pupils. The budget also proposes an additional \$10 million to increase the minimum grant amount from \$50,000 to \$100,000 per local educational agency.	Adopt placeholder trailer bill language to begin the expansion of eligible Tier 1 schools to January 1, 2026, creating savings of approximately \$263 million; increase the minimum grant amount from \$50,000 to \$100,000; and stabilize the rate for Tier 2 schools.	BBL/TBL	
22	Relief for Local Educational Agencies Impacted by Los Angeles Wildfires Education Codes 41490, 46120, 46392, and Uncodified (Governor's Budget and May Revise)	The budget proposes trailer bill language that: -Protects funding based on attendance in the Expanded Learning and Opportunities Program. -Protects funding for charter schools impacted by the fires. -Uses savings from Multi-Tiered Systems of Support to support fire-impacted local educational agencies. -Holds enrollment harmless for purposes of calculating allocations in the Student Support and Professional Development Discretionary Block Grant. -Appropriates \$9.7 million to backfill property tax losses for basic aid districts impacted by the fires. -Rebenches the Proposition 98 Guarantee to accommodate a General Fund backfill for property tax losses.	Approve as proposed, appropriate an additional \$1.8 million Proposition 98 General Fund for wildfire assistance, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
23	<p>Special Education (Proposition 98 General Fund)</p> <p>6100-161-0001</p> <p>(Governor's Budget and May Revise)</p>	<p>It is requested that Schedule (1) of this item be decreased by \$81,728,000 ongoing Proposition 98 General Fund. This adjustment includes: (1) a decrease of \$67,895,000 to reflect decreased estimates of growth in average daily attendance; (2) a decrease of \$9,345,000 to reflect a decrease in the cost-of-living adjustment; and (3) a decrease of \$4,488,000 to reflect an increase of offsetting property tax revenues.</p> <p>It is also requested that Schedule (3) of this item be decreased by \$1,409,000 ongoing Proposition 98 General Fund. This adjustment includes (1) a decrease of \$1,241,000 to reflect decreased estimates of growth in average daily attendance, and (2) a decrease of \$168,000 to reflect a decrease in the cost-of-living adjustment.</p>	Approve as budgeted	BBL	
24	<p>Special Education (Federal Funds)</p> <p>6100-161-0890</p> <p>(May Revise)</p>	<p>It is requested that Schedule (1) of this item be increased by \$513,000 federal IDEA funds to reflect an ongoing decrease of \$7,737,000 to align with the federal grant award and an increase of \$8,250,000 one-time carryover funds.</p> <p>It is also requested that Schedule (2) of this item be increased by \$10,292,000 federal IDEA funds to reflect: (1) an increase of \$6 million one-time federal IDEA carryover funds for the State Performance Plan Technical Assistance Project to expand resources and provide direct technical assistance to local educational agencies; (2) an increase of \$3,750,000 one-time federal IDEA carryover funds to expand and increase the resources of the California Technical Assistance Network (CaTAN); (3) an increase of \$542,000 federal IDEA funds for fiscal years 2025-2026 and 2026-2027 for the expansion of the CaTAN servers and optimization of search capabilities.</p> <p>It is also requested that Schedule (4) of this item be increased by \$356,000 one-time federal IDEA funds to reflect the availability of carryover fund.</p>	Approve as budgeted	BBL	
25	<p>Special Education Redevelopment Agency Property Tax Backfill</p> <p>Uncodified Section</p> <p>(Governor's Budget)</p>	<p>The proposed budget includes trailer bill language that allows the Department of Finance to address any shortfall or excess of local redevelopment agency property taxes for special education programs with General Fund.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
26	Digitization and Translation of Individualized Education Plan (IEP) Template Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1 million Proposition 98 General Fund and trailer bill language for the California Collaborative for Educational Excellence to digitize the state standardized individualized education plan template developed by the IEP template workgroup. The budget also proposes one-time \$1 million Proposition 98 General Fund, only if federal Individuals with Disabilities Education Act funds are not available for this purpose, and trailer bill language to translate the digital standardized individualized education plan template.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	
27	Add Community Treatment Facilities to Out of Home Care Funding Formula Education Code 56836.168 (Governor's Budget)	The budget proposes technical trailer bill language that includes community treatment facilities in the Out-of-Home-Care funding formula.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
28	Inclusive College for Students with Intellectual Disabilities - Clean Up Education Code 66032.2 (Governor's Budget and May Revise)	The budget proposes technical trailer bill language to clarify the eligibility for the Inclusive College for Students with Intellectual Disabilities program.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
29	UCSF Literacy Screener Appropriation Uncodified (May Revise)	It is requested that statutory changes be added to appropriate \$10 million one-time Proposition 98 General Fund to the county office of education selected to administer the California Dyslexia Initiative to partner with University of California, San Francisco Dyslexia Center to perform various activities to support screening for reading difficulties.	Reject this proposal.	TBL	
30	Special Olympics Uncodified (May Revise)	It is requested that statutory changes be added to appropriate \$30 million one-time General Fund to support the Special Olympics of Northern and Southern California for specified purposes.	Approve this proposal and appropriate \$30 million Proposition 98 General Fund for Special Olympics, in partnership with a County Office of Education.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
31	Secondary School Redesign Pilot Program Uncodified (May Revise)	It is requested that statutory changes be added to appropriate \$15 million one-time Proposition 98 General fund to the Superintendent of Public Instruction for a county office of education to administer a pilot program with select school districts to redesign middle and high schools to better serve the needs of all students and increase student outcomes, including personalizing the learning environment, integrating experiential education and new uses of technology, and supporting deeper learning. Of the funding allocated for this purpose, it is requested that \$1 million be allocated for an evaluation of the pilot program and documentation of successful models.	Reject this proposal.	TBL	
32	Reading and Literacy Supplementary Authorization Incentive Grant Program Participation Award Increase Sec. 126, Ch. 52, Statutes of 2022 (Governor's Budget)	The budget proposes to increase the award amount from the Reading and Literacy Supplementary Authorization Incentive Grant Program from \$2,500 to \$6,000, and adjust the grantee match requirement.	Adopt placeholder trailer bill language for the proposed changes related to the award increase and the grantee match requirement, and add mathematics supplementary authorization and National Board Certification for eligible purposes.	TBL	
33	Educator Training for Literacy Screener Uncodified (Governor's Budget and May Revise)	The budget proposes to include one-time \$40 million Proposition 98 General Fund for professional development and instrument acquisition for the implementation of universal literacy screenings in 2025-26, and statutory changes to allow school employees, rather than solely educators, administer the screenings.	Approve as budgeted and adopt placeholder trailer bill language.	TBL	
34	Student Teacher Stipend Program (Formerly Loan Repayment for Teachers in Priority Schools Program) Education Code 44400, 44400.01, 44400.02, and 44400.03 and Uncodified Section (Governor's Budget and May Revise)	It is requested that statutory changes transmitted with the Governor's Budget related to the Loan Repayment for Teachers in Priority Schools Program be amended to instead appropriate \$100 million one-time Proposition 98 General Fund to provide stipends for California-prepared preliminary credential candidates that are completing at least 500 hours of student teaching.	Approve an additional \$500 million Proposition 98 General Fund for this program, for a total program investment of \$600 million Proposition 98 General Fund, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
35	2021 National Board of Professional Teaching Standards Certification Incentive Program Liquidation Extension Sec. 137, Chapter 44, Statutes of 2021 (Governor's Budget)	The budget proposes to extend the liquidation period for the 2021 investment for the National Board of Professional Teaching Standards Certification Incentive Program from June 30, 2028 to June 30, 2031.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
36	National Board of Professional Teaching Standards Certification Incentive Program - Additional Investment for 2025-26 Uncodified (Governor's Budget)	The budget proposes an additional one-time \$100 million Proposition 98 General Fund for the National Board of Professional Teaching Standards Certification Incentive Program.	Reject this proposal.	TBL	
37	Learning Acceleration System Grant Extension Sec. 43, Ch. 252, Statutes of 2021 (Governor's Budget)	The budget proposes to extend the availability of funds and any interest earned on the funds from June 30, 2026 to January 1, 2028.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
38	Universal School Meals 6100-203-0001/6100-201-0890 (Governor's Budget and May Revise)	The proposed budget includes approximately \$2 billion Proposition 98 General Fund in 2025-26, an increase of \$69.2 million Proposition 98 General Fund due to program growth, and \$2.9 billion federal funds in 2025-26 to fund universal access to subsidized school meals.	Approve as budgeted.	BBL	
39	2025 Kitchen Infrastructure and Training Funds Uncodified (Governor's Budget)	The budget proposes \$150 million one-time Proposition 98 General Fund for the Kitchen Infrastructure and Training Funds for specialized kitchen equipment, infrastructure, and training to support the universal school meals program.	Appropriate an additional \$20 million Proposition 98 General Fund for a total program investment of \$170 million, and establish a Universal School Meals Implementation Block Grant, which will prioritize kitchen infrastructure, nutrition staff support and recruitment, local food procurement, and procurement of non-ultra processed foods.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
40	2022 Kitchen Infrastructure and Training Funds Extension Sec. 132, Ch. 52, Stats. 2022 (May Revise)	It is requested that statutory changes be added to: (1) extend the deadline for local education agencies to expend the Kitchen Infrastructure and Training funds allocated in the 2022 Budget Act from June 30, 2025 to June 30, 2026; and (2) extend the deadline for local educational agencies to report to the Department of Education on how funds were used to improve the quality of school meals or increase participation in subsidized school meal programs from June 30, 2025 to June 30, 2026, as a result of delays in completing infrastructure upgrades.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
41	SUN Bucks Program Eligibility and Verification Requirement Education Code 49506.1 and 6100-201-0890/0001 (May Revise)	The May Revision proposes \$21.9 million ongoing federal funds and \$21.9 million ongoing Proposition 98 General Fund to support the local administration of the SUN Bucks program. It is requested that statutory changes be added to: (1) require annual eligibility determination using a School Meals Application or the Universal Benefits Application, as specified, for the SUN Bucks Program; and (2) require schools that collect either application meet specified verification requirements.	Approve as budgeted and adopt placeholder trailer bill language.	BBL/TBL	
42	Universal Benefit Application Education Code 42238.01 (May Revise)	It is requested that statutory changes be added to include the SUN Bucks compliant Universal Benefits Application as an option to determine free or reduced-price meals eligibility for inclusion in the unduplicated pupil count.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
43	Historical Career Technical Education Programs Consolidated Application and Reporting Uncodified (Governor's Budget)	The budget proposes trailer bill language that would require the Department of Education to review and provide recommendations to consolidate the application for historical career technical education programs.	Adopt placeholder trailer bill language to consolidate the applications for all major career technical education programs through the Department of Education and the California Community Colleges.	TBL	This proposal will maintain individual programs and administration.
44	K-16 Education Collaborative Program - Update Interim Goals and Alignment Provisions 7760-101-0001, Ch. 33, Statutes of 2023 (Governor's Budget)	The budget proposes to extend the completion of programmatic goals for two years to June 30, 2028 and the encumbrance period to June 30, 2030, and also clarifies the requirement to create occupational pathways.	Reject this proposal.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
45	Curriculum Framework, Standards, and Instructional Materials Process Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$1 million Proposition 98 General Fund and trailer bill language that would require a county office of education to contract with a research or non-profit organization to study and provide recommendations on the curriculum development and adoption.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
46	Instructional Materials Penalty Education Code 60151 (Governor's Budget)	The budget includes technical trailer bill language that clarifies the instructional materials penalty.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
47	Literacy and Math Coaches Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$500 million Proposition 98 General Fund for literacy coaches and math coaches, per the following: (1) \$235 million is proposed for a third cycle of Literacy Coaches and Reading Specialists Grant Program for schools with 93.5 percent unduplicated pupils, for school literacy programs, dual language immersion programs, and programs for multilingual learners; (2) \$15 million for a county office of education, or a consortium of county offices, to provide and coordinate professional development; (3) \$220 million is proposed for schools to employ and train mathematics coaches and specialists for local educational agencies that receive concentration grants in the Local Control Funding Formula, and (4) \$30 million for the Mathematics Professional Learning Partnership.	Approve \$100 million for Literacy Coaches and Reading Specialists Grant Program and for Mathematics Coaches and Specialists, and adopt conforming placeholder trailer bill language. Reject \$30 million for the Mathematics Professional Learning Partnership, and amend 2024 investment for the Mathematics Professional Learning Partnership to ensure that this investment can be used for statewide mathematics coordination. Reject \$15 million for the professional development and coordination.	TBL	
48	Statewide Literacy Network and Mathematics Network Uncodified (Governor's Budget and May Revise)	The budget proposes one-time \$25 million Proposition 98 General Fund for the California Collaborative for Educational Excellence to convene a Statewide Literacy Network (\$12.5 million) and a Statewide Mathematics Network (\$12.5 million) through the 2029-30 fiscal year.	Approve \$12.5 million for the Statewide Literacy Network, and adopt placeholder trailer bill language.	TBL	See amendments to the 2024 investment for the Mathematics Professional Learning Partnership, which ensures it can be used for statewide mathematics coordination.

Item	Subject	Description	Staff Recommendation	Language	Comments
49	Literacy Instruction Professional Development Education Code 33319.6 and Uncodified (May Revise)	It is requested that statutory changes be added to: (1) appropriate \$200 million one-time Proposition 98 to support evidenced-based professional learning for elementary school teachers aligned with the English Language Arts/English Language Development Framework; and (2) establish a process for approval of criteria and guidance for the selection or development of professional development programs for use statewide and a list of programs deemed to meet those criteria.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
50	Homeless Education Technical Assistance Centers 6100-136-0001 and Education Code 48857 (Governor's Budget)	The budget appropriates \$1.5 million ongoing Proposition 98 General Fund for ongoing support to the county offices of education that serve as homeless education technical assistance centers.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
51	Inclusive Early Education Expansion Program Education Code 8337 (Governor's Budget)	The budget proposes trailer bill language that codifies the state level activities set-aside from \$50 million Proposition 98 General Fund to \$10 million Proposition 98 General Fund, related to the shift in funding for the Inclusive Early Education Expansion Program in the 2024 Budget Act from \$250 million to \$100 million.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
52	Non-Local Educational Agency State Preschool Program 6100-194-0001 and Education Code 8242 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$10,172,000 ongoing non-Proposition 98 General Fund to reflect the 2025-26 suspension of the cost-of living-adjustment for the California State Preschool Program.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
53	Local Educational Agency State Preschool Program 6100-196-0001 and Education Code 8242 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$19,296,000 ongoing Proposition 98 General Fund to reflect the 2025-26 suspension of the cost-of living-adjustment for the California State Preschool Program.	Approve as budgeted, and adopt placeholder trailer bill language.	BBL/TBL	
54	Zero-Emission School Buses 2025-26 Allocation 3900-601-0001/3360-603-0001 (Governor's Budget)	The budget proposes to reduce the one-time funding available for zero-emission school buses in 2025-26 by \$500 million.	Approve as budgeted, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
55	Proposition 39 Clean Energy Jobs Act Encumbrance Extension Uncodified (May Revise)	It is requested that statutory changes be added to extend the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
56	K-12 High Speed Network 6100-182-0001 (Governor's Budget)	The budget proposes an increase of \$3.5 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.	Approve as budgeted.	BBL	
57	California College Guidance Initiative 6100-172-0001 (Governor's Budget)	The budget proposes an increase of \$3 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.	Approve as budgeted.	BBL	
58	Community Schools Grants Redistribute Returned Funds Education Code 8902 (May Revise)	It is requested that statutory changes be added to allow any returned funds from implementation grant awards be reallocated by the Department to support extension grants.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
59	Comprehensive Literacy State Development Grant 6100-001-0890/6100-117-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$475,000 federal Comprehensive Literacy State Development Grant funds annually through 2028-29 for the Department to implement the federal Comprehensive Literacy State Development Grant.	Approve as budgeted.	BBL	
60	Federal Title I, Comprehensive Support and Improvement Funds 6100-001-0890/6100-134-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$465,000 ongoing federal Title I funds for the Department to reflect a shift of CSI funding from local assistance to support.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
61	California Association of Student Councils 6100-243-0001 (May Revise)	It is requested that Item 6100-243-0001 be added in the amount of \$500,000 one-time Proposition 98 General Fund for the California Association of Student Councils to support targeted outreach efforts to recruit participants in programs that reflect a broader geographic and socioeconomic representation of California's K-12 public school students.	Approve as budgeted, and adopt reporting requirements.	BBL	
62	Proposition 98 Reversion 6100-485 (Governor's Budget and May Revise)	The budget proposes to revert \$28.9 million for the Proposition 98 reversion account, and use these funds for Local Control Funding Formula allocations, payment of deferrals, and the Student Support Discretionary Block Grant.	Conform to legislative package.	BBL	
63	Proposition 98 Re-Appropriation 6100-488 (Governor's Budget and May Revise)	The budget proposes to re-appropriate \$151.7 million from prior investments to support Local Control Funding Formula allocations, payment of deferrals, and \$520,000 for settlement costs in Loffman, et al. v. California Department of Education.	Conform to legislative package.	BBL	
64	Funding for Instructional Quality Commission for English Language Arts/English Language Development 6100-004-0001 and Uncodified Section (Governor's Budget)	The budget proposes one-time \$250,000 Proposition 98 General Fund to develop supplemental guidance for English Language Arts and English Lanugage Development that complements the English Language Arts/English Language Development follow up adoption, with a corresponding decreased adjustment to 6100-004-0001.	Approve as budgeted and adopt placeholder trailer bill language.	BBL/TBL	
65	Project Advancing Wellness and Resilience in Education (AWARE) Grant and Project Students, Teachers, and Officers Preventing School Violence Grant (Cal-STOP) Program 6100-104-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$400,000 one-time federal Project AWARE funds to reflect the availability of carryover funds to support Project AWARE grants for local educational agencies. Project AWARE aims to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.	Approve as budgeted.	BBL	
66	Public Charter Schools Adjustment 6100-112-0890 (May Revise)	It is requested that Item 6100-112-0890 be added in the amount of \$25,421,000 Federal Trust Fund to reflect \$11,606,000 one-time federal Public Charter School carryover funds and an ongoing increase of \$13,815,000 to align to the federal grant award to continue supporting the Public Charter Schools program. It is also requested that provisional language be added.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
67	Program for Neglected and Delinquent Children 6100-119-0890 (May Revise)	It is requested that Schedule (1) of this item be decreased by \$321,000 ongoing federal Title I, Part D funds to align to the federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.	Approve as budgeted.	BBL	
68	Migrant Education Program, Migrant Education Program State-Level Programs, and English Language Acquisition Program 6100-125-0890 (May Revise)	<p>It is requested that Schedule (1) of this item be decreased by \$1,541,000 federal Title I, Part C Migrant Education Program funds to reflect an increase of \$7,731,000 one-time carryover funds and an ongoing decrease of \$9,272,000 to align to the federal grant award. This program awards subgrants to local educational agencies to provide educational support services to meet the needs of highly mobile migrant students.</p> <p>It is requested that Schedule (2) of this item be increased by \$1,154,000 ongoing federal Title I, Part C Migrant Education Program State Level Activities funds to align to the federal grant award. The state-administered Migrant Education programs include the Binational Migrant Education Program, Mini-Corps Program, and the Migrant Student Information Network.</p> <p>It is requested that Schedule (3) of this item be increased by \$12,995,000 federal Title III, Part A English Language Acquisition funds to reflect an increase of \$6,998,000 one-time carryover funds, and an ongoing increase of \$5,997,000 to align to the federal grant award. This program provides services to help students attain English proficiency and meet grade level academic standards.</p>	Approve as budgeted.	BBL	
69	Elementary and Secondary Education Act Program, Title I State Grant and School Improvement Program Grant 6100-134-0890 (May Revise)	The Administration proposes a total of \$2.5 billion in federal fund authority for Title I and Title IV funds. Of this amount, \$70 million is in carryover Title 1 funds, and \$5 million in carryover Title IV funds.	Approve as budgeted.	BBL	
70	McKinney-Vento Homeless Children Education 6100-136-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$123,000 federal McKinney-Vento funds to reflect an increase of \$667,000 one-time carryover funds and an ongoing decrease of \$544,000 to align with the federal grant award. This program supports local educational agencies' efforts to identify homeless students and ensure equal access to public education.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
71	Rural and Low-Income Schools 6100-137-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$30,000 ongoing federal Rural and Low-Income Schools Grant funds to align with the federal grant award. This program provides rural school districts with financial assistance for initiatives aimed at improving student achievement.	Approve as budgeted.	BBL	
72	Adult Education Program 6100-156-0890 (May Revise)	It is requested that this item be increased by \$14 million one-time federal Workforce Innovation and Opportunity Act, Title II funds to reflect the availability of carryover funds. The federal Adult Education Program supports adult basic education, English as a second language, and adult secondary education programs.	Approve as budgeted.	BBL	
73	Part A of Title II Federal Grant 6100-195-0890 (May Revise)	It is requested that Schedule (3) of this item be decreased by \$1,032,000 ongoing federal Part A, Title II funds to align with the federal grant award.	Approve as budgeted.	BBL	
74	21st Century Community Learning Grant Federal Adjustment 6100-197-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$15,670,000 federal 21st Century Community Learning Centers Grant funds to reflect an increase of \$4.5 million one-time carryover funds and an ongoing increase of \$11,170,000 to align with the federal grant award.	Approve as budgeted.	BBL	
75	Early Head Start Federal Adjustment 6100-294-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$534,000 Federal Trust Fund to reflect an increase of \$650,000 one-time federal Early Head Start-Child Care Partnership carryover funds and an ongoing decrease of \$116,000 to align with the federal grant award. These funds are allocated to selected local Partnering Agencies to meet standards and grant requirements that aim to increase the quality of early childhood education programs.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
76	Tobacco-Use Prevention Education Program 6100-001-0231/6100-102-0231 (May Revise)	<p>It is requested that Schedule (1) of Item 6100-001-0231 be decreased by \$196,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund to reflect revised revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund. These funds support the state-level administration of health education efforts aimed at preventing and reducing tobacco use.</p> <p>It is also requested that Schedule (1) of Item 6100-101-0231 be decreased by \$490,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund and Schedule (1) of Item 6100-102-0231 be decreased by \$1,570,000 ongoing Health Education Account, Cigarette and Tobacco Products Surtax Fund to reflect revised revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund.</p> <p>These funds are allocated to local educational agencies for health education efforts aimed at preventing and reducing tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.</p>	Approve as budgeted.	BBL	
77	California Universal Prekindergarten Planning and Implementation Grant Education Code 8320 (Legislative Proposal)	<p>This proposal would extend the encumbrance deadline for the Universal Prekindergarten Planning and Implementation Grant from June 2026 to June 2028, and appropriate an additional \$35 million Proposition 98 General Fund for this purpose.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
78	CalKIDS Changes Education Codes 52115.7 and 51284.5 (Governor's Budget and May Revise)	<p>The budget proposes to specify that information about the CalKIDS Program be provided by local educational agencies to pupils, or the parents and guardians of pupils, in a similar manner to information provided about the Free Application for Federal Student Aid (FAFSA). Additionally, the budget proposes to include CalKIDS as part of financial literacy component of the history-social science curriculum framework.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
79	Financial Reporting for Childhood Sexual Assault Transactions Uncodified (Legislative Proposal)	<p>This proposal adds additional accounting codes to the School Accounting Code system to capture transactions made by local educational agencies due to settlements, judgments, or special assessments from claims of childhood sexual assault filed against local educational agencies.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
80	Children and Youth Behavioral Health Initiative Bridge Funding Uncodified (Legislative Proposal)	This proposal appropriates \$20 million Proposition 98 General Fund to the Department of Health Care Services, that would allocate the funds to Sacramento County Office of Education, in partnership with Santa Clara County Office of Education, no later than September 2025. The funds would be administered through the capacity grant infrastructure, as established by the Children and Youth Behavioral Initiative, to local educational agencies to support, in the order of priority: (1) the continuation of services, including youth mental health staffing costs and contracted services; and (2) to provide technical assistance to local educational agencies for the continued implementation of the statewide fee schedule.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
81	Career Technical Education Uncodified (Legislative Proposal)	This proposal appropriates \$150 million for career technical education.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
6100 Department of Education, State Operations					
82	Sustaining Cybersecurity Investments and Enhancing Cybersecurity Resilience 6100-001-0001 (Governor's Budget)	The budget proposes \$1.7 million General Fund for 2025-26 and \$1.6 million for 2026-27 and ongoing. The funds will be used to sustain CDE's critical Information Technology (IT) security investments and continue CDE's phased implementation of cybersecurity policies and technical capabilities required by the California Department of Technology (CDT) as outlined in the Cal-Secure Information Security Roadmap.	Approve as budgeted.	BBL	
83	Pupil Health Extreme Weather Conditions Physical Activity (SB 1248) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$57,000 General Fund to support temporary workload associated with developing evidence-based best practices for extreme weather guidance and safety on school campuses.	Approve as budgeted.	BBL	
84	Prohibited Substances in Child Nutrition (AB 2316) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$77,000 General Fund to support temporary workload associated with updating guidelines, trainings and other resources for school food authorities as it relates to newly prohibited substances and food dye information.	Approve as budgeted.	BBL	
85	Statewide Implementation Plan for the English Learner Roadmap Policy (AB 2074) 6100-001-0001 (Governor's Budget)	The budget proposes one-time \$328,000 General Fund to support temporary workload with developing the statewide English Learner Roadmap policy, of which \$164,000 and one position is ongoing to support the statewide implementation of the English Learner Roadmap.	Approve as budgeted.	BBL	
86	Attorney Fees for Litigation 6100-001-0001 (Governor's Budget)	The budget proposes \$2 million one-time General Fund for attorney fees associated with the Cayla J. vs. California settlement.	Approve as budgeted.	BBL	
87	Resources to Support Form J-90 Data Collection (AB 938) 6100-001-0001 and Education Code 42238.016 (Governor's Budget)	The budget proposes 9 positions and \$1.4 million General Fund to support the development of an updated Form J-90 and associated data collection, and technical clean-up language to implement AB 938.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
88	Principal Apportionment Replacement Systems (PARS) Project IT Services Support 6100-001-0001 (Governor's Budget)	The budget proposes \$1.2 million General Fund and 3 positions to support the acquisition of a vendor contract to design and develop a replacement Principal Apportionment Application.	Approve as budgeted.	BBL	
89	School Districts of Choice (SB 897) 6100-001-0001 (Governor's Budget and May Revise)	The Governor's Budget proposed \$141,000 and one position to support ongoing workload associated with the District of Choice program, and the May Revision proposes to eliminate this position under the Vacant Position Savings pursuant to the 2024 Budget.	Approve as budgeted.	BBL	
90	Support for Priority School Districts (AB 247) 6100-001-6094 (Governor's Budget)	<p>The budget proposes \$493,000 in bond funding and 3 positions to support the expansion of the Federal Supporting America's School Infrastructure Grant Program for Priority School Districts, available until June 30, 2030.</p> <p>It is requested that Schedule (1) of this item be increased by \$361,000 2024 State School Facilities Fund in 2025-26 and \$565,000 in 2026-27 through fiscal year 2029-30, to support the expansion of the work being undertaken by the Supporting America's School Infrastructure Grant Program under the School Facility Program. This program provides services and assistance to priority school districts to address the needs for improving school facilities and environments through public school infrastructure improvements.</p>	Approve as budgeted.	BBL	
91	LGBTQ+ Online Trainings Implementation Encumbrance and Expenditure Deadlines 6100-001-0001 of 2021 Budget Act, as amended by Sec. 122, Ch. 240, Stats. 2024 (Governor's Budget)	The budget proposes to extend the encumbrance and expenditure deadline for the funds to support the LGBTQ+ Online Trainings implementation.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
92	Stronger Connections Technical Assistance Grant Program 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$570,000 federal funds in fiscal year 2025-26, \$676,000 in 2026-27, and \$260,000 in 2027-28 to support the administration of the Stronger Connections Technical Assistance Grant Program, which provides evidence-based technical assistance to high-need local educational agencies to address school violence issues and promote a positive school climate.	Approve as budgeted.	BBL	
93	Special Education (Federal Funds) 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$983,000 ongoing federal Individuals with Disabilities Education Act (IDEA) funds to reflect: (1) an ongoing increase of \$337,000 and 2 positions to address the federal monitoring requirements for local educational agencies with fewer than 100 students with disabilities; (2) an ongoing increase of \$146,000 and 1 position to address the federal monitoring requirements for individualized education program data; and (3) a onetime increase of \$500,000 to support the translation of the digitized statewide individualized education program template.	Approve as budgeted.	BBL	
94	Office of Administrative Hearings 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be increased by \$6,212,000 one-time federal IDEA funds to support increased costs associated with special education dispute resolution services. The Department contracts with the Office of Administrative Hearings to provide special education services, which include hearings, mediations, and related due process activities required by both state and federal law. The number of claims filed and cost per case have increased over the past few years.	Approve as budgeted.	BBL	
95	Part A of Title II Supporting Effective Instruction Federal Grant (Language Only) 6100-001-0890 (May Revise)	It is requested that Schedule (1) of this item be amended to include language to align provisional authority with the federal Title II, Part A grant award.	Approve as budgeted.	BBL	
96	LGBTQ+ Cultural Competency Platform Encumbrance Extension 6100-001-0001 from 2021 Budget Act (Governor's Budget)	The budget proposes to extend the encumbrance period for the funds to support the LGBTQ+ Cultural Competency Platform.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
97	Non-Public Agency Monitoring 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$500,000 to monitor non-public agencies.	Approve as budgeted.	BBL	
98	Instructional Materials Adoption 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$437,000 for Instructional Materials Adoptions.	Approve as budgeted.	BBL	
99	SUN Bucks Program Eligibility and Verification Requirement - State Operations 6100-001-0001/0890 (May Revise)	It is requested that Schedule (2) of Item 6100-001-0890 be increased by \$385,000 ongoing federal Summer Electronic Benefits Transfer Program funds to support the state-level administration of the Summer Electronic Benefits Transfer (SUN Bucks) Program. This is the federal portion provided for state-level administration. It is requested that Schedule (2) of Item 6100-001-0001 be increased by \$385,000 ongoing General Fund to support the state-level administration of the SUN Bucks Program, which provides nutrition funding to eligible students during the summer months. This is the state match of the state-level administration required for federal participation.	Approve as budgeted.	BBL	
100	Cybersecurity Assessment for the State Special Schools and Diagnostic Centers 6100-001-0001 and Reimbursements (May Revise)	It is requested that Schedules (1) and (5) of this item be amended to increase one-time reimbursement authority by \$150,000 to fund an independent cybersecurity assessment at the State Special Schools and Diagnostic Centers.	Approve as budgeted.	BBL	
101	Elementary and Secondary Education Act Program, Title I State Grant and School Improvement Program Grant 6100-134-0890 (May Revise)	It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$465,000 ongoing federal Title I funds for the Department to reflect a shift of CSI funding from local assistance to support.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
102	School Facilities Administrative Funding 6100-001-0001/6100-001-6094 (May Revise)	It is requested that Schedules (1) and (5) of Item 6100-001-0001 be amended to decrease reimbursement authority by \$3,319,000 in 2025-26 through 2029-30 and that Schedule (2) of Item 6100-001-6094 be added in the amount of \$3,631,000 2024 State School Facilities Fund in 2025-26 through 2029-30 to reflect a shift in administrative funding to available bond funds.	Approve as budgeted.	BBL	
103	Personal Finance Graduation Requirement - State Operations Support and Clean-Up 6100-572-0001 and Uncodified Section and Education Code 51225.3 and 51284.5 (Governor's Budget)	The budget proposes technical trailer bill language for the personal finance graduation requirement, and clarifies the \$300,000 General Fund appropriation for state operations support at the Department of Education.	Approve as budgeted.	TBL	
104	California School for the Blind: Fremont Campus - Perimeter Security Fence 6100-301-0001 (May Revise)	It is requested that Item 6100-301-0001 be increased by \$830,000 one-time to provide supplemental funding for the working drawings phase of the Fremont Campus: Perimeter Security Fence project. This project includes the construction of an approximately 8,800 lineal foot security fence around the Fremont campus which currently lacks a secure perimeter. The campus serves the California School for the Deaf—Fremont, California School for the Blind, and Diagnostic Center—Northern California.	Approve as budgeted.	BBL	
105	California School for the Deaf- Riverside: Health Services Building 6100-301-0001 (Governor's Budget)	The California Department of Education – State Special Schools and Services Division (CDESSSD) requests \$1,455,000 General Fund for the performance criteria phase of the California School for the Deaf, Riverside (CSDR) – Health Services Building project. The project includes the demolition and replacement of the 71-year-old Infirmary building on the CSDR campus, with a new Health Services Building at the same location. The existing building is unsafe, unsanitary and unusable. The new Health Services Building shall implement DeafScape and DeafSpace design concepts.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
0985 California School Finance Authority					
106	Charter School Facility Grant Program - COLA Adjustment 0985-001-9734 and 0985-220-0001 (May Revise)	<p>It is requested that Item 0985-001-9734 be eliminated, and that Item 0985-001-9735 be increased by \$1,021,000 and 3 positions ongoing 2006 State School Facilities Fund to reflect \$611,000 in administrative funding and \$410,000 for contracted external services for the California School Finance Authority to fulfil its requirements for the Charter School Facilities Program under the School Facility Program.</p> <p>It is requested that Item 0985-220-0001 be decreased by \$1,714,000 ongoing Proposition 98 General Fund to reflect a decrease of \$133,000 ongoing Proposition 98 General Fund related to a 2.30 percent cost-of-living adjustment and a decrease of \$1,581,000 ongoing Proposition 98 General Fund to reflect updated projections for program participation. The Charter School Facility Grant Program provides funding to assist charter schools in paying for rent and lease expenditures that are either serving or located in attendance areas where a notable percentage of their students qualify for free or reduced-price meals.</p>	Approve as budgeted.	BBL	
6125 Education Audit Appeals Panel					
107	Education Audit Appeals Authority Increase Education Code 41344.1 (Governor's Budget and May Revise)	<p>The budget proposes trailer bill language that adjusts the authority of the Education Audit Appeals Panel to waive or reduce the reimbursement.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
6350 School Facility Aid Program					
108	School Facility Program 6350-601-6094 (Governor's Budget)	<p>The budget proposes \$1.5 billion in bond funding from Proposition 2 in 2025-26 for the School Facility Program.</p>	Approve as budgeted.		
109	Lease-Purchase Program Interest Retention Education Code 17037 (Governor's Budget)	<p>The budget proposes trailer bill language that allows any remaining funds and any interest earned on those funds in the county school lease-purchase fund for a school district to be used for school construction.</p>	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
110	Fix Outdated Reference for School District Collection of Developer Fees (SB 937) Government Code 66007 (Governor's Budget)	The budget proposes technical trailer bill language that corrects an outdated reference for school district collection of developer fees as it relates to the five-year school facilities master plan.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
111	Excessive Cost Hardships Grants Education Code 17075.11 (May Revise)	It is requested that statutory changes be added to provide the State Allocation Board with the authority to provide excessive cost hardship grants under the School Facility Program to school districts demonstrating unusual circumstances beyond their control.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
112	Reversion of 2023 Balances 6350-495 (May Revise)	It is requested that Item 6350-495 be added to revert the unexpended balance of up to \$177.5 million from a one-time statutory appropriation in the 2023 Budget Act for TK-12 school facilities construction to be allocated through the School Facility Program.	Approve as budgeted.	BBL	
6360 Commission on Teacher Credentialing					
113	Certification Workload Staffing 6360-001-0407 Provision 12 (Governor's Budget)	The budget proposes \$671,000 from the Teacher Credentials Fund and 5 positions to support workload related to increased teacher credential applications volume.	Approve as budgeted.	BBL	
114	May Lee State Office Complex - Rent Costs 6360-001-0407 Provision 10 (Governor's Budget)	The budget proposes one-time \$1.1 million from the Teacher Credentials Fund to support leasing costs at the May Lee State Office Complex.	Approve as budgeted.	BBL	
115	Teacher Performance Assessment Workgroup (SB 1263) 6360-001-0407 Provision 9 (Governor's Budget)	The budget proposes \$583,000 from Teacher Credentials Fund from to support Teacher Performance Assessment Workgroup activities.	Approve as budgeted.	BBL	
116	Administrative Support Staffing 6360-001-0407 Provision 11 (May Revise)	The budget proposes \$253,000 from the Teacher Credentials Fund and 2 positions to support administrative activities.	Approve as budgeted.	BBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
117	Resources to Support Supplementary and Subject Matter Authorizations (AB 2473) 6360-001-0407 Provision 13 (Governor's Budget)	The budget proposes \$130,000 from the Teacher Credentials Fund and one position to support the workload related to adding supplementary and subject matter authorizations to a teaching credential.	Approve as budgeted.	BBL	
118	Teacher Vacancy Definition Education Code 44258.9 (Governor's Budget)	The budget proposes trailer bill language that updates the definition of "teacher vacancy" for monitoring authorized to the Department of Education and the Commission on Teacher Credentialing.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
119	Teacher Residency Grant Program Encumbrance Extension and Reimbursement Authority Uncodified (Governor's Budget)	The budget proposes to extend the encumbrance period for \$66 million appropriated in the 2022 Budget Act for the Teacher Residency Grant Program to June 30, 2027 and the liquidation period to June 30, 2032, and provides reimbursement authority to the Commission on Teacher Credentialing.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
120	Reading Instruction Competence Assessment Extension and Adoption Allowance Education Code 44283 (May Revise)	It is requested that statutory changes be added to: (1) allow credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025; and (2) allow the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment for certain uses instead of maintaining a commission-adopted assessment in addition to the new literacy performance if the adopted assessment meets the requirements outlined in statute.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
121	Reading Instruction Competence Assessment Passing Standard Education Code 44283.1 (May Revise)	It is requested that statutory changes be added to codify the standard error of measure for Reading Instruction Competence Assessment subtest scores adopted by the Commission on Teacher Credentialing in October 2024.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	
122	COVID-19 Era Waiver Requirements Deadline Extension Sec. 108, Ch. 48, Stats. 2023 (May Revise)	It is requested that statutory changes be added for the waiver to also cover the Reading Instruction Competence Assessment and to extend the deadline to complete an induction program or 2 years of service by a year for credential candidates who received a waiver pursuant to Executive Order N-66-20, Section 67 of Chapter 110 of the Statutes of 2020, or Section 120 of Chapter 44 of the Statutes of 2021.	Approve as proposed, and adopt placeholder trailer bill language.	TBL	

Item	Subject	Description	Staff Recommendation	Language	Comments
123	State Operational Costs 6360-001-0407 (May Revise)	It is requested that Schedule (1) of Item 6360-001-0407 be increased by \$200,000 ongoing to align state operational costs with current staffing levels.	Approve as budgeted.	BBL	
124	Administrative Services Credentials Legislative Implementation 6360-001-0407 (May Revise)	It is requested that Schedule (1) of Item 6360-001-0407 be increased by \$455,000 in fiscal year 2025-26 of which, \$322,000 is ongoing, and 2 positions, to support the Professional Services Division with workload associated with updating and adding a non-teaching pathway to the Administrative Services Credential. Additionally, the Commission will conduct a temporary workgroup to inform this work.	Approve as budgeted.	BBL	
125	Office of Attorney General/ Office of Administrative Hearings Costs 6360-001-0407 (May Revise)	It is requested that Schedule (2) of Item 6360-001-0407 be increased by \$800,000 ongoing to reflect an increase in expenditure authority to support increased legal services costs, including court reporter fees.	Approve as budgeted.	BBL	
126	Information Technology Workload Staffing 6360-001-0407 (May Revise)	It is requested that Schedule (4) of Item 6360-001-0407 be increased by \$890,000 in 2025-26 of which, \$880,000 is ongoing, and 5 positions, to support the Information Technology (IT) Branch with addressing various IT workload issues.	Approve as budgeted.	BBL	
127	Public Awareness Campaign Reversion 6360-495 (May Revise)	It is requested that Item 6360-495 be added to revert funding in Item 6360-001-0001 in the 2024 Budget Act provided to support a public awareness campaign.	Approve as budgeted.	BBL	

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



Tuesday, June 10, 2025

1:30 p.m.

1021 O Street, Room 2100

Consultant: Diego Emilio J. Lopez

PART B – Higher Education

6100 Department of Education
6120 California State Library
6440 University of California
6600 College of the Law, San Francisco
6610 California State University
6870 California Community Colleges
6980 California Student Aid Commission

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.

Item	Business Unit	Origin	Department	Description	Staff Recommendation
1	6100	May Revision	Department of Education	The May Revision proposes trailer bill language to clarify the standards for college-level coursework taken for credit at a California public college or university by students simultaneously enrolled in high school to ensure suitable electronic transmission of coursework to and between California's public education systems and CaliforniaColleges.edu.	Adopt placeholder trailer bill language.
2	6120	Governor's Budget/May Revision	California State Library	The Governor's January budget and May Revision proposes \$334,000 one-time General Fund and \$282,000 ongoing in 2026-27 for cybersecurity infrastructure.	Approves the Governor's Budget and May Revision proposals to provide \$334,000 General Fund in 2025-26 and \$282,000 ongoing General Fund in 2026-27 for cybersecurity infrastructure.
3	6120	May Revision	California State Library	The May Revision includes budget bill language allocating \$500,000 of State Library funding to support the Braille Institute.	Approve May Revision.
4	6120	May Revision	California State Library	The May Revision includes a proposal to shift \$4.3 million one-time General Fund from Digitization Strategy Initiative to support general operations.	Reject May Revision.
5	6120	May Revision	California State Library	The May Revision includes a proposal to reduce Item 6120-011-0890 by \$7 million and Item 6120-211-0890 by \$8.7 million to reflect potential decreased federal funding.	Reject May Revision.

6	6120	May Revision	California State Library	The Governor's January budget included trailer bill language to extend the use of a court fee to support the Witkin Law Library by three years.	Adopt placeholder trailer bill language.
7	6120	Legislature	California State Library	The Legislature's plan includes budget bill language to reappropriate \$9 million one-time General Fund from the Building Forward infrastructure grants program to support additional projects.	Approve this proposal.
8	6440	Governor's Budget/May Revision	University of California	The January Budget proposed to reduce the UC by 7.95% (\$396.6 million) ongoing as part of state efficiencies reductions. The May Revision adjusted the reduction down to 3% (\$129.7 million) ongoing.	Reject Governor's proposal to reduce the UC by 3% ongoing. Instead defers the 3% amount in 2025-26 for the UC to 2026-27 and the state will provide access to cash flow resources to mitigate the deferral impact. Additionally, splits the deferred 5% Compact base increase from 2025-26 to 2% (\$96.3 million) ongoing in 2026-27 and defers 3% (\$144.5 million) ongoing to 2028-29.
9	6440	May Revision	University of California	The May Revision includes adjustments to the UC Agriculture and Natural Resources Division.	Approve May Revision.
10	6440	Legislature	University of California	The Legislature's plan includes budget bill language to set an enrollment target of 1,510 Full-Time Equivalent students in 2025-26 at the UC.	Approve this proposal.

11	6440	Legislature	University of California	The Legislature's plan includes \$5 million one-time General Fund to support the CalBRIDGE program.	Approve this proposal.
12	6440	Legislature	University of California	The Legislature's plan includes \$15 million one-time General Fund to support the Local News Fellowship Program.	Approve this proposal.
13	6440	May Revision	University of California	The May Revision proposes a reduction of \$3.6 million ongoing to reflect revised debt service funding for approved University of California projects under the Higher Education Student Housing Grant Program.	Modifies the May Revision proposal to reduce debt service payments for student housing program by authorizing the Davis and Santa Barbara projects and \$5.2 million ongoing General Fund to support debt service costs. Returns \$1 million ongoing of bond cost savings to the General Fund.
14	6440	May Revision	University of California	The May Revision proposes \$1.8 million one-time General Fund to support First Star Academies at UC Campuses.	Reject May Revision.
15	6440	May Revision	University of California	The May Revision proposes to reappropriate funding from the 2021 and 2022 Budget Acts to continue supporting the California Climate Initiatives.	Approve May Revision.

16	6440	May Revision	University of California	The May Revision proposes authorizing \$5.8 million from bond fund interest to support the UC Los Angeles Powell Library Seismic Renovation Project.	Approve May Revision.
17	6440	May Revision	University of California	The May Revision includes adjustments to the California Breast Cancer Research Fund, the Electronic Cigarette Tax Fund, and the Medical Research Program Account Fund due to updated revenue projections.	Approve May Revision.
18	6440	May Revision	University of California	The May Revision includes proposed budget bill language to eliminate compact reporting, make a technical correction to the academic year in the UC financial aid provision, and other technical changes.	Approve May Revision.
19	6440	Legislature	University of California	The Legislature's plan includes \$430,000 ongoing General Fund to support the California Local Newspaper Project at UC Riverside.	Approve this proposal.
20	6600	Governor's Budget/May Revision	College of the Law, San Francisco	The Governor's January Budget included a 7.95% (\$1.8 million) ongoing base reduction related to state efficiencies. The May Revision adjusted the reduction to 3% (\$695,000) ongoing.	Approve May Revision.

21	6600	Governor's Budget	College of the Law, San Francisco	The Governor's January Budget included \$10.1 million ongoing General Fund to support debt service costs associated with the second phase of the McAllister Tower renovation.	Approve as budgeted.
22	6610	Governor's Budget/May Revision	California State University	The January Budget proposed to reduce the CSU by 7.95% (\$375.2 million) ongoing as part of state efficiencies reductions. The May Revision adjusted the reduction down to 3% (\$143.8 million) ongoing.	Rejects Governor's proposal to reduce the CSU by \$143.8 million ongoing, representing a 3% base reduction. Instead defers the 3% amount in 2025-26 for CSU to 2026-27 and the state will provide access to cash flow resources to mitigate the deferral impact. Additionally, splits the deferred 5% Compact base increase from 2025-26 to 2% (\$100.9 million) ongoing in 2026-27 and defers 3% (\$151.4 million) ongoing to 2028-29.
23	6610	Legislature	California State University	The Legislature's plan includes budget bill language to set an enrollment target of 7,152 Full-Time Equivalent students in 2025-26 at the CSU.	Approve this proposal.
24	6610	Governor's Budget	California State University	The Governor's January budget includes \$1.3 million ongoing General Fund to support the Capitol Fellows Program.	Approve as budgeted.
25	6610	Governor's Budget	California State University	The Governor's Budget includes \$345,000 ongoing General Fund to support implementation of AB 1524 (Lowenthal), Chapter 679, Statutes of 2024.	Approve as budgeted.

26	6610	May Revision	California State University	The May Revision proposes to revert the unencumbered balance of retiree health benefits from the 2022 Budget Act.	Approve May Revision.
27	6870	May Revision	California Community Colleges	The May Revision includes \$217.4 million ongoing Proposition 98 General Fund to support a 2.3% cost-of-living adjustment for Student Centered Funding Formula (SCFF) apportionments.	Approve May Revision.
28	6870	Legislature	California Community Colleges	The Legislature's plan includes \$100 million one-time Proposition 98 General Fund to support enrollment growth in 2024-25.	Approve this proposal.
29	6870	May Revision	California Community Colleges	The May Revision includes \$139.9 million ongoing Proposition 98 General Fund in 2025-26 to support enrollment growth.	Approve May Revision.
30	6870	Legislature	California Community Colleges	The Legislature's plan includes \$80 million one-time Proposition 98 General Fund to support a student support block grant.	Approve this proposal.

31	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January Budget included \$30 million ongoing Proposition 98 General Fund to support the expansion of the Rising Scholars Network as well as associated trailer bill language. The May Revision reduced this amount to \$10 million ongoing.	Approve May Revision and adopt placeholder trailer bill language. .
32	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January budget included \$168 million one-time Proposition 98 General Fund to support the Collaborative Enterprise Resource Planning project as well as associated trailer bill language. The May Revision withdraws this proposal and trailer bill language.	Approve May Revision.
33	6870	Governor's Budget/May Revision	California Community Colleges	The Governor's January budget included \$162.5 million Proposition 98 General Fund (\$29 million ongoing) to support the Common Cloud Data Platform. The May Revision reduced the amount to \$12 million one-time.	Modifies the May Revision proposal to maintain \$12 million one-time Proposition 98 General Fund to support the Common Cloud Data Platform project with the condition that the project go through the state Department of Technology, Project Approval Lifecycle process.
34	6870	Legislature	California Community Colleges	The May Revision included a proposal to shift \$492.4 million from the community colleges to support TK expansion over the three-year budget window.	Modifies the May Revision proposal to reject the shift in 2023-24 and 2024-25 to return \$260 million prior year and current year funding to the community colleges.
35	6870	Legislature	California Community Colleges	The Governor's January budget included \$50 million one-time and \$7 million ongoing Proposition 98 General Fund to support the Credit for Prior Learning Initiative as well as trailer bill language related to implementation. The May Revision reduced the amount to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund.	Modify the May Revision proposal to reject the \$15 million one-time and retain the \$5 million ongoing Proposition 98 General Fund to support the Credit for Prior Learning Initiative. Adopt placeholder trailer bill language.

36	6870	Legislature	California Community Colleges	The Legislature's plan includes \$44 million one-time Proposition 98 General Fund to support part-time faculty office hours.	Approve this proposal.
37	6870	Legislature	California Community Colleges	The Legislature's plan includes \$20 million one-time Proposition 98 General Fund for emergency financial aid.	Approve this proposal.
38	6870	Legislature	California Community Colleges	The Legislature's plan includes \$5.1 million one-time Proposition 98 General Fund to support financial aid support and outreach to community college students.	Approve this proposal.
39	6870	Legislature	California Community Colleges	The Legislature's plan includes \$10 million one-time Proposition 98 General Fund to support EMT/paramedic pre-apprenticeship academies.	Approve this proposal.
40	6870	Legislature	California Community Colleges	The Legislature's plan includes \$6.33 million one-time Proposition 98 General Fund to support reimbursements for firefighter apprenticeship training.	Approve this proposal.

41	6870	Legislature	California Community Colleges	The Legislature's plan includes \$15 million one-time Proposition 98 General Fund to support Dreamer Resource Liaisons.	Approve this proposal.
42	6870	May Revision	California Community Colleges	The May Revision includes a deferral of \$531.6 million one-time Proposition 98 General Fund to reflect a deferral of apportionments from 2025-26 to 2026-27 and associated trailer bill language for implementation.	Modifies the May Revision proposal to instead defer \$377.5 million Proposition 98 General Fund from 2025-26 to 2026-27. Adopts placeholder trailer bill language to reflect this adjusted deferral amount.
43	6870	Legislature	California Community Colleges	The Legislature's plan reappropriates \$135 million Proposition 98 General Fund from the 2024-25 funding for the Part-Time Faculty Health Insurance program to help reduce the 2025-26 deferral.	Approve this proposal.
44	6870	May Revision	California Community Colleges	The May Revision includes adjustments to 2023-24 and 2024-25 apportionments based on the Proposition 98 structure.	Approve May Revision.
45	6870	May Revision	California Community Colleges	The May Revision includes \$210.2 million one-time Proposition 98 General Fund to pay back the 2024-25 SCFF deferral.	Approve May Revision.

46	6870	May Revision	California Community Colleges	The May Revision includes \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26 and associated trailer bill language.	Approve May Revision and adopt placeholder trailer bill language.
47	6870	May Revision	California Community Colleges	The Governor's budget and May Revision included proposal to support Proposition 51 and Proposition 2 community college facilities projects.	Approve as budgeted and May Revision.
48	6870	May Revision	California Community Colleges	The May Revision proposes budget bill language to extend the liquidation period for the College of the Siskiyous Remodel Theater and McCloud Hall Project.	Approve May Revision.
49	6870	May Revision	California Community Colleges	The Governor's budget included \$50 million one-time to develop the Career Passport program. The May Revision reduced this proposal to \$25 million one-time.	Reject May Revision and Governor's January budget proposal.
50	6870	Governor's Budget/May Revision.	California Community Colleges	The May Revision includes adjustments to provide a 2.30% cost-of-living adjustment (COLA) to select categorical programs.	Approve May Revision.

51	6870	May Revision	California Community Colleges	The May Revision includes technical adjustments to create a local assistance item in the budget bill to support payments of lease-revenue bond debt service for college student housing programs.	Approve May Revision.
52	6870	May Revision	California Community Colleges	The May Revision includes \$8.1 million one-time Proposition 98 General Fund to backfill 2025-26 projected property tax revenue losses from wildfires and \$3.8 million one-time Proposition 98 General Fund to backfill for 2024-25 property tax revenue losses.	Approve May Revision.
53	6870	May Revision	California Community Colleges	The May Revision includes various technical and revenue changes to Item 6870-101-0001 in 2024-25 and 2025-26.	Approve May Revision.
54	6870	May Revision	California Community Colleges	The May Revision includes adjustments to reflect revised estimates for hold harmless and stability funding for districts under the Student Centered Funding Formula.	Approve May Revision.
55	6870	May Revision	California Community Colleges	The May Revision includes technical changes to clarify LGBTQ+ pilot program includes one-time funding.	Approve May Revision.

56	6870	May Revision	California Community Colleges	The May Revision includes trailer bill language to change reporting deadlines for the Native American Student Support and Succes Program and the Hire Up Program.	Adopt placeholder trailer bill language.
57	6870	May Revision	California Community Colleges	The May Revision includes a proposal to change reporting deadlines for the Institutional Effectiveness Program and Initiatives.	Approve May Revision.
58	6870	May Revision	California Community Colleges	The May Revision includes a proposal to provide one-time reimbursement authority for the Children and Youth Behavioral Health Initiative.	Approve May Revision.
59	6870	May Revision	California Community Colleges	The May Revision includes \$6.6 million one-time Proposition 98 General Fund to support e-Transcript California and cover a shortage of funds for the program.	Approve May Revision.
60	6870	May Revision	California Community Colleges	The May Revision includes adjustments to the Student Financial Aid Administration Program to reflect projected number of fees waived and the dollar amount of fees waived. It also includes technical adjustments to reflect net offsetting EPA revnue.	Approve May Revision.

61	6870	May Revision	California Community Colleges	The May Revision includes reappropriations from unused funding to support 2023-24 SCFF apportionments, 2024-25 SCFF apportionments and payment of the 2024-25 SCFF deferral.	Approve May Revision.
62	6980	May Revision	California Student Aid Commission	The May Revision includes adjustments to the Cal Grant program, providing \$2.3 billion General Fund in 2023-24, \$2.5 billion General Fund in 2024-25 and \$2.8 billion ongoing General Fund in 2025-26 to support caseload increases.	Approve May Revision.
63	6980	May Revision	California Student Aid Commission	The May Revision proposes to reduce funding for the Middle Class Scholarship program by \$6.3 million ongoing.	Reject the May Revision proposal to reduce funding for the Middle Class Scholarship program, and instead provides \$513 million ongoing General Fund and \$405 million one-time General Fund in 2025-26.
64	6980	May Revision	California Student Aid Commission	The May Revision proposes to provide \$77 million one-time General Fund to support Middle Class Scholarship caseload increases in 2024-25.	Approve May Revision.
65	6980	May Revision	California Student Aid Commission	The Governor's January budget includes \$50 million one-time General Fund to the Golden State Teacher Grant Program. The May Revision includes \$14.2 million in carry-over funds to support the Golden State Teacher Grant program.	Approves May Revision and adopts placeholder trailer bill language specifying that applicants between July 1, 2025 to June 30, 2026 shall receive grants of \$10,000.

66	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes \$20 million one-time General Fund to support college operations for the California College of the Arts.	Approve as budgeted.
67	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes a proposal to provide \$1.4 million one-time General Fund in 25-26 and \$3 million ongoing General Fund in 26-27 for equipment and other operating costs.	Approve as budgeted.
68	6980	Governor's Budget	California Student Aid Commission	The Governor's January budget includes a proposal to provide one position and \$230,000 ongoing General Fund to support a Chief Information Security Officer position.	Approve as budgeted.
69	6980	Legislature	California Student Aid Commission	The Legislature's plan includes placeholder trailer bill language to require institutions participating in the Cal Grant program to provide the California Student Aid Commission with Cal Grant recipient data.	Adopt placeholder trailer bill language.
70	6980	May Revision	California Student Aid Commission	The May Revision adjusts funding for the Chafee Foster Youth Program, Law Enforcement Personnel Dependents Scholarship Awards, and Public Interest Attorney Loan Repayment Program to reflect caseload.	Approve May Revision.

71	6980	May Revision	California Student Aid Commission	The May Revision includes trailer bill language authorizing the Commission to use cohort default rates certified in 2020 to determine institutional eligibility through 2026-27.	Adopt placeholder trailer bill language.
72	6980	Legislature	California Student Aid Commission	The Legislature's plan includes \$10 million one-time General Fund to support the California Indian Nations College.	Approve this proposal.

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100
Consultant: Diego Emilio J. Lopez
PART B – Higher Education

6100 Department of Education
6120 California State Library
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Public Comment

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Approve Staff Recommendations:

3-0 Issues : 1-3, 5, 8, 10, 13-14, 16-18, 20, 22-29, 31-32, 34-36, 41, 43-53, 56 -64, 67-68, 70, 72

2-1 Issues: 6, 21, 33, 42, 66, 71

2-0 Issues: 4, 7, 9, 11-12, 15, 19, 30, 37-40, 54-55, 65, 69

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



Wednesday, May 21, 2025
9 a.m.
1021 O Street, Room 2100

Consultant: Diego Emilio J. Lopez

Items for Discussion

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Public Comment

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1111 BUREAU FOR PRIVATE POST-SECONDARY EDUCATION**Issue 1: Bureau for Private Post-Secondary Education Fund Shift – May Revision****Panel.**

- John Parson, Department of Finance
- Charlene Manning, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Deborah Cochran, Bureau for Private Post-Secondary Education

Background. The Governor's May Revision includes trailer bill language that would authorize the bureau to use moneys in the Student Tuition Recovery Fund to cover the costs of Student Tuition Recovery Fund claim administration and positions of the Office of Student Assistance and Relief.

Staff Recommendation. Hold open.

6440 UNIVERSITY OF CALIFORNIA (UC)
6660 UNIVERSITY OF CALIFORNIA COLLEGE OF THE LAW, SAN FRANCISCO**Issue 2: May Revision Proposals – UC & UC College of the Law, San Francisco****Panel.**

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst’s Office
- Kathleen Fullerton, University of California
- Seija Virtanen, University of California
- David Seward, UC College of the Law, San Francisco

May Revision.

State Operations Reduction - UC. Reduces a base reduction proposed in January from \$396.6 million ongoing General Fund to \$129.7 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of UC’s ongoing state funding.

Higher Education Student Housing Grant Program. Reduces ongoing General Fund by \$3.6 million to reflect debt service savings from the Higher Education Student Housing Grant Program. This action leaves UC with \$2.6 million in debt service savings.

First Star Youth Cohort. Provides \$1.8 million one-time General Fund to support First Star Youth Cohorts at UC campuses.

UCLA Powell Library Seismic Renovation. Uses interest earnings from previous bond issuances to support \$5.8 million toward the seismic renovation of the Powell Library at UCLA.

State Operations Reduction – UC College of the Law, San Francisco. Reduces a proposed cut to the college from \$1.8 million ongoing General Fund to \$695,000 ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of the College’s ongoing state funding.

Staff Recommendation. Hold open.

Issue 3: Legislative Proposal – UC Berkeley Local News Fellowship Program**Panel.**

- Ian Klein, Legislative Analyst’s Office
- Seija Virtanen, University of California

Legislative Proposal. There is a proposal within the Legislature to provide \$15 million one-time General Fund to the UC Berkeley Journalism Fellowship Program.

Background. The Budget Act of 2022 provided \$25 million one-time General Fund for the Local News Fellowship Program at UC Berkeley.

The California Local News Fellowship program is intended to support local journalism by placing early-career reporters and editors in newsrooms for two-year fellowships. Currently, there are 75 fellows working in more than 70 newsrooms across the state. The first cohort of 39 fellows launched in fall 2023. The second cohort of 37 fellows launched in fall 2024. The third and final cohort is underway with offers being made this May 2025 and expected to launch in fall 2025. The University is expecting to expend all current funds by December 31, 2027.

Each fellow is provided with funding for two years, consisting of about \$60-65,000 with full benefits, are classified as academic personnel and are represented by the UAW Local 5810.

Staff Recommendation. Informational Item Only.

6610 CALIFORNIA STATE UNIVERSITY**Issue 4: May Revision Proposal - California State University****Panel.**

- Devin Mitchell, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Cheryl Ide, California State University Chancellor's Office

May Revision.

State Operations Reduction. Reduces a base reduction proposed in January from \$375.2 million ongoing General Fund to \$143.8 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of CSU's ongoing state funding.

Staff Recommendation. Hold open.

6870 CALIFORNIA COMMUNITY COLLEGES**Issue 5: May Revision Proposals – California Community Colleges****Panel.**

- Justin Hurst, Department of Finance
- Alex Shoap, Department of Finance
- Lisa Qing, Legislative Analyst’s Office
- Ken Kapphahn, Legislative Analyst’s Office
- Chris Ferguson, California Community Colleges Chancellor’s Office

May Revision

Proposition 98 Split. The May Revision proposes to shift costs related to transitional kindergarten outside of split of Proposition 98 funds that are distributed to the TK-12 system and the California Community Colleges, effectively shifting more funding to TK-12 schools and less to California Community Colleges within the Proposition 98 Guarantee. This change would be retroactive to 2023-24, and would shift approximately \$492 million over the three-year budget window (\$107 million in 2023-24, \$152 million in 2024-25 and \$233 million ongoing starting in 2025-26).

Student Centered Funding Formula (SCFF) Funding. Increases support for the Student Centered Funding Formula (SCFF) by \$210.2 million one-time Proposition 98 General Fund and \$104.7 million ongoing Proposition 98 General Fund to fully fund the formula in the 2024-25 and 2025-26 fiscal years.

Enrollment Growth Funding. Provides \$139.9 million ongoing Proposition 98 General Fund to support 2.35 percent enrollment growth.

Cost-of-Living Adjustment (COLA) Update. Decreases support for a Cost-of-Living Adjustment (COLA) to the SCFF and some categorical programs to reflect a revised COLA of 2.3 percent. Reductions include \$12.9 million ongoing Proposition 98 General Fund for SCFF and \$122,000 for categorical programs. The May Revision provides \$217.4 million ongoing Proposition 98 to support the SCFF COLA.

Fire-Related Property Tax Backfill. Provides \$3.8 million one-time Proposition 98 General Fund in 2024-25 and \$8.1 million one-time Proposition 98 General Fund in 2025-26 to support a fire-related property tax backfill.

Property Tax Backfill. Provides \$89.6 million ongoing Proposition 98 General Fund to backfill a decline in property tax revenue.

SCFF Deferral. Defers \$531.6 million in SCFF funding from 2025-26 to 2026-27.

Rainy Day Fund Utilization. Uses \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.

Collaborative Enterprise Resource Planning Project Withdrawal. Withdraws a Governor’s Budget proposal to provide \$168 million one-time Proposition 98 General Fund for the Collaborative ERP Project.

Common Cloud Data Platform Project. Reduces support for the Common Cloud Data Platform Project to \$12 million one-time Proposition 98 General Fund. The Governor’s Budget provided \$162.5 million Proposition 98 General Fund.

Career Passport. Reduces support for the Career Passport proposal to \$25 million one-time Proposition 98 General Fund. The Governor’s Budget provided \$50 million one-time Proposition 98 General Fund.

Credit for Prior Learning. Reduces support for the Credit for Prior Learning proposal to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund. The Governor’s Budget provided \$43 million one-time and \$7 million ongoing Proposition 98 General Fund.

Rising Scholars Program. Reduces support for the Rising Scholars proposal to \$10 million ongoing Proposition 98 General Fund. The Governor’s Budget provided \$30 million ongoing Proposition 98 General Fund.

Capital Outlay. Modifies the January capital outlay proposals by withdrawing support for the Golden West College Fine Arts Renovation project and the Grossmont College Gymnasium Replacement Project, adding support for the American River College Davies Hall Replacement project and making technical adjustments to two other projects.

e-Transcript California. Provides \$6.6 million one-time Proposition 98 General Fund to support e-Transcript California to replace funds that were anticipated but did not materialize.

Staff Recommendation. Hold open.

6980 CALIFORNIA STUDENT AID COMMISSION**Issue 6: May Revision Proposals – California Student Aid Commission****Panel.**

- Amanpreet Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Catalina Mistler, California Student Aid Commission

May Revision.

Cal Grant Adjustment. Increases support for the Cal Grant program by \$94.7 million one-time General Fund in 2024-25 and \$228.7 million ongoing General Fund in 2025-26 to reflect increased Cal Grant participation. Total Cal Grant expenditures as proposed would be \$2.5 billion in 2024-25 and \$2.8 billion in 2025-26.

Middle Class Scholarship Adjustment. Increases support for the Middle Class Scholarship program by \$77 million one-time General Fund in 2024-25 to support an unanticipated increase in participation. Total Middle Class Scholarship expenditures as proposed would be \$1 billion in 2024-25 and \$513 million in 2025-26.

Golden State Teacher Grant Program. Increases support for the Golden State Teacher Grant Program by \$14.2 million to reflect unused funds from 2024-25. Total support for the program as proposed in 2025-26 would be \$64.2 million.

Staff Recommendation. Hold open.

6440 CALIFORNIA STATE LIBRARY**Issue 7: May Revision Proposals – California State Library****Panel.**

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

May Revision.

Braille Institute. Includes budget bill language that \$500,000 ongoing General Fund in the State Library budget shall be provided to support the Braille Institute.

Federal Grant Termination. Makes changes to the State Library budget in anticipation of reduced federal funding. Decreases federal funding by a combined \$15.7 million to reflect the federal Institute of Museum and Library Services terminating a Library Services and Technology Grant and reappropriates \$4.3 million one-time General Fund from the Comprehensive Digitization Strategy Initiative to general library support to help offset the reduced federal funding.

Staff Recommendation. Hold Open.

Issue 8: State Operations Reductions

Panel.

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

Background. The 2024 Budget Act included two control sections—Control Section 4.05 and Control Section 4.12—that aimed to identify and implement efficiencies across nearly all state entities to produce ongoing budgetary savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance (DOF) to (1) identify efficiencies and (2) eliminate vacant positions and related funding.

On May 14, 2025, the Department of Finance provided updated figures for savings assumed pursuant to Control Sections 4.05 and 4.12 for fiscal years 2024-25 and 2025-26.

The proposed reductions for the California State Library are \$1.9 million in 2024-25 and ongoing and a reduction of authority for 10 positions. Impacts to programs at the State Library, include:

- California Newspaper Project – Reduction of \$430,000 ongoing.
- California Local Documents Digitization Project – Reduction of \$460,000 ongoing.
- Oral History Program – reduction of \$100,000 ongoing.

Staff Recommendation. Hold Open.

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, May 22, 2025
9:00 a.m.
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: Proposition 98 Overview****Panel.**

- Alex Shoap, Department of Finance
- Ken Kapphahn, Legislative Analyst's Office

May Revision

Proposition 98 - Changes to the Minimum Guarantee. The May Revision reflects an overall decrease of approximately \$4.6 billion in Proposition 98 funding from the Governor's January Budget for the three-year period of 2023-24 to 2025-26. More specifically, the May Revision estimates the Proposition 98 guarantee for the 2023-24 through 2025-26 fiscal years at \$98.5 billion, \$118.9 billion, and \$114.6 billion, respectively. In the Governor's January Budget, the Proposition 98 guarantee for the 2023-24 to 2025-26 fiscal years were estimated to be \$98.5 billion, \$119.2 billion, and \$118.9 billion, respectively.

The May Revision continues to appropriate the 2024-25 Proposition 98 Guarantee at \$117.6 billion, instead of the currently calculated level of \$118.9 billion. However, the difference between the appropriated level and the calculated level is reduced from Governor's January Budget from \$1.6 billion to \$1.3 billion.

The revised levels reflect the estimated decrease in General Fund revenues over the three-year period in comparison with the Governor's January Budget proposal. The Proposition 98 Guarantee is in Test 2 in 2023-24 (suspended to \$98.5 billion), and 2024-25 and 2025-26 continues to be calculated under Test 1 (equal to approximately 39.6 percent of General Fund revenues, accommodating the rebench of the Proposition 98 Guarantee related to the expansion of transitional kindergarten and local property taxes).

Proposition 98 Split. The May Revision proposes to shift costs related to transitional kindergarten outside of split of Proposition 98 funds that are distributed to the TK-12 system and the California Community Colleges, effectively shifting more funds to TK-12 schools and less to California Community Colleges within the Guarantee. This change would be retroactive to 2023-24, and would shift approximately \$492 million over the three-year budget window (\$107 million in 2023-24, \$152 million in 2024-25, and \$233 million ongoing starting in 2025-26).

Public School System Stabilization Account. The May Revision maintains the withdrawal of \$8.4 billion in 2023-24. The 2024 Budget Act made a discretionary deposit of \$1.1 billion into the Public School System Stabilization Account. The Governor's January Budget estimated mandatory deposits of \$1.2 billion and \$376 million in 2024-25 and 2025-26, respectively. The May Revision estimates that the mandatory deposit in 2024-25 is reduced to \$540 million, with a mandatory withdrawal of \$540 million 2025-26, exhausting the remaining reserve balance.

Deferrals. Budgetary deferrals that were included in the 2024 Budget Act for 2023-24 and 2024-25 will be fully repaid. The May Revision, however, proposes to defer \$1.8 billion in Local Control Funding Formula funding from June 2026 to July 2026, shifting costs from the 2025-26 fiscal year to the 2026-27 fiscal year. The May Revision proposes to pay off the newly proposed deferrals in 2026-27.

Staff Recommendation. Hold open.

Issue 2: Federal Fund Update

Panel.

- Patrick Rochelle, Department of Finance
- Natasha Middleton, Department of Education
- Edgar Cabral, Legislative Analyst's Office

May Revision.

The May Revision proposes several updated adjustments to programs supported by federal funds, including: (1) special education, (2) public charter schools, (3) migrant education and English language acquisition programs, and others as specified. These adjustments largely reflect carryover funds identified since the Governor's January budget.

Staff Recommendation. Hold open.

6100 DEPARTMENT OF EDUCATION
6350 SCHOOL FACILITIES AID PROGRAM
6360 COMMISSION ON TEACHER CREDENTIALING

Issue 3: May Revision Proposals

Panel.

- Patrick Rochelle, Department of Finance
- Jodi Lieberman, Department of Finance,
- Edgar Cabral, Legislative Analyst's Office
- Kimberly Rosenberger, Department of Education

May Revision.

Local Control Funding Formula. The May Revision includes a Local Control Funding Formula cost-of-living adjustment of 2.3 percent, which is reduced from 2.43 in the Governor's January Budget.

Student Support and Professional Development Discretionary Block Grant. The May Revision reduces the one-time Proposition 98 General Fund available for this block grant from \$1.8 billion to \$1.7 billion.

Expanded Learning Opportunities Program. The May Revision maintains the full implementation of the Expanded Learning Opportunities Program, which increased the number of local educational agencies serving TK-6 grade by requiring those with an unduplicated pupil percentage of 55 percent (changed from 75 percent) to offer universal access to students. Adjusted average daily attendance estimates increased the estimated cost of this change from \$435 million to \$515.5 million. The May Revision also includes an additional \$10 million to increase the minimum grant amount from \$50,000 to \$100,000.

Literacy. The Governor's January Budget included \$545.3 million in literacy-related initiatives. The May Revision adds the additional investments:

- \$200 million one-time Proposition 98 General Fund to support professional learning for elementary school educators aligned with the English Language Arts/English Language Development Framework.
- \$30 million Proposition 98 General Fund, set aside from the \$500 million proposal to support literacy and math coaches from the Governor's January budget, for the Mathematics Professional Learning Network.

-
- \$10 million one-time Proposition 98 General Fund for a county office of education to partner with the University of California, San Francisco (UCSF) Dyslexia Center to support the Multitudes screener.
 - Authority for the Department of Education to draw down funding awarded through the federal Comprehensive Literacy State Development Grant.

Teacher Incentives and Support. The May Revision repurposes \$150 million one-time Proposition 98 General Fund for the Teacher Recruitment Incentive Grant Program, and instead provides \$100 million one-time Proposition 98 General Fund to fund stipends for student teachers.

Teacher Credentialing Proposals. The May Revision proposes to extend the deadlines by one year, for clear credential candidates who received a related waiver during the COVID-19 Pandemic to complete an induction program or two years of service, and for teacher candidates who received a related waiver during the COVID-19 Pandemic to pass the Reading Instruction Competence Assessment.

The May Revision also allows credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025, and allows the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment that meets the requirements outlined in statute for candidates who have yet to pass a reading assessment and cannot take the state's literacy performance assessment.

Pupil Nutrition and Food Assistance. The May Revision proposes the following adjustments for pupil nutrition and food assistance programs:

- \$90.7 million in additional ongoing Proposition 98 General Fund to fully fund the universal school meals program in 2025-26.
- \$21.9 million in additional Proposition 98 General Fund to support the SUN Bucks program to support the match required for federal funds to support the program.

Special Olympics. The May Revision proposes one-time \$30 million General Fund to support the Special Olympics of Northern and Southern California.

Secondary School Redesign Pilot Program. The May Revision proposes one-time \$15 million Proposition 98 General Fund for a county office of education to administer a pilot program to redesign middle and high schools to better serve the needs of students.

TK Multilingual Learner Supplemental Funding. The May Revision proposes \$7.5 million one-time Proposition 98 General Fund, available through the 2026-27 fiscal year, to mitigate reductions in supplemental and concentration grant funds to LEAs resulting from the recent exemption of TK students from the English Language proficiency assessment.

Regional English Learner Lead Agencies. The May Revision proposes \$2 million ongoing Proposition 98 General Fund to support Regional English Learner lead agencies that assist schools in providing focused support to English Learners.

Wildfire-Related Property Tax Backfill. The May Revision proposes a one-time fire-related property tax backfill of \$1.2 million in 2024-25 and \$8.5 million in 2025-26 for impacted basic aid school districts.

California Association of Student Councils. The May Revision proposes \$500,000 one-time Proposition 98 General Fund to support the California Association of Student Councils.

School Facilities Aid Program. The May Revision proposes to revert unallocated General Fund dollars of \$177.5 million that was appropriated from a \$2 billion one-time General Fund allocation to the School Facility Program. Proposition 2 facilities funds will be available for fire-impacted LEAs to access, as needed.

Preschool Cost-of-Living-Adjustment. The May Revision reduces funding for California State Preschool by \$19.3 million ongoing Proposition 98 General Fund and \$10.2 million ongoing General Fund to reflect the suspension of the statutory cost-of-living adjustment for the California State Preschool Program in 2025-26.

Staff Recommendation. Hold open.

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



Tuesday, June 10, 2025
1:30 p.m.
1021 O Street, Room 2100

Consultant: Yong Salas
PART A

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6125	Education Audit Appeals Panel	23
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Public Comment

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Issues 4-7, 9-20, 22-45, 47-51, 54-76, 78-79, 81-90, 92-95, 97-127
VOTE: 3-0, Approve Staff Recommendations

Issues 52-53
Vote: 2-1, Approve Staff Recommendations

Issue 1-3, 8, 21, 46, 77, 80, 91, 96
Vote: 2-0, Approve Staff Recommendations