
Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Rosilicie Ochoa Bogh
Senator Lola Smallwood-Cuevas



Wednesday, May 17, 2023

9:00 a.m.

1021 O Street State Office Building - Room 2100

Consultant: Yong Salas

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Public Comment

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6100 DEPARTMENT OF EDUCATION**6360 COMMISSION ON TEACHER CREDENTIALING****Issue 1: May Revision Proposals**

The May Revision includes \$127.2 billion total funds (\$79.1 billion General Fund and \$48.1 billion other funds) for all K-12 education programs. K-12 per-pupil funding is \$17,460 in Proposition 98 funds.

PROPOSITION 98

- **Changes to the Minimum Guarantee.** The May Revision reflects a decrease in Proposition 98 funding of \$2 billion from the Governor’s budget for the three-year period of 2021-22 to 2023-24. More specifically, the May Revision funds the Proposition 98 guarantee for the 2021-22 through 2023-24 fiscal years at \$110.6 billion, \$106.8 billion, and \$106.8 billion, respectively. Compared to January, this reflects the following yearly changes:
 - An increase of approximately \$139 million in 2021-22.
 - A decrease of approximately \$220 million in 2022-23.
 - A decrease of approximately \$2 billion in 2023-24.

These levels reflect the estimated decrease in General Fund revenues over the three-year period in comparison with the Governor’s budget proposal. The Proposition 98 Guarantee continues to be calculated under Test 1 for all three years (equal to approximately 38.6 percent of General Fund revenues, accommodating the rebench of the Proposition 98 Guarantee related to the expansion of transitional kindergarten, plus local property taxes).

- **Public School System Stabilization Account.** The May Revision increases the total payments to the Public School System Stabilization Account from the Governor’s budget by \$1.1 billion, \$699 million, and \$382 million for total deposits of \$4.8 billion, \$1.8 billion, and \$748 million in 2021-22, 2022-23, and 2023-24, respectively. This brings the total account balance from \$8.5 billion to \$10.7 billion, as a result of the increase in the share of total funds from capital gains revenue. This balance reflects this account reaching its constitutional cap in the 2023-24 fiscal year. Funds from this reserve account may be expended in years when the Proposition 98 Guarantee does not increase enough to cover year-over-year growth and inflation. 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 K-12 share of the Guarantee. The balance of \$9.9 billion in 2022-23 continues to trigger school district reserve caps in 2023-24.

MAJOR CHANGES

- **Local Control Funding Formula (LCFF).** The bulk of funding for school districts and county offices of education for general operations is provided through the LCFF and is distributed based on the number of students served and certain student characteristics. Typically, the state annually adjusts the grant amounts by a cost-of-living adjustment (COLA). The 2023-24 Governor's budget included an LCFF COLA of 8.14 percent, and the May Revision updates this adjustment to 8.22 percent. In addition to the updated COLA, the May Revision also includes \$2.7 billion one-time Proposition 98 General Fund to support ongoing LCFF costs, bringing total LCFF funding to \$79.1 billion.
- **County Offices of Education.** The May Revision provides \$80 million ongoing Proposition 98 General Fund to support county offices of education serving students in juvenile court and other alternative school settings, and includes statutory changes to the funding model for county offices of education as follows:
 - An increase for the Local Control Funding Formula base rate for county offices of education's average daily attendance.
 - An altered average daily attendance calculation for county offices of education to be based on the greater of the current, prior or average of the three most recent prior fiscal years.
 - An allocation of \$300,000 per county office of education operating one or more juvenile court schools, and an allocation of \$300,000 per county office of education operating one or more community schools.
 - A block grant equivalent to \$5,000 per juvenile court or community school average daily attendance, adjusted annually by a cost-of-living adjustment, for a broad range of allowable expenditures, including but not limited to expanding access to A-G courses, vocational and career technical education, and postsecondary preparation and application assistance.

Additionally, the May Revision includes a 50 percent increase to the base grant allocation that county offices of education receive to support their differentiated assistance work.

- **Accountability and Equity Leads.** The May Revision proposes statutory changes to accountability package that was included at the Governor's budget, as follows:
 - Clarifies that all local educational agencies with low student performance address disparities in the preparation of their educators.
 - Defines the new Long-term English Learner student group in the context of school accountability.

- Makes technical amendments related to free meal data source specification, define key terminology, clarify eligibility for Equity Multiplier allocation, and specify the sourcing of California Longitudinal Pupil Achievement Data System data to a particular point in the school year.

Additionally, the May Revision includes \$2 million ongoing Proposition 98 General Fund to support the proposed equity leads in the Statewide System of Support.

- **Local Control and Accountability Plan Query Tool and eTemplate.** The May Revision includes an increase of \$148,000 ongoing Proposition 98 General Fund to support refinements to the Local Control and Accountability Plan Query Tool and eTemplate.
- **Arts, Music, and Instructional Materials Discretionary Block Grant.** The Governor's budget proposed to reduce this block grant from \$3.4 billion to \$2.3 billion. The May Revision proposes to further reduce this block grant by an additional \$607 million.
- **Learning Recovery Emergency Block Grant.** The May Revision proposes to reduce the Learning Recovery Emergency Block Grant by \$2.5 billion, bringing the total appropriation down from \$7.9 billion to \$5.4 billion one-time Proposition 98 General Fund.
- **School Nutrition.** The May Revision includes an additional \$110 million one-time Proposition 98 General Fund and approximately \$191 million ongoing Proposition 98 General Fund to fully fund the program in the 2022-23 and 2023-24 fiscal years.
- **Expanded Learning Opportunities Program (ELOP).** The May Revision includes statutory changes that extend the encumbrance deadline for ELOP funds received in 2021-22 and 2022-23 from June 30, 2023 to June 30, 2024.
- **After School Education and Safety Programs.** The May Revision includes an increase of \$3 million ongoing Proposition 98 General Fund to the Los Angeles County Office of Education to contract with Save the Children to support after school programs in rural districts.
- **Teacher Training, Recruitment, and Retention.** The May Revision proposes statutory changes to the following programs:
 - *Teacher and School Counselor Residency Grant Program.* The May Revision proposes to increase the per-candidate allocation to grantee local educational agencies. These changes also require a minimum stipend or salary be provided to residents, and allow residency candidates to complete their service requirements in eight years instead of five years.
 - *Teacher Performance Assessments.* The May Revision allows teachers who were unable to finish their credential because they could not take the Teaching Performance Assessment during the COVID-19 pandemic to meet this requirement through completion of a

Commission-approved induction program or through two years of satisfactory teacher evaluation.

- *Military Spouse Authorization.* Authorizes the Commission on Teacher Credentialing to issue a comparable California credential to any US Military servicemember or their spouse who possesses a valid out-of-state teaching or services credential.
- *Subject Matter Competence.* Requires the Commission to evaluate how transcript reviews can be conducted to assess basic skills and subject matter competence for teaching candidates to complete their credentialing requirements without the need to take state-mandated exams to prove competence.
- **Literacy Screening.** The May Revision proposes to require local educational agencies to begin screening students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year. The May Revision provides \$1 million one-time Proposition 98 General Fund to support the convening of an independent panel of experts to approve a list of screening instruments for these assessments.
- **Stronger Connections Program.** The May Revision includes an increase of \$119.6 million one-time federal funds to support state-level activities related to school climate and safety through the Stronger Connections Program.
- **Bilingual Teacher Professional Development Program.** The May Revision includes an increase of \$20 million one-time Proposition 98 General Fund to be available through the 2028-29 fiscal year to support the Bilingual Teacher Professional Development Program.
- **Restorative Justice Practices.** The May Revision proposes an increase of \$7 million one-time Proposition 98 General Fund to provide support for participating local educational agencies to implement Restorative Justice best practices that will be posted on the Department of Education's website by June 1, 2024, pursuant to SB 2598 (Akilah Weber), Chapter 914, Statutes of 2022.
- **Proposition 28 Funding.** The May Revision reflects a decrease of \$8 million to support the implementation of Proposition 28, from \$941 million to \$933 million in 2023-24. Additionally, the Administration proposes the following statutory changes:
 - To allow for Proposition 28 Arts and Music Funding Guarantee entitlement payments to be issued through the Department Principal Apportionment program.
 - To provide a feasible way to calculate funds for and issue funds to preschool programs.
 - To clarify: (1) terms defined for the purpose of the three-year time limit on use of funds; (2) the Department's authority to collect data on unexpended funds from local educational agencies; and (3) the Department's authority to recover unexpended funds back to the state.

- To reflect technical corrections for references to annual certification and the good cause waiver.
- **California School Information Services.** The May Revision includes an increase of \$2.1 million ongoing Proposition 98 General Fund to support the California School Information Services division of the Fiscal Crisis and Management Assistance Team.
- **Professional Development and Leadership Training.** The May Revision proposes an increase of \$1 million ongoing Proposition 98 General Fund for the Los Angeles County Office of Education to support professional development and leadership training for education professionals related to antibias education and the creation of inclusive and equitable schools, pursuant to AB 104 (Committee on Budget), Chapter 13, Statutes of 2015.
- **Basic Aid Wildfire Property Tax Backfill.** The May Revision proposes an increase of \$632,000 one-time Proposition 98 General to backfill reduced property tax revenues for certain school districts that were impacted by the Kincade Fire.
- **Local Property Tax Adjustments.** The May Revision includes a decrease of \$2 billion Proposition 98 General Fund for school districts, charter schools, and county offices of education in 2021-22, 2022-23, and 2023-24, with an increase in offsetting property tax revenues. Specifically, this includes property tax increases of \$15 million in 2021-22, \$767 million in 2022-23, and \$201 million in 2023-24.
- **Cost-of-Living Adjustments.** The May Revision includes a decrease of \$1.7 million ongoing Proposition 98 General Fund to reflect an 8.22 percent COLA and a decrease in enrollment for categorical programs that remain outside of the LCFF and Special Education, including Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

EARLY CHILDHOOD EDUCATION

- **Universal Transitional Kindergarten (TK).** The May Revision includes adjustments to the first-year costs to expand transitional kindergarten, from all children turning five-years-old between September 2 and December 2 to all children turning five-years-old between September 2 and February 2, from \$604 million at the Governor's budget to \$357 million General Fund. The first-year costs to add one additional certificated or classified staff person to every TK class is revised from \$337 million Proposition 98 General Fund to \$283 million Proposition 98 General Fund. The second-year costs to expand access to children turning five years old between September 2 and April 2 are revised from \$690 million to \$597 million. The second-year costs to support the addition of one additional staff in TK classrooms remains unchanged.

- **California State Preschool Program (CSPP).** The May Revision includes a decrease of \$54.3 million General Fund to reflect revised estimates of the General Fund resources needed to support recent reimbursement rate increases that are currently supported by limited-term federal funds. The May Revision includes a COLA of 8.22 percent – however, the cost of providing this COLA decreased by \$52 million Proposition 98 General Fund and \$28 million General Fund due to revised estimates of the number of contractors that opt into the Standard Reimbursement Rate.