

GOVERNOR NEWSOM'S 2023-24 PROPOSED BUDGET

Governor Gavin Newsom released his 2023-24 budget proposal reflecting projected declines in revenue, particularly capital gains, and an anticipated \$22.5 billion dollar budget deficit. The governor prioritizes maintaining commitments to TK-12 and fully funding the statutory cost-of-living adjustment (COLA) for the Local Control Funding Formula (LCFF) and other programs. Outside of Proposition 98, the governor prioritizes housing and homeless investments, health care affordability, climate and disaster resilience and economic development.

EDUCATION FUNDING OVERVIEW

PROPOSITION 98

Due to lower-than-expected revenues, the Prop. 98 guarantee decreases approximately \$1.5 billion from projected funding levels for a total of \$108.8 billion. The guarantee continues to be in a Test 1, meaning TK-12 will be funded at roughly 38 percent of General Fund revenues. Prop. 98 per-pupil funding would reach an all-time high of \$17,519. When accounting for all funding sources, per-pupil spending would rise to \$23,723.

RAINY DAY FUND

The Prop. 98 Rainy Day Fund is at \$8.5 billion. The budget does not propose using any of the reserve.

LOCAL CONTROL FUNDING FORMULA

LCFF would receive an 8.13 percent COLA, an approximately \$4.2 billion increase, bringing total funding to \$80.1 billion.

COLA FOR PROGRAMS OUTSIDE LCFF

The budget would provide \$669 million to fund COLA for programs outside of the LCFF, including County Offices of Education, Special Education, Nutrition, State Preschool, Adult Education and the Mandates Block Grant.

LCFF EQUITY MULTIPLIER

The budget includes a \$300 million proposal to create a new "equity multiplier" in the LCFF. These funds would be allocated to LEAs with schools serving high concentrations of students eligible for meals (90 percent or more free meal eligibility for elementary and middle schools and 85 percent or more free meal eligibility for high schools). Funds would have to be spent at the school sites that determine funding eligibility on services directly related to improving student outcomes.

ACCOUNTABILITY

The governor announced a forthcoming proposal related to Local Control and Accountability Plans and the Differentiated Assistance system, and how resources are directed to school sites with the highest-need students.

ARTS, MUSIC AND INSTRUCTIONAL MATERIALS DISCRETIONARY BLOCK GRANT REDIRECTION

The governor redirects \$1.2 billion from the Arts and Music block grant included in last year's budget act to fund the LCFF. This would decrease total funding from \$3.5 billion to \$2.3 billion, and as a result lower per-pupil allocations to districts than what was anticipated.

PROPOSITION 28

In accordance with the Arts and Music Education in Public Schools initiative that was passed by voters in November of 2022, Prop. 98 is rebenchd to reflect an increase of \$946 million. First allocations of these funds will be distributed in 2023-24.

TRANSITIONAL KINDERGARTEN (TK)

The budget continues to implement TK and provide \$690 million to expand eligibility to approximately 46,000 children who turn five years old between September 2 and April 2 in the 2023-24 school year. The Prop. 98 guarantee is rebenchd from 38.3 to 38.6 percent to account for the students that the new grade level will bring in. The budget would also provide \$165 million to support an additional certificated or classified staff person.

PRESCHOOL

The budget includes \$64.5 million in Prop. 98 funds and \$51.8 million in the General Fund for State Preschool to increase adjustment factors for the enrollment of students with disabilities, mental health needs and dual language learners; and an adjustment factor for 3-year-old children, with the goal to increase their respective enrollment in State Preschool programs. In the 2023-24 school year, students with disabilities will be required to make up 7.5 percent of a site's student population.

SPECIAL EDUCATION

The budget would provide a full 8.13 percent COLA to special education, an increase of approximately \$454 million, bringing funding to \$866 per Average Daily Attendance. Additionally, the governor proposes several programmatic changes, including extending the moratorium on single district Special Education Local Plan Area (SELPA) until 2026; limiting additional funds that SELPAs may retain for non-direct student services; and requiring the Department of Education (CDE) to post each SELPA's annual local plan.

LITERACY

The budget proposes \$250 million to build upon the existing Literacy Coaches and Reading Specialists Grant Program.

ARTS AND CULTURAL ENRICHMENT

The budget provides \$100 million for 12th-grade students to access cultural enrichment experiences, approximately \$200 per student.

OPIOIDS AND FENTANYL

The budget would allocate \$97 million to address the opioid and fentanyl crisis, including \$3.5 million for all middle and high school sites to maintain at least two doses of naloxone hydrochloride to reverse an opioid overdose.

SCHOOL FACILITIES PROGRAM

The budget proposes a decrease of \$100 million in the General Fund in planned support for the School Facilities Program, reducing the 2023-24 allocation to approximately \$2 billion.

DELAYED FULL-DAY KINDERGARTEN FACILITIES FUNDING

The budget would delay the 2023-24 planned \$550 million Full-Day Kindergarten Facilities Program investment until 2024-25.

DELAYED PRESCHOOL INCLUSION FACILITIES GRANTS

The budget would delay an annual \$10 million appropriation for Preschool Inclusion Grants by two years, until 2024-25.

CHARTER SCHOOL FACILITIES

The budget provides a one-time Prop. 98 investment of \$30 million for the Charter School Facilities Program.

COMMERCIAL DISHWASHER GRANTS

From the \$600 million allocated to school kitchen infrastructure in the 2022 Budget Act, \$15 million is set aside for the installation of commercial dishwashers.

K-12 HIGH SPEED NETWORK

The budget proposes \$3.8 million in ongoing Proposition 98 General Fund dollars to support the K-12 High Speed Network program.

ACSA PERSPECTIVE AND WHAT'S NEXT

Governor Gavin Newsom's proposed state budget released today maintains the state's commitment to the series of major new educational programs created over the last few years, including Universal Transitional Kindergarten, the Expanded Learning Opportunities Program and Universal School Meals. The governor also funds a historically large COLA, increasing LCFF funding by more than \$4 billion. Amid the economic slowdown, ACSA applauds the governor's prioritization of local decision making to meet student needs.

ACSA is disappointed to see the proposed \$1.2 billion reduction to the Arts, Music and Instructional Materials Discretionary Block Grant that schools have already built into their budgets. We are also concerned to see the reduction to this year's facilities funding recognizing the significant need for new and modernized schools. We will work with the governor and Legislature to mitigate the impacts of these issues on school district budgets and student learning.

ACSA is pleased to see the governor's focus on our highest need students and appreciates the intent of allocating resources to support their success. We look forward to working with the governor on his "equity multiplier" proposal as we work towards closing persistent achievement and opportunity gaps.

On behalf of our educational leaders and the students they serve, ACSA's budget advocacy will be guided by our principles of student success, equity and local control. We will continue to keep our members informed and involved in all aspects of the ongoing budget cycle.

The full budget summary can be found [here](#).