

Governor's Proposals for the 2023-24 State Budget and K-12 Education

Western Placer Unified School District
Board of Trustees - February 7, 2023

Themes of the Governor's 2023-24 Budget Proposals

- Governor Gavin Newsom released his proposal for the 2023-24 State Budget today, January 10 that focuses on addressing five essential threats:
- California seems to have turned the page in State Budget development: from COVID-19 pandemic budgeting since May 2020 to more business as usual
 - Unfortunately, business as usual comes with a softening economy
 - Fortunately, California is better prepared to weather the proverbial storm due to investments made and reserves built up during the good years
- The Governor's Budget is focused on maintaining programs where possible while trimming others
 - As the COVID-19 crisis recedes, other crises receive more attention—homelessness, housing, and extreme weather
 - All of which affect our students and educators

Proposition 98 and the Education Budget

- Proposition 98 resources grow leaner in the Governor's Budget, as do the proposed investments for K-12 schools and community colleges
 - Maintaining the purchasing power of the Local Control Funding Formula (LCFF) takes center stage with the cost-of-living adjustment (COLA)
 - Governor Newsom remains committed to key priorities in transitional kindergarten (TK) and expanded learning
 - The budget furthers educational equity to address persistent learning and achievement gaps
 - Governor Newsom surprises K-12 with a “sweep” of funding for the Arts, Music and Instructional Materials Block Grant

STATE - General Fund Budget Summary

2023-24 Governor's STATE Budget in millions		
	2022-23	2023-24
Prior-Year Balance	\$52,713	\$21,521
Revenues and Transfers	\$208,884	\$210,174
Total Resources Available	\$261,597	\$231,695
Non-Proposition 98 Expenditures	\$160,973	\$143,060
Proposition 98 Expenditures	\$79,103	\$80,554
Total Expenditures	\$240,076	\$223,614
Fund Balance	\$21,521	\$8,081
Reserve for Liquidation of Encumbrances	\$4,276	\$4,276
Special Fund for Economic Uncertainties	\$17,245	\$3,805
Public School System Stabilization Account	\$8,108	\$8,473
Safety Net Reserve	\$900	\$900
Budget Stabilization Account/Rainy Day Fund	\$21,487	\$22,398

Local Control Funding Formula (LCFF), COLA, and ADA

- The Governor's Budget proposal includes an estimated statutory cost-of-living adjustment (COLA) of 8.13% for the LCFF—an increase of 2.75% from the projected COLA of 5.38% that was part of the 2022 Enacted State Budget.
- **WPUSD – COLA funding increase in LCFF Base Funds = \$2.1M**
 - Funding may be effected by attendance percentage (ADA) rate changes
 - Budgeted ADA Rates (at 2022/23 1st Interim)
 - 2022/23 – 94.0% (P-1 December 2022 - 92% ADA rate)
 - 2023/24 – 94.5%
 - 2024/25 – 95.0%

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2023-24 LCFF Funding Factors

Grade Span	TK	K-3	4-6	7-8	9-12
2022-23 Base Grant per ADA	\$9,166	\$9,166	\$9,304	\$9,580	\$11,102
8.13% COLA	\$745	\$745	\$756	\$779	\$903
2023-24 Base Grant per ADA	\$9,911	\$9,911	\$10,060	\$10,359	\$12,005
Grade Span Adjustment	\$1,031	\$1,031	–	–	\$312
TK add-on (inclusive of COLA)	\$3,042	–	–	–	–
2023-24 Adjusted Base Grant per ADA	\$13,984	\$10,942	\$10,060	\$10,359	\$12,317
20% Supplemental Grant per ADA	–	\$2,188	\$2,012	\$2,072	\$2,463
<i>65% Concentration Grant per ADA</i>	–	\$7,112	\$6,539	\$6,733	\$8,006

SSC Financial Projection Dashboard

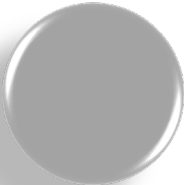
Planning Factors						
		2022-23	2023-24	2024-25	2025-26	2026-27
DOF ¹ Planning COLA		6.56%	8.13%	3.54%	3.31%	3.23%
California CPI ²		6.00%	3.44%	2.77%	2.49%	2.74%
Unemployment Insurance		0.50%	0.20%	0.20%	0.20%	0.20%
California Lottery	Unrestricted per ADA	\$170	\$170	\$170	\$170	\$170
	Restricted per ADA	\$67	\$67	\$67	\$67	\$67
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.78	\$39.12	\$40.41	\$41.72
	Grades 9-12 per ADA	\$67.31	\$72.78	\$75.36	\$77.85	\$80.36
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.83	\$20.53	\$21.21	\$21.90
	Grades 9-12 per ADA	\$50.98	\$55.12	\$57.07	\$58.96	\$60.86

¹Department of Finance (DOF)

²Consumer Price Index (CPI)

Categorical Program COLA

The Governor's Budget includes an additional \$669 million in Proposition 98 funding for a 8.13% COLA for multiple programs outside of the LCFF



Child Nutrition



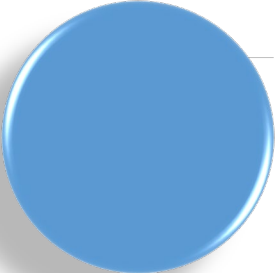
**State
Preschool**



Mandate Block Grant



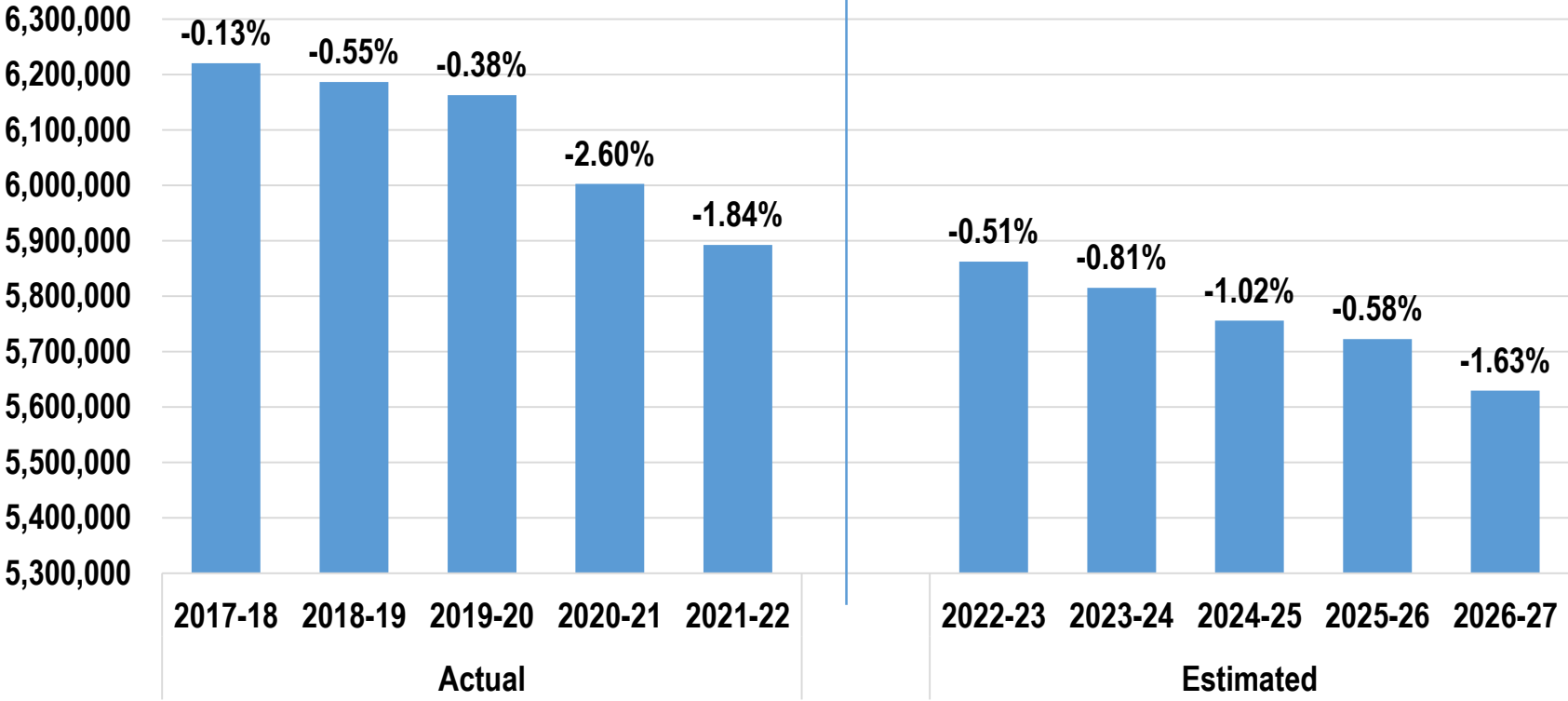
Youth in Foster Care



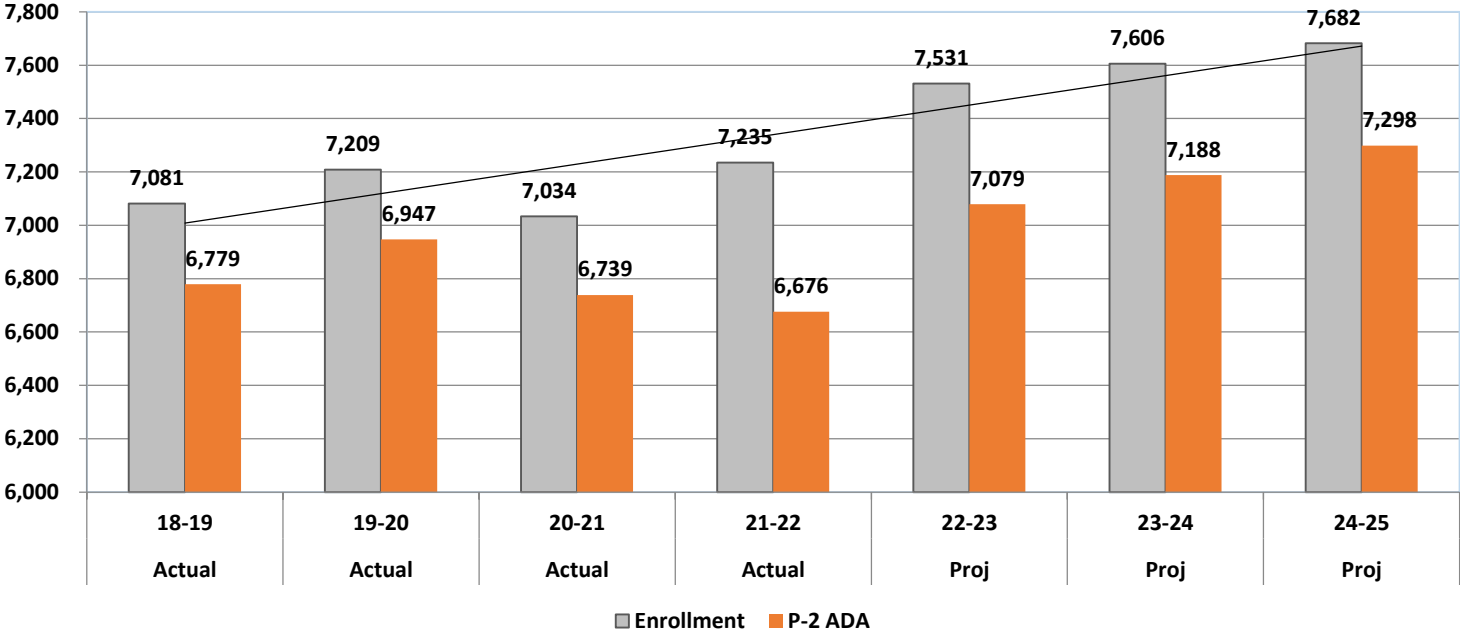
Special Education

Statewide Enrollment Trends—Ongoing Enrollment Loss

Statewide Enrollment Trends



WPUSD Enrollment Trends— Stabilizing Enrollment



WPUSD projecting a 1% increase in enrollment for 2023/24 (94.5% ADA rate) and 2024/25 (95.0% ADA rate)

CalPERS Employer Contribution Rates

- Governor Newsom did not propose providing California Public Employees' Retirement System (CalPERS) relief for LEAs
- Based on the latest information from CalPERS, the employer contribution rate for 2023-24 would increase from the current rate of 25.37% to 27.00%

Year	Prior Projections per SSC Dartboard	Projected Rates per Most Recent CalPERS Actuarial Report ¹
2022-23	25.37%	25.37%
2023-24	25.20%	27.00%
2024-25	24.60%	28.10%
2025-26	23.70%	28.80%

¹Projected rates reflect an investment loss for 2021-22 based on preliminary investment returns, as well as an anticipated decrease in normal cost due to new hires entering lower cost benefit tiers

CalSTRS Employer Contribution Rates

- Similar to the CalPERS, the Governor does not include any new funding towards California State Teachers' Retirement System (CalSTRS) relief for LEAs
- CalSTRS projects an employer contribution rate of 19.10% for the next several years

Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	-0.95%
July 1, 2021	16.92%	0.77%
July 1, 2022	19.10%	2.18%
July 1, 2023	19.10%	0%
July 1, 2024	19.10%	0%
July 1, 2025	19.10%	0%

Mandate Block Grant

- All school districts, charter schools, and COEs are eligible to participate in the Mandate Block Grant (MBG), notwithstanding the applicability of state mandates on their operations
- The 8.13% statutory COLA will be applied to the MBG, therefore, the 2023-24 rates are as follows:

Grade Span	School Districts	Charter Schools	COEs	
K-8	\$37.78	\$19.83	\$37.78	\$1.27 ¹
9-12	\$72.78	\$55.12	\$72.78	

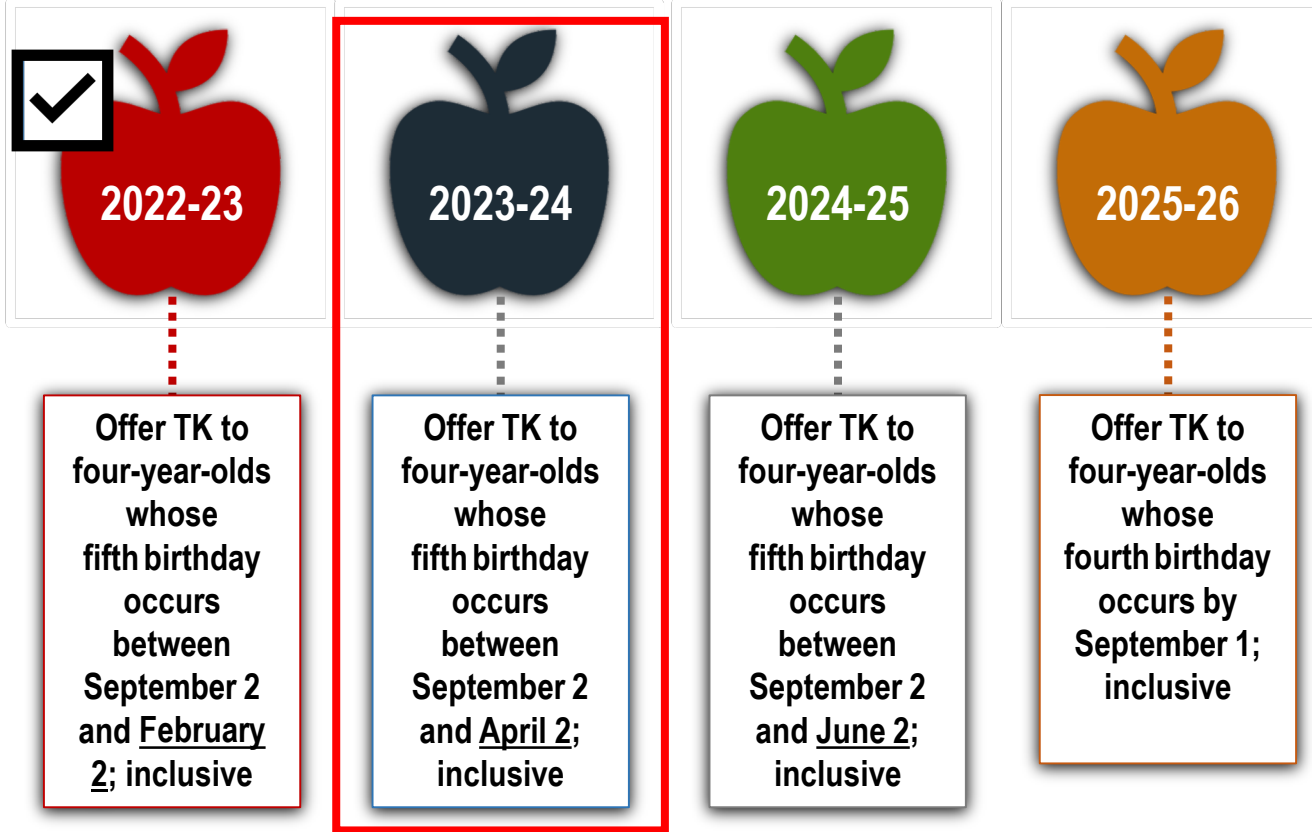
Arts, Music, and Instructional Material Block Grant—Proposed 2022/23 Funding Reduction

The Governor's Budget proposes a \$1.2 billion reduction in the \$3.5 billion one-time funding provided in the 2022-23 Enacted Budget package, bringing the appropriation down to \$2.3 billion

Original funding allocation for WPUSD = \$4.1M

Estimated Reduction in 2022/23 Funding to WPUSD = \$1.5M

Universal Transitional Kindergarten Implementation



- The Governor continues to prioritize implementation of universal transitional kindergarten (UTK)
- The Governor's Budget provides an additional investment of \$690 million ongoing General Fund to implement second year of UTK expansion

Universal TK Ratios

- Effective 2022-23, law requires a maximum of 12 students per adult
 - Investment of \$165 million ongoing Proposition 98 funds to maintain required 12:1 TK ratio for the expanded population of TK students in 2023-24
- Statute includes a provision for a 10:1 ratio starting in 2023-24, but this is subject to funding specifically for his purpose, and Governor's Budget does not include funding to further reduce the ratio

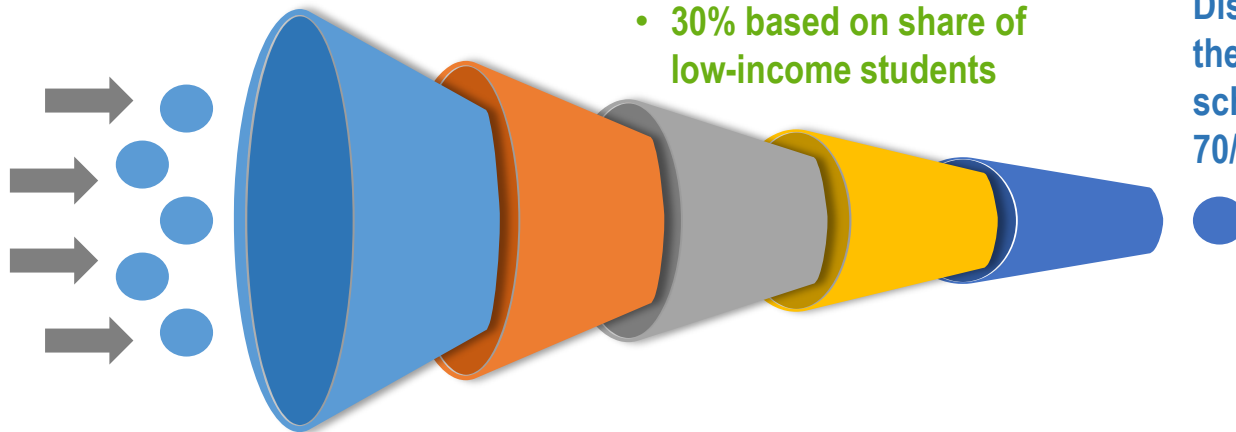


Proposition 28: Arts and Music in Schools—Funding Guarantee and Accountability Act

Beginning with the 2023-24 fiscal year, requires the state to provide additional, dedicated funding originating outside of Proposition 98 for arts and music education

Estimated to increase state costs by nearly \$1 billion in 2023-24

The annual amount is equal to 1% of the prior-year Proposition 98 minimum guarantee



Funds distributed to School Districts:

- 70% based on share of statewide enrollment in preschool through grade 12
- 30% based on share of low-income students

District must distribute their funds to their schools using the same 70/30 split

Proposition 28—Program Requirements

Districts must annually:

Certify funds used to provide arts education, including a requirement to expend at least 80% of funds to employ staff for arts education instruction

- LEAs with less than 500 students are exempt from this requirement
- CDE may provide a waiver for “good cause shown” upon written request by the school principal
- Waiting for more information about this waiver process

Certify funds received are to supplement, not supplant, existing arts education programs

Certify that no more than 1% of funds will be used for administrative expenses

Submit local governing board-approved report that details:

- Type of arts education programs funded
- Number of staff
- Number of students served
- Number of schools providing arts education programs with the funds

In addition, principal of each school must develop an expenditure plan

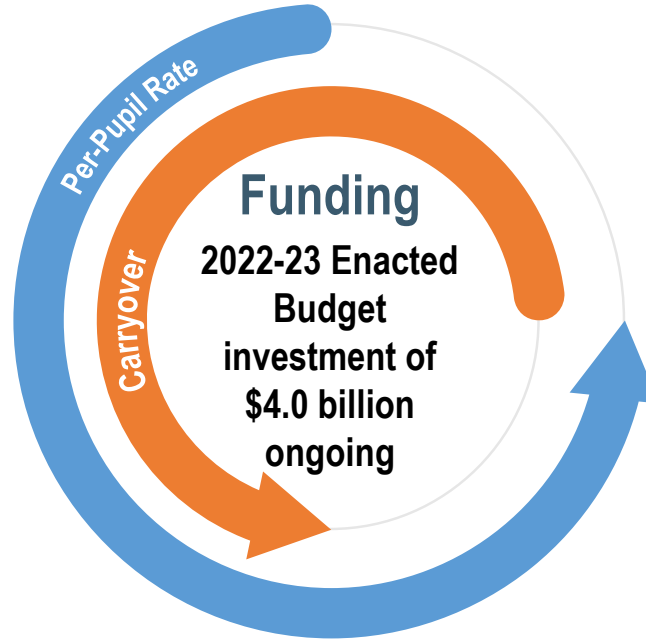
Expanded Learning Opportunities Program

The Governor's Budget proposes no changes to the program



Per-Pupil Rate

- UPP < 75%: \$2,052 in 2022-23, but this amount will fluctuate each year depending on the amount that goes to high UPP LEAs
- UPP ≥ 75%: \$2,750, set in statute



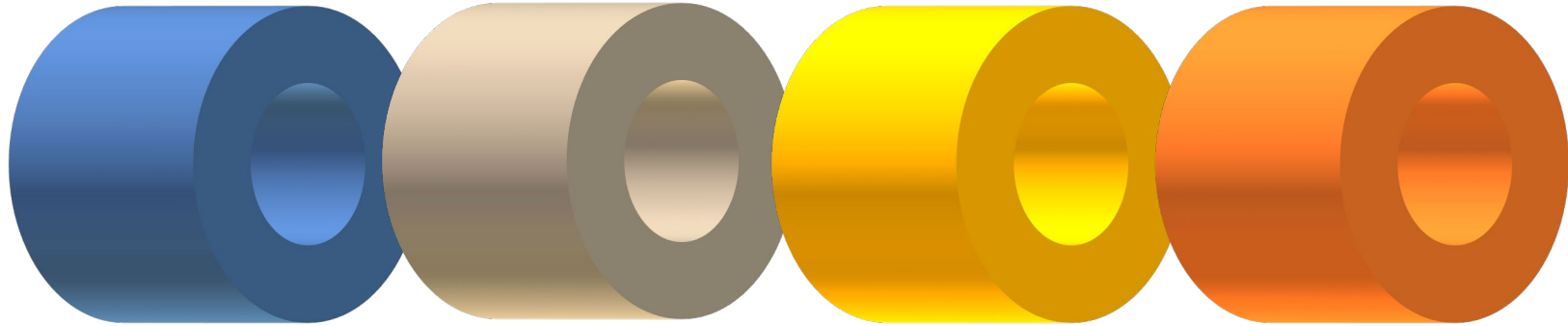
Carryover

Explicitly allowed in statute as LEAs work to implement the program

- Funds received in 2021-22 may be carried over to 2022-23 (must be spent by 6/30/23)
- Funds received in 2022-23 may be carried over to 2023-24

Home-to-School Transportation - Funding and Annual Transportation Service Plan

Annual Transportation Service Plan



Include priority for planned services for students in grades TK-6 and low-income students

Describe how transportation will be accessible to students with disabilities and homeless youth

Describe how unduplicated students may access free transportation

Develop in consultation with staff, regional transit authorities, local air pollution control districts, air quality management districts, parents, and students

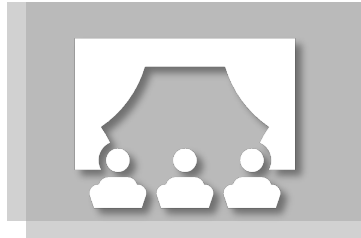
- **Plan is required only for LEAs seeking reimbursement**
- **Adopted by governing board by April 1, 2023, in an open meeting with opportunity for in-person and remote public comment**
- **Updated annually**

Child Nutrition Program

- The budget proposes:
 - \$596 million Proposition 98 General Fund to continue support of universal access to subsidized school meals
 - \$450 million one-time Proposition 98 General Fund, over three years, to update school kitchen infrastructure and equipment
 - \$3 million one-time Proposition 98 General Fund to support the School Breakfast and Summer Meal Start-Up and Expansion Grant Program.
 - Set-aside \$15 million of the \$600 million one-time Proposition 98 General Fund to specifically support acquisition and installation of commercial dishwashers.

Additional Categorical Funding – New Proposals

12th Grade Cultural Enrichment



\$100 million

One-time Proposition 98 funds to provide 12th grade students opportunities to visit museums, attend theater performances, or participate in enrichment activities

Opioid Overdose Reversal



\$3.5 million

Ongoing Proposition 98 funding for middle and high school sites to maintain medication to reverse opioid overdose

Federal Funding

- Just prior to the new year, Congress approved, and President signed, the “Consolidated Appropriations Act of 2023,” which provides federal funding through September 30, 2023
 - Includes \$79.6 billion in discretionary appropriations for education, an increase of \$3.2 billion over 2022 levels
 - Of those funds, K-12 education programs will receive \$45 billion, an increase of \$2.4 billion over 2022 levels, including:

- \$18.4 billion for Title I
- \$890 million for English language acquisition
- \$1.4 billion for Student Support and Academic Enrichment

- \$1.6 billion for Impact Aid
- \$300 million for “whole child” approaches
- \$1.3 billion for 21st Century Community Learning Centers

- \$129 million for Magnet Schools Assistance
- \$23 million for American History and Civics
- \$129 million for Education for Homeless Children and Youth

- \$1.4 billion for career technical education (CTE)
- \$32 million for CTE National Programs for Innovation and Modernization Grants
- \$729 million for Adult Education State Grants

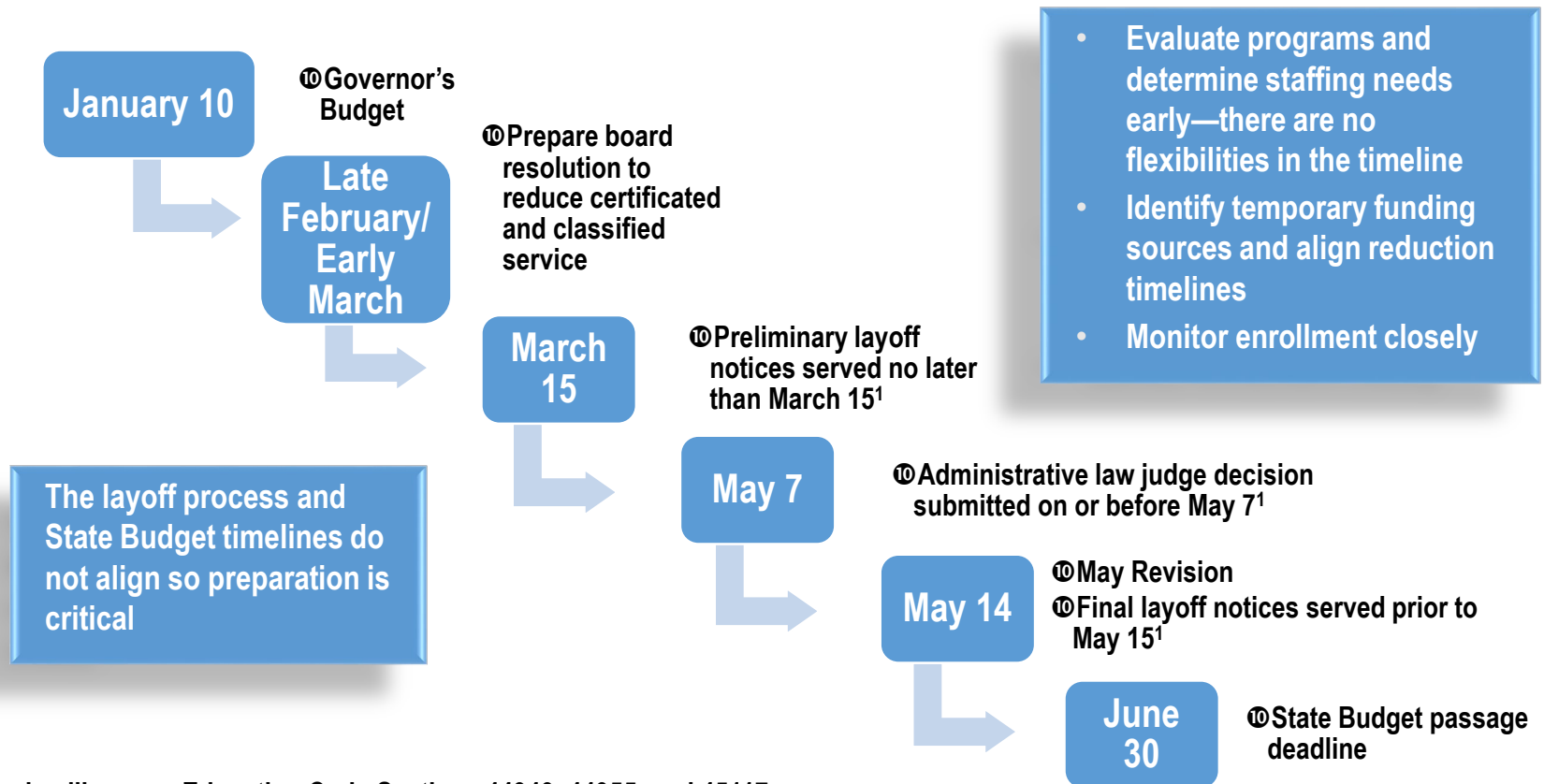
School Facility Investments

- The Governor's Budget makes changes to planned investments in school facilities, reducing some investments and delaying others

FDK Program¹	Delays a planned \$500 million one-time General Fund investment from 2023-24 to 2024-25
School Facility Program	Reduces a planned \$2.1 billion one-time General Fund investment by \$100 million
Charter School Facility Grant Program (Senate Bill [SB] 740)	Maintains 2022-23 Enacted Budget commitment to provide \$30 million ongoing Proposition 98 funding
School Kitchen Infrastructure	Sets aside \$15 million of the 2022-23 Enacted Budget's one-time General Fund investment for commercial dishwasher

¹FDK denotes the California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program

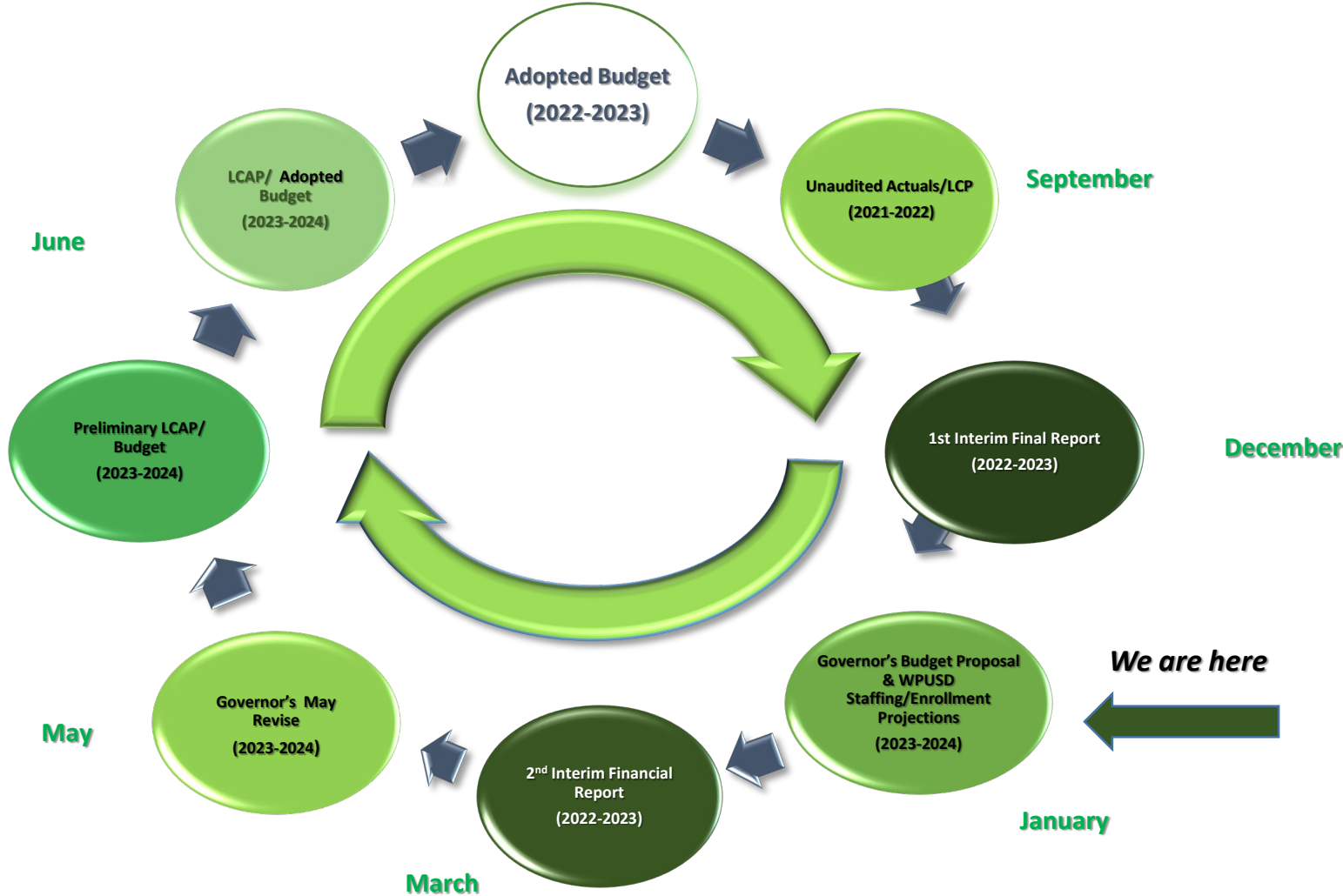
Certificated and Classified Layoffs and State Budget Timelines



¹Statutory deadlines per Education Code Sections 44949, 44955, and 45117

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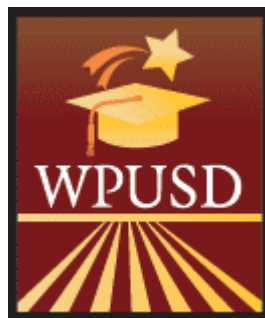
WPUSD - The Budget Reporting Cycle



Governor's Proposals for the - 2023-24 State Budget and K-12 Education

What's Next

- State Level
 - January through May:
 - Trailer bill language with details of proposals
 - Budget subcommittees review
 - LAO issues detailed review of Governor's plan spending restraint and slightly higher revenue forecast
 - Governor's 2023-24 May Revision on or before May 15th
 - On-time 2023-24 budget by June 15th
- District level
 - ✓ 2023-24 Enrollment and Staffing Projections – December 2022
 - ✓ 2023-24 Budget and Staffing Meetings with Departments and Schools – January 2023
 - 2023-24 New Student Registration – January & February 2023
 - 2022-23 Second Interim Report – March 2023
 - 2022-23 Actual P-2 ADA will be used to update, if necessary, enrollment and ADA projections for 2022-23, 2023-24 and 2024-24
 - Governor's 2023-24 May Revision Presentation – May 2023
 - 2023-24 Budget Adoption and LCAP Approval – By June 30, 2023



Accept Information of
2023-24 Governor's January
Budget Proposals



QUESTIONS & COMMENTS