

WESTERN PLACER UNIFIED SCHOOL DISTRICT

An Overview of the 2024-25 Governor's May Revision Proposals

Earlier than statutorily required, on May 10, 2024, Governor Gavin Newsom released his revised proposal for the 2024-25 State Budget. While very few details were provided this morning, the article below summarizes all the information we have today. More detailed and comprehensive analysis as additional information will be released on May 14, 2024 by the Newsom Administration.

Scope of Budget Problem and Proposition 98

Despite early budget action to shrink the shortfall by approximately \$17.3 billion, lower revenues since January results in an increased overall budget deficit by \$7.0 billion to a total of \$27.6 billion.

While this level of detail was not released, based on the provided revenue estimates in the May Revision, School Services of CA (SSC) roughly estimate that the Proposition 98 funding levels for 2022-23, 2023-24, and 2024-25 are down from the Governor's Budget estimates by \$786 million, \$3.0 billion, and \$364 million, respectively. The estimated Proposition 98 minimum guarantee for each fiscal year, which assumes no changes in average daily attendance and local property taxes, is as follows:

- 2022-23: \$97.5 billion
- 2023-24: \$102.5 billion
- 2024-25: \$108.7 billion

The May Revision includes withdrawals from the Public School System Stabilization Account of approximately \$8.4 billion to "maintain predictable support for local educational agencies and community college districts." This is a significant increase compared to the January Governor's Budget proposed withdrawal of \$3.0 billion in 2023-24 and \$2.7 billion in 2024-25.

While not in print, Governor Newsom noted during his press conference that he is continuing to propose the Proposition 98 "maneuver" and that it has increased from \$8.0 billion to \$8.8 billion.

Education Reductions

In order to balance the State Budget, the Governor proposes the following reductions to one-time educational funds:

- Reducing \$485 million one-time, unspent Learning-Aligned Employment Program resources
- Eliminating the remaining \$375 million one-time in planned support for the School Facilities Aid Program (the early budget action previously reduced this planned investment by \$500 million)
- "Pulling back" (or reducing) a planned 2025-26 investment of \$550 million that would have supported the California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Program. The Governor suggests that funding for these facilities could be included in the next statewide school facilities bond
- Reducing \$60.2 million one-time support for the Golden State Teacher Grant Program
- Eliminating the planned General Fund investments of \$47.9 million in 2025-26 and \$97.9 million ongoing starting in 2026-27 that would have supported California State Preschool Program adjustment factor costs for state preschool to serve at least 10% percent of students with disabilities by 2026-27

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Per-Pupil Spending

Governor Newsom provided a 2024-25 per-pupil spending amount of \$17,502 compared to the \$17,653 proposed in January, likely resulting from the reduction in General Fund revenues from January. Governor Newsom acknowledged the statutory cost-of-living adjustment at the May Revision has increased to 1.07%, but did not affirmatively state that the May Revision proposes to fund it for the Local Control Funding Formula and other categorical programs.

Summary

This brief explanation of Governor Newsom's May Revision proposals reflects the amount of information made public at this time. Additional detailed information will be forthcoming from the Dept. of Finance.

WPUSD 2023/24 Enrollment and Average Daily Attendance (ADA) Rate

The District's 2023-24 P-2 (March 2024) attendance reporting came in slightly above our targets for funded ADA at 7,446 ADA (budget 7,389 ADA) and cumulative ADA percentage rate of 94.6% (budget 94%).

In Closing

At the May Revision, the focus is on what the Governor has changed since his January proposals. In that regard, no significant changes were presented in the May Revision.

Next Steps

At the State level:

- Budget Committees conduct broad overview
- LAO issues detailed review of Governor's May Revision
- Budget Subcommittee process
- Negotiations between the Governor and Legislature
- On time State budget - June 15th requirement

At the local level – WPUSD

- **June 4, 2024 Board Meeting** – Public Hearing of WPUSD Local Control and Accountability Plan (LCAP) and 2024-25 Preliminary Budget
- **June 18, 2024 Board Meeting** – Adopt WPUSD Local Control and Accountability Plan (LCAP) and 2024-25 Adopted Budget
- **State 2024-25 Budget Approval (June 15th Deadline)**– WPUSD presents a 45-day District budget revision if material changes from 2024-25 Adopted Budget