CALIFORNIA COUNTY SUPERINTENDENTS

# The Common Message

## 2024-25 Adopted Budget

## 45-Day Revision

BASC

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# Sources

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| Association of California School Administrators |
| Ball / Frost Group, LLC |
| California Association of School Business Officials |
| California Collaborative for Educational Excellence |
| California Department of Education |
| California Department of Finance |
| California Public Employees' Retirement System |
| California State Teachers' Retirement System |
| California State Board of Education |
| California School Boards Association |
| California School Information Services |
| Capitol Advisors |
| Fiscal Crisis and Management Assistance Team |
| K-12 High Speed Network |
| National Forest Counties and Schools Coalition |
| School Services of California |
| Small School Districts' Association |
| WestEd |

# Background

Since May 2008, county office chief business officials have crafted common messages to give guidance to districts on assumptions for budget and interim reports. The goal of the Business and Administration Services Committee (BASC) is to provide county office chief business officials with a consistent message, based on assumptions utilized by the California Department of Finance (DOF), that can be used to provide guidance to school districts.

The BASC would like to thank the DOF, the State Board of Education, the California Department of Education (CDE) the Fiscal Crisis and Management Assistance Team (FCMAT), as well as our colleagues in education listed in the sources section, for providing BASC and our local educational agencies (LEAs) with the most up-to-date information at the time of writing.

# Key Guidance Based on the 2024-25 State Adopted Budget

Governor Gavin Newsom signed several budget and trailer bills before the end of June to adopt and implement the 2024-25 State Budget. On June 26, 2024, Senate Bill (SB) 107 was signed as the 2024-25 Budget Bill. On June 29, 2024, both SB 108 (Budget Bill Junior) and SB 153 (education omnibus Budget Trailer Bill) were signed. The budget maintained the majority of the proposals that were included in the May Revision; however, some additional changes were incorporated. The final budget agreement between the governor and the Legislature addressed the state's budget challenges through reserve drawdowns, spending reductions, new revenue proposals, internal borrowing, funding delays, fund shifts, and deferrals. In negotiations leading up to the approved 2024-25 Budget, the governor abandoned earlier funding proposals in favor of suspending Proposition 98 for 2023-24 and creating an $8.33 billion maintenance factor, which will be paid back to LEAs in the future, commencing with a $4.07 billion payment in 2024-25.

Major provisions in the 2024-25 Budget are as follows:

- The funded COLA to the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF remains at 1.07 percent.
- To create the budget package, the state finance team created deferrals in prior budget years that do not directly affect LEAs' past budgets. Looking forward, the budget imposes a partial deferral of $245.6 million of the June 2025 payment to July 2025. For context, this is less than 5% of the most recent June P2 payment. Depending on the ever-evolving financial situation in the 2024-25 fiscal year, this deferral could be removed or adjusted later in the year. Deferral exemptions for LEAs are available based on the LEA's inability to meet its financial obligations.
- The 2024-25 Budget includes several provisions to address chronic absenteeism and lost instructional time, which will begin on July 1, 2025 (see Attendance Recovery and Instructional Continuity below for details).
- The budget restores a $100 million investment in the Inclusive Early Education Expansion Program (IEEEP) to increase access for young children from birth to five years of age in

inclusive early care and education programs.

- The budget eliminates the $550 million that was planned for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program in 2024-25.
- The 2024-25 Budget suspends the August 15 certificated and classified summer layoff window for the 2024-25 fiscal year.

While the budget has many positive aspects, a number of LEAs continue to experience chronic student absences, long-term declining enrollment, and various cost pressures such as increased pension rates and energy costs. In addition, all remaining COVID-19 fiscal relief funding (e.g., Elementary and Secondary School Emergency Relief Fund and Expanded Learning Opportunities Grant) will expire on September 30, 2024. As a reminder, the Arts, Music and Instructional Materials Discretionary Block Grant and the Educator Effectiveness Block Grant expire on June 30, 2026, and the Learning Recovery Emergency Block Grant (LREBG) expires on June 30, 2028.

The 45-Day Budget Revision provides an opportunity to LEAs that have unrecognized material revisions to update their adopted 2024-25 budget.

# Attendance Recovery

While previously mentioned in the May Revision, starting on July 1, 2025, the budget allows school districts and classroom-based charter schools to provide attendance recovery opportunities to classroom-based students to make up for lost instructional time, offset student absences, and mitigate learning loss, as well as the related fiscal impacts of absences to LEAs.

Beginning in fiscal year 2025-26, LEAs can add up to 10 days of attendance recovery time per pupil for ADA reporting. Recovery time must be taught by certificated teachers. Participation is not mandatory and shall be at the election of the student, parent, or guardian.

Expanded Learning Opportunity Program (ELOP) funds may be used to fund attendance recovery programs in conjunction with, and on the same site(s) as, the LEA's ELOP program activities.

# Instructional Continuity

In the budget, instructional continuity provisions focus on facilitating continuity of learning during emergency events that disrupt regular classroom instruction.

Beginning July 1, 2025, as part of the J-13A waiver, LEAs must include an instructional continuity plan in their School Safety Plan. Plans must include procedures for student engagement within five days of an emergency and hybrid or remote learning opportunities within 10 instructional days.

The budget also encourages LEAs to provide independent study to students when absent for any reason and allows LEAs to earn funding for independent study regardless of duration.

# Independent Study

The adopted budget includes statutory changes to independent study that are effective immediately. Specifically, the budget does the following:

- Eliminates the requirement for students to participate for a minimum of three consecutive school days before earning ADA.
- Increases the time a student may participate in short-term independent study to 15 days or fewer. Defines long-term independent study as 16 days or more.
- Authorizes LEAs to collect written agreements at any time during the year in which a student participates in short-term independent study but maintains the requirement that agreements be in place before commencing long-term independent study.
- Expands pupil work product to include the daily time value the student is engaged in asynchronous instruction regardless of whether work product is produced, based on required documentation.

# Learning Recovery Emergency Block Grants

Consistent with the May Revise proposal, the budget requires that starting July 1, 2025, LREBG expenditures must be "evidence based" as defined in federal law, and that they be based on a formal "needs assessment" that identifies the students most in need of learning recovery and targets services towards those students. The LREBG needs assessment and planned expenditures must be included in the LCAP for the period of July 1, 2025, through June 30, 2028. CDE is required to update the LCAP instructions accordingly by January 31, 2025.

# Arts, Music & Instructional Materials Discretionary Block Grant (AMIMDBG)

Consistent with the May Revise proposal, the Adopted Budget makes one technical adjustment to the AMIMDBG. Current law states that these funds are "available for encumbrance through June 30, 2025." The May Revision changes the code to state that the funds are "available for expenditure through June 30, 2026."

# Expanded Learning Opportunities Program

The adopted budget imposes new expenditure deadlines for both prior year ELOP funds and for future ELOP allocations. Under the provisions, any encumbered 2021-22 and 2022-23 ELOP funds must be expended by September 30, 2024. Commencing with the 2023-24 ELOP allocation, LEAs will have two fiscal years to expend the funds, meaning that the 2023-24 allocation would have to be expended by June 30, 2025, and the 2024-25 allocation would have to be expended by June 30, 2026, etc. Any funds not expended by the applicable deadline "shall be returned to the state." Finally, starting in 2025-26, "school districts and charter schools shall annually declare their operational intent to run the Expanded Learning Opportunities Program," meaning that LEAs will need to affirmatively opt into the program to receive funding starting in 2025-26.

Any unexpended 2021-22 and 2022-23 ELOP funds recovered by the state after the September 30, 2024 expenditure deadline will be reallocated in 2024-25 to increase the Tier 2 rate up to $2,000 per applicable ADA for ELOP LEAs. In addition, the budget trailer bill states that starting in 2025-26, any ELOP savings realized by the state due to LEAs opting out of ELOP "***may*** be reallocated" to Tier 2 LEAs "to the extent possible."

# Planning Factors for 2024-25 and MYPs

Key planning factors for LEAs to include in their 2024-25 adopted budgets and multiyear projections (MYPs) based on the latest information available are listed below.

| Planning Factor | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|
| Cost of Living Adjustment (COLA) | | | |
| LCFF COLA | 1.07% | 2.93% | 3.08% |
| Special Education COLA | 1.07% | 2.93% | 3.08% |
| Employer Benefit Rates | | | |
| CalSTRS | 19.10% | 19.10% | 19.10% |
| CalPERS-Schools | 27.05% | 27.60% | 28.00% |
| State Unemployment Insurance | 0.05% | 0.05% | 0.05% |
| Lottery | | | |
| Unrestricted per ADA | $191 | $191 | $191 |
| Proposition 20 per ADA | $82 | $82 | $82 |
| Minimum Wage | $16.50[1] | $17.00[2] | $17.40[3] |
| Universal Transitional Kindergarten/ADA LCFF add-on for the 12-to-1 student-to-adult ratio[4] | $3,077 | $3,167 | $3,264 |

| | | | |
|---|---|---|---|
| Mandated Block Grant | | | |
| Districts | | | |
| K-8 per ADA | $38.21 | $39.33[5] | $40.54[5] |
| 9-12 per ADA | $73.62 | $75.78[5] | $78.11[5] |
| Charters | | | |
| K-8 per ADA | $20.06 | $20.65[5] | $21.29[5] |
| 9-12 per ADA | $55.76 | $57.39[5] | $59.16[5] |

[1]Effective January 1, 2025.
[2]Effective January 1, 2026.
[3]Effective January 1, 2027.
[4]This ratio will decrease to 10-to-1 in 2025-26.
[5]These rates are calculated based on preliminary COLA projections.

# Reserves and Reserve Cap

The 2024-25 Budget withdraws all funds from the Public School System Stabilization Account (PSSSA) leaving no balance at the end of the 2023-24 fiscal year. Even with a payment of approximately $1.1 billion to be made in 2024-25, the LEA reserve cap will not be in effect for the 2024-25 year and is not projected to be triggered for the 2025-26 fiscal year.

# Summary

Because each LEA has unique funding and program needs, it remains essential that each LEA continually assess its individual situation, work closely with its COE, and plan accordingly to maintain fiscal solvency and educational program integrity.