



March 23, 2024

Governor Gavin Newsom
Governor's Office
1021 O Street, Suite 9000
Sacramento, CA 95814

Assemblymember Robert Rivas
Speaker of the Assembly
California State Assembly
Sacramento, CA 95814

Senator Mike McGuire
President Pro Tempore
California State Senate
Sacramento, CA 95814

RE: Response to the Governor's 2024–25 Budget Proposal

Dear Governor Newsom, Pro Tem McGuire, and Speaker Rivas:

On behalf of the California School Boards Association, representing nearly 1,000 school districts and county boards of education statewide, we applaud your ongoing commitment to public education funding.

With the establishment and expansion of the transformational programs created and expanded during the pandemic, including Universal Transitional Kindergarten, Universal School Meals, the Community Schools Grant, and Home-to-School Transportation Programs, the focus is on maintaining funding at current levels will help to ensure these programs can continue to be implemented.

Preserving Proposition 98: While we recognize the Governor's budget proposal seeks to protect schools from current year budget cuts, we have serious concerns about the claw back of prior year enacted funding, the creation of a loan to Proposition 98, and how that would likely impact school funding on a go forward basis.

The Governor's budget would likely shortchange Proposition 98 funding. The proposal seeks to borrow from future-year state general fund revenues to pay for the estimated \$8 billion shortfall in the previous 2022-23 fiscal year. This creative "funding maneuver" is essentially a no-interest loan guaranteed against future state revenues. If adopted, it would lower current and future year funding otherwise guaranteed under Proposition 98.

March 23, 2024

CSBA Response to the Governor's Budget

We believe that the recalculation of prior-year enacted funding, creating and scoring the "loan" to Proposition 98 as non-Proposition 98 funding, and a manipulation of the operative test year are a new interpretation of Proposition 98 that defies past practice and the standard understanding of the proposition.

Overall, the proposal would set a worrisome precedent, which if adopted could be used by future Governors and Legislatures to fund public education in a manner that does not meet the spirit, statutory, and constitutional requirements enshrined in Proposition 98.

Request: We ask that the Legislature reject the proposed funding maneuver and ensure any efforts to reduce or alter education funding is in alignment with the statutory and constitutional provisions of Proposition 98.

Remain focused on sustaining existing programs: We appreciate the Governor and Legislature investing in the Local Control Funding Formula (LCFF) in prior year budgets, especially during the height of the pandemic. It is imperative to remain focused on sustaining the good work being done to implement the many large, transformative programs established in recent years, such as enhanced Home-to-School Transportation funding, UTK, and universal school meals.

Request: With the establishment and expansion of these substantial programs in recent years, we urge the Legislature to remain focused on ensuring their successful implementation, rather than creating new categorical programs.

A COLA that is below true costs: At this point, the statutory COLA is projected to be 0.76%. Although this figure is far below the actual cost pressures California school districts are facing, a fully-funded statutory COLA is essential.

Request: We support fully funding the statutory COLA.

Staffing shortages: Staffing shortages continue to plague LEAs, impacting not only existing core educational programs, but also the aforementioned programs, especially UTK. We appreciate the state's adoption of SB 765 (Chapter 885, Statutes of 2023), which helped streamline the process to bring back retired teachers more quickly.

Request: We request the Legislature support the Governor's proposals to address educational workforce shortages in the January Budget, including the changes allowing for undergraduate degrees and transcript reviews to be used

March 23, 2024

CSBA Response to the Governor's Budget

to meet the California Basic Educational Skills and the Subject Matter Competency assessments, respectively.

UTK implementation. We are concerned that the changes to UTK staffing ratios included in the 2023-24 Education Budget Trailer Bill will further complicate its implementation. Specifically, lowering the adult-to-student ratio from 1:12 to 1:10 in 2025-26 will exacerbate existing staffing shortages and resource challenges. Additionally, the financial penalties for exceeding the 1:10 ratio for early-enrolled four-year olds in TK programs serve as an unnecessary financial consequence to LEAs at a time when many are struggling to adequately implement UTK.

Request: We request that the state refrain from introducing any new requirements or modifications to the UTK program until two years after the program is fully implemented in 2025-26. This includes:

- Eliminating penalties incurred in 2023-24 and 2024-25 for violations of Education Code section 48000.15 to provide LEAs ample time to transition to a 1:10 ratio for Early Enrolled TK classrooms and delay the implementation of any financial penalties on districts until two years after UTK is fully implemented in 2025-26.
- Implementing 1:10 ratios in all UTK classes only if sufficient funding is appropriated to address the increased costs of staffing and facilities needed.

Small school districts: LEAs with an average daily attendance (ADA) of 2,500 students or fewer are defined as small school districts, which make up more than half (545) of all school districts in California. The requirements of a small school district are the same as a medium or large school district. However, small school districts face different challenges. They cannot achieve the economies of scale larger districts can, cover vast territorial areas, and often lack the staff capacity to identify, apply for, and implement eligible funding opportunities.

Request: Greater attention is needed to establishing funding formulas that reflect the unique circumstances and challenges facing small school districts, especially very small school districts (250 ADA or less).

Protect LEA solvency: The temporary revival of the statute of limitations for childhood sexual assault and molestation (CSAM) offenses and the permanent policy changes made under AB 218 (Chapter 861, Statutes of 2019) are presenting potentially existential threats to the financial solvency of LEAs and their ability to meet and provide for the needs of students. CSAM claims filed due to the changes made by AB 218 are threatening the long-term financial solvency of LEAs and impact their ability to provide for the needs of current students. Many date

March 23, 2024

CSBA Response to the Governor's Budget

back decades and include circumstances where the offender is no longer alive, student and personnel records cannot be located, proof of insurance is lost or the insurance company is no longer in business, and facts are difficult to verify.

Request: Action is needed to help avert possible insolvency for LEAs due to CSAM claims that date back decades. We would welcome a convening of representatives from the Administration, the Legislature, and stakeholders to develop possible solutions. Possible solutions could include the establishment of a funding pool or a victim's compensation fund.

Mandate costs: Unfunded mandates are imposing historic costs on LEAs. We appreciate investments made to the Mandates Block Grant in prior year budgets, but the reimbursements are a fraction of the actual costs LEAs incur to provide the mandate. Mandates are continuing to grow, but with little recognition of the ongoing costs to districts across the state.

Request: Legislative mandates need to be rejected or adequately funded in the budget with consideration of the implementation costs to ensure they do not impact existing educational programs and do not weaken the intent of the LCFF.

CSBA remains committed to working with you and is dedicated to moving in the direction of full and fair funding for our public schools.

Sincerely,



Patrick O'Donnell
Chief, Government Relations

cc: Sen. Scott Wiener, Chair, Senate Budget Committee
Sen. Roger W. Niello, Vice Chair, Senate Budget Committee
Sen. John Laird, Chair, Senate Budget Subcommittee 1, Education
Members, Senate Budget Subcommittee 1, Education
Sen. Josh Newman, Chair, Senate Education Committee
Sen. Rosilicie Ochoa Bogh, Vice Chair, Senate Education Committee
Asm. Al Muratsuchi, Chair, Assembly Education Committee
Asm. Megan Dahle, Vice Chair, Assembly Education Committee
Asm. Jesse Gabriel, Chair, Assembly Budget Committee

March 23, 2024

CSBA Response to the Governor's Budget

Asm. Vince Fong, Vice Chair, Assembly Budget Committee

Asm. David Alvarez, Chair, Assembly Budget Subcommittee 3, Education

Members, Assembly Budget Subcommittee 2, Education

Yong Salas, Consultant, Senate Budget Subcommittee 1, Education

Erin Gabel, Consultant, Assembly Budget Subcommittee 3, Education

Ben Chida, Chief Deputy Cabinet Secretary, Office of the Governor

Nichole Muñoz-Murillo, Deputy Legislative Secretary, Office of the Governor

Brooks Allen, Executive Director, State Board of Education

Chris Ferguson, Program Budget Manager, Department of Finance

Sarah Haynes, Assembly Republican Caucus

Megan DeSousa, Senate Republican Caucus