

California State Assembly



Agenda

Assembly Budget Subcommittee No. 3 on Education Finance

Assemblymember David Alvarez, Chair

Thursday, May 16, 2024

Upon Adjournment of Session – State Capitol, Room 437

Items To Be Heard		
Item	Description	Page
6440	University of California	2
Issue	1. University of California May Revision Proposals	2
6610	California State University	5
	2. California State University May Revision Proposals	5
6870	California Community Colleges	7
	3. California Community Colleges May Revision Proposals	7
6120	State Library	9
	4. California State Library May Revision Proposals	9
0954	Scholarshare Investment Board	11
	5. CalKIDS May Revision Proposals	11
6980	California Student Aid Commission	12
	6. California Student Aid Commission May Revision Proposals	12
Prop 98 Overview	All Departments - Proposition 98	14
	7. Proposition 98 May Revision Proposals	14
6100	California Department of Education	15
	8. Department of Education May Revision Proposals	15
7760	Office of Public School Construction	18
	9. May Revision Proposals	18
6360	Commission on Teacher Credentialing	19
	10. May Revision Proposals	19
ALL	PUBLIC COMMENT	

Items To Be Heard

6440 University of California

Issue 1: University of California May Revision Proposals

The Subcommittee will discuss May Revision proposals for the University of California (UC.) The May Revision proposes significant one-time and ongoing reductions to the system and to specific programs. In addition to the reductions listed in the chart, the May Revision and Governor’s Budget proposes a significant number of cuts and augmentations to base support:

- A one-time cut of \$125 million in 2024-25 that is restored in 2025-26
- An ongoing cut of 7.95% in 2025-26, which amounts to about \$376 million
- An augmentation of \$227.8 million one-time in 2025-26 to repay the deferral of the 5% increase, per the early action taken in April
- An augmentation of \$31 million in 2025-26 to repay the deferral of the nonresident replacement program, per the early action taken in April
- An augmentation of \$227.8 million ongoing in 2025-26, which constitutes the 5% increase deferred in 2024-25, per the early action taken in April
- An augmentation of \$240.8 million ongoing in 2025-26, which constitutes the fourth year of 5% ongoing increases per the Governor’s compact
- An augmentation of \$62 million ongoing in 2025-26, to continue the nonresident replacement program

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
208	Reduce Ongoing Prop 56 General Fund Backfill	Ongoing			13.5	14.3	15.0	15.7	Reductions
209	Reduce Support of UC Labor Centers	Ongoing			13.0	13.0	13.0	13.0	Reductions
210	Pull-Back Remaining UC Equal Opportunity Practices and Professional Development One-Time Funds	One-time	5.0						Reductions

211	Pull-Back Remaining UC Los Angeles Latino Policy and Politics Institute One-Time Funds	One-Time	13.7						Reductions
212	Pull-Back Remaining UC Davis Equine Performance and Rehabilitation Center One-Time Funds	One-Time		5.0					Reductions

The May Revision also makes a technical adjustment to UC’s enrollment target for 2024-25, requiring UC to add 2,927 full-time equivalent students in 2024-25 over the 2023-24 baseline level of 203,661 FTE.

In addition, the May Revision includes a 7.95% operational decrease (about \$2.1 million ongoing General Fund) for UC College of the Law, San Francisco in 2025-26.

Panel

- Gabriela Chavez, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Seija Virtanen, University of California Office of the President

Staff Comments

Staff notes that the reductions and augmentations to UC in this proposal are extremely difficult to follow. In all, it appears that UC may receive a 2% base increase in 2025-26, when compared to 2023-24.

Suggested Questions:

- How will UC handle the proposed cuts, if they were enacted? What impacts will the proposed one-time and ongoing changes to UC’s budget in 2024-25 and 2025-26 have on campuses?
- The Administration’s proposal provides a 2% operating increase to UC in 2025-26, instead of a 10% increase that was intended through the Governor’s compact with UC

and the early action taken in April. Does the Administration expect UC to continue to meet compact goals?

- How will these proposals impact enrollment growth in 2024-25 and 2025-26?
- What is the Administration's rationale in proposing to remove the ongoing state funding from the UC Labor Centers? How much state funding would remain under the proposal?
- The UCLA Latino Policy and Politics Institute received a \$15 million one-time General Fund appropriation in 2022 to create Latina Futures, 2050 Lab, which provides research into the experiences of Latinas' in the labor market, their engagement in civic leadership, and their well-being. What was this program's expenditure plan, and why did the Administration choose to pull back unspent funding for this program?
- What are strategies for state funding cuts that best protect students and campuses from negative impacts and allow campuses to best support their core mission?

6610 California State University

Issue 2: California State University May Revision Proposals

The Subcommittee will discuss May Revision proposals for the California State University (CSU.) Similar to UC, the May Revision proposes significant reductions and augmentations to the system:

- A one-time cut of \$75 million in 2024-25 that is restored in 2025-26
- An ongoing cut of 7.95% in 2025-26, which amounts to about \$396.6 million
- An augmentation of \$240.2 million one-time in 2025-26 to repay the deferral of the 5% increase, per the early action taken in April
- An augmentation of \$240.2 million ongoing in 2025-26, which constitutes the 5% increase deferred in 2024-25, per the early action taken in April
- An augmentation of \$252.3 million ongoing in 2025-26, which constitutes the fourth year of 5% ongoing increases per the Governor's compact

The May Revision also provides \$5.5 million ongoing General Fund to support the estimated costs to waive tuition for Medal of Honor recipients, children of Medal of Honor recipients, or dependents of service-injured veterans. This funding is per legislation approved in 2023.

The May Revision also adjusts the enrollment target for CSU, requiring 9,866 additional full-time equivalent students in 2024-25 when compared to the 2023-24 level of 330,080 FTE.

Panel

- Devin Mitchell, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Ryan Storm, California State University Chancellor's Office

Staff Comments

Staff notes that the reductions and augmentations to UC in this proposal are extremely difficult to follow. In all, it appears that CSU may receive a 2% base increase in 2025-26, when compared to 2023-24.

Potential Questions

- How will CSU handle the proposed cuts, if they were enacted? What impacts will the proposed one-time and ongoing changes to CSU's budget in 2024-25 and 2025-26 have on campuses?
- The Administration's proposal provides a 2% operating increase to CSU in 2025-26, instead of a 10% increase that was intended through the Governor's compact with CSU

and the early action taken in April. Does the May Revision proposal continue to require CSU to meet compact goals?

- How will these proposals impact enrollment growth in 2024-25 and 2025-26?
- How will these proposals impact collective bargaining contracts the CSU has with its labor unions?
- What are strategies for state funding cuts that best protect students and campuses from negative impacts and allow campuses to best support their core mission?

6870 California Community Colleges

Issue 3: California Community Colleges May Revision Proposals

The Subcommittee will discuss May Revision proposals for California Community Colleges. In addition to numerous technical adjustments due to revenue changes, the major proposals include:

- Continuing the Governor's Budget Proposition 98 structure, which would reduce Proposition 98 spending in 2022-23 but accrue the reductions to the General Fund in the future.
- Increasing the use of reserves to cover Student Centered Funding Formula costs. The Governor's January budget initially withdrew \$235.9 million, scored to 2023-24 and \$486.2 million scored to 2024-25 to support SCFF resource needs. The May Revision now proposes a withdrawal of \$532.5 million, scored to 2023-24 and \$381.6 million scored to 2024-25 to support SCFF resource needs.
- Supporting a 1.07% Cost-Of-Living Adjustment (COLA) for apportionments, or about \$100 million Proposition 98 General Fund.
- Supporting a 1.07% COLA for some categorical programs, including the Adult Education Program, apprenticeship programs, CalWORKs student services, campus childcare support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and the mandates block grant.
- Continuing to support .5% enrollment growth. The May Revision provides \$28.1 million Proposition 98 General Fund to support the enrollment growth, which equates to about 5,400 additional FTE students.
- Reappropriates funding to support for four new programs:
 - \$12 million one-time Proposition 98 for the continued development of e-transcript California
 - \$12 million one-time Proposition 98 General Fund to support a common cloud data platform demonstration project
 - \$6 million one-time Proposition 98 General Fund to support mapping articulated pathways for credit for prior learning
 - \$5 million one-time Proposition 98 General Fund to support a pathways for low-income workers demonstration project.
- Reduces support for CCC Chancellor's Office State Operations by 7.95%.

Trailer bill language for a community college Affordable Student Housing Lease-Revenue Bond was just released on May 15.

Panel

- Justin Hurst, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- David O'Brien or Wrenna Finche, California Community Colleges Chancellor's Office

Staff Comments

The May Revision relies on the same Proposition 98 General Fund architecture as the January proposal, which prevents spending reductions. Should this architecture change, the Legislature would need to consider other solutions to solve for lowered Proposition 98 spending.

Potential Questions:

- Does this budget proposal provide one-time resources to support an ongoing COLA?
- If cuts to past or future appropriations are required, what are the best strategies for protecting students?
- Please provide more details on the four new programs proposed. Where is the reappropriated funding coming from? What benefits will students see from these programs in 2024-25? How will the funding for each program be spent? Are there other sources of funding to support these programs?
- What are enrollment projections for 2024-25?
- Please describe the Administration's trailer bill proposal related to the student housing state lease revenue bond.

6120 State Library

Issue 4: California State Library May Revision Proposals

The Subcommittee will discuss May Revision proposals for the California State Library. The May Revision proposes one-time and ongoing reductions to the system and specific programs, as indicated in this chart.

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
205	Eliminate Support for the Lunch at the Library	Ongoing			5.5	5.5	5.5	5.5	Reductions
206	Reduce Support for the Dolly Parton Imagination Library	One-Time	40.0						Reductions
207	Adjust California Library Services Act Support	Ongoing			1.8	1.8	1.8	1.8	Reductions

In addition, the State Library would receive a 7.9% decrease in base funding in 2024-25 under the May Revision. This is the same cut proposed for other state departments and agencies.

Finally, the May Revision changes a January proposal that pulled back \$131 million one-time General Fund from the local library infrastructure program. The May Revision reduces that amount to \$4.4 million.

Panel

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas or Rebecca Wendt, California State Library

Staff Comments

Potential Questions

- What will be the impact of the proposal to eliminate ongoing funding for the Lunch at the Library program Will the Lunch at the Library program operate this summer if the proposal is enacted?
- How much funding will be left with the Imagination Library program if it is cut as proposed? How would the cut impact the program?
- How much ongoing funding would the Library Services Act receive if the proposed cut is enacted? What impact will this cut have on the State Library and local libraries?
- How will the State Library handle the proposed 7.9% operational cut proposed by the Administration?

0954 Scholarshare Investment Board

Issue 5: CalKIDS May Revision Proposal

The Subcommittee will discuss the May Revision proposal to reduce ongoing funding for the California Kids Investment and Development Savings (CalKIDS) college savings program.

The proposal would eliminate \$5 million ongoing General Fund for financial literacy outreach.

Panel

- Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Scholarshare Investment Board

Staff Comments

Potential Questions:

- What is the intent of the financial literacy outreach program?
- Where was Scholarshare in the implementation of this program?
- What will be the impact of this reduction?
- The LAO had proposed additional cuts to this program due to unspent funding. Did the Administration consider this cut? What would the impact be on the program if additional funds were cut?

6980 California Student Aid Commission

Issue 6: California Student Aid Commission May Revision Proposals

The Subcommittee will discuss the May Revision proposals to reduce funding for the Commission, and to not support Cal Grant Reform. The chart below lists the proposed reductions:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
200	Pull-Back Learning Aligned Employment Resources	One-Time	\$485.0						Reductions
201	Adjust Support for the Golden State Teacher Grant Program	Limited Term (multiple years)			60.2				Reductions
202	Reduce Support for the Middle Class Scholarship Program	Ongoing			510.0	510.0	510.0	510.0	Reductions

In addition to these cuts, the May Revision states that the Administration does not believe there is sufficient funding to trigger “on” the Cal Grant Reform statues agreed to in the 2022 Budget Act. Full reform costs are \$195 million ongoing, and in the first year of implementation, \$55 million one-time.

CSAC also would receive a 7.9% decrease in operational funding in 2024-25 under the May Revision. This is the same cut proposed for other state departments and agencies.

Panel

- Amanpreet Singh, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Jake Brymner, California Student Aid Commission

Staff Comments

The May Revision impacts both of the state's major financial aid programs. The Administration does not provide funding for Cal Grant Reform, and makes a steep cut to the Middle Class Scholarship program. These proposals come as some California students have struggled to apply for financial aid this year, due to changes in the FAFSA form. It is possible that the FAFSA issues could lower the amount of federal financial aid received by California students in 2024-25, and possibly state aid as well.

The May Revision reduces spending on Cal Grant in 2024-25 by \$60.7 million ongoing General Fund, to reflect updated caseload estimates. The January budget had proposed a \$231.1 million increase from 2023-24.

Potential Questions:

- When does the Administration believe Cal Grant Reform can be triggered on? Given that funding for the program is not needed until one year after the new program is implemented, is funding available in 2025-26 or 2026-27 to trigger on the program?
- Does CSAC have cost estimates for partial implementation of Cal Grant Reform?
- What does CSAC believe will be the impact of the FAFSA problems this year?
- The average award for the Middle Class Scholarship in 2023-24 is \$2,858 for CSU students and \$2,506 for UC students. What would the average award for the program be under the May Revision proposal?
- What are the specific programming changes proposed for the Golden State Teacher Grant program? Why was this program selected for a cut?
- How would CSAC handle the proposed cut to its operational funding?

Proposition 98 Overview – All Departments

Issue 7: Proposition 98 May Revision Proposals

Proposition 98 Funding: Early Education, TK-12, and Community Colleges

- Provides a total Proposition 98 General Fund funding level of \$97.5 billion in 2022-23, \$102.56 billion in 2023-24, and \$109.1 billion in the Budget Year.
- Provides a total of \$109.1 billion for Proposition 98 funding for 2024-25, which meets the Test One guarantee level, for state preschool, TK-12 public education, and community colleges. Proposes to rebench the guarantee to reflect the Proposition 28 arts funding and Universal Transitional Kindergarten growth.
- Proposes a total of \$8.4 billion in one-time withdrawals from the Proposition 98 “Rainy Day” fund, the Public School System Stabilization Account to support 2023-24 and 2024-25 school and community college expenditures. The current year Rainy Day fund proposal would no longer trigger the 10% local reserves cap statute.
- Maintains the January Budget proposal to shift Proposition 98 costs from the 2022-23 Budget Act above the revised constitutional guarantee calculation to the 2025-26, 2026-27, and 2027-28 Budget years. This cost shift is now estimated at \$8.8 billion.

Panel

- Alex Shoap, DOF
- Kenneth Kappahn, LAO

Staff Comments

Questions:

- Does proposed new Budget Year spending qualify as an “emergency” for PSSSA use?
- How has the state resolved previous Proposition 98 funding shortfalls, to avoid actual reductions in ongoing school allocations?

6100 California Department of Education

Issue 8: May Revision Proposals

May Revision Proposed Reductions

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
235	Withdraw Proposed K-12 Broadband Infrastructure Grant Program Investment	One-time			4.4	0.2	0.2	0.2	Reductions

Other Major May Revision Proposals

- Decreases Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting declining enrollment, UTK growth, and a May Revision 1.07% percent cost-of-living adjustment (COLA) in 2024-25.
- Makes numerous adjustments to local assistance for May Revision cost estimates, including Home to School Transportation, Universal Transitional Kindergarten, LCFF, and Proposition 28 Arts funding.
- Eliminates the planned \$550 million facility funding for preschool, TK, and kindergarten classrooms in the 2025-26 Budget Act in anticipation of a November 2024 School Bond initiative that is inclusive of PreK facilities.
- Eliminates the planned \$375 million in General Fund for the School Facilities Program in the 2024-25 Budget Year in anticipation of a November 2024 School Bond initiative.
- Proposes new \$895 million one-time Proposition 98 for electric school buses, in the 2024-25 Budget Year (and increase of \$395 million compared to the January Budget).
- Provides \$89.2 million for a 1.07% COLA to statutorily-required TK-12 programs, including nutrition and preschool, and the new LCFF equity multiplier.
- Maintains the California universal meals commitment with an increase of \$124.9 million in annual Proposition 98 funding and increased current year funding, to maintain two free daily meals for all students.

- Increases the Mandate Block grant for a 1.07 percent COLA in the Budget Year and by \$25 million ongoing for the planned 2025-26 Dyslexia screener implementation.
- Provides authority for a new \$17 million Youth Vaping Alternative Prevention program, funded by the JUUL Settlement.
- Makes numerous federal fund adjustments to the Budget Bill.
- Provides the CDE with eleven new positions and authority, for prior enacted legislation.

Maintains major January proposals, with some amendments:

- Creates attendance recovery statute for Average Daily Attendance and higher standards for remote learning.
- Restricts allowable uses for the Learning Recovery Emergency Block Grant, and clarifies allowed use for new math frameworks implementation.
- Continues an existing State Park Pass program for fourth graders with a new \$2.1 million ongoing Proposition 98 funding, backfilling one-time General Fund for these purposes.
- Provides \$6 million one-time Proposition 98 to study remote learning models and student information systems attendance collection.
- Provides \$20 million one-time Proposition 98 for math coaching, in anticipation of a 2025 new math curricula adoption by the State Board of Education.
- Provides \$7 million one-time Proposition 98 for a science performance assessment bank.
- Increases the California College Guidance Initiative with \$2 million ongoing Proposition 98.
- Increases the K12 High Speed Network funding by \$3.2 million in ongoing Proposition 98 funding.
- Provides \$2 million ongoing for a state Technical Assistance Center on inclusive college readiness, and \$2.5 one-time federal funds for a state Technical Assistance Center on homeless education.
- Provides \$3.4 million in one-time, and \$380,000 on-going general fund to the State Special Schools for IT infrastructure.

- Proposes professional support for educators in addressing student mental health needs, and wellness coaches for the Child and Youth Behavioral Health Initiative.
- Proposes authority for the Commission on Teacher Credentialing to create a new Arts and Music Career Technical Education credential.
- Proposes to replace the basic skills requirement with a bachelor’s degree and streamline subject matter completion review, for teacher credentials.

See attachment A for Finance Letters for all May Revision proposals.

Panel

- Melissa Ng, Department of Finance
- Edgar Cabral, Legislative Analyst’s Office
- Various, Department of Education

Staff Comments

- Why does the Administration consider new proposals, including State Park passes, increased EV buses, and the Inclusive College TA Center to warrant new Proposition 98 funding during an emergency draw-down from the PSSSA?
- Could the existing and proposed Green School Bus funding be shifted to the Climate bond discussion, in light of limited Proposition 98 funding?
- Are the increases to the school meal program in the Budget Year necessary, if the state adopts policy to maximize federal meal reimbursements?
- How is backfilling General Fund with Proposition 98 funding for the Parks Adventure Pass allowable under the constitution?
- What is the Administration’s cost estimate for the Attendance Recovery proposal at May Revision, and is that reflected in the LCFF and ADA estimates?

7760 Office of Public School Construction

Issue 9: May Revision Proposals

May Revision Proposed Reductions

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
203	Adjust Out-Year Support for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program	One-Time				550.0			Reductions
204	Adjust Support for the School Facilities Aid Program	One-Time			375.0				Reductions

Panel

- Alex Anaya Velaquez, Department of Finance
- Jacqueline Barocio, Legislative Analyst’s Office
- Rebecca Kirk, Office of Public School Construction (OPSC)

Staff Comments

Questions:

- How would the Administration shift the PreK (including LEA-based childcare and Expanded Learning) facilities into the School Bond conversation, as highlighted in the May Revision summary?
- Under the May Revision proposal, when would the State Allocation Board award schedule exhaust funds available for new construction?

6360 Commission on Teacher Credentialing

Issue 10: May Revision Proposals

May Revision Major Proposals

See Attachment A for the Finance Letter for all Commission proposals in the May Revision.

Panel

- Jodi Lieberman, Department of Finance
- Jacqueline Barocio, Legislative Analyst's Office
- David DeGuire, Commission on Teacher Credentialing (CTC)

Staff Comments

Questions:

- Will the 7.95% administration reduction impact CTC's fee-based staffing capacity?
- Is CTC fee-revenue on track to sufficiently cover certification and oversight administrative costs in the Budget Year? If not, what is the Commission's remediation plan?

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 1 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Erin Gabel and Mark Martin.