

California State Assembly



Assembly Budget Agenda

Assembly Budget Subcommittee No. 3 on Education Finance

Assemblymember David Alvarez, Chair

Tuesday, March 11, 2025
9:00 A.M. – State Capitol, Rm 447

ITEMS TO BE HEARD		
Item	Description	Page
6100	California Department of Education	2
Remarks	Dr. Linda Darling Hammond, President, State Board of Education	
Issues	1. Local Control Funding Formula and Cost of Living Adjustments	2
	2. Learning Recovery Block Grant	7
	3. Expanded Learning Opportunities Grant Program	14
	4. Non-Presentation Items	21

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

Items To Be Heard

6100 California Department of Education

Issue 1: Local Control Funding Formula & COLA

This panel will provide an overview of the Local Control Funding Formula (LCFF) for public schools, Governor's Budget proposals for cost of living adjustments to the LCFF and categorical programs, and a trailer bill proposal impacting Local Control Accountability Plans.

Enrollment estimates, and ratio funding for Universal Transitional Kindergarten (UTK), will be heard in a later hearing on UTK implementation.

Panel

- Katie Lagomarsino, Department of Finance (DOF)
- Michael Alferes, Legislative Analyst's Office (LAO)
- Aaron Heredia, California Department of Education (CDE)

Background

The bulk of funding for school districts and county offices of education for general operations is provided through the Local Control Funding Formula (LCFF) and is distributed based on the numbers of students served and certain student characteristics, including grade, income, and home language. The state first fully funded the LCFF in 2018-19 and has annually adjusted the LCFF base grant amounts by a cost-of-living adjustment (COLA).

The LCFF is based on student average daily attendance (ADA). The state allocates LCFF funding to school districts and charter schools based on their ADA—the average number of students in class each day throughout the school year. The 2022-23 Budget Act adjusted this historical calculation for non-charter LEAs: the state credits school districts with their ADA in the current year, prior year, or the average of three prior years, whichever is higher.

Statute requires a COLA for LCFF. The COLA rate is based on a price index published by the federal government. This index reflects changes in the cost of goods and services purchased by state and local governments across the country. State law provides an automatic COLA for LCFF unless the constitutionally required Proposition 98 funding level is insufficient to cover the associated costs. In these cases, the law reduces the COLA rate to fit within the available funding. The state applies the COLA to LCFF by increasing the grade span base rates, necessary small schools rates, and the transitional kindergarten staffing adjustment. These rate

increases also result in proportional increases to the grade span adjustments and supplemental and concentration grants, since the value of these components are funded as a percentage of the base grant.

Recent Budget Acts have made notable changes to the Local Control Funding Formula:

- 1) Statute now includes a new requirement that districts track their unspent supplemental and concentration grant funding and use the funding to increase or improve services for English Learning/Low Income (EL/LI) students in future years.
- 2) The concentration grant rate was increased from 55 percent to 65 percent of the base grant, with a requirement that the associated increase in funding must be used by school districts to increase the number of staff that provide direct services to students in schools where more than 55 percent of students are EL/LI.
- 3) Beginning in 2021-22, Universal Transitional Kindergarten implementation has been adding LCFF-based ADA to the K-3 grade span, in addition to a new TK staffing adjustment for lower staff to child ratios.
- 4) The 2022-23 and 2023-24 Budget Acts increased the LCFF base grants by a total of 21.8%, sometimes referred to as a “super-COLA.”
- 5) For the purpose of allocating funding under the LCFF, the state credits school districts with their attendance in the current year, previous year, or average of the three previous years (whichever is highest).
- 6) Beginning in 2022-23, school districts and county offices of education (COEs) are reimbursed for 60 percent of eligible transportation expenditures they reported in the previous year.
- 7) The 2023-24 Budget Act created the Equity Multiplier, with \$300 million ongoing (adjusted by COLA) Proposition 98 funding for school sites with high instability rates, and new accountability provisions for LEAs receiving Equity Multiplier funds.

Governor’s 2025-26 Budget

\$2.1 Billion for COLA. For 2025-26, the administration estimates the statutory COLA rate is 2.43 percent. The Governor’s budget provides \$2.1 billion to cover the associated increase for existing school programs. Of this amount, \$1.9 billion is for the LCFF and \$206 million is for categorical programs with a statutory COLA, including special education, state preschool, child

nutrition (school meals), foster youth, adults in corrections, and American Indian Education Centers.

LCFF Deferral Adjustments. As presented in the Proposition 98 hearing, the funding deferrals are embedded in the LCFF payment schedule, and the January Budget adjusts these deferrals in 2024-25 by \$35 million, and eliminates the deferrals in the 2025-26 fiscal year.

\$1.8 Billion for Expansion of TK. The Governor's budget provides \$1.8 billion to fund the final year of this UTK expansion in 2025-26. Of this amount, \$860 million is for the LCFF funding generated by the newly eligible students and \$206 million is for an add-on that funds additional staff for the existing 12:1 child to adult ratios for the newly eligible students. An additional \$746 million is provided in the January Budget to reduce all UTK child to staff ratios to 10:1. These cost estimates assume that statewide attendance for TK students is 229,200 in 2025-26, an increase of 61,300 compared with the attendance in 2024-25.

Local Control Accountability Plan (LCAP) Trailer Bill. The January Budget contains a proposal to add a fiscal penalty for LEAs that refuse to adopt an LCAP or budget, pursuant to current law.

LAO Comments

COLA Rate Likely to Be Slightly Below the Budget Estimate. On January 30, the federal government released updated data for the price index that determines the COLA rate. With this release, seven of the eight quarters of data that affect calculation are now available. Based on this update and our projections for the final quarter, we estimate the final rate to be about 2.26 percent—slightly below the estimate in the Governor's budget. This lower COLA rate would reduce the cost of the COLA for LCFF and categorical programs by about \$145 million compared with the estimate in the Governor's budget. The state will be able to finalize the COLA rate after the federal government publishes the last quarter of data on April 30.

Consider Reducing Funding Streams That Are Based on Antiquated Factors. Another way the Legislature could obtain ongoing savings is by revisiting three LCFF add-ons that provide additional funding for certain districts based on historical factors. Unlike the core components of the formula, these add-ons are not based on the number of students districts currently enroll or the needs and characteristics of those students. Instead, they provide additional funding based primarily on the size of certain programs districts operated decades ago. Eliminating or scaling back these add-ons would reduce historical funding inequities among districts, simplify the LCFF, and provide ongoing savings. If the Legislature were concerned that eliminating these add-ons immediately would be disruptive for district budgets, it could provide for a gradual phase-out. Below, we profile these three add-ons (the parenthetical amounts indicate expenditures in 2023-24):

Targeted Instructional Improvement Block Grants. This add-on provides additional funding for school districts that (1) operated desegregation programs during the 1980s, and/or (2) benefited from general-purpose grants intended to equalize district funding levels during the 1990s. The add-on is a fixed amount and unrelated to whether a district currently operates a desegregation program or the level of funding the district receives relative to other districts.

Minimum State Aid. This add-on provides additional funding for school districts and COEs with high levels of local property tax revenue per student. The add-on amount is based on the level of state funding the district or COE received prior to the LCFF and is unrelated to the programs it currently operates or the characteristics of its students.

Economic Recovery Targets. The state created this add-on to ensure all districts would receive at least as much funding under the LCFF as they would have received if the state had retained its former funding system and increased it for the statutory COLA. Over the past decade, the state has provided multiple LCFF increases beyond the statutory COLA. Based on these increases, all districts are likely receiving more funding than they would have received under the former system, adjusted for COLA.

Staff Comments

The Budget Year LCFF and COLA funding levels and relevant proposals will be considered as part of the Final Budget guarantee estimate.

As covered in prior hearings, ongoing growth in Proposition 98 funding, when paired with continued declining enrollment, provides an opportunity to revisit key elements of the Local Control Funding Formula.

One area of consistent advocacy is the LCFF Base rate and annual COLA calculation. In a few strong Budget growth years, the state has been able to provide a COLA larger than the federal price index, however, the statutory COLA usually remains below the ~4% minimum that LEAs report necessary to keep up regular inflationary costs and natural salary schedule changes.

Additionally, with the final year of Universal TK implementation, the confluence of K-3 Base Grant and TK staff ratio augmentation funding also provides an opportunity for streamlining, clarification, and coherence.

Suggested Questions:

1. In light of recent one-time fund availability, does it make sense to align discretionary one-time block grants more closely with LCFF?

2. How are recent historic increases to the LCFF base grants translating into salary scale increases for the educator workforce?
3. What COLA alternatives would the LAO recommend for LCFF?
4. What changes are needed to the K-3 grade span adjustment to integrate TK funding and policy?
5. What are the potential long-term consequences of not having a statutory COLA for large categorical programs like Career Technical Education Initiative and Expanded Learning Opportunity Program?

Staff Recommendation: Hold Open. Direct staff to work with LAO on integration of TK in K-3 LCFF grade span adjustments policy.

Issue 2: Learning Recovery Block Grant

This panel will review the January Budget proposal to restore \$378 million to the Learning Recovery Block Grant.

Panel

- Hugo Solis Galeana, DOF
- Kenneth Kappahn, LAO
- William McGee, CDE

Background**Learning Recovery Emergency Block Grant**

The 2022-23 Budget Act included \$7.9 billion for a state grant to assist TK-12 schools in supporting academic learning recovery and the social and emotional well-being of students and staff, in response to dramatic achievement gaps widening during the COVID-19 epidemic. LEAs may use Learning Recovery Emergency Block Grant funds through the 2027-28 school year, for a variety of academic and social-emotional activities, including increasing instructional learning time, providing tutoring and other academic services, offering additional instruction to students not on track to graduate, and addressing other barriers to learning.

Local educational agency (LEA) allocations are calculated based on each LEA's reported average daily attendance for kindergarten and grades 1 through 12, inclusive, multiplied by the LEA's 2021–22 LCFF unduplicated pupil percentage, as of the 2021–22 Second Principal Apportionment.

The Learning Recovery Emergency Block Grant (LREBG) funds can be expended for any of the following evidence-based purposes:

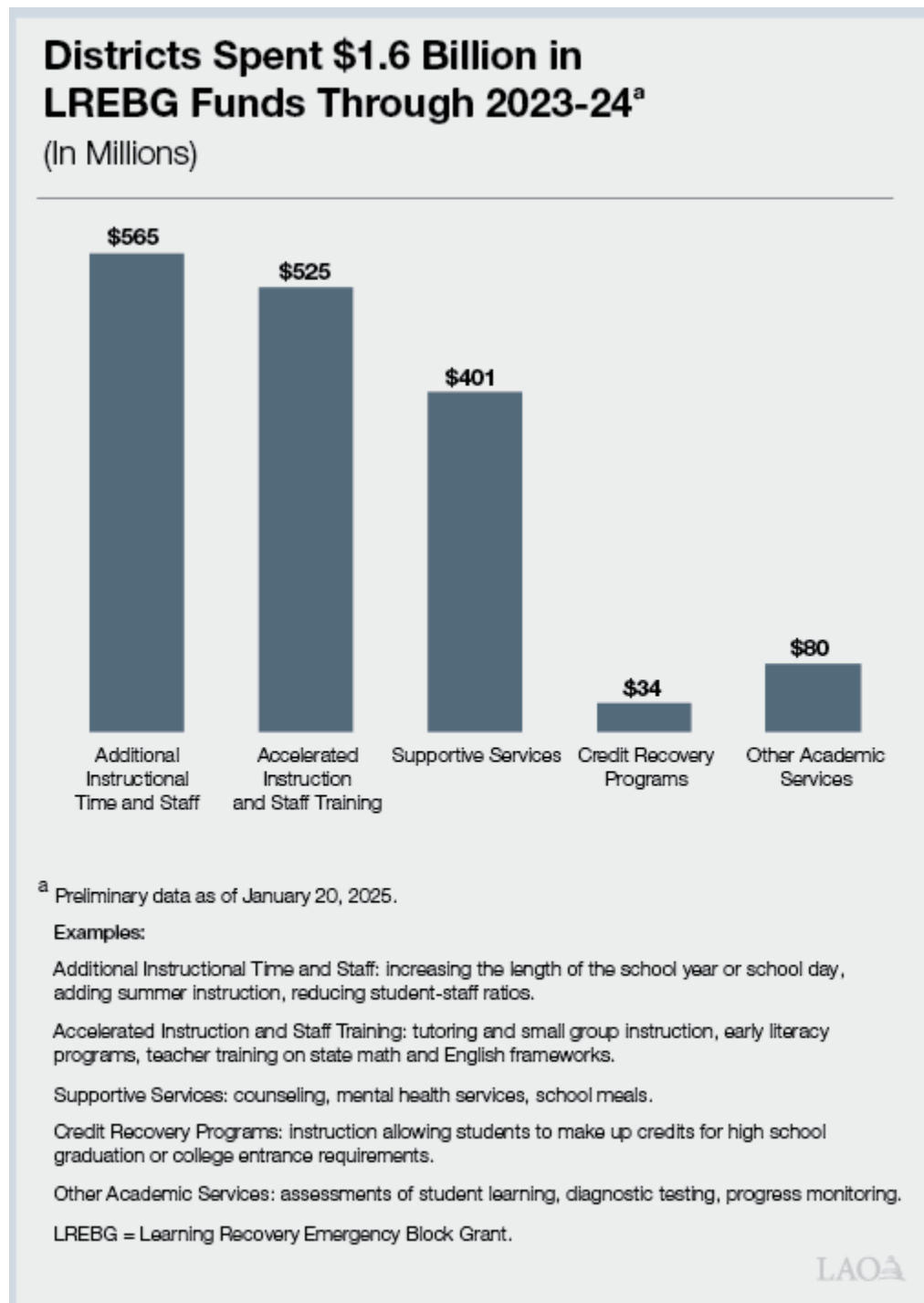
- 1) **Instructional learning time** for the 2022–23 through 2027–28 school years by increasing the number of instructional days or minutes provided during the school year, providing summer school or intersessional instructional programs, or taking any other action that increases or stabilizes the amount of instructional time or services provided to pupils, or decreases or stabilizes staff-to-pupil ratios, based on pupil learning needs.
- 2) **Accelerating** progress to close learning gaps through the implementation, expansion, or **enhancement of learning supports**, such as:
 - Tutoring or other one-on-one or small group learning supports provided by certificated or classified staff.

- Learning recovery programs and materials designed to accelerate pupil academic proficiency or English language proficiency, or both.
 - Providing early intervention and literacy programs for pupils in preschool to grade 3, inclusive, including, but not limited to, school library access.
 - Supporting expanded learning opportunity program services pursuant to EC Section 46120.
 - Providing instruction and services consistent with the California Community Schools Partnership Act (Chapter 6 [commencing with Section 8900] of Part 6) regardless of grantee status.
- 3) **Integrating pupil supports** to address other barriers to learning, and staff supports and training, such as the provision of health, counseling, or mental health services; access to school meal programs; before and after school programs or programs to address pupil trauma and social-emotional learning; or referrals for support for family or pupil needs.
- 4) **Access to instruction for credit-deficient** pupils to complete graduation or grade promotion requirements and to increase or improve pupils' college eligibility.
- 5) **Additional academic services** for pupils, such as diagnostic, progress monitoring, and benchmark assessments of pupil learning.

In light of a one-time budget shortfall, the June 2023 budget implemented a \$1.1 billion (14.3 percent) reduction to the LREBG. This reduction lowered the funding for the program to \$6.8 billion. The budget also contained intent language to restore on a schedule of \$379 million annually in 2025-26, 2026-27, and 2027-28.

New Requirements Added in 2024-25 Budget Act Following a Legal Settlement. In late 2020, the families of several students living in Oakland and Los Angeles filed a lawsuit alleging the state had failed to ensure that schools provided adequate instruction during the pandemic (Cayla J. et al. v. State of California). In early 2024, the state agencies involved in the suit announced a settlement agreement with the plaintiffs. The agreement called for the Governor to propose new requirements for the LREBG. The requirements consisted of actions districts would need to take before spending the rest of their grants, including (1) conducting a needs assessment to identify the students in greatest need of support, (2) documenting the rationale for their proposed use of the grant, (3) explaining how research or other evidence supported their plans, (4) soliciting and responding to community feedback through their local planning process, and (5) tracking relevant measures of student engagement and academic performance. The agreement recognized that districts had already spent some of their LREBG funds but presumed at least \$2 billion in unspent funds would be subject to the new requirements. The 2024-25 Budget Act enacted these settlement changes to the Block Grant.

According to the latest CDE data, LEAs have reported spending approximately \$1.6 billion of the LREBG funding through the 2023-24 school year:



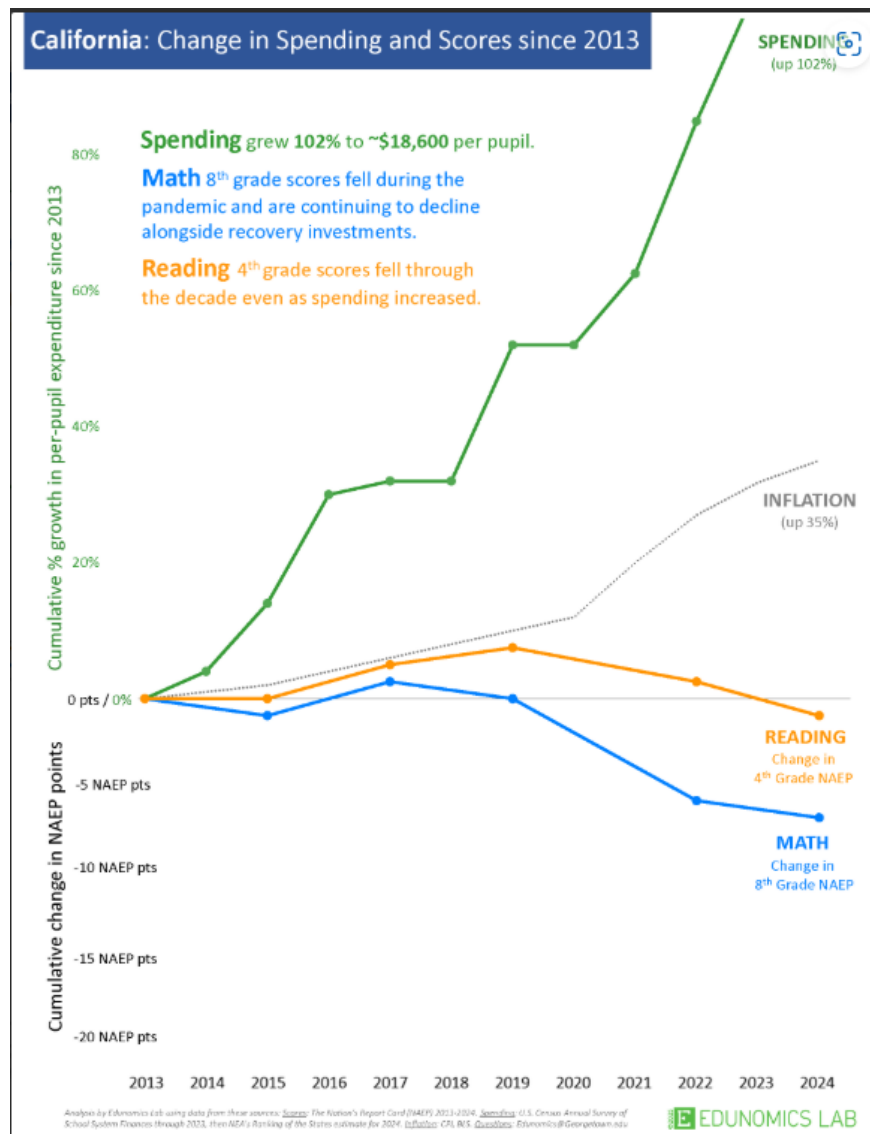
The December 2024 interim reports show that districts spent \$1.6 billion through the first two years of the program (2022-23 and 2023-24). Most of this spending supported academic activities, including additional instructional time, additional staff, accelerated instruction (such as

tutoring), and teacher training (refer to the figure above). Although statewide data for subsequent years are not yet available, many districts indicate they accelerated spending significantly in 2024-25. Based on this information, the LAO anticipates that more than half of the initial \$6.8 billion allocation will be spent by the end of the current year. Many districts also indicate they have specific plans for the remainder of their allocations.

Student Achievement Gaps Update

As covered in the February 12, 2025 Assembly Education Committee informational hearing on ongoing Learning Recovery challenges, the large achievement gap increases due to COVID school closures remain for almost all LEAs in California, across reading and math scores, and chronic absenteeism.

California learning recovery struggles are on par with national trends. According to the latest Education Recovery Scorecard, which was highlighted in the hearing at length:



“1. As of Spring 2024, the average U.S. student remained nearly half a grade level behind pre-pandemic achievement in both math and reading. **Students are now further behind in reading than they were in 2022.**

2. Although **no state improved in both math and reading** on the NAEP relative to 2019...6 percent (of total students) are in districts which have recovered in both subjects.

3. District-level data reveal pockets of success and continued struggle in most states. For instance, the NAEP reported that only one state, Alabama, had average achievement above 2019 levels in 4th grade math...

4. The **highest income decile districts are nearly 4 times more likely to have recovered** in both math and reading than the lowest income decile districts: 14.1 percent vs. 3.9 percent. Still, we see examples of higher poverty districts recovering in reading and math—such as Compton, California...

5. **Socioeconomic and racial/ethnic disparities in math achievement have grown** since the start of the pandemic both within districts and across districts. The disparity in math scores between students in affluent and low-income districts has grown by 11 percent since the start of the pandemic, and the disparity in scores between students in predominantly non-minority and predominantly minority districts has grown by 15 percent. Moreover, the average within-district racial/ethnic disparities in math scores have grown by 7-12 percent since 2019. The disparities in reading scores have grown as well, but by less.

6. The federal relief dollars aided the recovery in higher poverty districts (where achievement in both math and reading was boosted by 10 percent of a grade equivalent.) Each dollar of federal relief improved student achievement by about as much as a general revenue increase. But it mattered how districts spent the money. In California, which maintained more detailed spending data, we find that **student achievement grew more in districts that spent more on academic interventions**, such as tutoring or summer school.

7. A **widespread rise in absenteeism is slowing the recovery, especially in high poverty districts.** Most districts—high- and low-income—have seen a rise in student absenteeism, with larger increases in low-income districts. Our data show that districts with high post-pandemic absenteeism did experience slower recovery, but the full impact of the rise in absenteeism is not yet clear.” (Dewey, Fahle, Kane, Reardon, & Staiger, 2025)¹

The complete report, including California-specific findings, can be found here:

<https://educationrecoverycorecard.org/states/california/>

¹ Bold added for emphasis

The Governor's 2025-26 Budget

The Governor's Budget proposes to align with statutory intent, and restore the first installment of \$379 million to the Learning Recovery Emergency Block Grant. The proposal leaves the original 2027-28 spending deadline, and all spending requirements, in place.

LAO Comments

Adopt Funding for LREBG but Delay Expenditure Deadline. The additional funding for the LREBG could help districts mitigate learning loss. We recommend adopting the proposal but delaying the expenditure deadline for at least a year (through 2028-29). Delaying the deadline would allow districts to complete the detailed planning process and spend their funding more evenly over the next several years. Accounting for the additional LREBG funding and the discretionary block grant, all districts would receive an allotment of flexible funding for each student and targeted funding to support learning recovery based on their EL/LI students. This funding structure parallels the LCFF.

Staff Comments

Supporting students and schools with the academic and social-emotional losses during COVID remains a crisis across the state. Test scores and other measures of academic performance show that student achievement remains notably below pre-pandemic levels. Districts also report students coming to school with much higher levels of socio-emotional challenges than they experienced before the pandemic. Interim spending data suggest that districts have spent their LREBG funds on various initiatives that could address learning loss, including additional instructional time, additional staff, accelerated instruction (such as tutoring), and teacher training, however very few LEAs have fully recovered in math, reading, and attendance to pre-COVID achievement gaps.

In addition to ongoing learning recovery needs, generous federal COVID recovery funds have expired, creating a huge cliff effect for these initiatives, that the state LREBG was intended to mitigate. Additional LREBG funding could help districts sustain the most promising and evidence-based federally funded activities for another few years.

The Governor's Budget proposal is consistent with Legislative intent, and Budget agreements from the LREBG reductions, to eventually restore the grant to its original funding level.

In light of available one-time funds, the apparent effectiveness of evidence-based Learning Recovery strategies, and the stubborn nature of COVID-related achievement gaps, the Legislature should consider accelerating the restoration of all funding to the Learning Recovery

Emergency Block Grant in the Budget Year. Stability and predictability to this one-time funding is crucial for LEAs in adopting long-term plans to address student needs.

As the research indicates, if COVID-related achievement gaps are not addressed, this generation of students face a lifetime of lower financial and other life expectancies. Recovery from the social and academic impacts of COVID remain an emergency in most schools.

The inequitable nature of learning recovery, with high-income LEAs recovering four times faster than low-income LEAs, raises a question about available one-time funds in the Budget, and whether an LCFF-approach would be supportive of learning acceleration, even if those funds are discretionary in nature.

Suggested Questions:

- In light of the Learning Recovery hearing, while all LEAs received federal and state Learning Recovery funds, some LEA-practices have proven much more effective than the state average. How can the System of Support continue to promote effective learning recovery strategies for LREBG funding use?

Staff Recommendation: Hold Open.

Issue 3: Expanded Learning Opportunities Grant Program

This issue will cover the Governor's Budget proposals to augment the Expanded Learning Opportunities Program (ELOP), the state's universal after school and summer school program.

Panel

- George Harris, DOF
- Dylan Hawksworth-Lutzow, LAO
- Michael Funk, CDE

Background**Expanded Learning Opportunities Program**

"Expanded learning" means before school, after school, summer, or intersession learning programs that focus on developing the academic, social, emotional, and physical needs and interests of pupils through hands-on, engaging learning experiences. Expanded learning programs are pupil-centered, results driven, include community partners, and complement, but do not replicate, learning activities in the regular school day and school year.

The 2021-22 Budget Act authorized the on-going Expanded Learning Opportunities Program (ELO-P) and the 2022-23 Budget Act provided \$4 billion in annual, ongoing funding for school districts and charter schools to provide in-person expanded learning time opportunities to students in TK through grade 6.

The ELO-P program is intended to be California's universal "after school" program, and provide all students with no- or low-cost access to a total of nine hours of developmentally appropriate academics and enrichment activities per instructional day and for 30 non-school days of summer/intersession days. The nine hours of activities are inclusive of the traditional school day bell schedule. All local educational agencies, regardless of community demographics, are encouraged to offer free or subsidized ELOP services to all students, using a fee schedule that considers family income and ability to pay.

Two-Tiered ELOP Funding Rates & Service Standards

In 2023-24, districts and charter schools with a student body that is equal to or more than 75 percent unduplicated pupils receive \$2,750 per unduplicated student enrolled in TK through grade 6 for ELO-P allowable services (referred to as "Tier 1 rates"). LEAs with concentrations of unduplicated pupils less than 75 percent receive approximately \$1,800 per unduplicated student enrolled in TK through grade 6 (referred to as "Tier 2 rates" which are calculated annually based

on available resources per ADA). The minimum LEA ELOP apportionment is \$50,000. ELOP does not receive a COLA, for the total amount of funding, or per pupil rate.

In the 2024-25 Budget Year, CDE was authorized to recoup unspent ELOP funds from the 2021-22 and 2022-23 fiscal years, and use these funds to supplement Tier 2 rates up to \$2,000 per pupil. It is anticipated that the full \$2,000 rate will be funded for the current year, instead of CDE's \$1,580 ADA calculation.

ELOP Funding Tiers and Rates Over Time

	Tier 1 EL/LI Threshold	Tier 1 Rate Per EL/LI Student	Tier 2 Rate Per EL/LI Student
2021-22	80%	\$1,170	\$672
2022-23	75	2,500	2,054
2023-24	75	2,750	1,803
2024-25	75	2,750	1,580
ELOP = Expanded Learning Opportunities Program and EL/LI = English learner or low-income.			

Source: LAO

As a condition of ELOP funding, districts and charter schools with a student body that is equal to or more than 75 percent unduplicated pupils must offer the program to all TK through grade 6 students in classroom-based settings and provide access to any students whose parent or guardian requests their placement in a program. LEAs with less than 75 percent concentrations of unduplicated pupils all districts and charter schools must offer expanded learning opportunity programs to all TK through grade 6 students attending classroom-based programs who are unduplicated and must provide access to at least 50 percent of these students. These two levels of service requirements are intended to mirror the differences in funding made available for this program and inside LCFF for higher-poverty schools.

ELO-P quality standards and the program plan guide are aligned to the pre-existing After School Education & Safety (ASES) statute, however, ELO-P does not require a local funding match or competitive application process. The most significant programmatic differences are 1) that the ELO-P teacher to child ratio for TK and kindergarten is 1:10, while ASES allows 1:20, and 2) ASES funding explicitly funds students through grade nine, while ELO-P funds may support students through the twelfth grade, but only requires access through the sixth grade.

According to CDE, 539 school districts that received initial ELO-P funding in 2021-22 did not have a history of receiving ASES or federal 21stCCLC expanded learning funding, and thus were created brand new after school offerings.

Key Components of California's Two Largest Expanded Learning Programs

	ASES	ELOP
Funding Allocation	Competitive grant process that prioritizes high-poverty schools. Funded using a daily per-student rate (10.18 in 2024-25).	Two-tier funding formula based on the number of EL/LI students in the district or charter school.
Hours of Operation	Must operate an after school program. Grantees can apply for additional funding for before school or summer programs. Must begin immediately after the school day ends and operate until at least 6 pm every school day.	Must operate for at least 9 hours every school day including normal instruction hours and for at least 30 days over the summer.
Grade Levels	TK-8th grade.	Formula is based on TK-6th grade attendance, but can be used for other grades.
Curriculum	Must include an educational and literacy element and an educational enrichment element.	Same as ASES.
Staffing	For TK and kindergarten, maintain a student to staff ratio of no more than 10 to 1. For other grades, maintain a student to staff ratio of no more than 20 to 1.	Same as ASES.
Parent Fees	Optional. Programs that charge fees must waive them for low-income students, homeless youth, and foster youth. Fees must be based on a sliding scale that considers family income and ability to pay.	Same as ASES.
Local Match	Local match of \$1 (cash or in-kind services) for every \$3 in state funding.	Not required.
ASES = After School Education and Safety Program; ELOP = Expanded Learning Opportunities Program; TK = transitional kindergarten; and EL/LI = English learner or low-income.		

Source: LAO

Funds provided to a LEA are to be used to support student access to ELO-Ps, which may include, but is not limited to hiring literacy coaches, high-dosage tutors, school counselors, and instructional day teachers and aides to assist students as part of the LEAs program enrichment activities.

ELOP Data Update: Beginning in the 2025-26 academic year, LEAs will identify students in CALPADS who were enrolled in an ELOP or “other” after school program (ELP) within an academic year (July 1 through June 30) and the start date of that enrollment. Additionally, for any student who is identified as enrolled in an ELP, LEAs will also report the total number of days a student participated in an ELP. An “enrolled student” is defined as a student who has completed an ELP enrollment form. LEAs will certify these data as part of the End of Year (EOY) 3 submission to CALPADS. In accordance with state law, the CDE will continue to provide a report to the legislature on this program based on this new data source.

Other California “After School” Investments

The After School Education and Safety (ASES) Program. ASES baseline funding is required by the 2002 voter-approved initiative, Proposition 49. This proposition expanded and renamed the former state Before and After School Learning and Safe Neighborhood Partnerships Program. The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive afterschool alternatives for students in transitional kindergarten (TK) through ninth grade. ASES programs must include an educational and literacy element that provides tutoring or homework assistance, as well as an educational enrichment element, physical activity, and a healthy snack or meal. Funding is designed to maintain pre-Prop 49 before and after school program funding, and provide eligibility to all public elementary and middle schools that submit quality applications.

Proposition 49 requires a minimum of \$550 million in annual state funding for after school programs. No more than 1.5 percent of these funds is available to the Department of Education (CDE) for technical assistance, evaluation, and training services. The 2024-25 funding level for the ASES program is \$794 million. Per statute, CDE awards ASES grants on a competitive, 3-year grant cycle, which provides priority for current grantees.

21st Century Community Learning Centers. The 21st Century program was established by the federal Elementary and Secondary Education Act in 1994, and reauthorized in the federal Every Student Succeeds Act in 2015. The 21st Century Community Learning Centers (CCLC) Program, as described in federal statute, provides opportunities for communities to establish or expand activities that focus on improved academic achievement, enrichment services that reinforce and complement the academic program, and family literacy and related educational development services.

California uses 21st CCLC funds to support TK-12 afterschool programs through state statute. TK-8 programs are aligned to ASES standards and high school programs are guided by After School Safety and Enrichment for Teens (ASSETS) statutory standards. The CDE conducts a competitive grant process for any available 21st CCLC funds. Unlike ASES, 21st CCLC fund cycles are five years in length, and do not necessarily fund the same grantees each cycle. \$146 million in annual 21st CCLC funds currently support 721 school sites, serving students TK-12. 374 school sites are funded with both ASES and 21st CCLC funds.

ELO-P and ASES/21st CCLC. CDE guidance has allowed ASES and 21st CCLC funds to be blended with Expanded Learning grants and ELO-P to create streamlined expanded learning opportunities. For example, unduplicated students who are counted towards ASES program funding are allowed to be counted towards the Expanded Learning Opportunities Program requirements, and funds provided through the Expanded Learning Opportunities Program are

allowed to be used for the local match in ASES. However, ASES and 21st CCLC are funded at the school site level, while the Expanded Learning Opportunities Program funds are allocated to local educational agencies, with a priority for school sites in the LEA's lowest income communities while maximizing the number of schools and neighborhoods with expanded learning opportunities programs across their attendance area.

System of Support for Expanded Learning. The state uses a portion of ASES (1.5% Prop 49) and 21st Century program (5%) allocations (\$16 million in 2020-21) to fund a regional system of support for expanded learning programs. This system of support includes the California Department of Education, 16 county offices of education across 11 regions, and contracted technical assistance providers. The technical assistance provides schools with ongoing support to help them create effective programs. The specific technical assistance activities can include coaching, training, resource brokering, and mentoring. The 2021-22 Budget Act increased the CDE staff capacity for the new universal Expanded Learning system, but did not increase funding for the regional systems of support.

Governor's 2025-26 Budget

The Governor proposes to lower the threshold for Tier 1 funding from 75 percent EL/LI students to 55 percent, while keeping the Tier 1 rate at \$2,750 per EL/LI student, aligning ELOP Tier 1 with LCFF concentration grant eligibility. The budget includes an associated \$435 million Proposition 98 General Fund increase to ELOP, which is intended to pay for the increased Tier 1 costs without reducing the rate for districts in Tier 2.

LAO Comments

Estimated Cost of Proposal Is Reasonable, but Recommend Delaying Changes at Least One Year. The Governor's budget increases ELOP funding by \$435 million and makes all districts with EL/LI shares of 55 percent or more eligible for the higher Tier 1 funding rate. Districts that shift to the higher funding rate would be required to offer the program to all students, not only their EL/LI students. The amount of funding proposed is a reasonable estimate of the costs associated with the proposed change. If the Legislature adopts the Governor's proposal, we recommend delaying the requirements and associated funding for at least a year. Districts would have little time after the state budget is enacted in June to make the staffing and facilities changes necessary to meet the new requirements in 2025-26.

Recommend Revisiting Overall Structure. Given the Governor's proposed increase in funding for ELOP, we think this is a good opportunity for the Legislature to revisit the overall structure for expanded learning programs. We identify several key problems the Legislature might want to address before expanding the program. Specifically, we make the following recommendations:

Align Funding for ELOP and the After School Education and Safety (ASES) Program. Currently, many of the students required to be served with ELOP already have access to expanded learning through ASES. As a result, districts effectively receive two different streams of funding to serve some of the same students. One way to address this issue would be to reduce ELOP funding by the amount of ASES funding districts receive. This would mean districts have less ELOP funding for programming beyond the minimum requirements, but would free up several hundreds of millions of dollars that could be redirected to other education priorities.

Over the Long Run, Fund ELOP Based on Actual Program Participation. Current ELOP funding is based on the amount of EL/LI elementary school students in a district rather than the amount participating in the program. This results in districts with high demand for the program receiving less funding per participating student than districts with lower demand. We recommend the state fund ELOP based on the number of students participating in ELOP programming as program participation data starts becoming available (beginning 2026-27).

Consider Setting a Fixed Rate for Lower Funding Tier. The current funding rate for Tier 2 districts changes each year based on the amount of funding remaining after Tier 1 districts have been funded. This makes planning in these districts challenging. The state could set a fixed ELOP rate to reduce uncertainty in these districts, although this would shift some of the fiscal risks and uncertainties to the state.

Staff Comments

The Expanded Learning Opportunities Program is intended to be one transformation investment in student engagement and learning recovery—germane to post-pandemic response as well as long-term policy goals for student outcomes—but in the midst of nationwide staffing shortages and general initiative exhaustion, some LEAs are struggling to see how to leverage ELO-P funding as an asset.

In this fifth year of program planning, implementation, and investment, it will be imperative to identify and strengthen key design elements for the program to support student outcomes and access: data and accountability, final funding formulas, program standards, and system sustainability. These design elements should be sensitive to the current environment in which schools and students are, but also focus on long-term student engagement and learning.

The January Budget proposal extends the ELOP program Tier 1 rate and standards to all concentration grant-eligible LEAs, consistent with the Administration's original intent.

However, the proposal is missing a long-term solution to the instability in Tier 2 rates, for those LEAs below 55% LCFF. The current year rate of \$2,000 per student has been reported a sufficient by those LEA implementing Tier 2 programs at scale, however even more important to those LEAs is a stable, annual rate, for budgeting and service design planning. A small number of LEAs appear ready to opt-out of providing ELOP services in the 2025-26 school year, and this may provide a cost-neutral funding source for a stable annual rate.

It is notable that almost all LEAs not utilizing ELOP are receiving only the minimum \$50,000 grant amount.

Questions:

1. Should all LEAs be expected to “offer” a program to all students, regardless of income? Does statute support inclusion?
2. How are LEAs “offering” their ELOP options to parents? Are stronger state standards for parent engagement and program advertisement needed?
3. Enrollment vs participation incentives: per the LAO recommendation, should ELOP reward LEAs for student participation?
4. What is the necessary implementation timeline for new Tier 1 LEAs to prepare and meet increased service requirements? Does a January start date help, or is an entire year necessary?
5. And do these Tier 1 LEAs need one-time funding, prior to ongoing Tier 1 rates, to prepare?
6. What is an adequate Tier 2 rate, based on current student service requirements? Would 50% of the Tier 1 rate be sufficient?
7. Are LEAs utilizing sliding-scale parent fees to supplement Tier 2 rates?
8. What is an adequate minimum LEA grant for Tier 1? Tier 2?
9. Are local Resource & Referral agencies posting third-party ELO-P options for parents? What is the estimated magnitude of student services for ELO-P on third-party sites?

Staff Recommendation: Hold Open. Ask staff to work with LAO and CDE on recommendations for a more stable, permanent Tier 2 funding amount, and Tier 1 minimum grant amount.

Issue 4: Non-Presentation Items

The Department of Finance will not be formally presenting the following items but is available to answer any questions from the Subcommittee related to these budget proposals. Public comment at this hearing is available.

1. Education Trailer Bill Proposal: Update County Office of Education Budget Approval Process. The Governor's Budget proposes changes to Education Code Section 1622 to clarify the State Superintendent's role in County Office of Education Budget approvals.

2. Education Trailer Bill Proposal: Budget Review Committee Membership Reimbursement. The Governor's Budget proposes changes to Education Code Sections 1623 and 42127.1 to move budget review committee members' reimbursement rates from SBE to State Superintendent, and exempt FCMAT staff from reimbursements.

3. Education Trailer Bill Proposal: Update for Oversight Agencies Assisting School Districts and County Offices of Education. The Governor's Budget proposes changes to Education Code Sections 1630 and 42127.6 to clarify various provisions regarding support for LEAs in fiscal distress.

4. Education Trailer Bill Proposal: Lease-Purchase Program Interest Retention. The Governor's Budget proposes to clarify status of interest on this now-defunct program.

5. Education Trailer Bill Proposal: Conditions for Audit Extensions. The Governor's Budget proposes amend Education Code Section 41020.2 to limit audit extensions.

6. Education Trailer Bill Proposal: Update Fiscal Year for Proposition 98 Split. The Governor's Budget proposes to continue waiving the statutory split for Proposition 98 funding between schools and colleges.

7. Education Trailer Bill Proposal: Education Audit Appeals Authority Increase. The Governor's Budget proposes to align minimum audit appeal exception thresholds with annual statewide average daily attendance.

8. Education Trailer Bill Proposal: Special Education Redevelopment Agency Property Tax Backfill. The Governor's Budget proposes to add uncodified language for special education programs backfill.

Staff Recommendation: Hold Open

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 3 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Erin Gabel.