

California State Assembly



Agenda

Assembly Budget Subcommittee No. 3 on Education Finance

Assemblymember David Alvarez, Chair

Tuesday, May 20, 2025

9:00 A.M. – State Capitol, Rm 447

May Revision Hearing

Part 1: Proposition 98 & PreK-12 Proposals

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Public Comment will be taken in person at 9:00 A.M. for Issues 1 through 3, and again at 1:30 P.M. for Issues 4 through 8.

May Revision Hearing

Part 2: Higher Education Proposals

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Part 1: Proposition 98 & PreK-12 Proposals

Proposition 98 Overview – All Departments

Issue 1: Proposition 98 May Revision Proposals

This panel will hear the May Revision proposals and assumptions impacting the Proposition 98 guarantee calculation.

Panel

- Alex Shoap, Department of Finance (DOF)
- Kenneth Kappahn, Legislative Analyst's Office (LAO)

Background

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

- Estimates a Proposition 98 General Fund funding level of \$98.5 billion (suspension level) in 2023-24, \$118.9 billion in 2024-25, and \$114.6 billion for the 2025-26 Budget Year.
- Estimates \$114.6 billion for Proposition 98 funding for 2025-26, 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 final year of Universal Transitional Kindergarten (TK) enrollment growth.
- Proposes to not appropriate an estimated \$1.3 billion in one-time 2024-25 Proposition 98 funding in the Budget Act, due to revenue estimate uncertainties.
- Adjusts the Proposition 98 funding split between TK-12 and community colleges by shifting all funding for TK expansion to the TK-12 side of the split. This adjustment impacts \$107 million one-time Proposition 98 General Fund in 23-24, \$152 million one-time Proposition 98 General Fund in 24-25, and \$233 million ongoing Proposition 98 General Fund in 25-26. This change would shift a total of \$492 million one-time in the Budget Act, and \$233 million ongoing in the out-years, from community colleges to TK-12 school funding.
- Increases Proposition 98 funding by \$2.9 billion in the 2024-25 Current Year compared to the enacted 2024-25 Budget Act.

- Continues to recognize the suspension of Proposition 98 in the 2023-24 fiscal year, at a level of \$98.5 billion, while continuing to provide \$106.8 billion in actual funding to TK-14 schools.
- Withdraws all funding in the Proposition 98 “Rainy Day” fund, the Public School System Stabilization Account (PSSSA), over the three year budget window. Projects a revised \$540 million in total and required one-time contributions in the 2024-25 fiscal year, and a \$540 million withdrawal in 2025-26.
- Pays off the existing Proposition 98 funding deferrals in the Budget Year, and proposes a new Local Control Funding Formula (LCFF) deferral of \$1.8 billion into the 2026-27 Budget Year.

**6100 California Department of Education
7760 Office of Public School Construction
6360 Commission on Teacher Credentialing
0985 California School Finance Authority**

Issue 2: May Revision of January PreK-12 Funding & Trailer Bill Proposals

This panel will hear changes at May Revision to Governor's Budget TK-12 funding and trailer bill proposals.

Panel

- Patrick Rochelle, Department of Finance
- Jodi Lieberman, Department of Finance
- Edgar Cabral, Legislative Analyst's Office

Background

Maintains Major January Proposals with Revisions:

- Increases Proposition 98 funding for the Local Control Funding Formula (LCFF) by \$2.1 billion, reflecting declining enrollment, UTK enrollment, and a 2.3 percent cost-of-living adjustment (COLA) in 2025-26. Uses the Prop 98 Rainy Day withdrawal and deferral proposals to fully support this increase.
- Provides \$174 million for a 2.3% COLA to statutorily-required TK-12 programs and the equity multiplier, except state preschool.
- Proposes a \$1.7 billion, one-time Student Support and Discretionary Block Grant, including support for dual enrollment, career pathways approaches, and professional development for educators in English Language Arts and mathematics.
- Provides an additional \$2.1 billion funding for the final year of Universal Transitional Kindergarten (UTK) implementation, including \$1.2 billion ongoing for 10:1 UTK child to staff ratios.
- Increases the Expanded Learning Opportunities Program by \$525.5 million ongoing, for the projected cost of full program implementation and increased costs to serve all unduplicated pupils, grades TK-6, in all local education agencies. Expands Tier 1 service standards and funding to all concentration grant local education agencies. Increases the minimum grant to \$100,000.

- Maintains January Budget proposal to increase and expand the Literacy Coaches program with an additional \$500 million one-time Proposition 98 and the addition of mathematics coaching.
- Maintains an educator recruitment and retention package, including a new Teacher Recruitment Incentive Grant Program with \$100 million one-time Proposition 98 funding, to fund stipends for student teachers, \$100 million one-time Proposition 98 to extend the National Board Certification program, and \$64.2 million one-time General Fund for the Golden State Teacher Grant program.
- Maintains the California universal meals commitment with an increase of \$90.7 million in annual Proposition 98 funding, to maintain two free daily meals for all students.
- Proposes \$10 million one-time Proposition 98 to support use of English language proficiency screeners for TK dual-language learners.
- Proposes \$5 million, one-time Proposition 98 through 2029-30, for a new Literacy Network in the Statewide System of Support.
- Maintains an additional \$4 million one-time General Fund to support regional coordination of Career Education.
- Provides \$2 million on-time for the digitization and multi-language translation of the Individualized Education Program template.
- Proposes \$1 million one-time Proposition 98 to evaluate the state's curricula adoption process.
- Authorizes the Instructional Quality Commission to initiate a new adoption cycle for English Language Arts & English Language Development instructional materials.

See attachments A and B for Finance Letters for all TK-12 May Revision proposals.

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Issue 3: New May Revision PreK-12 Funding & Trailer Bill Proposals

This panel will hear new PreK-12 education funding and trailer bill proposals in the May Revision.

Panel

- Patrick Rochelle, Department of Finance
- Jodi Lieberman, Department of Finance
- Edgar Cabral, Legislative Analyst's Office

Background

Major May Revision PreK-12 Education Proposals:

- Proposes a \$200 million block grant for English Language Arts and Development professional development.
- Sweeps \$177.5 million in unused General Fund from the Office of Public School Construction, to be offset by Proposition 2 fund availability for fire-impacted school facilities.
- Suspends the statutory state preschool COLA, for an ongoing reduction of \$19.3 million Proposition 98 and \$10.2 million General Fund.
- Allocates up to \$9.7 million one-time for property tax backfill related to fire-impacted school districts.
- Increases one-time funding to the UCSF Dyslexia Center, for implementation of the Multitudes screener, adopted by the State Board of Education.
- Provides \$30 million one-time General Fund, over three years for the Special Olympics.
- Increases the summer nutrition SUN Bucks program by \$21.9 million ongoing for student summer meals.

- Proposes a \$15 million one-time pilot program to redesign middle and high schools.
- Creates a one-time LCFF backfill with \$7.5 million through the 2026-27 fiscal year, due to lack of TK screener for determining English-language learner status for purposes of LCFF unduplicated pupil counts.
- Proposes a new regional lead English Learner focus within the State System of Support, with \$2 million ongoing Prop 98 funding.
- Adds \$500,000 one-time Prop 98 for high school students to attend the California Association of Student Councils' annual conference.
- Requires local education agencies to provide information on CalKIDS accounts to families.
- Extends COVID-related waivers for clear educator credential requirements.

See attachments A and B for Finance Letters for all TK-12 May Revision proposals.

Part 2: Higher Education Proposals

6440 University of California

Issue 4: May Revision Proposals

The Subcommittee will discuss May Revision proposals for the University of California (UC).

Panel

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

The May Revision:

- Reduces a base reduction proposed in January from \$396.6 million ongoing General Fund to \$129.7 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of UC's ongoing state funding.
- Reduces ongoing General Fund by \$3.6 million to reflect debt service savings from the Higher Education Student Housing Grant Program. This action leaves UC with \$2.6 million in debt service savings.
- Provides \$1.8 million one-time General Fund to support First Star Youth Cohorts at UC campuses.
- Uses interest earnings from previous bond issuances to support \$5.8 million toward the seismic renovation of the Powell Library at UCLA.
- For UC College of the Law SF, reduces a proposed cut to the college from \$1.8 million ongoing General Fund to \$695,000 ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of the College's ongoing state funding.

6610 California State University

Issue 5: CSU May Revision Proposal

The Subcommittee will discuss the May Revision proposal for California State University (CSU).

Panel

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

The May Revision:

- Reduces a base reduction proposed in January from \$375.2 million ongoing General Fund to \$143.8 million ongoing General Fund. The newly proposed cut represents a reduction of about 3 percent of CSU's ongoing state funding.

6870 California Community Colleges**Issue 6: May Revision Proposals**

The Subcommittee will discuss the May Revision proposals for the California Community Colleges.

Panel

- Justin Hurst, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Chris Ferguson, California Community Colleges Chancellor's Office

The May Revision:

- Shifts \$492.4 million Proposition 98 General Fund from the community colleges to the TK-12 side of the Proposition 98 funding split to support TK expansion.
- Increases support for the Student Centered Funding Formula (SCFF) by \$210.2 million one-time Proposition 98 General Fund and \$104.7 million ongoing Proposition 98 General Fund to fully fund the formula in the 2024-25 and 2025-26 fiscal years.
- Provides \$139.9 million ongoing Proposition 98 General Fund to support 2.35 percent enrollment growth.
- Decreases support for a Cost-of-Living Adjustment (COLA) to the SCFF and some categorical programs to reflect a revised COLA of 2.3 percent. Reductions include \$12.9 million ongoing Proposition 98 General Fund for SCFF and \$122,000 for categorical programs. The May Revision provides \$217.4 million ongoing Proposition 98 to support the SCFF COLA.
- Provides \$3.8 million one-time Proposition 98 General Fund in 2024-25 and \$8.1 million one-time Proposition 98 General Fund in 2025-26 to support a fire-related property tax backfill.
- Defers \$531.6 million in SCFF funding from 2025-26 to 2026-27.
- Uses \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.

- Withdraws a Governor's Budget proposal to provide \$168 million one-time Proposition 98 General Fund for the Collaborative ERP Project.
- Reduces support for the Common Cloud Data Platform Project to \$12 million one-time Proposition 98 General Fund. The Governor's Budget provided \$162.5 million Proposition 98 General Fund.
- Reduces support for the Career Passport proposal to \$25 million one-time Proposition 98 General Fund. The Governor's Budget provided \$50 million one-time Proposition 98 General Fund.
- Reduces support for the Credit for Prior Learning proposal to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund. The Governor's Budget provided \$43 million one-time and \$7 million ongoing Proposition 98 General Fund.
- Reduces support for the Rising Scholars proposal to \$10 million ongoing Proposition 98 General Fund. The Governor's Budget provided \$30 million ongoing Proposition 98 General Fund.
- Modifies the January capital outlay proposals by withdrawing support for the Golden West College Fine Arts Renovation project and the Grossmont College Gymnasium Replacement Project, adding support for the American River College Davies Hall Replacement project and making technical adjustments to two other projects.
- Provides \$6.6 million one-time Proposition 98 General Fund to support e-Transcript California to replace funds that were anticipated but did not materialize.
- Provides \$3.8 million one-time Proposition 98 General Fund in 2024-25 and \$8.1 million one-time Proposition 98 General Fund to backfill fire-related property tax declines.

6980 California Student Aid Commission**Issue 7: CSAC May Revision Proposals**

The Subcommittee will discuss May Revision proposals for the California Student Aid Commission.

Panel

- Amanpreet Singh, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Catalina Mistler, California Student Aid Commission

The May Revision:

- Increases support for the Cal Grant program by \$94.7 million one-time General Fund in 2024-25 and \$228.7 million ongoing General Fund in 2025-26 to reflect increased Cal Grant participation. Total Cal Grant expenditures as proposed would be \$2.5 billion in 2024-25 and \$2.8 billion in 2025-26.
- Increases support for the Middle Class Scholarship program by \$77 million one-time General Fund in 2024-25 to support an unanticipated increase in participation. Total Middle Class Scholarship expenditures as proposed would be \$1 billion in 2024-25 and \$513 million in 2025-26.
- Increases support for the Golden State Teacher Grant Program by \$14.2 million to reflect unused funds from 2024-25. Total support for the program as proposed in 2025-26 would be \$64.2 million.

6120 California State Library

Issue 8: State Library May Revision Proposals

The Subcommittee will discuss May Revision proposals for the California State Library.

Panel

- Devin Mitchell, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

The May Revision:

- Includes budget bill language that \$500,000 ongoing General Fund in the State Library budget shall be provided to support the Braille Institute.
- Makes changes to the State Library budget in anticipation of reduced federal funding. Decreases federal funding by a combined \$15.7 million to reflect the federal Institute of Museum and Library Services terminating a Library Services and Technology Grant and reappropriates \$4.3 million one-time General Fund from the Comprehensive Digitization Strategy Initiative to general library support to help offset the reduced federal funding.