

# 2024 Budget, Policy, and Leadership Update Webinar

Hosted by:  
**Candice Lamarche**, Schools Operations Specialist  
**Caitlin O'Halloran**, Governance and Policy Specialist  
**Susanne Coie**, Accountability and Development Specialist  
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**Eric Premack**, Founder and Executive Director

January 17, 2024 – Online  
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# Welcome!

Budget, Policy, and Leadership Webinar


January 17, 2024






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**Caitlin O'Halloran Heller**  
Governance & Policy Specialist




**Eric Premack**  
Founder & Executive Director



**Susanne Coie**  
Accountability & Development Specialist




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Legislative & Community Outreach Specialist



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**About CSDC**

- Founded in 1992. Active ever since.
- We offer leadership trainings, resources, and membership to California charter school leaders.
- We tirelessly advocate for charter schools in Sacramento.

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# CSDC Membership

Consistent, Ongoing  
Support for Your School  
Leadership Team



Resources & Tools



Technical Assistance



Exclusive Online Trainings



Big Discounts on PD



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[www.chartercenter.org/membership](http://www.chartercenter.org/membership)

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# Form 700 Webinar

**February 21  
Live Webinar**

Tips and cautions for filling out  
this annual disclosure required  
of board members and other  
key leaders.



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FOR MORE: [chartercenter.org/form700](http://chartercenter.org/form700)

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# Accountability Webinar Series

## Charter renewal guidance you won't find anywhere else

- Understand the complex renewal provisions
- Get insights about verified data—including what counts for CAASPP
- Get ahead of the curve on growth data

Plus LCAP guidance!



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**SAVE THE DATES:** Feb 28 | Mar 13 | Apr 10 | Apr 24

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# 2024 Leadership Intensive

## July 2024

A weeklong summer training  
empowering new charter school  
leaders.



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**FOR MORE:** [chartercenter.org/li](https://chartercenter.org/li)

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Save the date!

**2024 CSDC  
Conference**

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**November  
18–20**      **Sacramento  
California**

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**2024 CSDC  
Conference**

**Win a Discounted Conference Reg!**

1


Look for the webinar eval in your email inbox this week.

2

Complete the eval by 11:59PM on **FRIDAY** (January 19)

3

Have a chance of winning 1 of 2 **50% discounted** 2024 CSDC Conference registrations!



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## Webinar Housekeeping

- **Questions for the presenters?** Post to the Q&A as we go
- **Download the Slides:** [www.chartercenter.org/jan17webinar](http://www.chartercenter.org/jan17webinar)
- **Webinar Recording:** Available shortly after live webinar at link above.
- **Eval Survey:** [www.surveymonkey.com/r/csdwebinar](http://www.surveymonkey.com/r/csdwebinar)
- **Other questions?** [csdc@chartercenter.org](mailto:csdc@chartercenter.org)



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## CSDC's Governance Updates



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## New Year, New Governance Resources

- Four UPDATED governance resources coming later this month from CSDC:
  - Mandated Internet Postings Checklist
  - Charter School Governing Board Policy Checklist
  - Annual Notifications to Parents/Guardians
  - Annual Governing Board Calendar

Be on lookout for new video format of *Board Bulletin* (plus linked resources)



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## But Wait . . . There's More!

- Coming soon
  - Form 700 Webinar- February 21 at 10:00 am
  - Board Basics – Free on CSDC website (includes Brown Act basics)
  - Board Bulletin – New format and periodic governance offerings and resources
  - Governance Academy – Live Zoom-format governance training including the new mandated ethics training (required starting in 2025)



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**Laura Kerr**  
Legislative & Community  
Outreach Specialist



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**Legislative Update**  
Presented by: Laura Kerr, Legislative and Community  
Outreach Specialist CSDC

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## 2023 Retrospective

- Governor vetoed AB 1604 (Bonta) on the Charter School Facility Grant Program.  
***Thank you to everyone who was engaged in the process!***
- Lots of new bills signed, especially related to human resources and operations.
- Be on the look out for our Legislative To-Do List, annual notifications, and deeper dive articles into the more complicated bills.



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## 2024 Legislative Process




### Bills

Jan – March: Policy Hearings  
March – April: Fiscal Committees  
May – June: Floor Votes/Second House  
July: Summer Recess  
August – Sept.: Fiscal and Floor  
Aug. 31: Deadline to send to Governor  
Sept. 30: Deadline for Gov to act



### Budget

Feb – April: Sub-Com. Hearings  
May: May Revise, Budget Com. Hearings  
June 15: Legislative deadline  
June 30: Governor must sign

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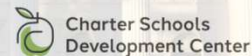
## 2024 Legislative Leadership Shifts

### Assembly

- Speaker, Robert **Rivas** (D-Hollister) has made changes to chair positions
- Jesse **Gabriel** (D-San Fernando Valley) New Budget Chair
- David **Alvarez** (D-San Diego) Education Budget Sub-Committee Chair and Member, Bill Essayli (R-Corona). Megan Dahle (R-Bieber) is out with medical leave

### Senate

- President Pro Tem transition in February, from Tony Atkins (D-San Diego) to Mike **McGuire** (D – Healdsburg)
- Senator John **Laird** (D-Santa Cruz) replaces McGuire on the Senate Education Committee and continues as Education Budget Subcommittee chair
- Senator **Skinner** (D-Berkeley) is the Budget Chair



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## 2024 Critical Issues

### Continued fallout from allegations of charter school financial abuses

- San Diego court established task force led by State Controller, county prosecutor in response to A3 prosecutions—work ongoing
- Forth coming FCMAT/LAO report on NCB fraud allegations
- FCMAT audits of Ezekial Tafoya Academy (Madera) and Inspire (Statewide)

### Possible Policy Implications

- Summer tracks
- Adult serving charter schools
- Moratorium
- Oversight

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## 2024 Legislative Update

Beginning the second year of the two-year Session.

In the Assembly:

- Speaker, Robert Rivas (D-Hollister)
- New Budget Chair
- Education Budget Sub-Committee Chair and Member
- Assemblymember Megan Dahle is out with medical leave

In the Senate

- President Pro Tem Transition in February
- Senator Laird replaces Senator McGuire on the Senate Education Committee
- Senator Skinner is the Budget Chair

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## Charter School Advocacy

Now is the time to (re)engage with your legislators!



Please complete the post-event evaluation, including advocacy-related questions.

- CSDC Advocacy Resources
- Capitol Track – Bill Tracking
- *Legislative Updates*
- *Legislative Alerts*
- Advocacy Tool Kit (Coming Soon!)
- *Advocacy Affinity Group*
- Direct support from the CSDSC Team

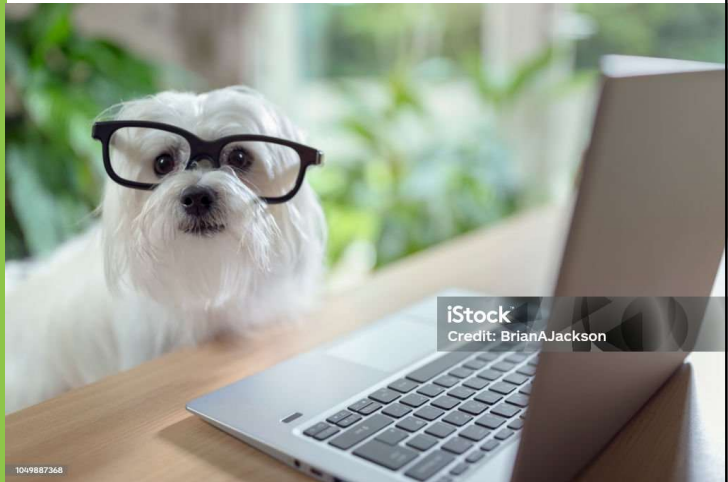


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## Accountability & Renewal Updates



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## Mid-Year Update on the LCAP

- New requirement starting this year
- On or before February 28, at a regularly scheduled board meeting, LEAs must:
  - Present an update on the LCAP and Budget Overview for Parents
    - Must include “**all available mid-year outcome data**” that relates to the metrics in your LCAP and
    - Must provide **all available mid-year expenditure and implementation data** on the actions listed in your LCAP.
      - This data is “locally determined”
  - No particular required format or template
  - No particular posting requirement
  - Not to be confused with the “LCAP Annual Update” that is part of the LCAP
    - The mid-year update is not part of the LCAP



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## Local Control and Accountability Plan Updates

- For each “contributing” action and budgeted expenditure provided on a **charter-wide basis**, the LCAP must identify **one or more specific metrics to monitor outcomes**
- Starting in 2024, the only required goals are for schools generating “Equity Multiplier” funding (i.e., the previous criteria for required goals will not continue)
  - These schools must create focus goals for student groups that have the lowest performance level (Red) on one+ Dashboard indicator
  - And “any underlying issues in the credentialing, subject matter preparation, and retention of the school’s educators, if applicable.”
- LEAs with 30+ English learner students and/or 15+ long-term English learner students must include specific actions related to:
  - **the language acquisition programs for ELs/LTELs**
  - **professional development activities**
- Other miscellaneous changes, including related to:
  - Differentiated Assistance—*This list has posted:* <https://www.cde.ca.gov/fg/aa/lc/>
  - Equity Multiplier—*This list is expected to post soon*



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## Charter Renewals Returning, Finally

2021 & 2023 legislation extended most charter terms by 3 years

- Also worsened State Board appeal framework

Last year of charter term...		
before extensions	after 1 <sup>st</sup> extension	after 2 <sup>nd</sup> extension
2021-22	2023-24	2024-25
2022-23	2024-25	2025-26
2023-24	2025-26	2026-27
2024-25	2026-27	2027-28
2025-26	no change	2026-27



**CSDC Renewal Worksheets are ready—**  
including the school’s renewal track  
**determination! Contact us to schedule a meeting.**

- With intentional planning, many schools may be able to:
  - Achieve streamlined renewal
  - Avoid the denial/2-year track
- To best position your school:
  - Show growth
  - Understand risks related to student data, finance, disenrollment of lower scoring students
  - Maintain communication with authorizers to establish shared understandings

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## Beware: Impactful Participation Penalties Expanded Again



- **English Learner Progress Indicator (ELPI)**--starting with the 2023 Dashboard
  - For each student short of 95% participation, non-testers are counted as not making progress
- **ELA and Math**--since the 2022 Dashboard
  - To each student short of 95% participation, the Dashboard assigns:
    - **Score of -277 in ELA**
    - **Score of -246 in Math**
  - If student doesn't answer enough questions on the test to obtain a score, a "LOSS" score for that grade level is assigned
- Work with parents and students to understand the significance

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## Differentiated Assistance Restarts for charter schools Far More LEAs Are Included, Now

- State accountability under LCFF, based on:
  - **State Indicators**
    - For **two years, in two priority areas**
    - A student group receives:
      - **Red** on an indicator **OR**
      - **Red/Red** or **Red/Orange** in ELA and Math\*
  - **Local Indicators:** "Not Met for 2+ Years"
    - **Must report to board** in conjunction with LCAP adoption by July 1
    - **Clearly include in the agenda as a non-consent item**
    - **Upload to Dashboard** by fall deadline—easy to miss!
- For charter schools, support is provided for "at least one year"
- Based on 2023 Dashboard, 203 of 1271 charter schools (16%) are now "eligible" for Differentiated Assistance
- These schools are **not eligible for streamlined renewal** with a 5-7 year term ("high") next year
  - See list here: <https://www.cde.ca.gov/fg/aa/lc/>

Priority Area 3: Grad Rate or Chronic Absenteeism  
Priority Area 4 : ELA, Math or ELPI  
Priority Area 6: Suspension  
Priority Area 8: Career/College Indicator

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## Reminder: Ethnic Studies Graduation Requirement Is Coming

- Requirements:
  - 2025-26: Must offer a one-semester course
  - 2026-27: Incoming Grade 9 students must complete a one-semester course to graduate
- Options:
  - Offer a stand-alone course and/or
  - “Double up” by integrating with another course
    - Ethnic Studies must be the “primary content”
- Planning
  - Do not assume your teacher has the skills to effectively teach the course
  - Highly recommend planning and providing training well in advance

Interested in a 2024-25 planning cohort? Email CSDC!

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## Economic Picture & State Budget Context



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## Economic Picture

- Economic conditions remain generally solid
  - Despite high interest rates
- Not in a recession
  - Gross domestic product still growing
  - Albeit modestly so and slowing in California
- Inflation cooling
  - “Core” inflation was 3.9% per December data
  - Down slightly from 4.0% in November
  - Down significantly from 6.6% peak in late 2022
  - Federal Reserve indicating it will reduce interest rates sometime in 2024
- California unemployment rate at 4.8 percent, up slightly per recent October data

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## State Revenues Context

- Last year’s income tax filing deadline was delayed from April, to October, then to November
- Current (2023-34) state budget adopted last summer
  - State lacked usual April income tax data for 2022
  - Had to guesstimate revenues when adopting state budget
- November tax receipts were far short of estimates used to build current budget
  - 2022 state tax revenues were \$24 billion (25 percent) short

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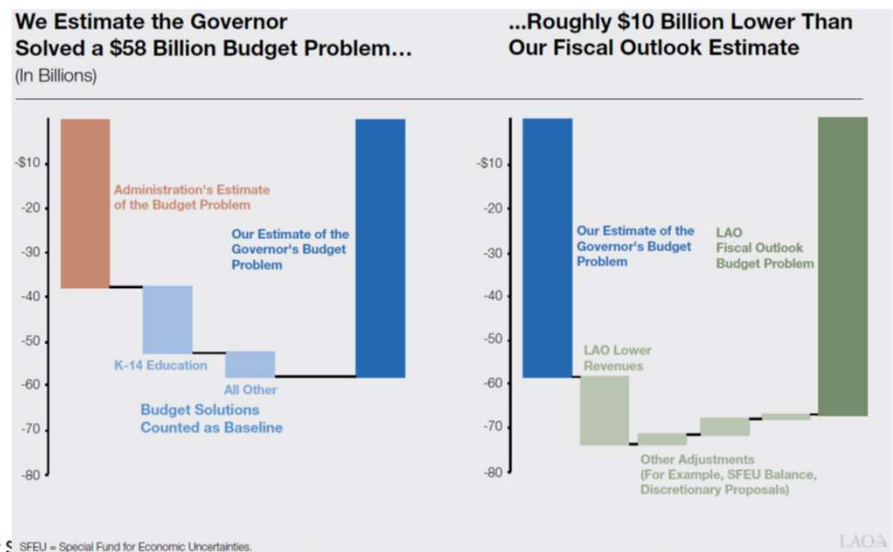
# State Budget Context

- Legislative Analyst’s Office estimates state faces \$68 billion budget “problem”
- Governor pegs budget problem at \$38 billion
- \$30 billion difference is smaller than it appears
  - Governor’s, LAO’s methodologies differ a bit
  - Difference is actually +/- \$10 billion after aligning methodologies
  - Governor’s revenue estimate is slightly more optimistic: \$15 billion higher
- Either way, it’s a big problem in context of a \$208 billion budget



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# State Budget Context

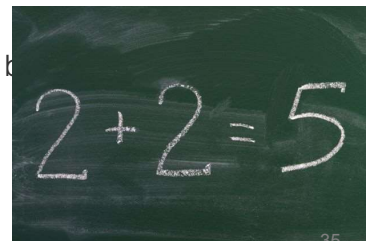


Source: Legislative Analyst’s Office

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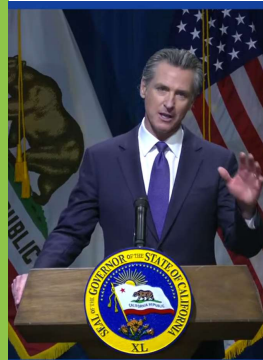
## Proposition 98 Education Funding Guarantee

- California Constitution provides minimum funding “floor” for K-14 education based on three tests
  - Tests are computed, recomputed over three-year timeframe (prior, current, upcoming)
  - Currently driven by “Test One” guarantees 40% of state revenues for K-14 education
  - As state revenues go down (or up), K-14 funding guarantee changes 40 cents/dollar
  - School funding “floor” is a direct function of state revenues
- Governor estimates that the Prop 98 Guarantee has dropped below last summer’s budget estimates



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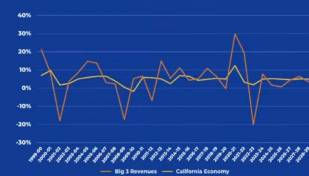
## Governor's K-12 Education Budget Proposals



GOVERNOR'S  
BUDGET 2024-25



### REVENUE VOLATILITY



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## Governor's Education Budget: Big Picture

- Governor proposes to address the \$14.3 billion Prop 98 Guarantee gap as follows:
  - **\$5.7 billion withdrawal from Public School System Stabilization Account (PSAA, "Prop 98 Reserve")**
  - **\$8 billion "mystery" legislative proposal**
  - Other stuff
- No official details on the mysterious \$8 billion "fix"
- CSDC believes it will include reducing prior-year Prop 98 appropriations, replacing with other state funds, then state repays with future state funds
- Trailer bill language due by February 1<sup>st</sup>



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## Governor's Education Budget: Big Picture

- Puny COLA
- Full speed ahead on Universal Pre-K, Expanded Learning, Equity Multiplier, Community Schools, universal free meals
- Some delays of one-time funding
- A few minor augmentations
- Few cuts, some sacred cows



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2024-25 Local Control Funding Formula Rates					
(2024-25 Governor’s Budget, CSDC Estimates, Including statutory 0.76% COLA)					
	Grade Span				
	TK	K-3	4-6	7-8	9-12
Base Rate (w/ 0.76% COLA)	\$9,995	\$9,995	\$10,145	\$10,446	\$12,015
K-3 CSR Grade Span Adjustment (@10.4%)	\$1,039	\$1,039			
9-12 Career/Tech Grade-Span Adjustment (@2.6%)					\$315
Supplemental and Concentration Factors & Funding for “Unduplicated” Pupils					
Supplemental Add-On (@20%)	\$2,207	\$2,207	\$2,029	\$2,089	\$2,484
Concentration Threshold			55 percent		
Concentration Add-On (@65% for pupils above threshold)	\$7,172	\$7,172	\$6,594	\$6,790	\$8,073
Transitional Kindergarten Add-On	\$3,067				


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## Local Control Funding Formula (LCFF)

- Puny COLA, declining enrollment makes it relatively cheap for state to fund LCFF
- Governor proposes using one-time PSSSA reserve funds to support ongoing LCFF costs:
  - \$2.8 billion in 2023-24
  - \$2.2 billion in 2024-25
- Use of one-time funds to pay for LCFF begs long-term sustainability questions

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# Local Control Funding Formula: COLA Prospects

- Cooling economy leading to low statutory cost-of-living adjustments

LCFF Cost-of-Living Adjustments									
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Statutory	3.26%	2.31%	1.70%	6.56%	8.22%				
Funded	3.26%	0	5.07%	13.26%	8.22%				
DOF Estimate						0.76%	2.73%	3.17%	3.24%
CDSC Estimate						0.8-1.3%?	?	?	?

- Statutory COLA is based on 8 quarters' worth of federal data
  - We currently have 6 quarters of data
  - **CSDC believes Governor's estimate is a bit low**
- Low COLA will put strong pressure on school and district budgets



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# LCFF: Modeling COLA Using FCMAT Calculator

- If you're using version 24.2c of FCMAT's LCFF Calculator, you will need to override the COLA estimates to align with DOF's revised COLA estimates
  - In "Data Entry" tab, line #15, for 2024-25 and beyond
  - FCMAT plans to post updated version of its Calculator soon

Newly Operational Charter	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Statutory COLA & Augmentation/Suspension <small>(prefilled as calculated by the Department of Finance, DOF)</small>	0.00%	5.07%	13.26%	8.22%	0.76%	2.73%	3.11%	3.17%
Statutory COLA	2.31%	1.70%	6.56%	8.22%	0.76%	2.73%	3.11%	3.17%
Augmentation/(COLA Suspension)	-2.31%	3.37%	6.70%	0.00%	0.00%	0.00%	0.00%	0.00%

- CSDC suggests modeling other scenarios too, including zero COLA, given volatile state revenues



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## Excess ERAF & Charter Schools

- Governor proposes to direct “Excess ERAF” funding to some charter schools
- Stems from reallocation of local property taxes toward school districts in early '90s
  - Using so-called Education Revenue Augmentation Fund (ERAF)
- In some counties, school districts receive high levels of property taxes
  - They cannot “absorb” any funds from ERAF, leading to “excess” ERAF
- State has long asserted that charter schools should get a share
- Some county auditor-controllers have ignored this, preferring that the “excess” go to their county and other local government agencies
- Governor likely plans to close this loophole, details pending in trailer bill language
- CSDC presumes governor’s proposal will not result in more funding for charter schools
  - Instead, state will simply reduce state LCFF funding, dollar for dollar



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## Equity Multiplier

- Governor proposes to continue funding for this new, ongoing add-on to LCFF
- Receives the same statutory COLA
- No other apparent changes proposed
- Reminders:
  - Must use to increase/improve evidence-based services
  - Supplement, not supplant LCFF, ELO-P, Reading/Literacy, and Community School funds
  - Additional LCAP components



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## Instructional Continuity

- Governor to introduce legislation “to allow LEAs to provide attendance recovery opportunities to students to make up lost instructional time”
  - Allow LEAs to add attendance recovery time to ADA funding data
  - Current law allows districts to “recover” lost ADA via Saturday school
  - Proposal will add “intersessional school,” “before/after school,” “and would be exempt from minimum day requirements”
  - Charter eligibility for Saturday School is disputed, fit may be messy
- Governor also proposes to require LEAs to provide students with access to remote instruction or support to enroll in neighboring LEA for emergencies lasting 5+ days
  - Current law requires plan to offer for 10+ days emergencies if LEA seeks emergency ADA

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## Instructional Continuity (2)

- Encourage LEAs to provide hybrid or remote learning to students who are unable to attend
- \$6 million, one-time to fund research into:
  - New models of hybrid/remote learning
  - Local student information systems to allow reporting individual student absence data to state
  - Intent to allow state to disaggregate absence data from emergencies
- Details not yet available, presumably will appear in trailer bill later this month

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# Universal Pre-K

- Governor proposes continued implementation of Universal Pre-K phase-in
- Including multi-year Transitional Kindergarten expansion

Year	Fifth Birthday Is Between
2021-22	September 2 and December 2
2022-23	September 2 and February 2
2023-24	September 2 and April 2
2024-25	September 2 and June 2
2025-26	Fourth birthday by September 1

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# Transitional Kindergarten Reminders

- Additional TK teacher training mandate kicks-in August 1, 2025
  - May be good idea to use current local flexibility to locally approve any teachers with equivalent on-the-job experience with preschoolers in advance of deadline
- Carefully monitor enrollment and adult-to-pupil ratio caps
  - Classes with new “Early Enrollment TK” (EETK) students capped at 20 students, 10:1 adult-to-pupil ratio
  - Classes without EETK capped at 24 students, 12:1 ratio
  - Pending audit regulations

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# Expanded Learning Opportunities Program (ELO-P)

- Governor proposes full speed ahead here too
- No statutory COLA
- Continued fixed, \$4 billion statewide appropriation
- Reminder on encumbrance deadlines:
  - 2021-22 and 2022-23 funding must be encumbered by the end of current (2023-24) school year
  - No deadline to encumber or spend the 2023-24 funding (yet)
  - Spend the prior-year funding first



# Expanded Learning Opportunities Program (ELO-P)

## Mandate to Offer ELO-P Now in Effect

### Schools Serving 75%+ Unduplicated Pupil Percentage

- Shall offer access to all K-6 pupils, provide access to all pupils whose parent/guardian requests
- Fixed \$2,750 per PY K-6 ADA x UPP
- Minimum \$50,000 grant

### Schools Serving <75% Unduplicated Pupil Percentage

- Shall offer access to all unduplicated K-6 pupils, provide access to unduplicated pupils whose parent/guardian requests
- \$1,803 per PY K-6 ADA x UPP in 2023-24
- Funding rate varies, declined substantially from \$2,054 in 2022-23
- Likely to decline again in 2024-25
- Minimum \$50,000 grant



## Charter School Facilities Grant Program

- Reimburses lease/rent costs for charter schools serving 55%+ low-income students
  - Funds lesser of \$1,431/ADA or 75 percent of eligible costs
  - Two components: (1) Rent/lease, (2) “other” costs
  - Current-year budget contains \$30 million augmentation for “other” costs
- Governor proposes:
  - **Deleting \$30 million to fund “other” costs in 2024-25**
    - “Consistent with the 2022 Budget Act agreement”
  - \$6.6 million “current service level” augmentation
  - Statutory COLA



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## Prop 28 Arts & Music in Schools Funding

- Sets-aside 1 percent of Proposition 98 Guarantee funding for arts education
  - Decline in Guarantee might normally trigger cut to funding rate
  - Governor’s Budget appears to largely avoid this cut in current, 2023-24 fiscal year
- CSDC estimates:
  - 2023-24: \$110/student, plus \$77/low-income student
  - 2024-25: Same as above, subject to revision
  - Initial funds will begin to flow in February’s First Principal Apportionment payment
- Governor proposes CTC create a new elementary Arts and Music authorization for career-technical teachers



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## Prop 28 Arts & and Music in Schools Funding

- Reminders:
  - Must spend to **supplement, not supplant** existing funding for arts education
  - Must allocate funding to each school site based on its data
  - School must create an expenditure plan
  - **LEAs with 500+ pupils must spend 80%+ to employ arts education staff**
    - Remaining spent on training, supplies and materials, and arts education partnership programs
    - CDE may waive these requirements upon request of school principal, “for good cause shown”
  - 1% cap on administrative expenses
  - Funds available for up to three years, unspent funds revert to CDE
  - Post annual board-approved report on website detailing how funds were spent, submit to CDE
  - Compliance subject to audit (audit guidelines under development, likely adopted by March)
  - Pending Audit Guide regulations



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## Teacher Prep & Professional Development

- Governor proposes streamlining credentialing requirements:
- Streamline basic skills requirement
  - Eight current options, including CBEST, other tests, coursework, etc.
  - Governor proposes deeming completion of bachelor's degree as satisfying basic skills requirement
- Streamline transcript review for subject-matter competency



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## Special Education

- COLA increases statewide target rate to \$894
- No other major new SPED proposals from Governor thus far . . .

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## Mandate Block Grant

- COLA would increase per-ADA rates slightly for charter schools in 2024-25:
  - Grades K-8: \$20.00
  - Grades 9-12: \$55.59
- Governor proposes \$25 million augmentation to pay for forthcoming dyslexia screening mandate
  - No details yet beyond topline

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## Career Education

- Governor has big plans for career education
- Convening interagency teams at state and local (K-16 Regional Collaboratives) levels
- Working on new Master Plan for Career Education
- Ongoing \$300 million appropriation for Career-Technical Education Incentive Grant

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## Universal Free Meals

- Governor proposes \$122 million augmentation, ongoing to “fully fund” universal school meals program
- Plus statutory COLA

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## Proposed Minor Augmentations

- \$20 million, one-time for professional development for math teachers to implement state's new Math Framework
- \$7 million, one-time to develop bank of curriculum-embedded performance tasks to support "inquiry-based science instruction and assessment"
- \$5 million, ongoing, for California College Guidance Initiative
- \$5 million, one-time, broadband infrastructure
- \$3.2 million increase, ongoing, for K-12 High Speed Network
- \$2.1 million increase, ongoing, for California state parks access for fourth graders
- \$2 million, ongoing for new Inclusive College Technical Assistance Center
- \$1.5 million increase, ongoing to maintain Homeless Education Technical Assistance Centers

## What's Not in The Governor's Budget

- No declaration of "fiscal emergency"
- No cuts to previously-appropriated Community Schools grants
- No cuts to \$1 billion zero-emission school bus grants
- No deferrals?

## Cost Pressures: CalSTRS

CalSTRS Employer Contribution Rates										
Years	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Employer Rate	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.1%	19.1%	19.1%	19.1%

- CalSTRS can increase/decrease employer rate by up to 1 percentage point per year
  - Not to exceed 20.25%
- **CalSTRS does not currently anticipate increasing employer rate in 2024-25**

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## Cost Pressures: CalPERS

Increasing CalPERS Employer Contribution Rates												
Year	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Rate	13.88%	15.53%	18.06%	19.72%	20.7%	22.91%	25.37%	26.68%	27.7%	28.3%	28.7%	30.0%

- Rates shown in *green italics* on table are estimates
  - CalPERS has independent authority to increase/decrease rates

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## Cost Pressures: Minimum Wage

	2023	2024	2025	2026	2027	2028
CA State Minimum Wage	\$ 15.50	\$ 16.00	\$ 16.40	\$ 16.70	\$ 17.10	\$ 17.50
Minimum OT Exemption Wage						
Weekly	\$ 1,240	\$ 1,280	\$ 1,312	\$ 1,336	\$ 1,368	\$ 1,400
Monthly	\$ 5,373	\$ 5,547	\$ 5,685	\$ 5,789	\$ 5,928	\$ 6,067
10-Month	\$ 53,733	\$ 55,466	\$ 56,853	\$ 57,893	\$ 59,280	\$ 60,666
Annual	\$ 64,480	\$ 66,559	\$ 68,223	\$ 69,471	\$ 71,135	\$ 72,799

CSDC estimates in *italics*, subject to change. Pending November '24 ballot measure could increase faster.

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## Audit Guide Amendments

- State Controller is in final stages of packaging proposed amendments to Audit Guide regulations
- Several key pieces to monitor with potential for non-compliance penalties:
  - Arts & Music in Schools compliance
    - Extensive testing on mandatory certifications, allowable expenditures, supplement not supplant
  - LCAP midyear update compliance
- Updates to ELO-P
  - Verify compliance with health screening, fingerprinting clearance of personnel, volunteers, third-party vendor compliance
- Expanded Learning Opportunities Grant-compliance with reporting to CDE in 2024-25
- Early Enrollment Transitional Kindergarten-compliance with class size, adult ratio caps

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## CSDC's Budget Observations

- Governor's proposals are comforting given state's fiscal distress
- Comfort is thin due to several factors:
  - ✓ \$8 billion Prop 98 "fix" may not fly
  - ✓ State is spending half of the PSSSA (Prop 98 Reserve) leaving little "cushion"
  - ✓ Much of this one-time PSSSA funding is used to pay for ongoing LCFF funding
  - ✓ Governor's revenue estimates are more optimistic than Legislative Analyst's, even if plausible
  - ✓ Economic, state revenue picture face many risks
  - ✓ Both Legislative Analyst and Governor estimate the state faces a major, structural budget problem in future years




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## CSDC's Budget Development Suggestions

- Governor's estimates are "plausible," but lean toward "glass half full"
- Governor's January Budget is just the first step in a long process
- A lot can happen between now and when "final" budget is adopted
- Picture won't begin to clarify until May Revise
- Volatile economic and state revenue picture requires you to plan for broad range of possibilities
- You need to plan for "glass half-empty" and worse
- Run projected budgets with and without COLAs
- Ensure cash positions can withstand deferrals
- Monitor economic conditions closely
- Ensure staff understand charter schools typically receive less funding than districts

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