



2024-25 Joint Legislative Budget Plan Summary

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The Legislature is set to vote on a final budget package on Thursday, June 27th, which the Governor is expected to sign. The final budget includes revenue estimates included in the May Revision and closes the final \$28 billion 2024-25 projected shortfall, while additionally addressing the budget in 2025-26, leaving \$11 billion in the Rainy Day fund for future use.

The budget includes a total of \$211.5 billion in General Fund spending, \$86.4 billion from other state funds, and \$153 billion in federal funds. Overall revenues include savings from a three-year net operating loss suspension, beginning in 2024.

The Assembly has signaled it wishes to work with the Senate and Governor to create a new account to temporarily hold future projected budget surpluses for a year to ensure certainty of their existence. They would additionally like to create a constitutional amendment on a future state ballot to increase the size of the Rainy Day fund while excluding specified deposits from the Gann Limit.

Education Funding

The final budget includes a modified package of what the Governor previously bargained with education stakeholders. This agreement will allow \$6.2 billion of previously appropriated funds from 2022-23 to accrue over a period of years, beginning in 2026-27 through 2035-36, essentially allowing these funds to be accounted for over a number of years, instead of in 2022-23.

TK-12 funding totals \$136 billion in 2024-25, including all funding sources, bringing total per pupil funding to \$24,626, and \$18,354 per pupil from Proposition 98 funding. The final budget agreement suspends Proposition 98 in 2023-24 ([SB 154](#)), while maintaining constitutional protection for future growth. The revised total funding for 2023-24 is \$98.5 billion, which is \$3 billion lower than was provided in the May Revision. Proposition 98 funding for 2022-23 totals 98.5 billion. The 2023-24 suspension creates an \$8.31 billion in "maintenance factor," which will be paid back to schools and community colleges with high future funding until it is paid off. Further, \$8.4 billion is provided through the Public School System Stabilization Account (PSSSA), leaving \$1.1 billion in this reserve.

The final budget defers \$2.58 billion in 2022-23 funding which is paid using PSSSA funds in 2023-24. It creates a one-time \$4 billion deferral in 2023-24, which is paid off in 2024-25, while additionally creating a one-time deferral in 2024-25 of \$245.6 million and authorizing deferral warrants for LEAs.

Proposition 98 funding for 2024-25 equals \$115.27 billion, with \$4 billion in "maintenance factor" revenues being paid back into the Proposition 98 base. This budget package includes protections for both certificated and classified school personnel for the 2024-25 school year, including a one-year freeze on local education agencies' ability to terminate both permanent and probationary certificated and classified staff between the time the budget is enacted and August 15th of the budget year if the local control funding formula cost-of-living is less than two percent. The budget provides a 1.07 percent

cost-of-living adjustment for 2024-25, which includes \$89.2 million to statutorily required programs, including the COLA for the LCFF equity multiplies, nutrition, and the mandate block grant.

Significant actions include:

- Provides third-year costs to expand transitional kindergarten to all children turning five between September 2nd and June 2nd, while maintaining a 12-to-1 student-to-adult ratio;
- Codified statutory changes adjusting TK ADA computation for charter schools;
- Adjusts local assistance with federal funds, including Home to School Transportation;
- Provides \$938 million General Fund for Proposition 28 Arts funding in 2023-24, and \$907 million in 2024-25, rebenching the Proposition 98 guarantee;
- Eliminates \$550 million for facility funding for preschool, TK and kindergarten classrooms in the 2025-26 budget;
- Eliminates \$875 million in General Fund for the School Facilities Program in 2024-25;
- Continues the Golden State Teachers Program appropriation while capping Student Aid Commission awards at \$50 million annually, while creating additional new restrictions for 2024-25;
- Preserves universal meals with an additional \$120.78 million one-time and \$179.4 million in ongoing Proposition 98 funding for two free daily meals for all students, while adopting trailer bill language to pull down additional federal funding;
- Restricts uses for the Learning Recovery Emergency Block Grant, while clarifying uses for the new math frameworks implementation, as well as math and literacy professional development;
- Provides \$2.1 million ongoing Proposition 98 to continues the existing State Park Pass for fourth graders;
- Includes \$5 million one-time funding for the 2025-26 Dyslexia screener adoption, as well as legislative intent language for the inclusion of the screener in the mandate block grant;
- Provides \$5 million one-time for the Holocaust and Genocide Teacher Collaborative through 2029;
- Includes \$9 million one-time for the Classified Employees Summer Assistance Program;
- Provides \$17 million in authority for the Youth Vaping Alternative Prevention program, funded by the JUUL Settlement;
- Includes \$2 million ongoing Proposition 98 General Fund for the California College Guidance Initiative, and provides expanded trailer bill language;
- Provides \$3.2 million in ongoing Proposition 98 funding for the K12 High Speed Network;
- Includes \$2 million ongoing Proposition 98 funding for a Technical Assistance Center on inclusive college readiness, as well as \$2.5 one-time federal funds for a Technical Assistance Center on homeless education;
- Provides \$3.4 million in one-time, and \$280,000 in on-going General Fund to the State Special Schools for IT infrastructure;
- Establishes up to \$2,000 per unduplicated pupil for the Expanded Learning Opportunities Program (ELOP) for LEAs with less than 75 percent unduplicated pupil count, which will be funded with new encumbrance and liquidation requirements, as well as redistribution authority;
- Establishes a new Attendance Recovery program, beginning July 1, 2025, allowing LEAs to recover up to 10 instructional days of student attendance each school year during non-instructional time, including during the ELOP;
- Requires Instructional Continuity Plans to be added to School Safety Plans in 2025;

- Clarifies Independent Study statutes on timelines, instructional time, determination, and compliance;
- Replaces the basic skills requirement with a bachelor's degree and streamline subject matter completion review in order to obtain a teacher credential;
- Updates the Uniform Complaint Process;
- Creates a penalty for the adoption of discriminatory instructional materials;
- Changes forfeiture and audit provisions for In-Person Instruction Grants.

Community Colleges

It includes a 1.07 percent COLA for community college apportionments and select categorical programs, as well as a 0.5 percent growth in enrollment. It includes \$446.4 million Proposition 98 General Fund deferrals from apportionments from 2023-24 through 2024-25, as well as deferring \$246.7 million Proposition 98 General Fund from 2024-25 through 2025-26. It includes \$241.8 million Proposition 98 General Fund from the PSSSA for a repayment of the 2022-23 categorical program deferral in 2023-24. It approves trailer bill language increasing the state reimbursement for the Part Time Faculty Office Hours program to 90 percent.

Health

Significant adjustments include the expansion the Managed Care Organization (MCO) tax for Medi-Care providers, which would create \$689 million in General Fund savings in 2024-25, as well as \$950 million in 2025-26, and \$1.3 billion in 2026-27. Additionally, the budget includes targeted Medi-Cal provider rate increases and investments from the MCO tax, including: \$133 million in 2024-25, \$728 million in 2025-26, and \$1.2 billion in 2026-27.

The final budget includes the following Medi-Cal rate increases, beginning on January 1, 2025, that may impact retirees: physician emergency department services, ground emergency transportation, air ambulances, community-based adult services, community health workers, and congregate living health facilities. Further Medi-Cal rate increases, which will commence on January 1, 2026, that may impact retirees include: evaluation and management codes for primary care and specialist office visits, preventative services and care management, obstetric services, non-specialty mental health services, vaccine administration, vision services, federal qualified health centers/rural health clinics, private duty nursing, and non-emergency medical transportation. The budget does include language specifying that rate increases will become inoperable should a measure on the November 2024 ballot relating to MCO taxes is approved.

The final budget includes \$1.8 million in 2024-25 and ongoing for increased monitoring, program site capacity and increased client counts for the CalFresh Healthy Living program, which provides activities targeted to low-income adults aged 60 and older.

Retirement

The final budget includes \$6.86 billion (\$3.48 billion General Fund) for statutorily required annual state contributions to the California Public Employees Retirement System (CalPERS) for 2024-25. It provides \$53.85 million in 2024-25 for the CalPERS operational budget to cover increased external management fees and headquarters building costs, which are offset by decreases in third-party administrator fees.

It includes \$4.26 billion General Fund for the statutorily required annual state contribution to the California State Teachers' Retirement System in 2024-25. It appropriates \$1.90 million in 2024-25 and ongoing from the Teachers' Retirement Fund (TRF) for 12 additional positions to provide operational support and compliance and risk management. It provides \$205.84 million in one-time 2024-25 funding from the TRF to continue to implement the Pension Solution Project. Further, it provides \$519,000 in 2024-25, reflecting the state's share of overpayments found during negative audit findings which will be paid on July 1, 2024.