



## **Overview of 2024-25 State Budget – May Revise Committee of the Whole**

May 14, 2024

# Overview of Governor's 2024-25 State Budget

- Projected state budget shortfall increased by \$7 billion since January, increasing total state deficit to \$44.9 billion
- \$17.3 billion in budget reductions were already implemented through Early Action
- Remaining budget problem (deficit) is \$27.6 billion after Early Action
- 1.07% COLA for LCFF and Categorical programs
- Maintains funding for ongoing education programs

| Budget Problem at the May Revision |                       |
|------------------------------------|-----------------------|
| Governor's Budget                  | \$37.9 billion        |
| Shortfall Since Governor's Budget  | \$7.0 billion         |
| Early Action Budget Package        | -\$17.3 billion       |
| <b>Remaining Budget Problem</b>    | <b>\$27.6 billion</b> |

# Overview of Governor's 2024-25 State Budget

## Solving the State Budget Problem

Governor proposes to make up projected deficit with the following actions:

- \$11.7 billion from reserves, including \$8.4 billion from the Public School System Stabilization Account (PSSSA)
  - Historic, first withdrawal from PSSSA will leave less than \$1-2 billion balance for future years
- \$19.2 billion in reductions
- \$7.7 billion in internal state borrowing and revenue increases
- \$5.6 billion in budget delays

The Legislative Analyst's Office projects a larger budget problem that may require additional cuts, withdrawals or delays.

# Overview of Governor's 2024-25 State Budget

## Proposed Delays and Reductions Impacting Schools

### School Facilities Program

Rescinds \$375 million appropriated in Early Action budget. Remaining Facilities Program funds are projected to last through January 2025.

### CA Preschool, TK and Full Day Kindergarten Facilities Grant Program

Rescinds planned \$550 million investment in 2025-26, indicating that this funding can be considered as part of a proposed 2024 facilities state bond.

### Golden State Teacher Grant Program

\$60 million reduction in one-time funds; \$50 million remaining.

# Overview of Governor's 2024-25 State Budget

## Proposed Delays and Reductions Impacting Schools

### Preschool Inclusion Grants

Eliminates \$47.9 million in 2025-26 and \$97.9 million ongoing to support inclusion of children with special needs in California State Preschool Program. Providers will still be required to serve 5% of children with disabilities in CSPP.

### Child Care Slot Expansion

Pause expansion of slots at current level of 119,000.

### Children and Youth Behavioral Health Initiative

Reduction of \$72.3 million in 2023-24, \$348.6 million in 2024-25 and \$5 million in 2025-26.

# Los Angeles Unified Advocacy Priorities

## Emerging Topics for Advocacy

- Higher Cost of Living Adjustment
- Support maximum flexibility of one-time or ongoing Prop. 98 funding
- Advocate for flexibility and relief from potential penalties during UTK expansion
- Advocate for flexibilities in the Expanded Learning Opportunities Program to better serve students
- Support investments in school facilities construction, modernization, and greening projects
- Add intent language to fund kindergarten as a grade level starting in 2026-27

# 2024 Key Budget Dates

|            |   |
|------------|---|
| May 10     | Governor's updated May Revision budget proposal released        |
| June 15    | State budget bill must pass in the Legislature                  |
| June 18    | Public hearing for proposed Los Angeles Unified LCAP and Budget |
| June 25    | LAUSD Board adoption of proposed LAUSD LCAP and Budget          |
| Mid-August | 45-day LAUSD Budget revision, if needed                         |

# 2024-25 Additional Budget Solutions

- News from the May Revise, as well as improved attendance and other solutions improve the 2024-25 outlook

|  | 2024-25       |
|--|---------------|
| COLA at 1.07% (from 0.76%)                       | \$18M         |
| ADA% at 92% in 2023-24 and thereafter (from 90%) | \$48M         |
| New Central Reductions/Efficiencies              | \$70M         |
| <b>TOTAL</b>                                     | <b>\$136M</b> |

- This allows the District to pivot to a more flexible school carryover allocation



# 2024-25 School Carryover

Projected balances as of May at 30%:

|                             | Total        | 30% Carryover | 70% Reserved |
|-----------------------------|--------------|---------------|--------------|
| General Fund School Program | \$117        | \$37          | \$80         |
| SENI                        | \$282        | \$85          | \$197        |
| <b>Total</b>                | <b>\$399</b> | <b>\$122</b>  | <b>\$277</b> |

Projected balances as of May at 40%:

|                             | Total        | 40% Carryover | 60% Reserved |
|-----------------------------|--------------|---------------|--------------|
| General Fund School Program | \$117        | \$50          | \$68         |
| SENI                        | \$282        | \$113         | \$169        |
| <b>Total</b>                | <b>\$399</b> | <b>\$163</b>  | <b>\$237</b> |

40% (+10%)  
carryover,  
announced at the  
April Board  
Retreat, resulted in  
a \$40M impact

# 2024-25 Updated School Carryover

## General Fund School Program & SENI

- Priority Schools – 70%
- SENI Highest Quintile Schools– 60%
- All Other Schools – 50%

Projected balances as of May at 30%:

|                             | Total        | 30% Carryover | 70% Reserved |
|-----------------------------|--------------|---------------|--------------|
| General Fund School Program | \$117        | \$37          | \$80         |
| SENI                        | \$282        | \$85          | \$197        |
| <b>Total</b>                | <b>\$399</b> | <b>\$122</b>  | <b>\$277</b> |

Projected balances as of May using updated carryover:

|                             | Total        | Carryover    | Reserved     |
|-----------------------------|--------------|--------------|--------------|
| General Fund School Program | \$117        | \$70         | \$47         |
| SENI                        | \$282        | \$162        | \$120        |
| <b>Total</b>                | <b>\$399</b> | <b>\$232</b> | <b>\$167</b> |

Updated carryover results in \$110M impact