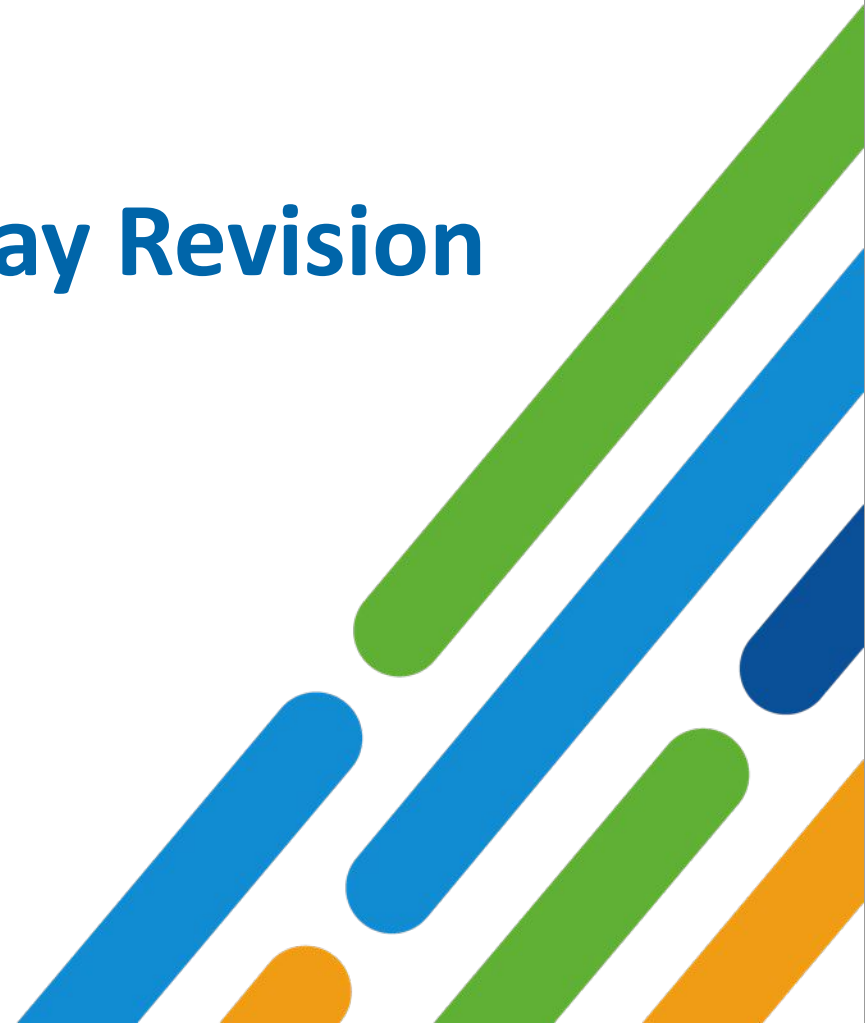




Mountain View  
Whisman  
School District

# 2023 Governor's May Revision

June 1, 2023





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# Summary

# Themes for May Revise



**Governor Gavin Newsom attempts to reach a balance of protecting existing investments while anticipating continued economic uncertainties**



**Revenues have continued to underperform, forcing the Administration to now recognize a \$31.5 billion budget shortfall**



**Despite this uncertainty, education falls into the category of an investment to protect**



**Even within education, a tradeoff is made: Protecting the Local Control Funding Formula (LCFF) comes at the expense of one-time funds reduced in the current year, some of which have already hit local educational agency (LEA) coffers**



**Echoing his warnings in January, the Governor's summary states "should broader economic risks materialize, deeper reductions will be necessary"**



**Still in the budgeting toolbox should revenues continue to decline: deferrals, reserve account withdrawals, and cost-of-living adjustment (COLA) deficits**

# Governor's Budget vs May Revision

Item	Governor's Budget	May Revision
LCFF Funding Increase	\$5.04 billion <sup>1</sup>	\$4.04 billion <sup>2</sup>
<b>Proposition 98 Minimum Guarantee</b> 2021-22 2022-23 2023-24	\$110.4 billion \$107.0 billion \$108.8 billion	\$110.6 billion \$106.8 billion \$106.8 billion
2023-24 Statutory COLA	8.13%	8.22%
<b>Arts, Music, and Instructional Materials            Discretionary Block Grant Reduction</b>	-\$1.2 billion	-\$1.8 billion
<b>Learning Recovery Emergency            Block Grant Reduction</b>	No Reduction	-\$2.5 billion

<sup>1</sup> Reflects an LCFF increase of \$4.2 billion for the 8.13% COLA and \$855 million to support TK expansion

<sup>2</sup> [Mountain View Whisman School District](#)  
 Reflects an LCFF increase of \$3.6 billion for the 8.22% COLA and \$460 million to support TK expansion

# Categorical Program COLA

- The May Revision includes an approximately \$1.7 million reduction in the \$669 million Proposition 98 funding proposed in the Governor's Budget for a COLA to multiple programs outside of the LCFF
- This reflects both the change in the COLA rate from 8.13% to 8.22% and changes in enrollment projections

**8.22%**

Special Education

Mandate Block Grant

American Indian Early Childhood Education Program

Adults in Correctional Facilities

Child Nutrition

State Preschool

Charter School Facility Grant Program

American Indian Education Centers

Youth in Foster Care

# Statewide Average Reserve Levels

- The latest statewide data on school district reserves available is for 2021-22
- Unrestricted fund balances declined slightly

## Average Unrestricted General Fund, Plus Fund 17, Ending Balances<sup>1</sup>

	2020-21	2021-22	Difference
<b>Unified School Districts</b>	<b>22.36%</b>	<b>22.19%</b>	<b>-0.17%</b>
<b>Elementary School Districts</b>	<b>26.01%</b>	<b>25.32%</b>	<b>-0.69%</b>
<b>High School Districts</b>	<b>21.82%</b>	<b>21.29%</b>	<b>-0.53%</b>

<sup>1</sup>As a percentage of total General Fund expenditures, transfers, and other uses

# Art, Music, and Instructional Materials Discretionary Block Grant

The Governor's Budget proposed a \$1.2 billion reduction in the \$3.5 billion one-time funding provided in the 2022-23 Enacted Budget package

The May Revision proposal would increase the reduction to \$1.78 billion—sweeping the remaining unallocated portion of the grant



## Allocation

Funds were allocated per ADA based on 2021-22 P-2\*

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## Distribution

50% of the original \$3.5 billion allocation was distributed in December 2022



## Spending Deadline

Funds must be spent by June 30, 2026



## Plan

Local plans must be discussed and approved during a regularly scheduled board meeting



# Learning Recovery Emergency Block Grant- proposed reductions

- The May Revision proposes to reduce this funding by \$2.5 billion from \$7.9 billion to
- \$5.4 billion, a decrease of 32%
- One-time investment intended to fund initiatives that support academic learning recovery, and social and emotional well-being
- The California Department of Education (CDE) has allocated the 2022-23 Enacted Budget appropriation fully
- The CDE may reduce future principal apportionments to accommodate this reduction





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# Next Steps

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- Staff will continue to monitor changes and make adjustments at first interim.
- No changes will need to be made next year to our literacy team that are funded by the Art, Music, and Instructional Materials Discretionary Block Grant and The Learning Recovery Emergency Block Grant.