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**BOARD COMMUNICATIONS – JANUARY 05, 2024**

TO: Members of the Board of Education  
FROM: Superintendent, Robert G. Nelson, Ed.D.

**BUSINESS AND FINANCIAL SERVICES – Patrick Jensen, Chief Financial Officer**

BFS-1 Kim Kelstrom School Services Weekly Update Reports For  
December 14, 2023  
BFS-2 Ashlee Chiarito December Legislative Committee Meeting

**ENGAGEMENT & EXTERNAL PARTNERSHIPS – Wendy McCulley, Chief Officer**

E&EP-1 Wendy McCulley Giving Tuesday 2023  
E&EP-2 Wendy McCulley Partnerships Summary

Fresno Unified School District  
Board Communication

**BC Number BFS-1**

From the Office of the Superintendent  
To the Members of the Board of Education

Prepared by: Kim Kelstrom, Chief Executive

Cabinet Approval:



Date: January 05, 2024

Phone Number: 457-3907

Regarding: School Services Weekly Update Reports for December 14, 2023

The purpose of this board communication is to provide the Board a copy of School Services of California's (SSC) Weekly Updates. Each week SSC provides an update and commentary on different educational fiscal issues. In addition, they include different articles related to education issues. The SSC Weekly Updates for December 14, 2023 are attached and include the following articles:

- Inflation Continues to Cool – December 12, 2023
- California GOP Lawmakers Urge Newsom to Call a Special Session to Address the Deficit – December 14, 2023
- Commission Decision Could Move Thousands of New Teachers Into the Workforce Quicker – December 14, 2023

If you have any questions pertaining to the information in this communication, or require additional information, please contact Kim Kelstrom at 457-3907.

Approved by Superintendent  
Robert G. Nelson Ed.D.



Date: 01/05/24



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[www.sscal.com](http://www.sscal.com)

DATE: December 14, 2023

TO: Robert G. Nelson  
Superintendent

AT: Fresno Unified School District

FROM: Your SSC Governmental Relations Team

RE: *SSC's Sacramento Weekly Update*

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### PPIC Releases December Survey

The Public Policy Institute of California (PPIC) released its latest monthly survey last week. The survey asked respondents for their opinions on elected officials, the March 2024 ballot measure on mental health, and the top issues facing California.

A majority of likely voters continue to approve of the job that Governor Gavin Newsom is doing as California's chief executive. According to the poll, the Governor enjoys a 52% approval rating among likely voters, compared to a 47% disapproval rating. The majority of likely voters, however, do not approve of the way that the California Legislature is handling their job. The survey shows that the Legislature has a 47% approval rating and a 51% disapproval rating among likely voters.

There is a wide gap between Republicans and Democrats in support of the state's lawmakers. Among Democrats, Newsom enjoys an 80% approval rating, while the Legislature enjoys a 72% approval rating. Conversely, Republicans have a 91% disapproval rating of both Governor Newsom and the Legislature. Independents fall in the middle, with a 46% approval rating of Governor Newsom and a 42% approval rating of the Legislature.

According to the latest data from the Secretary of State's Office, 47% of registered voters in California are Democrats, 24% are Republicans, 22% are registered No Party Preference, and the final 7% identify as other. The voter registration data shows why Governor Newsom can maintain a majority approval rating in the state despite receiving significant disapproval marks from GOP voters while also being slightly underwater among independent voters.

A data point that should concern all lawmakers is that a solid majority (55%) of likely voters think that California is heading in the wrong direction, compared to 45% who think it is heading in the right direction. An even higher majority of likely voters (61%) believe that over the next year the state will experience bad economic times, compared to just 37% who think the state will experience good times financially. It is important to note that this survey was conducted prior to the Legislative Analyst's Office releasing their *Fiscal*

*Outlook* report, which estimates tax collections for 2022-23 were approximately \$26 billion less than the projection used for the 2023-24 Enacted Budget.

Despite the mixed approval ratings and sober data regarding the state's economic conditions, more than two-thirds (68%) of likely voters said that they would vote yes on Proposition 1 (2024) if the primary election were held today. Proposition 1 was placed on the March 2024 primary ballot by the Legislature and Governor Newsom. The measure would authorize \$6.38 billion in state general obligation bonds to fund housing for homeless individuals and veterans with mental health or substance abuse disorders. Since only the Legislature can place statewide measures on the primary ballot, Governor Newsom worked with lawmakers to ensure that Proposition 1 is the only bond measure that voters will consider next March. This means that any other qualifying statewide bond proposal, including a potential school facilities bond, would be placed on the November 5, 2024, General Election ballot.

When it comes to the most important issues facing California today, nearly 6 in 10 likely voters name economic conditions (27%), housing costs (17%), and homelessness (14%) as the three most important issues facing the Golden State. This polling data could be vital to incumbents running for reelection and challengers alike, as it allows the candidates to narrow in on the issues that Californians find most important. It could also provide a roadmap for the issues that lawmakers will focus on during the 2024 legislative session.

You can find the full PPIC survey [here](#).

### **Holiday Break**

Like many of you, our office will be closed from December 22, 2023, through January 1, 2024. Unless there is breaking news, we will return to our regular *Sacramento Update* production schedule for the week ending January 5, 2024.

Happy holidays from School Services of California Inc.!

*Leilani Aguinaldo*

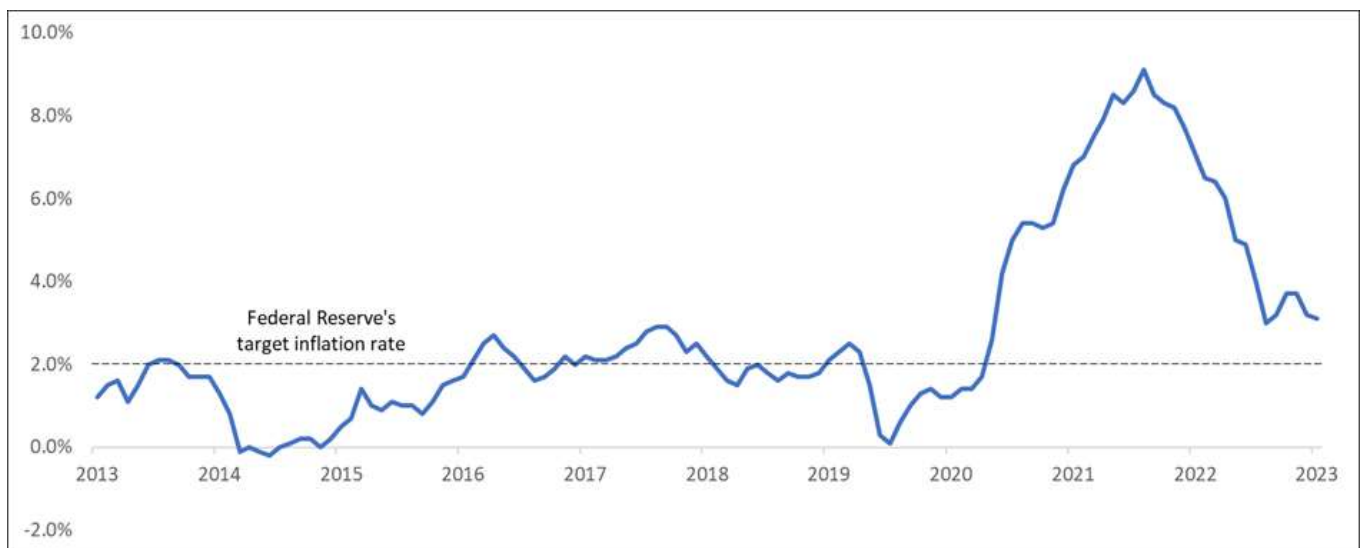
## Inflation Continues to Cool

By Patti F. Herrera, EdD, and Wendi McCaskill  
School Services of California Inc.'s *Fiscal Report*  
December 12, 2023

Today, December 12, 2023, the Bureau of Labor Statistics released the latest inflation data showing that price pressures continue to ease through the month of November. This marks its lowest point since April 2022 when the Consumer Price Index (CPI) was 4.2% on an unadjusted annual basis. At the end of last month, the annual CPI fell one percentage point from October's rate to 3.1%. In 2023, annual inflation has been trending positively (in this case downward), with slowing economic activity in response to federal monetary tightening activity resulting in an annual CPI rate that is half of what it was at the start of the year.

While the cost of shelter continued to increase nominally from October (0.4%), the increase was offset by reduced energy costs led by decreased gasoline costs. Energy costs are down 5.4% from a year ago November. Core inflation, which excludes food and energy, increased by 0.1 percentage point from October, bringing annual core inflation to 4.0% in November.

CPI  
2013-2023



Today's inflation data was released just as the Federal Reserve (Fed) began its last two-day meeting of 2023, and even though Wall Street anticipated the good news, all three stock market indexes were up as of this writing. Investors and most economists believe that the Fed will hold interest rates steady when it releases its latest economic projections at 2:00 p.m. (EST) on December 13, 2023.

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*Note: While there is little chance Newsom will call a special session on the deficit, it does underscore that dealing with the budget shortfall will be the biggest issue heading into 2024.*

## **California GOP Lawmakers Urge Newsom to Call a Special Session to Address the Deficit**

By Andrew Sheeler  
*The Sacramento Bee*  
December 14, 2023

The California Legislature is due to reconvene in just under three weeks. That's not soon enough for Assembly Republicans, who are urging Gov. Gavin Newsom to call a special session to tackle the state's projected \$68 billion deficit.

Assembly Republican Leader James Gallagher, R-Yuba City, and Assembly Budget Committee Vice-Chair Vince Fong, R-Kern County made the pitch in a letter Thursday, two days after Newsom imposed a spending freeze in anticipation of the massive shortfall.

"The Administration's initial step to freeze spending is not enough. The budget hole is simply too massive. The Legislature must come back to take action to implement the cuts. The Legislative Analyst's Office reports revenues to be \$26 billion below 2022-23 revenue estimates, and anticipates collections to be \$58 billion below Budget Act projections across 2022-23 to 2024-25," the letter reads in part.

The lawmakers said the situation is complicated by the fact that almost half of the estimated deficit is for a fiscal year that is already over.

"Urgent action now is necessary to roll back one-time and limited-term spending programs in the current year. Californians cannot risk more financial uncertainty, so immediate action now will help maximize the effect of current year solutions, and hopefully avoid the need for more difficult solutions later," the letter goes on to say.

The Bee has reached out to the governor's office for a response. This story will be updated if one is received.

State lawmakers have said that "everything is on the table right now" to determine how to address the projected deficit, including the possibility of declaring a fiscal emergency, giving the Legislature access to \$24 billion in general purpose reserves.

In a recent interview, Newsom said that the budget deficit will be "smaller than has been advertised," though he did not disclose how much smaller in that interview.

Newsom is set to deliver a proposed 2024-25 budget by Jan. 10, 2024.

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*Note: More teachers could be added to the workforce next school year because of a Commission on Teacher Credentialing decision to offer teacher candidates who almost pass their teaching performance assessment a chance to earn a preliminary credential without retaking the test.*

## **Commission Decision Could Move Thousands of New Teachers Into the Workforce Quicker**

By Diana Lambert  
*EdSource*  
December 14, 2023

Thousands of teachers could be added to the state’s workforce next school year because of a California Commission on Teacher Credentialing decision to offer teacher candidates who almost pass their teaching performance assessment a chance to earn a preliminary credential without retaking the test.

Beginning early next year, teacher candidates who come within -1.0 standard error of measurement — generally about two or three points — of passing either the California Teaching Performance Assessment or the edTPA, can earn their credential if their preparation program determines they are prepared, commissioners voted on Friday. This decision will not impact teacher candidates who take the Fresno Assessment of Student Teachers.

“To be clear, the recommendation is not proposing lowering the standard, rather it would expand the ways in which candidates could demonstrate their readiness to begin teaching,” said Amy Reising, chief deputy director of the commission on Friday.

Performance assessments are required to earn a teaching credential in California. Candidates demonstrate their competence by submitting evidence of their instructional practice through video clips and written reflections on their practice. Student candidates who select the CalTPA must complete two assessments or cycles.

“The secondary passing standard would be targeted toward candidates who fell just short of the current adopted passing standards set for these assessments, but may have demonstrated classroom readiness through other measures at the local level and within their programs,” Reising said.

Preparation programs can recommend eligible candidates for a preliminary credential by documenting that they have demonstrated proficiency in each of the seven domains in the state Teaching Performance Expectations, according to the commission.

The decision came after commissioners reviewed a report at their October meeting that revealed that a majority of teacher candidates who failed performance assessments over the last five years were extremely close to passing. If the new standard had been used over the last two years, 2,000 of the 2,731 teacher candidates who failed cycle one of the CalTPA , 953 candidates of the 1,152 who didn’t pass cycle 2 of the CalTPA, and 360 of the 1,124 candidates who failed the edTPA would have passed the assessment and earned a credential, according to the commission.

Teacher candidates whose score is too low on their performance assessment to take advantage of the secondary passing standard can work with their teacher preparation program to revise or resubmit their work,

said Anita Fitzhugh, spokesperson for the commission. The assessment can be submitted at any time at no cost because the state waived the fees. It takes about three weeks to receive a score.

Commission staff also plan to work with teacher preparation programs to develop a formal process to identify and support programs with low teacher performance assessment passing rates, according to staff reports.

An enduring teacher shortage has put pressure on the state to remove hurdles to earning a teaching credential. In July 2021, legislation gave teacher candidates the option to take approved coursework instead of the California Basic Education Skills Test, or CBEST, or the California Subject Examinations for Teachers, or CSET.

The commission's new plan isn't without controversy. One concern from speakers at Friday's meeting was that the decision would undermine Senate Bill 488, which requires the commission to replace the Reading Instruction Competence Assessment with a teaching performance assessment.

Commission staff said that the secondary passing standard for the two performance assessments will not impact the literacy performance assessment that is under development and is expected to be piloted in the spring and field-tested the following school year.

"A separate standard-setting study will be conducted in Spring 2025 to recommend passing standards for the literacy performance assessment," Reising said in an email on Monday.

According to commission staff, a work group made up of teachers, administrators, mentor teachers and university faculty will convene in July to study and make recommendations on how to improve all three of the state's performance assessments. It will consider best practices, the challenges of implementation and how to ensure reliable scoring.

More than 50 people submitted comments to the commission on the state's performance assessments. Most urged commissioners to either eliminate or revamp the performance assessments.

"TPAs are vastly subjective, depending on who is scoring the assessment; rubric-based explanations and feedback upon results are very vague," said Aly Gerdes, a teacher at Evergreen Elementary School District in San Jose. "I truthfully do not see the inherent value in CalTPA and believe it needs to be abolished or replaced with something that is worthwhile and will do more than add an extra stressor to teacher-candidates' lives."

Many speakers and letter writers said the high-stakes assessment is detrimental to teacher candidates.

"On a personal level, the stress and pressure associated with the TPA can be overwhelming," wrote teacher Cheena Molsen.

"The weight of high-stakes evaluations can adversely affect the well-being and morale of educators, potentially diminishing their effectiveness in the classroom. The toll it takes on the personal lives of teachers should not be underestimated, as the pursuit of excellence in education should not come at the cost of educators' mental and emotional well-being."



Fresno Unified School District  
Board Communication

**BC Number BFS-2**

From the Office of the Superintendent  
To the Members of the Board of Education  
Prepared by: Ashlee Chiarito, Executive Officer  
Cabinet Approval:

Date: January 05, 2024

Phone Number: 457-3934

Regarding: December Legislative Committee Meeting

The purpose of this board communication is to provide the Board information shared at the December 07, 2023, Legislative Committee Meeting.

**Budget and Economic Update:**

Ms. Aguinaldo provided a budget legislative update.

The Legislative Analyst's Office (LAO) delayed the release of the *Fiscal Outlook* until December 07, 2023, due to the twice-delayed 2022 tax filing deadline to November 2023. The LAO forecasts a \$21 billion reduction in Proposition 98. The Governor will announce the 2023/24 Proposed Budget in January and will need to consider possible reductions. The rainy day fund could be accessed as well as grants enacted in the prior year that have not been awarded could be pulled back.

The Cost of Living Adjustment (COLA) was projected in the summer by the Newsom Administration to be at 3.94%. The LAO announced that the COLA is likely to be closer to 1%. Two more quarters are needed to calculate the official COLA for the 2024/25 fiscal year. More information will come from the Governor's Budget proposal on January 10, 2024.

Local Educational Agencies (LEAs) will consider options for viable budget strategies, which may include staffing reductions. When discussing reductions of staff, the statutory March 15 layoff window for credentialed and classified staff needs to be applied.

The Expanded Learning Opportunities Program (ELO-P) decreased for districts in the 2023/24 school year based on the Unduplicated Pupil Percentage (UPP). Districts with UPP less than 75% experienced a per-pupil decrease with ELO-P. Fresno Unified's UPP is higher than 75% and did not experience a decrease in funding.

On November 08, 2023, the State Board of Education (SBE) adopted the revised Local Control and Accountability Template (LCAP). The required changes follow Senate Bill 114. Some of the significant changes include incorporating action language for Long Term English Learner (LTEL) students, assessment of action effectiveness, requiring districts to change ineffective actions, and additional goals and actions highlighting the needs of low-performing student groups at the district and school site level.

The School Services Legislative Committee December 2023 report is attached. The next Legislative Committee meeting is scheduled for January 18, 2024.

If you have any questions pertaining to the information in this communication or require additional information, please get in touch with Ashlee Chiarito at 457-3934 or Patrick Jensen at 457-6226.

Approved by Superintendent  
Robert G. Nelson Ed.D.



Date: 01/05/24

# Fresno Unified School District

**LEGISLATIVE COMMITTEE MEETING  
DECEMBER 7, 2023**

**2023-2024 Legislative Session**

**Prepared By:**

**Leilani Aguinaldo  
Director, Governmental Relations**



*Public Education's Point of Reference for Making Educated Decisions*



**School Services of California, Inc.**  
**Legislative and Economic Update Prepared for:**  
**Fresno Unified School District**  
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**December 5, 2023**

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## COLA Is What?!

By: Patti F. Herrera, EdD and Matt Phillips, CPA

November 16, 2023

The month of November ushers in annual certainties—pumpkin spice everything, familial debates about whether turkey or ham is the preferred protein for the Thanksgiving meal, a Thanksgiving Day loss by the Detroit Lions, and the release of the Legislative Analyst's Office (LAO) *Fiscal Outlook*. However, these are abnormal times, and the recent past has been anything but certain even though the pumpkin spice craze continues, familial debates persist, and the Detroit Lions (who are favored to win their Thanksgiving game this year) seem to have turned things around. Perhaps the changing fortune of the Lions—along with the twice-delayed 2022 tax filing deadline—catalyzed the LAO's decision to delay the release of their much-anticipated *Fiscal Outlook* that is normally released this week.

Of course, the outcome of a football game has no direct impact on the state's General Fund revenues, but the pending results of the 2022 tax collections have an immense impact on the state's economy and financial trajectory. Specifically, the tax collections (or lack thereof) have the potential to change the state's General Fund revenue estimates used to build the 2023-24 State Budget by tens of billions of dollars. The state estimated that October 2023 tax receipts would exceed \$42 billion due to the extension of the tax filing deadline by six months. The first deferred deadline was extended further by the Internal Revenue Service and Franchise Tax Board (FTB) in an announcement made on October 16, 2023. As of October 27, the FTB reported monthly tax collections of only \$14.9 billion—a shortfall from projections of more than \$27 billion.

This shortfall and the one-month extension of the 2022 tax filing deadline caused the LAO to postpone the publication of its *Fiscal Outlook* to early December as multi-billion dollar discrepancies can have significant impacts on the overall State Budget and Proposition 98.

The *Fiscal Outlook* is ripe with salient information and key data points, not the least of which is likely the most anticipated projection of the 2024-25 statutory cost-of-living adjustment (COLA). In recent years, the LAO's projection of the statutory COLA in the *Fiscal Outlook* has been very close to the estimates released by the Department of Finance (DOF) as part of the January Governor's Budget release. Additional angst around the statutory COLA for 2024-25 is brewing as six of the eight data points have been collected, and the 3.94% statutory COLA projected by the DOF in June 2023 is becoming a dimming hope.

Although the *Fiscal Outlook* is delayed, Kenneth Kappahn, Principal Fiscal and Policy Analyst at the LAO, presented today, November 16, 2023, at the California School Business Officials CBO Symposium and announced that the LAO is now projecting the 2024-25 statutory COLA to be approximately 1.00%—a significant decrease from the Newsom Administration's June 2023 estimates. We expect that the DOF, which has significantly more data now than in June 2023, will downgrade its projection when Governor Gavin Newsom presents his State Budget proposal on January 10, 2024.

Local educational agencies that are in midst of preparing their First Interim reports to be approved by December 17 should consider multiple scenarios factoring in lowered revenue projections as a result of a significantly reduced statutory COLA. While the final statutory COLA won't be known until April 2024, the likelihood of it being 3.94% appears to be slim to none.

## The COLA in Context

By: John Gray, Patti F. Herrera, EdD, and Matt Phillips, CPA

November 27, 2023

We knew that our recent article (see “[COLA is What?!](#)” in the November 2023 *Fiscal Report*) regarding the Legislative Analyst’s Office’s (LAO) updated cost-of-living adjustment (COLA) estimates for 2024-25 would cause a stir; however, we could not have predicted it would temporarily take our website down as tens of thousands of you were trying simultaneously to open the link to see what’s in store for next year.

For a few months now, we have been warning local educational agencies that COLAs measuring in the 6% to 8% range will not persist and that it was looking less and less likely that the Newsom Administration’s summer estimate of a 3.94% COLA would materialize next year. We knew this—and more importantly, understood what a significantly smaller COLA would mean for your budgets and ability to meet your yearly spending obligations—because our office, like the LAO and Department of Finance, regularly tracks the federal implicit price deflator that California law prescribes for the Local Control Funding Formula COLA. Thus, Ken Kappahn’s announcement that COLA is likely to be closer to 1% than 4% in 2024-25 was unsurprising to us.

We know, however, that a 1% COLA feels counterintuitive given that, even though the rate at which costs are rising is abating, prices remain relatively high—even for state and local governments, which are the consumers that inform the implicit price deflator. While the basket of goods and services that governments purchase is different from that of everyday consumers, inflation is prolific and undiscerning. So, we have been asked: How is it that COLA is only 1% when prices are still high?

The answer is simply because COLA is a rate of change from one year to the next, irrespective of how high (or low) prices are. It measures how much prices *change* rather than how much things *cost*. So, yes, the cost index for the goods and services governments consume remains relatively high, but due to slowing inflation and a slowing economy, the year-over-year change is leveling out.

For more context, the cost of goods and services governments buy has increased nearly 22% since 2018, so current prices are still high relative to pre-pandemic levels, they are just not increasing at the break-neck speed they were throughout 2021 and the first half of 2022.

We still need two more quarters to calculate the official COLA for 2024-25, and when Governor Gavin Newsom releases his 2024-25 Governor’s Budget proposal on January 10, 2024, he will benefit from having another data point (the fourth of 2023).

The perennial release of the Governor’s Budget is always critical for local planning, but it probably goes without saying that his impending release of the 2024-25 Budget is even more critical as the state and public education agencies may need to reconcile the pressure of mounting costs with significantly limited resources. We, of course, will cover all this and more at our 2024-25 Governor’s Budget Workshops in Sacramento and Anaheim. We hope to see you all there. For more information about the workshops, please click [here](#).

## 2022 Tax Receipts Down \$26 Billion

By: John Gray and Patti F. Herrera, EdD

December 1, 2023

According to the Legislative Analyst's Office update on state tax collections, 2022 tax receipts came in \$26 billion lower than 2023 Budget Act estimates. Recall that the state expected personal income and corporation tax filers to pay \$46.5 billion by November 16, 2023—the tax filing deadline extended by the Internal Revenue Service and the State Franchise Tax Board. Netting out anticipated tax refunds, the budget assumed that the state would collect over \$42 billion. Since the shortfall stems from 2022 tax collections, it affects 2022-23 fiscal year estimates.

This steep drop in state revenues equates to a significant downward adjustment to the 2022-23 Proposition 98 minimum guarantee of approximately \$10.4 billion, presenting a difficult conundrum for Governor Gavin Newsom and the Legislature as they begin negotiations on the 2024-25 State Budget in just over a month. The big question, of course, is whether lawmakers will decide to leave the prior year minimum guarantee at the June 2023 level of \$107.4 billion (essentially over-appropriating the minimum guarantee), or take action to align the state's spending obligation to K-12 schools and community colleges to the lower state revenues (or to approximately \$97 billion).

How the state handles the shortfall will directly impact local educational agencies and their ability to maintain educational programs and services for students. This is particularly true given that Proposition 98 is already carrying a deficit attributable to costs associated with fully funding the 8.22% cost-of-living adjustment (COLA), for which the state used nearly \$2 billion in one-time dollars to fund. The significantly lower COLA for 2024-25 will help reduce the amount the state will need to eliminate the deficit, but the savings it gains from the lower COLA and lower Local Control Funding Formula costs due to declining enrollment is not enough to offset the \$10.4 billion revenue shortfall for Proposition 98.

That said, Governor Newsom and lawmakers will have at least one new tool in the budget toolbox that it has not had when the state has faced similar pressures in the past: the Proposition 98 reserve. At the 2023-24 Budget Act, the balance of the education rainy day fund was \$10.8 billion. The authority of the Legislature to make automatic withdrawals from the fund is formulaic and requires the Proposition 98 minimum guarantee to be lower in one fiscal year than it was in the prior fiscal year. When this occurs, the Legislature can only withdraw funds from the Proposition 98 reserve account in an amount sufficient to bring funding up to the prior year level. Alternatively, if the Governor declares a State Budget emergency, the Legislature has the discretion to make withdrawals from the rainy day fund and in any amount.

There is no doubt the budget advisors to the Newsom Administration and the Legislature are considering all options to address the sizable budget shortfall from lower-than-expected 2022 tax receipts and what we can expect will be downward adjustments to estimated revenues for 2024-25. We anticipate that Governor Newsom's January 10 release of the 2024-25 Governor's Budget proposal will illuminate how he intends to confront it.

# FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## State Revenues Stable Through September, October Is Uncertain

By: Brianna García and Wendi McCaskill

October 26, 2023

The Department of Finance released its most recent *Finance Bulletin* on Monday, October 23, 2023, via a new interactive format. The October release reflects both national and state economic data through September 2023 and indicates General Fund revenues continue to be in alignment with the 2023 Budget Act projections.

September General Fund revenues exceeded budget projections by \$796 million (5.7%), with total actual revenues at \$14.77 billion versus a forecasted \$13.97 billion. The 2023-24 Budget year-to-date, actual General Fund revenues of \$36.76 billion exceed the forecast of \$35.88 billion by \$879 million (2.4%).

As indicated below, when looking more specifically at the “Big Three” (i.e., personal income tax, corporation tax, and sales and use tax), both personal income tax and sales and use tax were slightly below projections on a year-to-date basis, and corporation tax actual revenue outpaced forecasted revenue. September 2023 revenues show both corporation tax and personal income tax exceeding projected figures and sales and use tax actual revenue falling slightly below projections.

Dollars in millions	September 2023				2023-24 Year-to-Date			
	Forecast	Actual	Difference	Percent Diff.	Forecast	Actual	Difference	Percent Diff.
Personal Income Tax	\$8,561	\$8,576	\$16	0.2%	\$22,593	\$22,566	-\$27	-0.1%
Corporation Tax	\$2,118	\$2,966	\$848	40.1%	\$3,386	\$3,925	\$539	15.9%
Sales and Use Tax	\$2,788	\$2,697	-\$91	-3.3%	\$8,171	\$8,067	-\$104	-1.3%
Total	\$13,467	\$14,239	\$773		\$34,150	\$34,558	\$408	

Source: [Finance Bulletin, October 2023 Issue \(ca.gov\)](#)

At the 2023 Budget Act enactment, the payment and filing tax deadline, which impacts both personal income and corporate taxes, was delayed for most Californians until October 16, 2023. Cashflow projections for 2023-24 factored into this delay. On October 16, the payment and filing tax deadline was further delayed until November 16, 2023. The impact of this extension is not fully known at this point. However, the Franchise Tax Board receipts provide potential insights—whether as a result of the twice-extended filing deadline or just from economic headwinds in general.

According to Jason Sisney, the State Assembly’s budget director, October revenues are reported as coming in below projections for the month of October. Notably, the month is not yet at its close, and the lower than anticipated revenues are at least partially due to the later tax deadline. We are



now looking to December for a clearer picture of November revenues and to glean a hint of what the Governor may propose in January.

Turning to the economy, September U.S. unemployment held steady at 3.8%—unchanged since August. On the other hand, California unemployment increased slightly from 4.6% to 4.7% between August and September.

September U.S. headline inflation matches August at 3.7%, while U.S. core inflation decreased slightly from 4.3% in August to 4.1% in September. As a reminder, core inflation exempts food and energy prices from the calculation. California headline inflation increased to 3.6% in August from 3.1% in June, though California's core inflation fell from 4.6% in June to 4.0% in August.

Regarding housing, permits were up 4.5% from July but remain down 7.7% year over year. The median price of single-family homes is up 3.3% from July to \$859,800, while sales of existing single-family homes were down 5.3% from July.

We will continue to track economic indicators and state cash flow and will report out regularly on the U.S. and California economies as well as the alignment between projections and actual cash flow data.

## Local Budget Strategies Amidst Constrained Resources

By: Patti F. Herrera, EdD and Suzanne Speck

November 29, 2023

As local educational agencies (LEAs) across California begin to confront the confluence of diminishing resources and growing expenditures, developing budget strategies early will be critical for maintaining educational programs and services for students while managing agency fiscal health. The recent news of what is likely to be a significantly smaller cost-of-living adjustment (COLA) for the 2024-25 fiscal year compared to the statutory COLAs and augmentations from the last few years undoubtedly sparked cabinet-level discussions about new budget strategies that may be necessary to accommodate less-than-expected state support in 2024-25, and across the multi-year budget window.

### Right-Sizing Staff May Be a Critical Budget Strategy

Because education is a service industry with over 85% of an LEA's budget dedicated to a workforce providing direct support to students and their academic success, it is hard to imagine a local budget strategy that would not include adjustments in personnel to some level or another. Some LEAs will tide rough fiscal waters with yet-to-be-spent one-time COVID-19 emergency dollars from the state and federal government, while others may have less capacity to do so. In any event, LEAs ought to be considering their options of viable budget strategies, which may include staffing reductions.

We are aware of the dissonance that discussing reductions in personnel amid a workforce shortage creates; however, we are also aware that very few LEAs—many of which have been experiencing declining enrollment—made efforts to right-size staff to better align to student programming needs during the COVID-19 pandemic. Consequently, as resources grow increasingly constrained, this topic becomes imperative. And, since most permanent and probationary certificated and classified employees are now subject to the statutory March 15 layoff window, the time to evaluate LEA staffing needs carefully is now.

Some of you may be contemplating the prospect of a summer layoff window opening given the Legislative Analyst's Office 1.00% COLA estimate, but we would caution LEAs counting on the narrow authority to reduce staff as part of a summer layoff window to reconsider given the history of this policy. First, the condition to open what is referred to as the summer layoff window is rarely present. In fact, the condition has only been met five times. Second, on three of the five occasions, lawmakers intervened to inhibit local discretion.

But before we get there, let's start with what the summer layoff window is for those who may be unfamiliar with it. The law authorizes local governing boards to issue summer layoffs when their Local Control Funding Formula apportionment per average daily attendance does not increase by at least 2% from the prior year and they determine that reducing staff is necessary. In addition to this condition, for the policy to be effective as a local budget strategy, it is imperative that the State Budget be adopted by June 30. This is because the law specifies that LEAs only have between five days after the State Budget is enacted and August 15 to follow notice and layoff procedures. Even

when these conditions are present, the authority provided under Education Code Sections (EC §) [44955.5](#) and [45117\(d\)](#) are unreliable, and we explain why below.

### **The Storied History of the Summer Layoff Window**

Because the summer layoff window is conditioned upon a significant slowdown in state aid from one year to the next, it is logical that it would correspond to economic recessions. Although the policy was originally enacted in 1983, it was not until June 1991 that the funding threshold was met for the first time and the Legislature passed an on-time budget. Leveraging law, the San Francisco Unified School District (District) governing board adopted an abbreviated schedule for notice and hearing as permitted by law. That layoff survived a union challenge in the Superior Court of San Francisco; however, before the matter could be heard on appeal, the District restored all positions and rescinded the layoff notices. But the District's actions and subsequent legal challenges were enough to draw the Legislature's attention to the policy, so that when the next time the summer layoff window opened in 2002-03, lawmakers responded swiftly and took action to render the policy inoperative.

The only other time that the funding threshold for the summer layoff window was met without legislative intervention was at the height of the Great Recession in June 2009, when 71 LEAs issued notices pursuant to [EC § 44955.5](#). Twenty-two of those LEAs went to hearing. The window opened in 2011 as the Great Recession persisted and again in 2020 during the COVID-19 recession. In both years, and with another stroke of the legislative pen, the summer layoff provision was made inoperative.

Given the 2024-25 projected COLA of 1.00%, declining enrollment trends, expiring one-time funds, and the increasing costs of LEA operations, sadly but not surprisingly, certificated and classified layoffs will be a reality for many of you. There is no time to waste when it comes to the important and difficult discussions that need to take place locally around the need to reduce certificated and classified service for 2024-25. The likelihood that the funding threshold contained in [EC § 44955.5](#) and [EC § 45117\(d\)](#) will be met is high and we fully expect to have an on-time State Budget; but, if history is predictive, you shouldn't count on the summer layoff window opening. This makes the statutory timeline for issuing March 15 certificated and classified layoff notices, which is as good as carved in stone, ever more important and the time is now to carefully consider your staffing needs for 2024-25.

## Has Per-Pupil Funding for ELO-P Decreased?

By: Leilani Aguinaldo and Wendi McCaskill

November 2, 2023

*Ask SSC . . .* Has the per-pupil rate for the Expanded Learning Opportunities Program (ELO-P) changed for 2023-24? My apportionment for ELO-P seems to be lower than in 2022-23.

There are two per-pupil rates for ELO-P funding, depending on a local educational agency's (LEA) prior-year unduplicated pupil percentage (UPP). Per statute, eligible LEAs with a UPP greater than or equal to 75% receive a per-pupil rate of \$2,750, also known as "Rate 1." In order to provide stability, LEAs that received Rate 1 in 2022-23 remain eligible for this higher rate for at least three years, even if prior-year UPP dips below 75%. For LEAs with a UPP less than 75%, the per-pupil rate ("Rate 2") in 2023-24 is \$1,802.66. Unfortunately, Rate 2 decreased by \$251.54 from the per-pupil rate that these LEAs received in 2022-23.

Rate 2 is determined by the amount of state ELO-P funds remaining after the allocation for Rate 1 LEAs has been calculated. Total state funding for ELO-P in 2023-24 remained steady at \$4.0 billion and, as a result, Rate 2 is directly impacted by the state's prior-year classroom-based average daily attendance (ADA) for students in grades TK-6. This figure increased in 2022-23 by 3.27%, and while higher ADA is generally a good thing, in this case, it means a decline in Rate 2.

As a reminder, an LEA's ELO-P apportionment is determined by multiplying the per-pupil rate (either Rate 1 or Rate 2) by the prior-year Second Principal Apportionment (P-2) reported classroom-based ADA in grades TK/K-6, multiplied by prior-year P-2 UPP, with a minimum entitlement of \$50,000. Additional information is available on the California Department of Education's [website](#).

## Proposition 28 Entitlements Released

By: Dave Heckler

November 6, 2023

On Friday, November 3, 2023, the California Department of Education (CDE) released preliminary entitlements for the Proposition 28: Arts and Music in Schools funding program.

The program, approved by voters in 2022, provides nearly \$1 billion in non-Proposition 98 funding (1% of Proposition 98 K-12 spending in the prior year) to support arts and music in schools, with 30% of the funding targeted towards economically disadvantaged students. Funding is determined by a school's share of all pre-kindergarten through grade 12 students statewide. Similarly, the funding for the economically disadvantaged student population is based on a school's share of the targeted population statewide.

The per-pupil amount for all students at a school site is estimated to be \$110.50 per pupil, with an additional \$78.42 for each economically disadvantaged pupil (School Services of California Inc.'s [SSC] estimates from July 2023 were \$109.82 and \$78.68, respectively).

Per the CDE's announcement of the preliminary entitlements, funding will be allocated with the principal apportionment schedule, beginning with the 2023-24 First Principal Apportionment in February 2024.

SSC has updated its lookup tool below to reflect these preliminary entitlements.

For more information about the Proposition 28: Arts and Music in Schools program, or to download the preliminary entitlements, click [here](#).

## California Makes Gains to Reduce Chronic Absenteeism

By: Dave Heckler, Patti F. Herrera, EdD, and Wendi McCaskill

November 8, 2023

The efforts of local school leaders to reduce the pandemic-related spike in student absences appear to be working, according to statewide data released by the California Department of Education (CDE). This is welcomed news as research indicates that student outcomes improve in direct relation to regular school attendance.

Statewide, 2022-23 chronic absence rates decreased by over 5.0 percentage points from the 2021-22 school year—the trough of student performance in this metric, when chronic absenteeism reached a staggering historic high of 30%. While an improvement from prior year, poor student attendance patterns remain stubborn with a chronic absence rate of nearly 25%—or 12.8 percentage points up from pre-pandemic levels.

Year-over-year gains were made across all student groups with low-income students experiencing the greatest reduction in chronic absence when compared to their peers, decreasing by 6.7 percentage points. This was followed closely by Hispanic/Latino students, for whom chronic absence fell to 28.9% from a high of 35.4%. Similarly, chronic absence rates for African American/Black students fell by 5.9 percentage points from 2021-22.

### Chronic Absenteeism, All Grades

	2018-19	2021-22	2022-23
<b>All Students</b>	12.1%	30.0%	24.9%
<b>Low-Income Students</b>	15.2%	37.2%	30.5%
<b>African American/Black Students</b>	22.5%	42.5%	36.6%
<b>Hispanic/Latino Students</b>	13.4%	35.4%	28.9%

Source: CDE

Importantly, while these gains are something to celebrate as local efforts to address student absences take effect, historical gaps persist that will require school leaders to remain vigilant and dig further into the root causes underlying disparate outcomes among students engaged in their learning.

## SBE Approves Revised LCAP Template

By: Kyle Hyland

November 9, 2023

At its November 8, 2023, meeting, the State Board of Education (SBE) adopted the revised Local Control and Accountability Plan (LCAP) template.

The changes to the template were required pursuant to Senate Bill 114, the education omnibus budget trailer bill for the 2023-24 Enacted Budget. Some of the significant changes to the template and instructions include the following:

- Requiring local educational agencies (LEAs) eligible for differentiated assistance to include a summary of the work underway as part of receiving technical assistance
- Requiring LEAs with schools that receive Local Control Funding Formula (LCFF) Equity Multiplier funding to include a summary of how they consulted with educational partners at those schools in the development of the LCAP
- Specifying that LEAs must consider their performance on the state and local indicators included in the California School Dashboard (Dashboard) in determining whether and how to prioritize the goals, specific actions, and related expenditures included within the LCAP
- Requiring that for each action and budgeted expenditure provided to all pupils on a districtwide, countywide, or charter-wide basis, one or more specific metrics to monitor the intended outcome of that action and budgeted expenditure must be identified
- Requiring LEAs receiving LCFF Equity Multiplier funding to include one or more focus goals for each school generating the funding. These focus goals must address all student groups that have the lowest performance level on one or more state indicators on the Dashboard and any underlying issues in the credentialing, subject matter preparation, and retention of the school's educators, if applicable
- Requiring LEAs to include specific actions in the LCAP to address all instances where a school or student group within an LEA, or a student group within a school, receives the lowest performance level on one or more state indicators on the Dashboard
- Specifying that LEAs that have a numerically significant English learner (EL) pupil subgroup and/or a numerically significant long-term EL pupil subgroup must include specific actions in the LCAP related to, at a minimum, the language acquisition programs
- Requiring LEAs to assess the effectiveness of actions toward achieving the goals in the LCAP and requiring LEAs to change actions that have not proven effective over a three-year period. LEAs must include a description of changes that explains the reasons for the lack of progress and how any changes to the action will result in a better approach
- Clarifying that the EL student group includes long-term ELs for the purpose of meeting the increased or improved services requirement

The new template will be used for the 2024-25 LCAPs that local governing boards must adopt by July 1, 2024. The California Department of Education (CDE) will provide statewide trainings via its Tuesday @ 2 webinars between November 14, 2023, and January 9, 2024, related to the new requirements, as well as ongoing guidance and support.

While the CDE will release the clean version of the template in the coming weeks, you can find the approved template and all of the materials presented at the SBE meeting for the new LCAP template and instructions [here](#).

We will keep you apprised of when the CDE releases the official version of these templates and the dates of the trainings. Stay tuned.



## Sunset Date Eliminated for Virtual Meetings During Emergencies

By: Kyle Hyland

November 9, 2023

Over the past couple of years, Governor Gavin Newsom has signed several bills into law that have given local agencies, including local educational agencies (LEAs), flexibilities from specific Brown Act provisions (see "[More Brown Act Flexibilities Coming in January 2023](#)" in the October 2022 *Fiscal Report*).

While only one significant Brown Act bill landed on his desk this year, Assembly Bill (AB) 557 (Hart, Statutes of 2023), it does eliminate the sunset date on provisions of law permitting local agencies to use teleconferencing during a proclaimed state of emergency.

In September 2021, Governor Newsom signed an urgency bill into law that authorized, until January 1, 2024, a local agency to use teleconferencing for public meetings, without complying with certain Brown Act requirements, in any of the following circumstances:

- The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing
- The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining by majority vote whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees
- The legislative body holds a meeting during a proclaimed state of emergency and has determined by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees

AB 557 signed into law by Governor Newsom on October 8, 2023, eliminates the January 1, 2024, sunset date stipulated in the urgency measure described above. This means that the teleconference flexibilities stipulated in AB 361 (Rivas, Statutes of 2021) during proclaimed states of emergency over the past two years will not sunset on January 1, 2024, but will instead continue indefinitely during proclaimed states of emergency.

We recommend that you review the article that we published in our September 2021 *Fiscal Report*, "[Urgency Bill Allowing Virtual Meetings Signed by Governor Newsom](#)," to better understand the teleconference flexibilities that your LEA is entitled to during a proclaimed state of emergency. It is important to note, however, that AB 557 does make the following changes to the language in AB 361:

- Changes the frequency with which a legislative body must make specified findings in order to continue to teleconference during a proclaimed state of emergency, from every 30 days to every 45 days
- Removes all references to social distancing in the statute

- Allows legislative bodies to teleconference meetings during proclaimed states of emergency but no longer allows local agencies to continue to hold meetings if a state of emergency ends, but state or local officials continue to impose or recommend measures to promote social distancing

The provisions of AB 557 will officially go into effect on January 1, 2024.

## 1 2024 State Budget and Legislative Timelines/Key Deadlines

### January

- January 3 – Legislature reconvenes for the second year of the 2023-24 Legislative Session
- January 10 – Deadline for Governor Newsom to release his 2024-25 State Budget proposal
- January 31 – Deadline for two-year bills to clear the house of origin

### February

- February 1 – Trailer bill language is released
- Mid-February – Legislative Analyst's Office (LAO) releases *Analysis of the Governor's Budget*
- February 16 – Bill introduction deadline

### March, April, and May

- Budget subcommittees hear budget items and have public testimony
- Policy committees and fiscal committees hear bills and have public testimony

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## 2 2024 State Budget and Legislative Timelines/Key Deadlines

### May

- May 14 – Deadline for Governor Newsom to release his “May Revision”
- May 17 – Deadline for the fiscal committees to hold first house “suspense file” hearings
- May 24 – Deadline for bills to clear the house of origin

### June

- June 15 – Deadline for Legislature to approve their version of the 2024-25 State Budget
- June 30 – Deadline for main State Budget Bill to be signed (trailer bills can be signed after June 30)

### August

- August 16 – Deadline for the fiscal committees to hold second house “suspense file” hearings
- August 31 – End of session (last day for Legislature to approve bills)

### September

- September 30 – Last day for the Governor to sign or veto legislation sent to him on August 31

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Fresno Unified School District  
Board Communication

**BC Number E&EP-1**

From the Office of the Superintendent  
To the Members of the Board of Education  
Prepared by: Wendy McCulley, Chief of  
Engagement & External Partnerships  
Cabinet Approval: *Wendy McCulley*

Date: January 05, 2024

Phone Number: 457-3749

Regarding: Giving Tuesday 2023

The purpose of this communication is to provide the Board information about the Giving Tuesday campaign which occurred on November 27, 2023 and ran through November 28, 2023.

Two friendly competitions between the regions took place on November 27-28, 2023. Each Board member represented their respective region, with the Superintendent also representing a special eighth region – consisting of our alternative education, magnet, and specialty schools.

125 donations from 120 individual donors brought in a total of \$13,106 to fund regional scholarships as compared to last year's total of \$11,195. A breakdown of those donations is shown here:

- Edison Region: \$3,265, Donors: 37
- McLane Region: \$1,150, Donors: 16
- Fresno High Region: \$760, Donors: 15
- Hoover Region: \$610, Donors: 10
- Bullard Region: \$575, Donors: 11
- Sunnyside Region: \$460, Donors: 7
- Magnet, Specialty & Alternative Education Region: \$406, Donors: 8
- Roosevelt Region: \$370, Donors: 8
- General donations: \$5,510, Donors: 13

In addition, there were two challenges that day with the winning region receiving an extra \$500 in scholarship funds for each. Trustee Thomas, representing the Edison region, won both challenges for largest number of donors by midnight and the largest donation of the day.

The Foundation social media posts during the Giving Tuesday campaign registered 7,218 impressions and 559 engagements.

If you have any questions or need further information, please contact Wendy McCulley at 457-3749.

Approved by Superintendent  
Robert G. Nelson Ed.D.

*Robert G. Nelson*

Date: 01/05/24

Fresno Unified School District  
Board Communication

**BC Number E&EP-2**

From the Office of the Superintendent  
To the Members of the Board of Education  
Prepared by: Wendy McCulley, Chief of  
Engagement & External Partnerships  
Cabinet Approval: *Wendy McCulley*

Date: January 05, 2024

Phone Number: 457-3749

Regarding: Partnerships Summary

The purpose of this communication is to provide the Board information regarding partnerships with Fresno Housing Authority, Lexia Learning and Installnet.

The Office of Engagement and External Partnerships was able to collaborate with Fresno Housing Authority to provide screenings of the film *The Right to Read* at three community hubs which included Legacy Commons, Cedar Courts, and Parc Grove Commons. The film shares the stories of an NAACP activist, a teacher, and two American families who fight to provide our youngest generation with the most foundational indicator of life-long success; the ability to read.

On February 5, 2024, The Office of Engagement and External Partnerships will collaborate with Lexia Learning to provide a free screening of the film *The Right to Read* at Fresno High School's Royce Hall at 5:00 pm. Educational partners from Fresno Unified, surrounding school districts, parents and community members are invited to attend.

In addition, through partnership with The Foundation for Fresno Unified Schools, Installnet donated 66 adjustable office desks and 144 office chairs. The donation has an estimated value of \$107,050. On December 18, 2023, in collaboration with Parent University and the FUSD Warehouse, 61 families received the donated items.

If you have any questions or need further information, please contact Wendy McCulley at 457-3749.

Approved by Superintendent  
Robert G. Nelson Ed.D.

*Robert G. Nelson*

Date: 01/05/24