

Summary: Final 2024-2025 California State Budget

August 14, 2024

General Budget Overview

On June 29, 2024, Governor Newsom signed the budget for 2024-2025 fiscal year. The state was forced to address a significant budget shortfall through a mix of early action, budget reductions and budget deferrals. Overall, the budget addressed a \$46.8 billion shortfall through a balanced package of solutions, including spending reductions of \$16 billion. More details on the budget can be found in this [FACT SHEET](#) and [FULL BUDGET SUMMARY](#).

Due to the significant shortfall this budget season included complex and lengthy negotiations over many months. This included early action, through [AB 106](#) (Gabriel) to reduce the impact of the shortfall by making a mix of \$3.6 billion in reductions (primarily to one-time funding), \$5.2 billion in revenue and borrowing, \$5.2 billion in delays and deferrals, and \$3.4 billion in shifts of costs from the general fund to other state funds.

Then, moving into June the legislature passed [AB 107](#) (Gabriel), representing the legislative budget agreement, with the ultimate agreement between the legislature and the Governor culminating in [SB 108](#) (Wiener). Of note, the Legislature suspended Proposition 98, via [SB 154](#) (Budget) as part of the broader agreement to address the budget shortfall.

The following includes highlights of key issues from the full budget summary linked above.

Proposition 98

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges (collectively referred to as K-14 schools). The Proposition 98 Minimum Guarantee (Guarantee), which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The LCFF is the primary mechanism for distributing these funds to support students attending K-12 public schools in California.

Under certain circumstances, the Constitution allows the Legislature to suspend the Guarantee and create a maintenance factor to be paid in future fiscal years when conditions require it. The Budget suspends the Guarantee in 2023-24 and projects the Guarantee to be in Test 1 in 2024-25. In Test 1 years, the Guarantee is equal to the percentage of General Fund appropriated for K-14 schools in the 1986-87 fiscal year.

Suspending the Guarantee is projected to create a maintenance factor obligation of approximately \$8.3 billion in 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in 2024-25, which will be paid in addition to the Guarantee level in 2024-25.

To accommodate enrollment increases related to the expansion of transitional kindergarten, and the implementation of Proposition 28, the Budget rebenchs the Test 1 percentage, from approximately 38.6 percent to approximately 39.2 percent, to increase the percentage of General Fund revenues obligated to the Guarantee. As 2024-25 is a Test 1 year, the value of the

Guarantee is the sum of 39.2 percent of General Fund revenues, 2024-25 local property tax revenues, and the \$4.1 billion maintenance factor payment.

The Budget reflects Proposition 98 funding levels of \$103.7 billion in 2022-23, \$98.5 billion in 2023-24, and \$115.3 billion in 2023-24. Of the \$103.7 billion in 2022-23, the Budget accrues approximately \$6.2 billion of the state's General Fund costs to the 2026-27 through 2035-36 fiscal years for budgetary and financial reporting purposes.

Community College Funding

The Legislature and Governor worked creatively to limit cuts to higher education funding. Below are significant adjustments and other key items in the CCC budget.

- Apportionments Cost-of-Living Adjustment and Growth—An increase of approximately \$100.2 million ongoing Proposition 98 General Fund to reflect a cost-of-living adjustment for apportionments of 1.07 percent, and an increase of approximately \$28.1 million ongoing Proposition 98 General Fund to support 0.5 percent enrollment growth.
- Current Year SCFF Apportionments Costs—An increase of approximately \$545.8 million one-time Public School System Stabilization Account to support SCFF costs for 2023-24.
- SCFF Deferrals—The Budget reflects SCFF apportionment deferrals from 2023-24 to 2024-25 of approximately \$446.4 million and from 2024-25 to 2025-26 of approximately \$243.7 million. Additionally, the Budget reflects approximately \$241.8 million in categorical program deferrals from 2022-23 to 2023-24, with the deferred amounts being repaid using Public School System Stabilization Account resources; \$217.7 million of the repayment will support the SCFF in 2023-24
- CCC Categorical Program COLA—An increase of \$13.1 million ongoing Proposition 98 General Fund to provide a 1.07-percent COLA for select categorical programs and the Adult Education Program.
- Apprenticeships—A one-time increase of approximately \$1.1 million Proposition 98 General Fund to support prior years' apprenticeships program costs.
- Local Property Tax Adjustment—A decrease of \$256.7 million ongoing Proposition 98
- Mapping Articulated Pathways for Credit for Prior Learning—\$6 million one-time Proposition 98 General Fund to support a demonstration project that will embed credit for prior learning policies into educational pathways that provide support for working adults seeking to improve their economic mobility through community college educational programs.
- Pathways for Low-Income Workers for Demonstration Project—\$5 million one-time Proposition 98 General Fund provided to support the CCC Strong Workforce Program shall be used for a demonstration project that would support the development of educational pathways for low-income working learners.

Labor and Workforce Development

As highlighted in the budget summary provided earlier this year, the budget agreement did result in some reductions to programs around workforce. The 2022 Budget invested approximately \$2.2 billion General Fund towards the state's goals of increasing the number of apprenticeships; workforce training to mitigate the effects of climate change; and creating more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce. The Budget reduces \$1.16 billion (\$971.1 million General Fund) and delays \$190 million General Fund from 2023-24 and prior years to 2024-25 and future years (\$50 million in 2024-25, \$70 million in 2025-26, and \$70 million in 2026-27).

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Healthcare Workforce Investments**—A reduction of \$746.1 million General Fund over five years, and \$189.4 million Behavioral Health Services Fund in 2025-26 for various healthcare workforce initiatives at the Department of Health Care Access and Information. The Budget maintains \$108.9 million General Fund in committed funds, and \$357.7 million General Fund in prior and current year workforce investments in the Department of Health Care Access and Information. The Budget also includes \$60 million Proposition 98, per year over five years, in the community colleges for nursing. (See the Health and Human Services Chapter and Higher Education Chapter for additional information).
- **California Jobs First (Formerly the Community Economic Resilience Fund)**—A reduction of \$150 million General Fund and a delay of \$150 million General Fund for California Jobs First, an inter-agency partnership of the Labor and Workforce Development Agency, the Governor's Office of Business and Economic Development, and the Governor's Office of Land Use and Climate Innovation (formerly the Office of Planning and Research) to support resilient, equitable, and sustainable regional economies. The Budget includes \$50 million General Fund annually in 2024-25 through 2026-27 for this program.
- **Apprenticeship Innovation Fund**—A reduction of \$40 million General Fund for the Apprenticeship Innovation Fund at the Department of Industrial Relations. The Budget maintains \$95 million General Fund for this program over two years (\$55 million in 2022-23 and \$40 million in 2023-24).
- **Goods Movement Workforce Training Facility**—A delay of \$40 million General Fund for a Goods Movement Workforce Training Facility in Southern California. The Budget includes \$20 million General Fund for this purpose in both 2025-26 and 2026-27. (See the Climate Change Chapter for additional information.)
- **Low Carbon Economy Program**—A reduction of \$15 million General Fund for the Low Carbon Economy Grant Program at the California Workforce Development Board. The Budget maintains \$30 million (\$15 million General Fund in 2022-23 and \$15 million Greenhouse Gas Reduction Fund in 2023-24) over two years for this program. (See the Climate Change Chapter for additional information.)

- Displaced Oil and Gas Worker Pilot Fund—A reversion of \$10 million General Fund for the Displaced Oil and Gas Worker Pilot Fund at EDD. The Budget maintains \$30 million General Fund for this program. (See the Climate Change Chapter for additional information.)
- Emergency Medical Technician Training—A reduction of \$10 million General Fund for the Emergency Medical Technician training program at EDD. The Budget maintains \$30 million General Fund for this program over two years.
- Labor and Workforce Development Fund Loan—A budgetary loan of \$125 million from the Labor and Workforce Development Fund to the General Fund from resources not currently projected to be used for operational or programmatic purposes.

Final Budget: SB 108 (Wiener)

SB 108 represents the final 2024-2025 California State Budget agreement. The final budget includes the elements described above. In addition, below is the specific line item (6870-101-001) that includes apprenticeship funding. Please note that the provision has been shortened to only include schedules (2) and (3) and the implementing budget bill language.

SEC. 222.

Item 6870-101-0001 of Section 2.00 of the Budget Act of 2024 is amended to read:

6870-101-0001—For local assistance, Board of
Governors of the California Community Colleges
(Proposition 98) 6,149,214,000

Schedule:

(1) 5670015-Appportionments	3,904,892,000
(2) 5670019-Apprenticeship	64,690,000
(3) 5670023-Apprenticeship Training and Instruction	60,850,000

3. (a) (1)	The funds appropriated in Schedule (2) shall be available pursuant to Article 3 (commencing with Section
------------	--

79140) of
Chapter 9 of
Part 48 of
Division 7 of
Title 3 of the
Education
Code. Funds
appropriated
pursuant to
this
subdivision
shall be
available for
encumbrance
or
expenditure
until June 30,
2027.

- (2) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be \$10.05 per hour.
- (b) Of the funds appropriated in Schedule (2), \$30,000,000 shall be used for the California Apprenticeship Initiative pursuant to Section 79148.1 of the Education Code. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2030.
- 4. (a) The funds appropriated in Schedule (3) shall be available pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2027.
- (b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be \$10.05 per hour.
- (c) Of the funds appropriated in Schedule (3), \$1,133,000 is provided on a one-time basis to reimburse local educational agencies for eligible related and supplemental instruction hours from the 2021–22 and 2022–23 fiscal years.

Summary

In sum, the balanced budget passed by the Legislature and signed by the Governor worked to protect priority programs and investments from significant spending cuts as much as possible by utilizing reserves, revenue, shifts, and delays. The State maintained \$22.2 billion in reserves and action taken this year addresses some out-year challenges, hopefully mitigating any future budget shortfalls. The full budget details can be found [HERE](#).