

March 16, 2021

## Governor's Proposed State Budget for 2021-22

Governor Newsom introduced his proposed \$227 billion budget for 2021-22 on January 8. The proposed budget is starkly different from what lawmakers anticipated when they finalized the 2020-21 budget, largely because of much larger than expected tax receipts. The General Fund budget is \$164.5 billion, which is a 5.5% increase over 2020-21. The governor's proposal devotes \$14 billion to "early actions" that would provide various forms of relief due to the COVID-19 pandemic and includes \$34 billion of "resiliency" proposals that rebuild the state's reserves. The revenue projections result in much higher Proposition 98 funding than was expected.

Two early action proposals affect TK-12 education: a \$2 billion one-time funding package targeted towards re-opening schools for in-person instruction and \$4.6 billion to support expanded learning time and academic interventions for students most disadvantaged by the pandemic. These proposals have been fully developed with the Legislature and were signed into law on March 5 (AB 86). Funding for higher education institutions was also included in another comprehensive early action budget package signed on February 23. The Community Colleges received \$100 million in emergency financial aid for low-income students and \$20 million to support re-engagement with students who stopped studying or are at risk of dropping out. The package also include agreement to restore funding cut from the University of California and California State University in the current year (approximately \$300 million per system, expected in May Revise).

### PROPOSITION 98

	BUDGET 2021-22	NOTES
Proposition 98 Funding	\$85.5 billion is allocated for Proposition 98. There are additional dollars for 2019-20 and 202-21 as well.	2019-20: \$79.5 billion (was \$77.7) 2020-21: \$82.8 billion (was \$70.9)
Public School System Stabilization Account (PSSSA)	Also known as the Proposition 98 Rainy Day Fund, a \$2.2 billion deposit for 2021-22 and \$747 million for 2020-21 will result in a balance of \$3 billion. These deposits into the PSSSA would trigger a cap of 10% on district reserves beginning in 2022-23.	

### EARLY CHILDHOOD

	BUDGET 2021-22	NOTES
Statutory COLA	Statutory COLA is currently estimated at 1.5% and would apply to general childcare and state preschool.	2021-22 final COLA rate will be set in May 2021 upon release of calculations from the federal government.
Master Plan for Early Learning and Care	\$250 million one-time Prop. 98 funds that could be used over multiple years are proposed to expand Transitional Kindergarten programs.	Plan released on Dec. 1, 2020 and includes a multi-year plan for state child care and early education.

Teacher Prep: TK/K	\$50 million one-time Prop 98 funds to support preparing TK teachers and training TK and Kindergarten teachers on inclusive classrooms, ELL, socio-emotional learning, trauma-informed practices, restorative practices, and mitigating implicit biases.
Facilities	\$200 million one-time General Fund support proposed to construct and retrofit facilities to support TK and full-day kindergarten programs.

## K-12 EDUCATION

	BUDGET 2021-22	NOTES
In-Person Grants	\$2 billion to support schools that are re-opening for in-person instruction, with maximum funding to schools offering in-person instruction by April 1. Allocation according to Local Control Funding Formula (LCFF).	Early Action, enacted March 5, 2021. Must be used by August 31, 2022.
Expanded Learning Grants	\$4.6 billion to support expanded learning opportunities. At least 10% is set aside for paraprofessionals. 85% must be spent on in-person learning activities. Allocation according to LCFF, plus \$1,000 per student experiencing homelessness.	Early Action, enacted March 5, 2021. Must be used by August 31, 2022.
Statutory COLA	Statutory COLA for 2021-22 is currently estimated at 1.5%. The budget proposal also applies a 2.31% COLA, which was not funded in 2020-21, for a compounded rate of 3.84% to the LCFF. Other categorical programs would see only the 1.5% COLA.	2021-22 final COLA rate will be set in May 2020 upon release of calculations from the federal government.
Local Control Funding Formula (LCFF)	An increase of \$2 billion is proposed for the LCFF bringing it to a total of \$64.5 billion. This increase assumes the 3.84% COLA.	
Categorical Funding	The 1.5% COLA would also be applied to those programs that are outside of LCFF. This includes Special Education, Child Nutrition, Foster Youth, American Indian Early Childhood Program and the Mandate Block Grant among others.	This translates to an increase of \$85.7 million in ongoing Prop. 98 funding
Average Daily Attendance (ADA)	There is no new hold-harmless protection for ADA included in the budget proposal. The 2020 Budget Act did have a provision, so LEAs that do experience enrollment declines in 2021-22 would receive apportionment based on the higher of their 2019-20 or 2020-21 ADA, as required in the LCFF statute.	Declining enrollment continues to be a concern in many districts, and the lasting impact of COVID-19 on enrollment remains unknown. This is leading to some LEAs taking a conservative approach in budgeting.
Deferrals	\$9.2 billion of K-12 deferrals in the 2020 Budget Act would be paid down, leaving a \$3.7 billion ongoing July to August deferral going forward.	All deferrals scheduled for the current year would take place as enacted.
Supplemental Funding	One-time supplemental payment of \$2.3 billion. Additional supplemental payments included in the 2020 Budget Act would be removed from statute since Prop. 98 funding levels have not dropped as had been expected	
Educator Professional Development	\$315.3 million package that emphasizes training in high-need areas. Includes \$250 million for the Educator Effectiveness Block Grant to expedite training in re-engaging students, restorative practices, and implicit bias training; \$50 million for statewide resources and targeted	One-time Prop.98 funds

	professional development on social-emotional learning and trauma-induced practices; \$8.3 million for CA Early Math Initiative; \$7 million to the University of California Subject Matters projects; \$5 million for development of ethnic studies courses.	
Teacher Pipeline Expansion	\$225 million, which includes \$25 million for Classified School Employees Credentialing Program, \$100 million for the Golden State Teacher Grant program, \$100 million for the Teacher Residency Program.	One-time Prop.98 funds
Community Schools	\$264.9 million to expand existing networks of community schools and establish new community schools, including development of new models.	One-time Prop.98 funds
Mental Health Services	\$450 million available through a mix of agencies and departments. \$400 million for county behavioral health departments and public schools to partner with aim of increasing preventative and early intervention services from schools or school-based health centers. \$25 million to expand Mental Health Student Services Act Partnership Grant Program; \$25 million to support innovative partnerships with counties to support student mental health.	Funds are a mix of federal, General Fund, and One-time Prop. 98 funds and many could be used over multiple years.

## COUNTY OFFICES OF EDUCATION

	BUDGET 2021-22	NOTES
Statutory COLA	The statutory COLA is currently set at 1.5% and would provide \$10.2 million.	2021-22 final COLA rate will be set in May 2020 upon release of calculations from the federal government.
Climate Surveys	\$10 million for a county office of education to develop, train, and administer school climate surveys, through grants to LEAs.	

## ADULT EDUCATION

	BUDGET 2021-22	NOTES
Statutory COLA	The statutory COLA is currently set at 1.5%, which increases the funding by \$8.1 million.	With the Technical Assistance funds, total funding proposed is \$553 million.
Technical Assistance Funding	Increase of \$1 million ongoing Prop. 98 funding for technical assistance to the Adult Education program	

## CLASSIFIED EMPLOYEES

	BUDGET 2021-22	NOTES
Classified School Employees Credentialing Program	The budget proposes \$25 million one-time Prop. 98 funds to expand the Classified School Employees Credentialing Program to recruit classified school employees to become certificated classroom teachers.	

## COMMUNITY COLLEGE

	BUDGET 2021-22	NOTES
Emergency Financial Aid	\$100 million for grants to low-income students who are enrolled for at least 6 units.	Early Action, enacted February 23, 2021.
Retention and Reengagement	\$20 million for efforts that increase student retention and enrollment, especially with students who have withdrawn or are at risk of dropping out.	Early Action, enacted February 23, 2021.
Statutory COLA	The statutory COLA is currently set at 1.5%. The budget does not apply the 2.31% unfunded COLA from 2020-21 to the community college apportionment and most categorical programs. This is in contrast to the proposal for K12, which applies a 3.84% COLA to the LCFF funding.	2020-21 final COLA rate will be set in May 2020 upon release of calculations from the federal government.
Proposition 98	Of the \$88.1 billion Proposition 98 funding, Community Colleges will receive approximately \$10 billion.	
Student Centered Funding Formula (SCFF)	The 1.5% COLA will increase the SCFF by \$111.1 million.	
Enrollment Growth	\$23.1 million is allocated for enrollment growth.	
Student Technology Access	\$30 million ongoing Prop. 98 funds proposed to support student technological access by enabling students to have electronic devices and high-speed internet connections.	
Distance Education	\$10.6 million proposed to develop online and distance learning supports.	
Work-Based Learning	An increase of \$15 million ongoing funds proposed to expand the California Apprenticeship Initiative.  Proposal for \$20 million one-time funds to expand work-based learning models and programs.	
Professional Development	One-time funding of \$20 million proposed to support culturally competent online professional development for faculty.	
Student financial support	\$250 million (includes \$100 million early action) proposed for emergency financial aid for full-time, low-income students.  \$100 million one-time funds proposed to address student food and housing insecurity.  \$3.1 million to increase student applications for CalFresh benefits.	CalFresh outreach funding is part of Early Action package, signed February 23, 2021.
Ethnic Studies and Anti-Racism	Budget includes \$600,000 to support the implementation of AB 1460, which adds an ethnic studies graduation requirement at CSU, and anti-racism initiatives in the community college system.	
Part-Time Faculty Office Hours	The proposal includes \$12 million to support the Part-Time Faculty Office Hours program.	No increase from current year.

Instructional Materials	An increase of \$15 million one-time funds is proposed to further develop and implement zero-textbook-cost degrees and an increase of \$2.5 million is proposed for community colleges to provide materials to dual enrollment students.	
Deferrals	\$1.13 billion of Community College deferrals in the 2020 Budget Act would be paid down, leaving a \$326 million ongoing July to August deferral going forward.	All deferrals scheduled for the current year would take place as enacted.

## UNIVERSITY OF CALIFORNIA

	BUDGET 2021-22	NOTES
Base Growth	\$136 million total in ongoing funding proposed. This supports a 3% increase in base resources to UC campuses (\$95 million), UC Path, the UC Office of President and the Division of Agriculture and Natural Resources. There is also \$15 million for student basic needs, \$12.9 million for UC PRIME (Medical Education), \$1 million to transition to the Canvas online learning management platform, and \$1 million for graduate medical residency positions.	
One-Time Support	\$225 million for one-time funding proposals, including \$14 million for emergency financial assistance for students; \$5 million for culturally competent professional development for faculty; \$7 million for K-12 teacher professional development; \$20 million for CA Institutes of Science and Innovation; \$2 million for UC Fire Advisors; \$1.24 million for UCSF Dept of Public Health Modeling Consortium; and \$175 million for deferred maintenance.	
Expectations	Funding is contingent on UC keeping undergraduate tuition and fees flat in 2021-22 and taking action to significantly reduce equity gaps so they fully close by 2025. UC also expected to adopt policies to further online education opportunities, better align learning objectives with workforce needs, and create a new dual admissions pathway to enable first-time freshman to be considered for guaranteed admission to UC upon completion of an Associate Degree for Transfer (or its UC equivalent) at a CA Community College.	

## CALIFORNIA STATE UNIVERSITY

	BUDGET 2021-22	NOTES
Base Resources	\$145 million in ongoing General Fund dollars proposed. This includes \$111.5 million for a 3% base increase, to support CSU's operational costs and \$15 million for the Basic Needs Initiative component of the CSU's Graduation Initiative 2025. It also supports enrollment at the CSU Stanislaus Stockton Campus with \$1 million.	
One Time Support	\$225 million in one-time funding proposals, including \$30 million for emergency financial assistance for students; \$10 million for culturally competent professional development for faculty; and \$175 million for deferred maintenance.	
Expectations	Funding is contingent on CSU keeping undergraduate tuition and fees flat in 2021-22 and taking action to	

significantly reduce equity gaps so they fully close by 2025. CSU also expected to adopt policies to further online education opportunities, better align learning objectives with workforce needs, and create a new dual admissions pathway to enable first-time freshman to be considered for guaranteed admission to CSU upon completion of an Associate Degree for Transfer at a CA Community College.

## FEDERAL COVID-19 STIMULUS FUNDS

	BUDGET 2021-22	NOTES
CRRSA Act (Coronavirus Response and Relief Supplemental Appropriations Act)	The federal stimulus package signed in December 2020 provides more than \$58 billion to education. Of this, California's TK-12 sector is expected to receive approximately \$6.7 billion and the higher education institutions expect \$2.9 billion total.	Details about allocation and distribution of the CRRSAA funds were not included in the Governor's Budget.
ARP Act (American Rescue Plan Act)	The federal stimulus package signed in March 2021 provides significant funding to support education, state and local governments, COVID-19 testing, tracing and vaccination effort, early childhood and child care, and much more. From this package, California expects more than \$15 billion for TK-12 education; \$5 billion for higher education; and \$3.8 billion for early childhood and child care. The state will also receive over \$42 billion in state and local aid and \$80 billion for COVID-19 testing, tracing, PPE, and vaccine distribution.	Allocations are still being calculated and full details are forthcoming.

## COLA: PROJECTED RATE REVISIONS AS OF JANUARY PROPOSAL

	2021-22	2022-23	2023-24
Projected COLA Rates	1.5%	2.98%	3.05%

## CaSTRS / CaPERS: EMPLOYER CONTRIBUTION RATES

The 2020 Budget Act funded reductions to employer contribution rates in 2020-21 and called for reductions in the 2021-22 rates as well. The governor's proposal allocates \$820 million for this.

	CaSTRS	CaPERS
2021-22 rate	18.1%	24.9%
2021-22 proposed	15.92%	23%

## FOR ADDITIONAL INFORMATION, CONTACT:

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