



Legislative Update

January 15, 2020

Gov. Newsom prioritizes education in budget proposal

INTRODUCTION

Gov. Newsom released his \$222 billion state budget proposal for 2020-21 on Friday, January 10. The proposal continues to invest in his education priorities, including early childhood education, special education, educator recruitment and training, as well as student health and wellness.

The budget proposal includes \$84 billion for Proposition 98, which represents a \$3.8 billion increase in K-14 education.

Below is a summary of the key components of the governor's January budget proposal for 2020-21. Additional information will be forthcoming over the next several months as the budget moves through the legislative process.

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Early Childhood Education

The governor's budget reinforces his commitment to building a universal preschool system. This includes a **Master Plan for Early Learning and Care** and \$5 million one-time General Fund dollars to develop a long-term strategic plan to provide a roadmap for universal preschool.

Additional allocations

- The budget proposes an **increase of \$3.9 million** in 2020-21 and \$127 million ongoing non-Proposition 98 General Fund for an additional 10,000 State Preschool slots at non-local education agencies.
- General Child Care Slots – **\$50 million** ongoing funding from the Cannabis Fund to support over 3,000 General Child Care slots previously funded with General Fund dollars and an additional \$10.3 million for an increase of 621 slots.
- Create a Department of Early Childhood Development under the California Health and Human Services Agency which would consolidate all child care funding streams and programs (except for the State Preschool Program).
- **\$300 million** remains from 2018 and 2019 that was for the development of full-day kindergarten facilities expansion. A portion of these funds would go to the construction of preschool facilities to support districts that increase access to early education.

K-12 Education

For K-12 education, the governor proposes a \$1.2 billion Proposition 98 General Fund increase for the Local Control Funding Formula, which represents only a 2.29 percent cost-of-living adjustment (COLA), and brings LCFF funding to \$64.2 billion.

The per pupil funding from this budget equates to a total of \$17,964 per student in 2020-21 (includes both Proposition 98 and non-Proposition 98 dollars), which is an increase of \$456 over 2019-20. (Proposition 98-only dollars equate to a per pupil rate of \$12,600 – an increase of \$496 per student over 2019-20.)

There are no one-time dollars for special programs. There is also no payment to CalSTRS or CalPERS on behalf of school districts as there was in 2019-20, but the effects of the 2019-20 investment carry out through this year and several more ahead. School districts are expected to save \$6.9 billion over the next three decades.

One-time funds of \$600,000 are proposed to create an online Local Control and Accountability Plan (LCAP) portal to collect information from districts across the state to increase transparency.

A 40 percent increase in state funding for school nutrition programs to provide healthier food for school meals. \$70 million Proposition 98 General Fund dollars are allocated for this — \$60 million to increase the reimbursement rate, and \$10 million to provide training for school food service workers to promote healthier and more nutritious meals.

The budget includes \$900 million for educator recruitment and preparedness:

- **\$350 million** one-time Proposition 98 General Fund dollars to augment the Educator Workforce Investment Grants for teachers and paraprofessionals in competitive grants to LEAs to conduct training in special education, support mental health interventions, English Language Learners (ELL), social and emotional learning, restorative justice practices and Science, Technology, Engineering and Math (STEM).
- **\$193 million** for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas.
- **\$175 million** to expand the current Teacher Residency Program, which supports teacher preparation programs.
- **\$100 million** for the California Teacher Credential Award Program that would fund \$20,000 stipends for fully-credentialed teachers who complete four years of teaching service in specific districts.
- **\$64.1 million** to expand the California Classified School Employee Teacher Credentialing Program which provides grants to local educational agencies to recruit classified school employees to become certificated classroom teachers.

One-time allocations

- There is \$15 million in one-time Proposition 98 General Fund dollars allocated for grants to LEAs to support 10,000 teachers to earn a supplemental authorization on their credential to teach computer science, \$2.5 million one-time for County Offices of Education for computer science resources, and \$1.3 million one-time for the University of California to develop a new Subject Matter Project in computer science.
- **\$300 million** in one-time Proposition 98 General Fund dollars for “Opportunity Grants” for expanded support for the state’s lowest-performing schools and districts and to expand the capacity of the California Collaborative for Educational Excellence (CCEE) to provide support to these schools and districts.
- **\$300 million** in one-time competitive grants to establish community schools, which will allow districts to develop coordinated programs with access to community services to provide health, mental health, behavioral health, restorative justice and other programs.
- **\$10 million** in one-time non-Proposition 98 dollars and \$1.5 million annually thereafter for grants to promote farm-to-school programs with the California Department of Food and Agriculture.

Special Education

The governor's budget proposes to allocate all of the \$645 million from 2019-20 to fund a special education base grant to increase SELPA funding. In 2019-20, the budget provided \$152 million to increase SELPA funding and \$493 million to provide special education services to children ages 3 to 5.

This budget proposal instead earmarks the entire \$645 million to increase funding to SELPAs and proposes to add an additional \$250 million in Proposition 98 General Fund contributions to provide special education services to children ages 3 to 5.

In addition, the budget proposes to eliminate the existing AB 602 formula and replace it with a base formula using a three-year rolling average of Average Daily Attendance (ADA).

Finally, the governor proposes to establish workgroups to make recommendations related to special education governance, accountability, and funding distribution models.

Community Colleges

The budget allocates an increase of \$167.2 million to community colleges to cover the 2.29 percent COLA. There are no refinements to the Student-Centered Funding Formula. The budget does call for incorporating first-generation college student metrics within the funding formula. There is also \$31.9 million allotted for enrollment growth.

Additional allocations

- **\$1.5 million** Proposition 98 General Fund dollars to augment the California Apprenticeship Initiative, and \$20 million one-time Proposition 98 General Fund dollars appropriated for work-based learning models and programs at community college districts.
- An **increase of \$15 million** in one-time Proposition 98 dollars for a pilot fellowship program for improving faculty diversity at California Community Colleges, as well as an increase of \$10 million one-time Proposition 98 dollars for part-time faculty office hours.
- **\$83.2 million** to support apprenticeship investments.
- An **increase of \$10 million** Proposition 98 to provide legal services to immigrant students, faculty and staff at community colleges as well as an increase of \$5.8 million Proposition 98 dollars to fund Dreamer Resource Liaisons and student support services.
- Reducing textbook costs through an **increase of \$10 million** one-time Proposition 98 allocation to develop and implement zero-textbook-cost degrees using open educational resources, as well as an increase of \$5 million for community colleges to provide instructional materials for dual enrollment students.
- An **increase of \$11.4 million** Proposition 98 dollars to establish or support food pantries at community colleges.

University of California

The governor's budget proposes a **\$169.2 million** ongoing General Fund augmentation to support a 5 percent increase in base resources for University of California campuses with the expectation that these funds will be used to increase undergraduate enrollment and to support operational costs and student support services.

Reserves

Gov. Newsom continues to build reserves (some of which are required by the state constitution). The "Rainy Day Fund" will **increase by \$2 billion** in 2020-21, and an additional

\$1.4 billion over the remainder of the three-year forecast, which will result in a \$19.4 billion balance by 2023-24.

There is also an allocation for the Public School System Stabilization Account (PSSSA – also known as the “Proposition 98 Rainy Day Fund”) of **\$110 million**. The Proposition 2 limit on district reserves will not be triggered, however, because the balance is not equal to or greater than 3 percent of the K-12 total share of Proposition 98. Total reserves equal \$21 billion in this proposed budget.

This report was prepared by the CFT Legislative and Research Departments.

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