



Legislative Update

January 25, 2021

Governor's 2021-22 budget proposes increases for education, financial incentive to return to in-person classes

INTRODUCTION

Gov. Newsom released the annual January budget proposal for the 2021-22 budget year, totaling \$227.2 billion on Friday, January 8. The budget is very different from what lawmakers anticipated six months ago, when the 2020-21 budget was finalized, thanks to much larger than expected tax receipts. The proposal includes \$34 billion allocated to reserves (including the Public School System Stabilization reserve) and as discretionary surplus funding.

The budget proposal includes \$85.8 billion for Proposition 98 in 2021-22, and revises upwards the Prop. 98 funding for 2020-21 by \$11.9 billion. The statutory COLA for 2021-22 is calculated at 1.5% and the budget proposes a COLA of 3.84% for the LCFF, which accounts for 2020-21 COLA that was not funded.

The governor's January proposal includes \$2 billion for schools that create plans and return to in-person instruction as early as February, and a request for immediate action by the Legislature to fund this incentive. Another \$4.6 billion is proposed to extend learning time for students this year – through summer and after school programs – and address other impacts of the pandemic. The governor is also requesting early action on this allocation.

The budget proposal calls for \$36.1 billion in total funding for higher education, which is \$951 million greater than the 2020 Budget Act. The California Community Colleges would receive a 1.5% COLA for apportionments, and funding to support 0.5 percent enrollment growth. The proposal calls for 3 percent base increases for the University of California and California State University.

California expects to receive a significant amount of funding for education from the federal stimulus package that was passed just before the new year. At this time, the governor estimates there will be \$6.7 billion for TK-12 and \$2.9 billion for higher education.

Below is a summary of the key components of the governor's 2021-22 budget proposal. Further analysis and information will be forthcoming as the budget moves through the legislative process. The Governor is required to update this proposal in May, before a final budget is adopted in June.

CONTENTS

- [EARLY ACTIONS](#)
- [EARLY CHILDHOOD](#)
- [K-12 EDUCATION](#)
- [SPECIAL EDUCATION](#)
- [PROP 98 RESERVES](#)
- [COMMUNITY COLLEGES](#)
- [UNIVERSITY](#)
- [OTHER PROPOSALS](#)

EARLY ACTIONS

Safe Schools for All: In-Person Instruction Grants

The January budget proposal includes \$2 billion one-time dollars to fund grants to schools that are open for in-person instruction as early as mid-February. This funding would need urgent legislative action for it to be available by February 1.

- Base grants range from \$450 to more than \$700 per pupil, depending on enrollment of low-income students, students in foster care, and English language learners.
- Funds could be used for any purpose that supports in-person instruction, including Personal Protective Equipment, or even salary adjustments.
- Funds will only be awarded to schools that have a COVID-19 School Safety Plan that is in compliance with Department of Public Health requirements, includes surveillance COVID testing for staff and students, and has an agreement with represented employees.

Expanded Learning Time and Academic Intervention Grants

The governor proposes to allocate \$4.6 billion to support targeted interventions for K-12 students who have been most disadvantaged by the pandemic. The details of this proposal are not yet available but will include funds to offer an extended school year or summer school. Gov. Newsom is asking for the legislature to take early action on this proposal.

Community College Student Support and Engagement

The governor also seeks early action by the legislature on proposals to address community college student' immediate student needs. This includes:

- \$100 million one-time funds for emergency student financial assistance grants to full-time, low-income community college students who were previously working full-time.
- \$20 million one-time funds to support community college student retention and enrollment, especially for re-engagement of students who may have withdrawn from classes due to the pandemic.
- Proposals to delay requirements for private nonprofits to access Cal Grants and restore Cal Grant A eligibility for students whose eligibility was affected by the pandemic.

Early Childhood Education

The state's Master Plan for Early Learning and Care is a multi-year plan to transform the state's childcare and early education systems and was published on Dec. 1, 2020. The governor's budget proposes to begin implementation of the plan.

- The budget includes \$250 million one-time funds to expand access to Transitional Kindergarten (TK), with the funds available over multiple years.
- Support for teacher prep for TK teachers -- \$50 million one-time funds.
- Funding to support construction and retrofitting of existing facilities to support TK and full-day kindergarten -- \$200 million one-time funds.
- A COLA of 1.5% would apply to general childcare and state preschool.

K-12 Education

The governor proposes a total of \$64.5 billion for LCFF, which is \$2 billion more than the current year. This proposal applies a 3.84% COLA to the LCFF (which includes the 2020-21 COLA of 2.31% and the 2021-22 COLA of 1.5% for a compounded total of 3.84%).

- The per-pupil funding, including all fund sources, is projected to be \$18,000 in 2021-22; of this, \$12,648 are Prop. 98 dollars.
- The hold-harmless protection for Average Daily Attendance funding that was included in the 2020-21 budget is notably not included in this proposal, however the provision in 2020 Budget Act means LEAs that experience enrollment declines in 2021-22 may receive an apportionment based on the higher of their 2019-20 or 2020-21 ADA (pursuant to the hold harmless provisions of the LCFF statute).
- The 2020 Budget Act included supplemental payments for the next few years, based on an expectation of declining Prop 98 funding guarantees. Since that has not happened, the governor proposes to include a one-time supplemental payment of \$2.3 billion for 2021-22 and remove future payments from statute.

One-Time Funding proposals include:

- \$315.3 million for Educator professional development.
- \$225 million for expanding the teacher pipeline, including \$25 million for the Classified School Employees Credentialing Program and increased support for the Golden State Teacher Grant Program and the Teacher Residency Program.
- \$264.9 million to expand community schools.
- \$450 million one-time funds for mental health services; these mental health funds would be available over multiple and expand services in schools through partnerships between the Dept of Health Care Services, counties, and schools.
- \$10 million one-time funds for county offices of education to develop and administer school climate surveys.

Special Education

- The budget proposal includes \$300 million ongoing funds for the Special Education Early Intervention Grant, to increase services for infants, toddlers, and preschoolers.
- Another \$5.25 million one-time funds would establish professional learning networks to help LEAs access federal Medi-Cal funds.
- \$500,000 one-time funds proposed to fund a study to examine certification and oversight of non-public school special education placements.

Prop. 98 Reserves

Funding of the Prop. 98 Rainy Day Fund, or the Public School System Stabilization Account, is required under certain conditions and the Department of Finance expects these conditions to be met this year and next year. Therefore, the budget proposes to deposit \$747 million in 2020-21 and \$2.2 billion in 2021-22, for a total of \$2 billion. This action will trigger a provision that caps school district reserves at 10%, beginning in 2022-23. The cap does not apply to community college districts.

Community Colleges

The January budget proposes Proposition 98 funding totaling \$9.3 billion for the community college system. The budget includes \$204 million increase in ongoing funding and \$428 million in one-time funding. This reflects a 1.5% COLA (\$111.1 million) for the SCFF (Student Centered Funding Formula) and funding to support 0.5% enrollment growth (\$23.1 million). Most categorical programs will also receive the 1.5% COLA (\$6.1 million). Note: the COLA proposed for community colleges is different from the COLA for the K-12 system; state law requires the unfunded COLA from 2020-21 to be applied to the K-12 LCFF.

Fall 2020 enrollment in the community colleges is estimated to be about 8% lower than the prior year, with drops disproportionately among underrepresented student populations. Several budget proposals aim to support this group, and focus on financial and other support. There is also a hold harmless provision included in the 2020 Budget Act that extended the SCFF hold harmless rule through 2023-24. This means districts will receive at least their 2017-28 total computational revenue, adjusted by COLAs.

Other proposals supported by ongoing funding include:

- \$30 million to support student access to technology and mental health services.
- \$10.6 million to develop online and distance education platforms.
- \$15 million to expand the California Apprenticeship Initiative.

One-time funding proposals include:

- Support totaling \$250 million is proposed for emergency financial aid for full-time, low-income students; \$100 million is part of the early action proposals.
- \$100 million for food and housing security support for students
- \$20 million to support culturally competent online professional development for faculty.
- \$20 million to expand work-based learning.
- \$15 million to support zero-textbook-cost degrees.
- \$600,000 to support implementation of AB 1460, which adds an ethnic studies course as a CSU graduation requirement, and anti-racism initiatives in the community college system.

University of California

The governor's budget proposes an augmentation of \$136 million in ongoing General Funds and \$225 million one-time funding, and requires the UC to keep undergraduate tuition and fees flat for the 2021-22 year. The governor also calls for action to close equity gaps by 2025.

Ongoing funding proposals:

- \$103.9 million includes a 3% increase to base funding for campuses (\$95 million), the Office of the President, UCPath, and the Division of Agriculture and Natural Resources
- \$15 million for student basic needs, including access to technology and student mental health.
- \$12.9 million for UC PRIME (UC Programs in Medical Education) and establishment of a new program focused on Native American communities.
- \$1 million to support transition to a common online learning management platform, Canvas.
- \$1 million to support graduate medical residency positions.

One-time funding proposals:

- \$175 million for deferred maintenance and energy efficiency projects.
- \$20 million for California Institutes of Science and Innovation.
- \$14 million for emergency student financial assistance for full-time, low-income students.
- \$7 million for UC Subject Matter projects for K-12 teacher professional development.
- \$5 million to support culturally competent professional development for faculty.
- \$2 million for UC Fire Advisors.
- \$1.25 million for UCSF, Dept. of Public Health Modeling Consortium.

OTHER PROPOSALS

K-14 Deferrals

The governor's proposal would pay down \$9.2 billion of the K-12 deferrals included in the 2020 budget and leave an ongoing K-12 deferral balance of \$3.7 billion going forward, as a June to July deferral.

For Community Colleges, deferrals would be reduced by \$1.1 billion and leave an ongoing deferral of \$326.5 million.

The deferrals scheduled for the current year would take place, as enacted, with the deferrals scheduled to begin in February with repayments running through November.

Federal COVID-19 Stimulus Funds

California's pre-K-12 education sector can expect to receive approximately \$6.7 billion of the \$58.3 billion that was allocated to education in the December federal stimulus package. Like the CARES Act, a large percentage would go directly to Title I schools. An estimated \$2.9 billion will be available for higher education institutions. Details about the allocation and distribution of these funds are not yet complete.

CalPERS/CalSTRS

The 2020 Budget Act called for reductions to employer contribution rates in 2020-21 and 2021-22. The budget proposal allocates \$820 million to fund the reductions for CalSTRS rates (from 18.1% to 15.92%) and \$330 million to fund the reductions for CalPERS rates (from 24.9% to 23%).

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

FOR ADDITIONAL INFORMATION, CONTACT:

Tristan Brown, Legislative Representative, tbrown@cft.org

Aimee Shreck, Research Director, ashreck@cft.org

Telephone (916) 446-2788