

The 2020-21 Governor’s Budget Proposal

Governor Gavin Newsom is proposing a \$157 billion General Fund Budget for the upcoming fiscal year, a 2.23% increase over the current year. The total State Budget proposed by the Governor measures at \$222.2 billion. He uses a significant amount of one-time funds as a way to provide flexibility during times of economic uncertainty. Being fiscally prudent, examples of proposed flexibility are found in the education budget where nearly 60% of the \$3 billion in available new revenue is proposed for new or the extension of one-time investments.

Economic Outlook

The 2020–21 revised revenue forecast is over \$5 billion more than the 2019–20 State Budget Act projection. Personal income tax is up by \$1.2 billion, corporation tax is up by \$700 million, and revenue from the sales and use tax is projected to be \$1.1 billion over the 2019 enacted State Budget estimates.

Governor Newsom continues to build additional reserves beyond the \$16 billion currently set aside in the Rainy Day Fund. An additional \$1.9 billion transfer is proposed in the budget year and an additional \$1.4 billion over time, bringing the Rainy Day Fund to \$19.4 billion by 2023–24.

Proposition 98

CURRENT- AND PRIOR-YEAR MINIMUM GUARANTEE

The Proposition 98 minimum guarantee has increased from the 2019 State Budget Act for both 2018–19 and 2019–20 due largely to an increase in property tax revenue in 2018–19 and increased General Fund revenues in both years.

For the current year, Governor Newsom’s State Budget proposal acknowledges an increase of \$517 million from the 2019–20 State Budget Act—

raising the Proposition 98 guarantee to an estimated \$81.6 billion, up from \$81.1 billion. The 2018–19 year reflects a more modest increase of \$301.5 million, raising the minimum guarantee from \$78.1 billion to \$78.4 billion.

2020–21 MINIMUM GUARANTEE

For 2020–21, the Governor’s State Budget proposes a Proposition 98 guarantee of \$84 billion, an increase of \$3 billion year over year. As expected, given the continued declines in enrollment, the guarantee is projected to be based on Test 1—funding based on education’s proportion of the General Fund in 1986–87.

Cost-of-Living Adjustments and ADA

The estimated statutory cost-of-living adjustment (COLA) for K–12 education programs in 2020–21 is 2.29%, and is applied to the Local Control Funding Formula (LCFF) base grant targets, as well as other education programs that are funded outside of the LCFF. Those programs include Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers, the American Indian Early Childhood Education program, and the Mandate Block Grant.

Statewide, average daily attendance (ADA) is expected to continue declining. The State Budget proposal reduces Proposition 98 funding in 2019–20 due to an ADA decline greater than projected in the 2019–20 State Budget Act, and in 2020–21 from a further projected ADA decline in 2020–21.

	2019-20	2020-21	2021-22	2022-23
Statutory COLA	3.26%	2.29%	2.71%	2.82%

Local Control Funding Formula

The Governor’s 2020–21 State Budget proposal includes an increase of \$1.2 billion in Proposition 98 funding for the LCFF reflecting the 2.29% COLA. This brings LCFF funding to \$64.2 billion.

LCFF TARGET ENTITLEMENTS FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS

The target base grants by grade span for 2020–21 are increased over 2019–20 by 2.29% to reflect the estimated statutory COLA:

Grade Span	2019–20 Target Base Grant per ADA	2.29% COLA	2020–21 Target Base Grant per ADA
TK*–3	\$7,702	\$176	\$7,878
4–6	\$7,818	\$179	\$7,997
7–8	\$8,050	\$184	\$8,234
9–12	\$9,329	\$214	\$9,543

*TK=Transitional Kindergarten

Special Education

Following the investment in the 2019–20 State Budget for Assembly Bill (AB) 602 equalization (\$152 million) and one-time flexible funding to school districts based on the number of preschoolers with disabilities (\$493 million)—the 2020–21 State Budget continues to provide investments in special education. Governor Newsom’s State Budget for 2020–21 proposes to use all of last year’s \$645 million to fund a new special education base grant this year while still allocating funds through Special Education Local Plan Areas. All but one hundred local educational agencies (LEAs) will receive an increase in base funding through this funding, and those LEAs will be held harmless.

Similarly to the 2019–20 State Budget, the Budget proposes \$250 million one-time funding to school districts based on the number of preschoolers ages three to five years with exceptional needs served. Details for the use of these funds are forthcoming, but the expectation is that the funds would be used to increase or improve services.

Early Childhood and Preschool

The Governor announced a sweeping proposal to establish a Department of Early Childhood Development under the Health and Human Services

Agency, and shift all but the California State Pre-school Program from the Department of Education into the new department, beginning in July 2021. As it relates to programs affecting public agency providers, the Governor's State Budget proposals include the following investments:

- \$75 million in Proposition 98 funding to expand the Inclusive Early Education Expansion program that provides one-time grants to construct or modernize preschool facilities that serve children with disabilities
- Increases the provider reimbursement rates for General Child Care and State Preschool by a 2.29% COLA
- Proposes future changes in the State School Facility Program if voters approve the \$15 billion statewide school bond (Proposition 13) to provide facility grant enhancements to expand preschool programs on school campuses
- Proposes diverting a portion of the funds allocated for school districts to retrofit and construct facilities to support full-day kindergarten programs to instead construct preschool facilities at schools

Teacher Investments

The State Budget proposal includes over \$900 million in one-time Proposition 98 funds to address California's persistent educator shortage and crisis in the following programs:

- \$350 million to expand the existing Educator Workforce Investment Grant Program
- \$193 million for the Workforce Development Grant Program
- \$175 million to expand the Teacher Residency Program
- \$100 million to provide \$20,000 stipends for teachers who participate in the California Teacher Credential Award Program

- \$64.1 million to expand the Classified School Employees Credentialing Program

Community Schools

In reinforcing efforts to serve the whole child, the 2020–21 State Budget proposes to invest \$300 million in one-time Proposition 98 funds to establish Community School grants accessible by LEAs that employ the community school model.

School Nutrition

The Governor proposes to increase funding for school nutrition by an ongoing \$60 million Proposition 98 appropriation and proposes a \$10 million Proposition 98 fund to train school food service workers in promoting healthier and more nutritious meals.

Computer Science

The Governor proposed investing \$15 million in one-time funds for grants to support training approximately 10,000 K–12 teachers to earn a supplementary authorization on their credential to teach computer science.

System of Support

The 2020–21 State Budget proposal reinforces the statewide system of support with a one-time \$300 million investment to establish Opportunity Grants and expand the capacity of the California Collaborative for Educational Excellence. The grants are for the lowest-performing schools and school districts to pair with federal Title I resources to provide integrated and intensive interventions to close achievement gaps.

POCKET BUDGET 2020–21

A Summary Analysis of the Governor's Proposed 2020–21 State Budget for California's Schools

Prepared By:



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

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