

# Overview of the Governor’s Budget Proposals

With revenue growth surpassing original expectations early in the pandemic, the Governor’s Budget proposal forecasts a dramatic restoration of funding including growth in programs, reserves, and a cost-of-living adjustment (COLA).

## Proposition 98, the Supplemental Payment, and the Public School System Stabilization Account

In 2021–22, the Proposition 98 Minimum Guarantee to fund K–12 and community college districts increases to \$85.8 billion. The minimum guarantee for both 2019–20 and 2020–21 increase from their June 2020 Enacted State Budget levels by \$1.9 billion and \$11.9 billion, respectively, to \$79.5 billion and \$82.8 billion. In addition, the Governor’s Budget proposes a one-time non-Proposition 98 supplemental payment of \$2.3 billion.

Due to economic conditions and other factors, the Governor’s Budget assumes that the state is required to make a deposit into the Public School Systems Stabilization Account (PSSSA)—or education’s Rainy Day Fund—totaling \$3 billion. Specifically, the proposal projects required deposits in fiscal years 2020–21 and 2021–22 of \$747 million and \$2.2 billion, respectively. The total balance in the PSSSA would trigger the condition that caps the amount that school districts can maintain in their local reserves beginning in fiscal year 2022–23.

## Deferrals

The 2020–21 Enacted Budget included almost \$13 billion in K–12 deferrals—\$1.9 billion of Local Control Funding Formula (LCFF) funding from June 2019–20 to July in 2020–21, and an additional

approximately \$11 billion from 2020–21 to 2021–22.

The Governor’s Budget proposal pays down \$9.2 billion of the K–12 LCFF deferrals, which effectively eliminates the ongoing deferrals scheduled for February 2022 through May 2022. Note that this pay down does not impact the deferrals currently scheduled for February through June 2021. The repayment schedule for these deferrals remains, with local educational agencies (LEAs) receiving these apportionments from July through November 2021.

## COLA and ADA

The proposed COLA for the LCFF in 2021–22 is 3.84%—a compounded amount that encompasses a 2.31% COLA for 2020–21 and an additional 1.5% for 2021–22—and is applied to the LCFF base grants. The other education programs that are funded outside of the LCFF—special education, Child Nutrition, general childcare, Preschool, Foster Youth, American Indian Education Centers, the American Indian Early Childhood Education program, and the Mandate Block Grant—will only receive the 1.5% COLA designated for 2021–22.

Statewide, average daily attendance (ADA) is expected to continue declining. The Governor’s Budget proposal does not, however, include an ADA hold harmless for 2021–22, though it does note that school districts in declining enrollment have the statutory ability to utilize higher, prior-year ADA.

## LCFF

The 2021–22 Governor’s Budget proposal includes an increase of \$2 billion in Proposition 98 for the LCFF reflecting the 3.84% COLA. This brings LCFF funding to \$64.5 billion.

## LCFF TARGET ENTITLEMENTS FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS

Grade Span	2020–21 Base Grant per ADA	3.84% COLA	2021–22 Base Grant per ADA
TK*–3	\$7,702	\$296	\$7,998
4–6	\$7,818	\$300	\$8,118
7–8	\$8,050	\$309	\$8,359
9–12	\$9,329	\$358	\$9,687

\*TK=Transitional Kindergarten

## LCFF Fiscal Accountability

The proposal includes language that will require LEAs to maintain supplemental and concentration grant funds to increase and improve services for unduplicated pupils until the funds are fully spent for those purposes. These monies may no longer be carried over in an unrestricted fashion from one fiscal year to the next. In addition, further requirements will be placed on county offices of education when reviewing Local Control and Accountability Plans as it pertains to the continued use of these funds.

## Special Education

Building on last year’s investment and simplification of the special education base formula, Governor Gavin Newsom proposes \$300 million in ongoing funds for the Special Education Early Intervention Grant. The intent is to increase the availability of evidence-based services for infants, toddlers, and preschoolers.

## Student Learning During COVID-19

Governor Newsom proposes to use at least \$2 billion to encourage schools to reopen for in-person instruction. Under the Governor’s Safe Schools for All proposal, grants would be available as early as February for LEAs that continue offering or begin offering in-person instruction for elementary

school students and vulnerable students in all grades—defined as students with disabilities, foster youth, homeless youth, and students without access to technology for online learning. LEAs that open by February 16 are eligible to receive grants of at least \$450 per ADA as long as specified requirements are met, with additional funds for LEAs that receive LCFF supplemental and concentration grant funds. In addition, the proposal sets aside \$4.6 billion in one-time Proposition 98 General Funds for unspecified interventions to address learning loss, such as an extended school year or summer school. This investment would be targeted for students from low-income families, English language learners, youth in foster care, and homeless youth.

## Educator Investments

The Governor's Budget proposal includes over \$540 million in one-time Proposition 98 funds for investments in educator effectiveness, professional development, and the continuance of programs that provide pathways to the teacher pipeline. Specifically, \$315.3 million is proposed to support educator professional learning and teacher effectiveness. An additional \$225 million in continued support and expansion of existing teacher pipeline programs such as the Teacher Residency program and the Classified School Employee Credentialing program.

## Early Childhood Education

The 2021–22 Governor's Budget proposal provides \$250 million in one-time Proposition 98 funds to incentivize LEAs over multiple years to provide expanded TK and cover the upfront costs associated with it. Additionally, Governor Newsom proposes a one-time Proposition 98 investment of \$50 million to provide training for TK and kindergarten teachers in providing inclusive instruction for students with disabilities; support for English learners; and to help address the social-emotional needs of stu-

dents, including training in trauma-informed practices, restorative practices, and implicit bias.

To address the facilities impact of TK expansion and to promote the conversion of part-day TK and kindergarten programs to full-day, the budget includes \$200 million in one-time non-Proposition 98 General Funds to construct or retrofit existing facilities.

## Community Schools

Building on the \$45 million investment in federal funds from the 2020 State Budget Act, the Governor proposes \$264.9 million in one-time Proposition 98 funding to support LEAs in expanding their existing networks of community schools and to establish new community schools with priority given to those in high-poverty communities.

## Mental Health

The Governor proposes \$400 million (mix of federal funds and non-Proposition 98 General Fund) in one-time funds to implement an incentive program that would build infrastructure, partnerships, and capacity to increase the number of students receiving preventive and early intervention behavioral health services from schools.

Additionally, the Administration proposes to use \$25 million from the Mental Health Services Fund to expand the Mental Health Student Services Act Partnership Grant Program, which funds partnerships between county behavioral health departments and schools.

The Governor also proposes a third investment of \$25 million in ongoing Proposition 98 funding for innovative partnerships with county behavioral health to support student mental health services.

# POCKET BUDGET 2021–22

## A Summary Analysis of the 2021–22 Governor's State Budget Proposal for California's Schools

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

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