



ANALYSIS OF GOV. NEWSOM'S MAY REVISION BUDGET PROPOSAL FOR 2021-22

Governor Gavin Newsom's budget proposal reflects the dramatic rebound in the state's economy from the COVID-19-induced recession. The state's \$76 billion surplus is historic and allows for unprecedented levels of investment in public education. The governor's education proposals are framed as the California for All Kids Plan — a five-year strategy intended on reducing academic and societal inequities.

Education Funding Overview

PROPOSITION 98

The May Revision estimates the Proposition 98 guarantee to be \$79.3 billion in 2019-20, \$92.8 billion in 2020-21 and \$93.7 billion in 2021-22, which, according to the governor's budget summary, represents a three-year increase of \$17.7 billion over the level estimated in the governor's January budget. Prop. 98 per-pupil spending would reach \$13,977.

LOCAL CONTROL FUNDING FORMULA (LCFF)

The governor proposes a 5.07 percent cost-of-living-adjustment for the LCFF, which combines a 1.7 percent COLA for 21-22, a 2.31 percent adjustment for 20-21 that was not funded in last year's budget and a newly-proposed additional augmentation of 1 percent.

VIRTUAL LEARNING

The proposal assumes a return to full-time, in-person instruction for the 2021-22 school year as the default for all students and schools. It allows for independent study to be the only allowable virtual option for students and families. The May Revision proposes a series of changes to the state's existing traditional and course based independent study programs, including requirements to: (1) provide access to technology, internet connectivity, and a dedicated and rigorous curriculum; (2) develop and implement a framework of tiered re-engagement strategies for students; and (3) track and record daily student participation and interaction with teachers.

UNIVERSAL TRANSITIONAL KINDERGARTEN

The May Revision proposes \$900 million to begin implementing universal access (all four-year-olds) to transitional kindergarten (TK) in 2022-23. By 2024-25, the funding will increase to \$2.7 billion which will be supported by shifting the amount from the state's general fund to the Proposition 98 guarantee.

EXPANDED LEARNING

The revised budget proposes \$1 billion in 2021-22 to begin funding a five-year plan to provide expanded-day, full-year instruction and enrichment for all elementary school students in LEAs with the highest concentrations of low-income students, English learners and foster youth. By 2025-26,

the programs will be fully implemented with \$5 billion, and these students would have access to no-cost after school and summer programs.

COMMUNITY SCHOOLS

The May Revision proposes \$3 billion in one-time Prop. 98 funds, available over several years, to further expand the implementation and use of the community school model. This level of proposed funding would support grants for up to 1,400 LEAs to convert school campuses into full-service community schools.

MENTAL HEALTH

The governor proposes \$4 billion over five years to identify and treat behavioral health issues for youth up to age 25. Additionally, the Mental Health Services Act Partnership Grant Program includes \$30 million one-time Mental Health Services Fund for the Mental Health Student Services Act partnership grants.

REDUCING STUDENT TO STAFF RATIOS

The May Revision proposes an ongoing increase of \$1.1 billion, that will be allocated to eligible LEAs by increasing the LCFF concentration grant add on from 50 percent to 65 percent, to fund staffing increases on school campuses. These funds would have to be used to hire certificated or classified employees in order to decrease student to staff ratios, which would have to be demonstrated through the local control accountability plan (LCAP).

EDUCATOR PREPARATION, RETENTION AND TRAINING

The budget proposes \$3.3 billion for educator workforce preparation, retention and training. Among the numerous proposals, the May Revision includes grant programs that would support teachers working in priority schools in high-needs subject areas, support classified school staff pursuing teaching credentials, waive credential fees, and provide high-quality professional learning for administrators and other school leaders.

ACCELERATED LEARNING

The May Revision proposes \$2.6 billion in one-time funding (federal and Prop. 98) to provide interventions for students, including intensive tutoring.

REOPENING SCHOOLS

The May Revision proposes \$2 billion one-time Prop. 98 funds to fund health and safety activities, including testing and vaccine initiatives, enhanced cleaning, personal protective equipment, and improved ventilation.

K-12 CATEGORICALS

The governor proposes a 1.7 percent cost-of-living adjustment for categorical programs that remain outside of the LCFF and Special Education, including Adult Education, Child Nutrition and State Preschool.

DEFERRALS

The budget includes a proposal to pay off the full K-12 deferral in 2019-20 and \$8.4 billion of the K-12 deferral in 2020-21. The amount represents an increased pay down amount of \$1.1 billion than what was proposed by the Governor in January. The deferral schedule for February to May 2021 will remain but are one-time and will be repaid on the existing schedule (August to November 2021). This would leave a \$2.6 billion ongoing June to July deferral.

BROADBAND

The May Revision proposes, using a combination of federal American Rescue Plan Act funds and state funds, a \$7 billion investment over three years as part of a plan to expand broadband infrastructure, affordability and access to all Californians.

CAREER TECHNICAL EDUCATION

The governor proposes \$86.4 million one-time Prop. 98 funds for career technical education regional occupational centers or programs (ROCPs) operated by a joint powers authority to address costs associated with the COVID-19 pandemic.

SPECIAL EDUCATION

The proposal includes \$117.7 billion in Prop. 98 to provide a 4.05 percent COLA for state special education. It also includes \$277.7 million from IDEA to LEAs to increase general special education resources and \$15 million in one-time IDEA funds to provide technical assistance and support to LEAs.

UNEMPLOYMENT INSURANCE

LEAs may elect to participate in the pooled School Employees Fund under the Economic Development Department (EDD). The School Employees Fund oversees the majority of LEAs unemployment insurance claims. It appears the Administration expects payment of the significant costs due to unemployment insurance to be paid out of the proposed funding increases.

NUTRITION

The May Revision proposes \$150 million ongoing Prop. 98 funds to increase the state reimbursement rate for schools participating in a federal universal meal provisions. The proposal also includes \$100 million in one-time Prop. 98 funds to provide school kitchen upgrades and training for school cafeteria staff.

SCHOOL DISTRICT RESERVES CAP (PROP. 98 RAINY DAY FUND)

The revised budget proposal includes \$4.6 billion in payments to the Public School System Stabilization Account between 2020-21 and 2021-22. The amount would trigger a cap of 10 percent on school district reserves beginning in 2022-23.

CHILD SAVINGS ACCOUNT

The governor proposes \$2 billion to create the California Child Savings Account program, which would allow every family of a public school first grade student who qualifies for federally-subsidized school meals to receive a \$500 investment into a college savings account. The proposal would increase to as much as \$1,500 for foster and homeless youth. The program is proposed to continue on an ongoing basis.

ACSA Perspective and What's Next

Just a year ago, the state had a \$54 billion shortfall and drastic cuts to public education were anticipated. The state's surplus provides the opportunity to make meaningful investments to improve the quality of education and address long-standing issues of equity.

The May Revision includes a number of proposals that are aligned with ACSA's long-standing priorities. These proposals include significant investments in youth mental health, early education and longer-term interventions to address the effects of the pandemic on learning and student well-being. The inflated COLA for the LCFF and special education also demonstrate some recognition of the need to provide all LEAs with much-needed discretionary funding. Without trailer bill language, it's impossible to assess all the details yet. With that said, it is clear that ACSA continues to have great influence on decisions in Sacramento. Our members deserve most of the credit — ACSA members throughout the state have engaged in unprecedented levels of grassroots advocacy on students' behalf.

Another example of this influence is the governor's clear message that the state will be returning to in-person instruction as the default delivery method. This is critical, as we know students returning to the classroom full-time is vital to student success and well-being. ACSA appreciates the intent of the governor's proposal related to virtual learning — ensuring there is academic rigor, meaningful engagement and student access to the necessary technologies. Whether through independent study or other means, ACSA will work diligently to ensure virtual options are high quality, provide districts broad discretion in program design and are reflective of the unique challenges faced by small and rural school districts.

While his intentions merit praise, the governor further shifts away from the strong local control principles of his predecessor. Within the May Revision are many proposals with various distribution methods and spending restrictions, including modifications to the LCFF formula. ACSA will review each of these proposals critically to ensure they align with our core principles and assess the collective impact to schools throughout the state.

The ball now shifts to the legislature's court, and the process will move quickly in order to meet the June 15 constitutional deadline. ACSA will continue to have a significant presence in these budget deliberations with the legislature and the administration to ensure students' interests and equity are prioritized. ACSA will keep you apprised as things continue to unfold.

The full budget summary can be found [HERE](#).