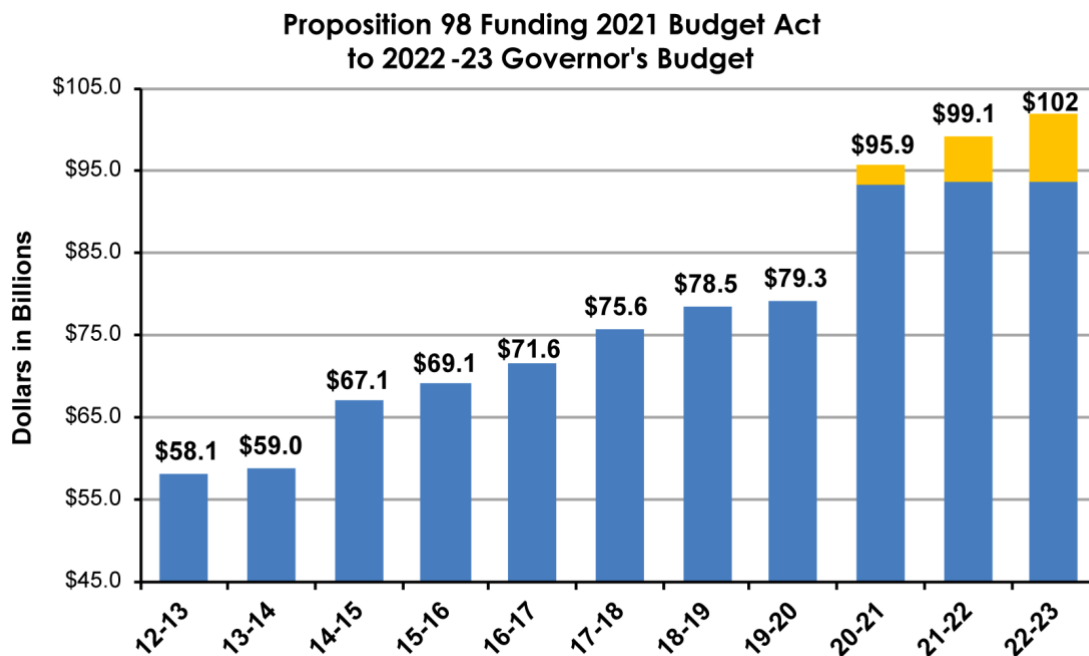


GOV. NEWSOM'S JANUARY BUDGET PROPOSAL FOR 2022-23

Gov. Gavin Newsom released his 2022-23 budget proposal reflecting the rebound in California's economy in the second year of the COVID-19 pandemic and an expected surplus of \$45.7 billion. In addition to many significant investments in K-12 schools, the Governor continues to prioritize the State's response to the pandemic along with commitments to address climate change, homelessness, health care affordability and reducing State liabilities.

EDUCATION FUNDING OVERVIEW

PROPOSITION 98: The Governor proposes \$102 billion for the Prop. 98 guarantee, which represents an \$8.2 billion increase over last year's enacted budget. For 2022-23, Prop. 98 funding would reach \$15,261 per pupil.



Source: <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

LOCAL CONTROL FUNDING FORMULA (LCFF): The Governor proposes a 5.33 percent cost of living adjustment (COLA) for the Local Control Funding Formula (LCFF), an increase of \$3.3 billion, representing the highest COLA since the Great Recession.

K-12 CATEGORICAL PROGRAMS: The Governor proposes \$295 million, a 5.33 percent COLA, for various K-12 categorical programs outside of LCFF, including Special Education, Child Nutrition, Youth in Foster Care, and the Mandates Block Grant, in addition to County Offices of Education.

LOCAL RESERVE CAP TRIGGERED: The Governor’s proposal includes \$3.1 billion in payments to the Public School System Stabilization Account (Prop. 98 Rainy Day Fund). This figure is well over the threshold needed to trigger a 10 percent cap on local district reserves. The cap will go into effect in the 2022-23 year.

COVID RELIEF: The Governor’s budget includes a \$2.7 billion [COVID-19 relief package](#) to bolster testing, accelerate vaccination and booster efforts, support frontline workers and the health care system and battle misinformation. The funding includes the distribution of tests to schools and county offices of education already underway, as well as ongoing testing site enhancement and availability for the general public.

DECLINING ENROLLMENT: The Governor acknowledges that the pandemic has accelerated declining enrollment and drastically increased absenteeism. He proposes to mitigate fiscal instability by allowing Local Education Agencies (LEAs) to calculate ADA using the current year, prior year, or an average of the three prior years’ ADA.

INDEPENDENT STUDY: The Governor recognizes that there will be families who continue to want virtual education options in the 2022-23 school year. The budget authorizes LEAs to serve students through independent study for an additional year and increases some flexibility to the program.

TRANSITIONAL KINDERGARTEN: The Governor’s proposal provides \$639.2 million to expand transitional kindergarten for children turning 5 years old between Sept. 2 and Feb. 2, beginning in the 2022-23 school year. These funds will increase through the process of rebenching Prop. 98. Further, \$383 million is proposed to add one additional staff person to every TK class.

EXPANDED LEARNING OPPORTUNITY GRANTS: The Governor’s budget proposes an additional \$3.4 billion ongoing Prop. 98 funds for ELO-P. This brings the total ongoing program funding to \$4.4 billion, with additional funds anticipated in future years. The budget also proposes \$937 million in one-time funds to support ELO-P infrastructure, with a focus on integrating arts and music programming into enrichment options. Lastly, the budget continues the one-time reimbursement rate increases from the 2021 Budget Act for ASES and 21st CCLC programs.

SPECIAL EDUCATION: The Governor’s budget invests \$500 million into the AB 602 formula coupled with the following policy changes:

- Calculate special education base funding at the LEA level, rather than the Special Education Local Plan Area (SELPA) level;
- Allocate Educationally-Related Mental Health Services funding directly to LEAs;
- Consolidate the two special education extraordinary cost pools into a single pool;
- Develop a Special Education Addendum to the LCAP

FACILITIES: The Governor’s budget includes two General Fund allocations totaling more than \$2 billion to support new construction and modernization projects through the existing School Facility Program, with approximately \$1.3 billion proposed for 2022-23 and \$925 proposed for 2023-24. In addition, the budget proposal allocates the remaining Proposition 51 facilities bond act funds—approximately \$1.4 billion—to support school construction projects.

TRANSPORTATION: The budget proposes \$1.5 billion over three years to support school transportation programs, with a focus on greening bus fleets. Grants of \$500,000 will be available for electric buses and charging equipment.

NUTRITION: The Governor's budget proposes \$596 million to fund universal school meals. The state will then cover any remaining unreimbursed costs up to the combined state and federal free per-meal rate. The budget also proposes \$450 million one-time funds to upgrade kitchen infrastructure and \$3 million one-time funds to support School Breakfast and Summer Meal Start-Up and Expansion Grant Program.

EDUCATOR RECRUITMENT AND RETENTION: The Governor uses \$24 million General Fund to waive teacher examination fees and \$12 million General Fund to extend credential fee waivers. Additionally, the budget proposes to extend the ability of LEAs to utilize substitute teachers for up to 60 cumulative days for another year.

ACSA PERSPECTIVE AND WHAT'S NEXT

ACSA commends Gov. Gavin Newsom for a historic budget investment into California's schools. School leaders continue to work to meet the ever-evolving challenges created by the pandemic. ACSA supports the Governor's ongoing emergency efforts to expand access to COVID testing and bolster vaccination efforts. These measures will help keep the state's more than 6 million students safely learning in-person.

ACSA appreciates the \$102 billion investment in Prop. 98, resulting in \$15,261 in K-12 per-pupil funding. Additionally, ACSA applauds the significant 5.33 percent COLA to the Local Control Funding Formula, which will provide LEAs with \$3.3 billion in discretionary funding. This budget also proposes a historic investment in school facilities using state General Fund dollars.

ACSA recognizes Gov. Newsom's continued investment and commitment to the successful implementation of the swath of major new programs that were created in last year's budget, including Transitional Kindergarten, the Expanded Learning Opportunity Program and Universal Meals. LEAs are struggling to implement these new programs. They need adequate funding, as well as substantially increased staffing in order to implement these new programs. We look forward to working with the administration on determining appropriate solutions.

ACSA appreciates the governor's acknowledgment of the concerns education leaders have voiced over declining enrollment and high rates of absenteeism related to COVID and his proposal to mitigate the impact of single-year drops in enrollment.

ACSA looks forward to working with the administration and Legislature to decipher what additional changes are needed to effectively serve families who choose not to return to in-person instruction. ACSA is also closely reviewing the investment in special education and will be analyzing those proposed policy changes.

The Governor's January budget marks the beginning of negotiations over the year's spending plan with the Legislature. As we approach the May Revision, the Omicron surge could impact economic forecasts and change proposals and funding priorities. ACSA will be actively engaged with both the administration and Legislature to ensure the needs of California's students are met.

The full budget summary: <https://www.ebudget.ca.gov/FullBudgetSummary.pdf>