



ANALYSIS OF GOVERNOR NEWSOM'S MAY REVISION BUDGET PROPOSAL FOR 2022-23

Gov. Gavin Newsom released his revised budget proposal on May 13th and, as expected, revenues have continued to grow and are \$55 billion higher than in January. Though California is seeing a historic surplus, Newsom warns of an uncertain economic future, especially given supply-chain issues, global inflation, the war in Europe and climate change. To that end, the administration proposes prepaying billions of dollars in state debts and making supplemental deposits into the Rainy Day Fund.

Education Funding Overview

PROPOSITION 98

Funding for K-12 education has reached an all-time high of \$128.3 billion. Average per-pupil state spending is at a record high of \$16,991 or \$22,850 including all funding sources.

COST OF LIVING ADJUSTMENT (COLA)

COLA has been adjusted upwards from January to 6.56% and will extend to categorical programs, including special education and adult education.

LOCAL CONTROL FUNDING FORMULA (LCFF)

The May Revision proposes an investment of \$2.1 billion, approximately 3 percent, to the LCFF base. Additionally, the governor proposes \$101.2 million for County Offices of Education.

PROP. 98 RAINY DAY FUND

The governor has revised his payment into the Public School System Stabilization Account down to \$9.5 billion. Due the fund exceeding 3 percent of the Prop. 98 guarantee, the school district reserve cap of 10 percent goes into effect in 2022-23.

DISCRETIONARY BLOCK GRANT

The budget provides \$8 billion in one time funds in a broadly discretionary grant that will go out to local education agencies (LEAs) on a per-pupil basis.

DECLINING ENROLLMENT AND ATTENDANCE

The governor maintains his three-year rolling average proposal to mitigate the fiscal impact of declining enrollment on districts. Additionally, he includes the COVID Attendance Relief proposal that has been an ACSA priority, which utilizes the attendance percentage an LEA generated in the 2019-20 school year, in lieu of this year's volatile attendance when calculating apportionment. Combined the proposals will provide an additional \$3.3 billion to LEAs.

PENSIONS

There is no investment in either the rate buy-down or to address the unfunded liabilities schools face for CalPERS or CalSTRS.

K-12 FACILITIES

The May Revision proposes a historic investment of \$3.9 billion in facilities over the next three years for modernization and new construction. Additionally, the administration proposes \$1.8 billion in one-time funds to address outstanding school facility maintenance issues and enable schools to make energy efficiency upgrades.

TRANSITIONAL KINDERGARTEN

Transitional kindergarten continues on to be implemented on the same schedule as laid out in January, funding students turning 5 between September 2 and February 2. Additionally, to help meet the workforce demands, the Governor proposes to allow preschool teachers who hold a bachelor's degree and are working towards a credential, to teach transitional kindergarten, sunsetting the flexibility in four years.

PRESCHOOL

The May Revision includes more investments and programmatic changes to Pre-K, including: waiving family fees for children in State Preschool and providing full funding to State Preschool contractors regardless of attendance in 2022-23.

NUTRITION

The May Revision further invests in universal meals, adding \$611.8 million to the program to ensure reimbursement rates for schools are maintained when federal funds expire.

EXPANDED LEARNING

The May Revision fully implements the Expanded Learning Opportunities Program (ELOP), adding \$403 million ongoing Prop. 98 funds, bringing the ongoing program total to \$4.8 billion and per pupil allocations to \$2,500. The program will be a requirement beginning in the 2023-2024 school year. The governor also proposes an increase of \$63 million one-time Prop. 98 funds to support ELOP infrastructure, with a focus on integrating arts and music programming into the enrichment options.

COMMUNITY SCHOOLS

The governor cites community school grant applications exceeding expectations and allocates an additional \$1.5 billion to the program.

COMMUNITY ENGAGEMENT

The May Revision proposes \$100 million in Prop. 98 funds to expand the work of the Community Engagement Initiative administered by the California Collaborative for Educational

Excellence (CCEE). This program disseminates best practices for school-community interaction through peer-to-peer coaching among LEAs, and these new funds are intended to expand the program to hundreds of additional LEAs.

EDUCATOR WORKFORCE

The governor proposes \$500 million one-time Proposition 98 General Fund to expand residency slots for teachers and school counselors to increase the pipeline. The proposal would also enable school counselor, social worker and psychologist candidates to be eligible for the Golden State Teacher Grant Program, an incentive to individuals to earn a credential while serving at a priority school in California for four years. The revised budget includes additional funding for STEM educator support and accelerated reading support.

ACSA Perspective and What's Next

With soaring fixed costs and inflation well above 8 percent, schools are under tremendous stress. ACSA is grateful that Gov. Gavin Newsom's May Revision acknowledges many of the challenges facing our students and schools.

ACSA appreciates the revised COLA, investment in the LCFF base and large discretionary grant, but urges the governor to make further investment in the LCFF. ACSA also applauds the governor's inclusion of COVID attendance relief, as schools across the state have been grappling with the impacts of the pandemic on attendance.

ACSA was disappointed to see no pension relief for LEAs. As contribution rates are set to increase and unfunded liabilities grow, it is imperative that LEAs see support from the state. If there is no pension relief provided by the state, the incredible investments in LCFF will be largely eroded by growing pension obligations.

ACSA is pleased to see so many of our priorities reflected in the administration's revised budget proposal, but there is still more work to do. We will continue working with the Newsom administration and the legislature as they negotiate the final budget to be adopted in June, and advocate to ensure that the needs of public school students and schools are represented.

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