

# Research Brief

July 23, 2021

## California state budget adopted for 2021-22, boasts all-time high in education funding

Governor Newsom and the state Legislature came to an agreement on a \$263 billion budget that reflects the state’s extraordinary surplus and billions from the latest round of federal stimulus funding from the American Rescue Plan.

Spending for K-12 education totals \$123.9 billion and is at an all-time high, including the largest ever allocation of Proposition 98 funding for schools and community colleges. The K-12 per-pupil funding from all sources will be \$21,555 this year (\$13,976 per pupil from the state General Fund). Core funding for all three of the state’s public higher education systems and K-12 system’s LCFF will increase by more than 5%.

The budget rebuilds the state reserves, in particular with significant deposits to the Budget Stabilization Account and the state will make its first deposits into the “Proposition 98 Rainy Day Fund,” officially known as the Public School System Stabilization Account. In addition, a 10% cap on most districts’ reserves will be triggered and in effect for 2022-23.

Funding is also included to eliminate all of the K-12 and community college funding deferrals initiated in the 2020-21 budget and support the initial steps towards implementation of Universal Transitional Kindergarten, paving the way for a new grade for public schools.

The package includes budget bills (AB 128, SB 129) and numerous lengthy trailer bills, including AB 130 (K-12 education), AB 132 (higher education), and AB 131 (early childhood).

### PROPOSITION 98

	2021-22 BUDGET	NOTES
Prop. 98 Funding	Proposition 98 funding increased for all three years of the budget – previous year, current year and budget year. The budget year funding is \$93.7 billion, up \$8.2 billion since the January proposal and the 2020-21 funding is revised up to \$93.4 billion.	2019-20 – \$79.3 billion (was \$77.7) 2020-21 – \$93.4 billion (was \$70.9) 2021-22 – \$93.7 billion
Public School System Stabilization Account (PSSSA)	A total of \$6.4 billion will be deposited into the PSSSA - also known as the “Proposition 98 Rainy-Day Fund,” which was established with the passage of Proposition 2 in 2014. For 2020-21, the deposit is \$1.9 billion and for 2021-22, it is \$4.5 billion.	These deposits are large enough (>3% of K-12 Prop. 98 funding level) that they will trigger a 10% cap on district reserves in 2022-23.
Deferrals	Deferrals of apportionment payments for K-12 and Community Colleges that were implemented in the 2020 budget Act are fully paid back and eliminated.	K-12: \$11 billion Community Colleges: \$1.45 billion
Supplemental Payments	The supplemental payments that were included in the 2020 Budget Act are repealed.	

Rebenching	The plan calls for a future re-benching of the Prop. 98 minimum guarantee, to reflect the enrollment changes resulting from the implementation of Universal TK.
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## EARLY CHILDHOOD EDUCATION

	2021-22 BUDGET	NOTES
COLA	A COLA of 4.05% for the standard reimbursement rate (SRR) for General Child Care and State Preschool, effective July 1, 2021.	2.31% COLA for 2020-21 plus 1.7% COLA for 2021-22, compounded.
Universal Transitional Kindergarten	<ul style="list-style-type: none"> <li>Initiates the rollout of Universal TK, with phase in of expanded age-eligibility starting next year, with a 1:12 staff to student ratio that will reduce to 1:10 in 2023-24. Age eligibility for TK does not affect family eligibility for other child care or preschool programs. Authorizes State Preschool programs to offer wraparound child care services for eligible TK and K programs.</li> <li>\$490 million one-time GF supports the CA Preschool, TK and Full-Day Kindergarten Facilities Grant program, to construct new or retrofit existing facilities. \$300 million one-time Prop 98 funds for the CA pre-K Planning and Implementation Grant Program. \$200 million reserved for creating or expanding state preschool or TK programs.</li> </ul>	At full implementation in 2025-26, ongoing Prop. 98 funding would be approximately \$2.7 billion.
State preschool	\$130 million ongoing Prop. 98 funds for LEA-based State Preschool programs supports approximately 8,700 additional slots. Priority is for full-day, full-year programs.	Funding based on 75 <sup>th</sup> percentile of 2018 Regional Market Rate.
General child care	Access to child care in Alternative Payment General Child Care programs is expanded by 120,000 slots and makes ongoing the essential worker shot-term child care vouchers.	By 2025-26, a total of 200,000 new slots are planned.
Child care infrastructure	\$250 million supports the Early Learning and Care Infrastructure block grant.	
Provider rates	Budget includes funds to support interim rate increase for child care and state preschool providers to the 75 <sup>th</sup> percentile of county 2018 Regional Market Rate, as of Jan. 1, 2022 with \$234 million for 2021-22 and \$468 million ongoing.	Further revised rate reform expected to set targets for single rate system starting in 2023.
Professional development	Eligibility for the CA Classified School Employee Teacher Credentialing Program is expanded to include early childhood education and expanded learning program staff.	Program received \$125 million for use over five years.

## K-12 EDUCATION

	2021-22 BUDGET	NOTES
COLA	Statutory COLA is 1.7% for 2021-22, however the COLA applied to the LCFF will be 5.07%.	2.31% COLA for 2020-21 and 1.7% COLA plus 1% for 2021-22, compounded. (See table on page 9 for out-year COLA estimates.)

Local Control Funding Formula (LCFF)	<ul style="list-style-type: none"> <li>The 5.07% COLA provides \$3.2 billion in ongoing, Prop. 98 funding for the LCFF Base Grant.</li> <li>The Concentration Grant percentage is increased from 50 to 65% of the base grant, with another \$1.1 billion.</li> </ul>	Concentration grant funding is to be used to increase staffing to provide additional direct services, including custodial services.
Expanded Learning LCFF Add-On	\$1 billion ongoing and \$753 million one-time Prop. 98 funding for classroom-based LEAs based on enrollment of unduplicated students in grades TK-6. LEAs receive a minimum of \$50,000 to provide expanded learning opportunities to at least 50% of their unduplicated student count in the 2021-22 year.	Intent is to grow to \$5 billion in annual funding
Categorical funding	Most of the remaining categorical programs that are outside of the LCFF receive a COLA of 1.7%.	
Community Schools Partnership Program	The program is expanded with \$2.8 billion in one-time Prop. 98 funding, for expenditure through 2028. Funds can be used to establish new or expand existing community schools. Also dedicates \$142 million to create regional assistance centers to support and provide resources, through 2027-28.	
Career Technical Education	<ul style="list-style-type: none"> <li>CTE Incentive Grant program funding increase of \$150 million, for a total of \$300 million ongoing Prop. 98 funding.</li> <li>CTE regional occupational centers or programs operated by a JPA receive \$86.4 million for uses related to in-person instruction.</li> </ul>	
Educator Effectiveness Block Grant	\$1.5 billion one-time Prop. 98 funds to expedite professional development for teachers, administrators, and in-person staff. Focus areas include student and staff stress and anxiety, social equity issues, ethnic studies standards-aligned instruction, accelerated learning, inclusive practices, dual language acquisition, positive school climate, re-engaging students, restorative practices, and implicit bias training.	Funding available over 5 years.
Teacher Residency Grant Program	\$350 million one-time Prop. 98 funds to support existing and new teacher residency programs for teachers in designated shortage fields and efforts to recruit/retain a diverse workforce.	Funding available over 5 years.
National Board for Professional Teaching Standards Certification Incentive Program	\$250 million one-time Prop. 98 funds, of which \$225 million is for grants to teachers who are employed by school districts or charter schools, are assigned to teach in California public schools, and have attained or will attain certification from the National Board for Professional Teaching Standards.	Funding available over 5 years.
Other Professional Development	Computer Science Supplementary Authorization Grant Program - \$15 million; California Collaborative for Educational Excellence to curate high quality open educational resources -\$15 million; Grants for professional learning about literacy education, with emphasis on diverse learners - \$10 million; 1; Early Math Initiative at the Fresno COE - \$37.5 million; Support to create resources and targeted professional development on social-emotional learning and trauma-informed practices – \$50 million. Teaching credential fees in 2021-22 will be waived.	Funding is one-time, Prop. 98 and available over several years.

Ethnic Studies	\$50 million to support to LEAs to create or expand ethnic studies course offerings, contingent on enactment of AB 10. \$5 million funds professional development and instructional materials. This is one-time Prop. 98 funding.	
A-G Completion Grant Program	\$557 million one-time Prop. 98 funds for all LEAs to improve A-G completion rates, including covering of AP fees for students.	
Homeless and Foster Youth Student Services	<ul style="list-style-type: none"> <li>• \$98.7 million one-time federal ARPA funds for statewide services for homeless students.</li> <li>• \$30 million one-time Prop. 98 funds for direct services to foster youth, including \$5 million to improve postsecondary education enrollment.</li> </ul>	
After School Education & Safety (ASES) and 21 <sup>st</sup> Century After School programs	<ul style="list-style-type: none"> <li>• One-time American Rescue Plan funding of \$94.9 million to increase access and raise daily rates to \$10.18.</li> <li>• \$118.1 million available to expand access to summer programs in 2021-22 and 2022-23 and \$2 million for ASES programs in rural schools.</li> </ul>	\$215 million total to ASES.
Universal free meals	<ul style="list-style-type: none"> <li>• \$54 million to increase state meal reimbursements in 2021-22. LEAs required to provide two school meals daily for all TK-12 students, regardless of eligibility, starting in 2022-23. Reimbursement by state for meals not covered by federal reimbursements with \$650 million ongoing funds starting 2022-23.</li> <li>• School meals program funding also increased by \$257 million with one-time Federal Trust Fund payments to child nutrition programs.</li> </ul>	
Other One-Time Funding	Extensive one-time funding, often available for use over several years is included in the budget. The allocations include: \$25 million for development of children’s mental health and mental wellness resources and training; \$10.5 million for CA Interscholastic Federation for COVID-19 related expenses; \$10 million for the Dual Language Immersion Grant Program; \$10 million for Antibias Education grants; \$6 million for resources on climate change and environmental justice; \$6 million for training for LEAs on interpreting data from local school climate surveys; \$5.2 million for broadband infrastructure; \$2.4 million to create training resources on strategies to support LGBTQ+ students; funds to develop genocide and Holocaust education materials and professional development and a model curricula process Native American studies, Vietnamese American refugee experience, Cambodian genocide, Hmong history, cultural studies.	
Infrastructure	\$250 million for the 2016 State School Facilities Fund for Tk-12 state school new construction and modernization projects; \$120 million for kitchen infrastructure upgrades;	

## COUNTY OFFICES OF EDUCATION

2021-22 BUDGET		NOTES
COLA	County Offices of Education operation grant and alternative education grant receives the 5.07% COLA.	

In-Person Instruction – ADA	\$80 million in one-time Prop. 98 funds for allocation on per average daily attendance for students in county community schools and juvenile court schools for costs related to in-person instruction.	For use by June 30, 2023.
Foster Youth	\$30 million for one-time funds available over two years, to provide direct services to youth in foster care. \$5 million is dedicated for direct services to improve postsecondary education enrollment and outcomes.	

## SPECIAL EDUCATION

	2021-22 BUDGET	NOTES
COLA	Special education funding receives a 4.05% COLA (\$186.1 million) for all SELPAs – including those above the statewide rate, increasing funding by \$396.9 million. Base rate per unit of ADA is increased from \$625 to \$715, a nearly 15% increase.	2.31% COLA for 2020-21 plus 1.7% COLA for 2021-22, compounded.
Low Incidence Disabilities	Funding increased by \$23 million.	Allocation on a per-pupil count of students with low-incidence disabilities.
Early Intervention Grants	\$260 million ongoing Prop. 98 funds to increase the availability of services for infants, toddlers, and preschoolers.	
Learning Recovery	\$450 million one-time Prop 98 funds to SELPAs for providing learning recovery support related to impacts of the COVID-19 pandemic. SELPAs to develop plans for expenditures, by Oct. 1, 2021.	Allocation on per-pupil basis according to exceptional needs, for ages 3-22. For use by June 30, 2023.
Alternative Dispute Resolution	\$100 million one-time Prop 98 funds to SELPAs for LEAs conducting dispute prevention and voluntary alternative dispute resolution activities, to resolve disputes stemming from the COVID-19 pandemic.	Allocation on per-pupil basis according to exceptional needs, for ages 3-22. For use by June 30, 2023.
Supporting Inclusive practices	\$15 million one-time Prop 98 fund to provide technical assistance and grants to LEAs to increase inclusive practices for students with disabilities.	Funds available through June 30 2026.
Family Empowerment Centers on Disability	\$7 million ongoing federal funds to expand centers to all regions in the state.	Grants to be awarded by March 1, 2022
Federal IDEA funding	One time increase of \$277.7 million through the American Rescue Plan, with \$21.4 million for preschool and \$256.4 million for Pre K-12.	
Multitiered Systems of Support	\$50 million for grants to LEAs to implement programs and practices aligned with the MTSS framework, which has been administered through lead agency, Orange County Dept. of Education. Up to \$20M for a “partner entity” to expand the state’s capacity to for trauma screening, trauma-informed practices, and culturally relevant, affirming, and sustaining practices.	

## CHARTER SCHOOLS

	2021-22 BUDGET	NOTES
Non-Classroom based school	Extends an existing moratorium on the approval of new non-classroom based charter schools to January 1, 2025.	Ed Code § 47612.7
Dashboard and Renewals	State dashboard will not be publishing updates for 2020 or 2021, so the most recent data available are from 2019. A charter school whose term expires on or between January 1, 2022, and June 30, 2025 will automatically have their term extended by two years.	Ed Code § 47607.4
ADA	For 2021–22 only, the sponsoring school agency's net charter ADA shift is suspended in order to conform to pandemic-related ADA changes.	Ed Code § 42238.051

## ADULT EDUCATION

	2021-22 BUDGET	NOTES
COLA	Adult education receives 4.05% COLA, for an increase of \$21.8 million. Of the \$560 million for Adult Ed in 2021-22, \$432 million is distributed through school district fiscal agents and K-12 agencies and \$128 million through community colleges district fiscal agents or districts.	2.31% COLA for 2020-21 plus 1.7% COLA for 2021-22, compounded. Funded through Community Colleges.
Technical assistance	\$1 million ongoing Prop. 98 funds for technical assistance to regional consortia.	

## CLASSIFIED EMPLOYEES

	2021-22 BUDGET	NOTES
Classified School Employees Summer Assistance Program (CSESAP)	The program will receive \$60 million one-time Prop.98 funds to provide state matching funds.	Funds will be available through June 30, 2024. This is the same allocation as was in the 2020-21 Budget.
Classified School Employees Credentialing Program	\$125 million one-time Prop. 98 funds to support this program, which assists classified employees attain teaching credentials. The program eligibility is expanded to include expanded learning and early childhood education program staff.	Funds available over five years, through June 30, 2026.

## COMMUNITY COLLEGE

	2021-22 BUDGET	NOTES
COLA	Community college apportionments receive 5.07%. This provides \$371.2 million ongoing funding.	2.31% COLA for 2020-21 and 1.7% COLA plus 1% for 2021-22, compounded.
Share of Proposition 98	The share of the Prop. 98 funding to the community colleges is at or above the traditional share 10.93% in the 2020-21 and 2021-22 budgets.	

Student Centered Funding Formula (SCFF)	The hold harmless period is extended one additional year, to 2024-25.	
Categorical Programs	<ul style="list-style-type: none"> <li>• Programs outside the SCFF receive a 1.7% COLA. These include increases for: Umoja (\$4.9 million); MESA (\$8.2 million); Puente (\$7.3 million); EOPS (\$20 million); HBCU Transfer (\$1.3 million); Rising Scholars [justice-involved students] (\$19 million).</li> <li>• Student Equity and Achievement Program receives the 5.09% COLA (\$24 million)</li> </ul>	
CA Apprenticeship Initiative	\$15 million increase.	
Strong Workforce Program	<ul style="list-style-type: none"> <li>• \$42.4 million base increase and \$15 million to the Employment Training Panel to align programs with the community college system in partnership with the Strong Workforce Program.</li> <li>• There is also \$20 million one-time Prop. 98 funds to support community college participation in High Road Training Partnerships and regional partnerships through the CA Workforce Development Board.</li> </ul>	
Enrollment	\$23.1 million is provided to support 0.5% growth. \$100 million one-time funding will support student recruitment and retention.	
Financial Aid	<ul style="list-style-type: none"> <li>• \$150 million one-time prop. 98 funding is allocated for emergency student financial aid. The budget also permits federal stimulus funds to be used to cover unpaid fees for students affected by the COVID-19 pandemic.</li> <li>• The Cal Grant program is being expanded as part of the Budget package, with \$155 million to provide 130,000 more grants to community college students. A new Foster Youth Cal Grant Access award is funded with \$15 million.</li> </ul>	
Part-time faculty office hours	\$10 million ongoing and \$90 million one-time funding is allocated for part-time faculty office hours.	
Full-time faculty hiring	An additional \$100 million allocated to increase the number of full-time faculty; this is an increase over the \$50 million already in the budget.	Funding is intended to increase hiring above the level a district had otherwise planned. Colleges must request funds by August 15.
Basic Needs and Student Services	<ul style="list-style-type: none"> <li>• \$130 million (\$100 million is one-time) to support basic needs; \$30 million to support student mental health; \$5.8 million increase to support Dreamer Resource liaisons. \$10 million one-time Prop. 98 funds to support LGBTQ+ students, including curriculum development.</li> <li>• The budget package includes a plan to allocate \$2 billion over the 3 years for affordable college student housing. Details are forthcoming.</li> </ul>	
Calbright College	No new, additional funding and no elimination of the College.	\$15 million ongoing from prior year budgets.
Faculty Professional Development	\$20 million one-time funds to support culturally competent professional development.	
Zero-Textbook Cost Degrees	\$115 million one-time Prop. 98 funds, with funds able to be used for popular courses as well as for degrees.	

Anti-racism and Ethnic Studies	\$600,000 is allocated for advancing anti-racism curriculum and \$5 million to implement the CSU ethnic studies requirement.	AB 146 made ethnic studies a graduation requirement in the CSU.
Deferred Maintenance and Infrastructure	\$511 million of one-time Prop. 98 funds for deferred maintenance. \$10.6 million in ongoing funds is allocated for a systemwide online infrastructure to support distance learning throughout the community college system.	
Part-time faculty compensation	No change to funding for part-time faculty compensation.	\$24.9 million ongoing from prior year budgets.
Guided Pathways	<ul style="list-style-type: none"> <li>• \$150 million one-time Prop. 98 funds allocated to support implementation.</li> <li>• \$5 million one-time Prop.98 funds to expand pathways to law school through the Community College Law School Initiative.</li> </ul>	
Other Programs	Numerous programs at particular colleges receive one-time support and investments, totaling over \$70 million.	See Higher Education trailer bill for details – SB 132.

## UNIVERSITY OF CALIFORNIA

	2021-22 BUDGET	NOTES
General Fund - Base Funding	\$173.2 million for a 5% increase to ongoing funding and \$259 million ongoing funding to restore funds cut in the 2020 Budget Act.	\$545.9 million total increase to ongoing General Fund.
Enrollment	The budget includes a plan to provide \$68 million in 2022-23 to increase resident undergraduate enrollment by 6,230 students. Also would provide \$31 million over five years to reduce non-resident enrollment at UC Berkeley, UCLA, and UC San Diego.	Intent language only, no funds appropriated in the 2021-22 budget.
Student Mental Health, Aid, and Other Services	<ul style="list-style-type: none"> <li>• \$15 million ongoing funding to support student mental health services. \$15 million one-time funds for emergency financial aid for students. \$1.8 million for immigration legal services.</li> <li>• The budget package includes a plan to allocate \$2 billion over the 3 years for affordable college student housing. Details are forthcoming.</li> </ul>	
Faculty Professional Development	\$5 million one-time funds for faculty professional development, including for equal employment opportunity practices.	
Funding for Programs	<ul style="list-style-type: none"> <li>• One-time funding for various programs including \$45 million for the UC Davis animal shelter program; \$22.5 million for the Student Academic Preparation and Educational Partnerships program; \$12.9 million (ongoing) for the UC PRIME program.</li> <li>• \$15 million supports the UCLA Labor Center and \$375,000 supports the UC Merced Community and Labor Center.</li> </ul>	
Centers, Pilot programs, Misc.	Numerous initiatives and activities are supported with funding targeted for particular campuses or projects.	See ebudget.ca.gov for summary.
Deferred Maintenance	\$325 million for deferred maintenance and energy efficiency projects.	



## CALIFORNIA STATE UNIVERSITY

	2021-22 BUDGET	NOTES
General Fund - Base Funding	\$185.9 million for a 5% increase to ongoing funding and \$299 million ongoing funding to restore funds cut in the 2020 Budget Act.	\$597.1 million total increase to ongoing General Fund.
Enrollment	The budget includes a plan to provide \$81 million in 2022-23 to increase undergraduate enrollment by 9,434 students.	Intent language only, no funds appropriated in the 2021-22 budget.
Student Mental Health, Aid, and Other Services	<ul style="list-style-type: none"> <li>\$15 million ongoing funding to support student mental health services. \$30 million one-time funds for emergency financial aid for students. \$15 million for student basic needs.</li> <li>The budget package includes a plan to allocate \$2 billion over the 3 years for affordable college student housing. Details are forthcoming.</li> </ul>	
Faculty Professional Development	\$10 million one-time funds for faculty professional development, including for equal employment opportunity practices.	
CSU Humboldt	\$25 million ongoing funds to support transition to a polytechnic university.	
Stop Asian Pacific Islander Hate	\$10 million one-time funds for the Asian American Studies department at SFSU to support the Stop Asian Pacific Islander Hate website and research.	
Deferred Maintenance and Infrastructure	\$325 million for deferred maintenance and energy efficiency projects. \$433 million is provided for capital projects as proposed in the May Revise. Several other infrastructure projects also supported.	

## Additional information

### CALSTRS/CALPERS EMPLOYER CONTRIBUTION RATES

The employer contribution rates in 2021-22 are final, and rates for the out years are estimates, to be determined by the respective boards. In addition, the budget includes \$1.9 billion in one-time funding to further reduce the unfunded liabilities of the CalPERS state plans and \$410 million one-time funding to CalSTRS to reduce the state's share of the CalSTRS Defined Benefit Program's unfunded liability. The budget also includes \$174 million one-time General Fund to CalSTRS to offset the statutory reduction in the state's contribution in 2020-21.

	2021-22	2022-23	2023-34	2024-25
CalSTRS	16.92%	19.10%	19.10%	19.10%
CalPERS	22.91%	26.10%	27.10%	27.70%

## STATUTORY COLA: ACTUAL AND PROJECTED RATES

	2020-21	2021-22	2022-23	2023-24	2024-25
COLA	0% *	1.7% *	2.48%	3.11%	3.54%

\*The statutory COLA for 2020-21 was calculated at 2.31% but not funded. The actual COLA for LCFF and Community College Apportionments is 5.07% in 2021-22, which is the 2020-21 and 2021-22 COLA plus 1%, compounded. Other program areas received 4.05% the two years compounded, without the additional 1%; some categorical programs received only the 1.7% statutory COLA. See tables above for details.

## UNEMPLOYMENT INSURANCE RATES

The School Employees Fund (SEF) is a joint, pooled-risk fund administered by the EDD, which collects contributions based on a percentage of total wages paid by public schools and community college districts. The SEF reimburses the Unemployment Insurance (UI) Fund for the cost of UI benefits paid to former school employees. The rate for 2021-22 was calculated to be 1.23%, which was far higher than the 0.05% rate paid in 2020-21. The state budget package (AB 138) includes funding to reduce the employer rates to 0.5% for 2021-22 and 2022-23. [See https://edd.ca.gov/Payroll\\_Taxes/School\\_Employees\\_Fund.htm](https://edd.ca.gov/Payroll_Taxes/School_Employees_Fund.htm)

	2021-22	2022-23	2023-34	2024-25
Unemployment Insurance Rate	0.5%	0.5%	0.2%*	0.2%*

\*This 0.2% rate is suggested by SSC for planning purposes, but will be calculated based on actual experience.

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