



Legislative *Update*

January 20, 2022

Education sees yet another increase in governor's state budget proposal

Newsom includes \$200 million in funding for part-time faculty healthcare

Governor Newsom proposed significant increases for education and a 5.33% Cost-of-Living Adjustment (COLA) in his state budget for 2022-23 released January 8. In his proposal, the governor addressed five concurrent state crises — COVID-19, climate change, inequality, homelessness, and public safety — several of which are reflected in the education budget. This budget is a preliminary proposal subject to negotiations with the Legislature and will be revised in May, with final passage in June.

Newsom funds Proposition 98 (directed to schools and community colleges) at \$102 billion, which represents an \$8.2 billion increase from the 2021-22 budget. For schools, the COLA applies to Prop. 98 funds, including the Local Control Funding Formula and LCFF-excluded categorical programs. Building upon multi-year commitments, the governor's largest new expenditures are an additional \$3.4 billion for after school and summer school programs, and \$5.8 billion for childcare programs.

The community colleges would receive the COLA for apportionments, and see an additional \$24.9 million in ongoing funding to support 0.5% enrollment growth. Additionally — and significantly — [the governor included \\$200 million in ongoing funds for part-time faculty healthcare](#).

For higher education, the governor proposes total funding of \$39.6 billion. This reflects an increase in state spending compared to 2021-22, but an overall decrease due to the absence of new federal stimulus funds. The governor proposes a 5% base increase for the University of California and California State University.

The governor also deposits \$34.6 billion into state budget reserves with \$3.1 billion allocated to the Public School System Stabilization reserve.

Below is a summary of the key components of the governor's proposal. Further analysis and information will be forthcoming as the budget moves through the legislative process. The governor will issue his May Revision before the Legislature adopts final budget in late June.

EARLY CHILDHOOD

The state's Master Plan for Early Learning and Care is a multi-year plan to transform the state's childcare and early education systems. The governor's budget proposes to continue the implementation of Universal Transitional Kindergarten, as proposed last year, and supports the Master Plan with funding the following:

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- **\$639.2 million** to expand eligibility for Transitional Kindergarten to all children turning five years old between September 2 and February 2.
- **\$383 million** to add one additional certificated or classified staff person to every Transitional Kindergarten class.
- **\$308.4 million** to increase State Preschool Program adjustment factors to fund new requirements for providers to serve at least 10% of students with disabilities and provide additional services to dual language learners.
- **\$500 million** one-time funds to support the Inclusive Early Education Expansion Program which funds infrastructure necessary to support general education and special education students in inclusive classrooms.
- **\$166.2 million** to cover full-year costs of State Preschool rate increases that began January 1.

The budget proposes the following one-time funds for early literacy programs.

- **\$500 million** (available over five years) for grants to high-needs schools to train and hire literacy coaches and reading specialists.
- **\$200 million** to establish a grant program to enable local educational agencies to create or expand multilingual school or classroom libraries.
- **\$10 million** for the Books for Children Program (through the California Department of Public Health).
- **\$60 million** to provide training for educators on the effective use of the state's preschool assessment tool.

TK-12 SCHOOLS

The governor's budget includes a total of \$102 billion for Prop. 98, assuming a rebenching for an expansion of Transitional Kindergarten and a recalculation of the prior and current year guarantees. The proposals include:

- A total of \$70.5 billion for LCFF; this proposal applies a 5.33% COLA to the LCFF.
- The per pupil funding, including all fund sources, is projected to be \$20,000 in 2022-23; of this, \$15,261 is Prop. 98 dollars.
- A proposal to address declining enrollment would allow LEAs to receive funding based on the higher of their current year ADA, prior year ADA, or the average ADA of the past three years.
- \$3.4 billion for the Expanded Learning Opportunities Program Fund to total \$4.4 billion when combined with last year's allocation. The proposed budget also includes \$937 million in one-time Prop. 98 General Funds to support "program infrastructure," with a focus on including arts and music programs in the grant program.

Other one-time funding proposals include:

- **\$2.3 billion** proposal for school construction and facilities. This plan allocates \$1.4 billion Proposition 51 bond funds to support school construction projects as well as \$1.3 billion one-time in 2022-23 and \$925 million one-time in 2023-24 to support new construction and modernization projects through the School Facility Program. The proposal also includes \$30 million ongoing to support eligible facilities costs for the Charter School Facility Grant Program.
- **\$1.5 billion** proposed for electrifying school buses

- **\$1.5 billion** over four years to provide additional funding to support the development of additional college and career pathways. The intent is to focus on science, technology, engineering and math (STEM), healthcare, education and climate pathways.
- **\$500 million** for dual enrollment workforce opportunities.
- **\$54.4 million** for educator workforce recruitment. These proposals are aimed at partially addressing the staffing shortages that schools are experiencing. The funding proposals include:
 - **\$24 million** one-time to waive certain teacher exam fees.
 - **\$12 million** one-time to extend the waiver of select credential fees.
 - **\$10 million** one-time to support a competitive grant program for public and private institutions to develop and implement integrated teacher preparation programs.
 - **\$5.5 million** to re-establish the Personnel Management Assistance Team to assist LEAs in improving hiring and recruitment practices.
 - **\$3.2 million** combined to the Commission on Teacher Credentialing to establish career counselors for prospective educators, for the administration of multiple grants and fee waiver programs, and to contract for public outreach to highlight the value and benefits of educational careers in California.

Extending the statute authorizing any holder of a credential or permit issued by the CTC to serve in a substitute teaching assignment aligned with their authorization, including for staff vacancies, for up to 60 cumulative days for any one assignment.

Prop. 98 Reserves and Rainy Day Fund

Funding of the Prop. 98 Rainy Day Fund, or the Public School System Stabilization Account, is required under certain conditions and the Department of Finance expects these conditions to require a deposit of \$3.1 billion this year. This action will trigger a provision that caps school district reserves at 10%, beginning in 2022-23. The cap does not apply to Basic Aid K-12 districts or to community college districts.

Special Education

The budget proposal applies the 5.33% COLA to special education and adds an additional \$500 million ongoing funds. This funding is paired with policy proposals that would allocate special education base funding at the LEA level rather than the special education local plan area level. It would also revise allocations for educationally-related mental health funding, and efforts to develop comprehensive Individualized Education Programs models. It is also anticipated to complement funding in early childhood funds, after school programs, and literacy funds. Full details will be available when the budget trailer bills are published later this spring.

COMMUNITY COLLEGES

The governor proposes Prop. 98 funding totaling \$8.4 billion for the California Community College system. The overall budget for the system increases \$1.8 billion in one-time and ongoing programs and initiatives. This includes a 5.33% COLA for most programs, including \$437.3 million for the Student-Centered Funding Formula and funding to support 0.5% enrollment growth (\$24.9 million). This COLA of 5.33% matches the COLA provided for TK-12 schools. Adult Education, which is funded through the community college budget, receives the 5.33% COLA.

Part-Time Faculty Healthcare

Additionally, the budget proposes [augmenting the Part-Time Faculty Health Insurance fund by \\$200 million in ongoing funds](#), an increase of more than 40,800%, which could therefore expand and improve healthcare coverage provided to part-time faculty.

Student-Centered Funding Formula

The governor proposes to create a new funding floor creating a transition for districts from hold harmless to the core formula. The amount districts on hold harmless receive in 2024-25 would be the new funding floor. Starting in 2025/26, that funding floor would adjust annually according to the statutory COLA but would not include accumulative COLAs from prior years. This funding floor would reduce purchasing power over time because of the lack of compounded COLAs from prior years. The intent of this reduction is to prevent districts currently on hold harmless from falling off a fiscal cliff at the end of the existing hold harmless period.

Other proposals supported by ongoing funding include:

- **\$100 million** increase support for financial aid administration
- **\$100 million** increase to support Student Completion Grants
- **\$10 million** increase support for NextUp Program for foster youth
- **\$10 million** to Implement Equal Employment Opportunity best practices

One-time funding proposals include:

- **\$387.6 million** to address deferred maintenance
- **\$130 million** to healthcare-focused vocational pathways in Adult Education.
- **\$105 million** to develop common course numbering.
- **\$20 million** for the Pathways Grant Program for High-Skilled Careers.
- **\$5 million** for Teacher Credentialing Partnership Program

Finally, the budget provides goals and expectations for the community college system to “improve educational outcomes” for students. This includes a number of policies, including decreasing the median units to completion for a degree by 15% and establishing systemwide stretch goals regarding the number of students completing or transferring within the minimum amount of time necessary.

UNIVERSITY OF CALIFORNIA

The governor proposes \$307.3 million in ongoing General Fund augmentations for the UC, including \$200.5 million ongoing General Fund for a 5% increase in base resources and ongoing General Fund resources for California resident undergraduate enrollment growth of 7,132 full-time equivalent students. This augmentation comes with a list of actions to close equity gaps by 2025.

Ongoing funding proposals:

- **\$6 million** increase to support foster youth students.
- **\$2 million** increase to support research conducted by the UC Firearm Violence Research Center.

One-time funding proposals:

- **\$185 million** increase to support three complementary climate initiatives, including \$100 million for climate action research seed and matching grants available to researchers from the UC system and other institutions, \$50 million for regional

climate innovation incubators, and \$35 million to establish climate workforce development and training hubs.

- **\$100 million** increase for deferred maintenance and energy efficiency projects at UC campuses.
- **\$10 million** increase to support the UC San Francisco Dyslexia Center.

COVID-19 MITIGATION

The budget proposal includes a total of \$2.7 billion to support additional testing, test kit supplies, vaccine and booster administration, hospital surge capacity, and combating misinformation about the pandemic. The governor calls for \$1.4 billion to be allocated through early action and accessible in the current year and another \$1.3 billion to be included for distribution during the 2022-23 budget year.

Governor Newsom acknowledged that additional supplemental paid sick leave was needed but called for this to be resolved through the legislative, rather than the budget, process.

RETIREMENT

The governor's budget proposal allocates \$3.7 billion in funding to CalSTRS as required by law. This does not provide a reduction in employee contributions nor provide a "buy down" of employer contributions as provided in previous years.

FOR ADDITIONAL INFORMATION

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