

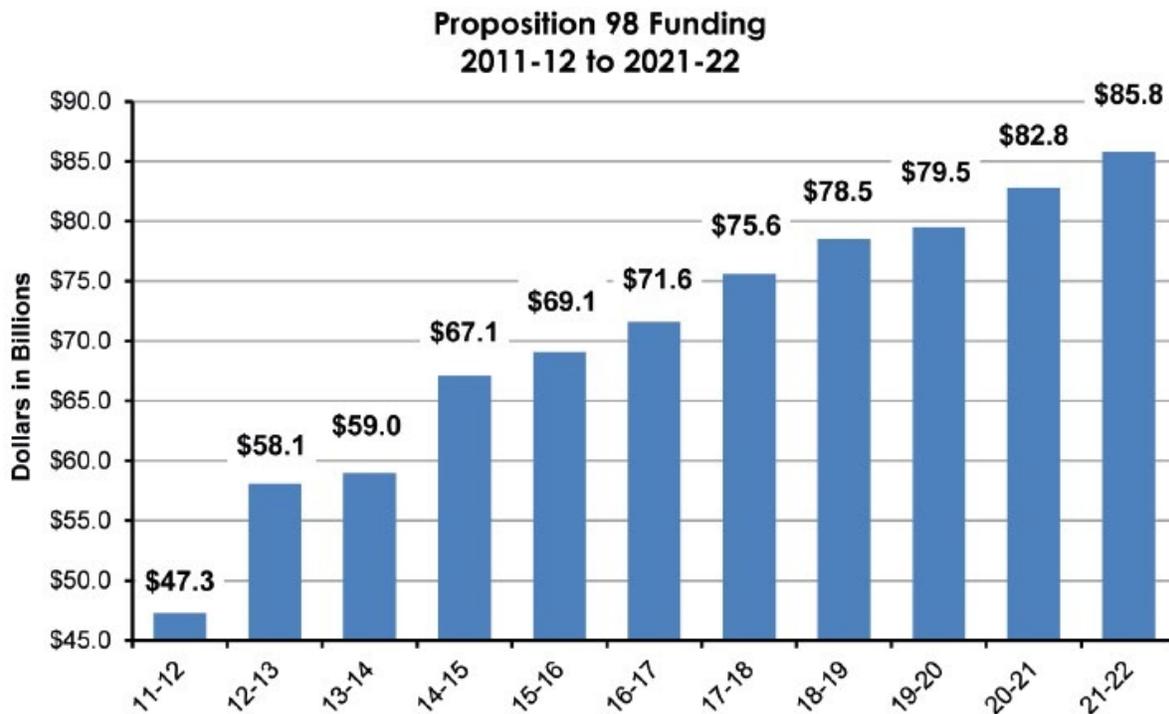


GOV. NEWSOM'S JANUARY BUDGET PROPOSAL FOR 2021-22

Governor Gavin Newsom's budget proposal reflects the dramatic rebound in the state's economy. Last year's state budget had a \$54 billion shortfall, while this year, the Governor cites the inclusion of \$34 billion in "budget resiliency," which is a combination of record-high state reserve levels and budget surplus. Governor Newsom framed his proposed budget as one that would expedite the state's health and economic crisis caused by COVID-19.

EDUCATION FUNDING OVERVIEW

PROPOSITION 98: The Governor proposes \$85.8 billion for the Prop. 98 guarantee, which would represent a \$14.9 billion increase over last year's enacted budget. For 2021-22, Prop. 98 funding would reach \$12,648 per pupil.



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

LOCAL CONTROL FUNDING FORMULA (LCFF): The Governor proposes \$64.5 billion for the LCFF. This reflects a 3.84 percent cost of living adjustment (COLA) for the LCFF, which combines a 1.5 percent COLA for 21-22 and a 2.31 percent adjustment for 20-21 that was not funded in last year's budget. When adjusting for declining Average Daily Attendance, the 3.84 percent COLA increases ongoing LCFF funding by \$2 billion.

IN-PERSON INSTRUCTION GRANTS: The Governor’s budget proposes allocating \$2 billion to create the In-Person Instruction Grant program. The intended goal of the program is to incentivize school reopening, particularly in order to offer in-person instruction to the state’s youngest children and students from subgroups who have been disproportionately affected by the pandemic.

As part of the application, local education agencies would have to submit a COVID-19 School Safety Plan, and ratified certificated and classified collective bargaining agreements to their county offices of education and local public health departments. The Safety Plan and ratified bargaining agreements must include details for how LEAs plan to meet new COVID-19 testing requirements. Depending on local case rates, testing could be as frequent as weekly for all students and staff.

Schools that are currently closed are not able to open until local positive case rates are below 28 per 100,000 residents for five consecutive days. Priority for in-person instruction would be for students in grades TK-2 and unduplicated pupil groups, with a phase-in of all students in grades TK-6. A complete summary of the In-Person Instruction Grant program can be found [here](#).

ONE-TIME FUNDS TO ADDRESS LEARNING LOSS: The Governor proposes allocating \$4.6 billion in one-time Prop. 98 funds to address learning loss caused by the pandemic. This proposal will require early action by the legislature so that LEAs have time to design targeted interventions that focus on students most adversely affected by the pandemic.

DEFERRALS: The Governor proposes paying off the full K-12 deferral in 2019-20 and \$7.3 billion of the K-12 deferral in 2020-21. The deferral schedule for February to May 2021 will remain but are one-time and will be repaid on the existing schedule (August-November 2021). This leaves a \$3.7 billion deferral for June 2021 which will be paid in July 2021 and remain as an ongoing deferral.

ADA HOLD HARMLESS: The Governor’s budget does not include an ADA hold harmless for 2021-22. The budget summary notes that current law allows LEAs experiencing enrollment declines the ability to utilize prior year figures.

LOCAL RESERVE CAP TRIGGERED: The Governor’s proposal includes nearly \$3 billion in payments to the Public School System Stabilization Account (Prop. 98 reserve). This figure is well over the threshold needed to trigger a 10 percent cap on local district reserves. The cap would take effect in the 2022-23 year.

K-12 CATEGORICAL PROGRAMS: The Governor proposes a 1.5 percent COLA for the various K-12 categorical programs, including the K-12 Strong Workforce Program, Career Technical Education Incentive Grant Program and Adult Education Block Grant.

EDUCATOR RECRUITMENT AND RETENTION: The Governor proposes \$225 million to improve the state’s teacher pipeline, noting teacher shortages, which have worsened due to retirements and the pandemic. The funding proposal breaks down to:

- \$100 million to expand the Golden State Teacher Grant Program, which provides grants to students working toward a credential in special education who commit to teaching at a “priority school” in California for four years;

- \$100 million to expand the Teacher Residency Program, which supports LEAs' ability to develop or expand teacher residency programs; and
- \$25 million to expand the California Classified School Employees Credentialing Program, which provides grants to local education agencies to recruit non-certificated school employees to become certificated classroom teachers.

EDUCATOR PROFESSIONAL DEVELOPMENT: The Governor proposes \$315.3 million to support various educator professional development programs. The two largest allocations would support the following:

- \$250 million in one-time Prop. 98 funds for the Educator Effectiveness Block Grant; and
- \$50 million in one-time Prop. 98 funds to create statewide resources and provide targeted professional development on social-emotional learning and trauma-informed practices.

MENTAL HEALTH FOR STUDENTS: The Governor's proposal includes several initiatives aimed at strengthening and expanding student mental health services, including:

- \$400 million in non-Prop. 98 funds to establish a multi-year incentive program for school based mental health services;
- \$265 million (one-time) development of the community school models, a partnership between school and other community resources that leads to improved student learning, stronger families and healthier communities;
- \$25 million in Prop. 98 funds to support innovative partnerships between county behavioral health and schools; and
- \$25 million in one-time funding from the non-Prop. 98 Mental Health Services Fund to expand the Mental Health Student Service Act Partnership Program.

SPECIAL EDUCATION: The Governor's budget proposes several allocations related to Special Education, including:

- \$548 million in ongoing Prop. 98 funds to augment special education base grant funds; and
- \$300 million in ongoing Prop. 98 funds for the Special Education Early Intervention Grant to increase services for infants, toddlers and preschoolers.

ACSA PERSPECTIVE AND WHAT'S NEXT

ACSA commends the Governor for proposing significant investments in education and prioritizing the reopening of schools. We appreciate the Governor's focus on addressing potential learning loss, as educational and social-emotional inequities have been exacerbated by the pandemic. The Governor's proposal recognizes that schools need significant resources to meet the needs of students during this pandemic and beyond. ACSA applauds the Governor's for including a 3.8% COLA for the LCFF, paying down most of the scheduled deferrals and for supplementing funding for education with significant non-Prop. 98 funding, such as funds to support school based mental health services for students.

While we appreciate the Governor's broader goal to reopen schools, ACSA has concerns with several components of the In-Person Instruction Grant program, including using Prop. 98 funds to support public health initiatives. Other funding sources should be identified to support COVID-19 tests and

vaccines, while Prop. 98 funds should remain focused on directly supporting students and classroom instruction. Furthermore, ACSA has concerns regarding the stringent timelines, COVID-19 testing cadences and the requirement to collectively bargain extensive portions of the reopening plans. Many districts will not be able to meet these requirements, which could lead to the grant program exacerbating existing inequities. We are also concerned about the potential impact to schools that are currently open and how the new guidelines could have unintended consequences on school communities that manage to provide in-person instruction.

The Legislature now has the opportunity to weigh in. They will have to act quickly on the In-Person Instruction Grant program and the learning loss initiative in order to give LEAs as much time as possible to plan and prepare. A sizable contingent of prominent Assembly members has already introduced legislation of their own related to school reopening. Their proposal is a more aggressive approach to school reopening. These differences will have to be reconciled. Learning loss is another priority of the Legislature. Both houses will have significant input in how these dollars are distributed and on spending parameters.

The budget proposal marks the beginning of the funding conversation for the 2021-22 year. As previously noted, unlike most years, negotiations related to multiple budget proposals (In Person Instruction Grants and learning loss mitigation) will advance quickly. ACSA will be actively engaged with both the administration and Legislature to ensure that the needs of students are met and will keep you updated on developments.

The full budget summary can be found at <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>