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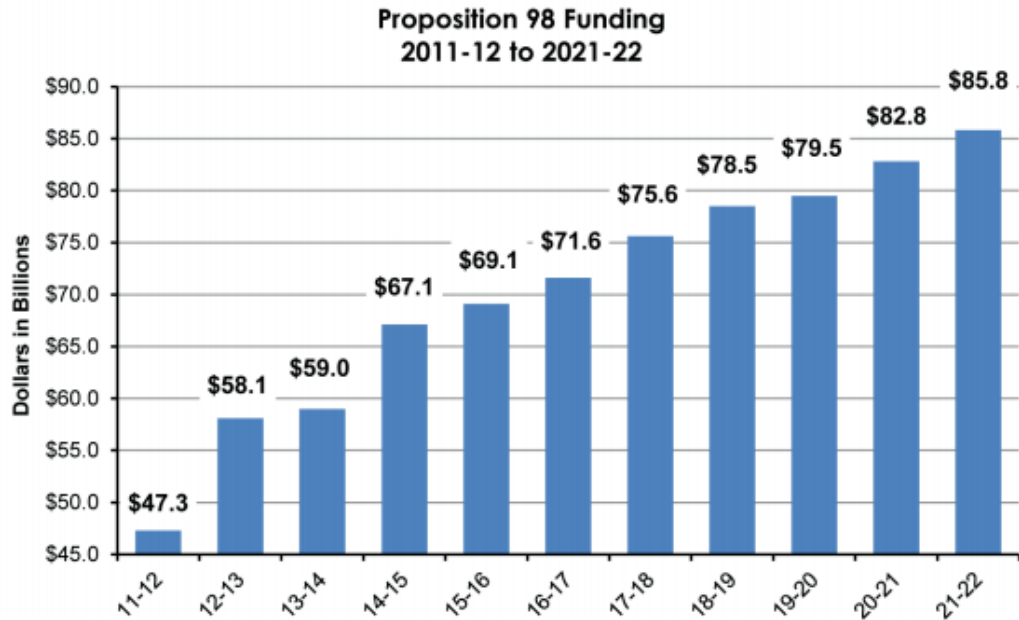
Gov. Newsom's January budget proposal includes record-breaking Proposition 98 guarantee

The proposal restores two-thirds of school funding deferrals from 2020–21 budget

Officially opening the budget season, Gov. Gavin Newsom on Jan. 8 released the 2021–22 budget proposal, which includes significant investments in school reopening and learning loss mitigation amid the COVID-19 pandemic. Despite the ongoing crisis, higher-than-expected revenues will allow for the paying down of most school funding deferrals, and a Local Control Funding Formula cost-of-living adjustment, as well as additional investments in teacher preparation, pension relief and special education.

Record-breaking \$85.8 billion in Prop 98 guarantee

In good news for schools, Proposition 98 funding has not declined as once feared and instead is up \$14.9 billion over the previous budget's projections. California schools would receive a proposed all-time high of \$85.8 billion Proposition 98 guarantee for K-14 education and \$3.8 billion in general funds above the guarantee. Included in this is a 3.84 percent LCFF cost-of-living adjustment, a significant win that reflects CSBA's work to push the state to make up the 2.31 percent adjustment that was not provided in 2020–21 as well as provide a 1.5 percent adjustment for 2021–22.



The proposed budget also includes a \$3 billion deposit in the Public School System Stabilization Account, which will trigger the school district reserve cap in 2022–23. CSBA-sponsored legislation in 2017 exempted all small school districts (those with average daily attendance of 2,500 and below) as well as all basic aid districts from the cap and limited the cap to assigned and unassigned reserves. Those districts that could be impacted if the reserve cap applies would be advised to simply take board action to commit funds to reserves so they are not exposed. Unlike assigned and unassigned reserves, which are generally identified by staff, committing funds requires action by the governing board and can be identified for any number of purposes. The committed funds may be committed to other purposes as needs arise with subsequent board action.

Partial paying down of deferrals

The Governor's proposed budget would pay down \$9.2 billion, or roughly two-thirds, of the payment deferrals put in place by last year's budget. This would leave \$3.7 billion in deferrals remaining in the June apportionment, which would then be repaid a few weeks later in July of 2021.

Early action on in-person instruction and learning loss mitigation

The budget proposes taking early action to provide funding for in-person learning and to address learning loss during the pandemic through \$2 billion in one-time funds that would be allocated through grants to execute the [Safe Schools For All plan](#). While many questions remain, grants would be available on a per-pupil basis for schools who resume in-person instruction by specified dates, and could be used for:

- Enhancing and expanding COVID-19 testing for employees and students
- Purchasing of PPE
- Improving ventilation and safety of learning spaces
- Teacher or classified staff salaries for those providing or supporting in-person instruction
- Social and mental health support services provided in conjunction with in-person instruction

This proposal needs to be fast-tracked through the legislative process well ahead of the remainder of the budget if there is any chance for LEAs to access the program, which has a first-round grant application deadline of Feb. 1. Many concerns exist about this program among advocacy groups as well as several legislators.

The budget also proposes early action on \$4.6 billion for grants to fund targeted interventions and expanded learning to address learning loss caused by the ongoing COVID-19 pandemic. Grants will be available for strategies such as an extended school year, summer school, before- and after-school programs, and community learning hubs.

Investments in teacher preparation and pipeline

The proposed budget allocates \$315.3 million in one-time funds for a number of investments in professional development for educators, including:

- \$250 million in for Educator Effectiveness Block Grants for LEAs to expedite professional development for teachers, administrators and other staff in high-need areas
- \$50 million to create statewide resources and provide targeted professional development on social-emotional learning and trauma-informed practices
- \$8.3 million for the California Early Math initiative to provide professional development in math teaching strategies in pre-K through 3rd grade
- \$7 million for University of California Subject Matter Projects to create high-quality professional development on learning loss
- \$5 million for professional development and instructional materials for LEAs offering ethnic studies courses

In addition, \$225 million in one-time funding is allocated to bolster teacher pipelines, including \$100 million each for the Golden State Teacher Grant Program and the Teacher Residency Program and \$25 million to expand the Classified School Employees Credentialing Program.

Pension relief

The proposal also continues employer contribution relief for CalSTRS and CalPERS into 2021–22, reducing CalSTRS employers contribution from 18.1 percent to 15.9 percent and CalPERS employer contribution from 24.9 percent to 23 percent.

Special education

In addition to the ongoing \$545 million added to the special education base funding over the last two years, this budget invests further Proposition 98 funding in early interventions, including:

- \$300 million in ongoing funding for the Special Education Early Intervention Grant to increase evidence-based services for infants, toddlers and preschoolers
- \$5 million in one-time funding to establish professional learning networks to increase LEA capacity to access federal Medi-Cal funds and \$250,000 for a lead county office of education to provide guidance for Medi-Cal billing within the statewide system of support
- \$500,000 in one-time funds for a study to examine certification and oversight of non-public school special education placements

No action on broadband expansion

Notably missing in this proposed budget is an investment in expanding broadband access, a pressing issue as many students and educators struggle to get connected during distance learning. Nevertheless, numerous legislative proposals introduced this year indicate that broadband will surely continue to be a top priority.

Next steps

Budget negotiations will begin as the Legislature reconvenes on Jan. 11 and continue throughout the spring. The Governor's May budget revision must be released on or before May 15 and negotiations will continue until the June 15 deadline to send the final agreement to the Governor, who will have until July 1 to sign it. CSBA will continue to provide updates as the budget season progresses.



The Governor's Budget: Implications for public education and school reopening

Earlier today, CSBA's Governmental Relations team was joined by local school board trustees and *Politico* education reporter Mackenzie Mays to analyze Gov. Newsom's budget proposal.

[View the webinar](#)



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