

# Research Brief

February 24, 2022

## Governor's Proposed State Budget for 2022-23

Governor Newsom introduced a \$286.4 billion budget proposal for 2022-23 on January 10. The proposed budget is 9% larger than last year's record high budget, largely because of tax receipts that were even higher than expected. The governor's office is anticipating a \$21 billion discretionary surplus for 2022-23 and this includes billions more for education.

In the proposal, the General Fund budget is \$213.1 billion, which is a 1.5% increase over the 2021-22 budget. The governor has called for early action to allocate \$1.4 billion for COVID testing, vaccines, supporting hospital surge capacity, and combatting misinformation. Another \$1.3 billion is allocated to continue this spending through the 2022-23 year.

The minimum guarantee for Proposition 98 funding is projected to be the highest ever, and the governor's budget includes a rebenching of the guarantee to account for an expansion of Transitional Kindergarten. The details of the January budget proposal are outlined below.

### PROPOSITION 98

	BUDGET 2022-23	NOTES
Proposition 98 Funding	\$102 billion is allocated for Proposition 98. There are also additional dollars for 2020-21 and 2021-22. In total, this represents a \$16.1 billion increase over the level funded in the 2021 enacted budget.	2020-21: \$95.9 billion (was \$93.4) 2021-22: \$99.1 billion (was \$93.7) 2022-23: \$102 billion
Public School System Stabilization Account (PSSSA)	Also known as the Proposition 98 Rainy Day Fund, the proposal assumes a revised total balance of \$9.7 billion at the end of 2022-23. An expected balance of \$6.7 billion in 2021-22 triggers a cap of 10% on district reserves beginning in 2022-23.	2020-21: \$3.1 billion payment 2021-22: \$3.6 billion payment 2022-23: \$3.1 billion payment

### EARLY EDUCATION

	BUDGET 2022-23	NOTES
Statutory COLA	Statutory COLA is currently estimated at 5.33% and would apply to general childcare and state preschool reimbursement rates.	2022-23 final COLA rate will be set in May 2022 upon release of calculations from the federal government.
Transitional Kindergarten	\$639.2 million General Fund to expand eligibility for TK; Prop. 98 Guarantee is rebenched to account for these funds. \$383 million Prop. 98 funds to add one additional certificated or classified staff to every TK class.	Eligibility starting in 2022-23 to include all children turning five between Sept. 2 and Feb. 2 (from Sept. 2 and Dec 2).

Child Care and State Preschool	\$823.7 million for 36,000 additional subsidized child care slots. \$373 million to support a year of rate increases for providers. \$308.4 million to raise state preschool adjustment factors for students with disabilities and dual language learners.	Proposal includes programmatic changes to State Preschool: 24 mon. continuous eligibility, categorical eligibility for children with IEPs, allow providers serving 3 and 4 year olds to enroll 2 year olds.
Inclusive Early Education Expansion Program	\$500 million One Time Prop. 98 funds to for infrastructure to support general and special education students in inclusive classrooms.	
Early Literacy	\$500 million One Time Prop. 98 funds available over 5 years to train and hire literacy coaches and reading specialists at high-needs schools; \$200 million One-Time Prop. 98 funds for LEAs to create/expand multi-lingual libraries with culturally relevant texts; \$62 million One-Time General Fund to incorporate early identification for learning disabilities into state preschool assessment tools and train educators to use them.	

## K-12 EDUCATION

	BUDGET 2022-23	NOTES
Statutory COLA	Statutory COLA for 2022-23 is currently estimated at 5.33%.	2022-23 final COLA rate will be set in May upon release of calculations from the federal government.
Local Control Funding Formula (LCFF)	An increase of \$3.3 billion is proposed for the LCFF bringing it to a total of \$70.5 billion. This increase assumes the 5.33% COLA.	Average increase in per-pupil funding is \$587.
Categorical Funding	The 5.33% COLA would also be applied to those programs that are outside of LCFF. This includes Special Education, Child Nutrition, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.	Total increase of \$295 million in ongoing Prop. 98 funding.
Average Daily Attendance (ADA)	The budget includes a proposal to the LCFF calculation to use the greater of a district's current, prior, or average of 3 prior years' ADA. Ongoing cost is estimated at \$1.2 billion.	
Independent Study	Proposal continues to allow independent study (traditional or course-based) for remote learning. Synchronous instruction and student work product would count for instructional time in traditional independent study and LEAs would have flexibility on the timeline to obtain signed plans.	
Workforce / Staffing Shortages	\$54.4 million is proposed to help address the staffing shortage of teachers and substitutes. This includes: \$24 million to waive certain teacher exam fees; \$12 million to extend waivers of select credentials fees; \$10 million for a grant program for public and private institutions to develop and implement integrated teacher prep programs; \$5.5 million for personnel Management Assistance Teams to assist LEAs; \$1.4 million for CTC to establish career counselors for prospective educators; \$924,000 to support CTC grant and waiver administration; \$900,000 for CTC to do outreach on educational careers. Extends authorization for sub assignments of up to 60 cumulative days.	Funds are a combination of One-Time and ongoing General Fund and Prop. 98.  \$5 million for community college - university credentialing collaboratives is also proposed.

Expanded Learning Opportunities Program	With a goal of offering 9 hours of academic and enrichment activities per instructional day plus 6 weeks in summer, the budget proposes \$3.4 billion ongoing Prop. 98 funds for ELOP plus \$937 million One-Time funds targeting arts and music programming.	These amounts are added to continuing ELOP funding of \$1.1 billion from last year and a continuation of \$148.7 million for reimbursement rate increases for ASES and 21 <sup>st</sup> Century Community Learning Centers.
College/Career Pathways	\$1.5 billion proposed for pathway programs on technology, health care, education, and climate-related fields. \$500 million to expand access and participation in dual enrollment programs.	Funding is One-Time, Prop 98 for use over 4 years.
Green Transportation	\$1.5 billion proposed for grants of >\$500,000 to LEAs to acquire an electric bus and the required charging infrastructure.	Funding is One-Time, Prop. 98 for use over 3 years.
Nutrition	Starting in 2022-23, public schools must offer 2 free meals per day to any student who requests one. Budget proposes \$596 million to support this. \$450 million one-time funds proposed for upgrading school kitchen infrastructure and \$3 million one-time funds for School Breakfast and Summer Meal Start-Up and Expansion Grants. \$30 million one-time funds proposed for Farm to School demonstration projects and \$3 million to increase positions for the Farm to School network.	Funding is a mix of Prop. 98 and General Fund.
Facilities	Proposal allocates \$1.4 billion in Prop. 51 funds (approved in 2016) for school construction, \$1.3 billion one-time funds for the School Facility Program, and \$30 million ongoing funds for the Charter School Facility Grant Program.	

## SPECIAL EDUCATION

	BUDGET 2022-23	NOTES
Statutory COLA	The statutory COLA is currently set at 5.33% and would be applied to Special Education funding. This adds \$396 million for categorical programs.	2022-23 final COLA rate will be set in May upon release of calculations from the federal government.
Base Rate	\$500 million ongoing Prop. 98 funds to increase base rates per student from \$715 to \$820.	
Policy Proposals	Proposals include modifying formula for calculating attendance at the LEA level, as opposed to SELPA level, but continue allocating funds through SELPAs. Proposal includes addition of a SPED addendum to the LCAP and allocating mental health funding directly to LEAs.	

## COUNTY OFFICES OF EDUCATION

	BUDGET 2022-23	NOTES
Statutory COLA	The statutory COLA is currently set at 5.33% and would provide \$11.5 million, accounting for ADA changes.	2022-23 final COLA rate will be set in May upon release of calculations from the federal government.
Model Curricula	\$14 million proposed for COEs to develop model curricula	

related to the Vietnamese American refugee experience, the Cambodian genocide, Hmong history and cultural studies, and Native American studies.

## ADULT EDUCATION

	BUDGET 2022-23	NOTES
Statutory COLA	The statutory COLA is currently set at 5.33%, which increases the funding by \$29.9 million.	Total would be \$596.3 million.
Healthcare Pathways	\$130 million to support healthcare vocational pathways for English language learners.	

## CAREER TECHNICAL EDUCATION

	BUDGET 2022-23	NOTES
Agricultural CTE Incentive Grant	\$2 million ongoing Prop. 98 funding proposed to increase grant program funding.	

## CLASSIFIED EMPLOYEES

	BUDGET 2022-23	NOTES
TK Expansion	Funding to support universal Transitional Kindergarten implementation includes a proposal of \$383 million to add one classified or certificated staff to each class.	

## COMMUNITY COLLEGE

	BUDGET 2022-23	NOTES
Statutory COLA	The statutory COLA is currently set at 5.33% for community college apportionments.	2022-23 final COLA rate will be set in May upon release of calculations from the federal government.
Proposition 98	Of the \$102 billion total Prop. 98 funding, Community Colleges would receive approximately \$11.6 billion for 2022-23.	2020-21: \$10.8 billion (was \$9.9) 2021-22: \$11.1 billion (was \$9.9) 2022-23: \$11.6 billion
Student Centered Funding Formula (SCFF)	The 5.33% COLA will increase the SCFF by \$409.4 million. The budget also includes a proposal to create a funding floor for districts once the current SCFF hold-harmless provision expires in 2024-25.	
Enrollment Growth	\$24.9 million is allocated for enrollment growth of 0.5%.	
Part-Time Faculty Health Insurance	\$200 million ongoing Prop. 98 funds proposed to augment the program.	Current funded amount is \$490,00

Deferred Maintenance	\$387.6 million Prop. 98 proposed for deferred maintenance and energy efficiency projects.	\$96.8 million from 2020-21 \$182.1 million from 2021-22 \$108.7 million from 2022-23.
Technology Modernization and Data Protection	\$100 million Prop. 98 funds to modernize CCC tech infrastructure.	
Student Retention, Enrollment, and Financial Aid	\$150 million One-Time Prop. 98 funds to continue efforts to increase retention and enrollment. Proposal calls for goal of >50% of courses offered in person during 2022-23 if consistent with public health guidelines and demand. \$20 million One-Time Prop. 98 funds proposed for financial aid for AB 540 students.	Districts expected to offer >50% of courses as in-person instruction for 2022-23 year, when consistent with public health guidelines.
Pathways Grants for High-Skilled Careers	\$20 million One-Time Prop. 98 funds to support grant program to incentivize public-private partnerships for grades -14 in fields of education and early education, STEM, and healthcare.	
Teacher Credentialing	\$5 million One-Time Prop. 98 funds for the CCC Teacher Credentialing Partnership program.	Program created by SB 577 in 2018.
A2MEND Student Charters	\$1.1 million ongoing funds to expand the African American Male Education Network and Development (A2MEND) student charters to more districts.	
Umoja	Increases Umoja funding by \$179,000 to \$7.7 million to study the program.	
Equal Employment Opportunity Program	\$10 million ongoing funds to support best practices to diversify community college faculty, staff, and administrators.	Total funding proposed \$12.8 million.
Categorical Programs	Other programs that would receive the 5.33% COLA include Extended Opportunity Programs and Services (EOPS), Disabled Student Programs and Services, CalWORKS student services, Mandates Block Grant, Cooperative Agencies Resources for Education; Childcare tax bailout;	
Removal of One-Time Funds from 2021 Budget	Proposal confirms programs continue without One-Time funds added in current year budget, including PT Faculty Office Hours, Zero Textbook Cost Degrees, Basic needs, Guided pathways implementation, culturally competent professional development, LGBTQ+ support, competency-based education.	
Multi-Year Roadmap Expectations	Roadmap agreement aims to align with the CCC's Vision for Success and includes expectation that the CCC improve educational outcomes (including increasing percentage of students who receive associate degrees and credentials; decreasing required units; increasing transfers); improve student success and advance equity (closing equity gaps in graduation, transfer rates); increase intersegmental collaboration to benefit students; support workforce preparedness and high-demand career pipelines (including an expansion of dual enrollment and transfer pathways).	

## UNIVERSITY OF CALIFORNIA

	BUDGET 2022-23	NOTES
Base Growth	\$307.3 million total proposed in ongoing funding. This supports a 5% increase in base resources to UC (\$200.5 million) and \$67.8 million to support resident undergraduate enrollment growth (6,230 FTES) and \$31 million to offset replacement of 902 nonresident undergraduate students, plus \$6 million proposed to support foster youth; \$2 million for firearm research.	
One-Time Support	\$295 million for one-time funding proposals, including \$185 million for climate initiatives, \$100 million for deferred maintenance and energy efficiency projects, \$10 million for the UCSF Dyslexia Center.	
Multi-Year Compact Expectations	Compact includes expectations that UC increase access (including reaching goal of 1 new CA resident transfer student for every 2 new CA resident freshmen); improve student success and advance equity (including eliminating graduation rate gaps); increase affordability (working towards debt-free education by 2030 and setting 45% of new tuition revenue for financial aid); increase intersegmental collaboration to benefit students; support workforce preparedness and high-demand career pipelines; provide more access to online courses.	Compact would provide 5% base increases through 2026-27 and funding for enrollment growth.

## CALIFORNIA STATE UNIVERSITY

	BUDGET 2022-23	NOTES
Base Resources	\$304.1 million total proposed in ongoing funding. This supports a 5% increase in base resources to CSU (\$211.1 million) and \$81 million for undergraduate student enrollment growth (9,343 FTES), plus \$12 million to support foster youth.	Compact would provide 5% base increases through 2026-27 and funding for enrollment growth
One-Time Support	\$233 million for one-time funding proposals, including \$100 million for deferred maintenance and emergency efficiency projects; \$83 million for the CSU Bakersfield Energy Innovation Center; \$50 million for CSU University Farms.	
Multi-Year Compact Expectations	Compact includes expectations that CSU increase access (including increasing CA resident undergraduate enrollment by 1% per year); improve student success and advance equity (including increasing graduation rates); increase affordability (reducing instructional materials costs and increasing affordability of on-campus housing); increase intersegmental collaboration to benefit students; support workforce preparedness and high-demand career pipelines; provide more access to online courses.	

## STATUTORY COLA: PROJECTED RATES AS OF JANUARY PROPOSAL

	2022-23	2023-24	2024-25	2025-26
Projected COLA Rates	5.33%	3.61%	3.64%	3.62%

\*Projected by Department of Finance

## CalSTRS / CalPERS: EMPLOYER CONTRIBUTION RATES

	2021-22	2022-23	2023-24
CalSTRS	16.92%	19.10%	19.10%
CalPERS	22.91%%	25.40%	25.20%

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