



Budget Act of 2022

May Revision Focuses on Discretionary Spending and Implementing Recent Whole Child Programs

Friday, May 13, 2022

With state tax revenues surging beyond expectations, this morning Governor Gavin Newsom presented his May Revision to the Budget Act of 2022-23. The May Revision sets the stage for a one-month sprint to finalize a negotiated plan between the administration and the legislature. The trailer bill language is [available here](#). This analysis does not incorporate information from the trailer bill language released this evening.

Proposition 98 will drive nearly 40 cents of each new dollar of revenue to K-14 schools. The result is a single-year increase to K-14 of over \$16 billion and a three-year increase of at least \$35 billion. Key investments include:

- County office of education LCFF (\$101 million ongoing)
- Discretionary per-pupil block grant (\$8 billion one-time)
- LCFF base increase (\$2.1 billion ongoing)
- School facilities modernization, construction, maintenance (\$5 billion one-time)
- Community schools implementation (\$1.5 billion one-time)
- Expanding teacher residencies, especially for counselors (\$500 million one-time)
- ELOP implementation (\$400 million ongoing)
- ADA protections for COVID attendance declines
- COLA to LCFF and categoricals of 6.56% (ongoing)
- State Preschool Program hold-harmless (one-time)

All investments in the May Revision summary document are **in addition to** the Governor's January budget proposal. You may find additional information here:

- [YouTube: "California's Blueprint" Press Conference](#) (Education starts at 25:07)
- [Summary: May Revision](#)

* * *

County Offices of Education (COE) receive ongoing augmentation

The May Revision includes \$101.2 million ongoing Proposition 98 General Fund to augment Local Control Funding Formula (LCFF) funding for COEs. Similar to the proposal below for school districts and charter schools, the intention is to help COEs address ongoing fiscal pressures, staffing shortages, and other operational needs. The proposal will increase LCFF targets on a per-ADA and per-school district basis. It will also create an add-on for hold harmless COEs. The amount above



only includes state aid. It does not include property taxes that would go towards the same purposes.

The May Revision does not propose to expand Differentiated Assistance funding.

LCFF proposal responds to COVID challenges, declining enrollment

The administration proposes a 6.56 percent cost-of-living-adjustment (COLA) to the LCFF, applicable to all local educational agencies (LEA). The same COLA would be applied to 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.

An additional \$2.1 billion ongoing Proposition 98 General Fund is proposed for the LCFF base (not COLA, though equal to about a 3 percent increase to the LCFF) “to address ongoing fiscal pressures”—such as pension costs, inflation and declining enrollment—“staffing shortages, and other operational needs.” The base grant increase will result in commensurate increases to supplemental and concentration grants.

This year, COVID-related attendance disruptions coincided with the sunset of the attendance hold-harmless. For 2021-22, the May Revision proposes allowing all classroom-based school districts, county offices, and charter schools to be funded at the greater of their current year ADA or their current year enrollment adjusted for pre-COVID-19 ADA. The prior proposal, from January, to allow school districts to utilize a three-year rolling average for ADA would still apply to whatever ADA rate is effective for the school districts. This proposal continues to apply only to school districts.

The Department of Finance estimates the COLA, ADA protections, and base grant increase total an LCFF increase of approximately 15 percent when compared to LCFF levels absent enrollment and attendance protections.

Discretionary block grant intended to address pensions, etc.

To address rising operational costs—such as pension contributions, staffing, mental health and wellness—the May Revision proposes a discretionary block grant of \$8 billion one-time Proposition 98 General Fund. The grant, distributed on a per-pupil basis, will also offset mandate debts owed by the state.

Increased funding for the Expanded Learning Opportunities Program (ELOP)

The May Revision increases funding for ELOP by an additional \$403 million ongoing Proposition 98 General Fund over the January budget proposal. This increase brings the ongoing program total to \$4.8 billion, and full funding implementation (four years ahead of schedule) of \$2,500 for every unduplicated pupil in the state. The investments to ELOP in the May Revision coupled with the



increase in the January Budget brings the ELOP closer to the \$5 billion funding goal established in the 2021 Budget Act.

The January budget added \$937 million one-time Proposition 98 General Fund to support infrastructure for the program, with an emphasis on arts and music programming. The May Revision adds an additional \$63 million, for a total of \$1 billion one-time Proposition 98 General Fund to support ELOP infrastructure with a focus on integrating arts and music programming into the enrichment options for students.

\$1.2 billion additional funding to support California's educator workforce needs

To address California's educator workforce needs, the May Revision includes the following investments on top of the Governor's Budget proposal in January:

- \$500 million one-time Proposition 98 General Fund to expand residency slots for teachers and school counselors
- \$20 million one-time Proposition 98 General Fund to support a K-12 Teacher Residency Program Technical Assistance Center
- \$85 million one-time Proposition 98 General Fund to provide Pre-K through grade 12 educators resources and professional development to support STEM instruction aligned to state adopted standards and frameworks
- \$300 million one-time Proposition 98 General Fund through the Educator Effectiveness Block Grant with a priority for STEM educator supports
- \$15 million one-time General Fund, available over three years, to continue the work of the Educator Workforce Investment Grant program in computer science
- \$15 million one-time General Fund, available over three years, to continue the work of the Educator Workforce Investment Grant program in special education and English learner support
- \$80 million ongoing Proposition 98 General Fund to provide supplemental pay for classified staff during intersessional months when they are not employed
- \$1.7 million one-time Proposition 98 General Fund to Tulare County Office of Education Center on Teaching Careers
- \$15 million one-time Proposition 98 General Fund over three years to support 6,000 teachers to receive a supplementary state certification in reading and literacy

Proposed changes in statute to support California's educator workforce needs

Expansion of the Golden State Teacher Program to incentivize school counselors, social workers, and psychologists to consider earning a credential and serving at a priority school in California. Read the amendments in [trailer bill language \(dated 05/13/22\)](#).

To increase the pipeline of qualified TK teachers, the following flexibility will be offered through June 30, 2026. Teachers with preschool teaching permits who hold bachelor's degrees that meet basic skills requirements and are enrolled in coursework leading to be assigned as the teacher of



record in a credential to teach transitional kindergarten.

Investments in early learning and UPK

- Expansion of state preschool and general child care family fee waivers until June 30, 2023.
- Expansion of state preschool hold harmless (i.e., funding at contract amount rather than attendance hours) until June 30, 2023.
- A slight increase from the January proposal for the state preschool adjustment factors for students with disabilities (SWDs) and dual language learners (DLL). (From \$197.80 million for SWDs to \$201.80; from \$110 for DLL to \$140.60)
- A slight decrease of the estimated Prop 98 re-benching needed to implement expanded TK in 2022-23 from \$639 million to \$614 million.
- Would establish a flexibility to allow those with a child development teacher permit and a bachelor's degree, who enrolls in coursework and meets basic skills requirements, to serve as a lead TK teacher as they earn their teaching credential. The flexibility would sunset June 30, 2026.

Emphasis on children's health and wellness

- \$50 million one-time General Fund to create a pilot for school and community-based crisis response and supports following a student suicide or attempt.
- \$85 million one-time General Fund over 2 years for grants to schools and communities for wellness and mindfulness programs and expansion of parent support and training programs.
- \$25 million one-time General Fund for the career development of 2,500 culturally diverse high school students interested in mental health careers.
- \$40 million one-time General Fund to develop a data-driven community-based youth suicide prevention program targeting youth at increased risk of suicide including Black, Native American, Hispanic, and foster youth.
- Would add funding to the teacher residency program and would make school counselors eligible. Would also add school counselors, school social workers, and school psychologist as candidates for the Golden State Teacher Grant Program.
- Creation of a center for researching, evaluating, and applying innovative new technologies to improve youth mental health.

Implementation of the universal meals program

The 2021 Budget Act specified that all public schools would be required to provide two free meals per day, regardless of eligibility, beginning in 2022-23. The Governor's January Budget included \$596 million Proposition 98 General Fund, above prior investments, to fund this program. The May Revision proposes providing an additional \$611.8 million in ongoing funds to augment the state meal reimbursement rate.



COVID-19 emergency response – SMARTER Plan

The May Revision includes \$1.8 billion for the implementation of the Governor's SMARTER Plan, which was unveiled in February and provides the roadmap for the next phase of the state's COVID-19 response. The funding would bolster testing capacity, accelerate vaccinations, increase State Department of Public Health staffing, and enhance transmission surveillance.

California Community School Partnership Program (CCSPP) funding for County Offices

Though not mentioned in the May Revision, the January Budget set aside \$60 million of the total \$3 billion CCSPP funding to be allocated to county offices of education serving at least two qualifying entities receiving community school grant funding (implementation grants and planning grants). These funds will be distributed based on a formula determined by the State Superintendent of Public Instruction at a minimum of \$200,000 and up to \$500,000 annually, for three years, for each qualifying COE. These funds are separate from any funds COEs may also receive for serving as qualifying entities to a network of community schools. Details regarding the timing of the allocation and finalization of the funding formula have not been announced.

Expanding LEA access to community schools grant funding

The May Revision provides an additional \$1.5 billion one-time Proposition 98 General Fund to the total program funding to expand access to the community schools planning and implementation grants in anticipation of the high demand for grant funding in the coming year. These additional dollars will expand access to every eligible LEA that opts to apply on behalf of its high-need schools.

Scaling up the Community Engagement Initiative

The Community Engagement Initiative was established from the 2018 Budget Act and was provided \$13.3 million one-time Proposition 98 General Fund, available over five years to build the capacity of LEAs to engage more effectively with their communities. This program is administered by the California Collaborative for Educational Excellence in partnership with the San Bernardino County Superintendent of Schools, California Association for Bilingual Education, and Families in Schools. The May Revision scales up the initiative by providing an additional \$100 million one-time Proposition 98 funds to expand the reach of the program to hundreds of LEAs. The work of the initiative will be aligned with work to build the California Community Schools Partnership Program, for which community engagement is a core value.

School facilities receive increased state funding

The May Revision expands upon the January budget's investment in school facilities construction and modernization, adding \$1.8 billion General Fund to the January Budget Proposal of \$2.225 billion General Funds.



Next steps

[With trailer bill language now available](#), policy advocates and legislators now have the opportunity to evaluate the May Revision proposals more closely. The State Assembly and State Senate may attempt to agree on a two-party legislative budget prior to negotiating a final deal with the administration. The legislature must pass a final budget on or before June 15, 2022.