



State Budget Update: The Governor's Fiscal Year 21-22 May Budget Revision

The FY 21-22 May budget revision continues a pattern of investment in early childcare, transitional kindergarten, the Local Control Funding Formula and development of public education talent. This proposal lands amidst a recall election, statewide unemployment at 8.3%, and an unprecedented budget surplus of more than \$100 billion in state and federal revenue. The budget revision proposes major investments across K-12 education and demonstrates a clear priority for public education.

Local Control Funding Formula (LCFF) - The governor's budget includes a 5.07% Cost of Living Adjustment (COLA) for the LCFF resulting in the following FY20-21 rates:

Grade Span	K-3	4-6	7-8	9-12
2020-21 Base Grant per ADA	\$7,702	\$7,818	\$8,050	\$9,329
5.07% Mega COLA	\$390	\$396	\$408	\$473
2021-22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
Grade Span Adjustments (K-3 & 9-12)	\$842	-	-	\$255
2021-22 Adjusted Base Grant per ADA	\$8,934	\$8,214	\$8,458	\$10,057
20% Supplemental Grant per ADA (Total UPP)	\$1,787	\$1,643	\$1,692	\$2,011
50% Concentration Grant per ADA (UPP Above 55%)	\$4,467	\$4,107	\$4,229	\$5,029

Credit: School Services of California May Revise Workshop

The May Revise includes a proposed \$1.1 billion in new ongoing funding for the LCFF Concentration grant, raising the grant amount from 50% of the base grant to 65% of the base grant, not reflected in the table above. Funds would need to be used to increase school-site staffing. This budget revision also eliminates most existing deferrals, leaving only the June to July deferral in place.

California State Teachers' Retirement System (CalSTRS) – The CalSTRS Board, acting with new rate setting authority, will likely raise the contribution rate to 16.92% for FY 21-22, compared to 15.92% previously anticipated. The projected contribution rate for out-years is 19.1% (up from 18%).

Universal Transitional Kindergarten – \$250 million in TK expansion planning grants based on 2019-20 kindergarten ADA to advance goal of achieving universal TK for all four-year olds and cutting classroom staffing ratios by half by 2024-25. By 2024-25, the ongoing investment will be \$3.4 billion.

Special Education – Under the governor's proposal, Special Education will receive a compounded COLA of 4.05%. The governor also proposes \$300 million in ongoing funding for the Special Education Early Intervention Grant. The American Rescue Plan also provides a one-time increase to Individuals with Disabilities Education Act (IDEA) of \$277.7 million.

Targeted Intervention Grant - \$2.6 billion in one-time funding to supplement the Expanded Learning Opportunities Grant, to close learning gaps and address barriers to learning through targeted research-tested academic interventions.

In Person Instruction Health and Safety Grant - \$2 billion to supplement the In-Person Instruction Grant, which may be used for any purpose that supports health and safety in providing in person instruction.

Summer and Afterschool Programs – Building on the ASES program, \$1 billion in on-going funding in FY21-22 to provide before and after-school expanded learning of at least 9 hours a day and at least 30 days of summer school. (Targeted to LEAs with 85% UPP in first year with eligibility increasing in subsequent years.)

Educator Investments - \$3.3 billion in investments to build the teacher workforce development pipeline, to retain existing educators, and to provide professional training and development in key areas.

Other Investments - \$3 billion over 5 years to identify and treat behavioral health needs early; \$7 billion to expand broadband and reliable internet service statewide; \$2 billion in one-time funding for College Savings Accounts with seed funding of \$500 for each account and an additional \$500 for foster and homeless youth.

SB 740 - No new funding for FY21-22 beyond funding the 1.7% statutory COLA.

AB 1505 – The May Revision proposes extending the charter term by two years for any charter whose term expires on or before June 30, 2025 in light of California School Dashboard data gaps caused by the pandemic.

ExED will continue to monitor state budget developments as the legislature deliberates on the governor's proposals in advance of the June 15 deadline for state budget adoption.