



## **Preliminary 2021-22 Budget Act Summary**

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The Legislature passed a preliminary 2021-22 budget today, subject to change through negotiation with the Governor, which could impact both the dollar amounts to a number of provisions as well as programmatic changes as various budget trailer bills are passed. Much of this is due to the Legislature's assumption of \$8 billion higher revenue over the next few years as projected by the Legislative Analysts' Office, compared to the revenue projections from the Department of Finance.

The budget contains \$264.1 billion in total spending and puts \$25.5 billion into reserves, which includes \$5.3 billion in the Public School System Stabilization Account. Total reserves are estimated to grow over the next three years, to reach up to \$35 billion by 2024-25. The budget has maintained a balance of funding to prevent it from hitting the Gann Limit over a two-year period. Due to the Gann Limit being triggered this fiscal year, the budget includes \$8.1 billion in tax cuts to residents with an income of up to \$75,000. The amount of revenues in excess of the Gann Limit have been reduced through the creation of new capital outlay expenditures throughout state government.

As the budget is subject to final negotiation with the Governor, all amounts and programs may be subject to change. Below are the major areas included in the Assembly Floor analysis. Additional details will be forthcoming as a final is created.

### **Education**

With a total of \$96.1 billion in 2021-22, Proposition 98 is funded at a historic high, while additionally being funded at \$93.140 for 2020-21. Both K-12 and community colleges are being paid the full \$11 billion of remaining deferrals. A new high is reached in per pupil spending of \$21,000 per student; this amount increases to \$21,439 when an additional \$2.331 billion in new one-time federal relief funding is included. A 4.05 percent cost-of-living adjustment (COLA) is included for all categorical programs, while additionally increasing the local control funding formula base grant by 5.07 percent.

Additionally, provides policy changes to the existing independent study program and school closure statutes to provide families and schools with alternatives to in-person learning.

Universal transitional kindergarten is extended through a diverse delivery system, which phases-in children eligible until full-implementation is reached in 2025-26, while "rebenching" the Proposition 98 guarantee to provide ongoing funding for this expansion at \$2.7 billion, upon full-implementation.

The creation of a statewide initiative to establish community wellness and student health hubs is created with \$2 billion to help to support community health and service needs, including universal meals for students year-round. Ongoing funds of \$1 billion are provided, coupled with \$2.3 billion in one-time funding to expand existing free after school and summer programs for all low-income through the 2022-23 school year. Provides close to \$99 billion in one-time federal funds to provide assistance for homeless students.

Increased special education funding, by \$881 million, is provided along with a 4.05 percent COLA to all SELPAs. Special Education Learning Recovery Grants totaling \$500 million are provided for addressing learning loss for students with disabilities. Allocates close to \$278 million in one-time federal IDEA funds to assist districts in providing special education services. Approximately \$750 million General Fund is provided to provide student mental and behavioral health services to schools through county programs.

Provides a 5.07 percent COLA to community college apportionments, totaling \$37.2 million in ongoing Proposition 98 funds while providing a ½ percent increase for enrollment growth. Allocates \$170 million in ongoing funds to increase the hiring of full-time faculty and \$75 million to increase part-time faculty compensation and office hours.

### **Health Care/Aging**

Expands ongoing Medi-Cal funding to \$1.3 billion to expand income eligibility to all California residents over age 50 as well as eliminates the Medi-Cal asset test for seniors to provide more access for income eligible seniors. Provides \$600 million in ongoing funds to assist in restoring the 2009 cuts to low-income disabled individuals as well as the elderly. Phases-in \$857 million to assist in providing fairer compensation to providers and their families. Permanently restores the seven percent cut in in-home care services to the elderly and disabled.

Phases-in a total of \$63 million over three years to provide positions 287 positions to establish the permanent Office of Health Care Affordability. Provides \$8 million in one-time funding, which will be available for six years for geriatric workforce programs. Approves \$24 billion over two years to expand the Medi-Medi project to ensure seniors have support and guidance when they transition from Medi-Cal to Medicare. Creates policy to assess penalties against long-term health care facilities for improperly transferring, discharging or failing to readmit a resident. Provides over \$426 million in investments in the behavioral health workforce capacity over five years.

Provides over \$70 million over two years for the Senior Nutrition program, including meals on wheels, as well as \$40 million to increase the infrastructure of the Senior Nutrition program. Creates \$50 million in one-time grants for counties to provide technology access for older adults.

Increases Supplemental Security Income Grants and State Supplementary Payments; beginning in 2022 enhances the Adult Protective Services Program by lowering eligibility from 65 to 60.

## **Pensions**

Requests \$38.2 million in ongoing funds to create 104 positions at the California State Teachers' Retirement System (CalSTRS) between 2021-22 through 2025-26 to implement the Collaborative Model, which will shift their external investment consultants to inside staff positions within CalSTRS.

Allocates close to \$3 billion over the next four years for supplemental pension payments for schools and community colleges, including \$400 million in 2021-22 to offset future costs.