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COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Legislature Passes 2021–22 State Budget

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As expected, the Legislature passed the 2021–22 State Budget today, June 14, 2021, in advance of its June 15 constitutional deadline to send a balanced State Budget to Governor Gavin Newsom for his action. While it met its legal obligation, as widely reported, the budget bill—Assembly/Senate Bill 128—does not represent a deal with Governor Newsom.

Today's vote was largely perfunctory since California voters passed Proposition 25 (2010), which would bar lawmakers from getting paid for any days that the State Budget is late. Thus, in recent years when time is running out, the Legislature passes a Budget to meet its deadline, which buys legislative leaders additional time to negotiate with the Governor. Additionally, lawmakers have interpreted the constitutional provisions requiring an on-time Budget to apply only to the major budget bill and not to the trailer (or policy) bills, such as the K–12 and higher education omnibus bills, which contain important implementing language for many of the investments contained in the Budget.

Among the major sticking points in the State Budget negotiations is the differences in state revenue assumptions by the Legislature and the Governor (see "[Ask SSC . . . What's the Revenue Difference Between the Governor and the Legislature](#)"). The Legislature's Budget includes \$264.1 billion in spending, of which \$195.5 billion comes from the state's General Fund, which is approximately \$7 billion more than the Governor's May Revision estimates.

Importantly, the differences in revenues impact estimates for Proposition 98 funding, as well as the amount the state is obligated to deposit into the Public School System Stabilization Account, or rainy day fund. This is important because these differences are informing the more nuanced spending negotiations for public education—namely, what new, continuing, or expanded investments to make and how those investments will be distributed to local educational agencies.

Some key education investments included in the Legislature's package that are not in the Governor's May Revision include:

- \$2.8 billion to reduce the California Public Employees' Retirement System and the California State Teachers' Retirement System employer pension rates
- Full retirement of K–12 and community college deferrals
- Increased cost-of-living-adjustment rates of 5.07% (versus 4.05%) for the Student Centered Funding Formula

We anticipate that when a tri-party State Budget deal is reached, Governor Newsom, Senate President pro Tempore Toni Atkins, and Assembly Speaker Anthony Rendon will issue a joint announcement.

We will continue to monitor and report on State Budget developments, including any new information on budget trailer bills.

Stay tuned!