2020-21 STATE BUDGET
JUNE 29, 2020
TODAY’S PRESENTERS

- Dennis Meyers, Assistant Executive Director, Governmental Relations
- Cheryl Ide, Legislative Advocate
- Keith Bray, General Counsel & Chief of Staff
- Erika Hoffman, Legislative Advocate
MAJOR HIGHLIGHTS

- FLAT budget with no COLA for LCFF or categorical programs, but no major reductions.
- Up to $11.1 billion in deferrals dependent on receipt of additional federal funds.
- $5.3 billion ($4.8 billion federal funds, $440 million Prop. 98) for learning loss mitigation funding. Federal funds must be spent by December 30, 2020.
- 2019-20 ADA for calculating 2020-21 funding.
- Prohibits layoffs for certificated and certain classified employees in 2020-21.
- Requires LEAs to adopt a Learning Continuity and Attendance Plan by September 30, 2020.
## LEGISLATIVE BUDGET VS. DEAL

<table>
<thead>
<tr>
<th>Proposals</th>
<th>Legislature’s Budget</th>
<th>Budget Deal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prop 98 (K-12)</td>
<td>$78.5 billion in 2020-21</td>
<td>$70.5 billion in 2020-21</td>
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<tr>
<td>Deferrals Begin (Lack of Federal Funds)</td>
<td>October 1, 2020</td>
<td>February 1, 2021</td>
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<tr>
<td>Deferral Amounts</td>
<td>$1.9 billion in 2019-20</td>
<td>ADOPTED</td>
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<tr>
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<td>$3.4 billion in 2020-21</td>
<td>ADOPTED</td>
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<tr>
<td></td>
<td>Addtl. $4.6 billion in 2020-21</td>
<td>Addtl. $5.7 billion in 2020-21 without Federal Funds</td>
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<tr>
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<td>without Federal Funds</td>
<td>Up to $300 million for deferral hardships</td>
</tr>
<tr>
<td>LCFF &amp; COLA</td>
<td>2.31% COLA</td>
<td>REJECTED</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$2.9 billion for LCFF</td>
<td>$2.9 billion based on Supplemental &amp; Concentration</td>
</tr>
<tr>
<td></td>
<td>$1.5 billion for SPED enrollment</td>
<td>ADOPTED</td>
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<tr>
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<td>$1.4 billion for Title 1 allocation</td>
<td>ADOPTED</td>
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<td>Federal Funds cont.</td>
<td>$112 million for school meal reimbursements during summer &amp; COVID closures</td>
<td>ADOPTED</td>
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<tr>
<td></td>
<td>$45 million for Community Schools</td>
<td>ADOPTED</td>
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<tr>
<td></td>
<td>$6 million for professional development via UC Subject Matter projects</td>
<td>ADOPTED</td>
</tr>
<tr>
<td>K-12 Funding</td>
<td></td>
<td>$980 million based on LCFF, ($540 million P98, $440 million Fed. Funds)</td>
</tr>
<tr>
<td>Categoricals</td>
<td>COLA + fully fund CTE, After School &amp; Adult Ed</td>
<td>No COLA but fully fund CTE, After School &amp; Adult Ed</td>
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<tr>
<td>Special Education</td>
<td>$545 million, $545 pp base rate $100 million for low-incidence pool</td>
<td>ADOPTED</td>
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<tr>
<td></td>
<td>$22 million in Federal IDEA for teacher scholarships and mediation</td>
<td>$23 million Federal IDEA for teacher scholarships and mediation</td>
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<tr>
<td></td>
<td>$2 million Federal IDEA for dyslexia research</td>
<td>$4 million Federal IDEA for dyslexia research</td>
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<td>Apportions base rates on a 3-year rolling average</td>
<td>REJECTED</td>
</tr>
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<tr>
<td>Prop 98 Supplementary Payment Schedule to reach 40% of General Fund</td>
<td>Beginning 2021-22, provide 1.5% of additional General Fund each year up to $13 billion</td>
<td>ADOPTED</td>
</tr>
<tr>
<td>Pensions</td>
<td>$2.3 billion in 2020-21 and 2021-22 paid by the state on behalf of schools for PERs and STRS to reduce employer contribution rates.</td>
<td>ADOPTED</td>
</tr>
<tr>
<td>Literacy</td>
<td>Provides $50 million to establish Early Literacy Support Block Grant and $3 million to CDE for literacy expertise.</td>
<td>ADOPTED</td>
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MAJOR POLICY CHANGES

- Extends the 2019-20 ADA Hold Harmless to the 2020-21 school year
- Maintains instructional day requirements but allows flexibility for instructional minutes in 2020-21 school year.
- Defines distance learning.
- Creates 2020-21 Learning Continuity and Attendance Plans.
MAJOR POLICY CHANGES

- Prohibits “summer” layoff of certificated employees (2020-21)
  - Explicitly states certificated employees in positions requiring administrative or supervisory credential may be terminated by layoff.

- Prohibits layoff or release of certain classified employees (2020-21)
  - Intent of Legislature is to retain all classified employees.
  - Applies to permanent and probationary employees in or assigned to positions in custodial, transportation and nutrition (food service) classifications.
SHORT-TERM FLEXIBILITIES

- Subject to public hearing, increases LEA inter-fund borrowing allowances to mitigate impacts of deferrals (for two years).

- Allows the sale of surplus LEA property for one-time spending purposes (sunsets July 1, 2024).

- Excludes pension payments made by the state on behalf of schools from the Routine Restricted Maintenance Account 3% calculation requirement.

- Extends audit timelines.
DEFERRALS

- **Current Year (2019-20)**
  - $1.85 billion from June 2019 apportionment to July 2020
    - Equals about 55% of June apportionment

- **Budget Year (2020-21)**
  - $1.54 billion from Feb. 2021 apportionment to Nov. 2021
    - Equals about 46% of February apportionment
  - $2.375 billion from March 2021 apportionment to Oct. 2021
    - Equals about 72% March apportionment
  - $2.375 billion from April 2021 apportionment to Sept. 2021
    - Equals about 72% of April apportionment
  - $2.375 billion from May 2021 apportionments to Aug. 2021
    - Equals about 72% of May apportionment
  - Repeat June deferral
CSBA’S CA SCHOOL CASH RESERVE PROGRAM

- Address potential cash flow shortages during deferrals
- Participants issue Tax and Revenue Anticipation Notes (TRANs)
- Part of a pool to streamline process and reduce fees
- Multiple timing options coming up
  - Fall 2020 (mid-year TRAN pool) closed
  - Spring 2021 (cross fiscal year TRAN pool)
- CA’s leading program with more than 6,000 TRANs issued
- For more information: Nicole Delos Reyes at ndreyes@csba.org
FLAT FUNDING OR NOT?

- Start with zero COLA
- State special education
  - $545 million to increase base rate to approximately $625. $100 million for low-incidence disabilities cost pool.
- Reduced employer contribution rates by 2 points
  - Lower cost on 80-90% of budget. All LEAs benefit. (1.6-1.8%).
- Federal CARES Act
  - $2.9 billion to all LEAs with unduplicated students. Varied benefit. Worth between $80-$150 per student (1-1.5%)
  - $1.5 billion to all LEAs with special education. Varied benefit. Worth 2.5% on average.
  - $980 million per LCFF (worth about 1.8%). All LEAs benefit.
LEARNING CONTINUITY & ATTENDANCE PLAN (LEARNING PLAN)

- No LCAP in 2020-21; Learning Plan instead
- Stakeholder consultation, public notice/input, parent advisory and English learner committees required
- District Learning Plan adopted by Sept. 30 and filed with County Superintendent, who may return it with recommendations for consideration.
- COE Learning Plan filed with SPI by Sept. 30, who may return it recommendations for consideration.
LEARNING CONTINUITY & ATTENDANCE PLAN (LEARNING PLAN)

CDE to develop by Aug. 1 template for Learning Plan, which will require LEAs to include:

- Description of how continuity of learning will be provided.
- Plans for in-person learning and distance learning program.
- Plan to address student learning loss for 2019-20 and 2020-21.
- Specific strategies for English learners, foster youth, special ed, homeless and students eligible for free or reduced-price meals.
- How mental/social/emotional health of students will be supported.
UNRESOLVED ISSUES

- ADA Hold Harmless does not provide for growing districts.
- LEA liability exemption not addressed.
  - AB 1384 (O’Donnell) to propose liability relief
- Distance learning language appears too restrictive.
  - Journal letter vs. change in law
WHAT’S NEXT?

- Governor’s signature before July 1
- July 15: Deadline to file 2019 income taxes
- August Budget Revision??
- Federal money??
FEDERAL BUDGET
Congress has already approved $13.5 billion in CARES Act funds to help cover COVID-19-related costs for K-12 schools.

CSBA, ACSA and dozens of state and national education groups requesting additional funding of $175 billion.

The newest round of funding passed by the U.S. House of Representatives, the so-called HEROES Act, includes $100 billion for both K-12 and higher education.

Senate Republicans have no plans to consider the $3 trillion legislation. Senate Majority Leader Mitch McConnell (R-Kentucky) has said any additional relief package will be smaller than the $2 trillion CARES Act.

New interim rules on Equitable Services.

Extension of federal waivers for nutrition programs.
QUESTIONS

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