

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 fed. funds
- \$5.3 billion (\$4.8 B 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

Proposals	Legislature's Budget	Budget Deal
Prop 98 (K-12)	\$78.5 billion in 2020-21	\$70.5 billion in 2020-21
Deferrals Begin (Lack of Federal Funds)	October 1, 2020	February 1, 2021
Deferral Amounts	\$1.9 billion in 2019-20 \$3.4 billion in 2020-21 Addtl. \$4.6 billion in 2020-21 without Federal Funds	ADOPTED ADOPTED Addtl. \$5.7 billion in 2020-21 without Federal Funds Up to \$300 million for deferral hardships
LCFF & COLA	2.31% COLA	REJECTED
Federal Funds	\$2.9 billion for LCFF	\$2.9 billion based on Supplemental & Concentration
	\$1.5 billion for SPED enrollment	ADOPTED
	\$1.4 billion for Title 1 allocation	ADOPTED

LEGISLATIVE BUDGET VS. DEAL

Proposals	Legislature's Budget	Budget Deal
Federal Funds cont.	\$112 million for school meal reimbursements during summer & COVID closures	ADOPTED
	\$45 million for Community Schools	ADOPTED
	\$6 million for professional development via UC Subject Matter projects	ADOPTED
K-12 Funding		\$980 million based on LCFF, (\$540 million P98, \$440 million Fed. Funds)
Categoricals	COLA + fully fund CTE, After School & Adult Ed	No COLA but fully fund CTE, After School & Adult Ed
Special Education	\$545 million, \$545 pp base rate \$100 million for low-incidence pool	ADOPTED
	\$22 million in Federal IDEA for teacher scholarships and mediation	\$23 million Federal IDEA for teacher scholarships and mediation
	\$2 million Federal IDEA for dyslexia research	\$4 million Federal IDEA for dyslexia research
	Apportions base rates on a 3-year rolling average	REJECTED

LEGISLATIVE BUDGET VS. DEAL

Proposals	Legislature's Budget	Budget Deal
Prop 98 Supplementary Payment Schedule to reach 40% of General Fund	Beginning 2021-22, provide 1.5% of additional General Fund each year up to \$13 billion	ADOPTED
Pensions	\$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.	ADOPTED
Literacy	Provides \$50 million to establish Early Literacy Support Block Grant and \$3 million to CDE for literacy expertise.	ADOPTED

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



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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