



**MARIN COUNTY**  
**OFFICE OF EDUCATION**  
building the future... one student at a time

**2020-21**

# Legislative Budget Update

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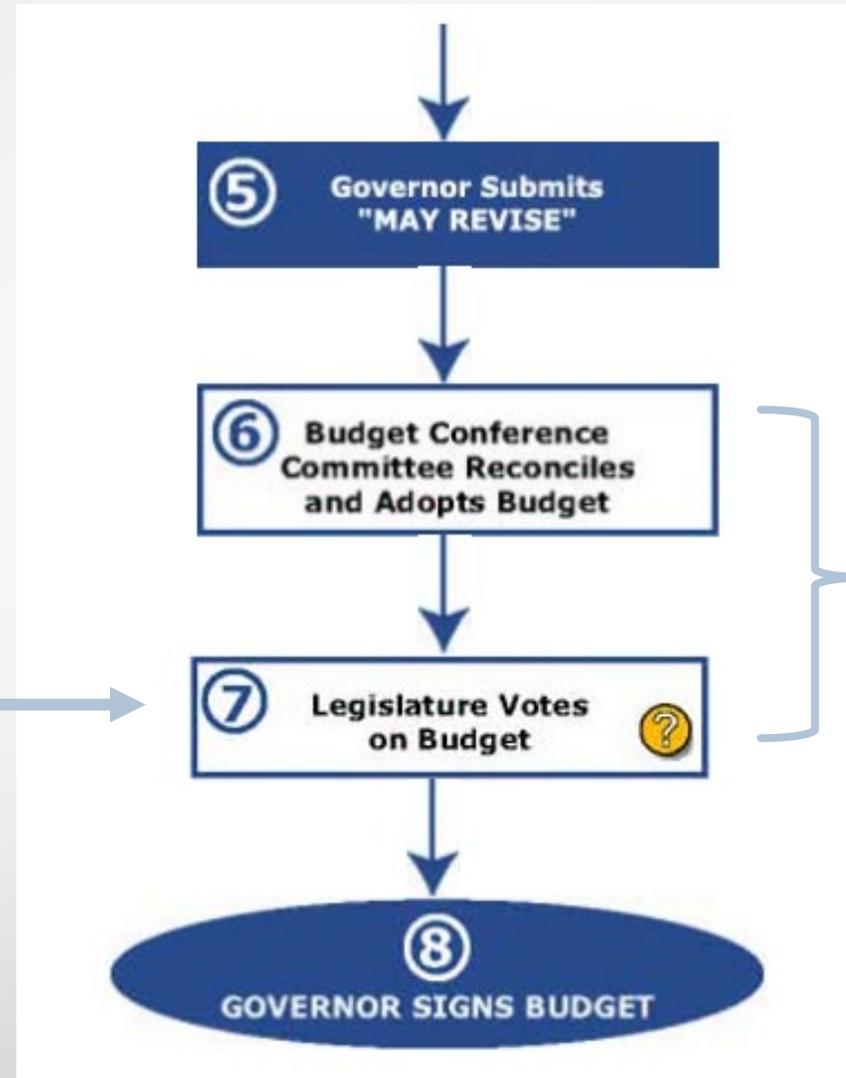
June 17, 2020

# Legislature Revision Highlights

- As we shared in May.....
  - Information is rapidly unfolding
  - We'll continue to provide updates as more information becomes known



# Budget Process Review



We are here; Legislature advanced its budget on June 12

Senate & Assembly Leadership are currently negotiating final budget deal with the Governor. Deadline for final budget is June 30

# Budget Process Review

Where does that leave us today?



Today's presentation shares information on the Legislature's version of the budget plus what we know about key points of negotiation with the Governor.

# Status of 2020 Budget Act

- The State Senate and Assembly jointly announced a legislative agreement on the 2020-21 state budget on June 3, 2020. This set the stage for legislative negotiations on the budget with Governor Newsom, which are ongoing. The 2020 Budget Act passed on June 15, Senate Bill 74 (SB 74) will be amended subsequently via additional budget bills and bills related to the budget.
- The Legislature is not adjourning for summer recess. 72 hour rule for public review of bills will require working through this upcoming weekend at least, depending on when the Governor and Legislature reach agreement on the final budget bill
- Legislature is proposing a \$143B General Fund budget, whereas Governor proposed a \$133.9B General Fund budget in May (9.4% decrease from 2019-20 budget)
- \$54.3B budget deficit
  - Governor's calculation based on projected \$42.2B reduction in revenues and a corresponding \$13.1B increase in caseload growth.



# Legislature's Budget Proposal Highlights

- Assumes federal aid of at least \$14B will be provided by October 1<sup>st</sup> (House has passed)
- If federal funds are not received, “trigger solutions” take effect under the legislative budget plan:
  - \$2.7 billion more in draws from the rainy day fund and Safety Net Reserve
  - \$1.3 billion one-time benefit from reinstatement of a longstanding deferral of state payments to CalPERS, including from state special funds
  - \$5.9 billion of increased deferrals to Proposition 98 (K-14 education) funding
  - \$600 million reduction to the county realignment backfill in this budget plan (leaving \$400 million of county backfill remaining)
  - \$770 million of university reductions (\$370 million for UC and \$400 million for CSU)
  - \$100 million of reductions to the judicial branch budget.
  - At least \$1.5 billion in state employee compensation reductions to be achieved, for represented employees, through the collective bargaining process.
  - Potentially another \$1.6 billion from reinstatement of the one-day June payroll deferral that was instituted during the last recession. (This change would be optional at the direction of the Director of Finance.)

# Legislature's Budget Proposal Highlights

- **Major K-12 Education Adjustments**
  - Projects Budget Year per-pupil spending to increase, across all funding sources, for all LEAs
  - Rejects 10% LCFF reduction from May Revise
  - Adopts an LCFF COLA of 2.31%
  - Defers \$1.87 billion in Proposition 98 funding in the 2019-20 budget year to the 2020-21 budget year
  - Defers an ongoing total of \$3.412 billion in funding from the 2020-21 budget year to the 2021-22 budget year
  - Lack of federal funds triggers an additional \$4.625 billion in 20-21 deferrals. Creates authority for up to \$300 million in deferral hardship funds for LEAs

# Legislature's Budget Proposal Highlights

- **Major K-12 Education Adjustments**

All Similar To Governor's May Revise

- Provides \$2.3 billion (\$1 billion in Budget Year) funding relief for Local Education Agency (LEA) statutory contributions to the STRS and PERS retirement systems
- Provides \$645 million Proposition 98 funding for special education services and supports: \$545m to base rate increases, \$100m for low-incidence pool
- Adopts May Revise proposal for over \$23 million in federal IDEA funds for teacher scholarships, mediation costs, and various policy studies and workgroups, with some legislative amendments. Provides \$2m IDEA for Dyslexia research and dissemination of resources
- Appropriates \$50 million to a new Early Literacy Support Block Grant and \$3 million for Literacy expertise at CDE

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# Prop 98

- Leverages anticipated and in-hand federal funds to spend above the Proposition 98 minimum guarantee in General Fund at \$78.5 billion, for the 2020-21 Budget Year
  - Compared to \$70.5 billion in Governor's May Revise
- Adopts the May Revise "Pay Back" schedule for the difference between total Prop 98 funding level and Test Two in the Guarantee.

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## CARES Act Funding

SB 74 would allocate \$4.56 billion in discretionary federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for one-time COVID-19 closure impacts on schools and children as follows:

- \$2.9 billion to all local educational agencies (LEAs) based on the Local Control Funding Formula distributional model to address learning loss (disagreement with the Governor over allocation)
- \$1.5 billion to all LEAs based on their special education enrollment to address learning loss for students with disabilities (similar to Governor's May Revision)

# CARES Act Funding

- \$112.2 million for LEA school meal reimbursements during the summer and COVID-19-related closures
  - New from May Revise
- \$45 million for existing Community School models
  - Down from \$100 million in May Revise
- \$6 million for professional development via the UC Subject Matter projects
- Must use funds by December 30, 2020
  
- These funds augment the \$1.48 billion in other federal CARES Act dollars (ESSER funds) that will be distributed to LEAs based on their Title I allocations, which the Department of Education anticipates will be distributed in July

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# Elementary and Secondary School Emergency Relief Fund (ESSER Fund)

## CARES Act - ESSER Funding

- California received \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds
- 90 percent (\$1.48 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding for COVID-19 related costs
- Remaining 10 percent (\$164.7 million) is available for COVID-19 related state-level activities.

# Elementary and Secondary School Emergency Relief Fund (ESSER Fund)

- While LEAs will need to apply to receive ESSER funding, the preliminary allocation amounts have been released to help LEAs with the development of their 2020-21 fiscal year (FY) budget (SACS Resource Code 3210).
- The application has not been released and federal funds cannot be apportioned to LEAs until authorization is provided in the California 2020-21 FY Budget Act.
- <https://www.cde.ca.gov/fg/aa/ca/caresact.asp>

# Proposed K-12 Policy Changes

- Extends the ADA Hold Harmless to the 2020-21 School Year, contingent on student engagement reporting and local Continuity of Learning plan elements
- Maintains instructional day requirements but allows flexibility for instructional minutes in 2020-21 School Year
- Adopts January Budget changes to the Local Control and Accountability Plan Template and community engagement requirements, and funds LCAP database development and SACS January Budget proposal.

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# Proposed K-12 Policy Changes

- Adopts short-term fiscal flexibilities

Similar to Governor's May Revise:

- Increases LEA inter-fund borrowing allowances
- Allow sale of surplus LEA property for one-time spending purposes
- Excludes on-behalf pension payments from the Routine Restricted Maintenance
- Extends audit timelines
- Clarifies LEA uses of SB 117 (2020) COVID relief funds
- Adopts short-term academic flexibilities:
  - Placeholder trailer bill language to align Continuity of Learning plans and LCAPs for 2020-21 Budget Year and freezes LCAP Dashboard
  - Moves the Transitional Kindergarten credential deadline to August 2021

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# K-12 Policy Changes

- Adopts short-term fiscal flexibilities
  - Waives assessment requirement for the State Seal of Biliteracy in 19-20 school year.
  - Extends the testing window for English Language Proficiency Assessments.
    - Adopts LCFF fiscal carryover guidance (AB 1835).
    - Adopts education system flexibilities for 2020-21:
  - Delays development of observation protocol for Teachers of English Learners.
  - Extends the teacher credential exam validity period and the credential fee validity period
  - Reduces clinical practice requirement to one school setting
  - Extends the project performance period for the Bilingual Teacher Professional Development Grant

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# Miscellaneous K-14 Changes

- Adopts various January Budget and May Revise education finance omnibus items
- Adopts May Revise “micro-college” prohibition
- Adopts January and May Revise Special Education base grant calculation changes and various fund freezes
  - Rejects 3 Year rolling average policy
- Adopts May Revise clarifications for excess ERAF calculations. Rejects penalties.
- Defers charter school age cap proposal

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# Deferrals & EPA

Up to \$9.9 billion vs \$5.3 billion in May Revise

- Defers \$1.87 billion in Proposition 98 funding in the 2019-20 budget year to the 2020-21 budget year and defers an ongoing total of \$3.412 billion in funding from the 2020-21 budget year to the 2021-22 budget year
- Lack of federal funds triggers an additional \$4.625 billion in 20-21 deferrals. Creates authority for up to \$300 million in deferral hardship funds for LEAs
- Deferrals begin April 1, 2021
  - Governor's May Revise started deferrals in October 2020.

# Pension Relief

- ***Adopts CalPERS/CalSTRS Contributions***
  - 2019 Budget Act included \$850 million to buy down local educational agency employer contribution rates for CalSTRS and CalPERS in 2019-20 and 2020-21, as well as \$2.3 billion towards the employer long-term unfunded liability.
  - Proposes redirecting \$2.3 billion to provide fiscal relief to pay CalSTRS and CalPERS towards long-term unfunded liabilities to further reduce employer contribution rates in 2020-21 and 2021-22.

# Pension Relief Rate Reductions

	STRS		PERS	
	2020/21	2021/22	2020/21	2021/22
<b>Current</b>	18.4%	18.2%	22.67%	25.0%
<b>Proposed</b>	16.15%	16.02%	20.7%	22.84%

# Categoricals

***Restores all May Revision reductions to K-12 regular public school categorical programs to fully fund Career Tech, after school, and Adult Education programs.***

***The reductions proposed in the May Revision pending possible receipt of federal funds included:***

- After School Education and Safety: \$100 million
  - Eliminates two recent rate increases; ongoing cut
- K-12 Strong Workforce Program: \$79.4 million
  - 50% Reduction
- Career Technical Education Incentive Grant Program: \$77.4 million
  - 50% Reduction
- Adult Education Block Grant: \$66.7 million
- California Partnership Academies: \$9.4 million
- Career Technical Education Initiative: \$7.7 million

# Special Education

Generally in Agreement  
with May Revision

- *Special Education Base Formula*—the May Revision sustains the Governor’s Budget proposal to increase special education base rates, updated at \$545 per pupil
  - Plus \$100 million for low-incidence pool
- New base rate represents a 15 percent increase in the Proposition 98 General Fund contribution to the base formula funding over the amount provided in the 2019 Budget Act
  - Rejects 3-year rolling average
- Proposes that all other existing AB 602 special education categorical funding sources remain as in current law until a finalized formula is adopted in future phases.

# LEA Flexibility

- Increases LEA inter-fund borrowing allowances
  - Allow sale of surplus LEA property for one-time spending purposes.
  - Excludes on-behalf pension payments from the Routine Restricted Maintenance
- Account requirements
  - Extends audit timelines.
  - Clarifies LEA uses of SB 117 (2020) COVID relief funds
- Adopts short-term academic flexibilities:
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Thank You

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- We'll continue to provide updates as more information becomes known
- ***Questions?***