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California's 2020-2021 State Budget

We now have the 2020-21 State Budget! Governor Newsom signed the budget bill, **AB 88 (Ting-Chapter 7, Statutes of 2020)** on June 29, 2020. The budget is a balanced one, as required by law, achieved primarily through deferrals to school districts, transfer of funds and use of established reserve funds. **Immediate cuts to public education and teacher lay-offs have been averted.**



The budget does not rely on additional Rainy-Day Funds, Safety Net Reserve Funds, or the Public Employee Retirement System deferral, if additional federal funds do not materialize. Instead, an updated baseline forecast adjustments to revenues and expenditures and an increased Proposition 98 deferral would be relied upon.



Specified funding or augmentation of programs would occur, if additional federal funds are received by October 15, 2020. Under this approach, several reductions proposed in the state budget would not occur.

The total General Fund expenditures for the 2020-21 fiscal year are \$133.9 billion. In addition, reserves would be \$11.4 billion, including 1) \$2.6 billion in the Regular Reserve, 2) \$450 million in the Safety Net Reserve, and 3) \$8.3 billion in the Rainy-Day Fund.

Proposition 98

- Appropriates the Proposition 98 minimum guarantee in General Fund at \$70.5 Billion, for the 2020-21 Budget Year.
- Adopts the May Revise “Supplemental Payment” schedule for the difference between total Prop 98 funding level and Test Two in the Guarantee for 2020-21, beginning in 2021-22.

Major K-12 Education Adjustments

- Provides total K-12 funding from all sources at \$100 Billion in the Budget Year, for \$17,073 per student, and \$106.6 Billion upon receipt of increased Federal Aid.
- Projects Budget Year per-pupil spending to increase, across all funding sources, for all LEAs.
- Rejects 10% LCFF reduction from May Revise, and provides no LCFF COLA.
- 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 \$5.7 billion in 20-21 deferrals. Creates authority for up to \$300 million in deferral hardship funds for LEAs.
- Allocates \$5.53 billion in discretionary federal funds and General Fund for one-time COVID closure impacts on schools and children:
 - \$1.5B to all LEAs, based on Special Education enrollment for Learning Loss
 - **\$2.9B to all LEAs, based on LCFF Supplemental and Concentration grant formulas for Learning Loss**
 - \$980 million to all LEAs, based on the total LCFF formula
 - \$45m for existing Community School models
 - \$112.2m for LEA school meal reimbursements during summer and COVID closures
 - \$6m for professional development via the UC Subject Matter projects.



- Allocates \$1.4B in federal ESSER funds directly to LEAs based on mandatory Title I allocation.
- 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.
- Restores all May Revise reductions to K-12 regular public-school categorical programs to fully fund Career Tech, After School, and Adult Education programs.
- 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 \$4 million for the California Dyslexia Initiative research and dissemination of resources.
- Appropriates \$50 million to a new Early Literacy Support Block Grant and \$3 million for Literacy expertise in the statewide system of support.

Major Policy Changes

- Extends the 2019-20 **Attendance Hold Harmless** to the 2020-21 School Year, contingent on student participation reporting, in-person instruction and developing and submitting a local Continuity of Learning and Attendance plan elements.
- Maintains instructional day requirements but allows flexibility for instructional minutes in 2020-21 School Year.
- **Defines Distance Learning and creates 2020-21 Continuity of Learning and Attendance Plans**, as part of annual Local Control Accountability Plan process. The budget maintains instructional day requirements, but provides flexibility for instructional minute requirements to allow for distance learning under certain conditions including: if the LEA or school site closes due to state or local health

guidance, if a student is medically fragile or would be put at risk by in-person instruction, or is self-quarantining because of exposure to COVID-19. Specific requirements for distance learning, include students having access to technology and devices, student support services and meals. Again, teachers are also required to provide daily live interactions and document student participation daily.

- Prohibits lay-offs for specified certificated and classified employees in 2020-21.

The governor's and legislature's commitment to public education is recognized and appreciated. While this budget agreement averts immediate education cuts and thousands of educator layoffs, without additional revenues, it postpones difficult funding decisions to the following years.

More work remains for Governor Newsom and the Legislature in addressing revenue shortfalls, especially if California does not receive the requested additional federal dollars. It is anticipated that another budget bill or budget trailer bill will be introduced after July 2020, when a more accurate picture of the availability of revenues is known.

Stay tuned!

*[Editor's note: Check the August **Capitol News** report for additional updates and more information from Martha regarding the **2020-21 Continuity of Learning and Attendance Plan**. The California Department of Education recently announced that a copy of the DRAFT Learning Continuity Plan will be posted at <https://www.cde.ca.gov/fg/aa/lc/tuesdaysat2.asp> by 5 p.m. on Monday, July 13, 2020.]*

