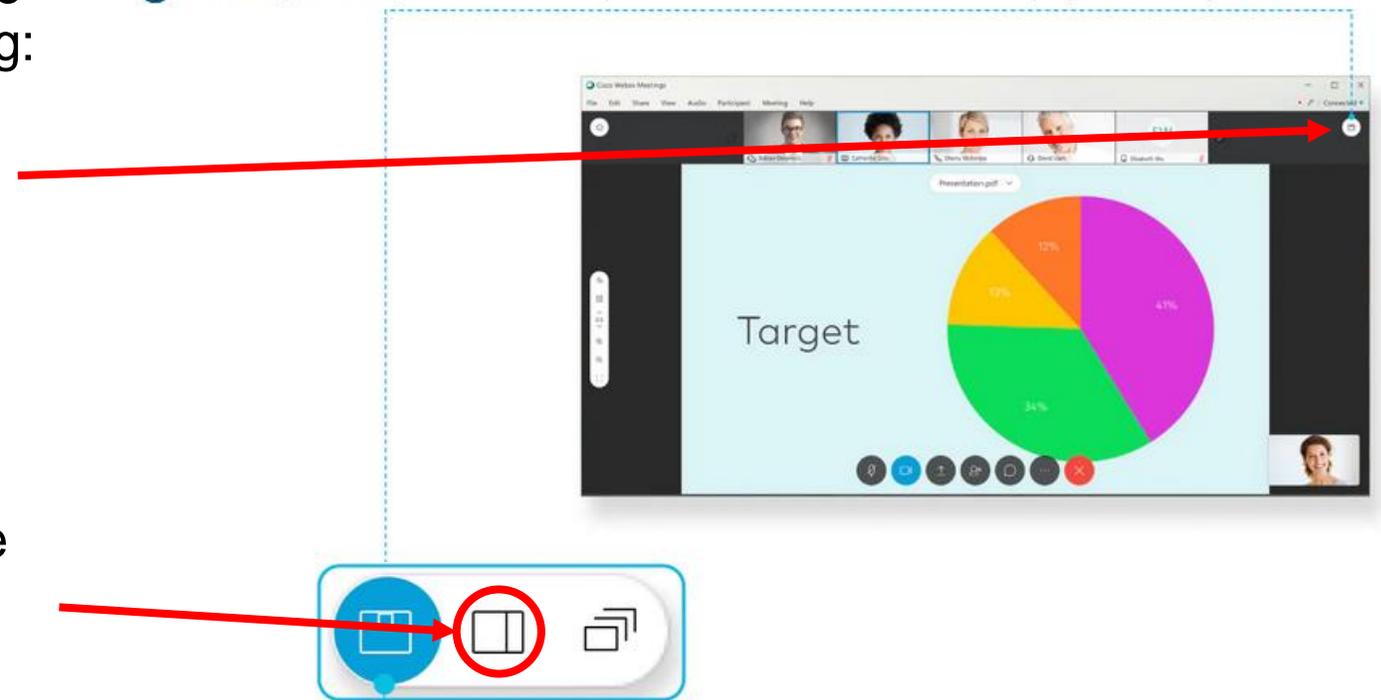


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 - Navigate to the “Active Speaker and Thumbnail View” icon, which is located in the top right corner of the screen.
 - Hover your cursor over it for a moment, and three other options should pop out.
 - Select side-by-side by clicking on the side-by-side icon.

In a meeting or event, there are three different video and shared content layouts: Active Speaker and Thumbnail View, Side-by-Side View, and Floating View.

- 1 To change the view, select the Active Speaker and Thumbnail View icon at the top right corner of your screen.





Budget Perspectives Workshop 2020-21 Budget Act

Workshops sponsored by:



Politics and Backdrop

- It's an election year
- Legislature asserts authority to respond to COVID-19 crisis, makes significant changes to Governor's May Revision
- Compromise largely retains Administration's revenue estimates and "trigger off" approach to additional federal funds
- Legislature protects K-12 schools and other programs with large deferrals rather than direct cuts
- One-time federal funds and PERS/STRS relief ease pressure, but big fiscal and operating challenges remain
- Key issue for schools is how to reopen during a pandemic
- AB 1384 – Would limit legal liability related to COVID-19 for schools

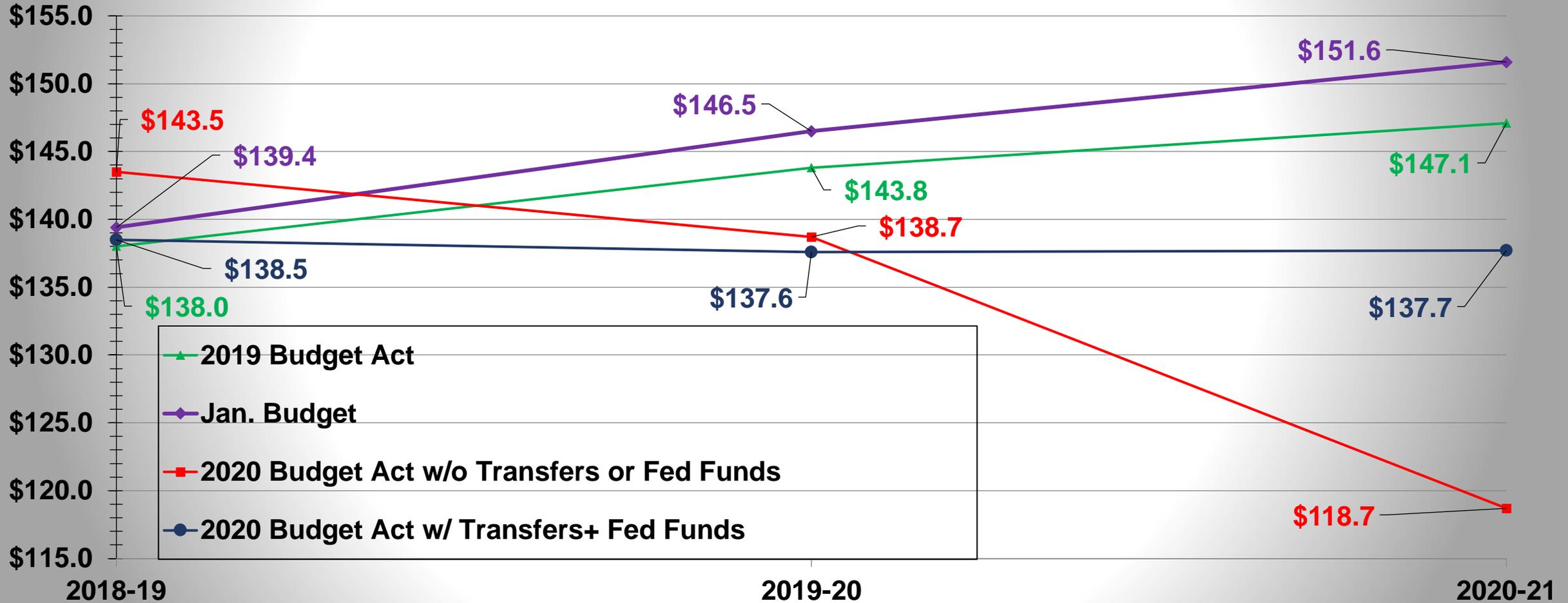
Impacts of COVID-19 Pandemic

- Nation and California are clearly in a recession
- \$60 billion swing in GF budget condition over 4 months – from \$5.6 billion surplus in Governor’s January Budget to \$54.3 billion deficit at May Revision
- Almost 1 in 5 Californians who were employed in February were out of work in May
- Regional differences in economic impact, with tech sector fairing better and tourism and service sectors hit hard
- In addition to reopening the economy, timing and amount of federal funds are critical to California recovery



General Fund Revenues

(Dollars in Billions)



GF Revenues, Expenditures and Reserves

- \$139.7 billion in total available 2020-21 GF resources (includes prior year balance of \$2 billion)
- \$137.7 billion total 2020-21 revenues/transfers
 - \$118.7 billion total GF revenues projected for 2020-21
 - Includes \$10 billion from federal funds and other state fund loans and transfers
 - Plus \$8.8 billion from reserves (BSA, Safety Net and Prop 98 Reserve)
- Revenues assume tax policy changes (including limiting offsets for more than \$5 million of tax liability for 2020-22) that net \$4.4 billion in 2020-21
- 2020-21 total GF expenditures are \$133.9 billion, leaving a Fund Balance of \$5.8 billion
- BSA will be \$8.3 billion (was \$16.5 billion in 2019 BA), \$2.6 billion in discretionary reserve (SFEU), \$450 million (was \$900 million) in Safety Net Reserve, and zero in Prop 98 reserve

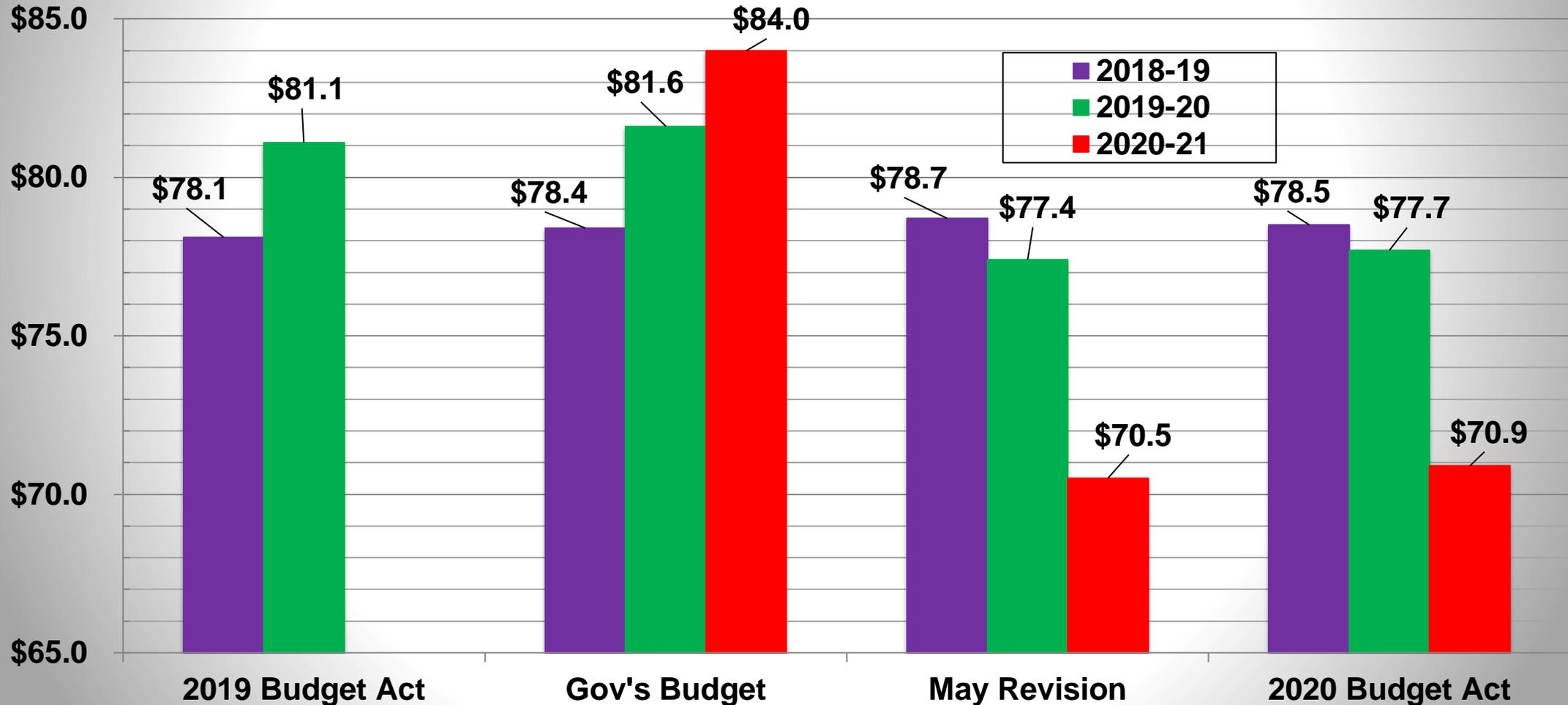
Proposition 98

- Loss of revenue drops 2020-21 Prop 98 Guarantee by more than \$13 billion from January
- 2020-21 K-12 share of Prop 98 is now \$63.2 billion
- Damage in current and fiscal years is mitigated by Prop 98 deferrals, pushing total of \$12.9 billion of K-14 payments into the 2021-22 fiscal year
- Hit to Prop 98 for three-year budget period is almost \$17 billion compared to January
- Still a Test 1 year, with only a small ADA change (less than 40,000 students statewide) compared to 2019-20



Prop 98 Changes Over the Last Year

(Dollars in Billions)



Prop 98 Supplemental Payments

- Starting in 2021-22, a supplemental appropriation of 1.5% of total GF revenues in support of K-14 public schools
- On top of Prop 98 guarantee, supplemental payment becomes part of the Prop 98 base the next year
- Annual obligation until supplement payments total \$12.4 billion (roughly equivalent to amount if Test 2 applied to 2019-20 and 2020-21)
- This provision is subject to modification in future budgets or legislation (same as any other statute)

Principal Apportionment Deferrals

Two sets of K-12 Principal Apportionment Deferrals for a total of \$11.1 billion pushed to next fiscal year:

- \$1.9 billion in June 2020 payments deferred to July 2020, and then repeated for June 2021 to July 2021
- Additional \$9.2 billion deferred in 2020-21 from:
 - June 2021 to July 2021 - \$524.9 million
 - May 2021 to August 2021 - \$2.38 billion
 - April 2021 to September 2021 - \$2.38 billion
 - March 2021 to October 2021 - \$2.38 billion
 - February 2021 to November 2021 - \$1.54 billion



Principal Apportionment Deferrals, cont.

- Director of Finance authorized to use additional federal funds provided in the 2020-21 fiscal year to offset (i.e., trigger-off) deferrals starting with the earliest first: \$14 billion federal funds equals \$5.8 billion K-12 offset
- \$100 million available from each 2020-21 deferral for SPI and Director of Finance to mediate impacts on districts or charter schools that are facing insolvency as a result deferrals
- A deferral creates a one-time loss of funds in the year implemented, and may create significant cash flow and auditing issues in addition to budget impacts
- Hopefully the loss is matched by a one-time gain when deferrals are repaid in better times.

District & Charter LCFF Entitlement

- Base Grant per ADA (with Zero COLA on 2019-20 base):

K-3 = \$7,702	7-8 = \$8,050
4-6 = \$7,818	9-12 = \$9,329
- Grade Span Adjustments: 10.4% = \$801 per K-3 ADA
2.6% = \$243 per 9-12 ADA
- Supplemental Grant = 20% of Adjusted Base Grant
- Concentration Grant = 50% of Adjusted Base Grant
- TIIG and HST Add-ons remain constant
- Total LCFF about \$63 billion for 2020-21

County Office of Education LCFF Entitlement

- **Alternative Education Grant**

- Base Grant per ADA (with Zero COLA) = \$12,310
- Supplemental Grant = 35% of Base Grant per unduplicated students + juvenile court school students
- Concentration Grant = 35% of Base Grant per unduplicated student (beyond 50%) + 50% of juvenile court school enrollment

- **Operations Grant** - \$719,783 (with Zero COLA) for each COE, plus

- \$119,964 per each school district in the county, plus
- A per ADA amount based on county-wide ADA, ranging from \$76.82/ADA in the smallest counties to \$43.90/ADA in the largest

Basic Aid Districts and Property Taxes

- No “Fair Share” reduction to:
 - LCFF/categorical
 - Minimum State Aid (MSA)
 - Basic Aid Supplemental or District of Choice apportionments
 - In lieu property tax transfers to charter schools
- Clarifies how excess ERAF funds are calculated and distributed by county auditor-controllers, commencing with 2019-20 fiscal year
 - State Controller to issue guidance to counties by Dec 31, 2020
 - If a county fails to allocate ERAF revenues per the guidance, the Controller may request a writ of mandate to require the county auditor-controller to comply
- Recession has already begun to slow growth in property tax revenues (fewer sales mean fewer reassessments) - extent remains uncertain

Stand-Alone Categorical Programs

Proposed for Ongoing Funding

- After School Education & Safety Program (\$646 million)
- Career Technical Education Incentive Grant (\$150 million)
- K-12 Strong Workforce Program (\$150 million)
- State Assessment Program (\$117 million + \$20.2 federal)
- California Partnership Academies (\$21.4 million)
- County Office Fiscal Oversight (\$6.9 million)
- College Planning and Preparation Website (\$6.5 million)
- California School Information Services (\$6.5 million)
- Specialized Secondary Education Grants (\$4.9 million)
- Agricultural Education Incentive Program (\$4.1 million)
- Teacher Dismissal (\$300,000)
- Special Education: (\$3.9 billion)*
- Child Nutrition (\$173.7 million + \$2.8 billion federal)*
- Adult Education Block Grant (\$543.6 million)*
- Mandate Block Grant: (\$241.4 million)*
- Foster Youth Programs: (\$27.3 million)*
- American Indian Education Centers (\$4.4 million)*
- American Indian Early Childhood Education Program (\$593,000)*

*normally would receive a COLA

ADA and Instructional Minutes

- Sets 2020-21 ADA for funding purposes at 2019-20 P-2 levels
 - 2019-20 P-2 ADA calculated on July 1, 2019 through February 29, 2020 attendance
 - Holds LEAs harmless from declining ADA, but provides no increase in funds for ADA growth
 - Not the traditional “Greater of current or prior year” soft-landing provision
 - Governor: “I urge members of the Legislature to pursue targeted solutions...”
- Suspends Annual Instructional Minutes requirement but maintains Minimum Schoolday minutes requirement(s)
- Maintains Instructional Days (length of year) requirement(s) and penalty
- Suspends PE Minutes requirement
- Suspends process for to apply for credit for emergency ADA (J-13A)
- None of these requirements are waivable by the State Board of Education

Instruction in the 2020-21 School Year

- SB 98 provides three options for providing instruction in 2020-21:
 1. In-person instruction
 2. Distance Learning
 3. Hybrid instruction model through in-person and Distance Learning
- Legislature clarified intent was to provide LEAs flexibility in developing instructional models but that LEAs should provide in-person instruction “to the greatest extent possible”
- Distance Learning is modeled after Independent Study (IS) but is a distinct instructional model and attendance accounting methodology with separate requirements – IS not changed or limited by SB 98

Instructional Minutes

How instructional minutes are measured depends on mode of instruction:

- In-classroom: minutes based on time spent under immediate physical supervision and control of a certificated employee of the LEA
- Distance Learning: minutes based on the time value of assignments as determined by a certificated employee of the LEA
- For school days when student receives both in-person and Distance Learning instruction, time under immediate physical supervision will be combined with time value of assignments

Distance Learning

LEAs may offer Distance Learning under one of two circumstances:

1. On an LEA or schoolwide level as a result of order/guidance from a state or local public health officer
 - Does not require LEA to obtain authorization from public health official
 - Distance learning should be part of instructional model that adheres to most recent available public health orders/guidance
2. For students who are medically fragile, would be put at risk by in-person instruction, or who are self-quarantining because COVID-19 exposure
 - “At-risk by in person instruction” undefined, open to interpretation by student’s parent/guardian
 - No requirement for medical note or verification

Distance Learning and Student Engagement

- If using Distance Learning, LEAs must do the following for every student:
 - Track/monitor student's daily engagement in distance learning
 - Keep a weekly record documenting a student's synchronous or asynchronous engagement each schoolday, verifies participation, and tracks student's assignments
 - Regularly communicate with parents and guardians regarding a student's academic progress.
- LEAs must develop written procedures for reengaging students who are absent from distance learning for more than 3 schooldays or 60% of the instruction days in a week

Distance Learning

- Every LEA must adopt a Distance Learning Plan which describes how they will ensure student access and participation, staff training, etc.
- Distance Learning program requirements include daily live interaction with students, academic supports for students not performing at grade level, accommodations for special education students, integrated instruction for English-learners, and meals for students eligible for free and reduced-price meals
- Distance Learning penalties include LCFF apportionment withholding by SPI, but no penalties before September 1, 2020
- **Details on each of these items is provided in the Appendix**

One-Time Funding

- \$5.3 billion in one-time federal CARES Act and state funding for LEAs to **mitigate learning loss** related to COVID-19 school closures
 - \$4.4 billion from Federal Coronavirus Relief Fund (CRF)
 - \$539.9 million from State GF
 - \$355.2 million from Federal Governors' Emergency Education Relief Fund (GEER)
- Funds will be allocated in three ways:
 - \$2.9 billion (CRF) to LEAs based on supplemental and concentration grant allocation
 - \$1.5 billion (CRF & GEER) to LEAs based on special education enrollment
 - \$979.8 million (CRF and state GF) to LEAs based on total LCFF allocation

One-Time Funding, Cont.

- Expenditure requirements differ depending on source of funding
 - CRF and State GF Funding must be used for COVID-19 related costs generated between March 1, 2020 to December 30, 2020
 - GEER funding must be used for COVID-19 costs generated between March 13, 2020 and September 30, 2021
- Permissible uses of funding include:
 - Learning supports that begin prior to start of the school year & continuing intensive instruction and supports into the school year
 - Extending instructional school year by increasing number of instructional minutes/days
 - Additional academic services for students, incl. devices and connectivity
 - Integrated student supports to address other barriers to learning

Elementary and Secondary School Emergency Relief (ESSER) Fund

- State received \$1.6 billion in federal ESSER funding under the CARES Act
- \$1.5 billion of funding required to go out based on LEA Title I, Part A allocations
 - Must be spent on COVID-19 related costs (broadly defined)
 - LEAs must apply for their share of the funding through application on CDE's website (<https://www3.cde.ca.gov/esserassurances/logon.aspx>)
- Remaining \$164.7 million will be allocated for the following purposes:
 - \$112.2 million for COVID-19-related meal reimbursement
 - \$45 million for grants to LEAs to coordinate or expand community schools
 - \$6 million for UC Subject Matter Projects to provide educator professional development around providing high-quality distance learning and addressing learning loss

Accountability

- No Standard LCAP for 2020-21
- LEAs must adopt a Learning Continuity and Attendance Plan (Continuity Plan) by September 30, 2020
- Hold two public meetings:
 - LEAs present Continuity Plan to governing board--must post 72 hours prior to hearing
 - Second meeting to adopt Continuity Plan after first hearing and on different day
 - LEAs must consult stakeholders, as specified, including Parent Advisory and EL Parent Advisory Committee for review and comment
- LCFF budget overview for parents adopted by December 15, 2020, with the first interim budget report
- Federal one-time funds can be spent before the adoption of the plan
- CDE, in consultation with the SBE executive director, will develop a template for the Continuity Plan by August 1, 2020

Continuity Plan

- Describe plan, including how state, federal and learning loss mitigation funds will be used to provide continuity of learning and address the impact of COVID-19 on pupils, staff, and the community in the following areas:
 - Distance Learning
 - Learning Loss
 - Mental Health/ Social Emotional Well-being of students and staff
 - Professional Development
 - Pupil Engagement and Outreach
 - School Nutrition
- Describe how LEAs are increasing or improving service in proportion to unduplicated students

Special Education

- \$545 million to increase the special education base rate to \$625/ADA
 - Funding now based on a SELPA's ADA for the current FY, the most recent prior FY, or the second most recent prior FY, which ever is greater
 - Includes hold-harmless for any SELPA already receiving a higher base rate
 - Beginning with the 2021-22 FY, requires statewide base rate to be adjusted for COLA
- \$100 million for the low-incidence, high cost pool
- \$15 million federal IDEA funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline
- \$8.6 million federal IDEA funds to help LEAs develop dispute resolution and statewide mediation services, related to special education distance learning service delivery models
- \$500,000 federal IDEA funds for study of current special education governance and accountability structure
- \$600,000 federal IDEA funds for 3 workgroups to create statewide IEP template, provide recommendations on alternative pathways to diplomas for students with disabilities, & study costs of out-of-home care

Employer Contribution Rates

Redirects the \$2.3 billion for employer long-term unfunded liability provided in the 2019-20 Budget to further reduce CalPERS and CalSTRS contribution rates in 2020-21 and 2021-22

CalSTRS

Fiscal Year	Before 2020 Budget Act	After 2020 Budget Act
2019-20	17.1	17.1
2020-21	18.4	16.15 (-2.25)
2021-22	18.1*	15.92 (-2.18)
2022-23	18.1*	18.4* (+0.3)
2023-24	18.1*	18.4* (+0.3)

CalPERS

Fiscal Year	Before 2020 Budget Act	After 2020 Budget Act
2019-20	19.7	19.7
2020-21	22.68	20.7 (-1.98)
2021-22	24.6	22.84 (-1.76)
2022-23	25.5*	25.8* (+0.3)
2023-24	26.2*	26.5* (+0.3)
2024-25	26.5*	26.8* (+0.3)
2025-26	26.4*	26.7* (+0.3)
2026-27	26.2*	26.5* (+0.3)

*Latest projected rates and subject to change

Early Childhood Education

The Budget Act includes the following major ECE provisions:

- No COLA for child care programs, but rejects 10% trigger cuts and reductions for negative growth to all child care programs as proposed in MR
- Provides attendance hold harmless in 2020-21 for direct-contract providers
 - Providers reimbursed 100% of maximum reimbursable amount, or net reimbursable program costs – whichever is less
 - Providers must open by either September 8, 2020 or within 21 calendar days of their approved calendar start-date, whichever is sooner, and remain open through 2020-21 program year
 - Hold harmless also applies to providers closed by state or local public health order due to the COVID-19 Pandemic, but that are providing distance learning services
- Commencing July 1, 2021, moves all child development/ECE programs (except CSPP) to the Department of Social Service (DSS)
- Includes “trigger-up” language, prioritizing use of additional child care federal dollars if they materialize

State Preschool

Adjustments to CSPP span both 2019-20 and 2020-21

- LEA-based CSPP Prop 98 expenditures reduced by \$130 million:
 - \$110.4 million in 2019-20 (unexpended fund balances)
 - \$19.6 million in 2020-21 (reduced demand)
- Non-LEA based CSPP planned expansion eliminated, funding reduced by \$159 million GF:
 - \$31.4 million by eliminating 10,000 slots slated to start April 1, 2020
 - \$95.6 million by withdrawing the annualization of April 1, 2020 slots
 - \$31.9 million by eliminating 10,000 additional slots slated to start April 1, 2021

Other ECE Changes

- Triggers funding increase if additional federal child care dollars materialize, prioritizing funding as follows:
 - Up to \$100 million for AP programs
 - Up to \$50 million for CSPP and general child care
 - Up to \$25 million in stipends to assist licensed child care providers with costs associated with reopening due to COVID-19, and to supplement unfunded costs due to low attendance/closure
 - Up to \$125 million for all subsidized child care providers
- Eliminates the following 2019 Budget Act investments:
 - \$300 million in full-day Kindergarten facility grants
 - \$235 million for grants to renovate and construct facilities
 - \$195 million for workforce development

School Nutrition

- \$112.2 million in federal ESSER funding for meal reimbursement to LEAs that served meals between March 2020 - August 2020 due to COVID-19-related physical school closures
 - Allows for up to an additional \$0.75 in reimbursement per meal
 - Application now available on CDE's website
- USDA extended waivers through end of 2020-21 school year to give LEAs flexibility to provide meals to free-and-reduce price students engaged in distance learning, allowing:
 - Meals that do not meet normal meal patterns, when necessary
 - Meals to be served outside of group settings and outside of standard times to facilitate grab-and-go and other alternate service options
 - Parent/guardian pick-up of meals for students participating in distance learning
- USDA waiver that allowed provision of meals to every student has not yet been extended, currently expires August 30, 2020

Layoffs

- Prohibits August 15th summer layoffs of permanent or probationary certificated staff, except a certificated employee holding a position that requires an administrative or supervisory credential, for the 2020-21 fiscal year
- Intent language that all districts, county offices of education, community colleges, and joint powers authorities avoid layoffs to classified staff in the 2020-21 fiscal year
- Prohibits layoffs of permanent or probationary classified employees with classifications in or assignments to positions in nutrition, transportation or custodial services from July 1, 2020 until June 30, 2021
- Letter to Journal states intent that classified 60-day notice letters issued in last two months be rescinded
- Does not prohibit the termination of a classified employee for good cause

Infrastructure & Utilities

- Utility rate escalations expected for PG&E, SCE & SDG&E over next 3 fiscal years
- What are Districts doing to combat rate increases, COVID impacts & improve resiliency?
 - Modernizing inefficient equipment
 - Improving air quality & ventilation
 - Creating “smart” buildings
 - Renewable energy (solar, battery)
- How are Districts funding infrastructure improvements?
 - Private sector funding
 - Local bonds
 - State funding
 - Utility incentives
 - Self Generation Incentive Program (SGIP)
 - Routine Restricted Maintenance Programs (RRMA)

Technology Considerations for Reopening Schools

- CITE has a great reopening checklist for technology
- DA can help with Cybersecurity Assessments
- Take opportunity to include automation of business systems
- Adopt clear and manageable policies for distance learning



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Other Issues

- LEA and staff flexibility measures (see Appendix)
- Legislative intent language regarding school police and SROs
- \$60 million for Classified Employee Summer Assistance Program
- \$50 million for Early Literacy Support Block Grant, and \$3 million for a to-be designated COE to be expert lead in literacy
- \$4 million for a to-be designated COE to administer the Dyslexia Initiative
- \$750,000 for Sacramento COE to develop distance learning curriculum and instructional guidance for Math and English

November Ballot Measures

- Legislative time-crunch and last-minute negotiations
- 12 measures, including 6 Constitutional amendments, 4 statute changes, one bond, and one referendum
- Major changes proposed to:
 - **Property Tax/Prop 13:** Split Roll (Prop 15) and Property Tax Transfers and Inheritance (Prop 19)
 - **Race and Civil Rights:** Repeal of Prop 209 (Prop 16), allowing parolees to vote (Prop 17), and allowing (some) 17 year-olds to vote (Prop 18)
 - **AB 5 and “App-Based” Drivers** (Prop 22)
 - **Consumer Privacy** (Prop 24)

What's Next?

- July 15 tax deadline – update to state revenue projections
- August or Fall Revision to budget (Summer/Fall workshop)?
- Federal relief package in August?
- Trend of pandemic?
- School begins - will be different around the state
- November election – focus on control of federal government

Thank You

- Please feel free to use the content
- For any additional questions, please contact:
 - Barrett Snider: barrett@capitoladvisors.org

Other Critical Issues

- Money Bag Deferral Chart
- Distance Learning Plans
- Distance Learning program requirements
- Distance Learning penalties
- LEA flexibility measures
- Staff and program flexibility

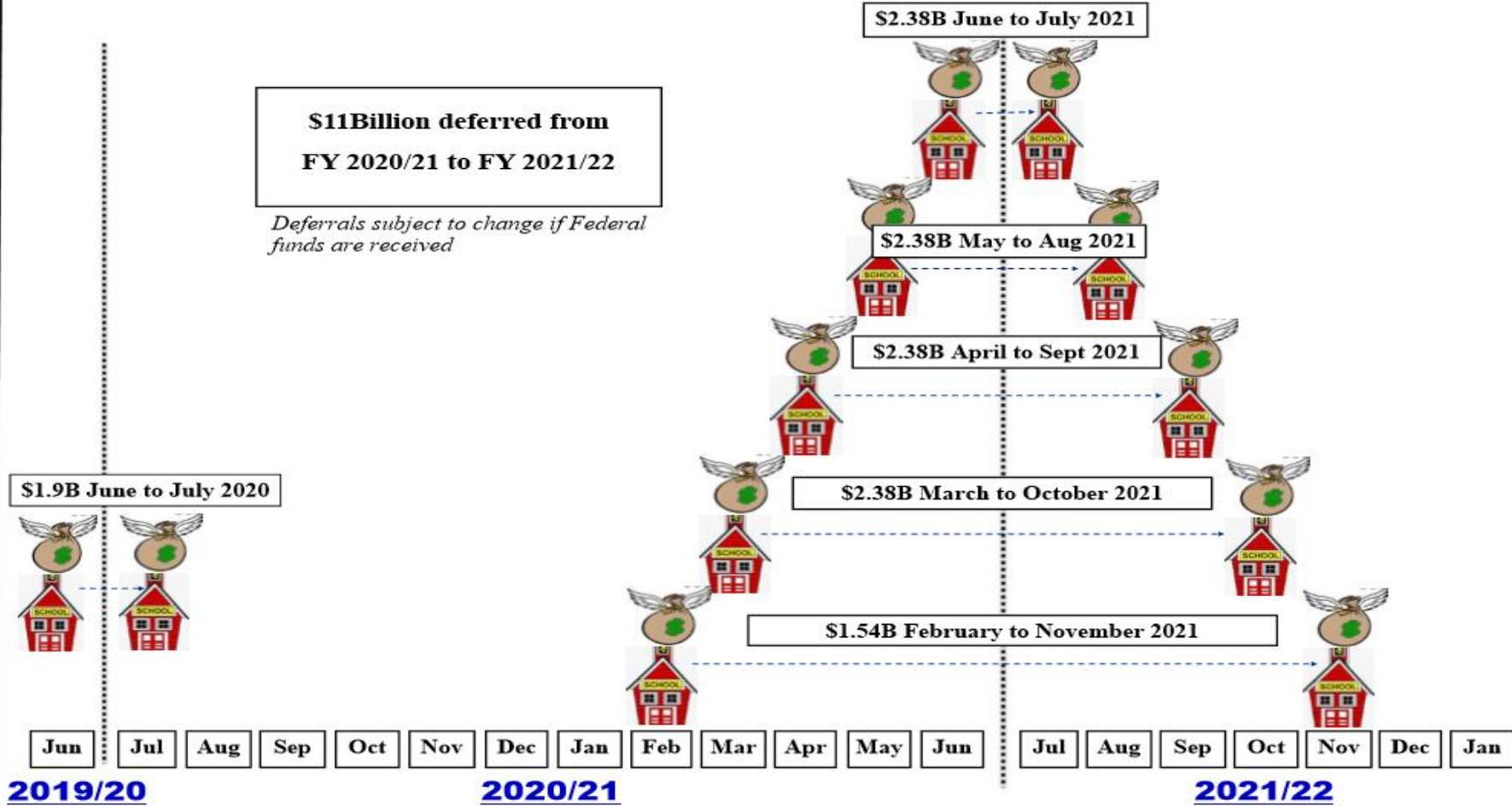


Apportionment Deferrals

As of State Budget Adoption
Fiscal Year 2020/21

**\$11 Billion deferred from
FY 2020/21 to FY 2021/22**

*Deferrals subject to change if Federal
funds are received*



Distance Learning Plans

Every LEA must adopt a Distance Learning Plan with the following:

- How LEA will provide continuity of instruction to ensure students have access to full curriculum of substantially similar quality regardless of the method of delivery.
- Plan ensuring instructional continuity for students if transition between in-person instruction and distance learning is necessary.
- Plan for ensuring access to devices and connectivity for all pupils to support distance learning whenever it occurs.
- How LEA will measure participation & assess student progress, as well as how the time value of student work will be measured.
- What professional development and resources will be provided to staff to support provision of distance learning
- What new roles and responsibilities of affected staff will be, to extent staff roles and responsibilities change because of COVID-19
- What additional supports for pupils with unique needs will be provided

Distance Learning Program Requirements

Every Distance Learning program must also include the following:

- Daily live interaction for students with teachers and peers for purposes of instruction, progress monitoring, and maintaining school connectedness.
 - Governing board may adopt alternative plan for frequent live interaction that provides a comparable level of service and school connectedness, if daily live interaction is not feasible
- Academic and other supports for students who are not performing at grade level or need additional student services, like mental health services
- Special education and related services with any accommodations necessary to ensure a individualized education programs (IEP) can be implemented in distance learning environment
- Designate and integrated instruction in English language for English learners (EL), including assessment of English language proficiency and ability to reclassify as fully English proficient.
- Nutritionally adequate meals for free and reduced-price-eligible students, for each day of the scheduled school year.

Distance Learning Penalties

- SPI required to withhold part of an LEA's LCFF apportionment for failure to comply with Distance Learning student engagement requirements
 - Amount withheld based on the percentage of days out of compliance and LEA's derived value of ADA, multiplied by ADA of each affected grade level
 - "Derived value of ADA" differs between LEAs, depending on LEA's unduplicated count and grade levels offered.
 - LEA will not be penalized for noncompliant distance learning instruction provided before September 1, 2020.
- If student fails to participate daily in either in-person instruction or distance learning, that student will be deemed absent
 - LEA required to document that absence and report it for purposes of its chronic absenteeism rates in its LCAP

LEA Flexibility Measures

- Hardship deferral exemptions for some LEAs
- Authority to use proceeds from the sale of surplus property for one-time general fund purposes
- Increases on LEA internal inter-fund borrowing limits, subject to public hearing
- Authority for LEAs to exclude state pension payments on behalf of LEAs from the calculation of required contributions to RRM
- Extension of audit timelines

LEA Flexibility Measures, cont.

- Eliminates the requirement for the approval by the State Board of Education for school district joint occupancy agreements.
- Increased waiver authority for CDE to provide flexibility for before and after school programs
- Flexibility for charter schools planned to open or expand during 2020-21 school year

Flexibility for Staff and Programs

- Extension of teacher credential exam and fee validity periods
- Flexibility on Pupil Personnel Services Credential field practice assignment
- One year extension of the deadline for T-K teachers to obtain 24 college units of early childhood education, to August 1, 2021
- Waiver and suspension of certain Migrant Education provisions
- Extension of ELPAC Testing Window