

Days before the start of the fiscal year, Governor Gavin Newsom and legislative leaders announced a compromise on the State Budget to get the state through uncertain fiscal times brought about by the COVID-19 pandemic. The Enacted State Budget is significantly different than the May Revision proposed by Governor Newsom, and the major details that impact K–12 education are summarized here.

## Proposition 98

Proposition 98 funding levels decline significantly from the 2019 State Budget Act because of the economic recession. The State Budget estimates Proposition 98 levels of \$78.5 billion, \$77.7 billion, and \$70.9 billion in 2018–19, 2019–20, and 2020–21, respectively.

## Cost-of-Living Adjustment

The statutory cost-of-living adjustment (COLA) for 2020–21 is 2.31%, but it is suspended for the Local Control Funding Formula (LCFF) and all other eligible programs, including special education, child nutrition, preschool, and the Mandate Block Grant.

## Average Daily Attendance and Instructional Days and Minutes

Given the uncertain trajectory of the coronavirus, the State Budget includes a hold harmless for the purpose of calculating apportionment in the 2020–21 fiscal year such that average daily attendance (ADA) shall be based on the 2019–20 year.

The State Budget maintains minimum annual instructional day requirements of 180 days for school districts and 175 days for charter schools. Requirements for annual instructional minutes are waived for 2020–21, but daily instructional minute requirements, which vary by grade span, are in place.

## Local Control Funding Formula

The Enacted State Budget maintains the LCFF at its 2019–20 levels—meaning the LCFF is neither cut

by the May Revision’s proposed 10% nor is it increased by the 2.31% statutory COLA.

## Deferrals

Instead of imposing cuts to the LCFF, K–12 apportionment deferrals totaling approximately \$12 billion are in place. The State Budget provides that any new federal funds that materialize will be used to restore a portion of the deferrals, to the extent that federal provisions allow. The State Budget requires the following schedule for deferred payments:

- Continuation of the Second Principal Apportionment deferral from June to July
- \$1.54 billion from February apportionment is paid in November
- \$2.38 billion from each apportionment in March, April, and May will be paid in October, September, and August, respectively

The State Budget allows for exemptions from the deferrals when charter schools or districts will not be able to meet their obligations, but requires certification that the local educational agency (LEA) has exhausted borrowing remedies and absent an exemption will need an emergency state loan.

## Local Relief Measures

Statutory flexibility is included in the State Budget to help districts manage the impact of deferrals and shortfalls in local budgets. LEAs may use the proceeds from the sale or lease of surplus property for one-time General Fund purposes, and inter-fund borrowing limits are increased such that LEAs may temporarily borrow up to 85% of the moneys in a fund or account.

## CalSTRS and CalPERS Relief

The State Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) for long-term unfunded liabilities to further reduce

employer contribution rates in 2020–21 and 2021–22. The new CalPERS schools pool employer contribution rates are 20.70% in 2020–21 and projected to be 22.84% in 2021–22. For CalSTRS, the employer contribution rates are 16.15% in 2020–21 and projected to be 16.00% in 2021–22.

## Special Education

As proposed by Governor Newsom in January and updated in May, special education funding will be moving to a new funding formula in 2020–21 and receive a significant ongoing funding increase of \$545 million in the process. Funding will now be calculated at the LEA level, but funds will continue to flow through the Special Education Local Plan Area (SELPA) structure. LEAs will generate at least \$625 per ADA and those LEAs within SELPAs currently funded above this level will be held harmless. Additionally, \$100 million is added to the low-incidence disabilities cost pool, which currently receives \$18 million.

## Learning Loss Mitigation Funding

The State Budget uses federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and other funds to address student learning loss as a result of school closures. Learning loss funds are distributed to LEAs as follows:

- \$1.5 billion based on enrollment of students with disabilities ages 3 to 22
- \$2.86 billion based on proportion of supplemental and concentration grant funding
- \$980 million based on proportion of LCFF funds

Funds can be spent on four general categories: student learning supports; general measures that extend instructional time for students; providing additional core academic support for students who need it; and providing integrated services that support teaching and learning—such as student and staff technology needs, mental health services, staff professional development, and student nutrition.

## Distance Learning

The COVID-19 pandemic has forced LEAs to rethink how they deliver instruction in the 2020–21 school year, and the State Budget provides flexibilities for LEAs to meet the needs of their students and families using in-classroom instruction, distance learning, or a hybrid that combines both, in accordance with state and local public health orders or guidance. If distance learning is used in whole or in part during a school day, instructional minute requirements are met by calculating a time value of assignments. Furthermore, the trailer bill establishes new safeguards for LEAs that employ distance learning to ensure that:

- Students have access to technology to participate in distance learning and complete work
- Instruction is substantially equivalent to the quality and rigor of classroom-based instruction
- Special education services are provided and individualized education programs can be executed
- Supports are provided for students performing below grade level, English learner students, students with disabilities, foster youth, and homeless youth
- For English learner students, assessments of English language proficiency are maintained
- There is daily live interaction with teachers and classmates
- Procedures are in place to reengage students who are absent from distance learning for more than three days per school week

## Learning Continuity and Attendance Plan and Accountability

Accountability in 2020–21 will rely on a Learning Continuity and Attendance Plan which must be adopted by September 30, 2020, subject to specified consultation requirements. The Local Control and Accountability Plan is no longer required for 2020–21, but LEAs must still adopt their LCFF

Budget Overview for Parents by December 15, 2020. The Learning Continuity and Attendance Plan shall articulate all of the following:

- How the LEA will provide continuity of learning and address the impact of COVID-19 on students, staff, and the community
- How state and federal funds are used to support these efforts, including learning loss mitigation funds
- How the LEA is increasing or improving services in proportion to funds generated by low-income, foster youth, and English learner students

## Early Childhood and Preschool

While the State Budget does not include a COLA for child care or state preschool rates, providers receive funding security in 2020–21 via a hold harmless that provides the lesser of 100% of their maximum reimbursable amount or their net reimbursable program costs. In return, providers must open their programs by September 8 or 21 days from the start of the 2020–21 program calendar, and distance learning must be provided if the program is closed by a state or local public health order.

## Certificated and Classified Staff Protections

Finally, the State Budget removes the authority of LEAs to lay off non-management certificated staff this summer, despite not meeting the 2% threshold for LCFF levels agreed to for 2020–21. However, the summer layoff window allowed by current law is in place for positions that require an administrative or supervisory credential. Additionally, classified staff who hold positions in nutrition, transportation, or custodial services may not be laid off from July 1, 2020, to June 30, 2021.

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# POCKET BUDGET 2020–21

## A Summary Analysis of the 2020–21 Enacted State Budget for California's Schools

Prepared By:

**School  
Services  
of  
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*An Employee-Owned Company*

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*Public Education's Point of Reference  
for Making Educated Decisions*