

Memorandum

June 25, 2020

To: CFT Executive Council, Local Presidents, Formula Funded and Staff

From: CFT Legislative and Research Departments

Re: Topline Overview of 2020-21 Budget Deal

On Monday, June 22, 2020, the governor and legislature reached a compromise on the 2020-21 budget. Currently, the legislature is debating the main budget bill and a series of budget trailer bills, which provide additional details. The legislature is expected to approve the budget by Friday, June 26, 2020. Once passed, the governor has until the end of June to sign it. The budget will go into effect on July 1, 2020. The CFT will provide a full analysis of the budget once the governor signs it. Below is a brief summary of the budget bills we expect will be signed next week. Given the fact that the tax deadline has been postponed until July 15, we expect to see adjustments to the budget that the governor signs.

Transitional Kindergarten – Grade 12

Funding

- No 10% cut to the Local Control Funding Formula (LCFF). LCFF is funded at the same amount as the current year.
- No COLA.
- Plan to provide additional funding above the Proposition 98 minimum requirement beginning in 2021-22 and in each of the next several fiscal years in the amount equal to 1.5% of the General Fund, or approximately \$13 billion.
- No cut to Career Tech, After School and Adult Education programs.
- Including all funding sources, K-12 funding per-pupil is slightly higher than the current year.

Deferrals

- Up to \$11 billion in TK-12 Proposition 98 payment deferrals. This shifts the timing of when districts will receive payments from the state, but does not decrease the amount of funding; this can create cash flow challenges for some districts but it is not a budget cut. A hardship fund is included to assist those unable to manage the deferrals.
 - \$1.87 billion from 2019-20 to 2020-21 (June 2020 → July 2020)
 - \$3.412 billion total from 2020-21 to 2021-22.
 - \$5.7 billion from 2020-21 to 2021-22 could be triggered by a lack of additional federal funds.

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COVID-19 Relief Funds

- \$5.5 billion in one-time funds is allocated from the federal CARES Act and state General Fund to address COVID-19 impacts. These funds need to be used by December 30, 2020.

Allocations to Local Educational Agencies (LEAs) are based upon the following formulas:

- \$1.5 billion based on Special Education enrollment for learning loss.
 - \$2.9 billion based on LCFF Supplemental and Concentration Grant formulas for learning loss.
 - \$980 million to all Local Educational Agencies based on the total LCFF formula.
 - \$45 million for existing Community School models.
 - \$112 million for LEA school meal reimbursements during summer and COVID-19 school closures.
 - \$6 million for professional development via the University of California (UC) Subject Matter projects.
- \$1.4 billion in federal Elementary and Secondary School Emergency Relief (ESSER) funds allocated directly to LEAs based upon the mandatory Title I allocation.

Special Education

- \$645 million increase to special education funding.
 - \$545 million to increase base rates.
 - \$100 million for low-incidence pool.

Classified School Employee Summer Assistance Program

- \$60 million in one-time funding for the Classified School Employee Summer Assistance Program with funds available until June 30, 2025.

Layoff Protections

- Prohibits layoffs for specified certificated and classified employees in 2020-21.
 - Suspends current statute that allows school districts to lay off certificated personnel between five days after the enactment of the Budget Act and August 15th.
 - Prohibits layoffs between July 1, 2020 and June 30, 2021 of classified personnel who work in nutrition, transportation and custodial services.
 - States the intent of the legislature that all classified employees should be retained; given the amount of funding and flexibility provided, schools should avoid layoffs of classified employees during this period.

Average Daily Attendance (ADA) and Distance Learning

- 2019-20 ADA hold harmless provision to apply in the 2020-21 school year, contingent on student participation reporting and local Continuity of Learning and Attendance plan elements.

- Maintains instructional day requirements but allows flexibility for instructional minutes and in-person or distance learning.
- Defines distance learning and creates 2020-21 Continuity of Learning and Attendance plans as part of the Local Control Accountability Plan process.
- *NOTE: There is confusing and inconsistent language in the trailer bill (AB 77) regarding in-person and distance learning options and requirements. Further clarification will be forthcoming. CFT and other labor and education groups are working to get additional information about the intent and implications of this section. At this time, we believe the budget bill's intent is for schools to operate safely as a first priority and it provides flexibility for schools to reopen in-person, to continue distance learning, or offer hybrid options*

Early Childhood and Childcare

- The May Revise called for 10% cuts to all Childcare programs; these cuts will not occur.
- \$53.3 million in new federal Child Care and Development Block Grant (CCDBG) funds in 2020-21 to the Alternative Payment Programs for approximately 5,600 new ongoing childcare service spaces.
- \$73 million additional from the federal CARES Act for one-time essential worker childcare vouchers via the Alternative Payment Program.
- Reduces planned California State Preschool Program full-day/full-year investments in 2020 and 2021 by \$159.4 million, reducing planned preschool expansion by 20,000 service spaces – consistent with the governor's May Revision.
- Cuts to funding provided in 2019-20 Budget Act:
 - \$300 million in unspent full-day kindergarten facility grants.
 - \$235 million for grants to renovate and construct facilities.
 - \$195 million for workforce development.
 - \$10 million to improve CDEs early education data system.
- Cuts \$2.2 million for the Early Childhood Policy Council.
- Transitions all child development programs, except the California State Preschool Program, to the Department of Social Services beginning July 2021 and appropriates \$2.278 million one-time for the transition.

Community Colleges

Funding

- No cut to Community College apportionment funding.
- Calbright cut by \$45 million (\$5 million ongoing and \$40 million one-time funds).
- \$120 million one-time block grant for basic needs/learning loss/COVID 19 response; can be used for expenses such as mental health services, housing and food insecurity, reengagement for students who left college in Spring 2020, technology and development of online courses and student supports.

- No cuts to the several programs that had been targeted in the May Revise for cuts; they will receive 2019-20 funding amounts.
 - Strong Workforce and K-12 Strong Workforce programs.
 - Student Equity and Achievement Program.
 - Adult Education, keeping the program at the 2019-20 spending level.
- No cuts to part-time faculty office hours and compensation, and the Academic Senate
- \$5.8 million in Proposition 98 funds for Dreamer Resource Liaison program.
- Extension of the hold harmless period for the Student Centered Funding Formula (SCFF) by 2 additional years.

Deferrals

- Up to \$1.8 billion in Proposition 98 payment deferrals. This shifts the timing of when colleges will receive payments from the state, but does not decrease the amount of funding; this can create cash flow challenges but it is not a budget cut. Includes trailer bill language to allow hardship exemptions.
 - \$332 million from 2019-20 to 2020-21 (June 2020 → July 2020).
 - \$662.1 million total from 2020-21 to 2021-22.
 - \$791.1 million additional from 2020-21 to 2021-22 triggered by lack of federal funds.

Layoff Protections

- Prohibits the governing board of a community college district from terminating any permanent or probationary classified employees that hold classifications in, or are assigned to, positions in nutrition, transportation, or custodial services.
- States that it is the intent of the legislature that community college districts retain all classified employees, and with the amount of funding and flexibility, community colleges can and should avoid layoffs of classified employees in the 2020-21 fiscal year.

University of California

- Increase to General Fund support for UC operations by 5%, or \$169.2 million.
- Trigger cut of \$472 million. This funding will be restored on Oct. 15 if federal funding is received by the state.
- Use of reserves and impact mitigation: The budget encourages UC to use reserves to mitigate potential cuts and ensure that cuts do not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged students. UC must report on allocation and impact of cuts.

CalSTRS and CalPERS

- \$2.3 billion (\$1 billion in the budget year) funding to reduce statutory employer contributions (costs to employers) to the STRS and PERS retirement systems.

Federal Trigger

- Overall, the budget implements \$14 billion in actions including cuts and deferrals that will be reversed if California receives equivalent funding from the federal government by October 15. If federal aid is less than \$14 billion, but more than \$2 billion, the amount above \$2 billion will be allocated proportionately.
- For public education, the triggers include a reversal of the following:
 - \$5.8 billion in payment deferrals to K-12 schools.
 - \$791 million in payment deferrals to community colleges.
 - \$472 million cut for the University of California budget.