

July 9, 2020

California state budget adopted for 2020-21

Governor Newsom signed the 2020-21 state budget on June 29, 2020. The \$202 billion budget includes \$133.9 billion in general fund expenditures, down from \$146.9 billion last year. There are \$14 billion in cuts and deferrals that will be “triggered off” if California receives additional funding from the federal government by October 15. The budget uses \$7.8 billion from the state’s Rainy Day fund, approximately half of the balance of that reserve fund.

Public education was spared from the deepest cuts, which the governor proposed in the May Revision, and the budget includes critical protections against layoffs for many school employees.

This budget remains vulnerable to further changes, in late July or early August. With this year’s tax filing deadline extended to July 15, we anticipate adjustments to the 2020-21 budget.

PROPOSITION 98

	BUDGET 2020-21	NOTES
Change from Previous Years	The COVID-19 pandemic has affected the Proposition 98 guarantee with state revenue projections down considerably. For 2020-21, Prop 98 funding is calculated at \$70.9 billion, approximately \$10 billion (8.7%) less than last year. However, the budget deal includes deferrals to keep funding even with last year.	2019-20: \$81.1 billion (enacted) 2019-20: \$77.7 billion (revised) 2020-21: \$70.9 billion (enacted)
Deferrals	There are multiple deferrals in apportionment payments from 2020-21 to 2021-22. These total up to \$11 billion for K-12 and up to \$1.4 billion for Community Colleges. There are also deferrals from May/June 2020 to July 2020. Deferrals of \$5.8 billion for K12 and \$791 million for community colleges will be triggered off if California receives federal aid. There are exemptions for hardship.	
Out-Year Plan for Supplemental Proposition 98 Funding	The budget includes an agreement to provide supplemental Proposition 98 appropriations, above the minimum guarantee, beginning in 2021-22.	Supplemental funding would begin in 2021-22 and continue in each of the next several fiscal years in the amount equal to 1.5% of the General Fund, or approximately \$12.4 billion, cumulative.

COVID-19 RESPONSE / LEARNING LOSS

	BUDGET 2020-21	NOTES
Learning Loss from COVID-19 for TK-12	\$5.3 billion one-time funding (\$4.4 billion from CARES Coronavirus Relief Fund, \$355 million from CARES Governor’s Emergency Education Relief Fund, \$540 million from Prop. 98) for TK-12 education to address learning loss	Federal funds must be spent by Dec. 30, 2020.

and other impacts of COVID-19. Funding to directly support academic achievement and mitigate learning loss related to COVID-19 school closures, including academic programs, services, and supports to address learning loss, extended instructional minutes and services, additional materials including devices and internet connectivity, and other supports related to health, mental health, professional development and school meals.

Allocation:
 \$1.5 billion per Special Education enrollment
 \$2.9 billion per LCFF Supplemental and Concentration Grant formulas
 \$980 million to all Local Educational Agencies per 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 UC Subject Matter projects

Elementary and Secondary School Emergency Relief Fund (ESSER)	\$1.6 billion in federal ESSER funds (from CARES Act) is allocated in the budget; 90% goes directly to LEAs based on mandatory Title I allocation and 10% is available for COVID-19 related stated-level activities.	Allocation is defined in CARES Act
COVID-19 Response Block Grant for Community Colleges	Community Colleges receive a \$120 million block grant from federal and one-time Proposition 98 funds to fund activities that support student learning and mitigate learning loss, including professional development, information technology, mental health services, and cleaning supplies and protective equipment.	\$53 million of this grant is federal dollars that must be spent by Dec. 30, 2020.

EARLY CHILDHOOD AND CHILDCARE

	BUDGET 2020-21	NOTES
Statutory COLA	There will be no COLA.	Calculated at 2.31% but not funded.
Provider Reimbursement Rates	<p>Early learning and care provider reimbursement rates are maintained at 2019-20 levels. Reimbursement at a child's maximum certified level of need for all providers accepting vouchers.</p> <p>Hold Harmless provision for 2020-21 for providers that contract directly with Department of Education (for providers that remain open or re-open within a specified time frame, or are closed by a public health order). Reimbursement shall be at 100 percent of the maximum contract amount or 100 percent of enrollment, whichever is greater. Child care programs that remain closed due to a health order required to provide distance learning services.</p>	
CARES Act Funds	\$350.3 million through federal CARES Act for COVID-19 related activity, including: \$144.3 million for family fee waivers and provider payment protection; \$125 million for voucher provider hold harmless and stipends; \$73 million for at-risk children and essential workers, and; \$8 million to extend family fee waivers until June 30, 2020.	

Child Care and Development Block Grant (CCDBG)	\$47.2 million in new federal CCDBG funding to increase access in the Alternative Payment Program. First priority for these funds will be to extend subsidized care for low-income essential worker families and at-risk children from a limited term to an ongoing basis.	
Funding Cuts from 2019 Budget Act	Cuts of \$300 million in unspent full-day kindergarten facility grants; \$235 million for grants to renovate and construct facilities; \$150 million for workforce development; and; \$10 million to improve CDE early education data system.	
Withdrawal of Proposed Additional California State Preschool Slots (CSPP)	Withdraws 33,000 mixed part-day and full-day CSPP slots in LEAs (funding was allocated in previous budget cycles but had not yet been awarded to school districts); withdraws 10,000 full-day CSPP slots in community-based organizations planned for April 2020, and; withdraws January proposal for 10,000 full-day CSPP slots in 2021.	
Early Childhood Policy Council	\$2.2 million cut	
Trigger for Federal Funds	Up to \$300 million allocated for additional child care access, re-opening grants for centers, and provider stipends if federal aid is available.	
Transition to the Department of Social Services	\$2.3 million allocated to transition all child development programs, except the California State Preschool Program, from the Department of Education to the Department of Social Services.	Beginning July 2021.

TK-12 EDUCATION

	BUDGET 2019-20	NOTES
Statutory COLA	There will be no COLA.	Calculated at 2.31% but not funded.
Local Control Funding Formula (LCFF)	No cuts, no increases. Funding will be the same as 2019-20.	
Categorical Programs	No cuts, no increases to programs including Career Tech, After School and Adult Education programs.	
Average Daily Attendance (ADA): Hold Harmless and Instructional Requirements	Apportionment for 2020-21 will be based on ADA for 2019-20. Budget assumes schools will transition back to in-classroom instruction wherever it is safe to do so. Annual minimum instructional minutes requirement is suspended, but daily minutes and day requirements are maintained. These can be met through a combination of in-person and distance learning. Daily interaction with students in distance learning mode is required and attendance must be recorded	Trailer bill SB 98 includes full details.
Learning Continuity and Attendance Plan	In lieu of the Local Control Accountability Plan (due by Dec. 15, 2020), a Learning Continuity and Attendance Plan will be required by Sept. 30, 2020. The LCFF budget overview for parents is to be adopted by Dec. 15, 2020. This plan will describe how LEAs will provide continuity of learning and address the impacts of COVID-19 in areas including: distance learning, learning loss, mental health/social emotional well-being of students and staff; professional	The plan must describe how funds will be used for these areas.

	development; pupil engagement and outreach, and; school nutrition.	
Employee Protections from Layoff	August 15, 2020 layoff window for teachers and non-administrative certificated staff is suspended. Prohibits layoffs for classified employees working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. Budget states all classified employees in school districts, community college districts, joint powers authorities, and county offices of education should be retained in the 2020-21 fiscal year.	
Summer Assistance Program for Classified Employees	\$60 million increase to one-time funding for Classified School Employees Summer Assistance program, to provide matching funds for participating employees.	Funds available through June 30, 2025.
Local Budget Flexibilities (to address COVID-19 Impacts)	Several temporary options are included in the budget: school districts may use inter-fund borrowing of up to 85% between funds to mitigate impact of deferrals in 2020-21 and 2021-22. Districts would be required to hold a public hearing before authorizing the temporary transfer. School districts may use proceeds from the sale or lease of surplus property for general fund purposes through the 2023-24 fiscal year. Extends deadlines for audits and related oversight and reporting requirements for local education agencies.	
Other Flexibilities	Several policy changes are included: waives some requirements and funding prorated for 2020-21 school year for After School Education and Safety Program. One-year extension of deadline that requires transitional kindergarten teachers to obtain 24 units of early childhood education. Observation protocol for Teachers of English Learners delayed. Teacher credential exam validity period and the credential fee validity period extended. Clinical practice requirement limited to one school setting. Period for project performance for the Bilingual Teacher Professional Development grant extended.	
Educational Revenue Anticipation Fund (ERAF)	Requires the State Controller's Office to develop guidance for the allocation of K-12 ERAF funds by the County Auditor Controllers commencing with calculations for the 2019-20 fiscal year.	To be done by December 31, 2020
Policing in Schools	Intent language calls for evaluation of the use of police officers and other law enforcement on school campuses and consideration of alternatives. \$200,000 one-time funds for Young People's Task Force to inform changes in policy and future legislation.	

SPECIAL EDUCATION

	BUDGET 2020-21	NOTES
Statutory COLA	There will be no COLA.	Calculated at 2.31% but not funded.
Per Pupil Funding	\$545 million to increase base rates by 15% to \$625 per pupil.	Apportioned using existing hold harmless methodology
Low-Incidence Disabilities	\$100 million to increase funding for students with low-incidence disabilities	

Federal Individuals with Disabilities Education Act (IDEA) Funding	\$15 million for the Golden State Teacher Scholarship Program to increase special education teacher pipeline. \$8.6 million to develop regional alternative dispute resolution and statewide mediation services. \$1.1 million to study special education governance and accountability structure and support workgroups on special education issues.
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COUNTY OFFICES OF EDUCATION

	BUDGET 2020-21	NOTES
Statutory COLA	There will be no COLA.	Calculated at 2.31% but not funded.

CHARTER SCHOOLS

	BUDGET 2020-21	NOTES
ADA Hold Harmless	Charter schools will receive funding based on 2019-20 ADA, except new charter schools commencing instruction in 2020-21, which will receive a proxy for ADA based on October enrollment report.	
Charter School Facility Grant Program (SB 740)	No COLA or cuts; funded at 2019-20 level of \$137 million.	This program is currently oversubscribed, and schools will get less than their full funding (estimated by CA School Finance Authority: 95% of eligible award will be funded; "Other Costs" will not.
COVID-19 Response	Non-classroom-based charter schools are not eligible for some of the funds dedicated to address COVID-19 Learning Loss (\$2.9 billion based on the LCFF supplemental and concentration grant allocation and \$1.5 billion based on Special Education enrollment) Eligible for \$980 million based on total LCFF allocation.	
Layoff Protections	Layoff protections for certificated teachers and staff and classified employees do not apply to charter schools.	
Deferrals	Deferrals scheduled in the budget will affect Charter Schools, but deferrals do not apply to the local in-lieu property tax payments from school districts.	
2020-21 Exemptions	Charters who offer distance learning due to COVID-19 related concerns as specified are not required to request a material revision to the charter. Classroom-based charter schools that offer distance learning will not be considered a non-classroom-based charter in the 2020-21 fiscal year if they provide distance learning. Charter schools scheduled to open or add a grade level for the 2020-21 school year may delay opening or adding a grade for one year without submitting a material revision to its chartering authorizer.	

ADULT EDUCATION

	BUDGET 2020-21	NOTES
Statutory COLA	There will be no COLA.	Calculated at 2.31% but not funded.
No Cuts	Funding will be the same as 2019-20 Total Adult Education Funding is \$538.6 million.	

CLASSIFIED EMPLOYEES

	BUDGET 2020-21	NOTES
Employee Protections	Prohibits layoffs for classified employees working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. Budget states all classified employees in school districts, community college districts, joint powers authorities, and county offices of education should be retained in the 2020-21 fiscal year.	Applies to both TK-12 and Community College.
Summer Assistance Program for Classified Employees	\$60 million increase to one-time funding for Classified School Employees Summer Assistance program, to provide matching funds for participating employees.	Funds available through June 30, 2025.

COMMUNITY COLLEGE

	BUDGET 2020-21	NOTES
Statutory COLA	There will be no COLA	Calculated at 2.31% but not funded.
Share of Proposition 98	Community College share of Proposition 98 is at or above the traditional share of 10.93% in 2018-19, 2019-20, and 2020-21.	
Student Centered Funding Formula (SCFF)	No cuts, no increases. Existing hold harmless provision for minimum revenue is extended by 2 years, through 2023-24. Since there is no COLA, funding will be the same as 2019-20.	
Enrollment	There is no funding for enrollment growth.	
Categorical Programs	Programs are largely funded at 2019-20 amounts. This includes Strong Workforce, Student Equity and Achievement, Student Success, Adult Education, Extended Opportunity Programs and Services. Full-time faculty hiring (\$50 million), Part-time faculty compensation (\$25 million), and Part-time faculty office hours (\$12 million) are funded at 2019-20 levels.	Funding for Student Equity and Achievement requires colleges support or establish on-campus food pantries or regular food distribution programs. Districts are encouraged to expedite development of short-term career technical education courses to address the impacts of COVID-19.
Calbright	A decrease of \$5 million (25%) in ongoing and \$40 million in one-time funds for Calbright and redirected to 2020-21 SCFF funds.	
Student Aid	California College Promise is funded at \$81 million (\$4 million reduction to adjust for revised eligibility estimates). \$11 million redirected from CA Student Aid Commission to	

	provide emergency financial aid for undocumented students.	
Dreamer Resource Liaisons	\$5.8 million is allocated to establish Dreamer Resource Liaisons and student support services for immigrant students, including undocumented students.	Pursuant to AB 1645.
Fifty Percent Law	COVID-19 related expenditures are exempted from calculations through June 30, 2021.	
Legal Services	An increase of \$10 million for legal services to immigrant students, faculty, and staff on community colleges.	Makes funding ongoing.

UNIVERSITY OF CALIFORNIA

	BUDGET 2020-21	NOTES
General Fund Increases	\$169.2 million (5%) increase to core funding \$25 million for UC Riverside School of Medicine operational costs \$15 million for UC Merced-UCSF Fresno Partnership for a branch medical school campus \$3.7 million to offset declining Prop 56 revenue (to increase graduate medical residency slots) \$345,000 increase for immigrant legal services	\$213 million total \$678,000 is one-time
General Fund Cut (Ongoing Funds)	\$428.4 million for UC operational costs \$43.2 million for UCOP, UC PATH, UC DANR	\$472 million total Funding restored if CA receives federal funds by Oct.15, 2020.
Deferred Maintenance	UC authorized to redirect up to \$21.6 million in deferred maintenance funds from 2019 Budget Act to support undergraduate instruction, enrollment, student support services, and other core academic operations.	

Additional Information

The following tables contain information about projected employer pension contribution rates and COLA rates. The budget redirects \$2.3 billion from the 2019 Budget Act to CalSTRS and CalPERS for long-term unfunded liabilities to reduce employer contribution rates as shown below.

	CalSTRS	CalPERS
2020-21 rate	18.41	22.67
2020-21 revised rate	16.15	20.7
2021-22 rate	17.9	24.6
2021-22 revised rate	16.02	22.84

FOR ADDITIONAL INFORMATION, CONTACT:

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