



2020-21 STATE BUDGET

Governor Gavin Newsom and the state Legislature have reached a budget compromise that, on balance, is favorable to California public schools and the students we serve. Given the devastating effects of COVID-19 on the economy, we are grateful that the budget shields education from the draconian cuts proposed previously. We also recognize, however, that schools are not being “held harmless,” as suggested by some, because educators are being asked to do more than ever before during these unprecedented times.

EDUCATION FUNDING OVERVIEW

Local Control Funding Formula (LCFF)

The budget maintains LCFF funding at 2019-20 levels, providing no Cost of Living Adjustment (COLA).

K-12 Categorical Programs

The budget rejects the governor’s proposed cuts and maintains funding at 2019-20 levels for K-12 Education Categorical Programs, including Adult Education and Career Technical Education (CTE) programs.

Deferrals

The budget includes significant LCFF apportionment deferrals in 2019-20 and 2020-21. Specifically, for 2019-20, the budget defers \$1.85 billion of the June apportionment, which will be paid by July 15.

The deferral schedule for 2020-21 is as follows:

- \$1.5 billion (partial) from the February apportionment to be paid in November
- \$2.375 billion (full) from the March apportionment to be paid in October
- \$2.375 billion (full) from the April apportionment to be paid in September
- \$2.375 billion (full) from the May apportionment to be paid in August
- \$2.375 billion (full) from the June apportionment to be paid in July

Of these deferrals, \$5.8 billion would be rescinded if sufficient federal funds become available, beginning with the rescission of deferrals from “any months occurring earliest in 2020-21.” Limited deferral exemptions will be made for districts that would be caused financial hardship by the deferrals.

Special Education (SPED)

The budget provides \$545 million to equalize SPED base rate funding up to \$625 per Average Daily Attendance (ADA). Special Education Local Plan Areas (SELPA) currently receiving more than \$625 per ADA will be “held harmless” at their 2019-20 levels. Funding will be distributed to SELPAs based on the highest ADA of current year, prior year or second most recent prior year. The budget also includes \$100 million to augment funding for the low-incidence pool, which supports students with severe disabilities.

Pension Obligations

The budget “buys down” CalSTRS and CalPERS employer contribution rates over the next two years by redirecting a \$2.3 billion non-Prop. 98 payment included in last year’s budget. CalSTRS and CalPERS employer contribution rates are estimated to be 2 to 3 percent lower than current projections for 2020-21 and 2021-22.

ADA Hold Harmless

For purpose of attendance accounting in 2020-21, ADA shall be based on the 2019-20 ADA reported at the second apportionment period. This approach does not account for actual increases in ADA experienced by districts.

Instructional Minutes/Days

For 2020–21, Local Educational Agencies (LEA) are authorized to utilize in-person instruction, distance learning, or a combination thereof to satisfy minimum school day minutes and annual instructional day requirements. For distance learning, instructional time must be based on the time value of assignments, as determined by the certificated instructor and approved by an LEA employee. LEAs must also comply with all distance learning requirements below in order to receive ADA credit. Physical education minutes and annual instructional minute requirements are waived for 2020-21.

Distance Learning

The budget requires school districts to offer in-person instruction “to the greatest extent possible,” but expressly allows for distance learning, including a hybrid model. To offer distance learning on a schoolwide or LEA-wide basis, districts may cite the applicable orders or guidance from a state or local public health officer. For example, a hybrid model may be necessary if a school’s classroom capacity does not allow for social distancing or the separation of student desks six feet apart, as recommended by the [California Department of Public Health](#). Likewise, a local public health order that prohibits large gatherings may force some districts to use a hybrid model. Districts should work closely with their local public health officers and district counsel to ensure their distance learning policies do not exceed the applicable orders or guidance.

Students and parents have broad discretion to elect distance learning under the law’s “self-quarantining” catch-all. Pupils who are “medically fragile” or “would be put at risk by in-person instruction” may also be offered distance learning.

Distance learning offerings must adhere to various operational and instructional requirements, including daily and weekly documentation of student participation, curriculum that is substantially equivalent to in-person instruction and daily live interaction with teachers and peers. Districts should carefully review the budget’s new distance learning requirements.

Employee Layoff Restrictions

The budget prohibits the use of the August layoff window for certificated employees, except for administrative and supervisory credentialed positions. For the 2020-21 school year, the budget also prohibits the termination of any permanent or probationary classified employee — unless for cause — who works in nutrition, transportation or custodial services. The budget also includes legally non-binding intent language to say that LEAs must retain all classified employees in 2020-21 given their role in reopening schools and addressing learning loss.

Local Control Accountability Plan (LCAP)

The budget eliminates the LCAP requirement for the 2020-21 school year. Instead, LEAs will have to adopt a Learning Continuity and Attendance Plan, which must include information on student participation and attendance, device accessibility and instruction. The plan requires stakeholder engagement and must be adopted by September 30.

Local Flexibilities

The budget provides LEAs with several local budget flexibilities, including:

- The exclusion of state pension payments on behalf of LEAs from the calculation of required contributions to the Routine Restricted Maintenance Account.
- Inter-fund borrowing in 2020-21 and 2021-22, contingent on a public hearing.
- Using proceeds from the sale of surplus property for one-time General Fund purposes.
- Clarifying LEAs can use SB 117 (2020) COVID-19 relief funds for school meals and distance learning materials.

Federal Funds

The budget allocates \$4.4 billion in one-time federal COVID-19 relief funds to LEAs to address learning loss. Of the \$4.4 billion, \$1.5 billion will be allocated based on SPED enrollment, and \$2.9 billion will be allocated based on LCFF supplemental and concentration grant funding. LEAs must expend all but \$355 million (Governor's Emergency Education Relief Funds) of these funds by December 30, 2020 and can use these funds to reimburse costs incurred as early as March 2020.

The budget also allocates \$1.4 billion to LEAs based on Title I-A allocation. Another \$980 million (\$540 million of which is state funds) will be allocated to LEAs based on total LCFF entitlement, and \$45 million to establish the California Community Schools Partnership grant program to expand and sustain community schools.

School Nutrition

The budget allocates \$112 million in federal funds to reimburse eligible LEAs for costs associated with providing school meals between March and August of 2020. Reimbursement is based on meals served for breakfast and lunch at a rate not to exceed an additional 75 cents per meal. Pending waiver approval by the U.S. Department of Agriculture, the budget also requires LEAs to provide meals to eligible students, whether engaged in in-person instruction or distance learning.

PERSPECTIVE AND WHAT'S NEXT

Given the \$54 billion shortfall being addressed in this year's budget, K-12 public education was largely spared from the significant funding reductions many were anticipating. The draconian cuts proposed in the May Revision would have had devastating long-term effects, but were avoided in the final agreement between the Governor and legislative leaders. While this budget maintains prior year spending levels, it heavily relies on deferrals. The magnitude of the deferrals will force many LEAs to drain reserves, pay loan interest fees, and ultimately make cuts.

Many of the items ACSA prioritized in our advocacy are included in the budget. In addition to restoring proposed cuts to the LCFF and categorical programs, including Adult Education and Career Technical Education, the budget provides LEAs with important relief to two primary cost pressures: special education and CalSTRS and CalPERS pension costs. The budget also waives the minimum

requirements for instructional minutes and provides a handful of key local fiscal flexibilities, areas critical to implementing hybrid learning and balancing local budgets. These items would not have been included in the budget without the unprecedented levels of advocacy performed by ACSA members. Thank you for advocating for the students you serve.

Our collective advocacy efforts must continue. The importance of additional federal relief funding cannot be overstated. Without federal action, LEAs will have to absorb more than \$5 billion in additional deferrals. ACSA will continue to work with state and national partners to secure further COVID relief funds. ACSA will also be steadfast in its work at the state level to ensure that distance learning requirements are flexible and practical, that the ADA “hold harmless” extends to LEAs experiencing growth, and advocate for additional resources and local flexibilities. Budget decisions will continue well into the fall due to the postponement of state tax filing deadlines and the need for further federal action.

As evidenced with this budget, it makes a difference when policymakers hear directly from school leaders. Effective grassroots advocacy forces policymakers to confront the educational challenges being faced in their own legislative districts. The best accountability for any legislator comes from the voice of their own constituents. ACSA will continue to facilitate these important conversations with state and federal leaders and continue advocacy efforts on behalf of our members during these exceptionally challenging times.