



Martha Zaragoza-Díaz,
CABE Lobbyist



CABE Responds to the Governor's 2020-21 Budget May Revision



Jan Gustafson Corea, CABE CEO, issued the following statement in response to the Governor's 2020-21 Budget May Revision:

I thank Governor Newsom for maintaining his most essential priorities – public health, public safety and public education. The Governor remains steadfast in investing in our children and approaching public education with an equity lens.

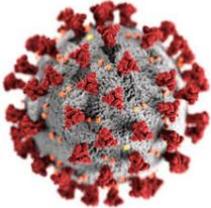


It is encouraging that the Governor is minimizing cuts to the K-12 budget and prioritizing funding and basic needs support of the most vulnerable students, such as our 1.2 million English learners and special needs students. We urge the governor to target efforts regarding distance learning and learning loss to meet the unique instructional needs of English Learners and our children who are Dual Language Learners. I cannot stress enough the need to provide direct/live instruction for our English Learners, in addition to the instruction provided via distance learning. Direct/live teacher instruction and peer interaction is critical if our English Learners are to develop fully their English language skills. Just as important, districts should be held accountable for spending targeted dollars—again on our most vulnerable students and engaging parents on budget decisions brought before the local school board.

As the budget process moves forward, we should continue to provide support to families and communities that have been most impacted by COVID-19! Lastly, our schools are entering a period of economic and public health uncertainties. Let's work together to provide the support and resources necessary to allow our schools, teachers and students to work in the new normal we now all face!



May Revision Highlights



California is in a deep recession due to COVID-19. The pandemic has caused an economic crisis in California, as well as worldwide. Major job losses and business closures have resulted in loss of significant revenues to the state. California is experiencing high unemployment rates and high use of assistance programs. Additionally, California has incurred additional significant costs in containing the virus.

The loss of and closure of businesses has resulted in a decline of General Fund revenues of over \$41 billion. Combined with increased costs in health and human services programs and the added costs of responding to COVID-19, California has a projected **budget deficit of approximately \$54.3 billion.**

The Governor proposes a \$133.9 billion budget for the 2020-21 fiscal year beginning in July. **The May Revision** proposes spending the \$16 billion in state's reserves over 3 years, \$7.8 billion in the current year. **New initiatives** proposed in the Governor's January 2020-2021 State Budget **are eliminated.** Reduced spending included in the 2019 Budget Act, borrowing from special funds and temporarily increasing revenues are proposed in the May Revision. State Government will also assist in cutting costs. The Governor has directed state agencies and departments to increase efficiency and streamline existing efforts; 10% and 5% respectively.



Lastly, the May Revision contains reductions needed to address the remaining budget gap in the event the federal government does not provide states and local governments additional necessary funding to support public health, safety and education, and a safe, economic recovery.

COVID-19 Federal Assistance Funds

- Over \$71 billion in federal funds is estimated to support state programs or to provide safety net services to individuals and families. This includes K-12 Schools (\$2 billion) and Food and nutrition programs (nearly \$1 billion), including child nutrition programs typically, available through school.

CARES Act allocated Coronavirus Relief Funds (CRF)

- Funding to state and local governments for costs incurred between March 1 and December 30, 2020 in response to COVID-19, and not previously accounted for in the most recent state and local budgets.
- 
- Per the federal law, these funds cannot be used to backfill lost revenues or to serve as the state match for drawing down other federal dollars (such as FEMA reimbursements).
 - Based on the state's population, California received a total of \$15.3 billion with \$9.5 billion paid to the state.
 - A portion of the state's \$9.5 billion CARES Act funding to local governments to further support their COVID-19 efforts:
 - \$450 million to cities for homelessness and public safety
 - \$1.3 billion to counties for public health, behavioral health, and other health and human services
 - \$4 billion state CRF to mitigate learning loss related to COVID-19 school closures, including summer learning opportunities, additional instructional time, and other academic services and supports.

Federal Elementary and Secondary School Emergency Relief Fund

- California received \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds.
- 90 percent (\$1.5 billion) of this amount will be allocated to LEAs in proportion to the amount of Title I-A funding LEAs receive for COVID-19 related costs.
- The remaining 10 percent (\$164.7 million) will be available for COVID-19-related state-level activities.
- The May Revision proposes to allocate these funds in the following manner:
 - \$100 million for grants to county offices of education for the purpose of developing networks of community schools and coordinating health, mental health, and social service supports for high-needs students.

- \$63.2 million for training and professional development for teachers, administrators, and other school personnel, focused on addressing opportunity gaps and providing enhanced equity in learning opportunities, addressing trauma-related health and mental health barriers to learning, and developing strategies to support necessary changes in the educational program, such as implementing distance learning and social distancing.
- \$1.5 million for CDE for state operations costs associated with COVID-19 pandemic.

Proposition 98

The COVID-19 Recession has a significant negative impact on K-14 Prop 98 Guarantee. It is estimated that **Prop 98 will decline by \$19 billion.**

The Local Control Funding Formula



- A 10 percent (\$6.5 billion) reduction to LCFF. This reduction includes the elimination of a 2.31 percent COLA adjustment. This reduction will not occur if the federal government provides sufficient funding to backfill this cut.
- Apportionment deferrals to align Proposition 98 expenditures and resources with the need of LEAs to maintain a level of fiscal stability are proposed.
- They are:
 - In 2019-20, the Budget proposes to defer \$1.9 billion of LCFF apportionments to 2020-21.
 - An additional \$3.4 billion is added to the 2019-20 deferral in 2020-21, for a total of \$5.3 billion in LCFF deferrals scheduled for payment in 2021-22.3.

Special Education

- Sustaining the Governor's Budget proposal to increase special education base rates, updated at May Revision to \$645 per pupil (reflecting the suspension of the 2.31 percent cost-of-living adjustment), apportioned on a three-year rolling average of LEA average daily attendance (ADA) and allocated to SELPAs.
- This new base rate represents a 15 percent increase in the Prop 98 GF contribution to the base formula funding over the amount provided in the 2019 Budget Act.

K-12 Categorical Programs

The May Revision includes the following Prop 98 reductions to K-12 categorical programs, totaling \$352.9 million:

- After School Education and Safety: \$100 million
- K-12 Strong Workforce Program: \$79.4 million
- Career Technical Education Incentive Grant Program: \$77.4 million
- Adult Education Block Grant: \$66.7 million
- California Partnership Academies: \$9.4 million
- Career Technical Education Initiative: \$7.7 million
- Exploratorium: \$3.5 million
- Online Resource Subscriptions for Schools: \$3 million
- Specialized Secondary Program: \$2.4 million
- Agricultural Career Technical Education Incentive Grant: \$2.1 million
- Clean Technology Partnership: \$1.3 million

If additional federal funds are provided to the state's educational systems, these reductions may not occur.

Program Eliminations and Other Program Reductions

As was stated by the Governor, the state is not in a fiscal position to increase rates or expand programs given the drastic decline in revenues and the drastic budget impacts of COVID-19 Recession.

The following proposals that are no longer in the Governor's budget:

- Educator Workforce Investment Grants: \$350 million
- Opportunity Grants: \$300.3 million
- Community Schools Grants: \$300 million
- Special Education Preschool Grant: \$250 million
- Workforce Development Grants: \$193 million
- Teacher Residency Program: \$175 million

- Credential Award Program: \$100 million
- Child Nutrition Programs: \$70 million
- Classified Teacher Credential Program: \$64.1 million
- Local Services Coordination (CCEE): \$18 million
- Computer Science Supplementary Authorization Incentive: \$15 million
- Online Resource Subscriptions for Schools: \$2.5 million
- California College Guidance Initiative: \$2.5 million
- Computer Science Resource Lead: \$2.5 million
- School Climate Workgroup: \$150,000

The statutory cost-of-living adjustment of 2.31 percent in 2020-21 for all eligible programs is suspended.

A decrease of \$300 million one-time non-Prop 98 GF for construction of new, or retrofit of existing, facilities for full-day kindergarten programs.

A decrease of \$10.9 million Prop 98 GF for selected categorical programs, based on updated estimates of average daily attendance.

General Comments

Governor Newsom did list public education among the four budget areas that he said he was prioritizing in the proposed 2020-21 state budget, along with public health, safety and help for persons hardest hit by COVID-19. His proposals specific to K-12 public education and Prop 98 will assist in addressing more than half of the \$15 billion dollars reduction to Prop 98 next year. Also appreciated is the \$4 billion in the proposed budget for addressing the loss of learning by students. However, advocates are very concerned that the biggest cut is a 10% reduction (\$6.5 billion) to the LCFF, which school finance experts say, comprises about 80% of state funding for K-12 schools. All districts would receive a 10% cut to LCFFs base grant and supplemental and concentration funds. The supplemental and concentration funds provide additional funding for vulnerable students such as English learners, students in the foster care system, and homeless students. To reduce these funds would result in reducing necessary academic supports for these students. Lastly, the drastic reductions to our public schools will lead to cuts to vital student programs, educator layoffs, furlough days and pay cuts—just like it did in past recessions.

Stay tuned for further state budget updates!