MAY BUDGET REVISION WEBINAR

May 14, 2020
TODAY’S PRESENTERS

- Vernon M. Billy, CEO & Executive Director
- Troy Flint, Chief Information Officer
- Dennis Meyers, Assistant Executive Director, Governmental Relations
- Erika Hoffman, CSBA Advocate
- Cheryl Ide, CSBA Advocate
THE GOVERNOR’S NEW BUDGET PLAN IN A COVID-19 WORLD
JANUARY BUDGET

- $84.0 billion for Prop 98 ($74.16 billion for K-12)
- $1.2 billion for district LCFF and $5.7 million for county office LCFF, to provide 2.29% COLA
  - $122 million to provide 2.29% COLA to some categorical programs outside of the LCFF, such as special education
- $1.5 billion for various one-time “programs”
  - $900 million (one-time) for programs to improve educator training, recruitment and retention
  - $300 million (one-time) for new Opportunity Grants
  - $300 million (one-time) for Community Schools
- $250 million (on-going funds, one-time purpose) for 3- to 5-year-olds with exceptional needs
MAY REVISION – COVID-19 ECONOMY

- Jobless claims climbing rapidly
- State and local revenues okay through March 2020
- Last quarter current year state revenue reductions
- Estimates for 2020-21 estimates decline from January estimates
- Impacts to current year and budget year Proposition 98
  - $19 billion (K-14)
MAY REVISION – COVID-19 ECONOMY

PROPOSITION 98 (K-12)

- Prop 98 and school funding
- Proposition 98 shortfall: $19 billion (3-year figure from 2018-19, 2019-20, 2020-21)
- Adjustments to cover shortfall:
  - 10% reduction to LCFF funding
  - No LCFF COLA for 2020-21 (was 2.31 percent)
  - Utilizes $4.4 billion in state discretionary money from federal CARES Act to mitigate learning loss
    - $4 billion from federal discretionary money
    - $355 million from Governor’s Emergency Education Relief (GEER) Fund
  - Allocation formula to LEAs “most impacted by school closures, including students with disabilities, low income students, English learners, youth in foster care, and homeless youth”
    - $1.5 billion allocated for special education and $2.855 billion allocated for concentration grants
MAY REVISION – COVID-19 ECONOMY PROPOSITION 98 (K-12)

- Adjustments to cover shortfall (continued):
  - $1.6 billion from federal CARES Act
    - 90% – $1.5 billion to LEAs based on Title I allocation (less than 70% of current amount)
    - $100 million to county offices of education for community school networks
    - $63.2 million for prof. development focused on mitigating opportunity gaps
  - $1.5 million to CA Department of Education to cover state COVID-19 costs
  - Using all of the balance in the Public School System Stabilization Account (PSSSA): $524 million current year
  - Special education to be maintained at the January Governor’s Budget proposed level of $645 per pupil (no COLA)
  - Zero out January Budget proposals

- Categorical reductions of $352.9 million (approx. 10% reduction)
MAY REVISION – COVID-19 ECONOMY
PROPOSITION 98 (K-12)

- Adjustments to cover shortfall (continued):
  - $2.3 billion to reduce employer-contribution rates
  - Incrementally increase Prop 98 floor by 1.5% per year, from 38% of General Fund to 40%, beginning in 2021-22 to aid recovery for schools

- New revenues: Temporary 3-year suspension specified business TAX CREDITS. Estimated to generate approximately $1.8 billion to Proposition 98

- Apportionment deferrals
- Triggers to eliminate cuts
WHAT’S NEXT?

- Legislative hearings begin in both houses
- June 15: Budget adoption deadline
- July 15: Deadline to file 2019 income taxes
- August budget revision
THANK YOU

If you have any questions, please contact:
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