

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:

Dennis Meyers: dmeyers@csba.org

Erika Hoffman: ehoffman@csba.org

Cheryl Ide: cide@csba.org

