

K-12 EDUCATION

California provides instruction and support services to roughly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, 1,000 local school districts, and more than 1,200 charter schools provides students with instruction in English, mathematics, history, science, and other core competencies to enable them to develop the skills they will need upon graduation for either entry into the workforce or higher education.

The Budget includes total funding of \$98.8 billion (\$48.1 billion General Fund and \$50.7 billion other funds) for all K-12 education programs.

PROPOSITION 98

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges. The Guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The Local Control Funding Formula is the primary mechanism for distributing these funds to support all students attending K-12 public schools in California.

The COVID-19 Recession has heavily impacted the economy and the state's General Fund revenues, creating a parallel negative impact on the state's K-14 Proposition 98 Guarantee. The Budget estimates Proposition 98 levels of \$78.5 billion, \$77.7 billion, and

\$70.9 billion in 2018-19, 2019-20, and 2020-21. For K-12 schools, this results in Proposition 98 per pupil spending of \$10,654 in 2020-21—a \$1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all state, federal, and local sources decreased by approximately \$542 per pupil to \$16,881.

ADDRESSING IMMEDIATE NEEDS AND AVOIDING PERMANENT DECLINE

To help mitigate the negative impacts of the state's revenue decline on funding for K-12 schools and California Community Colleges, the Budget includes the following:

DEFERRALS

The COVID-19 Recession requires \$1.9 billion of Local Control Funding Formula (LCFF) apportionment deferrals in 2019-20, growing to \$11 billion LCFF apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels in both fiscal years; the Budget suspends the statutory LCFF cost-of-living adjustment in 2020-21. Of the total deferrals, \$5.8 billion will be triggered off in 2020-21 if the federal government provides sufficient funding that can be used for this purpose.

LEARNING LOSS MITIGATION

The Budget includes a one-time investment of \$5.3 billion (\$4.4 billion federal Coronavirus Relief Fund, \$539.9 million Proposition 98 General Fund, and \$355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures, especially for students most heavily impacted by those closures.

Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs. The funds are intended to track and mitigate the inequitable impact that the COVID-19 pandemic has had on different student populations, including low-income students and students with disabilities. Specifically, funds will be allocated in the following manner:

- \$2.9 billion based on the LCFF supplemental and concentration grant allocation.
- \$1.5 billion based on number of students with exceptional needs.

- \$979.8 million based on total LCFF allocation.

Funds may be used for:

- Learning supports that begin prior to the start of the school year, and the continuing intensive instruction and supports into the school year.
- Extending the instructional school year, including an earlier start date, by increasing the number of instructional minutes or days.
- Providing additional academic services for pupils, including diagnostic assessments of student learning needs, intensive instruction for addressing gaps in core academic skills, additional instructional materials or supports, or devices and connectivity for the provision of in-classroom and distance learning.
- Providing integrated student supports to address other barriers to learning, such as the provision of health, counseling or mental health services; professional development opportunities to help teachers and parents support pupils in distance-learning contexts; access to school breakfast and lunch programs; or programs to address student trauma and social-emotional learning.

SUPPLEMENTAL APPROPRIATIONS

In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level (Test 2), by a total of approximately \$12.4 billion. To accelerate the recovery from this funding reduction, the Budget provides supplemental appropriations above the constitutionally-required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5 percent of General Fund revenues per year, up to a cumulative total of \$12.4 billion. This appropriation will accelerate growth in the Guarantee, which the Administration proposes to increase as a share of the General Fund. Currently, Proposition 98 guarantees that K-14 schools receive approximately 38 percent of the General Fund in Test 1 years. The Budget increases this share of funding to 40 percent by 2023-24.

REVISED CALPERS AND CALSTRS CONTRIBUTIONS

To provide local educational agencies with increased fiscal relief, the Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to CalSTRS and CalPERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will further reduce the CalSTRS employer rate from 18.41 percent to

approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The CalPERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

FEDERAL FUNDS

In addition to the federal Coronavirus Relief Fund and Governor's Emergency Education Relief Fund allocated to K-12 education above, the Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds that California was recently awarded. Of this amount, 90 percent (\$1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs. The remaining 10 percent (\$164.7 million) is available for COVID-19 related state-level activities, as follows:

- \$112.2 million to provide up to \$0.75 per meal for local educational agencies participating in the National School Lunch Program, School Breakfast Program, Seamless Summer Option, or Summer Food Service Program and serving meals between March 2020 and August 2020 due to physical school closures caused by the COVID-19 pandemic. These funds will enable local educational agencies to address food insecurity in their communities, especially for students and families who rely on school meals.
- \$45 million for grants to local educational agencies, including county offices of education, to coordinate or expand community schools to increase access to health, mental health, and social service supports for high-needs students. These funds will enable improved delivery of mental health and social-emotionally supportive services for students experiencing the stress, anxiety, and trauma caused by the COVID-19 pandemic.
- \$6 million for the University of California Subject Matter Projects to provide educator professional development for providing high-quality distance learning and addressing learning loss in mathematics, science, and English language arts due to the COVID-19 pandemic.
- \$1.5 million for the Department of Education for state operations costs associated with the COVID-19 pandemic.

TEMPORARY REVENUE INCREASES

The Budget proposes the temporary three-year suspension of net operating losses and limitation on business incentive tax credits to offset no more than \$5 million of tax liability per year. This, along with other tax changes, generates a net \$4.3 billion in General Fund revenues and approximately \$1.6 billion in benefit to the Proposition 98 Guarantee.

SPECIAL EDUCATION

The Budget increases special education resources and creates new mechanisms to improve special education financing, programs, and student outcomes. Specifically, the Budget increases special education base rates to \$625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides \$100 million to increase funding for students with low-incidence disabilities.

The Budget also includes: (1) \$15 million federal Individuals with Disabilities Education Act (IDEA) funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline, (2) \$8.6 million federal IDEA funds to assist local educational agencies with developing regional alternative dispute resolution services and statewide mediation services, and (3) \$1.1 million federal IDEA funds for a study of the current special education governance and accountability structure, as well as three workgroups to create a statewide Individualized Education Program template, provide recommendations on alternative pathways to a diploma for students with disabilities, and study the costs of out-of-home care.

AVERAGE DAILY ATTENDANCE

Since the beginning of the COVID-19 pandemic in early March, local educational agencies across the state closed for classroom instruction, transitioning students and teachers to distance learning models. The loss of classroom-based instruction has had unprecedented impacts on students and families, especially the most vulnerable students.

To help minimize additional learning loss related to COVID-19, the budget presumes that local educational agencies should transition back to providing in-classroom instruction in the 2020-21 school year. However, if local or state public health official orders necessitate a school closure, local educational agencies will need flexibility to

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provide distance learning. To ensure funding stability regardless of the instructional model, the Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies. Additionally, the Budget includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

Specifically, the Budget includes:

- A hold-harmless for the purpose of calculating apportionment in the 2020-21 fiscal year; average daily attendance shall be based on the 2019-20 year, except for new charter schools commencing instruction in 2020-21.
- An exemption for local educational agencies from the annual minimum instructional minutes requirement. The minimum daily instructional minutes and minimum instructional day requirements are maintained, but may be met through a combination of in-person and distance learning instruction.
- Requirements for distance learning services, including the provision of devices and connectivity and supports for students with exceptional needs, English language learner students, youth in foster care, and youth experiencing homelessness, as well as students in need of mental health supports. Daily interaction with students in distance learning is required and local educational agencies are required to provide access to nutrition programs.
- Distance learning attendance requirements, including documentation of daily student participation, weekly engagement records, and attendance reporting for purposes of chronic absenteeism tracking. The Budget also requires local educational agencies offering distance learning to develop tiered re-engagement strategies for students who do not participate and to regularly engage with parents or guardians regarding academic progress.
- Fiscal penalties for local educational agencies offering distance learning that do not meet instructional day requirements or the attendance-related requirements.
- A material revision exemption for site-based charter schools offering distance learning.

Additionally, the Budget provides \$750,000 one-time Proposition 98 General Fund for the Sacramento County Office of Education to develop distance learning curriculum and instructional guidance for mathematics, English language arts, and English language development, for adoption by the State Board of Education by May 31, 2021.

2020-21 LEARNING CONTINUITY AND ATTENDANCE PLAN

In April, the Governor issued Executive Order N-56-20, which allowed local educational agencies to submit local control and accountability plans, normally due July 1, 2020, by December 15, 2020, in recognition of the challenges that local educational agencies would have faced in completing the plans during the COVID-19 pandemic this spring. Federal funds provided to schools for COVID-19 must be expended by local educational agencies on an accelerated timeline. In order to ensure transparency around the expenditures of these new federal funds, and in alignment with new flexibilities related to distance learning, the Budget replaces the December local control and accountability plan with a Learning Continuity and Attendance Plan, to be completed by September 30, 2020.

The Budget requires the Superintendent of Public Instruction, in consultation with the executive director of the State Board of Education, to develop the template for the Learning Continuity and Attendance Plan by August 1, 2020, and requires the template to include all of the following:

- A description of how the local educational agency will provide continuity of learning during the COVID-19 pandemic and address all of the following:
 - Distance learning
 - Learning loss
 - Mental health and social-emotional well-being
 - Professional development
 - Pupil engagement and outreach
 - School nutrition
- Local educational agency expenditures related to addressing the impacts of the COVID-19 pandemic.
- How local educational agencies are increasing or improving services in proportion to funds generated on the basis of the number and concentration of English learners, youth in foster care, and low-income students pursuant to the local control funding formula.

In adopting the Learning Continuity and Attendance Plan, local educational agencies must consult with stakeholders, solicit stakeholder input, and hold public hearings on the plan.

SCHOOL POLICING

Schools serve a foundational role in the social development of students. This development can be advanced or hindered by the presence of police officers on school campuses. To better promote student mental health, restorative justice, and social-emotional well-being, state and local leaders must evaluate opportunities for improvement in school safety infrastructure.

To this end, the Budget includes \$200,000 one-time non-Proposition 98 General Fund for the creation of a Young People's Task Force, whose members can speak to the lived reality of school policing and will inform changes in policy, contingent on the enactment of future legislation. The Budget also includes intent language for the Legislature to evaluate the presence of law enforcement on school campuses and consider reforms informed by local needs to improve student safety.

EMPLOYEE PROTECTIONS

To ensure the continuity of employment for essential school staff during the COVID-19 pandemic, the Budget includes the following:

- Suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff.
- Suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021.

The Budget also includes the intent of the Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

Other Significant Adjustments

- **Classified School Employees Summer Assistance Program**—An increase of \$60 million Proposition 98 General Fund to provide a match of state funds for participating classified employees to be paid during the summer recess period.

- **Department of Education State Operations**—A total increase of \$436,000 non-Proposition 98 General Fund for the following:
 - \$336,000 ongoing non-Proposition 98 General Fund for the School Fiscal Services Division for workload associated with deferrals and average daily attendance changes.
 - \$100,000 one-time non-Proposition 98 General Fund for the Department of Education to develop a template for the Learning Continuity and Attendance Plan in consultation with the executive director of the State Board of Education.

EARLY LEARNING AND CARE PROGRAMS

Investing in early learning and care supports the success of children and families of color, the majority of people served by these programs. The Budget preserves funding for early learning and care programs to the greatest extent possible, given the constraints of the COVID-19 Recession. Access, reimbursement rate levels, and quality investments are all maintained or grown, with a specific focus on serving the children of income-eligible workers essential to the fight against COVID-19.

PROTECTING ESSENTIAL SERVICES

To support access for families and provide stable funding for early learning and care programs and providers, the Budget:

- Maintains early learning and care provider reimbursement rates at 2019-20 levels.
- Eliminates the application of negative statutory growth adjustments for early learning and care programs.
- Provides a hold harmless provision in 2020-21 for providers that contract directly with the Department of Education.
- In 2020-21, provides reimbursement at a child's maximum certified level of need for all providers accepting vouchers.

CARES ACT FUNDING FOR CHILD CARE

California received \$350.3 million through the federal CARES Act for COVID-19 related child care activities. To maximize the benefits of these funds to providers and families, the Budget includes the following expenditure plan:

- \$144.3 million for state costs associated with SB 89 expenditures, family fee waivers, and provider payment protection.
- \$125 million for voucher provider hold harmless and stipends.
 - Up to \$62.5 million to fund providers accepting vouchers at the maximum certified level of need.
 - At least \$62.5 million for one-time stipends for providers accepting vouchers that offer care during the COVID-19 pandemic.
- \$73 million to continue care for at-risk children and essential workers.
- \$8 million to extend family fee waivers until June 30, 2020.

FUTURE FEDERAL COVID-19 FUNDS FOR CHILD CARE

To allow for the quick deployment of potential future federal COVID-19 funds for child care, the Budget includes language allowing up to \$300 million of such funds to be allocated by the following schedule:

- \$150 million to extend access for families being served through limited-term subsidies and expand access for unserved, eligible families.
- \$125 million to provide limited-term stipends for state-subsidized child care providers offering care during the COVID-19 pandemic.
- \$25 million to assist licensed child care providers with costs to re-open child care facilities closed due to the COVID-19 pandemic, and to supplement unfunded costs caused by low attendance or temporary closures due to the COVID-19 pandemic.

SHIFT OF CHILD CARE PROGRAMS TO THE DEPARTMENT OF SOCIAL SERVICES

To promote a high-quality, affordable, and unified early childhood system, the Budget includes \$2.3 million General Fund in 2020-21 to transition the existing child care and child development programs from the Department of Education to the Department of

Social Services. This will align all child care programs within a single department in state government and will ease the administration of collective bargaining commencing later this year.

Other Significant Adjustments

- \$9.3 million one-time federal funds to develop and implement an early learning and care data system.
- A decrease in new federal Child Care and Development Block Grant funding available for child care vouchers of \$6 million, bringing the total allocation for increased access in the Alternative Payment Program from \$53.3 million to \$47.2 million. Additionally, the Budget specifies that first priority for these funds will be to extend subsidized care for income-eligible essential worker families and at-risk children from a limited-term to an ongoing basis.