

Summary of 2020-21 Governor's January Budget Proposal

- The Economy

Measure	Level	2018	2019	2020	2021
Real GDP Growth	National	2.90%	2.30%	-5.40%	6.30%
Unemployment Rate	National	3.90%	3.70%	8.00%	7.90%
	State	4.30%	4.10%	18.00%	17.60%
Personal Income Growth	National	5.57%	4.39%	1.67%	3.08%
	State	6.08%	4.77%	-8.88%	0.08%
Inflation (CPI)	National	2.40%	1.80%	0.70%	2.30%
	State	3.70%	3.00%	1.00%	2.90%

- State Revenues

Item	Source	2018-19	2019-20	2020-21
State General Fund Revenue	January Proposal	\$139.4	\$146.5	\$151.6
	May Revise	\$140.0	\$136.8	\$119.4
	Difference	\$0.6	(\$9.7)	(\$32.2)
	% Difference	0.46%	-6.60%	-21.22%
	% Yr Over Yr Change	N/A	-2.29%	-12.72%
Proposition 98 Calculation	January Proposal	\$78.4	\$81.6	\$84.0
	May Revise	\$78.7	\$77.4	\$70.5
	Difference	\$0.30	(\$4.20)	(\$13.50)
	% Difference	0.38%	-5.15%	-16.07%
	% Yr Over Yr Change		-1.65%	-8.91%

<----(In Billions)---->

- Proposition 98

- Guarantee Calculations: See table above
- Distribution to K-12:
 - LCFF
 - \$6.5 billion reduction to LCFF; 2.31% statutory COLA added then 10% reduction applied = 7.92% effective reduction (actual reduction will vary by district – some higher, some lower)
 - Triggered off if sufficient funding received from the Federal Government to backfill
 - Deferral of \$1.9 billion of 2019-20 LCFF payments to 2020-21 (June to July) and \$5.3 billion from 2020-21 to 2021-22 (April, May, and June to July)
 - Special Education
 - Maintains January Proposal for new Special Education formula to replace AB602 with SELPA equalization but no COLA = Increases per ADA target rate from \$557 to \$645
 - \$15 million in federal IDEA funds for Golden State Teacher Scholarship Program to increase Special Education teacher pipeline
 - \$7 million federal IDEA funds to assist LEAs with developing regional alternative dispute resolution services and statewide mediation services for cases arising from the COVID-19 pandemic special education distance learning service models
 - \$1.7 million in federal IDEA funds for study of current special education governance and accountability structure and two workgroups to study improved accountability for special education service delivery and student outcomes
 - Suspends application of 2.31% statutory COLA to all other eligible programs
 - \$352.9 million in cuts to 11 K-12 Categoricals including ASES, CTE Incentive Grant, Adult Ed Block Grant, and Clean Technology Partnership
 - \$4.4 billion one-time funds from federal Coronavirus Relief Fund and Governor's Emergency Education Relief Fund 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

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agencies offering classroom-based instruction based on a formula that takes into account the share of students most heavily impacted by school closures, including students with disabilities, low-income students, English learners, youth in foster care, and homeless youth. 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.
- \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds
 - 90% (\$1.5 billion) allocated to LEAs for COVID-19 related costs in proportion to the Title 1-A funding they receive
 - 10% for state level activities:
 - \$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 mitigating 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 the Department of Education for state operations costs associated with COVID-19 pandemic.
- Withdraws January proposals for various new programs and augmentations including Special Education Preschool Grant, augmentation to Child Nutrition Program, Classified Teacher Credential Program, Community Schools Grant, and 11 others
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- **Other Provisions:**
 - Withdraw balance of Public School System Stabilization Account to partially mitigate decline in Prop 98 = \$524.2 million
 - Drawdown \$16 billion Rainy Day Fund over 3 year period with \$7.8 billion used in 2020-21 – used to mitigate impacts to non-Prop 98 programs
 - Redirect \$2.3 billion of non-Prop 98 funds originally allocated to pay down long-term unfunded liability for STRS and PERS to further reduce 2020-21 and 2021-22 contribution rates:
 - 2020-21
 - STRS from 18.41% to 16.15%
 - PERS from 22.67% to 20.7%
 - 2021-22
 - STRS from 18.2% to 16.02%
 - PERS from 25.0% to 22.84%
 - Supplemental appropriations for Prop 98 above minimum for 3 years equal to 1.5% of General Fund revenues starting in 2021-22 and going through 2023-24
 - A few flexibility provisions to mitigate the impact of cuts including ability to use land sale proceeds for one-time General Fund purposes and ability to exclude State's payments made on behalf of LEAs from General Fund Total Outgo for calculation of 3% required RRMA