

July 15, 2019

Bulletin No. 20-003

TO: Chief Business Officials and Directors of Fiscal Services
San Bernardino County School Districts

Subject: **Common Message, Adopted Budget/45-Day Revision 2019-20**

Since May 2008, county office chief business officials have crafted common messages to give guidance to school districts on assumptions for budget and interim reports. The goal of the Business and Administration Steering Committee (BASC) is to provide county office chief business officials with a consistent message, based on assumptions used by the California Department of Finance, that can be used in providing guidance to school districts.

This edition of the Common Message contains information related to the Adopted Budget for 2019-20 and is intended to provide guidance for LEAs to use in developing their 45-day budget revisions. This document only relates to changes made with the Adopted Budget and does not include all of the detail found in the May Revision Common Message document. A more comprehensive summary and analysis of grant programs and out-year impacts of the 2019-20 Adopted Budget will appear in the First Interim Common Message. SBCSS will not require 45-day revisions this year.

Sincerely,

Ted Alejandre
County Superintendent of Schools

*Signed by
Thomas G. Cassida, Jr., Director*

Business Advisory Services

TGC:lc

J:\bulletin\2019-20\20-003 Common Message Adopted Budget 45 Day Revise

The Common Message

45-Day Revision Edition

2019-20 Adopted Budget



BASC
Business and Administration
Steering Committee

Writers and Contributors

Topic		
Background	Committee	
Introduction	Committee	
Key Guidance	Dean West, Orange	Janet Riley, Merced
Planning Factors / MYP Chart	Shannon Hansen, San Benito	Kate Lane, Marin
Pension Contribution Rates	Misty Key, Ventura	Mary Downey, Sonoma
Special Education	Scott Anderson, San Joaquin	
Early Childhood Education	Josh Schultz, Napa	
Charter Schools	Bill Ridgeway, Santa Barbara	
Other Grants	Lisa Rico, Tuolumne	Kevin Otto, Fresno
Summary	Janet Riley, Merced	

Sources

Association of California School Administrators
Bob Blattner and Associates
Bob Canavan, Federal Management Strategies
California Association of School Business Officials
California Collaborative for Educational Excellence
California Department of Education
California Department of Finance
California Public Employees' Retirement System
California State Teachers' Retirement System
California State Board of Education
California School Boards Association
California School Information Services
Capitol Advisors
Fiscal Crisis and Management Assistance Team
Ball/Frost Group, LLC
K-12 High Speed Network
Michael Hulsizer, Chief Deputy Governmental Affairs, Kern County Superintendent of Schools
National Forest Counties and Schools Coalition
School Services of California
Schools for Sound Finance (SF2)
Small School Districts' Association
Statewide LEC Co-chairs
WestEd

Writers and Contributors3

Sources4

Background.....6

45-Day Revision/Adopted 2019-20 Budget Key Guidance6

Significant Changes Since May Revision.....7

Planning Factors for 2019-20 and MYPs8

Pension Contribution Rates9

Special Education9

Early Childhood Education.....10

Charter Schools.....11

Other Grants.....12

Summary13

Background

Since May 2008, county office chief business officials have crafted common messages to give guidance to school districts on assumptions for budget and interim reports. The goal of the Business and Administration Steering Committee (BASC) is to provide county office chief business officials with a consistent message, based on assumptions used by the California Department of Finance, which can be used in providing guidance to school districts.

The BASC would like to thank the state Department of Finance (DOF), the State Board of Education, the California Department of Education (CDE) and the Fiscal Crisis and Management Assistance Team, as well as our colleagues in education listed in the sources section for providing BASC and our local educational agencies (LEAs) the most up-to-date information at the time of the Common Message writing.

Introduction

This edition of the Common Message contains information related to the Adopted Budget for 2019-20 and is intended to provide guidance for LEAs to use in developing their 45-day budget revisions. This document only relates to changes made with the Adopted Budget and does not include all of the detail found in the May Revision Common Message document. A more comprehensive summary and analysis of grant programs and out-year impacts of the 2019-20 Adopted Budget will appear in the First Interim Common Message.

45-Day Revision/Adopted 2019-20 Budget Key Guidance

On June 27, 2019, Governor Gavin Newsom signed an on-time budget. The budget maintains full funding of the Local Control Funding Formula (LCFF), contributions to the Rainy Day Budget Reserve (Prop 2, 2014), and a first-time deposit to the Public School System Stabilization Account (PSSSA). The large funding priorities in this signed budget are:

- \$1.959 billion in Prop 98 funding dedicated to the statutory COLA of 3.26%;
- \$2.25 billion non-Prop 98 funds for debt payments toward CalSTRS liabilities for school employers;
- \$900 million non-Prop 98 funds for debt payments toward CalPERS liabilities for school employers;
- \$492.7 million for Special Education Early Intervention Preschool Grants; and
- \$152 million toward a base rate adjustment for SELPAs funded below the statewide target rate.

Significant Changes Since May Revision

Although no changes were made from the May Revision to the Adopted Budget for Prop 98 funding level, COLA of 3.26%, or contribution to the PSSSA, there are changes to the following budget priorities:

Pension Contributions: Redistribution of \$3.15 billion in one-time, non-Prop 98 funding between CalSTRS and CalPERS to partially mitigate rate increases to both plans.

Special Education: The initial proposal to concentrate funds to districts with higher percentage high-needs identification for \$695.6 million in ongoing funding is reduced to \$645.8 million and reallocated to a base rate adjustment for SELPAs below the statewide target rate and for the Special Education Early Intervention Preschool Grants.

Charter School: Reform to prevent families from being wrongfully turned away from the public school of their choice by prohibiting charter schools from discouraging students from enrolling in a charter school or encouraging students to disenroll from a charter school based on academic performance or student characteristic, such as special education status.

Planning Factors for 2019-20 and MYPs

Key planning factors for LEAs to incorporate into their 2019-20 budgets and MYPs are listed below and are based on the latest information available.

Planning Factor	2019-20	2020-21	2021-22
Statutory COLA	3.26%	3.00%	2.80%
STRS Employer Rates	17.10%	18.40%	18.10%
PERS Employer Rates	19.721%	22.70%	24.60%
Lottery per ADA			
Unrestricted	\$153.00	\$153.00	\$153.00
Prop 20 Restricted	\$54.00	\$54.00	\$54.00
Mandated Block Grant for Districts			
K-8 per ADA	\$32.18	\$33.15	\$34.08
9-12 per ADA	\$61.94	\$63.80	\$65.59
Mandated Block Grant for Charters			
K-8 per ADA	\$16.86	\$17.37	\$17.86
9-12 per ADA	\$46.87	\$48.28	\$49.63
State Preschool (CSPP) Reimbursement			
Part-Day Daily Rate	\$30.87	\$30.87	\$30.87
Full-Day Daily Rate	\$49.85	\$49.85	\$49.85
General Child Care (CCTR)			
Daily Reimbursement Rate	\$49.54	\$49.54	\$49.54
After-School Education and Safety Program			
Daily Reimbursement Rate	\$8.87	\$8.87	\$8.87
Routine Restricted Maintenance Account	Minimum of 3% of total GF expenditures (based on actual expenditures)		

Pension Contribution Rates

The 2019-20 state budget includes pension relief for public education employers; specifically, a \$3.15 billion non-Prop 98 General Fund payment on behalf of employers to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21.

The CalSTRS employer contribution rates will be:

- 17.1% in 2019-20, and
- 18.4% in 2020-21.

The CalPERS Schools Pool employer contribution rates will be:

- 19.721% in 2019-20, and
- 22.7% in 2020-21.

The remaining \$2.3 billion will be paid toward the employers' long-term unfunded liability for both systems. Overall, this payment is expected to save employers \$6.1 billion over the next three decades, with an estimated reduction in the out-year contributions.

Special Education

The budget includes the statutory COLA of 3.26%, which results in a 2019-20 statewide target rate of \$557.27 per ADA (an increase of \$17.59 per ADA). The official 2018-19 statewide target rate is \$539.68 and reflects the 2.71% COLA. The 2018-19 statewide target is calculated after removal of the 2017-18 regionalized services/program specialist funding from the AB 602 calculation, which occurred in the 2018-19 State Budget. The official statewide average program specialist/regionalized services rate for 2018-19 is \$15.97 and is estimated to be \$16.49 for 2019-20 based on the 3.26% COLA.

The budget includes an additional \$152.6 million to increase funding for the lowest funded SELPAs to the 2019-20 AB 602 statewide target rate of \$557.27. There is also \$492.7 million to provide special education early intervention preschool grants to LEAs serving children between the ages of 3 and 5 years, inclusive, with individualized education programs (IEPs), except those enrolled in kindergarten or transitional kindergarten. For 2019-20, the special education early intervention grant amount is estimated at \$9,000 to \$10,000 per eligible pupil. LEAs will not be required to apply for these grant funds.

The increased funding referred to above is ongoing, but continued funding is contingent upon the inclusion of statutory changes in the 2020-21 Budget Act designed to improve the academic outcomes of individuals with exceptional needs. This amount will increase the state maintenance of effort, so funding will continue under special education; however, the allocation method could change. These statutory changes may include but are not limited to the following:

- An examination of the role of SELPAs in delivering special education services, including increasing accountability and incorporation into the statewide system of support.

- Expansion of inclusive practices to ensure every individual with exceptional needs has access to learn in the least restrictive environment.
- Opportunities for LEAs to receive state and regional support to address disproportionality of special education identification, placement, and discipline, as applicable, and ensure equitable access to services for individuals with exceptional needs.
- A review of existing funding allocations for special education.

Early Childhood Education

The 2019-20 Adopted Budget includes significant new or expanded investments in early childhood education, including proposals held over from the January Governor’s budget proposal and the May Revision, as well as proposals emerging from the conference committee process. In addition to funding the 3.26% statutory COLA, these include the following:

State Preschool

- Shifts \$297 million for non-LEA provider State Preschool programs from Prop 98 to non-Prop 98 General Fund.
- Provides 10,000 full-day State Preschool slots for non-LEAs beginning April 1, 2020. Allocates \$31 million in ongoing non-Prop 98 General Fund in 2019-20 and approximately \$125 million in 2020-21 to annualize these additional slots.
- Expands full-day State Preschool eligibility to all families working full-time in the school attendance area where 80% or more of the students qualify for free or reduced-price meals.
- Eliminates the work requirement for full-day State Preschool but provides priority for working families.
- Applies the exceptional needs factor to part-day State Preschool program rate.

Child Care

- Provides \$80.5 million in ongoing Prop 64 funding for 8,162 alternative payment child care vouchers starting July 1, 2019.
- Provides \$50 million in one-time funds for 3,086 general child care slots, with ongoing slots paid for from Prop 64 growth.

One-time Funding

- Establishes the Early Learning and Care Infrastructure Grant Program with \$245 million in one-time funds, spread over five years, to provide grants to non-LEA child care and early education providers to build new facilities, or retrofit, renovate, or expand existing facilities. In addition, eliminates the Child Care

Revolving Loan Program and transfers the remaining non-Prop 98 fund balance in the Child Care Revolving Loan Fund to this grant program, and the remaining \$10 million in non-Prop 98 funds to the Inclusive Early Education Expansion Program.

- Creates the Early Learning and Care Workforce Development Grant with \$195 million in one-time funds for professional development for early childhood program staff. The SPI shall award grants to local or regional quality improvement partnerships.
- Provides \$10 million in ongoing General Fund (suspended December 31, 2021) for the Emergency Childcare Bridge Program for Foster Children to provide additional access to early care and education services for abused and neglected children.
- Provides \$10 million for various departments, including the CDE, the Department of Social Services, and the Public Employment Relations Board child care organizing plus \$10 million to begin a statewide data system for early education.
- Requires the Department of Health and Human Services, in concurrence with the executive director of the State Board of Education (SBE) to contract for research to create a master plan to ensure comprehensive and affordable child care and universal preschool.
- Provides \$2.2 million annually for three years to establish the Early Childhood Policy Council.
- Provides \$300 million in one-time funds for full-day kindergarten facilities, sets the state share of facility grants at 75%, and eliminates the impact of receipt of grant funding on eligibility in the School Facility Program.

Charter Schools

Budget trailer bill language includes numerous changes affecting charter schools and those associated with them:

- Chartering authorities cannot only use financial information but can now use other information provided by a charter school to perform their oversight responsibilities, including monitoring the fiscal health of the charter.
- Charter schools must hold a public hearing to solicit recommendations and comments prior to adopting their LCAP during a public hearing.
- Charter schools must prominently post their LCAPs and any updates or revisions on their website homepage. This posting requirement also extends to charter authorizers. County offices of education must also post the LCAPs of all charter schools operating within their county.

- When a charter school is authorized by the SBE, the sponsoring LEA is either the LEA designated by the SBE or, if the SBE has not designated an LEA, the student’s district of residence if that district was a basic aid district in the prior fiscal year. As a result of this change, the LCFE entitlement for SBE-authorized charter schools will be solely funded through state aid with the exception of resident students from a basic aid district.

The budget also includes changes to prevent families from being wrongfully turned away from public charter schools of their choice, allow the reporting of concerns, and involve the CDE in exploring ways to identify charter enrollment disparities:

- Prohibits charter schools from discouraging students from enrolling in a charter school or encouraging students to disenroll from a charter school based on academic performance or student characteristic, such as special education status.
- Prohibits charter schools from requesting a pupil’s academic records or requiring that a pupil’s records be submitted to the charter school prior to enrollment.
- Creates a process for families of prospective and current charter school students to report concerns to a charter’s authorizer.
- Requires the CDE to examine the feasibility of using data from the California Longitudinal Pupil Assessment Data System (CALPADS) to identify charter school enrollment disparities that may warrant inquiry and intervention by corresponding authorizers.

Other Grants

After School Education and Safety Program (ASES)

In response to cost pressures in the After-School Education and Safety Program (ASES) related to recent increases in the state’s minimum wage, the budget includes \$50 million ongoing Prop 98 General Fund to provide an increase of approximately 8.3% to the per-pupil daily rate for ASES (increasing this rate from \$8.19 to \$8.87 per day).

Classified School Employees Summer Assistance Program

Provides \$36 million in one-time Prop 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months. Amends trailer bill language to allow funds to be available over a three-year period.

Mental Health Services

Provides \$50 million in Prop 63 funding (\$10 million is ongoing) for the Mental Health Student Services Act to provide competitive grants to partnerships between county mental or behavioral health departments.

Retaining and Supporting Teachers and Administrators

The enacted state budget reflects \$89.8 million in one-time non-Prop 98 funding to establish the Golden State Teacher Grant program and the intent to adopt trailer bill language that specifies that competitive grant recipients must commit to teach at a school that has a high percentage of teachers holding emergency-type permits. The California Student Aid Commission will administer the program.

An additional \$44.8 million one-time non-Prop 98 competitive grant is to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around English learners, inclusive practices, social emotional learning, computer science, and restorative practices as well as subject matter competency, including STEM. Of this amount, \$6.7 million was appropriated to the California Subject Matter Projects.

Finally, the commitment includes \$13.9 million in ongoing federal funds for professional learning opportunities for public K-12 school administrators to provide the knowledge, skills, and competencies necessary to successfully support diverse student populations. The training and resources developed because of this proposal will be provided in alignment with the statewide system of support.

Wildfire-Related Cost Adjustments

Provides an increase of \$2 million one-time Prop 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of \$727,000 one-time Prop 98 General Fund reflects adjustments to the state's student nutrition programs resulting from wildfire-related losses. Further, the budget holds both school districts and charter schools impacted by the 2018 wildfires harmless for state funding for two years. Previous language excluding LCFF hold harmless funding for charter schools serving 50% or more ADA than prior to wildfires was removed.

Summary

As stated in the Introduction, this edition of the Common Message contains information for LEAs to utilize in preparing their 2019-20 45-day revised budgets. It is imperative for LEAs to stay well-informed, consider the impact of proposed and potential changes, both fiscal and programmatic, and adapt accordingly.