San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

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

Subject: Common Message 2020-21 May Revision

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 that can be used in providing guidance to school districts.

This edition of the Common Message is intended to provide guidance as we prepare our 2020-21 Budgets during this time of crisis. The affects COVID-19 will have on LEAs in the coming years is very much unknown. LEAs are encouraged to use multiple scenarios for budget and MYP planning and monitor their cash flows very closely. Cash reserves and temporary borrowing will be key to weathering deferrals. Guidance issued previously by Business Advisory Services remains unchanged.

If you have any questions, please contact your Business Services Advisor at (909) 386-9676.

Sincerely,

Ted Alejandre
County Superintendent of Schools

Thomas G. Cassida, Jr.
Director, Business Advisory Services

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San Bernardino County Superintendent of Schools

Ted Alejandre
County Superintendent

Transforming lives through education

The Common Message

2020-21 May Revision

CCSESA

BASC
Business and Administration Steering Committee

Writers and Contributors

Topic		
Background	Committee	
Introduction	Committee	
Key Guidance and Considerations/Elements of May Revision	Dean West, Orange	Janet Riley, Merced
Planning Factors/MYP Chart/COLA/Funded Gap/LCFF	Michael Simonson, San Diego	
LCFF Reduction	Kate Lane, Marin	
Proposition 98	Dean West, Orange	
Categorical Reductions	Josh Schultz, Napa	Tommy Welch, Solano
Fiscal Flexibility Provisions	Mary Downey, Sonoma	
Federal Stimulus, including Learning Loss Mitigation	Bill Ridgeway, Santa Barbara Scott Anderson, San Joaquin	Priscilla Quinn, Kern Janet Riley, Merced
Reserves / Reserve Cap	Shannon Hansen, San Benito	
Negotiations	Dean West, Orange	
Cash Flow	Misty Key, Ventura	
Budget Scenarios	Dean West, Orange	
LCAP	Michael Simonson, San Diego	
CalSTRS Liabilities and Employer Contribution rates	Tommy Welch, Solano	
Early Childhood Education	Fernie Marroquin, Tulare	
Special Education	Scott Anderson, San Joaquin	
Summary	Dean West, Orange	

Sources

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Ball / Frost Group, LLC.
Bob Blattner and Associates
Bob Canavan, Federal Management Strategies
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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
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

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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 state Department of Finance (DOF), which can be used in providing guidance to school districts.

2020-21 Preliminary Budget Key Guidance

On May 14, 2020 the Governor presented an overview of the May Revision. "This is no normal year. And this is no ordinary May Revision." With a budget deficit of $54 billion, very different from his January proposal with a proposed $5.6 billion surplus, the Governor meticulously outlined a variety of budget balancing strategies, including a variety of cancelled expansions, tax suspensions, deferrals, use of reserve funds and reductions. Since mid-March, more than 4 million Californians have become unemployed. The state's revenue sources dropped and projections of the state's main revenue sources – personal income tax, sales and use tax and corporation tax – will be reduced in the budget year by 25.5 %, 27.2% and 22.7% respectively. These revenues comprise more than 90% of the general fund revenue.

The Governor in his May Revision takes action to bring expenditures in line with available funding, using reserves to soften the blow. He is implementing a 10% cut to state programs including K-12 and higher education, childcare and other state programs. Recognizing a statutory COLA that flows into LCFF, he has applied the 10% reduction, which will net a 7.92% decline in the LCFF base grant amount. The May Revision proposes $4.4 billion in funding to LEAs to mitigate inequitable learning exacerbated by the COVID-19 pandemic. The funding will be allocated to districts with high concentration of English learners, low income and foster youth, and special education students.

The provisions of Executive Order N-26-20 and Senate Bill 117, Chapter 3, Statutes of 2020 will become inoperative on July 1, 2020. This provided flexibility from in-person instruction for required minutes, days, and related attendance reporting for apportionment. This will focus LEAs on the task of reopening schools.

Significant Changes Since Second Interim

The primary change from second interim is the decrease in state revenues and corresponding reduction in Prop 98 funding. Although the Governor takes a thoughtful approach to use of reserves and makes a long-term commitment to restore Prop 98, the impact to K-12 education is substantial. Below are the major changes:

- Net decline of 7.92% to LCFF base grant amount (COLA 2.31% less 10% reduction).
- Withdrawal of $1.84 billion of January K-12 education proposals.
- Federal stimulus of $4.4 billion for learning loss mitigation.
- Maintain AB 602 Special Education statewide target adjustment to $645/ADA.

- Deferral of the June 2020 apportionment to July 2020; and $5.3 billion deferral of 2020-21 apportionments for April, May, and June to 2021-22.
- Redirecting STRS and PERS payments toward long-term unfunded liabilities to reduce 2020-21 and 2021-22 rates.
- Flexibility to some provisions based on collaboration with the education community.

Planning Factors for 2020-21 and MYPs

Key planning factors for LEAs to incorporate into their 2020-21 budgets and MYPs are listed below and are based on the Governor's May Revision. The Department of Finance estimates the proration factor will grow to effectively eliminate statutory COLA until such time as the state is able to recover economically.

Planning Factor	2020-21	2021-22	2022-23
LCFF Statutory COLA	2.31%	2.48%	3.26%
Base Grant Proration Factor	- 10.00%	- 12.178%	- 14.95%
BAS Recommendation	- 10.00%	- 10.00%	- 10.00%
Effective Change in LCFF	- 7.92%	0.00%	0.00%
Using BAS Factors	- 7.92%	2.48%	3.26%
Add-on, ERT & MSA Prorated Factor	- 10.00%	- 10.00%	- 10.00%
STRS Employer Rates	16.15%	16.02%	18.40%
PERS Employer Rates (May 2020)	20.70%	22.84%	25.80%
Lottery – Unrestricted per ADA	$153	$153	$153
Lottery – Prop 20 per ADA	$54	$54	$54
Mandated Block Grant for Districts K-8 per ADA 9-12 per ADA	 $32.18 $61.94	 $32.18 $61.94	 $32.18 $61.94
Mandated Block Grant for Charters K-8 per ADA 9-12 per ADA	 $16.86 $46.87	 $16.86 $46.87	 $16.86 $46.87
State Preschool (CSPP) Part-Day Daily Reimbursement Rate	$28.24	$28.42	$28.42
State Preschool (CSPP) Full-Day Daily Reimbursement Rate	$45.61	$45.61	$45.61
General Child Care (CCTR) Daily Reimbursement Rate	$45.61	$45.61	$45.61
Routine Restricted Maintenance Account *(Flexibility to exclude additional STRS and PERS on behalf payments)*	3%	3%	3%

LCFF Reduction

Absent additional federal funds, the COVID-19 recession requires a 10% ($6.5 billion) reduction to LCFF. This reduction effectively eliminates the statutory 2.31% cost-of-living adjustment resulting in an overall reduction of 7.92% for those districts and charters funded under the LCFF. The proration factor reducing LCFF entitlements will be triggered if the federal government provides sufficient funding to backfill this cut.

The 10% proration factor is applied to the base grant after applying COLA, effectively reducing base grant, the grade span adjustment, and the supplemental and concentration grant funding by 7.92%. The add-ons to the LCFF target for Targeted Instructional Improvement, Home to School Transportation and Small School District Bus Replacement Program are also subject to a 10% reduction as is the Economic Recovery Target.

With regard to basic aid districts, the LCFF Minimum State Aid (MSA) is subject to a 10% reduction. For most basic aid districts, MSA is equal to 2012-13 categorical funds as reduced by the fair share reduction that were subsumed into the LCFF. This net amount is reduced by 10% in the Governor's May Revision.

Proposition 98

The May Revision proposes to provide supplemental appropriations above the constitutionally required Prop 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5% of general fund revenues per year, up to a cumulative total of $13 billion. This will accelerate growth in the guarantee, which the administration proposes to increase as a share of the general fund. Currently, Prop 98 guarantees that K-14 schools receive approximately 38% of the general fund in Test 1 years. The May Revision proposes to increase this share of funding to 40% by 2023-24.

Categorical Programs

The May Revision proposes steep cuts to existing Prop 98 funded categorical programs, totaling $352.9 million in 2020-21.

The largest cut in absolute dollar terms is a $100 million reduction to After School Education and Safety. This reverses the Prop 98 daily reimbursement rate augmentations added in recent years, and reverts the rate to the Prop 49 funded level of $7.50 per day.

The Adult Education Block Grant was cut by $66.7 million (approximately 12.1%) relative to the Governor's January Budget proposal.

The remaining cuts listed below propose reductions of approximately 50% from 2019-20 levels to the following programs:

- K-12 Strong Workforce Program: $79.4 million
- Career Technical Education Incentive Grant (CTEIG) Program: $77.4 million This cut would impact the 2020-21 CTEIG awards, not the recently approved 2019-20 awards. The May Revision makes the level of funding provided for CTEIG subject to an appropriation in the annual Budget Act.
- California Partnership Academies: $9.4 million
- Career Technical Education Initiative: $7.7 million
- Exploratorium: $3.5 million
- Online Resource Subscriptions for Schools: $3 million
- Specialized Secondary Program: $2.4 million
- Agricultural Career Technical Education Incentive Grant: $2.1 million
- Clean Technology Partnership: $1.3 million

Most of these cuts could potentially be restored if the state receives sufficient additional federal funding relief. However, the administration's intent is to backfill cuts to LCFF before restoring categorical programs.

The May Revision also eliminates most of the new programs proposed in the Governor's January Budget Proposal, including:

- Educator Workforce Investment Grants: $350 million
- Opportunity Grants: $300.3 million
- Community Schools Grants: $300 million
- Special Education Preschool Grant: $250 million
- Workforce Development Grants: $193 million
- Teacher Residency Program: $175 million
- Credential Award Program: $100 million
- Child Nutrition Programs: $70 million
- Classified Teacher Credential Program: $64.1 million
- Local Services Coordination (CCEE): $18 million
- Computer Science Supplementary Authorization Incentive: $15 million
- Online Resource Subscriptions for Schools: $2.5 million
- California College Guidance Initiative: $2.5 million
- Computer Science Resource Lead: $2.5 million
- School Climate Workgroup: $150,000

Fiscal Flexibility Provisions

LEA fiscal flexibility relief measures are proposed in the Governor's May Revision and are listed below:

- Exemption if apportionment deferrals create a documented hardship
- Authority to exclude state's pension on-behalf-of payments for the Routine Restricted Maintenance Account (RRMA) calculation

- Increase in internal interfund borrowing limits (subject to public hearing) from 75% to 85%
- Use proceeds from property sales for one-time general fund purposes
- Extension of statutory timelines to address the annual LEA audit due to COVID-19

There is a strong possibility that the state budget will be revised in August after the receipt of personal income taxes. Additional fiscal flexibility may be authorized by the Legislature.

Cash Flow / Deferrals

Cash flow is critical. Inter-year deferrals described in the Governor's May Revision will shift Prop 98 appropriations at the end of the fiscal year. For the 2019-20 fiscal year, the full June 2020 Second Principal Apportionment (P-2) payment will be deferred to July 2020. For 2020-21, the deferrals are estimated at $5.3 billion and include a portion of April, all of May, and all of June 2021 state aid to a preliminary payment plan of July, August, and September in 2021-22. All deferral estimates and payback months are subject to change. A chart of estimated apportionment deferrals is attached to the end of this advisory.

The Education Protection Act (EPA) cash allocations in 2019-20 exceed the revised estimated EPA revenue through the third quarter. Therefore, LEAs will not receive a fourth quarter cash allocation in June 2020. Many districts will be over-appropriated for EPA in 2019-20 and will owe funds to the state at the P-2 certification. These overpayment amounts will be subtracted from the July 2020 payment of the deferred June principal apportionment. Districts that have not received their minimum $200 per ADA in 2019-20 should accrue the amount owed, which is expected to be paid in July-August.

It is imperative to review anticipated cash receipts and cash outflows based on various budget scenarios. LEAs should also consider the cash impact of lost parent fee/donation collections for lunches, childcare programs, enrichment programs, transportation fees, etc.
LEAs should begin examining all cash management options including interfund borrowing, tax and revenue anticipation notes (TRANs) and possible assistance from the county office of education and county treasurer to prepare for this forthcoming period of cash flow challenges.

Budget Scenarios

In times of uncertain revenue streams, it is important to develop multiple scenarios that could reasonably affect the LEA. Each scenario demands a different set of corresponding actions necessary to balance revenues and sustain adequate reserve levels. Understanding that LEAs are in the budget development process now, they should utilize the second interim report, adjusted for any current year material changes, to assess the probable impacts of COVID-19. At minimum, for initial impact assessment purposes, LEAs should have two scenarios: one with the Governor's proposed LCFF reduction of 7.92% (COLA less 10%), and a second for federal aid that would reduce impact. Future years should use zero cost of living adjustment (COLA) in fiscal years 2021-22 and 2022-23. Other scenarios could include a funded COLA or negative adjustment to LCFF in future years 2021-22 and 2022-23. The intent is to be thinking about how

to address a multitude of situations the LEA may find itself in once the full and actual impact of the pandemic is determined. Although recessions tend to last 10-15 months, the effect on public school funding can be longer lasting. The FCMAT Projection-Pro software was developed for this purpose. Although other tools may serve an LEA's needs, planning for various scenarios is essential and should be kept current throughout times of fiscal crisis and unpredictable revenues.

Reserves/Reserve Cap

County offices continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty. The required reserve for economic uncertainty represents only a few weeks of payroll for most districts. The Government Finance Officers Association recommends reserves, at minimum, equal to two months of average general fund operating expenditures, or about 17%.

Prudent reserves afford districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption to student programs and employees.
The district reserve cap is not activated for 2020-21. Districts are advised to manage and maintain prudent reserves regardless of the reserve cap language included in Education Code (EC) Section 42127.01.

Negotiations

Severe deterioration of the economic environment requires LEAs to be extremely cautious about the proposed impact of settlements that may hasten the evaporation of reserves or restrict the ability to solve budget constraints with salary adjustments. LEA fiscal solvency is paramount in negotiations and, if it is to be sustained, demands reasonable and accurate revenue and expenditure projections. Maintaining fiscal solvency while maximizing services to students with available financial resources will be a continuing challenge. It is inevitable that cost reductions will be required for many districts in the budget year and/or the out years of the multiyear financial projection period.

Federal Stimulus Funds

Learning Loss Mitigation

The governor proposes a one-time investment of $4.355 billion for LEAs from CARES Act funding to mitigate learning loss ($355 million are Governor's Emergency Education Relief funds and $4 billion is from the Coronavirus Relief Fund).

The federal requirements tied these funds to new services for the highest needs students and are not to be considered backfill to LEA cuts. School boards are required to adopt instructional continuity plans in a public hearing describing how they will spend these funds on additional services, including any summer programs. Trailer bill language specifies that "each eligible

LEA shall maintain a file of all receipts and records of expenditures for a period of no less than three years, or where an audit has been requested, until the audit is resolved."

The funds will be allocated to LEAs as follows:

- $2.855 billion of the grant is for LEAs based on their receiving concentration grants on a per ADA basis from P-2 2019-20.
- $1.5 billion will be allocated to all school districts, county offices and eligible charters (classroom-based instruction) based on the total number of pupils with exceptional needs enrolled in the LEA using 2019-20 Fall 1 CALPADS Special Education data.

All funds received need to be expended by December 30, 2020 and used to mitigate learning loss. Funds will be sent directly to the LEAs and can be used to support all students. The following are examples for appropriate use of the funds:

- 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.
- Offering classroom-based instruction based on a formula that considers 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.

Elementary and Secondary School Emergency Relief (ESSER)

California received $1.5 billion in CARES Act Federal Elementary and Secondary School Emergency Relief (ESSER) funds. Though received by the state in 2019-20, these funds cannot be apportioned to LEAs until authorized in the 2020-21 Budget Act. They will be distributed during the 2020-21 fiscal year based on the LEA's share of fiscal year 2019-20 Title I, Part A funds, after they complete a simple application process. A preliminary allocation schedule can be found at https://www.cde.ca.gov/fg/aa/ca/caresact.asp.

LEAs must obligate the funds by September 30, 2022. Since there is no supplanting prohibition, these funds may take the place of state or local funds for any allowable expenditures incurred from March 13, 2020, through the deadline for obligation.

Funding is provided to help schools respond to coronavirus and related school closures, meet the immediate needs of students and teachers, improve the use of education technology, support distance learning, and make up for lost learning time. An LEA receiving ESSER funds "must, to the greatest extent practicable, continue to compensate its employees and contractors during the period of any disruptions or closures related to COVID-19." Use of funds includes:

- Existing purposes under the Elementary and Secondary Education Act (ESEA), the Individuals with Disabilities Education Act (IDEA) and other laws.
- Preparedness coordination among government agencies, including among state, local, tribal, and territorial educational and public health agencies.
- Providing resources for principals and school leaders to address individual school needs.
- Providing activities to address the needs of certain disadvantaged students, including low-income students or children, children with disabilities, homeless students, and others requiring outreach and delivery of services.
- Training regarding sanitation and the minimization of infectious disease spread.
- Purchasing of sanitation supplies for the facilities of the LEA, or for facilities it operates.
- Planning and coordination for long-term school closures, including planning for the provision of meals, online learning technology, and IDEA and other educational services to students who require them, consistent with existing law.
- Purchasing educational technology – "including hardware, software, and connectivity" – for students, including assistive or adaptive devices and equipment.
- Provision of mental health services and support.
- Planning and implementing summertime and after-school educational resources.
- Providing, planning or purchasing other activities that are necessary for the continued operation of, and provision of services by, the LEA, including its continued employment of staff (provided, that ESSER funds may not be used to subsidize or offset executive salaries and benefits of individuals who are not employees of the LEA, or for expenditures related to state or local teacher or faculty unions or association).
- Providing equitable services to students and teachers in nonpublic schools as required under the ESEA.

In addition, the governor proposed $100 million of ESSER funds for grants to county offices of education for developing networks of community schools and coordinating health, mental health, and social service supports for high-needs students to address additional barriers to learning created by the pandemic.

$63.2 million was also proposed 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.

Local Control and Accountability Plan (LCAP)

Gov. Newsom issued Executive Order (EO) N-56-20, which extends the deadline to adopt the LCAP, Annual Update and Budget Overview for Parents to December 15, 2020 for LEAs, including school districts, charter schools, and county offices of education on the condition that the governing board of the LEA adopts a written report by July 1, 2020.

Executive Order N-56-20 included the following conditions related to the extension of the 2020-21 LCAP:

- The governing board or body of the LEA adopts, during the same meeting at which the governing board or body of the LEA adopts the annual budget due July 1, 2020, a written report to the community that explains the changes the LEA made to program offering during COVID-19 and major impacts of school closures on families and students, which shall include, at a minimum, a description of how the LEA is meeting the needs of unduplicated students, defined in EC Section 42238.02(b)(1).
- School districts and county boards of education will submit the written report to the county superintendent of schools or the Superintendent of Public Instruction, respectively, in conjunction with submission of the adopted annual budget.
- A charter school submits the written report adopted pursuant to clause (i) to its authorizer in accordance with EC 47604.33.
- The LEA posts a copy of the written report adopted pursuant to clause (i) on the homepage of the internet website maintained by the LEA, if such website exists.
- The CDE shall develop a form that LEAs may use for the written report.
- The deadline for a county superintendent or the Superintendent of Public Instruction to approve the LCAP pursuant to EC Section 52070(d) and 52070.5(d) is extended until January 14, 2021.
- The deadline for a charter school to submit the LCAP to its chartering authority and the county superintendent of schools is extended to December 15, 2020.
- The requirement to utilize the recently updated LCAP template by the State Board of Education per EC Section 52064(j) is waived.
- For the budget adopted by a school board on or before July 1, 2020, the requirements that the school board adopt an LCAP prior to adopting a budget and that the budget include the expenditures identified in the LCAP pursuant to EC Section 42127(a)(2)(A) is waived.
- The requirement that a county superintendent of schools disapprove the budget by September 15, 2020 if the budget does not include expenditures necessary to implement the LCAP pursuant to EC Sections 42127(c)(3) and 42127(d)(1) is waived.
- The requirement that a county superintendent of schools shall not adopt or approve a budget before the LCAP for the budget year is approved pursuant to EC Section 42127(d)(2) is waived.
- For the budget adopted by a county board of education on or before July 1, 2020, the requirements that a county board of education adopt a LCAP prior to adopting a budget with expenditures identified in the LCAP pursuant to EC Section 1622(a); that the Superintendent of Public Instruction disapprove the budget if the county board of

education has not adopted a LCAP or if the budget does not include the expenditures necessary to implement the LCAP pursuant to EC Section 1622(b)(2); and that the Superintendent of Public Instruction disapprove a revised budget by November 8, 2020 if the SPI determines the budget does not include the expenditures necessary to implement the LCAP pursuant to EC Section 1622(d) are waived.

- The requirement that a school district board, county board of education, and the governing board of a charter school review data to be publicly reported for Dashboard local indicators in conjunction with the adoption of the LCAP, pursuant to EC Section 52064.5(e)(2), is waived with respect to the review and adoption that would be required by July 1, 2020.
- The conditions established for Bagley-Keene Act or the Brown Act under Paragraph 3 of Executive Order N-29-20, including conditions specified therein, shall apply to meetings held pursuant to Article 3 of Chapter 2 of Part 21 of Division 3 of Title 2 of EC Section 47604.1(b).
- The requirements relating to minimum instructional minutes physical education for grades 1-12 are waived, specified in EC Sections 51210(a)(7), 51220(d), 51222, and 51223. The requirement relating to providing adequate facilities for physical education courses, specified in EC Section 51241(b)(2), is waived.
- The requirement that each LEA maintaining any of the grades 5, 7, and 9 to administer a physical fitness performance test to each student in those grades, specified in EC Section 60800, and the requirement that the CDE collect data regarding the administration of the physical fitness test, specified in EC Sections 33352(b)(4) and (5), are waived for the 2019-20 school year.

LEAs will develop the new three-year LCAP cycle in spring of 2021, to be adopted by July 1, 2021. The E-Template will be available for the 2021-24 LCAP adoption cycle.

COVID-19 Operations Update – Written Report

The written report should provide stakeholders with explanations for:

- Changes made to program offerings in response to school closures to address the COVID-19 emergency
- How the LEA is meeting the needs of unduplicated pupils during school closures
- Steps taken to support the following during school closures:

    - Continue delivering high-quality distance learning opportunities
    - Provide school meals in non-congregate settings
    - Arrange for supervision of students during ordinary school times
    - CDE will create template for LEA use

The COVID-19 Operations Written Report Template released by CDE can be found at: https://www.cde.ca.gov/re/lc/documents/covid19report.docx

The descriptions provided should include sufficient detail yet be sufficiently succinct to promote a broader understanding of the changes the LEA has put in place. LEAs are strongly encouraged

to provide descriptions that do not exceed 300 words. In addition, LEAs have the option of using their own template, which must meet the COVID-19 Operations Written Report requirements established by EO N-56-20. Approval of the COVID-19 Operations Written Report cannot be a consent item.

Pension Contribution Rates

The 2019-20 Budget Act included $850 million to buy down LEA employer contribution rates for CalSTRS and CalPERS in 2019-20 and 2020-21, as well as $2.3 billion toward the employer long-term unfunded liability for both systems.

To provide LEAs with increased fiscal relief, the May Revision proposes redirecting the $2.3 billion paid to CalSTRS and CalPERS toward long-term unfunded liabilities to further reduce employer contribution rates in 2020-21 and 2021-22.

This reallocation will reduce the CalSTRS employer rate from 18.41% to approximately 16.15% in 2020-21 and from 18.2% to 16.02% in 2021-22.

The reallocation will reduce the CalPERS Schools Pool employer contribution rate from 22.67% to 20.70% in 2020-21 and from 25% to 22.84% in 2021-22.

As the $2.3 billion originally allocated in the 2019-20 state budget toward employers' long term pension system unfunded liability would be redirected to benefit LEAs in the near term (as described above), employer rates for both STRS and PERS are increased by 0.3% beginning in 2022-23 (the same amount of the estimated rate decrease following the allocation of these funds in 2019-20).

Early Childhood Education

- Growth factor of -2.55% is applicable to the California State Preschool Program (CSPP), General Child Care (CCTR), Migrant Child Care (CMIG), Resource and Referral Program (CRRP), Alternative Payment Program (CAPP) and local childcare planning councils (LPCs).
- No COLA.
- Standard Reimbursement Rate utilized by CSPP/CCTR programs and Regional Market Rate utilized to reimburse childcare providers in CalWORKs Stages 1, 2 and the CAPP reduced by 10%.
- Caseload adjustments in CalWORKs Stages 1, 2, 3 and additional funding/slots in the CAPP childcare programs.

Impacts of May Revision on reimbursement rates for center-based contracts utilizing the SRR:

- CSPP – Part-Day $28.42
- CSPP – Full Day $45.61
- CCTR $45.61

Impacts on CalWORKs childcare and CAPP contracts inclusive of May Revision proposals:

- CalWORKs Stage 1 childcare +58.66%
- CalWORKs Stage 2 childcare -18.17%
- CalWORKs Stage 3 childcare +10.74%
- Alternative Payment Program +14.54%

CARES Act Funding for Child Care

California received $350.3 million through the federal CARES Act for COVID-19 related childcare activities. To maximize the benefits of these funds to providers and families, the May Revision proposes 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 one-time stipends for state-subsidized childcare providers offering care during the COVID-19 pandemic.
- $73 million for increased access to care for at-risk children and children of essential workers.
- $8 million to extend family fee waivers until June 30, 2020.

Special Education

For the 2020-21 fiscal year, the Governor continues to propose a revised special education base funding formula using a three-year rolling average of LEAs' ADA, including districts, charters and COEs, while continuing to allocate funding to SELPAs. The budget redirects $492.7 million allocated in 2019-20 to the Special Education Early Intervention Preschool Grant for distribution through the new formula in addition to the $152.6 million in AB 602 funding added in the 2019-20 budget. This additional, ongoing funding would further increase base funding rates of the lowest funded SELPAs to a new base funding rate estimated at $645/ADA. The Governor estimates most LEAs would experience an increase in base funding, and approximately 100 LEAs with current funding rates higher than the new base rate would be held harmless. The $250 million for the Early Intervention Preschool Grant in 2020-21 as proposed by the Governor in January is excluded from the May Revision.

All other existing AB 602 special education categorical funding sources remain unchanged and frozen at 2019-20 funding levels until a new funding formula is adopted in a future fiscal year. The $500,000 in one-time funding for a study of the current SELPA governance and accountability structure and $600,000 in one-time funding for two workgroups to study improved accountability for special education service delivery and student outcomes continue to be included as in the Governor's January proposals, except these efforts are now funded with IDEA funds (previously Prop 98 funds). $600,000 in IDEA funds are proposed to fund a workgroup to study of out-of-home care costs and services and to develop an IEP addendum for distance learning. $7 million in IDEA funds are provided to assist LEAs with developing

regional alternative dispute resolution and statewide mediation services for cases related to special education distance learning during the pandemic. Finally, the May Revision proposes $4 million one-time funding for dyslexia research, training, and a statewide conference.

Summary

The Common Message is devised to assist LEAs in developing budgets and interim reports. How this information affects each LEA is unique. With this in mind, LEAs should evaluate their individual educational and financial risks.

Apportionment Deferrals Chart

