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Summer Series Webinars on COVID-19 Impacts

Question-and-Answer Responses to:

**“School District Budget Planning for Economic Crisis” with
*Fiscal Crisis Management & Assistance Team – May 13, 2020***

**“The New Normal in School Finance & Operations:
What to Expect in the New Fiscal Year” with
*School Services of California, Inc. – May 27, 2020***



DEFERRALS

Q: We are assuming a June deferral of our apportionment. Is that part of the -22% cost of living adjustment (COLA)? So, the balance of that -22% COLA assumed in 2020-21? Or would it be the deferment then the addition of the -22%?

Q: What fiscal year (FY) was the first deferral for the Great Recession? and what FY was the last deferral from the Great Recession?

Q: I may have missed this, but regarding deferrals, what is the theory of repayment of those deferrals. Meaning, if June is deferred, would we anticipate getting that paid in August or September?

Q: Do you think June EPA apportionment will be included in the cash deferral?

Q: If I heard you correctly, with approximately \$10 billion deferred in the Great Recession, and \$2.5 billion being the June payment, how many days on average do you think I can plan for cash deferrals in 2020-21? A max of a rolling four months?

Q: Will there be Inter-Year Deferrals in the coming year? If so in which months?

A: The May Revise deferrals are proposed as follows:

- June 2020 apportionment of \$1.9 billion to July 2020
- April, May and June 2021 apportionment of \$5.3 billion to an unspecified month in 2021

The Senate Budget Plan rejects the Governor’s proposed reductions to Proposition 98 but includes a budget trigger of \$5.3 billion deferrals should federal funds not materialize by October 1, 2020. It did not specify when the deferral is to be paid. This item will need to be negotiated before there is a final decision by the June 15, 2020, budget deadline.

Q: Would deferrals impact Basic Aid/Community Funded Districts? Are there other impacts that may hit these districts in ways that may not be anticipated?

A: Yes, the deferrals would affect the minimum state aid portion of Basic Aid/Community Funded Districts. At this point there is no proposal to impose a fair share reduction.

Q: For a school district that just issued part of a bond, what would be the best way to approach this if there are going to be tax deferrals?

A: We are determining a response and will follow up as soon as possible.



ADA/INSTRUCTIONAL MINUTES

Q: Does the state anticipate a flight of families and school-aged children from California to other states? Does the state have any consideration of restructuring the funding formulas based on the high rate of declining enrollment?

A: Yes, we are monitoring the changes to average daily attendance (ADA) based on migration and economic conditions. The state has not considered changing the Local Control Funding Formula (LCFF) at this time.

The Senate Budget Plan would provide an ADA hold harmless for purposes of funding for FY 2020- 21 at the 2019-20 ADA level as established by SB 117. As a condition of receiving the ADA hold harmless in the FY 2020- 21, a local education agency (LEA) must provide distance learning for students in the event of a school closure or for individual students who are unable to attend schools due to the impacts of COVID-19. Distance learning shall be (1) substantially similar in curriculum and quality to classroom instruction; (2) provided in various formats, as needed, to meet student and family needs; (3) include specific strategies for students who are not performing at grade level or who need specific instructional supports, such as English-language learners and students with disabilities; (4) allow for documentation of student participation and progress; and (5) include outreach to families. LEAs will be required to describe, in new Individualized Education Plans (IEPs) and existing IEPs as they come up for review, how services will be provided if distance learning is required. LEAs will be required to adopt “continuity of learning and support” plans by September 15, 2020, including making time for public comment available, that detail how the LEA will fulfill these and other requirements.

This item will need to be negotiated before there is a final decision by the June 15, 2020, budget deadline.

Q: Will there be any considerations for districts in declining ADA?

A: At this point, the May Revise proposes across-the-board reductions regardless of local fiscal conditions.

The Senate Budget Plan would provide an ADA hold harmless for purposes of funding for FY 2020- 21 at the 2019-20 ADA level as established by SB 117. As a condition of receiving the ADA hold harmless in the FY 2020- 21, a local education agency (LEA) must provide distance learning for students in the event of a school closure or for individual students who are unable to attend schools due to the impacts of COVID-19. Distance learning shall be (1) substantially similar in curriculum and quality to classroom instruction; (2) provided in various formats, as needed, to meet student and family needs; (3) include specific strategies for students who are not performing at grade level or who need specific instructional supports, such as English-language learners and students with disabilities; (4) allow for documentation of student participation and progress; and (5) include outreach to families. LEAs will be required to describe, in new Individualized Education Plans (IEPs) and existing IEPs as they come up for review, how services will be provided if distance learning is required. LEAs will be required to adopt “continuity of learning and support” plans by September 15, 2020, including making time for public comment available, that detail how the LEA will fulfill these and other requirements.

This item will need to be negotiated before there is a final decision by the June 15, 2020, budget deadline.

Q: One of our charter schools relinquished their charter. Any chance safe harbor calculation for ADA could equal their ADA plus our ADA?

A: At this point, the May Revise does not provide a safe harbor for these situations, but we would recommend you reach out to the Department of Finance to indicate this impact to your LEA.

Q: Are the following likely: mandated furlough days, freeze CalSTRS and CalPERS, class size flexibility?

A: Furloughs and class-size flexibility were executed during the Great Recession. Mike Fine, CEO of the Fiscal Crisis & Management Assistance Team released the following [guidance](#).

Q: Do you anticipate flexibility in minutes and days of attendance?

A: The May Revise does not provide flexibility in minutes and days of attendance.

The Senate Budget Plan would provide an ADA hold harmless for purposes of funding for FY 2020- 21 at the 2019-20 ADA level as established by SB 117. As a condition of receiving the ADA hold harmless in the FY 2020- 21, a local education agency (LEA) must provide distance learning for students in the event of a school closure or for individual students who are unable to attend schools due to the impacts of COVID-19. Distance learning shall be (1) substantially similar in curriculum and quality to classroom instruction; (2) provided in various formats, as needed, to meet student and family

needs; (3) include specific strategies for students who are not performing at grade level or who need specific instructional supports, such as English-language learners and students with disabilities; (4) allow for documentation of student participation and progress; and (5) include outreach to families. LEAs will be required to describe, in new Individualized Education Plans (IEPs) and existing IEPs as they come up for review, how services will be provided if distance learning is required. LEAs will be required to adopt “continuity of learning and support” plans by September 15, 2020, including making time for public comment available, that detail how the LEA will fulfill these and other requirements.

This item will need to be negotiated before there is a final decision by the June 15, 2020, budget deadline.

Q: Given the possibility that some parents may choose not to send their children back to school in the fall, how do you feel a hybrid of seat time and distance learning might work on the calculation and permissibility of ADA?

Q: Have there been discussions about the state waiving instructional minutes next year and moving to an enrollment funding model, or both? This info would help in scenario planning for next year.

A: The Senate Budget Plan would provide an ADA hold harmless for purposes of funding for FY 2020- 21 at the 2019-20 ADA level as established by SB 117. As a condition of receiving the ADA hold harmless in the FY 2020- 21, a local education agency (LEA) must provide distance learning for students in the event of a school closure or for individual students who are unable to attend schools due to the impacts of COVID-19. Distance learning shall be (1) substantially similar in curriculum and quality to classroom instruction; (2) provided in various formats, as needed, to meet student and family needs; (3) include specific strategies for students who are not performing at grade level or who need specific instructional supports, such as English-language learners and students with disabilities; (4) allow for documentation of student participation and progress; and (5) include outreach to families. LEAs will be required to describe, in new Individualized Education Plans (IEPs) and existing IEPs as they come up for review, how services will be provided if distance learning is required. LEAs will be required to adopt “continuity of learning and support” plans by September 15, 2020, including making time for public comment available, that detail how the LEA will fulfill these and other requirements.

This item will need to be negotiated before there is a final decision by the June 15, 2020, budget deadline.

Q: Is there conversation about migration to online charter schools? With already declining enrollment, I am concerned about further loss as parents are afraid to send children back to classrooms.

A: Yes, as an organization, we are monitoring this potential impact, but at this time, there is no budget proposal on this issue.

Q: In regard to the hold harmless that was discussed, small schools funded by School District Necessary Small Schools (NSS) are at risk of being bumped out of a band as they are not able to use the remainder of the year to make up absences to stay within the band. Will this be considered?

A: Thank you for bringing this issue to our attention. At this time, there is no budget proposal on this issue.



LAY-OFFS/LABOR/FURLONGHS/HUMAN RESOURCES

Q: What is the possibility of CalSTRS/CalPERS rates at least being held constant the next year or two? Is asking for a reduction too much to ask at this point?

Q: Are the following likely: mandated furlough days, freeze CalSTRS and CalPERS, class size flexibility?

Q: CalSTRS/CalPERS were already in bad shape. They will now be in even worse shape. Any more thoughts on impact?

A: The May Revision proposes to redirect the \$660 million CalPERS School Pool supplemental pension payment to make supplanting payments to school employer contribution rates. This would increase the supplanting payment in 2020-21 to \$430 million and \$330 million in 2021-22. This would reduce the estimated contribution rate from 22.67% to 20.7% in 2020-21 and from 24.6% to 22.84% in 2021-22. The May Revision proposes to redirect the \$1.64 billion General Fund CalSTRS supplemental pension payment provided in the 2019-20 budget act to make an additional supplanting payment in 2020-21 and 2021-22. This would increase the supplanting payment in 2020-21 to \$1.07 billion and to \$820 million in 2021-22. These payments would reduce the estimated employer contribution rate in 2020-21 from 18.41% to 16.15% and from 17.9% to 16.02% in 2021-22. The May Revision summary notes a trailer bill proposal to suspend the CalSTRS annual rate increases authorized by the CalSTRS board at the 2019-20 level until 2023-24. The Administration would instead continue to make supplemental payments from Proposition 2.

This action was approved by the Senate and Assembly as part of their compromise plan.

Q: Will the unemployment cost from school district employees be passed down to school districts?

A: We will need to review and determine this information from the Employment Development Department as benefits have been expanded from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Q: Should the LEAs take a survey of staff that were retiring at year-end to see if this may still be the same? As we all know, those retirees are likely at the top of the salary spectrum and may be replaced with lower-salaried employees.

A: We would recommend assessing your workforce to determine staffing needs.

Q: What triggers the ability to do summer layoffs for certificated personnel?

Q: Will summer certificated personnel layoffs remain a district option to mitigate lower LCFF?

Q: Is the Second Layoff Timeline available for both certificated and classified personnel?

A: Education Code Section 44955.5 provides a second layoff window between five days after the enactment of the Budget Act and August 15. The local governing board must determine that its revenue per ADA has not increased by at least 2% over the prior year and adopt an abbreviated schedule of notice and hearing. However, the legislature can suspend this statute, and the labor organizations are urging for suspension at this time.

Education Code 44955.5.

(a) During the time period between five days after the enactment of the Budget Act and August 15 of the fiscal year to which that Budget Act applies, if the governing board of a school district determines that its total revenue limit per unit of average daily attendance for the fiscal year of that Budget Act has not increased by at least 2 percent, and if in the opinion of the governing board it is therefore necessary to decrease the number of permanent employees in the district, the governing board may terminate the services of any permanent or probationary certificated employees of the district, including employees holding a position that requires an administrative or supervisory credential. The termination shall be pursuant to Sections 44951 and 44955 but, notwithstanding anything to the contrary in Sections 44951 and 44955, in accordance with a schedule of notice and hearing adopted by the governing board.

(b) This section is inoperative from July 1, 2002, to July 1, 2003, inclusive, and from July 1, 2011, to July 1, 2012, inclusive.

(Amended by Stats. 2011, Ch. 43, Sec. 22. (AB 114) Effective June 30, 2011. Amendment makes this section inoperative from July 1, 2011, to July 1, 2012.)

Q: If we aren't able to open in the fall and continue a distance-learning model, will the state mandate that we continue to pay our employees as they have this year?

A: The Legislature recognizes that school districts may need to provide learning services in hybrid methods, with continued distance learning; therefore, the expectation will remain that school employees continue to receive their salary and benefits.

Q: Are we going to have a firm amount on Thursday that will give us a per-student amount of a reduction? It would help if we had something to be able to calculate as soon as possible, in case we have to look at August layoffs.

A:

Grade Span	2020–21 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA— Total UPP after 10% base grant reduction	50% Concentration Grant per ADA— UPP Above 55% after 10% base grant reduction
K–3	\$7,830	\$1,566	\$3,915
4–6	\$7,199	\$1,440	\$3,600
7–8	\$7,412	\$1,482	\$3,706
9–12	\$8,813	\$1,763	\$4,406

Q: Is it safe to assume that the CalSTRS on-behalf contribution can be removed from expenditures when calculating the 3% RRM contribution?

Q: Is there any guidance out there on how to budget for on-behalf CalSTRS and CalPERS contributions for 2020-21?

A: The Governor’s May Revise proposes to redirect \$2.3 billion to further reduce employer contribution rates in 2020-21 and 2021-22.

CalSTRS Employer Rate

2020–21: ↓18.4% to 16.15%

2021–22: ↓18.2% to 16.02%

CalPERS Employer Rate

2020–21: ↓22.68% to 20.7%

2021–22: ↓24.6% to 22.84%

Q: If the August layoff window is operative, what is the likelihood that the Office of Administrative Hearings (OAH) can perform hearings; and if they can't, does that frustrate the process?

A: At this point, we do not know what the impact will be for OAH to perform hearings.

Q: How will we know how to calculate the number of layoff notices until each district knows how many sessions per day to implement social-distancing requirements?

A: This is a complicated calculation given the high level of uncertainty due to COVID-19.

Q: Could you speak a bit about hiring freezes as a possibility before layoffs?

A: Hiring freezes were used during the Great Recession. Mike Fine, CEO of the Fiscal Crisis & Management Assistance Team, released the following [guidance](#).

Q: Does the Second Layoff Timeline also apply to certificated personnel and how much of their 2020-21 salary would have to be paid?

A: We are reviewing this issue and will provide a response as soon as possible.

Q: Districts are looking to enact furloughed days, salary rollbacks and step-and-column freezes. I remember during the Great Recession, we were informed that step-and-column freezes violate the uniform salary act. Can you speak to this?

A: We are reviewing this issue and will provide a response as soon as possible.



Categorical Cuts

Q: In your opinion, is it too early to halt discretionary spending?

A: It's important to assess your expenditures and determine if there is discretion if those funds are under contract and restricted. Mike Fine, CEO of the Fiscal Crisis & Management Assistance Team, released the following [guidance](#).

Q: What about some of the categoricals that are out there, like the Low Performing Student Block Grant? Will those possibly be allowed to flex to the unrestricted General Fund?

A: At this point, there is no proposal on this issue.

Q: With the delay of the Local Control Accountability Plan (LCAP) and lack of testing data for 2019-20, do you expect diff assistance to be suspended and perhaps that funding cut?

A: We are reviewing this issue and will provide a response as soon as possible.

Q: What do you suggest for districts that are right on the verge of becoming basic aid? Do you suspect any fair share cut to property taxes?

A: At this point, there is no proposal on this issue.

Q: How does a district properly calculate a deficit on the LCFF funds?

A: The FCMAT calculator should be updated at this point.

Q: Assuming some districts become basic aid as a result of LCFF reductions, should those districts expect to get hit with a fair share reduction, too?

A: At this point, there is no proposal on this issue.

Q: Basic aid districts were impacted by a fair share reduction, which eliminated a large portion of the old categorical programs. Do you anticipate that basic aid districts will receive a further reduction to help the state fund LCFF districts?

A: At this point, there is no proposal on this issue.

Q: Two consecutive years of 5-10% reductions would be devastating to a lot of districts. What will the state do if so many districts go upside down in such a short time? Can they even manage that?

A: We are reviewing this issue and will provide a response as soon as possible.

Q: Mike Fine mentioned a 15% reduction in California Lottery funds, similar to the third quarter. How about Restricted Lottery? Would you expect \$0?

A: We are reviewing this issue and will provide a response as soon as possible.

Q: Transportation funding is negatively affected if we don't spend all each year. Do you think that expectation will be lowered?

A: The Governor's May Revise proposes a 10% reduction to home-to-school transportation. The Senate and Assembly have rejected the reductions as part of their compromise plan.

Q: With respect to AB 602, you said there would not be cuts due to the state's maintenance of effort (MOE) requirement. Were current year preschool funds included in the MOE, or will that not be added to AB 602?

A: The current year preschool special education funds are not included in the state's count on MOE requirement.

Q: Does a net decrease of 5% mean 2.31-5 = -2.69 COLA?

A: The May Revise suspends the 2.31% COLA and includes an additional reduction, for a total of 10% percent in cuts to LCFF. First, the 2.31% COLA is applied to set the 2020-21 base grants, and then the 10% reduction is applied, for an effective reduction of 7.92% to the 2019-20 grant amounts.

Grade Span	2019-20 Base Grant per ADA	2.31% COLA	2020-21 Base Grant per ADA	10% Reduction	Eff. 2020-21 Base Grant per ADA
K-3	\$7,702	\$178	\$7,880	[-\$788]	\$7,092
4-6	\$7,818	\$181	\$7,999	[-\$800]	\$7,199
7-8	\$8,050	\$186	\$8,236	[-\$824]	\$7,412
9-12	\$9,329	\$215	\$9,544	[-\$954]	\$8,590

Source: SSCAL

Q: Basic Aid Districts were impacted by a fair share reduction, which eliminated a large portion of the old categorical programs. Do you anticipate that Basic Aid districts will receive a further reduction to help the state fund LCFF districts?

A: At this point, there is no proposal on this issue.

Q: Will the state potentially modify the LCFF to "grab" tax revenue from Basic Aid Districts?

A: At this point, there is no proposal on this issue.

Q: Do you expect CSI funding to be impacted?

A: We are reviewing this issue and will provide a response as soon as possible.

Q: What recommendations do you have for districts that are barely meeting the 3% reserve requirement and need to make major cuts in 2020-21?

A: Mike Fine, CEO of the Fiscal Crisis & Management Assistance Team, released the following [guidance](#).

Q: What happens to Targeted Instructional Improvement Grants (TIIG) funding if you do not provide regular education transportation?

A: Under the Governor's May Revise, TIIG funding will receive a 10% reduction.



Flexibility Ideas

Q: What are the chances of LCFF supplemental and concentration (S/C) grants becoming more flexible?

Q: In the Great Recession, economic impact aid use was flexed. Any chance rules around S/C grant funds will be flexed?

Q: Do you think there will be any flexibility in the use of / S/C grant dollars?

Q: To follow up on the S/C comments. Could we receive some flexibility like we had during gap funding?

A: CASBO is advocating for additional flexibility should LEAs face steep reductions, which is very challenging as flexing S/C grants is very unpopular due to perception of the impact to low-income, English-language learners and foster youth.

Q: Any indication about Routine Restricted Maintenance Account (RRMA) contribution flexibility?

Q: Is there any chance the RRM contributions will be made optional?

Q: During the Great Recession, the RRMA and Research Experience for Undergraduates percentages were reduced. Is there conversation about relaxing these percentages as they did in the past?

A: At this time, the Governor's May Revise does not propose suspension or percent reduction for the RRMA. The Senate Committee on Budget and Fiscal Review did not propose additional flexibilities.

Q: Do you expect any flexibility in Career Technical Education (CTE) grant funds?

A: The Governor's May Revise proposes to reduce by 50% the CTE program. The Senate and Assembly have rejected the reductions as part of their compromise plan.

Q: What are the most likely flexibilities?

A: The Administration is committed to working with school districts and stakeholders to offer flexibilities that allow LEAs to make progress in closing the achievement gap and aiding the most vulnerable students and intends to work with the Legislature and education stakeholders on other options to minimize the impact of reduced funding.

The May Revise includes the following programmatic and fiscal flexibilities:

- Exemptions for LEAs if apportionment deferrals create a documented hardship.
- Authority for LEAs to exclude state pension payments on behalf of LEAs from the calculation of required contributions to RRMA's.

- Subject to public hearing, increases on LEA internal inter-fund borrowing limits to help mitigate the impacts of apportionment deferrals.
 - Authority to use proceeds from the sale of surplus property for one-time General Fund purposes.
 - Options for specified special education staff to use technology-based options to serve students.
 - Extension of the deadline for transitional kindergarten teachers to obtain 24 college units of early childhood education, from August 1, 2020, to August 1, 2021.
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Q: Can the state take out a Revenue Anticipation Note and continue paying districts? What are the chances?

A: We do not know the answer to that at this time.

Q: For those districts with high unduplicated students, can we save some of those funds? Will we be penalized for not spending all our S/C dollars as intended in our LCAPs?

A: At this point, the state has not provided any flexibility or discretion to retain specific funds to cover future costs. But current law does not penalize LEAs for having carryover funds in S/C grants.

Q: If districts have general obligation (GO) bond or other similar facilities funding mechanisms, can those dollars be temporarily borrowed to shore up the General Fund deficits?

A: Under the Governor's May Revise, LEAs would be allowed to use proceeds from the sale of property for General Fund one-time purposes without penalties. But there has not been any additional flexibility to use GO bond funds for General Fund purposes proposed at this time.

Q: Can you please expound on flexibility options with respect to the ability to sweep restricted funds, etc., to unrestricted General Fund?

A: At this point, if programs have a statutory requirement, the state has not provided additional flexibility to sweep funds.

Q: Can you elaborate on the LCAP existing flexibility?

A: On Friday, April 24, 2020, CASBO released a NewsBreak about [the LCAP process](#).



Federal

Q: California needs the federal government to help with this national pandemic. To what extent have they helped now?

A: The federal government has provided \$1.6 billion to schools through the Elementary and Secondary School Emergency Relief Fund (ESSERF), and Governor Newsom is directing \$4 billion in federal Coronavirus Relief Funds and \$355 million in federal Governor's Emergency Education Relief Funds. State leaders are urging Congress for additional resources.

Q: Will the federal stimulus funds count as revenue for the FY 2020 budget or FY 2021?

A: FY 2020-21.

Q: The CARES act funding allocation was flawed by allocating based off of Title I. Do you expect that this will be corrected in future allocations?

Q: Do you expect the allowable usage of the ESSERF that will be allocated to LEAs to be relatively unrestricted?

A: The Governor's May Revise would distribute the \$2.9 billion in federal funds for activities that directly support pupil academic achievement and mitigate learning loss related to COVID-19 school closures, including academic programs, services and support to address learning loss; extended instructional minutes and services; additional materials, including devices or internet connectivity; and other support.

The Senate and Assembly propose to allocate the \$2.9 billion to LEAs in proportion to total LCFF funding and adopted Placer trailer bill language amended to specify that LEAs may also use funds for wrap-around supports to students provided through the community schools model and to provide or supplement existing, before- and after-school care programs to include enrichment to address learning loss or other student needs.

Q: Do you think we will have a resource number for the CARES Act funding to include it in our Adopted Budgets?

A: Yes, the CARES Act funding will be appropriated as part of the 2020-21 Budget Act.

Q: Should the CARE ACT funds be projected for 2019-20 or 20-21?

A: FY 2020-21.

Q: If a district received little or no CARES funding, has already cut everything to bare bones (small district), and cash flow shows out of cash in December, what are next steps? Bankruptcy? Understand that state loans take six months.

A: These are difficult times, and it's critical that LEAs in this situation reach out to the California Department of Education (CDE) and FCMAT to seek guidance and ensure they qualify for funds to cover expenses during deferrals.

Q: Is there any talk of holding districts harmless for state or federal reimbursements for meals (averaging prior months, etc.)? Our grab-and-go counts are minimal to the normal daily activity. If not, it seems SB 117 could be one source; would ESSERF be an option?

A: California has received \$714 million for child nutrition services, but the state is still seeking guidance on distribution of funds.

Q: Is the CARES money that is allocated to the districts as part of the May Revise meant for only new expenditures, or can it be used for existing expenditures? Is it treated similarly to other federal money that is subject to supplanting limitations?

Q: What is the conversation in Sacramento about how the \$4.4 billion in CARES Act funding will be distributed?

Q: Are there any supplanting requirements with the federal stimulus funds we are set to receive?

A: Under the Governor's May Revise, the \$4.4 billion in CARES Act funding would be distributed as follows:

- \$1.5 billion to LEAs on the basis of the number of students with disabilities
- \$2.9 billion on a per-ADA basis to LEAs that receive S/C grant funds under LCFF

On May 25, 2020, the Senate Committee on Budget and Fiscal Review approved the \$1.5 billion but changed the distribution of the \$2.9 billion to LEAs in proportion to total LCFF.

The ESSERF has no supplement nor supplant provision.

Q: Any projections for federal funding reductions for Title fund programs?

A: No, not at this time.

Q: Do you believe the 1.5 billion toward special education from CARES Act funding will be part of the final budget? What settings will it have?

A: The May Revise proposes to provide \$1.5 billion to LEAs on the basis of the number of students with disabilities. The Assembly and Senate adopted the Governor's proposal.

Q: Should we anticipate any federal funding cuts next year as well?

A: At this time, we do not know. But should there be any information, we will release a NewsBreak to announce that, as we do monthly federal updates.

Q: Will there be any extension of the CARES Funding 12/31/2020 spend deadline?

A: The Governor and CDE have requested an extension. It is important that LEAs reach out to the Congressional delegation to urge the same request be made.



Other Topics

Q: Any idea on how much lottery is down in the current year?

A:

Factors		2019–20	2020–21	2021–22	2022–23	2023–24
California Consumer Price Index		2.06%	0.62%	1.73%	2.12%	2.26%
California Lottery	Unrestricted per ADA	\$153	\$153	\$153	\$153	\$153
	Restricted per ADA	\$54	\$54	\$54	\$54	\$54

Source: SSCAL

Q: When does FCMAT anticipate releasing an LCFF calculator that can project accurate estimates using negative COLA?

Q: When will the LCFF Calculator be updated to handle a negative COLA? What do we do now to estimate the reduction in LCFF?

A: Please refer to the [FCMAT LCFF Resources web page](#) for that information or submit any questions you have to the FCMAT Help Desk.

Q: Has there been any word regarding modernization funding? Our funding has been approved, and we are just waiting for the check, according to our consultant.

A: Under the Governor’s May Revise, he continues to propose the release of \$1.5 billion in Proposition 51 funds.

Q: Should the LEAs do a multi-year projection for all funds, especially for those funds that may impact the General Fund adversely?

A: Yes, we think it is important to assess and review the fund balances for each of your programs and accounts. Mike Fine, CEO of the Fiscal Crisis & Management Assistance Team, released the following [guidance](#).

Q: If so, is there guidance on how to do it?

A: At this time, the state has not released official guidance on reopening schools. CASBO is posting all information on our [COVID-19 NewsBreaks and Other Policy Guidance web page](#).

Q: CSU has already indicated online instruction for the fall semester. If K-12 schools also hold online instruction for this fall, how would this be coordinated with business if there is a push to reopen and parents need child care? Would the state provide any funding for child care?

A: At this moment, the Governor's May Revise is proposing suspending the 2.31% COLA for child care provider rates and 10% rate reimbursement reductions, and suspension of planned expansion for child care and preschool services.

Q: For those who are participating in meal service programs during closures, should we expect delays in reimbursement remittances (either during the closures or afterward)?

A: Please [email your question to the CDE](#) or call them at (916) 319-0800.

Q: What about the charter schools that do not receive Title I funds. Will there be some type of relief funding for us?

A: Under the May Revise proposal, charter schools may receive federal funds if they receive S/C grant funding, but the final distribution is being negotiated with the Legislature.

Q: Revenue limit used to be a guarantee. LCFF didn't come with a such a guarantee. Has that been fixed, or does that create a potential ability to reduce without owing the money in the future?

A: The state is required to provide the maintenance factor when Proposition 98 is in Test 3, which is equal to the difference between the higher Test 2 level and the lower Test 3 level. When Test 2 is operative, the state *pays* all or a portion of any outstanding maintenance factor obligation. The size of these payments increases as the difference between the Test 2 and Test 3 levels increases. In concept, the maintenance factor is intended to allow the state to provide less K-14 funding when state revenues are sluggish and more K-14 funding when state revenues are stronger. (A maintenance

factor also is created when the minimum guarantee is suspended, which may occur with a two-thirds vote of each house of the Legislature.)

Proposition 98 is projected to be in Test 1. The state will need to discuss how to restore the formula to full funding should it be reduced.

Q: As districts plan for the fall, there will be immense challenges in trying to safely implement in-person learning with money we don't have. In-person learning under COVID-19 is expensive (subs, leaves, cleaning, etc.). Please let's all advocate for financial help!

Q: What is your best guess for schools to reopen and what happens if COVID-19 health mandates are not funded?

A: At this moment, we are working to provide as much information and support to LEAs as possible. We recognize that each LEA has to work with its own county public health officials and that we are all still waiting for both state and federal guidance. We recommend reviewing the information posted on the CASBO [COVID-19 Resources web page](#). And, yes, we are advocating for additional resources to recognize the immense cost pressures to safely reopen.

Q: Since we are moving into reductions, will we go back to having a gap and S/C grant requirement being reduced by the gap, minimum proportionality percentage?

A: At this time, the Department of Finance has not provided that information, but we assume the state will need to re-establish a process to fully implement the LCFF should it be reduced.

Q: As a general rule, should NSS project the 10% reduction to the bands?

A: Under the Governor's May Revise proposal, every component of the LCFF is reduced by 10%: the LCFF base grant, S/C grants and add-ons (TIIGs, home-to-school transportation, economic recovery target, minimum state aid, basic aid supplement, district of choice).

Q: What can we do to try and get the Legislature to be kinder to K-12 education budgets? Email/call our local State Assembly and State Senate representatives? Is that effective? Something else?

A: Yes, advocating to your respective legislators is the most effective way to change policy and budget decisions. Make sure to reach out and discuss the [budgetary impacts](#) that this level of reductions will have on your students and schools and your LEA's ability to succeed and reopen safely.

Q: Should we or should we not budget the ESSERF revenue in 2020-21?

A: The ESSERF is for FY 2020-21. [LEAs will need to apply to receive ESSERF](#), but the application has not been released, as federal funds cannot be apportioned to LEAs until authorized in the California 2020-21 Budget Act.
