
Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator Richard D. Roth, Chair
Senator Connie M. Leyva
Senator Mike Morrell



Monday, May 25, 2020
10 a.m. or upon call of the chair
State Capitol - Room 4302

Consultants: Elisa Wynne

AGENDA

Part A

TABLE OF CONTENTS

Child Care and Development and K-12 Education

K-12 Education Issues for Discussion

	Page
6100 Department of Education	
6870 California Community Colleges	
Issue 1 Proposition 98	4
Issue 2 Proposition 98 Supplemental Payment Plan	5
6100 Department of Education	
Issue 3 Local Control Funding Formula Reductions and Deferrals	6
Issue 4 Categorical Program Trigger Reductions	7
Issue 5 Federal Coronavirus Relief Funds	8
Issue 6 Federal Elementary and Secondary Schools Emergency Relief Funds	10
Issue 7 Calculating ADA and Instructional Requirements for 2020-21	11
Issue 8 Special Education	12

Child Care and Early Education Issues for Discussion

6100 Department of Education	
5180 Department of Social Services	
Issue 9 Child Care Rate Reductions and Growth Adjustments	14
Issue 10 Federal CARES Act Child Care Funding	15

K-12 Vote-Only Calendar

Vote Only Calendar for Governor’s Budget Proposals from January

Issues 1 – 116 Attachment A

Vote Only Calendar for Modifications to Budget Proposals from January

Issues 117 – 146 Attachment A

Vote -Only Calendar for New Administration Proposals Introduced in May

Issues 147 – 195 Attachment A

Vote -Only Calendar for New Legislative Proposals

Issue 196 Attachment A

Child Care and Early Education Vote-Only Calendar

Vote Only Calendar for Governor’s Budget Proposals from January

Issues 197 – 204 Attachment B

Vote Only Calendar for Modifications to Budget Proposals from January

Issues 205 – 208 Attachment B

Vote -Only Calendar for New Administration Proposals Introduced in May

Issues 209 – 220 Attachment B

K-12 Education Issues for Discussion

**6100 DEPARTMENT OF EDUCATION
6870 CALIFORNIA COMMUNITY COLLEGES**

Issue 1: Proposition 98 Overall**Background:****PROPOSITION 98 – K-14 EDUCATION**

- **Changes to the Minimum Guarantee.** The May Revision provides a substantial decrease to the Proposition 98 funding of \$17.5 billion from the Governor’s budget for the three-year period of 2018-19 to 2020-21. More specifically, the May Revision funds the Proposition 98 Guarantee for the 2018-19 through 2020-21 fiscal years at \$78.7 billion, \$77.4 billion, and \$70.5 billion, respectively. Compared to January, this reflects the following yearly changes:
 - An increase of approximately \$292 million in 2018-19.
 - A decrease of approximately \$4.2 billion in 2019-20.
 - A decrease of approximately \$13.6 billion in 2020-21.

These levels reflect the estimated substantial decrease in General Fund revenues over the three-year period in comparison with the Governor’s budget proposal, due to the economic impacts of COVID-19. The May Revision also includes proposals to generate \$4.5 billion in General Fund revenues, which increase the Proposition 98 Guarantee by \$1.8 billion that is reflected in the above levels.

Staff Recommendation: Information Only.

Issue 2: Proposition 98 Supplementary Payment Plan

Request: The May Revision includes a new multi-year payment obligation designed to supplement funding provided by Proposition 98. This new obligation would designate 1.5 percent of General Fund Revenues per year to K-14 education beginning in 2021-22 to provide \$13 billion over a multi-year period. This funding would accelerate the recovery of K-14 education funding from reductions and increase the Proposition 98 share of General Fund from 38 to 40 percent in a Test 1 year by 2023-24.

Staff Recommendation: Hold Open, pending adoption of overall Proposition 98 and State Budget package.

6100 DEPARTMENT OF EDUCATION**Issue 3: Local Control Funding Formula (LCFF) Reductions and Deferrals****Request:**

Local Control Funding Formula (LCFF). The bulk of funding for school districts and county offices of education for general operations is provided through the LCFF and is distributed based on the numbers of students served and certain student characteristics. The state fully funded the LCFF in 2018-19 and has provided a cost-of-living adjustment (COLA) annually. The May Revision proposes a reduction in LCFF of \$6.4 billion in 2020-21 or 10 percent in comparison to the January budget level, which included a COLA of 2.31 percent. Under the May Revision proposal, this reduction would be backfilled if additional federal funds are provided.

Payment Deferrals. The May Revision includes the deferral of payments to K-12 local educational agencies, totaling \$5.3 billion. Of this total, \$1.9 billion would be deferred from June 2020 to July 2020 and an additional \$3.4 billion would be deferred from 2020-21 to 2021-22. Deferrals provide a one-time funding solution and the same amount of additional funds are needed to retire deferrals in future years.

Staff Recommendation: Hold Open

Issue 4: Categorical Program Trigger Reductions

Request: The May Revision includes a proposal to reduce the following Proposition 98 categorical programs by the listed amount in the 2020-21 fiscal year. These reductions are included under the federal funds trigger proposed by the Administration and would be backfilled in the 2020-21 fiscal year if federal funds were made available. The majority of these reductions, with the exception of ASES, the online resource subscription, and the CCEE funds, represent a fifty percent cut to the program.

K-12 Categorical Reductions Proposed in the May Revision:

- **After School Education and Safety Programs:** (\$100 million) These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in transitional kindergarten through ninth grade (K–9).
- **K-12 Strong Workforce Program:** (\$79.4 million) This program provides grants to LEAs to support career technical education (CTE) courses, course sequences, programs of study, and pathways for students transitioning from secondary education to postsecondary education to living-wage employment. Funding is provided through a regional consortium model. (K-12 Program included under CCC Budget)
- **Career Technical Education Incentive Grant Program:** (\$77.4 million) This program provides grants to LEAs to support CTE programs and courses of study for students as they transition to postsecondary education and careers. Funding is provided through a competitive grant process.
- **Adult Education Block Grant:** (\$66.9 million) This program provides funding to LEAs for the support adult education programs, such as high school diploma attainment and English as a second language, through a regional consortium model. (K-12 Program included under CCC)
- **California Partnership Academies:** (\$9.4 million) This program funds high school academies that focus on career related themes and combine academics with occupational training.

-
- **Career Technical Education Initiative:** (\$7.7 million) This program provides support for various CTE contracts and partnership academies.
 - **Online Resource Subscriptions for Schools:** (\$3 million) This program provides a stateside subscription to online research and education tools for use by students and in the classroom.
 - **Specialized Secondary Programs:** (\$2.4 million) This program provides grants to LEAs to support programs that provide students with advanced learning opportunities in a variety of subjects. Although these programs retain a core course work element within the approved curriculum, they may specialize in such areas as English-language arts, mathematics, science, history and social science, foreign language, and the visual performing arts. The acquisition of technology skills and their use as a tool for instruction and learning is also emphasized in these programs.
 - **Agricultural Career Technical Education Incentive Grant:** (\$2.1 million) This program provides grants to LEAs to improve the quality of their agricultural vocational education programs. The goal is to maintain a high-quality, comprehensive agricultural vocational program in California's public school system to ensure a constant source of employable, trained, and skilled individuals.
 - **Clean Technology Partnership:** (\$1.3 million) This program provides grants for specific partnership academies focused on employment in clean technology businesses and renewable energy businesses and provide skilled workforces for the products and services for energy or water conservation, or both, renewable energy, pollution reduction, or other technologies
 - **California Collaborative for Educational Excellence:** (\$1.2 million) This reflects a ten percent reduction to the CCEE operating budget.

Staff Recommendation: Hold Open

Issue 5: Federal Coronavirus Relief Funds

Request: The May Revision provides \$4.4 billion in one-time federal funds (\$4 billion federal Coronavirus Relief Fund and \$355 million federal Governor’s Emergency Education Relief Fund) for a Learning Loss Block Grant. These funds may be used to address student learning loss and will be allocated on a formula basis, to those LEAs with significant numbers of students with disabilities, low-income students, English Learners, and foster youth.

Of the total amount, the May Revision allocates \$1.5 billion to LEAs on the basis of the count of students with disabilities served, and the remaining \$2.9 billion is allocated on a per Average-Daily-Attendance (ADA) basis to LEAs that receive concentration grant funds under LCFF. Under LCFF, LEAs receive concentration grant funding if their enrollment of low income, English learner, and foster youth students exceeds 55 percent of total enrollment.

Under the Learning Loss Block Grant, funds may be expended on or before December 30, 2020 for activities that directly support pupil academic achievement and mitigate learning loss related to COVID-19 school closures, including academic programs, services, and supports to address learning loss, extended instructional minutes and services, additional materials, including devices or internet connectivity, and other supports related to health, mental health, professional development, and school meals among others. LEAs must adopt an instructional continuity plan detailing how they will provide services and expend these funds.

Staff Recommendation: Approve proposal to provide \$4.4 billion in federal Coronavirus Relief Funds. Amend distribution to methodology to provide \$1.5 billion to LEAs on the basis of the number of students with disabilities, consistent with the May Revision proposal, but provide the remaining \$2.9 billion to LEAs in proportion to total LCFF funding. Adopt placeholder trailer bill language amended to specify that LEAs may also use funds for wrap around supports to student 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.

Issue 6: Federal Elementary and Secondary Schools Emergency Relief (ESSER) Funds

Request: California received \$1.6 billion in one-time funds to support K-12 education due to COVID-19. The majority (90 percent) of these funds are provided to LEAs on a formula basis related to Title-I funding. The remaining 164.7 million is available for state-level activities and the May Revision proposes the following:

- \$100 million for grants to county offices of education to develop networks of community schools and coordinate health, mental health and supports for high-need students.
- \$63.2 million for training and professional development for teachers, administrators, and school personnel.
- \$1.5 million for the Department of Education state operations costs.

Staff Recommendation: Approve May Revision appropriation of \$1,482,576,000 (includes an amendment to reflect the correct amount) for the ESSER funds provided to schools on Title I formula basis. Reject May Revision Proposal for ESSER State Set-Aside funds and instead:

- Provide \$63.2 million for a COVID-19 child nutrition reimbursement account to be administered by the Department of Education to provide a reimbursement rate for LEAs who have served or will serve school meals from date of COVID closure to start of new school year meal program. If federal USDA nutrition funds are made allowable for this purpose, then LEAs will instead receive those USDA funds, and this funding would be distributed to all LEAs consistent with the Learning Loss Block Grant funding.
- Provide \$100 million for a School Re-Opening Support Block Grant. Funds would be provided to LEAs on a per ADA basis, excluding non-classroom based charter schools, to LEAs that re-open physical school sites for the 2020-21 school year. Funds may be used to offset costs related to re-opening, including cleaning supplies, equipment, training for certificated and classified staff, outreach and communication to families and students, and social emotional supports for students re-entering school.
- Provide \$1.5 million for the Department of Education state operations costs, as proposed in the May Revision

Issue 7: Calculating ADA and Instructional Requirements for 2020-21.

Request: The May Revision does not include a new proposal.

Background: Local Educational Agencies are funded based on average daily attendance (ADA) reporting each year, although there are some protections within LCFF to allow for a one-year hold harmless to soften the fiscal impact of declining enrollment. Due to the COVID-19 crisis and in response to a subsequent executive order EO-N-26-20, SB 117 (Chapter 3, Statutes of 2020) included a hold harmless for ADA in the 2019-20 school year. For the purpose of preventing losses of ADA funding as a result of reductions in ADA due to COVID-19, SB 117 provided that the ADA used for the apportionment of funding included school months from July 1, 2019 to February 29, 2020 for all LEAs, excluding those months when schools were closed due to COVID-19.

In addition, EO-N-26-20 required LEAs to continue to provide high quality educational opportunities to students, to the extent feasible, through distance learning or independent study. This direction to schools was based on an understanding that school closures would be short-term in 2019-20 and did not foresee that the COVID-19 emergency would result in the closure of schools for the remainder of the school year.

LEAs have raised the issue of the calculation of funding based on ADA in 2020-21 due to the uncertainty in how schools will operate and the number of students able to physically attend school. The LAO has also noted that the lack of a plan for school closures or delays in re-opening creates fiscal uncertainty for LEAs, and misses an opportunity to set expectations for student learning in the event of additional closures.

Staff Recommendation: Hold Open

Issue 8: Special Education

Request: The May Revision continues to include the January budget proposal to increase special education base rates to approximately \$645 per average daily attendance (ADA). This proposal reflects repurposing an ongoing \$645 million Proposition 98 funds provided in the 2019-20 budget act for special education designated for one-time purposes. The Special Education program does not receive a cost-of-living adjustment in 2020-21 and is not reduced similar to other categorical programs.

Special Education Federal Funds. The May Revision provides \$15 million in federal Individuals with Disabilities Education Act (IDEA) funds to increase special education teachers through the Golden State Teacher Scholarship Program and \$10 million in IDEA funds to support local educational agencies in developing regional alternative dispute resolutions services and statewide mediation services. \$1.7 million in one-time IDEA funds are also provided for studies related to special education accountability, the costs of out-of-home care, and the development of an individualized education program addendum for distance learning.

Staff Recommendation:

Reject the May Revision proposal (including new formula related trailer bill language), adopt the following Special Education package:

Provide \$545 million in ongoing Proposition 98 funding to increase special education base rates to approximately \$625 per average daily attendance (ADA), using the current AB 602 formula.

Provide \$100 million to augment funding provided for student with low-incidence disabilities.

Provide \$15 million in federal IDEA funds for the Golden State Teacher program (shift funds to state operations).

Provide \$8.6 million one-time federal IDEA funds to assist LEAs in providing regional alternative dispute resolution services.

Adopt the May Revision proposal to shift funding for the Governance and Accountability study and two workgroups for accountability for special education service delivery and student outcomes to one-time federal IDEA funds (\$1.1 million total). Adopt placeholder budget bill language amended to broaden the scope of the governance and accountability study and to include the development distance learning individualized education plan (IEP) addendums in workgroups related to developing a standardized

IEP template. Adopt Supplemental Reporting Language to direct the Legislative Analyst's Office to develop recommendations for addressing Out of Home Care.

Child Care and Development Discussion Items**6100 DEPARTMENT OF EDUCATION****5180 DEPARTMENT OF SOCIAL SERVICES****Issue 9: Child Care Rate Reductions and Growth Adjustments****Proposal:**

Rate Reductions. The May Revision proposes to reduce the standard reimbursement rate and the regional market rate for child care providers by 10 percent, resulting in reductions of \$95 million in Proposition 98 General Fund and \$291 million in non-Proposition 98 General Fund from the January budget. These reductions would be backfilled if additional federal funds are made available.

Child Care Growth Adjustment. In addition, the January Budget included, and the May Revision adjusted, all child care programs for a decrease in the ages 0-4 ages population. This results in a reduction of \$23.3 million Proposition 98 for LEA State Preschool Programs and \$41.4 million General Fund for non-CalWORKs child care programs and non-LEA State Preschool Programs. This adjustment is made pursuant to Education Code Section 42238.1. When the 0-4 population was increasing, the adjustment allowed an increase in slots to ensure that the percentage of the population with access to child care slots remained constant. The impact of the growth adjustment when population growth is declining results in an automatic cut to child care slots, despite program funding levels that do not cover the eligible population.

Staff Recommendation:

Hold open federal funding trigger reductions to Standard Reimbursement Rates and Regional Market Rates.

Reject the growth adjustments made to child care programs and state preschool programs for ages 0-4 population growth, and adopt placeholder trailer bill to eliminate reductions to child care programs for negative population growth.

Issue 10: Federal CARES Act Child Care Funds**Proposal:**

The May Revision includes \$350.3 million in one-time federal funds provided to California for COVID-19 related child care activities. The Administration proposes to use the funds as follows:

- \$144.3 million for 2019-20 COVID-10 related expenses, such as temporary emergency vouchers, and cleaning supplies;
- \$8 million to continue family fee suspensions through June 30, 2020;
- \$73 million for additional temporary alternative payment voucher slots; and
- \$125 million for stipends for child care and preschool programs

Staff Recommendation:

Adopt May Revision proposals to provide \$144.3 million for costs associated with SB 89 and other COVID-19 related expenditures, \$73 million for an increase in temporary emergency vouchers for at-risk children or children of essential workers and to provide \$8 million to extend family fee waivers until June 30, 2020 as proposed.

Provide an extension for the expenditure of \$50 million provided for emergency vouchers (General Fund that is backfilled as part of the \$144.3 allocation of CARES Act Funding) to align with the federal expenditure period.

Adopt trailer bill language to provide a hold harmless for Title 5 providers for the 2020-21 fiscal year for providers that are open and available to serving the maximum number of children under allowable ratios, or are closed due to local public health direction.

Adopt proposal to provide \$125 million for stipends for child care programs, with amendments to exempt direct contract providers, include CalWORKs Stage 1 providers, and include license-exempt providers.