





San Ysidro
School District EST - 1887



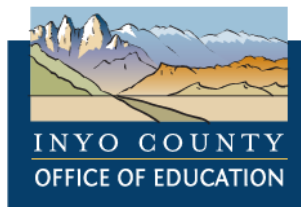
SemiValleySchools
SIMI VALLEY UNIFIED SCHOOL DISTRICT



William S. Hart
Union High School District



NEWPORT-MESA USD



April 17, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Request for Consideration in Policy and Fiscal Discussions: K-12 Education

Dear Governor Newsom:

On behalf of the local educational agencies (LEAs) and statewide education management associations that are represented on this letter, we are writing to share our perspective on critical education funding and policy decisions that are on the horizon as a result of the COVID-19 public health crisis.

We recognize the monumental and historic impacts the current crisis is having on state institutions and the citizens of California. We acknowledge the need for everyone to do their part to ensure the state returns to a sense of normalcy as soon as possible, and understand that the impact on state finances will result in every public institution needing to achieve more with fewer resources, for the foreseeable future. To that end, the budget issues we raise in this letter are those that we believe will allow public schools to maintain current services and programs to students, in the most equitable manner. The issues we raise with respect to flexibility, including the consideration of delaying recently enacted (but costly) legislation, are focused on enhancing the ability of LEAs to continue providing equitable educational services while mitigating the impact of the fiscal crisis on our students.

2020-21 State Budget Issues

Our discussions about the state budget are based on clear indications that your Administration views the 2020-21 State Budget as a "workload budget." In the context of a workload budget, while recognizing that the fiscal landscape could shift downward very quickly, our requests for consideration fall into three areas:

Statutory Cost of Living Adjustment. Providing a Statutory COLA for the Local Control Funding Formula and the programs to which one would normally apply would be the most effective way to preserve your commitment to improving opportunities and outcomes for every child in public K-12 schools, while maximizing flexible funding in recognition of the historic (and possibly unprecedented) fiscal challenges that LEAs will likely face in the months and years to come.

Special Education. With respect to your January budget proposal, we believe the most important additional action that you and the Legislature could take – one that would benefit the vast majority of LEAs in the state – would be to keep your January proposal to raise Special Education Base Grant rates to approximately \$660 per ADA, at an ongoing cost of \$493 million. We believe this is critically important for the following reasons:

- \$493 million for Special Education is included in the current (2019-20) budget, funded with ongoing dollars.
- Your proposal to use those funds to increase Special Education base grant rates as an ongoing increase has enormous significance in light of the fact that reductions to Proposition 98 seem almost inevitable, given the significant reduction in state revenues that is likely.
- Approximately 90% of all LEAs would receive these increases. Making sure these base rate funds remain in the 2020-21 budget is critically important because if reductions do become necessary at some juncture, they will be made equally to all LEAs (LCFF base rate cuts, "deficited" COLAs,

deferrals, etc.). Special Education is one of the most inequitably funded programs in education. This makes it tremendously important that, to the extent possible, funding is increased to address this inequity. Absent this augmentation, if cuts were to be implemented those cuts would have a greater burden on districts that are receiving \$100 per ADA less for Special Education.

Mitigating Significant Cost Pressures. Under a workload state budget, there will be considerable cost pressures on local education budgets. As a first step to addressing this problem, we strongly encourage the state to explore non-Proposition 98 funding sources, including Proposition 2 debt payments, to provide a supplemental payment to CalSTRS and CalPERS to offset the employer contribution rate increases beginning on July 1, 2020, and smooth subsequent rate changes. A supplemental payment will ensure local educational agencies can continue to dedicate precious resources to keeping schools operational and safe during the COVID-19 recovery.

Flexibility Issues

Notwithstanding the requests for consideration that are outlined above, we recognize that the state's fiscal condition will largely dictate what is possible with respect to K-12 Education funding. In that environment, we hope to work with your Administration to identify areas where budget and/or statutory flexibility would allow LEAs to maximize the effectiveness of their expenditures.

At the height of the recession that began in 2007-08, the State allowed LEAs to use the funding associated with about 40 categorical programs for any education purpose, which made approximately \$4.5 billion in former categorical funding available for any high priority. Because this mitigation strategy is largely unavailable in the post-LCFF world, we offer the following suggestions as areas where budget flexibility would allow school districts to preserve programs and services:

- Suspending requirements for deposits into the Routine Restricted Maintenance Account.
- Examine current statutory requirements associated with K-3 Class Size Reduction, in light of social distance requirements that are likely to be in effect when schools reopen for the 2020-21 school year.
- Waiving of penalties for exceeding class sizes in grades K-8 (related to Education Code Section 41378).
- Ability to utilize resources from the sale of surplus property for one-time General Fund budget purposes.

Costs of Implementing Legislation

At this juncture, it is difficult to know the full extent to which the current public health crisis will impact California's economy, and the duration of that impact. Depending on the depth of that impact, we hope to engage your Administration in discussions about the potential of delaying implementation dates on legislation that was enacted last year.

In 2019, you signed numerous bills into law that, notwithstanding their policy merits and benefits, carried with them a significant projected fiscal impact. For example, based on the analysis of your Department of Finance, the projected Proposition 98 costs of just fourteen of these bills exceeded \$1 billion. This is not to question the merits of any of these bills, but simply to note that they will result in fiscal pressures on LEAs even in the best of economic times. We would welcome a discussion with your Administration about potential implementation delays, should other areas of funding and flexibility not be available.

As always, we thank you for your consideration of our views, and look forward to working with you on these very challenging issues as the state moves forward in its efforts to fully recover from the COVID-19 public health crisis.

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