BOARD COMMUNICATIONS – JULY 10, 2020

TO: Members of the Board of Education
FROM: Superintendent, Robert G. Nelson, Ed.D.

SUPERINTENDENT – Robert G. Nelson, Ed.D.
S-1 Robert G. Nelson, Ed.D. Superintendent Calendar Highlights

AFRICAN AMERICAN ACADEMIC ACCCELERATION - Wendy McCulley, Executive
AA-1 Wendy McCulley The Office of African American Academic Acceleration - Kinder Readiness Summer Academy

ADMINISTRATIVE SERVICES – Ruth F. Quinto, Deputy Superintendent/CFO
AS-1 Kim Kelstrom School Services Weekly Update Reports for June 26, 2020 and July 02, 2020
AS-2 Ruth F. Quinto 2020/21 State Adopted Budget Update
AS-3 Kim Kelstrom Medi-Cal Administrative Activity Program

SCHOOL LEADERSHIP – Kim Mecum, Chief Academic Officer
SL-1 Jeremy Ward Summer Learning 2020 Graduates
Fresno Unified School District
Board Communication

BC Number S-1

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Robert G. Nelson, Superintendent
Cabinet Approval:

Date: July 10, 2020
Phone Number: 457-3884

Regarding: Superintendent Calendar Highlights

The purpose of this communication is to inform the Board of notable calendar items from June 22, 2020– July 10, 2020:

- Held bi-weekly meetings with Executive Cabinet
- Participated in Livestream meeting with Fresno Teachers Association
- Participated in weekly calls with the Council of the Great City Schools Superintendents
- Participated in Pod Cast with John Fensterwald, EdSource regarding the state budget and ability to open schools for in-person instruction/hybrid safely and effectively
- Participated in the Fresno County Superintendents Task Force/County Department of Health weekly meetings
- Held meetings with labor partners regarding opening of schools/health and safety measures
- Participated in the Principal Pipeline Learning Community Meeting
- Panel member at the Unity Symposium held at Family Community Church
- Held multiple meetings with Fresno Teachers Association Leadership regarding opening of schools/health and safety measures
- Held press conference on learning options for reopening of schools
- Gave interview with Juanita Stevens, ABC30, regarding receipt of PPE from the Governor’s Office of Emergency Services

Approved by Superintendent
Robert G. Nelson Ed.D.  

Date: 07/10/2020
Fresno Unified School District  
Board Communication

From the Office of the Superintendent  Date: July 10, 2020  
To the Members of the Board of Education  
Prepared by: Wendy McCulley, Executive Director  Phone Number: 457-3728  
Cabinet Approval:  

Regarding: The Office of African American Academic Acceleration- Kinder Readiness Summer Academy  

The purpose of this communication is to provide the Board an update on the Kinder Readiness Summer Academy. The Office of African American Academic Acceleration (A4) has teamed with the Early Learning Department to launch a summer pilot program focused on preparing incoming kindergartners for the school year.  

The program is designed to target incoming African American (AA) students that have not had any formal educational experience. This will be a 4-week session, starting on July 13th, 2020 and concluding on August 7th, 2020. This program has been strategically placed at the tail end of the summer allowing the learned experiences to be carried directly into kindergarten upon completion of the program. The pilot is an expanded follow up to a two-week program that was launched in the summer of 2018. The Kinder Readiness Summer Academy will provide this opportunity to 40 students and will be split into classes of 20. Two early learning teachers will lead the classes. An early learning support specialist (ELSS) and an administrator will be supporting teachers and families. The ELSS will provide weekly PL and ongoing support for teachers throughout the 4-week program. 

Student and parent program benefits:  

Student Benefits  
- Learn and practice skills that will prepare students and families for virtual learning  
- Provide students experience working with an adult outside of their home environment  
- Receive a district tablet to be used in summer and in Kindergarten  
- Learn foundational skills  
- Help provide a more equitable start in school  

Parent Benefits  
- Parent workshops that will help parents gain skills in order to assist with distance learning and at home lessons  
- Parents receive representational materials to support child’s learning at home  

The program success will be measured in the following ways:  
- Student Performance- Students will receive a Summer Program Pre/Post Assessment administered by the teachers during the first and last days of the program.  
- Family Component- Parent survey to help determine parent’s level of distance learning expertise pre/post summer program, next steps of support needed, current program strengths,
opportunities for improvement for the summer of 2021, and family/community needs during COVID.

We are excited to provide this summer academy and appreciate your support in making a difference in the lives of AA students within our district.

If you have questions or require any additional information, please contact Wendy McCulley at 559.457.3728.
Fresno Unified School District
Board Communication

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Kim Kelstrom, Executive Officer

Regarding: School Services Weekly Update Reports for June 26, 2020 and July 02, 2020

The purpose of this communication is to provide the Board a copy of School Services of California’s (SSC) Weekly Update. Each week SSC provides an update and commentary on different educational fiscal issues. In addition, they include different articles related to education issues.

The SSC Weekly Updates for June 26, 2020 and July 02, 2020 are attached and include the following articles:

- Governor Newsom and Legislature Reach Deal on 2020-21 State Budget – June 26, 2020
- 2020-21 State Education Budget Details Emerge – June 23, 2020
- California School Leaders Ambivalent as They Await Vote on State Budget – June 25, 2020
- Are Students Subject to the Mask Order? Gavin Newsom Says California Doesn’t Know Yet – June 25, 2020
- Governor Newsom Signs 2020-21 State Budget – July 02, 2020
- Changes to Interfund Borrowing in the 2020-21 State Budget Deal – June 29, 2020
- Guide to California’s Education Budget Deferrals: Pros, Cons and Costs of Delayed Payments – July 01, 2020
- Police Unions’ Power Wanes, But How About Teachers? – July 01, 2020

If you have any questions or require further information, please contact Kim Kelstrom at 457-3907.

Approved by Superintendent
Robert G. Nelson Ed.D. ________________ Date: 07/10/2020
DATE:       June 26, 2020

TO:         Robert G. Nelson
            Superintendent

AT:         Fresno Unified School District

FROM:       Your SSC Governmental Relations Team

RE:         SSC’s Sacramento Weekly Update

Governor Newsom and Legislature Reach Deal on 2020–21 State Budget

Governor Gavin Newsom, Senate President pro Tempore Toni Atkins (D-San Diego), and Assembly Speaker Anthony Rendon (D-Lakewood) announced on Monday morning that they had reached an agreement on the 2020–21 State Budget. Later that evening, the language for Assembly Bill (AB) 89, the bill that reflects the agreement that will amend the 2020–21 State Budget Act (Senate Bill [SB] 74) that the Legislature approved on June 15, 2020, was made available, as well as the language for the budget trailer bills—the implementing language of the budget—including the Education Omnibus Trailer Bill (AB 77). Below we provide some of the main education tenets of the budget deal, but for more information, including how the CARES Act dollars will be allocated for learning loss mitigation, please see the Fiscal Report article on page 3 below.

LCFF and Deferrals

The compromise reached by the parties rejects the May Revision proposal to reduce the Local Control Funding Formula (LCFF) by 10%, but does not provide the statutory 2.31% cost-of-living-adjustment (COLA). Instead of making cuts to the LCFF, lawmakers are relying on apportionment deferrals totaling approximately $12 billion. The budget agreement provides that, if they materialize, the first call on new federal funds would restore $5.7 billion in deferrals.

Certificated and Classified Layoffs

The agreement also waives the provision in statute that allows local educational agencies (LEAs) to lay off nonmanagement certificated staff in the summer if the LCFF is not provided a COLA of at least 2%, which effectively cancels the summer layoff window. The deal also states that classified staff who hold positions in nutrition, transportation, or custodial services may not be laid off during the 2020–21 fiscal year.
Categorical Programs

Additionally, the deal rejects the May Revision proposal to reduce a number of the state’s remaining categorical programs, ensuring that the Career Technical Education, After School Education and Safety (ASES), and Adult Education programs retain their 2019–20 funding levels. In fact, the agreement not only restores the proposed reductions to ASES, but also provides an additional $100 million for the program and gives the California Department of Education limited waiver authority for ASES program hours, rates, ratios, and days for the 2020–21 school year.

Special Education

The deal adopts the Administration’s new special education funding formula at a rate of $625 per average daily attendance, based on the higher of current, prior, or second prior year. Funding will continue to flow through Special Education Local Plan Areas (SELPAs) and those SELPAs that are currently funded above that level will retain their 2019–20 funded rate with no COLA.

Next Steps

The Senate approved AB 89 on Thursday evening and the Assembly will approve the bill during its 1:00 p.m. session today, meaning the Governor will likely be in possession of the bill that reflects Monday’s deal by Friday evening. The Legislature will likely send most, if not all, of the budget trailer bills to the Governor as well, which will allow the Governor to take action on the entire budget proposal at the same time.

Leilani Aguinaldo
After much anticipation on June 22, 2020, Governor Gavin Newsom and legislative leaders announced a budget agreement that addresses the state’s multibillion dollar deficit just days before the new fiscal year begins on July 1. In a joint statement with Senate President pro Tempore Toni Atkins (D-San Diego) and Assembly Speaker Anthony Rendon (D-Lakewood), Governor Newsom intimated that the deal represents tough decisions and that more work will be necessary to keep the state’s fiscal house in order.

In the coming days, the Legislature will need to approve a budget bill that represents the agreement, along with policy trailer bills that detail many of the budget provisions. Yesterday, Senate Bill (SB) 98/Assembly Bill (AB) 77 were amended with the education budget details. We highlight key features below.

**Local Control Funding Formula.** The budget agreement maintains the Local Control Funding Formula (LCFF) at its 2019–20 levels—meaning the LCFF is neither cut by the May Revision’s proposed 10% nor is it increased by the 2.31% statutory cost-of-living-adjustment. Logistically this is done by providing an inflation factor of zero to the LCFF.

**Deferrals.** Instead of imposing cuts to the LCFF, lawmakers rely on K–12 apportionment deferrals totaling approximately $12 billion. The budget agreement provides that, if they materialize, the first call on new federal funds will restore deferrals above the May Revision’s $5.4 billion proposal. The budget agreement requires the following schedule for deferred payments:

- Continuation of the Second Principal Apportionment (P-2) deferral from June to July
- $1.54 billion from February apportionment is paid in November
- $2.38 billion from March, April, and May apportionments is paid in October, September, and August, respectively

Given the magnitude of the deferrals, local educational agencies (LEAs) inevitably will have to resort to internal and external borrowings to meet their monthly obligations, and LEAs that rely more heavily on cash flow from the state will feel a greater effect. The budget agreement will allow for exemptions from the deferrals when charter schools or districts will not be able to meet their obligations, but requires certification that the LEA has exhausted borrowing remedies and absent an exemption will need an emergency state loan.

**Learning Loss Mitigation Funding.** The agreement provides a significant, offsetting source of one-time revenue in federal Coronavirus Aid, Relief, and Economic Security Act and other funds, primarily to address student learning loss as a result of the health pandemic. Specifically, the deal appropriates the following funds:

- $1.5 billion for students with disabilities (SWD) to be distributed to LEAs based on their Fall 1 Census enrollment of SWDs ages 3 to 22
$2.86 billion to be allocated to LEAs based on their proportion of supplemental and concentration grant funding using 2019–20 second principal apportionment certification

$980 million to be allocated to LEAs based on the LCFF as of the 2019-20 principal apportionment, which equals approximately $165 per average daily attendance (ADA)

We provide a database at the end of the article to view what your LEA can expect to receive from the three learning loss mitigation subsets. Funds can be spent on four general categories: student learning supports; general measures that extend instructional time for students; providing additional core academic support for students who need it; and providing integrated services that support teaching and learning—such as student and staff technology needs, mental health services, staff professional development, and student nutrition.

Receipt of learning loss mitigation funds are contingent upon the adoption of a Learning Continuity and Attendance Plan (see below), as well as specified reporting requirements of unexpended funds.

**ADA Hold Harmless Provision, Distance Learning Standards, and Learning Continuity and Attendance Plans.** Given the uncertain trajectory of the coronavirus, along with the absence of effective therapies and a vaccine, LEAs and lawmakers anticipate that schools could be shuttered once again, warranting provisions to protect LEAs from state funding losses. The budget agreement includes an ADA hold harmless provision for 2020–21 that relies on adjusted ADA for 2019–20. In addition, the 2020–21 budget agreement establishes requirements to meet grade span instructional minutes through a combination of in-person instruction and distance learning when the latter is warranted as a result of a state, local, or federal directive. While the legislation allows for distance learning under specified circumstances, safeguards are included to ensure that:

- Students have access to connectivity and devices to participate in distance learning and complete work
- Instruction is substantially equivalent to the quality and rigor of classroom-based instruction
- Special education services are provided and individualized education programs can be executed in the distance learning environment
- Procedures are in place to reengage students who are absent from distance learning for more than three days

Accountability in 2020–21 will rely on a Learning Continuity and Attendance Plan which must be adopted by September 30, 2020, subject to specified consultation and public noticing requirements. The State Superintendent, in consultation with the State Board of Education’s executive director, shall adopt a template plan no later than August 1, 2020. The Local Control and Accountability Plan is no longer required for 2020–21, but LEAs must still adopt their LCFF Budget Overview for Parents by December 15, 2020. The Learning Continuity and Attendance Plan shall articulate all of the following:

- How COVID-19 impacts students and staff in the areas of health and safety, measuring student participation and academic progress through synchronous instruction, measuring the time value of student work, and the metrics to be used to measure learning loss
- How LEAs will address learning loss from COVID-19 in the 2019–20 and 2020–21 school years
- How LEAs will conduct outreach to students and parents/guardians when students are not engaging or are absent
- Types of additional supports to address the learning loss of, and accelerate learning progress for, English learners, foster youth, homeless students, and low-income students
- Types of professional development support and resources for educators
- How LEAs will provide student meals for in-person instruction and distance learning for the school year
- How LEAs will align state and federal funding, including supplemental and concentration grants to align with student needs

Finally, LEAs will be required to articulate how state and federal funds included in their adopted or revised budgets will be used to support the Learning Continuity and Attendance Plans, including how supplemental and concentration grants, along with federal funds used to backfill losses from reductions to the LCFF on a dollar-for-dollar basis, will be used to meet LCFF proportionality requirements.

**Special Education.** As proposed by Governor Newsom in January and updated in May, special education funding will be moving to a new funding formula in 2020–21 and receive a significant ongoing funding increase of $545 million in the process. Funding will now be calculated at the LEA level, but funds will continue to flow through the SELPA structure. LEAs will generate at least $625 per ADA and those LEAs within SELPAs currently funded above this level will be held harmless. As proposed in the Legislature, $100 million will be added to the low-incidence disabilities cost pool, which currently receives $18 million—no other programmatic changes appear to be proposed for the funds.

**CalSTRS and CalPERS.** Trailer bill language in AB 84 details the state investment to buydown employer contribution rates for the California State Teachers’ Retirement System (CalSTRS) and the California Public Employee’s Retirement System in 2020–21. The bill also removes the CalSTRS Board’s ability to change the rate in 2020–21, instead keeping the 2019–20 rate in statute. A future *Fiscal Report* article will detail the employer contribution rates that are included in the budget agreement.

**Certificated and Classified Staff Protections.** Finally, the budget agreement removes the authority of LEAs to lay off non-management certificated staff this summer, despite not meeting the 2% threshold for LCFF levels agreed to for 2020-21. However, the summer layoff window allowed by current law is in place for positions that require an administrative or supervisory credential. Additionally, classified staff who hold positions in nutrition, transportation, or custodial services may not be laid off from July 1, 2020, to June 30, 2021.

The Assembly and Senate are poised to take final actions to approve the new budget bill reflecting the agreement and trailer bills by Friday, June 26, 2020, in time for Governor Newsom to act on them by Saturday, June 27—his deadline to act on the original budget bill approved by the Legislature.

We will provide greater detail about all of these issues and more during our School Finance and Management Conference in July. To register, click here.
Note: While the State Budget deal offers less cuts to education than the Governor’s May Revision, LEAs may lack the resources and flexibilities needed to safely reopen their schools this fall.

California School Leaders Ambivalent as They Await Vote on State Budget

They’re pleased with no cuts but argue status quo funding won’t be enough.

By John Fensterwald
EdSource
June 25, 2020

Advocates and lobbyists for California’s K-12 school districts are expressing both relief and apprehension on the eve of the Legislature’s expected approval Friday of a 2020-21 state budget.

To a person, they say they appreciate the compromise that Gov. Gavin Newsom reached with Assembly Speaker Anthony Rendon, D-Lakewood; and Senate President Pro Tem Toni Atkins, D-San Diego. The deal will raise spending to the current year’s level by restoring billions of dollars in cuts Newsom had proposed and will add more federal aid dollars to cope with the coronavirus epidemic.

But education officials are skeptical about whether they’ll be ready to fully reopen schools in August, as Newsom assumes.

“The situation schools are facing now is better than presented in the governor’s May budget revision,” said Troy Flint, spokesman for the California School Boards Association. “But it’s still a far cry from what is needed to reopen schools safely and effectively.”

“We appreciate the governor and Legislature’s commitment to public education,” said E. Toby Boyd, president of the California Teachers Association. “However, the safety, health and well-being of students, educators and staff must continue to be our top priority in reopening schools and colleges as the Covid-19 pandemic remains a threat.”

Because the pandemic has thrown the state into a deep economic recession, the state is projecting that the minimum funding guaranteed for schools and community colleges will drop $11 billion next year. To restore that money, the Legislature pushed, and Newsom agreed, to let districts spend $11 billion more now but to delay paying the districts back for a year. They directed an additional $1 billion in state and federal funding to the nearly $6 billion in one-time federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding to address learning deficits resulting from school closures and take other actions needed to restart schools. The $2.2 trillion CARES Act, which Congress passed in March, requires that all the funding for schools and colleges be spent by Dec. 31.

The CTA and school groups are calling for more help to underwrite expenses for cleaning supplies, masks and other safety equipment. Newsom and the Legislature strongly indicate in legislation accompanying the budget that districts should have enough funding to open the new school year, regardless. Districts should “offer in-person instruction to the greatest extent possible” in 2020-21, says Assembly Bill 77 (section 43504 b). The implication is that districts should not continue offering only distance learning as they did when schools shut down to stop the spread of the pandemic.

Organizations representing school boards and administrators disagree on whether the wording of AB 77 precludes districts from also offering distance learning to children whose parents want to keep them home.
during the pandemic or a blended model that combines distance and in-person instruction to students in shifts (section 43503).

Flint of the school boards association interprets the law to say that distance learning is only allowed when a local health officer “explicitly” orders schools closed to stop the spread of the pandemic. Edgar Zazueta, senior director of policy & governmental affairs for the Association of California School Administrators, said that’s too strict a reading. Regardless of whether students have a medical condition keeping them out of school, distance learning can be offered to students who prefer it, he said.

“The option should be OK if parents do not feel comfortable for whatever reason,” he said. And social distancing requirements that public health officers already have ordered justify the use of a hybrid model, he said.

Meanwhile, civil rights and advocacy organizations for low-income students, organized as the Equity Coalition, in a June 24 “action alert” called for stronger distance learning oversight than in AB 77 to ensure that low-income students won’t fall further behind. They’re urging the state to require a minimum of 3 hours of live instruction per day, whether in-person or online, and a process for state agencies and county offices of education to identify and provide help to districts with “egregious” underperformance in distance learning.

Ban on most school layoffs

In providing districts more funding, Newsom and the Legislature agreed to protect all teachers and other school employees — including bus drivers, kitchen workers and custodians — from layoffs next year. The CTA and the California School Employees Association, representing classified workers, praised that decision as essential for adequate staffing for schools needing help to cope with the pandemic.

But organizations serving school boards and administrators counter that a blanket moratorium on layoffs denies districts the flexibility to make staffing decisions based on local needs. Some districts may have wanted to add instructional aides, who aren’t protected by the order, to help with hybrid learning, and reduce bus routes. With few options to cut expenses, many schools may “have to consider laying off staff that fall outside the restricted job classifications, and making cuts in other areas such as the arts, sports and other extracurricular programs,” the school boards association said in a statement. Oakland Unified, for example, may still need to make $16.5 million in unidentified cuts in next year’s budget.

Some districts already in dire financial condition before the pandemic struck had been planning to lay off staff. In a late addition to AB 77, this week legislative leaders extended the ban to prior layoff notices that had not yet taken effect.

Sara Bachez, chief governmental relations officer for the California Association of School Business Officials, said that “the reality is that districts facing higher expenses and uncertainty will have fewer tools in their toolkit.” She predicted that more districts will end up on the financial watch list for potential takeover by the state.

Zazueta said that preempting local control over employment decisions is “really bad policy” but said superintendents will deal with it and move ahead. “Our members are experts on making things work and are going to make every effort to do so,” he said.
Chris Evans, superintendent of Natomas Unified in Sacramento County, seconded that view. “It’s not like there isn’t some pain,” Evans said. “But I can’t complain about what the governor and Legislature came together on. They made education a budgetary priority in these difficult times. And that is appreciated.”

Unresolved funding issue

One budget dilemma that probably won’t be resolved by the end of the week involves the guarantee to districts that they will receive funding in 2020-21 based on their pre-coronavirus level of student attendance in 2019-20. Because the state funds districts and charter schools based on students’ average daily attendance, districts are worried about fluctuations in attendance due to waves of coronavirus infections and parents’ decisions to keep children home. The proposed reimbursement would lock in funding based on last year’s attendance.

But a consequence is that districts and charter schools that are growing or had planned to expand won’t be funded for additional students. “Most growing schools have already admitted students for the upcoming school year, have hired necessary staff, purchased materials, equipment and supplies, and committed to additional facilities expenses,” said Eric Premack, founding director of the Charter School Development Center in Sacramento. “The trailer bill does not address what growing charter schools should do, presumably leaving the schools with potentially devastating financial and operational consequences.”

“Thousands of parents have found charters and other schools open, safe and teaching students effectively,” said Bill Lucia, president of EdVoice, a nonprofit organization advocating for low-income families and school choice. “Especially now during a pandemic, California should not be cutting out successful options for children and families.

Elk Grove Unified, the state’s 5th largest district with 63,000 students, will lose the revenue from an expected 550 additional students.
“We understand and appreciate the hold harmless clause in the budget trailer bill and its intent,” said spokeswoman Xanthi Pinkerton. But the district is calling for an adjustment that recognizes expenses the district will face in accommodating more students.

Note: There is some confusion as to whether the statewide mask order will apply to students if they physically return to schools during the 2020–21 school year.

Are Students Subject to the Mask Order? Gavin Newsom Says California Doesn’t Know Yet

By Hannah Wiley
*The Sacramento Bee*
June 25, 2020

California issued a mandatory mask order last week, but state officials are still debating whether students should have to comply once schools reopen.

During a Thursday press conference to provide COVID-19 updates, Gov. Gavin Newsom said a mask mandate for students remains under discussion.

“We are continuing to work forward to clarify that because it is a more complicated question than you can imagine based on the 1,000-plus school districts and the many, the myriad of opinions that are coming back,” the Democratic governor said.

To slow the spread of COVID-19 in California, a state that’s seeing an uptick in the positive test rate and hospitalizations as the economy reopens, Newsom issued a mandatory face covering requirement on June 18. The order applies to public spaces and anywhere someone can’t safely distance from other people, but did not include explicit directions for schools.

To reopen safely, the California Department of Education had already urged students to wear face coverings as much as possible in its reopening guidebook published earlier this month. The California Department of Public Health similarly encourages students wear masks.

Newsom said State Superintendent of Public Instruction Tony Thurmond, school district representatives and California State Board of Education members are currently discussing whether to toughen that guidance in light of the mask order.

The governor said a decision on mask requirements in school hinges in part on budget discussions and how Americans with Disabilities Act requirements factor into the discussion, though he did not elaborate.

“We’ve had many conversations with (the public health department) and we appreciate their efforts to ensure their guidance is aligned with the Governor’s most recent order,” education department spokesman Daniel Thigpen said in an email. “As the Governor noted in his remarks today, this is an evolving matter, and we look forward to helping schools navigate implementation as final guidance is updated.”

The pandemic has pushed school leaders and teachers to reimagine what it will take to keep classrooms coronavirus-free through frequent handwashing, social distancing and elevated sanitation protocol. A
recurring question has been whether young students can handle wearing masks for hours a day without touching their faces.

Districts and teachers unions have also requested more funding, despite a budget crisis, to implement the recommendations.

“When we bring more than 6 million students back to school for in-person instruction, we need to make sure the state has fulfilled its obligation to provide appropriate protective equipment, masks and supplies for deep and continuous sanitization of school campuses and transportation systems,” said California Teachers Association President E. Toby Boyd in a statement.

Lawmakers raised concern during a recent hearing that districts will be vulnerable to lawsuits over the mask mandates. School leaders also expressed worry that a mask requirement would lead to litigation.

“Schools aren’t supposed to be a cash cow for a lawyer,” said Assemblyman Patrick O’Donnell, D-Long Beach, during a June 16 Education Committee hearing. “They’re supposed to be places for students to learn. If we’re not careful, schools are going to become someone’s cash cow. And ultimately, it’s gonna fall on the taxpayer.”
DATE: July 2, 2020
TO: Robert G. Nelson
   Superintendent
AT: Fresno Unified School District
FROM: Your SSC Governmental Relations Team
RE: SSC’s Sacramento Weekly Update

Governor Newsom Signs 2020–21 State Budget

Just two days before the beginning of the new fiscal year, Governor Gavin Newsom signed the $202 billion spending plan for 2020–21 into law. The Governor signed the two main budget bills, Senate Bill (SB) 74 and Assembly Bill (AB) 89, as well as 18 budget trailer bills, which contain the implementing language of the State Budget.

SB 74 was sent to Governor Newsom at the constitutional deadline of June 15, which was before legislative leadership and the Newsom Administration came to a deal on the budget. The Governor delayed taking action on the bill until the Legislature could send him another budget bill that reflected their agreement and would make amendments to SB 74, which is what AB 89 does. While the Governor has the authority to veto any budget line item, he only used his “blue pencil” once since the State Budget is based on negotiations with legislative leadership.

Like the main budget bills, the budget trailer bills take effect immediately upon the Governor’s signature. The three most significant trailer bills for education are the following:

- **SB 98—Education Omnibus Budget Trailer Bill.** This bill includes the implementing language of the budget’s education provisions including $12 billion in Local Control Funding Formula (LCFF) deferrals, $5.3 billion ($4.8 billion federal funds) to mitigate learning loss from COVID-19, adoption of the Administration’s new special education funding formula at a rate of $625 per average daily attendance (ADA), an ADA hold harmless provision that stipulates ADA will be based on the 2019–20 year, and replacing the Local Control and Accountability Plan for 2020–21 with a Learning Continuity and Attendance Plan due by September 30, 2020.

- **AB 84—Public Employment and Retirement Budget Trailer Bill.** This bill redirects the $2.3 billion from the 2019–20 State Budget Act that was allocated to provide long-term relief for the California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) and instead uses those dollars to further
reduce employer contribution rates for the 2020–21 and 2021–22 fiscal years. This reallocation will further reduce the CalSTRS employer rate from 18.41% to approximately 16.15% in 2020–21 and from 18.10% to approximately 16% in 2021–22, while the CalPERS employer contribution rate will be reduced from 22.67% to 20.70% in 2020–21 and from 24.60% to 22.84% in 2021–22.

- **AB 76—K–12 Education and Community Colleges 2019–20 Deferral.** This bill defers $1.85 billion in payments for K–12 education from June 2020 to July 2020 and defers $330 million in payments for the California Community Colleges from May and June 2020 to July 2020.

**Bill Amended to Provide Liability Protections for Schools**

During the recent budget deliberations, one issue that was repeatedly discussed, but never addressed, was how the state could protect schools from COVID-19-related lawsuits. While there was nothing in the final budget agreement that resolved this issue, Assemblymember Patrick O’Donnell (D-Long Beach), who chairs the Assembly Education Committee, gutted and amended AB 1384 on Monday into a measure that would provide limited liability protections for the state’s schools as they prepare to reopen.

Specifically, the bill would require local educational agencies (LEAs) to establish policies and procedures for operating programs and facilities that are consistent with applicable federal, state, and local legal and regulatory COVID-19-related requirements and also takes into consideration guidelines from federal, state, and local government entities and public health agencies. The bill would exempt LEAs that meet these requirements from monetary liability and damages for injury relating to COVID-19 infection, any condition in existence because of the COVID-19 pandemic, or any act or omission by LEAs in response to the COVID-19 pandemic.

Since this is a two-year bill that is already in the second house (the Senate), it has been referred to the Senate Judiciary Committee for its policy hearing. However, since the Senate will be on summer recess beginning July 3 and will not return until July 13, the bill will not be heard by the committee until the Senate returns meaning we won’t know more about this bill until later this month.

*Leilani Aguinaldo*
Changes to Interfund Borrowing in the 2020–21 State Budget Deal

By Robert McEntire, EdD, and Sheila G. Vickers
School Services of California Inc.’s Fiscal Report
June 29, 2020

Temporary interfund borrowing for cash flow purposes has been allowed by statute for many years, as discussed in our May 2020 Fiscal Report article “Ask SSC . . . How Do We Implement Temporary Interfund Borrowing?” The 2020–21 State Budget deal adds Section 42603.1 to the Education Code, which provides additional flexibility related to interfund borrowing, but it comes with strings attached.

For the 2020–21 and 2021–22 fiscal years, if there are cash deferrals (and there are), the following provisions will be in effect:

- Up to 85% of the money in any fund can be temporarily transferred to another fund for cash flow purposes
  - This is an increase from the normal 75% limitation
- A governing board resolution authorizing the temporary borrowing is required
  - This has not been specifically required by statute in the past, but some county offices of education or county treasurers may have always required it
- A public hearing is required to be held before the governing board adopts the resolution
  - This has not been required by statute in the past

Note that these changes are effective only for the next two fiscal years.

Keep in mind that the statute that provides for interfund borrowing, Education Code Section 42603, does not distinguish between the ability to borrow from different types of funds, as it refers to “moneys held in any fund or account.” However, if there is a need to borrow from certain sources, such as bond funds or Community Facilities District (CFD) funds, check with your legal counsel before making the transaction.

If your local agency needs to implement a temporary interfund transfer for cash flow purposes, be sure to plan ahead, prepare the resolution, and hold the public hearing before the cash borrowing is needed.
Note: If the federal government does approve another stimulus package and schools receive additional financial assistance, the first call on new federal funds would restore $5.7 billion in deferrals.

Guide to California’s Education Budget Deferrals: Pros, Cons and Costs of Delayed Payments

Districts won’t be reimbursed for $11 billion in spending until 2021-22.

By John Fensterwald
EdSource
July 1, 2020

Prevailing in negotiations with Gov. Gavin Newsom, the Legislature passed a state budget that will let K-12 schools spend at the same level in 2020-21 as this year — avoiding the billions in cuts that Newsom had proposed.

But there’s a catch. Spending won’t equate to funding. School and community college districts will have to front $11 billion they would normally get from the state in exchange for IOUs. Districts won’t be paid back until 2021-22.

Deferrals, as the late payments are called, may sound familiar. They also were the Legislature’s go-to strategy during the Great Recession.

The Legislature and Newsom still hope they won’t be needed. Both built budgets assuming Congress would provide enough stimulus aid to fill in for declining state revenues. Newsom proposed a combination of cuts and deferrals if that didn’t happen. The Legislature countered with all deferrals. School districts, looking to an uncertain reopening of school with unpredictable expenses, preferred that option.

But with the proposed $3 trillion HEROES Act now stalled in the Senate, Congress may not come to the rescue in time. And deferrals have their own set of costs and liabilities. They’re not spread equally among school districts and in a prolonged recession districts may get stuck with them for years. That’s why Newsom initially proposed to move cautiously.

Small school districts and charter schools will likely have the hardest time managing their cash flow. So will districts with low property wealth, which also have the highest rates of low-income families. They receive the most money from the state and have to borrow the most to tide them over.

What follows are answers to questions about deferrals.

What are they, again?

Deferrals are late payments to districts that are needed because the state can’t meet its funding commitment to education.

Deferrals let districts budget for more money than the state will provide. They can spend as if there is no reduction in revenue. At the same time, by pushing a portion of payments to districts into the following fiscal year, the state will fund less than it budgeted and can claim a one-time savings.

Those are deferrals’ advantages.
How about disadvantages?

Deferrals may appear relatively painless but create a potential trap of perpetual funding obligations. If multi-year federal funding doesn’t come and state revenues only increase slightly, then the state will either have to cut spending or issue another round of deferrals.

The only way for the state to get back on track will be to “double up” in a year when there’s an increase in revenue. If it’s paying $1 billion late, it will need an extra billion to catch up. And if next year, the economy continues to falter and state funding drops $2 billion more, Newsom will have the choice of raising deferrals to $13 billion or cutting spending by that amount.

Why do we need them now?

Schools are funded through Proposition 98, the formula that determines what portion of the General Fund goes to community colleges and K-12 schools. Since 2013-14, districts have counted on steady, sometimes sizable yearly funding increases.

But the coronavirus pandemic has torn a hole in the economy and left state revenues in tatters. Last year, the minimum level of Prop. 98 funding was $81.5 billion; the minimum funding level for 2020-21 will be $70.5 billion. Deferrals of $11 billion will bring spending to last year’s level.

How do next year’s deferrals compare with those used in the Great Recession?

After nearly $8 billion in federal funding ran out for K-12 schools in 2009-10, the state turned to deferrals to avoid cuts. Deferrals peaked in 2012-13 at $10.4 billion for K-14; 19% of Prop. 98 was paid late to community colleges and schools through deferrals.

Prop. 98 has grown substantially since then. Next fiscal year, which begins in July, about 16% of Prop. 98 funding will be paid late to schools and community colleges.
Why didn’t Newsom propose more deferrals from the start instead of cuts?

Newsom hasn’t said why, but others share Newsom’s concern about a prolonged recession and revenue drought. If revenues fall or stay flat next year, the state will already have issued a record-high amount in deferrals. Without more deferrals — or higher taxes, which are hard to pass in a recession — Newsom would be pressured to slash education spending. That’s what former Gov. Jerry Brown threatened to do in the 2013-14 budget. Instead, voters raised sales and income taxes in November 2012 through Proposition 30.

“There is definitely some upper limit on how much you can do in deferrals, but there is no predefined amount. It will have to do with what the market would accept,” said Gabriel Petek, California’s Legislative Analyst. In his former job, he was the chief analyst for California for S&P Global Ratings, which evaluates the financial conditions of the state, local governments and school districts.

More deferrals also will extend the time it will take to pay back the money and compound potential cash-flow problems.

How do deferrals work?

The first deferral began in June, when the state withheld $1.9 billion as the last payment for 2019-20 and pays it back this month, the start of 2020-21. Starting in February, the state will make partial payments through June, pushing back repayment to 2021-22.

Unlike most forms of debt, the state will be in arrears, but districts will borrow and bear the costs. The cheapest and easiest way is to borrow from districts’ own budget reserves. In a report in April, the Legislative Analyst’s Office said that in 2018-19 school districts held reserves equaling 17% of spending and were in better shape than heading into the Great Recession.

But a year later, reserves in many districts are likely smaller. Some of the state’s largest districts — Los Angeles, Sacramento City, Oakland and West Contra Costa — have been eating into savings for years, with reserves at or below 3%.

County offices of education may be able to loan money to small districts, said Tim Taylor, executive director of the Small School Districts’ Association. But other districts will have to borrow short-term on the private market through Tax and Revenue Anticipation Notes, or TRANs. Large districts with good credit will issue their own TRANs, while other districts will join together through county offices of education, which will organize a TRANs pool.

TRANs are viewed as safe investments. Most districts should not have a problem getting them at interest rates of around 1%. But for Sacramento City Unified and a handful of districts deemed at risk of running out of cash sometime in 2020, it’s unclear how they will be able to borrow short-term, said David Gordon, superintendent of the Sacramento County Office of Education.

Small and independent charter schools may find it difficult to obtain loans with deferrals as large as anticipated, said Eric Premack, founding director of the Charter Schools Development Center in Sacramento. Without collateral required for large loans, they will pay high interest rates. “While many charter schools learned from the prior recession and have amassed significant cash reserves, many others are still strapped and would be deeply stressed by the proposed deferrals,” he said.
The budget authorizes the California Department of Finance to provide as much as $300 million in emergency relief to charter schools and districts unable to find financing for deferrals.

**Will the burden of deferrals be felt equally?**

Definitely not. Understanding why requires a bit of background.

To pay school districts what they’re owed under Prop. 98, the state turns first to property taxes and then to the General Fund to fill in what’s left. Deferrals will apply only to the amount of revenue supplied by the state. Statewide, 36% of revenue comes from property taxes and 64% from the General Fund. But those proportions vary widely among counties and even districts within counties.

A district’s property wealth is the main factor determining the ratio. In high-wealth coastal counties like Napa, Santa Clara and Orange, most school districts get less than 40% of their base funding from the state. School districts in low-wealth counties, like Kern and Riverside, get the most revenue from the General Fund. They’ll be the first to face cash-flow problems.

Capistrano Unified in Orange County and Corona-Norco Unified in Riverside County, two similarly sized districts, illustrate the impact. The $11 billion in deferrals will comprise 16% of districts’ Prop. 98 revenue. Property taxes fund three-quarters of Capistrano’s Prop. 98 entitlement. Only about 4% of its funding next year will be deferred. In Corona-Norco, where the General Fund provides three-quarters of funding, about 12% of its Prop. 98 funding will be late.

Some large districts, including Fresno Unified and San Bernardino City Unified get at least 80% of their revenue from the General Fund. Bakersfield City School District, which gets 95% from the General Fund, will see 15% of its money paid late.

**How long can deferrals continue?**

Deferrals can be paid off only when state revenues increase. A recovering economy and tax revenue from a sales and income tax increase that voters approved in November 2012 provided a surge in revenue. Brown set eliminating the state’s “wall of debt” as a priority and paid off deferrals by the end of 2014-15.

Absent another tax increase, paying off deferrals will take longer this time. And there’s a new wrinkle. Once the economy rebounds, state law will require Newsom and the Legislature to replenish a Proposition 98 rainy day fund before the state can pay down deferrals. That will prolong the time deferrals can be eliminated.

The worst-case scenario would be for the state to enter the next economic downturn without having paid off existing deferrals. Additional deferrals, if lenders issue them at high interest rates, would compound the problem.

“Continuing deferrals is not a problem if you have a reasonably good recovery,” Premack said, “but ultimately for all schools, charters and otherwise, deferrals will become a cut.”
Note: The budget deal waives the provision in law that permits a summer layoff window for certificated staff if the LCFF does not receive at least a 2% cost-of-living adjustment and also stipulates that LEAs cannot lay off classified staff who hold positions in nutrition, transportation, or custodial services during the 2020–21 fiscal year.

Police Unions’ Power Wanes, But How About Teachers?

By Dan Walters
*Cal Matters*
July 1, 2020

The fatal suffocation of George Floyd with a Minneapolis policeman’s knee pressing his neck into the pavement has ignited righteous outrage about police violence around the globe.

It also has focused much-needed attention on the cozy relationship between police unions and politicians and the laws and policies that protect violence-prone officers from consequences for their acts.

The unions get what they want from local and state officials, not only legal protections but generous salaries and pension benefits. The politicians also get what they want, campaign funds and union endorsements testifying to their crime-fighting credentials.

That mutual backscratching has been very evident in California in the 45 years since then-Gov. Jerry Brown signed collective bargaining legislation for public employees. Police unions have had virtual veto power over anything they considered to be adverse to their interests.

The blue wall, as one might term it, has cracked a little in the last couple of years. Now, in the wake of Floyd’s outrageous death, politicians are scrambling to sever their financial and political ties to police unions, to enact more much-needed reforms, such as lifting state certification of officers who are fired for egregious conduct, and to redefine policing in the 21st century.

Fundamentally, the political clout that police unions have wielded in California for decades is no different from what other public employee unions have done. Universally, they seek more job security and increases in pay and fringe benefits for their members, and do so by supporting politicians who will deliver the goods, regardless of how it impacts the larger public.

If, therefore, we condemn the unhealthy relationship between police unions and politicians, we should subject other public employee unions to the same critical scrutiny.

Take, for instance, what happened last week as the Legislature was adopting a flurry of “trailer bills” to the state budget.

These bills, drafted secretly and enacted quickly, are often used as vehicles to pass major policy changes that would be difficult to make if they had to go through the formal legislative processes.

The state’s powerful education unions, led by the California Teachers Association, greatly benefit from three provisions in the “omnibus education trailer bill.” One prohibits school districts from laying off teachers, the second places a de facto cap on charter school enrollments, and a third dilutes transparency and accountability for educational outcomes.
The union-backed no-layoff decree was forced on school districts, over their objections, as a condition of maintaining budget levels despite the state’s multi-billion-dollar deficit.

That funding also ignores districts’ losses of students due to COVID-19 shutdowns by basing state school aid in 2020-21 on pre-pandemic levels of attendance. It’s a windfall to school systems experiencing enrollment declines, but freezes funds for those seeing growth — particularly charter schools. Thus, it furthers school unions’ long-standing campaign to knee-cap charter school expansion.

The third questionable trailer bill provision sets aside, at least temporarily, the Local Control Accountability Plans (LCAPs) that are supposed to guide expenditures of funds meant to upgrade the academic performances of poor and English-learner students. Instead districts now will employ “continuity and attendance plans” that are yet to be defined.

LCAPs were often ill-written and/or ignored but their existence was another way for parents and school reformers to challenge the educational status quo. Now that window into transparency and accountability is being closed.

Police unions have often blocked accountability for violent acts. Education unions flex their muscle to stifle competition and avoid accountability for how schools treat their neediest pupils.

The outcomes of both damage the larger society.
Fresno Unified School District  
Board Communication

BC Number AS-2

From the Office of the Superintendent  Date: July 10, 2020
To the Members of the Board of Education
Prepared by: Ruth F. Quinto, Deputy Superintendent/CFO
Phone Number: 457-6226

Regarding: 2020/21 State Adopted Budget Update

The purpose of this communication is to provide the Board an update regarding the 2020/21 State Adopted Budget, which was signed by the Governor on June 29, 2020.

The district’s 2020/21 Adopted Budget was approved by the Board on June 10, 2020. This included assumptions based on the Governor’s May Revise. On June 29, 2020 the Governor signed the negotiated State budget agreement. Listed below are updates that impact Fresno Unified’s 2020/21 Adopted Budget:

- The Local Control Funding Formula (LCFF) is not receiving a cost-of-living adjustment (COLA) (0%) and is still a reduction from the statutory COLA of 2.31%
- Categorical Fund adjustments include:
  - Reinstate proposed reduction in funding for After School Education and Safety Grants (ASES) and will also include an increase in the daily rate
  - Reinstate proposed reduction in funding for Preschool, Strong Workforce, and Career Technical Grants
  - Community School Grants of $45 million will be funded on a competitive basis
- Special Education will generate $625 per ADA instead of $645 proposed in the May Revise. The difference in funding will be allocated to low incidence students, which includes those who are physically impaired, such as deaf and hard of hearing and orthopedically impaired.
- CalSTRS and CalPERS remains as proposed in the May Revise
- Coronavirus Aid, Relief, and Economic Security Act (CARES) provides an increase in one-time revenue to address student learning loss as a result of the pandemic. The May Revise included funding based on two criteria: students with disabilities and districts with high concentrations of disadvantaged students. In addition to these criteria, the Governor adopted a third criteria which is based on districts’ total average daily attendance (ADA). As a result of this change, funding for the district from CARES increased from $65 million at the May Revise to $74 million.
- Districts will be held harmless for 2020/21 ADA based on the 2019/20 ADA
- Certificated and classified staff protections include no layoffs for non-management certificated staff and classified staff who hold a position in nutrition, transportation, or custodial services may not be laid off from July 01, 2020 to June 30, 2021
- Waive annual instructional minutes, however daily instructional minutes and 180 instructional days remain requirements
- Cash deferrals were significantly increased, and additional relief may be provided pending additional federal stimulus funds. The significant deferrals will most likely require districts to prepare for temporary borrowing (Tax Revenue Anticipation Notes - TRANS). The last time Fresno Unified issued a TRANS was in 2002 for $26 million

We recommend reevaluating district budget scenarios after the state’s July 15th tax receipt deadline which will better inform resource levels for 2020/21. Currently, staff suggests the following:
1. Maintain the current budget Board approved budget adjustments and reductions for 2020/21.
2. Increase investments for learning loss mitigation by $10 million (from $13.1 million to $23.1 million) for 2020/21 as additional and/or unanticipated costs may be required.

Finally, and of significant importance, the State’s 2020/21 Adopted Budget significantly altered the requirements for the Local Control and Accountability Plan (LCAP) which had previously been amended through Executive Order N-56-20. As a result, the adoption of a traditional LCAP is not required for 2020/21. Instead, districts must complete and adopt a new and different LCAP for 2020/21: The Learning Continuity and Attendance Plan (new LCAP).

In broad terms, the new LCAP will describe how districts address COVID-19 impacts. An important aspect of this change is the condensed timeline for input from both internal and external stakeholders. At a minimum, districts must:

- Consult with a variety of stakeholders
- Present the new LCAP to the District Advisory Committee
- Present the new LCAP to the District English Learner Advisory Committee
- Conduct a public hearing
- Adopt the plan at a separate public meeting

These activities must be completed prior to September 30, 2020, the latest date when the new LCAP must be adopted by the Board. The California Department of Education (CDE) has not yet released a planning template for the new LCAP and estimates it will be available August 1st. However, staff has already reached out to district leaders to begin documenting the new LCAP plan elements, and as well, our office has begun organizing community and stakeholder outreach. An update will be provided to the Board once specific requirements become available from CDE and further progress ensues regarding a formalized community outreach plan.

If you have any questions, or require additional information, please call Ruthie Quinto at 457-6226.
Regarding: Medi-Cal Administrative Activity Program

The purpose of this communication is to provide the Board information regarding the reimbursements from the Medi-Cal Administrative Activity Program (MAA).

The district recently received $567,000 in MAA reimbursements from 2018/19 first quarter claims. As mentioned in previous board communications and budget revisions, the California Department of Health Care Services (DHCS) held back reimbursement funds. After several years of uncertainty, invoices are now being processed.

In December 2016, the State released a new claims method for submission of reimbursements beginning with January 2015. The district is working with the Madera County Superintendent of Schools (MCSOS) to submit claims. Through June 30, 2020, the district has received $4.3 million in reimbursements in 2019/20.

The MCSOS continues to recommend that districts recognize MAA revenues only after they are received since future funding adjustments may occur. Therefore, additional funds will be recognized once received.

If you have any questions or require further information, please contact Kim Kelstrom at 457-3907.
Regarding: Summer Learning 2020 Graduates

The purpose of this communication is to provide the Board information regarding issuing diplomas to 2020 Summer High School Credit Recovery Academy Graduates.

Summer graduates were invited and encouraged to attend the end-of-year celebratory graduation experiences offered to all seniors at the conclusion of the 2019/20 academic year. This included, on-site senior check-out, receiving the graduation swag bag, and invitation to participate in virtual graduation celebrations at each individual high school site. Diplomas were issued to seniors meeting graduation requirements during the senior check-out process.

This summer’s High School Credit Recovery Academy began on June 8, 2020 and will conclude on July 24, 2020. Upon completion of graduation requirements in the High School Credit Recovery Academy, summer graduates will receive their diploma and graduation robe (if purchased). Communication to parents and summer graduates regarding the process of receiving diplomas and graduation robes is provided by summer school site administration and counselors.

Summer graduates will be encouraged to participate in the in-person graduation celebrations, tentatively scheduled August or December 2020 as permitted by health and safety guidelines.

If you have any questions or require additional information, please contact Jeremy Ward at 248-7465.