May 18, 2020

The Honorable Holly Mitchell, Chair
Senate Budget Committee
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Richard Roth, Chair
Senate Budget Sub. 1 on Ed. Committee
State Capitol, Room 2080
Sacramento, CA 95814

The Honorable Kevin McCarty, Chair
Asm. Budget Sub. 2 on Ed. Committee
State Capitol, Room 2136
Sacramento, CA 95814

Re: CTA’s 2020-21 Budget Priorities

Dear Legislative Budget Leadership:

The California Teachers Association (CTA) appreciates the leadership of Governor Newsom and the Legislature during this emergency. We recognize the global pandemic has had a significant impact on the economy and state budget. We ask you to prioritize education funding during budget deliberations, especially as we prepare to re-open schools.

CTA’s top priority is to be able to re-open schools and the economy safely. In order to provide parents with the confidence necessary to send their children to school, schools will need to provide the following assurances:

- **Physical distancing** – Schools need smaller class sizes, changes in schedules, and other means of limiting student interactions in order to maintain social distancing.
- **Deep cleaning and sanitation** - Campuses and school transportation systems need to be continually cleaned and sanitized by trained school employees.
- **Responsible health practices**– Schools need access to health services including nurses and medically trained personnel, daily health checks and sufficient personal protective equipment (PPE) for students and staff.
- **Communication system** – Schools must have a robust communication system between schools, parents, county health departments, and school employees. Early stakeholder involvement and collaboration is key in determining safe conditions for teaching and learning.
- **Resiliency** – Schools need social/emotional supports by trained counselors for students and the school community during this crisis.
- **Back-up plan** – If a second outbreak of COVID-19 happens, school districts need a plan for providing distance learning including: addressing vulnerable and struggling student populations, school supplies, textbooks, devices, and access to internet. This plan should also include feeding students and providing supervision of children of essential workers, as necessary.

The Governor’s proposed May Revision does not provide the resources necessary for schools to provide these assurances to physically re-open safely. If schools cannot re-open, the economy cannot begin to recover.
Revenues
CTA appreciates the Governor’s leadership in proposing to suspend certain tax credits, generating $4.5 billion in additional revenue in 2020-21 ($1.8 billion Proposition 98). However, CTA believes more needs to be done to eliminate or suspend additional tax credits to prevent further devastating cuts to education. According to the California Budget and Policy Center’s recent analysis, California gave away approximately $64 billion in state revenue in 2019-20 due to personal income and corporate income tax breaks. CTA urges the Legislature to eliminate or suspend additional tax breaks, in addition to identifying other revenue sources. The state cannot rely solely on the federal government to prevent cuts to education and other vital services.

Federal Funds
CTA appreciates the Governor prioritizing education by allocating $4.4 billion in Coronavirus Relief Funds (CRF) for K-12 education. CTA supports efforts to mitigate learning loss using the CRF. CTA supports the Administration’s intent to allocate this funding based on students most impacted by COVID-19, including low-income, English learners, foster youth, and special education students. We urge state leaders to allocate funding based on these student groups regardless if they attend a district that qualifies for concentration grant funding. CTA believes all low-income, English learners and foster youth students face additional challenges, regardless of where they live.

CTA supports the Governor’s May Revision proposal related to the federal Elementary and Secondary School Emergency Relief funds. Specifically, CTA supports providing $100 million in grants to county offices of education to develop networks of community schools and $63.2 million for training and professional development for teachers, administrators, and other school personnel on mitigating opportunity gaps.

Proposition 98
Due to reduced revenues caused by COVID-19, the Governor’s May Revision proposes a Proposition 98 (Prop 98) funding level for 2020-21 of $70.5 billion, a $10.6 billion (23 percent) decrease from the level adopted in the 2019 Budget Act. CTA believes Prop 98 should be a floor, and not a ceiling for education funding, especially during this emergency.

The May Revision projects Prop 98 “Test 1” is operative in 2020-21 and the out-years. CTA supports the May Revision proposal to provide supplemental appropriations above the constitutionally required Prop 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, up to a cumulative total of $13 billion. This will increase the Prop 98 share of the General Fund from 38 percent to 40 percent over time. CTA believes this is consistent with the intent of Prop 98.

Pension Payments
CTA supports the Governor’s proposal redirecting $2.3 billion to reduce the employer contribution rates for local educational agencies and community colleges in 2020-21 and 2021-22.
However, CTA has questions related to the Governor’s proposal to suspend the planned increases to the state’s contribution to CalSTRS until 2023-24 and the impact on the agreement made through AB 1469 (Chapter 47, Statutes of 2014).

**Local Control Funding Formula**
The May Revision includes a 10 percent cut to the Local Control Funding Formula (LCFF), totaling $6.5 billion, absent additional federal funding. These trigger cuts will result in massive layoffs for teachers and classified staff beginning in August. According to our estimates using 2018-19 data, a cut of $6.5 billion to the LCFF would likely mean layoffs for approximately **57,000 teachers**, resulting in increased class sizes by **19 percent**. This is almost double the number of layoffs during the Great Recession. These cuts are unmanageable and unsafe for schools during a pandemic where social distancing measures are required. The table below further illustrates the devastating impact of this proposed cut.

<table>
<thead>
<tr>
<th>Statewide Cut (10%):</th>
<th>$ 6,500,000,000</th>
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<tbody>
<tr>
<td>Equivalent Cut Per Student:</td>
<td>$1,230</td>
</tr>
<tr>
<td>Equivalent Cut Per Classroom:</td>
<td>$21,667</td>
</tr>
<tr>
<td>Equivalent Teacher Lay Off (Salary &amp; Benefits):</td>
<td>57,638</td>
</tr>
<tr>
<td>Equivalent Classified Employees:</td>
<td>125,000</td>
</tr>
<tr>
<td>Percentage increase in class size:</td>
<td>19.1%</td>
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</tbody>
</table>

Schools are vital to the state’s response and recovery from the COVID-19 pandemic. We ask the Legislature and Administration to provide the necessary resources for schools and protect teachers and classified staff from August layoffs. Specifically, CTA requests the Legislature suspend Education Code section 44955.5 (as it has done previously in 2002-2003 and 2011-2012), which would trigger August layoffs absent a 2 percent increase to the LCFF. Additionally, we ask the Legislature to provide the same protections for classified staff.

**Categorical Reductions**
In addition to the reduction to LCFF, CTA also has concerns with the significant reductions to the Adult Education Block Grant and the Career Technical Education categorical programs.

**Special Education**
CTA supports the Governor’s proposal to maintain the increased base rate for special education.

**Attendance Hold Harmless**
Even when schools begin to open again, they will continue to struggle with student absences due to illness, quarantine, or parents keeping their kids home out of caution. CTA asks the Legislature to provide a temporary average daily attendance (ADA) hold harmless until a vaccine is available. Specifically, we propose using either 2018-19 or 2019-20 ADA, whichever is higher, or an average of those years. CTA would support a thoughtful process
for moving to enrollment-based funding when Prop 98 funding is restored and if local educational agencies with high attendance are held harmless.

In addition to COVID-19, some local educational agencies are still struggling to recover from the recent wildfires. We appreciate the Legislature and Governor including relief for wildfire impacted districts in the 2019-20 budget. Specifically, the education omnibus trailer bill, SB 75 (Chapter 51, Statutes of 2019), included a three-year ADA hold harmless for a local educational agency impacted by the recent wildfires through 2020-21 and a two-year hold harmless for basic aid districts impacted by the wildfires through 2019-20. CTA asks the Legislature and Governor to consider extending both provisions, to provide these communities with more time to recover from both the wildfires and COVID-19.

Flexibility
CTA supports the Governor’s May Revision proposals to provide more flexibility for local educational agencies. In addition, CTA asks for consideration of the following flexibilities:

- **Seat Time.** Schools will likely look much different once they begin to re-open. Given the uncertainty of COVID-19, schools must be prepared to offer distance learning or partial distance learning for the 2020-21 school year. Flexibility of minimum instructional minutes and days will be required to accommodate distance learning.

- **Local Reserve Requirements.** In order for local educational agencies to absorb cuts and payment deferrals, the state should provide the necessary flexibilities related to local school district reserve requirements.

- **New Mandates.** In 2019 the Legislature passed, and the Governor signed into law, several bills with new mandated costs for schools. Cost estimates for the costliest legislation would result in additional costs for schools of up to $1.2 billion. The Legislature could consider delaying the implementation of some of these bills, to provide schools with additional fiscal relief.

Cash Flow
The May Revision includes the deferral of payments to local education agencies, totaling $5.3 billion by 2021-22. We understand deferrals may be necessary to mitigate budget cuts. However, in addition to the deferrals, counties are considering cancelling their Teeter Plans which allow counties to allocate property tax revenues based on the total amount of property taxes billed, but not collected. If cancelled, local school districts will have less property tax revenues to meet their obligations. The combination of deferrals and cancellation of Teeter Plans will exacerbate a local district’s cash flow needs. CTA urges state leaders to require counties to maintain their Teeter Plans.

Community Colleges
CTA supports the Governor’s May Revision proposal to extend the hold harmless provision of the Student-Centered Funding Formula for an additional two years. However, we are concerned with the proposed 10 percent cut to the formula if additional federal funding is not provided. We are especially concerned with the impact on part-time faculty. As stated earlier, we ask the Legislature to increase revenues to prevent these disruptive cuts.
Additionally, CTA urges you to re-examine Calbright’s funding. We ask for any unspent one-time funds to be reallocated to the rest of the community college system. We also ask for any planned expansion of Calbright to be temporarily paused until the fiscal situation improves and ongoing funding be reevaluated and reduced accordingly. Calbright’s targeted students can be served by the many online courses currently offered by our traditional community college system.

**Early Education**
Maintaining access to safe and quality childcare is important now more than ever. Early education needs to be funded at a level that can continue to support both working families and essential workers. Californians may face a second wave of the virus and need to be prepared to stay home when childcare for essential workers will be vital once again.

**Conclusion**
Thank you for your consideration of CTA’s budget priorities. We look forward to partnering with you in the budget process during this difficult time. Feel free to contact me with further questions at Khardeman@cta.org.

Thank you,

Katie Hardeman
Legislative Advocate

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