

**Date:** May 18, 2020  
**To:** All Humboldt County School Districts  
**From:** Corey Weber, HCOE Director of Fiscal Services  
**Subject:** Governor's May Budget Revision

As we have been expecting, the Governor's May Revision showed the negative effects of the downturn in the economy due to the COVID-19 pandemic on the budget. However, it could have been much worse had the Governor not intentionally developed a budget that looks to protect education.

Here are some of the proposals that were included in the May Revision:

### The Bad

Deferrals – In 2019-20, there will be a deferral of the June 2020 apportionment to July 2020. In 2020-21, there will be deferrals of the April, May, and June 2021 apportionments to sometime in 2021-22.

LCFF Revenue reductions – In 2020-21, a reduction of 10% for the LCFF base grant. This 10% reduction will also be applied to all LCFF add-ons.

State Categorical reductions - In 2020-21, a reduction to the State categorical programs, including up to a 50% reduction to the CTE grants and a \$100 million reduction to the ASSES grants.

### The Good

Special Education – An increase in the base rate to \$645 per student up from the current \$557 per student.

STRS/PERS – A proposed pay down of the employer contribution rates in 2020–21 and 2021–22. This will reduce the CalSTRS employer rate from 18.4% to an estimated 16.15% in 2020–21 and from 18.2% to 16.02% in 2021–22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020–21 of 22.68% to 20.7% and CalPERS 2021–22 estimated rate of 24.6% to 22.84%. We recommend waiting for trailer bill language before changing these rates.

*(continued)*

Flexibility – Exemptions from the deferrals if the LEA can demonstrate documented hardship. Increasing the amount you can move with an inter-fund transfer from 75% of the funds' balance to 85% of the fund balance. Excluding state pension payments on behalf of LEAs from the calculation of required contributions to routine restricted maintenance. The ability to use proceeds from the sale of surplus property for one-time General Fund purposes.

For more information on the Governor's May Revision, here are two documents the SSC Fiscal Report – [An Overview of the 2020-21 Governor's May Revision](#) and the [budget summary report of the May Revision's K12 Education budget](#).