

Governor's Proposals for the 2022-23 State Budget and K-12 Education

Western Placer Unified School District
Board of Trustees - January 18, 2022

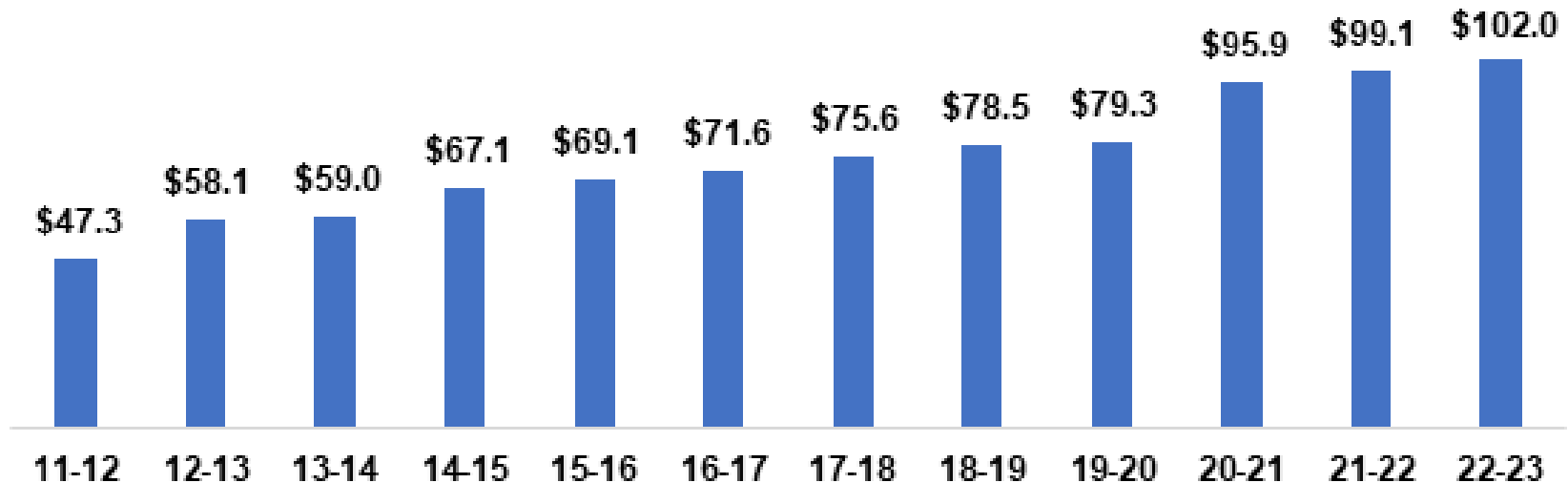
Overview of the Governor's Budget Proposals

- Governor Gavin Newsom released his proposal for the 2022-23 State Budget today, January 10 that focuses on addressing five essential threats:
 - Fighting COVID-19 with science
 - Combating the climate crisis
 - Confronting homelessness
 - Tackling the cost of living
 - Keeping our streets safe
- The 2022-23 budget proposal projects a surplus of \$45.7 billion, which includes \$20.6 billion in General Fund for discretionary purposes, \$16.1 billion in additional Proposition 98 General Fund support, and \$9 billion in reserve deposits and supplemental state pension payments.
- 2022-23 State Budget proposes investments in
 - California's core infrastructure to combat the threat of wildfires that have devastated so many lives.
 - Continues and expands programs to address climate change, including workforce investments and funding to green California's school bus fleets.
 - Recognizes the continuing impacts on COVID-19 and proposes over \$2 billion to increase the state's capacity to slow the spread of the virus through increased testing capacity and vaccination efforts.
 - Augment Federal aid to small businesses to address the struggles of small businesses persist as business owners try to recover from the instability of the last two years and the recent omicron surge.

Proposition 98 General Fund

- The budget projects that Proposition 98 funding levels from 2020-2021 through 2022-23 fiscal years increase by \$16.1 billion over the level funded in the 2021 Budget Act due to rebenching.

Proposition 98 Funding
2011-12 to 2022-23
(Dollars in Billions)



Local Control Funding Formula (LCFF), COLA, and ADA

- The Governor's Budget proposal includes an estimated statutory cost-of-living adjustment (COLA) of **5.33%** for the LCFF—an increase from the projections of 2.48% that was part of the 2021 Enacted State Budget.
- The other education programs that are funded outside of the LCFF—Special Education, Child Nutrition, Foster Youth, Mandate Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education program—as well as COEs and community colleges, will also receive the estimated **5.33%** COLA.
- WPUSD – Estimate \$1.2M to \$1.9M in LCFF Base Funds
 - Range is with 93% ADA rate – 95% ADA rate (used in 22/23 MYP)

Local Control Funding Formula (LCFF), COLA, and ADA

LCFF Entitlements for School Districts

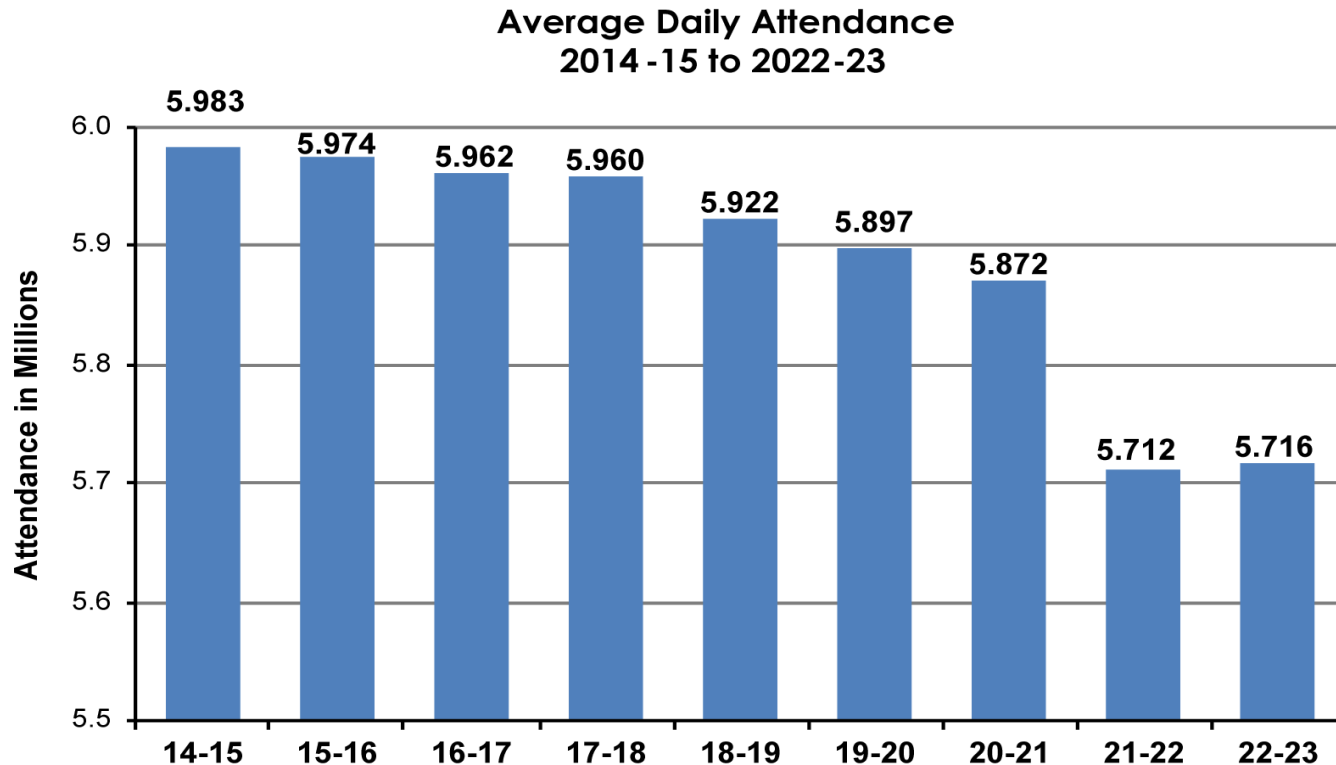
The base grants by grade span for 2022-23 are increased over 2021-22 by the estimated statutory COLA of 5.33%.

| Grade Span | 2021-22 Base Grant Per ADA | 5.33% COLA | 2022-23 Base Grant Per ADA |
|------------|----------------------------|------------|----------------------------|
| TK-3 | \$8,093 | \$431 | \$8,524 |
| 4-6 | \$8,215 | \$438 | \$8,653 |
| 7-8 | \$8,458 | \$451 | \$8,909 |
| 9-12 | \$9,802 | \$522 | \$10,324 |

The TK-3 base grant increase for the class-size reduction (CSR) grade span adjustment is \$886 per ADA in 2022-23, and the grade 9-12 base grant per ADA is increased by \$268 in recognition of the need for Career Technical Education (CTE) courses provided to students in the secondary grades.

Declining Enrollment - Statewide

Demographic trends that existed prior to the COVID-19 Pandemic have been exacerbated over the last two years. This was the case with enrollment in K-12 public schools, where gradual multi-year birth rate declines had eroded the enrollment projections of school districts for several years. The pandemic saw reduced state in-migration, accelerated birth rate declines, and pushed parents to consider alternatives to their neighborhood public school. Intrastate migration has also impacted enrollment declines in some districts.



Declining Enrollment - Funding

- The budget proposes changes to the average daily attendance (ADA) component of the LCFF and the independent study program to assist local education agencies (school districts) in managing declining enrollment and simplifying attendance collection, as follows:
- Amends the LCFF calculation to consider the greater of a school district's current year, prior year (22/23 or 21/22) or the average of three prior years' ADA (21/22, 20/21 -19/20 and 19/20). The formula change is intended to help districts with significant declining enrollment.
- Intends to engage in outreach and discussions to explore options for providing declining enrollment protections for charter schools.
- Ongoing costs associated with these policies are estimated to cost \$1.2 billion Proposition 98 General Fund.

Independent Study

- The primary source of general-purpose funding for most school districts is based on ADA. ADA can either be generated through in-person instruction or through independent study.
- Independent study programs are the means by which school districts deliver remote instruction and generate ADA.
- In response to the increased number of students in need of access to participating in remote instruction due to the pandemic, multiple programmatic changes were made to independent study requirements in 2021-22.
- Governor 2022-23 proposals continue to recognize the need for independent study as an alternative to in-person instruction by continuing extended timelines for signed independent study agreements implemented in the current year.
- Budget proposes allowing for time spent in synchronous instruction to be included in traditional independent study instructional time calculations beginning in 2022-23. This represents the first change to the ADA calculation for traditional independent study in decades. This change would provide increased flexibility to school districts in meeting independent study requirements and generating attendance for the purpose of apportionment through remote instruction.

Special Education

The budget proposes \$500 million ongoing Proposition 98 General Fund for the special education funding formula with the following policy changes:

- Amends the special education funding formula to calculate special education base funding allocation at the LEA level rather than the special education local plan area (SELPA) level. Consolidates two special education extraordinary cost pools into a single cost pool to simplify the formula.
- Allocates Educationally-Related Mental Health Services funding directly to the LEA rather than the SELPAs.
- Develops a Special Education Addendum to the Local Control and Accountability Plan that will support inclusive planning and promote cohesion.
- Develops comprehensive Individualized Education Programs (IEPs) by focusing a special education resource lead on IEP best practices and establishing an expert panel to continue to work of creating a model IEP template.
- Establishes an alternate diploma and a workgroup to explore alternative coursework options for students with disabilities to demonstrate completion of the state graduation requirements.

Child Nutrition

- The budget proposes:
 - \$596 million Proposition 98 General Fund to support universal access to subsidized school meals
 - \$450 million one-time Proposition 98 General Fund, over three years, to update school kitchen infrastructure and equipment
 - \$3 million one-time Proposition 98 General Fund to support the School Breakfast and Summer Meal Start-Up and Expansion Grant Program.

Universal TK

Absent any change in law, school districts are poised to enter the initial year of expansion towards universal TK. Beginning in 2022-23, students whose fifth birthday occurs between September 2 and February 2 are eligible for TK. The Governor's Budget proposal continues the implementation of universal TK, while doing two things:

- Rebenching the Proposition 98 guarantee to include the continued implementation of universal TK
- Allocating \$383 million to reduce student-to-adult ratios, beginning in 2022-23, to 12 students to every one adult

Expanded Learning Opportunities

As foreshadowed in the 2021 Budget Act, the Governor's Budget increases the ongoing investment in the Expanded Learning Opportunities (ELO) Program to \$4.4 billion.

- In 2021-22 the ELO program was comprised of \$1 billion in ongoing and \$754 million in onetime Proposition 98 funds.
- The additional \$3.4 billion for the program in 2022-23 will increase per-pupil funding and expand the number of school districts that offer no-cost services.
- Onetime investment of \$937 million for ELO Program infrastructure, though there will be a focus on integrating arts and music programming into the enrichment options for students.
- Invests \$148.7 million ongoing to continue the onetime reimbursement rate increases that were included in the 2021 Budget Act for the After School Education and Safety and 21st Century Community Learning Centers programs.

Universal Meals Program/Nutrition

Beginning with the 2022-23 school year, all school districts are required to provide two free meals per day (breakfast and lunch) to any student who requests a meal, regardless of their free or reduced-price meal status. The state will then cover any remaining unreimbursed costs up to the combined state and federal free per-meal rate.

- \$596 million, on top of \$54 million provided in the 2021 State Budget Act, to fund universal access to subsidized school meals.
- \$450 million onetime (available over three years) for school districts to upgrade school kitchen infrastructure and equipment to incorporate more fresh, minimally processed California-grown foods in school meals.
- \$3 million onetime to support the School Breakfast and Summer Meal Start-Up and Expansion Grant Program.

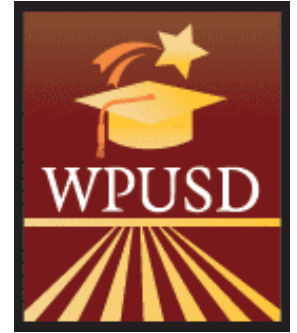
What's Not In The Budget

Retirement Systems

Governor Newsom does not propose additional funding for the California State Teachers' Retirement System (CalSTRS) or the California Public Employees' Retirement System (CalPERS) employer contribution rate relief for school districts.

Based on current assumptions, **CalSTRS** employer contributions would increase from **16.92% to 19.10%** in 2022-23, while **CalPERS** employer contributes rates would increase from **22.91% to 26.10%**.

What's Next

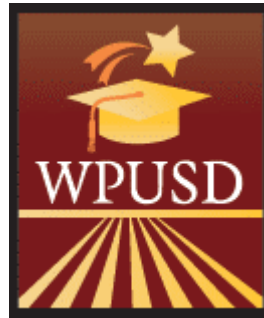


- State Level

- January through May:
 - Trailer bill language with details of proposals
 - Budget subcommittees review
 - LAO issues detailed review of Governor's plan spending restraint and slightly higher revenue forecast
- Governor's 2022-23 May Revision on or before May 15th
- On-time 2022-23 budget by June 15th

- District level

- 2021-22 Second Interim Report – March 2021
- 2022-23 New Student Registration, Enrollment and Staffing Projections – January & February 2021
 - 2021-22 Actual P-2 ADA will be used to update, if necessary, enrollment and ADA projections for 2021-22, 2022-23 and 2023-24
- Governor's 2022-23 May Revision Presentation– May 2022
- 2022-23 Budget Adoption and LCAP Approval –By June 30, 2022



Accept Information of
2022-23 Governors January
Budget Proposals



QUESTIONS & COMMENTS