



Hacienda La Puente Unified School District

Governor's Proposed 2020-21 Budget

Board Meeting
January 21, 2020

Introduction

***Governor Newsom released his 2020-21
Proposed Budget at a January 10, 2020.***

Largest budget in California history.

Summary

The Governor's 2020-21 Proposed Budget stated that:

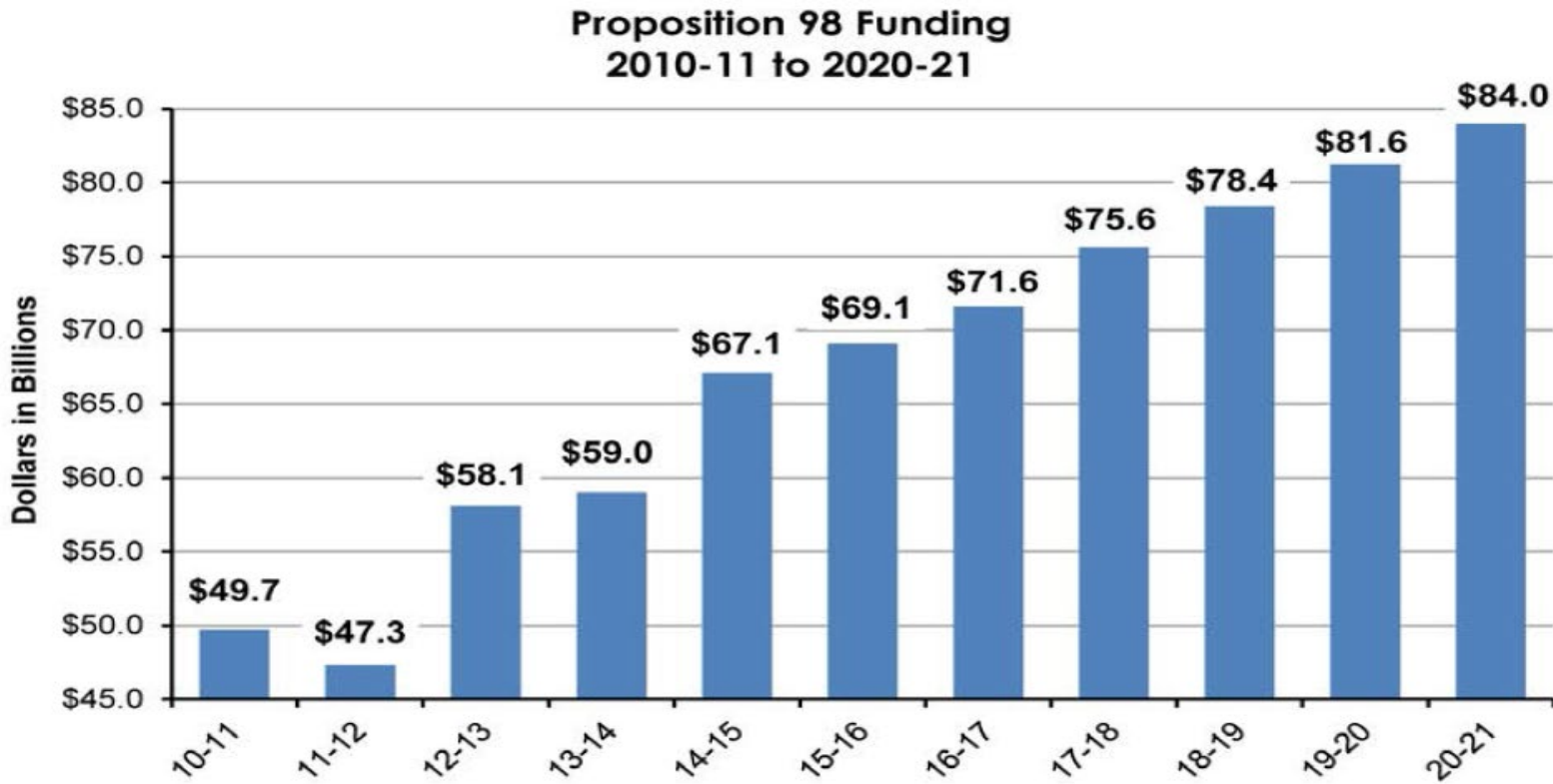
- ❖ California's economy is the strongest in the nation with a gross domestic product (GDP) of nearly \$3 trillion, representing the fifth largest economy in the world.
- ❖ The state's unemployment rate is now at 3.9%, down from a peak of 12.2% during the Great Recession.
- ❖ Revenues are projected to reach \$156.9 billion in 2020-21 (a 3.5% increase).
- ❖ Expenditures are projected to be \$153.0 billion in 2020-21 (a 2.2% increase).
- ❖ The Budget continues to prepare the state for an economic slowdown by building reserves.

Proposition 98

- ❖ The enactment of Prop 98 in 1988, set a minimum funding level for K-12 education and community colleges
- ❖ Both state General Fund and local property tax revenues apply toward meeting the Prop 98 minimum guarantee
- ❖ Minimum guarantee is determined by one of three tests
 1. Share of General Fund revenues – approximately 39% of General Fund revenues, plus local property tax
 2. Changes in per capita personal income and average daily attendance (ADA)
 3. Per capita General Fund revenue growth, plus 0.5% and change in ADA
- ❖ 2020-21 is projected to be a Test 1 year. Minimum guarantee is projected to be \$84b.

K-12 Education Funding

Prop 98 funding is expected to grow to \$84 billion in 2020-21, an increase of \$3 billion over the 19-20 level funded in the 2019 Budget Act
Chart below is from Governor's Proposal.



Proposition 98 Reserve

Proposition 2 Rainy Day Fund

- ❖ Proposition 2 (2014) established a state Rainy Day Fund and a Prop 98 reserve.
- ❖ Unlike the state's Rainy Day Reserve, contributions to the Prop 98 reserve are triggered only if the following four conditions are met:
 1. The outstanding Maintenance Factor prior to 2014-15 (\$6.2B) is fully paid
 2. Prop 98 funding is based on Test 1
 3. ADA growth/decline and statutory COLA are fully paid
 4. Capital gains tax revenues account for more than 8% of general fund revenues
- ❖ The measure also imposed a cap on what school districts could maintain in their reserves if certain conditions are met

Proposition 98 Reserve – cont.

Proposition 2 Rainy Day Fund

- ❖ The threshold for triggering the cap on district reserves is when the deposit into the Prop 98 reserve reaches 3% of the Prop 98 funding level.
- ❖ When the 4 conditions are met, a state deposit into the Prop 98 reserve is required.
- ❖ All 4 conditions were met in 2019-20, therefore a deposit was made.
- ❖ The budget allocates \$524.2m in 2019-20 and a withdrawal of \$37.6m in 2020-21 for a total balance of \$486.6m.
- ❖ This is significantly less than the 3% level needed, estimated at \$2.2b
- ❖ The cap on reserve is not triggered!

LCFF

- ❖ The Governor proposes \$1.2 billion towards the LCFF to fund the 2.29% statutory COLA
- ❖ This brings LCFF funding to \$64.2 billion (up from \$63 billion in 2019-20)
- ❖ This is lower than the 3% COLA projected at adoption of the 2019-20 State Budget, but higher than the LAO's estimate of 1.79%
- ❖ 2020-21 LCFF growth provides an average increase in per-pupil funding of an estimated \$231 per ADA

LCFF – cont.

The 2.29% COLA is applied to the LCFF base grants for each grade span

Grade Span	2019–20 Base Grant per ADA	2.29% COLA	2020–21 Base Grant per ADA
K–3	\$7,702	\$176	\$7,878
4–6	\$7,818	\$179	\$7,997
7–8	\$8,050	\$184	\$8,234
9–12	\$9,329	\$214	\$9,543

Chart & Information courtesy of School Services of California, Inc.

Special Education

- ❖ The 2019-20 State Budget included \$645 million in new resources:
 - \$152 million to bring lowest funded SELPAs up to the statewide target rate of \$557.27 per ADA
 - \$493 million in one-time funding to school districts based on the count of 3, 4, and 5 year olds with IEPs
- ❖ The 2020-21 State budget proposes to use this \$645 million in an ongoing manner to increase special education base rates
- ❖ The Governor is proposing to use the \$645 million from the 2019-20 State Budget for a new special education base formula that uses a three year rolling average of the district ADA.
- ❖ The proposal also includes \$250 million in one-time funding to school districts based on preschoolers with disabilities.
- ❖ The Governor proposes \$1.1 million to study the current SELPA governance and accountability structure and improve accountability for special education service delivery and student outcomes.
- ❖ The goal is to finalize the new special education funding formula to support equity and early intervention services

Educator Recruitment and Professional Development

- ❖ Addressing California's educator shortage, the Governor proposes a \$900 million one-time Prop 98 investment in the educator workforce.
- ❖ \$350 million one-time funding for Educator Workforce Investment Grants.
- ❖ \$18 million one-time for the California Collaborative for Educational Excellence.
- ❖ \$193 million one-time for the Workforce Development Grant Program.
- ❖ \$175 million one-time to expand the Teacher Residency Program.
- ❖ \$100 million one-time for the California Teacher Credential Award Program.
- ❖ \$64.1 million one-time to expand the California Classified School Employees Credentialing Program.

Addressing the achievement gap

- ❖ The Budget proposes \$300 million one-time to establish Community School grants for local educational agencies (LEA) supporting innovative community school models.
- ❖ \$300 million one-time funding for:
 1. Opportunity Grants for the lowest-performing schools and school district
 2. Expand the capacity of the California Collaborative for Education Excellence (CCEE)
- ❖ Budget proposes investments in STEM and computer science education
 - \$15 million one-time for grants to LEAs to support the preparation of teachers to earn a supplementary authorization on their credential to teach computer science
 - \$2.5 million one-time for county office of education to share best practices
 - \$1.3 million one-time to develop a new UC Subject Matter Project in computer science
 - \$340,000 for one cohort of approximately 1,200 educators to participate in the new project

School Nutrition

- ❖ The Budget proposes \$60 million to increase funding for school nutrition.
- ❖ \$10 million one-time funding to provide training for school food service workers to promote healthier and more nutritious meals.
- ❖ \$10 million one-time funding for a new Farm to School Grant Program housed in the Department of Food and Agriculture to support California farmers and expand healthy food access

K-12 School Facilities

- ❖ The Governor did not include any significant new initiatives for school facilities.
- ❖ However, on the March 3, 2020 ballot for consideration by the voters is a \$15 billion general obligation bond – the Public Preschool, K-12, and College Health and Safety Bond Act (Act) of 2020
- ❖ If approved, the Act would provide \$9 billion to support K-12 facilities construction

Next Steps

What are the next steps legislatively?

- ❖ The Legislature will now need to weigh in on the Governor's Proposed Budget for 2020-21.
- ❖ We hope to get more detailed information and will provide the Board with an update.

Thank you!