

2021-22 Proposed Budget

presented by
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2 Goals for Tonight

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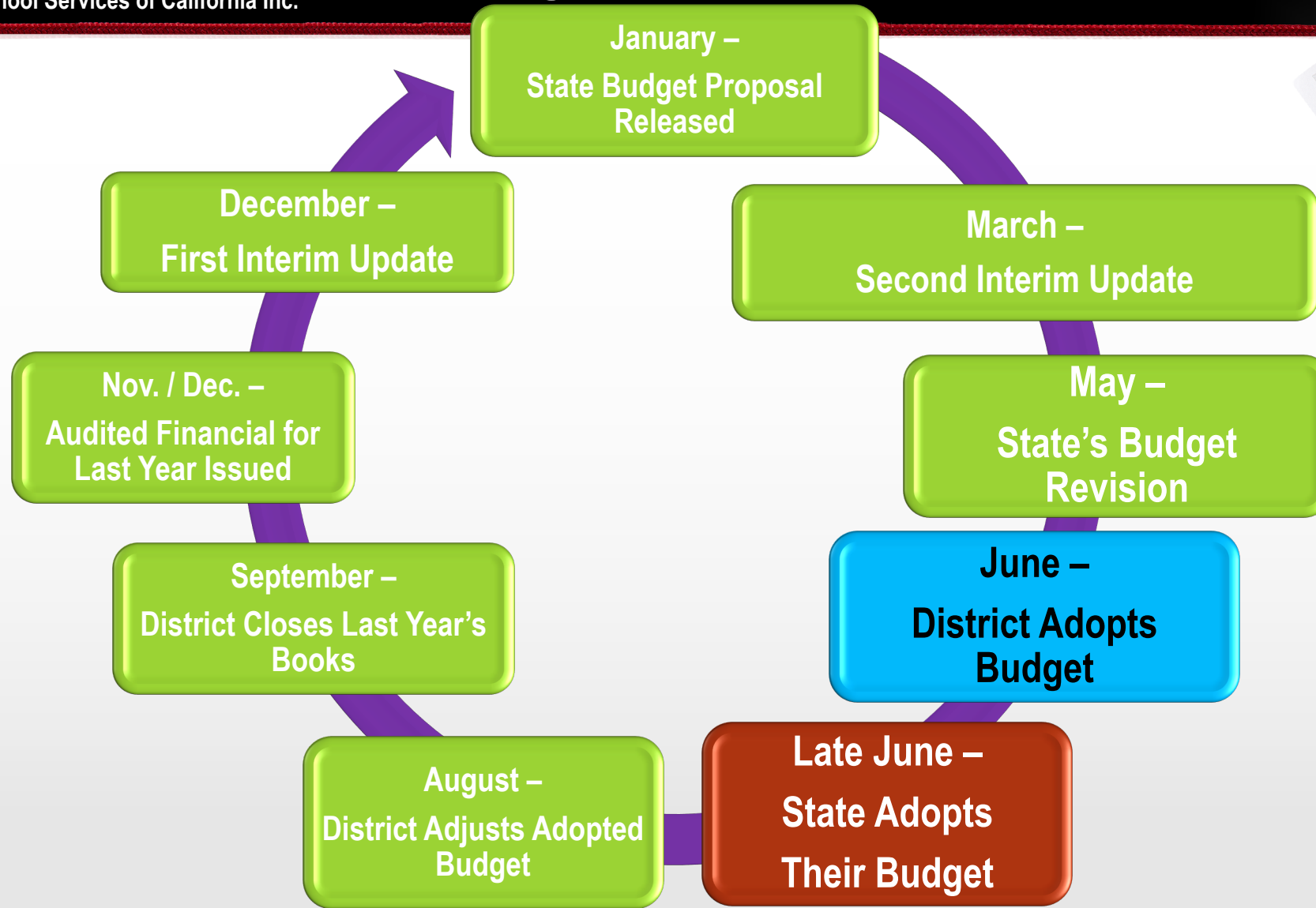
- **Budget Cycle Revisited**
- **Discuss 2021 May Revise Highlights**
- **Summarize Proposed Budget & Assumptions**
- **Next Steps**
- **Q & A**

Budget Cycle –

Board adopts District Budget **BEFORE**

State adopts State Budget

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4 Themes for the May Revision

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- California is “roaring back” from the initial dark days of the health pandemic that has gripped the state for nearly a year and a half
- Governor Gavin Newsom balances his robust—and arguably aggressive—spending proposals with over \$24 billion in reserves, including an historic deposit into public education’s rainy day fund
- The significant investments in the May Revision—namely, the increased ongoing education spending obligations—can create out-year risks for the state and for local leaders if the economic assumptions underlying the May Revision prove tenuous
- Local educational leaders can look forward to increased revenues that will help them expand access to high-quality educational and support services to California’s six million students, including programs to accelerate and enrich academic learning



5 Economic Effects of COVID-19

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- Leading up to the May Revision, Governor Gavin Newsom announced that the state was facing a \$100 billion surplus, dubbed the “California Comeback Plan”
 - \$76 billion from extra state revenues and \$25 billion from federal resources
 - The forecasted \$54 billion deficit of one year ago is a distant memory
- While California’s coffers are overrun, not all Californians’ bank accounts are experiencing the same
 - California’s unemployment rate was at 8.3% in March 2021
 - \$12 billion of the California Comeback Plan is direct cash payments to expand the Golden State Stimulus



6 Rainy Day Fund—Budget Stabilization Account

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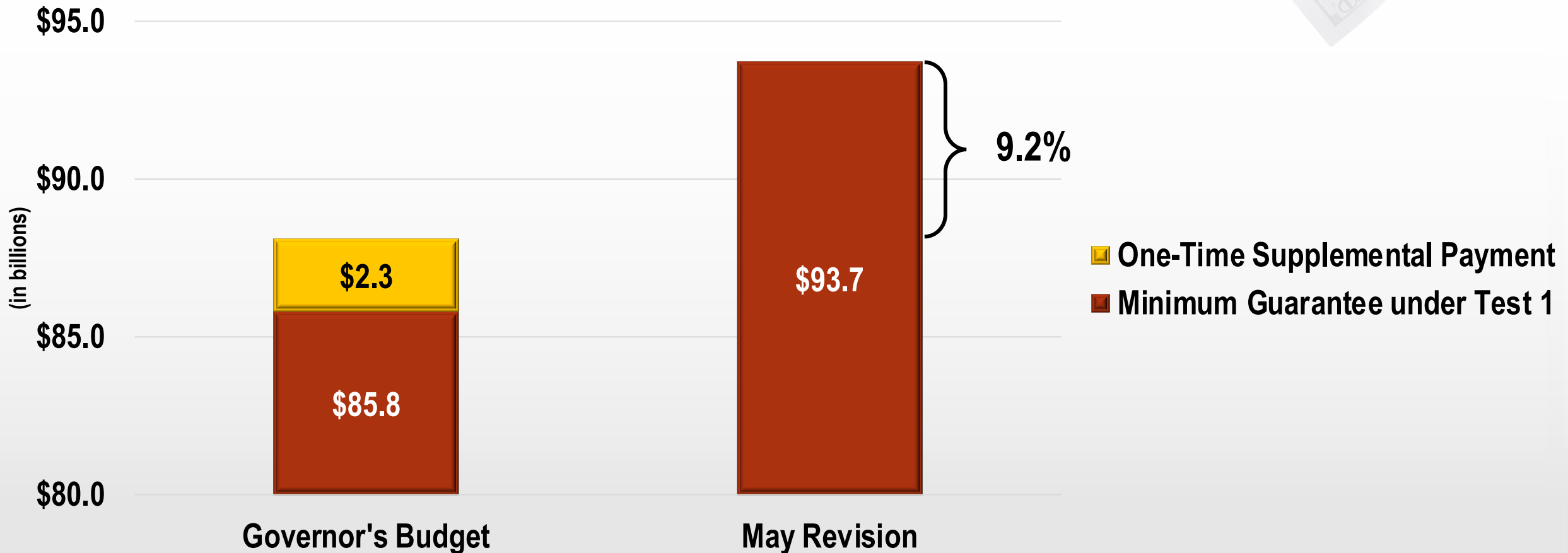
- The 2020 State Budget Act drew down \$7.8 billion from the Budget Stabilization Account (BSA), the first time a withdrawal was made since the inception of Proposition 2 (2014)
 - This left \$8.3 billion in the BSA
- However, due to the dramatically improved revenue forecast, the May Revision proposes increases to the BSA with ending balances of:
 - \$12.5 billion for 2020–21
 - \$15.9 billion for 2021–22



7 Education Funding for 2021–22

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2021–22 Funding Governor's Budget (Jan. 2021) vs. May Revision



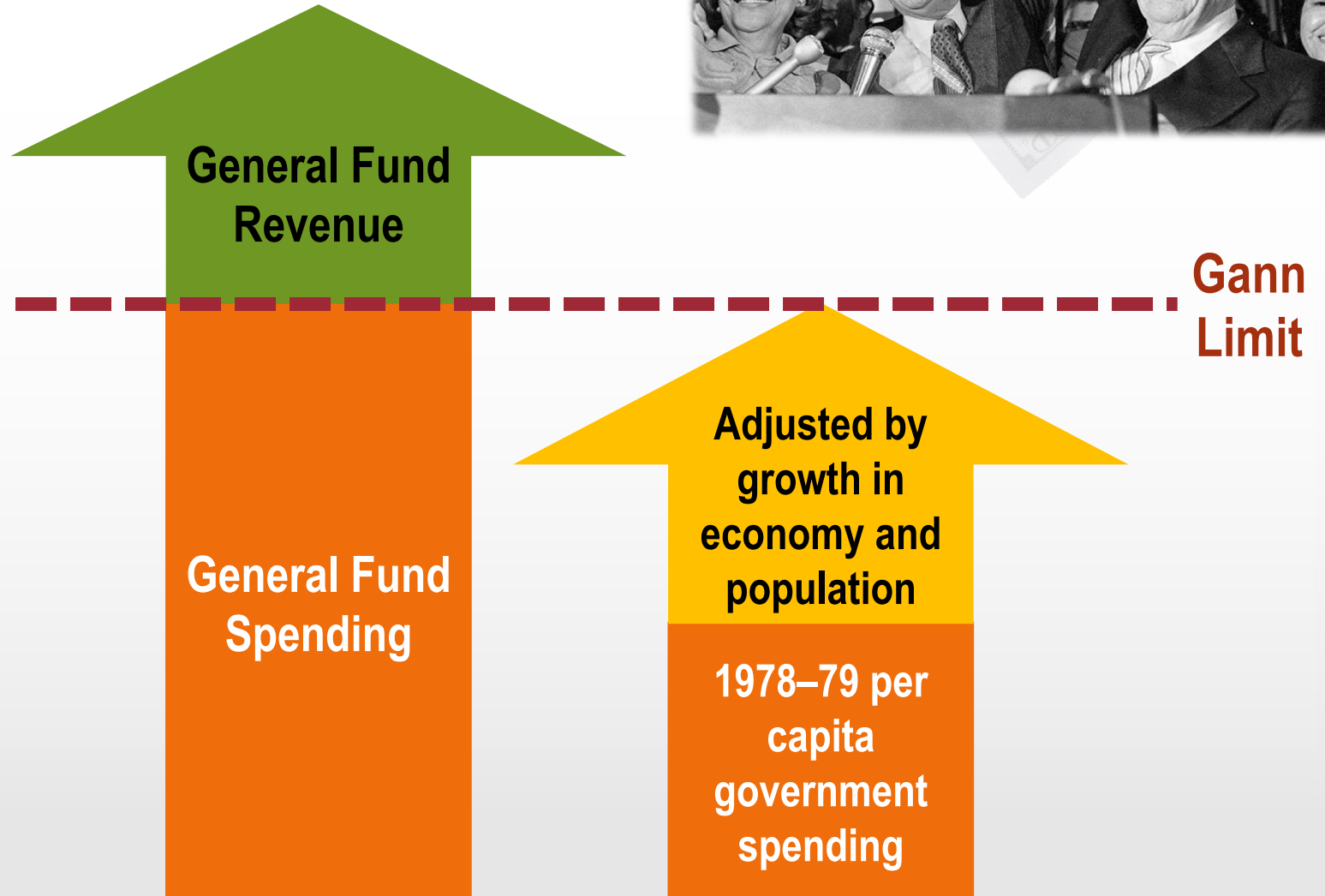
8 The Gann Limit and Education Funding

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In addition to Proposition 98, the Constitution also provides for additional funding under Proposition 4 in certain instances

- Each year, the Gann Limit caps the amount of tax proceeds the state and local governments can spend
- When there is more revenue than the state can spend within its limit, it must split the excess revenues between tax rebates and K–14 education



9 Education Funding for 2021–22

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- In addition to updating the Proposition 98 minimum guarantee estimates for 2021–22, the May Revision also updates the estimates for the current and prior fiscal years, or 2020–21 and 2019–20, respectively
- In each of these fiscal years, the minimum guarantee is adjusted for a total increase over January estimates of nearly \$10 billion

	Governor's Budget	May Revision
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion

- The growth in the minimum guarantee brings per-student revenues to \$13,977—an historic high for California

10 Cap on District Reserves

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- Since the May Revision estimates that the total deposit the state is required to make into the Proposition 98 Reserve is \$4.6 billion (up from \$3.0 billion in January), it triggers the law that caps local school district reserves for the 2022–23 fiscal year



3%

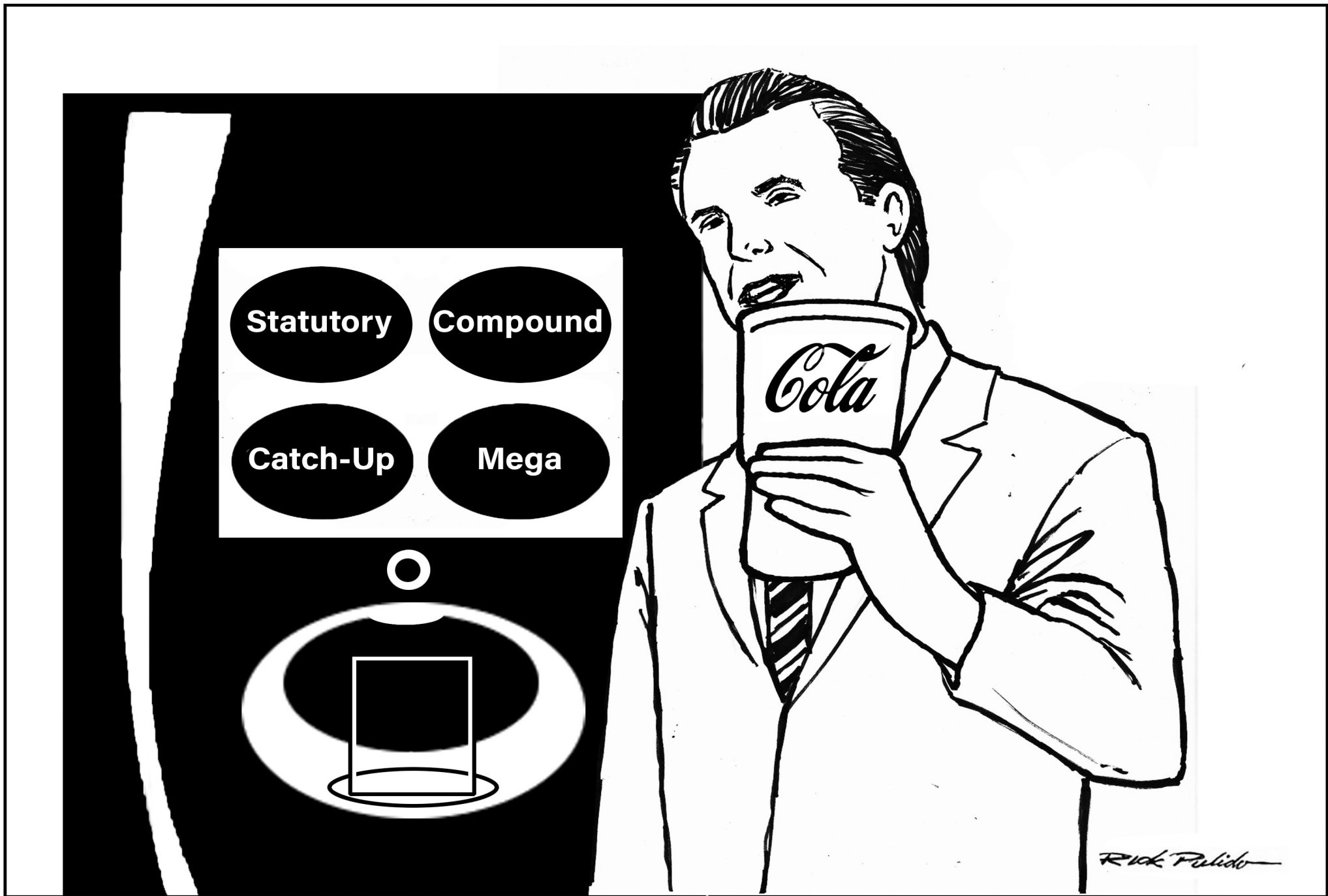
Cap on reserves is effective when the amount in the education rainy day fund is at least 3% of the K–12 share of Proposition 98



10%

Local reserves in adopted or revised budget cannot exceed 10% of combined assigned and unassigned General Fund balances

Basic aid and districts with fewer than 2,501 average daily attendance (ADA) are exempt from the cap



12 2021–22 LCFF Funding Factors

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Grade Span	TK–3	4–6	7–8	9–12
2020–21 Base Grant per ADA	\$7,702	\$7,818	\$8,050	\$9,329
5.07% “MEGA” COLA	\$390	\$396	\$408	\$473
2021–22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
GSA [10.4% for TK-3]	\$842	–	–	\$255
2021–22 Adjusted Base Grant per ADA	\$8,934	\$8,214	\$8,458	\$10,057
20% Supplemental Grant per ADA (Total UPP)	\$1,787	\$1,643	\$1,692	\$2,011
50% Concentration Grant per ADA (UPP Above 55%)	\$4,467	\$4,107	\$4,229	\$5,029

13 The New Concentration Grant

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May Revision
Brings proposed
changes to
concentration
grant funds



Proposes spending \$1.1 billion in ongoing funding

The impact would increase the concentration grant funding factor from 50% to 65%

The intent is to increase the number of counselors, teachers, paraprofessionals, nurses, etc. that can serve students and develop deeper connections

Would require school districts and charter schools that receive funding to describe—in their Local Control and Accountability Plans—how they intend to use the funding to supplement staffing (classified and certificated staff)

14 What Does the LCFF Mean for FMSD

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FMSD—2021–22		
Approx. 2021–22 LCFF Per-ADA Funding	Projected Funded 2021–22 ADA*	Projected 2021–22 LCFF Total Revenue
\$11,546.53	6,547	\$75,595,153

Calculation Based on FCMAT LCFF Calculator;

Assumes Concentration is based on 50% augmentation and not the proposed 65%;

If we use 65% for the concentration grant the amount would be \$77,815,254 or \$2.22 M higher.

*Since enrollment is declining and ADA was not collected in 2020-21 under the hold harmless provision established as a result of the pandemic, this Funded ADA is based on 2019-20 ADA.

Projected ADA for 2021-22 is 6,130

15 Cash Flow and Deferrals

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- The proposed pay down eliminates the ongoing deferrals scheduled for February through May 2022
- It does not impact current deferrals
 - In other words, it will not accelerate repayment of February through June 2021 deferrals that will be received in July through November 2021
- The June to July deferral once again encompasses the full apportionment, though only \$2.6 billion is scored for State Budget purposes



16 Special Education

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- **The Governor's May Revision proposes to apply the compounded COLA of 4.05% to special education funding, an increase compared to the statutory COLA only in the Governor's Budget**
 - This will increase the special education base rate from \$625.00 in the current year to approximately \$650.31 per ADA
 - No structural changes are proposed to the special education funding formula and the out of home care formula will continue to be frozen in 2021–22
- **At the Governor's Budget, \$300 million ongoing was proposed for the Special Education Early Intervention Grant, which would provide funding to districts based on the number of preschoolers with disabilities**
 - No significant changes were made to the proposal at the May Revision

17 Targeted Intervention Grant (in addition to AB 86)

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\$2.6 billion for a new grant to supplement the Expanded Learning Opportunities Grant

Shall be used for any purpose that supports targeted and research-tested academic interventions

High-dose tutoring

Intensive re-engagement for students and families

Close learning gaps and address barriers to learning

Supports for designated students

Increased instructional time

Allocated in proportion to an LEA's LCFF entitlement

Uses one-time federal funds and one-time Proposition 98 funds, leading to different deadlines for use of the funds ranging from September 30, 2022, to June 30, 2024

18 In-Person Instruction Health and Safety Grant (in addition of In-Person Grant from AB 86)

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\$2 billion for a new grant to supplement the In-Person Instruction Grant

May be used for any purpose that supports health and safety in providing in-person instruction



Allocated in proportion to an LEA's LCFF entitlement

Shall be used from July 1, 2021, to June 30, 2023

COVID-19 testing and vaccines

Sanitation and cleaning

Ventilation upgrades

Additional space for social distancing

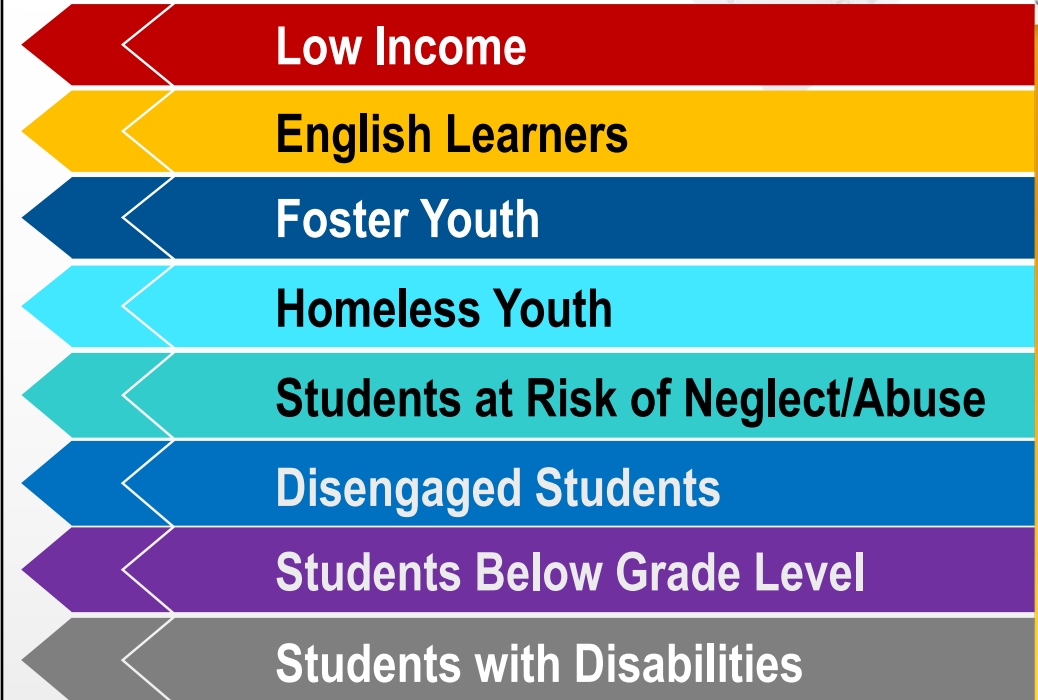
Contact tracing

Salaries for in-person instruction

19 Expanded Learning Opportunities Grant (\$5 M for FMSD)

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- Assembly Bill 86 (Chapter 10/2021) provides \$4.6 billion to LEAs to improve academic achievement by offering supplemental instruction and support to students
 - \$1,000 for each homeless student
 - The rest distributed in proportion to LCFF entitlement
- Shall implement a learning recovery program that, at a minimum, provides to designated student groups:
 - Supplemental instruction
 - Support for social and emotional well-being
 - Meals and snacks
- Must use at least 85% for in-person services
- Must use at least 10% to hire paraprofessionals



20 Distance Learning in 2021–22

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May Revision upholds that in-person instruction for the 2021–22 school year will be the default for all students and schools

- Current distance learning statutes will expire at the end of the 2020–21 fiscal year
- For families that remain hesitant to send their children back to school for in-person instruction, Governor Newsom affirms that these students may continue to be served outside the classroom, and LEAs will be able to generate state funding using existing traditional and course-based independent study statutes



Essentially, only two ways to earn state apportionment funding in 2021–22:

- 1. Full-time in-person instruction**
- 2. A program that relies on independent study statutes**

21 Summer and Afterschool Programs

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New proposal to provide no-cost afterschool and summer programs for elementary school students in districts and charter schools with high concentrations of low-income students, English learners, and foster youth

Services

- Must provide before or afterschool expanded learning that, when added to daily instructional minutes, amounts to no less than a nine-hour school day
- Must provide at least 30 days of summer school (or other intersessional period) with at least nine hours of expanded learning
- Builds on After School Education and Safety Program
- Requires 10:1 ratio for Transitional Kindergarten (TK)/Kindergarten students and 20:1 for students in grades 1-6

Funding

- \$1 billion in 2021–22, growing to \$5 billion in 2025–26
- Phased implementation such that LEAs with highest proportion of low-income students, English learners, and foster youth access the funds first
- At full implementation, funds incorporated into the LCFF concentration grant

22 Universal Transitional Kindergarten

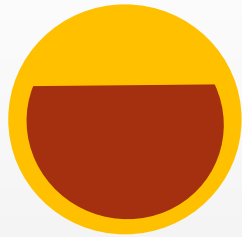
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- The May Revision proposes to achieve universal transitional kindergarten for all four-year-olds by 2024–25 with a permanent increase to Proposition 98, equaling \$900 million in 2022–23 and increasing to \$2.7 billion in 2024–25
- The proposal also includes cutting classroom ratios by half with an investment that grows from \$380 million in 2022–23 to \$740 million by 2024–25



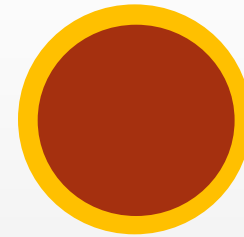
2022–23

Expand TK eligibility for four-year-olds whose fifth birthday occurs between **September 2 and March 2**



2023–24

Expand TK eligibility to four-year-olds whose fifth birthday occurs between **September 2 and June 2**



2024–25

Expand TK eligibility to four-year-olds whose fifth birthday occurs between **September 2 and September 1 of the following calendar year**

23 Statewide Average Reserve Levels

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- The latest statewide data available on school district reserves is from 2019–20

2019–20 Average Unrestricted General Fund, Plus Fund 17; Ending Balances ¹	
Unified School Districts	18.82%
Elementary School Districts	22.70%
High School Districts	17.34%

¹As a percentage of total General Fund expenditures, transfers, and other uses

- The rise in ending balances is emblematic of the slowdown in new, ongoing revenues apportioned through the LCFF in 2020–21
 - LEAs also had temporary spending freezes as a result of an immediate and complete shutdown of in-person instruction

24 Major Challenges

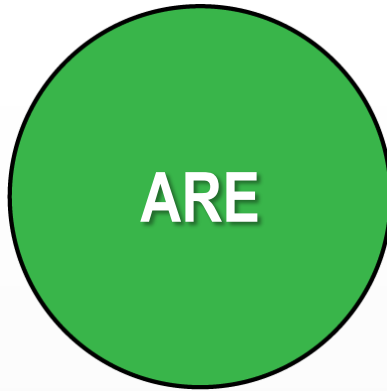
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- Declining enrollment still exists
- State creating cash flow issue for districts with deferrals
- Ongoing cost and processes from COVID-19
- Will safety protocols change between now and fall?
- How will the State's final Adopted Budget vary from the May Revise; Impact on FMSD?
- Unemployment still high
- Fear of rising inflation and stock market cool down may negatively impact out years of MYP
- **FMSD still needs to adopt budget before all of these items are addressed**

25 Multiyear Projections

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- Result of mathematical calculations for future years based on the following:
 - Decisions that have already been made
 - A series of assumptions using current information



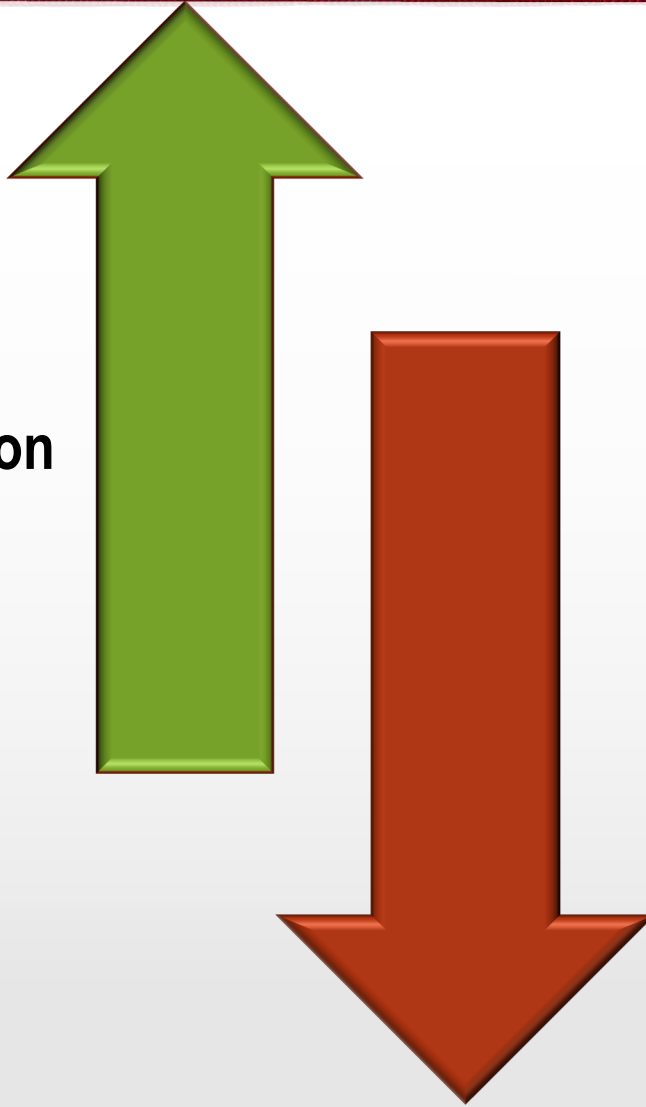
- Predictions or forecasts
- Crystal balls
- Measuring sticks for how “wrong” we were



26 Impacts on Multiyear Projections

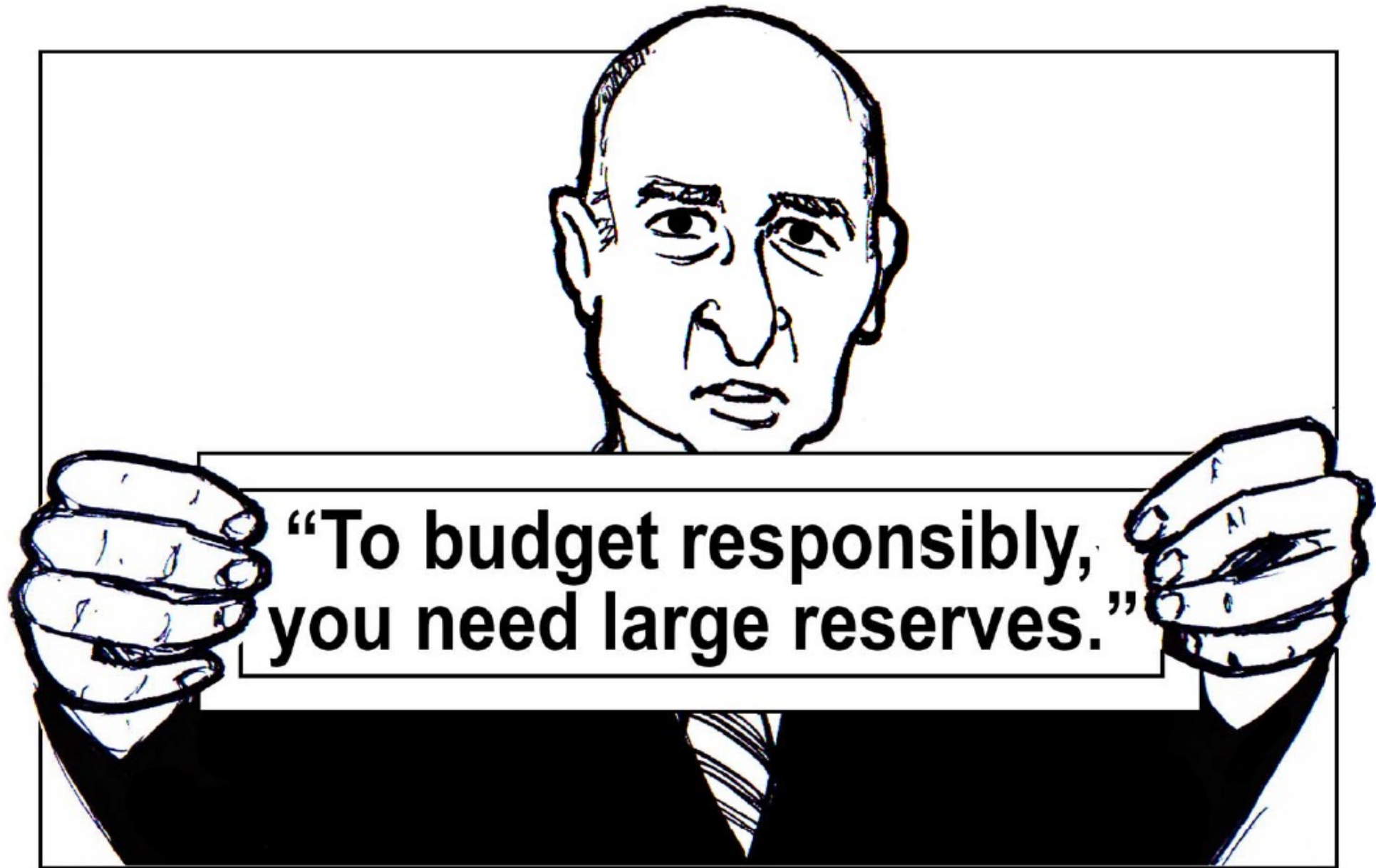
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- Mega COLA
- Concentration grant augmentation
- One-time federal funds
- One-time state funds



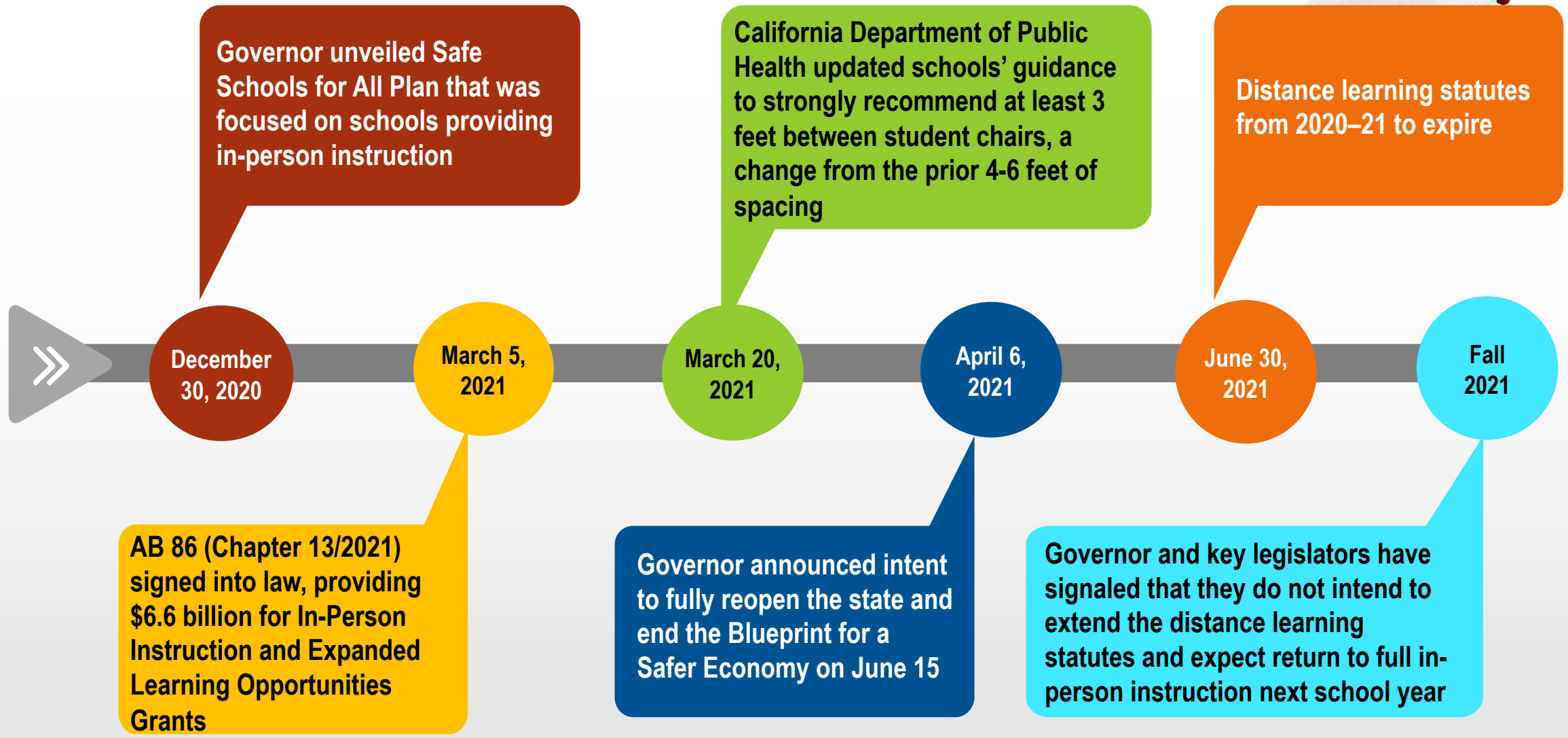
- State unemployment insurance
- State pension funds
- “New hires” with one-time funds
- Additional costs with reopening





28 Reopening and Effect on Schools

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29 Next Steps in Budget Cycle

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- June 15, 2021 – Legislature send the Budget to the Governor; Governor start line items vetoes
- June 22, 2021 – District adopts proposed budget
- July 2021 – Update Demographic Study
- Early August 2021 – Consider need for 45-day budget revision
- September/October 2021 – County completes review of FMUSD's adopted budget
- Fall/Winter 2021 – Revisit budget cuts; explore revenue enhancements, school closure, etc.



Summary of Assumptions in MYP



31 What Does the LCFF Mean for Franklin-McKinley?

LCFF Change From 2nd Interim

2020-21

2021-22

2022-23

-\$22,658

\$820,842

\$493,159

For more context, the new LCFF revenue for 2021-22 is \$75.6 M
Second interim did not show the 2023-24 LCFF amount.
The LCFF revenue for 2023-24 is approximately \$70.7M

Per Revised FCMAT LCFF Calculator

To Get to 3% Reserve in 2023-24 – Reductions in MYP



Fiscal Year	Description	Estimated Amount	Years Impacted	Savings Over MYP
2022-23	10 fewer teachers due to declining enrollment	\$ 1,100,000	2	\$ 2,200,000
2023-24	6 fewer teachers due to declining enrollment	\$ 660,000	1	\$ 660,000
2023-24	Placeholder for reductions	<u>\$ 500,000</u>	1	<u>\$ 500,000</u>
	Totals	<u><u>\$ 2,260,000</u></u>		<u><u>\$ 3,360,000</u></u>

No significant reductions estimated for fiscal year 2021-22
and no estimated increases in salaries and benefits from future negotiations

Reduced Employer Contribution to CalSTRS & CalPERS

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- No additional relief for CalSTRS and CalPERS retirement expense in the May Revise
- Any investment returns below assumptions will likely reduce the funded status of each plan and potentially increase employer contributions in the future

CalSTRS Employer Contribution Rates

Year	Current	Previous
2020–21	16.15%	16.15%
2021–22	16.92%	15.92%
2022–23	19.10%	18.00%
2023–24	19.10%	18.00%
2024–25	19.10%	18.00%

CalPERS Employer Contribution Rate Estimates

Year	Current Rates	Previous Rates
2020–21	20.70%	20.70%
2021–22	22.91%	23.00%
2022–23	26.10%	26.30%
2023–24	27.10%	27.30%
2024–25	27.70%	27.80%
2025–26	27.80%	27.80%
2026–27	27.60%	27.60%

We estimate the change in rates for CalSTRS & CalPERS will cost the District \$727K in 21-22 and \$1.5M in 22-23 and \$178K in 23-34

Summary of Key Assumptions



Area	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
FTE	763.175	753.175	747.175
Total LCFF	\$75.6M	\$71.7M	\$70.7M
Supplemental and Concentration Grant Amount	\$16.5M	\$15.6M	\$15.2M
Reductions due to Enrollment	---	\$1.1M	\$0.6M
Unemployment Insurance	Increase of \$728K	Increase of \$94K	Increase of \$95K
Projected ADA	6,130	5,845	5,675
Funded ADA	6,547	6,056	5,801
COLA	5.07%	2.48%	3.11%
CPI	3.84%	2.40%	2.23%

35 Summary of Proposed Budget (in Millions)



Multi-Year Projections	2021-22	2022-23	2023-24
Revenue	\$96.03	\$91.52	\$90.44
Expense	<u>\$102.78</u>	<u>\$101.53</u>	<u>\$97.46</u>
Change	(\$6.75)	(\$10.01)	(\$7.02)
Beginning Fund Balance	<u>\$29.20</u>	<u>\$22.45</u>	<u>\$12.44</u>
Ending Fund Balance - June 30	<u>\$22.45</u>	<u>\$12.44</u>	<u>\$5.42</u>
Total Expense (B)	\$102.78	\$101.53	\$97.44
Unrestricted Balance (A)	\$16.64	\$9.94	\$2.92
Reserve % = (A) / (B)	16.19%	9.79%	3.00%

36 Assumptions Not in the Budget – Not enough info

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■ Plethora of new “categorical” programs and one-time dollars

- Reopening of Schools
- Expanded Learning Time (not AB86)
- Universal Transitional Kindergarten Planning Grant
- Community Schools
- Comprehensive Student Supports
- Educator Preparation, Retention, and Training
- Child Nutrition – Infrastructure and Training
- Broadband
- ESSER III [Certified info came too late]
- GEER II
- Concentration Grant Factor at 65%
- Targeted Intervention Grant
- In Person Instruction Health & Safety Grant



37 Adjusted MYP



<i>In Millions</i>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Ending Fund Balance - June 30	\$22.45	\$12.44	\$5.44
Adjustments to MYP			
ESSER III Funds \$18.3 million	\$12.20	\$6.10	\$0.00
Concentration Grant Augmentation - \$2.2M	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Adjusted Ending Balance	<u>\$34.65</u>	<u>\$18.54</u>	<u>\$5.44</u>
Adjusted Total Expense (B)	\$111.08	\$109.73	\$105.64
Adjusted Unrestricted Reserve (A)	\$28.84	\$16.04	\$2.94
Adjusted Reserve % (A) / (B)	<u>25.96%</u>	<u>14.62%</u>	<u>2.78%</u>
Additional Reductions To Get to 3% in 2023-24			\$0.23

38 Next Steps in Budget Cycle

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- June 22, 2020 – District adopts proposed budget
- July 2020 –Demographic Study
- Early August 2020 – Consider need for 45-day budget revision
- September/October 2020 – County completes review of FMUSD’s adopted budget
- Fall/Winter 2020 – Revisit budget cuts; explore revenue enhancements, school closure, etc.



A \$100 bill is shown, partially obscured by a thick red string that is tied in a knot around it. The bill is positioned diagonally, with the top right corner visible. The red string is a thick, braided cord. The background is dark and reflective, showing a faint reflection of the bill and the string. The text "Thank You." is written in a large, white, sans-serif font across the lower half of the image.

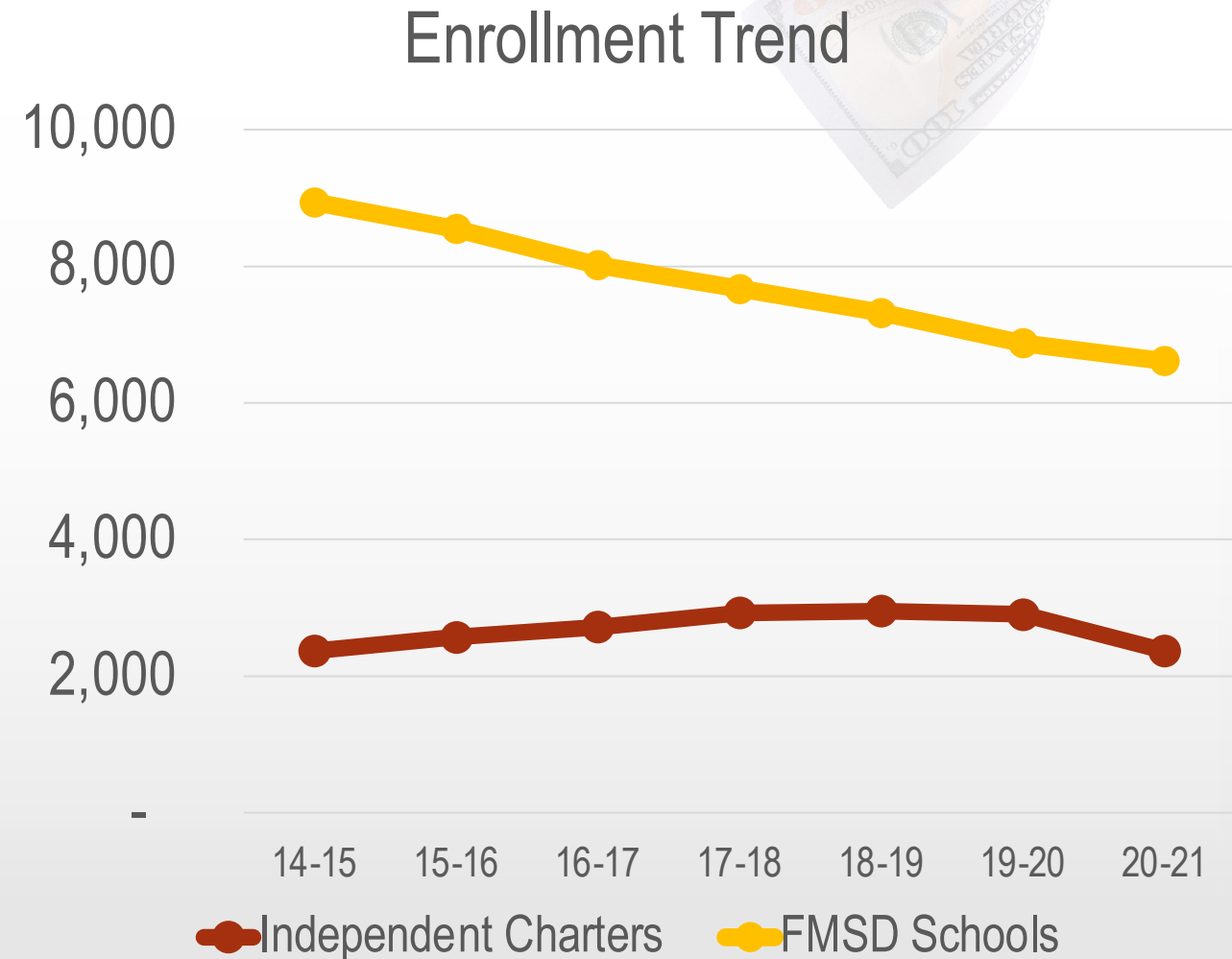
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APPENDIX

42 Enrollment Trend Within District

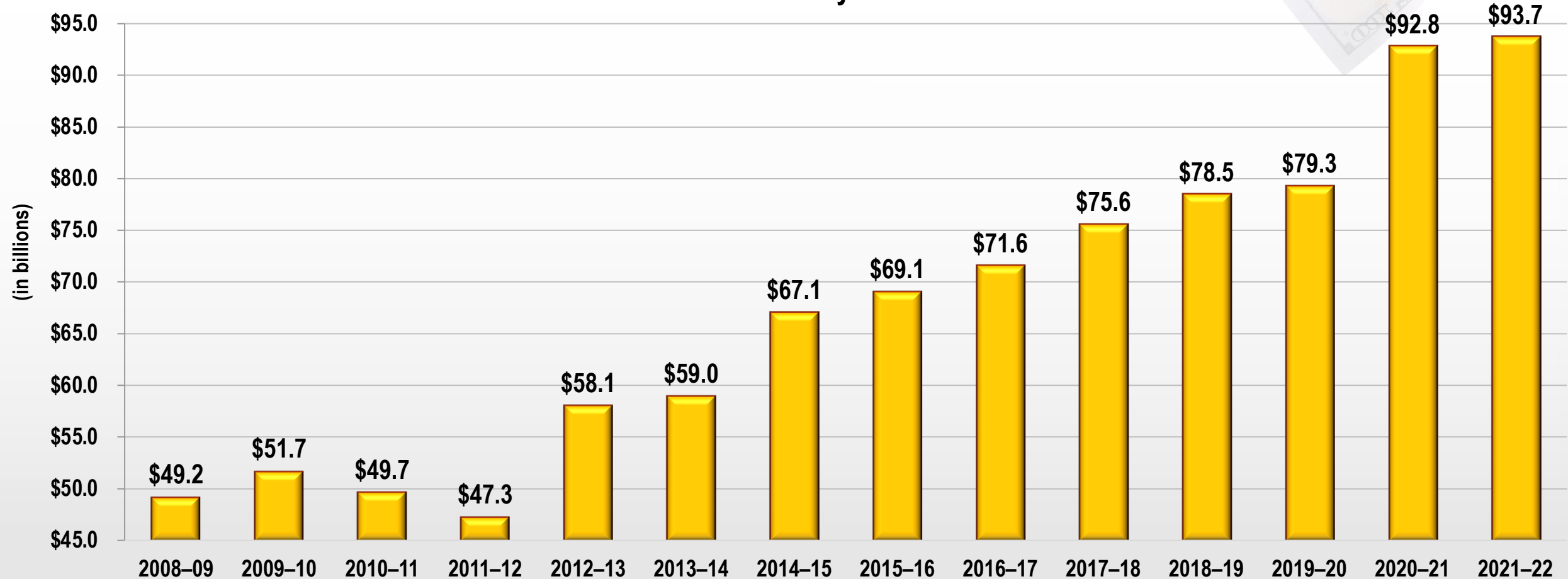
Academic year	Independent		
	Charter	FMSD	Total
	School	Schools	Enrollment
20-21	2,369	6,611	8,980
19-20	2,903	6,872	9,775
18-19	2,951	7,321	10,272
17-18	2,927	7,669	10,596
16-17	2,721	8,014	10,735
15-16	2,569	8,545	11,114
14-15	2,256	8,937	11,193



43 Education Funding Statewide for 2021–22


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Proposition 98 Funding Over Time
2008–09 to 2021–22 May Revision



44 Governor's Budget vs. May Revision

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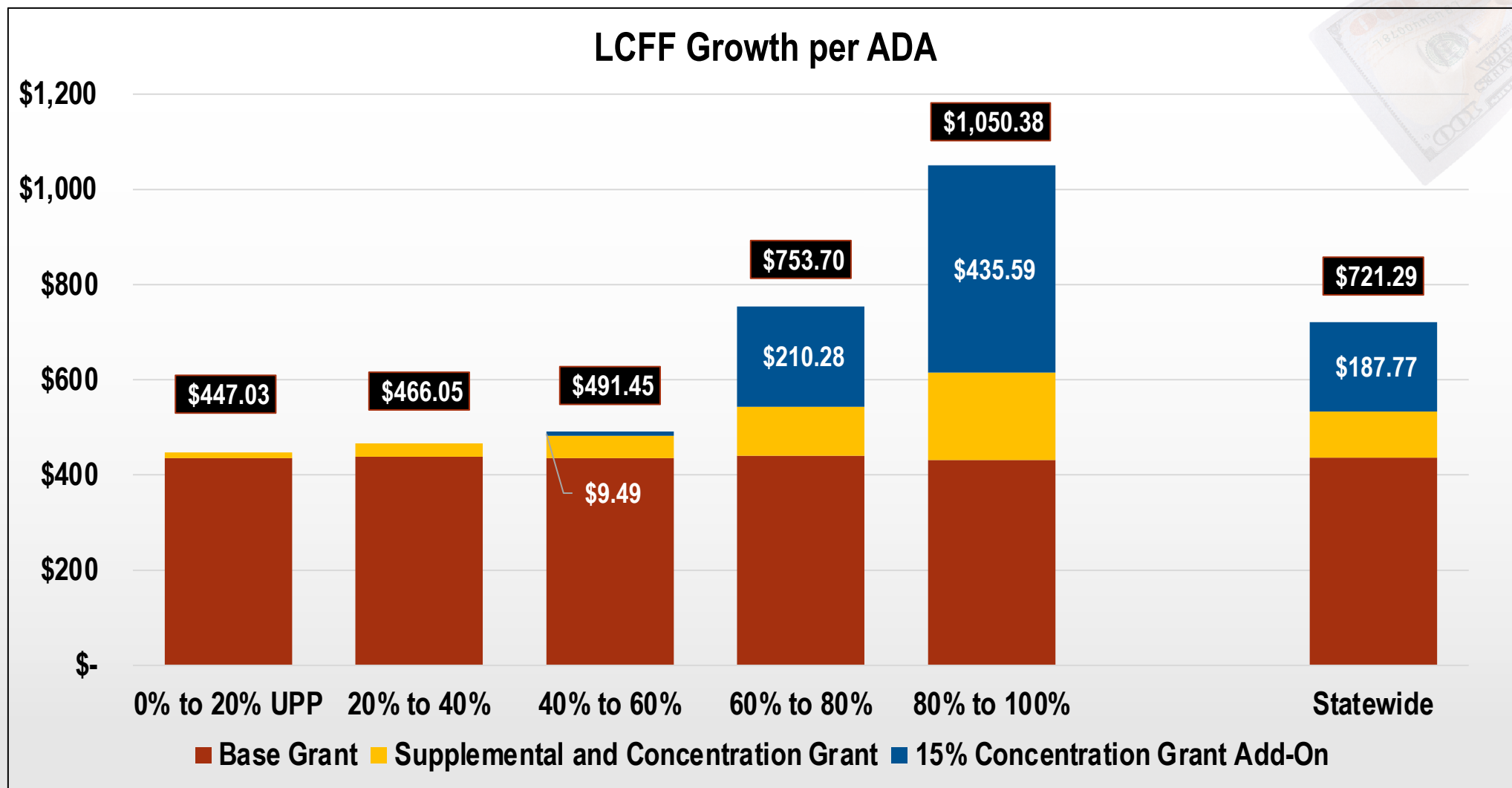


Item	Governor's Budget	May Revision
LCFF Funding Increase	\$2 billion	\$3.2 billion
Proposition 98 Minimum Guarantee		
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion
2021–22	\$85.8 billion	\$93.7 billion
2021–22 Statutory COLA	1.5%	1.7%
2021–22 Compounded COLA	3.84%	4.05%*
2021–22 LCFF “Mega” COLA	N/A	5.07%

*Only the special education and community college funding formulas will receive the compounded COLA

LCFF Growth—Concentration Grant Proposal for Average District

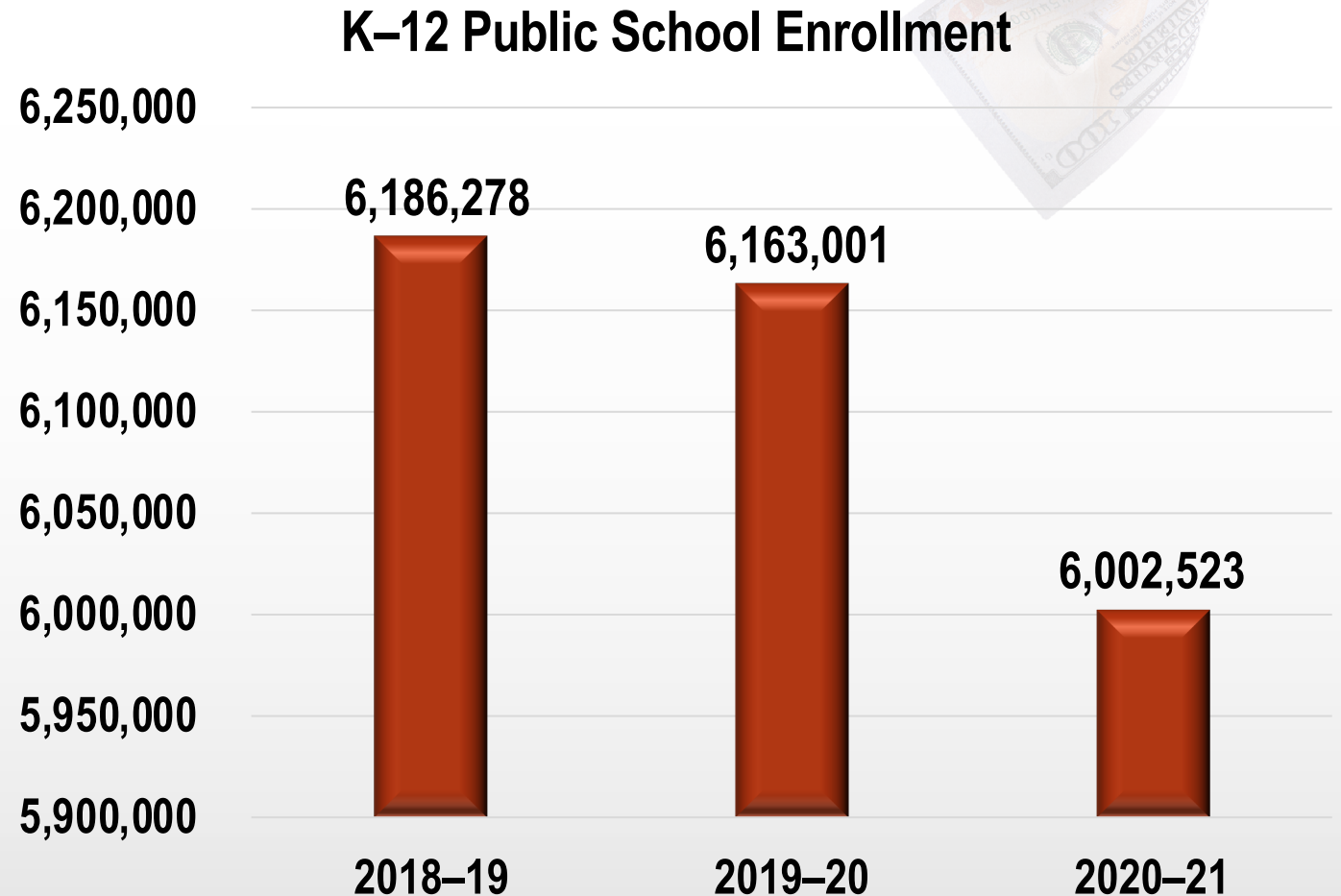
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46 Managing Enrollment and ADA

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- The pandemic impacted learning in many ways, but perhaps the starkest example is the loss of K–12 students in 2020–21
- Based on state-certified data, the state’s K–12 student population declined by more than 160,000
- Sharp contrast to estimated loss of 20,000 to 30,000 annually



Source: DataQuest, California Department of Education (CDE)

47 Educator Investments

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- Governor Newsom's May Revision proposes to invest in the educator workforce by providing \$3.3 billion through a mix of Proposition 98 and General Fund one-time sources in a multiyear package to support initiatives that:



Build the teacher pipeline



Encourage educator retention



Provide professional training in key areas for administrative, credentialed, and classified staff

48 Educator Investments—Building the Teacher Pipeline

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- The Budget proposal reflects a commitment to strengthening recruitment efforts and increasing the number of qualified teacher candidates

Golden State Preparation Program—\$500 million (one-time General Fund)

- Provides students currently enrolled in special education teacher preparation program up to \$20,000 award
- Teachers must commit to work at a priority school for up to four years within five years

Roadmap to Pre-K through 12 Educational Employment Program—\$111.1 million (one-time Proposition 98 and General Fund)

- Statewide recruitment effort to address long-term teacher recruitment needs through financial aid programs, and pathways to teaching

Classified School Employee Teacher Credentialing Program—\$125 million (one-time Proposition 98)

- Grant program addresses the state's teacher shortage by supporting LEAs to recruit classified school employees into teaching careers



49 Educator Investments—Building the Teacher Pipeline

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Teacher Residency Programs—\$550 million over five years (one-time Proposition 98)

- Supports approximately 22,000 teacher candidates in local and regional residency programs
- Residency programs are alternative pathways to teaching, encourage learning through teaching

Credential Fee Waiver—\$20 million (one-time)

- Credential application fees waived in 2021–22 for new teachers entering the K–12 workforce



50 Educator Investments—Retention and Training

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- In support of the intensive training needs for LEA employees, educator investments provide funding which supports professional learning and encourages retention of staff

Funding to Support Computer Science Certification—\$15 million (one-time Proposition 98)

- Funding supports teachers in the completion of coursework required for state certification in computer science—builds capacity in science, technology, engineering and math

Incentives for Highly Trained Teachers—\$250 million (one-time Proposition 98)

- Incentives for 2,500 National Board-Certified teachers that teach in high poverty schools to attract and retain them as mentors for other instructional staff

Classified Summer Assistance Program—\$60 million (one-time Proposition 98)

- State matching funds provided to LEAs participating in the Classified School Employee Summer Assistance Program—to be paid out during the summer recess period to participating classified employees

51 Educator Investments—Retention and Training

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- In support of the intensive training needs for LEA employees, educator investments provide funding which supports professional learning and encourages retention of staff

Educator Effectiveness Block Grant—\$1.5 billion over three years (one-time Proposition 98)

- Provides local educational agencies with training resources for classified, certificated, and administrative school staff in specified high-need topics, including accelerated learning, re-engaging students, restorative practices, and implicit bias training

21st Century Leadership Academy—\$25 million (one-time Proposition 98)

- Provides professional learning for administrators and other school leaders—training is free of charge, to LEAs that receive federal Title II funds on a statewide basis

Educator Training Areas—\$ 15.4 million additional one-time funds

- Educator training in the areas of early math, reading, science instruction, computer science, dyslexia, and LGBTQ+ cultural competency is supported through the appropriation one-time funding



52 Educator Investments—Retention and Training

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- The May Revise provides targeted professional learning for educators in early education assignments with one-time investments

Early Education Professional Development Grants Program—\$50 million

- Provides training in providing instruction in inclusive classrooms—funding available through June 30, 2024

Training intended to increase the number of highly qualified teachers in the State Preschool Program, Transitional Kindergarten, and Kindergarten Assignments

- Culturally responsive instruction
- Support for dual language learners
- Social-emotional learning
- Trauma informed practices
- Restorative practices
- Mitigating implicit biases
- Eliminate exclusionary discipline

53 Child Nutrition


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- The Governor proposes to increase access to subsidized school meals for students as part of his effort to support the whole child with \$150 million in ongoing funding to increase LEA participation (school districts, charter schools, and COEs) in federal universal meal provisions
- The goal is to increase student access to breakfast and lunch meals
 - And reduce administrative burden of collecting school meal applications




54 Child Nutrition

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- **Additionally, \$100 million in one-time funding is proposed to provide school kitchen infrastructure upgrades and training for school cafeteria staff**
 - **\$80 million for kitchen infrastructure upgrades to increase student access to school meals improve the quality of the meals**
 - **Funds will be distributed as follows:**
 - **Base allocation of \$25,000 per District**
 - **After the base allocations are made, remaining funds will be provided to LEAs with at least 50% students eligible for free or reduced-price meals**
 - **Funds can be used for cooking and service equipment, refrigeration and storage, and transportation means for food and food products**
 - **LEAs will be required to report to CDE by June 30, 2022, how the funds were used to improve the quality of school meals or increase participation in the meal program**

55 Child Nutrition

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- **\$20 million in funding for food service staff for training on:**
 - **Promoting nutritious foods including food preparation, healthy food marketing, and changing the school lunchroom environment**
 - **Funds will be allocated to LEAs based on the number of classified school employees employed by the LEA in the prior year**
 - **LEAs will receive a minimum allocation of \$2,000**
 - **An additional \$20 million in one-time funds will be provided to the Farm to School Initiative proposed in the Governor's Budget for a total investment of \$30 million**
 - **The initiative proposes to improve access to California-grown food**

56 College Savings Accounts

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- The Governor proposes \$2 billion in one-time federal funding from the American Rescue Plan to establish the California Child Savings Program beginning in 2021–22 for all eligible pupils
- To sustain the program the state would provide \$170 million in non-Proposition 98 funding annually beginning with the 2022–23 fiscal year, in order to provide funding for every eligible pupil entering first grade



Would be administered by the ScholarShare Investment Board

Creates college savings accounts for unduplicated pupils

Provides seed funding of \$500 for each account, with foster and homeless youth receiving a supplemental \$500 deposit

57 Attendance and Distance Learning—Audit Procedures

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Audit of attendance records will use auditor samples based on number of both elementary and secondary pupils

For each pupil selected, choose one week after September 1, 2020, and verify:

- Complete weekly engagement record that documents synchronous or asynchronous instruction
- Daily participation was tracked
- Daily student participation
- Absence was recorded if student did not participate in distance learning

Penalty is codified in Education Code Section (EC §) 43504(i)(2) and is quite significant

For secondary students, this may result in multiple weekly engagement logs as the entire week for a student will be audited

LEAs are found to be out of compliance for any of the following:

- Incomplete written procedures for tiered reengagement plan
- Not adequately tracking daily participation
- Not adequately maintaining weekly engagement records

58 Attendance and Distance Learning—Audit Penalty

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- Under current law, if even one student is found to be out of compliance, funding for the entire grade is impacted
- Here are the components of the calculation
 - Days out of compliance (base of 180 for school districts and 175 for charter schools)
 - Derived value of ADA—
<https://www.cde.ca.gov/fg/au/ag/statecomp.asp>
 - Total ADA of affected grade level

Illustrative Example for XYZ School District

One ninth grader out of compliance for a week

5 days (5 / 180)	0.0277
Derived value of ADA	\$11,637
ADA of affected grade level	842
Penalty	\$272,177

59 Attendance and Distance Learning—Audit Penalty

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- Under proposed legislation, the penalty is modified to mirror traditional penalties
- Here are the components of the calculation
 - Days out of compliance (base of 180 for school districts and 175 for charter schools)
 - Derived value of ADA—
<https://www.cde.ca.gov/fg/au/ag/statecomp.asp>

Illustrative Example for XYZ School District

One ninth grader out of compliance for a week

5 days (5 / 180)	0.0277
Derived value of ADA	\$11,637
Penalty	\$322

60 Federal Pandemic Funding

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	LLM¹ Fund – Coronavirus Relief (CR) Fund	LLM Fund – GEER² I	ESSER I	ESSER II	ESSER III
Resource	3220	3215	3210	3212	TBD
Funding for LEAs	\$4.4 billion	\$355 million	\$1.48 billion	\$6.0 billion	\$13.6 billion
Deadline for Use	May 31, 2021	September 30, 2022	September 30, 2022	September 30, 2023	September 30, 2024

¹ Learning Loss Mitigation

² Governor's Emergency Education Relief

CARES Funds—State Requirements

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Allowable uses for LLM Fund apply to CR, GEER I,
and Proposition 98 LLM funds



62 American Jobs Plan

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\$100 Billion:
**Direct grants and bonds for
school facilities**

\$48 Billion:
**Workforce development,
including career pathway
and CTE programs**

**Clean Buses for Kids
Program at Environmental
Protection Agency:
Electrify at least 20% of
nation's school buses**

\$45 Billion:
**Water infrastructure
improvements, including
reducing lead exposure in
schools**

\$100 Billion:
**Broadband infrastructure to
reach 100% high-speed
broadband coverage**

63 American Families Plan

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\$200 Billion:
**Universal preschool for all
three- and four-year olds**

\$9 Billion:
**Train, equip and diversify
American teachers**


\$17 Billion:
**Expand free meals for
children in the highest
poverty districts**

\$109 Billion:
**Provide two years of free
community college**

\$225 Billion:
**Establish national paid
family and medical leave
program**

64 American Jobs Plan and American Families Plan

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- To pay for the \$3.8 trillion that the two plans would cost, the Biden Administration proposes:
 - Increasing the corporate tax rate to 28%
 - Raising the top tax rate on the wealthiest Americans to 39.6%
 - Ending several tax loopholes
 - Since the plans would increase taxes, it is very unlikely that they will garner GOP support, meaning Senate Democrats would need to approve these bills via the budget reconciliation process, which blocks Republicans from utilizing the filibuster
 - The Senate parliamentarian ruled on April 5 that Democrats can use budget reconciliation on two more pieces of legislation for the 2021 fiscal year
 - However, this means Senate Democrats cannot afford any defecting votes from their party without getting a Republican vote in return

SSC Financial Projection Dashboard

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- **Cost of goods and services are projected to increase more dramatically in the near-term**
 - **Shortage of goods due to lack of production**
 - **Increased demand resulting from economy reopening, plus infusion of multiple federal stimulus packages**

LCFF Planning Factors—January 2021

	2021–22	2022–23	2023–24
DOF Estimated Funded COLA	3.84%	2.98%	3.05%
SSC Estimated COLA	3.84%	1.28%	1.61%

LCFF Planning Factors—May 2021

	2021–22	2022–23	2023–24
DOF Estimated Funded COLA	5.07% ¹	2.48%	3.11%
SSC Estimated COLA	5.07% ¹	2.48%	3.11%

¹Represents the 2021–22 statutory COLA of 1.70%, plus 1.00%, compounded with 2020–21 statutory COLA of 2.31%