

Governor's Proposals for the 2021–22 State Budget and K–12 Education

Folsom Cordova Unified School District
January 21, 2021



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Overview of the State Budget and the State Economy

State Budget and Economy

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- The 2020–21 State Budget went from a planned \$5.6 billion surplus to a \$54.3 billion deficit within two months as a result of the historic pandemic. Almost every major economic indicator for both the nation and California took major hits including the Gross Domestic Product (GDP), Unemployment Rates, Nonfarm Employment, S & P 500, etc.
- Six months later, with revenue growth surpassing the original revenue expectations forecasted in the early stages of the pandemic, Governor Newsom's Budget proposal forecasts a dramatic restoration of funding
- Driving revenue growth was the recovery of those hard-hit economic indicators that, in some instances, have fully recovered and even exceed pre-pandemic levels resulting in stronger than estimated revenue from the "Big Three" taxes
- While very welcome, the recovery has not been even for all Californians
 - We didn't get a "V," we didn't get an "L," we got a "K" shaped recovery
 - Some are recovering well, others not so much

- The fundamentals of the U.S. economy paint a promising picture for continued economic growth post COVID-19

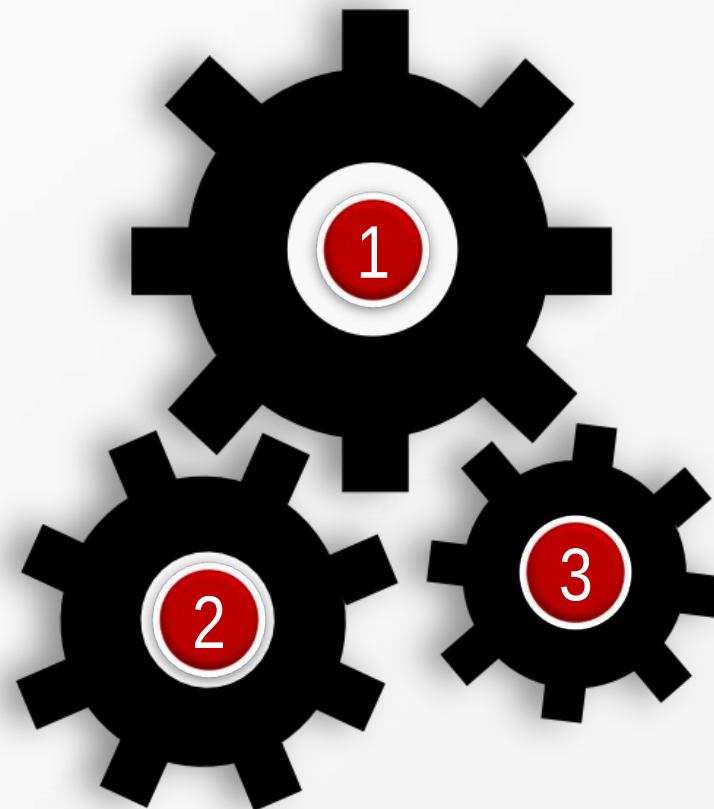
Employment

- 4.1 million more payroll jobs in December than in April

Housing

- Single-family permits increased by 8.5% over prior year
- Housing starts exceeded market expectations reaching 1.5 million units in November 2020, 12.8% above 2019

- Stock market set new all-time highs



Consumer Spending

- Remains positive
- Personal consumption expenditures were flat from October 2020 to November 2020 and are 1.1% greater than last year

Risks to the California Economy and the State Budget

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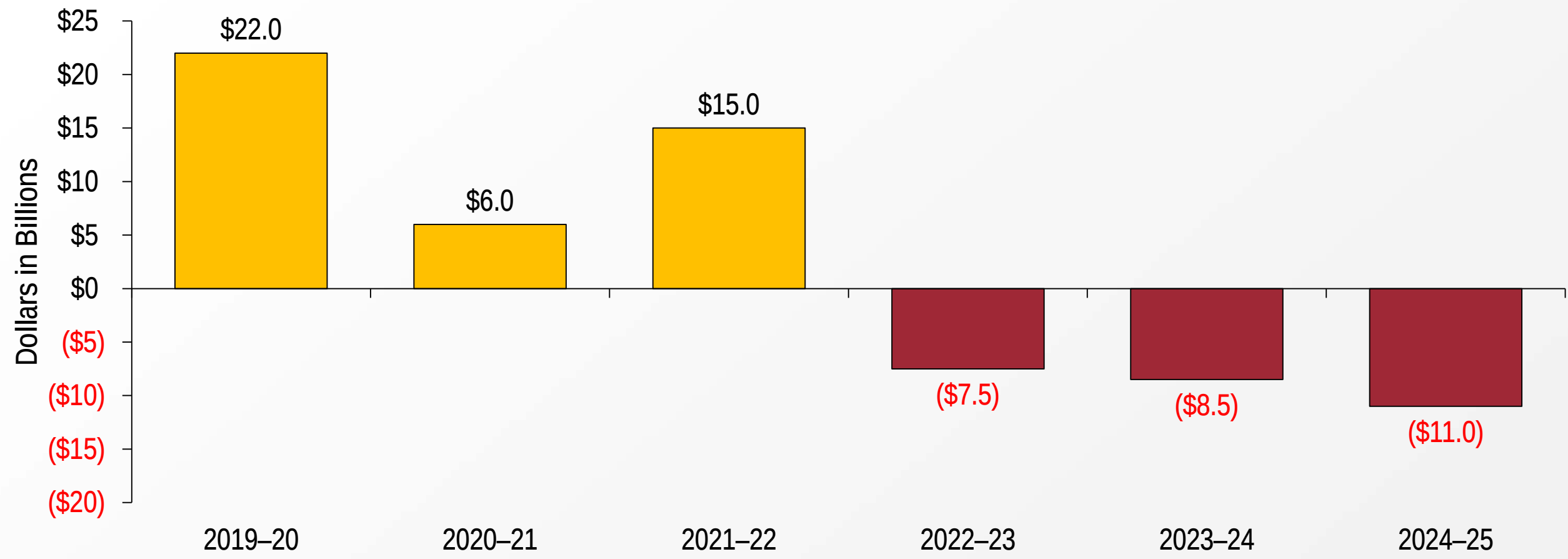
- Commercial real estate market collapse
 - Commercial real estate (office and retail) vacancy rates rising and work from home could be the start of a fundamental shift in how business gets done
 - Residential rental real estate in high-cost city centers
 - San Francisco rents down 25% since start of COVID-19
 - Fresno, Bakersfield, Chula Vista, and San Diego suburbs are beneficiary communities where rents are raising
- Ability of small businesses to endure pandemic economy
- Lower-than-expected roll out or efficacy of vaccination
- Many left the workforce due to lack of affordable childcare and the slower-than-expected reopening of schools



Surplus and Shortfalls—California Budget

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Budget Projects Surplus and Future Shortfalls¹



¹Budget shortfalls or surplus, measured by the annual Governor's Budget
Source: 2021-22 Governor's Budget Summary, page 3

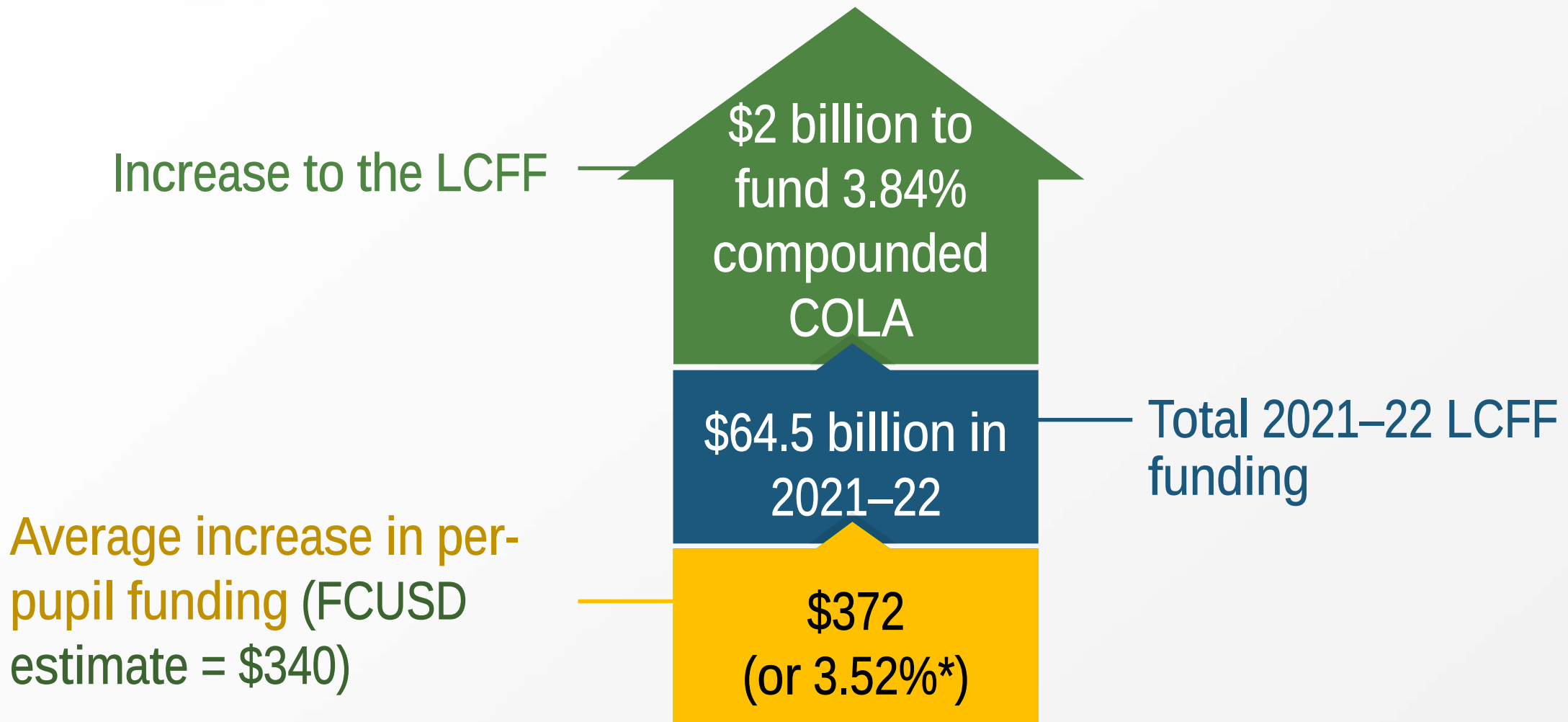
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The Education Budget



2021–22 LCFF

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*The lower 3.52% increase takes into consideration that no COLA is provided for Targeted Instructional Improvement Grant, Transportation, or Economic Recovery Target funds

LCFF Overview

	Full Funding
	2021-22
Base Grant per student (equalized state-wide)	K-3: \$7,998 4-6: \$8,118 7-8: \$8,359 9-12: \$9,687
Supplemental Grant for low income or English learners	20% of base grant About \$1,725 for each EL/LI student
Concentration Grant	For each EL/LI over 55% an additional 50% of base N/A FCUSD
K-3 Class Size Reduction add-on per student	\$832
9-12 Career Tech add-on per student	\$252

Folsom Cordova Projected LCFF 2021-22 Funding

	20/21 Funding A	21/22 Funding B	Increased Funding C = B - A
Base Grant	\$ 163,979,710	\$ 170,275,168	\$ 6,295,458
EL/LI	\$ 12,456,986	\$ 12,652,370	\$ 195,384
Targeted Instr Improvement Grant	\$ 749,374	\$ 749,374	\$ -
Transportation	\$ 976,737	\$ 976,737	\$ -
K-3 CSR	\$ 4,698,738	\$ 4,880,587	\$ 181,849
9-12 Career Tech Education	\$ 1,545,465	\$ 1,602,705	\$ 57,239
Totals	\$ 184,407,011	\$ 191,136,941	\$ 6,729,930

Transitional Kindergarten and Full-Day Incentive Funding

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- The Governor's Budget includes **one-time funds** to incentivize expanded transitional kindergarten (TK) and full-day kindergarten programs



- \$250 million to cover upfront costs of voluntarily expanding TK programs
- \$50 million to train TK and kindergarten teachers in
 - Inclusive instruction
 - English learner support
 - Social-emotional learning
 - Trauma-informed and restorative practices



- \$200 million (non-Proposition 98)
 - Construct and retrofit existing facilities
 - Support expanded TK
 - Support full-day kindergarten programs

Special Education—Base Funding

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- Governor Newsom continues to prioritize students with disabilities, often citing his own experience with dyslexia
- The base special education funding formula, which provides \$625 per ADA for most Special Education Local Plan Areas, will receive the estimated statutory COLA of 1.5%
 - Bringing the new base funding rate to \$634.38
 - Unfortunately, the Newsom Administration is not proposing to make up for the 0% COLA in the current year
 - At this time, no further structural changes are proposed to the AB 602 funding formula

Special Education—Early Intervention Grant

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- Additionally, the Governor proposes \$300 million in ongoing funds for the Special Education Early Intervention Grant
 - These grants were also provided in the 2019–20 Enacted Budget
 - In that year, funding was sent to LEAs of residence based on the number of preschoolers with disabilities
 - The funding was not restricted to serving these students
 - While not yet in print, the language will be similar, but will focus on evidence-based services that directly support the school readiness of infants, toddlers, and preschoolers with a targeted focus on providing services in inclusive settings, as practicable
 - Based on the latest data available, utilizing the same funding methodology as in 2019–20, SSC estimates that LEAs will receive roughly \$5,900 per resident preschooler with disabilities

Special Education—Other Funds

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- Three other small pots of funds will support special education:
 - \$5 million one-time to establish professional learning networks to increase local educational agency capacity to access federal Medi-Cal funds
 - \$250,000 for a lead COE to provide guidance for Medi-Cal billing within the statewide system of support
 - \$500,000 one-time for a study to examine certification and oversight of non-public school special education placements

Community Schools, Mental Health, and School Climate

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\$264.9 Million
Community Schools

Expand existing networks of community schools and establish new community schools with priority given to those in high-poverty communities

\$450 Million
Mental Health Programs

Investment in three mental health programs to respond to mental health needs of students and families that have been exacerbated by the COVID-19 pandemic

\$10 Million
School Climate Surveys

A COE will be chosen to assist LEAs with conducting school climate surveys to assess community needs under COVID-19

Educator Professional Development

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- Recognizing the extraordinary challenges faced by teachers, administrators, and classified staff during the COVID-19 pandemic, the Governor's Budget includes investments of more than \$540 million one-time Proposition 98 funds to support:

Professional
Learning

Teacher
Effectiveness

The Teacher
Pipeline

- In contrast, the 2020–2021 Enacted Budget included \$900 million one-time Proposition 98 funds to invest in the educator workforce

This year's proposal narrows the focus, addressing targeted areas which will require additional educator and student support, and subject areas or programs that are significantly impacted by the pervasive teacher shortage

Educator Professional Development

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- The Governor's Budget includes \$315.3 million to support educator professional learning and teacher effectiveness

\$250 million for the Educator Effectiveness Block Grant which provides resources to expedite professional development in accelerated learning, re-engaging students, restorative practices, and implicit bias training

\$50 million to create statewide resources and professional development on social-emotional learning and trauma-informed practices

\$8.3 million for the California Early Math Initiative—professional development which provides teachers with math teaching strategies for pre-K through third grade

\$7 million to the University of California Subject Matter Projects to provide professional development targeted on learning loss in core subject matter content areas

\$5 million to support professional development and materials for LEAs who are offering courses on ethnic studies

The Teacher Pipeline

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- The Governor's Budget includes \$225 million in continued support and expansion of existing teacher pipeline programs such as the Teacher Residency program and the Classified School Employee Credentialing program
 - Support is focused on students enrolled in teacher preparation programs and are committed to working in high-need fields and at schools with high rates of under-prepared teachers
 - Students enrolled in teacher preparation programs such as special education, bilingual education, and STEM*
 - Funding supports pathways for classified staff who aspire to become credentialed teachers

\$100 million continued investment in the Golden State Teacher Grant Program

\$100 million to support the Teacher Residency Program

\$25 million to the Classified School Employees Credentialing Program

*Science, technology, engineering, and mathematics

Cradle-to-Career Data System

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- The 2019–20 Enacted Budget included \$10 million in one-time, non-Proposition 98 funding for the planning phases of the California Cradle-to-Career Data System
- Governor Newsom proposes an additional investment of \$15 million (\$3 million is one-time) in non-Proposition 98 funding to establish an office within the Government Operations Agency to provide support for:
 - The acquisition, development, and maintenance of the system's analytical tools
 - Updating the K–12 California Longitudinal Pupil Achievement Data System data system software to facilitate smoother system compatibility
 - Expanding eTranscript functionality to additional colleges and universities
 - Hiring management level data system coordinators at each of the state's higher education segments and the Student Aid Commission
 - Administration, maintenance, governance, and operational costs of the data system

What's Not in the Budget?

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- While the Governor's Budget proposal seems to have everything plus the kitchen sink, there are several items that LEAs would have liked to see proposed:
 - COVID-19 liability coverage for LEAs
 - UPP hold harmless for those LEAs seeing a drop in their official number of low-income students
 - Additional CalSTRS and CalPERS employer rate reduction
 - More discretionary dollars and less tied up in restrictive programs

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Pandemic Funding—Past, Present, and Future

New COVID-19 Federal Stimulus Package

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- On December 27, 2020, President Trump signed the \$2.3 trillion Consolidated Appropriations Act, 2021 into law, which includes:
 - The \$900 billion COVID-19 relief package, which earmarks \$82 billion for education, \$7 billion to expand broadband access, \$10 billion for childcare, and continued funding for school meal programs
 - The bill also includes an extension of the CARES Act Coronavirus Relief Fund expenditure deadline from December 30, 2020, to December 31, 2021
 - The \$1.4 trillion omnibus spending plan, which will keep the government funded through September 30, 2021—the end of the federal fiscal year

New COVID-19 Federal Stimulus Package

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Funding Source	Total Amount	California's Estimated Share
ESSER Fund	\$54.3 billion	\$6.8 billion
Higher Education Emergency Relief Fund	\$22.7 billion	\$2.9 billion
GEER Fund	\$4.1 billion (\$2.75 billion for private schools)	\$341.4 million (\$187.5 million for private schools)

- At least 90% of the ESSER funding needs to be allocated to LEAs in proportion to their 2020–21 Title I, Part A funding, expiring September 30, 2023
 - The Governor's Budget proposal does not specify how the state will spend the remaining 10%
- Governor Newsom has the discretion to spend GEER dollars on LEAs or institutions of higher education that have been "most significantly impacted by coronavirus"
 - The Governor has not yet detailed how he plans to spend this round of GEER funding

Current Federal and State Pandemic Funding

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- The additional funds, while welcomed, created a heightened level of urgency to ensure compliance with spending regulations and spending deadlines



*Extended to December 31, 2021, by Coronavirus Response and Relief Supplemental Appropriations (CRRSA)

Funding for Reopening Schools

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- Governor Newsom is calling for swift and early action by lawmakers to appropriate at least \$2 billion in one-time Proposition 98 funds to aid in the safe reopening and operation of in-person instruction for K–12 students

Funding Formula (per ADA)

Base Grants = \$450 (February reopening)
= \$337.50 (March reopening)

Additional grants above base grant based
on LEA's relative share of LCFF

Funding based on TOTAL ADA *less* students enrolled in independent study

Funds can only be used for in-person instruction, not distance learning



Safe Schools for All—What It Is and What's Required

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- The Safe Schools for All proposal establishes a grant program to incentivize LEAs to reopen school for in-person instruction, inclusive of hybrid models

COVID-19 Safety Plan

- Conforms with California Department of Public Health (CDPH) school guidance
- Incorporates Cal/OSHA Emergency Standards

Labor Agreement

- Documentation of collective bargaining agreement or memorandum of understanding (MOU) conforming with COVID-19 Safety Plan

Offer In-Person Instruction

- By February 16 for TK–2 and all students with disabilities, foster youth, homeless youth, and students without access to technology
- By March 15, expand to grade 5 or 6

COVID-19 Testing

- All students and staff of in-person instruction
- In accordance with CDPH testing cadence (released February 14, 2021)

Certify Technology

- Verify that all students in distance learning have access to a computing device, software, and high-speed internet to participate in online learning

Operational Challenges for Reopening Schools

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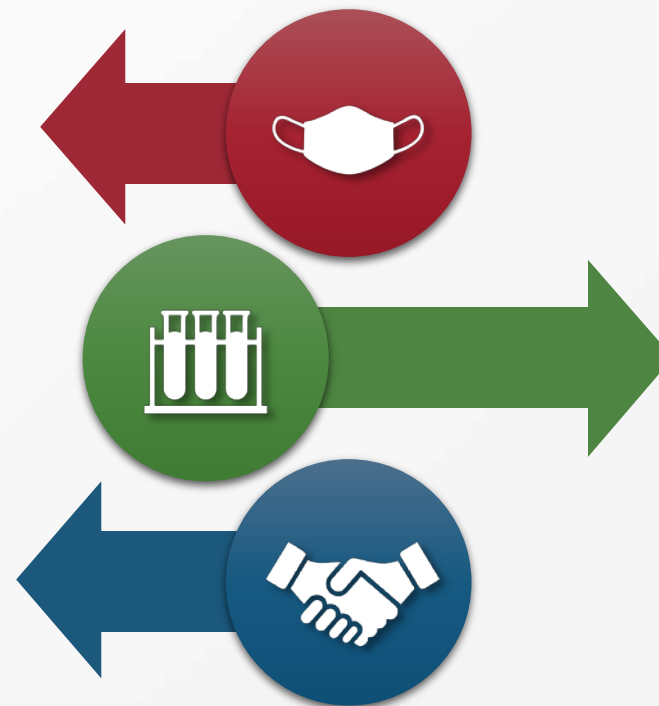
- The Governor's Budget proposes funding to make in-person instruction safe for students and staff and incentivize reopening through a grant program—while admirable, presents operational challenges and tight timelines for LEAs

Adopt CSP and submission to COE by February 1

- Requires consultation with stakeholders
- Must conform with CDPH guidance and Cal/OSHA standards
- LEAs will need to develop implementing procedures, provide education and training to staff and parents, procure equipment and supplies

Negotiate MOUs with certificated and classified bargaining units

- MOUs must conform with the requirement of the CSP, be ratified by the parties, and submitted to COE by February 1



Adopt a COVID-19 testing plan

- Plan must address symptomatic testing, response testing, and asymptomatic testing for students and staff
- It must address multiple staff COVID-19 cases or major outbreaks among staff based on Cal/OSHA requirements

Proposed State Expanded Learning Time and Academic Intervention Grants

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- Finally, the Governor calls on the Legislature to take early action to address learning loss with a one-time Proposition 98 infusion of \$4.6 billion
- Few details provided with the 2021-22 Governor's Budget

Who?

- Low-income students
- English learners
- Foster and homeless youth

What?

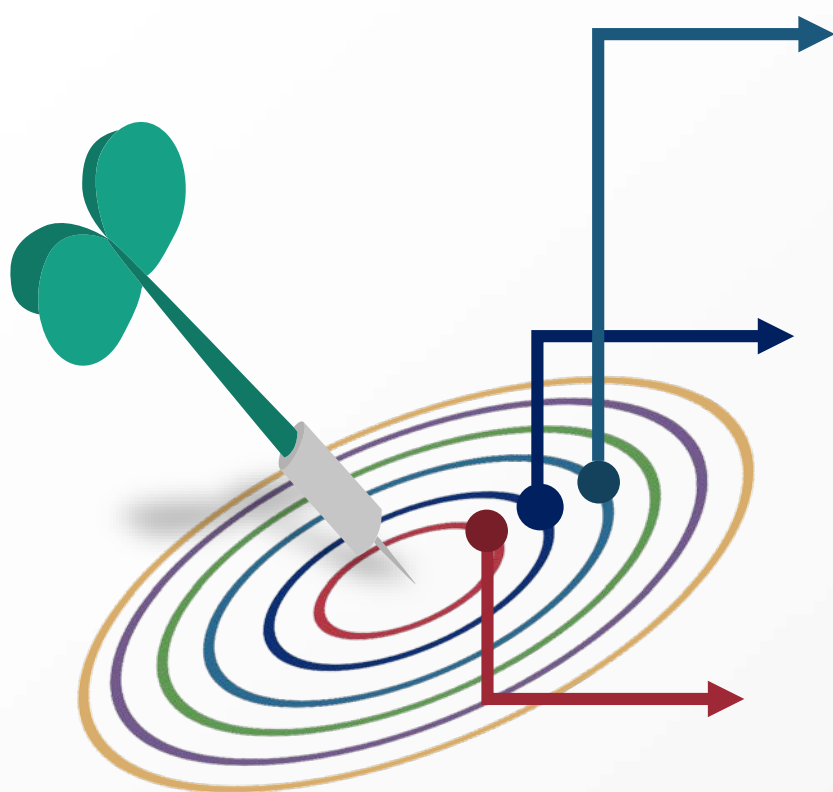
- Expanded learning time or summer school
- Targeted strategies and academic interventions to address learning loss

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Budget Impacts on District Operations

Multiyear Projections

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Multiyear projections (MYP) are required by AB 1200 and AB 2756

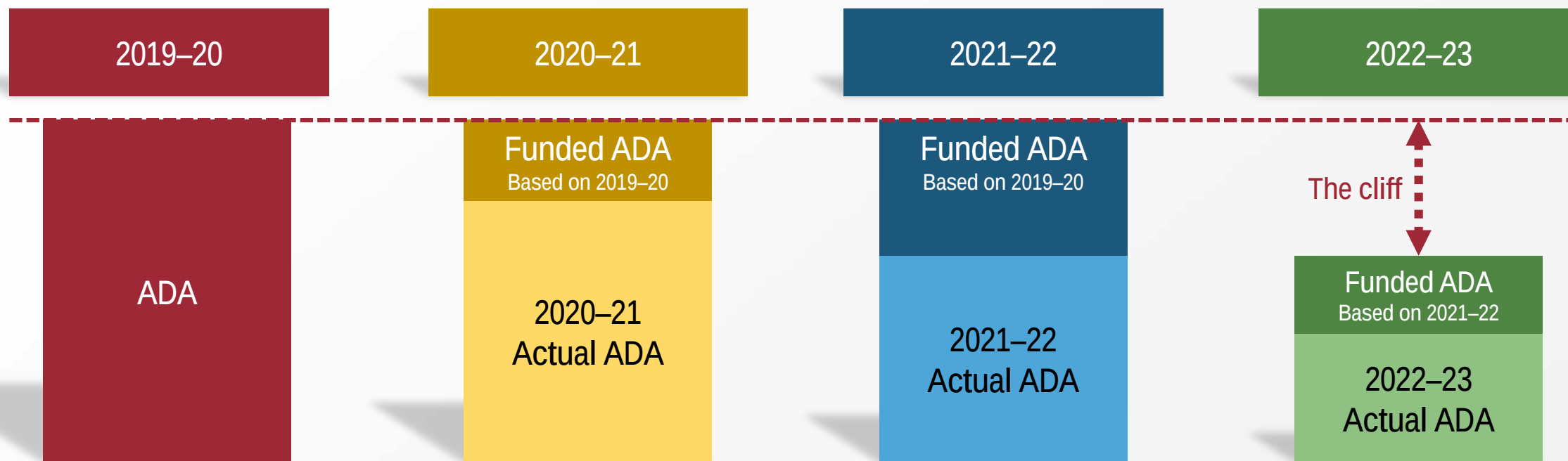
Projections are anchored in reliable information as of the date of the projection—they are NOT forecasts

Projections will change any time the underlying factors and assumptions change

2021–22 ADA Impacts

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- The adage “There is no such thing as a free lunch” applies to the current-year ADA hold harmless provision—that is to say, many school districts will experience a funding cliff at some point in the future if they are experiencing natural attendance declines exacerbated by COVID-19



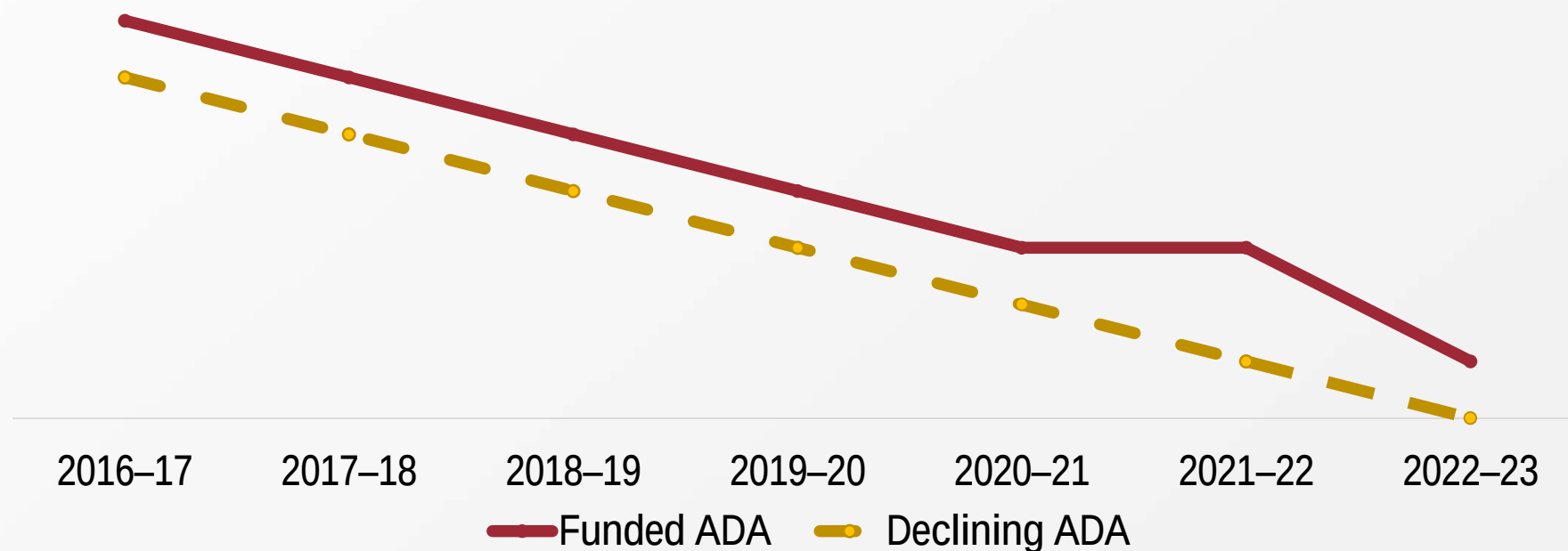
- Significant drops in LEAs' LCFF unduplicated pupil counts, which were not held harmless, and enrollment loss from COVID-19 will determine the full cliff effect

2021–22 ADA Impacts

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- The Governor's Budget proposal does not include an ADA hold harmless provision for 2021–22
- However, since the state is not collecting attendance for 2020–21, school districts will be able to use the higher of their 2019–20 or 2021–22 ADA in 2021–22
 - School districts that received growth funding in 2020–21 retain the higher ADA
- School districts with declining enrollment school district should align staff to actual student counts and prepare for 2022–23

MYP for Declining Enrollment Districts



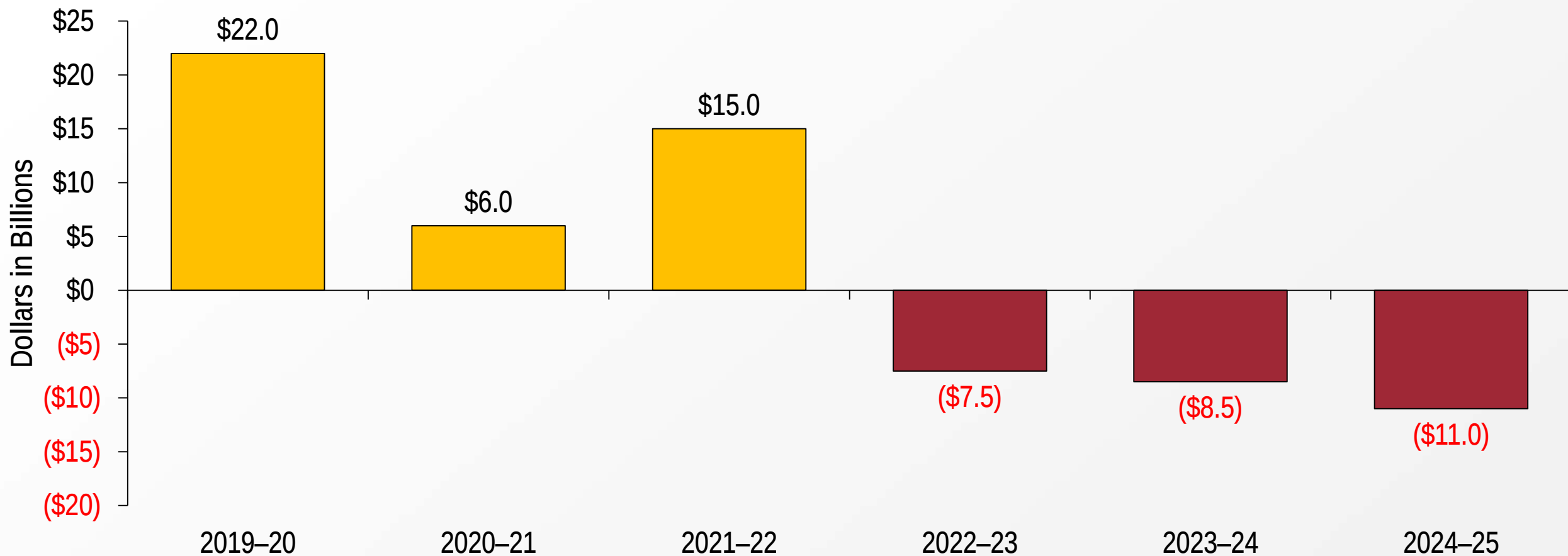


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Out Year COLA Risk?

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Budget Projects Surplus and Future Shortfalls¹



¹Budget shortfalls or surplus, measured by the annual Governor's Budget

Source: 2021-22 Governor's Budget Summary, page 3

CalPERS Employer Contribution Rates

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- The Governor does not include any new funding towards CalPERS for LEAs
 - However, previous investments reduce the employer contribution rate for CalPERS from 24.9% to 23.00% in 2021–22
- The employer contribution rates to CalPERS were modified a few times since the 2020–21 Enacted State Budget, as follows:

Year	Prior Projections per Dartboard	Adjusted by CalPERS Investment Returns	Projected Rates per Actuarial Report
2020–21*	20.70%	20.70%	20.70%
2021–22	22.84%	23.01%	23.00%**
2022–23	25.50%	26.24%	26.30%
2023–24	26.20%	27.14%	27.30%
2024–25	26.20%	27.14%	27.80%
2025–26	26.20%	27.14%	27.80%
2026–27	N/A	N/A	27.60%

*Actual for 2020–21 and estimated for future years

**Governor's Budget Summary, pgs. 64-65

CalSTRS Employer Contribution Rates

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- Similar to CalPERS, the Governor does not include any new funding towards CalSTRS for LEAs
 - However, previous investments reduce the employer contribution rate for CalSTRS from 18.1% to 15.92%
- Reminder: On-Behalf Payments (expenditures in Resource Code 7690) have been excluded from the calculation for the Routine Restricted Maintenance Account contribution

Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	- 0.95%
July 1, 2021*	~ 15.92%	~ - 0.23%
July 1, 2022	~ 18.00%	~ 2.08%

*Governor's Budget Summary, pgs. 64-65

Status of the LCAP for 2021–22

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2020–21

LEAs were required to complete the Learning Continuity and Attendance Plan, instead

The Local Control and Accountability Plan (LCAP) was suspended, and the Budget Overview for Parents postponed

2021–22

LCAPs (2021–22 through 2023–24) must be adopted by June 30, 2021; remember, this is a new three-year plan

The State Superintendent of Public Instruction and the Executive Director of the SBE are required to adopt a revised annual update template by January 31, 2021

The annual update for the 2021–22 LCAP will look back to the 2019–20 LCAP and the 2020–21 Learning Continuity and Attendance Plan

What's Next?

January - May 2021	• Budget Advisory Committee Discussions • LCAP Discussions
February 2021	• Staffing Projections for 2021-22
March 2021	• Second Interim • Start Budget Development
May 2021	• Governor's May Revise • LCAP Draft
June 2021	• Adopt 2021-22 Budget • Adopt 2021-22 LCAP

