School Funding Forum

Marin County Office of Education
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K12 Budget At A Glance

• Revised three-year revenue forecast - $16.1B higher for TK-14
• Third year contribution to school rainy-day fund - $3.1B ($500M less than PY)
• Proposition 98 growth (TK-14) - $8.2B from June to $102B (38.4% of revenue)
• 5.33% COLA on LCFF and many categoricals - $2.4B
• Option to use prior year 3-year rolling average for ADA - $1.2B
• Increased Special Education base funding - $500M
• First of four-year universal transitional kindergarten expansion & 12:1 - $1B
• Generally, builds on prior investments and priorities as opposed to introducing new programs
Revenues

- Revenue forecasts include sustained economic growth and acknowledge significant increases in inflation
  - General Fund revenue is up $28.7B from 2020-21
  - Capital gains taxes as a percentage of GF revenues is 11.8%, slightly lower than the peak in 2021
- Continues to allocate a high percentage of expenditure proposals as one-time in nature providing a reasonable hedge
  - For Proposition 98, 58% are recurring investments, 42% are one-time
- Revenue growth provides the state general fund with a surplus of $45.7B for 2022-23
Proposition 98 Reserves and Local Reserves

• Continue to build the state’s public school rainy-day fund from $6.7B to $9.7B
• Current law provides for a 10% cap on school district reserves in fiscal years immediately succeeding those in which the Public School System Stabilization Account (rainy-day fund) is equal to or greater than three percent of the total K12 share of Proposition 98
  • School district assigned / unassigned reserve cap is triggered in 2022-23
  • Impacts approximately 250 school districts, 150 of which are estimated to have current assigned / unassigned reserves in excess of 10%
  • Reasonable workarounds are available to avoid reserve cap
Proposition 98

- Test 1 environment – funding based on K-14’s proportion of GF revenues
- Proposition 98 growth - $16.1B to $102B
- $3.6B COLA of 5.33% for LCFF and some categorical programs
  - Includes option to use more favorable prior year, three-year average ADA
- $500M recurring Special Education base funding to $820/ADA base
- $1B recurring, first year implementation of universal transitional kindergarten and TK staffing ratios of 12:1
- $3.4B recurring expansion of Extended Learning Opportunities Program plus another $937M one-time to provide ELOP infrastructure in arts and music
Proposition 98 (cont.)

• $596M to implement universal meal programs plus another $453M one-time kitchen infrastructure and program start-up (two meals per day for all students)

• $543M recurring investments in preschool, afterschool and charter school facilities

• $4.7B one-time investments in early education expansion, early literacy coaches, multilingual school libraries, career pathways, dual enrollment programs, and electric school buses
Special Education

• Adds to the $3.1B in special education investments over the last three years
• Provides $500M to increase the average base funding rate to $820/ADA
• Provides 5.33% COLA (same as LCFF)
• Adds $500M one-time for early intervention expansion
  • Specific to students in inclusive preschool classrooms
  • Trailer Bill Language pending to determine if eligible for existing services or new and expanded services only
• Policy amendments for funding, LCAP, IEPs and alternative diploma
Universal Transitional Kindergarten

• Initial year of expansion towards universal transitional kindergarten
  • Funds students whose fifth birthday occurs between September 2 and February 2 – a two-month expansion
• Proposition 98 is “rebenched” to include non-Proposition 98 funds equal to the cost ($639M)
• Allocates an additional $383M to reduce student-to-adult ratio to 12:1
  • Within LCFF, not categorical – most likely a Grade Span Adjustment (GSA)
  • Will necessitate separation of TK from TK-3 GSA 24:1
• Teacher certification requirements effective August 1, 2023
Independent Study

• Signals a continuation of current year Independent Study provisions as an alternative to in-person instruction
  • Traditional IS (including short-term)
  • Course-based IS (an option worth looking at!)
• Means by which LEAs deliver remote instruction and generate ADA
  • Proposes significant change to allow time spent in synchronous instruction to be included in IS time calculations used to compute ADA
Looking Ahead

• FY2022-23 includes challenges for LEAs
  • The two-year employer contribution rate rollback for CalSTRS and CalPERS expires at the end of 2021-22 and contribution rates return to catch up to their pre-pandemic schedule of increases
  • Unduplicated student count impacts from universal meal program and higher independent study enrollment
  • SB 328 (2019) is effective in 2022-23 relative school start time impacts transportation, athletics, after school programs, food service
  • Inflationary pressures from historic increases in CPI – up 7% in 2021
  • While the fiscal cliff from declining enrollment and ADA is mitigated and converted to a gradual slope, declines continue in both the short-term and long-term necessitating cost reductions
Thank you!