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FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

School Funding Forum

Marin County Office of Education
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Presentation available at:
<https://www.marinschools.org/domain/2474>

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K12 Budget At A Glance

- Revised three-year revenue forecast - \$57.1B higher
- Current and budget year contributions to school rainy-day fund - \$3B
- Proposition 98 growth (K14) - \$14.9B to \$85.8B from June
- 3.84% COLA on LCFF; remaining categoricals 1.5% COLA - \$2.1B
- Special Education early intervention grant investment - \$300M
- Buydown of 71% of K12 apportionment deferrals - \$9.2B
- Current year one-time Proposition 98 investments to support instruction - \$6.6B
- Numerous one-time Proposition 98 investments -\$1.1B

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Revenues

- Estimates state revenues will increase by \$57.1B for the three-year period 2019-20 through 2021-22 over the estimate used in June's adopted budget.
- Concerns continue to be raised about the impact of the pandemic on revenues and the outyear softening of state revenue growth, but a high percentage of expenditure proposals are one-time in nature providing a reasonable hedge
- Revenue growth is forecasted at an average 2.6% average year-over-year growth

Reserves

- Restore the state's rainy-day fund from \$0 to \$3.0B
 - Current year (\$744M) and budget year (\$2.2B) contributions are a function of established formulas
- 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 (estimated at \$2.3B)
 - 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%
 - COE waivers and workarounds available

Proposition 98

- Test 1 environment – funding based on K14’s proportion of GF revenues
- Proposition 98 growth - \$14.9B to \$85.8B
- \$2.0B to compounded COLA of 3.89% for LCFF
 - 2.31% statutory COLA from 2020-21 (not retroactive)
 - 1.5% estimated statutory COLA for 2021-22
- \$87.5M statutory COLA of 1.5% for categoricals
- \$10.2M statutory COLA of 3.89% for county offices
- \$300M recurring Special Education early intervention investment
- \$20B one-time investments in deferral buydowns, PSSSA contributions, in-person instruction support, learning loss mitigation and other state priorities

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Special Education

- Previous proposals appeared to signal as the highest priority
 - Three-phased, multiyear plan to reform the current funding system providing increased funding to some, but not all, but also expecting increases for all in the area of equity, accountability and inclusivity
 - Continues previous investment increases and interest in early intervention programs
- Adds \$300M for early intervention
 - Trailer Bill Language pending to determine if eligible for existing services or new and expanded services only
- \$5.25M and \$0.5M one-time for Special Education professional learning networks around federal Medi-Cal funds and Non-public school placement certification/oversight study

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Apportionment Deferral Buydowns

- \$9.2B buydown of K12 apportionment deferrals from 2021-22
 - Eliminates 71% of the current deferred apportionments from continuing in 2021-22 (Feb – May)
 - Does not eliminate deferred apportionments in 2020-21
 - Original October timeframe worked to eliminate / reduce deferred apportionments in 2020-21, but February / March is too late for many
- \$3.7B apportionment deferral remains for June 2022 to July 2022
 - Entails the full June 2022 apportionment; if June apportionment value is less than \$3.7B then could impact May 2022
 - Trade-offs available to eliminate remaining deferrals

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Current Year Early Action Proposals

- Two significant Proposition 98 grant programs for legislative early action using portions of the current year revenue windfall to support learning loss mitigation
- Funding from both programs would be apportioned beginning in 2020-21
 - \$2B one-time safe, in-person instruction incentive grant
 - \$4.6B one-time Expand Learning Time and Academic Intervention grants

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In-person Instruction Incentive Grant

- \$2B one-time safe, in-person instruction incentive grant
 - One track of a two-track return to in-person instruction
 - COVID-19 Safety Plan (CSP) - required
 - Incentive grant – optional
 - Built on four pillars
 - Funding
 - Safety / mitigation
 - Oversight / Assistance
 - Transparency / Accountability

In-person Instruction Incentive Grant

- COVID-19 Safety Plan has two components, both addressed in updated / consolidated public health guidance - [CA Covid-19 School Readiness Hub](#)
 - Cal/OSHA
 - School Guidance Checklist
- Incentive grant proposal has three major themes
 - Safety (CSP)
 - Offer of asymptomatic testing cadence based on adjusted case rates
 - Agreements with labor partners
 - Timeline
 - Equates, in part, to incentive amount
 - Flexibility for high case rate conditions

Expand Learning Time and Academic Intervention

- \$4.6B one-time Expand Learning Time and Academic Intervention grants
 - Expanded learning time or summer school and targeted strategies and academic interventions to address learning loss
 - Priority for low-income students, English language learners, youth in foster care, homeless youth, students with disabilities and pupils identified for tiered reengagement strategies
 - Extending instructional learning time: days, minutes, summer school, intersessional programs, any other action that increases instructional time
 - Implementation, expansion or enhancement of learning supports: tutoring, one-on-one or small group instruction, learning recovery programs, educator training in strategies on learning gaps

Expand Learning Time and Academic Intervention

- Integrated pupil supports to address other barriers to learning: health, counseling or mental health services, school meal programs, before/after school programs, social-emotional learning and trauma-informed practices
- Community learning hubs: access to technology and academic supports
- Credit deficient students: support graduation goals

Expand Learning Time and Academic Intervention

- \$4.6B one-time Expand Learning Time and Academic Intervention grants
 - \$1,000 per homeless student enrolled in 2020-21
 - \$725 per ADA for state special schools
 - Remaining funds allocated proportionally based on 2020-21 LCFF entitlement
 - Apportionment in two equal portions in March 2021 and July 2021
 - Supports eligible expenditures through June 2022
 - Requires addendum to 2021-22 LCAP to address how funds will be expended

Professional Development and Ed Recruit

- Renews commitment to Linda Darling-Hammond's conviction that a well-prepared teacher workforce is a significant factor in predicting high student achievement and in closing the achievement gap
- \$315.3M in one-time educator professional development
 - \$250M Educator Effectiveness Block Grant – high need areas
 - \$50M to create resources and provide training on social-emotional learning and trauma-informed practices
 - \$8.3 Early Math Initiative on strategies for pre-K through third grade
 - \$5M to provide training and materials for courses on ethnic studies

Professional Development and Ed Recruit

- \$225M one-time to improve teacher pipeline
 - \$100M (non-Proposition 98) continued investment in Golden State Teacher Grant Program
 - \$100M to expand Teacher Residency Program
 - \$25M to expand Classified School Employees Credentialing Program

Student Health and Well-Being

- \$700M to support investments in student health and well-being
 - \$264.9M one-time to expand existing networks of, and establish new, community schools
 - \$400M federal and non-Proposition 98 over multiple years to build infrastructure, partnerships and capacity to provide preventive and early intervention behavioral health services for students
 - \$25M to fund partnerships with county behavioral health to support student mental health services
 - \$10M for a county to make available valid and reliable school climate surveys related to COVID-19 and virtual instruction

Early Education and Childcare Access

- To expand program and support the Master Plan for Early Learning and Care (December 2020)
 - \$250M one-time over multiple years to provide grants to LEAs that offer early access to transitional kindergarten (ETK)
 - \$50M one-time to support preparation of transitional kindergarten (TK) teachers and provide TK and kindergarten (K) teachers with training
 - \$200M one-time to construct and retrofit existing facilities for full-day TK and K programs

Looking Ahead

- FY2022-23 presents significant 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
 - For declining enrollment districts, any declines from 2019-20 to 2021-22 will finally impact LCFF revenue as the special 2020-21 ADA hold harmless provision expires in 2020-21 and the traditional “higher current year or prior year ADA” hold harmless (2021-22 forward) will catch up
 - Charter schools will be impacted in 2021-22 as they will revert to current year ADA for LCFF purposes

Questions

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Thank you!

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