

# Governor's Budget update

**Pacific Grove Unified School District  
Board Meeting  
January 21, 2021**

## State General Fund:

2

- ❖ State General Fund revenue for 2019-20 through 2021-22 is more than \$70 billion over what was projected in the 2020 Budget Act (\$10 billion of this amount is federal funds). How did this happen?
  - ▶ First, the overall economic downturn has not been as severe as anticipated in the Spring of 2020, leading up to the June 2020 budget
  - ▶ Second, while the wages of many lower and middle income earners are dropping, **wages for high income earners are actually going up**
  - ▶ Third, the stock market is performing much better than anticipated
    - ▶ These three factors lead to higher personal income tax revenue (based on wages and capital gains) in 2020-21 and 2021-22
  
- ❖ State General The State Administration notes that the current budget surplus appears to be an anomaly, and that a structural deficit of \$7.6 billion is projected for 2022-23

# Governor Newsom's Budget Proposal for 2021-22

3

- ▶ Unsurprisingly, the Governor's 2021-22 State Budget proposes investments and innovations to address the immediate and longer-term impacts of the pandemic on student learning and achievement
- ▶ Some of the major K-12 Education highlights of the proposal:
  1. Safe Schools for All Plan - \$2 billion:
    - Calls for the Legislature to act swiftly for **grants** to incentivize K-12 school agencies to offer in-person instruction for the state's youngest and most vulnerable students
  2. Early action to provide \$4.6 billion for an extended instructional time program, including summer school
  3. Almost all of the prior and current year deferrals so that in the 2021-22 school year only the June 2022 deferral will remain
  4. A compounded and combined COLA of 3.84% for 2021-22 (2.31% for 2020-21 and 1.5% for 2021-22), which will apply to LCFF grants
  5. No Prop 98 supplemental payment from statute, but recognizing the impact of covid-19, a **one-time supplemental payment to K-14 schools** of \$2.3 billion in 2021-22

# 1. Safe Schools for All Plan (CSP):

4

- The plan is to enable the return to in-person instruction, which consists of 4 pillars:
  - Funding; Safety & Mitigation; Oversight & Assistance, and Transparency & Accountability

**Funding** - \$2 billion in one-time funding for the safe reopening of schools beginning in February, with a priority to return the youngest children (TK- 2<sup>nd</sup> grade) and those who are most disproportionately impacted :

- Low income families
  - English learners
  - Foster youth
- These funds are in the form of incentive grants with a base rate of \$450 per ADA (can be used for cleaning, disinfecting, salaries & compensation, and covid-19 testing for students and staff)

$$\text{PG USD} = \$450 \times 1,910 \text{ ADA} = \$859,500$$

- The Safe Schools for All Plan will open the first round of grant funding beginning in February 2021. To qualify, LEAs must meet the following requirements:
  - a. Submit to COE a CSP that complies with reopening guidance from the California Department of Public Health (CDPH) and the California Division of Occupational Safety and Health (CalOSHA) **no than February 1, 2021**; new guidance released on Friday, January 8, 2021 includes **surveillance testing for students and staff** to which grantees must adhere. LEAs also must post the CSP on their website homepages.
  - b. Submit to their COE a **ratified collective bargaining agreement** or memorandum of understanding (MOU), that implements the LEA's CSP no later than February 1, 2021.
  - c. By **February 16, 2021**, offer in –person instruction to students in grades TK -2, and specialized cohorts across all grade spans including students with disabilities, foster and homeless youth
    - LEAs that are unable to reopen for in-person instruction by February 16, 2021, due to local health conditions – e.g. average 7 day covid 19 case rate exceeds 28 per 100,000 per day, are still eligible to apply for and receive funding from the initial round. However, they must offer in-person instruction and meet all other requirements **the month Immediately** following the case-rate level dropping below 28 per 100,000
  - d. By **March 15, 2021**, expand in-person instructional offering to all TK – 6 grade students served, if 6<sup>th</sup> grade is offered at the elementary school site
  - e. Continue to provide in-person instruction to all specified students through 2020-21
  - f. Certify to COE that students who remain in distance learning have the necessary tools (computing devices, software, and high speed internet access)

➤ Potential costs:

- If ALL employees and students are tested but not substitute employees

**Assumed cost per test:**

- i. 325 employees + 1922 students = 2,247 x \$33 (plus shipping / delivery) \$50  
= \$112,350 x 12 weeks (weekly; commences on March 1, 2021 till May 31) = \$1,348,200
- ii. if TK – 5<sup>th</sup> grades = 855 students + 80 employees = 935 x \$50 per test x 12 weeks  
= **\$561,000**

**Actual cost per test:**

- iii. 325 employees + 1922 students = 2,247 x **\$129** (plus shipping / delivery) what Carmel USD paid = \$289,863 x 12 weeks (weekly; commences on March 1, 2021 till May 31) = \$3,478,356
- IV. if TK – 5<sup>th</sup> grades = 855 students + 80 employees = 935 x **\$129** per test x 12 weeks  
= **\$1,447,380**

- Contact tracing – School Portal for Outbreak Tracking (SPOT)

- ▶ New, second round of stimulus funds
- ▶ \$54 billion to k-12 schools; last round was \$13.2 billion
  - ▶ **California K-12 schools to see roughly \$6.8 billion**
  - ▶ Title I is being used for purposes of determining distribution of funding
- ▶ Allowable use of the funds:
  - ❖ Coordination response efforts;
  - ❖ Provide resources necessary for schools;
  - ❖ address unique needs of marginalized/disadvantaged student populations;
  - ❖ train staff regarding sanitization to minimize transmission
  - ❖ Purchase cleaning and sanitizing supplies
  - ❖ Provide meals, technology during long-term closure
  - ❖ Purchase education technology
  - ❖ Provide mental health services
  - ❖ Plan summer learning and supplemental after school programs
  - ❖ Other activities to continue employ existing LEA staff
- ▶ Allowable use of the funds:
  - Administer high quality assessments to assess students' academic progress
  - Implement evidence-based activities
  - Provide help to parents & families on how to support students during distance learning
  - Track student attendance and improve student engagement during distance education

## 2. Early Action (hot off the press today)

8

### 2. Early Action: funding for expanded instruction time

- The Department of Finance posted its proposed trailer bill language (TBL) for \$4.6 billion in “Expanded Learning Time and Academic Intervention Grants”, enactment and implementation would occur during **the current fiscal year**
- TBL prioritizes: low-income students, English Learners, foster youth, homeless youth, students with disabilities, and **pupils identified for tiered reengagement strategies**
- The funds would be mostly flexible but focusing on two goals: a) expanding instructional days or minutes, and b) **closing learning gaps**
  - ❖ Other TBL lists several more eligible uses including *for pupil mental health, staff training on SEL (Social & Emotional Learning) and trauma informed practices, and community learning hubs (among others)*
- While no application is required to access the grants, LEAs must complete a new addendum to the **2021-22 LCAP that describes how the funds are used**
- A template would be available through CDE by March 1, 2021, and LEA governing boards must adopt the addendum by **June 1, 2021**
- PG USD’s share (\$1,000 per Homeless Youth + 0.0296% Extended Learning Funds) = **\$1,293,595**



### 3. Deferrals

- With \$12 billion increase in Prop. 98 guarantee for 2020-21, the Governor proposes to pay off almost all of the deferrals before the **next** school year with the exception of June (going into July 2022)
- It helps LCFF school districts; instead of using the funds to rescind deferrals for this school year which starts next month, February; this approach protects the state if revenues do not keep pace with current projections

#### 4. Compounded and Combined COLA 3.84%

- 2.31% COLA for 2020-21 and an additional 1.5% for 2021-22 is applied to the LCFF base grants
- The other educational programs that are funded outside of LCFF – **Special Education, Child Nutrition, Preschool**, Foster Youth, American Indian Education Centers, .....the Mandate Block Grant – will only receive the 1.5% COLA designated for 2021-22
  - ❑ *It doesn't help Pacific Grove USD program funding*
- **CalSTRS /CalPERS Employer rates:**
  - ❑ The Governor is NOT proposing any new funding to reduce school employer contribution rates, his budget proposal notes that the repurposing of the \$2.3 billion in the General Fund originally included in the 2019 Budget Act to address state long-term employer liability
  - ❑ In the 2020 Budget Act, \$820 million of that funding instead will go towards reducing school employer rates for 2021-22 CalSTRS (from 18.1% to 15.92% = 2.18%) and CalPERS (from 24.9% to 22.84% = 2.06%)

## 5. Recognizing the impact of covid-19 on public schools, the Governor proposes a one-time supplemental payment to K-14 schools of \$2.3 billion in 2021-22:

- Student wellness and mental health
  - ❖ E.g. \$264.9 million to develop new and expand existing community schools; increase students receiving preventive and early intervention services through Medi-Cal Managed Care Plan
  
- Investments the Educator Workforce – for example:
  - ❖ \$250 million one-time Prop. 98 General Fund for the Educator Effectiveness Block Grant
  - ❖ \$25 million one-time Prop.98 GF for the Classified School Employees Credentialing Program
  - ❖ \$5 million one-time Prop. 98 GF for professional development and instructional materials for LEAs offering or considering ethnic studies courses
  
- Early Education – for example:
  - ❖ \$250 million one-time Prop. 98 GF to incentivize expansion of high quality Transitional Kindergarten (TK) for all four-year-olds
  - ❖ \$200 million one-time GF for TK and Kindergarten facilities
  - ❖ \$50 million one-time Prop. 98 GF for professional development of early childhood education program teachers