

# PACIFIC GROVE UNIFIED SCHOOL DISTRICT

2021-22  
May Revision

June 3, 2021

# Initial Thoughts/Political Backdrop

- ▶ Pending recall election dominates political narrative around the budget generally, and **school reopening**, tax rebates and mask mandates more specifically
- ▶ The recall, coupled with **unprecedented available resources** and the opportunities and challenges presented by the transition out of a crisis, explains most of the political and fiscal dynamics impacting the May Revision
- ▶ Many positives for schools, but concerns that some fundamentals are not fully addressed, including increasing costs pressures, retiring deferrals and base funding (for LCFF)

# Fiscal Conditions

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- ▶ LAO – “Despite Pandemic, Tax Collections Are Way Up”.
- ▶ Through March, the big three (PIT, SUT and CT) revenue sources are up a staggering 20% from 2019-20 and 27% from 2018-19
- ▶ However, many sectors and many individuals and families are still hurting
- ▶ Multiyear revenue forecast is highly uncertain
  
- ▶ 2021-22 State General Fund resources = \$203.4 billion
- ▶ 2021-22 State General Fund expenditures = \$196.8 billion, leaving a surplus of **\$6.6 billion**
- ▶ General Fund reserves (excluding Prop 98 reserve) will **reserve nearly \$20 million**
- ▶ Triggers “Gann Limit”, keeps real (inflation adjusted) per-person government spending under 1978-79 level
  - Thus, the Governor proposes \$8.1 billion through taxpayer refunds (Golden State Stimulus) and another \$8.1 billion to K-14 schools in 2022-23
  - Allocation to K-14 is one-time General Fund

# Proposition 98

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- May Revision increases K-12 spending by \$30 billion over prior year budget
  - \$24 billion one-time vs \$6 billion ongoing
- Governor projects deposits to the Public School System Stabilization Account (PSSSA) for both 2020-21 and 2021-22 for a total of reserve of \$4.6 billion
- If projections hold, school district reserve cap would be triggered beginning in 2022-23
  - Local reserve cap triggered when PSSSA balance is at least 3% of the K-12 share of Prop 98
  - Medium and large districts will generally need to limit their reserves to no more than 10% of annual expenditures – applies only to assigned and unassigned funds
  - **Small and basic aid school districts are exempt**
- 4.05% COLA for Special Education
- 1.7% for most other categoricals including Adult Ed block grant and Child Nutrition;  
**0% for CTEIG**
- COLA: 5.07% “Super-COLA” for LCFF (school districts, charters and COEs)

# School Nutritional Proposals:

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- ▶ \$80 million one-time Prop 98 for school kitchen infrastructure upgrades to increase student access to or improve quality of school meals
  - **Every LEA would receive base amount of \$25,000**
  - Allowable uses including cooking equipment, service equipment, refrigeration and storage, and transportation of food and equipment between sites
  - Requires LEAs to report to CDE by June 30, 2022 on how funding was used to improve quality of meals or increase participation in subsidized meal programs
  
- ▶ Major Issues **NOT** included in the May Revision:
  - ▶ Any additional relief for school employer CalSTRS/CalPERS rate increase
    - ✓ 2021-22 CalSTRS 19.10% to 16.92% after 2020 Budget Act, i.e. state subsidy
    - ✓ 2021-22 CalPERS 24.90 % to 22.91% after 2020 Budget Act, i.e. state subsidy
  - ▶ Any relief for increased unemployment insurance rate costs – 1.23% for 2021-22
  - ▶ Final payoff of principal apportionment deferrals to LCFF school districts

# ADA and Independent Study – new requirements

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- ▶ No extension of Distance Learning for next school year – only options to claim ADA are in-person and Independent Study (IS) programs
- ▶ May Revision proposes changes to IS law that will render most traditional (pre-pandemic) IS impractical:
  - Requires **board policies** to include new elements related to the quality of the program, procedures for tiered reengagement, plan for both daily live interaction and synchronous instruction for all pupils at least once per week, and a plan to transition pupil out of IS expeditiously, if requested
  - Requires **written agreements** to contain provisions addressing communicating academic progress with parents/guardians, provision of connectivity/devices adequate to participate in the educational program, and a statement detailing academic and other supports for students not performing at grade level
- ▶ Requires each LEA to “**document daily participation for each pupil on each school day, in whole or in part, for which independent study is provided. A pupil who does not participate in independent study on a school day shall be documented as absent for that school day**”
- ▶ “Daily participation” may include, but is not limited to “evidence of participation in at least on of the following: online activities, completion of regular assignments, completion of assessments, and contacts between employees of the LEA and pupils/parents/guardians”
- ▶ Allows written agreements to be signed electronically by parents
- ▶ Does not allow State Board of Education to waive IS requirements
- ▶ Requires CDE to create a digital forms for LEAs to report daily participation and weekly engagement by September 1, 2021