



PACIFIC GROVE UNIFIED SCHOOL DISTRICT

2021-22 Budget Act

August 19, 2021

Overview of the 2021-22 Education Budget Bill - AB 130

2

- On June 25, 2021, the Legislature released a summary of a revised 2021-22 State Budget, which reflects a partial deal with Governor Newsom.
- Despite passing a “budget bill junior”, K-12 has been mostly about trailer bills
- Key education sticking points:
 - Independent study
 - Concentration grants (LCFF school districts)
 - STRS/PERS
 - Child care
- The impending recall election impacts the political calculus of many decisions

Fiscal Conditions

3

- ▶ Budget uses Governor's small revenue assumptions, with a \$1.6 billion upward adjustment to the current year
- ▶ The largest sources of tax revenue – Big Three: personal income, sales and use, and corporation, continue to surge
- ▶ 2021-22 State General Fund resources = \$203.6 billion
- ▶ 2021-22 State General Fund expenditures = \$196.4 billion, leaving a surplus of **\$6.4 billion** ????
- ▶ General Fund reserves (excluding Prop 98 reserve) will **exceed \$20 billion**
- ▶ Triggers "Gann Limit" (inflation adjusted, per-person government spending under 1978-79 level) for the first time, beginning in 2022-23
 - Medium and large districts will generally need to limit their reserves to no more than 10% of annual expenditures – only to assigned and unassigned funds
 - **Small and basic aid districts are exempt**

Proposition 98

4

- ▶ Ongoing funds
 - ▶ 5.07% (\$3.2 billion) for LCFF “super COLA”
 - ▶ \$1.1 concentration grant increase
 - ▶ \$1 billion expanded learning time program for K-6 unduplicated students
- ▶ One-time funds
 - ▶ \$11.1 to pay off inter-year deferrals; **2021-22 Budget Act pays off ALL deferrals to K-14 schools**
 - ▶ \$3 billion for community schools
 - ▶ \$2.8 billion for education workforce proposals
- ▶ Universal TK will include “re-benching” Prop 98
 - ▶ Expected to reach \$2.7 billion by 2025-26

Stand-Alone Categorical Programs: Only listed those that impact PG USD

- Proposed for ongoing funding (no COLA)
 - Career Technical Education Incentive Grant (\$300 million)
 - PG USD receipts vary each year : earned revenue over \$100k

- Proposed for ongoing funding (1.7 % COLA)
 - Child Nutrition (\$172.3 million + \$2.7 billion federal)
 - PG USD receives approximately \$180k Federal reimbursement claims & \$12k - 16k State reimbursement claims
 - Mandate Block Grants (\$246.6 million)
 - PG USD receives approximately \$78,800 per year

- Proposed for ongoing funding (4.05% compounded COLA)
 - Special Education (\$4.4 billion + \$1.3 billion federal)
 - PG USD receives an average of \$840k from the SELPA

Universal Transitional Kindergarten (TK)

6

- Expands TK eligibility to all four-year-olds by 2025-26 school year, creating a “14th grade”:
 - In 2022-23 school year, extends eligibility to any child who will have their fifth birthday between September 2 and **February 2**
 - In 2023-24 school year, extends eligibility to any child who will have their fifth birthday between September 2 and **April 2**
 - In 2024-25 school year, extends eligibility to any child who will have their fifth birthday between September 2 and **June 2**
 - In the 2025-26 school year, and in school year thereafter, extends eligibility to any child who will have their fourth birthday by September 1

Funding conditioned upon:

- Maintaining average TK class enrollment of not more than 24 pupils per school site
- Commencing with 2022-23 school year, maintaining an average of at least one adult per 12 pupils for TK classrooms
- Commencing with 2023-24 school year, and in each year thereafter, maintain an average of at least one adult per 10 pupils for TK classrooms (subject to appropriations)

School Employer Contribution Rates:

7

- Final Budget does **NOT** include any additional pension relief for school employers beyond 2021-22
- 2020 Budget Act (as in two years ago) redirected \$2.3 billion for employer long-term unfunded liability provided in 2019 Budget Act to further reduce CalPERS and CalSTRS contribution rates in 2020-21 and 2021-22

2021-22 School Year: Independent Study

8

- No extension of Distance Learning for next school year – **only options to claim ADA are in-person and Independent Study (IS) programs**
- Requires school districts and COEs to provide IS for parents seeking alternative to in-person learning
- New Rules:
 - Parent/pupil/teacher conference prior to executing written agreement
 - Track “satisfactory education progress”
 - “Tiered re-engagement strategies”
 - Requires documentation of “live interaction” and “synchronous instruction” each day
 - High School IS program must provide access to all courses needed to graduate and “approved by the UC and CSU as creditable under A-G admissions criteria”
 - LEAs must provide transition back to seat-based setting no later than five instructional days after transition is requested
 - Allows for electronic signatures on written agreements
 - Requires bi-weekly reporting of IS participation/program elements

Independent Study: New Rules, conti.

9

- ▶ LEAs must comply with all new requirements on the first day of instruction for the 2021-22 school year
- ▶ LEAs have 30 days from the first day of instruction to update/adopt board policies, draft written agreements, provide pupil/teacher/parent conferences, and receive an executed copy of the written agreement
- ▶ The new requirements are subject to annual audit and carry significant fiscal penalties for failure to comply

Pacific Grove Unified School District has an agreement with North Monterey County USD to provide the new Independent Program.