



PACIFIC GROVE UNIFIED
SCHOOL DISTRICT

2022-23 Enacted State Budget

August 18, 2022



Fiscal Conditions and Budget Outlook

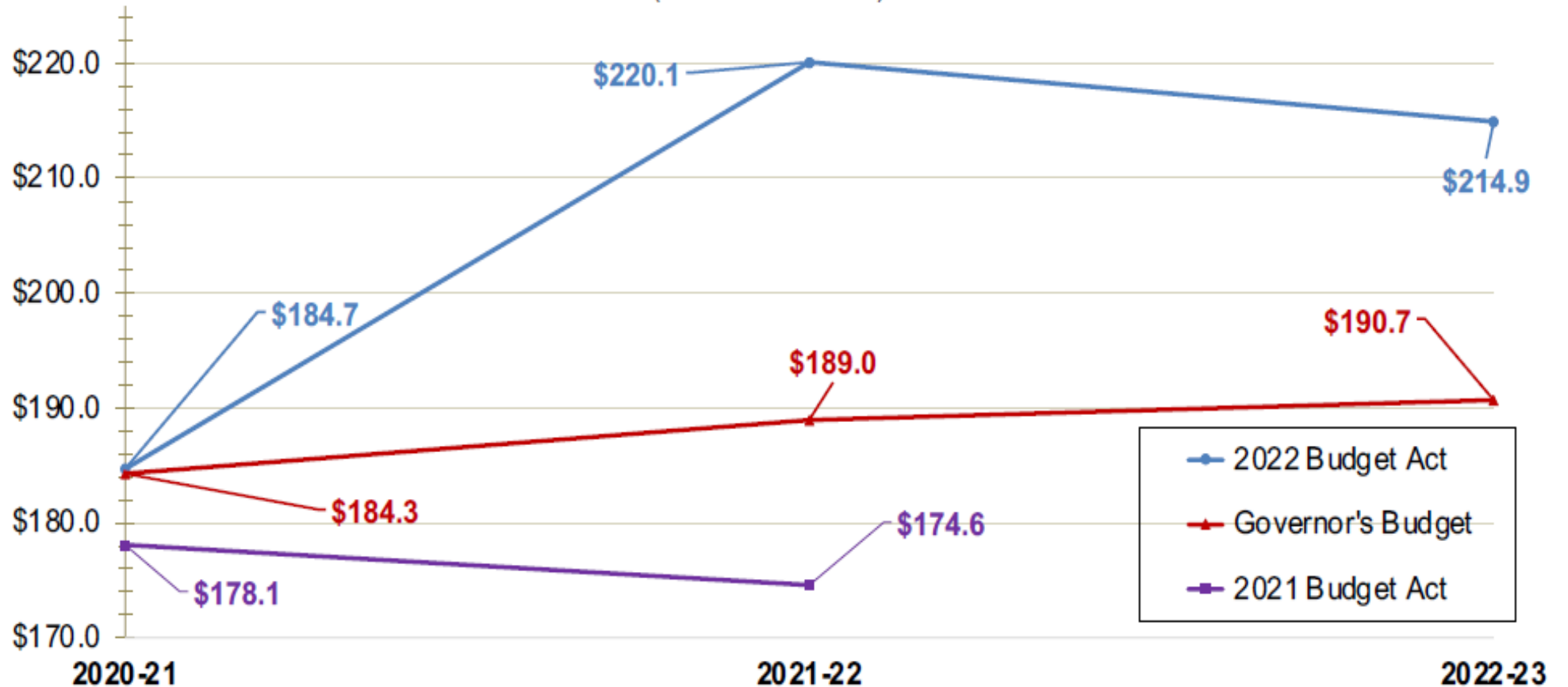
- Unprecedented revenue growth over last two years – California’s “big three” taxes (personal income, corporations and sales) grew 30% in 2020-21 and another 20% in 2021-22
- Long period of rapid economic growth not likely to continue, high inflation is major concern with possibility of a recession in near future
- Budget Act reflects changing fiscal conditions with massive one-time expenditures for inflation relief, infrastructure and housing, and measures to increase budget resilience (more details on budget resilience and Gann Limit issues in Appendix)
- For K-12 education, don’t expect near future increases beyond COLA to LCFF and some other ongoing programs, and anticipate significant decreases to one-time funding



State General Fund Revenues

Includes only revenues that affect calculation of Prop 98 minimum guarantee

(Dollars in Billions)





GF Revenues, Expenditures and Reserves

- \$242.2 billion in total available 2022-23 GF resources
 - \$219.7 billion total 2022-23 revenues/transfers plus prior year balance of \$22.5 billion
- \$234.4 billion total 2022-23 GF expenditures, leaving a fund balance of \$7.8 billion
- By end of 2022-23, \$23.3 billion in BSA, \$3.5 billion in discretionary reserve (SFEU), \$900 million in Safety Net Reserve = total GF reserves of about \$27.7 billion
- BSA now at constitutional trigger (10% of GF revenues) requiring \$465 million for infrastructure in 2022-23



Public School System Stabilization Account

- Budget Act includes a total of \$9.5 billion the Prop 98 reserve at the end of 2022-23, with the following deposits in each of the three budget years:
 - \$3.3 billion in 2020-21
 - \$4 billion in 2021-22
 - \$2.2 billion in 2022-23
- School district reserve cap will be triggered for first time, beginning in 2022-23
 - Local reserve cap triggered when PSSSA balance is at least 3% of the K-12 share of Prop 98 (balance of \$7.1 billion in 2021-22 far exceeds 3%)
 - 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 districts are exempt



Addressing Declining Enrollment

- Rapidly declining enrollment creating fiscal instability for many LEAs
- Budget maintains proposal to amend the LCFF calculation to allow school districts to utilize the greater of current year, prior year, or the average of three prior years' ADA (P2)
- For 2022-23, average of prior three years is 2019-20 (pre-Pandemic ADA), 2020-21 (“hold-harmless” for most, with some exceptions), and 2021-22 (greater of current year ADA or current year enrollment adjusted for 2019-20 absence rate)
- Not applied to charters or COEs
- Three-year rolling average only applies to LCFF
- Budget includes \$2.8 billion ongoing and \$413 million one-time to cover costs of these ADA and declining enrollment policies

New funding programs available to Pacific Grove USD from the 2022-23 Enacted State Budget :

1. Learning Recovery Emergency Block Grant
 - Estimate: **\$789,248**
2. Arts, Music, and instructional Materials Discretionary Block Grant
 - Estimate: **\$1,038,935**
3. Expanded Learning Opportunities Program – ELOP
 - Estimate: **\$321,605**



Learning Recovery Emergency Block Grant

- \$7.9 billion LRE Block Grant distributed to all LEAs based on 2021-22 P2 ADA multiplied by unduplicated pupil percentage
- DOF has not released an amount per unduplicated ADA, our rough estimate is a little more than \$2150 per unduplicated ADA
- Available for learning recovery initiatives through 2027-28 school year
- Not fully discretionary, must be used to:
 - Increase instructional learning time
 - Implement or expand learning supports to close learning gaps
 - Integrate pupil supports and staff support/training to address other barriers to learning
 - Provide access to instruction for credit-deficient pupils to graduate or improve college eligibility
 - Provide additional academic services to pupils such as diagnostic, progress monitoring, and benchmark assessments of pupil learning
- Additional details in the Appendix



Arts, Music, and Instructional Materials Discretionary Block Grant

- \$3.6 billion for all LEAs distributed based on 2021-22 P2 ADA, available for encumbrance through 2025-26 fiscal year
- DOF has not released a per ADA number yet, our rough estimate is about \$675 per ADA
- Available for any “operational costs” including but not limited to retirement and health care cost increases
- Also can be used to obtain standards-aligned instructional materials and professional development related to arts, music and other subject areas, or materials and training related to improving school climate, develop diverse book collections, or expenses related to the COVID-19 pandemic
- Governing Board must approve an expenditure plan at a public meeting



2023-24 ELO-P Requirements

- Beginning in 2023-24, the following requirements will apply to ELO-P:
 - LEAs with a UPP of 75% or higher will be required to offer access to all TK-6 pupils and provide access to any pupil who requests it
 - LEAs with a UPP of less than 75% will be required offer access to at least all TK-6 unduplicated pupils (UDP) and provide access to any TK-6 UDP that requests it
 - ELO-P funding will be subject to audit, with the following penalties:
 - If an LEA fails to offer or provide access to ELO-P to eligible pupils, the LEA's apportionment will be reduced by amount proportionate to the number of pupils to whom the LEA failed to offer or provide access to
 - Students opting not to participate in an ELO-P would not count towards this penalty
 - If a school district fails to maintain the required number of days or hours, the school district's apportionment shall be reduced by an amount equal to $(0.0048 \times \text{the district's apportionment})$ for every day the school districts fails to meet the day or hour requirement
 - If a charter school fails to maintain the required number of days or hours, the charter's apportionment shall be reduced by an amount equal to $(0.0049 \times \text{the charter's apportionment})$ for every day the charter fails to meet the day or hour requirement

UPP = Unduplicated Pupil Population = 366 students / appx. 21%



TBL Changes to ELO-P

- Defines “Offer” to mean “to recruit, advertise, publicize, or solicit through culturally and linguistically effective and appropriate communication channels”
- Defines “Provide Access” to mean “to enroll in an Expanded Learning Opportunities Program”
 - Specifies that if an LEA has on file a ELO-P registration form signed by a pupil’s parent/guardian, that pupil is considered enrolled in ELO-P
- For ELO-Ps in frontier designated geographic locations, sets ELO-P requirements at no less than eight hours of combined instructional time, recess, lunch, and in-person before or after school expanded opportunities
 - Defines “frontier designated geographic location” to refer to a program “operated at a schoolsite located in an area that has a population density of less than 11 persons per square mile”

TBL Changes to ELO-P, cont.

- Clarifies that offering and access requirements for an LEA will be based on an LEA's unduplicated pupil percentage (UPP) in the prior fiscal year
- Allows LEAs to provide up to three days of staff development during regular program hours
- Provides ELO-P are exempt from requirements of the Early Education Act and Title 5 Regulations related to Early Learning and Care Programs (Chapter 19)
- Clarifies that funding may be used to hire literacy coaches, high-dosage tutors, school counselors, and instructional day teachers and aids to assist pupils as part of the LEA's ELO-P enrichment activities
- Authorizes CDE to allocate up to \$5 million from total ELO-P funding to COEs to provide technical assistance, evaluation, and training services to support program improvement, with prioritization for COEs already providing technical assistance for ASES



Independent Study (IS)

- IS continues to be sole alternative to in-person instruction and only way to claim attendance for students not physically attending class
- Budget Act does not provide a hold-harmless for current year ADA loss due to audit exceptions related to new IS law and audit guidance
- However, the current-year attendance relief adopted in the Budget Act creates a backstop for most LEAs (school districts, COEs, and classroom-based charter schools), so long as those LEAs offered IS and complied with certain program requirements
 - See Appendix for additional information