

SCCS Local Control Accountability Plan Input & Governor's Proposals for the 2021–22 State Budget and K–12 Education

**Santa Cruz City Schools
Budget Advisory Committee
January 26, 2021**

Local Control Accountability Plan

- Calls for school districts to set both district-wide and school-wide goals and specific action steps along with a budget (LCFF Supplemental)
- Targets all students but especially **English Learners, foster youth, and low-income students** (Unduplicated Students)
- All members of the school community must be involved: parents, students, community members, school employees and other stakeholders

Small Group Input Session

[19-20 LCAP Overview of Actions/Services](#)

What services and supports are most needed for our English Learners, Low Income, Homeless and Foster Youth?

[LCAP Input #1](#)

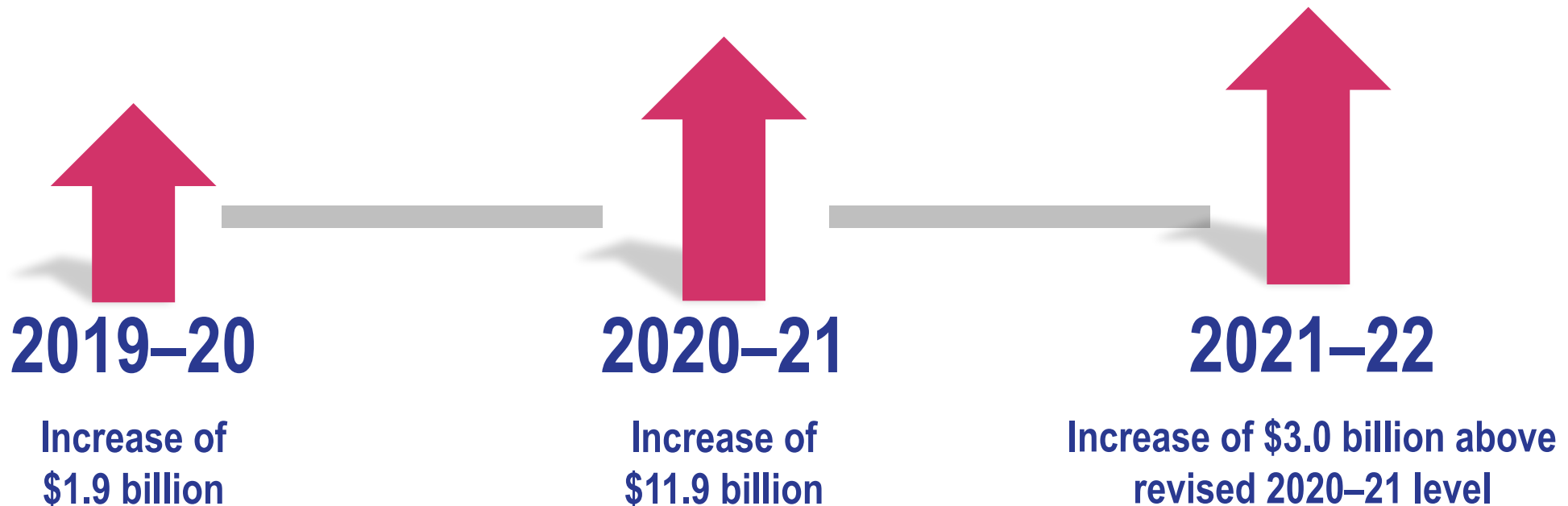
[LCAP Input #2](#)

[LCAP Input #3](#)

Proposition 98

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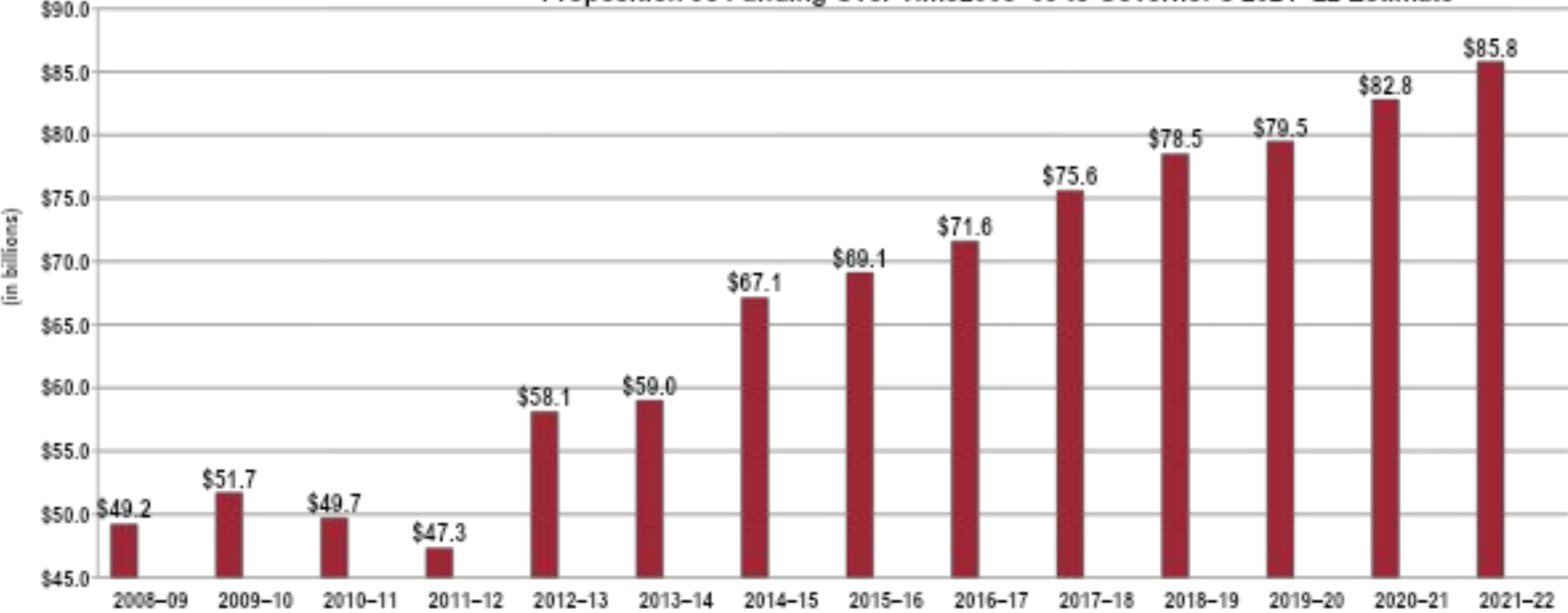
- The K–14 education budget covers a period of three fiscal years
 - The Minimum Guarantee for the prior- and current-fiscal years is adjusted as part of the annual budget process—referred to as the “true up”—to ensure the state meets its annual constitutional obligation
 - The budget year Minimum Guarantee is based on current estimates of state revenue and other factors



Proposition 98

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Proposition 98 Funding Over Time 2008–09 to Governor’s 2021–22 Estimate



COLA—What a Difference a Year Makes

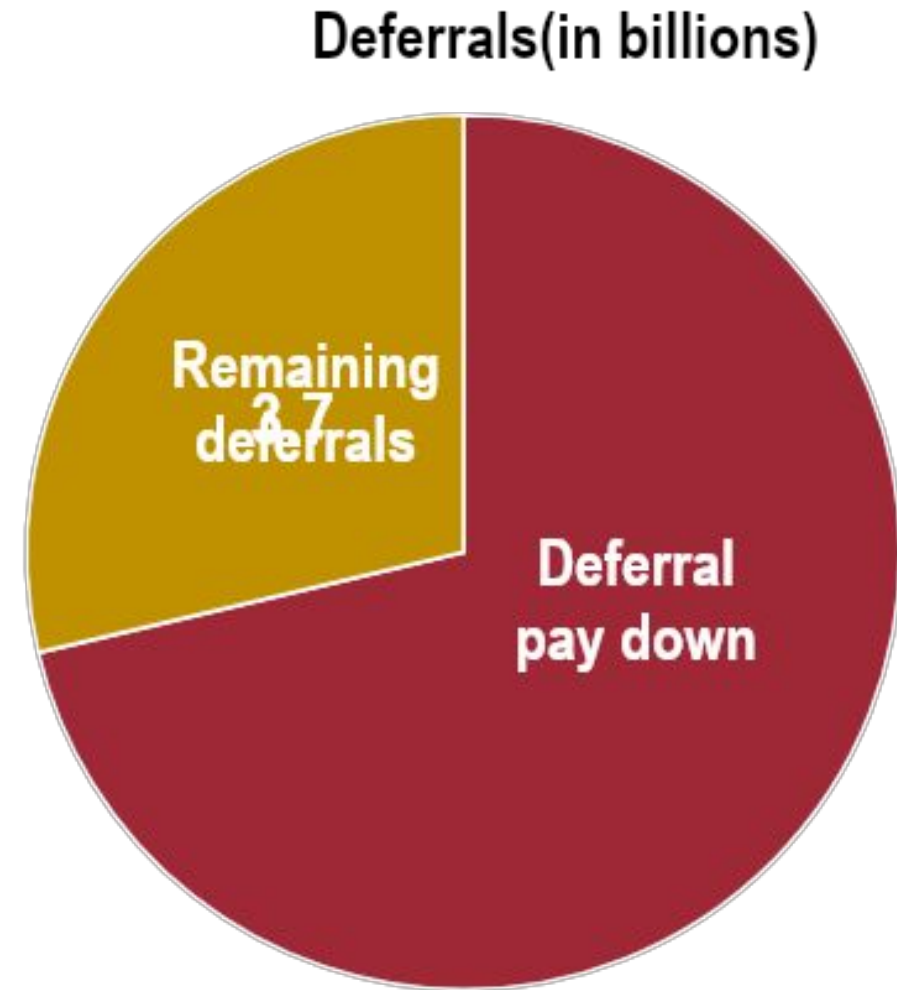
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- The pandemic did not have the draconian financial impacts projected in June 2020, but local educational agencies (LEAs) still have not been made whole
 - The zero cost-of-living adjustment (COLA) in 2020–21 has likely fallen into a black hole as a one-time loss for the Local Control Funding Formula (LCFF), and an ongoing loss for other categorical programs

Comparison of Statutory and Funded COLA 2020–21 and 2021–22			
	2020–21	2021–22	Applied to
Statutory COLA	2.31%	1.50%	• 3.84% applied to <u>LCFF only</u>
Funded COLA	0.00	3.84%	• 1.50% applied to special education and other categorical programs (e.g., Mandate Block Grant)

Deferrals

- The 2020–21 Enacted Budget included almost \$13 billion in K–12 LCFF deferrals
- The Governor’s Budget proposes paying down a portion of the deferrals—effectively eliminating the on-going deferrals scheduled for February through May 2022
 - Note that this pay down does not impact the deferrals currently scheduled for February through June 2021!
 - The repayment schedule for these deferrals remains the same



2021–22 LCFF Funding Factors

- The Governor’s Budget proposes a 3.84% compounded COLA for 2021–22, which is applied to the LCFF base grants for each grade span
- Two grade span adjustments (GSAs) are applied as percentage increases to the base grants
 - Grades K–3 receive a 10.4% increase for smaller average class sizes
 - Grades 9–12 receive a 2.6% increase in recognition of the costs of career technical education coursework

Grade Span	2020–21 Base Grant per ADA	3.84% Compounded COLA	2021–22 Base Grant per ADA	GSA	2021–22 Adjusted Base Grant per ADA
K–3	\$7,702	\$296	\$7,998	\$832	\$8,830
4–6	\$7,818	\$300	\$8,118	-	\$8,118
7–8	\$8,050	\$309	\$8,359	-	\$8,359
9–12	\$9,329	\$358	\$9,687	\$252	\$9,939

2021–22 LCFF Funding Factors

- Supplemental and concentration (S/C) grants are calculated based on the percentage of an LEA enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

Grade Span	2021–22 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA—Total UPP
K–3	\$8,830	\$1,766
4–6	\$8,118	\$1,624
7–8	\$8,359	\$1,672
9–12	\$9,939	\$1,988

What Does the LCFF Mean for Santa Cruz City Schools?

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Santa Cruz City Schools—2021–22			
2021–22 LCFF Per-Average Daily Attendance Funding		Projected 2021–22 ADA	Projected 2021–22 LCFF Total Revenue
\$14,768.03	Elem	1,907.80	\$28,174,458
\$10,486.34	Sec	4,206.43	<u>\$44,110,051</u>
			\$72,284,509

Note: Please use the School Services of California Inc. (SSC) LCFF Simulator to generate your LEA's unique numbers to insert in the table above.

Special Education—Base Funding

- Governor Newsom continues to prioritize students with disabilities, often citing his own experience with dyslexia
- The base special education funding formula, which provides \$625 per ADA for most Special Education Local Plan Areas, will receive the estimated statutory COLA of 1.5%
 - Bringing the new base funding rate to \$634.38
 - Unfortunately, the Newsom Administration is not proposing to make up for the 0% COLA in the current year
 - At this time, no further structural changes are proposed to the Assembly Bill 602 funding formula

Special Education—Early Intervention Grant

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- Additionally, the Governor proposes \$300 million in ongoing funds for the Special Education Early Intervention Grant
 - These grants were also provided in the 2019–20 Enacted Budget
 - In that year, funding was sent to LEAs of residence based on the number of preschoolers with disabilities
 - The funding was not restricted to serving these students
 - While not yet in print, the language will be similar, but will focus on evidence-based services that directly support the school readiness of infants, toddlers, and preschoolers with a targeted focus on providing services in inclusive settings, as practicable
 - Based on the latest data available, utilizing the same funding methodology as in 2019–20, SSC estimates that LEAs will receive roughly \$5,900 per resident preschooler with disabilities

Community Schools, Mental Health, and School Climate

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**\$264.9 Million
Community Schools**

Expand existing networks of community schools and establish new community schools with priority given to those in high-poverty communities

**\$450 Million
Mental Health Programs**

Investment in three mental health programs to respond to **mental health needs of students and families that have been exacerbated by the COVID-19 pandemic**

**\$10 Million
School Climate Surveys**

A county office of education will be chosen to assist LEAs with conducting school climate surveys to assess community needs under COVID-19

Educator Professional Development

- Recognizing the extraordinary challenges faced by teachers, administrators, and classified staff during the COVID-19 pandemic, the Governor's Budget includes investments of more than \$540 million one-time Proposition 98 funds to support:

**Professional
Learning**

**Teacher
Effectiveness**

**The Teacher
Pipeline**

- In contrast, the 2020–2021 Enacted Budget included \$900 million one-time Proposition 98 funds to invest in the educator workforce

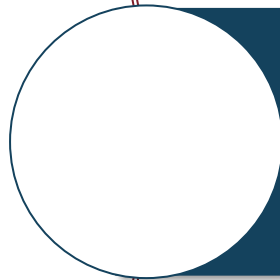
This year's proposal narrows the focus, addressing targeted areas which will require additional educator and student support, and subject areas or programs that are significantly impacted by the pervasive teacher shortage

CARES* Act—Child Nutrition Reimbursements

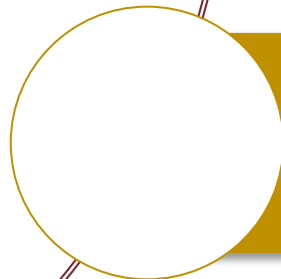


Adds an additional \$0.75 per meal (approximately \$57,000 for SCCS)

**\$112.2 million
for meal
reimbursement**



Eligible LEAs are those who participated in the National School Lunch Program (NSLP), School Breakfast Program (SBP), Seamless Summer Option, or Summer Food Service Program



Increased reimbursement rate was in place for meals served starting March 13, 2020, through August 2020

New COVID-19 Federal Stimulus Package

- On December 27, 2020, President Trump signed the \$2.3 trillion Consolidated Appropriations Act, 2021 into law, which includes:
 - The \$900 billion COVID-19 relief package, which earmarks \$82 billion for education, \$7 billion to expand broadband access, \$10 billion for childcare, and continued funding for school meal programs
 - The bill also includes an extension of the CARES Act Coronavirus Relief Fund expenditure deadline from December 30, 2020, to December 31, 2021
 - Governor Newsom would like to move date to May 31, 2021
 - The \$1.4 trillion omnibus spending plan, which will keep the government funded through September 30, 2021—the end of the federal fiscal year

New COVID-19 Federal Stimulus Package

Funding Source	Total Amount	California's Estimated Share	SCCS Allocation
Elementary & Secondary School Emergency Relief Fund	\$54.3 billion	\$6.8 billion	Elementary Estimated \$991,000 Secondary Estimated \$2,600,000
Governor's Emergency Education Relief ² Fund	\$4.1 billion (\$2.75 billion for private schools)	\$341.4 million (\$187.5 million for private schools)	Unknown

- At least 90% of the ESSER funding needs to be allocated to LEAs in proportion to their 2020–21 Title I, Part A funding, expiring September 30, 2023
 - The Governor's Budget proposal does not specify how the state will spend the remaining 10%
- Governor Newsom has the discretion to spend GEER dollars on LEAs or institutions of higher education that have been "most significantly impacted by coronavirus"
 - The Governor has not yet detailed how he plans to spend this round of GEER funding

Funding for Reopening Schools

- Governor Newsom is calling for swift and early action by lawmakers to appropriate at least \$2 billion in one-time Proposition 98 funds to aid in the safe reopening and operation of in-person instruction for K–12 students

Funding Formula (per ADA)

**Base Grants = \$450.00 (February reopening)
= \$337.50 (March reopening)**

Additional grants above base grant based on LEA's relative share of LCFF



Funding based on TOTAL ADA less students enrolled in independent study

All educational organizations have expressed concerns about elements of the Governor's plan

SSC Financial Projection Dashboard

LCFF PLANNING FACTORS					
Factor	2020–21	2021–22	2022–23	2023–24	2024-25
DOF Estimated Statutory COLA	2.31%	1.50%	2.98%	3.05%	N/A
DOF Estimated Funded COLA	0.00%	3.84%*	2.98%	3.05%	N/A
SSC Estimated Statutory COLA	0.00%	3.84%*	1.28%	1.61%	1.90%

*Calculated by compounding the unfunded COLA of 2.31% from 2020–21 and the estimated statutory COLA of 1.50% in 2021–22

- SSC Estimated Statutory COLA was calculated by SSC’s independent economist
- In most years, the SSC estimates and the Department of Finance (DOF) estimates are very close, so we only include the DOF calculation on the dashboard
- Due to the large difference in the estimates, we have included our estimate for your consideration

CalPERS Employer Contribution Rates

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- The Governor does not include any new funding towards the California Public Employers' Retirement System (CalPERS) for LEAs
 - However, previous investments reduce the employer contribution rate for CalPERS from 24.9% to 23.00% in 2021–22
- The employer contribution rates to CalPERS were modified a few times since the 2020–21 Enacted State Budget, as follows:

Year	Prior Projections per Dartboard	Adjusted by CalPERS Investment Returns	Projected Rates per Actuarial Report
2020–21*	20.70%	20.70%	20.70%
2021–22	22.84%	23.01%	23.00%**
2022–23	25.50%	26.24%	26.30%
2023–24	26.20%	27.14%	27.30%
2024–25	26.20%	27.14%	27.80%
2025–26	26.20%	27.14%	27.80%
2026–27	N/A	N/A	27.60%

* Actual for 2020–21 and estimated for future years

** Governor's Budget Summary, pgs. 64–65

CalSTRS Employer Contribution Rates

- Similar to CalPERS, the Governor does not include any new funding towards the California State Teachers' Retirement System (CalSTRS) for LEAs
 - However, previous investments reduce the employer contribution rate for CalSTRS from 18.1% to 15.92%
- Reminder: On-Behalf Payments (expenditures in Resource Code 7690) have been excluded from the calculation for the Routine Restricted Maintenance Account contribution

Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	- 0.95%
July 1, 2021*	~ 15.92%	~ - 0.23%

*Governor's Budget Summary, pgs. 64-65

Statewide Average Reserve Levels

2018–19 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances ¹	
Unified School Districts	17.26%
Elementary School Districts	20.47%
High School Districts	15.64%

¹As a percentage of total General Fund expenditures, transfers, and other uses

- The latest statewide data available on school district reserves is from 2018–19:
- Local school agencies were prepared coming into this recession
 - Almost all school types were at the percentage of reserves recommended by the Government Finance Officers Association of 17%—or two months—of expenditures
 - Santa Cruz City Schools is projected to be 8.62% for 2020-21

Local Agency Reserves

- Reserves provide local school agency governance teams with the ability to be more strategic in reducing expenditures when faced with a financial crisis
 - Reserves protect students, employees, and the public
 - LEAs with higher reserves are better equipped to protect the community they serve



Meal Service Flexibility

- Under normal circumstances, the Summer Food Service Program and Seamless Summer Option programs allowed LEAs to serve meals to students outside of the typically required group times
 - Programs were available during periods of school closure (e.g., summer recess)
- The USDA has provided flexibility twice during the 2020 calendar year
 - Current flexibility is now extended through June 30, 2021
- Allows the following flexibilities for LEAs in participating programs
 - Serve meals in noncongregate setting
 - Meal service times
 - Allows parent and guardians to pick up meals for children

Questions?

Governor's 2021-22 Budget



SCCS Budgeting Adjustments

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FCMAT, our District Auditors Crowe Horwath and the COE recommended budgeting adjustments

- Keep Fund 21 Bond funds only
- Establish Fund 56 - moving RDA funds to pay outstanding Certificate of Participation (COP) debt for B40MS Field instead of using Fund 21
- Move proceeds from the sale of 2931 Mission Street (the old D.O. in 2004) from Fund 21 to Fund 40: Funds for Capital Outlay Project
- Move Redevelopment Successor Agency Tax dollars from Fund 21 to Fund 40

Questions?

Thank you!

Next Meeting, March 9, 2021





2021-22 Enrollment Projections

February 10, 2021

Enrollment Projection Totals

Site	2019-20 Certified	2020-21 Actuals	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
District	6411	6205	5789	5609	5542	5354	5264	5255

Actuals to be certified 01/29/2021

Questions?

Thank you!

