

2021-22 Governor's May Revision

Elk Grove Unified School District
2021-22 Budget Update

Meeting of the Board of Education
June 1, 2021



2 Overview



- **Economic Effects of COVID-19**
- **Proposition 98**
- **Local Control Funding Formula**
- **Deferrals**
- **New Proposals**
- **One-Time New Proposals**
- **Other Learning Options**

3 Economic Effects of COVID-19

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- **Leading up to the May Revision, Governor Gavin Newsom announced that the state was facing a \$100 billion surplus, dubbed the “California Comeback Plan”**
 - **\$76 billion from extra state revenues and \$25 billion from federal resources**
 - **Originally for 2020-21 the forecast was a \$54 billion deficit**
- **While California’s coffers are overrun, not all Californians’ bank accounts are experiencing the same**
 - **California’s unemployment rate was at 8.3% in March 2021**
 - **\$12 billion of the California Comeback Plan is direct cash payments to expand the Golden State Stimulus**



4 General Fund Budget Summary

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2021–22 General Fund Budget Summary (in millions)

Resources & Expenses

Total available resources increase 5.54% in 2021–22, while total expenditures increase by 19.09%

Reserves

The rainy day fund reaches \$16 billion, or 9.06% of revenues

	2020–21	2021–22
Prior-Year Balance	\$5,658	\$27,435
Revenues and Transfers	\$187,020	\$175,921
Total Resources Available	\$192,678	\$203,356
Non-Proposition 98 Expenditures	\$98,166	\$130,421
Proposition 98 Expenditures	\$67,077	\$66,374
Total Expenditures	\$165,243	\$196,795
Fund Balance	\$27,435	\$6,561
Reserve for Liquidation of Encumbrances	\$3,175	\$3,175
Special Fund for Economic Uncertainties	\$24,260	\$3,386
Public School System Stabilization Account	\$1,984	\$4,601
Safety Net Reserve	\$450	\$450
Budget Stabilization Account/Rainy Day Fund	\$12,494	\$15,939

5 Rainy Day Fund—Budget Stabilization Account

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- The 2020 State Budget Act drew down \$7.8 billion from the Budget Stabilization Account (BSA), the first time a withdrawal was made since the inception of Proposition 2 (2014)
 - This left \$8.3 billion in the BSA
- However, due to the dramatically improved revenue forecast, the May Revision proposes increases to the BSA with ending balances of:
 - \$12.5 billion for 2020–21
 - \$15.9 billion for 2021–22



6 Education Funding for 2021–22

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- Education funding in the Governor’s Budget included the Proposition 98 minimum guarantee and a one-time supplemental payment of \$2.3 billion while proposing to repeal the 2020 Budget Act’s supplemental payment provisions

- Instead, Proposition 98 will be permanently increased by \$2.7 billion* to pay for ongoing costs of universal transitional kindergarten



Proposition 98 Minimum
Guarantee
~38% of General
Fund revenues for
education



Supplemental Payments
Like the Governor’s Budget,
the May Revision proposes to
repeal the supplemental
payments

One-time payments equal to
1.5% of General Fund revenues

Ongoing payments beginning in
2022–23 to bring the minimum
guarantee to 40% of state
General Fund under Test 1

*Beginning with \$900 million in 2022–23 and growing to \$2.7 billion in 2024–25 and ongoing

7 Education Funding for 2021–22

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- In addition to updating the Proposition 98 minimum guarantee estimates for 2021–22, the May Revision also updates the estimates for the current and prior fiscal years, or 2020–21 and 2019–20, respectively
- In each of these fiscal years, the minimum guarantee is adjusted for a total increase over January estimates of nearly \$10 billion

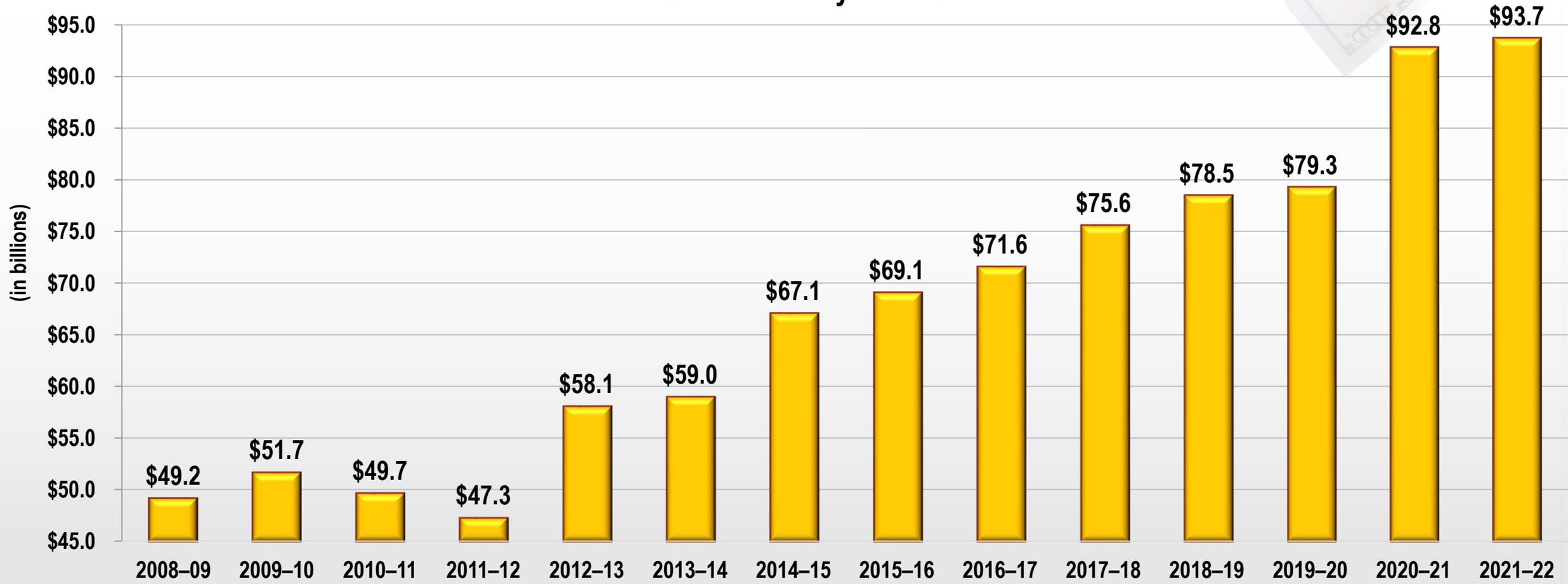
	Governor's Budget	May Revision
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion

- The growth in the minimum guarantee brings per-student revenues to \$13,977—an historic high for California

8 Education Funding for 2021–22

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Proposition 98 Funding Over Time 2008–09 to 2021–22 May Revision



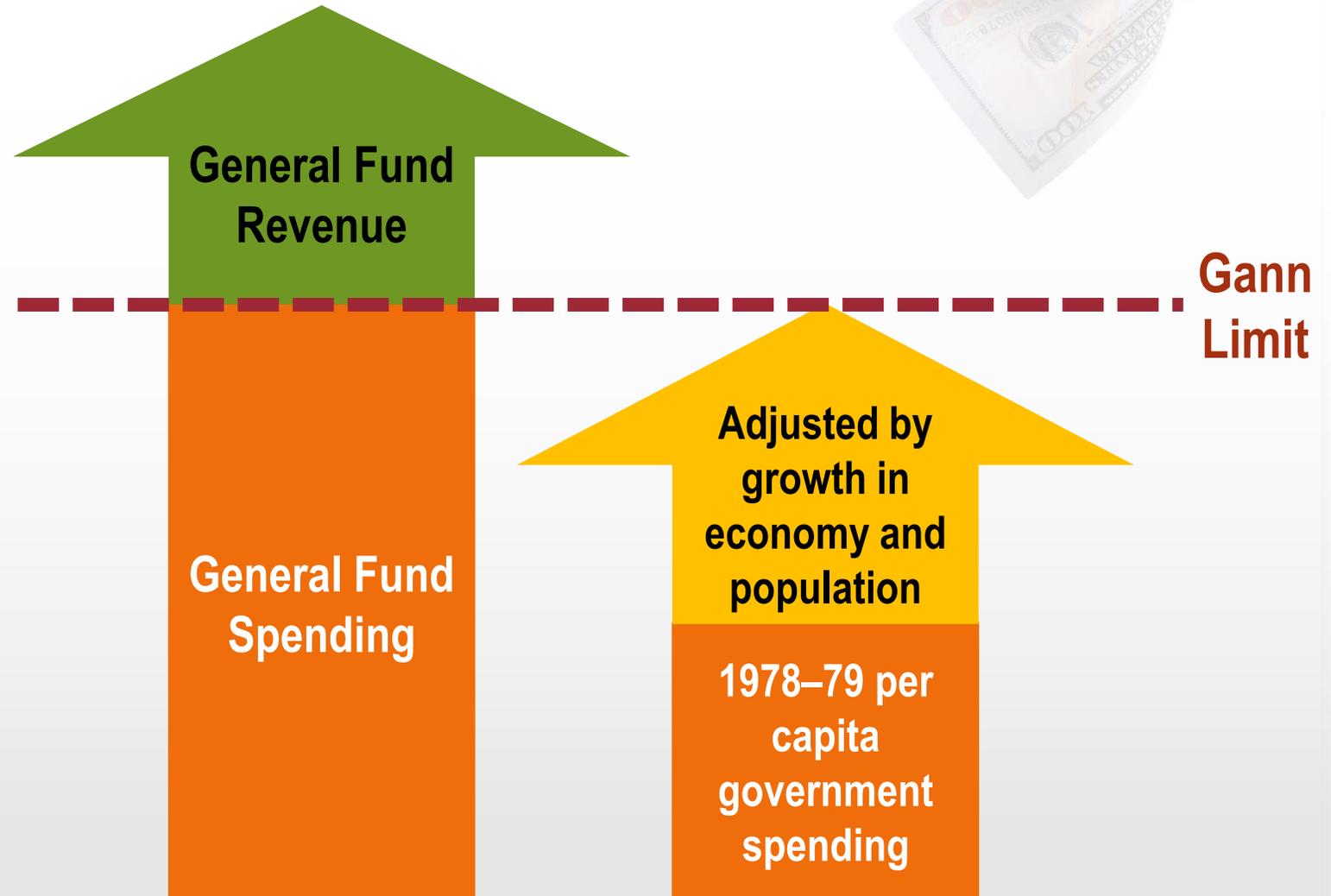
9 The Gann Limit and Education Funding

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In addition to Proposition 98, the Constitution also provides for additional funding under Proposition 4 in certain instances

- Each year, the Gann Limit caps the amount of tax proceeds the state and local governments can spend
- When there is more revenue than the state can spend within its limit, it must split the excess revenues between tax rebates and K-14 education



10 The Gann Limit and Education Funding

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- Although the state has only exceeded its limit once in 1986, the Governor’s budget advisors believe the state will exceed its spending limit in fiscal years 2020–21 and 2021–22
- Key drivers
 - Revenues are outpacing the rate of increase in state’s limit
 - California’s population is plateauing and even shrank for the first time in its history in 2020
 - Student enrollment is declining at historic rates

	Excess Revenues 2018–19 and 2019–20	Excess Revenues 2020–21 and 2021–22
January Budget	\$102 million	–
May Revision	\$0	\$16.2 billion

- The May Revision estimates that the state will need to make a one-time payment to K–14 education totaling \$8.1 billion in 2022–23

Rest of Proposition 98—California Community Colleges

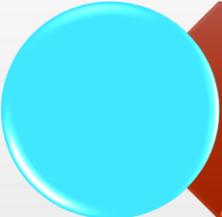
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\$185.4 Million (Ongoing)
4.05% compounded
COLA for SCFF*



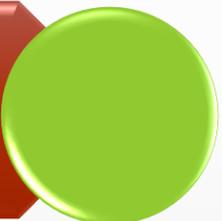
\$75 Million (Ongoing)
Expand dual enrollment



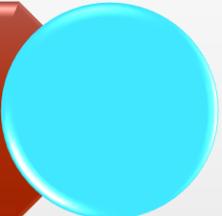
\$564.1 Million (One-Time)
Deferred maintenance



\$326.5 Million (One-Time)
Fully retire deferrals



\$30 Million (Ongoing)
Basic needs centers



\$50 Million (One-Time)
COVID-19 Block Grant

Governor's Budget vs. May Revision

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Item	Governor's Budget	May Revision
LCFF Funding Increase	\$2 billion	\$3.2 billion
Proposition 98 Minimum Guarantee		
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion
2021–22	\$85.8 billion	\$93.7 billion
2021–22 Statutory COLA	1.5%	1.7%
2021–22 Compounded COLA	3.84%	4.05%*
2021–22 LCFF “Mega” COLA	N/A	5.07%

*Only the special education and community college funding formulas will receive the compounded COLA

13 Cap on District Reserves

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- Since the May Revision estimates that the total deposit the state is required to make into the Proposition 98 Reserve is \$4.6 billion (up from \$3.0 billion in January), it triggers the law that caps local school district reserves for the 2022–23 fiscal year

3%

Cap on reserves is effective when the amount in the education rainy day fund is at least 3% of the K–12 share of Proposition 98

10%

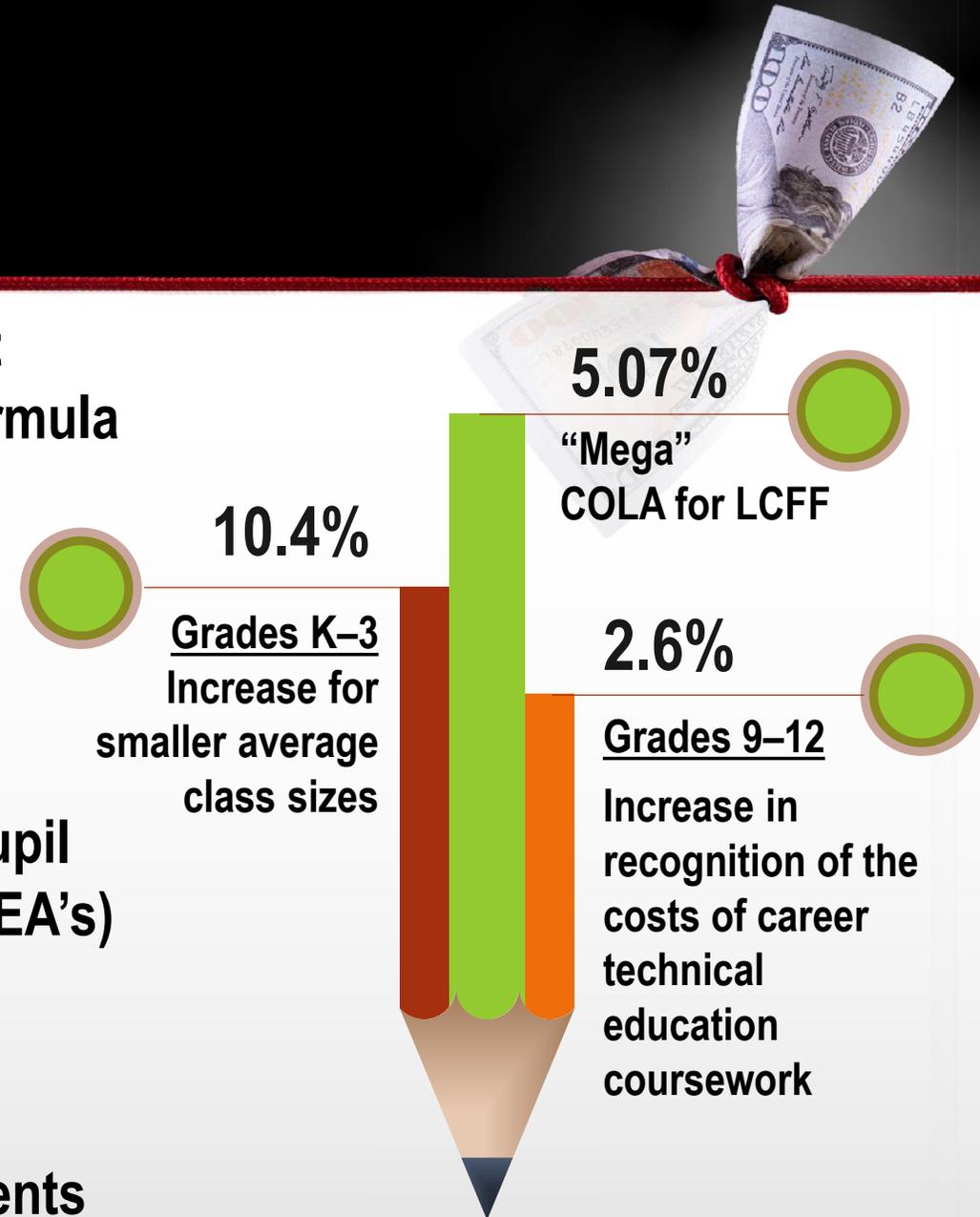
Local reserves in adopted or revised budget cannot exceed 10% of combined assigned and unassigned General Fund balances

Basic aid and districts with fewer than 2,501 average daily attendance (ADA) are exempt from the cap

14 2021–22 LCFF Funding Factors

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- The May Revision increases the cost-of-living adjustment (COLA) which is applied to the Local Control Funding Formula (LCFF) base grants for each grade span
 - Two grade span adjustments (GSAs) are applied as percentage increases to the base grants
 - Supplemental and concentration (S/C) grants are calculated based on the percentage—unduplicated pupil percentage (UPP)—of a local educational agency’s (LEA’s) enrolled students who are:
 - English learners
 - Free or reduced-price meal program eligible students
 - Foster youth



15 2021–22 LCFF Funding Factors

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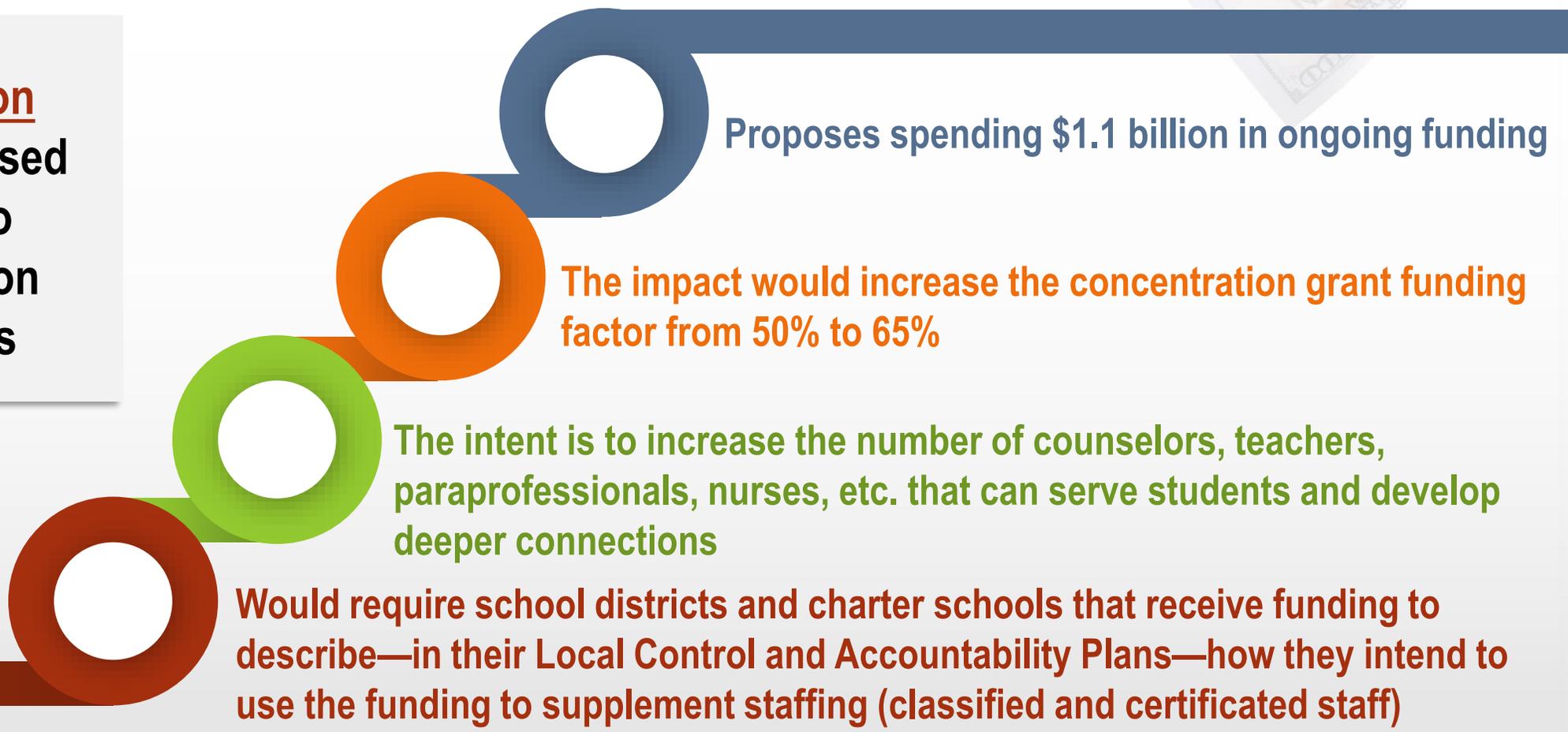


Grade Span	K–3	4–6	7–8	9–12
2020–21 Base Grant per ADA	\$7,702	\$7,818	\$8,050	\$9,329
5.07% Mega COLA	\$390	\$396	\$408	\$473
2021–22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
GSA	\$842	–	–	\$255
2021–22 Adjusted Base Grant per ADA	\$8,934	\$8,214	\$8,458	\$10,057
20% Supplemental Grant per ADA (Total UPP)	\$1,787	\$1,643	\$1,692	\$2,011
50% Concentration Grant per ADA (UPP Above 55%)	\$4,467	\$4,107	\$4,229	\$5,029

16 The New Concentration Grant

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May Revision
Brings proposed
changes to
concentration
grant funds



Proposes spending \$1.1 billion in ongoing funding

The impact would increase the concentration grant funding factor from 50% to 65%

The intent is to increase the number of counselors, teachers, paraprofessionals, nurses, etc. that can serve students and develop deeper connections

Would require school districts and charter schools that receive funding to describe—in their Local Control and Accountability Plans—how they intend to use the funding to supplement staffing (classified and certificated staff)

17 What Does the LCFF Mean for Elk Grove?

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Elk Grove Unified School District—2021–22		
2021–22 LCFF Per-ADA Funding	Projected 2021–22 ADA	Projected 2021–22 LCFF Total Revenue
\$10,114	60,858.32	\$615,515,142

We are estimating \$29,405,684 in new ongoing revenue over 2020-21

18 Cash Flow and Deferrals

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- The proposed pay down eliminates the ongoing deferrals scheduled for February through May 2022
- It does not impact current deferrals
 - In other words, it will not accelerate repayment of February through June 2021 deferrals that will be received in July through November 2021
- The June to July deferral once again encompasses the full apportionment, though only \$2.6 billion is scored for State Budget purposes



19 Special Education

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- **The Governor's May Revision proposes to apply the compounded COLA of 4.05% to special education funding, an increase compared to the statutory COLA only in the Governor's Budget**
 - **This will increase the special education base rate from \$625.00 in the current year to approximately \$650.31 per ADA**
 - **No structural changes are proposed to the special education funding formula and the out of home care formula will continue to be frozen in 2021–22**
- **At the Governor's Budget, \$300 million ongoing was proposed for the Special Education Early Intervention Grant, which would provide funding to districts based on the number of preschoolers with disabilities**
 - **No significant changes were made to the proposal at the May Revision**

20 Targeted Intervention Grant

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\$2.6 billion for a new grant to supplement the Expanded Learning Opportunities Grant

Shall be used for any purpose that supports targeted and research-tested academic interventions

High-dose tutoring

Intensive re-engagement for students and families

Close learning gaps and address barriers to learning

Supports for designated students

Increased instructional time

Allocated in proportion to an LEA's LCFF entitlement

Uses one-time federal funds and one-time Proposition 98 funds, leading to different deadlines for use of the funds ranging from September 30, 2022, to June 30, 2024

21 In-Person Instruction Health and Safety Grant

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\$2 billion for a new grant to supplement the In-Person Instruction Grant

May be used for any purpose that supports health and safety in providing in-person instruction



Allocated in proportion to an LEA's LCFF entitlement

Shall be used from July 1, 2021, to June 30, 2023

- COVID-19 testing and vaccines
- Sanitation and cleaning
- Ventilation upgrades
- Additional space for social distancing
- Contact tracing
- Salaries for in-person instruction

22 Summer and Afterschool Programs

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New proposal to provide no-cost afterschool and summer programs for elementary school students in districts and charter schools with high concentrations of low-income students, English learners, and foster youth

Services

- **Must provide before or afterschool expanded learning that, when added to daily instructional minutes, amounts to no less than a nine-hour school day**
- **Must provide at least 30 days of summer school (or other intersessional period) with at least nine hours of expanded learning**
- **Builds on After School Education and Safety Program**
- **Requires 10:1 ratio for Transitional Kindergarten (TK)/ Kindergarten students and 20:1 for students in grades 1-6**

Funding

- **\$1 billion in 2021–22, growing to \$5 billion in 2025–26**
- **Phased implementation such that LEAs with highest proportion of low-income students, English learners, and foster youth access the funds first**
- **At full implementation, funds incorporated into the LCFF concentration grant**

23 Universal Transitional Kindergarten

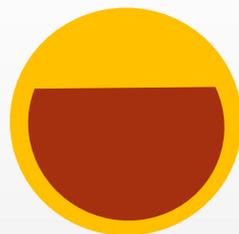
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- The May Revision proposes to achieve universal transitional kindergarten for all four-year-olds by 2024–25 with a permanent increase to Proposition 98, equaling \$900 million in 2022–23 and increasing to \$2.7 billion in 2024–25
- The proposal also includes cutting classroom ratios by half with an investment that grows from \$380 million in 2022–23 to \$740 million by 2024–25



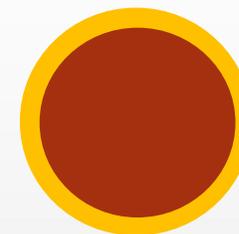
2022–23

Expand TK eligibility for four-year-olds whose fifth birthday occurs between **September 2 and March 2**



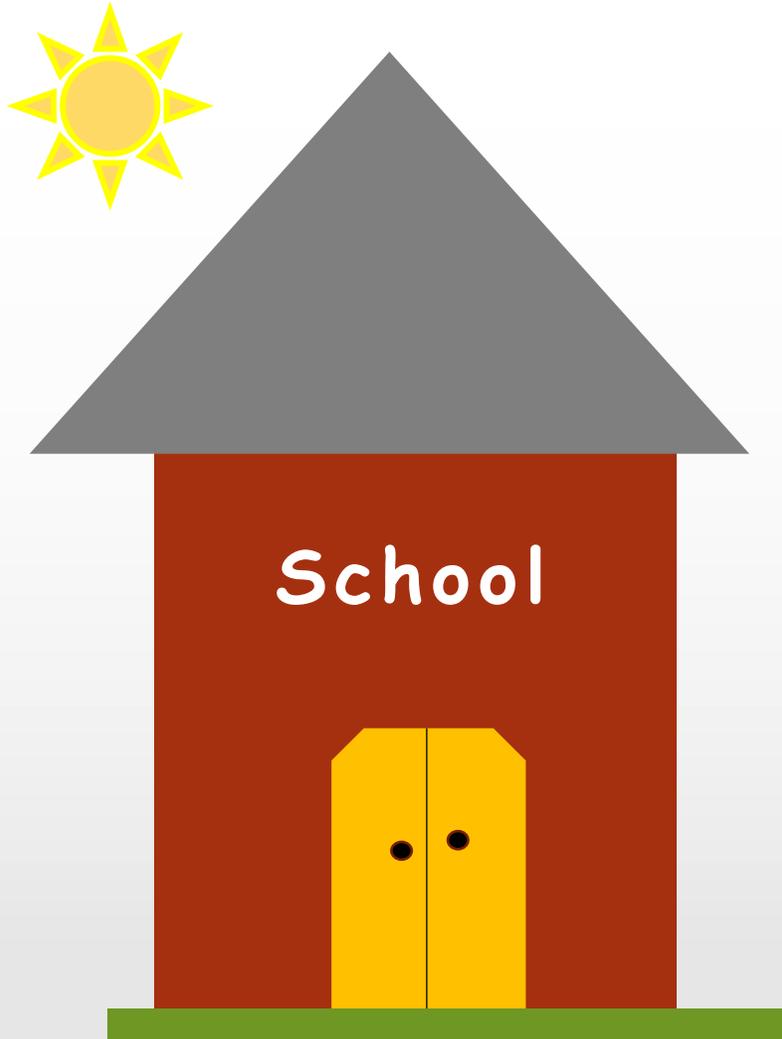
2023–24

Expand TK eligibility to four-year-olds whose fifth birthday occurs between **September 2 and June 2**



2024–25

Expand TK eligibility to four-year-olds whose fifth birthday occurs between **September 2 and September 1 of the following calendar year**



California Transitional Kindergarten (TK) Planning Grant

One-time \$250 million Proposition 98

- Grants based on 2019–20 kindergarten ADA, excluding TK, and must be encumbered by June 30, 2024
- Required report: number of students, race/ethnicity, and languages

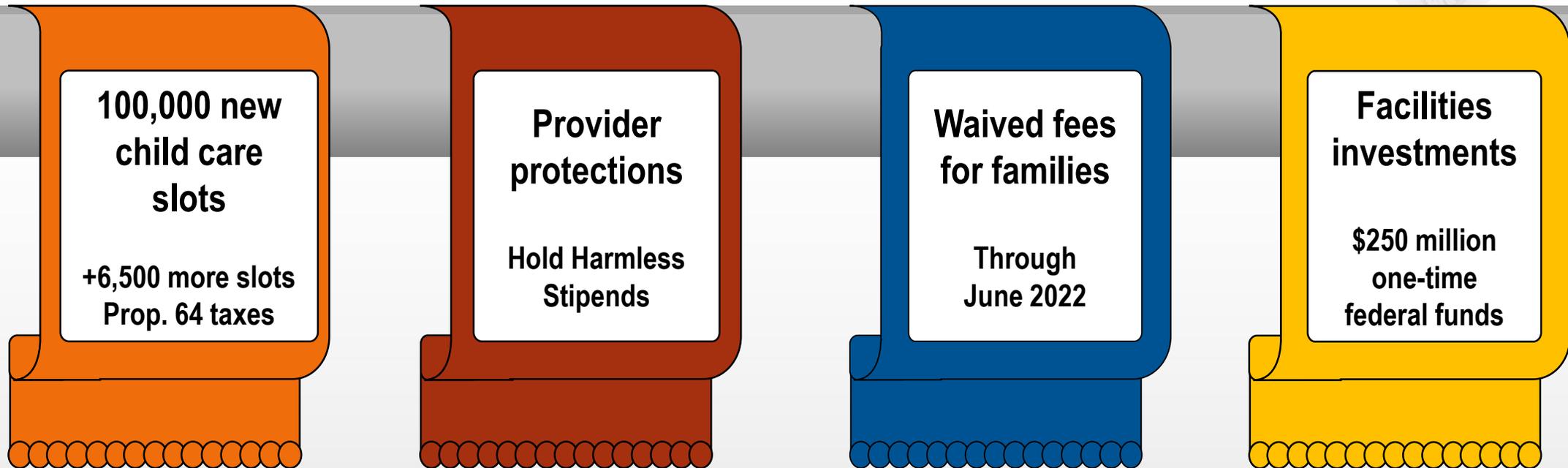
TK/Full-Day Kindergarten Facilities Grant Program

One-time \$190 million General Fund

- Construct and retrofit existing facilities to expand TK or offer full-day kindergarten programs
- Grants may not be used to purchase portable classrooms

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- Like many other areas in the May Revision, publicly funded child care programs are benefitting from the sharp economic recovery and the significant boost in state revenues



- The Senate and Assembly are both proposing even more new child care slots
- The May Revision also contemplates policy changes to the State Preschool Program for 2022–23 to achieve universal preschool access for all low-income three-year-olds

Educator Investments—Building the Teacher Pipeline

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- The Budget proposal reflects a commitment to strengthening recruitment efforts and increasing the number of qualified teacher candidates

Golden State Preparation Program—\$500 million (one-time General Fund)

- Provides students currently enrolled in special education teacher preparation program up to \$20,000 award
- Teachers must commit to work at a priority school for up to four years within five years

Roadmap to Pre-K through 12 Educational Employment Program—\$111.1 million (one-time Proposition 98 and General Fund)

- Statewide recruitment effort to address long-term teacher recruitment needs through financial aid programs, and pathways to teaching

Classified School Employee Teacher Credentialing Program—\$125 million (one-time Proposition 98)

- Grant program addresses the state's teacher shortage by supporting LEAs to recruit classified school employees into teaching careers



Educator Investments—Building the Teacher Pipeline

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Teacher Residency Programs—\$550 million over five years (one-time Proposition 98)

- Supports approximately 22,000 teacher candidates in local and regional residency programs
- Residency programs are alternative pathways to teaching, encourage learning through teaching

Credential Fee Waiver—\$20 million (one-time)

- Credential application fees waived in 2021–22 for new teachers entering the K–12 workforce



Educator Investments—Retention and Training

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- In support of the intensive training needs for LEA employees, educator investments provide funding which supports professional learning and encourages retention of staff

Funding to Support Computer Science Certification—\$15 million (one-time Proposition 98)

- Funding supports teachers in the completion of coursework required for state certification in computer science—builds capacity in science, technology, engineering and math

Incentives for Highly Trained Teachers—\$250 million (one-time Proposition 98)

- Incentives for 2,500 National Board-Certified teachers that teach in high poverty schools to attract and retain them as mentors for other instructional staff

Classified Summer Assistance Program—\$60 million (one-time Proposition 98)

- State matching funds provided to LEAs participating in the Classified School Employee Summer Assistance Program—to be paid out during the summer recess period to participating classified employees

Educator Investments—Retention and Training

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- In support of the intensive training needs for LEA employees, educator investments provide funding which supports professional learning and encourages retention of staff

Educator Effectiveness Block Grant—\$1.5 billion over three years (one-time Proposition 98)

- Provides local educational agencies with training resources for classified, certificated, and administrative school staff in specified high-need topics, including accelerated learning, re-engaging students, restorative practices, and implicit bias training

21st Century Leadership Academy—\$25 million (one-time Proposition 98)

- Provides professional learning for administrators and other school leaders—training is free of charge, to LEAs that receive federal Title II funds on a statewide basis

Educator Training Areas—\$ 15.4 million additional one-time funds

- Educator training in the areas of early math, reading, science instruction, computer science, dyslexia, and LGBTQ+ cultural competency is supported through the appropriation one-time funding



Educator Investments—Early Education

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- The May Revise provides targeted professional learning for educators in early education assignments with one-time investments

Early Education Professional Development Grants Program—\$50 million

- Provides training in providing instruction in inclusive classrooms—funding available through June 30, 2024

Training intended to increase the number of highly qualified teachers in the State Preschool Program, Transitional Kindergarten, and Kindergarten Assignments

- Culturally responsive instruction
- Support for dual language learners
- Social-emotional learning
- Trauma informed practices
- Restorative practices
- Mitigating implicit biases
- Eliminate exclusionary discipline



Community Schools

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Governor is proposing a one-time \$3 billion investment over several years to establish new and expand existing community schools

Grants for up to 1,400 LEAs to convert schools into full-service community schools which provide integrated health, mental health, and social services alongside high quality, supportive instruction

Governor Newsom continues to utilize the community school model as a way to provide wraparound services to students and their families

32 Distance Learning in 2021–22

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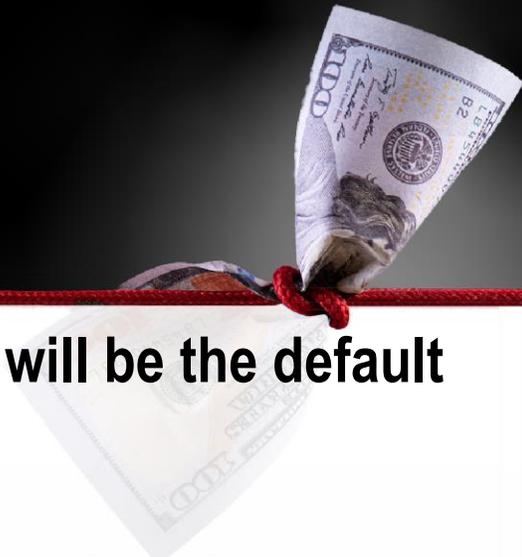
May Revision upholds that in-person instruction for the 2021–22 school year will be the default for all students and schools

- Current distance learning statutes will expire at the end of the 2020–21 fiscal year
- For families that remain hesitant to send their children back to school for in-person instruction, Governor Newsom affirms that these students may continue to be served outside the classroom, and LEAs will be able to generate state funding using existing traditional and course-based independent study statutes



Essentially, only two ways to earn state apportionment funding in 2021–22:

1. Full-time in-person instruction
2. A program that relies on independent study statutes



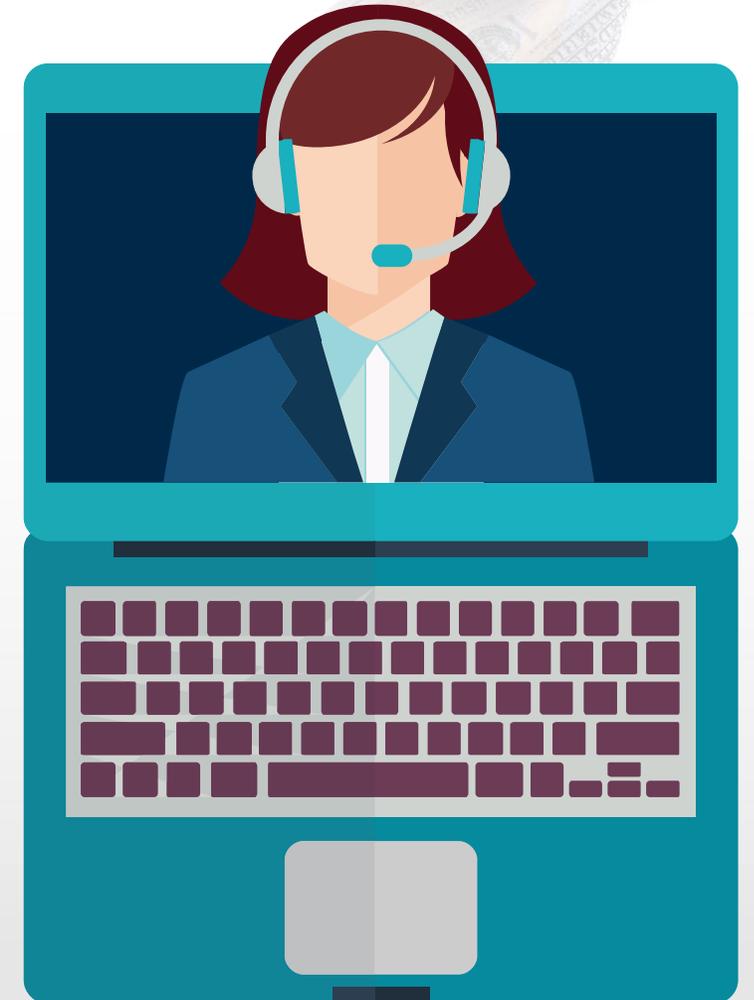
33 Distance Learning in 2021–22

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To ensure students that are served via a nonclassroom-based option receive high-quality instruction, the May Revision proposes additional requirements for independent study models:

- Provide access to technology, internet connectivity, and a dedicated rigorous curriculum
- Develop and implement a framework of tiered re-engagement strategies for students not meaningfully participating in instruction and learning
- Track and record daily student participation and interaction with teachers

Despite these proposed changes, LEAs should feel comfortable moving forward with planning for a nonclassroom-based option—such as virtual academies—using the legal framework of independent study



34 Next Steps

- 
- **2020-21 Estimated Actuals** June 15, 2021
 - **2021-22 State Adopts Budget** June 15, 2021
 - **2021-22 Elk Grove Adopts Budget** June 22, 2021
 - **2021-22 45 Day Revise** July 20, 2021
 - **2020-21 Unaudited Actuals** September, 2021
 - **2021-22 1st Interim** December, 2021
 - **2022-23 Governor's January Proposal** January, 2022



Thank you!