


Governor's Proposals for the 2021–22 State Budget and K–12 Education

Ocean View School District
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1 Themes for the 2021–22 Governor’s Budget

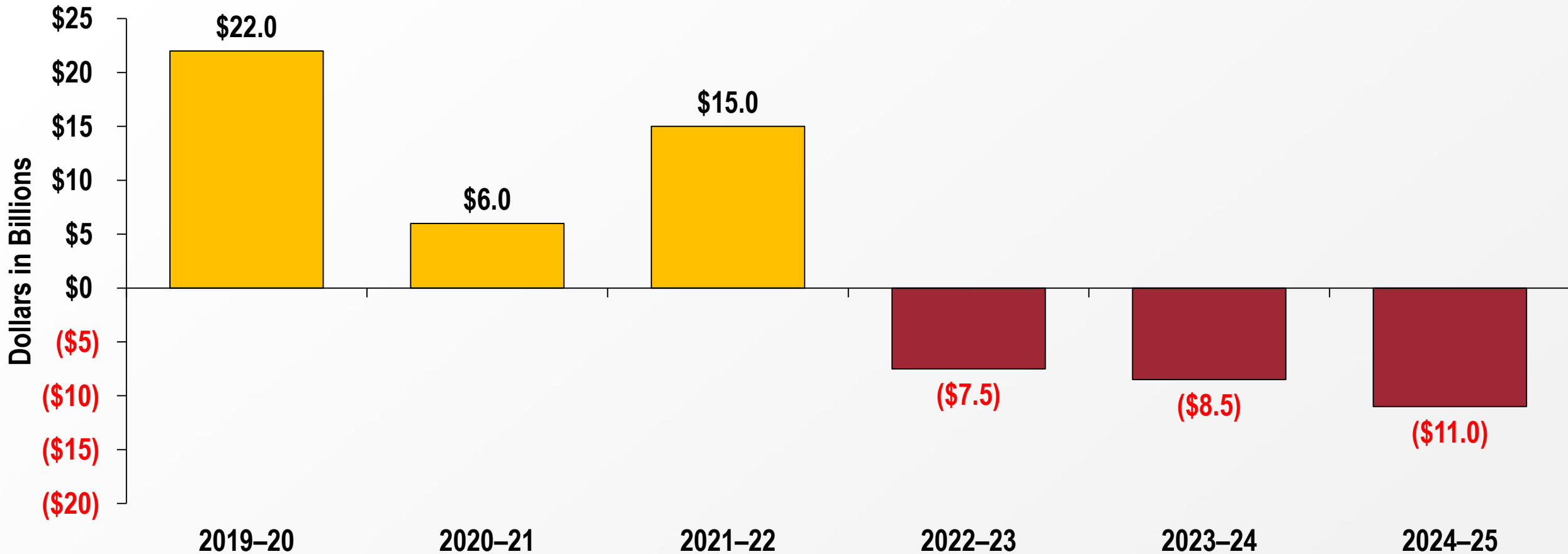
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- **Across the proposed 2021–22 Budget, on the public education front, Governor Newsom prioritizes addressing long-standing inequities illuminated by the pandemic**
 - **Early action initiatives to get young and vulnerable students back in the classroom with targeted academic interventions and opportunities to accelerate learning**
 - **Increased funding across all segments from early childhood education through the University of California system**

2 Surplus and Shortfalls—California Budget

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Budget Projects Surplus and Future Shortfalls¹



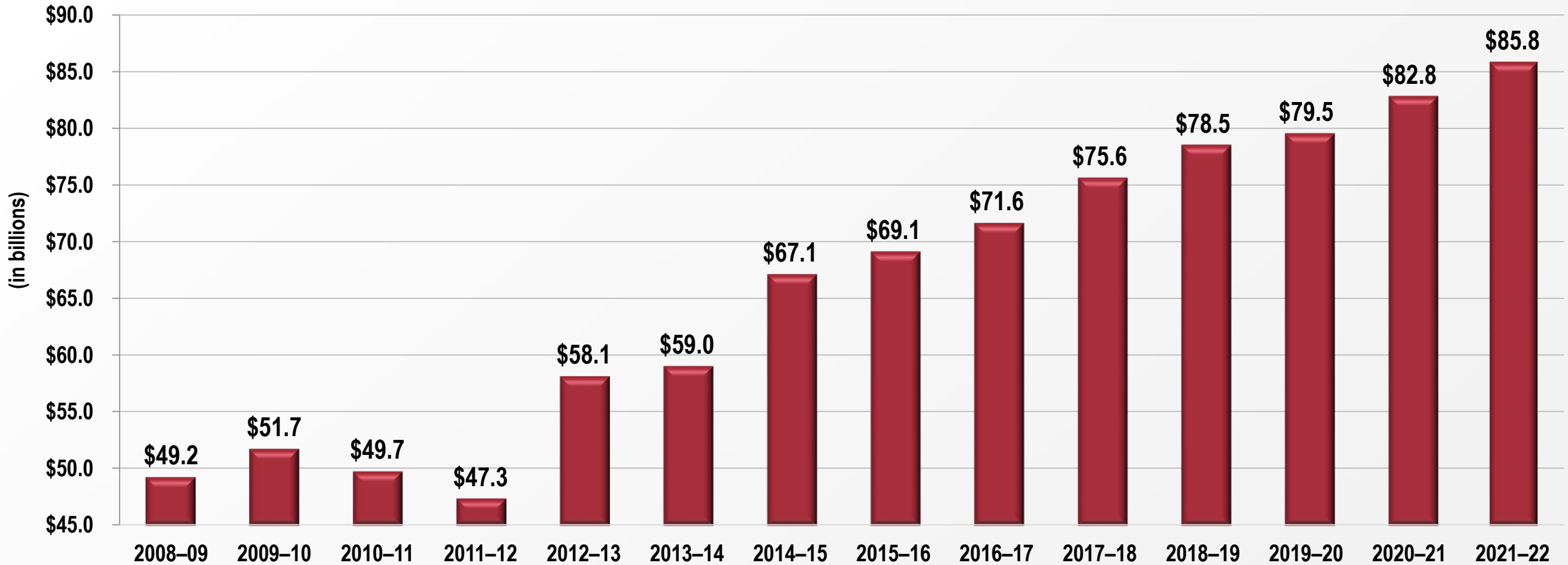
¹Budget shortfalls or surplus, measured by the annual Governor's Budget

Source: 2021-22 Governor's Budget Summary, page 3

3 Proposition 98

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





4 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 LCFF
Funded COLA	0.00	3.84%	• 1.50% applied to special education and other categorical programs (e.g., Mandate Block Grant)

5 Deferrals

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- 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

**Deferrals
(in billions)**





6 2021–22 LCFF Funding Factors

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- 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
- 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



7 Special Education—Base Funding

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- **Governor Newsom continues to prioritize students with disabilities**
- **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**
- **Additionally, the Governor proposes \$300 million in ongoing funds for the Special Education Early Intervention Grant**

8

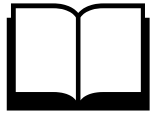
CARES* Act—Child Nutrition Reimbursements

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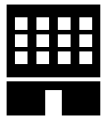


Adds an additional \$0.75 per meal

**\$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



9 New COVID-19 Federal Stimulus Package

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Funding Source	California's Estimated Share
ESSER ¹ Fund II	\$6.8 billion
Higher Education Emergency Relief Fund	\$2.9 billion
GEER ² Fund II	\$341.4 million (\$187.5 million for private schools)

- **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**

¹Elementary and Secondary School Emergency Relief

²Governor's Emergency Education Relief

10 Funding for Reopening Schools

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- 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





11 SSC Financial Projection Dashboard

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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



12 Statewide Average Reserve Levels

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- The latest statewide data available on school district reserves is from 2018–19:

2018–19 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances¹	
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

- 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 (same as OVSD Board Policy 3100)
 - At 1st Interim, Ending Fund Balance was 14.3%



Questions

