

The image features three stacks of gold coins on a red surface. The tallest stack is on the left, the middle stack is shorter, and the shortest stack is on the right. The background is a gradient from light to dark.

# **Cambrian School District**

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

**Presented By:**

**Penny Timboe, CFO  
January 21, 2021**

# Themes for the 2021–22 Governor’s Budget

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- **Across the proposed 2021–22 Budget, the Governor targets state resources to help the state and its residents recover from the health and economic crisis of COVID-19**
  - **While we have all been consumed by the pandemic, the state is still recovering from the historic fires of the summer**
- **Rebuilding the state’s financial reserves and fiscal footing is a priority**
- **On the public education front, Governor Gavin 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**

- **The 2020–21 State Budget went from a planned \$5.6 billion surplus to a \$54.3 billion deficit within two months as a result of the historic pandemic. Almost every major economic indicator for both the nation and California took major hits including the Gross Domestic Product (GDP), Unemployment Rates, Nonfarm Employment, S & P 500, etc.**
- **Six months later, with revenue growth surpassing the original revenue expectations forecasted in the early stages of the pandemic, Governor Newsom’s Budget proposal forecasts a dramatic restoration of funding**
- **Driving revenue growth was the recovery of those hard-hit economic indicators that, in some instances, have fully recovered and even exceed pre-pandemic levels resulting in stronger than estimated revenue from the “Big Three” taxes**
- **While very welcome, the recovery has not been even for all Californians**
  - **We didn’t get a “V,” we didn’t get an “L,” we got a “K” shaped recovery**

- All attention in 2021 will fall under the umbrella of COVID-19 mitigation

For public education, pandemic mitigation will include:

- Safely reopening schools
- Accelerated and extended learning
- Employer and employee protections
  - Legal immunity against workplace transmission
  - Extended paid sick leave for employees
- Integrated services—health, mental health, education

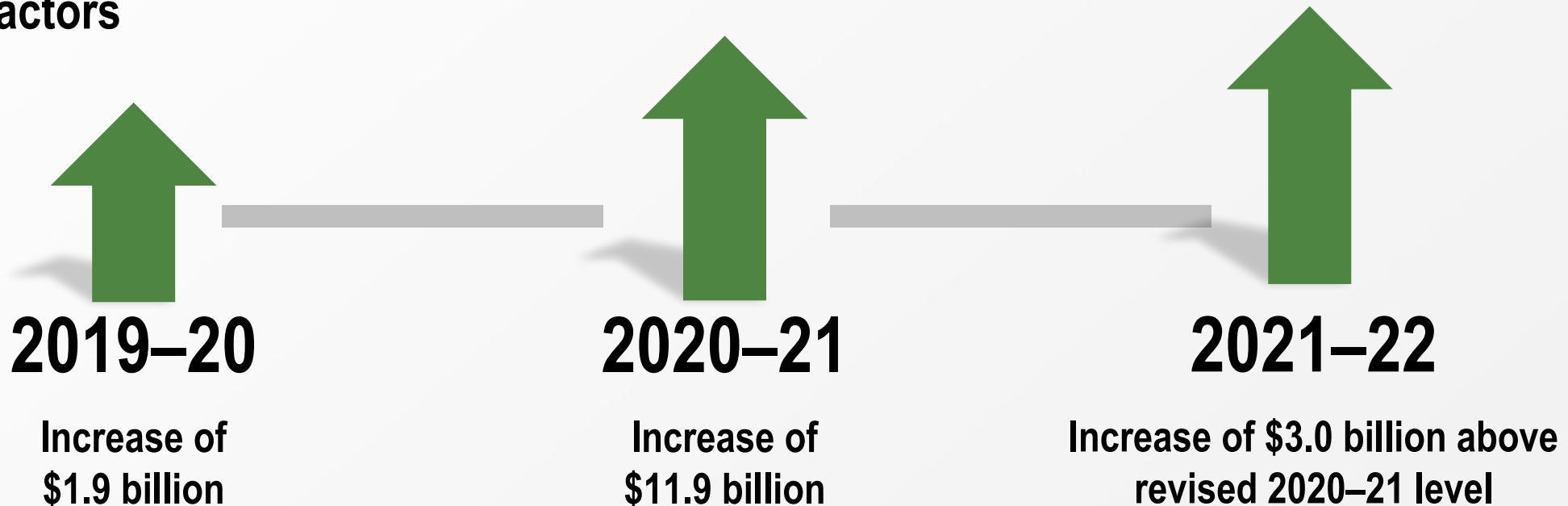


- There is much to celebrate in the education budget proposal, especially compared to the 2020–21 May Revision
- And when you compare it to Governor Newsom’s 2020–21 Budget proposal from January 2020—a lifetime ago—you see a lot of similarities
  - The 2021–22 Governor’s Budget clearly addresses the current COVID-19 education reality, but also resurrects proposals from last January that were put on hold because of the economic collapse
    - Community Schools, Mental Health, and School Climate Surveys
    - Early Childhood Education
    - Special Education Preschool
    - Educator Investments
- Among other issues, the Governor and Legislature will need to strike a balance between one-time needs and deferral repayments

# 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 Supplemental Payment

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The 2020–21 Enacted Budget established an obligation for the state to make supplemental payments to K–14 education that has two components

%  
State  
Revenues

Beginning in 2020–21, spend 1.5% of state General Fund revenues on K–14 education above the Minimum Guarantee, up to \$12.4 billion

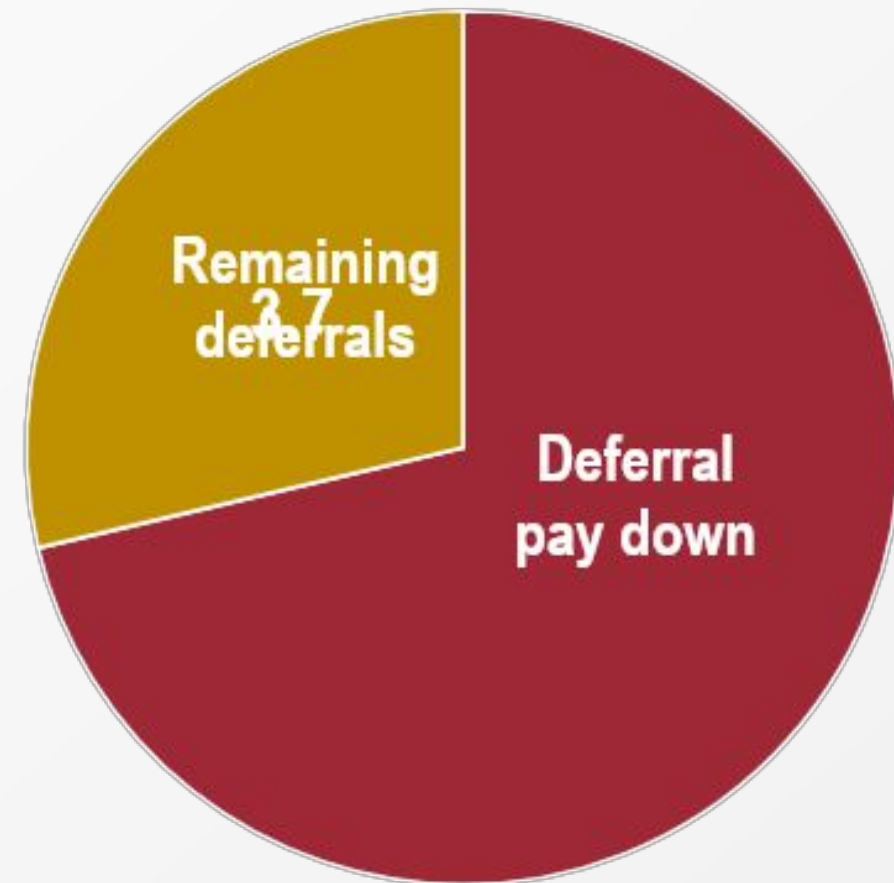
Increase  
K–14  
Funding

Beginning in 2022–23, increase K–14 funding to equal 40% of state General Fund revenues in Test 1 years

The Governor proposes a one-time \$2.3 billion payment in 2021–22 while proposing to repeal the supplemental payment policy in the long-term

- 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)





# 2021–22 LCFF

Increase to the LCFF

\$2 billion to fund 3.84% compounded COLA

\$64.5 billion in 2021–22

Total 2021–22 LCFF funding

Average increase in per-pupil funding (individual results will vary)

\$372 (or 3.52%\*)

\*The lower 3.52% increase takes into consideration that no COLA is provided for Targeted Instructional Improvement Grant, Transportation, or Economic Recovery Target funds

# 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
- 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

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

# 2021–22 LCFF Funding Factors

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- Supplemental and concentration (S/C) grants are calculated based on the percentage of a local educational agency's (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	50% Concentration Grant per ADA—UPP Above 55%
K–3	\$8,830	\$1,766	\$4,415
4–6	\$8,118	\$1,624	\$4,059
7–8	\$8,359	\$1,672	\$4,180

- Cambrian's current UPP is at 21%; this represents a drop of 116 qualifying students and 2.4%
- There was no hold harmless on the UPP; therefore we will see a drop in Supplemental Grant revenue in the current 2020-21 fiscal year of ~\$52,110 or ~\$31.15 per student
- Cambrian does not qualify for the Concentration Grant

# Special Education—Base Funding

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- **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 AB 602 funding formula**
  - **For Cambrian, this will amount to ~\$100 increase per ADA \*\*based on how Santa Clara SELPA's distribute all AB602 across the Districts (this methodology currently being reconsidered Countywide)**

- **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. However, 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**
  - **Using the 2019-20 number of resident preschoolers, this would amount to ~\$313K for Cambrian based on 53 resident preschoolers in 2019**

# New COVID-19 Federal Stimulus Package

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Funding Source	Total Amount	California's Estimated Share
ESSER Fund	\$54.3 billion	\$6.8 billion
Higher Education Emergency Relief Fund	\$22.7 billion	\$2.9 billion
GEER Fund	\$4.1 billion (\$2.75 billion for private schools)	\$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**
  - **Preliminary estimates for Cambrian is ~\$292K. Allowable uses are the same as the 1st round of ESSER funds (Staff PD, safety, student nutrition, learning loss etc.)**
- **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

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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 (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**



# Safe Schools for All—What It Is and What's Required

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- **The Safe Schools for All proposal establishes a grant program to incentivize LEAs to reopen school for in-person instruction, inclusive of hybrid models**

## COVID-19 Safety Plan

- **Conforms with California Department of Public Health (CDPH) school guidance**
- **Incorporates Cal/OSHA Emergency Standards**

## Labor Agreement

- **Documentation of collective bargaining agreement or memorandum of understanding (MOU) conforming with COVID-19 Safety Plan**

## Offer In-Person Instruction

- **By February 16 for TK–2 and all students with disabilities, foster youth, homeless youth, and students without access to technology**
- **By March 15, expand to grade 5 or 6**

## COVID-19 Testing

- **All students and staff of in-person instruction**
- **In accordance with CDPH testing cadence**

## Certify Technology

- **Verify that all students in distance learning have access to a computing device, software, and high-speed internet to participate in online learning**



# Testing Cadences

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- Schools are expected to implement symptom and exposure screening based on CDPH recommendations, and the state has committed support to conduct asymptomatic testing of all students and staff based on case rates

Tier 2 – RED Adjusted Case Rate of 4–7 per 100K Positive Test Rate 5-8%	Tier 1 – PURPLE Adjusted Case Rate of 7–13.9 per 100K Positive Test Rate 8% or higher	DEEP PURPLE Adjusted Case Rate of 14 or more per 100K
Asymptomatic testing every 2 weeks	Asymptomatic testing every 2 weeks	Asymptomatic testing weekly

- Schools must also test staff when there are multiple COVID-19 cases or major outbreaks based on Cal/OSHA requirements

	Multiple COVID-19 Infections	Major COVID-19 Outbreaks
Definition	Three or more COVID-19 cases in an exposed workplace within a 14-day period	Twenty or more COVID-19 cases in an exposed workplace within a 30-day period
Testing Frequency	All exposed employees shall be tested and once per week thereafter	Twice a week for all exposed employees, or more frequently if recommended by the local health department

# Operational Challenges for Reopening Schools

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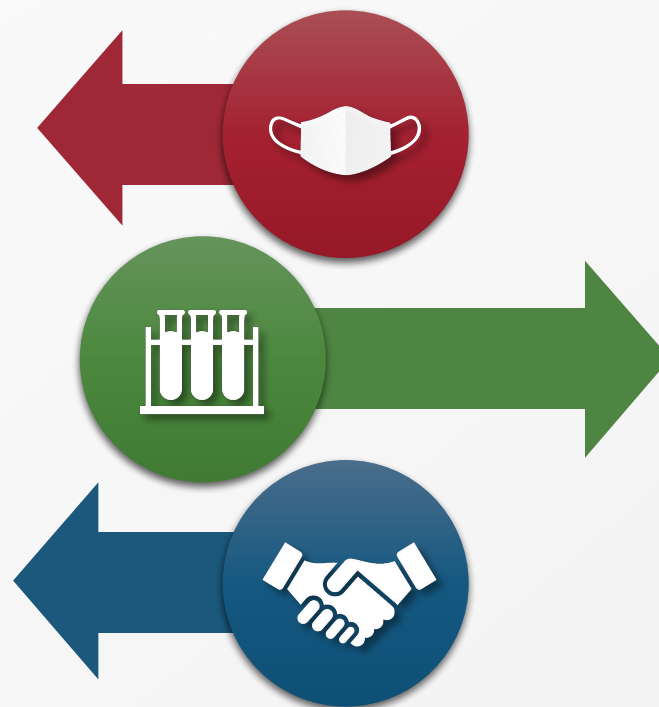
- **The Governor's Budget proposes funding to make in-person instruction safe for students and staff and incentivize reopening through a grant program—while admirable, presents operational challenges and tight timelines for LEAs**

## Adopt CSP and submission to COE by February 1

- Requires consultation with stakeholders
- Must conform with CDPH guidance and Cal/OSHA standards
- LEAs will need to develop implementing procedures, provide education and training to staff and parents, procure equipment and supplies

## Negotiate MOUs with certificated and classified bargaining units

- MOUs must conform with the requirement of the CSP, be ratified by the parties, and submitted to COE by February 1



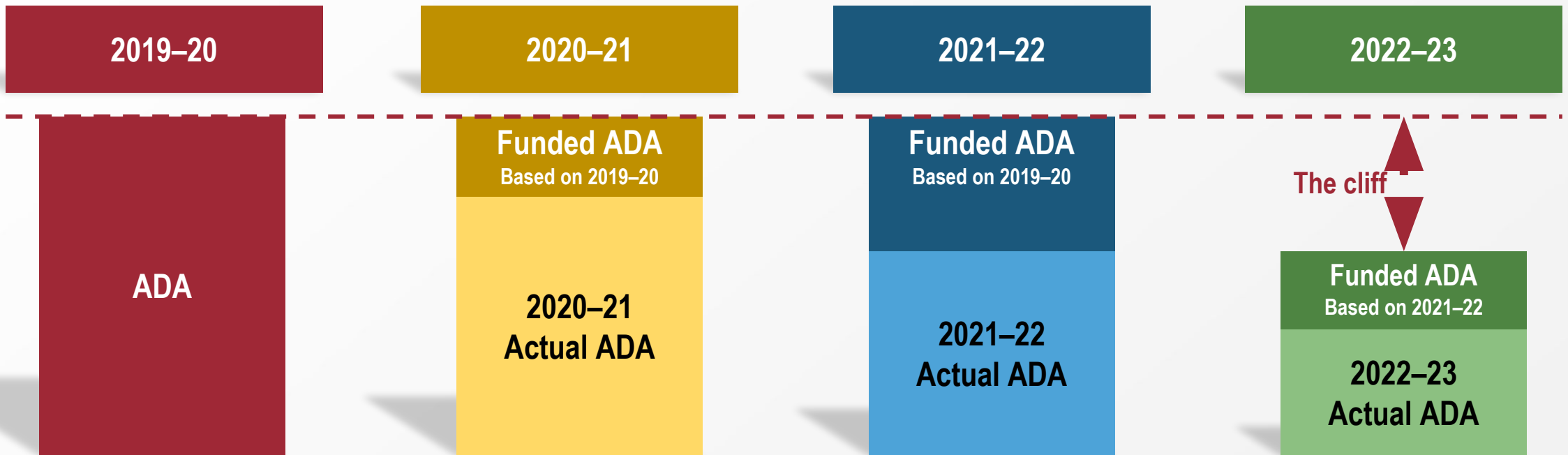
## Adopt a COVID-19 testing plan

- Plan must address symptomatic testing, response testing, and asymptomatic testing for students and staff
- It must address multiple staff COVID-19 cases or major outbreaks among staff based on Cal/OSHA requirements

# 2021–22 ADA Impacts

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- The adage “There is no such thing as a free lunch” applies to the current-year ADA hold harmless provision—that is to say, many school districts will experience a funding cliff at some point in the future if they are experiencing natural attendance declines exacerbated by COVID-19



- Significant drops in LEAs’ LCFF unduplicated pupil counts, which were not held harmless, and enrollment loss from COVID-19 will determine the full cliff effect

# 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 LEAs still have not been made whole
  - The zero COLA in 2020–21 has likely fallen into a black hole as a one-time loss for 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., MBG)

- The impact for Cambrian is unknown at this time, but a funded COLA for the next few years will go far in addressing our potential deficit and additional reductions that may were projected at 1st Interim

# CalPERS Employer Contribution Rates

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- The Governor does not include any new funding towards 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

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- **Similar to CalPERS, the Governor does not include any new funding towards 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**

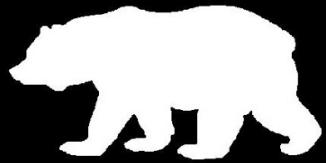
Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	- 0.95%
July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

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

**The**

**CLOSED**

**State**



*Rick Palido*

- **California remains largely “closed” for business:**
  - **Covid-19 cases continue to rise as flu season has brought on a hearty second wave of outbreaks**
  - **Businesses continue to feel the impact of reduced or zero operati**
  - **Residents under various levels of “Stay-at-Home” orders based on number of county cases and ICU beds available**
- **Last March when we abruptly entered into “Shelter in Place,” we never imagined how quickly and drastically we would reinvent how we deliver education to our students; and that we would still be entrenched in it 10 months later. However, we have adapted along the way and remain hopeful we can safely return students and staff to our campuses and begin to regain some sort of “normalcy” in our daily lives. We continue to focus on providing the best possible education to our students during this time. Challenges still lie ahead, yet we continue to rise to the challenge, adapt the plan as things constantly change and continue to focus on what’s best for kids**