



Governor's Proposed 2021-22 State Budget for K12 Education and Federal Stimulus Funds Impact on SCUSD's Budget

Board Meeting
January 14, 2021
Agenda Item No. 7.3

Budget Presentation Agenda

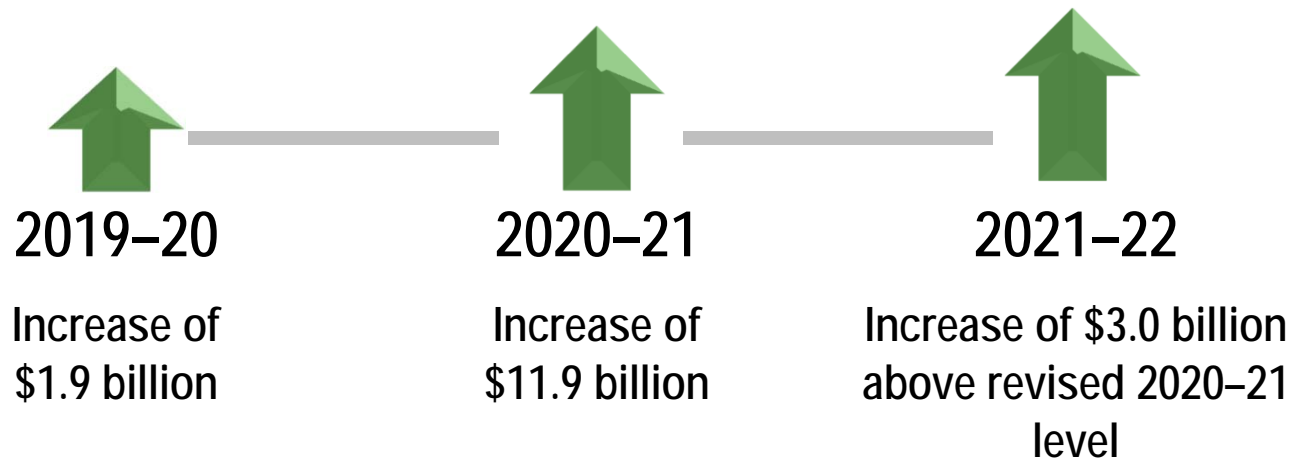


- School Services of California – Leilani Aguinaldo
Governor’s Proposals for the 2021-22 State
Budget and Federal Stimulus Package

- Impact on District’s Budget

Proposition 98 Spending Levels

- The State Budget Proposal revises the funding levels for Proposition 98 relative to the Enacted Budget:



- Including a proposed supplemental payment, more than \$19 billion available for new spending in the Budget Proposal:

- \$ 1.9 billion increase in 2019-20 spending level
- \$11.9 billion increase in 2020-21 spending level
- \$ 3.0 billion increase in 2021-22 above 2020-21 spending level
- + \$ 2.3 billion supplemental payment on top of Proposition 98 minimum guarantee
- \$19.1 billion for new spending

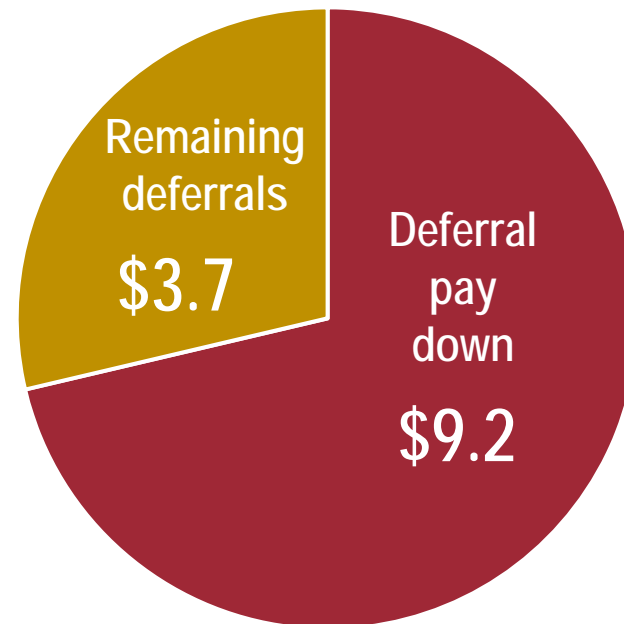
Spending Proposals for Grades TK-12

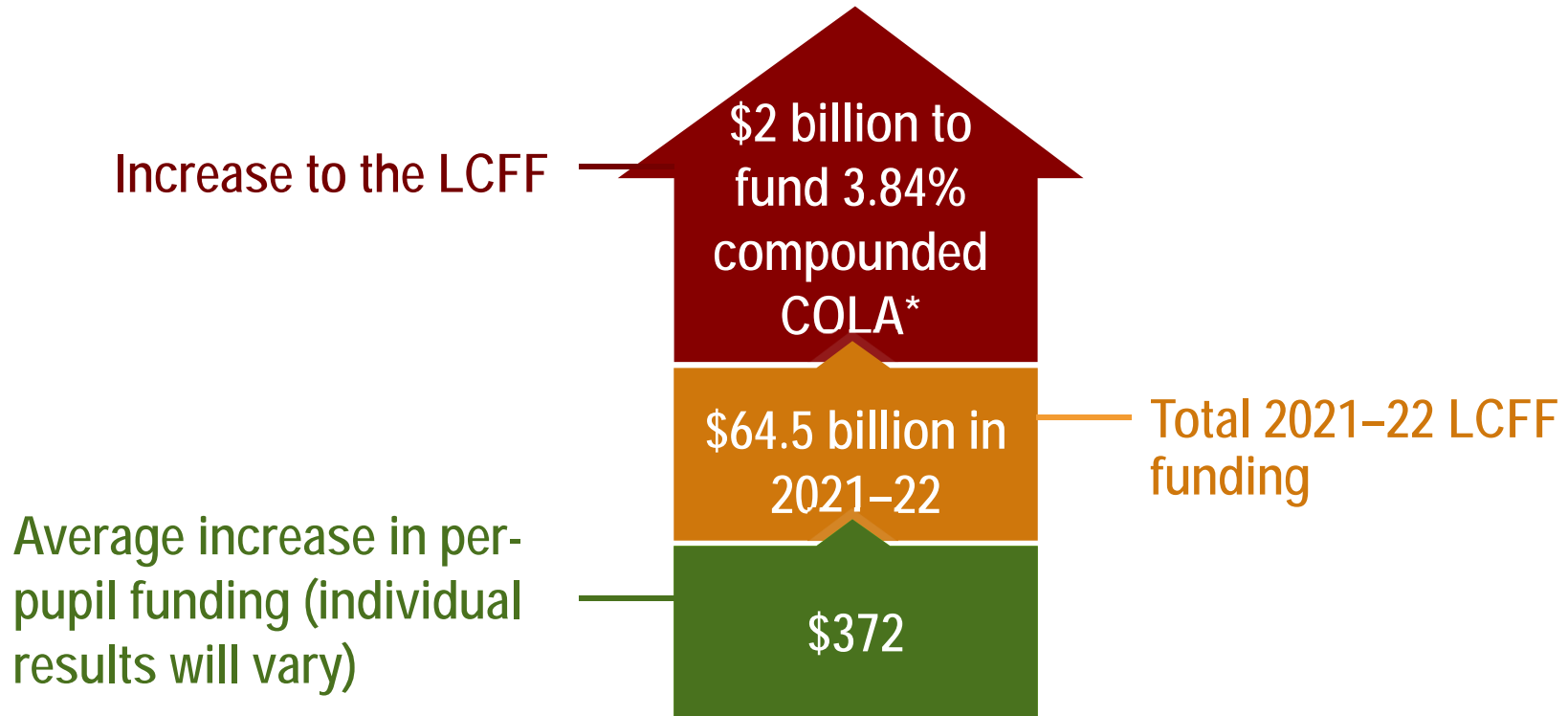
● Major proposals for spending include:

- \$9.2 billion for deferrals
- \$2.0 billion for Local Control Funding Formula cost-of-living-adjustment (COLA)
- \$2.0 billion for Safe Schools for All reopening grants
- \$4.6 billion for learning loss targeting vulnerable students
- \$315.3 million package for educator professional development
- \$225 million package to improve the teacher pipeline
- \$300 million new ongoing investment for the Special Education Early Intervention Grant
- \$264.9 million to establish and expand existing community schools
- \$250 million for districts that offer expanded transitional kindergarten (TK)
- \$200 million for facilities needs to support TK and full-day kindergarten
- \$85.7 million for 1.5% COLA for categorical programs, including special education, nutrition, mandates block grant, and state preschool

- 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
 - These are now one-time instead of ongoing deferrals
 - The repayment schedule for these deferrals remains the same

Deferrals (in billions)





* 3.84% compounded COLA = 2.31% forgone COLA for 2020-21 + 1.5% 2021-22 COLA

- The Budget Proposal does not include any extension of the hold harmless for average daily attendance (ADA) nor does it include a hold harmless for the unduplicated pupil percentage (UPP)

Safe Schools for All Grant Proposal

- 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

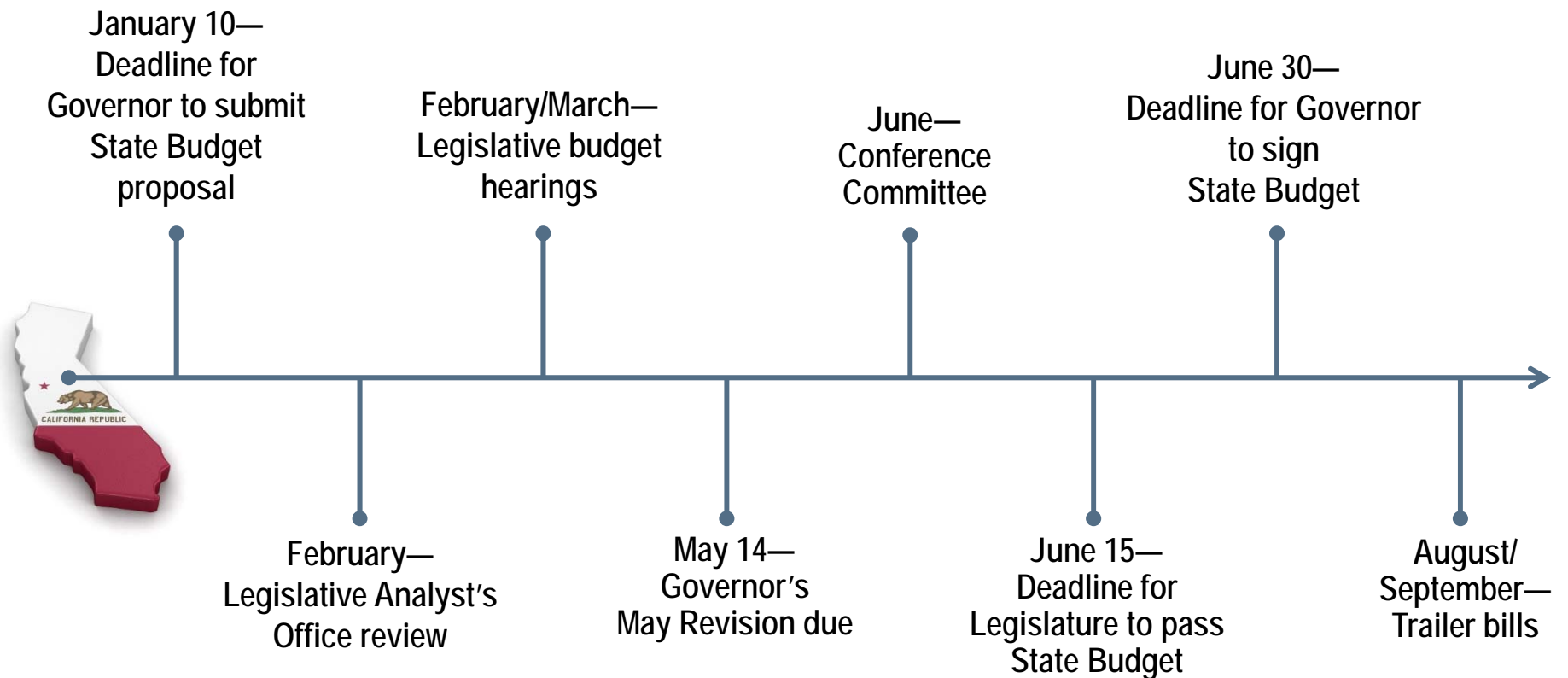


Safe Schools for All Grants—What's Required

- 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	<ul style="list-style-type: none">• Conforms with California Department of Public Health (CDPH) school guidance• Incorporates Cal/OSHA Emergency Standards
Labor Agreement	<ul style="list-style-type: none">• Documentation of collective bargaining agreement or memorandum of understanding (MOU) conforming with COVID-19 Safety Plan
Offer In-Person Instruction	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• All students and staff of in-person instruction• In accordance with CDPH testing cadence: every two weeks for red and purple tiers, but weekly for case rates of 14/100,000
Certify Technology	<ul style="list-style-type: none">• Verify that all students in distance learning have access to a computing device, software, and high-speed internet to participate in online learning

State Budget Process



Governor's Proposed 2020-21 State Budget for K12: Impact on SCUSD's Budget

COLA

- Proposed 3.84% Compounded COLA for LCFF
- Potential Impact to District Budget Additional Revenue \$16M Approximately

DEFERRALS

- Proposed Eliminating 2021-22 Deferrals
- 2020-21 Deferrals Remain
- District TRAN Scheduled for April 2021
- Final Decision Date March 12, 2021
- Cost of \$96M TRAN: \$152K Financing Cost and \$211K in Interest Costs

District's Budget Projections: Enrollment and Unduplicated Count Percentage

Enrollment is trending significantly lower

- 600 Less Students in 2021-22 than 2019-20
- SB 98 Hold Harmless ADA for 2021-22
- Impact of 600 decline would amount to \$11M in 2022-23

Unduplicated Percentage Update

- Impact on Supplemental/Concentration Revenue
- 1st Interim Decrease of 4,400 = \$6.5M Revenue Loss
- As of January 2021 Decrease of 2,700 = \$3M Revenue Loss in 2020-2021

District's Budget Projections: Enrollment

District Wide Enrollment by Grade Level														
FISCAL YEAR	KN	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
2019-20	3,258	3,071	3,137	3,203	3,195	3,137	3,128	3,380	3,454	3,072	2,863	2,698	2,813	40,409
2021-22	3,085	2,945	2,954	2,985	3,036	3,070	3,087	3,116	3,164	3,450	3,038	2,970	2,903	39,803
Projected Decline	(173)	(126)	(183)	(218)	(159)	(67)	(41)	(264)	(290)	378	175	272	90	(606)

Approximate loss of Revenue \$11M

Projected Enrollment Change from 2019-2020 to 2021-2022 by Grade Segments

Grades	Change
K-3	(700)
4-6	(267)
7-8	(554)
9-12	915
Net Projected Change	(606)

New COVID-19 Federal Stimulus Package

Funding Source	Total Amount	California's Estimated Share
ESSER II Fund	\$54.3 billion	\$6.8 billion
Higher Education Emergency Relief Fund	\$22.7 billion	\$2.9 billion
GEER II 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 funds must be allocated to LEAs in proportion to their 2020–21 Title I, Part A funding
 - Districts have until September 30, 2023 to use ESSER II funds
 - The 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

Federal COVID Relief Funds

Federal COVID Relief Funding Sources - First Round		
Learning Loss Mitigation – Federal CARES Act Coronavirus Relief (CR) Fund	\$34,085,392	expires 12/30/20- expires 12/31/21
Learning Loss Mitigation- Federal CARES Act Coronavirus Relief, State General Fund (GF)	\$3,497,424	expires 6/30/2021
Learning Loss Mitigation -Federal CARES Act Governor's Emergency Education Relief (GEER)	\$2,820,910	expires 9/30/2022
Federal Coronavirus Aid Relief and Economic Security (CARES) Act Elementary and Secondary School Emergency Relief (ESSER)	\$15,578,110	expires 9/30/2022
Total Funding	\$55,981,836	
Federal COVID Relief Funding - Second Round		
Federal Coronavirus Aid Relief and Economic Security (CARES) Act Elementary and Secondary School Emergency Relief (ESSER)	\$69,000,000	expires 6/30/2023

Federal COVID Relief Funds: Update on \$34M

Federal COVID-19 Relief Fund - Learning Loss Mitigation by Fund			
Description	District (Fund 01)	Charters (Fund 09)	Total
Revenue	34,085,392	1,283,800	35,369,192
Expenditures:			-
Expensed	16,231,952	754,220	22,431,951
Encumbered	13,573,717	522,814	14,096,531
FY 19/20 Expenses	232,371	-	232,371
Balance	\$ 4,047,352	\$ 6,766	4,054,119
Obligated:			-
Devices, IT infrastructure, Equipment, Supplies to Facilitate Distance Learning	4,047,352	6,766	4,054,119
Total Unspent or Not Obligated	-	(0.25)	(0)

Federal COVID Relief Funds

Allowable Uses for First and Second Round of COVID Relief Funds

COVID-19 response activities

Any other purpose supported by Federal elementary and secondary education laws

Four general categories:

1. Student Learning Supports
2. General Measures that extend instructional time for students
3. Additional core academic support for students who need it
4. Integrated services that support teaching and learning

Federal COVID Relief Funds

Two Additional Uses for Second Round of COVID Relief Funds

1. School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health
2. Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical, heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement

SCUSD 2020-2021 Budget

2020-2021 Spending Trend

Actual Operating costs will be lower than projected (utilities, bus supplies, etc.)

SCUSD 2020-2021 Budget

2020-2021 Budgeted Restricted Books & Supplies

	Adopted Budget (June 25, 2020)		Revised Adopted Budget (October 1, 2020)		First Interim (December 10, 2020)	
	Restricted (A)	Restricted 1x (B)	Restricted (A)	Restricted 1x (B)	Restricted (A)	Restricted 1x (B)
Revenues	\$ 226,644,805	\$ 15,770,510	\$ 230,532,787	\$ 53,353,326	\$ 228,598,350	\$ 53,353,326
Books and Supplies	\$ 23,629,334	\$ 5,500,000	\$ 37,838,222	\$ 49,752,468	\$ 29,045,432	\$ 45,486,365
All Other Expenditures	\$ 203,015,471	\$ 3,900,374	\$ 200,724,225	\$ 3,920,705	\$ 207,582,579	\$ 8,186,808
Surplus/ (Deficit)	\$ -	\$ 6,370,136	\$ (8,029,660)	\$ (319,848)	\$ (8,029,660)	\$ (319,848)
			(C)			

SCUSD 2020-2021 Budget

2020-2021 Budgeted Restricted Books & Supplies

NOTES:

(A) Restricted includes all categorical programs such as Title I, Special Education, SIG, except for the one-time (1X) resources listed below

(B) Restricted 1x includes resources 3210,3220,7420,7388, all COVID/CARES one-time funds

(C) By October when the Revised Adopted Budget was approved, the books had been closed and over \$8M of restricted fund balance (carryover) remained to be budgeted in the current year. This does not represent further deficit spending, but rather an increase to the budget to spend down the carryover fund balance. It is one time only.

NOTE: While the "type" of expenditure (books and supplies versus salaries versus professional services) might change, the total restricted expenditures will equal restricted revenues plus carryover. Standard budget practice is to set up the budget in the Books and Supplies budget line until sites make the final decision as to what type of expenditures meet their needs.

Next SCUSD Budget Updates

- 2020-21 Second Interim Financial Report
- Two Additional State Budget Updates
 1. May Revise
 2. State Enacted Budget