

Governor's Proposals for 2022-23 State Budget and K-12 Education Overview

January 25, 2022



For the future of every student

Ventura Unified – 2022-23 Governor’s Budget Overview

- The proposed Governor’s Budget for CA FY2022-23 is BALANCED
- A \$286 billion spending plan aims to tackle COVID-19 head on, building upon and expanding critical services for Californians, and attempting to strengthen the resiliency of the state
- Governor Gavin Newsom strives to keep California open, staffing shortages both long and short term threaten to organically shut down California

Proposition 98 in the 2022-23 Governor’s Budget reaches an all-time high

Provides \$16.1 billion in new revenues for K-14 education

But there are strings

- For the first time, most school districts will be required to spend down their reserves
- A sizeable share of new funding is proposed for **restricted purposes**, leaving few resources to address increased costs associated with soaring inflation and rising pension obligations



For the future of every student

Ventura Unified – 2022-23 Governor’s Budget Overview

The Newsom Administration, thankfully, proposes fewer new initiatives than in 2021-22

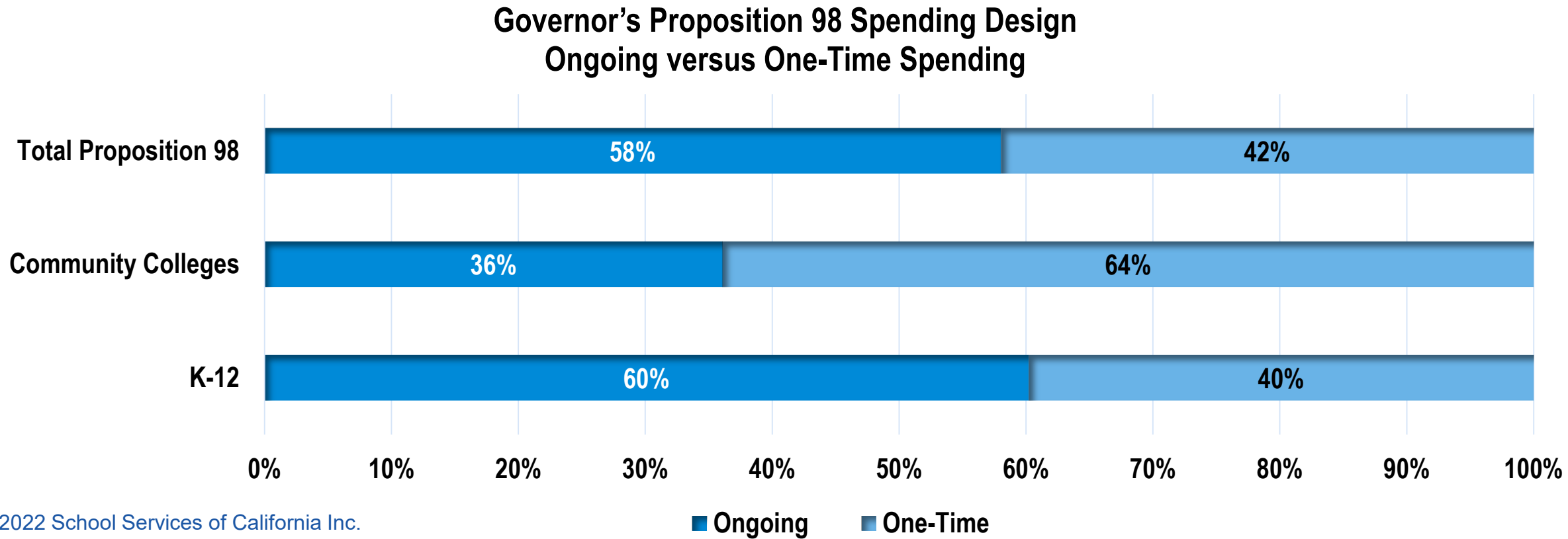
- Core programs receive a significant statutory cost-of-living adjustment (COLA) to address the significant cost increases associated with pensions and historic levels of inflation
 - Proposed changes to the Local Control Funding Formula (LCFF) and special education are relatively straightforward
- Infrastructure funding for facilities, kitchen facilities, and transportation are welcomed one-time investments
- As expected, the Administration proposes to ramp up the Expanded Learning Opportunities (ELO) Program and fund lower universal transitional kindergarten (TK) ratios at a time when staffing challenges are (hopefully) at their pinnacle
- New programs such as Early Literacy and College and Career Pathways aim to enrich California’s TK-12 education



For the future of every student

Proposition 98

- The Governor's spending of new Proposition 98 revenues **relies heavily** on one-time investments
General apportionment formulas for K-12 and community colleges are increasing by COLA only, or 5.33%



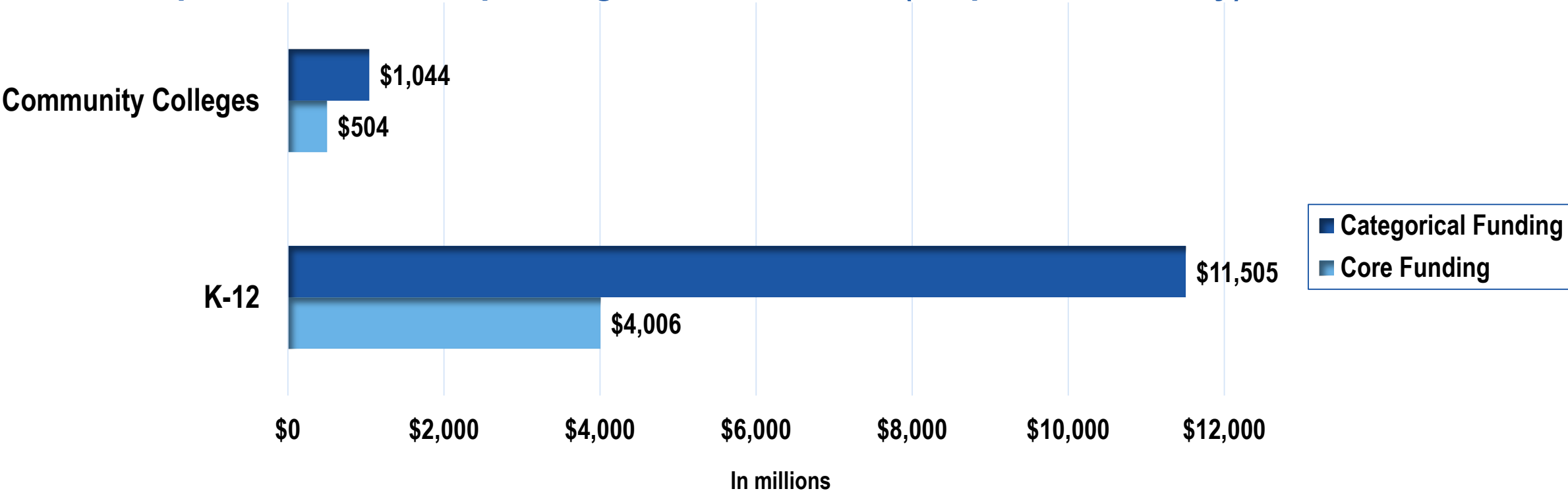
© 2022 School Services of California Inc.



For the future of every student

Proposition 98

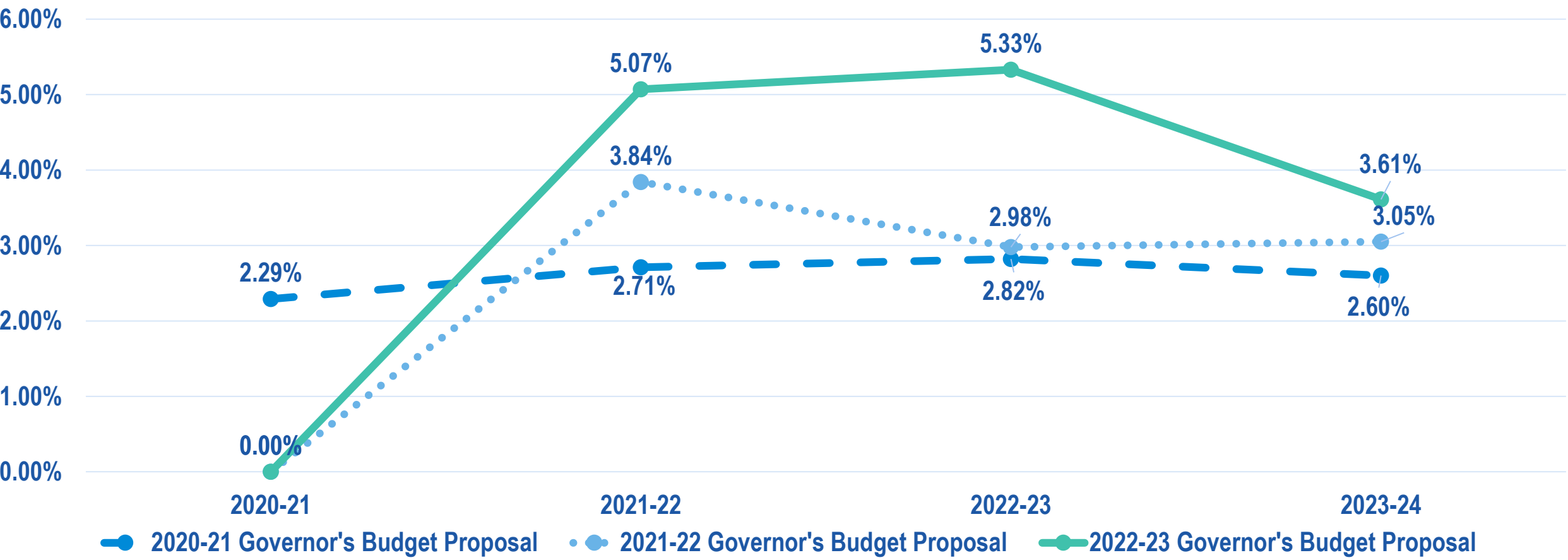
- Most of the new Proposition 98 revenues for K-12 and community colleges are earmarked for specific categorical programs or services
 - Total per-student K-12 spending reaches \$15,261 (Proposition 98 only)



Note: K-12 core funding includes Proposition 98 adjustment for universal TK and lower classroom ratios in TK



Ch . . . Ch . . . Ch . . . Changing COLAs



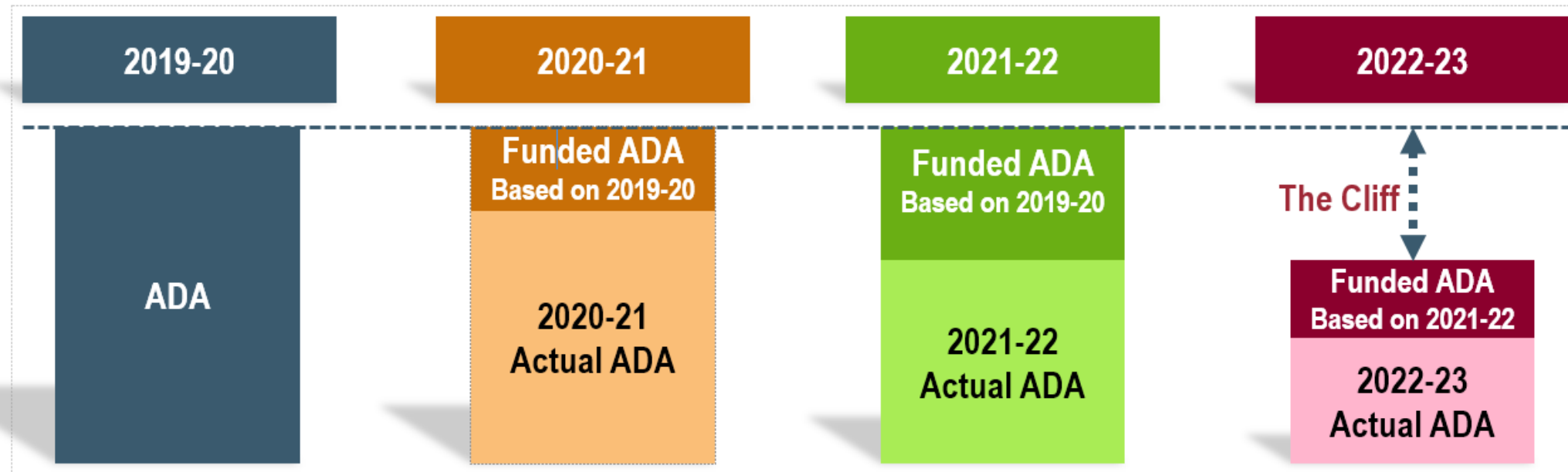
For the future of every student

2022-23 ADA “Cliff”

The ADA “Cliff” has been well-publicized and the subject of many discussions

For charter schools and COEs, the impact is already being felt in 2021-22

Good news—the Governor and Legislature are listening and hearing your collective voices

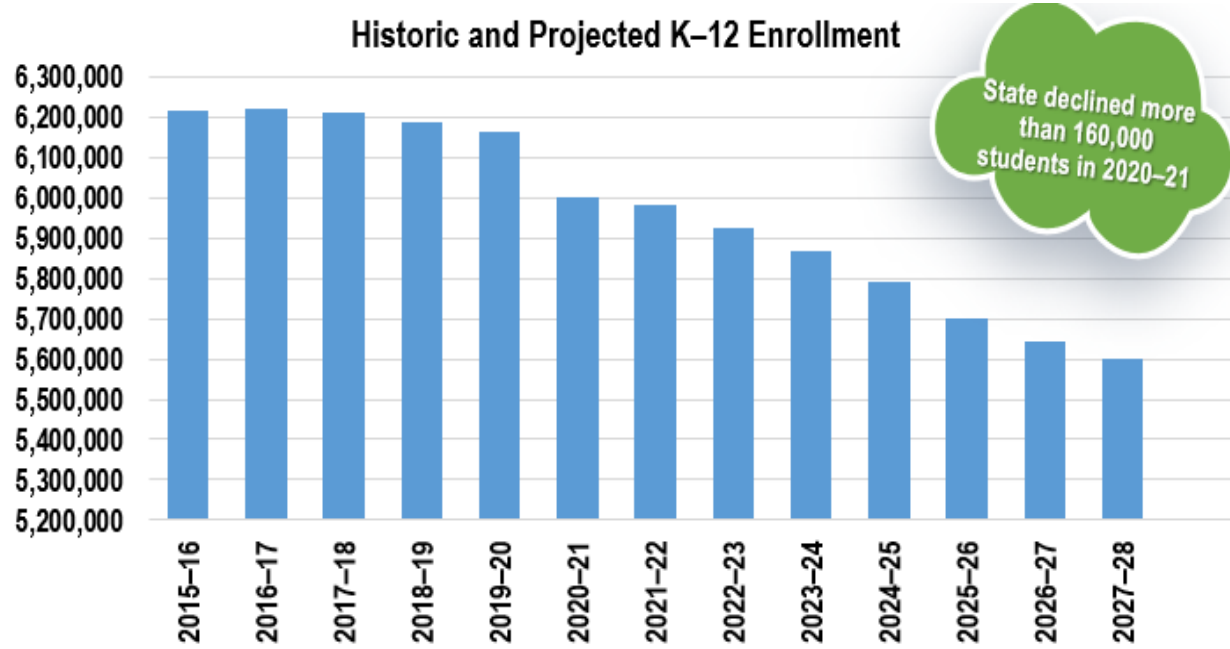


2022-23 ADA “Cliff”

■ The ADA “Cliff” has become a two-headed monster—the combination is significant



ADA-to-Enrollment Percentage



– The rate at which children are attending school is on the decline

- In Person
- Independent study
 - Unsigned master agreements
 - Homework not returned in a timely manner

Source: Department of Finance (DOF) Demographic Research Unit, revised June 2021
Actual enrollment data through 2020-21

ADA Cliff—Proposed Solution

- Many solutions have been entertained, and the Governor included one **additional option**:

Current Law for School Districts

Education Code Section (EC §) 42238.05(a)(1) provides funding through the LCFF on the greater of:

Current Year ADA
or
Prior Year ADA

Governor's Proposal for School Districts

Funding would be based on the greater of:

Current-Year ADA,
Prior-Year ADA
or
Computed average ADA using the prior three years' ADA

What's Not in the Proposed Budget

Additional Pension Relief

The state's contribution to subsidize employer rates has run out

Both pension plans are projecting 2%+ increases in 2022-23

Augmented COLA

The current projected COLA of 5.33% reflects the estimated statutory COLA (i.e., minimum required by law)

UPP Solutions

Implementation of universal meals will likely have an immediate and direct impact on UPP

Next steps:

- VUSD will update the assumptions for the budget during 2nd Interim using this new information.
- Program changes and other items that are not yet solidified between the Legislative Branch and the Governor's Office will update once the final packet is closer in June 2022.

Thank You



For the future of every student