

To Board of Education

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Date February 3, 2020

Subject FY20/21 Governor's Proposed Budget

The Governor's Budget Proposal was released on January 10, 2020 and assumes constrained economic growth. The Governor noted that while the economy is not contracting our continued growth is. This perspective is reflected in a fiscally prudent proposed budget where about 60% of the \$3 billion in available new revenue is proposed for one-time investments. Highlights of the Governor's Proposed Budget include:

- Estimated statutory COLA of 2.29% for LCFF base grant targets as listed in the table below. The estimated statutory COLA of 2.29% is less than the COLA of 3% estimated as of the FY19/20 Budget Act released in June 2019.
 - Impact to the OUSD: The decrease in the estimated statutory COLA from 3% to 2.29% results in a decrease in the projected FY20/21 LCFF revenue of \$2.6 million.

Grade Span	2019–20 Target Base Grant Per ADA	2.29% COLA	2020–21 Target Base Grant Per ADA
TK–3	\$7,702	\$176	\$7,878
4–6	\$7,818	\$179	\$7,997
7–8	\$8,050	\$184	\$8,234
9–12	\$9,329	\$214	\$9,543

- Estimated statutory COLA of 2.29% for the remaining categorical programs, including Special Education, Child Nutrition, Preschool, and the Mandate Block Grant
- Approximately \$645 million for Special Education base grant increases using a three-year rolling average of a District's Average Daily Attendance (ADA)
 - Impact to the OUSD: The increase in the special education base grant is estimated to increase projected revenue by about \$1.1 million.
- One-time funding of \$250 million for preschoolers with exceptional needs with a requirement to increase or improve services
 - Impact to the OUSD: The one-time funding for preschoolers with special needs is projected to increase projected revenue by \$2.0 million.
- One-time funding of \$900 million for investments in our educator workforce for professional development, recruitment and retention, and preparation, including the grant programs for Educator Workforce Investment, Workforce Development, Teacher Residency, CA Teacher Credential Award, and Classified School Employees Credentialing. In addition, one-time funding of over \$15M million for computer science education is proposed for training and resources.
- One-time funding of \$300 million to establish Community School grants for Districts that employ the community school model by providing wrap-around services
- One-time funding of \$318 million to fund the statewide system of support with Opportunity Grants for Districts with the widest opportunity gaps and to expand the capacity of the California Collaborative for Education Excellence (CCEE)
- No additional pension relief for STRS and PERS. Districts will continue to benefit from the relief provide in the FY19/20 Budget Act.
- No one-time discretionary funding

- No significant new initiatives for school facilities
- No assumption that statewide funding initiatives will pass
 - Proposition 13 (March 2020) asks voters to approve 15 million facilities bond for school and community college districts, the U of C, and the CSU. As of November 2019, polling shows 48% of likely voters support the initiative.
 - Schools and Communities First (November 2020) would tax commercial and industrial properties regularly at fair market value. As of November 2019, polling shows 46% of likely voters support the initiative.
 - Full and Fair Funding (2022)

We look forward to the release of the Governor's Recommended Budget for FY2021 in May 2020.