



# Santa Ana Unified School District

## Update on the California State Budget

February 14, 2023

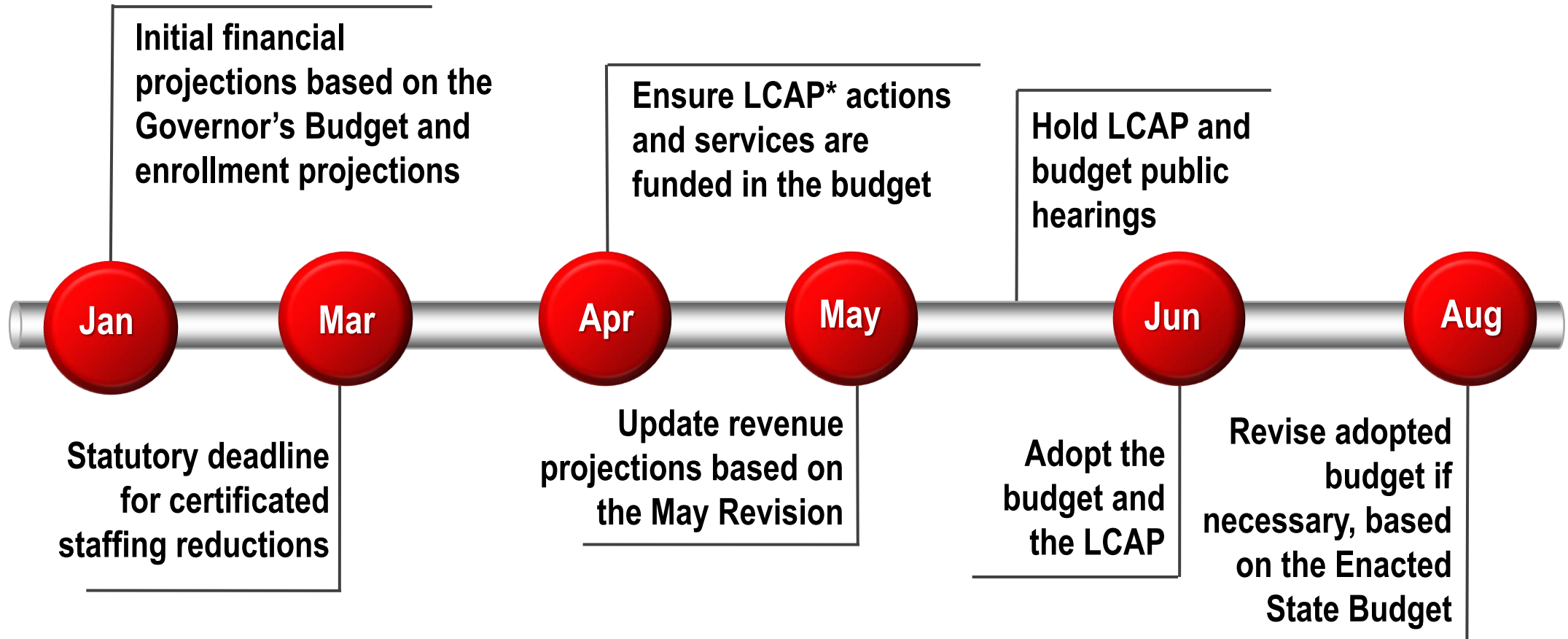
Presented By:

**John Gray**  
President and CEO

**Goal Priority:**  
**Organizational Efficiency  
& Effectiveness**

## Budget Development

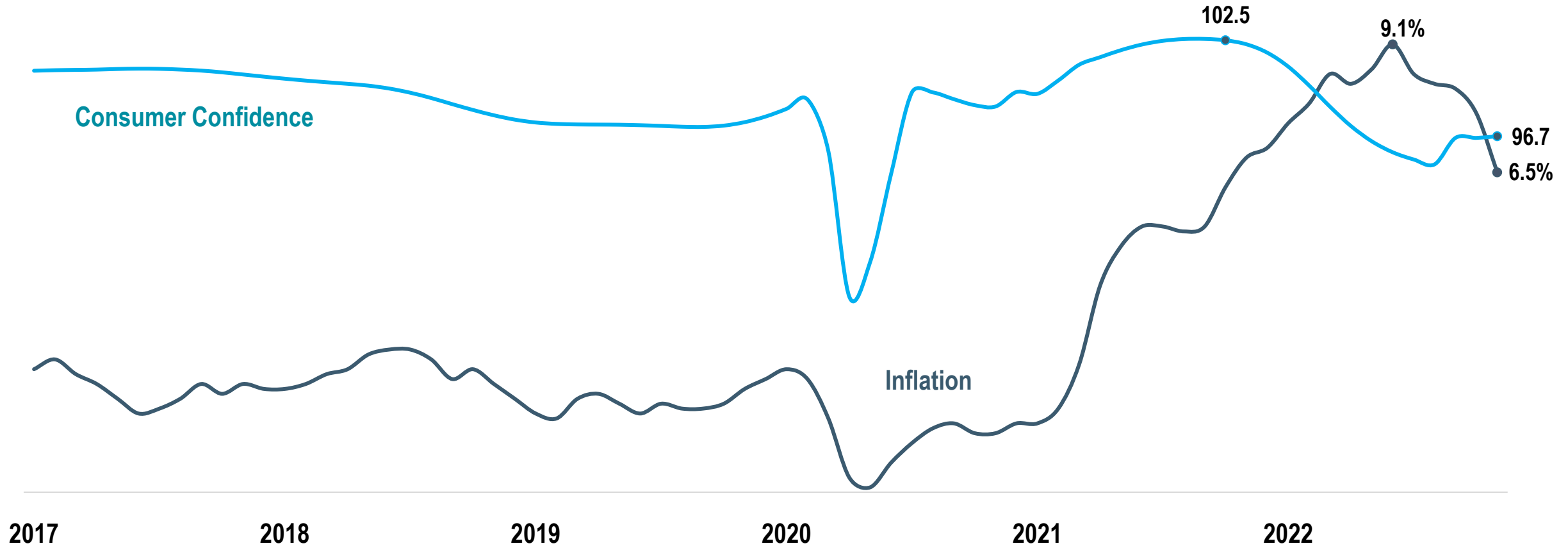
- Budget development can vary significantly from local educational agency (LEA) to LEA, but generally would include critical milestones such as:



\*Local Control and Accountability Plan (LCAP)

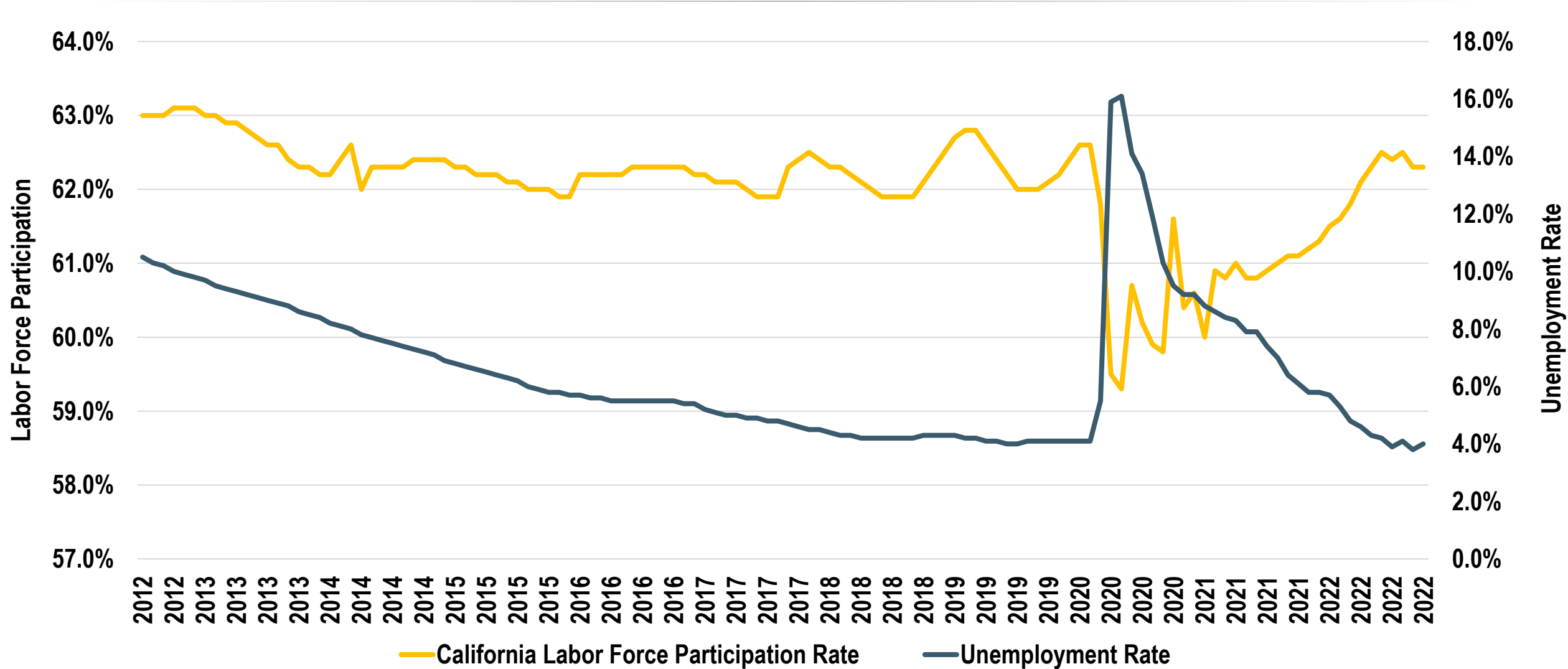
# U.S. Consumer Price Index

## U.S. Headline Inflation and Consumer Confidence



Sources: U.S. Bureau of Labor Statistics and Organization for Economic Cooperation and Development

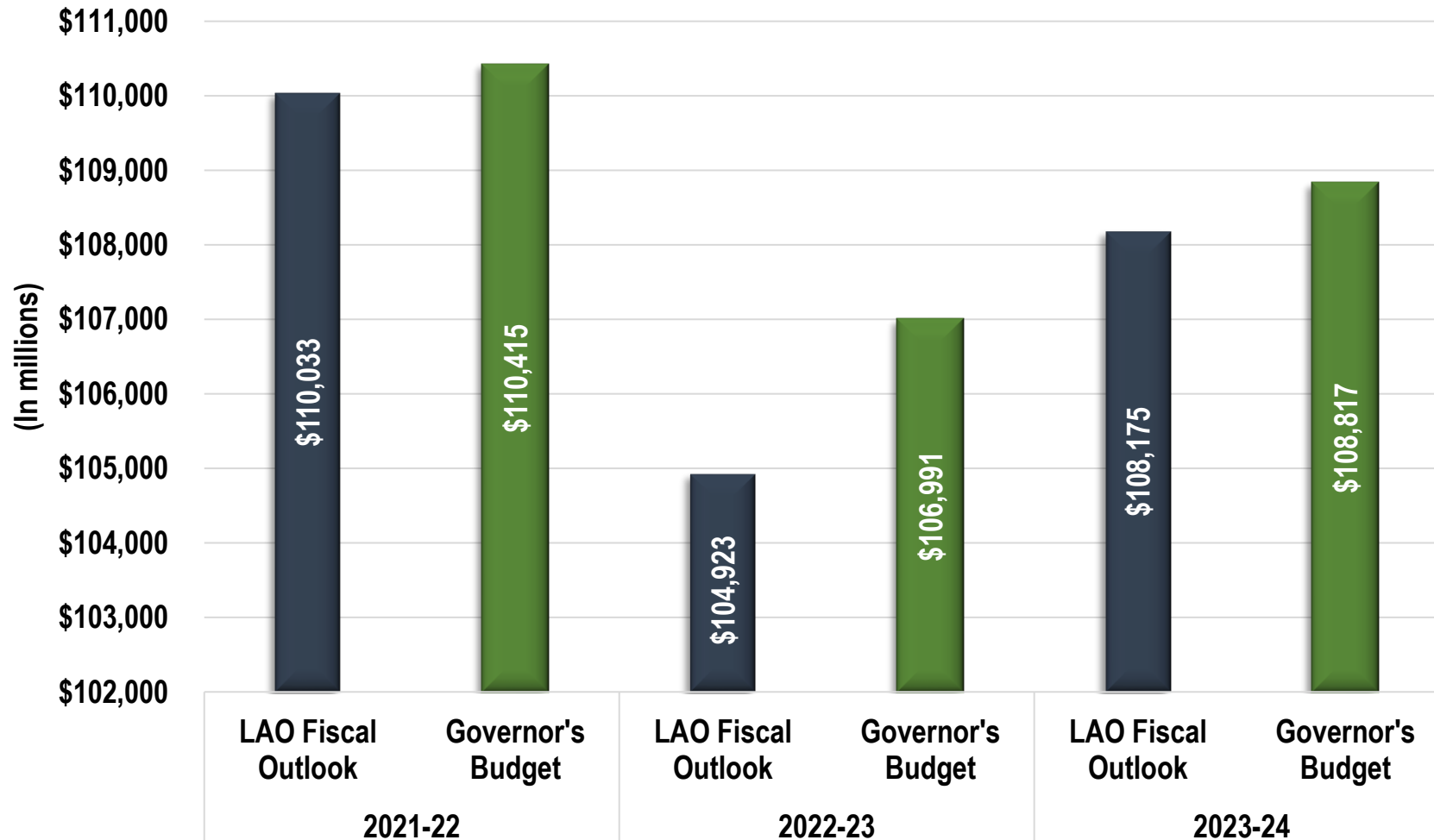
# California Unemployment and Labor Force Participation



Source: Employment Development Department

# Proposition 98 Minimum Guarantee

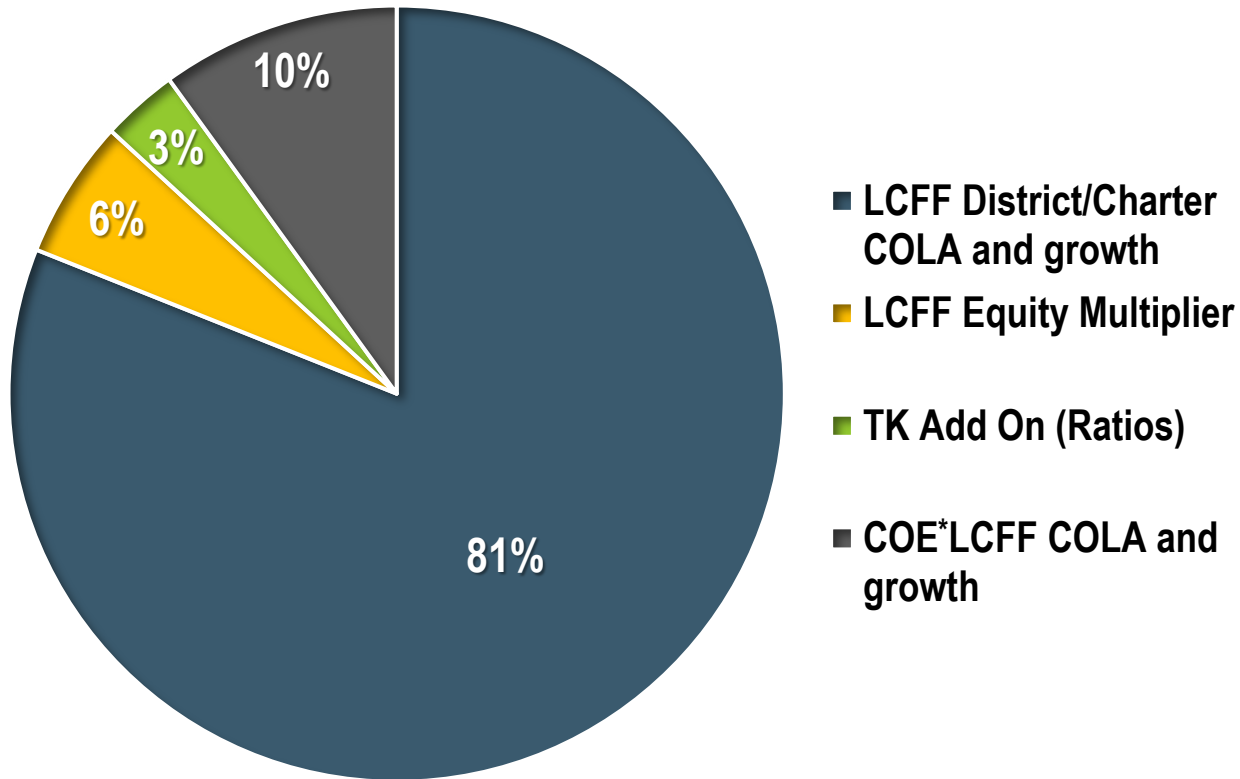
Governor's Budget vs. Legislative Analyst



- Over the budget period, the Governor's Budget estimates are more optimistic when compared to the Legislative Analyst's Office's (LAO) *November Outlook* by over \$3 billion
  - 2021-22—\$382 million
  - 2022-23—\$2.1 billion
  - 2023-24—\$642 million
- Funding in 2023-24 is estimated to be \$108.8 billion

# Overview of Major K-12 Spending Proposals

2023-24 LCFF



\*County office of education (COE)

- The largest K-12 investment in the Governor's Budget is in the Local Control Funding Formula (LCFF) and its various components, totaling an additional \$5.04 billion in ongoing Proposition 98 resources
  - Base cost-of-living adjustment (COLA) = \$4.7 billion
  - Transitional kindergarten (TK) add-on + COLA = \$165 million
  - Equity Multiplier = \$300 million
- Other major investments include
  - Categorical program COLA totaling \$669 million, including State Preschool rate adjustments

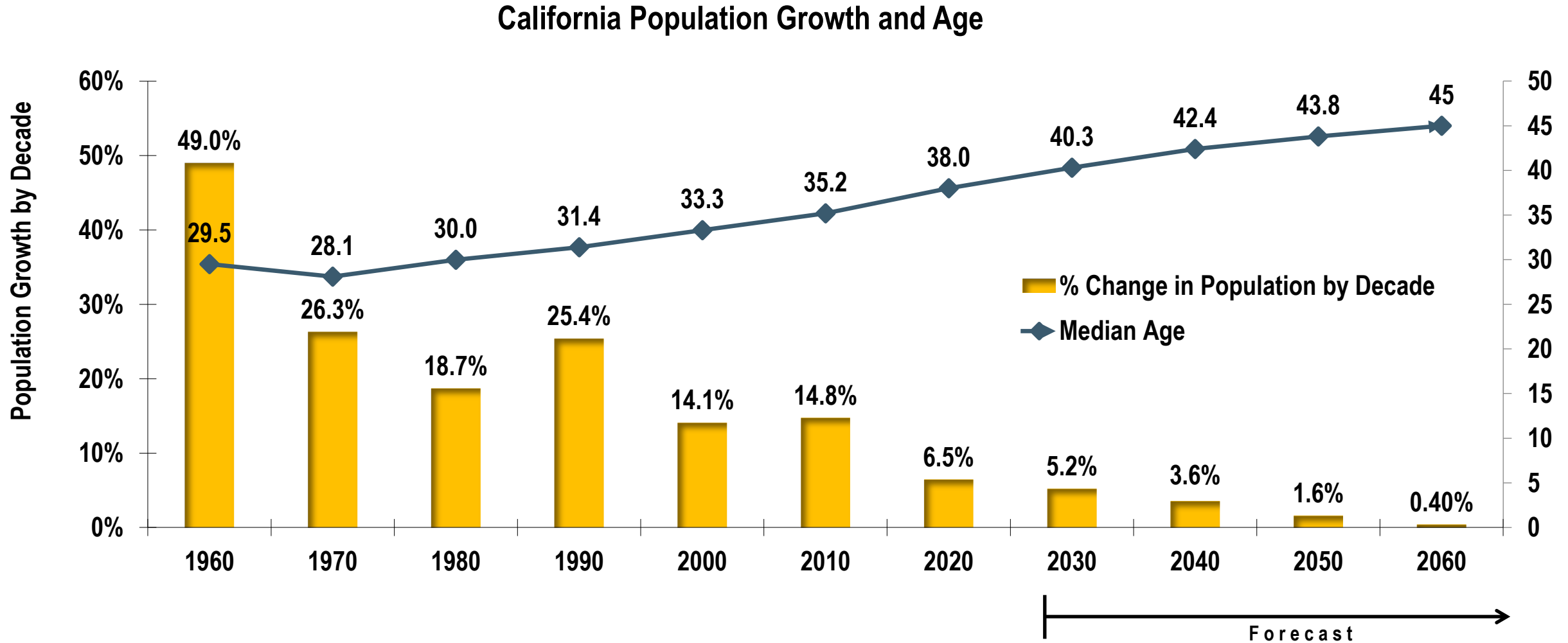
# SSC Financial Projection Dartboard

Planning Factors						
		2022-23	2023-24	2024-25	2025-26	2026-27
DOF Planning COLA		6.56%	8.13%	3.54%	3.31%	3.23%
California CPI <sup>1</sup>		6.00%	3.44%	2.77%	2.49%	2.74%
Unemployment Insurance		0.50%	0.20%	0.20%	0.20%	0.20%
California Lottery	Unrestricted per ADA <sup>2</sup>	\$170	\$170	\$170	\$170	\$170
	Restricted per ADA	\$67	\$67	\$67	\$67	\$67
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.78	\$39.12	\$40.41	\$41.72
	Grades 9-12 per ADA	\$67.31	\$72.78	\$75.36	\$77.85	\$80.36
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.83	\$20.53	\$21.21	\$21.90
	Grades 9-12 per ADA	\$50.98	\$55.12	\$57.07	\$58.96	\$60.86

<sup>1</sup>Consumer Price Index (CPI)

<sup>2</sup>Average daily attendance (ADA)

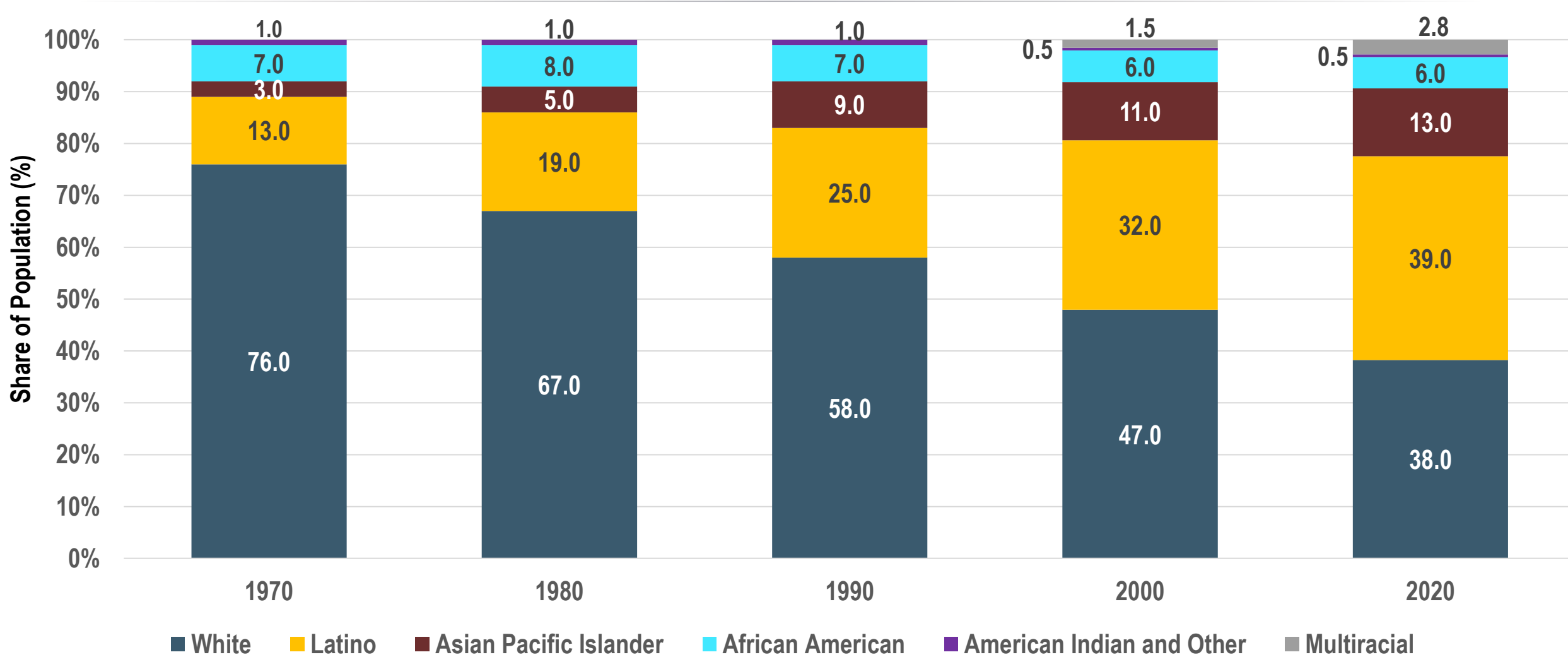
# Local Considerations: State Population Growth Slowing



Source: State of California, Department of Finance (DOF), California Public K-12 Graded Enrollment and High School Graduate Projections by County, 2021 Series. Sacramento, California, June 2021 and United States Census 1960-2020



# Statewide Demographic Trends



Source: California DOF 1970-2000; Dataquest 2020-21 Enrollment by Ethnicity  
(<https://www.ppic.org/publication/californias-population/>)

## 10 CalPERS Employer Contribution Rates

- Governor Gavin Newsom did not propose providing the California Public Employees' Retirement System (CalPERS) relief for LEAs
- Based on the latest information from CalPERS, the employer contribution rate for 2023-24 would increase from the current rate of 25.37% to 27.00%

Year	Prior Projections per School Services of California Inc. (SSC) Dartboard	Projected Rates per Most Recent CalPERS Actuarial Report <sup>1</sup>
2022-23	25.37%	25.37%
2023-24	25.20%	27.00%
2024-25	24.60%	28.10%
2025-26	23.70%	28.80%

<sup>1</sup>Projected rates reflect an investment loss for 2021-22 based on preliminary investment returns, as well as an anticipated decrease in normal cost due to new hires entering lower cost benefit tiers

Source: Schools Pool Actuarial Valuation as of June 30, 2021

# Local Considerations

- Declining enrollment
- Attendance yield (ADA percentage to enrollment)
- Unduplicated pupil percentage (UPP)



## LCFF Equity Multiplier—Distribution of Funds

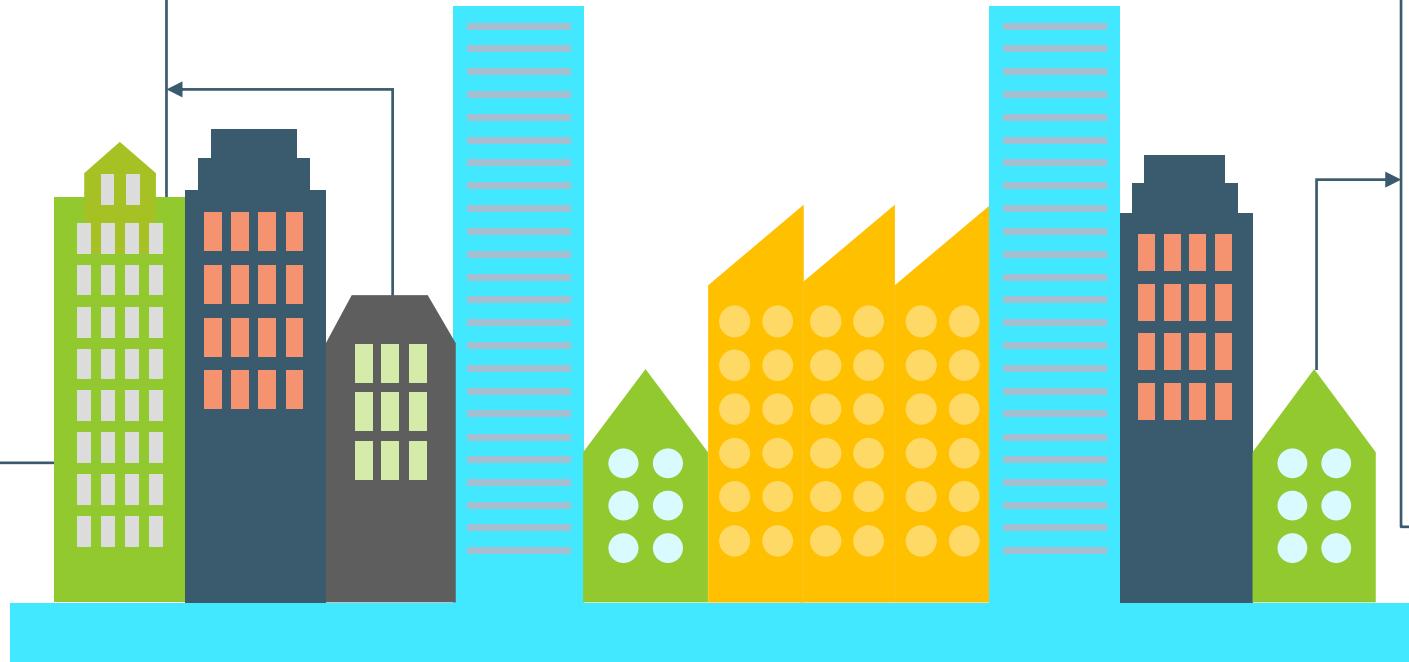
- Additional funds are allocated to LEAs, but eligibility is determined by school sites
  - Formula for distribution of funds will be available later this month

High schools serving at least 85% of students who are eligible for federal free meal program

- School Services of California Inc. (SSC) estimates 195 schools meet this threshold

Elementary and middle schools serving at least 90% of students who are eligible for federal free meal program

- SSC estimates 452 schools meet this threshold



## Local Considerations

- **Required to use the additional resources on services and supports that directly benefit students at the eligible school(s)**
  - **Must engage with parents and local communities**
  - **Must address any underlying issues in credentialing and preparation of schools' educators**
  - **Must address any student groups in the “red” or “orange” performance categories on Dashboard indicators**
  - **Include plans for use of funds in the LCAP**
  - **SSC estimates that Santa Ana USD does not generate funding**



# Arts, Music, and Instructional Material Block Grant—Proposed Funding Reduction

The Governor's Budget proposes a \$1.2 billion reduction in the \$3.5 billion one-time funding provided in the 2022-23 Enacted Budget package, bringing the appropriation down to \$2.3 billion

## Allocation Calculation Method

- Proportionate calculation
- \$666.08 per ADA based on 2021-22 Second Principal Apportionment

## California Department of Education (CDE) posted cashflow schedule

- 50% distributed in December 2022
- 50% distributed in May 2023

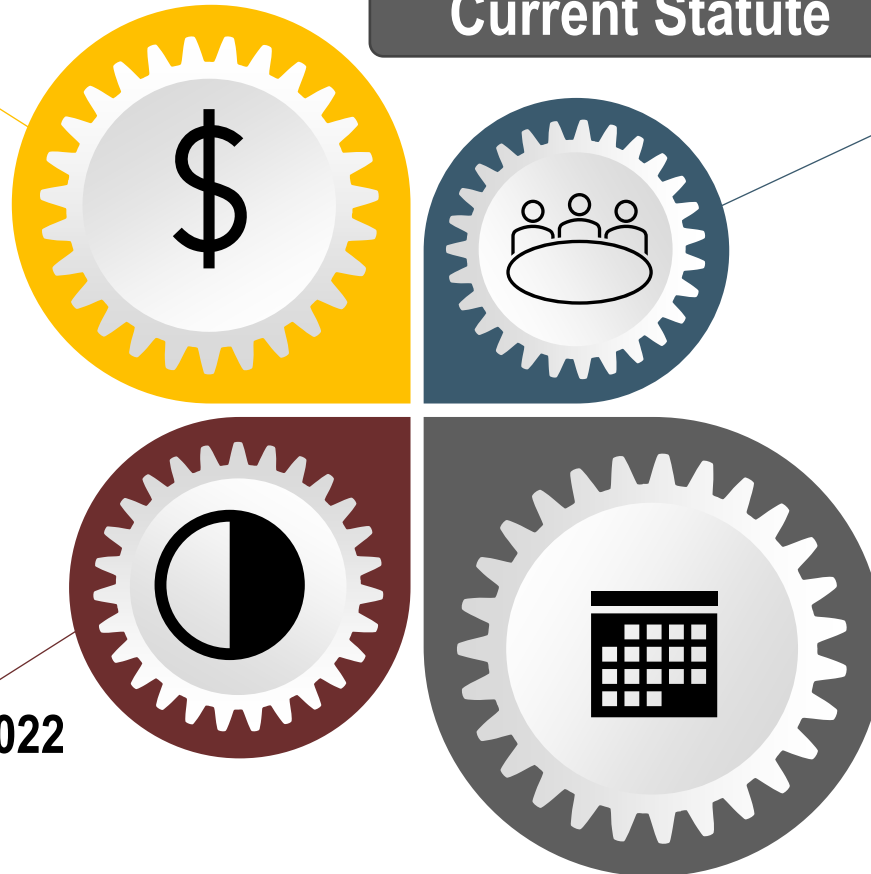
## Current Statute

## Board-Approved Plan

Local plan must be discussed and approved during a regularly scheduled board meeting

## Spending Deadline

Funds must be spent by June 30, 2026



# Proposition 28: Arts and Music in Schools—Funding Guarantee and Accountability Act

Beginning with the 2023-24 fiscal year, requires the state to provide additional, dedicated funding originating outside of Proposition 98 for arts and music education

The annual amount is equal to 1% of the prior-year Proposition 98 minimum guarantee

Estimated to increase state costs by nearly \$1 billion in 2023-24

Funds distributed to LEAs:

- 70% based on share of statewide enrollment in preschool through grade 12
- 30% based on share of low-income students

LEAs must distribute their funds to their schools using the same 70/30 split

SSC estimates approximately \$6.8 million for Santa Ana USD

See “[Proposition 28 Estimates for LEAs](#)” in the November 2022 *Fiscal Report*, for allocation estimates by school site for each LEA

## Proposition 28—Program Requirements

### LEAs must annually:

**Certify funds used to provide arts education, including a requirement to expend at least 80% of funds to employ staff for arts education instruction**

- LEAs with less than 500 students are exempt from this requirement
- CDE may provide a waiver for “good cause shown” upon written request by the school principal
- Waiting for more information about this waiver process

**Certify funds received are to supplement, not supplant, existing arts education programs**

**Certify that no more than 1% of funds will be used for administrative expenses**

**Submit local governing board-approved report that details:**

- Type of arts education programs funded
- Number of staff
- Number of students served
- Number of schools providing arts education programs with the funds

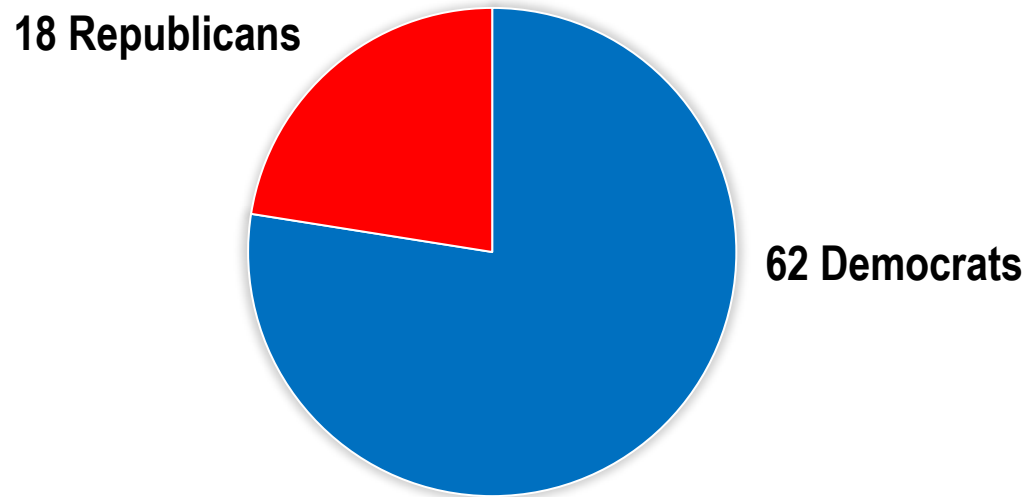
**In addition, principal of each school must develop an expenditure plan**



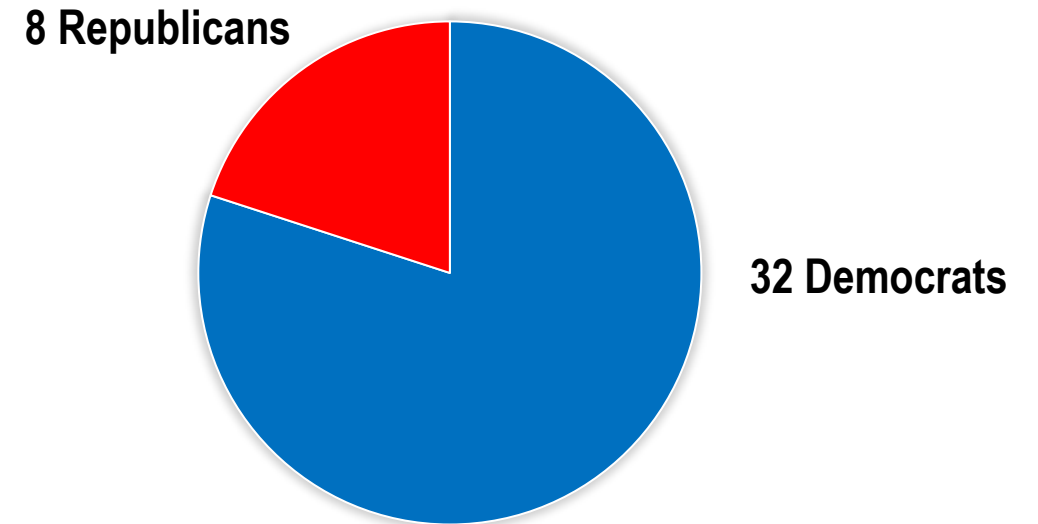
# California's New Legislature

- It proved to be a big night for California Democrats in the 2022 election as the party swept every statewide office once again and retained their supermajority in both houses

**ASSEMBLY (80 MEMBERS)**



**SENATE (40 MEMBERS)**





# Thank you!

John Gray  
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