YPI CHARTER SCHOOLS
EXECUTIVE DIRECTOR'S REPORT

February 10, 2020

The mission of the YPI Charter Schools (YPICS) is to prepare students for academic success in high school, as well as post--secondary education; prepare students to be responsible and active participants in their community; and enable students to become life-long learners. Students at YPI Charter Schools will become active citizens who characterize the ideals of a diverse and democratic society. Students will provide service to their community, take responsibility for their own learning, and develop the habits of mind and body that will empower them to be successful in high school and beyond.

CCSA:

National:

From the National Alliance for Public Charter Schools —

As we approach the end of an eventful year for the charter school movement, I wanted to take a moment to thank you for your support and highlight some of the biggest moments from 2019.

We're grateful to the millions of people across party lines and in every part of the country who speak out in support of charter schools. We know our schools are making a difference in the lives of students and in the communities we serve, and we'll continue making that message heard loud and clear.

For every state, such as California, where changing political dynamics raised new barriers to charter school growth, other states reflected the wishes of parents and supported their charter schools. Alabama, Colorado, Florida, Indiana, Ohio, Tennessee, and more provided fairer funding to charter schools and took steps to make more high-quality schools available to students.

After a tumultuous federa1 appropriations process, Congress is now likely to provide the same record level of blinding for the Charter Schools Program as last year, along with funding increases for Title I and IDEA. And courts in Florida, Mississippi, Missouri, and elsewhere ruled in favor of our schools and students.

Throughout the 2020 elections, we expect to hear continued attacks on charter schools, both in the presidential race and in other races around the country. But we are encouraged by polls that consistently show parents want more public school choices. Both EdNext and the Benenson Strategy Group produced important surveys this year showing that support for charter schools remains strong, particularly among families of color.

Our most important mission in 2020 will be to make sure charter school supporters are active and vocal. Parents who value their schools cannot take them for granted. Educators who value the freedom and empowerment that charter schools offer cannot sit quietly while special interests try to take them away. We love working with the great people throughout this movement who know how important charter schools are to students. As we get ready for the year ahead, read below for some of our top moments and achievements from 2019.

Happy Holidays,

Nina Rees
President and
CEO
National Alliance for Public Charter Schools

State:

From *School* ***Services of*** *California —*

"CDE Releases the 2019 California School Dashboard"

By Kyle Hyland

On Thursday, December 12, 2019, the California Department of Education (CDE) released the third year of the California School Dashboard (Dashboard), the state's accountability system for local educational agencies (LEAs) and individual schools.

The Dashboard replaced the state's previous accountability system, the Academic Performance Index (API), which was suspended five years ago. The API relied exclusively on standardized test results and gave each school a single score. The Dashboard, on the other hand, incorporates multiple measures via six state indicators and five local indicators (seven for county offices of education [COEs]). LEAs and individual schools receive one of five color-coded performance levels for each state indicator for the total student population, as well as individual student groups. Performance levels for the state indicators are based on status (current-year performance) and change (improvement or declines over time).

Local indicators are reported for LEAs, but not for' individual schools within an LEA. For each local indicator, an LEA can receive a rating of Met, Not Met, or Not Met for Two or More Years. Performance on the local indicators is a reflection of the LEA's response to the State Board of Education (SBE) approved self-reflection tools designated for each local indicator.

Performance on the Dashboard is used to identify LEAs and individual schools that need assistance under state and federal accountability standards. Under the statewide system of support, COEs take the lead in ensuring that support providers work collaboratively with school districts to identify the factors behind low achievement and to provide assistance. Under current law, charter school authorizer's are responsible for ensuring that charter schools identified for differentiated assistance are taking the necessary steps to improve. (Assembly Bill 1505 [Chapter 486/2019] shifts this responsibility to county offices of education and geographical lead agencies, for charter schools authorized by a county, beginning with the 2020-21 school year.) The 2019 Dashboard is the first year that charter schools can officially be identified for differentiated assistance.

This is also the first year that LEAs, including charter schools, can be identified for' differentiated assistance based on their performance on the English Learner Progress Indicator (ELPI). However, since the ELPI measures progress towards proficiency rather than just proficiency, it takes two years of data to determine status, and three years of data to determine change, both of which are necessary to populate one of the five color'-coded performance levels on the Dashboard. Since a performance color cannot be populated for the ELPI until the 2020 Dashboard, the SBE approved using the ELPI status of "very low" as a proxy for "red", the lowest color performance on the Dashboard, in order to identify LEAs for assistance (see "SBE Approves Details for the ELPI and Modifications to the ESSA State Plan" in the November 15, 2019, *Fiscal Report).*

According to the CDE press release, the fall 2019 Dashboard has identified 333 school districts, 53 less than last year (386), as having at least one low-performing student group across two of the state priorities, making them eligible for differentiated assistance. The Dashboard data also identified 32 charter schools where at least three student groups (or all student groups if the charter school has less than three student groups) did not meet the performance standard for any Local Control Funding Formula priority area over the past three years, thus meeting the eligibility for differentiated assistance.

All districts identified for assistance will need to work with their respective COEs or other support providers, such as the California Collaborative for Educational Excellence, to lift the performance of the student groups that are struggling. Charter schools that were identified will need to work with their authorizers to raise their student performance as well.

The CDE will also use the Dashboard to identify schools that are eligible for fedei'a1 assistance funding under the Every Student Succeeds Act (ESSA). The list of these schools will likely be released sometime in January; and we will be sure to provide a Fiscal Report article with that information.

The Dashboard is available for viewing at www.caschoo1dashboard.org. (Also see attached "SSC School District and Charter School Financial Projection Dashboard — 2020-21 Governor's Proposed State Budget".)

"Assembly Democrats Outline 2020—21 Budget Priorities"

By Kyle Hyland
posted December 17, 2019

On Monday, December 9, 2019, Assembly Budget Committee chairman Phil Ting (D-San Francisco), released his house's Blueprint for a Responsible Budget (Blueprint), which identifies the Assembly's priorities for investments based on the Legislative Analyst's recent report projecting a $7 billion State Budget surplus going into fiscal year 2020-2021.

For the 2020-21 State Budget, the Blueprint sets the following four broad goals to:

1. Ensure the state is ready for potential future uncertainty and protect promises made
2. Continue moving forward
3. Remove the remaining Great Recession cuts
4. Continue aggressive oversight for effective government

The Blueprint then goes into more specifics for each of those four goals, in the area of education, the Blueprint calls for:

- Providing funding for preschool facilities
- Expanding access to early care and education programs
- Helping K—12 schools deal with finding needs
- Improving the state's special education programs
- Increasing higher education access at California State University, adding to California student enrollment at the University of California, and reforming financial aid

The release of the Blueprint falls weeks ahead of the January 10, 2020, expected release of Governor Gavin Newsom's 2020—21 State Budget proposa1. The Senate is also expected to reveal its spending priorities in the next several weeks, all of which will set the stage for next year's State Budget negotiations.

"AB 215 and Its Fiscal Impact on Schools"

By Dave George, SELF
posted December 19, 2019

Editor's Note. From time to time, we publish guest articles that we think inform readers on timely and relevant issues *for schools. This guest article by Schools Excess Liability Fund (SELF) provides information on the impact of Assembly Bill (AB) 218 for local educational agencies (LEAS), focusing exclusively on fiscal considerations for insurance management. We recognize that we are dealing with very sensitive subject matter that has a profound impact on victims, and in no way desire to diminish their pain, but rather hope to inform those responsible for ensuring coverage. While insurance is an important topic, it is no substitute for proper recruiting, hiring, training, and supervision of those responsible for the safety of every child in their care. Dave George is the Chief Executive Officer for the Schools Excess Liability Fund.]*

As you may or may not already be aware, AB 218 was signed by Governor Gavin Newsom in mid-October and becomes law on January 1, 2020, allowing lawsuits from any time in the past against schools by victims of sexual assault. This article does not seek to minimize or trivialize the trauma associated with inappropriate sexual conduct, but rather share how AB 218 creates a ticking time bomb for LEAs. School insurance professionals and other' education stakeholders across California have worked to educate our state leadership on the potential effects of this law on public education, as LEAs around the state will be pushed to fiscal distress. Insurance premiums were estimated assuming policies would not incur costs of future sex-assault claims once the statute of limitations had passed. Now insurers need to recalculate their reserves based on the new law. For example, one school insurer alone Increased their claims reserve by $1OOM when New York passed a similar law last year; California will likely be far worse.

Here are some things to know now and to prepare for in your 2020-21 and subsequent budget cycles.

AB 218: What Does the Bill Do?

AB 218 is a broad, retroactive reform of California civil law as it relates to childhood sexual assault. It allows lawsuits to be filed against your LEA and your employees (and former employees) by a person up to the age of 40, for' acts of sexual assault that occurred prior to age 18—meaning students you may have had up to 22 years ago. This is a permanent part of the law. It further includes what is called "reviver" language that allows lawsuits against schools to come forward, regardless of the age of the victim. The window of this "revives" period is three years. Therefore, LEAs can receive a lawsuit beginning January 1, 2020 through December 31, 2022 for allegations occurring from any point in the past, by a person of any age.

What is a JPA?

California law allows public agencies to come together for a mutual purpose and form a joint powers authority (JPA), which itself is also a public entity. Insurance protection is a common use of this tool, as a JPA is how public school districts in California commonly procure their insurance, including employee benefits, workers compensation, and property and liability insurance. There are many JPAs in California for public schools, but regardless of what entity it is, a JPA is the legal structure for how we all work. The JPA is NOT insurance; it is a cooperative, or joint purchasing pool, of insurance for public entities. Each of your districts makes a contribution annually to your JPA; thinly of it as your insurance premium. Public entities, in fact, largely insure each other on a statewide basis by sharing in each other's risk, also known as "self-insurance." The public sector has been using this mechanism of self-insurance as far back as the 1970s. Through a combination of self-insurance, purchased coverage, and excess insurance, LEAs attempt to protect their' ongoing viability for' current and future students. SELF has protected school districts in California since 1986 by providing excess liability coverage through a JPA.

AB 218 Implications for Your District

If you are involved in your district's insurance program, you know that property and liability insurance costs have increased over the past few years. Property coverage saw the most dramatic increase this past year due to multiple years of wildfire activity in California, but liability coverage costs have grown substantially as well. AB 218 will add very significant cost pressure on top of this. Litigation, jury awards, and settlements against public agencies in California have risen dramatically in the past few years. The addition of AB 218 to California law will compound this in two ways.

First, recalling that you largely insure each other as public entities, those dollars are collected annually and are actually determined. Just as pension contribution rates are rising for California State Teachers' Retirement System and California Public Employees' Retirement System, so will estimated liability costs for lawsuits, and thus contribution rates for Insurance will rise. Second, while JPAs self-insure, they also procure traditional insurance/reinsurance to protect against volatility in claims. Insurance and reinsurance markets in the U.S. and globally are raising their rates significantly in response. But more than just raising rates, they are weighing their own risk with California public entities and, in some cases, choosing to discontinue doing business with us or limiting the amount of insurance they are willing to offer to public entities. This ultimately puts more of the risk and cost back to you and will encroach on your General Fund.

What to Expect Now

Your General Fund contributions to Fund 67 for liability premiums will be rising significantly and potentially exponentially for' the foreseeable future. This is not just because prospective costs will be rising, but retrospective costs as well. Because this legislation is retroactive to all years in the past, you may receive lawsuits from any year. The only way to pay for' these prior years is with further contributions from LEAs and reliance on old insurance policies that may have been in place.

You will want to report any lawsuit immediately to your current insurance partner JPA, which we know you already have systems in place to do. But understand you may receive litigation from years you had a different insurance arrangement. You will want to document your insurance coverage history as far back as you are able so you understand what coverage you had, the policy limits, and whether there are any years in which a commercial insurer you had a policy with may no longer be in business. At SELF, we are assisting our members with their coverage history with us as far back as 1986, but some litigation will pre-date that. Many of your JPAs are doing the same.

Going Forward

Look to your current JPA for help and guidance. JPAs have been your insurance experts for well over three decades so that you can focus on what you are experts in: educating California's students. I can speak for all of us in the school insurance business in saying that we are here to serve schools. While our news will be focused on increasing costs in the coming years, know that we are committed to help guide you through the impacts of these changes in law on your insurance. We will continue to keep you updated as we know more and, to give as much advance notice as possible, so you can plan your insurance costs each budget year.

"New Laws for 2020"

Over the fall, School Services of California Inc. highlighted the most important bills signed by Governor Gavin Newsom in his first year of office that will affect education in 2020 and beyond. As a refresher as we enter into the New Year, here are some of the most significant bills affecting education operations:

- **Assembly Bill (AB)** 218 extends the statute of limitations for commencement of legal action for childhood sexual assault to forty years of age, or five years from discovery of the injury; provides enhanced damages for a cover up, as defined, of the assault; and provides a three-year window in which expired claims could be revived.
- **AB 1353** reduces the probationary period for school district classified employees from one year to six months in non-merit school districts.
- **AB 1505** makes various changes relating to charter school authorizations, appeals, and renewals; clarifies the teacher credentialing requirements of chatted' school's teachers; and places a two-year moratorium on nonclassroom-based charter schools starting January 1, 2020.
- **Senate Bill (SB) 142** requires employers to provide a lactation room or a location that includes prescribed features; access to a sink and refrigerator in close proximity to the employee's workspace; and develop and implement a policy that educates employees on these rights.
- **SB 126** requires charter school governing boards to comply with a variety of the same open meeting, conflict-of-interest, and disclosure laws as traditional school district governing boards.
- The education community is still interpreting how AB 5 will affect certain education functions—like facilities maintenance and special education specialists. AB 5, which is being challenged in court and at the ballot box, codifies the California Supreme Court decision in the *Dynamex Operations West Inc. v*, *Superior Court* into law, and makes other changes to how independent

contractors are defined. Legislative changes are expected to be proposed in 2020.

Some bills did not take effect on January 1, 2020, but local educational agencies (LEAs) would be wise to consider starting to plan for.

- **AB 48**, if Proposition 13 is approved by voters in March 2020, changes certain aspects of school facilities law, including the ability for districts to levy developer fees in certain circumstances.
- **AB 1172** creates new oversight for non-public schools serving students with disabilities beginning in 2020-21.
- **SB 276** requires the California Department of Public Health (CDPI-I) to develop a standardized medical exemption certification form which, beginning January 1, 2021, will be the only documentation of a medical exemption that is acceptable, and further requires CDPH to review all medical exemptions from schools or institutions with an immunization rate of less than 95%, physicians who have submitted five or more medical exemptions in a calendar year, and schools or institutions that do not provide reports of vaccination rates to the CDPH.
- **SB 328** changes the school start time for middle and high schools, but does not take effect until July 1, 2022, or when a district's current collective bargaining agreement expires.
- **SB 390** requires school security officers and security guards employed by a school or community college district, commencing July 1, 2021, to complete a specific training course regardless of the number of hours worked per week.
- **SB 419** extends the prohibition for the suspension of a pupil in grades 4 and 5 for willful defiance, and for five years prohibits the suspension of a pupil in grades 6 through 8, beginning July 1, 2020.
- Finally, some measures take effect immediately upon the Governor's signature. For example SB **265,** which requires those LEAs to ensure that a student whose parent or guardian has unpaid school meal fees is not denied a reimbursable meal of the student's choice because of the fact that the student's parent or guardian has unpaid meal fees, and to ensure that the pupil is not shamed or treated differently from other pupils.

"Special Fiscal Report: Governor's Proposals for the 2020-21 State Budget and K—12 Education"

Posted January 10, 2020

Preface

During the Great Recovery, California enjoyed unprecedented growth in funding largely due to restoration of past reductions, growth in the economy, and passage of Propositions 30 and 55. To open his press conference, Governor Gavin Newson disabused California's naysayers, those with "California Derangement Syndrome," that the best days are behind us.

Governor Newsom's press conference preamble, as he called it, highlighted the state's job growth, bond rating, rainy day fund, state surplus, and payments to the Wall of Debt. He gave credit to Governor Jerry Brown for setting the tone and tenor on many of these items and continues these as priorities. In the world of education, Newsom also honors Governor Brown by continuing the Local Control Funding Formula (LCFF), but also goes his own way when it comes to local versus state control of funds for new programs.

Over the fall, the education community braced against the news that the cost-of-living adjustment (COLA) might be significantly less than what was projected just months before. There was hope that Governor Newsom would provide flexible funding above a meager COLA, perhaps with a "super" COLA, for the LCFF. Instead, Governor Newsom proposes several new or continued categorical programs, all with laudable goals, but few that provide immediate relief when the cost to keep local educational agencies (LEAs) afloat hovers around 4%.

As we enter the 2020-21 State Budget deliberations, a key focus will be on whether California is slowly or quickly moving into a new education-funding era.

Overview of the Governor's Budget Proposals

On Friday, January 10, 2020, just after 10:30 a.m., Governor Newsom released his second proposed State Budget for' the upcoming 2020-21 fiscal year stating that "Building a strong fiscal foundation now is the best way the state can prepare for the future and continue to build a 'California for All'." Gone are the days of the five-minute budget press conferences by former Governor Jerry Brown. Consistent with his inaugural State Budget presentation, Governor Newsom went into great detail and spent nearly two hours presenting the budget through his Twitter account followed by an additional hour of answering questions from reporters.

The Governor led by explaining that he is proposing a $157 billion General Fund Budget for the upcoming fiscal year, a 2.23% increase over the current year. The total State Budget proposed by the Governor measures at $222.2 billion. Governor Newsom emphasized that the 2020—21 Budget is structurally balanced. He uses a significant amount of one-time funds as a way to provide flexibility during times of economic uncertainty. In fact, this strategy, along with continued economic growth, allowed the Governor to propose extending nearly $2 billion in programs that were due to expire on December 21, 2021, to July 1, 2023. Being fiscally prudent, examples of proposed flexibility are found in the education budget where nearly 60% of the $3 billion in available new revenue is proposed for new or the extension of one-time investments.

Economic Outlook

Acknowledging eleven years of economic expansion, the State Budget proposal forecasts "constrained growth" for the state over the next four years. Governor Newsom noted in his press conference that while the economy is not contracting, our continued growth is. Nevertheless, the state's General Fund continues to enjoy stronger than estimated revenue from the "Big Three" taxes. The 2020-21 revised revenue forecast is over $5 billion more than the 2019-20 State Budget Act projection. Personal income tax is up by $1.2 billion, corporation tax is up by $700 million, and revenue from the sales and use tax is projected to be $1.1 billion over the 2019 Enacted Budget estimates.

Governor' Newsom continues to build additional reserves beyond the $16 billion currently set aside in the Rainy Day Fund. An additional $1.9 billion transfer is proposed in the budget year and an additional $1.4 billion over time, bringing the Rainy Day Fund to $19.4 billion by 2023-24. This unprecedented level of state savings and Governor' Newsom's prudent budgeting approach, which mimics the days of his immediate predecessor, can help the state weather a future economic storm should it come.

The Economy and Revenues

Economic Outlook

Following the footsteps of his predecessor, Governor Newsom cautions that the opportunities for continued economic growth is expected to slow as both the nation and the state have reached full employment. The economic stimulus from the 2017 federal tax policy changes has run its course, interest rates are very low, the stock market is at an all-time high, and growing risks from trade tensions between the U.S. and China as well as military escalation in the middle east all create instability in the global economies of California's trade partners. In particular, California faces unique structural risks in its aging population and housing shortage.

The State Budget proposal includes constrained job growth realized unevenly across the state and acknowledges an increase in payroll jobs resulting from rule changes on independent contractors, moving most onto company payrolls. The Budget assumes that personal income growth will be 4% through the projection period. Growth in real wages and personal income are necessary to sustain healthy consumption and overall economic activity.

While the State Budget identifies rising economic risk re1ated to the housing shortage, the *UCLA Forecast* from December 2019 focuses on continued trade tensions with China, subprime auto loans, certification of the Boeing 737 Max, and trillion-dollar deficits. As the world's fifth largest economy, California is especially reliant on import-export business and decreasing imports will have an impact. When combined, the economists at UCLA state that the likelihood of a recession is 32%, but shares that a temporary economic slowdown in the second half of 2020 is far more likely.

Revenues

The 2020-21 State Budget assumes higher overall revenues for fiscal years 2017-18 through 2019—20, exceeding the 2018—19 State Budget projections by more than $5.05 billion. Over the three-year period, personal income tax, sales and use tax, and corporation tax are expected to beat earlier estimates.

Over the long term, the forecast calls for continued increases in the state's "Big Three" taxes. "Big Three" Revenue Forecast

(General **Fund Revenue—in billions)**

	Fiscal Years						**Average Year-Over-Year Growth**
	2018-19	**2019-20**	**2020-2021**	**2021-22**	**2022-23**	**2023-24**	
Personal Income Tax	**$98.6**	**$101.7**	**$102.9**	**$106.1**	**$108.1**	**$110.0**	**$2.2%**
Sales & Use Tax	**$26.1**	**$27.2**	**$28.2**	**$29.0**	**$29.7**	**$30.4**	**$3.1%**
Corporation Tax	**$14.1**	**$15.3**	**$16.0**	**$16.5**	**$17.0**	**$17.6**	**$4.6%**

Proposition 98

Adopted by state voters in 1988, Proposition 98 sets in the State Constitution a series of complex formulas that establish the minimum funding level for K—12 education and community colleges from one year to the next. This target level is determined by prior-year appropriations that count toward the guarantee and (1) workload changes as measured by the change in average daily attendance (ADA), and (2) inflation adjustments as measured by the change in either per capita personal income or per capita state General Fund revenues, whichever is less. While gains experienced over the last several years continue with the 2020—21 State Budget proposal, these gains represent the minimum required by law.

Current- and Prior-Year Minimum Guarantee

The Proposition 98 minimum guarantee has increased from the 2019 State Budget Act for both 2018—19 and 2019-20 due largely to an increase in property tax revenue in 2018-19 and increased General Fund revenues in both years.

For the current year, Governor Newsom's State Budget proposal acknowledges an increase of $517 million from the 2019—20 State Budget Act—raising the Proposition 98 guarantee to an estimated $81.ó billion, up from $81.1 billion. The 2018—19 year reflects a more modest increase of $301.5 million, raising the minimum guarantee from $78.1 billion to $78.4 billion.

2020—21 Minimum Guarantee

For 2020—21, the Governor's State Budget proposes a Proposition 95 guarantee of $84 billion, an increase of $3 billion year over year. As expected, given the continued declines in enrollment, the guarantee is projected to be based on Test 1—funding based on education's proportion of the General Fund in 1986-87.

Cost-of-Living Adjustment and Average Daily Attendance

The estimated statutory COLA for II—12 education programs in 2020—21 is 2.29%, and is applied to the LCFF base grant targets, as well as other education programs that are funded outside of the LCFF. Those programs include Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers, the American Indian Early Childhood Education program, and the Mandate Block Grant.

Note that while the COLA is lower than estimated in the 2019—20 enacted State Budget, it is higher than that projected by the Legislative Analyst's Office in its *Fiscal Outlook,* which was released in November 2019.

Statewide, ADA is expected to continue declining. The State Budget proposal reduces Proposition 98 funding in 2019—20 due to an ADA decline greater than projected in the 2019-20 State Budget Act, and in 2020—21 from a further projected ADA decline in 2020-21.

Local Control Funding Formula

The Governor's 2020-21 State Budget proposal includes an increase of $1.2 billion in Proposition 98 for the LCFF reflecting the 2.29% COLA. This brings LCFF funding to $64.2 billion.

LCFF Tai-get Entitlements for School Districts and Charter Schools

The target base grants by grade span for 2020—21 are increased over 2019—20 by 2.29% to reflect the estimated statutory COLA:

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

The Transitional Kindergarten (TK)—3 grant increase for the class-size reduction (CSR) grade span adjustment is $819 per ADA in 2020—21, and the grade 9-12 base grant per ADA is increased by $248 in recognition of the need for Career Technical Education (CTE) courses provided to students in the secondary grades.

School districts and charter schools are entitled to supplemental grant increases equal to 20% of the adjusted base grant (including CSR and CTE funding) for the percentage of enrolled students who ate English learners, eligible for the free or reduced-price meals program, or in foster care. An additional 50% per-pupil increase is provided as a concentration grant for each percentage of eligible students enrolled beyond 55% of total enrol1ment.

Special Education

Following the investment in the 2019—20 State Budget for Assembly Bill (AB) 602 equalization ($152 million) and one-time flexible funding to school districts based on the number of preschoolers with disabilities ($493 million) plus the call for policy reform to improve outcomes for students with disabilities—the 2020-21 State Budget continues to provide investments in special education. Governor Newsom's Budget for' 2020-21 proposes to use all of last year's $645 million to fund special education base grant increases this year and to use a three-year rolling average of LEA ADA, while still allocating funds through Special Education Local Plan Areas (SELPAs). All but one hundred LEAs will receive an increase in base funding through this funding and those LEAs will be hold harmless.

Similarly to the 2019—20 State Budget, the Budget proposes $250 million one-time funding to school districts based on the number of preschoolers ages three to five years with exceptional needs served. In a departure from the flexible nature of these funds in the current year, the Budget would require the funds to be allocated to increased or improved services. The Budget proposes $4 million one-time Proposition 98 General Fund for dyslexia research, training, and a statewide conference.

Long term, the 2020—21 State Budget calls for a multiyear approach and one-time funding to study the current SELPA governance and accountability structure and improved accountability for special education service delivery and student outcomes. Going forward, the Administration plans to create a new funding formula to support equity, more inclusive practices, and early intervention; make changes to governance and accountability; pursue reforms related to family and student engagement; and incorporate recommendations from the Master Plan for Early Learning and Care.

Teacher Investments

The State Budget proposal includes over $900 million in one-time Proposition 98 funds to address California's persistent educator shortage and crisis in the following programs:

- $350 million to expand the existing Educator Workforce Investment Grant program to provide training to support students with disabilities and English learners, as well as to develop educator capacity in the areas of multitiered system of supports, social-emotional learning and restorative justices practices, non-discriminatory and anti-bullying supports for marginalized student groups, and computer science and STEM fields
- $193 million for the Workforce Development Grant Program, as well as $175 million to expand the Teacher Residency Program, which address teacher shortages in high-need subjects and areas
- $100 million to provide $20,000 stipends for teachers who participate in the California Teacher Credential Award Program and complete four years of teaching in a high-need subject at a high-need school
- $64.1 million to expand the Classified School Employees Credentialing Program to support classified staff who aspire to become credentialed teachers

Community Schools and School Nutrition

Community Schools

In reinforcing efforts to serve the whole child, the 2020—21 State Budget proposes to invest $300 million in one-time Proposition 98 funds to establish Community School giants accessible by LEAs that employ the community school model. Such efforts would include student wrap-around services like mental health and social services; training in student mental and behavioral health, trauma-informed care, and restorative justice; family and community engagement such as home visits; extended learning time; and expanded learning opportunities.

School Nutrition

The Governor proposed to increase funding for school nutrition by an ongoing $60 million Proposition 98 appropriation and proposes a $10 million Proposition 98 fund to train school food service workers in promoting healthier and more nutritious meals. Additionally, a new Farm to School Grant Program is proposed to be created in the Department of Food and Agriculture, which will provide grants to schools for access to healthy food. This new grant is proposed to be funded with $10 million in non-Proposition 98 funds to start and $1.5 million annually thereafter.

Computer- Science

The Governor reminded us that he is particularly interested in malting sure students are able to access computer science education. With that in mind, he is investing $15 million in one-time funds for grants that LEAs may access to support training approximately 10,000 K-12 teachers to earn a supplementary authorization on their credential to teach computer science. In addition, the Statewide System of Support will gain a computer science component as $2.5 million in one-time funds is proposed for one county office of education to serve as a repository for computer science resources for professional development, curriculum, and best practices.

Early Childhood and Preschool

Early childhood investments continue to be a top priority for Governor Newsom. This is perhaps most strongly signaled by his sweeping proposal to establish a Department of Early Childhood Development under the Health and Human Services Agency, and shift all but the California State Preschool Program from the Department of Education into the new department, beginning in July, 2021. The new department is intended to integrate early childhood funding, programs and services including childcare, home visiting, and early health programs. As it relates to programs affecting public agency providers, the Governor's State Budget proposals includes the following investments:

- $75 million in Proposition 98 funding to expand the Inclusive Early Education Expansion program that provides one-time giants to construct or modernize preschool facilities that serve children with disabilities
- Increases the provider reimbursement rates for' General Child Care and State Preschool by a 2.29% COLA
- Proposes future changes in the State School Facility Program if voters approve the $15 billion statewide school bond (Proposition 13) to provide facility grant enhancements to expand preschool programs on school campuses

School Facilities

The State Budget proposal does not include any significant new initiatives for school facilities. It acknowledges the Public Preschool, K—12, and College Health and Safety Bond Act (Act), which will appear on the March 2020 ballot as Proposition 13 and reforms the School Facility Program (SFP).

Similar to his first budget last year, the Governor's 2020—21 State Budget proposal includes the sale of an additional $1.5 billion in bonds for 2020—21 to support the SFP—funding that will go to address the backlog of school districts and charter schools waiting for state funds to become available.

Lastly, the Budget for 2020—21 proposes diverting a portion of the funds allocated for' school districts to retrofit and construct facilities to support full-day kindergarten programs. As part of the 2019-20 Adopted Budget, $300 million was allocated to encourage school districts to increase access to students in kindergarten—particularly through the conversion of part-day to full-day programs—by retrofitting existing or constructing new kindergarten facilities. The Budget proposal looks to dedicate an unspecified portion of these funds to support the construction of preschool facilities on school campuses. Assuming passage of Proposition 13, the Administration would also introduce language to provide new construction and modernization per pupil grant enhancements for the construction or modernization of facilities to expand preschool programs.

System of Support

The 2019 Dashboard released last month identified 333 school districts to work with their county offices of education (COEs) for differentiated assistance. This work is pai4 of the statewide system of support that has evolved over the last several years, which is intended to help persistently low performing LEAs identify and address root causes for their lack of progress. The 2020—21 State Budget proposal reinforces the statewide system of support with a one-time $300 million investment to establish Opportunity Grants and expand the capacity of the California Collaborative for Educational Excellence. The grants ate for the lowest-performing schools and school districts to pair with federal Title I resources to provide integrated and intensive interventions to close achievement gaps.

CalSTRS and CalPERS Payments

While the Governor makes reference to the $3.15 billion (one-time, non-Proposition 98) California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) investment that was made on behalf of employers as part of the enacted 2019-20 State Budget, he does not propose to provide any additional CalSTRS and CalPERS relief for LEAs in his 2020—21 State Budget blueprint.

Discretionary Funds

The second consecutive year, or I Governor Newsom's State Budget does not propose any one-time Proposition 98 discretionary funding for school districts, charter schools, or COEs.

Federal Programs

Late December 2019, President Donald Trump signed the spending bill for fiscal year 2020 that increased education funding nationally by $1.3 billion to bring it to $72.8 billion. Included in this increase are $600 million for Head Start and $400 million each for Title I and special education. California receives approximately 10% of these national figures. Because the federal fiscal year inns October through September, these changes affect the next school year.

In Closing

In closing, Governor Newsom is making his mark and distinguishing himself in his proposed 2020-21 State Budget. While respecting Brown's education reform by maintaining LCFF at "full funding" through providing the COLA, he is creating and maintaining several one-time education programs under his watch. While many of these programs are intended to improve LEA operations over the long term, Governor' Newsom provides minimal, immediate relief from the myriad cost pressures that LEAs face.

Remember that the Governor's Budget proposal marks the beginning of the process, not the end. We expect the Legislature to push back on the Governor's priorities and propose their own. As the various proposals are considered by legislative committees, we can expect both confrontation and compromise. We continue to watch the evolving dynamic between a Governor hitting his stride in the second year and a well-established legislative 1eadership with a strong Democratic supermajority.

We look forward to continuing to see the vision Governor Newsom has for the state of California and wish him well as we all continue this journey together.

From California Association of school Business Officials (CASBO) —

“Understanding the Changes to Proposition 13”

B) Sara C. Bachez end Elizabeth Esquivel, Go»ernn1ental Relations

Understanding that legal jargon and election ballot information can be confusing to voters, there ls an added complexity regarding two initiatives impacting public education in this year’s election cycles on March 3, 2020 and potentially on November 3, 2020.

The two Proposition 13 related measures are known as *The Californians for Safe Schools and Healthy Learning* (on the March 3, 2020 ballot) and *Schools and Local Communities First (proposed for the November 3, 2020 ballot).* This article explains both initiatives and their current status in detail.

Proposition 13: Californians for Safe Schools and Healthy Learning March 3, 2020)

On October 7, 2019, Governor Newsom signed AB 48 (O’Donnell and Glazer), which placed a $15 billion state school facilities bond on the March 3, 2020 statewide primary election. The Secretary of State assigned the heavily supported initiative by state officials, educators and administrators, and education organizations with the ballot number Proposition l3.

According to the recent Public Policy Institute of California (PPIC) statewide survey, 53 percent of likely voters support a statewide measure to authorize bonds for construction and modernization of public school facilities, with 36 percent opposing it and 10 percent as undecided.

K-12 Programs

- New construction: $2.8 billion, with up to 10 percent set aside for small school districts
- Modernization: $5.2 billion, with up to 10 percent set aside for small school districts and $150 million earmarked for lead in water projects
- K-12 Career Technical Education: $500 million
- Charter Schools: $500 million

Higher Education

- California Community Colleges: $2 billion
- California State University: $2 billion
- University of California: $2 billion

Grant Amounts

- *New* ***Construction*** *projects:* Increases the state grant amount sliding scale basis, from 50% to 55% (New state match 55% and local match 45%).
- *Modernization projects:* Increases the state grant amount sliding scale basis, from 60% to 65% (New state match 65% and local match 35%).
    - o For both modernization and new construction projects, the giants will be based on a districts ability to generate local funds and the percentage of low income, foster care, and English learner students.

Prioritization

- Establishes four cycles annually for review of applications.
- Prioritizes health and safety applications, such as projects addressing mold, asbestos, seismic safety, and lead in water, in the review process.
- Establishes a separate funding program to enable school districts to test and remediate lead in drinking water outlets.
- Allows school districts to demolish and construct a building on an existing school-site, if the following conditions are met:
  1. The building or buildings to be replaced are at least 50 years old.
  2. The school district provides to the department a cost-benefit analysis that indicates the total cost to modernize the building or buildings is at least 50 percent of the current replacement cost of the building or buildings. The cost-benefit analysis may include applicable site development costs.

Recognizes Hardship

- Provides school districts affected by a disaster, such as wild fires, with immediate assistance, such as temporary facilities.
- Increases the number of school districts eligible to receive up to 100 percent of state grants due to inability to provide a local match.
- Establishes a process to assist small school districts in applying for funds and access of those funds.

Allowable Uses

- Allows construction projects to include 1) preschools at school sites, 2) kitchens, and 3) space for counselors and nurses to increase support services.

Developer Fees

- ***Developer Fees for Multifamily Housing:*** Until January 1, 2026, waives fees for multifamily housing within a ½ mile of a major transit stop. Until January 1, 2026, provides 20% reduction to multifamily housing projects in other areas.
- ***Developer Level 3 fees:*** The Level 3 fee doubles the fees paid by developers when state bond funds are exhausted. However, Proposition 13 suspends this fee level from January 1, 2021, or whenever existing bond funds are expended, to January 1, 2028.

Schools and Local Communities First (proposed November 3, 20203

The proponents of "The California Schools and Local Communities Funding Act of 2020" have submitted a revised initiative to increase funding for K-12 public schools, community colleges, and local governments by amending the state constitution to require commercial and industrial properties to be taxed based on their market value. Exempted from the proposed measure would be residential properties, agriculture properties, and owners of commercial and industrial properties with combined value of $3 million or' less.

This proposed measure impacts the famous measure from 1978, Proposition 13 that placed limits on property taxes equal to 1 percent of the value, plus an additional amount for pre-existing outstanding local debt. The 1978 constitutional amendment eliminated local agencies ability to issue bonds with two-thirds vote and restricted annual increases of assessed value of real property to an inflation factor, not to exceed 2 percent.

After accounting for state income tax losses related to the proposed measure, it is estimated to generate between $6.5 billion to $11.5 billion annually, with the new revenues distributed 60 percent to local governments and 40 percent to Schools and community colleges.

Major Components of the Initiative

- *Threshold for market value reassessment.* More than $3 million in property value
- *Education Funding:*
    - 11 percent to community colleges
    - 89 percent to K-12 public schools, charter schools, and county offices of education
    - Annual minimum of $100 (adjusted annually) per full-time student for all schools and colleges
- *Effective Date:* January 1, 2022 and defers reassessment for small business property until the 2025-26 fiscal year
- *Small Business:* The term small business must meet all of the following criteria: 1) have 50 or fewer full-time equivalent employees; 2) be independently owned and operated in California; and 3) owns real property located in California

Status of the Initiative

The campaign has until Apri1 14, 2020 to gather the required 997,139 signatures to qualify for the November 3, 2020 statewide ballot. On December 3, 2019, the proponents certified that they had reached the 25 percent of required signatures, or 249,285 signatures for a constitutional amendment.

Upon receipt of the certification of the 25 percent threshold, the Secretary of State must provide copies of the proposed initiative measure and the circulating title and summary to the Senate and Assembly. Each house of the legislature is required to assign the proposed initiative measure to its appropriate committees and hold joint public hearings, at least 131 days before the date of the election at which the measure is to be voted on, in this case November 3, 2020. The legislature cannot amend the proposed measure or prevent it from appearing on the ballot.

The proposed measure has garnered support from various labor organizations and community-based organizations, but has also been met with significant opposition from various business organizations such as the California Business Roundtable, California Chamber of Commerce, and the California Taxpayers Association.

What's Next?

This initiative is still pending circulation. We will keep you informed should it qualify for the November 3, 2020 statewide ballot.

District:

Currently LAUSD Board seats in Districts 3, 5, and 7 are up for reelection. This year the board races will coincide with the Presidential election cycle. Don't forget to vote!

YPICS:

Prop 39 -

The high school has received a Preliminary Prop 39 Offer from LAUSD for the 2020-2021 school year. YPICS needs to accept the offer by April 1, 2020.

Professional Development:

YPICS District Professional Development (PD) Days

All teachers and full-time employees are provided training during YPICS PD. The January PD focused on ELD, Project-Based Learning, and the new math and assessment program, iReady. The February PD was in response to an HR Staff survey provided at the January PD, which indicated that teachers felt that they needed support and resources regarding Social Emotional Learning (SEL). Mr. Max Garcia, the High School Counselor, who also has a MFT License, Mr. Vashon Nutt, and the YPICS Director of Special Education, alongside, BCCS staff experts, and members of the Options 3 team of Specialist from LAUSD led the program for staff on 2/3/20. The day was successful as evidenced by the PD survey results. School staff asked if additional training could be provided to follow-up with the February SEL workshops.

Relay Training (Leverage Leadership and Get Better Faster)

YPICS Instructional Leadership Team (Yvette King-Berg, Ruben Duenas, Larry Simonsen, Dr. Rene Quon, Vashon Nutt, Freddy Zepeda, Daniel Rios, and Monica Garcia) attended the Relay Session Three Instructional Leadership Professional Development in Los Angeles and Oakland during the Month of January.

GEAR UP:

The US Education Department approved YPICS to use Think Together to provide services for the GEAR UP Grant. YPICS has carried the GEAR UP support services directly since October 25, 2019, the Friday that YPI closed its' doors for business. 1400 seniors in the grant from the six schools were still supported to complete UC and Cal State applications in November. December and January the Gear UP focus moved to supporting seniors to complete private school applications and FAFSA Completion. Ruben Duenas, Yvette King-Berg, and Nick Wu will be attending the GEAR UP Conference to attend a few GEAR UP Directors Meetings at the end of February in Orlando, Florida.

SSC School District and Charter School Financial Projection Dartboard
2020-21 Governor's Proposed State Budget

This version of School Services of California Inc.'s (SSC) Financial Projection Dartboard is based on the 2020—21 Governor's State Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFP) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF GRADESPAN FACTORS

Entitlement Factors Per ADA*	K—3	4-6	7-8	9-12
2019-20 Base Grants	$7,702	$7,818	$8,050	$9,329
COLA at 2.29%	$176	$179	$184	$214
2020-21 Base Grants	$7,878	$7,997	$8,234	$9,543
Grade Span Adjustment Factors	10.4%	--	--	2.6%
Grade Span Adjustment Amounts	$819	--	--	$248
2020-21 Adjusted Base Grants	$8,697	$7,997	$8,234	$9,791

Supplemental Grants (% Adj. Base)	20%
Concentration Grants (% Adj. Base)	50%
Concentration Grant Threshold	55%

*Average daily attendance (ADA)

PLANNING FACTORS

Factors		2019—20	2020—21	2021—22	2022—23	2023-24
Statutory COLA 1		3.26%	2.29%	2.71%	2.82%	2.60%
California CPI		3.09%	2.99%	2.89%	2.69%	2.73%
California Lottery	Unrestricted per ADA	$153	$153	$153	$153	$153
	Restricted per ADA	$54	$54	$54	$54	$54
Mandate Block Grant (District)	Grades K—8 per ADA	$32.18	$32.92	$33.81	$34.76	$35.74
	Grades 9—I2 per ADA	$61.94	$63.36	$65.08	$66.92	$68.81
Mandate Block Grant (Charter)	Grades K—8 per ADA	$16.86	$17.25	$17.72	$18.22	$18.73
	Grades 9—I2 per ADA	$46.87	$47.94	$49.24	$50.63	$52.06
One-Time Discretionary Funds per ADA						
Interest Rate for Ten-Year Treasuries		2.0%	2.25%	2.51%	2. 50%	2.60%
CalSTRS Employer Rate[2]		17.10%	18.40%	18.10%	18.10%	18.10%
CalPERS Employer Rate'		19.721%	22.80%	24.90%	25.90%	26.60%

STATE MINIMUM RESERVE REQUIREMENTS

Reserve Requirement	District ADA Range
The greater of 5% or $69 000	0 to 300
The greater of 4% or $69,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

1 Applies to LCFF, Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers/American Indian Early Childhood Education and Mandate Block Grant.

2 California State Teachers' Retirement System (CalSTRS) rates in 2019—20 and 2020-21 are final, Rates in the following years are subject to change based on determination by the CalSTRS Board.

3California Public Employees' Retirement System (CalPERS) rate in 2019—20 is final. Rotes in the following years are subject to change based on determination by the CalPERS Board.