

# Making Waves Academy

*Governor's May Revision Budget Update  
MWA Board Meeting*

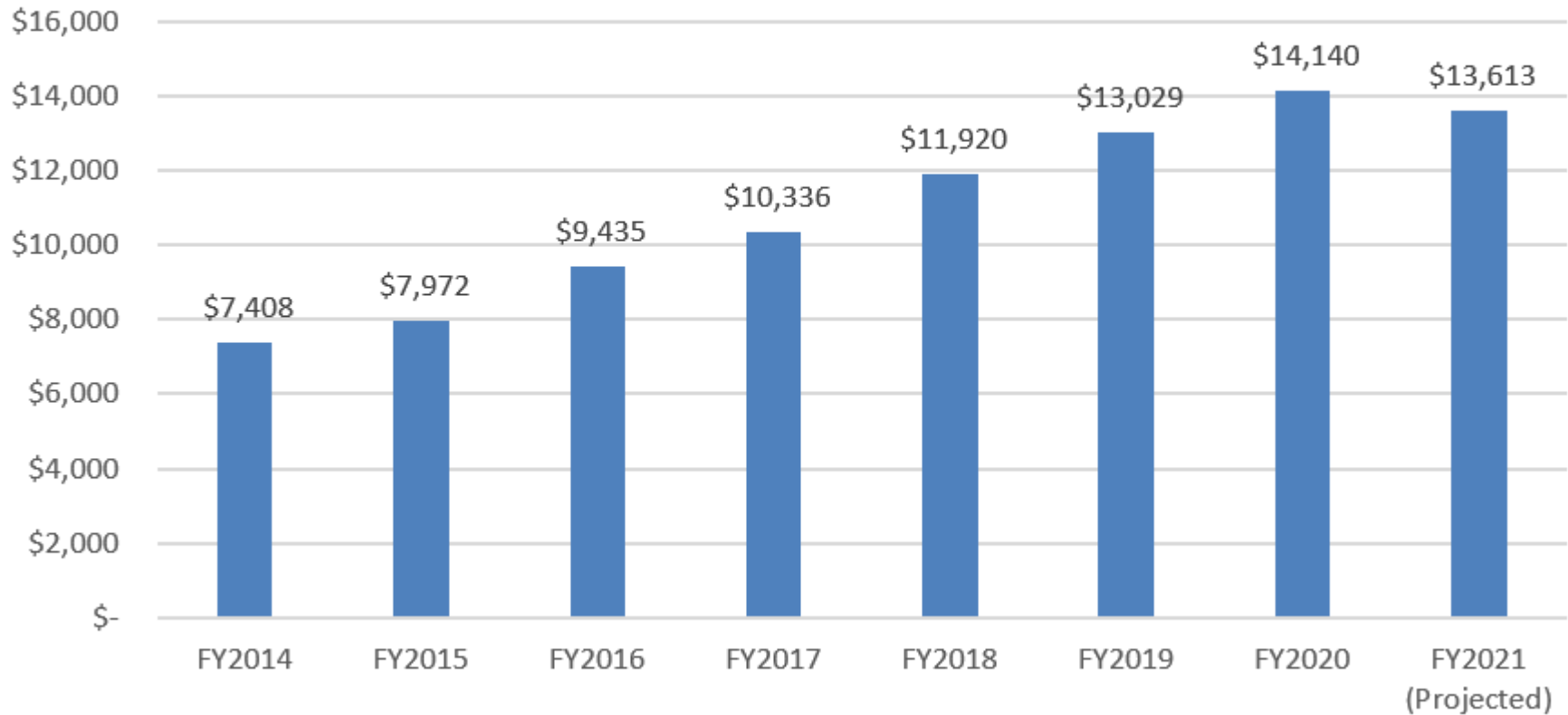
*May 2020*



# History of Government Revenues



## MWA Government Revenues Per Pupil



FY2021 will see government revenue drop for the first time since the Local Control Funding Formula (LCFF) was adopted in FY2014.



# 2020-21 LCFF Funding Cuts

- The May Revision suspends the 2.31% COLA and includes an additional reduction – for a total of 10% cut to the LCFF
  - First, the 2.31% COLA is applied to arrive at the 2020-21 base grant
  - Then the 10% reduction is applied – for an effective reduction of 7.92% to the 2019-20 base grant amounts

Grade Span	2019–20 Base Grant per ADA	2.31% COLA	2020–21 Base Grant per ADA	10% Reduction	Effective 2020–21 Base Grant per ADA
K–3	\$7,702	\$178	\$7,880	[-\$788]	\$7,092
4–6	\$7,818	\$181	\$7,999	[-\$800]	\$7,199
7–8	\$8,050	\$186	\$8,236	[-\$824]	\$7,412
9–12	\$9,329	\$215	\$9,544	[-\$954]	\$8,590

We assumed a net cut of 5% in the preliminary budget, which was lower than the net 7.92% proposed by the governor. The budget impact will be about \$330k less LCFF funding than what we estimated.



# Federal COVID-19 Relief Grant

The governor proposes to allocate \$4.4 billion of federal relief “to local educational agencies offering classroom-based instruction based on a formula that takes into account the share of students most heavily impacted by school closures, including students with disabilities, low-income students, English learners, youth in foster care, and homeless youth.” The governor may be proposing to restrict these funds to being spent for “learning loss mitigation,” though details are short here.

**School Service of California (SSC) estimates that MWA will be receiving about \$250k federal relief grant, which was not included in this preliminary budget.**



# CalSTRS Relief

The governor proposes to redirect \$2.3 billion previously appropriated to reduce long-term CalSTRS pension liabilities and use the funds instead to provide more near-term relief to school employers. The proposal would reduce CalSTRS employer rates from 18.41 to 16.15 percent in 2020-21 and 18.2 to 16.02 percent in 2021-22.

**The reduction in CalSTRS employer rates will reduce MWA's CalSTRS expenses by about \$150k in FY21.**



# Other Proposals

- Defer \$1.9 billion of state aid to schools, presumably from the end of the current 2019-20 fiscal year to 2020-21, and a larger \$5.3 billion deferral in 2021-22 to 2021-22. Presumably these would be short, June to July deferrals, but details are not yet available.
- Reduce funding for many existing categorical programs, including the After School Education and Safety (ASES), Career-Technical Incentive Grant, K-12 Strong Workforce, and deleting the COLA for others.
- The SB 740 Charter School Facility Grant Program would not be provided a Cost of Living Adjustment (COLA) as proposed in January.
- Maintain the proposed increase to special education base rates, but deleting the 2.31 percent COLA, for a net increase of \$645 million—the only major state funding increase in the K-12 portion of the budget.



# Questions?