COUNTYWIDE CHIEF BUSINESS OFFICERS MEETING
FEBRUARY 27, 2020
9:30 a.m. to 12:00 p.m.
GILROY ROOM

AGENDA

Welcome and Introductions

SCCOE Updates

Parcel Tax Discussion

SCCOE Technology Updates - Jim Carrillo, Technology & Data Services

Legislative and Budget Updates - Leilani Aguinaldo, School Services of CA

CBO Roundtable

MEETING SCHEDULE FY 2019-2020

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Prepared For:
Santa Clara County Office of Education

Countywide Chief Business Officers Meeting
February 27, 2020

Prepared By:
Leilani Aguinaldo
Director, Governmental Relations
In his 2020–21 State Budget blueprint released on January 10, 2020, Governor Gavin Newsom proposed to invest over $900 million in one-time Proposition 98 funds for several initiatives aimed at addressing the state’s persistent teacher shortage. With the release of budget trailer bill language from the Department of Finance, we now know the specifics of how the Newsom Administration is proposing to implement these initiatives, which we detail below.

**Educator Workforce Investment Grant ($350 Million)**

The enacted 2019–20 State Budget included a $37.1 million one-time non-Proposition 98 investment to establish the Educator Workforce Investment Grant to support professional learning opportunities for teachers and paraprofessionals. However, these grants were only available to institutions of higher education and nonprofit organizations, meaning that local educational agencies (LEAs) are not permitted to apply directly for these funds during the 2019–20 fiscal year.

The $350 million one-time, Proposition 98 funds proposed for the Educator Workforce Investment Grant program in the 2020–21 State Budget, however, would be available exclusively to LEAs via a competitive grant process established by the California Department of Education (CDE) and the California Collaborative for Educational Excellence (CCEE). The language stipulates that the $350 million would go out via five strands and that the recipients would need to collaborate with specified entities to ensure consistent and coherent delivery of the dollars. The five strands and their pot of funds would be:

1. Literacy: $75 million
2. Mental health supports and school climate: $75 million
3. Supports for students with disabilities: $50 million
4. English learners: $50 million
5. Science, technology, engineering, and mathematics (STEM); and computer science: $100 million

Priority would be given to applicants that qualify for differentiated assistance based on their California School Dashboard results as well as applicant schools that have been identified for comprehensive support and improvement under the Every Student Succeeds Act.
The program funds would be available for encumbrance through June 30, 2025.

**Workforce Development Grant Program ($193 Million)**

The Governor proposes to invest $193 million in one-time Proposition 98 funds to establish the Workforce Development Grant Program, which aims to increase K–12 staff who provide student services such as counseling, speech therapy, mental and physical health services, clinical and rehabilitative services, social services, and librarian media services.

A competitive grant process would be used to identify a county office of education (COE) to serve as the lead agency to administer the program. This COE would receive nearly $3 million for the sole responsibility of developing requests for proposals (RFPs) and the criteria for selecting grant recipients.

Up to $20 million of the funds are designated for planning grants for at least one hundred LEAs while $170 million would be available for implementation grants. LEAs selected for the planning grants would become eligible for the implementation phase only after they are able to demonstrate that they are prepared to begin their programs. More specifically, applicants would need to demonstrate a local need for student services personnel, present a plan that proposes solutions to address those needs, and be prepared to provide reports and data to the lead agency as a condition of funding.

The lead agency would be responsible for issuing the RFPs for the grants, reviewing the proposals for feasibility in addressing identified workforce shortages, determining the number and amount of awards to be distributed, and deciding who the grantees would be. Priority would be given to applicants that partner as a consortium of LEAs and applicants that propose to provide financial support to cover the tuition, fees, and books of the enrolled candidates. Additionally, applicants would be required to partner with at least one institution of higher education for both the planning and implementation phases of the program. LEAs that are eligible to apply for grants are school districts, COEs, charter schools, and state special schools.

The program funds would be available for encumbrance through June 30, 2025.

**Teacher Residency Program ($175 Million)**

In order to recruit, prepare, and retain educators in high-need subject areas and high-need communities, Governor Newsom proposes $175 million in one-time Proposition 98 funds to expand the Teacher Residency Program, which was established in the enacted 2018–19 State Budget.

The Commission on Teacher Credentialing (CTC) would provide grants via a competitive process for LEAs to establish new or expand existing teacher residency programs in designated shortage areas (special education, bilingual education, STEM, and computer science). The CTC would determine the number of grants and the total amount awarded to each applicant. Grant recipients would be required to work with at least one
commission-accredited teacher preparation program and would be permitted to partner with other community partners or nonprofit organizations in order to develop and implement their programs. The CTC would give priority consideration to LEAs that demonstrate a commitment to increasing diversity in the teaching workforce and that also have schools in which at least 50% of the students qualify for free or reduced-price meals (FRPM) or that are located in rural or densely populated regions.

Grants allocated would amount to up to $20,000 for each teacher candidate in the residency program, with a required dollar-for-dollar match from the LEA. Acceptable uses of the funding include, but are not limited to: teacher preparation costs, stipends for mentor teachers, stipends for teacher candidates, recruitment costs, residency program staff, and mentoring and beginning teacher induction costs. Grant recipients may use up to 5% of the award for administrative costs and the award does not preclude teacher residents from receiving other forms of federal, state, or local financial assistance.

Teacher residents selected by the LEAs that receive funding through this program would be required to work at their designated school for at least four years after earning a preliminary teaching credential, or be required to repay at least part of the grant funding they received.

The language also permits the CTC to allocate $5 million of the appropriation to provide competitive capacity grants to LEAs that partner with regionally-accredited institutions of higher education in order to expand or create teacher residency programs that lead to more credentialed teachers in the specified high-need subject areas. The CTC would determine the number of capacity grants to be awarded and the amount of those grants, which are not to exceed $150,000 per grant recipient.

The program funds would be available for encumbrance through June 30, 2025.

Teacher Credential Award Program ($100 Million)

The Governor is also looking to provide the CTC with $100 million one-time Proposition 98 funds to establish the Teacher Credential Award Program, which would provide $20,000 stipends to teachers with preliminary credentials who teach a high-need subject at a high-need school. The CTC would approve all applications submitted by LEAs that have teachers who meet the criteria for this program.

Teachers who meet the criteria would receive a $20,000 stipend paid out at $5,000 annually over four years. The first annual payment would be made to qualifying teachers upon completion of an academic year of qualifying service and upon certification of a CTC-developed application.

For the purposes of the program, a qualifying teacher is defined as an educator who has attained a preliminary credential in a high-need subject area (special education, bilingual instruction, STEM, or computer science) on or after July 1, 2019. The qualifying service of a teacher is defined as the completion of one year of instructional service (completed after July 1, 2020) in a high-need subject at a high-need school.
High-need schools are defined as schools that exhibit at least one of the following criteria: at least 50% of students qualify for FRPM; at least 5% of teachers are misassigned (as determined by the CTC) or working on a short-term staffing permit, a provisional intern permit, or a waiver; a school located in either a rural or densely populated region; or a school with a cumulative voluntary attrition rate that exceeds 20% over the three preceding school years.

The program funds would be available for encumbrance through June 30, 2025.

**Classified School Employee Teacher Credentialing Program ($64.1 Million)**

Governor Newsom is also proposing to invest an additional $64.1 million in one-time Proposition 98 dollars for another round of funding for the Classified School Employee Teacher Credentialing Program. A total of $45 million was previously allocated for this program during fiscal years 2016–17 and 2017–18. The purpose of the program is to provide funding to LEAs to recruit classified school employees for teaching careers by supporting their undergraduate education, preparation, and certification to become credentialed teachers.

The $64.1 million would be appropriated to the CTC to provide grants to LEAs of no more than $20,000 per candidate. This new round of funding would provide grants for at least 3,200 teacher candidates, and priority would be given to LEAs that did not receive funding in previous years of the program.

The program funds would be available for encumbrance through June 30, 2025.

**County Outreach Funding ($18 Million)**

In an attempt to bolster awareness of the available services and supports for LEAs and to strengthen the capacity of LEAs to improve student outcomes, the Governor also proposes to provide $18 million in one-time Proposition 98 funds to the CCEE.

Based on a methodology established by the CCEE—and subject to approval by the Executive Director of the State Board of Education—the CCEE would provide grants to COEs to improve coordination efforts with county and municipal service providers to ensure that high-need pupil populations have access to wraparound services. Under this grant, the COEs that receive this funding are expected to coordinate their activities with the activities of LEAs in their jurisdiction that receive Community Schools Partnership Grants and Opportunity Grants (see articles “[Framework for California Community School Partnership Grants Proposed](#)” and “[Opportunity Grant Program Proposed to Aid Low Performing LEAs](#)”, respectively, in the current Fiscal Report).

The program funds would be available for encumbrance through June 30, 2025.
The much-anticipated proposed new special education funding formula language was released on Friday, February 14, 2020. As summarized by the Administration on January 10, the proposal would create a new special education funding formula based on a three-year rolling average of average daily attendance (ADA) at the local educational agency (LEA) level, while continuing the distribution method of sending special education funds through Special Education Local Plan Areas (SELPAs).

The proposed trailer bill:

1. Sunsets the Education Code sections often referred to as Assembly Bill (AB) 602, ending its operation on July 1, 2020
2. Replaces it with a new two-prong calculation similar to this year’s calculation that equalized two-thirds of SELPAs to the statewide target rate

Each LEA’s (district, charter, and/or county office of education) funding per ADA will be applied at the higher of the two scenarios:

1. $660 per second principal apportionment ADA average of the current and past two years
2. Per-ADA amount in the 2019–20 fiscal year based on the LEA’s SELPA AB 602 rate, plus the cost-of-living adjustment (COLA)

- For those LEAs that would be funded at the proposed $660 rate, a COLA would be applied in future years
- For those LEAs that are funded at their historic, “hold harmless” rate, no COLA is provided—a “hold harmless” LEA leaves its current SELPA, it defaults to the $660 rate

As under current law, SELPA Funding Allocation Plans vary widely and will determine the use of the additional funds as agreed upon by the local SELPA governance councils.

The proposal is able to significantly raise the per-ADA special education funding rate due to the repurposing of this year’s two pots of funds: $152 million in AB 602 equalization and $493 million to districts based on preschoolers with disabilities counts.

As a reminder, the Administration also proposes to provide a second year of one-time funding to districts based on preschoolers with disabilities, which is at a total of $250 million statewide this year. Additional details on that, as well as other special education proposals, can be found here.
Governor Gavin Newsom’s proposed State Budget for 2020–21 includes $300 million to establish a California Community Schools Partnership Program. According to the draft trailer bill language, the State Superintendent of Public Instruction (SSPI) is responsible for developing the application process and administration plan for the selection of grant recipients, with the approval of the executive director of the State Board of Education. The SSPI has until January 31, 2021, to finalize the plan, but the trailer bill language gives priority for grant funding to the following:

- Applicants serving students in high-poverty schools in which 90% of students are eligible for the free or reduced-price meals program
- Applicants with a demonstrated need for expanded access to integrated services
- Applicants that propose to partner in a consortium with other schools or county agencies

If signed into law, the trailer bill will define a community school for the first time in the Education Code. As proposed, a community school includes the following:

- Integrated support services—including the coordination of health, mental health, and social services that ensure support with county and district resources, as well as early screening and intervention for learning and other needs
- Family and community engagement—which may include home visits, home-school collaboration, community partnership, and school climate surveys
- Collaborative leadership and practices for educators and administrators—including professional development to support mental and behavioral health, trauma-informed care, social-emotional learning, restorative justice, and other key areas
- Extended learning time and opportunities, including before and after school care

Districts, county offices of education, and charter schools—including nonclassroom-based charter schools—would be eligible for funding. The California Community Schools Partnership Program grants will be awarded on a competitive basis, and recipients will have until June 30, 2025, to encumber or spend funds.
Opportunity Grant Program Proposed to Aid Low Performing LEAs

BY LEILANI AGUINALDO

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posted February 7, 2020

Released last week, Governor Gavin Newsom’s proposed education omnibus trailer bill provides a framework for the opportunity grants that were unveiled as part of the Governor’s proposed State Budget for 2020–21. The Opportunity Grant Program (Program) is intended to provide “grant funds and state technical assistance to the state’s highest poverty and lowest performing schools, school districts, county offices of education, and charter schools.” The proposed state budget invests $300 million, one time, for this new Program.

The California Collaborative for Educational Excellence (CCEE) is tasked with collaborating with the California Department of Education to develop several details of the Program, such as the grant selection process, the low-performance school criteria to be used in the selection process, and how grant amounts will be determined. These details will be part of an administration plan that the CCEE is required to complete by November 30, 2020, with approval by the Executive Director of the State Board of Education (SBE).

Entities eligible to receive funds shall include a single school or a consortia of schools within a district; a school district with numerous high-poverty schools; a charter school, in consultation with its charter school authorizer; and a county office of education with one or more high-poverty schools in its jurisdiction. Additionally, at least 90% of a grant recipient’s student population must be eligible for free or reduced-price meals. Grant amounts shall be determined by the CCEE and approved by the SBE Executive Director by March 30, 2021, and will consider the number of students in the recipient school and the size and scope of other awards and grants the recipient has already received.

Grantees will have until 2024–25 to spend or encumber funds which may be used for the following:

- Staffing improvements, including recruiting and retaining teachers and mentors
- Integrated student supports such as mental health and before and after school care
- Extended learning time
- English learner development programs
- High-quality curriculum and training, including technology supports and social-emotional learning and restorative justice
- School redesign that enables more personalized, effective instruction such as teaching teams that share students, or small learning communities that are known to dramatically reduce dropouts and improve graduation rates
The Program also includes funding for the CCEE and county offices of education to provide support to grant recipients. Up to $30 million of the total $300 million allocated for the program may be used for the following purposes:

- Establish CCEE capacity to better support award recipients
- Provide award recipients with direct supports and services
- Create a school quality diagnostic review and planning process and/or tool to assist schools and districts in determining areas of improvement and informing a plan for continuous improvement
- Establish a team of distinguished educators who can support award recipients directly and assist other struggling local educational agencies (LEAs)
- Develop training modules and engage in training leadership teams from recipient schools and other high-need LEAs

As proposed, the criteria for determining grant recipients will not be available until the CCEE develops the administration plan for the Program. But this proposal marks the first time that state funds have been proposed by the Governor for LEAs identified as low performing.
In order to help credentialed teachers prepare for and earn their supplementary authorization in computer science, Governor Gavin Newsom’s Administration is proposing a one-time $15 million Computer Science Supplementary Authorization Incentive Grant program.

Local educational agencies (LEAs)—defined as a school district, a county office of education, superintendent of schools, or a state-operated education program—may apply for a grant of up to $1,500 per participating teacher. When applying, LEAs will need to identify the educators who will be participating; the number of coursework credits needed by each educator; and an estimated cost for the required coursework, books, fees, tuition, and release time. The awards would not be subject to LEA indirect costs.

Grants would be used for the purpose of paying the teacher costs of coursework, books, fees, and tuition. LEAs would be required to provide a 100% match in the form of either an in-kind match of release time or substitute teacher costs for the participating teacher, or a dollar-for-dollar match to be used for the required coursework, books, fees, tuition, and release time.

The Commission on Teacher Credentialing would request proposals from LEAs and accept applications until all funds are expended. If the bill passes, the funding will be available until June 30, 2025.
In the 2020–21 State Budget proposal, Governor Gavin Newsom proposed two new pots of funds for child nutrition—one for additional meal reimbursements and another for food service employee training.

Child Nutrition Meal Rate and Reporting Requirement

The 2020–21 State Budget proposal includes an additional $60 million ongoing for child nutrition, which according to the Department of Finance, would increase the reimbursement rate from $0.250 to $0.335 per meal. But the funds are not simply a reimbursement rate increase—they are intended to improve the quality of subsidized school meals and encourage participation in federal and state subsidized school meal programs.

In order to receive these funds, a local educational agency (LEA) must report by June 30, 2021, how it used the funding for this purpose, and can include activities such as:

- Implementing a subsidized school meal program
- Adopting a universal meal provision and serving additional fresh fruits and vegetables, including California–grown food
- Expanding meal options or meal opportunities such as Breakfast After the Bell programs
- Serving alternative meal options such as plant–based food products
- Implementing operational improvements to facilitate more efficient delivery of meals or improved meal quality

While funding would not be recouped from the LEA if such activities did not take place in 2020–21, in order to continue receiving the funds in the future, LEAs will need to certify that they are continuing to use the funds consistent with these goals. If an LEA does not comply, they will lose this funding in future years.

Classified Food Service Employee Training

Also proposed is a one–time $10 million appropriation allocated to LEAs based on the number of classified (full–time or part–time) school employees employed by the LEA in 2019–20. The funds would be for food service staff to receive training on promoting nutritious food—which may include training on food preparation, healthy food marketing, and changing the school lunchroom environment. If the bill passes, LEAs (which include school districts, charter schools, and county offices of education) will receive at least $1,000 for this purpose.
As the next major step in the 2020–21 State Budget process, the Department of Finance (Finance) released trailer bill language needed to implement the proposals that were summarized on January 10, 2020.

Over the next few days, we will be providing our analysis of the trailer bill language that has been released. As of this writing, one of the most significant proposals, to create a new special education funding formula, has not been made public. Finance anticipates releasing that language in the next few weeks, along with “additional supporting documentation in the coming months to help clarify the Administration’s proposals.”

In the meantime, there are several special education proposals that were released. The funding based on preschoolers with disabilities mirrors this year’s funds except for the addition of legislative intent language describing how the dollars should be used by the districts that receive them based on pupil count of preschoolers with disabilities. The State Budget proposal summary states that districts would need to allocate the dollars for increased or improved services, however, legislative intent language does not have the force of law, so the following are suggested uses of funds:

- Early intervention services, including preschool and supportive services for young children who are not meeting age-appropriate developmental milestones
- One-time programs or resources that are not required in an Individualized Education Program (IEP) or in an individualized family support plan, but which a local educational agency (LEA) believes will have a positive impact on a young child
- Strategies to improve student outcomes identified through the state system of support and other activities to build upon or expand local multi-tiered systems of support, including inclusive educational programming
- Wraparound services for preschool children with exceptional needs not required by federal or state law, but which an LEA believes will have a positive impact on a young child
- New or expanded services for preschool children with exceptional needs as determined by a new or expanded IEP pursuant to the federal Individuals with Disabilities Education Act (IDEA) law

The trailer bill language also proposes to freeze in place several aspects of the current special education funding structure of special education local plan areas (SELPAs) and funding for special education services outside the base AB 602 formula, including:

- Temporarily freezing the ability to create new single-district SELPAs
- Freezing funding for necessary small SELPAs with declining enrollment
- Freezing extraordinary cost pool funding
- Freezing funding for low-incidence pupils
• Freezing program specialists/regionalized services funding
• Continuing the existing formula an additional year for out-of-home care funding

Additionally, the Administration proposes to expand the use of educationally related mental health services funding and freeze the current-year allocation. Starting in 2020–21, educationally related mental health services funds could be used for all mental health related services, including out-of-home residential services for emotionally disturbed pupils; counseling and guidance services, including counseling, career counseling, personal counseling, and parent counseling and training; psychological services; social work services; behavioral interventions; and other mental health related services not necessarily required by the federal IDEA.

Finally, as previewed in the State Budget proposal summary, three studies would be funded as follows:

• $4 million for allocation to a designated county office of education for the California Dyslexia Initiative
• A $500,000 contract for a study with a California postsecondary educational institution or a nongovernmental research institution that will examine special education governance and accountability
• A $250,000 contract with an LEA to convene a workgroup that will examine and propose alternative pathways to a high school diploma for students with disabilities
• A $350,000 contract with an LEA to convene a workgroup that will design a state standardized IEP template

Though the trailer bill language regarding a new special education funding formula is not yet in print, it will be in the coming weeks. Once introduced, the language will become part of the larger budget discussions. We will provide additional details on existing and future trailer bill language over the coming days and weeks.
The Department of Finance just released trailer bill language related to Governor Gavin Newsom’s proposals for the 2020–21 State Budget. Among the provisions are proposed changes in language that would affect collective bargaining procedures in local school agencies.

**Collective Bargaining Disclosures**

The current provision in Government Code Section (GC §) 3540.2 states that school districts with a qualified or negative certification that have reached a settlement with a local union must provide the county office of education (COE) with at least 10 days to review and comment on the collective bargaining disclosure. Then the COE notifies the school district whether the proposed agreement would endanger the fiscal well-being of the district, along with the rationale for that conclusion. Similar language applies to COEs and combined COE/districts that submit their budgets to the State Superintendent of Public Instruction (SSPI).

Proposed trailer bill language would eliminate the “qualified or negative certification” language and the reference to “school district” and replace these with “all school district employers”. Likewise, there is proposed language related to COEs and combined COE/districts that removes the reference to “qualified or negative certification”. These proposed changes would have the effect of including all school districts and COEs, no matter the budget certification, and would clearly incorporate charter schools and other local school agencies.

Further, the language proposes that the opinion from the COE or SSPI as to whether the agreement endangers the fiscal well-being of the agency would now be sent to the union that is the subject of the agreement (along with the superintendent and governing board as currently required).

**Certification**

Currently, GC § 3547.5 requires that the district superintendent and chief business official certify that the cost of an agreement with a union can be met during the term of the agreement, itemizing any budget revisions necessary to meet the costs. If the district does not adopt all of the revisions to its budget as required, the COE issues a qualified or negative certification on the next interim report.
Proposed trailer bill language would specify that the certification of the district superintendent and chief business official would be under penalty of perjury. Further, rather than issuing a qualified or negative certification on the next interim report, the COE would issue a notice of going concern, which would provide the COE with the ability to intervene before the next interim report.

Non-Represented Employees

The trailer bill proposes to include non-represented employees in the above provisions related to the disclosures and the certification. The following would be added to the definitions within GC § 3540.1:

“Non-represented employees” means confidential employees, management employees, supervisory employees, and any other employees of a public school employer who are not otherwise represented by a certified organization or recognized organization.

Additional language is proposed to require the preparation of a collective bargaining disclosure-type of document for an agreement with a non-represented employee or group, including the requirement for the superintendent and chief business official to certify that the cost of the agreement is affordable and/or the district must adopt the necessary budget revisions to meet the cost. Many local school agencies and COEs have already been doing this in practice, but it would now be a requirement if the trailer bill language is ultimately approved.

Conclusion

The purpose of these proposals is consistent with that of the original fiscal oversight laws—most notably AB 1200 (Chapter 1213/1991) and AB 2756 (Chapter 52/2004)—to help ensure that local agencies maintain fiscal solvency and reduce the risk that the state will need to step in with an emergency apportionment. We anticipate that, as these proposals work their way through the legislative process, potential impacts on local school agencies and employees not currently included in the disclosure and certification laws are duly considered and vetted. We anticipate that additional language clarifying the administration’s special education funding proposals will be released in the next few weeks. Stay tuned . . .
Current District Cost Pressures and Potential Solutions

BY MICHELLE MCKAY UNDERWOOD

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Last week, the Legislative Analyst’s Office (LAO) released a report looking at recent cost pressure trends facing school districts. While the number of districts with qualified or negative budget ratings is historically low, this is not indicative that budgets are currently easy to balance.

Cost Pressures

Many of the cost drivers highlighted by the LAO will be very familiar to districts—declining enrollment, staffing levels and compensation, and special education expenses.

Declining Enrollment

In addition to declining birth rates over the last decade, California has also experienced net out-migration of school-aged children every year since 2013. This decline is not uniform across the state; counties like Los Angeles, Orange, and Santa Clara are experiencing the most significant declines, while more affordable areas like Kern and San Joaquin counties are experiencing growth.

Charter school attendance has also been growing significantly, from 8% to 10.5% of overall public school attendance between 2013–14 and 2018–19. However, 10% of districts actually saw a decline in charter school attendance.

Staffing Levels and Compensation

As districts reduced their class sizes during implementation of the Local Control Funding Formula (LCFF), the number of full-time equivalent (FTE) teachers has increased 6.4% from 2013–14 to 2018–19. Over the same time period, even larger growth has occurred in the classified employee ranks, from 242,000 FTE support staff in 2013–14 compared to 294,000 in 2018–19.

Districts are also increasing compensation for the staff they have: the average salary of a teacher in 2018–19 was approximately $82,000, an increase of about 5% over the inflation-adjusted 2013–14 level. The LAO also noted that small districts have the most varied compensation changes—ranging from an increase of 38% to a decrease of 24%—compared with a 9% increase to a 5% decrease in the largest districts.
Additionally, districts have been facing ongoing increases in pension costs for both classified and certificated staff. For 2019–20, the LAO estimates total district pension contributions will be approximately $7.9 billion, an increase of $4.7 billion over the 2013–14 level. On the plus side, districts’ health benefits cost increases have slowed significantly since 2013–14.

Special Education Expenses

As highlighted in their special education primer this fall (see Overview of Special Education in California), the LAO noted the growing rate of identification of students with disabilities. Over the past decade, identification for special education services has increased from 11% to 13%, and much of this growth is in the diagnosis of Autism. The number of students identified with Autism has increased from 1 in 600 in 1997–98 to about 1 in 50 in 2018–19, and the trend is expected to continue.

Chronically Distressed Districts

The LAO took a look at what they defined as “chronically distressed districts”: two or more qualified/negative ratings since the First Interim report of 2016–17, or two consecutive negative ratings in 2018–19. While these districts come in all shapes and sizes, they tend to be large, experiencing declining enrollment, and have slightly higher unduplicated pupil percentages. The LAO also found that these districts have high leadership turnover, with nearly half of the districts reporting turnover of their superintendent or chief business officer within the past 12 months.

Options to Help Districts

To help alleviate districts’ cost pressures, the LAO recommends that the Legislature:

- Consider providing more funding through the LCFF, which would help all districts address some of their key cost pressures—including their salary, health care, and pension costs
- Increase special education funding rates, addressing the historic inequities by leveling up current funding rates
- Set aside a portion of new one-time Proposition 98 funding for paying down districts’ unfunded pension liabilities more quickly
- Provide districts with one-time grants to be used for any unfunded retiree liabilities or future pension rate increases

The full report can be found here.