

West Contra Costa Unified School District  
*Office of the Superintendent*

**Friday Memo**  
**June 26, 2020**

**Upcoming Events – Matthew Duffy**

June 8 - July 31: 4-day work week for employees, all sites closed on Fridays

June 30: Special Board of Education Meeting, Video Conference, 6:30 PM

July 3: Independence Day Holiday Observed, all sites closed

July 7: Agenda Setting, 4:30 PM

July 15: Board of Education, Video Conference, 6:30 PM

**Next Week's Meeting June 30 - Matthew Duffy**

Closed Session will begin at 5:30 PM.

**State Budget and Next Steps for WCCUSD - Tony Wold**

As the State budget continues to shift and school districts and the world struggle to address the newfound challenges caused by the COVID-19 pandemic there is a need to provide some grounding to our work and decision making. "School," as we have known it, is changing right before our eyes. We are being charged with developing new ways to deliver instruction, and simultaneously maintain and increase student achievement. None of us have professionally or personally experienced this type of significant causality that has immediately forced us all to restructure the way we do business.

Over the past three months the world has clearly learned how essential school is to the economic prosperity of the world. When schools are shut down it impacts every corner of the economy in ways that none of us fully understood before these times. In addition, this transformative event is an opportunity for us to truly collaborate with all of our stakeholders (students, parents, educators, and community) to identify our critical path forward.

WCCUSD started down this pathway in September 2019 when we identified the current structural budget shortfall and identified a strategy to move the District back to fiscal solvency. Pre COVID-19 the District worked collaboratively with all of our bargaining units to identify ongoing negotiated reductions and with our broader group of stakeholders to identify permanent non-salary reductions. With the Board's adoption of the budget for 2020 - 2021 we had completed the first step of maintaining fiscal solvency. During all of this we were keenly aware that this plan to maintain fiscal solvency would require a multi-year approach with the need to make further reductions in the upcoming year so long as the State did not adequately fund education.

**The State Budget "Compromise"**

As we shared on Wednesday night, the State Legislature announced on Monday that it has come to a conceptual agreement with the Governor in regard to the budget. **This agreement utilizes multiple one-time solutions (Federal Cares Act, anticipated future Federal funding, and Deferrals) and if revenue projections do not materialize this would mean more, and possibly even greater reductions for the 2021 - 2022 school year.** The agreement, for the short-term, is better than the worst-case scenario that was proposed initially by the governor in May which was the foundation for our adopted budget. As

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we stated on June 10th we anticipated that we would need to adjust the budget after it was adopted. The key data points that will drive when to adjust the budget are the following:

- July 2020 all revenues will be adjusted based upon the adopted budget as final details are released. Completion of “School” reopening plan and beginning of priority conversation for resource allocation based upon the most pressing needs.
- August 2020 determination of the “flexibility” of use of one-time Federal CARES Act and ESSER funding and refinement of actions in regard to Learning Continuity and definition of “School”
- September 2020 revision of Multi-year projection based upon August announcement of tax receipts and determination of whether additional Federal revenues will mitigate state revenue deferrals and reductions
- September 2020 revision of budget and presentation of unaudited actuals
- November 2020 finalization of budget reduction target based upon results general election in regard to possible electorate solutions for K-12 revenue
- December 2020 - March 2021 negotiations with bargaining units in regard to necessary budget reductions
- January 2021 anticipate beginning of cash borrowing due to State deferrals
- April 2021 anticipated completion of reductions and final adoption by the Board
- May 2021 - Governor’s May revision based upon April 2021 tax returns (this is the most concerning area of the budget due to the likelihood of reduced personal income tax receipts as a result of the COVID-19 pandemic)
- June 2021 adoption of 2021 - 2022 budget

**Details of the Budget Compromise (more information is still needed to quantify)**

**LCFF and COLA**

- The compromise budget does not fund a Cost of Living Adjustment (COLA) leaving the LCFF grade span funding exactly the same as in 2019 - 2020 with a 0% COLA.
  - In the Legislative version a 2.31% COLA was included the net impact to WCCUSD is a reduction of between \$6 - \$8 million in revenue from the best case scenario MYP
- The cuts to categorical programs such as ASES, CTEIG, Strong WorkForce, and Adult Education will not have the projected cuts outlined in the Governor’s Proposal, though there is some concern that this could be revisited should Federal funding not materialize.

**Deferrals**

- More than \$10 billion in deferred funding is part of the State budget solution. These are one-time solutions that must be repaid the following year which would then require real cuts the next year if additional revenue does not materialize.
  - For the Months listed no revenue payment from the state would be made to school districts requiring the districts to utilize fund balance, interfund borrowing, or external borrowing to meet cash flow requirements.
    - The District will identify the amount that may need to be borrowed and bring this back to the Board as part of the September budget revision at unaudited actuals
  - Based upon the impact of deferrals the District will provide an informational item on the second Board agenda of each month with an updated cash flow statement and projection.

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- The announced deferrals would be reduced if the State receives additional Federal funding, which would then allow the State to utilize the option of deferrals in 2021 - 2022 instead to mitigate lost revenue from likely decreased personal income tax returns. The deferral schedule is as follows:
  - Deferral of June 2020 to July 2020 (this was planned for at budget adoption)
  - Deferral of \$1.54 billion from February 2021 to be paid in November 2021
  - Deferral of \$2.38 billion from March 2021 to be paid in October 2021
  - Deferral of \$2.38 billion from April 2021 to be paid in September 2021
  - Deferral of \$2.38 billion from May 2021 to be paid in August 2021
- In simple terms the District may not receive any State revenue for 4 consecutive months in 2020 - 2021 and would not receive full repayment until the following 2021 - 2022 school year.
  - This will likely require the District to enter into a cross-year borrowing program with loan to repayment crossing at least 10 months.
  - We are already beginning the work to address the cash needs of the District with our financial advisor KNN and will have more information for the Board at the July 2020 Board meeting

**Federal one-time funding**

The budget includes \$5.3 billion in **one-time Federal CARES** act funding to offset the loss of revenue and COLA. However, these funds are designated to support student learning loss as a result of the health pandemic. It is currently not clear if these funds will support the structural deficit which could put Districts in a position of making reductions to programs while being required to provide other services that are new.

The distribution of these funds was a large component of the negotiations between the Governor and Legislature. The end result is that rather than distributing funds based upon two criteria a third formula was added and the total funds were divided among the 3. The following is the distribution plan and the possible impact to WCCUSD:

- \$1.5 billion for students with disabilities (approximately \$7.8 million to WCCUSD which **was** included in our adopted budget)
- \$2.86 billion distributed to districts based upon their proportion of unduplicated count students (approximately \$14.7 million to WCCUSD which was **not** included in our adopted budget)
- \$980 million distributed to districts based upon their LCFF enrollment (approximately \$4.4 million to WCCUSD which also was **not** included in our adopted budget)
- In addition, the district will directly receive ESSER Federal one-time funds from the CARES act (approximately \$6 million to WCCUSD which **was** included in our adopted budget)

The receipt of all of the learning loss mitigation funds will be contingent upon the Board adoption of a new Learning Continuity and Attendance Plan as well as specified reporting requirements of unexpended funds. This is a shift for the way Federal funds were intended or how they were distributed back in 2009 - 2010 as ARRA and IDEA where those funds were expressly allowed to be utilized to offset loss of State funding.

### **Special Education Funding**

The budget does implement a new funding formula similar to what was presented in the May revision by Governor Newsome with a total increase in funding for Special Education across the State of \$545 million. As was discussed at our last Board meeting our current Special Education contribution from the General Fund is over \$60 million per year so the increased funding for Special Education across the entire State will not significantly change the contribution amount for districts as the cost of special education services increases each year and is subject to Maintenance of Effort requirements that dictate the districts spend the same or more each year on special education services. For reference the District has traditionally seen almost a \$2 plus million increase year-over-year for these essential services. The district did plan on this additional funding and it was included as part of the budget that was adopted on June 10th.

### **CALSTRS and CALPERS**

Another provision from the Governor's plan that remained was the one-time reduction in the employer contribution rate for both STRS and PERS for the 2020 - 2021 and 2021 - 2022 school years. The State is using one-time funds that were initially to be used to reduce the long-term liability to instead buy down the rate for two years and essentially push the funding issue to another time. **The district had planned for this augmentation and reduced our expenditures in the adopted budget on June 10 by these percentages.**

### **ADA Hold Harmless Provision and Distance Learning Standards**

Given the strong likelihood that the District may continue in a distance learning program the budget act provides protection from revenue loss due to attendance. The act provides a hold harmless provision that will fund districts based upon the adjusted ADA from 2019 - 2020. It does however establish some new accountability requirements to meet grade span instructional minute requirements through a combination of in-person instruction and distance learning when the latter is warranted as a result of a state, local, or federal directive. **Specifically, AB 77 states that schools can offer distance learning if ordered by a state or local health official, or for students who are medically at-risk or are self-quarantining because of exposure to COVID-19.** The directive does allow Distance Learning under those specified circumstances with necessary safeguards in place so long as the District has a plan that:

- Ensures that students have access to connectivity and devices to participate in distance learning and complete work
  - The Board approved the purchase of additional chromebooks and hotspots to address this requirement at the first June Board meeting
- Is substantially equivalent to the quality and rigor of classroom-based instruction
  - The District continues to work on teacher training this summer and implemented a curated lesson project to support student learning while not enrolled in summer school and will continue to work with UTR to define the most appropriate distance learning instructional models that will meet this requirement.
- Teachers participating in distance learning will also be **expected to interact with students live daily** to teach, monitor progress and maintain personal connections. AB 77 would also require teachers to communicate with parents about student learning progress.

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- The District will continue to collaborate with UTR regarding the implementation of all instructional delivery requirements.
- Special Education services provided to ensure that individualized education programs can be executed in the distance learning environment
  - The District has been utilizing the current Extended School Year (ESY) Program for Special Education Services to implement models that will meet the above requirement.
- Has procedures to re engage students who are absent from distance learning for more than three days in any given week
  - The current outreach program to capture and reintegrate those lost students from this past year aligns directly to this reunification expectation.

Instructional minute requirements will have some flexibility under AB 77 with the provisions above being met. Currently the minimum number of instructional minutes per day varies:

- 200 minutes daily for Kindergarten which may drop to 180 minutes
- 280 minutes daily for Grades 1 - 3 which may drop to 230 minutes
- 300 minutes daily for Grades 4 - 8 which may drop to 240 minutes
- 360 minutes daily for High School grades 9 - 12 which may also drop to 240 minutes

**Local Improvement Accountability Plan (LCAP)**

The budget changes the accountability requirements for the upcoming year once again. The District Local Improvement Accountability Plan (LCAP) **is no longer required** for the 2020 - 2021 school year in any form. What will be required is that the District adopt the LCFF Budget overview for Parents by December 15, 2020. The District has already begun the process of reporting the entire budget as part of the LCAP report and will continue this plan even with the suspension of LCAP. As part of the first interim budget report the District will bring forward the Budget Overview for Parents as required and promised.

While the LCAP is not required, the work that we have begun and planned to do this summer should continue within our current frameworks of working collaboratively with the DLCAP. Once the back to “school” plan is finalized there will need to be significant discussion about the priorities that must be provided resources to support students. These are the exact services that still align to our LCAP and the District would continue to follow the focus of the Board to fund those initiatives and priorities that have been identified, and are of the greatest priority, with a combination of Federal and LCFF funding irrespective of the requirement.

At this time it is the understanding that LCAP would still be required to be adopted for the 2021 - 2022 school year based upon the normal June 2021 schedule and the District staff would continue the process to meet that requirement without the creation of a plan for the upcoming school year.

**Learning Continuity and Attendance Plan (ironically also LCAP acronym)**

School Districts will be required to have the Board adopt the new Learning Continuity and Attendance plan prior to September 30, 2020. This plan will be based on a template that will be adopted by the State Board of Education and released in August. The plan will likely be subject to specified consultation and public noticing requirements similar to the original LCAP. The creation of this plan aligns with our

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operational plan of bringing any budget adjustments to the Board for revision within the unaudited actuals at the September Board meeting. This will be the culmination and quantification of the requirements defined in the return to “school” plan as well as the allocation of resources to meet the priorities of supporting African American students and english learners and to support lost learning.

While the format and details of this new LCAP have not been fully defined the plan is expected to clearly articulate all of the following:

- The impact of the COVID-19 pandemic on students and staff in areas including:
  - Health and safety
  - Measuring student participation and academic progress through synchronous instruction
  - Measuring the time value of student work
    - Necessary to delineate and meet instructional minute requirements
  - A discussion of metrics that may be utilized to measure learning loss
- A discussion of how the District is addressing learning loss as a result of COVID-19 in the 2019 - 2020 and 2020 - 2021 school years
- How the district will conduct outreach to students and parents/guardians when students are not engaging in distance learning or are absent
- Identification of what additional supports to address learning loss and/or accelerate learning progress for unduplicated count eligible students including English learners, foster youth, homeless students, and low-income students
- What types of professional development support and resources will be available for educators
- How the district will provide student meals if in-person instruction models are utilized as well as for students engaged in distance learning
- How the district will coordinate the utilization of all funds to align with student needs

Finally the district will need to outline how state and federal funds in the revised budget will be used to support the Learning Continuity and Attendance Plan **including how federal funds used to backfill losses from reductions to the LCFE on a dollar-for-dollar basis**, will be used to meet LCFE proportionality requirements.

As the District defines the required cuts that must be made this definition shall be critical within the compliance model. In simplistic terms this should allow for the district to **utilize one-time CARES act funds to backfill the loss of LCFE and COLA funding** which would allow the District to manage the required cuts over a three year period instead of two so long as the district maintains appropriate percentages of allocation for supplemental and concentration grant funds for those necessary services. **This would not add to those funds but would ensure that the required percentage is maintained.**

The District is working to quantify the net result of the budget but rough estimates are that the original best case scenario would have required reductions to be identified for the 2021 - 2022 school year of \$16 million and then another \$16 million for the 2022 - 2023 school year. Based upon the first analysis of the new LCAP requirements the District may be able to adjust the target to be approximately \$10 - \$12 million in reductions in each of the 2021 - 2022, 2022 - 2023 and 2023 - 2024 school years.

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**Should the district move forward and successfully pass a parcel tax and the Schools and Communities first initiative pass in November the district would be able to move toward a balanced budget without additional cuts by the end of 2022 - 2023 so long as no new major expenditures are built into the budget.**

It should be noted that as a provision of the budget the Legislature and Governor are eliminating the Educational Code ability to implement an August layoff for certificated employees which is triggered when the COLA is not funded. In addition, a new requirement was added that districts are not allowed to lay off custodial, nutrition services, or transportation classified personnel for the 2020 - 2021 school year. Districts do, however, have the ability to implement layoffs for the 2021 - 2022 school year based upon the normal March 15th date for Certificated and 60-day notice for Classified. It should be clearly noted that over 85% of the district budget is spent on personnel and any required reductions will require negotiations with all bargaining units and would very likely impact our employees.

Because of the need to negotiate any reduction solutions, the District plan is to follow the same timeline as we did in the current year and utilize the time between now and the November elections to focus on service priorities, communication, data gathering and transparent budget presentations to all stakeholders. **Once the election is finalized the district will be able to finalize reduction targets and engage in negotiation with all bargaining units leading up to the March 15 and 60-day notice deadlines.**

It is evident that prior to engaging in negotiations the District would need to exhaust all other possible ways to increase revenue, including a potential parcel tax, Schools and Communities First, and other investment options available to the District. These actions will be essential to be able to begin the process of negotiations, if necessary, after the November election.

### **Next Steps**

We have built the following timeline of actions to ensure that we report information to the Board and community in a timely basis but also have the necessary time to work with staff to build systems before moving forward with negotiations. Deviation from this will result in a time management adjustment where one priority must be traded for another due to the reduced level of staffing. During the cycle below the Business department will also work with bargaining units, parent leaders and the Board as part of each group's normal calendar of events.

### **July 2020**

- Creation or Return to “School” plan
- Beginning of priority discussion for utilization of supplemental and concentration funds
- Update of contract summaries and AMO refinement
- Board decision on Parcel Tax

### **August 2020**

- Finalization of supplemental support resource allocation based upon priorities after consultation with appropriate community groups
- Development of staff development and curricular design for lost learning support and implementation of back to “school” plan

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- Implementation of contract protocol based upon requirement of BB 9932
- State budget update based upon tax revenue and possible Federal supports
- File Parcel Tax measure, if Board approves

**September 2020**

- Audited actuals presentation and possible budget and multi year projection revision
- Learning Continuity and Attendance Plan adoption
- Preparation for cash borrowing and monitoring begins
- Staff development and process training for operations staff continues
- Implementation of supports for lost learning and services that are identified for students in need including African American students, English learners, and those students who are at risk

**October 2020**

- Continued implementation of staff development in instructional delivery and learning loss mitigation for all educators
- Continued reporting of all aspects of the budget and development of identification of fully open LCAP budget report of all funds

**November 2020**

- Finalization of Multi-year projection based upon results of general election
- Beginning of negotiations with bargaining units in regard to necessary reductions
- Completion of testing for upgrade of financial system (Munis) to allow for the creation of better dashBoards and transparency
- Election on Schools and Communities First, possible Parcel Tax, and new Board

**December 2020**

- Adoption of first interim budget report
- LCAP Parent Budget report
- Continued negotiations with bargaining units for required reductions
- Implementation of upgrade for financial system
- Continued staff development for educators
- Planning continues for adjusted instructional models as COVID-19 protocols and possible vaccines/immunity protocols are announced
- Finalize cash flow options

**January 2021**

- Governor's initial budget proposal for 2021 - 2022 released
- Completion of annual audits
- Implementation of second half of year of “school”
- Continued negotiations with bargaining units regarding required reductions
- Finalize cash borrowing options

**February 2021**

- Begin design of additional data reporting from budget after upgrade

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- Continue work with groups toward a recommendation for the 2021 - 2022 LCAP
- Beginning of cash flow impact of deferrals

**March 2021**

- Completion of Certificated negotiations prior to March 15, 2021
- Continue work with LCAP and begin budget development process for 2021 - 2022
- Continuation of cash flow impact of deferrals

**April 2021**

- Completion of Classified negotiations
- Finalization of cuts for the 2021 - 2022 school year
- Adoption of second interim budget
- Continuation of cash flow impact of deferrals
- Continue work with LCAP and begin budget development process for 2021 - 2022

**May 2020**

- Adoption of third interim budget
- Governor's May revision
- Continuation of cash flow impact of deferrals
- Finalize budget development

**June 2021**

- Public hearing for LCAP and 2021 - 2022 Budget
- Adoption of LCAP and 2021 - 2022 budget
- Continuation of cash flow impact of deferrals

**June 2021**

- Start the same process all over again with the strong likelihood that April 2021 tax revenues significantly reduce the funding available to K-12 education.

**Interdistrict Transfers - Tracey Logan**

At the June 24, 2020 Board meeting there was a question about how many students do not return to WCCUSD schools each year. Every year we approve interdistrict transfers. Thus far we have approved 757 transfers for 2020-21. Please find the following data on the number of annual interdistrict transfers over the past 3 years:

2019-20 school year - 1,366

2018-19 school year - 1,508

2017-18 school year - 1,670