



LAKE COUNTY OFFICE OF EDUCATION

TO TEACH. TO SERVE. TO LEARN.

DATE: May 15, 2020
TO: LCOE All Staff
FROM: Brock Falkenberg, Lake County Superintendent of Schools
RE: May Budget Revise Statement

Day to day life and expectations in our county, state, and country have been transformed over the last 2 to 3 months. The global COVID-19 pandemic has triggered a financial crisis that threatens both lives and livelihoods.

Each of you have done your part to protect against the spread of COVID-19 in Lake County. You have all been instrumental in flattening the curve while at the same time working to support the students, schools, districts, and communities of Lake County. Let's keep this effort up, and keep improving on a daily basis. I wish to thank each of you for your efforts.

In January of each year, the Governor presents his/her initial budget proposals. This last January, funding for schools was promising and the overall California budget had a \$6 billion surplus. In mid-May, the Governor updates the January proposal based on the current information available. This is known as the May Revise. The County Office of Education and the school districts use the May Revise as the blueprint in the budget development process. The May Revise was released on May 14, 2020.

In his presentation, Governor Newsom noted that the financial impact of the COVID-19 crisis is truly unprecedented – the United States GDP fell by 26.5% just in the Spring of 2020. New unemployment claims in California have increased by 4.4 million from mid-March to May 9, as compared to total unemployment claims of about 2.6 million at the height of the Great Recession in 2010. The California unemployment rate is expected to peak at a staggering 24.5% in this second quarter of 2020. The May Revise was not good news for education or any other program for that matter.

The Governor proposes that schools take a roughly 10% reduction to most of their funding mechanisms, and that some grants will be substantially reduced or eliminated. The May Revision will be reviewed by both houses and a final budget will be sent back to the Governor in June. Remember that the April 15 tax filing deadline was extended to July 15, so I expect a budget revision after that revenue data is available in late August or September.

I want to remind everyone that we are not receiving any cuts this fiscal year. I am very conservative when it comes to fiscal management of County Office of Education (taxpayer) resources. The County Office of Education general fund is okay right now. Many departments at the state level have already implemented cuts to their current year budget. LCOE does not have to take those steps.

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However, the budget for next year is uncertain. We will have to submit our budget to the State Superintendent of Public Instruction in June as outlined in Education Code. Over the next weeks we will be forming teams to review the specifics associated with each grant and categorical funding mechanism. Additionally, we will be scrubbing the general fund to identify savings. The intended outcome of these efforts is to eliminate expenses that have the least impact on the students, staff, schools, and districts of Lake County. I welcome your thoughts and suggestions related to savings.

Even with all this work being done over the next several weeks, I expect we will have to do it again in September. With tax day being moved from April 15 to July 15 the actual revenue the state will receive will not be known until late July. When the actual revenues are calculated I expect that the state will be required to revise their budget therefore requiring the County Office of Education and school districts to adjust budgets as well.

The County Office of Education and school districts are preparing to return to school in August or September. Exactly what school looks like is going to be dependent on the pandemic situation at that time. It is imperative that we put the safety of students and staff at the forefront of our planning. I am advocating for and working toward a full opening of schools in August, with accommodations for vulnerable students and families that desire distance based learning. We would have to approach this pragmatically and strategically while balancing safety and instructional needs.

However, I need to be frank, I suspect that we will see some sort of blended model of instruction. Exactly what that looks like is still being planned. This might mean students attending every other day or one day a week with synchronous and asynchronous online instructional activities, or other distance learning options, to support them. Each school district will determine a strategy that meets their community's needs.

Two things are certain about returning to school. It will be different, and it will be expensive, requiring resources that we currently do not have. Protective equipment will be required. Disinfecting/cleaning schedules will need to be often and regular. Transportation will require additional routes. Technology, both at home and in the school, will need to be improved. Broadband connectivity is out of the schools control but we will need to address the lack of universal availability. There are a myriad of obstacles to overcome, and each strategy to address those obstacles will cost time, resources, and money. Schools need assistance.

It is imperative that schools get significant federal financial relief, if the state is not able to fill that gap. There has already been some federal funding released to support schools with COVID-19 related expenses, but the formula to distribute the very limited number of dollars did not address the needs of rural, remote schools like those in Lake County. We are counting on pending legislation to help offset COVID-19 specific costs and to address the additional requirements to support positive student outcomes in the era of a pandemic.

We will get through this. The County Office of Education Leadership Team is strong. The Board of Education is dedicated. Our business office is fantastic and will help keep us on track. Each of you are important contributors to the success of Lake County's children. The County Office of

Education will continue to focus on the needs of students, staff, schools, districts, and community, but we will always put students first. All of us have worked through tough times before. We have continued to thrive over the last two months as we faced school dismissals and shelter in place. Together, we will work through the tough times ahead. I will be sure to keep you informed of any changes to the situation as they occur.