



## TRANSCRIPT

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### Title: THE DEEPER LEARNING PODCAST EP. 5 | Public School Funding in the COVID-19 Era, Part 1

SFX [Whoosh]

MUSIC UP/UNDER

Al Mijares:

What started as a mysterious illness on the other side of the world quickly turned into a global pandemic that's altered nearly every aspect of life. And it's caused an economic shock that could have major consequences for public schools across California.

MUSIC UP

Hi, I'm Dr. Al Mijares Orange County Superintendent of Schools. In this episode of the Deeper Learning Podcast., we're going to hear from a prominent school funding expert who will share his insights on how the COVID-19 downturn will affect K-12 budgets, and whether there are any bright spots in the financial forecast. Mike Fine is CEO of the fiscal crisis and management assistance team, commonly known as FCMAT administered by the office of the Kern County superintendent. FCMAT assists California school districts with fiscal advice, management assistance training, audits, and other business services.

SFX/MUSIC UNDER/OUT

So Mike, please know that we're extremely grateful for your time. I know how much you are torn one way and the other, across the state, especially now with the crisis that we're experiencing, your voice is extremely credible, perhaps the most credible, uh, when we deal with the world of finance budgets and whatnot. So first of all, thinking about the current, uh, crisis that we find ourselves in with COVID-19, and now we have the protests that are happening in our society, uh, because of the death of George Floyd. So if you look at where we are right now and you explained it very carefully, the governor explained in his January address predicted a 20 billion dollar reserve and just almost in light speed with a few weeks later we're looking at an almost 54 billion dollar deficit. And so, what practical advice can you give us to help us manage our budgets right now when the governor is articulating a message of cut eight to 10%, of course, the legislature just yesterday released that they're not on board with that. So schools feel a little bit more relief, but we're still not clear, especially when we have to develop a budget that is a three year window.

Mike Fine:

Sure. I think we're at that point where why we want clarity on everything that we, the light is at the end of the tunnel and when at least we're going to get that. we know we're about a week away from a final decision. We now have instead of three versions of the budget, as we would normally have, we have two versions, we have a joint legislative version and we have the governor's version they while they both are built on the same premise of the estimated reduction in tax receipts at the state that reduction

of, uh, 41 billion in tax revenues has a direct impact on the funding for our school districts in California we're far more reliant upon the state for funding, our local school districts and charter schools, uh, than we are anywhere else in the country. On average, across the countries, local school districts depend on their state, just under 50%. We depend on our state for just under 60%. And so there's an impact, right? Everybody will take some kind of fair shares the idea.

And the governor has been clear about his priorities, um, uh, beyond the immediate response to COVID-19, uh, he prioritizes education and early childhood services and childcare very high. Um, and his budget in may reflect some of that. Obviously the joint legislative solution, uh, reflects a statement that it is a higher priority to protect those things, um, in their mind. But they do that at some costs. One relies the governor' relies on some borrowing, but less the legislative proposal relies on more borrowing. There are some fundamental differences in there. And I think within the week, um, we will see those fundamental differences ironed out. And we will have a compromise somewhere between the two, because in many respects, we do have a little bit of two extremes.

I think what complicates this budget, which is why the cuts to education are our big topic, but what complicates this budget more than anything is we don't have just an economic downturn. We have playbooks on how to deal with those. We've been through many of them, right? Um, in both of our careers, we've been through a whole bunch of them.

Al Mijares:

Right.

Mike Fine:

Um, what we have going on at the same time as the economic downturn is we have this complete uncertainty and turning upside down our operational environment of how we operate schools, run schools. Right now we have the issue of how we're going to reopen schools.

What does that look like? How do we make cuts in an environment when almost every option to reopen schools is going to cost more, we're going to need more staff, more teachers, more counselors. Um, you layer on the complexities that you just mentioned around, uh, the incident, uh, involving Mr. Floyd and, and all of that. We need more social and emotional support for kids, not less.

Al Mijares:

Right? So, Mike, when you think about the necessity of a, at least a 3% reserve for economic uncertainties, how would you advise districts to approach things right now they're having to produce budgets now. We don't want to find ourselves in a negative position. Is there any advice you can give superintendent and chief business officials? Like, is there a way to do this without anxiety or minimize the anxiety, which tends to cloud our minds and sometimes creates confusion or even despair?

Mike Fine:

Yeah. I don't think there's a way to avoid some level of anxiety on anybody's behalf. Um, uh, simply because we have so much uncertainty, it's going to be a while before we don't have any level of anxieties, but I think your question Al is right on target. Number one, these changes came very late in

the planning cycle. School districts normally start their financial planning for July 1, um, at the latest in mid-January, right after the governor releases, um, his or her initial budget proposals, right. That becomes the basis of that planning.

So all of this has hit late in the planning cycle. And what that really means to me is that, uh, districts and charters are limited then to what they can change in their planning cycle between now and July 1, between now and the opening of school. Um, and so, um, they're limited in the options they have to make reductions. Um, they're also limited simply because of the uncertainty of what is the school year look like? Um, how do we reopen, what kind of staff do we need to have? Where, how are we going to serve our kids? Is it going to be in the traditional brick and mortar environment is going to be in some blended environment between brick and mortar and virtual, or are we going to reopen all virtual like we closed for the most part.

Um, and so, um, my advice, um, uh, very specific advice and it would be a little different than I think most people think about FICMAT giving this level of advice. Number one, I don't know a district out there that isn't going to use reserves as part of their solution for next year. For this first year, I would be concerned that they use all of their reserves as their solution for next year, because this isn't a one year issue. This is a multiyear issue.

Al Mijares:

Right.

Mike Fine:

So they're going to need to have reserves for year two and some level of reserves for year three. The second thing to address the three year window, we barely know what next month looks like right now, three years is almost incomprehensible right. We are missing critical data by way of tax receipts for the current year, no less next year, no less two years after that. And so those numbers will, will begin to shine a light on them and get refined here in the months ahead, as we collect that data, that's been delayed. What I would say to you as the oversight agency for your districts, um, while you're obligated by law to look at all three years and assess the district's financial stability over that three years, I wouldn't be focused a whole lot on year two and three.

I would focus a lot of attention on their survival in year one, um, and how they're managing that and how they are setting the stage to begin the planning cycle almost immediately for year two. That's what I would focus on. Um, that doesn't mean again, I'll say this again. It doesn't mean you ignore your three. If a district's in serious trouble in year three, you want to keep that in your mind. You want them on that list that says that because you want to increase your dialogue with them. Your staff wants to increase their dialogue, both your instructional staff and your business services staff. You want us to increase our dialogue with them as, as your partner in monitoring their stability and helping them because we can do so much more. We can all, as we provide some intervention to those districts do so much more in year one about year three than we can do in year three, about year three, right? That lead time becomes really important.

Al Mijares:

You did touch on this too, and that is that, uh, COVID-19 is presenting new challenges. Uh, many of them are driven by dollars and cents. So if we have to maintain the distancing requirements, that means that classrooms start to shrink. It could also mean that you can't serve the same number of students per teacher. We we've been talking about some blended form of learning. Um, there's the question about wearing masks, whether that's going to happen the need for these anti-microbial, uh, disinfectants to clean the rooms and, and so forth. Uh, there's some that need a lot of help with online

education. Is there anything else that could come out of the out of nowhere that might be, should be factored in right now with our thinking?

Al Mijares:

Well, you, you covered a whole host of categories here, um, that are, um, I think one of the factors here, when we talk about just the issue of personal protective equipment, both for staff and students is even the provision of that equipment, the ability to actually get it, right? So it's just the supply chain. That same concern applies to technology resources. Um, you've got a lot of districts with a lot of resources, right by way of technology, but they, they, most of them, when they pivoted to distance learning this spring, they sent those out those Chromebooks or whatever. Um, they sent them out. They're not all going to come back in the same condition that they went out. How do we replace those and replenish those? This is not an Orange County issue. This is not a Southern California issue. This is a whole state, a whole nation, a whole world issue from a supply chain standpoint, the same would be true of physical space.

Right. Um, do we have unused classrooms and unused schools that we can re-provision um, back to regular service? Do we have, um, do we even have some of these models around reopening will require additional teachers? Do we even have the qualified teachers out there ready to go to work, to increase our staffing? Right. So assume budget's not an issue and that's it, that's obviously not appropriate assumption right now, but do we even have the folks out there that are qualified that we could hire, uh, to meet these physical, um, distancing, uh, and to support environments around those requirements?

Uh, we know that if we're going to sanitize rooms to the degree that our stakeholders expect us to, we're going to need more custodial staff and maintenance staff. Um, and, and so on. If we're going to have an A and B session morning and afternoon, we know that's more time than most professional days for our teachers. That's going to cost something. We also know that's more time of air conditioning and heating and lighting, which runs utility expenses up. So there are so many variables here. And so all this back to, um, your earlier point of, of looking to lower anxiety, I'm not sure I'm doing a good job at doing that. I'm, I'm probably increasing everybody's anxiety as opposed to lowering it.

Al Mijares:

Uh, Mike, you and your team, um, have worked with countless, uh, districts and schools, and you've seen all the different types of scenarios that can get people in trouble. What temperament and what type of, um, mindset must one have moving forward.

Mike Fine:

So I think the mindset is this. Um, once we have good data, obviously you need to act on that data when you don't have good data, when we have gaps in the data, then you have to, you can't just ignore it. And you can't say, I'm gonna wait. I'm gonna wait until August when I know more about tax receipts to make some decisions, it doesn't work that way. Um, and so the earlier you make those decisions the better off. And so that's the first mindset is timeliness. Um, the ability to communicate this, isn't about, uh, keeping this discussion around the cabinet table. You've gotta be out there in public, having the discussion with your stakeholders. You've gotta be inclusive of who you're talking to your governing boards have to support the idea that these difficult decisions need to be talked about in public at their public board meetings, not behind closed doors and other places.

Everybody has some value to add to this discussion. So timeliness, a good planner, good communicator, um, is critical. Somebody, people with the mindset that truly understand, um, the issue of priorities. Every time we have to make a decision, it's going to be about weighing one need against another need and the ability to prioritize those needs. We have to keep our kids, their instructional welfare, their social and emotional welfare, um, at, at absolutely at the focus of the decisions we're making. Um, because that's what we're about. If we abandon that, then there's really no point in us being in this business, right?

Al Mijares:

Correct.

Mike Fine:

So that has to be a focus for us. We also have to understand that our historically disadvantaged students. We have to remember that if we're all being disadvantaged by the environment we're in, they are being disadvantaged even more. And so we have to keep in mind the need to stay focused on those subgroups of kids that need us more than anybody, um, and any other time. Um, and so now's not the time, uh, to abandoned many successful strategies and initiatives that, that, that support, um, are historically disadvantaged subgroups of kids.

Al Mijares:

Thank you, Mike. Last, last question. Can good come from these days of uncertainty these, these days, which have tried the human soul and it makes it very difficult for us to find our balance, what good can come from this?

Mike Fine:

Yeah, Al, I, I'm a firm believer that good comes out of, um, everything. I, I, I'm a firm believer that you don't let a good storm go by without taking advantage of the silver lining in the cloud. I'm a good, I'm a believer that says for every crisis we, we learn and we have to learn and we have to apply overnight. Our teachers had a pivot to distance learning. They've done a marvelous job. They're not all comfortable with it. Most are not comfortable with it. Our kids and their families were not comfortable with it. And yet they've survived the rest of this school year. Um, we now have that experience base our ability to do that, our ability to learn from the advantages of that and how we would approach things differently is critical. We have to build upon that as we prepare for the next school year, as we prepare a contingency plan, should the virus surge, and we have to change all that. So I, I, I absolutely believe that all that good comes out of, um, these negative times, Good will come out of the conversation that's happening out on our streets right now. Right? Good will come out of it till we've made progress, uh, for the last 50 years in this conversation about race and, and, uh, equality and equity, right? Um, ultimately we've gone through some very trying times, but in each case we've made progress. Maybe it's not been adequate, but we have made progress. Um, and we'll do that in this environment.

Al Mijares:

Thank you for that, Mike. And, um, thanks for the enormous contribution that you have made to all of us practitioners in public education at all levels that you have made to humanity. And I'm so glad that you came into public education. Uh, you know, it's reminds me of, uh, some of the lyrics from the, the, the song three wooden crosses. And it's, it's not what you take from this world, but what you leave behind the counts.

Mike Fine:  
That's right.

Al Mijares:  
So you made a big contribution and thanks for spending some time with us right now.

Mike Fine:  
You're welcome, Al.

SFX  
MUSIC UP

Al Mijares:  
We'd love to hear your thoughts. On today's episode, you can reach us [ATcommunications@ocde.us](mailto:ATcommunications@ocde.us). If you enjoyed this episode, please share it with a friend. The Deeper I Learning podcast is a production of the Orange County Department of Education. My special thanks goes to Mike Fine, and our podcast team for this episode, we'll see you next time.

MUSIC UP AND OUT

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