



GPA RESPONSES TO RECENT MEDIA QUESTIONS JUNE 9, 2020

Q: How many teachers did the school lay off out of how many total teachers? What kinds of teachers were laid off? When were they laid off and why were they laid off? Can you also please respond to the union's claim that the layoffs appeared to be targeted toward union members?

A: Gompers Preparatory Academy has unfortunately had to send layoff notices to 26 of our 75 certificated staff (35%). Non-certificated staff members were also given layoff notices. The teachers who received notices were spread across departments and were identified based on seniority. The need for layoffs is a result of the current unprecedented health crisis, which is creating a need for a changing educational model. Because of the pandemic, schools are being required to prepare for multiple potential scenarios for the coming school year, which include distance learning as well as a hybrid model where there is both site-based and distance learning. With either model, GPA will need to make unprecedented investments related to student and staff technology, internet access, and health and safety needs for the 2020-21 school year. Additionally, this pandemic has created a state funding crisis that will likely result in deep cuts to Local Control Funding Formula funds, as well as state grants that support our current programs, that could last for several years.

Charter schools are required to submit their budgets for the coming school year by June 24th and, unlike school districts, charter schools cannot operate in the red nor can we wait upon the hope of additional funding. We were temporarily protected by virtue of emergency funding provided by Governor Newsom through June 30th. However, the State recently announced a 10% reduction of funding for the 2020-2021 school year with future additional funding cuts and/or delays in funding anticipated. We are experiencing deep sadness and regret at the necessity of layoffs and are doing everything we can in the hope that no more cuts will be necessary.

Q: Are anticipated additional costs arising from COVID-19 the only reason Gompers made these layoffs? What total estimated amount of COVID-19 costs is the school anticipating?

A: No, COVID-19 is not the only reason for increased costs. We are anticipating increased costs and decreased revenues in many areas, including mandatory increases to CalSTRS and CalPERS in 2022-23 (increasing to 18.1% for STRS and 25.5% for PERS), increasing risk management insurance costs (estimated 30% increase in 2020-21), large increases to distance learning/hybrid learning expenses

(computers and Internet access for students and staff, health and safety equipment for any on campus activities, etc), likely funding deferrals due to decreased tax revenues at state level, and declining enrollment (since the onset of COVID-19, several families have disenrolled and we anticipate the many health and financial unknowns of this pandemic will prompt additional families to move out of the area and/or enroll in a different school that will better meet their family's needs).

Q: Why did Gompers lay off this many staff when the school is receiving additional aid from the PPP, CARES Act and state COVID-19 emergency school funding, on top of continuing to receive full state funding for the rest of this school year?

A: The layoffs will not take effect until the 2020-2021 school year. While we have received continued funding from the state at our pre-COVID-19 funding levels, that funding does not extend to the 2020-2021 school year. Further, prior to Friday, June 5th and the enactment of the Payroll Protection Flexibility Act which extended the time period during which GPA could use the PPP money, GPA would not have been able to use the PPP money during the 2020-2021 school year.

Q: How much CARES Act funding is the school receiving? A recent EdSource article ("Most California districts would get more in federal aid than they'd lose in budget cuts," June 3, 2020) suggested that the CARES Act funding is enough to make up for the projected state funding cuts, and it looks like the state legislature is coming up with solutions to further mitigate Gov. Newsom's proposed cuts. In light of this information, why did the school lay off staff before additional such details were solidified about the state budget?

A: Timing is very much an issue. GPA is required to submit its budget for the 2020-2021 school year no later than June 24th. It is not clear when the state budget will be decided but we have to make our decisions now so that we can submit on the 24th. As explained in more detail below, there are uncertainties in the state legislature's plan and it has been recommended to charter schools not to rely upon that funding in preparing next year's budget.

GPA is estimated to receive \$408,364 of CARES Elementary and Secondary School Emergency Relief Fund (ESSERF).

Regarding the other CARES funding, the Edsource Article "DATABASE: Federal aid helps some California schools more than others under governor's plan" released on June 3rd is the proposal based on Governor Newsom plan. There is a lot of uncertainty surrounding any additional Federal CARES funding. Per School Services of CA from May 26, "This May Revision proposal, focused on learning loss, has garnered considerable attention because of the method of distribution. Because of the concerns raised by legislators and other stakeholders (see "Legislature Begins to Vet

Governor Newsom's May Revision" in the May 2020 Fiscal Report), considerable changes are expected as the Governor and Legislature negotiate the State Budget before the June 15th constitutional deadline for the Legislature to pass the Budget. **As a result, SSC discourages LEAs from including any potential funds from this proposal in their 2020–21 LEA budgets."**

The State Legislature Proposal from last week reallocates the funding based on a proportion of LCFF funding and, "allocates the remaining \$2.9 billion to LEAs in proportion to total LCFF funding, effectively rejecting the Governor's proposal to limit the \$2.9 billion to LEAs that qualify for concentration grant funding."

The Legislature proposal assumes the additional federal funding is coming in and, if it doesn't, then cuts will be made later on with additional deferrals. Even in the EdSource article that you provided, here are some items mentioned,

"In an unusual move to reach a consensus early, California Assembly and Senate leaders announced Wednesday they have agreed on a state budget that would rescind all cuts to K-12 and higher education that Gov. Gavin Newsom has proposed — **on the assumption that Congress would soon pass, and President Donald Trump would sign**, aid for states that would include \$14 billion for California. Newsom, too, hopes the Senate will approve the \$3 trillion Health and Economic Recovery Omnibus Emergency Solutions — or HEROES — Act, which the U.S. House passed last month. However, instead of counting on it, he has proposed to tentatively cut programs now in the state budget that must be passed by June 30th. Lawmakers would then return in late summer to deal with revised state revenue projections and decide what to do if Congress doesn't come through with more money. If it doesn't, Newsom and the Legislature disagree on what would happen next.

Newsom would move ahead with an \$8 billion cut to K-12 schools without more federal aid. It would include a \$6.4 billion reduction — 8% — to the Local Control Funding Formula, which makes up 80% of districts' state funding, as well as cuts to early education, after-school programs and career and technical education.

The Legislature would spare K-12 schools any cuts, primarily by issuing more IOUs, known as 'deferrals.' Districts would have to borrow an additional \$5.3 billion to cover their expenses, which the state would repay in subsequent years.

It is important to note that deferrals don't come without consequences. Small districts, charter schools and districts that rely on state funding more than property tax receipts would have to borrow larger sums to make their payrolls, potentially at higher interest rates."

Q: What is the Friday news from the federal government you are referring to, is this the CARES Act funding?

A: The Payroll Protection Program Flexibility Act was signed into law on June 5th and will ensure GPA can receive approximately \$650k of additional funding from the Small Business Administration with full forgiveness. (More information about this law can be found in the National Law Review article "Paycheck Protection Program Flexibility Act: Major Changes to the PPP"). This news, along with the Legislature's announcement on June 3rd to reject the education budget cuts proposed by the Governor in his May Revise, has enabled us to consider rescinding some of the layoff notices that were sent on June 1st. GPA looks forward to working with the San Diego Education Association to explore how these additional funds can be best used to benefit the GPA family.

Q: Why did Gompers apply for a PPP loan earlier this spring when it was guaranteed to receive the same level of state funding for the rest of this school year? I saw that some people have criticized charter schools for applying for PPP, referring to it as "double-dipping," considering that charter schools are still receiving full funding.

A: As an independent charter school, we qualified for this loan from the Small Business Administration due to our non-profit status, the size of our staff, and the economic uncertainty caused by the COVID-19 pandemic. Given the certainty of many increased costs and decreased revenues for our school, we applied for this loan with the understanding that most or all of the loan would be forgiven, and any amount not forgiven would need to be paid back with very low interest (1%) in the coming months/years. While we are currently receiving funding from the State for the 2019-20 school year at our pre-COVID-19 level, there are many variables for the coming months and years that will affect our income and expenses. We applied for these funds to help buffer these effects, protect our reserves, and maintain our current financial sustainability.

Q: Did Gompers receive the full \$2.3 million PPP loan it applied for?

A: Yes, GPA received \$2.25M. While the \$408,364 in CARES Act funding and \$2.25M in PPP loans will definitely help our budget in the immediate future, they represent a small amount of our current budget. GPA currently serves over 1300 students and employs over 140 employees. We must make staffing adjustments now to ensure the school's continued fiscal health for the coming months and years.

Q: I've also been hearing from some of the laid off teachers that they had significant concerns about the distance learning that Gompers was providing before they were laid off. I heard that teachers were told they only needed to check in with students once a week for an hour, that many students have no

enrichment packets or not all of their packets for all subjects, that middle-schoolers were not loaned any computers to take home, and that students without packets or the means to print them had to get the packets dictated to them by teachers via a phone call. I also heard that teachers and parents have been spending their own money to buy materials such as printer ink, paper, laptops or educational software because the school hasn't provided distance learning materials. Can you please respond to these concerns and say why/whether the school did not provide computers or weekly packets to these students?

A: Our Continuity of Learning plan was designed to offer personalized, individualized instruction during a global pandemic. Our plan honored safety first, thinking of our students, their families, and our staff. GPA provided every student with access to enrichment packets for every class before school closed on March 13th. Those who did not get hard copies had access to each packet online, and every student was assigned a one-on-one weekly tutor to support - first their social and emotional well-being - and second their work on each packet and additional assignments. Our plan received high praise from staff, students, and families. GPA, unlike other schools/districts, was able to connect with all students and offer specific one-on-one support.

Q: The school website says there is a board meeting scheduled for tomorrow, but I do not see an agenda or meeting notice posted. Is there still a meeting tomorrow, and if so where are the agenda and the link that members of the public can use to view it?

A: In order to allow us to prepare the most accurate budget possible in light of the ongoing changes, our Board of Directors has adjourned our June 9th meeting to June 23rd at 3:00pm, so they can approve the budget and it can be submitted on June 24th. Below is a link to the Board's meeting calendar, which was updated today to include the Adjournment notice. The agenda for this meeting will be posted to this page at least 72 hours prior to the meeting.

(Board link: <http://www.gompersprep.org/about/board/archives/>)