

# GRANADA HILLS CHARTER

TO: Governing Board

DATE: June 17, 2021

FROM: Tammy Stanton, Chief Financial Officer

SUBJECT: APPROVAL – Preliminary Budget 2021-22

Attached please find the proposed Granada Hills Charter (GHC) 2021-22 Preliminary Budget for the Governing Board's approval.

California Education Code Section 47604.33 requires charter schools to prepare a Preliminary Budget on or before July 1 annually. In addition, the chartering authority, Los Angeles Unified School District (LAUSD), requires that GHC prepare and submit its preliminary budget by June 14, 2021, in SACS format using the state's SACS software. Please note that LAUSD required GHC to revise its 2020-21 beginning net position to reflect removal of the 17081 Devonshire LLC fund balance amount of \$2,324,546. This adjustment reduces GHC's estimated net position at the close of 2019-20 to be \$25,588,840, which ties to the 2019-20 GHC Audited Financial Statements (accounted for in Object Code 9795 – Other Restatements).

**State Budget Update:** Legislature passed the 2021-22 State budget on June 14, 2021, in advance of its June 15 constitutional deadline to send a balanced State Budget to Governor Gavin Newsom for his action. While it met its legal obligation, as widely reported, the budget bill—Assembly/Senate Bill 128—does not represent a deal with Governor Newsom. Legislature passed a Budget to meet its deadline, which buys legislative leaders additional time to negotiate with the Governor. Some key education investments included in the Legislature's package that are not in the Governor's May Revision include:

- \$2.8 billion to reduce the California Public Employees' Retirement System and the California State Teachers' Retirement System employer pension rates
- Full retirement of K-12 and community college deferrals
- Increased cost-of-living adjustment rates of 4.05% (versus 1.7%) for non-Local Control Funding Formula programs

While we wait for announcement of a deal and continue to monitor State Budget developments, we feel confident that the GHC budget assumptions are reasonable. The GHC 2021-22 Preliminary Budget does not assume any of the Governor's proposed new one-time funding categories nor any changes to LCFF Supplemental and Concentration grant calculation.

Staff recommends approval of this 2021-22 preliminary budget to meet the July 1 requirement and assures the Governing Board that as potential changes materialize from the State in the coming months, the 2021-22 budget will be revised to reflect those changes and will be presented for Governing Board approval at that time.

cc: Brian Bauer, Executive Director