

# Portola Valley School District

2020-21 Adopted Budget  
June 17, 2020



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## AGENDA

- Timeline - Budget Calendar
- 2019-20 Estimated Actuals
- 2020-21 Governor's May Revise Budget
- 2020-21 Adopted Budget and Assumptions
- Prudent Fiscal Management
- Summary
- Next Steps



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## REPORTING/CALENDAR for the 2019-20 & 2020-21 Budget

June 2019*	Adoption of 2019-20 PVSD Budget
July 2019	Governor Signs the 2019-20 State Budget
Sept 2019 *	First Revision of 2019-20 PVSD Budget
Dec 2019*	First Interim PVSD Financial Report
Jan 2020	Release of Governor's 2020-21 State Budget
March 2020*	Second Interim PVSD Financial Report
May 2020	State Budget Update for 2020-21
June 2020*	Adoption of 2020 PVSD Budget
July 2020	Governor Signs 2020-21 State Budget



\* ***Present at board meetings***



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## 2019-20 Estimated Actuals

Major Changes from the Second Interim Budget:

### Revenues:

- Special Education Revenues: Increase of \$11,000
- Property Taxes: Unsecured taxes increase of \$10,816
- Federal/State: Increase of \$9,347 mainly due to COVID Response Fund
- Local Revenues: Decrease of \$68,441

*Total Decrease in Revenues: \$37,278*



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# 2019-20 Estimated Actuals

## Major Changes from the Second Interim Budget

### Expenditures:

- Salaries and Benefits: Decrease \$80,024
  - Eliminate raises to administrators, confidential classified and pupil personnel services employees
- Materials and Supplies: Decrease \$42,153
- Services & Operating Expenses: Decrease \$48,892
- Capital Outlay: Decrease of \$35,000
- Other Outgo: Increase of \$7,396
- Transfer Out: Decrease of \$200,000 to OPEB



*Total Decrease in Expenditures/Transfers out: \$398,673*

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## May Revision of the State Budget

- \$6.5 Billion reduction to the LCFF -----> **Est. impact to PVSD: (\$43,000) reduction**
  - State faces \$54 billion deficit in 20-21
  - Suspends the 2.31% COLA
  - 10% reduction or \$1,050 per student
- CalSTRS and CalPERS -----> **Est. impact to PVSD: + \$160,000 /year**
  - 2019-20 Budget included funds to help employers fund pension costs
  - \$2.3 billion redirected from State to employers to pay for the unfunded liability
  - Instead, use these funds to reduce employer costs by about 2% for 2020-21 and 2021-22
- Special Education -----> **Est. impact to PVSD: + \$20,000**
  - Unknown at this time
- Learning Loss Mitigation -----> **Est. impact to PVSD: \$0**
  - \$4.4 Billion to address learning loss
  - Based on formula which takes into account students heavily impacted (e.g., w/disabilities, low income, EL, foster care, and homeless youth)



The State Budget will go before the Legislature next. The Governor and the Legislature will have to agree and provide an enacted budget by June 30.

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# Projected Financial Outlook - General Fund

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Income	16,420,753	16,432,512	15,026,111	15,026,111	15,265,955	15,508,596
Expenditures	(14,773,764)	(14,704,313)	(14,519,636)	(13,967,205)	(14,210,314)	(13,945,259)
<b>Budget Solutions Required</b>			<b>(500,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,250,000)</b>
<b>Excess (Income less Exp.)</b>	<b>1,646,989</b>	<b>1,728,199</b>	<b>6,475</b>	<b>58,906</b>	<b>55,642</b>	<b>313,337</b>
Transfers to Other Funds	(714,000)	(510,000)	(310,000)	(310,000)	(310,000)	(310,000)
<b>Net Increase/Decrease</b>	<b>932,989</b>	<b>1,218,199</b>	<b>(303,525)</b>	<b>(251,094)</b>	<b>(254,358)</b>	<b>3,337</b>
Beginning Fund Balance	2,042,656	2,948,189	4,166,388	3,862,863	3,611,769	3,357,411
Audit Adjustment	(27,456)					
Ending Fund Balance	2,948,189	4,166,388	3,862,863	3,611,769	3,357,411	3,360,748
Available Reserves %	16.8%	23.8%	20.4%	19.0%	16.5%	16.6%



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## Other Funds - Projected 2020-21

	Food Service #13	Deferred Maintenance #14	Special Reserve #17	Other Post-employment Benefits #20	Measure Z Bond #20	Capital Facilities #25
Income	134,460	6,000	25,000	4,000	140,000	80,000
Expenditures	(146,120)	(420,000)	-	-	(6,445,687)	-
<b>Excess (Income less Exp.)</b>	<b>(11,660)</b>	<b>(414,000)</b>	<b>25,000</b>	<b>4,000</b>	<b>(6,305,687)</b>	<b>80,000</b>
Transfers from General Fund	10,000	300,000	-	200,000	-	-
<b>Net Increase/Decrease</b>	<b>(1,660)</b>	<b>(114,000)</b>	<b>25,000</b>	<b>204,000</b>	<b>(6,305,687)</b>	<b>80,000</b>
Beginning Fund Balance	58,122	847,335	1,240,342	100,000	6,305,687	265,400
Ending Fund Balance	56,462	733,335	1,265,342	304,000	-	345,400



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# Our Budget is Built on Prudent Fiscal Management

*Some changes made in the past 2-3 years which reflect our District's prudent fiscal management strategy include:*

- **Eliminated** the Teacher's pension cost to avoid future interest expense--  
*interest rate at 7% - \$440,000 (principal and interest)*
- **Avoided** temporary borrowing for cash flow needs --  
*estimated net cost to District \$30,000 to \$40,000 per issuance*
- **Eliminated** unused telephone lines -- 30 lines-- *total ongoing cost not available yet*
- **Reduced** staff FTE through attrition --  
*approx. 7.0 FTE between 2017-18 and 2019-20*



**Increased reserves** to a more appropriate level in "Other Funds"

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## Cost Savings: Decisions Made

- As vacancies occur, we are looking closely to determine whether or not the position can be frozen, or if it absolutely needs to be filled.
- The decisions we have made so far are:
  - No raises for administrators, confidential classified and pupil personnel services employees for 2019-20
  - Not to replace staff due to employee attrition:
    - CMS Assistant Principal position
    - Director of Curriculum position FREEZE (20-21 will be 3rd year without this position)
    - 1.0 FTE District Office classified position REDUCE (costs savings not included in the budget adoption)
    - 2.0 FTE Teacher positions



○ Use existing staff to cover teachers on leave

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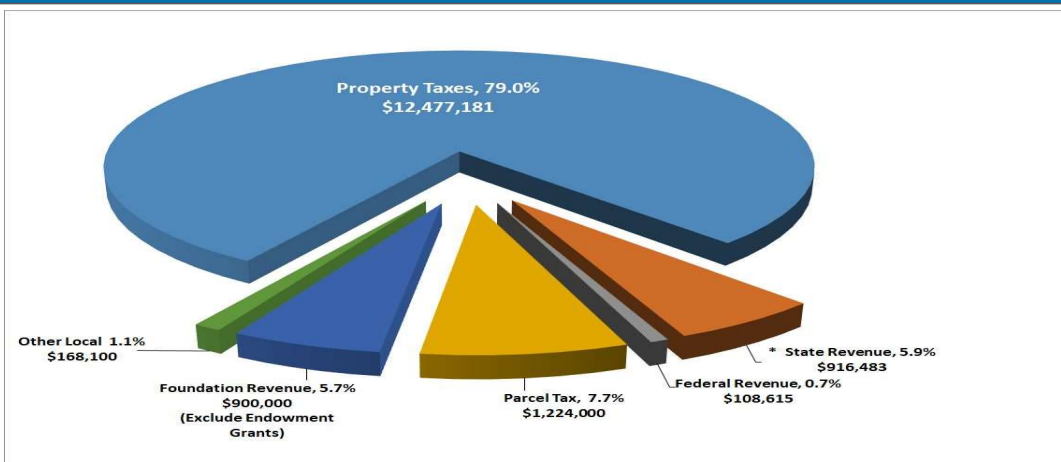
## 2020-21 Budget Revenue Assumptions

- Property Tax Increase of \$358K over prior year
- Parcel Tax (Measure O): \$581 per parcel (or \$1.2 M)
- PVSD Foundation Campaign Funds - \$900,000
- State Programs \$489K: State Aid, Education Protection Acct: \$200 per student
- Special Education Revenues \$401K: Increase by COLA from 2019-20



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## 2019-20 Proposed Revenues



\* Excludes \$638,133 CalSTRS on behalf payments

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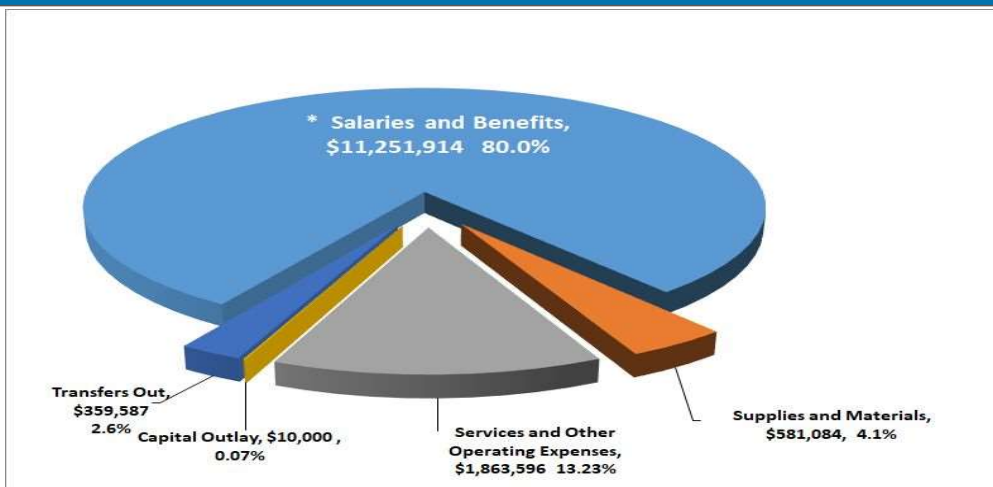
# 2020-21 Budget Expenditure Assumptions

- Personnel Budgets
  - Will not replace the CMS Assistant Principal position
  - Freeze hiring of Director of Curriculum in '20-21 (position has been vacant for two years; duties have been shifted to current administrators)
  - Teacher attritions: 2 full time positions (Spanish, 1st Grade)
  - Raises for classified and unrepresented employees/administrators are not included in the projections starting in '20-21 costs
- Non-Personnel Budgets
  - Textbook adoptions: Science grades K-5
  - Teachers classroom budgets \$400 each/\$600 new teachers
  - School site budgets \$267 per student
  - Board election Costs, Parcel Tax Renewal analysis/Election



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## 2020-21 Proposed Expenditures



\* Excludes \$638,133 CalSTRS on behalf payments



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# Assumptions in 2021-22 to 2024-25

**Budget Solutions required: ongoing \$500K in '21-22; \$500K in '22-23; \$250K in '24-25**

## Revenues:

- Property tax growth (Secured Rolls): 0%('21-22); 0% ('22-23); 2% ('23-24); 2% (24-25): 1% growth = \$120K
- Unsecured tax growth assumes flat from 2020-21
- Parcel Tax (Measure O) expires June 30, 2021. Parcel tax revenue is eliminated resulting in \$1.2 million loss of ongoing in revenues
- PVSD Foundation revenue to decrease by 20% or \$180,000
- Special Education Revenues and Expenditures assume slight escalation

## Expenditures:

- Health Benefits - Increase by 8% per year
- Pension rates continue to increase up to 18.4% for STRS in '23-24 and 26.8% for PERS in '24-25
- Restore Director of Curriculum position in '21-22



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## Summary

### BUDGET PRESSURES:

- Actual economic effects will not be known for months and years
  - Impact of student learning and requirement of school districts
- Additional and unforeseen COVID-19 expenses (additional bus, substitute teachers, cleaning service, nurse, supplies, legal, and more)
- Potential loss of parcel tax of \$1.2 million which the district has built into the district budget for the past 35 years.
- Decline in stock market potentially impact PVSF contributions to District
- Pension costs and health benefits continue to increase
- Pending outcome of Genentech Litigation
- Flat revenues funding sources



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## Next Steps

**September 2020:** Unaudited Actuals 2019-20

**September 2020:** Revisions to the 2020-21 Budget

