



PERRIS UNION
HIGH SCHOOL DISTRICT

2021-22 BUDGET

JUNE 7, 2021

BUDGET PROPOSAL



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CALIFORNIA STATE BUDGET MAY REVISE





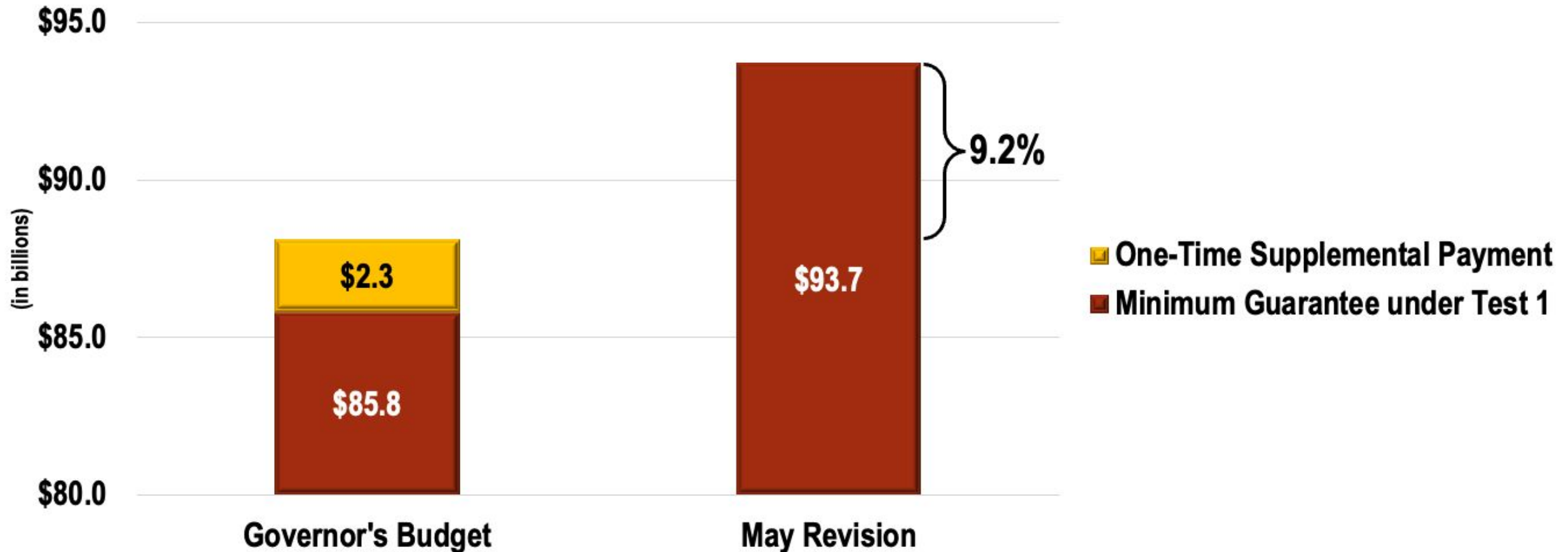
MAY REVISE

- The Governor's May Revision is the last statutory step in the State Budget process before the Legislature adopts the state's spending plan by June 15th
- May Revise Theme: California is "roaring back" from the initial dark days of the health pandemic that has gripped the state for nearly a year and a half
- Leading up to the May Revision, Governor Newsom announced that the state was facing a \$100 billion surplus, dubbed the "California Comeback Plan"
 - \$76 billion from extra state revenues and \$25 billion from federal resources
 - The forecasted \$54 billion deficit of one year ago is a distant memory
 - While State coffers are overrun, not all Californians' are experiencing the same
- The May Revise is a welcome change from last year when the Governor was contemplating how to absorb a projected \$54 billion budget shortfall, but there are risks to the budget
 - The spending proposal is robust, and arguably aggressive
 - The significant investments in the May Revise—namely, the increased ongoing education spending obligations—can create out-year risks if the economic assumptions underlying the May Revision prove tenuous



EDUCATION FUNDING FOR 2021-22

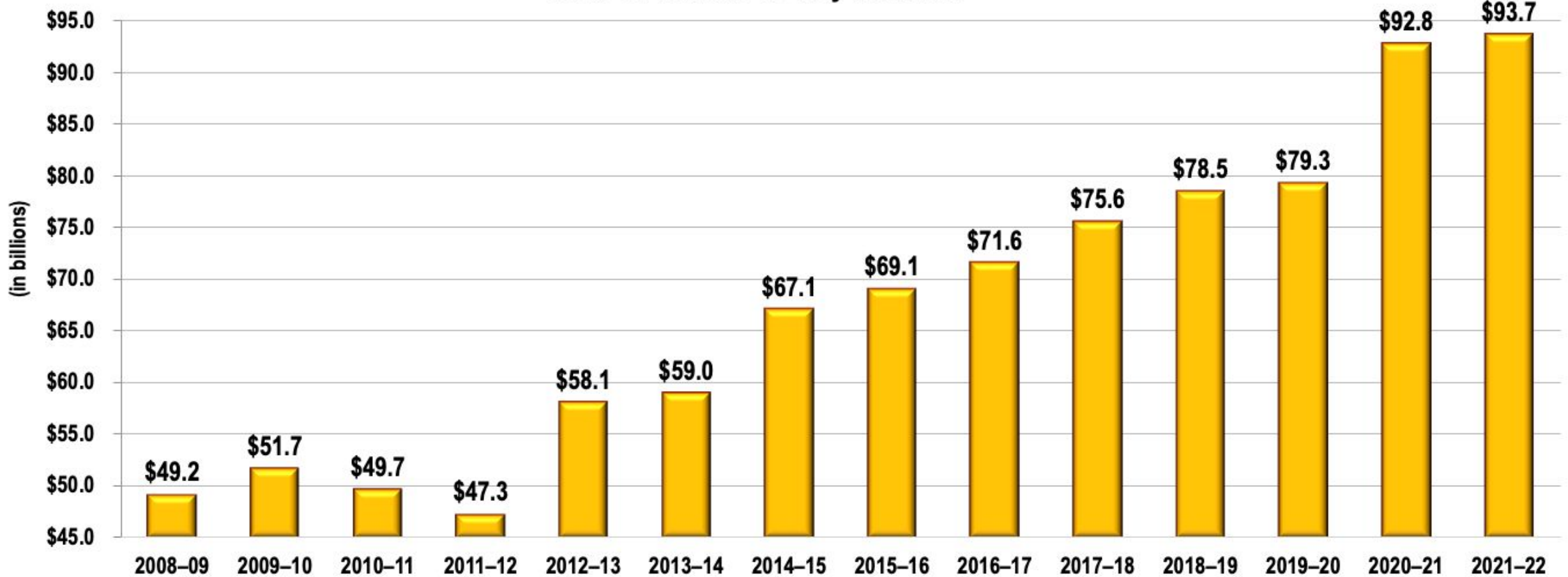
2021–22 Proposition 98 Funding Governor's Budget vs. May Revision





PROPOSITION 98 FUNDING LEVELS

Proposition 98 Funding Over Time
2008–09 to 2021–22 May Revision





GOVERNOR'S BUDGET VS. MAY REVISION

Item	Governor's Budget	May Revision
LCFF Funding Increase	\$2 billion	\$3.2 billion
Proposition 98 Minimum Guarantee		
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion
2021–22	\$85.8 billion	\$93.7 billion
2021–22 Statutory COLA	1.5%	1.7%
2021–22 Compounded COLA	3.84%	4.05%*
2021–22 LCFF “Mega” COLA	N/A	5.07%

*Only the special education and community college funding formulas will receive the compounded COLA



ADDITIONAL BUDGET PROPOSALS

NEW CONCENTRATION GRANT: \$1.1 billion in ongoing funding to increase the concentration grant funding factor from 50% to 65%. The intent is to increase the number of counselors, teachers, paraprofessionals, nurses, etc. that can serve students and develop deeper connections. Would require LEA's to describe in their LCAPs how they intend to use the funding to supplement staffing (classified and certificated staff).

TARGETED INTERVENTION GRANT: \$2.6 billion for a new grant to supplement the AB 86 Expanded Learning Opportunities Grant used for any purpose that supports targeted and research-tested academic interventions.

IN-PERSON HEALTH AND SAFETY GRANT: \$2 billion for a new grant to supplement the AB 86 In-Person Instruction Grant to be used for any purpose that supports health and safety in providing in-person instruction.

SPECIAL EDUCATION: The May Revise proposes to apply the compounded COLA of 4.05% to special education funding; \$300 million for the Special Education Early Intervention Grant; \$15 million for technical assistance and supports in developing and administering IEP's; \$2.3 million for CDE to address special education complaints, perform court-ordered special education monitoring, and to purchase special education monitoring software; and \$1.2 million to improve coordination between the CDE, the California Department of Developmental Services, and LEAs to support the transition from infant to preschool programs, and convene stakeholder workgroups to address data sharing and disseminate best practices to increase access to more inclusive settings for three-, four-, and five-year-olds



ADDITIONAL BUDGET PROPOSALS

MENTAL HEALTH: \$3 billion in a number of departments to identify and treat behavioral health needs early, including trauma, depression, anxiety, psychological disorders, and substance abuse in ages 0–25.

EDUCATOR INVESTMENTS: \$3.3 billion to build the teacher pipeline, encourage educator retention, and to provide professional training.

CHILD NUTRITION: \$150 million to increase access to subsidized meals for students, \$80 million to provide school kitchen infrastructure upgrades, and \$20 million for food service staff training.

COMMUNITY SCHOOLS: \$3 billion for a one-time funding investment over several years to establish new and expand existing community schools.

FOSTER YOUTH: \$30 million in one-time Prop 98 funding for COE's to work with local partners to coordinate and provide direct services to foster youth students.

BROADBAND: \$7 billion to expand broadband and reliable internet service statewide, \$35 million to expand broadband access to underserved communities, and \$5.2 million for the Broadband Infrastructure Grant Program.

COLLEGE SAVINGS: \$2 billion in one-time federal funding to establish the California Child Savings Program and \$170 million in non-Prop 98 funding to sustain the program.





CAP ON DISTRICT RESERVES

- Since the May Revision estimates that the total deposit the state is required to make into the Proposition 98 Reserve is \$4.6 billion (up from \$3.0 billion in January), it triggers the law that caps local school district reserves for the 2022–23 fiscal year

3%

Cap on reserves is effective when the amount in the education rainy day fund is at least 3% of the K–12 share of Proposition 98


10%

Local reserves in adopted or revised budget cannot exceed 10% of combined assigned and unassigned general fund balances

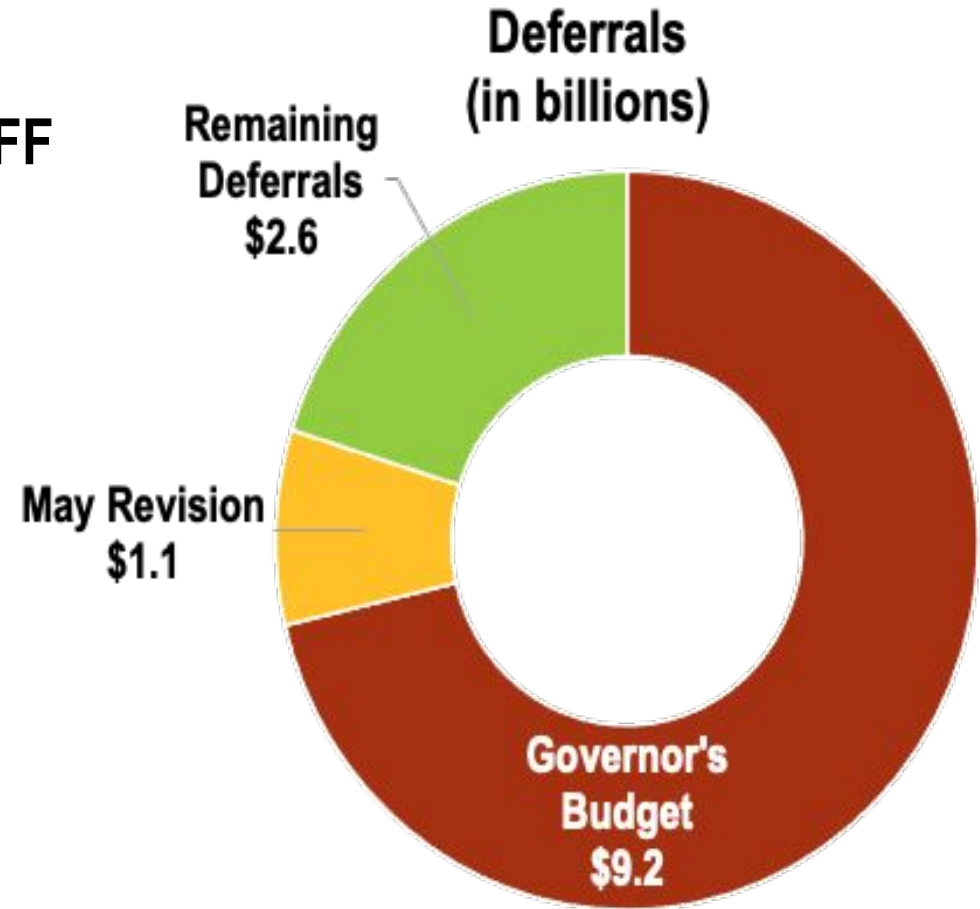


CASH FLOW AND DEFERRALS

 The 2020–21 Enacted State Budget included almost \$13 billion in K–12 LCFF deferrals

 The Governor’s Budget proposed paying down a portion of the deferrals

 The May Revision proposes paying down an additional \$1.1 billion





DISTANCE LEARNING IN 2021-22

The May Revisé upholds that in-person instruction for the 2021–22 school year will be the default for all students and schools

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- Current distance learning statutes will expire at the end of the 2020–21 fiscal year
- For families that remain hesitant to send their children back to school for in-person instruction, Governor Newsom affirms that these students may continue to be served outside the classroom, and LEAs will be able to generate state funding using existing traditional and course-based independent study statutes



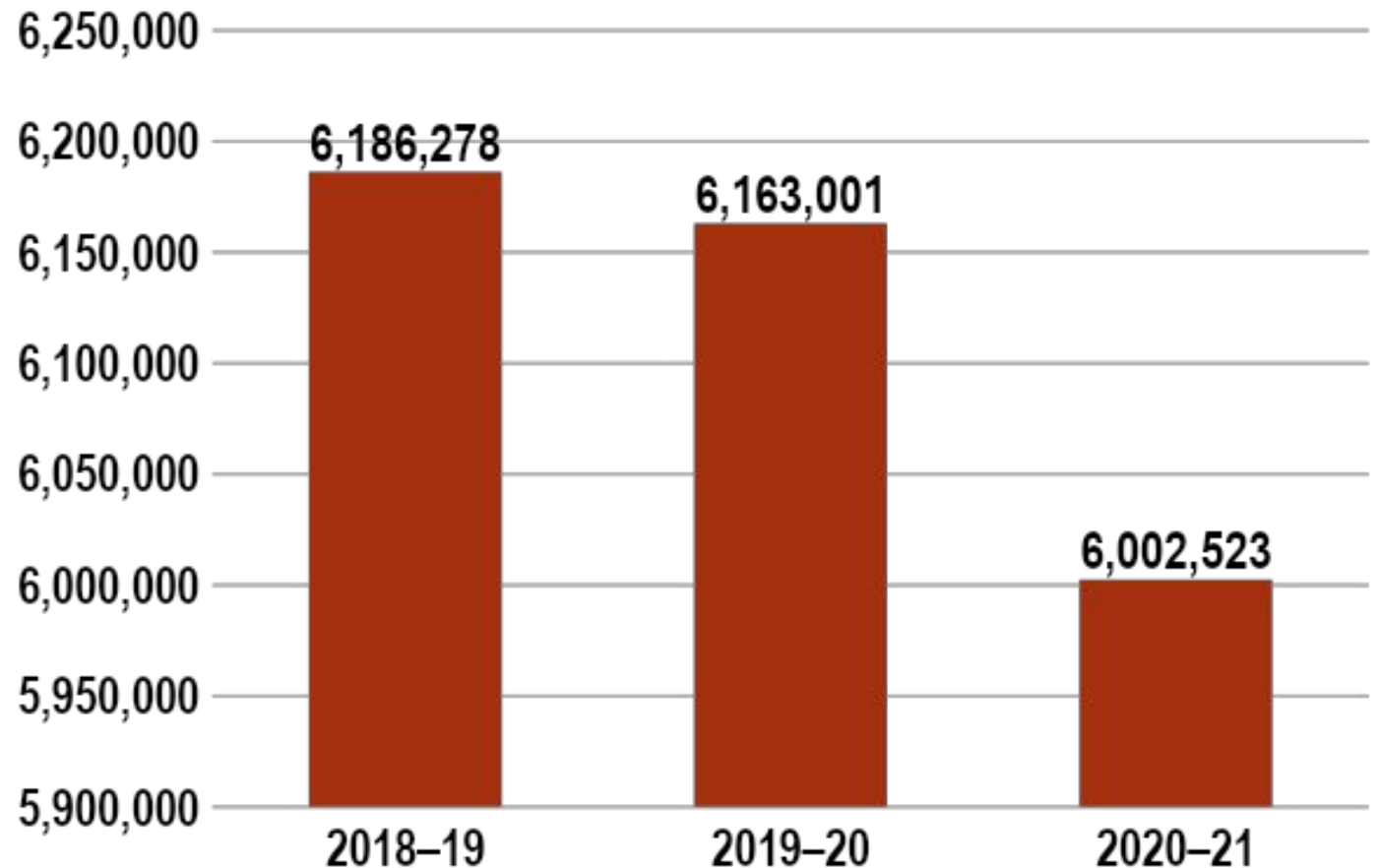
Essentially, only two ways to earn state apportionment funding in 2021–22:

1. Full-time in-person instruction
2. A program that relies on independent study statutes



MANAGING ADA AND ENROLLMENT

- The pandemic impacted learning in many ways, but perhaps the starkest example is the loss of K–12 students in 2020–21
- Based on state-certified data, the state’s K–12 student population declined by more than 160,000
- Sharp contrast to estimated loss of 20,000 to 30,000 annually



Source: DataQuest, California Department of Education (CDE)



MANAGING ADA AND ENROLLMENT

- The looming question for LEAs is how many of those students will return in 2021–22
- The good news is school districts will be funded on the higher of 2019–20 ADA or 2021–22 ADA
- The bad news is that for many school districts an ADA cliff is looming in 2022–23
 - This cliff poses a real threat to budgets and multi-year projections





UNEMPLOYMENT INSURANCE FUND

School employers participate in a joint, pooled-risk fund administered by the EDD

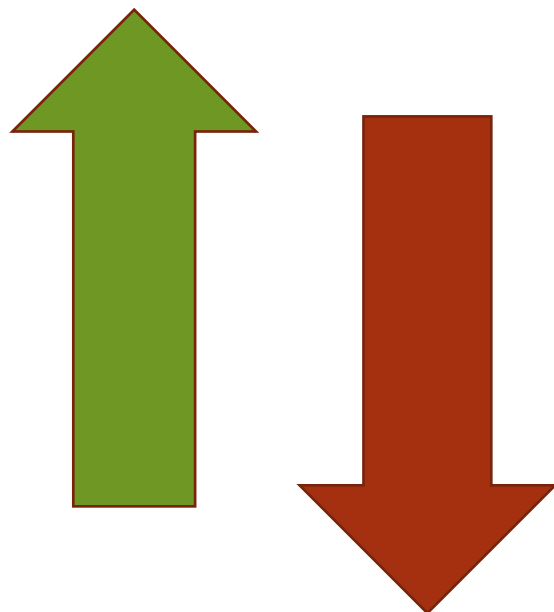
The fund includes 1,335 LEAs, and 72 community college districts comprising 971,449 employees

In March 2021, the EDD submitted its annual report to all participants that highlighted an increase in the unemployment insurance rate to 1.23% in 2021–22



THE ROAD AHEAD AND MULTI-YEAR PROJECTIONS

- Mega COLA
- Concentration grant augmentation
- One-time federal funds
- One-time state funds



- State unemployment insurance
- State pension funds
- “New hires” with one-time funds
- Additional costs with reopening
- ADA and Enrollment
- Special Education costs

**BLIND
CORNER**

**PROCEED
WITH
CAUTION**

- The May Revise gives education reason to celebrate
 - Proposition 98 is on fire
 - One-time investments are rich and plentiful
 - Scarcity is not a problem
- But this is an aggressive budget with billions more in ongoing obligations, and we are approaching a blind corner

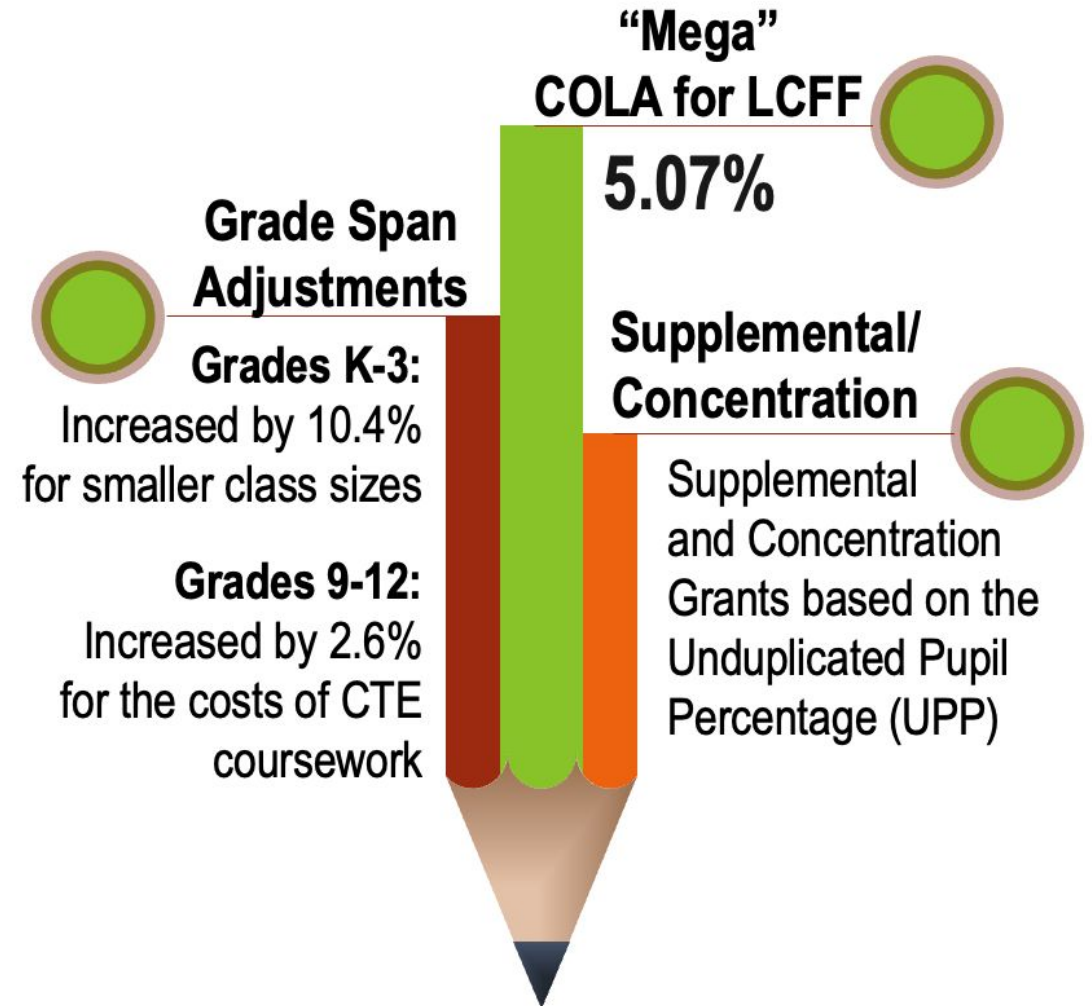
2021-22 PROPOSED DISTRICT BUDGET





2021-22 LCFF FUNDING FACTORS

- The May Revision increases the COLA which is applied to the LCFF base grants for each grade span
 - Two grade span adjustments (GSAs) are applied as percentage increases to the base grants
 - Supplemental and concentration (S/C) grants are calculated based on the percentage—unduplicated pupil percentage (UPP)—of an LEA’s enrolled students who are:
 - English learners
 - Free or reduced-price meal program eligible students
 - Foster youth





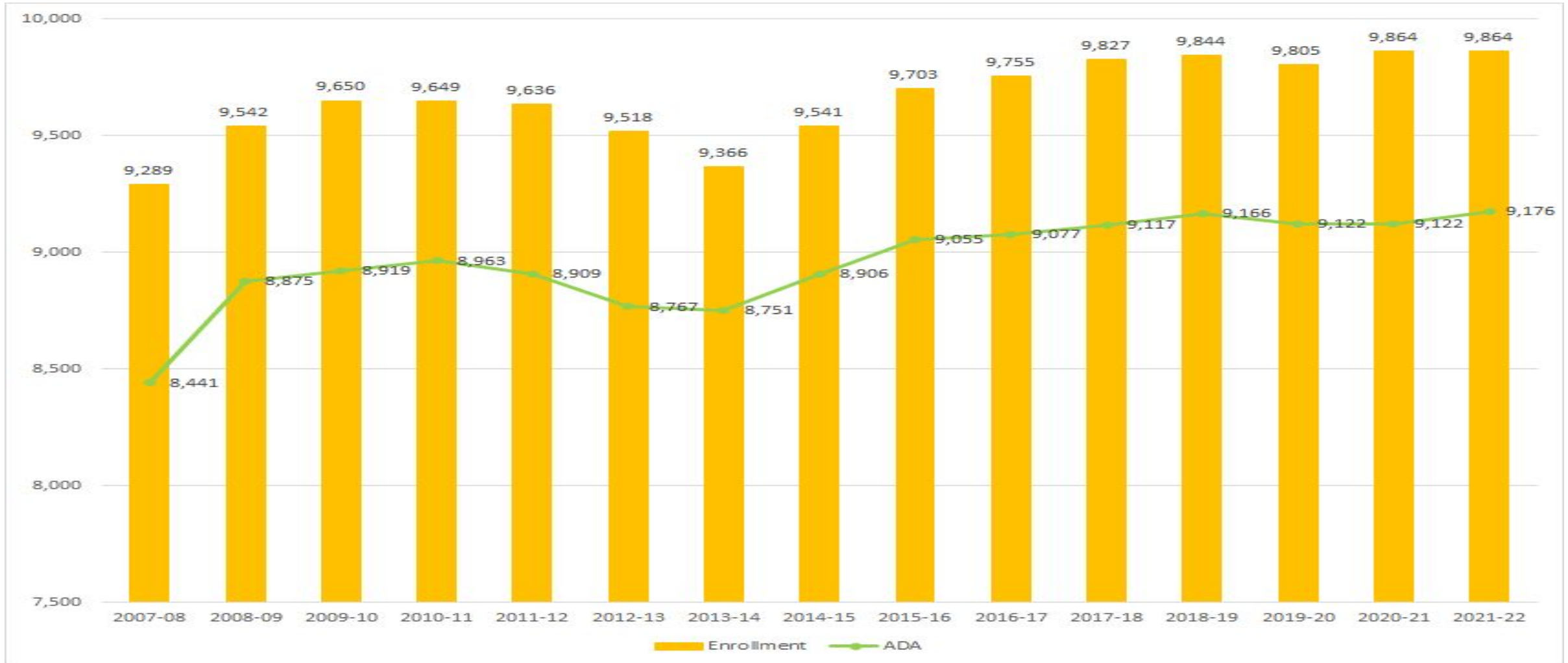
PUHSD LCFF CALCULATION

Calculation Factors	7-8	9-12
2020-21 Base Grants per ADA	\$8,050	\$9,329
5.07% "Mega" COLA	\$408	\$473
2021-22 Base Grant per ADA	\$8,458	\$9,802
Grade Span Adjustment		\$255
2021-22 Adjusted Base Grant per ADA	\$8,458	\$10,057
20% Supplemental Grant per ADA (total UPP)*	\$1,237	\$1,471
50% Concentration Grant per ADA (total UPP)*	\$767	\$912
Total LCFF Funding per ADA	\$10,462	\$12,440

**District specific calculation based on 73.13% 3 yr. rolling average unduplicated pupil count (UPP)*



ENROLLMENT TO ADA HISTORICAL TRENDS & PROJECTIONS





MULTI-YEAR PROJECTION ASSUMPTIONS SUMMARY

	2020-21	2021-22	2022-23	2023-24
Department of Finance (DOF) Statutory COLA	2.31%	1.70%	2.48%	3.11%
Planning/Funded COLA (Sp Ed for 2021-22)	0%	4.05%	2.48%	3.11%
“Mega” COLA (LCFF only)	N/A	5.07%	N/A	N/A
Enrollment	9,864	9,864	9,864	9,864
Enrollment Growth %	0.60%	0%	0%	0%
ADA	9,122.23	9,176.20	9,176.20	9,176.20
ADA as a % of Enrollment	92.48%	93.03%	93.03%	93.03%
Unduplicated % (Rolling 3 year average)	73.14%	73.13%	72.68%	71.40%
Step & Column - Certificated	1.53%	1.29%	1.29%	1.29%
Step & Column - Classified	1.26%	1.04%	1.04%	1.04%
Step & Column - Mgt/Confidential	1.27%	0.65%	0.65%	0.65%
STRS Rate	16.15%	16.92%	19.10%	19.10%
PERS Rate	20.70%	22.91%	26.10%	27.10%
Unemployment Insurance Rate	0.05%	1.23%	0.20%	0.20%



UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION SUMMARY

	2020-21 Estimated Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget
Beginning Balance	\$18,411,939	\$37,840,425	\$38,022,176	\$37,768,106
LCFF Revenue	\$108,375,783	\$114,027,353	\$116,653,426	\$119,381,364
Other Revenue	\$4,686,682	\$4,245,686	\$4,465,204	\$4,465,204
Contributions	<u>-\$17,400,932</u>	<u>-\$22,668,442</u>	<u>-\$23,119,155</u>	<u>-\$23,379,287</u>
Total Revenues	\$95,661,533	\$95,604,597	\$97,999,475	\$100,467,281
Certificated Salaries	\$39,714,285	\$43,880,123	\$45,010,686	\$45,752,016
Classified Salaries	\$10,140,501	\$14,154,965	\$15,398,572	\$15,852,663
Employee Benefits	\$18,349,120	\$23,036,773	\$24,493,889	\$26,031,848
Books and Supplies	\$1,548,919	\$2,003,600	\$1,736,996	\$1,773,820
Services, Operating Expenses	\$7,289,213	\$14,160,971	\$13,440,823	\$14,621,429
Capital Outlay	\$612,439	\$117,732	\$103,897	\$103,897
Other Outgo	<u>-\$1,421,428</u>	<u>-\$1,931,318</u>	<u>-\$1,931,318</u>	<u>-\$1,915,906</u>
Total Expenditures	\$76,233,049	\$95,422,846	\$98,253,545	\$102,219,767
Net Increase/(Decrease) to Ending Balance	\$19,428,484	\$181,751	(\$254,070)	(\$1,752,486)
Total Ending Balance	\$37,840,425	\$38,022,176	\$37,768,106	\$36,015,620



2020-21 ENDING FUND BALANCE DERIVED FROM ONE-TIME FUNDS/SAVINGS

	2019-20	2020-21	Total
Diverted Personnel	\$107,990	\$5,400,859	\$5,508,849
Diverted Other Costs	\$1,388,326	\$2,816,558	\$4,204,884
Closure/Distance Learning Savings	\$2,914,289	\$4,599,198	\$7,513,487
LCAP Sweep	\$505,918	\$4,697,088	\$5,203,006
Transportation	\$431,781	\$2,437,452	\$2,869,233
Total	\$5,348,304	\$19,951,155	\$25,299,459



NEXT STEPS

- The Board will open a public hearing to receive input on the District's budget
- A final budget will be presented to the Board for approval on June 16, 2021
- The District's Adopted Budget, along with the District's Local Control Accountability Plan (LCAP), will be reviewed by the Riverside County Office of Education (RCOE)
- After the California State Budget is adopted, the District's Budget will be revised and submitted to the Board for approval, if necessary ("45-Day Revision")
 - The May Revise provides the last set of data points for which to build our local adopted budget and may require a 45-Day Revision



QUESTIONS?