Saratoga Union School District
2021–22 Adopted Budget
June 10, 2021
State Budget and Economy a Year Ago……

• 2020–21 the State projected a surplus of $5.6B when the pandemic flipped that outlook to a $54.3B deficit.

• Economic indicators took the hit: GDP, Unemployment, S&P 500, etc.

• Fast Forward 6 months and Governor Newsom’s January Proposal proposed dramatic restoration of funding

• We got a “K” shaped recovery

• Unemployment disproportionate impact on young workers, low wage workers and service/hospitality sectors

• Commercial real estate impacted as workers move to more affordable zip codes and offices closed

• Many left workforce due to school closures and unaffordable child care
California Economy Today

Things are looking way up and California budget outlook is strong!

- Governor Newsom’s aggressive spending proposals with $24B in reserves and historic payment to State special reserve rainy day fund
- $100B surplus leads to “California Comeback Plan” using $76B from state funds and another $25B in federal funds
- Dow Jones exceeds pre-pandemic levels increasing capital gains
- Unemployment levels at 8.5% from over 15% during the pandemic
- Labor force participation still low with federal unemployment boost
- Statewide single family home prices have increased 31% since Feb 2020
- Big Three Taxes up since January outlook:
  - Personal Income Tax estimate up 21.4%
  - Sales Tax estimate up 5.4%
  - Corporate Tax estimate up 18.7%
Economic Impact for SUSD

- SUSD is not highly reliant on state funding as this represents only a very small portion of our General Fund Budget – 1.8%
- Highly reliant on local property tax revenues – 85.9%
- Property tax revenues are received mainly in December and April each school year
- We don’t get an influx of operating revenues until 6 months into the school year!
- SUSD borrows funds of $2–$3 million temporarily from restricted funds such as the Capital Facilities Funds and the Basic Aid Reserve Fund to meet monthly expenditure needs
In addition to Proposition 98, the Constitution also provides for additional funding under Proposition 4 in certain instances.

Each year, the Gann Limit caps the amount of tax proceeds the state and local governments can spend.

When there is more revenue than the state can spend within its limit, it must split the excess revenues between tax rebates and K-14 education.

Estimated one-time $8.1B to Education predicted in 2022-23.
District Reserve Cap

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**: 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% Cap**: Local reserves in adopted or revised budget cannot exceed 10% of combined assigned and unassigned General Fund balances.
- **Exemption**: Basic aid and districts with fewer than 2,501 average daily attendance (ADA) are exempt from the cap.
Governor’s Major Proposals for May Revise

5 Point Blueprint for California

• $2.7 billion for Universal Transitional Kindergarten (14th Grade) by 2024–25 with reduced class size of 12:1

• $3 billion to expand Community School and provide behavioral and mental health for students

• $3.3 billion in one-time funding over five years for teacher pipeline

• $1.1 billion to improve staff to student ratios for schools with highest concentration of unduplicated students including up to 5 counselors, nurses, teachers and paraprofessionals

• $2.6 billion to build upon funding provided for accelerated (learning loss) under AB86

• $2 billion to create college savings accounts low income students and foster youth
2020–21 One-Time COVID Resources

Federal Elementary & Secondary School Emergency Relief (ESSER) Funds
• ESSER I - $34,679 (fully expended)
• ESSER II - $147,914 (fully expended)

Governor’s Emergency Relief (GEER) Funds
• State Funds of $87,402

CARES Act Funds
• Federal Funds: Learning Loss Mitigation $452,521 (fully expended)
• State Funds: Learning Loss Mitigation $121,822 (fully expended)

Senate Bill 117
• State Funds of $29,905 (fully expended)

State AB86 Funds
On March 1, 2021, the Governor and Legislature reached a deal providing $2 billion In-Person Instruction Grants for LEA’s that continue to offer or begin in-person instruction. In addition, the proposal sets aside $4.6 billion in one-time Prop 98 funds for unspecified interventions to address learning loss, such as an extended school year or summer school. These funds are allocated based on District’s LCFF entitlement. SUSD received:
  - In-Person Instruction Grant $457,942 (fully expended)
  - Expanded Learning Opportunity Grant (ELO) $964,573 (10% for classroom aides)

Total Federal $635,114
Total State $1,661,644
Total COVID Funds $2,296,758
New One-Time Funds for 2021-22

Expanded Learning Opportunity Grant
- $768K included in 2021-22 as outlined in Expanded Learning Opportunity Grant Plan presented to the board on May 27th. Must be spent by August 31, 2022.

Elementary and Secondary School Emergency Relief Funds III
- $338,545 – Not yet budgeted until plan is approved
- Requires 20% to be set aside to address learning loss
- Requires a Safe Return to In-Person Instruction and Continuity of Services Plan
- Requires periodic review of the plan (every 6 months) and revise if needed. Public comments must be taken into account in determining if a revision is needed
- Requires an Expenditure Plan
- Spending timeline: March 13, 2020 through September 30, 2024
New Proposed One-Time Funds for 2021-22

Targeted Intervention Grant
- $2.6 billion proposal to supplement Expanded Learning Opportunity Grant.
- Not included in budget as this is still a proposal
- Expenditure timeline September 30, 2022 through June 30, 2024

In-Person Instruction Health and Safety Grant
- $2 billion to supplement the In-Person Instruction Grant.
- Not included in budget as this is still a proposal
- Expenditure timeline July 1, 2021 – June 30, 2023

Child Nutrition – School kitchen infrastructure upgrades and training for school cafeteria staff
- $25,000 for SUSD (minimum grant)
- $2,000 for professional development for food service workers
- Not included in budget as this is still a proposal
Federal School Meal Waiver Extension

U.S Department of Agriculture granted another waiver extending the provisions for students to continue to receive free school meals (breakfast and lunch) through the Seamless Summer Option through June 30, 2022

SUSD will be reimbursed at the increased Summer Food Service Program rates

Permits service outside of normally required settings and times, allows parents to pick up meals for students and waives meal pattern requirements

After School Snacks can also be claimed for reimbursement at the free rate

SUSD Impact: Normally the General Fund must contribute to the Cafeteria fund approximately $200k per year. No transfer is budgeted or expected in FY 2021-22
What is not included in Governor’s Budget?

- Funding to help offset increasing employer costs for PERS/STRS
- Retirement of apportionment deferrals
- Distance Learning provisions – still awaiting legislative changes for Independent Study program
- Additional funds for Basic Aid districts if Universal TK is implemented
- Funding to offset increased costs for Unemployment insurance which increased from .05% to 1.23% (an increase of 2,360%)
2021-22 LCFF Funding Factors & COLA

**COLA** – “Mega” COLA of 5.07% for 2021-22
- 1.7% COLA for 2021-22
- Included compounded 2019-20 statutory COLA of 2.31%
  Additional 1% COLA to alleviate fiscal pressures
- DOES NOT APPLY TO BASIC AID DISTRICTS – only receive minimum guarantee of $324,666

**Education Protection Act**
- Used for teacher salaries of $335,202

**Unduplicated Students** – Supplemental Services
- Required set aside of local property taxes of $237,257 to academic support for low income free & reduced meal eligible students, foster youth, homeless and English learners (Range of $1,692 to $1,787 per Grade Level ADA)
Special Education

- State AB602 Special Education Funding will get 4.05% COLA for underfunded SELPAs
- SUSD in SELPA III considered a high funded SELPA so COLA will not apply
- SELPA III $700 per ADA, but shares with other County SELPAs
Cash Deferrals

- The proposed pay down eliminates the ongoing deferrals scheduled for February 2022 through May 2022.

- It does not impact current deferrals for 2020-21.
  - In other words, it will not accelerate repayment of February through June 2021 deferrals that will be received in July through November 2021.

- The June to July deferral once again encompasses the full apportionment, though only $2.6 billion is scored for State Budget purposes.

<table>
<thead>
<tr>
<th></th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
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<td>Feb 2021</td>
<td>Nov 2021</td>
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<td>Mar 2021</td>
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<tr>
<td>April 2021</td>
<td>Sept 2021</td>
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<tr>
<td>May 2021</td>
<td>Aug 2021</td>
<td></td>
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<tr>
<td>June 2021</td>
<td>July 2021</td>
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<tr>
<td></td>
<td>June 2021 100%</td>
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<tr>
<td></td>
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<td>July 2022</td>
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### Historical Employer Rate Increases for STRS & PERS

<table>
<thead>
<tr>
<th>Year</th>
<th>STRS</th>
<th>PERS</th>
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<tbody>
<tr>
<td>2015-16</td>
<td>10.730%</td>
<td>11.847%</td>
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<tr>
<td>2016-17</td>
<td>12.580%</td>
<td>13.888%</td>
</tr>
<tr>
<td>2017-18</td>
<td>14.430%</td>
<td>15.531%</td>
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<tr>
<td>2018-19</td>
<td>16.280%</td>
<td>18.062%</td>
</tr>
<tr>
<td>2019-20</td>
<td>17.100%</td>
<td>19.271%</td>
</tr>
<tr>
<td>2020-21</td>
<td>16.150%</td>
<td>20.700%</td>
</tr>
<tr>
<td>2021-22</td>
<td>16.920%</td>
<td>22.910%</td>
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<tr>
<td>2022-23 Projected</td>
<td>19.100%</td>
<td>26.100%</td>
</tr>
<tr>
<td>2023-24 Projected</td>
<td>19.100%</td>
<td>27.100%</td>
</tr>
</tbody>
</table>

- STRS has increased 57.69% in the last 6 years
- PERS has increased 93.38% in the last 6 years
Enrollment History & Projections

10 Year Enrollment Trends & Projections

2014-15: 2,069
2015-16: 2,000
2016-17: 1,906
2017-18: 1,817
2018-19: 1,765
2019-20: 1,702
2020-21: 1,657
2021-22: 1,555
2022-23: 1,517
2023-24: 1,452

24.8% Decline (3.5% per year average)
## Planning Factors for Multiyear Projections

<table>
<thead>
<tr>
<th></th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
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<tbody>
<tr>
<td><strong>Enrollment</strong></td>
<td>1,555</td>
<td>1,517</td>
<td>1,452</td>
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<tr>
<td><strong>Property Taxes</strong></td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
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<tr>
<td><strong>Parcel Taxes</strong></td>
<td>$475,000</td>
<td>$475,000</td>
<td>$475,000</td>
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<tr>
<td><strong>Unduplicated Count Students % (133 Students)</strong></td>
<td>8.29%</td>
<td>8.45%</td>
<td>8.81%</td>
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<tr>
<td><strong>Supplemental Services Set Aside for Unduplicated Students</strong></td>
<td>$237,257</td>
<td>$219,911</td>
<td>$226,543</td>
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<tr>
<td><strong>STRS Employer Rates</strong></td>
<td>16.92%</td>
<td>19.10%</td>
<td>19.10%</td>
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<tr>
<td><strong>PERS Employer Rates</strong></td>
<td>22.91%</td>
<td>26.10%</td>
<td>27.10%</td>
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<tr>
<td><strong>General Fund Contributions to Restricted Programs</strong></td>
<td>$6,725,667</td>
<td>$7,161,476</td>
<td>$7,283,641</td>
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<tr>
<td><strong>Certificated FTE’s</strong></td>
<td>106.767</td>
<td>104.767</td>
<td>102.767</td>
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<tr>
<td><strong>Classified FTE’s</strong></td>
<td>71.6551</td>
<td>71.6551</td>
<td>71.6551</td>
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<tr>
<td><strong>Management &amp; Confidential FTE’s</strong></td>
<td>19.0</td>
<td>19.0</td>
<td>19.0</td>
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<tr>
<td><strong>Step &amp; Column Increases</strong></td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
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<td><strong>Health Benefit Increases</strong></td>
<td>2.83%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td><strong>Negotiated Salary Increase All Employees</strong></td>
<td>3%</td>
<td>3%</td>
<td>0%</td>
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<tr>
<td><strong>Utility Rate Increase</strong></td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
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2021–22 General Fund Revenues

Total Revenues $36,507,155

LCFF/Revenue Limit Sources $32,229,877 88%

Federal Revenues $425,003 1%

State Revenues $2,737,951 9.8%

Local Revenues $1,114,316 3%
2021–22 General Fund Expenditures

Total Expenditures $35,899,302

- Certificated Salaries $14,411,384 (40%)
- Classified Salaries $5,341,810 (15%)
- Employee Benefits $10,487,492 (29%)
- Books & Supplies $1,299,511 (4%)
- Services & Operating $3,668,196 (10%)
- Transfers Out $350,000 (1%)
- Other Outgo $325,904 (1%)
- Capital Outlay $15,000 (0%)
## General Fund Multi-Year Projections

<table>
<thead>
<tr>
<th></th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
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<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$36,507,155</td>
<td>$36,792,360</td>
<td>$37,598,580</td>
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<tr>
<td><strong>Expenditures</strong></td>
<td>$35,899,302</td>
<td>$37,135,127</td>
<td>$37,478,271</td>
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<td><strong>Net Increase/(Decrease)</strong></td>
<td>$607,853</td>
<td>(($442,767)</td>
<td>$120,309</td>
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<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$6,917,581</td>
<td>$7,525,434</td>
<td>$7,082,667</td>
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<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$7,525,434</td>
<td>$7,082,667</td>
<td>$7,202,976</td>
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<tr>
<td><strong>Total Available Reserves (Fund 01 &amp; Fund 17)</strong></td>
<td>20.77%</td>
<td>20.60%</td>
<td>22.54%</td>
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</tbody>
</table>
### Other Funds Summary

<table>
<thead>
<tr>
<th>Fund</th>
<th>Beginning Balance</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Ending Balance</th>
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<tbody>
<tr>
<td>Cafeteria Fund 13</td>
<td>$45,734</td>
<td>$780,998</td>
<td>($718,386)</td>
<td>$108,386</td>
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<td>Deferred Maintenance Fund 14</td>
<td>$855,904</td>
<td>$407,500</td>
<td>($149,495)</td>
<td>$1,113,909</td>
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<tr>
<td>Basic Aid Reserve Fund 17</td>
<td>$3,254,748</td>
<td>$330,000</td>
<td>$-</td>
<td>$3,584,748</td>
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<td>Post Employment Benefit Fund 20</td>
<td>$475,565</td>
<td>$6,000</td>
<td>$-</td>
<td>$481,898</td>
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<tr>
<td>Building Fund 21</td>
<td>$2,057,578</td>
<td>$25,029</td>
<td>$-</td>
<td>$2,082,607</td>
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<tr>
<td>Capital Facilities Fund 25</td>
<td>$3,462,895</td>
<td>$56,000</td>
<td>($34,000)</td>
<td>$3,484,895</td>
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<tr>
<td>County School Facilities Fund 35</td>
<td>$122</td>
<td>$1</td>
<td>$0</td>
<td>$123</td>
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<tr>
<td>Bond Interest Redemption Fund</td>
<td>$6,842,262</td>
<td>$6,571,616</td>
<td>($6,375,999)</td>
<td>$7,037,879</td>
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<td>Enterprise Fund (Treehouse) 63</td>
<td>$53,279</td>
<td>$752,000</td>
<td>($721,650)</td>
<td>83,629</td>
</tr>
</tbody>
</table>
Team Effort

Elizabeta Bays
Accountant

Patti Wareham
Compensation Specialist

Jennifer Guidry
Account Technician

Thank you to my team who helped develop the budget and for their everyday hard work!
What’s Next?

- State Legislature will approve their budget proposal by June 15\textsuperscript{th} and then negotiate with the Governor for a final version to be signed by the Governor by the end of June. Any significant changes will be adjusted in the First Interim budget.

- This budget will be brought back to the SUSD Governing Board on June 24\textsuperscript{th} for approval.

- Business Office will then forward the Adopted Budget to the County Office within 5 days of Board approval for their review.
Thanks!

Any questions?