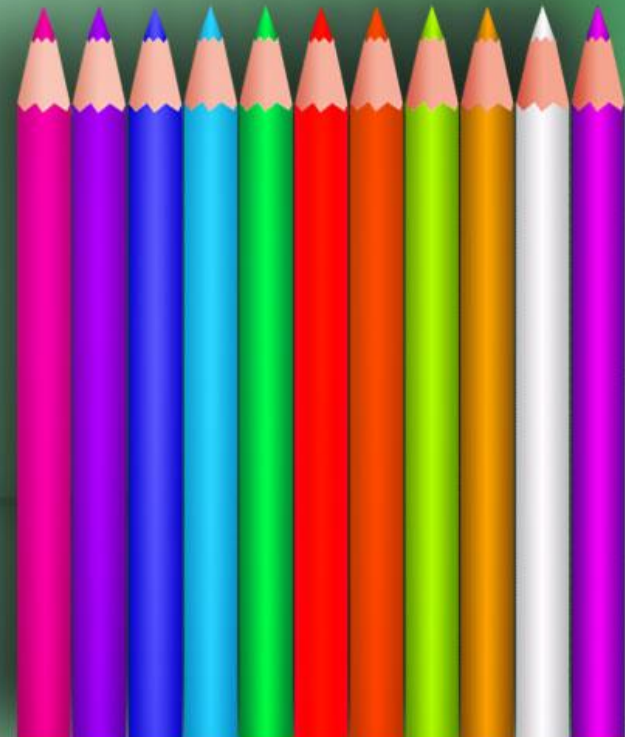


SAN PASQUAL UNION SCHOOL DISTRICT

2021-22 PROPOSED BUDGET

Rhonda Brown, Chief Business Officer
June 22, 2021



BUDGET CYCLE

- **LCAP & Budget Adoption – June 2021**
 - June 2021, 1st Board Meeting
 - LCAP & Proposed Budget
 - June 2021, 2nd Board Meeting
 - LCAP Approval & Proposed Budget Adoption
- **Unaudited Actuals – September 2020**
 - Close out Fiscal Year as of June 30th
 - Board reviews and approves report
- **First Interim – December 2021**
 - First Revision of Adopted Budget
- **Annual Audit – December 2021**
 - Independent audit firm submits report on district's fiscal & programs review/findings
- **Board Review of final Audit Report – January 2022**
- **Second Interim – March 2022**
 - Second Revision of Adopted Budget



June 2021 Budget Report

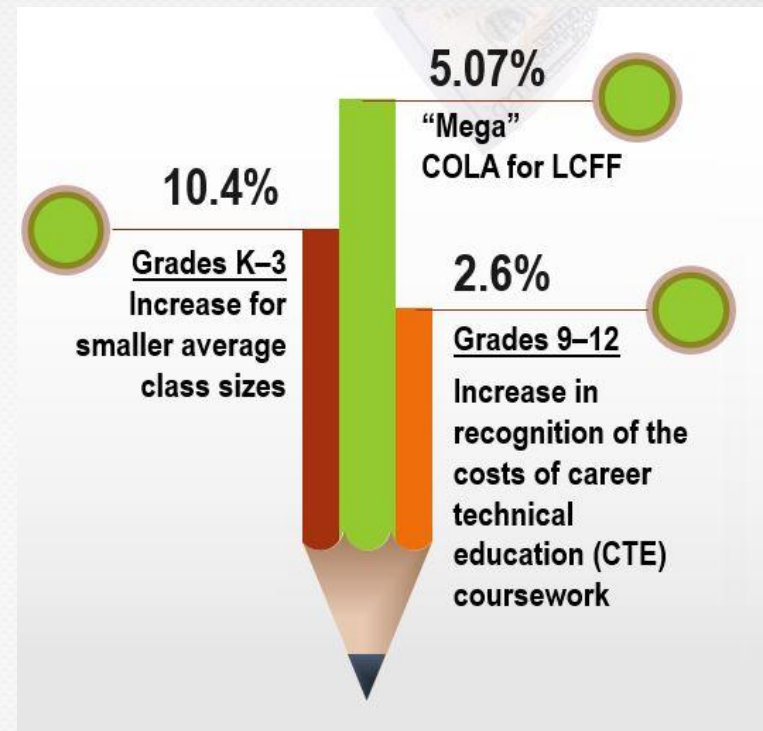
Governor's Proposal for 2021-22 State Budget

- The Governor's May Revision is reflective of a strong economic turnaround, projecting unprecedented funding for K-12 public education. This budget provides for a super COLA and several one-time funding opportunities.
- The Governor is proposing a super COLA of 5.07% for the LCFF for 2021-22, adding 1.0% to a compound COLA of 4.05% derived from the 2020-21 statutory COLA of 2.31% and an estimated 1.7% statutory COLA for 2021-22



2021–22 LCFF Funding Factors

- 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

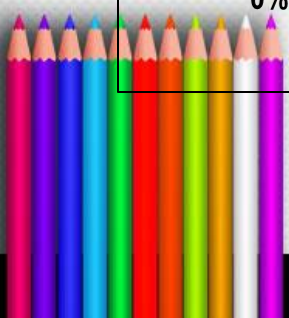
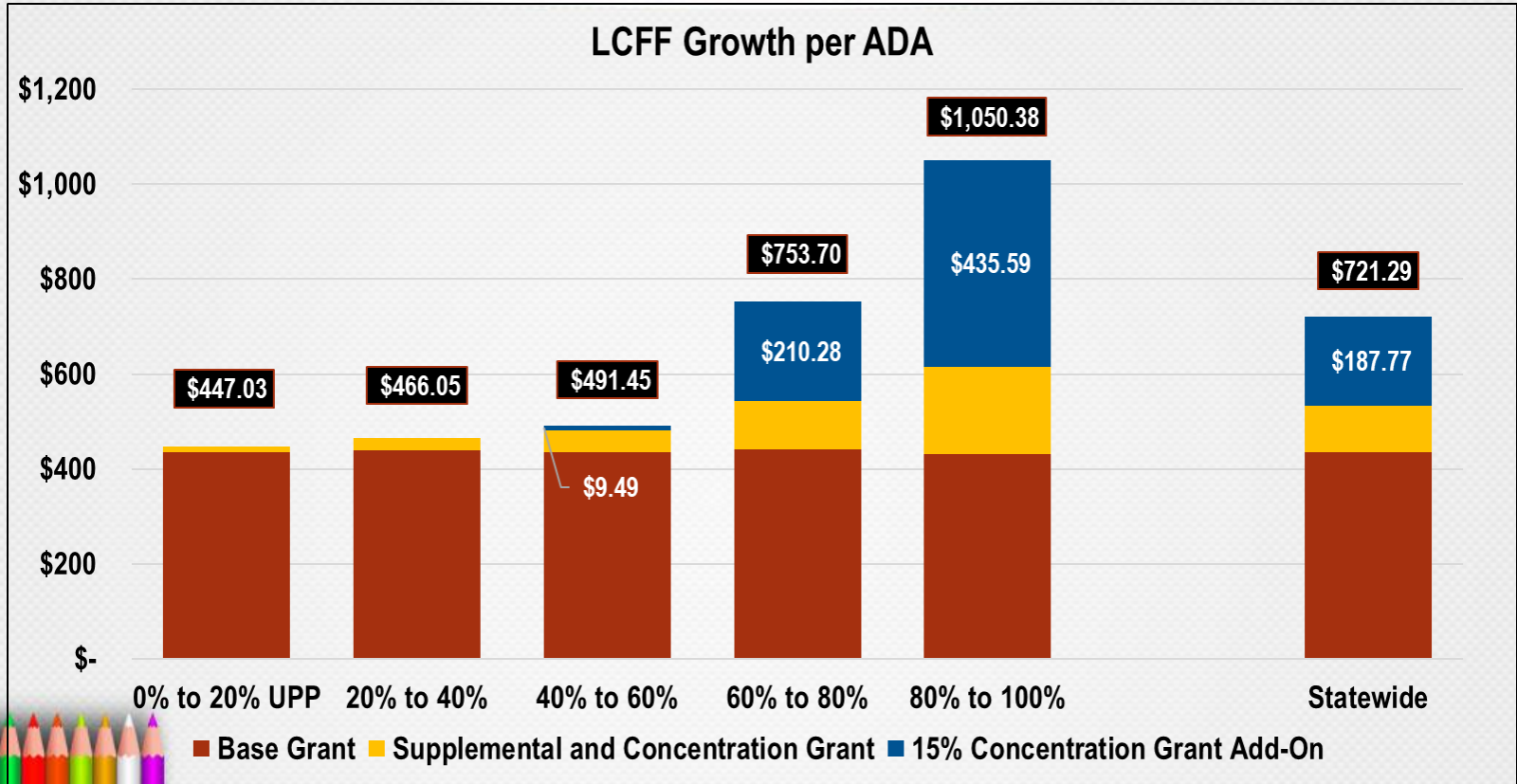


2021–22 LCFF Funding Factors

Grade Span	K-3	4-6	7-8	9-12
2020-21 Base Grant per ADA	\$7,702	\$7,818	\$8,050	\$9,329
<i>5.07% Mega COLA</i>	<i>\$390</i>	<i>\$396</i>	<i>\$408</i>	<i>\$473</i>
2021-22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
GSA	\$842	-	-	\$255
2021-22 Adjusted Base Grant per ADA	\$8,934	\$8,214	\$8,458	\$10,057
20% Supplemental Grant per ADA (Total UPP)	\$1,787	\$1,643	\$1,692	\$2,011
50% Concentration Grant per ADA (UPP Above 55%)	\$4,467	\$4,107	\$4,229	\$5,029



LCFF Growth-Concentration Grant Proposal



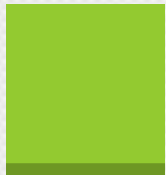
Cash Flow and Deferrals



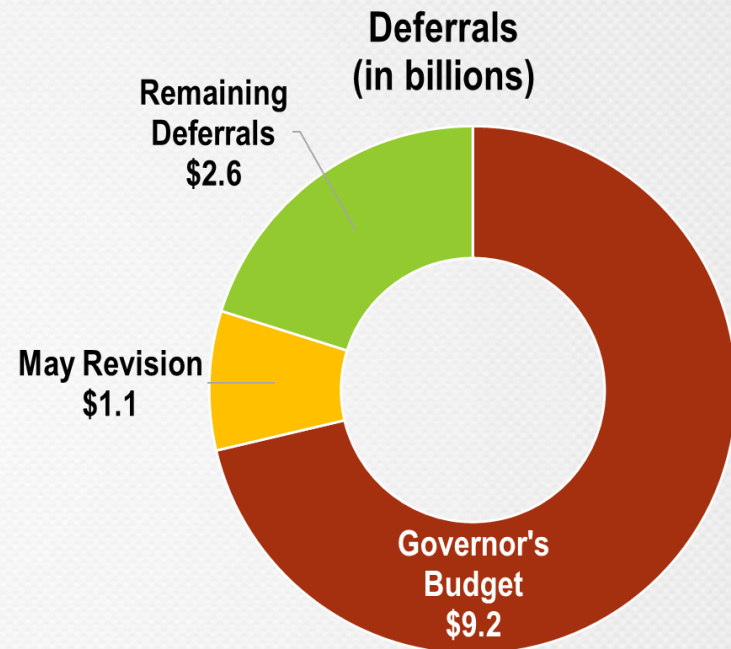
The 2020–21 Enacted State Budget included almost \$13 billion in K–12 LCFF deferrals



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



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



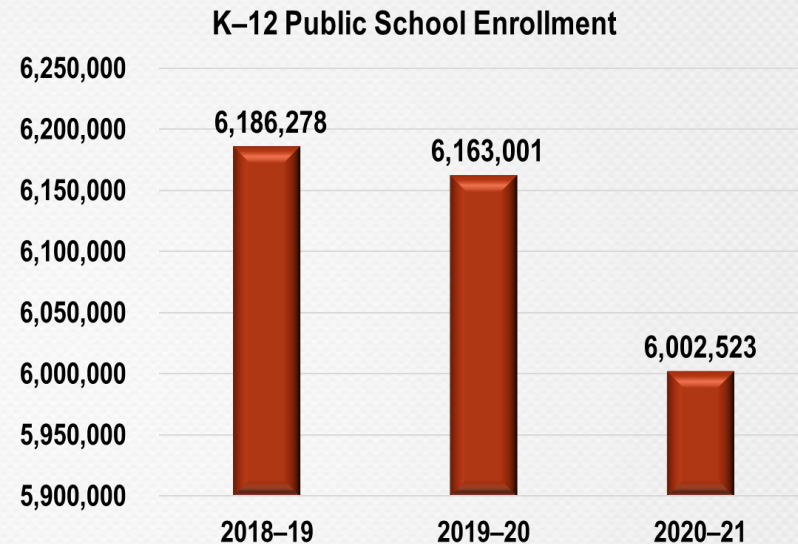
Cash Flow and Deferrals

- The proposed pay down eliminates the ongoing deferrals scheduled for February through May 2022
- It does not impact current deferrals
 - 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



Managing Enrollment and ADA

- ❑ 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 population declined by more than 160,000



Managing Enrollment and ADA

- The looming question is how many of those students will return in 2021-22
- The good news for school districts with no “dependent” charter schools is that the hold harmless provision of the 2020-21 Enacted Budget provides a one year safe-harbor
- In 2021-22, school districts will be funded on the higher of 2019-20 ADA or 2021-22 ADA



The increase in COLA, and one-time federal funds provide an additional cushion, however should not be viewed as the magic fix.



Enrollment/Funded ADA

LCFF funding is based on greater of total current or prior year P2.

	2018-19	2019-20	2020-21	Projected 2021-22	Projected 2022-23
Enrollment	584	564	496	494	494
P2 ADA	568.89	540.01	*	479.18	479.18
Funded P2 ADA	568.89	568.89	540.01	540.01	479.18

*2020-21 P2 was not calculated due to pandemic



Assumptions for Proposed Budget

➤ Assumptions were based on Governor's May Revise

– Mandate Block Grant – K-8	\$32.79/ PY P2 ADA
– Unrestricted Lottery	\$150.00/Annual ADA
– Restricted Lottery	\$49.00/Annual ADA
– STRS Employer Rate	16.92%
– PERS Employer Rate	22.91%
– Social Security Employer Rate	6.2%
– Med Employer Rate	1.45%
– SUI Employer Rate	1.23%
– Workers Comp Rate	1.63%



Pension Contribution Rates

CalSTRS

- Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually-not to exceed 20.25% of creditable compensation

CalSTRS Rates	
Year	Employer Rate*
2018-19	16.28%
2019-20	17.10%
2020-21	16.15%*
2021-22	16.92%
2022-23	19.10%
2023-24	19.10%
2024-25	19.10%

*2021-22 approved by CalSTRS Board on June 10, 2021

Note: All other rates beginning in 2022-23 through 2024-25 are projected rates



Pension Contribution Rates

CalPERS

- The California Public Employees' Retirement System (CalPERS) Board adopted an employer contribution rate of 22.91% for 2021-22
 - 2.21% higher than the current-year rate of 20.70%

Year	Previously Released Employer Contribution Rate	New Projected Employer Contribution Rate*
2021-22	23.00%	22.91%*
2022-23	26.30%	26.10%
2023-24	27.30%	27.10%
2024-25	27.80%	27.70%
2025-26	27.80%	27.80%
2026-27	27.60%	27.60%

*2021-22 rate approved by CalPERS Board on April 19, 2021

Note: All other rates beginning in 2022-23 through 2026-27 are projected rates



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



Unemployment Insurance Fund

LEAs were prohibited from laying off a large pool of employees in 2020–21 which begs the question—what caused such a significant rate increase?

The report acknowledges the concerns and notes that EDD will be investigating paid claims for improper benefits and any overpayments that are established and collected will be credited back to the fund

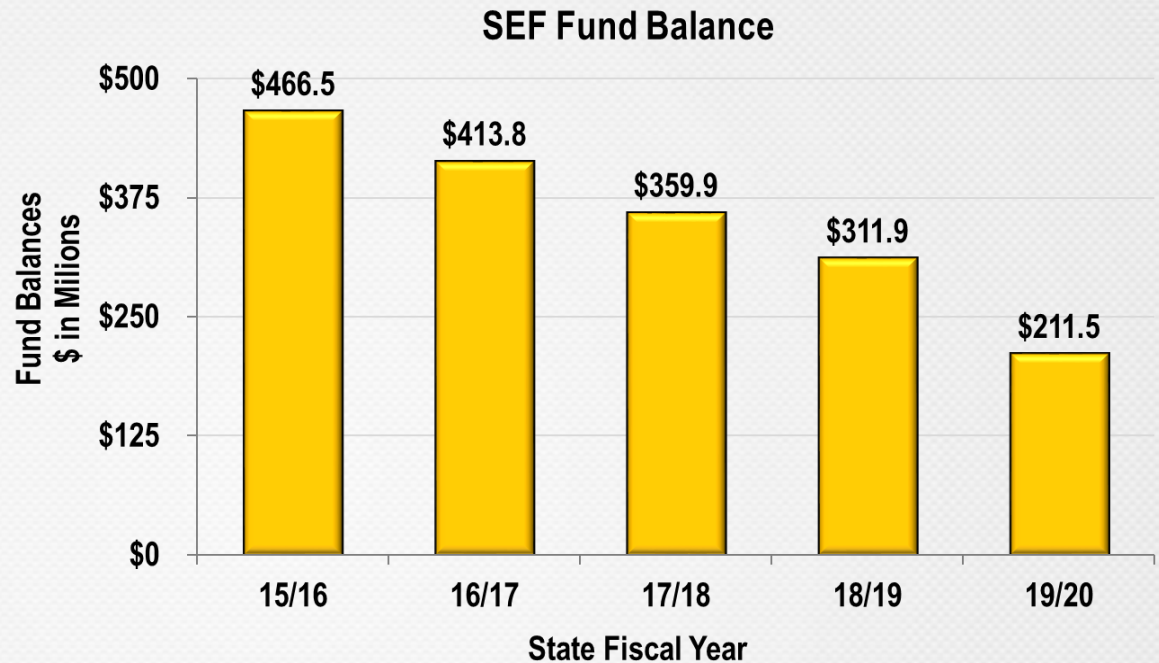
The report also suggests that the increase to 1.23% will generate sufficient revenue to restore the fund's reserves by the end of the 2021–22 year



Unemployment Insurance Fund

However, past trends show that the pool was spending down its reserves before the pandemic hit

EDD has acknowledged that the statutory minimum of 0.05% may not be sufficient, and a rate of 0.20% is more reasonable



Source: Annual fund report from EDD



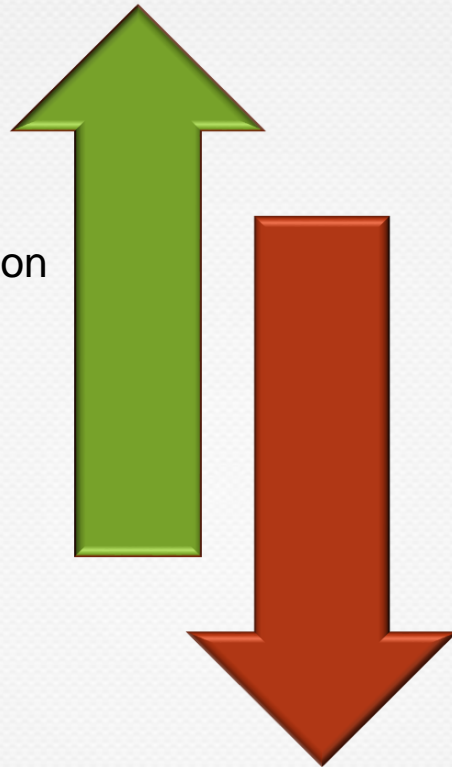
Multiyear Projections

- Multiyear projections (MYPs) are required by AB 1200 (Chapter 1213/1991) and AB 2756 (Chapter 52/2004)
- Recognize that MYPs are projections, not forecasts
 - Projections are expected to change as various factors change – they are not predictions
 - Projections are the mathematical result of today's decisions based on a given set of assumptions
 - Forecasts are predictions of the future – there is a higher implied reliability factor than for projections
- Projections will change any time the underlying factors change – therefore, plan to adjust as conditions change



Impacts on Multiyear 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 cost with reopening
- Declining Enrollment



Multi-Year Projections

San Pasqual Union Elementary Multi-Year Projections Summary Report 2021-22 Adopted Budget

DESCRIPTION	OBJECT CODE	FY 2021-22			FY 2022-23			FY 2023-24			
		Current (Base Year)			First Projected Year			Second Projected Year			
		Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
A	Beginning Balance as of July 1	\$1,560,401	\$176,110	\$1,736,511	\$1,828,290	\$176,110	\$2,004,400	\$1,507,055	\$40,000	\$1,547,055	
B	Revenues										
1	Revenue Limit Sources	8010-8099	4,772,530	34,053	4,806,583	4,316,447	34,053	4,350,500	4,446,725	34,053	4,480,778
2	Federal Revenues	8100-8299	0	492,961	492,961	0	217,645	217,645	0	217,645	217,645
3	Other State Revenues	8300-8599	103,810	632,196	736,006	91,084	373,816	464,900	91,084	373,816	464,900
4	Other Local Revenues	8600-8799	109,000	536,531	645,531	109,000	419,049	528,049	109,000	282,943	391,943
5	Total Revenues		4,985,340	1,695,741	6,681,081	4,516,531	1,044,563	5,561,094	4,646,809	908,457	5,555,266
	Beginning Balance & Revenue (A+B5)		\$6,545,741	\$1,871,851	\$8,417,592	\$6,344,821	\$1,220,673	\$7,565,494	\$6,153,864	\$948,457	\$7,102,321
C	Expenditures										
1	Certificated Salaries	1000-1999	2,148,444	462,575	2,611,019	2,184,126	358,405	2,542,531	2,220,468	363,879	2,584,347
2	Classified Salaries	2000-2999	656,333	295,791	952,124	664,825	279,699	944,524	673,504	284,846	958,350
3	Employee Benefits	3000-3999	947,066	562,376	1,509,442	1,018,073	551,204	1,569,278	1,022,935	553,179	1,576,114
4	Books & Supplies	4000-4999	217,407	110,531	327,938	196,291	98,871	295,162	200,668	101,076	301,744
5	Services, Other Operating Exp	5000-5999	508,957	67,126	576,083	512,092	68,737	580,829	524,395	70,270	594,665
6	Capital Outlay	6000-6999	0	352,489	352,489	0	(0)	(0)	0	(0)	(0)
7	Other Outgo - exclude Direct Sup.	7100-7299	13,000	71,097	84,097	13,312	72,803	86,115	13,609	74,427	88,036
8	Debt Service	7400-7499	0	0	0	0	0	0	0	0	0
9	Direct Support/Indirect Costs	7300-7399	0	0	0	0	0	0	0	0	0
10	CSR Reduction (for info only)	1000-7999									
11	Projected Budget Reduction		0	0	0	0	0	0	0	0	0
12	Total Expenditures:		\$4,491,207	\$1,921,985	\$6,413,192	\$4,588,719	\$1,429,719	\$6,018,438	\$4,655,578	\$1,447,676	\$6,103,254
D	Interfund Xfers/Other Sources										
1	Transfers In	8910-8929	0	0	0	0	0	0	0	0	0
2	Transfers Out	7610-7629	0	0	0	0	0	0	0	0	0
3	Sources	8930-8979	0	0	0	0	0	0	0	0	0
4	Uses	7630-7699	0	0	0	0	0	0	0	0	0
5	Contributions	8980-8999	(226,244)	226,244	0	(249,047)	249,047	0	(539,219)	539,219	0
E	Net Increase (Decrease) in Fund Balance		\$267,889	\$0	\$267,889	(\$321,235)	(\$136,109)	(\$457,345)	(\$547,988)	(\$0)	(\$547,989)
F	Ending Balance		\$1,828,290	\$176,110	\$2,004,400	\$1,507,055	\$40,000	\$1,547,055	\$959,066	\$40,000	\$999,067
1	Revolving Cash	9711	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000
2	Other Reserves	97xx	0	0	0	0	0	0	0	0	0
3	Restricted	9740	0	176,110	176,110	0	40,000	40,000	0	40,000	40,000
4	Stabilization Arrangements	9750	0	0	0	0	0	0	0	0	0
5	Other Commitments	9760	0	0	0	0	0	0	0	0	0
6	Assigned - Other Assignments	9780	1,200,000	0	1,200,000	900,000	0	900,000	350,000	0	350,000
7	Reserve for Economic Uncertainties	9789	256,528	0	256,528	240,738	0	240,738	244,130	0	244,130
8	Unassigned/unappropriated Amount	9790	370,762	0	370,762	365,317	0	365,317	363,936	0	363,936
G	Components of Ending Fund Balance Total		\$1,828,290	\$176,110	\$2,004,400	\$1,507,055	\$40,000	\$1,547,055	\$959,066	\$40,000	\$999,067

4% Calculated Reserve, or \$50,000 (greater of the two)

	4.00%	Total Reserves	4% Calculated	Difference*	
Reserve Percentage Level for this district:	4.00%				
FY 2021-22 ADA Input Sheet (District):	479.18	FY 2021-22 Bud	\$256,528	\$256,528	\$0
		FY 2022-23 Proj	\$240,738	\$240,738	\$0
		FY 2023-24 Proj	\$244,130	\$244,130	\$0

FY 2022-23 Unappropriated Amount is: **Positive**
 FY 2023-24 Unappropriated Amount is: **Positive**

Balance of Excess Minimum Reserve

District: San Pasqual Union School
CDS #: 37-68353

Adopted Budget
2021-22 Budget Attachment
Balances in Excess of Minimum Reserve Requirements

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances		
Form	Fund	2021-22 Budget
01	General Fund/County School Service Fund	\$2,004,400.00
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$240,665.00
Total Assigned and Unassigned Ending Fund Balances		\$2,245,065.00
District Standard Reserve Level		4%
Less District Minimum Reserve for Economic Uncertainties		\$256,528.00
Remaining Balance to Substantiate Need		\$1,988,537.00

Objects 9780/9789/9790

Form 01

Form 17

Form 01CS Line 10B-4

Form 01CS Line 10B-7

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties

Form	Fund	2021-22 Budget	Description of Need
01	General Fund/County School Service Fund	\$400,000.00	Declining Enrollment
01	General Fund/County School Service Fund	\$200,000.00	Cash Flow
01	General Fund/County School Service Fund	\$100,000.00	Campus Safety Projects
01	General Fund/County School Service Fund	\$100,000.00	Curriculum/Textbook Adoption
01	General Fund/County School Service Fund	\$250,000.00	Alarm System Replacement
01	General Fund/County School Service Fund	\$250,000.00	HVAC Replacement
01	General Fund/County School Service Fund	\$400,000.00	Portable Replacement
01	General Fund/County School Service Fund	\$47,872.00	Legal Fees
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$70,000.00	Special Education IDT
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$100,000.00	Unanticipated Exp (Maintenance & Facilities)
	Insert Lines above as needed	\$70,665.00	Technology Infrastructure
Total of Substantiated Needs		\$1,988,537.00	

Remaining Unsubstantiated Balance

\$0.00

Balance should be Zero

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.



Final Thoughts

- The increase in COLA, and one-time federal funds provide an additional cushion, however should not be viewed as the magic fix
- If COLA only is our near-term LCFF future, increasing demands on our base funding (STRS & PERS contributions, step and column costs, unemployment rates and increase in health benefits) will exceed the COLA funding
- Given the automatic cost increases LEAs are facing, it's a significant task to merely maintain current programs
- Collective bargaining will continue to be a challenge
- Need to continue to evaluate budget to address deficit spending

