2020-21 Adopted Budget

June 24, 2020

Presented by:

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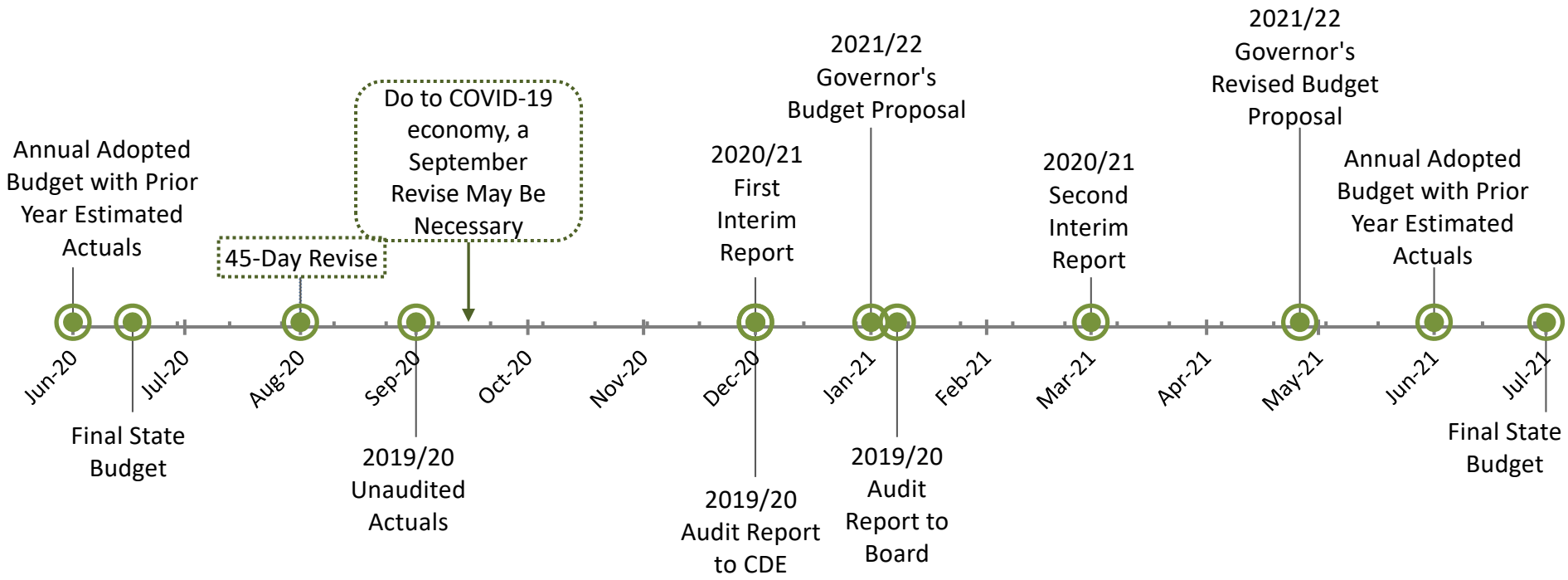
Director of Finance

Budget Development and Fiscal Cycle



Financial Assumptions for 2020-21 Budget Development

Financial Assumptions for 2020-21 Budget Development

	% Change	Total
Funded ADA percentage change over prior year	-2.716%	15,194.07
Projected COLA applied to LCFF funding	-7.92% (2.31% less 10%)	
Unduplicated Pupil Percentage change over prior year	0.393%	86.930%
Total Projected LCFF funding		$154,410,469
LCFF funding change over prior year	-10.341%	($17,808,637)
District's estimated Unrestricted Beginning Balance		$10,800,744
Staffing reductions approved April 1, 2020, in FTE and dollars reduced	103	($10,012,908)
Certificated and Classified increases due to step and column movement	1.500%	$1,094,665
STRS percentage change over prior year	-0.950%	($762,841)
PERS percentage change over prior year	0.980%	$269,818

2020-21 Budget Development

- DECLINING ENROLLMENT
  - Continued declining enrollment in 2020-21 and the next two years

- DEFICIT SPENDING
  - Need to alleviate deficit spending
  - Need for significant budget cuts if Federal HEROS Act not enacted with relief for K-12 public schools

- BOARD APPROVED BUDGET REDUCTIONS – Total $11.97 million
  - **Necessary due to declining enrollment (pre-COVID)**

Certificated Staffing Reductions	$6,138,718
School Site Staffing Reductions	$1,732,825
Business/Fiscal Services Reductions and Cost Shifts	$1,173,827
Management Reductions	$650,788
Educational Services Reductions and Cost Shifts	$880,641
Technology Reconfiguration and Reductions	$990,130
Cancel SRO Contract	$405,000

- BUDGET REDUCTION RECOMMENDATIONS TO BOARD – Total $6.2 million
  - **Necessary due to COVID caused economic recession and projected decline in state funding**

2 Furlough days for all employees working 183 days or more	$1,289,100
Reduce site discretionary budgets by 13%	$417,799
Hiring freeze – certain vacant positions	$675,000
One-Time deferral of contribution to reserve fund for Retiree Benefits	$3,819,485

2020-21 Budget Assumptions – REVENUE

- LCFF REVENUE
  - No State Cost of Living Adjustment (COLA)
  - 10% decrease in LCFF funding due to economic recession (COVID-19)
  - Declining Enrollment further degrades per ADA funding
  - *Total LCFF Revenue **Decrease** nets to **<$17.8 million>***

- FEDERAL REVENUE
  - Carryover funds not budgeted; funds will be added once the 2019-20 books are closed
  - Estimated Federal CARES Act one-time ESSER funds $3,173,320
  - Estimated Federal Coronavirus Relief Fund (CRF) one-time funds $3,895,000
  - *Total Federal Revenue **One-Time Increase** nets to **$7.4 million***

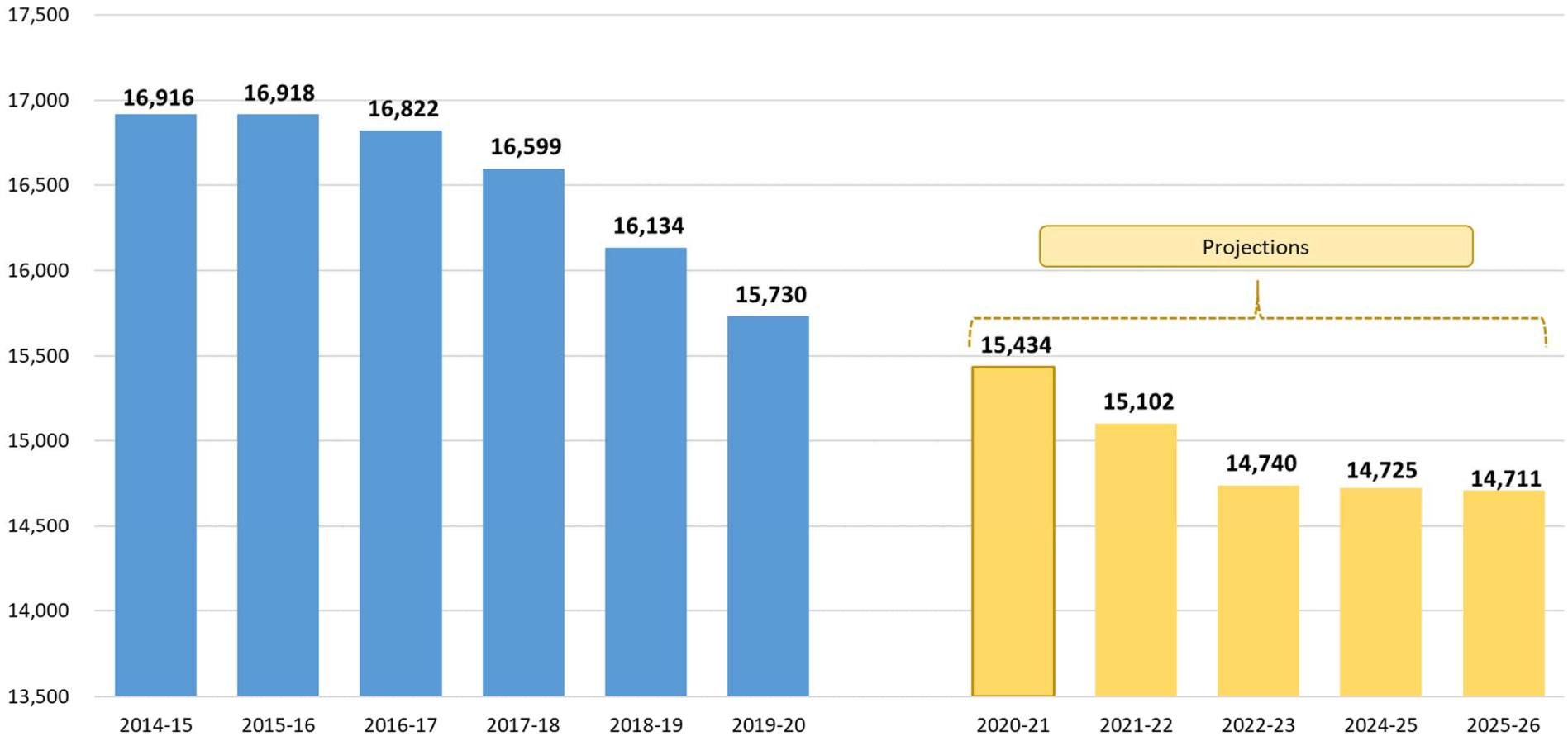
- OTHER STATE REVENUE
  - One-time discretionary funding eliminated ($2.4 million in 2019-20)
  - *Total Other State Revenue **Decrease** nets to **<$2.4 million>***

2020-21 Budget Assumptions – EXPENDITURES

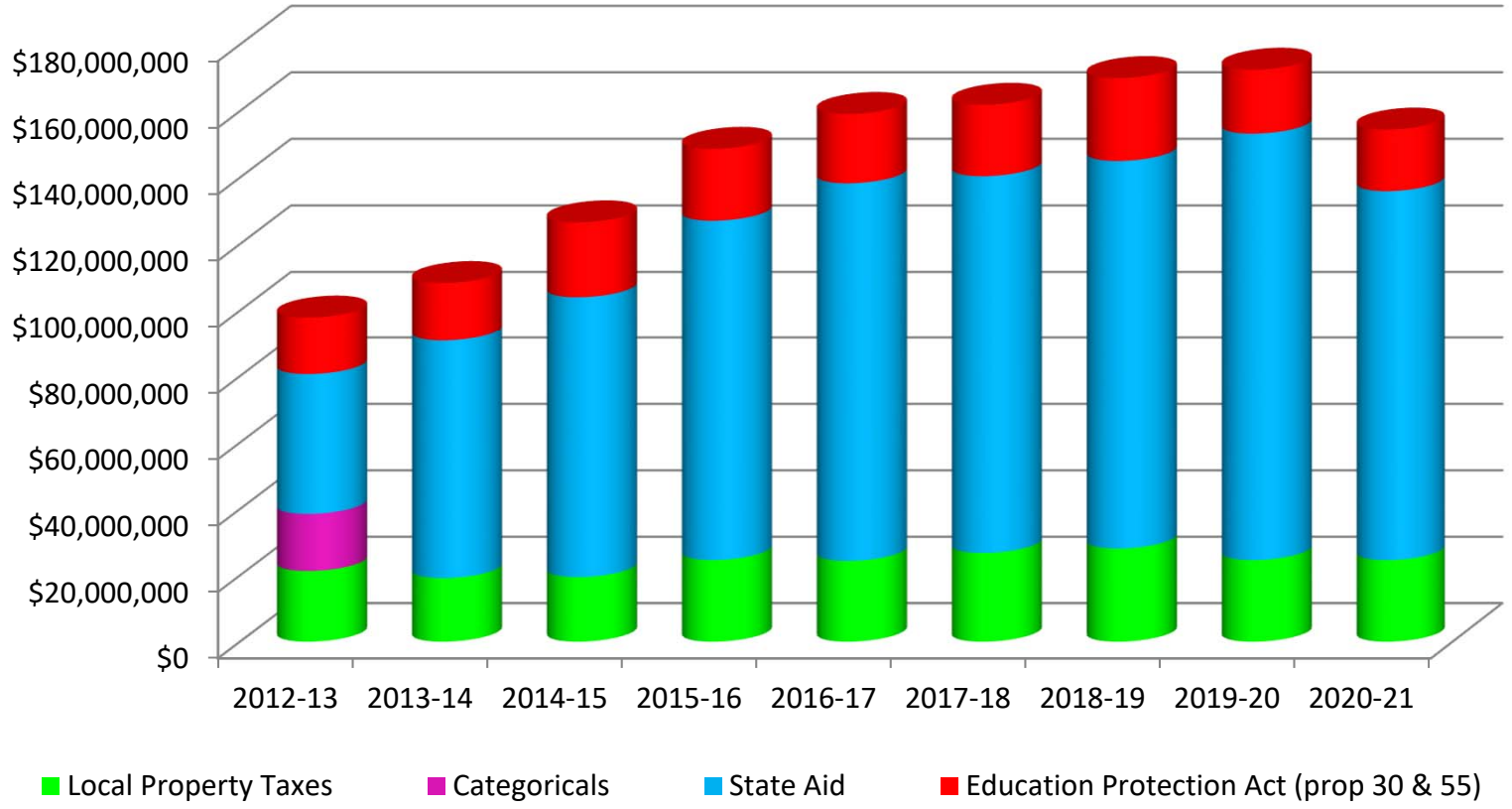
- CERTIFICATED AND CLASSIFIED SALARIES
  - Reduction in force of 103 FTE for budget savings of $10.0 million
  - Increases due to step and column movement of $1.1 million
  - Decreases due to decreased STRS rates, partially offset by increased PERS rates $500,000

- OTHER EXPENDITURE ITEMS
  - 1:1 iPads for grades K-1 to accommodate distance learning
  - Contribution to Routine Restricted Maintenance at 3% of total expenditures
  - Contribution to Special Education remains consistent

Enrollment Trend and Projections



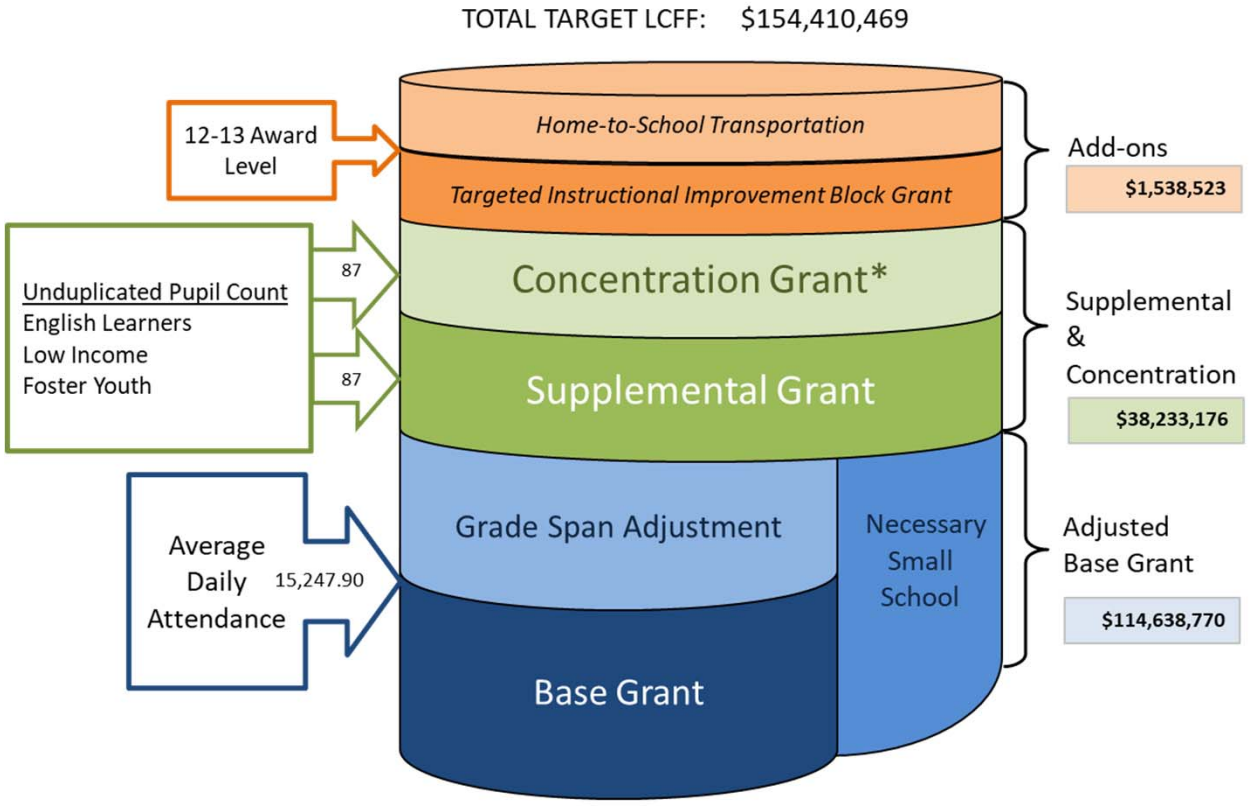
LCFF Funding Sources



2020-21 LCFF Funding Components

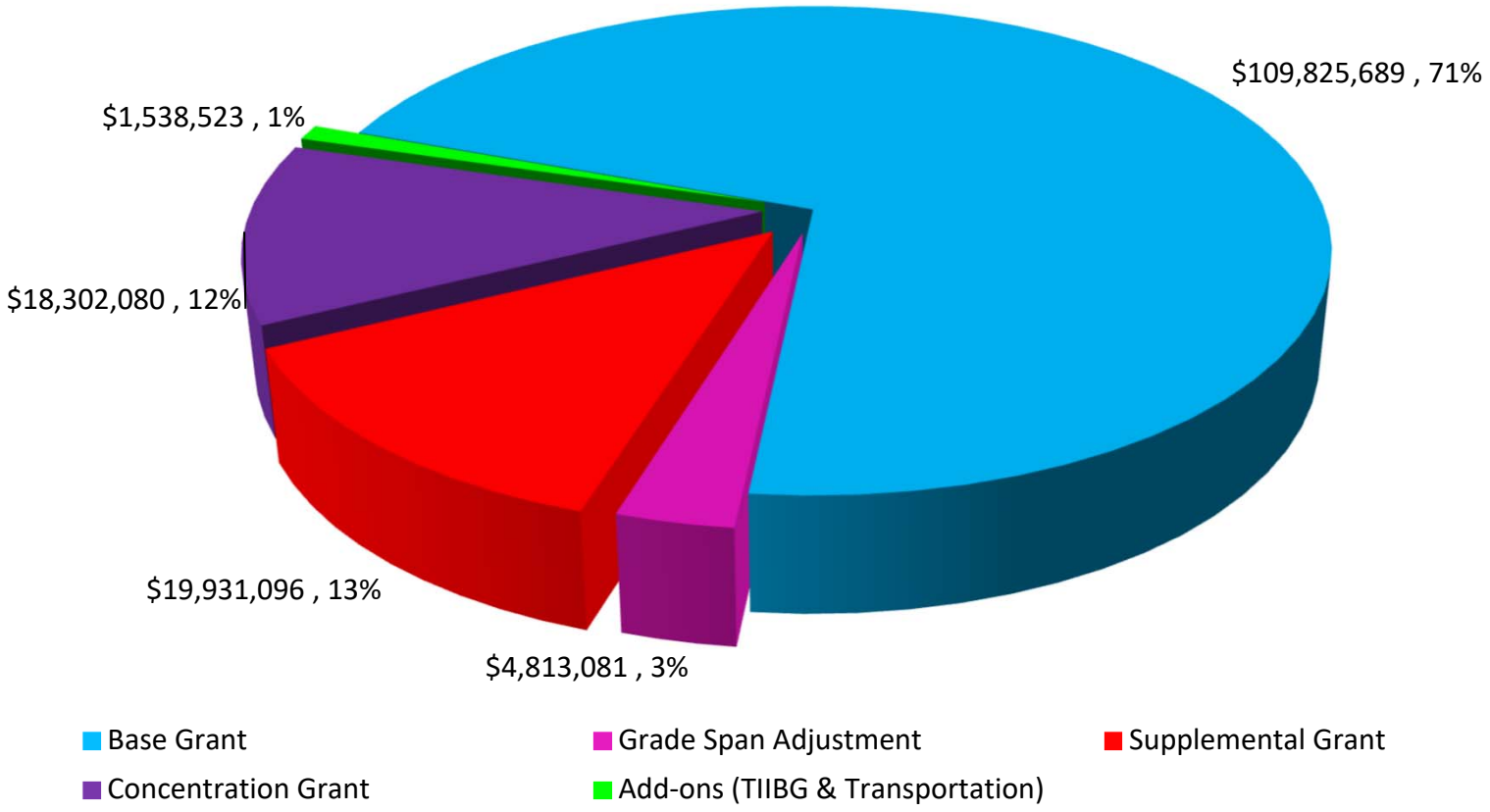
Components of LCFF Target Entitlement

		2020-21		
Base Grant / Necessary Small School	$	109,825,689		15,247.90 ADA
Grade Span Adjustment	$	4,813,081		
Supplemental Grant	$	19,931,096	87%	
Concentration Grant	$	18,302,080	87%	
Add-ons (TIIBG & Transportation)	$	1,538,523		
Total	$	154,410,469		



*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

2020-21 LCFF Funding Components



Multi-Year Projections – Governor's May Revise

	2019-20 Estimated Actuals	2020-21 Adopted Budget	2021-22 Projections	2022-23 Projections
		10.0% decrease in LCFF Revenue per Governor's May Revise		
Revenues	$199,628,821	$187,399,735	$178,980,678	$175,682,864
Expenditures		$197,442,391	$195,708,649	$187,566,115
Budget Reductions Needed		**($6,200,000)**	**($13,600,000)**	**($12,500,000)**
Total Adjusted Expenditures	$203,784,131	$191,242,391	$182,108,649	$175,066,115
Excess (Deficiency) of Revenue over Expenditures	**($4,155,310)**	**($3,842,656)**	**($3,127,971)**	$616,749
Transfers from Other Funds	0	0	0	0
Transfers to Other Funds	$1,434,097	$654,729	$500,000	$500,000
Net Increase (Decrease) in Fund Balance	**($5,589,407)**	**($4,497,385)**	**($3,627,971)**	$116,749
Beginning Fund Balance	$20,887,536	$15,298,129	$10,800,744	$7,172,773
Components of Ending Fund Balance				
Total Ending Fund Balance	$15,298,129	$10,800,744	$7,172,773	$7,289,522
3% Reserve for Economic Uncertainty	$6,160,678	$5,756,915	$5,478,259	$5,266,983
Non-Spendable (Stores & Revolving Ca	$120,000	$120,000	$120,000	$120,000
Legally Restricted	$4,417,263	$2,415,586	$0	$0
Other Assignments	$150,000	$150,000	$150,000	$150,000
Undesignated/Unappropriated Fund Balance	**$4,450,188**	**$2,358,243**	**$1,424,514**	**$1,752,539**

Detailed Multi-Year Projections – Governor's May Revise

General Fund (Unrestricted & Restricted)			2019-20 Estimated Actuals	2020-21 Adopted Budget	2021-22 (projected)	2022-23 (projected)
REVENUES:				***10.0% decrease in LCFF Revenue per Governor's May Revise***		
1		Total LCFF Funding	$170,690,238	$153,410,469	$152,059,801	$148,761,987
2		Federal Revenues	$8,452,148	$15,896,821	$8,896,821	$8,896,821
3		Other State Revenues	$10,408,754	$7,991,723	$7,991,723	$7,991,723
4		Other Local Revenues	$9,947,634	$10,100,722	$10,032,333	$10,032,333
5	a	Transfers In	$130,047	$0	$0	$0
5	c	Contributions/Encroachments	***$39,511,848****	***$38,607,497****	***$38,511,107****	***$42,545,170****
TOTAL REVENUES			**$199,628,821**	**$187,399,735**	**$178,980,678**	**$175,682,864**
EXPENDITURES						
1	a	Base Certificated Salaries	$86,052,953	$80,299,029	$80,299,029	$74,427,688
	b	Step & Column (1.5%)	$0	$0	$1,099,917	$1,102,915
	c	Cost-of-Living Adjustment	$0	$0	$0	$0
	d	**Other Adjustments (Staffing Reductions)**	$0	$0	**($6,971,258)**	**($900,000)**
Total Certificated Salaries			**$86,052,953**	**$80,299,029**	**$74,427,688**	**$74,630,603**
2	a	Base Classified Salaries	$30,387,860	$27,532,439	$27,532,439	$25,970,217
	b	Step (1.5%)	$0	$0	$383,796	$386,479
	c	Cost-of-Living Adjustment	$0	$0	$0	$0
	d	**Other Adjustments (Staffing Reductions)**	$0	$0	**($1,946,018)**	**($205,000)**
Total Classified Salaries			**$30,387,860**	**$27,532,439**	**$25,970,217**	**$26,151,696**
3		Employee Benefits	$46,746,713	$40,502,919	$40,378,990	$42,452,062
4		Books & Supplies	$8,925,673	$13,019,602	$12,939,602	$12,939,602
5		Services & Other Operating Exp.	$29,089,161	$27,708,863	$27,708,863	$27,708,863
6		Capital Outlay	$229,238	$186,250	$190,000	$190,000
7		Other Outgo (excl. trxf of indirect costs)	$2,850,503	$2,685,017	$2,685,017	$2,685,017
8		Other Outgo - Trxf of Indirect Costs	($497,970)	($691,728)	($691,728)	($691,728)
9		Other Financing Uses	$0	$0	$0	$0
	a	Transfers Out	$1,434,097	$654,729	$500,000	$500,000
	b	Other Uses	$0	$0	$0	$0
10		**Other Adjustments (Budget Reductions)**	**$0**	**$0**	**($1,500,000)**	**($11,000,000)**
TOTAL EXPENDITURES			**$205,218,228**	**$191,897,120**	**$182,608,649**	**$175,566,115**
INCREASE/(DECREASE) IN FUND BALANCE			**($5,589,407)**	**($4,497,385)**	**($3,627,971)**	**$116,749**

Anticipated State Budget Agreement

- Monday, June 22, 2020 – Governor Newsom and legislative leaders announced they reached a state budget agreement.
- Friday, June 26, 2020 – Legislature expected to vote on the agreement and send the budget package to Governor Newsom for his signature.

- MAJOR K-12 ADJUSTMENTS
  - No COLA for LCFF or categorical programs, but no major programmatic reductions.
  - Up to $11.1 billion in K-12 payment deferrals. Total deferrals would be reduced if the state receives additional federal funding.
  - Total of $5.3 billion ($4.8 billion in federal funding and $540 million in Proposition 98 General Fund) for Learning Loss Mitigation funding. LEAs must expend federal CARES Act funding for Learning Loss Mitigation by December 30, 2020.
  - In lieu of an LCAP, LEAs must adopt Learning Continuity and Attendance Plans by September 30, 2020. The Superintendent of Public Instruction is to develop a template for these plans by August 1, 2020.
  - State will use 2019-20 ADA for purpose of calculating 2020-21 funding. LEAs can meet instructional minute and day requirements through distance learning if they comply with certain requirements.
  - $545 million increase in special education funding to increase SELPA base rates to no less than $625 per student and $100 million to increase funding for students with low-incidence disabilities.
  - Prohibition of layoffs for teachers and classified employees that work in nutrition, transportation, or custodial services.

Multi-Year Projections – State Budget Agreement

	2019-20 Estimated Actuals	2020-21 Adopted Budget	2021-22 Projections	2022-23 Projections
		0.0% COLA in LCFF Revenue per Anticipated State Budget Agreement		
Revenues	$199,628,821	$200,687,915	$192,110,044	$190,145,697
Expenditures		$197,442,391	$194,301,483	$197,086,271
Budget Reductions Needed		**($3,000,000)**	**($2,000,000)**	**($7,000,000)**
Total Adjusted Expenditures	$203,784,131	$194,442,391	$192,301,483	$190,086,271
Excess (Deficiency) of Revenue over Expenditures	**($4,155,310)**	**$6,245,524**	**($191,439)**	$59,426
Transfers from Other Funds	0	0	0	0
Transfers to Other Funds	$1,434,097	$654,729	$500,000	$500,000
Net Increase (Decrease) in Fund Balance	**($5,589,407)**	**$5,590,795**	**($691,439)**	($440,574)
Beginning Fund Balance	$20,887,536	$15,298,129	$20,888,924	$20,197,485
Components of Ending Fund Balance				
Total Ending Fund Balance	$15,298,129	$20,888,924	$20,197,485	$19,756,911
3% Reserve for Economic Uncertainty	$6,160,678	$5,756,915	$5,844,044	$5,927,588
Non-Spendable (Stores & Revolving Ca	$120,000	$120,000	$120,000	$120,000
Legally Restricted	$4,417,263	$2,415,586	$0	$0
Other Assignments	$150,000	$150,000	$150,000	$150,000
Undesignated/Unappropriated Fund Balance	**$4,450,188**	**$12,446,423**	**$14,083,441**	**$13,559,323**

Thank You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