

# South San Francisco Unified School District

## Second Interim Presentation

### 2021-22

Mr. Ted O, Assistant Superintendent, Business Services

Presented March 10, 2022

# Presentation Items

- Overview
- Budget Assumptions
- Projected Revenues and Expenditures
- Multi-Year Projection
- Contributions to Other Funds
- Special Education & TK Cost Concerns
- One-time Federal and State Stimulus Funds
- Areas of Concern
- Looking Ahead

# Education Code

- Education Code Section 42130 states that school districts submit two reports to the governing board of the district during each fiscal year.
  - First Interim Report covers the financial and budgetary status of the district for the period ending October 31.
  - Second Interim Report covers the period ending January 31.
- Both reports shall be approved by the district governing board no later than 45 days after the close of the period being reported.

# Ed Code Certification

Education Code Section 42130 (a) (1) defines the certifications.

- **A Positive Certification:** WILL MEET their financial obligations for the current and two subsequent fiscal years.
- **A Qualified Certification:** MAY NOT MEET their financial obligations for the current OR two subsequent fiscal years.
- **A Negative Certification:** WILL BE UNABLE TO MEET their financial obligations for the current OR two subsequent fiscal years.

# General Assumptions Guidance

- The District uses a variety of sources to determine current and future revenues and expenditures:
  - School Services of California (SSC Dartboard)
  - Common Message developed by all County Offices in the State
  - Current State Adopted Budget
  - Actual current year enrollment (CBEDs/projected P-2 ADA)
  - Local Control Funding Allocation (LCFF)
  - Capital Advisors
  - Department of Finance (DOF) Reports
  - Legislative Analyst Office (LAO)

# SSFUSD Assumptions

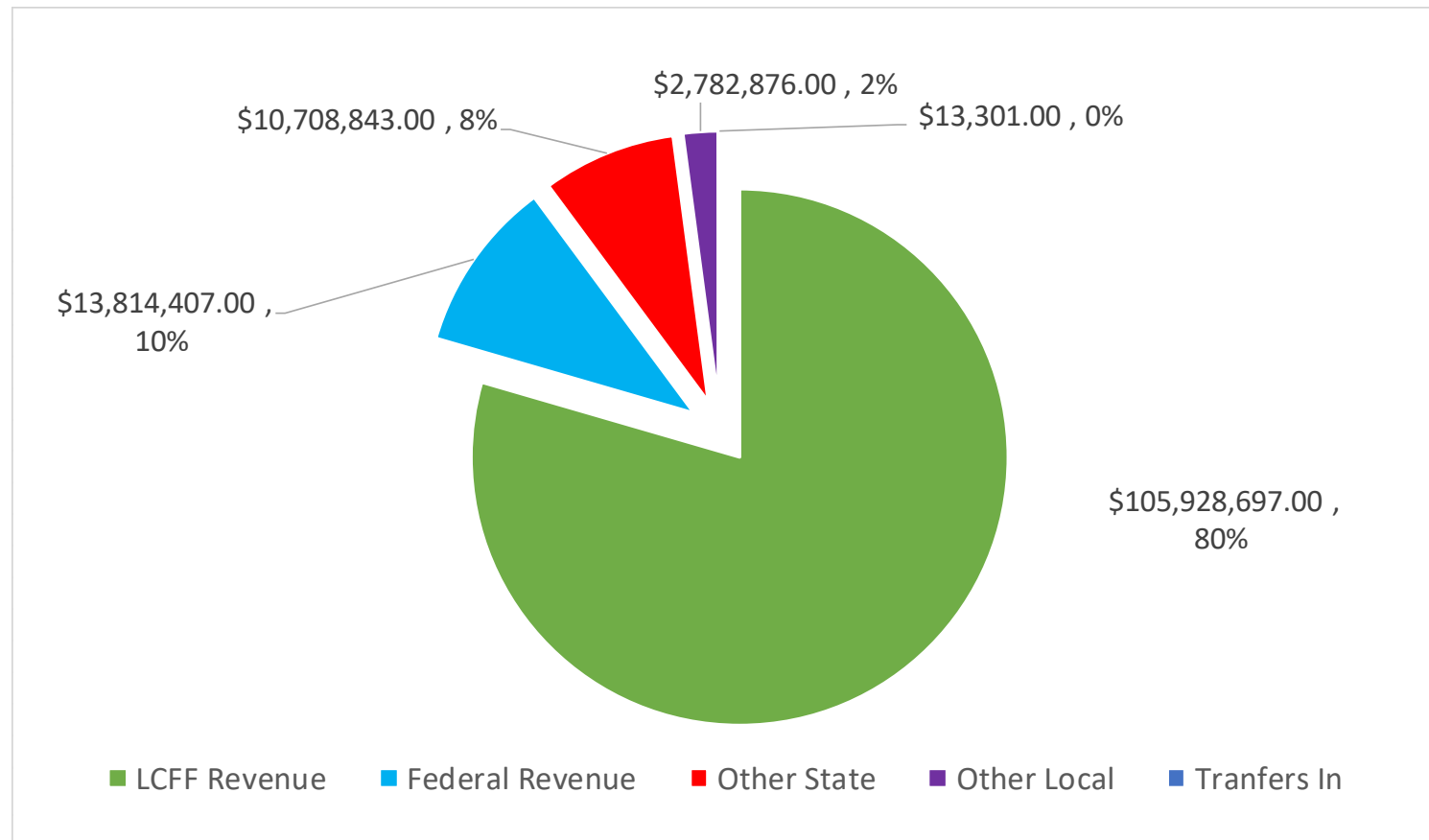
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted
- Program carryovers from prior year are included
- Contributions to Special Ed & Transportation are budgeted
- Contributions for Routine Restricted Maintenance and Deferred Maintenance are budgeted
- One-time Stimulus Funds are budgeted
- Contributions to the District's other funds are budgeted

# 2021-22 2nd Interim - General Fund Projected Revenues

<b>REVENUES</b>	<b>2021-22</b>	<b>PERCENTAGE</b>
<b>LCFF Revenue</b>	<b>\$105,928,697</b>	<b>79.49%</b>
<b>Federal Revenue</b>	<b>\$13,814,407</b>	<b>10.37%</b>
<b>Other State</b>	<b>\$10,708,843</b>	<b>8.04%</b>
<b>Other Local</b>	<b>\$2,782,876</b>	<b>2.09%</b>
<b>Transfers In</b>	<b>\$13,301</b>	<b>0.01%</b>
<b>TOTAL</b>	<b>\$133,248,124</b>	<b>100%</b>

Note: Includes Unrestricted and Restricted

# 2021-22 Revenues (Estimated)

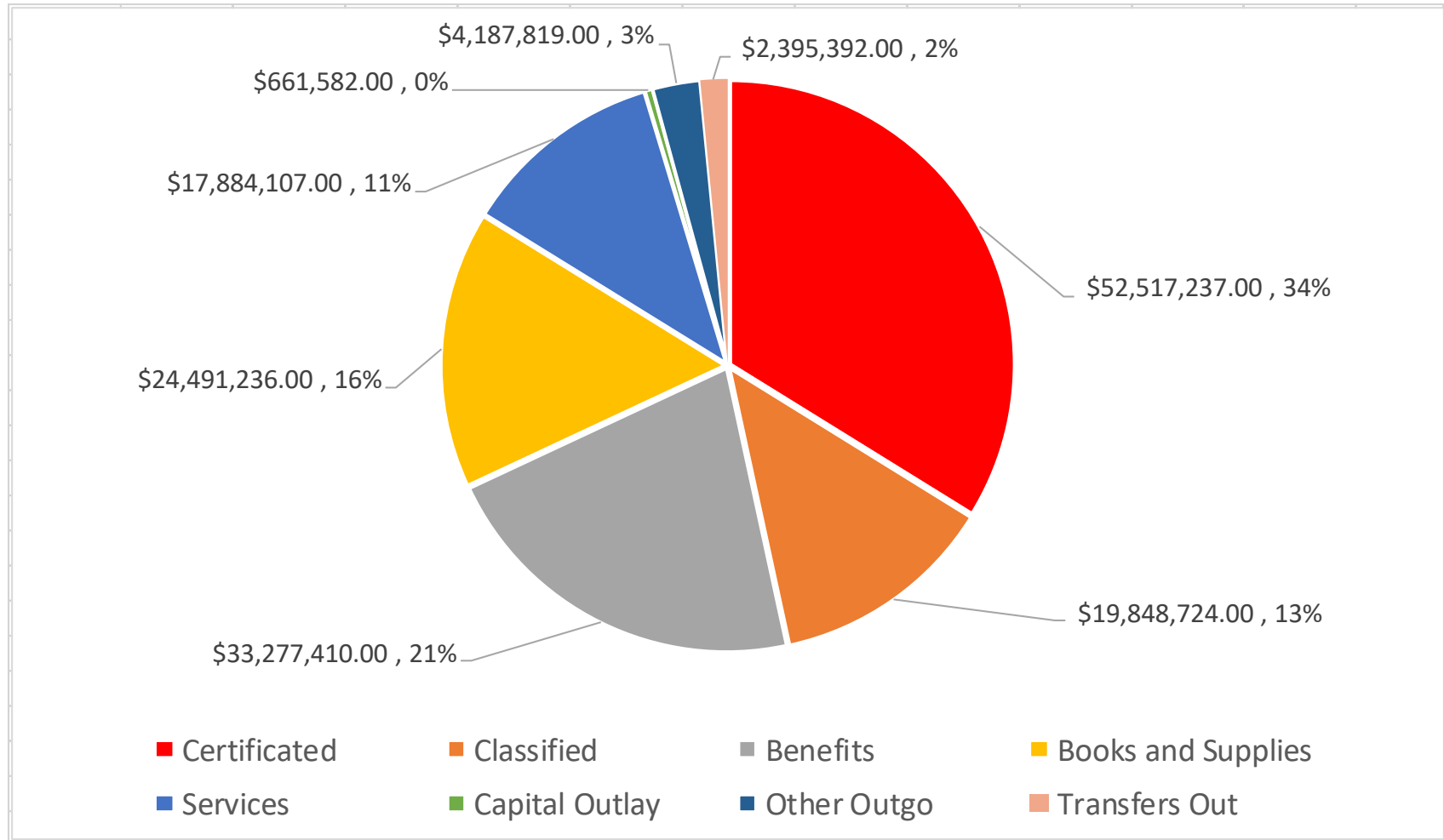


# 2021-22 2nd Interim - General Fund Projected Expenditures

<b>EXPENDITURES</b>	<b>2021-2022</b>	<b>PERCENTAGE</b>
<b>Certificated Salaries</b>	<b>\$52,517,237</b>	<b>33.83%</b>
<b>Classified Salaries</b>	<b>\$19,848,724</b>	<b>12.78%</b>
<b>Benefits</b>	<b>\$33,277,410</b>	<b>21.43%</b>
<b>Books &amp; Supplies</b>	<b>\$24,491,236</b>	<b>15.77%</b>
<b>Services</b>	<b>\$17,884,107</b>	<b>11.52%</b>
<b>Capital Outlay</b>	<b>\$661,582</b>	<b>0.43%</b>
<b>Other Outgo</b>	<b>\$4,187,819</b>	<b>2.70%</b>
<b>Transfers Out</b>	<b>\$2,395,392</b>	<b>1.54%</b>
<b>TOTAL</b>	<b>\$155,263,507</b>	<b>100%</b>

Note: Includes Unrestricted and Restricted

# 2021-22 Expenditures (Estimated)



# General Fund - Unrestricted and Restricted

General Fund Summary	2021-22	2021-22	Total
	Unrestricted	Restricted	
Revenues	103,323,908	29,910,916	133,234,824
General Fund Contribution	(28,395,782)	28,395,782	-
Interfund Transfer In	13,301	-	13,301
<b>Total Sources of Funds</b>	<b>74,941,427</b>	<b>58,306,698</b>	<b>133,248,125</b>
Expenditures	84,525,796	68,342,319	152,868,115
Interfund Transfer Out	850,000	1,545,392	2,395,392
<b>Total Usage of Funds</b>	<b>85,375,796</b>	<b>69,887,711</b>	<b>155,263,507</b>
Net Increase/Decrease In Fund Balance	(10,434,369)	(11,581,013)	(22,015,382)
Beginning Fund Balance	31,669,911	17,174,845	48,844,756
Projected Ending Fund Balance	21,235,542	5,593,832	26,829,374
Nonspendable	245,771	-	245,771
Restricted (Program Carryovers)	-	5,593,832	5,593,832
Committed	-	-	-
Assigned/Designated			
Various Designations *	13,226,596	-	13,226,596
Unassigned/Unappropriated			
Designated for Economic Uncertainties	7,763,175	-	7,763,175
Undesignated Reserve	-	-	-

# General Fund - 1<sup>st</sup> vs. 2<sup>nd</sup> Interim

<b>General Fund (Unrestricted and Restricted)</b>	<b>2021-22 1st Interim</b>	<b>2021-22 2nd Interim</b>	<b>Change</b>
Revenues	132,811,698	133,234,823	423,125
General Fund Contribution	-	-	-
Interfund Transfer In	13,301	13,301	-
<b>Total Sources of Funds</b>	<b>132,824,999</b>	<b>133,248,124</b>	<b>423,125</b>
Expenditures	152,971,691	152,868,114	(103,577)
Interfund Transfer Out	1,850,000	2,395,392	545,392
<b>Total Usage of Funds</b>	<b>154,821,691</b>	<b>155,263,506</b>	<b>441,815</b>
Net Increase/Decrease In Fund Balance	(21,996,692)	(22,015,382)	(18,690)
Beginning Fund Balance	48,844,756	48,844,756	-
Projected Ending Fund Balance	26,848,064	26,829,374	(18,690)
Nonspendable	250,904	245,771	(5,133)
Restricted	5,593,832	5,593,832	-
Committed	-	-	-
Assigned/Designated			
Various Designations *	13,262,243	13,226,596	(35,647)
Unassigned/Unappropriated			
Designated for Economic Uncertainties	7,741,085	7,763,175	22,090
Undesignated Reserve	-	-	-
* Details provided on Slide 13			

# General Fund Summary Comparison(combined)

	2021-22 1st Interim	2021-22 2nd Interim
Assigned/Designated		
STRS/PERS Increases: 2024-25	350,000	350,000
STRS/PERS Increases: 2025-26	650,000	650,000
Property Tax Re-Payment - Litigation (Rough Estimate)	8,428,001	6,502,533
*Set-aside for Staff Raises	3,834,242	5,724,063
	<b>13,262,243</b>	<b>13,226,596</b>
* Added since Adopted Budget		

# Changes in Revenues

The net change in revenue from the 1<sup>st</sup> Interim to 2<sup>nd</sup> Interim is approximately \$423K. The major changes include:

- Reduction in estimated RDA and EPA funds, \$155K
- Net increase in Federal, State and Local Program allocations, \$578K

# Changes in Expenditures

The net change in Expenditures from the 1<sup>st</sup> Interim to 2<sup>nd</sup> Interim is approximately \$442K. The major changes include:

- Net decrease in Federal, State and Local Program budgets, \$104K
- Increase estimated pass-thru of RDA funds to Facilities, \$546K

# 2022-23 & 2023-24 MYP Assumptions

- Property tax increases – estimated at 3.75% & 4%
- Estimated RDA revenue is budgeted
- Estimated STRS/PERS increase included
- Estimated Step & Column costs included
- Enrollment/ADA projected to decrease by 2% per year
- Mandated Block Grant and Lottery Funds are budgeted
- Contributions to other funds are budgeted
- Contributions to Special Ed and Transportation
- Contributions to Routine Restricted Maintenance program
- District will remain Community Funded/Basic Aid

# Multi Year Projections Assumptions

	<b>STRS</b>	<b>PERS</b>	<b>COLA</b>	<b>Lottery</b>	<b>Mandated Block Grant</b>	<b>Federal</b>	<b>ADA</b>
<b>21-22</b>	16.92%	22.91%	5.07%	\$228	\$95.96	Flat	7,481.27
<b>22-23</b>	19.10%	26.10%	5.33%	\$228	\$95.96	Flat	7,331.63
<b>23-24</b>	19.10%	27.10%	3.61%	\$228	\$95.96	Flat	7,185.00

# Multi-year Projection - Actual/Projected Ending Fund Balances

The District's Ending Fund Balance is decreasing as a result of deficit spending, increased employer PERS and STRS contribution and increased District operating expenditures.

<b>Unrestricted and Restricted Funds</b>	<b>Second Interim 2021/22</b>	<b>Proposed Budget 2022/23</b>	<b>Proposed Budget 2023/24</b>
<b>Revenues</b>	\$ 133,234,823	\$ 127,733,750	\$ 131,025,900
Interfund Transfer In	13,301	13,301	13,301
Total Sources of Funds	\$ 133,248,124	\$ 127,747,051	\$ 131,039,201
<b>Expenditures</b>	\$ 152,868,114	\$ 131,179,530	\$ 133,254,731
Interfund Transfer Out	2,395,392	1,845,392	1,545,392
Total Usage of Funds	\$ 155,263,506	\$ 133,024,922	\$ 134,800,123
<b>Net Incr/Decr in Fund Balance</b>	\$ (22,015,382)	\$ (5,277,871)	\$ (3,760,922)
Beginning Fund Balance	48,844,756	26,829,374	21,551,503
Actual/Projected Ending Fund Balance	\$ 26,829,374	\$ 21,551,503	\$ 17,790,581

# Ending Fund Balances (Reserves)

GASB Statement No. 54 establishes certain classification that governmental agencies are required to report their fund balances

- Nonspendable
- Restricted
- Committed
- Assigned
- Undesignated/Unassigned

# Ending Fund Balance Designations

	Second Interim 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
<b>Unrestricted and Restricted Funds</b>			
<b><i>Actual/Projected Ending Fund Balance</i></b>	<b>26,829,374</b>	<b>21,551,503</b>	<b>17,790,581</b>
Nonspendable			
Revolving Cash	25,100	25,100	25,100
Stores	65,352	65,352	65,352
Prepaid Expenditures	155,319	155,319	155,319
Restricted	5,593,832	5,593,832	5,593,832
Committed	0	0	0
Assigned/Designated			
STRS/PERS Increase: 2024-25	350,000	350,000	350,000
STRS/PERS Increase: 2025-26	650,000	650,000	650,000
Prop Tax Re-Pymt - Litigation (Est.)	6,502,533	3,025,123	0
Set-aside for Staff Raises	5,724,063	8,835,531	12,027,303
Reduction in Expenditures Needed (On-going)	0	(3,800,000)	(7,816,331)
Reserve:			
Reserved for Economic Uncertainties	7,763,175	6,651,246	6,740,006
Undesignated Reserve	0	0	0

# Contributions to Other Funds

- As a result of COVID-19 and changes in the law, a contribution from the General Fund is needed to help the District's other funds balance its books:
  - More meals being served as a result of Universal School Free Meals Program Act and the increased food and other operating costs due to inflation
  - Loss of revenue due to less students participating in the preschool and childcare programs and increased operating costs
  - Loss of revenue due to many programs being inactive and the reduction of fees collected in the Adult Education program

# Contributions to Other Funds

Projected contribution from the General Fund to the other funds are as follows:

<b>Funds</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Adult Education</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
<b>Child Development</b>	<b>100,000</b>	<b>50,000</b>	<b>0</b>
<b>Nutrition Services</b>	<b>750,000</b>	<b>250,000</b>	<b>0</b>
<b>TOTAL</b>	<b>\$1,010,000</b>	<b>\$460,000</b>	<b>\$160,000</b>

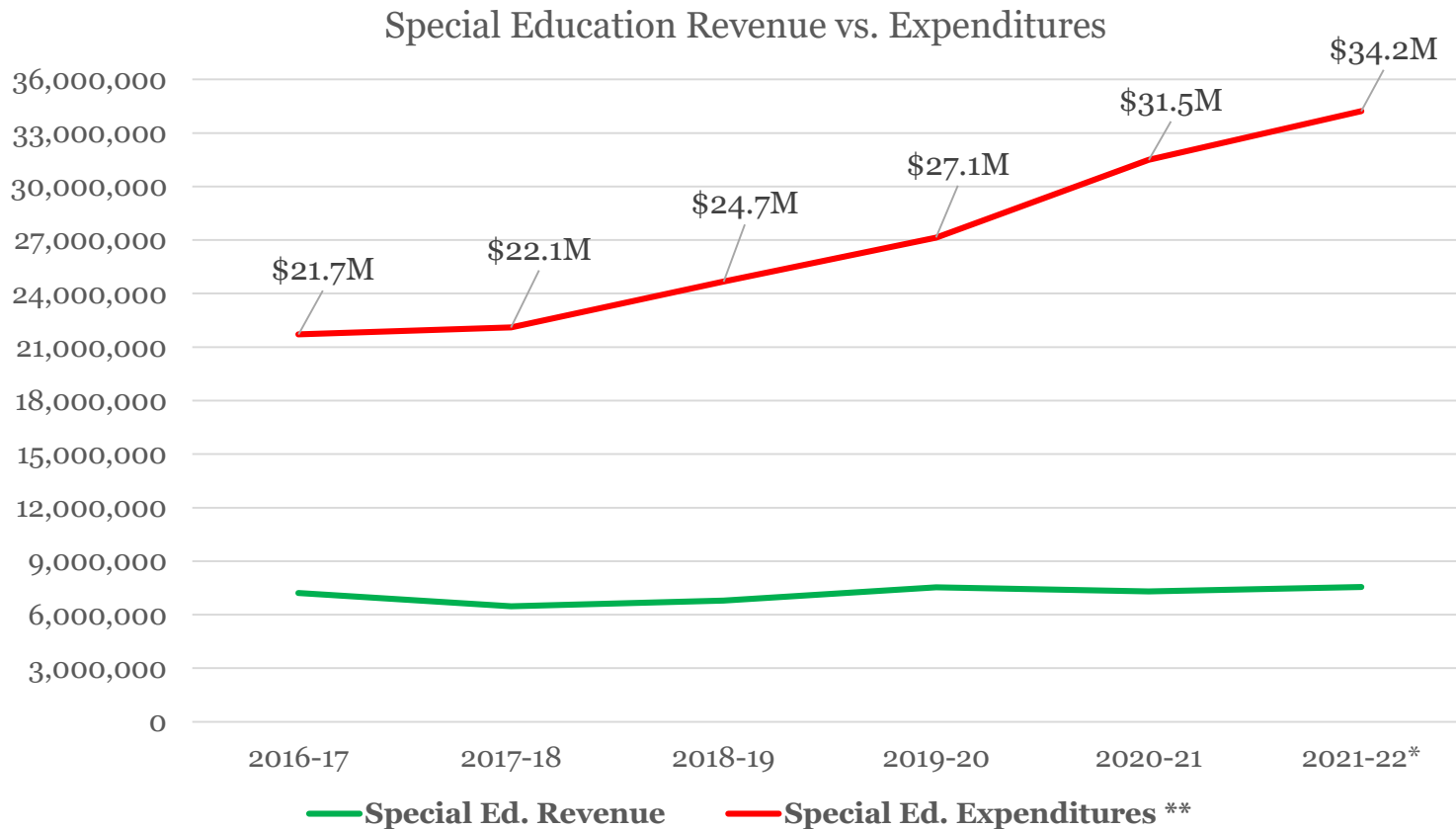
# Special Education Costs Concerns

- Special Education program expenditures have increased by \$12.5M over the past five years
- District General Fund contribution to this program increased by \$12.2M over the past five years
- It is expected to increase another \$2.5M plus in 2022-23

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22*
Special Ed. Revenue	7,213,603	6,474,723	6,798,190	7,540,168	7,309,138	7,557,233
Special Ed. Expenditures **	21,703,990	22,096,259	24,671,673	27,138,103	31,488,416	34,216,429
General Fund (GF) Contribution	14,490,387	15,621,536	17,873,483	19,597,935	24,179,278	26,659,196
Change in expenditures from prior year		392,269	2,575,414	2,466,430	4,350,313	2,728,013
Change in GF contribution from prior year		1,131,149	2,251,947	1,724,452	4,581,343	2,479,918
* Estimated Amounts						
** SpEd Transportation Included	1,583,693	1,672,617	1,782,375	1,413,791	199,267	1,095,816

# Special Education Cost Concerns

- Revenue remains relatively flat while expenditures increased significantly over the past five years



# Special Education Costs Concerns

- Staffing for this program has increase significantly over the past few years

Certificated Staff Position	2018-2019	2019-2020	2020-2021	2021-2022	Increase from 18/19 to 21/22	Est. Dollar Amount *
Teacher - Special Education	61.60	66.10	79.60	82.00	20.40	
Speech & Language Specialist	14.00	15.00	18.00	21.20	7.20	
Nurse	2.00	2.00	3.00	3.00	1.00	
Occupational Therapist	1.00	1.00	1.00	1.00	0.00	
Psychologist	9.20	10.00	13.00	16.00	6.80	
Program Specialist	2.00	2.00	2.00	2.00	0.00	
Director of Special Education	1.00	1.00	1.00	1.00	0.00	
Assistant Director - Special Ed	0.00	0.00	1.00	1.00	1.00	
Coordinator - Mental Health & Behavior	0.00	0.00	0.00	1.00	1.00	
<b>Total Certificated Staff (FTE)</b>	<b>90.80</b>	<b>97.10</b>	<b>118.60</b>	<b>128.20</b>	<b>37.40</b>	<b>4,316,033</b>
Classified Staff Position	2018-2019	2019-2020	2020-2021	2021-2022	Increase from 18/19 to 21/22	Est. Dollar Amount *
Paraeducator I	39.27	45.03	49.97	47.90	8.63	
Paraeducator II	46.97	55.03	69.30	78.67	31.70	
Student Services Aide	1.73	1.73	0.87	0.87	(0.87)	
Health Services Tech	4.00	4.00	7.00	7.00	3.00	
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	
Administrative Assistant - Senior	1.00	1.00	1.00	1.00	0.00	
Job Developer	1.67	1.67	1.60	1.67	0.00	
School Admin Assistant I	0.00	0.50	0.50	0.50	0.50	
District Behaviorist	0.00	0.00	7.00	7.00	7.00	
Occupational Therapist	0.00	0.00	0.00	1.00	1.00	
Physical Therapist	0.00	0.00	0.00	1.00	1.00	
<b>Total Classified Staff (FTE)</b>	<b>95.63</b>	<b>109.97</b>	<b>138.23</b>	<b>147.60</b>	<b>51.97</b>	<b>3,431,003</b>
<b>All Certificated and Classified Staff (FTE)</b>	<b>186.43</b>	<b>207.07</b>	<b>256.83</b>	<b>275.80</b>	<b>89.37</b>	<b>7,747,036</b>

# Transitional Kindergarten Costs Concerns

- Under AB 130, the State is making TK another grade in 2022-23 and will fund it similar to Grades K-12
- It also expands TK age eligibility in two-birth month increments over a period of four years, resulting in universal TK for all children who are 4 years of age in the 2025-26 school year
- For the approximately 90% of the school districts, which are LCFF funded, the State budget provides funding based on Average Daily Attendance (ADA) or number of students
- However, for “Community Funded” school districts, like SSFUSD, the State does not provide any funding
- This would be an additional ongoing cost to the “Community Funded” school district

# Transitional Kindergarten Costs Concerns

## SSFUSD Current TK Program

- Our district currently offers TK classes at the following schools:
  - Buri Elementary School (1 class)
  - Los Cerritos Elementary School (2 classes)
  - Skyline Elementary School (1 class)
  - Spruce Elementary School (1 class)
  - Sunshine Gardens Elementary School (1 class)
- There are six teachers for this program at a cost of approx. \$635K per year
- Overall, including materials and supplies, SSFUSD is spending approximately \$640K a year to run this program
- With the new staffing requirements from the State for next year, the District would need to add a paraprofessional/Instructional Assistant to each class, which will increase the cost by another \$290K
- So, the total cost for 6 classes is approximately \$1 million
- There is no funding from the State at this time to reimburse the district

# One-time Federal & State Stimulus Funds

<b>One-time Funding</b>	<b>2020-21</b>
<b>ESSER *</b>	<b>\$697,331</b>
<b>GEER *</b>	<b>\$562,594</b>
<b>Coronavirus Relief *</b>	<b>\$4,366,627</b>
<b>State General Fund *</b>	<b>\$664,740</b>
<b>ESSER II*</b>	<b>\$2,761,281</b>
<b>TOTAL</b>	<b>\$9,052,573</b>

ESSER – Elementary & Secondary School Emergency Relief

GEER – Governor’s Emergency Education Relief

\* Funds are spent

# 2021-22 One-time Stimulus Funds

Restricted Grant Categories	Amount *
Expanded Learning Opportunities Grant (ELO)	2,962,473
Expanded Learning Opportunities Grant (ELO) : Paras	525,461
ELO Grant: ESSER II State Reserve	782,375
ELO Grant: GEER II	179,562
ELO Grant: ESSER III State Reserve, Emergency Needs	510,018
ELO Grant: ESSER III State Reserve, Learning Loss	879,183
Elementary & Secondary School Emergency Relief Fund (ESSER III)	4,964,715
ESSER III -Learning Loss	1,241,179
Homeless Children and Youth II (HCY II)	16,729
A-G Access/Success Grant	???
A-G Learning Loss Mitigation Grant	???
Prekindergarten Planning and Implementation Grant	203,064
Educator Effectiveness Block Grant	1,990,473
Expanded Learning Opportunities Program	1,339,521

\* Estimated General Fund Grant Amounts

## Positions Paid with One-time Federal Stimulus Funds in 2021-22

- The new positions in the next slide are only for fiscal year 2021-22
- They are paid for with one-time Federal stimulus funds
- When this one-time Federal funding goes away, these positions will also go away
- Should additional revenue becomes available, the District will re-evaluate whether to retain some or all of the positions for an additional year

## Positions Paid with One-time Federal Stimulus Funds in 2021-22

- Wellness Counselors (7 new positions) - \$719K
- Teacher on Special Assignment for Social & Emotional Learning (1 new position) - \$103K
- Paraprofessional (Various positions) - \$858K
  - Re-class from LCAP to ELO Grant in 2021-22

# Areas of Concern

- STRS/PERS Increases
- Increases in Special Education Costs
- Re-payment of property taxes due to litigation
- Aging facilities with increasing cost to repair/replace
- Declining Student Enrollment
- Shortage of teachers, nutrition service workers, substitutes and other staff
- Global supply chain crisis
- Additional expenditures due to COVID-19
- Increasing cost for goods and services (Inflation)
- Contributions to other funds to balance budget
- Positions paid with one-time stimulus funds
- Cost of Universal Transitional Kindergarten Program
- Potential impact New COVID-19 Variant on the economy

# Looking Ahead

- Governor's Revision to the Proposed Budget
  - May 2022
- Public Hearing on the 2022-23 LCAP Draft Plan and Budget
  - June 9, 2022
- Public Meeting to Adopt the 2022-23 LCAP and Budget
  - June 23, 2022
- 2021-22 Unaudited Actuals
  - September 2022

Comments / Questions?

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