

South San Francisco Unified School District

First Interim Presentation

2021-22

Mr. Ted O, Assistant Superintendent, Business Services

Presented December 9, 2021

Presentation Items

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

Positive Developments Since Adopted Budget

- Improved state and national economies
- Vaccines are available for adults
- Vaccines are available for students ages 12 and up
- Vaccines for students ages 5 to 11 were recently approved by the FDA and are rolling out
- Booster shots are now available
- Merck's oral antiviral pills for COVID-19 is closed to getting approved for emergency use
- High percentages of people are now vaccinated
- California announced COVID-19 vaccine will be added to list of required school vaccinations
- More certain that schools will not have to close due to COVID cases

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

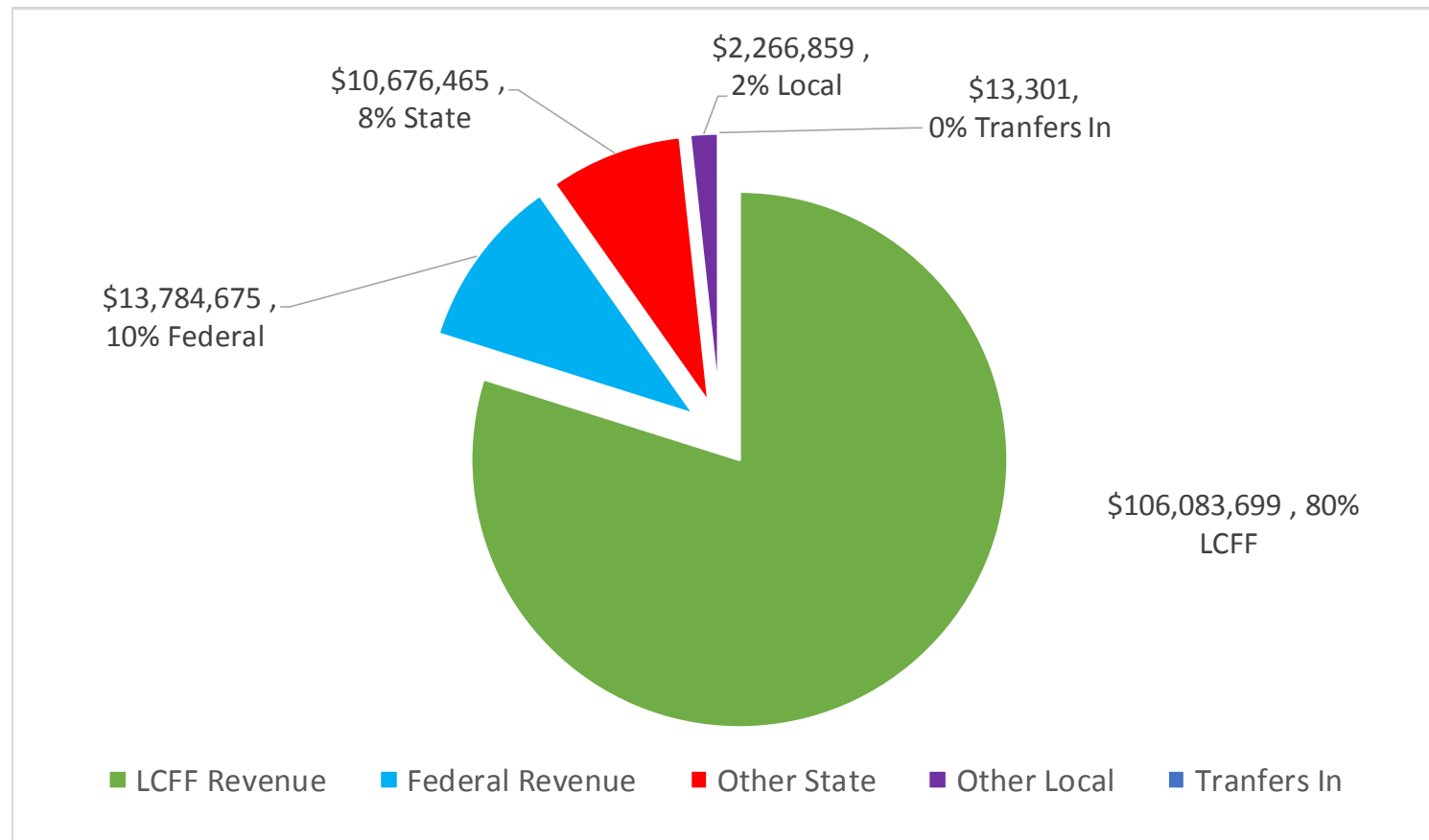
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted
- 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 First Interim - General Fund Projected Revenues

REVENUES	2021-22	PERCENTAGE
LCFF Revenue	\$106,083,699	79.86%
Federal Revenue	\$13,784,675	10.38%
Other State	\$10,676,465	8.04%
Other Local	\$2,266,859	1.71%
Transfers In	\$13,301	0.01%
TOTAL	\$132,824,999	100%

Note: Includes Unrestricted and Restricted

2021-22 Revenues (Estimated)

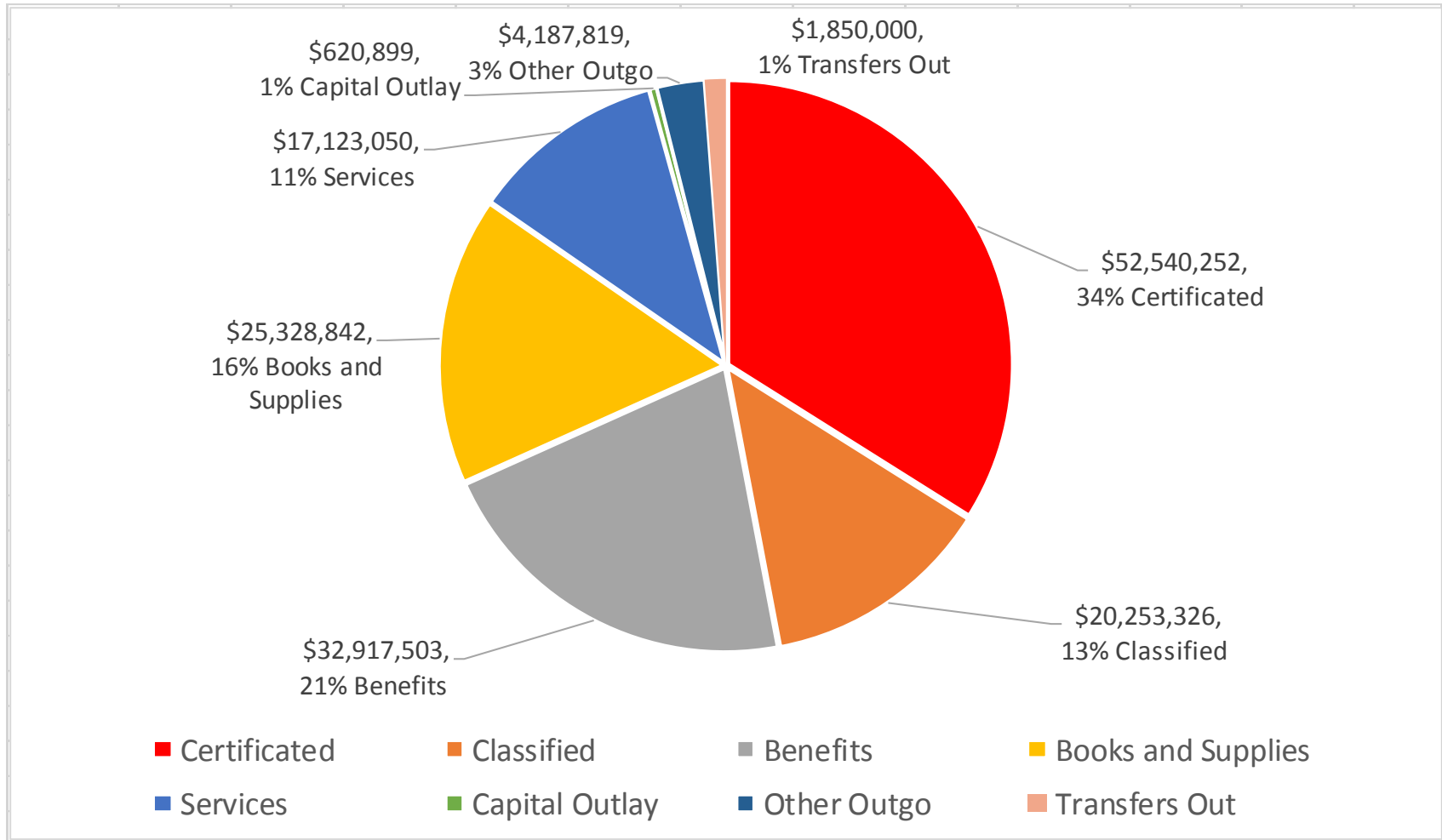


2021-22 First Interim - General Fund Projected Expenditures

EXPENDITURES	2021-2022	PERCENTAGE
Certificated Salaries	\$52,540,252	33.94%
Classified Salaries	\$20,253,326	13.08%
Benefits	\$32,917,503	21.26%
Books & Supplies	\$25,328,842	16.37%
Services	\$17,123,050	11.06%
Capital Outlay	\$620,899	0.40%
Other Outgo	\$4,187,819	2.70%
Transfers Out	\$1,850,000	1.19%
TOTAL	\$154,821,691	100%

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 w/Contribution	75,173,127	57,638,571	132,811,698
Interfund Transfer In	13,301	-	13,301
Total Sources of Funds	75,186,428	57,638,571	132,824,999
Expenditures	84,752,107	68,219,584	152,971,691
Interfund Transfer Out	850,000	1,000,000	1,850,000
Total Usage of Funds	85,602,107	69,219,584	154,821,691
Net Increase/Decrease In Fund Balance	(10,415,679)	(11,581,013)	(21,996,692)
Beginning Fund Balance	31,669,911	17,174,845	48,844,756
Projected Ending Fund Balance	21,254,232	5,593,832	26,848,064
Nonspendable	250,904	-	250,904
Restricted (Program Carryovers)	-	5,593,832	5,593,832
Committed	-	-	-
Assigned/Designated			
Various Designations *	13,262,243	-	13,262,243
Unassigned/Unappropriated			
Designated for Economic Uncertainties	7,741,085	-	7,741,085
Undesignated Reserve	-	-	-

General Fund - Adopted vs. 1st Interim

General Fund (Unrestricted and Restricted)	2021-22 Adopted	2021-22 1st Interim	Change
Revenues	124,651,809	132,811,698	8,159,889
Interfund Transfer In	13,301	13,301	-
Total Sources of Funds	124,665,110	132,824,999	8,159,889
Expenditures	133,305,216	152,971,691	19,666,475
Interfund Transfer Out	1,850,000	1,850,000	-
Total Usage of Funds	135,155,216	154,821,691	19,666,475
Net Increase/Decrease In Fund Balance	(10,490,106)	(21,996,692)	(11,506,586)
Beginning Fund Balance	48,844,756	48,844,756	-
Projected Ending Fund Balance	38,354,650	26,848,064	(11,506,586)
Nonspendable	250,100	250,904	804
Restricted	16,985,871	5,593,832	(11,392,039)
Committed	-	-	-
Assigned/Designated			
Various Designations *	9,831,000	13,262,243	3,431,243
Unassigned/Unappropriated			
Designated for Economic Uncertainties	6,757,761	7,741,085	983,324
Undesignated Reserve	4,529,918	-	(4,529,918)
* Details provided on Slide 14			

General Fund Summary Comparison(combined)

	2021-22 Adopted Budget	2021-22 1st 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)	8,500,000	8,428,001
Staffing - Grounds Keepers (2)	188,000	0
Staffing - Custodian at Hillside (1)	85,000	0
Reduction in Expenditures Needed	(1,000,000)	0
Carryover - Site LCAP Funds 20/21	620,000	0
Carryover - Site Discretionary Funds 20/21	438,000	0
*Set-aside for Staff Raises	0	3,834,242
	9,831,000	13,262,243
* Added since Adopted Budget		

Changes in Revenues

The net change in revenue from the Adopted Budget to 1st Interim is approximately \$8.2M. The major changes include:

- Proceeds from Sale of RDA Property, \$0.5M
- Increase in one-time Federal and State Stimulus Funding, \$4.7M
- Increase in Special Education Funding, \$0.6M
- Net increase in Federal, State and Local Program allocations, \$0.1M
- Increase due to carryover of 20/21 Federal and State Revenues, \$2.3M

Changes in Expenditures

The net change in Expenditures from the Adopted Budget to 1st Interim is approximately \$19.7M. The major changes include:

- Increase in one-time Federal and State Stimulus Funding, \$4.7M
- Increase due to carryover of 20/21 Federal, State and Local Revenues, \$13.4M
- Net increase in Federal, State and Local Program allocations, \$0.4M
- Increase contribution to Routine Restricted Maintenance , \$0.3M
- Net increase in various budget adjustments, \$0.9M

2022-23 & 2023-24 MYP Assumptions

- Property tax increases – estimated at 3.5%
- 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

	STRS	PERS	COLA	Lottery	Mandated Block Grant	Federal	ADA
21-22	16.92%	22.91%	5.07%	\$199	\$95.96	Flat	7,571.06
22-23	19.10%	26.10%	2.48%	\$199	\$95.96	Flat	7,419.63
23-24	19.10%	27.10%	3.11%	\$199	\$95.96	Flat	7,271.24

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.

Unrestricted and Restricted Funds	First Interim 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
Revenues	\$ 132,811,698	\$ 133,398,202	\$ 136,266,560
Interfund Transfer In	13,301	13,301	13,301
Total Sources of Funds	\$ 132,824,999	\$ 133,411,503	\$ 136,279,861
Expenditures	\$ 152,971,691	\$ 135,786,768	\$ 137,373,477
Interfund Transfer Out	1,850,000	1,300,000	1,000,000
Total Usage of Funds	\$ 154,821,691	\$ 137,086,768	\$ 138,373,477
Net Incr/Decr in Fund Balance	\$ (21,996,692)	\$ (3,675,265)	\$ (2,093,616)
Beginning Fund Balance	48,844,756	26,848,064	23,172,799
Actual/Projected Ending Fund Balance	\$ 26,848,064	\$ 23,172,799	\$ 21,079,183

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

	First Interim 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
Unrestricted and Restricted Funds			
<i>Actual/Projected Ending Fund Balance</i>	26,848,064	23,172,799	21,079,183
Nonspendable			
Revolving Cash	25,103	25,103	25,103
Stores	68,117	68,117	68,117
Prepaid Expenditures	157,684	157,684	157,684
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.)	8,428,001	4,426,983	19,031
Set-aside for Staff Raises	3,834,242	6,021,742	8,271,742
Reduction in Expenditures Needed (On-going)	0	(975,000)	(975,000)
Reserve:			
Reserved for Economic Uncertainties	7,741,085	6,854,338	6,918,674
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
 - 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:

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

One-time Federal & State Stimulus Funds

One-time Funding	2020-21	2021-22
ESSER *	\$697,331	
GEER *	\$562,594	
Coronavirus Relief *	\$4,366,627	
State General Fund *	\$664,740	
ESSER II	\$2,756,312	
ELO Grant **		\$3,489,231
ESSER III		\$6,197,727
TOTAL	\$9,047,604	\$9,686,958

ESSER – Elementary & Secondary School Emergency Relief

GEER – Governor’s Emergency Education Relief

ELO – Expanded Learning Opportunity

* All Spent

** Amount reduced by CDE to create additional new programs

2020-21 Stimulus Funds Expenditures

Expenditure Categories	Amount
7,198 Chromebooks	1,999,803
650 Apple MacBook Airs, 1,900 iPads & 5 Dell Laptops	2,176,150
3,650 Hot Spots	878,735
Online Digital Forms for Distance Learning	16,858
License for DocuSign	18,630
Distance Learning Software Licenses and Student Support	477,067
Spam Filter, Anti-virus and Firewall Upgrades	156,368
Instructional Materials for Distance Learning	18,829
Mental Health Services for Teachers and Staff	20,000
Distance Learning Professional Development for Teachers & Staff	566,234
Essential Protective Equipment and Supplies	119,561
Total	6,448,235

Essential Protective Equipment Expenditures

Essential Protective Equipment and Supplies

- 25,000 Plus Disposable Face Masks
- 2,560 Face Shields
- 10,000 Disposable Gowns
- 130 Infrared (no-touch) Thermometers
- 115 Portable Hand Sanitizer Dispenser Stands
- 26 Disinfectant Spray Guns/Misters
- 65 Plus Gallons of Disinfectant Chemicals
- 60 Plus Gallons of Hand Sanitizers
- 200 Plus Tubs of Disinfectant Wipes
- Gloves and Goggles
- Plexiglass Barriers
- Health and Safety Signs

Additional Federal/State Stimulus Funds

Program Funding Types	Amount
ELO Grant: ESSER II State Reserve	782,289
ELO Grant: GEER II	179,512
ELO Grant: ESSER III State Reserve-Emergency Needs	509,585
ELO Grant: ESSER III State Reserve-Learning Loss	878,455
Homeless Children and Youth II	16,729
A-G Access/Success Grant*	234,793
A-G Learning Loss Mitigation Grant*	234,792
Educator Effectiveness Block Grant	1,990,473
Expanded Learning Opportunities Program	1,326,171
Total	6,152,799

* Awaiting information on actual split

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 of the Omicron Variant on the economy

Looking Ahead

- 2020-21 Audit Report
 - January 2022
- Governor's Proposed 2022-23 State Budget Release
 - January 2022
- Second Interim Report
 - March 2022

Comments / Questions?

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