



2021-22 Proposed Budget

Board Meeting
June 10, 2021
Agenda Item No. 9.1

Budget Presentation Agenda

- Financial Reporting Requirements
- May Revise Highlights
- 2020-21 Estimated Actuals
- 2021-22 Proposed Budget
- Fiscal Recovery Plan
- 2021-22 Multi-Year Projections
- Potential Future Risks & Opportunities
- Summary

Financial Reporting Requirements

- District required to adopt budget prior to July 1 of each year
- 2021-22 Proposed Budget is a "tentative" budget
- Based on Governor's May Budget Revise, State Enacted Budget may be different
- 2021-22 SCUSD Budget will be presented for Adoption on June 24th
- Material revisions presented within 45 days



May Revise Highlights

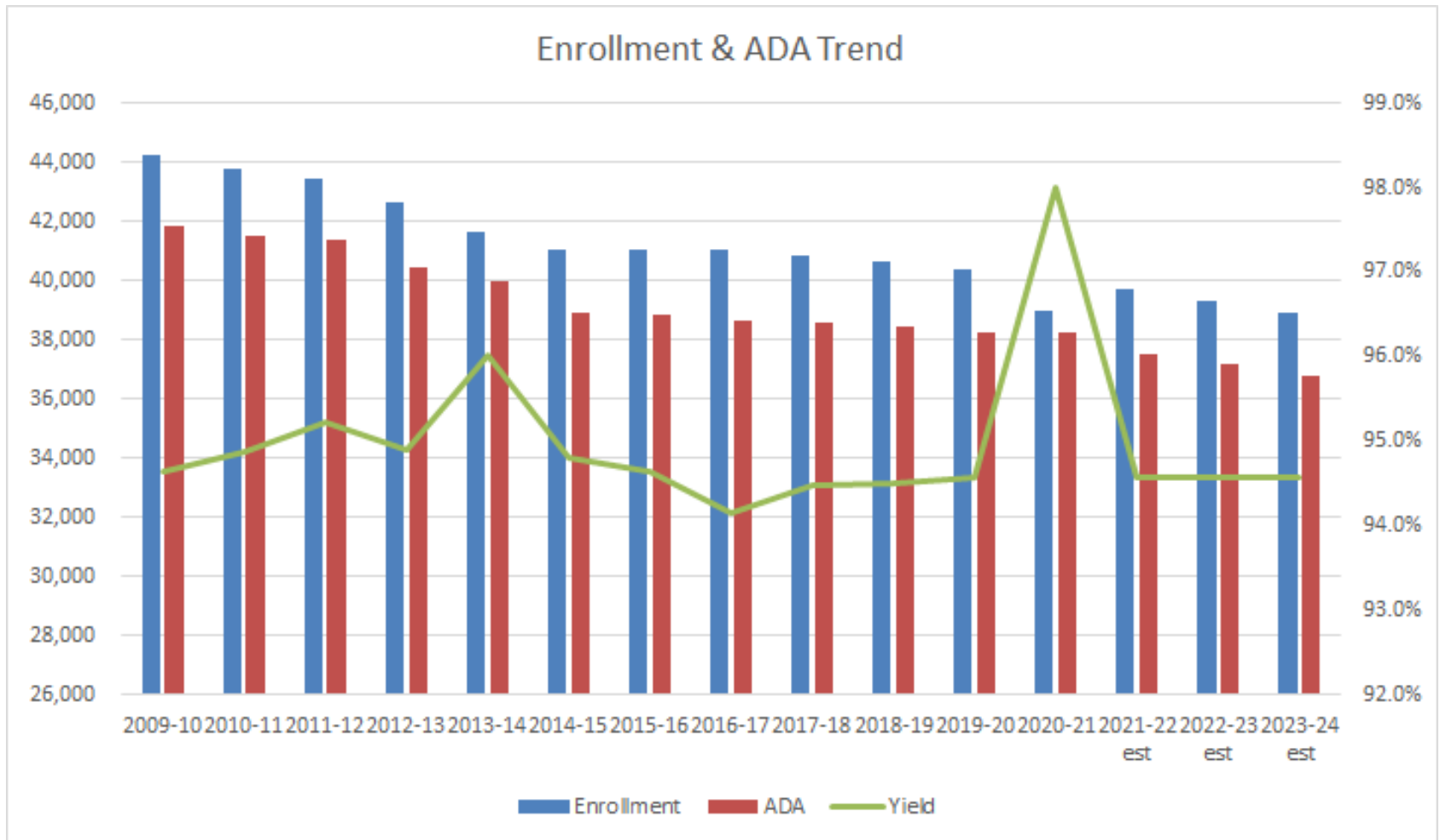
- 5.07% COLA for Local Control Funding Formula
- 4.05% compounded COLA for Special Education
- One time funding proposals for
 - *Reopening of Schools*
 - *Expanded Learning Time*
 - *Universal Transitional Kindergarten Planning Grant*
 - *Community Schools*
 - *Comprehensive Student Supports*
 - *Educator Preparation, Retention, and Training*
 - *Child Nutrition*
 - *Broadband*
- K-12 cash deferral for June 2022 to July 2022
- No funding for STRS & PERS Increases

2020-21 Estimated Actuals

Changes from 2020-21 Third Interim

- Unrestricted ending fund balance increased by \$33K
- Projected unrestricted surplus of \$10.9M with ending fund balance of \$95.6M
- Restricted ending fund balance increased by \$98.3M from the Third Interim report
 - *Due to budgeting for ESSER II, GEER and ELO funds*
- Projected restricted surplus of \$96.2M with ending fund balance of \$104.5M
 - *Due to not budgeting all ESSER II, GEER and ELO expenditures*

2021-22 Proposed Budget Enrollment Trend



Proposed 2021-2022 Budget 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
5.07% Mega COLA	\$390	\$396	\$408	\$473
2021-22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
Grade Span Adjustment	\$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

2021-2022 Proposed Budget

LCFF Revenue

Estimated Total \$430 Million*

2021-22 LCFF Target per May Revise Compared to 2020-2021 LCFF Funding			
	2020-21	2021-22	Difference
Base Grant	\$ 315,902,896.00	\$ 331,909,203.00	\$ 16,006,307.00
Supplemental Grant	\$ 47,419,482.00	\$ 49,712,059.00	\$ 2,292,577.00
Concentration Grant	\$ 28,304,016.00	\$ 29,462,446.00	\$ 1,158,430.00
K-3 CSR	\$ 9,659,011.00	\$ 10,153,417.00	\$ 494,406.00
9-12 CTE	\$ 2,600,600.00	\$ 2,729,025.00	\$ 128,425.00
Targeted Instructional Improvement Block Grant	\$ 2,428,078.00	\$ 2,428,078.00	\$ -
Transportation	\$ 4,115,457.00	\$ 4,115,457.00	\$ -
Total	\$410,429,540.00	\$430,509,685.00	\$20,080,145.00

**Based on Governor's May Revise of 5.07% COLA , 72% Unduplicated Pupil Count and 2019-20 ADA*

2021-22 Proposed Budget Revenues

DESCRIPTION	UNRESTRICTED	COMBINED
General Purpose (LCFF) Revenue	\$430,509,685	\$432,750,059
Federal	\$156,000	\$46,193,654
State Revenue	\$7,370,623	\$73,939,718
Local Revenue	\$5,769,589	\$6,385,645
TOTAL	\$443,805,897	\$559,269,075

2021-22 Proposed Budget Expenditures

Expenditures	Unrestricted	Restricted	Combined
Certificated Salaries	166,630,869	59,174,983	225,805,852
Classified Salaries	36,428,673	24,961,643	61,390,315
Benefits	118,719,397	70,375,748	189,095,145
Books and Supplies	13,001,548	16,442,651	29,444,199
Other Services & Oper. Expenses	25,422,455	55,653,918	81,076,373
Capital Outlay	72,200	1,709,322	1,781,522
Other Outgo 7xxx	1,150,000	0	1,150,000
Transfer of Indirect 73xx	(7,067,842)	5,767,662	(1,300,180)
Budget Reductions	0	0	0
Total Expenditures	354,357,299	234,085,926	588,443,225

NO ESSER III funds are budgeted in 2021-22 Proposed Budget

2021-22 Proposed Budget Contributions/Transfers Out

Contributions From Unrestricted to Restricted	
Program	2021-22 Adopted Budget
Special Education	\$ 81,112,863
Routine Restricted Maintenance Account	\$ 17,081,000
Total	\$ 98,193,863

Transfers Out to Other Funds	
Program	2021-22 Adopted Budget
Charter Fund – George Washington Carver	\$ 266,000
Total	\$ 266,000

2021-2022 Proposed Budget

Education Protection Act (EPA)

- Proposition 30 temporary tax increase (11/6/2012)
 - Sales tax increase for 2013-2016
 - Personal income tax increase for 2012-2018
- Proposition 55 (11/8/2016) extends personal income tax through 2030
- Tax revenues received are placed into the Education Protection Account
- Proposition 30 and Proposition 55 include several accountability measures:
 - Governing board at a public meeting approves a spending plan
 - Funds cannot be used on administrative costs
 - Website publishing required (EPA funds received & expended)
 - Annual financial audit
- 2021-2022 Projected Revenue \$76,782,060
 - All funds are budgeted for teacher salaries & benefits

Use of One Time Funds

- BP 3100 revised at March 4, 2021 Board Meeting
 - As part of annual budget process, the Board shall consider any proposed use of one-time funding and take separate action to approve such uses

2021-22 Proposed Budget

Use of One Time Funds

Program	2021-22 Budgeted Amount
Title I	\$3,000,000
Title III	\$39,586
Title IV	\$1,688,249
American Indian Education	\$18,500
Federal Special Education - Early Intervention Services	\$1,432,376
GEER	\$2,950,972
Expanded Learning Opportunities Grant	\$7,895,885
Expanded Learning Opportunities Grant - Paraprofessional Set Aside	\$2,821,288
Sacramento STEM Power	\$61,114
Local Grants	\$554,943
ESSER II	\$6,415,137
Learning Communities for Schools	\$345,703
TOTAL	\$27,223,753

2021-2022 Proposed Budget

2021-22 Proposed Budget			
Description	Unrestricted	Restricted	Total
Total Revenues	443,805,897	115,463,179	559,269,075
Total Expenditures	354,357,299	234,085,926	588,443,225
Excess/(Deficiency)	89,448,598	(118,622,748)	(29,174,150)
Other Sources/Uses	(96,143,462)	98,193,763	2,050,301
Net Increase/(Decrease)	(6,694,864)	(20,428,985)	(27,123,849)
Add: Beginning Fund Balance	95,627,953	104,528,511	200,156,464
Ending Fund Balance	88,933,089	84,099,526	173,032,616

2021-22 Proposed Budget Fund Summaries

Fund		Beginning Fund Balance	Budgeted Net Change	Projected Ending Fund Balance
01	General (Unrestricted and Restricted)	\$200,156,464	(\$27,123,849)	\$173,032,616
09	Charter Schools	\$2,492,718	\$119,943	\$2,612,660
11	Adult	\$353,245	\$0	\$353,245
12	Child Development	\$0	\$0	\$0
13	Cafeteria	\$12,807,058	(\$167,783)	\$12,639,276
21	Building Fund	\$14,578,432	(\$14,443,008)	\$135,424
25	Capital Facilities	\$16,576,158	(\$63,702)	\$16,512,456
49	Capital Projects for Blended Components	\$1,058,510	(\$167,702)	\$890,808
51	Bond Interest and Redemption	\$28,138,958	(\$3,809,576)	\$24,329,382
67	Self-Insurance Fund	\$12,935,257	\$22,476	\$12,957,733

*Fund 01, 12 & 21 beginning fund balances have been corrected from Executive Summary table

Fiscal Recovery Plan

Board Request: Further Analysis in 2021-2022

Analysis of Programs/Schools Over Formula Approximate Cost \$9.6M

- Rosa Parks
- John Still
- Caleb Greenwood (IB)
- Martin Luther King
- Health Professions HS
- Leonardo daVinci
- Inclusive Practices
- SES
- Waldorf
- Kit Carson (IB)
- Charter Contribution (New Tech, George Washington Carver)

Multi-Year Projection Assumptions

Unrestricted Revenues

- 2022-23 Projected 2.48% COLA for LCFF
- 2023-24 Projected 3.11% COLA for LCFF
- Enrollment Projections include a 1% decline from 2021-22, prior to COVID-19 enrollment was projected to decline by approximately .5% or 200 students each year
 - 39,295 for 22-23
 - 38,901 for 23-24
- 72% Unduplicated Pupil Percentage

Restricted Revenues

- 2022- 23 Remove 1x federal and local carryover funds

Multi-Year Projection Assumptions

Unrestricted/Restricted Expenditure Changes for 2022-23 & 2023-24

- Increase in step & column projected at 1.5% (\$2.8M) each year for certificated and 0.8% (\$425K) for classified
- Adjust contribution for STRS and PERS increases – projected total of \$7.2M in 22-23 & \$621K in 23-24
 - STRS increased from 16.92% to 19.10% in 22-23 (2.18% difference) remains at 19.10% in 23-24
 - PERS increased from 22.91% to 26.10% in 22-23 (3.19% difference), 26.10% to 27.10% in 23-24 (1% difference)
- Increase in Health 8% estimated for certificated and classified for both years – projected total of \$5.3M in 22-23 and \$5.7M in 23-24
- Decrease in Unemployment Insurance in 22-23 of \$3.1M

Multi-Year Projection Assumptions

Unrestricted/Restricted Expenditure Changes for 2022-23 & 2023-24

- Reduced 13.5 FTE to align to enrollment decline of 408 students for 2022-23 and 13 FTE for enrollment decline of 394
- Removed expenditures related to federal and local carryover funds and GEER funding in 22-23
- Budgeted remaining ELO funds in 22-23 and removed those expenditures in 23-24
- **NO ESSER III** funds are budgeted in 22-23 or 23-24
- Increases in Special Education total projected \$13M (\$6.4M in 22-23 & \$6.6M in 23-24)

Proposed 2021-2022 General Fund Multi-Year Projections

Description	Proposed Budget 2021-22			Projection 2022-23			Projection 2023-24		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenue	443,805,897	115,463,179	559,269,075	448,644,885	108,668,411	557,313,296	457,241,790	108,668,411	565,910,201
Total Expenditures	354,357,299	234,085,926	588,443,225	364,343,947	244,200,538	608,544,485	372,868,713	234,097,195	606,965,908
Deficit/Surplus	89,448,598	(118,622,748)	(29,174,150)	84,300,938	(135,532,127)	(51,231,188)	84,373,077	(125,428,783)	(41,055,706)
Transfers in/(out)	2,050,301	0	2,050,301	2,050,301	0	2,050,301	2,050,301	0	2,050,301
Contributions to Restricted	(98,193,763)	98,193,763	0	(104,568,451)	104,568,451	0	(111,350,131)	111,350,131	0
Net increase (decrease) in Fund Balance	(6,694,864)	(20,428,985)	(27,123,849)	(18,217,212)	(30,963,676)	(49,180,887)	(24,926,753)	(14,078,652)	(39,005,405)
Beginning Balance	95,627,953	104,528,511	200,156,464	88,933,089	84,099,526	173,032,616	70,715,877	53,135,851	123,851,728
Ending Balance	88,933,089	84,099,526	173,032,616	70,715,877	53,135,851	123,851,728	45,789,124	39,057,199	84,846,323

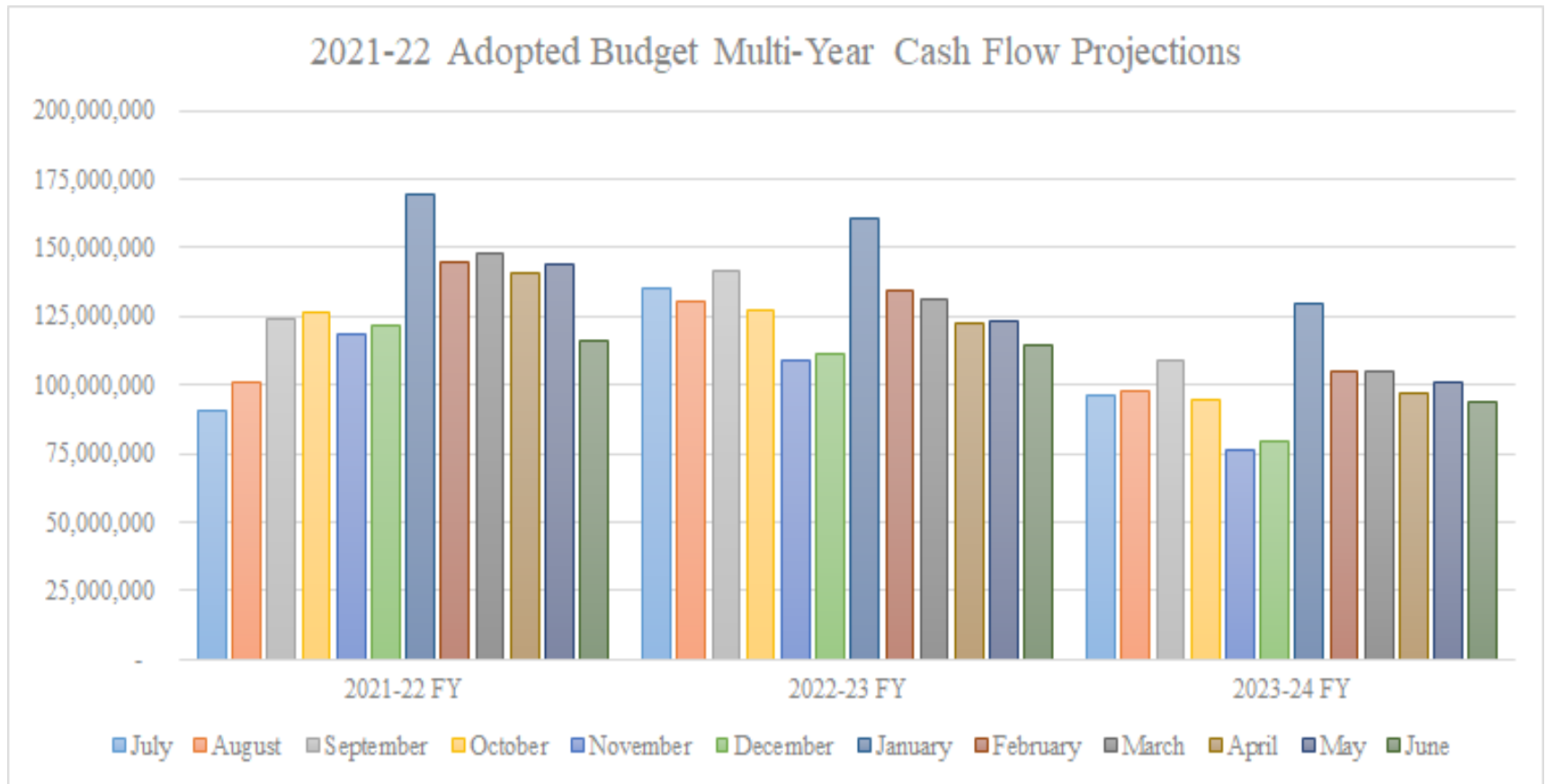
*Multiyear projections show a continued deficit spend each year

Proposed 2021-22 MYP without ESSER, GEER and ELO Funds

Description	Proposed Budget 2021-22			Projection 2022-23			Projection 2023-24		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenue	443,805,897	115,463,179	559,269,075	448,644,885	108,668,411	557,313,296	457,241,790	108,668,411	565,910,201
Total Expenditures	354,706,263	214,002,645	568,708,908	364,582,963	213,087,904	577,670,867	373,107,729	219,799,902	592,907,631
Deficit/Surplus	89,099,634	(98,539,467)	(9,439,833)	84,061,922	(104,419,493)	(20,357,571)	84,134,061	(111,131,490)	(26,997,430)
Transfers in/(out)	2,050,301	0	2,050,301	2,050,301	0	2,050,301	2,050,301	0	2,050,301
Contributions to Restricted	(98,193,763)	98,193,763	0	(104,419,492)	104,419,492	0	(111,131,489)	111,131,489	0
Net increase (decrease) in Fund Balance	(7,043,828)	(345,704)	(7,389,532)	(18,307,269)	(1)	(18,307,270)	(24,947,128)	(1)	(24,947,129)
Beginning Balance	95,627,953	6,575,530	102,203,483	88,584,125	6,229,826	94,813,952	70,276,856	6,229,826	76,506,682
Ending Balance	88,584,125	6,229,826	94,813,952	70,276,856	6,229,826	76,506,682	45,329,728	6,229,825	51,559,553

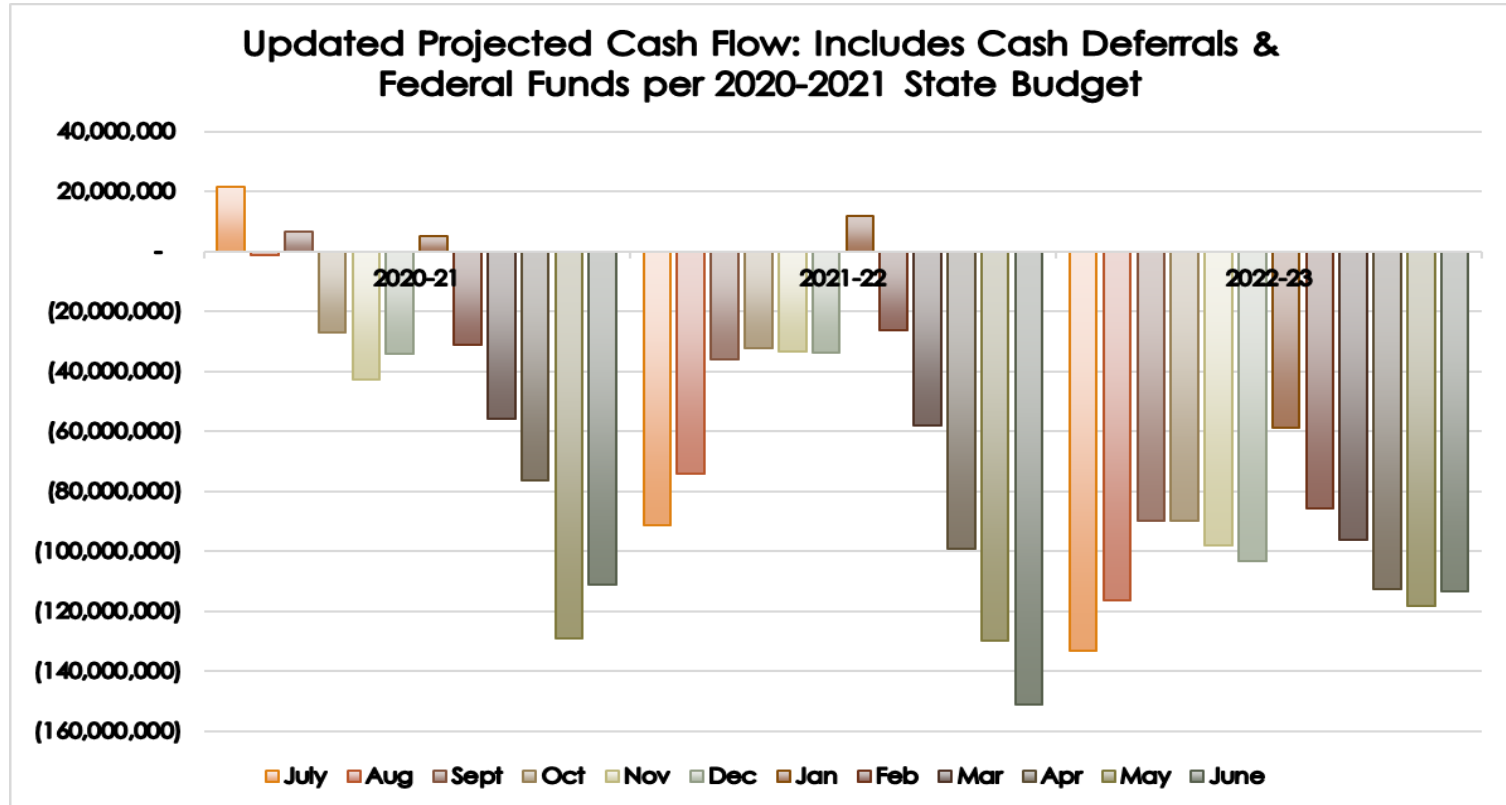
*Multiyear projections show a continued deficit spend each year

Proposed 2021-22 Cash Flow Projection



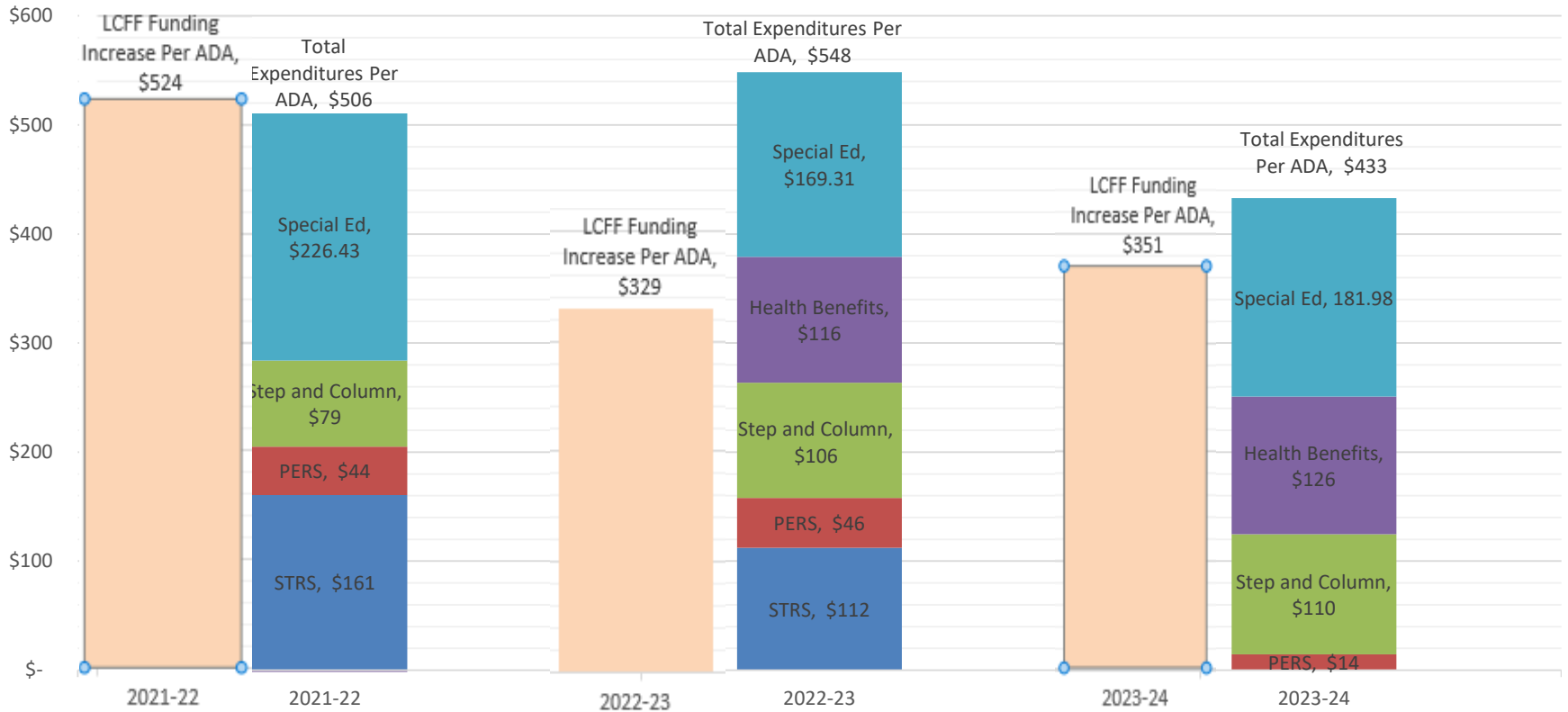
2020-2021 Projected Cash Flow per State Enacted Budget

*presented 7/16/20 Board Meeting



LCFF Growth Vs Expense Growth

Per ADA Growth in Revenues and Expenditures



Potential Future Risk/Opportunity

Risks

- Ongoing State funding for K-12 Districts
- Significant decline in enrollment
- Additional unfunded COVID-19 related expenses such as health benefits
- Unemployment Insurance and STRS/PERS increases

Opportunities

- Improved State Budget and funding for K12 Districts
- Recover enrollment
- Fiscal Recovery Plan sufficient to restore the District's fiscal stability

Summary

- District's budget has been disapproved for 3 years (2018-19, 2019-20 and 2020-21)
 - Due to deficit spending
 - Diminishing cash flow projections
- Board Approved Fiscal Recovery Plan for \$4.5M on February 4, 2021 board meeting
- A \$24.9M ongoing solution is required to achieve fiscal solvency and eliminate deficit spending

Conduct Public Hearing