



Agenda Item #9.03

Preliminary Budget Presentation

Presented by Chris Jew, Associate Superintendent of Business Services and Silvia Pelayo, Director of Finance

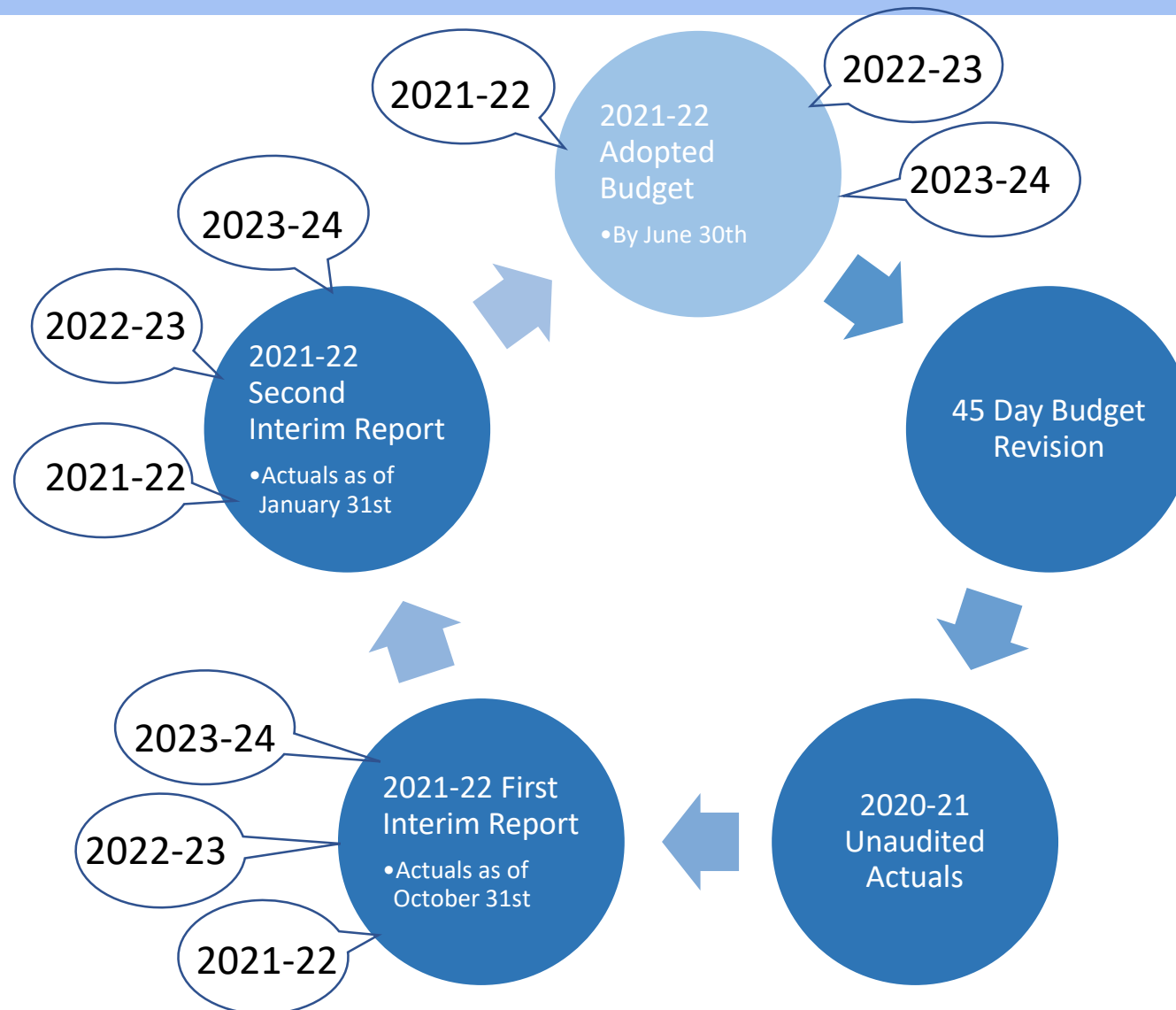
June 3, 2021



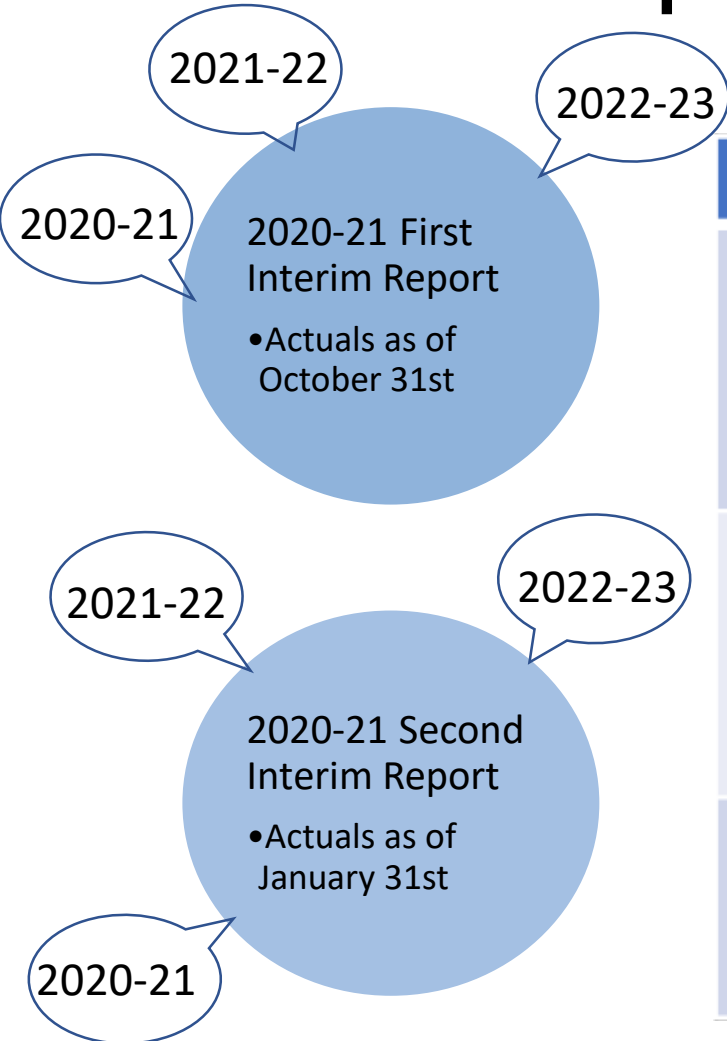
Preliminary Budget

- Review Budget Update
 - 2021-22 Governor's May Revise Budget Proposal
 - District's Multi-Year Projection Update
- Questions and Clarification

2021-22 Budget and Fiscal Reporting Cycle

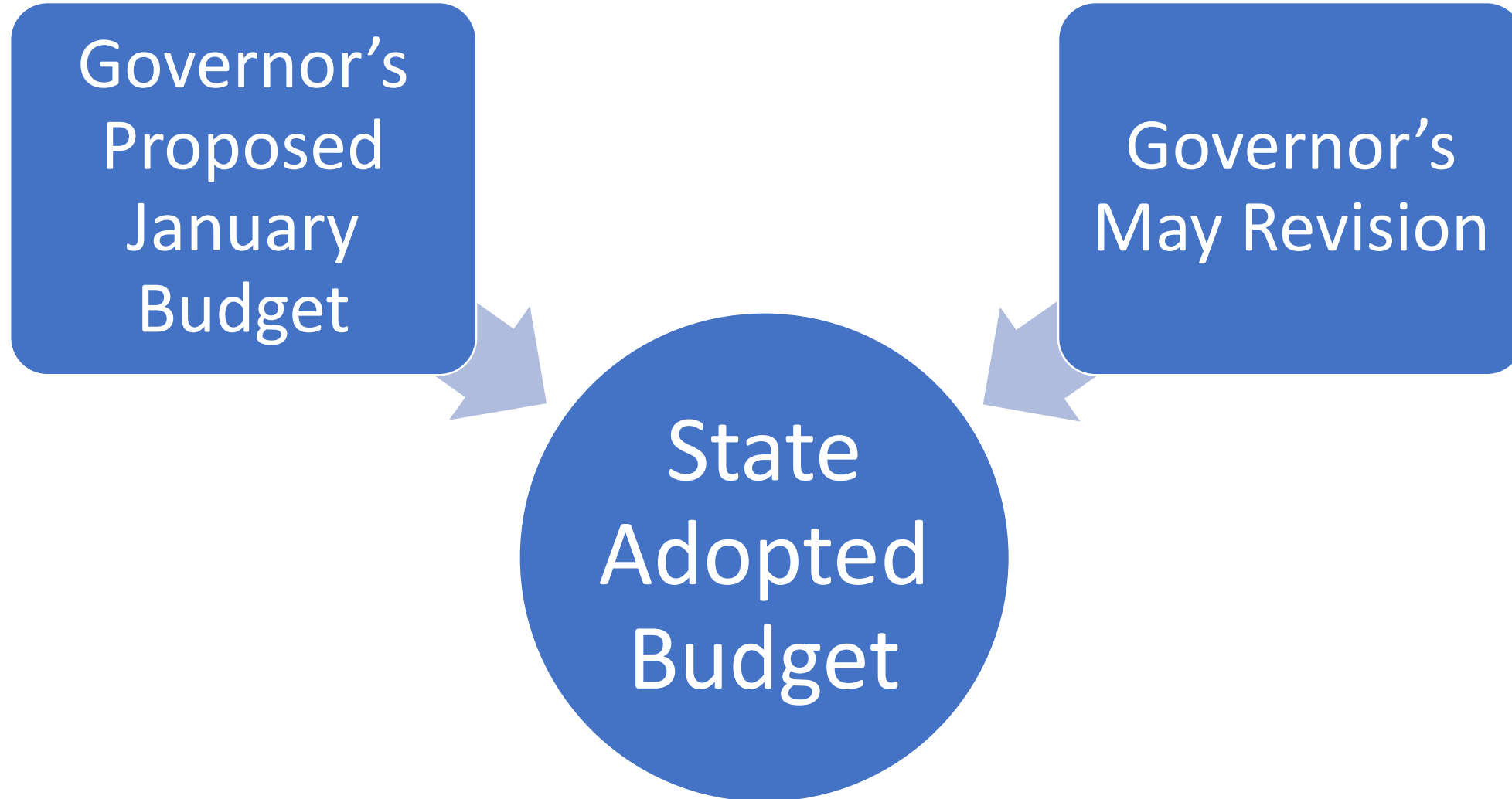


Interim Report Certification

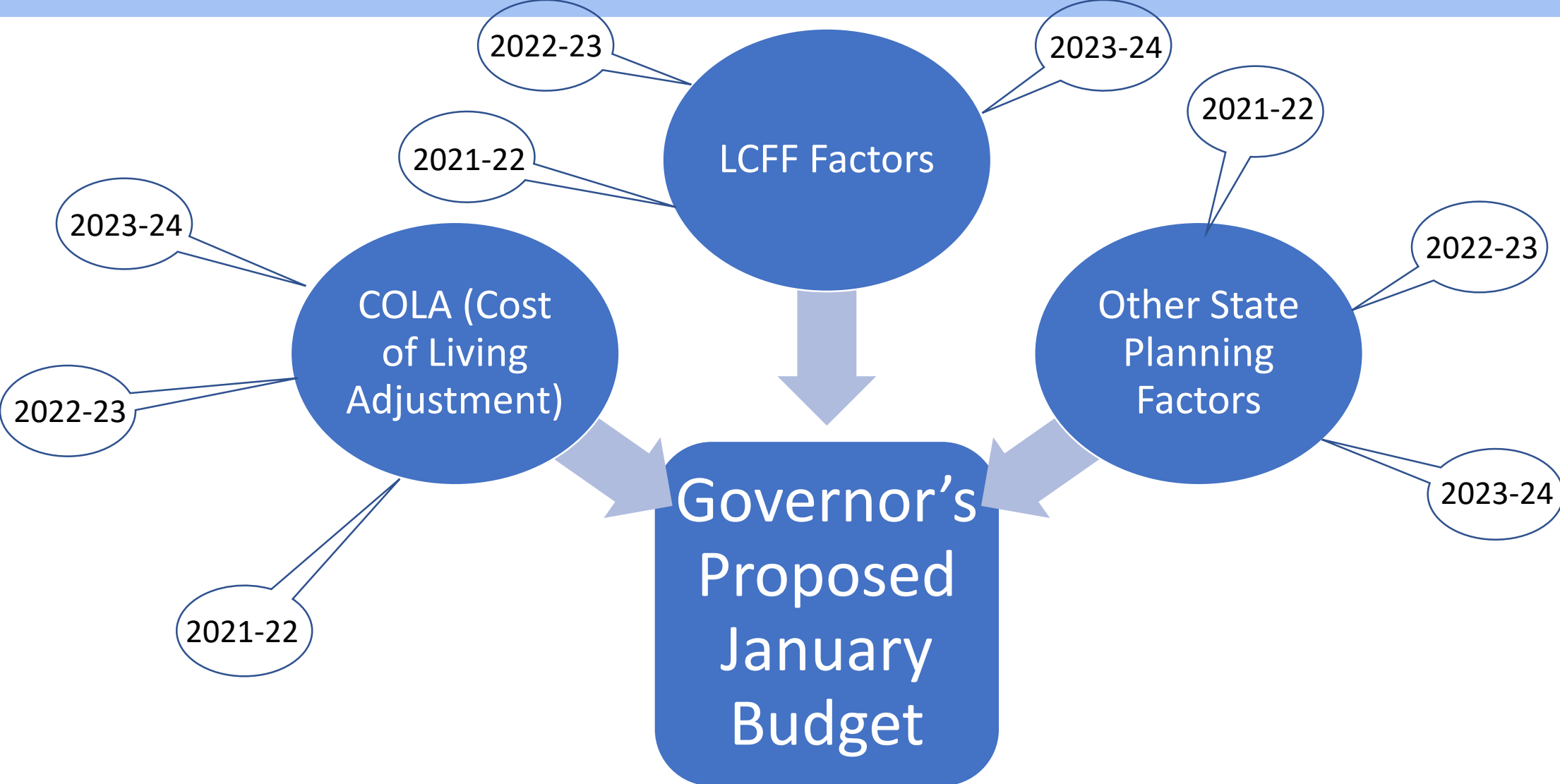


Certification	
Positive	District <u>WILL</u> meet its financial obligations for the remainder of the fiscal year and the subsequent 2 years
Qualified	District <u>MAY NOT</u> be able to meet its financial obligations either in the current year or the subsequent 2 years
Negative	District <u>WILL NOT</u> be able to meet its financial obligation for current fiscal year or subsequent year

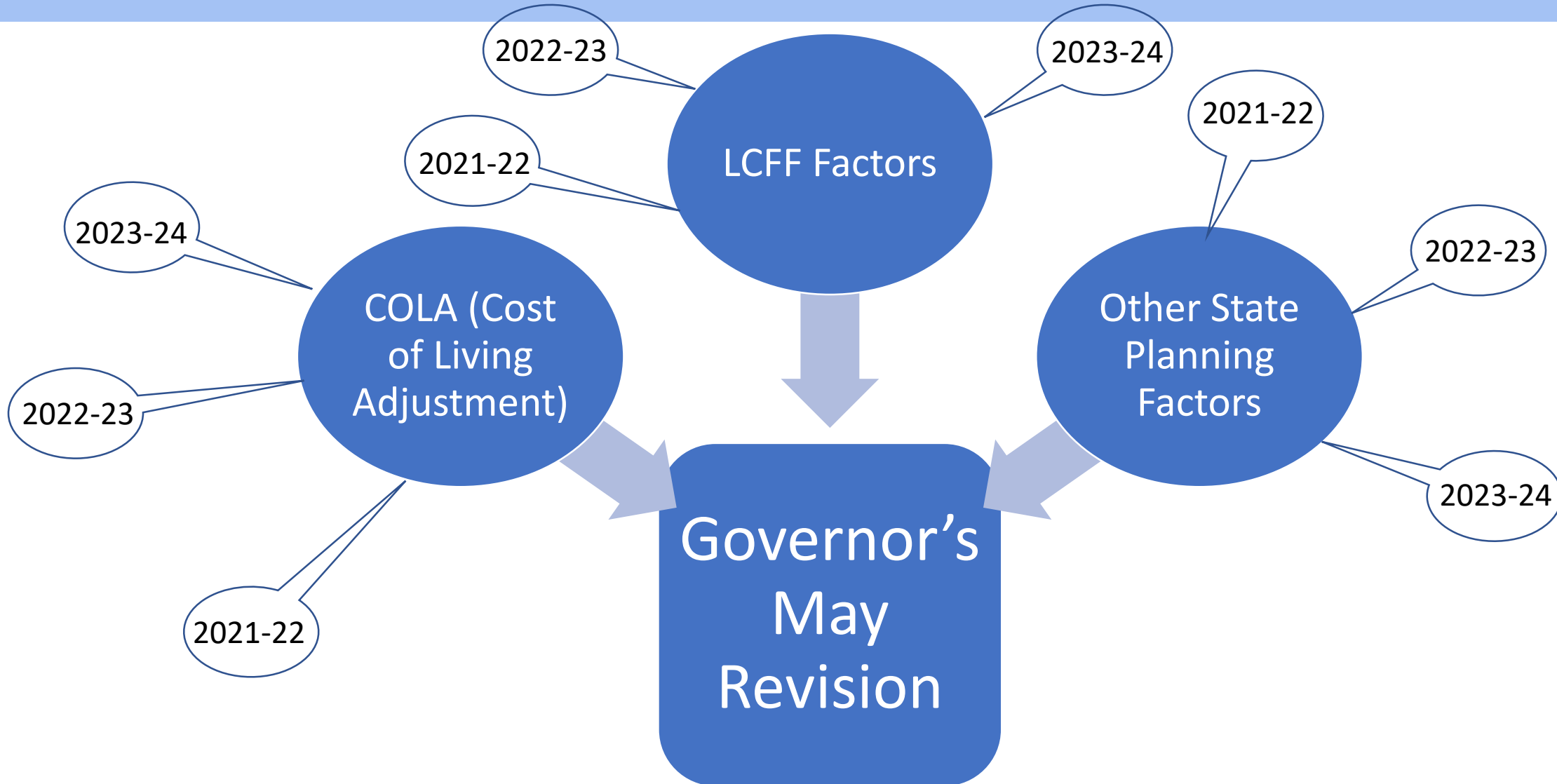
Annual State Budget Development Cycle



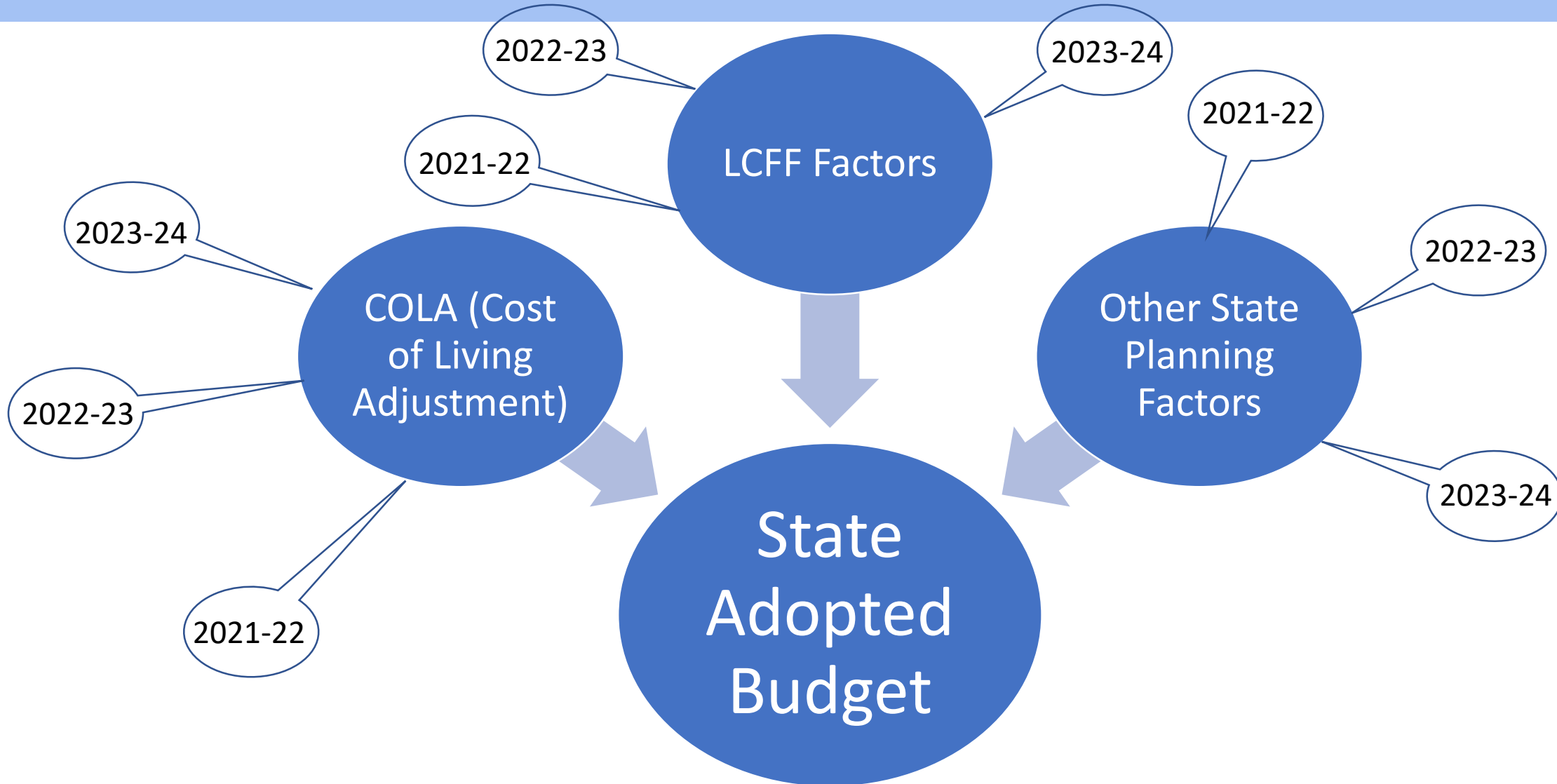
Budget Development Assumptions



Budget Development Assumptions



Budget Development Assumptions



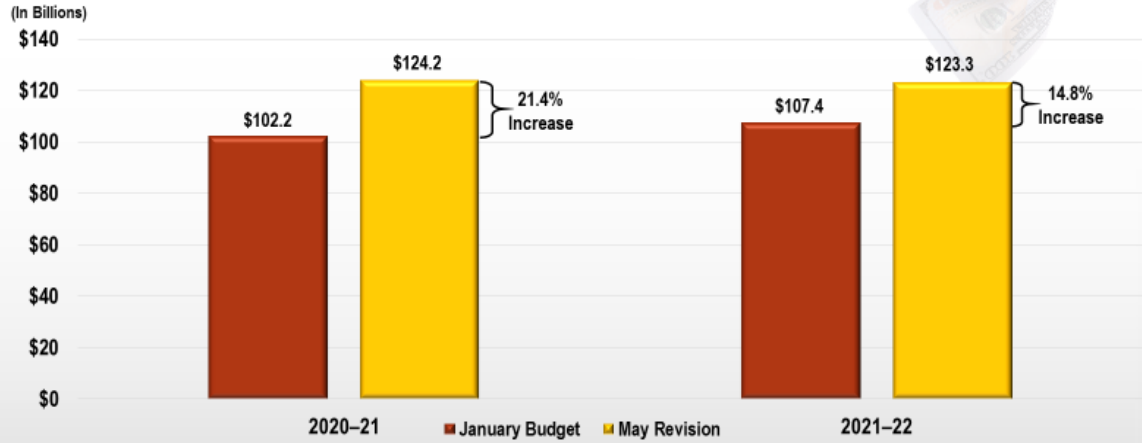


Economic News and Governor's 2021-22 May Revise Budget Proposal Assumptions for K-14

The Big 3

14 Estimate for Personal Income Tax

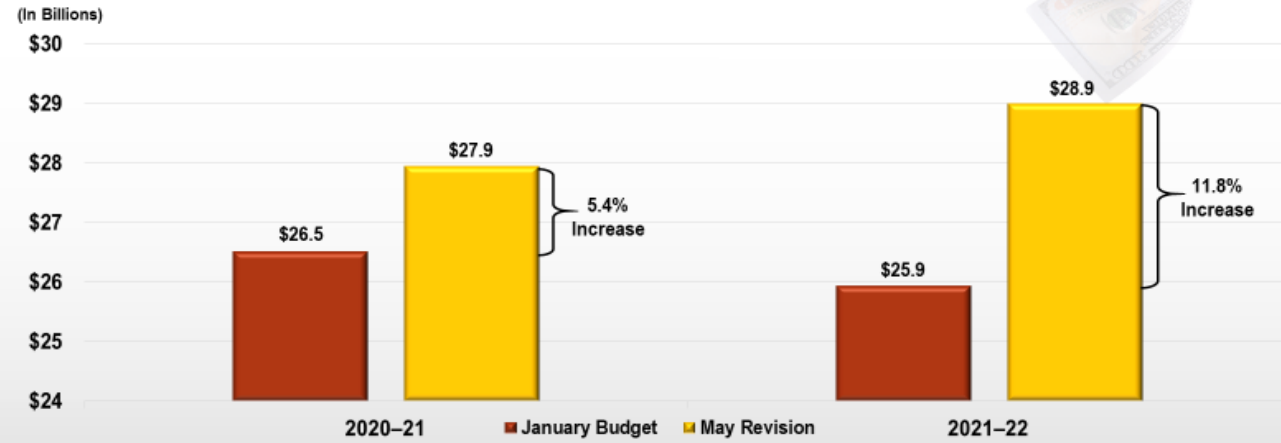
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Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary, page 18

16 Estimate for Sales and Use Tax

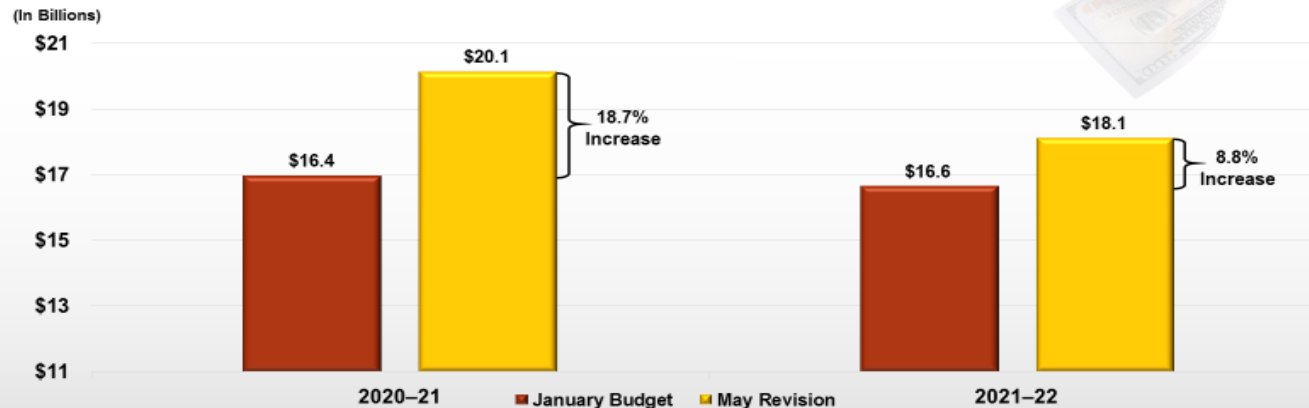
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Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary, page 18

17 Estimate for Corporate Tax

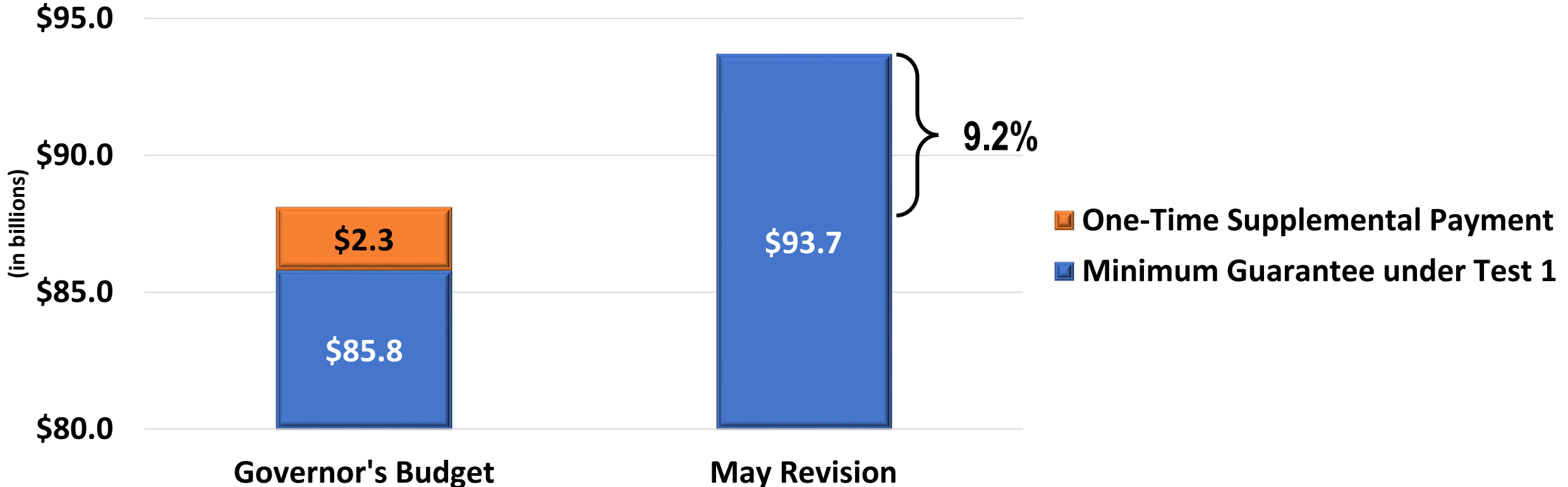
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Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary, page 18

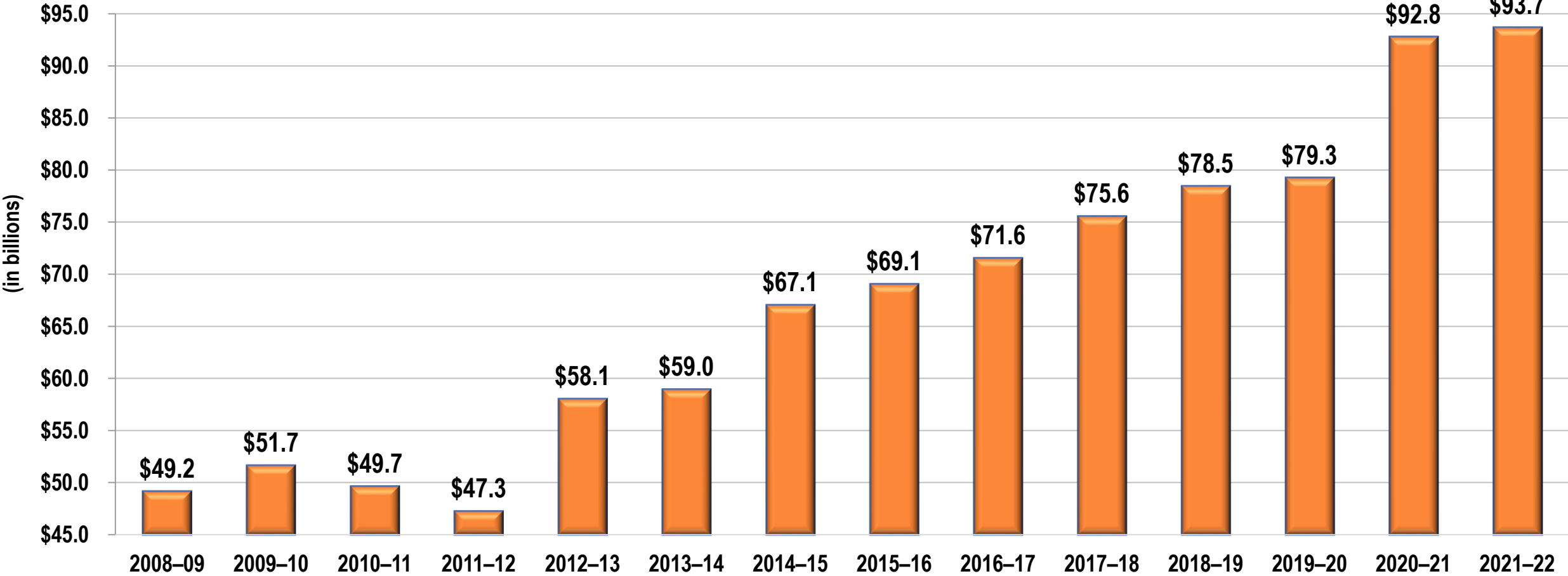
Education Funding for 2021–22

2021–22 Funding Governor's Budget vs. May Revision

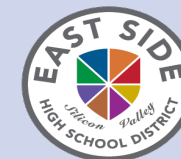


Education Funding for 2021–22

Proposition 98 Funding Over Time
2008–09 to 2021–22 May Revision



2021-22 Governor's January Budget	2020-21	2021-22 (Estimated)	2022-23 (Estimated)	2023-24 (Estimated)	2024-25 (Estimated)
Statutory COLA	2.31%	1.50%	1.36%	1.50%	1.51%
Funded COLA	0.00%	3.84%	1.36%	1.50%	1.51%
Increase/ (Decrease) LCFF Funding	(0.50%) (\$1,189,208)	3.40% \$8,085,423	(0.43%) (\$1,059,853)	0.48% \$1,166,103	0.47% \$1,165,977
STRS	16.15%	15.92%	18.10%	18.10%	18.10%
PERS	20.70%	23.70%	26.30%	27.30%	27.30%
Federal Stimulus	\$14.5 M (One-Time funding)	\$11.4 M (One-Time funding)	*****Target Cuts = \$6.5 Million*****		
2021-22 May Revise Budget	2020-21	2021-22 (Estimated)	2022-23 (Estimated)	2023-24 (Estimated)	2024-25 (Estimated)
Statutory COLA	2.31%	1.7%	2.48%	3.11%	3.54%
Funded COLA	0.00%	5.07%	2.48%	3.11%	3.54%
Increase/ (Decrease) LCFF Funding	(0.50%) (\$1,197,524)	4.58% \$10,866,653	(0.59%) (\$1,455,776)	2.04% \$5,046,164	2.42% \$6,104,956
STRS	16.15%	16.92%	19.10%	19.10%	19.10%
PERS	20.70%	22.91%	26.10%	27.10%	27.70%
Federal Stimulus	\$14.5 M (One-Time funding)	\$11.4 M (One-Time funding) ESSER II	\$25 M (One-Time Funding) ESSER III		
State Grants		AB 86 – In Person Instruction Grant \$7.9 M (est) and Extended Learning Opportunities Grant \$16.9 M (est)			



Other known expenditure assumptions

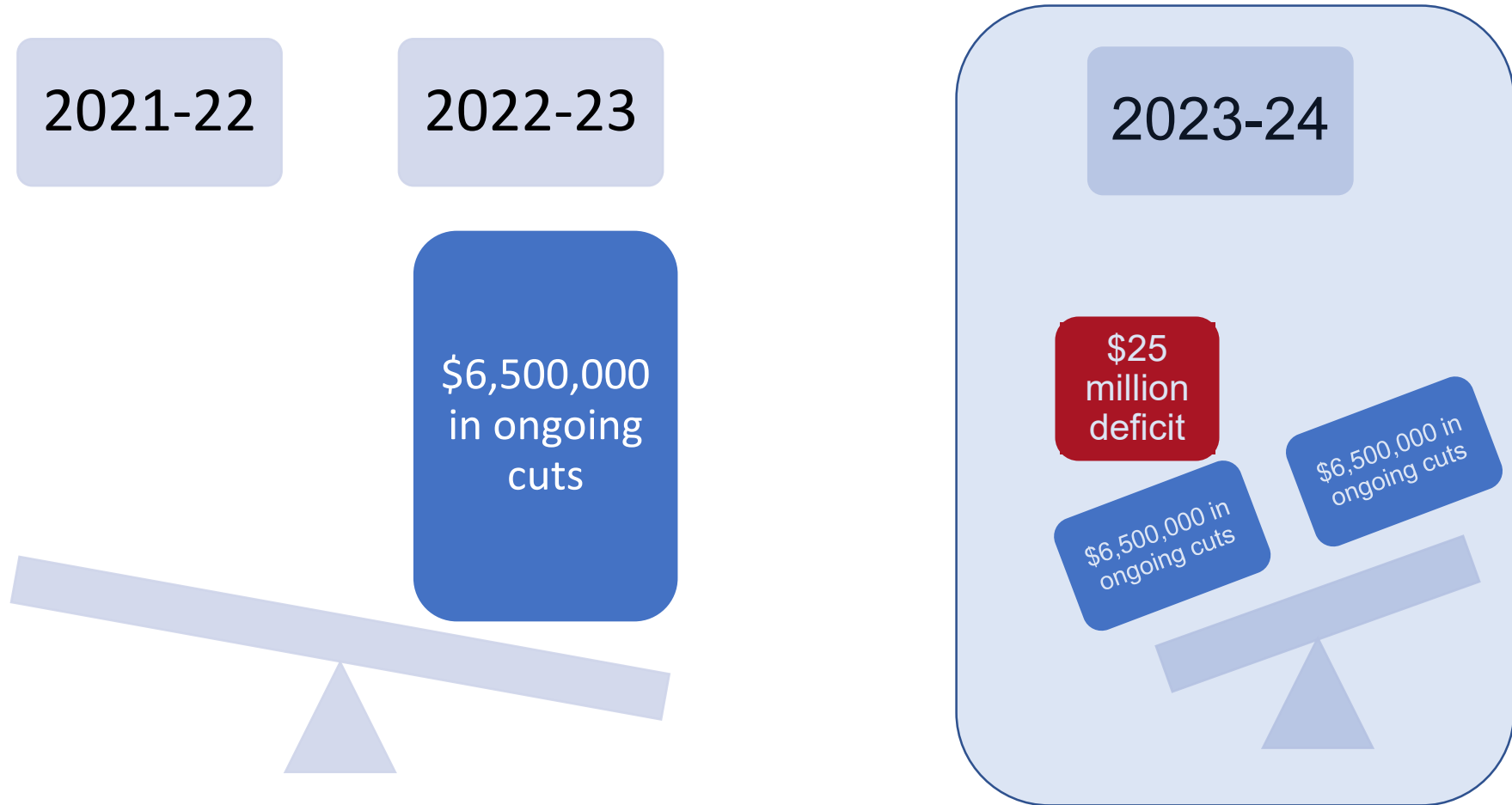
	2021-22
Step and Column / Longevity increases on current salary schedules	1.5% increase for Certificated 2.0% increase for Classified 1.5% increase for Management 4% Salary Increases
STRS and PERS Employer Contribution rate	Increase from 16.15% to 16.92% for STRS Increase from 20.7% to 22.91% for PERS
Health Insurance Premiums	6% increase
Utilities and Property/Liability Insurance	10% and 8% increase
Contributions – Special Education	\$5.78 million increase
Contributions – Child Nutrition Services	\$880,198 decrease
Contribution - Transportation	\$7.4 million increase



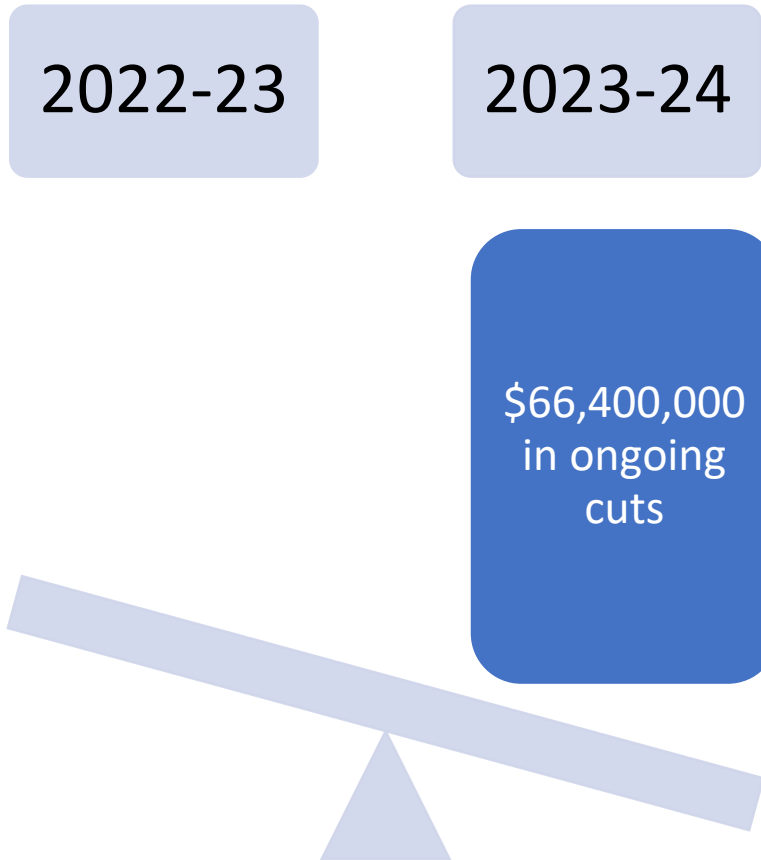
Multi-Year Projection



Previous MYP as of 2020-21 2nd Interim



Deficit spending still continues into 2023-24 totaling \$25 million.



Ongoing reductions totaling \$66.4 million starting in 2023-24 to meet 3% reserve requirement in 2023-24

Year 1: 2021-2022 - UNRESTRICTED GENERAL FUND

* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 47,328,734	+ \$ 204,553,883	- \$ 228,747,824	= \$ 23,134,793	\$ 10,215,860	\$ -

Year 2: 2022-2023 - UNRESTRICTED GENERAL FUND

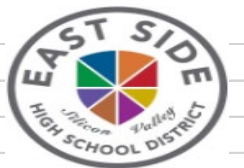
* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 23,134,793	+ \$ 207,551,975	- \$ 214,637,384	= \$ 16,049,384	\$ 10,351,376	\$ (7,085,409)

Year 3: 2023-2024 - UNRESTRICTED GENERAL FUND

* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 16,049,384	+ \$ 203,903,541	- \$ 210,303,076 (\$66,400,000) Ongoing Reductions	= \$ 9,649,849	\$ 9,306,899	\$ (6,399,535)



Year 1: 2021-2022 - RESTRICTED GENERAL FUND

*** Preliminary Budget Multi-Year Projection**

Savings		Revenue		Expense		Balance		Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?			
\$ 15,893,818	+	\$ 140,102,598	-	\$ 111,780,830	=	\$ 44,215,586		\$ 44,215,586	\$ -

Year 2: 2022-2023 - RESTRICTED GENERAL FUND

*** Preliminary Budget Multi-Year Projection**

Savings		Revenue		Expense		Balance		Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?			
\$ 44,215,586	+	\$ 92,309,330	-	\$ 130,408,499	=	\$ 6,116,417		\$ 6,116,417	\$ (38,099,169)

Year 3: 2023-2024 - RESTRICTED GENERAL FUND

*** Preliminary Budget Multi-Year Projection**

Savings		Revenue		Expense		Balance		Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?			
\$ 6,116,417	+	\$ 94,598,063	-	\$ 99,926,901	=	\$ 787,579		\$ 787,579	\$ (5,328,838)



Year 1: 2021-2022 - COMBINED GENERAL FUND

* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 63,222,552	+ \$ 344,656,481	- \$ 340,528,654	= \$ 67,350,379	\$ 10,215,860	\$ -
				Restricted Reserve Balance	
				\$ 44,215,586	

Year 2: 2022-2023 - COMBINED GENERAL FUND

* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 67,350,379	+ \$ 299,861,305	- \$ 345,045,883	= \$ 22,165,801	\$ 10,351,376	\$ (45,184,578)
				Restricted Reserve Balance	
				\$ 6,116,417	

Year 3: 2023-2024 - COMBINED GENERAL FUND

* Preliminary Budget Multi-Year Projection

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 22,165,801	+ \$ 298,501,604	- \$ 310,229,977 (\$66,400,000) Ongoing Reductions	= \$ 10,437,428	\$ 9,306,899	\$ (11,728,373)
				Restricted Reserve Balance	
				\$ 787,579	



Other May Revise Proposals



- Deferrals (One-Time)
 - Pays down \$8.4 billion leaving \$2.6 billion remaining
- Educator Workforce (One-Time)
 - \$2.8 billion for preparation, training and retention activities
- Child Care, Preschool, and Transitional Kindergarten
 - 100K more subsidized child care slots
 - Universal preschool for all low income 3 year old's
 - Transitional Kindergarten for all 4 year old's by 2024-25 – Increasing Prop 98 guarantee
- Community Schools (One-Time)
 - \$3 billion to promote new model
- Child Nutrition
 - \$100 million (Ongoing) to increase participation
 - \$100 million (One-Time) to provide kitchen infrastructure upgrades
- Student Learning (One-Time)
 - Proposes an additional \$2 billion for health and safety activities associated with reopening schools to supplement the In-Person Instructional Grant
 - Proposed an additional \$2.6 billion to supplement the Expanded Learning Opportunities Grant

Federal Funds – American Jobs Plan and American Families Plan



American Jobs Plan

- Announced by the Biden Administration on March 31, 2021
- Infrastructure-focused plan that would spend \$2 trillion over the next decade

American Families Plan

- Announced by the Biden Administration on April 28, 2021
- A \$1.8 trillion plan that consists of \$1 trillion in investments and \$800 billion in tax cuts

Federal Funds – American Jobs Plan



\$100 Billion:
Direct grants and bonds for
school facilities

\$48 Billion:
Workforce development,
including career pathway
and CTE programs

**Clean Buses for Kids
Program at Environmental
Protection Agency:**
Electrify at least 20% of
nation's school buses

\$45 Billion:
Water infrastructure
improvements, including
reducing lead exposure in
schools

\$100 Billion:
Broadband infrastructure
to reach 100% high-speed
broadband coverage

Federal Funds – American Families Plan



\$200 Billion:

Universal preschool for all three- and four-year olds

\$9 Billion:

Train, equip and diversify American teachers

\$17 Billion:

Expand free meals for children in the highest poverty districts

\$109 Billion:

Provide two years of free community college

\$225 Billion:

Establish national paid family and medical leave program



Questions or Comments