



Saddleback Valley
Unified School District



2019-20 Second Interim Budget



March 9, 2020

2019-20 Second Interim Budget Major Assumptions

1. **Local Control Funding Formula (LCFF) revenue is based on the State Adopted Budget**
 - a. **Cost of Living Adjustment (COLA) = 3.26%**
2. **Funded ADA 25,951.47 (decrease of 548.83 from prior year)**
 - a. **Funded on 2018-19 ADA due to declining enrollment**
3. **Salaries and benefits reflect actual staffing as of 1/31/20 including vacancies**
4. **STRS employer contribution rate = 17.10% (increased from 16.28% in 2018 -19)**
5. **PERS employer contribution rate = 19.721% (increased from 18.062% in 2018 -19)**

Change in Unrestricted Budget 2019-20 First Interim vs. Second Interim

	2019-20 First Interim	2019-20 Second Interim	Difference
Beginning Balance	72,442,575	72,442,575	0
Revenue	255,973,935	256,245,380	271,445
Expense	267,629,464	265,495,989	(2,133,475)
Surplus/(Deficit)	(11,655,529)	(9,250,609)	2,404,920
Ending Balance	60,787,046	63,191,966	2,404,920
Nonspendable	439,729	439,729	0
Designated for Economic Uncertainties	16,057,582	15,930,049	(127,533)
One-time Funding Carryover - site carryover + per ADA funding	35,904,543	36,427,023	522,480
Unappropriated Balance	8,385,192	10,395,165	2,009,973

Change in Unrestricted Revenue

2019-20 First Interim vs. Second Interim

Unrestricted Revenue First Interim	\$255,973,935
Unrestricted Revenue Second Interim	<u>\$256,245,380</u>
Increase in Unrestricted Revenue	\$ 271,445

Explanations:

1. \$ 16,000 - Increase in LCFF due to increase in Unduplicated Pupil Counts
2. \$ 94,000 - Increase in Medi-Cal Administrative Activities Federal funding
3. \$ 99,000 - Increase in projected Interest Revenue
4. \$ 62,000 - Increase to local revenue for donations

Change in Unrestricted Expenditures 2019-20 First Interim vs. Second Interim

Unrestricted Expenditures First Interim	\$267,629,464
Unrestricted Expenditures Second Interim	<u>\$265,495,989</u>
Decrease in Unrestricted Expenditures	(\$ 2,133,475)

Explanations:

1. \$ 639,000- Child Nutrition Freezer Project (originally projected in 2020-21 budget)
2. \$(2,985,000) - Textbook Adoption and Curriculum Development
3. \$(212,525) - Adjustments to STRS, PERS and Health & Welfare

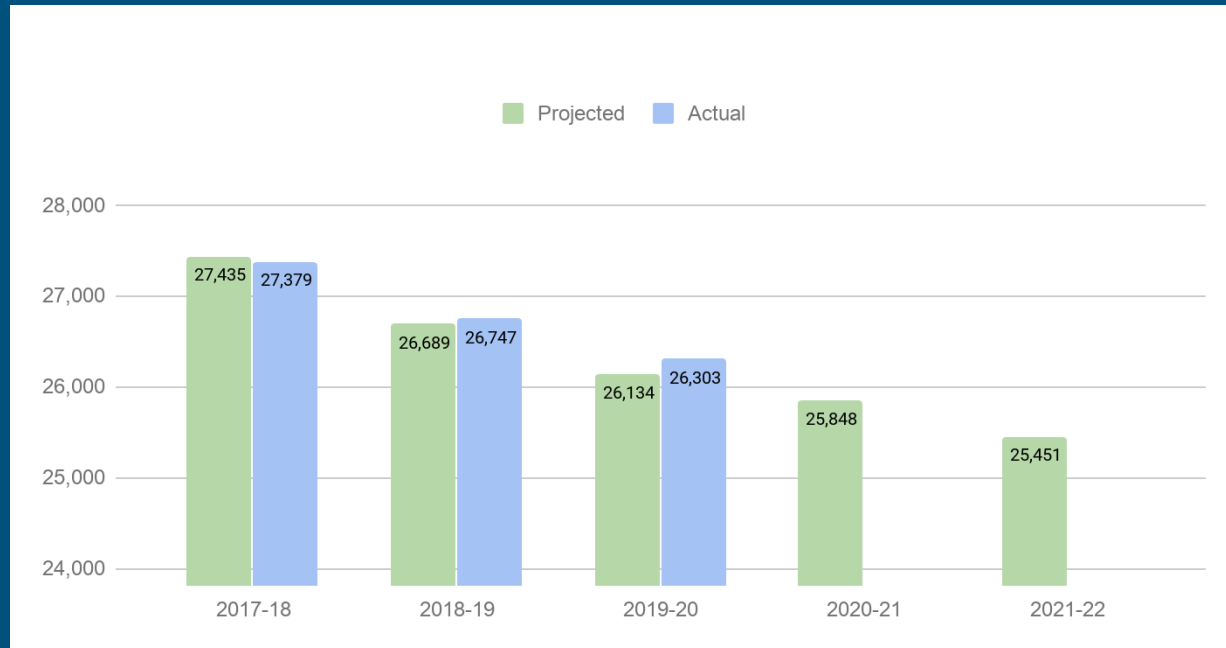
2019-20 Second Interim Budget Multi-year Projection - Unrestricted Only

	2019-20 Second Interim	2020-21 Projected	2021-22 Projected
Beginning Balance	72,442,575	63,191,966	49,648,281
Revenue	256,245,380	254,294,008	256,243,235
Expense	265,495,989	267,837,693	268,708,835
Surplus/(Deficit)	(9,250,609)	(13,543,685)	(12,465,600)
Ending Balance	63,191,966	49,648,281	37,182,681
Nonspendable	439,729	439,729	439,729
Designated for Economic Uncertainties	15,930,049	15,860,160	15,852,443
One-time Funding Carryover - site carryover + per ADA funding	36,427,023	20,283,233	9,642,124
Unappropriated Balance	10,395,165	13,065,159	11,248,385

2019-20 Second Interim Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
 - a. COLA adjustments, 2020-21 = 2.29%, 2021-22 = 2.71%
- 2. Enrollment and ADA projections based on historical trends and demographer study**
 - a. Decrease in funded ADA of 442 in 2020-21 and 431 in 2021-22
 - b. Due to declining enrollment LCFF is funded on prior year ADA
- 3. Salaries and benefits adjusted for step & column, attrition and increase to retirement contributions (STRS & PERS)**
- 4. Inflation increases applied to utilities, fuel and other contracted services**

2019-20 Second Interim Budget Multi-Year Projected Declining Enrollment



Impact of STRS and PERS Contribution Rate Increases

	2019-20	2020-21	2021-22
Estimated Increase in Base LCFF Funding	2,341,698	1,224,175	1,980,665
Estimated Increase in Employer STRS Costs	(1,092,694)	(1,723,118)	398,053
Estimated Increase in Employer PERS Costs	(533,425)	(1,003,680)	(695,111)
	715,579	(1,502,623)	1,683,607
	2019-20	2020-21	2021-22
STRS Estimated Rates	17.10%	18.40%	18.10%
<i>- Increase from prior year</i>	<i>0.82%</i>	<i>1.30%</i>	<i>-0.30%</i>
PERS Estimated Rates	19.721%	22.80%	24.90%
<i>- Increase from prior year</i>	<i>1.66%</i>	<i>3.08%</i>	<i>2.10%</i>

2019-20 Second Interim Budget - Next Steps

1. **Governor's 2020-21 Proposed Budget Revision will be released in May**
 - a. Speculation that future COLA increases will be much lower than current projections
2. **Continue to monitor enrollment and attendance**
3. **Update staffing projections for 2020 -21 based on projected enrollment**
4. **Present 2020-21 Original Budget in June 2020**

2019-20 Second Interim Budget - Closing Thoughts

1. **The district continues to face declining enrollment**
2. **Review and analyze the impact of new legislation**
 - a. Increase to the minimum wage (\$15/hour in 2022)
3. **Make recommendations for reserves needed for future needs**
 - a. Technology replacement, field/turf replacement, textbook adoptions
4. **The structural operating expenditures are increasing each year**
 - a. Employer contributions for PERS and STRS absorb most or all of new LCFF funding
 - b. The cost of district paid health benefits projected to increase 5% each year
 - c. The cost of Special Education services escalates with little to no increase in Special Education Funding
5. **Ongoing evaluation of program needs**