

Saddleback Valley

Unified School District



2020-21: 45-Day Budget Revision

August 20, 2020

2020-21: 45-Day Budget Major Assumptions

- 1. Local Control Funding Formula (LCFF) revenue is based on the 2020-21 State Adopted Budget**
 - a. Cost of Living Adjustment (COLA) = 0.00%

- 2. Funded ADA 25,548.13**
 - a. Funded on 2019-20 ADA due to declining enrollment for LCFF target calculation

- 3. Salaries and benefits reflect actual staffing as of 05/31/20 including vacancies**
 - a. Reduction of 24 teacher FTE due to projected decline in enrollment
 - b. 8.0 FTE Staffing Reserve

- 4. STRS employer contribution rate = 16.15% (decreased from 17.10% in 2019-20)**

- 5. PERS employer contribution rate = 20.70% (increased from 19.721% in 2019-20)**

Change in 2020-21 Budget Original Budget vs. 45 Day Budget Revision

	2020-21 Original Budget	2020-21 45 Day Budget Revision	Difference
Beginning Fund Balance	73,928,948	73,928,948	
Revenue	283,396,827	314,836,789	31,439,962
Expenditures	322,684,382	330,144,785	7,460,403
Surplus/(Deficit)	(39,287,555)	(15,307,996)	23,979,559
Ending Fund Balance	34,641,393	58,620,952	23,979,559
Nonspendable Reserves	439,729	439,729	
Restricted Reserves	871,592	3,093,893	
Designated for Economic Uncertainties	16,134,219	16,507,239	373,020
Assigned Fund Balance	2,527,265	2,527,265	
Unappropriated Fund Balance	14,668,588	36,052,826	21,384,238

Change in 2020–21 Revenue Original Budget vs. 45 Day Budget Revision

Original Budget	\$283,396,827
45 Day Budget Revision	<u>\$314,836,789</u>
Increase in Revenues	\$ 31,439,962

Explanations:

- 1. \$16,400,000 - Increase in Local Control Funding Formula (LCFF) based on changes to Cost of Living Adjustment**
- 2. \$12,900,000 - Increase in Federal Funding - COVID supports**
 - a. \$11.3 million Learning Loss Mitigation
 - i. Funds must be spent by December 30, 2020
 - b. \$1.6 million Coronavirus Aid Relief and Economic Security funding (CARES)/Governor's Emergency Education Relief (GEER)
 - i. Funds must be spent by September 30, 2022
- 3. \$1,600,000 - Increase in State Funding - COVID supports**
 - a. Learning Loss Mitigation
 - i. Funds must be spent by December 30, 2020

Change in 2020-21 Expenditures Original Budget vs. 45 Day Budget Revision

Original Budget	\$322,684,382
45 Day Budget Revision	<u>\$330,144,785</u>
Increase in Expenditures	\$ 7,460,403

Explanations:

1. **Additional expenditures as a result of Federal and State funding related to COVID-19 supports. Original budget already included \$5.9 million of qualifying expenditures that can be spent from new funding sources.**

2020-21 45 Day Budget Revision Multi-year Projection - Unrestricted Only

	2020-21 45 Day Budget Revision	2021-22 Projected	2022-23 Projected
Beginning Fund Balance	71,373,922	55,527,059	32,524,867
Revenue	247,453,747	246,779,542	244,036,601
Expenditures	263,300,610	269,781,734	247,387,538
Budget Reductions to Maintain Fiscal Solvency			(10,800,000)
Surplus/(Deficit)	(15,846,863)	(23,002,192)	(14,150,937)
Ending Fund Balance	55,527,059	32,524,867	18,373,930
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	16,507,239	15,948,928	15,299,690
Assigned Fund Balance	2,527,265	2,527,265	2,527,265
Unappropriated Fund Balance	36,052,826	13,608,945	107,246

2020-21 45 Day Budget Revision Multi-Year Assumptions

1. Local Control Funding Formula (LCFF) revenue

- a. Net COLA adjustments, 2021-22 = 0.00%, 2022-23 = 0.0%
- b. Community Funded Status with property tax increases beginning in 2022-23

2. Enrollment and ADA projections based on historical trends and demographer study

- a. Decrease in funded ADA of 430 in 2021-22 and 381 in 2022-23 for LCFF target entitlement calculation
- b. Due to declining enrollment we are funded on prior year ADA
- c. 2019-20 ADA used for LCFF target calculation for both 2020-21 and 2021-22

3. Salaries and benefits adjusted for step & column, attrition and changes to retirement contributions (STRS & PERS)

4. Inflation increases applied to utilities, fuel and other contracted services

5. Textbook adoptions are adjusted based on projected curriculum needs

6. One-time expenditures in 2020-21 for COVID-19 response

2020-21 45 Day Budget Revision:

Closing Thoughts

1. On-going evaluation of program needs

- a. Budget reductions required to maintain fiscal solvency
- b. Impacts of COVID-19
 - i. Continue to identify best use of Federal/State COVID-19 support funding by December 30, 2020.

2. The structural operating expenses are increasing each year

- a. Employer contributions for PERS and STRS absorb a substantial portion of increase to LCFF funding
- b. The cost of district paid health benefits projected to increase until the negotiated settlement is fully implemented in January 2023.
- c. The cost of Special Education services escalates with little to no increase in Special Education Funding