

Saddleback Valley

Unified School District



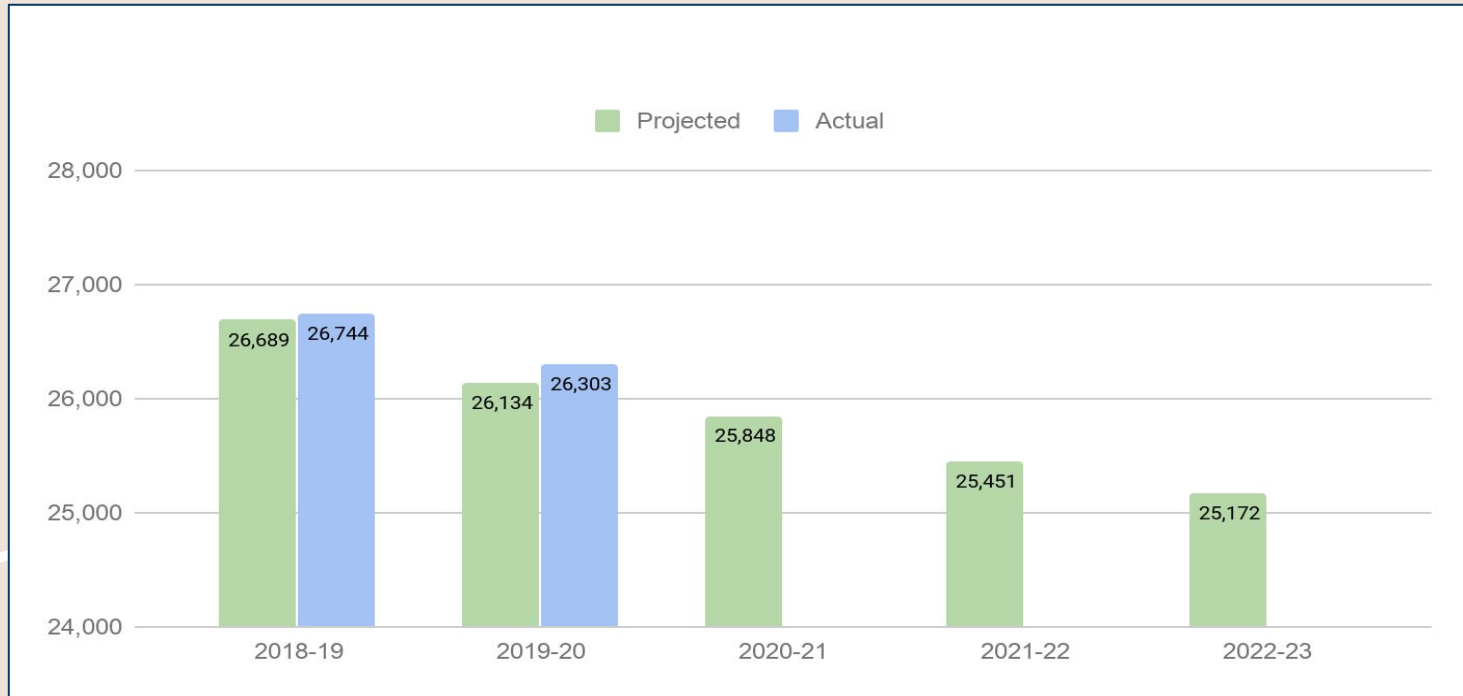
2020-21 Original Budget

June 18, 2020

2020-21 Original Budget Major Assumptions

- 1. Local Control Funding Formula (LCFF) revenue is based on the Governor's May Budget Revision**
 - a. Net reduction of 7.92%
 - i. Cost of Living Adjustment (COLA) = 2.31%
 - ii. 10% reduction in base grant funding
 - b. Local property tax projections plus minimum state aid exceed calculated LCFF target entitlement resulting in Community Funded status beginning in 2020-21
- 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)**

2020-21 Original Budget Multi-Year Projected Declining Enrollment



2020-21 Original Budget Multi-Year Assumptions

1. Local Control Funding Formula (LCFF) revenue

- a. Net COLA adjustments, 2021-22 = 0.00%, 2022-23 = 0.0%
- b. Continuing Community Funded Status with property tax increases
 - i. \$199.8 million in 2021-22 and \$205.1 million 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

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 Original Budget Multi-year Projection - Unrestricted Only

	2020-21 Original Budget	2021-22 Projected	2022-23 Projected
Beginning Fund Balance	71,373,922	33,769,801	18,029,836
Revenue	231,023,831	236,234,630	241,324,061
Expenditures	268,627,952	235,574,595	216,028,704
Budget Reductions to Maintain Fiscal Solvency		(16,400,000)	(25,800,000)
Surplus/(Deficit)	(37,604,121)	(15,739,965)	(504,643)
Ending Fund Balance	33,769,801	18,029,836	17,525,193
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	16,134,219	15,030,815	14,515,911
Assigned Fund Balance	2,527,265	2,527,265	2,527,265
Unappropriated Fund Balance	14,668,588	32,027	42,288

Impact of STRS and PERS Contribution Rate Increases

	2020-21	2021-22	2022-23
Estimated Changes in LCFF Funding	(20,682,251)	5,905,523	5,165,198
Estimated Change in Employer STRS Costs	(1,265,417)	(172,676)	2,777,350
Estimated Change in Employer PERS Costs	326,309	722,822	912,059
	(19,743,143)	5,355,376	1,475,789
	2020-21	2021-22	2022-23
STRS Estimated Rates	16.15% **	16.02% **	18.1% **
- Change from prior year	-0.95%	-0.13%	2.08%
PERS Estimated Rates	20.700%	22.84%	25.50%
- Change from prior year	0.98%	2.14%	2.66%

** Reflects reduction projected in the Governor's
2020-21 May Revision

2020-21 Original Budget Certification

1. **Positive certification indicating district will meet minimum reserve requirement for the next three years**
 - a. **Conditional on budget reductions required to maintain fiscal solvency**
 - i. **2021-22 - \$16,400,000**
 - ii. **2022-23 - \$25,800,000**

2020–21 Original Budget: Next Steps

- 1. Legislature Adopted State Budget on June 15th**
 - a. The Legislature and Governor's budgets are dramatically different
 - b. Negotiations will continue between the parties and amended budget will receive final approval
 - c. Governor must reject or approve budget by June 27th
- 2. 45 day budget revision**
- 3. Continue to monitor enrollment and attendance**
- 4. Close out 2019-20 actuals by September 15th**
- 5. First Interim budget presented for approval in December**

2020–21 Original Budget:

Closing Thoughts

- 1. On-going evaluation of program needs**
 - a. Budget reductions required to maintain fiscal solvency
 - b. Impacts of COVID-19
- 2. The district continues to face declining enrollment**
 - a. Impacts on school sites with lower program participation
- 3. 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

COVID-19 Operations Written Report

June 18, 2020

Why Covid-19 Report instead of LCAP?

- State's final budget delayed until after July 15
- District's and staff's attention state-wide consumed with school dismissals and distance learning

What must the Covid-19 report include?

Five responses:

- Changes in program offerings due to school dismissals
- How we are meeting the needs of *English Learners, Foster Youth, and Socio-Economically Disadvantaged* students.
- How we are:
 - Continuing to deliver high-quality distance learning
 - Providing school meals
 - Arranging for student supervision during normal school hours

Next Steps.....

- The State will release a new LCAP template in late September for only the 2020-21 school year.
- Interim 2020-21 LCAP will be Board approved in Dec. 2020
- The process for completing the 2021-2024 LCAP will begin in January 2021 with gathering input from stakeholders and then drafting a new LCAP in Spring of 2021

Questions?