

Saddleback Valley
Unified School District



2021-22 Original Budget

June 24, 2021

2021-22 Original Budget Major Assumptions

1. Local Control Funding Formula (LCFF) revenue is based on the Governor's May Budget Revision

- a. Cost of Living Adjustment (COLA) of 5.07%
- b. Community Funded Status beginning in 2023-24

2. Funded ADA 25,548.13

- a. Funded on 2019-20 ADA due to the hold harmless provision approved with the State's 2020-21 budget

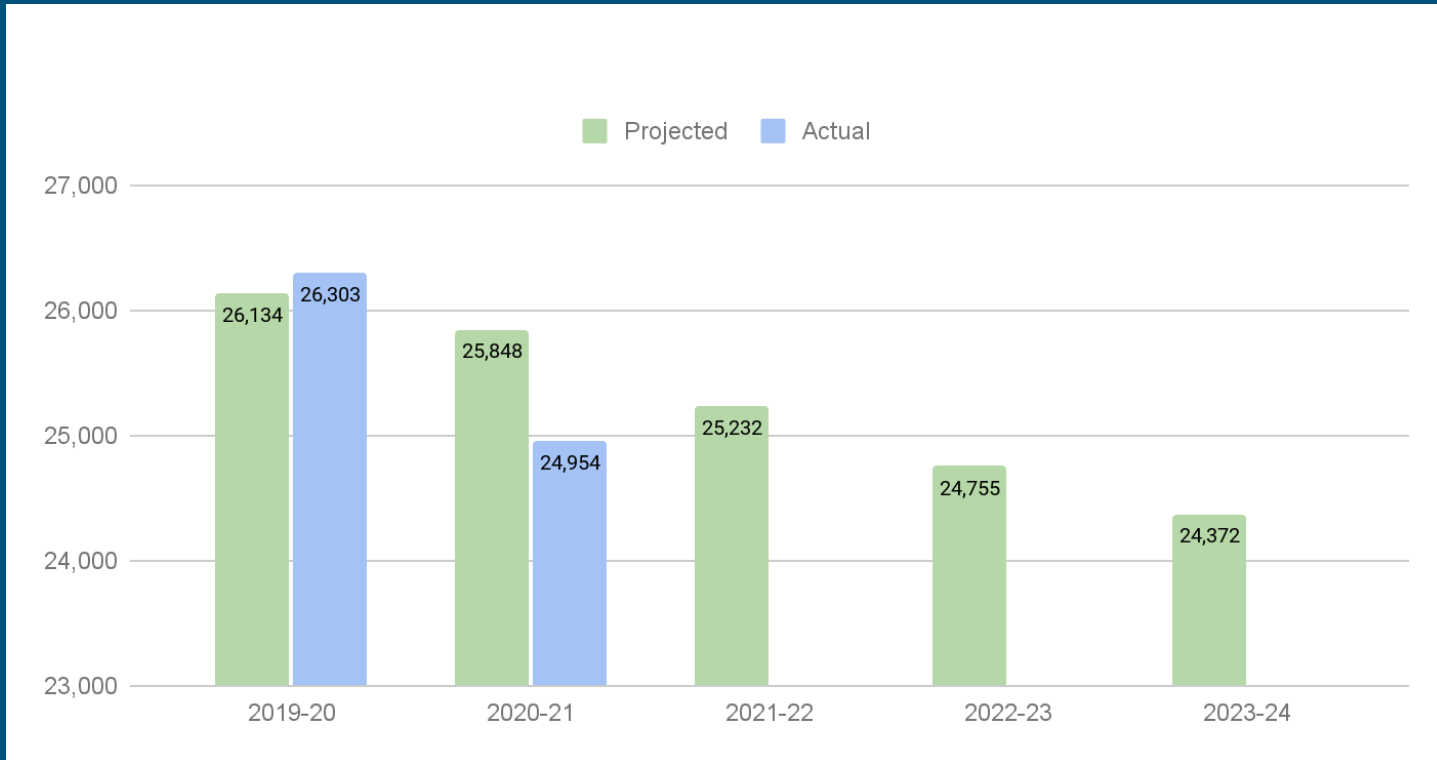
3. Salaries and benefits reflect actual staffing as of 05/31/21 including vacancies

- a. Reduction of 35 teacher FTE due to projected decline in enrollment
- b. 12.0 FTE Staffing Reserve

4. STRS employer contribution rate = 16.92% (increased from 16.15% in 2020-21)

5. PERS employer contribution rate = 22.91% (increased from 20.70% in 2020-21)

2021-22 Original Budget Multi-Year Projected Declining Enrollment



2021-22 Original Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
 - a. Net COLA adjustments, 2022-23 2.48%, 2023-24 3.11%
 - b. Community Funded Status with property tax increases beginning in 2023-24
- 2. Enrollment and ADA projections based on historical trends and demographer study**
 - a. Decrease in funded ADA of 1,023 in 2022-23 and 458 in 2023-24 for LCFF target entitlement calculation
 - b. Due to declining enrollment we are funded on prior year ADA after the hold harmless ends
- 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**

2021-22 Original Budget Multi-year Projection - Unrestricted Only

	2021-22 Original Budget	2022-23 Projected	2023-24 Projected
Beginning Fund Balance	69,576,962	59,858,713	54,608,616
Revenue	259,747,407	255,599,879	258,371,201
Expenditures	269,465,656	260,849,976	258,549,837
Surplus/(Deficit)	(9,718,249)	(5,250,097)	(178,636)
Ending Fund Balance	59,858,713	54,608,616	54,429,980
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	17,085,105	16,288,443	15,716,833
Assigned Fund Balance	31,537,551	25,049,674	20,620,139
Unappropriated Fund Balance	10,796,328	12,830,770	17,653,279

2021-22 Original Budget Unrestricted Fund Balance Assignments

Technology Replacement Plan	4,600,000.00
Negotiated Salary Increase	20,079,196.00
Prepaid Textbooks	4,674,284.00
Caltrans Settlement	2,184,071.00
Total	31,537,551.00

Impact of STRS and PERS Contribution Rate Increases

	2021-22	2022-23	2023-24
STRS Rate	16.92%	19.10%	19.10%
PERS Rate	22.91%	26.10%	27.10%
STRS Expenditures	23,614,909	27,093,306	27,231,577
PERS Expenditures	8,797,201	10,005,510	10,456,679
Total STRS/PERS Expenditures	32,412,110	37,098,816	37,688,257
Total General Fund Expenditures	341,702,107	325,768,853	314,336,654
% of General Fund Expenditures	9.49%	11.39%	11.99%
<i>Note: Does not include the STRS on Behalf accounting entry</i>			

2021-22 Original Budget: Next Steps

1. **Legislature Adopted State Budget on June 14th**
 - a. Negotiations will continue between the parties and amended budget will receive final approval
 - b. Governor must reject or approve budget by June 30th
2. **45 day budget revision if substantive changes between Governor's Proposed Budget and State Adopted Budget**
3. **Continue to monitor enrollment and attendance**
4. **Close out 2020-21 actuals by September 15th**
5. **First Interim budget presented for approval in December**

2021-22 Original Budget: Closing Thoughts

1. **On-going evaluation of program needs**
 - a. Sustainability of program enhancements with one-time COVID relief funds
 - b. Impacts on school sites with lower program participation
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. Increase in minimum wage through January 2012
 - c. Increase of the unemployment rate from .05% to 1.23%- increase in cost of \$2.2 million
 - d. The cost of district paid health benefits projected to increase until the negotiated settlement is fully implemented in January 2023.
 - e. The cost of Special Education services escalates with little to no increase in Special Education Funding
3. **Make recommendations for reserves needed for future needs**
 - a. Facility needs
4. **Prepare for potential triggering of Budget Reserve Cap of 10%**