



# FY 2020-2021 Proposed Budget Report

June 2, 2020





# Governor's May Revise – Key Items

- Proposition 98 funding of \$70.5 billion for 2020-2021, a decrease of \$13.5 billion relative to the funding level from the 2020-2021 January Proposed Budget. Proposition 98 funding for 2019-2020 decreased from \$81.6 billion to \$77.4 billion from the Governor's January budget under the May Revision.
- May Revision estimates that the minimum guarantee will decline approximately 23% from the 2019 State Budget Act over the three-year budget period.
- Augmentation Grant to provide additional funding for grades K-3 Class Size Reduction (CSR) and 9-12 Career Technical Education (CTE). The CSR augmentation is 10.4% of the K-3 Base Grant, estimated at \$738 per average daily attendance (ADA) for 2020-2021.
- Categorical programs outside of the LCFF will also have the statutory COLA suspended.
- The May Revision proposes cash deferrals in 2019-2020 and 2020-2021.
- The May Revision includes \$2.3 billion in non-Proposition 98 funding to reduce CalSTRS and CalPERS employer contribution rates in 2020-2021 and 2021-2022.



# Key Assumptions for PSD's Proposed Budget

- 10% Reduction in LCFF Funding resulting in an effective reduction of 7.92% to the 2019-20 base grants
- LCFF add-on funding will also receive a 10% reduction
- CalSTRS and CalPERS rates have been reduced in line with the Governor's May Revise
- Special Education base rate increase to \$645 per ADA proposal is incorporated in this budget
- Cost reductions from the Board approved Fiscal Stabilization plan required by LACOE have been incorporated into this budget
- Expenses associated with settled agreements for FY 2019-20 and FY 2020-21 are included in this budget
- The CARES act ESSER Funds with a preliminary allocation of \$5.6 million are not included in this budget
- \$4.4 billion for LEAs to address learning loss related to COVID-19 is not included in this budget



# Enrollment and ADA

	A	B	(B-A)
	Estimated Actuals 2019-20 P2	Proposed Budget 2020-21	Change
Enrollment	18,326	17,793	-533
ADA	17,302	16,799	-503

The certified 2019-20 P2 report shows ADA of 17,302 corresponding to an enrollment of 18,326 providing an ADA factor of 94.4%. The proposed budget assumes a loss of 533 students in FY 2020-21 and a corresponding decrease in ADA of 503.



# Reduction in LCFF Funding

Grade Span	2019–20 Base Grant per ADA	2.31% COLA	2020–21 Base Grant per ADA	10% Reduction	Effective 2020–21 Base Grant per ADA
K–3	7702	178	7880	[-\$788]	7092
4–6	7818	181	7999	[-\$800]	7199
7–8	8050	186	8236	[-\$824]	7412

The reduction in LCFF funding is calculated by applying the 2.31% COLA to the 2019-20 base grant and then applying a 10% reduction factor to come up with the 2020-21 base grant.



# LCFF Funding

Grade Span	ADA	Base	Gr Span	Supp	Concen	TARGET
Grades TK-3	7,768.70	7,092	738	1,421	1,399	82,734,047
Grades 4-6	5,625.77	7,199		1,306	1,286	55,084,325
Grades 7-8	3,734.34	7,412		1,345	1,324	37,646,426
Total Base	17,128.81	123,274,497	5,733,302	23,409,756	23,047,244	175,464,799

Targeted Instructional Improvement Block Grant	953,110
Home-to-School Transportation	278,298
<b>Total LCFF Funding</b>	<b>176,696,207</b>

Multiplying the ADA by the sum of the Base Grant, Grade Span Adjustment, Supplemental and Concentration amounts provides the Target funding in the column to the far right. The addition of the Targeted Instructional Improvement Block Grant and the Home-to-School Transportation gives total LCFF Funding.



# Unrestricted Revenues

	A	B	(B-A)
	Estimated Actuals 2019-20	Proposed Budget 2020-21	Change
LCFF Sources	193,587,212	176,696,207	-16,891,005
Federal Revenue	0	0	0
Other State Revenue	5,010,426	3,321,773	-1,688,653
Other Local Revenue	2,948,408	1,810,000	-1,138,408
<b>Total Revenues</b>	<b>201,546,045</b>	<b>181,827,980</b>	<b>-19,718,065</b>

The reduction in LCFF funding represents a substantial decrease from 2019-20. Other State Revenue decreased due the one-time preschoolers with disabilities funds received in 2019-20. Other Local Revenue decreased due to lower projections of interest and miscellaneous revenue.



# Unrestricted Expenditures

	A	B	(B-A)
	Estimated Actuals 2019-20	Proposed Budget 2020-21	Change
Certificated Salaries	56,091,382	55,509,832	(581,550)
Classified Salaries	16,678,724	17,182,095	503,371
Benefits	35,344,937	35,511,642	166,705
Books and Supplies	8,759,209	5,516,023	(3,243,186)
Services and Other Operating Expenditures	15,824,888	18,538,633	2,713,745
Capital Outlay (Locally restricted funds for Tech)	2,272,914	15,974	(2,256,940)
Other Outgoing	(2,920,059)	(1,455,514)	1,464,545
<b>Total Expenditures</b>	<b>132,051,995</b>	<b>130,818,685</b>	<b>(1,233,310)</b>

The change in unrestricted expenditures from the FY 2019-20 Estimated Actuals to the FY 2020-21 Proposed Budget is -\$1.2 million. The decrease is due in part to textbook adoption and the audio visual upgrades that were completed in FY 2019-20.



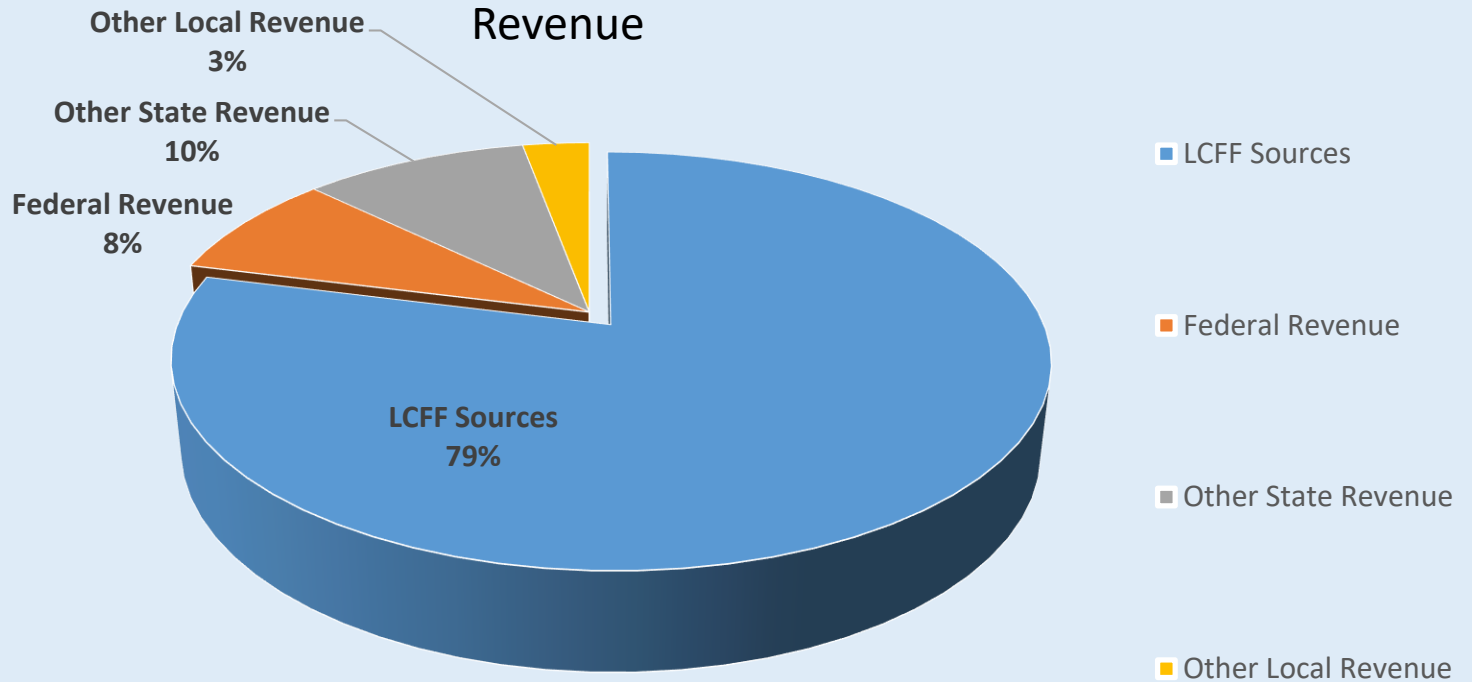


# Contributions to Restricted Resources

	A	B	(B-A)
	Estimated Actuals 2019-20	Proposed Budget 2020-21	Change
LCAP (Supplemental and Concentration Grants)	50,242,033	46,457,000	-3,785,033
RRMA	8,275,562	7,495,462	-780,100
Special Education	24,007,868	24,644,098	636,230
Resource 9500 (Saturday School Incentive)	32,671	0	-32,671
<b>Total</b>	<b>82,558,134</b>	<b>78,596,560</b>	<b>-3,961,574</b>

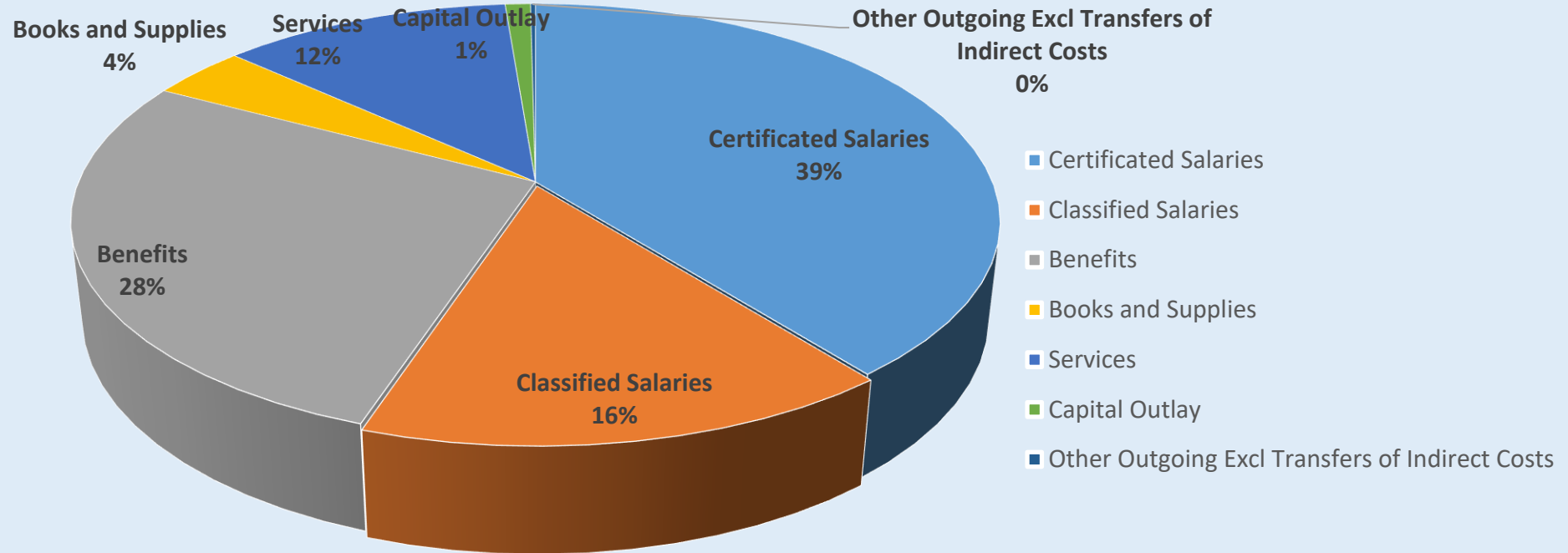
The contribution to restricted resources decreased by \$3.96 million due primarily to the decrease in S&C funding from the reduction to LCFF.

# FY 2020-21 General Fund Revenues



	Proposed Budget Unrestricted 2020-21	Proposed Budget Restricted 2020-21	Total Fund
LCFF Sources	176,696,207	0	176,696,207
Federal Revenue	0	18,524,754	18,524,754
Other State Revenue	3,321,773	18,813,694	22,135,467
Other Local Revenue	1,810,000	4,722,111	6,532,111
<b>Total Revenues</b>	<b>181,827,980</b>	<b>42,060,559</b>	<b>223,888,539</b>

# FY 2020-21 General Fund Expenditures



	Proposed Budget Unrestricted 2020-21	Proposed Budget Restricted 2020-21	Total Fund
Certificated Salaries	55,509,832	43,103,952	98,613,784
Classified Salaries	17,182,095	22,492,320	39,674,415
Benefits	35,511,642	33,868,295	69,379,937
Books and Supplies	5,516,023	4,435,297	9,951,320
Services	18,538,633	11,575,851	30,114,484
Capital Outlay	15,974	2,615,656	2,631,630
Other Outgoing/Indirect	-1,455,514	938,658	-516,856
<b>Total Expenditures</b>	<b>130,818,685</b>	<b>119,030,029</b>	<b>249,848,714</b>



# Components of Unrestricted Ending Fund Balance

	A	B	(B - A)
	FY 2019-20	FY 2020-21	
	Estimated Actuals	Proposed Budget	Change
Beginning Fund Balance	46,047,512	32,983,428	-13,064,083
Revenues	201,546,045	181,827,980	-19,718,065
Expenditures	-132,051,995	-130,818,685	1,233,310
Contributions & Transfers Out	-82,558,134	-78,596,560	3,961,574
Ending Fund Balance	32,983,428	5,396,163	-27,587,265
Cash, Stores & Prepaids	150,000	150,000	0
Reserve for Economic Uncertainties	8,275,562	5,246,163	-3,029,399
<b>Unassigned</b>	<b>24,557,866</b>	<b>0</b>	<b>-24,557,866</b>

The District is not expected to meet the 3% Reserve For Economic Uncertainties requirement in FY 2020-21.

# MULTI-YEAR PROJECTIONS



Fund 01.0 -01.4  
FY 2020-21, FY 2021-22 and FY 2022-23



# FY 2020-21 Proposed Budget Report

## MYP Projection Factors

	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Step and Column Movement Certificated	2%	2%	2%
Step and Column Movement Classified	1%	1%	1%
Health and Welfare Benefits Increase	1.12%	3%	3%
Cost of Living Adjustment to LCFF Target	0%	0%	00%
Lottery Revenue – Unrestricted	\$153	\$153	\$153
Lottery Revenue – Restricted	\$54	\$54	\$54
Mandated Block Grant (MBG)	\$32.18	\$32.18	\$32.18
One-Time Discretionary Fund	N/A	N/A	N/A
CalSTRS Employer Rates*	16.15%	16.02%	18.10%
CalPERS Employer Rates	20.7%	22.84%	25.50%
LCFF Unduplicated % for Supplemental and Concentration Grants	90.73%	92.06%	92.06%



# FY 2020-21 Proposed Budget Report

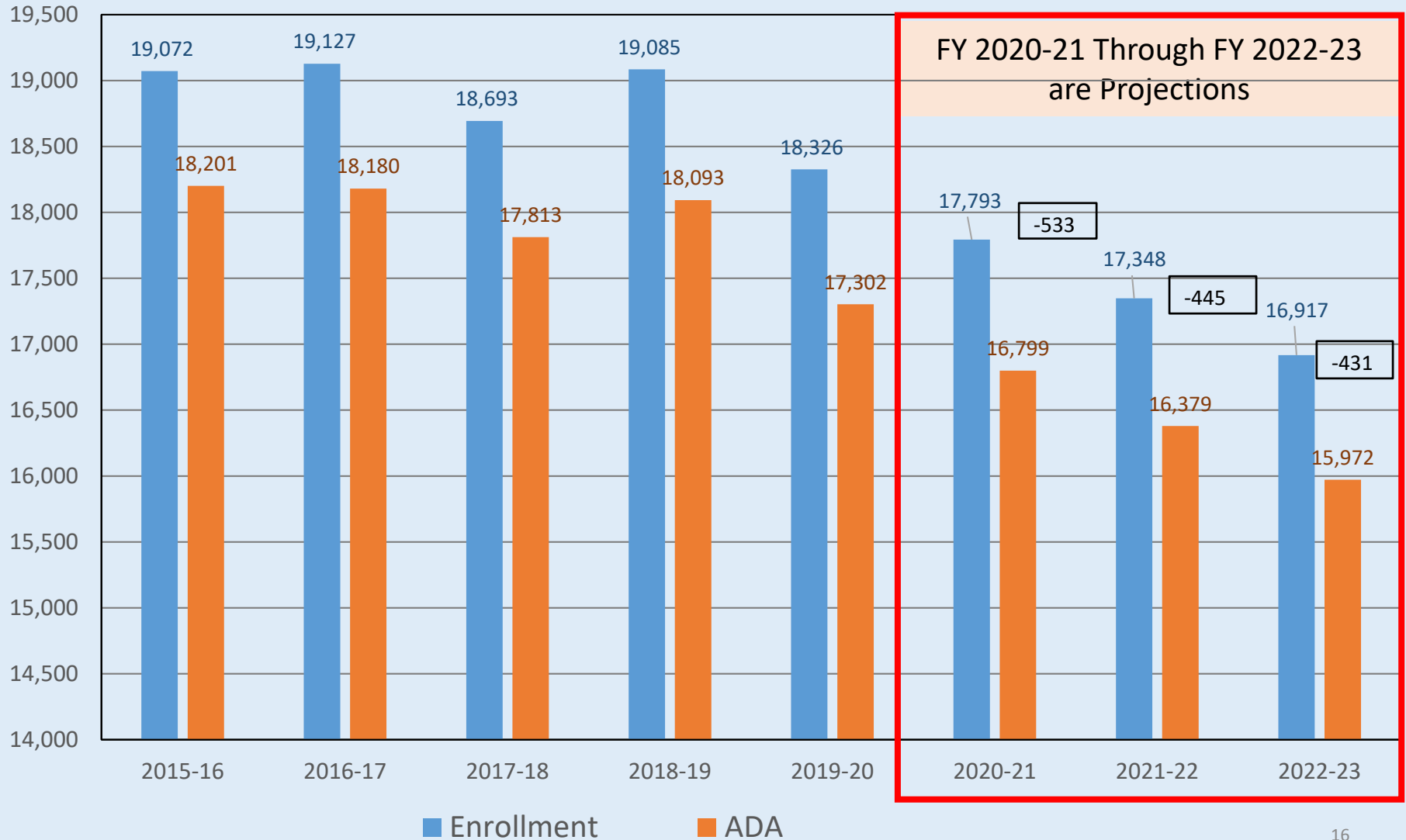
## Enrollment Projections

GR	2018-2019	Change	2019-2020	Change	2020-2021	Change	2021-2022	Change	2022-2023
TK	399	-8	391	-10	381	-10	371	-10	361
K	1958	-99	1844	-53	1791	-53	1738	-53	1685
1	2128	-45	1913	0	1844	0	1791	0	1738
2	2152	-62	2066	0	1913	0	1844	0	1791
3	2115	-55	2097	0	2066	0	1913	0	1844
4	2135	-55	2060	0	2097	0	2066	0	1913
5	2167	-76	2059	-27	2033	-27	2070	-27	2039
6	2031	-211	1956	-123	1936	-123	1910	-123	1947
7	2057	-125	1906	-117	1839	-117	1819	-117	1793
8	1943	-23	2034	-13	1893	-13	1826	-13	1806
<b>TOT</b>	<b>19085</b>	<b>-759</b>	<b>18326</b>	<b>-533</b>	<b>17793</b>	<b>-445</b>	<b>17348</b>	<b>-431</b>	<b>16917</b>



# FY 2020-21 Proposed Budget Report

## Enrollment and ADA Trend







# FY 2020-21 Proposed Budget Report

## MYP Revenues and Expenditures - Unrestricted

	UNRESTRICTED 2020-21 Budget	UNRESTRICTED 2021-22 Proj	UNRESTRICTED 2022-23 Proj
LCFF	176,696,207	172,655,880	168,214,488
Federal Revenue	0	0	0
State Revenue	3,321,773	3,225,162	3,144,501
Local Revenue	1,810,000	1,810,000	1,810,000
<b>Total Revenues</b>	<b>181,827,980</b>	<b>177,691,042</b>	<b>173,168,989</b>
Certificated Salaries	55,509,832	55,406,994	55,953,884
Classified Salaries	17,182,095	17,353,916	17,703,963
Benefits	35,511,642	35,673,298	37,413,462
Supplies	5,516,023	5,516,023	5,516,023
Services	18,538,633	18,401,664	18,538,633
Capital Outlay	15,974	15,974	15,974
Other Outgo/Indirect	(1,455,514)	(1,455,514)	(1,455,514)
<b>Total Expenses</b>	<b>130,818,685</b>	<b>130,912,355</b>	<b>133,686,425</b>
<b>Surplus/(Deficit)</b>	<b>51,009,295</b>	<b>46,778,687</b>	<b>39,482,564</b>
Contribution	(78,596,560)	(78,382,112)	(77,360,946)
<b>Total Surplus/(Deficit)</b>	<b>(27,587,265)</b>	<b>(31,603,425)</b>	<b>(37,878,382)</b>



# FY 2020-21 Proposed Budget Report

## Contributions to Restricted Programs

	2020-21 Budget	2021-22 Projection	2022-23 Projection
LCAP (Supplemental and Concentration Grants)	46,457,000	46,246,155	45,047,942
RRMA	7,495,462	7,491,859	7,668,906
Special Education	24,644,098	24,644,098	24,644,098
Resource 9500 (Saturday School Incentive)	-	-	-
<b>Total</b>	<b>78,596,560</b>	<b>78,382,112</b>	<b>77,360,946</b>

The decrease in the FY 2022-23 Projection is driven by the reduced contribution to LCAP. The Special Education is expected to remain constant in the projected years.



# FY 2020-21 Proposed Budget Report

## Components of Ending Fund Balance - Unrestricted

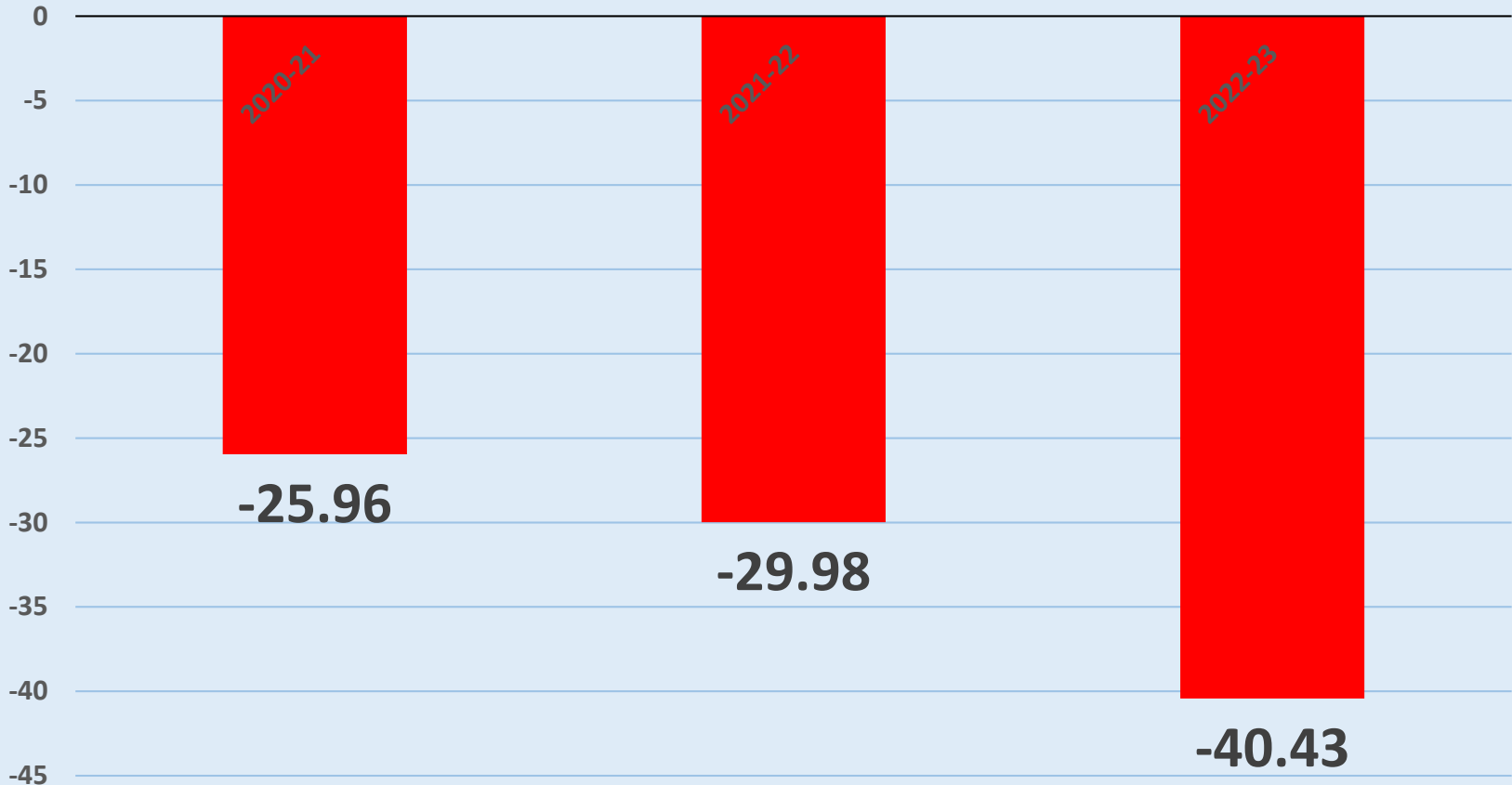
		UNRESTRICTED	UNRESTRICTED	UNRESTRICTED
		2020-21 Budget	2021-22 Proj	2022-23 Proj
A	Beginning Balance	32,983,428	5,396,163	(26,207,262)
B	Unrestricted Revenues	181,827,980	177,691,042	173,168,989
C	Unrestricted Expenses	130,818,685	130,912,355	133,686,425
D	Contribution	(78,596,560)	(78,382,112)	(77,360,946)
E	B-C+D Total Surplus/(Deficit)	(27,587,265)	(31,603,425)	(37,878,382)
F	A+E Ending Balance	5,396,163	(26,207,262)	(64,085,644)
Assignments:				
G	Revolving Cash, Stores & Prepaid	150,000	150,000	150,000
H	Other Assignments Unrestricted Programs	0	0	0
I	3% REU (9789)	5,246,163	0	0
F-G-H-I	<b>UNASSIGNED (9790)</b>	<b>5,246,163</b>	<b>(26,357,262)</b>	<b>(64,235,644)</b>

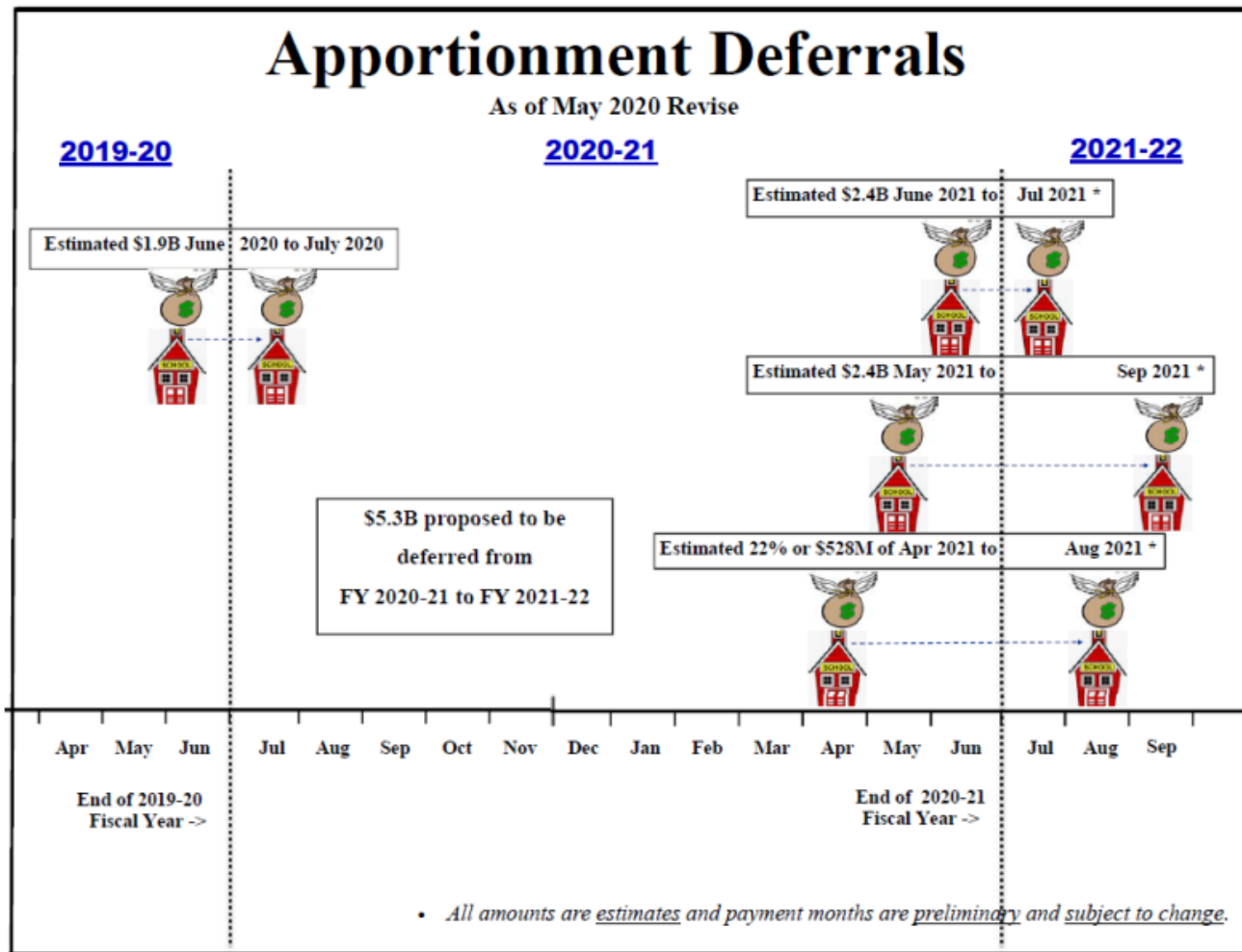


# FY 2020-21 Proposed Budget Report

## Increases/(Decreases) to Reserve Trend Combined

The District was previously in a deficit spending trend due to increasing rates and expenditures. The Governor's May Revise Budget proposal severely amplified the deficit spending with the reduction in LCFF revenue.





Apportionment Deferrals Chart

This chart is from the Orange County Department of Education and shows the deferrals extending further in FY 2021-22. The District will need temporary cash borrowing in FY 2020-21 to meet its cash obligations.



## FY 2020-21 Proposed Budget Report All Other Funds

Fund	Description	Beginning	Revenue	Expenditures	Ending
		Balance	Transfers In	Transfers Out	Balance
10	Special Ed. Pass Through	0	65,360,157	65,360,157	0
12	Child Development	176,746	16,910,336	16,910,336	176,746
13	Cafeteria	4,227,440	14,060,000	14,060,000	4,227,440
21	Building Fund (GO Bonds)	5,016,018	1199	1,199	5,016,018
25	Capital Facilities (Dev Fees)	258,805	125,000	125,000	258,805
40	Capital Outlay	132,468	63	63	132,468
49	Building Fund (Spec Tax Bonds)	491,735	192	192	491,735
52	Debt Service (Spec Tax Bonds)	9,048,317	6,015,276	7,331,454	7,732,139
56	Debt Service (COPs)	421,474	3,440,983	3,290,983	571,474



# Looking Forward

- Governor's Adopted Budget
- Federal Funds and "Trigger Off"
- Change Continues - Enrollment, ADA

# Questions?