Preliminary Budget Presentation

Presented by Chris Jew, Associate Superintendent of Business Services and Silvia Pelayo, Director of Finance

June 3, 2021
Preliminary Budget

• Review Budget Update
  • 2021-22 Governor’s May Revise Budget Proposal
  • District’s Multi-Year Projection Update

• Questions and Clarification
2021-22 Budget and Fiscal Reporting Cycle

- Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically. Interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.

- 2021-22 Budget and Fiscal Reporting Cycle:
  - 2021-22 First Interim Report: Actuals as of October 31st
  - 2021-22 Second Interim Report: Actuals as of January 31st
  - 45 Day Budget Revision
  - 2021-22 Adopted Budget: By June 30th
  - 2021-22 2022-23 2023-24
  - 2020-21 Unaudited Actuals

CORE VALUES:
- Equity
- Inclusiveness
- Commitment to Excellence
- Diversity
- Professional Capacity
## Interim Report Certification

<table>
<thead>
<tr>
<th>Certification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive</strong></td>
<td>District <strong>WILL</strong> meet its financial obligations for the remainder of the fiscal year and the subsequent 2 years</td>
</tr>
<tr>
<td><strong>Qualified</strong></td>
<td>District <strong>MAY NOT</strong> be able to meet its financial obligations either in the current year or the subsequent 2 years</td>
</tr>
<tr>
<td><strong>Negative</strong></td>
<td>District <strong>WILL NOT</strong> be able to meet its financial obligation for current fiscal year or subsequent year</td>
</tr>
</tbody>
</table>

**CORE VALUES:** Equity, Inclusiveness, Commitment to Excellence, Diversity, Professional Capacity

*Equity Policy 0105:* Every student receives what he or she needs to thrive socially, emotionally, and academically…interruption inequitable practices and biases and creating inclusive and just conditions in our schools.
Annual State Budget Development Cycle

Governor’s Proposed January Budget

State Adopted Budget

Governor’s May Revision

CORE VALUES: Equity, Inclusiveness, Commitment to Excellence, Diversity, Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically...interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Governor's Proposed January Budget

Budget Development Assumptions

COLA (Cost of Living Adjustment)
LCFF Factors
Other State Planning Factors

CORE VALUES:
Equity  Inclusiveness  Commitment to Excellence  Diversity  Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically, interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Budget Development Assumptions

COLA (Cost of Living Adjustment)

LCFF Factors

Other State Planning Factors

Governor’s May Revision

2021-22

2022-23

2023-24

CORE VALUES: Equity Inclusiveness Commitment to Excellence Diversity Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically—interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Budget Development Assumptions

- COLA (Cost of Living Adjustment)
- LCFF Factors
- Other State Planning Factors
- State Adopted Budget

**CORE VALUES:**
Equity          Inclusiveness          Commitment to Excellence          Diversity          Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically… interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Economic News and Governor’s 2021-22 May Revise Budget Proposal Assumptions for K-14
Education Funding for 2021–22

Governor’s Budget vs. May Revision

- Governor’s Budget: $85.8 billion
  - One-Time Supplemental Payment: $2.3 billion
  - Minimum Guarantee under Test 1: $83.5 billion

- May Revision: $93.7 billion

Increase from Governor’s Budget: $8.9 billion (9.2%)
Education Funding for 2021–22

Proposition 98 Funding Over Time
2008–09 to 2021–22 May Revision

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<table>
<thead>
<tr>
<th>2021-22 Governor’s January Budget</th>
<th>2020-21 (Estimated)</th>
<th>2021-22 (Estimated)</th>
<th>2022-23 (Estimated)</th>
<th>2023-24 (Estimated)</th>
<th>2024-25 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory COLA</td>
<td>2.31%</td>
<td>1.50%</td>
<td>1.36%</td>
<td>1.50%</td>
<td>1.51%</td>
</tr>
<tr>
<td>Funded COLA</td>
<td>0.00%</td>
<td>3.84%</td>
<td>1.36%</td>
<td>1.50%</td>
<td>1.51%</td>
</tr>
<tr>
<td>Increase/ (Decrease) LCFF Funding</td>
<td>(0.50%)</td>
<td>3.40%</td>
<td>(0.43%)</td>
<td>0.48%</td>
<td>0.47%</td>
</tr>
<tr>
<td></td>
<td>($1,189,208)</td>
<td>$8,085,423</td>
<td>($1,059,853)</td>
<td>$1,166,103</td>
<td>$1,165,977</td>
</tr>
<tr>
<td>STRS</td>
<td>16.15%</td>
<td>15.92%</td>
<td>18.10%</td>
<td>18.10%</td>
<td>18.10%</td>
</tr>
<tr>
<td>PERS</td>
<td>20.70%</td>
<td>23.70%</td>
<td>26.30%</td>
<td>27.30%</td>
<td>27.30%</td>
</tr>
<tr>
<td>Federal Stimulus</td>
<td>$14.5 M (One-Time funding)</td>
<td>$11.4 M (One-Time funding)</td>
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*****Target Cuts = $6.5 Million*****

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<tr>
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<td>3.54%</td>
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<tr>
<td>Funded COLA</td>
<td>0.00%</td>
<td>5.07%</td>
<td>2.48%</td>
<td>3.11%</td>
<td>3.54%</td>
</tr>
<tr>
<td>Increase/ (Decrease) LCFF Funding</td>
<td>(0.50%)</td>
<td>4.58%</td>
<td>(0.59%)</td>
<td>2.04%</td>
<td>2.42%</td>
</tr>
<tr>
<td></td>
<td>($1,197,524)</td>
<td>$10,866,653</td>
<td>($1,455,776)</td>
<td>$5,046,164</td>
<td>$6,104,956</td>
</tr>
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<td>STRS</td>
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<tr>
<td>State Grants</td>
<td>AB 86 – In Person Instruction Grant $7.9 M (est) and Extended Learning Opportunities Grant $16.9 M (est)</td>
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**CORE VALUES:** Equity, Inclusiveness, Commitment to Excellence, Diversity, Professional Capacity

**Equity Policy 0005:** Every student needs what he or she needs to thrive socially, emotionally, and academically —– interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
## Other known expenditure assumptions

<table>
<thead>
<tr>
<th>Description</th>
<th>2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step and Column / Longevity increases on current salary schedules</td>
<td>1.5% increase for Certificated&lt;br&gt;2.0% increase for Classified&lt;br&gt;1.5% increase for Management&lt;br&gt;4% Salary Increases</td>
</tr>
<tr>
<td>STRS and PERS Employer Contribution rate</td>
<td>Increase from 16.15% to 16.92% for STRS&lt;br&gt;Increase from 20.7% to 22.91% for PERS</td>
</tr>
<tr>
<td>Health Insurance Premiums</td>
<td>6% increase</td>
</tr>
<tr>
<td>Utilities and Property/Liability Insurance</td>
<td>10% and 8% increase</td>
</tr>
<tr>
<td>Contributions – Special Education</td>
<td>$5.78 million increase</td>
</tr>
<tr>
<td>Contributions – Child Nutrition Services</td>
<td>$880,198 decrease</td>
</tr>
<tr>
<td>Contribution - Transportation</td>
<td>$7.4 million increase</td>
</tr>
</tbody>
</table>

### CORE VALUES
- Equity
- Inclusiveness
- Commitment to Excellence
- Diversity
- Professional Capacity

Equity Policy 0105: Every student meets what he or she needs to thrive socially, emotionally, and academically, interrupting unequal practice and biases and creating inclusive and just conditions in our schools.
Multi-Year Projection

CORE VALUES: Equity  Inclusiveness  Commitment to Excellence  Diversity  Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically… interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Previous MYP as of 2020-21 2nd Interim

Deficit spending still continues into 2023-24 totaling $25 million.
Fiscal Solvency Plan - How Do We Solve Year 3?

Ongoing reductions totaling $66.4 million starting in 2023-24 to meet 3% reserve requirement in 2023-24.

CORE VALUES:
- Equity
- Inclusiveness
- Commitment to Excellence
- Diversity
- Professional Capacity

Equity Policy 0105: Every student receives what he or she needs to thrive socially, emotionally, and academically, ……interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
### Year 1: 2021-2022 - UNRESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
<th>Expense</th>
<th>Balance</th>
<th>Require 3% Reserve</th>
<th>How much is the District Deficit Spending?</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is left in the bank from last year?</td>
<td>How much is expected to come in?</td>
<td>How much money will be spent this year?</td>
<td>Do we have money left in the bank to meet 3% Reserve?</td>
<td>$10,215,860</td>
<td>$ (18,205,495)</td>
</tr>
<tr>
<td>$47,328,734</td>
<td>$204,553,883</td>
<td>$228,747,824</td>
<td>$23,134,793</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Year 2: 2022-2023 - UNRESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
<th>Expense</th>
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<th>Require 3% Reserve</th>
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<td>What is left in the bank from last year?</td>
<td>How much is expected to come in?</td>
<td>How much money will be spent this year?</td>
<td>Do we have money left in the bank to meet 3% Reserve?</td>
<td>$10,351,376</td>
<td>$(6,399,535)</td>
</tr>
<tr>
<td>$23,134,793</td>
<td>$207,551,975</td>
<td>$214,637,384</td>
<td>$16,049,384</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Year 3: 2023-2024 - UNRESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
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<td>What is left in the bank from last year?</td>
<td>How much is expected to come in?</td>
<td>How much money will be spent this year?</td>
<td>Do we have money left in the bank to meet 3% Reserve?</td>
<td>$9,306,899</td>
<td>$(6,399,535)</td>
</tr>
<tr>
<td>$16,049,384</td>
<td>$203,903,541</td>
<td>$210,303,076 ($66,400,000) Ongoing Reductions</td>
<td>$9,649,849</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# CORE VALUES

**Equity**
- Inclusiveness
- Commitment to Excellence
- Diversity
- Professional Capacity

## Year 1: 2021-2022 - RESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
<th>Expense</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,893,818</td>
<td>$140,102,598</td>
<td>$111,780,830</td>
<td>$44,215,586</td>
</tr>
</tbody>
</table>

- **Restricted Reserve Balance**: $44,215,586
- **How much is the District Deficit Spending?**: $0

## Year 2: 2022-2023 - RESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
<th>Expense</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$44,215,586</td>
<td>$92,309,330</td>
<td>$130,408,499</td>
<td>$6,116,417</td>
</tr>
</tbody>
</table>

- **Restricted Reserve Balance**: $6,116,417
- **How much is the District Deficit Spending?**: $(38,099,169)

## Year 3: 2023-2024 - RESTRICTED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
<th>Expense</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,116,417</td>
<td>$94,598,063</td>
<td>$99,926,901</td>
<td>$787,579</td>
</tr>
</tbody>
</table>

- **Restricted Reserve Balance**: $787,579
- **How much is the District Deficit Spending?**: $(5,328,838)

---

**Core Policy 0105**: Every student receives what he or she needs to thrive socially, emotionally, and academically. Interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
### Year 1: 2021-2022 - COMBINED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
<th>Revenue</th>
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<td>Do we have money left in the bank to meet 3% Reserve?</td>
<td>$10,215,860</td>
<td>$0</td>
</tr>
<tr>
<td>$63,222,552</td>
<td>$344,656,481</td>
<td>$340,528,654</td>
<td>$67,350,379</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Year 2: 2022-2023 - COMBINED GENERAL FUND

<table>
<thead>
<tr>
<th>Savings</th>
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<td>$10,351,376</td>
<td>$(45,184,578)</td>
</tr>
<tr>
<td>$67,350,379</td>
<td>$299,861,305</td>
<td>$345,045,883</td>
<td>$22,165,801</td>
<td></td>
<td></td>
</tr>
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</table>

### Year 3: 2023-2024 - COMBINED GENERAL FUND

<table>
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<td>How much money will be spent this year?</td>
<td>Do we have money left in the bank to meet 3% Reserve?</td>
<td>$9,306,899</td>
<td>$(11,728,373)</td>
</tr>
<tr>
<td>$22,165,801</td>
<td>$298,501,604</td>
<td>$310,229,977</td>
<td>$10,437,428</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

- **Savings:**
  - Dollars are shown in millions.
  - Revenue and Expense values are also in millions.

- **Balance:**
  - Indicates the amount left in the bank to meet 3% Reserve.

- **Require 3% Reserve:**
  - $10,215,860
  - $10,351,376
  - $9,306,899

- **District Deficit Spending:**
  - $10,215,860
  - $0
  - $(45,184,578)
  - $(11,728,373)

**Additional Notes:**

- **Restricted Reserve:**
  - Year 1: $44,215,586
  - Year 2: $6,116,417
  - Year 3: $787,579

- **Ongoing Reductions:**
  - Year 3: $(66,400,000)
Other May Revise Proposals

- **Deferrals (One-Time)**
  - Pays down $8.4 billion leaving $2.6 billion remaining

- **Educator Workforce (One-Time)**
  - $2.8 billion for preparation, training and retention activities

- **Child Care, Preschool, and Transitional Kindergarten**
  - 100K more subsidized child care slots
  - Universal preschool for all low income 3 year old's
  - Transitional Kindergarten for all 4 year old's by 2024-25 – Increasing Prop 98 guarantee

- **Community Schools (One-Time)**
  - $3 billion to promote new model

- **Child Nutrition**
  - $100 million (Ongoing) to increase participation
  - $100 million (One-Time) to provide kitchen infrastructure upgrades

- **Student Learning (One-Time)**
  - Proposes an additional $2 billion for health and safety activities associated with reopening schools to supplement the In-Person Instructional Grant
  - Proposed an additional $2.6 billion to supplement the Expanded Learning Opportunities Grant

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**CORE VALUES:**

- **Equity**
- **Inclusiveness**
- **Commitment to Excellence**
- **Diversity**
- **Professional Capacity**

**Equity Policy 0105:** Every student receives what he or she needs to thrive socially, emotionally, and academically...interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Federal Funds – American Jobs Plan and American Families Plan

American Jobs Plan
- Announced by the Biden Administration on March 31, 2021
- Infrastructure-focused plan that would spend $2 trillion over the next decade

American Families Plan
- Announced by the Biden Administration on April 28, 2021
- A $1.8 trillion plan that consists of $1 trillion in investments and $800 billion in tax cuts

CORE VALUES: Equity, Inclusiveness, Commitment to Excellence, Diversity, Professional Capacity

Equity Policy #005: Every student needs what he or she needs to thrive socially, emotionally, and academically… interrupting inequitable practices and biases and creating inclusive and just conditions in our schools.
Federal Funds – American Jobs Plan

$100 Billion: Direct grants and bonds for school facilities

$48 Billion: Workforce development, including career pathway and CTE programs

Clean Buses for Kids Program at Environmental Protection Agency:
Electrify at least 20% of nation’s school buses

$45 Billion: Water infrastructure improvements, including reducing lead exposure in schools

$100 Billion: Broadband infrastructure to reach 100% high-speed broadband coverage
Federal Funds – American Families Plan

$200 Billion: Universal preschool for all three- and four-year olds

$9 Billion: Train, equip and diversify American teachers

$17 Billion: Expand free meals for children in the highest poverty districts

$109 Billion: Provide two years of free community college

$225 Billion: Establish national paid family and medical leave program

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Questions or Comments