

2020-21 Proposed Budget and Long Range Financial Projections

San Marino Unified School District
June 23, 2020

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Economic Update

No aspect of the national or state economy seems to be unscathed by the Coronavirus Pandemic

- National GDP fell by 4.8% for the 1st quarter of 2020; likely to adjust to more than 33% in the 2nd quarter
- As of April 2020, the unemployment rate is 14.7%
- Inflation rate as of April 2020 is 0.3%

Economic uncertainties:

- How much will COVID-19 cost - direct and indirect?
- What will recovery look like?



Special thanks to Capitol Advisors and School Services of CA, Inc. for their input and key information contained in this report.

Economic Update - California

- The May Revision assumes that the state will suffer from a \$54 billion loss in revenues
- Lower revenues means lower Prop 98 Guarantee
- Revenue losses are compounded by the growing number of state safety net services accessed
- Governor Newsom turns to federal government for relief
- Optimism for “trigger off” from federal relief package
- The Legislature reached an agreement on the 2020-21 State Budget on June 15
- The Governor has 12 days to approve as presented, approve with line item reductions, or veto and send back to Legislature



Proposed State Funding for K-12 Education: 2020-21

- LCFF Funding/COLA
 - 2.31% COLA /10% reduction
- Categorical programs and Special Education COLA suspended
- Deferrals proposed
 - Defer June 2020 apportionment to July 2020
 - Defer April - June 2021 apportionments
- Draw down from Rainy Day Fund - Budget Stabilization Account
- Fiscal Relief provided for CalSTRS/CalPERS employer contribution rates
 - CalSTRS - reduce from 18.4% to 16.15%
 - CalPERS - reduce from 22.68% to 20.7%



2020-21 District Funding

The District's increased costs exceed its new LCFF Funding:

- It is projected that the District's LCFF Funding will decrease by \$2,606,362 due to a decrease in ADA and a net negative COLA of 7.92%.
- The District is incurring increases in health benefit premiums and step and column salary adjustments
- To balance the budget, the District offered an early retirement incentive program and initiated a reduction in force for both certificated and classified positions.



2020-21 Local Control Funding

Grade Level	Base Grant	Augmentation Grants	Total Grant
TK-3	\$7,092	\$738	\$7,830
4-6	\$7,199	-	\$7,199
7-8	\$7,412	-	\$7,412
9-12	\$8,590	\$223	\$8,813

Key Revenue Assumptions

	2019-20	2020-21	2021-22	2022-23
Student Enrollment	2,909	2,866	2,794	2,716
LCFF Funded ADA	2,909.66	2,847.11	2,792.27	2,722.43
Change in LCFF Funding	\$75,011	(\$2,606,362)	(\$493,040)	(\$563,326)
One-Time State Funding	\$117,130	--	--	--
Federal Revenues	\$1,009,421	\$936,462	\$936,462	\$936,462
Schools Foundation	\$2,000,000	\$3,251,050	\$2,000,000	\$2,000,000
Parcel Taxes	\$5,638,934	\$5,808,102	\$5,856,461	\$5,906,271

Projected Expenditures

	2019-20	2020-21	2021-22*	2022-23*
Certificated Salaries	\$17,697,847	\$15,805,491	\$14,141,029	\$13,864,729
Classified Salaries	\$8,129,121	\$6,665,883	\$6,309,883	\$5,896,883
Employee Benefits	\$10,711,626	\$9,648,926	\$9,050,638	\$9,210,673
Books and Supplies	\$1,936,768	\$1,297,132	\$1,284,110	\$1,243,564
Operating Expenditures	\$5,767,962	\$5,415,273	\$5,414,647	\$5,384,647
Equipment	\$452,855	\$260,000	\$260,000	\$260,000
Other Outgo	\$912,929	\$983,000	\$986,400	\$988,500

★ *Note: Future year projections include potential budget savings/reductions.*

CalSTRS and CalPERS Employer Contribution Rates

	2019-20	2020-21	2021-22	2022-23
CalSTRS	17.10%	16.15%	16.02%	18.10%
CalPERS	19.721%	20.70%	22.84%	25.50%
Increase/ (Decrease)	\$334,740	(\$654,453)	\$125,576	\$492,799

Future year increases are projected through 2024-25.



Other Sources/Uses

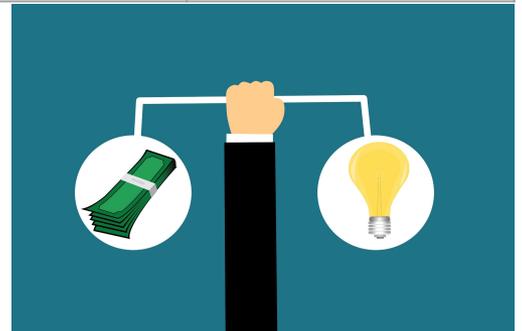
	2019-20	2020-21	2021-22	2022-23
Transfer In from Cash Flow Fund	\$1,318,743	\$158,602	-	-
Transfer In from Health Benefits Fund	\$10,063	-	TBD	TBD
Contribution to Special Education	\$6,855,618	\$6,548,257	\$6,628,257	\$6,708,257
Contribution to Maintenance	\$1,547,155	\$1,210,694	\$1,222,694	\$1,234,694



Ending Balance Projections

	2019-20	2020-21	2021-22*	2022-23*
3% Reserve for Economic Uncertainties	\$1,368,273	\$1,202,271	\$1,123,402	\$1,105,470
Assigned Carryover: School Site Donations	\$779,758	\$559,123	\$554,372	\$557,744
Revolving Fund/Stores	\$103,139	\$103,139	\$103,139	\$103,139

★ Financial projections contingent upon actual state and local revenues, budget savings/reductions and actual student enrollment/ADA.



2020-21 Bridging the Budget Gap

- In 2019-20, the District offered an early retirement program through PARS - 18 certificated and 12 classified employees participated
- The District initiated a reduction in force for both certificated and classified positions
- The SMSF's "We are San Marino" campaign raised \$1.2M to save 14 certificated positions
- The District saved \$5M in salaries and benefits through resignations, retirements and reduction in force

2020-2021 Updated Budget Changes

AB 77 and SB 121 include K-12 funding and policy changes:

Deferrals - The trailer bill implements large deferrals of payments of the principal apportionment from the 2020-21 fiscal year into the 2021-22 fiscal year. Specifically, the bill takes the following actions to move funds within the 2020-21 calendar year:

- From June to July (\$524.9 million) – this is the amount remaining after the current year deferral (\$1.85 billion) is extended
- From May to August (\$2.38 billion)
- From April to September (\$2.38 billion)
- From March to October (\$2.38 billion)
- From February to November (\$1.54 billion)

\$9.19 billion in additional deferrals in 2020-21

BUDGET



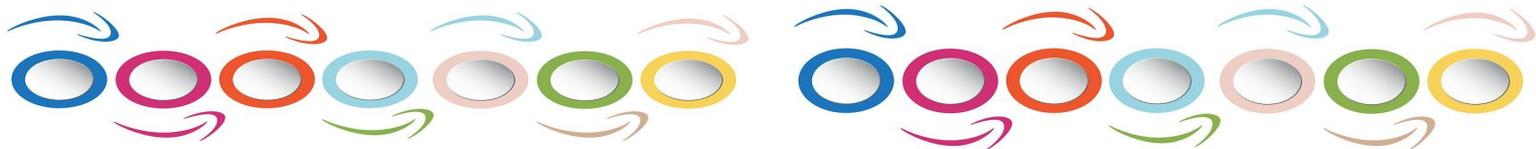
2020-21 Updated Budget Changes Cont...

- ADA Hold Harmless
- Instructional Time/Distance Learning
- No COLA
- Additional Federal and State Appropriations
- Special Education
- Supplemental Prop 98 Payments
- Certificated Employee Summer Layoffs
- Classified Layoffs



2020-21 - Next Steps

- Continue to assess/evaluate student enrollment, staffing, programs/services, and budgets
- August 15: Update District Budget based on Adopted State Budget and submit a Fiscal Stabilization Plan
- September 15: 2019-20 Unaudited Financial Statements presented to the Board of Education
- December 15: Board of Education approval of LCAP and First Interim Report
- January 15: Audited Financial Statements presented to the Board of Education
- March 15: Second Interim Report presented to the Board of Education



Looking Ahead: 2021-22 Budget Planning

- September: 2019-20 Unaudited Actuals
- October-December: District Leadership Budget Meetings
- December: 2019-20 Audited Financial Statements
- January-March: 2021-22 Governor's Proposed Budget, Future Year Enrollment Projections; Board Budget Study Sessions, Potential Budget Savings/Reductions
- May: Governor's May Revise, Updated Budget Projections
- June: 2021-22 Proposed Budget Presented to the Board



Questions/Discussion

