



2020-21 Proposed Revised Budget

Board Meeting
October 1, 2020
Agenda Item No. 9.1

Budget Presentation Agenda

- Purpose of Proposed Revised Adopted Budget
- Proposed Revised 2020-21 Budget Changes since Budget Revisions (8/20/2020)
- Multi-Year Projections
- Q&A
- Next Budget Report – 1st Interim 12/10/20
- Public Hearing on Proposed Revised Adopted Budget

Purpose of Proposed Revised Adopted Budget

- District 2020-21 Adopted Budget disapproved by Sacramento County Office of Education (SCOE)
 - 2% minimum required reserve not met in all years
 - Projected negative cash balance by June 30, 2021
- Education Code 42127 requires District to develop and approve a Revised Adopted Budget by Oct 8, 2020
 - Public Notice and Public Hearing is required

2020-2021 Proposed Revised Budget Summary of Changes since Budget Revisions 8/20/2020

	2020-2021 Proposed Revised Budget		
	Unrestricted	Restricted	Combined
Total Revenue	424,371,456	189,428,775	613,800,232
Total Expenditures	348,640,116	292,235,621	640,875,737
Deficit/Surplus	75,731,340	(102,806,845)	(27,075,505)
Transfers in/(out)	671,564	0	671,564
Contributions to Restricted	(94,457,337)	94,457,337	0
Net increase (decrease) in Fund Balance	(18,054,433)	(8,349,508)	(26,403,941)
Beginning Balance	84,699,103	8,349,508	93,048,611
Ending Balance	66,644,670	(0)	66,644,670

	2020-2021 Budget Revisions 8/20/20		
	Unrestricted	Restricted	Combined
Total Revenue	423,363,320	167,592,815	590,956,135
Total Expenditures	363,975,065	267,415,567	631,390,632
Deficit/Surplus	59,388,255	(99,822,752)	(40,434,498)
Transfers in/(out)	913,015	0	913,015
Contributions to Restricted	(99,827,302)	99,827,302	0
Net increase (decrease) in Fund Balance	(39,526,032)	4,550	(39,521,483)
Beginning Balance	63,803,265	0	63,803,265
Ending Balance	24,277,233	4,550	24,281,782

2020-2021 Summary of Unrestricted Changes since Budget Revisions 8/20/20

2020-2021 General Fund Unrestricted Ending Balance (in millions)	
Proposed Revised Budget	\$66.60
Budget Revisions 8/20/20	\$24.30
Difference	\$42.30
Summarized Explanations (in millions)	
Change in Beginning Fund Balance	\$20.90
Proposed Budget Revisions	\$21.40
Total	\$42.30

2020-2021 Summary of Proposed Changes since Budget Revisions 8/20/20 – Unrestricted Revenue +\$1M

- LCFF P-2 ADA adjustment -\$115K
- Charter Oversight Fee +\$1.1M

2020-2021 Summary of Proposed Changes since Budget Revisions 8/20/20 Unrestricted Expenses -\$15M

- -\$4.5M > Certificated Salaries for Vacancy Savings
-\$2.4M, Maintaining Positions in Restricted Resources
-\$2.4M and +\$260K for department budget adjustments
- -\$2.1M > Classified Salaries for Vacancy Savings -\$2.9M
and +\$750K for department budget adjustments
- -\$5.3M > Benefits for corresponding certificated &
classified salary reductions -\$4.3M and adjustment to the
projected health benefit rate -\$1M

2020-2021 Summary of Proposed Changes since Budget Revisions 8/20/20 -\$15M Unrestricted Expenses

- +\$833K in Books and Supplies for department budget adjustments
- -\$3.2M > Services & Operating Expenses to adjust utility budgets by -\$3M for reduced usage and -\$200K for department budget adjustments
- -\$970K in Capital Outlay for department (Transportation) budget adjustments
- +\$1.1M Expense for County Office Operated Programs
- +\$1M Indirect Cost – Spending for Restricted programs is expected to increase

2020-2021 Summary of Proposed Changes since Budget Revisions 8/20/20

- -\$5.4M Lower Contributions to Restricted - Special Ed due to vacancy savings & adjustment to RRM

2020-2021 Summary of Proposed Changes since Budget Revisions 8/20/20

Recap of Proposed 2020-2021 Budget Revisions (in millions)

Unrestricted Revenue	\$1.0
Unrestricted Expenditures	\$15.0
Contributions	\$5.4
Projected Unrestricted Fund Balance	\$21.4

2020-2021 Summary of Changes since Budget Revisions – Restricted Revenue & Expenditures

- +\$21.8M in Revenue to add carryover from 2019-2020 including Federal COVID-19 Relief funds, Title II, III, IV, 21st Century, SIG, ASES and various local awards
- +\$24.8M in Expenditures

2020-2021 Summary of Changes since Budget Revisions – Restricted Expenditures

- -\$2.9M Certificated Salaries for Vacancy Savings
- -\$944K Classified Salaries for Vacancy Savings
- -\$2.6M Benefits for corresponding Vacancy Savings -\$2.2M and adjustment to the projected health benefit rate -\$450K
- +\$27M Books & Supplies mainly for 1x Federal COVID Relief Expenditures \$14M and other carryover restricted resources
- +\$3.1M for carryover mainly Clean Energy Act and other restricted resources
- +\$1M for Indirect due to increased expenditures

2020-2021 Proposed Revised Budget – Vacancy Trend Analysis

Vacancy Analysis

- The District’s 2020-2021 Proposed Revised Budget includes vacancy rates, an overall estimate of the amount of expected salary savings by year end, recognized up front
- Vacancy Rates reduce budgeted salaries and expenses
- Regular monitoring and updating at each reporting period

2020-2021 Proposed Revised Budget– Vacancy Trend

Vacancy Trend Analysis for Fund 01 - Unrestricted General Fund				
Certificated	10/31/2019	1/31/2020	4/30/2020	Annual Average
Number of FTE Vacancies	32.85	27.27	21.87	27.33
as a % of Authorized FTE	2.17%	1.79%	1.43%	1.80%
2020-2021 Vacancy Savings for Certificated Salaries				2,376,330
2020-2021 Vacancy Savings for Certificated Benefits				1,228,484
Proposed Revised 2020-2021 Budgeted Vacancy Savings				3,604,814
Classified	10/31/2019	1/31/2020	4/30/2020	Annual Average
Number of FTE Vacancies	79.47	71.46	74.85	75.26
as a % of Authorized FTE	12.39%	11.04%	11.67%	11.70%
2020-2021 Vacancy Savings for Classified Salaries				2,869,020
2020-2021 Vacancy Savings for Classified Benefits				2,238,603
Proposed Revised 2020-2021 Budgeted Vacancy Savings				5,107,623
Total Unrestricted Vacancy Savings included in the Proposed Revised 2020-2021 Budget and Multi-Year Projections				8,712,436

2020-2021 Proposed Revised Budget– Vacancy Trend

Vacancy Trend Analysis for Fund 01 - Restricted for Special Education				
Certificated	10/31/2019	1/31/2020	4/30/2020	Annual Average
Number of FTE Vacancies	25.60	24.40	18.40	22.80
as a % of Authorized FTE	7.87%	7.39%	5.54%	7.00%
2020-2021 Vacancy Savings for Special Ed Certificated Salaries				1,803,412
2020-2021 Vacancy Savings for Restricted Spec Ed Certificated Benefits				983,802
Proposed Revised 2020-2021 Budgeted Vacancy Savings				2,787,214
Classified	10/31/2019	1/31/2020	4/30/2020	Annual Average
Number of FTE Vacancies	27.83	29.83	28.83	28.83
as a % of Authorized FTE	10.82%	11.50%	11.12%	11.00%
2020-2021 Vacancy Savings for Restricted Spec Ed Classified Salaries				918,658
2020-2021 Vacancy Savings for Restricted Spec Ed Classified Benefits				900,303
Proposed Revised 2020-2021 Budgeted Vacancy Savings				1,818,961
Other Restricted Vacancy Savings Salaries & Benefits				1,086,762
Total Restricted Vacancy Savings included in the Proposed Revised 2020-2021				5,692,937
Budget and Multi-Year Projections				

Multi-Year Projections Assumptions

Unrestricted Revenues – LCFF COLA

- 20-21 - 0%
- 21-22 - 0%

Unrestricted Expenditure Changes Over 2021-22 and 2022-23

- Increase for Step/Column - \$2.3M each year
- Increase for STRS and PERS per statute - \$600K & \$4.4M
- Increase in Health 8% est. for future years - \$4.2M & \$4.5M
- Increase utilities (estimates per various authorities) - \$267K & \$78K
- Increases in Special Education - \$7.7M & \$7.4M
- Remove 1X Expenditures for Text Books – \$4.49 & \$5M

Proposed Revised 2020-2021 Multi-Year Projections

Multi-Year Projection (Total GF)			
Description	Proposed 2020-21	Projected 2021-22	Projected 2022-23
Total Revenues	613,800,233	532,480,288	524,755,970
Total Expenditures	640,875,737	567,174,780	576,389,177
Excess/(Deficiency)	(27,075,504)	(34,694,492)	(51,633,207)
Other Sources/Uses	671,564	671,564	671,564
Net Increase/(Decrease)	(26,403,940)	(34,022,928)	(50,961,643)
Add: Beginning Fund Balance	93,048,611	66,644,671	32,621,743
Ending Fund Balance	66,644,671	32,621,743	(18,339,900)

	Projected Unrestricted Ending Fund Balance	2% Required Reserve	Requirement Met
Proposed Revised 2020-21	\$ 66,644,670	\$ 12,804,083	Yes
Projected 2021-22	\$ 32,621,742	\$ 11,330,064	Yes
Projected 2022-23	\$ (18,339,900)	\$ 11,514,352	No

Cash Flow

Updated for Budget Revisions

Projected cash challenges starting in May 2021

Cash Flow – Next Steps

District intends to:

1. Pursue all short term internal and external borrowing options
2. Apply for a State Waiver Apportionment Deferral
 1. This would likely postpone cash crisis until 2022

Summary

- Fiscal Recovery Plan with an ongoing solution is required to achieve fiscal solvency
- Next reporting period 2020-2021 First Interim Financial Report December 2020

Q&A

Conduct Public Hearing