

FY 2019-20 Second Interim Budget Report ¹



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Agenda

- Budget Highlights
- Impact of Governor's Proposed 2020-21 Budget
- Changes Since First Interim
- Fund Balance Summary
- Special Education
- Multi-Year Projections

2019-20 2nd Interim Budget Highlights

- Measures E, G, and H Passed!
 - Measure E – Employee Compensation Tax
 - Measure G – Facilities Bond
 - Measure H – Maintenance Tax
- Met 3% reserve required by the State
- Impact of Governor’s Proposed Budget 2020-21
- Decrease in Unduplicated Pupil Percentage (UPP)
7.8% - 255 students (3,275 to 3,020)
- Increased contribution to Special Education program from first interim funding by \$2.1 million. Total increased contribution since Adoption \$4.5 million

Impact of Governor's Budget 20-21 and UPP

	2019-20	2020-21	2021-22	Total
Change in COLA	0.00%	-0.71%	-0.09%	
Change in Unduplicated Pupil Count	(255)	(255)	(255)	
COLA Reduction	\$ -	\$ (618,717)	\$ (712,930)	\$ (1,331,647)
Unduplicated Pupil Count	\$ (139,529)	\$ (285,441)	\$ (439,767)	\$ (864,737)
Combined Reduction in Revenue	\$ (139,529)	\$ (904,158)	\$ (1,152,697)	\$ (2,196,384)

Changes Since First Interim

- **\$.1 million decrease in state funding**
 - Unduplicated pupil count decreased 255 due to fewer free/reduced lunch eligible, homeless and foster students

- **\$1.2 million decrease in expenditures**
 - \$.5 million savings in salaries due to vacant positions.
 - \$.9 million savings in health and welfare benefits coming in lower than projected.
 - \$.2 million increase in Special Education Transportation expenditures

Changes Since First Interim cont'd

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- **\$1.2 million increase in Transfers In**
 - \$1.2 million from Special Reserve Fund for Post Employment Benefits (FD 20) to General Fund (FD 01) for a total of \$3.2 million

- **\$2.1 million increase in Contributions Out**
 - Contribution to Special Education from First Interim due to:
 - 2.5% salaries and benefits increase
 - Mental Health Professional Services
 - Legal Fees and Non-Public Schools

Changes in Fund Balance

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	First Interim	Second Interim	Change
Net increase (decrease) in Fund Balance	(\$856,204)	(\$715,519)	\$140,685
Beginning Fund Balance	2,289,344	2,289,344	0
Ending Fund Balance	\$1,433,140	\$1,573,825	\$140,685

Special Education Contribution Trend

	2018-19	
Budget Adoption	\$17,685,401	
Increase	<u>500,000</u>	3%
First Interim	18,185,401	
Increase	<u>800,000</u>	5%
Second Interim	18,985,401	
After Second Interim	<u>1,090,000</u>	6%
Unaudited Actuals (UA)	\$20,075,401	
Overall Increase	\$2,390,000	14%

Special Education Contribution Trend

	2019-20	
Budget Adoption	\$18,872,921	
Increase	<u>2,365,097</u>	13%
First Interim	21,238,018	
Increase	<u>2,129,066</u>	11%
Second Interim	23,367,084	
Overall Increase	\$4,494,163	24%
Increase from Prior Year	\$3,291,683	16%

Special Education Services

Expenses

1. Verify Staffing Unfilled Positions, Accuracy
2. NPS/RTC (Attending IEPs for students in IEPs, Site visits by Special Ed Staff)
3. Improved communication with parents to avoid litigation
4. Instructional Aides (Professional Development, Overtime, 1-1 tracking in CEIS, approval process, data on minutes assigned)
5. Settlements (Managing obligations to avoid re-litigation)
6. Transportation Costs (controls on parent requests, centralized approval)
7. Purchasing (make use of central purchasing)
8. In-House Legal Counsel
9. SDC Classes (analysis of NPS placement trends to determine whether we need additional SDC classes)
10. Establish staffing ratios for teachers and IAs

Income

1. MAA - Medical Billing

In-Kind

1. Enhanced professional development from Ed Services
2. Investments in general education interventions

Multi-Year Projections

Unrestricted General Fund (in millions)	2019-20	2020-21	2021-22
REVENUE			
COLA-May Revise	3.26%	2.29%	2.71%
Gap %	100.00%	100.00%	100.00%
LCFF Funding			
<i>Base Funding</i>	87.5	89.4	91.6
<i>Supplemental Funding</i>	5.4	5.2	5.2
Total LCFF Funding	92.9	94.6	96.8
Other State Funding	2.4	3.3	3.3
Local Funding	3.1	2.6	2.0
TOTAL REVENUE	98.4	100.5	102.1
Expenditures			
<i>Salary and Benefits</i>	-81.9	-87.3	-88.8
<i>Books and Supplies</i>	-1.9	-1.9	-1.8
<i>Services</i>	-11.3	-10.1	-9.7
<i>Capital Costs</i>	-0.6	-0.1	-0.1
<i>Indirects</i>	3.2	3.0	3.0
<i>BUDGET CUT TARGET</i>		1.0	3.5
TOTAL EXPENDITURES	-92.5	-95.4	-93.9

Multi-Year Projections

Unrestricted General Fund (in millions)	2019-20	2020-21	2021-22
TOTAL SOURCES AND USES	-6.6	-5.4	-8.5
Change in Fund Balance	-0.7	-0.3	-0.3
Beginning Fund Balance	2.3	1.6	1.3
Ending Fund Balance	1.6	1.3	1.0
<u>Unknowns</u>			
Negotiated Salary Increases 2021-22			
Increasing cost for special education			
Material operational expenditures including technology updates and a paperless environment			

Sources and Uses

Fund 01 Only - Not including Parcel Tax Funds	2019-20			2020-21			2021-22		
	UNRESTRICTED	RESTRICTED	Combined	UNRESTRICTED	RESTRICTED	Combined	UNRESTRICTED	RESTRICTED	Combined
OTHER SOURCES & (USES):									
Interfund Transfers In									
From Fund 20 - Post Employment Benefits	3,200,000		3,200,000	3,200,000		3,200,000			
Interfund Transfers Out									
To Fund 12 - Child Development	(30,000)		(30,000)	(30,000)		(30,000)	(30,000)		(30,000)
To Fund 67 - Self Insurance	(243,496)		(243,496)	(243,496)		(243,496)	(243,496)		(243,496)
To Fund 13 - Cafeteria Fund	(835,030)		(835,030)	(835,030)		(835,030)	(835,030)		(835,030)
Total Interfund Transfers Out	(1,108,526)	0	(1,108,526)	(1,108,526)	0	(1,108,526)	(1,108,526)	0	(1,108,526)
Net Transfers	2,091,474	0	2,091,474	2,091,474	0	2,091,474	(1,108,526)	0	(1,108,526)
Contributions In									
BSEP Contribution	14,619,833		14,619,833	15,919,833		15,919,833	15,919,833		15,919,833
Contributions Out									
Special Ed	(23,367,084)	23,367,084	-	(23,367,084)	23,367,084	-	(23,367,084)	23,367,084	-
Net Contributions	(8,747,251)	23,367,084	14,619,833	(7,447,251)	23,367,084	15,919,833	(7,447,251)	23,367,084	15,919,833
TOTAL OTHER SOURCES & USES	(6,655,777)	23,367,084	16,711,307	(5,355,777)	23,367,084	18,011,307	(8,555,777)	23,367,084	14,811,307

Next Steps

- May Revision to Governor's Proposed Budget 20-21
- Enacted Budget in June 2020
- Budget Reduction and Priorities
 - Work with SBAC and other committees
- Need to lobby for full and fair funding from the State