

# **FY 2019-20 Second Interim Budget Report <sup>1</sup>**



**March 11, 2020**

**Brent Stephens, Superintendent,**

**Pauline Follansbee, Assistant Superintendent**

**Antonette West, Fiscal Director**

# Agenda

2

- 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

4

	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

5

- **\$.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

6

- **\$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

7

	<b>First Interim</b>	<b>Second Interim</b>	<b>Change</b>
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

8

	<b>2018-19</b>	
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

9

	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

10

## 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

11

Unrestricted General Fund (in millions)	2019-20	2020-21	2021-22
<b>REVENUE</b>			
<b>COLA-May Revise</b>	<b>3.26%</b>	<b>2.29%</b>	<b>2.71%</b>
<b>Gap %</b>	100.00%	100.00%	100.00%
<b>LCFF Funding</b>			
<i>Base Funding</i>	87.5	89.4	91.6
<i>Supplemental Funding</i>	5.4	5.2	5.2
<b>Total LCFF Funding</b>	<b>92.9</b>	<b>94.6</b>	<b>96.8</b>
<b>Other State Funding</b>	2.4	3.3	3.3
<b>Local Funding</b>	3.1	2.6	2.0
<b>TOTAL REVENUE</b>	<b>98.4</b>	<b>100.5</b>	<b>102.1</b>
<b>Expenditures</b>			
<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
<b><i>BUDGET CUT TARGET</i></b>		<b>1.0</b>	<b>3.5</b>
<b>TOTAL EXPENDITURES</b>	<b>-92.5</b>	<b>-95.4</b>	<b>-93.9</b>

# Multi-Year Projections

12

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

# Sources and Uses

13

Fund 01 Only - Not including Parcel Tax Funds	2019-20			2020-21			2021-22		
	UNRESTRICTED	RESTRICTED	Combined	UNRESTRICTED	RESTRICTED	Combined	UNRESTRICTED	RESTRICTED	Combined
<b>OTHER SOURCES &amp; (USES):</b>									
<b>Interfund Transfers In</b>									
From Fund 20 - Post Employment Benefits	3,200,000		3,200,000	3,200,000		3,200,000			
<b>Interfund Transfers Out</b>									
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)
<b>Total Interfund Transfers Out</b>	<b>(1,108,526)</b>	<b>0</b>	<b>(1,108,526)</b>	<b>(1,108,526)</b>	<b>0</b>	<b>(1,108,526)</b>	<b>(1,108,526)</b>	<b>0</b>	<b>(1,108,526)</b>
<b>Net Transfers</b>	<b>2,091,474</b>	<b>0</b>	<b>2,091,474</b>	<b>2,091,474</b>	<b>0</b>	<b>2,091,474</b>	<b>(1,108,526)</b>	<b>0</b>	<b>(1,108,526)</b>
<b>Contributions In</b>									
BSEP Contribution	14,619,833		14,619,833	15,919,833		15,919,833	15,919,833		15,919,833
<b>Contributions Out</b>									
Special Ed	(23,367,084)	23,367,084	-	(23,367,084)	23,367,084	-	(23,367,084)	23,367,084	-
<b>Net Contributions</b>	<b>(8,747,251)</b>	<b>23,367,084</b>	<b>14,619,833</b>	<b>(7,447,251)</b>	<b>23,367,084</b>	<b>15,919,833</b>	<b>(7,447,251)</b>	<b>23,367,084</b>	<b>15,919,833</b>
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>(6,655,777)</b>	<b>23,367,084</b>	<b>16,711,307</b>	<b>(5,355,777)</b>	<b>23,367,084</b>	<b>18,011,307</b>	<b>(8,555,777)</b>	<b>23,367,084</b>	<b>14,811,307</b>

# Next Steps

14

- 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