



PUBLIC HEARING: GUSD 2020-21 BUDGET


Presented to the Governing Board on Thursday, May 28, 2020



Topics

- Governor's May Revision to the State Budget
- Overview of the 2020-21 GUSD Budget
- Risks to the State and GUSD Budget
- Overview of the Multi-Year Projection
- Other Funds
- Next Steps

California before the impact of Covid-19

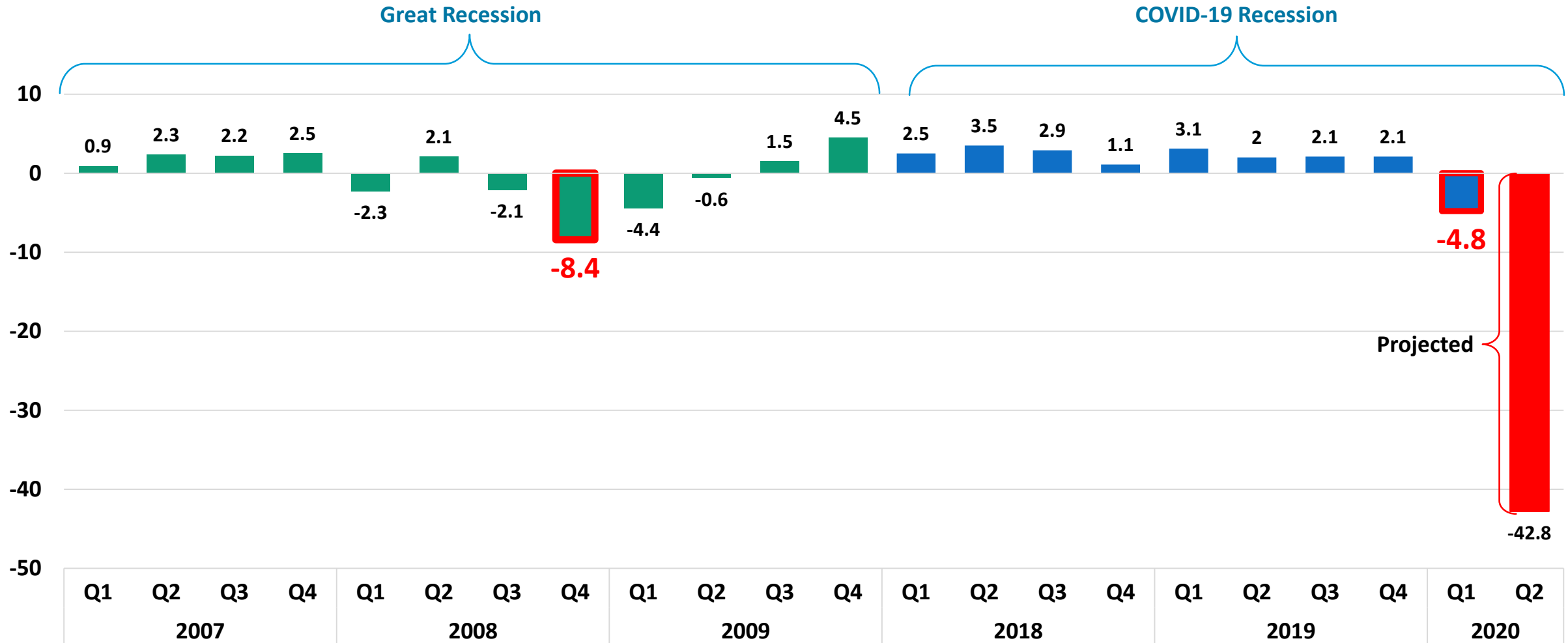


Budget Built on Strong Fiscal Foundation

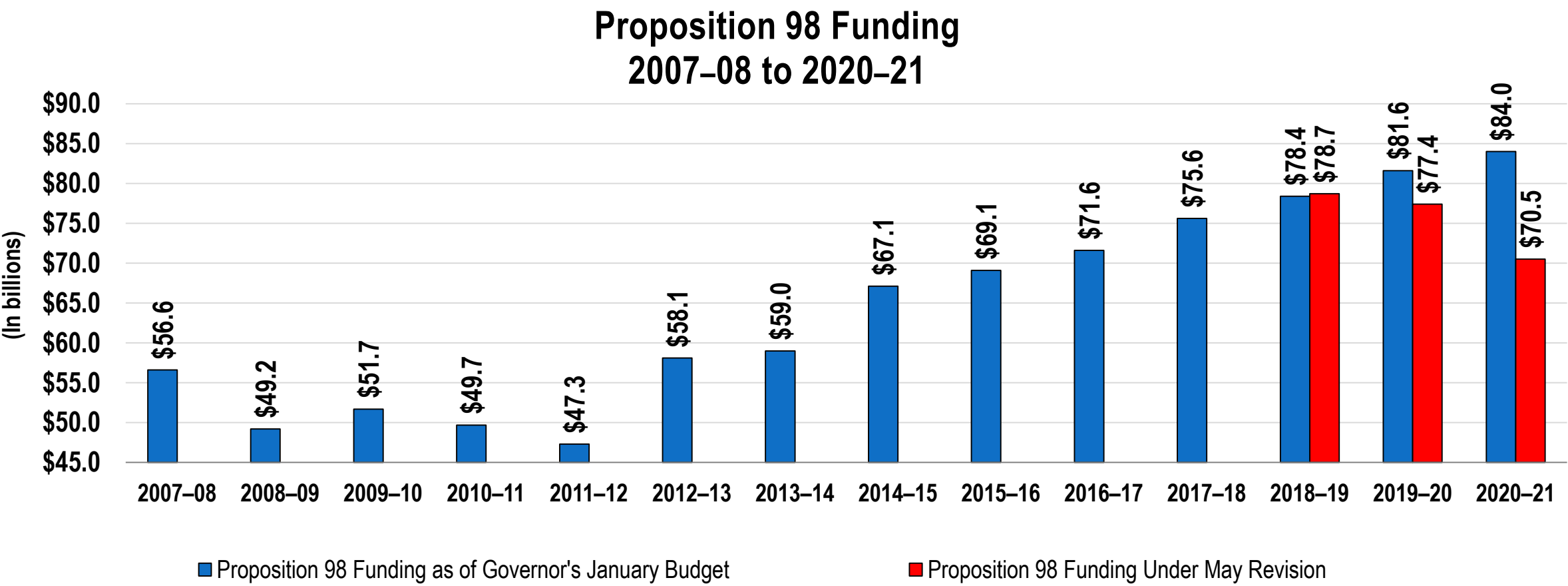
2019 - 2020 Budget

- \$21.5 billion surplus
- Final \$4.5 billion to eliminate decade-old Wall of Debt
- Only 12% of new spending ongoing
- \$16 billion - Largest rainy day fund in State history

U.S. Real GDP—Great Recession vs. COVID-19



Proposition 98 Funding



State’s Projected \$54 billion budget shortfall

Core Values of the CA Budget

Proposed Cuts

Protecting California's Core Values

- Public Education
- Public Health
- Public Safety
- People hit hardest by COVID-19

Proposals from the May Revise (in billions)	
Cancelled Expansions & Other Reductions	\$ 8.4
Reserves	\$ 8.8
Borrowing/Transfers/Deferrals	\$ 10.4
New Revenues	\$ 4.4
Federal Funds	\$ 8.3
Triggers	\$ 14
Total	\$ 54.3

Coronavirus Relief Fund

Coronavirus Relief Fund Allocations (Dollars in Thousands)

State Directed Coronavirus Relief Fund Allocations	Amount
State Offsets: Vulnerable Populations and Public Health	\$3,786,500
K-12 Learning Loss Mitigation	4,000,000
County Public Health, Behavioral Health and Human Services	1,289,065
City Homeless and Safety Funding	450,000
Total	\$9,525,565

Financial impact NOT yet included in the GUSD BUDGET

Source: May Revision, pg. 21

Will there be another round of fiscal federal stimulus?

Governor Newsom has been aggressively lobbying the federal government for an additional \$1 trillion in aid

House Democrats introduced the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES) Act, a \$3 trillion package that gives \$60 billion for K-12 school districts nationally

Resistance from the White House and Senate in giving states and local governments additional federal funding

The CARES Act – One-time Investments (discretionary state funds)

\$4.4 billion for LEAs to mitigate learning loss

\$355 million GEER funds

\$4 billion from Coronavirus Relief Fund



Allocated to LEAs using formula that considers state’s most vulnerable students

\$1.5 billion distributed per pupil based on number of students with a disability

\$2.855 billion to concentration grant districts on a per ADA basis

- SSC estimates to be \$1,900 per student

- SSC estimates to be \$735 per ADA



Funds shall be expended by December 30, 2020 on the following activities:

Extending the instructional school year

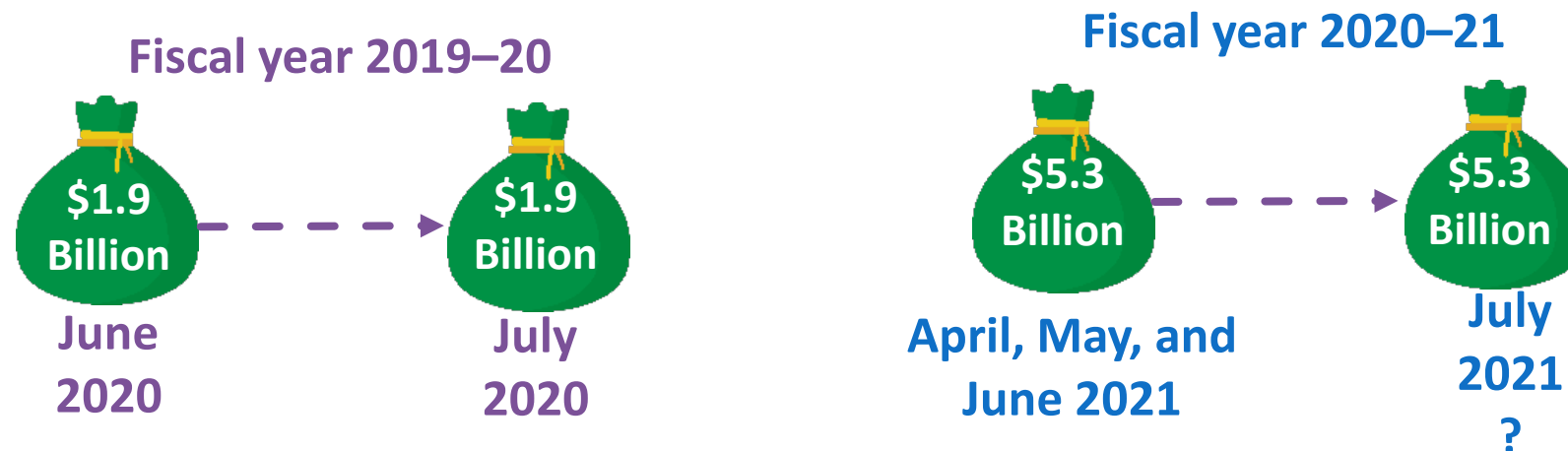
Additional academic services

Learning supports

Wrap around services

Deferrals: *Here we go again!*

- Cash deferrals were used during the Great Recession to implement state-level budget cuts
- The Governor’s May Revision takes a page from the same playbook and proposes the following cash deferrals:

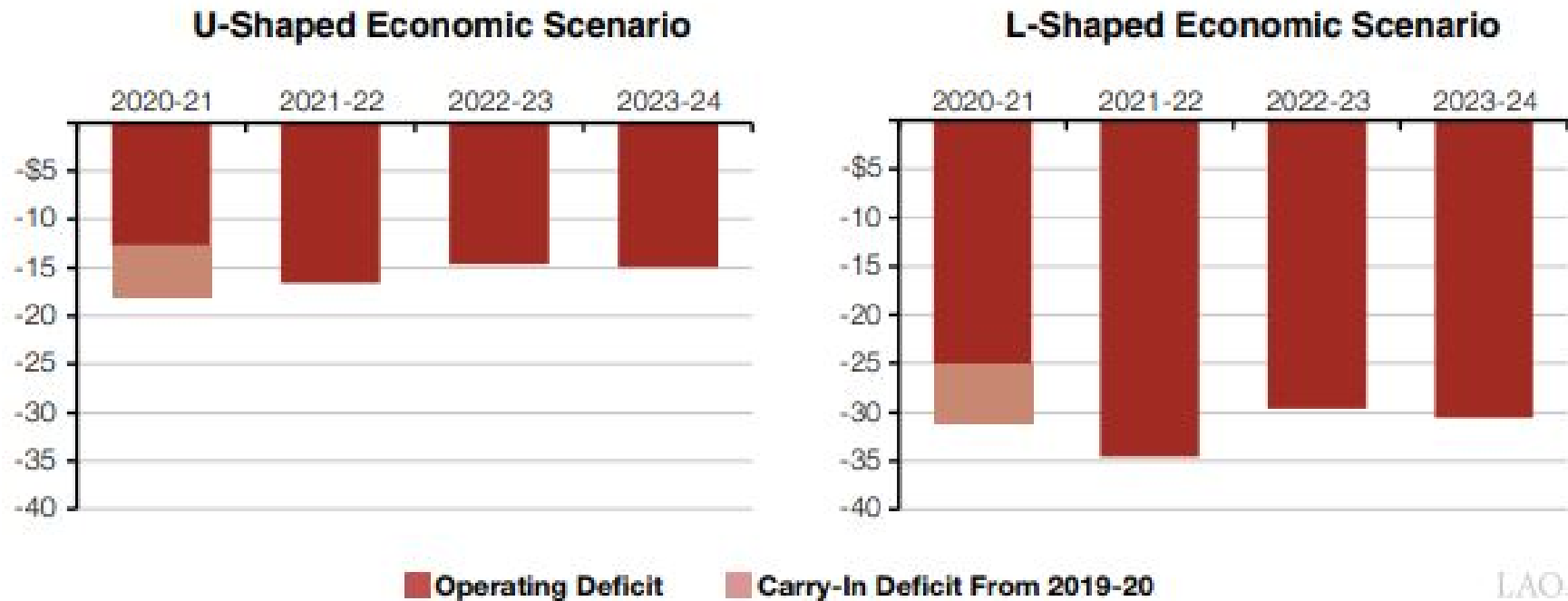


What will the economic recovery look like?

Appendix 3, Figure 6

Multiyear Budget Deficits Persist Under Both Economic Scenarios

(In Billions)



Local relief measures as proposed by the Governor

- In order to help districts absorb the reductions, the Governor offers a suite of relief measures



Exemption from deferrals for hardship reasons



Ability to exclude state's on-behalf-of-employer payments in the Routine Restricted Maintenance Account calculation




Subject to public hearing, the ability to increase internal inter-fund borrowing limits



Authority for special education staff to use technology-based options to serve students



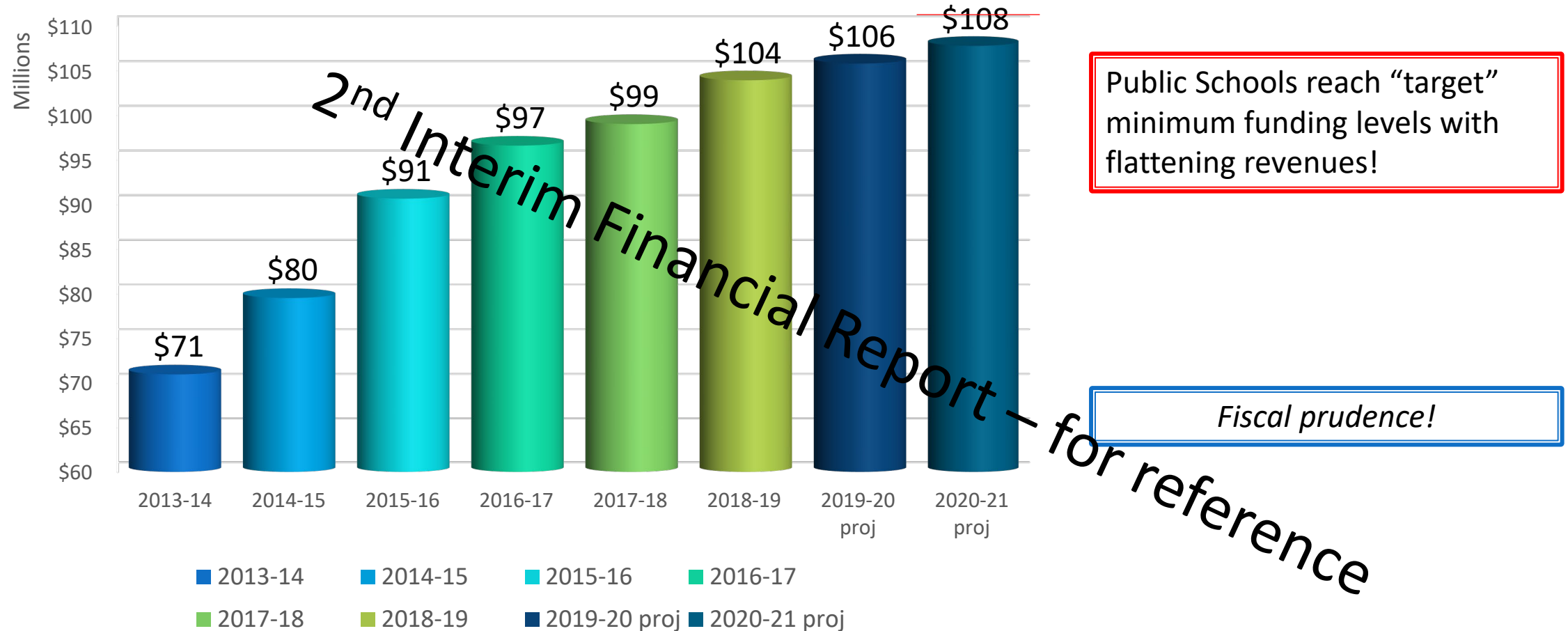
Use proceeds from property sales for one-time general fund purposes



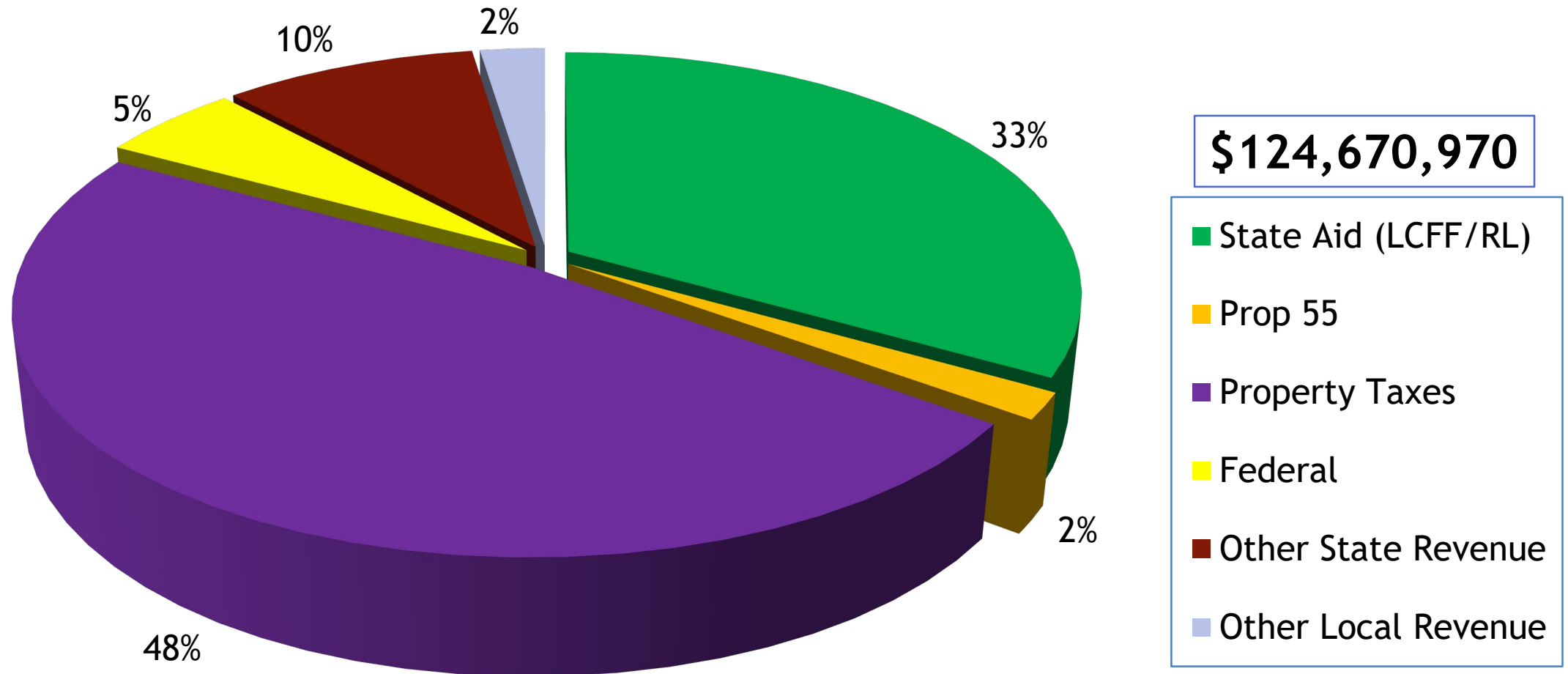
Extend the transitional kindergarten teacher credential requirement from August 1, 2020 to August 1, 2021

OVERVIEW OF THE 2020-21 GUSD BUDGET

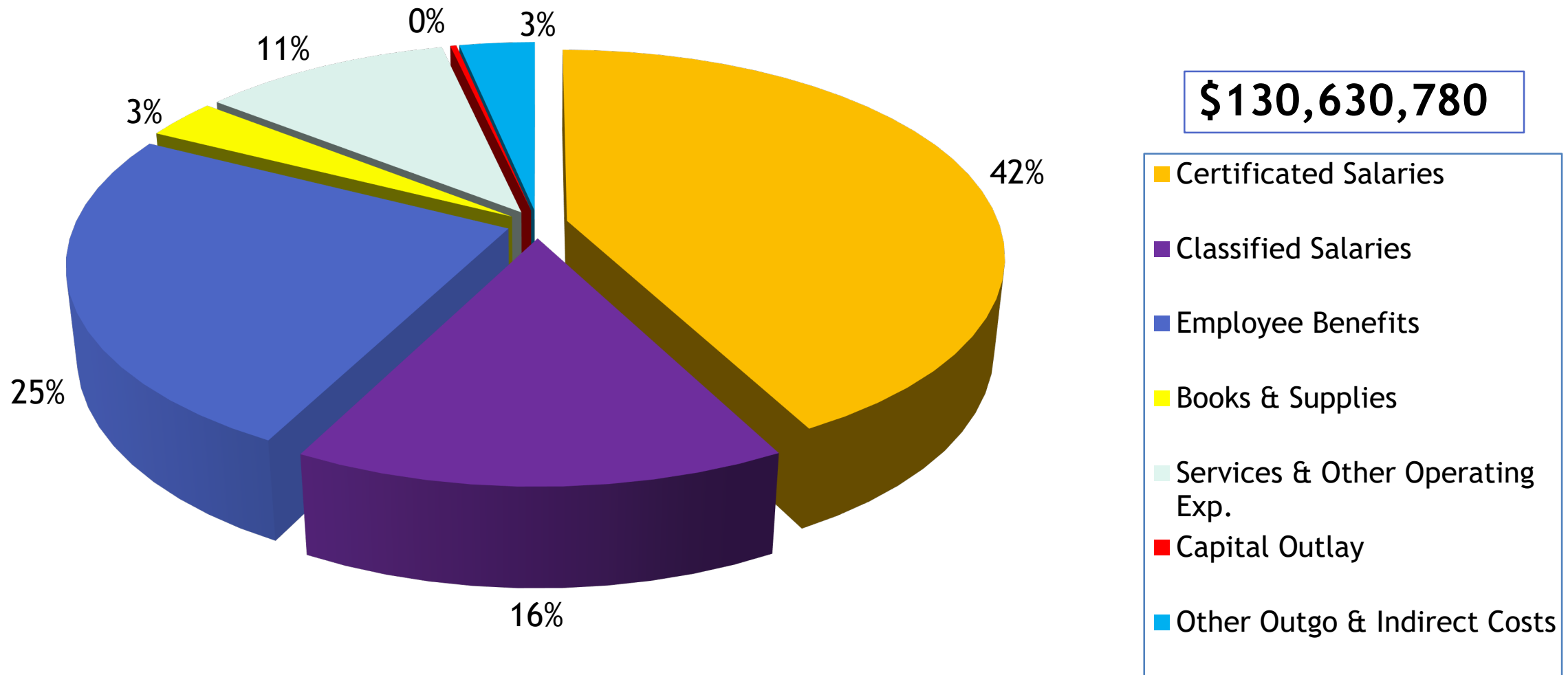
The “Fully Funded LCFF Model” did not last long!



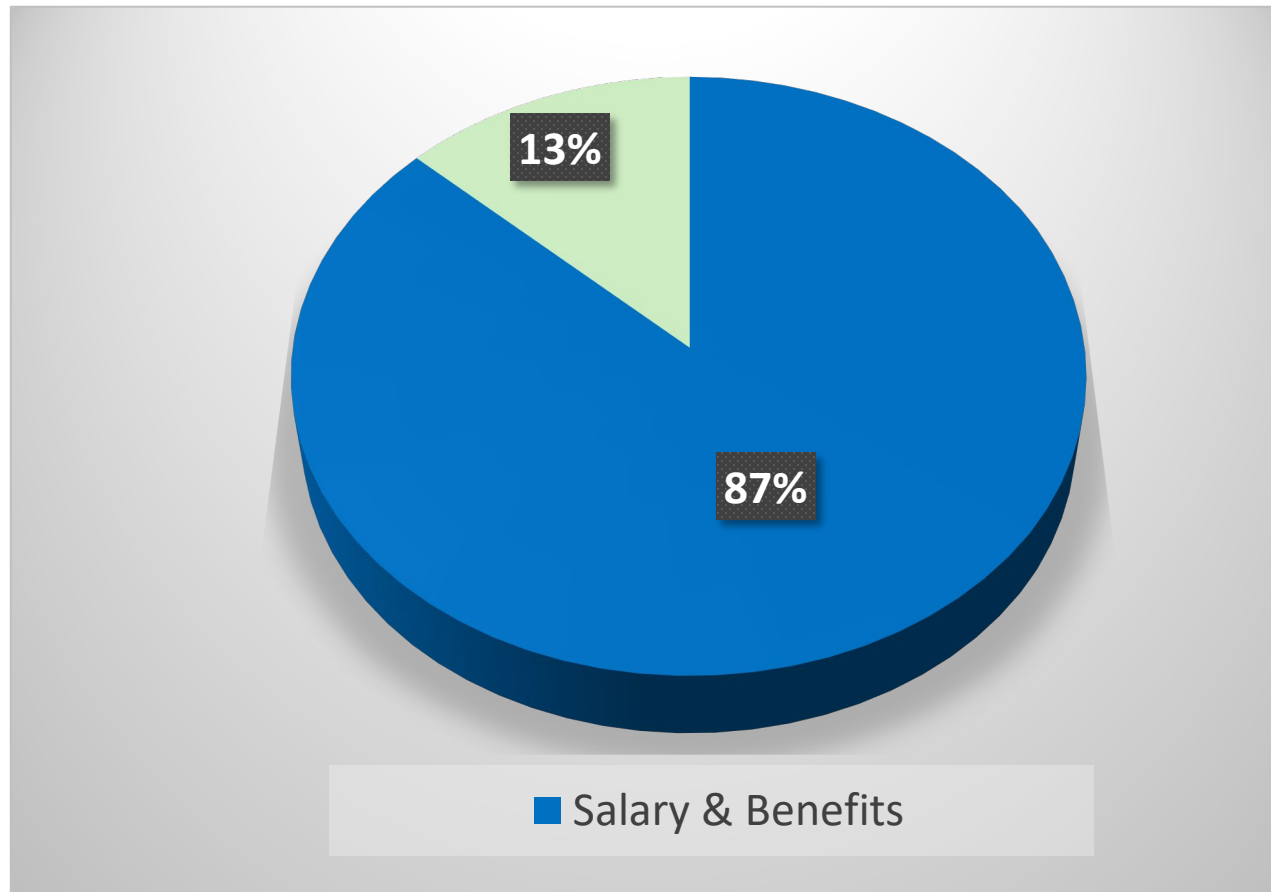
2020-21 Total General Fund Revenues



2020-21 Total General Fund Expenditures



\$0.87 cents of every dollar is spent on staff!



Budget cuts will require painful reductions impacting services, programs, and staffing.

Unrestricted General Fund. Excludes federal & state grants.

Risks to the State Budget

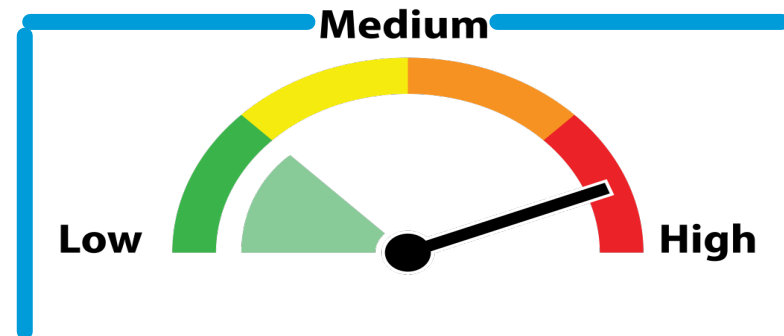
■ Biological risks

- Epidemiology of the coronavirus
- Lack of widespread testing, tracing, effective therapies, and a vaccine
- Viral rebound in the fall or winter

■ Fiscal risks

- Expiration of federal unemployment benefits
- Lack of federal stimulus measures that meet need

- Performance of the international economy
 - ◆ Worldwide reductions of gross domestic product
 - ◆ Continuing distortions of supply and demand
- Increasing Sino-U.S. tensions
 - ◆ Pandemic finger pointing
 - ◆ Potential trade “Cold War”

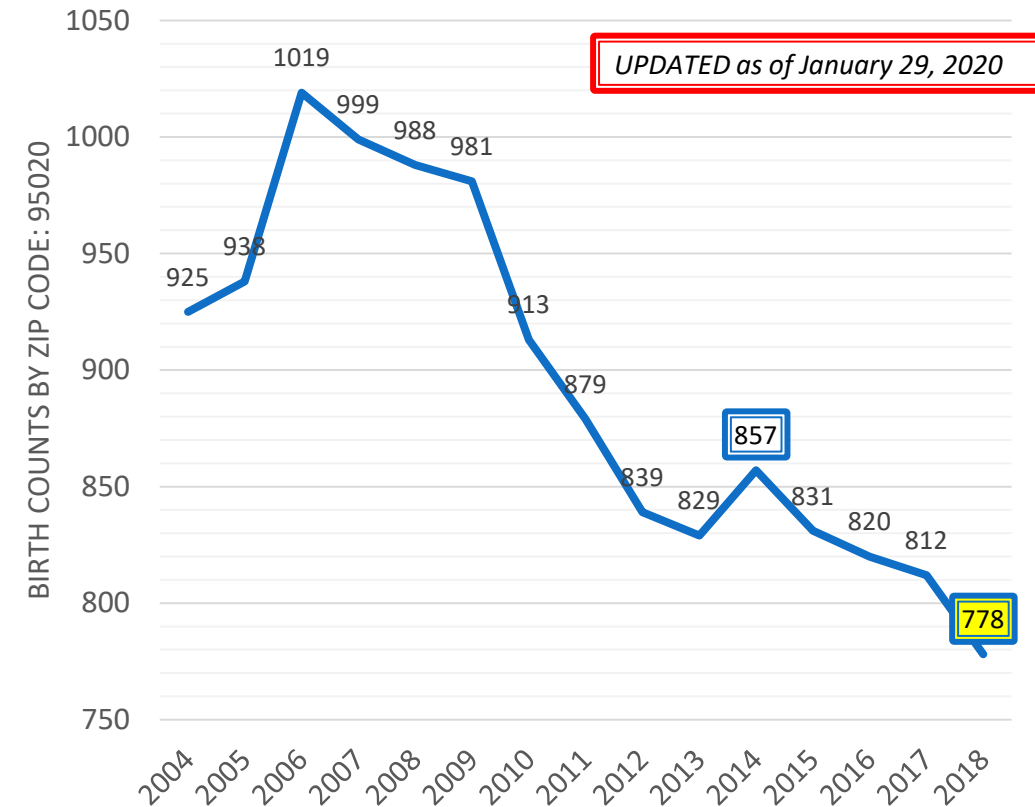


Risks to the Budget: Local factors

GUSD

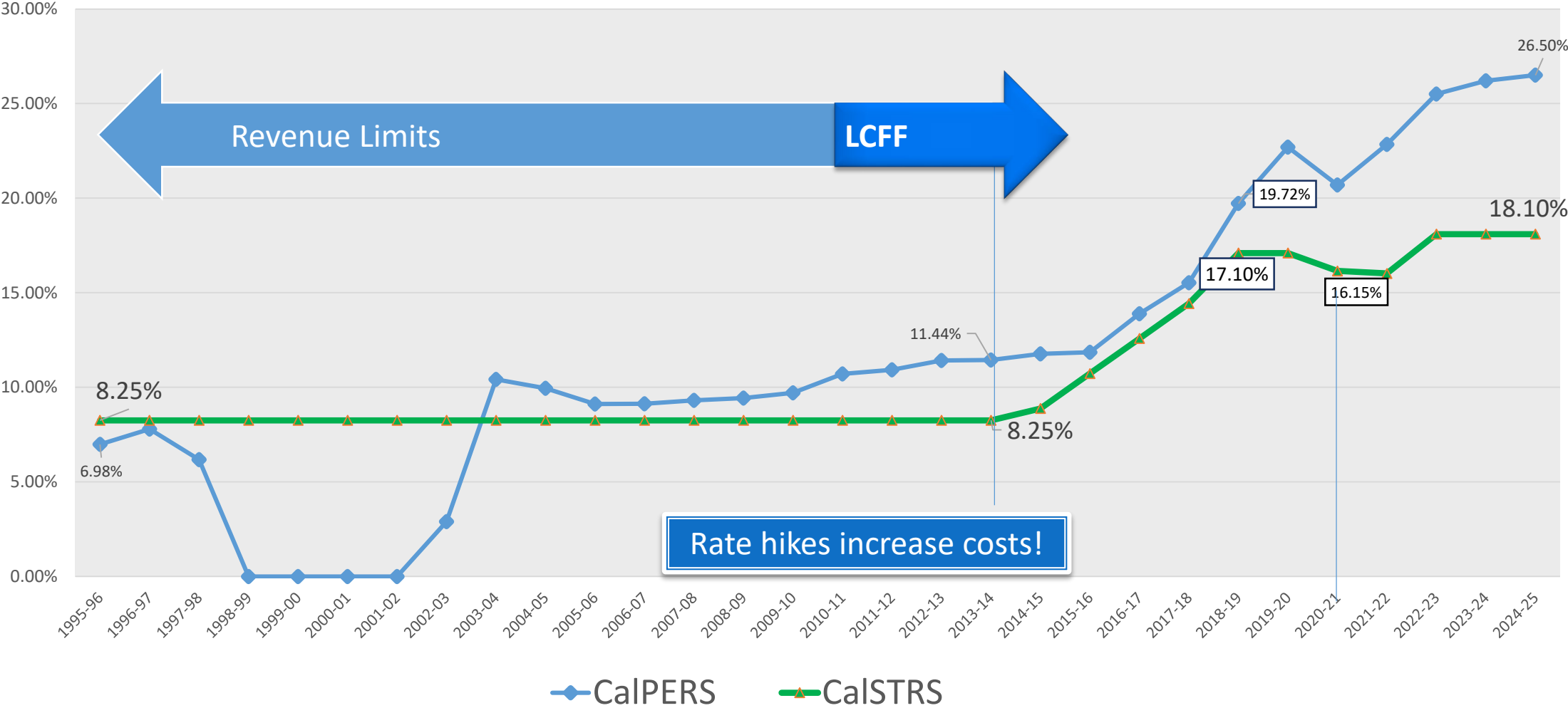
- Revenues are declining, while expenditures are rising.
- Covid-19 precautions and impact on District functions.
- Historically low birth rates
- Lower Student Generation Rates from new residential developments
- Declining Enrollment in elementary grades
- High cost of housing

Historical Birth Counts



May Revise help with mandated pension obligations...*for now.*

Increases in Employer Paid Pensions - Reduces the District's "gains" under LCFF



MULTI-YEAR PROJECTION

A forecast – not a prediction!

MYP Key Assumptions

Revenues

- Includes 10% reduction to LCFF
 - \$11 million reduction!
- Zero COLA through 2022-23 (no new revenues)
- Projected enrollment decline of 100 per year in MYP, results in a *net reduction to revenues in 2021-22.*
- Includes \$1.5 Million in Coronavirus Aid (per CDE estimate, one-time funds)
- Does not include any part of \$4.4 billion CARES ACT funds
- Does not anticipate any additional Federal Stimulus
- Draw down on reserves in 2020-21, plan for Fiscal Solvency efforts in subsequent years.

Expenditures

- Immediate efforts to boost reserves and limit spending now.
- Holding vacancies to avoid layoffs, staffing tightly into August.
- Removes \$950k equipment replacement budget to reduce future cuts.
- **Placeholder budget reduction of \$6.5 million for fiscal year 2021-22 .**
- **Placeholder budget reduction of \$6.6 million for fiscal year 2022-23.**
- Includes reduced pension rates for 2020-21 and 2021-22.

	2019-20 Estimated Actuals			2020-21 Projection BASED ON MAY REVISE			2021-22 Projection			2022-23 Projection		
REVENUES	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF	104,107,955	6,274,488	110,382,443	98,212,378	5,166,802	103,379,180	97,029,953	6,274,488	103,304,441	96,054,134	5,166,802	101,220,936
New LCFF Ongoing Revenues	1,985,122	-	1,985,122	-	-	-	-	-	-	-	-	-
One Time Revenues (Sp Ed)	900,997	-	900,997	-	-	-	-	-	-	-	-	-
Revenue from ADB				120,000		120,000	160,000		160,000	200,000		200,000
ESSER FUNDS (Fed Stimulus)				1,500,000		1,500,000			-			-
CRS FUNDS through STATE				-		-	-		-			-
Federal Revenues	114,581	8,440,359	8,554,939	114,581	6,415,248	6,529,828	114,581	6,415,248	6,529,828	114,581	6,415,248	6,529,828
Other State Revenues	2,057,931	10,396,605	12,454,536	2,057,931	8,196,346	10,254,277	2,057,931	8,418,467	10,476,398	2,057,931	8,646,607	10,704,538
Other Local Revenues	1,084,500	502,159	1,586,659	994,500	1,893,185	2,887,685	994,500	1,893,185	2,887,685	994,500	1,893,185	2,887,685
TOTAL, REVENUES	110,251,086	25,613,611	135,864,697	102,999,389	21,671,580	124,670,970	100,356,964	23,001,387	123,358,351	99,421,145	22,121,842	121,542,987
EXPENDITURES												
Fiscal Solvency Phase 1	Boost reserves NOW, prior to June 30th			-		-	-		-	-		-
Fiscal Solvency Phase 2			-	Identify Phase 2 cuts by 1st Interim (Dec 2020)			(6,500,000)		(6,500,000)	(6,500,000)		(6,500,000)
Fiscal Solvency Phase 3			-	-		-	Identify Phase 3 cuts by 1st Interim (Dec 2021)			(6,600,000)		(6,600,000)
Certificated	44,783,781	9,811,500	54,595,281	45,184,117	10,050,428	55,234,545	45,861,878	10,201,185	56,063,063	46,549,807	10,354,202	56,904,009
Classified	12,902,919	7,056,722	19,959,641	12,788,149	7,190,852	19,979,002	12,979,972	7,298,715	20,278,687	13,174,671	7,408,196	20,582,867
Employee Benefits	20,329,875	13,228,195	33,558,069	19,889,414	12,607,365	32,496,779	19,729,035	12,861,990	32,591,025	21,176,035	13,122,249	34,298,284
Books & Supplies	6,061,728	5,898,811	11,960,538	2,214,439	1,887,500	4,101,939	2,599,394	3,898,982	6,498,376	2,999,394	2,964,384	5,963,778
Services & Operating Expenses	10,496,781	7,545,574	18,042,355	9,495,506	4,671,971	14,167,477	9,495,506	3,773,658	13,269,164	9,495,506	3,600,846	13,096,352
Capital Outlay	775,268	426,848	1,202,115	252,325	100,000	352,325	252,325	87,183	339,508	252,325	87,183	339,508
Other Outgo	224,255	3,796,315	4,020,570	429,729	4,100,216	4,529,945	436,175	3,763,985	4,200,160	442,717	3,763,985	4,206,702
Transfers of Indirect Costs	(860,189)	629,463	(230,726)	(663,513)	432,281	(231,232)	(778,300)	775,258	(3,042)	(778,300)	775,258	(3,042)
TOTAL, EXPENDITURES	94,714,418	48,393,426	143,107,844	89,590,166	41,040,613	130,630,780	84,075,984	42,660,956	126,736,940	80,212,155	42,076,303	122,288,458
Contributions	(19,236,935)	19,236,935	-	(19,369,033)	19,369,033	-	(19,659,568)	19,659,568	-	(19,954,462)	19,954,462	-
TOTAL, OTHER SOURCES/USES	(19,236,935)	19,236,935	-	(19,369,033)	19,369,033	-	(19,659,568)	19,659,568	-	(19,954,462)	19,954,462	-
NET INCREASE (DECREASE)	(3,700,267)	(3,542,880)	(7,243,147)	(5,959,810)	-	(5,959,810)	(3,378,589)	(0)	(3,378,589)	(745,472)	0	(745,471)
Beginning Fund Balance	22,402,124	3,542,880	25,945,004	18,701,857	-	18,701,857	12,742,047	-	12,742,047	9,363,458	-	9,363,458
Proj. Ending Fund Balance	18,701,857	-	18,701,857	12,742,047	(0)	12,742,047	9,363,458	(0)	9,363,458	8,617,986	0	8,617,987
Nonspendable Revolving Cash	50,000		50,000	50,000		50,000	50,000		50,000	50,000		50,000
Mimumum RESERVE	\$ 10,017,549			\$ 9,144,155			\$ 8,871,586			\$ 8,560,192		
UNRESTRICTED RESERVE	13.03%			9.72%			7.35%			7.01%		
Unassigned/Unappropriated	8,634,308			3,547,892			441,872			7,794		

	2019-20 Estimated	2020-21 PUBLIC HEARING	2021-22 Projection	2022-23 Projection
REVENUES	Unrestricted	Unrestricted	Unrestricted	Unrestricted
LCFF	104,107,955	98,212,378	97,029,953	96,054,134
New LCFF Ongoing Revenues	1,985,122	-	-	-
One Time Revenues (Sp Ed)	900,997	-	-	-
Revenue from ADB		120,000	160,000	200,000
ESSER FUNDS (Fed Stimulus)		1,500,000		
CRS FUNDS through STATE		-	-	-
Federal Revenues	114,581	114,581	114,581	114,581
Other State Revenues	2,057,931	2,057,931	2,057,931	2,057,931
Other Local Revenues	1,084,500	994,500	994,500	994,500
TOTAL, REVENUES	110,251,086	102,999,389	100,356,964	99,421,145
EXPENDITURES				
Fiscal Solvency Phase 1	Boost reserves	-	-	-
Fiscal Solvency Phase 2		Identify Phase 2	(6,500,000)	(6,500,000)
Fiscal Solvency Phase 3		-	Identify Phase 3	(6,600,000)
TOTAL, EXPENDITURES	94,714,418	89,590,166	84,075,984	80,212,155
Contributions	(19,236,935)	(19,369,033)	(19,659,568)	(19,954,462)
TOTAL, OTHER SOURCES/USES	(19,236,935)	(19,369,033)	(19,659,568)	(19,954,462)
NET INCREASE (DECREASE)	(3,700,267)	(5,959,810)	(3,378,589)	(745,472)
Beginning Fund Balance	22,402,124	18,701,857	12,742,047	9,363,458
Proj. Ending Fund Balance	18,701,857	12,742,047	9,363,458	8,617,986
Nonspendable Revolving Cash	50,000	50,000	50,000	50,000
Mimumum RESERVE	\$ 10,017,549	\$ 9,144,155	\$ 8,871,586	\$ 8,560,192
UNRESTRICTED RESERVE	13.03%	9.72%	7.35%	7.01%
Unassigned/Unappropriated	8,634,308	3,547,892	441,872	7,794

Summary of MYP
Highlights impact of
Potential Budget
Reductions – PENDING
STATE BUDGET REVISION
IN AUGUST 2020

All Other Funds – 2020-21 BUDGET

Fund	Description	Beginning Fund Balance	Revenue	Expenditures	G.F. Contribution	Ending Fund Balance
11	Adult Education	\$ 0.00	\$ 257,493	\$ 257,493	\$ -	\$ 0.00
12	Child Development Fund	\$ 166,640	\$ 1,011,434	\$ 1,011,434	\$ -	\$ 166,640
13	Cafeteria Fund	\$ 64,627	\$ 6,569,860	\$ 6,569,860	\$ -	\$ 64,627
21	Building Fund	\$ 48,636,099	\$ 800,000	\$ 48,801,957	\$ -	\$ 634,142
25	Developer Fees Fund	\$ 2,133,944	\$ 720,000	\$ 1,776,450	\$ -	\$ 1,077,494
35	County School Facilities Fund	\$ 2,439,993	\$ 40,000	\$ 0.00	\$ -	\$ 2,479,993
67	Self Insurance Fund	\$ 2,267,020	\$ 969,166	\$ 740,806	\$ -	\$ 2,495,380
73	Foundation Trust Fund	\$ 811,637	\$ 26,000	\$ 17,250	\$ -	\$ 820,387

Next Steps...

- June 11 – GUSD Board action on the 2020-21 Budget
 - Budget is submitted to Santa Clara County Office of Education for approval
- June 15 – California Legislative deadline to submit a budget to the Governor
- July 1 – Deadline for Governor Newsom to sign a budget into law
- July 15 – Deadline to file 2019 taxes
- August – Revised State Budget
 - Budget Development Calendar for the 2021-22 Fiscal Year
 - Fiscal Solvency Plan to define placeholder cuts in MYP
- September – Unaudited Actuals & Revised GUSD Budget

