

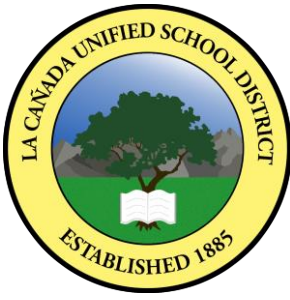
2020-21 Second Interim Report

February 9, 2021

Board Meeting

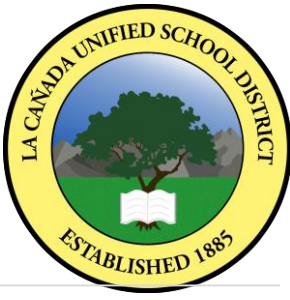
First Reading





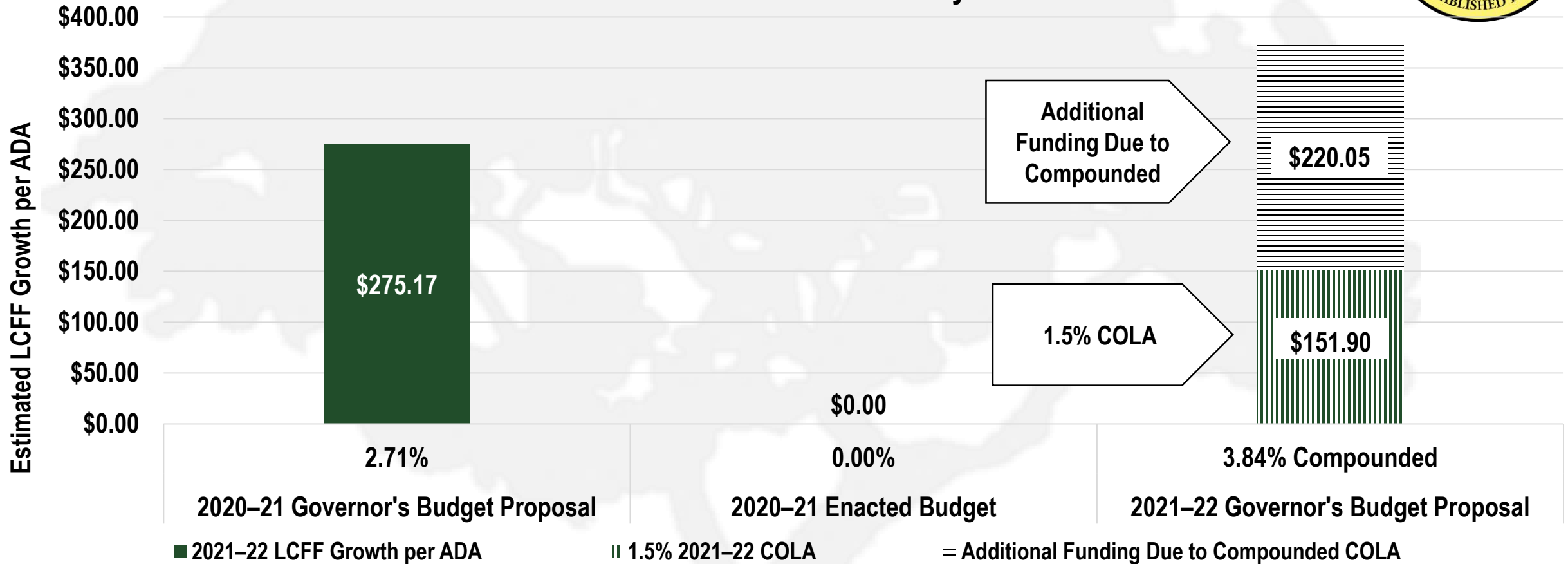
Budget Update

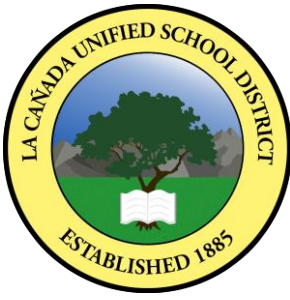
- Factors from January Governor's Budget Proposal
- Review/Discuss changes from 1st Interim to 2nd Interim
- Assess impacts to Multi-year projections through 2023-24



COLA Volatility

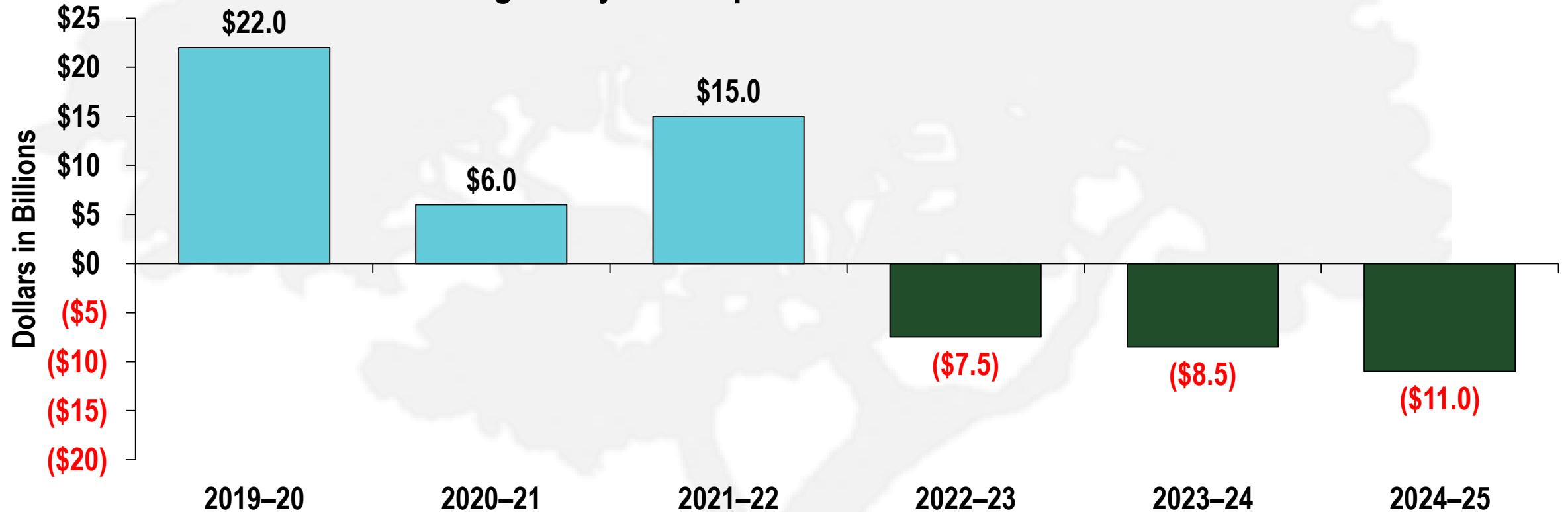
2021–22 LCFF COLA Volatility





Surplus and Shortfalls—California Budget

Budget Projects Surplus and Future Shortfalls¹



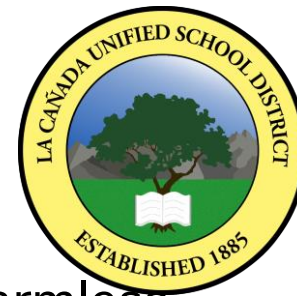
¹Budget shortfalls or surplus, measured by the annual Governor's Budget

Source: 2021–22 Governor's Budget Summary, page 3

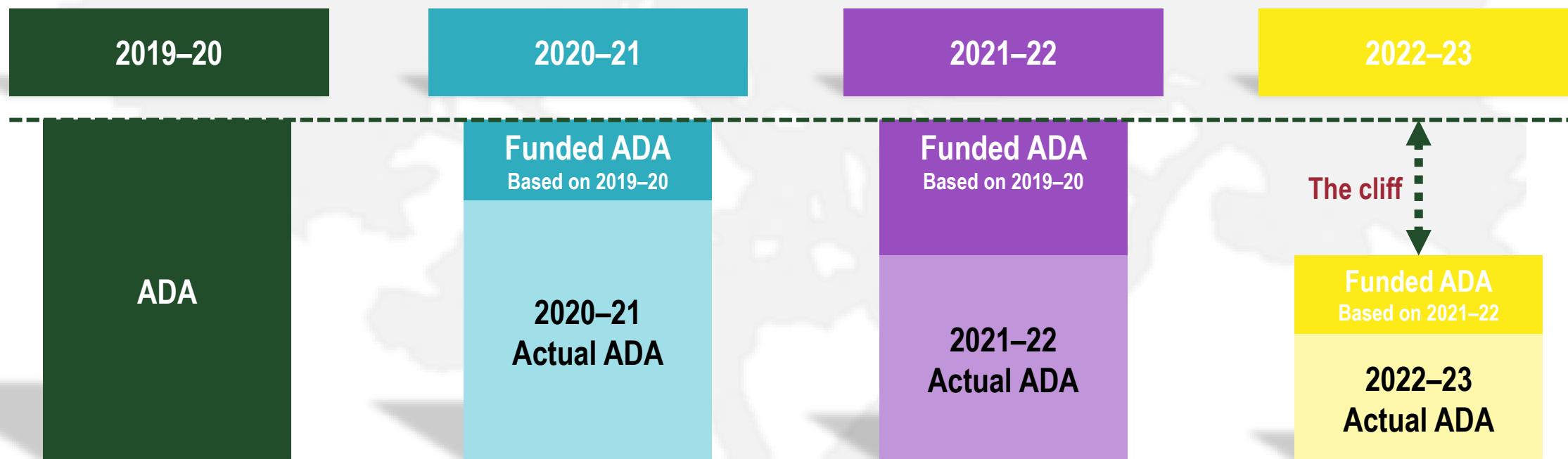
Impacts of Average Daily Attendance (ADA)



2021–22 ADA Impacts



- The adage “There is no such thing as a free lunch” applies to the current-year ADA hold harmless provision—that is to say, many school districts will experience a funding cliff at some point in the future if they are experiencing natural attendance declines exacerbated by COVID-19



- Significant drops in LEAs’ LCFF unduplicated pupil counts, which were not held harmless, and enrollment loss from COVID-19 will determine the full cliff effect



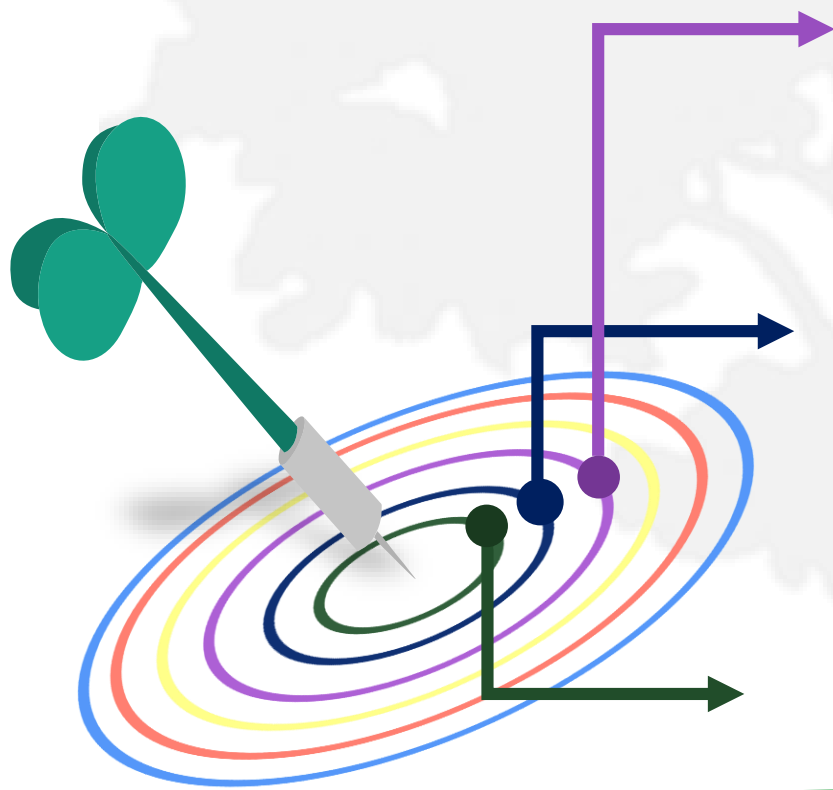
Deferrals

- The 2020–21 Enacted Budget included almost \$13 billion in K–12 LCFF deferrals
- The Governor’s Budget proposes paying down a portion of the deferrals—effectively eliminating the on-going deferrals scheduled for February through May 2022
 - Note that this pay down does not impact the deferrals currently scheduled for February through June 2021!
 - The repayment schedule for these deferrals remains the same

**Deferrals
(in billions)**



Multiyear Projections

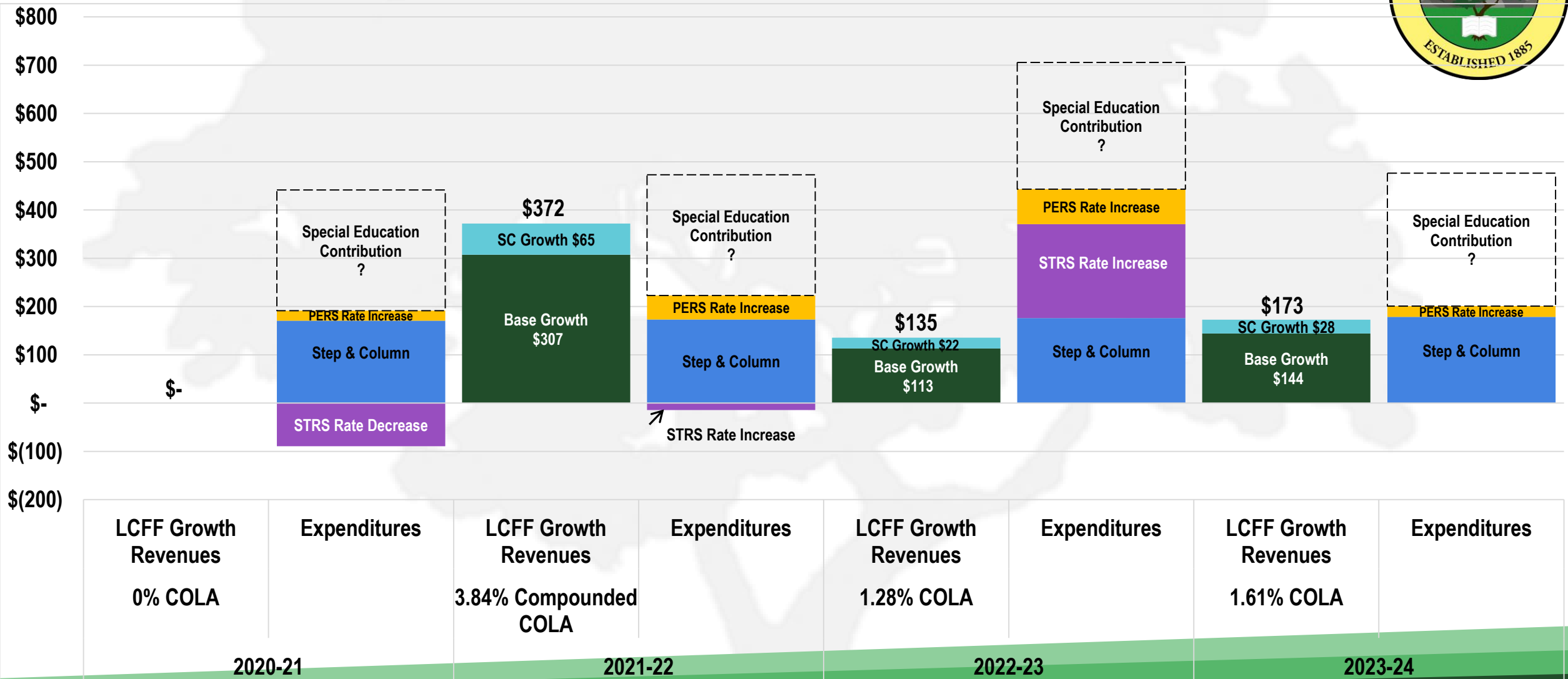


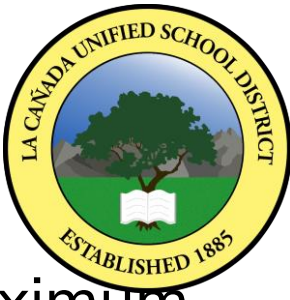
Multiyear projections (MYP) are required by AB 1200 and AB 2756

Projections are anchored in reliable information as of the date of the projection—they are NOT forecasts

Projections will change any time the underlying factors change

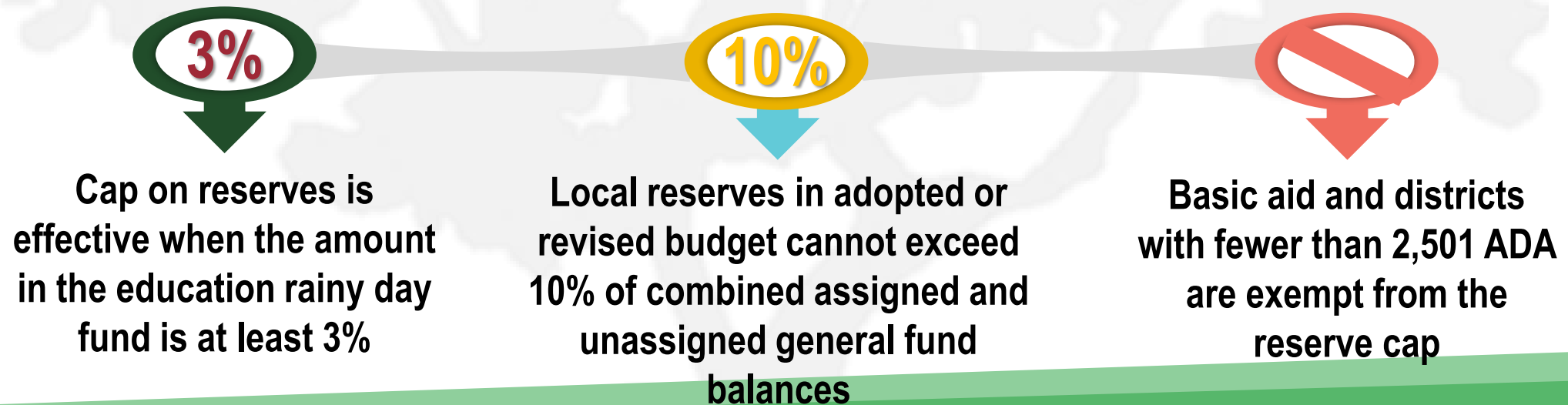
Per-ADA Growth in Revenues and Expenditures





Cap on District Reserves

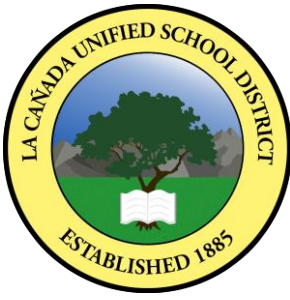
- Proposition 2 also created a policy tying deposits into the PSSSA to maximum amounts local school districts could maintain in their reserves
- The proposed deposits into the education rainy day fund amount to approximately 3.9% of the K–12 portion of Proposition 98, which would trigger the cap on district reserves for the 2022–23 fiscal year





LCUSD - Budget Assumptions

- Enrollment funding steady in multi-year
- ADA remains at 97.76%; hold-harmless
- COLA calculated in future years
- No future one-time dollars in budget
- No additional state contributions to pension obligations



1st and 2nd Interim Comparison



Revenue – Combined General Fund

	1st Interim 2020-21	2nd Interim 2020-21	Change
LCFF	\$35,228,088	\$35,224,622	-\$3,466
Federal	\$2,137,091	\$2,137,126	\$35
Other State	\$4,552,320	\$4,534,706	-\$17,614
Local	\$7,645,335	\$7,088,005	-\$557,330
	\$49,562,834	\$48,984,459	-\$578,375



Expenditures – Combined General Fund

	1st Interim 2020-21	2nd Interim 2020-21	Change
Certificated	\$21,798,088	\$21,698,337	-\$99,751
Classified	\$9,056,173	\$8,919,409	-\$136,764
Benefits	\$9,732,622	\$9,767,295	\$34,673
Supplies	\$2,757,692	\$2,516,873	-\$240,819
Services	\$6,847,254	\$5,927,008	-\$920,246
Capital Outlay	\$35,750	\$10,750	-\$25,000
Other Outgo	\$19,558	\$18,000	-\$1,558
Direct/Indirect	-\$26,312	-\$25,517	\$795
	\$50,220,825	\$48,832,155	-\$1,388,670



General Fund Change Balance

	1st Interim 2020-21	2nd Interim 2020-21	Change
Revenue	\$49,562,834	\$48,984,459	-\$578,375
Expenditures	-\$50,220,825	-\$48,832,155	-\$1,388,670
Difference	-\$657,991	\$152,304	\$810,295
Transfers	-\$355,000	-\$355,000	\$0
Surplus/Deficit	-\$1,012,991	-\$202,696	\$810,295



Ending Fund Balance

	1st Interim 2020-21	2nd Interim 2020-21	Change
Beg Balance	\$8,439,962	\$8,439,962	\$0
Surplus/Deficit	-\$1,012,991	-\$202,696	\$810,295
Ending Balance	\$7,426,971	\$8,237,266	\$810,295
Assigned	\$2,677,939	\$3,254,941	\$577,002
Economic Uncertainties	\$4,749,032	\$4,982,325	\$233,293
3.5% Reserve	\$1,770,154	\$1,721,550	
3.0% Reserve	\$1,517,275	\$1,475,615	



MYP Outlook Comparison

MYP Revenue – Combined General Fund



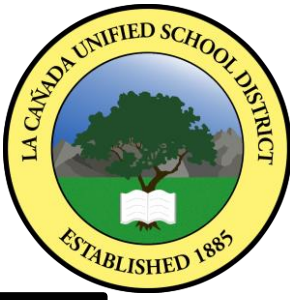
	First Interim				Second Interim		
	Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24		Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24
LCFF	\$34,896,511	\$35,207,981	-		\$36,245,044	\$37,043,113	\$37,639,080
Federal	\$938,440	\$938,440	-		\$938,475	\$938,475	\$938,475
Other State	\$3,914,643	\$3,914,643	-		\$4,101,580	\$3,991,923	\$3,992,400
Local	\$7,969,387	\$8,358,439	-		\$8,140,325	\$8,584,951	\$8,683,928
	\$47,718,981	\$48,419,503			\$49,425,424	\$50,558,462	\$51,253,883



MYP Expenditures – Combined General Fund

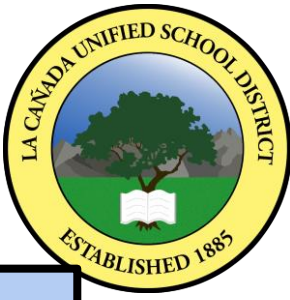
	First Interim				Second Interim		
	Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24		Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24
Salaries & Benefits	\$40,243,871	\$40,824,654	-		\$40,832,300	\$41,988,191	\$42,723,877
Supplies & Services	\$9,084,772	\$9,396,005	-		\$8,762,399	\$8,743,844	\$8,809,873
Capital Outlay	\$10,750	\$10,750	-		\$60,750	\$60,750	\$60,750
Other Outgo	\$19,558	\$19,558	-		\$18,000	\$18,000	\$18,000
Direct/Indirect	-\$26,000	-\$26,000	-		-\$26,000	-\$26,000	-\$26,000
	\$49,332,951	\$50,224,967			\$49,647,449	\$50,784,785	\$51,586,500

MYP Comparison -General Fund Change Balance



	First Interim				Second Interim		
	Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24		Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24
Revenue	\$47,718,981	\$48,419,503	-		\$49,425,424	\$50,558,462	\$51,253,883
Expenditures	-\$49,332,951	-\$50,224,967	-		-\$49,647,449	-\$50,784,785	-\$51,586,500
Difference	-\$1,613,970	-1,805,464	-		-\$222,025	-\$226,323	-\$332,617
Transfers	-\$355,000	-\$355,000	-		-\$355,000	-\$355,000	-\$355,000
Surplus/Deficit	-\$1,968,970	-\$2,160,464			-\$577,025	-\$581,323	-\$687,617

MYP Comparison - Ending Fund Balance



	First Interim				Second Interim		
	Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24		Projected Budget 2021-22	Projected Budget 2022-23	Projected Budget 2023-24
Beg Balance	\$7,426,972	\$5,458,002	-		\$8,237,266	\$7,660,241	\$7,078,918
Surplus/Deficit	-\$1,968,970	-\$2,160,464	-		-\$577,025	-\$581,323	-\$687,617
Ending Balance	\$5,458,002	\$3,297,538	-		\$7,660,241	\$7,078,918	\$6,391,301
Assigned	\$1,467,043	\$1,440,827	-		\$2,150,475	\$1,985,651	\$2,030,535
Economic Uncertainties	\$3,990,959	\$1,856,711	-		\$5,509,766	\$5,093,267	\$4,360,766
3.5% Reserve	\$1,739,078	\$1,770,299			\$1,750,086	\$1,789,892	\$1,817,953
3.0% Reserve	\$1,490,639	\$1,517,399			\$1,500,073	\$1,534,194	\$1,558,245



What's Not in the Budget?

- Additional CalSTRS and CalPERS employer rate reduction
- More discretionary dollars versus restrictive programs
- More deferral paydown
- COLA on Stand-Alone Categorical Programs



Looking Forward

- Budget Certification: Positive at 2nd Read
 - County will comment on deficit spending
- Governor's May Revise
 - Deferrals
 - COLA status
 - April tax collections
- Estimated Actuals and Budget in June
 - Monitor services
 - Planning for enrollment and staffing in 21-22

Thank you!

