

# 2021-2022 Proposed Budget

Santa Clara Unified School District  
June 10, 2021

# State Budget Update

- The Governor released details of his 2021-2022 May Revision prior to the statutory deadline.
- However, final details of the actual 2021-2022 State Budget were not known at the time the District developed its Proposed Budget for 2021-2022.
- Any details that become known will be discussed at the end of this presentation.

# Combined General Fund: Revenue

	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>	<b>Difference</b>
Property Taxes/LCFF	\$271,202,111	\$266,378,700	(\$4,823,411)
Federal	26,851,076	7,836,784	(19,014,292)
State	29,714,043	25,135,561	(4,578,482)
Local	25,676,547	22,833,317	(2,843,230)
Transfers	2,693,405	500,000	(2,193,405)
<b>Total Revenues</b>	<b>\$356,137,182</b>	<b>\$322,684,362</b>	<b>(\$33,452,820)</b>

# Property Taxes: 2021-2022 Changes

- Property Tax revenue is projected to decline approximately \$5.2 million from 2020-2021.
  - **Secured:** Projected 3% increase (+\$5.5 million)
  - **Unsecured:** Projected to be unchanged
  - **Redevelopment:** Projected 2% increase and Reverse one-time (*net -\$11.4 million*)

# Federal: 2021-2022 Changes

- During 2020-2021, the District received significant one-time federal revenues related to the COVID-19 pandemic.
  - All one-time revenues are removed from 2021-2022 budget
  - ESSER III one-time revenues are now included in 2021-2022.
- The District is also projecting a 12% reduction in Title I funding in 2021-2022.
  - President Biden has proposed significant increases in federal education revenues.

# State: 2021-2022 Changes

- During 2020-2021, the District received significant one-time state revenues related to the COVID-19 pandemic.
  - All 2020-2021 one-time revenues are removed from the 2021-2022 proposed budget.
- The Governor has proposed additional one-time state revenues for 2021-2022.
  - No details are known regarding potential allocations.

# Local Revenue: 2021-2022 Changes

- Local revenue is projected to decline approximately \$2.8 million from 2020-2021.
  - **Leases & Rentals:** Slight increase (+\$200,000)
  - **Interest:** Lower interest rates (-\$700,000)
  - **Donations:** Reverse one-time (-\$2.1 million)

# Combined General Fund: Revenue

	<b>2019-2020 Unaudited Actuals</b>	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>
Property Taxes/LCFF	\$292,215,089	\$271,202,111	\$266,378,700
Federal	5,569,513	26,851,076	7,836,784
State	23,074,683	29,714,043	25,135,561
Local	28,455,013	25,676,547	22,833,317
Transfers	7,751,240	2,693,405	500,000
<b>Total Revenues</b>	<b>\$357,065,538</b>	<b>\$356,137,182</b>	<b>\$322,684,362</b>

*NOTE:* There were significant one-time property tax revenues in both 2019-2020 and 2020-2021.



# Combined General Fund: Expenditure

	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>	<b>Difference</b>
Certificated Salaries	\$136,492,754	\$144,674,245	\$8,181,491
Classified Salaries	52,404,176	56,145,833	3,741,657
Employee Benefits	71,730,921	82,700,423	10,969,502
Books & Supplies	24,101,143	12,465,470	(11,635,673)
Services	27,733,053	28,836,814	1,103,761
Capital Outlay	2,350,162	1,455,287	(894,875)
Other & Indirect & Transfers	12,594,515	4,831,607	(7,762,908)
<b>Total Expenditures</b>	<b>\$327,406,724</b>	<b>\$331,109,679</b>	<b>\$3,702,955</b>

# Certificated Salaries: 2021-2022 Changes

- Certificated salaries are projected to increase approximately \$8.2 million from 2021-2022.
  - **Step & Column:** 1.8% per year (+\$2.5 million)
  - **Raises:** Negotiations are ongoing
  - **New Schools:**
    - Agnews Elementary 11.0 FTEs (+\$1.3 million)
    - Huerta Middle 13.2 FTEs (+\$1.6 million)
    - MacDonald High 2.0 FTEs (+\$337,000)

# Certificated Salaries: 2021-2022 Changes

- Despite lower projected enrollment, the District's overall certificated staff FTEs remain stable with additional staff added to support learning loss and program expansion.

	Projected Enrollment	Contract Staffing	2021-2022 Staffing Allocations	Average Class Size Ratio
<b>Grades TK-3</b>	4,848	202.0 FTEs	231.0 FTEs	21.0 students
<b>Grades 4-5</b>	2,262	83.0 FTEs	93.0 FTEs	24.3 students
<b>Grades 6-8</b>	3,065	115.4 FTEs	129.0 FTEs	23.8 students
<b>Grades 9-12</b>	4,389	146.6 FTEs	179.0 FTEs	24.5 students

# Additions from May 27th Board Meeting

- On May 27th, the Board approved the addition of the following positions for the 2021-2022 school year to help provide student support.
  - Early Literacy Intervention Teachers      3.0 FTEs
  - K-5 Support Coaches      6.0 FTEs
  - 6-12 Support Coaches      6.0 FTEs
  - District Social Worker      1.0 FTEs
- The above positions have been included in the proposed 2021-2022 Budget, to be paid from ESSER III.

# Additions from May 27th Board Meeting

- The Board also provided direction regarding additional support for classes that reach certain class-size thresholds.
- District staff will be working with site administration regarding these supports over the summer and an update will be provided to the Board of Trustees at a future meeting.
- Funds have been identified for these additional supports.
  - ESSER III
  - Equity & Intervention (*more on this later in the presentation*)

# Classified Salaries: 2021-2022 Changes

- Classified salaries are projected to increase approximately \$3.7 million from 2021-2022.
  - **Step & Column:** 1.9% per year (+\$1.3 million)
  - **Raises:** Negotiations are ongoing
  - **New Schools:**
    - Agnews Elementary 4.0 FTEs (+\$273,000)
    - Huerta Middle 4.9 FTEs (+\$343,000)
    - MacDonald High 1.0 FTE (+\$65,000)

# Classified Salaries: 2021-2022 Changes

- Additional classified staff are being added in the following areas:
  - Maintenance & Grounds 3.8 FTEs (+\$291,000)
  - Technology 1.0 FTE (+\$120,000)
  - Enrollment Center Clerk 1.0 FTE (+\$51,000)
  - Data & Assessment Manager 1.0 FTE (+\$113,000)
- During 2020-2021, the District realized approximately \$1.0 million in one-time savings related to substitutes, short-term assignments, overtime and other unfilled positions. These have been restored for 2021-2022.

# Employee Benefits: 2021-2022 Changes

- Employee benefits are projected to increase approximately \$11.0 million from 2021-2022.
  - **Step & Column:**     +\$776,000
  - **Raises:**               Negotiations are ongoing
  - **STRS:**                15.92% to 16.92% (+\$1.3 million)
  - **PERS:**                20.70% to 22.91% (+\$1.1 million)
  - **STRS on Behalf:**   +\$1.7 million
- **STRS/PERS and Medical for New Employees:** \$4.0 million



# Unemployment Insurance

- Due to the COVID-19 pandemic, unemployment insurance will see a significant increase.
  - Rates will be increasing from 0.05% to 1.23%.
  - **Budget Implication:** Approx. \$2.15 million (*one-time*)
    - Pending final grant rules, it is possible this could be funded from one-time state/federal COVID-19 grant resources.

# Books and Supplies: Summary

	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>	<b>Difference</b>
Books and Reference Materials	\$3,345,709	\$997,134	(\$2,348,575)
Materials and Supplies	14,288,359	7,738,453	(6,549,906)
Non-Capitalized Equipment	6,467,075	3,729,883	(2,737,192)
<b>Total Books and Supplies</b>	<b>\$24,101,143</b>	<b>\$12,465,470</b>	<b>(\$11,635,673)</b>

The reduction in the 2021-2022 Books and Supplies budget is directly related to one-time expenses in 2020-2021 for the COVID-19 pandemic.

# Services and Operating: Summary

	2020-2021 Estimated Actuals	2021-2022 Proposed Budget	Difference
Agreements for Services	\$4,395,821	\$3,813,981	(\$581,840)
Travel and Conferences	296,418	499,746	203,328
Dues and Memberships	157,874	172,306	14,432
Insurance	1,881,223	1,935,000	53,777
Operations and Housekeeping	4,483,910	5,008,820	524,910
Rentals, Leases and Repairs	1,373,248	1,385,821	12,573
Interfund Transfers	741,160	329,149	(412,011)
Professional Services	13,508,407	14,855,622	1,347,215
Communications	894,992	836,369	(58,623)
<b>Total Services and Operating</b>	<b>\$27,733,053</b>	<b>\$28,836,814</b>	<b>\$1,103,761</b>

# Combined General Fund: Expenditure

	<b>2019-2020 Unaudited Actuals</b>	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>
Certificated Salaries	\$129,237,019	\$136,492,754	\$144,674,245
Classified Salaries	48,702,274	52,404,176	56,145,833
Employee Benefits	70,254,892	71,730,921	82,700,423
Books & Supplies	12,718,364	24,101,143	12,465,470
Services	22,012,941	27,733,053	28,836,814
Capital Outlay	1,368,108	2,350,162	1,455,287
Other & Indirect & Transfers	60,741,677	12,594,515	4,831,607
<b>Total Expenditures</b>	<b>\$345,035,275</b>	<b>\$327,406,724</b>	<b>\$331,109,679</b>

# 2020-2021 Fund Balance

- The District has set-aside the minimum required 3% General Fund Reserve in 2020-2021.
- The District has set-aside the additional 7% Basic Aid Reserve.
- In 2019-2020, \$4.5 million was assigned for future equity and intervention services to respond to student needs.
  - This has been increased to \$9.5 million following the 2020-2021 fiscal year.
- Additional funds have been assigned for the continued opening of Agnew Elementary School and Huerta Middle School.

# Multi-Year Projections

- In addition to creating an annual budget, school districts are required to create a Multi-Year Projection (MYP) for the current year plus two additional years.
- The District has a local practice of preparing an MYP for the current year plus four additional years.
- The following slides details some of the key assumptions used, as well as a summary of the MYP.

# Property Taxes: MYP Assumptions

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Secured</b>	3%	3%	5%	5%	5%
<b>Unsecured</b>	0%	0%	0%	0%	0%
<b>Redevelopment</b>	2%	2%	2%	2%	2%

It is common for the District to receive one-time revenues from redevelopment agencies. However, consistent with past practice, these one-time revenue will be recognized when received.

# MYP Summary: Revenue (part 1)

	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>	<b>2022-2023 Projection Year 1</b>
Property Taxes/LCFF	\$271,202,111	\$266,378,700	\$272,441,546
Federal	26,851,076	7,836,784	5,606,644
State	29,714,043	25,135,561	20,426,757
Local	25,676,547	22,833,317	22,994,317
Transfers	2,693,405	500,000	0
<b>Total Revenues</b>	<b>\$356,137,182</b>	<b>\$322,684,362</b>	<b>\$321,469,264</b>



# MYP Summary: Revenue (part 2)

	<b>2023-2024 Projection Year 2</b>	<b>2024-2025 Projection Year 3</b>	<b>2025-2026 Projection Year 4</b>
Property Taxes/LCFF	\$282,978,540	\$294,020,572	\$305,593,344
Federal	5,606,644	5,606,644	5,606,644
State	20,427,076	20,431,542	20,435,849
Local	22,994,317	22,994,317	22,994,317
Transfers	0	0	0
<b>Total Revenues</b>	<b>\$332,006,577</b>	<b>\$343,053,075</b>	<b>\$354,630,154</b>

# Salaries: MYP Assumptions

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Certificated Step &amp; Column</b>	1.8%	1.8%	1.8%	1.8%	1.8%
<b>Classified Step</b>	1.9%	1.9%	1.9%	1.9%	1.9%
<b>COLA Raises <sup>1</sup></b>	0%	0%	0%	0%	0%

<sup>1</sup> Negotiations are currently underway regarding 2021-2022 salary increase for both certificated and classified staff. When negotiations are finalized, the assumptions will change accordingly.

*NOTE:* Additional FTEs are included throughout the MYP period for the three new schools as additional grade levels are added.

# Benefits: MYP Assumptions

	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>
<b>STRS</b>	16.92%	19.10%	19.10%	19.10%	19.10%
<b>PERS</b>	22.91%	26.10%	27.10%	27.70%	27.80%
<b>Social Security</b>	6.20%	6.20%	6.20%	6.20%	6.20%
<b>Medicare</b>	1.45%	1.45%	1.45%	1.45%	1.45%
<b>Unemployment Insurance</b>	1.23%	0.90%	0.20%	0.20%	0.20%

The District has also projected employer contributions to medical, dental, and vision insurance consistent with current contributions throughout the MYP.

# MYP Summary: Expenditure (part 1)

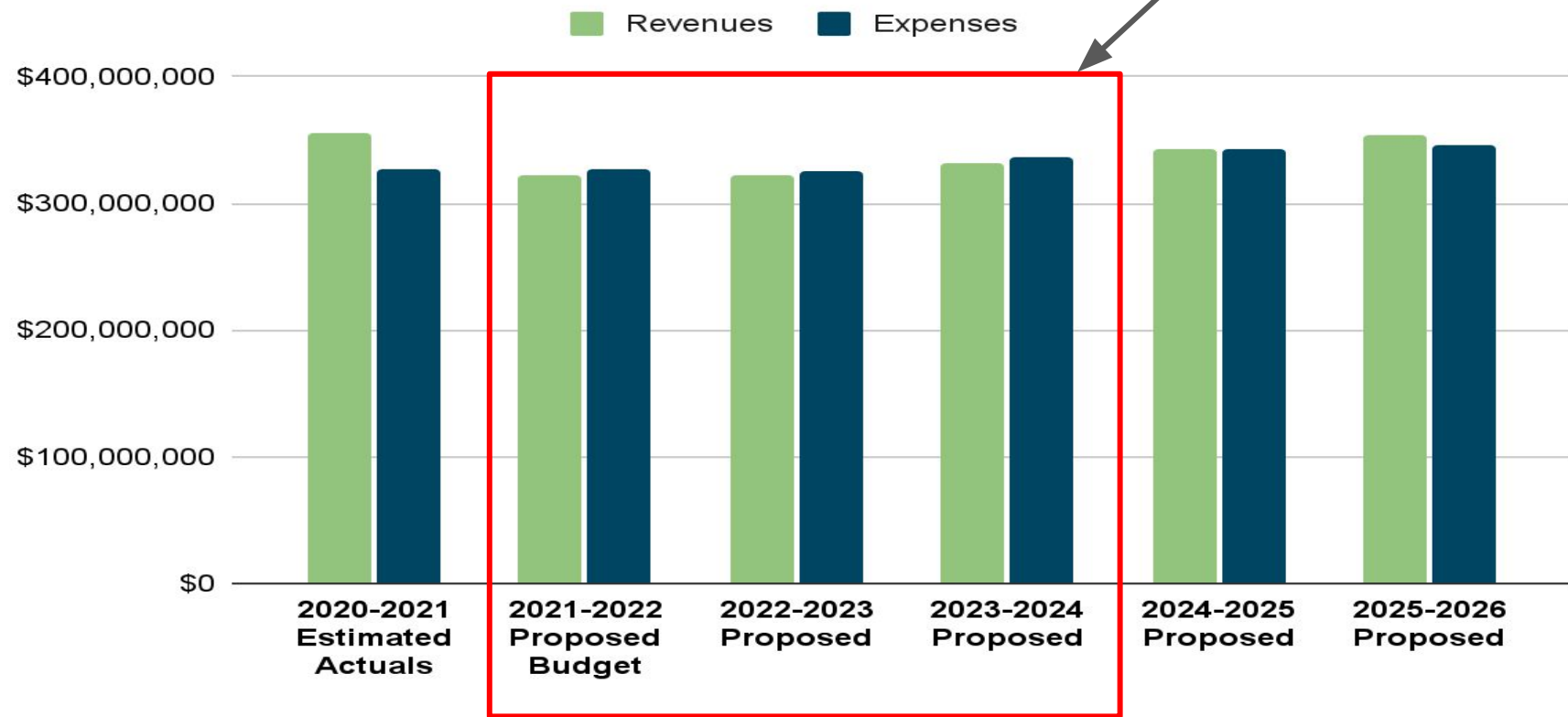
	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>	<b>2022-2023 Projection Year 1</b>
Certificated Salaries	\$136,492,754	\$144,674,245	\$147,009,610
Classified Salaries	52,404,176	56,145,833	56,750,495
Employee Benefits	71,730,921	82,700,423	87,879,472
Books & Supplies	24,101,143	12,465,470	11,704,021
Services	27,733,053	28,836,814	26,220,323
Capital Outlay	2,350,162	1,455,287	1,455,287
Other & Indirect & Transfers	12,594,515	4,831,607	3,668,309
<b>Total Expenditures</b>	<b>\$327,406,724</b>	<b>\$331,109,679</b>	<b>\$334,687,517</b>

# MYP Summary: Expenditure (part 2)

	<b>2023-2024 Projection Year 2</b>	<b>2024-2025 Projection Year 3</b>	<b>2025-2026 Projection Year 4</b>
Certificated Salaries	\$147,850,328	\$151,575,634	\$154,303,996
Classified Salaries	57,946,254	59,047,233	60,169,131
Employee Benefits	87,551,466	88,947,189	89,839,242
Books & Supplies	12,244,615	12,861,538	13,242,667
Services	26,077,823	26,277,823	26,077,823
Capital Outlay	1,455,287	1,455,287	1,455,287
Other & Indirect & Transfers	2,795,835	2,141,480	1,650,714
<b>Total Expenditures</b>	<b>\$335,921,608</b>	<b>\$342,306,184</b>	<b>\$346,738,860</b>

# MYP Summary

Projected deficit spending based on current assumptions.



# Other Info - State Budget

- We await final details on the 2021-2022 State Budget.
  - Keeping an eye on any new mandates.
- State law requires that the Senate and Assembly pass a State budget by June 15th.
  - The Governor has until June 30th to sign the budget.
  - Many details of the budget are finalized in trailer bills in the following months.

# Other Info - State Budget

- Senate and Assembly Education Budget Details
  - 5.07% COLA for Local Control Funding Formula
  - 4.05% COLA for Special Education and Categoricals
  - Increase supplemental grant from 20.0% to 23.3%
  - Universal Transitional Kindergarten
    - Full Implementation: 2025-2026
    - Class Size Ratio: 10 students per adult
    - Full school day program
  - \$2.8 billion through 2024-2025 to reduce pension obligations
    - \$400 million for 2021-2022



# Other Info - State Budget

- Senate and Assembly Education Budget Details (*continued*)
  - Rejects the Governor's one-time proposal for
    - \$2 billion In-Person Health and Safety Block Grant
    - \$2.6 billion Targeted Intervention Block Grant
  - \$700 million College Readiness Block Grant (one-time)
  - Reduction in Child Nutrition Reimbursement Funding
    - From \$150 million to \$54 million
    - Pathway to Universal Meal Program in 2022-2023

# Other Info - State Budget

- Senate and Assembly Education Budget Details (*continued*)
  - Expanded Learning Time Program
    - Funding based on TK-6 unduplicated count
    - Need more details to determine impact
  - Independent Study
    - Amendments to existing statutes
    - Still under negotiations with Governor's Office

# Other Info - State Budget

- Senate and Assembly Education Budget Details (*continued*)
  - Special Education
    - Funding to permanently increase special education funding
    - One-time funding for learning recover support
    - Need more information to determine local impact
  - Independent Study
    - Amendments to existing statutes
    - Still under negotiations with Governor's Office
  - Unemployment Insurance Reprieve
    - From 1.23% to 0.50% (2021-2022) and 0.50% (2022-2023)

# Future Budget Presentations

