

2021-22

Second Interim Financial Report

March 8, 2022

Information Report No. 2

Presented by: Stephen Dickinson

Chief Business and Financial Officer

Stephen Dickinson, Chief Business & Financial Officer
Karineh Savarani, Director, Financial Services

Budget Report No. 3



Excelling Together with Endless Pathways for Success!



Agenda

- Second Interim Report and Certification/Budget Calendar
- One-time COVID-19 Funds: Federal and State
- Ongoing Funds: Local Control Funding Formula
- Major Changes Since First Interim Report
- 2021-22 Revenue/Expense/Ending Fund Balance
- Multi-Year Projections – Unrestricted General Fund
- Fiscal Stabilization Plan – 2022-23 and 2023-24
- Budget Challenges and Factors That Can Improve Budget
- GUSD Key Indicators
- 2021-22 Second Interim Summary
- Next Steps



Second Interim Report and Certification

- AB 1200 and AB 1708 require county offices to monitor and review district budget and financial reports
- Districts are required to submit two interim budget reports determining if they can meet their financial obligations in the current and the two subsequent years
- The County certifies each report as “positive”, “qualified”, or “negative” based on the ability of the district to meet its financial obligations
- The second interim report represents the actual and projected financial position of the General Fund as of January 31, 2022

Certification Definition

- ✓ **POSITIVE** = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years
- **QUALIFIED** = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years
- **NEGATIVE** = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

Current Projections based on Second Interim and Multi-Year Projection (MYP)



2021-22 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2021
- First Interim by December 15, 2021
 - *Using data through October 31, 2021*
- Second Interim by March 15, 2022
 - *Using data through January 31, 2022*
- Third Interim by June 1, 2022
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2022*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2022-23 Budget by June 30, 2022
- Adopt LCAP & 2022-23 Budget
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*



Federal and State COVID-19 Funding Update as of February 16, 2022

Funding	Allocation	Revenue Received	Expenditures	Pre-Encumb/Encumb	Committed (Not Exp./Encumb)	Available Allocation	Overspent	Deadline
CR Funding (32200.0)	\$ 12,529,519	\$ 12,529,519	\$ 12,532,372	\$ -	\$ -	\$ -	\$ 2,853	5/31/2021
GEER I (32150.0)	\$ 1,248,470	\$ 412,581	\$ 770,085	\$ 116,539	\$ -	\$ 361,846	\$ -	9/30/2022
ESSER I (32100.0)	\$ 5,240,294	\$ 5,240,294	\$ 5,240,294	\$ -	\$ -	\$ -	\$ -	9/30/2022
ESSER II (32120.0)	\$ 20,750,443	\$ 20,750,443	\$ 25,661,860	\$ -	\$ -	\$ -	\$ 4,911,417	9/30/2023
ESSER III (32130.0)	\$ 37,308,787	\$ 4,377,090	\$ 16,941,130	\$ 13,776,591	\$ 15,027,197	\$ -	\$ 8,436,131	9/30/2024
ESSER III - 20% (32140.0)	\$ 9,327,197	\$ 1,094,272	\$ -	\$ -	\$ 2,300,000	\$ 7,027,197	\$ -	9/30/2024
SB-177 (73880.0)	\$ 432,359	\$ 432,359	\$ 432,359	\$ -	\$ -	\$ -	\$ -	None
In-Person Inst. Grant (74220.0)	\$ 9,103,659	\$ 9,103,659	\$ 3,188,072	\$ 4,151,683	\$ -	\$ 1,763,904	\$ -	9/30/2024
Exp. Learning Opportunity Grant (74250.0&74260.0)	\$ 17,641,244	\$ 9,853,369	\$ 6,267,278	\$ 6,095,796	\$ 5,278,170	\$ -	\$ -	9/30/2024
State Learning Loss Mitigation (74200.0)	\$ 2,040,287	\$ 2,040,287	\$ 2,043,559	\$ -	\$ -	\$ -	\$ 3,272	6/30/2021
LACOE ELC Contract (COVID Testing) (58104.0)	\$ 3,971,749	\$ 963,511	\$ 4,139,822	\$ -	\$ -	\$ -	\$ 168,073	6/20/2022
Total	\$ 119,594,008	\$ 66,797,384	\$ 77,216,831	\$ 24,140,609	\$ 22,605,367	\$ 9,152,947	\$ 13,521,746	
							Net Overcommitted \$ 4,368,799	

Note: The amounts to date are for two fiscal years – 2020-21 and 2021-22, and will continue through 2022-23 and 2023-24. The net overcommitted amount will be re-balanced to zero over the next two fiscal years.



State Local Control Funding Formula (LCFF)

- 5.07% Cost Of Living Adjustment (COLA) for 2021-22 (and 2020-21)
- 5.33% Cost Of Living Adjustment (COLA) for 2022-23
 - GUSD estimate = \$11.5 million ongoing funding
 - No extension of the ADA hold harmless – In 2022-23 GUSD will feel the revenue loss from the enrollment declines from 2020-21 and 2021-22 combined
 - Budget reductions are only being made in alignment with declining enrollment



Unrestricted General Fund Major Changes Since First Interim Report

	2021-22	2022-23	2023-24	2024-25	Cumulative
<u>Revenue</u>					
LCFF Revenue*	\$0.005 M ↑	\$0.4 M ↑	\$7.9 M ↑	\$8.6 M ↑	\$16.9 M ↑
COLA %	5.07%	5.33%	3.61%	3.64%	
Unduplicated %	52.20%	51.19%	50.94%	51.36%	
Enrollment	24,213	23,628	23,628	23,625	

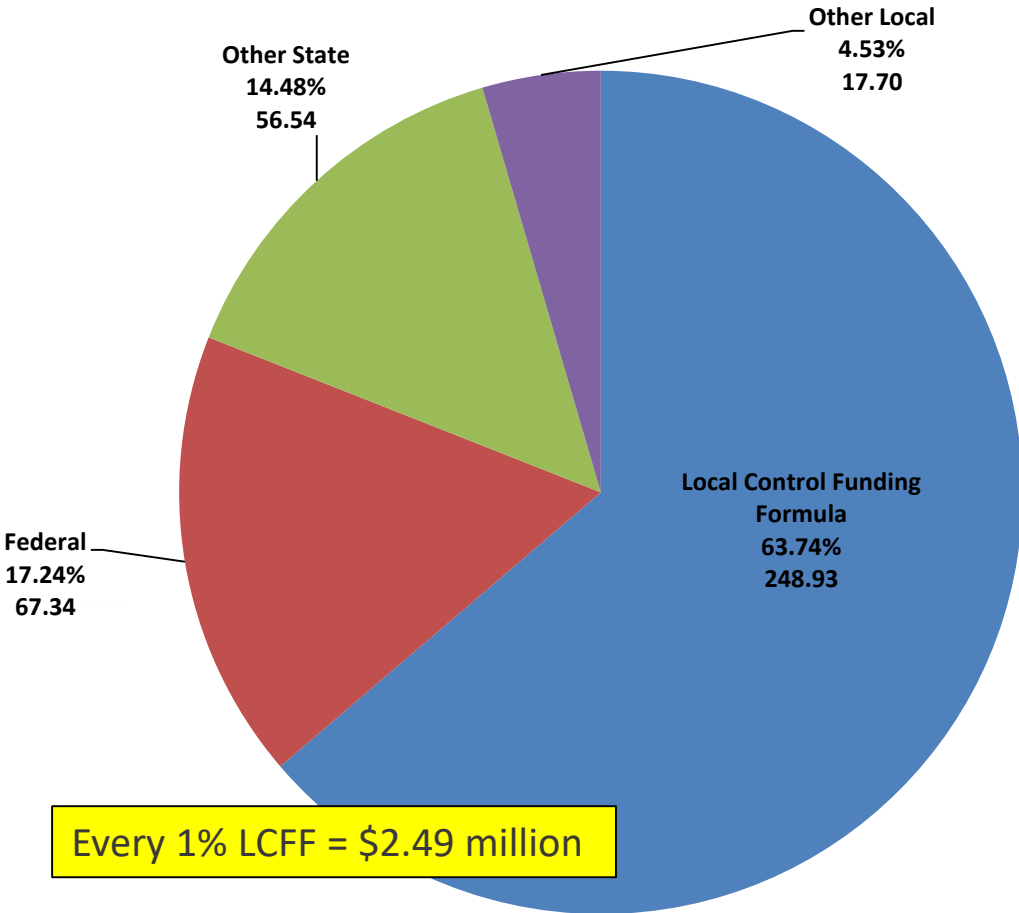
*Please note that even though LCFF Revenue increased from First Interim, there was a decrease of \$6.5 million between 2021-22 and 2022-23.



Unrestricted General Fund Major Changes Since First Interim Report

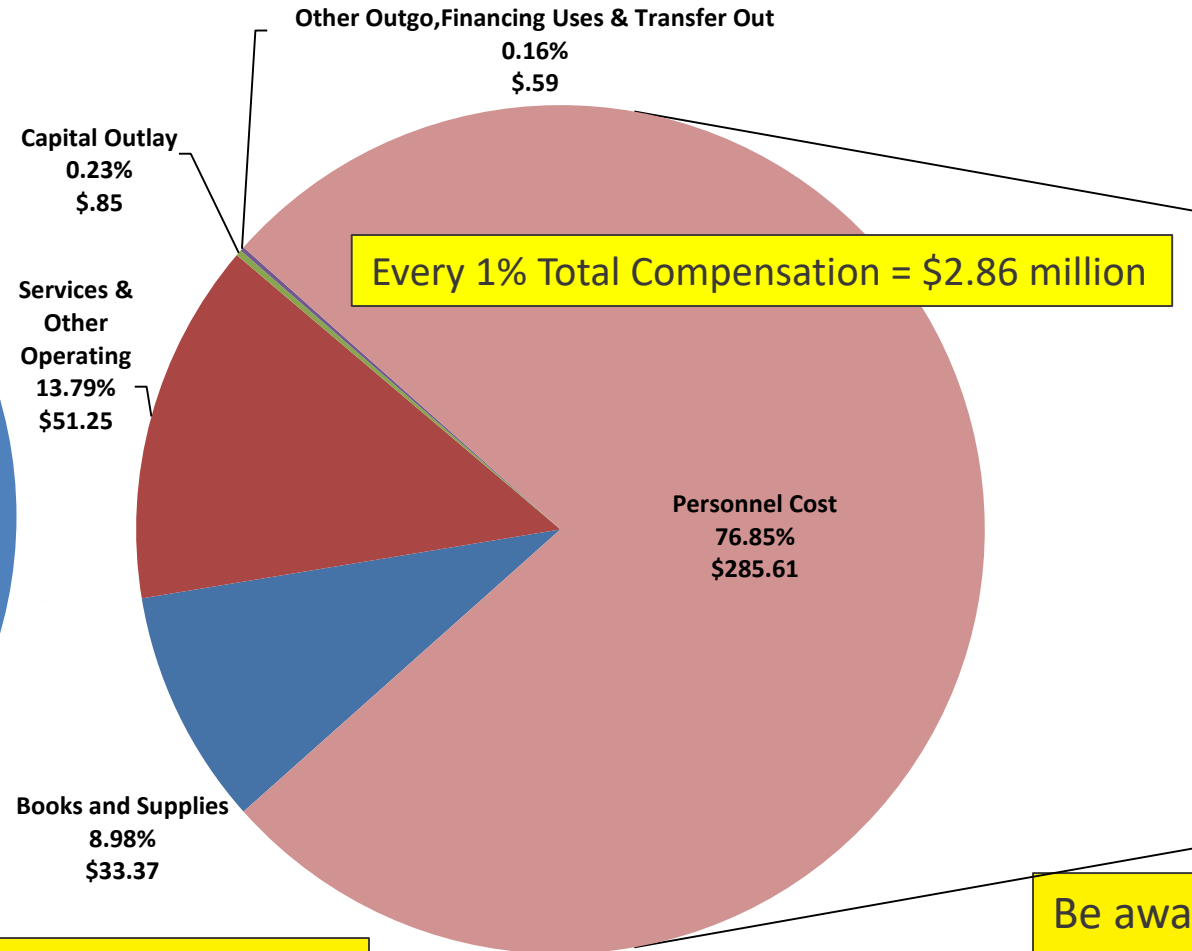
	2021-22	2022-23	2023-24	2024-25
<u>Expense</u>				
2021-22 One-Time Projected Actuals vs. Budget Savings (assigned)	\$ 6.8 M ↓	\$0	\$0	\$0
2021-22 One-Time Projected Actuals vs. Budget Savings (unassigned)	\$ 0.4 M ↓	\$0	\$0	\$0
Special Education Disproportionality Program Appropriation	\$ 0	\$0.35 M ↑	\$0.35 M ↑	\$0.35 M ↑
Election Costs (Paid in 2022-23)	\$ 0	\$0.7 M ↑	\$0	\$0
Total	\$ 7.2 M ↓	\$1.0 M ↑	\$0.35 M ↑	\$0.35 M ↑

2021-22 Second Interim TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Every 1% LCFF = \$2.49 million

Per student funding = \$10,082



Every 1% Total Compensation = \$2.86 million

Certificated Salaries	40.42%	\$150.24
Classified Salaries	12.97%	\$48.21
Employees Benefits	23.45%	\$87.16

Be aware of annual carryover process

Rev \$390.51m
-Exp \$371.66m
Current Excess= \$18.85m

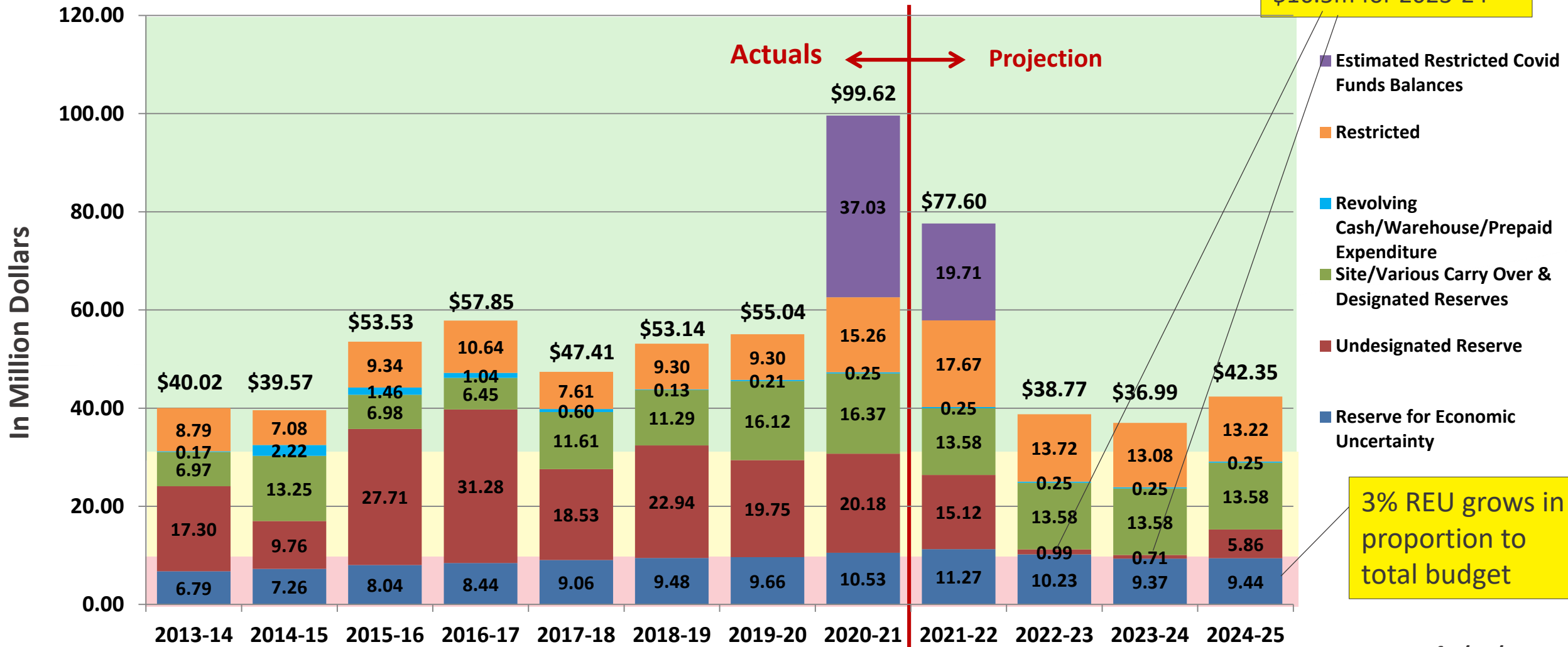
Total Revenues \$390,510,524

Total Expenditures \$ 371,661,749



2021-22 Second Interim Summary of General Fund Ending Fund Balances

Assumes \$6m ongoing expense reduction for 2022-23 and another \$16.5m for 2023-24



3% REU grows in proportion to total budget

AS of 2/28/2022



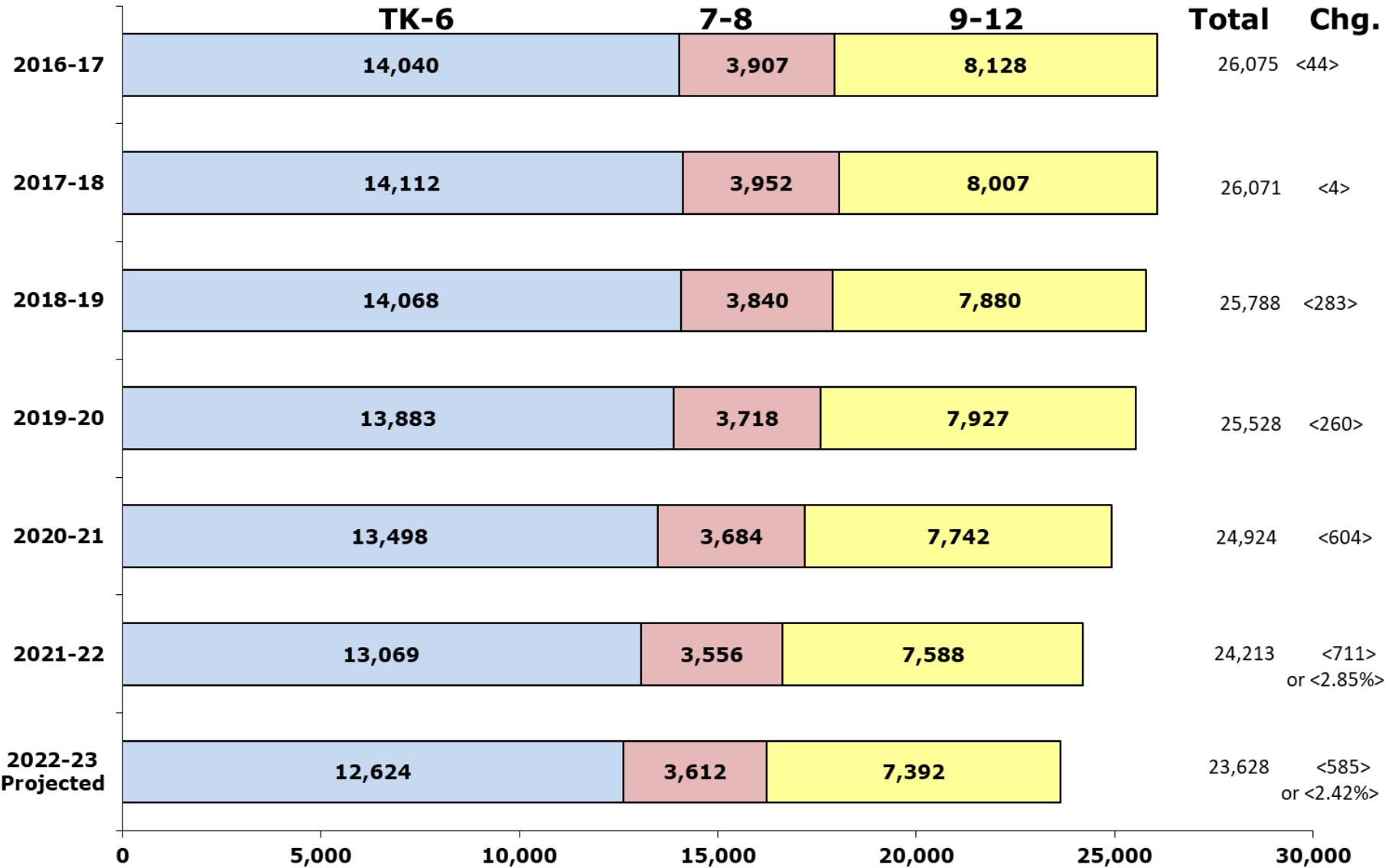
2021-22 Second Interim Unrestricted General Fund MULTI YEAR PROJECTION

	2021-22	2022-23	2023-24	2024-25
Total Revenues	\$ 219,023,373	\$ 213,209,131	\$ 221,787,676	\$ 231,256,587
Total Expenditure	226,141,695	228,377,934	222,926,308	226,035,610
Net Increase/(Decrease)	(7,118,322)	(15,168,803)	(1,138,632)	5,220,977
Beginning Balance	47,338,051	40,219,729	25,050,926	23,912,294
Audit Adjustments	-	-	-	-
Ending Balance	40,219,729	25,050,926	23,912,294	29,133,271
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	183,810	183,810	183,810	183,810
Prepaid Expenditures	-	-	-	-
3% Reserve for Economic Uncertainties	11,265,375	10,227,710	9,373,510	9,443,250
Reserve for 2020-21 Carry-Overs & MAA and Projected End of Year 2021-22 Carry-Over	13,577,809	13,577,809	13,577,809	13,577,809
Undesignated Balance in Excess of Assigned and 3% Reserve	\$ 15,122,735	\$ 991,597	\$ 707,165	\$ 5,858,402
Salaries and Benefits % of Exp. *	85.14%	88.08%	95.18%	95.11%
Salaries and Benefits % of Rev.	87.91%	94.35%	95.67%	92.96%

* The "Salaries and Benefits % of Exp." increase in 2023-24 and 2024-25 is due to COVID funds ending in Restricted General Fund and expenses being diverted to the Unrestricted General Fund



Historical Enrollment (CALPADS DATA)





GLENDALE UNIFIED SCHOOL DISTRICT 2022-23 Fiscal Stabilization Plan – approved 12/14/21 (Required by LACOE to meet Positive Budget Certification)

Dept	Program	Est. Savings/Rev
1. LCFF Funding	2022-23 LCFF above current COLA projection of 5.33% already included; every 1% = \$2.5m	\$ 0
2. State/Federal*	Additional State/Federal one-time and/or ongoing funding that can be used to offset reductions	\$ 0
3. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
4. Non-personnel	Non-site department budgets – supplies, consulting services, conferences, etc.	\$ 0
5. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2022); 1% = \$400,000	\$ 0
6. Elementary	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 4,000,000
7. Middle School	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 1,200,000
8. High School	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 800,000
9. Classified	Adjust Classified staffing due to declining enrollment	\$ 0
10. Management	Adjust Management staffing due to declining enrollment	\$ 0
11. Districtwide	TBD – Additional budget reductions needed	\$ 0
	*ESSER III Plan includes two years (2021-22 and 2022-23) of funding for additional FTE to add 7-period at secondaries and one year (2021-22) of funding to eliminate split classes. These costs will come back to the unrestricted General Fund in 2023-24.	
	Total Impact Needed (new revenue + expense reductions) = \$6,000,000+	Current Total = \$ 6,000,000



GLENDALE UNIFIED SCHOOL DISTRICT 2023-24 Fiscal Stabilization Plan – Draft #2 (3/8/22) (Required by LACOE to meet Positive Budget Certification)

Dept	Program	Est. Savings/Rev
1. LCFF Funding	2023-24 LCFF above current COLA projection of 3.61% already included; every 1% = \$2.5m	\$ 0
2. State/Federal	Additional State/Federal one-time and/or ongoing funding that can be used to offset reductions	\$ 0
3. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
4. Non-personnel	Non-site department budgets – supplies, consulting services, conferences, etc.	\$ 1,000,000
5. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2023); 1% = \$400,000	\$ 0
6. Elementary	Adjust Teaching FTE due to declining enrollment est. for 2023-24 (-2.5%?)	\$ 2,000,000
7. Middle School	Adjust Teaching FTE due to declining enrollment est. for 2023-24 (-2.5%?)	\$ 600,000
8. High School	Adjust Teaching FTE due to declining enrollment est. for 2023-24 (-2.5%?)	\$ 400,000
9. Classified	Adjust Classified staffing due to declining enrollment	\$ 500,000
10. Management	Adjust Management staffing due to declining enrollment	\$ 250,000
11. Districtwide	TBD – Additional budget reductions needed	\$ 11,750,000
	Total Impact Needed (new revenue + expense reductions) = \$16,500,000+	Current Total = \$ 16,500,000



Budget Challenges

- Enrollment, ADA and Unduplicated Pupil Percent (UPP), COLA-only increases
- Personnel costs pending
- Health care contribution – +8% (+\$3.2m) potential cost increase every year
- Ongoing Impact of COVID-19 on 2021-22, future budgets, and depletion of the COVID-19 one-time funding
- Ending of ADA “Hold Harmless” Provision in 2021-22
- Special Education – Program Needs Increasing
- Fiscal Stabilization Plan for 2022-23 of \$6 million and another \$16.5m for 2023-24 to prevent Unrestricted General Fund Balances going negative
- Potential territory transfer – est. negative impact of \$2.7m ongoing

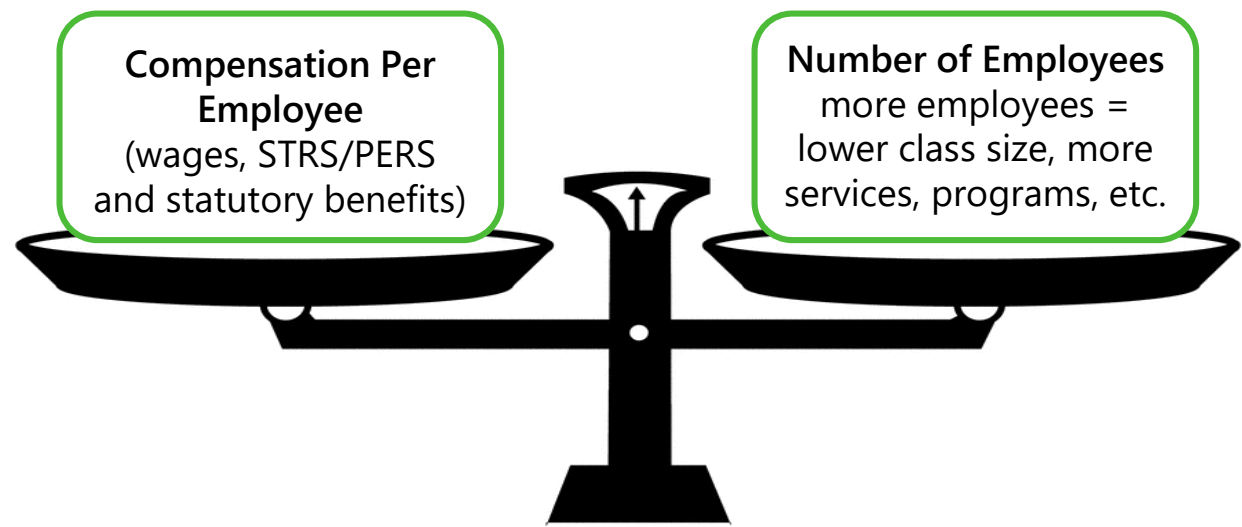


Future Opportunities to Increase Enrollment and/or Revenue

- Quality programs and services for parents and families
 - Transitional Kindergarten
 - Full-day Kindergarten
- Advertising and promotion
- Parcel and bond tax
- Grants and fund raising
- Review of district assets

School Budgets: Finding the Right Balance

The majority of a school district's budget is spent on personnel costs, which have two competing components:



School districts must find the right balance of compensating employees fairly while also providing the best possible services to our students and families.



GUSD Key Indicators

GUSD is a great school district for many reasons:

- Outstanding students
- Outstanding teachers and support staff
- Outstanding parent involvement
- Informed, responsible and proactive Board of Education
- Excellent class offerings, programs, curriculum and technology
- Robust independent study options
- Very good and competitive wages and excellent health insurance benefits
- Stable fiscal reserves



2021-22 Second Interim Summary

- **The Superintendent is recommending a Positive Certification for Second Interim.**



Next Steps

- March – May 2022 – Continue to monitor the Legislative actions and make adjustments as needed
- June 2022 – Budget Hearing and Adoption of the initial 2022-23 budget
- Review of the 2023-24 Fiscal Stabilization Plan (FSP)

QUESTIONS?

FOR MORE BUDGET INFO . . .

WWW.GUSD.NET/BUDGET

WWW.ED100.ORG

CALL OR EMAIL STEPHEN DICKINSON, CFO
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