

2020-21

Second Interim Financial Report

March 9, 2021

Information Report No. 3

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Chief Business and Financial Officer

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Budget Report No. 3



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Agenda

- One-time COVID-19 Funds: Federal and State
- Ongoing Funds: Local Control Funding Formula
- Second Interim Report and Certification/Budget Calendar
- Major Changes Since First Interim Report
- 2020-21 Revenue/Expense/Ending Fund Balance
- Multi-Year Projections – Unrestricted General Fund
- Fiscal Stabilization Plan – 2020-21, 2021-22, and 2022-23
- Budget Concerns and Factors That Can Improve Budget
- GUSD Key Indicators
- 2020-21 Second Interim Summary
- Next Steps



Federal COVID-19 One-Time Funds

- Federal #1 – CRF, ESSER I, GEER, LLM and SB 117
 - GUSD = \$21.3 million
 - Received in summer/fall of 2020
 - These funds have already been spent and/or obligated on costs through the remainder of the 2020-21 school year
 - *CRF – Coronavirus Relief Fund*
 - *ESSER – Elementary and Secondary Schools Emergency Relief*
 - *GEER – Governor’s Emergency Education Relief*
 - *LLM – Learning Loss Mitigation*



Federal COVID-19 One-Time Funds

- Federal #2 – ESSER II
 - GUSD estimate = \$20.77 million
 - Approved 12/27/2020, not yet received, but budgeted revenues and expenditures in 2020-21
 - These funds would be used to fund continuing COVID-related expenses throughout the 2021-22 school year. These costs may include: continuing supply of all basic PPE, partitions, cleaning supplies, air filters, additional air purification solutions, touchless fixtures, technology devices, outdoor classroom spaces, and the increased personnel cost of custodians and other support as needed



Federal COVID-19 One-Time Funds

- Federal #3 – Still being discussed in Washington, D.C.
- Funding is not an obstacle for school reopening plans



State COVID-19 One-Time Funds SB 86/AB 86 Information from Today (3/1/21)

- School Reopening Grant – \$2 billion statewide
 - GUSD estimate = up to \$8.4 million
 - Requirements:
 - Approved COVID-19 School Safety Plan
 - Purple Tier – Provide optional in-person instruction to TK-2 and prioritized student cohorts (English learners, Special Education, foster and homeless, at risk, disengaged, and lacking internet access)
 - Must begin by March 31 – funding reduced by 1% for each day of instruction that the district did not provide in-person instruction starting April 1



State COVID-19 One-Time Funds SB 86/AB 86 Information from Today (3/1/21)

- Expanding Learning Opportunities Grant – \$4.6 billion statewide
 - GUSD estimate = \$18 million
 - Expenditure plan by 6/1/21 – expend funds by 8/31/22
 - Extending instructional learning time
 - Accelerating progress to close learning gaps
 - Integrated pupil supports to address other barriers to learning
 - Prioritized students (English learners, Special Education, foster and homeless, at risk, disengaged, lacking internet access, low income and below grade level/in danger of not graduating)



State Local Control Funding Formula (LCFF)

- 0% Cost Of Living Adjustment (COLA) for 2020-21
- 3.84% Cost Of Living Adjustment (COLA) for 2021-22
 - GUSD estimate = \$8.6 million ongoing funding
 - This ongoing funding increase can be used to offset a portion of the ongoing reductions currently approved in the 2021-22 fiscal stabilization plan; caution not to spend funds twice
 - 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



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, 2021

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)



2020-21 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2020
- First Interim by December 15, 2020
 - *Using data through October 31, 2020*
- Second Interim by March 15, 2021
 - *Using data through January 31, 2021*
- Third Interim by June 1, 2021
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2021*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2021-22 Budget by June 30, 2021
- Adopt LCAP & 2021-22 Budget
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*



General Fund Major Changes Since First Interim Report

	2020-21	2021-22	2022-23	2023-24	Cumulative
<u>Revenue</u>					
LCFF Revenue	\$0.06 M ↑	\$8.5 M ↑	\$2.2 M ↑	\$3.9 M ↑	\$14.66 M ↑
ESSER II	\$20.7 M ↑	\$0	\$0	\$0	
COLA %	0%	3.84%	1.28%	1.61%	
Unduplicated %	53.45%	53.10%	52.59%	52.85%	

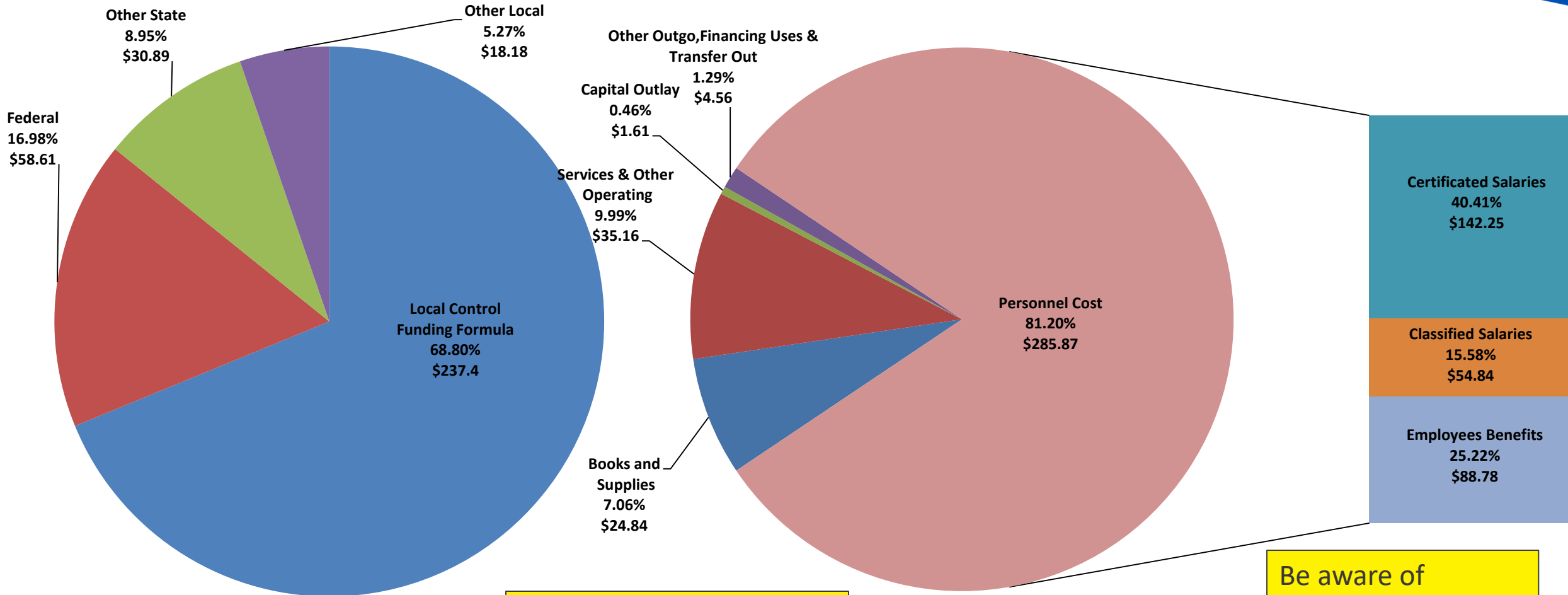


General Fund Major Changes Since First Interim Report

	2020-21	2021-22	2022-23	2023-24
<u>Expense</u>				
Reversal of Estimated One-Time Projected Unassigned Expenditures	\$ 5.5 M ↑	\$0	\$0	\$0
2020-21 One-Time Projected Actuals vs. budget Savings (assigned)	\$ 9.1 M ↓	\$0	\$0	\$0
2020-21 One-Time Projected Actuals vs. Budget Savings (unassigned)	\$ 4.5 M ↓	\$0	\$0	\$0
Special Education Disproportionality Program Appropriation	\$ 0.38 M ↑	\$0	\$0	\$0
2020-21 ESSER II Additional Expenses	\$ 20.7 M ↑	\$0	\$0	\$0
Cumulative	\$ 12.98 M ↑			



2020-21 Second Interim TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Rev \$345.09m
 -Exp \$352.03m
 Current Deficit= (\$6.94)m

Be aware of
annual carryover
process

Total Revenues \$345,089,335

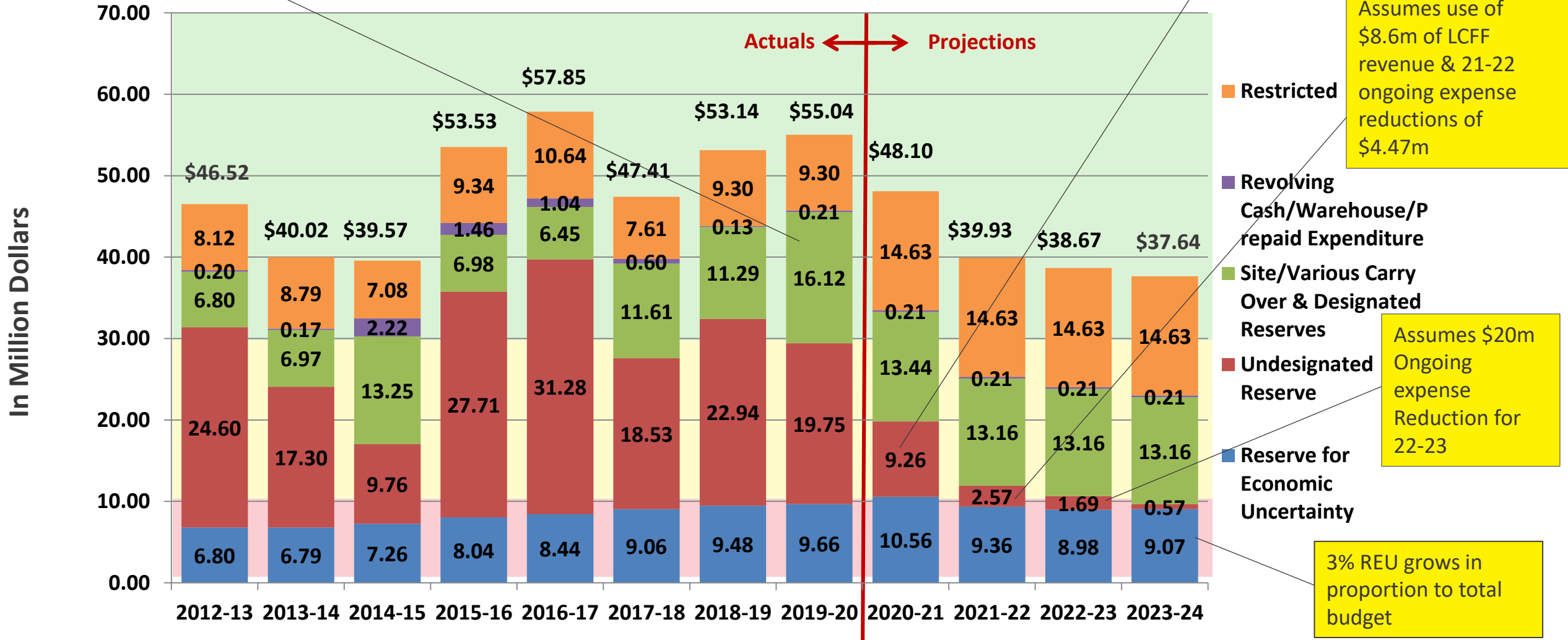
Total Expenditures \$ 352,034,890

Designated Reserves:

- LACOE charges= \$.56
- Carry over/MAA =\$14.8
- One Time 17-18 Disc. Fund=\$.75

2020-21 Second Interim Summary of General Fund Ending Fund Balances

Assumes \$5m ongoing expense reductions are made for 20-21 and reversal of \$13m Adopted Budget Fiscal Stab. Plan Placeholders



Assumes use of \$8.6m of LCFF revenue & 21-22 ongoing expense reductions of \$4.47m

Assumes \$20m Ongoing expense Reduction for 22-23

3% REU grows in proportion to total budget

As of 2/26/2021

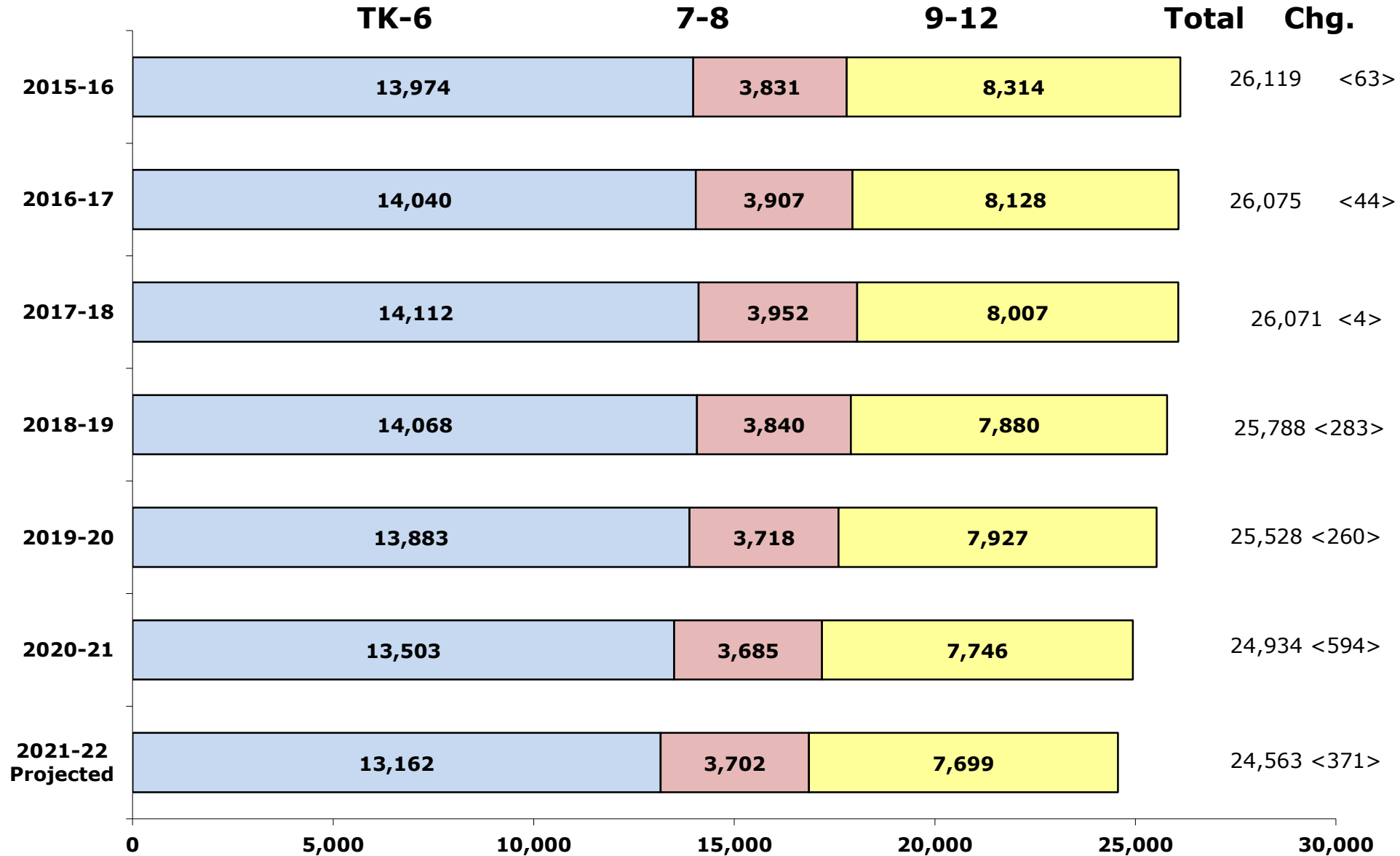


2020-21 Second Interim Unrestricted General Fund MULTI YEAR PROJECTION

	2020-21	2021-22	2022-23	2023-24
Total Revenues	\$ 205,245,848	\$ 213,843,823	\$ 207,454,946	\$ 211,220,821
Total Expenditure	217,521,180	222,017,162	208,717,695	212,254,465
Net Increase/(Decrease)	(12,275,332)	(8,173,339)	(1,262,749)	(1,033,644)
Beginning Balance	45,743,857	33,468,525	25,295,186	24,032,437
Audit Adjustments	-	-	-	-
Ending Balance	33,468,525	25,295,186	24,032,437	22,998,793
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	140,012	140,012	140,012	140,012
Prepaid Expenditures	-	-	-	-
3% Reserve for Economic Uncertainties	10,565,000	9,360,000	8,980,000	9,070,000
Reserve for Carry Over, MAA, Projected Future Year 2020-21 Carry-Over, LACOE Charges	13,436,090	13,156,090	13,156,090	13,156,090
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 9,257,423	\$ 2,569,084	\$ 1,686,335	\$ 562,691
Salaries and Benefits % of Exp.	87.74%	89.76%	89.95%	89.96%
Salaries and Benefits % of Rev.	92.99%	93.20%	99.17%	98.71%



Historical Enrollment (CALPADS Data)





GLENDALE UNIFIED SCHOOL DISTRICT 2020-21 Fiscal Stabilization Plan - \$5,000,000 Needed

Dept	Program	Est. Savings/Rev
1. LCFF Funding	2020-21 LCFF above current COLA projection of 3% (Jan/May 2020 Gov proposals); 1% = \$2.4m	\$ 0
2. T&L/Funding	Restructure funding source for professional development to LPS Block Grant (Yr2 of 2)	\$ 500,000
3. LCFF Funding	ADA% increase of 0.25% (could begin in 2019-20) – need specific plans and actions; 1% = \$2.4m	\$ 600,000
4. DO Cert Mgmt	Eliminate Exec. Dir. Of Secondary Ed position – vacant	\$ 200,000
5. DO Non-personnel	3% reduction in all non-site department budgets – supplies, consulting services, conferences (Yr2)	\$ 750,000
6. DO Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2020); 1% = \$300,000	\$ 0
7. Elem	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 900,000
8. Middle	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 200,000
9. HS	Adjust Teaching positions due to declining enrollment from 2019-20	\$ 100,000
10. Classified	Adjust Classified staffing – due to ratios and declining enrollment from 2019-20	\$ 50,000
11. Classified	Adjust Classified staffing – review of all vacancies for possible non-replacement	\$ 100,000
12. Cert Mgmt	Adjust Assistant Principal position due to declining enrollment from 2019-20	\$ 150,000
13. Classified	Apply one-time 2018-19 savings related to sub/benefit costs within certain LCAP Targeted Programs	\$ 1,500,000
		\$ 0
		\$ 0
	AS OF 12/17/19	\$ 0
	Total Needed = \$5,000,000	Current Total = \$ 5,050,000



GLENDALE UNIFIED SCHOOL DISTRICT 2021-22 Fiscal Stabilization Plan
\$12,000,000+ (Year 1 of multi-year plan to address total estimated ongoing deficit of up to \$30m)

Dept	Program	Est. Savings/Rev
1. LCFF Funding	Increased revenue from Prop 15 (11/3/20 ballot; est revenue would start 2022-23)	\$ 0
2. LCFF Funding	2021-22 LCFF above current COLA projection of 0%; 1% = \$2.3m (Gov's January Proposal = 3.84%)	\$ 8,600,000
3. State/Federal	One-time funding that can be used to offset reductions	\$ 0
4. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
5. Non-personnel	6.67% reduction in all non-site department budgets – supplies, consulting services, conferences, etc.	\$ 3,000,000
6. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2021); 1% = \$300,000	\$ 0
7. Elementary	Adjust Teaching FTE by approx. 30 due to enrollment: 2020-21 (-2.3%) and est. for 2021-22 (-1.5%)	\$ 3,000,000
8. Middle School	Adjust Teaching FTE by approx. 3 due to enrollment: 2020-21 (-2.3%) and est. for 2021-22 (-1.5%)	\$ 300,000
9. High School	Adjust Teaching FTE by approx. 2 due to enrollment: 2020-21 (-2.3%) and est. for 2021-22 (-1.5%)	\$ 200,000
10. Classified	Adjust Classified staffing due to declining enrollment from 2020-21 and est. for 2021-22	\$ 720,000
11. Management	Adjust Management staffing due to declining enrollment from 2020-21 and est. for 2021-22	\$ 250,000
12. Districtwide	TBD – Negotiated budget savings and staffing considerations	\$ 5,000,000
13.		\$ 0
14.		\$ 0
15.		\$ 0
	AS OF 3/9/21	\$ 0
	Total Impact Needed (new revenue + expense reductions) = \$12,000,000+ Current Net Total =	\$ 4,470,000



DRAFT GLENDALE UNIFIED SCHOOL DISTRICT 2022-23 Fiscal Stabilization Plan

\$20,000,000+ (Year 2 of multi-year plan to address total estimated ongoing deficit of up to \$30m)

Dept	Program	Est. Savings/Rev
1.		\$
2. LCFF Funding	2022-23 LCFF above current COLA projection of 0%; 1% = \$2.2m (Governor's January Proposal)	\$ 0
3. State/Federal	One-time funding that can be used to offset reductions	\$ 0
4. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
5. Non-personnel	6.67% reduction in all non-site department budgets – supplies, consulting services, conferences, etc.	\$ 3,000,000
6. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2022); 1% = \$300,000	\$ 0
7. Elementary	Adjust Teaching FTE due to declining enrollment from 2021-22 (?%) and est. for 2022-23 (-?%)	\$ 2,200,000
8. Middle School	Adjust Teaching FTE due to declining enrollment from 2021-22 (?%) and est. for 2022-23 (-?%)	\$ 600,000
9. High School	Adjust Teaching FTE due to declining enrollment from 2021-22 (?%) and est. for 2022-23 (-?%)	\$ 400,000
10. Classified	Adjust Classified staffing due to declining enrollment from 2021-22 and est. for 2022-23	\$ 720,000
11. Management	Adjust Management staffing due to declining enrollment from 2021-22 and est. for 2022-23	\$ 250,000
12. Districtwide	TBD – Negotiated budget savings and staffing considerations	\$ 5,000,000
13. Districtwide	TBD – Additional budget reductions needed	\$ 7,830,000
14.		\$ 0
15.		\$ 0
	AS OF 12/15/20	\$ 0
	Total Needed = \$20,000,000+	Current Total = \$ 20,000,000



Budget Concerns

- Future LCFF Funding – Projected minimal COLAs, additional deferrals, cash flow, tax and revenue anticipation notes (TRANS)
- Enrollment, ADA and Unduplicated Pupil Percent (UPP)
- Special Education – Program Needs Increasing
- Health care contribution – +8% (+\$2.4m) potential cost increase every year
- Ongoing Impact of COVID-19 on 2020-21 and future budgets
- Potential territory transfer – est. negative impact of \$2.7m ongoing
- Fiscal Stabilization Plan for 2021-22 is \$12-\$15m, and another \$20m for 2022-23 – to prevent Unrestricted General Fund Balances going negative



Factors That Could Improve Budget

- Prop 15 on November ballot – estimated to generate over \$12 million per year for GUSD starting with 2022-23 – **No**
- Economic recovery that leads to increased LCFF – **Yes**
- Continuation of ADA hold harmless – **No**
- Implementation of UPP% hold harmless – **No**
- Additional one-time State funds – **Legislative process**
- Additional one-time Federal funds – **Washington, D.C.**



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
- Competitive average class sizes
- Very good and competitive wages and excellent health insurance benefits
- Fiscal Stabilization Plans in place



2020-21 Second Interim Summary

- **The Superintendent is recommending a Positive Certification for Second Interim.**
- **A LACOE required Board Resolution will be approved for the 2021-22 Fiscal Stabilization Plan**



Next Steps

- March – May 2021 – Continue to monitor the Legislative actions and make adjustments as needed
- June 2021 – Adoption of the initial 2021-22 budget
- Preliminary review of the 2022-23 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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