

2019-20

Second Interim Financial Report

March 10, 2020

Information Report No. 1

Presented by: Stephen Dickinson

Chief Business and Financial Officer

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

Budget Report No. 5



Excelling Together with Endless Pathways for Success!



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, 2020



2019-20 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2019
- First Interim by December 15, 2019
 - *Using data through October 31, 2019*
- Second Interim by March 15, 2020
 - *Using data through January 31, 2020*
- Third Interim by June 1, 2020
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2020*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2020-21 Budget by June 30, 2020
- Adopt LCAP & 2020-21 Budget
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*



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)



Major Changes Since First Interim Report

	2019-20	2020-21	2021-22	2022-23
Revenue				
LCFF Revenue	\$0	\$1.7 M ↓	\$1.9 M ↓	\$2.8 M ↓
COLA %	0%	0.71% ↓	0.09% ↓	0.34% ↓
2019-20 Estimated Increase in SPED Funding	\$0.8 M ↑	\$0.8 M ↑	\$0.8 M ↑	\$0.8 M ↑
2020-21 Estimated Increase in SPED Funding	\$0	\$2.5 M ↑	\$2.5 M ↑	\$2.5 M ↑



Major Changes Since First Interim Report

	2019-20	2020-21	2021-22	2022-23
--	---------	---------	---------	---------

Expense

CSEA Settlement –
2018-19 One-Time

\$ 0.2 M↑	\$0	\$0	\$0
-----------	-----	-----	-----

CSEA Settlement –
2019-20 Step Nine 5%

\$ 0.2 M↑	\$ 0.4 M↑	\$ 0.4 M↑	\$ 0.4 M↑
-----------	-----------	-----------	-----------

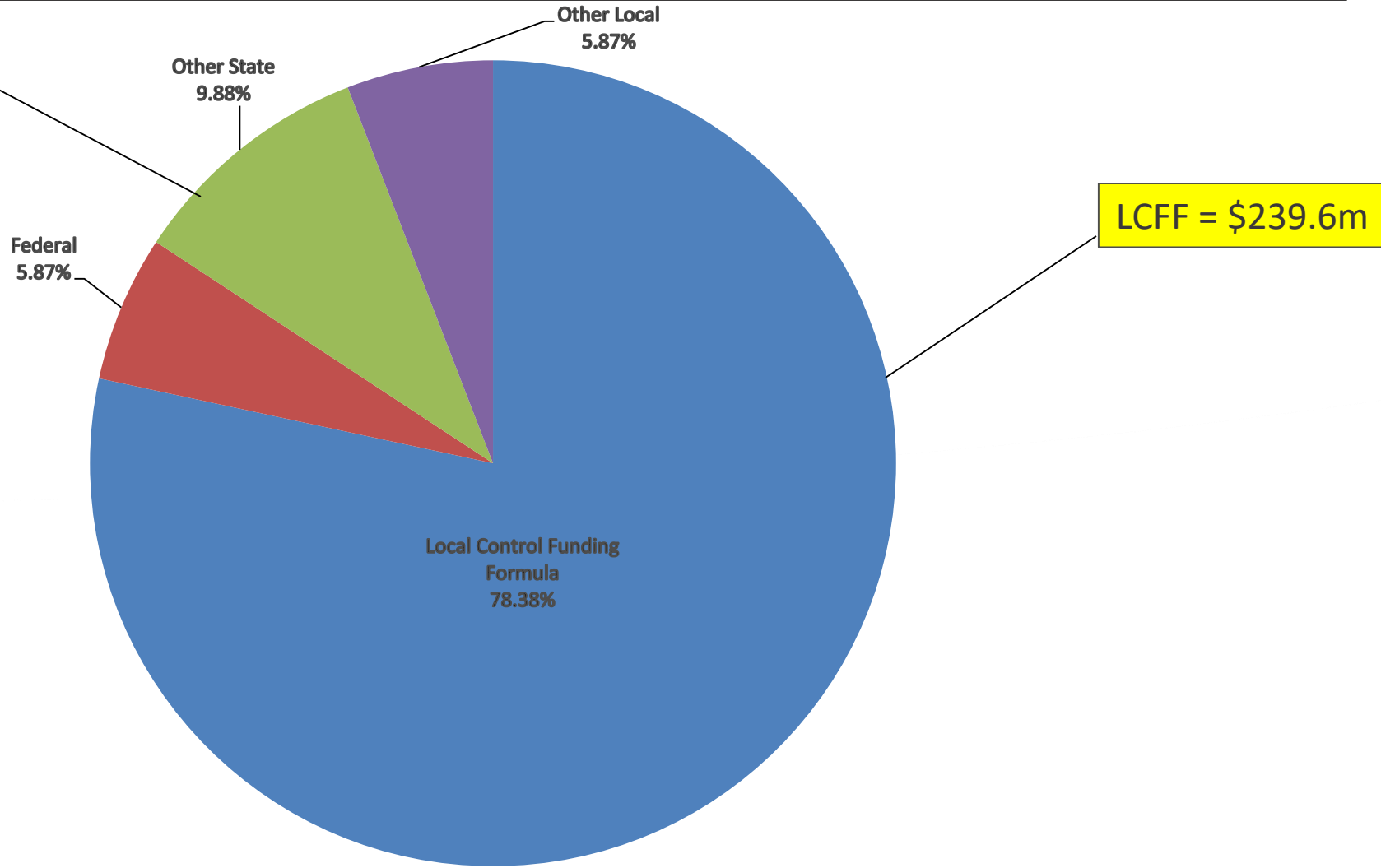
CSEA Settlement –
2019-20 1.54% on
Salary Schedule

\$ 0.7 M↑	\$ 0.7 M↑	\$ 0.7 M↑	\$ 0.7 M↑
-----------	-----------	-----------	-----------



2019-20 Second Interim TOTAL REVENUE – GENERAL FUND

Includes \$2.4m of Pre-school SPED Funding & \$.83m Estimated Increase in SPED Funding

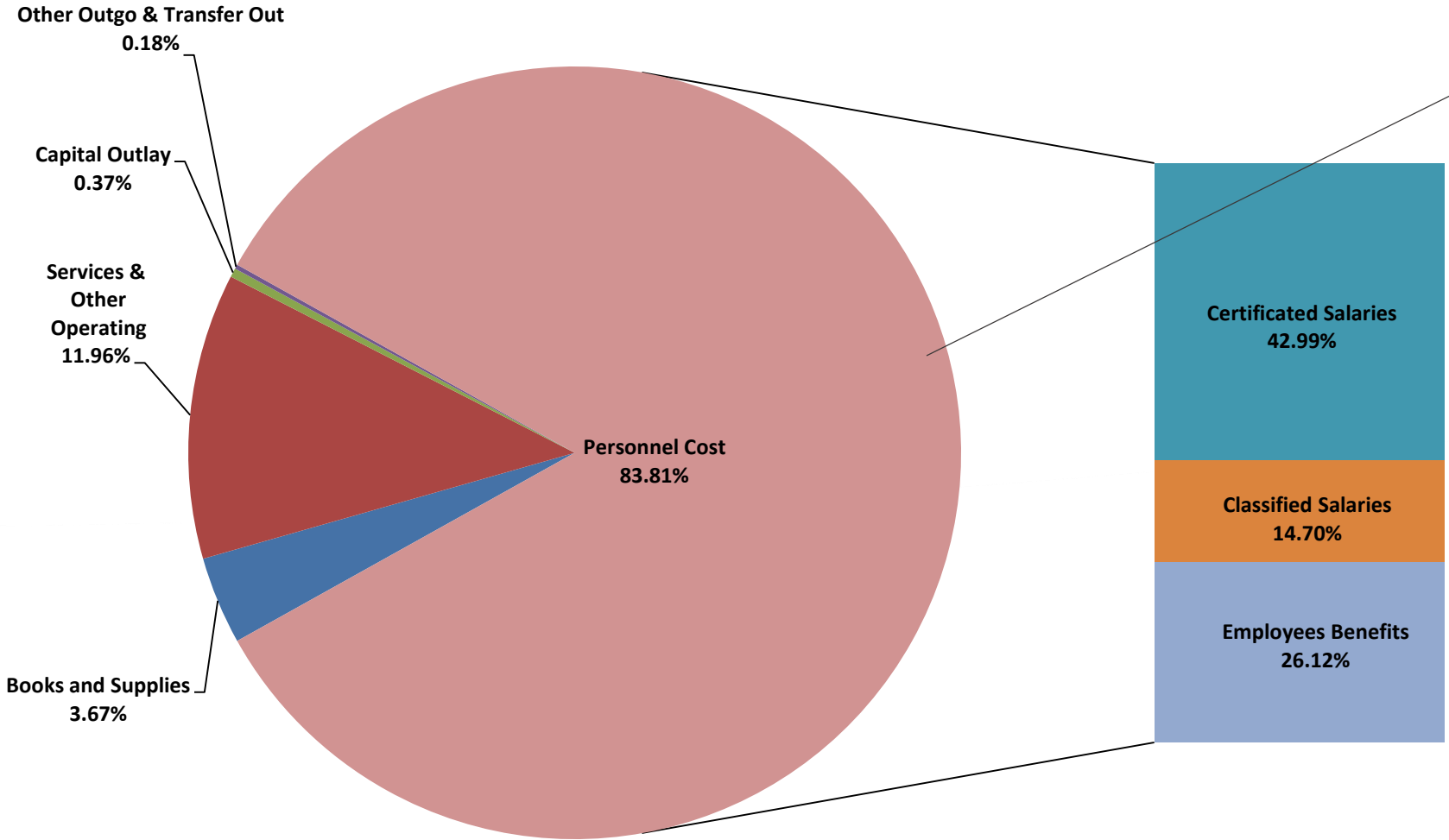


LCFF = \$239.6m

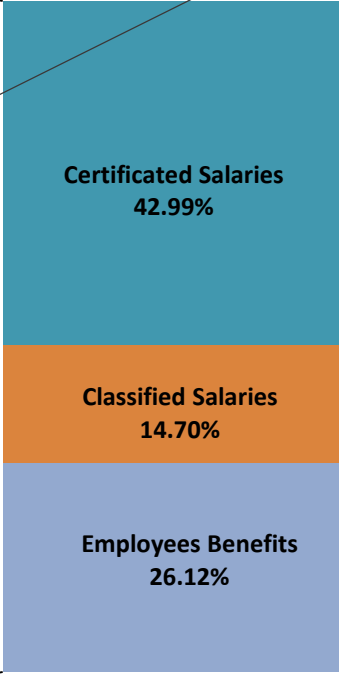
Total Revenues \$305,715,465



2019-20 Second Interim TOTAL EXPENDITURES – GENERAL FUND



Employee costs = \$251m



Total Expenditures = \$ 299,278,675

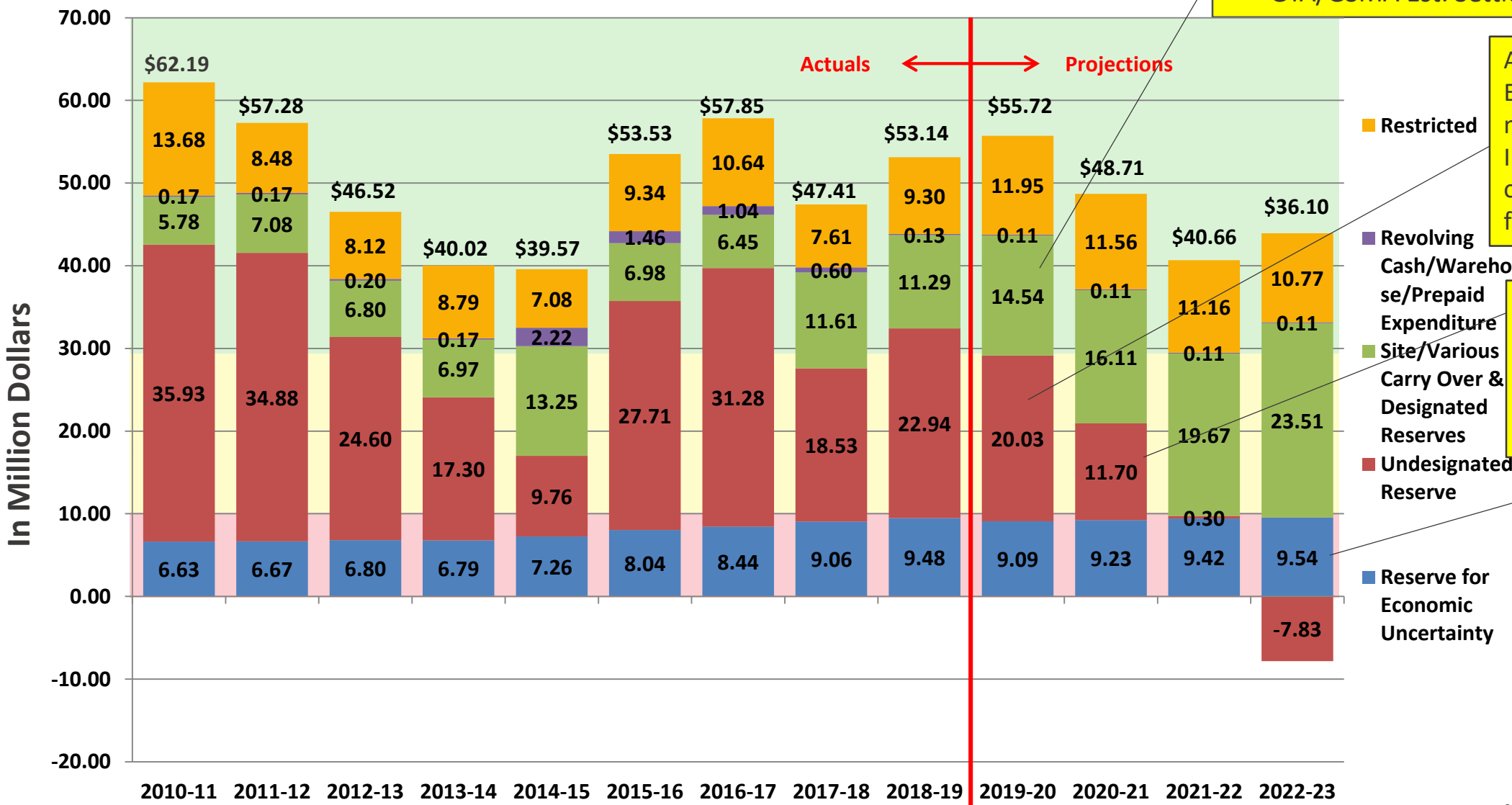


2019-20 Second Interim Unrestricted General Fund MULTI YEAR PROJECTION

	2019-20	2020-21	2021-22	2022-23
Total Revenues	\$ 208,111,423	\$ 211,244,273	\$ 216,051,100	\$ 222,958,595
Total Expenditure	208,169,597	217,868,132	223,696,879	227,129,300
Net Increase/(Decrease)	(58,174)	(6,623,859)	(7,645,779)	(4,170,705)
Beginning Balance	43,834,842	43,776,668	37,152,809	29,507,030
Audit Adjustments	-	-	-	-
Ending Balance	43,776,668	37,152,809	29,507,030	25,336,325
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	39,272	39,272	39,272	39,272
Prepaid Expenditures	-	-	-	-
3% Reserve for Economic Uncertainties	9,093,644	9,234,682	9,422,750	9,541,048
Reserve for GTA and GSMA 2.5% Settlement	3,842,028	7,684,055	11,526,083	15,368,110
Reserve for Carry Over, MAA, Board Election, LACOE Charges	10,699,436	8,429,669	8,149,669	8,149,669
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 20,032,288	\$ 11,695,131	\$ 299,256	\$ (7,831,774)
Salaries and Benefits % of Exp.	90.00%	91.16%	91.19%	91.19%
Salaries and Benefits % of Rev.	90.00%	93.94%	94.42%	93.27%

2019-20 Second Interim Summary of General Fund Ending Fund Balances

- Designated Reserves:**
- LACOE charges=\$.56
 - Carry over/MAA/One Time Disc.=\$10.14
 - GTA/GSMA Est. Settlement @2.5%=\$3.8



Assumes \$5m ongoing Expense reductions are made for 2019-20
Includes \$2.4m PS SPED one time & \$.83m SPED funding

Assumes \$5m ongoing Expense reductions in 2020-21 & \$2.5m increase in SPED Funding

3% REU grows in proportion to total budget

- Restricted
- Revolving
- Cash/Warehouse/Prepaid Expenditure
- Site/Various Carry Over & Designated Reserves
- Undesignated Reserve
- Reserve for Economic Uncertainty

As of 3/04/2020



GLENDALE UNIFIED SCHOOL DISTRICT 2019-20 Fiscal Stability Plan (Detail)

Dept	Program	Est. Savings
T&L	Restructure funding source for professional development to LPS Block Grant	\$ 500,000
DO	Eliminate (1) ETIS Sr. Info Analyst	\$ 104,000
DO	Eliminate (1) Purchasing Agent	\$ 122,000
DO	Eliminate (1) Accounts Payable Supervisor and Realign to Accounting Tech	\$ 6,000
DO	Eliminate (1) TCIII in HR	\$ 36,000
DO	Eliminate (2.5) TC in CTE/T&L/Student Services	\$ 111,000
DO	4.5% reduction in all DO department budgets - supplies, services, conferences	\$ 1,130,000
DO	Reduce copier/printer equipment and supply costs due to new contract (phase	\$ 150,000
DO	Reduce annual increase in projected H&W rates from +9%/yr to +8%/yr	\$ 300,000
FASO	Move up to 9 Grounds positions to Routine Restricted Maint funding	\$ 720,000
FASO	Eliminate (1) Asst. Operations Coordinator	\$ 91,000
FASO	Eliminate (1) Grounds position	\$ 85,000
Elem	Eliminate (1) Asst. Principal	\$ 154,000
Elem	Eliminate (2.5) Teaching positions	\$ 265,000
Middle	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
HS	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
Total		\$ 5,008,000



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 - \$10,000,000 Needed

Dept	Program	Est. Savings/Rev
1. LCFF Funding	Increased revenue from “Schools and Communities First” (November 3, 2020)	\$ 0
2. LCFF Funding	2021-22 LCFF above current COLA projection of 2.71% (Jan/May 2021 Gov proposals); 1% = \$2.4m	\$ 0
3. LCFF Funding	ADA% increase of another 0.25% – need specific plans and actions; 1% = \$2.4m	\$ 600,000
4.		\$ 0
5. DO Non-personnel	3% reduction in all non-site department budgets – supplies, consulting services, conferences (Yr3)	\$ 750,000
6. DO Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2021); 1% = \$300,000	\$ 0
7. Elem	Adjust Teaching positions due to declining enrollment from 2020-21	\$ 900,000
8. Middle	Adjust Teaching positions due to declining enrollment from 2020-21	\$ 200,000
9. HS	Adjust Teaching positions due to declining enrollment from 2020-21	\$ 100,000
10. Classified	Adjust Classified staffing – due to ratios and declining enrollment from 2020-21	\$ 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 2020-21	\$ 150,000
13.		\$ 0
14.		\$ 0
15.		\$ 0
	AS OF 2/11/20	\$ 0
	Total Needed = \$10,000,000	Current Total = \$ 2,850,000



Cautions and Challenges

- **Future Funding - COLA% and Unduplicated Pupil Percent**  
- **Structural Deficit - Must Be Addressed**
- **Special Education - Program Needs Increasing**
- **No Additional Ongoing Funding to Cover CalPERS and Cal STRS Increases**
- **Fiscal Stabilization Plan for 2019-20 of \$5.0 million, for 2020-21 additional \$5.0 million, and begin planning for 2021-22**
- **Impact of future negotiations**
- **Sagebrush Transfer – \$2.7m potential impact**
- **Enrollment Decrease – a drop of 250 this year compared to the prior year.**

Potential Positives

- **State Revenue – Keep Close Eye on Governor’s Budget – May 2020**
- **Schools and Communities First Funding Act – November 2020**



Future Options to Increase Enrollment and/or Revenue

- Average daily attendance (ADA%)
- Asset management
- Full-Day Kindergarten and expanding child care services
- Additional personalization opportunities such as enrichment and summer school
- Advocating for increased funding for public education
- Fundraising
- Grants
- Advertising/Promotion to increase enrollment



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
- Stable fiscal reserves



2019-20 Second Interim Summary

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



Next Steps

- June 2, 2020 - Public Hearing of 2020-21 Budget and LCAP
- June 16, 2020 - Adoption of 2020-21 Budget and LCAP

QUESTIONS?

FOR MORE BUDGET INFO . . .

WWW.GUSD.NET/BUDGET

WWW.ED100.ORG

CALL OR EMAIL STEPHEN DICKINSON, CFO
 (818) 241-3111 EXT. 1271
 SDICKINSON@GUSD.NET



You can understand California's education system. Here's your guide, one clear lesson at a time.

Yes, **it's free**. Go to **Ed100.org**

Ed100 works with the California State PTA to create informed parent leaders.



"Ed100 is a guide no parent should be without. It's an opportunity to understand education in California and a parent's role, which we know is crucial to a student's success."

Celia Jaffe
 President, California State PTA

- ✓ Lessons are clearly written in English and **en Español**.
 - ✓ Each one takes about **5 minutes** to complete. Complete them all and earn your certificate as a graduate.
 - ✓ Used in over **1,700** PTA schools. Build a team of **informed** leaders for your school.
 - ✓ Ed100 is **self-paced**. Since it's online, it's available anytime, anywhere. Use it on your phone!
 - ✓ Each quiz you complete earns a **ticket** in the next drawing.
 - ✓ Earn respect for your school's team on the Ed100 **leaderboard**.
 - ✓ You could **win \$1,000** for your PTA unit!*
- (*At least two participants required. Invite a friend!)

Win \$1,000 for our PTA? Let's DO this!