

2020-21 First Interim Financial Report

December 15, 2020

Information Report No. 2

Presented by: Stephen Dickinson

Chief Business and Financial Officer

Budget Report No. 2





First 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 first interim report represents the actual and projected financial position of the General Fund as of October 31, 2020



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*



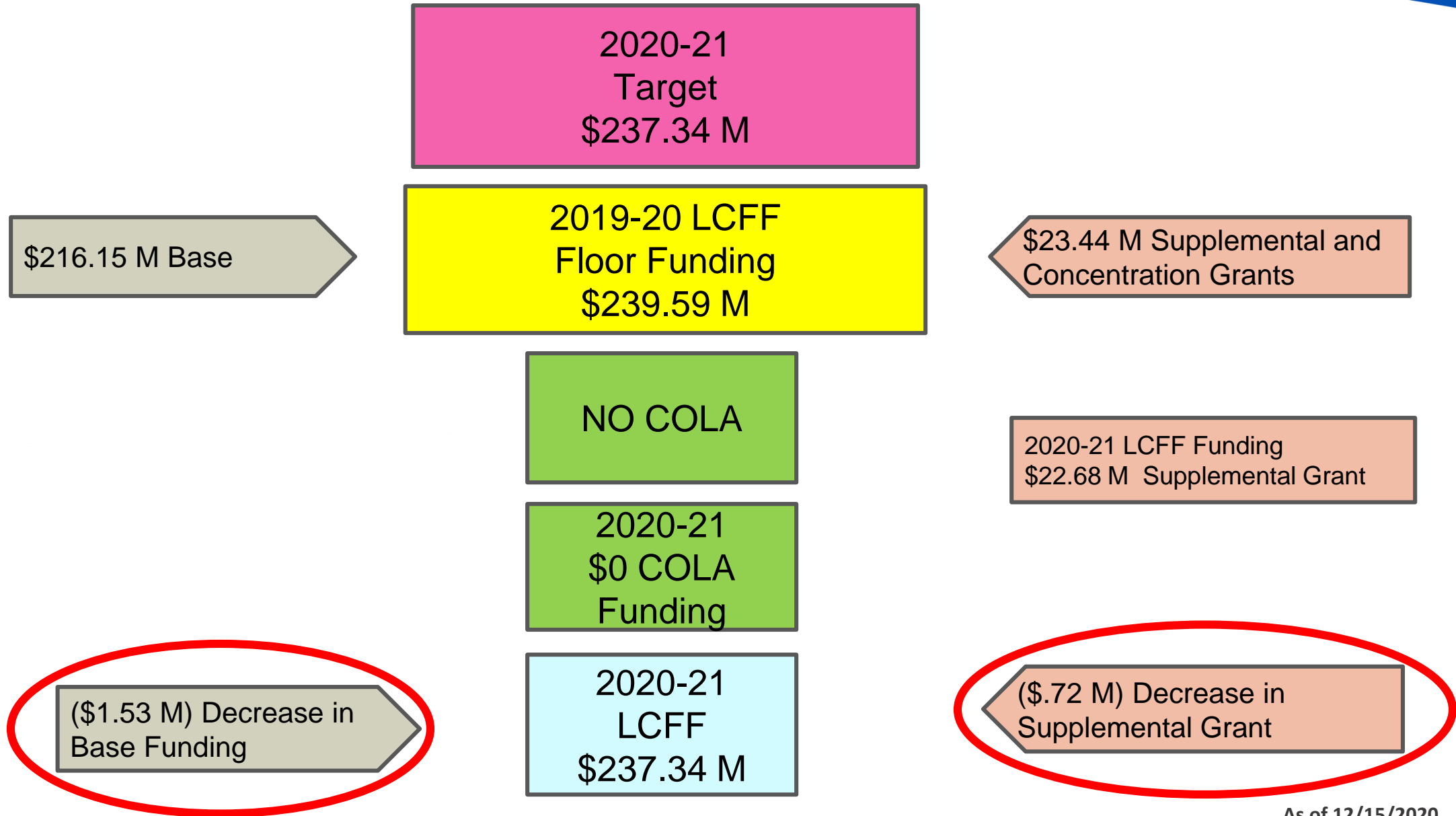
Certification Definition

- ✓ **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 First Interim and Multi-Year Projection (MYP)



COLA Funding and Proportionality Calculation





Major Changes Since June Budget Adoption

	2020-21	2021-22	2022-23	2023-24	CUMULATIVE
<u>Revenue</u>					
LCFF Revenue	\$18.4 M ↑	\$2.1 M ↑	\$8.6 M ↓	\$0.2 M ↑	\$12.1 M ↑
Unduplicated %	53.30%	54.14%	54.85%	54.85%	
Enrollment	348 ↓	710 ↓	666 ↓	586 ↓	

NOTE: It is currently anticipated that the COLA will be 0% for the future years.



Major Changes Since June Budget Adoption

	2020-21	2021-22	2022-23	2023-24	CUMULATIVE
<u>Expense</u>					
One-time expenses					
Being shifted to COVID-19 Fund	(\$1.5M)	\$0	\$0	\$0	(\$1.5M)
One-time unassigned salary savings	(\$2.0M)	\$0	\$0	\$0	(\$2.0M)
One-time utilities/trans. and ... savings	(\$3.1M)	\$0	\$0	\$0	(\$3.1M)
Carry Over	\$11.5M	\$0	\$0	\$0	\$11.5M
Total	\$4.9M	\$0	\$0	\$0	\$4.9 M

These correlate with decreasing Designated reserves

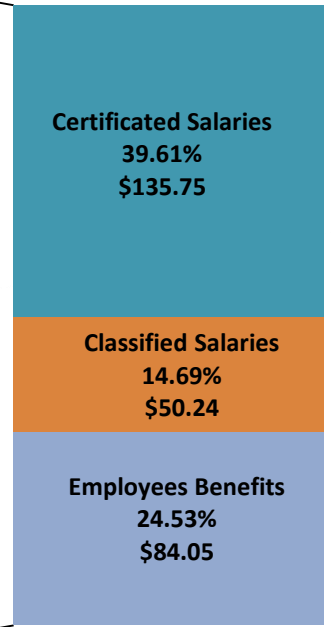
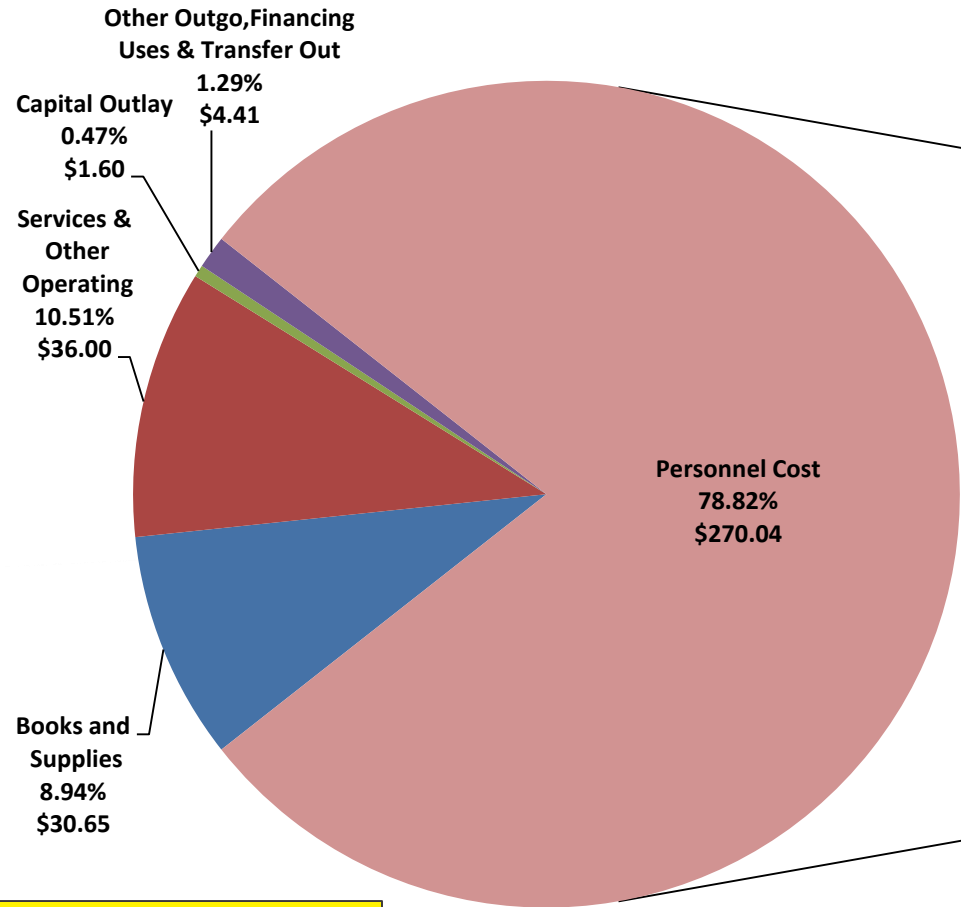
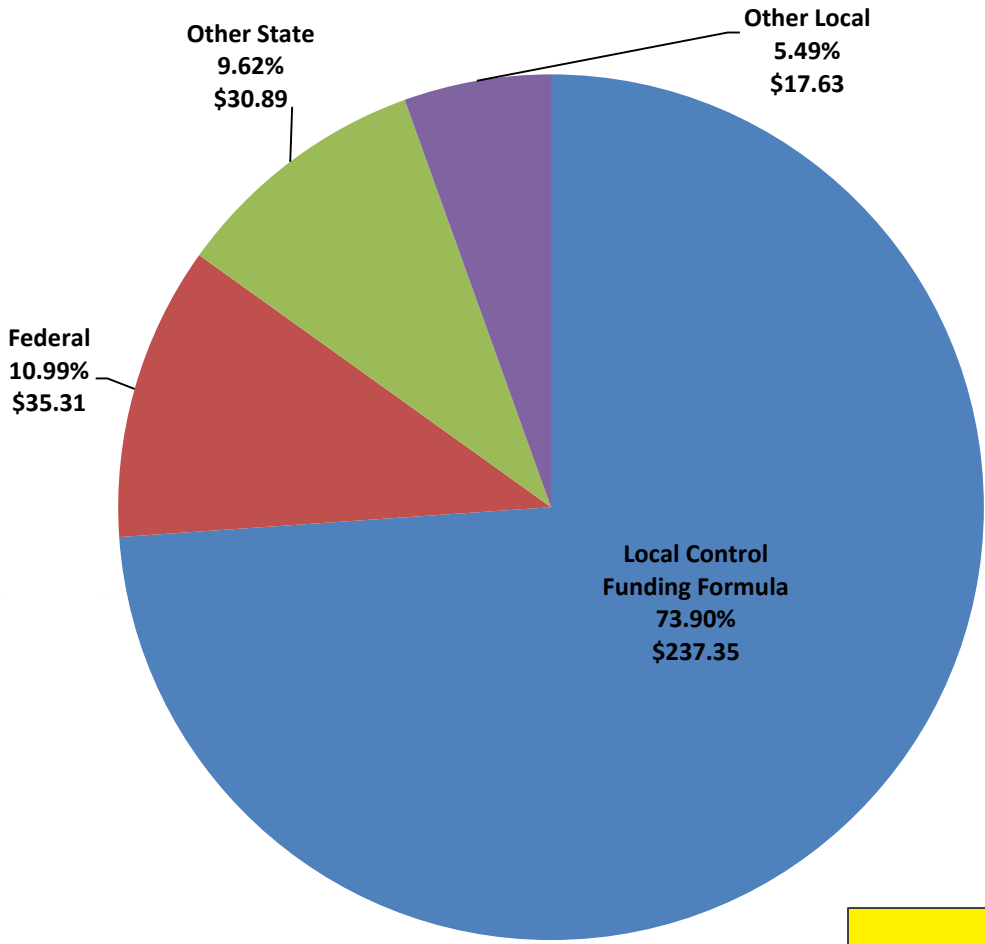


Areas of Possible 2020-21 Budget Savings

- Certificated sub costs = \$1,000,000
- Utilities (electric, water, gas, sewer and waste disposal) = \$1,000,000
- Transportation (Clark and Special Education) = \$1,000,000
- Travel/Conference/Mileage = \$150,000
- Existing staff repurposed for Tech Learning Pods = Est. \$350,000
- Unfilled vacancies = Est \$2,000,000 (normal budget process)
- **Total estimated one-time budget savings for 2020-21 = \$5,500,000**



2020-21 First Interim with COVID-19 Exp/Rev TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Rev \$321.17m
-Exp \$342.70m
Current Deficit= (\$21.53m)

Be aware of annual carryover process

Total Revenues \$321,169,275

Total Expenditures \$ 342,703,353

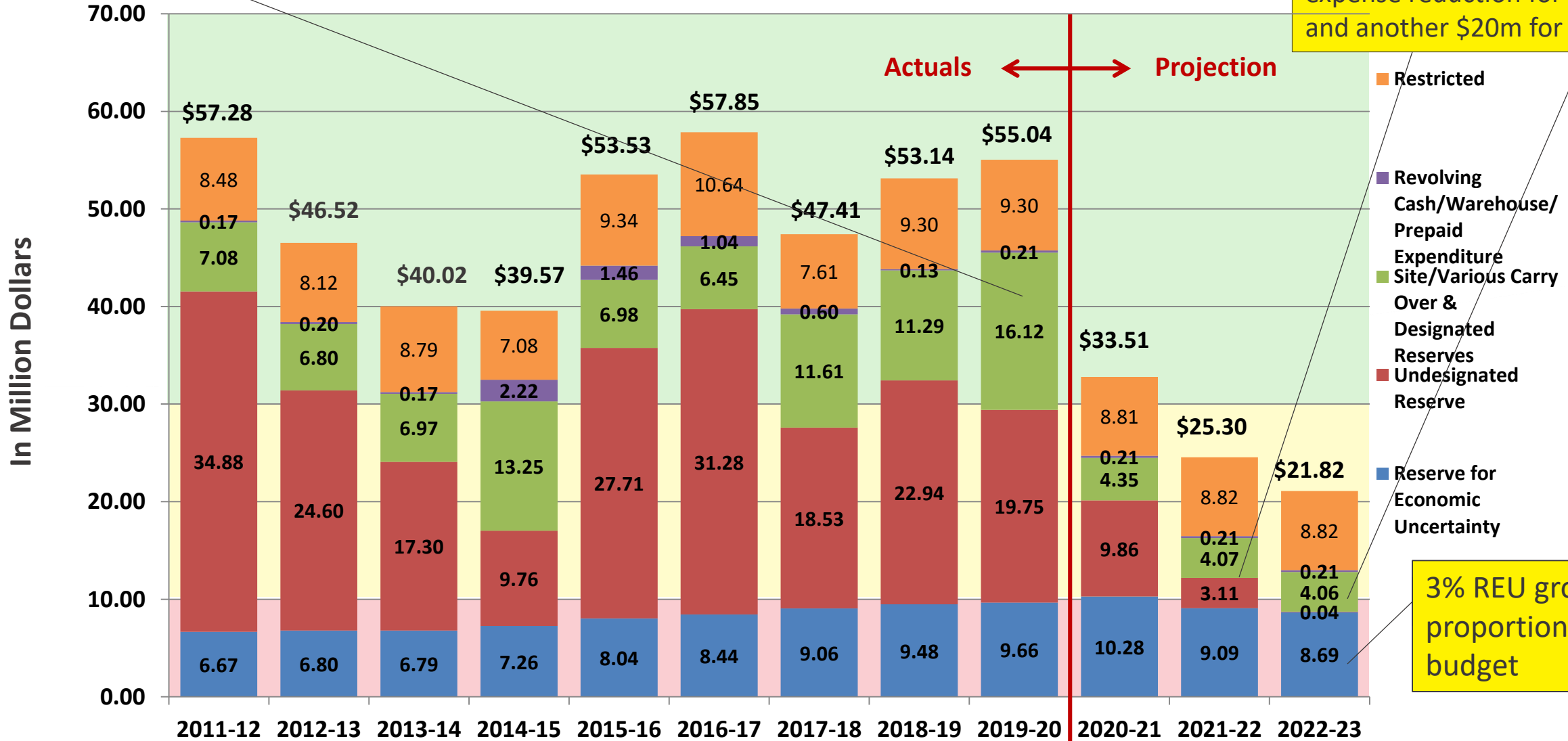


Designated Reserves:

- LACOE charges = \$0.56m
- Carry over/MAA = \$14.8m
- One Time 17-18 Disc. Fund = \$0.75m

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

Assumes \$12-15m ongoing expense reduction for 2021-22 and another \$20m for 2022-23



3% REU grows in proportion to total budget



Unrestricted General Fund MULTI YEAR PROJECTION			
	2020-21	2021-22	2022-23
Total Revenues	\$ 205,128,335	\$ 205,250,155	\$ 196,691,369
Total Expenditure	226,176,771	213,467,163	200,167,695
Net Increase/(Decrease)	(21,048,436)	(8,217,008)	(3,476,326)
Beginning Balance	45,743,857	24,695,421	16,478,413
Audit Adjustments	-	-	
Ending Balance	24,695,421	16,478,413	13,002,087
Components of Ending Fund Balance:			
Revolving Cash	70,000	70,000	70,000
Stores	140,012	140,012	140,012
3% Reserve for Economic Uncertainties	10,281,101	9,090,283	8,690,168
Reserve for Carry Over, MAA, Board Election, LACOE Charges	4,345,715	4,065,715	4,065,715
Reserve for One-Time 2017-18 Discretionary Funding	-	-	-
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 9,858,593	\$ 3,112,403	36,192
Salaries and Benefits % of Exp.	86.74%	90.78%	90.92%
Salaries and Benefits % of Rev.	95.64%	94.42%	100.00%

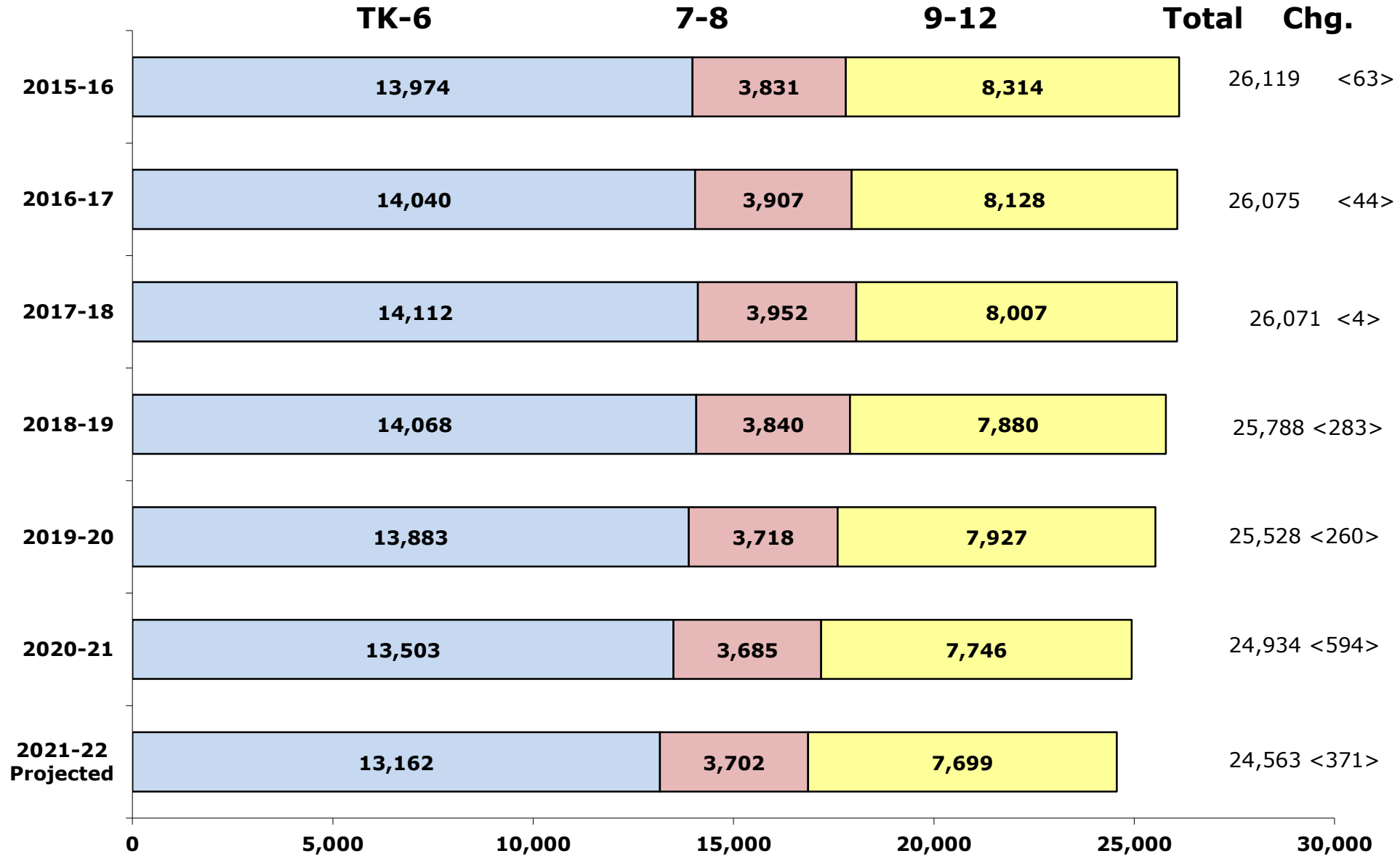


Other Funds- Projected Totals - 2020-21

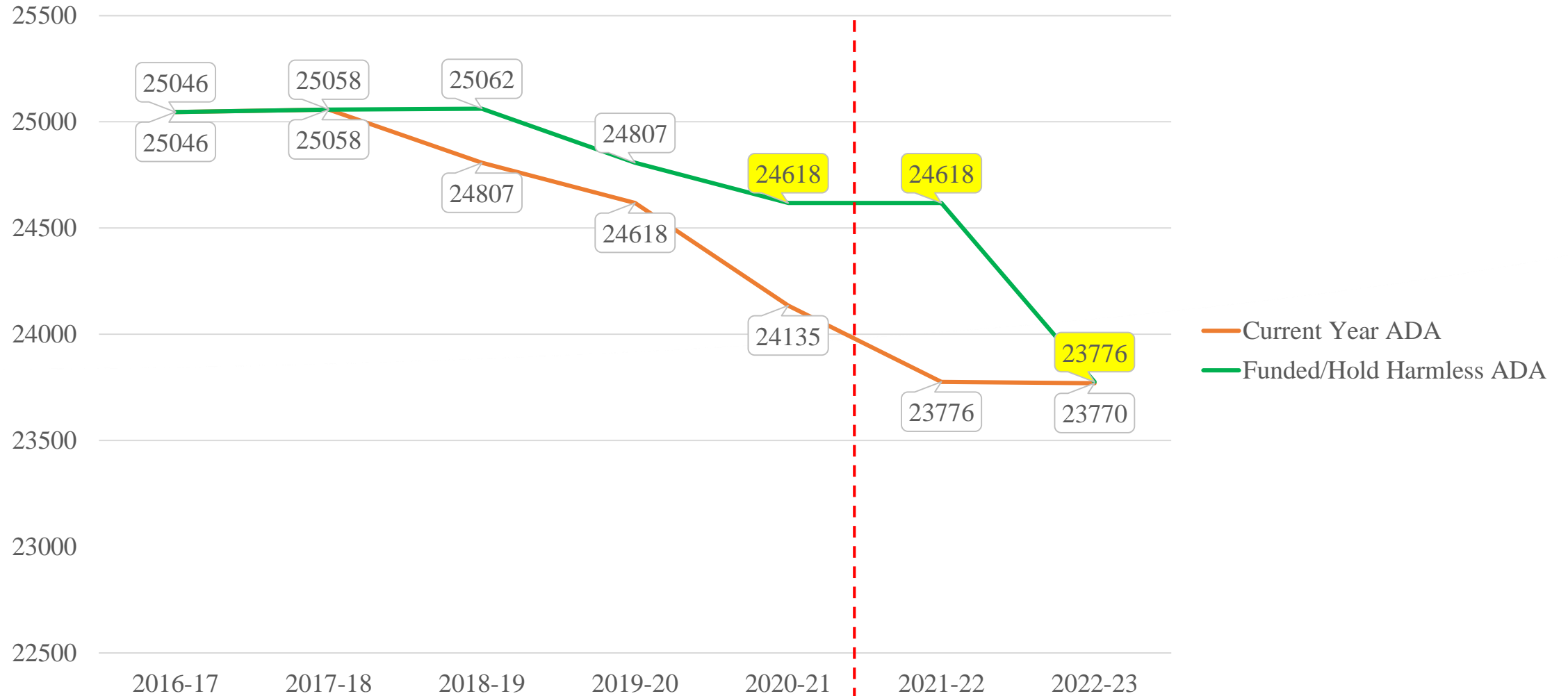
	Fund 12.0 Child Development Fund	Fund 13.0 Cafeteria Special Revenue Fund	Fund 21 Building Fund	Fund 25.0 Capital Facilities Fund	Fund 40 Special Reserve Fund for Capital Outlay Projects
Revenues	\$ 5,005,124	\$ 9,619,900	\$ 1,635,000	\$ 1,100,000	\$ 3,906,566
Expenditure	5,005,124	10,039,418	26,228,312	1,846,982	9,895,094
Net Incr./(Decr.) To Fund Balance	-	(419,518)	(24,593,312)	(746,982)	(5,988,528)
Beginning Fund Balance	327,092	2,274,369	63,081,190	10,603,575	20,034,452
Ending Fund Balance	\$ 327,092	\$ 1,854,851	\$ 38,487,878	\$ 9,856,593	\$ 14,045,924



Historical Enrollment (CALPADS Data)



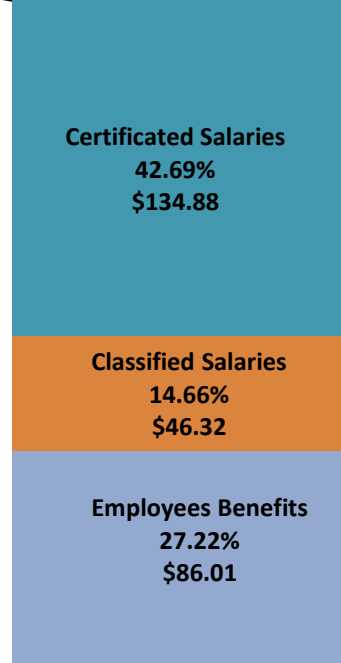
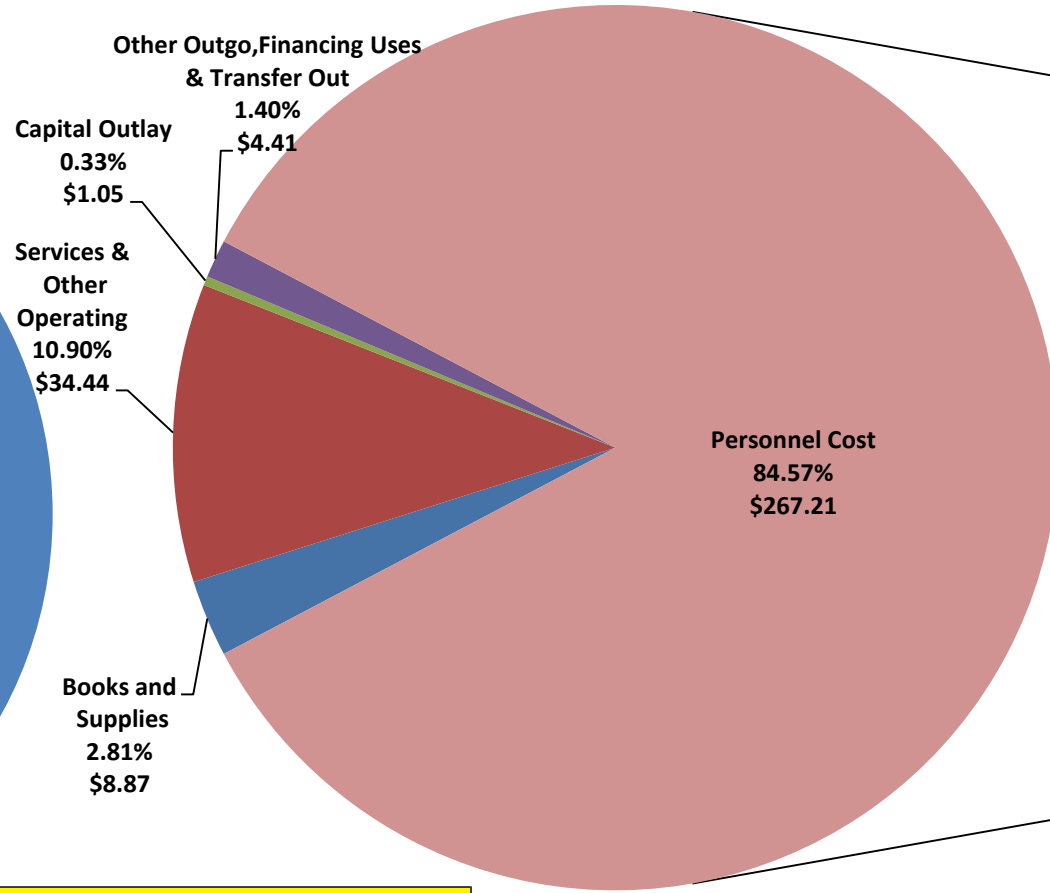
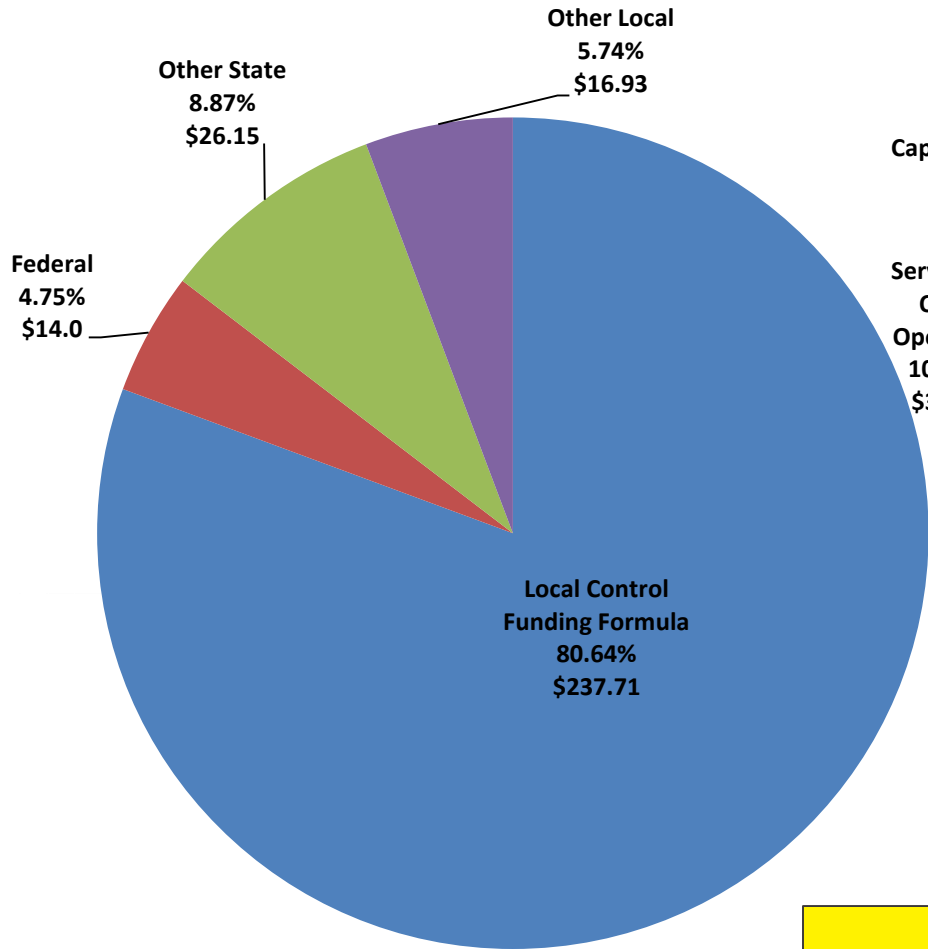
Funded ADA/Current Year ADA Comparison Example of Hold Harmless





Preview of 2021-22 Budget – Before Fiscal Stabilization Plan

TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Rev \$294.80m
 -Exp \$315.98m
 Current Deficit= (\$21.18m)

Be aware of annual carryover process

Total Revenues \$294,795,701

Total Expenditures \$ 315,977,090



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% = \$2.2m (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 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 12/15/20	\$ 0
	Total Needed = \$12,000,000+	Current Total = \$ 12,470,000



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



Concerns

- Future LCFF Funding – Projected 0% or negative 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 will likely be between \$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~~
- Economic recovery that leads to increased LCFF
- Continuation of ADA hold harmless
- Implementation of UPP% hold harmless
- Additional one-time State funds
- Additional one-time Federal funds



Next Steps

- Finalize the 2021-22 enrollment projection
- December 15, 2020 – Approval of 2020-21 First Interim Report, including Fiscal Stabilization Plan (FSP) for 2021-22
- January thru March 2021 – Must begin taking responsible actions to meet the FSP, with adjustments based on new information from January Governor’s 2021-22 Budget Proposal and the May Revise
- Preliminary review of the 2022-23 Fiscal Stabilization Plan (FSP)



Budget Modes: Deficit – Balanced – Surplus

Surplus/ Additions	8	
	7	
	6	Innovation
	5	Build reserves
	4	Increase employee compensation
	3	Build/expand programs
	2	Reduce class size
	1	LCAP goals
Balanced Budget		
Deficit/ Reductions	1	LCFF revenue increases above projections
	2	Use of one-time funds and/or current reserves
	3	Supplies & Equipment
	4	Contracted services
	5	Administrative and management staffing
	6	Classified staffing (reduce support and service)
	7	Certificated staffing (reduce programs and
	8	increase class size)

Learning Continuity and Attendance Plan (LCAP)

- For 2020-21 LCAP has been replaced by Learning Continuity and Attendance Plan
- Learning Continuity and Attendance Plan was adopted in September 2020
- LCFF Budget Overview for Parents (BOP)
 - To be Board approved on December 15, 2020 as Action Report No. 3
 - Shows LCFF Supplemental and concentration revenue and expense for 2019-20 and estimated for 2020-21
 - Describes use of expenditures in support of low income, English learners and foster youth students
 - The report will be posted on the District Budget webpage

First Interim Summary

- The Superintendent is recommending a Positive Certification for First Interim.

QUESTIONS?

FOR MORE BUDGET INFO . . .

WWW.GUSD.NET/BUDGET

WWW.ED100.ORG

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