



2020-21 Budget for Adoption

BOARD OF TRUSTEES PUBLIC HEARING AND ADOPTION

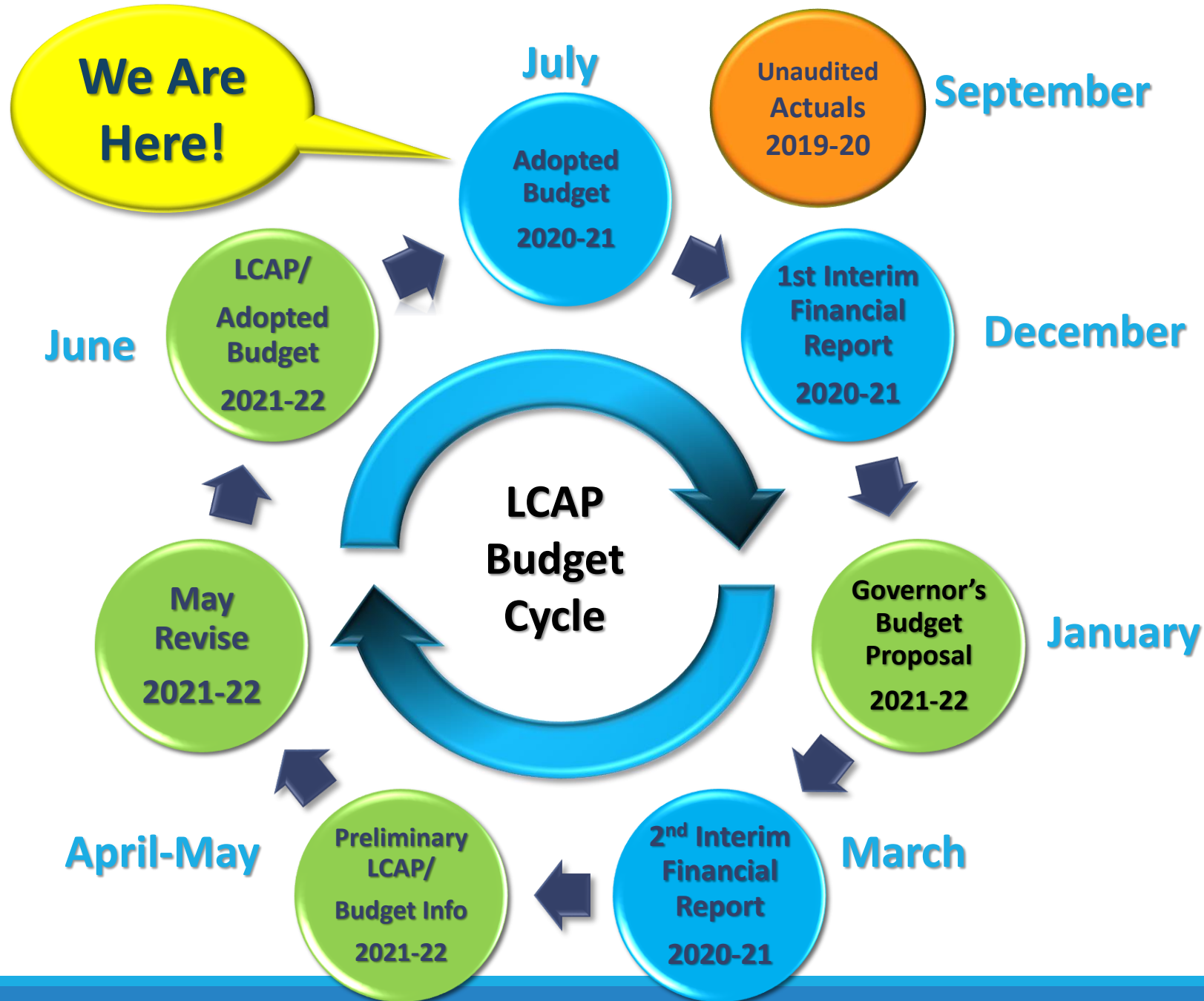
JUNE 23, 2020



Agenda

- Acknowledgements
- Review Budget Cycle
- Continuing Impact of COVID-19
- 2019-20 Estimated Actuals
- 2020-21 Budget for Adoption
- Multi-Year Projection
- Other Funds
- Next steps

2019-20
2020-21
2021-22





Impact of COVID-19 on the Budget

WHAT WE KNOW

- The MJUSD 2020-21 budget has been developed under a **great deal of uncertainty** due to COVID-19.
- We used **assumptions from the May Revise** to build our budget for 2020-21.
- The assumptions **will change substantially** based on the Enacted State Budget for 2020-21.
- The District has responsibly maintained **significant reserves** over the past several years. However, the reserve level becomes **significantly depleted** based on the current multi-year projection.



Impact of COVID-19 on the Budget

WHAT WE KNOW (CONTINUED)

- The MJUSD budget is built based on the Local Control Accountability Plan (LCAP) which identifies **specific actions and strategies** to achieve the goals of the District and **improve student achievement**.
- Typically, the LCAP is approved the same day the budget is presented. Today, a written report addressing the impact of school closures due to COVID-19, is included for approval, in lieu of the LCAP.
- The LCAP is now due December 2020.



Impact of COVID-19 on the Budget

WILL THERE BE A REVISED STATE BUDGET?

While the May Revision gave us important anchors for state and local budgets that must be adopted by July 1, 2020, there continues to be a gaping hole of information that we need in order to build more accurate budgets:

- Unemployment rates change
- Personal Income Tax revenue is the largest share of general fund revenue; tax payments deferred from April 15, 2020 to July 15, 2020.
- Consumer confidence shaken by the current state of the economy; may be a while before confidence rebuilds

The state will likely need to revise its Budget when more information becomes available later this summer.



Impact of COVID-19 on the Budget

MJUSD APPROACH TO SPENDING

- Expenditures have been reduced to match the reduction in revenue as much as possible at this point.
- As the pandemic escalated in March and the District transitioned to remote learning, Administration began reducing expenditures wherever possible.
- Vacant positions are carefully evaluated before filling and discretionary spending has been virtually eliminated.
- The District is eliminating the normal annual allocation to Deferred Maintenance for one year to save \$2 million.
- The District is eliminating the annual allocation of \$1.3 million toward future Other Post Employment Benefits (OPEB) which are retiree benefits. Instead we are using the Pay-As-You-Go method of payment.
- As State and District budgets improve, consideration should be given to restoring these allocations, as funding permits.



Impact of COVID-19 on the Budget (continued)

MJUSD APPROACH TO SPENDING

(CONTINUED)

- The District is reducing District Office department budgets by 7.5% for a savings of \$700 thousand.
- The District is reducing school site discretionary spending by 7% for a savings of \$400 thousand.
- The District is postponing the purchase of a new school bus for a savings of \$200 thousand.

2019-20 ENDING FUND BALANCE

- Due to COVID-19, in March 2020 a rapid transition to remote learning occurred. As a result many expenditures planned were reduced or eliminated altogether.
- Even though there were additional expenses incurred due to COVID-19, overall spending decreased from budgeted levels. The result is higher-than-anticipated carryover and ending fund balances.

2019-20 General Fund Estimated Actuals



Description	2019-20 Estimated Actuals		
	Unrestricted	Restricted	Combined
REVENUES			
General Purpose Revenue	101,759,339	0	101,759,339
Federal Revenue	13,424	9,200,698	9,214,122
State Revenue	2,841,982	7,996,727	10,838,708
Local Revenue	1,735,779	4,540,977	6,276,757
Total Revenues	106,350,524	21,738,402	128,088,927
EXPENDITURES			
Certificated Salaries	42,104,022	7,409,145	49,513,167
Classified Salaries	13,902,236	6,317,215	20,219,451
Benefits	20,658,250	8,962,367	29,620,617
Books and Supplies	6,129,223	4,394,481	10,523,704
Other Services & Oper. Expenses	8,892,201	4,232,650	13,124,851
Capital Outlay	2,298,237	796,689	3,094,926
Other Outgo 7xxx	194,113	3,507,544	3,701,657
Transfer of Indirect 73xx	(1,920,588)	790,298	(1,130,290)
Total Expenditures	92,257,693	36,410,388	128,668,082
Excess / (Deficiency)	14,092,831	(14,671,986)	(579,155)
OTHER SOURCES/USES			
Transfers In	2,962,179	0	2,962,179
Transfers Out	(1,215,167)	(129,133)	(1,344,300)
Net Other Sources (Uses)	0	0	0
Contributions to Restricted	(14,655,807)	14,655,807	0
Total Financing Sources/Uses	(12,908,794)	14,526,674	1,617,880
Net Increase (Decrease)	1,184,037	(145,312)	1,038,725

Transfers In \$2,962,179

From Fund 17

Special Reserve for COPS Payments
All reserves are now in General Fund.

Transfers Out \$1,215,167

To Cafeteria Fund 13 due to
loss of revenue from COVID-19
school closures.

Net increase to Fund Balance



2019-20 General Fund Estimated Actuals

Description	2019-20 Estimated Actuals		
	Unrestricted	Restricted	Combined
FUND BALANCE, RESERVES			
Beginning Balance	30,166,782	4,415,947	34,582,729
Ending Balance	31,350,819	4,270,635	35,621,454
Nonspendable	302,328		302,328
Restricted		4,270,635	4,270,635
Committed	1,785,549		1,785,549
Assigned	9,016,318		9,016,318
Unassigned - 3% Reserve for Economic Uncertainty	4,252,000		4,252,000
Unassigned - Other	15,994,624	0	15,994,624
Total - Fund Balance	31,350,819	4,270,635	35,621,454

2019-20 Fund Balance Details

Assigned Fund Balance:

One-time Facilities	\$4,295,205
LCAP – Textbooks	\$ 929,972
2023 COPS Payment	\$2,962,179
Early Education	
Expansion Grant	<u>\$ 828,962</u>
Total Assigned:	\$9,016,318

Review of Slide from Board Budget Workshop

Shout Out to the Accuracy of the Fiscal Department



2019-20 Significant Budget Changes Since 2nd Interim Report

Description	Amount	Notes
Plus: Decrease in Contribution to Special Education	\$0.4 M	Savings in expenses from 2nd Interim to end-of-year.
Less: Contribution to Fund 13 Cafeteria Fund	<\$1.1 M>	Changes due to COVID-19. Maintained full staff expense with 75% decrease in student participation, which substantially reduced revenue.
Plus: Postpone non-essential facility projects	\$0.3 M	See list of projects to be postponed.
Plus: Reduce Other Post Employment Benefit (OPEB) expense	\$1.3 M	Use OPEB balance to pay current year OPEB expense (pay-as-you-go).
Plus: Department savings	\$0.2 M	Savings achieved since COVID-19
Plus: Other line item savings from unspent budgets	\$--	Actual amount to be determined
Estimated Increase to General Fund Balance	\$1.1 M	

Estimated Amount of Increase to General Fund was spot on!

2020-21 Budget for Adoption



2020-21 Budget General Fund

CARES Act
Federal Funds
\$4.7M

Includes budget savings as a
result of not filling some
vacant positions for staff

Note: Does NOT include additional positions
and other expenses that may be needed due
to COVID-19 – amounts to be determined

Transfer to Fund 13 Cafeteria

Decrease in Unrestricted Fund Balance

2020-21 Proposed Budget			Description
Unrestricted	Restricted	Combined	
94,719,302	0	94,719,302	REVENUES
4,713,424	7,477,121	12,190,545	General Purpose Revenue
1,753,700	6,417,782	8,171,482	Federal Revenue
640,000	5,232,545	5,872,545	State Revenue
			Local Revenue
101,826,426	19,127,448	120,953,874	Total Revenues
			EXPENDITURES
40,837,180	7,878,567	48,715,747	Certificated Salaries
13,215,356	6,365,221	19,580,577	Classified Salaries
19,861,089	8,885,613	28,746,702	Benefits
6,279,089	2,414,961	8,694,050	Books and Supplies
8,786,767	3,687,291	12,474,058	Other Services & Oper. Expenses
450,125	0	450,125	Capital Outlay
422	5,370,080	5,370,502	Other Outgo 7xxx
(1,586,067)	576,708	(1,009,359)	Transfer of Indirect 73xx
87,843,961	35,178,441	123,022,402	Total Expenditures
13,982,465	(16,050,993)	(2,068,528)	Excess / (Deficiency)
			OTHER SOURCES/USES
0	0	0	Transfers In
(1,458,398)	(115,033)	(1,573,431)	Transfers Out
0	0	0	Net Other Sources (Uses)
(15,913,333)	15,913,333	0	Contributions to Restricted
(17,371,731)	15,798,300	(1,573,431)	Total Financing Sources/Uses
(3,389,266)	(252,693)	(3,641,959)	Net Increase (Decrease)



2020-21 Proposed Budget

General Fund Ending Fund Balance

Assigned Fund Balance:

One-time Facilities	\$4,295,205
LCAP Textbooks	\$ 929,972
2023 COPS Payment	\$2,962,179
Early Education	
Expansion Grant	<u>\$ 828,962</u>
Total Assigned:	\$9,016,318



FUND BALANCE, RESERVES	Unrestricted	Restricted	Combined
Beginning Balance	31,350,819	4,270,635	35,621,454
Ending Balance	27,961,553	4,017,942	31,979,495
Nonspendable	302,328		302,328
Restricted		4,017,942	4,017,942
Committed	956,933		956,933
Assigned	9,016,318		9,016,318
Unassigned - 3% Reserve for Economic Uncertainty	4,047,000		4,047,000
Unassigned - Other	13,638,974	0	13,638,974
Total - Fund Balance	27,961,553	4,017,942	31,979,495



2020-21 & MYP Budget Assumptions

Enrollment and Average Daily Attendance (ADA)

- Prior to March, the District projected a slight increase in enrollment for 2020-21. Subsequently, ADA was projected to be slightly higher also.
- With the transition to remote learning, it has become **extremely difficult to project how enrollment and ADA will be impacted for 2020-21 and beyond**. The State has not yet defined how to calculate attendance for 2020-21.
- The District used the 2019-20 ADA numbers for building the 2020-21 budget and maintained the same enrollment for the subsequent two years of the multi-year projection.

ADA
9,147



2020-21 & MYP Budget Assumptions (Continued)

Revenues

- 2020-21 – LCFF reduction of 10% (Loss of 2.31% COLA plus reduction of 7.69% from 2019-20 levels)
- Cost of Living Adjustment (COLA) - School Services of California dashboard recommends budgeting ZERO COLA for 2020-21, 2021-22 and 2022-23.
- 2020-21 includes Federal revenue CARES Act funds in the amount of \$4.7 million. Federal revenue removed in subsequent two years.
- Restricted Revenue – Special Education additional revenue initially thought to be \$2.6 million did not include a reduction for property taxes. The result is the Special Education additional revenue is \$800 thousand.
- All revenue funding may change based on the State Enacted Budget.



2020-21 & MYP Budget Assumptions (Continued)

Expenses

- Salary and benefits projected to increase by step and column costs each year.
- Benefits are adjusted commensurate with changes in salaries and according to PERS & STRS costs increases.
- Materials/Supplies and Other Operating Expenses budgeted with reductions previously noted for 2020-21, with 5% decrease in 2021-22 and remain constant in 2022-23.
- **Other Outgo increases by \$2.8 million beginning in 2022-23 with the first COPS payment.**

Other Sources/Uses

- Increase in contributions to restricted programs due to projected step, column and maintenance costs.

General Fund Multi-Year Projection (MYP)



Description	2020-21 Projected Budget			2021-22 Projected Budget			2022-23 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUES									
LCFF Revenue (A)	94,719,302	0	94,719,302	94,897,488	0	94,897,488	94,897,488	0	94,897,488
Federal Revenue (B)	4,713,424	7,477,121	12,190,545	13,424	7,477,121	7,490,545	13,424	7,477,121	7,490,545
State Revenue (C)	1,753,700	6,417,782	8,171,482	1,753,700	6,417,782	8,171,482	1,753,700	6,417,782	8,171,482
Local Revenue (D)	640,000	5,232,545	5,872,545	640,000	5,232,545	5,872,545	640,000	5,232,545	5,872,545
Total Revenues	101,826,426	19,127,448	120,953,874	97,304,612	19,127,448	116,432,060	97,304,612	19,127,448	116,432,060
EXPENDITURES									
Certificated Salaries (E)	40,837,180	7,878,567	48,715,747	41,653,880	8,036,167	49,690,047	42,486,980	8,196,867	50,683,847
Classified Salaries (E)	13,215,356	6,365,221	19,580,577	13,413,556	6,460,721	19,874,277	13,614,756	6,557,621	20,172,377
Benefits (F)	19,861,089	8,885,613	28,746,702	20,387,389	9,238,713	29,626,102	21,876,289	9,656,613	31,532,902
Books and Supplies (G)	6,279,089	2,414,961	8,694,050	5,965,135	2,365,696	8,330,831	5,965,135	2,365,696	8,330,831
Other Services & Oper. Exp (G)	8,786,767	3,687,291	12,474,058	8,347,429	3,687,291	12,034,720	8,347,429	3,687,291	12,034,720
Capital Outlay	450,125	0	450,125	0	0	0	0	0	0
Other Outgo 7xxx (H)	422	5,370,080	5,370,502	422	5,370,080	5,370,502	2,820,422	5,370,080	8,190,502
Transfer of Indirect 73xx (I)	(1,586,067)	576,708	(1,009,359)	(1,586,067)	576,708	(1,009,359)	(1,586,067)	576,708	(1,009,359)
Total Expenditures	87,843,961	35,178,441	123,022,402	88,181,744	35,735,376	123,917,120	93,524,944	36,410,876	129,935,820
Excess / (Deficiency)	13,982,465	(16,050,993)	(2,068,528)	9,122,868	(16,607,928)	(7,485,060)	3,779,668	(17,283,428)	(13,503,760)
OTHER SOURCES/USES									
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out (J)	(1,458,398)	(115,033)	(1,573,431)	0	(115,033)	(115,033)	0	(115,033)	(115,033)
Net Other Sources (Uses)	0	0	0	0	0	0	0	0	0
Contributions to Restricted (K)	(15,913,333)	15,913,333	0	(16,722,961)	16,722,961	0	(17,398,461)	17,398,461	0
Total Financing Sources/Uses	(17,371,731)	15,798,300	(1,573,431)	(16,722,961)	16,607,928	(115,033)	(17,398,461)	17,283,428	(115,033)
Net Increase (Decrease)	(3,389,266)	(252,693)	(3,641,959)	(7,600,093)	0	(7,600,093)	(13,618,793)	0	(13,618,793)

See Next
Slide For
Ending
Fund
Balances

Multi-Year Projection (MYP) – FUND BALANCE

Description	2020-21 Projected Budget			2021-22 Projected Budget			2022-23 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
FUND BALANCE, RESERVES									
Beginning Balance	31,350,819	4,270,635	35,621,454	27,961,553	4,017,942	31,979,495	20,361,460	4,017,942	24,379,402
Ending Balance	27,961,553	4,017,942	31,979,495	20,361,460	4,017,942	24,379,402	6,742,667	4,017,942	10,760,609
Nonspendable	302,827	0	302,827	302,827	0	302,827	302,827	0	302,827
Restricted	0	4,017,942	4,017,942	0	4,017,942	4,017,942	0	4,017,942	4,017,942
Committed	956,933	0	956,933	26,933	0	26,933	0	0	0
Assigned	9,016,318	0	9,016,318	9,016,318	0	9,016,318	2,344,840	0	2,344,840
Unassigned - 3% Reserve									
Economic Uncertainty	4,047,000	0	4,047,000	4,112,000	0	4,112,000	4,092,000	0	4,092,000
Unassigned - Other	13,638,475	0	13,638,475	6,903,382	0	6,903,382	3,000	0	3,000
Total - Fund Balance	27,961,553	4,017,942	31,979,495	20,361,460	4,017,942	24,379,402	6,742,667	4,017,942	10,760,609

The MYP is based on the information known at this time. The projection will change as the underlying assumptions used to develop the MYP change, i.e. enrollment, COLA, revenue deficits, etc.

The Yuba County Office of Education and the California Department of Education both use the MYP as an indication of the financial stability of the District.

In 2022-23 the District reserve level is projected at 3% which is not enough to maintain ongoing financial stability due to lack of necessary cash flow.

Other Funds

Estimated Ending Balances



FUND	2019-20	Est. Net Change	2020-21
CHARTER SCHOOLS	\$971,168	\$84,474	\$1,055,642
CHILD DEVELOPMENT	\$427,518	\$15,000	\$442,518
CAFETERIA FUND	\$1,458,398	\$6,573	\$1,464,971
DEFERRED MAINTENANCE	\$975,728	\$20,000	\$995,728
SPECIAL RESERVES	\$0	\$0	\$0
BUILDING FUND	\$12,119,897	\$90,000	\$12,209,897
CAPITAL FACILITIES	\$2,701,360	\$850,000	\$3,551,360
COUNTY SCHOOL FACILITIES	\$153,600	\$2,500	\$156,100
BOND INTEREST & REDEMPTION	\$4,885,370	\$0	\$4,885,370
BLENDED COMPONENT DEBT SERVICE	\$2,971,105	\$0	\$2,971,105
SCHOLARSHIP TRUST FUND	\$1,156,545	\$20,000	\$1,176,545
TOTAL	\$27,820,689	\$1,088,547	\$28,909,236

All Other Funds of the District are estimated to maintain positive fund balances for 2020-21.



Next Steps

Administration recommends the following:

- Continue with Budget Savings process.
 - Bring plan and timeline to Board for approval on July 21, 2020.
 - Determine additional expenses necessary to promote a safe and healthy environment for all.
- Present 45-day Budget Revision in August.



Thank you

Questions?