



Marysville Joint Unified School District

Second Interim Budget Update

Presented to the Board of Trustees

March 9, 2021

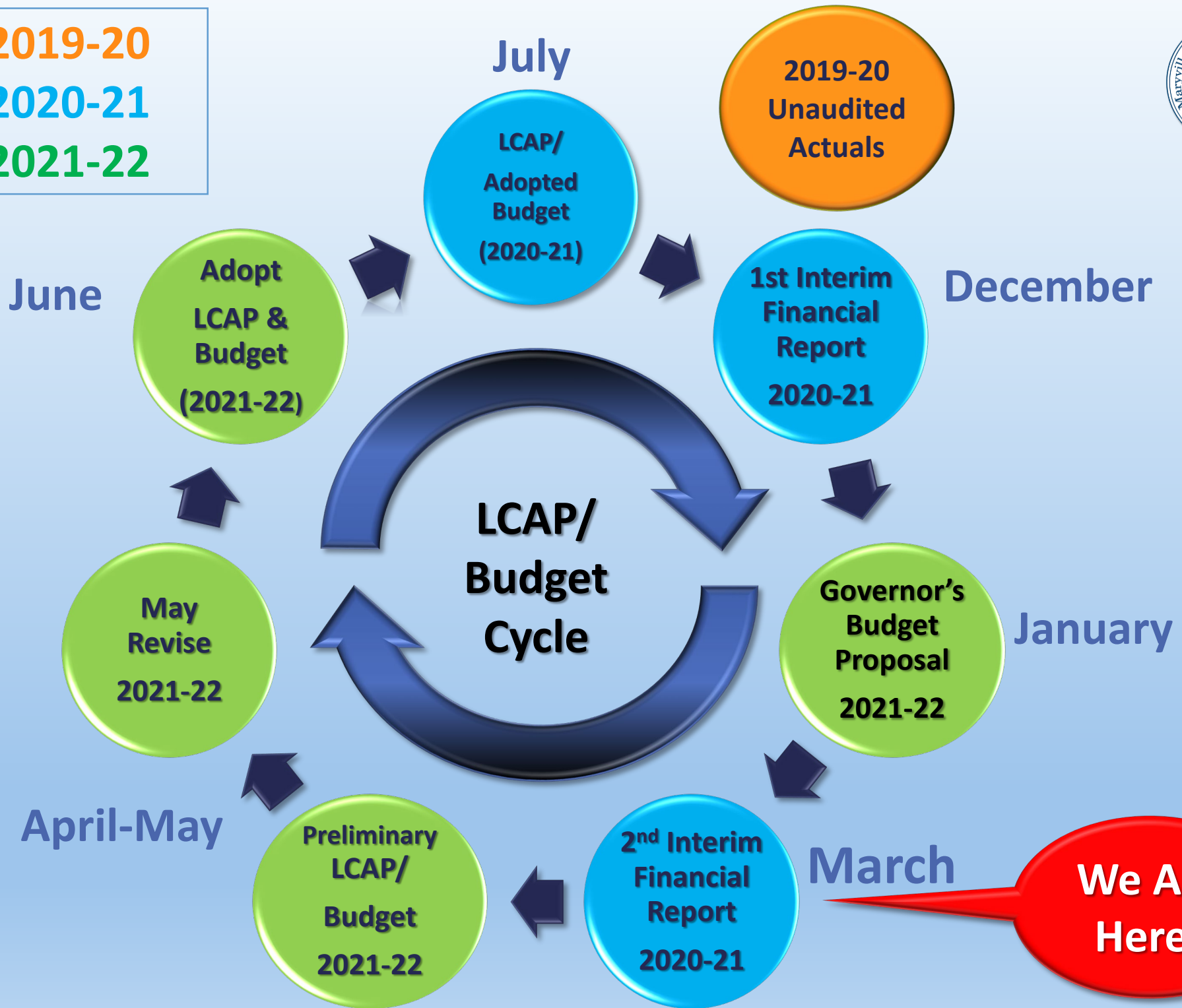


Agenda

- Review Budget Cycle
- What's New with 2nd Interim?
 - A look at California...
 - Governor's Budget Proposal for 2021-22
- CARES Act Funds
- Revenues/Expenditures
 - Local Control Funding Formula
 - Decrease In Unduplicated Pupil Percentage
- Unrestricted General Fund Balance
- Multi-Year Projection (MYP)
- Ending Fund Balance
- Risk Factors



2019-20
2020-21
2021-22



**We Are
Here!**



What's New With 2nd Interim?



A Look At California...

Risks to California Economy and the State Budget:

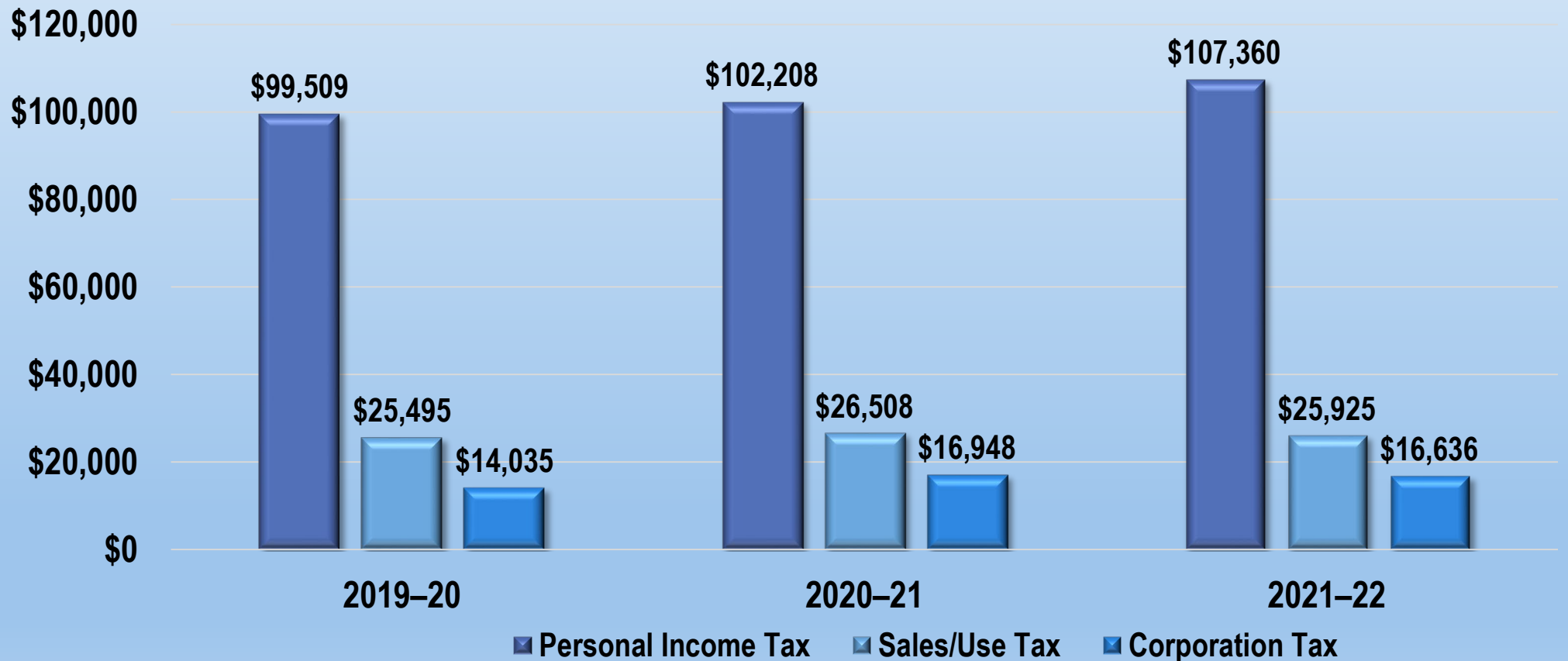
- Commercial real estate market collapse
 - Office and retail vacancy rates rising and work from home could be the start of a fundamental shift in how business gets done
- Residential rentals in high-cost city centers
 - San Francisco rents down 25% since start of COVID-19
 - Sacramento and local suburbs are beneficiary communities where rents are rising
- Ability of small businesses to endure pandemic economy
- Delay of students returning to school due to pandemic
- Lower-than-expected roll out of vaccine



A Look At California... (continued)

Estimate for the Big Three Revenues

Big Three Taxes
(in millions)



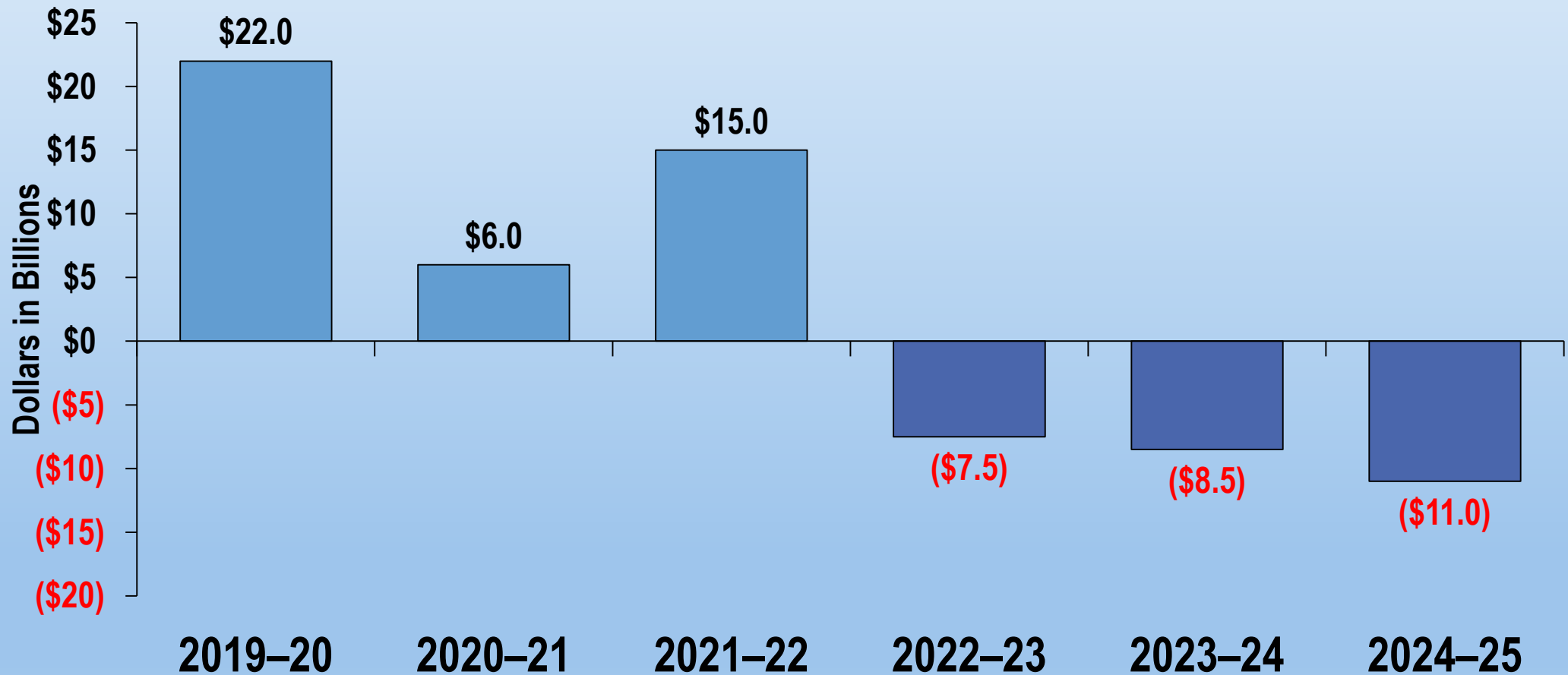
Source: 2021-22 Governor's Budget



A Look At California... (continued)

State Budget Projects Surplus and Shortfalls

1



¹Budget shortfalls or surplus, measured by the annual Governor's Budget
Source: 2021-22 Governor's Budget Summary, page 3



Governor's 2021-22 Budget Proposal

LCFF Planning Factors

Factor	2020-21	2021-22	2022-23	2023-24
Dept of Finance Estimated Statutory COLA	2.31%	1.50%	2.98%	3.05%
Dept of Finance Funded Statutory COLA	0.00%	3.84%*	2.98%	3.05%

School Services of California's independent economist estimates lower COLAs of 1.28% in 2022-23 and 1.61% in 2023-24.

* Calculated by compounding the unfunded COLA of 2.31% and the estimated statutory COLA of 1.5% in 2021-22.



2nd Interim Review of CARES ACT Funds

Chart review
from
1st Interim
report in
December
2020

CARES Act Funds in \$Millions



Total \$9.3M

Spent to date

These categories are defined by the State

- Administrative Expenses & Telework Capabilities
- Budgeted Personnel and Services Diverted
- Facilitating Distance Learning
- Food Programs
- Personal Protective Equip & Public Health Expenses



2nd Interim Review of CARES ACT Funds (continued)

Elementary and Secondary School Emergency Relief (ESSER) Fund second round (ESSER II) approved on December 27, 2020.

MJUSD to receive \$13.1 million in ESSER II funds.

NEW

Allowable uses – same as first round PLUS:

- School facility repairs and improvements to reduce risk of virus transmission and to support student health needs
- Inspection, testing, maintenance, repair, replacement and upgrade projects to improve indoor air quality in schools

CARES Act Funds Examples of Current Uses



Personal Protective Equipment (PPE) such as disposable face masks, face shields, and disposable gloves and gowns



Technology – internet connectivity, online textbooks, distance learning instructional strategies and materials, Chromebook insurance, staff devices and student devices, additional staffing



Sanitizing - hand sanitizer in every room, disinfectant wipes, thermometers and temperature scanners, electrostatic sprayers, deep cleaning after active case(s)



Nutrition Services – Some changes in food served, staffing cost increases, equipment replacements needed, new supplies to serve meals curbside



State Cash Deferrals

Impact to MJUSD Cash Flow

State Cash Deferrals



What Are Cash Deferrals?

Cash deferrals occur when the state does not have enough cash to pay school districts their monthly apportionment.

All school districts' annual apportionment is based on a percentage of state revenue and the number of days students attend class.



2020-21 MJUSD Cash Deferrals

Cash Flow

- Current year deferrals begin in February 2021

MJUSD CASH BALANCE

Projected Year-end
Cash Balance:

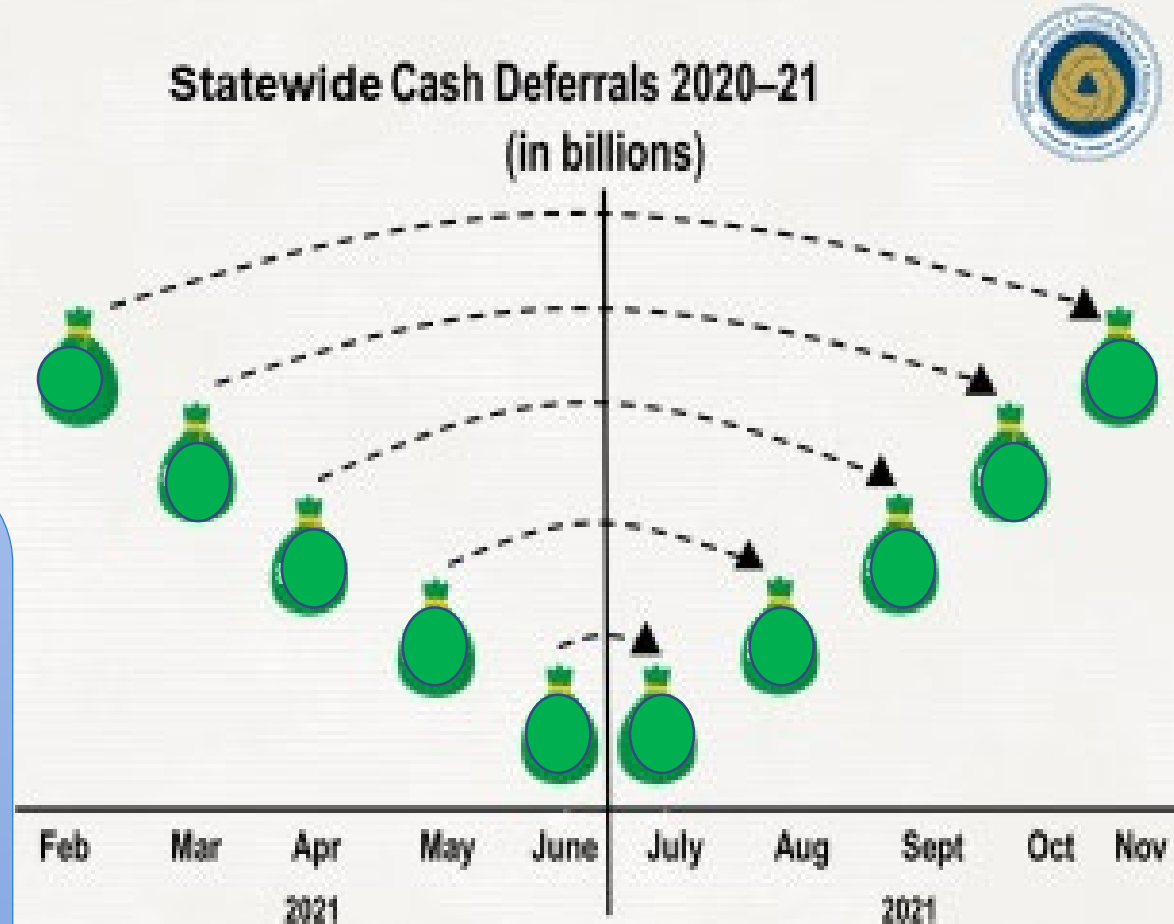
1st Interim = \$19,417,000

2nd Interim = \$25,569,000

Actual 2018/19 = \$38M

Actual 2019/20 = \$37M

Statewide Cash Deferrals 2020-21
(in billions)





Revenue and Expenditures



2nd Interim Compared to First Interim Budget Total Revenue (Unrestricted) General Fund

(In Millions)	1 st Interim FY 20-21	2 nd Interim FY 20-21	Difference
LCFF Sources	\$102.6	\$101.6	\$<1.0>
Federal Revenue	\$.0	\$.0	\$-
Other State Revenue	\$1.7	\$1.7	\$-
Other Local Revenue	\$0.6	\$0.9	\$0.3
TOTAL REVENUE	\$105.1	\$104.4	\$<0.7>

\$1 million decrease in LCFF revenue this year.



Local Control Funding Formula

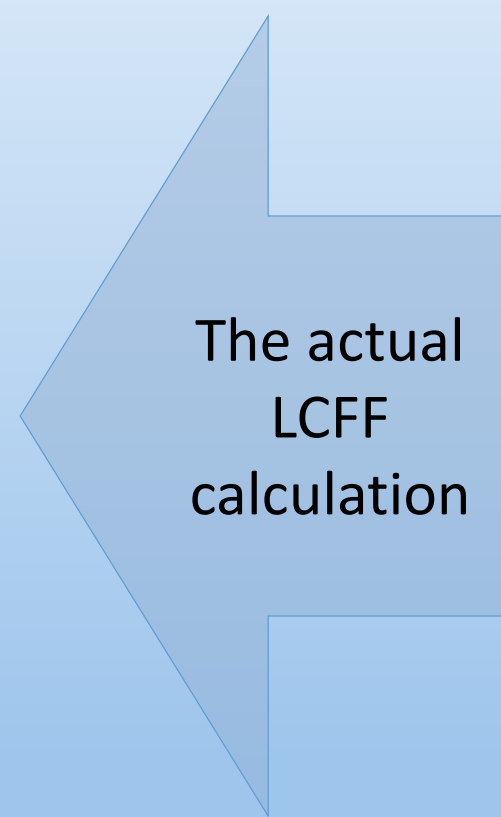
Why is there a \$1M decrease in LCFF funds?

- The Unduplicated Pupil Percentage (UPP) decreased from 81.3% to 79.44%.
- UPP is based on the number of low socio-economic, English learners and foster youth.
- Every 4 years MJUSD must recount these students.
- Other Districts throughout the State have experienced UPP decreases due to COVID-19.



Local Control Funding Formula

	<u>COLA & Augmentation</u>		<u>Unduplicated Pupil Percentage (UPP)</u>		2020-21	
	0.000%		79.44%			
	ADA	Base	Gr Span	Supp	Concen	TARGET
Grades TK-3	3,216.06	7,702	801	1,351	1,039	35,032,616
Grades 4-6	2,242.86	7,818		1,242	955	22,463,327
Grades 7-8	1,319.60	8,050		1,279	984	13,608,631
Grades 9-12	2,369.68	9,329	243	1,521	1,170	29,058,196
	9,148.20	75,034,298	3,151,896	12,422,223	9,554,354	100,162,771
	Home-to-School Transportation add-on					1,456,762
	LOCAL CONTROL FUNDING FORMULA (LCFF) TARGET					101,619,533
	Funded Based on Target Formula <i>(based on prior year P-2 certification)</i>					TRUE



2nd Interim



Local Control Funding Formula

Unduplicated Pupil <u>Percentage (UPP)</u>	
79.44%	
Supp	Concen
1,351	1,039
1,242	955
1,279	984
1,521	1,170
12,422,223	9,554,354

Loss of
1.86%
in UPP



Loss of Supp/Concen Funds
 1st Interim UPP 81.30% = \$22,994,560
 2nd Interim UPP 79.44% = \$21,976,577
<\$1,018,983>

Supplemental/
Concentration Grant
 \$12,422,223
 + 9,554,354
\$21,976,577





Local Control Funding Formula

- What Can We Do To Increase UPP funding?

Action

By October 31st, MJUSD staff will once again reach out to families and ask them to complete the Alternative Benefits form just like we did this year.

Goal

Our goal is to capture every eligible student to ensure our students receive the maximum funding they deserve!



1st Interim Budget Compared to 2nd Interim Total Expenditures (Unrestricted) General Fund

(In \$ Millions)	1 st Interim FY 20-21	2 nd Interim FY 20-21	Difference Favorable/ (Unfavorable)
Certificated Salaries	\$40.8	\$40.6	\$0.2
Classified Salaries	\$13.5	\$12.8	\$0.7
Employee Benefits	\$20.2	\$19.9	\$0.3
Books and Supplies	\$7.5	\$5.8	\$1.7
Services/Other Operating Expenses	\$9.1	\$9.3	\$(0.2)
Capital Outlay	\$3.7	\$4.2	\$(0.5)
Other Outgo	\$(2.0)	\$(2.0)	\$0
TOTAL EXPENDITURES	\$92.8	\$90.6	\$2.2

Salary & Benefits Adjusted From First Interim Estimates

New School Buses



Ending Fund Balance

General fund



Components of Ending Fund Balance

Remember: Ending Fund Balance is One-Time Money!

Description	Unrestricted	Restricted	Total
Revolving Cash & Estimated Ending Inventory	324,707		324,707
Restricted		5,653,673	5,653,673
Committed	956,933		956,933
Assignments	7,094,067		7,094,067
Economic Uncertainty	4,261,985		4,261,985
Unassigned/ Unappropriated	27,827,939		27,827,939
Total-Fund Balance	\$40,465,631	\$5,653,673	\$46,119,303

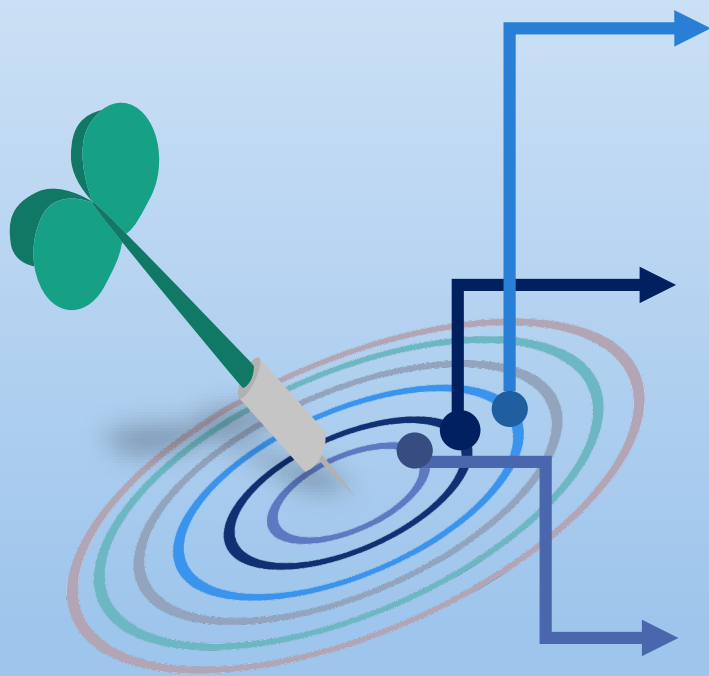


Multi-Year Projections

2020-21

2021-22 and 2022-23

Multi-Year Projections



Multiyear projections (MYP) are required by AB 1200 and AB 2756

Projections are anchored in reliable information as of the date of the projection—they are NOT forecasts

Projections will change any time the underlying factors change

Multi-Year Projections (MYP)

Unrestricted General Fund



(In \$ Millions)	2nd Interim FY 20-21	Projection FY 21-22	Projection FY 22-23
Beginning Balance – July 1	\$41.8	\$40.5	\$39.7
Revenue	\$104.4	\$107.3	\$106.9
<i>Expenditures</i>	<i>\$(90.6)</i>	<i>\$(90.2)</i>	<i>\$(93.9)</i>
<i>Other Sources - Transfers In/Out</i>	<i>\$(15.2)</i>	<i>\$(17.8)</i>	<i>\$(18.4)</i>
Total Expenditures & Transfers	\$(105.8)	\$(108)	\$(112.3)
Surplus/(Deficit Spending)	\$(1.4)	\$(.7)	\$(5.4)
Ending Balance	\$40.5	\$39.7	\$34.3



Risk Factors

What may harm the budget?

Risk Factors



- Cost of mitigating learning loss overtime
- Unknown COVID expenses – including asymptomatic testing
- Potential for smaller, but ongoing deferrals
- Mitigating school district liability was not part of Governor’s budget proposal
- Costs to provide more services to students in need



MJUSD 2020-21 2nd Interim Financial Certification:

POSITIVE



Next Steps...

- May 2021:
 - May Revision of Governor's Budget Proposal for 2021-22
- June 2021:
 - 2021-22 LCAP and Budget for Board Adoption



THANK YOU
Questions?