

Proposed Budget 2020-2021



Great Schools
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Report to the Board of
Trustees

June 23, 2020

FULLERTON
SCHOOL
DISTRICT



Fullerton School District Proposed Budget

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- 2019-20 Estimated Unrestricted Actuals
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- Multi-Year Projections 2020-21, 2021-22, 2022-23
- State Budget Update June 23, 2020 (What we know after 9 hours)
- Next Steps



Board Responsibility

- Review financial status of the District
- Approve spending plan for 2020-21 for all funds
- Review subsequent two-year pattern of revenues and expenditures
- Adopt 2020-21 District Budget by June 30, 2020



State Budget Outlook

Impact and Duration of COVID-19 is Unknown

- Unemployment Rate May, 2020
 - California-15.9%
 - OC-14.5% / LA-20.6% / RIV-15.8%
- Income Tax, Sales and Use Tax, and Corporation Tax Revenue comprise 90% of the General Fund revenue
- State Revenue Projections have dropped
 - Income Tax Revenue: -25.5%
 - Sales and Use Tax: -27.2%
 - Corporation Tax: -22.7%
- Will there be a second wave of COVID-19?
- Are we still in the first wave of COVID-19?



Fullerton School District Estimated **Unrestricted** Revenue 2019-20 (In Millions)

	2019-20 Second Interim	2019-20 Estimated Actuals	Change
LCFF	\$116.66	\$116.61	\$(0.05)
Federal Revenue	-----	-----	-----
State Revenue	4.22	*4.24	0.02
Other Local Revenue	1.39	**1.66	0.27
Total Revenue	\$122.27	\$122.51	\$0.24

*State Revenue increased \$0.02 because of prior year STAR testing revenue.

**Local Revenue increase \$0.27 because of eRate.

Fullerton School District Estimated **Unrestricted** Expenditures 2019-20 (In Millions)

	2019-20 Second Interim	2019-20 Estimated Actuals	Change
Certificated Salaries	\$53.24	\$53.11	\$(0.13)
Classified Salaries	15.62	15.48	(0.14)
Employee Benefits	27.65	27.45	(0.20)
Books and Supplies	5.10	4.84	(0.26)
Services /Operating Expenses	6.83	6.31	(0.52)
Capital Outlay	0.17	0.13	(0.04)
Other Outgo	(0.86)	(0.91)	(0.05)
Contributions	17.35	17.35	-----
Total Expenditures	\$125.10	\$123.76	\$(1.34)

FSD Estimated **Unrestricted** Ending Fund Balance (In Millions)

	2019-20 Second Interim	2019-20 Estimated Actuals	Change
Beginning Balance	\$32.87	\$32.87	\$-----
Revenue	122.27	122.51	0.24
Expenditures	125.10	123.76	(1.34)
Ending Balance	\$30.04	\$31.62	\$1.58
Deficit Spending	\$(2.83)	\$(1.25)	



Total Unrestricted Deficit Spending for 2019-2020 is estimated to be **\$1.25 M**

General Fund Budget Assumptions (Based on May Revise)



Description	2020-21
Enrollment (Decline of 205 from Prev. Year)	12,603
Funded ADA	12,452.15
LCFF Statutory COLA	2.31%
Base Grant Proration Factor	-10.00%
Effective Change In LCFF	-7.92%
Unduplicated Count (3-year rolling average)	53.73%
LCFF Per ADA *	\$8,466
Lottery Per ADA	\$207

* As reference, LCFF Per ADA for 2019-20 was \$9,190.

General Fund Budget Assumptions (Based on May Revise)

Description	2020-21
Certificated Step and Column Increase	\$1,268,215
Classified Step Increase	\$240,961
Current Employee Health & Welfare Premium Cap	Sgl/2P \$16,600 Family \$17,400
District Unrestricted STRS Contribution-<i>Includes May Revise Reduction of \$1.2 Million</i>	16.15% \$8,440,806
District Unrestricted PERS Contribution-<i>Includes May Revise Reduction of \$0.31 Million</i>	20.70% \$2,761,403
Science Textbook Adoption	\$1.5 Million



2020-21 Projected **Combined** Revenues (In Millions)

	2019-20 Estimated Actuals	2020-21 Projected Budget	Change
LCFF	\$116.61	*\$105.42	\$(11.19)
Federal Revenue	7.41	**8.60	1.21
State Revenue	7.90	***6.03	(1.87)
Other Local Revenue	11.41	10.06	(1.35)
Total Revenue	\$143.33	\$130.11	\$(13.20)

* LCFF includes \$2.01 million reduction in ADA; 2.31% COLA ; -10% Proration Factor

** Federal Revenue includes \$2.24 million CARES Act

*** State Revenue includes loss of one-time revenue from 2019-20 (Special Ed PreK Grant - \$1.7 million)

2020-21 Projected **Combined** Expenditures (In Millions)

	2019-20 Estimated Actuals	2020-21 Projected Budget	Change
Certificated Salaries	\$65.59	\$65.70	\$0.11
Classified Salaries	23.65	23.82	0.17
Employee Benefits	35.77	36.51	0.74
Books and Supplies	11.42	8.34	(3.08)
Services and Other Operating Expenses	10.50	9.78	(0.72)
Capital Outlay	2.22	0.36	(1.86)
Other Outgo	1.31	1.83	0.52
Contributions	-----	-----	
Total	\$150.46	\$146.34	\$(4.12)

General Fund Budget Assumptions (Based on May Revise)

Description	2021-22	2022-23
Funded ADA	12,247	12,123
LCFF Statutory COLA	2.48%	3.26%
Unduplicated Count	53.72%	54.06%
One-Time Discretionary Funding	\$0	\$0
LCFF Per ADA	\$8,468	\$8,474
Lottery Per ADA	\$207	\$207



General Fund Budget Assumptions (Based on May Revise)

Description	2021-22	2022-23
Certificated Step and Column Increase	\$1,051,126	\$1,047,143
Classified Step Increase	\$238,180	\$240,562
Current Employee Health & Welfare Premium Cap	Sgl/2P \$16,600 Family \$17,400	Sgl/2P \$16,600 Family \$17,400
District Unrestricted STRS Contribution	16.02% (\$69,192)	18.1% \$1,124,789
District Unrestricted PERS Contribution	22.84% \$255,498	25.50% \$320,757



FSD Unrestricted Multi-Year Projections 2020-21 to 2022-23 at Second Interim Presentation on March 10, 2020 (In Millions)

Second Interim	2019-20	2020-21	2021-22	2022-23
Beginning Balance	\$31.29	\$28.35	\$24.05	
Revenue	137.57	139.25	141.15	
Expenditures	140.51	143.55	146.18	
Net Income/(Loss)	(2.94)	(4.30)	(5.03)	
Ending Balance	\$28.35 M	\$24.05 M	\$19.02 M	
*Total Reserve	*20.18%	*16.76%	*13.02%	

FSD Unrestricted Multi-Year Projections 2020-21 to 2022-23 at Adopted Budget Presentation on June 23, 2020 (In Millions)

Adopted Budget	2019-20	2020-21	2021-22	2022-23
Beginning Balance	\$32.87	\$31.62	\$17.02	\$7.76
Revenue	122.51	111.02	107.68	106.71
Expenditures	123.76	125.62	*116.94	**110.10
Net Income/(Loss)	(1.25)	(14.60)	(9.26)	(3.39)
Ending Balance	\$31.62	\$17.02	\$7.76	\$4.37
*Total Reserve	25.55%	10.74%	5.24%	3.08%

*Includes \$8 million in ongoing budget reductions to be defined at First Interim, if needed

**Includes additional \$9.51 million in ongoing undefined budget reductions, if needed

Possible Scenarios from Sacramento



- More deferrals in lieu of 10% deficit
- More Federal money to backfill cuts and support COVID-19 expenditures
- Hold harmless for declining enrollment and low attendance
- Economy recovers faster than anticipated minimizing



State Budget Update - Today (June 23, 2020)

- Governor to act by Saturday, June 27th
- Deferrals instead of Cuts
 - (\$23 million deferred from 20/21 to 21/22)
- 0% COLA for 20/21 but no cut to LCFF
- “Learning Loss Mitigation Funding”
 - \$2,958,316 (Based on Students with Disabilities)
 - \$1,798,836 (Based on LCFF)
 - \$4,917,765 (Based on Unduplicated Count)
- STRS/PERS relief still to be determined
- Once State budget signed, FSD has 45 day days to revise - Budget Revision expected at August 11th meeting

This just in

Nest Steps - Legal Requirements

- Board action is required for Budget Adoption in accordance with Education Code 42127
- Board members must authorize an operating budget by June 30th of each year
- 45 days after the Governor signs Budget, the District shall make available for public review any significant revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by the Budget Act (E.C. 42127[i][4])



Questions?

