

2020-2021

First Interim Budget Update

December 9, 2020

Agenda

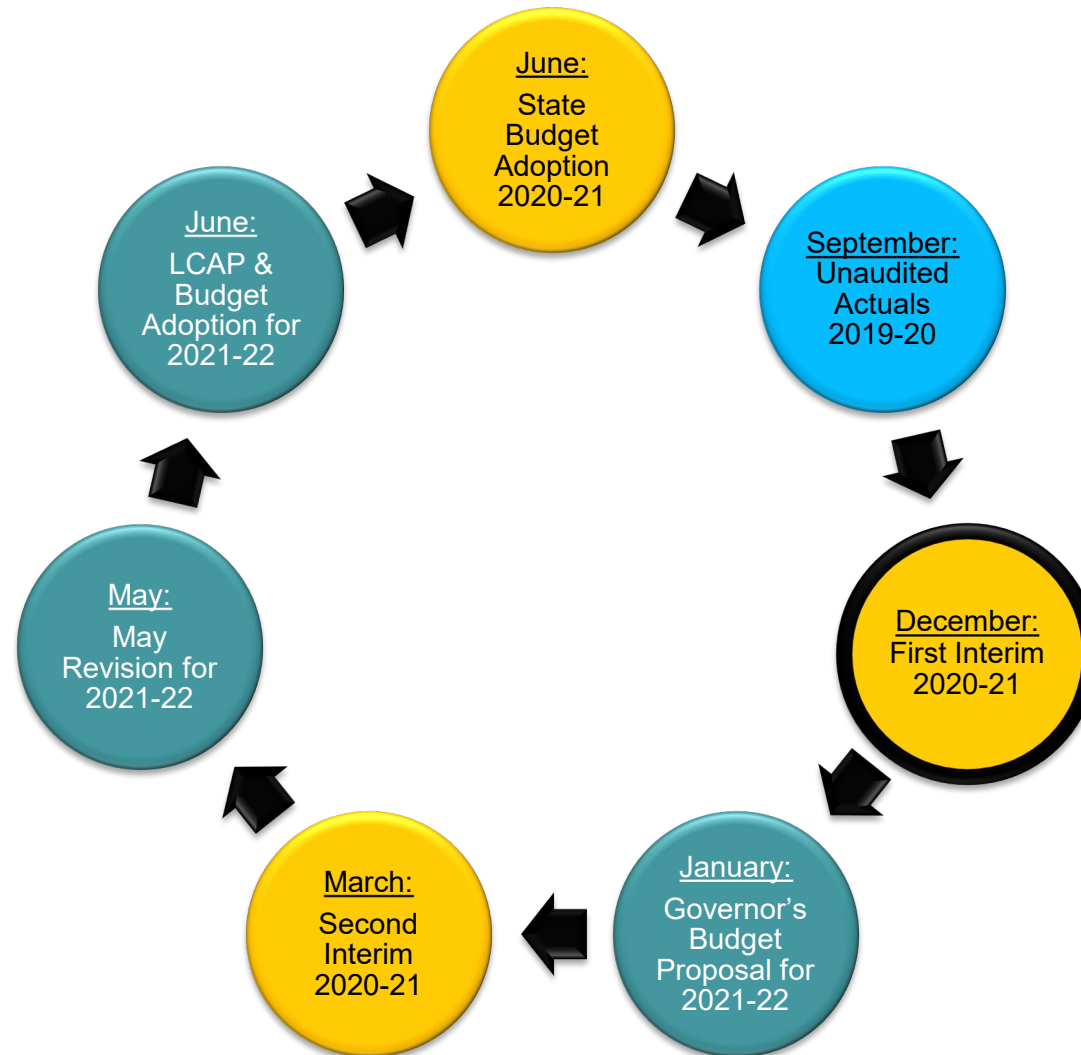
- Background
- Timeline
- Economic Outlook
- Budget assumptions
 - ADA lookback options
- 2020-2021 General Fund budget & Multi-year projections
 - One-time funds
 - Cash Flow
- Other Funds
- Parcel Taxes

Background

- Per state law, AUSD's Board must pass First Interim budget update by December 15 of each year.
- Board must certify that the District's projected financial outlook for 2020-21, 2021-22, and 2022-23 is one of the following:
 - **Positive: WILL MEET** the financial obligations for the current and two subsequent years
 - **Qualified: MAY NOT MEET** the financial obligations for the current and two subsequent fiscal years
 - **Negative: WILL BE UNABLE TO MEET** the financial obligations for the remainder of the current fiscal year and two subsequent fiscal years
- Staff recommends a positive certification.



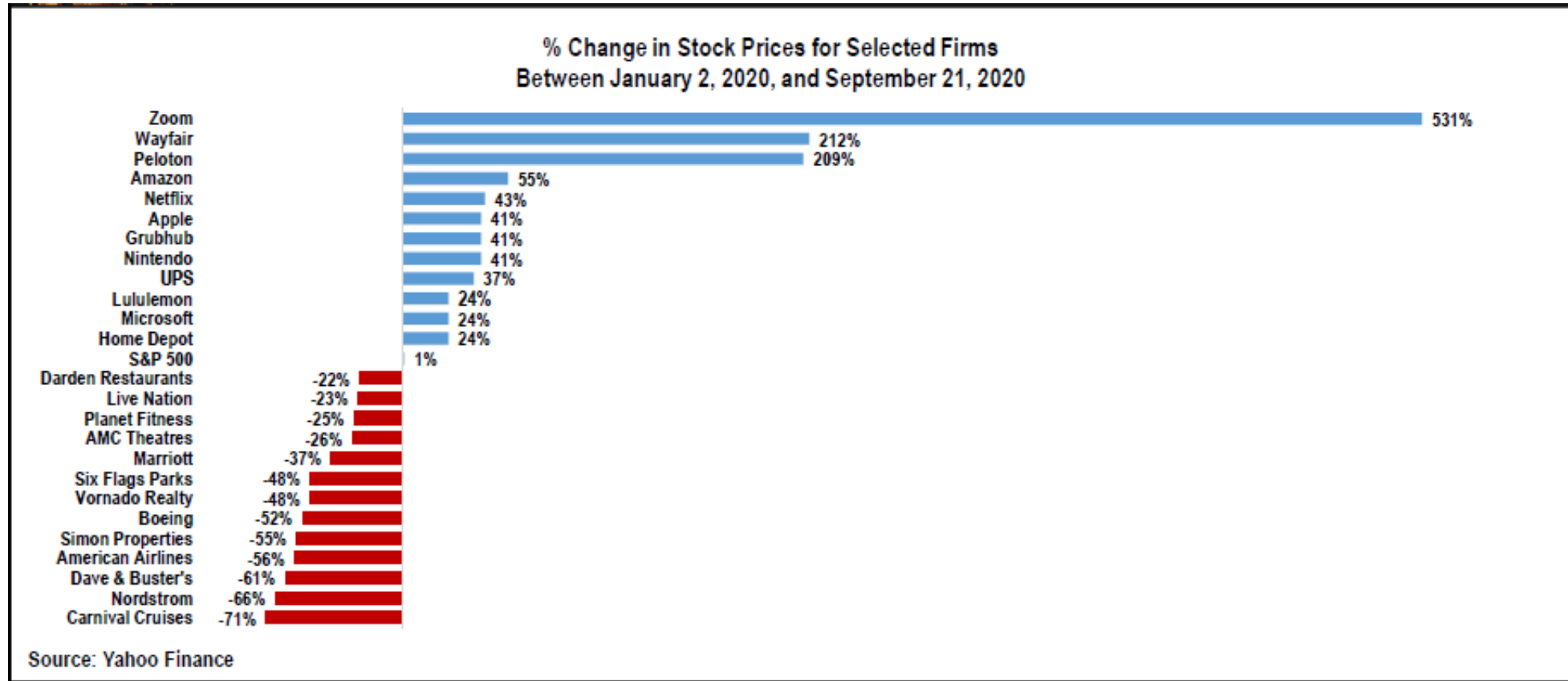
First Interim Update



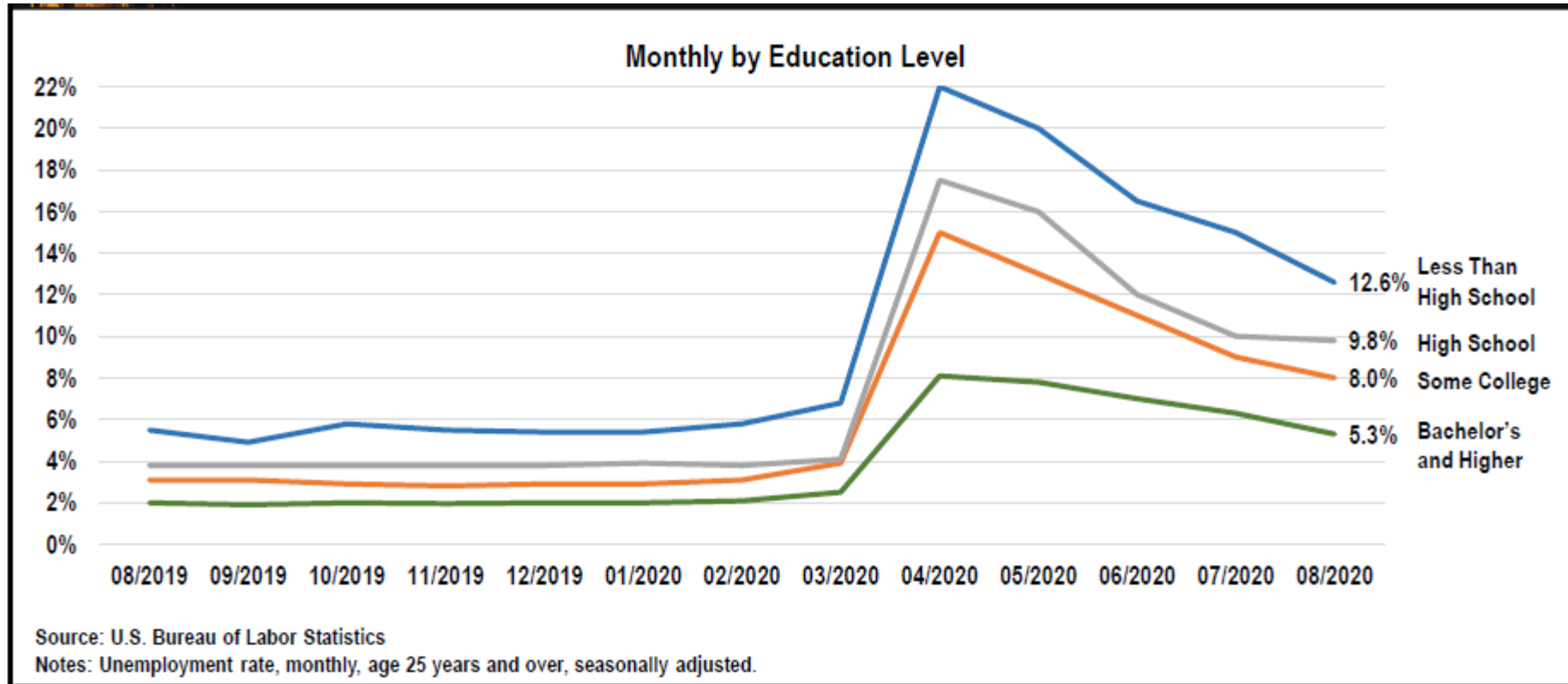
Factors Impacting California Education Budget

- State revenues in the first 5 months of FY2020-21 have out paced the lowered projected revenue numbers
- Revenue projected to grow at less than 1% over the next three years
- Expenditures projected to grow at 4.4% over the next three years
- LAO's recommendation is to focus on paying down budget deferrals and additional pension costs

Uneven Recovery



Unemployment Rate



Assumptions

Categories	Source	2020-21		2021-22		2022-23	
		Adopted	Revised	Adopted	Revised	Adopted	Revised
District Enrollment	CALPADS/ Projection	9,372	9,072	9,372	9,072	9,372	9072
District Funded ADA-Actual/Projected		8,976	8,976	8,976	8,976	8,976	8709
ADA as a Percentage of Total Enrollment		95.77%	98.94%	95.77%	98.94%	95.77%	96.00%
Unduplicated EL/FRPM Count		2,816	2,648	2,709	2,569	2,606	2492
Unduplicated EL/FRPM Percentage		30.0%	29.2%	28.9%	28.3%	27.8%	27.5%
COLA	ACOE	2.31%	0.00%	2.48%	0.00%	3.26%	0.00%
Effective Deficit Factor	SSC	-7.92%	0.00%	-12.18%	0.00%	-14.95%	0.00%
Learning Loss Mitigation & ESSER Funds	CDE	\$800K	\$5.9M	\$ -	\$ -	\$ -	\$ -
State Teacher's Retirement System	CDE	16.15%	16.15%	16.02%	16.00%	18.10%	18.1%
Public Employee Retirement System	PERS	20.70%	20.70%	22.84%	23.00%	25.50%	26.3%
Transfer of IOU to Reserve Fund	AUSD	-	\$6M	-	-	-	-
Deferred Maintenance Budget	AUSD	-	-	-	-	-	\$500K

ADA Scenarios for Out Years

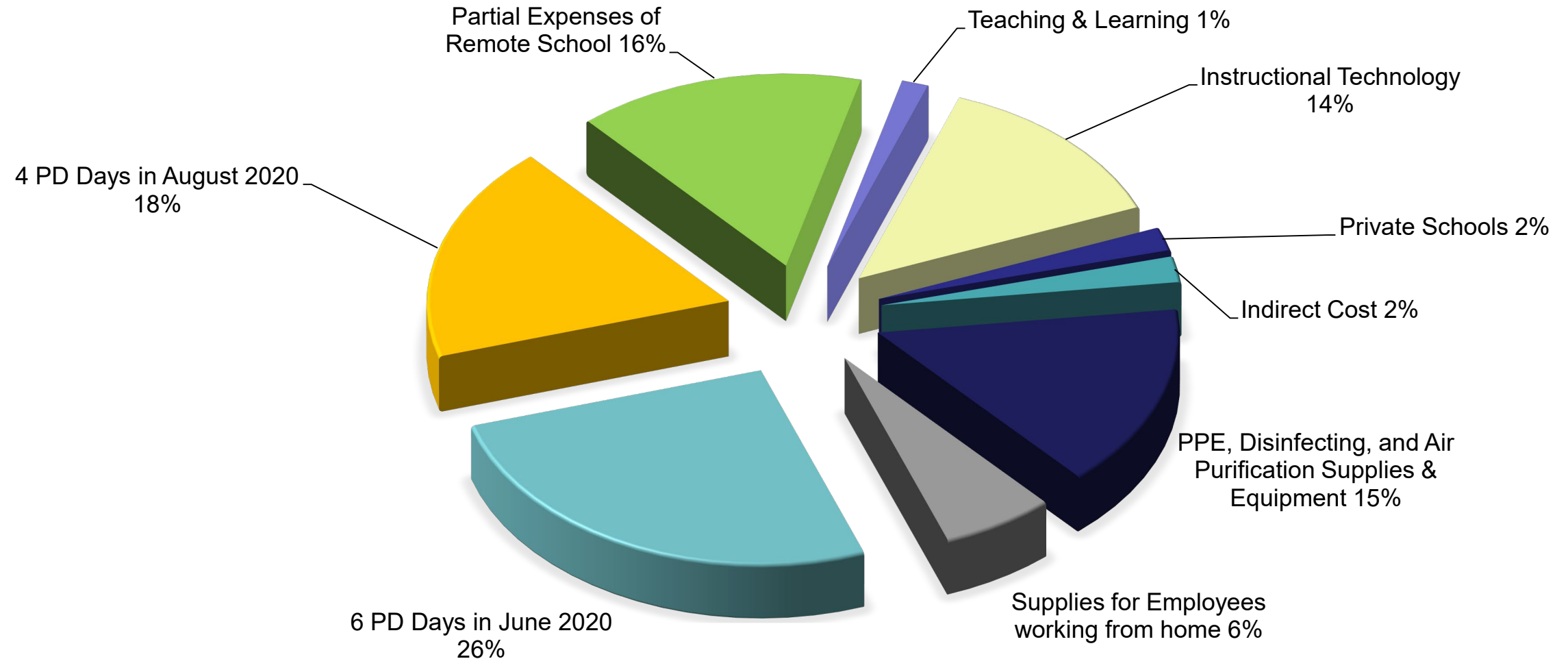
Categories	2019-20	2020-21	2021-22	2022-23
District Enrollment	9,372	9,072	9,072	9,072
Actual/Projected ADA	8,976	8,709	8,709	8,709
Funded ADA	8,976	8,976	8,976	8,709
Funding Impact - Gain (Loss)				(\$2.5M)
Unduplicated EL/FRPM Count	2,936	2,648	2,569	2,492
Unduplicated EL/FRPM Percentage	31%	29%	28%	27%
LCFF Supplemental Grant	\$5.2M	\$4.8M	\$4.5M	\$4.2M

- Hold harmless extension to 2021-22 is masking the decline in enrollment
- Opportunity to align staffing and expenditures to actual enrollment in 2021-22, instead of waiting till 2022-23

Items that may impact General Fund

- \$600K in Unrestricted General Fund for COVID-19 related expenditures
 - Additional Air Purifiers
 - Screening and Post Screening Tools
 - Personal Protective Equipment
- \$1.4M in Special Education contingencies during COVID-19
- Not all budgeted expenditures may be realized
 - \$1.9M in transportation for students receiving Special Education services
 - Physical distancing requirements may significantly increase the number of vehicles needed for transportation
 - Substitute and hourly budgets

Accounting of One-time COVID-19 Funds



General Fund Update for FY 2020-2021

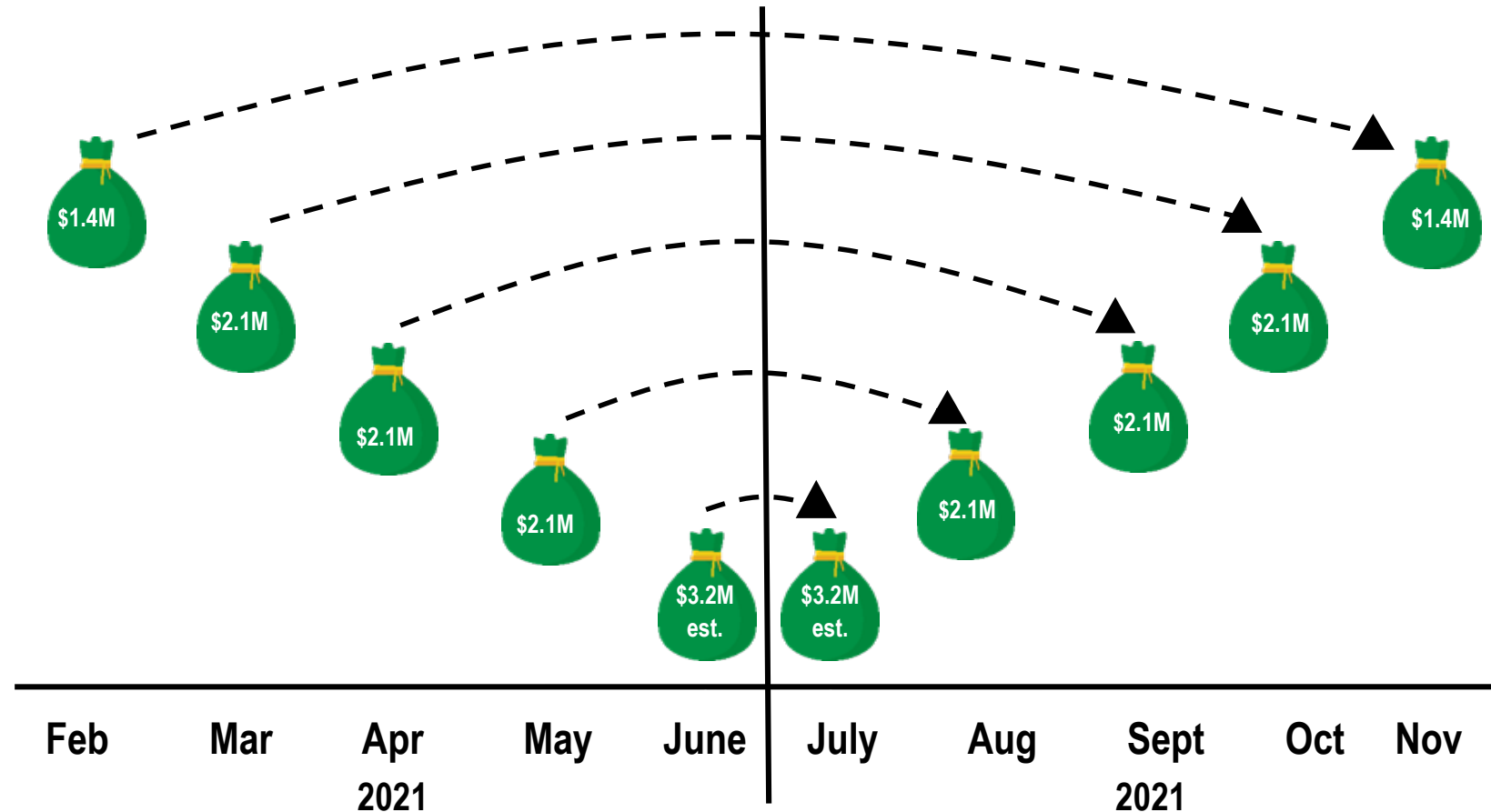
	Unrestricted			Restricted			Total
	Totally Unrestricted	LCFF Supplemental Grant	Parcel Tax (A & B1)	Special Education	Other Restrictred	Various COVID-19 Resources	General Fund
REVENUES							
LCFF Revenue	\$ 78,428,892	\$ 4,862,615	\$ -	\$ 673,436	\$ -		\$ 83,964,943
Federal Categorical Revenue		-	-	2,220,431	2,081,850	5,190,688	9,492,969
State Categorical Revenue	1,694,947	-	-	1,071,541	5,906,998	714,259	9,387,745
Local Revenue	954,763	-	22,990,911	5,360,085	569,513		29,875,272
Revenues	\$ 81,078,602	\$ 4,862,615	\$ 22,990,911	\$ 9,325,493	\$ 8,558,361	\$ 5,904,947	\$ 132,720,929
EXPENDITURES							
Salaries & Benefits	\$ 44,617,780	\$ 4,099,438	\$ 20,763,510	\$ 20,293,579	\$ 8,936,625	\$ 2,061,818	\$ 100,772,750
Books & Supplies	1,094,329	132,429	190,000	300,513	3,254,545	1,869,483	6,841,299
Services & Op. Expenses	8,659,925	406,995	283,000	12,098,508	4,393,307	174,211	26,015,946
Capital Outgo & Transfers	(2,631,828)	289,498	1,372,598	1,829,137	1,152,149	128,472	2,140,026
Expenditures	\$ 51,740,206	\$ 4,928,360	\$ 22,609,108	\$ 34,521,737	\$ 17,736,626	\$ 4,233,984	\$ 135,770,021
Excess (Deficiency) of Revenues over Expenditures	\$ 29,338,396	\$ (65,745)	\$ 381,803	\$ (25,196,244)	\$ (9,178,265)	\$ 1,670,963	
Other Sources (Uses)	\$ (34,911,541)	\$ 65,745	\$ (381,803)	\$ 25,114,708	\$ 3,669,305		\$ (6,443,586)
Net Inc. (Dec) in Fund Bal.	\$ (5,573,145)	\$ -	\$ -	\$ (81,536)	\$ (5,508,960)	\$ 1,670,963	\$ (9,492,678)
Beginning Balance	\$ 16,309,899		\$ -	\$ 131,536	\$ 5,736,798	\$ (1,670,963)	\$ 20,507,270
Ending Balance	\$ 10,736,754	\$ -	\$ -	\$ 50,000	\$ 227,838	\$ -	\$ 11,014,592
Revolving Fund/Restricted	\$ 50,000			\$ 50,000	\$ 227,838		\$ 327,838
Unassigned Ending Fund Balance	\$ 10,686,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,686,754

Multiyear Projections - Unrestricted General Fund

Line	Description	2020-2021	2021-2022	2022-2023
		Revised	Projected	Projected
A	Projected Beginning Balance, July 1	\$ 16,309,899	\$ 10,736,754	\$ 8,252,786
B	Revenues	\$ 108,932,128	\$ 108,534,336	\$ 105,412,165
C1	Transfer IOU to Reserve Fund	6,061,783	-	-
C2	Transfer from Reserve fund	-	-	1,000,000
C3	Expenditures	79,659,477	82,802,678	85,263,607
C4	Contribution to Restricted Programs	28,784,013	28,215,626	29,028,091
D = B-C1+C2-C3-C4	Surplus (Deficit)	\$ (5,573,145)	\$ (2,483,968)	\$ (7,879,533)
E = A+D	Projected Ending Balance, June 30	\$ 10,736,754	\$ 8,252,786	\$ 373,253
F	Assignments/Commitments	\$ 50,000	\$ 50,000	\$ 50,000
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 10,686,754	\$ 8,202,786	\$ 323,253

Cash Deferrals for FY 2020-21

- Approximately \$11M of AUSD's State Aid will be deferred from 2020-2021 to 2021-22
- Borrowing options include:
 - Inter-fund borrowing
 - County Treasury
 - Municipal bonds
 - Tax Revenue Anticipation Notes (TRAN)



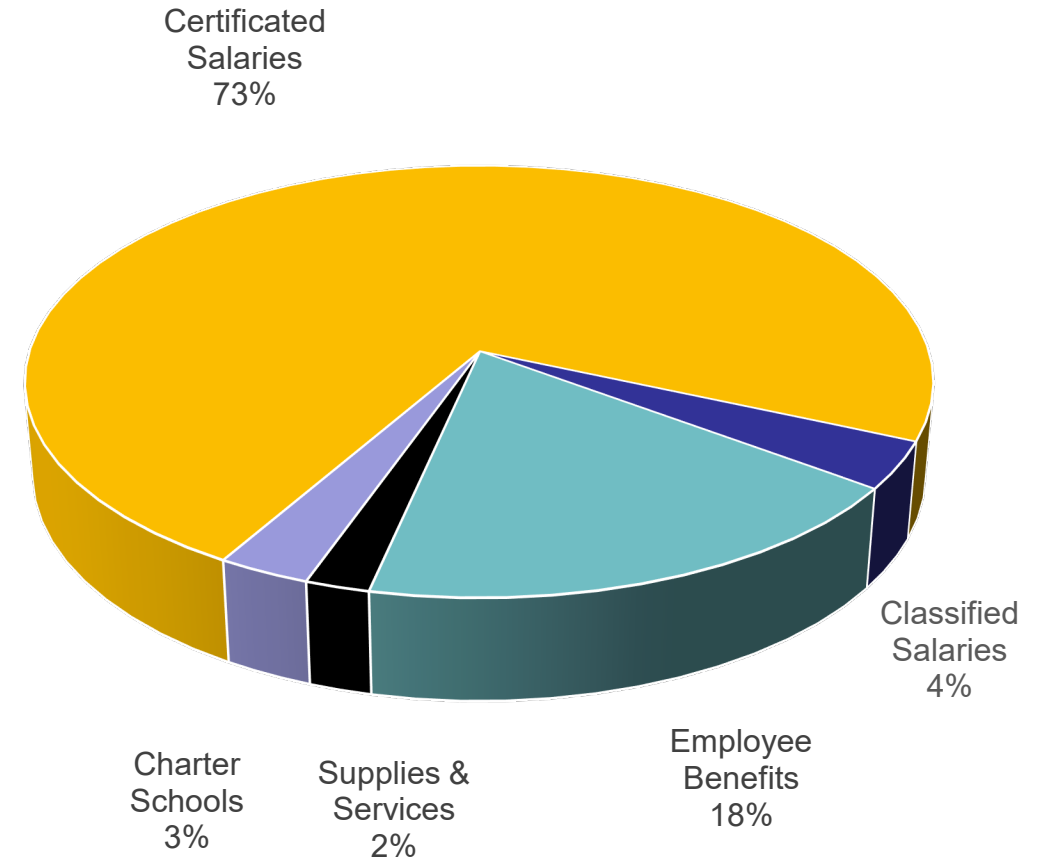
Other Funds

- Held harmless or slight gain in Federal & State Revenue
- Decline in local revenue (student fees, cost of meal)
- Outlook
 - Stable for 2020-21
 - FY 2021-22 depends upon return to school timeline and additional government support

	Adult Education		WCDC		Food Services	
Description	Adoption	First Interim	Adoption	First Interim	Adoption	First Interim
Federal & State Revenue	\$1,076,423	\$1,096,084	\$1,839,780	\$1,839,780	\$1,826,400	\$2,373,640
Local Revenue	72,205	2,205	180,890	15,891	988,088	134,350
Total	\$1,148,628	\$1,098,289	\$2,020,670	\$1,855,671	\$2,814,488	\$2,507,990

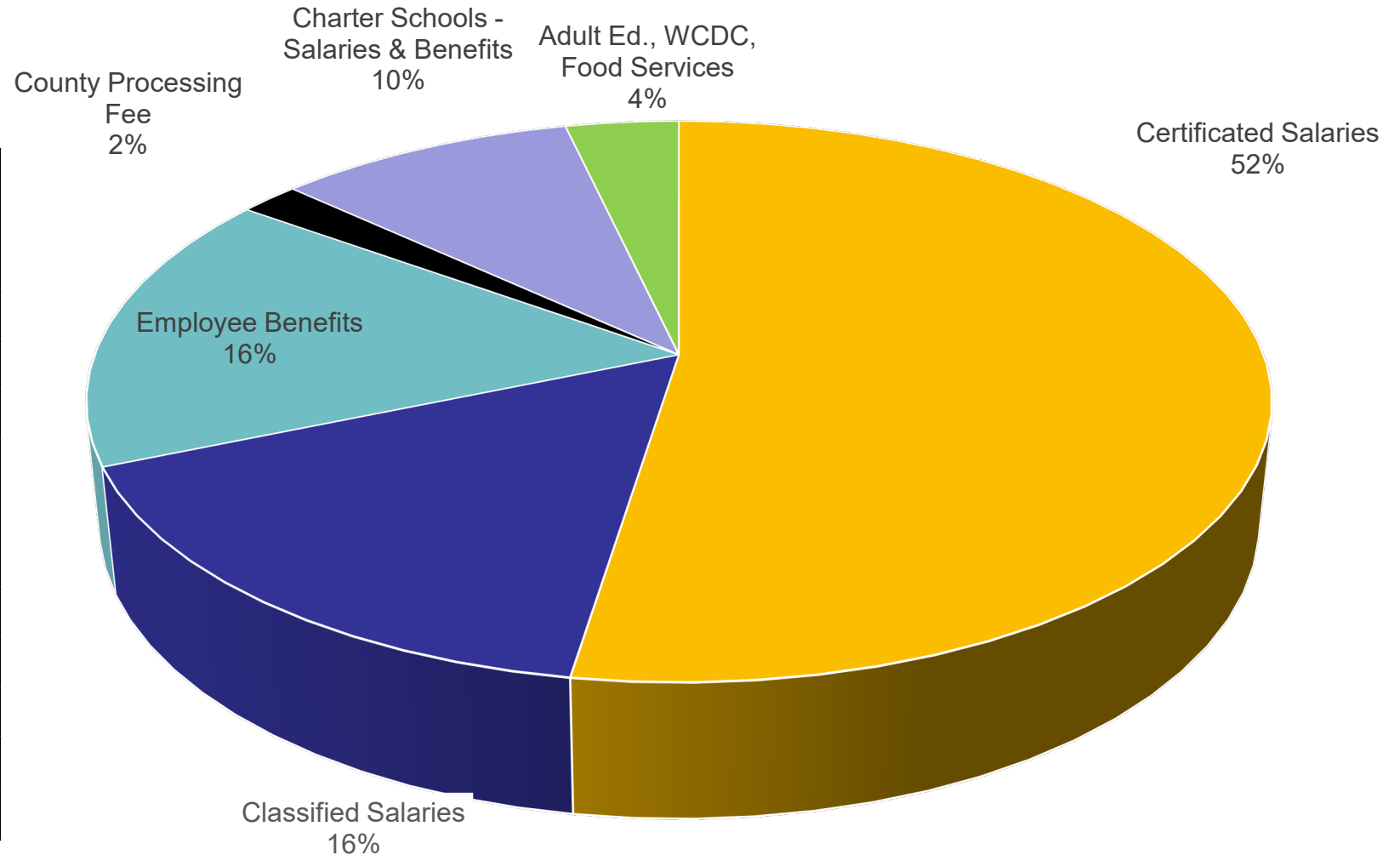
Parcel Tax – Measure B1

PTAX #	Description	Approved Percentage Range	Budget (Amount)	Budget (%)
1	Small Class Sizes in K-3	14% to 15%	\$ 1,730,000	14.14%
2	Neighborhood Elementary Schools	7% to 8%	867,000	7.09%
3	Scondary School Choice Initiative	7%-8%	977,919	7.99%
4	Programs to Close the Achivement Gap	13% to 14%	1,616,658	13.22%
5	High School Athletics Program	4%	489,683	4.00%
6	Enrichment Program	9-10%	1,139,883	9.32%
7	Attract and Retain Excellent Teachers	30-31%	3,697,366	30.23%
8	Counseling and Student Support	6%	734,250	6.00%
9	Alameda Charter Students	3-4%	367,551	3.00%
10	Technology	5%	611,414	5.00%
11	Adult Education	0%	-	0.00%
		Sub-Total	12,231,724	
12	Accountability and Fiscal Transparency		179,743	
		Total	\$ 12,411,467	



Parcel Tax – Measure A

Description	Budget (Amount)
Certificated Salaries	\$ 5,529,074
Classified Salaries	1,740,651
Employee Benefits	1,702,869
County Processing Fee	220,000
Charter Schools - Salaries & Benefits	1,005,047
Adult Education	95,557
WCDC	134,774
Food Services	144,629
Capital Facilities	6,843
	\$ 10,579,444



Looking Ahead

- Additional reserves can provide a cushion against
 - Decline in enrollment
 - Get a head start by adjusting staffing and other expenditures in FY 2021-22
 - Change in demographics
 - Decline in LCFF Supplemental and Title 1 funds
 - Parcel Tax funds provide funding for approximately 20% of employee salaries
 - Cushion for a softer landing in case parcel tax renewals are not sought or fail
- January budget proposal will give first glimpse at the Governor's projections for FY 2020-21 and FY 2021-22

Acronyms

AB	Assembly Bill	CPI	Consumer Price Index	LEA	Local Educational Agency
ACA	Affordable Care Act	CTE	Career Technical Education	LRE	Least Restrictive Environment
ADA	Average Daily Attendance	DOF	Department of Finance	MAA	Medi-Cal Administrative Activities
AP	Advanced Placement	DSA	Division of the State Architect	MOU	Memorandum of Understanding
API	Academic Performance Index	EC	Education Code	MTSS	Multi-Tiered Systems of Support
AYP	Adequate Yearly Progress	EL	English Learner	MYP	Multiyear Projection
BTSA	Beginning Teacher Support and Assessment	EPA	Education Protection Account	OPEB	Other Postemployment Benefits
CAASPP	California Assessment of Student Performance and Progress	ERAF	Education Revenue Augmentation Fund	OPSC	Office of Public School Construction
CALPADS	California Longitudinal Pupil Achievement Data System	ESL	English as a Second Language	P-1	First Principal (Apportionment)
CalPERS	California Public Employees Retirement System	ESSA	Every Student Succeeds Act	P-2	Second Principal (Apportionment)
CalSTRS	California State Teachers Retirement System	ESY	Extended School Year	PAR	Peer Assistance and Review
CALTIDES	California Longitudinal Teacher Integrated Data Education System	FAPE	Free and Appropriate Public Education	PD	Professional Development
CARS	Consolidated Application and Reporting System	FCMAT	Fiscal Crisis & Management Assistance Team	PI	Program Improvement
CASEMIS	California Special Education Management Information System	FERPA	Family Educational Rights and Privacy Act	PTA	Parent Teachers Association
CBA	Collective Bargaining Agreement	FRPM	Free and Reduced-Price Meals	RDA	Redevelopment Agency
CBEDS	California Basic Educational Data System	FTE	Full-Time Equivalent	SACS	Standardized Account Code Structure
CCSS	Common Core State Standards	GAAP	Generally Accepted Accounting Principles	SBE	State Board of Education
CDE	California Department of Education	GASB	Governmental Accounting Standards Board	SDC	Special Day Class
CELDT	California English Language Development Test	IEP	Individualized Education Program	SELPA	Special Education Local Plan Area
CNIPS	Child Nutrition Information Payment System	LAO	Legislative Analyst's Office	SPSA	Single Plan for Student Achievement
COE	County Office of Education	LCAP	Local Control and Accountability Plan	TK	Transitional Kindergarten
COLA	Cost-of-Living Adjustment	LCFF	Local Control Funding Formula	TRANS	Tax and Revenue Anticipation Notes
COP	Certificate of Participation			UPP	Unduplicated Pupil Percentage