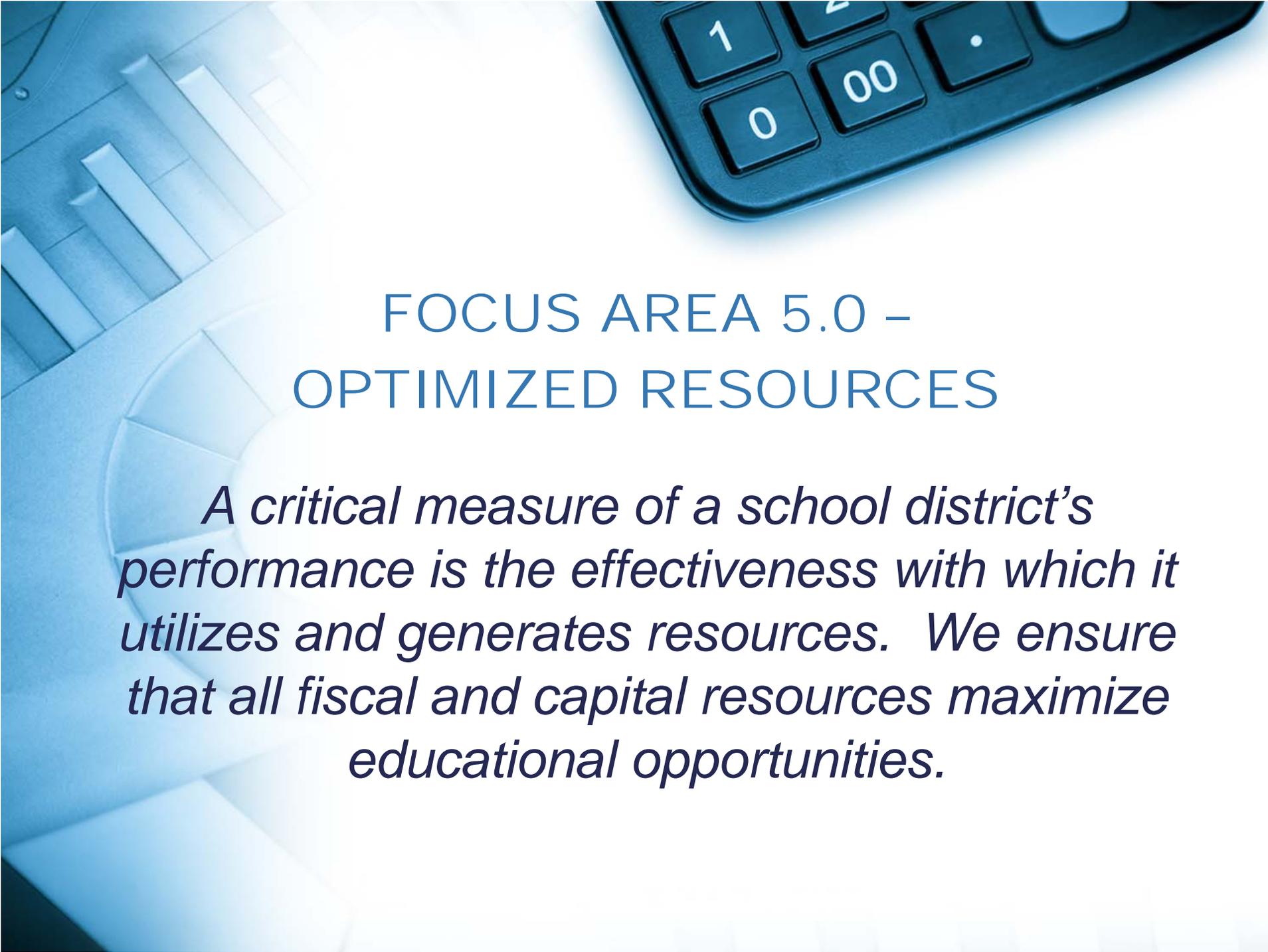




2020-21 Adopted Budget

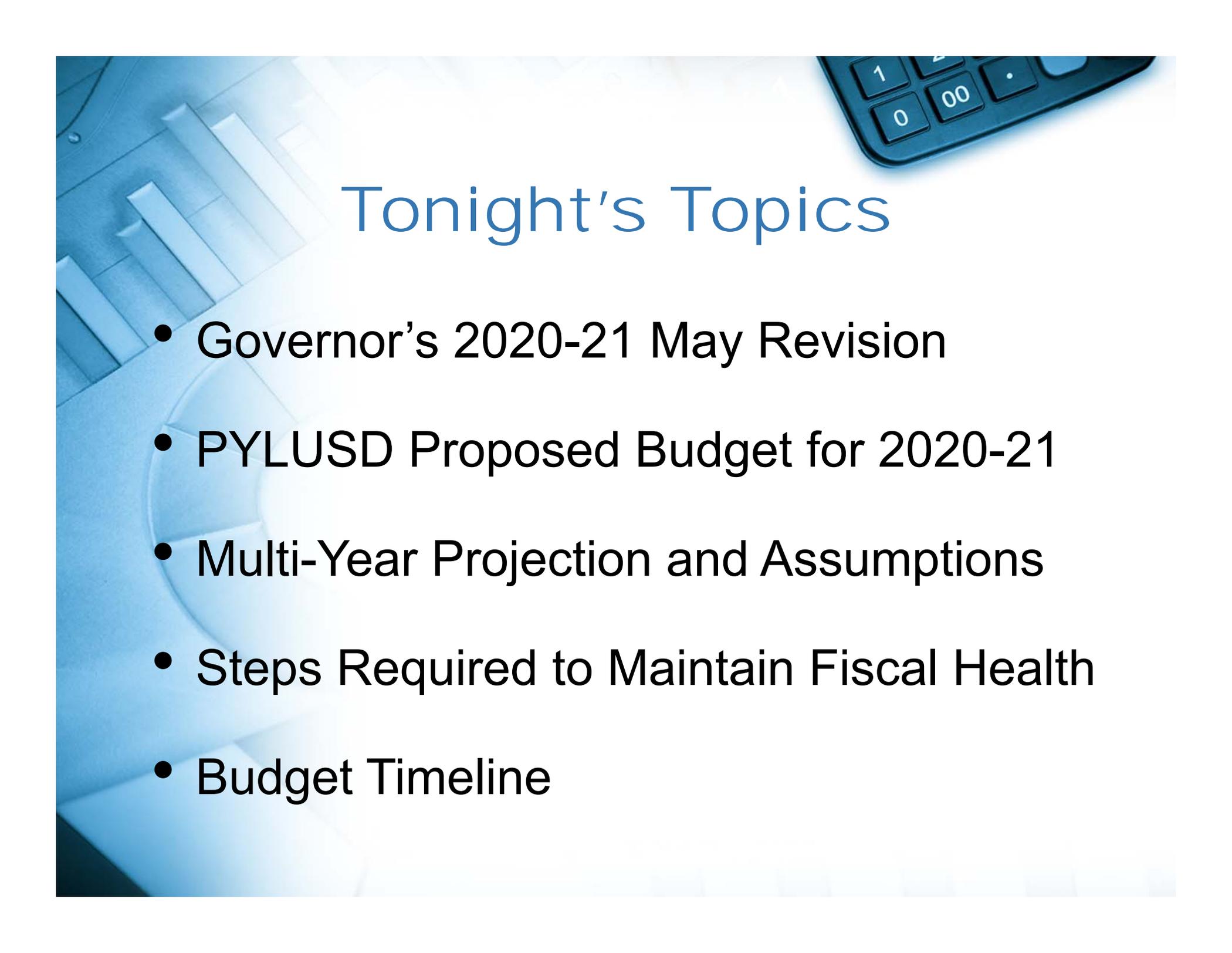
June 16, 2020





FOCUS AREA 5.0 – OPTIMIZED RESOURCES

A critical measure of a school district's performance is the effectiveness with which it utilizes and generates resources. We ensure that all fiscal and capital resources maximize educational opportunities.



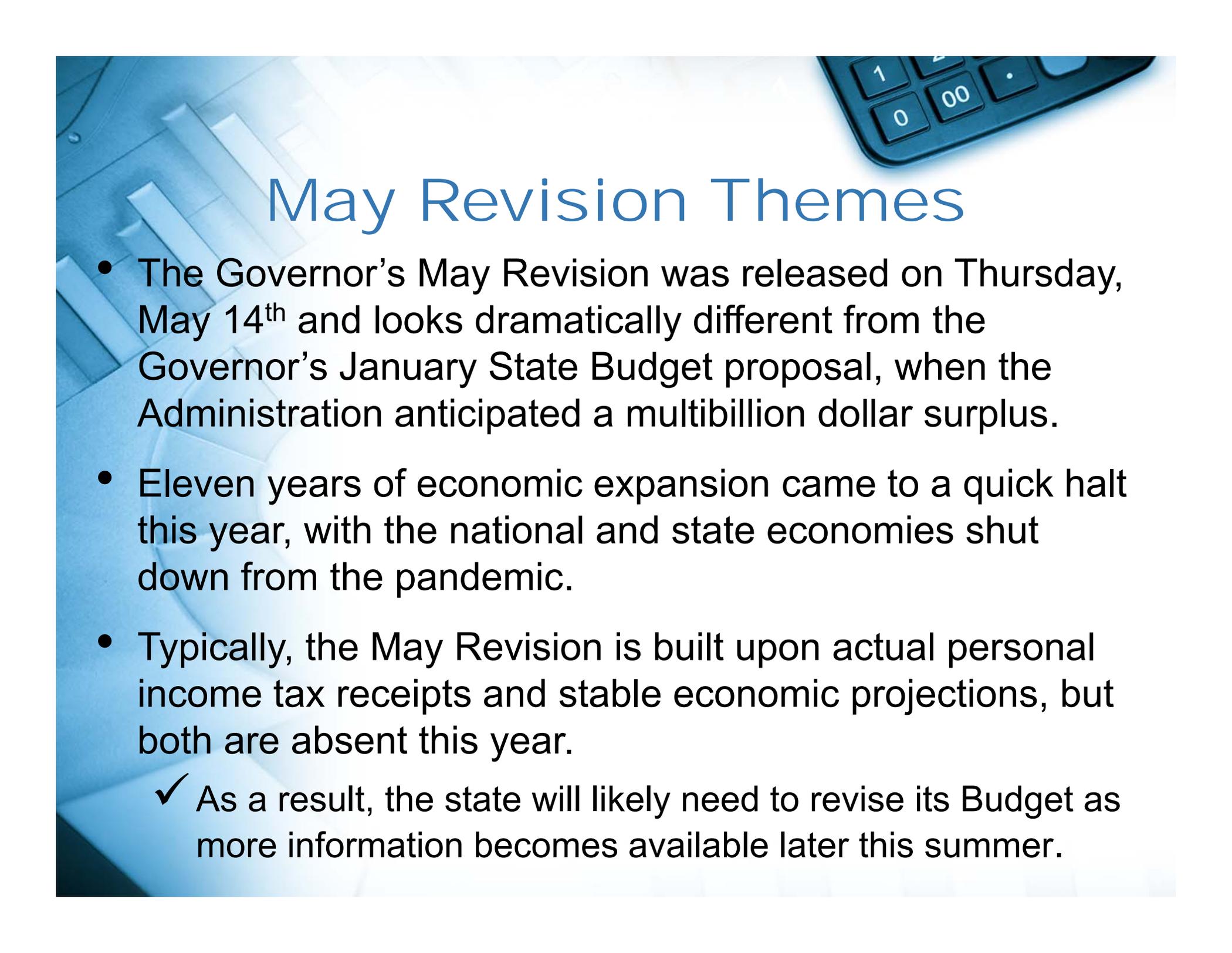
Tonight's Topics

- Governor's 2020-21 May Revision
- PYLUSD Proposed Budget for 2020-21
- Multi-Year Projection and Assumptions
- Steps Required to Maintain Fiscal Health
- Budget Timeline



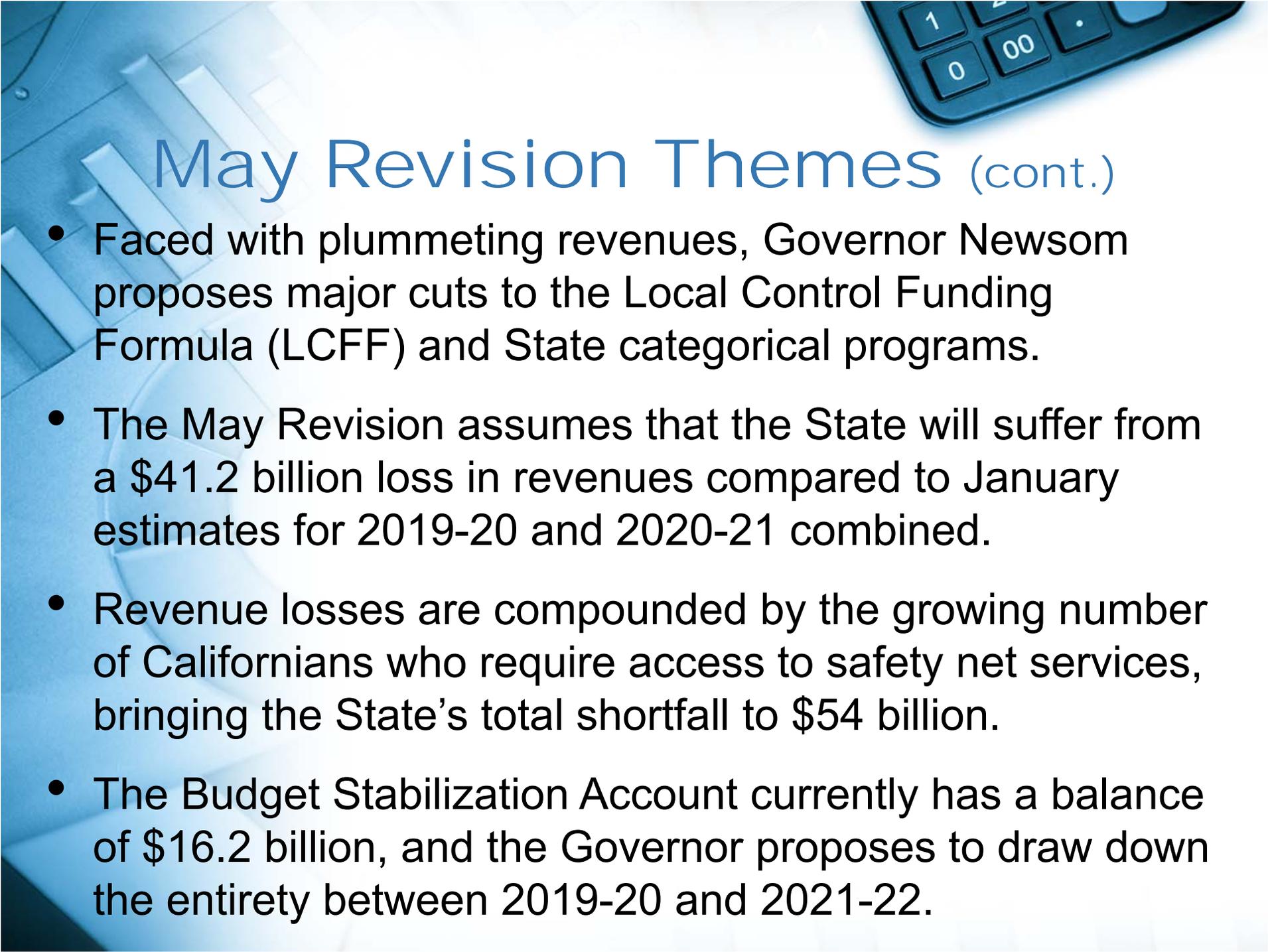
Governor's 2020-21 May Revision

6.65% 6.50% 6.63% 8.51% 9.90%



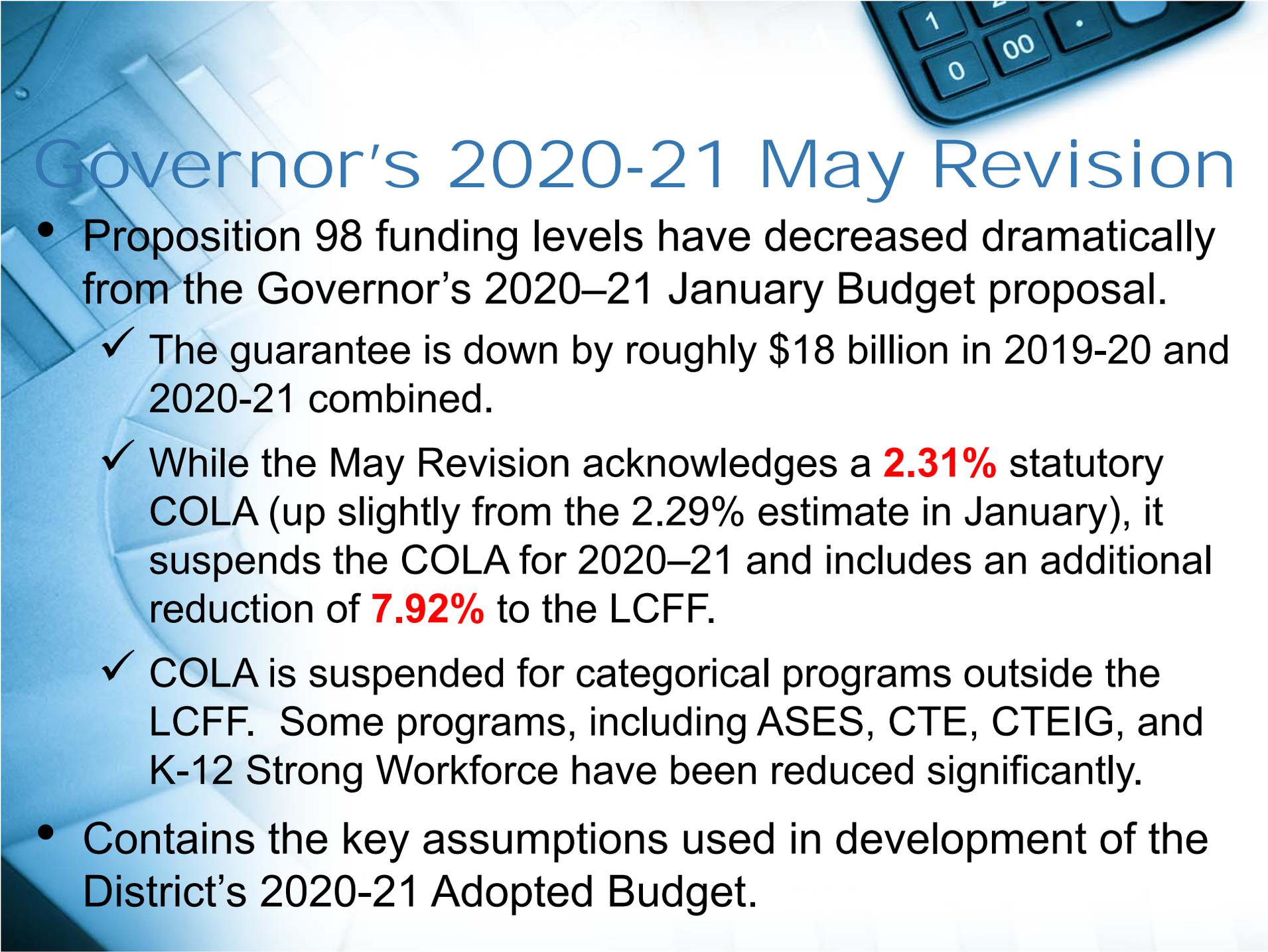
May Revision Themes

- The Governor's May Revision was released on Thursday, May 14th and looks dramatically different from the Governor's January State Budget proposal, when the Administration anticipated a multibillion dollar surplus.
- Eleven years of economic expansion came to a quick halt this year, with the national and state economies shut down from the pandemic.
- Typically, the May Revision is built upon actual personal income tax receipts and stable economic projections, but both are absent this year.
 - ✓ As a result, the state will likely need to revise its Budget as more information becomes available later this summer.



May Revision Themes (cont.)

- Faced with plummeting revenues, Governor Newsom proposes major cuts to the Local Control Funding Formula (LCFF) and State categorical programs.
- The May Revision assumes that the State will suffer from a \$41.2 billion loss in revenues compared to January estimates for 2019-20 and 2020-21 combined.
- Revenue losses are compounded by the growing number of Californians who require access to safety net services, bringing the State's total shortfall to \$54 billion.
- The Budget Stabilization Account currently has a balance of \$16.2 billion, and the Governor proposes to draw down the entirety between 2019-20 and 2021-22.



Governor's 2020-21 May Revision

- Proposition 98 funding levels have decreased dramatically from the Governor's 2020–21 January Budget proposal.
 - ✓ The guarantee is down by roughly \$18 billion in 2019-20 and 2020-21 combined.
 - ✓ While the May Revision acknowledges a **2.31%** statutory COLA (up slightly from the 2.29% estimate in January), it suspends the COLA for 2020–21 and includes an additional reduction of **7.92%** to the LCFF.
 - ✓ COLA is suspended for categorical programs outside the LCFF. Some programs, including ASES, CTE, CTEIG, and K-12 Strong Workforce have been reduced significantly.
- Contains the key assumptions used in development of the District's 2020-21 Adopted Budget.



January Budget Versus May Revision

Item	January Budget	May Revision
2020-21 LCFF Funding	\$1.2 billion	(\$6.5 billion)
Proposition 98 Minimum Funding Guarantee		
2018-19	\$78.4 billion	\$78.7 billion
2019-20	\$81.6 billion	\$77.4 billion
2020-21	\$84.0 billion	\$70.5 billion
2020-21 Statutory COLA	2.29%	2.31% (<i>Suspended</i>)
2020-21 Cash Deferrals	\$0	\$5.3 billion



Changes Since
Second Interim

6.65% 6.50% 6.63% 8.51% 9.90%

Key Changes Since Second Interim

COLA Percentages

	2020-21	2021-22	2022-23
Second Interim	2.29%	2.71%	2.82%
May Revision (<i>COLA Suspended</i>)	2.31%	0%	0%
Effective Change in LCFF	-7.92%	0%	0%

CalPERS Employer Rates

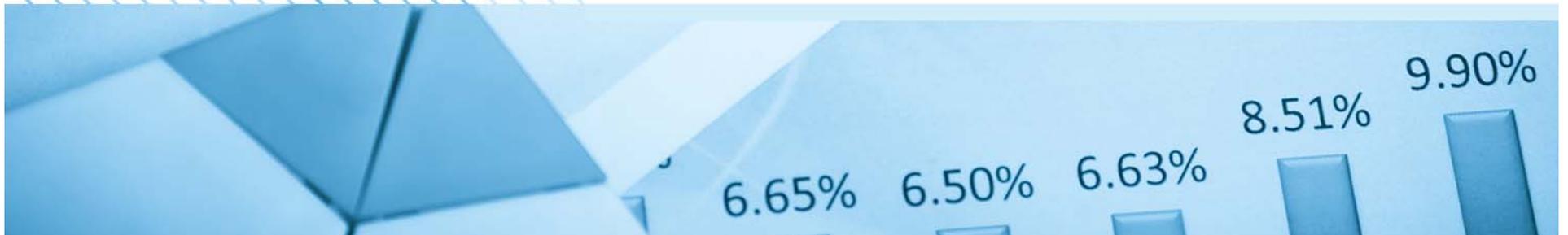
	2020-21	2021-22	2022-23
Second Interim	22.80%	24.90%	25.90%
May Revision	20.70%	22.84%	25.50%

CalSTRS Employer Rates

	2020-21	2021-22	2022-23
Second Interim	18.40%	18.10%	18.10%
May Revision	16.15%	16.02%	18.10%



2020-21 Budget Assumptions





Multi-Year Projection (MYP) Assumptions

	2020-21	2021-22	2022-23
Statutory COLA (<i>Suspended</i>)	2.31%	0%	0%
Effective Funded COLA	-7.92%	0%	0%
Enrollment	24,735	24,585	24,435
LCFF Revenue Projections	\$212,346,254	\$209,761,022	\$208,524,763
Step & Column: Certificated	1.5%	1.5%	1.5%
Step & Column: Classified	1.0%	1.0%	1.0%
Health & Welfare	2.4%	6%	6%
K-3 CSR	Negotiated Language	Negotiated Language	Negotiated Language

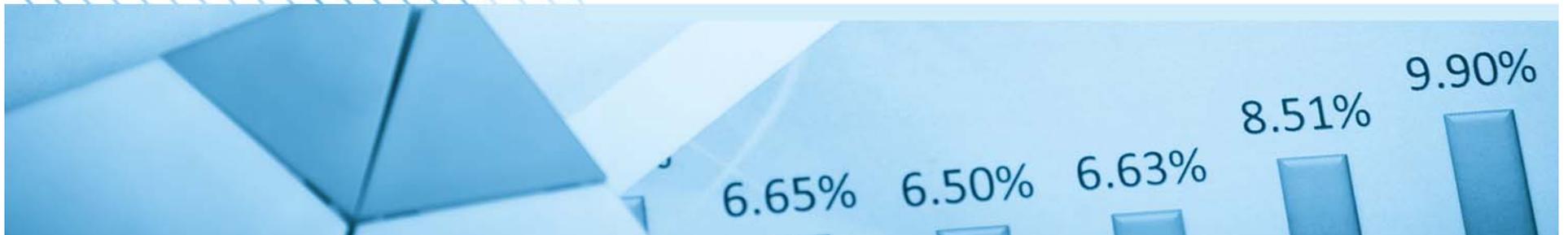


Budget Solutions

	2020-21	2021-22	2022-23
Health & Welfare Benefit Renewal Savings	\$900 K	\$900 K	\$900 K
RRMA Calc. Adjustment (Contribution Reduction)	\$310 K	\$310 K	\$310 K
Travel & Conference Reductions	\$197 K	\$197 K	\$197 K
Professional Services Contract Reductions	\$140 K	\$140 K	\$140 K
<i>Additional Required Budget Solutions</i>	<i>\$19.3 M</i>	<i>\$19.3 M</i>	<i>\$19.3 M</i>



2020-21 Adopted Budget



Multi-Year Projections - Unrestricted General Fund (Budget Solutions Spread Over 2 Years)

	2019-20 Estimated	2020-21 Adopted	2021-22 Projected	2022-23 Projected
Revenues, and Other Financing Sources	\$208,157,217	\$183,953,760	\$180,558,852	\$177,175,183
Expenditures, and Other Financing Uses	\$200,776,479	\$205,046,756	\$208,990,247	\$215,037,205
<i>Required Budget Solutions</i>	-	-	(\$29,000,000)	(\$29,000,000)
Surplus/(Deficit)	\$7,380,738	(\$21,092,996)	\$568,605	(\$8,862,022)
Beginning Balance	\$36,179,000	\$43,559,738	\$22,466,742	\$23,035,347
Ending Balance	\$43,559,738	\$22,466,742	\$23,035,347	\$14,173,325
Reserve For Economic Uncertainties %	5%	5%	5%	4.9%

Multi-Year Projections - Unrestricted General Fund (Budget Solutions Spread Over 3 Years)

	2019-20 Estimated	2020-21 Adopted	2021-22 Projected	2022-23 Projected
Revenues, and Other Financing Sources	\$208,157,217	\$183,953,760	\$180,558,852	\$177,175,183
Expenditures, and Other Financing Uses	\$200,776,479	\$205,046,756	\$208,990,247	\$215,037,205
<i>Required Budget Solutions</i>	-	(\$19,300,000)	(\$19,300,000)	(\$19,300,000)
Surplus/(Deficit)	\$7,380,738	(\$1,792,996)	(\$9,131,395)	(\$18,562,022)
Beginning Balance	\$36,179,000	\$43,559,738	\$41,766,742	\$32,635,347
Ending Balance	\$43,559,738	\$41,766,742	\$32,635,347	\$14,073,325
Reserve For Economic Uncertainties %	5%	5%	5%	4.9%

2020-21 Components of Ending Fund Balance



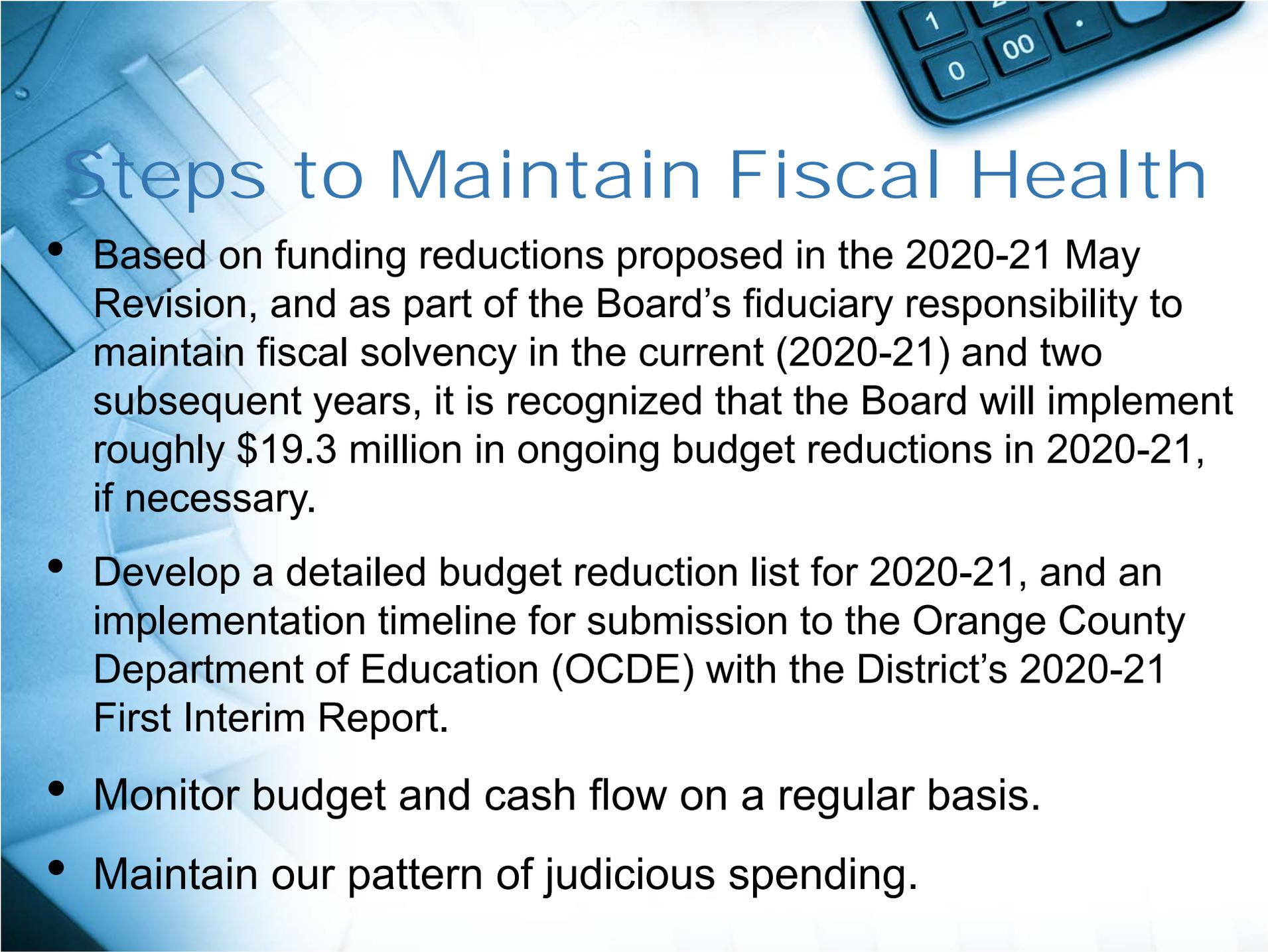
General Fund	Unrestricted	Restricted	Combined
<i>Ending Fund Balance</i>	\$ 22,466,742	\$12,782,741	\$ 35,249,483
- Revolving Cash	169,000	-	169,000
- Stores & Prepaid Exp.	146,562	-	146,562
<i>Subtotal</i>	\$ 22,151,180	\$12,782,741	\$ 34,933,921
- Supplemental Carryover	926,845	-	926,845
- Reserve for 2021-22 & 2022-23 Deficits & Restricted Carryover	7,163,605	12,782,741	19,946,346
<i>Reserve for Economic Uncertainty</i>	\$ 14,060,730	-	\$ 14,060,730

Reserve for Economic Uncertainty = 5.0 %



Steps to Maintain Fiscal Health



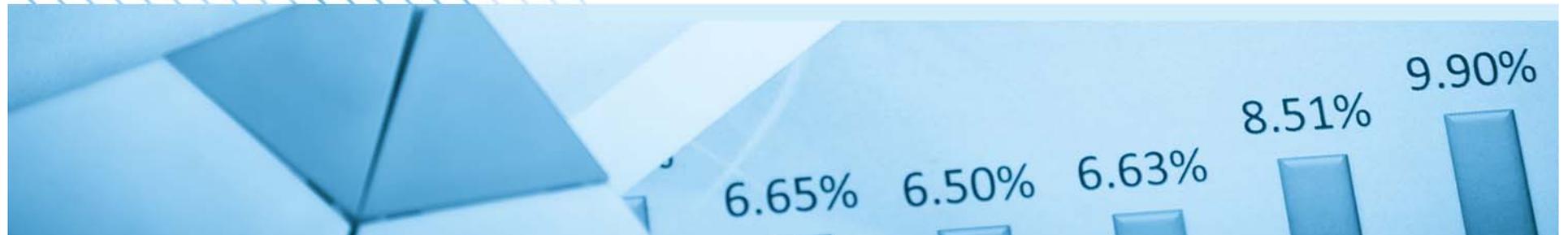


Steps to Maintain Fiscal Health

- Based on funding reductions proposed in the 2020-21 May Revision, and as part of the Board's fiduciary responsibility to maintain fiscal solvency in the current (2020-21) and two subsequent years, it is recognized that the Board will implement roughly \$19.3 million in ongoing budget reductions in 2020-21, if necessary.
- Develop a detailed budget reduction list for 2020-21, and an implementation timeline for submission to the Orange County Department of Education (OCDE) with the District's 2020-21 First Interim Report.
- Monitor budget and cash flow on a regular basis.
- Maintain our pattern of judicious spending.



Budget Timeline



Budget Timeline

1

June 15, 2020 – Constitutional Deadline for Legislature to Pass the State Budget

2

June 16, 2020 - PYLUSD Adopted Budget Presentation

3

June 30, 2020 - Governor Approves Final State Budget

4

Budget Revisions will be Incorporated in the District's Budget, and a Budget Reduction List/Timeline Developed



THANK YOU

