

Pacifica School District



Proposed Budget

2021-2022

Board Presentation

May 19, 2021

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State Budget Update



2021–22 LCFF Funding Factors

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- The Governor's Budget proposes a 3.84% compounded COLA for 2021–22, which is applied to the LCFF base grants for each grade span
- Two grade span adjustments (GSAs) are applied as percentage increases to the base grants
 - Grades K–3 receive a 10.4% increase for smaller average class sizes
 - Grades 9–12 receive a 2.6% increase in recognition of the costs of career technical education (CTE) coursework

Grade Span	2020–21 Base Grant per ADA	3.84% Compounded COLA	2021–22 Base Grant per ADA	GSA	2021–22 Adjusted Base Grant per ADA
K–3	\$7,702	\$296	\$7,998	\$832	\$8,830
4–6	\$7,818	\$300	\$8,118	-	\$8,118
7–8	\$8,050	\$309	\$8,359	-	\$8,359
9–12	\$9,329	\$358	\$9,687	\$252	\$9,939

2021–22 LCFF Funding Factors

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- Supplemental and concentration (S/C) grants are calculated based on the percentage of a local educational agency's (LEA) enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

Grade Span	2021–22 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA—Total UPP	50% Concentration Grant per ADA—UPP Above 55%
K–3	\$8,830	\$1,766	\$4,415
4–6	\$8,118	\$1,624	\$4,059
7–8	\$8,359	\$1,672	\$4,180
9–12	\$9,939	\$1,988	\$4,970

State Pandemic Funding

	Senate Bill 117 (COVID 19 Response Funds)	SB98 Learning Loss Mitigation Fund- Prop 98	In Person Instruction Grant	Expanded Learning Opportunity Grant
PSD Funding	\$52K	\$220K	\$700-\$800K?	\$1.8 million
PSD Use	PPE, Support for distance learning (Tech, teacher supplies)	Custodians, PPE, Technology	Contact Tracing, Custodians, HVAC, Prep for Outdoor Learning Space, mental health services	Expanded Learning Para Support Homeless, Additional School Psychologist Professional Development Plan on 5/19
Timeline for Use	Open	March 1, 2020- June 30, 2021	July 1, 2020- August 31, 2022	July 1, 2020- August 31, 2022

Federal Pandemic Funding

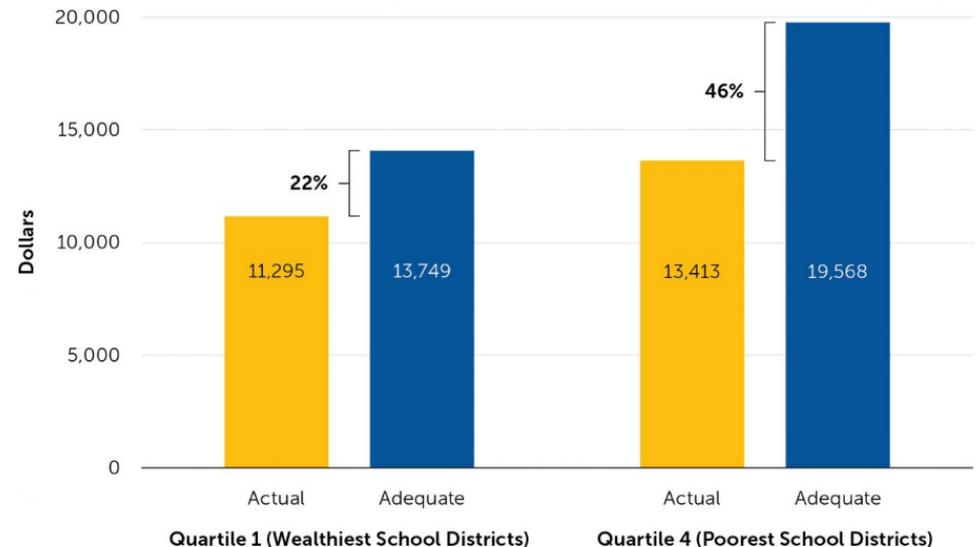
	LLM Fund- Coronavirus Relief (CR) Fund	LLM Fund- Geer I	ESSER I	ESSER II	ESSER III
PSD Funding	\$1M	\$151K	\$82K	\$309K	\$703K
PSD Use	Employee Compensation Distance Learning PD & Support Safety & PPE Technology & licenses Child Nutrition	Supplies & Licenses for SPED during distance learning	Employee Compensation Distance Learning PD & Support Safety & PPE Child Nutrition	TBD	TBD
Timeline for Use	May 31, 2021	September 30, 2022	September 30, 2022	September 30, 2023	September 30, 2023

Even so, this is not enough funding to close California's ongoing adequacy gap or avert future fiscal challenges

- Before the pandemic, the gap between actual and needed funding was about \$6,000 per pupil annually for California's highest poverty schools.
- These stimulus grants will bring in thousands of dollars per pupil—but that's over multiple years, not annually.
- The money will then evaporate, leaving a fiscal cliff.

Actual Spending and Projected Adequate Cost Per Pupil

By free or reduced-prices lunch eligibility quartile



Source. From *Getting Down to Facts II: Working Toward K–12 Funding Adequacy. California's Current Policies and Funding Levels* [Report], by J. Imazeki, P. Bruno, J. Levin, I. Brodziak de los Reyes, and D. Atchison, 2018, September, Policy Analysis for California Education (<https://edpolicyinca.org/publications/working-toward-k-12-funding-adequacy-californias-current-policies-and-funding-levels>).

From Reimagine and Rebuild: Restarting School with Equity at the Center

Pacifica School District Budget



Objective

- The Budget Report contains the following:
 - Detailed Budget
 - Multi-Year Projections
- Board must approve certification of financial condition
 - Positive: Able to meet financial obligations for the current and two subsequent fiscal years
 - Qualified: May not be able to meet its financial obligations for the current fiscal year or two subsequent years
 - Negative: Unable to meet its financial obligations for the current fiscal year or two subsequent fiscal years

Budget Assumptions per Governor's January Proposal

- Local Control Funding (LCFF) COLA of 3.84%
- Average Daily Attendance 2,981 (2019/20 adjusted ADA)
- Supplemental funding is 23% (decrease from prior years)
- Lottery funding estimated at \$150 per ADA for unrestricted and \$49 per ADA for restricted
- State Deferrals reduced from May - June. State will pay down \$9.1 of the \$13 billion in deferrals, leaving a balance of \$3.7 billion

Budget Assumptions

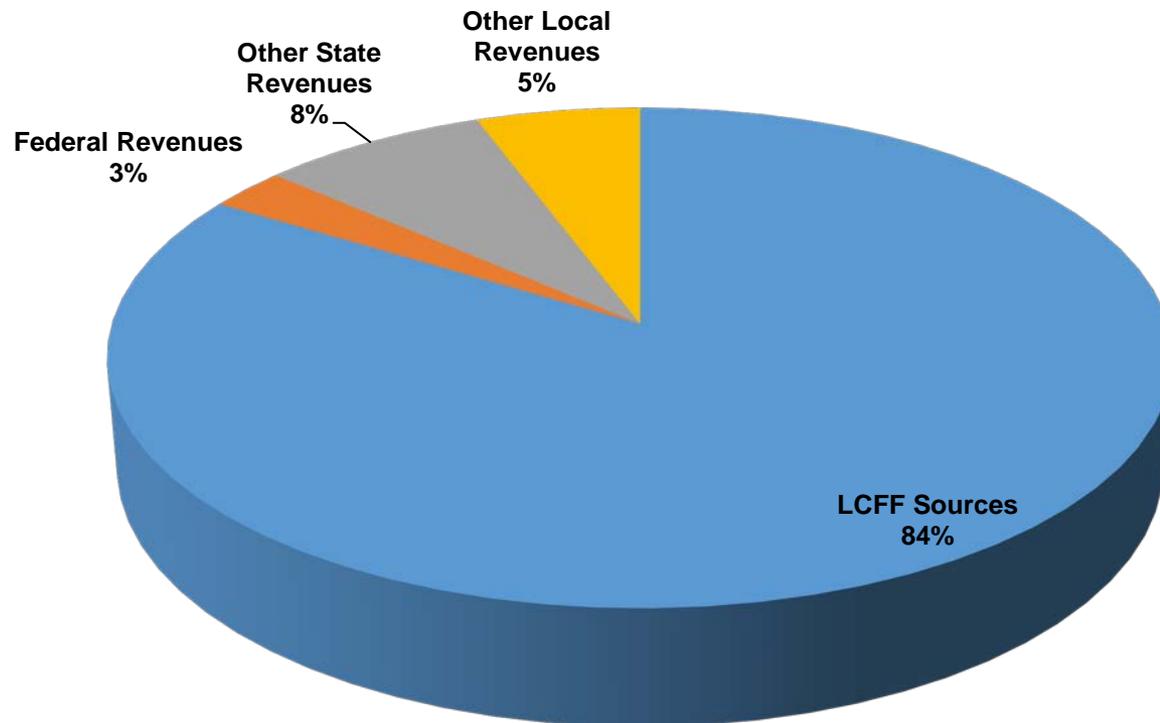
- CalSTRS - 15.92% (decrease of .23%) = savings of \$28K
- CalPERS - 23% (increase of 2.3%) = \$94K
- Employee Step & Column
 - Certificated = \$185K, Classified = \$65K
 - Will be partially offset by attrition
- Health Benefits projected to increase 5% effective Jan 2022 = \$105K
- Unemployment increase of 2400% from .05% to 1.23% = \$189K
- Property & Liability insurance increase = \$61K
- Child Nutrition Loss = \$600K

Proposed Budget Reductions	2021-2022
7 Teachers (prorated for portion charged to GF) - Matching staffing to enrollment	\$350K
Child Nutrition Attrition	\$30K
Transportation Attrition	\$60K
Maintenance Attrition	\$20K
Reduction/Shift in Site SPSA Based Allocations	\$200K
TOTAL	\$660K

PSD Budget Uncertainties

- State Funding
 - Governor's May Revision/Final State Budget (June)
 - LCFF Funding
 - State Deferrals
- Enrollment/ADA
- Staffing
- Contributions to Programs
 - Child Nutrition
 - Special Education
 - Deferred Maintenance

COMBINED GENERAL FUND REVENUES



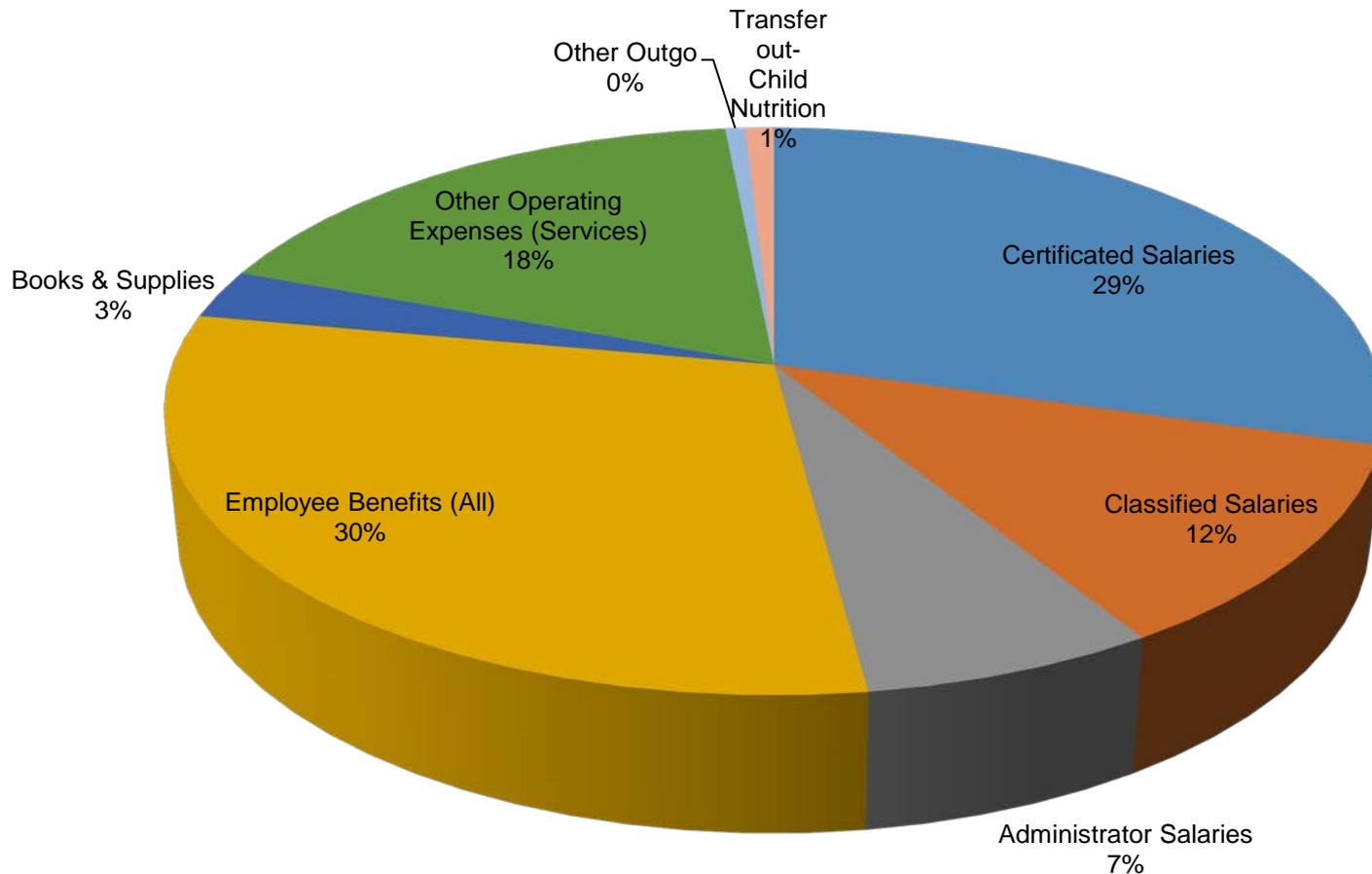
General Purpose - LCFF – State aid and property taxes

Federal – District must follow specific grant guidelines (Title I, Title II, etc.)

Other State – State funds not part of general purpose funds (Block Grants, Lottery, Special Education)

Local – Funds received from local sources (interest, County, parcel taxes, and local grants)

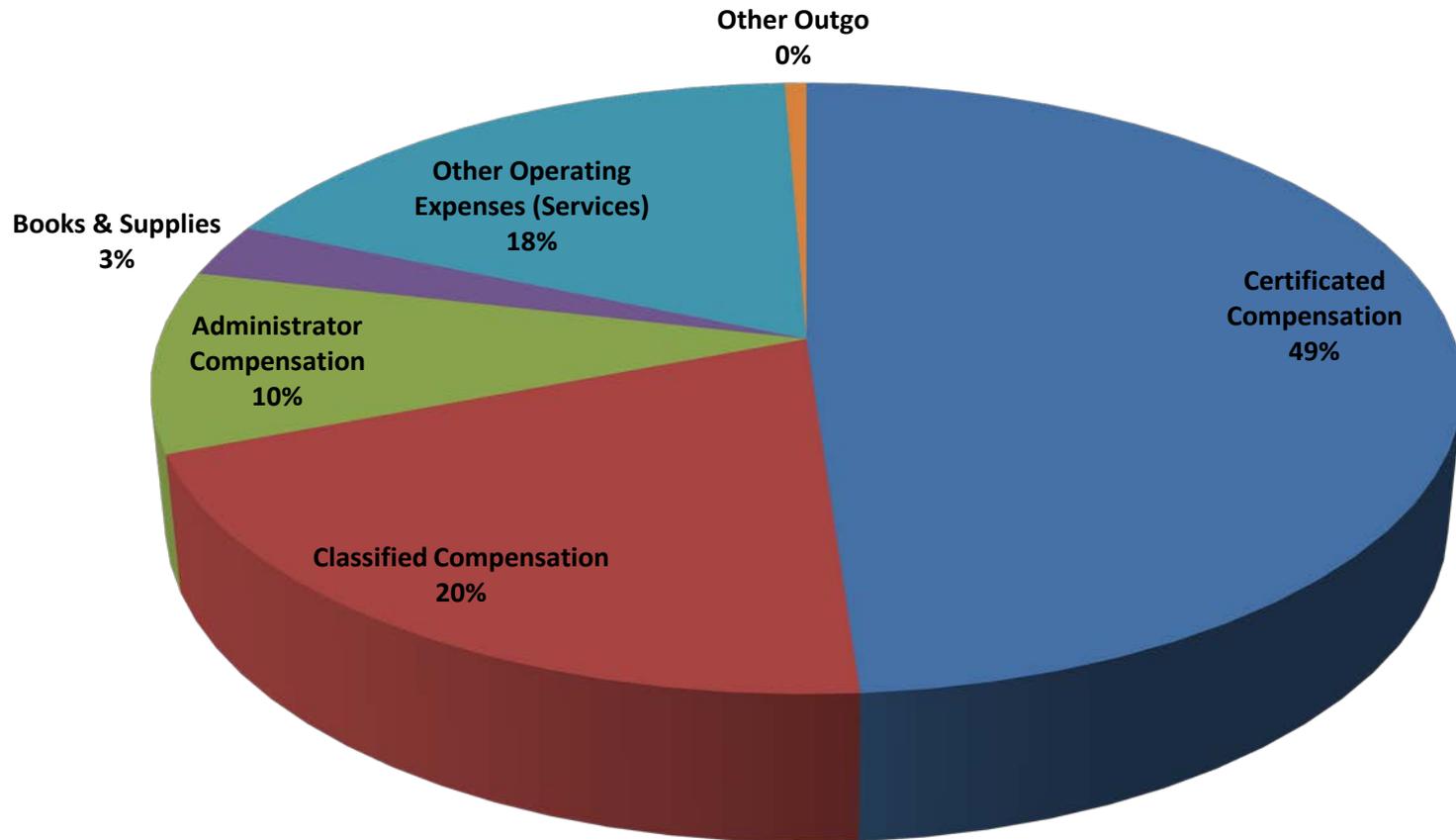
COMBINED GENERAL FUND EXPENDITURES



72% of budget is Employee compensation as compared to 83% in prior years (mainly due to COVID operating expenses, the Child Nutrition loss and contracted services)

COMBINED GENERAL FUND EXPENDITURES-

Employee total compensation by group



GENERAL FUND

Fund 01

Description	Unrestricted	Restricted	Total
REVENUES & EXPENDITURES			
TOTAL BUDGETED REVENUES	\$ 27,731,331	\$ 6,147,736	\$ 33,879,067
TOTAL BUDGETED EXPENDITURES	21,683,998	11,662,687	33,346,685
EXCESS (DEFICIENCY)	6,047,333	(5,514,951)	532,382
OTHER ESTIMATED SOURCES/USES	(5,522,425)	5,222,425	(300,000)
NET INCREASE (DECREASE)	524,908	(292,526)	232,382
ADD: BEGINNING FUND BALANCE	1,108,733	605,699	1,714,432
ENDING FUND BALANCE (ESTIMATED)	\$ 1,633,641	\$ 313,173	\$ 1,946,814
Current General Fund Reserve	4.86%		
Fund 17	2.18%		
Total	7.03%		

Note: Based on a projected COLA of 3.84%, revisions will be made based on Final State Budget including the multi year projections.

Contributions & Transfers from the Unrestricted General Fund

- Contributions
 - Routine Restricted Maintenance (3% required) \$ 1,011,000
 - Special Education \$ 4,211,425

 - Total Contributions \$ 5,222,425

- Transfer to Deferred Maintenance \$ 40,000
- Transfer to Child Nutrition \$ 300,000

Pacifica School District

2021-2022 Proposed Budget for May 19, 2021 Public Hearing

Projected Financial Activity: All Funds

Description	General Fund (01)	Cafeteria Food Services Fund (13)	Deferred Maintenance Fund (14)	Special Reserve Fund (17)	Special Reserve Fund (20)	Building Fund (21)	Capital Facilities Fund (25)	Special Reserve Capital Fund (40)	Total
REVENUES									
General Purpose Revenues:									
State Aid & EPA	26,844,795	-	40,000	-	-	-	-	-	26,884,795
Property Taxes & Misc. Local	1,532,248	-	-	-	-	-	-	-	1,532,248
Total General Purpose	28,377,043	-	40,000	-	-	-	-	-	28,417,043
Federal Revenues	915,441	251,950	-	-	-	-	-	-	1,167,391
Other State Revenues	2,667,773	45,405	-	-	-	-	-	-	2,713,178
Other Local Revenues	1,918,810	967	942	9,500	8,000	192,651	58,000	288,000	2,476,870
TOTAL - REVENUES	33,879,067	298,322	40,942	9,500	8,000	192,651	58,000	288,000	34,774,482
EXPENDITURES									
Certificated Salaries	11,742,459	-	-	-	-	-	-	-	11,742,459
Classified Salaries	4,375,887	416,595	-	-	-	142,346	-	-	4,934,828
Employee Benefits (All)	10,091,492	309,331	-	-	-	56,986	-	-	10,457,809
Books & Supplies	937,884	107,199	-	-	-	934,060	-	25,000	2,004,143
Other Operating Expenses (Services)	5,991,260	(234,422)	40,011	-	-	1,496,537	-	989,449	8,282,835
Capital Outlay	-	-	-	-	-	388,517	-	30,000	418,517
Other Outgo	207,703	-	-	-	-	-	-	-	207,703
Direct Support/Indirect Costs	-	-	-	-	-	-	-	-	-
TOTAL - EXPENDITURES	33,346,685	598,703	40,011	-	-	3,018,446	-	1,044,449	38,048,294
EXCESS (DEFICIENCY)	532,382	(300,381)	931	9,500	8,000	(2,825,795)	58,000	(756,449)	(3,273,812)
OTHER SOURCES/USES									
Transfers In	-	300,000	-	-	-	-	-	-	300,000
Transfers (Out)	(300,000)	-	-	-	-	-	-	-	(300,000)
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted Programs	-	-	-	-	-	-	-	-	-
TOTAL - OTHER SOURCES/USES	(300,000)	300,000	-	-	-	-	-	-	-
FUND BALANCE INCREASE (DECREASE)	232,382	(381)	931	9,500	8,000	(2,825,795)	58,000	(756,449)	(3,273,812)
FUND BALANCE									
Beginning Fund Balance	1,714,432	132,538	5,737	723,127	899,287	14,625,242	594,677	3,719,213	22,414,253
Ending Balance, June 30	1,946,814	132,157	6,668	732,627	907,287	11,799,447	652,677	2,962,764	19,140,441

General Assumptions: Subsequent Years

<i>Description</i>	<i>Fiscal Year</i>			
	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
<i>Planning Factor</i>				
LCFF COLA	0%	3.84%	2.98%	3.05%
STRS Employer Rates	16.15%	15.92%	18.00%	18.00%
PERS Employer Rates (PERS Board / Actuary)	20.7%	23.0%	26.3%	27.3%
Lottery – Unrestricted per ADA	\$150	\$150	\$150	\$150
Lottery – Prop. 20 per ADA	\$49	\$49	\$49	\$49
Special Education Early Intervention Preschool Grant (Per Eligible Pupil)	\$9,010	\$0	\$0	\$0
Routine Restricted Maintenance Account Percentage of total General Fund expenditures and financing uses	Equal to 3% of actual General Fund Expenses			

Pacifica School District

2021-2022 Proposed Budget for May 19, 2021 Public Hearing

Multi-Year Financial Projection 2021-2022 COLA =3.84%, COLA Y2=2.98% and COLA Y3 = Y3 3.05%

Description	2021-2022 Proposed Budget			2022-23 Projected Budget			2023-24 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUES									
General Purpose Revenue (A)	26,844,795	1,532,248	28,377,043	26,698,623	1,532,248	28,230,871	27,503,204	1,532,248	29,035,452
Federal Revenue (B)	-	915,441	915,441	-	1,215,441	1,215,441	-	1,215,441	1,215,441
State Revenue (C)	488,425	2,179,348	2,667,773	488,425	2,179,348	2,667,773	488,425	1,535,508	2,023,933
Local Revenue (D)	398,111	1,520,699	1,918,810	398,111	1,520,699	1,918,810	398,111	1,520,699	1,918,810
TOTAL REVENUES	27,731,331	6,147,736	33,879,067	27,585,159	6,447,736	34,032,895	28,389,740	5,803,896	34,193,636
EXPENDITURES									
Certificated Salaries (E)	9,669,272	2,073,187	11,742,459	9,814,311	2,154,285	11,968,596	9,961,526	1,995,383	11,956,909
Classified Salaries (E)	2,496,713	1,879,174	4,375,887	2,534,164	1,932,362	4,466,526	2,572,176	1,930,550	4,502,726
Benefits (F)	7,254,565	2,836,927	10,091,492	7,667,978	2,948,791	10,616,769	7,886,456	2,954,510	10,840,966
Books and Supplies (G)	355,470	582,414	937,884	355,470	639,914	995,384	355,470	413,895	769,365
Other Services & Oper. Exp (H)	1,900,690	4,090,570	5,991,260	2,215,690	4,090,570	6,306,260	2,265,690	3,790,570	6,056,260
Capital Outlay (I)	-	-	-	-	-	-	-	-	-
Other Outgo	10,553	197,150	207,703	10,553	197,150	207,703	10,553	197,150	207,703
Transfer of Indirect Costs	(3,265)	3,265	-	(3,265)	3,265	-	(3,265)	3,265	-
TOTAL EXPENDITURES	21,683,998	11,662,687	33,346,685	22,594,901	11,966,337	34,561,238	23,048,606	11,285,323	34,333,929
EXCESS / (DEFICIENCY)	6,047,333	(5,514,951)	532,382	4,990,258	(5,518,601)	(528,343)	5,341,134	(5,481,427)	(140,293)
OTHER SOURCES/USES									
Transfers In-Fund 17	-	-	-	-	-	-	125,000	-	125,000
Transfers Out (J)	(300,000)	-	(300,000)	(200,000)	-	(200,000)	(100,000)	-	(100,000)
Contributions to Restricted (K)	(5,222,425)	5,222,425	-	(5,322,425)	5,322,425	-	(5,422,425)	5,422,425	-
TOTAL OTHER SOURCES / USES	(5,522,425)	5,222,425	(300,000)	(5,522,425)	5,322,425	(200,000)	(5,397,425)	5,422,425	25,000
Net Increase (Decrease)	524,908	(292,526)	232,382	(532,167)	(196,176)	(728,343)	(56,291)	(59,002)	(115,293)
FUND BALANCE, RESERVES									
Estimated Beginning Balance	1,108,733	605,699	1,714,432	1,633,641	313,173	1,946,814	1,101,474	116,997	1,218,471
Estimated Ending Balance	1,633,641	313,173	1,946,814	1,101,474	116,997	1,218,471	1,045,183	57,995	1,103,178
Nonspendable	7,500	-	7,500	7,500	-	7,500	7,500	-	7,500
Restricted	-	313,173	313,173	-	116,997	116,997	-	57,995	57,995
Assigned	-	-	-	-	-	-	-	-	-
Unassigned - REU @ 3%	1,010,000	-	1,010,000	1,043,000	-	1,043,000	1,034,000	-	1,034,000
Unassigned - Other	616,141	-	616,141	50,974	-	50,974	3,683	-	3,683
Total - Est. Fund Balance	1,633,641	313,173	1,946,814	1,101,474	116,997	1,218,471	1,045,183	57,995	1,103,178
Current Reserve			4.86%			3.17%			3.04%
Fund 17			2.18%			2.13%			1.76%
Total			7.03%			5.30%			4.80%

Statewide Average Reserve Levels

- The latest statewide data available on school district reserves is from 2019-2020:

2019–20 Average Unrestricted General Fund, Plus Fund 17; Fund Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change From Prior Year
Unified School Districts	18.82%	+1.56%
Elementary School Districts	22.70%	+2.23%
High School Districts	17.34%	+1.70%

- Local school agencies were prepared going into the COVID Pandemic.
 - Almost all school types were at the percentage of reserves recommended by the Government Finance Officers Association of 17%—or two months—of expenditures
- **For PSD 2 months of operating expenditures = \$6M or 17.5%**
- **Current PSD reserve = 7.0%**

Reserve Considerations

- Cash Management – avoid cost of borrowing
- Fluctuation in enrollment
- Flexibility to absorb unanticipated expenditure
- Protection against expiration of temporary taxes (Prop 30 & Parcel Tax)
- Protect against exposure to significant one time outlay (disaster, lawsuit)
- Protection against volatility in state funding

Proposed Budget Certification

- Per AB 1200
 - *The Budget projection indicates that, as defined in AB 1200, "this district will meet its financial obligations for the current fiscal year and in the subsequent two fiscal years."*
- ✓ ***The District is self-certifying as "Positive"***

Next Steps:

- State Level
 - Governor's May Revise
 - Final State Budget (June)
- District Level
 - Public Hearing - May 19, 2021
 - Budget Adoption - June 9, 2021
 - Finalize Staffing & Enrollment
 - First Interim Report November 2021
 - Final State Revenues



Questions/Comments