

2021-22 Proposed Budget

Covina-Valley Unified School District

June 21, 2021

Presented by:
Manuel Correa, CPA
Chief Business Officer

ANNUAL FINANCIAL CYCLE

Annual Budget Cycle



Legal Requirements

- ▶ **Education Code (EC) Sections 42127 and 52062 require the Governing Board to hold two separate Governing Board public meetings.**
 - **Public Hearing**
 - Notice of meeting must be published in local newspaper at least 10 working days prior to meeting
 - Proposed Budget must be available to public at least 72 hours prior to meeting
 - **Adoption**
 - Must be held at least one day apart from Public Hearing
 - Board must adopt LCAP and Budget on or before June 30th

BUDGET ASSUMPTIONS

Budget Assumptions

- ▶ Guidelines and assumptions based on Governor's May Revision
 - Los Angeles County Office of Education (LACOE)
 - School Services of California (SSC)
 - Fiscal Crisis & Management Assistance Team (FCMAT)
 - Section 1 of Budget Packet
- ▶ Assumptions may change once State Budget is enacted
 - The State of California must also adopt its budget by July 1st
 - 45-Day Revision is required if significant changes occurred from the May Revision to final State Enacted Budget

January Proposal vs. May Revision

Item	January Proposal (School Services)	May Revision	Difference
Cost of Living Adjustment (COLA)			
2021-22	3.84%	5.07%	1.23%
2022-23	1.28%	2.48%	1.20%
2023-24	1.61%	3.11%	1.50%
Local Control Funding Formula (LCFF)			
2021-22	\$124,397,609	\$125,823,071	\$1,425,462
2022-23	121,658,943	124,509,162	2,850,219
2023-24	121,379,714	126,039,314	4,659,600

January Proposal vs. May Revision

Item	Governor's January Proposal	May Revision
One-time Restricted Funds		
ESSER II	-0-	7,596,852
ESSER III	-0-	12,603,507
Expanded Learning Opportunity Grant	-0-	8,467,508
Unemployment Insurance Fund		
2021-22	0.05%	1.23%
2022-23	0.05%	0.90%
2023-24	0.05%	0.30%

January Proposal vs. May Revision

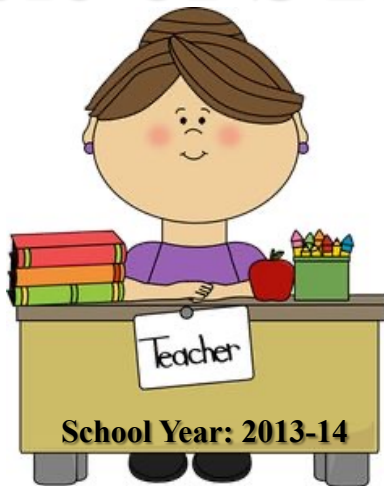
Item	Governor's January Proposal	May Revision	Difference
CalSTRS Contribution Rates			
2021-22	15.92%	16.92%	1.00%
2022-23	18.00%	19.10%	1.10%
2023-24	18.00%	19.10%	1.10%
CalPERS Contribution Rates			
2021-22	23.00%	22.91%	-0.09%
2022-23	26.30%	26.10%	-0.20%
2023-24	27.30%	27.10%	-0.20%

STRS & PERS

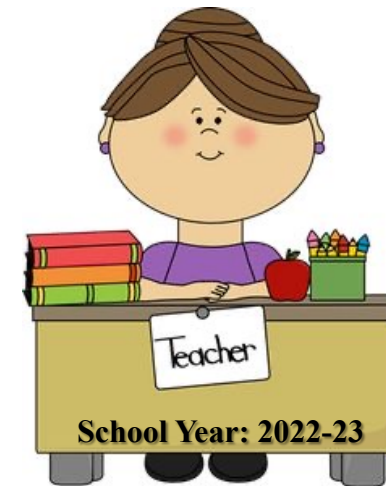
- ▶ State Teachers' Retirement System (STRS)
- ▶ Public Employees Retirement System (PERS)

Year	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
STRS Rate	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	19.10%	19.10%
PERS Rate	11.442%	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.70%	22.91%	26.10%

Example of STRS



Item Description	Amount
Teacher's Annual Salary	\$80,000
STRS 2013-14 Rate	8.25%
Total STRS	\$6,600



Item Description	Amount
Teacher's Annual Salary	\$80,000
STRS 2020-21 Rate	19.10%
Total STRS	\$15,280

Difference: \$8,680

Certificated Employee Statutory Rates

Line Description	21-22 Projected Budget	22-23 Projected Budget	23-24 Projected Budget
STRS Rate	16.92%	19.10%	19.10%
Medicare Rate	1.45%	1.45%	1.45%
SUI	1.23%	0.90%	0.30%
Workers Comp. Rate	1.01%	1.01%	1.01%
Other OPEB Rate	0.30%	0.30%	0.30%
Total Certificated Statutory	20.91%	22.76%	22.16%

Classified Employee Statutory Rates

Line Description	21-22 Projected Budget	22-23 Projected Budget	23-24 Projected Budget
PERS Rate	22.91%	26.10%	27.10%
OASDI Rate	6.20%	6.20%	6.20%
Medicare Rate	1.45%	1.45%	1.45%
SUI	1.23%	0.90%	0.30%
Workers Comp. Rate	1.01%	1.01%	1.01%
Other OPEB Rate	0.30%	0.30%	0.30%
Total Classified Statutory	33.10%	35.96%	36.36%

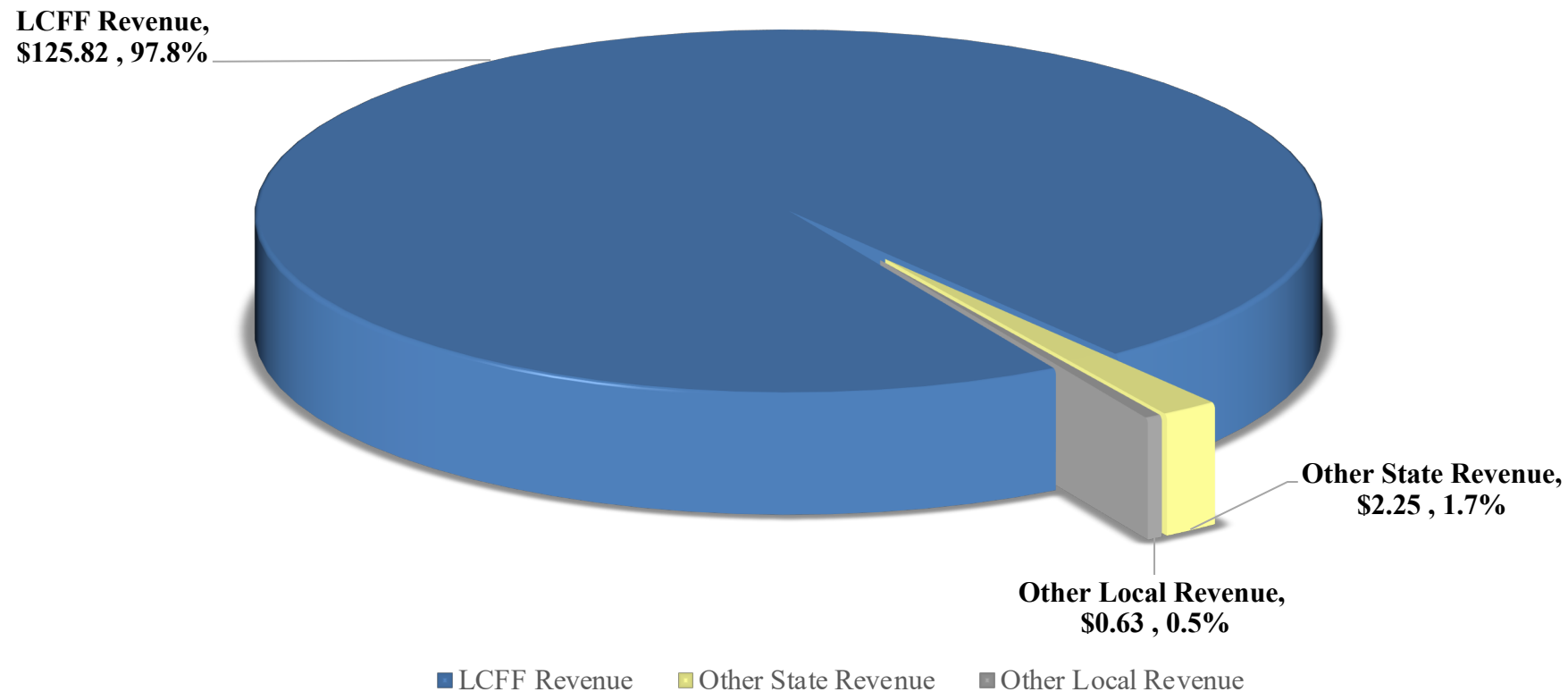
Multi-Year Projections (MYP)

Multi-Year Projections – GF Unrestricted

Line Item	2021-22	2022-23	2023-24
Beginning Fund Balance	\$32,020,978	\$27,646,869	\$24,008,899
Revenues (Net of Other Financing)	109,167,754	107,433,761	108,372,895
Expenditures (Net of Other Financing)	113,541,863	111,071,731	112,254,020
Surplus/(Deficit)	(4,374,109)	(3,637,970)	(3,881,125)
Ending Fund Balance	\$27,646,869	\$24,008,899	\$20,127,774
Non-Spendable	\$35,000	\$35,000	\$35,000
Assigned	3,753,881	5,659,289	7,564,697
Reserve for Economic Uncertainties	5,169,499	4,916,414	4,949,295
Unassigned	18,688,489	13,398,196	7,578,782
Reserve Percentage Level (3% State Mandate)	13.85%	11.18%	7.59%

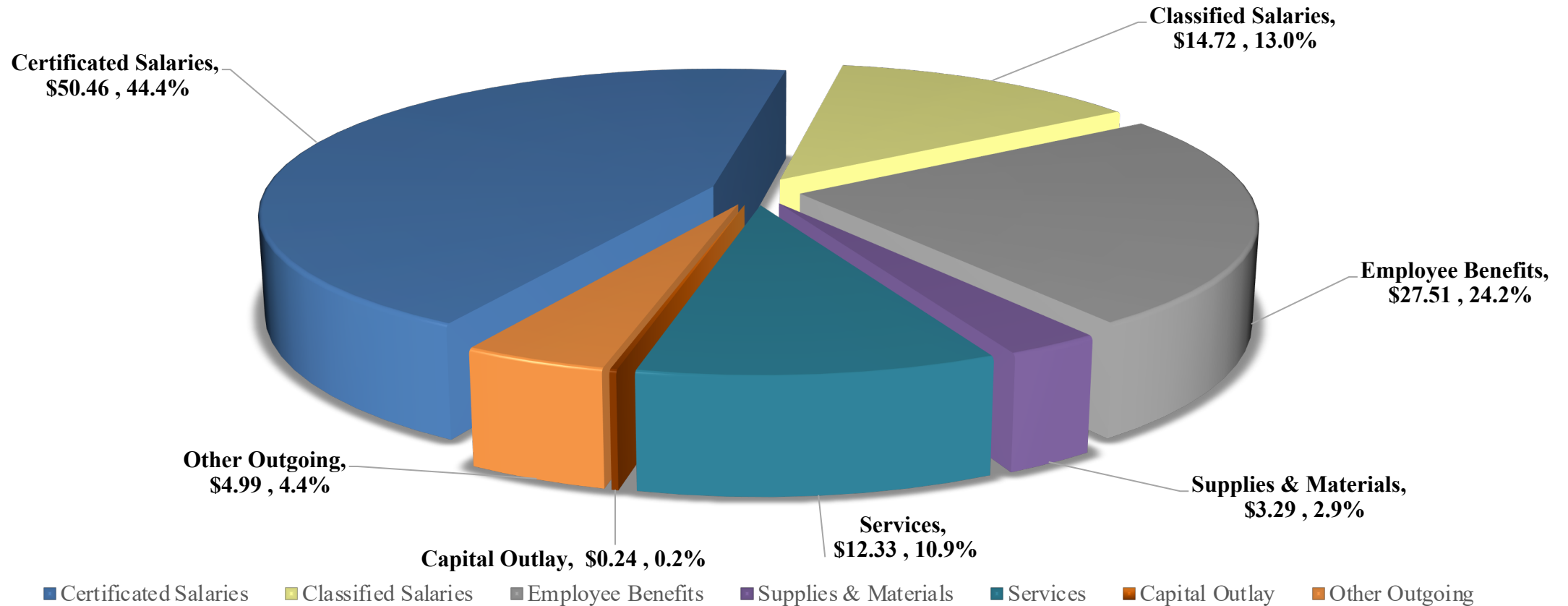
2021-22 Revenue Projection (in millions)

UNRESTRICTED GENERAL FUND - \$128.70M



2021-22 Expenditure Projection (in millions)

UNRESTRICTED GENERAL FUND - \$113.54M



FUTURE CONSIDERATIONS

California K-12 Enrollment

- ▶ The pandemic impacted learning in many ways, but perhaps the starkest example is the loss of K-12 students in 2020-21
 - Based on State certified data, the K-12 student population declined by more than 160,000, of which 61,000 are kindergarten students
 - For perspective, the average decline in kindergarten students is 20,000-30,000
- ▶ School Districts are not seeing kindergarten students enroll at the same pre-pandemic level
 - Parents may be waiting for June 15 State deadline
- ▶ District's must be conservative in their enrollment projections until kindergarten enrollment is realized in the fall

Other Unknown Factors

- ▶ Average Daily Attendance
 - How will student attendance be impacted due to COVID 19 in 2021-22
- ▶ Meal Applications/Participation
 - Impact to Supplemental & Concentration Funding
 - Impact to Child Nutrition Funding
- ▶ Health and Welfare Rates for 2022 Calendar Year
- ▶ Special Education Cost
 - Additional Services/Support
- ▶ Final State Enacted Budget
- ▶ Federal and State COVID Relief Funding

NEXT STEPS

Next Steps – Budget Adoption

- ▶ Board to take formal action on Proposed Budget on the June 28, 2021, Board Meeting.
- ▶ Submit Adopted Budget to Los Angeles County Office of Education by June 30, 2021, for their review and approval.
- ▶ Review State Enacted Budget for significant changes from May Revision.

Questions or Comments from the Board of Education