



COVINA-VALLEY
UNIFIED SCHOOL DISTRICT

2019-20 and 2020-21 Budget Update

***Presented by Eva Lueck, Interim Chief Business Officer
Presented on May 4, 2020***

Presentation Overview

- **Review of Second Interim**
- **What Has Changed**
 - **Impact of Negotiated Salary Increase**
 - **COVID-19 Impacts**
- **Development of 2020-21 District Budget**

2019-20 Second Interim Budget Adjustments

Attachment B

	2019-20	2020-21	2021-22	
Ending Fund Balance: January 27, 2020 Board Meeting	17,764,989	8,291,090	(2,172,287)	7,246,193
Revenue				
Lottery/Mandated Block Grant -2019-20 - 2021-22	(152)	(17,079)	(35,322)	
Special Education AB602-Governor's Proposal \$640 Per ADA	-	1,151,680	2,303,360	
Expenditures				
Stabilization Budget Plan - Board Approved 1-27-20	-	3,707,254	7,414,508	
District Withdrawal From East San Gabriel Valley ROP	-	136,900	302,833	
Shifting To New Funding - Assistant Principal	-	170,000	340,000	
Elementary School Monitors - Salary Rate Increase	(20,288)	(40,576)	(60,864)	
Increase of Estimated Lease Costs - Printshop	(20,561)	(41,122)	(61,683)	
Decrease of Estimated Indirect Charges	(7,791)	(15,582)	(23,373)	
PERS Rate Increase From 22.70% to 22.80% -2020-21	-	14,876	29,752	
PERS Rate Increase From 24.60% to 24.90% -2021-22	-	-	29,476	
Payroll Savings	53,674	107,348	161,022	
Increase In Estimated Child Nutrition Meal Debt Contribution	(70,676)	(141,352)	(212,028)	
Routine Restricted Maintenance Contribution (3%)	(63,521)	32,697	128,672	
Increase in Estimated Special Education Contribution	(31,322)	(62,644)	(93,966)	
Miscellaneous	3,227	17,207	(6,051)	
MYP Ending Balance Projection	17,607,579	13,310,697	8,044,049	

Projected 2021-22 Ending Balance is \$3.06 Million OVER the 3% Requirement

Impact of Negotiated Salary Increase – Offered February 6, 2020

1% Increase - All Employee Groups (Unrestricted General Fund)

Unrestricted General Fund			
	2019-20	2020-21	2021-22
Ending Fund Balance Projection (2nd Interim)	\$ 17,607,579	\$ 13,310,697	\$ 8,044,049
Cost of 1% Raise (effective January 1, 2020)	(535,579)	(1,517,471)	(2,499,363)
Recalculated Ending Fund Balance	\$ 17,072,000	\$ 11,793,226	\$ 5,544,686
Breakdown of Ending Fund Balance:			
3% Reserve	\$ 4,862,891	\$ 4,819,906	\$ 4,892,931
Warehouse, Revolving Cash, and Assigned	1,019,158	502,793	85,000
Unallocated Reserves (Above 3%)	11,189,951	6,470,527	566,755
Recalculated Ending Fund Balance	\$ 17,072,000	\$ 11,793,226	\$ 5,544,686

Projected 2021-22 Ending Balance is \$566,755 OVER the 3% Requirement

What Has Changed : COVID-19 Schools Closed March 16, 2020

Fiscal Impacts to District

- **Employees and Contracted Services Continue to be Paid**
- **Budgets were Generally Frozen Except for Essential Items**
 - **Resulting in Savings: school site purchases, substitutes, extra hourly, utilities**
- **Additional Costs: Sanitation and Personal Safety Gear, Distance Learning and Working at Home Devices, Lesson Preparation Costs (this will continue into 2020-21)**
- **Reduced Revenue: Nutrition Services, Child Care Program, Adult Education, MAA Reimbursement**

COVID-19 Federal Assistance to District

Federal Stimulus Funds

- **\$195,826 Received - CARES Act**
- **\$2,075,605 Anticipated (Not Finalized) - CARES Act**
- **FEMA Reimbursement - Undetermined**

COVID-19 Fiscal Impacts to State

State Funding for Schools in Jeopardy

- **Due to State Closure of Businesses/Stay at Home Rules – Revenues are Down**
 - **State Sales Tax**
 - **State Income Tax**
 - **Gasoline Tax Revenue**
 - **Other State Revenue – Parks, DMV, Traffic Citations, etc.**
- **State Expenses are Up**
 - **Unemployment Insurance**
 - **Operational Costs – Offices, Prisons, Health Services, etc.**

COVID-19 Fiscal Impacts to State

State Funding for Schools in Jeopardy

- **May Revise – Due May 14th**
 - **State will have very little data**
- **August Revision – 2019-20 Revenues will be Finalized, and 2020-21 Budget Revisions are Anticipated**
- **January 2021 – Additional Revisions and Reductions Anticipated**

COVID-19 Potential 2020-21 Impacts to District

Second Interim COLA Budget Assumptions

2020-21	2.29%
2021-22	2.71%

- **A 1% Reduction in 2020-21 COLA will be a \$3.6 million Reduction in Revenue over the 3-year period**
- **If COLA is 0% in 2020-21 it will be an \$8.2 million Reduction in Revenue over the 3-year period**

COVID-19 Potential 2020-21 Impacts to District

Potential State Strategies

State Reductions/Strategies:

- **Reduce COLA**
- **Apply Deficit Factor**
- **Defer Making Payments to Districts**
- **Implement Mid-Year Reductions**

State Assistance - Allow Flexibility on Current Requirements:

- **3% General Fund Reserve Level**
- **3% Restricted Maintenance Contribution**
- **Instructional Minutes**
- **180 Teaching Days**

COVID-19 Fiscal Impacts to District

Other Considerations

- **Cash Flow**
 - **Resolution to Borrow Between Funds**
 - **May Need to do Tax & Revenue Anticipation Notes (TRANS)**
- **Student Enrollment May Decline**
- **Cost to Maintain/Expand Distance Learning**
- **Strategy and Cost to Re-Start Schools**
- **Ability of Revenue Generating Programs to be Successful:**
 - **Child Care, Adult Education, Nutrition Services, MAA Reimbursement**

Development of 2020-21 Budget

Steps Currently in Process

- **Closing out Open Purchase Orders/Updating 2019-20 Projected Actuals for the 2020-21 Budget Report**
 - **2019-20 Ending Fund Balance will Increase**
- **Reviewing 2019-20 Department Budgets for Potential Reductions in 2020-21 Budget**
- **Updating ADA Projection – Utilizing February 2020 Data**
- **Reviewing/Updating Tier I and Tier II Reduction List**
- **Majority of 2019-20 Temporary Teacher Contracts NOT Renewed – Start 2020-21 with Substitutes**

2020-21 Budget Adoption

Other Considerations

- **LCAP Report Deferred until December 2020**
- **2020-21 Budget Adoption in June May be Completed in One Meeting vs. Two Meetings**

The June 2020-21 Adoption will be overly optimistic and will be significantly revised when State funding is finalized.

Comments or Questions...

