SAN LEANDRO UNIFIED SCHOOL DISTRICT

2019-20 FIRST INTERIM

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Assistant Superintendent

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2019-20 First Interim

Overview:

- 2019-20 Budget and Reserve Update
- SLUSD Multi-Year Projection
- Education Funding Measures and Legislative Items
- Next Steps

Budget Updates For First Interim

- Major Revenue updates include:

LCFF Enrollment and Unduplicated Count	$1,071,643
Unrestricted Preschool Funding	$ 612,878
MAA – Medi-Cal Administrative Activities	$ 334,505
ASES – After School Education and Safety	$ 126,945
Youth Reinvestment Grant	$ 97,000
Title III (LEP)	$ 21,277
Title III (Migrant Ed)	$ 9,157
Title I	($ 134,021)
Title II	($ 26,827)
Carl Perkins	($ 10,382)

Budget Updates For First Interim

- Major Expenditure updates include:
  - Certificated and Classified Salaries $2,087,177
  - Benefits (excluding STRS-on-Behalf) $422,743
  - Contract Services $1,275,976
    - SPED Services Portion – Transportation, NPS $713,712
    - PG&E - Electricity $150,000

2019-20 Revenues – General Fund Original Budget vs First Interim

Revenue Source	Original Budget	First Interim	Difference
LCFF	$89,044,292	$90,115,935	$1,071,643
Federal	$4,621,507	$4,836,796	$215,289
State	$8,244,272	$10,287,505	$2,043,233
Local	$6,689,890	$6,335,036	($354,854)
Total	**$108,599,961**	**$111,575,272**	**$2,975,311**

2019-20 Expenditures – General Fund Original Budget vs First Interim

Expense	Original budget	First Interim	Difference
Certificated Salaries	$53,541,406	$55,689,695	$2,148,289
Classified Salaries	$13,800,710	$13,763,482	($37,228)
Employee Benefits	$21,378,744	$22,374,401	$995,657
Books and Supplies	$2,799,606	$3,065,254	$265,648
Services	$15,111,588	$16,387,564	$1,275,976
Capital Outlay	$110,000	$502,421	$392,421
Other Outgo and Transfers	$963,064	$954,564	($8,500)
Total Expenditures	**$107,705,118**	**$112,737,381**	**$5,032,263**

2019-20 Fund Balance (Restricted and Unrestricted)

	Original Budget	First Interim	Difference
Revenue	$108,599,961	$111,575,272	$2,975,311
Expenditures	$107,705,118	$112,737,381	$5,032,263
Other Financing	$110,000	$110,000	$0
Excess/ (Deficiency)	$784,843	($1,272,109)	($487,266)
Beginning Balance	$10,687,339	$10,687,339	$0
Audit Adjustments			
Ending Balance	**$11,472,182**	**$9,415,230**	**($2,056,952)**

2019-20 Estimated Ending Fund Balance and Reserves

- Estimated Unrestricted General Fund: $ 5,155,765
- Estimated Restricted General Fund: $ 4,219,465

- Estimated GF Expenditures $ 112,847,381

Unrestricted GF Reserves: 4.6%

"Excess Reserves" above 3% $ 1,770,344

General Fund Multi-Year Projection (*Restricted and Unrestricted*)

	2019-20	2020-21	2021-22
Revenue	$111,575,272	$113,304,024	$115,792,963
Expenditures	$112,847,381	$114,896,780	$116,535,308
Restricted Ending Balance	$4,219,465	$3,792,607	$3,543,810
Unrestricted Ending Balance	$5,155,765	$3,989,867	$3,496,119
% Unrestricted Reserves	4.6%	3.5%	3.0%

- Does not include future negotiated salary increases
- Assumes that this year's pre-school funding is ongoing
- Assumes 95% attendance and flat enrollment for next two years
- Assumes 2020-21 COLA of 3.0%, however LAO just released estimate of 1.79%
- Restricted reserves are primarily facilities accounts for future use

First Interim Summary - MYP

- District MYP projection:
  - Decrease to unrestricted ending fund balance of $774,241 this year
  - Further deficit spending in 2020-21 and 2021-22
- MYP does not include any expenditure reductions, but third year unrestricted ending fund balance is at exactly 3%
- Pension, SPED increases, and Step/Column are greater than COLA

Education Ballot Initiatives

- Proposition 13 on March 2020 ballot - $15 billion education bond ($2 billion UC, $2 billion CSU, $2 billion community college, and $9 billion K-12) is currently polling at 48% support.
- Full and Fair Funding Initiative is sponsored by CSBA and ACSA and is scheduled for the November 2020 election. Would raise $15 billion for K-14 education by increasing taxes on large corporations and high income earners. The measure is currently polling at 56% support.
- "Prop 13 Split Roll" scheduled for November 2020 ballot - would raise $11 billion, with $4 billion going to education. This measure is undergoing revision and a new round of signature gathering. It is currently polling at 46% support.

Legislative Updates

AB 218

- Extends the statute of limitations for filing claims of childhood assault to 40 years of age, or up to five years after discovery, whichever is later.
- If the victim of childhood assault proves that the assault was the result of a cover-up, the victim may recover treble damages: triple the amount of the actual/compensatory damages
- Opens up a three-year window for victims of any age to sue on previously expired claims
- Some districts may receive claims that pre-date membership in a property and liability Joint Powers Authority (JPA)
  - Districts would have to try to figure out who their insurance company was at the time, and if that company is still in business
  - Districts may find that they are completely responsible for attorney costs and potential award
- SLUSD joined our JPA, Northern California Regional Liability Excess Fund, in 1988

Legislative Updates

- **AB 48**
  - Placed a $15 billion K-16 education facilities bond on March 2020 ballot (Prop 13)
  - Also looked to incentivize developers to create affordable housing by reducing or eliminating costs
  - School developer fees (Fund 25) for multifamily housing developments would be reduced by 20%
  - Developer fees for multifamily housing within one-half mile from a major transit stop would also be eliminated completely
    - *Major transit stop defined as rail station (BART), ferry terminal, or intersection of two or more major bus routes with service interval of 15 minutes or less during commute periods*
  - *Reduced developer fees sunset in 2026*

Legislative Updates

- **Statutory COLA**
  - State had projected a COLA of 3% for 2020-21 and 2.8% in 2021-22
  - In late November, Legislative Analyst Office (LAO) reduced forecast to 1.79% for 2020-21
  - Additional LAO forecasting shows 2021-22 COLA of 1.2%
  - School Services estimates that maintaining local school operations requires close to a 4% COLA
  - It is possible that Legislature uses additional state resources to give larger COLA than required – will know more in January

Next Steps

- The Governor will release his 2020-21 Budget in January which will be followed by the School Services of California conference in Sacramento.
- Second Interim will be presented in March.
- 2020-21 Budget and LCAP will be presented for review and adoption in June.

Questions or Comments?