2021-22 Second Interim Presentation

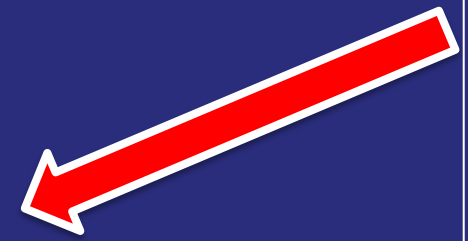
Presented By Kevin Collins
Assistant Superintendent
March 8, 2022

2021-22 Second Interim

- Review Annual Budget Cycle
- 2021-22 Budget and Reserve Update
- Ending Fund Balance and Multi-Year Projection
- COVID Funding and Other New Programs
- Enrollment Update and Universal TK
- State Budget Update
- Next Steps

2021-22 Budget Cycle

- January 2021 — Governor's Budget Proposal
- May 2021 — May Revise
- June 2021 — Original Budget - Adoption
- July 1, 2021 — Beginning of Fiscal Year
- December 2021 — First Interim Presentation
- March 2022 — Second Interim Presentation
- June 30, 2022 — End of Fiscal Year
- September 2022 — Unaudited Actuals
- December 2022 — Audit Report



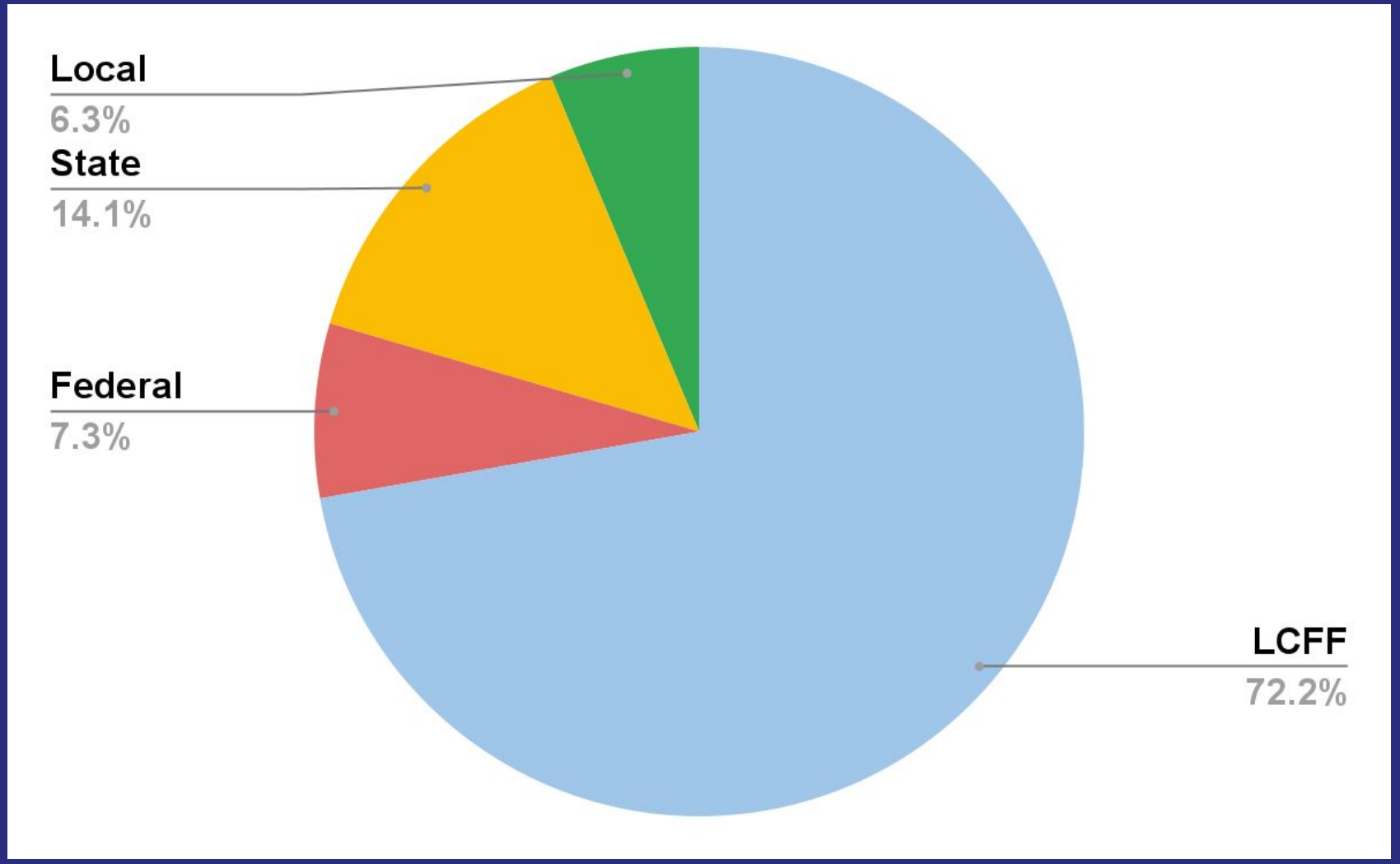
2021-22 Revenues

	First Interim	Second Interim	Change	Notes
LCFF	$96,253,141	$97,526,087	$1,272,946	Unduplicated Pupil Percentage
Federal	$9,306,680	$9,886,041	$579,361	COVID Funding
State	$15,806,570	$19,099,443	$3,292,873	COVID, ELOP, Educator Effectiveness Grant, A-G Grant, SPED
Local	$8,510,140	$8,524,698	$14,558	Additional SELPA Funding
Total	$129,876,531	$135,036,269	$5,159,738	

2021-22 General Fund Revenues

Total General Fund Revenue: $135,036,269

Includes $10,361,000 in NEW ONE-TIME funding



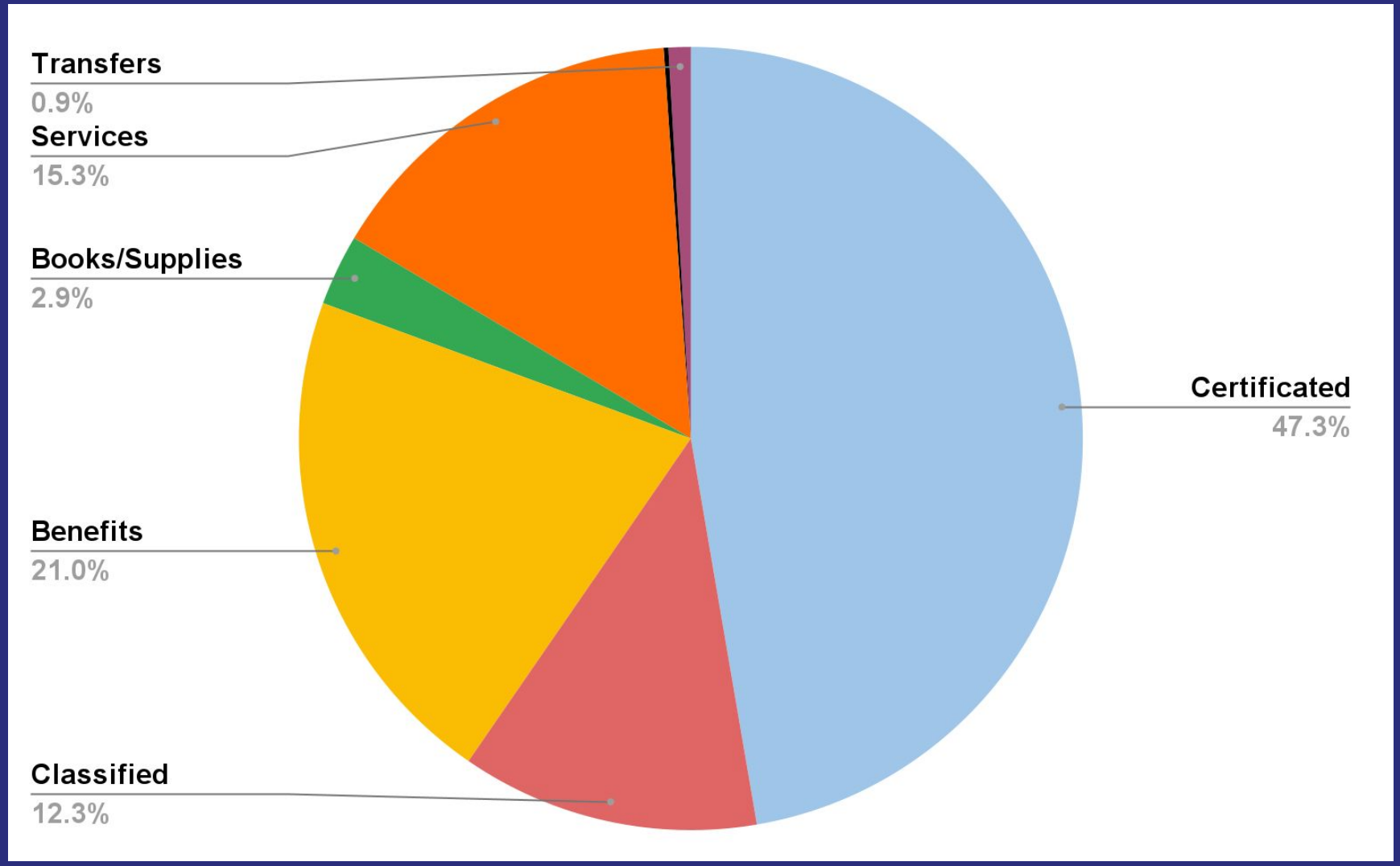
2021-22 Expenditures

	First Interim	Second Interim	Change	Notes
Certificated Salaries	$60,940,390	$61,244,236	$303,846	Independent Study staff
Classified Salaries	$15,838,205	$16,167,629	$329,424	Various COVID funded positions
Benefits	$27,078,757	$26,704,477	-$374,280	
Books and Supplies	$3,778,610	$4,629,928	$851,318	COVID funding
Services	$19,758,997	$22,030,083	$2,271,086	COVID funding
Capital Outlay	$249,300	$272,300	$23,000	
Other / Transfers	$1,181,530	$1,181,530	$0	
Total	$128,825,789	$132,230,183	$3,404,394	

2021-22 General Fund Expenditures

Total General Fund Expenditures: $132,230,183

81% Employee Salaries and Benefits



2021-22 Ending Fund Balance (EFB)

- Due to difficulties in hiring staff, we currently have 84 vacant positions (60 FTE) in general fund.
- Salary increase for SLTA, CSEA and T/T is included in current budget.
- We estimate the following Ending Fund Balance as of 6/30/2022:
  - Unrestricted Ending Fund Balance: $18,382,441
  - Restricted Ending Fund balance: $11,755,143
- Restricted EFB includes Redevelopment Agency facilities funds, local donations, and some COVID and other one-time funds intended to be spent over next few years.

2021-22 Multi-Year Projection

	2021-22	2022-23	2023-24
Revenues	$135,036,269	$134,886,063	$138,087,730
Expenditures	$132,260,183	$139,769,901	$141,356,267
Increase/(Decrease)	$2,776,086	-$4,883,837	-$3,268,537
Unrestricted EFB	$18,382,441	$13,846,002	$10,988,886
Restricted EFB	$11,755,143	$11,407,745	$10,996,325

MYP assumptions:

- Flat enrollment for 2022-23 and beyond, 95% attendance
- 5.33% COLA in 2022-23 and 3.61% COLA in 2023-24
- Includes negotiated salary increase

2021-22 COVID Funding

- SLUSD is being granted $25,400,000 in several additional sources of COVID funding:
  - ELOG - Expanded Learning Opportunity Grant
  - ESSER - Elementary and Secondary School Emergency Relief
  - IPI - In Person Incentive

- We have budgeted about $8,800,000 in spending for 2021-22
- We anticipate all COVID funded services to end in June 2024

- https://www.slusd.us/covid-funding/

Enrollment: Unduplicated Count

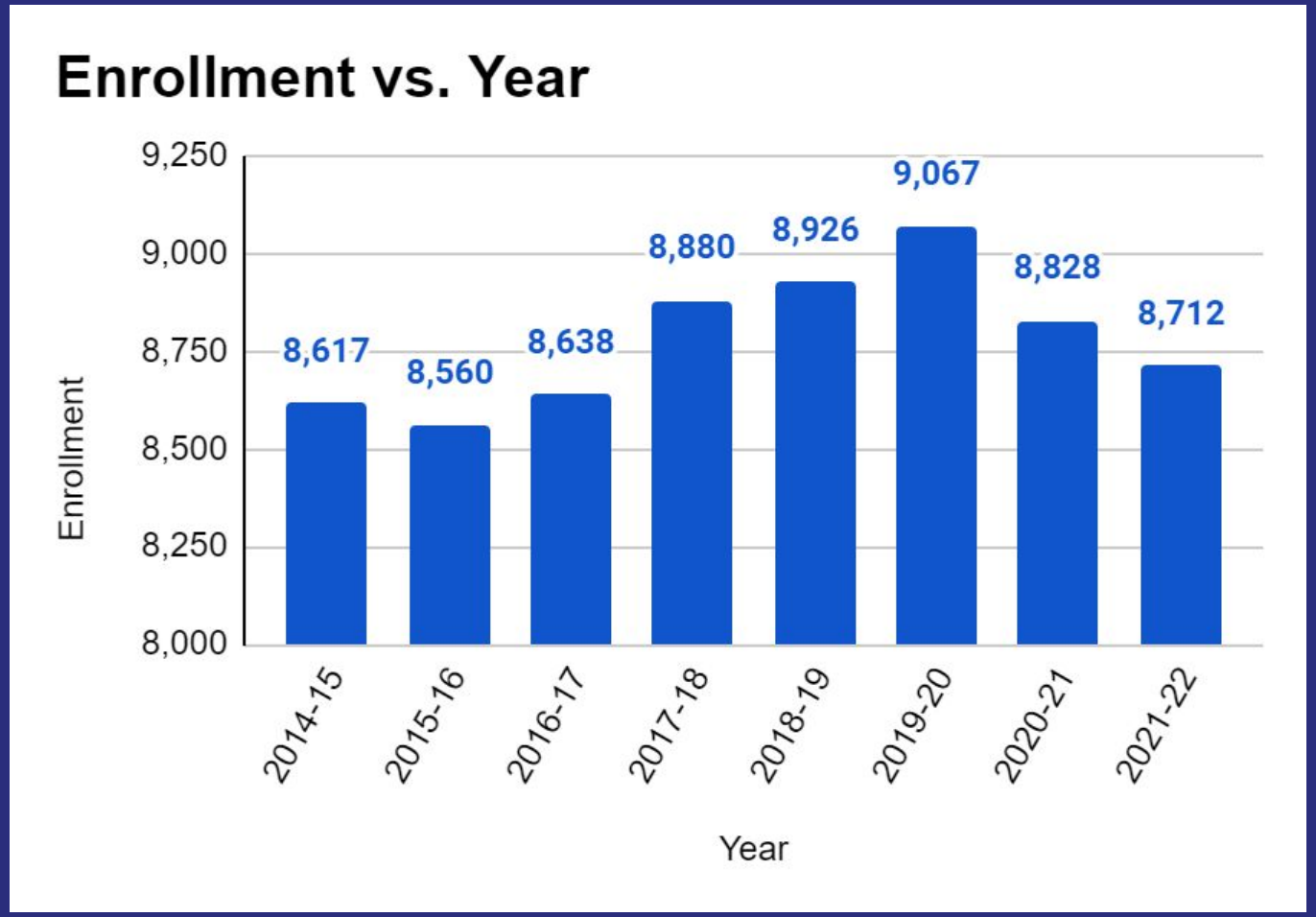
- Our final Unduplicated Pupil Percent (UPP) for 2021-22 was certified at 76% (!!!)
    - We were able to use Aeries during annual enrollment process allowing all families to complete form
    - New procedures between Tech and Food Service allowed a larger capture of qualified students
- Not clear if we will be able to use same process next year

Enrollment and ADA

- Majority of district funding comes from Average Daily Attendance (ADA) - students must attend to generate ADA funding
- Enrollment has declined by 355 students since 2019-20 (-3.9%)
- District P-1 ADA (through December 2021) was 91.4% of enrollment, significant reduction from typical 95%

Enrollment and ADA

- Traditionally, district ADA averages about 95% of enrollment
- District P-1 ADA was 91.4% - only through December 2021
- Using 2019-20 ADA this year will help with current year funding
- Declining enrollment AND declining ADA = DOUBLE TROUBLE
- Based on P-1, statewide school district ADA has declined 9.23% from last year (!!!)



Average Daily Attendance Calculation

- The higher of:
  - This year's ADA (if increasing/stable enrollment)
  - Last year's ADA (if declining enrollment)
  - Last three year's average ADA (proposed)

Example for 2022-23 showing 300 ADA decline per year:

- 2019-20: 9,000 ADA
- 2020-21: 9,000 ADA
- 2021-22: 8,400 ADA
- 2022-23: 8,100 ADA

- Current Year: 8,100
- Last Year: 8,400
- Last Three Years:

(9000 + 9000 + 8400) ÷ 3 = 8,800

Universal TK

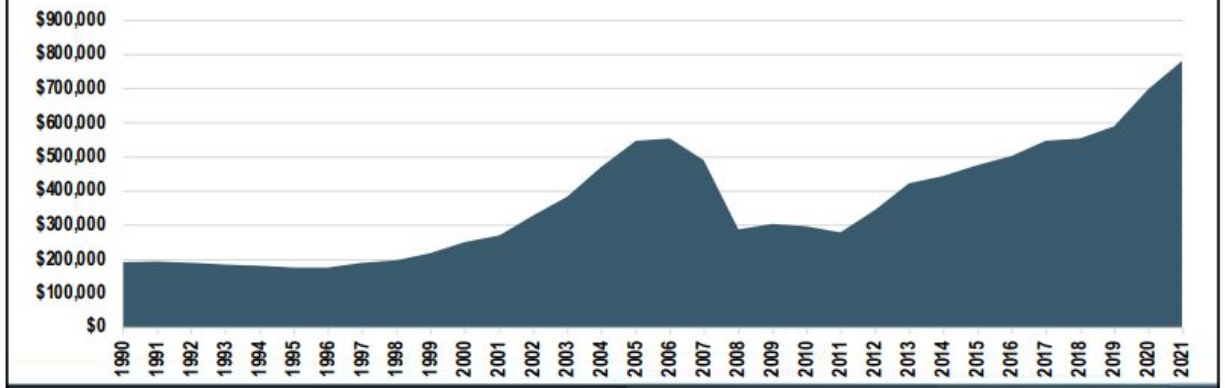
TK Enrollment	2021-22	2022-23	2023-24	2024-25	2025-26
Eligibility - Turns 5 Between:	Sept 2 - Dec 2	Sept 2 - Feb 2	Sept 2 - Apr 2	Sept 2 - June 2	Sept 2 - Sept 1
Eligibility - % of All Students	25%	42%	58%	75%	100%
Enrollment	125	210	290	375	500
Staffing Ratio	24:1	12:1	10:1	10:1	10:1
Total Classes	6	9	15	19	25

- Estimate almost 400 new students by 2025-26
- Assume some TK eligible students remain in preschool/at home (about 100)
- Staffing ratio is “adults” - teacher + paraprofessional
- Will need to hire 9 additional para’s next year
- State is funding additional TK adult through LCFF

State Economy

California Median Home Prices

- Home prices are soaring
  - In November 2021, the median single family home price was $782,490
  - Scarce supplies will cause housing prices to remain high, but increased mortgage rates may moderate rising costs as demand cools

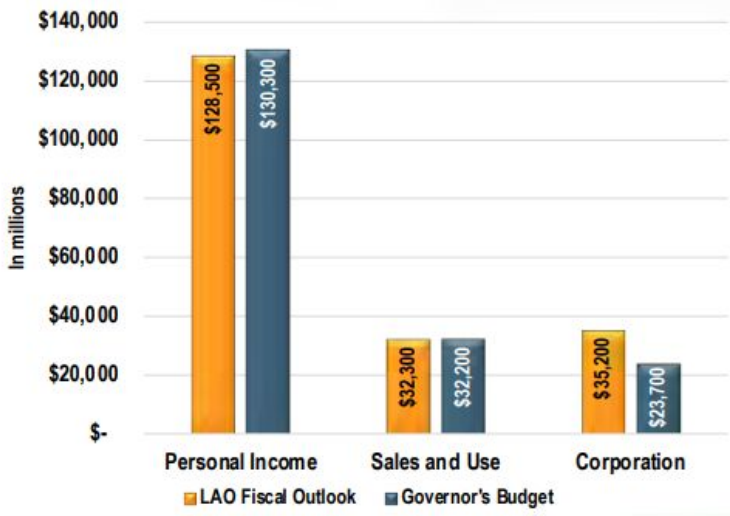


National Economy: Dow Jones Industrial Average



State Economy

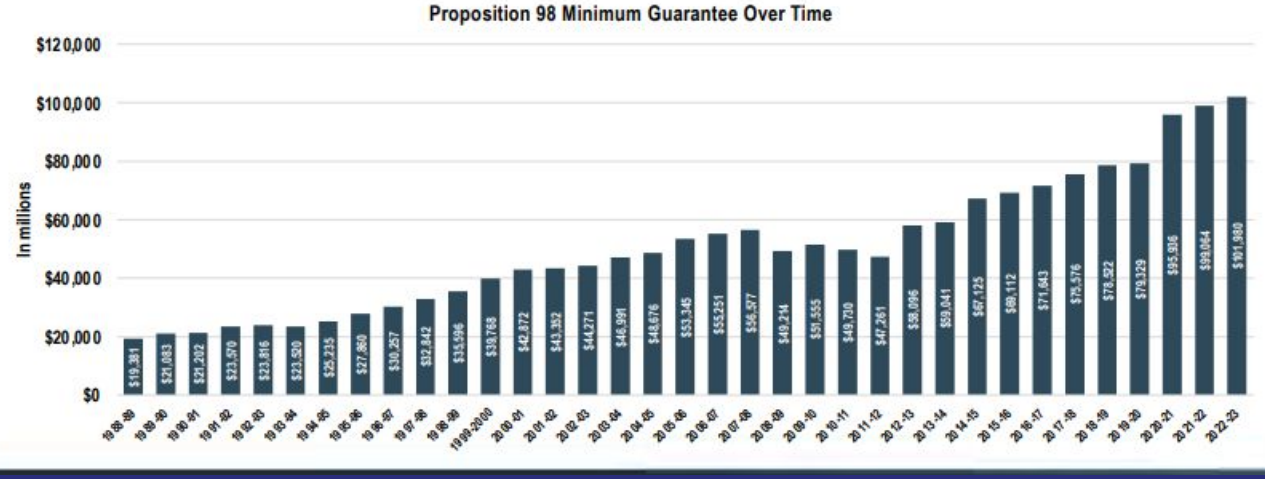
Big Three Taxes



- In 2022-23, over 95% of state general fund revenue comes from the Big Three tax sources
  - Personal income tax (PIT) revenues make up two-thirds of state revenues and 70% of the Big Three revenues
  - Nearly 50% of state income tax is paid by just 1% of Californians—the state's highest income earners—making PIT a volatile revenue source

Proposition 98

- The minimum guarantee continues its ascent to new heights, reaching $102 billion in 2022-23
  - Since its passage, Proposition 98 has increased by over 426%



State Economy

SSC Financial Projection Dartboard

Planning Factors					
	2021-22	2022-23	2023-24	2024-25	2025-26
DOF Planning COLA	5.07%**	5.33%	3.61%	3.64%	3.62%
CalSTRS***	16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS***	22.91%	26.10%	27.10%	27.70%	27.80%
Unemployment Insurance	0.50%	0.50%	0.20%	0.20%	0.20%

*Department of Finance (DOF)
**Calculated by compounding the unfunded COLA of 2.31% from 2020-21 and the statutory COLA of 1.70%, plus 1.00%, in 2021-22
***California State Teachers' Retirement System (CalSTRS); California Public Employees' Retirement System (CalPERS)

- COLA is at higher levels
  - But so are the projected cost increases that are facing LEAs
- The journey the COLA has taken us on has been quite a wild ride

Next Steps

- Governor will present May Revise in two months
- Budget and LCAP hearings will be held on June 14
- Budget and LCAP adoption will be on June 21
- New fiscal year begins July 1

SLUSD 2021-22 Second Interim

- Questions or Comments?