

2019-20 Estimated Actuals

2020-21 July 1, Budget



Dr. Ward Andrus, Superintendent

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June 23, 2020

Central Union High School District Board Budget Presentation

The Effects of Covid-19 on California's Economy

Impact to the State's Revenue due to Shifting the April 15th Income Tax Deadline to July 15th.

Rainy Day Fund – Budget Stabilization

Proposed Governor's May Revise given the Economic Impact of the Pandemic

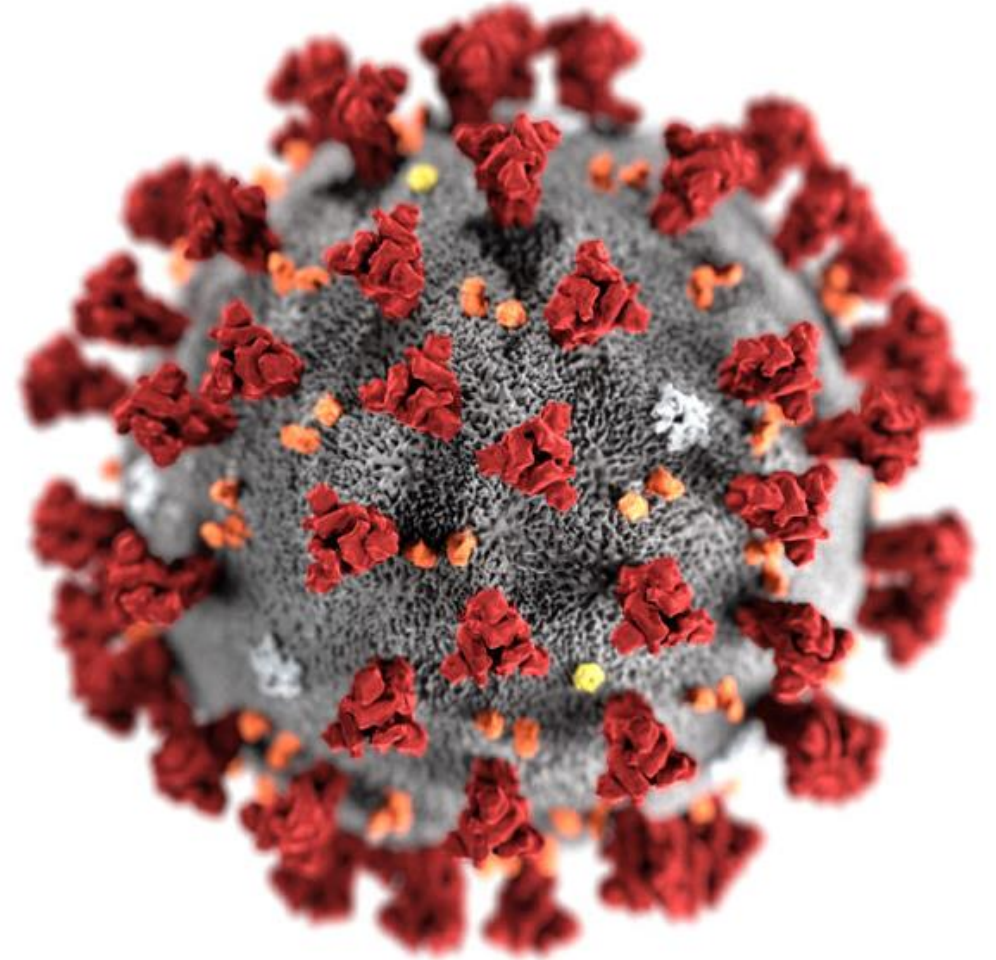
- **Cash Deferrals**
- **COLA - Suspended**
- **Local Control Funding Formula – CUTS**
- **2019-20 Estimated Actuals & 2020-21 July 1 Budget**

Economic Impact of Coronavirus on California's Economy

As the nation goes, so goes California

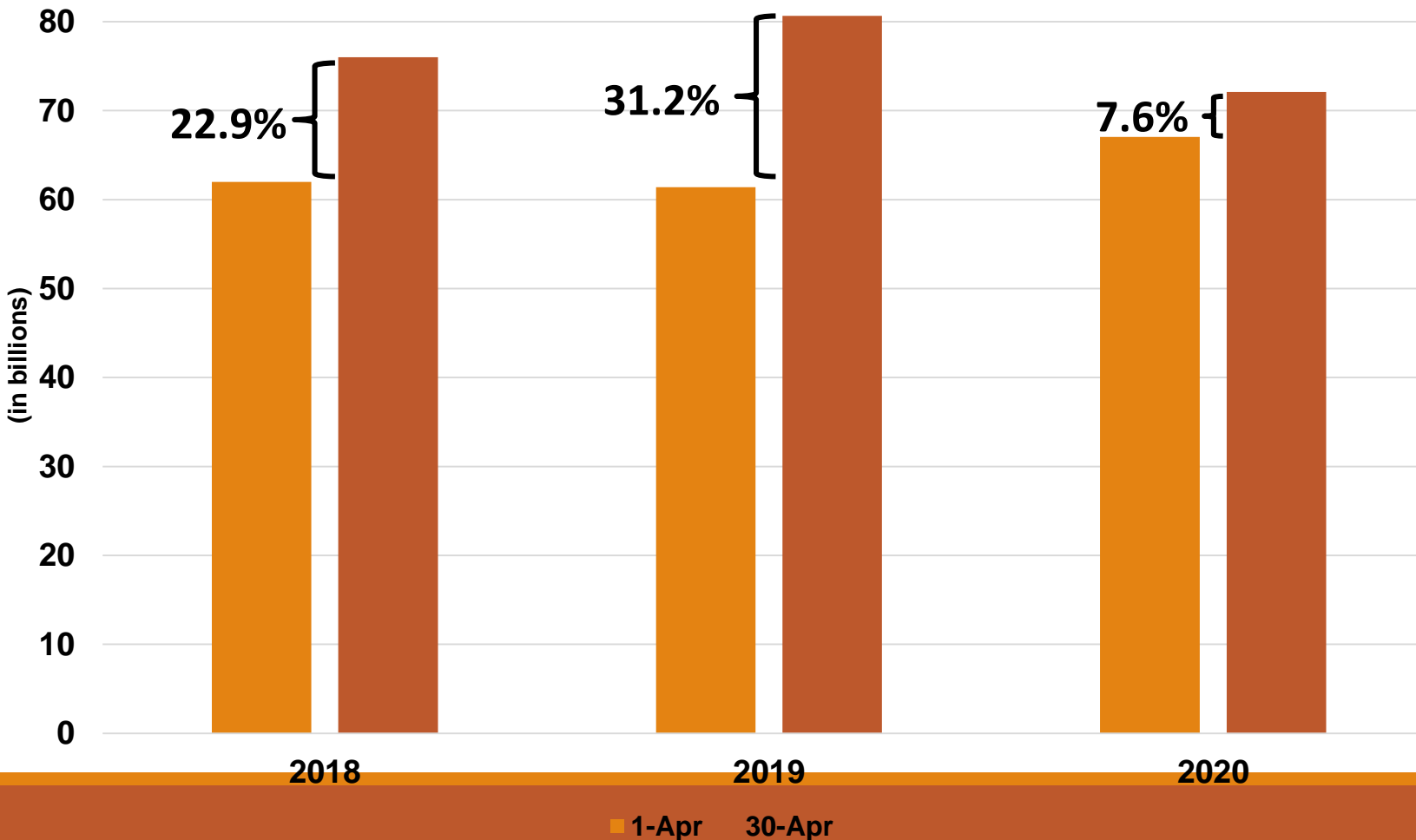
California ranks 5th among the world's largest economies, including the United States, China, Japan, and Germany

- **This makes the state highly susceptible to national and global economic shocks**
- **Given its coastal geography, the state is home to three of the largest trade ports—making California's economy reliant on international commerce**



Impact of Shifting the Tax Deadline

April Personal Income Tax Collections



Both federal and state governments shifted the annual income tax deadline from April 15 to July 15 as a result of the COVID-19 outbreak

This shift has caused a significant decline in personal income tax (PIT) revenues in the biggest PIT revenue month, making it difficult to develop the state's on-time Budget

Given recent unemployment figures, we may not fully recover the lost revenue

California Revenues

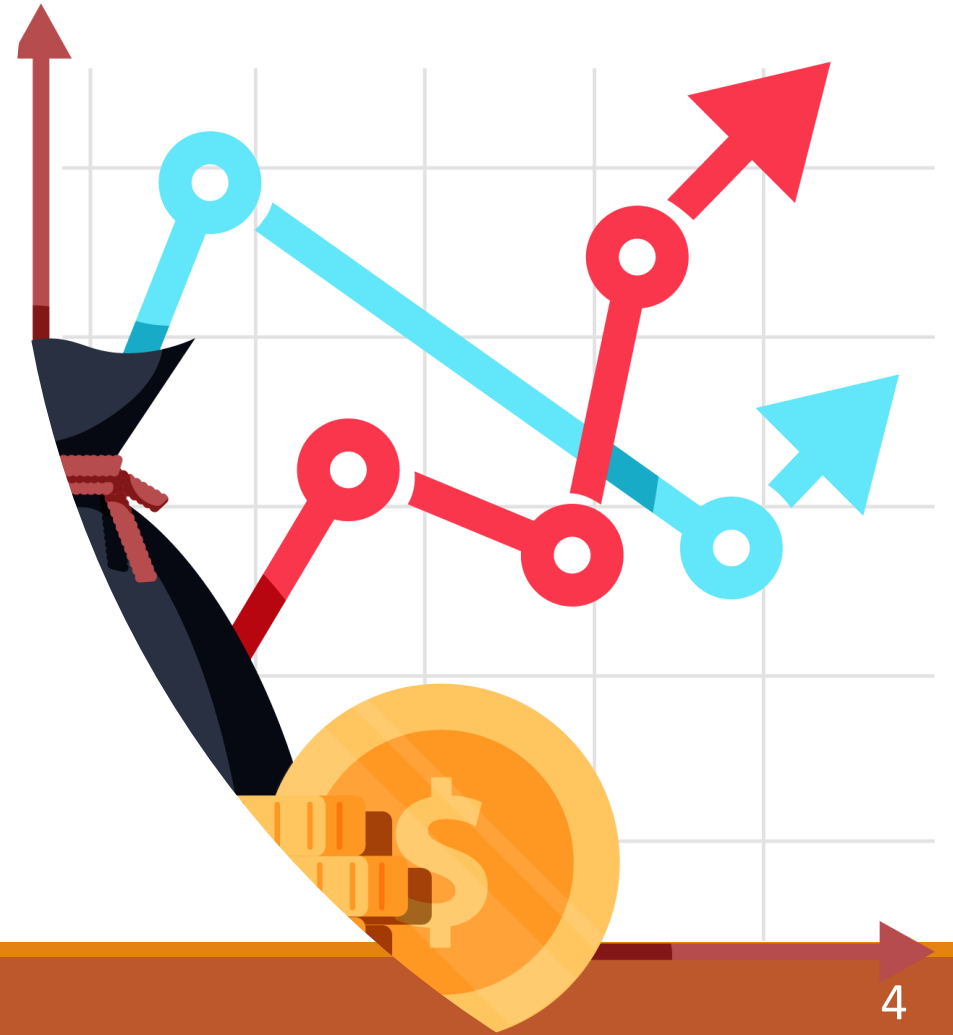
The May Revision assumes that the state will suffer from a \$41.2 billion loss in revenues compared to January Estimates in 2019–20 and 2020–21 combined

Revenue losses are compounded by the growing number of who need access to state safety net services, bringing the state's total shortfall to \$54 billion

The Budget Stabilization Account (BSA) currently has about \$16.2 billion

The May Revision proposes to draw down the entirety of the \$16.2 billion over three years

- This includes \$7.8 billion for 2020–21



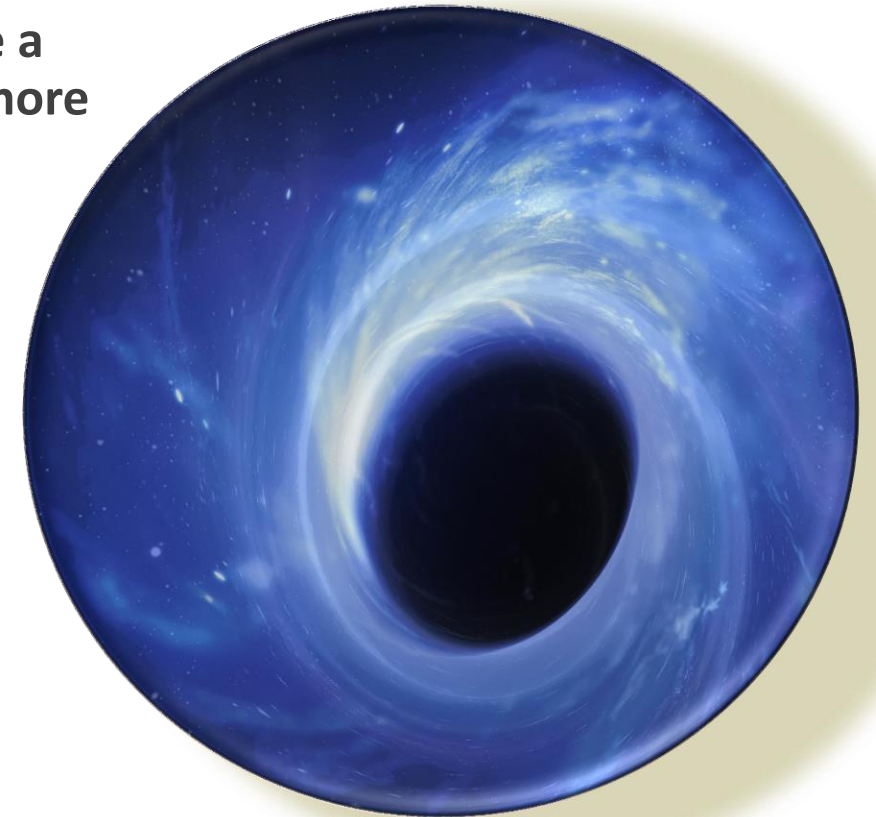
Governor's May Revision

Will There Be a Revised Budget?

While the May Revision gives us important information for state and local budgets that must be adopted by July 1, 2020, there continues to be a gaping hole in terms of information that we need in order to build more accurate budgets

- Unemployment rates change
- PIT revenue is the largest share of general fund revenue; tax payments deferred
- Consumer confidence shaken by the current state of the economy; may be a while before confidence rebuilds
- Small, as well as large, businesses may not be able to withstand COVID-19

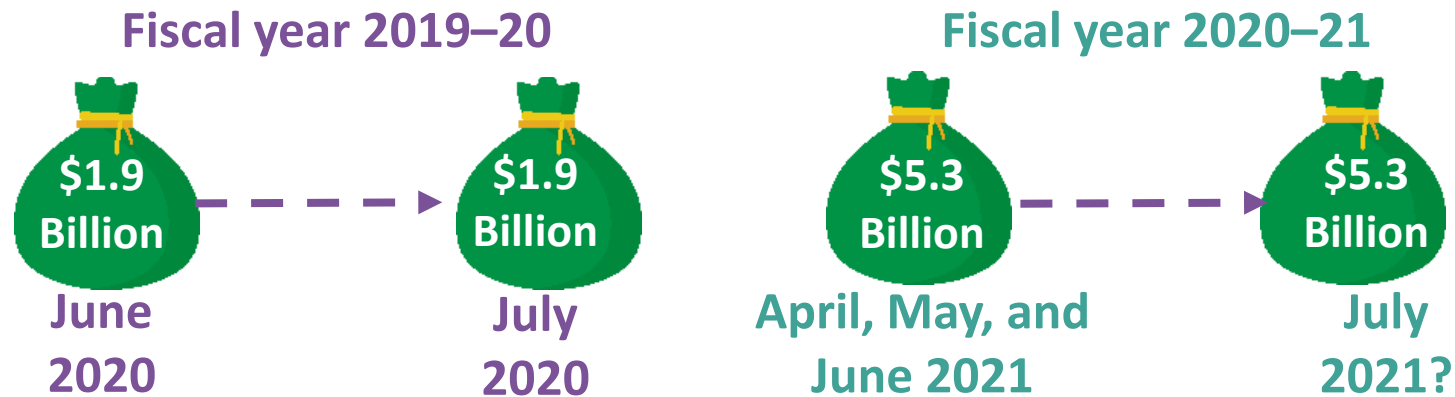
The state will likely need to revise its Budget when more information becomes available later this summer



Deferrals: Here We Go Again

Cash deferrals were used during the Great Recession to implement state-level budget cuts and/or improve the state's cash position

The Governor's May Revision takes a page from the same playbook and proposes the following cash deferrals:

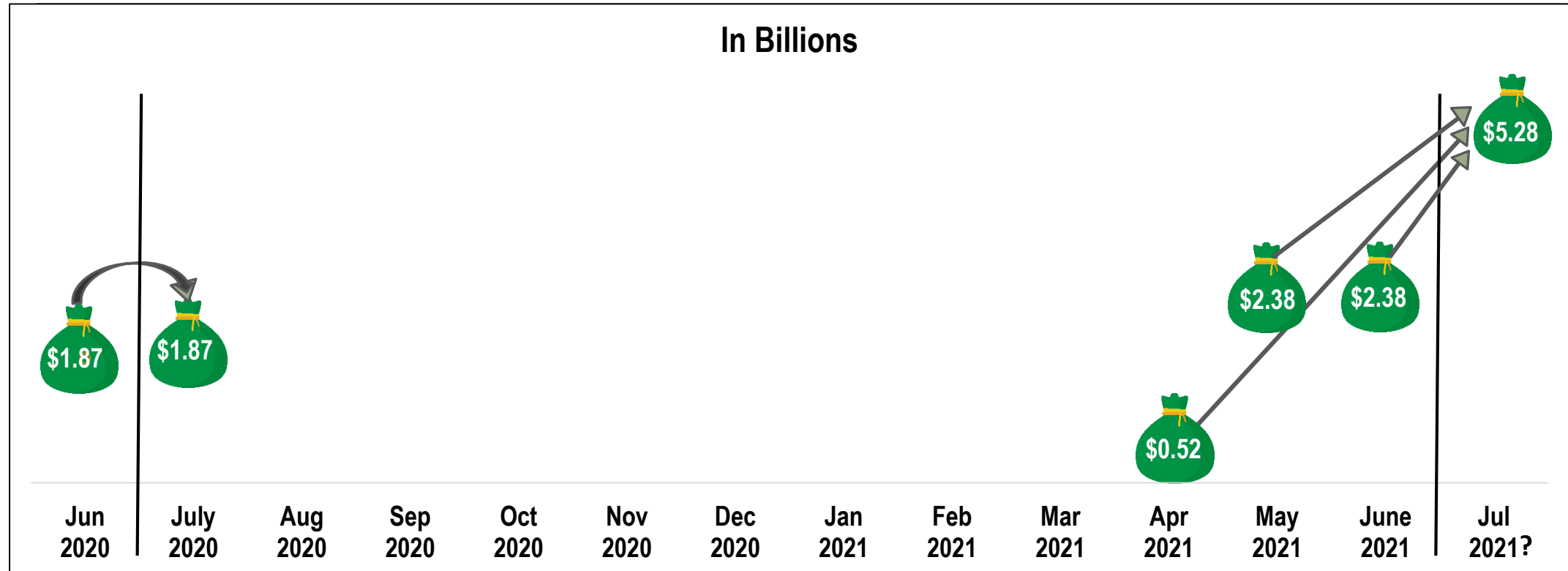


Districts may need to implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times

- While this avoids an additional cut in revenue, it pushes the administrative and financial burden of borrowing cash to school districts

Cash Flow and Deferrals – Reduction in Cash

The proposed deferrals in the May Revision are illustrated as follows:



For Central UHSD: June to July, 2020 = **\$3.3 million**

For 2020-21 (April, May and June, 2021) = **\$9.3 million or 20.6% of the Districts LCFF**

What Does the 10% LCFF CUT Mean for Central Union High School District ?

Impact to District LCFF Revenue

(Total Cut to CUHSD is \$4,061,667 - Cut to S&C is \$952,459)

2019-20							2020-21								
0% 3.260%							0 0.000%								
Unduplicated as % of Enrollment 0% 76.57% 76.57%							Unduplicated as % of Enrollment 0% 75.97% 75.97%								
	ADA	Base	Gr Span	Supp	Concen	TARGET		ADA	Base	Gr Span	Supp	Concen	TARGET		
Grades TK-3	-	7,702	801	1,302	917	-	Grades TK-3	-	7,092	738	1,190	821	-		
Grades 4-6	-	7,818	-	1,197	843	-	Grades 4-6	-	7,199	-	1,094	755	-		
Grades 7-8	-	8,050	-	1,233	868	-	Grades 7-8	-	7,412	-	1,126	777	-		
Grades 9-12	4,051.19	9,329	243	1,466	1,032	48,898,658	Grades 9-12	4,051.19	8,590	223	1,339	924	44,871,346		
Subtract NSS	-	-	-	-	-	-	Subtract NSS	-	-	-	-	-	-		
NSS Allowance	-	-	-	-	-	-	NSS Allowance	-	-	-	-	-	-		
	0	4,051.19	37,793,552	984,439	5,938,462	4,182,206	48,898,659	0	4,051.19	34,799,722	903,415	5,424,735	3,743,474	44,871,346	
Targeted Instructional Improvement Block Grant						132,598							119,338		
Home-to-School Transportation						210,945							189,851		
LOCAL CONTROL FUNDING FORMULA (LCFF) TARGET						49,242,202	LOCAL CONTROL FUNDING FORMULA (LCFF) TARGET						45,180,535		
ECONOMIC RECOVERY TARGET PAYMENT						-	ECONOMIC RECOVERY TARGET PAYMENT						-		
LCFF PHASE-IN ENTITLEMENT (FUNDED ENTITLEMENT)						-	49,242,202	LCFF PHASE-IN ENTITLEMENT (FUNDED ENTITLEMENT)						-	45,180,535

Federal CARES ACT Dollars— Education Stabilization Fund

Education Stabilization Fund through the CARES ACT

- Elementary and Secondary School Emergency Relief (ESSER) Fund
- Preliminary Allocation for CUHSD = \$921,887 – Has not been received
- Federal cash management rules will apply to this funding. LEAs can use ESSER funds for any activities authorized by the Elementary and Secondary Education Act of 1965 (ESEA) as amended by the Every Student Succeeds Act of 2000 (ESSA), IDEA, the Adult Education and Family Literacy Act, the Perkins CTE Act, or the McKinney-Vento Homeless Assistance Act.
- Essentially, the District will use these funds to support current school operations and cover school site payroll in 2020-21.
- <https://www.cde.ca.gov/fg/cr/esserfaqs.asp>

CUHSD: STRS & PERS RATE and COST INCREASES OVER TIME

STRS/PERS Costs Breakdown			2015-2016	2016-2017	2017-2018	2018-2019	Projected 2019-2020
Certificated STRS	3101		3,462,332	4,242,998	4,675,398	7,015,659	6,051,081
Classified STRS	3102		1,768	0	400	265	0
Certificated PERS	3201		30,106	37,690	43,932	107,084	113,076
Classified PERS	3202		657,614	832,975	994,542	2,455,892	1,548,501
STRS/PERS On-Behalf Of	RE 7690		(1,314,783)	(1,592,092)	(1,563,838)	(4,619,057)	(2,037,729)
Total STRS/PERS Costs Less On-Behalf Of			2,837,038	3,521,571	4,150,434	4,959,843	5,674,929
STRS On-Behalf Of	3101		1,314,112	1,592,092	1,563,838	3,337,435	2,037,729
STRS On-Behalf Of (One-Time)	3101						
STRS On-Behalf Of	3102		671	0	0	134	0
PERS On-Behalf Of (One-Time)	3201		0	0	0	53,542	0
PERS On-Behalf Of (One-Time)	3202		0	0	0	1,227,946	0
Total STRS/PERS Costs Less On-Behalf Of			1,314,783	1,592,092	1,563,838	4,619,057	2,037,729
Increase in STRS & PERS Over Time							
	Years		2015-16	2016-17	2017-18	2018-19	2019-20
	2015-16		\$576,152	\$576,152	\$576,152	\$576,152	\$576,152
	2016-17			\$684,533	\$684,533	\$684,533	\$684,533
	2017-18				\$628,863	\$628,863	\$628,863
	2018-19					\$809,409	\$809,409
	2019-20						\$715,086
Total Increase in Cost			\$576,152	\$1,260,686	\$1,889,548	\$2,698,957	\$3,414,043

CUHSD:

Proposed Tentative Agreement – Budget Impact Costs

- Tentative Agreement (Certificated Compensation):
 - **Compensation increase to Salary Schedule of 3.26% (w/ statutory benefits = 3.97%)**
 - **On-time Off- Salary Schedule of 0.5% (w/ statutory benefits = 0.60%)**
 - **Increase in Statutory Benefits Cost: \$163,931**
- **Total Cost to 2019-20 Budget = \$931,465**
- **Increased On-going Cost to 2020-21 Budget = \$806,949**

- No Current Agreement with Classified School Employees' Association (CSEA) or Other Employee Groups. No Compensation is included in the 2019-20 or 2020-21 Budget

Comparison of Estimated Actuals to Second Interim Comparison of Estimated Actuals to Proposed July 1, Budget

Department/Program Budgets Reviewed and Reduced (Materials & Supplies, Services & Operations, Capital Outlay & Equipment)

- District Office: Board & Superintendent, Education Services, Business Services, HR Dept.
- Technology
- Maintenance and Routine Restricted Maintenance
- Security
- Home-to-School Transportation
- Plant Maintenance and Operations
- School Site Budgets

Budget Category	2019-20 2nd Interim	2019-20 Estimated Actuals	Variance Between Budgets (2019-20)	Proposed 2020-21 Budget	Proposed Decrease (2020-21)
4000	\$1,335,595	\$1,188,554	(\$147,041)	\$1,104,342	(\$84,212)
5000	\$3,294,749	\$2,746,241	(\$548,508)	\$2,636,341	(\$109,900)
6000	\$182,000	\$90,000	(\$92,000)	\$50,000	(\$40,000)
Total Reduction			(\$787,548)		(\$234,112)
Total Reduction to 2020-21 Budget			(\$1,021,660)		

Comparison of Estimated Actuals to Second Interim Comparison of Estimated Actuals to Proposed July 1, Budget

Department/Program Budgets Reviewed and Reduced (Materials & Supplies, Services & Operations, Capital Outlay & Equipment)

- District Office: Board & Superintendent, Education Services, Business Services, HR Dept.
- Technology
- Maintenance and Routine Restricted Maintenance
- Security
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- School Site Budgets
 - Rate of \$60/student reduced by 10%. Adjusted enrollment based on 2019-20 CALPADs

School Site Budget Reductions - General Fund Allocation				
- Site Operations/Athletics				
	2019-20 Budget	Reductions	2020-21	Reduction as a %
Central	\$367,725	(36,575)	\$331,150	-9.95%
Southwest	\$439,950	(60,872)	\$379,078	-13.84%
Desert Oasis	\$58,000	(14,400)	\$43,600	-24.83%
Phoenix Rising	\$19,557	(7,107)	\$12,450	-36.34%
Total	\$885,232	(118,954)	\$766,278	-13.44%

Description	Resource Codes	Object Codes	2019-20 Estimated Actuals			2020-21 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
A. REVENUES									
1) LCFF Sources		8010-8099	49,242,202.00	0.00	49,242,202.00	45,180,535.00	0.00	45,180,535.00	-8.2%
2) Federal Revenue		8100-8299	0.00	3,651,340.37	3,651,340.37	0.00	4,615,068.15	4,615,068.15	26.4%
3) Other State Revenue		8300-8599	631,737.00	3,281,162.22	3,912,899.22	610,929.00	3,557,432.58	4,168,361.58	6.5%
4) Other Local Revenue		8600-8799	311,075.33	1,388,722.28	1,699,797.61	236,000.00	1,373,173.18	1,609,173.18	-5.3%
5) TOTAL, REVENUES			50,185,014.33	8,321,224.87	58,506,239.20	46,027,464.00	9,545,673.91	55,573,137.91	-5.0%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	22,823,332.66	2,797,035.79	25,420,368.45	21,961,699.84	2,899,568.28	24,861,268.12	-2.2%
2) Classified Salaries		2000-2999	6,195,506.38	1,649,748.91	7,845,255.29	6,310,735.18	1,643,709.28	7,954,444.46	1.4%
3) Employee Benefits		3000-3999	9,607,033.82	3,534,107.08	13,141,140.90	9,988,334.23	3,619,855.29	13,608,189.52	3.6%
4) Books and Supplies		4000-4999	2,404,326.30	2,027,116.08	4,431,442.38	1,480,539.39	1,881,153.48	3,361,692.87	-24.1%
5) Services and Other Operating Expenditures		5000-5999	3,375,699.13	1,955,025.89	5,330,725.02	3,326,522.34	1,048,605.53	4,375,127.87	-17.9%
6) Capital Outlay		6000-6999	1,739,015.00	848,891.79	2,587,906.79	50,000.00	491,547.26	541,547.26	-79.1%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	687,277.19	0.00	687,277.19	630,372.56	0.00	630,372.56	-8.3%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(574,855.03)	467,855.03	(107,000.00)	(561,198.03)	454,198.03	(107,000.00)	0.0%
9) TOTAL, EXPENDITURES			46,057,335.45	13,279,780.57	59,337,116.02	43,187,005.51	12,038,637.15	55,225,642.66	-6.9%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			4,127,678.88	(4,958,555.70)	(830,876.82)	2,840,458.49	(2,492,963.24)	347,495.25	-141.8%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	3,870,000.00	0.00	3,870,000.00	200,000.00	0.00	200,000.00	-94.8%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(4,111,483.61)	4,111,483.61	0.00	(3,572,333.55)	3,572,333.55	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(7,981,483.61)	4,111,483.61	(3,870,000.00)	(3,772,333.55)	3,572,333.55	(200,000.00)	-94.8%

Description	Resource Codes	Object Codes	2019-20 Estimated Actuals			2020-21 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			(3,853,804.73)	(847,072.09)	(4,700,876.82)	(931,875.06)	1,079,370.31	147,495.25	-103.1%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited									
		9791	11,092,932.81	1,902,875.06	12,995,807.87	7,239,128.08	1,055,802.97	8,294,931.05	-36.2%
b) Audit Adjustments									
		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)									
			11,092,932.81	1,902,875.06	12,995,807.87	7,239,128.08	1,055,802.97	8,294,931.05	-36.2%
d) Other Restatements									
		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)									
			11,092,932.81	1,902,875.06	12,995,807.87	7,239,128.08	1,055,802.97	8,294,931.05	-36.2%
2) Ending Balance, June 30 (E + F1e)									
			7,239,128.08	1,055,802.97	8,294,931.05	6,307,253.02	2,135,173.28	8,442,426.30	1.8%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash									
		9711	75,000.00	0.00	75,000.00	75,000.00	0.00	75,000.00	0.0%
Stores									
		9712	40,655.30	0.00	40,655.30	40,655.30	0.00	40,655.30	0.0%
Prepaid Items									
		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others									
		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted									
		9740	0.00	1,055,802.97	1,055,802.97	0.00	2,135,173.28	2,135,173.28	102.2%
c) Committed									
Stabilization Arrangements									
		9750	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments									
		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments ● P-2 June Deferral									
		9780	3,284,383.00	0.00	3,284,383.00	3,284,383.00	0.00	3,284,383.00	0.0%
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties									
		9789	3,839,089.78	0.00	3,839,089.78	2,907,214.72	0.00	2,907,214.72	-24.3%
Unassigned/Unappropriated Amount									
		9790	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

● Unrestricted Reserve as a % of Exp./Outgo (Less than 2 months- 16.7%): **11.27%** **11.17%**

2019-20 & 2020-21 Budget Workshop Presentation



Questions/Thank you

Dr. Ward Andrus, Superintendent

Mr. Arnold Preciado, Asst. Superintendent, Business Services

June 23, 2020