



Board Meeting

2021-22

Proposed Budget

Rami Beshara

Senior Director, Fiscal Services

June 8, 2021

Proposed Budget 2021-22 Overview

- The 2021-22 Proposed Budget
 - Developed using the state-adopted Criteria and Standards.
 - Includes the expenditures necessary to implement the Local Control and Accountability Plan.
 - Reflects the latest financial assumptions available based on the Governor's May Revise.

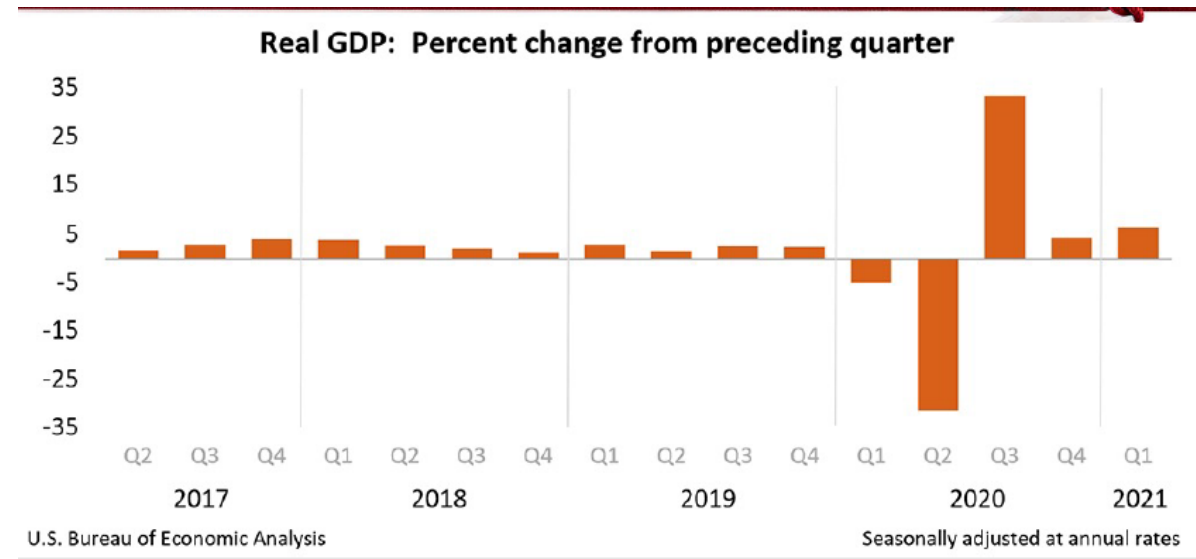
- Estimated Actuals represent Actuals for FY 2020-21 through April 30, 2021 and projected for May – June 2021.

- The Upland Unified School District Board of Trustees will vote to adopt this Proposed Budget on the regularly scheduled Board meeting to be held on June 22, 2021.

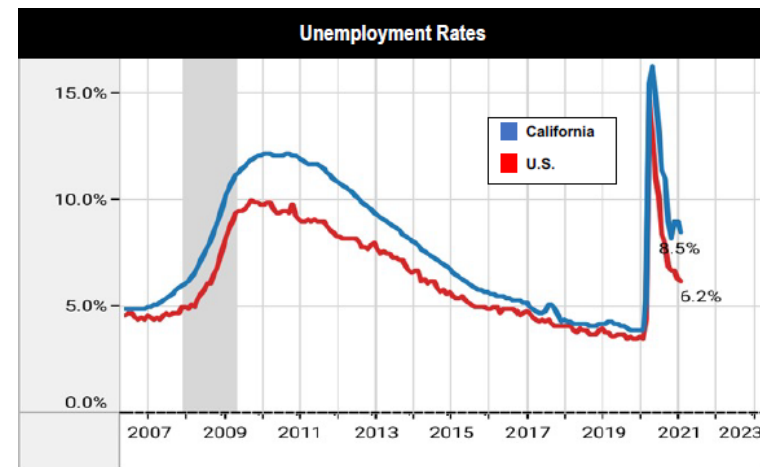


Proposed Budget May Revision State Economic Outlook

- ❑ Leading up to the May Revision, Governor Newsom announced that the state was facing a \$100 billion surplus, dubbed the “California Comeback Plan”
 - \$76 billion from extra state revenues and \$25 billion from federal resources.
 - The forecasted \$54 billion deficit of one year ago is a distant memory.



- ❑ California’s unemployment rate stood at 8.5% in March 2021.



Proposed Budget May Revision Education Funding Update

□ 2021-22 LCFF Funding Factors

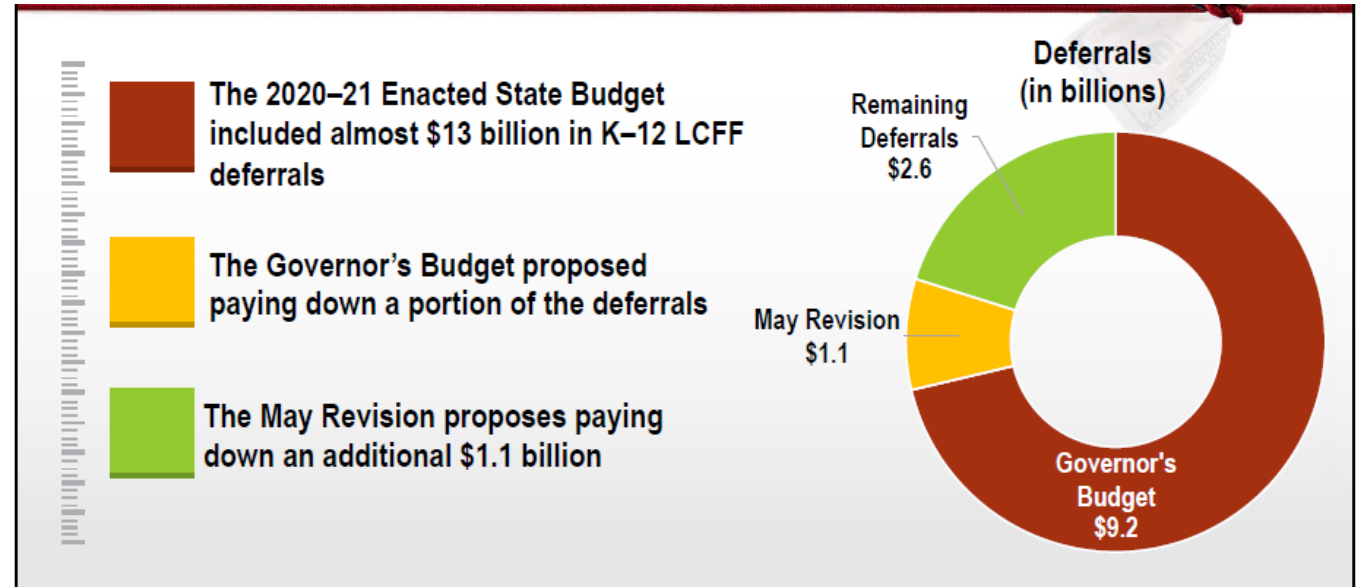
Item	Governor's Budget	May Revision
LCFF Funding Increase	\$2 billion	\$3.2 billion
Proposition 98 Minimum Guarantee		
2019–20	\$79.5 billion	\$79.3 billion
2020–21	\$82.8 billion	\$92.8 billion
2021–22	\$85.8 billion	\$93.7 billion
2021–22 Statutory COLA	1.5%	1.7%
2021–22 Compounded COLA	3.84%	4.05%*
2021–22 LCFF “Mega” COLA	N/A	5.07%

Grade Span	K–3	4–6	7–8	9–12
2020–21 Base Grant per ADA	\$7,702	\$7,818	\$8,050	\$9,329
<i>5.07% Mega COLA</i>	<i>\$390</i>	<i>\$396</i>	<i>\$408</i>	<i>\$473</i>
2021–22 Base Grant per ADA	\$8,092	\$8,214	\$8,458	\$9,802
<i>GSA</i>	<i>\$842</i>	<i>–</i>	<i>–</i>	<i>\$255</i>
2021–22 Adjusted Base Grant per ADA	\$8,934	\$8,214	\$8,458	\$10,057
20% Supplemental Grant per ADA (Total UPP)	\$1,787	\$1,643	\$1,692	\$2,011
50% Concentration Grant per ADA (UPP Above 55%)	\$4,467	\$4,107	\$4,229	\$5,029



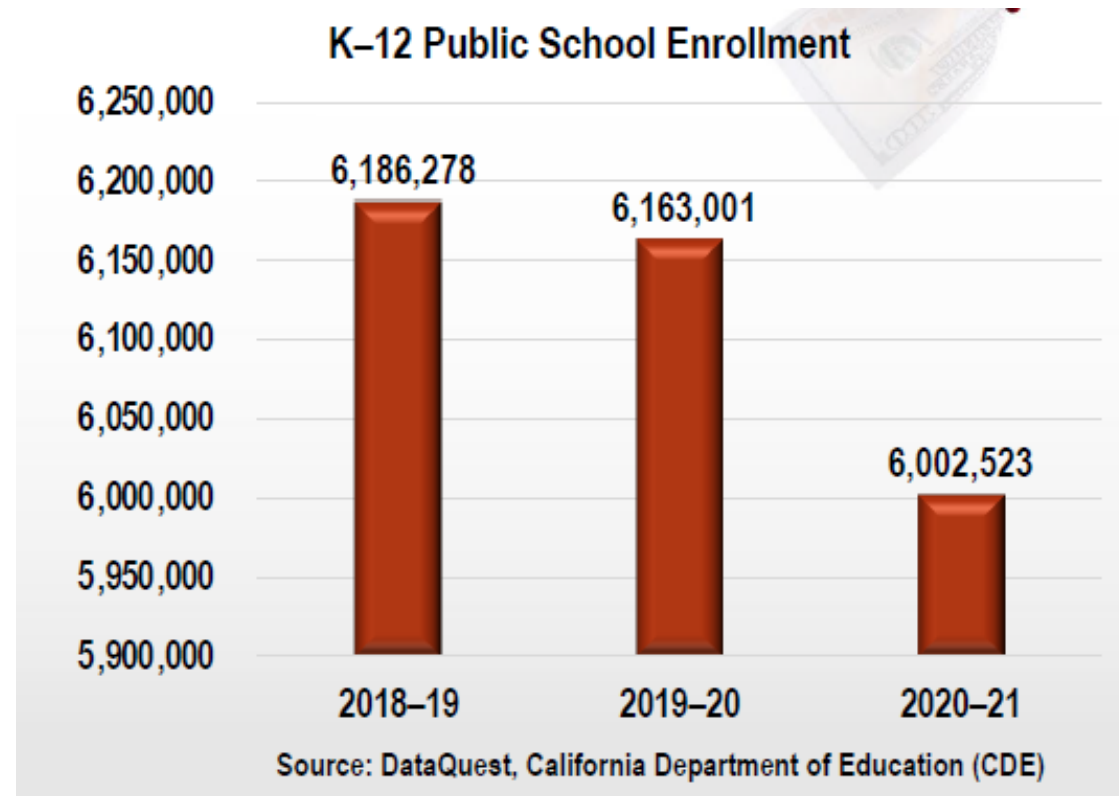
Proposed Budget May Revise Cash Flow and Deferrals Update

- ❑ The May Revise proposed pay down eliminates the ongoing deferrals scheduled for February through May 2022.
- ❑ It does not impact current deferrals and will not accelerate repayment of February through June 2021 deferrals that will be received in July through November 2021.



Proposed Budget May Revise State Level Enrollment & ADA

- ❑ 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 state’s K–12 student population declined by more than 160,000.
- ❑ The looming question for LEAs is how many of those students will return in 2021-22.





2020-21

Estimated Actuals

Estimated Actuals 2020-21

General Fund Estimated Actuals through April 30, 2021

Category	2020-21 Estimated Actuals 2 nd Interim	2020-21 Estimated Actuals June 2021	Variance
Total Revenues	131,750,850	138,980,522	7,229,672
Total Expenditures	125,972,133	128,960,704	2,988,571
<u>Excess (Deficiency) of Revenues over Expenditures</u>	<u>5,778,718</u>	<u>10,019,818</u>	<u>4,241,100</u>
Contributions and Transfers	-----	(4,172,819)	(4,172,819)
<u>Net Increase, (Decrease) in Fund Balance</u>	<u>5,778,718</u>	<u>5,846,999</u>	<u>68,281</u>
Beginning Funding Balance	15,395,987	15,395,987	-----
<u>Ending Fund Balance</u>	<u>21,174,704</u>	<u>21,242,985</u>	<u>68,281</u>
Restricted Fund Balance	8,542,213	8,381,593	(160,620)
LCAP Carryover	2,400,000	2,110,000	(290,000)
Assigned – Future Deficit Spending	6,000,000	6,000,000	-----
Reserve for Economic Uncertainty (Min 3%)	4,000,000	4,000,000	-----
Total Unrestricted Reserve (% of Expenditures)	<u>10.03%</u>	<u>9.84%</u>	<u>(0.19%)</u>

Estimated Actuals 2020-21 Highlights since 2nd Interim Report

❑ Revenues

- **Revised \$7.2m up since 2nd Interim**
- -\$1m in ESSER Funds shifted to 2021-22
- +\$1.6m in AB86 / IPI revenue recognized in 2020-21
- +\$6.5m in AB86/ ELO revenue recognized in 2020-21
- +\$672k in AB86 / ELO Paraprofessionals revenue recognized in 2020-21
- +\$500k in new revenue for K12 Strong Workforce Program
- -\$1.1m in local revenue adjusted down based on actuals through April 2021

❑ Inter-Fund Transfers

- Transfer of \$4.2m in Redevelopment Funds from General Fund to Fund 40 (Special Reserve Fund) as authorized by Board of Trustees resolution



Estimated Actuals 2020-21 Highlights since 2nd Interim Report

□ Expenditures

- **Revised \$3m up since 2nd Interim**
- -\$350K in Salaries and Benefits, due to decrease in substitute teachers and extra assignments
- *Unrestricted Salaries and Benefits are down \$2.35m due to supplanting from IPI funds in the amount of \$1.6m in addition to CSEA labor agreement retro & off schedule cost shifting to 2021-22*
- +\$825k in books and supplies, all restricted spend using Learning Loss Mitigation Funds
- +\$1.9m in Services for learning loss mitigation, Student Services and M&O due to a return to in person learning
- +\$346k in equipment spend for TRAN and new expenditures for K12 Strong Workforce Program
- +\$241k in tuition cost to COE cost increases

□ Reserve Assignments

- \$-290k Decrease in LCAP carryover which was spent since 2nd Interim





2021-22
Proposed Budget
&
Multi Year Projections

Proposed Budget 2021-22

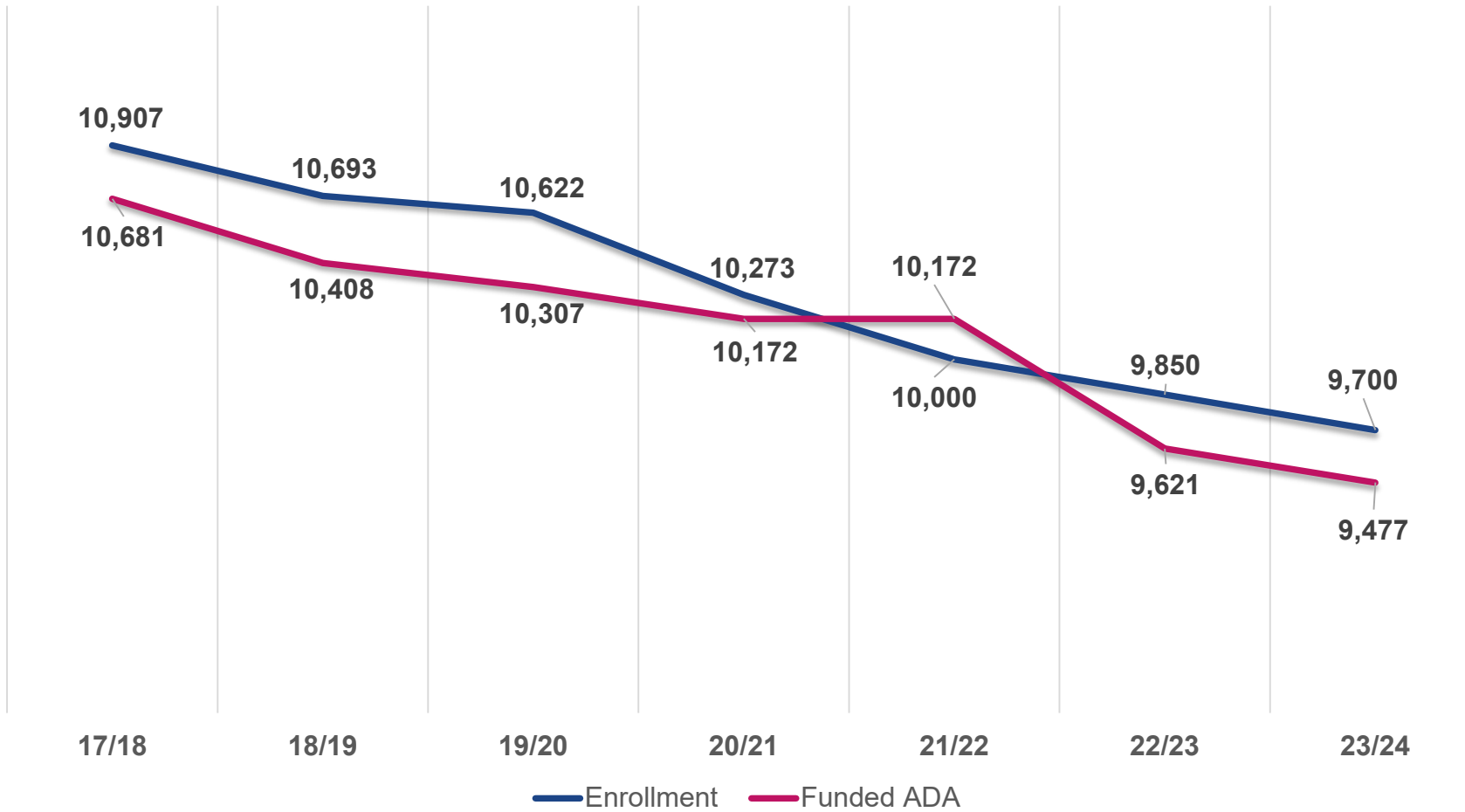
Budget Assumptions and Planning Factors

	2019-20	2020-2021	2021-22	2022-23	2023-24
Enrollment – Total (District + COE)	10,622	10,273	10,000	9,850	9,700
Average Daily Attendance (ADA)	10,172	9,835	9,621	9,477	9,333
Funded ADA	10,307	10,172 <i>Held Harmless</i>	10,172	9,621	9,477
Unduplicated Pupil % - 3 year rolling average	57.16%	57.18%	57.22%	58.15%	58.00%
Statutory COLA	3.26%	2.31%	1.70%	2.48%	3.11%
Funded COLA	3.26%	0.00%	5.07%	2.48%	3.11%
Step and Column – Blended	1.50%	1.50%	1.24%	1.24%	1.24%
CalPERS Employer Rate	19.72%	20.70%	22.91%	26.10%	27.10%
CalSTRS Employer Rate	17.10%	16.15%	16.92%	19.10%	19.10%
Health & Welfare Cost Average	\$15,731	\$16,989 (up 8%)	\$18,263 (up 7.5%)	\$19,542 (up 7%)	\$20,910 (up 7%)
Services and Operating Cost Increase	1.40%	2.14%	3.84%	2.40%	2.23%

Proposed Budget

2021-22

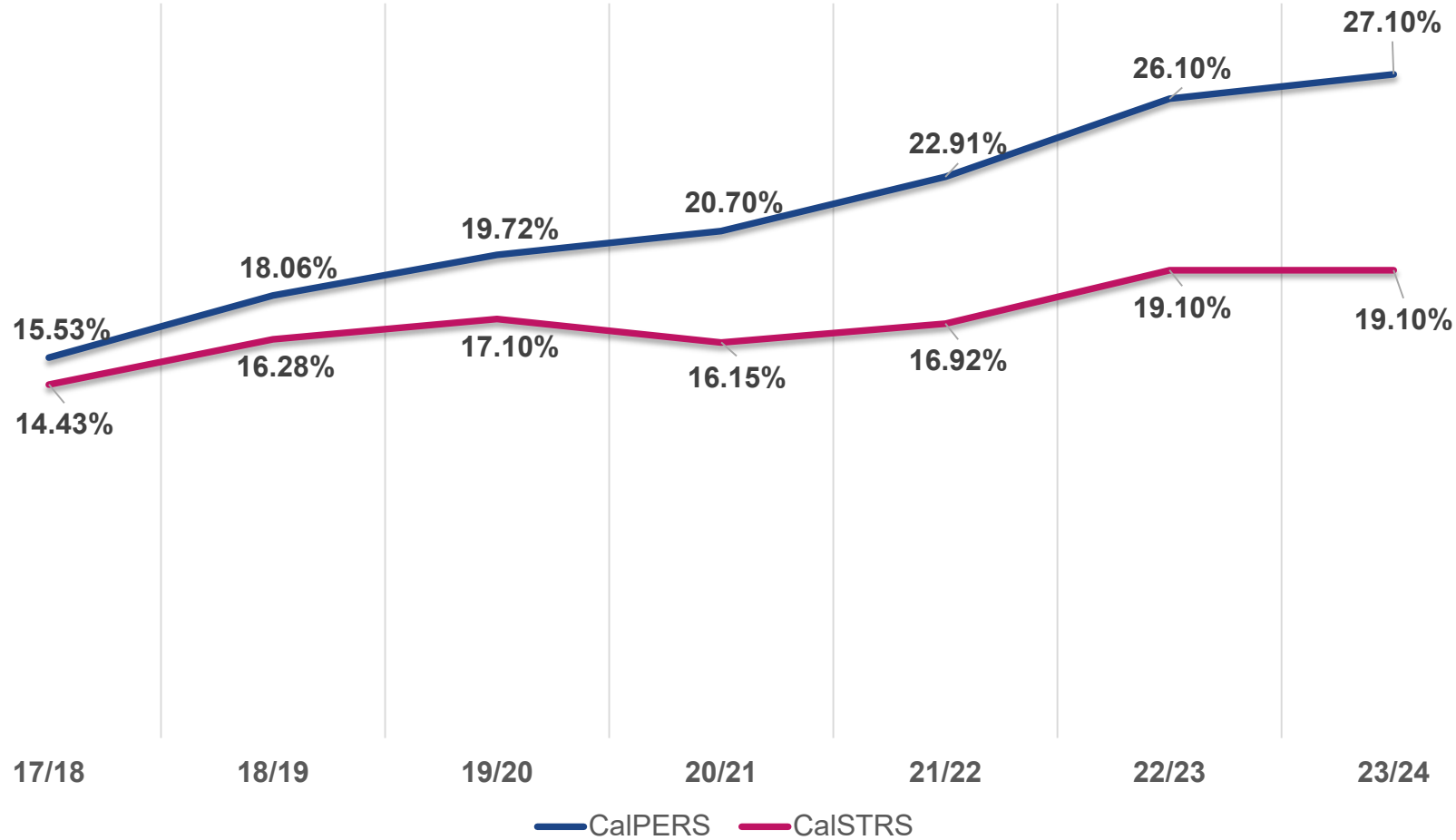
Budget Pressures - Declining Enrollment



Fiscal Year	Funded ADA	% Change
17-18	10,681	-
18-19	10,408	-2.6%
19-20	10,307	-1.0%
20-21	10,172	-1.3%
21-22	10,172	---
22-23	9,621	-5.4%
23-24	9,477	-1.5%

Proposed Budget 2021-22

Budget Pressures - Increasing Pension Rates

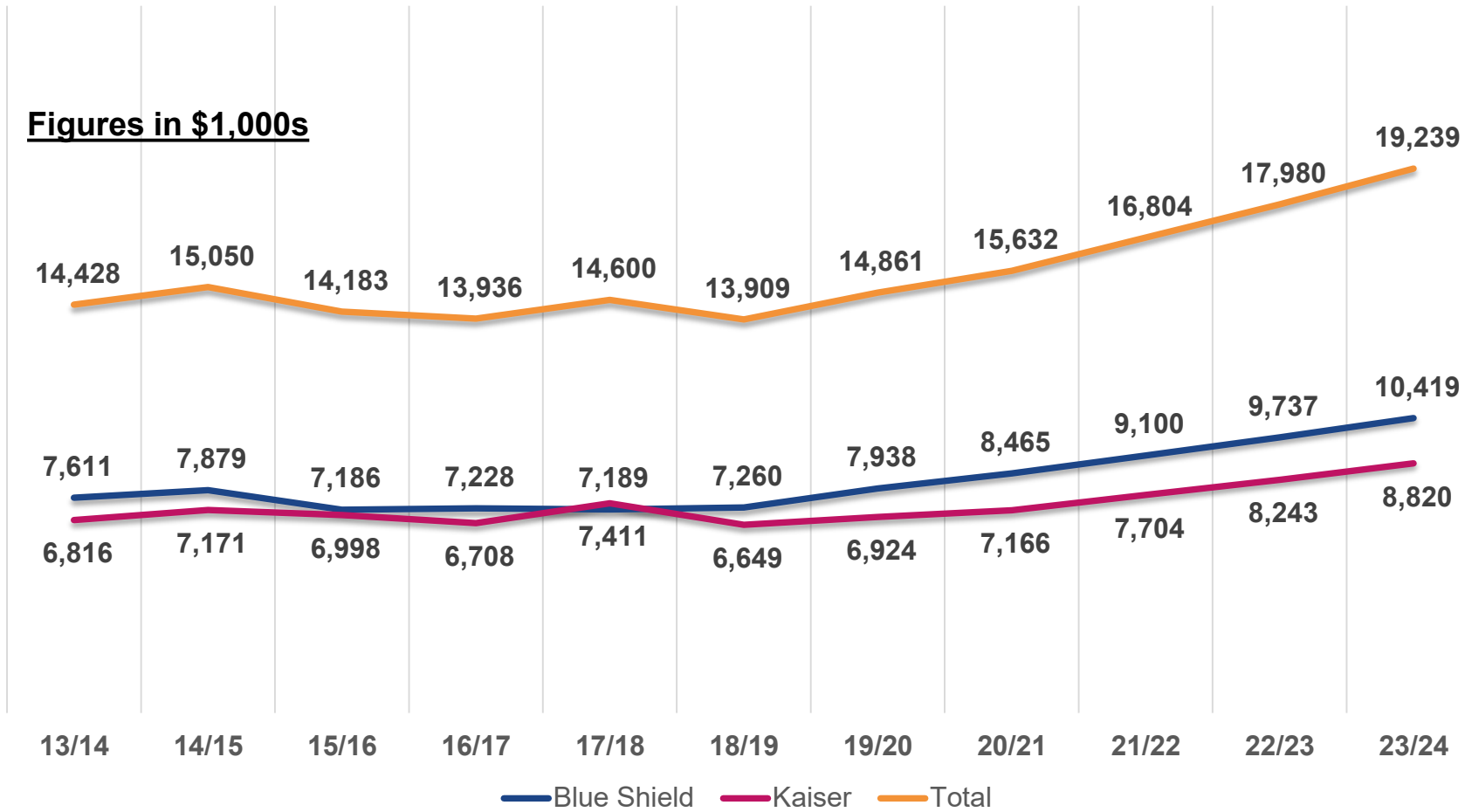


Fiscal Year	Total Pension Contribution
17-18	\$9,656,815
18-19	\$11,102,191
19-20	\$11,876,549
20-21	\$11,006,791
21-22	\$13,148,716 <i>(Adjusted for LMFF)</i>
22-23	\$13,534,240
23-24	\$13,960,867

Proposed Budget 2021-22

Budget Pressures - Increasing Health and Welfare Costs

Figures in \$1,000s



	Blue Shield	Kaiser	Total	% Change
13-14	7,611,372	6,816,276	14,427,648	0.00%
14-15	7,879,152	7,170,720	15,049,872	4.30%
15-16	7,185,756	6,997,668	14,183,424	-5.80%
16-17	7,227,648	6,708,036	13,935,684	-1.70%
17-18	7,188,768	7,411,104	14,599,872	4.80%
18-19	7,259,832	6,649,440	13,909,272	-4.70%
19-20	7,937,568	6,923,640	14,861,208	6.80%
20-21	8,465,232	7,166,304	15,631,536	5.20%
21-22	9,100,124	7,703,777	16,803,901	7.50%
22-23	9,737,133	8,243,041	17,980,174	7.00%
23-24	10,418,732	8,820,054	19,238,786	7.00%

Proposed Budget 2021-22 General Fund Budget - Unrestricted

Category	2020-21 (Est. Actuals)	2021-22 Proposed Budget	2022-23 Projection	2023-24 Projection
Total Revenues	102,565,522	108,817,219	106,903,720	108,797,837
<i>Total Expenditures (adjusted for LCAP Carryover)</i>	(78,662,734)	(86,348,698)	(82,694,399)	(85,915,577)
<u>Excess (Deficiency) of Revenues over Expenditures</u>	<u>23,902,789</u>	<u>22,468,521</u>	<u>24,209,321</u>	<u>22,882,260</u>
Contributions and Transfers	(21,541,039)	(24,736,661)	(25,096,208)	(25,232,435)
Operating Gain, (Loss)	<u>2,361,750</u>	<u>(2,268,140)</u>	<u>(886,887)</u>	<u>(2,350,175)</u>
LCAP Carryover Expenditures	-----	(1,347,159)	(762,841)	-----
<u>Net Increase, (Decrease) in Fund Balance</u>	<u>2,361,750</u>	<u>(3,615,299)</u>	<u>(1,649,728)</u>	<u>(2,350,175)</u>
Beginning Funding Balance	10,499,642	12,861,392	9,246,093	7,596,365
<u>Ending Fund Balance</u>	<u>12,861,392</u>	<u>9,246,093</u>	<u>7,596,365</u>	<u>5,246,190</u>

Proposed Budget 2021-22 General Fund Budget - Restricted

Category	2020-21 (Est. Actuals)	2021-22 Proposed Budget	2022-23 Projection	2023-24 Projection
Total Revenues	36,415,000	22,705,869	24,063,720	22,777,847
<i>Total Expenditures</i>	(50,297,971)	(54,510,963)	(49,201,328)	(48,034,252)
<u>Excess (Deficiency) of Revenues over Expenditures</u>	<u>(13,882,971)</u>	<u>(31,805,267)</u>	<u>(25,137,608)</u>	<u>(25,256,405)</u>
Transfers	(4,172,819)	-----	-----	-----
Contributions	21,541,039	24,736,661	25,096,208	25,232,435
<u>Net Increase, (Decrease) in Fund Balance</u>	<u>3,485,249</u>	<u>(7,068,606)</u>	<u>(41,400)</u>	<u>(23,970)</u>
Beginning Funding Balance	4,896,344	8,381,593	1,312,987	1,271,587
<u>Ending Fund Balance</u>	<u>8,381,593</u>	<u>1,312,987</u>	<u>1,271,587</u>	<u>1,247,618</u>

Proposed Budget 2021-22

General Fund - Budget Highlights

Revenue Highlights

- ❑ In 2022-23, LCFF Revenues projected to drop to \$101.5m as we experience the impact of a 551 decrease in ADA
- ❑ Local revenues are projected to increase gradually to pre pandemic levels
- ❑ Restricted Fund End balance in 2020-21 is a result of AB-86 ELO funding being recognized and carried forward to 2021-22

Category	2020-21 Estimated Actuals	2021-22 Proposed Budget	2022-23 Projected	2023-24 Projected
LCFF Revenue	99,138,007	104,106,853	101,526,998	103,020,480
Federal Revenues	15,142,311	7,894,666	9,398,787	9,478,604
Other State Revenues	19,162,481	11,717,947	11,455,767	9,965,896
Other Local Revenues	<u>5,537,723</u>	<u>7,803,449</u>	<u>8,585,887</u>	<u>9,110,703</u>
Total Revenue	138,980,522	131,522,915	130,967,440	131,575,684



Proposed Budget 2021-22

General Fund - Budget Highlights

Expenditure Highlights

- ❑ Unrestricted salaries analysis
 - 5 certificated FTE Attrition per year assumption

Category	2020-21 Estimated Actuals	2021-22 Proposed Budget	2022-23 Projected	2023-24 Projected
Unrestricted Salaries	49,666,067	53,684,108	49,493,791	51,029,523
LLMF adjustment	3,500,722	1,494,868	4,041,662	2,805,084
Other adjustments (Retro pay / Bonus)	<u>(1,421,926)</u>	<u>(517,943)</u>	<u>400,000</u>	<u>400,000</u>
Adjusted Unrestricted Salaries	51,744,863	54,661,033	53,935,453	54,234,607

- FTE comparison

Category	Certificated	Classified	Management	Total
April, 2020	559.8	425.5	64.0	1,049
April, 2021	539.1	433.2	67.0	1,039



Proposed Budget 2021-22

General Fund - Budget Highlights

Expenditure Highlights

❑ Benefits Cost Analysis

- Adjusted for temporary staffing increase funded through AB-86 ELO
- Adjusted for temporary one year increase in State Unemployment Insurance
- Adjusted for STRS on behalf contributions

Category	2020-21 Estimated Actuals	2021-22 Proposed Budget	2022-23 Projected	2023-24 Projected
CALSTRS	7,938,537	9,020,913	9,212,423	9,443,903
CALPERS	3,019,020	3,476,619	4,321,817	4,516,964
H&W	13,188,083	14,177,189	14,887,183	15,922,333
Retiree Benefits	1,208,991	1,299,666	1,390,643	1,494,941
Other Employee Benefits	3,056,222	3,598,148	3,059,507	3,101,915
Adjusted Employee Benefits Cost	28,410,853	31,572,535	32,871,573	34,480,056
Adjusted \$ Increase	-----	3,161,682	1,299,038	1,608,483
Adjusted % Increase	-----	11.13%	4.11%	4.89%



Proposed Budget 2021-22 General Fund Budget - Combined

Category	2020-21 (Est. Actuals)	2021-22 Proposed Budget	2022-23 Projection	2023-24 Projection
Total Revenues	138,980,522	131,522,915	130,967,440	131,575,684
Total Expenditures	(128,960,704)	(142,206,820)	(132,658,568)	(133,949,828)
<u>Excess (Deficiency) of Revenues over Expenditures</u>	10,019,818	<u>(10,683,905)</u>	<u>(1,691,127)</u>	<u>(2,374,145)</u>
<u>Net Increase, (Decrease) in Fund Balance</u>	<u>5,846,999</u>	<u>(10,683,905)</u>	<u>(1,691,127)</u>	<u>(2,374,145)</u>
Beginning Funding Balance	15,395,987	21,242,985	10,559,080	8,867,953
<u>Ending Fund Balance</u>	<u>21,242,985</u>	<u>10,559,080</u>	<u>8,867,953</u>	<u>6,493,808</u>
Non-Spendable	175,000	175,000	175,000	175,000
Restricted Fund Balance	8,381,593	1,312,987	1,271,588	1,247,618
LCAP Carryover	2,110,000	762,841	-----	-----
Assigned – Future Deficit Spending	6,000,000	4,000,000	3,000,000	750,000
Reserve for Economic Uncertainty (Min 3%)	4,000,000	4,300,000	4,300,000	4,300,000
Unassigned / Unappropriated	576,392	8,252	121,365	21,190
Total Unrestricted Reserve (% of Expenditures)	<u>9.84%</u>	<u>6.38%</u>	<u>5.59%</u>	<u>3.79%</u>

Proposed Budget 2021-22

General Fund - Structural Deficit

- ❑ Structural Deficits occur when an LEA is unable to meet its ongoing operating expenditures such as salaries and benefits from ongoing sources of revenues such as LCFF.
- ❑ Structural deficits will erode the district’s reserves and puts us at risk of being unable to meet the 3% minimum reserve requirement which would trigger a “lack of going concern” determination.
- ❑ To calculate our true structural deficit, we must remove the impact of the following one time revenues and expenditures from our proposed Budget.

One Time Revenues / Expenditures	2021-22 Proposed Budget	2022-23 Projected	2023-24 Projected
AB-86 / In Person Instruction (Revenue)	(1,595,819)	(1,595,819)	-----
Elementary and Secondary School Emergency Relief – ESSER II (Revenue)	(1,011,838)	(3,446,236)	(3,446,235)
Retro Pay & Off Schedule Bonus payments	657,378	-----	-----
One Time increase for State Unemployment Insurance	709,885	-----	-----
Total	(1,240,394)	(5,042,055)	(3,446,235)

Proposed Budget 2021-22

General Fund Budget - Structural Deficit

Category	2021-22 Proposed Budget	2022-23 Projection	2023-24 Projection
Total Revenues – <i>Net of one time Revenues</i>	128,915,258	125,925,385	128,129,449
Total Expenditures – <i>Net of one time expenditures</i>	(140,839,557)	(132,658,568)	(133,949,828)
<u>Net Increase, (Decrease) in Fund Balance</u>	<u>(11,924,299)</u>	<u>(6,733,183)</u>	<u>(5,820,379)</u>
Beginning Funding Balance	21,242,985	9,318,686	2,585,503
<u>Ending Fund Balance</u>	<u>9,318,686</u>	<u>2,585,503</u>	<u>(3,234,876)</u>
Non-Spendable	175,000	175,000	175,000
Restricted Fund Balance	1,312,987	1,271,588	1,247,618
LCAP Carryover	762,841	-----	-----
Assigned – Future Deficit Spending	2,750,000	-----	-----
Reserve for Economic Uncertainty (Min 3%)	4,300,000	4,000,000	4,000,000
Unassigned / Unappropriated	17,858	(2,861,085)	(8,657,494)
Total Unrestricted Reserve (% of Expenditures)	<u>5.56%</u>	<u>0.86%</u>	<u>N/A</u>

Proposed Budget

2021-22

What if we could maintain enrollment at 10K?

- ❑ In this scenario, we would not see increased revenues until 2023-24 since we are funded on the higher of current year ADA and Prior year ADA.

Category	2021-22 Proposed Budget	2022-23 Projected	2023-24 Projected
LCFF Revenue – Projected	104,106,853	101,526,998	103,020,480
LCFF Revenue – @ steady 10K enrollment	104,106,853	101,539,482	104,588,064
LCFF Revenue increase	-----	12,484	1,567,584

- ❑ Conclusion
 - Maintaining our Enrollment at 10K would not help our projected structural deficit for 2022-23
 - Even with this scenario, we would need to cut expenses by **\$4.25m annually by 2023-24** to eliminate our structural deficit.



Proposed Budget 2021-22 Learning Loss Mitigation Funding Update

Funding Source	Grant Amount	2021-22 Expenditures	2022-23 Expenditures	2023-24 Expenditures
Elementary and Secondary School Emergency Relief - ESSER (CARES)	2,309,404	1,000,000	-----	-----
Elementary and Secondary School Emergency Relief - ESSER II (CRRSA)	7,904,309	1,011,838	3,446,236	3,446,235
American Rescue Plan ESSER III	To be confirmed	-----	-----	-----
AB 86 In Person Instruction (IPI)	3,191,638	3,191,638	-----	-----
AB 86 – Expanded Learning Opportunity Grant (ELO)	6,465,345	6,365,345	-----	-----
AB 86 - Expanded Learning Opportunity Grant (ELO) Paraprofessionals	672,261	672,261	-----	-----

Proposed Budget 2021-22

Other Funds – Ending Fund Balances

Other Funds Ending Fund Balances	2020-21 Estimated Actuals	2021-22 Proposed Budget
Fund 11 – Adult Education	314,404	149,920
Fund 13 – Nutrition Services	1,112,442	1,129,043
Fund 21 – Measure K	2,399,408	1,475,046
Fund 25 – Developer Fees	577,445	1,202,445
Fund 40 – Special Projects	4,745,569	4,645,569
Fund 51 – Bond Interest and Redemption	15,534,608	15,534,608

Proposed Budget 2021-22 Cash Flow Projections

Fiscal Year 2021-22

Period Ending	07/31/2021	08/31/2021	09/30/2021	10/31/2021	11/30/2021	12/31/2021
Ending Cash Balance	23,788,578	21,604,127	24,846,586	17,645,888	12,207,779	24,136,389
Period Ending	01/31/2022	02/28/2022	03/31/2022	04/30/2022	05/31/2022	06/30/2022
Ending Cash Balance	20,414,853	15,568,833	15,808,053	17,628,330	14,105,199	5,888,990

Fiscal Year 2022-23

Period Ending	07/31/2022	08/31/2022	09/30/2022	10/31/2022	11/30/2022	12/31/2022
Ending Cash Balance	13,935,787	13,633,654	19,001,597	12,398,018	3,821,436	17,077,467
Period Ending	01/31/2023	02/28/2023	03/31/2023	04/30/2023	05/31/2023	06/30/2023
Ending Cash Balance	14,082,309	9,777,364	10,318,918	13,073,109	10,308,888	4,188,762





Next Steps

- ✓ *Budget Adoption Board Meeting scheduled for June 22nd at 6pm*
- ✓ *Unaudited Actuals report*
- ✓ *Year end closing / Financial Audit*



Thank You

From the Fiscal Services team

Rami Beshara, Senior Director of Fiscal Services

Chris Praxmarer , Fiscal Analyst

Jason Horacek, Senior Fiscal Clerk

Stefanie Jennings, Administrative Assistant, Business Services

Eva Zuniga, Accounting Specialist Certificated Payroll

Leslie Evangelista, Accounting Specialist Classified Payroll

Nicole Rodriguez, Buyer II

Ana Bentzen- Molina, Accounting Specialist

Lauren Talamantes , Account Clerk II