



# MT. DIABLO UNIFIED SCHOOL DISTRICT

2020-21

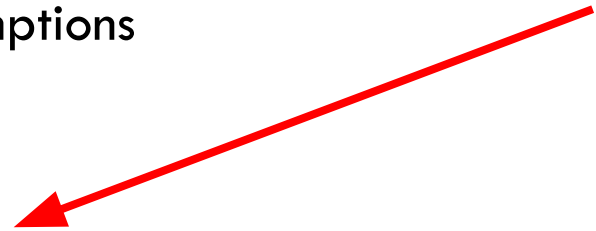
## Second Interim Budget Report

March 10, 2021, Board Meeting  
Presented by Dr. Adam Clark, Superintendent  
Dr. Lisa Gonzales, Chief Business Officer  
Mika Arbelbide, Director of Fiscal Services

# Budget Timeline to June 2021

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- ❑ January 2021
  - ❑ 2021-22 Governor's Proposed Budget
  - ❑ 2021-22 Preliminary Enrollment Projections
- ❑ February 2021
  - ❑ 2021-22 Staffing & Budget Assumptions
  - ❑ Staffing/Layoff Actions reviewed
- ❑ **March 2021**
  - ❑ **2020-21 Second Interim Report**
  - ❑ **Staffing Considerations**
- ❑ **April 2021**
  - ❑ **2021-22 Budget Development Updates**
- ❑ **May 2021**
  - ❑ **2021-22 Governor's May Revise**
  - ❑ **Third Interim Report**
- ❑ **June 2021**
  - ❑ **2021-22 Budget Adoption**



# California School District Financial Reporting Requirements

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- California Education Code requires districts submit interim reports to the County Office of Education twice a year
- Completed using the Standardized Account Code Structure (SACS)
- A snapshot of the actual annual income and expenses through **January 31, 2021**
- Offers projections for the remainder of the 2020/2021 school year
- Multi year projections for the next two fiscal years
- Requires Governing Board approval and certification

# Financial Reporting Certifications

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There are three types of certification based on the multi-year projections at each reporting period (AB 1200)

- Positive Certification ~ District can meet its financial obligations for the current and two subsequent years.
- Qualified Certification ~ Borderline, may not meet financial obligations during one of the three years of the MYP.
- Negative Certification ~ Cannot meet financial obligations in two or more of the three years as shown by negative fund balance, insufficient Reserves for Economic Uncertainty.

# Factors Used for Budget Development & Multi-Year Projections

## SSC School District and Charter School Financial Projection Dashboard 2021–22 Governor’s Budget

This version of School Services of California Inc.’s (SSC) Financial Projection Dashboard is based on the 2021–22 Governor’s Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2020–21	2021–22	2022–23	2023–24	2024–25
Department of Finance (DOF) Estimated Statutory COLA	2.31%	1.50% <sup>1</sup>	2.98%	3.05%	N/A
DOF Estimated Funded COLA	0.00%	3.84% <sup>2</sup>	2.98%	3.05%	N/A
SSC Estimated Statutory COLA <sup>3</sup>	0.00%	3.84%	1.28%	1.61%	1.90%

LCFF GRADE SPAN FACTORS FOR 2021–22				
Entitlement Factors per ADA*	K–3	4–6	7–8	9–12
2020–21 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
Compounded COLA at 3.84%	\$296	\$300	\$309	\$358
2021–22 Base Grants	\$7,998	\$8,118	\$8,359	\$9,687
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$832	–	–	\$252
2021–22 Adjusted Base Grants <sup>4</sup>	\$8,830	\$8,118	\$8,359	\$9,939

\*Average daily attendance (ADA)

OTHER PLANNING FACTORS					
Factors	2020–21	2021–22	2022–23	2023–24	2024–25
California CPI	1.44%	1.57%	1.82%	2.12%	2.40%
California Lottery	Unrestricted per ADA	\$150	\$150	\$150	\$150
	Restricted per ADA	\$49	\$49	\$49	\$49

# Notable Changes Since Budget Adoption

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- ❑ \$24,281,405 of one-time CARES Act funds expended or obligated (\$19,450,828 received to date)
- ❑ Vacancy savings for budgeted positions due to pandemic “freeze”
- ❑ Carryover stated at First Interim
- ❑ Tax Revenue Anticipation Note (TRAN) of \$41.05M before taxes (borrowed money) plus \$537K premium cost

# Multi Year Projections (MYP) & Assumptions

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- ❑ **Cost of Living Adjustment (COLA)** is proposed at 3.84% only on LCFF (1.5% elsewhere for 21/22, then drops to 1.28% in 22/23 and 1.61% in 23/24)
- ❑ The **annual step & column increase** of 1.5% a year plus the impact of the CPI puts us at expense increases of about 4.5% a year
- ❑ **Enrollment calculations** in 2022-23 will include a reduction of 908 students (hold harmless until 2022-23 for LCFF only)
- ❑ **Average daily attendance** stays flat at 94.8%

# MYP & Assumptions (cont.)

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- ❑ **Unduplicated pupil count funding** is 47.8% for 2020-21 but drops to to 46.9% in 2021-22, then increases to 47.1% in 2022-23 (3 year average calculation)
- ❑ **STRS and PERS increase significantly in 2022-23**  
STRS (20/21=16.15%, 21/22=15.92%, 22/23=18.00%)  
PERS (20/21=20.70%, 21/22=23.00%, 22/23=26.30%)
- ❑ **Health benefits increase** 10% annually (could be higher)
- ❑ **Indirect cost increases** from 1.47% in 2020-21 to 3.76% in 2021-22 and 2022-23



# General Fund Ending Balances

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## Estimated Combined Unrestricted and Restricted

- 2017-18 - \$57,530,973
- 2018-19 - \$30,087,204
- 2019-20 - \$48,115,857
- 2020-21 - \$32,479,627
- 2021-22 - \$44,325,467\*
- 2022-23 - \$26,861,599

\* Includes one-time CARES Act revenue

\* NOT underwritten by cash due to state apportionment deferrals

# Multi Year Projections

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	2020-21			2021-22			2022-23		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>A. REVENUES AND OTHER FINANCING SOURCES</b>	287,924,091	100,045,672	387,969,763	297,254,514	70,184,837	367,439,352	292,590,160	70,294,295	362,884,456
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>	209,331,055	170,694,768	380,025,823	236,686,779	142,486,902	379,173,681	235,158,196	145,190,129	380,348,324
<b>C. OVER/SHORT</b>	78,593,036	(70,649,096)	7,943,940	60,567,735	(72,302,065)	(9,311,205)	57,431,965	(74,895,833)	(17,463,868)
<b>D. CONTRIBUTIONS</b>	(60,889,323)	60,889,323	0	(67,200,697)	67,200,697	0	(71,425,370)	71,425,370	0
<b>E. NET INCREASE (DECREASE) IN FUND</b>	17,703,713	(9,759,773)	7,943,940	(6,632,962)	(5,101,368)	(11,734,330)	(13,993,405)	(3,470,463)	(17,463,868)
<b>F. FUND BALANCE</b>									
Beginning Fund Balance	29,784,253	18,331,604	48,115,857	47,487,966	8,571,831	56,059,797	40,855,004	3,470,463	44,325,467
Ending Fund Balance	47,487,966	8,571,831	56,059,797	40,855,004	3,470,463	44,325,467	26,861,599	(0)	26,861,599
Restricted	712,000	8,571,831	9,283,831	712,000	3,470,463	4,182,463	712,000	(0)	712,000
Assigned	35,375,191		35,375,191	24,765,106		24,765,106	14,739,149		8,169,106
Reserve for Economic Uncertainties	11,400,775		11,400,775	11,375,211		11,375,211	11,410,450		11,410,450

(REQUIRED AMOUNT FOR 3% RESERVE)

11,400,775

11,375,210

11,410,450

# Future Considerations/Risks

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- ❑ Uncertainty in Future State Budget, LAO's warning of downward adjust for K-14 funding in 2022/2023
- ❑ Cash deferrals in the 2022/2023 school year
- ❑ A structural deficit that still exists (spend more than we take in each year)
- ❑ Another round of restricted ESSER dollars (one time pandemic mitigation) that don't address the structural deficit
- ❑ Declining enrollment and ADA (average daily attendance)
- ❑ Zero unrestricted one-time funding
- ❑ Continued cost increases associated with pension & operating increases and less reliance on revenue increases

# Second Interim Certification

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- **Qualified Certification** ~ Borderline, may not meet financial obligations during one of the three years of the MYP. \*

\* Positive certification would have been possible had the State not deferred cash apportionments