



2019-20 SAUSD BUDGET UPDATE

JANUARY 21, 2020

Jerry Almendarez, Superintendent

Manoj Roychowdhury, Assistant Superintendent, Business Services

Our Vision and Budget

2

- x Work collaboratively and comprehensively with staff, parents, and the community to strengthen a learning environment focused on raising the achievement of all students and preparing them for success in college and career**
- x Maintain district stability, solvency, and local control**

General Fund

3

\$ in Millions

2019-20 (First Interim)

Fund	Beginning Fund Balance	Revenues + Transfers in + other sources	Expenditures + Transfers out + other uses	Ending Fund Balance
01 General Fund	\$135.01	\$676.33	\$731.22	\$80.13

Other Funds

4

\$ in Millions

Fund Description	2019-20 First Interim			
	Beginning Fund Balance	Revenues + Transfers in + other sources	Expenditures + Transfers out + other uses	Ending Fund Balance
Charter Schools Special Revenue Fund (ALA)	\$1.40	\$4.58	\$4.95	\$1.03
Child Development Fund	\$0.39	\$9.24	\$9.20	\$0.43
Cafeteria Fund	\$22.04	\$39.24	\$45.93	\$15.35
Deferred Maintenance Fund	\$7.37	\$4.04	\$5.73	\$5.68
Special Reserve for Other Than Capital Outlay Projects	\$0.00	\$1.20	\$0.00	\$1.20
Special Reserve for Postemployment Benefits	\$0.32	\$0.01	\$0.00	\$0.33
Building Fund	\$59.45	\$0.60	\$20.13	\$39.92
Capital Facilities Fund	\$17.34	\$6.72	\$9.09	\$14.97
State School Building lease-Purchase Fund	\$0.00	\$0.00	\$0.00	\$0.00
County School Facilities Fund	\$24.86	\$0.42	\$24.78	\$0.50
Special Reserve Fund for Capital Outlay	\$12.20	\$7.74	\$11.39	\$8.55
Capital Project Fund for Blended Component Units	\$0.55	\$0.31	\$0.32	\$0.54
Bond Interest & Redemption Fund	\$29.38	\$20.77	\$20.58	\$29.57
Debt Service Fund	\$4.33	\$7.66	\$7.52	\$4.47
Self-Insurance Fund	\$29.52	\$26.04	\$25.31	\$30.25
Retiree Benefit Fund	\$50.01	\$0.00	\$0.00	\$50.01

Subsequent Events

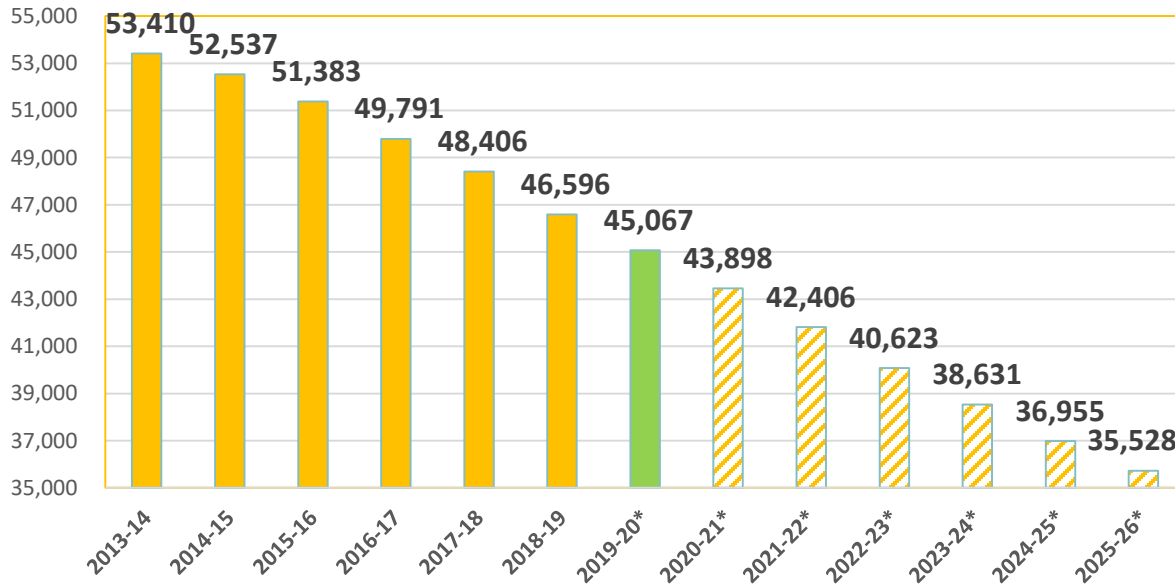
5

1. 2020-21 Draft Enrollment Projections – Demographer
 1. No significant changes (from prior projection) for two out-years
 2. Projected District decline (>10,000 in 7 years)

2. Jan 10, 2020 – Governor’s 2020-21 Proposed Budget
 1. 2020-21 COLA 2.29% (prior assumption 3.00%) - final numbers available May 2020
 2. 2021-22 COLA 2.71% (prior assumption 2.80%) - final numbers available May 2021
 3. A new special education base formula resulting in 5%-15% increase in SPED funding (decrease contribution)
 4. Several competitive grants for professional development, teacher credentialing, workforce development
 5. Nutrition Services – increase in reimbursement

Historical Perspective & Projections - Enrollment

SAUSD Student Enrollment



* Projected

Student Enrollment drives the District Revenue

Student Enrollment declined more than 15% between 2013-14 to 2019-20

Student Enrollment is projected to decline more than 20% between 2019-20 to 2025-26

Enrollment Projection: Davis Demographics (2020-21 to 2025-26)

Financial Pressures

7



SILENT RECESSION

WHY CALIFORNIA SCHOOL
DISTRICTS ARE UNDERWATER
DESPITE INCREASES IN FUNDING

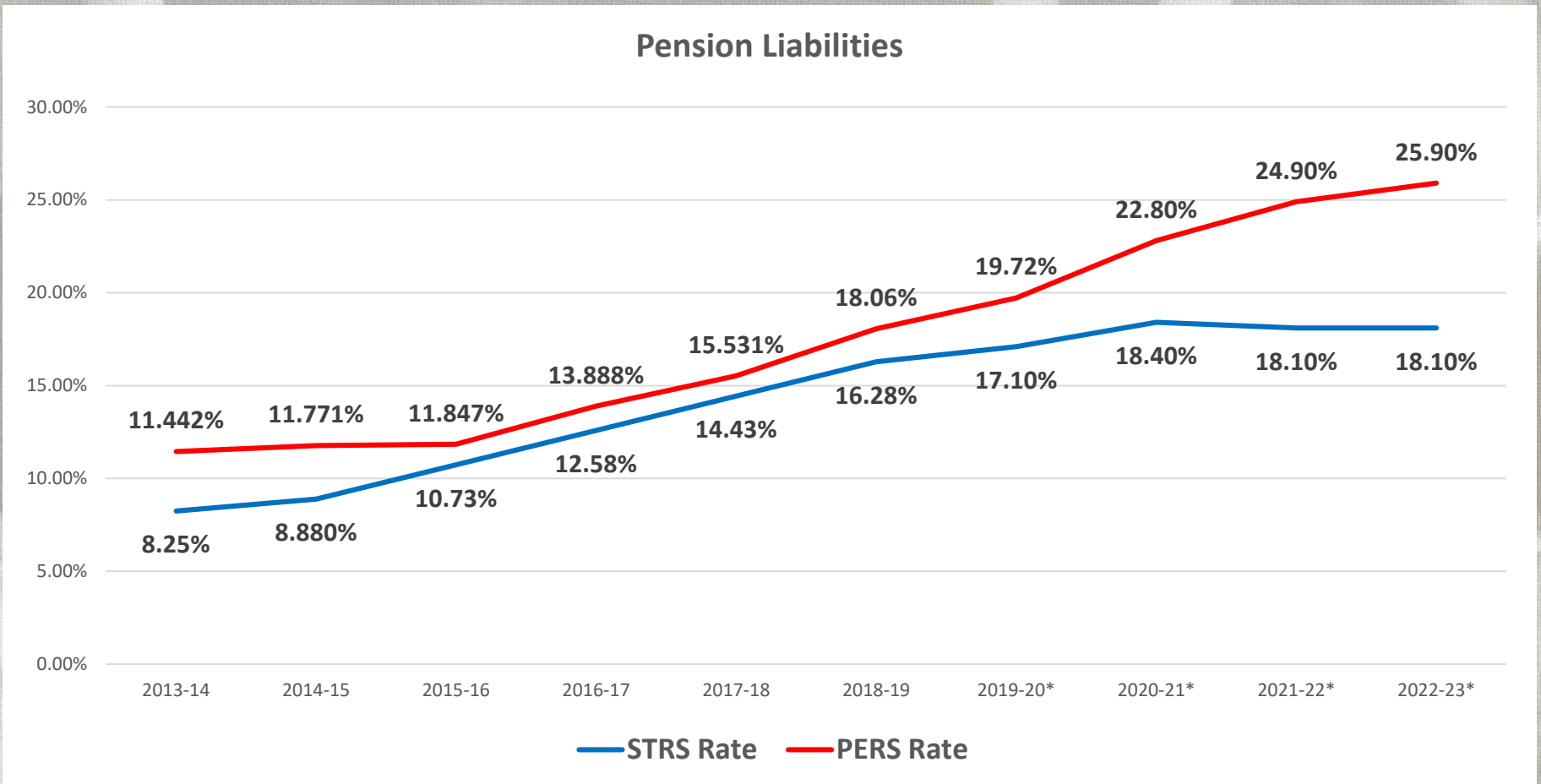
Kelsey Krausen
Jason Willis

“Despite projected increases in state and local education funding between 2017/18 and 2021/22 California school districts face fiscal pressures that threaten to destabilize school district budgets and force reductions in services to students.”

After adjusting for inflation, schools are now only receiving 2007-08 levels of funding.

Financial Pressures

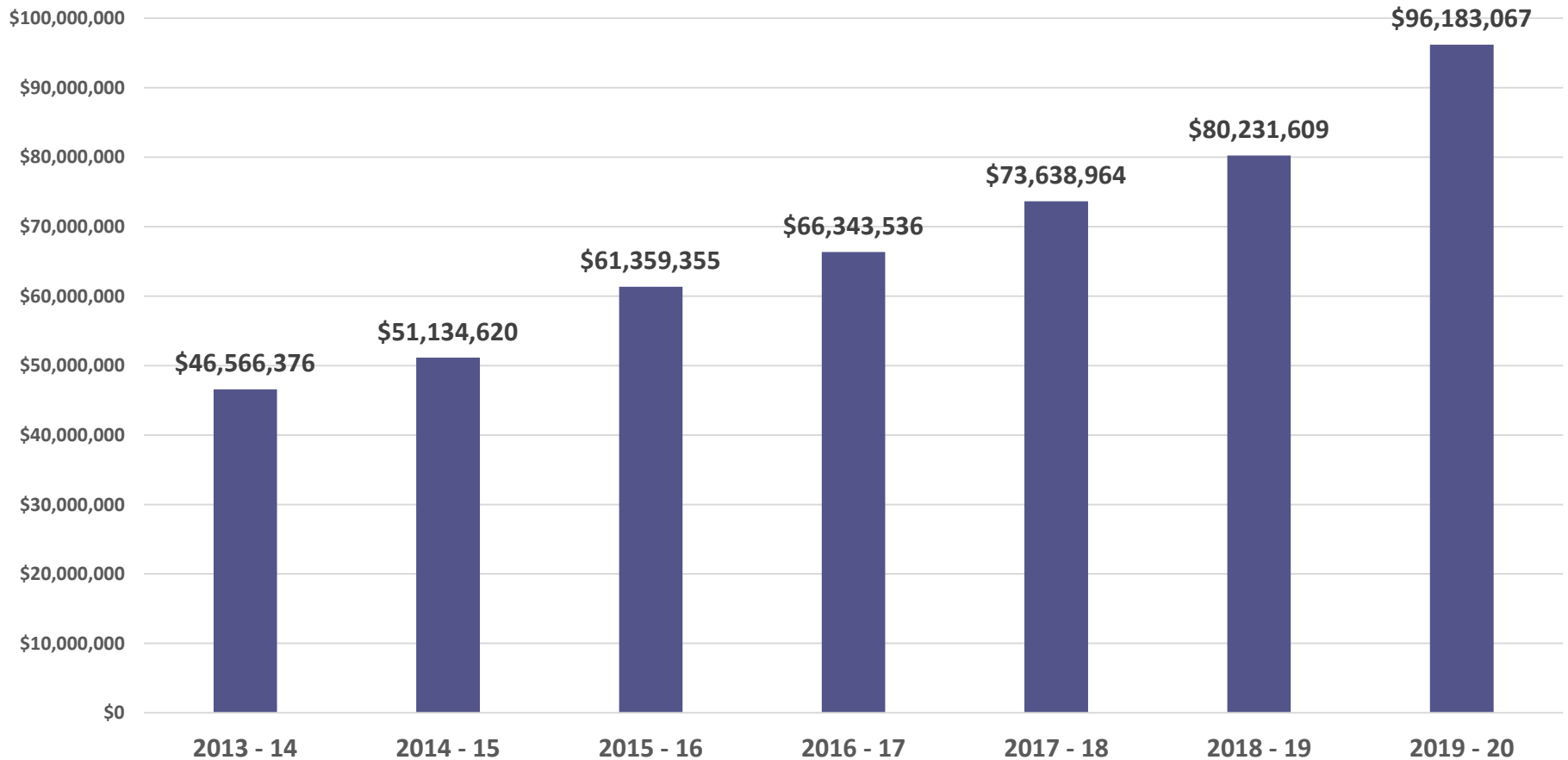
Pension Liabilities - CalSTRS and CalPERS



Financial Pressures

Special Education Costs

General Fund - Special Education Contribution

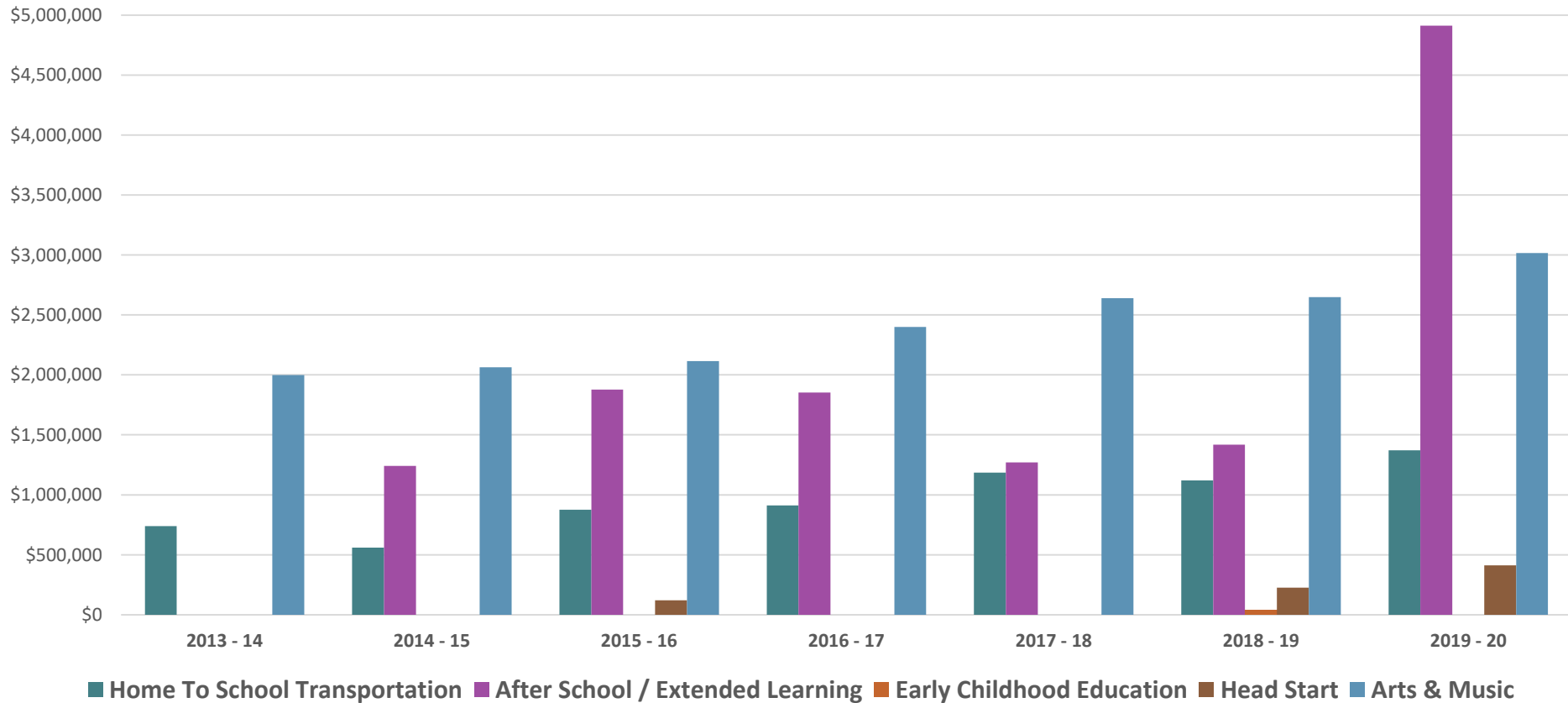


Financial Pressures

10

Other Contributions

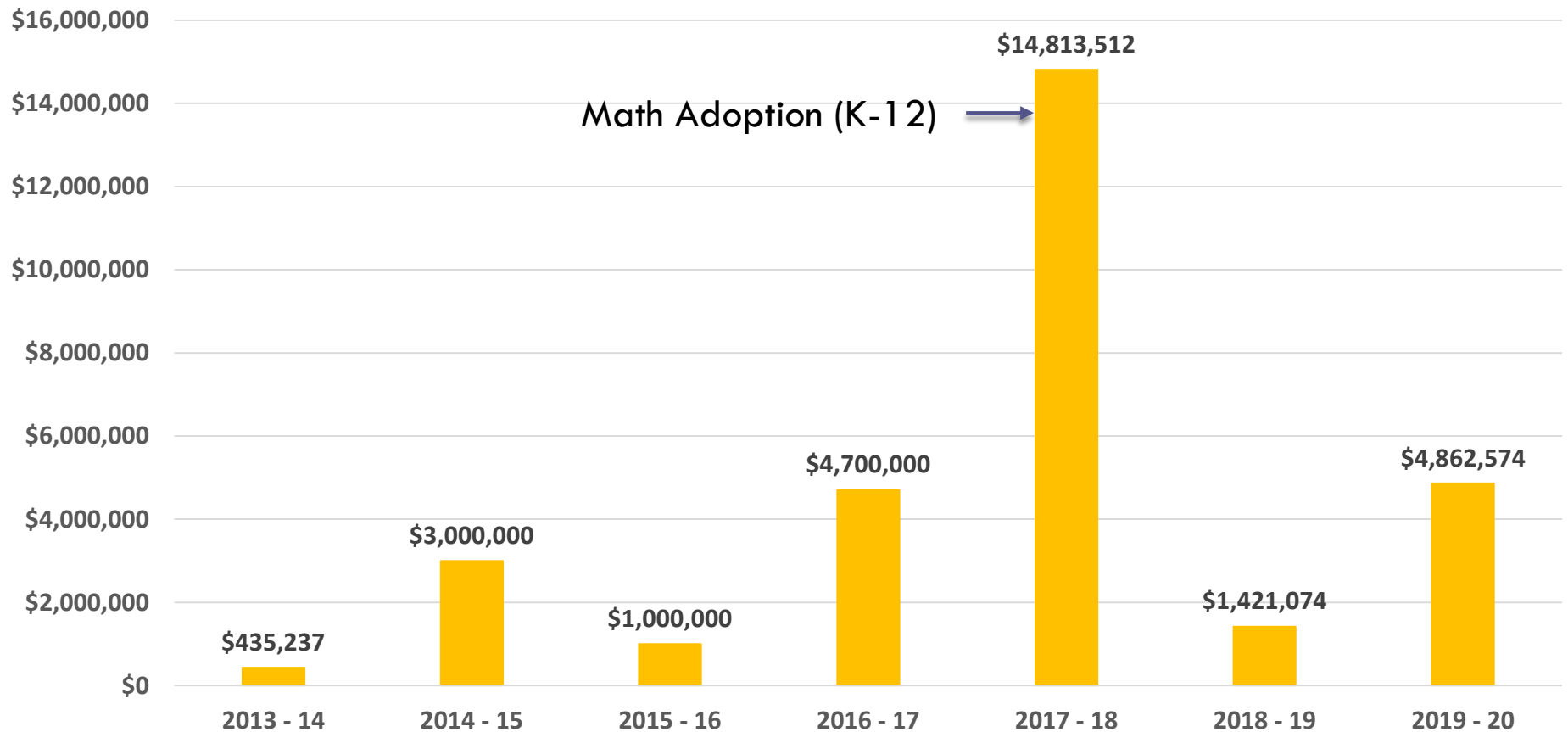
General Fund - Other Significant Contributions



Financial Pressures

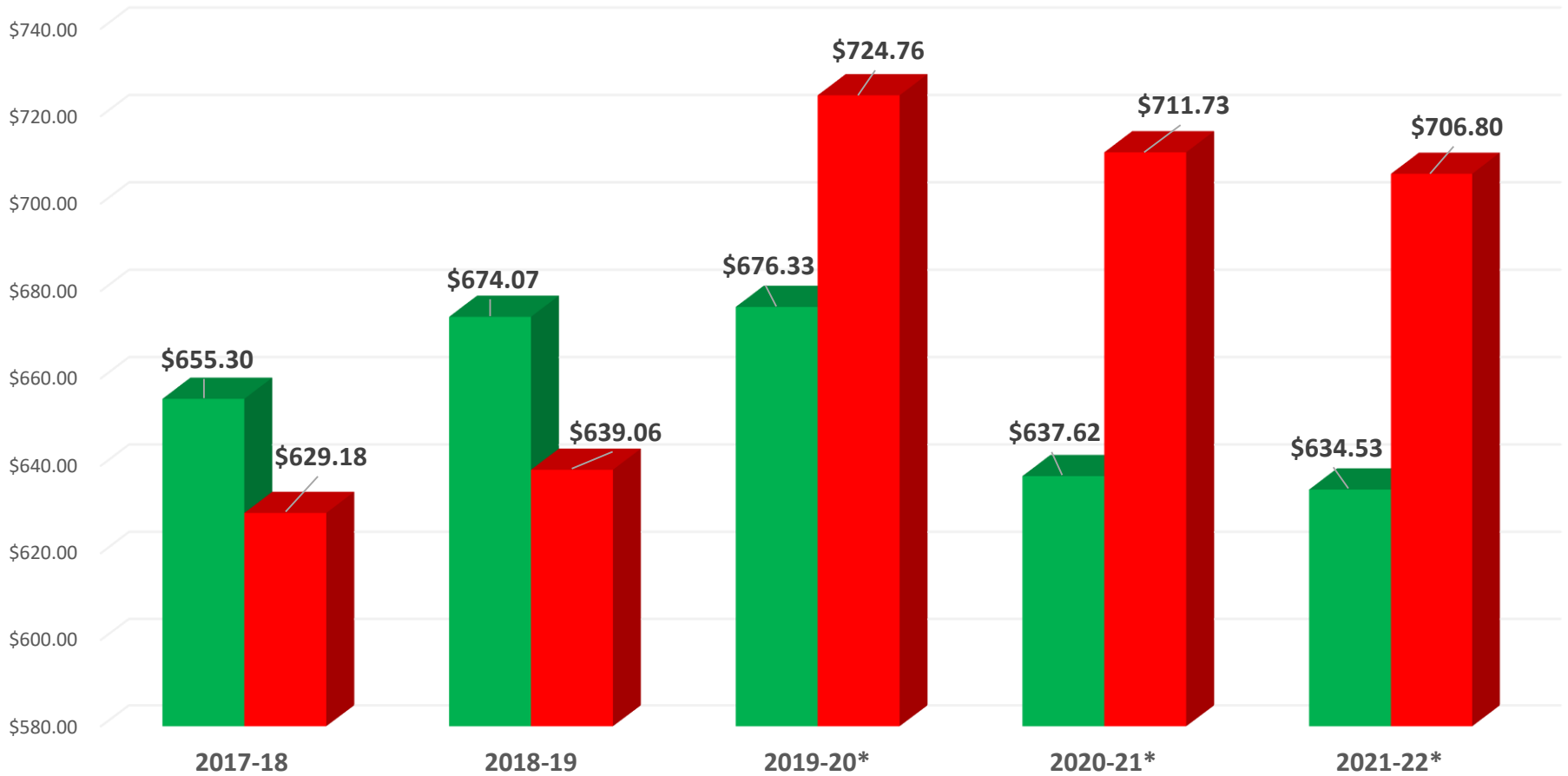
Other Contributions

General Fund - Instructional Materials Adoption



Multi Year Financials

SAUSD MULTI-YEAR REVENUES AND EXPENDITURES (WITHOUT ADJUSTMENTS)

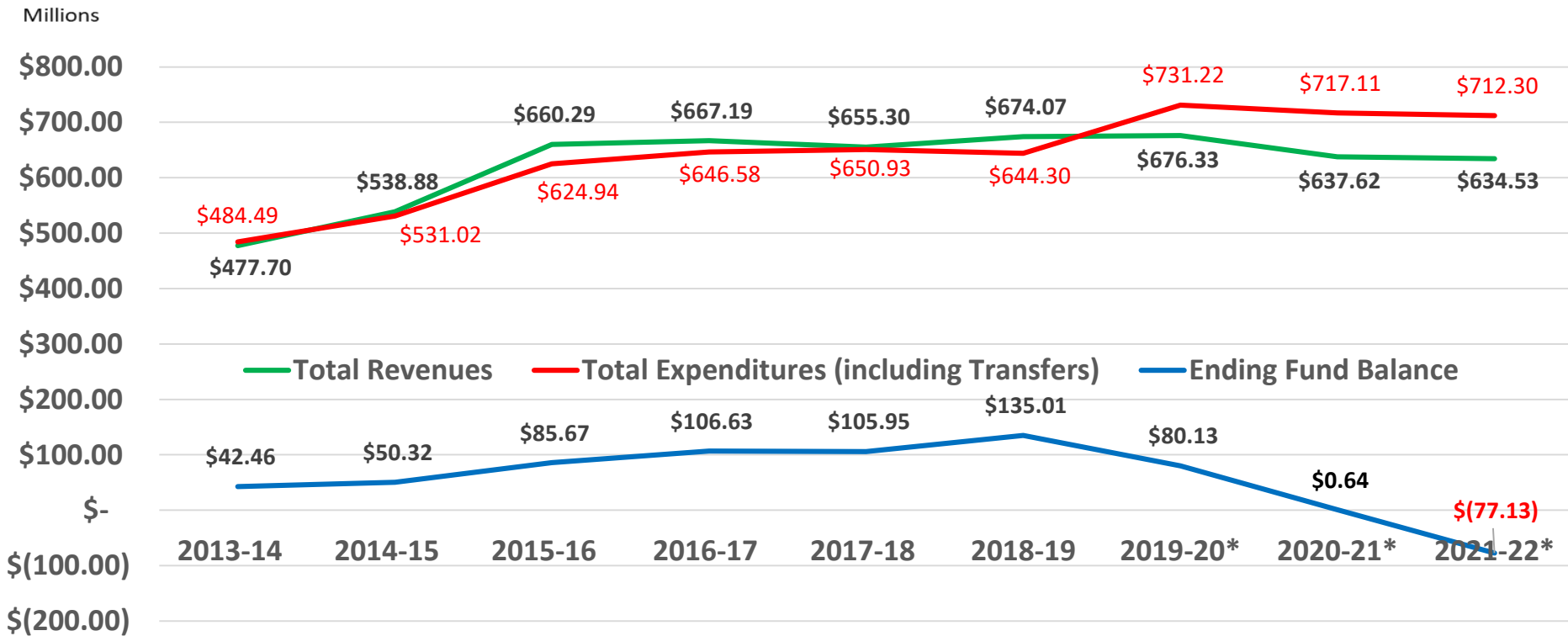


* Projections

■ Total Revenues ■ Total Expenditures

Historical Perspective & Projections

Financials with No Expenditure Adjustments



District Revenue and Ending Fund Balance increased from 2013-14 to 2018-19



District is projected to deficit spend in current year (2019-20) by \$54.89 Million

District will have negative Fund Balance in 2020-21 and will not be able to meet the obligations

Multi Year Projections General Fund

(\$ in Millions)

14

	2019-20 FIRST INTERIM	2019-20*	2020-21*	2021-22*
5	Total Revenues	\$ 676.33	\$ 637.62	\$ 634.53
22	Total Expenditures (including Transfers)	\$ 731.22	\$ 717.11	\$ 712.30
23	Net Increase (Decrease) in Fund Balance	\$ (54.89)	\$ (79.49)	\$ (77.77)
24	Beginning Fund Balance	\$ 135.01	\$ 80.13	\$ 0.64
28	Ending Fund Balance	\$ 80.13	\$ 0.64	\$ (77.13)
Breach Reserve for Economic Uncertainties (REU)  				
Adjustments		2019-20*	2020-21*	2021-22*
A1	Revenue Increase / Expenditure Decrease	\$ -	\$ (52.00)	\$ (52.00)
24A	Beginning Fund Balance	\$ 135.01	\$ 80.13	\$ 52.64
28A	Ending Fund Balance	\$ 80.13	\$ 52.64	\$ 26.87

Breach Board Stabilization Reserve  

District Timeline

15

- ✦ Orange County Department of Education (OCDE) has approved the “Positive Certification” of the District’s 2019-20 First Interim Report

We look forward to seeing your 2019-20 Second Interim Report. When submitting the Second Interim Report, please include a detailed list of Board approved budget reductions for 2020-21 (currently identified as \$52 million) along with an implementation timeline.

- ✦ Second Interim Report due on March 10, 2020

District Timeline

16

- × School District – Qualified or negative Certification
 - ⑩ County Office of Education (COE) assigns a fiscal expert
 - ⑩ COE reviews any new collective bargaining agreements and approve the issuance of certain debt
 - ⑩ District required to submit a “Third Interim” report
 - ⑩ COE can impose intense interventions, including staying and rescinding actions of a school district’s local governing board
 - ⑩ If District cannot meet obligations (runs out of cash), State provides emergency loan and takes administrative control. All costs of the loan principal, interest and management are charged to the district.
 - ⑩ Until the loan is repaid in full, a state trustee with stay and rescind powers is assigned to oversee the district.

District Options

17

× **Options to Consider**

⑩ One time transfers from Other Funds to augment General Fund

- Self-Insurance Fund (up to \$30 Million)
 - District will be vulnerable to unanticipated adverse/catastrophic events
- Retiree Benefit Fund (up to \$10 Million annual)
 - District's Credit Rating (Measure I Bonds) may be adversely adjusted

× **Adjust Expenditures/ Campus Optimization/ Improve Efficiencies**

- ⑩ Adjust personnel expenditures
- ⑩ Adjust non-personnel expenditures
- ⑩ Campus Optimization
- ⑩ Business Efficiency

Timeline

SAUSD Community Outreach

