


Del Mar Union School District 2020-2021 Proposed Budget First Read

May 27, 2020 Regular Board Meeting

Presentation

- 2019-2020 General Fund Estimated Actuals Update
 - Budget Adjustments to Estimated Actuals
- 2020-2021 Proposed General Fund Budget
 - Revenue and Expenditure Assumptions
- Looking Ahead
 - Monitor Contributions to Restricted Programs
 - May Revise
 - Basic Aid Reduction
 - Planning for COVID-19 Response
 - Other Funds Affected by COVID-19
 - June Adoption for All Funds



General Fund 2019-2020 Estimated Actuals Update

Estimated Actuals Revenue

	2019-2020 Second Interim	2019-2020 Budget Adjustments	2019-2020 Estimated Actuals
LCFF Sources	53,164,241	132,966	53,297,207
Federal Revenues	1,397,904	(123,124)	1,274,780
Other State Revenues	4,268,205	(41,285)	4,226,920
Other Local Revenues	4,174,576	142,738	4,317,314
Other Finance Sources	172,578	-	172,578
Total Revenues	63,177,504	111,295	63,288,799

2019-2020 Key Revenue Assumptions

- Increase in estimated Property Tax Revenue, budgeted at 5.2% above 2018-2019
- Reduction in Federal Revenue is due to unspent funds, and will carryover to 2020-2021
- Reduction in State Revenue due to updated Lottery revenue estimate
- Increase in Local Revenue due to increase in local special education funding and fundraising budgeted when received
- Receipt of State SB117 COVID-19 LEA Response Funds

Estimated Actuals Expenditures

	2019-2020 Second Interim	2019-2020 Budget Adjustments	2019-2020 Estimated Actuals
Certificated Salaries	31,011,575	(509,186)	30,502,389
Classified Salaries	8,508,167	(96,107)	8,412,060
Employee Benefits	15,160,056	(192,147)	14,967,909
Books & Supplies	2,254,004	(25,714)	2,228,290
Operating Expenses	5,712,952	(490,682)	5,222,270
Capital Outlay	191,911	-	191,911
Other Outgo & Transfer Out	697,495	75,000	772,495
Total Expenditures	63,536,160	(1,238,836)	62,297,324

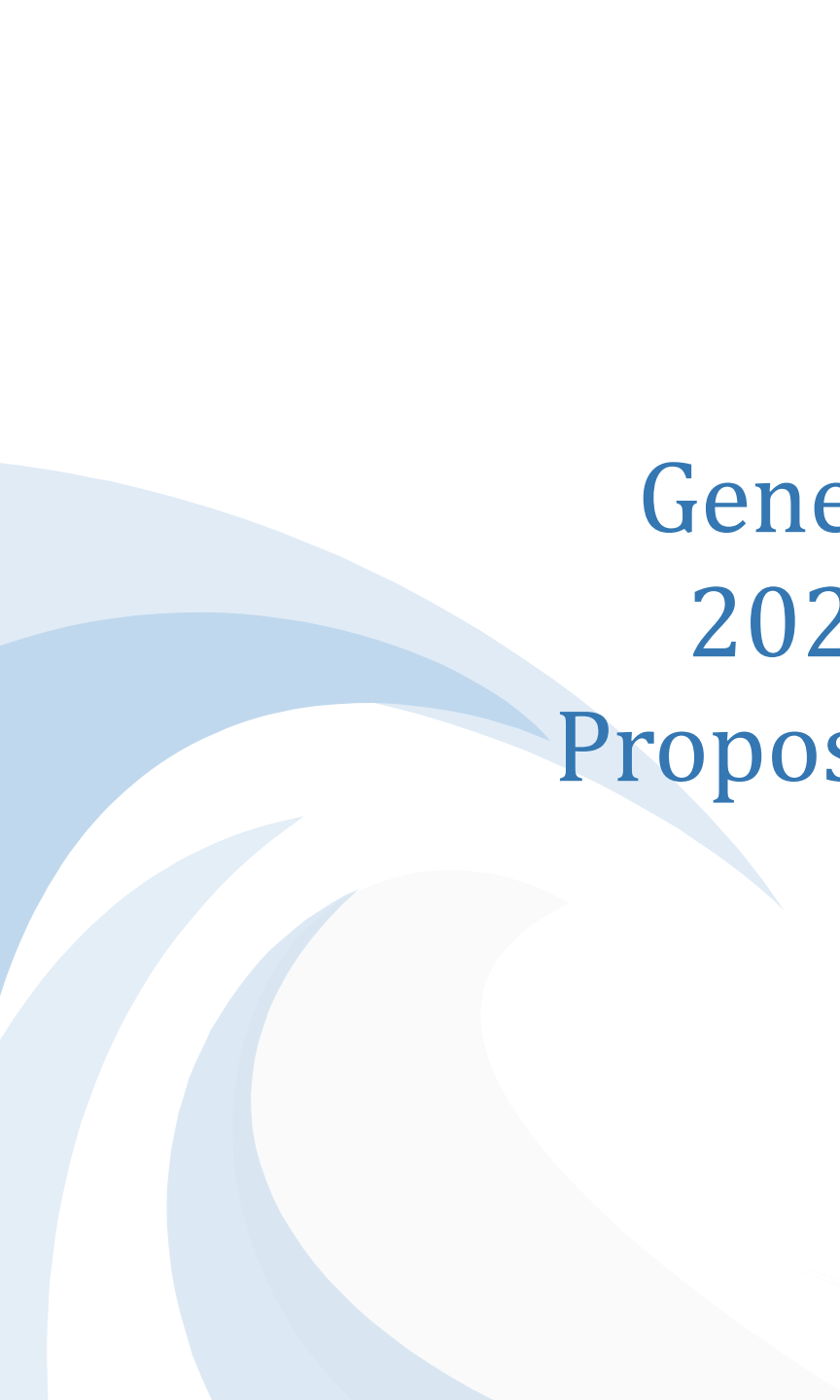
2019-2020 Key Expenditure Assumptions

- Salaries and benefits adjusted based upon two months of remaining payroll (May and June)
 - Unspent
 - Substitutes
 - Vacancies
- Reduction in operating expenses due to school closure cost reductions:
 - Materials and supplies
 - Transportation
 - Utilities
 - Other contracted services
 - Unspent school site funds
- Increase in Transfer Out due to contribution to Fund 13 Cafeteria Fund

Estimated Actuals Ending Balance

Components of the Ending Fund Balance

	2019-2020 Estimated Actuals
Net Inc (Dec) in Fund Balance	991,475
Beg Fund Balance	13,921,442
Ending Fund Balance	14,912,917
Revolving Cash	25,000
Restricted	522,297
Assigned: Minimum Reserve 15%	9,344,599
Assigned: Science Curriculum Adoption	750,000
3% Minimum Reserve for Economic Uncertainty	1,868,920
Unassigned/Unappropriated	2,402,101
Total Unrest. General Fund Reserve %	23.1%
Fund 17 Special Reserve Fund-Assigned	806,107



General Fund 2020-2021 Proposed Budget

Proposed Budget Revenue

	2020-2021 Proposed Budget
LCFF Sources	55,069,131
Federal Revenues	1,207,068
Other State Revenues	4,192,370
Other Local Revenues	3,247,989
Other Finance Sources	-
Total Revenues	63,716,558

Key Revenue Assumptions

- Property Tax Revenue is budgeted at 3.5% above the 2019-2020 estimated revenue.
- State Aid (which is also referred to as “hold harmless”) is budgeted at \$1,170,350. This amount is the past allocated categorical funding, less the permanent \$2.5 million Basic Aid Reduction which was incurred during the recession.
- Education Protection Account (Prop 30/55) Budget is \$802,600 based upon 2019-2020 P-2 ADA of 4,013 funded at the minimum guarantee of \$200/ADA.
- Del Mar Schools Education Foundation estimated donation of \$1 million
- Deferred Maintenance Fund 14, 0.50% of Property Tax Revenue

Proposed Budget Expenditures

	2020-2021 Proposed Budget
Certificated Salaries	30,605,672
Classified Salaries	8,353,632
Employee Benefits	16,118,562
Books & Supplies	1,640,111
Operating Expenses	5,853,915
Capital Outlay	146,000
Other Outgo & Transfer Out	998,666
Total Expenditures	63,716,558

Key Expenditures Assumptions

Certificated and Classified Salaries and Benefits:

- Reduction of 2 general education teachers due to decline in enrollment
- Reduction of 3.6 STEAM+ teachers due to estimated funding from Del Mar Schools Education Foundation
- Continue OPEB Trust contribution

Operating Expenditures:

- Implementation of new student information system
- Large screen monitors for Kindergarten and 1st Grades
- Chromebook refresh
- Del Mar Heights Rebuild Transportation
- Transfer to Fund 17 Reserve for Operating Costs School #9

Proposed Ending Balance

Components of the Ending Fund Balance

	2020-2021 Proposed Budget
Net Inc (Dec) in Fund Balance	-
Beg Fund Balance	14,912,917
Ending Fund Balance	14,912,917
Revolving Cash	25,000
Restricted	522,297
Assigned: Minimum Reserve 15%	9,557,484
Assigned: Science Curriculum Adoption	750,000
3% Minimum Reserve for Economic Uncertainty	1,911,497
Unassigned/Unappropriated	2,146,639
Total Unrest. General Fund Reserve %	22.5%
Fund 17 Special Reserve Fund-Assigned	1,512,107

Reserves Requirement

Proposed 2020-2021 Ending Fund Balances:

Assigned and Unassigned/Unappropriated Fund Balances: \$15,877,727

Less Minimum 3% Reserve for Economic Uncertainties: \$1,911,497

Remaining Balance to Substantiate Need: \$13,966,230

\$ 2,146,639 Basic Aid stabilization and reserve for pensions, OPEB, and
Future Obligations

\$ 750,000 Science Curriculum Adoption

\$ 9,557,484 Fund Balance Policy requiring reserves of at least 15%

\$ 1,512,107 School #9 Operations Reserve (Fund 17)

\$ 13,966,230 Total Need Supported by Excess Fund Balances

Looking Ahead

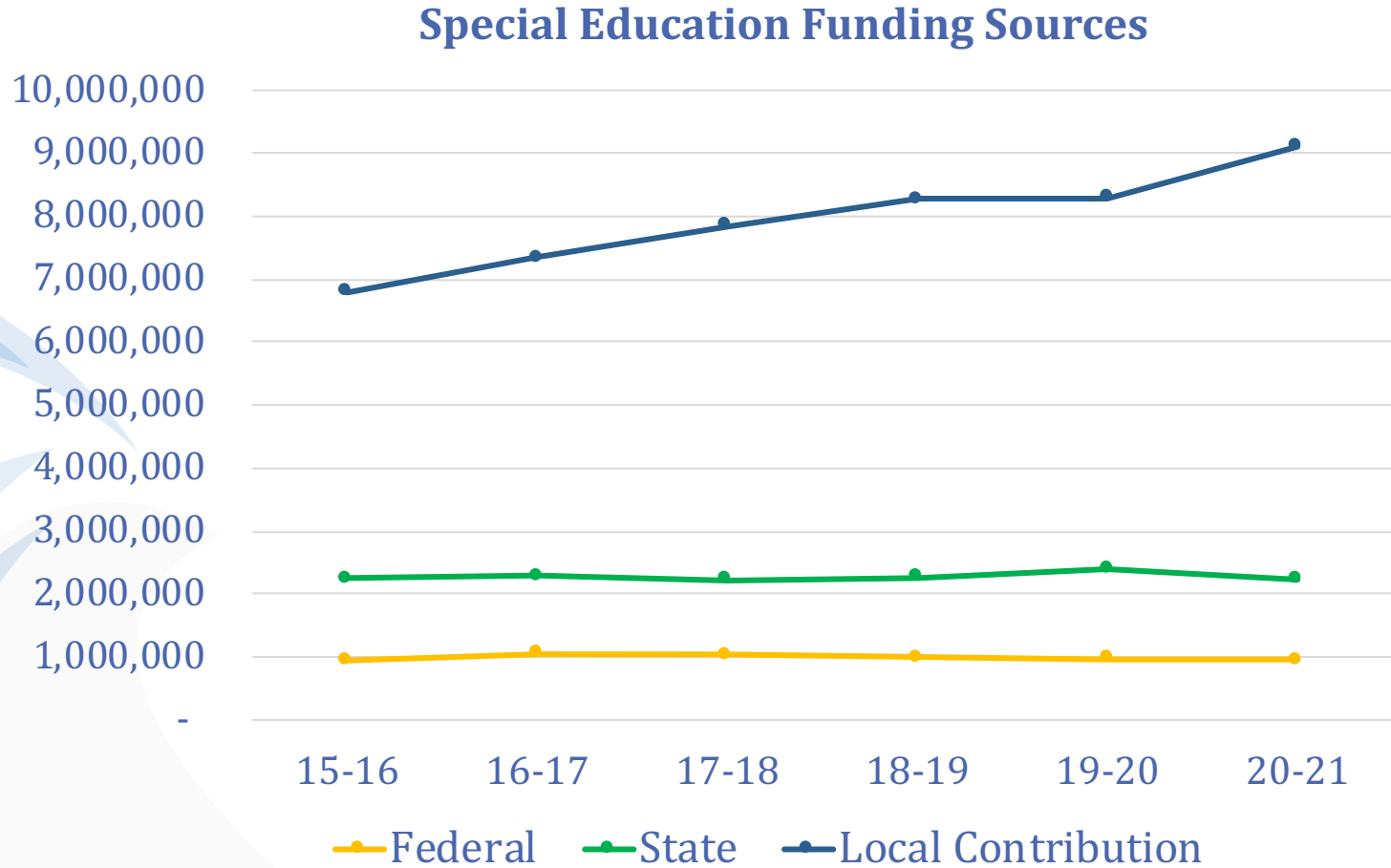
Looking Ahead

- Monitor Contributions to Restricted Programs
 - Special Education
 - Restricted Maintenance
- May Revise
- Basic Aid Reduction
- Planning for COVID-19 Response
- Other Funds Affected by COVID-19
- June Adoption for All Funds

Special Education Expenditures

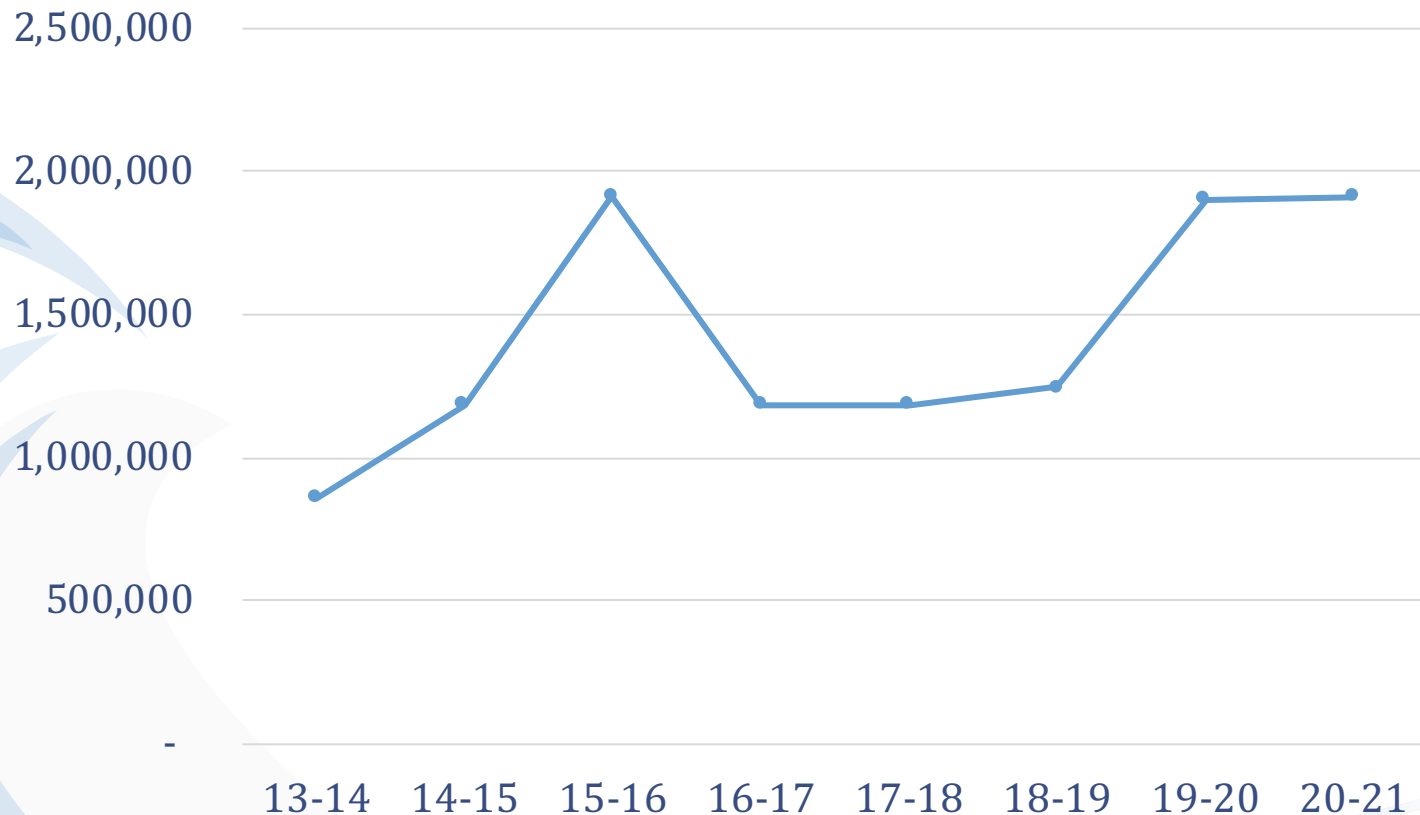
- 2018-19 Expenditures: \$11,454,257, net of STRS on-behalf
- 670 students supported
- Programs: Special Day Class, Specialized Academic Support, Speech and Language, Preschool, and Extended School Year
- Program Staff include:
 - Teachers (SDC, RSP, Preschool)
 - Specialists (Speech Pathologist, Occupational Therapist, Adapted Physical Education Specialist, Autism/Behavior Specialist)
 - Instructional Aides
 - Administration (Director, Program Specialist, Program Assistant)
- Materials and Supplies
- Contracted Services
- Transportation
- Outside Agency Agreements

Special Education Revenue



Restricted Maintenance Contribution

- 3% Contribution effective July 1, 2019



May Revise Update (not Budgeted)

- Special Education Equalization \$557 to \$645/ADA
- Proposed CalSTRS Reduction from 18.40% to 16.15% and CalPERS Reduction from 22.68% to 20.70%
- Federal funding from Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Unknown “Fair Share Reduction”

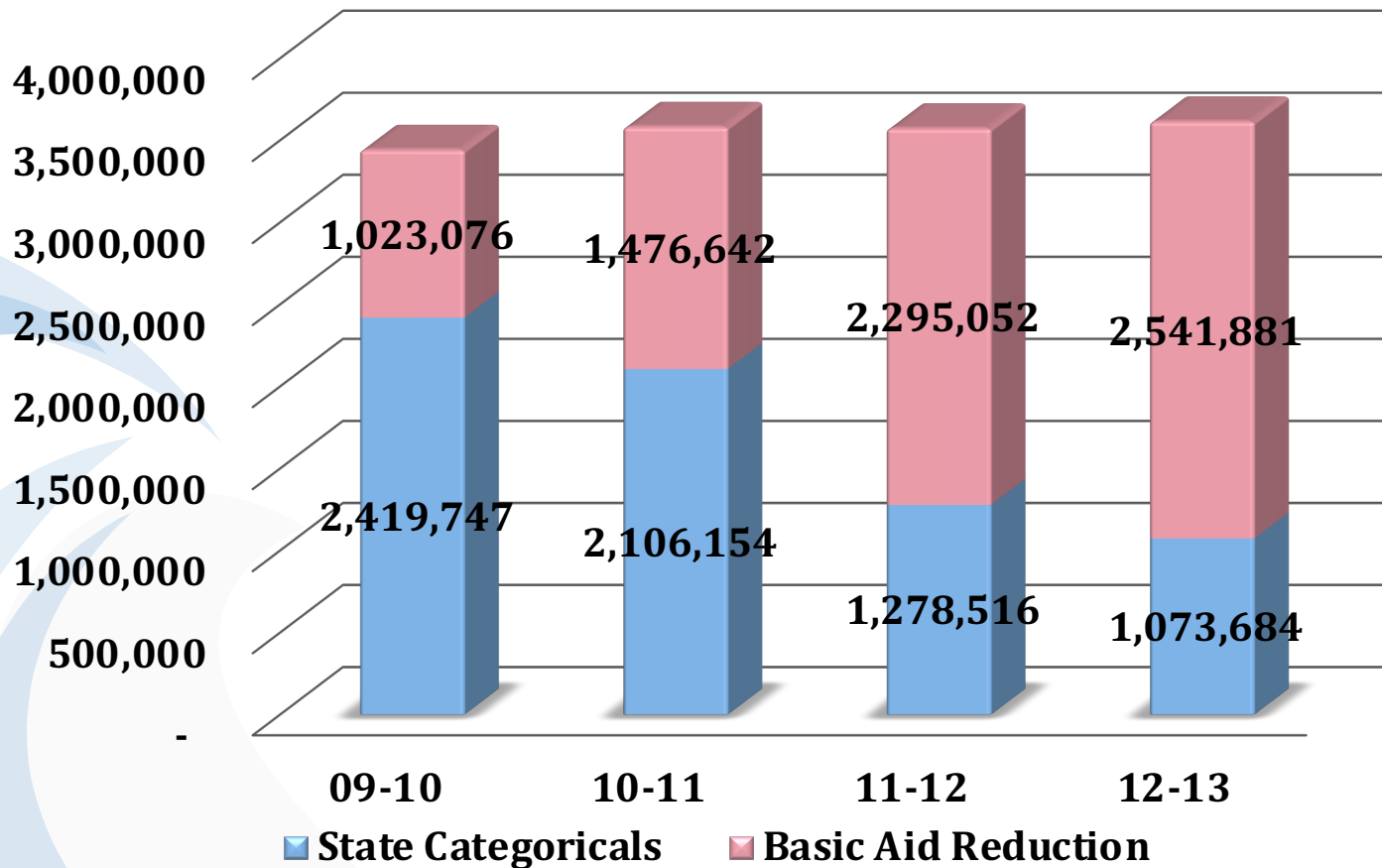
Basic Aid Reduction History

- Great Recession (2007 – 2013)

In addition to any reductions in property tax revenues due to the economic downturn, Community Funded School Districts had a reduction in categorical program funding referred to as Basic Aid Reduction or Fair Share

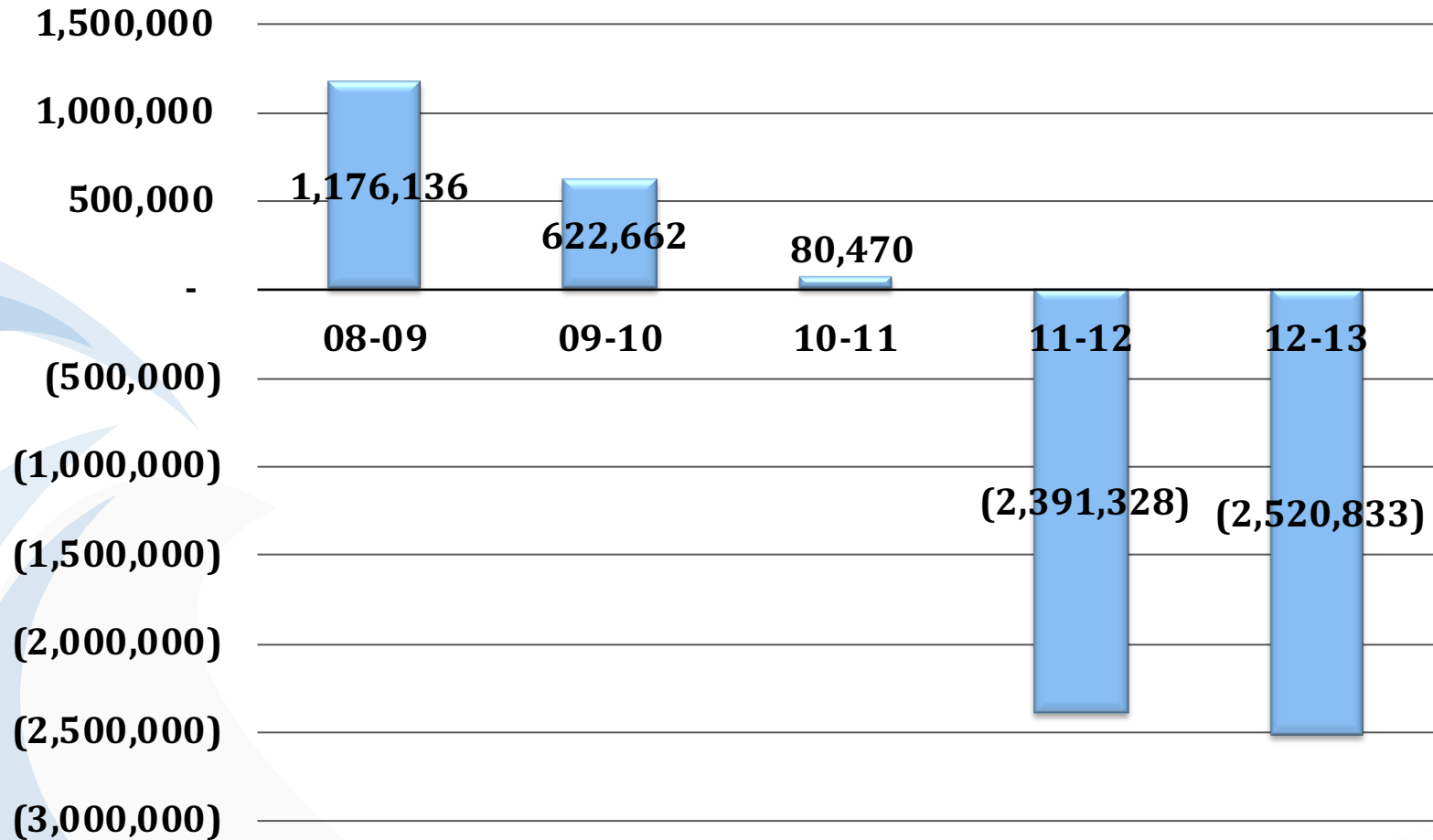
Basic Aid Reduction History

During the Great Recession



Total Basic Aid Reduction = \$7,336,651

Change in Ending Fund Balance



Potential Basic Aid Reduction

- Local Control Funding Formula (LCFF) Districts
 - 2.31% COLA on the Base Grant, then a 10% reduction is applied for an effective reduction of 7.92%
 - The Supplemental and Concentration Grant will also have a reduction
 - Reduction in Categorical Funding
 - Projected on-going reduction for the next three years
 - Cash Deferrals
- Unknown “Fair Share”
 - DMUSD Minimum State Aid (MSA) = \$1,170,350
 - 10% Minimum State Aid = \$117,035
 - Only \$120/ADA = \$481,560 or \$688,790 reduction

Planning for COVID-19 Response

SB117 COVID-19 LEA Response Funds

- District received approximately \$72,000
- Eligible expenditures:
 - Maintain Nutrition Services
 - Cleaning and Disinfecting Facilities
 - Personal Protective Equipment
 - Materials for Distance Learning

Federal Emergency Management Agency (FEMA)

- President declaration on March 13, 2020
- Public assistance available to local government entities
- 75% Federal Cost Share of eligible emergency protective measures:
 - Emergency operation center costs
 - Disinfection of facilities
 - Personal protective equipment
 - Overtime costs related to COVID-19
- Cannot duplicate services, must exhaust local funds

Other Funds Affected by COVID-19 Pandemic



Cafeteria Fund 2019-2020 Estimated Actuals Update

Estimated Actuals Fund 13

	2019-2020 Adoption	2019-2020 Budget Adjustments	2019-2020 Estimated Actuals
Total Revenues	1,064,800	(462,800)	602,000
Total Expenditures	1,064,800	(387,800)	677,000
Transfers In	-	75,000	75,000
Net Inc (Dec) in Fund Balance	-	-	-
Beg Fund Balance	-	-	-
Ending Fund Balance	-	-	-

Child Nutrition Services Fund 13

- Free and Reduced meals only
- Outreach via All Call and Email
- Grab & Go Service on Monday, provide five meals
- Serving an average of 150 - 200 meals per week

- Prior to COVID-19: 741 meals per day
- 17 employees on paid status without revenue

Enterprise Fund
2019-2020
Estimated Actuals Update
&
2020-2021
Proposed Budget

Estimated Actuals Fund 63

	2019-2020 Adoption	2019-2020 Budget Adjustments	2019-2020 Estimated Actuals
Total Revenues	4,815,000	(1,311,514)	3,503,486
Total Expenditures	5,149,588	(375,466)	4,774,122
Net Inc (Dec) in Fund Balance	(334,588)	(936,048)	(1,270,636)
Beg Fund Balance	1,696,741	-	1,696,741
Ending Fund Balance	1,362,153	(936,048)	426,105

Enterprise Fund 63

- Limited June re-opening of programs will reduce 2019-2020 deficit
- 89 Employees between After School Programs (63) and Early Childhood Development Center (26) remain on paid status

Proposed Budget Fund 63

	2019-2020 Estimated Actuals	2020-2021 Proposed Budget
Total Revenues	3,503,486	4,300,000
Total Expenditures	4,774,122	4,860,000
Net Inc (Dec) in Fund Balance	(1,270,636)	(560,000)
Beg Fund Balance	1,696,741	426,105
Ending Fund Balance	426,105	(133,895)

Potential Budget Solutions

- Reduction in After School Program staff to accommodate projected enrollment
- Reduction in Early Childhood Development Center staff to accommodate projected enrollment
- Monitor enrollment as students return to programs
- Monitor available rooms for programs
- Rehire staff as more students enroll

June Adoption for All Funds

- Legislative June 15 deadline to send final budget to Governor for signature
- Potential State mid-year budget revisions due to July tax deadline extension
- District General Fund multi-year projection
- All other District Funds

Questions?