

# 2019-2020 Second Interim Budget

March 11, 2020

# Vision

All NUSD students  
graduate as college  
and career ready,  
productive,  
responsible, and  
engaged global  
citizens

# Goals 2017-2022

1. Increase student success in ELA, math, science, literacy, and civics
2. Prepare students to be college and career ready
3. Engage parents and families to support student success in school
4. Create safe and welcoming learning environments where students attend and are connected to their schools
5. Recruit, hire, train, and retain high quality staff who are committed, collaborative, caring and exemplary

# Objectives

- Present summary of Second Interim Budget changes for 2019-20
- Present Multi-Year Projection assumptions
- Share update on Budget reductions and fiscal challenges
- Share budget development process timeline

# 2019-20 Second Interim Budget

- **Positive Certification** - will meet financial obligation in current (2019-20) and two subsequent years (2020-2021 & 2021-2022)
- Meets required 3% reserve for economic uncertainties of \$3.9 million
- CBEDS Enrollment certified at 10,520 excluding LGA and independent charters
- Average Daily Attendance (ADA) projected at 10,020 (95% of CBEDS enrollment)

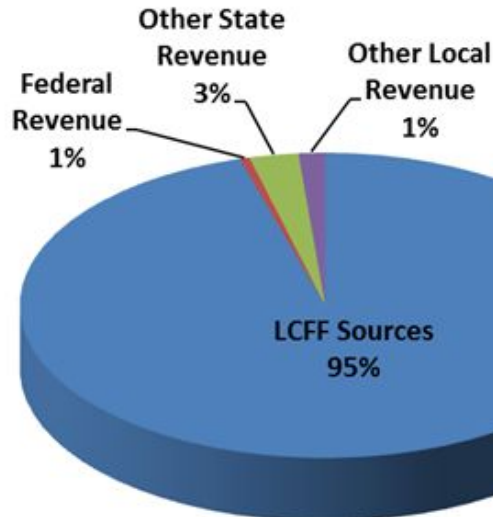
# 2019-20 Second Interim Budget

- Unduplicated percentage is certified at 61.4%
- No change in Statutory COLA of 3.26% for 2019-20
- Included one-time funds for Special Education Early Learning Preschool grant
- Reduced Cost of Living Projections (COLAs) in the multi-year projections as proposed in the Governor's January budget

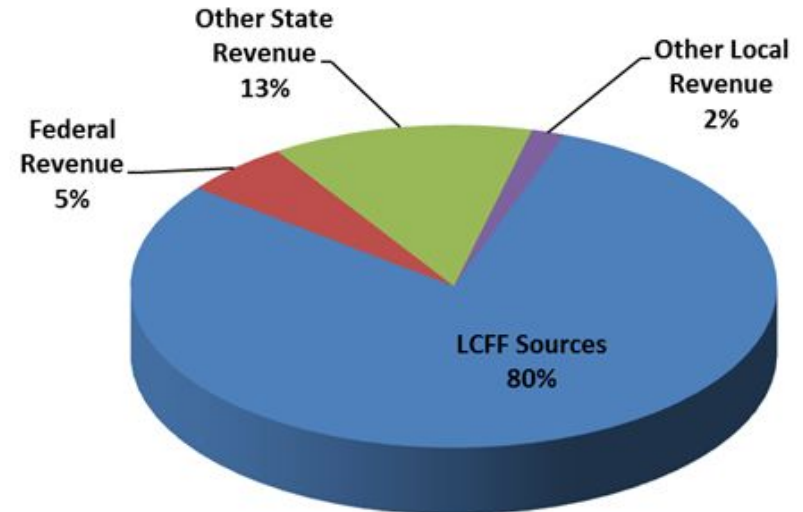
# 2019-20 General Fund Revenues

Description	Unrestricted General Fund	Total General Fund
LCFF Sources	\$ 102,333,817	\$ 102,333,817
Federal Revenue	545,007	6,915,853
Other State Revenue	2,785,456	16,801,059
Other Local Revenue	1,505,877	2,113,526
<b>TOTAL REVENUES</b>	<b>\$ 107,170,157</b>	<b>\$ 128,164,255</b>

**Unrestricted Revenues**



**Total General Fund Revenues**

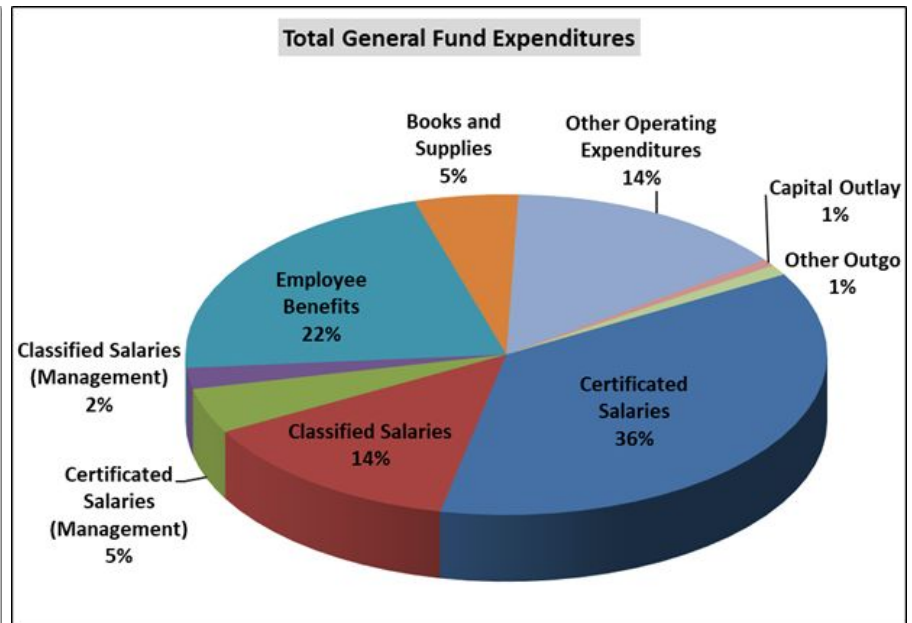
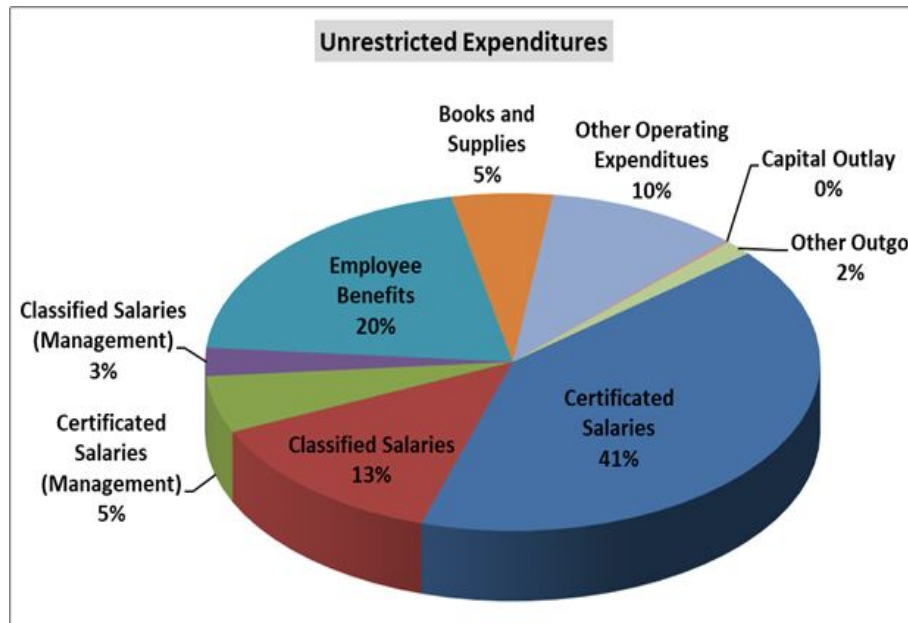


# 2019-20 General Fund Expenditures

Description	Unrestricted General Fund	Total General Fund
Certificated Salaries	\$ 37,759,111	\$ 47,753,713
Classified Salaries	12,360,250	17,834,121
Certificated Salaries (Management)	5,026,924	5,933,906
Classified Salaries (Management)	2,497,943	2,769,786
Employee Benefits	18,853,334	28,285,928
Books and Supplies	4,911,999	6,825,117
Other Operating Expenditures	9,347,327	18,678,979
Capital Outlay	190,085	902,855
Other Outgo	1,352,493	1,359,493
<b>TOTAL</b>	<b>\$ 92,299,466</b>	<b>\$ 130,343,898</b>



# General Fund Expenditures Combined<sup>6</sup>



# General Fund Reserves

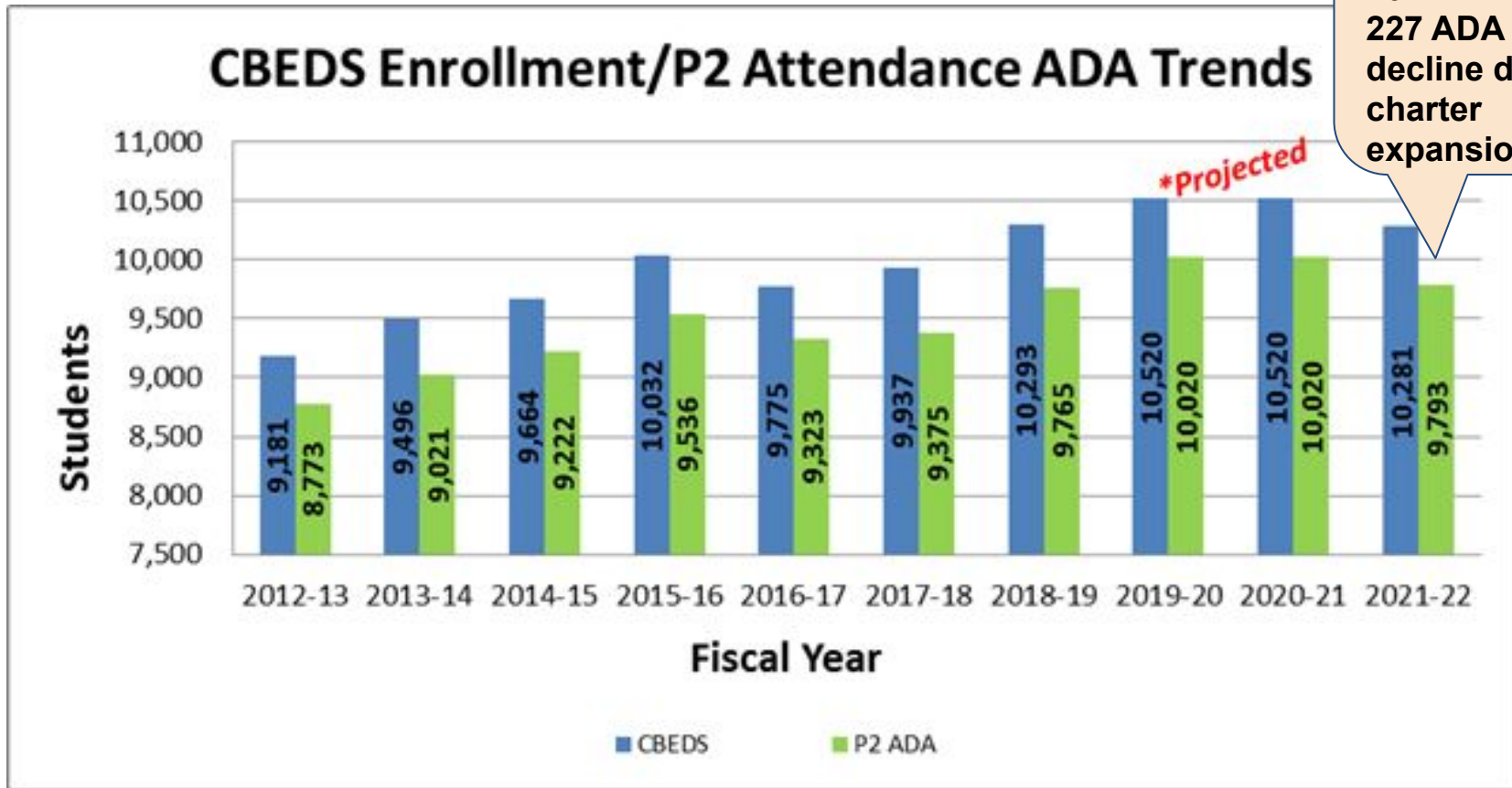
## Committed/Restricted

	<b>Economic Uncertainty</b>	<b>Committed for Stabilization</b>	<b>Committed/ Assigned</b>	<b>Restricted</b>
<b>Economic Uncertainty - State Mandated 3%</b>	<b>\$3,900,000</b>			
<b>Stabilization Arrangements per Board Policy</b> (i.e ups/downs in enrollment and State Budget)		<b>\$8,723,203</b>		
<b>Science Textbook Adoption</b>			<b>\$1,500,000</b>	
<b>SELPA (Special Ed) Stabilization</b>			<b>\$500,000</b>	
<b>Diversity Recruitment Plan (Assigned)</b>			<b>\$280,833</b>	
<b>PARS Pension Rate Stabilization per Board Policy</b>				<b>\$2,092,053</b>
<b>Restricted</b> (Categoricals)				<b>\$2,153,409</b>

# Enrollment/Attendance (ADA) Update

Used a flat ADA  
projection for  
2020-21

Projection for  
2021-22 is a  
227 ADA  
decline due to  
charter  
expansion



\*\* Excludes charter schools including Leroy Greene Academy

# 2020-21 Multi-Year Budget Assumptions (MYP)

## **Revenue**

- Adjusted COLA from 3.0% to 2.29% based on Governor's January Budget and reduced revenue by \$725,000
- Adjusted ADA from a decline of 85 ADA to flat ADA assumption
- Estimates of all other federal, state, and local revenues remains relatively constant for the two subsequent years

## **Expenditures**

- Removed 2019-20 one-time expenditures
- Includes negotiated/non-represented salary and step/column increases
- Includes employer contribution rate increase of 0.97% for STRS and 2.87% for PERS (includes rate reduction as a result of pension relief included in State Budget)
- The ongoing deficit spending is projected to be about \$1 million. Early budget reductions are needed to prevent growing deficit spending

# 2021-22 Multi-Year Budget<sup>10</sup> Assumptions (MYP)

## **Revenue**

- COLA Adjusted from 3.0% to 2.8%
- Projected decrease in ADA (attendance) of 227 due to charter expansion
- Estimates of all other federal, state, and local revenues remains relatively constant for the two subsequent years



## **Expenditures**

- Removed 2020-21 one time expenditures
- Reduced 4 FTE certificated staff due to decrease in ADA
- Includes step and column increases for certificated and classified staff
- Includes employer contribution rate increase of 1.3% for PERS
- The ongoing deficit is remains approximately \$1 million if budget reductions are not made in 2020-21

# Budget Reductions

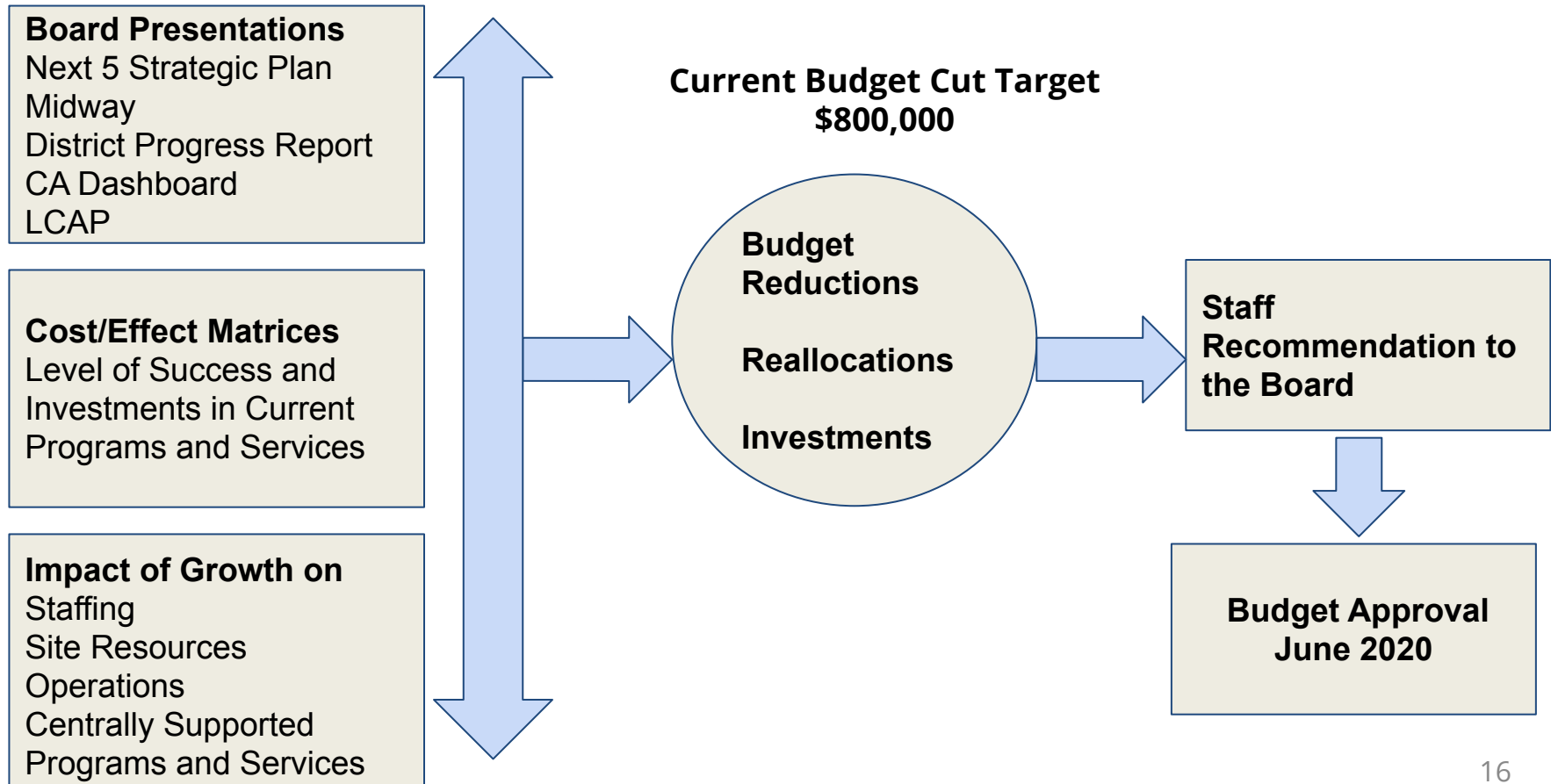
- As indicated in MYP, there is ongoing deficit spending in 2020-21 and 2021-22 of about \$1 million
- The District will need to make early budget reductions to prevent deficit from growing into a significant problem
- The impact of the charter school expansion increases the projected deficit to \$1.7 million by 2022-23
- The projected deficit of \$1.7 million for 2022-23 is a reduction from \$2.4 million projected deficit projected at First Interim
- As shared in First Interim budget presentation, we are using a 3 year budget reduction plan to clear projected deficit of \$1.7 million over 3 year period
- Our recommended budget target at second interim is \$800,000 for 2020-21
- We will continue to monitor trends and await the Governor's May revision

# Budget Reductions

- We will closely monitor the following trends that can go up  or down  and cause an increase or decrease in budget reduction target, especially if a **recession hits**:
  - Enrollment/ADA
  - Unduplicated percentage
  - State budget revenue (i.e. COLA, programs)
  - Pension costs

# 2020-21 Budget Development

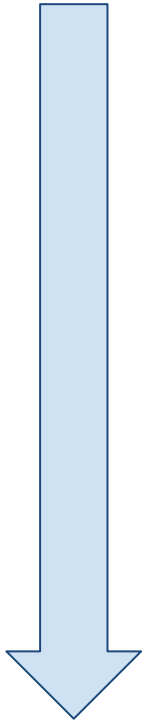
## Evaluation of Current Programs and Services





# Budget Development Process Timeline Update

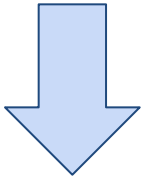
LCAP  
Engagement  
(October- April)



- October
  - Presented the Fall 2019 District Progress Report
- December - January
  - Presented The Next 5 Midway Report
  - Presented First Interim Budget 2019-20 and Introduction of Cost/Effect Matrix
  - Surveyed school site staff on MTSS (LCAP action)
- February
  - Provided Cost/Effect Matrices
  - School Presentations on California School Dashboard
  - Governor's 2020-21 January Budget Update
  - LCAP Mid-year Update
  - Board Approval 2020-21 certificated staffing
  - **Second Interim Budget 2019-20**
  - Continue Budget Cuts and Reallocations

# Budget Development Process Timeline

LCAP  
Engagement  
(October- April)



- March - May
  - Board Approval of non-staffing budget items based on available funds
  - District Progress Report Update
  - Governor's May Revision Update
  - Continue Budget Cuts and Reallocations
  - Staff Budget Recommendations (TBD)
- June
  - Public Hearing on Local Control Accountability Plan (LCAP)
  - Public Hearing on 2020-21 Budget
  - Adoption of LCAP and Budget for 2020-21

# QUESTIONS