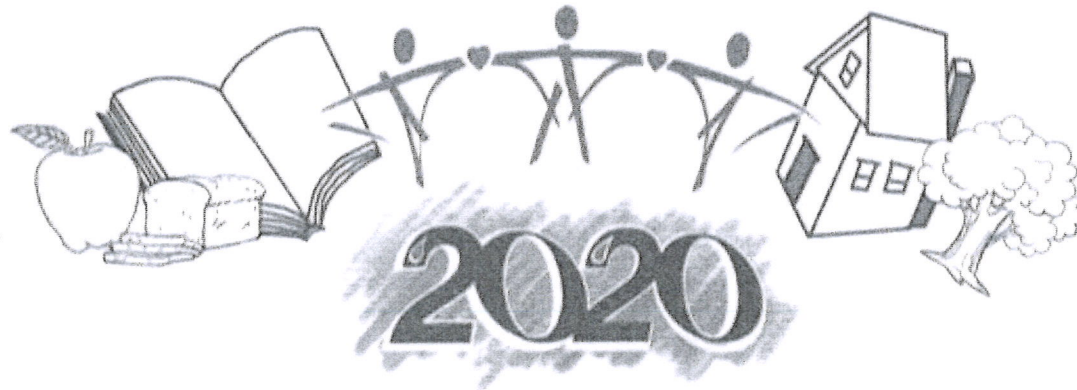


06-09-20 YCOE Sp. Mtg. Pkt Item
3.1 Handout # 1

Yolo County
OFFICE OF
EDUCATION
Making History



Making History 2020 – Message to YCOE Board and Staff

This year has been quite special
(as all years tend to be)
But this one takes the cake
I think we can agree.

You were so resilient
(rising to the quest)
Keeping our long tradition
Of delivering the best.

What started out as usual
Turned into something strange,
Challenging and uncertain
You adapted to the change.

And tho' we're not together
(we're really not apart)
A deep enduring gratitude
Is sent directly from the heart!

Thank you for all you do!



Economic Effects of COVID-19

- **Eleven years of economic expansion came to a screeching halt this year**
 - ◆ **As former Governor Jerry Brown always warned us, a recession was coming, but even he could not have foreseen this**
- **No aspect of the national or state economy seems to be unscathed by the virus and the path to recovery is unknown**
 - ◆ **There are no models for how a world recovers from a near total shutdown of economies around the globe**
 - **Initial recovery projections were optimistic, but along with the number of cases of COVID-19, have become more and more grim**
- **The actual economic effects will not be known for months and years, but nonetheless, the Administration must make some assumptions as to how far California will fall and how it will make its eventual comeback**

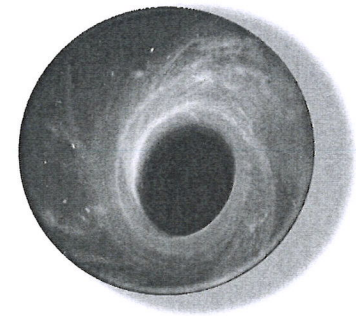
California Revenues and Rainy Day Funds

- The May Revision assumes that the state will suffer from a \$41.2 billion loss in revenues compared to January estimates in 2019–20 and 2020–21 combined
- Revenue losses are compounded by the growing number of Californians who need access to state safety net services, bringing the state's total shortfall to \$54 billion
- The Budget Stabilization Account (BSA) currently has about \$16.2 billion
- Proposition 2 (2014) stipulates that a withdrawal may not exceed half of the BSA balance in the first year of a budget emergency
- The May Revision proposes to draw down the entirety of the \$16.2 billion over three years
 - ◆ This includes \$7.8 billion for 2020–21



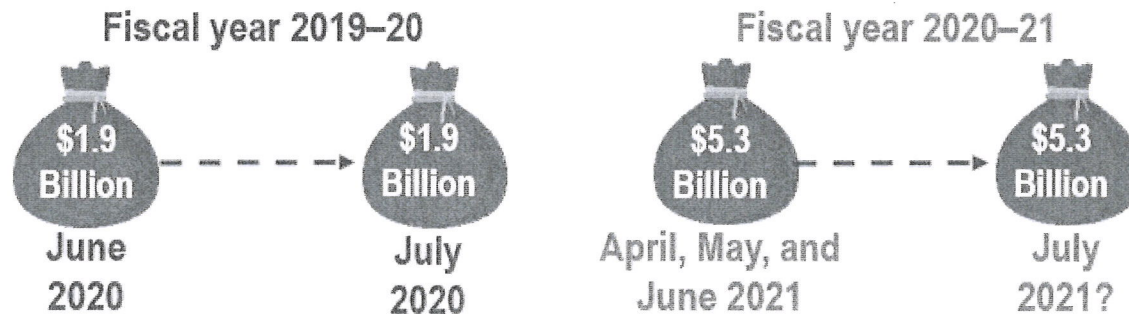
Will There Be a Revised Budget?

- While the May Revision gives us important anchors for state and local budgets that must be adopted by July 1, 2020, there continues to be a gaping hole of information that we need in order to build more accurate budgets
 - ◆ Unemployment rates change
 - ◆ PIT revenue is the largest share of general fund revenue; tax payments deferred
 - ◆ Consumer confidence shaken by the current state of the economy; may be a while before confidence rebuilds
 - ◆ Small, as well as large, businesses may not be able to withstand COVID-19
- The state will likely need to revise its Budget when more information becomes available later this summer

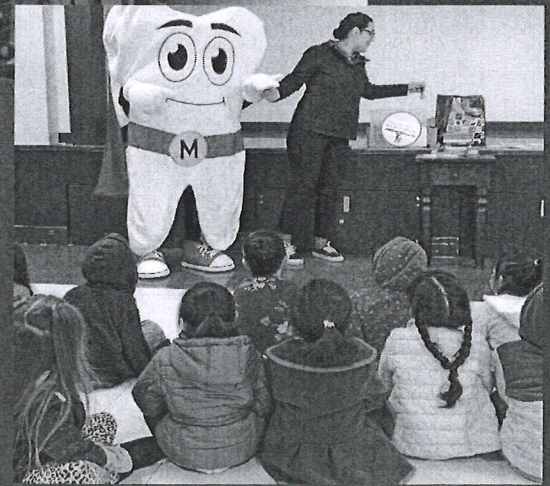
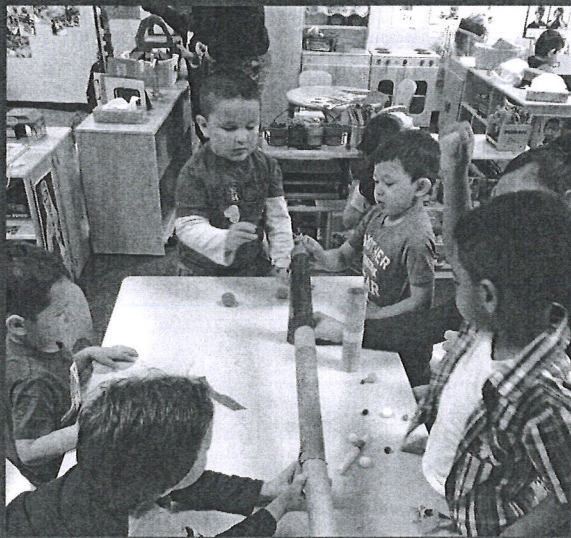
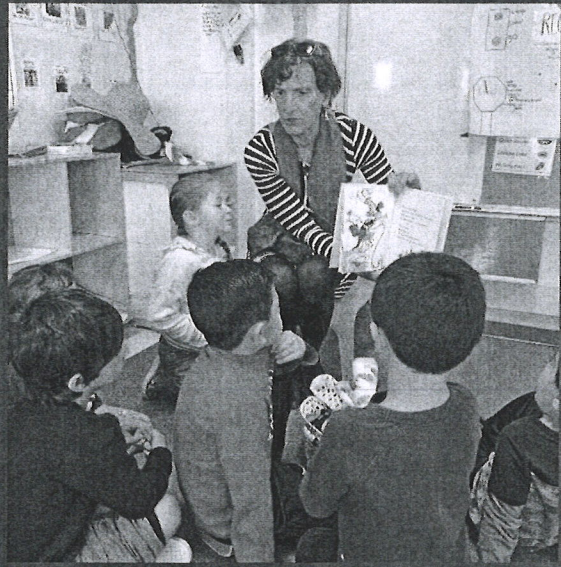


Deferrals: Here We Go Again

- Cash deferrals were used during the Great Recession to implement state-level budget cuts and/or improve the state's cash position
- The Governor's May Revision takes a page from the same playbook and proposes the following cash deferrals:



- Local school agencies may need to implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times
 - ◆ While this avoids an additional cut in state revenues to schools, it pushes the administrative and financial burden of borrowing cash to local school agencies



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2020 – 2021 Annual Budget

**Presented for Public Hearing
June 9, 2020**

**Proposed Budget Adoption
June 23, 2020**

**Presented by Debra Hinely, Director of Business Services
Crissy Huey, Associate Superintendent, Administrative Services**



OUR VISION

TO BE A MODEL of excellence
in educational service, innovation,
and impact

OUR MISSION

TO PROVIDE inspiration,
leadership, support, and advocacy
that ensures equity and access to
high quality education for all students

CORE VALUES

WE WILL:

- 🎓 Stay Student Centered
- 🗨️ Communicate Regularly
- 👥 Value Employees and Partners

CULTURAL NORMS

- » Communication
- » Respect
- » Transparency
- » Celebration

Garth Lewis
County Superintendent of Schools

Yolo County Office of Education
BOARD OF EDUCATION

Carol Souza Cole, President
Matt Taylor, Vice President
Shelton B. Yip
Melissa Moreno
Tico Zendejas

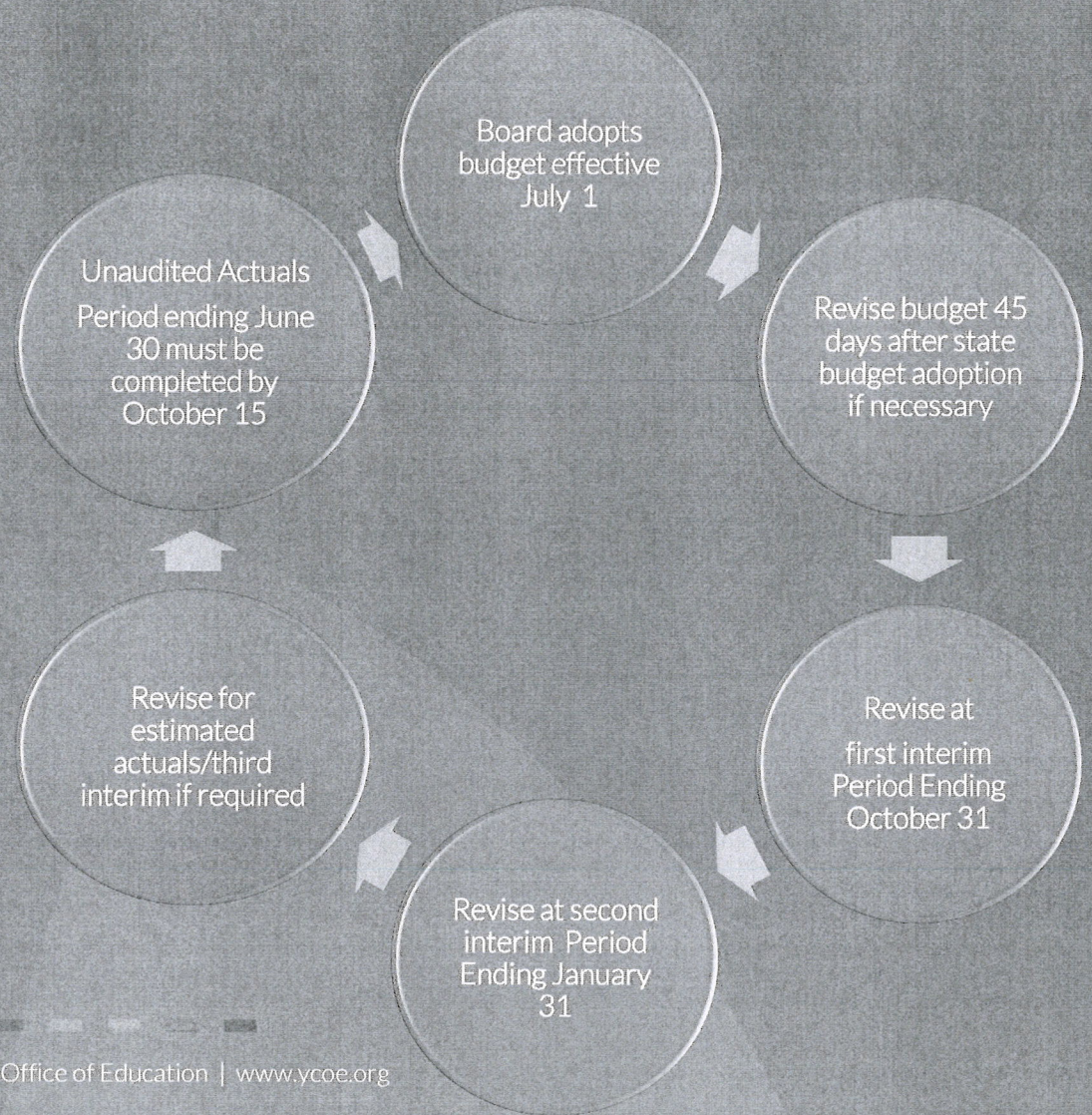
Overview of Annual Budget Process



The goal of the Yolo County Office of Education is to maintain a balanced budget. When on-going expenditures in the budget do not exceed the revenue, the result is a balanced budget. The 2020-2021 budget reflects a balanced budget. Further revisions may be proposed after the Governor's final budget is adopted and will be reflected in the 1st Interim report.

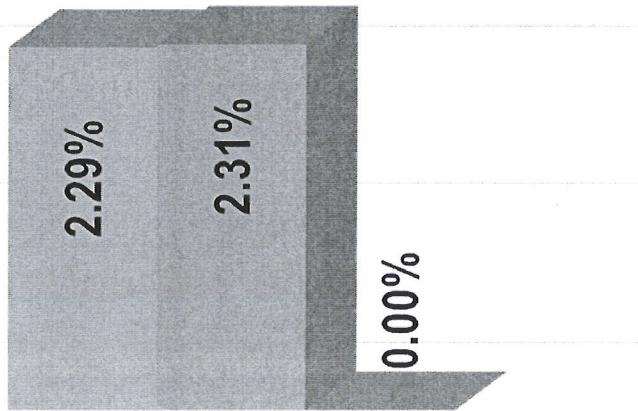


ANNUAL BUDGET PROCESS



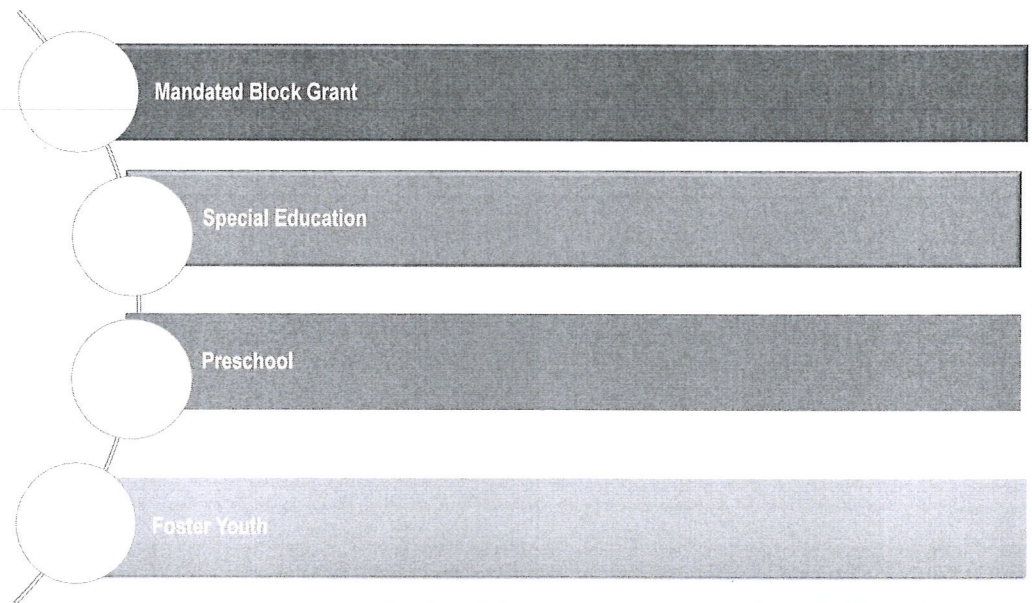
Major Assumptions Impacting YCOE

- While the May Revision acknowledges a 2.31% statutory cost-of-living adjustment (COLA) (up slightly from the 2.29% estimated COLA in January), it suspends the COLA for 2020–21



■ January Budget ■ Statutory ■ May Revision

- Categorical programs outside of the LCFF will also have the statutory COLA suspended



In typical years, as costs continue to rise, these programs would see adjustments for COLA only and average daily attendance (ADA) for special education

What Does the 2020–21 LCFF Funding Factors Mean for YCOE?

- ◆ The May Revision suspends the 2.31% COLA and includes an additional reduction—for a total of 10% cut to the Local Control Funding Formula (LCFF)
- ◆ County Operations Grant based on Countywide ADA of 28,475.21.
- ◆ One-time discretionary funding per Governor’s May Revise Budget has been removed from 2020-2021 budget and out-years
- ◆ Alternative Education is based on unduplicated student percentages of 74.22%

ALTERNATIVE EDUCATION— 2020–21		
2020–21 LCFF Per-ADA Funding	Projected 2020–21 ADA	Projected 2020–21 LCFF Total Revenue
Dan Jacobs \$17,286	8	\$138,288
Cesar Chavez \$15,240	50	\$762,023
YCCP \$15,240	12	\$182,886

Special Education

Base Rates increased to \$645 per ADA based on three-year rolling average ADA

Special Education funding for YCOE served students is based on 138.22 ADA

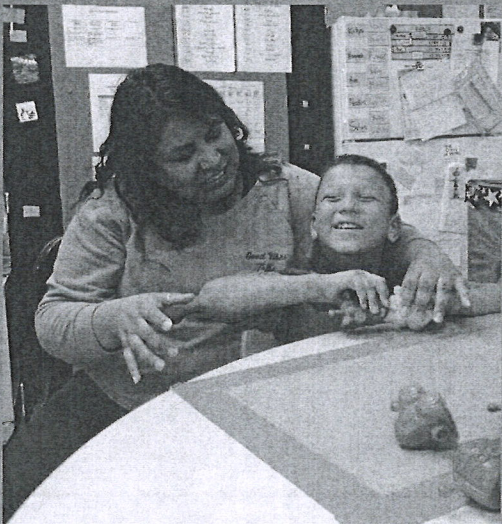
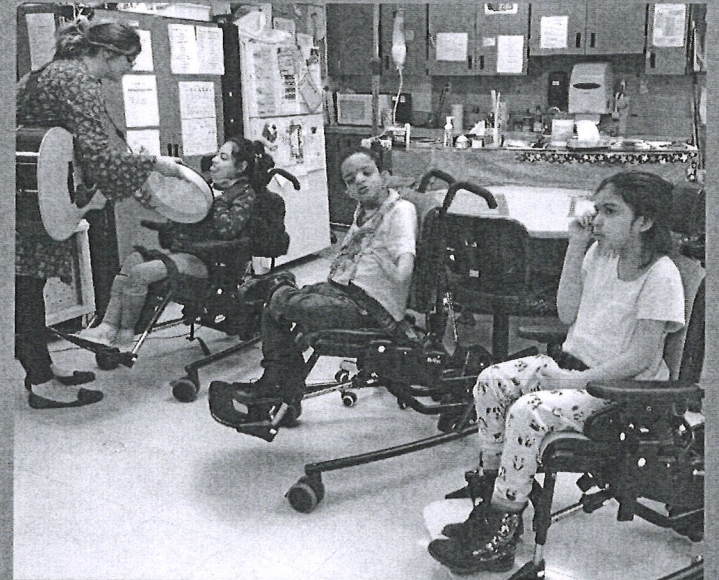


Reflects a 15% increase over the amount provided in 2019–20 budget

Reflects suspension of 2.31% COLA

Maintains all other existing categorical programs in the Assembly Bill 602 formula until a finalized formula is adopted

Maintains Special Education Local Plan Area Governance and Accountability Structure



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Additional Assumptions Impacting YCOE

- Federal categorical programs maintained at prior year funding levels
- Lottery: \$153 Base per ADA; \$54 Prop. 20 per ADA
- Salaries increased by Step and Column
- Benefit & retirement rates have been adjusted
- Grants and entitlements may be budgeted when either the award letter is received or when funding is reasonably assured

- Reserves will be budgeted as follows based on fund availability:
 - Economic Uncertainties: 3% of expenditures
 - Lottery (Board/Sup Policy 3220): current year allocations plus prior years unallocated revenues
 - Restricted Programs: Unspent carryover revenues from prior years

CalSTRS and CalPERS Future Rate Implications

CalSTRS

- The May Revision revised the California State Teachers' Retirement System (CalSTRS) employer contribution rate in 2020–21 from 18.40% to 16.15%
- Beginning in 2021–22 the CalSTRS Board will have some authority to increase or decrease employer contribution rates by a maximum of 1% annually—not to exceed 20.25%
- Any investment returns below the CalSTRS target of 7% will likely reduce the funded status of the plan and potentially increase employer contributions in the future

CalSTRS Employer Contribution Rates	
Year	Rate
2019–20	17.10%
2020–21	16.15%
2021–22	16.02%
2022–23	18.10%
2023–24	18.10%

CalPERS

- To provide increased fiscal relief, the May Revision revised the California Public Employees' Retirement System (CalPERS) 2020–21 employer contribution rate to 20.70%
- CalPERS investment losses will cause pressure to increase employer contribution rates in the future

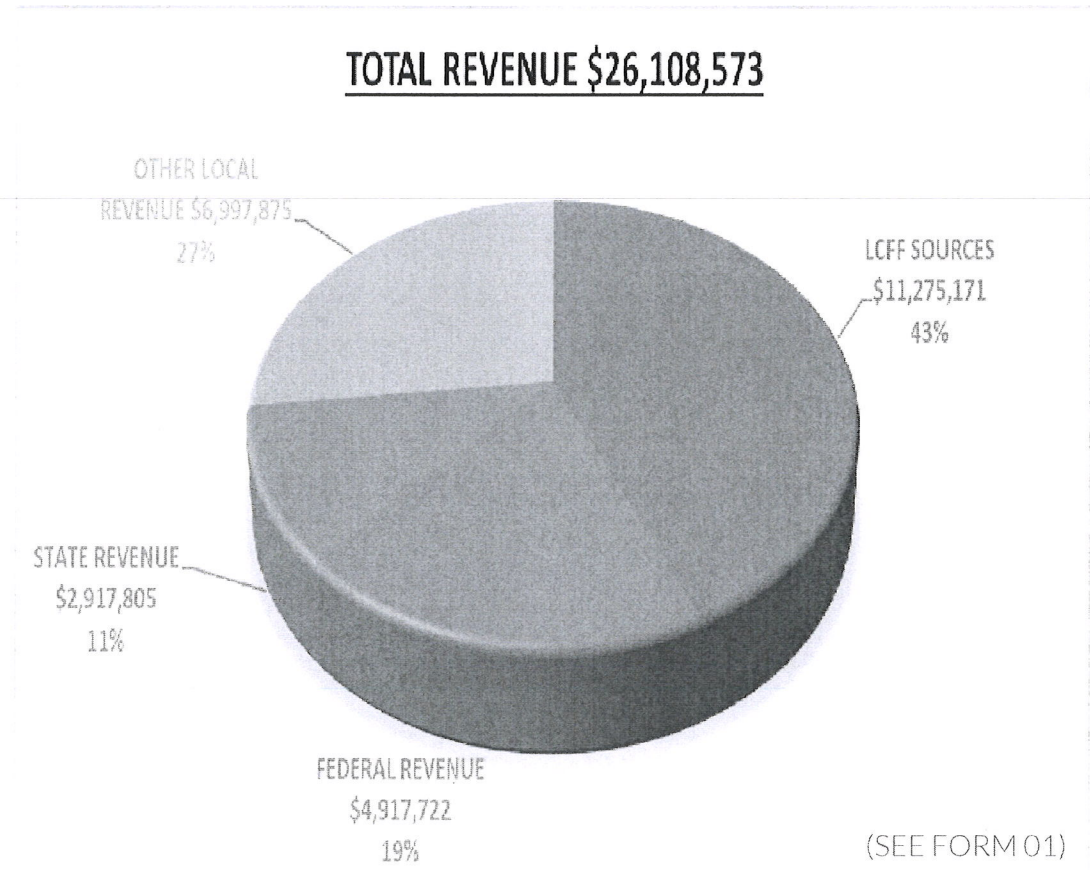
CalPERS Employer Contribution Rate Estimates		
Year	Previous Rates	Revised Rates
2020–21	*22.68%	20.70%
2021–22	*24.60%	22.84%
2022–23	25.90%	25.50%
2023–24	26.60%	26.20%

*CalPERS Board approved 2020-21 contribution rate as of April 21, 2020

REVENUE

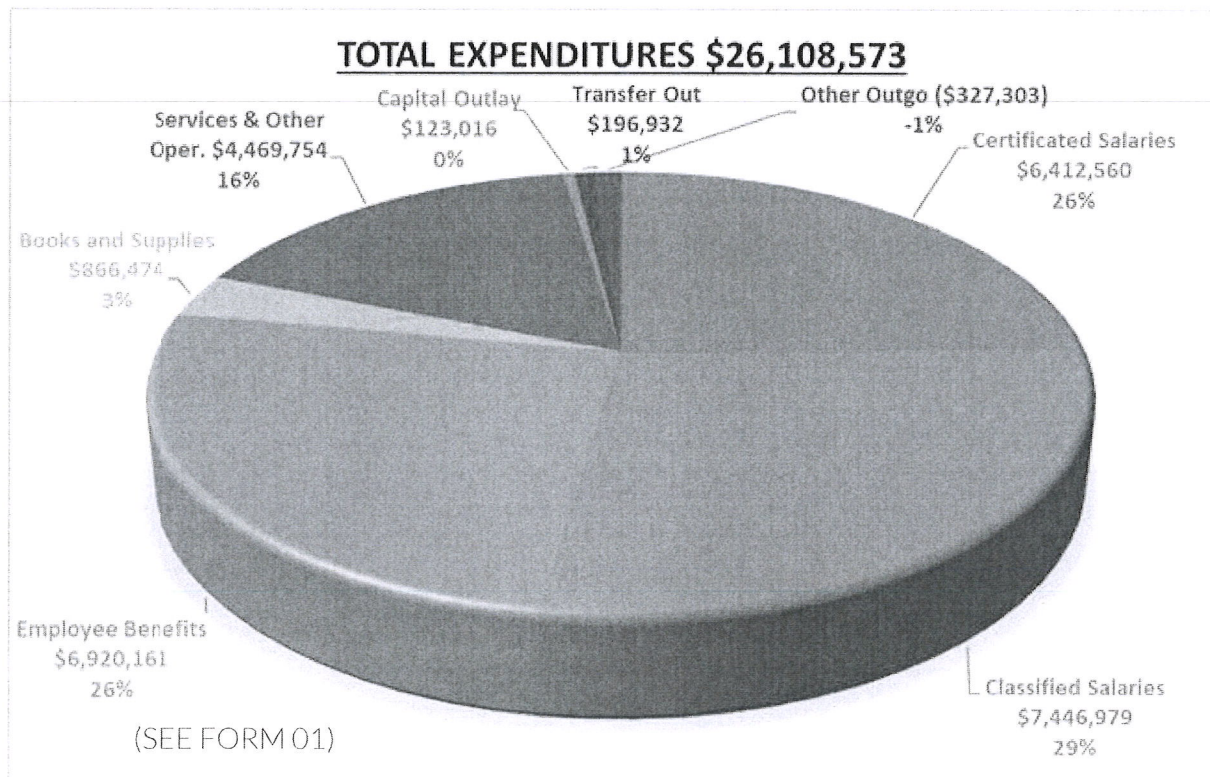
Revenue Sources for the County School Service Fund

- ❑ **LCFF Sources** is the source of revenue for the court and community school classes and county office core funding or operations grant revenue.
- ❑ **Federal Revenues** represent the County School Service Fund budget. Federal revenue funds grants and entitlements for special purposes.
- ❑ **Other State Revenues** This revenue is received for the portion of the Special Education entitlement, which is not funded, by LCFF, federal grants, or property taxes.
- ❑ **Other Local Revenues** represent income from interest earnings, fees collected from districts and students, and Special Education Fee for Service tuition.



EXPENDITURES

The graph indicates that about 81% of the YCOE budgeted expenditures in the County School Service Fund are for salaries and benefits



REVENUE/EXPENDITURES NET CHANGE

	2019-2020			2020-2021		
	REVENUE	EXPEND/ USES	NET CHANGE	REVENUE	EXPEND/ USES	NET CHANGE
GENERAL FUND	26,674,766	30,513,401	(3,838,635)	26,108,573	26,108,573	-
YOLO COUNTY CAREER ACADEMY FUND	92,134	92,134	-	-	-	-
SPECIAL ED PASS THRU FUND	16,509,328	16,509,328	-	16,178,378	16,178,378	-
ADULT EDUCATION FUND	216,941	236,887	(19,946)	224,462	224,462	-
CHILD DEVELOPMENT FUND	3,896,615	3,896,615	-	3,413,825	3,413,825	-
CAFETERIA FUND	-	-	-	-	-	-
DEFERRED MAINTENANCE FUND	176,200	251,200	(75,000)	176,200	176,200	-
RETIREE BENEFIT FUND	1,096	-	1,096	1,096	-	1,096
CAPITAL FACILITIES FUND	367,944	367,944	-	367,944	367,944	-
SELF INSURANCE FUND	329,100	329,100	-	329,100	329,100	-
TOTAL	48,264,124	52,196,609	(3,932,485)	46,799,578	46,798,482	1,096

COMPONENTS OF 2020-2021 ENDING FUND BALANCE

BEGINNING FUND BALANCE

- The Beginning Fund Balance in the County School Service Fund on July 1, 2020, is projected to be \$7,433,129.
- The actual Beginning Fund Balance will be revised after July 1, 2020, when the 2019-20 books are closed.

ENDING FUND BALANCE

- The Ending Fund Balance on June 30, 2021 is projected to be \$7,433,129.
- The Ending Fund Balance is comprised of funds restricted and assigned for certain purposes and a reserve designated for economic uncertainties.

County School Service Fund Designated Balances				
Restricted				1,062,184.44
Committed				
Assigned				5,587,446.05
Unassigned/Unappropriated				(1.27)
Reserve for Economic Uncertainties				783,500.00
Ending Fund Balance				7,433,129.22

2020-2021 ANNUAL BUDGET & MYP

DESCRIPTION	2020-2021 ANNUAL BUDGET	2021-2022 ESTIMATED BUDGET	2022-2023 ESTIMATED BUDGET
REVENUES			
LCFF/Revenue Limit Sources	\$ 11,275,171	\$ 10,868,303	\$ 10,493,658
Federal Revenues	4,917,722	4,917,722	4,917,722
Other State Resources	2,917,805	2,796,134	2,796,134
Other Local Revenues	6,997,875	7,334,610	8,155,926
TOTAL REVENUES	26,108,573	25,916,769	26,363,440
EXPENDITURES			
Certificated Salaries	\$ 6,412,560	\$ 6,572,874	\$ 6,737,196
Classified Salaries	7,446,979	7,633,153	7,823,982
Employee Benefits	6,920,161	7,294,403	7,953,885
Books & Supplies	866,474	805,338	725,300
Services, Other Operating Expenses	4,469,754	3,492,794	3,492,794
Capital Outlay	123,016	-	-
Other Outgo	(327,303)	(83,648)	8,737
OTHER FINANCING SOURCES/USES			
Interfund Transfers			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	196,932	201,855	206,902
Other Sources/Uses	-	-	-
Sources	-	-	-
Uses	-	-	-
TOTAL EXPENDITURES	\$ 26,108,573	\$ 25,916,769	\$ 26,948,796
NET INCREASE (DECREASE) IN FUND BALANCE	\$ -	\$ -	\$ (585,356)
BUDGET BALANCING ASSUMPTIONS	\$ -	\$ -	\$ -
FUND BALANCE, RESERVES			
Beginning Balance (Estimated)	\$ 7,433,129	\$ 7,433,129	\$ 7,433,129
Ending Balance	\$ 7,433,129	\$ 7,433,129	\$ 6,847,773

YCOE ADA History 2008/2009 thru 2020/2021

	JUVENILE COURT SCHOOL	CLASAR CHAVLZ COMMUNITY SCHOOL	YCCP YCCA – 2010/19	MIDTOWN	LINCOLN EDUCATION CENTER*	R.O.P	SPECIAL EDUCATION	TOTAL
2020-2021 Est.	8.00	62.00					138.22	208.22
2019-2020	19.78	51.72***	1.28				138.22	211.00
2018-19 P-2	29.68	52.66***	24.24				137.57	244.15
2017-18 P-2	39.61	47.39***	12.90				127.30	227.20
2016-17 P-2	49.41	48.85***	12.72				121.96	232.94
2015-16	46.36	29.13***					107.20	182.69
2014-15	36.13			16.54**	33.01	0	96.04	181.72
2013-14	31.18			15.55**	37.28	0	103.08	187.28
2012-13	32.10			19.60**	39.12	394	111.02	595.84
2011-12	43.79			22.56^	38.72	394	112.23	611.30
2010-11	58.19			27.50	59.32	394	97.96	636.97
2009-10	87.35			33.92	53.44	394	101.24	669.95
2008-09	89.33			31.58	70.27	394	98.63	683.79

Multi-Year Projections – Budget Assumptions

- ✓ Annual statutory COLA applied to programs
- ✓ (2020/2021 7.92%; 2021/2022 -7.92%; 2022/2023 -7.92%)
- ✓ No ADA growth for Alternative Education, Special Education or Countywide ADA.
- ✓ Lottery- Funding held constant all out years.
- ✓ Salaries and Benefits - Annual step increases calculated from Position Control.
- ✓ Annual inflation costs for utilities budgeted with a 2.5% increase, no annual inflation costs applied to other services/other operating expenditures.
- ✓ Grants, categorical and restricted program revenues will cover all of their program expenditures.
- ✓ Reserve for Economic Uncertainties will be budgeted at 3% of expenditures.

Changes to the 2020–21 LCAP

The Local Control and Accountability Plan (LCAP) template adopted by the State Board of Education (SBE) in January will not be used for 2020–21

The templates to be used for the 2020–21 LCAP and the 2019–20 Annual Update require a change in statute, and few details currently are available

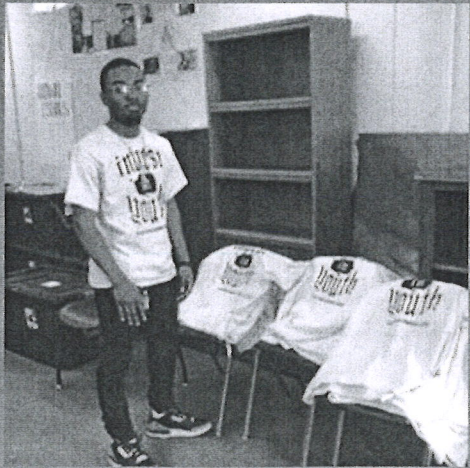
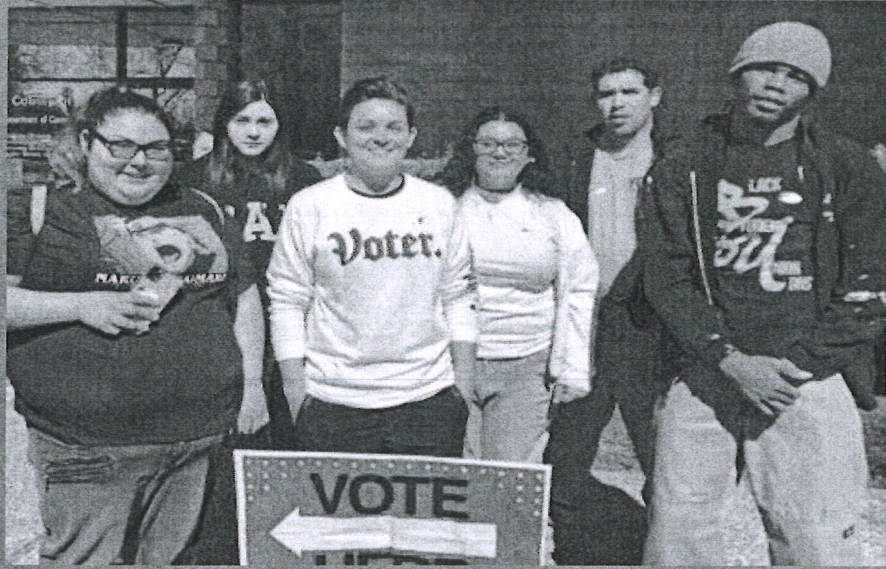
The California Department of Education will develop the new templates for 2020–21 in consultation with the SBE and stakeholders

Expected to be available in late summer of 2020

Deadline for LCAP, Annual Update, and Budget Overview for Parents extended from July 1 to December 15, 2020

Deadline for county superintendent or state superintendent of public instruction to approve the LCAP extended to January 14, 2021

Deadline for a charter school to submit the LCAP to its authorizer and the county superintendent extended to December 15, 2020





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THANK YOU