



# Financial Update

May 2020

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# Agenda

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- Mar-Apr actuals
- Cash Update
- Current 2019-20 Forecast
- 2020-21 Outlook
  - EBIA budgeting approach
  - Economic update and California State Budget
  - EBIA draft budget

# March and April net positive

- LCFF revenue catching up with enrollment, categorical funding arriving
- Expenses on track (82% of forecast spent)

	Mar	Apr	Actual YTD
<b>SUMMARY</b>			
<b>Revenue</b>			
LCFF Entitlement	698,481	468,816	3,967,830
Federal Revenue	11,679	96,166	208,850
Other State Revenues	171,168	59,593	480,867
Local Revenues	12,444	1,291	65,497
Fundraising and Grants	13,181	6,039	132,045
<b>Total Revenue</b>	<b>906,953</b>	<b>631,906</b>	<b>4,855,088</b>
<b>Expenses</b>			
Compensation and Benefits	400,790	448,851	4,098,159
Books and Supplies	8,984	11,330	156,080
Services and Other Operating Expenditures	102,301	113,919	1,305,129
Depreciation	-	-	-
<b>Total Expenses</b>	<b>512,075</b>	<b>574,100</b>	<b>5,559,368</b>
<b>Operating Income</b>	<b>394,878</b>	<b>57,806</b>	<b>(704,280)</b>

# Cash position in flux

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- Revolving Loan completed with March apportionment
- Receivable sale completing in May
- Deferrals expected starting in June – additional access to cash needed
- Ending cash in April: \$390K

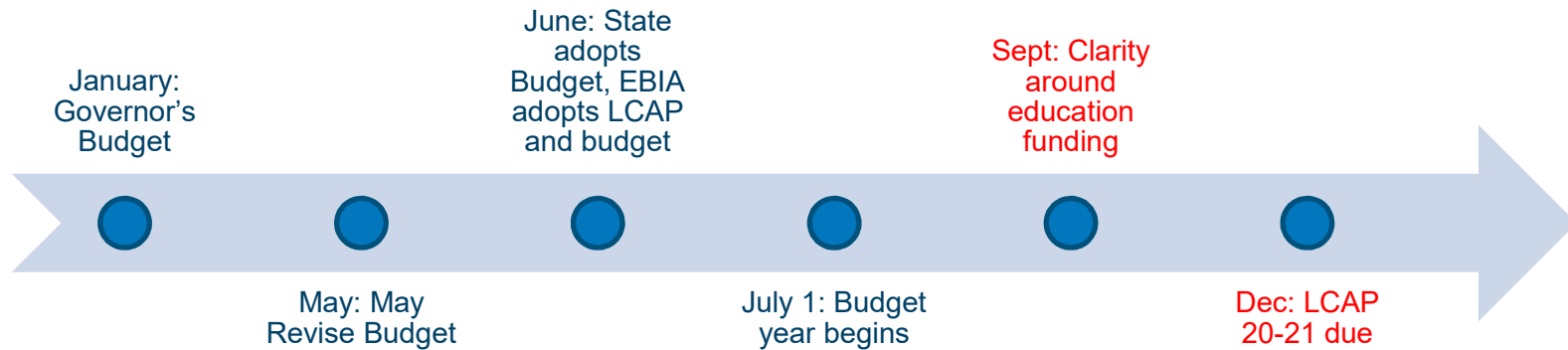
# 2019-20 forecast uncertain

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- June deferral likely (amount TBD)
- Funding reductions to date: Special Ed, SB740 facilities, EPA
- P-2 ADA: 589.2 (months up to Feb 29, 2020)
- Uncertainty continues: federal funding, state lottery, local measures, development outreach
- Currently expecting a balanced budget for 2019-20

# 2020-21 budget timeline and expectations interrupted by COVID-19



- Uncertainty re revenue (taxes) and expenses (COVID, unemployment) through Aug/Sept, uncertainty with economy will continue in the near/medium future
- State and EBIA are currently budgeting blind

# EBIA's approach to the pandemic emergency: protect and persevere

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- Goal: promote security, stability, structure and routine for staff and families
- Priorities for 20-21:
  - Core/essential operations
  - Avoid mid-year reductions
  - Timely payroll
- Practice:
  - Work in teams
  - Seek innovative solutions
  - Inform/communicate

# National, state economy and school funding severely impacted by COVID-19

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- At January Governor's Budget: state projecting \$5.6 billion surplus
- At May Revise Budget: state officially in recession and projecting a \$54 billion deficit
- May Revise: cancel program expansions and spending increases, draw down from Rainy Day Fund, borrow and transfer from special funds, business incentive tax changes, defer cash outlay, seek federal funding
- K-12 Education significantly impacted
  - 10% reduction to LCFF
  - \$1.9 billion LCFF deferral from 2019-20 to 2020-21; \$3.4 billion deferrals from 2020-21 to 2021-22
  - STRS employer rate for 20-21 reduced from 18% to 16%
  - Commitment to Special Education remains
  - Local property-tax-based revenues impacted



# Balanced budget will be challenging in 20-21

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- With -10% reduction in LCFF, revenues will decline by ~\$300K to \$500K from 19-20, even with enrollment growth
- Initial planning suggests following new considerations are likely needed:
  - Increased cleaning and PPE
  - Financing to prepare for cash deferrals
  - Tech connectivity and IT support
  - Community building
- Draft 20-21 budget