

# 2020-2021 Second Interim Budget

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Palisades Charter High School

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# Presentation

- First Interim vs. 2<sup>nd</sup> Interim
  - Purpose & Student Return Assumptions
  - 2020-2021 Budget Evolution
  - Revenue & Expenditure Summary
  - Revenue & Expenditure Variances Explained
- Multi-Year Projection
- Immediate Concerns



# Purpose of Second Interim & Learning Model Assumptions

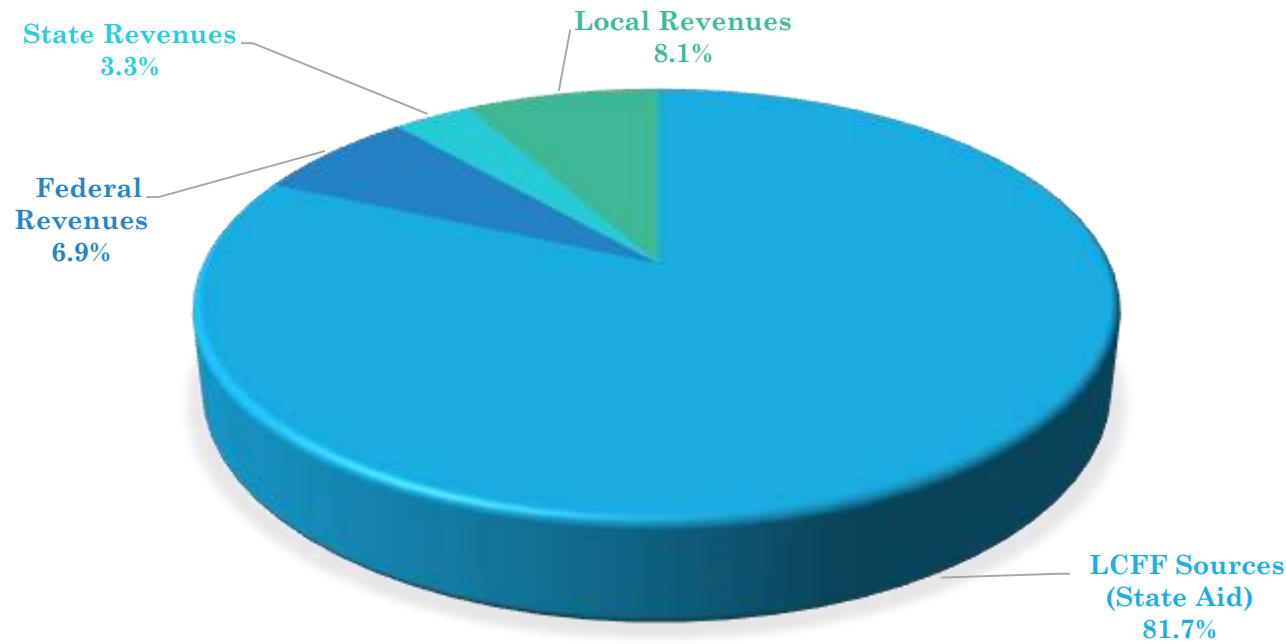
- The purpose of the second interim report is to provide all stakeholders, along with the State of CA with a snapshot of PCHS' financial condition at a point in time.
- Point in time being “snapshotted” is halfway through the school year.
- Projections are made based on state funding, which is dependent on the current health of the state economy
- Due to the uncertainty of the COVID-19 pandemic, the following assumptions were made when projecting our first interim budget:
  - 2-month hybrid return beginning in April
  - Bringing back high-risk/special needs students one month before hybrid return



# 2020-2021 Budget: An Evolution

Revenue	2020-2021 Adopted Budget (6/5/20)	2020-2021 Revised Budget (one semester of e-learning, 8/17/20)	20/21 First Interim Projections (assumes a 3 mo hybrid)	Actuals to Date 1/31/21	20/21 2 <sup>nd</sup> Inteim Projections (assumes a 2 mo hybrid)
LCFF	\$29,539,184	\$29,539,184	\$29,539,379	\$16,218,970	\$29,539,379
Federal	\$2,673,650	\$2,673,650	\$2,534,912	\$1,593,932	\$2,485,095
State	\$1,203,854	\$1,203,854	\$1,204,517	\$781,411	\$1,201,361
Local	\$3,201,689	\$3,201,689	\$3,107,154	\$1,905,030	\$2,917,323
Total Revenue:	\$36,618,377	\$36,618,377	\$36,385,962	\$20,499,342	\$36,143,158
Expense	2020-21 Adopted	2020-21 Rev.	20/21 First Interim Proj.	Actuals to Date 1/31/21	20/21 2 <sup>nd</sup> Interim Projections
Cert Salaries	\$14,103,004	\$14,379,666	\$14,921,160	\$7,494,170	\$14,997,660
Class Salaries	\$4,369,612	\$4,563,058	\$4,833,155	\$2,032,328	\$4,794,155
Benefits	\$7,844,229	\$8,083,440	\$8,193,544	\$4,117,974	\$8,195,951
Books/Supplies	\$694,027	\$1,521,035	\$1,521,063	\$1,061,014	\$1,524,091
Services, Other Operating Exp.	\$5,647,067	\$5,381,420	\$5,529,549	\$2,446,586	\$5,252,458
Depreciation	\$900,000	\$900,000	\$900,000	\$280,653	\$900,000
Interest/Other Outgo	\$330,306	\$353,730	\$353,730	\$187,622	\$333,592
Total Expense	\$33,888,246	\$35,182,349	\$36,252,201	\$17,620,347	\$35,997,907
Net Balance (financial statement balance)	<b>-\$225,503</b>	<b>\$1,436,029</b>	<b>\$133,761</b>	<b>\$2,619,648</b>	<b>\$145,250</b>
Net balance (cash statement balance)	<b>\$351,631</b>	<b>\$1,933,163</b>	<b>\$605,895</b>	<b>\$2,878,995</b>	<b>\$555,250</b>

# 2020-2021 Second Interim Revenue Summary



Revenue Type	Amount
LCFF Sources (State Aid)	\$29,539,379
Federal Revenues	\$2,485,095
State Revenues	\$1,201,361
Local Revenues	\$2,917,323
<b>Total Revenues</b>	<b>\$36,143,158</b>

■ LCFF Sources (State Aid)
 ■ Federal Revenues
 ■ State Revenues
 ■ Local Revenues



# Revenue

	Adopted Budget (6/5/2020)	Revised Budget (one semester of e-learning, 8/17/20)	1st Interim	Actuals to Date 1/31/21	2 <sup>nd</sup> Interim	2 <sup>nd</sup> Interim vs. 1 <sup>st</sup> Interim
LCFF Sources	\$27,196,847	\$29,539,184	\$29,539,379	\$16,218,970	\$29,539,379	\$-
Federal Revenues	\$1,653,358	\$2,673,650	\$2,534,912	\$1,593,932	\$2,485,095	-\$49,817
Other State Revenues	\$969,722	\$1,203,854	\$1,204,517	\$781,411	\$1,201,361	-\$3,157
Other Local Revenues	\$3,842,816	\$3,201,689	\$3,107,154	\$1,905,030	\$2,917,323	-\$189,832
<b>Total</b>	<b>\$33,662,742</b>	<b>\$36,618,377</b>	<b>\$36,385,962</b>	<b>\$20,499,342</b>	<b>\$36,143,158</b>	<b>-\$242,805</b>



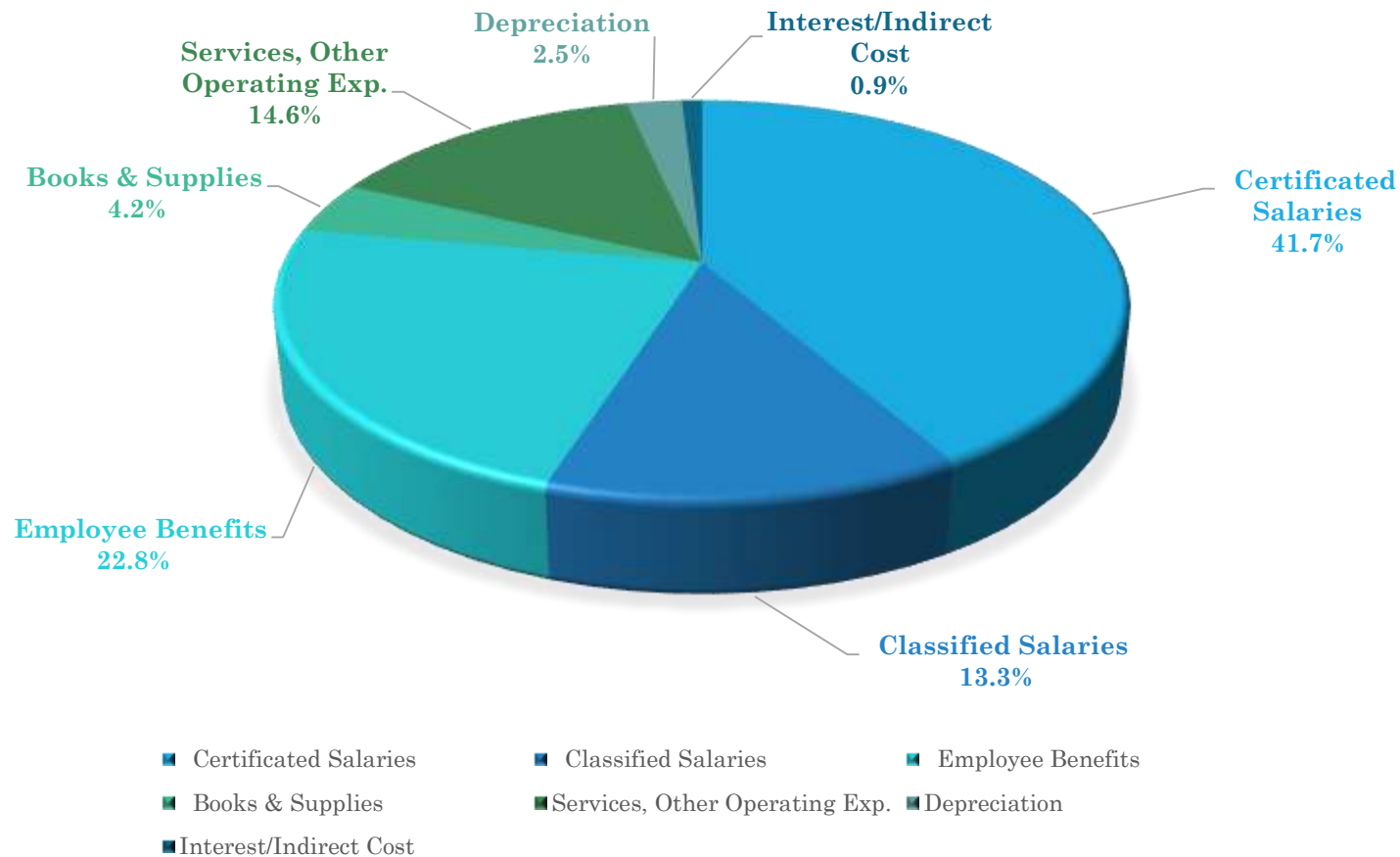


# Revenue: First vs. Second Interim

- Federal:
  - Decreased IDEA Revenue per LAUSD SELPA Projections: **-\$10,378**
  - Decreased Title 1 Funding per CDE: **-\$1,220**
  - Increased Title II Funding per CDE: \$2,039
  - Increased Title IV funding per CDE: \$399
  - Decreased Dept. of Rehab grant: **-\$10,000**
  - Decreased Perkins Grant per CDE: **-\$2,356**
  - Decreased federal child nutrition funding: **-\$-28,301**
- State:
  - Increased state child nutrition funding: \$896
  - Recognizing less CTE funds (to carryover to 21/22): **-\$16,040**
- Local:
  - Decreased food a la carte sales: **-\$40,402**
  - Decreased Pool/Permit Revenue: **-\$74,284**
  - Decreased AB602 Revenue per LAUSD SELPA Projections: **-\$75,146**



# 2020-2021 Second Interim Expenditure Summary



Expenditures	Amount
Certificated Salaries	\$14,997,660
Classified Salaries	\$4,794,155
Employee Benefits	\$8,193,544
Books & Supplies	\$1,524,091
Services, Other Operating Exp.	\$5,252,458
Depreciation	\$900,000
Interest/Indirect Cost	\$333,592
<b>Total Expenditures</b>	<b>\$35,997,907</b>





# Expenditures

	Adopted Budget (6/5/2020)	Revised Budget (one semester of e-learning, 8/17/20)	1st Interim	Actuals to Date 1/31/21	2 <sup>nd</sup> Interim	2 <sup>nd</sup> Interim vs. 1st Interim
Certificated Salaries	\$14,103,004	\$14,379,666	\$14,921,160	\$7,494,170	\$14,997,660	\$76,500
Classified Salaries	\$4,369,612	\$4,563,058	\$4,833,155	\$2,032,328	\$4,794,155	-\$39,000
Benefits	\$7,844,229	\$8,083,440	\$8,193,544	\$4,117,494	\$8,195,951	\$2,407
Books/Supplies	\$694,027	\$1,521,035	\$1,521,063	\$1,061,014	\$1,524,091	\$3,028
Services/Other Operating	\$5,647,067	\$5,381,420	\$5,529,549	\$2,446,586	\$5,252,458	-\$277,091
Depreciation	\$900,000	\$900,000	\$900,000	\$280,653	\$900,000	\$-
Interest/Indirect	\$330,306	\$353,730	\$353,730	\$187,622	\$333,592	-\$20,140
<b>Total</b>	<b>\$33,888,246</b>	<b>\$35,182,349</b>	<b>\$36,252,201</b>	<b>\$17,879,694</b>	<b>\$35,997,907</b>	<b>-\$254,296</b>



# Expenditures: First vs. Second Interim



- Increase in Certificated Salaries & Benefits: \$88,964
  - \$15K in Professional Development (shift from Travel/Conferences)
  - \$22K in Ed Tech Coordinator
  - \$39K in counseling (funded via LLM)
  - \$13K in statutory benefits
- Decrease in Classified Salaries & Benefits: **-\$39K**
  - \$39K shift out of tutoring into certificated \$130K in retroactive and off-schedule pay increases (LLM funded)
  - \$11K in statutory benefits
- Decreased spending in food service supplies due to school closure: **-\$95K**
- Decrease in Services: **-\$277,091**
  - \$15K decrease in travel/conferences related to professional development
  - \$19K increase in subscriptions (result of re-classifications)
  - \$22K decrease in operations PPE/hybrid related costs (resulting in a 2mo hybrid model)
  - \$15K decrease in rentals/leases/repairs (shift from repair to capital)
  - \$105K decrease in transportation costs due to 2-mo model of hybrid/at-risk busing
  - \$232K decrease in contracted services (resulting in 2mos hybrid model)
  - \$37K increase in legal fees
  - \$60K increase in internet services (account for LACOE billing)
  - \$9.7K increase in other services (re-class CTE expenses)
- Increase in Capex (as a result of re-classification): \$62K



# Multi-Year Projection: State Assumptions

- These are assumptions provided by the state, which PCHS is required to use in order to project our financial health in the future.
- State guidance advises PCHS to assume a flat COLA on revenue, meaning revenues will remain flat for the next 3 years.
- PCHS also assumes flat ADA at 2,907.
- PCHS assumes revenue & expenses from Learning Loss & Mitigation COVID relief as one-time funds.
- Assumes \$691K payment to lifetime benefits funds in the out years.
- The OPEB Liability is also factored into the projections and PCHS's ending balance.

## 2020-21 SECOND INTERIM ASSUMPTION GUIDELINES (AS OF JANUARY 2021)

### PROJECTIONS FOR FISCAL YEARS 2020-21 THROUGH 2023-24

The guidelines below are provided to assist you with projections for Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24

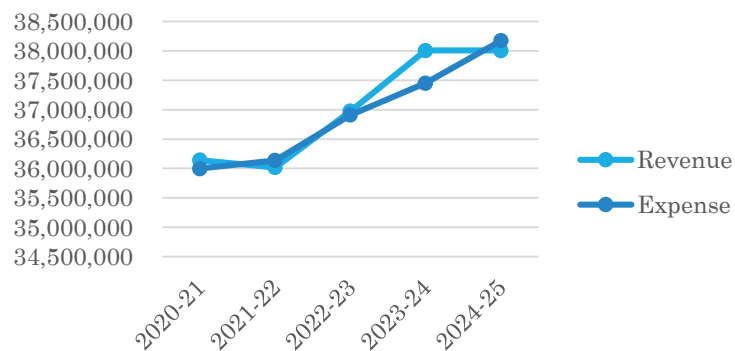
LCFF REVENUE		2020-21	2021-22	2022-23	2023-24
Statutory COLA (based on DOF estimates)		2.31%	1.50%	2.98%	3.05%
Recommended Funded COLA		0.00%	3.84%	2.98%	3.05%
School Services (SSC) Estimated Statutory COLA		0.00%	3.84%	1.28%	1.61%
LOTTERY REVENUE		2020-21	2021-22	2022-23	2023-24
Unrestricted per ADA		\$150	\$150	\$150	\$150
Restricted for Instructional Materials per ADA		\$49	\$49	\$49	\$49
Total Lottery Revenue per ADA		\$199	\$199	\$199	\$199
MANDATED BLOCK GRANT		2020-21	2021-22	2022-23	2023-24
Districts per ADA	Grades K - 8	\$32.18	\$32.66	\$33.08	\$33.61
	Grades 9 - 12	\$61.94	\$62.87	\$63.67	\$64.70
Charters per ADA	Grades K - 8	\$16.86	\$17.11	\$17.33	\$17.61
	Grades 9 - 12	\$46.87	\$47.57	\$48.18	\$48.96
OTHER FACTORS		2020-21	2021-22	2022-23	2023-24
CalSTRS Employer Rates		16.15%	15.92%	18.00%	18.00%
CalPERS Employer Rates		20.70%	23.00%	26.30%	27.30%
Interest Rate for 10-year Treasuries		0.98%	1.48%	1.65%	1.90%
CA Consumer Price Index (CPI)		1.44%	1.57%	1.82%	2.12%



# Multi-Year Projection

	FY 2020-21 2 <sup>nd</sup> Interim Current (Base Year)	FY 2021-22 (1 <sup>st</sup> Projected Year)	FY 2022-23 (2 <sup>nd</sup> Projected Year)	FY 2023-24 (3 <sup>rd</sup> Projected Year)
Revenues	\$36,143,158	\$36,016,733	\$36,277,394	\$37,254,407
Expenditures	\$35,587,907	\$35,736,804	\$36,598,068	\$37,123,646
Cash Balance	\$555,250	\$279,929	\$492,391	\$1,005,619
Depreciation	\$900,000	\$900,000	\$900,000	\$900,000
Fund Balance (Financial Reporting Basis)	\$145,250	<b>-\$120,071</b>	<b>\$67,391</b>	<b>\$555,619</b>
OPEB Requirement (GASB 75: Lifetime Health Benefits)	\$1,228,631	\$843,631	\$843,631	\$843,631
Fund Balance w/OPEB Reporting	<b>-\$1,083,381</b>	<b>-\$963,702</b>	<b>-\$776,240</b>	<b>-\$288,012</b>

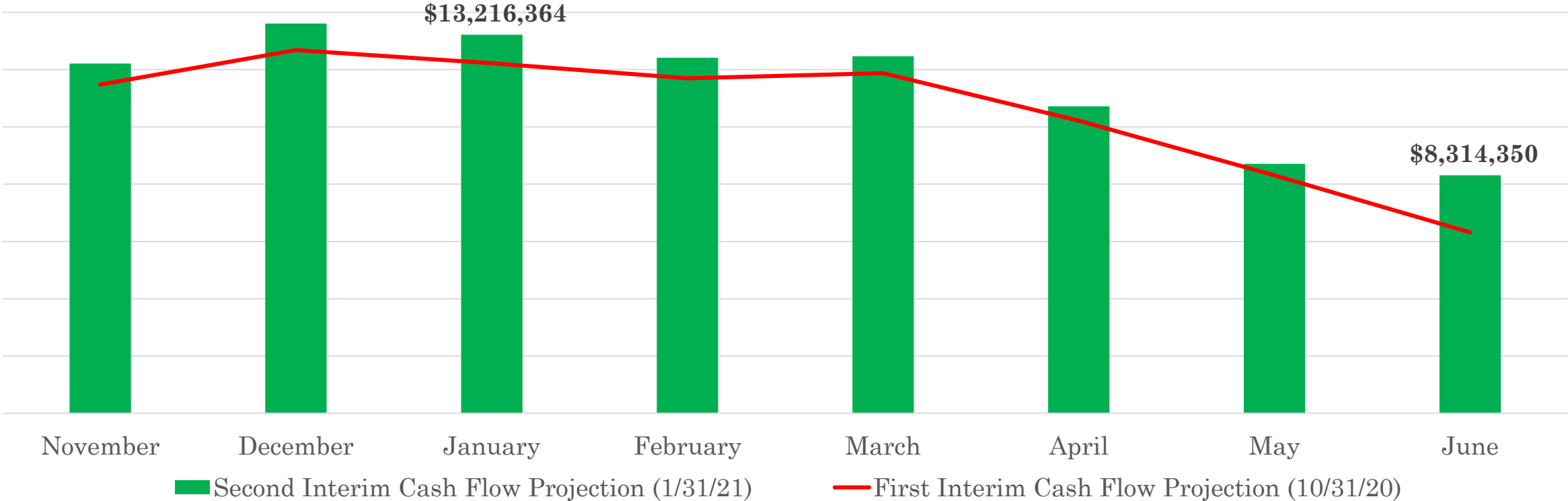
Revenue vs. Expense



# Cash Flow projection has significantly improved since First Interim

- Chart below represent our month-end cash balance (after accounting for revenues/expenses = cash that remains)
- As of January, our ending cash balance was approximately \$13.2 Million
- Our year-end cash balance is ~\$2 Million higher than we estimated at First Interim (10/31/20)
  - Due to (1) shift in State Deferral amounts and (2) fewer months of hybrid instruction

2020-2021 Ending Cash Balance by Month



# Despite the improved cash-flow projection, there is still much uncertainty remaining in 2020-21

- In order to prepare for more volatility, we are proposing a board resolution for inter-fund transfer
- This would allow PCHS to transfer funds from Fund 20 (Lifetime Health Benefits fund) in case of cash deficiencies
  - This is not a loan
  - Funds would only be used if we do not have sufficient cash to cover operating costs between April-June 2021
  - If funds are used, they will be repaid in July/August 2021 (when we receive our deferrals)
  - A Board Resolution is required, as LACOE will not allow us to transfer out of Fund 20 (Lifetime Health Benefits funds) without board approval
- While we are projecting an \$8.3 Million ending cash balance, the majority of funds are restricted.
- This is just a precaution in order to prepare for more volatility between April-June 2021

# Immediate Concerns

- Continue to monitor state budget analysis
- Cash Flow (Deferrals/State IOU)
- Building Reserves
- COVID-19 Impact on student learning & progress
- Develop re-opening plans for hybrid model, monitor impacts to revenue and expense
- Track multi-year projections
- Negative COLA environment
- STRS/PERS increases

