

2020-21 BUDGET APPROVAL

THE ACADEMY OF ALAMEDA

Presented June 25, 2020

Agenda



STATE BUDGET UPDATE

AOA 20-21 BUDGET

REVENUE SOURCES & PROJECTIONS

Assumptions

Enrollment Projections

Average Daily Attendance

Revenue Analysis

EXPENDITURE ASSUMPTIONS & PROJECTIONS

Assumptions

Expense Categories

Expenditure Analysis

CASH FLOW ANALYSIS

State Budget Approval Update

TWO PROPOSALS BEING NEGOTIATED

The Legislature & Governor are currently negotiating the final budget to be approved by the July 1 deadline. On June 15th, the Legislature put forth their version of the budget after reviewing the May Revise presented by the Governor. The May Revise assumes the HEROES Act will not pass and has a "trigger" to eliminate the cuts to LCFF upon passing, while the Legislature assumes the HEROES Act will pass and has assumed large deferrals. Since the budget is currently a living document, all assumptions in AoA's 2020-21 Budget are based off the Governor's May Revise Proposal. AoA will most likely need to review the budget again in July or August once the final budget is adopted by the state and re-align our assumptions to match the final version.



State Budget Timeline

JUNE 15, 2020

CA State Legislature approved version of the budget. Negotiations with the Governor began.

MAY 2020

Governor Newsom announced the revised May budget proposal (*known as the "May Revise"*)

JULY 1, 2020

The AoA Board must approve a budget by 6/30. The Governor must approve the budget by 7/1/20.

AUG 2020

New tax deadline of 7/15/20 (better state revenue assumptions). AoA will update the budget based 7/1/20.

DEC 2020

20-21 1st Interim due to AUSD. This will include actuals from 7/1/20 - 10/31/20, with updated budgets & MYPs.

What are the differences between the two budgets?

CASH FLOW & SUPPLEMENTAL FUNDING

Governor's Budget

This budget would create large budget shortfalls and small cash flow problems.

LARGE CUTS, SMALL \$\$\$

- 10% cut to LCFF (net 7.92% reduction)
- 15% cut to ASES
- Extra CARES funds distributed in a way that AoA cannot use
- Reduction to STRS
- Add SPED funding

SMALLER DEFERRALS

Governor's budget assumes \$3.7B in deferrals. Preliminary discussions are all of Q4 (April, May, June) would be deferred. Repayment details are not known.

Legislature's Budget

This budget would create a stronger budget and extremely large cash flow problems.

SMALL CUTS, LARGE \$\$\$

- No cut to LCFF, 2.31% COLA increase
- No cut to ASES
- Extra CARES funds distributed in a way that AoA can use
- Reduction to STRS
- Add SPED funding

LARGE DEFERRALS

Legislature's budget assumes \$9B in deferrals. No discussion on the timeline for the deferrals. Repayment details are not known. If Federal fund do not materialize, they would defer more state aid.

Middle School Budget

	2020/21	2021/22	2022/23
	Current Forecast - Middle	Preliminary Budget - Middle	Preliminary Budget - Middle
SUMMARY			
Revenue			
General Block Grant	3,472,922	3,255,063	3,264,202
Federal Revenue	334,248	167,056	166,481
Other State Revenues	446,589	440,961	447,326
Local Revenues	408,432	614,730	617,703
Fundraising and Grants	30,000	68,700	69,627
Total Revenue	4,692,192	4,546,510	4,565,339
Expenses			
Compensation and Benefits	3,760,408	3,828,392	3,968,705
Books and Supplies	290,750	231,545	230,554
Services and Other Operating Expenditures	766,970	757,578	782,337
Depreciation	-	-	-
Total Expenses	4,818,128	4,817,515	4,981,596
Operating Income	(125,936)	(271,005)	(416,257)
Fund Balance			
Beginning Balance (Unaudited)	2,165,942	2,040,006	1,769,001
Operating Income	(125,936)	(271,005)	(416,257)
Ending Fund Balance	2,040,006	1,769,001	1,352,744
Ending Fund Balance as a % of Expense	42%	37%	27%
Capital Outlay	-	-	-
Performance Bonuses	29,300	15,000	20,000

1

20-21 BUDGET

The Budget assumes a negative operating income of -\$125,936, with an ending fund balance of \$2.04M

2

21-22 BUDGET

The Budget assumes a negative operating income of -\$271,005, with an ending fund balance of \$1.77M

3

22-23 BUDGET

The Budget assumes a negative operating income of -\$416,257, with an ending fund balance of \$1.35M

4

ONGOING

The Leadership Team and Board Finance Working Group will be looking at ways to decrease the deficit spending in out-years.

Elementary School Budget

	2020/21	2021/22	2022/23
	Current Forecast - Elem	Preliminary Budget - Elem	Preliminary Budget - Elem
SUMMARY			
Revenue			
General Block Grant	2,362,769	2,368,620	2,372,001
Federal Revenue	171,561	99,566	101,631
Other State Revenues	227,671	239,942	244,604
Local Revenues	350,604	549,442	550,135
Fundraising and Grants	30,000	57,540	58,467
Total Revenue	3,142,606	3,315,110	3,326,837
Expenses			
Compensation and Benefits	2,296,107	2,710,895	2,843,842
Books and Supplies	209,366	174,370	176,769
Services and Other Operating Expenditures	517,108	572,385	577,824
Depreciation	11,200	11,200	11,200
Total Expenses	3,033,781	3,468,850	3,609,635
Operating Income	108,825	(153,740)	(282,798)
Fund Balance			
Beginning Balance (Unaudited)	1,029,312	1,138,137	984,397
Operating Income	108,825	(153,740)	(282,798)
Ending Fund Balance	1,138,137	984,397	701,599
Ending Fund Balance as a % of Expense	38%	28%	19%
Capital Outlay	-	-	-
Performance Bonuses	15,700	10,000	35,000



20-21 BUDGET

The Budget assumes a positive operating income of -\$108,825, with an ending fund balance of \$1.14M



21-22 BUDGET

The Budget assumes a negative operating income of -\$153,740, with an ending fund balance of \$984.3K



22-23 BUDGET

The Budget assumes a negative operating income of -\$282,798, with an ending fund balance of \$701.6K



ONGOING

The Leadership Team and Board Finance Working Group will be looking at ways to decrease the deficit spending in out-years.



2020-21 BUDGET

Revenue Assumptions

STATE, FEDERAL, & LOCAL FUNDING

Enrollment

2020-21 & OUT YEARS

GRADE	20-21	21-22	22-23
Kinder	48	48	48
1st	48	48	48
2nd	48	48	48
3rd	48	48	48
4th	52	52	52
5th	52	52	52
TOTAL	296	296	296

GRADE	20-21	21-22	22-23
6th	140	140	140
7th	140	140	140
8th	170	140	140
TOTAL	450	420	420





ADA

ASSUMED AT 95%

GRADE	20-21	21-22	22-23
Kinder	45.6	45.6	45.6
1st	45.6	45.6	45.6
2nd	45.6	45.6	45.6
3rd	45.6	45.6	45.6
4th	49.4	49.4	49.4
5th	49.4	49.4	49.4
TOTAL	281.2	281.2	281.2

GRADE	20-21	21-22	22-23
6th	133	133	133
7th	133	133	133
8th	161.5	133	133
TOTAL	427.5	399	399

Key Revenue Assumptions

LCFF

Assumes a 2.31% COLA with a 10% funding reduction. Out year assumptions use FCMAT's LCFF calculator assumptions.

SPED

SPED is projected to receive a \$68/ADA increase to base funding from \$552/ADA to \$620/ADA

FEDERAL

Through the ConApp, AoA is applying for Title I-IV funding in 20-21. A Title III Consortium has been established between the ES & MS.

AFTER-SCHOOL

ASES is assumed at a 15% reduction at the MS. ES After School revenue is assumed at 33% of 19-20 levels (pre-COVID).

FUNDRAISING

Fundraising is slightly aggressive from 19-20 levels at \$30K per school.

ONE-TIME

Assumptions include \$238.4K in one-time funding that will be eliminated in out-year assumptions.

Revenue

MIDDLE SCHOOL

1

LCFF

Decreasing enrollment & assumed reductions to funding will result in a \$539K decrease in funding from 19-20

2

PARCEL TAX

Both parcel taxes now represent almost 8% of the MS revenue. Increasing in-district ADA would increase funding.

3

SPED FUNDING

This is our 3rd largest bucket of funding. The Gov's budget assumes an extra \$68/ADA in 20-21.

4

ONE-TIME

\$165.4K of one-time funding is assumed in the budget. Elimination of this funding will effect out year projections.



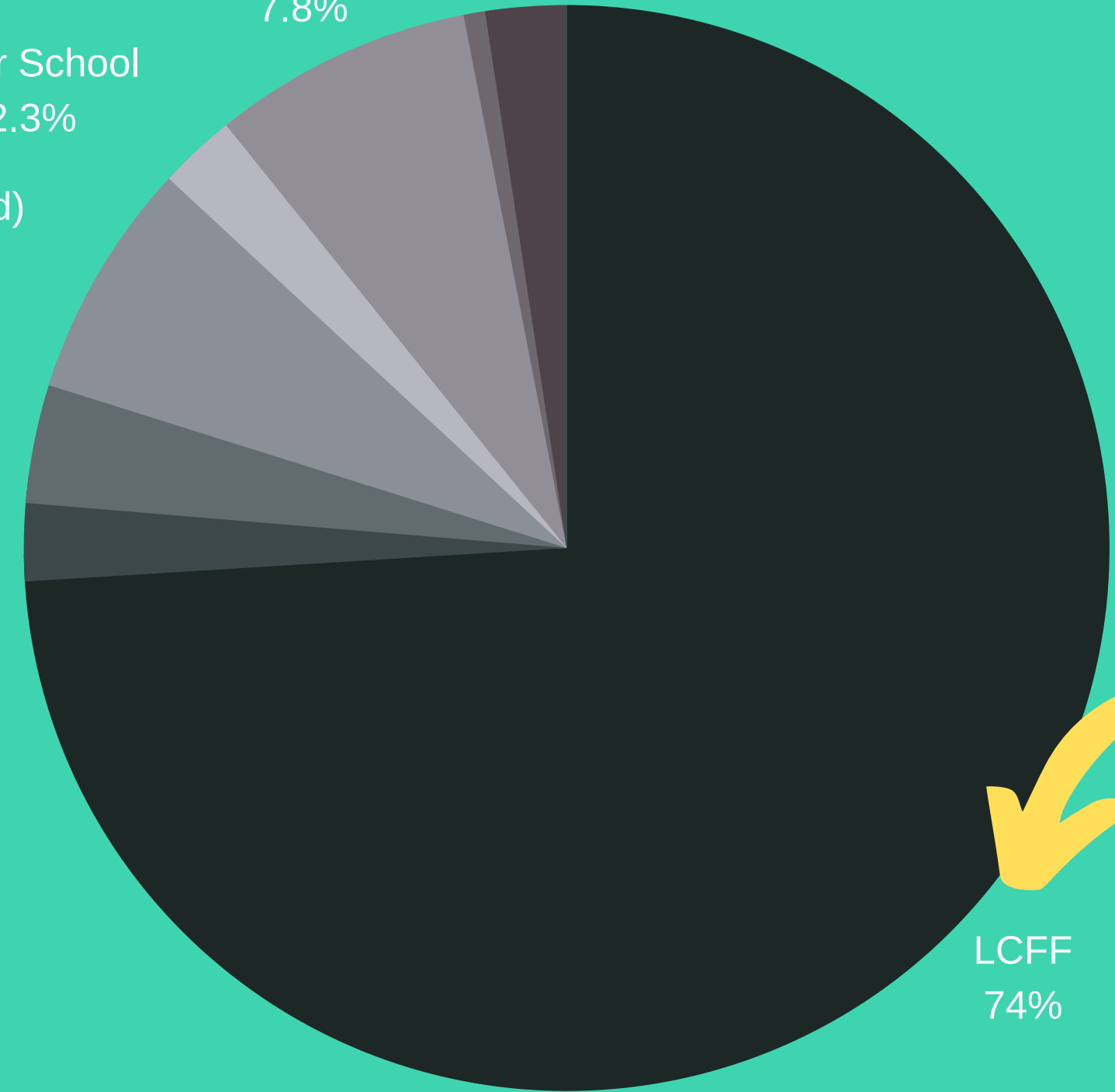
SPED (State & Fed)
7.1%

CARES Act (One-Time)
3.5%

Federal Title I-IV
2.3%

After School
2.3%

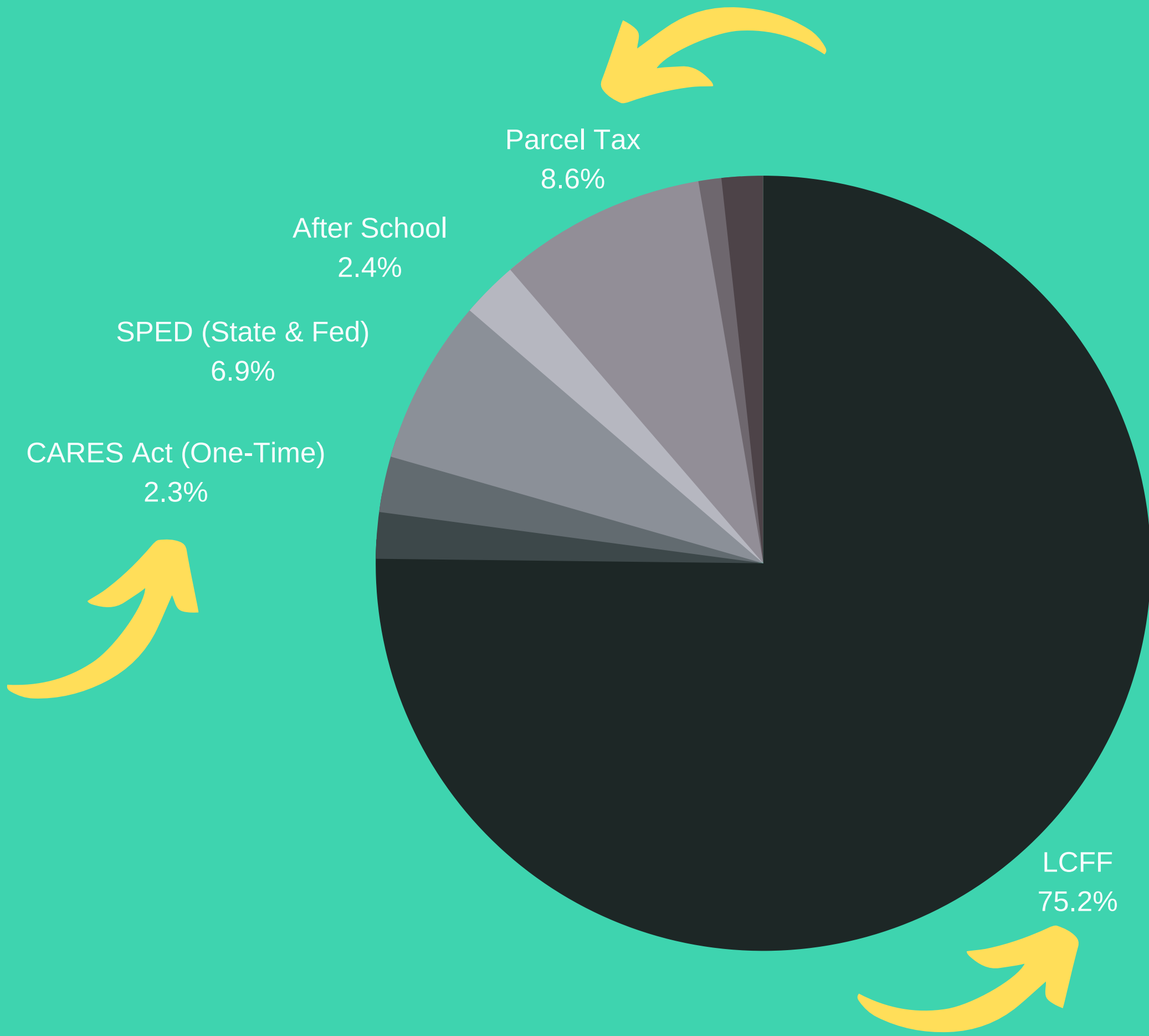
Parcel Tax
7.8%



LCFF
74%

Revenue

ELEMENTARY SCHOOL



1

LCFF

Steady enrollment & assumed reductions to funding will result in a \$238K decrease in funding from 19-20

2

PARCEL TAX

Both parcel taxes now represent almost 9% of the ES revenue. Increasing in-district ADA would increase funding.

3

SPED FUNDING

This is our 3rd largest bucket of funding. The Gov's budget assumes an extra \$68/ADA in 20-21.

4

ONE-TIME

\$72.9K of one-time funding is assumed in the budget. Elimination of this funding will effect out year projections.



Revenue Analysis

20-21 LOOKS BETTER THAN OUT YEARS

Although revenue is projected to significantly decrease from 2019-20 levels by approximately \$257K, additional one-time funding and the addition of the new parcel tax will help offset some of the revenue loss.

LARGE ONE-TIME FUNDS

AoA will need to eliminate nearly \$239K in out-year, while LCFF funding levels will maintain similar 20-21 funding levels.

DEFERRALS

Only the State Aid portion of LCFF Revenue is considered in the deferral process. Currently, AoA is balanced with approximately half of the LCFF funding coming from State Aid and the other half coming from local property taxes.

A grayscale background image of a classroom. In the foreground, a young girl with dark hair is sitting at a desk, looking at a laptop. Other students are visible in the background, some at desks with computers. The overall scene is dimly lit, with the text overlaid on a teal rectangular area.

2020-21 BUDGET

Expense Assumptions

COMP & BENEFITS, BOOKS & SUPPLIES,
OTHER OPERATING EXPENSES

Key Expense Assumptions

RAISES

Assumes the new teacher salary schedule & 9.5% raises in 20-21. Out-years assume step increases for teachers & 2.5% raises for all other staff.

STRS

Reduced from 17.1% to 16.15% in 20-21 & 16.02% in 21-22. Rates increase back up to 18.1% in 22-23, which is a 13% increase from prior years.

BENEFITS

Benefits are assumed at \$7.1K per eligible employee in 20-21, increasing by 7% in out-years. AoA continued strong benefits during the pandemic.

AFTER-SCHOOL

Assumes 1 after-school coordinator & 3 part-time employees in 20-21, then back up to pre-COVID levels in out-years.

ONE-TIME

Assumes the elimination of field trips in 20-21 and reduced after-school costs. 19-20 spending levels are resumed in out-years.

COVID COSTS

Larger expenses in 20-21 for technology, hot spots, cleaning, and health supplies. Decreased in out-year assumptions.

Expenses

MIDDLE SCHOOL

1

SALARIES & BENEFITS

Represents 78% of all planned expenses in 20-21.

2

BOOKS & SUPPLIES

Mirrors 19-20 levels in overall budget amounts, but spending has shifted to different priorities.

3

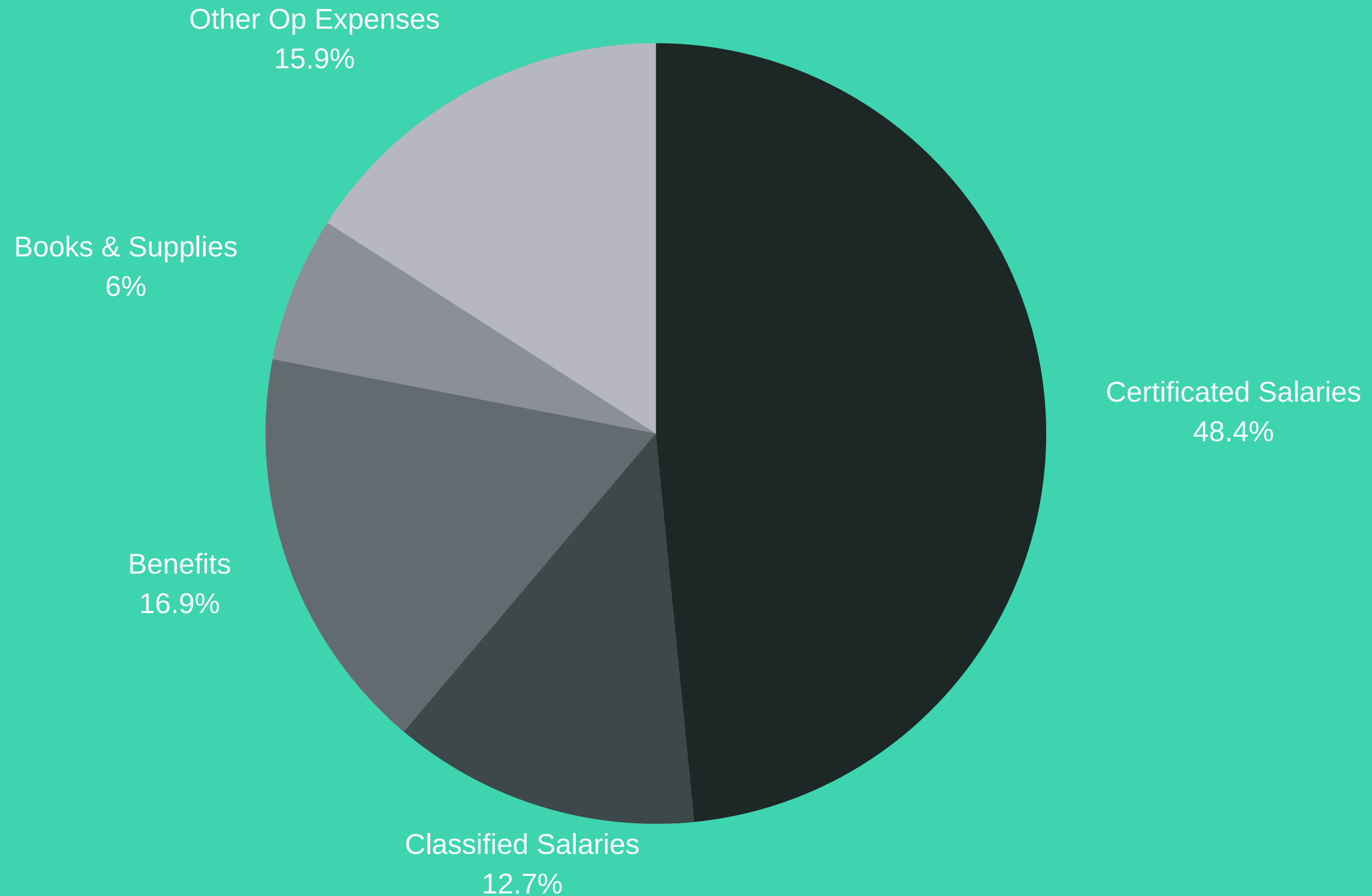
OTHER EXPENSES

Mirrors 19-20 levels in overall budget amounts, but spending has shifted to different priorities.

4

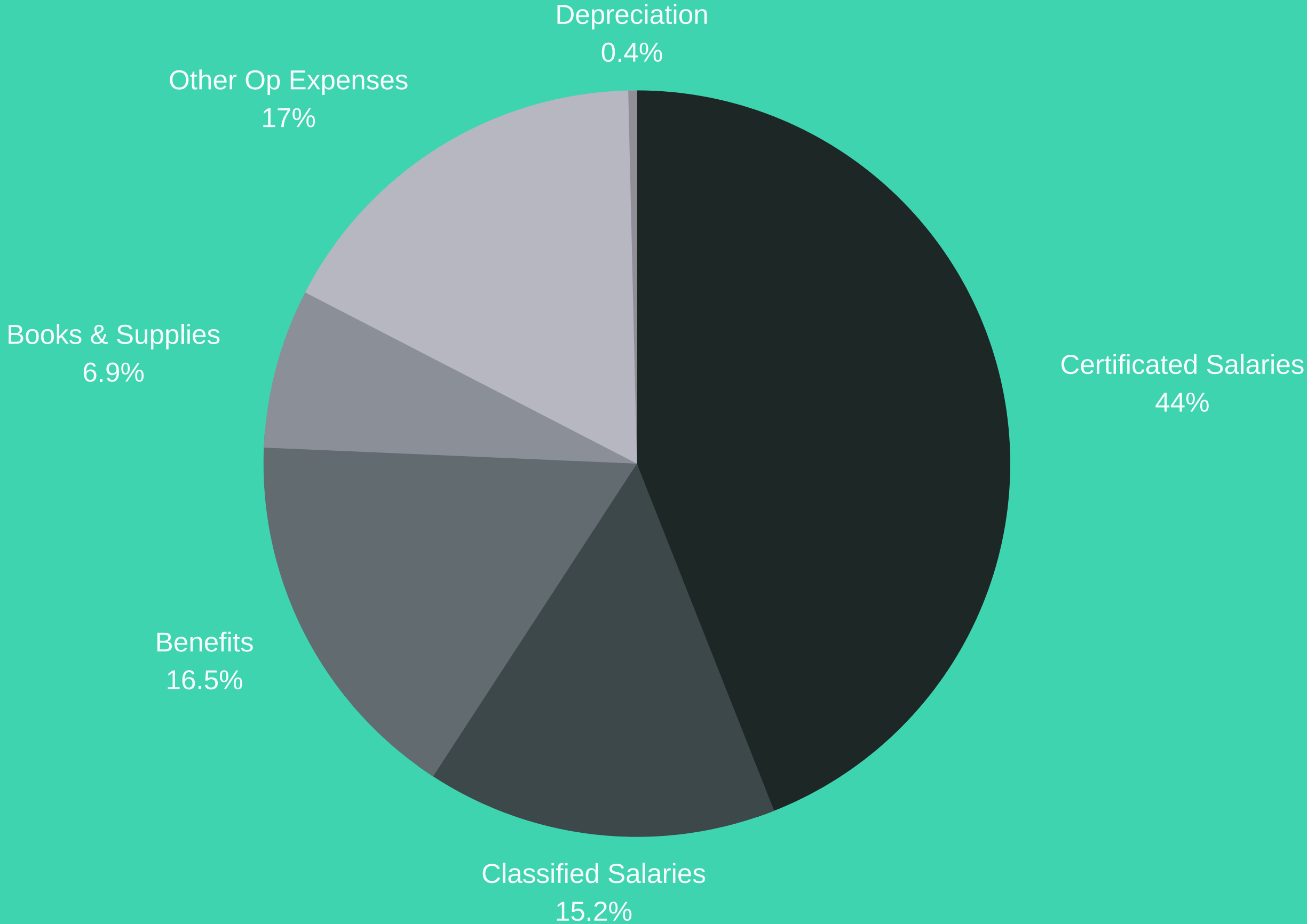
ONE-TIME

\$165.4K of one-time funding has been allocated to assist with increased health supplies and technology.



Expenses

ELEMENTARY SCHOOL



SALARIES & BENEFITS

Represents 75.7% of all planned expenses in 20-21.



BOOKS & SUPPLIES

Mirrors 19-20 levels in overall budget amounts, but spending has shifted to different priorities.



OTHER EXPENSES

Mirrors 19-20 levels in overall budget amounts, but spending has shifted to different priorities.



ONE-TIME

\$72.9K of one-time funding has been allocated to assist with increased health supplies and technology.



Expense Analysis

INCREASING COMP & BENEFITS

Compensation & benefits are increasing at far greater rates than revenue. STRS costs will decrease for the next two years, but increase drastically by 13% 22-23. In addition, step increases & annual raises are not supported with offsetting revenue increases.

INCREASED COVID COSTS

AoA will need to increase technology needs and health supplies in 20-21, but one-time funding will help offset these costs.

TEMPORARY SAVINGS

In 20-21, many expenses were eliminated due to the school's inability to participate in the same manner. Field trips and travel for staff were all eliminated from budget assumptions and added back into out-year assumptions.

2020-21

Cash Flow

UPCOMING DEFERRALS



40%

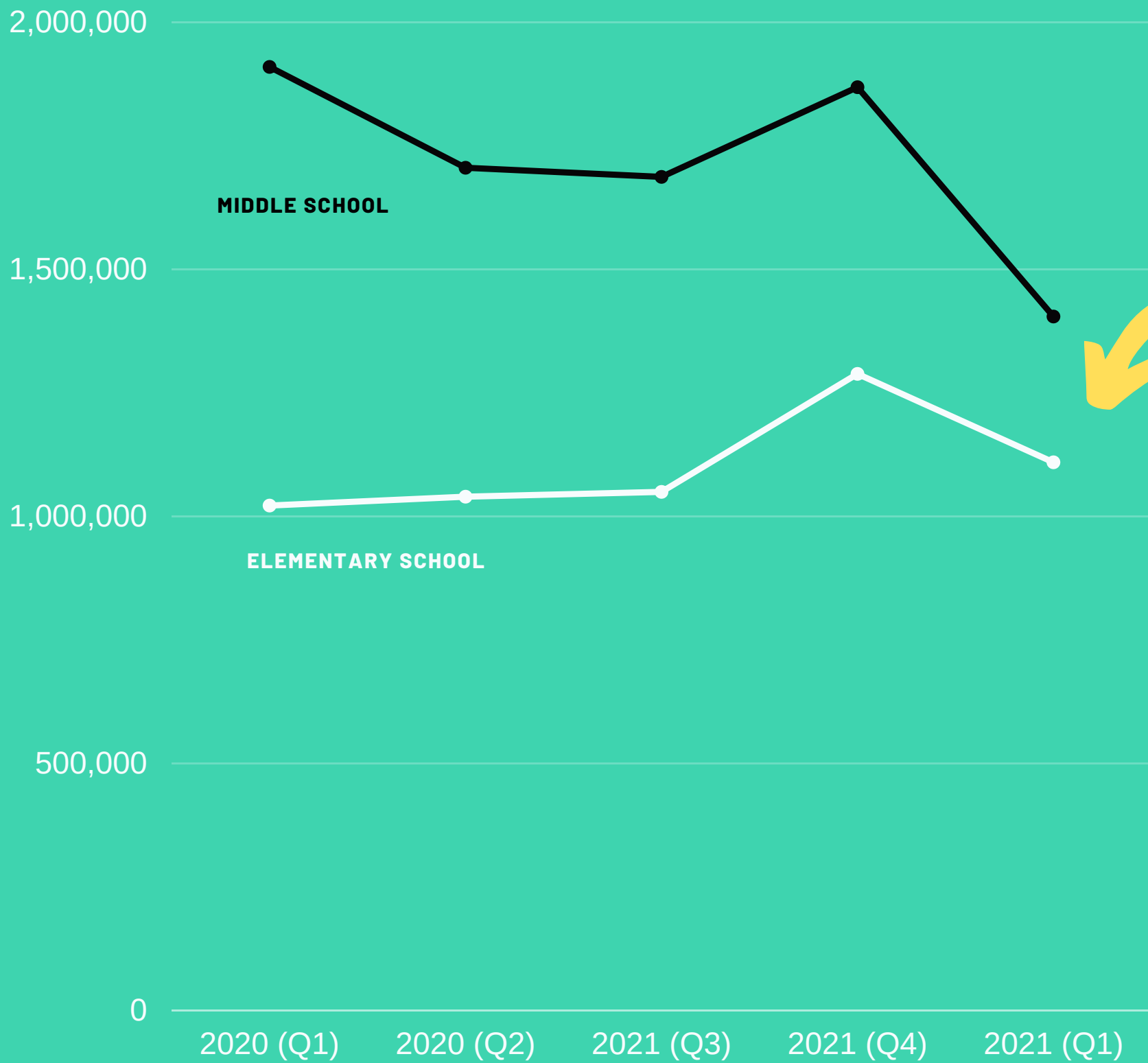
JULY 2021: ENDING FUND
BALANCE WITHOUT Q4
DEFERRALS

31%

JULY 2021: ENDING FUND
BALANCE WITH Q4 DEFERRALS

Cash Flow Highlights

Cash flow is currently assumed on a regular payment basis and will be updated as more information is available. AoA has approximately 5-6 months of operating cash to cover expenses. 20-21 State Aid represents 93% of AoA's projected starting cash balance in July. PPP Loan receipts were received in the 19-20 fiscal year and assumed in the starting cash balance projections included in the attached exhibits. Due to larger deficit spending in 20-21 and out-years, the Middle School's cash balance will dip significantly by the end of 21-22 Quarter 1.



Questions?
PLEASE RAISE A HAND

