



PROPOSED FY2020-2021 BUDGETS

Presentation to the Elected Board
Angie Banks, Chief Financial Officer

June 9, 2020



AGENDA



- ❑ Summarize FY2021 Budget Process
- ❑ Review Pandemic Considerations
- ❑ Highlight FY2021 Budgets
- ❑ Answer Outstanding Questions
- ❑ Request Approval for Fiscal Year 2020-21 General Operating and Non-General Operating Budgets (06-09-20-31)



FY2021 BUDGET PROCESS

Transformation Plan 3.0 Alignment

- ❑ Develop Revenue Assumptions & Opportunities
- ❑ Project Student Enrollment
- ❑ Prioritize School & Department Requests
- ❑ Develop Preliminary Budget
- ❑ Conduct Community Budget Forums
- ❑ **COVID-19 Pandemic!**
- ❑ Adjust Budgets
- ❑ Request Budget Approval



COMMUNITY PARTICIPATION

- ❑ Marketing Outreach
- ❑ Budget Forums
- ❑ Ad-Hoc Budget Committee



NATIONAL ECONOMIC UPDATE



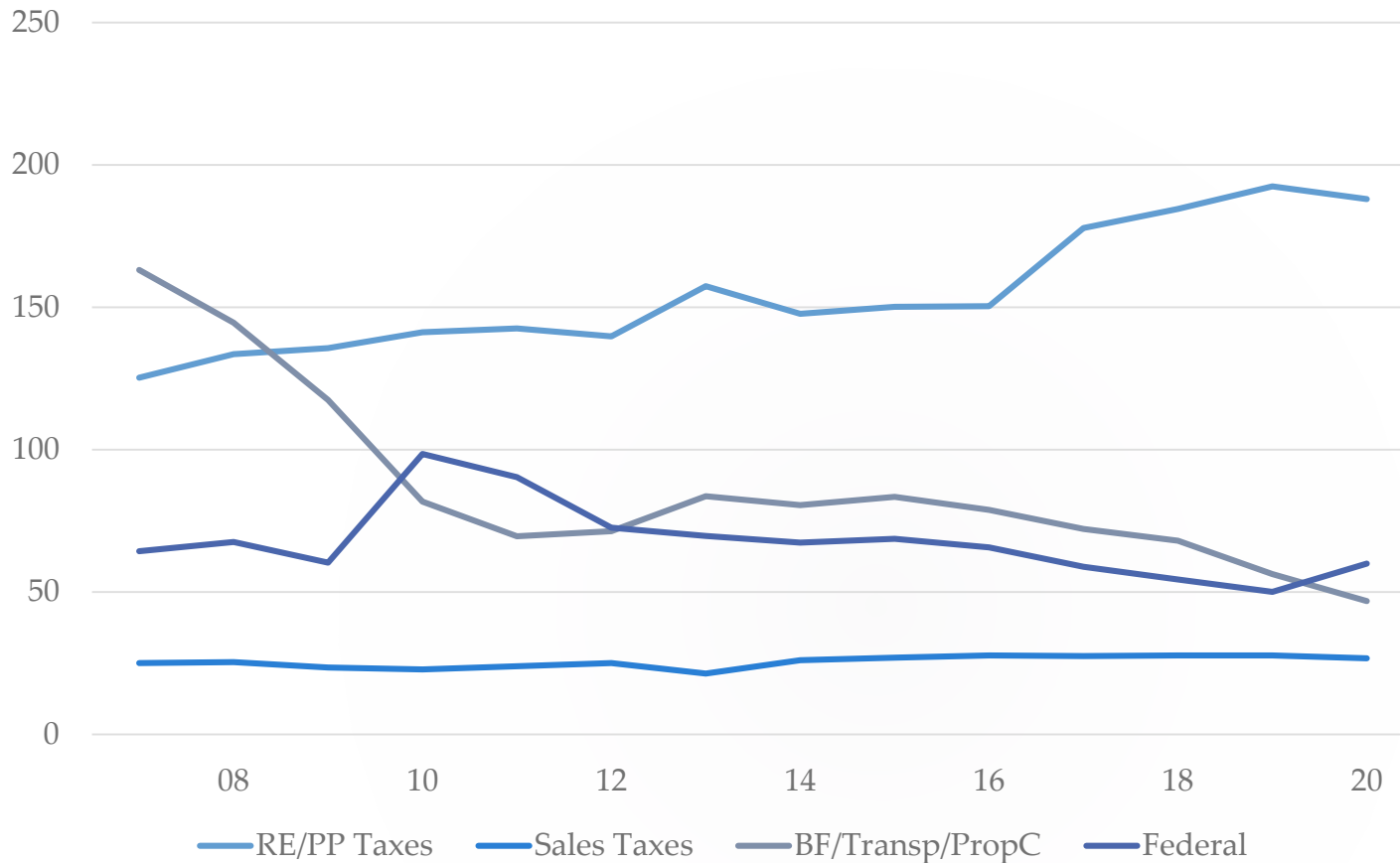
- ❑ April's unemployment report expected to reach 16% with 22 million jobs lost.
- ❑ U.S. job loss over past two months is equivalent to all jobs created over past decade.
- ❑ In comparison, it took about two years for the economy to lose nearly 9 million jobs during the Great Recession
- ❑ Increase in unemployment will likely increase those enrolling in Medicaid and other social services.

MOODY'S STRESS TESTING



- ❑ Fiscal stress includes both tax revenue shortfalls and recession driven state spending increases (i.e. Medicaid, Unemployment).
- ❑ On April 14, 2020, Moody's issued an updated report featuring two scenarios specific to COVID-19:
 - **Baseline Scenario** – Moderate Stress – Deep recession in the first half of 2020 followed by modest rebound with travel and business restrictions in effect through late second quarter.
 - **S3 Scenario** – Severe Stress - Travel and business restrictions in effect last into third quarter, delaying recovery and causing more long-term disruptions. In comparison, it took about two years for the economy to lose nearly 9 million jobs during the Great Recession
- ❑ Moody's found a typical state would need 17.9% of general fund revenues held in reserve to weather Baseline Scenario (moderate stress) without having to raise taxes or cut spending.
- ❑ For **S3 Scenario** (severe stress) on par with the Great Recession, Moody's estimated a typical state would need approximately 23.1% of revenue held in reserve.
- ❑ States with inadequate reserves will be forced to cut spending or raise taxes

MAJOR REVENUES HISTORY



- ❑ No Great Recession dip in property taxes
- ❑ Sales taxes fairly constant
- ❑ Federal ARRA funds, CARES+?
- ❑ State Aid decline due to enrollment and State funding

FY2021 REVENUE ASSUMPTIONS



❑ LOCAL (GOB)

- ❑ Property Taxes down 1% (AV, tax rate)
- ❑ Sales Taxes down 7%

❑ STATE (GOB)

- ❑ Basic Formula/Classroom Trust (gaming) down 50%
- ❑ Transportation down 10%

❑ FEDERAL (ALL FUNDS)

- ❑ Appropriations fairly stable
- ❑ + \$13.6M CARES with flexibility, waivers

FY2021 EXPENDITURE ASSUMPTIONS



❑ PAYROLL – MINIMIZE STAFF IMPACT

- ❑ Leverage funds
- ❑ Assess Central Office vacant positions

❑ DISCRETIONARY

- ❑ Keep schools as whole as possible
- ❑ Add summer school, transportation, textbooks
- ❑ Reduce capital, technology, travel
- ❑ Leverage CARES, flexibilities

FY2021 BUDGET UPDATES



❑ GENERAL OPERATING BUDGET

Revenue **Lower Tax Collections & State Revenue**

Expenditures **Transportation, Summer School, Textbooks, Early Childhood, Capital Projects, Technology, Travel**

❑ FEDERAL

CARES Allocations

❑ DEBT

Revenue **Lower Tax Collections**

Expenditures **Bond Interest & Fees**

❑ TRUST

Early Childhood Expenditures

PROPOSED FY2020-21 GENERAL OPERATING BUDGET (\$M)



	FY2018-19	FY2019-20	FY2020-21	FY2020-21	
	Actual	Projected	Unadj Post COVID	Proposed	
Starting Fund Balance	\$69.7	\$85.1	\$103.6	\$103.6	
Revenues	\$307.5	\$302.0	\$284.6	\$286.3	(\$15.6)
Payroll Expenditures	\$215.7	\$216.2	\$218.7	\$214.8	(\$1.4)
Non-Payroll Expenditures	<u>\$76.4</u>	<u>\$67.2</u>	<u>\$75.6</u>	<u>\$71.5</u>	<u>\$4.3</u>
Expenditures	\$292.1	\$283.4	\$294.3	\$286.3	\$2.9
Annual Surplus/(Deficit)	\$15.3	\$18.6	(\$9.7)	\$0.0	
Ending Fund Balance	\$85.1	\$103.6	\$93.9	\$103.6	

FY2020-21 PROPOSED DISTRICT BUDGETS



Fund Category	FY2020 Original	FY2020 Projected	FY2021 Proposed	%	Variance
Revenues					
General Operating	299,000,000	302,000,000	286,335,441	-5.2%	(15,664,559)
Deseg Expansion	3,300,000	-	-	0.0%	-
Federal	47,862,323	43,362,323	55,827,260	28.7%	12,464,937
Food Service	18,340,344	18,340,344	18,107,277	-1.3%	(233,067)
Capital	(3,300,000)	-	-	0.0%	-
Debt	27,626,687	28,337,571	27,976,973	-1.3%	(360,598)
Trust	1,874,755	2,585,021	3,276,593	26.8%	691,572
Total Revenues	\$394,704,109	\$394,625,259	\$391,523,543	-0.8%	\$(3,101,716)
Expenditures					
General Operating	299,000,000	283,448,214	286,335,441	1.0%	2,887,227
Deseg Expansion	3,300,000	-	-	0.0%	-
Federal	47,862,323	43,362,323	55,827,260	28.7%	12,464,937
Food Service	18,205,692	18,340,344	18,107,277	-1.3%	(233,067)
Capital	-	-	-	0.0%	-
Debt	30,069,672	30,095,014	30,648,248	1.8%	553,234
Trust	5,274,755	2,800,000	6,776,593	142.0%	3,976,593
Total Expenditures	\$403,712,442	\$378,045,895	\$397,694,818	5.2%	\$19,648,923

THE NEW NORMAL



- ❑ Heightened Social Emotional needs now and when students return
- ❑ Quicken Pace to 1:1 Devices
- ❑ Continued impact in FY21
 - ❑ Potential impact to class size due to social distancing requirements
 - ❑ FY21 enrollment uncertainty
 - ❑ Virtual learning and hybrid learning models
 - ❑ Higher student and staff absences
 - ❑ Enhanced cleanings, diffusing density, personal protective equipment



QUESTIONS?