



**BOARD OF TRUSTEES  
SPECIAL MEETING  
BUDGET WORKSHOP**

**Board of Trustees**  
Michael Allman  
Ty Humes  
Melisse Mossy  
Maureen "Mo" Muir  
Katrina Young

**Interim Superintendent**  
Lucile Lynch

**THURSDAY, MAY 20, 2021  
12:00 PM**

**Public participation will be remote and  
live-stream will be available @ [www.sduhsd.net](http://www.sduhsd.net).  
District Office Board Room  
710 Encinitas Blvd.  
Encinitas, CA 92024**

This meeting will be held in accordance with Executive Orders N-29-20 and N-33-20, and the County of San Diego Health and Human Services Order of the Health Officer and Emergency Regulations issued on December 10, 2020. A copy of each order is available online at [www.sduhsd.net](http://www.sduhsd.net) and posted at 710 Encinitas Boulevard, Encinitas, CA. The meeting will be live-streamed and video recorded. The public live-stream link will be posted online at [www.sduhsd.net](http://www.sduhsd.net) prior to the start of the meeting. Members of the Board of Trustees will be permitted to participate virtually/telephonically.

Public comments for special meetings are restricted to items on the agenda before the Board of Trustees for consideration. Members of the public who wish to address the Board of Trustees may do so by submitting a request using this online form available [here](#). This form will open at 12:00 p.m. on May 18, 2021, and will close at 12:00 p.m. on May 19, 2021. Public comment will be limited to two (2) minutes per speaker and a total of 20 minutes per item. If there are more than 10 requests for an item, there will be a random selection of 10 speakers made prior to the meeting that will be recorded.

Additional information and supporting documents that may be provided to the Board of Trustees prior to the start of the meeting, if provided, will be posted on the website at [www.sduhsd.net](http://www.sduhsd.net).

**AGENDA**

- 1. CALL TO ORDER**
  - a. WELCOME
  - b. PLEDGE OF ALLEGIANCE
  - c. APPROVAL OF AGENDA
- 2. BUDGET STUDY SESSION – *public comment, if any***
- 3. ADJOURNMENT**

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

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## MEETING PROTOCOL

The members of the San Dieguito Union High School District Board of Trustees are locally elected officials, serve four-year terms of office, and are responsible for the schools' educational programs, in grades seven through twelve. The Board is a policy-making body whose actions are guided by the District's vision, mission, and goals. Administration of the District is delegated to a professional administrative staff led by the Superintendent. Board Members are required to conduct the programs of the schools in accordance with the Constitution of the State of California, the California Education Code, and other laws relating to schools enacted by the Legislature, in addition to policies and procedures adopted by the Board of Trustees.

### **PUBLIC COMMENTS** *(Please see public comment process noted above.)*

Members of the public are entitled to comment on items listed on the agenda for Board consideration or deliberation. At the discretion of the Board President, members of the public are entitled to speak on agenda items either immediately after the item is called or following background information provided related to the item. Members of the public are entitled to comment on an agenda item only once at any meeting and may not have someone speak or read on their behalf unless otherwise allow by statute. Although the Board President may seek additional information, participation in debate on any item before the Board shall be limited to the Board and staff. The Board President shall determine the order of speakers, when the Board President calls a member of the public to speak they are asked, but not required, to provide their names prior to making comments.

### **PUBLIC INSPECTION OF DOCUMENTS**

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the Board Meeting will be available for review on the district website, [www.sduhsd.net](http://www.sduhsd.net).

### **CLOSED SESSION**

The Board may meet in Closed Session to consider qualified matters of litigation, employee negotiations, student discipline, employee grievances, personnel qualifications, and/or real estate negotiations which are timely.

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# San Dieguito Union High School District

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF TRUSTEES

**DATE OF REPORT:** May 14, 2021

**BOARD MEETING DATE:** May 20, 2021

**PREPARED BY:** Tina Douglas, Associate Superintendent  
Business Services

**SUBMITTED BY:** Lucile Lynch, Interim Superintendent

**SUBJECT:** BUDGET PLANNING / BOARD WORKSHOP

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### EXECUTIVE SUMMARY

Staff will make a presentation of the attached supplemental materials at the Board Workshop on May 20, 2021.

### RECOMMENDATION:

This item is being submitted for review only.



**2021-22 BUDGET PLANNING WORKSHOP**  
**MAY 20, 2021**

# AGENDA

- Budget Process Timeline
- 2021-2022 Governor's May Revision Budget
- Local Control Funding Formula (LCFF) vs. Basic Aid
- Local Control Accountability Plan (LCAP)
- Updated District Projections
- Pandemic Funding
- Multi-Year Projection (MYP)
- SDUHSD Ending Balance History
- Considerations for 2021-2022
- Next Steps

# BUDGET PROCESS TIMELINE

## State

- January - Governor's Proposal
- February through May - Legislature Deliberation
- May - Revision
- June - Legislature Adopts Budget

## District

- January/February - Review Governor's Proposal
- February through May - Budget Development
- March - Second Interim
- May - Review May Revision & Make Revenue Budget Adjustments as Needed
- June - Board Adopts LCAP and Then Budget

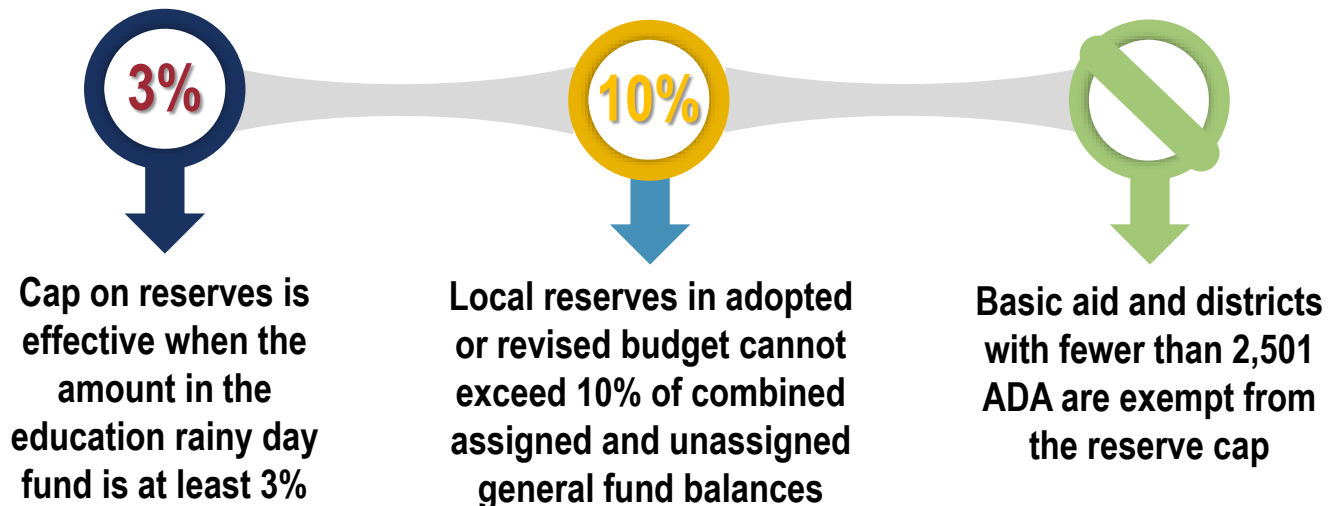
# THEMES FOR THE 2021–22 GOVERNOR’S BUDGET

- Across the proposed 2021–22 Budget, Governor Gavin Newsom targets state resources to help the state and its residents recover from the health and economic crisis of COVID-19
  - Investments to protect small business
  - Jobs creation package
  - Equitable access to housing, healthcare, and education for Californians
- While we have all been consumed by the pandemic, the state is still recovering from the historic fires of the summer
- Rebuilding the state’s financial reserves and fiscal footing is a priority
- On the public education front, Governor Newsom prioritizes addressing long-standing inequities illuminated by the pandemic
  - Early action initiatives to get young and vulnerable students back in the classroom with targeted academic interventions and opportunities to accelerate learning
  - Increased funding across all segments from early childhood education through the University of California system

# CAP ON DISTRICT RESERVES

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- Proposition 2 created a policy tying deposits into the Public School System Stabilization Account (PSSSA) to maximum amounts local school districts could maintain in their reserves
- The proposed deposits into the education rainy day fund amount to approximately 3.9% of the K–12 portion of Proposition 98, which would trigger the cap on district reserves for the 2022–23 fiscal year





# DEFERRALS

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- The 2020–21 Enacted Budget included almost \$13 billion in K–12 LCFF deferrals
- The Governor’s Budget proposes paying down a portion of the deferrals—effectively eliminating the on-going deferrals scheduled for February through May 2022
  - Note that this pay down does not impact the deferrals currently scheduled for February through June 2021!
    - The repayment schedule for these deferrals remains the same

**Deferrals  
(in billions)**



# LOCAL DISTRICT BUDGET

WHAT  
DOES IT  
MEAN TO  
BE A BASIC  
AID  
DISTRICT?

## STATE AID (LCFF) VS. BASIC AID

- Most California school districts are funded by a mixture of property taxes and state aid. This is an LCFF funded school district.
  - The State targets a funding goal and the State makes good on shortfalls in property tax revenue
  - The more property taxes you have, the less the State is obligated to provide
- When property taxes exceed the target established for state aid, the district keeps the excess property taxes.
  - These districts are called basic aid, community funded or locally funded school districts
  - During tough economic times, property taxes are at risk

## MINIMUM STATE AID (MSA)

As a Basic Aid District, while the majority of our funding comes from property taxes, we do continue to receive some state aid as a component of LCFF.

- When LCFF was created, there was a hold harmless provision, which capped the district's categorical program revenue at the 2012-2013 level and that is referred to as Minimum State Aid (MSA)
- SDUHSD receives \$353,318 in MSA
- Education Protection Account - \$2,535,806 (calculated using ADA)

## DIFFERENCE BETWEEN BASIC AID AND STATE AID: PROPERTY TAXES AND ADA

### State Aid

- Average Daily Attendance (ADA) drives funding received under LCFF
- Demographics drive the supplemental and concentration grants
- ADA increases, result in increased total revenue
- For total revenue – ADA matters, increase or decrease in property tax revenue does not influence total revenue received

### Basic Aid

- ADA drives funding for some programs, such as Special Education & Lottery
- Increase in ADA does not result in increases to the District's overall revenue
- Changes in property tax revenue affects the total District revenue
- For total revenue – Property taxes matter

# LCFF VS BASIC AID



**Increased LCFF funding raises the possibility of flipping between LCFF and Basic Aid**



**Basic Aid or LCFF status in future years depends on:**

- Increases in property tax revenue
- Enrollment and demographics changes



**Current multi-year projection uses a cautious projection of property tax revenue**

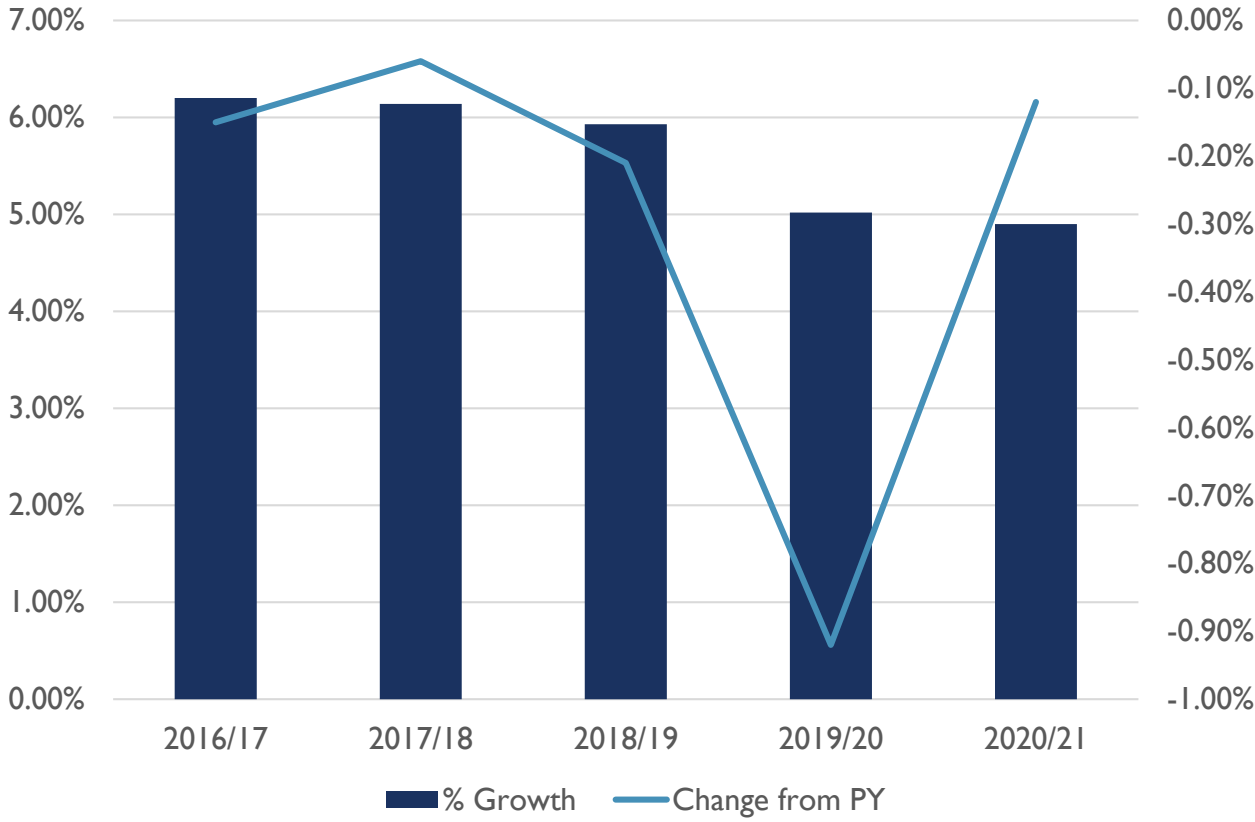


**The District continues to monitor LCFF and Basic Aid status**

## BENEFITS OF BASIC AID

- The district is funded above its computed state aid level (above the LCFF formula amount)
- Loss in ADA does not hurt unrestricted revenues (except for restricted funding – special education)
- Growth in property taxes yield meaningful increases in revenue

# RISKS OF BASIC AID – PROPERTY TAX COLLECTIONS CAN VARY FROM YEAR TO YEAR





## RISK OF BASIC AID

- Relies upon local economic conditions
- Sales of commercial, industrial and residential property can result in higher value parcels and reassessments or downward reassessments during down markets
- During bad economic times – excess property taxes are at risk

# STATEWIDE AVERAGE RESERVE LEVELS

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- The latest statewide data available on school district reserves is from 2018–19:

<b>2018–19 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances<sup>1</sup></b>	
<b>Unified School Districts</b>	<b>17.26%</b>
<b>Elementary School Districts</b>	<b>20.47%</b>
<b>High School Districts</b>	<b>15.64%</b>

<sup>1</sup>As a percentage of total General Fund expenditures, transfers, and other uses

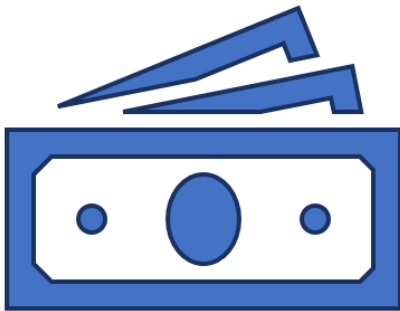
- Local school agencies were prepared coming into this recession
  - Almost all school types were at the percentage of reserves recommended by the Government Finance Officers Association of 17%—or two months—of expenditures

# LOCAL AGENCY RESERVES

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- Reserves provide local school agency governance teams with the ability to be more strategic in reducing expenditures when faced with a financial crisis
  - Reserves protect students, employees, and the public
- Current state financial projections show a deficit beginning in 2022–23, and the PSSSA balance will not last long
  - LEAs with higher reserves are better equipped to protect the community they serve





# LOCAL BUDGET

LOCAL CONTROL FUNDING FORMULA (LCFF)

AND

THE LOCAL CONTROL ACCOUNTABILITY PLAN  
(LCAP)

# LCFF AND LCAP

Term	What does it mean?	Description
Base Grants/Funds	Unrestricted funds based on ADA provided to all schools to support all students	Grades 7-8 = \$8,050 per student Grades 9-12 \$9,572 per student
Supplemental Grants/Funds	Additional funds on top of the base grants provided to districts based on the number (enrollment) of unduplicated students	20% of base grant for total number of unduplicated students served
Concentration Grants/Funds	Additional funds on top of the base and supplemental grants for districts whose enrollment of unduplicated students exceeds 55% of their total enrollment.	50% of base grant for total number of unduplicated students served

## LCFF AND LCAP



All districts, including Basic Aid districts, must determine their funding through the LCFF. Basic Aid districts must determine the amount of LCFF Supplemental Funds that would be generated by students within the subgroups. Basic Aid districts then use local resources to fund the LCFF Supplemental budget.



SDUHSD LCFF Supplemental allocation for 21-22 is approximately \$3 million which represents about 2% of the district's operating budget.

# WHAT IS THE LCAP

The LCAP is a 3 year, **data driven plan** that outlines how a district will support all students, especially students who need additional help and services.

The purpose of the LCAP is to explain how the district is **increasing and/or improving services** and supports for students who are **English Learners**, living in **Foster Care**, living in a household with **low income**, or are experiencing **homelessness**.

# LCAP DEVELOPMENT

Using a comprehensive review of school and district data as well as feedback and input gathered from all stakeholders, district leadership sets priorities from which we then develop...

- LCAP Goals
- Metrics to measure progress towards goals
- Actions and services to support students and meet each goal
- Expenditures to implement the actions and services needed to reach each goal

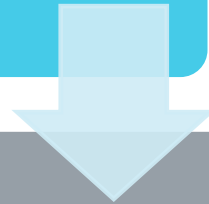
**The proposed LCAP will be on the June 10, 2021 Board agenda.**



The budget is a reflection  
of the Board's priorities.



We take those priorities  
and identify the resources  
that can be used to  
support them.



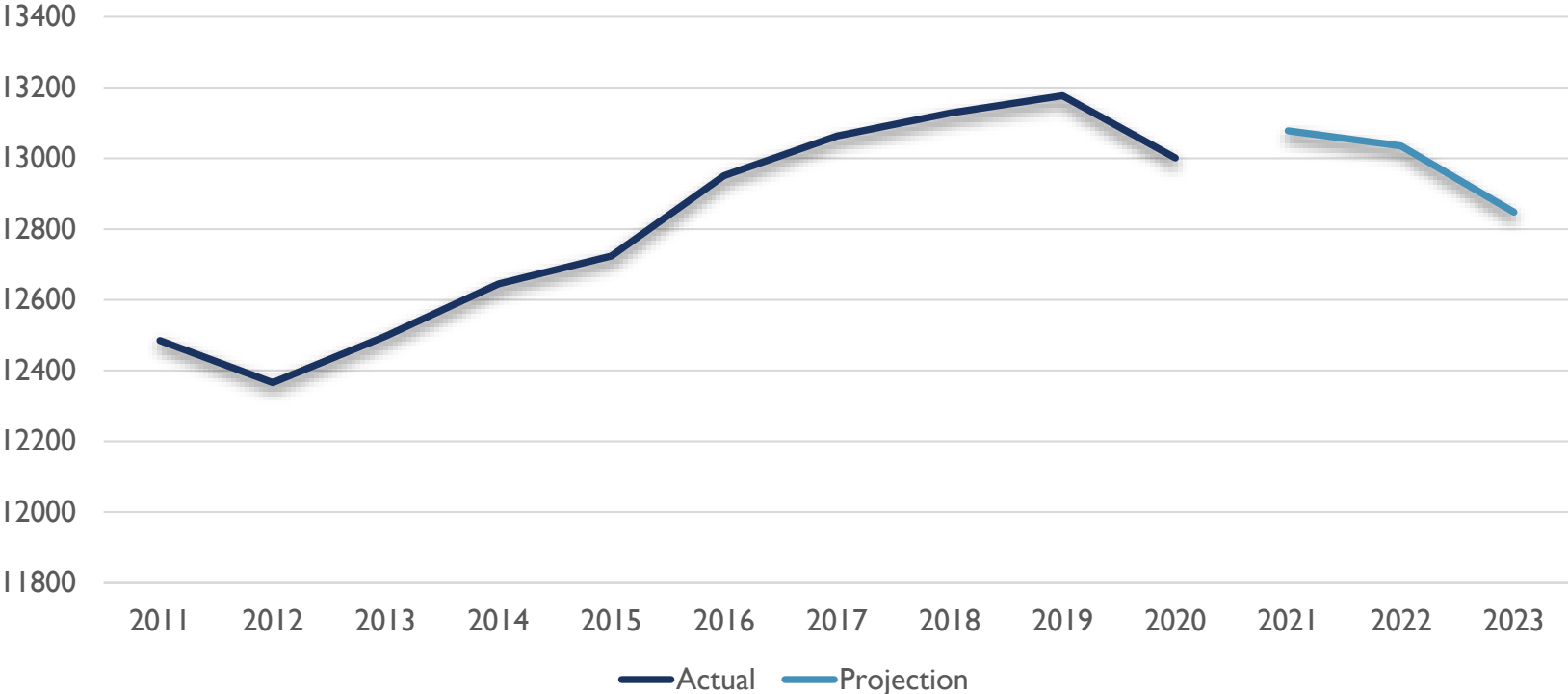
We look at the services  
we are trying to provide  
and align resources to get  
us there.

## DEVELOPING THE BUDGET

# REVENUE ASSUMPTIONS

	2021-22	2022-23	2023-24
Property tax growth	4.0%	3.5%	3.5%
Enrollment	13,078	13,035	12,848
Average Daily Attendance (ADA)	12,545	12,503	12,320
SSC COLA	3.84%	1.28%	1.61%
Mandated Block Grant	K-8 = \$32.66/ADA 9-12 = 62.87/ADA		
Unrestricted Lottery	\$150/ADA		
Restricted Lottery	\$49/ADA		

# ENROLLMENT TRENDS



# COVID RELIEF FUNDING

Funding	Uses	Amount	Spend By
Governor’s Emergency Education Relief (GEER I) Funds	PPE, dual monitors for staff workstations, technology	\$654,596  All funds have been expended	September 2022
Elementary and Secondary School Emergency Relief (ESSER I) Funds	Dual monitors, headsets, technology, PPE	\$559,833  All funds have been expended	September 2022

# COVID RELIEF FUNDING

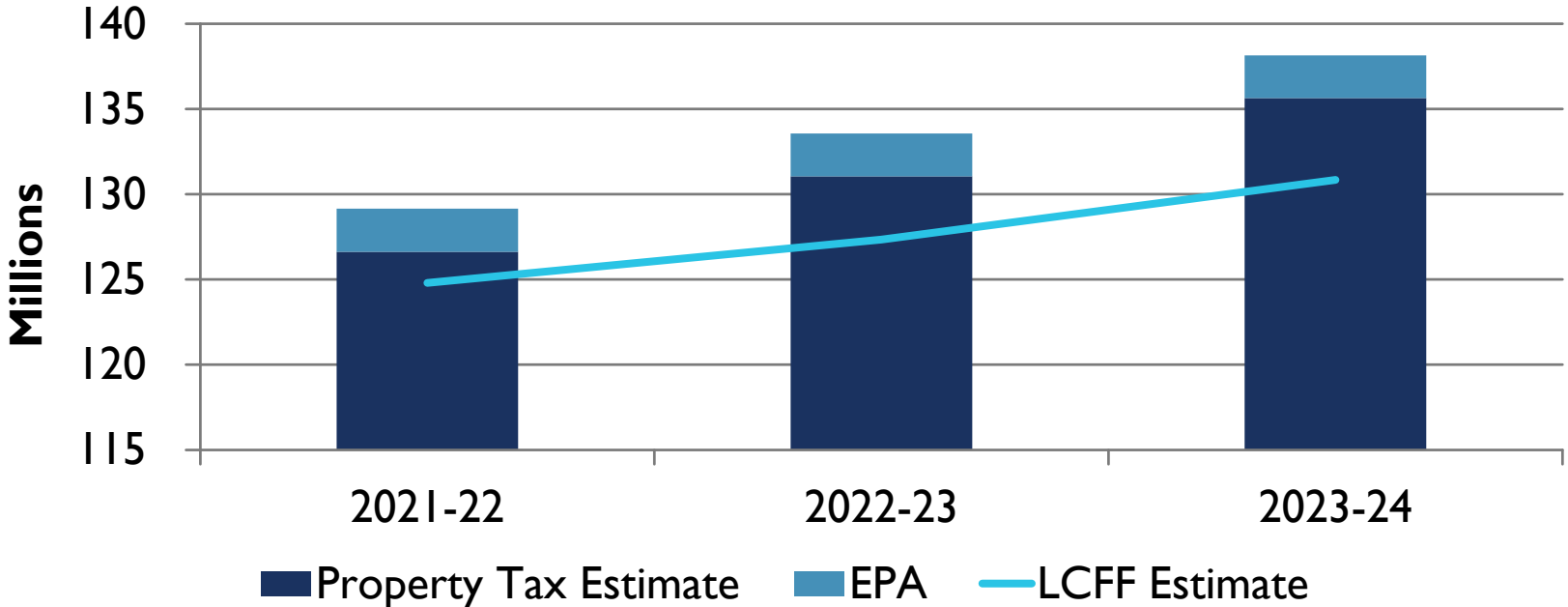
Funding	Uses	Amount	Spend By
AB86 – In-Person Instruction (IPI) Grant	HVAC upgrades, COVID testing, curriculum development, substitute teachers, teacher salary upon return to campus	\$3,981,190  All funds have been expended	August 2022
AB86 – Extended Learning Opportunities (ELO) Grant	Extending instructional learning time, close learning gaps, integrated pupil supports, community learning hubs, credit deficient pupils, additional academic services, training for school staff	\$7,581,089  Plan must be approved on/ before June 1	August 2022
AB86 – ELO Grant 10% Paraeducators	Required portion of ELO Grant to spend on paraprofessionals	\$838,565	August 2022

# COVID RELIEF FUNDING

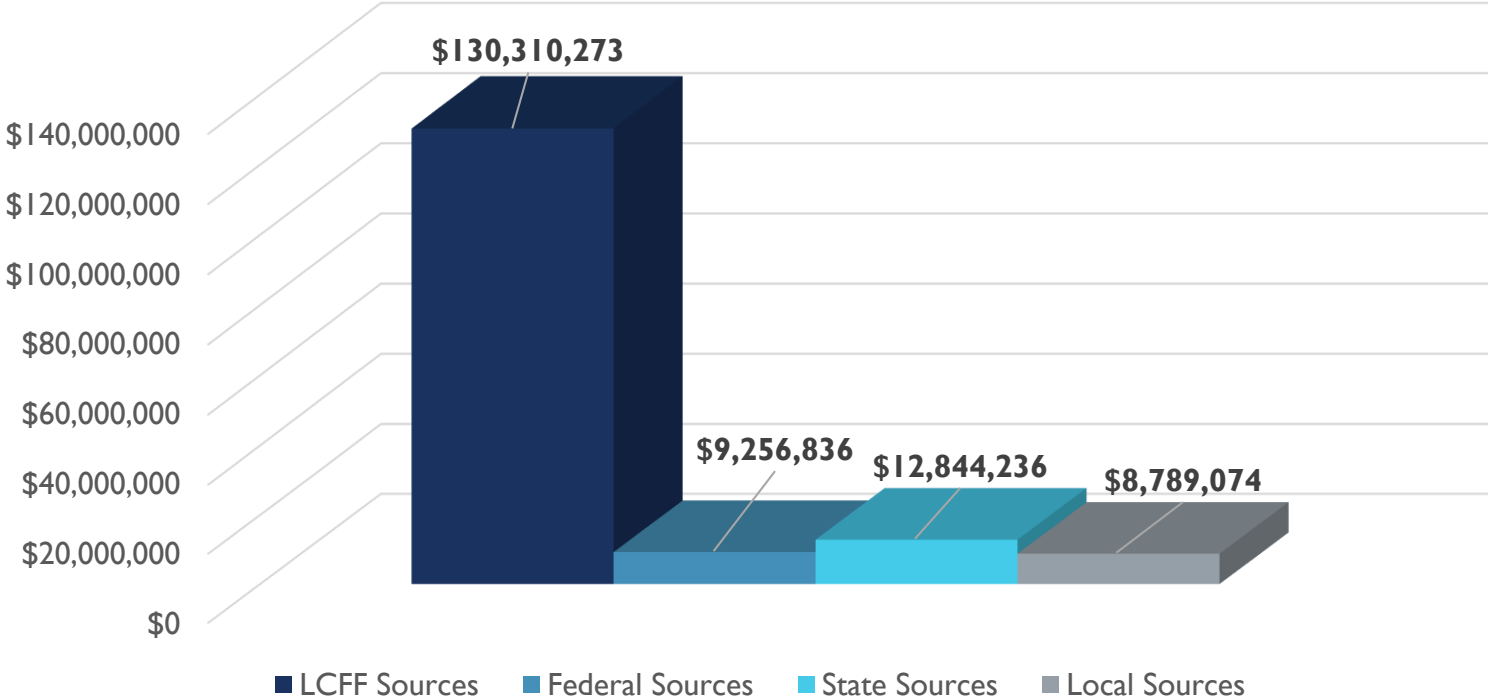
Funding	Uses	Amount	Spend By
GEER II	Preventing, preparing for, and responding to COVID-19	Not yet published	September 2023
ESSER II Funds	Nutrition services and instructional support during the pandemic	\$2,423,798  All funds have been expended	September 2023
ESSER III Funds	Custodial, instructional and student supports during the pandemic	\$5,393,801  Funds will be used to cover costs through 2024	September 2024

# BASIC AID STATUS

## Budget Assumptions



# 2021-22 PROJECTED REVENUE

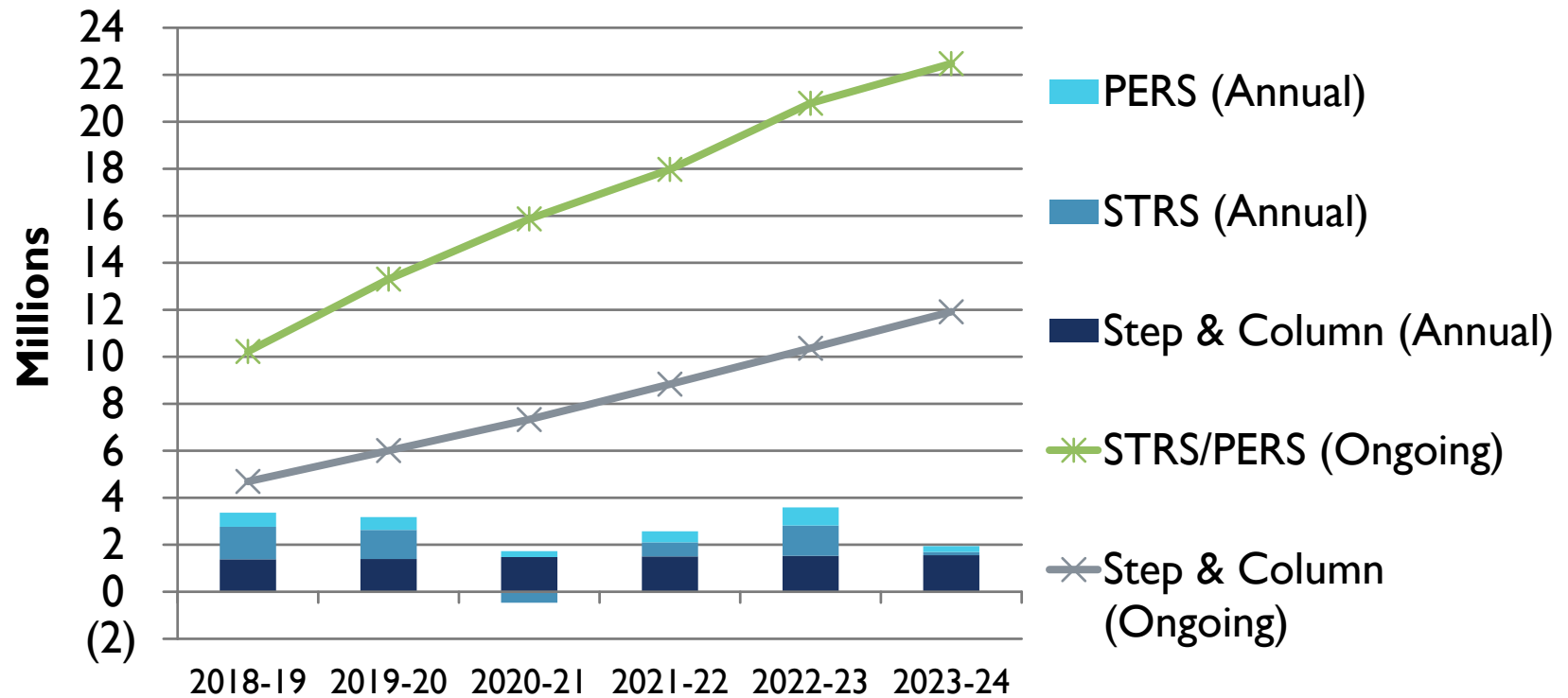




# EXPENDITURE ASSUMPTIONS

	2021-22	2022-23	2023-24
Unemployment Insurance	1.23%		
STRS	16.92%	18.0%	18.0%
PERS	22.91%	26.1%	27.1%
Health & Welfare	5%	5%	5%
Step & Column	1.6%	1.6%	1.6%
CPI	1.57%	1.82%	2.12%

# ONGOING EXPENDITURES ADD UP



# CaSTRS RATE INCREASES

- Employer rates are increasing to 16.92% in 2021-22, up from 16.15% in 2020-21
  - No specific funds are provided for this cost increase
- Estimated increase of \$675,000

Year	Employer Rate
2020-21	16.15%
2021-22	16.92%
2022-23	18.00%
2023-24	18.00%

# CalPERS RATE INCREASES

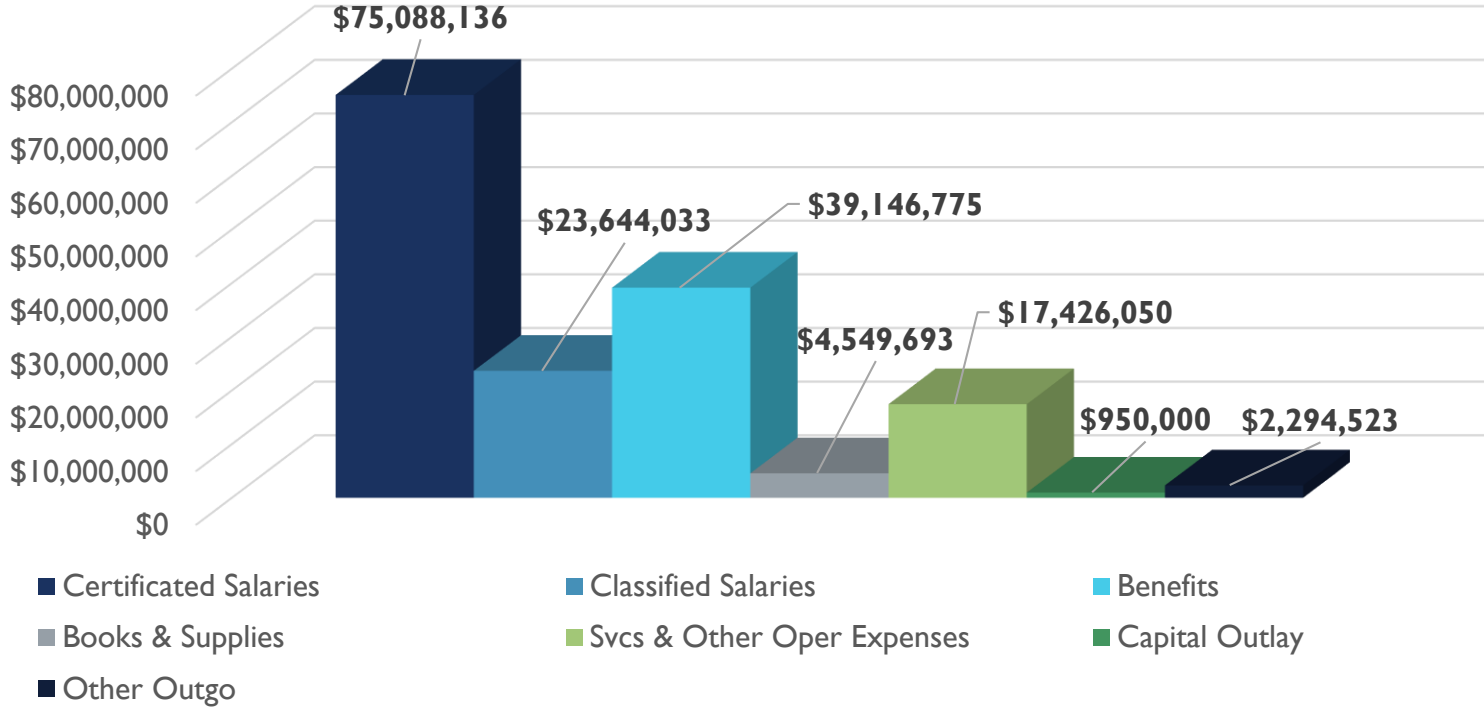
- The employer contribution to CalPERS is proposed to increase to 23.0% in 2021-22, up from 20.7% in 2020-21
- Estimated increase of \$550,000
- Estimates of the resulting future contribution rate increases for school employers, which reflect the reduction in the investment return rate, are as follows:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
18.062%	19.721%	20.7%	23.0%	26.3%	27.3%

# SITE DISCRETIONARY FUNDS

Site	Proj. Enrollment	Rate	Allocation
Canyon Crest	2,508	\$ 89.00	\$ 223,212.00
La Costa Canyon	1,843	\$ 89.00	\$ 164,027.00
San Dieguito	2,000	\$ 89.00	\$ 178,000.00
Torrey Pines	2,499	\$ 89.00	\$ 222,411.00
<b>Total High Schools</b>	<b>8,850</b>		<b>\$ 787,650.00</b>
Carmel Valley	944	\$ 70.00	\$ 66,080.00
Diegueno	903	\$ 70.00	\$ 63,210.00
Earl Warren	602	\$ 70.00	\$ 42,140.00
Oak Crest	818	\$ 70.00	\$ 57,260.00
Pacific Trails	762	\$ 70.00	\$ 53,340.00
<b>Total Middle Schools</b>	<b>4,029</b>		<b>\$ 215,950.00</b>
Sunset	106	\$ 80.00	\$ 8,480.00
<b>Total Continuation Schools</b>	<b>106</b>		<b>\$ 224,430.00</b>
<b>Grand Total all Schools</b>	<b>12,985</b>		<b>\$ 1,228,030.00</b>

# 2021-22 PROJECTED EXPENSES



DESCRIPTION	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>			
Revenue Limit Sources	130,310,273	134,714,482	139,291,064
Federal Revenues	9,256,836	3,863,035	3,863,035
Other State Revenues	12,844,236	12,835,648	12,826,772
Other Local Revenues	8,789,074	8,789,074	8,789,074
<b>Total Revenues</b>	<b>161,200,419</b>	<b>160,202,239</b>	<b>164,769,945</b>
<b>Expenditures</b>			
Certificated Salaries	75,088,136	75,439,017	75,793,408
Classified Salaries	23,644,033	23,135,897	23,274,713
Employee Benefits	39,146,775	40,019,436	40,777,821
Books & Supplies	4,549,693	4,167,283	4,194,588
Services, Other Operating Exp	17,426,050	16,093,928	16,435,964
Capital Outlay	950,000	727,290	742,709
Other Outgo - exclude Direct Sup.	647,730	659,519	673,500
Debt Service	1,745,793	1,745,793	1,745,793
Direct Support/Indirect Costs	(99,000)	(100,802)	(102,939)
<b>Total Expenditures:</b>	<b>\$163,099,210</b>	<b>\$161,887,361</b>	<b>\$163,535,556</b>
<b>Interfund Xfers/Other Sources</b>			
Transfers In	765,589	765,589	765,589
Transfers Out	380,016	380,016	380,016
Contributions	0	0	0
<b>Net Increase (Decrease) In Fund Balance</b>	<b>(\$1,513,218)</b>	<b>(\$1,299,550)</b>	<b>\$1,619,962</b>
<b>Ending Balance</b>	<b>\$15,806,314</b>	<b>\$14,506,764</b>	<b>\$16,126,726</b>



# COMPONENTS OF ENDING FUND BALANCE

<b>Ending Balance</b>	<b>\$15,806,314</b>	<b>\$14,506,764</b>	<b>\$16,126,726</b>
Revolving Cash	181,000	181,000	181,000
Restricted	3,644,737	3,141,411	2,196,674
Assigned - Other Assignments	7,076,200	5,554,533	7,325,965
Reserve for Economic Uncertainties	4,904,377	4,868,021	4,917,467
Unassigned/unappropriated Amount	0	761,799	1,505,620

Total Reserve

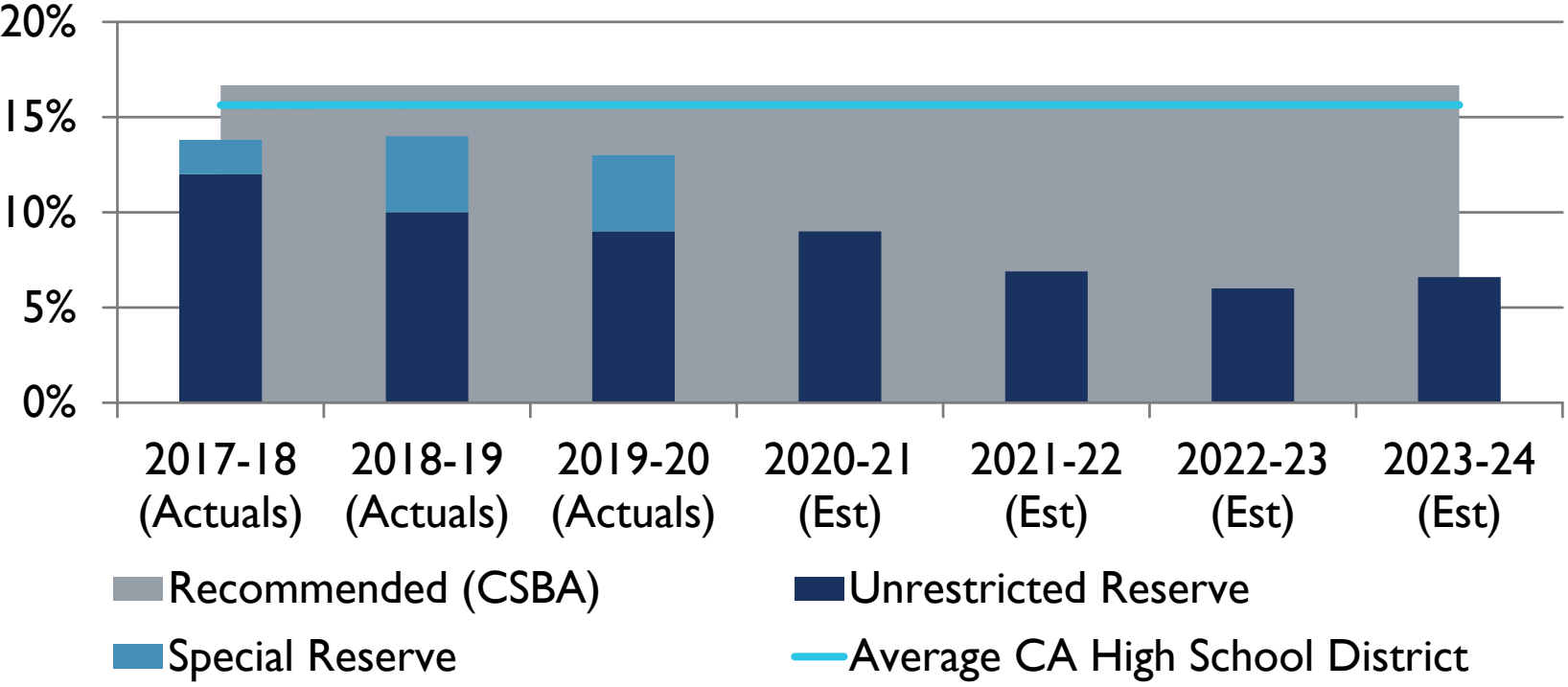
9.56%

8.83%

9.73%



# RESERVES AT YEAR END



# DISTRICT RESERVES – ITS IMPORTANCE

- 3% requirement
- Board Policy 3100
  - The board also intends to maintain an additional target reserve of 4.5% above the minimum requirement.
- For Basic Aid, reserves help with cash flow during low months before property tax receipts are in
- The District has issued a Tax and Revenue Anticipation Note (TRAN) for the last 12 Years to help cover monthly operating expenses (up to \$20M)
  - Cost of issuance is approximately \$735,000
  - Over the last six (6) years the cumulative cost is approximately \$2.2M
  - Higher reserves can mitigate the need to issue a TRAN
- Higher credit ratings when going out for a bond

# CONSIDERATIONS FOR 2021-22

## BUDGET ADJUSTMENTS

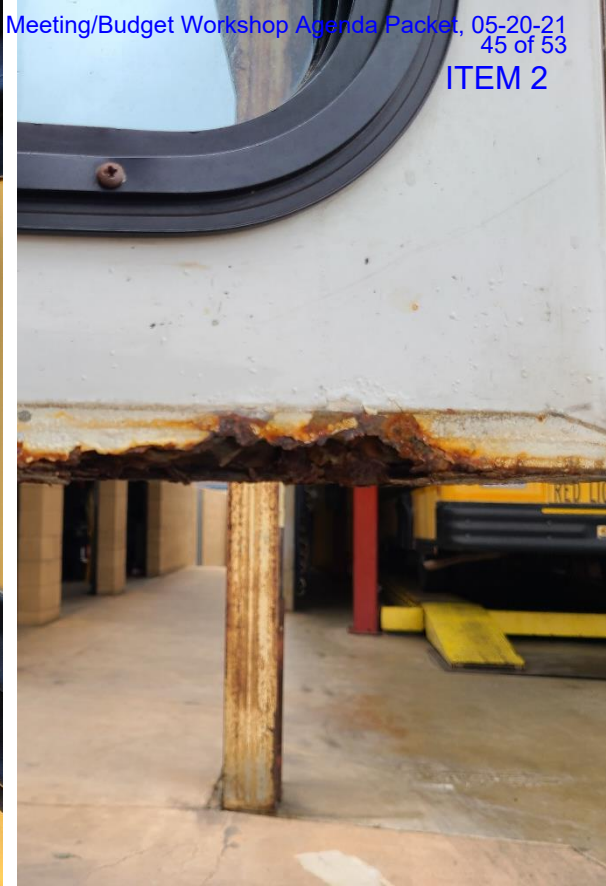


# CONSIDERATIONS FOR 2021-22

## Replace 22 Special Education Buses

- 49 total buses in total fleet
- Of the 22 we would replace
  - 10 of them are between 22 and 24 years old – 340,000 to 400,000 miles
  - 12 of them are between 19 and 21 years old – 260,000 to 427,000 miles
  - Not equipped with seatbelts, antilock braking system or air conditioning
- Significant vehicle down time due to major mechanical repairs and required body/paint restoration
  - 5 buses are beginning to have major engine and hydraulic brake issues
- Replacement parts are extremely difficult to locate after 10 years
  - Manufacturer requirement for this time period only





# SPECIAL EDUCATION BUSES - REPLACEMENT

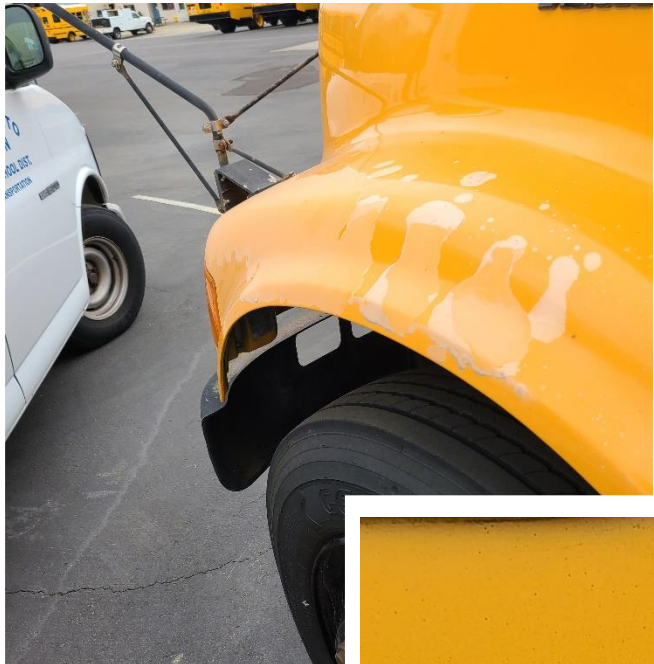




# SPECIAL EDUCATION BUSES - REPLACEMENT



# SPECIAL EDUCATION BUSES - REPLACEMENT







# SPECIAL EDUCATION BUSES - REPLACEMENT



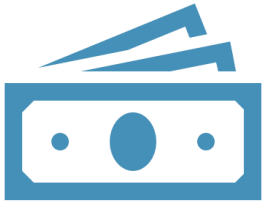


# 2021-22 PROPOSED BUDGET ADJUSTMENTS

	<b>Amount</b>
Replace 22 Special Education Buses – savings from usage of one-time funds	\$ 3,000,000
Psychologists (2 FTEs) – savings from reduction in outside contract	268,438
Athletic programs	\$600,000

# SPECIAL FUNDS HIGHLIGHTS

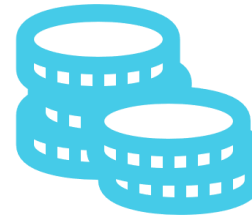
# SPECIAL FUNDS



## Prop AA Fund 21-39

Series E estimated to be issued at approximately \$84.9 million in June

June 10, 2021 Facilities workshop to prioritize projects



## Capital Facilities Funds 25-18 & 25-19

Escalation in developer permit activity results in increased revenue

Funds smaller projects tied to enrollment growth

## SPECIAL FUNDS

- Cafeteria Fund 13-00
  - Nutrition Services fund was supported by the general fund in the 20/21 fiscal year due to school closures and not being able to sell a la carte menu items
  - In the 21/22 school year with a five day a week model, we anticipate they will be self supporting
  - Replacement menu items will be tested throughout the school year





Local Control Accountability Plan (LCAP) and Budget must be adopted by June 30, 2021



LCAP and Budget Adoption scheduled for June 17, 2021



Revisions discussed at workshop to be incorporated into proposed budget review on June 10, 2021

## NEXT STEPS