

# **Larkspur-Corte Madera School District**

**2021-22 Budget Adoption**

**Paula Rigney, Chief Business Official**

**June 2 and 3, 2021**

230 Doherty Drive, Larkspur, CA 94939 / 415-927-6960



# Strategic Priorities

- Foster healthy, inclusive, respectful, and safe learning environments. Promote the social, emotional, and intellectual growth of all community members.
- Inspire academic growth and civic responsibility through a rigorous, inquiry-based curriculum that is engaging and personalized.
- Attract, cultivate, and retain innovative, inspirational educators.
- **Sustain the fiscal integrity and stability of the District.**
- Facilitate collaborative partnerships between students, families, schools, and community.



# Historical Budget Timeline



# Budget is Built on Providing Programs Beyond State Requirements

- 1:1 devices
- Assistant principal
- Classroom technology
- Counselors
- Elementary art
- Elementary music
- Intervention programs (literacy, math, EL)
- Library staffing
- Middle school electives (tech, maker ed, art, music, world language)
- Middle school athletics
- Middle school clubs
- Physical education (elementary and 6th grade)
- Smaller class size district-wide



# District's Efforts to Create New Funding Sources

- Parcel tax
- Foundation - SPARK
- PTO/PTA
- Summer camp agreements
- Inter-district agreements with Reed School District
- MOU's with surrounding districts for program costs
- Shared services with surrounding districts
- Grant writing



# LCMSD Budget Strained Over the Years

- In 2013-14, LCMSD made two decisions that resulted in \$1 million/year ongoing
  - Contract language providing two planning/preparation/collaboration periods when on a 7 period day at Hall
  - Termination of San Clemente lease/building of Cove School
- 2019-20 Budget Cuts
  - \$817,000
  - Administrative, district office, classified and certificated options and cuts were made ([1.23.19 Board Meeting](#) - suggestions identified)
  - District Advisory Panel (CSEA/LCMEA/LCMSD) formed with budget as a standing item
- 2020-21
  - 20% district office reduction, professional development and staffing vacancies frozen
- 2021-22
  - Identified \$348,000 in further reductions



# Beginning of the COVID-19 Pandemic

- March 13, 2020 LCMSD announced the closure of all schools and shift to distance learning
- May 14, 2020 Budget Revise
  - \$18-54 billion gap in education funding
  - Federal stimulus on the horizon
  - June 15 anticipated state budget adoption
  - Districts/County Offices local and statewide making reductions = 10%, 18%+



# Beginning of the COVID-19 Pandemic

- Severe economic uncertainty initiates LCMSD budget reductions for the 2020-21 Budget Adoption (2020-21 school year)
- Fund 35 used to purchase PPE and fund other facilities needs
- 2020 Fiscal Advisory Committee Formed
  - Met Spring of 2020: 5/1/20, 5/6/20, 5/13/20, 5/15/20, 5/20/20
  - Comprised of LCMEA and CSEA reps, parents, teachers, staff, community leaders, administrators, County Office rep, and a Trustee
  - Considered structural approaches (ex: eliminating 7th period day at Hall) to the “lifeline” approach where vacancies are frozen for 2020-21, the later was recommended to the Board and reflected in the adopted budget





# Middle of the COVID-19 Pandemic

- Economic uncertainty continues and CDE/FCMAT forecasting suggests LCMSD budget reductions for 2021-22
- Fiscal Advisory Committee Continues
  - Met 2020-2021: 12/14/20, 1/20/21, 1/25/21, 3/1/21, 3/29/21, and 5/27/21
  - Comprised of LCMEA and CSEA reps, parents, teachers, staff, community leaders, administrators, County Office rep, and a Trustee
  - Considered approaches such as eliminating 7th period day at Hall, to not filling vacancies such as literacy specialists/physical education, to reducing programs such as professional development, art, and music
  - Goal of reducing \$800k to \$1 million



# 2020-2021 Budget Approval as of First Interim

	MULTI-YEAR PROJECTION			
	2020-21	2021-2022	2022-2023	2023-2024
Beg Balance	\$ 2,474,096	\$ 3,044,478	\$ 2,505,645	\$ 1,476,683
Revenues	\$ 21,895,084	\$ 21,165,981	\$ 21,302,609	\$ 21,445,871
Expenses	\$ 21,324,702	\$ 21,704,814	\$ 22,331,571	\$ 22,783,756
Net Inc/(Dec)	\$ 570,382	\$ (538,833)	\$ (1,028,962)	\$ (1,337,885)
Ending Balance	\$ 3,044,478	\$ 2,505,645	\$ 1,476,683	\$ 138,798
State Reserve Level	14.07%	11.54%	6.61%	0.61%
Undesignated Ending Balance (\$100K commitment)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Reserve Level After Board Requirement	13.59%	11.08%	6.16%	0.17%



# Hope Within the COVID-19 Pandemic

- District focuses on continuing to leverage Fund 35 for facilities purchases
- Fiscal Advisory Committee Continue
- Goal of reducing \$800k to \$1 million is revisited
  - Structurally necessary for fiscal solvency
  - Effects of COVID-19 pandemic still uncertain
  - Committee suggests a less aggressive approach to addressing structural issues while there are vacancies by leveraging ALL of the one-time funding; therefore, layoffs would not be triggered
  - Recommendation of moving 6th grade to 6 periods, reduce professional development, choice second elective for grades 7 and 8
    - Total reductions \$348k
- Optional/paid staff meeting 3/3/21 & 5/5/21
- Parent meeting 2/23/21 & 5/7/21



# Hope Within the COVID-19 Pandemic

- State revenue not as dire as projected
- Anticipated federal and state one-time funds: CARES funds, ESSER I-III, In-Person Instruction Grant, "Extended Learning Opportunities Grant"
  - Fund 35 used to support many COVID related initiatives; grant money budgeted for salary/benefits of staff supporting, health and safety guidelines, in-person instruction, as well as other extended learning opportunities
- Vaccine approved
- New administration focuses on opening schools
- District revisits compensation gap between LCMSD and surrounding districts - shares far and wide that employees need greater compensation



# LCMSD Board Meetings

- 2/3/2021 Budget Study Session
  - FAC suggestions discussed
  - Leadership recommendations based on FAC suggestions made
  - Board direction discussed
  - Public comment gathered
- 2/10/2021 revisiting budget study session suggestions/recommendations
- 3/10/2021 finalizing direction on budget reductions & second interim presented



# 2020-2021 Budget Approval as of Second Interim

BASED ON 20-21 SECOND INTERIM				
MULTI-YEAR PROJECTION				
	2020-2021	2021-2022	2022-2023	2023-2024
Beg Balance	\$ 2,474,086	\$ 2,766,493	\$ 2,081,253	\$ 1,229,844
Revenues	\$ 22,100,766	\$ 21,306,320	\$ 21,678,466	\$ 22,089,653
Expenses	\$ 21,808,359	\$ 21,991,560	\$ 22,529,875	\$ 22,962,769
Net Inc/(Dec)	\$ 292,407	\$ (685,240)	\$ (851,409)	\$ (873,116)
Ending Balance	\$ 2,766,493	\$ 2,081,253	\$ 1,229,844	\$ 356,728
Reserve Level Prior to Commitment	12.69%	9.46%	5.46%	1.55%
Undesignated Ending Balance ( \$100K commitment Special Ed)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Reserve Level After Board Requirement	12.22%	9.01%	5.01%	1.12%



# Stakeholder Engagement

- Board Budget Study Session
- Staff Meetings
- Parent Meetings
- District Advisory Panel
- District Leadership Alliance
- CSEA
- LCMEA
- DELAC
- Fiscal Advisory Committee



# Thank You





# 2021-22 Budget Adoption



# Revenues



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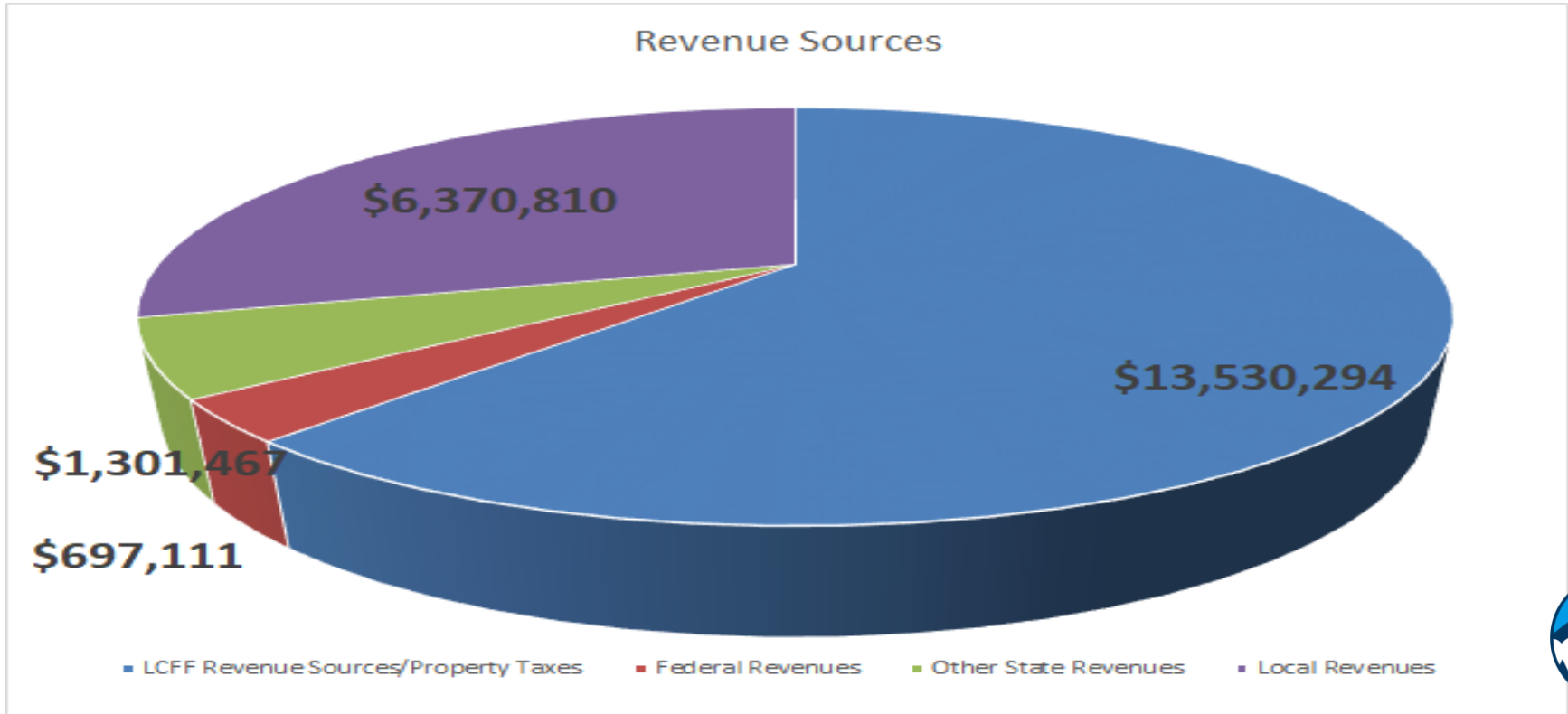
# Larkspur-Corte Madera School District

## Revenue Detail

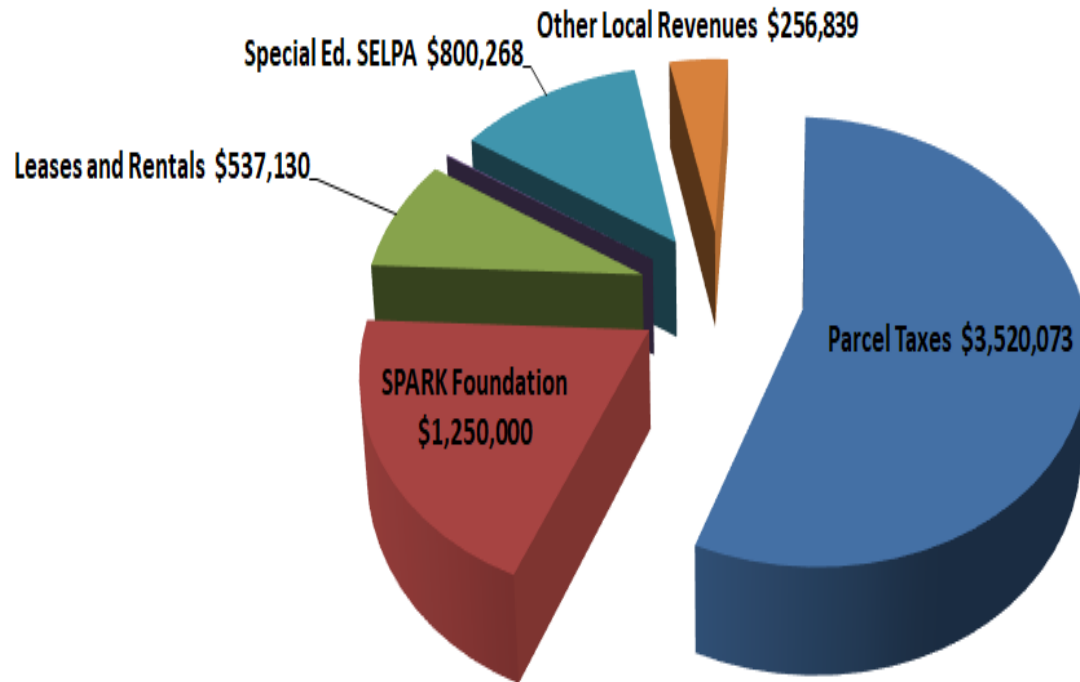
### 2021-2022

Revenue Source: Combined Unrestricted & Restricted	2019-2020 Estimated Actuals	2020-2021 Budget Adoption	2020-2021 Current Working Budget	2021-2022 Budget Adoption
Property Tax/LCFF Limit Sources *increase in LCFF funding due to property taxes	\$12,534,989	\$12,691,601	\$13,553,081	\$13,530,294
Federal Revenues (Special Ed., Title I-IV, ESSER I-III, CARES, Learning Loss, In-Person)	\$ 314,418	\$ 354,102	\$993,175	\$697,111
Other State Revenues (Lottery, booking entry for STRS on-behalf) *decrease in PERS "on-behalf" accounting	\$ 1,971,256	\$ 1,278,219	\$2,736,312	\$1,301,467
Other Local Income (Leases/Rentals, Fees, County Special Ed., Grants)	\$ 5,119,882	\$ 5,039,338	\$4,963,717	\$5,120,810
Foundation	\$ 1,396,897	\$ 1,250,000	\$1,250,000	\$1,250,000
Total Revenues	\$21,337,442	\$20,613,260	\$23,496,343	\$21,899,682

# Revenue Sources: 2021-22 Budget Adoption



# Local Revenue: \$6,370,810 (29%)



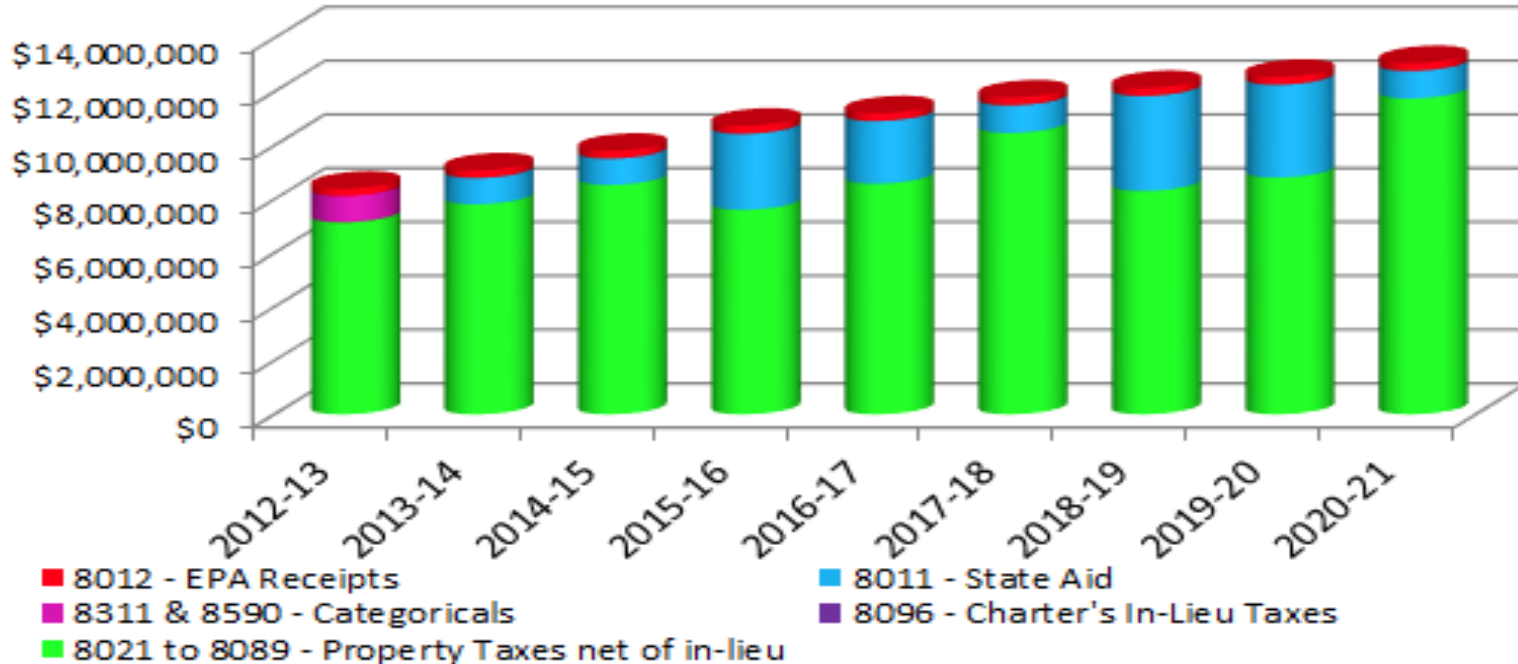
# Revenue Changes

- Uncertainties caused by COVID-19
  - Decline in ADA funding sources (projected 192.43 drop in ADA)
  - 5.07% COLA to LCFF base funding (2021-22)
  - SPARK commitment subject to change due to fundraising
  - Projected Lottery revenue reduction of 30%
  - Projected Federal revenue reduction of 12%
    - No more one-time funding after ESSER III
  - Projected Local revenue reduction in facility rentals due to current local and state health department guidelines



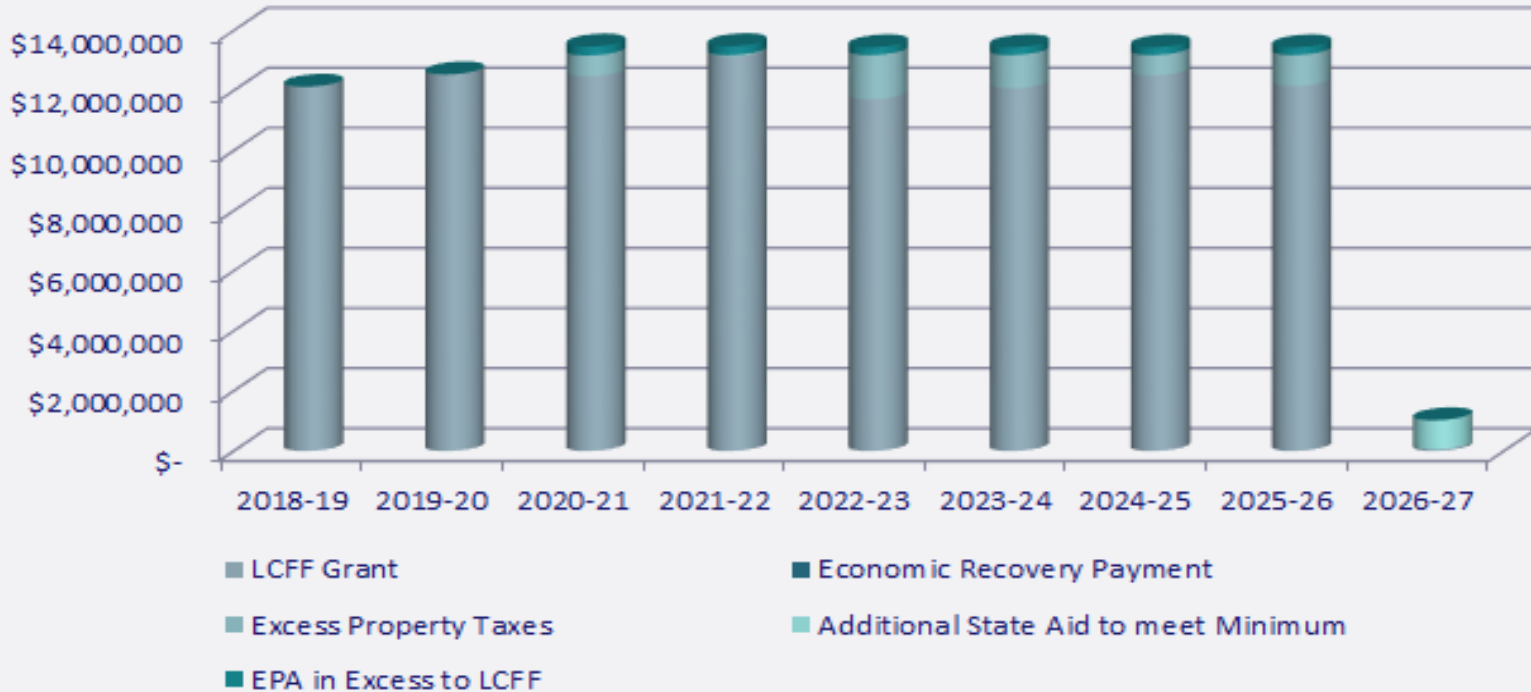
# LCFF Revenue Trend

District's LCFF revenue trend since the implementation of LCFF



# LCFF Revenue Trend

District's LCFF revenue trend since 2018-19 to 2025-2026 projections





# Expenditures



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# Larkspur-Corte Madera School District

## Expenditures Detail

### 2021-2022

Expenditure Source: Combined Unrestricted & Restricted	2019-2020 Estimated Actuals	2020-2021 Budget Adoption	2020-2021 Current Working Budget	2021-2022 Budget Adoption
Certificated & Classified Salaries *actual placement as of October 2019	\$12,649,774	\$12,171,515	\$12,600,856	\$12,885,281
Certificated & Classified Benefits *actual expenses as of October 2019/Addt. Of STRS/PERS "on-behalf"	\$ 5,765,107	\$ 5,374,888	\$ 5,293,388	\$ 5,977,522
Books & Supplies *Addition Of carry-over, one-time funding and program needs	\$ 626,127	\$ 475,572	\$ 847,664	\$357,830
Services & Operating Expenditures & Capital Outlay *Addition Of carry-over, one-time funding and program needs	\$ 2,130,794	\$ 1,976,122	\$2,500,014	\$2,069,040
Other Outgo/Transfers Out	\$ 273,490	\$ 333,991	\$ 421,807	\$466,592
Total Expenditures	\$21,445,292	\$20,332,088	\$21,663,729	\$21,756,551

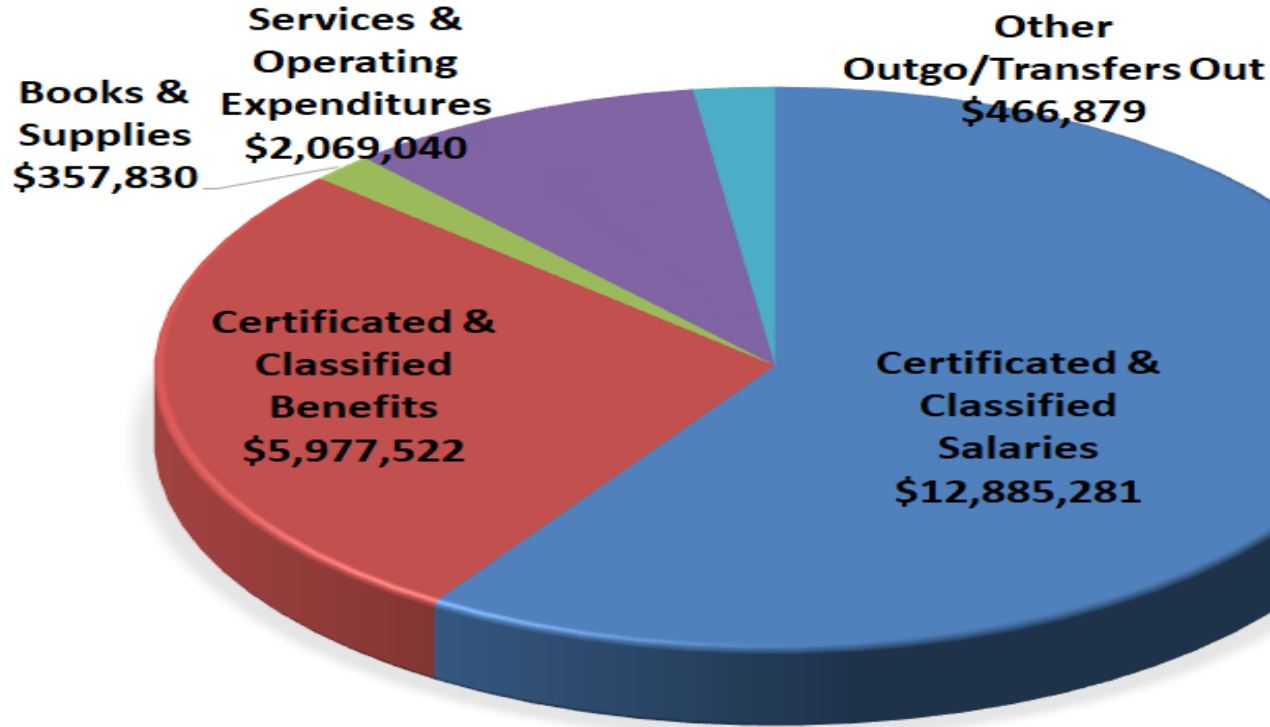


# Expenditure Changes

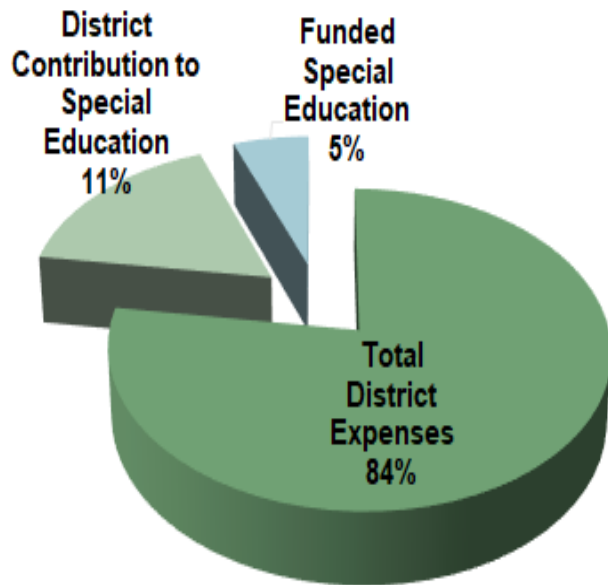
- Salary and Benefit changes adjusted to reflect actual staffing through May 27, 2021: Steps and Column included
  - 2021-2022 2.25% increase on salary schedule
  - Benefit changes due to approved tentative agreement
    - 2021-22 Health and Welfare Cap \$11,000
  - Statutory Benefits based on current proposed rates
- Adjustments to non staffing budgets to reflect current commitments and reduction of professional development by \$140,000
  - Elimination of expenditures associated with ALL 2021-22 one-time funding except ESSER III



# Expenditures



# Special Education



## SPECIAL EDUCATION PROGRAM COSTS, 2021-22

School districts throughout the state face a continuing challenge in funding the costs of serving Special Education students. LCMSD is proud of the Special Education support provided to our students, but the District is also faced with mounting increases in the difference between the federal and state governments' funding and the mandated costs for these vital student services. The federal government has not provided the funding that was envisioned when the laws mandating programs for Special Education students were adopted.

This shortfall in dedicated funding has led to very significant contributions from the District's Unrestricted General Fund. In 2021-22, it is estimated that LCMSD will contribute \$2,854,589 from the District's Unrestricted General Fund to cover the costs for Special Education.



# 2021-22 Budget Adoption Revenue and Expenditure Summary

	Budget Adoption 2021-2022	Estimated Actuals 2020-2021
Total Revenues	\$ 21,899,682	\$ 23,496,343
Total Expenditures	<u>\$ 21,756,511</u>	<u>\$ 21,663,729</u>
Net Increase	\$ 143,131	\$ 1,832,615



# Multi-Year Projections & Assumptions



# MYP 2021-2022 Budget Adoption

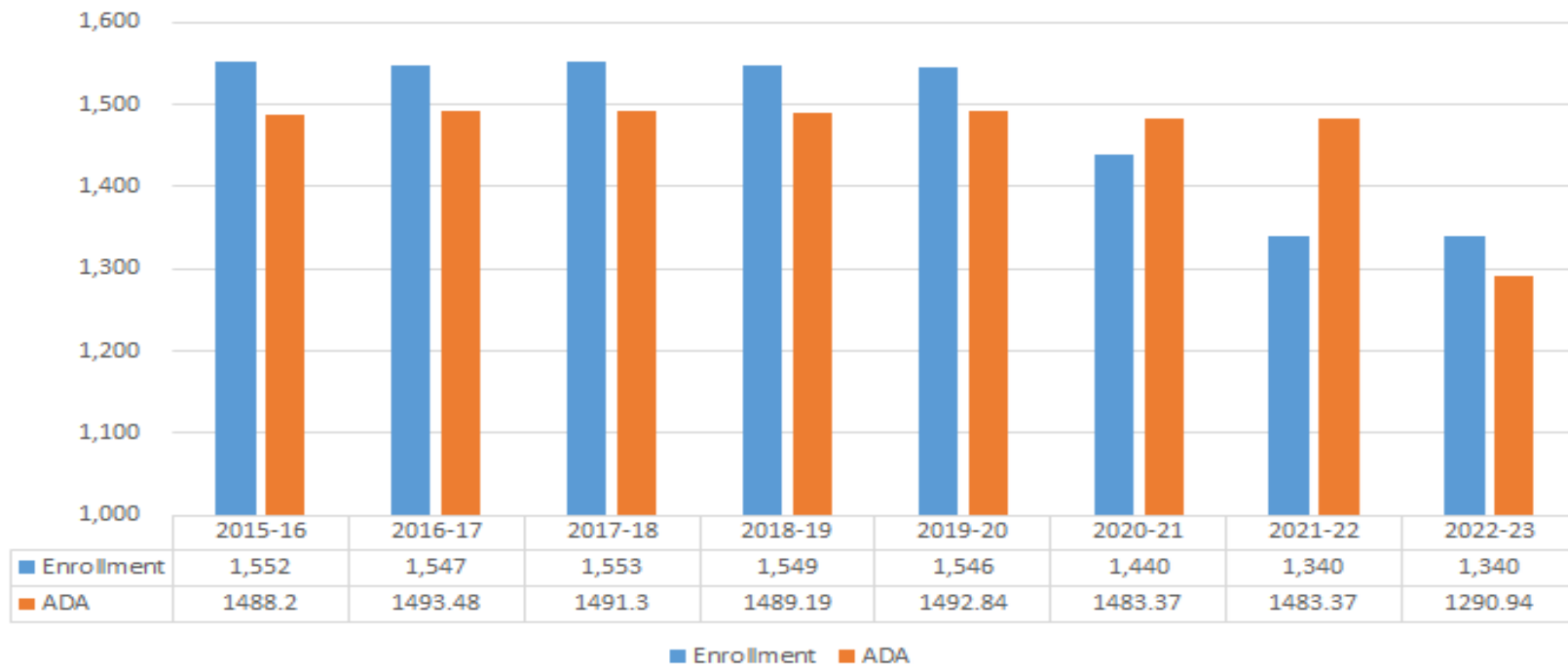
## 2021-2022 BUDGET ADOPTION MULTI-YEAR PROJECTION

	2020-2021	2021-2022	2022-2023	2023-2024
Beg Balance	\$ 2,474,086	\$ 4,306,700	\$ 4,449,831	\$ 3,500,034
Revenues	\$ 23,496,343	\$ 21,899,682	\$ 21,830,547	\$ 22,243,336
Expenses	\$ 21,663,729	\$ 21,756,551	\$ 22,780,344	\$ 23,115,318
Net Inc/(Dec)	\$ 1,832,614	\$ 143,131	\$ (949,797)	\$ (871,982)
Ending Balance	\$ 4,306,700	\$ 4,449,831	\$ 3,500,034	\$ 2,628,052
Reserve Level Prior to Commitment	18.53%	19.35%	15.11%	11.37%
Undesignated Ending Balance ( \$100K commitment Special Ed)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Reserve Level After Board Requirement	18.06%	18.89%	13.87%	10.94%



# Declining Enrollment - Projection

Enrollment vs. ADA



# Assumptions in 2021-22 Multi-Year Projections (Revenue)

- Property Tax Growth:
  - In 2021-22 a 3.32% property tax growth from current year and 2.25% property tax growth in the out years (2022-23 through 2023-24)
    - Please note that 1% of property tax growth is approximately \$120K
    - The District is projecting property tax loss in both commercial and residential in out years due to the unknown effects of COVID-19
- LCFF Revenue Assumptions: From 2021-22 through 2023-24
  - Significant Decrease in ADA (192.43) and then relatively flat enrollment
  - 96% ADA to enrollment
  - COLA to LCFF Base:
    - 2021-22                      5.07%
    - 2022-23                      2.48%
    - 2023-24                      3.11%



# Assumptions in 2021-22 Multi-Year Projections (Revenue)

- SPARK contribution projected at \$1,250,000 from 2021-22 through 2023-24
  - Subject to change dependant on fundraising
- Lottery Revenues Reduction of 30% from current year funding from 2021-22 through 2023-24
- Mandated Block Grant funded from 2021-22 through 2023-24
  - 2021-22 \$32.79 per ADA
  - 2022-23 \$33.60 per ADA
  - 2023-24 \$34.64 per ADA



# Assumptions in 2021-22 Multi-Year Projections (Revenue)

- Federal Revenues Reductions of 12% from 2021-22 through 2023-24
  - Elimination of ALL one-time funding, except ESSER III
- Special Education Funding Flat funded from 2021-22 through 2023-24
- Parcel tax projected at current number of parcels with 5% escalation from 2020-21 through 2023-24 (current parcel tax expires June 30, 2024)
- Lease revenue based upon current signed leases from 2020-21 through 2022-23
- Local revenue with a reduction due to impact of COVID-19 to facility rentals from 2020-21 to 2022-23



# Assumptions in 2021-22 Multi-Year Projections (Expenditures)

- Staffing assumptions:
  - Step and Column included
    - 2021-22 2.25% increase on salary schedule
    - 2022-23 2.25% increase on salary schedule
  - Staffing included in 2021-22 based on staffing needs as of May 27, 2021  
(see 2021-22 Budget Adoption narrative for details)
    - Reduction of 2.0 FTE Certificated Teacher based on declining enrollment
    - Benefit changes due to approved tentative agreement
      - Health and Welfare Cap \$11,000, 2021-22
      - Health and Welfare Cap \$11,250, 2022-23



# Assumptions in 2021-22 Multi-Year Projections (Expenditures)

- STRS and PERS Rates: Based on the current enacted legislation and budget adoption
  - STRS: 16.92% in 2021-22, 19.1% in 2022-23, 19.1% 2023-24
  - PERS: 22.91% in 2021-22, 26.10% in 2022-23, 27.10% 2023-24
- Operational expenditures based on the current rates, contracts, agreements, MOU's, etc.
  - Reduction of professional development budget by \$140,000 in 2021-22
  - One-time funding expenditures reduced except for ESSER III funding in 2021-22 and 2022-2023



# Assumptions in 2021-22 Multi-Year Projections (Expenditures)

Note: the current MYP does not reflect budgeting for any possible additional expenditures that may occur due to implementing a new educational model or requirements imposed by the health department and/or CDC.

- Possible additional costs maybe as follows:
  - Supervision for additional cohort/stable groups
  - Different model of providing lunch service
  - Childcare/learning hubs



# Challenges

- Revenues and enrollment
  - Property tax rates unknown due to COVID-19
  - Significant enrollment decline due to COVID-19
  - Unknown full impact of COVID-19 on the economy and how long it will last
- Special Education costs continuing to increase
- Multi Year Projection: develop financial projections and contingency plans accordingly to meet the state/federal/local requirements
- Increase in employer contributions toward STRS & PERS
- Reserve level: districts are advised to maintain reserves much greater than the State-required minimum





# Celebrations

- Parcel tax
- SPARK Foundation
- PTA/PTO
- Opening school on October 5, 2020 and expanding in-person instruction to full classrooms and extended days on April 12, 2021
- COVID response grounded in equity, science, local/state health guidelines
- LCAP focus on equity, achievement, and wellness
- Programs far beyond state requirements



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