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Memo

To Board of Education

From Kyla Johnson-Trammell, Superintendent of Schools
Luz Cazares, Interim Chief Financial Officer, Consultant
Lisa Grant-Dawson, Chief Business Officer

Board Meeting Date June 24, 2020

Subject 2020-21 Proposed Adopted Budget

Action Requested It is recommended that the Governing Board review and approve 2020-21 Budget for all Funds. The District has advised the Board of the unsettled status of the State Budget and the various tenants that impact its outcome. It is recommended that the Board approve the budget with full knowledge and expectation of a Fall revision once the State budget details are identified. It is also recommended that the Board acknowledge the tentative budget reduction placeholders built into the budget to meet the requirement of a fiscally responsible budget and reserve requirements, with the opportunity and expectation for the staff to develop with required Board and stakeholder input necessary to make ongoing budget reductions. It is also recommended that the Board adopt a resolution to coincide with the 2020-21 budget to ensure that the no less than the projected ~\$16,500,000 in budget reductions be identified and adopted to ensure fiscal solvency.

Background Annually, the District must adopt a budget for all funds by June 30th for the ensuing fiscal year. The District has presented to the Governing Board with a Projected 2020-21 Budget along with the Third Interim on May 27, 2020 and a Proposed Budget on June 10, 2020 in preparation to finalize and present the Proposed Adopted Budget on June 24, 2020.

Prior to adoption of the budget, the Governing Board must conduct a Public Hearing. Education Code §42103 requires the District to display the Proposed Budget for public view and hold a Public Hearing prior to adoption. Additionally, The Proposed Budget will include a review of reserves in compliance with Education Code §42127(a)(2)(B).

The 2020-21 Budget establishes expenditure authority for the District to conduct business in the coming year.

Discussion

The working draft of the Proposed Budget is based on funding projections from the Governor's Revised State Budget that was presented on May 14, 2020. On June 3, 2020, the state announced that the State Assembly and Senate reached an agreement which rejects the Governor's proposal in a strong attempt to preserve funding for school Districts. The District anticipates revising its Adopted Budget once the State Budget is enacted and details specific to the Budget Act are provided. It is expected that this revision will occur in response to the provisions set in Education Code §42127(h) which states, *Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.*

The budget incorporates the District's budget assumptions, which are based on the educational and operational strategies of the District, components of the Boards recently adopted Budget Reduction Resolution 1920-0214 dated March 4, 2020, the District's expenditure plans, and budget recommendations provided to all Districts from the Alameda County Office of Education.

Please note that the District anticipates the Proposed Budget will be conditionally approved by the Alameda County Office of Education while the District identifies and implements additional budget solutions for FY20/21.

Recommendation

It is recommended that the Governing Board review and approve the 2020-21 Proposed Adopted Budget for all funds totaling **\$711,881,481** in revenue and **\$788,931,165** in expenditures, as described in the attached documents. Upon approval, the District will finalize and submit the Adopted Budget to the Alameda County Office of Education for review and approval. It is also recommended that the Board continue to work with Staff and stakeholders to develop the necessary reductions, estimated at no less than \$16,500,000 in conjunction with waiting for the final state adopted budget and its impact to Pre-K-12/Adult funding.

Attachments

- Copy of Resolution 1920-0214 Budget Solutions for General Fund
- 2020-21 SACS Proposed Adopted Budget Financial Report
 - Form CB – Budget Certification
 - Form 01 CSI – Criteria & Standards
 - Form TC – Table of Contents
 - Form 01 – General Fund
 - Form 11 – Adult Education Fund
 - Form 12 – Child Development Fund
 - Form 13 – Cafeteria Special Revenue Fund
 - Form 14 – Deferred Maintenance Fund
 - Form 21 – Building Fund
 - Form 25 – Capital Facilities Fund
 - Form 35 – County School Facilities Fund
 - Form 40 – Special Reserve fund for Capital Outlay Projects
 - Form 51 – Bond Interest and Redemption Fund
 - Form 67 – Self-Insurance Fund
 - Form A – Average Daily Attendance
 - Form ASSET – Schedule of Capital Assets
 - Form CC – Workers Compensation Certificate



- Form CEA – Current Expense Formula
- Form CEB – Current Expense Formula Budget
- Form ESMOE – ESSA Maintenance of Effort
- Form DEBT – Schedule of Long Term Liabilities
- Form ICF – Indirect Cost Rate
- Form L – Lottery
- Form MYP – Multiyear Projections
- Form SIAB – Summary of Interfund Activities -Budget
- 2020-21 Proposed Adopted Budget Presentation - June 24, 2020