
Executive Summary
45 Day Budget Revision Report 2020-21
Leonard Kahn, Chief Business Officer

Staff has produced a 45-day budget revision pursuant to Education Code section EC42127(h) due to the substantial changes from the projections at May Revise to the Enacted State Budget.

At the time of Budget Adoption, SJCOE had advised districts to use Governor Newsom's May Revise as the basis for districts' Budget Adoptions for the 2020-2021 school year. Since then, the Governor and State Legislature have compromised and produced a completely different budget. The State Enacted Budget utilizes deferrals instead of cuts. The Legislature also addresses the Prop 98 hole caused by reduced State tax receipts by providing supplemental appropriations above the constitutionally-required Prop 98 funding level beginning in 2021-22.

For 2020-21, the State has balanced its own 2020-21 budget via a combination of draw down from reserves, budget reductions, and deferrals, receipt of federal funds, special fund borrowing, and transfers. The end result for schools districts is no draconian cuts to the LCFF in current and out years, new allocation of one-time restricted Learning Loss Mitigation Funds, and massive deferrals from 2020-21 into 2021-22. Due to the deferral schedule implemented in the State Enacted Budget, the district will need to pursue cash borrowing from external sources to cover its obligations for the second half of the 2020-21 fiscal year.

Unrestricted Ending Fund Balance projections are anticipated to be \$65,705,905 in 2020-21, \$61,035,561 in 2021-22, and \$49,890,572 in 2022-23.

Staff are proposing the following adjustments to revenues and expenditures based on the Enacted State Budget:

- Increase LCFF Revenues by \$23M
- Restore revenues to Categorical RS 6010, 6388, 7220, 6391 and subsequently remove the contributions to those resources since the 50% cuts did not materialize
- Addition of one-time Learning Loss Mitigation Funds (LLMF) from the Federal Coronavirus Aid Relief and Economic Security (CARES) Act
 - RS 3220 Coronavirus Relief Fund (CRF)
 - RS 7420 Prop 98 Funds
 - RS 3215 Governor's Emergency Education Relief (GEER)
- Please note that RS 3210, Elementary and Secondary School Emergency Relief (ESSER) was included at Adopted Budget therefore no changes are necessary for this resource
- Staff updated the lower STRS/PERS rates following the State Enacted Budget