

## California Senators

### **Anna M. Caballero**

State Capitol, Room 5052  
Sacramento, CA 95814-4900 (916)651-4012

#### District Office

510 West Main Street, Suite E  
Merced, CA 95340 (209)726-5495

### **Melissa Hurtado**

State Capitol, Room 3070  
Sacramento, CA 95814-4900 (916)651-4014

#### District Office

2550 Mariposa Mall, Suite 2016  
Fresno, CA 93721 (559)264-3070

## California State Assembly

### **Dr. Joaquin Arambula**

Capitol Office, Room 5155  
P.O. Box 942849  
Sacramento, CA 94249-0031 (916)319-2031

#### District Office

2550 Mariposa Mall, Room 5031  
Fresno, CA 93721 (559)445-05532

## US Congressman

### **T.J. Cox**

1728 Longworth HOB  
Washington, DC 20515 (202)225-4695

#### Selma Office

2117 Selma Street  
Selma, CA 93662 (559)284-9090

# **SELMA UNIFIED SCHOOL DISTRICT 2020-21 BUDGET**

May 20, 2020

# AGENDA ITEM PURPOSE

- Inform the Board, staff and community of the severe budget crisis facing Selma Unified due to expected drop in state revenue.
- Discuss possible strategies for maintaining fiscal solvency during the crisis.

# Why are we talking about making more cuts?

- The economic shutdown implemented in response to the COVID-19 virus has caused sales taxes, personal and corporate income taxes to drop off the fiscal cliff.
- From mid-March 2020 to June 30, 2021 state revenue is projected to decline by \$41 billion and COVID-related expenses will go up by \$13 billion

# Why are we talking about making more cuts?

- Governor projecting a \$54 billion deficit
- Reduction to K-12 education could be \$15 billion
- Governor proposes a “negative COLA” of 10%, plus funding “deferrals”
- Effect on Selma Unified’s revenue estimated between \$10 million and \$12 million.

# Why are we talking about making more cuts?

- Governor published revision of January state budget the week of May 11 (May Revise).
- Since so much is unknown regarding revenues, this is expected to be a “placeholder” until income tax returns are due in July.
- Fresno County Superintendent will require districts to maintain 3% reserve over three year projection.

# Why are we talking about making more cuts?

- Since SUSD's reserve is only slightly above 3%, this means we must submit a balanced budget.
- \$65 million of our \$85 million budget goes to salaries & benefits.
- There is no way to cut \$12 million from this budget without affecting personnel

# BUDGET PROJECTION

## 2019-20 BUDGET

<b>2019-20 BEGINNING BALANCE</b>	<b>\$5,079,000</b>
<b>2019-20 REVENUE</b>	<b>\$87,860,000</b>
<b>2019-20 EXPENDITURES</b>	<b>-\$88,066,000</b>
<b>2019-20 SURPLUS (DEFICIT)</b>	<b>-\$206,000</b>
<b>2019-20 ENDING BALANCE</b>	<b>\$4,873,000</b>



# BUDGET PROJECTION

## 2020-21 BUDGET CHANGES

2020-21 LCFF "NEGATIVE COLA"	-\$5,400,000
2019-20 PAYMENT DEFERRALS **	-\$2,800,000
2020-21 PAYMENT DEFERRALS **	-\$8,000,000

\*\* Deferral is when the state allows us to record revenue in 2019-20 but does not make the payment until the following year. Causes severe cash flow issues, but does not affect the budget.



## Deferrals: Here We Go Again

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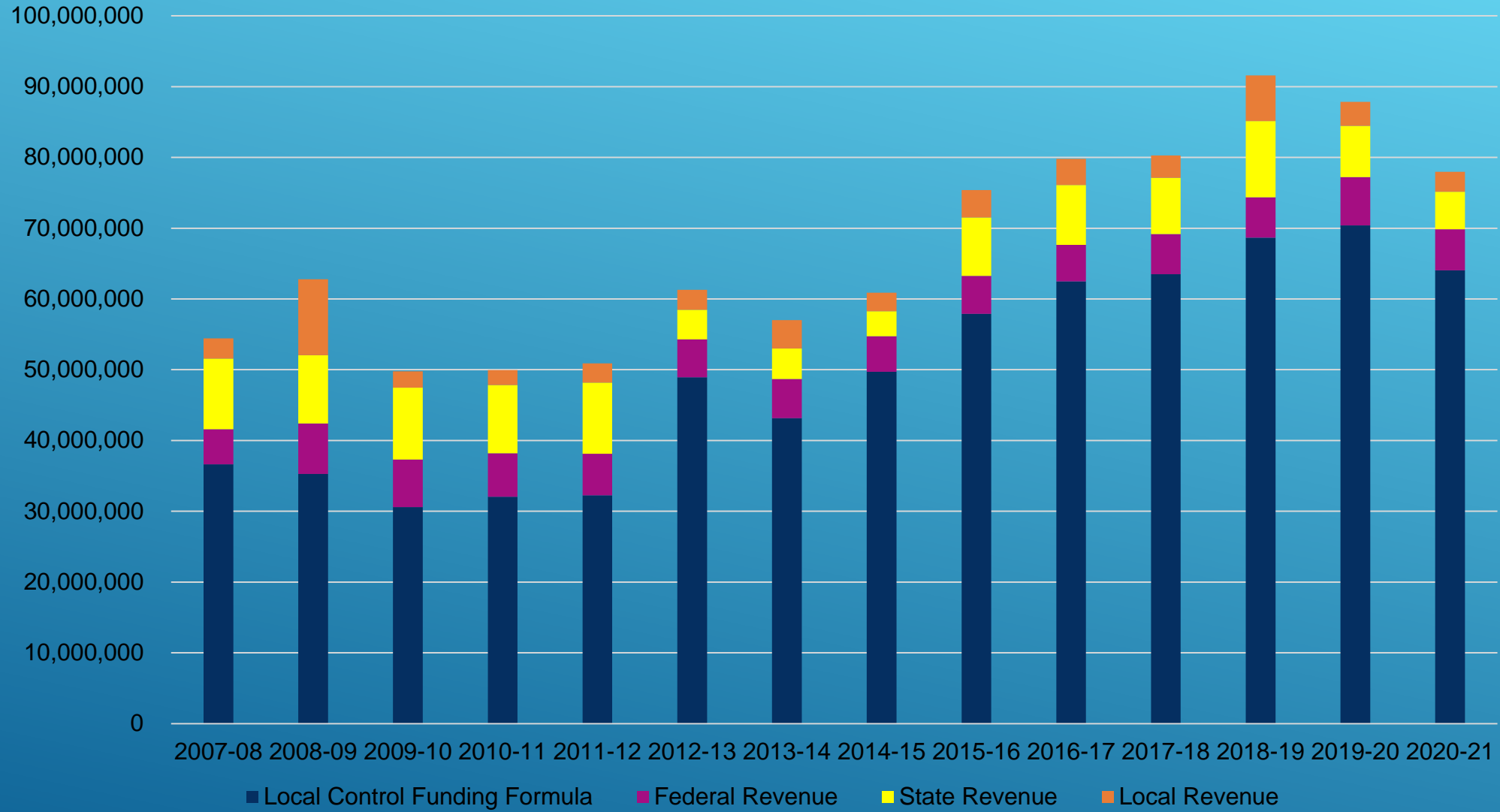
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- Cash deferrals were used during the Great Recession to implement state-level budget cuts and/or improve the state's cash position
- The Governor's May Revision takes a page from the same playbook and proposes the following cash deferrals:



- Local school agencies may need to implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times
  - ◆ While this avoids an additional cut in state revenues to schools, it pushes the administrative and financial burden of borrowing cash to local school agencies

# Selma Unified Revenue



# **SELMA UNIFIED SCHOOL DISTRICT**

## **POSSIBLE BUDGET CUTS**

# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
10% cut in pay – all staff		\$5,630,000		\$5,630,000
Overtime, subs, non-personnel		\$1,500,000		\$1,500,000
Intervention Teachers (22)	22	\$1,892,000	6	\$516,000
Academic Coaches (10)	10	\$860,000	5	\$430,000
Teacher/Librarians (5)	5	\$430,000	2	\$172,000

# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
Program Managers	2	\$298,000	2	\$298,000
Elem PE Instruct. Assts.	6	\$179,000	6	\$179,000
Director (Ed. Services)	1	\$177,000	1	\$177,000
Elem PLC Support Teachers (2)	2	\$172,000	2	\$172,000
Positive Behavior Aides (5)	5	\$139,000	5	\$139,000

# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
Executive Admin. Asst.		\$100,000		\$100,000
Executive Clerk		\$92,000		\$92,000
ALMS Elective Teacher		\$86,000		\$86,000
Heartland Teacher		\$86,000		\$86,000
Operations Admin. Asst.		\$80,000		\$80,000

# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
Admin. Asst. – Pupil Services		\$80,000		\$80,000
Grounds Worker		\$64,000		\$64,000
Athletic Admin. Asst.		\$61,000		\$61,000
District Receptionist		\$36,000		\$36,000
Library Admin. Asst.		\$35,000		\$35,000



# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
Community Liaison		\$33,000		\$33,000
At-Risk Counselors (3)	3	\$412,000	0	
IT Admin. Technician	1	\$78,000	0	
Career Technician	1	\$78,000	0	
Maintenance Worker	1	\$73,000	0	

# POSSIBLE BUDGET CUTS

	#	Plan A	#	Plan B
Transportation Routing Tech.	1	\$72,000	0	
Account Technician	1	\$48,000	0	
AVID Tutor	1	\$35,000	0	
Total Proposed Cuts		\$12,826,000		\$9,966,000

# NEXT STEPS

- Board needs to approve proposed reductions or recommend alternate reductions.
- Board will be asked to take formal action on proposed pay cuts and layoffs.
- Administration will meet with employees affected by layoffs.

# NEXT STEPS

- Proposed budget must show that District has taken action to eliminate budget deficit.
- Administration will bargain pay cuts and effects of layoffs with CSEA and SUTA.
- If requested, Administration will participate in hearings contesting the layoff process in front of a hearing officer.