

LINN-MAR BUDGET UPDATE

June 8, 2020

Agenda:

- COVID Impact On Current Fiscal Year 2020
- CARES Act Funding
- Looking Ahead to Fiscal Year 2021

Fiscal Year 2020 – State Level

- REC State General Fund Revenue Estimates:
 - December 2019 = \$8.015 billion
 - March 2020 (prior to COVID) = \$8.091 billion
 - May 2020 = \$7.941 billion
- Approximate **\$150 Million Reduction** from pre-COVID estimate
- *Too late in fiscal year for schools state aid payments to be impacted by this reduction*

OVERVIEW OF FUNDS

<u>FUND:</u>	General Fund	Management Fund	PERL Fund	PPEL Fund	Debt Service Fund	SAVE/Capital Projects	Student Activity Fund	Nutrition Fund	Other Enterprise
<u>REVENUES:</u>	-Property Taxes -State Aid -Misc. Income	-Property Taxes	-Property Taxes	-Property Taxes	-Property Taxes -Transfers	-Sales Tax -Bond Proceeds	-Admissions -Fundraising -Student Dues	-Meal Sales -Fed./State Reimburse	-School Store -Community Pool
<u>EXPENSES:</u>	-Salaries -Benefits -Materials -Utilities	-Liability Ins. -Property Ins. -Early Retirement	-Playgrounds -Rec. Spaces	-Building Construct. -Vehicles -Equip > \$500	-Debt Principal & Interest	-Capital Projects -Technology	-Support Co-Curricular Activities	-Food Services	-Enterprise Costs
PROPERTY TAX LEVYING FUNDS									

Fiscal Year 2020 Linn-Mar Impact

PROJECTION

Revenues = \$88,500,000

Expenses = \$88,300,000

Surplus = **\$200,000**

GENERAL FUND

Revenues:

Good:

- Prop Tax and State Aid stable (86% of budget)

Not so Good:

- Medicaid decrease of \$500K
- Investment interest down \$40K
- Student Activities down \$75K

Expenditures:

Good:



- We supported our staff by choosing to pay them during the closure (82% of budget)
- Realized Savings (sub costs, overtime, transportation, utilities, athletic officials, certain supplies, etc.)

Not so Good:



- Unforeseen expenditures related to COVID
 - Internet costs
 - Cleaning Equipment and Supplies
 - Virtual Software Licenses (e.g. Zoom)
- Biggest unknown is SPED tuition

Fiscal Year 2020 Linn-Mar Impact



STUDENT ACTIVITY FUND

- Revenues  35% YTD from prior year
- Expenditures  18% YTD from prior year

NUTRITION FUND

- Revenues  14% YTD from prior year
- Expenditures  4% YTD from prior year

AQUATIC CENTER

- Revenues  55% YTD from prior year
- Expenditures  4% YTD from prior year

CARES ACT FUNDING

- Approximately \$65 million distributed to Iowa public and non-public schools
- Linn-Mar Allocation = **\$425,832**
 - (Allocated based on Title funds not enrollment)
- For COVID expenses incurred from March 13, 2020 to September 30, 2022
- Possible additional expenditures related to COVID:
 - Cleaning Supplies
 - Pandemic (Hazard) Pay
 - Nursing Services
 - Remediation Programming
 - Food Service Modifications
 - Facility modifications
 - Medical & PPE Supplies
 - Technology Equipment
 - Mental Health Services
 - Staff Training on Health and Safety
 - Additional/custom instructional materials
 - Staff salary/benefit costs to avoid layoff and/or furlough
 - Signage
 - Internet Accessibility
 - Virtual Programs/Software
 - Transport Services Changes
 - Return to learn plans
- Expect that all CARES Funding will be expended in fiscal year 2021

Fiscal Year 2021 (Next Year) – State Level

- REC State General Fund Revenue Estimates:
 - December 2019 = \$8.249 billion
 - March 2020 (prior to COVID) = \$8.237 billion
 - May 2020 = \$7.877 billion
- Approximate **\$360 Million Reduction** from pre-COVID estimate and 0.8% less than the previous year
- *Since State reserves are full Iowa is positioned well to an extent, but the duration and real impact of COVID is difficult to project right now.*

Fiscal Year 2021 (Next Year) Linn-Mar Impact

Projected Deficit
\$500K to \$1.5 million

GENERAL FUND

Revenues:

Good:

- SSA is still set at 2.3%
- CARES Act dollars

Concerns:

- Across the Board Cut and/or legislature reducing SSA
- Deferred or delinquent property tax receipts
- Will COVID have an impact on student enrollment?
- Increased free and reduced population = less fee revenue
- Will Medicaid revenue rebound?
- COVID impact on fundraising, large group gatherings (e.g. fine arts performances), and other student revenue

Expenditures:

Concerns:

- Additional expenditures related to COVID and return to learn requirements
- Prior to COVID FY2021 was already going to be tight budget with increased costs of bringing Boulder Peak and Hazel Point online
 - Additional staff
 - Utilities and Other Services
 - Increased supplies
- 82% of budget is staff salaries/benefits

Fiscal Year 2021 (Next Year) Linn-Mar Impact

STUDENT ACTIVITY FUND

- Revenue Concerns:
 - COVID impact on gate admissions, fundraising, etc.
- Expenditure Concerns:
 - Additional health and safety expenses related to COVID
 - May need to adjust prioritize expenses if significant revenue loss

NUTRITION FUND

- Revenue Concerns:
 - Students eating on-site or no?
 - More delinquent accounts due to economic instability?
- Expenditure Concerns:
 - Additional health and safety expenses related to COVID
 - Increased expenditures due to BP and HP
 - Food costs increase due to supply chain issues

Fiscal Year 2021 (Next Year) Linn-Mar Impact

AQUATIC CENTER

- Revenue Concerns:
 - Can the pool operate at full capacity (e.g. swim lessons, youth swim team, etc.)?
- Expenditure Concerns:
 - Additional health and safety expenses related to COVID

SAVE (Sales Tax) FUND

- Revenue Concerns:
 - What will be the economic impact on Iowa sales tax collections and for how long?
- Expenditure Concerns:
 - Will the District be able to cover their outstanding SAVE debt obligations plus annual technology purchases
 - What (if any) capital projects on the 10-year plan will need to be deferred?

Lots of Unknowns...But what is on our Radar?

- State Legislature back in session- will they make any decisions for FY21 and/or FY22?
- Will the Governor authorize an across the board cut?
- LM return to learn planning is in process- what does that look like?
- Will there be another round of federal stimulus funding?
- COVID related recommendations at the Federal, State, and Local level

QUESTIONS?