



MICHAEL D. WOLFE
Chief Operations Officer
2450 Lancaster Dr. NE • PO Box 12024 • Salem, Oregon 97309-0024
503-399-3036 • Cell 503-508-9700 • Fax: 503-399-3407

Christy Perry, Superintendent

Date: January 20, 2021
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended December 31, 2020

Board Policy EL-8, Item 6 sets out a provision for the School Board to receive quarterly financial reports that include a recap of changes between the current and previous report in expenditures, revenue, enrollment, and a projected ending fund balance. The information provided in this memo summarizes the highlights of the second quarterly report for the 2020-21 fiscal year.

Comparison of September 30, 2020 to December 31, 2020 Report:

The projected 2020-21 General Fund ending fund balance of \$101.0 million, includes \$30.7 million restricted for the transportation facility. The General Fund ending fund balance net of transportation facility of \$70.3 million is 11.97% as a percent of operating revenue. This amount may vary greatly due to the plan to shift from Comprehensive Distance Learning to hybrid instruction. This projected fund balance is an increase of \$25.2 million compared to the prior quarter, net of the transportation facility and this report has been adjusted to show the funds dedicated to the transportation facility.

Current Year (2020-21) Outlook:

- **Revenue** – The District is forecasting a \$5.6 million decrease in General Fund revenues as compared to budget. The largest driver in this decline was the State School Fund (SSF) revenue is projected to decrease \$4.0 million mainly due the decrease in the District’s extended ADMw based on the recent data provided by Oregon Department of Education. Interest rates for investments are decreasing driving down interest income estimates which contributes to an additional \$1.6 million decrease in revenue projections.
- **Expenditures** – The COVID-19 pandemic has dramatically changed spending patterns for the District compared to budget. These changes will result in forecasted General Fund under-spending of approximately \$65.2 million net of the \$30.7 million restricted for the transportation facility. This includes additional savings from the budgeted contingency of \$23.8 million. The remaining under-spending is comprised mainly of \$34.3 million in substitutes and other personnel savings, \$0.8 million in furlough savings and \$6.3 million in supplies and materials and purchased services. Comprehensive distance learning and reductions in travel and extracurricular activities have contributed to savings in those areas.
- **Enrollment** – The December enrollment includes 39,956 students compared to 41,586 from last December, a decrease of 1,630 students. Overall, the State of Oregon is seeing a downward trend in enrollment related to the pandemic. The District continues to monitor current enrollment numbers and work with statewide organizations to better understand the impacts on revenue and staffing projections.

- **Summary and Look Ahead**

There are so many new variables this year that the projection is highly uncertain. The District is carefully monitoring the changes in enrollment across the state and implications on revenue in the coming years. Since this is an unprecedented situation, it is unknown how enrollment may fluctuate during the year. Federal resources may also be used to support the General Fund during these unusual times. The Governor's proposed budget for the next biennium held the State School Fund flat, which puts additional pressure on the General Fund as costs will continue to increase during the next biennium.

**Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2021
Quarter Ended December 31, 2020**

	2020-21
State Formula Revenue	\$ 502,624,380
Exempt Revenue	24,815,000
Fund Transfers	3
Total Revenue	\$ 527,439,383
Beginning Fund Balance	55,000,000
Total Budgeted Resources	\$ 582,439,383
Total Expenditure Budget	\$ 582,439,383
Total Budgeted Resources	\$ 582,439,383
Less: Budgeted Beginning Fund Balance	(55,000,000)
Add: Actual Ending Fund Balance 2019-20	65,736,765
Total Budgeted Operating Revenue - Prior to Year End	\$ 593,176,148
Year End Revenue Increase (Decrease)	(5,616,058)
Total Operating Revenue	\$ 587,560,090
 <u>Fund Balance Projection</u>	
Actual Beginning Fund Balance	\$ 65,736,765
Less Budgeted Carryforward - Fund Balance	(55,000,000)
Adjust Increase (Decrease) - Projected Revenue	(5,616,058)
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	95,901,266
Projected Ending Fund Balance, Including Transportation Facility	\$ 101,021,974
Restricted for Transportation Facility	30,682,313
Projected Ending Fund Balance, Net of Transportation Facility	\$ 70,339,661
Projected Ending Fund Balance as a Percent of Operating Revenue	11.97%
<i>Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)</i>	