



**2022-23**

# **45 Day Revise Budget Update**

Board Meeting August 11, 2022

Agenda Item No. 9.1



# Acronyms

<b>ADA</b>	Average Daily Attendance	<b>P-2</b>	Second Period Attendance Reporting Cycle
<b>COLA</b>	Cost of Living Adjustment	<b>PERS</b>	California Public Employees' Retirement System
<b>ELOP</b>	Expanded Learning Opportunities Program	<b>SCOE</b>	Sacramento County Office of Education
<b>LCAP</b>	Local Control Accountability Plan	<b>STRS</b>	California State Teachers Retirement System
<b>LCFF</b>	Local Control Funding Formula	<b>TK</b>	Transitional Kindergarten
<b>MYP</b>	Multi - Year Projections	<b>UPP</b>	Unduplicated Pupil Percentage

# Agenda

- Overview 45 Day Budget Revise
- District Adopted Budget vs State Enacted Budget
- Unrestricted and Restricted Changes
- Multi-Year Projections Update
- Next Steps

# 45 Day Revise Overview

- **Overview 45 Day Revise**

- Education Code 42127(h) – “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.”

- **2022-23 District Adopted Budget - 6/23/2022**

- State Budget not final
- Uncertainties: COLA, ADA Relief, & 1X Funds

- **2022-23 State Enacted Budget – 6/30/2022**

- LCFF COLA
- Additional Transportation Funding
- Arts, Music & Instructional Materials Discretionary Block Grant
- Learning Recovery Emergency Block Grant
- ELOP

# Budget in June vs Budget Today

On June 23, 2022 the Board adopted a projected budget (revenues):

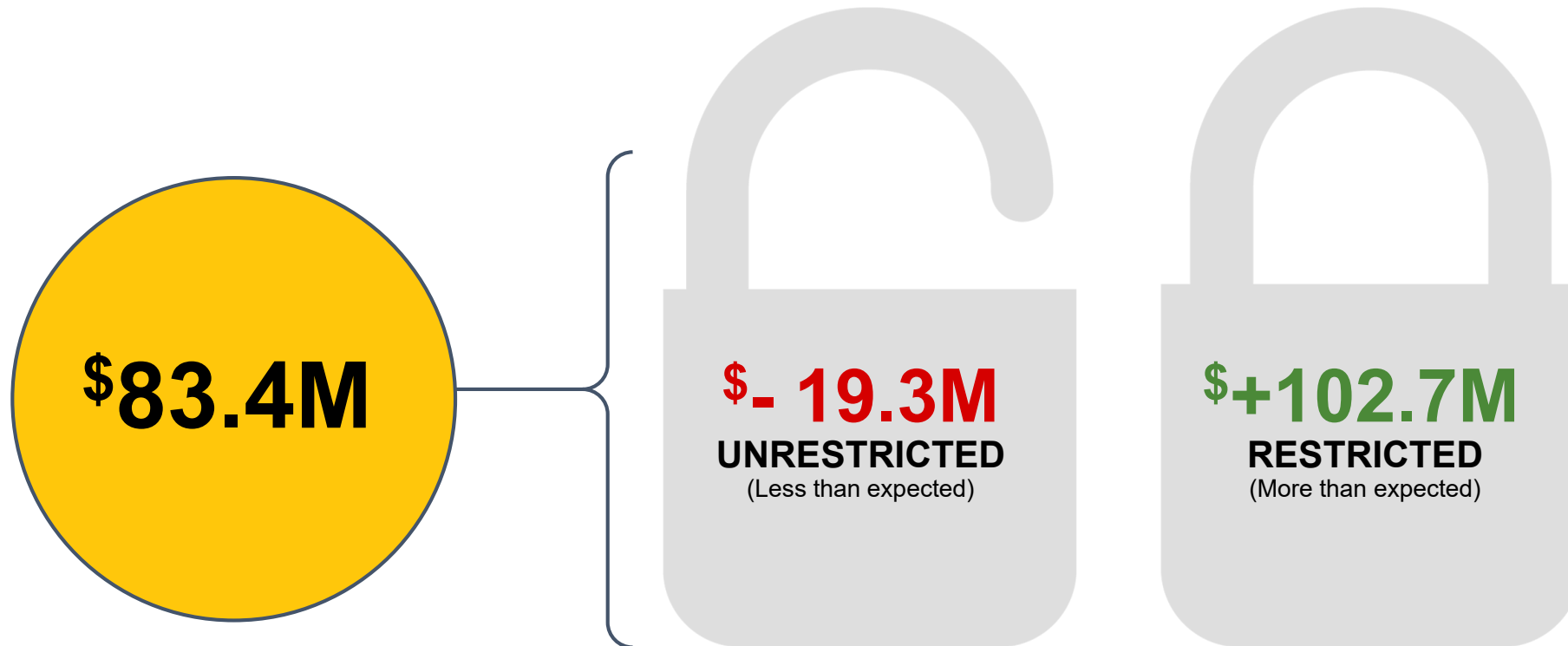
**\$689.9M** 

New total revenue amount after state budget was finalized:

**\$773.3M** 

**\$83.4M**  
More than expected

# What is the distribution of the \$83.4M difference?



# Restricted vs Unrestricted Funds

**NOTE: There may still be some restrictions on unrestricted funds.**



**Restricted**



**Unrestricted**

# What makes up the change of **-\$19.3M** in *unrestricted funds*?

**\$ -19.3M**  **Unrestricted Funds**



**\$ -45.5M** = Amount that we expected in unrestricted funds but was shifted to restricted as grants

**\$ 26.2M** = Increased LCFF COLA from 9.86% to 12.84% and ADA Relief &



# Unrestricted Revenue Changes

Description	2022-23 Adopted Budget	2022-23 45 Day Revise	Difference	Revenue Type	Ongoing vs One-time	Notes
Local Control Funding Formula - 12.84% COLA and Augmentation	\$454,072,523	\$466,261,556	<b>\$12,189,033</b>	Unrestricted	Ongoing	Increase due to applying COLA and additional LCFF investment to Adopted Budget enrollment and ADA assumptions
Local Control Funding Formula applying 2019-20 COVID 19 ADA Relief formula*	\$466,261,556	\$480,336,745	<b>\$14,075,189</b>	Unrestricted	Ongoing	Increase due to applying 12.84% COLA and the 2019-20 Covid 19 ADA Relief formula to the actual reported 2021-22 P-2 ADA
Transportation Add On **	\$4,115,457	\$7,476,167	<b>\$3,360,710</b>	Unrestricted	Ongoing	Requires Board approved spending plan by April 1, 2023 that describes services for students with disabilities, low-income, homeless, foster youth and english language learners. Plan updated annually.
Unrestricted Lottery	\$5,901,089	\$6,136,184	<b>\$235,095</b>	Unrestricted	Ongoing	Funding per ADA changed from \$163 to \$170
\$1,500/ADA Discretionary Block Grant	\$49,164,240	\$0	<b>(\$49,164,240)</b>	Unrestricted	One-time	Funding proposal eliminated

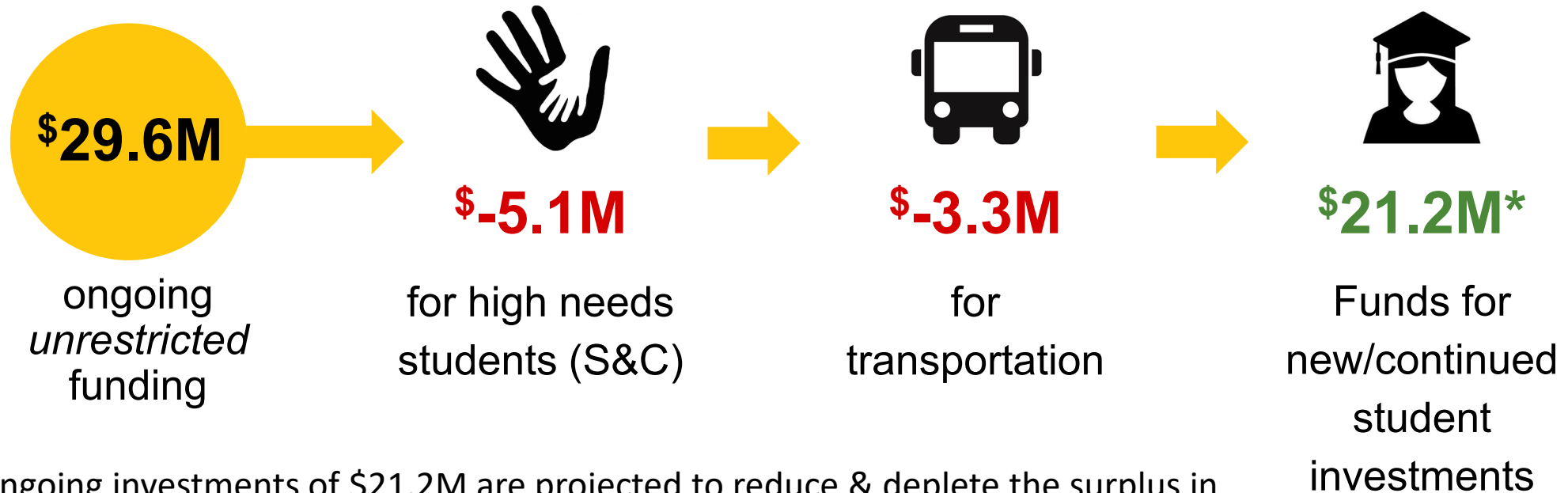
\*2019-20 COVID-19 ADA Relief formula for LCFF revenue is subject to audit requirements

\*\*Transportation Add on requires board approved spending plan by April 1, 2023

# Unrestricted Expenditure Changes

<b>Unrestricted Expenditure Changes</b>	<b>Amount</b>
Increased Staffing for TK Program	\$ 1,284,182
Increased Benefits Related to TK Staffing	\$ 1,090,413
Increased LCFF Supplemental /Concentration Expenditures	\$ 5,106,006
Increased Restricted Lottery Expenditures	\$ 235,095
<b>Net Change to Expenditures</b>	<b>\$ 7,715,696</b>

# How much (unrestricted) money is left for student needs?

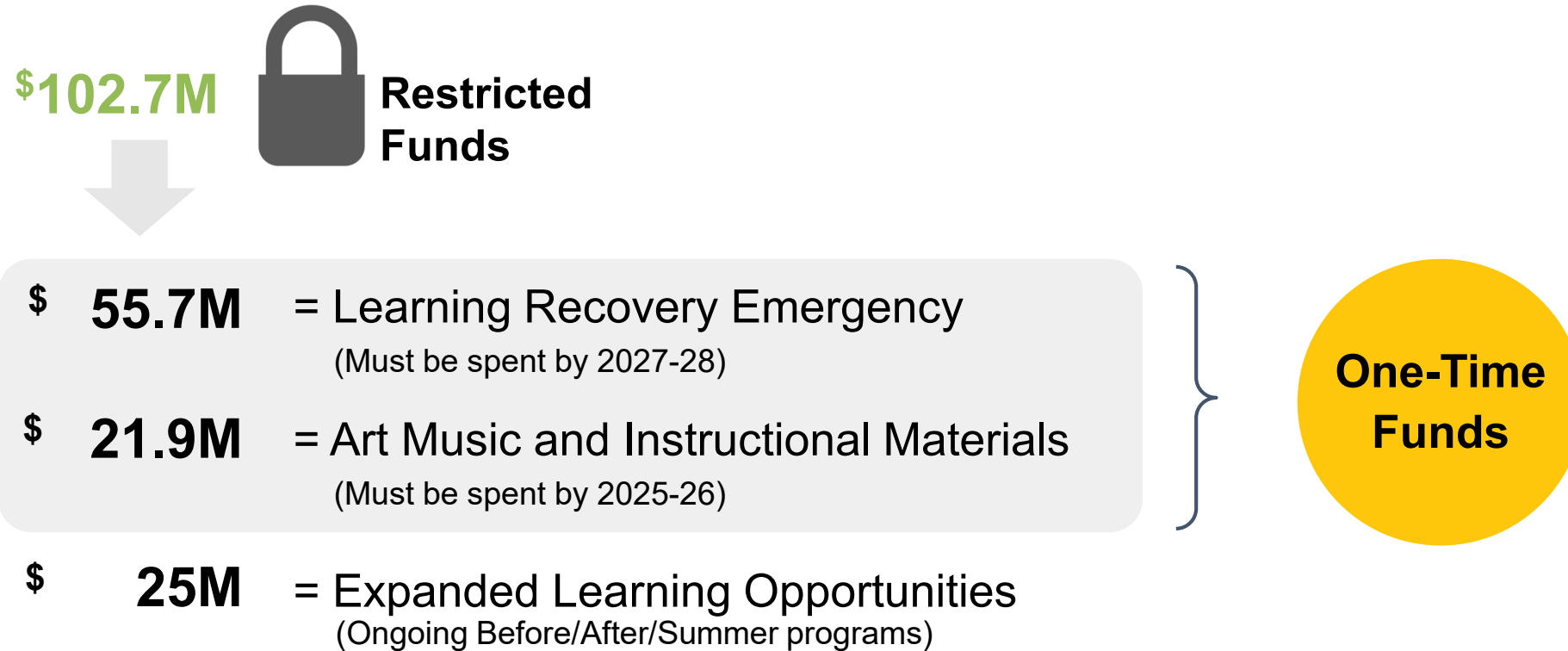


\* Ongoing investments of \$21.2M are projected to reduce & deplete the surplus in 22-23 & 23-24 and result in a deficit in 24-25

# Programs and services at-risk of losing funding once ESSER money runs out.

- Additional staff from last year for counselors, social workers, school psychologists; \$17M
- Staff pool to support schools; \$8.4M
- Additional substitute support for schools; \$2M
- Special Education investments; \$35M
- 5% support staff; \$7.7M
- MTSS supports based on Board update presentation; TBD

# How must the **+\$102.7M** in *restricted* funds be spent?



# Restricted Revenue Changes

Description	2022-23 Adopted Budget	2022-23 45 Day Revise	Difference	Revenue Type	Ongoing vs One-time	Notes	Deadline
Restricted Lottery	\$2,353,195	\$2,418,378	<b>\$65,183</b>	Restricted	Ongoing	Funding per ADA changed from \$65 to \$67	N/A
Expanded Learning Opportunities Program	\$0	\$25,051,881	<b>\$25,051,881</b>	Restricted	Ongoing	Provide comprehensive before, after and summer school opportunities for TK-6th grade students	N/A
Arts, Music & Instructional Materials Discretionary Block Grant*	\$0	\$21,860,164	<b>\$21,860,164</b>	Restricted	One-time	Requires Board approved spending plan, may be used for professional development, instructional materials, textbooks, operational costs, Covid 19 supplies	6/30/2026
Learning Recovery Emergency Block Grant*	\$0	\$55,748,199	<b>\$55,748,199</b>	Restricted	One-time	Used to provide pupil supports, additional academic services, close learning gaps, increase learning time, instruction for credit deficient students	6/30/2028

\*Arts, Music, & Instructional Materials Discretionary Block Grant requires board approved spending plan. The Learning Recover Emergency Block Grant does not require a spending plan, but is recommended.

# Previous Board Board Commitments

## Board Resolution Commitments

- Professional learning \$3.1M
- Textbook adoption \$13M
- MTSS \$400K
- Anti-Racist/Anti-Bias Professional Learning \$400K
- Communications \$60K
- Summer School \$5M
- TK \$48K
- 3% Board Reserve \$19M

## District Initiatives Identified for Future Commitments

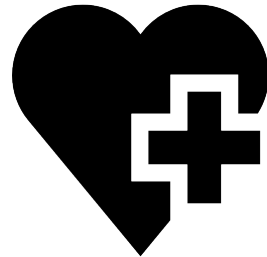
- Reimagining Safety \$1M
- VAPA \$250K
- Discretionary fund changes for Board members \$35K
- Strategies for filling vacancies \$500K
- Marketing plan \$150K
- Additional support services (TBD)

# Additional Consideration

Support recruitment and retention with classification compensation study



Bus Drivers



Health Aides



Special Education  
Aides



Instructional  
Aides



# 2022-23 Adopted Budget Vs 45 Day Budget Revise – Combined

Combined Fund 01	Adopted Budget	Increase (Decrease)	Revised Budget
<b>Revenue</b>	<b><u>2022-23</u></b>	<b><u>2022-23</u></b>	<b><u>2022-23</u></b>
Total Revenue Limit	456,323,702	26,264,222	482,587,924
Federal	91,620,567	-	91,620,567
Other State	133,686,719	57,156,992	190,843,711
Other Local	8,258,945	-	8,258,945
<b>Total Revenues</b>	<b>689,889,933</b>	<b>83,421,214</b>	<b>773,311,147</b>
<b>Expenditures</b>			
Certificated Salaries	242,978,512	917,444	243,895,956
Classified Salaries	70,677,912	366,738	71,044,650
Employee Benefits	215,767,200	1,090,413	216,857,613
Books and Supplies	29,337,531	65,183	29,402,714
Services and Other Operating Exp	85,526,262	30,392,982	115,919,244
<b>Total Expenditures</b>	<b>650,065,110</b>	<b>32,832,760</b>	<b>682,897,870</b>
<b>Net Increase (decrease)</b>	<b>42,167,249</b>	<b>50,588,454</b>	<b>92,755,703</b>
<b>Fund Balance</b>			
Beginning Fund Balance	67,291,485	-	67,291,485
<b>Ending Fund Balance</b>	<b>109,458,734</b>	<b>50,588,454</b>	<b>160,047,188</b>
<b>Components of Ending Fund Balance</b>			
Restricted	12,406,217	77,608,363	90,014,580
Other Commitments	41,439,681	-	41,439,681
Other Assignments	25,660,194	(22,482,359)	3,177,835
Reserve for Economic Uncertainties	12,954,454	656,655	13,611,109
Unassigned/Unappropriated	16,673,189	(5,194,205)	11,478,984

# Multiyear Projections Update

## 2022-23 45 Day Revised Budget

Description	2022-23 Revised Budget	Projected 2023-24	Projected 2024-25
Total Revenues	773,311,147	697,995,473	651,602,309
Total Expenditures	682,897,870	682,634,330	650,074,849
<b>Net Increase/(Decrease)</b>	<b>92,755,703</b>	<b>17,703,569</b>	<b>3,869,886</b>
Add: Beginning Fund Balance	67,291,485	160,047,189	177,750,758
<b>Ending Fund Balance</b>	<b>160,047,189</b>	<b>177,750,758</b>	<b>181,620,644</b>
<i>Components of Ending Fund Balance</i>	<i>148,568,205</i>	<i>144,844,751</i>	<i>142,147,484</i>
<i>Unassigned/Unappropriated</i>	<i>11,478,984</i>	<i>32,906,007</i>	<i>39,473,159</i>

## 2022-23 Adopted Budget

Description	2022-23 Adopted Budget	Projected 2023-24	Projected 2024-25
Total Revenues	689,889,933	642,097,919	602,330,273
Total Expenditures	650,065,110	649,690,783	618,319,072
<b>Net Increase/(Decrease)</b>	<b>42,167,249</b>	<b>(5,250,437)</b>	<b>(13,646,373)</b>
Add: Beginning Fund Balance	67,291,485	109,458,735	104,208,298
<b>Ending Fund Balance</b>	<b>109,458,735</b>	<b>104,208,298</b>	<b>90,561,924</b>
<i>Components of Ending Fund Balance</i>	<i>92,785,546</i>	<i>78,177,813</i>	<i>63,904,006</i>
<i>Unassigned/Unappropriated</i>	<i>16,673,189</i>	<i>26,030,485</i>	<i>26,657,919</i>

# Risks and Opportunities

- **Risks**

- Uncertainty regarding on-going State funding for K12 Districts
- Potential future impact of recessionary economy
- Enrollment
- Additional Unfunded COVID-19 related expenses
- Audit guidance on the utilization of the 2019-20 COVID-19 relief calculations

- **Opportunities**

- Improved State budget and funding for K12 Districts
- Stable/increased Enrollment
- Potential to make up instructional days lost during 2021-22 school year through State Waiver process

# Next Steps: Financial Reporting

- **August/September 2022**
  - Monitor district enrollment/Staffing adjustments
- **September 2022**
  - 2021-22 Unaudited Actuals
    - *Determines final ending fund balance*
- **December 2022**
  - 2022-23 First Interim Report
  - 2021-22 Independent Financial Audit
- **January 2023**
  - Governors 2023-24 Budget Proposal

# Next Steps: Program Plans

- **Planning for and Implementation of Spending Fall 2022**
  - Return to Board with recommendations for specific student-centered investments based on information shared today

# Questions