



2022-23 Budget Adoption

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Agenda



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 - 02 Budget Assumptions - Revenues
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 - 04 Contributions and Transfers Out
 - 05 Reserve for Economic Uncertainties
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 - 07 Multiyear Projections
 - 08 Challenges
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Budget Cycle

Budgeting for school districts is a continuous, year-round process



First Interim

On or before December 15

Actual revenues and expense July 1 to October 31 with projections for remainder of current and two future fiscal years

Unaudited Actuals

On or before September 15

Details actual ending balances, all revenues and expenditures for the fiscal year ended June 30

Adopted Budget

On or before July 1

Details spending plan of district and includes estimated actual ending balances for prior fiscal year

Second Interim

On or before March 15

Actual revenues and expense July 1 to January 31 with projections for remainder of current and two future fiscal years



Certification Definitions

✓ Positive

The District, based on current projections, will be able to meet its financial obligations for a the current and subsequent two fiscal years

Qualified

The District, based on current projections, may not be able to meet its financial obligations for the current and subsequent two fiscal years

Negative

The District, based on current projections, will be unable to meet its financial obligations for the current and subsequent two fiscal years

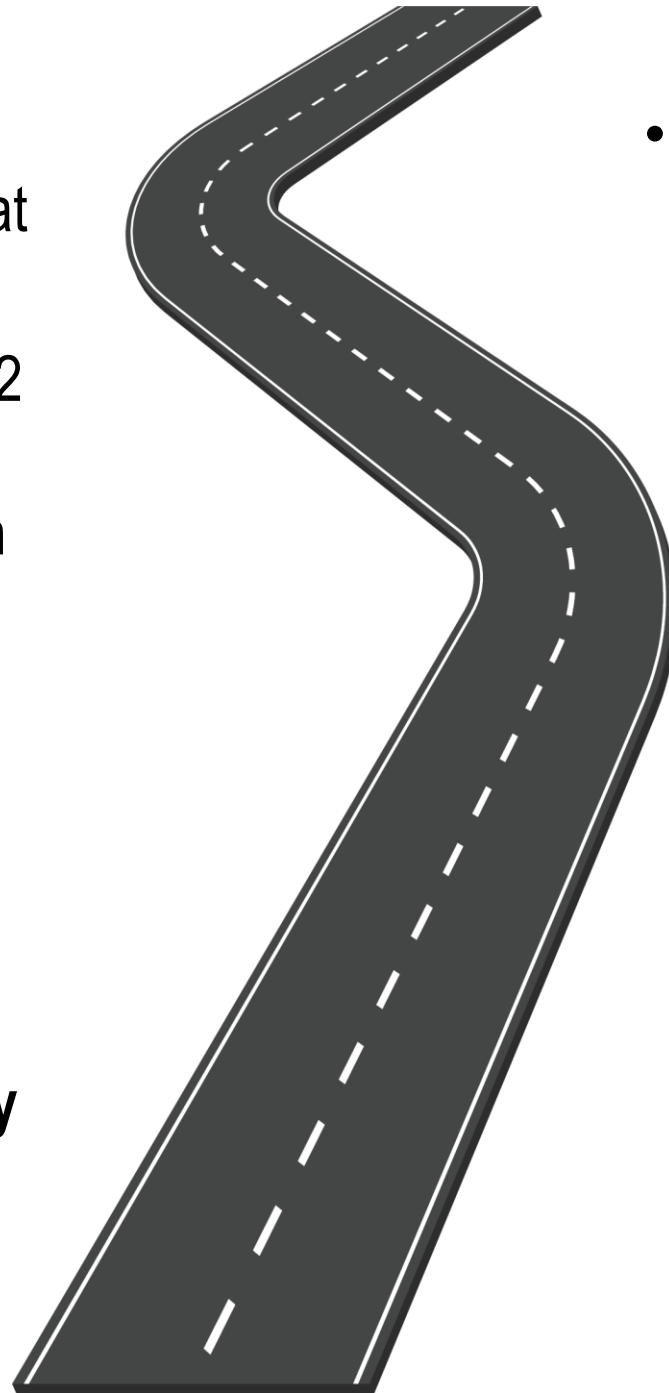
Current projections are based on Estimated Actuals and Multiyear Projection (MYP)

Budget Look Forward...

Reflections on the Governor's May Revise



- The Governor has built his State Budget capitalizing on a windfall that is likely to be short lived
 - The May Revision reflects \$49.2 billion in discretionary surplus and the Budget spends 94% on one-time projects
 - Proposition 98 grows 0.0009% from 2021-22 to 2022-23, signaling an **anticipated slow down of State General Fund revenues**
 - **The education community should read this as a warning of more modest State budgets ahead**



- But for now, the May Revision demonstrates that the Governor has heard the call of the education community
 - More investments in LCFF funding!
 - Flexible one-time resources without a required plan!
 - No new categorical programs!
 - Let's hope these priorities stick through the next step

State Budget Proposal for 2022-23

COLA and CalSTRS/CalPERS



Cost of Living Adjustment (COLA)

	2020-21	2021-22	2022-23	2023-24	2024-25
Statutory COLA	2.31%	2.48%			
Deficit Factor	10.0%	12.18%			
Effective Deficit Factor	-7.92%	-7.92%			
Proposed Governor's Budget 2022-23 COLA	0.00%	3.84%			
Proposed May Revise 2022-23 COLA	0.00%	5.07%	6.56%	5.38%	4.02%

CalSTRS and CalPERS employer contributions:

	2021-22	2022-23	2023-24	2024-25	2025-26
CalSTRS	16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS	22.91%	25.37%	25.20%	24.60%	23.70%

Proposed Budget Assumptions

Revenues



- Projected ADA – based on 93% enrollment

2021-22	2022-23	2023-24	2024-25
14,717.83	14,248.74	13,881.41	13,480.10

- One-time state and federal funding ongoing in 2022-23
 - Annual federal funded programs remain flat going forward
- Assumes all changes that were presented by the Governor in the May Revise
- Funded LCFF increase
 - LCFF revenues computed using the three-year average
 - Discretionary block grant one time moneys
- Increased categorical funds' COLAs (Cost of Living Adjustments)
- Ongoing funding for the ELO-P (Expanded Learning Opportunity Program)



2022-23 LCFF Funding Factors



Grade Span	K-3	4-6	7-8	9-12
2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
6.56% COLA	\$531	\$539	\$555	\$643
Additional LCFF Investment¹	\$266	\$270	\$278	\$322
2022-23 Base Grant per ADA	\$8,890	\$9,024	\$9,291	\$10,767
GSA	\$925	–	–	\$280
2022-23 Adjusted Base Grant per ADA	\$9,815	\$9,024	\$9,291	\$11,047
20% Supplemental Grant per ADA (Total UPP)	\$1,963	\$1,805	\$1,858	\$2,209
65% Concentration Grant per ADA (UPP Above 55%)	\$6,380	\$5,866	\$6,039	\$7,181

¹SSC estimate of the impact the additional \$2.1 billion investment brings to LCFF funding by increasing the base rates



Impact of Declining Enrollment on Supplemental Grant Funding

Supplemental Funding is Received for:

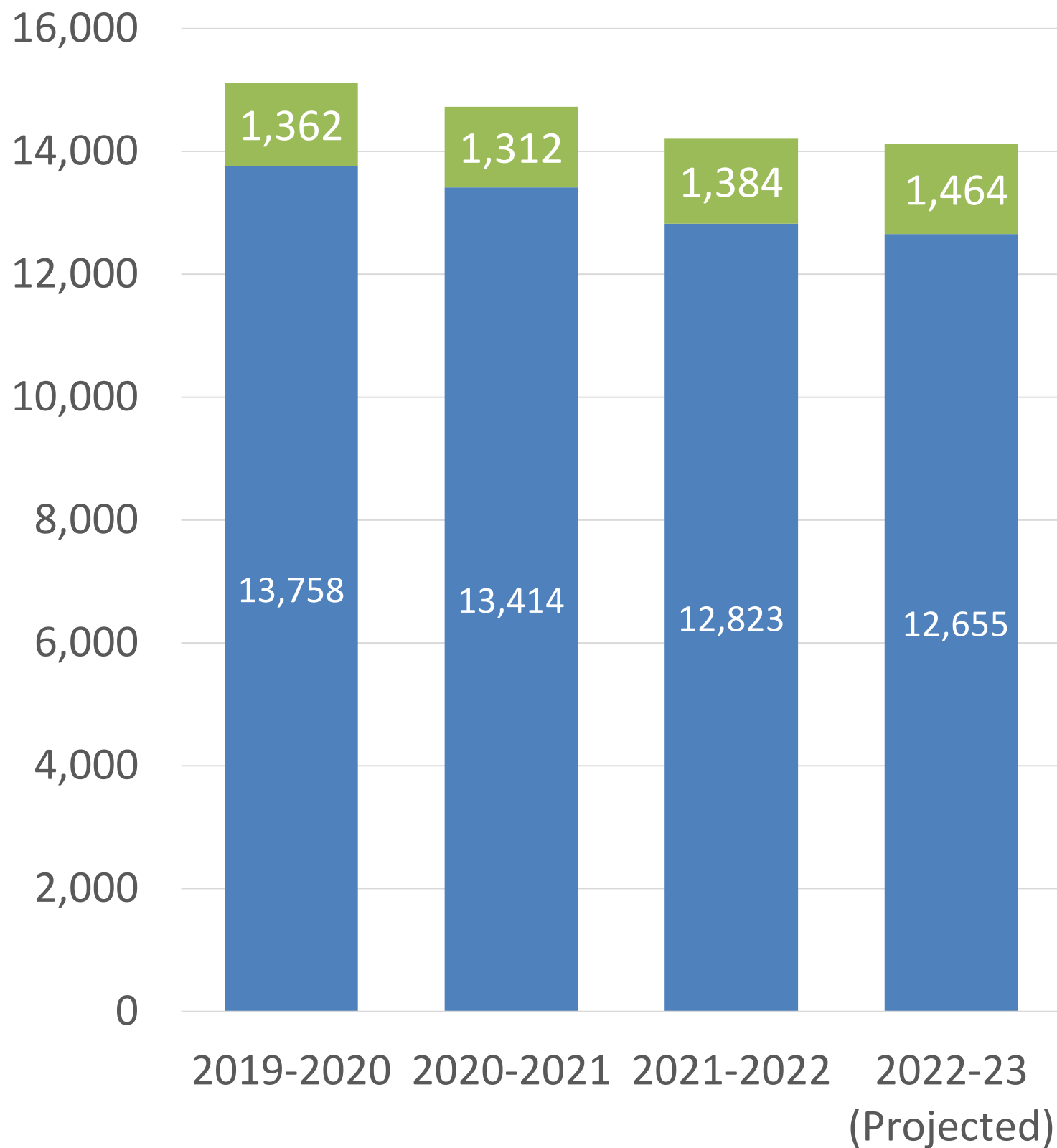
- Students who are English learners
- Students who receive free or reduced price meals
- Foster Youth

In order to receive Supplemental Grant funding, Districts need to have an unduplicated pupil count of 20%. In order to receive Concentration Grant funding, Districts needs to have an unduplicated pupil count of 55% or greater. Burbank USD only receives Supplemental Grant Funding. Declining enrollment also affects BUSD's supplemental grant funding. The chart below shows the decline in supplemental grant funding.

2021-22	2022-23	2023-24	2024-25
Supplemental Grant - Unduplicated Pupil Count			
36.54%	34.74%	32.69%	30.74%
9,795,873	9,907,107	9,577,538	9,108,308



Enrollment



- Interdistrict Permits
- District (Burbank Residents)

Enrollment continues to decline

Interdistrict Permits continue to support/offset declining enrollment

The State's Hold Harmless provision expires this year. However – there might be some relief

- *Computed Average ADA*
- *SB 830 (Portantino)*

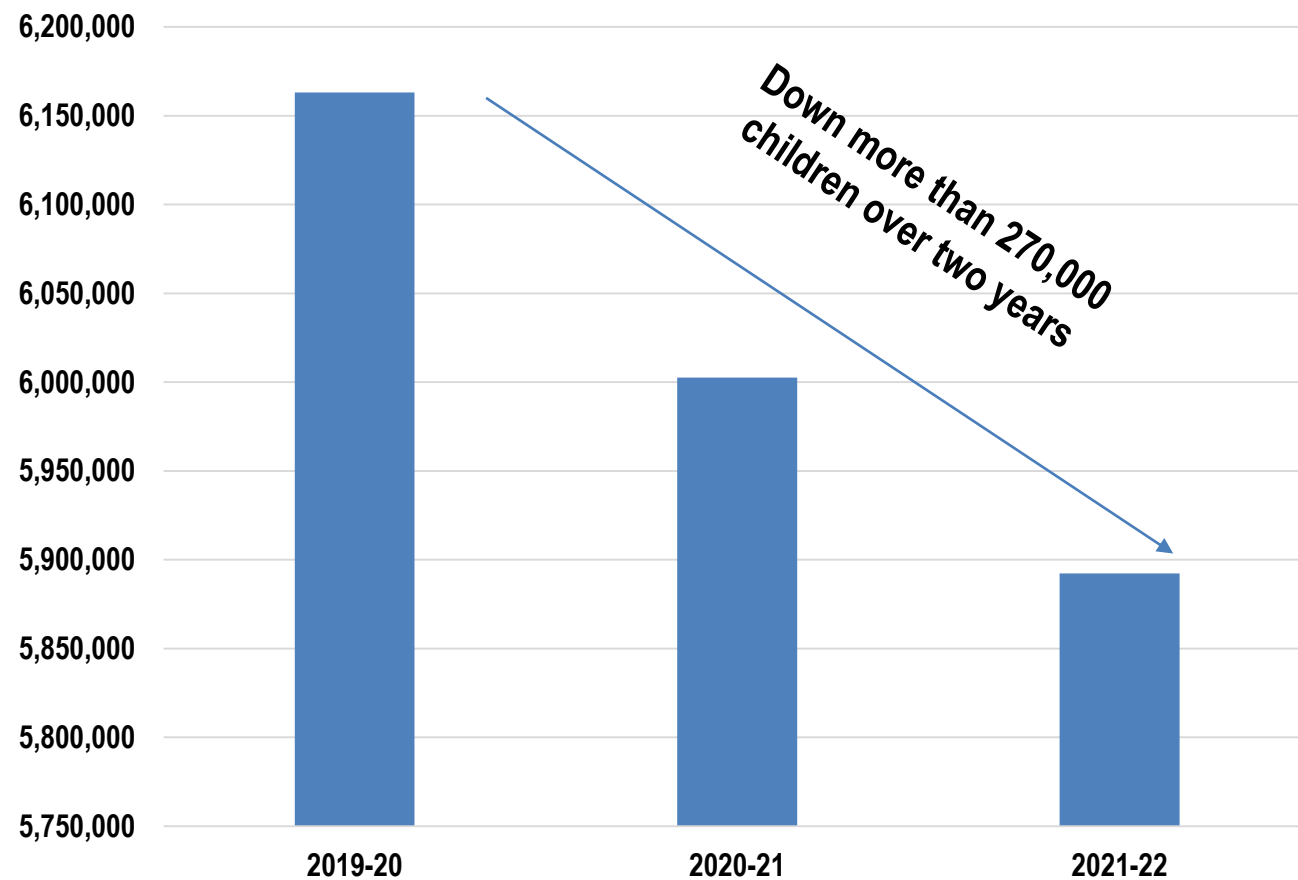
2022-23 ADA “Cliff”



■ The ADA “Cliff” has become a two-headed monster—the combination is significant

Declining Enrollment

K-12 Enrollment



Source: Department of Finance (DOF) Demographic Research Unit

ADA-to-Enrollment Percentage

- The rate at which children are attending school is on the decline
 - Quarantine/illness
 - Independent study
 - Unsigned master agreements
 - Homework not returned in a timely manner
 - Audit findings on the rise?

One Time COVID Moneys



FUNDING SOURCE	AMOUNT
SB117 – COVID 19 LEA Response Fund	\$ 254,618
Learning Loss Mitigation (LLM) – Coronavirus Relief Fund (CRF)	6,840,423
LLM – Prop 98 General Fund	1,181,661
AB 86 – In Person Learning (IPI)	4,994,543
AB 86 – Expanded Learning Opportunities Grant (ELO-G)	8,655,995
AB 86 – Expanded Learning Opportunities Grant– Para-Professionals	961,777
AB 86 – Expanded Learning Opportunities Grant– Homeless	76,000
AB 130 - Expanded Learning Opportunities Program (ELO-P)	1,859,471
LLM - Governor’s Emergency Education Relief (GEER)	\$909,442
CARES - Elementary and Secondary Emergency Relief Fund – ESSERF I	1,413,761
CRSSA - Elementary and Secondary Emergency Relief Fund – ESSERF - II	5,594,954
ARP - Elementary and Secondary Emergency Relief Fund – ESSERF - III	12,597,155
ARP – Homeless Children & Youth II	39,095
FEMA – Federal Emergency Management Agency	2,452,351
School Based COVID-19 Testing Grant	2,383,784
Emergency Connectivity Fund (ECF)	1,798,033
TOTAL COVID FUNDING	\$ 52,013,063

2022-23 Proposed Adopted Budget

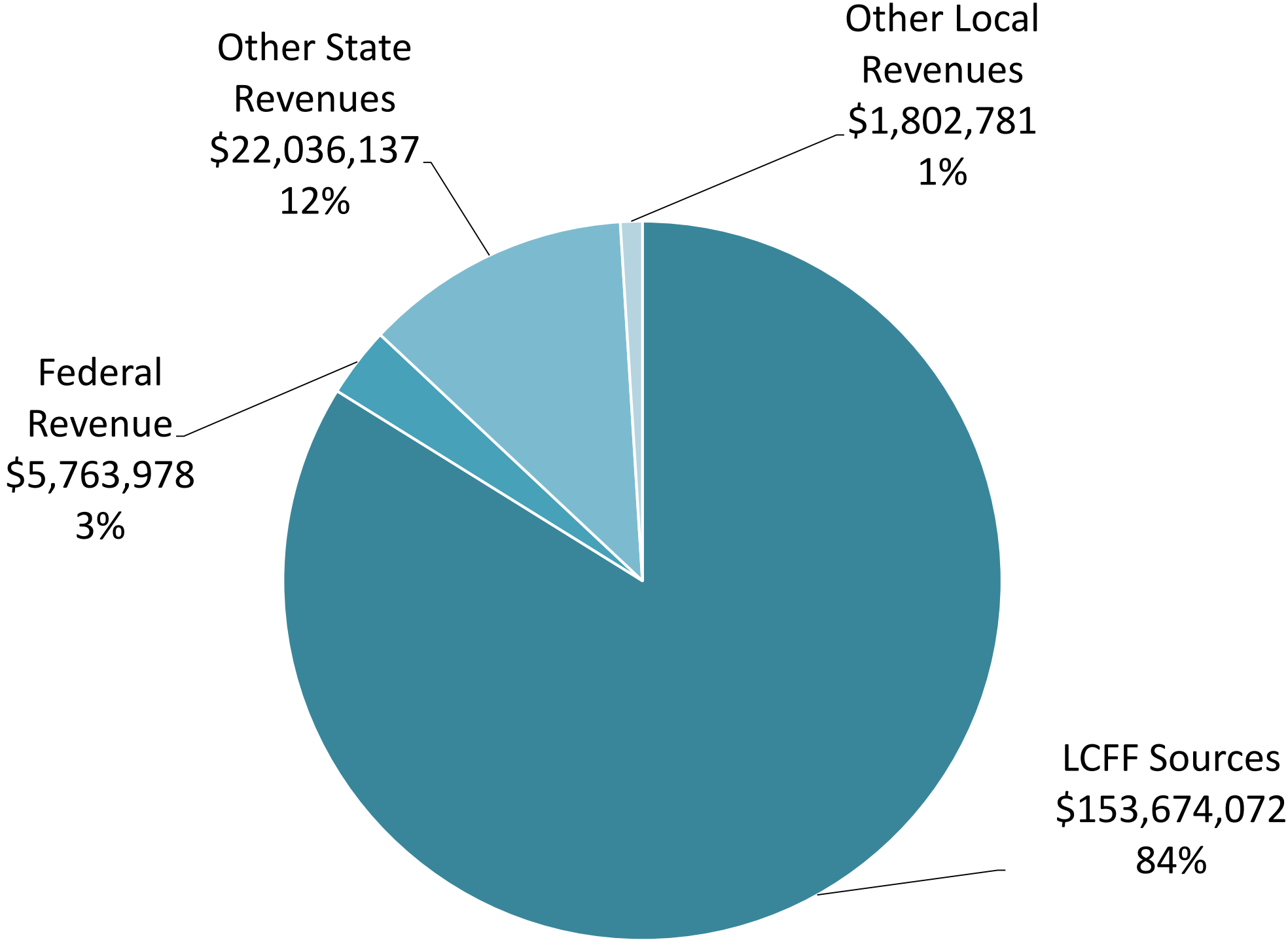
General Fund Revenues



	2021-22 Estimated Actuals	2022-23 Proposed Budget	2023-24 Projected Budget	2024-25 Projected Budget
LCFF Source Revenues	\$145,016,636	\$153,674,072	\$157,245,490	\$158,436,686
Federal Revenues	27,280,704	5,763,978	5,763,978	5,763,978
Other State Revenues	32,560,659	22,036,137	19,708,710	20,133,514
Other Local Revenues	8,949,053	1,802,781	1,802,781	1,802,781
TOTAL	\$213,807,052	\$183,276,968	\$184,520,959	\$186,136,959

2022-23 General Fund Revenues

\$183,276,968



Proposed Budget Assumptions

Expenditures



- Step and Column increases
- Consumer Price Index – CPI

2021-22	2022-23	2023-24	2024-25
6.55%	6.11%	3.14%	1.97%

- Operational Site Budgets
- One-Time COVID Funding Plan
- AB86 and LCAP Plans
- STRS/PERS changes
- Minimum Wage increases
- MOUs with Collective Bargaining Units
 - Job Study
 - 5% Raise with Retro

2022-23 Proposed Adopted Budget

General Fund Expenditures

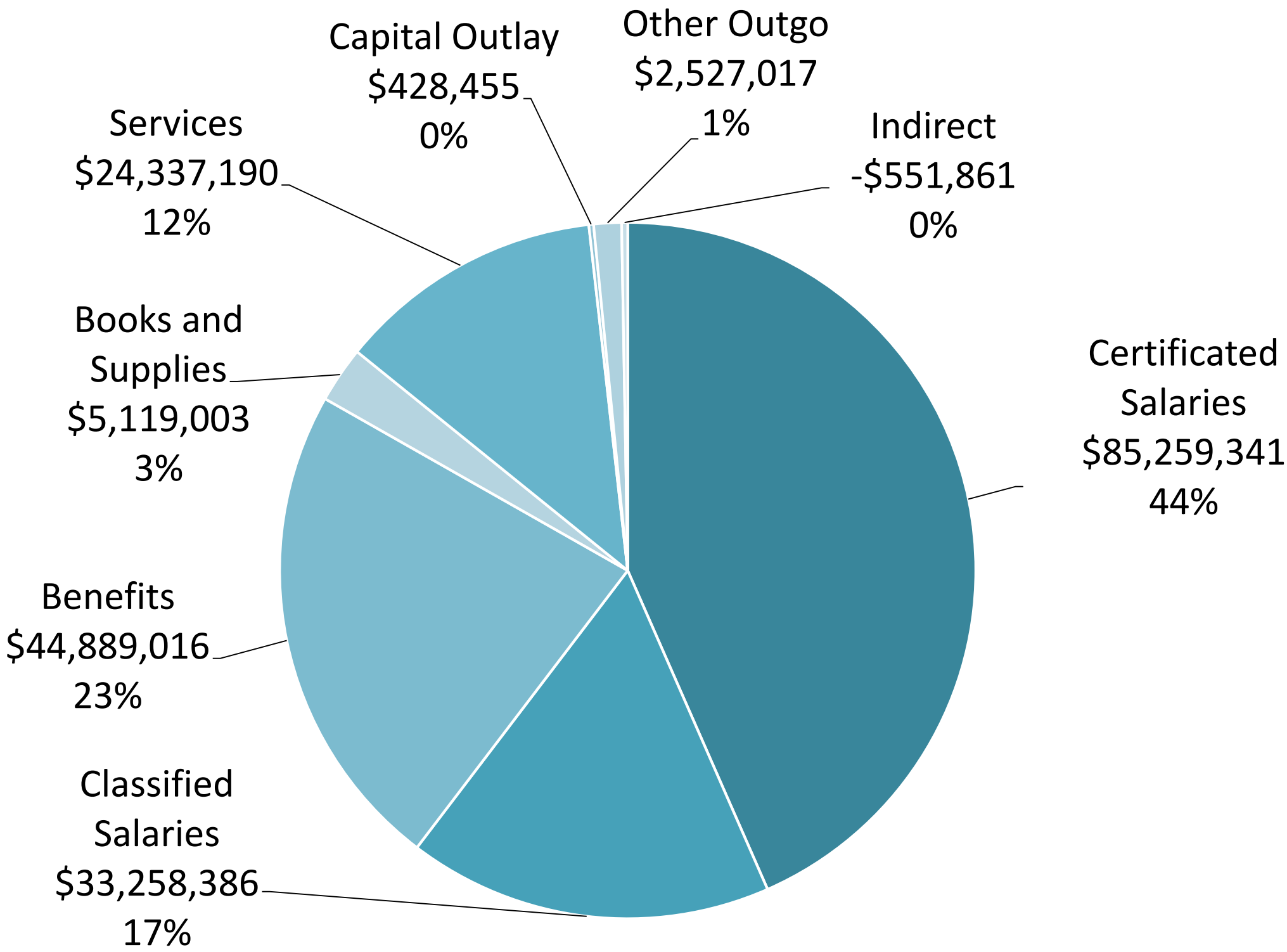


	2021-22 Estimated Actuals	2022-23 Proposed Budget	2023-24 Projected Budget	2024-25 Projected Budget
Certificated Salaries	\$76,160,181	\$85,259,341	\$80,913,652	\$81,802,974
Classified Salaries	28,461,864	33,258,386	31,852,318	32,738,188
Benefits	38,574,615	44,889,016	43,809,317	45,412,690
Books and Supplies	25,121,031	5,119,003	5,708,166	4,944,957
Services	29,719,469	24,337,190	24,392,807	25,053,086
Capital Outlay	864,969	428,455	0	0
Other Outgo	2,605,425	2,527,017	2,598,017	2,669,017
Indirect	(477,006)	(551,861)	(848,669)	(848,669)
TOTAL	\$201,030,548	\$195,266,547	\$188,425,608	\$191,772,242

Note: Columns may not add up due to rounding

2022-23 General Fund Expenditures

\$195,266,547



Contributions & Transfers In/Out



	2021-22	2022-23	2023-24	2023-24
Special Education	\$(18,949,706)	\$(22,852,755)	\$(23,708,166)	\$(24,441,535)
Routine Restricted Maintenance	(5,894,334)	(5,766,566)	(5,506,375)	(5,565,902)
TOTALS	\$(24,844,040)	\$(28,619,321)	\$(29,214,542)	\$(30,007,437)

	2021-22	2022-23	2023-24	2023-24
Fund 12 – Monterey High Infant Program – Self Support & ATB	\$(336,676)	\$-0-	\$-0-	\$-0-
Fund 12 – Child Development Fund / State Preschool- LCAP Supplemental	-0-	-0-	-0-	(28,014)
TOTALS	\$(366,676)	\$-0-	\$-0-	\$(28,014)

Note: Columns may not add up due to rounding



Ending Fund Balance in Excess of Reserve for Economic Uncertainties (REU)

Per Ed Code Section 42127(a)(2)(B) Districts must provide information at a public hearing prior to budget adoption on all balances assigned and unassigned in excess of the minimum recommended reserve for economic uncertainties (REU)

Reserve Cap



- Senate Bill (SB) 751 (Hill, Statutes of 2017) sets the threshold for triggering the cap on district reserves and the limits of how much school districts can maintain in their local reserves
- SB 751 caps district reserves at 10% using assigned/unassigned ending balance of General and Special Reserve For Other Than Capital Outlay Funds
- To stay under the 10% cap, the Board will need to adopt a resolution to commit fund balance to specific purposes; staff recommendation:
 - Facilities Needs – Roofs, HVAC
 - STRS/PERS
 - Textbooks
 - Technology Refresh

Tools to address the reserve cap:

Commit Fund Balance	Contribution to Restricted Programs	Transfer to Other Funds	County Office Exemption
Unspent supplemental and concentration grant funds Technology refresh Textbook adoption Pension obligations	Routine Restricted Maintenance Special Education	Postemployment Benefits State School Facilities Special Reserve for Capital Outlay	Exemption to the reserve cap can be granted for two consecutive years in a three-year period

Multiyear Projection

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Revenue	\$ 183,276,968	\$ 184,520,959	\$ 186,136,959
Expenses, Other Financing Sources/Uses	195,266,547	188,425,608	191,800,256
Operating Surplus/ Deficit	(11,989,579)	(3,904,649)	(5,663,297)
Beginning Fund Balance	40,760,905	28,771,325	24,866,676
Ending Fund Balance	<u>\$ 28,771,325</u>	<u>\$ 24,866,676</u>	<u>\$ 19,203,379</u>
 <u>Components of Fund Balance</u>			
Nonspendable	\$ 100,060	\$ 100,060	\$ 100,060
Committed:			
Facilities - Roofs, HVAC	1,000,000	1,000,000	0
STRS/PERS	2,900,000	2,900,000	2,900,000
Textbooks	1,000,000	1,000,000	0
Technology Refresh	3,000,000	3,000,000	3,000,000
Restricted/Assigned:			
Assigned LCAP Supplemental Cumulative	1,256,268	1,139,039	664,637
Restricted Carryover	1,678,091	1,271,298	758,666
Restricted One-time State & Federal Funding	1,563,014	0	0
Vacation Liability	272,000	272,000	272,000
Fiscal Stability Assigned	4,285,900	2,878,742	0
Reserve for Economic Uncertainties 3%	5,857,996	5,652,768	5,754,008
Board-Approved Reserve - Additional 3%	5,857,996	5,652,768	5,754,008
Total Fund Balance	<u>\$ 28,771,325</u>	<u>\$ 24,866,676</u>	<u>\$ 19,203,379</u>

Note: Columns may not add up due to rounding

Challenges

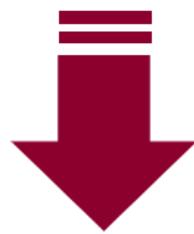


- The economy is facing significant headwinds and is entering turbulent territory
- Many factors pose significant risk to the economy, the State Budget, and the long-term forecast



Inflation and fears of prolonged inflation pose the most immediate risk to the economy

- Becoming widespread
- Could slow GDP
- Federal Reserve actions could cause a recession



Supply chain bottlenecks continue to aggravate supply and demand, which exacerbates inflationary pressures



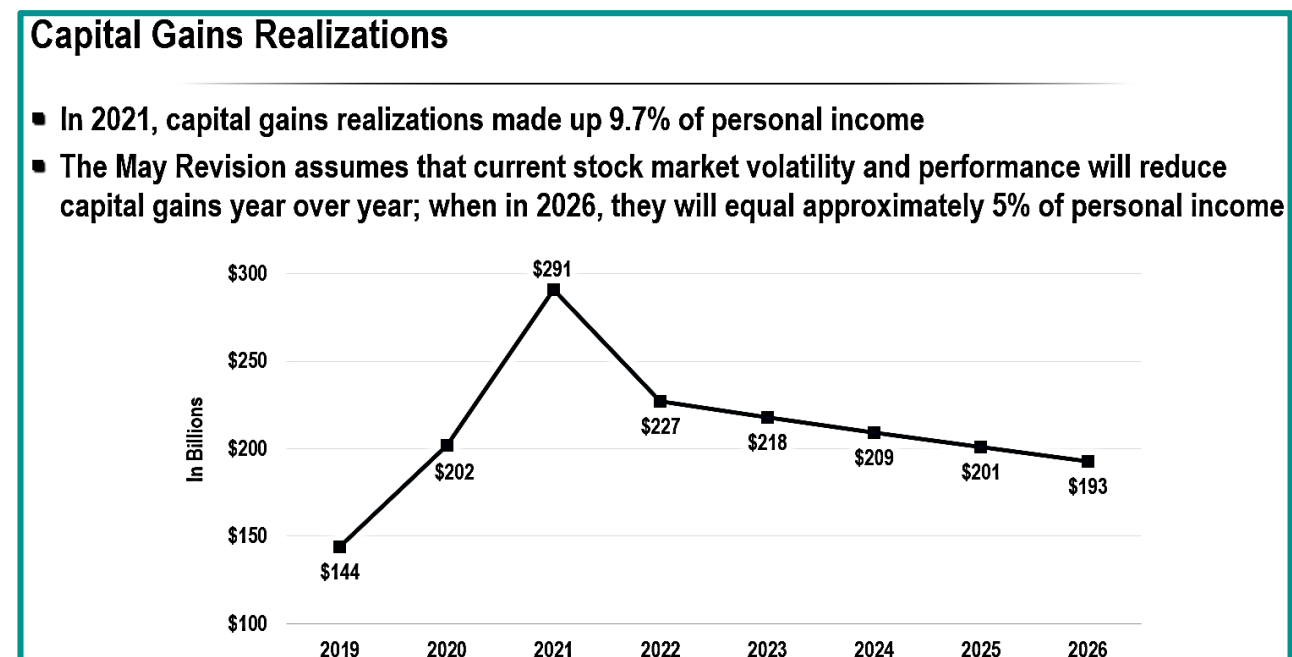
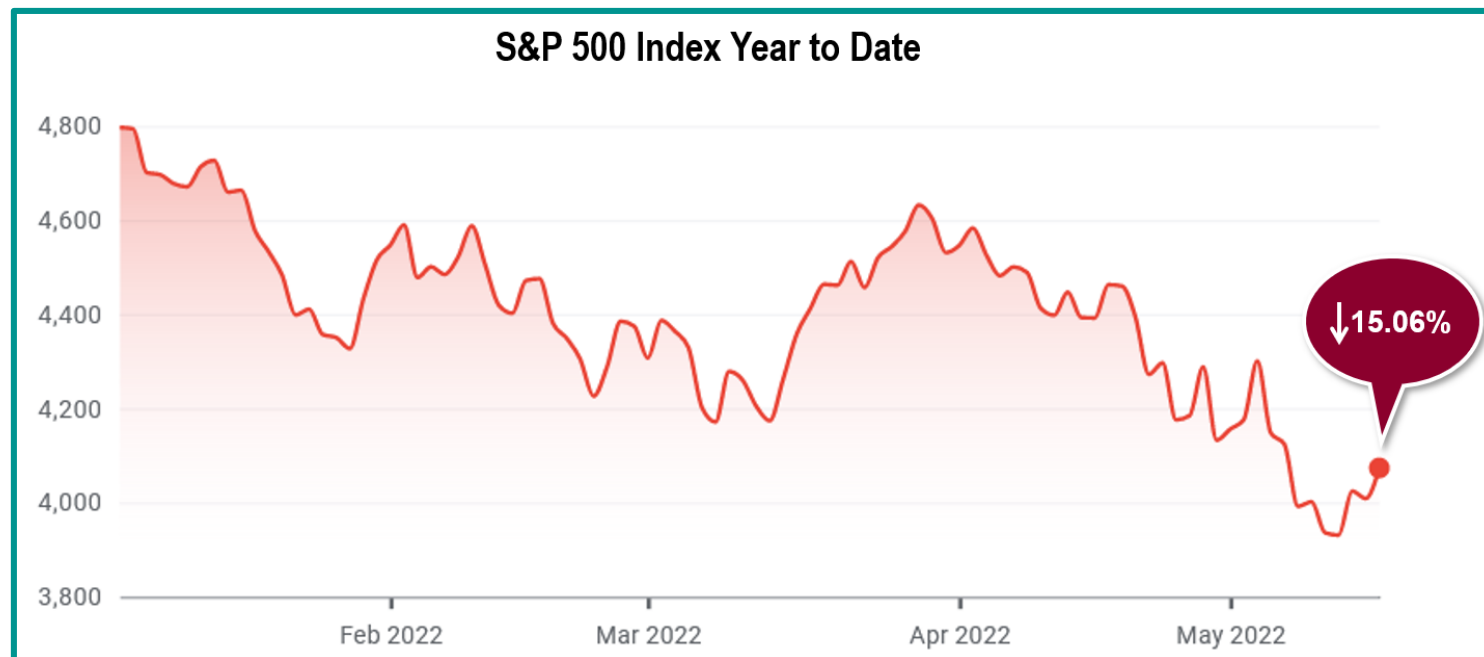
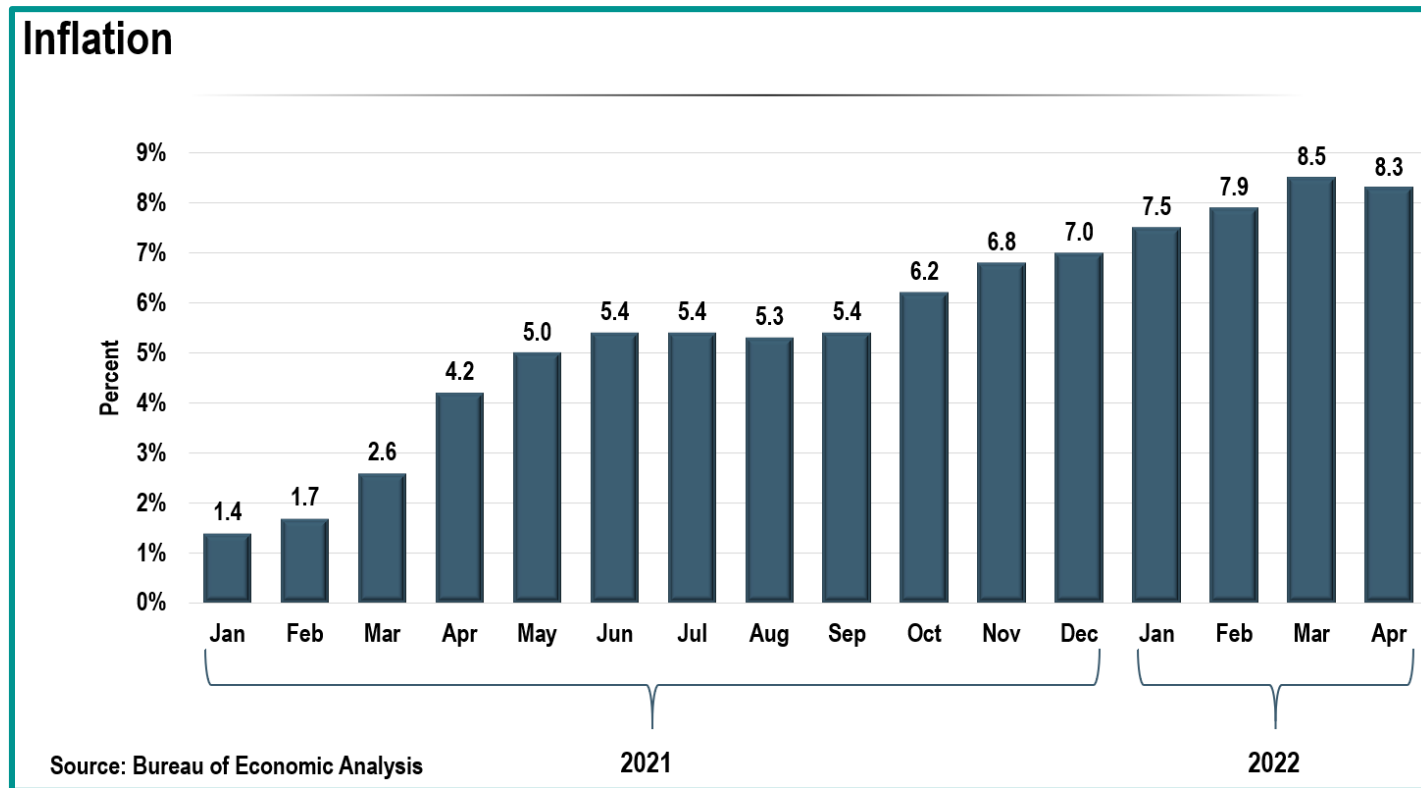
The volatility of the stock market creates great uncertainty and risk for the economy and for state General Fund revenues because of our over-reliance on the state's wealthiest residents



The Ukraine-Russia War and potential surges in COVID-19 cases may worsen vulnerable economic conditions

- Staffing challenges continue, leaving the District with many unfilled positions
- Even though the May Revise is flush with new discretionary education funds, reconciling the different priorities between Governor Newsom, the Assembly, and the Senate may not be easy

Challenges, continued





Burbank Unified School District Educational Protection Account (EPA) Spending Plan 2022-23

Dr. Matt Hill, Superintendent

Debbie Kukta, CPA, CGMA, Assistant Superintendent, Administrative Services

Alyssa Low, Director, Fiscal Services

Carin Wantland, Assistant Supervisor of Budget and Finance



EPA Spending Plan 2022-23

- Educational Protection Account is an accumulation of new revenues generated by Proposition 30
- The District must have the Board of Education approve a Resolution for LA County of Education outlining our spending plan
- The EPA funds are part of the LCFF funding formula which is estimated to be **\$21,805,246** for 2022-23 Fiscal Year
- The District plans to spend 100% on Certificated teacher salaries and related benefits
- Revenue and Expenditures must be posted on the District website
- The EPA must be audited by our external auditors



Thank you!

Feel free to reach out if you have any questions.

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