



2021-22 First Interim Budget Report

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Agenda



01 Budget Process

04 Contributions

02 Budget Assumptions - Revenues

05 Multiyear Projection

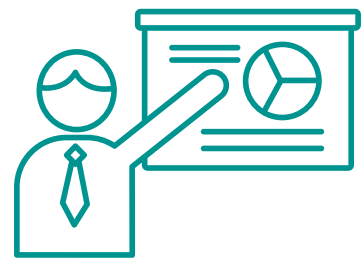
03 Budget Assumptions - Expenditures

06 Challenges



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

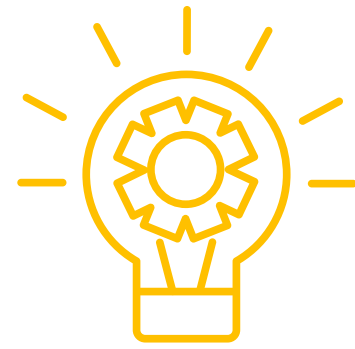
The District, based on current projections, may not be able to meet its financial obligations for the current and subsequent two fiscal years

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 First Interim and Multiyear Projection (MYP)

LAO Issues Bright Forecast, Increased Funding for K-12

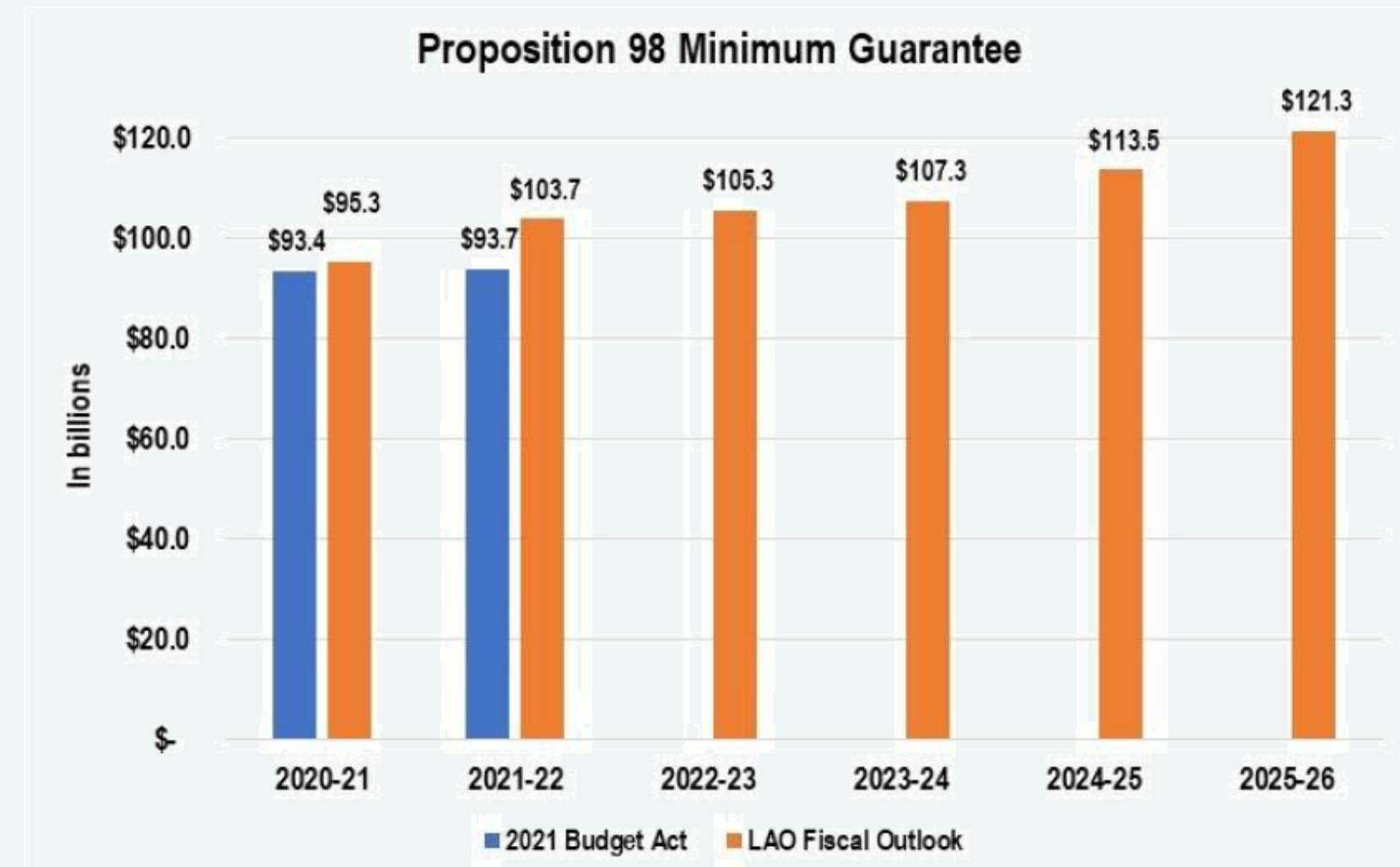


Recap of School Services Key Points

- \$31 billion budget surplus! Oh, wait, the Gann Limit...
- Proposition 98 (see graph, opposite)
- Local district budgets and COLA
 - COLA
 - Proposition 98 Reserve and Local Reserve Cap
 - District Pension Costs
 - Spending commitments and options

"Governor Newsom and his fiscal advisors are monitoring state revenues as his obligation to unveil his 2022-23 State Budget proposal by January 10, 2022, draws closer. By then, the Governor will have the benefit of an additional month of actual revenues to build into his forecast, but we expect the Governor's Budget to be as rosy, if not rosier, than the LAO's Fiscal Outlook."

- School Services of California, November 16, 2021



Source: School Services, Inc. Fiscal Report. *LAO Issues Bright Forecast, Increased Funding for K-12*. November 16, 2021

Assembly Oversight Hearing Discusses 2022-23 ADA Cliff

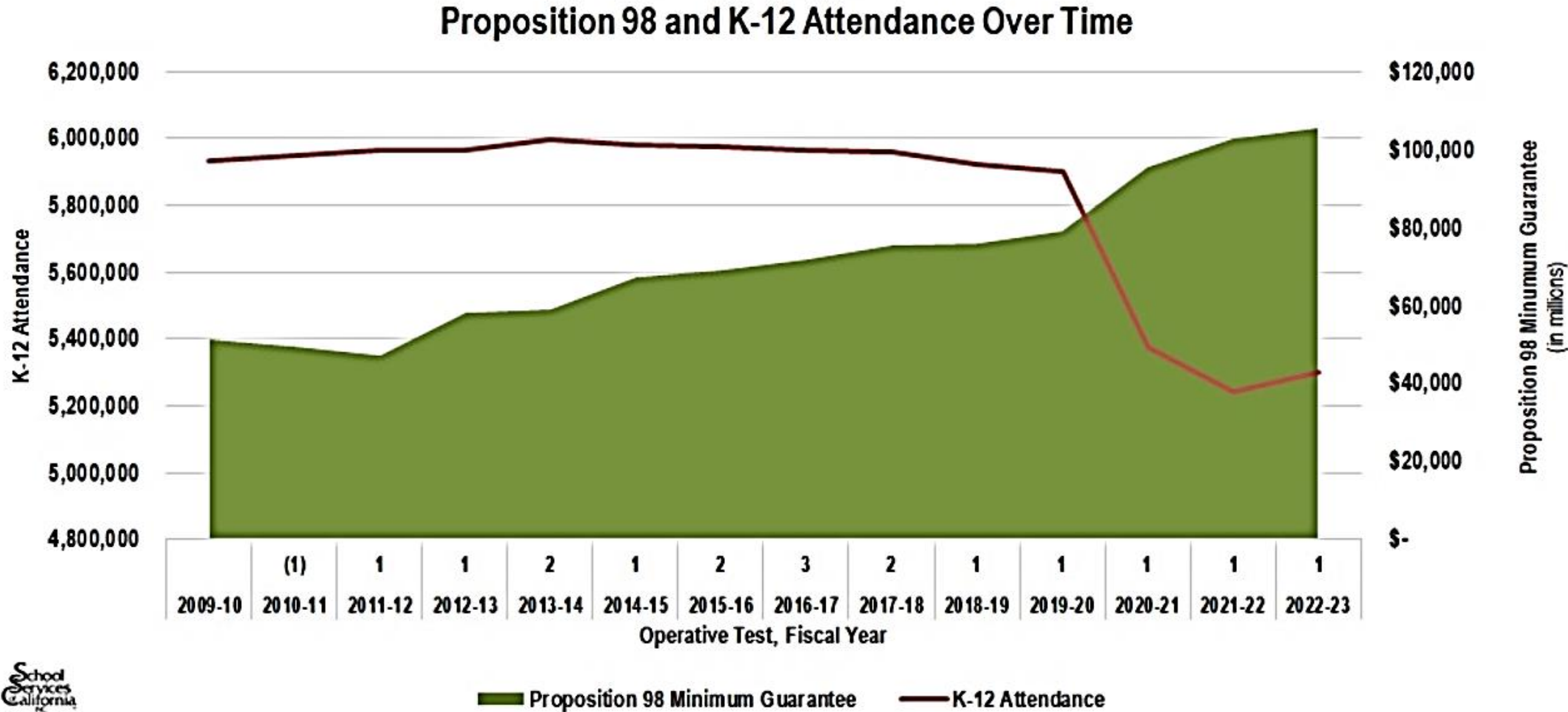


- The Legislature had its first discussion regarding the financial and ADA cliff at a November 30 oversight hearing on learning recovery, chronic absenteeism, and enrollment loss
- The hold harmless provision, which allowed school districts to use their 2019-20 ADA (Average Daily Attendance) in their LCFF (Local Control Funding Formula) funding calculation, expires next fiscal year in 2022-23
- Legislators are interested in how they might be able to provide school districts a “soft landing,” whereby the ADA decline is a gradual slope rather than a cliff
- Possible solutions:
 - Use a three-year rolling average for ADA for a period of time
 - Bulking up the LCFF base in 2022-23
 - Use enrollment instead of ADA for funding
- We will watch to see if Governor Newsom’s 2022-23 State Budget proposal will address this issue and if the Legislative Analyst’s Office will come up with their own suggestions

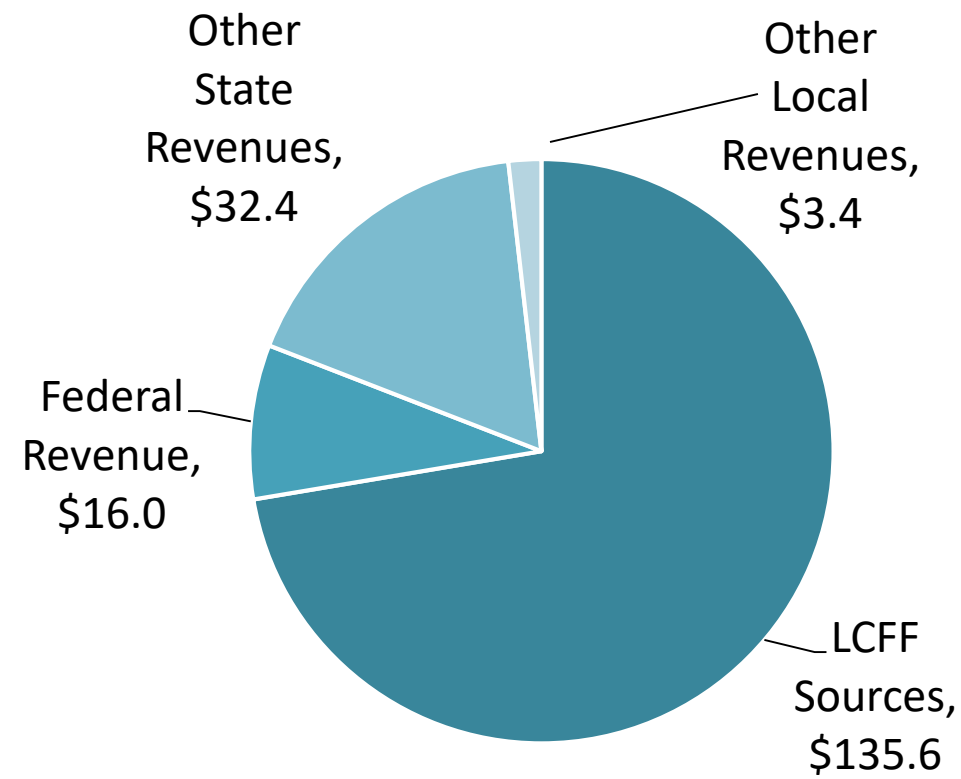


Funding for K-12 and the community college system has steadily increased while statewide K-12 attendance plateaued before beginning its modest descension in recent years.

The Department of Finance expects California’s K-12 enrollment to decline by 8.7% by 2031 irrespective of the current health pandemic.

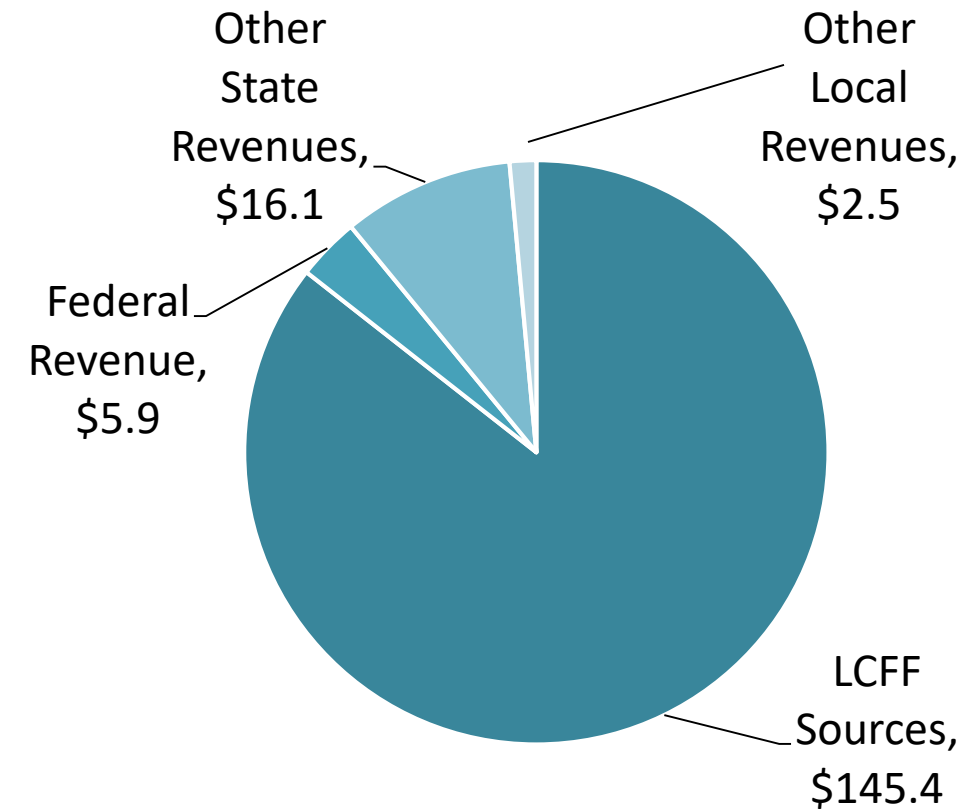


Revenues (in millions)



\$187.4

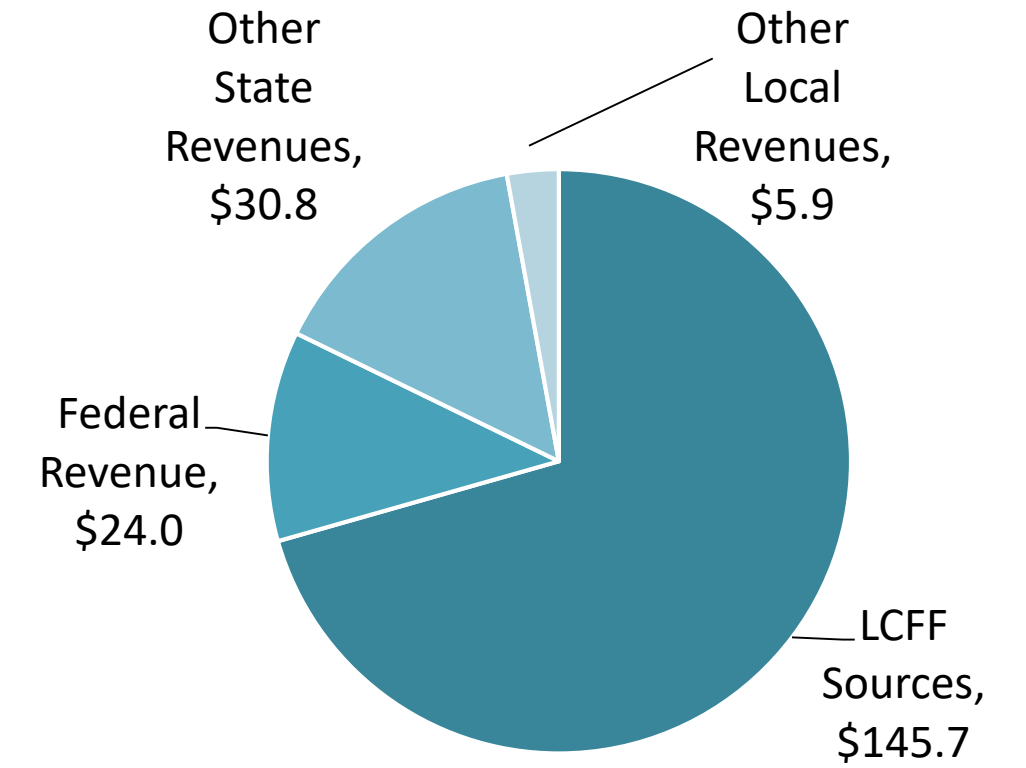
Unaudited Actuals 2020-21



\$169.9

Adopted Budget 2021-22

(-9% from Unaudited Actuals 2020-21)



\$206.4

First Interim 2021-22

(+21% from Adopted Budget 2021-22)

Revenue Drivers



LCFF COLA

	2021-22	2022-23	2023-24
LACOE	5.07%	2.48%	3.11%
DOF	5.07%	5.35%	3.50%



LCFF Base Grant

Grade Span	K-3	4-6	7-8	9-12
Per Student	\$8,934	\$8,214	\$8,458	\$10,057



Average Daily Attendance

2021-22	2022-23	2023-24
14,729	13,463	13,463



LACOE = Los Angeles County Office of Education
DOF = Department of Finance

One Time COVID Moneys



Funding Sources	Allocation	Balance to receive	Date to be Spent / Expended
SB117 – COVID 19 LEA Response Fund	\$254,618	-0-	Expended
LLM – Coronavirus Relief Fund (CRF)	6,840,423	-0-	Expended
LLM – Prop 98 General Fund	1,181,661	-0-	Expended
AB 86 – In Person Learning (IPI)	4,598,425	1,778,185	9/30/2024
AB 86 – Expanded Learning Opportunities Grant (ELO-G)	8,655,995	3,759,702	9/30/2024
AB 86 – Expanded Learning Opportunities Grant– Para-Professionals	961,777	914,840	9/30/2024
AB86 – Expanded Learning Opportunities – Homeless	76,000	76,000	9/30/2024
AB 130 - Expanded Learning Opportunities Program (ELO-P)	1,859,471	836,762	TBD
LLM - Governor’s Emergency Education Relief (GEER)	\$909,442	519,590	9/30/2022
CARES - Elementary and Secondary Emergency Relief Fund – ESSERF I	1,413,761	1,007,530	9/30/2022
CRSSA - Elementary and Secondary Emergency Relief Fund – ESSERF - II	5,594,954	3,443,008	9/30/2023
ARP - Elementary and Secondary Emergency Relief Fund – ESSERF - III	12,565,473	11,930,088	9/30/2024
ARP – Homeless Children & Youth II	39,095	39,095	9/30/2024
School Based COVID-19 Testing Grant	2,383,784	2,383,784	7/1/2022
Total	\$47,334,879	\$26,688,584	



Impact of Declining Enrollment on Supplemental Grant Funding



Supplemental Funding is Received for:

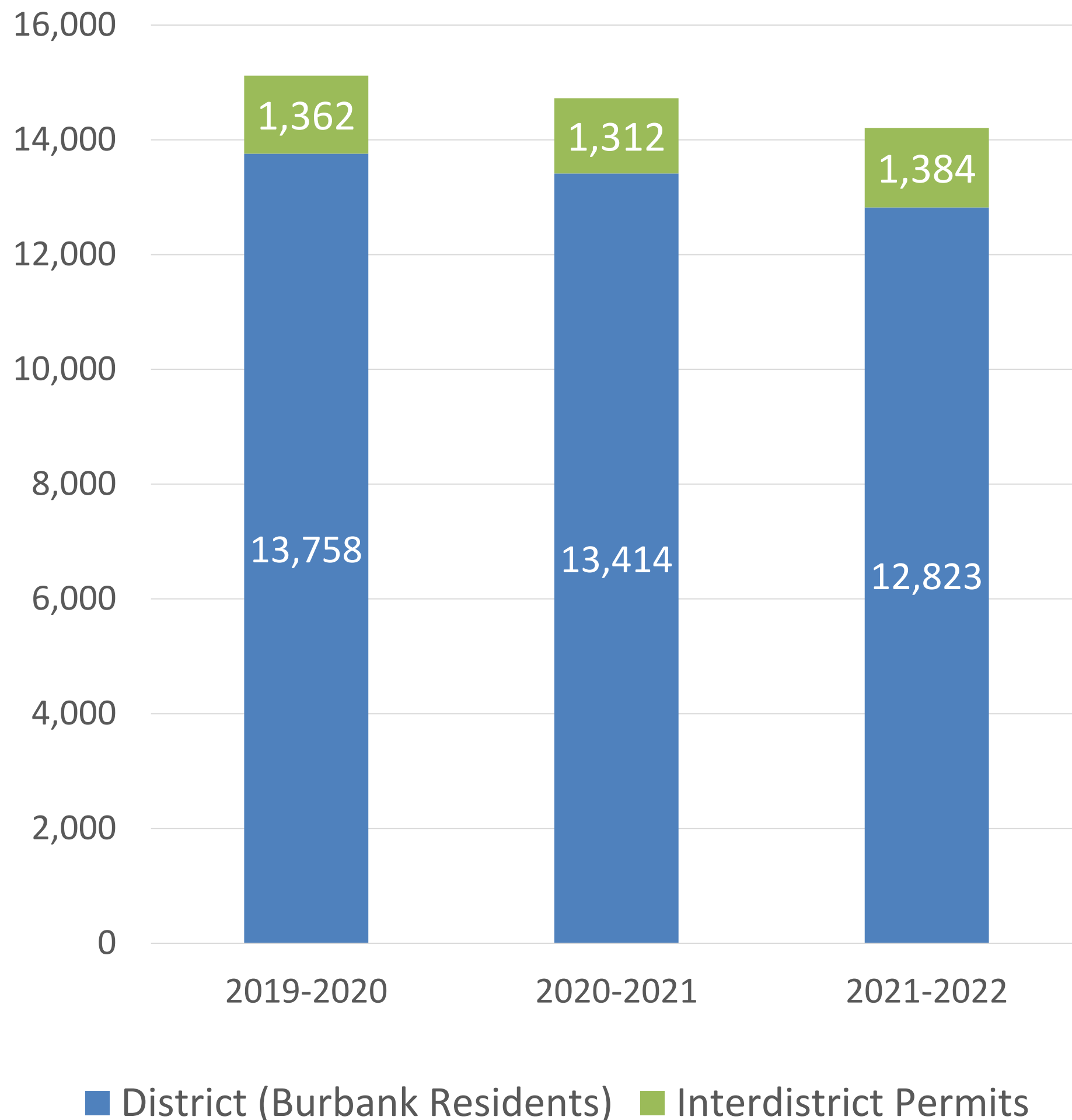
- Students who are English learners
- Students who receive free or reduced price meals
- Foster Youth

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 50% 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
Supplemental Grant - Unduplicated Pupil % and Count		
38.55%	37.17%	33.75%
10,342,368	9,374,106	8,776,035



Enrollment

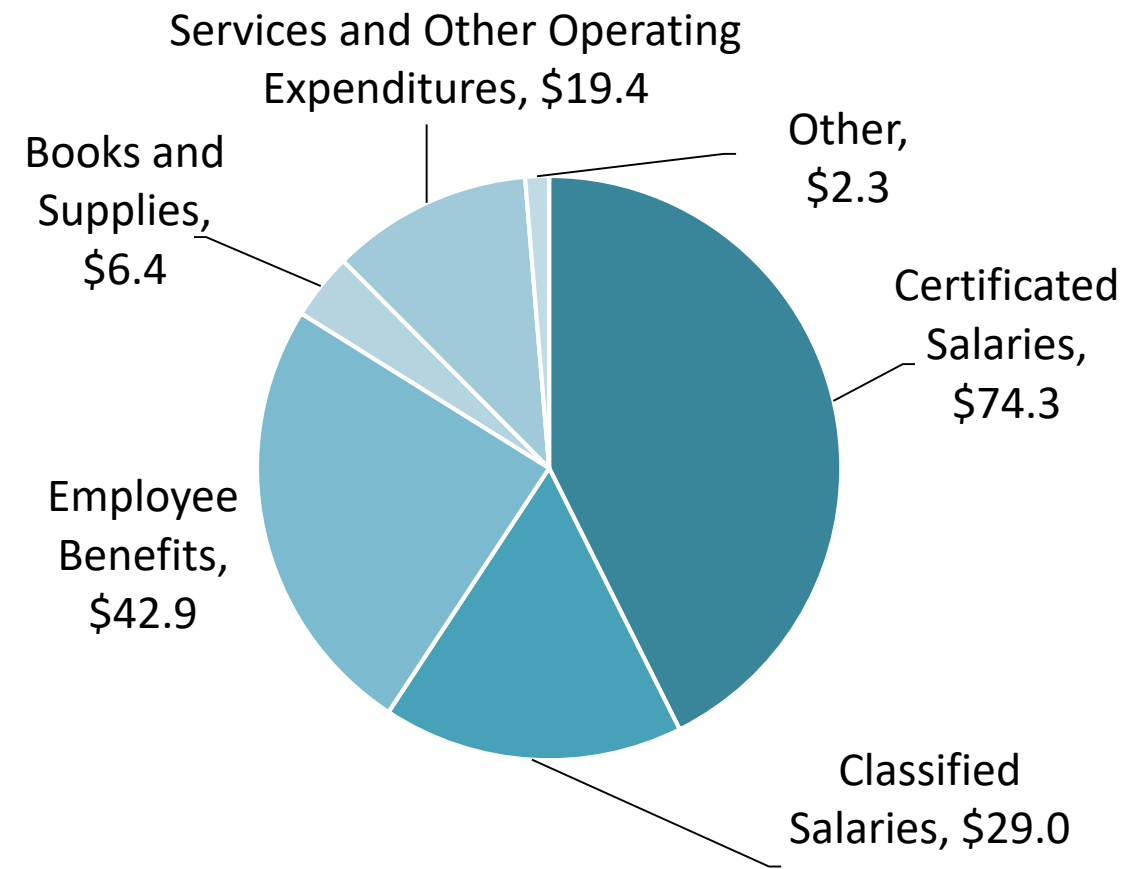


Enrollment continues to decline

The State's Hold Harmless provision expires this year. Starting with the next fiscal year, the District will be funded on its actual Average Daily Attendance (ADA).

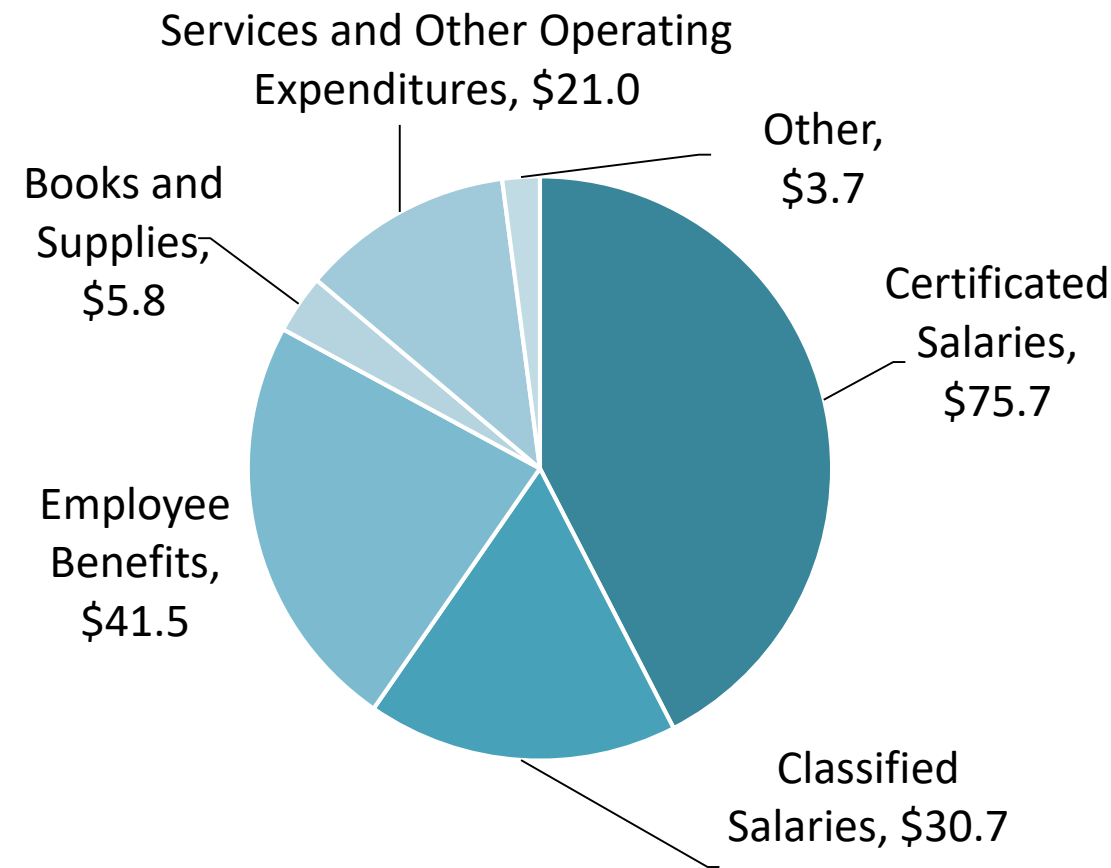
Interdistrict Permits continue to support/offset declining enrollment.

Expenditures (in millions)



\$174.3

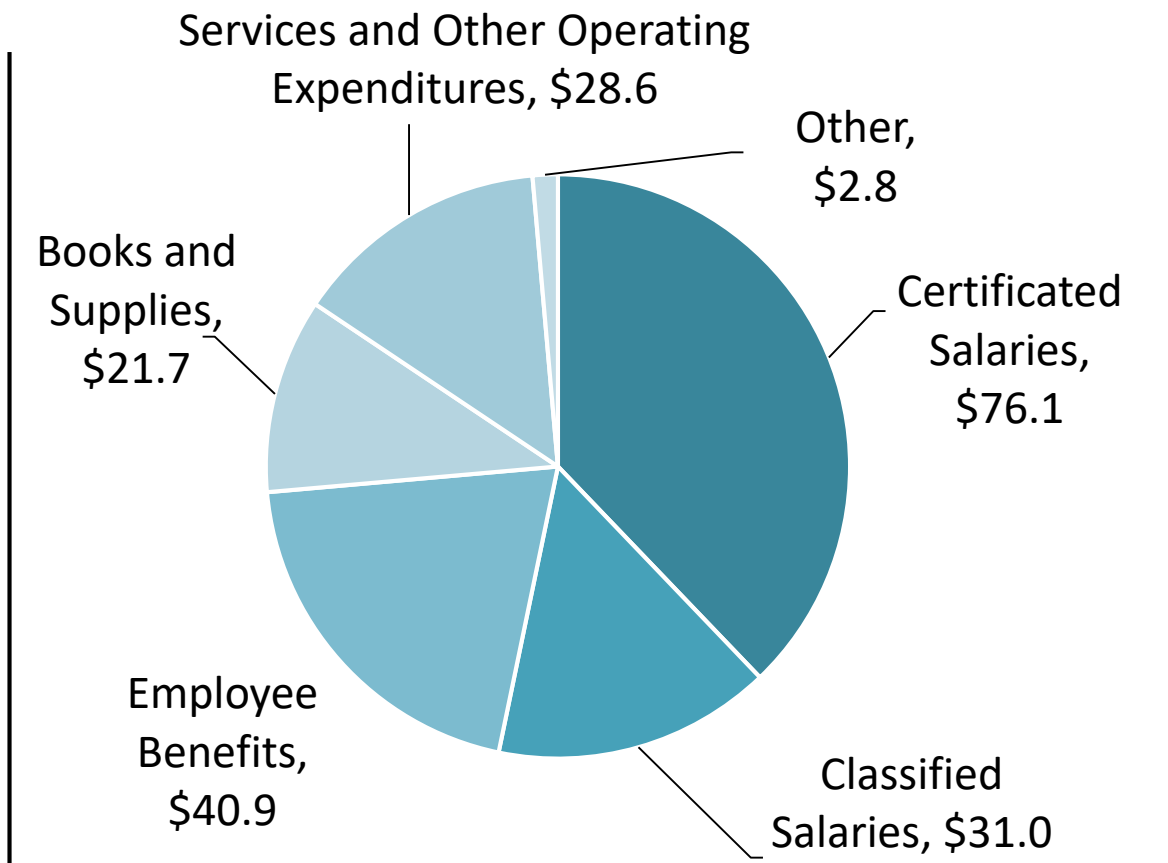
Unaudited Actuals 2020-21



\$178.4

Adopted Budget 2021-22

(+2% from Unaudited Actuals 2020-21)



\$201.1

First Interim 2021-22

(+13% Adopted Budget 2021-22)

Expenditure Drivers



PERS and STRS Increases

	2021-22	2022-23	2023-24
PERS	22.91%	26.10%	27.10%
STRS	16.92%	19.10%	19.10%

Special Education

	2021-22	2022-23	2023-24
Special Ed	\$21,673,017	\$23,212,662	\$24,588,579

Miscellaneous Assumptions

	2021-22	2022-23	2023-24
Unemployment Insurance Rate	0.50%	0.50%	0.20%
Health Insurance Increase	2.00%	2.00%	2.00%
California CPI	3.96%	2.65%	2.36%

Expenditure Differences



Certificated Salaries

- Step and Column increases
- Teachers paid from one-time COVID funding to maintain smaller class sizes

Classified Salaries

- Step and Column Increases
- Support staff paid out of one-time COVID funds
- Minimum wage increase from \$14/hour to \$15/hour

Benefits

- Changes with Step and Column increases
- STRS/PERS increases
- Health and Welfare 2% increase

Materials and Supplies

- Expenditures to match gifts and donations revenue
- One-time COVID funding expenditures

Services

- Contracted services for Special Education needs
- One-time COVID funding expenditures

Capital Outlay

- Reduced to match actuals and changes in projected HVAC assessment costs



Contributions



	Budget Adoption 2021-22	First Interim 2021-22	Projected 2022-23	Projected 2023-24
Special Education	\$21,787,567	\$21,673,017	\$23,212,662	\$24,588,579
Routine Restricted Maintenance	5,387,443	5,894,334	6,581,734	6,784,657
District Rentals Revenue	(226,476)	(314,725)	(314,725)	(314,725)
Totals	\$26,948,534	\$27,252,626	\$29,479,671	\$31,058,511

Miscellaneous Funds

Projected Year Totals First Interim 2021-22



	Fund 11 – Adult Education	Fund 12 – Child Development	Fund 13 – Child Nutrition
Revenues	\$ 4,345,436	\$ 3,733,192	\$ 4,597,200
Expenditures	3,586,214	3,885,905	4,242,819
Excess/(Deficit)	759,222	(152,713)	354,381
Interfund Transfers	-0-	30,476	-0-
Beginning Fund Balance	3,219,530	137,207	167,901
Ending Fund Balance	\$ 3,978,752	\$ 14,970	\$ 522,282

Multiyear Projection



	2021-22	2022-23	2023-24
Revenue	206,344,605	160,982,030	164,617,732
Expenses	201,162,409	179,649,652	179,436,880
Fiscal Solvency Plan—Expense Reduction	-0-	-0-	(6,250,000)
Transfers Out	(30,476)	(30,476)	(30,476)
Excess/(Deficit)	5,151,720	(18,698,098)	(8,599,625)
Beginning Fund Balance	28,321,077	33,472,797	\$14,774,699
Fund Balance	33,472,797	14,774,699	6,175,073
Non Spendable	100,060	100,060	100,060
Restricted One Time State & Federal Funding	7,010,846	-0-	-0-
CSEA Job Study	390,000	390,000	390,000
Vacation Liability	272,000	272,000	272,000
Assigned	13,628,317	3,231,830	-0-
Reserve for Economic Uncertainties (3%)	6,035,787	5,390,404	5,196,521
Board for Economic Uncertainties up to 3%	6,035,787	5,390,404	216,492
Unified School District Statewide Average Reserve Level/GFOA Recommended Reserve Level - 17%	\$ 34,197,609	\$30,540,441	\$29,441,770

Note: Columns may not add up due to rounding.

Challenges



- The District has an ongoing structural deficit; one-time COVID moneys have eased the immediacy of having to address this but have only delayed the tackling the structural deficit
- The Board must adopt an additional Fiscal Stabilization Plan to identify \$6.25 million in cuts before the 2023-24 fiscal year in order to meet the 3% Reserve for Economic Uncertainties requirement
 - Several million dollars of cuts have already been implemented over the last few years, with both programs and staff affected
- With salaries and benefits adding up to 83% of the budget, the District is going to have to look at staffing, at least in part, to make the cuts necessary to address the deficit
 - The Budget Advisory Committee has recommended staffing closer to the 30.5 cap for class size
- With the State's Hold Harmless provision for enrollment ending after this year, the impact of the District's declining enrollment will affect LCFF revenues
- With free meal service being provided to all students, the District's Unduplicated Pupil Percentage, or UPP, has declined since there's no immediate need for families to complete the Free and Reduced Meal application





Thank you!

Feel free to reach out to us if you have any questions.

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