

2022-23 Budget Presentation

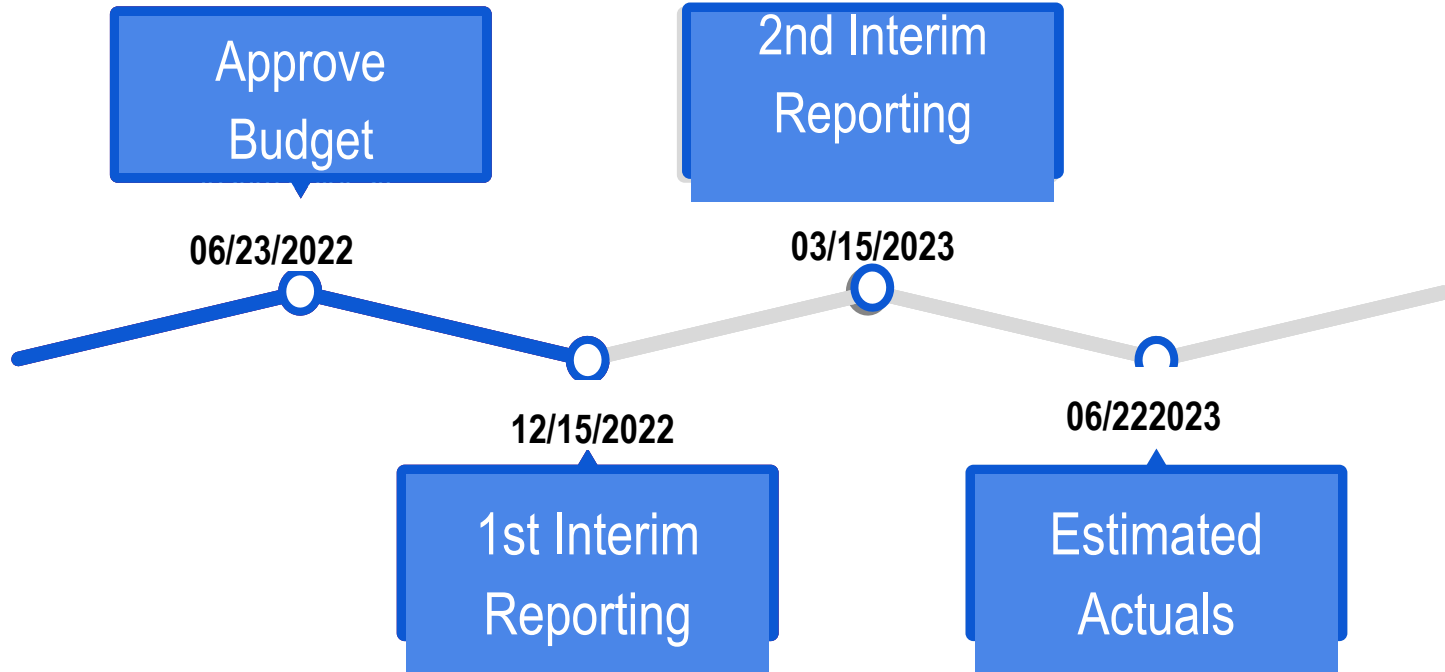
Public Hearing - Board Presentation June 9, 2022

Rick Champion, Asst. Superintendent, Business Services
Cristina Michel, Director of Fiscal Services

Discussion

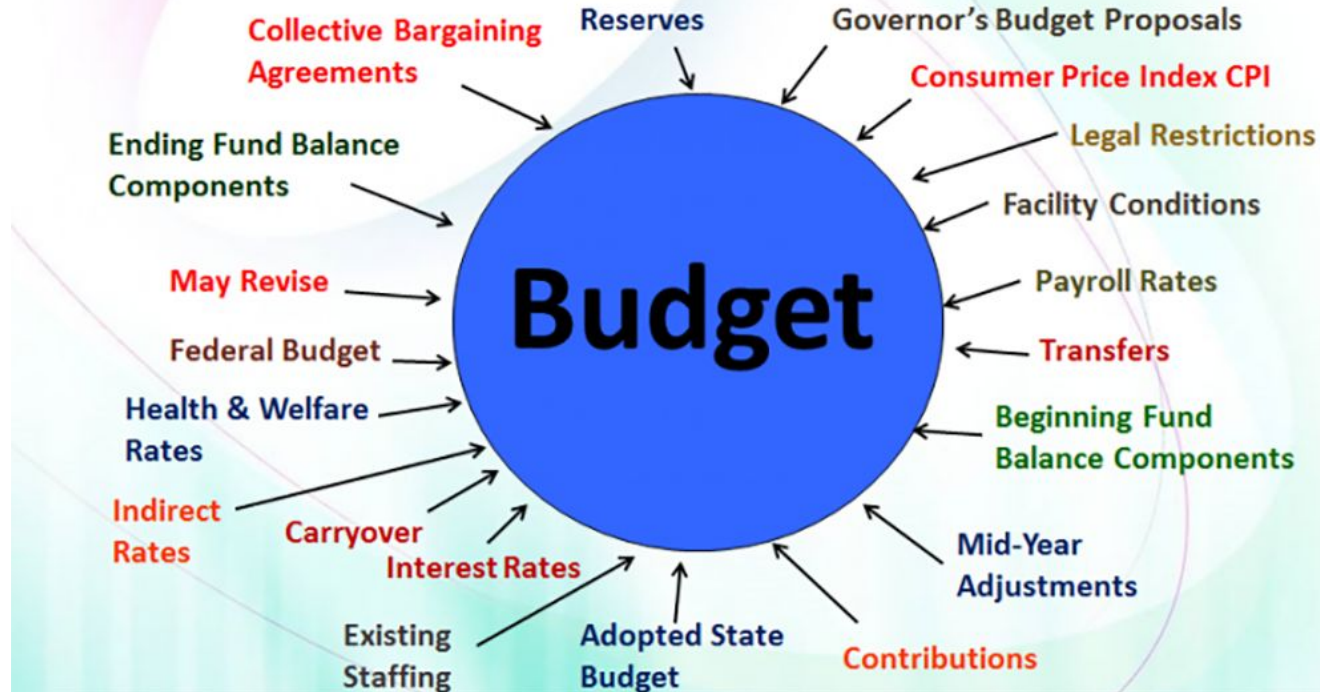
- Proposed budget
- Public Hearing and Presentation for 2021-2022 Budget
- Public Hearing on Statement of Reasons for Ending Fund Balance Above the State Recommended Minimum Level
- Next Steps
- Board Focus Area 5.0

District Budget Timeline

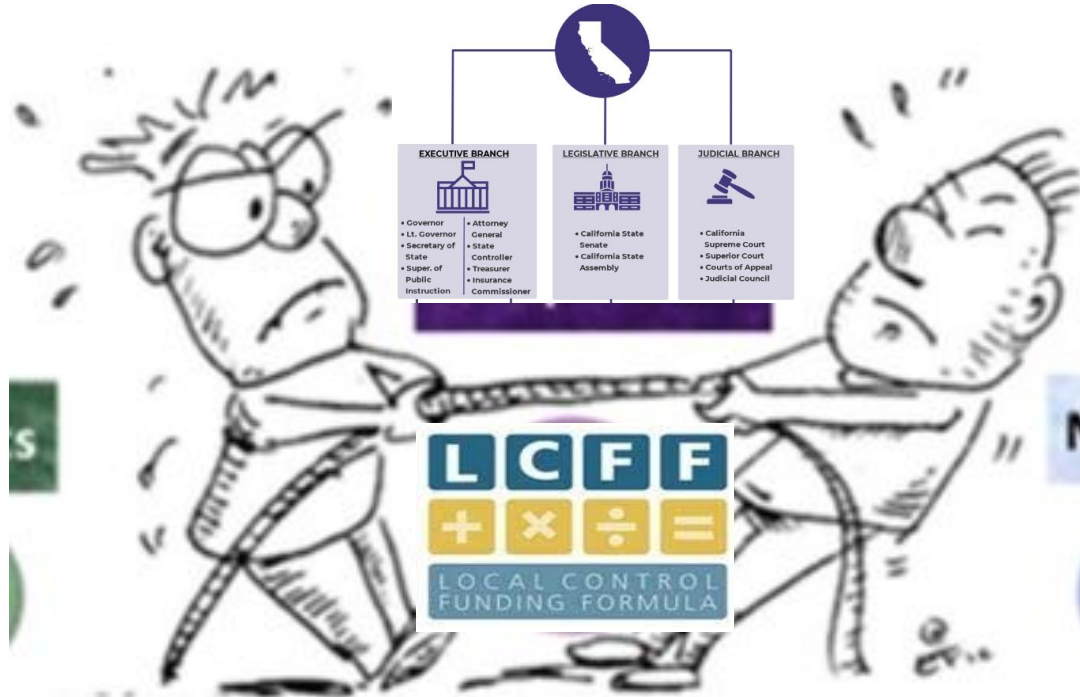


Budget Development Process

Beginning Balance + Revenues – Expenditures = Ending Balance



Budget Development Process



MYP Key Assumptions

Revenues

- COLA 22/23 6.56% 23/24: 5.38% 24/25: 4.02%
- COLA Augmentation: Increase of Base Grant 3.3%
- Proposed Enrollment 3-Yr Average: No ADA proposal
- California CPI 22/23: 6.11% 23/24: 3.14% 24/25:1.97%
- Conservative projected enrollment with straight line projections
 - Assumes declining enrollment (Focus TK-3)
- Supplemental Grant (LCFF)
- UPP - Current program-TBD on F/R meal applications
- Discretionary Block Grant for future years? None
- Local revenue funds to be recorded when rec'v
- May Revise

Expenditures

- California CPI 22/23: 6.11% 23/24: 3.14% 24/25:1.97%: Current staffing alignment: SnC 3.0%
- Health & Welfare 5.0% Work Comp 1.5%
- Textbook adoption not budgeted
- Restricted Spending per intent
- Transfers Limited to support Parent Paid Programs
- LCAP - Supplement Funds
- Includes
 - STRS / PERS Increase
 - UI decline of 50% and back to 20/21 rate
 - Reduction for transfers for transfer to Paid Parent Programs
- Deferred & Required Maintenance: Min. 3.0%

MYP Key Assumptions

- 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

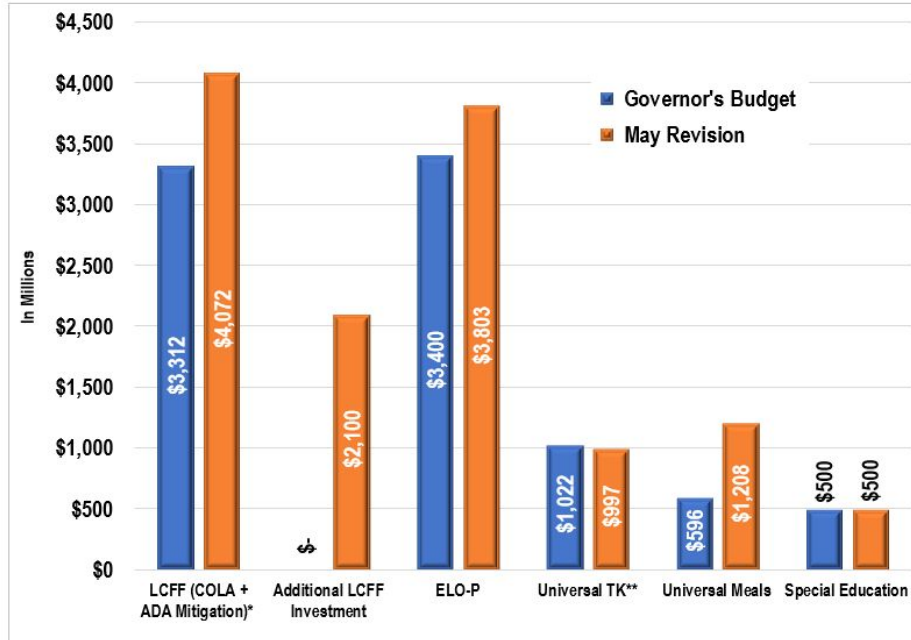
Caps district reserves at 10% using assigned/unassigned ending balance of General and Special Reserve For Other Than Capital Outlay Fund

Exempts basic aid districts and districts with fewer than 2,501 ADA

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

May Revision - Ongoing Investments January to May

- In January, the Governor proposed \$8.8 billion in major ongoing investments in Proposition 98
 - Expanded Learning Opportunity Program (ELO-P) was the largest proposed investment, \$3.4 billion
 - LCFF was the second largest with a funded 5.33% cost-of-living adjustment (COLA) and an added ADA policy to address long-term declining enrollment
- By comparison, the May Revision includes major ongoing investments totaling \$12.7 billion, increasing both the ELO-P and the LCFF investments by a combined total of \$10.0 billion



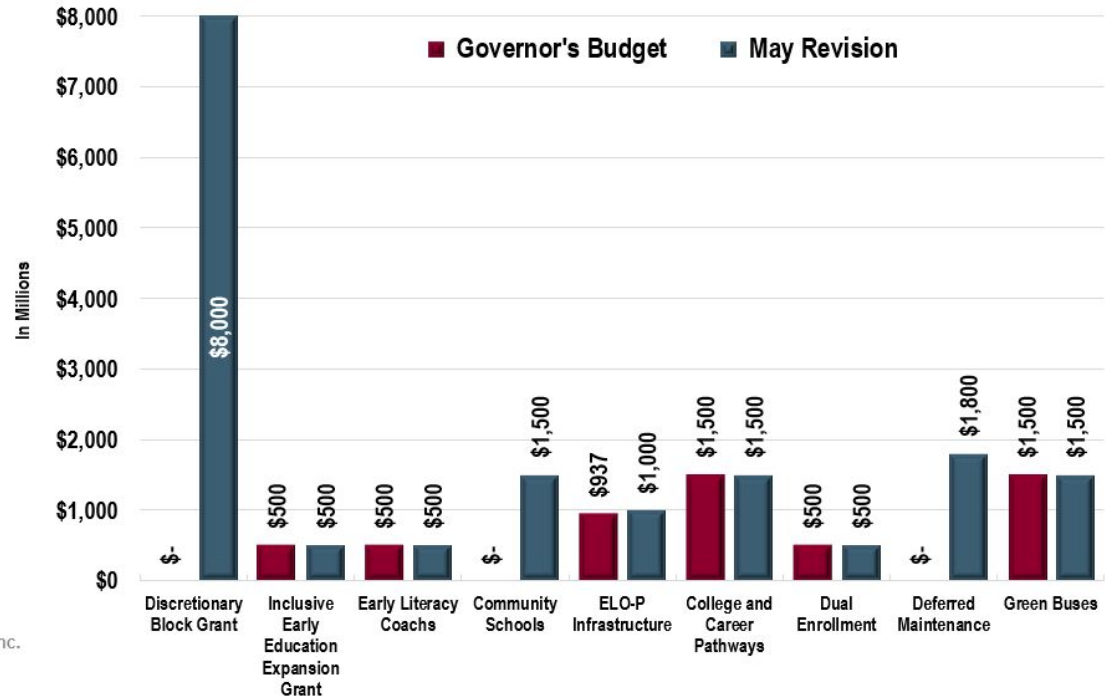
Note: Excludes investments less than \$500 million

*LCFF May Revision costs for districts, charters, COEs, adjusted for unmitigated 2021-22 ADA

**Transitional Kindergarten (TK)

May Revise - One-Time Investments January to May

- In January, the Governor proposed nearly \$4.0 billion in major one-time investments
- By comparison, the May Revision includes major one-time investments totaling \$16.8 billion—the largest being an \$8.0 billion one-time discretionary block grant



Governor and the Legislature

- As always, the Governor's May Revision is the starting point for the budget
- But the Governor's May Revision is not the final budget
- The Legislature has the final say on the budget

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Major Differences in the Legislative Version of the State Budget

Present

Senate's Putting Wealth to Work Plan





to recommend budgeting based on the



Governor's May Revision




2022-2023 LCFF Funding Proposals

	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">May Revision</p>	<ul style="list-style-type: none"> • Provides an additional \$2.1 billion in ongoing Proposition 98 General Fund to increase LCFF funding <ul style="list-style-type: none"> • Applied through the existing formula, which subsequently increases the GSAs, as well as supplemental and concentration grants
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Assembly</p>	<ul style="list-style-type: none"> • Assembly Bill (AB) 1948 (Ting, D-San Francisco)—15% COLA for LCFF <ul style="list-style-type: none"> • Increases LCFF funding by approximately \$5.6 billion • Increases number of students identified as low-income
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Senate</p>	<ul style="list-style-type: none"> • \$5 billion, growing to \$10 billion by 2024-25, for a permanent ongoing increase

2022-2023 LCFF Funding Proposals


Discretionary Block Grant

© 2022 School Services of California, Inc.

	May Revision	<ul style="list-style-type: none"> • Proposes one-time \$8 billion Discretionary Block Grant for LEAs for the 2022-23 fiscal year: Approx. \$1,500/ADA FY 21-22 • Use of Funds: Unrestricted vs Intent vs Must
	Assembly	<ul style="list-style-type: none"> • Learning Recovery Block Grant to support students and staff <ul style="list-style-type: none"> ▪ Does not specify an amount
	Senate	<ul style="list-style-type: none"> • \$10 billion in one-time, formula-based funds spread over multiple years for a COVID-19-related Learning Recovery Block Grant • \$5 billion one-time, formula-based funds for student enrichment materials in music, arts, technology, instructional materials, etc.




2022-2023 LCFF Funding Proposals

Facilities

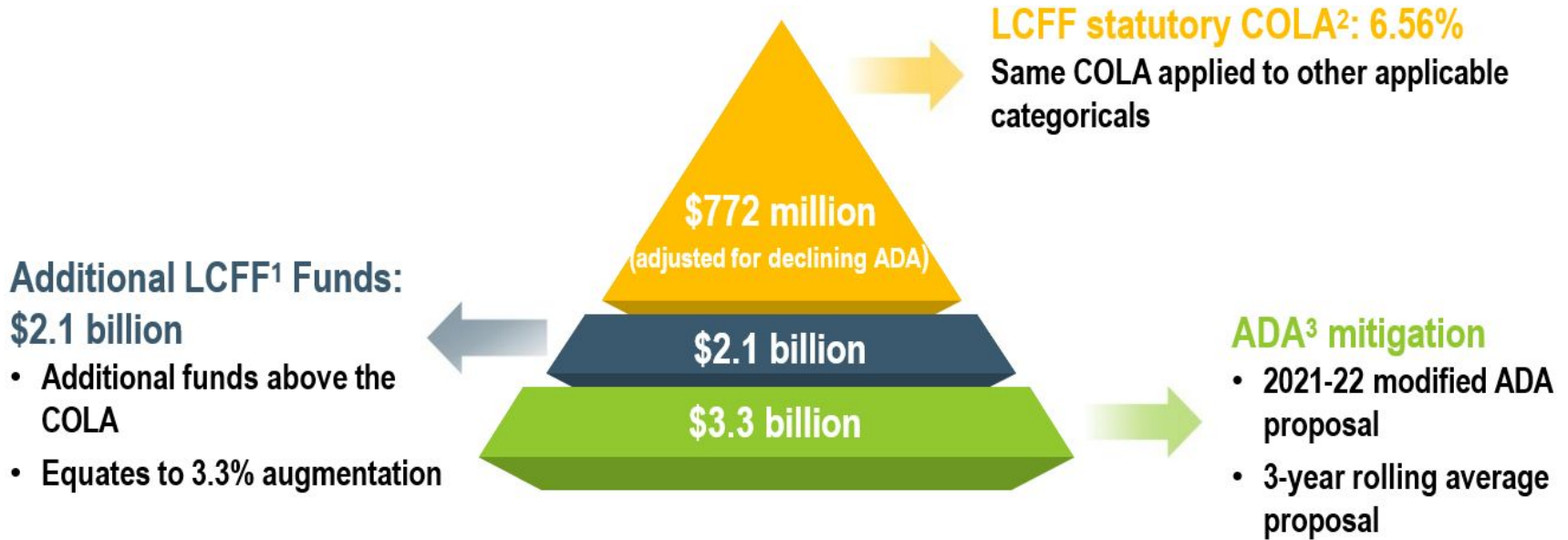
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">May Revision</p>	<ul style="list-style-type: none"> • Appropriate \$4.025 in one-time General Fund monies over three years <ul style="list-style-type: none"> • \$2.2 billion in 2021-22 • \$1.2 billion in 2023-24 • \$625 million in 2024-25 • \$1.7 billion in one-time Proposition 98 General Fund dollars to deferred maintenance
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Assembly</p>	<ul style="list-style-type: none"> • Fully fund expected school, TK, and child care facilities needs for next two years
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Senate</p>	<ul style="list-style-type: none"> • \$4.5 billion over three years, above Governor's Budget proposal, for school facilities, including \$1 billion for TK and \$1 billion for deferred maintenance

2022-2023 LCFF Funding Proposals

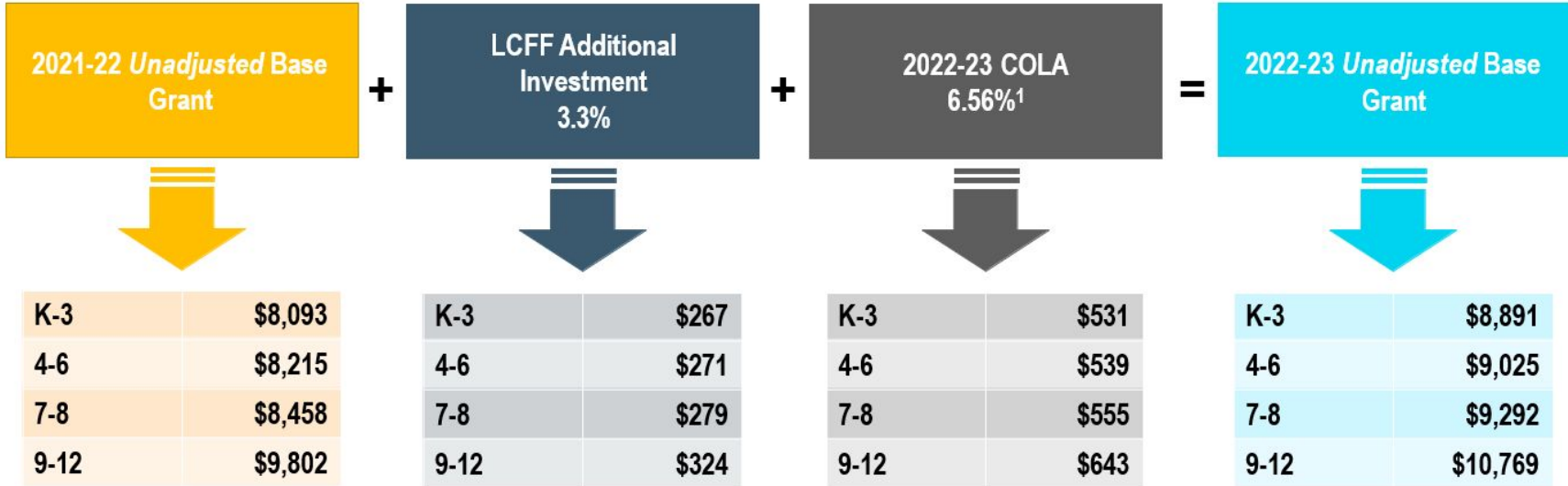
Transportation

	May Revision	<ul style="list-style-type: none">• The May Revision retains the \$1.5 billion proposal for the School Transportation Grant Program, which would provide competitive grants to LEAs for the purpose of achieving zero-emission school bus fleets• The May Revision alters the timeline for these grants, making them available for five years (\$300 million a year) beginning in the 2023-24 fiscal year• The Governor offers no additional funding for home-to-school transportation
	Assembly	<ul style="list-style-type: none">• The Assembly's Blueprint is silent on the Governor's \$1.5 billion proposal• The blueprint also does not propose any additional funding related to home-to-school transportation
	Senate	<ul style="list-style-type: none">• Alternatively, the Senate's Putting Wealth to Work plan would end the charging for school bus rides, eliminate parent-owned debts, and begin to phase in universal home-to-school transportation• The plan is silent on the specifics, but that would be worked out during budget negotiations with the Senate and the Governor

Proposed 2022-23 LCFF Base Grant



Proposed 2022-23 LCFF Base Grant



¹Applied to 2021-22 Unadjusted Base Grant

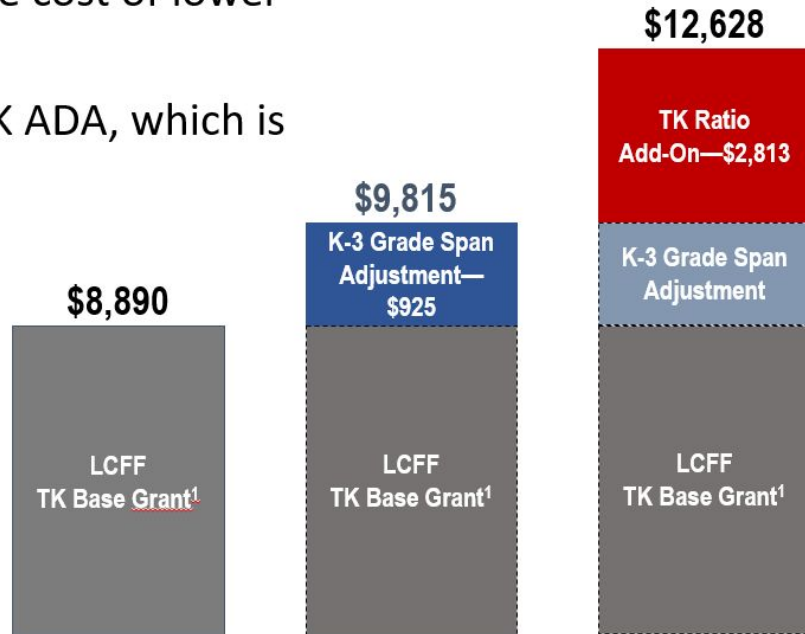
Universal TK

- The May Revision proposes to fund the cost of lower classroom ratios in TK
- The TK ratio “Add-On” is \$2,813 per TK ADA, which is adjusted annually by COLA

Beginning with the 2022-23 school year, LEAs are required to maintain average

- TK class sizes of 24 students and
- Classroom ratios of 12 to 1

Cannot bargain an alternative ratio or classroom size (EC § 48000)



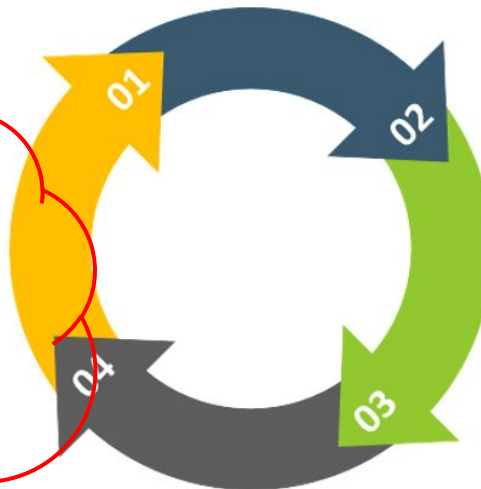
Universal Meals

Starting in 2022-23, LEAs required to provide free breakfast and free lunch each school day to all students that request it, regardless of eligibility for FRPM*

May Revision proposes to reimburse all LEAs at the higher Seamless Summer Option rate

- Lunch: approx. \$4.625 per meal
- Breakfast: approx. \$3.245 per meal
- \$611.8 million in the May Revision

* Free and reduced price meal (FRPM)



To receive state reimbursement for universal meals, LEAs must participate in the National School Lunch Program and federal School Breakfast Program

With January budget proposal, state would reimburse all LEAs at the free meal rate, minus existing federal and state reimbursements for meals

- Lunch: approx. \$4.00 total per meal
- Breakfast: approx. \$2.62 total per meal
- \$596 million in the January budget proposal

Expanded Learning Opportunities Program ELOP

- The May Revision proposes ongoing funding for the ELO-P of \$4.8 billion starting in 2022-23

- This will provide \$2,500 per classroom-based student by the UPP at eligible school districts and charter schools

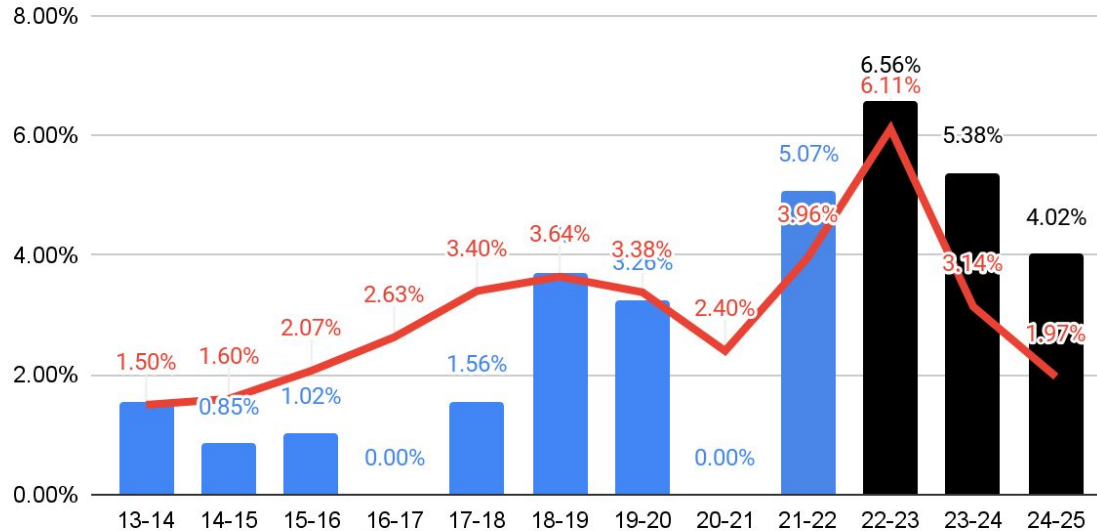
- Prior-year ADA and UPP are used in this calculation

LEAs with UPP less than 75% must offer and provide access to all unduplicated students in grades TK-6, starting in 2023-24

Must provide transportation if not providing ELOP at all school sites for grades TK-6

	Law	Governor's Budget Proposal	May Revision Proposal
	Ongoing plus onetime	\$4.4 billion	\$4.8 billion
Per Pupil Amount	UPP ≥ 80%: \$1,170 UPP < 80%: \$672	UPP ≥ 75%: \$2,500 UPP < 75%: \$2,027	UPP ≥ 75%: \$2,500 UPP < 75%: \$2,500

History of COLA Volatility & California CPI



	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
COLA	1.56%	0.85%	1.02%	0.00%	1.56%	3.70%	3.26%	0.00%	5.07%	6.56%	5.38%	4.02%
CPI	1.50%	1.60%	2.07%	2.63%	3.40%	3.64%	3.38%	2.40%	3.96%	6.11%	3.14%	1.97%

Categorical & Grant Funding Master List

\$ Grant Funding



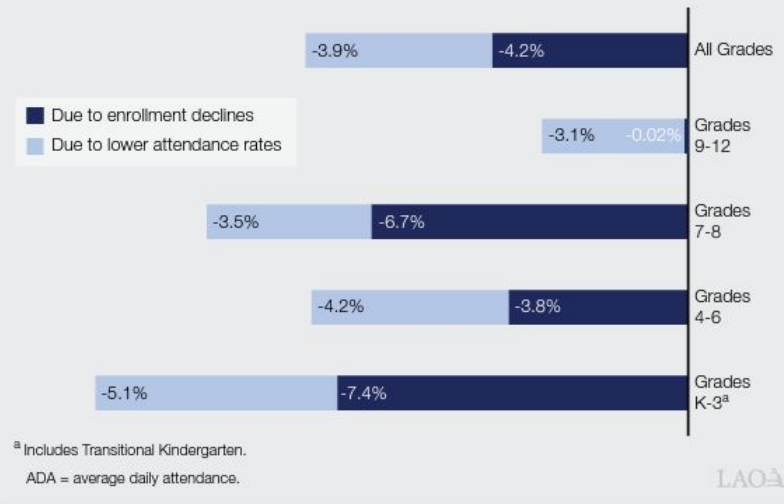
California Enrollment Decline

Early Grades Experienced Largest Attendance and Enrollment Declines.

The largest attendance declines during the pandemic were in the kindergarten through grade 3 (K-3) grade span. (This category also includes Transitional Kindergarten [TK].) K-3 ADA declined by 12.5 percent (roughly 224,000 ADA) from 2019-20 to 2021-22. This represents nearly half of the ADA decline across all grades, despite K-3 students representing only about 30 percent of the overall student population.

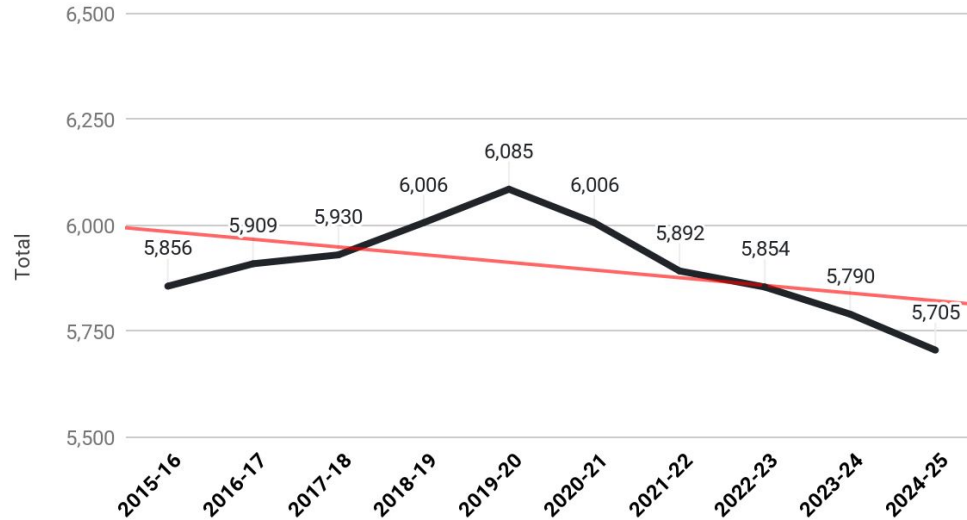
Largest ADA Loss Is in Grades K-3

Percent Change From 2019-20 to 2021-22, by Grade Span



Enrollment Comparison / Trends (Budget Planning)

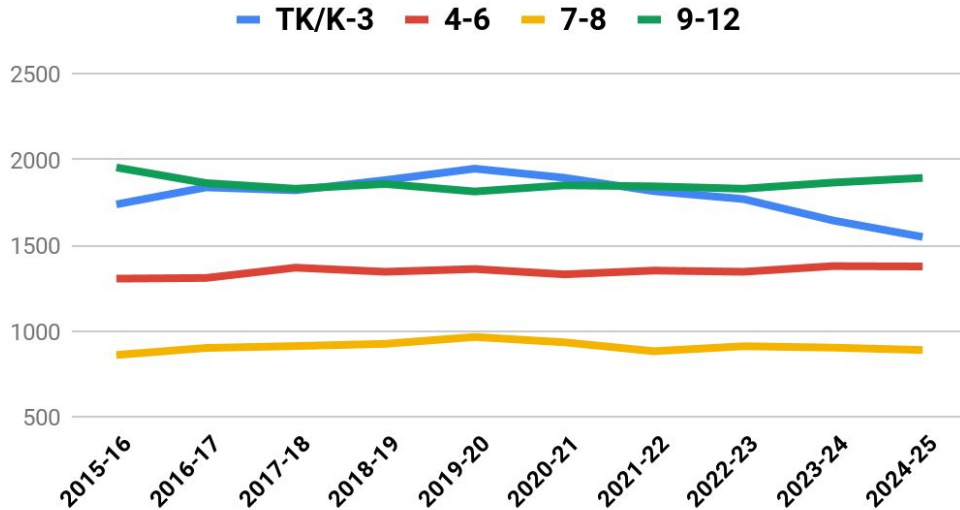
Enrollment Trends - District



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total	5,856	5,909	5,930	6,006	6,085	6,006	5,892	5,854	5,790	5,705

Enrollment Trend: Grade Span (Budget Planning)

Enrollment Trends - By Grade Span



Grade Span	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TK/K-3	1738	1837	1820	1879	1946	1893	1815	1769	1644	1548
4-6	1305	1309	1369	1345	1361	1330	1352	1345	1378	1376
7-8	860	901	912	925	965	934	882	911	903	889
9-12	1,953	1,862	1,829	1,857	1,813	1,849	1,843	1,829	1,865	1,892

ADA funding: Current Provisions

Brea-Olinda Unified (66449)	6/5/2022					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
SUMMARY OF FUNDING						
Current Year ADA						
Grades TK-3	1,867.19	1,867.19	1,749.72	1,680.55	1,561.80	1,470.60
Grades 4-6	1,317.23	1,317.23	1,290.02	1,277.75	1,309.10	1,307.20
Grades 7-8	936.19	936.19	847.56	865.45	857.85	844.55
Grades 9-12	1,724.23	1,724.23	1,752.59	1,728.05	1,771.75	1,797.40
LCFF Subtotal	5,844.84	5,844.84	5,639.90	5,551.80	5,500.50	5,419.75
NSS	-	-	-	-	-	-
Combined Subtotal	5,844.84	5,844.84	5,639.90	5,551.80	5,500.50	5,419.75
Change in LCFF ADA (excludes NSS ADA)	81.61	-	(204.94)	(88.10)	(51.30)	(80.75)
	Increase	No Change	Decline	Decline	Decline	Decline
Funded LCFF ADA for the Hold Harmless						
Grades TK-3	1,867.19	1,867.19	1,867.19	1,828.03	1,765.82	1,664.02
Grades 4-6	1,317.23	1,317.23	1,317.23	1,308.16	1,295.00	1,292.29
Grades 7-8	936.19	936.19	936.19	906.65	883.07	856.95
Grades 9-12	1,724.23	1,724.23	1,724.23	1,733.68	1,734.96	1,750.80
Subtotal	5,844.84	5,844.84	5,844.84	5,776.53	5,678.85	5,564.07
	<i>Current</i>	<i>Current</i>	<i>Prior</i>	3-PY Average	<i>3-PY Average</i>	<i>3-PY Average</i>

**2022-23
Budget Year**

MYP

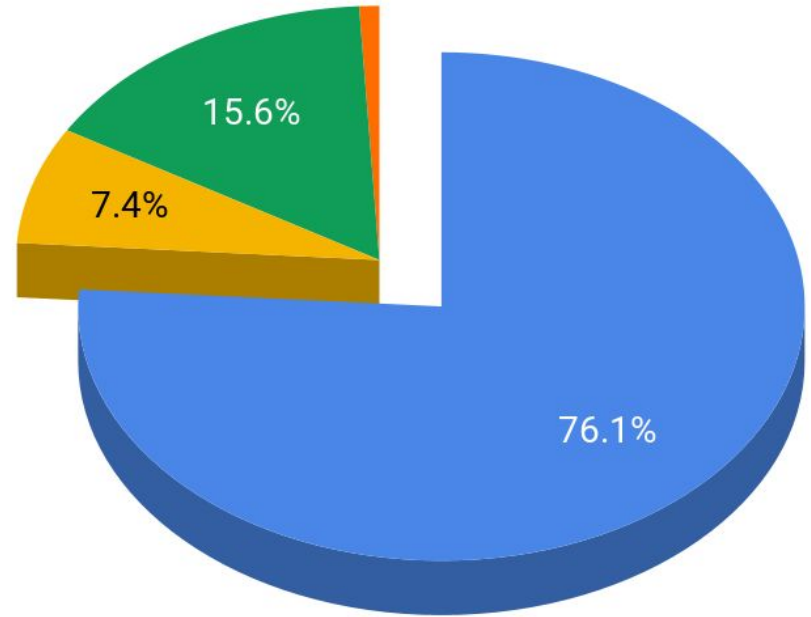
PROPOSED BUDGET	2022-23 Base Year	2023-24 Proposed MYP	2024-25 Proposed MYP
COLA	6.56%	5.38%	4.02%
Base Grant Augmentation	3.30%	0%	0%
Enrollment/ADA	3-PY Average	3-PY Average	3-PY Average
Revenues	\$80,964,548	\$79,605,856	\$79,649,039
Transfers In	\$0	\$0	\$0
Expenditures	\$85,800,823	\$82,011,736	\$81,928,765
Transfers Out	\$0	\$0	\$0
Net Increase (Decrease)	-\$4,836,275	-\$2,405,880	-\$2,279,726
Beg. Fund Balance	\$24,364,270	\$19,527,995	\$17,122,115
Proj. End. Fund Balance	\$19,527,995	\$17,122,115	\$14,842,389
Non Spending Cash	\$25,000	\$25,000	\$25,000
Restricted Programs	\$2,696,242	\$1,246,538	\$873,935
Committed Funds	\$8,500,000	\$8,500,000	\$8,500,000
Min. Required Reserve 3%	\$2,573,947	\$2,460,353	\$2,457,863
Unassigned/Assigned	\$5,732,806	\$4,890,224	\$2,985,590
Reserve Percentage (UR+3%)	9.68%	8.96%	6.64%

**2022-23
Budget Year**

Proposed Budget Allocation

Combined General Fund Revenue Sources- Proposed Budget Fiscal Year 2022-23

- LCFF Sources \$61,597,301
- Federal Revenue \$6,027,613
- Other State Revenue \$12,618,105
- Other Local Revenue \$721,529



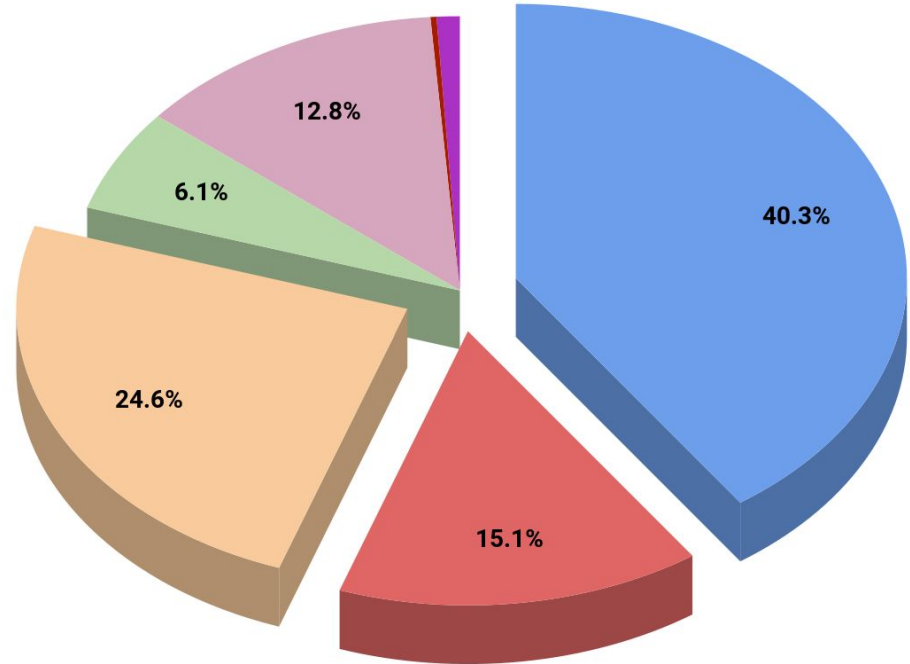
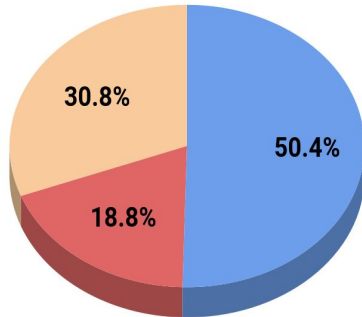
**2022-23
Budget Year**

Proposed Budget Allocation

Combined General Fund Revenue Sources- Proposed Budget Fiscal Year 2022-23

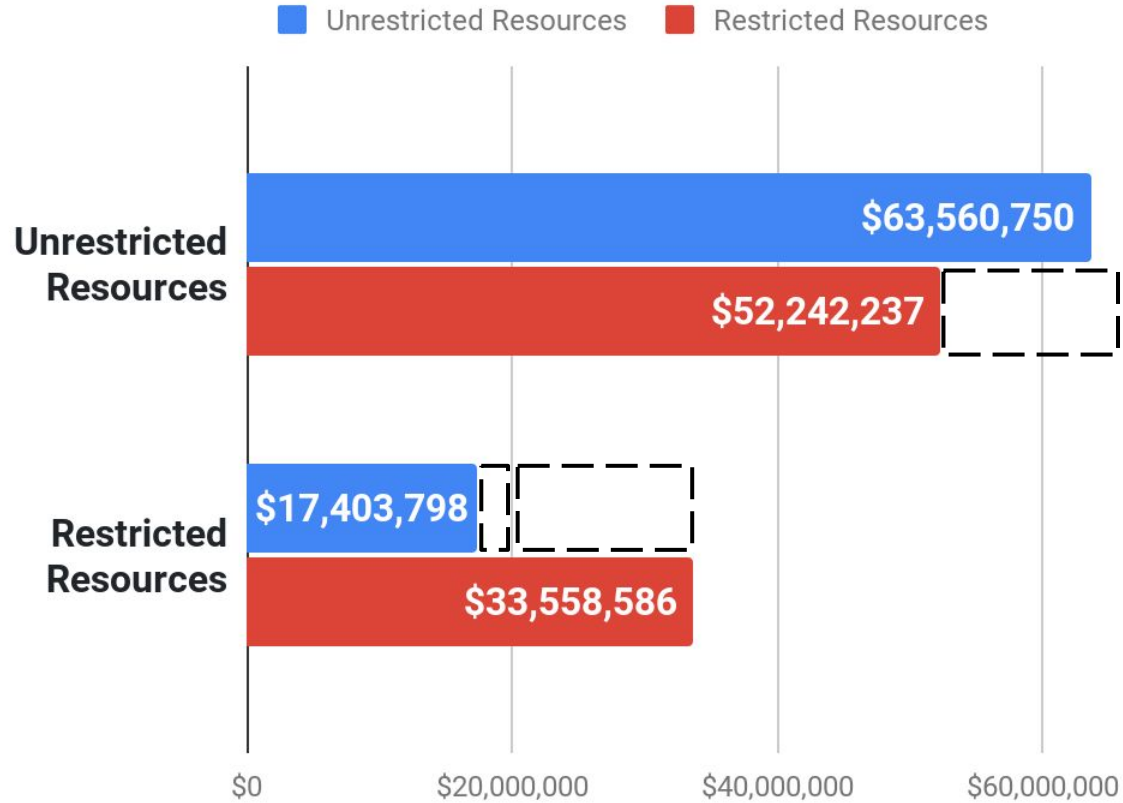
- Certificated Salaries \$34,591,573
- Classified Salaries \$12,930,671
- Benefits \$21,108,822
- BooksSupplies \$5,203,860
- Services \$11,031,089
- Capital Outlay \$214,641
- Other Outgo \$819,470

Salaries/Benefits (Proposed)



**2022-23
Budget Year**

Proposed Budget Allocation



Summary of Sub-Funds

Summary: Sub Funds	Projected Budget 2022-23
Fund 12-Child Care	\$159,134
Fund 13 - Food Service	\$352,456
Fund 14 - Def Maint.	\$0
Fund 17 - Spec Reserve: Non Capital	\$0
Fund 20 - Postemployment Ben.	\$6,296
Fund 21: Building Fund	\$0
Fund 25: Capital Facilities Fund	\$5,532,039
Fund 35: County School Facilities	\$0
Fund 40 - Special Fund for Capital	\$24,675,179
Fund 71-Section 115 Trust Fund: Pension Stabilization	\$410,100

Mandates in effect 07/01/22



Universal Meals

- LEAs must provide free breakfast and lunch each school day to any student requesting a meal, regardless of free or reduced-price meal eligibility
- To receive state reimbursement, LEAs must participate in both the National School Lunch Program (NSLP) and School Breakfast Program

AB 367—Menstrual Products

- Requires all public schools serving any grades 6-12 to stock an adequate supply of free menstrual products in all women's restrooms and all-gender restrooms, and at least one men's restroom
- The Education Mandated Cost Network will be filing a test claim for this mandate with the Commission on State Mandates

Senate Bill (SB) 328—Late Start Time

- Requires the school day for middle schools and high schools to begin no earlier than 8:00 a.m. and 8:30 a.m., respectively
- Allows “zero period” for a limited number of pupils who do not generate ADA
- Law exempts rural school districts, but does not define “rural,” so the onus is on districts to self-identify

FAFSA/CADAA Requirement

- Requires an LEA to ensure that all their 12th grade students submit a Free Application for Federal Student Aid (FAFSA) or a California Dream Act application (CADAA)
- The parents/guardians or the student (if 18) may opt out of the requirements of this section

Challenges Ahead



- State of California's revenue resilience on reduction of capital markets, good/services tax base and the corporate profits as economy "shifts"
- Regulatory requirements for use of current and new funding
 - Expanding audit and reporting requirements
- Declining or "flattening" of enrollment: TK-3 (CSR \$801/ADA)
- Cost pressures both in the labor market and goods/service sector
 - Forecast of \$17.50 min wage 01/01/2028
- Fund performance: PERS/STRS = contribution rate for state employers
- Expiration & final use of COVID stimulus funds and related services
- Facility and deferred maintenance needs
- Current and proposed programs: Impact on staffing and facilities

Next Steps

- Continue to monitor the State Budget Development process
- State Enacted Budget by June 15, 2023: Governor must sign prior to June 30th: Trailer Bills clean-up budget
- Board approval of BOUSD budget @ June 23, 2023 meeting
- Review 14th BOUSD Budget for presentation within 45 days



The word "Feedback" is written in large, colorful, 3D block letters. Each letter is a different color: 'F' is pink, 'e' is green, 'e' is purple, 'd' is red, 'b' is yellow, 'a' is light blue, 'c' is green, and 'k' is pink. The letters are held up by several hands from below, suggesting a collaborative effort. The word is flanked by two vertical blue bars on either side.