

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Planning and Oversight Committee
FROM: Natasha Beery, Director of BSEP and Community Relations
DATE: February 3, 2020
SUBJECT: First Interim Report of Revenue and Expenditures in FY 2020-21 of the *Berkeley Public Schools Educational Excellence Act of 2016 (BSEP Measure E1)* and *Berkeley Public Schools Educational Excellence Act of 2006 (BSEP Measure A)*

The BSEP First Interim report provides a summary of the budgeted revenues and expenditures based on the allocations to each of the restricted Resources within the Fund, organized according to the structure of BSEP Measure E1 of 2016 and BSEP Measure A of 2006.

Revenue and Expenditures

In FY 2020-21, BSEP revenue is projected to total **\$32,929,700**, which represents **19.1%** of the District's General Fund budget. This is an increase of **\$673,287** over the prior year, primarily due to a **2.5%** Cost Of Living Adjustment (COLA) as permitted by the Measure.

Projected expenditures of \$18,901,909 and transfers to the General Fund of \$15,748,800 bring the total BSEP budgeted expenditures for 2020-21 to **\$34,650,709**, an increase of **\$1,668,827** over the prior year.

Indirect Costs

The Indirect Cost rate for 2020-21 is **5.25%** and is calculated by a formula determined by the State. The rate is applied to BSEP expenses and transfers, and is projected to total **\$1,510,888**. These funds are transferred to the General Fund to support the District's common functions such as Payroll, Purchasing, Human Resources and Plant Operations.

Reserves and Fund Balances

BSEP maintains a 3% reserve as required by the State. During the budgeting process, each Resource carries an unallocated reserve as a contingency to allow for variances in personnel expenditures (salary and benefits). The fund balances remaining from BSEP Measure A of 2006 and the fund balances from the current BSEP Measure E1 of 2016 are both held in separate Resources in Fund 4, and are managed in accordance with the specific terms of the Measure through which the revenues were obtained.

Measure E1 Fund Balances are maintained in each Resource of Fund 4 to meet projected program needs through the life of the current Measure, which will expire in 2024-25. The Fund Balances in the Site Program Resource (0852/0752) remain with the budgets allocated to each BUSD Site for expenditure according to the School Plan for Student Achievement, with prior year carryover available for one-time needs in accordance with the plan.

The BSEP Measure E1 budget model forecast the need to provide fund balance reserves to meet the expectations of rising costs, particularly in the High Quality Instruction Resource, 0741,

which provides for the costs of class size reduction by paying for 30% of BUSD classroom teachers. Due to increased revenues, the fund balance in that Resource has grown beyond initial projections, and is available to meet additional program needs. Planned deficit spending is beginning to draw down on fund balances in multiple resources.

Measure A Fund Balances are available for expenditure in accordance with the terms of the prior 2006 Measure, and are being managed to support one-time expenditures and deferred needs. Fund balances in Measure A were drawn down significantly in 2019-20, with one-time funding provided for several positions at Berkeley High School, purchases made for instruments needed for the Music program, and Chromebook expenses, which eliminated the balance in the Technology Resource. For 2020-21, expenditures totalling **\$402,504** continue to draw down the funds across multiple resources, especially in Music/VAPA for needed instrument purchases.

POLICY/CODE

Berkeley Public Schools Educational Excellence Act of 2016 (Measure E1)

Berkeley Public Schools Educational Excellence Act of 2006 (Measure A)

FISCAL IMPACT

BSEP budgeted expenditures are expected to total **\$34,650,709** from Measure E1 and **\$402,504** from Measure A, for a projected total of **\$35,053,213** for 2020-21.

STAFF RECOMMENDATION

Review and accept the First Interim Report for FY 2020-21 of the *Berkeley Public Schools Educational Excellence Act of 2016 (BSEP Measure E1)* and *Berkeley Public Schools Educational Excellence Act of 2006 (BSEP Measure A)*

Fund 4 Measure E1 Resources
First Interim Budget 2020-21
As of 10/31/20

RESOURCE DESCRIPTION	Reserve	CSR/ Instruction	Site Programs	Music/ VAPA	Oversight/ Comm.	Family Eng	Library	Tech	Student Achievemnt	Counseling	Total
RESOURCE NUMBER	0700	0741	0752	0753	0754	0757	0761	0762	0763	0764	Total
REVENUE											
Revenue	552,731	20,941,424	3,252,267	1,983,089	647,539	0	2,300,384	1,031,206	1,538,877	682,183	32,929,700
Interest	65,000	0	0	0	0	0	0	0	0	0	65,000
BSEP Contribution to General Fund	0	(14,431,300)	0	(238,500)	0	0	0	0	0	0	(14,669,800)
BSEP Direct Support	0	(580,000)	0	0	0	0	0	0	0	0	(580,000)
BSEP Substitute Compensation	0	(260,500)	0	0	0	0	0	0	0	0	(260,500)
NET REVENUE	617,731	5,669,624	3,252,267	1,744,589	647,539	0	2,300,384	1,031,206	1,538,877	682,183	17,484,400
EXPENDITURES											
Certificated Salaries	0	3,019,068	1,520,836	853,134	0	0	720,861	99,500	1,018,611	485,655	7,717,665
Classified Salaries	0	117,501	582,349	70,842	351,819	0	663,483	509,381	0	0	2,295,375
Employee Benefits	0	923,220	600,263	311,203	138,894	0	536,211	291,148	294,327	173,704	3,268,970
Books and Supplies	0	10,000	220,974	240,698	0	0	172,711	62,311	0	0	706,694
Unallocated Reserve	0	536,601	776,325	39,284	117,487	0	42,791	18,101	105,332	22,231	1,658,152
Contract Services	617,730	231,500	269,494	294,200	24,000	0	103,641	93,600	110,000	0	1,744,165
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
Indirect Costs	0	961,029	188,983	97,478	0	0	106,609	51,124	70,842	34,823	1,510,888
TOTAL EXPENDITURES	617,730	5,798,919	4,159,224	1,906,839	632,200	0	2,346,307	1,125,165	1,599,112	716,413	18,901,909
NET INCREASE (DECREASE)	1	(129,295)	(906,957)	(162,250)	15,339	0	(45,923)	(93,959)	(60,235)	(34,230)	(1,417,509)
FUND BALANCE ANALYSIS											
Beginning Fund Balance	1,025,000	5,224,425	1,361,640	842,936	215,931	47,874	546,534	202,081	471,969	184,677	10,123,066
Net Increase (Decrease) in FD Bal	1	(129,295)	(906,957)	(162,250)	15,339	0	(45,923)	(93,959)	(60,235)	(34,230)	(1,417,509)
Ending Fund Balance	1,025,001	5,095,130	454,683	680,686	231,270	47,874	500,611	108,122	411,734	150,447	8,705,557

Fund 4 Measure A Resources
First Interim Budget 2020-21
As of 10/31/20

RESOURCE DESCRIPTION	Reserve 0000	Class Size Reduction 0841	Site Discre- tionary 0852	Music/ VAPA 0853	Public Info 0854	PD 0855	Evaluation 0856	Family Eng 0857	Library 0860	Tech 0862	Total
REVENUE											
Revenue	(10,000)	0	0	0	0	0	0	0	0	0	(10,000)
BSEP Contribution to General Fund	0	0	0	0	0	0	0	0	0	0	0
BSEP Direct Support	0	0	0	0	0	0	0	0	0	0	0
BSEP Substitute Compensation	0	0	0	0	0	0	0	0	0	0	0
NET REVENUE	(10,000)	0	0	0	0	0	0	0	0	0	(10,000)
EXPENDITURES											
Certificated Salaries	0	0	0	0	0	24,874	0	0	0	0	24,874
Classified Salaries	0	0	0	0	8,254	0	0	0	0	0	8,254
Employee Benefits	0	0	0	0	1,746	5,126	0	0	0	0	6,872
Books and Supplies	0	0	0	200,327	12,000	0	0	3,000	75,410	0	290,737
Unallocated Reserve	0	0	0	0	0	0	0	0	0	0	0
Contract Services	3,500	0	0	0	30,000	0	0	22,500	0	0	56,000
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
Indirect Costs	0	0	0	9,535	0	1,428	0	1,214	3,590	0	15,767
TOTAL EXPENDITURES	3,500	0	0	209,862	52,000	31,428	0	26,714	79,000	0	402,504
NET INCREASE (DECREASE)	(13,500)	0	0	(209,862)	(52,000)	(31,428)	0	(26,714)	(79,000)	0	(412,504)
FUND BALANCE ANALYSIS											
Beginning Fund Balance	46,859	171,144	187,501	293,686	258,277	52,057	19,106	84,593	164,115	0	1,277,337
Net Increase (Decrease) in FD Bal	(13,500)	0	0	(209,862)	(52,000)	(31,428)	0	(26,714)	(79,000)	0	(412,504)
Ending Fund Balance	33,359	171,144	187,501	83,824	206,277	20,629	19,106	57,879	85,115	0	864,833