

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Enikia Ford Morthel, Superintendent
FROM: Kathy Fleming, Director of Local Resources
DATE: February 1, 2023
SUBJECT: First Interim Report of Revenue and Expenditures in FY 2022-23 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 2022-23, BSEP revenue is projected to total **\$34,820,000**, which represents **17%** of the District's General Fund budget. This is an increase of **\$1,399,998** over the prior year, primarily due to a **4.2%** Cost Of Living Adjustment (COLA) as permitted by the Measure.

Projected expenditures of **\$21,637,214** and transfers to the General Fund of **\$17,688,453** (this includes the VAPA release-time transfer to the General fund of \$302,069) bring the total BSEP budgeted expenditures for 2022-23 to **\$39,325,667**, an increase of **\$1,988,293** over the prior year.

Indirect Costs

The Indirect Cost rate for 2022-23 is **6.44%** and is calculated by a formula determined by the State. The rate is applied to BSEP expenses and transfers, and is projected to total **\$2,243,540**. 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 forecasts 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 continues 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. For 2022-23, expenditures totalling **\$75,017** continue to draw down the funds across multiple resources.

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 **\$37,337,374** from Measure E1 and **\$75,017** from Measure A, for a projected total of **\$39,325,667** for 2022-23.

STAFF RECOMMENDATION

Review and accept the First Interim Report for FY 2023-23 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 2022-23
As of 10/31/22**

RESOURCE DESCRIPTION RESOURCE NUMBER	Reserve 0700	CSR/ Instruction 0741	Site Programs 0752	Music/ VAPA 0753	Oversight/ Comm. 0754	Family Eng 0757	Library 0761	Tech 0762	Student Achievem 0763	Counseling 0764	Total
REVENUE											
Revenue	560,715	22,158,906	3,441,345	2,098,381	685,186	0	2,434,122	1,091,158	1,628,344	721,843	34,820,000
Interest	65,000	0	0	0	0	0	0	0	0	0	65,000
BSEP Contribution to General Fund	0	(16,061,700)	0	(253,547)	0	0	0	0	0	0	(16,315,247)
BSEP Direct Support	0	(584,900)	0	0	0	0	0	0	0	0	(584,900)
BSEP Substitute Compensation	0	(296,400)	0	0	0	0	0	0	0	0	(296,400)
NET REVENUE	625,715	5,215,906	3,441,345	1,844,834	685,186	0	2,434,122	1,091,158	1,628,344	721,843	17,688,453
EXPENDITURES											
Certificated Salaries	0	4,035,025	1,704,406	879,729	126,928	0	771,122	92,847	1,122,393	507,495	9,239,945
Classified Salaries	0	110,781	708,253	184,698	275,023	0	724,905	517,970	487	0	2,522,117
Employee Benefits	0	1,297,457	787,034	391,292	162,497	0	603,974	293,240	345,073	181,325	4,061,892
Books and Supplies	0	17,000	215,362	130,500	12,500	0	237,914	51,000	0	0	664,276
Unallocated Reserve	0	76,599	0	103,803	28	0	0	33,624	0	87,091	301,145
Contract Services	625,715	561,906	421,969	382,075	102,000	0	109,162	87,104	99,368	0	2,389,299
Capital Outlay	0	0	0	190,000	0	0	25,000	0	0	0	215,000
Indirect Costs	0	1,410,627	318,368	137,594	0	0	156,954	69,280	100,748	49,969	2,243,540
TOTAL EXPENDITURES	625,715	7,509,395	4,155,392	2,399,691	678,976	0	2,629,031	1,145,065	1,668,069	825,880	21,637,214
NET INCREASE (DECREASE)	0	(2,293,489)	(714,047)	(554,857)	6,210	0	(194,909)	(53,907)	(39,725)	(104,037)	(3,948,761)
FUND BALANCE ANALYSIS											
Beginning Fund Balance	1,389,238	5,407,649	2,234,210	1,300,714	519,645	47,676	947,205	404,539	897,116	302,783	13,450,774
Net Increase (Decrease) in FD Bal	0	(2,293,489)	(714,047)	(554,857)	6,210	0	(194,909)	(53,907)	(39,725)	(104,037)	(3,948,761)
Ending Fund Balance	1,389,238	3,114,160	1,520,163	745,857	525,855	47,676	752,296	350,632	857,391	198,746	9,502,013

**Fund 4 Measure A Resources
First Interim Budget 2022-23
As of 10/31/2022**

RESOURCE DESCRIPTION RESOURCE NUMBER	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	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0	0
EXPENDITURES											
Certificated Salaries	0	0	0	0	0	0	0	0	0	0	0
Classified Salaries	0	0	0	0	0	0	0	9,482	0	0	9,482
Employee Benefits	0	0	0	0	0	0	0	3,620	0	0	3,620
Books and Supplies	0	0	0	0	0	0	0	14,736	0	0	14,736
Unallocated Reserve	0	0	0	0	0	0	0	0	0	0	0
Contract Services	5,200	0	0	0	0	0	0	37,800	0	0	43,000
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
Indirect Costs	0	0	0	0	0	0	0	4,179	0	0	4,179
TOTAL EXPENDITURES	5,200	0	0	0	0	0	0	69,817	0	0	75,017
NET INCREASE (DECREASE)	(5,200)	0	0	0	0	0	0	(69,817)	0	0	(75,017)
FUND BALANCE ANALYSIS											
Beginning Fund Balance	49,156	171,144	187,501	138,268	44,020	52,057	19,106	69,076	89,679	0	820,005
Net Increase (Decrease) in FD Bal	(5,200)	0	0	0	0	0	0	(69,817)	0	0	(75,017)
Ending Fund Balance	43,956	171,144	187,501	138,268	44,020	52,057	19,106	(741)	89,679	0	744,988