

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Planning and Oversight Committee
FROM: Kathy Fleming, Director of Local Resources
DATE: March 28, 2023
SUBJECT: Second 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 Second Interim Report covers the reporting period from July 1, 2022 ending January 31, 2023. The BSEP Second 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. The second interim reflects adjustments made since the 1st Interim report.

Revenue and Expenditures

In FY 2022-23, BSEP Measure E1 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, 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 **\$17,196,547** (this includes the VAPA release-time transfer to the General fund of (\$253,547) bring the total BSEP budgeted expenditures for 2022-23 to **\$39,946,957**.

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 approximately 30% of BUSD classroom teachers. 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 **\$760,234** continue to draw down the funds across multiple resources. It is anticipated that Measure A resources will be fully expended at the end of 2022-23.