

A collage of various school activities including students holding a 'RECYCLE' sign, a teacher interacting with students, a student working on a laptop, and a group of students in graduation gowns.

Berkeley

PUBLIC SCHOOLS

First Interim Budget

December 06, 2023

Presented by

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Excellence • Equity • Engagement • Enrichment

Our Mission

Enable and inspire our diverse student body to achieve academic excellence and make positive contributions to our world.

Objectives

- Review Unrestricted **General Fund**
 - Budget Summary and Highlights
 - Variance Report
 - Multi-Year Projections
 - Next Steps

- Approve First Interim Budget

- Uncommit funds - BP 3101

EXCELLENCE

EQUITY

ENGAGEMENT

ENRICHMENT

- ❑ Unrestricted General Fund Focus
- ❑ Period from July 1, 2023 through June 30, 2024
- ❑ Projects financial activity for the Fiscal Year
- ❑ Based on the state's enacted 2023-24 Budget
- ❑ First Interim highlights the need for budget adjustments in the out years

Budget Highlights

- ❑ **Positive Certification.** BUSD is maintaining a positive ending fund balance for the current year and two subsequent years. However, budget adjustments are necessary to have a positive certification
- ❑ **Latest economic indicators predict the 2024-25 Cost of Living Adjustment (COLA) will be 1% (was 3.94%).** Districts are advised to prepare alternative Multi Year Projection to reflect of the impact of reduced COLA
- ❑ **After the District closed its books, it was confirmed the the District met the requirement to fund the additional reserve based on [Board Policy 3101](#)**

The Board may uncommit the funds in the committed reserve only if one or more of the following conditions are met:

- It is projected that the District's 3-year multi year budget will be deemed to be qualified or negative by the County Office of Education
- It is projected that the District may need to make mid-year layoffs
- It is projected that the District's combined state and federal revenue is reduced in the middle of a fiscal year
- Average Daily Attendance at P-1 is significantly below projections
- The Superintendent's Budget Advisory Committee recommends doing so
- All five elected members of the Board vote to do so

- Requesting the Board uncommit BP 3101**
- First Interim prepared without committing the additional reserves**

Variance Report - 2023-24 First Interim Unrestricted General Fund

	Adopted Budget FY 2023-24	First Interim Budget FY 2023-24	Variances	
REVENUES:				
LCFF Revenue Base Revenue	\$ 106,910,437	\$ 106,594,591	\$ (315,846)	
LCFF Supplemental Revenue	\$ 5,820,598	\$ 5,802,223	\$ (18,375)	
Total LCFF Revenue	\$ 112,731,035	\$ 112,396,814	\$ (334,221)	A
Other State Revenues	4,100,578	4,100,578	0	
Local Revenues	1,899,510	2,059,571	160,061	B
TOTAL REVENUES:	118,731,123	118,556,963	(174,160)	

- A. Decrease in LCFF funding due to correction in prior year ADA**
- A. Increase in local funding due to loading carryover in the cooking and gardening program, less reduction in lease rentals**

Variance Report - 2023-24 First Interim

Unrestricted General Fund

	Adopted Budget FY 2023-24	First Interim Budget FY 2023-24	Variances	
EXPENDITURES:				
Certificated Salaries	55,980,847	56,253,081	(272,234)	C
Classified Salaries	17,953,322	18,133,465	(180,143)	C
Employee Benefits	27,039,820	27,088,000	(48,180)	C
Books and Supplies	1,670,814	1,975,256	(304,442)	C
Services & Operating Expenses	11,250,828	13,286,463	(2,035,635)	C
Capital Outlay	52,819	52,819	-	
Direct Support/Indirect Cost	(5,094,310)	(5,690,097)	595,787	D
TOTAL EXPENDITURES	108,854,140	111,098,987	(2,244,847)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,876,983	7,457,976	(2,419,007)	

C. Increase due to loading budget priorities that were designated at Adoption

D. Increase in Indirect Costs due to loading carryover in restricted programs and other funds

Variance Report - 2023-24 First Interim

Unrestricted General Fund

	Adopted Budget FY 2023-24	First Interim Budget FY 2023-24	Variances
OTHER FINANCING SOURCES AND USES:			
Inter-fund Transfers Out			
Transfer to Self Insurance Fund	(250,000)	(250,000)	0
Total Transfers Out	(250,000)	(250,000)	-
Contributions In			
BSEP Contribution	16,840,747	16,840,747	0
BSEP Direct Support	569,900	569,900	0
BSEP Substitute Compensation	306,000	306,000	0
Arts and Music Block Grant	800,000	800,000	0
Total Contributions In	18,516,647	18,516,647	-
Contributions Out			
Special Education - (ADA)	(770,000)	(770,000)	0
Special Education - State	(25,469,822)	(25,517,798)	(47,976) C
Special Education - Mental Health	(1,056,736)	(1,056,736)	0
Berkeley Public School Partnership - STEM	-	(180,000)	(180,000) C
Total Contributions Out	(27,296,558)	(27,524,534)	(227,976)

C. Increase due to loading budget priorities that were designated at Adoption.

Special Education - Lexia and .2 FTE \$47,976

Stem Partnership - Berkeley Public Schools Fund \$180,000

Variance Report - 2023-24 First Interim

Unrestricted General Fund

	Adopted Budget FY 2023-24	First Interim Budget FY 2023-24	Variances
Net Contributions	(8,779,911)	(9,007,887)	(227,976)
TOTAL OTHER FINANCING SOURCES /USES	(9,029,911)	(9,257,887)	(227,976)
NET INCREASE (DECREASE) IN FUND BALANCE	847,072	(1,799,911)	(2,646,983)
BEGINNING FUND BALANCE	7,197,904	7,197,904	0
ENDING FUND BALANCE	8,044,976	5,397,993	(2,646,983)
Amount Committed and Assigned	5,187,491	2,424,015	(2,763,476)
UNDESIGNATED FUND BALANCE	\$ 2,857,485	\$ 2,973,978	\$ 116,493

Variance Report - 2023-24 First Interim Unrestricted General Fund

	Adopted Budget FY 2023-24	First Interim Budget FY 2023-24	Variances
Required Amount for Economic Uncertainties - 3%	4,069,905	5,114,812	
Fund 17 Reserve Balance	4,035,688	4,100,797	
Fund 01 Reserve Balance	34,217	1,014,015	
AMOUNT SHORT OF THE 3% RESERVE REQUIREMENT	\$ -	\$ -	

Multi -Year Projections

Out years do not include estimates for salary increases

*Based on assumptions in the
State's Adopted 2023-24 Budget*

Multi-Year Projections 2023-24 First Interim

Unrestricted General Fund

Unrestricted General Fund (in millions)	2023-24	2024-25	2025-26
REVENUE			
COLA	8.22%	3.94%	3.29%
ADA - Funded	8,938	8,679	8,653
UPC	2,659	2,659	2,659
UPP	29.09%	28.92%	28.92%
LCFF Funding			
<i>Base Funding</i>	106.6	107.7	110.8
<i>Supplemental Funding</i>	5.8	5.9	6.0
Total LCFF Funding	112.4	113.5	116.8
Other State Funding	4.1	4.1	4.1
Local Funding	2.1	2.1	2.1
TOTAL REVENUE	118.6	119.7	123.0

Multi-Year Projections Unrestricted General Fund

Unrestricted General Fund (in millions)	2023-24	2024-25	2025-26
Expenditures	-111.1	-112.7	-115.5
<i>Budget Adjustments COLA at 3.9%</i>			2.5
TOTAL EXPENDITURES	-111.1	-112.7	-113.0
TOTAL SOURCES AND USES	-9.3	-10.1	-10.1
Change in Fund Balance	-1.8	-3.1	-0.1
Beginning Fund Balance	7.2	5.4	2.3
Ending Fund Balance	5.4	2.3	2.2
Revolving Cash	-0.1	-0.1	-0.1
Labor Partner Grievance Resolution	-0.3		
Assignment for Supplemental Grant LCAP	-1.0	-1.0	-1.0
Fund 01 share of 3% reserve	-1.0	-1.1	-0.7
Ending Fund Balance - Undesignated	3.0	0.1	0.4

Multi -Year Projections

Out years do not include estimates for salary increases

Based on Latest Economic Indicators

Multi-Year Projections Unrestricted General Fund

Multi-Year Projections 2023-24 First Interim			
Unrestricted General Fund			
Unrestricted General Fund (in millions)	2023-24	2024-25	2025-26
REVENUE			
COLA	8.22%	1.00%	3.29%
ADA - Funded	8,938	8,679	8,653
UPC	2,659	2,659	2,659
UPP	29.09%	28.92%	28.92%
LCFF Funding			
<i>Base Funding</i>	106.6	107.7	110.8
<i>Reduction in Base Funding</i>		-2.9	-2.9
<i>Supplemental Funding</i>	5.8	5.9	6.0
<i>Reduction in Supplemental Funding</i>		-0.2	-0.2
Total LCFF Funding	112.4	110.5	113.7
Other State Funding	4.1	4.1	4.1
Local Funding	2.1	2.1	2.1
TOTAL REVENUE	118.6	116.7	119.9

Multi-Year Projections Unrestricted General Fund

Unrestricted General Fund (in millions)	2023-24	2024-25	2025-26
Expenditures	-111.1	-112.7	-115.5
<i>Budget Adjustments COLA at 3.9%</i>			2.5
<i>Budget Adjustments COLA at 1%</i>		3.1	3.1
TOTAL EXPENDITURES	-111.1	-109.6	-109.9
TOTAL SOURCES AND USES	-9.3	-10.1	-10.1
Change in Fund Balance	-1.8	-3.0	-0.1
Beginning Fund Balance	7.2	5.4	2.4
Ending Fund Balance	5.4	2.4	2.3
Revolving Cash	-0.1	-0.1	-0.1
Labor Partner Grievance Resolution	-0.3		
Assignment for Supplemental Grant LCAP	-1.0	-1.0	-1.0
Fund 01 share of 3% reserve	-1.0	-1.1	-0.7
Ending Fund Balance - Undesignated	3.0	0.2	0.5

Next Steps Include

- Governor's January budget - Jan 17
- Determine the impact of reduced COLA on restricted District programs
- Possible reductions to the 2025-26 COLA which will require additional budget adjustments in 2025-26
- Reconvene SBAC and engage with budget partners

Next Steps Include

- Near and long term challenges
 - Risk to state revenue forecast
 - Reduced ADA - no longer benefiting from State mitigating measures
 - Expiring one-time funds/grant
- Need to develop comprehensive plans to maintain fiscal solvency and preserve the integrity of our educational programs