

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Planning and Oversight Committee
FROM: Kathy Fleming, Director of Local Resources
DATE: March 26, 2024
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, 2023 ending January 31, 2024. 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.

Revenue and Expenditures

In FY 2023-24, BSEP Measure E1 revenue is projected to total **\$37,210,002**, which represents **18%** of the District's General Fund budget. This is an increase of **\$2,325,002** over the prior year's adopted budget, due to a **4.9%** Cost Of Living Adjustment (COLA) as permitted by the Measure.

Projected expenditures include **\$23,333,568** for programs and transfers to the General Fund of **\$17,716,647** (this includes the VAPA release-time transfer to the General fund of \$253,547) which brings the total BSEP budgeted expenditures for 2023-24 to **\$41,050,215**. The second interim reflects slight adjustments made since the 1st Interim report primarily due to adjustments necessary to reflect actual salary and benefits costs.

Indirect Costs

The Indirect Cost rate for 2023-24 is **6.14%** and is calculated by a formula determined by the State. The rate is applied to BSEP expenses and transfers, and is projected to total **\$2,180,133**. 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 from the current BSEP Measure E1 of 2016 are held in separate Resources in Fund 4 and are managed in accordance with the specific terms of the Measure.

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 maintain fund balance reserves to meet the expectations of rising costs in the later years of Measure E1 and planned deficit spending continues to draw down on fund balances in multiple resources.

Measure A Fund Balances

In 2022-23, expenditures were made to draw down the funds to a balance of \$0 across all Measure A Resources. Measure A resources were fully expended at the end of 2022-23.