

2021-2022


Second Interim Budget Update

March 8, 2022

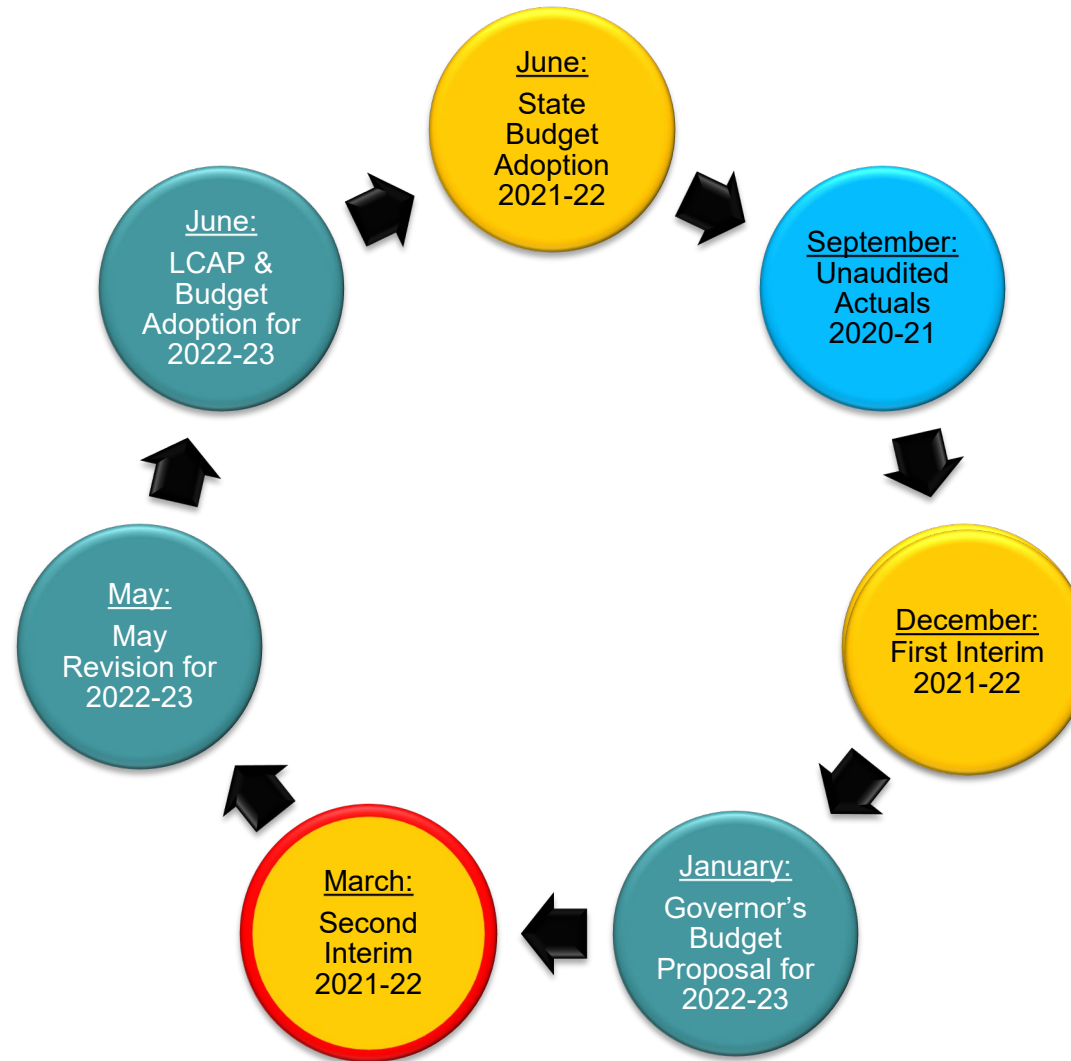
Agenda

- Background
- Timeline
- Budget assumptions
- 2021-2022 General Fund budget & multi-year projections
- Reserves
- Parcel Taxes

Background

- Per state law, AUSD's Board must pass the Second Interim budget update by March 15 of each year.
- Board must certify that the District's projected financial outlook for 2021-22, 2022-23, and 2023-24 is one of the following:
 - **Positive: WILL MEET** the financial obligations for the current and two subsequent years
 - **Qualified: MAY NOT MEET** the financial obligations for the current and two subsequent fiscal years
 - **Negative: WILL BE UNABLE TO MEET** the financial obligations for the remainder of the current fiscal year and two subsequent fiscal years
-  Staff recommends a positive certification.

Second Interim Update



Assumptions

Categories	2021-22			2022-23			2023-24		
	Adopted	First Interim	Second Interim	Adopted	First Interim	Second Interim	Adopted	First Interim	Second Interim
District Enrollment	9,006	8,720	8,707	9,006	8,546	8,533	9,006	8,374	8,362
ADA - Actual/Projected	8,610	8,284	8,089	8,610	8,127	8,127	8,610	7,973	7,973
Actual ADA %age	95.6%	95.0%	92.9%	95.6%	95.1%	95.2%	95.6%	95.2%	95.3%
Funded ADA-Actual/Projected	8,976	8,976	8,976	8,610	8,279	8,127	8,610	8122	8122
Funded ADA %age	99.7%	102.9%	103.1%	95.6%	96.9%	95.2%	95.6%	97.0%	97.1%
Unduplicated EL/FRPM Count	2,661	2,451	2,448	2,581	2,401	2,399	2,503	2353	2351
Unduplicated EL/FRPM Percentag	29.5%	28.1%	28.1%	28.7%	28.1%	28.1%	27.8%	28.1%	28.1%
COLA	5.07%			2.48%		5.33%	3.11%		3.61%
State Teacher's Retirement Sys.	16.92%			19.10%		19.10%	19.10%		19.10%
Public Employee Retirement Sys.	22.91%			26.10%		26.10%	27.10%		27.10%
Unemployment Insurance	1.29%	0.96%	0.56%	0.96%	0.96%	0.56%	0.36%	0.96%	0.56%
Post Employment Benefits	0.48%			0.48%		1.53%	0.48%		1.53%
Deferred Maintenance Budget	\$500K	\$500K	\$500K	\$500K	\$500K	\$500K	\$2Mil	\$500K	\$500K

Changes from the First Interim

- Recognition of proposed COLA for 2022-23 and 2023-24
 - Addition of \$500K in 2022-23 and \$2.7M in 2023-24
- Transfers to categorical programs
 - Expanded Learning Program - \$251K
 - Educator Effectiveness Block Grant - \$300K annually
- Indirect cost
 - Addition of \$500K in indirect cost transfer from categorical programs and food

Description	2021-2022	2022-2023	2023-2024	Total
	<i>All amounts in millions</i>			
COLA		\$ 0.50	\$ 2.70	\$ 3.20
Transfers to categorical programs	\$ 0.55	\$ 0.55	\$ 0.55	\$ 1.65
Increase in indirect cost	\$ 0.50	\$ 0.50	\$ 0.50	\$ 1.50
Increase in Special Education	\$ (0.90)			\$ (0.90)
Net Increase to Ending Fund Balance	\$ 0.15	\$ 1.55	\$ 3.75	\$ 5.45

General Fund Update for FY 2021-2022

	Unrestricted			Restricted			Total
	Totally Unrestricted	LCFF Supplemental Grant	Parcel Tax (A & B1)	Special Education	Other Restrictcd	Various COVID-19 Resources	General Fund
REVENUES							
LCFF Revenue	\$ 86,733,615	\$ -	\$ -	\$ 751,556	\$ -	\$ -	\$ 87,485,171
Federal Categorical Revenue	-	-	-	2,238,858	1,861,793	7,400,997	11,501,648
State Categorical Revenue	1,909,480	-	-	1,077,509	9,840,275	3,355,305	16,182,569
Local Revenue	450,683	-	23,394,903	6,575,811	1,524,530		31,945,927
Revenues	\$ 89,093,778	\$ -	\$ 23,394,903	\$ 10,643,734	\$ 13,226,598	\$ 10,756,302	\$ 147,115,315
EXPENDITURES							
Salaries & Benefits	\$ 46,662,197	\$ 3,602,785	\$ 21,096,741	\$ 19,695,731	\$ 10,682,482	\$ 2,820,543	\$ 104,560,479
Books & Supplies	2,673,081	85,227	181,524	358,482	2,733,147	3,311,245	9,342,706
Services & Op. Expenses	8,892,856	549,607	295,000	10,755,229	3,660,771	3,043,255	27,196,718
Capital Outgo & Transfers	(3,540,488)	351,144	1,376,594	1,824,851	1,474,556	3,802,307	5,288,964
Expenditures	\$ 54,687,646	\$ 4,588,763	\$ 22,949,859	\$ 32,634,293	\$ 18,550,956	\$ 12,977,350	\$ 146,388,867
Excess (Deficiency) of Revenues over Expenditures	\$ 34,406,132	\$ (4,588,763)	\$ 445,044	\$ (21,990,559)	\$ (5,324,358)	\$ (2,221,048)	\$ 726,448
Other Uses	\$ (32,270,467)	\$ 4,874,657	\$ (381,803)	\$ 21,938,473	\$ 5,457,337	\$ -	\$ (381,803)
Net Inc. (Dec) in Fund Bal.	\$ 2,135,665	\$ 285,894	\$ 63,241	\$ (52,086)	\$ 132,979	\$ (2,221,048)	\$ 344,645
Beginning Balance	\$ 16,923,903	\$ 803,546	\$ -	\$ 52,091	\$ 4,623,790	\$ 2,618,001	\$ 25,021,331
Ending Balance	\$ 19,059,568	\$ 1,089,440	\$ 63,241	\$ 5	\$ 4,756,769	\$ 396,953	\$ 25,365,976
Revolving Fund/Restricted	\$ 1,481,767	\$ 1,089,440	\$ -	\$ 5	\$ 4,756,769	\$ 396,953	\$ 7,724,934
Unassigned Ending Fund Balance	\$ 17,577,801	\$ -	\$ 63,241	\$ -	\$ -	\$ -	\$ 17,641,042

Multiyear Projections - Unrestricted General Fund

Line	Description	2021-2022	2022-2023	2023-24
		Revised	Projected	Projected
A	Projected Beginning Balance, July 1	\$ 17,727,449	\$ 20,212,249	\$ 12,576,760
B	Revenues	\$ 112,488,681	\$ 108,532,876	\$ 111,516,156
C1	Expenditures	82,226,268	85,172,349	86,009,771
C2	Contribution to Special Education	22,487,102	25,705,505	26,119,476
C3	Contribution to Restricted Programs	5,290,511	5,290,511	5,290,511
D = B-C1..C3	Surplus (Deficit)	\$ 2,484,800	\$ (7,635,489)	\$ (5,903,602)
E = A+D	Projected Ending Balance, June 30	\$ 20,212,249	\$ 12,576,760	\$ 6,673,158
F	Assignments/Commitments	\$ 2,571,207	\$ 4,513,635	\$ 6,482,337
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 17,641,042	\$ 8,063,125	\$ 190,821

Components of Ending Fund Balance – Unrestricted General Fund

Line #	Description	2021-2022	2022-2023	2023-2024
A	Ending Fund Balance	\$ 20,212,249	\$ 12,576,760	\$ 6,673,158
B	Components of Ending Fund Balance			
B1	Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
B2	LCFF Supplemental Carryover	\$ 1,089,440	\$ 1,089,440	\$ 1,089,440
B3	Set-aside for potential employee compensation	\$ 1,431,767	\$ 3,374,195	\$ 5,342,897
C = B1+B2+B3	Total - Components	\$ 2,571,207	\$ 4,513,635	\$ 6,482,337
7 = 1-6	Net Unassigned Ending Fund Balance	\$ 17,641,042	\$ 8,063,125	\$ 190,821

Purpose of Reserve Funds

- Districts keep Reserves funds to:
 - Maintain programs in tight fiscal times
 - Mitigate volatility in funding
 - Economic ups and downs
 - Parcel tax renewals
 - Address unexpected costs
 - Save for larger or one-time purchases
 - Manage cash flow
- Reserve funds are one-time funds
 - Difficult to build; easy to spend

Reserve Cap

- Senate Bill 751 (2017) limits school district's local reserves to 10% of expenditures when the state reserve reaches 3% of the K-12 Prop 98 funding
 - Projected to apply to ending fund balance at the end of FY 2022-23

Definition of Reserves under SB 751

- Reserves kept in the Special Reserve Fund
- Unassigned ending fund balance in General Fund and Special Reserve Fund

Definition Typically Used by School Districts

- Reserves kept in the Special Reserve Fund

Reserve Cap Compliance

- SB751 and AB1200 are two contradictory standards
 - SB751 mandates reducing ending fund balance on a year-to-year basis, and
 - AB1200 mandates solvency over a three-year period
- County Office of Education can approve waiver for two consecutive years in a three-year period
- Earmark for future use by the Board
 - Board action to “commit” funds
 - For example: Funds needed in a future year to cover increase in pension contributions, or
 - Funds to cover textbook adoptions in a future year

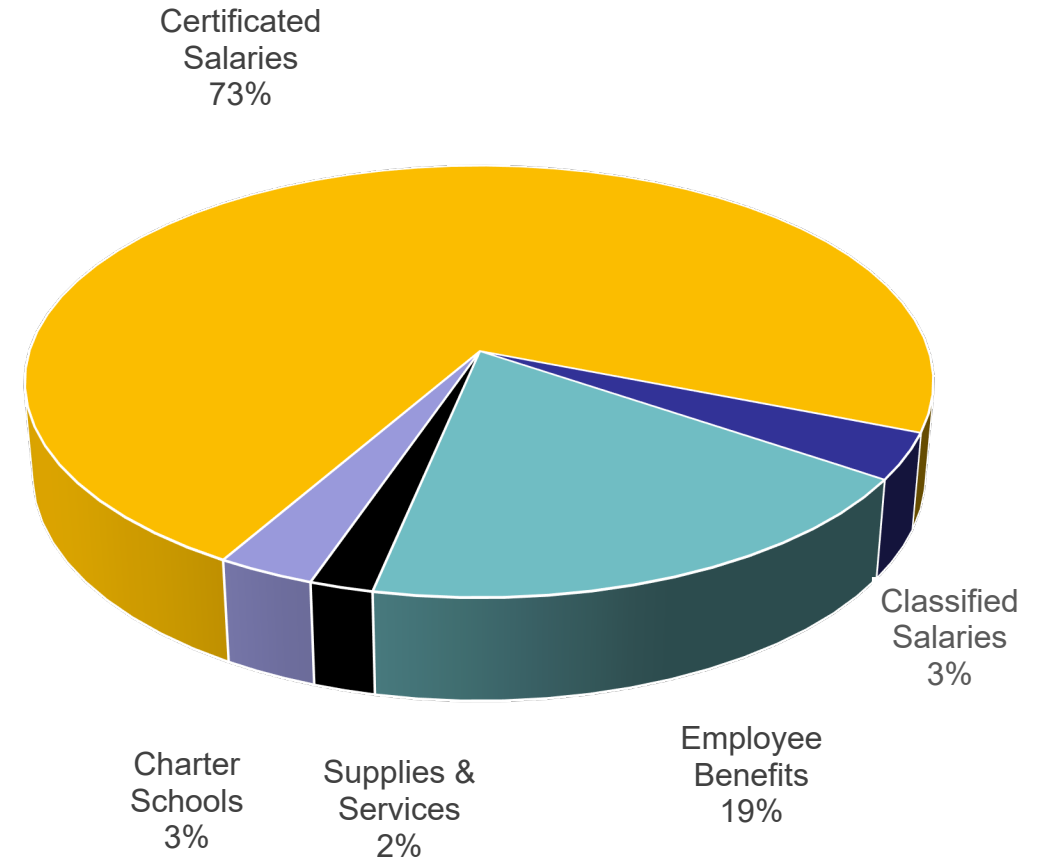
Temporary Positions Funded Using COVID One-Time Funds

Employee Category	2021-22	2022-23	2023-24
Academic Counselors	3	3	3
Program Manager - Assessment	1	1	1
Program Manager - Mental Health	1		
Teacher on Special Assignment - Learning Loss	1	1	1
Education Equity/Family Engagement Coordinator*	1	1	
Psychologist	1		
Digital Communication Specialist	1	1	
Paraprofessionals	10		
Total	19	7	5

*Transfers to LCFF Supplemental Funds

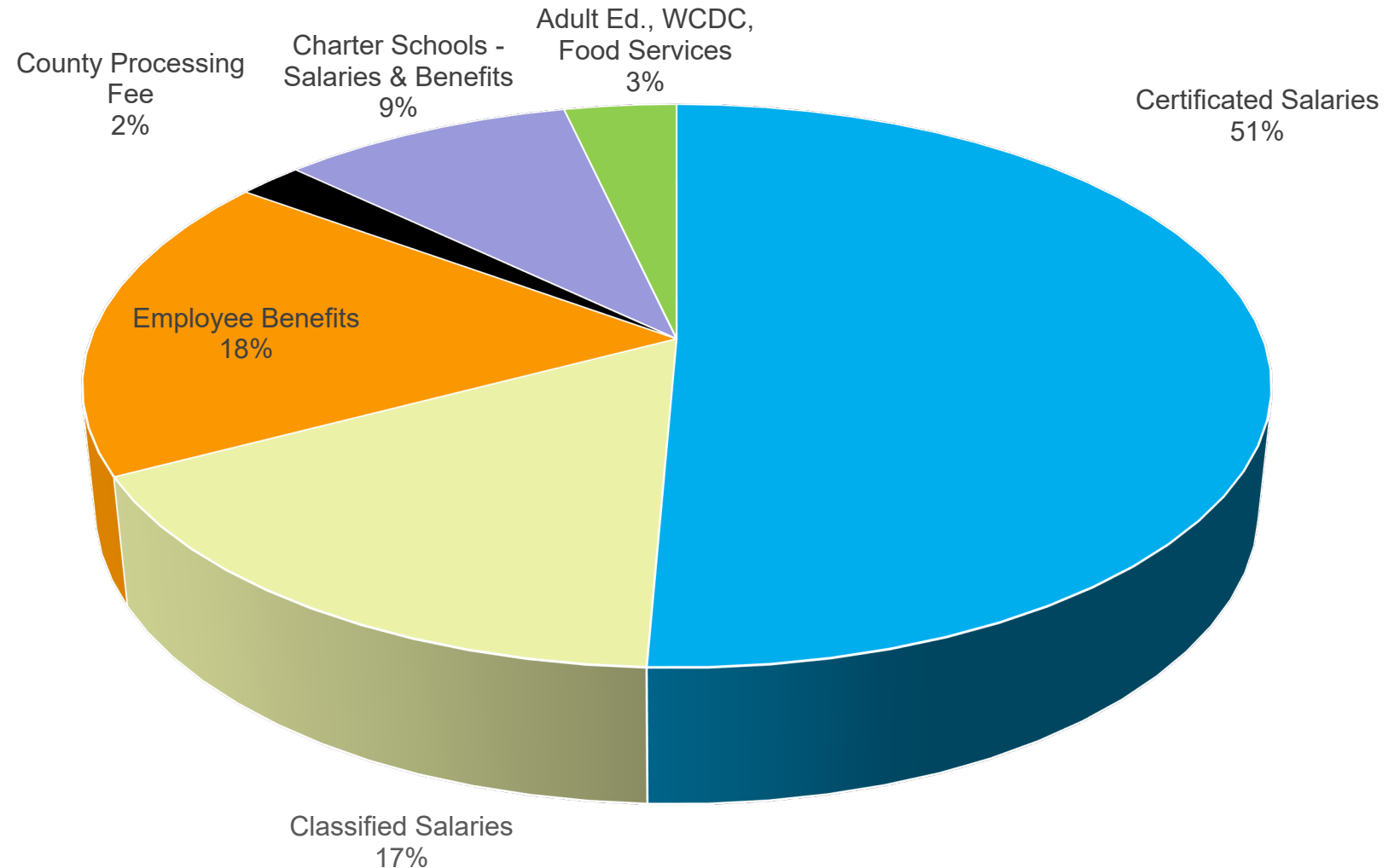
Parcel Tax – Measure B1

PTAX #	Description	Approved Percentage Range	Budget (Amount)	Budget (%)
1	Small Class Sizes in K-3	14% to 15%	\$ 1,746,000	13.95%
2	Neighborhood Elementary Schools	7% to 8%	990,387	7.91%
3	Scndary School Choice Initiative	7%-8%	929,004	7.42%
4	Programs to Close the Achivement Gap	13% to 14%	1,679,404	13.42%
5	High School Athletics Program	4%	500,756	4.00%
6	Enrichment Program	9-10%	1,183,260	9.45%
7	Attract and Retain Excellent Teachers	30-31%	3,729,000	29.79%
8	Counseling and Student Support	6%	749,734	5.99%
9	Alameda Charter Students	3-4%	384,000	3.07%
10	Technology	5%	625,944	5.00%
11	Adult Education	0%	-	0.00%
		Sub-Total	12,517,489	
12	Accountability and Fiscal Transparency		165,810	
		Total	\$ 12,683,299	



Parcel Tax – Measure A

Description	Budget (Amount)
Certificated Salaries	\$ 5,396,463
Classified Salaries	1,768,792
Employee Benefits	1,888,711
County Processing Fee	220,000
Charter Schools - Salaries & Benefits	992,594
Adult Education	95,557
WCDC	134,774
Food Services	144,629
Capital Facilities	6,843
	\$ 10,648,363



Summary of New Proposed Funding

Program	Amount (Billions)	One-time or Ongoing
Expanded Learning Opp. Prgm.*	\$ 3.40	Annual funding for four years
Cost of Living Adjustment (COLA)	3.30	Becomes base for next year
Childcare & Preschool Programs	2.00	Mix of one-time & ongoing
Early Literacy Grant	0.70	One-time for five years
Career Pathway Programs*	1.50	One-time for four years
Dual Enrollment Program*	0.50	One-time for four years
Educator Workforce Investments	0.05	One-time
Special Education	0.50	Becomes base for next year
School Transportation Programs*	1.50	One-time for three years
Student Nutrition	0.59	Ongoing
Student Nutrition	0.45	One-time
School Facility Program	2.20	One-time
Total	\$ 16.69	

*Priority to Districts that qualify for LCFF Concentration Grant

Items to Watch

- Declining enrollment
- Workforce shortages
- Special Education costs
- Pension contributions

Next Steps

- Budget presentations in April and May
- May Revise
- Adoption of the 2022-23 LCAP and Budget

Board Discussion & Questions

Acronyms

AB	Assembly Bill	CPI	Consumer Price Index	LEA	Local Educational Agency
ACA	Affordable Care Act	CTE	Career Technical Education	LRE	Least Restrictive Environment
ADA	Average Daily Attendance	DOF	Department of Finance	MAA	Medi-Cal Administrative Activities
AP	Advanced Placement	DSA	Division of the State Architect	MOU	Memorandum of Understanding
API	Academic Performance Index	EC	Education Code	MTSS	Multi-Tiered Systems of Support
AYP	Adequate Yearly Progress	EL	English Learner	MYP	Multiyear Projection
BTSA	Beginning Teacher Support and Assessment	EPA	Education Protection Account	OPEB	Other Postemployment Benefits
CAASPP	California Assessment of Student Performance and Progress	ERAF	Education Revenue Augmentation Fund	OPSC	Office of Public School Construction
CALPADS	California Longitudinal Pupil Achievement Data System	ESL	English as a Second Language	P-1	First Principal (Apportionment)
CalPERS	California Public Employees Retirement System	ESSA	Every Student Succeeds Act	P-2	Second Principal (Apportionment)
CalSTRS	California State Teachers Retirement System	ESY	Extended School Year	PAR	Peer Assistance and Review
CALTIDES	California Longitudinal Teacher Integrated Data Education System	FAPE	Free and Appropriate Public Education	PD	Professional Development
CARS	Consolidated Application and Reporting System	FCMAT	Fiscal Crisis & Management Assistance Team	PI	Program Improvement
CASEMIS	California Special Education Management Information System	FERPA	Family Educational Rights and Privacy Act	PTA	Parent Teachers Association
CBA	Collective Bargaining Agreement	FRPM	Free and Reduced-Price Meals	RDA	Redevelopment Agency
CBEDS	California Basic Educational Data System	FTE	Full-Time Equivalent	SACS	Standardized Account Code Structure
CCSS	Common Core State Standards	GAAP	Generally Accepted Accounting Principles	SBE	State Board of Education
CDE	California Department of Education	GASB	Governmental Accounting Standards Board	SDC	Special Day Class
CELDT	California English Language Development Test	IEP	Individualized Education Program	SELPA	Special Education Local Plan Area
CNIPS	Child Nutrition Information Payment System	LAO	Legislative Analyst's Office	SPSA	Single Plan for Student Achievement
COE	County Office of Education	LCAP	Local Control and Accountability Plan	TK	Transitional Kindergarten
COLA	Cost-of-Living Adjustment	LCFF	Local Control Funding Formula	TRANS	Tax and Revenue Anticipation Notes
COP	Certificate of Participation			UPP	Unduplicated Pupil Percentage