

GLENDAL UNIFIED SCHOOL DISTRICT

August 9, 2022

ACTION REPORT NO. 1

TO: Board of Education

FROM: Dr. Vivian Ekchian, Superintendent

SUBMITTED BY: Santhasundari Rajiv, Chief Financial Officer

PREPARED BY: Karineh Savarani, Director, Financial Services
Craig Larimer, Financial Analyst

SUBJECT: Final State Budget and 2022-23 Initial Budget Adjustments

The Superintendent recommends that the Board of Education approve the District’s initial budget adjustments to reflect changes in the State’s Final Budget.

The Final State Budget contains significant changes covering LCFF, One-Time and Ongoing funding. There are also increases to employee compensation as a result of recent settlements. As a result, the District’s Adopted Budget will be adjusted to reflect some of these changes with Board of Education approval.

Local Control Funding Formula (LCFF)

The final 2022-23 State Budget contains an increase of \$2.8 billion to the Governor’s May Revise for the LCFF, bringing the total LCFF funding up to \$8.9 billion. The impact of COLA, Augmented COLA, One-time Attendance Yield, Adjustment for 2021-22 ADA Loss Mitigation, and ADA changes to District Budget LCFF Total funding is as follows:

	Adopted Budget Funding	Revised Funding	Change
2022-23	\$265,493,424	\$275,985,745	\$10,492,321

To Support 2021-22 Board Priority No. 4 – Maintain District Financial Responsibility – Ensure the fiscal health of the District, implement a fiscal plan to preserve the District resources, and plan for the District’s future educational and facility needs.

One-Time Funding

- Arts, Music, and Instructional Material Discretionary Block Grant
 - Distribution based on per-pupil basis using 2021-22 Second Principal Apportionment ADA
 - Need a Board approved expenditure plan
 - Used for Instructional materials, professional development, PE, operation costs
 - Encumbrance through the 2025-26 school year
 - Estimated GUSD allocation is \$15.1 million

- Learning Recovery Emergency Block Grant
 - Distribution based on 2021-22 Second Principal Apportionment ADA multiplied by 2021-22 unduplicated Pupil Percentage (UPP)
 - Used to decrease or stabilized staff-to-pupil ratios, pupil support, and close learning gap
 - Encumbrance through the 2027-28 school year
 - Estimated GUSD allocation is \$28.4 million

Ongoing State Funding

- Expanded Learning Opportunities Program
 - Distribution based on 2021-22 Second Principal Apportionment ADA multiplied by 2021-22 UPP
 - In 2022-23 provide access to ELOP to at least 50% of all unduplicated students in grades TK-6
 - Need a Board approved plan
 - Estimated GUSD allocation is \$12.7 million

Additional Budget Revisions

The additional budget revisions include:

- CSEA and GSMA compensation settlement for an ongoing amount of \$6.6 million

Budget Revisions

Attachment A contains a recap of the revised, Multi-Year Budget Assumptions, and Attachment B lists the budget adjustment impact on the Unrestricted General Fund resulting from the Final State Budget provisions. District administration recommends the Board of Education approve these adjustments to the District Budget.

2022-23 Approved State Budget Multi-Year Budget Assumptions

ATTACHMENT A

Category	2020-21	2021-22	2022-23	2023-24	2024-25
<u>Local Control Funding Formula</u>					
- Projected Net District LCFF Revenue Increase	(\$2,180,253)				
Adopted Budget (June 2022)		\$11,350,126	\$16,736,752	\$7,083,478	\$2,673,428
State Budget Adoption (June 2022)		\$11,317,462	\$27,261,737	\$7,498,188	\$2,879,681
- Revenue Net Percentage Increase	-0.15%	4.79%	12.79%	5.35%	4.12%
- Projected Increase In Funding Per ADA	-\$14	\$461	\$1,288	\$608	\$493
- Total LCFF Funding Per ADA	\$9,608	\$10,068	\$11,356	\$11,964	\$12,457
- Factors Utilized In Revenue Calculations					
Unduplicated Percentage	53.44%				
Adopted Budget (June 2022)		52.20%	51.18%	51.11%	51.71%
State Budget Adoption (June 2022)		52.19%	51.18%	51.11%	51.71%
Statutory Cost of Living Adjustment (COLA)	0.00%				
Adopted Budget (June 2022)		5.07%	6.56%	5.38%	4.02%
State Budget Adoption (June 2022)		5.07%	6.56%	5.38%	4.02%
Statutory Cost of Living Adjustment (COLA)	0.00%	0.00%	6.28%	0.00%	0.00%
Revenue ADA (Funded, includes cnty ada)	24,710				
Adopted Budget (June 2022)		24,706	24,062	23,454	22,747
State Budget Adoption (June 2022)		24,703	24,303	23,695	22,988
Enrollment	24,924				
Adopted Budget (June 2022)		24,213	23,628	23,392	23,392
State Budget Adoption (June 2022)		24,213	23,628	23,392	23,392
Unduplicated Count - Enrollment	12,979				
Adopted Budget (June 2022)		12,136	12,136	12,136	12,136
State Budget Adoption (June 2022)		12,136	12,136	12,136	12,136
<u>EMPLOYEE BENEFITS</u>					
- STRS Rates	16.150%	16.920%	19.100%	19.100%	19.100%
- PERS Rates	20.700%	22.910%	25.370%	25.200%	24.600%
- State Unemployment Insurance	0.050%	0.500%	0.500%	0.200%	0.200%
- Workers Compensation	1.693%	1.675%	1.591%	1.591%	1.591%
- Retiree Benefits	1.357%	1.357%	1.357%	1.357%	1.357%
Utilizing Fund #67.1 Balance	---	---	---	---	---
- Health & Welfare Insurance Increase (District-wide)	\$2,482,948	\$400,000	\$3,200,000	\$3,200,000	\$3,200,000

Budget Adjustment Impact on Unrestricted General Fund Ending Balance
2022-23 45 Day Budget Adjustments
As of 08/04/2022

Major Changes	2021-22	2022-23	2023-24	2024-25	2025-26
Adopted Budget 2022-23 Ending Balance	\$ 40,151,477	\$ 49,103,714	\$ 71,207,066	\$ 91,530,694	\$ 118,654,446
Adjustment For Unaudited Actual 2021-22 Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revised 2022-23 Ending Balance Reflecting Above Adjustment	\$ 40,151,477	\$ 49,103,714	\$ 71,207,066	\$ 91,530,694	\$ 118,654,446
Major State 45-Day Adjustments (Part Of 2022-23 First Interim Adjustments)					
LCFF Ongoing & One Time COLA Increase With ADA Relief Averaging	\$ (32,664)	\$ 10,492,321	\$ 10,907,031	\$ 11,113,284	\$ 8,440,894
New Increase in Special Ed. State Funding (reduced encroachment)	\$ -	TBD	TBD	TBD	TBD
Arts, Music & Instructional Materials Discretionary Block Grant - Inco	\$ -	\$ 15,154,599	\$ -	\$ -	\$ -
Expanded Learning Opportunities Program - Income Budget	\$ -	\$ 12,760,944	\$ 12,760,944	\$ 12,760,944	\$ 12,760,944
Learning Recovery Emergency Block Grant - Income Budget	\$ -	\$ 28,437,833	\$ -	\$ -	\$ -
Block Grants Offset - Expenditure Budget	\$ -	\$ (56,353,376)	\$ (12,760,944)	\$ (12,760,944)	\$ (12,760,944)
District Level Adjustments (Part Of 2022-23 First Interim Adjustments)					
2023-24 PROJECTED FISCAL STABILIZATION PLAN					
"Reversal" 2023-24 PROJECTED FISCAL STABILIZATION PLAN (in 2nd Interim)	\$ -	\$ -	\$ (16,500,000)	\$ (16,500,000)	\$ (16,500,000)
"REVISED" 2023-24 Fiscal Stabilization Plan "Placeholder"	\$ -	\$ -	TBD	TBD	TBD
Administrative and School Site Program Adjustments	\$ (730,000)	\$ (1,067,652)	\$ (495,152)	\$ (495,152)	\$ (495,152)
GSMA Settlement	\$ (911,148)	\$ (1,950,352)	\$ (1,950,352)	\$ (1,950,352)	\$ (1,950,352)
CSEA Settlement	\$ (2,338,241)	\$ (4,676,482)	\$ (4,676,482)	\$ (4,676,482)	\$ (4,676,482)
Potential GTA Settlement (Latest Offer from GUSD to GTA)	\$ (7,076,720)	\$ (9,640,066)	\$ (9,640,066)	\$ (9,640,066)	\$ (9,640,066)
2% One-Time 2020-21 GTA ONLY - Potential Settlement					
Retiree Credit One-Time 2020-21 GTA					
3.5 % Ongoing 2021-22 GTA Potential Settlement					
3.75% (3.7863% compounded) Ongoing 2022-23 GTA Potential Settlement					
Contribution To Fund 12.0 - Child Development Fund	\$ (2,700,000)	\$ -	\$ -	\$ -	\$ -
Appropriation From MAA Reserve To Cover Title I Reduced Funding		\$ (300,000)	\$ -	\$ -	\$ -
Current Year Impact	\$ (13,788,773)	\$ (7,142,232)	\$ (22,355,022)	\$ (22,148,769)	\$ (24,821,159)
Cumulative Impact to Ending Balance	\$ (13,788,773)	\$ (20,931,005)	\$ (43,286,026)	\$ (65,434,795)	\$ (90,255,954)
Adjusted Ending Balance Projection	\$ 26,362,704	\$ 28,172,709	\$ 27,921,040	\$ 26,095,899	\$ 28,398,492
Assigned and Restricted Balances:					
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	\$ 183,810	\$ 183,810	\$ 183,810	\$ 183,810	\$ 183,810
Prepaid Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
3% Mandated Reserve for Economic Uncertainties	\$ 11,598,038	\$ 10,272,152	\$ 10,705,690	\$ 10,742,207	\$ 10,883,711
Reserve For Future LACOE System Charges	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for 2020-21 Carry-Overs & MAA	\$ 6,724,527	\$ 6,424,527	\$ 6,424,527	\$ 6,424,527	\$ 6,424,527
Projected End of Year 2021-22 Carry-over	\$ 6,853,282	\$ 6,853,282	\$ 6,853,282	\$ 6,853,282	\$ 6,853,282
Reserve for One-Time 2017-18 Discretionary Funding Carry-Over	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	\$ -	\$ 4,368,938	\$ 3,683,731	\$ 1,822,072	\$ 3,983,162
Unassigned Balance (negatives will reduce when TBD's above are known)	\$ <u>933,047</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>