

Second Interim Budget 2021-2022



March 10, 2022

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2021-2022 Budget Calendar

Budgeting for a school district is a continuous, year-round process. Projections continually change based on new and changing information

- June 30, 2021 Adopt 2021-22 Budget
- August 12, 2021 Provide update on 45-Day Budget Revisions
- September 15, 2021 Unaudited Actuals for 2020-21
- December 15, 2021 1st Interim Budget (Data as of October 31)
- **March 15, 2022** **2nd Interim Budget** (Data as of January 31)
- June 30, 2022 Adopt 2022-23 Budget

Other than the presentation of the unaudited actual financial information all other budget presentations are a combination of actuals and projections for the current and upcoming year.



A BUDGET ...

... is a plan of financial operations consisting of estimates of revenues and expenditures based upon the most reasonable assumptions and recent information at the time of preparation

... is a management tool for fiscal, program, and personnel accountabilities

... is the fiscal foundation of the Westminster School District Local Control Accountability Plan (LCAP)

Assumptions

- Multiple Cost of Living Adjustment (COLA)

- COLA: 2021-22: 5.07% 2022-23: 5.33% (was 2.48%) 2023-24: 3.61% (was 3.11%)

- Special Education

COLA: 2021-22: 4.05% 2022-23: 5.33% 2023-24: 3.61%

- CalSTRS Employer Rate

2021-22: 16.92% 2022-23: 19.10% 2023-24: 19.10%

- CalPERS Employer Rate

2021-22: 22.91% 2022-23: 26.10% 2023-24: 27.10%

- State Unemployment Insurance Rate

2021-22: 0.50% 2022-23: 0.50% 2023-24: 0.20%



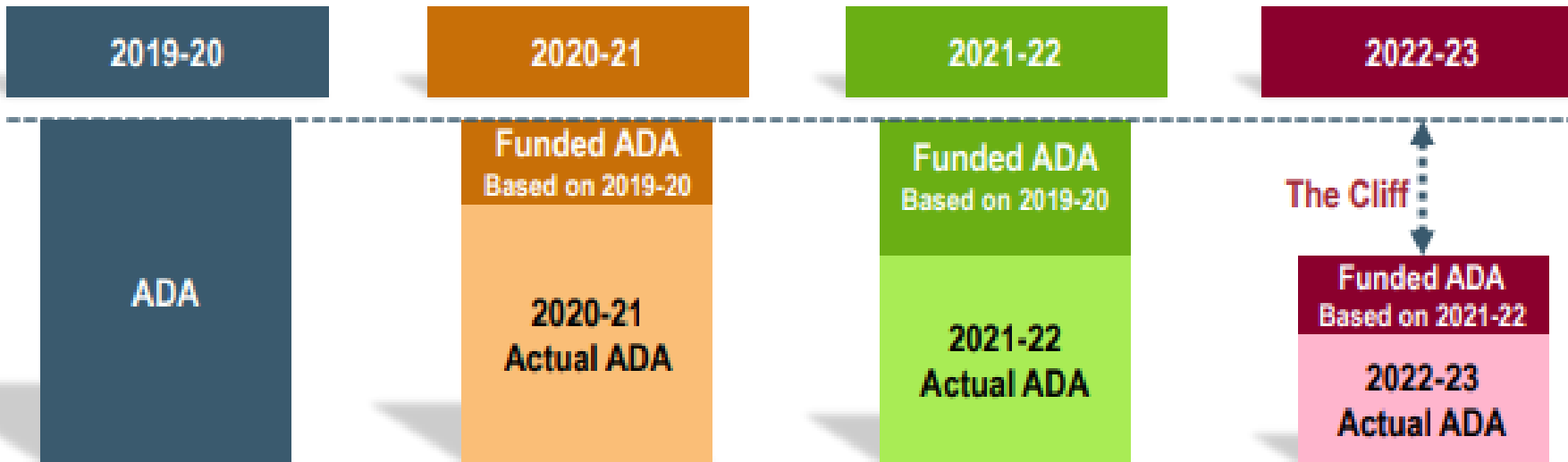
Risks to the Budget

- While there are many positive economic indicators, there is still a level of economic uncertainty due to the unpredictability of COVID-19
- Inflation has become a major concern as the cost of everyday goods and services continue to rise to levels not seen since 1982
- The Federal Reserve's response to inflation, including interest rate hikes, could impact the stock market



2022-23 ADA “Cliff”

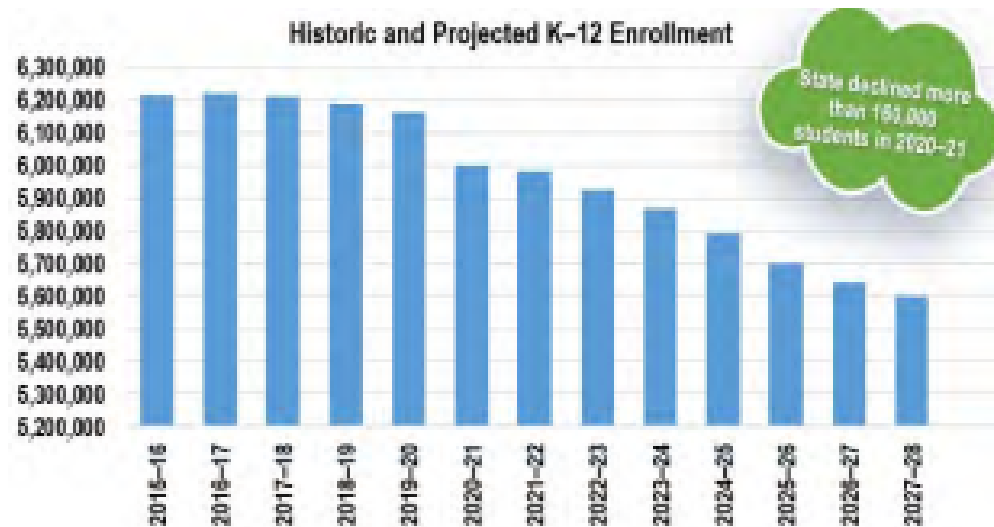
- The ADA “Cliff” has been well-publicized and the subject of many discussions
 - For charter schools and COEs, the impact is already being felt in 2021-22
- Good news—the Governor and Legislature are listening and hearing your collective voices



2022-23 ADA “Cliff”

- The ADA “Cliff” has become a two-headed monster—the combination is significant

Declining Enrollment



Source: Department of Finance (DOF) Demographic Research Unit, revised June 2021
Actual enrollment data through 2020-21

ADA-to-Enrollment Percentage

- The rate at which children are attending school is on the decline
 - In Person
 - Independent study
 - Unsigned master agreements
 - Homework not returned in a timely manner

ADA Cliff—Proposed Solution

- Many solutions have been entertained, and the Governor included one additional option:

Current Law for School Districts

Education Code Section (EC §) 42238.05(a)(1) provides funding through the LCFF on the greater of:
Current Year ADA
or
Prior Year ADA

Governor's Proposal for School Districts

Funding would be based on the greater of:
Current-Year ADA,
Prior-Year ADA
or
Computed average ADA using the prior three years' ADA



Programs/Funding – not reflected in First Interim

- Expanded Learning Opportunities Program (reflected in Second Interim)
 - This is different from the Expanded Learning Opportunities Grant previously received
 - To provide access to comprehensive expanded learning for all unduplicated students in elementary schools
 - \$3,445,773 for WSD.
- Special Education (reflected in Second Interim)
 - 2021-22 base rate increase from \$625 to \$715 per ADA for SELPAs
 - Several one-time special education allocations including federal American Rescue Plan Act to supplement existing IDEA funds
- Educator Effectiveness Block Grant (reflected in Second Interim)
 - One-time funds available for use from 2021/22 through 2025/26 to provide professional learning for teachers, administrators, paraprofessionals who work with students, and classified staff that interact with students
 - \$2,015,259 for WSD. This will be reflected in Second Interim.
- Universal Transitional Kindergarten beginning in 2022-23 (still TBD)

MULTI-YEAR PROJECTIONS - COMBINED

	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Beginning Fund Balance	\$48,389,325.00	\$37,113,828.00	\$23,674,441.00
Revenues			
LCFF/Revenue Limit Sources	\$98,328,764.00	\$91,496,591.00	\$89,369,603.00
Federal Revenues	\$40,455,744.00	\$6,220,249.00	\$6,220,249.00
State Revenues	\$15,135,409.00	\$8,973,578.00	\$9,374,739.00
Other Local and Financing Sources	\$7,059,949.00	\$7,098,331.00	\$7,244,742.00
Total Revenues	\$160,979,866.00	\$113,788,749.00	\$112,209,333.00
TOTAL Fund Balance & Revenues	\$209,369,191.00	\$150,902,577.00	\$135,883,774.00
Expenditures			
Certificated Salaries	60,527,008	59,774,913	60,671,553
Classified Salaries	18,816,913	18,981,772	19,266,505
Employee Benefits	29,211,604	32,988,983	36,273,722
Books and Supplies	46,262,690	6,465,186	6,331,533
Services and Other Operating Expenditures	15,068,271	8,358,892	8,219,956
Capital Outlay	1,517,722	1,517,722	1,517,722
Other Outgo, Financing Uses, and Other Adjustments	851,155	(859,332)	(5,072,595)
Total Expenditures	172,255,363	127,228,136	127,208,396
ENDING FUND BALANCE	\$37,113,828.00	\$23,674,441.00	\$8,675,378.00
Components of Ending Fund Balance			
Board Priority Reserve for Economic Uncertainties at 7%	\$12,057,875.00	\$8,905,970.00	\$8,555,378.00
Revolving Cash	\$100,000.00	\$100,000.00	\$100,000.00
Stores	\$20,000.00	\$20,000.00	\$20,000.00
Restricted for QZAB to be paid in Dec 2022	\$2,249,898.00	\$0.00	\$0.00
Unassigned/Unappropriated Amount	\$22,686,055.00	\$14,648,471.00	\$0.00



Certification Definition

- **Positive** = A school district that, based on current projections, **will** be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
 - Superintendent is recommending that the Board approve the 2021-2022 Second Interim Report with a Positive Certification
- **Qualified** = A school district that, based on current projections, **may not** meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- **Negative** = A school district that, based on current projections, **will be unable** to meet its financial obligations for the current fiscal year and subsequent two fiscal years.



Next Steps

- **Governor's May Revision Workshop – May 2022**
- **July 1 Budget for 2022-2023 – June 2022**





T H A N K Y O U !