



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.2

**Meeting Date:** August 19, 2021

**Subject:** 2021-2022 Budget Update

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: \_\_\_\_\_)
- Conference/Action
- Action
- Public Hearing

**Division:** Business Services

**Recommendation:** Receive key information on the State Enacted Budget for fiscal year 2021-22 and the potential impact on the District's budget along with an update on enrollment.

**Background/Rationale:** On June 28, 2021, Governor Gavin Newsom signed an on-time budget. The budget maintained several items that were included in the May Revision: a 5.07% Cost of Living Adjustment (COLA) to the Local Control Funding Formula (LCFF), 4.05% COLA to Special Education, and 1.7% to state categorical programs; contributions to the Public School System Stabilization Account (PSSSA) and rainy day funds; and a legislative work-around to limit spending and maximize exceptions to maintain the constitutional appropriation Gann Limit. The large funding priorities in this Adopted Budget are:

- *\$11 billion to eliminate inter-year principal apportionment deferrals*
- *\$3.2 billion for 5.07% LCFF mega COLA*
- *\$1.126 billion for concentration grant increase*
- *\$1.8 billion for expanded learning time for K-6 unduplicated students*
- *Requirement for in-person instruction and the availability of independent study*
- *Multiyear ramp up of universal transitional kindergarten*
- *Planning for a universal meal program in 2022-23*

**Financial Considerations:** Identify projected impact to the District's budget based on key items in the State Enacted Budget for 2021-22 and the trending enrollment.

**LCAP Goal(s):** Family and Community Empowerment; Operational Excellence

**Documents Attached:**

1. Executive Summary

<p><b>Estimated Time:</b> 20 Minutes  <b>Submitted b2 1&gt;BD9y</b></p>
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# Board of Education Executive Summary

## Business Services

2021-2022 Budget Update

August 19, 2021



### I. OVERVIEW/HISTORY:

The District adopted the fiscal year ~~2021~~ Budget for ~~the~~ funds at the June 24, 2021 board meeting. The adopted ~~2021~~ budget was based on the Governor's May Budget Revision that was released on May 14, 2021. While the Governor's May Budget Revision is a very significant event in the process, the final impact to the District is ultimately known ~~because~~ the state budget is signed.

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- \$11 billion to eliminate interyear principal apportionment deferrals
- \$3.2 billion for 5.07% LCFF mega COLA
- \$1.126 billion for concentration grant increase
- \$1.8 billion for expanded learning time for ~~at~~ ~~and~~ ~~unduplicated~~ students
- Requirement for ~~in~~ ~~person~~ instruction and the availability of ~~independent~~ ~~day~~
- Multiyear ramp up of universal transitional kindergarten
- Planning for a universal meal program in ~~2022-~~

### II. Driving Governance:

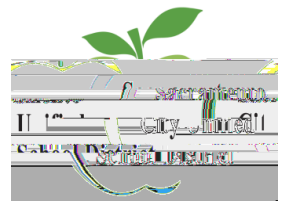
- Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July ~~1~~ and the proposed expenditures for the Education Protection Account. The budget to be adopted shall be prepared ~~in~~ ~~accordance~~ with Education Code section 42126. The adopted budget shall be submitted to the County Office of Education. The County Office of Education will determine if the district will be able to meet its financial obligations during the fiscal year and ensure a financial plan that will enable the district to satisfy its ~~multiple~~ ~~year~~ financial commitments.
- The SCUSD Board of Trustees has revised Board Policy 3100 to establish and maintain a general reserve for economic uncertainty that meets or exceeds ~~the~~ ~~requirements~~ of CCR

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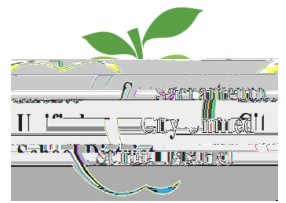


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### **COLA and ADA**

The Enacted Budget includes a compounded and mega-funding adjustment (COLA). Local educational agencies (LEAs) will receive a “credit” for the 2020 COLA of 2.31% and will add to that the statutory 2021–22 COLA of 1.74% arrive at the compounded COLA of 4.05%. For the Local Control Funding Formula (LCFF), an additional 1.00% is added, which results in an LCFF COLA of 5.07% for 2021–22—the mega COLA. Average daily attendance (ADA) is expected to continue declining with the latest figures estimating an almost 2% drop in enrollment from 2020–21 instead of the projected 1.8% increase.

### **Local Control Funding Formula (LCFF)**



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### CTEIG

After being flat funded since 2018–19, when the Career Technical Education Incentive Grant (CTEIG) was turned into a continuously funded program, the grant was doubled in the Enacted Budget. Starting with 2021–22, CTEIG funding is now \$300 million annually.

### Expanded Learning Program

A new investment included in the Enacted Budget is \$1.75 billion for expanded learning in elementary schools. As a condition of receiving funds, LEAs must provide before and after school care that, when added to the instructional minutes for the school day, total nine hours. In addition, 30 days of nine-hour expanded learning days must be offered during school breaks. In 2021–22, the expanded learning must be offered to all unduplicated students in grades K–6. In 2022–23, the additional services must be provided to at least half of those students. For districts with an unduplicated pupil percentage (UPP) greater than 80%, \$1,170 per student will be distributed based on the proportion of unduplicated students in K–6. For all other districts, remaining funds will be distributed on a per-student basis for the proportion of unduplicated students in K–6. LEAs that serve K–6 students will receive a minimum of \$50,000.

### ASES

Onetime federal funds are invested in the After School Education and Safety (ASES) program. The per-pupil daily rate increases to \$10.18. In addition, \$2.0 million is set aside for ASES programs operating in rural school districts, and \$118.1 million is used to expand access to summer learning programs in 2021–22 and 2022–23.

### A–G Completion Improvement Grant

The Governor provides onetime funds of \$547.5 million for the A–G Completion Improvement Grant Program to help LEAs increase the number of high school students who graduate with A–G eligibility. Of that, \$300 million will be allocated to LEAs that had less than a 67% A–G Completion Rate (“A–G Access Grants”). For those LEAs that had a rate of 67% or higher A–G Completion Rate, \$100 million will be allocated (“A–G Success Grants”). The remaining \$147.5 million will be allocated to LEAs for students who received a failing grade of “D” or “F” or fail an A–G approved course (“A–G Learning Loss Mitigation Grants”).

### Educator investments

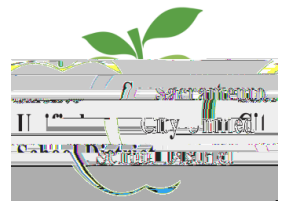
The 2021–22 State Budget recognizes the severe teacher shortage, acute LEA employee training needs, and the importance of employee retention by investing in professional learning, incentivizing teacher mentors, and providing additional options for teacher candidates to meet credentialing requirements. In addition to other investments, some of the funds are appropriated for these purposes in an investment in teacher mentors in the amount of \$600 million through the Teacher Residency Grant Program and the National Board for Professional Teaching Standards

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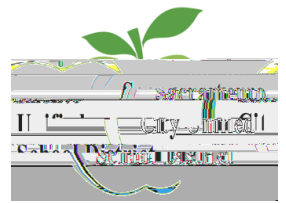


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## 2021-22 Multi-Year Projections (**Enrollment = 39,703**)

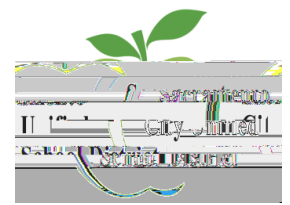


# Board of Education Executive Summary

## Business Services

### 2021-2022 Budget Update

August 19, 2021



### 2021-22 Multi-Year Projections (Enrollment = 38,039)

	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>Revenue</b>									
General Purpose	430,509,685	2,240,374	432,750,059	416,449,023	2,240,374	418,689,397	427,191,071	2,240,374	429,431,445
LCFF Concentration Grant Increase	8,865,247	0	8,865,247	8,950,608	0	8,950,608	9,119,612	-	9,119,612
Federal Revenue	156,000	46,037,654	46,193,654	156,000	39,858,943	40,014,943	156,000	39,858,943	40,014,943
State Revenue	7,370,623	66,569,095	73,939,718	7,370,623	66,569,095	73,939,718	7,370,623	66,569,095	73,939,718
Lottery Increase	500,000	618,000	1,118,000	500,000	618,000	1,118,000	500,000	618,000	1,118,000
Local Revenue	5,769,589	616,056	6,385,645	5,769,589	(0)	5,769,589	5,769,589	(0)	5,769,589
Total Revenue	453,171,144	116,081,179	569,252,322	439,195,843	109,286,411	548,482,254	450,106,895	109,286,411	559,393,306
<b>Expenditures</b>									
Certificated Salaries	166,630,869	59,174,983	225,805,852	168,021,725	67,940,578	235,962,303	169,474,504	61,591,388	231,065,892
Classified Salaries	36,428,673	25,291,643	61,720,315	36,720,102	25,476,151	62,196,253	37,013,863	25,092,860	62,106,723
15% Concentration Grant Increased Salaries/Benefits	8,865,247	0	8,865,247	8,950,608	0	8,950,608	9,119,612	0	9,119,612
Benefits	118,719,397	70,609,748	189,329,145	127,963,965	75,311,000	203,274,965	133,118,870	77,182,382	210,301,253
Unemployment Insurance Rate Decrease	(1,400,000)	0	(1,400,000)	(1,400,000)	0	(1,400,000)	(2,020,000)	0	(2,020,000)
Books and Supplies	13,001,548	16,442,651	29,444,199	13,393,806	12,768,580	26,162,386	14,205,467	12,152,461	26,357,928
Restricted Lottery Increase	0	618,000	618,000	0	618,000	618,000	0	618,000	618,000
Other Services & Oper. Expenses	25,422,455	56,623,418	82,045,873	25,814,712	57,241,172	83,055,885	26,626,372	54,119,127	80,745,500
Capital Outlay	72,200	1,709,322	1,781,522	72,200	1,709,322	1,781,522	72,200	1,709,322	1,781,522
Other Outgo 7xxx	1,150,000	0	1,150,000	1,150,000	0	1,150,000	1,150,000	0	1,150,000
Transfer of Indirect 73xx	(7,067,842)	5,767,662	(1,300,180)	(6,683,723)	5,383,543	(1,300,180)	(6,683,723)	5,383,543	(1,300,180)
Budget Reductions	0	0	0	0	(1,629,798)	(1,629,798)	0	(3,131,390)	(3,131,390)
Total Expenditures	361,822,546	236,237,426	598,059,972	374,003,396	244,818,547	618,821,943	382,077,166	234,717,693	616,794,859
Deficit/Surplus	91,348,598	(120,156,248)	(28,807,650)	65,192,447	(135,532,136)	(70,339,689)	68,029,729	(125,431,282)	(57,401,553)
Transfers in/(out)	2,050,301	0	2,050,301	2,050,301	0	2,050,301	2,050,301	0	2,050,301
State Special Ed Rate Increase (AB602 funds)	2,600,000	(2,600,000)	0	2,600,000	(2,600,000)	0	2,600,000	(2,600,000)	0
Contributions to Restricted	(98,193,763)	98,193,763	0	(104,568,460)	104,568,460	0	(111,352,629)	111,352,629	0
<b>Net increase (decrease) in Fund Balance</b>	<b>(2,194,864)</b>	<b>(24,562,485)</b>	<b>(26,757,349)</b>	<b>(34,725,712)</b>	<b>(33,563,676)</b>	<b>(68,289,388)</b>	<b>(38,672,599)</b>	<b>(16,678,652)</b>	<b>(55,351,252)</b>
Beginning Balance	95,627,953	104,528,511	200,156,464	93,433,089	79,966,026	173,399,116	58,707,377	46,402,351	105,109,728
Ending Balance	93,433,089	79,966,026	173,399,116	58,707,377	46,402,351	105,109,728	20,034,778	29,723,699	49,758,477
Revolving/Stores/PrepaID(o)-5 (v)0.5 (o)-627									