

2021-22 2nd Interim Financial Status Report

Presented to the Board of Education
March 22, 2022



Presented by:
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Finance & School Support

Overview

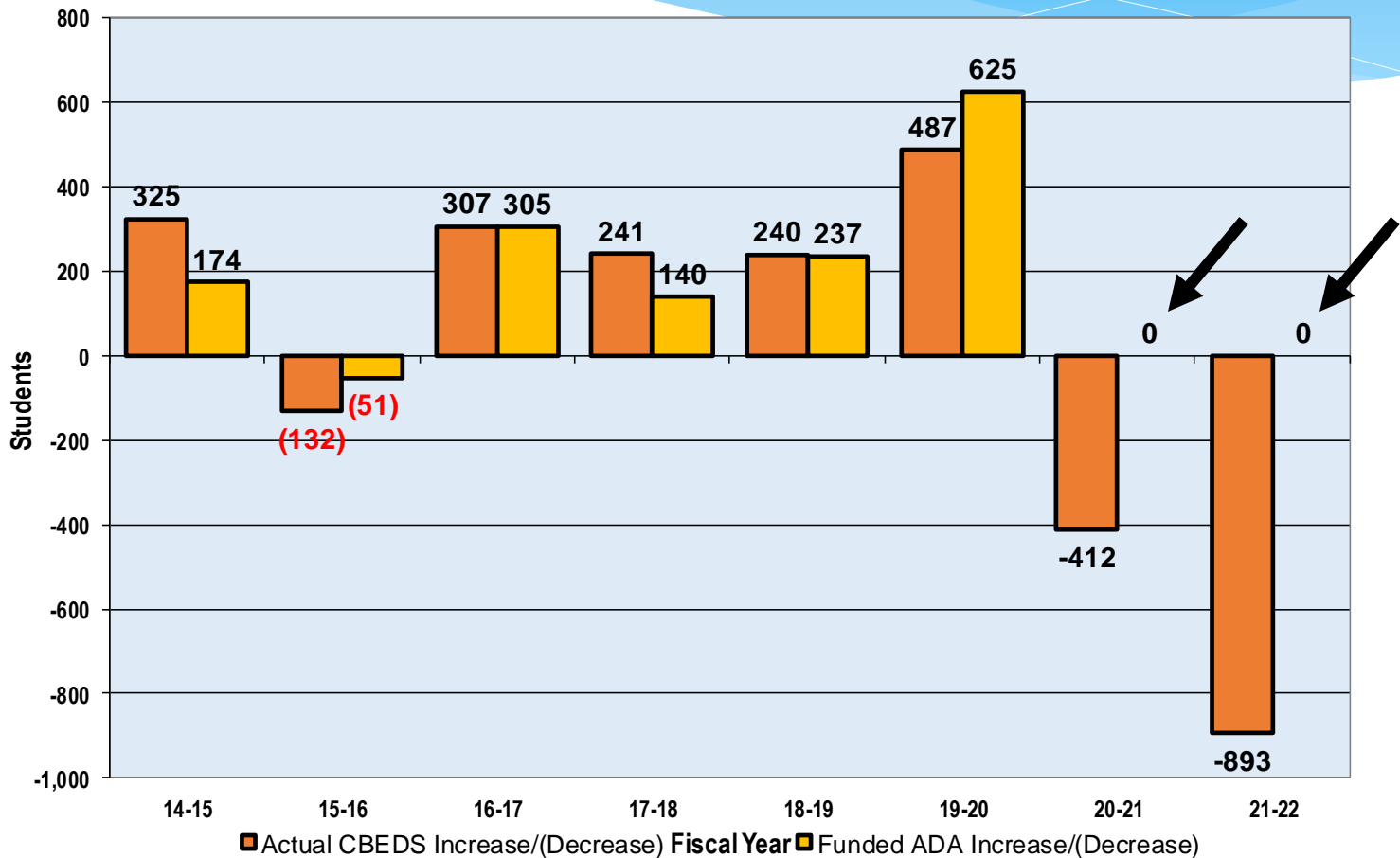
- * Proposition 98 Governor's Proposal
- * Enrollment & ADA Analysis
- * Changes from 1st Interim to 2nd Interim
- * Unrestricted General Fund Multi-Year Projections
- * Components of Unrestricted General Fund Multi-Year Projections
- * Next Steps

Proposition 98 and the Major K-12 Proposals Ongoing

- * The Governor's 2022-23 Budget is built on the solid foundation of an estimated \$45.7 billion budget surplus and proposals that leave California on sound fiscal footing through 2025-26
 - * The proposed COLA for 2022–23 is 5.33%
- * \$500 million in Proposition 98 General Fund special education funding

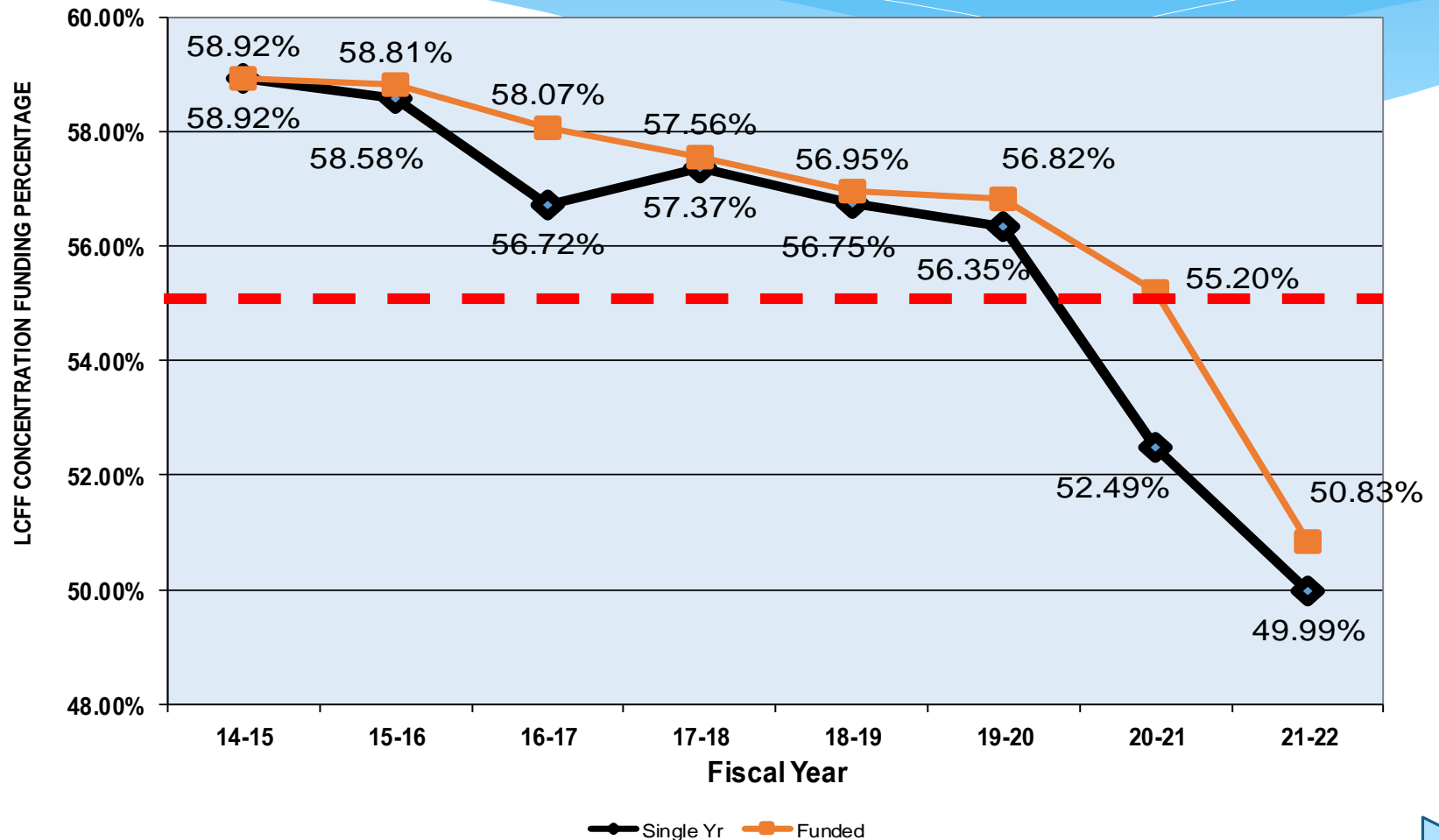
Enrollment Trends

Impact on Funded ADA



Enrollment Trends

Unduplicated Counts vs. Funded



2021-22 Unrestricted General Fund Changes from 1st Interim to 2nd Interim

- * Change in LCFF Unduplicated Pupil Counts
- * Recalculation of Salary and Benefits from Adoption
- * Additional Indirect Cost

2021-22 Unrestricted General Fund Changes from 1st Interim

Amount

- * **Revenue Changes**

- * -0.61% Change in LCFF (Unduplicated Pupil Counts) \$(3.86) m

- * **Expenditures Changes**

- * +0.67% Change in Salary and Benefits from Adoption \$(3.16) m

- * Adjustment to Indirect \$ 0.08 m

- * **Total Change to Unrestricted Fund Balance (-0.68%) \$(6.94) m**

2021-22 Unrestricted General Fund

2nd Interim

	ADOPTED	45 DAY REVISE	1ST INTERIM	2ND INTERIM	PROJECTED YEAR END
Revenue	\$ 629,767,681	\$ 629,943,022	\$ 630,054,187	\$ 626,193,542	
Contributions/Transfers	(115,141,904)	(110,716,128)	(115,709,102)	(110,751,259)	
Salary and Benefits	(464,625,809)	(463,373,458)	(467,494,924)	(474,768,750)	
Supplies and Operating	(51,218,723)	(51,218,723)	(72,027,953)	(72,772,599)	
Indirect and Transfers	10,896,291	10,865,522	19,832,662	19,818,107	
<i>SURPLUS/(DEFICIT)</i>	<i>\$ 9,677,536</i>	<i>\$ 15,500,235</i>	<i>\$ (5,345,130)</i>	<i>\$ (12,280,959)</i>	<i>\$ -</i>
Estimated Beginning Fund Balance	121,893,371	121,893,371	121,893,371	121,893,371	
Ending Fund Balance	131,570,907	137,393,606	116,548,241	109,612,412	-
Contingency 2% Reserve	16,284,367	17,021,329	20,284,367	22,284,367	
2020-21 Carryover Reserves	14,202,483	14,202,483	-	-	
AV Project Title I Sites	10,000,000	10,000,000	-	-	
Professional Development (Arbinger)	1,641,026	1,641,026	1,641,026	1,641,026	
Anticipated Loss of UPP	-	-	7,916,695	7,916,695	
2020-21 Supple/Concen. Bal	-	-	2,719,502	2,719,502	
<i>UNDESIGNATED BALANCE</i>	<i>\$ 89,443,031</i>	<i>\$ 94,528,768</i>	<i>\$ 83,986,651</i>	<i>\$ 75,050,822</i>	<i>\$ -</i>

Components of Multi-Year Projection 2022-23 and 2023-24

- * Revenues Include:

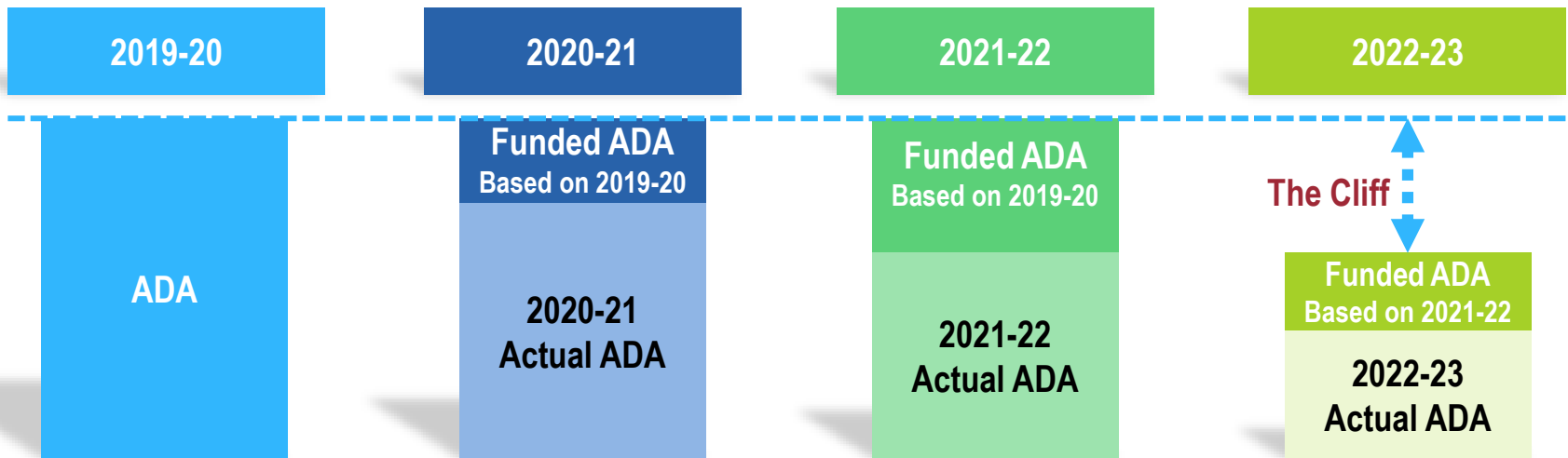
- * LCFF funding for 2022-23 and 2023-24 fiscal years estimated to be an additional \$15.0 million and \$31.4 million respectively
- * LCFF adjustment due to 3 year rolling average of Unduplicated Pupil Percentage and Governor's proposed three year rolling average to offset the ADA cliff

- * Expenditures Include:

- * ***Staffing based on 2021/22 staff levels for certificated positions***
- * Growth Staffing for Special Education
- * District Health Care Contribution increase of 4% for 2022-23 and 8% for 2023-24
- * Adjusted rates for CalSTRS & CalPERS employer contributions
- * Class Size agreement through 6/30/2023

2022-23 ADA “Cliff”

- * The ADA “Cliff” has been well-publicized and the subject of many discussions
- * The Governor and Legislature are listening to our collective voices to assist in maintaining funding



ADA Cliff—Proposed Solution

Elk Grove Unified

Fiscal Year	Funded ADA	Actual ADA
2019-20	60,861	60,861 (96%)
2020-21	60,681*	0
2021-22	60,681	56,170 (90%)
2022-23	56,170	

Funded ADA for 2022-23	
Current Law	56,170
Governor's Proposal	59,297
Difference	3,127

*Result of hold harmless

- Goal is to turn the ADA cliff into an ADA softer landing
- Under current law this would result in a **loss of \$16 million** in ongoing revenue
- Based on the Governor's proposal the result would be an **increase of \$15 million** in ongoing revenue. Based on the two different methods of calculated funded ADA the district could experience a \$31 million swing in funding

1st Interim Unrestricted General Fund Multi-Year Budget Projection

ITEM	2021-22 1ST INTERIM	2022-23	2023-24	
State Revenue	\$ 630,054,187	\$ 630,009,256	\$ 630,009,780	
Estimated 2022-23 (2.48%)		15,467,045	15,467,045	
Estimated 2023-24 (3.11%)			26,192,882	
Contributions/Transfers	(115,709,102)	(122,289,670)	(126,529,228)	
Salary and Benefits	(467,494,924)	(487,580,715)	(496,681,118)	
Supplies and Operating	(72,027,953)	(55,661,023)	(56,000,417)	
Indirect and Transfers	19,832,662	10,338,434	10,680,156	
SURPLUS/(DEFICIT)	\$ (5,345,130)	\$ (9,716,673)	\$ 3,139,100	
Estimated Beginning Fund Balance	121,893,371	116,548,241	106,831,568	
Ending Fund Balance	116,548,241	106,831,568	109,970,668	11.72%
Contingency Mandated 2% Reserve	20,284,367	20,284,367	20,284,367	
Anticipated Loss of UPP	7,916,695	7,916,695	7,916,695	
2020-21 Supple/Concen. Bal	2,719,502	2,719,502	2,719,502	
Professional Development (Arbinger)	1,641,026	1,641,026	1,641,026	
UNDESIGNATED	\$ 83,986,651	\$ 74,269,978	\$ 77,409,078	8.25%

2nd Interim Unrestricted General Fund Multi-Year Budget Projection

ITEM	2021-22 FINAL 2ND INTERIM	2022-23	2023-24	
State Revenue	\$ 626,193,542	\$ 626,193,542	\$ 626,193,542	
Estimated 2022-23 (5.33%)		14,913,594	14,913,594	
Estimated 2023-24 (3.61%)			31,463,213	
Contributions/Transfers	(110,751,259)	(119,680,568)	(123,571,325)	
Salary and Benefits	(474,768,750)	(492,274,920)	(501,591,958)	
Supplies and Operating	(72,772,599)	(56,405,669)	(56,745,063)	
Indirect and Transfers	19,818,107	10,339,077	10,664,179	
SURPLUS/(DEFICIT)	\$ (12,280,959)	\$ (16,914,944)	\$ 1,326,182	
Estimated Beginning Fund Balance	121,893,371	109,612,412	92,697,468	
Ending Fund Balance	109,612,412	92,697,468	94,023,650	9.28%
Contingency Mandated 2% Reserve	22,284,367	21,384,367	21,684,367	
Anticipated Loss of UPP	7,916,695	7,916,695	7,916,695	
2020-21 Supple/Concen. Bal	2,719,502	2,719,502	2,719,502	
Transportation Driver Supple Pay	-	2,630,155	2,635,415	
Professional Development (Arbinger)	1,641,026	1,641,026	1,641,026	
UNDESIGNATED	\$ 75,050,822	\$ 56,405,723	\$ 57,426,645	5.67%

2nd Interim Unrestricted General Fund Multi-Year Budget Projection

ITEM	2021-22 PRELIMINARY 2ND INTERIM	2022-23	2023-24	
State Revenue	\$ 626,193,542	\$ 626,193,542	\$ 626,193,542	
Estimated 2022-23 (5.33%)		(16,950,065)	(16,950,065)	
Estimated 2023-24 (3.61%)			20,459,994	
Contributions/Transfers	(110,751,259)	(119,680,568)	(123,571,325)	
Salary and Benefits	(474,768,750)	(494,849,278)	(504,184,775)	
Supplies and Operating	(72,772,599)	(56,405,669)	(56,745,063)	
Indirect and Transfers	19,818,107	10,339,077	10,664,179	
SURPLUS/(DEFICIT)	\$ (12,280,959)	\$ (51,352,961)	\$ (44,133,513)	
Estimated Beginning Fund Balance	121,893,371	109,612,412	58,259,451	
Ending Fund Balance	109,612,412	58,259,451	14,125,938	1.39%
Contingency Mandated 2% Reserve	22,284,367	22,284,367	22,284,367	
Anticipated Loss of UPP	7,916,695	7,916,695	7,916,695	
2020-21 Supple/Concen. Bal	2,719,502	2,719,502	2,719,502	
Professional Development (Arbinger)	1,641,026	1,641,026	1,641,026	
UNDESIGNATED	\$ 75,050,822	\$ 23,697,861	\$ (20,435,652)	-2.01%

Next Steps

2022-23 Governor's May Revise	May 2022
2022-23 EGUSD Adopted budget	June 2022