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Board Cover Memorandum

To Board of Education

From Kyla Johnson-Trammell, Superintendent
Lisa Grant-Dawson, Chief Business Officer

Meeting Date August 10, 2022

Subject 45-Day Revision for 2022-23 Adopted Budget

Ask of the Board Receive for information and review, the 45-Day Revision for the 2022-23 Adopted Budget.

Background On June 29, 2022 the District adopted the 2022-23 budget for all funds by June 30th for the ensuing fiscal year. Prior to adoption of the budget, the Governing Board must conduct a Public Hearing per Education Code §42103 to display the Proposed Budget for public view and hold a Public Hearing prior to adoption. The Public Hearing was held on June 8, 2022, and a subsequent draft budget was shared on June 22, 2022. The Proposed Budget included a review of reserves in compliance with Education Code §42127(a)(2)(B). The 2022-23 Budget is developed for all funds and establishes expenditure authority for the district in the ensuing year.

The State adopted its \$300B budget on June 13, 2022 as statute requires adoption by June 15th of each year; however, several elements of the budget were not finalized and could not be projected in the District’s budget until lawmakers and the governor reach agreement. The Governor had 12 days to sign or veto the proposed budget and signed it on June 29, 2022. At the time of the District’s adoption of its budget, funding conditions such as the final method of changing how District’s earn their revenue in response to the Average Daily Attendance (ADA) Cliff, created a material impact for the District’s Local Control Funding Formula (LCFF) Revenue Projections. The revised budget was also scheduled to include the final decisions of position additions for the

2022-23 Budget which were approved June 22 and June 29th. The majority of the approved changes were completed and a small portion are still in progress.

Education Code §42127(h) states *Not later than 45-Days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.*

The District also submitted the AB1200 for AFSCME Local 257 prior to budget adoption and received the AB1200 approval from the Alameda County Office of Education on July 30, 2022. The 45-Day revise does not reflect the negotiated changes which will be reflected by First Interim in December 2022 upon the Board's final ratification.

Key changes in the State Budget include several funding changes which will be modified in the District's budget as apportionment details are provided. A summary of funding, as cited by the Business and Administration Committee (BASC) is noted in the list below. The items in bold are reflected in the 45-Day Revision. The remaining items will be reflected as the funding model is developed and/or as the allocation is awarded. The Local Control Funding Formula (LCFF) estimates were derived using the School Services of California LCFF Estimator and 2022-23 New Programs Tools. The FCMAT LCFF Calculator, which the District uses for its LCFF projections, has not been updated with all of the data elements required for local education agencies (LEA) to calculate their LCFF funding. The projected funding changes provided at this time and other estimates and formula's used to calculate other funding streams not highlighted in bold should be finalized and reflected at First Interim.

- Fund 01 – General Fund as summarized by the
 - **LCFF base grant increased by 6.28%**
 - Transitional Kindergarten (TK) add-on to the LCFF of \$2,813 for 2022-23, to be adjusted annually by the COLA
 - **LCFF calculation amended to allow school districts to utilize the greater of current year, prior year, or the average of the most recent three prior years' ADA**
 - 2021-22 LCFF calculation amended to utilize the greater of 2021-22 ADA or the 2019-20 attendance rate applied to 2021-22 enrollment for all classroom-based LEAs that met specified independent study requirements
 - Special education base rate increase to \$820 per pupil
 - \$8 billion to establish the Learning Recovery Emergency Block Grant to be allocated to all LEAs based on unduplicated pupil counts
 - *OUSD Preliminary Estimate \$54,063,636*
 - \$3.6 billion to establish the Arts, Music, and Instructional Materials Discretionary Block Grant to be allocated to all LEAs on a per-pupil basis
 - *OUSD Preliminary Estimate \$19,619,519*
 - Full funding of \$4 billion for the Expanded Learning Opportunities Program (ELOP) with changes to calculation of funds, offering, and access requirements. \$5 million of the \$4 billion is for county offices to

provide technical assistance, evaluation and training services to support program improvement [EC 46120(d)(7)]

- *OUSD Preliminary Estimate \$36,954,287*
- Home-to-school transportation funding equal to 60% of expenditures reported in the prior year, excluding capital outlay and no agency expenditures, and reduced by the transportation add-on to the LCFF
- \$500 million to establish the Golden State Pathways Program for college and career education pathways and \$200 million for the expansion of dual enrollment programs
- Fund 13 – Student Nutrition
 - \$1.2 billion to implement universal meals, plus \$600 million for kitchen infrastructure grants

In addition to these components, the District has additional language adopted in the 2022-23 State budget. Education Code as cited in Chapter 6.5 – School Districts in Financial Distress. The Oakland Unified section as codified in [Section 42162 – Oakland Unified School District appropriations](#); conditions is summarized in the attachment that cites funding for the District in the 2023-24 Budget Act, pending the District meets the conditions cited. No amount is projected in our 45-Day nor will be included in our multi-year projections for the 2022-23 fiscal year related to this potential appropriation. The District will recognize the revenue, as it has for previous AB1840 Allocations, when all conditions have been completed and/or met.

The 2022-23 Revised General Fund Budget Assumptions are as follows:

OUSD 2021-25 Budget Assumptions - Adopted Budget					
Year	2021-22	2022-23 May Revise	2022-23 Adopted Budget	2023-24	2024-2
Cost of Living Adjustment (COLA)	5.07%	6.56%	6.56%	5.38%	4.02
Statutory COLA	1.70%				
Compounded COLA (Special Education and Community Colleges Only)	4.05%		6.28%		
Additional LCFF Investment ****					
Grade Span Adjustment Factors			10.4% (K-3)/2.6% (9-12)		
Enrollment	33,457	33,208	33,208	33,058	33,05
Attendance Used for Funding (Prior Year)	33,911				
Attendance (ADA)	33,911	30,225	33,911	29,753	29,75
Enrollment to ADA % *	101%	91%	102%	90%	90
Unduplicated Pupil Count	77.40%	78.53%	78.53%	80.46%	81.43
Salary and Negotiated Increases Adjusted - OEA	2.5%	\$1000/Cell	\$1000/Cell		
Salary and Negotiated Increases BCTC, UAOS, TEAMSTERS, MgtConf		6.00%	6.00%		
Salary and Negotiated Increases - SEIU		6.00%	6.00%	2.25%	
Step & Column 4*	1.30%	2.00%	2.00%	2.0%	2.0
Health Benefit Assumptions **		11.00%	11.00%	8.5%	3.0
Mandatories & Benefits - Certificated	5.63%	5.63%	5.63%	5.03%	5.03
Mandatories & Benefits - Classified	11.83%	11.83%	11.83%	11.23%	11.23
State Teachers Retirement System	16.92%	19.10%	19.10%	19.10%	19.10
California Public Retirement System	22.91%	25.37%	25.37%	25.20%	24.60
Total Mandatories & Benefits Certificated	22.55%	24.73%	24.73%	24.13%	24.13
Total Mandatories & Benefits Classified	34.74%	37.20%	37.20%	36.43%	35.83

* Note: 2021-22 The District is using the higher of its current or prior year ADA as provided by Education CDE 42238.05, which is currently 2019-20 at 33,911. In 2022-23, the Enrollment is projected as shown on the chart, but the actual ADA projection at 90% is 29,752. The District is using the higher ADA from 2021-22.

** 2022-23 Projected Increase for Kaiser which is the primary benefit selection for the majority of employees. 2023-24 Rate Adjusted at Third Interim

*** Adjusted for 2022-23 and 2023-24 since Governor's January Proposal - At First interim was 2.48% and 3.11%

4* Rate adjusted to 2% due to higher trend and subsequent review.

**** Additional LCFF Investment, NOT statutory COLA EC 42238.02(d)(5)

As of the 45-Day revise, the Unrestricted General Fund's has a projected increase in Revenue of \$58M which reflects of the LCFF increase. No coinciding expenditures have been allocated; however, the General Fund's deficit of (\$27.3M) as of the Adopted Budget has been offset by the increase in LCFF where revenues and expenditures now reflect a \$26.2M surplus. This surplus is \$3M higher than our required 3% Reserve for Economic Uncertainty of \$23.1M. The 45-Day Revise therefore reflects Unrestricted Revenue of \$476,899,445 and \$450,674,763 in expenditures.

The Restricted General Fund reflects a total revenues of \$394,910,943 and \$420,845,101 of expenditures. The primary change in revenue is the recognition of \$14M of the \$66.7M from the California Community Schools Partnership Program. The revised budget also reflects \$14M in expenditures for Year One, which is still in the process of budget development. Restricted expenditure increases also driven by positions that were added and absent position control numbers as of June 30, 2022 are also reflected.

As noted above, the State Budget also provided new Restricted revenues of \$110.6M in three funding streams:

- Arts, Music, and Instructional Materials Block Grant - \$19.6M
- Expanded Learning Opportunities Program - \$37M
- Learning Recovery Emergency Block Grant - \$54.1M

These amounts are not reflected in the 45-Day Budget, but it is imperative to acknowledge the pending funding streams. Further details, program proposals, and assurances have not been performed; however, the District is modeling the revenue at this time to acknowledge the pending resources, but will record the revenue as appropriate once the funding details and resource codes are provided at First Interim. These funding streams are also eligible for spending over multi-years and will be budgeted in the future to reflect multi-year investments.

All Ancillary Funds continue to operate within their funding sources and our projected ending cash balance as reflected.

2022-23 Proposed Adopted Budget Fund Summary				
<i>Fund/SACS Form</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>2022-23 Beginning Fund Balance</i>	<i>2022-23 Ending Balance</i>
Fund 01 - General Fund - Unrestricted	\$ 418,926,907	\$ 446,215,319	\$ 75,366,330	\$ 48,077,918
Fund 01 - General Fund - Restricted	\$ 378,454,505	\$ 395,764,491	\$ 42,605,733	\$ 25,295,747
Fund 11 - Adult Education	\$ 3,060,187	\$ 3,587,548	\$ 1,007,468	\$ 480,107
Fund 12 - Child Development	\$ 18,148,605	\$ 18,538,557	\$ 2,337,933	\$ 1,947,981
Fund 13 - Student Nutrition	\$ 20,230,805	\$ 27,930,407	\$ 22,948,501	\$ 15,248,899
Fund 14 - Deferred Maintenance	\$ 3,015,000	\$ 5,000,000	\$ 2,329,524	\$ 344,524
Fund 21 - Building Fund	\$ 586,618	\$ 103,970,839	\$ 159,136,944	\$ 55,752,723
Fund 25 - Capital Facilities Fund	\$ 70,000	\$ 4,500,000	\$ 10,014,000	\$ 5,584,000
Fund 35 - County Schools Facility Fund	\$ 80,000	\$ 2,500,000	\$ 5,034,400	\$ 2,614,400
Fund 40 - Special Reserve Fund for Capital Outlay	\$ 6,000	\$ -	\$ 332,639	\$ 338,639
Fund 51 - Bond Interest and Redemption Fund	\$ 97,940,790	\$ 94,581,475	\$ 127,367,928	\$ 130,727,243
Fund 67 - Self Insurance Fund	\$ 17,850,765	\$ 24,687,042	\$ 17,232,456	\$ 10,396,179
Total All Funds	\$ 958,370,182	\$ 1,127,275,678	\$ 465,713,856	\$ 296,808,360

2022-23 45-Day Budget Fund Summary				
<i>Fund/SACS Form</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>2022-23 Beginning Fund Balance</i>	<i>2022-23 Ending Balance</i>
Fund 01 - General Fund - Unrestricted	\$ 476,899,445	\$ 450,674,763	\$ 75,366,331	\$ 101,591,013
Fund 01 - General Fund - Restricted	\$ 394,910,943	\$ 420,845,101	\$ 46,283,392	\$ 20,349,234
Fund 11 - Adult Education	\$ 3,060,187	\$ 3,587,548	\$ 1,007,468	\$ 480,107
Fund 12 - Child Development	\$ 18,148,605	\$ 18,538,557	\$ 2,337,933	\$ 1,947,981
Fund 13 - Student Nutrition	\$ 20,230,805	\$ 27,930,407	\$ 22,948,501	\$ 15,248,899
Fund 14 - Deferred Maintenance	\$ 3,015,000	\$ 5,000,000	\$ 2,329,524	\$ 344,524
Fund 21 - Building Fund	\$ 586,618	\$ 103,970,839	\$ 159,136,944	\$ 55,752,723
Fund 25 - Capital Facilities Fund	\$ 70,000	\$ 4,500,000	\$ 10,014,000	\$ 5,584,000
Fund 35 - County Schools Facility Fund	\$ 80,000	\$ 2,500,000	\$ 5,034,400	\$ 2,614,400
Fund 40 - Special Reserve Fund for Capital Outlay	\$ 6,000	\$ -	\$ 332,639	\$ 338,639
Fund 51 - Bond Interest and Redemption Fund	\$ 97,940,790	\$ 94,581,475	\$ 127,367,928	\$ 130,727,243
Fund 67 - Self Insurance Fund	\$ 17,850,765	\$ 24,687,042	\$ 17,232,456	\$ 10,396,179
Total All Funds	\$1,032,799,158	\$ 1,156,815,731	\$ 469,391,516	\$ 345,374,943

Recommendation It is recommended that the Governing Board Receive for review the 2022-23 45-Day Revised Budget.

Attachment(s)

- 2022-23 45-Day Revised Budget Summary Fund 01 Summary

Description	Object Codes	2022-23 Adopted			2022-23 Adopted - 45 Day Revise		
		UnRestricted (A)	Restricted (B)	Projected Year Totals	UnRestricted (A2)	Restricted (B2)	Combined (C2)
A. Revenues							
1) LCFF Sources	8010-8099	396,101,530.00	3,150,487.00	399,252,017.00	454,066,068.00	3,150,487.00	457,216,555.00
2) Federal Revenue	8100-8299	0.00	113,402,751.00	113,402,751.00	0.00	114,122,751.00	114,122,751.00
3) Other State Revenue	8300-8599	17,019,323.00	90,576,062.00	107,595,385.00	17,027,323.00	105,033,987.00	122,061,310.00
4) Other Local Revenue	8600-8799	5,806,054.00	75,552,876.00	81,358,930.00	5,806,054.00	76,831,389.00	82,637,443.00
5) Total Revenues		418,926,907.00	282,682,176.00	701,609,083.00	476,899,445.00	299,138,614.00	776,038,059.00
B. Expenditures							
1) Certificated Salaries	1000-1999	149,343,497.00	87,885,595.00	237,229,092.00	149,983,520.91	91,087,039.06	241,070,559.97
2) Classified Salaries	2000-2999	51,754,282.00	54,783,665.00	106,537,947.00	52,292,860.00	62,633,533.19	114,926,393.19
3) Employee Benefits	3000-3999	98,446,872.00	99,108,306.00	197,555,178.00	98,936,614.00	105,076,022.81	204,012,636.81
4) Books and Supplies	4000-4999	20,945,710.00	35,623,059.00	56,568,769.00	20,035,473.30	38,171,215.23	58,206,688.53
5) Services an Other Operating Expenditures	5000-5999	28,759,159.00	104,443,132.00	133,202,291.00	32,491,965.53	108,857,513.21	141,349,478.74
6) Capital Outlay	6000-6999	148,655.00	252,974.00	401,629.00	151,855.00	954,584.00	1,106,439.00
	7100-7299 7400-						
7) Other Outgo (excluding Transfers of Indirect Costs)	7499	5,996,153.00	7,002,644.00	12,998,797.00	5,996,153.00	7,002,644.00	12,998,797.00
8) Other Outgo - Transfers of Indirect Costs	7300-7399	(7,936,338.00)	6,665,116.00	(1,271,222.00)	(7,971,008.00)	7,062,549.09	(908,458.91)
9) Total Expenditures		347,457,990.00	395,764,491.00	743,222,481.00	351,917,433.74	420,845,100.59	772,762,534.33
C. Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses (A5-B9)							
		71,468,917.00	(113,082,315.00)	(41,613,398.00)	124,982,011.26	(121,706,486.59)	3,275,524.67
D. Other Financing Sources/Uses							
1) Interfund Transfers		0.00		0.00	0.00		0.00
a) Transfers In		0.00	0.00	0.00	0.00	0.00	0.00
b) Transfers Out		3,000,000.00	0.00	3,000,000.00	3,000,000.00	0.00	3,000,000.00
2) Other Sources/Uses				0.00			0.00
a) Sources		15,000.00	0.00	15,000.00	15,000.00	0.00	15,000.00
b) Uses		0.00	0.00	0.00	0.00	0.00	0.00
3) Contributions		(95,772,329.00)	95,772,329.00	0.00	(95,772,329.00)	95,772,329.00	0.00
4) Total, Other Financing Sources/Uses		(98,757,329.00)	95,772,329.00	(2,985,000.00)	(98,757,329.00)	95,772,329.00	(2,985,000.00)

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Description	Object Codes	2022-23 Adopted			2022-23 Adopted - 45 Day Revise		
		UnRestricted (A)	Restricted (B)	Projected Year Totals	UnRestricted (A2)	Restricted (B2)	Combined (C2)
E. Net Increase (Decrease) in Fund Balance (C +D4)		(27,288,412.00)	(17,309,986.00)	(44,598,398.00)	26,224,682.26	(25,934,157.59)	290,524.67
F. Fund Balance, Reserves							
1) Beginning Fund Balance							
a) As of July 1 - Unaudited		75,366,331.00	42,605,734.00	117,972,065.00	75,366,331.00	46,283,392.00	121,649,723.00
b) Audit Adjustments		0.00	0.00	0.00	0.00	0.00	0.00
c) As of July 1 - Audited (F1a + F1b)		75,366,331.00	42,605,734.00	117,972,065.00	75,366,331.00	46,283,392.00	121,649,723.00
d) Other Restatements		0.00	0.00	0.00	0.00	0.00	0.00
a) Adjusted Beginning Balance (F1c + F1d)		75,366,331.00	42,605,734.00	117,972,065.00	75,366,331.00	46,283,392.00	121,649,723.00
2) Ending Balance, June 30 (E + F1e)		48,077,919.00	25,295,748.00	73,373,667.00	101,591,013.26	20,349,234.41	121,940,247.67
Components of Ending Fund Balance							
a) Non spendable Revolving Cash	9711	150,000.00	0.00	150,000.00	150,000.00	0.00	150,000.00
b) Restricted	9740	0.00	27,546,431.00	27,546,431.00	0.00	239,881,086.00	239,881,086.00
c) Committed Stabilization Arrangements	9750			0.00			0.00
d) Assigned	9780	20,942,039.00	0.00	20,942,039.00	20,942,039.00	0.00	20,942,039.00
e) Unassigned/Unappropriated				0.00			0.00
Reserve for Economic Uncertainty	9789	22,207,124.43	0.00	22,207,124.43	23,093,326.03	0.00	23,093,326.03
		4,778,755.57	(2,250,683.00)	2,528,072.57	57,405,648.23	(219,531,851.59)	(162,126,203.36)

Projected Material Recognition of Projected Revenue to the 2022-23 Adopted Budget to be Reflected at First Interim

Unrestricted Revenue - LCFF Changes include Estimated \$57M increase for 2022-23. No coinciding expenditures have been included.

Restricted Revenue Projections known, but not measurable for Arts, Music, and Instructional Materials Block Grant \$19.6M, Expanded Learning Opportunities Program \$37M, and Learning Recovery Emergency Block Grant \$54M = \$110.6M

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Oakland Unified 2022-23 45 Day Revise Budget				
Alameda County				
		Variance Adopted Budget to 45 Day Revise		
Description	Object Codes	UnRestricted (A-A2)	Restricted (B-B2)	Combined (C-C2)
A. Revenues				
1) LCFF Sources	8010-8099	57,964,538.00	0.00	57,964,538.00
2) Federal Revenue	8100-8299	0.00	720,000.00	720,000.00
3) Other State Revenue	8300-8599	8,000.00	14,457,925.00	14,465,925.00
4) Other Local Revenue	8600-8799	0.00	1,278,513.00	1,278,513.00
5) Total Revenues		57,972,538.00	16,456,438.00	74,428,976.00
B. Expenditures				
1) Certificated Salaries	1000-1999	640,023.91	3,201,444.06	3,841,467.97
2) Classified Salaries	2000-2999	538,578.00	7,849,868.19	8,388,446.19
3) Employee Benefits	3000-3999	489,742.00	5,967,716.81	6,457,458.81
4) Books and Supplies	4000-4999	(910,236.70)	2,548,156.23	1,637,919.53
5) Services an Other Operating Expenditures	5000-5999	3,732,806.53	4,414,381.21	8,147,187.74
6) Capital Outlay	6000-6999	3,200.00	701,610.00	704,810.00
	7100-7299 7400-			
7) Other Outgo (excluding Transfers of Indirect Costs)	7499	0.00	0.00	0.00
8) Other Outgo - Transfers of Indirect Costs	7300-7399	(34,670.00)	397,433.09	362,763.09
9) Total Expenditures		4,459,443.74	25,080,609.59	29,540,053.33
C. Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources an Uses (A5-B9)		53,513,094.26	(8,624,171.59)	44,888,922.67
D. Other Financing Sources/Uses				
1) Interfund Transfers			0.00	
a) Transfers In		0.00	0.00	0.00
b) Transfers Out		0.00	0.00	0.00
2) Other Sources/Uses		0.00	0.00	0.00
a) Sources		0.00	0.00	0.00
b) Uses		0.00	0.00	0.00
3) Contributions		0.00	0.00	0.00
4) Total, Other Financing Sources/Uses		0.00	0.00	0.00

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Oakland Unified 2022-23 45 Day Revise Budget				
Alameda County				
		Variance Adopted Budget to 45 Day Revise		
Description	Object Codes	UnRestricted (A-A2)	Restricted (B-B2)	Combined (C-C2)
E. Net Increase (Decrease) in Fund Balance (C +D4)		53,513,094.26	(8,624,171.59)	44,888,922.67
F. Fund Balance, Reserves				
1) Beginning Fund Balance				
a) As of July 1 - Unaudited		0.00	3,677,658.00	3,677,658.00
b) Audit Adjustments		0.00	0.00	0.00
c) As of July 1 - Audited (F1a + F1b)		0.00	3,677,658.00	3,677,658.00
d) Other Restatements		0.00	0.00	0.00
a) Adjusted Beginning Balance (F1c + F1d)		0.00	3,677,658.00	3,677,658.00
2) Ending Balance, June 30 (E + F1e)				
		0.00	(4,946,513.59)	3,677,658.00
Components of Ending Fund Balance				
a) Non spendable Revolving Cash	9711	0.00	0.00	0.00
b) Restricted	9740	0.00	212,334,655.00	212,334,655.00
c) Committed Stabilization Arrangements	9750		0.00	0.00
d) Assigned	9780	0.00	0.00	0.00
e) Unassigned/Unappropriated			0.00	0.00
Reserve for Economic Uncertainty	9789		0.00	0.00
		52,626,892.66	(217,281,168.59)	(164,654,275.93)

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