

**WILLOWS UNIFIED SCHOOL DISTRICT**  
**Office of the Superintendent**

**Date of Meeting: August 4, 2022**

**Request For Placement on Board Agenda:**

**AGENDA TOPIC:        2022-23 Adopted Budget – 45 Day Revision**

**PRESENTER: Debbie Costello, Director of Business Services**

**[ ] ACTION ITEM    [ X ] DISCUSSION    [ ] DISCUSSION/POSSIBLE ACTION**

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**Background Information:**

Education Code Section 42127(h) states that, no later than 45 days after the Governor signs the annual Budget Act, districts shall make available for public preview any revisions in revenues and expenditures that your LEA decides to make reflecting the funding made available by the Budget Act. Governor Gavin Newsom signed the 2022-23 Budget Act on June 27, 2022. The full impact of these budget changes, along with District staffing and enrollment changes, will be reflected in future monthly budget updates to the Board and the First Interim Budget report.

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**Significant Changes in the Budget Act since May Revision**

The Budget Act resulted in significant changes to education both fiscally and programmatically. Fiscally, education will receive increases that are both ongoing and one-time in 2022-23. The Budget Act includes the following funding priorities:

- ✦ **Local Control Funding Formula (LCFF) Increase:** \$8.9 billion increase which includes \$772 million in funding for districts and charter schools, \$2.82 billion for declining enrollment, \$997 million for TK expansion, and \$4.32 billion base increase.
  - **The new LCFF calculator is expected to be released in late July or early August (not yet released as of 8/4/2022) with the following:**
    - **Base increase (LCFF Investment) of 6.28%**
      - The COLA remains the same as May Revise at 6.56%.
    - **Transportation add-on increases annually by COLA or 60% of reported transportation costs**
      - Note a Transportation Plan will need to be adopted by April 1, 2023, and updated annually.

- **TK add-on of \$2,813 per TK ADA** which is adjusted annually by COLA.
  - Universal TK programs include updated TK certification requirements and “Adult” staffing parameters. Beginning in 2022- 23 LEAs must offer TK to four-year-olds whose fifth birthday occurs between September 2 and February 2, inclusive. The range changes through 2025-26.
  
- **COVID-19 ADA Relief:** To mitigate the ADA losses, the Act approves ongoing and one-time allowances for school districts and charter schools. Below is a table of the ADA options for each fiscal year 2021-22 and 2022- 23.

2021-22		2022-23	
School Districts Options	Charter School (classroom-based only) Options	School Districts Options	Charter School (classroom-based only) Options
Current Year ADA	Current Year ADA	Current Year ADA	Current Year ADA
Prior-Year ADA	Prior-Year ADA (one-time)	Prior-Year ADA	
<p>Attendance Yield:</p> <p>*2019-20’s attendance ratio applied to 2021-22’s CBEDS enrollment if 2019-20 was higher than 2021-22’s ratio. (one-time only but impacts computed averages going forward).</p> <p>Benefit of the attendance yield is conditioned upon offering independent study by October 1, 2021, adopting &amp; implementing written independent study policies for 2021-22, and offering independent study to pupils who were subject to COVID-19 quarantine during the fiscal year 2021-22.</p> <p>✓ Certification due on or before November 1, 2022.</p>	<p>Attendance Yield:</p> <p>*2019-20’s attendance ratio applied to 2021-22’s CBEDS enrollment if 2019-20 was higher than 2021-22’s ratio (one-time)</p>	<p>Computed average ADA using the three most recent prior years’ ADA (ongoing)</p>	

\*ADA adjustment only applies to ADA used for LCFF funding

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✚ Ongoing Funding:

- **Expanded Learning Opportunities Program** includes a \$4 billion increase for LEAs equaling \$2,750 per pupil if  $UPP \geq 75\%$  or  $\$1,940 \leq 75\%$ .
  - Program changes were also included in the Budget Act, which are being evaluated to assess impact on WUSD program operations.
  - 2022-23 ELOP funding for WUSD is projected to be \$1,306,122.
- **Universal Meals and Meal reimbursement** rates increase for meal reimbursement rates. The Budget Act increases the rate to \$4.625 per meal served. Beginning with 2022-23, all LEAs are required to provide two free meals per day to any student who requests a meal.
- **Special Education** base rate increase of \$500 million. This increase raises the base rate to \$820 per ADA. Additionally, Special Education Extraordinary Cost Pool increased to \$20 million, which could be enough for full reimbursement. This may reduce our Excess Costs due to Glenn County SELPA.

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✚ One-time Funding:

- **Learning Recover Block Grant** provides LEAs funding to assist with long-term recovery from the COVID-19 pandemic. It's estimated the funding will be approximately \$2,400 per pupil and will be based on 2021-22's Second Principal Apportionment ADA multiplied by 2021-22 UPP. Update budget to include funding accordingly.
  - Note: Interim expenditure reporting will be required and a final report will be due by December 1, 2029. These funds may be used through 2027-28.
  - Projected allocation for WUSD is \$2,425,581
- **Arts, Music, and Instructional Materials Discretionary Block Grant** provides LEAs funding for instructional materials and professional development aligned to best practices for improving school climate, digital literacy, physical education, and learning through play. It's estimated the funding will be approximately \$666 per pupil and will be based on 2021-22's Second Principal Apportionment ADA.
  - A plan will need to be discussed and approved for expenditure of these funds.
  - Projected allocation for WUSD is \$865,437
- **Green School Grants include** \$1.125 billion for Hybrid and Zero-Emission Truck and Voucher Incentive plus \$375 million for zero-emission school bus charging or fueling infrastructure and related activities.
- **Kitchen Infrastructure Grants** included \$600 million for LEAs to make kitchen infrastructure upgrades, purchase equipment, and provide training/compensation related to school meals.
  - This funding is approximately 5 times more than 2021-22's funding. Eligible LEAs will receive a \$100,000 base allocation.
  - 2021-22 allocation to WUSD, was \$66,634; assuming similar allocation factors apply in 2022-23, five times the 2021-22 funding amount would be \$333,170.

## SSC School District and Charter School Financial Projection Dashboard 2022-23 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dashboard is based on the 2022–23 Enacted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

<b>LCFF PLANNING FACTORS</b>					
Factor	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Finance Statutory COLA <sup>1</sup>	1.70%	6.56%	5.38%	4.02%	3.72%
Planning COLA	5.07% <sup>2</sup>	6.56%	5.38%	4.02%	3.72%

<b>LCFF GRADE SPAN FACTORS FOR 2022-23</b>				
Entitlement Factors per ADA*	K-3	4-6	7-8	9-12
2021-22 Base Grants	\$8,093	\$8,215	\$8,458	\$9,802
Statutory COLA of 6.56%	\$531	\$539	\$555	\$643
Additional LCFF Investment of 6.28% <sup>3</sup>	\$508	\$516	\$531	\$616
2022-23 Base Grants	\$9,132	\$9,270	\$9,544	\$11,061
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$950	–	–	\$288
2022-23 Adjusted Base Grants <sup>4</sup>	\$10,082	\$9,270	\$9,544	\$11,349

\*Average daily attendance (ADA)

<b>OTHER PLANNING FACTORS</b>						
Factors		2021-22	2022-23	2023-24	2024-25	2025-26
California CPI		6.56%	5.75%	2.58%	2.20%	2.38%
California Lottery	Unrestricted per ADA	\$176.94	\$170	\$170	\$170	\$170
	Restricted per ADA	\$81.94	\$67	\$67	\$67	\$67
Mandate Block Grant (District)	Grades K-8 per ADA	\$32.79	\$34.94	\$36.82	\$38.30	\$39.72
	Grades 9-12 per ADA	\$63.17	\$67.31	\$70.93	\$73.78	\$76.52
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$17.21	\$18.34	\$19.33	\$20.11	\$20.86
	Grades 9-12 per ADA	\$47.84	\$50.98	\$53.72	\$55.88	\$57.96
Interest Rate for Ten-Year Treasuries		2.08%	3.20%	2.85%	2.68%	2.80%
CalSTRS Employer Rate <sup>5</sup>		16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate <sup>5</sup>		22.91%	25.37%	25.20%	24.60%	23.70%
Unemployment Insurance Rate <sup>6</sup>		0.50%	0.50%	0.20%	0.20%	0.20%
Minimum Wage <sup>7</sup>		\$15.00	\$15.50	\$16.00	\$16.40	\$16.80

<b>STATE MINIMUM RESERVE REQUIREMENTS</b>	
Reserve Requirement	District ADA Range
The greater of 5% or \$76,000	0 to 300
The greater of 4% or \$76,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

<sup>1</sup>Applies to Special Education, Child Nutrition, Foster Youth, Adults in Correctional Facilities Program, American Indian Education Centers/American Indian Early Childhood Education, and Mandate Block Grant.

<sup>2</sup>Amount represents the 2021-22 statutory COLA of 1.70% plus an augmentation of 1.00%, compounded with the 2020-21 unfunded statutory COLA of 2.31%.

<sup>3</sup>Percentage is separate and distinct from the statutory COLA and codified in Education Code Section 42238.02(d)(5)

<sup>4</sup>Additional funding is provided for students who are designated as eligible for free and reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

<sup>5</sup>California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2021-22 were brought down by a prior year \$2.3 billion payment from the state of California. Rates in the following years are subject to change based on determination by the respective governing boards.

<sup>6</sup>Unemployment rate in 2021-22 and 2022-23 are final based on the 2021 Enacted State Budget, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2)

<sup>7</sup>Minimum wage increases are effective January 1 of the respective year.

## SSC School District and Charter School Financial Projection Dashboard 2022-23 May Revision

This version of School Services of California Inc. (SSC) Financial Projection Dashboard is based on the Governor's 2022-23 May Revision. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and other planning factors. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

<b>LCFF PLANNING FACTORS</b>					
Factor	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Finance Statutory COLA <sup>1</sup>	1.70%	6.56%	5.38%	4.02%	3.72%
Planning COLA	5.07% <sup>2</sup>	6.56%	5.38%	4.02%	3.72%

<b>LCFF GRADE SPAN FACTORS FOR 2022-23</b>				
Entitlement Factors per ADA*	K-3	4-6	7-8	9-12
2021-22 Base Grants	\$8,093	\$8,215	\$8,458	\$9,802
Statutory COLA of 6.56%	\$531	\$539	\$555	\$643
Additional LCFF Investment of \$2.1 billion <sup>3</sup>	\$266	\$270	\$278	\$322
2022-23 Base Grants	\$8,890	\$9,024	\$9,291	\$10,767
Grade Span Adjustment Factors	10.4%	--	--	2.6%
Grade Span Adjustment Amounts	\$925	--	--	\$280
2022-23 Adjusted Base Grants <sup>4</sup>	\$9,815	\$9,024	\$9,291	\$11,047

\*Average daily attendance (ADA)

<b>OTHER PLANNING FACTORS</b>						
Factors		2021-22	2022-23	2023-24	2024-25	2025-26
California CPI		6.55%	6.11%	3.14%	1.97%	2.31%
California Lottery	Unrestricted per ADA	\$163	\$163	\$163	\$163	\$163
	Restricted per ADA	\$65	\$65	\$65	\$65	\$65
Mandate Block Grant (District)	Grades K-8 per ADA	\$32.79	\$34.94	\$36.82	\$38.30	\$39.72
	Grades 9-12 per ADA	\$63.17	\$67.31	\$70.93	\$73.78	\$76.52
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$17.21	\$18.34	\$19.33	\$20.11	\$20.86
	Grades 9-12 per ADA	\$47.84	\$50.98	\$53.72	\$55.88	\$57.96
Interest Rate for Ten-Year Treasuries		2.17%	3.71%	3.25%	3.08%	3.10%
CalSTRS Employer Rate <sup>5</sup>		16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate <sup>5</sup>		22.91%	25.37%	25.20%	24.60%	23.70%
Unemployment Insurance Rate <sup>6</sup>		0.50%	0.50%	0.20%	0.20%	0.20%
Minimum Wage <sup>7</sup>		\$15.00	\$15.50	\$16.00	\$16.40	\$16.70

<b>STATE MINIMUM RESERVE REQUIREMENTS</b>	
Reserve Requirement	District ADA Range
The greater of 5% or \$76,000	0 to 300
The greater of 4% or \$76,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

<sup>1</sup>Applies to Special Education, Child Nutrition, Foster Youth, Adults in Correctional Facilities Program, American Indian Education Centers/American Indian Early Childhood Education, and Mandate Block Grant.

<sup>2</sup>Amount represents the 2021-22 statutory COLA of 1.70% plus an augmentation of 1.00%, compounded with the 2020-21 unfunded statutory COLA of 2.31%.

<sup>3</sup>Amounts are estimated by SSC and are subject to change.

<sup>4</sup>Additional funding is provided for students who are designated as eligible for free and reduced-price meals, foster youth, English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

<sup>5</sup>California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2021-22 were brought down by a prior year \$2.3 billion payment from the state of California. Rates in the following years are subject to change based on determination by the respective governing boards.

<sup>6</sup>Unemployment rate in 2021-22 and 2022-23 are final based on the 2021 Enacted State Budget, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2)

<sup>7</sup>Minimum wage increases and are effective January 1 of the respective year.

## SSC School District and Charter School Financial Projection Dashboard 2022-23 Governor's Budget

This version of School Services of California Inc.'s (SSC) Financial Projection Dashboard is based on the 2022-23 Governor's Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

<b>LCFF PLANNING FACTORS</b>					
Factor	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Finance Statutory COLA <sup>1</sup>	1.70%	5.33%	3.61%	3.64%	3.62%
Planning COLA	5.07% <sup>2</sup>	5.33%	3.61%	3.64%	3.62%

<b>LCFF GRADE SPAN FACTORS FOR 2022-23</b>				
Entitlement Factors per ADA*	K-3	4-6	7-8	9-12
2021-22 Base Grants	\$8,093	\$8,215	\$8,458	\$9,802
Statutory COLA at 5.33%	\$431	\$438	\$451	\$522
2022-23 Base Grants	\$8,524	\$8,653	\$8,909	\$10,324
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$886	–	–	\$268
2022-23 Adjusted Base Grants <sup>3</sup>	\$9,410	\$8,653	\$8,909	\$10,592

\*Average daily attendance (ADA)

<b>OTHER PLANNING FACTORS</b>						
Factors		2021-22	2022-23	2023-24	2024-25	2025-26
California CPI		5.78%	3.69%	2.90%	2.75%	2.60%
California Lottery	Unrestricted per ADA	\$163	\$163	\$163	\$163	\$163
	Restricted per ADA	\$65	\$65	\$65	\$65	\$65
Mandate Block Grant (District)	Grades K-8 per ADA	\$32.79	\$34.54	\$35.79	\$37.09	\$38.43
	Grades 9-12 per ADA	\$63.17	\$66.54	\$68.94	\$71.45	\$74.04
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$17.21	\$18.13	\$18.78	\$19.46	\$20.16
	Grades 9-12 per ADA	\$47.84	\$50.39	\$52.21	\$54.11	\$56.07
Interest Rate for Ten-Year Treasuries		1.93%	2.50%	2.90%	3.00%	2.60%
CalSTRS Employer Rate <sup>4</sup>		16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate <sup>4</sup>		22.91%	26.10%	27.10%	27.70%	27.80%
Unemployment Insurance Rate <sup>5</sup>		0.50%	0.50%	0.20%	0.20%	0.20%

<b>STATE MINIMUM RESERVE REQUIREMENTS</b>	
Reserve Requirement	District ADA Range
The greater of 5% or \$71,000	0 to 300
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3%	1,001 to 30,000
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<sup>2</sup>Amount represents the 2021-22 statutory COLA of 1.70% plus an augmentation of 1.00%, compounded with the 2020-21 unfunded statutory COLA of 2.31%.

<sup>3</sup>Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

<sup>4</sup>California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2021-22 were bought down by a prior year \$2.3 billion payment from state of California. Rates in the following years are subject to change based on determination by the respective governing boards.

<sup>5</sup>Unemployment rate in 2021-22 and 2022-23 are final based on the 2021 State Enacted Budget, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2)