

# State Budget Update

*Impact of the State Adopted Budget  
to the Cambrian School District*

Cambrian School District

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# Overview of State Budget

- Prop 98 grows to \$93.7B from \$70.9B from 2020-2021 budget act
  - Budget creates one-time programs & on-going support
  - Approximately 70% of increase for one-time uses
    - Half of the one-time increase is pay off of the LCFF deferrals for \$11.1B
  - On-going funds go to COLA, concentration grant increase, & expanded learning grant
- State used reserves in 2020-2021 but is now setting up reserves back in 2021-2022 budget
- Prop 98 funding increased
  - 2021-2022 increased by \$22.8B from 2020-2021
  - Created two separate parts; one-time and on-going
- See State Adopted Budget Analysis

# Concerns for State Budget

- State focused one-time funds on specific uses
  - Greatest number of categoricals after Tier III reforms
  - Common practice under Gov Brown was one-time LEA grants
- Cap on district reserves will be operative in 2022-2023
- Dramatic changes to independent study for current year
- Supplemental/Concentration grant carryover restrictions
- Future Risks
  - State revenue relies heavily on wealth of high income earners
  - Inflation & interest rate risk
  - Cost of expansion of TK

# Positive Fiscal Impact to the District

- Implemented LCFF COLA of 5.07%
  - Special Education COLA of 4.07%
- Special education base funding increase
- Pays off the LCFF deferrals-good for cash but doesn't change the budget
- Expanded learning program may provide some additional funding to support our after school program
  - Funding is for unduplicated pupils
- Reduces State Unemployment Insurance rate to 0.5% from 1.23%
- Expands TK eligibility into 2024-2025 to create additional grade level
  - Funding for TK facilities

# Negative Fiscal Impact to District

- Cambrian will be subject to reserve cap in 2022-2023
  - Assigned/Unassigned fund balance limited to 10% of expenditures
- Independent Study requirements mean additional requirements and costs without funding
- District receives no concentration funding which was one of the large on-going increases
  - State doesn't appear to acknowledge need for adequate base funding
- State provides most one-time funds into great number of new or expanded categoricals
- State budget doesn't address STRS & PERS rates

# District Budget Process

- Close the books for 2020-2021 fiscal year
  - Provides beginning balance for unrestricted and restricted funds
- 45-day Revision not required by SCCOE
  - No significant changes due to adopted state budget act
- Conditional approval will require October 16<sup>th</sup> budget
- Recalculate all revenues in current year
  - Project student attendance
  - Update categorical revenues
- Update salary and benefit spreadsheets
  - Update employer rates
- Review all supplies and services
- Review other funds; cafeteria & building funds