

Contra Costa County Office of Education

2021-22 Second Interim Report

Narrative

Introduction

The Contra Costa County Office of Education (CCCOE) Second Interim is estimates and actuals of revenues and expenditures for the 2021-22 fiscal year. The Multi-Year Projection is based on the Governors January Budget Proposal. The Second Interim Report is the second report for updating the Board of Education and educational partners on any changes to the budget since the First Interim Report.

County Offices are required to submit two reports to the board of education during each fiscal year. The second report (Second Interim) shall cover the financial and budgetary status of the county office for the period ending January 31. The report shall be approved by the board of education no later than 45 days after the close of the report period (approximately March 15) [E.C. 42130].

The Second Interim report has been updated to reflect budget changes and current known revenues and expenditures and includes all known one-time funding and grant awards received since the First Interim.

Adjustments have been made to reflect funding changes but continues to follow the spending plan presented in the 2021-22 Budget.

Historical

Under the Local Control Funding Formula (LCFF), CCCOE is defined as “Hold Harmless”. The CCCOE LCFF Target calculation is much lower than the Revenue Limit calculation which funded CCCOE until 2012-13. Under Hold Harmless, CCCOE continues to receive the same funding it received under Revenue Limit funding adjusted for growth or decline, now known as the LCFF Floor Entitlement, for its student programs and operations funding, until the LCFF Target and the LCFF Floor Entitlement are the same amount.

As a Hold Harmless COE, CCCOE does not expect to have an increase in LCFF for many years as the COLA is only applied to the LCFF Target and not the Floor Entitlement. When the LCFF formula was enacted, the statewide decline in ADA was not expected. The COE is experiencing the same decline. Our operational ADA is based on the countywide ADA of all our districts and our Court and Community ADA is based on current ADA. As our districts and programs decline, we also decline, which impacts the “Floor Entitlement.”

Revenue Assumptions

Current General Fund Income is estimated to be \$82,727,192, which is an increase of \$3,458,635. This increase is a net result of LCFF adjustments of property taxes of \$1,195,000. Federal Revenues increase of \$217,000 as a result of an increase of Title I funds. State revenues were increased by \$1,902,000 from a combination of increases in our Restricted programs.

Fund 01	2021-22 First Interim	2021-22 Second Interim
LCFF Sources	\$26,625,574	\$27,820,324
Federal Revenue	\$14,962,143	\$15,178,691
State Revenue	\$13,935,853	\$15,837,945
Local Revenue	\$23,754,987	\$23,890,232

Expenditure Assumptions

Current General Fund Expenditures are estimated at \$82,212,689. Expenditures overall were increased from the Budget by \$ 1,434,871 as an offset to the increase in revenues. The majority of the increase is in the Services and Other Operating Expenditures.

The CCCOE continues to provide contributions to its programs in support of student learning and wellbeing.

Components of the Ending Fund Balance

The Components of the Ending Fund Balance are the identification of funds that must be restricted, committed, assigned or unassigned. Committed funds are those the Superintendent of Schools has identified for specific purposes and remain in Fund 01 until they are spent on the committed project. Assigned funds are those that are set aside and can be unassigned if another use is identified. All restricted fund carryovers are by code restricted.

The Components of the Ending Fund Balance are as follows:

Revolving Cash	\$10,000
Designated for Economic Uncertainties-6%	\$5,052,761
Other Commitments	\$2,073,372
Restricted	\$16,188,862
Other Assignments	\$5,000,000

Multi-Year Projection

The Multi-Year Projection (MYP) is a required component of the budget in determining CCCOE's ability to meet its obligations for the current and two subsequent fiscal years. CCCOE is in a good financial position. CCCOE will continue to set aside funds as good stewardship for the COE in the future. As a Hold Harmless COE, CCCOE does not expect to have an increase in LCFF for many years. CCCOE will need those set aside funds to support the programs and operations in the future. Assumptions used in calculating the MYP are continued flat funding and step and column for salaries and increased PERs and STRS cost rates.

Other Funds

The Golden Gate Charter School revenue and expenditures are accounted for in Fund 09. Revenues are estimated to be \$2,558,329 and expenditures are estimated at \$4,142,744. The contribution amount is \$1,584,415. The Charter School is also experiencing reduced ADA yet still requires the same infrastructure and staffing.

All other funds are projected to have a positive ending balance.

Considerations for the Future

COVID-19 continues to impact education in many ways. State and Federal one-time revenues have been provided to support and protect students and staff for in-person learning, testing, and increasing educational opportunities. It is unknown how much longer the pandemic, even when ended, will continue to impact education. There has been significant decline in enrollment in California and many districts are facing lower enrollment and ADA. As with the districts is also experiencing enrollment decline in its student programs and in county wide ADA and will continue to impact the COE funding.

CCCOE continues its commitment serving students and educators. The CCCOE budget reflects the goals of the COE. The county office supports its work with grant funding, which is approximately 30% of the total funding. As one of 32 Hold Harmless COEs, CCCOE will need to continue to evaluate its goals, funded with LCFF Sources, to adjust to increasing costs while funding remains at the same level.