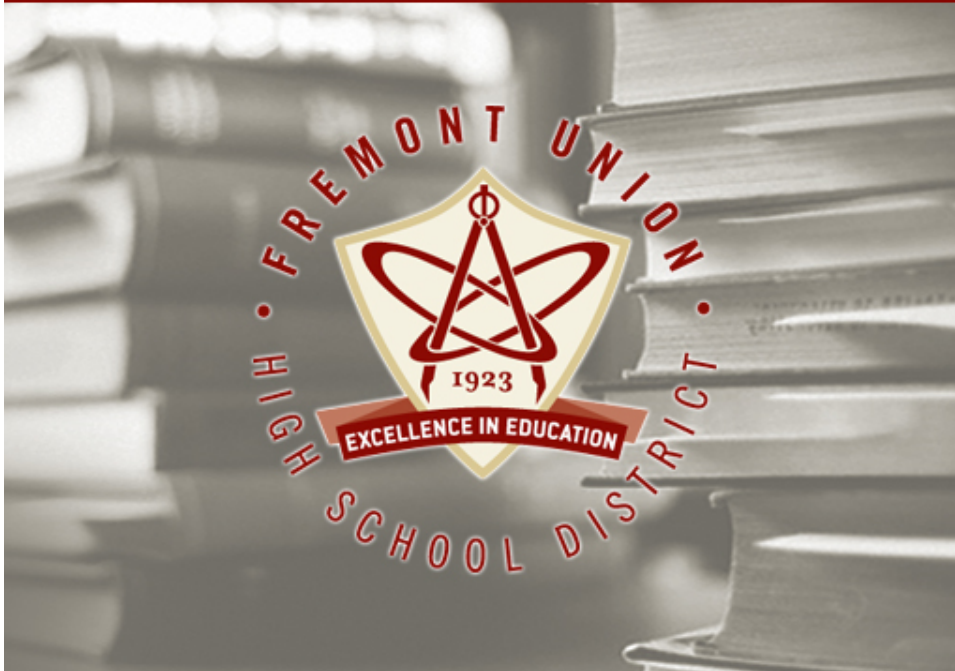


BUDGET REPORT



SECOND INTERIM

BOARD OF TRUSTEES
STUDY SESSION

March 14, 2023





Governor's January Budget Proposal



STATE BUDGET AND ECONOMY



- Persistent inflation, rising interest rates, lingering supply chain issues and struggling stock market continue to stifle growth both nationally and for the state of California
- Most economists believe that a mild recession will occur in 2023 or 2024
- The Governor's Budget forecasts General Fund revenues that are \$29.5 billion lower than at the 2022-23 Enacted Budget
- Mid-Year Cut: The Governor's Budget proposes a reduction in the one-time funding provided in the 2022-23 Enacted Budget



PROP 28 - ART AND MUSIC IN SCHOOLS



- Beginning with the 2023-24 fiscal year, the State will provide additional, dedicated funding originating outside of Proposition 98 for arts and music education
- Funds distributed to LEAs:
 - 70% based on share of statewide enrollment
 - 30% based on share of low-income students
 - LEAs must distribute their funds to their schools using the same 70/30 split
 - 80% of the funding must be used for employees
 - There are maintenance of effort and supplement, not supplant, requirements
 - For FUHSD, this is approximately \$1.26 M



CalSTRS EMPLOYER CONTRIBUTION RATES



- No new funding towards California State Teachers' Retirement System (CalSTRS) relief for LEAs
- CalSTRS employer contribution rate of 19.10% in 2023-24
 - Thereafter, CalSTRS projects an employer contribution rate of 19.10% for the next several years

Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	-0.95%
July 1, 2021	16.92%	0.77%
July 1, 2022	19.10%	2.18%
July 1, 2023	19.10%	0%
July 1, 2024	19.10%	0%
July 1, 2025	19.10%	0%

CalPERS EMPLOYER CONTRIBUTION RATES



- No new funding towards California Public Employees Retirement System (CalPERS) relief for LEAs
- CalPERS employer contribution rate of 25.37% in 2023-24
 - Thereafter, CalPERS projects the employer contribution to increase for the next several years

Fiscal Year	22-23 Enacted State Budget	23-24 Governor's Budget
2021-22	22.91%	22.91%
2022-23	25.37%	25.37%
2023-24	25.20%	28.10%
2024-25	24.60%	28.80%
2025-26	23.70%	29.20%



SUMMARY OF CHANGES SINCE 1ST INTERIM



REVENUES:

- Property Tax Growth = increase of 0.77%
- Prop. 55 = increase \$126K
- Charter Schools = increase transfer of \$163K
- Reserved \$2.1M in Restricted for potential mid year cut

EXPENDITURES:

- Contribution to Special Ed = decrease of \$577K
- Utilities =\$1.2M increase

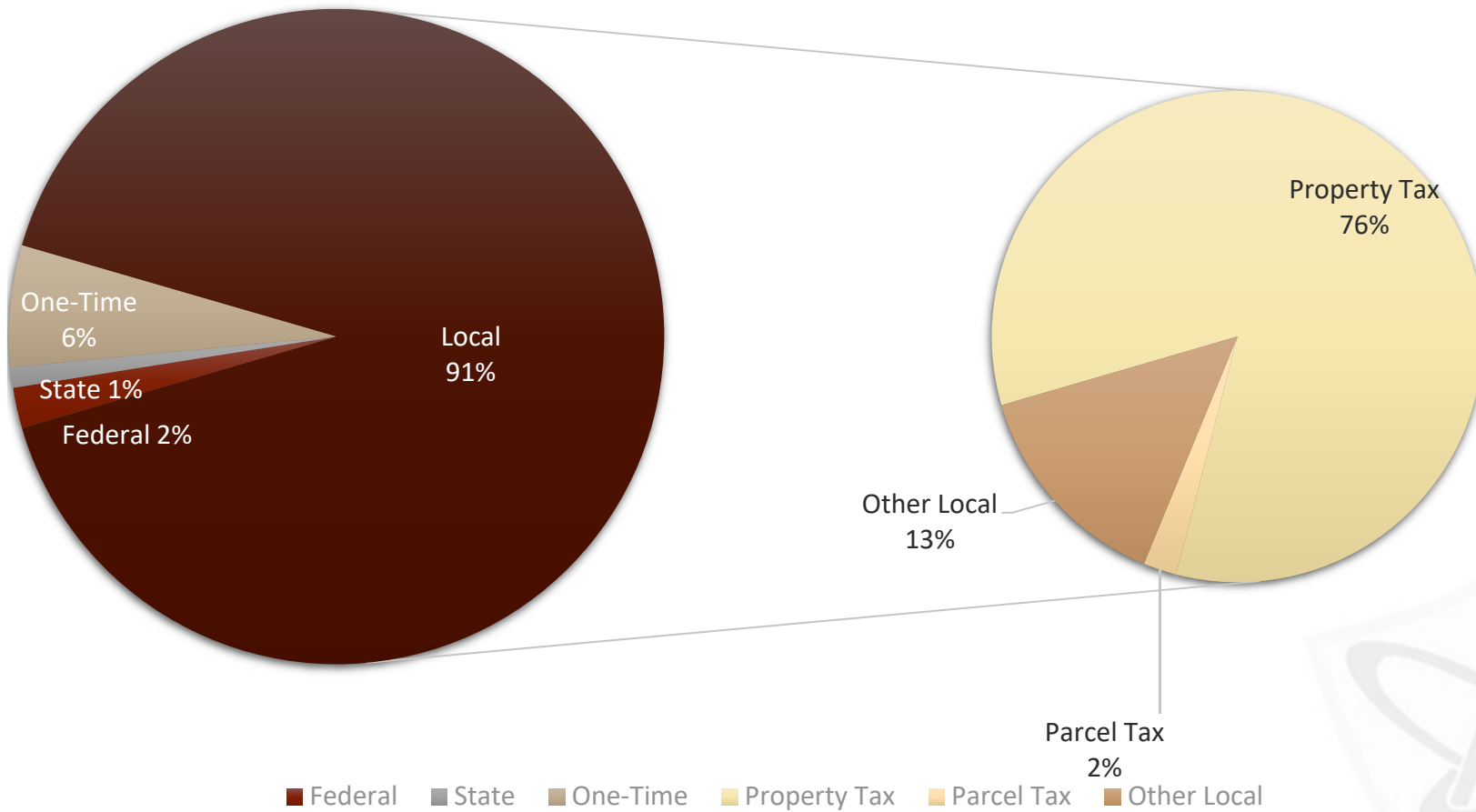


GENERAL FUND REVENUE ASSUMPTIONS



- Property Tax Growth = 7.41%
- Parcel Tax = \$5.2M
- Guaranteed State Aid = \$1.45M
- Mandated Block Grant = \$657K
- Prop. 55 = \$2.1M
- Lottery Unrestricted = \$1.66M
- Due to Charter Schools in Lieu of Property Tax = \$1.7M
- One-Time Discretionary Block Grant = \$10.4M

GENERAL FUND REVENUE



LOCAL PROPERTY TAXES



1st Interim To 2nd Interim

Description	2022-23 1 ST Interim	2022-23 2 ND Interim	Change
Secured	162,964,000	163,389,000	425,000
Unsecured	7,891,000	8,721,000	830,000
RDA	3,704,849	3,794,995	90,146
TOTAL	174,559,849	175,904,995	1,345,146



LOCAL PROPERTY TAXES



3-Year Summary: 20-21 to 22-23

Description	2020-21 Actual	2021-22 Actual	2022-23 2 ND Interim
Secured	143,665,335	151,714,487	163,389,000
Unsecured	8,957,885	8,327,649	8,721,000
RDA	2,720,436	3,727,801	3,794,995
TOTAL	155,343,656	163,769,937	175,904,995
Growth	7.12%	5.42%	7.41%

GENERAL FUND EXPENDITURE ASSUMPTIONS



- No salary changes for CSEA, FEA and FMA
- Step and Col. = 1.5% for all three groups
- CSEA and FMA Health insurance cap = \$1,052.11
- FEA Health insurance increased 6%
- Statutory Benefits:
 - Certificated 22.91%
 - Classified Classic 42.89%
 - Classified PEPRA 35.38%

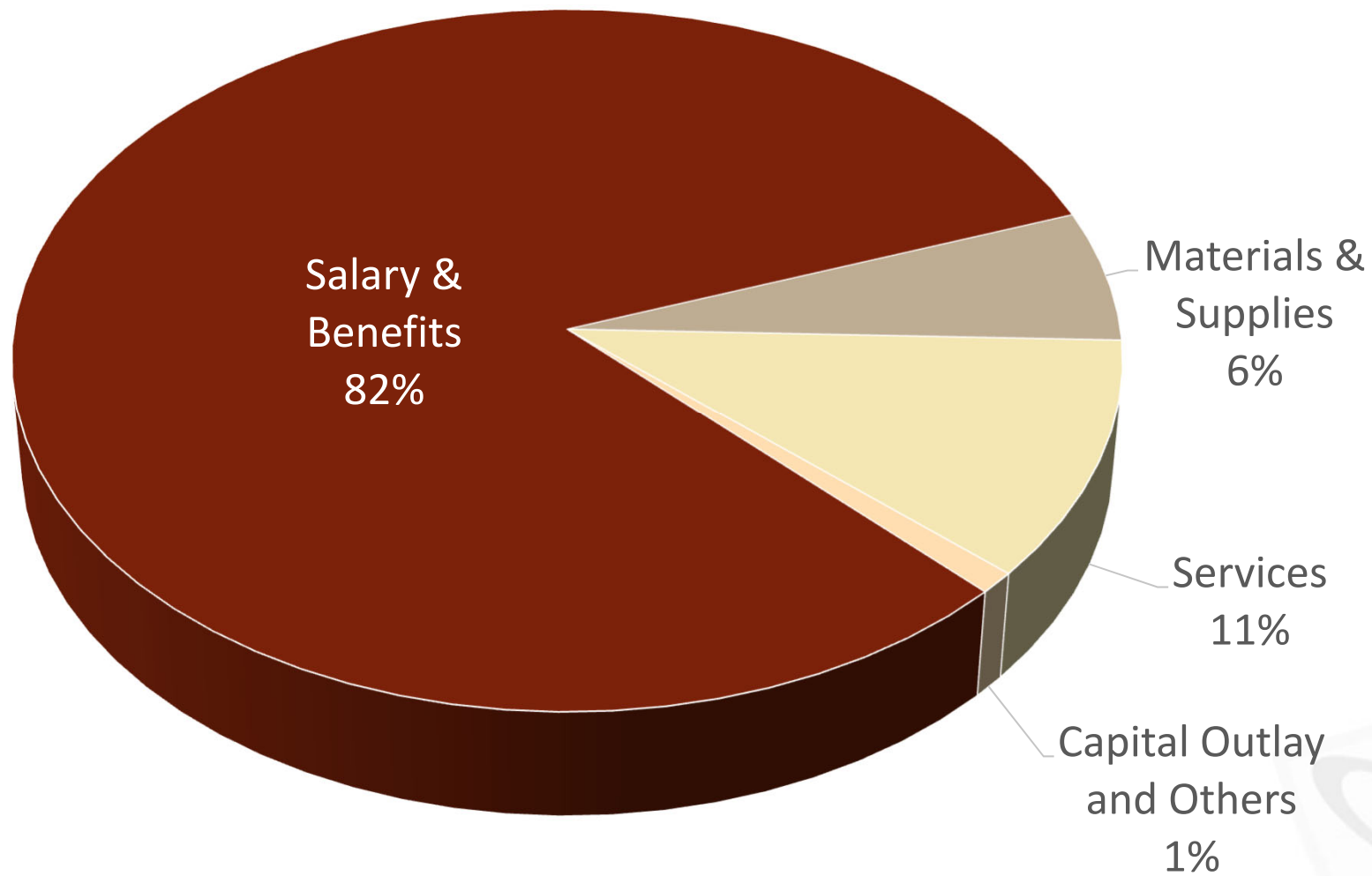


STATUTORY BENEFIT RATES (%)

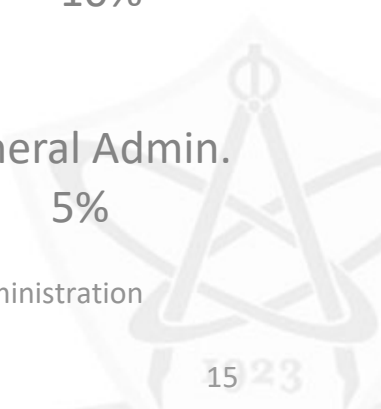
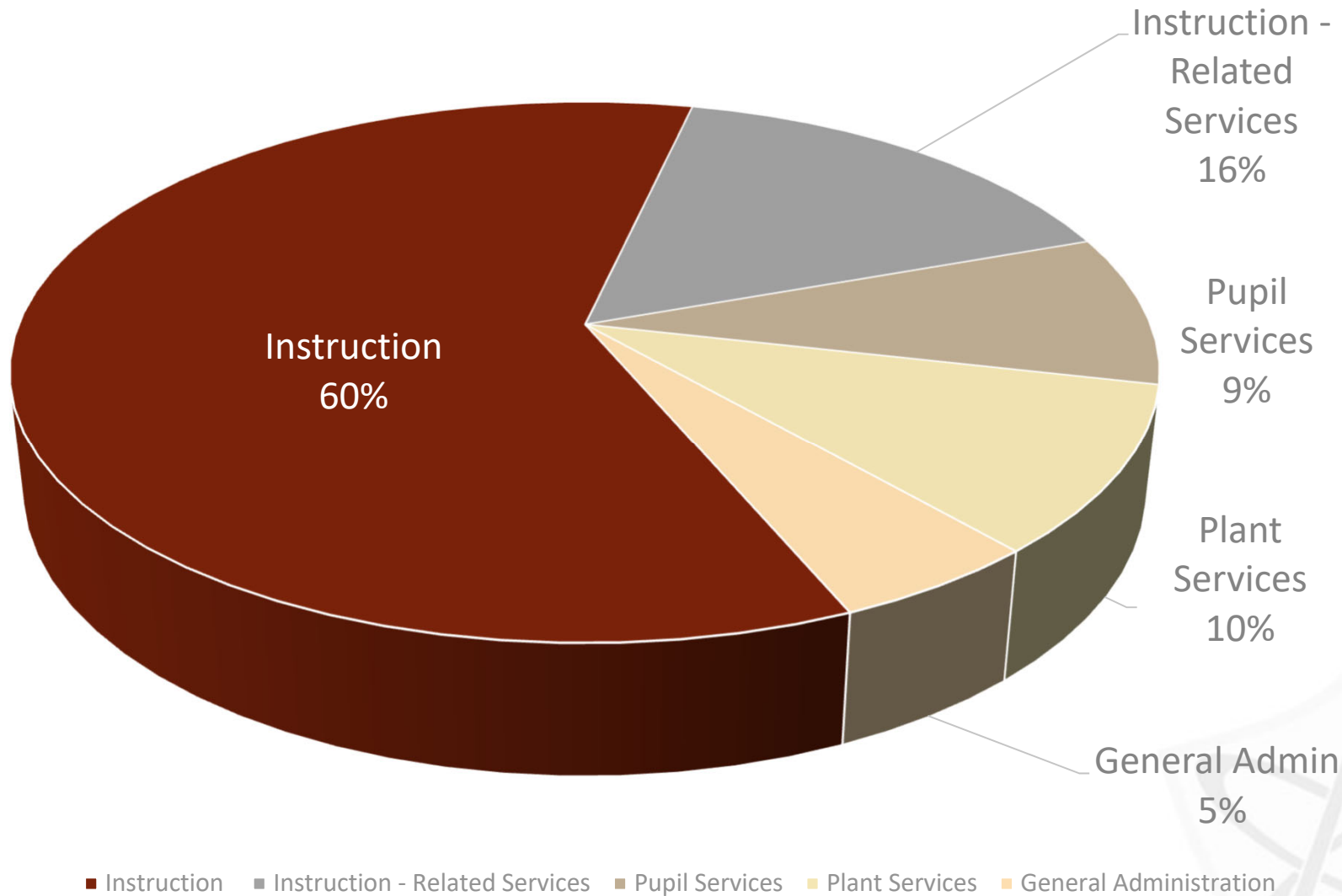


Benefit	Cert.	Classic	PEPRA
STRS – Employer	19.10		
Unemployment Ins.	0.50	0.50	0.50
Workers Comp.	1.52	1.52	1.52
Medicare Ins.	1.45	1.45	1.45
Income Protection	0.34	0.36	0.34
OASDI – Disability		6.20	6.20
PERS – Employer		25.37	25.37
PERS – EMPC		7.49	
Total Statutory	22.91%	42.89%	35.38%

GENERAL FUND EXPENDITURES



GENERAL FUND EXPENDITURES BY FUNCTION



1523

EXPENDITURES BY FUNCTION



Instruction

Total Cost of Instructional Staff

Supplies, Materials, & All Other Costs

Instructional Related Services

Instructional Supervision & Admin.

Curriculum Development

Instructional Staff Development

Library, Media and Technology

Pupil Services

Guidance and Counseling Services

Psychological Services

Attendance and Social Work Services

Health Services

Speech Pathology Services

Pupil Testing Services

Pupil Transportation

General Administration

Board and Superintendent

Public Information

Fiscal Services

Personnel/Human Resources

Purchasing

Printing, Publishing and Duplicating

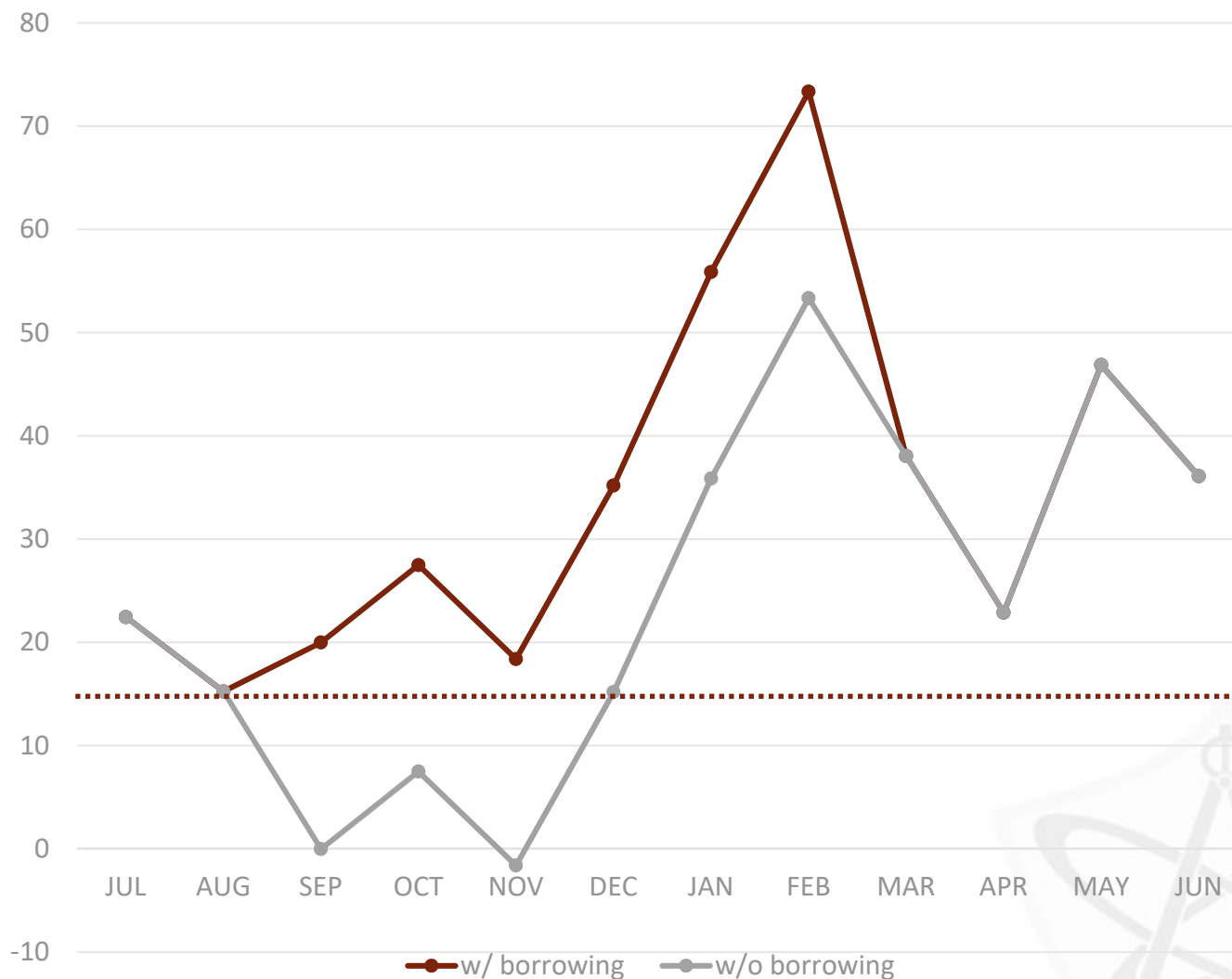
Data Processing Services

CASH FLOW PROJECTIONS - UNRESTRICTED GF



Without Borrowing (in \$millions)

Jul	\$22.46
Aug	\$15.25
Sep	-\$0.01
Oct	\$7.49
Nov	-\$1.61
Dec	\$15.19
Jan	\$35.87
Feb	\$53.34
Mar	\$38.05
Apr	\$22.89
May	\$46.87
Jun	\$36.10



1723

SPECIAL EDUCATION CONTRIBUTION



1ST Interim to 2ND Interim

Description	2022-23 1 ST Interim	2022-23 2 ND Interim	Change
Federal Revenue	2,982,862	2,982,862	0
Local/State Revenue	7,786,820	7,706,883	-79,937
TOTAL REVENUE	10,769,682	10,689,745	-79,937
Salaries	23,041,055	23,151,649	110,594
Benefits	10,449,085	10,544,075	94,990
All Other	11,607,821	10,732,594	-875,227
TOTAL EXPENSE	45,097,961	44,428,318	-669,643
GF Contribution	34,328,279	33,751,179	-577,100
Prop 55 Contribution	54,997	54,997	0

SPECIAL EDUCATION CONTRIBUTION



3-Year Summary: 20-21 to 22-23

Description	2020-21 Actual	2021-22 Actual	2022-23 2 ND Interim
Federal Revenue	2,248,122	2,526,838	2,982,862
Local/State Revenue	5,031,336	6,651,281	7,706,883
TOTAL REVENUE	7,279,458	9,178,119	10,689,745
Salaries	20,159,820	21,817,522	23,151,649
Benefits	8,400,711	9,305,865	10,544,075
All Other*	8,293,474	10,063,331	10,732,594
TOTAL EXPENSE	36,854,005	41,186,718	44,428,318
GF Contribution	29,497,267	32,536,141	33,751,179
Prop 55 Contribution	77,280	68,746	54,997

*Includes Special Ed Transportation and Non Public School

UTILITIES EXPENDITURES

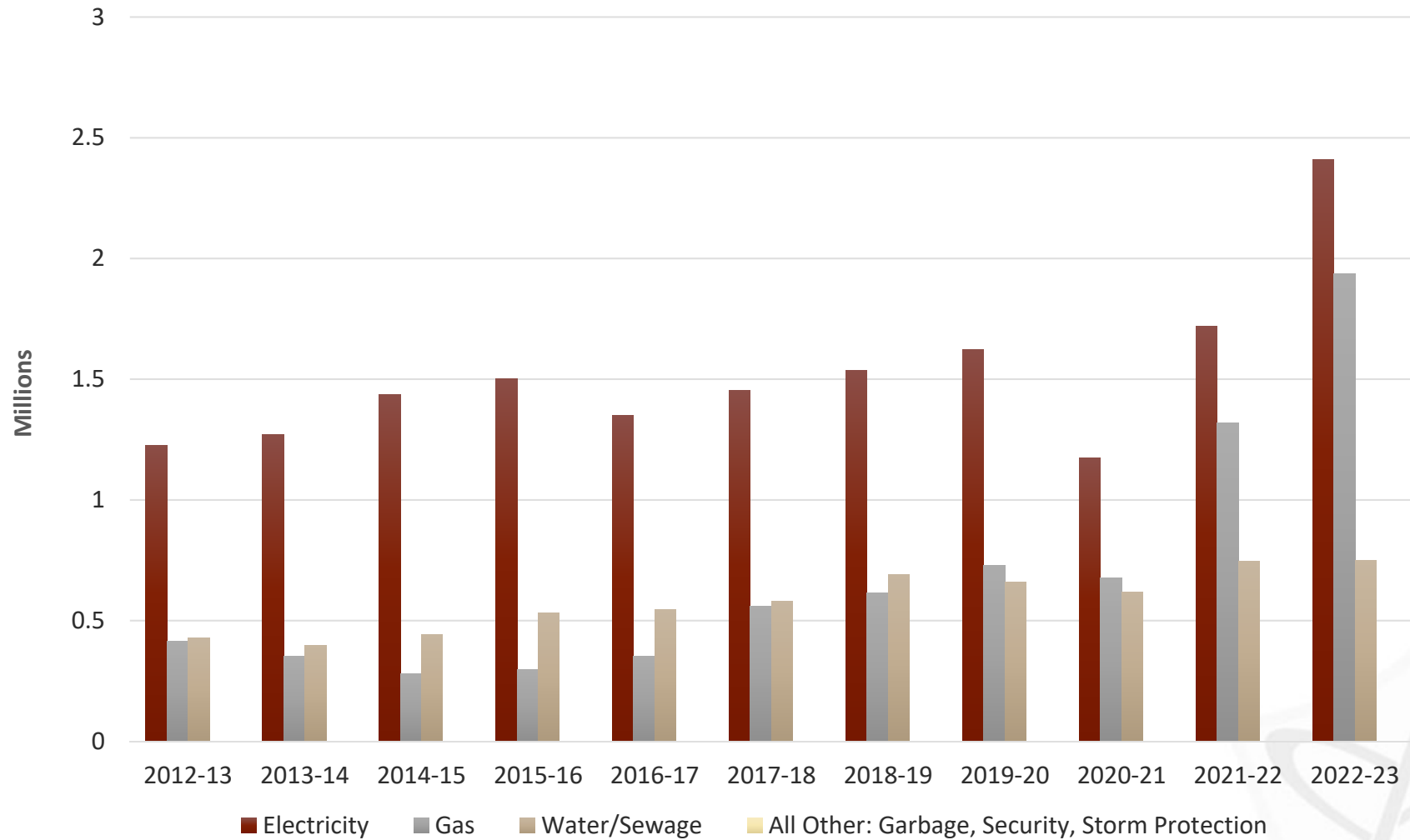


3-Year Summary: 20-21 to 22-23

Description	2020-21 Actual	2021-22 Actual	2022-23 2 nd Interim
Electricity	1,175,789	1,717,982	2,408,500
Gas	676,941	1,318,185	1,936,065
Water/Sewage	619,493	745,650	750,275
All Other*	270,744	337,278	367,680
TOTAL	2,742,967	4,119,095	5,462,520

*All Other includes Waste Disposal, Security, Storm Protection Fees

UTILITIES - 10 YEAR COSTS





Adult Education (FUND 11)



ADULT EDUCATION (FUND 11)



Summary of Changes Since 1st Interim

REVENUE

- Federal and State Funding – no changes
- Local funding - decrease of \$4,879

EXPENDITURES

- Certificated Salaries – no changes
- Classified Salaries – minor increase
 - Additional staffing for Community Interest/Active Adults Program
- Benefits – minor decrease
 - Due to unfilled position
- Supplies, Services and Other – no changes



ADULT EDUCATION (FUND 11)



First Interim to Second Interim

Description	2022-23 1 st Interim	2022-23 2 nd Interim	Change
Other State Revenue	3,340,762	3,340,762	0
STRS on-Behalf	122,436	123,322	886
Other Local (Fees)	735,550	730,671	-4,879
Federal/Grants	492,445	492,445	0
Total Revenue	4,691,193	4,687,200	-3,993
Salaries	2,794,165	2,796,659	2,494
Benefits	1,007,781	1,004,105	-3,676
STRS on-Behalf	122,436	123,322	886
All Other Expenses	694,985	702,011	7,026
Total Expenses	4,619,367	4,626,097	6,730

ADULT EDUCATION (FUND 11)



3-Year Summary: 20-21 to 22-23

Description	2020-21 Actual	2021-22 Actual	2022-23 2 nd Interim
Beginning Balance	1,161,540	1,310,005	1,248,678
Other State Revenue	3,009,800	3,131,372	3,340,762
STRS/PERS on-Behalf	111,203	138,199	123,322
Other Local (Fee Based)	568,945	746,010	730,671
Federal Revenue	517,080	449,757	492,445
Total Revenue	4,207,028	4,465,338	4,687,200
Salaries	2,559,084	2,804,608	2,796,659
Benefits	847,409	980,206	1,004,105
STRS/PERS on-Behalf	111,203	138,199	123,322
All Other Expenses	540,867	603,652	702,011
Total Expenses	4,058,563	4,526,665	4,626,097
Ending Balance	1,310,005	1,248,678	1,309,781

NUTRITION SERVICES (Fund 13)



First Interim to Second Interim

Description	2022-23		Change
	1 st Interim	2nd Interim	
Federal Revenue	1,449,255	1,465,817	16,562
State Revenue	4,339,602	4,409,602	70,000
Local Revenue	173,900	123,195	-50,705
Total Revenue	5,962,757	5,998,614	35,857
Salaries	2,277,116	2,288,166	11,050
Benefits	960,254	960,654	400
All Other	2,712,732	2,714,449	1,717
Total Expenses	5,950,102	5,963,269	13,167
GF Contribution	0	0	0

NUTRITION SERVICES CONTRIBUTION



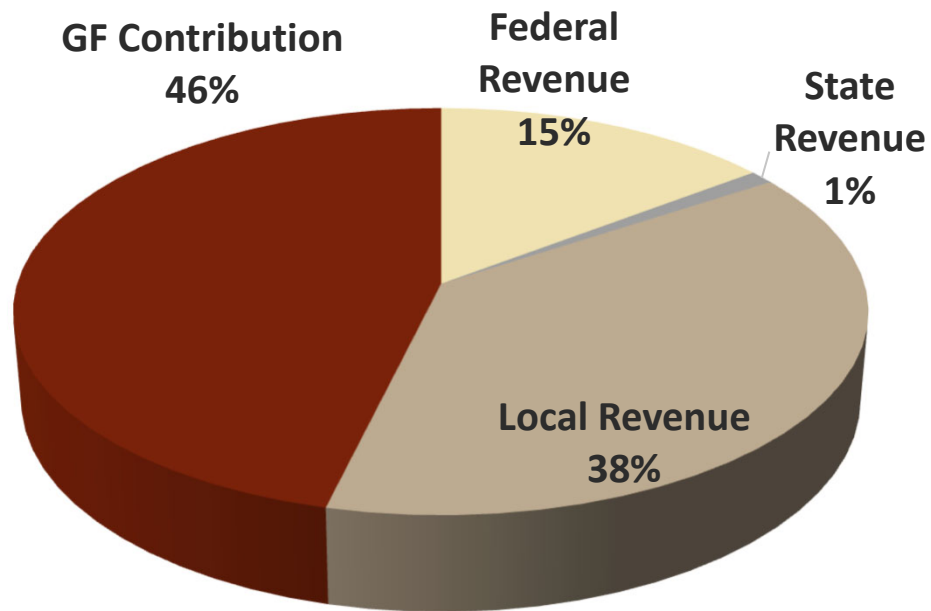
3-Year Summary: 20-21 to 22-23

Description	2020-21 Actual	2021-22 Actual	2022-23 2 nd Interim
Federal Revenue	1,737,279	4,548,161	1,465,817
State Revenue	325,768	324,083	4,409,602
Local Revenue	32,239	85,030	123,195
Total Revenue	2,095,286	4,957,274	5,998,614
Salaries	1,711,041	2,060,710	2,288,166
Benefits	757,271	843,463	960,654
All Other	690,337	2,178,309	2,714,449
Total Expenses	3,158,649	5,082,482	5,963,269
GF Contribution	1,212,349	213,947	0

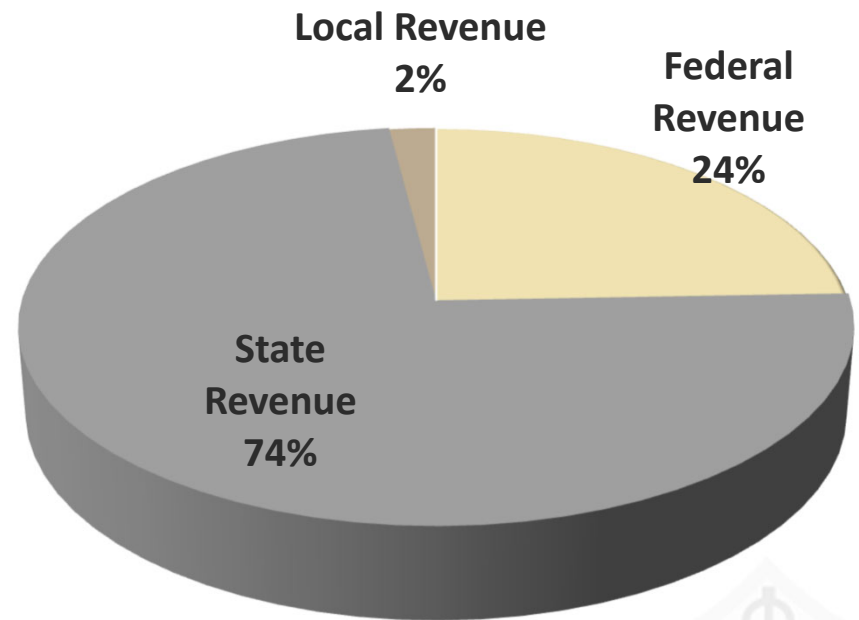
NUTRITION SERVICES REVENUE



2018-2019 Versus 2022-23



\$1.6 M General Fund Contribution



\$0 General Fund Contribution

INCREASE IN MEALS SERVED



Average Daily Meals Per Site

Site	18-19	22-23	Change	% Change
CHS	529	1703	+1174	322%
FHS	624	1619	+995	259%
HHS	516	1725	+1209	334%
LHS	332	1587	+1255	478%
MVHS	552	1728	+1176	313%
Total	2553	8362	+5809	328%



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NUTRITION SERVICES FINANCIAL OUTLOOK

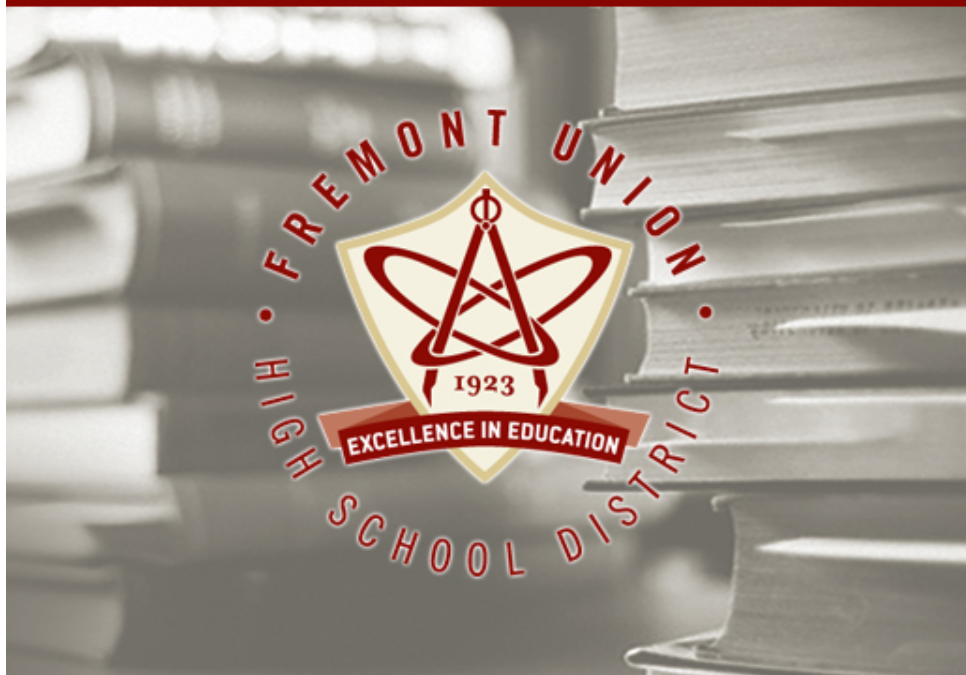


- Nutrition Services will be 100% State and Federally Funded (most likely the first time ever)
- Continued State and Federal funding to support scratch cooking, locally grown foods and supply chain issues
- Continued decline in local revenue
- Fear that reimbursement rates for 2023-24 will be lower than current rate
- Major disruption to financial outlook if State ends Universal Free Meal program



30 23

MULTI-YEAR



PROJECTIONS

2022-2023

TO

2024-2025



MULTI-YEAR REVENUE ASSUMPTIONS



- Property Tax Growth
 - 2022-2023 = 7.41%
 - 2023-2024 = 3%
 - 2024-2025 = 3%
- Parcel Tax = \$5.2M annually
- Guaranteed State Aid = \$1.45M annually
- Mandated Block Grant = \$657K annually
- Prop. 55 = \$2.1M annually
- Lottery Unrestricted = \$1.66M annually
- Due to Charter Schools
 - 2022-2023 = \$1.7M
 - 2023-2024 = \$600K
 - 2024-2025 = \$600K



MULTI-YEAR EXPENDITURE ASSUMPTIONS



Salary Schedules = no change for all groups

Step & Column = 1.5% per year for all groups

Staffing Changes for FEA

- 2022-23 = decrease 10 FTE
- 2023-24 = decrease 24 FTE
- 2024-25 = decrease 13 FTE

Health & Welfare

- FEA = increase 6% annually
- CSEA & FMA = \$1,052.11 monthly cap

Transfers out to Nutrition Services

- 2022-2023 = \$0
- 2023-2024 = \$0
- 2024-2025 = \$1.2M



33 23

MULTI-YEAR REVENUE (in millions)



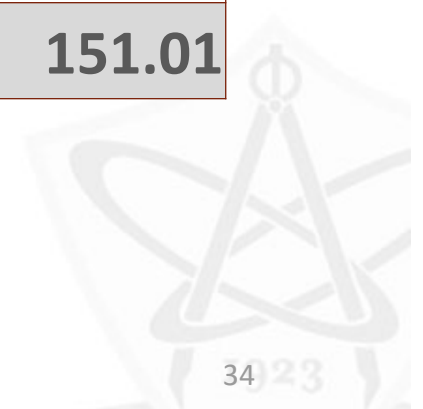
Unrestricted GF	2022-23	2023-24	2024-25
LCFF Revenue [*]	175.79	181.07	186.50
State Revenue ^{**}	2.32	2.32	2.32
Parcel Tax	5.17	5.17	5.17
Other Local ^{***}	0.16	0.16	0.16
Other Fin. Sources	0	0	0
Contribution ^{****}	-35.06	-40.31	-43.13
TOTAL	148.38	148.40	151.01

* Property Taxes, EPA, GSA, Transfers to Def. Maintenance, Charter Schools

** Mandated Cost, Lottery

*** Interest, Fees, Leases

*** SpEd, RRMA



MULTI-YEAR EXPENDITURES (in millions)



Unrestricted GF	2022-23	2023-24	2024-25
Salary + Benefits	120.65	120.68	122.61
Supplies & Other	17.63	19.49	21.22
Other Financing Uses [*]	1.71	1.71	2.89
TOTAL	139.99	141.88	146.72

*Transfer to Self-Insurance (Workers Comp & Dental) & Tech Matching Fund & Nutrition Services (2024-2025 only)



MULTI-YEAR PROJECTIONS (in millions)

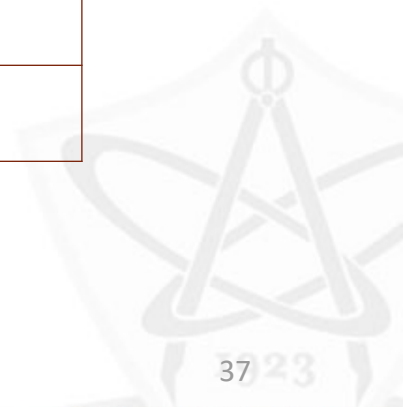


Unrestricted GF	2022-23	2023-24	2024-25
Beginning Fund Balance	26.03	34.42	40.94
Plus Total Revenue & Other Financing Sources	148.38	148.40	151.01
Less Total Expenditures & Other Financing Uses	139.99	141.88	146.72
Less Reserve for Economic Uncertainties	20.63	20.99	21.76
Less Committed/Assigned	1.77	1.77	1.77
Net Shortfall/Surplus	12.02	18.18	21.70

KEY BUDGET DEADLINES 2022-2023



Budget Item	Date
First Interim	December 6, 2022
Calculation of RSP	February 2023
Second Interim	March 14, 2023
Site Budget Allocations	May 2023
Budget/LCAP Public Hearing	June 13, 2023
Adopted Budget Approval	June 15, 2023
Unaudited Actuals	September 15, 2023
Final Audit Report	December 15, 2023



3723

BUDGET CERTIFICATION



CERTIFICATION:

Positive Certification

The District *will* meet its financial obligations for the current fiscal year and subsequent two fiscal years.

