

The background is a dark teal color with various financial symbols and numbers scattered throughout. Symbols include the dollar sign (\$), yen sign (¥), pound sign (£), and euro sign (€). Numbers range from 0 to 9. Some numbers are in a light teal color, while others are in a darker teal. There are also some arrows pointing up and down, suggesting financial trends or data points.

# Rancho Santa Fe School District Second Interim Budget

March 10, 2023

# The State Landscape

- **All Roads lead to Interest Rates – Recession or Weakness**
  - Feds going for a soft landing
- **Newsom dealing with his first budget deficit**
  - May Revise after State Assembly & State Senate
  - Address state shortfall without dipping into reserves
    - Cuts to new Arts & Music Grant (one-third to one-half) - \$373K allocated
    - Staying on course with TK, ELOP, UMP
  - LCFF Cola of 8.13%, including SPED
  - No new 1x funds
  - New – LCFF equity multiplier, Narcan, \$200 HS cultural experience
  - Accountability reform – Strengthen ties with LCAP, CA Dashboard & Statewide System of Support
  - No pension relief – 19.1% for STRS continues, PERS – 22/23 - 25.37%, 23/24 - \$27%, 24/25 – 28.1%
- **New Arts & Music Fund**
  - Newsom’s proposal cuts this new fund by 1/3 to 1/2 to make up the budget deficit
  - Prop 28 – Arts & Music in 23/24 “supplement not supplant” (approximately \$69K)
    - 80% funding to employ certificated or classified employees providing arts education



# The Local Landscape - Property Taxes

- Goal is an accurate conservative projection – SDCOE provides input and direction
  - J29-B November release
  - Appropriation 7 (January) corrections; Second interim rectifies the difference
- Significant increase in 22/23 property taxes due to previous years of record real estate activity in 2021 (recaptured in 22/23)
  - COVID years brought uncertainty, fears and ultra-conservative projections, but never came to fruition
  - Prop 13 insulates the assessment roll from market volatility (2%)
  - Assessor's office proactive in temp COVID related reductions
- Decline in roll “growth” for 23/24, but not a negative roll growth as seen in 09/10
  - Recorded deeds down 35% in 2022
  - Change in ownership down 27% in 2023; expecting an additional decline of 15% in the next two years
  - New construction down 15%
  - Downward trend expected in the medium home prices for the next couple of years
  - Estimating 3% for 23/24, but won't know until January 2024 corrections

# Revenues

Category	Approved Budget	22-23 First Interim	22-23 Second Interim	Difference 1st vs 2nd
LCFF/EPA	\$ 269,463	\$ 269,463	\$ 270,743	\$ 1,280
Property Taxes	\$ 10,639,325	\$ 10,707,978	\$ 11,094,441	\$ 386,463
RSFEF	\$ 1,236,000	\$ 1,236,000	\$ 1,236,000	\$ -
Federal	\$ 524,998	\$ 573,369	\$ 542,910	\$ (30,459)
State	\$ 437,020	\$ 170,858	\$ 219,857	\$ 48,999
STRS on Behalf	\$ 641,271	\$ 653,499	\$ 653,499	\$ -
Local - Other	\$ 206,500	\$ 206,500	\$ 206,500	\$ -
SPED (All)	\$ 679,100	\$ 649,537	\$ 648,895	\$ (642)
<b>Total:</b>	<b>\$ 14,633,677</b>	<b>\$ 14,467,204</b>	<b>\$ 14,872,845</b>	<b>\$ 405,641</b>
<b>Ending Fund Balance Being Used</b>				
LCFF Ending Fund Balance		\$ 9,148	\$ 9,148	
State Ending Fund Balance		\$ 230,618	\$ 176,292	
<b>Total:</b>	<b>\$ 14,633,677</b>	<b>\$ 14,706,970</b>	<b>\$ 15,058,285</b>	
State funds moving to next year			\$ (569,604)	
Federal funds moving to next year			\$ (9,516)	



# Expenses

Category	22-23 Approved Budget	22-23 First Interim	22-23 Second Interim	Difference 1st vs. 2nd
Certificated Staff	\$ 6,155,199	\$ 5,768,885	\$ 5,719,885	\$ (49,000)
Classified Staff	\$ 2,220,334	\$ 2,261,334	\$ 2,261,334	\$ -
Employee Benefits	\$ 3,270,231	\$ 3,270,231	\$ 3,242,626	\$ (27,605)
STRS on Behalf	\$ 641,271	\$ 653,499	\$ 653,499	\$ -
Books & Supplies	\$ 691,750	\$ 811,750	\$ 811,750	\$ -
Services	\$ 1,488,828	\$ 1,641,828	\$ 1,806,231	\$ 164,403
Capital Outlay	\$ -	\$ 114,775	\$ 187,775	\$ 73,000
Debt Service		\$ 18,548	\$ 18,548	\$ -
<b>Total:</b>	<b>\$ 14,467,613</b>	<b>\$ 14,540,850</b>	<b>\$ 14,701,648</b>	<b>\$ 160,798</b>

# Budget Reductions & Additional Expenses

Category	Budget Reductions	Additional Expenses
Certificated Staff	\$ (49,000)	\$ -
Employee Benefits	\$ (27,605)	\$ -
Books & Supplies	\$ (12,808)	\$ 12,808
Services	\$ (22,027)	\$ 186,430
Capital Outlay	\$ -	\$ 73,000
<b>Total:</b>	<b>\$ (111,440)</b>	<b>\$ 272,238</b>
<b>Net Budget Increase:</b>		<b>\$ 160,798</b>



Additional Expenses:	Second Interim	Category
Professional Services	\$ 138,000	services
Middle School Lockers	\$ 50,000	capital outlay
Environmental Program (BCK Programs)	\$ 22,500	services
Security Barrier by CC	\$ 15,000	capital outlay
AB 218 Insurance	\$ 14,930	services
Air Conditioning & Replacements	\$ 11,000	services
Supplies (Radios)	\$ 12,808	supplies
Gym Scoreboards	\$ 8,000	capital outlay
<b>Total Expenses:</b>	<b>\$ 272,238</b>	

# Revenues vs. Expenses

	Proposed	First Interim	Second Interim
New Revenue Consumed	\$ 14,633,677	\$ 14,467,204	\$ 14,872,845
Utilizing Ending Fund Balance		\$ 239,766	\$ 185,440
Less Expenditures	\$ (14,467,613)	\$ (14,540,850)	\$ (14,701,649)
Voluntary Set Asides: Tech \$110K, OPEB \$62,475 & Maintenance \$220K	\$ (392,475)	\$ (392,475)	\$ (392,475)
Less Staff Negotiations	TBD	TBD	TBD
<b>Deficit:</b>	<b>\$ (226,411)</b>	<b>\$ (226,355)</b>	<b>\$ (35,839)</b>

# Multi-Year Projections

	22-23	23-24	24-25
<b>Beginning Balance</b>	\$ 3,332,917	\$ 3,681,261	\$ 2,706,874
<b>Add Revenues</b>	\$ 15,442,449	\$ 14,651,813	\$ 14,885,087
<b>Less Expenditures</b>	\$ (14,701,648)	\$ (15,233,743)	\$ (15,694,238)
<b>Less Set-Asides</b>	\$ (392,457.00)	\$ (392,457.00)	\$ (392,457.00)
<b>Less Staff Negotiations</b>	TBD	TBD	TBD
<b>Ending Fund Balance w Restrictions:</b>	\$ 3,681,261	\$ 2,706,874	\$ 1,505,266
<b>Ending Fund Balance Surplus/Deficit</b>	\$ 348,344	\$ (974,387)	\$ (1,201,608)
<b>Restricted Funds in Ending Balance:</b>	\$ 918,238	\$ 573,976	\$ 252,851
<b>Unassigned Ending Fund Balance:</b>	\$ 2,763,023	\$ 2,132,898	\$ 1,252,415

## Assumptions:

- Step & Column included - no salary increases
- No Health & Welfare increases
- 3% Property Taxes in 23-24 & 2% in 24-25
- Set-Asides included (Note: 22-23 set-asides are not included in the MYP leave behind)



# 1X Fund Balances

1X Fund Balances as of 7/1/23	Amount	Deadline
ESSER Funds	\$ 109,000	6/30/24
Educator Effectiveness	\$130K - \$150K	6/30/26
Arts, Music & Instructional Materials (AMIM)	\$ 373,003	6/30/26
Learning Recovery Grant	\$ 109,884	6/30/28
<b>Total:</b>	<b>\$ 721,887</b>	

← 50% Less?

# Thank You!

Any questions?

