



Folsom Cordova Unified School District

Summary of the Governor's January Budget Proposal 2023-2024

Budget Advisory Committee – January 25, 2023
FCUSD Board Meeting – February 2, 2023



Budget Overview

- Information is from California School Boards Association (CSBA), Schools Services of California (SSC), and Association of California School Administrators (ACSA)
- This information is NOT the actual state budget but the Governor's proposal that will be revised in May with updated economic data, and then will be negotiated with the Legislature to generate the State budget for 2023-2024
- **Governor's Proposal for the 2023-2024 education (Prop 98) budget is projected at \$108.8 billion**
 - \$1.8 billion higher than the 2022-2023 Prop 98 allocation
 - Budget includes minimal new programs and focuses funding on the Local Control Funding Formula (LCFF), Cost of Living Adjustment (COLA), TK Add-on funding, COLA for categorical programs and a new allocation called the LCFF Equity Multiplier
 - The Governor's budget is focused on maintaining programs where possible and a change in the economic forecast could require more difficult decisions at the May Revision



Major Financial Highlights

- **Governor's Proposal for Cost-of-Living Adjustment (COLA) is 8.13%**
 - At 1st Interim Multi-Year Projection for 2023-2024 assumed COLA of 5.38%
 - Increase of 2.75% would be an approximate increase of \$5.9 million for 2023-2024
 - Legislative Analyst's Office (LAO) estimated in its November Fiscal Outlook report a COLA of 8.73%
 - Governor is funding the COLA with one-time monies by taking funding away from an already allocated program
 - The Governor's estimated COLA would also be applied to other education programs funded outside of the LCFF, including Special Education, Child Nutrition, State Preschool, and Mandate Block Grant
 - The Governor's Budget proposes to apply the 8.13% COLA to Special Education, which would increase the per-ADA rate from \$820 in 2022-2023 to \$886.66 in 2023-2024
 - This increase to SPED would be an approximate \$1.2 million in additional revenues for FCUSD



Major Financial Highlights

•LCFF Equity Multiplier

- Governor proposes \$300 million ongoing Proposition 98 funds to establish an Equity Multiplier add-on to the LCFF
- Eligibility will be determined by school sites and funding must be used for services and supports that directly benefit the eligible school
 - Elementary and middle schools serving at least 90% of students and high schools serving at least 85% that are eligible for federal free meals would qualify for the additional funds
- Districts would be required to include its plan for the use of the Equity Multiplier funds in its LCAP
- Cordova Gardens Elementary (91.61%) and White Rock Elementary (90.13%) would potentially be the only sites that qualify for 90% free/reduced price meals and amounts are unknown at this time
 - Funding is not based upon Unduplicated Pupil Percentage (UPP) but free/reduced price meals status so Cordova Villa Elementary (89.53%), Cordova Meadows Elementary (88.22%), and Williamson Elementary (86.64%) would just be under the threshold for 2023-2024



Major Financial Highlights

• **Proposition 28 (2022)**

- The voter-approved Proposition 28 requires the State to provide arts and music funding for schools outside of the Proposition 98 minimum guarantee beginning with the 2023-2024 fiscal year
- Annual Proposition 28 funding is required to be equal to 1% of the K-12 share of the minimum guarantee from the prior fiscal year
- Funding is to be site directed and requires that 85% of expenses go toward personnel costs

• **Arts, Music, and Instructional Materials Discretionary Block Grant Reduction**

- The 2022-2023 Enacted Budget included a one-time investment of \$3.5 billion for the Arts, Music, and Instructional Materials Discretionary Block Grant. However, given the obligation to fund Proposition 28 and the need for one-time funds to cover the costs of the LCFF in 2022-2023 and 2023-2024, the Governor proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant by \$1.2 billion. This reduction would take this one-time investment from approximately \$3.5 billion down to approximately \$2.3 billion in the current year.
- This one-time funding was projected to be \$12.5 million for FCUSD and with the proposed cut of approximately 35% it may be closer to \$8 million



Additional Factors for 2023-2024

• Attendance and Enrollment Projections

- Average Daily Attendance (ADA) at 1st interim was projected to be 19,185.94; however, at the first reporting period (P-1), ADA was calculated to be 19,082.67
 - This 100 ADA decrease is projected to have a negative financial impact of approximately \$400k for 2023-2024
- Attendance to CalPads (CBEDS) is averaging 93% which is significantly lower than the historical average of 95.5%
- Projections for the future years in the multi-year calculations will need to be based upon conservative assumptions until attendance rates rebound to pre-COVID-19 levels

• Retirement Systems

- Based on current assumptions, CalPERS employer contributions would increase from 25.37% to 27.0% in 2023-2024, while CalSTRS employer contribution rates remain the same from prior year at 19.10%.
 - At 1st interim the PERS rate for 2023-2024 was projected at 25.20% and so an increase to 27.0% would be an additional cost in 2023-2024 of \$400k.

• Minimum Wage

- Minimum wage is projected to increase to \$16.00/hour in January 2024

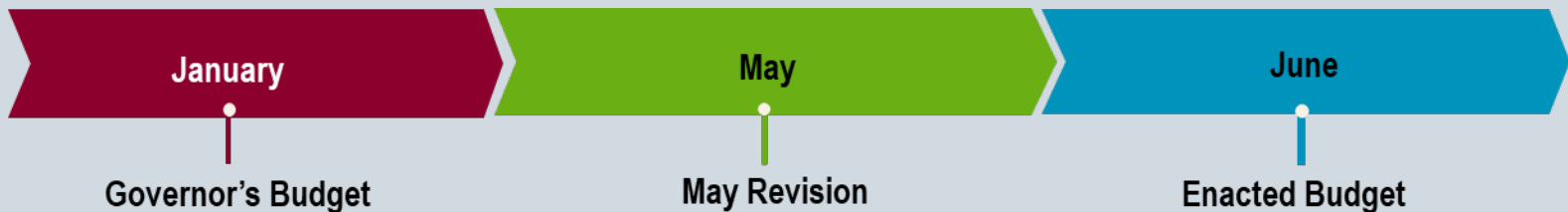
• Overall Economic Health

- Persistent inflation, rising interest rates, lingering supply chain issues and the 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



Budgetary Next Steps

- Fiscal staff along with Human Resources and Educational Services are meeting with all school sites to begin building the budget for 2023-2024 that will be presented in June
- Fiscal staff is also updating the 2022-2023 budget for 2nd interim which will be presented to the Board in March
 - This updated budget will include a revised multi-year projection for 2023-2024 and 2024-2025 which will include all the new information and assumptions noted in this presentation
- The Governor's next budget update will be in May which will direct the discussions that will occur between the legislature and Governor for a June budget approval





Next Steps Timeline

January – April 2023	<ul style="list-style-type: none">• Budget Advisory Committee Meetings – 1/25, 2/22, 3/29, 4/27• LCAP Stakeholder Forums
February 2023	<ul style="list-style-type: none">• LCAP DATA Walk – 2/4, 2/7, 2/8, 2/9, 2/22, 2/27
March 2023	<ul style="list-style-type: none">• Second Interim Budget
May 2023	<ul style="list-style-type: none">• Governor’s May Revise• LCAP Draft
June 2023	<ul style="list-style-type: none">• Adopt 2023-2024 Budget• Adopt 2023-2024 LCAP



Questions?
