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# SARATOGA UNION SCHOOL DISTRICT 2023-24 ADOPTED BUDGET PRESENTATION

JUNE 12, 2023

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**ECONOMIC REVIEW  
&  
STATE BUDGET**

# GOVERNOR NEWSOM'S MAY REVISION HIGHLIGHTS

The May Revision proposed new reductions amid state revenue shortfalls up to \$31.5 billion. The Governor's May Revision proposal with some added items and focuses on an education spending plan which includes:

- Proposition 98 has been reduced in 2022-23 and 2023-24 from the January proposal estimates and is now \$106.8 billion with 8.22% Cost of Living Adjustment (COLA)
- Reductions to Arts, Music, and Instructional Materials Block Grant and Learning Recovery Emergency Block Grant
- 8.22% COLA for some state categorical programs (Special Education, Mandate Block Grant and Child Nutrition)
- Increased funding for State Special Education funding will raise per Average Daily Attendance (ADA) rate from \$820 to \$887.40
- Continues to fund Universal meals and Expanded Learning Opportunity Programs
- Universal TK – moves 5<sup>th</sup> birthday qualification from Dec 2<sup>nd</sup> to April 2<sup>nd</sup> (no additional ongoing funding for Basic Aid districts)

**Revenues have continued to decline below state estimates. Delay of tax filing deadline to October 2023 has a direct impact on state revenues. Governor's May Revision reflects these changes.**

# Arts, Music, and Instructional Materials Discretionary Block Grant

- The Governor’s Budget proposed a \$1.2 billion reduction in the \$3.5 billion one-time funding provided in the 2022-23 Enacted Budget package
- The May Revision proposal would increase the reduction to \$1.78 billion—sweeping the remaining unallocated portion of the grant



### Allocation

Funds were allocated per ADA based on 2021-22 P-2\*

\*Second Principal Apportionment



### Distribution

50% of the original \$3.5 billion allocation was distributed in December 2022



### Spending Deadline

Funds must be spent by June 30, 2026

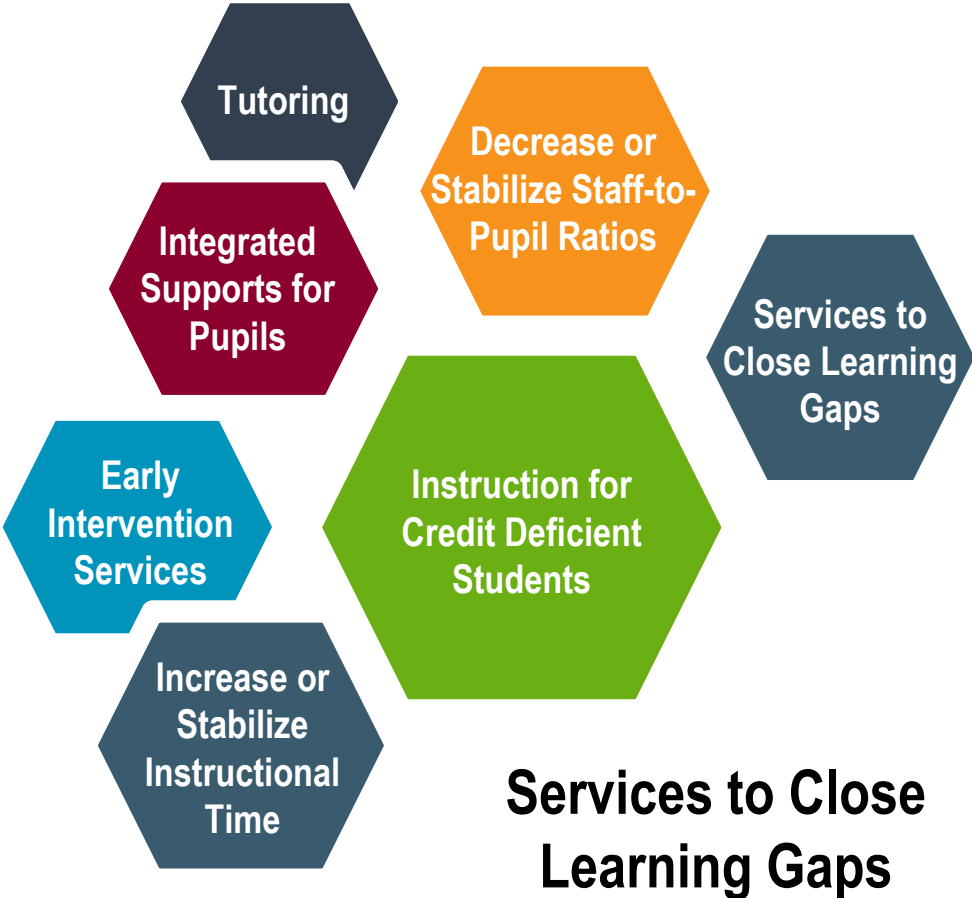


### Plan

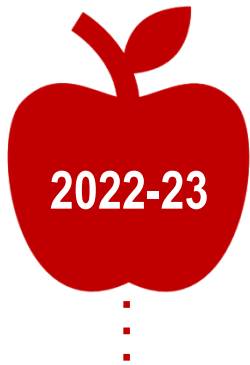
Local plans must be discussed and approved during a regularly scheduled board meeting

# Learning Recovery Emergency Block Grant—Proposed Funding Reduction

- The May Revision proposes to reduce this funding by \$2.5 billion from \$7.9 billion to \$5.4 billion, a decrease of 32%
- One-time investment intended to fund initiatives that support academic learning recovery, and social and emotional well-being
- The California Department of Education (CDE) has allocated the 2022-23 Enacted Budget appropriation fully
- The CDE may reduce future principal apportionments to accommodate this reduction

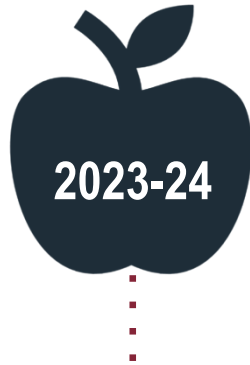


# UNIVERSAL TRANSITIONAL KINDERGARTEN



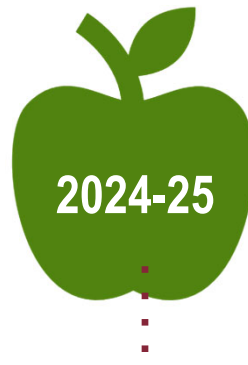
2022-23

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and February 2; inclusive



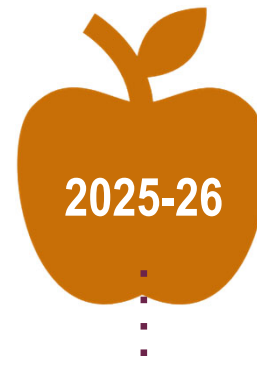
2023-24

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and April 2; inclusive



2024-25

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and June 2; inclusive



2025-26

Offer TK to four-year-olds whose fourth birthday occurs by September 1; inclusive

- LEAs may accelerate Universal TK by enrolling four-year-olds whose fifth birthdays occur after the annual age eligibility window
- But law prohibits LEAs from enrolling in TK any child whose fifth birthday occurs after June 30

# UNIVERSAL TK – STAFFING REQUIREMENTS

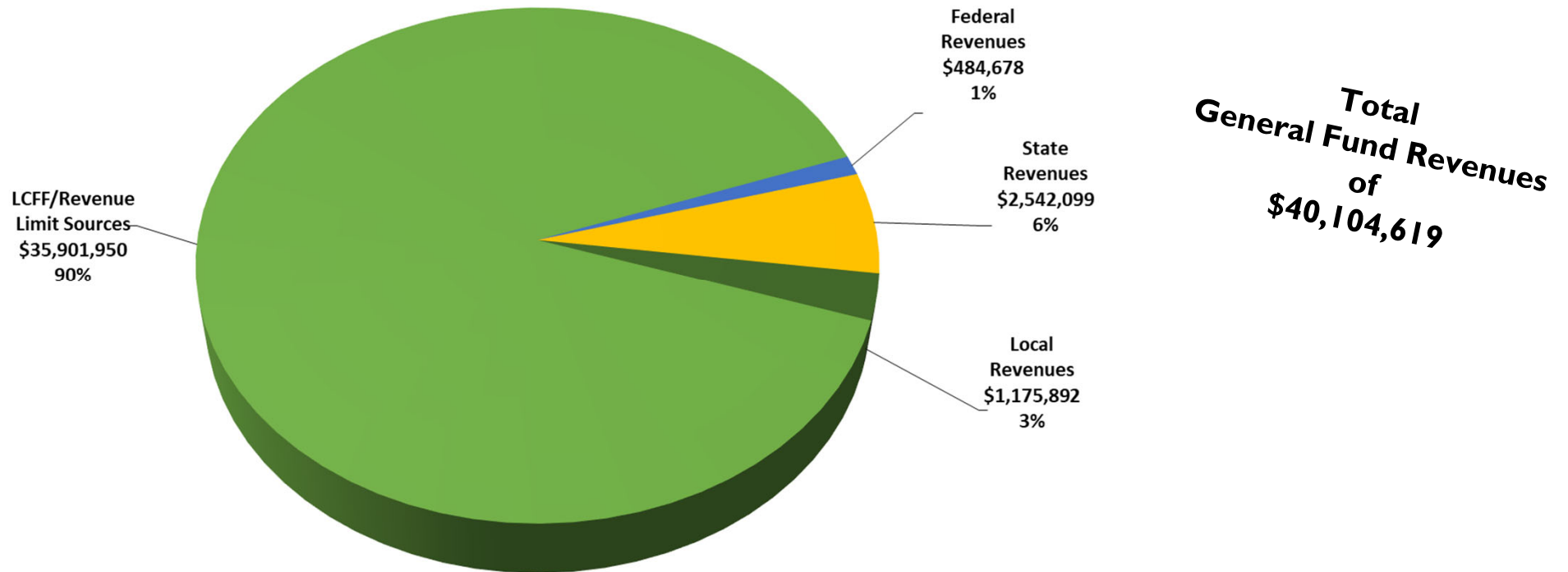
- No additional funding for Basic Aid Districts
- Staffing Requirements:
  - A credentialed teacher and one adult can serve no more than 24 students per TK classroom (24:2) or 12:1 student/adult
  - Reduction to 10:1 must be funded by the state before required
  - TK considered an extension of kindergarten
  - 2023-24 Adopted Budget includes expansion of additional class so now all three elementary schools will have a TK class



**SUSD 2023-24 ADOPTED BUDGET  
GENERAL FUND REVENUE REVIEW**



# 2023-24 GENERAL FUND REVENUES

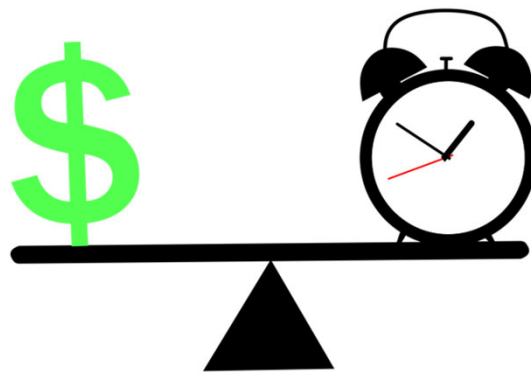


## SUSD REVENUE FUNDING FACTORS - ESTIMATES

- **Property Tax** – Estimated increase of 4% for a total of \$33,875,520 (net of Deferred Maintenance transfer of \$2 million).
- **COLA** – 8.22% for 2023-24 applied to some categorical programs – *will not apply to Basic Aid districts – only receive minimum guarantee of \$324,666.*
- **Education Protection Act** – General purpose state aid funding of \$321,266 pursuant to Section 36 of Article XIII of the California Constitution. Must be spent on teacher salaries and approved by resolution in tonight's board meeting.
- **Unduplicated Students – Supplemental Services**
  - Required set aside of local property taxes of \$310,004 to address academic support for low income free and reduced meal eligible students, foster youth, homeless and English learners. Adopted Budget and LCAP identifies expenditures of \$449,753 exceeding required amount.
- **Special Education** – COLA and one-time adjustments will increase AB602 state Special Education funding from \$820 per ADA to \$887.40 per ADA offsetting some of the increase in the anticipated contribution to the Special Education program.

## REMAINING ONE-TIME FUNDS FOR SUSD

- **Learning Recovery Grant** – \$327K will be used to fund MATH TOSA for 2023-24 and a portion of 2024-25. If reduction materializes, impact will be to 2024-25 budget.
- **MTSS Grant** – Remaining grant of \$265K will be spread out over the 2023-24 and two subsequent fiscal years.



## NEW FUNDS IN 2023-24 *NOT* INCLUDED IN ADOPTED BUDGET

### **Proposition 28 – Arts & Music in Schools**

- Allocation and guidance has not yet been provided by the State. Dependent on final Proposition 98 amount for 2022-23, which will not be finalized until next spring.
- Still a lot of details to be outlined and communicated to school districts regarding supplement not supplant, allocation amount, plan development, pooling of resources, audit guidance, etc.
- Will be included in the budget once details are known and plans are developed.

# Proposition 28 Requirements

**\$933 million in 2023-24 for Arts Education Programs**

**Estimate for Proposition 28 is reduced slightly from the Governor's Budget**

**Expenditure plan is required for each school site or preschool program**

**LEAs must certify Proposition 28 funds will:**

- **Supplement, not supplant, existing funds**
- **Be used for arts education, including a requirement to expend at least 80% of funds to employ staff for arts education instruction\***

**LEAs must also:**

- **Certify they adhered to the 1% administrative expenses limit**
- **Submit and post an annual board-approved report detailing use of Proposition 28 funds**

**Proposition 28 requirements are subject to the annual audit beginning in 2023-24**

**\*LEAs with less than 500 students are exempt from this requirement. The CDE may provide a waiver for "good cause shown" upon written request by the LEA**

# Proposition 28 Implementation Considerations—Operational Advice

A cautious approach to planning is the most prudent action



The level of funding is not yet known

- Funding levels are dependent on the prior year Proposition 98, which has already declined for the May Revision



Expenditure plans do not have a statutory deadline



Key provisions still need clarity

- Statutory changes to facilitate state level implementation are anticipated
- Additional guidance from the CDE is also needed



LEAs have three years to expend funds



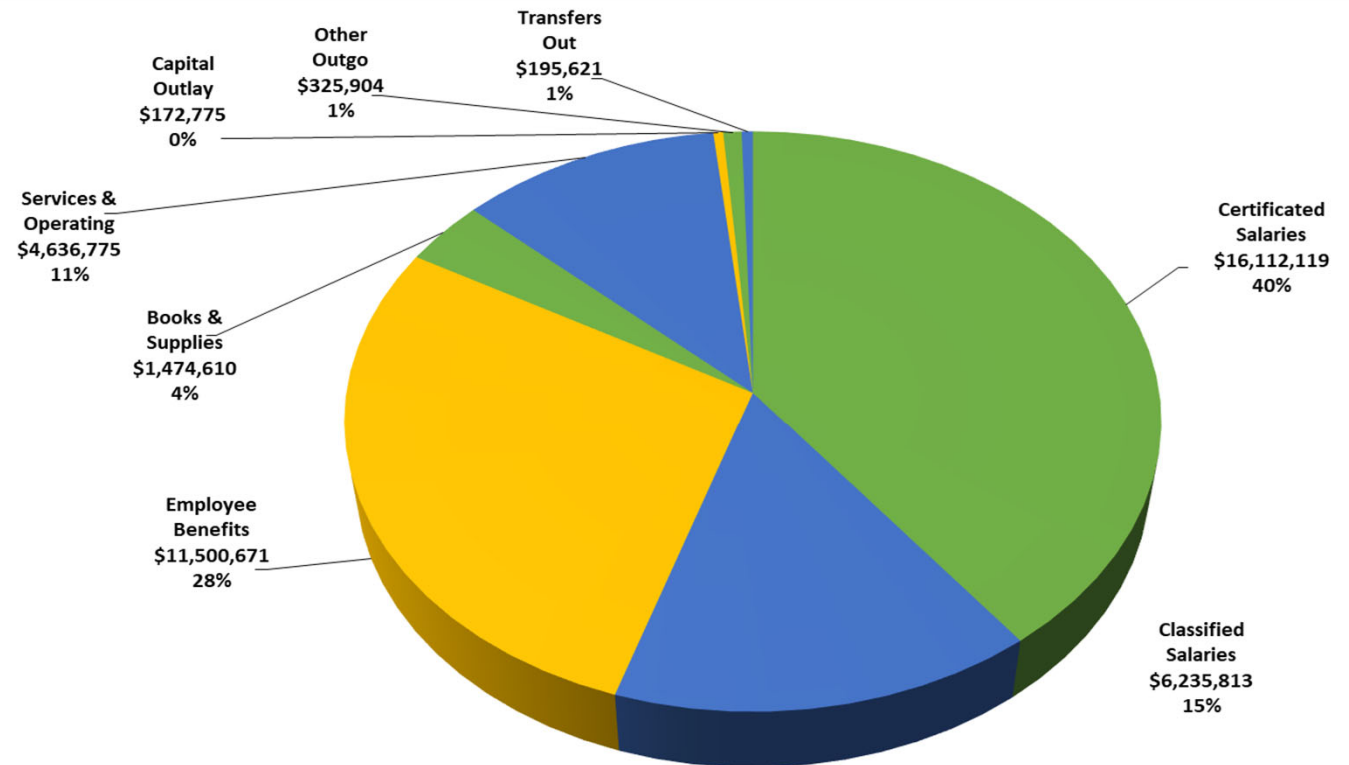


**SUSD 2023-24 ADOPTED BUDGET  
GENERAL FUND EXPENDITURE REVIEW**

# 2023-24 GENERAL FUND EXPENDITURES

*Total General Fund Expenditures of \$40,654,288*

*83% dedicated to staffing throughout the district*



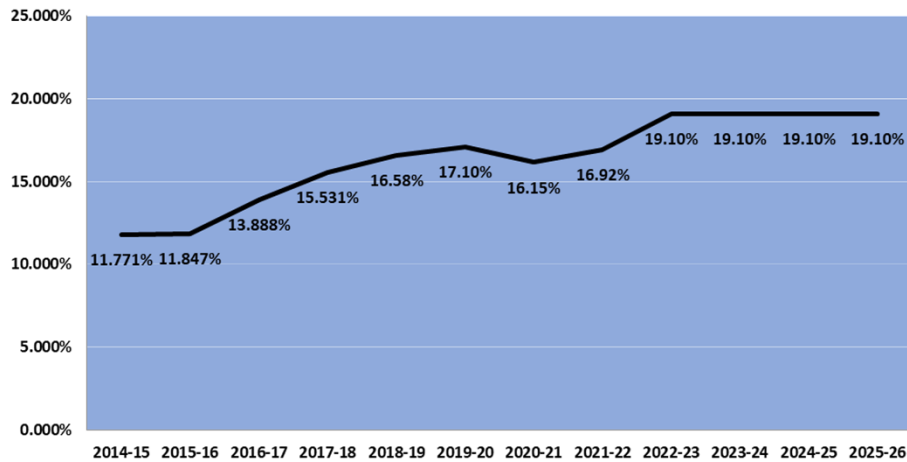


## EXPENDITURE FACTORS - ESTIMATES

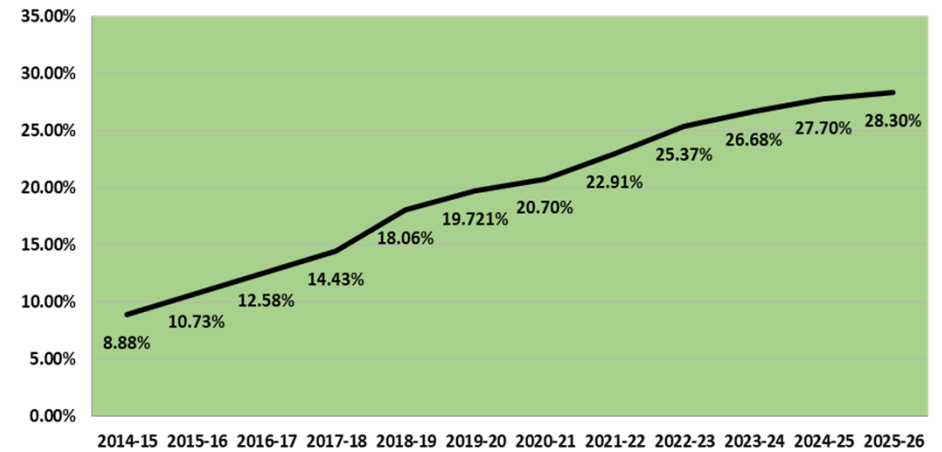
- Step and Column 1.5% (average of \$444K per year)
- Negotiated Salary increase of:
  - 7.5% for 2023-24
  - 7.5% for 2024-25
  - 0% for 2025-26 (*not yet negotiated*)
- Health Benefits – 5.8% increase for 2023-24 and estimating 10% increases in each subsequent year
- Classified positions decreasing slightly due to changes in aides in Special Education, child development and a reduction in temporary classrooms aides
- Utility and insurance estimated increase of 10% over prior year
- General fund absorption of a portion of Rhythm and Moves Elementary PE and Music of \$57K from SEF
- Technology Replacement Budget of \$336,000 and Operating Budget of \$1,123,560 totaling \$1.46 million

# STRS & PERS EMPLOYER RATES INCREASE

### STRS Employer Rates



### PERS Employer Rates



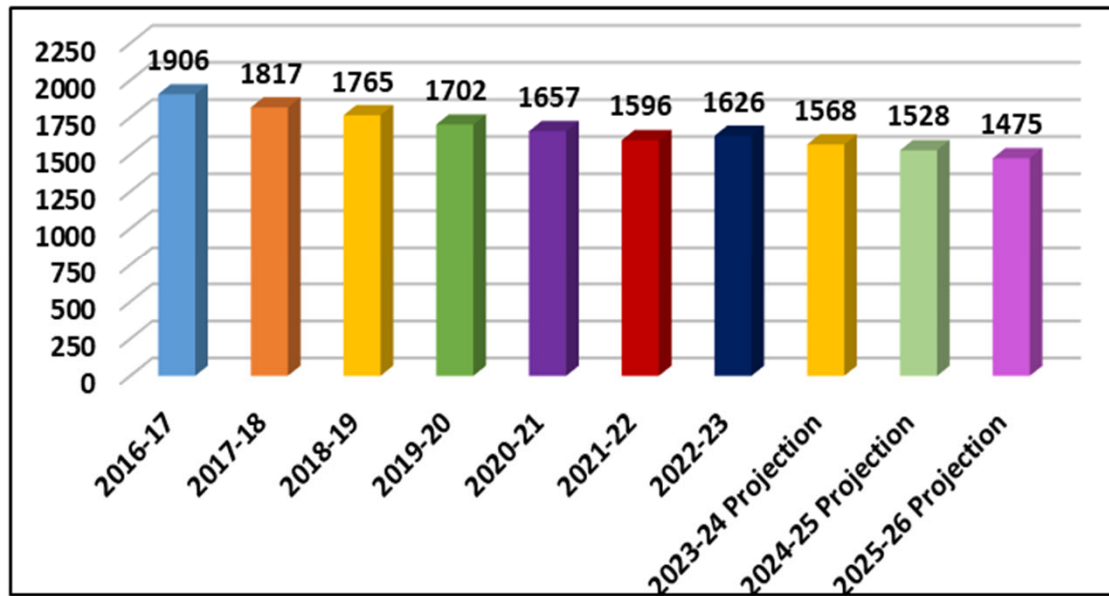
STRS reached current statutory cap of 19.10% in 2022-23.

PERS will increase in 2023-24 and continues small increases in two subsequent fiscal years.

*No help with increased costs proposed in May Revise*

# ENROLLMENT HISTORY & PROJECTIONS


## 10 Enrollment Trends & Projections



Continuing to decline as higher classes move through and lower classes enroll at the elementary levels. Last of the higher enrollments are 5th-8th grades in 2023-24.

Decline of 17.73% over last years from 2016-17 actuals to 2023-24 projection. Will report actual 2023-24 at First Interim in December 2023.

Actual decline of 14.69% from 2017-18 actuals to 2022-23 actuals



# **MULTI YEAR GENERAL FUND PROJECTIONS**

# MULTI-YEAR PLANNING FACTORS

	2023-24	2024-25	2025-26
<b>Projected Enrollment</b>	<b>1,568</b>	<b>1,528</b>	<b>1,475</b>
<b>Property Taxes</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
<b>Parcel Taxes</b>	<b>\$475,000</b>	<b>\$475,000</b>	<b>\$475,000</b>
<b>Unduplicated Count Students % (152 Students)</b>	<b>9.46%</b>	<b>14.17%</b>	<b>14.87%</b>
<b>Supplemental Services Set Aside for Unduplicated Students</b>	<b>\$310,004</b>	<b>\$467,667</b>	<b>\$499,002</b>
<b>STRS Employer Rates</b>	<b>19.10%</b>	<b>19.10%</b>	<b>19.10%</b>
<b>PERS Employer Rates</b>	<b>26.68%</b>	<b>27.70%</b>	<b>28.30%</b>
<b>General Fund Contributions to Restricted Programs</b>	<b>\$6,603,458</b>	<b>\$7,368,083</b>	<b>\$7,590,691</b>
<b>Certificated FTE's</b>	<b>105.10</b>	<b>105.10</b>	<b>105.10</b>
<b>Classified FTE's</b>	<b>80.9</b>	<b>80.9</b>	<b>80.9</b>
<b>Management &amp; Confidential FTE's</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Step &amp; Column Increases</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>
<b>Health Benefit Increases</b>	<b>5.8%</b>	<b>10%</b>	<b>10%</b>
<b>Negotiated Salary Increase All Employees</b>	<b>7.5%</b>	<b>7.5%</b>	<b>Not yet negotiated</b>
<b>Utility Rate Increases</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>

## GENERAL FUND – MULTIYEAR PROJECTIONS

	2023-24	2024-25	2025-26
<b>General Fund Revenues</b>	<b>\$40,104,619</b>	<b>\$41,455,048</b>	<b>\$42,864,397</b>
<b>General Fund Expenditures &amp; Transfers Out</b>	<b>\$40,654,288</b>	<b>\$43,971,979</b>	<b>\$44,749,839</b>
<b>Net Increase/(Decrease)</b>	<b>(\$549,669)</b>	<b>(\$2,516,931)</b>	<b>(\$1,885,442)</b>
<b>General Fund Beginning Fund Balance</b>	<b>\$9,615,089</b>	<b>\$9,065,420</b>	<b>\$6,548,489</b>
<b>General Fund Ending Fund Balance</b>	<b>\$9,065,420</b>	<b>\$6,548,489</b>	<b>\$4,663,048</b>
<b>General Fund Available Reserves: (Reserve for Economic Uncertainties Object 9789 + Un-assigned/Unappropriated 9790</b>	<b>\$7,064,280</b>	<b>\$5,383,099</b>	<b>\$3,777,412</b>
<b>Fund 17 – Basic Aid Special Reserve Fund Ending Balance</b>	<b>\$5,777,470</b>	<b>\$6,098,143</b>	<b>\$6,595,797</b>
<b>Total Available Reserves Funds &amp; % (Fund 01 &amp; Fund 17)</b>	<b>\$12,841,750 31.59%</b>	<b>\$11,481,242 26.11%</b>	<b>\$10,373,209 23.18%</b>



# **A LOOK AT ALL OTHER SUSD FUNDS**

## 2023-24 OTHER FUNDS SUMMARY

<b>Fund</b>	<b>Beginning Balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Ending Balance</b>
<b>Student Body Funds</b>	<b>\$9,040</b>	<b>\$1,300</b>	<b>(\$2,145)</b>	<b>\$8,195</b>
<b>Cafeteria Fund 13</b>	<b>\$321,048</b>	<b>\$1,064,802</b>	<b>(\$1,121,720)</b>	<b>\$264,130</b>
<b>Deferred Maintenance Fund 14</b>	<b>\$1,460,740</b>	<b>\$2,050,000</b>	<b>(\$857,140)</b>	<b>\$2,653,600</b>
<b>Basic Aid Reserve Fund 17</b>	<b>\$5,593,134</b>	<b>\$214,336</b>	<b>\$-</b>	<b>\$5,777,470</b>
<b>Post Employment Benefit Fund 20</b>	<b>\$487,506</b>	<b>\$5,000</b>	<b>\$-</b>	<b>\$492,506</b>
<b>Building Fund 21</b>	<b>\$2,080,049</b>	<b>\$15,000</b>	<b>\$-</b>	<b>\$2,095,049</b>
<b>Capital Facilities Fund 25</b>	<b>\$3,640,775</b>	<b>\$67,000</b>	<b>(\$4,000)</b>	<b>\$3,703,775</b>
<b>County School Facilities Fund 35</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Bond Interest Redemption Fund 51</b>	<b>\$7,848,239</b>	<b>\$7,534,519</b>	<b>(\$7,321,501)</b>	<b>\$8,061,257</b>
<b>Enterprise Fund (Treehouse) 63</b>	<b>\$651,069</b>	<b>\$1,343,285</b>	<b>(\$1,036,617)</b>	<b>\$957,737</b>



## NEXT STEPS.....

- **State Legislature will approve their budget proposal by June 15<sup>th</sup> and then negotiate with the Governor for a final version to be signed by the end of June. SUSD will adjust budget for any significant changes at the 2023-24 First Interim budget.**
- **This budget will be brought back to the SUSD Governing Board for approval on June 15<sup>th</sup>.**
- **Business Office will forward budget documents to Santa Clara County Office of Education for their review by required deadline of June 30<sup>th</sup>.**

ANY  
QUESTIONS

