

SARATOGA UNION SCHOOL DISTRICT 2022-23 ADOPTED BUDGET PRESENTATION

JUNE 21, 2022

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ECONOMIC REVIEW

- International – Russia/Ukraine conflict has increased costs for fuel, goods and food.
- Nationally – Historic rise in Inflation rates (higher than last 30 years) at 8.3% in April 2022 due to demand and supply imbalances, GDP resumes pre-pandemic trends by third quarter of 2022, federal interest rates will rise to combat inflation by up to 2.1% by 2024
- California – Employment levels continue to increase, cash reserves keep climbing, Prop 98 minimum guarantee reaches new heights at \$110.3 billion in 2022-23.
- SUSD – End of COVID-19 stimulus funds (most funds fully spent), continued decline in enrollment (50-100 students), increased cost pressures will outweigh growth in property taxes

GOVERNOR NEWSOM'S MAY REVISION HIGHLIGHTS

The May Revision looks very similar to the Governor's January proposal with some added items and focuses on a \$300.7 billion spending plan which includes:

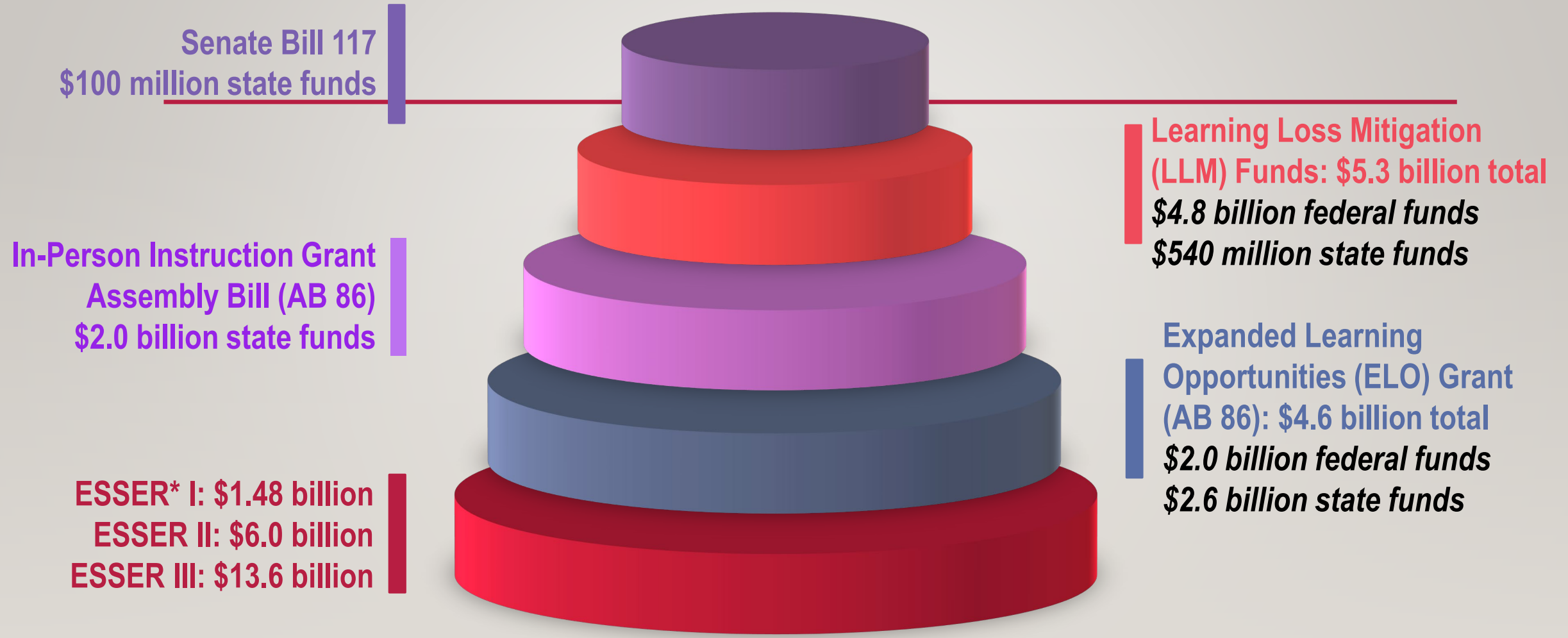
- Local Control Funding Formula has been increased by 6.56% COLA of (does not impact Basic Aid Districts) and provides \$6.1 billion in new LCFF funds including an increase in the LCFF base grants
- Governor makes required deposit into Public School Stabilization Account and will reach statutory limit of 10% of K-12 education budget
- No help from state for increasing PERS/STRS Rates
- Funds Universal meals Program (still a lower rate than 2021-22)
- Increased funding for State Special Education funding (\$715 per ADA to \$820 per ADA)
- Implementation of Universal TK – moves 5th birthday qualification from Dec 2nd to Feb 2nd (no additional ongoing funding for Basic Aid districts)
- Funds Expanded Learning Opportunity Program (required to implement)
- **New \$8 billion one-time discretionary funds**
- **New \$1.7 billion in one-time Prop 98 funds for deferred maintenance**

Revenues are extraordinarily high at the state and the Governor is guarding California against an economic collapse even though investments in K-12 education are increasing. Warning signs are indicating a 30% chance of a recession so caution ahead is the best path!



COVID-19 ONE-TIME FUNDS

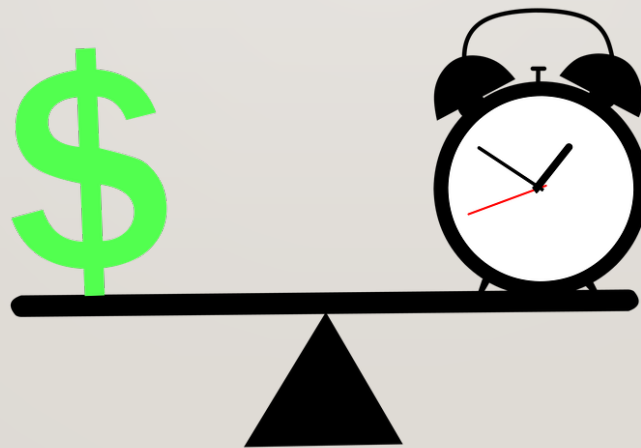
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*Elementary and Secondary School Emergency Relief

REMAINING ONE-TIME FUNDS FOR SUSD

- **Expanded Learning Opportunity Grant** – will fund summer school & Jumpstart for 2022 and must be fully expended by September 30, 2024
- **Educator Effectiveness Grant** – Funding Math TOSA for one year and must be fully expended by June 30, 2026



NEW FUNDS IN 2022-23

- **TK Implementation Grant** - \$106K – partially spent in 2021-22 for TK furniture for three classrooms and the remainder will be allocated to costs of providing full time classroom aides and must be spent by June 30, 2026
- **Universal Meals Program** – State will fund difference between reduced and/or paid meals up to the federal free USDA reimbursement rate of \$4 per meal. Will be lower than 2021-22 due to loss of federal waivers that allowed breakfast to be served to afterschool child care program as snacks which averaged 174 meals per day
- **Expanded Learning Opportunity Program (ELOP)** - \$4.8 billion in ongoing funds – Governor has proposed a significant increase in funding over the amount received in 2021-22 to \$2,500 per classroom based ADA in grades TK-6 times UPP % (prior year ADA and UPP)

UNIVERSAL TRANSITIONAL KINDERGARTEN

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2022-23



2023-24



2024-25



2025-26

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

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

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

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)
 - TK considered an extension of kindergarten
 - Additional requirements must be met by Aug 1, 2023 if credentialed teachers are first assigned to a TK classroom after July 1, 2015. All prior credentialed staff are grandfathered
 - TK Certification – 24 unites in early childhood education or child development, or both. Also professional experience with preschool age children and Child Development Permit issued by CTC.

CHILD NUTRITION

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\$596 million (on top of \$54 million provided in the 2021 Budget Act) to fund universal access to subsidized school meals

Governor's Budget

May Revision

\$45 million one-time to support the implementation of the California Healthy School Meals Pathway Program, which supports workforce readiness for school food service workers

Beginning in 2022-23, all LEAs are required to provide two free meals per day to any student who requests a meal

\$611.8 million ongoing to maintain meal reimbursement rates so LEAs can continue to offer students high-quality, more diverse subsidized school meals

May Revision

May Revision

If the federal government extends the meal reimbursement rates which are scheduled to expire on June 30, 2022, any unused funding for rate increases will go towards kitchen infrastructure grants

2022-23 INDEPENDENT STUDY—GOVERNOR’S BUDGET

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- The current mandate to offer independent study is proposed to expire at the end of the current school year

- As a reminder, the Governor’s Budget included the following proposed changes to independent study programs:



Exclusion of specified independent study ADA from continuation high school, opportunity school, and opportunity program cap



Changes to tiered reengagement triggers and requirements



Amendments to “teacher of record” requirements for synchronous instruction



Inclusion of synchronous instruction in instructional time and ADA calculations



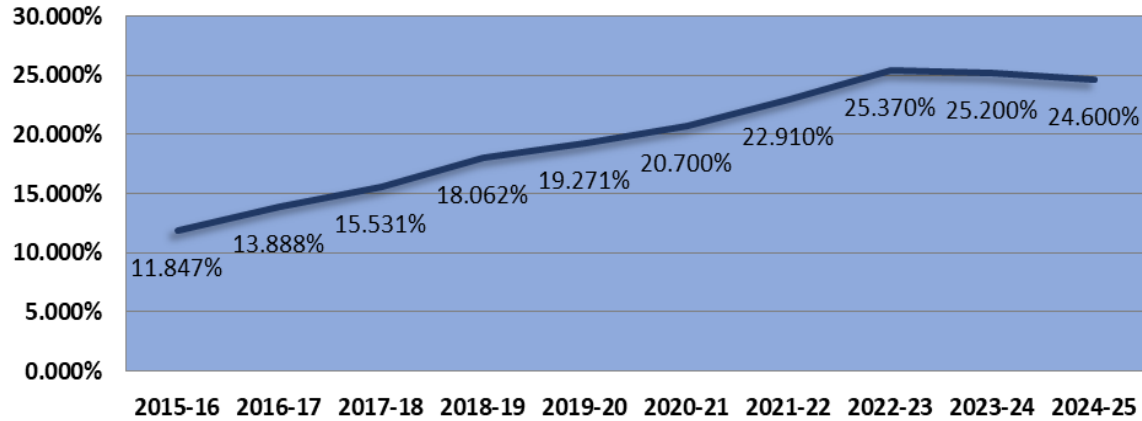
Changes to written agreement signature requirements



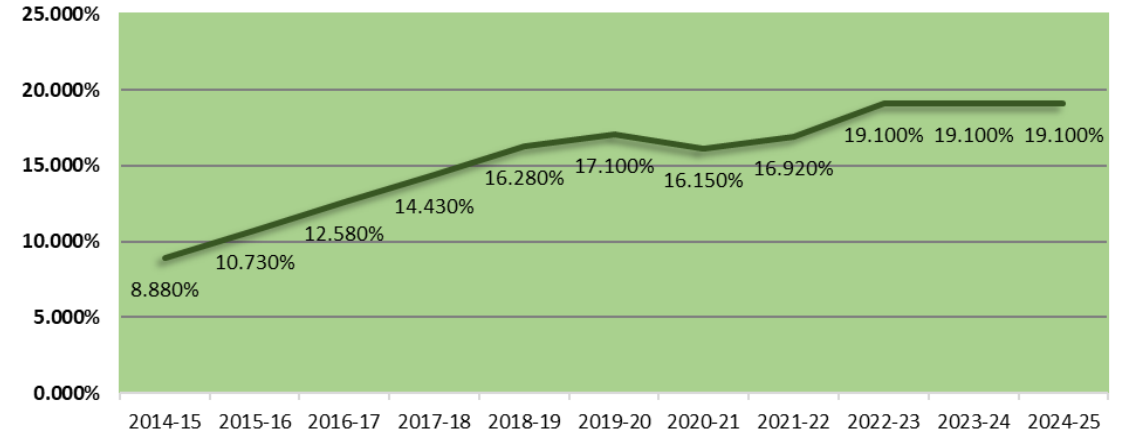
Striking one of the “educational opportunities” that can be offered through traditional independent study

STRS & PERS EMPLOYER RATES INCREASE

PERS Employer Rates



STRS Employer Rates

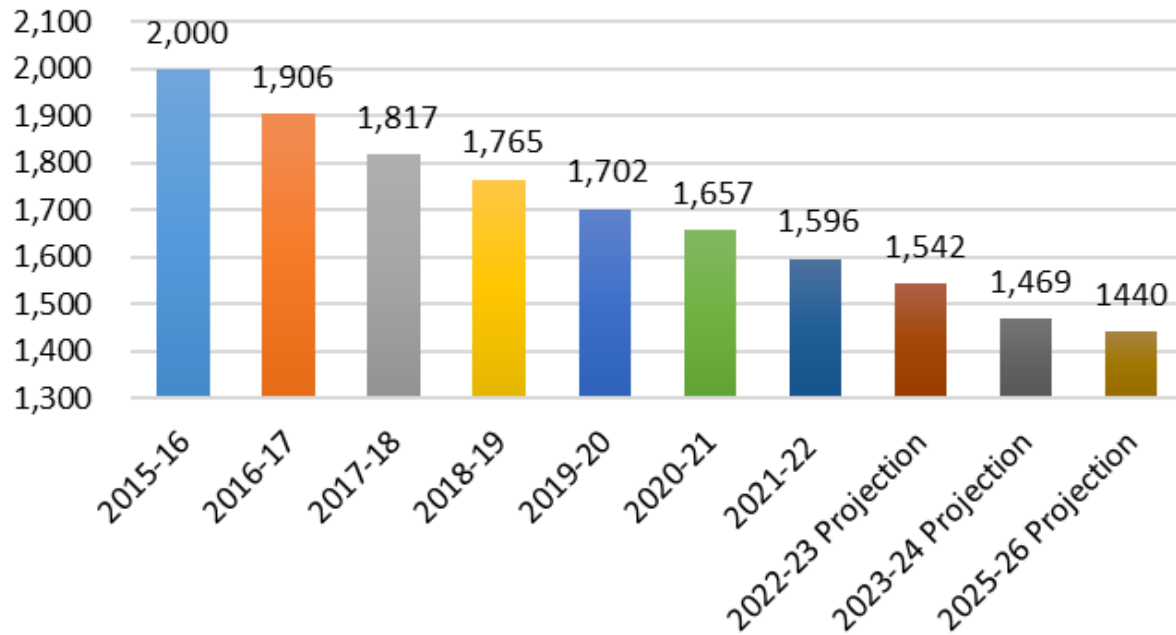


STRS will reach current statutory cap of 19.10% in 2022-23. PERS will increase in 2022-23, but is projected to decline slightly in the out year.

No help with increased costs proposed in May Revise

ENROLLMENT HISTORY & PROJECTIONS

10 Year Enrollment Trends & Projections



Continuing to decline as higher classes graduate out and lower classes enroll at the elementary levels.

Will differ slightly from current projection updates provided by the district as this reflects CBEDS (October) enrollment year over year

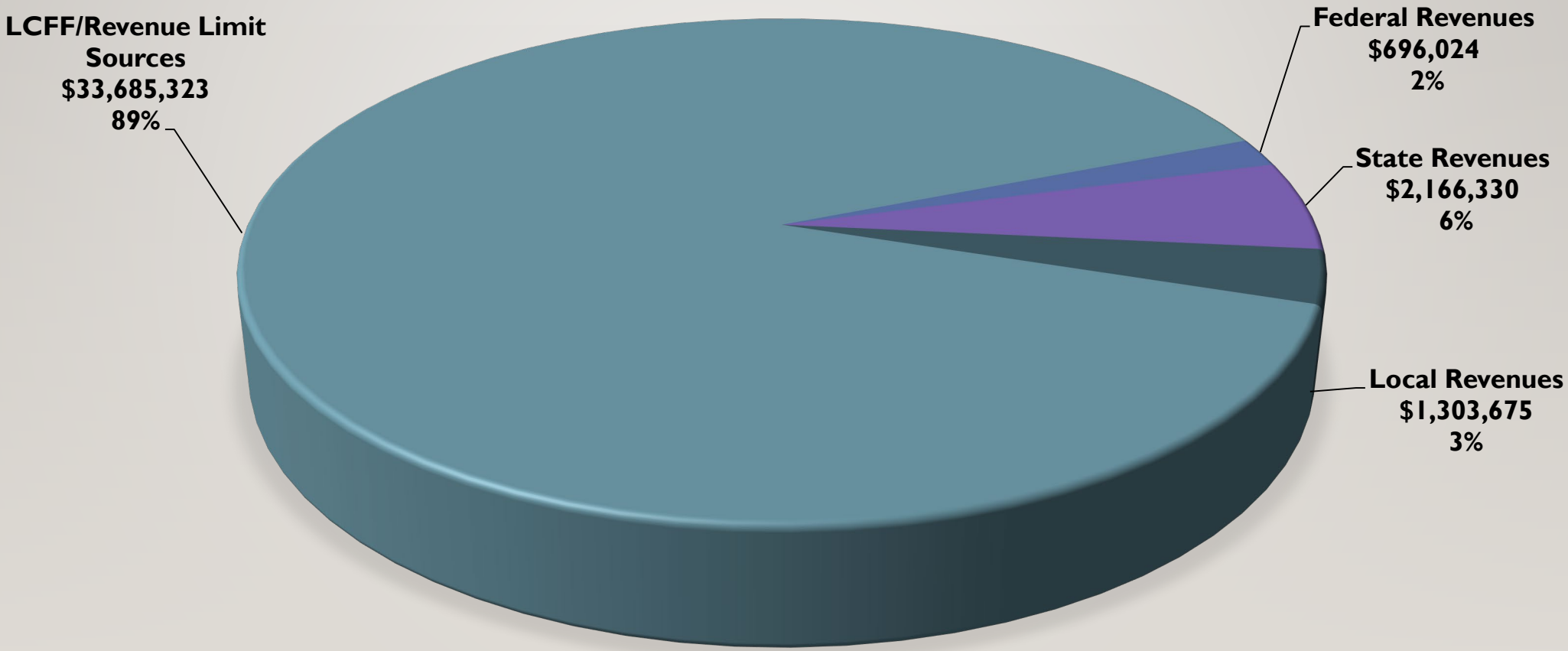
Decline of 22.9% over last 7 years from 2015-16 actuals to 2022-23 projection

Actual decline of 20.2% from 2015-16 actuals to 2021-22 actuals

REVENUE FUNDING FACTORS - ESTIMATES

- **Property Tax** – Estimated increase of 3% for a total of \$31,879,010 (net of Deferred Maintenance transfer)
- **COLA** – 6.56% for 2022-23 applied to some categorical programs – ***will not apply to Basic Aid districts – only receive minimum guarantee of \$324,666***
- **Education Protection Act** – Required set aside of property tax revenues for unduplicated students of \$327,927 address in the Local Control Accountability Plan (LCAP)
- **Unduplicated Students – Supplemental Services**
 - Required set aside of local property taxes of \$271,594 to address academic support for low income free and reduced meal eligible students, foster youth, homeless and English learners
- **Special Education** – COLA and one-time adjustments will increase AB602 state Special Education funding from \$715 per ADA to \$820 per ADA offsetting some of the increase in the anticipated contribution to the Special Education program

2022-23 GENERAL FUND REVENUES

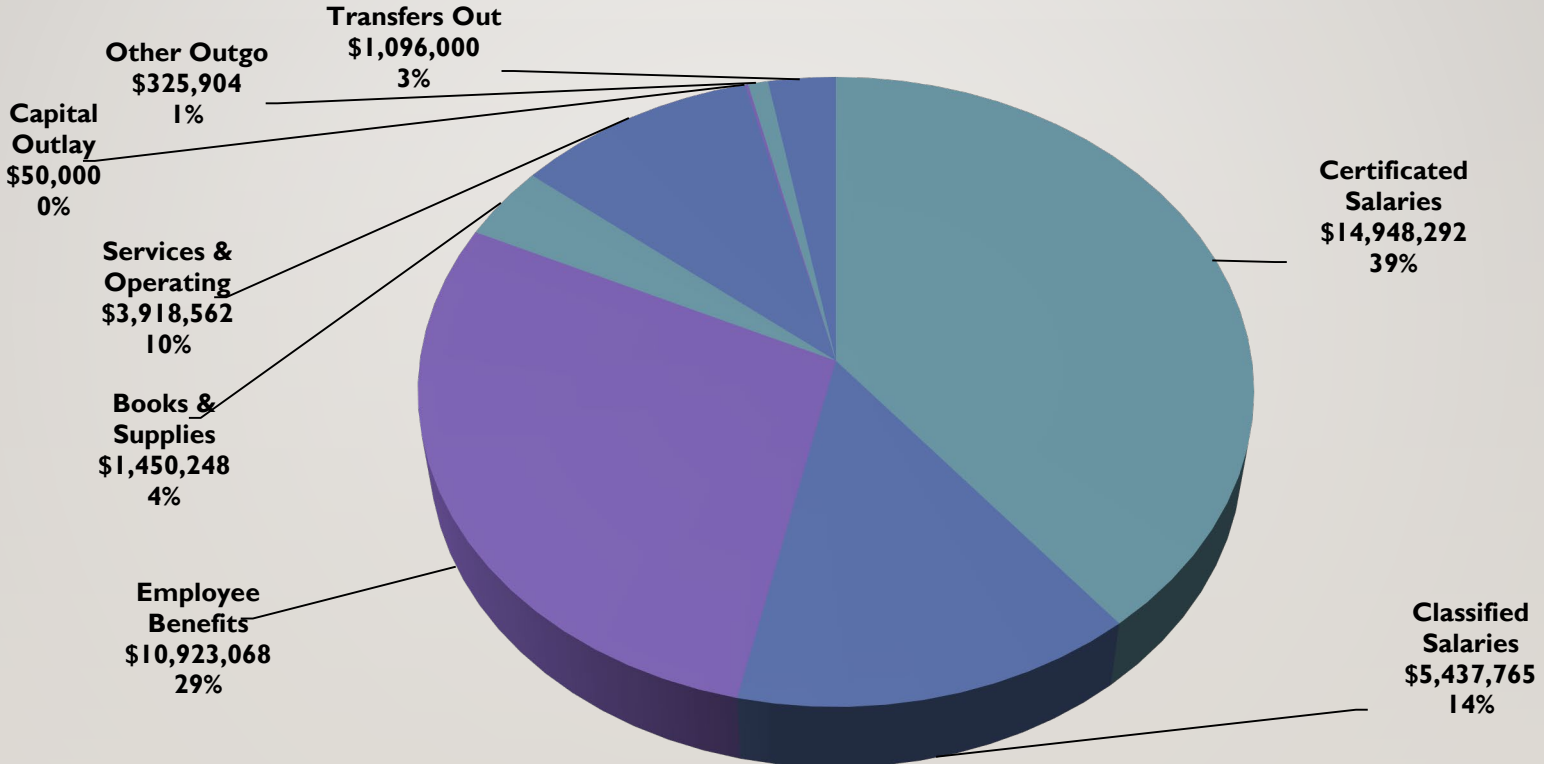


EXPENDITURE FACTORS - ESTIMATES

- Step and Column 1.5%
- Negotiated Salary increase of 3% for 2022-23 included – ***no salary increases included in two out years***
- Health Benefits – 3.1% (approximately 3% savings dental/vision plan costs with change in JPA)
- Small changes in FTE's for Math Intervention TOSA (categorical funded for 1), Increase of .35 Data TOSA, which are offset by decrease in elementary staffing as grade level enrollment changes. Classified positions decreasing slightly due to changes in aides in Special Education
- Utility estimated increase of 5% over prior year
- General fund absorption of Rhythm and Moves Elementary PE and Music of \$141K from SEF for 2022-23
- Technology Replacement Budget of \$386,500 and Operating Budget of \$1,187,585

2022-23 GENERAL FUND EXPENDITURES

82% dedicated to staffing throughout the district



MULTI-YEAR PLANNING FACTORS

	2022-23	2023-24	2024-25
Projected Enrollment	1,542	1,469	1,440
Property Taxes	3%	3%	3%
Parcel Taxes	\$475,000	\$475,000	\$475,000
Unduplicated Count Students % (152 Students)	9.10%	9.88%	10.24%
Supplemental Services Set Aside for Unduplicated Students	\$271,594	\$299,394	\$305,778
STRS Employer Rates	19.10%	19.10%	19.10%
PERS Employer Rates	25.37%	25.20%	24.60%
General Fund Contributions to Restricted Programs	\$6,084,146	\$6,167,101	\$6,261,193
Certificated FTE's	106.7	106.7	106.7
Classified FTE's	74.4	74.4	74.4
Management & Confidential FTE's	9	9	9
Step & Column Increases	1.5%	1.5%	1.5%
Health Benefit Increases	3.1%	5%	5%
Negotiated Salary Increase All Employees	3%	Not yet negotiated	Not yet negotiated
Utility Rate Increase	5%	10%	10%

GENERAL FUND – MULTIYEAR PROJECTIONS

	2022-23	2023-24	2024-25
General Fund Revenues	\$37,841,352	\$38,532,138	\$39,478,184
General Fund Expenditures & Transfers Out	\$38,149,839	\$37,930,1925	\$38,717,860
Net Increase/(Decrease)	(\$298,487)	\$601,946	\$760,324
General Fund Beginning Fund Balance	\$7,247,629	\$6,949,142	\$7,551,088
General Fund Ending Fund Balance	\$6,949,142	\$7,551,088	\$8,311,412
Fund 17 – Basic Aid Special Reserve Fund Ending Balance	\$5,706,158	\$5,736,158	\$5,766,158
Total Available Reserves Funds & % (Fund 01 & Fund 17)	\$9,742,405 25.54%	\$10,700,255 28.21%	\$11,816,483 30.52%

2022-23 OTHER FUNDS SUMMARY

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance
Student Body Funds	\$8,996	\$-	(\$-)	\$8,996
Cafeteria Fund 13	\$129,376	\$742,118	(\$742,974)	\$128,520
Deferred Maintenance Fund 14	\$1,618,721	\$1,007,500	(\$2,250,000)	\$376,221
Basic Aid Reserve Fund 17	\$4,686,158	\$1,020,000	\$-	\$5,706,158
Post Employment Benefit Fund 20	\$480,695	\$3,000	\$-	\$483,695
Building Fund 21	\$1,847,090	\$22,025	\$-	\$1,869,115
Capital Facilities Fund 25	\$3,550,982	\$57,000	(\$4,000)	\$3,603,982
County School Facilities Fund 35	\$123	\$1	\$-	\$124
Bond Interest Redemption Fund	\$7,323,117	\$6,940,726	(\$6,821,000)	\$7,442,843
Enterprise Fund (Treehouse) 63	\$159,951	\$825,500	(\$823,992)	\$161,459

NEXT STEPS.....

- State Legislature will approve their budget proposal by June 15th 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 2022-23 First Interim budget
- This budget will be brought back to the SUSD Governing Board for approval on June 23rd
- Business Office will forward budget documents to Santa Clara County Office of Education for their review by required deadline of June 28th

THANK YOU TO MY BUSINESS SERVICES TEAM &
DEPARTMENT HEADS FOR THEIR HELP IN
DEVELOPING THIS BUDGET!

GOVERNING BOARD REVIEW AND QUESTIONS.....