



Presented by:
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December 14, 2023

First Interim Budget Update

Presentation to Board of Trustees

District Goals.



01 Increase Academic Achievement

Ensure all students learn through access to high quality actions and services that increase academic achievement and civic, career, and college readiness.



02 Ensure Access & Equity

Provide high quality actions and services to eliminate barriers to student access to required and desired areas of study.



03 Improve Parent & Student Engagement

Ensure all schools have safe, welcoming, healthy and inspiring climates for all students and families, so that all students are behaviorally and academically engaged in school and ready to learn.



04 Provide 21st Century Learning Environments

Invest in optimal learning environments that enhance student learning and ensure safety.



Presentation Overview

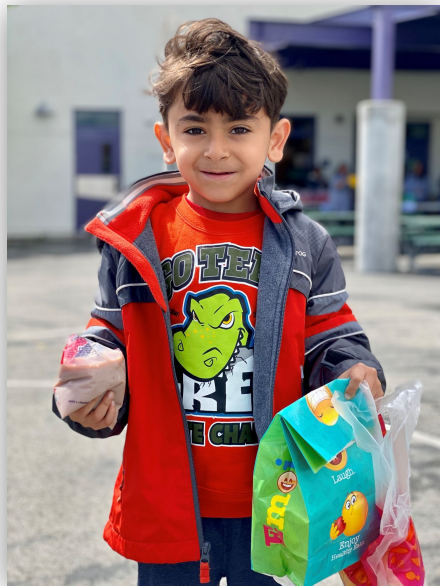
**Budget
Cycle**

**Key
Budget
Factors in
California**

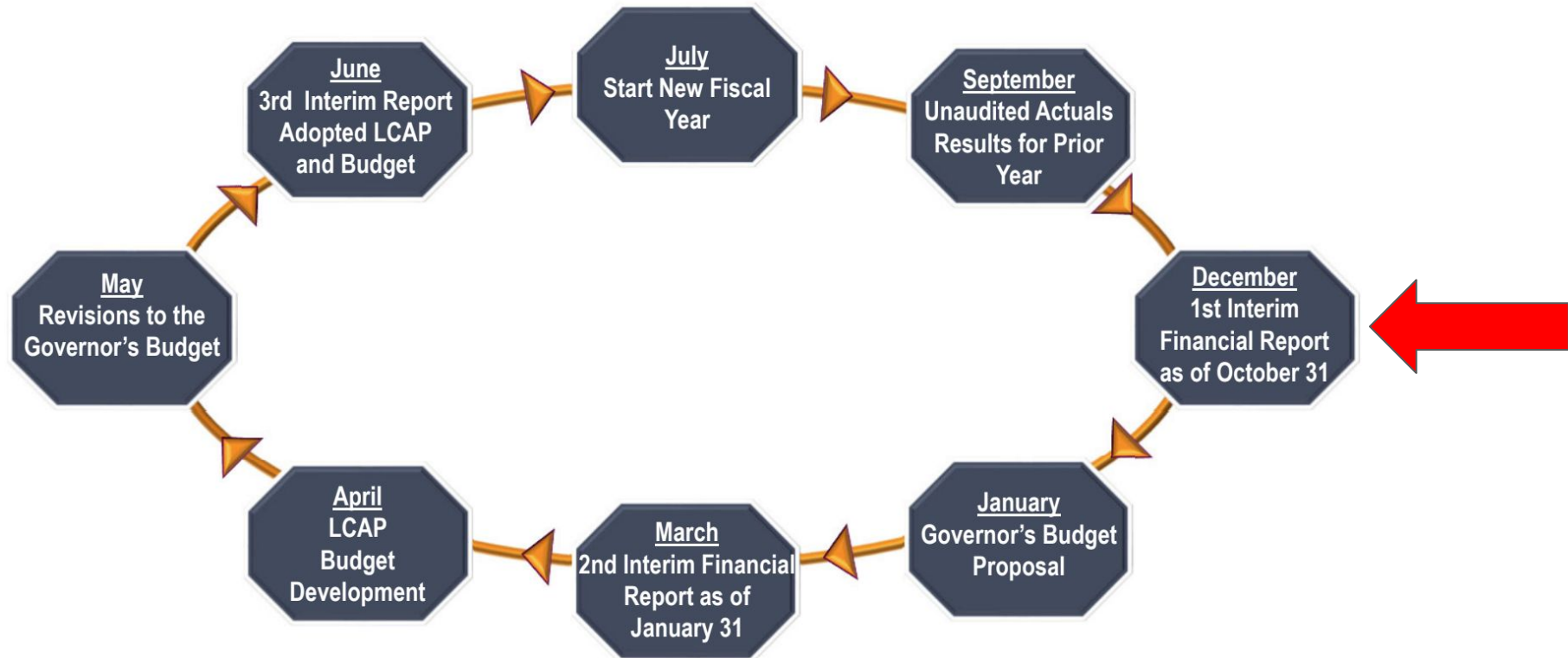
**Revenues
& Key
Factors**

**Expenditures
& Key Factors**

**Multi-Year
Projections**



Budget Cycle & Related Challenges



Key Budget Factors in California

Unstable economy and possible economic downturn

Volatility in State Revenues - LAO estimates \$68 Billion budget shortfall

Declining Enrollment and ADA

Expiring One-Time Resources

Key Budget Factors in California

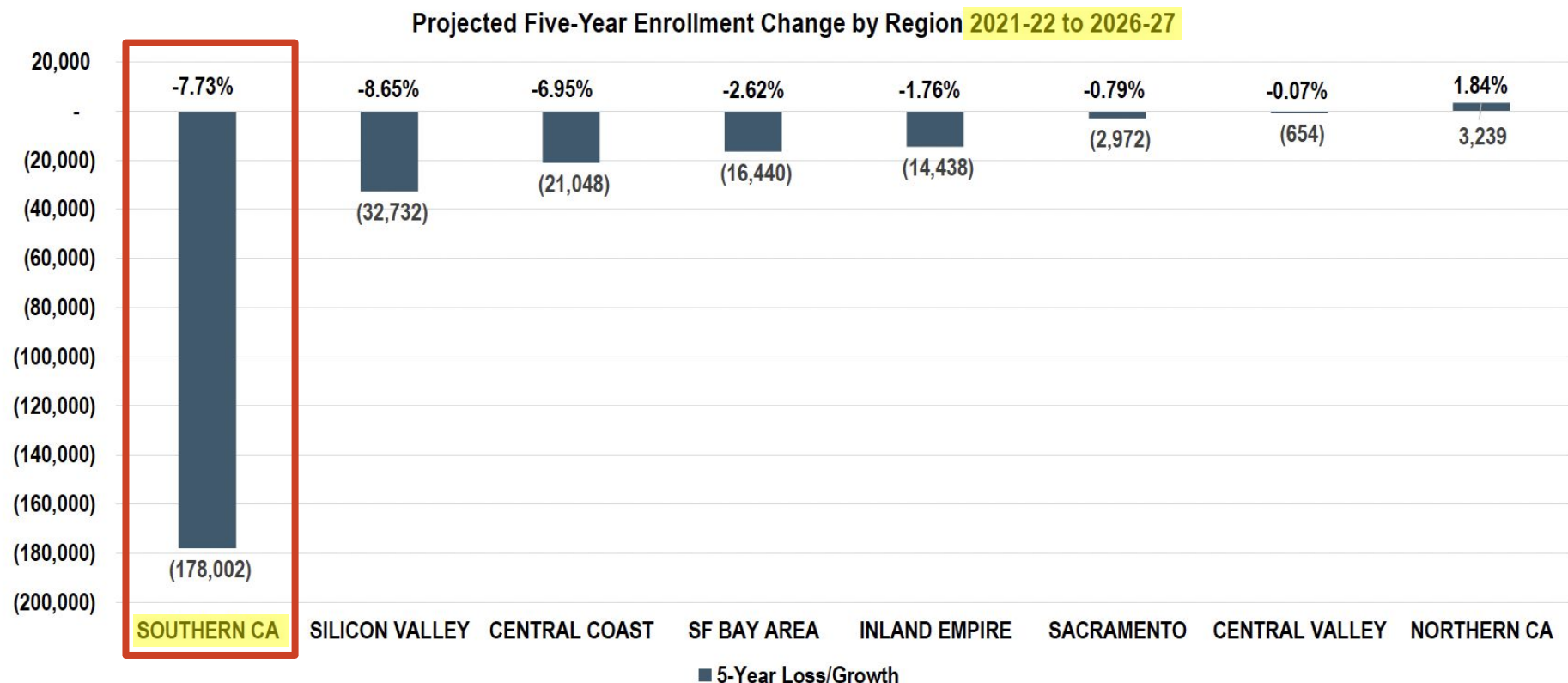
Volatile Tax Base	Ongoing Economic Shifts
<ul style="list-style-type: none">• Heavily reliant on Personal Income Tax• Top 1% of earners pay half of all PIT• Top 1% income largely based on the stock market• Delays in Tax Receipts• Increase in minimum salaries in Food and Healthcare Industries	<p>COLA for 23-24 = 8.22%</p> <p><u>Historic COLAs:</u></p> <p>2014-15 = .85% 2015-16 = 1.02% 2016-17 = 0% 2017-18 = 1.56% 2018-19 = 2.71% 2019-20 = 3.26% 2020-21 = 1.70% 2021-22 = 5.07% 2022-23 = 6.56%</p>

State Population Growth Slowing



- California's population growth is slowing
 - Between 1960 and 1970, the state's population increased 26.3%
 - Between 1980 and 1990, the increase was 25.4%
 - Between 2000 and 2010, the population increased by 14.8%
 - Between 2010 and 2020, the increase was 6.5%
 - And between 2020 and 2030, the state's population is projected to increase 5.2%
- January 2021 to January 2022 net migration was 0.3% (117,522)

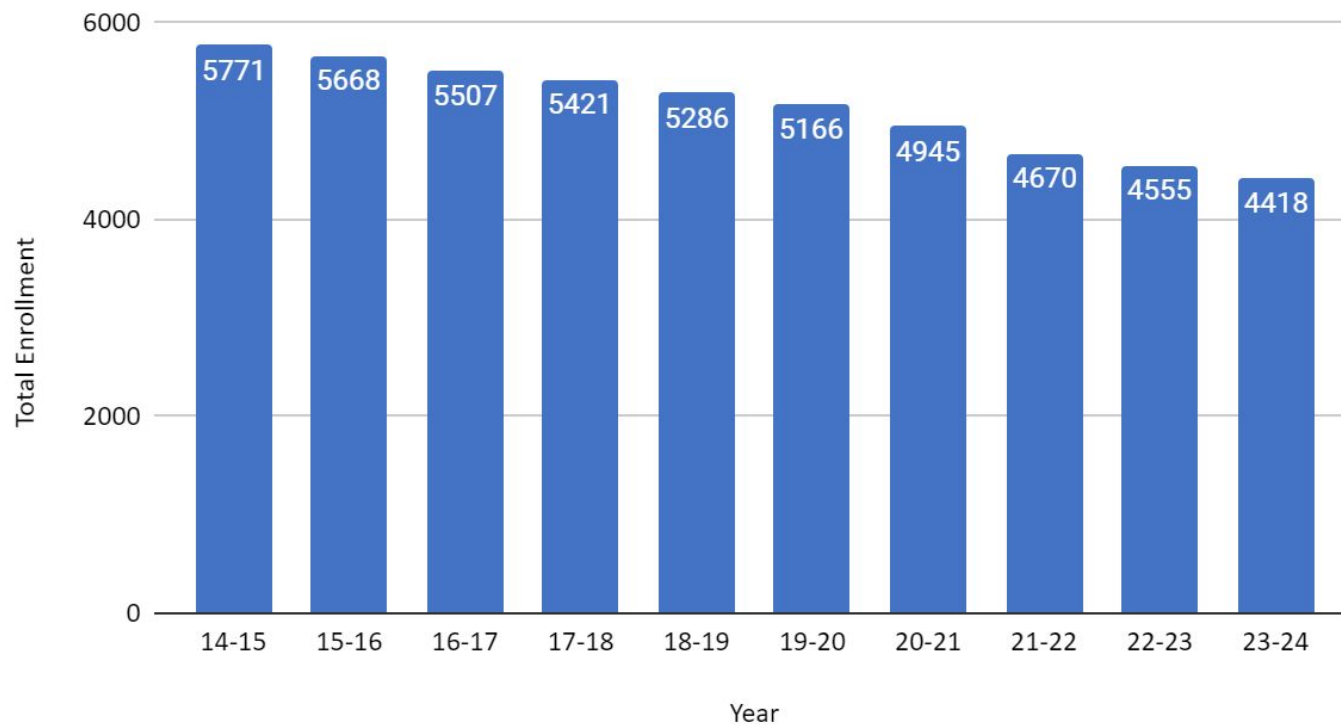
Statewide Enrollment Trends by Region



Source: Department of Finance

Declining Enrollment

LESD Total Enrollment Data



Funding decreased due to Declining Enrollment



Year	Funded ADA	Amount per student	Total LCFF Base Revenue
22-23	4808.25 students	\$13,538.85	\$65,098,139
23-24	4540.90 students	\$14,375.31	\$65,276,845

$$\begin{array}{ccccc} \mathbf{267 \text{ students}} & \mathbf{x} & \mathbf{\$14,375.31} & \mathbf{=} & \mathbf{\$3.9M} \\ \text{(declining enrollment)} & & \text{(per student funding)} & & \text{(loss in revenue)} \end{array}$$

LESD Revenues Key Assumptions

Description	2023-24	2024-25 Estimated	2025-26 Estimated
Enrollment	4418	4263	4113
Average Daily Attendance (ADA)*	4044	3902	3765
<u>Estimated Funded ADA</u> 3 year average	4540	4172	4045
COLA	8.22%	3.94% **	3.29% **

*Estimated ADA & Funded ADA

**Not assumed in the Multi
Year Projections

2023-24 Unrestricted General Fund Revenues



Revenues	2023-2024 Adopted/ Current Budget	2023-2024 First Interim	Increase/Decrease
Total LCFF	\$66,645,027	\$65,274,589	(\$1,370,438)
<i>State Aid</i>	<i>\$43,703,298</i>	<i>\$41,566,619</i>	
<i>Property Taxes</i>	<i>\$9,300,440</i>	<i>\$9,160,586</i>	
<i>Education Protection Account</i>	<i>\$13,641,289</i>	<i>\$14,547,384</i>	
State	\$899,731	\$1,040,605	\$140,874
Local & Other	\$1,818,964	\$2,137,916	\$318,952
Total Revenues	\$69,363,722	\$68,453,110	(\$910,612)
Contribution <u>To</u> Restricted Programs	\$12,810,928	\$16,082,625	\$3,271,697

LESD Expenditures Key Assumptions

Description	2023-24	2024-25	2025-26
Step/Column	~2.22%	~2.22%	~2.22%
CalSTRS	19.10%	19.10%	19.10%
CalPERS	26.68%	27.80%	28.50%
SELPA Admin Unit	3% Fee Included	3% Fee Included	Not included

First Interim Unrestricted Budget

Description	2023-2024 Adopted/ Current Budget	2023-2024 First Interim	Difference
Certificated Salaries	\$31,039,221	\$29,968,707	(\$1,070,514)
Classified Salaries	\$8,474,588	\$8,196,520	(\$278,068)
Employee Benefits	\$13,744,610	\$14,517,500	\$772,890
Books/Supplies	\$3,380,840	\$2,296,619	(\$1,084,221)
Services/Other Oper.	\$4,455,841	\$6,169,199	\$1,713,358
Capital Outlay	\$253,500	\$424,061	\$170,561
Other Outgo/Sources	(\$3,836,739)	(\$4,330,781)	(\$494,042)
Contributions out	\$13,753,053	\$16,807,315	\$3,054,262
Total	\$71,264,914	\$74,049,140	\$2,784,226

First Interim Multi-Year Projections

<u>Unrestricted</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Beginning Balance	\$41,046,091	\$35,825,148	\$25,900,903
Revenues	\$68,828,197	↓ \$63,492,808	↓ \$61,667,183
Less: Expenditures	(\$74,049,140)	(\$73,417,053)	(\$77,198,980)*
Surplus/ <u>Deficit</u>	(\$5,220,943)	(\$9,924,245)	(\$15,531,797)
Ending Fund Balance	↓ \$35,825,148	↓ \$25,900,903	↓ \$10,369,106

*SELPA Administrative Unit funds are not included.
Guaranteed through 2024-25

2023-24 Restricted General Fund Revenues

Revenues	2023-2024 Adopted/ Current Budget	2023-2024 First Interim	Difference
Federal	\$12,756,518	\$13,292,493	\$535,975
State	\$24,974,054	\$26,119,706	\$1,145,652
Local	\$3,922,509	\$3,995,845	\$3,336
Total	\$41,723,081	\$43,408,044	\$1,684,963
Contribution <u>From</u> Unrestricted Funds	\$12,810,928	\$16,082,625	\$3,271,697

First Interim Restricted Budget

Description	2023-2024 Adopted/ Current Budget	2023-2024 First Interim	Difference
Certificated Salaries	\$10,208,857	\$12,360,169	\$2,151,312
Classified Salaries	\$9,869,994	\$11,371,144	\$1,501,150
Employee Benefits	\$6,696,539	\$8,903,512	\$2,206,973
Books/Supplies	\$36,457,015	\$7,713,330	(\$28,743,685)
Services/Other Oper.	\$9,499,340	\$16,891,424	\$7,392,084
Capital Outlay	\$166,664	\$4,372,616	\$4,205,952
Other Outgo/Sources	\$4,847,276	\$5,340,949	\$493,673
Contributions in	(\$12,810,928)	(\$16,082,625)	(\$3,271,697)
Total	\$64,934,757	\$50,870,519	(\$14,064,238)

2023-24 Statement of Other Funds

Description	Revenues/ Sources	Expenditures	Increase (Decrease)	Ending Balance
SELPA Pass Through (Fund 10)	\$92,044,629	\$92,044,629	\$0	\$0
Child Development (Fund 12)	\$1,727,073	\$1,873,690	(\$146,617)	\$382,156
Food Services (Fund 13)	\$4,921,177	\$5,164,998	(\$243,821)	\$2,481,389
Deferred Maintenance (Fund 14)	inactive	inactive	inactive	\$4,612
Special Resv Retiree Ben (Fund 17)	\$575,345	\$375,087	\$200,258	\$4,381,418
Building Fund (Fund 21)	\$337,865	\$8,707,000	(\$8,369,135)	\$5,400,992
Spec Rese Capital Outlay (Fund 40)	\$268,516	\$1,136,400	(\$867,884)	\$2,427,519
Other Enterprise (Fund 63)	inactive	inactive	inactive	\$288,463

The Road Ahead



Concerns

Declining enrollment

Post-pandemic ADA yields and Funded ADA,

Deficit Spending

Increasing wages, pension contributions, utilities, facilities, supplies, etc.

State Economic challenges

California's revenue shortfall, reduced COLA in 2024-25

National Economy Slowdown

No recession, economic outlook concerns

Next Steps

Monitor Enrollment and ADA

...align enrollment and staffing

Deficit Spending

...fiscal prudence and stability

24/25 Governor Proposed Budget

COLA projections, decline in Prop 98 funding, shift in priorities

Second Interim in March

Including updated projections and Governor's budget proposal.

Any Questions?

