




**TAMALPAIS UNION HIGH  
SCHOOL DISTRICT**

# **2023-24 1st Interim Budget**

December 12, 2023

# Why do a 1st Interim budget report?

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- The 1st Interim reports:
    - Actual financial activity from July 1st through October 31st
    - Projects financial activity through June 30th
  - Comparison: Adopted Budget (June) vs. 1st Interim Budget (December)
  - Provides an opportunity to:
    - Revise the budget based on any significant changes since the budget adoption in June
    - Recalculate Multi Year Projections
    - Discuss any needed changes or actions
  - Board must approve certification of financial condition
    - Positive – “will be able”
    - Qualified – “may not be able”
    - Negative – “unable”

# Agenda

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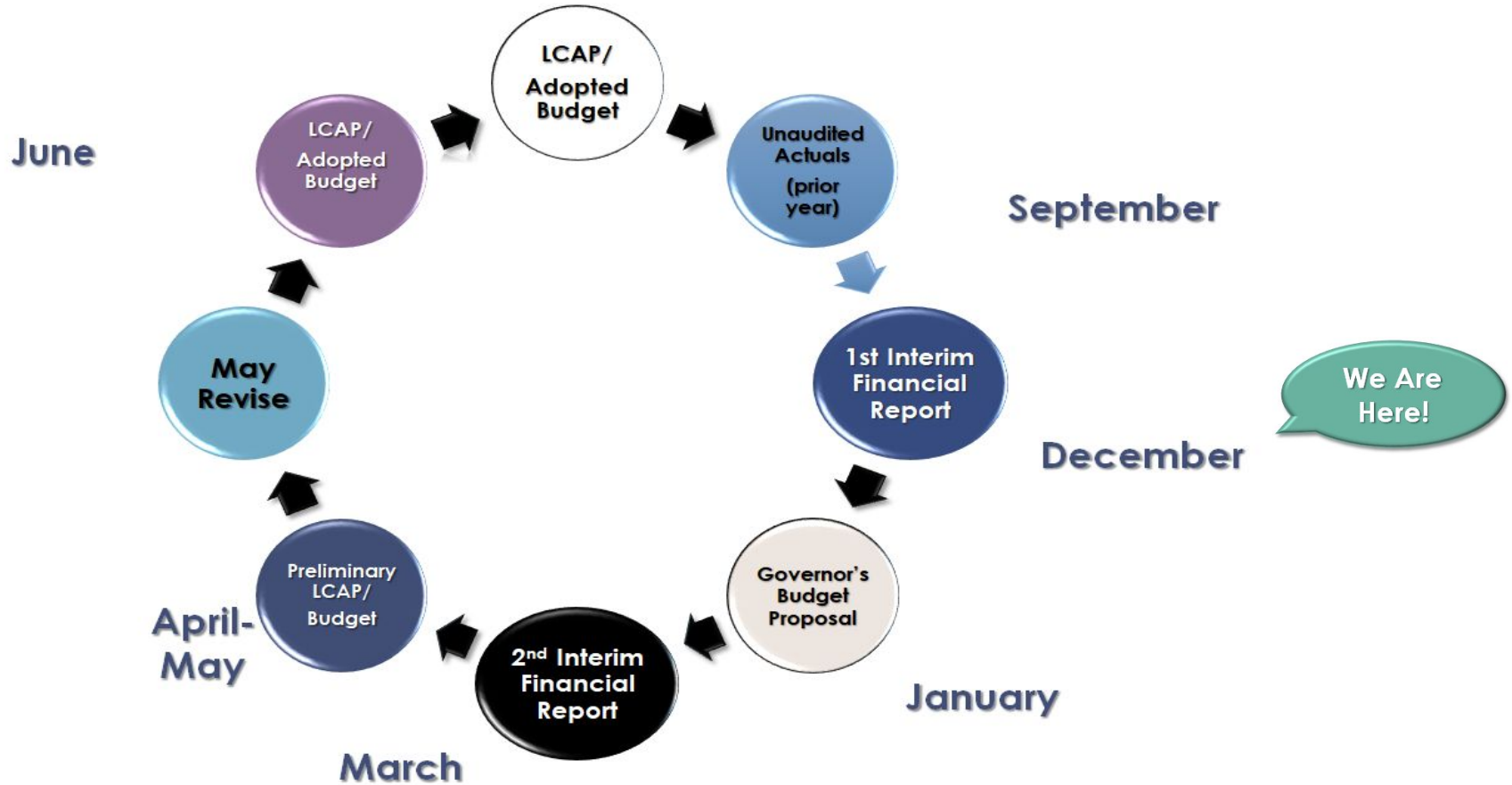
- Budget Reporting Cycle
- Start with the End: *Where were we in June and now in December?*
- 2023-24 Budget: Revenue, Expenditures & Reserves - *What has changed since June?*
- Multi-Year Projection - *Where are we going?*
- Uncertainties and Next Steps
- Questions & Comments



# Budget Reporting Cycle

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# Budget Reporting Cycle



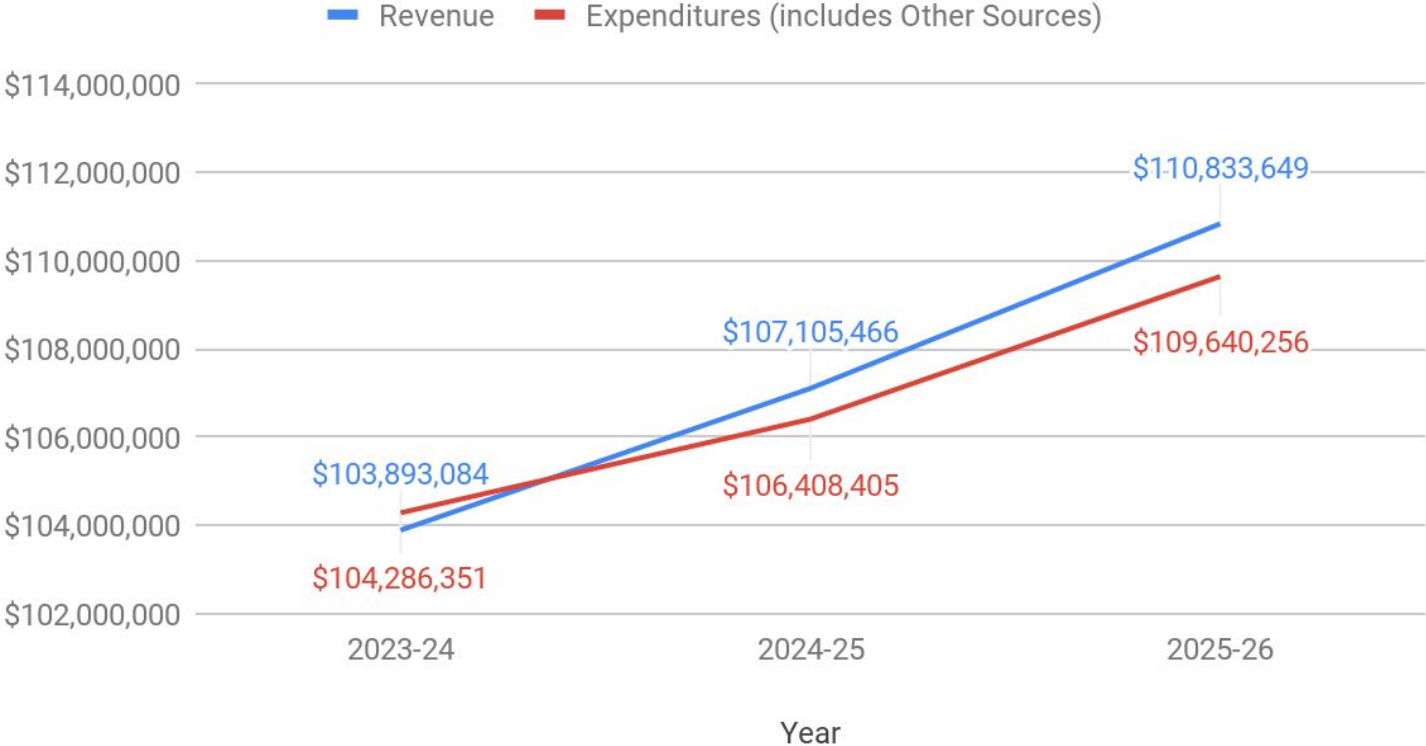
# Start with the End...

*Where were we in June and now in December?*

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# Summary of Multi-Year Projections

## TUHSD Revenue and Expenditures (Unrestricted)



# Summary of Multi-Year Projections

	2023-24	2024-25	2025-26*
<b>Operating Surplus (Deficit)</b> (June 2023)	<b>\$(516k)</b>	<b>\$(1.5M)</b>	<b>\$907k*</b>
<b>Ending Fund Balance/Reserve</b> (June 2023)	<b>\$22.2M (19.4%)</b>	<b>\$20.6M (17.6%)</b>	<b>\$21.5M (18.2%)*</b>
<b>Operating Surplus (Deficit)</b> (Dec 2023)	<b>\$(393k)</b>	<b>\$697k</b>	<b>\$1.2M*</b>
<b>Ending Fund Balance/Reserve</b> (Dec 2023)	<b>\$23.4M (19.3%)</b>	<b>\$24.1M (20.4%)</b>	<b>\$25.3M (21.2%)*</b>

**Key Assumptions:** \* Figures do not include any potential increase in staff compensation (cost of 1% raise = \$687k)



# Revenue

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# Basic Aid

vs.

# State-Funded (LCFF)

- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes revenue and state aid
- If property taxes exceed the calculated revenue entitlement, then the district keeps the overflow revenue and receives only basic (minimal) state aid
- Does not receive significant additional revenue for each new student in enrollment growth
- TUHSD is about \$21.6M over the LCFF entitlement

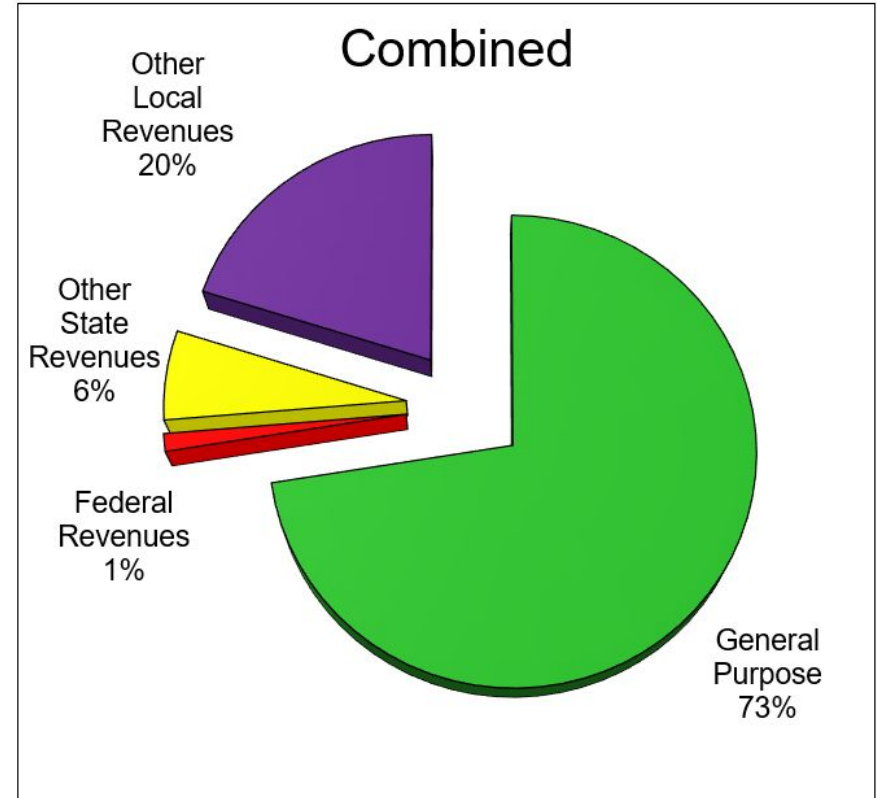
- Formerly referred to as 'Revenue Limit'
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes and state aid
- When property taxes do not meet the calculated revenue entitlement, then the State makes up the shortfall with additional funding up to the calculated revenue entitlement



# Sources of 2023-24 General Revenue (combined)


- General Purpose                   \$   83,363,726
  - Property taxes, EPA, Minimum State Aid
- State Funding                   \$    7,091,328
  - LRE, AMIM, Lottery, Special Education, etc
- Federal Funding               \$    1,395,427
  - Title funding, IDEA, etc.
- Local Revenue                 \$   23,178,399
  - Parcel tax, Foundations, facilities fees, etc.

**TOTAL:   \$ 115,028,880**



# Key Budget Assumptions - Unrestricted Revenues

Property Tax Revenue growth projections: \$82,065,219 in 2023-24 property tax revenue



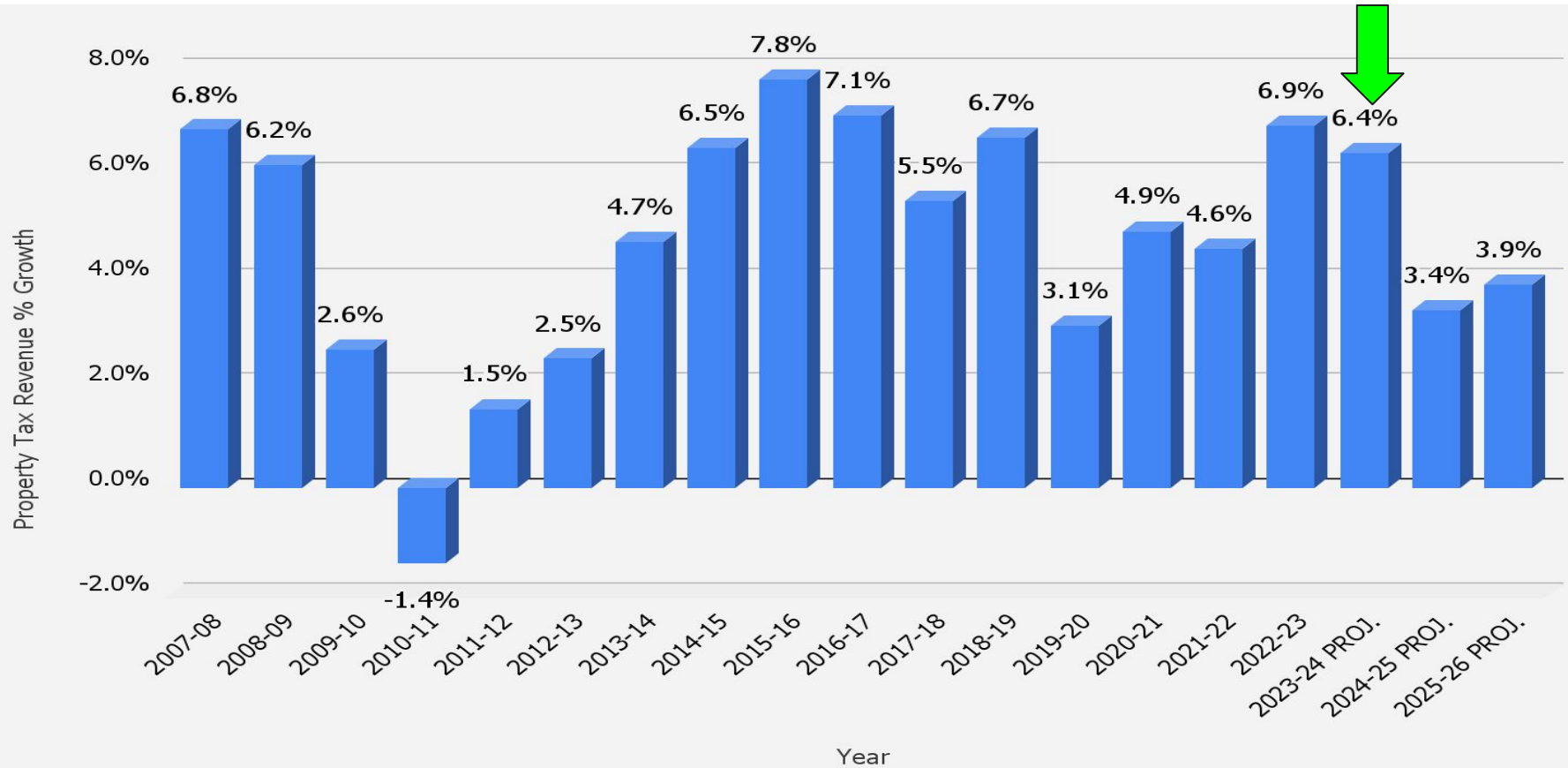
Year	2023-24	2024-25	2025-26
Growth Rate Projection (%)	6.38%	3.38%	3.88%

- Notes:
- Projections inclusive of information provided at Marin County Property Tax Forum on May 2nd

## Parcel Tax Revenue

- Increase of 3% with annual inflation adjustment
  - Actual amount depends on volume of Senior Exemptions
- 2023-24 Parcel Tax revenue projected to be \$17.5M, which is an increase of \$532,203 from 2022-23

# TUHSD Historical Property Tax Revenue Growth



Source: County of Marin Dept of Finance & May 2023 Property Tax Forum

# 45-day Budget Revision to TUHSD Budget *(given State Budget Act)*

Funding Topics Impacting TUHSD	Governor's May Revise Proposal <i>(basis for TUHSD Adopted Budget)</i>	CA State Budget Act <i>(AB/SB 182)</i>	Change for TUHSD: <i>(between May Revise &amp; Budget Act)</i>
Learning Recovery Emergency Block Grant	Provides <b>\$860k</b> in one-time funding to provide additional services to support learning recovery	Provides <b>\$960k</b> in one-time funding to provide additional services to support learning recovery	Estimated <b>\$100k</b> one-time revenues <u>and</u> corresponding expenditures (TBD)
Arts, Music, and Instructional Materials Discretionary Block Grant	Provides <b>\$1.6M</b> one-time funding to provide additional services to support art, music, and instructional materials	Provides <b>\$3.0M</b> one-time funding to provide additional services to support art, music, and instructional materials	Estimated <b>\$1.4M</b> one-time revenues <u>and</u> corresponding expenditures (TBD)

# Key Budget Assumptions - Other Revenues



## State revenue:

- One-time funding of \$960K in Learning Recovery Emergency Block Grant (LRE)
- One-time funding of \$3.0M in Arts, Music, & Instructional Materials Discretionary Block Grant (AMIM)
- One-time Federal e-Rate reimbursement for \$1.6M expenditures of student Chromebooks
- Prop 28 Arts Education estimated funding of \$566k still not included in budget due to needed CDE clarification on allowable uses, per MCOE's direction
- Ongoing funding of \$686k for Home-to-School Transportation program
- Universal Meals for all students helps our TUHSD Nutrition program run at less of a deficit
- All COVID relief funding was one-time funding and has been exhausted

Federal revenue: No significant changes to date

Other Local revenue: Facilities rental revenue is projected to increase by \$181k; Interest revenue up to \$250k annually

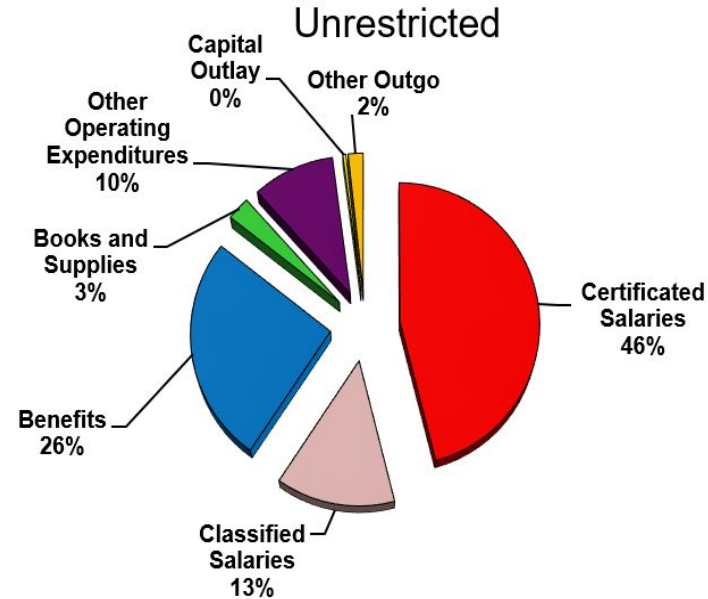
# Expenditures

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# General Fund Expenditures

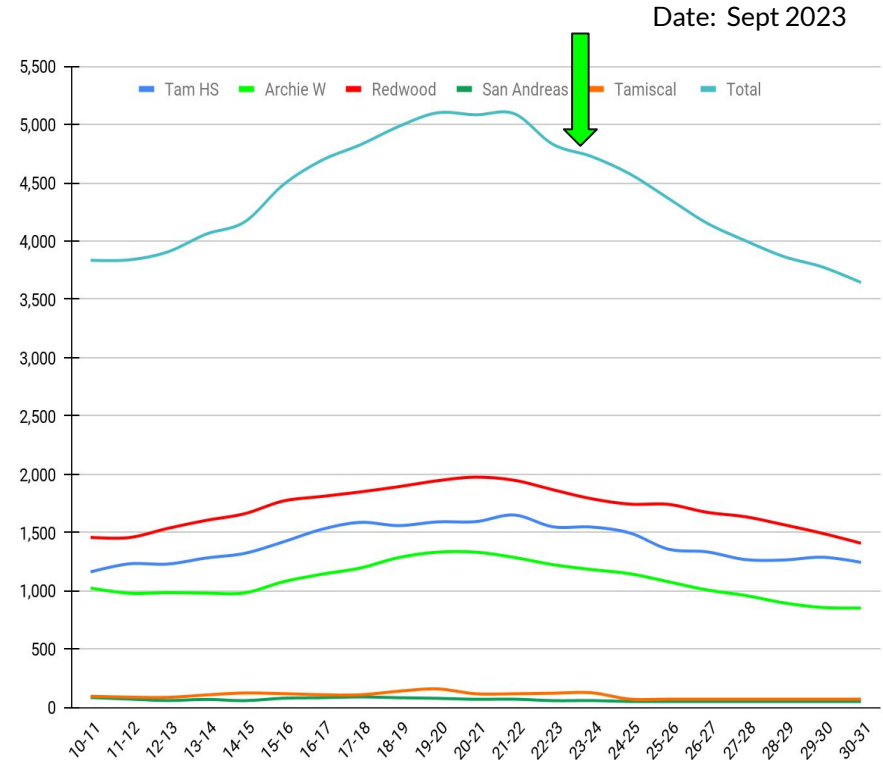
Description	Unrestricted	Combined
Certificated Salaries	\$35,825,316	\$43,761,650
Classified Salaries	\$10,503,081	\$15,371,576
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$20,228,073	\$30,527,311
Books and Supplies	\$2,122,439	\$6,076,021
Other Operating Expenditures	\$7,567,129	\$17,108,386
Capital Outlay	\$279,045	\$502,720
Other Outgo	\$1,373,992	\$2,781,220
<b>TOTAL</b>	<b>\$77,899,075</b>	<b>\$116,128,884</b>



Salaries and benefits comprise approximately 85% of the District's unrestricted expenditures, and approximately 77% of the combined General Fund expenditures.

# TUHSD Enrollment Projections (by site)

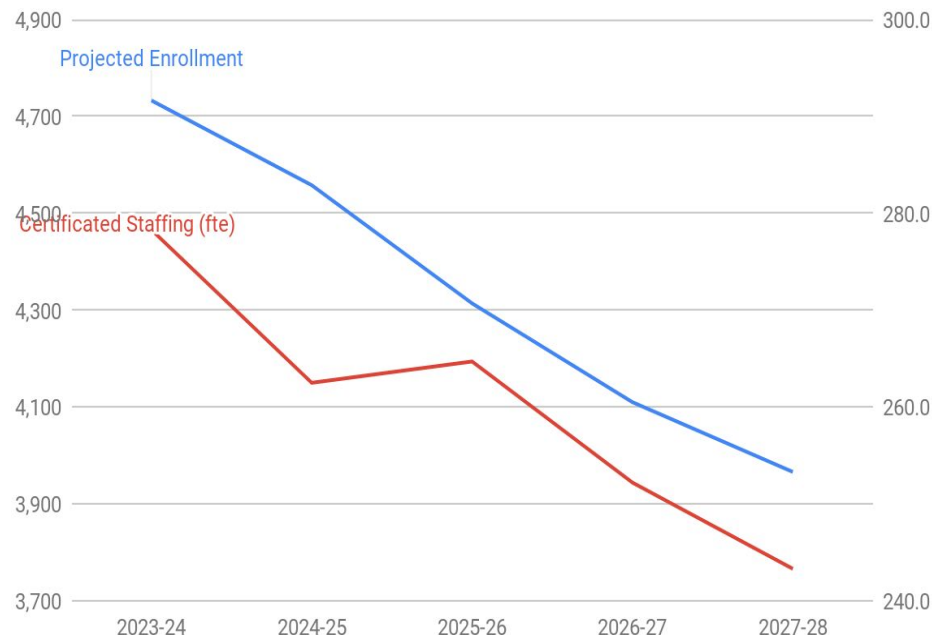
Cohort Survival Method									
School Year	Tam HS	Archie W	Redwood	San Andreas	Tamiscal	NPS	Total	Change in students	Percent Change
10-11	1,162	1,023	1,458	84	95	14	3,836		
11-12	1,231	979	1,456	71	87	15	3,839	3	0.1%
12-13	1,229	984	1,535	58	85	16	3,907	68	1.7%
13-14	1,281	980	1,604	68	106	21	4,060	153	3.8%
14-15	1,321	982	1,661	57	123	21	4,165	105	2.5%
15-16	1,419	1,077	1,770	78	117	22	4,483	318	7.6%
16-17	1,527	1,142	1,809	82	108	25	4,693	210	4.7%
17-18	1,587	1,195	1,848	89	107	21	4,826	133	3.2%
18-19	1,559	1,285	1,893	82	138	27	4,984	158	3.3%
19-20	1,591	1,331	1,944	77	158	26	5,101	117	2.3%
20-21	1,593	1,331	1,975	69	116	29	5,084	-17	-0.3%
21-22	1,650	1,286	1,948	70	116	23	5,093	9	0.2%
22-23	1,549	1,224	1,867	57	121	21	4,831	-262	-5.1%
23-24	1,546	1,169	1,827	50	70	21	4,733	-98	-2.0%
24-25	1,475	1,139	1,752	50	70	21	4,558	-175	-3.7%
25-26	1,335	1,053	1,734	50	70	21	4,314	-243	-5.3%
26-27	1,316	980	1,673	50	70	21	4,110	-204	-4.7%
27-28	1,256	934	1,635	50	70	21	3,966	-144	-3.5%
28-29	1,264	877	1,566	50	70	21	3,848	-118	-3.0%
29-30	1,288	844	1,493	50	70	21	3,766	-82	-2.1%
30-31	1,244	846	1,408	50	70	21	3,639	-127	-3.4%



# Key Budget Assumptions - Expenditures

## Enrollment & Certificated Staffing projections:

School Year	Projected Enrollment	Difference from Prior Year	Certificated Staffing (fte)	Difference from Prior Year
2023-24	4,733	-	278.3*	
2024-25	4,558	-175	262.5	-15.8*
2025-26	4,314	-244	264.7	+2.2*
2026-27	4,110	-204	252.2	-12.5
2027-28	3,966	-144	243.3	-8.9



Notes: \* - Increase in 5.8 fte of teachers/counselors for 2023-24 only (all temporary)


\* - Expiration of extended 'Class Size increase' MOU (assumes return to lower class size ratios)

# Key Budget Assumptions - Expenditures (cont'd)



- TFT- & CSEA-represented employee groups have settled on compensation through 2024-25, but not in 2025-26 & beyond
  - Future cost of a 1% raise in 2025-26 estimated to be approximately \$687k
- Step & Column increases are 1.77% for Certificated and 2.76% for Classified from 2022-23
- Increase of Athletic Coaches stipends of \$201k ongoing given legal requirements
- Health & Welfare employee benefit increases up 7.9% in 2022-23 and assumed 5% annually thereafter
- Insurance rates changes: property: +20%, liability: +10%, cyber: +10%, workers' compensation: -3%
- Utilities expenses projected to increase 4% annually (i.e. MMWD, PG&E, etc)
  - Combined increase of \$429k ongoing given utility rate hikes as of 7/1/2023
- Continued historic trend of Special Education costs average annual increase of \$1.1M (*later slide*)

# Reinvestment in 'Teaching & Learning' and Sustainability

- 
- Return of site Learning Leadership Team (LLT) model & PD
  - MTSS Intervention Coordinators at sites (now ongoing)
  - Instructional Coach release periods (now ongoing)
  - Additional Wellness Interns at comprehensive sites and Wellness Coordinator at alternative sites
  - Addition of three Deans of Student Success (now ongoing) at comprehensive high schools
  - Investment in Athletics (i.e. athletic directors, clerks, coaches stipends, more assistant coaches, site budgets)
  - Return of Assistant Superintendent of Educational Services (in 2023-24)

## Total additional services:

**\$2.8M - All are now assumed ongoing** *(most formerly expired after one-time State funding exhausted)*

# STRS & PERS Pension Employer Rates & Costs

- In 2013, pension rates were re-calculated based on the Public Employee Pension Reform Act that restructured retirement age and benefits
- Compared to 2013-14, increased pension employer rates & costs have more than doubled (i.e. about \$6M to \$13M per year)

**CalPERS Rate Comparison**

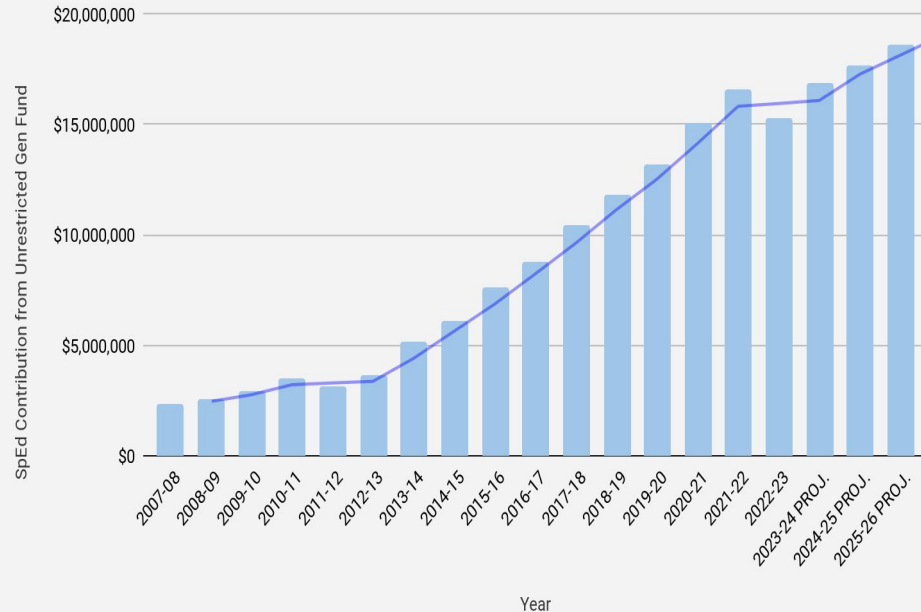
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Employer Rates	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.70%	28.30%	28.30%
Change		2.04%	1.64%	2.53%	1.66%	0.98%	2.21%	2.46%	1.31%	1.02%	0.60%	0%

**CalSTRS Rate Comparison**

Employer Rates	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%	19.10%
Change		1.85%	1.85%	1.85%	0.82%	-0.95%	0.77%	2.18%	0%	0%	0%	0%

# Special Education Costs

Historic Contribution to Special Education from Unrestricted General Fund



- In 2012, CA law changed increasing district responsibility for funding special education (NPS, mental health)
- TUHSD SpEd contributions have increased from \$2.4M to \$18.8M in 14 years
  - Avg. of \$1.3M increase annually
  - Future increases may flatten given 2022-23 drop
- TUHSD currently has five Counseling Enriched Classrooms (CEC) and opened 5th at San Andreas in the Fall
  - Estimated savings is \$560k annually per CEC
  - Total savings of about \$2.8M annually

# Reconciliation of Adopted vs. 1st Interim Budgets



<i>Description</i>	<i>Amount</i>
<b>2023-24 Budget Adoption Projected Deficit</b>	<b>\$ (515,590)</b>
<b>Add: Variance Components (See Next Slide)</b>	<b>\$ 122,323</b>
<b>2023-24 First Interim Projected Deficit</b>	<b>\$ (393,267)</b>



# Reconciliation of Variance Components

<i><b>Description of Variance Components (Unrestricted only)</b></i>	<i><b>Amount</b></i>
Increase in ongoing State revenue for Home-to-School Transportation (H2S) program & Lottery	\$739k
Increase in ongoing local revenue given increase in interest and facilities rentals revenue and parcel tax refund (excess STRS)	\$581k
Increase in one-time certificated staffing expenditures due to 5.8 fte increase, addt'l Tam High administrator for 2023-24 only, class size overage stipends and miscellaneous items	\$(638k)
Increase in classified salaries primarily due legal changes for athletic coaches' stipends	\$(236k)
Decrease in supplies expenditures	\$38k
Increase in Other Services & Operating Costs due to Water/Electricity Utilities, IT and Legal	\$(614k)
Reduction in contributions to Restricted Funds (SpEd staffing adjustments, M&O)	\$271k
Net Other Variances	\$17k
<b>Total Variance</b>	<b>\$122k</b>

# Reconciliation of Adopted vs. 1st Interim Budgets

<i>Description</i>	<i>Amount</i>	<i>Ending Fund Balance (Reserve)</i>
<b>2023-24 Budget Adoption Projected Deficit</b>	<b>\$ (515,590)</b>	<b>\$22,181,572 (19.4%)</b>
<b>Add: Variance Components</b> (See Next Slide)	<b>\$ 122,323</b>	<b>\$1,234,770</b> (net change adjusted by variance of \$122k & updated 2022-23 Unaudited Actuals of \$1.1M)
<b>2023-24 First Interim Projected Deficit</b>	<b>\$ (393,267)</b>	<b>\$23,416,342 (19.3%)</b>

Reminder: TUHSD Board Policy (BP 3100) establishes a targeted minimum reserve level at 17% of annual expenditures.

# Reserves & Assignments

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# Reserves & Assignments



**2023-24 Estimated Ending Fund Balance (Unrestricted) - \$23,416,342 (19.3% reserve level)**

Non-Spendable - \$12,000

Restricted - \$6,473,274

Assigned - \$18,446,800

- Property Tax Uncertainty (1% of prop tax revenues) - \$750,000
- Special Education Uncertainty - \$750,000
- Additional 17% Reserve (less REU), per Board Policy - \$16,946,800

Unassigned - 3% minimum reserve for economic uncertainty (REU) - \$3,631,500

Unassigned (Other) - \$1,326,042

Reminder: TUHSD Board Policy (BP 3100) establishes a targeted minimum reserve level at 17% of annual expenditures.

# Other Funds

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# Summary of Other Funds

In addition to the general fund, other funds collect and track specific funds for restricted purposes.

FUND	2022-23	Est. Net Change	2023-24
GENERAL (COMBINED)	\$35,020,620	(\$5,131,004)	\$29,889,616
ASSOCIATED STUDENT BODY FUND	\$664,594	\$0	\$664,594
ADULT EDUCATION FUND	\$992,672	(\$307,755)	\$684,917
CAFETERIA FUND	\$765,666	(\$512,919)	\$252,747
DEFERRED MAINTENANCE FUND	\$4,836,178	(\$311,768)	\$4,524,410
FOUNDATION SPECIAL RESERVE FUND	\$54,870	(\$4,455)	\$50,415
CAPITAL FACILITIES FUND	\$702,102	(\$24,292)	\$677,810
CAPITAL OUTLAY FUND	\$13,800,236	(\$2,316,445)	\$11,483,791
BOND INTEREST & REDEMPTION	\$12,569,561	(\$171,290)	\$12,398,271
<b>TOTAL</b>	<b>\$69,406,500</b>	<b>(\$8,779,928)</b>	<b>\$60,626,572</b>

# Back to the End

*Where were we in June and now in December?*

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# Summary of Multi-Year Projections

	2023-24	2024-25	2025-26*
<b>Operating Surplus (Deficit)</b> (June 2023)	<b>\$(516k)</b>	<b>\$(1.5M)</b>	<b>\$907k*</b>
<b>Ending Fund Balance/Reserve</b> (June 2023)	<b>\$22.2M (19.4%)</b>	<b>\$20.6M (17.6%)</b>	<b>\$21.5M (18.2%)*</b>
<b>Operating Surplus (Deficit)</b> (Dec 2023)	<b>\$(393k)</b>	<b>\$697k</b>	<b>\$1.2M*</b>
<b>Ending Fund Balance/Reserve</b> (Dec 2023)	<b>\$23.4M (19.3%)</b>	<b>\$24.1M (20.4%)</b>	<b>\$25.3M (21.2%)*</b>

**Key Assumptions:** \* Figures do not include any potential increase in staff compensation (cost of 1% raise = \$687k)



Description	2023-24 First Interim Budget			2024-25 Projected Budget			2025-26 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>REVENUES</b>									
General Purpose Revenue (A)	83,363,726	-	83,363,726	86,050,288	-	86,050,288	89,236,877	-	89,236,877
Federal Revenue (B)	-	1,395,427	1,395,427	-	1,395,427	1,395,427	-	1,395,427	1,395,427
State Revenue (B)	1,836,863	5,254,465	7,091,328	1,836,863	4,993,599	6,830,462	1,836,863	4,993,599	6,830,462
Local Revenue (C)	18,692,495	4,485,904	23,178,399	19,218,315	3,458,746	22,677,061	19,759,909	3,458,746	23,218,655
<b>TOTAL REVENUES</b>	<b>103,893,084</b>	<b>11,135,796</b>	<b>115,028,880</b>	<b>107,105,466</b>	<b>9,847,772</b>	<b>116,953,238</b>	<b>110,833,649</b>	<b>9,847,772</b>	<b>120,681,421</b>
<b>EXPENDITURES</b>									
Certificated Salaries (D)	35,825,316	7,936,334	43,761,650	35,673,645	7,797,860	43,471,505	37,721,278	6,778,114	44,499,392
Classified Salaries (D)	10,503,081	4,868,495	15,371,576	11,110,159	4,793,544	15,903,703	11,494,571	4,956,870	16,451,441
Benefits (E)	20,228,073	10,299,238	30,527,311	20,799,744	10,496,785	31,296,529	22,067,410	10,440,703	32,508,113
Books and Supplies (F)	2,122,439	3,953,582	6,076,021	2,207,538	1,646,491	3,854,029	2,245,828	1,523,009	3,768,837
Other Services & Oper. Exp (G)	7,567,129	9,541,257	17,108,386	7,709,113	9,634,304	17,343,417	7,943,113	10,328,320	18,271,433
Capital Outlay (H)	279,045	223,675	502,720	279,045	-	279,045	279,045	-	279,045
Other Outgo (I)	1,429,808	1,383,299	2,813,107	789,318	1,521,299	2,310,617	799,355	1,673,299	2,472,654
Transfer of Indirect Costs	(55,816)	23,929	(31,887)	(55,816)	23,929	(31,887)	(55,816)	23,929	(31,887)
<b>TOTAL EXPENDITURES</b>	<b>77,899,075</b>	<b>38,229,809</b>	<b>116,128,884</b>	<b>78,512,746</b>	<b>35,914,212</b>	<b>114,426,958</b>	<b>82,494,784</b>	<b>35,724,244</b>	<b>118,219,028</b>
<b>EXCESS / (DEFICIENCY)</b>	<b>25,994,009</b>	<b>(27,094,013)</b>	<b>(1,100,004)</b>	<b>28,592,720</b>	<b>(26,066,440)</b>	<b>2,526,280</b>	<b>28,338,865</b>	<b>(25,876,472)</b>	<b>2,462,393</b>
<b>OTHER SOURCES/USES</b>									
Transfers In	888,000	-	888,000	-	-	-	-	-	-
Transfers Out (J)	(4,919,000)	-	(4,919,000)	(3,599,000)	-	(3,599,000)	(1,269,000)	-	(1,269,000)
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted (K)	(22,356,276)	22,356,276	-	(24,296,659)	24,296,659	-	(25,876,472)	25,876,472	-
<b>TOTAL OTHER SOURCES / USES</b>	<b>(26,387,276)</b>	<b>22,356,276</b>	<b>(4,031,000)</b>	<b>(27,895,659)</b>	<b>24,296,659</b>	<b>(3,599,000)</b>	<b>(27,145,472)</b>	<b>25,876,472</b>	<b>(1,269,000)</b>
<b>Net Increase (Decrease)</b>	<b>(393,267)</b>	<b>(4,737,737)</b>	<b>(5,131,004)</b>	<b>697,061</b>	<b>(1,769,781)</b>	<b>(1,072,720)</b>	<b>1,193,393</b>	<b>-</b>	<b>1,193,393</b>
<b>FUND BALANCE, RESERVES</b>									
Estimated Beginning Balance	23,809,609	11,211,011	35,020,620	23,416,342	6,473,274	29,889,616	24,113,403	4,703,493	28,816,896
Estimated Ending Balance	<b>23,416,342</b>	<b>6,473,274</b>	<b>29,889,616</b>	<b>24,113,403</b>	<b>4,703,493</b>	<b>28,816,896</b>	<b>25,306,796</b>	<b>4,703,493</b>	<b>30,010,289</b>
Nonspendable	12,000	-	12,000	12,000	-	12,000	12,000	-	12,000
Restricted	-	6,473,274	6,473,274	-	4,703,493	4,703,493	-	4,703,493	4,703,493
Assigned	18,446,800	-	18,446,800	18,023,700	-	18,023,700	18,228,400	-	18,228,400
Unassigned - REU @ 3%	3,631,500	-	3,631,500	3,540,800	-	3,540,800	3,584,700	-	3,584,700
Unassigned - Other	1,326,042	(0)	1,326,042	2,536,903	(0)	2,536,903	3,481,696	(0)	3,481,696
<b>Total - Est. Fund Balance</b>	<b>23,416,342</b>	<b>6,473,274</b>	<b>29,889,616</b>	<b>24,113,403</b>	<b>4,703,493</b>	<b>28,816,896</b>	<b>25,306,796</b>	<b>4,703,493</b>	<b>30,010,289</b>

Fund Balance Reserve Percentage  
(Combined Assigned & Unassigned)

19.33%

20.42%

21.17%

# Uncertainties & Prudence

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# Uncertainties & Prudence

- Resiliency of global, national, state & local economy (Immaculate Disinflation *possible?*) & impact on local property tax revenues
- TUHSD is past 'peak enrollment' with ongoing projected declines through current Kindergarten class
  - *Will impending Marin residential property development translate into increase in future students?*
- Extended 'Class Size Increase' MOU expires in 2025-2026 school year
- Concerns about future increases to STRS & PERS pension rates given statewide loss of enrollment & staff paying into pension systems
- All COVID relief funding is now exhausted, but two one-time State block grants (LRE, AMIM) are budgeted
- Statewide trend of Special Education costs increases continue ('unfunded mandate'), but at slower rate?
- TFT and CSEA employee groups have settled on compensation with TUHSD through 2022-23, but not beyond
  - Future cost of a 1% raise in 2025-26 estimated to be \$687k
- TUHSD is projecting balanced budgets in the official 3-year MYP = Sustainable

# 1st Interim Certification



- Per AB 1200
- *The First Interim projection indicates that, as defined in AB 1200, “the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years.”*

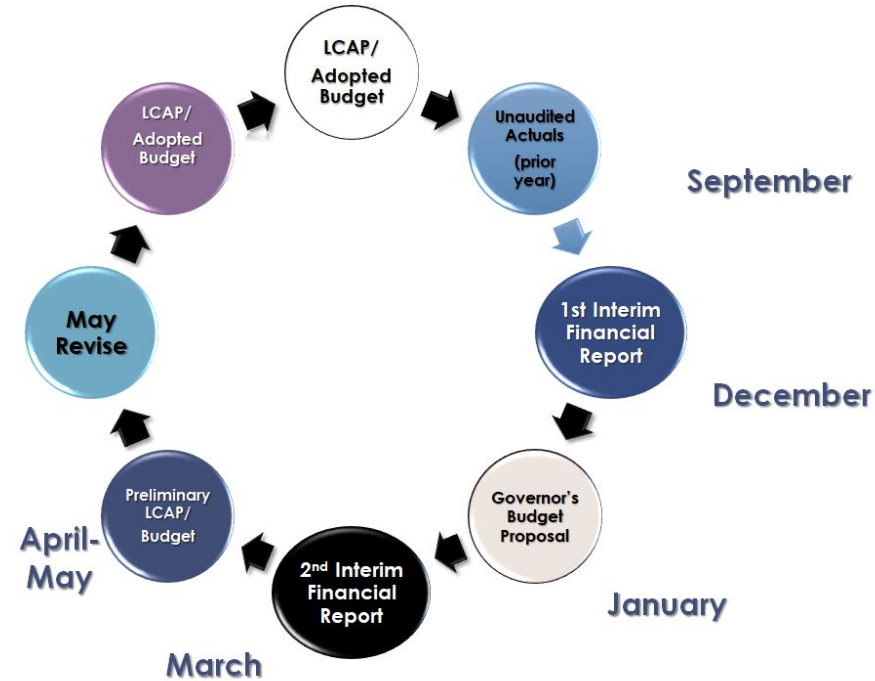
***The District is self-certifying as “Positive”***

# Budget Calendar & Key Dates

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# Budget Calendar & Key Dates

January 2024	Governor's proposal for State budget
February 2024	Mid-year LCAP update
March 2024	2nd Interim Budget Report for 2023-24
May 2024	Governor's May Revise budget proposal
June 2024	Board adopts 2024-25 LCAP & Budget Enacted State Budget Act



# Questions? Comments?



*Special thanks to our Business Office staff for  
their work to help prepare this report!*