

2023-24 FIRST INTERIM BUDGET PRESENTATION

December 14, 2023

2023-24 STATE BUDGET

- **Governor Newsom signed on on-time budget on June 27, 2023 and signed SB141, The Education Omnibus Trailer Bill on September 13, 2023. Most significant changes are:**
 - **New “early enrollment” for Transitional Kindergarten (TK). Every class with an “early enrolled student” must maintain a class student-to-adult ratio of 10:1 in 2023-24. All other classes must have 12:1 ratio. Beginning 2025-26 all TK classes must have a class ratio of 10:1 and a maximum class size of 20.**
 - **School closures that affect the after-school child care program will now require the LEA board to approve a resolution that outlines the facts substantiating the need for the emergency closure and seek approval from the State of California.**
 - **Reduction of 6% (\$37,110) to the one-time Arts, Music, and Instructional Materials Block grant and a 14% reduction (\$46,168) to the Learning Recovery Emergency Block Grant. The first is a permanent reduction, while the later will be restored in equal increments in the 2025-26, 2026-27, and 2027-28 fiscal years.**

PROPOSITION 28

Proposition 28 – Arts & Music K-12 Education Funding

- Beginning in 2023-24, the State of California is required to provide funding outside of Proposition 98 of 1% of the prior year Proposition 98 minimum guarantee
- Annual board approved reporting requirements and subject to annual audit

Funding Distribution:

- 70% allocated for LEAs based on their share of statewide enrollment
- Remaining 30% allocated to LEAs based on their share of low-income students
 - Principals/Program Directors will be required to develop a plan for their individual school
 - 80% of the funding must be used to hire new staff (certificated and/or classified staff)
 - Remaining funds can be used for training, supplies and materials
 - Includes a supplement and not supplant provision

PROPOSITION 28 ALLOCATIONS

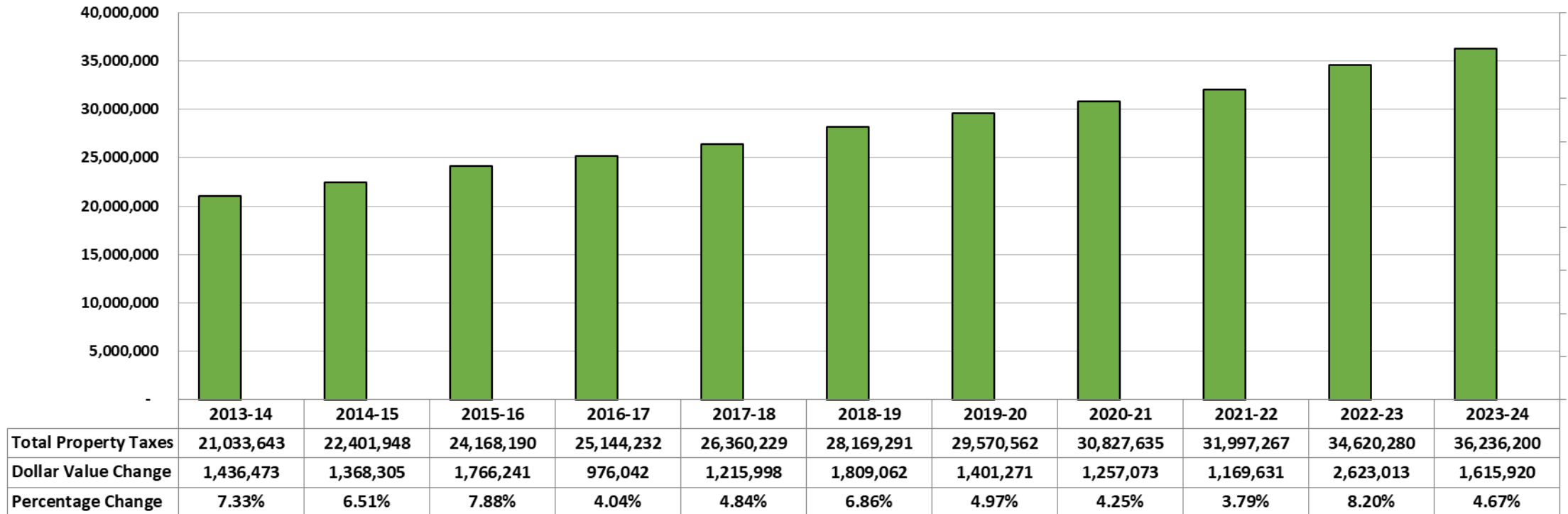
Proposition 28 – Arts & Music K-12 Education Funding

• Argonaut Elementary	\$39,128
• Foothill Elementary	\$34,547
• Saratoga Elementary	\$33,649
• <u>Redwood Middle School</u>	<u>\$76,949</u>
• Total Allocation	\$184,273

- Funding will begin in February 2024
- Sites are beginning conversations with School Site Council
- Plans to be developed by February 2024 for 2024-25 school year
- Will necessitate hiring additional staff

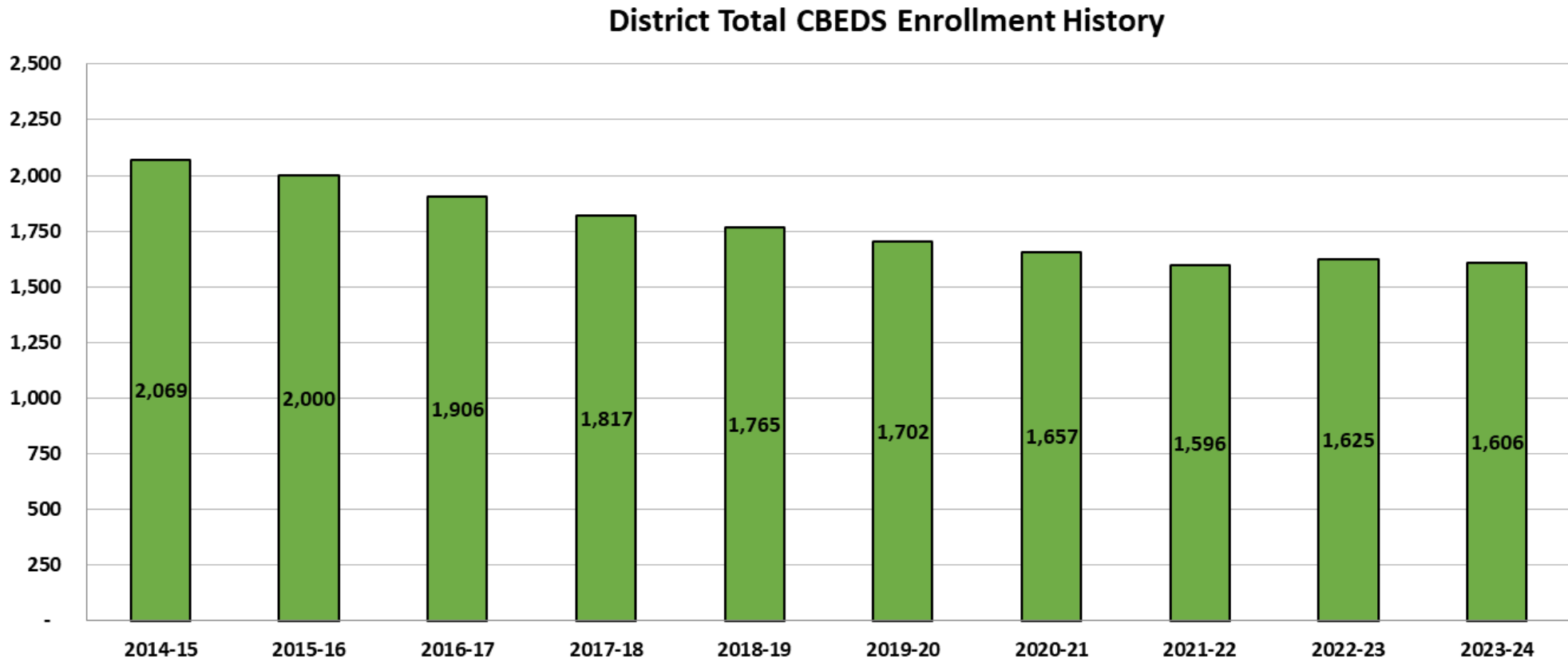
PROPERTY TAX HISTORICAL CHANGES

Ten Year Property Tax History



10-year Average of 5.60% and last 5-year average of 5.17%. The number of homes sold have declined with 280 home in 2021, 176 homes in 2022 and only 150 homes to date this year. Home sales typically decline in December and January. Multiyear projections assume a 3% increase in two subsequent fiscal years.

ENROLLMENT HISTORY - CBEDS



CBEDS Enrollment: Measured first Wednesday of October every year

**Enrollment decline over last nine years from 2014-15 to 2023-24.
Assume continued decline through 2025-26.**

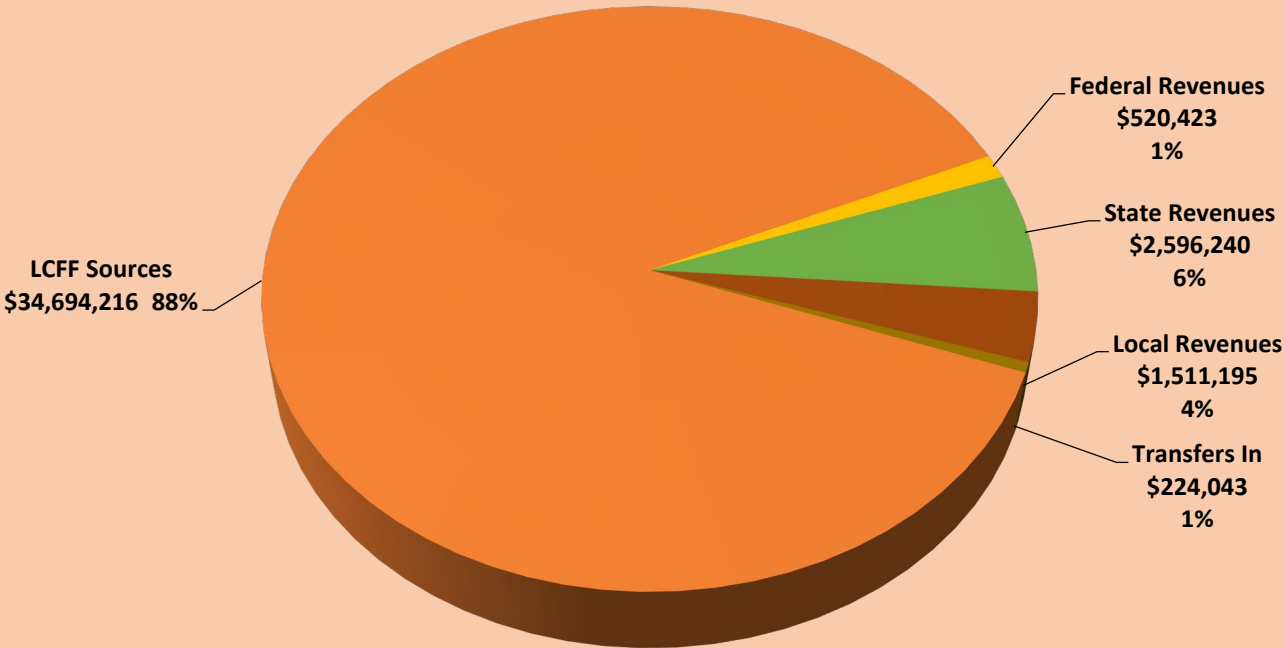
Assumption Changes Since Adopted Budget

Assumption Factors	2023-24 Adopted Budget	2023-24 First Interim
District Enrollment	1,568	1,607
Property Tax Growth	3%	4.67%
Parcel Tax Revenues	\$475,000	\$475,000
Unduplicated Student % (109 students estimated)	9.46%	9.39%
PERS Employer Rate	26.68%	26.68%
STRS Employer Rate	19.10%	19.10%
Unemployment Rate	.50%	.50%
Worker's Compensation Rate	1.7266%	1.8624%
Certificated FTEs	105.10	104.5
Classified FTEs	80.9	85.2
Management/Confidential FTEs	17	18
General Fund Contributions to Restricted Programs	\$6,603,458	\$6,934,947
Available Reserve % (General Fund 01 and Basic Aid Reserve Fund 17)	31.59%	32.27%

REVENUE UPDATE – TOTAL GENERAL FUND

Revenue Factors	Projected 2023-24	Projected 2024-25	Projected 2025-26
Property Taxes	6.92%	3.00%	3.00%
Enrollment (CBEDS)	1,606	1,560	1,507
Average Daily Attendance	1,558.13	1,514.48	1,463.07
Average Daily Attendance (Funded ADA)	1,605.71	1,566.88	1,548.57
Unduplicated Student %	9.39%	9.45%	9.69%

**Total
Revenues
\$39.5M**



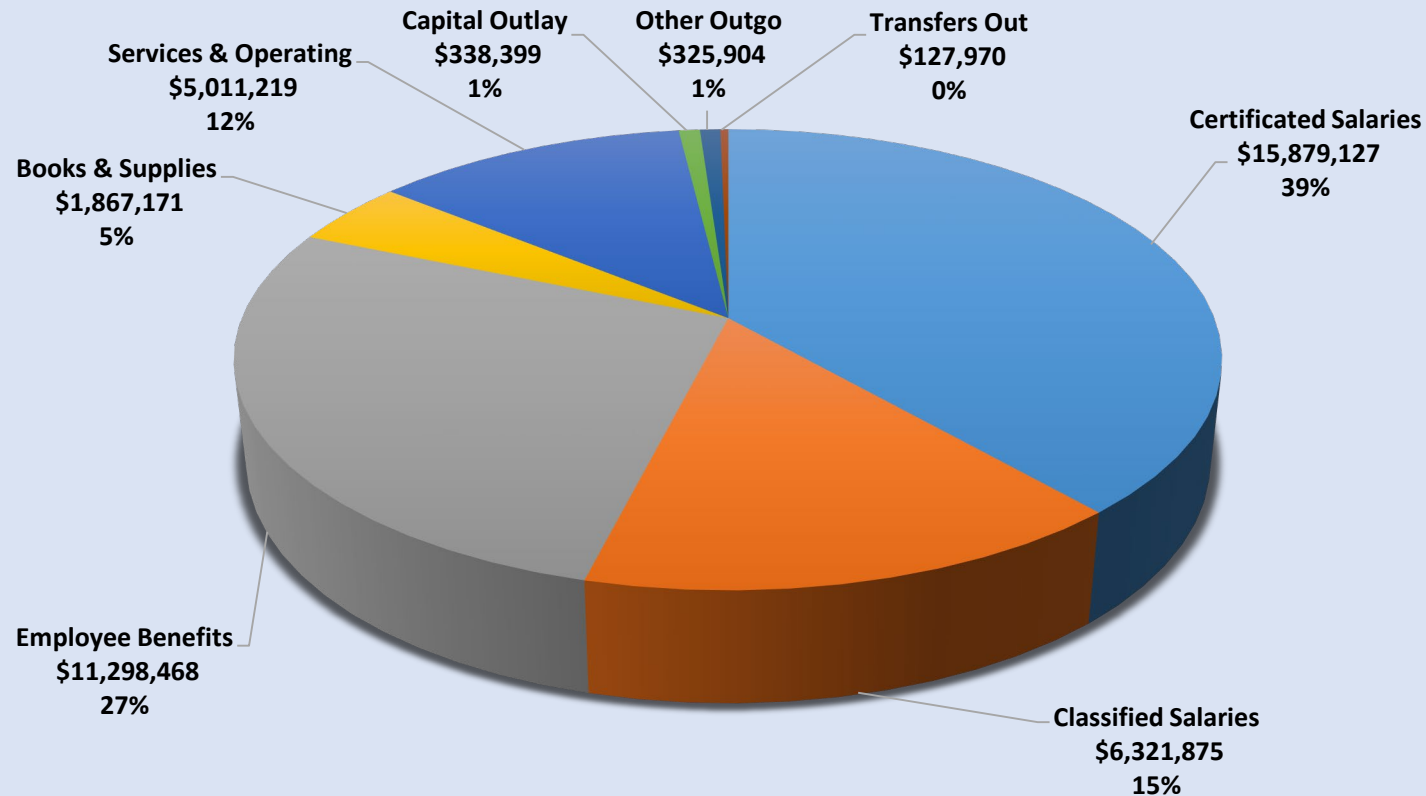
UNRESTRICTED REVENUE BUDGET CHANGES

Revenue Categories	2023-24 Adopted Budget	2023-24 First Interim	Change
LCFF Sources	\$34,521,452	\$33,389,008	(\$1,132,444)
Federal Revenues	\$0	\$0	\$0
State Revenues	\$338,470	\$365,107	\$26,637
Local Revenues	\$601,000	\$645,112	\$44,112
Transfers In	\$0	\$224,043	\$224,043
TOTAL REVENUES	\$35,460,922	\$34,623,270	(\$837,652)

Increase for Property Taxes offset by increased transfer of additional \$1.5 million to Deferred Maintenance Fund for anticipated repairs in summer of 2023. State revenues increased for unrestricted lottery revenues. Local revenues increases to recognize rebates and STRS excess refund received to date. Transfer In for K & 1st Grade furniture replacements.

EXPENDITURE UPDATE – TOTAL GENERAL FUND

Expenditure Factors	Projected 2023-24	Projected 2024-25	Projected 2025-26
STRS Employer Rate Changes	0%	0%	0%
PERS Employer Rate Changes	1.31%	1.02%	0.60%
Health Benefit Increases	5.8%	10%	10%
Step/Column Increases	1.5%	1.5%	1.5%



Total Expenditures
\$41.2 million

Salary & Benefit
Costs
81%

UNRESTRICTED EXPENDITURE BUDGET CHANGES

Expenditure Category	2023-24 Adopted Budget	2023-24 First Interim	Change
Certificated Salaries	\$13,233,085	\$13,094,109	(\$138,976)
Classified Salaries	\$3,663,300	\$3,707,566	\$44,266
Employee Benefits	\$7,456,994	\$7,281,385	(\$175,609)
Books & Supplies	\$1,005,899	\$1,273,346	\$267,447
Services & Operating	\$2,833,383	\$2,930,426	\$97,043
Capital Outlay	\$0	\$0	\$0
Debt Service/Other Outgo	\$323,318	\$309,367	(\$13,951)
Transfers Out	\$195,621	\$127,970	(\$67,651)
Contributions to Restricted Programs	\$6,603,458	\$6,934,947	\$331,489
TOTAL EXPENDITURES	\$35,315,058	\$35,659,116	\$344,058

- Adjusted for actual staffing
- Employee Benefit changes due to changes in employer paid mandatory costs and changes in staffing
- Increase in books and supplies for new Kindergarten and First Grade furniture
- Increase in utility costs and other contracted services
- Other outgo increase due to increase in administrative overhead costs to restricted programs
- Decrease in transfer to Basic Aid Reserve fund per board policy
- Increase in contribution to Special Education due to decrease in state revenues and increase in contracted services for employee leaves and other services

COMPONENTS OF GENERAL FUND ENDING FUND BALANCE

Description	Unrestricted	Restricted	Total
Revolving Cash	\$635	-	\$635
Restricted	-	\$1,240,803	\$1,240,803
Assigned (Maintenance/Other Projects, Technology Plan, K-8 Instructional Materials Adoptions, and Supplemental Early Retirement Plan)	\$1,574,904	-	\$1,574,904
Economic Uncertainty (Required 3%)	\$1,235,104	-	\$1,235,104
Unassigned/Unappropriated	\$6,245,969	-	\$6,245,969
Total Ending General Fund Balance	\$9,056,612	\$1,240,803	\$10,297,415

MULTI-YEAR PROJECTIONS (MYP) – GENERAL FUND COMBINED

Categories (In Millions)	2023-24 1 st Interim	2024-25 Projection	2025-26 Projection
Beginning Balance – July 1	\$11,921,430	\$10,297,415	\$7,041,468
Revenues	\$39,322,074	\$40,052,509	\$41,109,984
Transfers In	\$224,043	-	-
Total Revenues & Transfers In	\$39,546,117	\$40,052,509	\$41,109,984
Expenditures	(\$41,042,162)	(\$42,905,486)	(\$43,424,193)
Transfers Out	(\$127,970)	(\$402,970)	(\$432,970)
Total Expenditures & Transfers	(41,170,132)	(\$43,308,456)	(\$43,857,163)
Surplus/(Deficit Spending)	(\$1,624,015)	(\$3,255,947)	(\$2,747,179)
Ending Balance – June 30	\$10,297,415	\$7,041,468	\$4,294,289
General Fund 01 - Available Reserve %	18.17%	10.72%	3.56%
Basic Aid Special Reserve Fund 17 – Available Reserve % (Board policy = 15% of prior year General Fund Audited Expenditures	14.10%	13.87%	14.16%
Total Combined Available Reserves % (Fund 01 & Fund 17)	32.27%	24.59%	17.72%

BUDGET CONCERNS

- Economy is slowing which may impact the housing market which in turn affects property taxes for SUSD. Staff will continue to monitor projections and adjust property tax projections adequately to reflect any changes.
- Enrollment changes may have unpredictable impacts.
- Current projections do not reflect any negotiated salary increases for 2025-26. Salary and benefit negotiations will begin in January 2025.
- Significant deferred maintenance repairs such as asphalt and roof repairs are anticipated over the next several years, which continue to be funded from General Fund reserves.
- Further decline in donation revenues for PTAs and SEF could continue to impact the general fund.

OTHER FUNDS - SUMMARY

Funds	Beginning Balance	Revenues	Expenditures	Ending Balance
Fund 08 – Student Body Funds	\$9,610	\$1,300	(\$2,145)	\$8,765
Fund 13 – Cafeteria	\$390,866	\$1,066,162	(\$1,351,826)	\$105,202
Fund 14 – Deferred Maintenance	\$1,809,685	\$3,550,000	(\$1,289,894)	\$4,069,791
Fund 17 – Basic Aid Special Reserve (BASR)	\$5,602,289	\$75,000	-	\$5,805,259
Fund 20 – Special Reserve (OPEB)	\$490,100	\$5,000	-	\$495,100
Fund 21 – Building Fund	\$2,112,752	\$35,551	(\$344,135)	\$1,804,168
Fund 25 – Capital Facilities	\$3,694,294	\$67,000	(\$46,775)	\$3,714,519
Fund 51 – Bond Interest Redemption	\$8,463,178	\$7,581,873	(\$7,837,700)	\$8,207,351
Fund 63 – After School Child Care Fund	\$746,081	\$1,287,000	(\$1,112,310)	\$920,771

THANK YOU FOR YOUR ATTENTION!

Board Comments and
Questions?