

2023-2024 1st Interim Report

***Business Services Department
12/13/2023***



Overview of the Presentation



- Education Code Reporting Requirements
- Overview
- First Interim Report Assumptions
- Budget Highlights
- Multi-Year Projections
- Challenges
- Next Steps



Education Codes 35035, 42130, 42131 Requirements



Education Code
deadline for the
First Interim Report



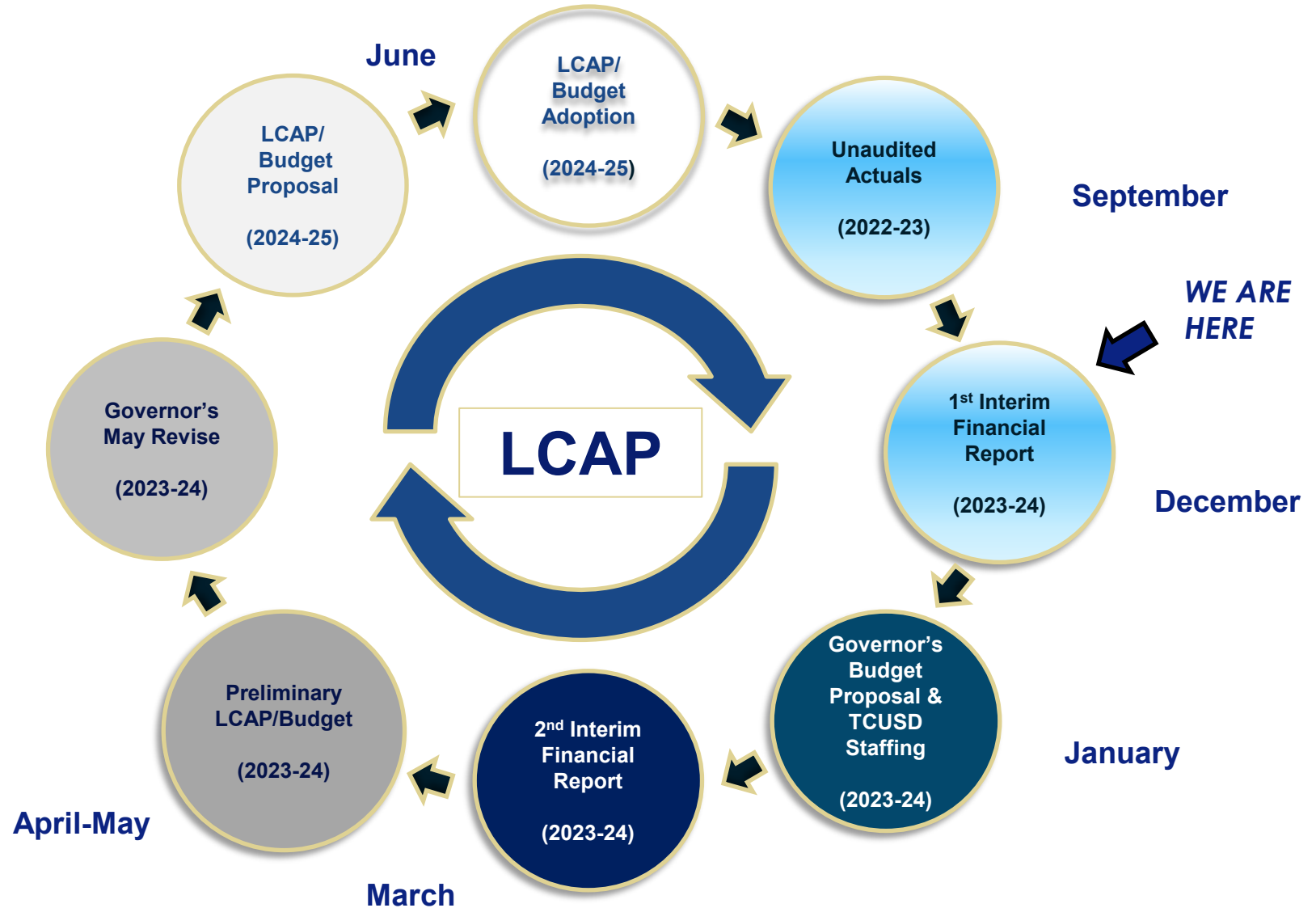
TCUSD Governing
Board approves the
report on December
13, 2023



The Report must be
submitted to LACOE on
or before December 15,
2023



Budget Cycle



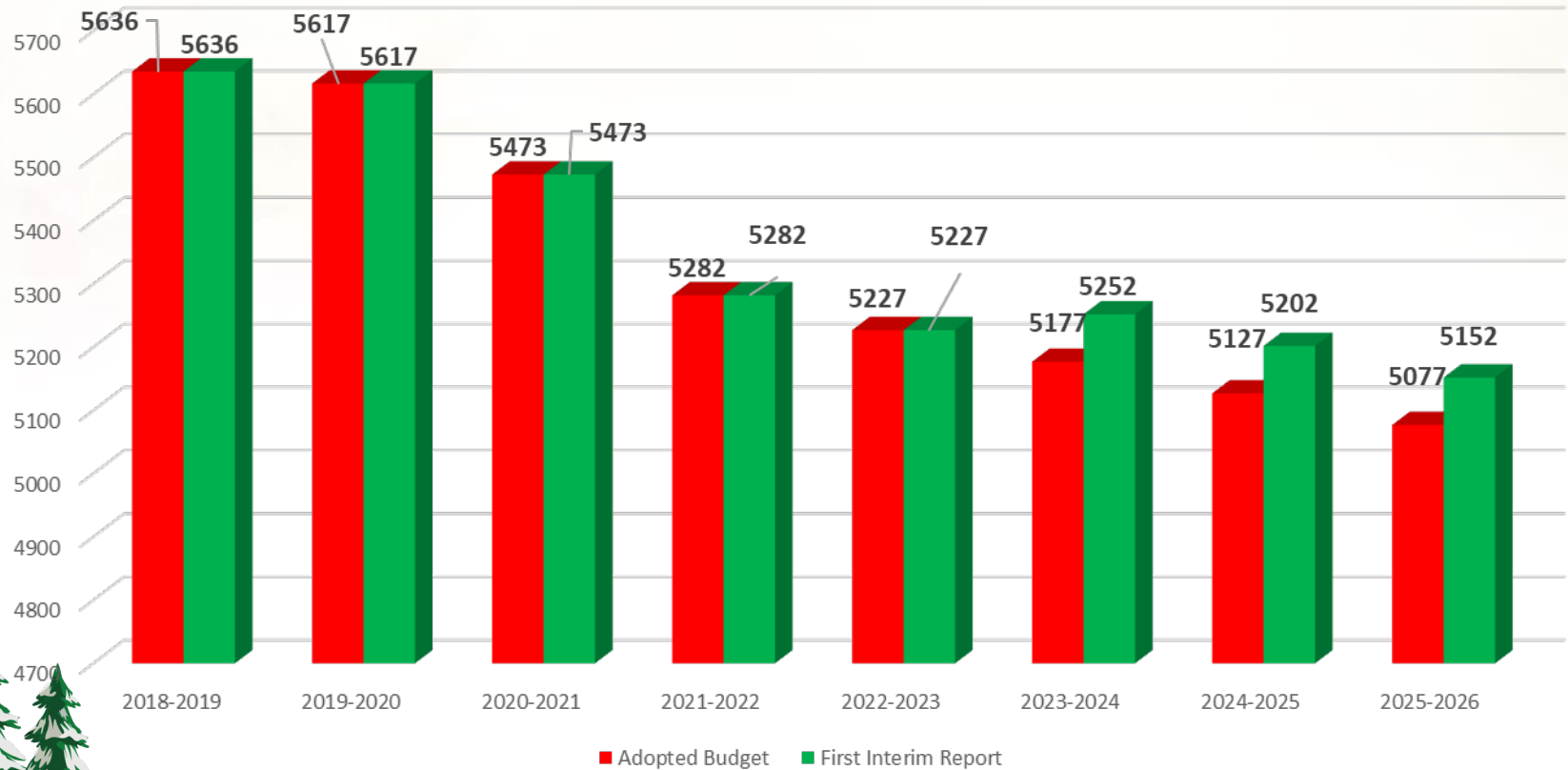
Overview

- TCUSD will submit positive certification to LACOE for the 2023-24 First Interim Report.
- Key changes since district's adopted budget
 - COLA for 2024-25 has been reduced from 3.94% to 1%
 - Enrollment projections have been adjusted according to actual 2023-24 student enrollment
 - Additional money has been set aside for program needs due to TCHS field closure in preparing for its modernization.



Enrollment Comparison

Adopted Budget vs First Interim



First Interim Report Assumptions



	2023-24 Adopted Budget	2023-24 First Interim	2024-25 Projection	2025-26 Projection
Local Control Funding Formula (LCFF) Estimated Statutory COLA	8.22%	8.22%	1.00%	3.29%
Recommended Funded COLA	8.22%	8.22%	1.00%	3.29%
California Lottery				
Unrestricted per ADA	\$170	\$177	\$177	\$177
Restricted per ADA	\$67	\$72	\$72	\$72
Mandate Block Grant				
Grade K-8 per ADA	\$37.81	\$37.63	\$39.30	\$40.59
Grade 9-12 per ADA	\$72.84	\$72.49	\$75.71	\$78.20
Employee Benefits				
CalSTRS Employer Rate	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate	26.68%	26.68%	27.70%	28.30%
Unemployment Insurance Rate	0.05%	0.05%	0.05%	0.05%
Payroll				
Certificated Step and Column	2.0147%	2.0147%	2.0147%	2.0147%
Classified Step and Column	1.646%	1.646%	1.646%	1.646%
Enrollment and ADA				
Enrollment	5,177	5,252	5,202	5,152
Unduplicated Pupil Percentage (UPP)	47.43%	47.45%	48.67%	48.67%
ADA	4,950	5,022	4,974	4,926
Funded ADA	5,201.78	5,201.66	5,054.82	5,003.20



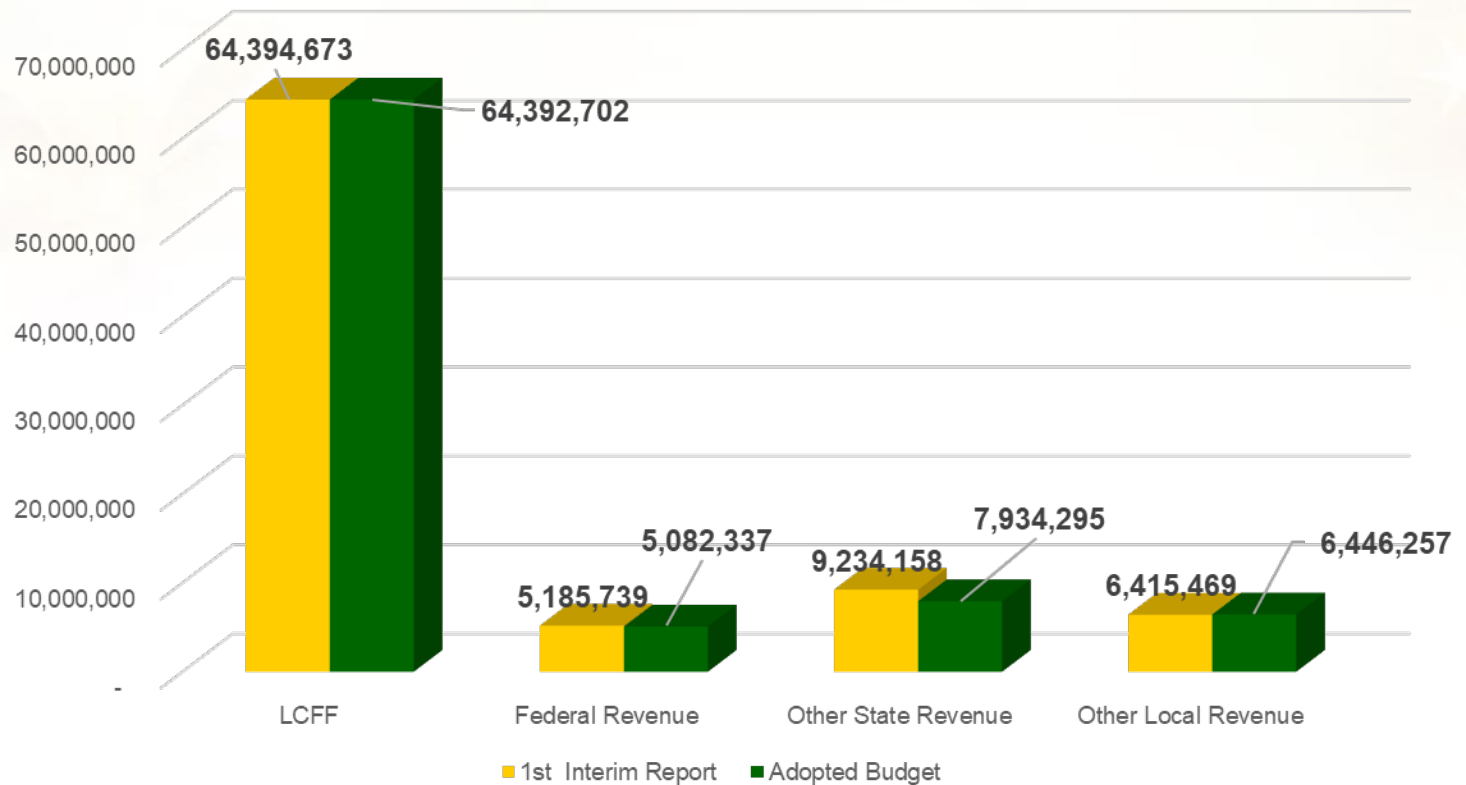
2023-24 First Interim Report

General Fund Summary

Description	Unrestricted	Restricted	Total
Beginning Balance	<u>\$22,641,972</u>	<u>\$15,078,125</u>	<u>\$37,720,097</u>
Total Revenues	65,958,864	19,271,175	85,230,039
Total Expenditures	<u>60,014,196</u>	<u>34,362,611</u>	<u>94,376,807</u>
Excess/(Deficiency)	5,944,668	(15,091,436)	(9,146,768)
Other Sources/Uses	<u>(10,152,600)</u>	<u>10,152,600</u>	<u>0</u>
Change in Fund Balance	<u>(4,207,932)</u>	<u>(4,938,836)</u>	<u>(9,146,228)</u>
Ending Fund Balance	<u><u>\$18,434,040</u></u>	<u><u>\$10,139,289</u></u>	<u><u>\$28,573,329</u></u>
Unassigned/Unappropriated	\$ -		\$ -

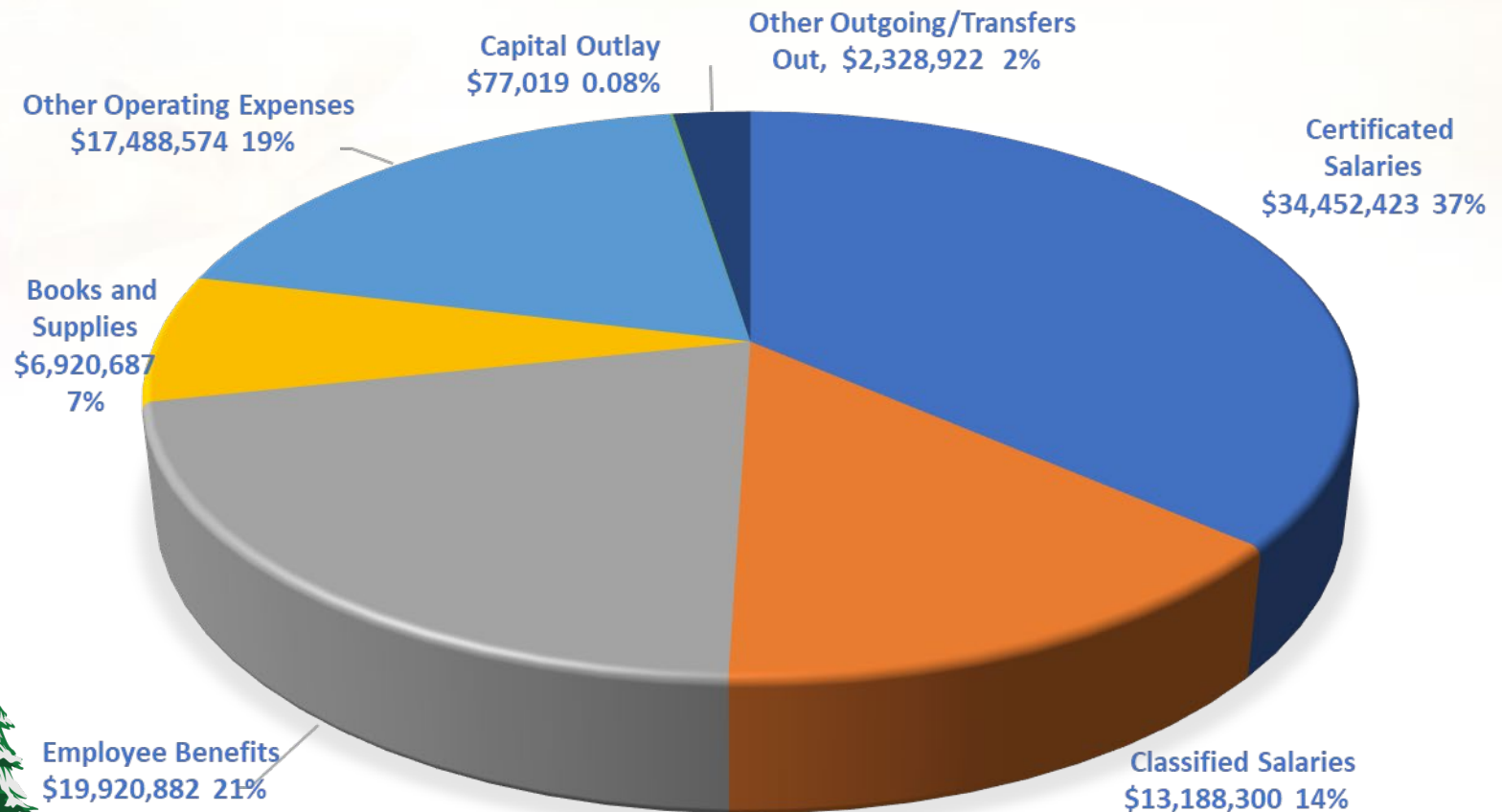


2023-24 First Interim Report Revenue Projection Comparison



2023-24 First Interim Report

Combined General Fund Expenditure



2023-24 First Interim Report

Multiyear Projection - Unrestricted



	2023-24 First Interim	2024-25 Projection	2025-26 Projection
Total Revenue	\$55,806,264	\$54,532,042	\$55,658,339
Total Expenditure	\$60,014,196	\$61,358,914	\$62,063,172
Net Change in Funds	(\$4,207,932)	(\$6,826,872)	(\$6,404,833)
Beginning Fund Balance	<u>\$22,641,972</u>	<u>\$18,434,040</u>	<u>\$11,607,168</u>
Ending Fund Balance	<u>\$18,434,040</u>	<u>\$11,607,168</u>	<u>\$5,202,335</u>
Unassigned/Unappropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



First Interim Report

Commitment and Assignment



	2023-24	2024-25	2025-26
Commitments			
2% Additional Reserve-Board Policy	\$ 1,887,536	\$ 1,823,137	\$ 1,803,031
LCAP Carryover	2,048,402	805,489	-
Post Employment Benefit	250,000	250,000	250,000
Employee Health and Wealth Pooling Balance	94,170	94,170	94,170
Compensated Absences	2,130,000	2,000,000	
Textbook Adoptions (Including Social Science and Pro)	2,000,000	2,000,000	
Technology-Student and staff devices	2,000,000	800,000	
Facilities	1,500,000	500,000	
Equipment (including Vehicles, weight room)	550,000	150,000	
Programs needs due to TCHS field closure	350,000		
	12,810,108	8,422,796	2,147,202
Assigned			
Economic Uncertainties	2,831,307	2,734,706	2,704,548
Reserve for state funding changes	2,777,625	434,666	335,585
Total Assigned	5,608,932	3,169,372	3,040,133
Unassigned and Unappropriated	\$ -	\$ -	\$ -



Budget Challenges



The 2024-25 Budget:

California's Fiscal Outlook

LAO 

GABRIEL PETEK
LEGISLATIVE ANALYST
DECEMBER 2023



Budget Challenges



Executive Summary

California Faces a \$68 Billion Deficit. Largely as a result of a severe revenue decline in 2022-23, the state faces a serious budget deficit. Specifically, under the state's current law and policy, we estimate the Legislature will need to solve a budget problem of \$68 billion in the upcoming budget process.

Unprecedented Prior-Year Revenue Shortfall Creates Unique Challenges. Typically, the budget process does not involve large changes in revenue in the prior year (in this case, 2022-23). This is because prior-year taxes usually have been filed and associated revenues collected. Due to the state conforming to federal tax filing extensions, however, the Legislature is gaining a complete picture of 2022-23 tax collections after the fiscal year has already ended. Specifically, we estimate that 2022-23 revenue will be \$26 billion below budget act estimates. This creates unique and difficult challenges—including limiting the Legislature's options for addressing the budget problem.

Legislature Has Multiple Tools Available to Address Budget Problem. While addressing a deficit of this scope will be challenging, the Legislature has a number of options available to do so. In particular, the state has nearly \$24 billion in reserves to address the budget problem. In addition, there are options to reduce spending on schools and community colleges that could address nearly \$17 billion of the budget problem. Further adjustments to other areas of the budget, such as reductions to one-time spending, could address at least an additional \$10 billion or so. These options and some others, like cost shifts, would allow the Legislature to solve most of the deficit largely without impacting the state's core ongoing service level.

Legislature Will Have Fewer Options to Address Multiyear Deficits in the Coming Years. Given the state faces a serious budget problem, using general purpose reserves this year is merited. That said, we suggest the Legislature exercise some caution when deploying tools like reserves and cost shifts. The state's reserves are unlikely to be sufficient to cover the state's multiyear deficits—which average \$30 billion per year under our estimates. These deficits likely necessitate ongoing spending reductions, revenue increases, or both. As a result, preserving a substantial portion—potentially up to half—of reserves would provide a helpful cushion in light of the anticipated shortfalls that lie ahead.



Next Steps



LACOE

- Review TCUSD's First Interim Report and issue a letter
- Provide budget guideline after January's Governor budget release

Temple City USD

- Submit the First Interim Report to LACOE before or on 12/15
- Work with the independent auditor to complete 22-23 financial audit
- Governor's 23-24 preliminary budget release around Jan 10, 2024
- Review district budget practices and cost
- Verify district position control and staffing
- District Second Interim Report preparation





QUESTIONS

