

LOS ALAMITOS UNIFIED SCHOOL DISTRICT

Igniting Unlimited Possibilities

Academics • Athletics • Activities • Arts

Operations Steering Committee 2023-24 Budget Update

April 10, 2024

Presented by: Elvia Galicia, Assistant Superintendent
of Business Services



LEGAL REPORTING REQUIREMENTS

- ▶ **State Mandate is to file a certification of financial solvency twice a year**
- ▶ **Projections must include current year and two subsequent years**
- ▶ **First Interim report is through October 31 and must be authorized and approved by the Board by December 15**
- ▶ **Second Interim report is through January 31 and must be approved by the Board by March 15**
- ▶ **Certifications:**
 - ❖ **Positive – District will meet its financial obligations in the current and two subsequent years**
 - ❖ **Qualified – District may not meet its financial obligations in the third year out**
 - ❖ **Negative – District will not meet its financial obligations in the current and two subsequent years**

BUDGET DEVELOPMENT ASSUMPTIONS

CHANGES FROM 1ST INTERIM TO 2ND INTERIM

| | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Cost of Living Adjustment (COLA) | 8.22% | .76% (3.18%) | 2.73% (.56) |
| CalSTRS Rate | 19.10% | 19.10% | 19.10% |
| CalPERS Rate | 26.68% +1.31% | 27.80% +1.12% | 28.50% +0.70% |
| SUI (State Unemployment Insurance) Rate | .05% | .05% | .05% |
| Health Benefit Per Employee Cost | \$18,561 | \$20,603 | \$22,869 |
| Enrollment Projection | 8,929 (5) | 8,864 (65) | 8,801 (63) |
| Projected P2 ADA | 8,593 | 8,534 | 8,474 |
| Projected Funded ADA (3-Yr Avg) | 8,934 | 8,658 | 8,541 |
| Unduplicated Pupil Percentage (UPP) | 17.55% | 17.85% | 18.37% |
| Projected LCFF Entitlement Per ADA | \$11,691 | \$11,799 | \$12,129 |

2024-25 GOVERNOR'S JANUARY BUDGET

- ▶ **2022-23 Tax Collections were approximately \$43 billion lower than anticipated**
- ▶ **Resulted in overall State deficit of \$37.9 billion**
- ▶ **Deficit addressed by reserve draw-downs, spending reductions, internal borrowing, and various funding shifts**
- ▶ **2024-25 COLA reduction from 3.94% to 0.76% (reduction of ongoing LCFF revenue of \$3.2 million)**
- ▶ **2025-26 COLA reduction from 3.29% to 2.73% (reduction of ongoing LCFF revenue of \$600K)**
- ▶ **Ongoing increase costs - Step & Column, PERS and Health Benefit**

BUDGET REDUCTION PLANS

| Potential Ongoing Expenditure Reductions and Revenue Increases | 2024-25 |
|--|--------------------|
| Workers Comp Rate Reduction | \$340,000 |
| Reductions in Supplies and Contracted Services | \$265,000 |
| Reduction to Districtwide Technology Fund | \$500,000 |
| Reduction to Deferred Maintenance Contribution | \$250,000 |
| Transfer In Revenues from Fund 17 | \$750,000 |
| Classified Salary Reductions with Fringe Benefit Costs | \$345,000 |
| Certificated Salary Reduction with Fringe Benefit Costs (Approximately 5 – 6 FTEs) | \$750,000 |
| TOTAL | \$3,200,000 |

BUDGET REDUCTION PLANS

| Potential Ongoing Expenditure Reductions and Revenue Increases | 2025-26 |
|--|--------------------|
| Workers Comp Rate Reduction | \$325,000 |
| Reductions in Supplies and Contracted Services | \$200,000 |
| Reduction to Districtwide Technology Fund | \$500,000 |
| Reduction to Deferred Maintenance Contribution | \$250,000 |
| Transfer In Revenues from Fund 17 | \$750,000 |
| Classified Salary Reductions with Fringe Benefit Costs | \$700,000 |
| Certificated Salary Reduction with Fringe Benefit Costs (Approximately 7 – 8 FTEs) | \$1,075,000 |
| TOTAL | \$3,800,000 |

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTIONS

| GENERAL FUND UNRESTRICTED | 2023-24 | 2024-25 | 2025-26 |
|--|----------------------|----------------------|-----------------------|
| Beginning Fund Balance | \$10,506,060 | \$7,386,554 | \$5,250,337 |
| Revenues (Federal, State & Local) | \$115,090,127 | \$112,556,224 | \$114,758,599 |
| Contributions to Restricted Programs | \$(12,434,181) | \$(12,000,000) | \$(12,000,000) |
| TOTAL REVENUES | \$102,655,946 | \$101,306,224 | \$ 102,758,589 |
| TOTAL EXPENDITURES | \$105,775,452 | \$103,442,401 | \$103,471,264 |
| Net Increase (Decrease) Fund Balance | \$(3,119,506) | \$(2,136,177) | \$(712,675) |
| Unrestricted General Fund Ending Fund Balance (EFB) | \$7,386,554 | \$5,250,337 | \$4,537,703 |
| EFB as a % of Total General Fund Expenses | 4.73% | 3.48% | 3.02% |
| Fund 17 Reserves | \$5,930,004 | \$5,260,004 | \$4,590,004 |
| Total Unrestricted Ending Fund Balance | \$13,151,058 | \$10,344,881 | \$8,962,207 |
| EFB as a % of Total General Fund Expenses | 8.62% | 7.09% | 6.20% |

NEXT STEPS

- ▶ **LAO estimates a higher deficit and recommends no COLA and reduction to ongoing programs, ELOP, Universal Meals, Universal TK.**
- ▶ **May 21, 2024 - Governor's May Revision Budget Proposal**
- ▶ **June 11, 2024 - 2023-24 Estimated Actuals and 2024-25 Proposed Budget**
- ▶ **June 25, 2024 - Adoption of the 2024-25 Proposed Budget**
- ▶ **Based on proposed budget reduction plans, the District will meet its financial obligation in the current and subsequent fiscal years. This will require significant planning in order to solve the shortfall projections in the coming years.**

THANK YOU!!

QUESTIONS

