



PERRIS UNION
HIGH SCHOOL DISTRICT

2024-25 BUDGET

JUNE 3, 2024

BUDGET PROPOSAL



PUHSD.ORG



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CALIFORNIA STATE BUDGET





STATE BUDGET UPDATE

- On May 10, 2024, Governor Gavin Newsom released the May Revision to the proposed state budget for 2024-25
 - Included the same funding maneuver proposed in the Governor's January Budget
- On May 27, 2024, the Governor and CTA reached two-party agreement on Proposition 98
 - This is as an alternative to the Governor's Proposition 98 maneuver proposal and continues to include internal borrowing
- On May 29, 2024, the Senate and Assembly agreed to a joint legislative proposal for the 2024-25 state budget
 - Governor Newsom has yet to agree to this spending plan and will need to continue negotiations with the Legislature
- The District's budget is built on the major components of the May Revision



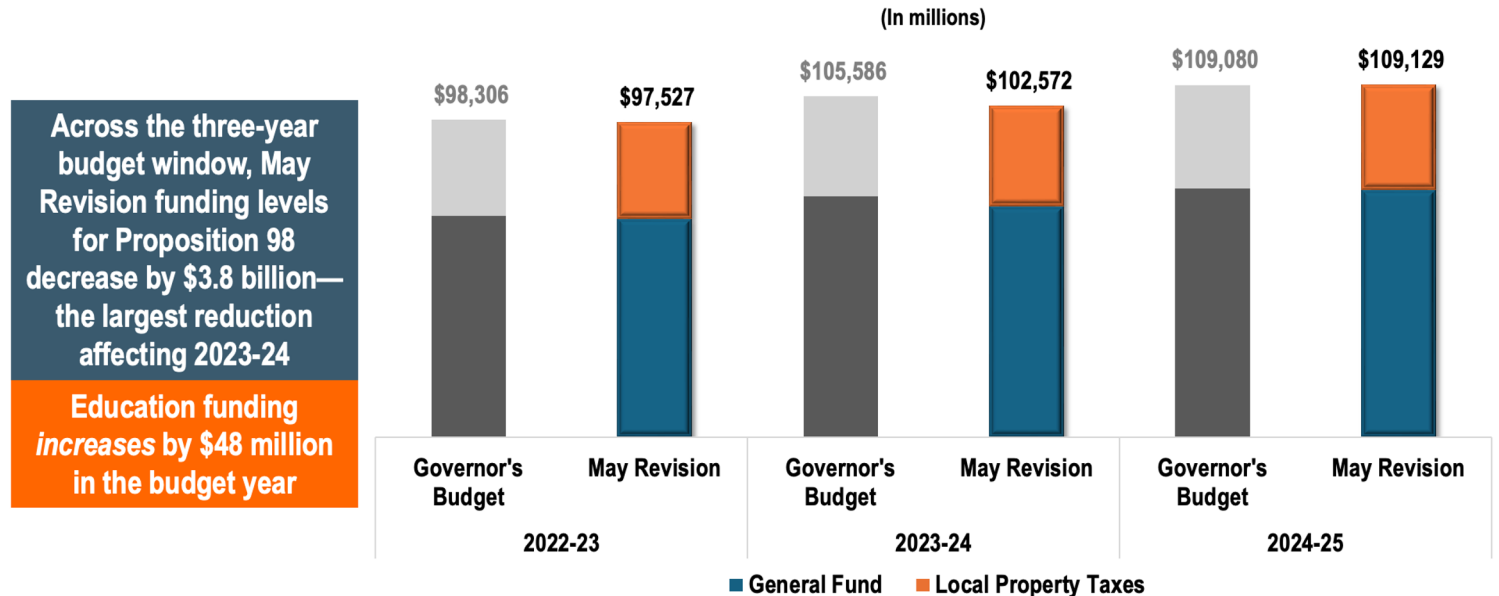
THEMES FOR THE GOVERNOR'S MAY REVISION

- At the May Revision, Governor Gavin Newsom must resolve projected budget deficits in 2024-25 and 2025-26, and actual deficits in the current fiscal year
 - Outside education, he proposes significant spending cuts to government operations, reductions to programs, and pauses of new investments
 - Thankfully, K-14 education continues to be shielded from ongoing programmatic reductions
 - This is accomplished by fully depleting the Proposition 98 Rainy Day Fund, increasing the size of the Proposition 98 “funding maneuver,” and adding one-time education cuts
- The Governor does not assume a recession, but includes risks that would affect Proposition 98 should they come to pass



PROPOSITION 98

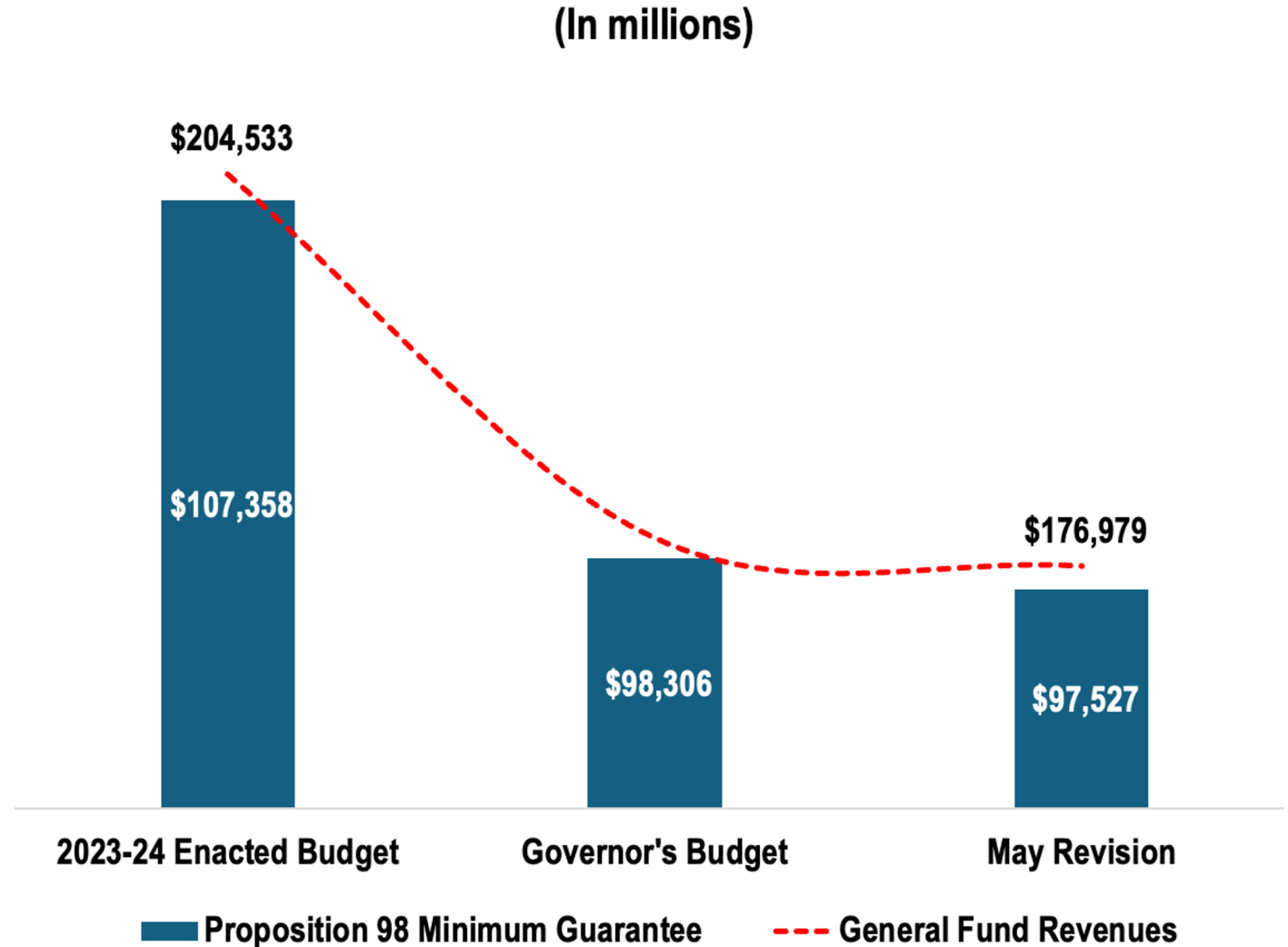
- Proposition 98 is the number 1 issue in the State Budget this year
- Significant disparities between budgeted and actual state General Fund revenues create problems for the education budget—state and local
- Revenue volatility has led to multi-billion-dollar reductions in the Proposition 98 minimum guarantee for 2022-23 and 2023-24
- We are feeling the effects of the risky revenue assumptions underlying the 2022-23 funding level





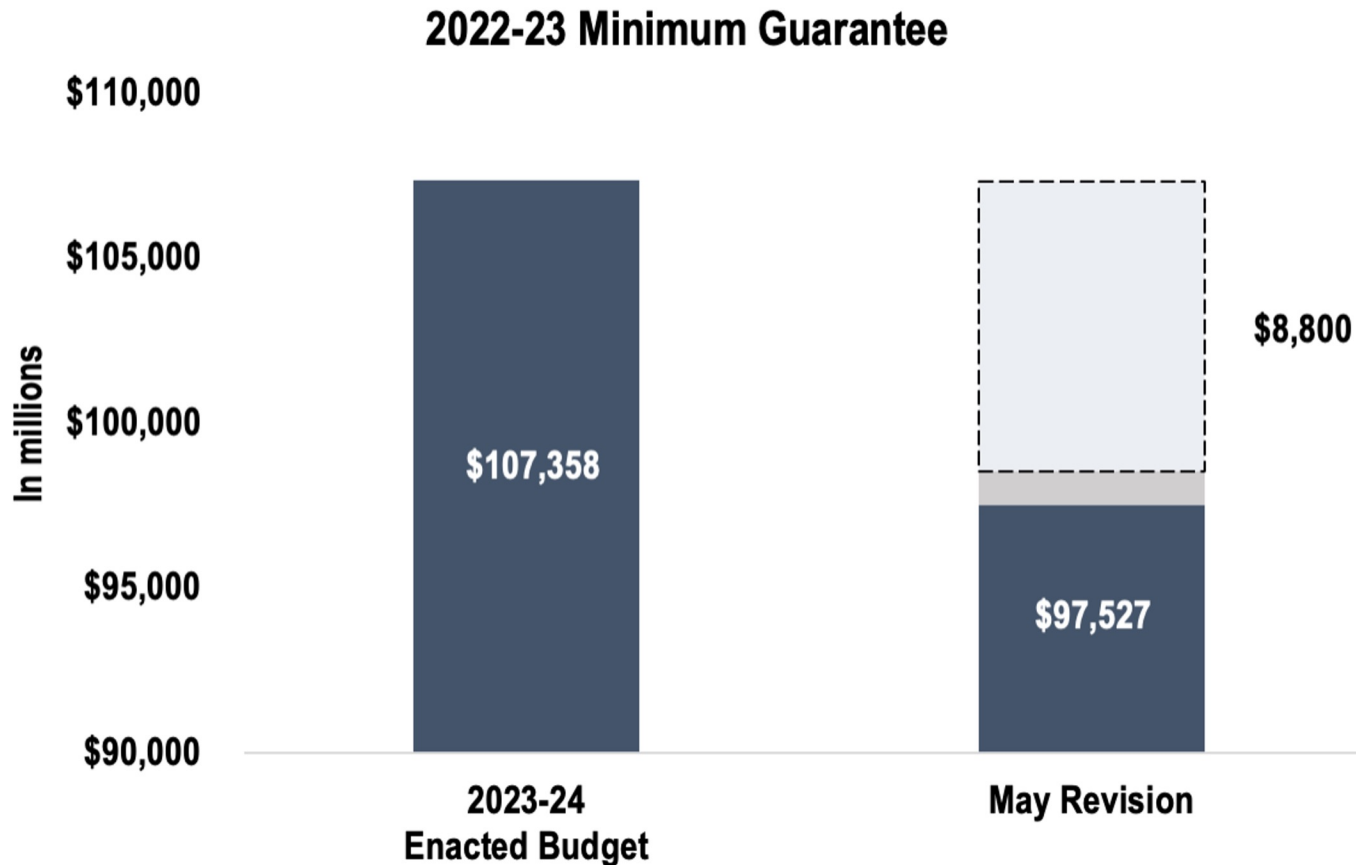
THE 2022-23 CONUNDRUM

- In that Proposition 98 spending consumes nearly 40% of all state General Fund revenues, the 2022-23 appropriation above the revised minimum guarantee in the May Revision creates a significant budget dilemma
- *Why are we here?* The 2022 personal income and corporation taxes came in \$26 billion below estimates





THE 2022-23 “MANEUVER”



- From January to May, the amount appropriated to LEAs in 2022-23 above the revised minimum guarantee increased by \$800 million, totaling \$8.8 billion
- State Budget resources in 2022-23 cannot absorb the overpayment to education
- The May Revision maintains the Governor’s proposal to accrue the budget impact of the excess funding over five years, beginning in 2025-26 with annual payments of \$1.8 billion



TWO-PARTY AGREEMENT: THE ADMINISTRATION AND CTA

- Key points of the agreement:
 - Continues to include “internal borrowing” though at a lower rate than the original proposal. The amount to be paid back from the Non-Proposition 98 General Fund would be \$1.3 billion for 5 years.
 - To address the 2022-23 fiscal shortfall, the proposal includes a “budget deferral” of \$2.6 billion to the 2023-24 fiscal year. This deferral is paid off in the 2023-24 fiscal year with Proposition 98 Rainy Day Fund.
 - The Proposition 98 guarantee for the 2023-24 will be in Test 2, but suspended at \$101.3 billion (May Revision level), which creates a \$5.5 billion Maintenance Factor (\$4.2 billion increase in 2023-24 projected Maintenance Factor obligation in 2024-25).
 - The Maintenance Factor obligations will be paid according to the process in the constitution, over time as revenues improve.



JOINT LEGISLATIVE BUDGET PLAN

- The Joint Legislative Budget Plan includes the following highlights relating to TK-12:
 - Overall Funding: Funds Proposition 98 about \$1.9 billion higher than the May Revision.
 - Programmatic Funding: Total program funding is roughly the same as the May Revision, but more is funded within existing the guarantee which results in less use of the Proposition 98 Rainy Day Fund.
 - Updated Proposition 98 Proposal: The Administration recently updated their Proposition 98 proposal, which would keep many aspects of their original proposal, but also includes a suspension of Proposition 98 in the 2023-24 fiscal year. The suspension will result in higher ongoing funding for schools in future years than the Governor's original proposal. The Legislature continues to examine the new proposal.



Key Highlights to Legislative Budget Plan

On January 10, 2024 the Governor met his constitutional obligation and proposed a budget for the 2024-25 fiscal year, which outlined a very serious budget shortfall.

Since that time, both houses of the Legislature have worked intensely to craft a budget plan. This process has included dozens of public hearings, the significant input from the public and stakeholders, an historic Early Action package that shrank the shortfall, and most recently the evaluation of the Governor's May Revision submitted just two weeks ago.

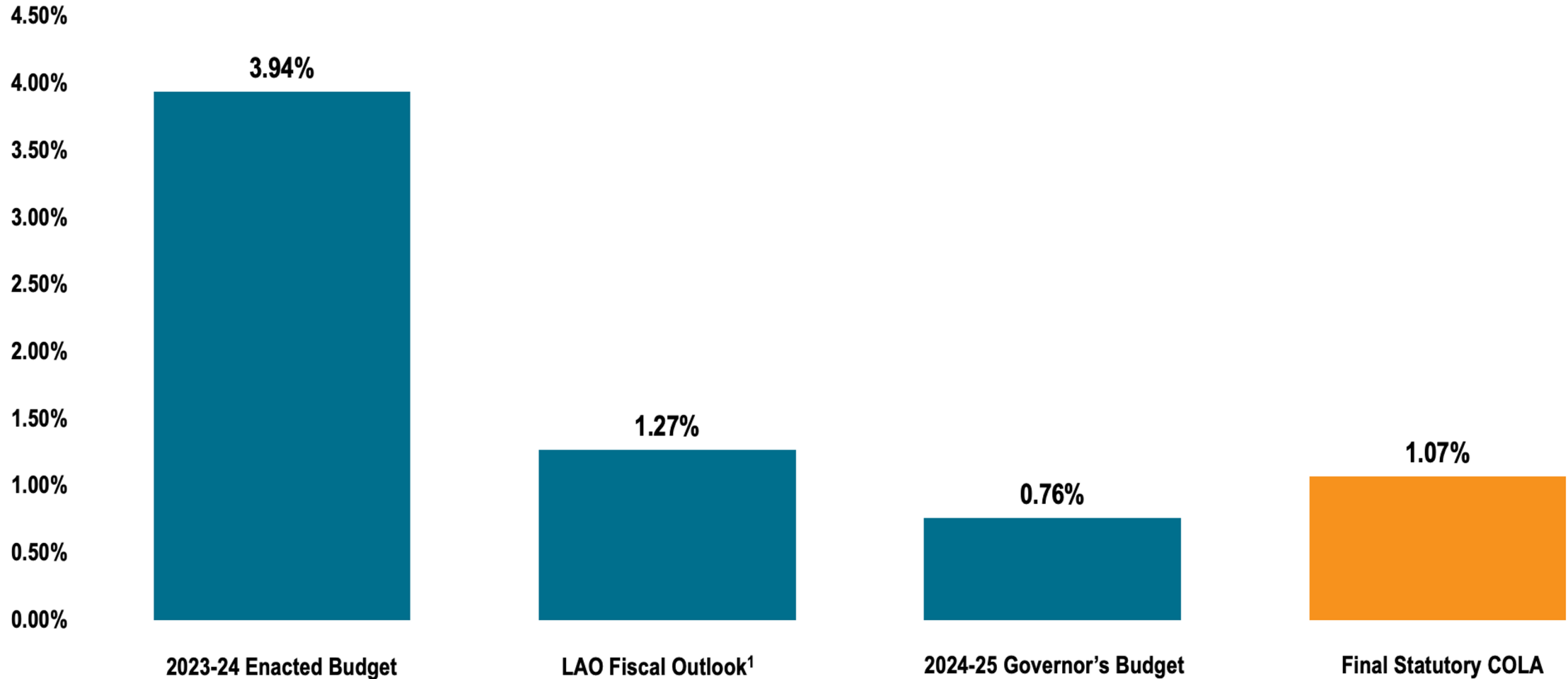
And now, the Assembly and Senate have reached an agreement on a responsible, balanced, and on-time budget that meets its constitutional obligation to pass the budget by June 15.

The details of the Legislature's Budget Plan will be further fleshed out this week through public hearings – the hallmark of the Legislature's budget process. However, this document outlines key details.

(All figures in this document are preliminary and subject to final scoring)



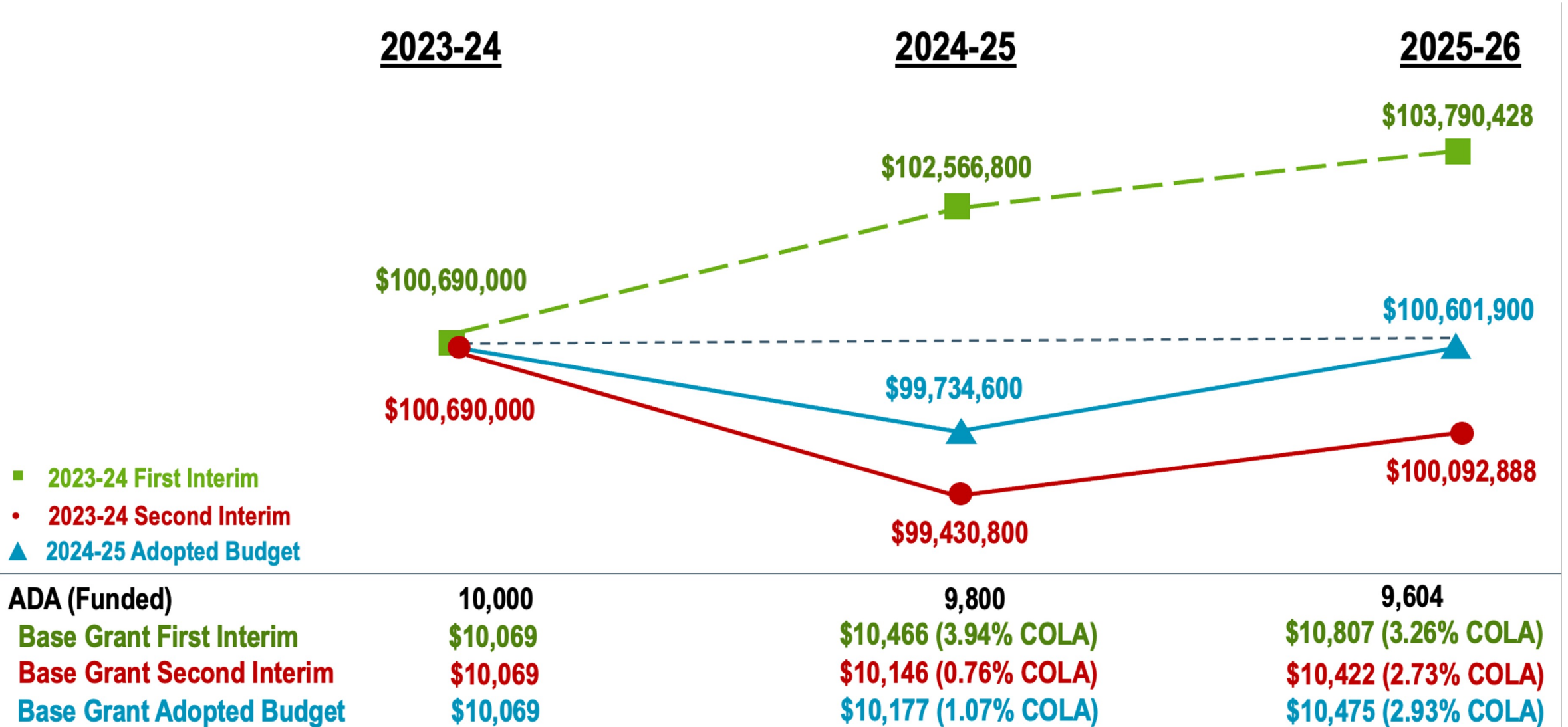
2024-25 STATUTORY COLA



¹LAO, December 2023

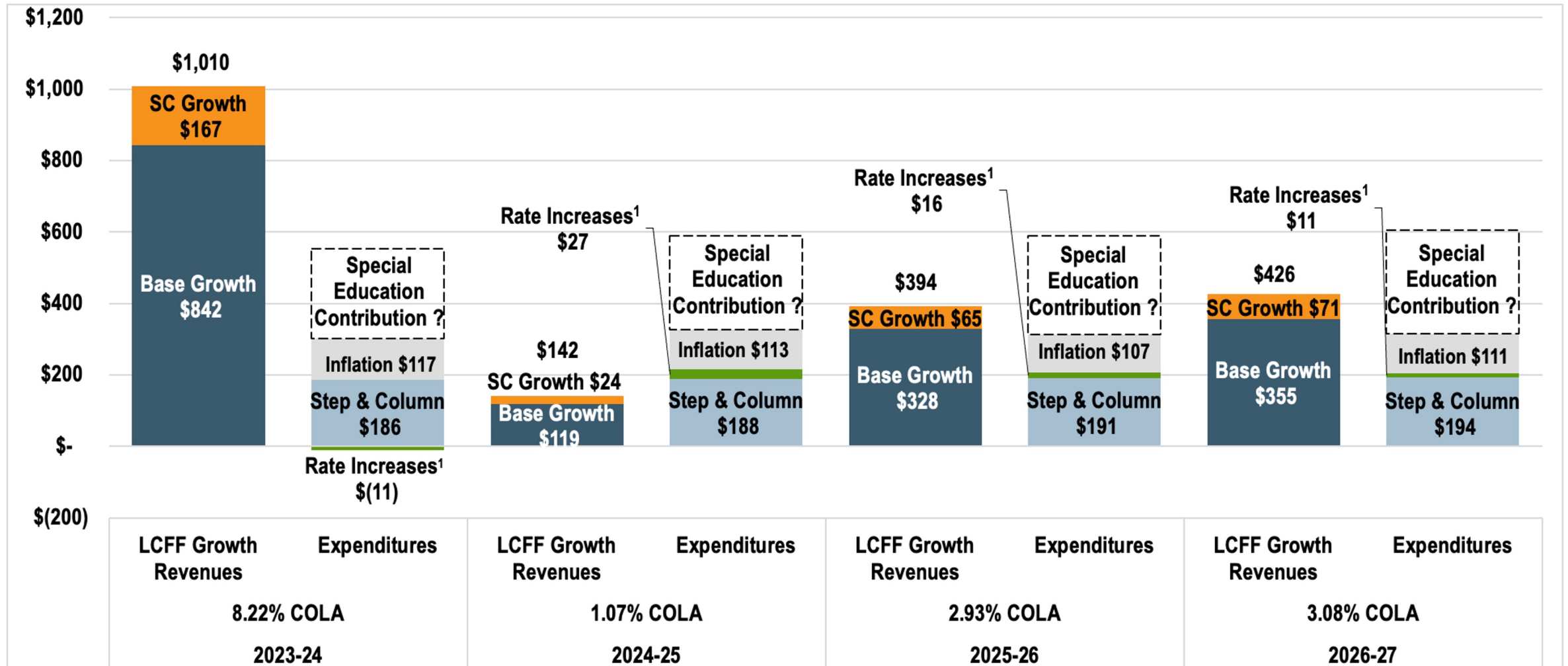


A TALE OF THREE LCFF MULTI-YEAR REVENUE PROJECTIONS





MULTI-YEAR COST FORECAST





IMPACT OF COVID-19 ON MULTI-YEAR PROJECTIONS

- The COVID-19 pandemic resonated through all facets of public education, including on the rate at which students attended school
 - In 2019-20, on average, a student missed 9 days of school annually
 - Fast forward to 2022-23 and, on average, a student missed 14 days of school annually

ADA-to-Enrollment Ratios		
Grade Span	2019-20	2022-23
TK-3	94.72%	91.03%
4-6	95.93%	92.86%
7-8	95.40%	92.04%
9-12	93.81%	90.61%

Source: California Department of Education (CDE) Principal Apportionment and California Longitudinal Pupil Achievement Data System (CALPADS) data

PROPOSED DISTRICT BUDGET





PUHSD LCFF CALCULATION

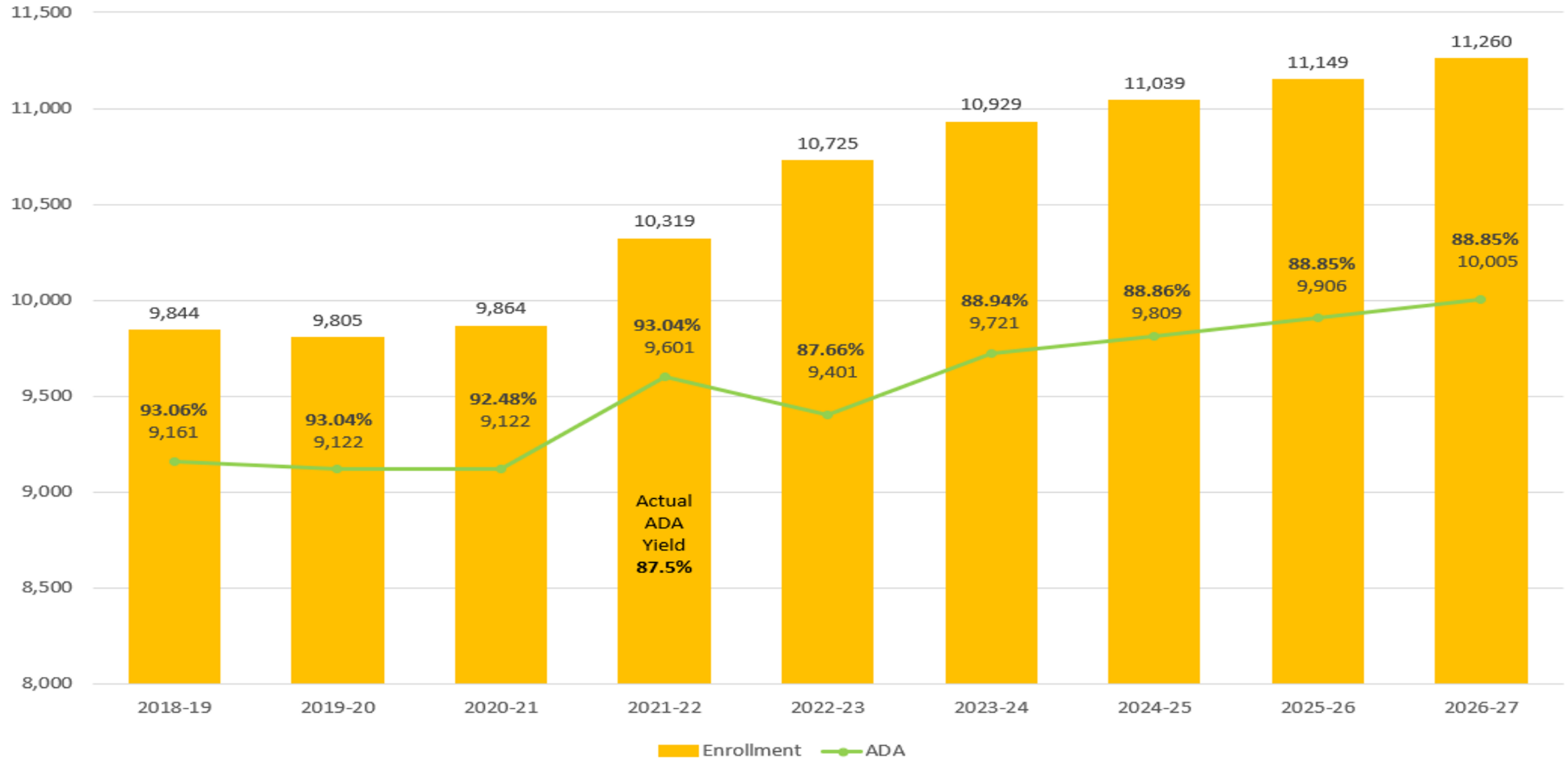
Calculation Factors	7-8	9-12
2023-24 Base Grant per ADA	\$10,367	\$12,015
1.07% COLA	\$111	\$129
2024-25 Base Grant per ADA	\$10,478	\$12,144
Grade Span Adjustment		\$316
2024-25 Adjusted Base Grant per ADA	\$10,478	\$12,460
20% Supplemental Grant per ADA (total UPP)*	\$1,550	\$1,844
65% Concentration Grant per ADA (total UPP)*	\$1,293	\$1,537
Total LCFF Funding per ADA	\$13,321	\$15,841

**District specific calculation based on 73.98% 3 year rolling average unduplicated pupil count (UPP)*



ENROLLMENT TO ADA HISTORICAL TRENDS & PROJECTIONS

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MULTI-YEAR PROJECTION ASSUMPTIONS SUMMARY

	2023-24	2024-25	2025-26	2026-27
Department of Finance (DOF) Statutory COLA	8.22%	1.07%	2.93%	3.08%
Enrollment	10,929	11,039	11,149	11,260
Enrollment Growth %	1.87%	1.00%	1.00%	1.00%
ADA	9,720.56	9,809.24	9,906.10	10,004.74
ADA as a % of Enrollment	88.94%	88.86%	88.85%	88.85%
Unduplicated % (Rolling 3 year average)	71.15%	73.98%	74.22%	74.22%
STRS Rate	19.10%	19.10%	19.10%	19.10%
PERS Rate	26.68%	27.05%	27.60%	28.00%



UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION SUMMARY

	2023-24	2024-25	2025-26	2026-27
Beginning Balance	\$35,921,681	\$31,197,890	\$27,608,555	\$22,844,746
LCFF Revenue	\$149,048,364	\$154,900,319	\$161,247,298	\$167,843,835
Other Revenue	\$9,951,021	\$8,264,776	\$7,644,357	\$7,644,357
Contributions	<u>-\$27,931,296</u>	<u>-\$28,422,791</u>	<u>-\$29,862,711</u>	<u>-\$35,268,700</u>
Total Revenues	\$131,068,089	\$134,742,304	\$139,028,944	\$140,219,492
Certificated Salaries	\$58,383,836	\$60,064,252	\$60,897,852	\$62,365,594
Classified Salaries	\$23,239,602	\$23,732,044	\$24,016,429	\$24,304,222
Employee Benefits	\$32,331,533	\$33,698,028	\$35,216,203	\$36,556,575
Books and Supplies	\$4,557,693	\$5,217,071	\$6,161,906	\$6,393,407
Services, Operating Expenses	\$18,385,168	\$18,828,180	\$20,675,951	\$23,457,712
Capital Outlay	\$2,081,933	\$255,412	\$255,412	\$255,412
Other Outgo	<u>-\$3,187,885</u>	<u>-\$3,463,348</u>	<u>-\$3,431,000</u>	<u>-\$3,308,497</u>
Total Expenditures	\$135,791,880	\$138,331,639	\$143,792,753	\$150,024,425
Net Increase/(Decrease) to Ending Balance	(\$4,723,791)	(\$3,589,335)	(\$4,763,809)	(\$9,804,933)
Total Ending Balance	\$31,197,890	\$27,608,555	\$22,844,746	\$13,039,813
<i>Ending Balance %</i>	14.53%	13.45%	10.82%	6.01%



SUMMARY OF CONTRIBUTIONS

Contribution Program	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
<i>Special Education (6500)</i>	\$15,065,576	\$18,050,890	\$21,290,120	\$25,453,705	\$26,725,978	\$28,123,329
<i>Special Education: Mental Health (6546)</i>	\$0	\$85,846	\$582,828	\$0	\$0	\$0
Total Special Education Contribution	\$15,065,576	\$18,136,736	\$21,872,948	\$25,453,705	\$26,725,978	\$28,123,329
Routine Maintenance Account (8150)	\$5,788,620	\$7,539,585	\$6,058,348	\$5,969,086	\$6,400,466	\$7,145,371
COVID ADA Relief (9024)	\$6,263,733	\$0	\$0	(\$3,000,000)	(\$3,263,733)	\$0
TOTAL	\$27,117,929	\$25,676,321	\$27,931,296	\$28,422,791	\$29,862,711	\$35,268,700



NEXT STEPS

- The Board will open a public hearing to receive input on the District's budget
- A final budget will be presented to the Board for approval on June 12, 2024
- The District's Adopted Budget, along with the District's Local Control Accountability Plan (LCAP), will be reviewed by the Riverside County Office of Education (RCOE)
- After the California State Budget is adopted, if necessary, the District's Budget will be revised and submitted to the Board for approval ("45-Day Revision")



QUESTIONS?