



Fresno Unified
School District

Agenda Item B-20



Governor's 2024/25 Proposed State Budget

Board of Education

January 24, 2024

Overview

- ❑ State Economic Overview
- ❑ Governor's 2024/25 Proposed State Budget Highlights and Impacts
- ❑ Strategic 2024/25 Budget Development
 - ❑ Review of 2023/24 Expenditures
 - ❑ Budget and Priorities
 - ❑ Staffing Parameters
 - ❑ School Site and Department Allocations
- ❑ Reporting Timelines
- ❑ Upcoming Budget Discussions

U.S. Economic Outlook and UCLA Anderson December Forecast

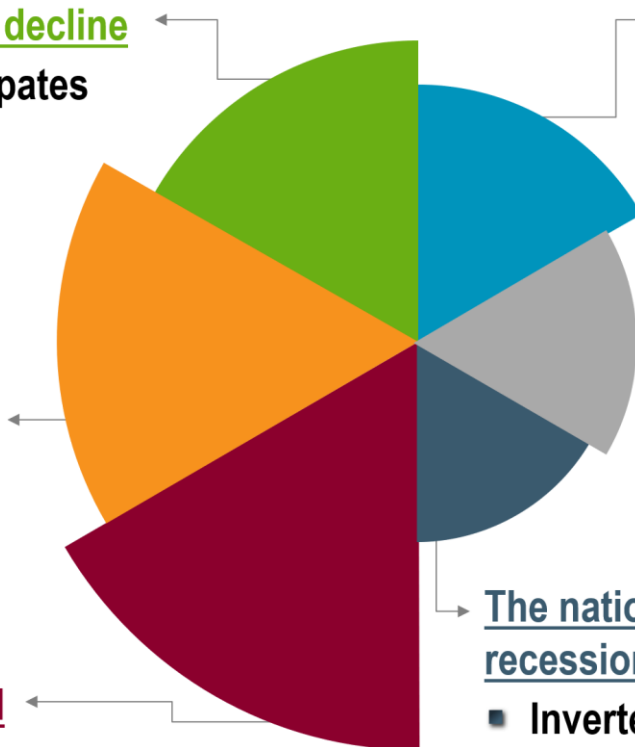
Inflation is predicted to continue its decline

- UCLA Anderson (Forecast) anticipates headline inflation to fall to 2.7%

Slow economic growth

- The Forecast projected three quarters of 1.0% growth in 2024, increasing to 2.5% by 2025
- A slow growth economy is especially vulnerable to risk

A recession is no longer forecasted for the near future



Interest rate cuts are projected as early as 2024

- The Forecast predicts the federal funds rate will be 4.8% by 2025

U.S. employment and income are predicted to remain strong

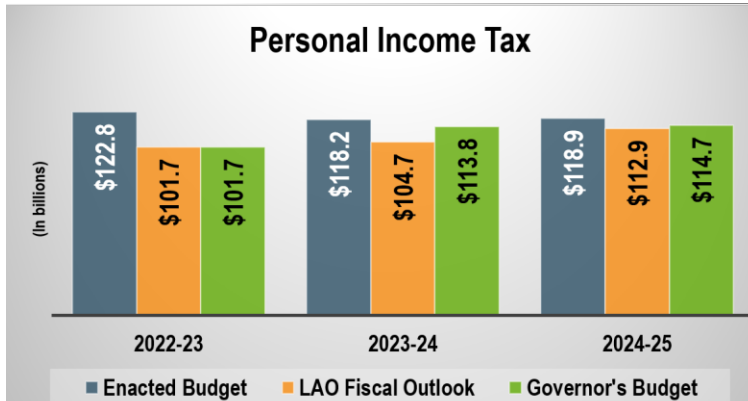
- The Forecast projects stable U.S. unemployment rates through 2025

The national economy is defying historical recession indicators

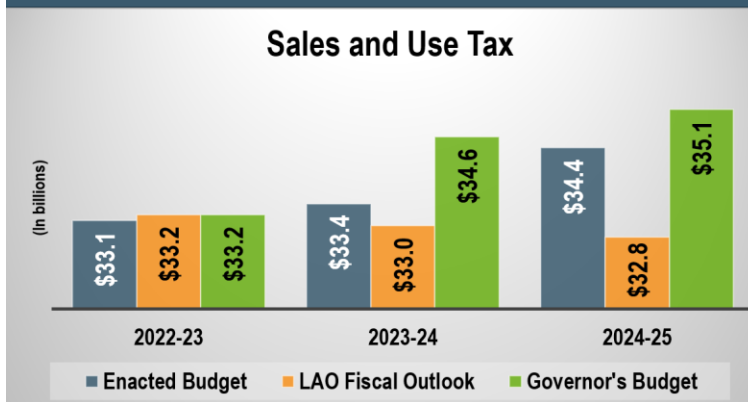
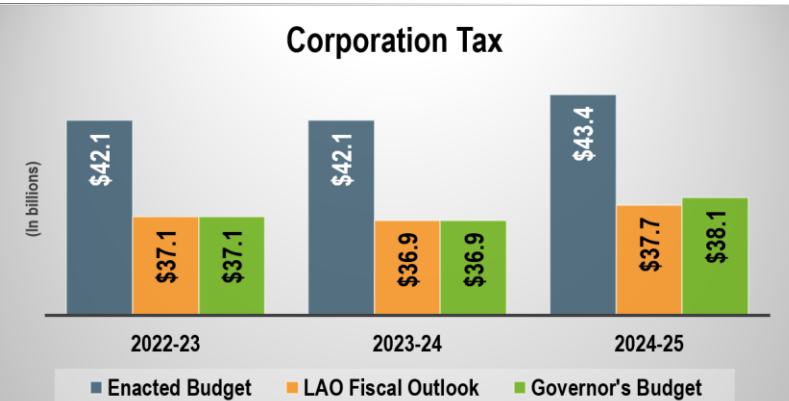
- Inverted yield curve
- Annual inflation falling from above 5.0% to below 3.0%

Source: SSC Governor's Proposals for the 2024/25 State Budget and K-12 Presentation, Slide 11

Big Three Taxes – Governor’s Budget vs. LAO’s Outlook



Personal income tax (PIT) and corporation tax revenue projections are significantly lower at Governor's Budget than Enacted Budget



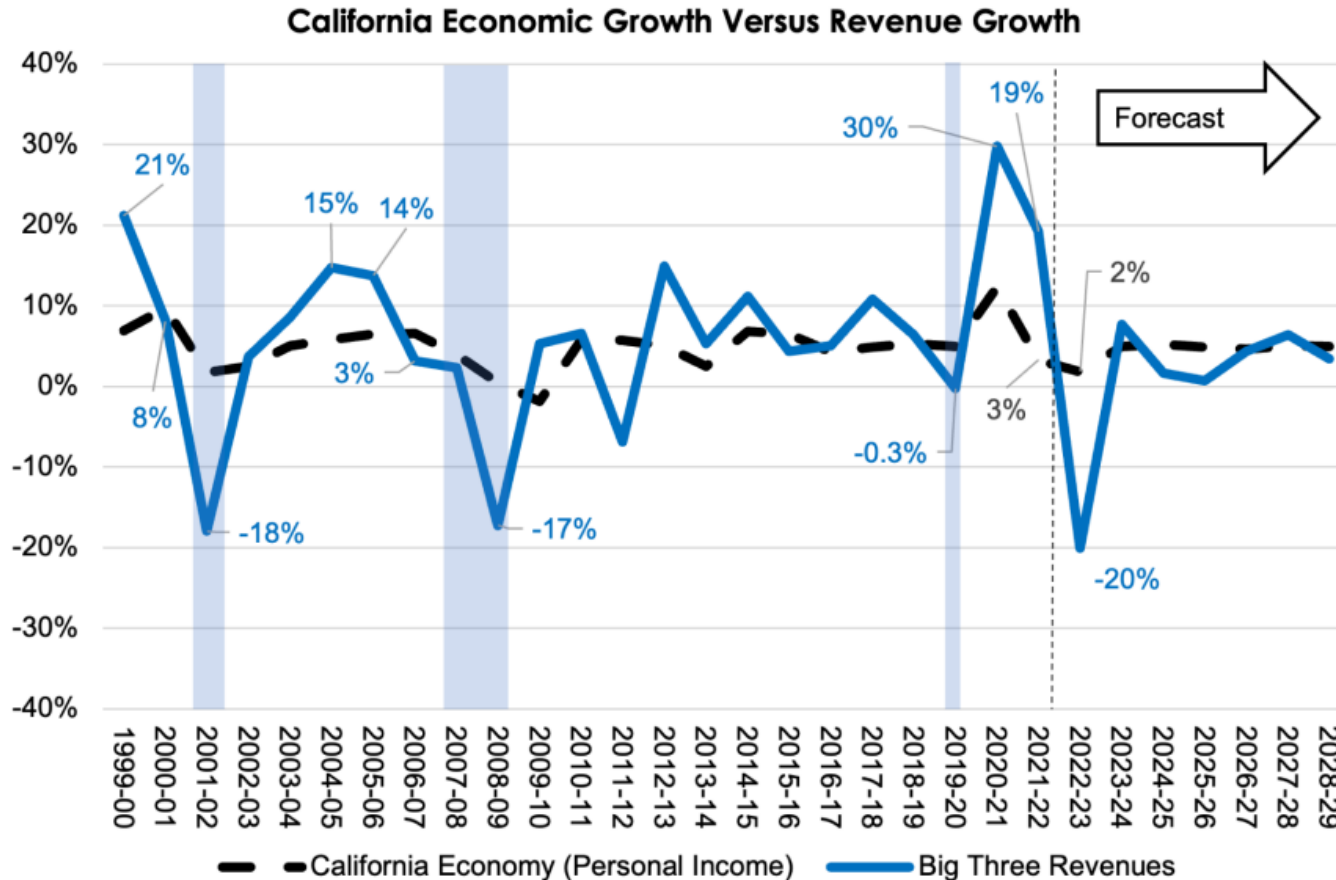
Compared to the LAO's *California's Fiscal Outlook (Outlook)*, the Governor's Budget projections for:

- PIT is \$9.1 billion and \$1.8 billion higher in 2023-24 and 2024-25, respectively
- Corporation tax is slightly higher
- Sales and use tax is higher than both LAO and 2023-24 Enacted Budget projections

Source: 2024-25 Governor's Budget Summary and LAO's *Outlook*

Source: SSC Governor's Proposals for the 2024/25 State Budget and K-12 Presentation, Slide 18

Revenue Volatility

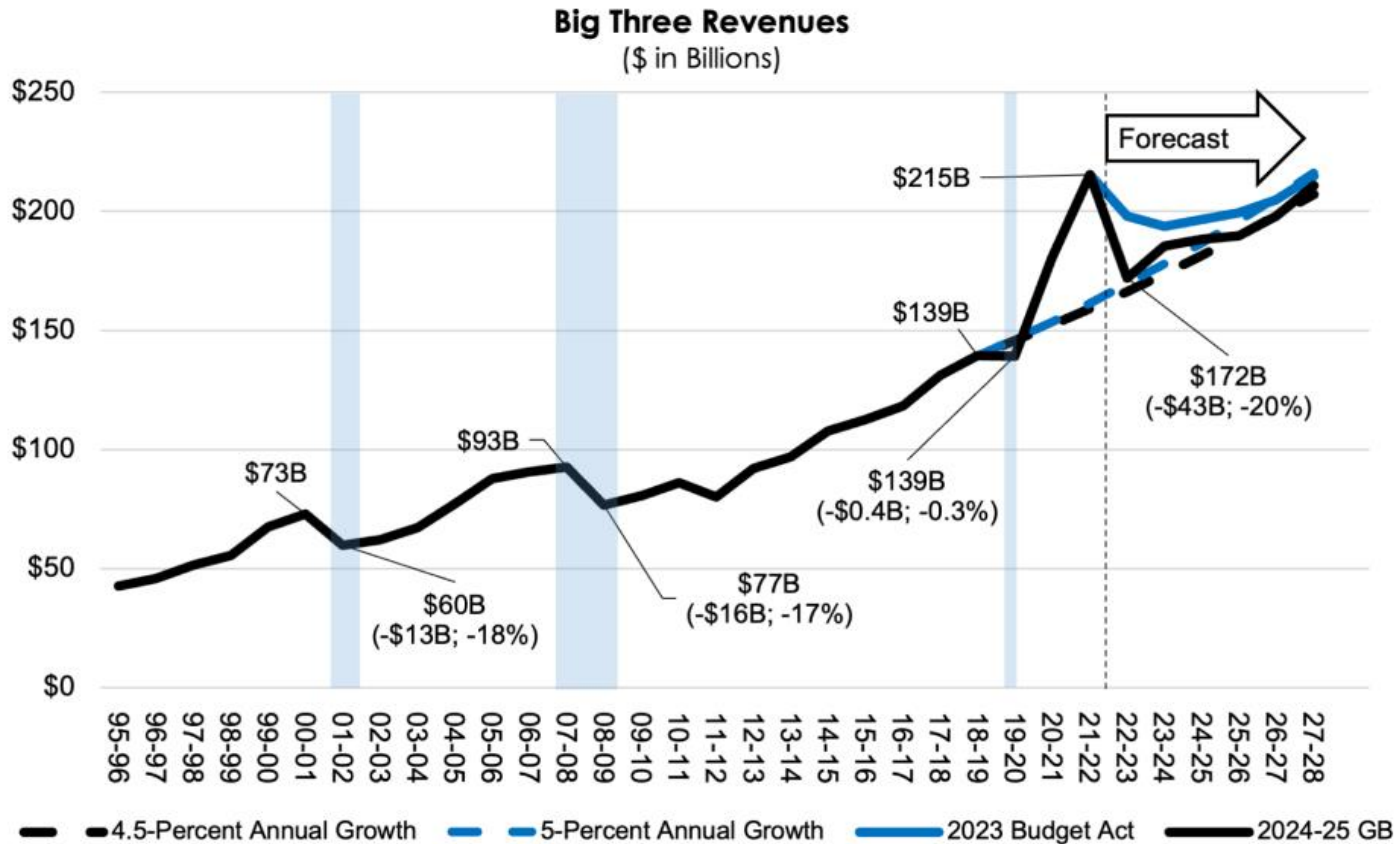


Shaded bars indicate previous U.S. recessions.

Source: California Department of Finance, 2024-25 Governor's Budget Forecast.

Source: Governor's Budget K-12 Education, page 136

Big Three Revenues



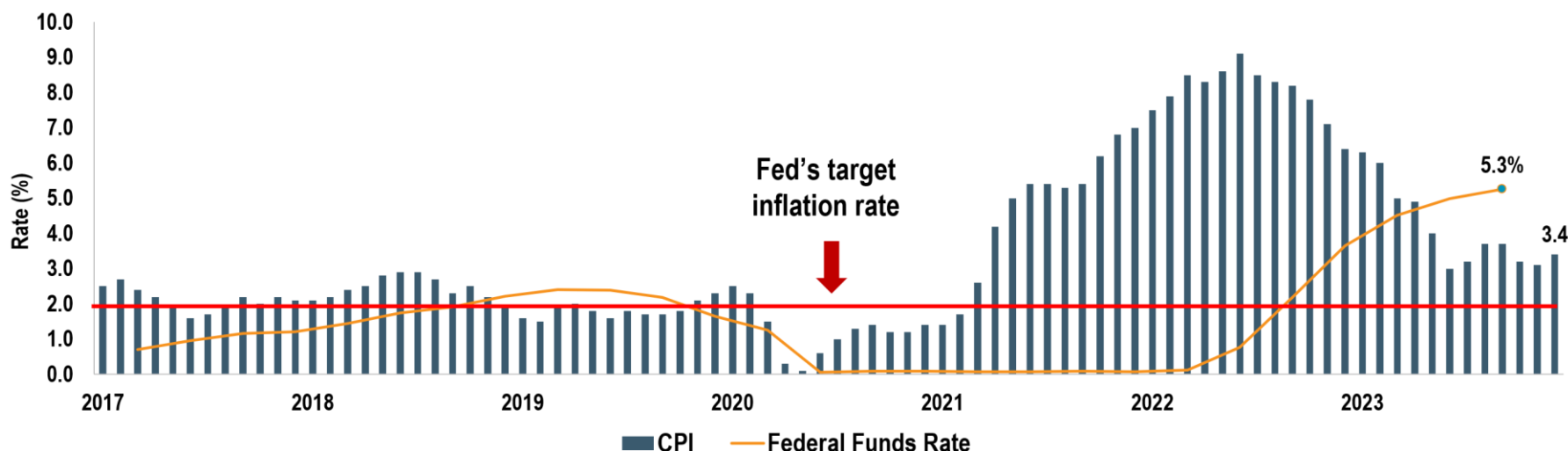
Shaded bars indicate previous U.S. recessions.

Source: California Department of Finance, 2024-25 Governor's Budget Forecast.

Source: Governor's Budget K-12 Education, page 135

Inflation and Federal Funds Rate

- U.S. headline inflation continues to ease, with December headline inflation at 3.4%
- After a series of 11 increases, the Federal Reserve (Fed) has not increased the federal funds rate since July 2023
- The Fed has consistently maintained its commitment to returning inflation to 2.0%
 - And noted the prospect of rate cuts as early as the end of 2024 if the economy performs as expected



Source: BEA and BLS Note: CPI—Consumer Price Index

Source: SSC Governor's Proposals for the 2024/25 State Budget and K-12 Presentation, Slide 14

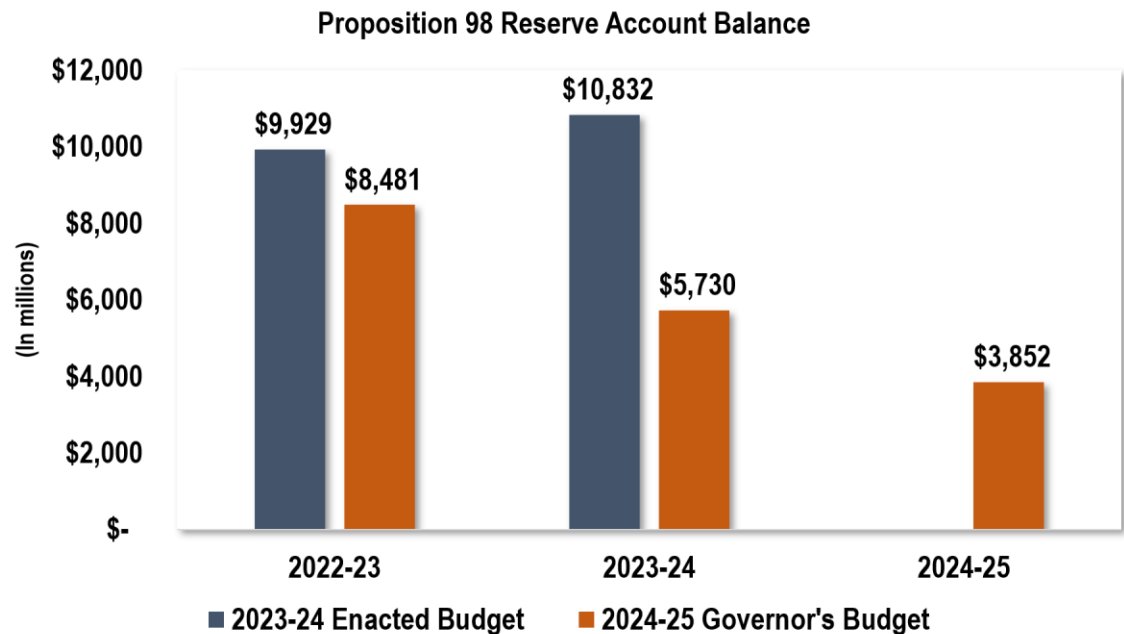
State Economic Overview

- ❑ California's Economy – *“This is a story of correction and normalization following a period of distortion.”*
- ❑ State Reserves – \$18.4 billion
 - ❑ Budget Stabilization Account \$10.2 billion – \$11.1 billion remaining
 - ❑ Proposition 98 Reserves decrease of \$5.8 billion – \$3.9 billion remaining
 - ❑ Safety Net Reserve decrease \$900 million – \$0 million remaining
 - ❑ Special Fund for Economic Uncertainties – \$3.4 billion remaining
- ❑ Unemployment Rates as of November 2023
 - ❑ National – 3.7% (prior year 3.6%)
 - ❑ State – 4.9% (prior year 4.1%)
 - ❑ Fresno County – 7.6% (prior year 6.3%)

Proposition 98 Reserve

- California's Constitution determines deposits into and withdrawals from the Proposition 98 reserve
- The proposed withdrawals are discretionary and require the declaration of a budget emergency

Deposits and Withdrawals (In millions)		
Fiscal Year	2023-24 Enacted Budget	2024-25 Governor's Budget
Deposits		
2022-23	\$1,787	\$339
2023-24	\$903	\$288
2024-25	-	\$752
Withdrawals		
2022-23	-	-
2023-24	-	\$3,039
2024-25	-	\$2,630



Source: SSC Governor's Proposals for the 2024/25 State Budget and K-12 Presentation,
Slide 27

Governor's 2024/25 Proposed State Budget

Local Control Funding Formula (LCFF) – (\$11.5 million) for COLA of 0.76%

- Decrease mainly due to ADA loss (3-year prior average)
- Proposal for instructional continuity to allow districts to provide attendance recovery opportunities

Special Education – \$400,000 for COLA of 0.76%

PERS – \$1.4 million additional costs for statutory increases (no change to STRS rate)

Health/Welfare – \$0 flat rate for 2024/25 and 2025/26

Workers' Compensation – \$2.7 million reduced cost to fund at 90%

Governor's 2024/25 Proposed State Budget

Career Technical Education

- Executive Order to develop and submit proposed Master Plan by October 1, 2024

Learning Recovery Block Grant

- No reductions proposed, however, change use of these funds to focus remaining funds on students most impacted by learning loss
- The Local Control and Accountability Plan (LCAP) will guide the process

Educator Pipeline

- California Commission on Teaching Credentialing is to create a new Elementary Arts and Music Education authorization as an additional Career and Technical Education credential

Early Childhood Education

- Maintain reimbursement rates of \$53.7 million
- Delay \$10 million from the Preschool Inclusion Grant Program until 2026/27
- Reduce allocation of facility bonds from \$875 million to \$375 million

Facilities

- Delay Transitional Kindergarten and Full-Day Kindergarten Facilities of \$550 million to 2025/26
- State-wide election bond initiative to be placed on November 2024 ballot

Projected Employer Pension Increases

CALSTRS®

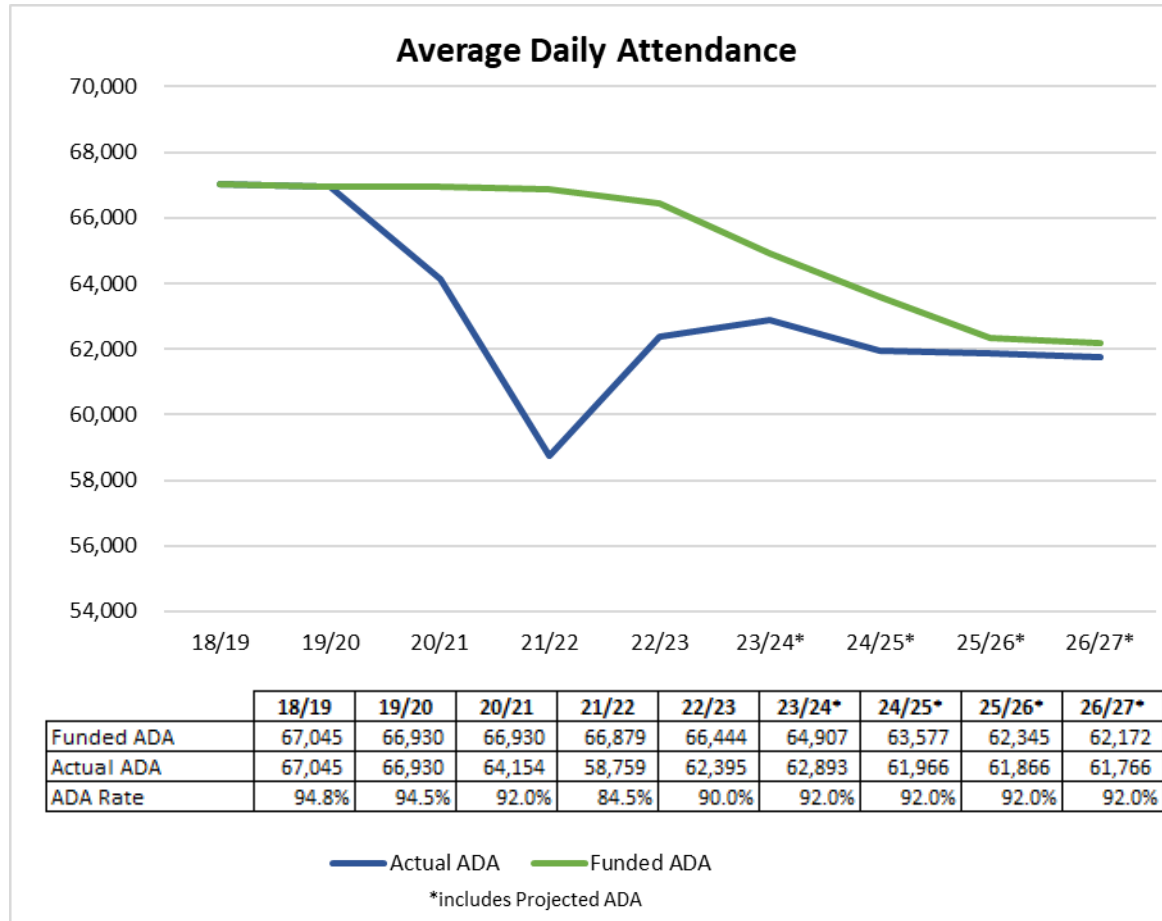
- 2013/14 – 8.25%
- 2014/15 – 8.88%
- 2015/16 – 10.73%
- 2016/17 – 12.58%
- 2017/18 – 14.43%
- 2018/19 – 16.28%
- 2019/20 – 17.10%
- 2020/21 – 16.15%
- 2021/22 – 16.92%
- 2022/23 – 19.10%
- 2023/24 – 19.10%
- **2024/25 – 19.10%**
- 2025/26 – 19.10%
- 2026/27 – 19.10%

 CalPERS

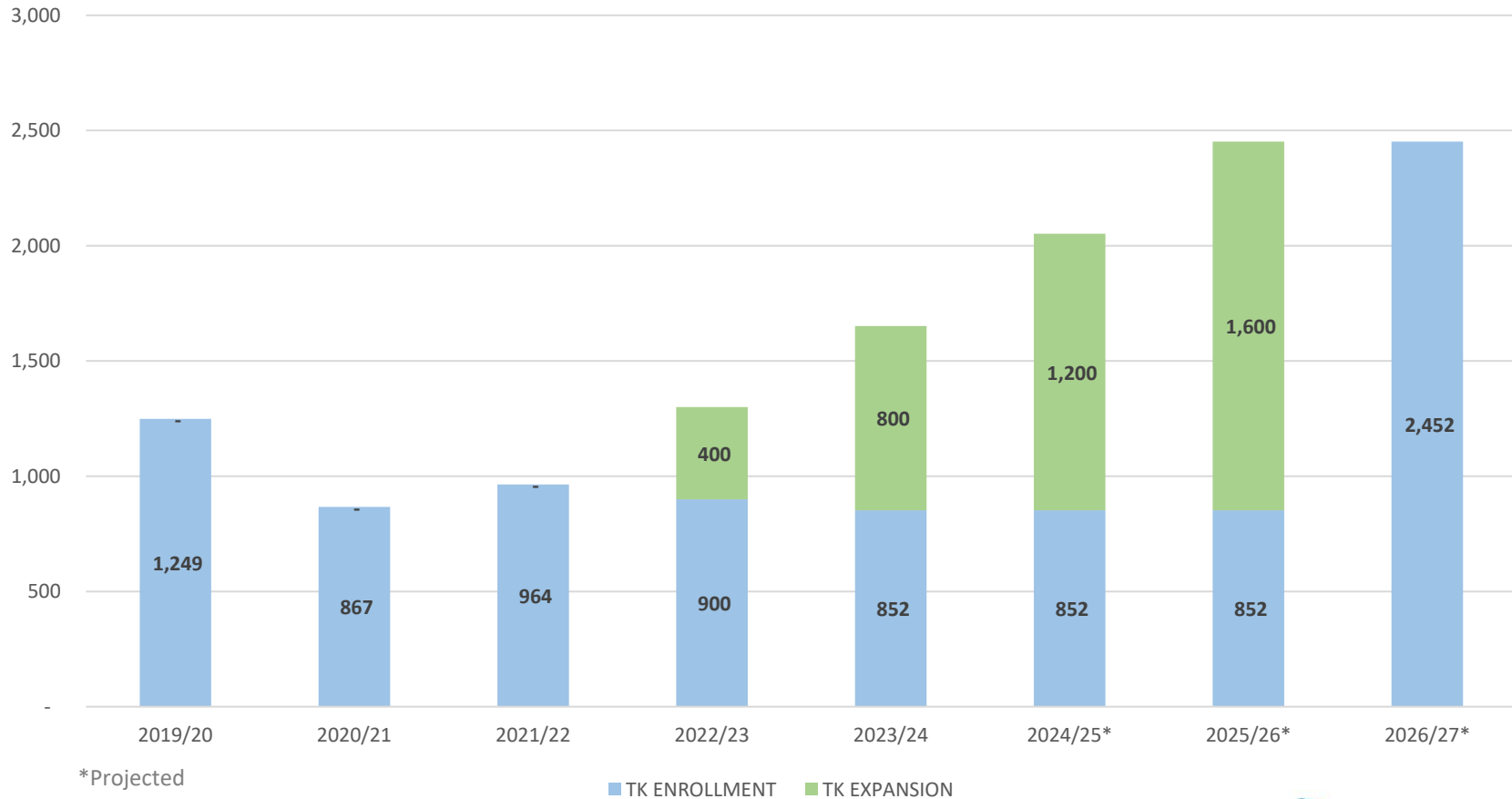
- 2013/14 – 11.442%
- 2014/15 – 11.771%
- 2015/16 – 11.847%
- 2016/17 – 13.888%
- 2017/18 – 15.531%
- 2018/19 – 18.062%
- 2019/20 – 19.721%
- 2020/21 – 20.700%
- 2021/22 – 22.910%
- 2022/23 – 25.370%
- 2023/24 – 26.680%
- **2024/25 – 27.800%***
- 2025/26 – 28.500%*
- 2026/27 – 28.900%*



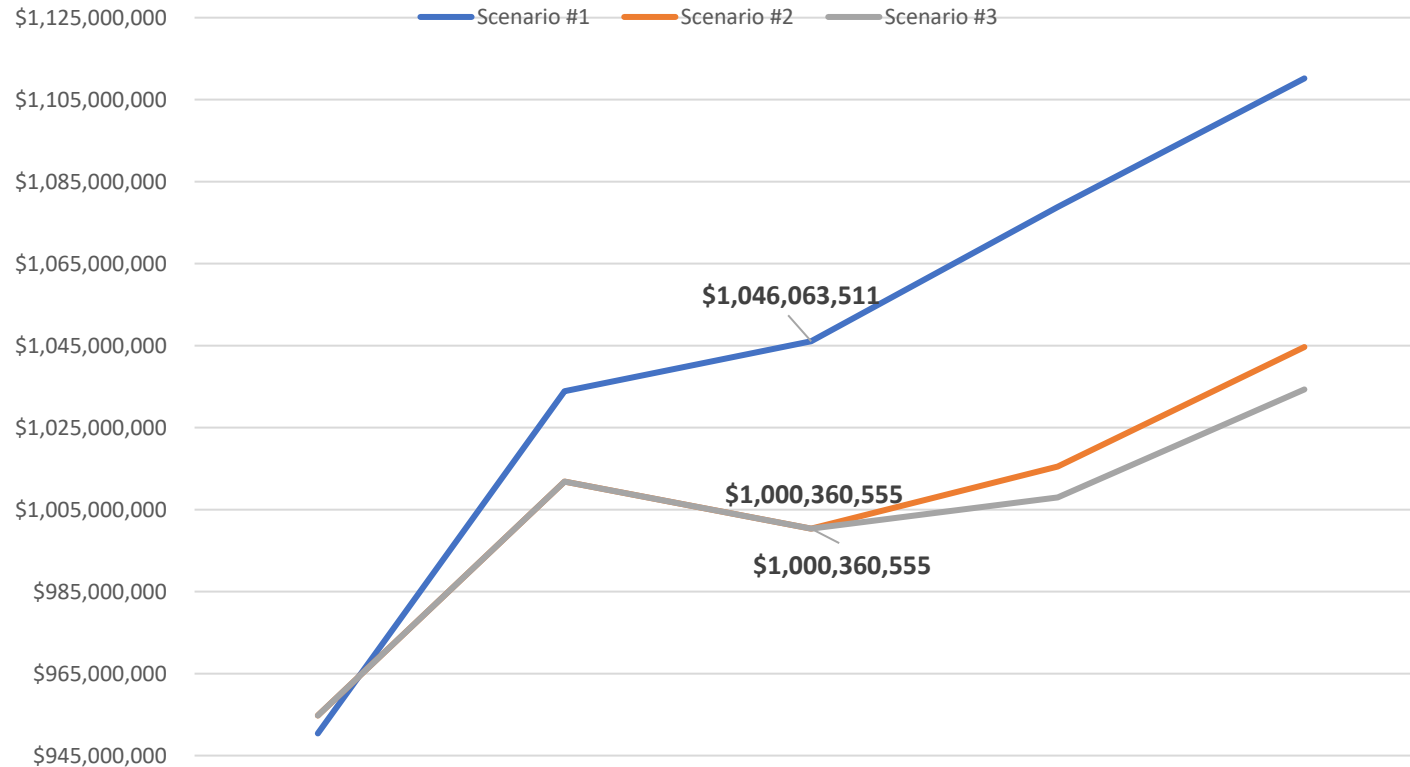
Average Daily Attendance



Transitional Kindergarten Impact on Enrollment

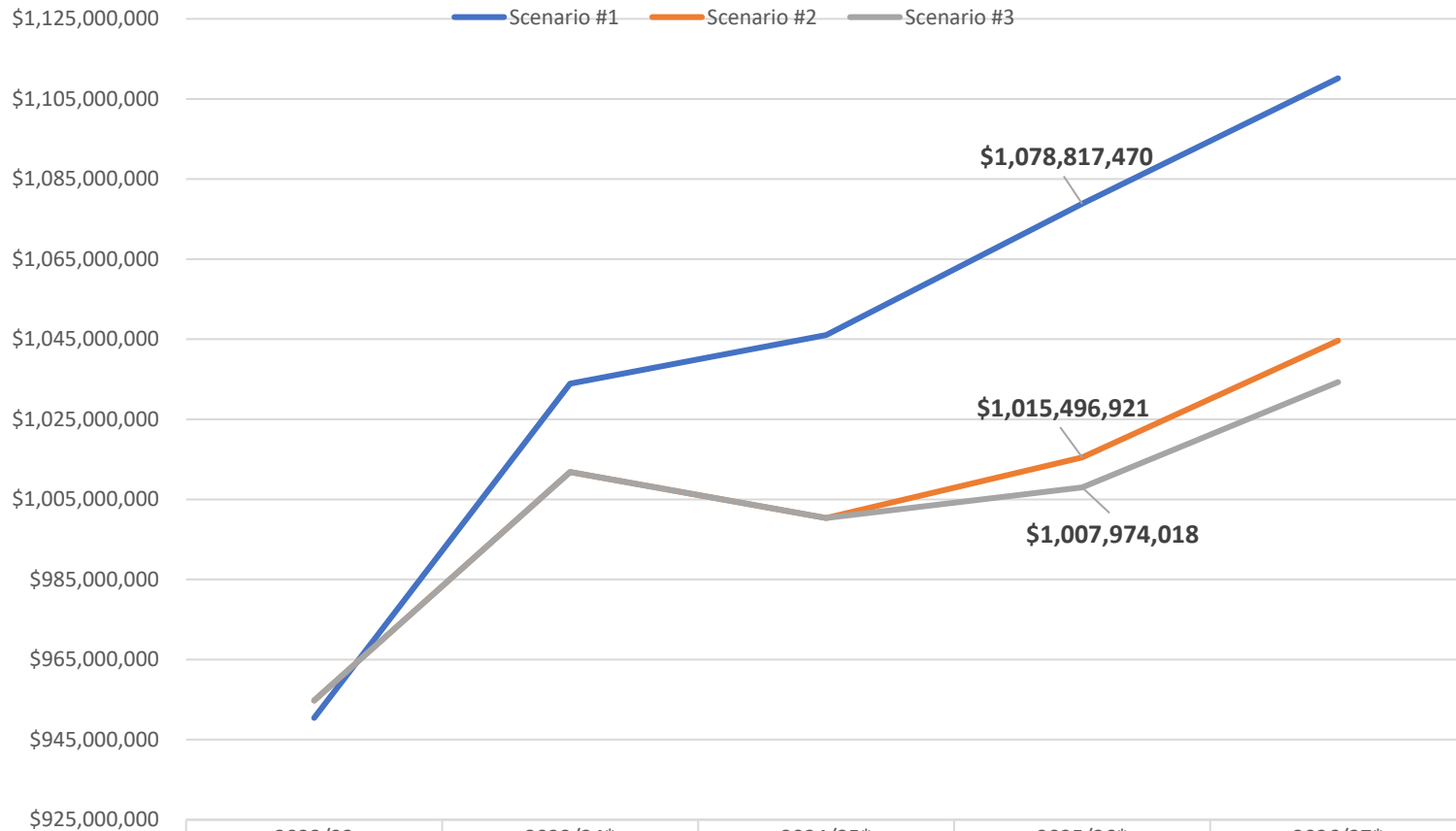


2024/25 Enrollment Impact on LCFF



	2022/23	2023/24*	2024/25*	2025/26*	2026/27*
Scenario #1	\$950,422,953	\$1,033,893,668	\$1,046,063,511	\$1,078,817,470	\$1,110,173,908
Scenario #2	\$954,781,312	\$1,011,841,433	\$1,000,360,555	\$1,015,496,921	\$1,044,647,456
Scenario #3	\$954,781,312	\$1,011,841,433	\$1,000,360,555	\$1,007,974,018	\$1,034,308,897

2025/26 Enrollment Impact on LCFF

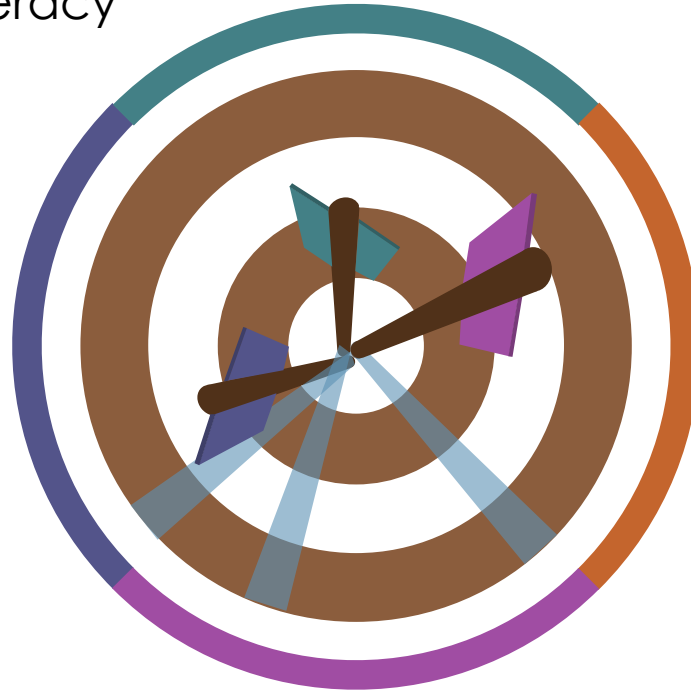


	2022/23	2023/24*	2024/25*	2025/26*	2026/27*
Scenario #1	\$950,422,953	\$1,033,893,668	\$1,046,063,511	\$1,078,817,470	\$1,110,173,908
Scenario #2	\$954,781,312	\$1,011,841,433	\$1,000,360,555	\$1,015,496,921	\$1,044,647,456
Scenario #3	\$954,781,312	\$1,011,841,433	\$1,000,360,555	\$1,007,974,018	\$1,034,308,897

Strategic 2024/25 Budget Development

Guiding Strategic Budget Development Principles

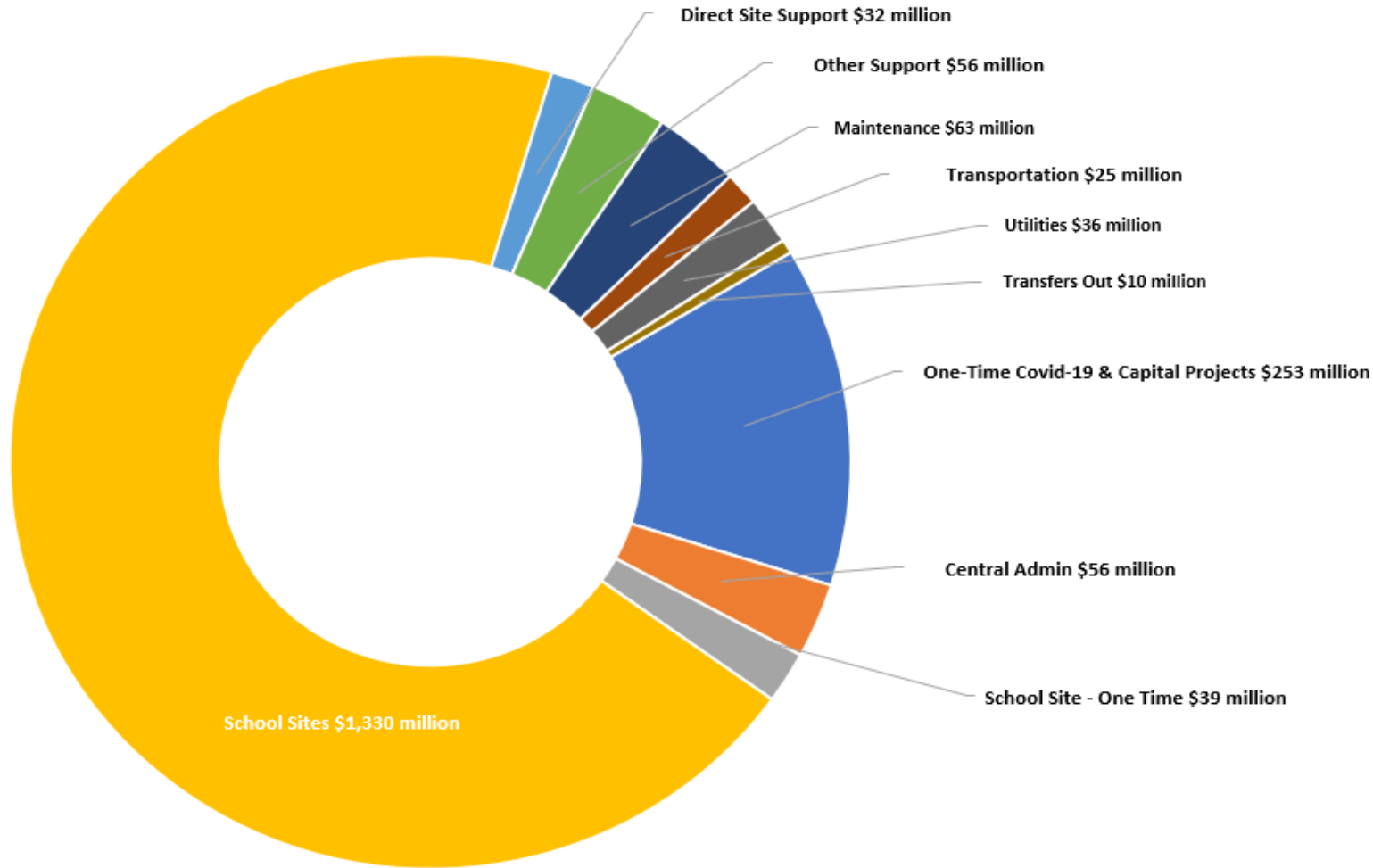
- Comprehensive Literacy Intervention (TK to First Grade)
- Competitive Employee Compensation
- Prudent Fiscal Responsibility



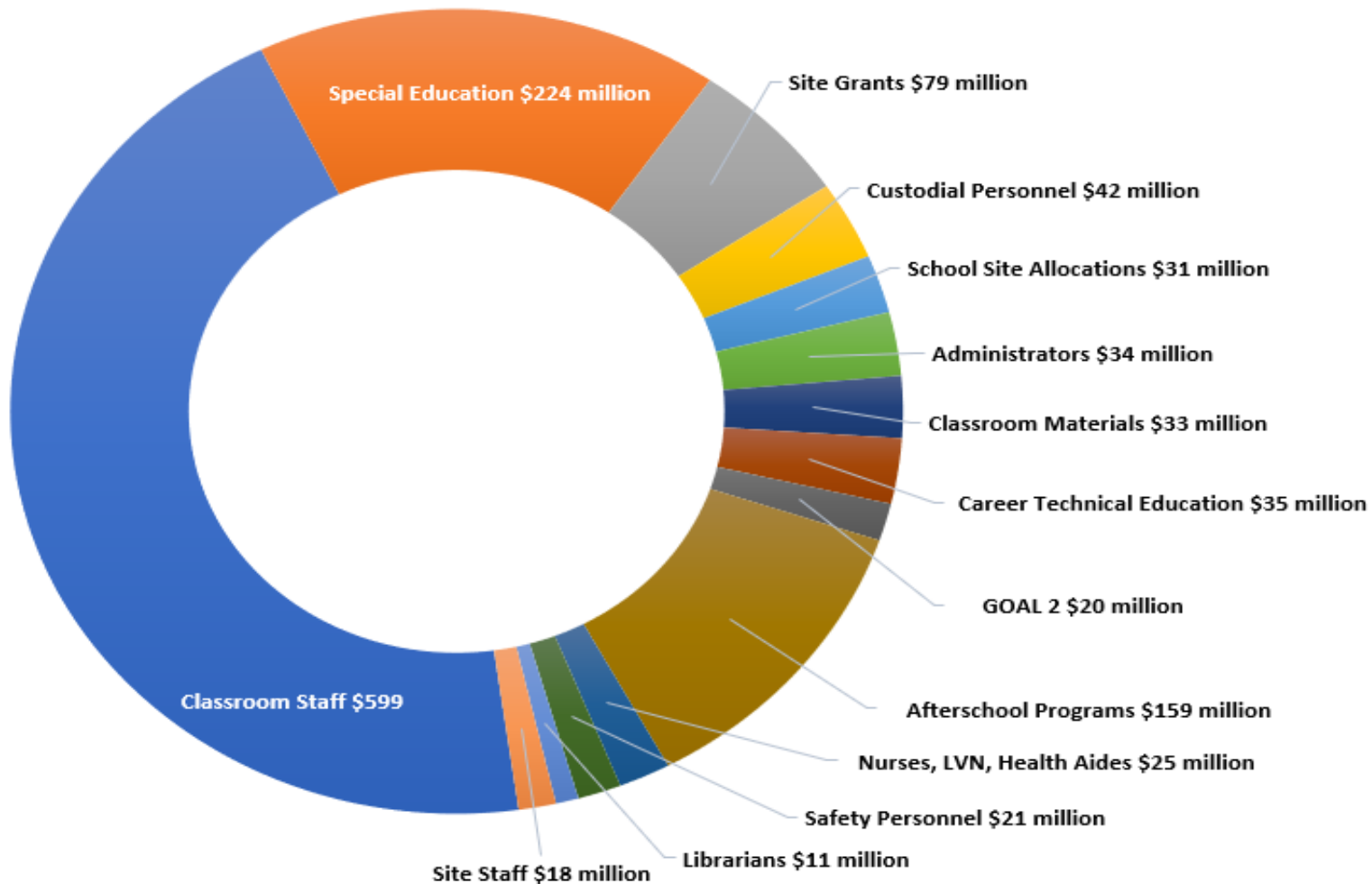
Board/Community Focus Areas & Strategic Planning

- Early Learning Expansion
- Special Education Inclusion
- Leadership Development
- A-ROI

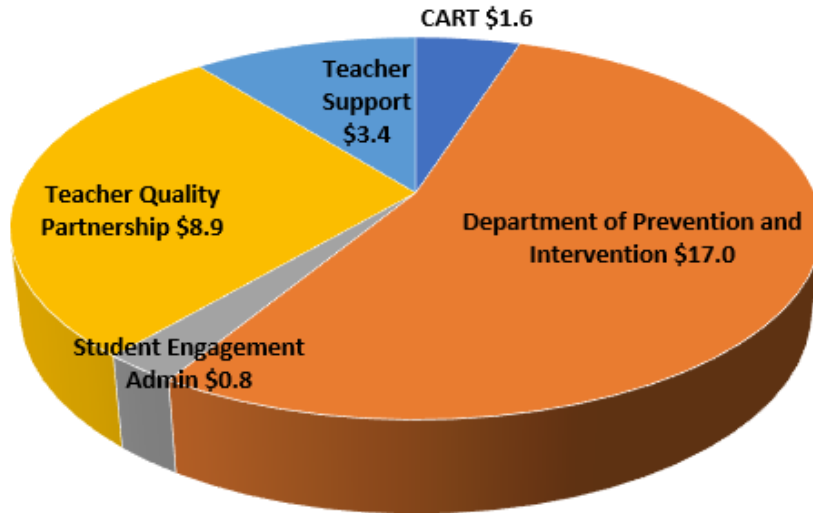
2023/24 General Fund Budget – \$1.9 billion



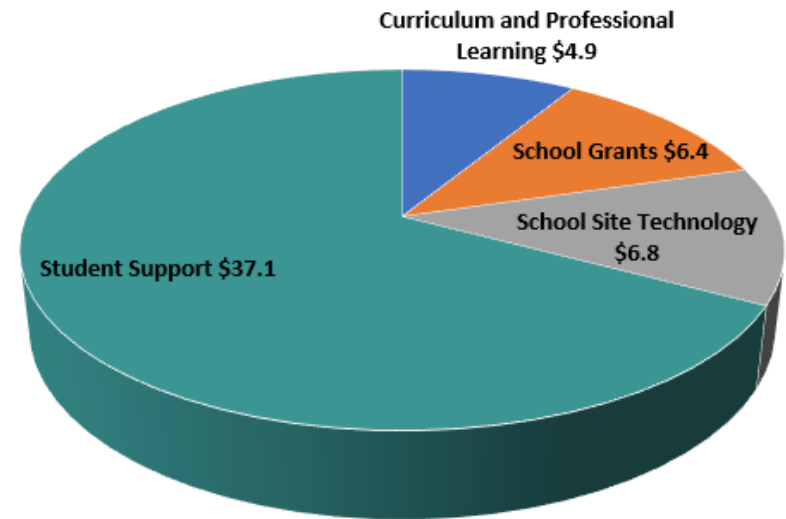
2023/24 School Sites – \$1.3 billion



2023/24 School Site Support – \$70 million



Total Direct Site Supports – \$31.7 million



Total Other Supports – \$55.2 million

2024/25 Elementary School Staffing

Description	Elementary School Baseline Staffing
Classroom Teachers	TK = 1 teacher to 24 students K to 3rd Grade = 1 teacher to 23 students (was 24) 4th to 6th Grade = 1 teacher to 28 students (was 29) Elimination of combination classes in TK-6th grade where sufficient permanent classrooms are available Teacher choice of augmentation aide or up to \$5,000 annual stipend if exceeding Classroom Guidelines of 1-3 students or 4 or more students
Additional Teachers	Designated Schools = 1 additional certificated FTE Instructional Coach
Classroom Aides	Kindergarten classrooms = 2 to 3 (6-hour aides)
Custodial	3 to 5 FTE based on school square footage
Safety	Campus Safety - .75 FTE to 1.0 FTE
Clerical	Office Manager Office Assistant(s) = 1 to 2 FTE Library Technician Home School Liaison
Health Care Professionals	Registered Nurse (1 to 3 days/week) Licensed Vocational Nurse or Health Assistant (2 to 4 days/week) Staffing based on student medical support needs
Administration	Principal 1 to 2 Vice Principals

2024/25 Middle School Staffing

Description	Middle School Baseline Staffing
Classroom Teachers	1 teacher to 27 students (was 28) Teacher choice of augmentation aide or up to \$5,000 annual stipend if exceeding Classroom Guidelines of 1-3 students or 4 or more students
Additional Teachers	Middle School Redesign = 1 to 8 certificated FTE Transition Teacher = 1 FTE Campus Culture = 0.4 FTE School Climate = 0.6 FTE
Safety	Campus Safety Assistants = 3 to 4 FTE
Custodial	4 to 7 FTE based on square footage
Clerical	Office Manager Office Assistant = .4375 to 2 FTE Attendance Records Assistant Library Technician Home School Liaison
Health Care Professionals	School Psychologist Registered Nurse = 1.0 FTE Licensed Vocational Nurse or Health Assistant (2 to 3 days/week) Staffing based on student medical support needs
Administration	Principal 1 to 2 Vice Principals Guidance Learning Advisor (GLA) Counselor 2 to 2.6 FTE

2024/25 High School Staffing

Description	High School Baseline Staffing
Classroom Teachers	1 teacher to 28 students (was 29) Teacher choice of augmentation aide or up to \$5,000 annual stipend if exceeding Classroom Guidelines of 1-3 students or 4 or more students
Additional Teachers	Professional Learning Updraft System "PLUS" Teams = 2 to 3 FTE Targeted Improvement Actions = 5 to 7 FTE Librarian
Safety	School Resource Officer and Probation Officers Campus Safety Assistants = 7 to 11
Custodial	6 to 15 FTE based on square footage 2 FTE based on Physical Education
Clerical	Office Manager, Registrar, Assistant Registrar and Financial Technician Office Assistant = 1 to 5 FTE Attendance Records Assistant = 2 FTE Library Technician Resource Counseling Assistant
Health Care Professionals	Registered Nurse = 1.0 FTE Licensed Vocational Nurse = .875 to 1.75 FTE (based on medical support needs)
Administration	Principal Vice Principals = 2 to 6 FTE Counselors = 3 to 11 FTE Campus Culture Director and Athletic Director

2024/25 School Site Allocations

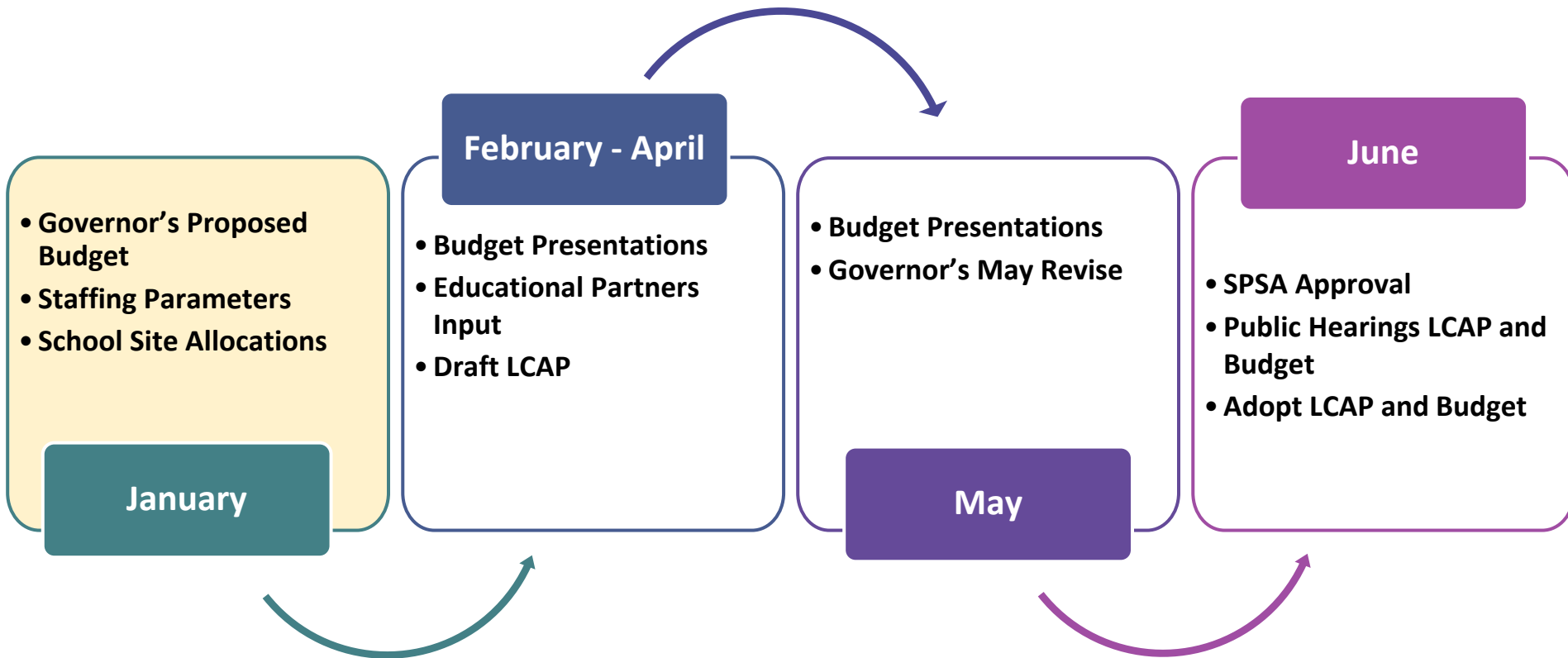
Recommended Allocations

- ❑ Allocated based on enrollment and count of disadvantaged students
- ❑ Prioritized by each School Site Council (SSC)
- ❑ Planned for in the School Plan for Student Achievement (SPSA) – \$36.6 million
 - ❑ Title I – \$7.7 million
 - ❑ LCFF – \$28.9 million

Other School Site Allocations

- ❑ Instructional Supplies and Library Funds – \$5.0 million (est.)
- ❑ Extra Curricular and Co-Curricular – \$18.4 million (est.)

Financial Reporting Timelines



Upcoming Budget Discussions

- ❑ Board Presentations – LCAP and Budget
 - ❑ February through May
- ❑ Governor's May Revise
 - ❑ May 2024
- ❑ Public Hearing & Adoption of LCAP & Budget
 - ❑ June 2024