



**2023-24 PROPOSED BUDGET
JUNE 15, 2023**

AGENDA

-
- Governor's May Revise
 - Updated District Assumption/Projections
 - Revised Multi-Year Projection (MYP)
 - Considerations for 2023-24 and Beyond
 - Next Steps

STATE BUDGET

GOVERNOR'S
MAY REVISE
BUDGET
RELEASE

Themes for the May Revision



Governor Gavin Newsom attempts to reach a balance of protecting existing investments while anticipating continued economic uncertainties



Revenues have continued to underperform, forcing the Administration to now recognize a \$31.5 billion budget shortfall



Despite this uncertainty, education falls into the category of an investment to protect



Even within education, a tradeoff is made: Protecting the Local Control Funding Formula (LCFF) comes at the expense of one-time funds reduced in the current year, some of which have already hit local educational agency (LEA) coffers



Echoing his warnings in January, the Governor's summary states "should broader economic risks materialize, deeper reductions will be necessary"

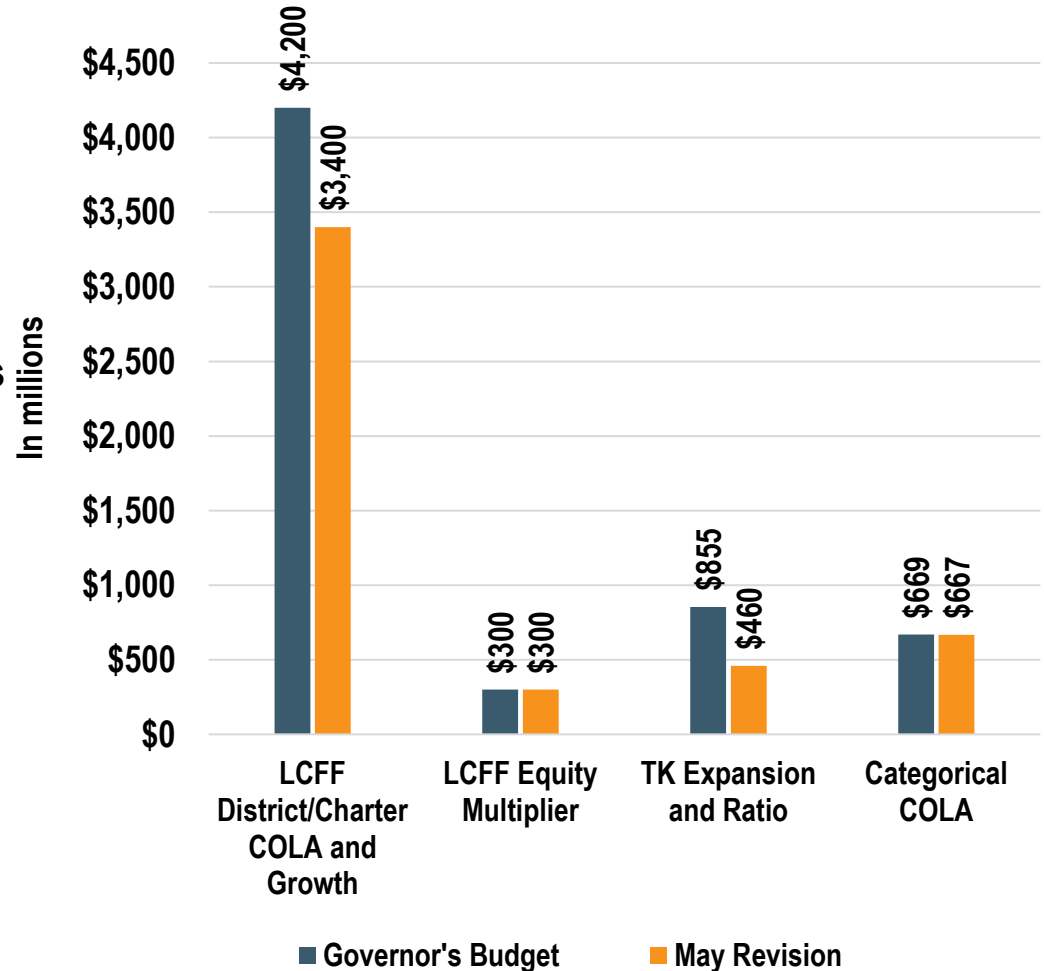


Still in the budgeting toolbox should revenues continue to decline: deferrals, reserve account withdrawals, and cost-of-living adjustment (COLA) deficits

Overview of Major K-12 Spending Proposals—January to May

- The largest K-12 investment in the Governor’s Budget was in the LCFF and its various components, totaling an additional \$5.04 billion in Proposition 98 resources
 - Other major investments included categorical program COLA totaling \$669 million, including State Preschool rate adjustments
- The May Revision continues to make the largest investment in the LCFF and its various components as well as fully funding the statutory COLA for programs outside of the LCFF
- Adjustments to proposed LCFF funding reflect both an increase in COLA and a decrease in enrollment projections, which also affects transitional kindergarten (TK) expansion
- Proposed funding to support the Equity Multiplier and the TK ratio remains unchanged

Major Proposition 98 Investments



Governor's Budget vs. May Revision

Item	Governor's Budget	May Revision
LCFF Funding Increase	\$5.04 billion ¹	\$4.04 billion ²
Proposition 98 Minimum Guarantee		
2021-22	\$110.4 billion	\$110.6 billion
2022-23	\$107.0 billion	\$106.8 billion
2023-24	\$108.8 billion	\$106.8 billion
2023-24 Statutory COLA	8.13%	8.22%
Arts, Music, and Instructional Materials Discretionary Block Grant Reduction	-\$1.2 billion	-\$1.8 billion
Learning Recovery Emergency Block Grant Reduction	No Reduction	-\$2.5 billion

¹Reflects an LCFF increase of \$4.2 billion for the 8.13% COLA and \$855 million to support TK expansion

²Reflects an LCFF increase of \$3.6 billion for the 8.22% COLA and \$460 million to support TK expansion

Statewide Average Reserve Levels

- The latest statewide data on school district reserves available is for 2021-22
 - Unrestricted fund balances declined slightly

Average Unrestricted General Fund, Plus Fund 17, Ending Balances¹			
	2020-21	2021-22	Difference
Unified School Districts	22.36%	22.19%	-0.17%
Elementary School Districts	26.01%	25.32%	-0.69%
High School Districts	21.82%	21.29%	-0.53%

¹As a percentage of total General Fund expenditures, transfers, and other uses

Arts, Music, and Instructional Materials Discretionary Block Grant

- The Governor’s Budget proposed a \$1.2 billion reduction in the \$3.5 billion one-time funding provided in the 2022-23 Enacted Budget package
- The May Revision proposal would increase the reduction to \$1.78 billion—sweeping the remaining unallocated portion of the grant



Allocation

Funds were allocated per ADA based on 2021-22 P-2*

*Second Principal Apportionment



Distribution

50% of the original \$3.5 billion allocation was distributed in December 2022



Spending Deadline

Funds must be spent by June 30, 2026



Plan

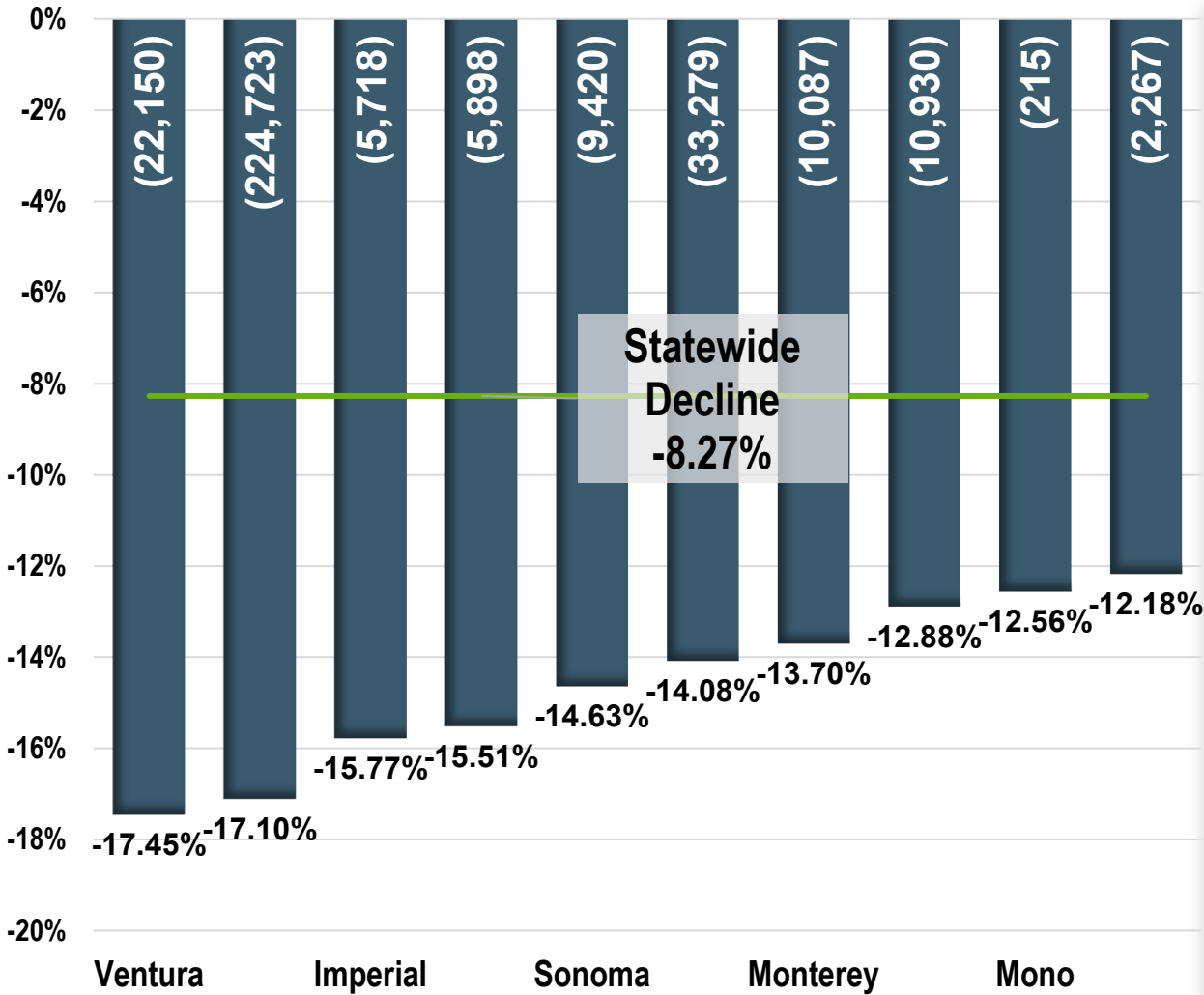
Local plans must be discussed and approved during a regularly scheduled board meeting

Learning Recovery Emergency Block Grant—Proposed Funding Reduction

- The May Revision proposes to reduce this funding by \$2.5 billion from \$7.9 billion to \$5.4 billion, a decrease of 32%
- One-time investment intended to fund initiatives that support academic learning recovery, and social and emotional well-being
- The California Department of Education (CDE) has allocated the 2022-23 Enacted Budget appropriation fully
- The CDE may reduce future principal apportionments to accommodate this reduction



Declining Enrollment Projections 2022-23 to 2031-32



- Most areas in the state are affected by declining enrollment, but to differing degrees:
 - 12 counties are projected to lose 10,000 or more students between 2022-23 and 2031-32
 - 18 counties will lose students at a rate faster than the statewide average of 8.27%
- Enrollment trends for each LEA are unique to the community and student populations they serve
- Enrollment trends impact the bottom line—in the current year and the out-years

Source: DOF, CDE



PROPOSED BUDGET

SSC FINANCIAL PROJECTION DASHBOARD

Planning Factors

		2022-23	2023-24	2024-25	2025-26	2026-27
DOF ¹ Planning COLA		6.56%	8.22%	3.94%	3.29%	3.19%
California CPI ²		5.71%	3.54%	3.02%	2.64%	2.89%
CalSTRS ³ Employer Rate		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS ⁴ Employer Rate		25.37%	26.68%	27.70%	28.30%	28.70%
California Lottery	Unrestricted per ADA	\$170	\$170	\$170	\$170	\$170
	Restricted per ADA	\$67	\$67	\$67	\$67	\$67
Mandate Block Grant (District) ⁵	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12

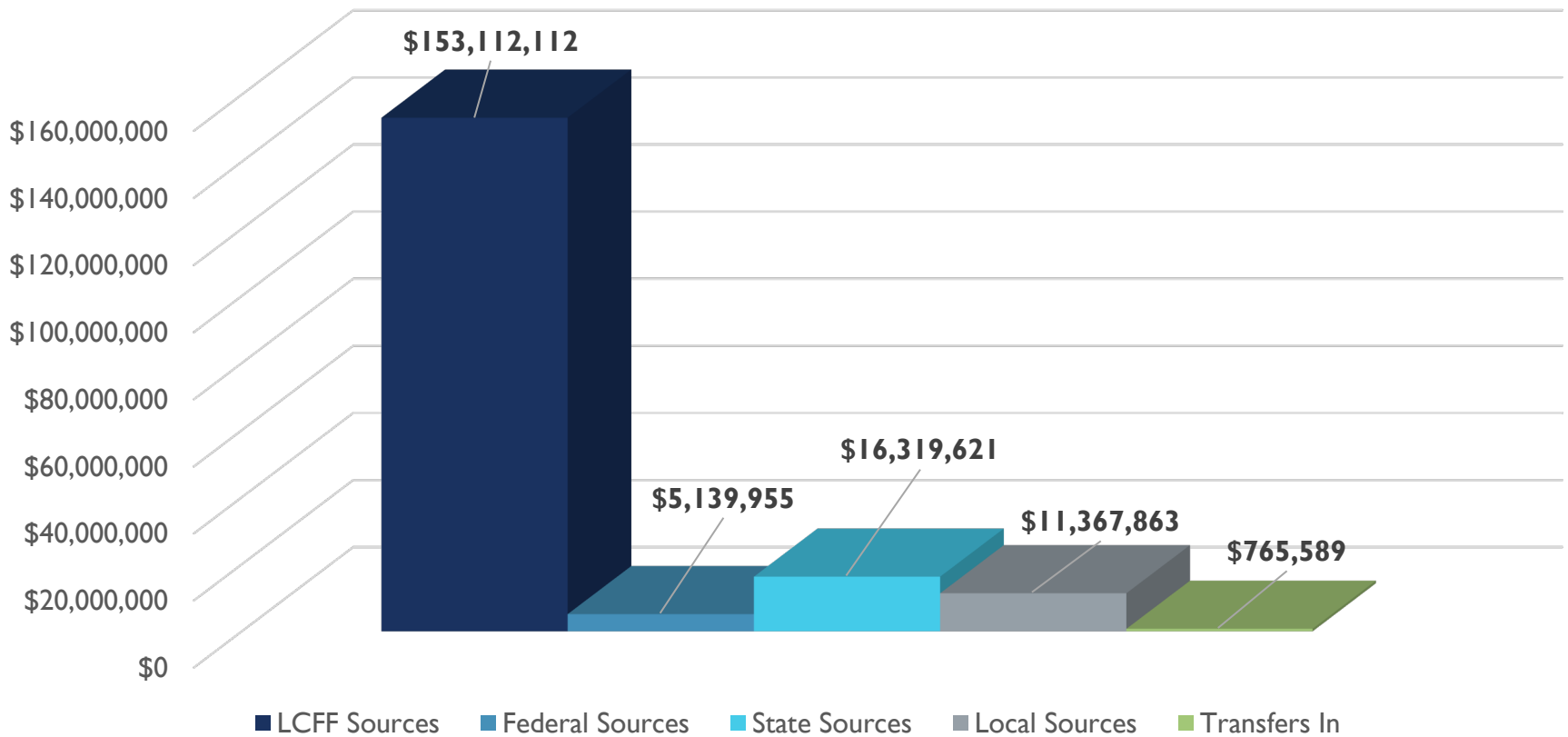
¹Department of Finance (DOF), ²Consumer Price Index (CPI), ³California State Teachers' Retirement System, ⁴California Public Employees' Retirement System, ⁵COE Mandate Block Grant: \$37.81 per average daily attendance (ADA) grades K-8; \$72.84 per ADA grades 9-12; \$1.27 per ADA; \$1.27 per unit of countywide ADA

REVENUE ASSUMPTIONS

Planning Factors	2023-24	2024-25	2025-26
Property tax growth	5.42%	4.42% 5.17%	3.42% 4.92%
Enrollment	12,337	12,037	11,737
Average Daily Attendance (ADA) – 94.7%	11,701	11,410	11,125
SSC COLA	8.13% 8.22%	3.54% 3.94%	3.31% 3.29%
Mandated Block Grant	K-8 = \$37.78 \$37.81/ADA 9-12 = \$72.78 \$72.84/ADA	-\$39.12 \$39.30/ADA \$75.36 \$75.71/ADA	\$40.41 \$40.59/ADA \$77.85 \$78.20/ADA
Unrestricted Lottery	\$170/ADA	\$170/ADA	\$170/ADA
Restricted Lottery	\$67/ADA	\$67/ADA	\$67/ADA

2023-24 PROJECTED REVENUE

\$186,705,140



SDUHSD PROPOSED BUDGET COMPARISON FROM PREVIOUS WORKSHOP

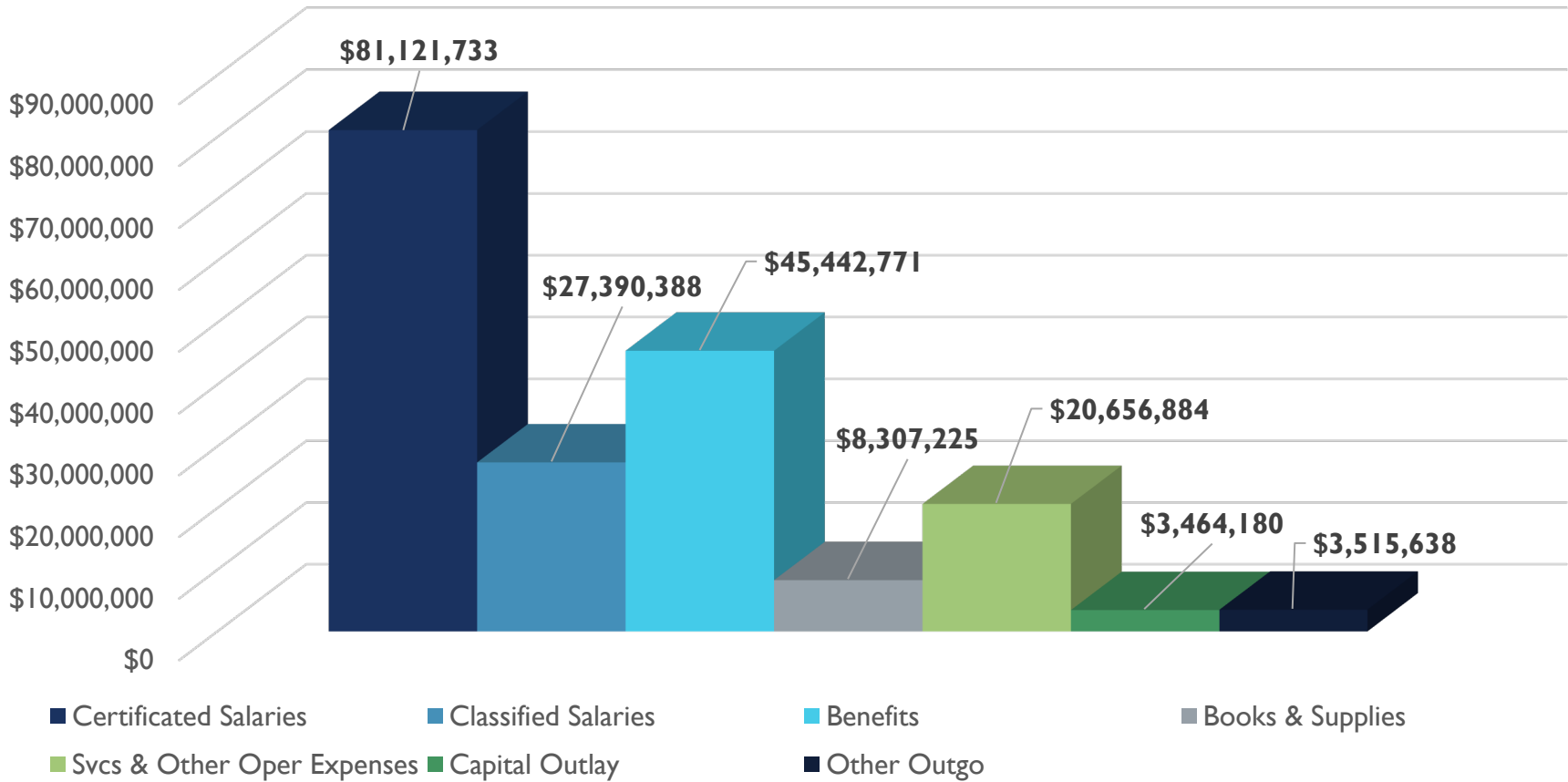
Revenue Sources	April Budget	Proposed Budget	Difference
LCFF Sources	152,931,789	153,112,112	\$180,323
Federal Sources	4,993,853	5,139,955	\$146,102
State Sources	16,852,237	16,319,621	(\$532,616)
Local Sources	12,156,672	11,367,863	(\$788,809)
Transfers In	<u>765,589</u>	<u>765,589</u>	<u>\$0</u>
Total	\$187,700,140 \$182,326,655	\$186,705,140	(\$995,000)

EXPENDITURE ASSUMPTIONS

	2023-24	2024-25	2025-26
Unemployment Insurance (Decrease from prior year)	0.05% (\$450K)	0.05%	0.05%
STRS	19.10%	19.10%	19.10%
PERS (Increase from prior year)	26.68% \$275K	27.70% \$215K	28.30% \$125K
Health & Welfare	\$285K	\$300K	\$315K
Step & Column	\$700K	\$700K	\$700K
Consumer Price Index (CPI)	3.44% 3.54%	2.77% 3.02%	2.49% 2.64%
10 FTE Teacher Reduction (Enrollment Decline)	(\$1.25M)	(\$1.25M)	(\$1.25M)

2023-24 PROJECTED EXPENSES

\$189,898,819



SDUHSD PROPOSED BUDGET COMPARISON FROM PREVIOUS WORKSHOP

Expenditures	April Budget	Proposed Budget	Difference
Certificated Salaries	79,941,494	81,121,733	\$1,180,239
Classified Salaries	24,537,006	27,390,388	\$2,853,382
Benefits	45,093,913	45,442,771	\$348,858
Books & Supplies	7,057,898	8,307,225	\$1,249,327
Services & Other Operating Expenses	20,829,893	20,656,884	(\$173,009)
Capital Outlay	1,966,639	3,464,180	\$1,497,541
Other Outgo	<u>2,935,822</u>	<u>3,515,638</u>	<u>\$579,816</u>
Total	<u>\$187,700,134</u>	<u>\$189,898,819</u>	<u>\$7,536,154</u>



MULTIYEAR PROJECTION (MYP)



2023-2024 General Fund Multi-Year Projection

DESCRIPTION	FY 2023-24			FY 2024-25			FY 2025-26		
	Current (Base Year)			First Projected Year			Second Projected Year		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Beginning Balance as of July 1	\$24,236,697	\$14,448,137	\$38,684,833	\$26,533,698	\$8,957,457	\$35,491,154	\$29,430,793	\$5,253,371	\$34,684,164
Revenues									
Revenue Limit Sources	152,080,588	1,031,524	153,112,112	153,703,140	1,031,524	154,734,664	160,756,812	1,031,524	161,788,336
Federal Revenues	675,000	4,464,955	5,139,955	675,000	3,490,257	4,165,257	675,000	3,490,257	4,165,257
Other State Revenues	4,771,595	11,548,026	16,319,621	4,664,906	11,591,274	16,256,179	4,682,164	11,672,106	16,354,270
Other Local Revenues	2,353,904	9,013,959	11,367,863	2,362,964	9,013,959	11,376,923	2,371,123	9,013,959	11,385,082
Total Revenues	159,881,087	26,058,464	185,939,551	161,406,010	25,127,014	186,533,023	168,485,100	25,207,846	193,692,946
	\$184,117,784	\$40,506,601	\$224,624,384	\$187,939,707	\$34,084,470	\$222,024,178	\$197,915,893	\$30,461,217	\$228,377,110
Expenditures									
Certificated Salaries	68,527,345	12,594,388	81,121,733	67,610,123	12,323,281	79,933,404	66,688,314	12,354,897	79,043,212
Classified Salaries	20,010,988	7,379,400	27,390,388	20,466,846	7,128,970	27,595,816	20,620,348	7,182,437	27,802,785
Employee Benefits	29,950,026	15,492,745	45,442,771	30,456,189	15,394,556	45,850,745	30,756,093	15,544,461	46,300,554
Books & Supplies	5,917,926	2,389,299	8,307,225	5,949,058	2,401,868	8,350,926	5,957,756	2,405,380	8,363,136
Services, Other Operating Exp	14,375,113	6,281,771	20,656,884	15,312,094	6,425,000	21,737,094	16,218,827	6,443,207	22,662,034
Capital Outlay	816,730	2,647,450	3,464,180	841,395	418,328	1,259,723	863,608	429,372	1,292,980
Other Outgo - exclude Direct Sup.	40,000	749,845	789,845	41,208	772,490	813,698	42,296	792,884	835,180
Debt Service	1,745,793	0	1,745,793	1,587,820	0	1,587,820	1,587,820	0	1,587,820
Direct Support/Indirect Costs	(755,849)	635,849	(120,000)	(711,833)	588,209	(123,624)	(728,048)	601,160	(126,888)
Total Expenditures:	\$140,628,072	\$48,170,747	\$188,798,819	\$141,552,900	\$45,452,702	\$187,005,603	\$142,007,014	\$45,753,798	\$187,760,812
Interfund Xfers/Other Sources									
Transfers In	765,589	0	765,589	765,589	0	765,589	765,589	0	765,589
Transfers Out	1,100,000	0	1,100,000	1,100,000	0	1,100,000	1,100,000	0	1,100,000
Contributions	(16,621,603)	16,621,603	0	(16,621,603)	16,621,603	0	(16,621,603)	16,621,603	0
Net Increase (Decrease) In Fund Balance	\$2,297,001	(\$5,490,680)	(\$3,193,679)	\$2,897,095	(\$3,704,086)	(\$806,990)	\$9,522,072	(\$3,924,349)	\$5,597,722
Ending Balance	\$26,533,698	\$8,957,457	\$35,491,154	\$29,430,793	\$5,253,371	\$34,684,164	\$38,952,865	\$1,329,022	\$40,281,886

2023-2024 General Fund Multi-Year Projection

DESCRIPTION	FY 2023-24			FY 2024-25			FY 2025-26		
	Current (Base Year)			First Projected Year			Second Projected Year		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Ending Balance	\$26,533,698	\$8,957,457	\$35,491,154	\$29,430,793	\$5,253,371	\$34,684,164	\$38,952,865	\$1,329,022	\$40,281,886
Revolving Cash	181,000	0	181,000	181,000	0	181,000	181,000	0	181,000
Other Reserves	0	0	0	0	0	0	0	0	0
Restricted	0	8,957,457	8,957,457	0	5,253,371	5,253,371	0	1,329,022	1,329,022
Stabilization Arrangements	0	0	0	0	0	0	0	0	0
Other Commitments	10,039,622	0	10,039,622	11,639,622	0	11,639,622	16,139,622	0	16,139,622
Assigned - Other Assignments	0	0	0	0	0	0	0	0	0
Reserve for Economic Uncertainties	5,696,965	0	5,696,965	5,643,168	0	5,643,168	5,665,824	0	5,665,824
Unassigned/unappropriated Amount	10,616,111	0	10,616,111	11,967,003	0	11,967,003	16,966,418	0	16,966,418
	\$26,533,698	\$8,957,457	\$35,491,154	\$29,430,793	\$5,253,371	\$34,684,164	\$38,952,865	\$1,329,022	\$40,281,886

			3% Calculated Reserve, or \$50,000 (greater of the two)			*includes Fund 17		
Reserve Percentage Level for this district	3.00%		<u>Total Reserves</u>	<u>3% Calculated</u>	<u>Difference*</u>	<u>Unrestricted Res. %</u>	<u>Restricted %</u>	<u>Combined %</u>
FY 2023-24 ADA Input Sheet (District):	11,701.33		FY 2023-24 Bud \$5,696,965	\$5,696,965	\$0	8.59%	4.72%	13.31%
			FY 2024-25 Proj \$5,643,168	\$5,643,168	\$0	9.36%	2.79%	12.15%
			FY 2025-26 Proj \$5,665,824	\$5,665,824	\$0	11.98%	0.70%	12.69%
FY 2024-25 Unappropriated Amount is:	Positive						Commitments	% Committed
FY 2025-26 Unappropriated Amount is:	Positive					FY 2023-24 Bud	\$10,039,622	5.29%
						FY 2024-25 Proj	\$11,639,622	6.19%
						FY 2025-26 Proj	\$16,139,622	8.55%

DISTRICT RESERVES – ITS IMPORTANCE

- 3% requirement
- Board Policy 3100 – Revised August 2021
 - Additional 15% - Basic Aid (Community Funded) Reserve
 - Replenish low balance over a period not to exceed 5 years
- For Community Funded/Basic Aid districts, reserves help with cash flow during low months before property tax receipts are in
- The District will need to issue a Tax and Revenue Anticipation Note (TRAN) again this year to help cover monthly operating expenses



BUDGET CONSIDERATIONS FOR 2023-24



INCLUDED IN THE 2023-24 PROPOSED BUDGET

Description	Estimated Cost
Add 9.2 FTE Campus Supervisors +0.4875 at each of the middle schools +2.0 at LCC, SDA,TPHS +1.0 at CCA +0.25 at Sunset	\$677,553
HS Principal Secretary (TPHS) • Increase back to 12 months (from 11 months)	\$4,800
Independent Study PE Sections 0.60 (3 sections) – Staffing ratio of 100:1	\$89,100
Textbook Adoptions (Year 1 of 3-year plan)	\$1.35M
Deferred Maintenance (one-time)	\$2.9M
Total Addition	\$5,021,453



FUTURE CONSIDERATIONS



OTHER CONSIDERATIONS WILL REVIEW AFTER JULY 1, 2023

Items	Costs
Increase Deferred Maintenance (on-going)	\$1M
Athletic Director	\$177,120
Systems Integration Analyst	\$115,183

FUTURE BUDGET CONSIDERATIONS WILL REVIEW AFTER JULY 1, 2023

Position	2024-25	2025-26
Director, Community Resolution & Compliance		
Communications		
School Services Report Recommendations <ul style="list-style-type: none"> • Educational Services • Business Services • Special Education • Human Resources 		
Staffing Ratios		
Deferred Maintenance	\$4.9M	\$4.5M
Textbook Adoptions	\$3.9M	\$1.2M

BUDGET PRIORITIES FOR 2023-24 AND BEYOND DEFERRED MAINTENANCE

Item	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Replacement of gymnasium roof at LCC	\$1,200,000				
Replacement/Repair of M,N,D and C building roofs at OCMS		\$425,250			
Replacement/Repair of G, M, and Gymnasium Flat roof at CCA		\$500,210			
Replacement/Repair of Theater roof at LCC		\$500,000			
Replacement/Repair of Mosaic Cafe and 109/110 roofs at SDA		\$290,000			
Replacement/Repair of Building E & G roofs at TPHS		\$540,000			
Replacement of light poles at LCC campus	\$60,000	\$60,000	\$60,000	\$60,000	
Replacement of light poles at TP campus	\$60,000	\$60,000	\$60,000	\$60,000	
Replacement of carpet and repaint CVMS 300's, 400's	\$70,000				
CCA stadium turf replacement	\$823,500				
Asphalt repair, sealing and replacement district wide	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Exterior campus paint district wide	\$196,195	\$206,004	\$216,305	\$227,120	\$238,476
TP synthetic track replacement		\$1,586,250			
HVAC replacement program	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Theater rigging repairs TP, SDA*				\$100,000	\$100,000
Hot water heater replacement program	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Exterior building lighting replacement program	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Replacement of carpet and repaint CVMS 700's		\$176,100			
CCA modernize theater		\$244,400			

BUDGET PRIORITIES FOR 2023-24 AND BEYOND DEFERRED MAINTENANCE (CONTINUED)

Item	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
SDA stadium turf replacement		\$784,350			
Replacement/Repair of balance of flat roofs at CCA			\$550,000		
Replacement/Repair of 900's roof at LCC			\$425,000		
Replacement/Repair of Transportation Bldg roof			\$220,000		
Replacement/Repair of Walkway North/Cafeteria Low roof at OCMS			\$125,000		
Replacement of carpet and repaint CVMS 800's			\$234,600		
LCC Stadium turf replacement			\$907,909		
LCC Synthetic track replacement			\$1,748,841		
LCC Stadium Lighting retrofit			\$508,875		
Replacement/Repair of K,C,D,F, T1 T2 roofs at DNO				\$1,575,000	
Replacement/Repair of Admin Bldg roof at LCC				\$225,000	
Replacement/Repair of 200, 300, 400, 500 tile roofs at LCC				\$900,000	
Replacement/Repair of K and I Bldg roofs at OCMS				\$250,000	
Replacement/Repair of Building B North roof at TPHS				\$245,000	
Replacement/Repair of 90's roof at TPHS				\$275,000	
TP Stadium turf replacement				\$953,304	
Replacement/Repair of 1300 building roof and at out buildings at LCC					\$300,000
Replacement/Repair of G Bldg roof at OCMS					\$200,000
Replacement/Repair of I Bldg roof at TPHS					\$1,600,000
Total	2,899,695	5,862,564	5,546,530	5,360,424	2,928,476

* Music and Art Grant will provide \$500,000 in total over first three years, for rigging, curtains, lighting, and projections needs for CCA, CVMS, and LCC: \$356,000 23/24, \$75,000 24/25, \$75,000 25/26



Local Control Accountability Plan (LCAP) and Budget must be adopted by June 30, 2023



Proposed LCAP and Budget scheduled for June 15, 2023

Adopted LCAP and Budget scheduled for June 29, 2023



Will use the next year to further review staffing ratios and Division/Department organizational review.

NEXT STEPS